

# Annual Report 2000



# Profile

Daihatsu Motor Co., Ltd., was established in 1907 as one of the first manufacturers of internal combustion engines in Japan. For more than 90 years, we have steadily grown stronger within the field of small cars.

Today, with paid-in capital of ¥28.4 billion, approximately 11,500 employees, and annual production of close to 900,000 vehicles, Daihatsu has become a market leader in the small-car market in Japan and globally.

In 1967, we concluded a business tie-up with Toyota Motor Corporation. Our cooperative relationship has expanded to all aspects of the automotive business, including development, production, and marketing.

Our small car technology, which we have accumulated for almost a century, is being utilized to build cars that are environmentally friendly and safe and comfortable — the cars of the 21st century.

Under the banner **“We make it COMPACT.”** which reflects our deep concern with the future of human beings and our planet Earth, we aim to become a leading company in the global small-car market, providing safer, cleaner, more energy-efficient vehicles that are easier to recycle as well as exciting.

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## What is a small car?

Under Japan’s regulatory system, cars with engine displacements of up to 660 cc are called mini-cars and cars with engine displacements above 660 cc but under 2,000 cc are considered small cars. Daihatsu manufactures mini-cars and small cars with engine displacements ranging up to about 1,300 cc, reflecting our emphasis on the mini-car platform.

## Financial Highlights

Daihatsu Motor Co., Ltd.  
Years Ended March 31, 2000 and 1999

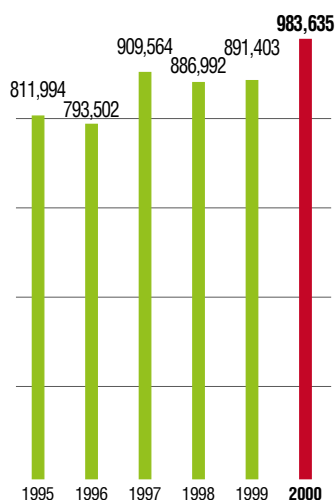
Consolidated basis	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Net sales .....	<b>¥983,635</b>	¥891,403	<b>\$9,266,468</b>
Net income .....	<b>12,161</b>	3,006	<b>114,573</b>
Total assets .....	<b>686,271</b>	656,252	<b>6,465,110</b>
Total shareholders' equity .....	<b>156,254</b>	132,529	<b>1,472,020</b>
	Yen		U.S. dollars
<b>Amounts per share</b>			
Net income:			
Primary .....	<b>¥ 28.47</b>	¥ 7.03	<b>\$ 0.26</b>
Fully diluted .....	<b>26.73</b>	6.68	<b>0.25</b>
Cash dividends applicable to the year .....	<b>7.00</b>	5.00	<b>0.06</b>
<b>Stock Price:</b>			
High .....	<b>¥ 728</b>	¥ 683	<b>\$ 6.85</b>
Low .....	<b>440</b>	403	<b>4.14</b>

Notes: 1. U.S. dollar amounts are translated from yen at the rate of ¥106.15 = US\$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2000.

2. In consideration of the inclusion of business enterprise taxes with income taxes starting in fiscal 2000 and other classification changes, figures for previous fiscal years have been restated to reflect the new classifications for the purposes of comparison.

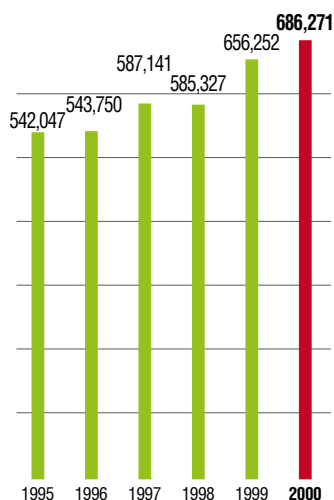
### Net Sales

(Millions of yen)



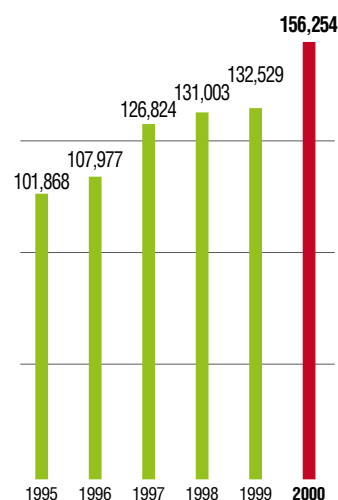
### Total Assets

(Millions of yen)



### Total Shareholders' Equity

(Millions of yen)



Message from the Management



*Iichi Shingu,  
Chairman of the Board (left), and  
Takaya Yamada,  
President (right)*

## Performance

We are pleased to announce that for the fiscal year ended March 31, 2000, Daihatsu Motor Co., Ltd., posted substantial growth in sales and income, principally thanks to strong demand for mini-cars. Consolidated net sales advanced 10.3%, to ¥983.6 billion, and net income more than quadrupled, to ¥12.1 billion. Cash dividends per share were ¥7.00, up ¥2.00 from the previous fiscal year.

The mini-car and small car market in Japan continued to boom in fiscal 2000. Improved safety features resulting from the 1998 introduction of new mini-car standards, the launch of many new models, and good value for money helped stimulate demand for mini- and small cars. The mini-car market's vitality was in strong contrast to the overall decline in domestic unit sales of new cars and to weak personal consumption in Japan. Overall sales of mini-cars climbed to approximately 1.91 million units, setting a recent high.

Daihatsu helped fuel the boom by launching products that closely matched market trends and user needs. These efforts were reflected in a 5.2% increase in domestic unit sales, to 485,420 units. Moreover, we outperformed the overall domestic market, driving our market share up 1.4 percentage points, to 27.0%.

Shipments of consigned cars to Toyota Motor Corporation declined to 151,035 units, down 6.4% from the previous year. Offsetting this decrease, the number of Original Equipment Manufacturer (OEM) cars produced exclusively for Toyota advanced 49.5%, to 37,828 units. In aggregate, we sold 772,540 units during fiscal 2000, a gain of 1.8%. Deliveries of consigned engines were also up, jumping 111.0%, to 429,002 units, because of greater deliveries to Toyota Motor Corporation.

Exports lacked the momentum of the domestic market, dropping 11.1%, to 98,257 units, against the backdrop of a strong yen. However, we shipped a total of 135,680 parts for overseas production, a substantial 63.9% increase.

# During the fiscal year ended March 31, 2000, Motor Co., Ltd., registered growth in sales and income, principally thanks to strong demand for mini-cars.

## Medium-Term Business Goals

In April 2000, we introduced new medium-term business goals targeting expanding and stabilizing our profitability and our domestic market share. Essentially, we intend to achieve these goals by

- developing cars that appeal to consumers,
- increasing the number of sales outlets and implementing measures to attract customers to our showrooms,
- achieving steady growth in overseas operations,
- reorganizing and boosting efficiency at our production facilities, and
- reducing the costs.

We are focusing our product development resources on mini-cars and on small cars that are based on mini-cars and their platforms, our area of expertise. Under the banner of developing highly affordable cars that appeal to consumers, we will continue to create new technologies and to develop mini- and small cars that are environmentally friendly.

In fiscal 2000, the number of Daihatsu sales outlets ballooned to approximately 42,000 dealers, compared with about 37,000 in the previous fiscal year. We intend to further expand and improve the efficiency of our sales network, including increasing unit sales at individual sales outlets. Furthermore, using such new sales channels as the Internet we are implementing measures to attract customers to our showrooms.

Overseas, we are strengthening our local production bases in Asia, especially in Indonesia and Malaysia, our major markets in the region. Although exports of completely built up (CBU) cars have lagged since the second half of 1999 under pressure from the appreciation of the yen, we are targeting overall growth in our profit base in our principal overseas markets, especially Europe, through the launching of new models and progressive improvement in regional sales structures.

Our production plant strategies remain centered on improving productivity at our existing plants. We are, however,

examining a possible reorganization of our overall production around the Oita Plant, which is scheduled to come onstream in spring 2005. With due consideration to environmental issues, our goal at the Oita Plant will be to efficiently build quality cars at the lowest possible cost. We are planning the plant's production lines and are drawing up a capital investment plan to support our goals.

To achieve further companywide cost reductions, we are introducing significant innovations to build a highly efficient business organization. In particular, we are making extensive use of information technology to improve our business processes and streamlining our operating structure by more efficiently allocating our workforce and by upgrading employee skills. Moreover, we are mounting a strong drive to achieve significant progress in technologies that will contribute to lower costs. This business action features a combined effort by our technology and production divisions to strengthen our cost planning. We also are continuing our companywide cost-cutting campaigns, such as the new Daihatsu Cost Innovation campaign.

## Perspectives

While there are hopes that the Japanese government's economic stimulation measures have set the Japanese economy on a recovery course, the outlook in the short term is for continued weak personal consumption underscored by lower personal incomes and worsened unemployment.

Nevertheless, we are committed to performance growth. Our expanding presence in the mini-car and small-car market, growing contributions from our OEM business, new initiatives overseas, and improving profitability support our expectations.

