

May 14, 2001
Fiscal 2001, ended March 2001

Consolidated Financial Results

Daihatsu Motor Co., Ltd.

Listed company name: Daihatsu Motor Co., Ltd.
Security code: 7262 (used in Japanese securities industry)
Head office: 1-1, Daihatsu-cho, Ikeda City, Osaka Pref., Japan
Meeting of the board of directors for fiscal year closing held on:
May 14, 2001
Parent company: Toyota Motor Corp. (Code No. 7203)
Percentage of share ownership by the parent company:
51.2%
Stock listings: First section of Osaka Securities Exchange, Tokyo Stock Exchange,
Nagoya Stock Exchange, Fukuoka Stock Exchange, and Sapporo
Stock Exchange
Adoption of US GAAP: No

1. Financial Results for Fiscal 2001 (From April 1, 2000 to March 31, 2001)

(Amounts less than ¥1 million, except per share amounts, have been omitted in the following tables.)

	FY2001		FY2000	
(1) Consolidated operating results	(Millions of yen)			
Net sales	998,785	[1.5%]	983,635	[10.3%]
Operating income	33,423	[16.3%]	28,748	[74.4%]
Recurring income	32,209	[18.8%]	27,109	[80.4%]
Net income in the period	15,650	[28.7%]	12,161	[304.5%]
Net income per share in the period (Yen)	36.64		28.47	
Post-dilution net income per share (Yen)	34.37		26.73	
Ratio of net income to shareholders' equity		9.0%		8.1%
Ratio of recurring income to total assets		4.4%		4.0%
Ratio of recurring income to net sales		3.2%		2.8%

- Notes: 1. Equity in loss of unconsolidated subsidiaries and affiliates
 FY2001 (ended March 2001): 1,790 million yen
 FY2000 (ended March 2000): 1,544 million yen
2. Average number of