As outlined in our special feature, we are firm believers that the automobile industry is entering a new age. We ask for your continued support and guidance as we take steady and calculated steps toward becoming a leader in the global small-car market.

August 2000

新宮 威一

Ichi Shingu  
Chairman of the Board

山田 隆哉

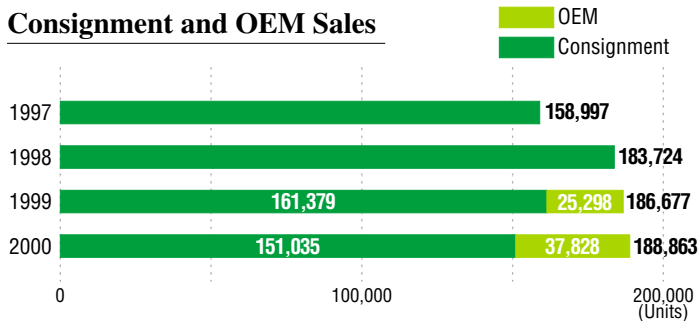
Takaya Yamada  
President

**Q.** *Toyota Motor Corporation recently acquired direct control of Daihatsu, raising its stake in the company to 51%. What changes has it brought to the management of Daihatsu and how will the previous relationship with Toyota change?*

**A.** Our business relationship with Toyota has grown steadily since we first forged a business tie-up in 1967. After becoming a Toyota subsidiary in 1998, our cooperation increased to take advantage of the special strengths of both companies in technology, product development, overseas operations, distribution, and other areas.

In November 1967, we began assembling cars for Toyota on a consignment basis. We are making their popular *Town Ace Noah* and *Corolla Van* and *Wagon* models. We also started supplying OEM cars for Toyota based on our own models, beginning with the *Duet (Sirion)* in September 1998 and followed by the *Cami (Terios)* in May 1999. In addition, in cooperation with Toyota we developed and supply the 1,000-cc engine for their best-selling *Yaris* model. OEM sales to Toyota have made a strong contribution to our sales over the past two years, and we expect OEM sales to continue to grow. Consignment and OEM sales to Toyota totaled ¥239,447 million during fiscal 2000, accounting for 24.3% of our consolidated net sales.

**Consignment and OEM Sales**



From a management point of view, we see ourselves becoming a core company in the Toyota Group in the small-car field. We are looking forward to more cooperation with Toyota involving their overseas network as well as their domestic network.

If an opportunity similar to our cooperative project in Pakistan arises in the future, we will consider entering other promising overseas markets with Toyota.

**Q.** *At just over 10% of net sales, Daihatsu's proportion of exports is small relative to other Japanese car manufacturers'. What is your international business strategy?*

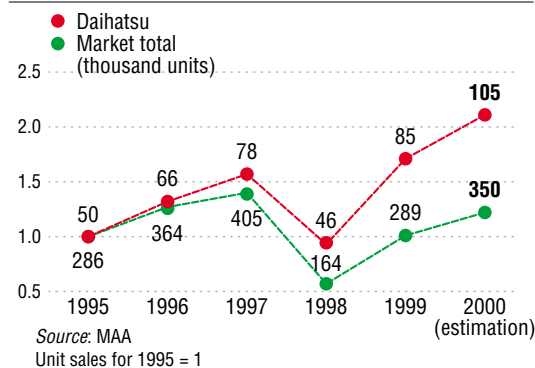
**A.** Our major overseas markets are in Europe and Asia. To Europe, we export completely built up (CBU) cars and parts for overseas production for local production in Italy. We also export CBU cars to Asia and other regions. In Asia, we produce cars locally, mainly in Indonesia and Malaysia, and our exports mainly consist of completely knocked down (CKD) units and parts for overseas production.

Our exports of parts for overseas production to our production bases in Indonesia and Malaysia have contributed strongly to overall net sales growth. Since the 1997 crisis in Asian economies, the economies of Southeast Asia have made a rapid recovery, and Daihatsu's local sales are riding on that wave. In the fiscal year ended March 2000, unit sales in Malaysia hit a record high.

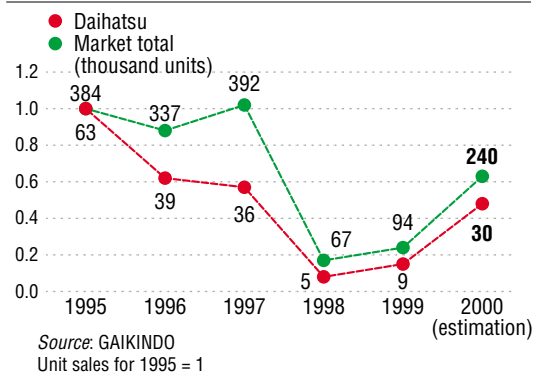
Our overseas expansion strategy focuses mainly on Southeast Asia. In March 2000, production of the *Cuore*, which is based on the *Mira* model, got under way in Pakistan in a joint undertaking by Daihatsu and Toyota. In June 2000, we began the production and marketing of Malaysia's fourth national car, the *Kenari*, a 1000-cc car based on our *Move* model.

We also plan to expand our exports of CBU units, aggressively launching new models in our overseas markets.

### Malaysian Automobile Market



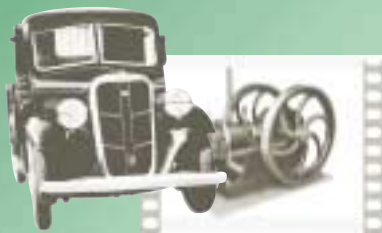
### Indonesian Automobile Market



**Q.** *Environmental concerns feature very prominently in Daihatsu's policies. What is Daihatsu's special relationship with this issue?*

**A.** Daihatsu has been involved with environmental protection for many years. As part of this commitment, we began developing electric vehicles (EVs) in the early 1960s. In 1993, we formally incorporated this commitment into our corporate philosophy through the creation of the Daihatsu Environmental Voluntary Plan. This document clearly and specifically detailed our plans for contributing to protecting the environment in the areas of product development, production facilities, logistics, recycling, environmental disclosure, employee training, and contributions to the environmental protection efforts of local communities. Updating this plan for the 21st century, we announced our Environmental Action Plan 2000 in March 2000. Also in March, we published our *Environmental Report 1999*, broadening our public disclosure. We intend to continue to make broad disclosure of our environmental performance.

We received ISO 14001 certification for our Kyoto Plant in September 1998. More recently, the Ikeda Plant was certified in February 2000, followed by our Shiga (Ryuo) No. 1 and No. 2 plants in March 2000.



# In Tune with the



At the time of Daihatsu's establishment



The recent vitality of the small-car market in Japan has put Daihatsu in the spotlight, substantially boosting awareness of our brand in the market. Our success is the combination of irrepresible market forces and our careful preparation for the day when the times would catch up with us and small cars would become not only in vogue but the most logical choice for motorists.

## Small Cars—the Wave of the Future

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Why have small cars become so popular in Japan, and why are they the wave of the future?

To begin with, lifestyles have changed. Along with the maturing of societies and growing individualism, consumers are abandoning mass production goods in favor of more individualistic goods that offer something new, something exciting that gives play to their aspirations. In addition, people want small cars that suit today's congested transportation conditions and that are easy to drive—cars with functions, sizes, and designs that meet their individual needs.

Perhaps more importantly, people are starting to take more responsibility for the environment. Prudence dictates that the world as a whole must make the shift to small cars if we are to begin to control the burden that cars place on the environment, not only in terms of pollution but also in terms of the conservation of resources.

Finally, consumers have realized that small cars are just as safe and as good quality as large cars. Daihatsu cars meet stringent safety standards and are jam-packed with performance features. There is no need to sacrifice safety, comfort, or performance in choosing a small car that has high fuel efficiency and that conserves resources and space.

We have worked for a long time toward the day when the world would recognize the true potential of small cars. As one of the first manufacturers of the internal combustion engine in Japan,

we entered the automobile market in 1930. Since then, we have built approximately 16 million small cars and have continued to tackle the special issues facing small cars, constantly making them better. Our efforts have been well recognized in Japan, where our technological and product development capabilities are highly evaluated.

### Daihatsu Technology—Mapping out the Future

Daihatsu technology has played a strong role in winning popular support for small cars. In the past, prospective buyers were concerned that small cars were not as safe as large cars. We have worked hard to overcome this misconception by developing excellent collision-resistant car bodies and by constantly improving them. Our advanced Passive Safety Body design absorbs the shock of a collision but maintains the integrity of the passenger cabin using a highly strengthened structure. This superior technology — among the best in its class — is standard in almost all our mini-cars and small cars and easily meets the passive collision safety standards of Japan and Europe. We also have developed the Daihatsu Vehicle Stability control system, which provides state-of-the-art technology for driving in all weather conditions. The system consists of an anti lock brake system, a traction control system, and an anti skid control system.



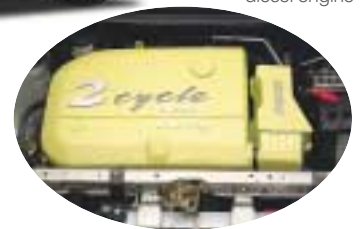
Move EV-FC, the world's first fuel-cell electric vehicle in the four-seater mini-car class

In addition to developing engines that are cleaner and more economical, our research is producing the alternative fuel cars of the future. A pioneer of the electric vehicle (EV) in Japan, we have been promoting the development and use of EVs for over 30 years and hold the top share of the EV market in Japan, at 75%. And in 1993, we began marketing compressed natural gas (CNG) vehicles with low emissions of carbon dioxide and other environmental pollutants. Some of the other fruits of our research on the cars of the future were exhibited at the 33rd Tokyo Motor Show in October 1999. They included a two-cycle direct-injection diesel engine, a four-seater hybrid mini-car that is the first in its class to combine parallel and series capabilities, and the first fuel-cell electric vehicle in the world in the mini-car class.



Sirion 2CD's two-cycle direct-injection diesel engine

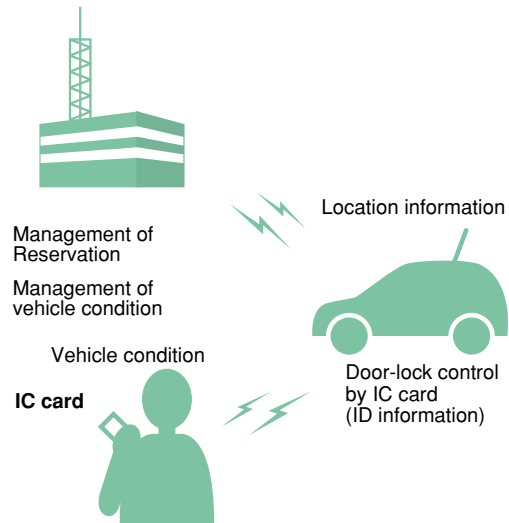
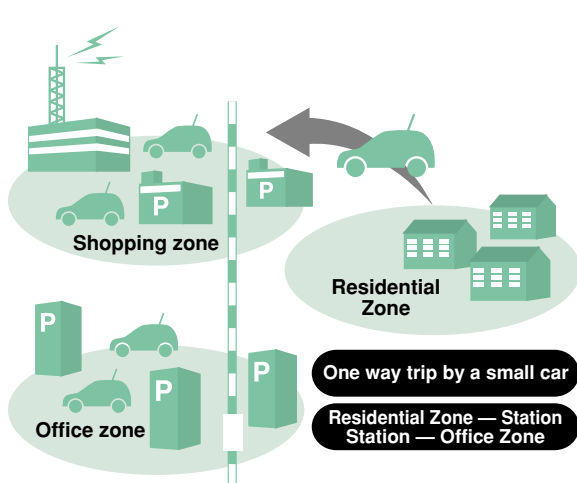
Sirion 2CD, able to travel 100 kilometers on 3-liters of fuel



### Daihatsu ITS—the Road to the Future

Our research is also targeting other promising horizons, such as the Daihatsu Intelligent Transport System (ITS). ITS utilizes information and other advanced technologies to link roads, cars, and drivers into a single system that provides huge benefits in safety, convenience and efficiency and that reduces the burden on the environment. At Daihatsu, we are developing ITS's in which small cars play a major role.

## Car Sharing System



Our focus is on three development fields: car intelligence, car multimedia, and car sharing systems. In our car intelligence research, we are seeking to make city driving more convenient. Based on our original technology, we are developing highly intelligent car systems that make cars perform more the way you want them to, that have easy to understand information displays, and that adjust to the special driving characteristics of individual drivers, automatically providing training and correction.

Our car multimedia systems utilize information technology to provide safer, smoother, and more comfortable driving. Based on the slogans "Useful information for daily driving" and "Systems anyone can use," we are taking our own development approach, focusing on providing useful information for small-car driving.

Finally, we are creating regionally oriented car sharing systems that combine our small-car expertise with our originally developed ITS technology. In December 1999, in Osaka, we began a practical test of one of those systems, the Daihatsu Park and Ride Mobility System. Developed jointly with Sumitomo Electric Co., Ltd., this

experiment aims to increase the efficiency of city transport systems by utilizing environmentally friendly EVs for collection and delivery errands while reducing unloaded driving by using public transport, such as trains and buses, for the ride home. Companies using the service make all their own arrangements using IC cards and the Internet. The system should play a significant role in alleviating traffic congestion in inner cities.

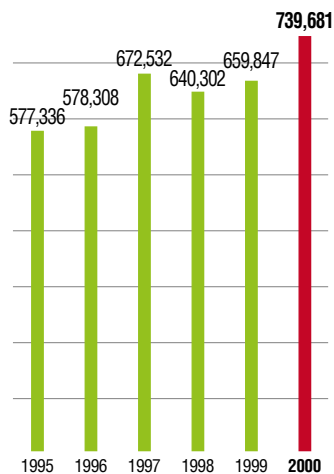
We believe that the small-car technology that we have nurtured over the years will grow increasingly important in the 21st century. To that end, we are redoubling our efforts and are resolved to expand the potential of the small car. Our goal is to contribute to solving the issues of environmental pollution, depleted natural resources, and traffic congestion in cities by developing fuel-efficient, low-emission, resource- and space-conserving small cars. To serve that purpose, we intend to build a presence in the small-car markets of the world. And we feel confident of success because the times are starting to catch up with us.

## Business Results

Japan's enthusiasm for the mini-car, which began in fiscal 1999 with the introduction of new standards, continued in fiscal 2000. Moreover, Daihatsu outperformed the domestic mini-car market overall, recording an 18.9% increase in non-consolidated unit sales of mini-cars over the previous year, to 514,502 units, and boosting its market share 1.4 percentage points, to 27.0%. When small, consigned, and OEM cars are added, domestic non-consolidated unit sales totaled 715,708 units, up 9.9%. In yen terms, non-consolidated domestic sales surged 12.1%, to ¥739,681 million.

### Domestic Non-consolidated Sales

(Millions of yen)



## New Models and Minor Changes

We added several new variations to our mini-car lineup during the fiscal year. Highlights included the June 1999 introduction of the *Atrai Wagon*, a light recreational vehicle (RV) with improved safety and performance features, and the November 1999 launch of the *Naked*, a new kind of mini-car that owners can create and arrange to suit their lifestyles.

Additional new and modified models announced during the year were many and varied. In calendar year 1999, we introduced the small passenger car *Storia Custom* (April) and our small cargo truck series *Delta* (May) and we upgraded our small passenger car *Pyzar* (September), our mini-car *Mira* (November), and our mini-car *Move* (November). As calendar year 2000 got under way, we launched the mini-car *Terios Kid FR* (2WD) (January), followed by the mini-car *Opti Classic* and the *Altis* passenger car (both in March).

We expanded our alternative fuel category with the unveiling of new mini-car regulation-compliant compressed natural gas (CNG) models of the *Mira* and *Hijet Cargo* that have safety, power, and range specifications equivalent to our regular fuel models. We also released new mini-car regulation-compliant liquefied petroleum gas (LPG) versions of the *Hijet Truck* and *Hijet Cargo* that incorporate an electronic feedback gas-injection (EFGI) system. In April 1999, we launched a new mini-car regulation-compliant improved version of the *Hijet EV* (electric vehicle).



Naked, a new kind of mini-car launched in November 1999



Terios Kid FR (2WD), launched in January 2000

Transporting physically challenged people in Japan became easier with our May 1999 introductions of the *Move Sloper*, the *Move Front-seat Lift*, and the *Hijet Rear-seat Lift*. Market interest in these vehicles compelled us to greatly reduce manufacturing costs by shifting to in-line production. In December 1999, we launched the economy models *Move Sloper SX* and *Move Front-seat Lift*.

### The 33rd Tokyo Motor Show

“Come on, smile! — Neat. Tidy. Compact.” This was the theme of the Daihatsu exhibit at the 33rd Tokyo Motor Show, held from October 23 to November 3, 1999. It suggests the pleasure that we can all take in cars that are environmentally friendly and easy and fun to drive.

Our exhibit showcased a range of concept cars, including the sports car *Kopen*; the off-road 4WD *SP-4*; the light RV *EZ-U*; and the *Micros-3ℓ*, a micro-car that can travel 100 kilometers on only three liters of fuel. Car enthusiasts also could view a lineup of alternative fuel cars: *Move EV-FC*, the first four-seater fuel-cell electric vehicle in its class in the world; *Move EV-H II*, the first hybrid mini-car that combines parallel and series capabilities; and the environmentally friendly *Move CNG*. In addition, we displayed some of our production cars and such original Daihatsu technology as our *TOPAZ* engines and new two-cycle direct-injection diesel engine.



The 33rd Tokyo Motor Show held from October 23 to November 3, 1999



Kopen, a concept car, exhibited at the show

### ISO 14001 Certification

In February 2000, our head office production facility, the Ikeda Plant, received ISO 14001 environmental standard certification. This was followed, in March, with the ISO 14001 certification of our Shiga (Ryuo) No. 1 and No. 2 plants. Including the Kyoto Plant, which gained its ISO 14001 certification in September 1998, all of our assembly plants have earned ISO 14001.



ISO 14001 certification ceremony for the head office production facility in February 2000

### Strategies

Daihatsu aims to maintain its momentum in the domestic market by solidifying its leading position in small cars. We are making every effort to further improve customer satisfaction with our cars and our services. We are being especially aggressive in launching vehicles that appeal directly to customers and their needs. To get those vehicles to customers, we are targeting growth in market share by expanding and improving the efficiency of our network of sales outlets.

## Business Results

We posted a mixed performance in our overseas operations in fiscal 2000. Currency fluctuations and diverse market conditions produced different results in each of our business categories. Consolidated overseas sales comprise completely built up (CBU) units, completely knocked down (CKD) units, and parts for overseas production.\*

At year-end, consolidated overseas sales had declined 7.4%, to ¥119,664 million, accounting for 12.2% of the Company's consolidated net sales. Exports, consisting of CBUs and CKDs, decreased 11.1%, to 98,257 units, while parts for overseas production rose 63.9%, to 135,680 units. A strong yen during the year adversely affected mainly exports of small cars, which were down

19.6%, to 71,042 units. Exports of mini-cars were up 22.7%, to 27,215 units.

Daihatsu's overseas market categories are Asia, Europe, and other regions. During fiscal 2000, our sales in Asia rose 18.3%, to ¥53,601 million, mainly because of significant recoveries in many Southeast Asian markets and our launch of market-oriented products. The appreciation of the yen against the European currencies, however, forced a 20.6% decline in our European sales, to ¥41,212 million. In other regions, the strong yen combined with weak economies to stifle sales, resulting in a 22.4% drop in other region sales, to ¥24,850 million.

## Major Market Highlights

### Asia

In July 1999, we began sales in Indonesia of the *Taruna*. This 1,600-cc sport utility vehicle (SUV) is a new model developed for the Indonesian market. The *Taruna* is an adaptation of our *Terios* model to suit Indonesian

motoring needs. It features an enlarged

body and increased engine displacement, at 1,600 cc.

This new SUV is being

marketed by our joint

venture in Indonesia, P.T.

Astra Daihatsu Motor (ADM).

*Taruna* translates roughly as

"young knight" in Indonesian,

expressing the youthful vigor,

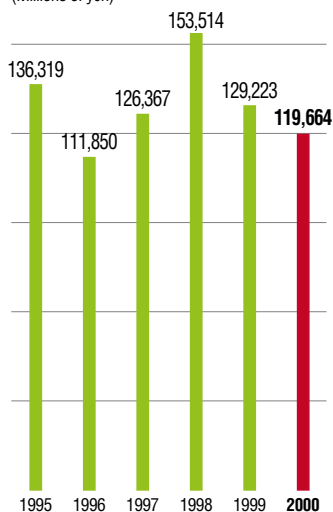
excitement, and potential of this new

vehicle.

On March 25, 2000, the first *Cuore* (the *Mira* in Japan) rolled off a production line in Pakistan. Dignitaries present at the line-off ceremony marking the start of production included representatives of the Pakistani government and then Daihatsu president Ichi Shingu, now Daihatsu's chairman.

### Overseas Consolidated Sales

(Millions of yen)



Taruna, an adaptation of the Terios produced and marketed in the Indonesian market

\*Parts for overseas production are the number of vehicles manufactured locally in which the value of parts imported from Japan (FOB price) is less than 60% of the total value of the parts in each vehicle.



Line-off ceremony for Cuore celebrated in Pakistan on March 25, 2000

The event launched the operations of a joint project in Pakistan by Daihatsu and Toyota Motor Corporation. Based on their November 1998 agreement, Indus Motor Company, a Pakistan-based Toyota affiliate, is producing and marketing the 850-cc *Cuore*. Annual production will build from an initial 5,000 units to 7,000 units in fiscal 2002 and then 10,000 units in fiscal 2003.

## Europe

In September 1999, we participated in the 58th Frankfurt International Motor Show in Frankfurt, Germany. There, we displayed our *NCX-2* compact semi-cab wagon and our *Sirion 2CD*, nicknamed the three-liter car for its ability to travel 100 kilometers on only three liters of fuel. We also exhibited production models of the *Cuore*, the *Move*, the *Sirion*, the *Gran Move*, and the *Terios*.



*NCX-2* compact semi-cab wagon (left) and *Sirion 2CD* (right) at the 58th Frankfurt International Motor Show

At the 70th Geneva International Motor Show, held in March 2000 in Geneva, Switzerland, we unveiled two concept cars alongside various of our other popular models. The concept cars showcased were the *YRV*, a sporty wagon, and the *Sirion 1.3L*, which features a newly developed 1.3-liter engine.



*YRV*, a sporty concept wagon with a 1.3-litre engine at the 70th Geneva International Motor Show

## Strategies

Over the long term, Daihatsu's overseas strategy is focused on expanding the Company's production operations in principally Asia and on increasing its CBU exports, mainly to Europe. This involves, in particular, providing greater support for our bases in markets throughout Asia, especially in Indonesia and Malaysia, in all aspects of production, quality control, and marketing. To better support our exports of CBU units, we are developing global markets by expanding our sales network, by initiating sales promotions, and by strengthening our activities to increase customer satisfaction.

## Consolidated Six-Year Summary

Daihatsu Motor Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31, 2000, 1999, 1998, 1997, 1996 and 1995

Consolidated basis	Millions of yen						Thousands of U.S. dollars
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Net sales .....	<b>¥983,635</b>	¥891,403	¥886,992	¥909,564	¥793,502	¥811,994	<b>\$9,266,468</b>
Operating income .....	<b>28,748</b>	16,485	18,666	36,555	17,786	7,875	<b>270,825</b>
Net income .....	<b>12,161</b>	3,006	8,451	19,727	7,374	1,211	<b>114,573</b>
Total assets .....	<b>686,271</b>	656,252	585,327	587,141	543,750	542,047	<b>6,465,110</b>
Total shareholders' equity .....	<b>156,254</b>	132,529	131,003	126,824	107,977	101,868	<b>1,472,020</b>
Common stock .....	<b>28,401</b>	28,401	28,401	28,401	28,400	28,225	<b>267,559</b>
Capital investment .....	<b>60,505</b>	75,898	63,516	41,255	27,497	26,862	<b>569,995</b>
Depreciation .....	<b>42,099</b>	41,133	35,393	32,796	30,806	36,022	<b>396,599</b>
	Yen						U.S. dollars
Amounts per share							
Net income:							
Primary .....	<b>¥ 28.47</b>	¥ 7.03	¥ 19.78	¥ 46.18	¥ 17.27	¥ 2.84	<b>\$0.26</b>
Fully diluted .....	<b>26.73</b>	6.68	18.59	43.27	17.26	—	<b>0.25</b>
Cash dividends applicable to the year...	<b>7.00</b>	5.00	5.00	4.50	3.00	3.00	<b>0.06</b>
Number of employees .....	<b>22,200</b>	21,454	21,304	21,392	21,531	22,175	
	Yen						U.S. dollars
Stock Price:							
High .....	<b>¥ 728</b>	¥ 683	¥ 704	¥ 750	¥ 670	¥ 662	<b>\$6.85</b>
Low .....	<b>440</b>	403	465	535	343	400	<b>4.14</b>
Car production (Units) .....	<b>802,165</b>	763,915	720,323	714,691	648,061	666,677	
Mini-cars .....	<b>536,603</b>	457,214	416,023	467,226	417,265	377,635	
Small cars .....	<b>76,714</b>	120,106	120,624	88,549	68,892	103,243	
Consigned and OEM cars .....	<b>188,848</b>	186,595	183,676	158,916	161,904	185,799	
Return on equity .....	<b>8.06%</b>	2.28%	6.56%	16.80%	7.03%	1.18%	

Notes: 1. U.S. dollar amounts are translated from yen at the rate of ¥106.15 = US\$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2000.

2. In consideration of the inclusion of business enterprise taxes with income taxes starting in fiscal 2000 and other classification changes, figures for previous fiscal years have been restated to reflect the new classifications for the purposes of comparison.

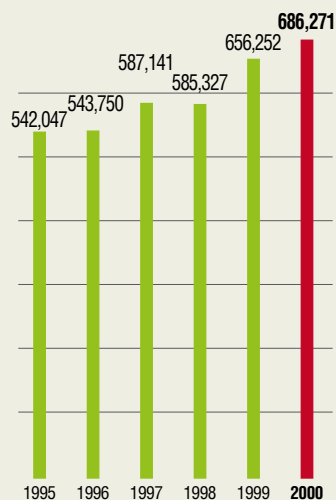
### Net Sales

(Millions of yen)



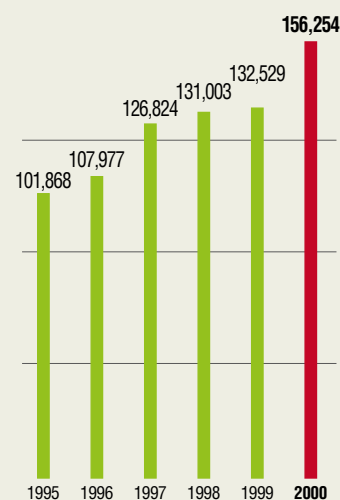
### Total Assets

(Millions of yen)



### Total Shareholders' Equity

(Millions of yen)



## Management's Discussion and Analysis

In fiscal 2000, ended March 31, 2000, Daihatsu Motor Co., Ltd., registered gains in net sales and net income. Unit sales of vehicles grew 1.8%, while production increased 5.0%. Profitability improved considerably, with the gross profit ratio rising to 21.7% and ROE advancing to 8.06%. Fully diluted earnings per share were ¥26.73 (\$0.25). Cash dividends were ¥7.00 per share, up ¥2.00 from the previous fiscal year.

### Operations

During the fiscal year, the boom in mini-cars that began in October 1998 continued, supporting a 10.3% increase in consolidated net sales, to ¥983,635 million (\$9.2 billion). On a unit sales basis, mini-cars accounted for 64.7% of total completely built up (CBU) unit sales, followed by small cars, at 10.8%. Consigned cars accounted for 19.6% of CBU unit sales, while OEM cars generated 4.9%. Regionally, Japanese domestic unit sales accounted for 87.3% of total CBU unit sales. The breakdown of consolidated unit sales is shown below.

#### Consolidated Unit Sales

	2000	1999	1998
<b>Mini-cars:</b>			
Japanese domestic	472,816	428,446	389,859
Exports	27,215	22,183	20,806
<b>Mini-car total</b>	<b>500,031</b>	<b>450,629</b>	<b>410,665</b>
<b>Small cars:</b>			
Japanese domestic	12,604	33,168	45,455
Exports	71,042	88,392	75,006
<b>Small-car total</b>	<b>83,646</b>	<b>121,560</b>	<b>120,461</b>
<b>Overall:</b>			
Japanese domestic	485,420	461,614	435,314
Exports	98,257	110,575	95,812
<b>Total</b>	<b>583,677</b>	<b>572,189</b>	<b>531,126</b>
Consigned cars	151,035	161,379	183,724
OEM cars	37,828	25,298	—
<b>Grand total</b>	<b>772,540</b>	<b>758,866</b>	<b>714,850</b>
* Parts for overseas production	135,680	82,760	207,060
* Consigned engines	429,002	203,298	169,233

The combination of the interest sparked in small cars by the introduction of new passive collision safety standards of mini-cars, the launching of many new models in line with that change in standards, and the growing awareness of the superior environmental performance of small cars contributed to Daihatsu's strong sales performance. In addition, the Company outperformed the market as a whole, expanding its market share. We consider this achievement to be the result of consumer recognition of the strength of our product lineup. Although domestic unit sales of mini-cars rose 10.4%, unit sales of small cars dropped 62.0%, reflecting our increased focus on the mini-car market. Overall domestic car unit sales advanced 5.2%. Exports of mini-cars jumped 22.7%, but exports of small cars declined 19.6% because of the strong yen. Unit sales of consigned cars decreased 6.4%, as deliveries to Toyota Motor Corporation declined, but this decline was more than offset by the growth in OEM unit sales to Toyota, which first began in the previous fiscal year. Sales of parts for overseas production advanced 63.9% because of the recovery of markets in Asia. Sales of consigned engines soared 111.0% thanks to increased deliveries to Toyota.

#### Mini-Car Exports



#### Small Car Exports



## Income and Expenses

Net sales rose 10.3%, to ¥983,635 million (\$9.2 billion). Cost of sales, however, only increased 6.5%, to ¥767,278 million (\$7.2 billion), resulting in gross profit expanding to ¥213,299 million (\$2.0 billion). The gross profit ratio was 21.7%, up from 18.8% in the previous fiscal year.

Selling, general and administrative expenses increased 22.4%, to ¥184,551 million (\$1.7 billion), principally because of the growth in sales. SG&A expenses represented 18.8% of net sales. Operating income, therefore, climbed 74.4%, to ¥28,748 million (\$270.8 million). Among other income and expenses, interest and dividend income declined because of the sale of investments in securities in the previous year, while interest expenses rose because of an increase in short-term loans. On the other hand, equity in earnings of non-consolidated subsidiaries and affiliates increased. The net effect was income before special items of ¥27,109 million (\$255.3 million), up 80.4% from fiscal 1999. The amount of special items fell significantly in fiscal 2000 compared with the previous fiscal year, which included

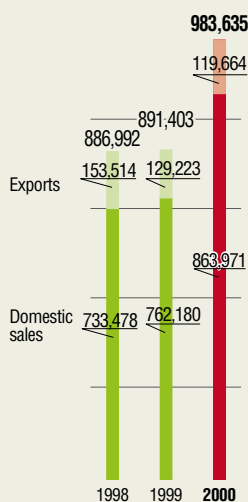
items related to the acquisition of a majority shareholding by Toyota and a change in the accounting method for retirement allowances. In addition, there were no losses related to recalling Daihatsu cars during the fiscal year. Income before income taxes, therefore, rose 75.0%, to ¥21,578 million (\$203.2 million). After adjusting for income taxes and minority interests in income of consolidated subsidiaries, net income was ¥12,161 million (\$114.5 million), more than four times that in the previous fiscal year. Return on shareholders' equity was 8.06%, up from 2.28% in fiscal 1999 while return on assets was 1.77%, compared with 0.46% in the previous fiscal year.

## Cash Flows and Financial Position

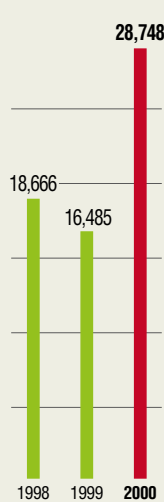
Since consolidated statements of cash flows have been prepared for the first time in fiscal 2000, comparative data for previous years is not available.

Net cash provided by operating activities amounted to ¥59,675 million (\$562.1 million). Major components of this amount included ¥21,578 million in net profit

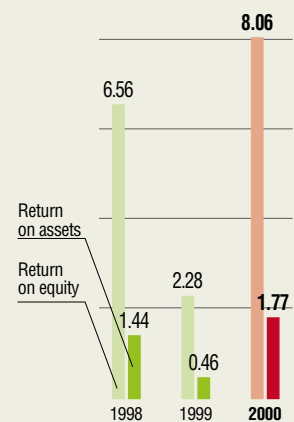
**Net Sales**  
(Millions of yen)



**Operating Income**  
(Millions of yen)



**Return on Equity and Return on Assets**  
(%)



before tax and other adjustments and ¥42,099 million in depreciation expenses.

Net cash used in investment activities totaled ¥45,794 million (\$431.4 million). Of this amount, expenditure for acquisition of fixed assets accounted for ¥48,825 million (\$459.9 million), principally comprising capital investment in our new Oita Plant.

Net cash used in financing activities amounted to ¥8,011 million (\$75.4 million). Major movement in this category featured a net increase in short-term loans and a net decrease in long-term debt. Dividends paid were ¥2,342 million (\$22.0 million).

Total cash and cash equivalents at the end of fiscal 2000 amounted to ¥51,802 million (\$488.0 million), up 15.0% from the end of the previous fiscal year and providing sufficient liquidity for operations.

Current assets expanded 1.1%, to ¥336,846 million (\$3.1 billion). Cash and time deposits increased principally because of the repayment of long-term debt while the increase in notes and accounts receivable and the decrease in inventories was basically related to brisk sales. Current liabilities increased 2.0%, with short-term

loans rising, while notes and accounts payable fell. The current ratio was 0.79, approximately the same as in the previous fiscal year.

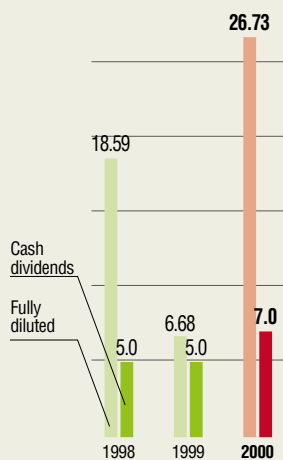
Total property, plant and equipment, less accumulated depreciation, rose 5.5%, to ¥289,277 million (\$2.7 billion).

Total long-term liabilities decreased 2.5%, to ¥100,714 million (\$948.7 million), because a 26.0% fall in long-term debt, to ¥28,296 million, offset a 17.3% rise in retirement allowances.

Shareholders' equity at the end of fiscal 2000 was ¥156,254 million (\$1.4 billion), up 17.9% thanks to the increase in consolidated surplus. The equity ratio improved to 22.8%, from 20.2%. Total assets advanced 4.6%, to ¥686,271 million (\$6.4 billion).

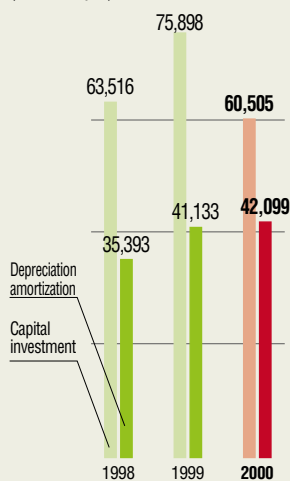
### Fully Diluted Earnings per Share and Cash Dividends per Share

(yen)



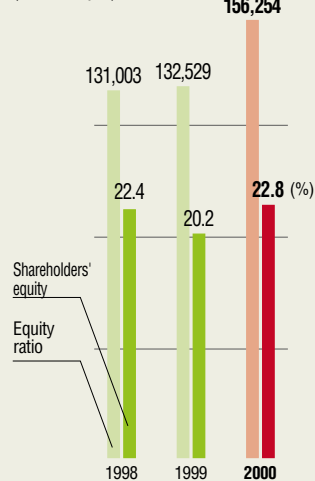
### Capital Investment and Depreciation and Amortization

(Millions of yen)



### Shareholders' Equity and Equity Ratio

(Millions of yen)



## Consolidated Balance Sheet

Daihatsu Motor Co., Ltd. and Consolidated Subsidiaries

At March 31, 2000 and 1999

ASSETS	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
<b>Current assets:</b>			
Cash and time deposits .....	¥ 52,845	¥ 45,906	\$ 497,832
Marketable securities .....	4,641	5,211	43,723
Notes and accounts receivable (Note 3) .....	187,528	174,845	1,766,629
Inventories .....	45,587	53,559	429,456
Deferred tax assets .....	10,376	6,556	97,752
Other current assets .....	37,816	49,599	356,257
Less allowance for doubtful accounts .....	(1,947)	(2,489)	(18,346)
Total current assets .....	336,846	333,187	3,173,303
<b>Investments and other assets:</b>			
Investments in securities .....	8,417	11,247	79,289
Investments in non-consolidated subsidiaries and affiliates .....	26,883	24,678	253,263
Long-term loans receivable .....	5,629	5,635	53,031
Other assets .....	20,669	9,163	194,723
Less allowance for doubtful accounts .....	(2,471)	(2,496)	(23,285)
Total investments and other assets .....	59,127	48,227	557,021
<b>Property, plant and equipment:</b>			
Land .....	84,197	76,005	793,187
Buildings and structures .....	183,366	171,641	1,727,427
Machinery and equipment .....	515,474	484,876	4,856,091
Construction in progress .....	4,169	4,690	39,275
Total property, plant and equipment .....	787,206	737,212	7,415,980
Less accumulated depreciation .....	(497,929)	(462,972)	(4,690,810)
Net property, plant and equipment .....	289,277	274,240	2,725,170
Translation adjustments .....	1,021	598	9,616
<b>Total assets</b> .....	<b>¥686,271</b>	<b>¥656,252</b>	<b>\$6,465,110</b>

See Notes to Consolidated Financial Statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
<b>Current liabilities:</b>			
Short-term bank loans .....	¥119,191	¥111,764	\$1,122,852
Notes and accounts payable (Note 3) .....	188,802	196,955	1,778,636
Accrued income and other taxes .....	14,563	9,649	137,195
Accrued expenses .....	65,463	60,457	616,701
Other current liabilities .....	40,051	40,997	377,302
Total current liabilities .....	428,070	419,822	4,032,686
<b>Long-term liabilities:</b>			
Convertible bonds .....	19,999	19,999	188,403
Long-term debt .....	28,296	38,252	266,568
Retirement allowances .....	49,834	42,495	469,466
Other long-term liabilities .....	2,585	2,546	24,355
Total long-term liabilities .....	100,714	103,292	948,792
<b>Minority interests</b> <b>in consolidated subsidiaries</b> .....	1,233	609	11,612
<b>Contingent liabilities:</b> (Note 4)			
<b>Shareholders' equity:</b>			
Common stock: .....	28,401	28,401	267,559
Authorized – 1,600,000,000 shares			
Issued and outstanding, par value ¥50			
per share – 427,114,038 shares (2000)			
and 427,114,038 shares (1999)			
Additional paid-in capital .....	10,825	10,825	101,976
Consolidated surplus .....	117,053	93,304	1,102,721
Less treasury common stock .....	(25)	(1)	(236)
Total shareholders' equity .....	156,254	132,529	1,472,020
	¥686,271	¥656,252	\$6,465,110

## Consolidated Statements of Income & Retained Earnings

Daihatsu Motor Co., Ltd. and Consolidated Subsidiaries

Years ended March 31, 2000 and 1999

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
<b>Net sales</b> .....	<b>¥983,635</b>	¥891,403	<b>\$9,266,468</b>
<b>Cost of sales</b> .....	<b>767,278</b>	720,177	<b>7,228,244</b>
Total gross profit before adjustment of installment sales profit .....	<b>216,357</b>	171,226	<b>2,038,224</b>
<b>Installment sales profit deferred</b> .....	<b>(3,058)</b>	(3,917)	<b>(28,805)</b>
Gross profit .....	<b>213,299</b>	167,309	<b>2,009,419</b>
<b>Selling, general and administrative expenses</b> .....	<b>184,551</b>	150,824	<b>1,738,594</b>
Operating income .....	<b>28,748</b>	16,485	<b>270,825</b>
<b>Other income (expenses):</b>			
Interest and dividend income .....	<b>1,267</b>	1,507	<b>11,942</b>
Interest expenses .....	<b>(2,231)</b>	(1,773)	<b>(21,021)</b>
<b>Equity in earnings of non-consolidated subsidiaries and affiliates</b> .....	<b>1,544</b>	745	<b>14,545</b>
Other, net .....	<b>(2,219)</b>	(1,936)	<b>(20,907)</b>
Income before special items .....	<b>27,109</b>	15,028	<b>255,384</b>
<b>Special items:</b>			
Gain on sales of parent company's stocks .....	<b>2,038</b>	21,434	<b>19,203</b>
Gain on sales of property, plant and equipment .....	<b>119</b>	17	<b>1,127</b>
Transferred amount of retirement allowances for the past financial years .....	<b>(7,578)</b>	(22,080)	<b>(71,391)</b>
Loss on recalling Daihatsu cars .....	<b>—</b>	(2,054)	<b>—</b>
Loss on reduction of cost of property, plant and equipment .....	<b>(110)</b>	(14)	<b>(1,041)</b>
<b>Income before income taxes and minority interests</b> .....	<b>21,578</b>	12,331	<b>203,282</b>
<b>Income taxes:</b>			
Current .....	<b>14,982</b>	11,104	<b>141,141</b>
Deferred .....	<b>(5,441)</b>	(1,775)	<b>(51,265)</b>
<b>Minority interests in income of consolidated subsidiaries</b> .....	<b>124</b>	4	<b>1,167</b>
<b>Net income</b> .....	<b>12,161</b>	3,006	<b>114,573</b>
<b>Consolidated surplus:</b>			
Balance at beginning of year .....	<b>106,861</b>	91,784	<b>1,006,701</b>
Add:			
Increase in surplus due to addition of consolidated subsidiaries and affiliates .....	<b>500</b>	781	<b>4,716</b>
Deduct:			
Cash dividends .....	<b>(2,349)</b>	(2,135)	<b>(22,130)</b>
Bonuses to directors and corporate auditors .....	<b>(120)</b>	(132)	<b>(1,139)</b>
Balance at end of year .....	<b>¥117,053</b>	¥ 93,304	<b>\$1,102,721</b>
		Yen	U.S. dollars
<b>Net income per share</b>			
Primary .....	<b>¥28.47</b>	¥7.03	<b>\$0.26</b>
Fully diluted .....	<b>26.73</b>	6.68	<b>0.25</b>
Cash dividends applicable to the year .....	<b>7.00</b>	5.00	<b>0.06</b>

See Notes to Consolidated Financial Statements.

# Consolidated Cash Flow Statement

Daihatsu Motor Co., Ltd. and Consolidated Subsidiaries

Year ended March 31, 2000

	Millions of yen	Thousands of U.S. dollars
	2000	2000
<b>I Cash Flow from Business Activities</b>		
Net profit before tax and other adjustments .....	¥21,578	\$203,282
Depreciation expenses .....	42,099	396,599
Increase/decrease in reserve for retirement allowance .....	7,247	68,275
Increase/decrease in reserve for doubtful accounts .....	354	3,332
Interest earned and dividends received .....	(1,267)	(11,943)
Interest expenses .....	2,231	21,021
Exchange loss .....	282	2,661
Return on invested capital under equity method .....	(1,544)	(14,545)
Gains from sale of fixed assets .....	(455)	(4,291)
Loss from retirement of fixed assets .....	1,890	17,810
Gains from sale of securities .....	(2,185)	(20,592)
Loss from revaluation of securities .....	40	374
Increase/decrease in notes and accounts receivable .....	(6,933)	(65,314)
Increase/decrease in inventories .....	8,953	84,350
Increase/decrease in notes and accounts payable .....	(9,982)	(94,038)
Increase/decrease in consumption taxes payable .....	1,378	12,988
Bonus paid to directors .....	(120)	(1,139)
Others .....	7,668	72,239
	<b>71,234</b>	<b>671,069</b>
Interest and dividends received .....	2,149	20,253
Interest paid .....	(2,598)	(24,481)
Corporate tax and other taxes paid .....	(11,110)	(104,665)
	<b>59,675</b>	<b>562,176</b>
<b>II Cash Flow from Investment Activities</b>		
Expenditure for making time deposits .....	¥ (805)	\$ (7,586)
Income from refund of time deposits .....	606	5,714
Expenditure for acquisition of securities .....	(1)	(11)
Income from sales of securities .....	2,717	25,599
Expenditure for acquisition of fixed assets .....	(48,825)	(459,968)
Income from sales of fixed assets .....	2,025	19,080
Expenditure for acquisition of investment securities .....	(222)	(2,096)
Income from sales of investment securities .....	35	331
Expenditure for acquisition of subsidiaries' stocks resulting in the change in the scope of consolidation .....	(260)	(2,456)
Expenditure for short-term loan .....	(5,243)	(49,389)
Income from collection of short-term loans .....	4,690	44,185
Expenditure for long-term loan .....	(865)	(8,153)
Income from collection of long-term loans .....	354	3,338
	<b>(45,794)</b>	<b>(431,412)</b>
<b>III Cash Flow from Financial Activities</b>		
Income from short-term loan .....	¥74,611	\$702,886
Expenditure for repayment of short-term loans .....	(70,127)	(660,643)
Income from long-term loan .....	19,346	182,252
Expenditure for repayment of long-term loans .....	(29,495)	(277,869)
Income from sale of treasury stocks .....	15	149
Expenditure for acquisition of treasury stock .....	(14)	(139)
Dividends paid .....	(2,342)	(22,060)
Dividends paid to minor shareholders .....	(5)	(48)
	<b>(8,011)</b>	<b>(75,472)</b>
<b>IV Difference from Conversion to Cash Flow and Equivalents .....</b>	<b>¥ (283)</b>	<b>\$ (2,662)</b>
<b>V Increase in Cash and Equivalents .....</b>	<b>¥ 5,587</b>	<b>\$ 52,630</b>
<b>VI Initial Balance of Cash and Equivalents .....</b>	<b>¥45,062</b>	<b>\$424,518</b>
<b>VII Increase in Cash and Equivalents Related to the Addition of Consolidation .....</b>	<b>¥ 1,153</b>	<b>\$ 10,867</b>
<b>VIII Year-End Balance of Cash and Equivalents .....</b>	<b>¥51,802</b>	<b>\$488,015</b>

See Notes to Consolidated Financial Statements.

## Notes to Consolidated Financial Statements

### 1. Basis of Presentation of Financial Statements

The accompanying consolidated financial statements have been prepared from accounts and records maintained by Daihatsu Motor Co., Ltd. (the Company) and its domestic subsidiaries in accordance with accounting principles generally accepted in Japan, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Certain modifications and reclassifications have been made in the accompanying consolidated financial statements to facilitate understanding by non-Japanese readers.

The financial statements are expressed in yen, and solely for the convenience of the reader have been translated into U.S. dollars at the rate of ¥106.15 = US\$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2000. These translations should not be construed as representations that the yen amounts have been or could be converted into U.S. dollars.

The amounts reported are in millions of yen and in thousands of U.S. dollars.

### 2. Significant Accounting Policies

#### (a) Consolidation

As of the fiscal term to March 31, 2000, the consolidated financial statements include the accounts of the Company and its significant subsidiaries — 38 domestic sales subsidiaries, 9 overseas sales subsidiaries and 16 other domestic subsidiaries.

Significant intercompany transactions and accounts have been eliminated in consolidation.

Investments in significant affiliates are accounted for by the equity method. A breakdown is as follows: 10 domestic sales affiliated companies, 8 overseas companies (4 manufacturers and sales companies, and 4 sales companies) and 7 other domestic companies (6 parts manufacturers and 1 other company). Effective April 1, 1999, the Group has adopted a new accounting standard for consolidation.

#### (b) Securities

Marketable securities included in both current assets and non-current investments are principally stated at cost determined by the lower of cost or market price, cost being determined by the moving average method.

Non-marketable securities are principally stated at cost determined by the moving average method.

#### (c) Inventories

Inventories are stated at the lower of cost or market price.

Cost is principally determined by the average method for finished products and work in process and by the last-in first-out method for raw materials.

#### (d) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is principally computed by the declining balance method at rates based on estimated useful lives of the assets determined by the Corporation Tax Law of Japan.

As for buildings (excluding attached facilities), the estimated useful lives were shortened in accordance with the fiscal 1998 tax law revisions, starting with the fiscal year under review.

Maintenance, repairs and renewals which do not result in substantial betterments are charged to income when incurred.

#### (e) Retirement allowances and pension plans

To provide for the payment of retirement and severance benefits to employees, directors, and corporate auditors, the Company and its consolidated subsidiaries reserve retirement allowances.

The amount reserved for employees is reserved on the basis of the Company's retirement allowance plan at 100% of the amount which would be required if all eligible employees voluntarily retired at the end of the fiscal year. However, an adjusted annuity plan is employed as part of the retirement allowance plan for Company employees.

The Company reserves retirement allowances for directors and corporate auditors at the amount payable at year-end on the basis of the Company's retirement allowance plan for directors and corporate auditors.

To provide for the payment of retirement allowances to employees, consolidated subsidiaries used to reserve 40% of the amount which would have been required if all eligible employees voluntarily retired at the end of the year. However, starting with this fiscal year, the reserve was changed to 100% of the amount that would be required.

This change, based on Basic Principles of Consolidated Statements Section 3 Item 3 "accounting principles and practices for parent company and subsidiaries," was made to unify the accounting procedures used by the parent company and subsidiaries and to more fairly present financial position and business performance.

With this change, the reserve for retirement allowances increased by ¥8,402 million (US\$79 million), including ¥7,578 million (US\$71 million) from the retirement allowances carried over from previous fiscal years which had been appropriated for special losses. As a result, recurring income, income before income taxes, and net income decreased ¥821 million (US\$7 million), ¥8,399 million (US\$79 million) and ¥5,586 million (US\$52 million), respectively, as compared with the previously used accounting method.

#### (f) Income taxes

Income taxes are based on taxable income and charged to income on an accrual basis. Until the previous fiscal year, tax-effect accounting was only partially applied, resulting in the inclusion of ¥6,555 million (US\$61 million) in prepaid income taxes under current assets and the inclusion of ¥2,229 million (US\$ 21 million) in others under investments and other assets in the previous fiscal year. From the fiscal year under review, however, tax-effect accounting has been fully applied in the preparation of consolidated financial statements for the year ended March 31, 2000. With this change, deferred tax assets increased by ¥19,922 million (US\$187 million) current assets by ¥5,768 million (US\$54 million) and investments and other assets by ¥14,153 million (US\$133 million), while net income increased by ¥7,165 million (US\$67 million) and the balance of consolidated surplus at the end of year increased by ¥20,722 million (US\$195 million), respectively, as compared with the previously used accounting method.

### 3. Non-Consolidated Subsidiaries and Affiliated Companies

The following balances of transactions with non-consolidated subsidiaries and affiliated companies are included in the consolidated accounts as of March 31, 2000 and 1999.

	Millions of yen		Thousands of
	2000	1999	U.S. dollars
The sales .....	<b>¥97,280</b>	¥95,832	<b>\$916,445</b>
The purchase .....	<b>39,045</b>	33,393	<b>367,831</b>
Notes and accounts receivable .....	<b>17,025</b>	20,215	<b>160,393</b>
Notes and accounts payable .....	<b>9,410</b>	9,706	<b>88,654</b>

### 4. Contingent Liabilities

Contingent liabilities as of March 31, 2000 and 1999 were as follows:

	Millions of yen		Thousands of
	2000	1999	U.S. dollars
Guarantees of bank loans .....	<b>¥1,508</b>	¥1,973	<b>\$14,209</b>
Trade notes receivable discounted .....	<b>409</b>	341	<b>3,854</b>

## Report of Independent Certified Public Accountants

To the Board of Directors  
Daihatsu Motor Co., Ltd.

We have examined the accompanying consolidated balance sheets of Daihatsu Motor Co., Ltd. and its consolidated subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of income and retained earnings and consolidated cash flow statements for the years then ended, all expressed in Japanese yen. Our examinations were made in accordance with auditing standards generally accepted in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements expressed in Japanese yen present fairly the consolidated financial position of Daihatsu Motor Co., Ltd. and its consolidated subsidiaries as of March 31, 2000 and 1999, and the results of their operations and their cash flow for the years then ended, in conformity with accounting principles generally accepted in Japan applied on a consistent basis except for the changes, with which we concur, in the accounting method of retirement allowances and pension plans of consolidated subsidiaries as described in Note 2 (e), and in the method of tax-effect accounting as described in Note 2 (f) to the consolidated financial statements for the year ended March 31, 2000.

As described in Note 2 (a) to the consolidated financial statements, Daihatsu Motor Co., Ltd. and its consolidated subsidiaries have adopted new accounting standards for consolidation in the preparation of their consolidated financial statements for the year ended March 31, 2000.

We have reviewed the translation of the accompanying 2000 consolidated financial statements into U.S. dollars and, in our opinion, the consolidated financial statements have been properly translated into U.S. dollars on the basis set forth in Note 1 of the notes to the consolidated financial statements.

*Century Ota Showa & Co.*

CENTURY OTA SHOWA & CO.

Osaka, Japan  
June 29, 2000

*See Note 1 to the consolidated financial statements, which explains the basis of preparing the consolidated financial statements of Daihatsu Motor Co., Ltd. under Japanese accounting principles and practices.*

## Board of Directors

### Chairman of the Board

Ichi Shingu

### President

Takaya Yamada

### Executive Vice President

Yoshiteru Yamanaka

### Senior Managing Directors

Takahiko Kinoshita

Yoshiaki Fukamori

Teruhiro Doi

Kentaro Shimizu

Kozo Sugihara

Takashi Higashi

### Managing Directors

Shoji Tajiri

Teruhiko Yoshioka

Tateki Mori

### Directors

Miehiro Morita

Kiyokazu Seo

Yoshimitsu Sato

Masaharu Abe

Nobuo Fujieda

Kenzo Miyawaki

Tetsuya Honda

Katsuhiko Okumura

Sadao Onoyama

Tadayuki Kotani

Koichi Fujikawa

Yoshihiro Uehara

Hirokata Seki

Tamio Nakakubo

### Standing Auditors

Yosuke Uchida

Kenzo Otsue

### Auditors

Ryuji Araki

Michiaki Saeki

(As of June 29, 2000)

## Stock Information

Founded: March 1, 1907

Common Stock:

Par Value: ¥50

Authorized: 1,600,000,000 shares

Issued: 427,114,038 shares

Capital: ¥28,401 million

Number of shareholders: 23,299

Listings:

Common stock listed on the Tokyo, Osaka, Nagoya, Kyoto, Fukuoka, and Sapporo stock exchanges

Annual Meeting of Shareholders

June, in Osaka, Japan

Transfer Agent:

Daiko Shoken Business Co., Ltd.

2-4-6, Kitahama, Chuo-ku, Osaka

541-8583, Japan

## Offices

### Head Office

1-1, Daihatsu-cho, Ikeda, Osaka

563-8651, Japan

Phone: +81-727-51-8811

Facsimile: +81-727-53-6880

### Tokyo Office

2-2-10, Nihonbashi-honcho,

Chuo-ku, Tokyo 103-8408, Japan

Phone: +81-3-3279-0813

## Web Sites

### Japanese Homepage

<http://www.daihatsu.co.jp/>

### English Homepage

<http://www.ingway.co.jp/~daihatsu/>

### Annual Report

<http://www.ingway.co.jp/~daihatsu/annual/>

## Principal Overseas Offices

### Factory Representative Offices in People's Republic of China

(Beijing Office)

Room 805, Beijing Fortune

Building, 5, Dong San Huan

Bei-Lu, Chaoyang District

Beijing, PRC

Phone: +86-10-6590-8350

Facsimile: +86-10-6590-8352

(Tianjin Office)

Room 1403, Tianjin

International Building, 75, Nanjing

Road, Heping District, Tianjin, PRC

Phone: +86-22-2339-2660

Facsimile: +86-22-2339-2630

### Factory Representative Office in Europe

Hermesstraat 8C, 1930, Zaventem,

Belgium

Phone: +32-2-725-0973

Facsimile: +32-2-721-3174

## Plants

### Head (Ikeda) Plant No. 1 (154,000 m<sup>2</sup>)

Production of components

### Head (Ikeda) Plant No. 2 (146,000 m<sup>2</sup>)

Production of Mira, Move, Opti,

Atrai 7, Midget II, Delta van and

wagon, Rocky, Delta

Consigned production of Town

Ace, Light Ace

### Shiga (Ryuo) Plant No. 1 (654,000 m<sup>2</sup>)

Production of engines,

transmissions

### Shiga (Ryuo) Plant No. 2 (1,325,000 m<sup>2</sup>)

Production of Move, Naked,

Storia, Pyzar

### Kyoto Plant (159,000 m<sup>2</sup>)

Production of Terios Kid, Terios,

Consigned production of Corolla

Van and Wagon

### Tada Plant (40,000 m<sup>2</sup>)

Production of machine tools, die casts

## Sales and Service Network

### Domestic:

67 sales companies and approximately 42,000 sales and service outlets

### Overseas:

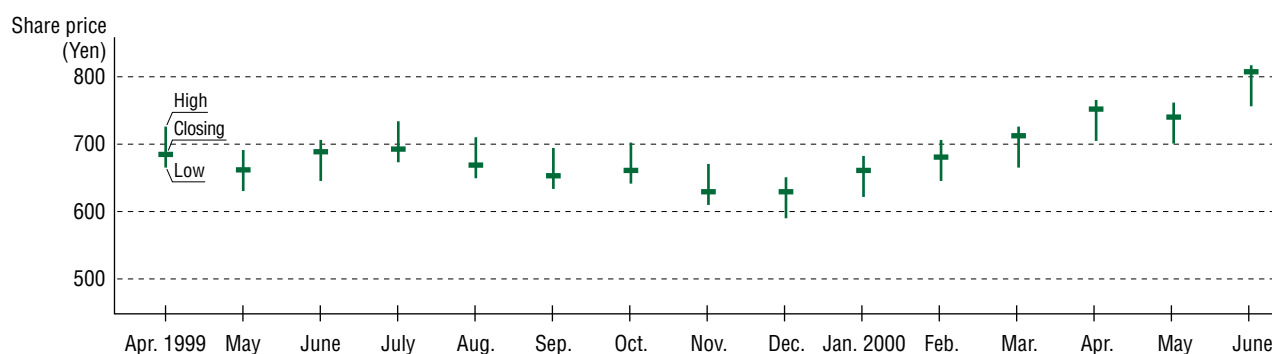
130 distributors and approximately 2,300 sales and service outlets in approximately 120 countries

## Parent Company and Major Subsidiaries

Name of company	Capital (Millions of yen/DM)	Equity ratio	Location	Main business
<b>Parent company</b>				
Toyota Motor Corporation	397,020	51.19%	Toyota City, Aichi Pref.	Manufacture of automobiles
<b>Major consolidated subsidiaries</b>				
<b>Manufacturing</b>				
Daihatsu Auto Body Co., Ltd.	450	100.00%	Maebashi City, Gunma Pref.	Manufacture of automobiles
Aoi Machine Industry Co., Ltd.	300	91.17%	Higashi-Osaka City, Osaka Pref.	Manufacture of automobile parts
Akashi Kikai Seisakusho, Ltd.	200	46.75%	Akashi City, Hyogo Pref.	Manufacture of automobile parts
Daihatsu Metal Industry Co., Ltd.	160	80.00%	Izumo City, Shimane Pref.	Casting of automobile parts and others
<b>Domestic sales</b>				
Kumamoto Daihatsu Sales Co., Ltd.	150	100.00%	Kumamoto City, Kumamoto Pref.	Retail of automobiles and their parts
Hyogo Daihatsu Sales Co., Ltd.	100	100.00%	Nada-ku, Kobe City, Hyogo Pref.	Retail of automobiles and their parts
Saitama Daihatsu Sales Co., Ltd.	80	100.00%	Urawa City, Saitama Pref.	Retail of automobiles and their parts
Chiba Daihatsu Sales Co., Ltd.	64	87.50%	Chuo-ku, Chiba City, Chiba Pref.	Retail of automobiles and their parts
Gifu Daihatsu Sales Co., Ltd.	48	85.06%	Gifu City, Gifu Pref.	Retail of automobiles and their parts
<b>Overseas sales</b>				
Daihatsu Deutschland G.m.b.H.	DM8	80.00%	Tonisvorst, Germany	Wholesale of automobiles and their parts
<b>Finance and others</b>				
Daihatsu Credit Co., Ltd.	300	100.00%	Chuo-ku, Tokyo	Consumer financing for automobiles
Daihatsu Transportation Co., Ltd.	30	100.00%	Ikedata City, Osaka Pref.	Transportation of automobiles

(As of March 31, 2000)

## Stock Price Trends (from April 1999 to June 2000, Tokyo Stock Exchange)





**DAIHATSU MOTOR CO., LTD.**

1-1, DAIHATSU-CHO, IKEDA, OSAKA, 563-8651, JAPAN

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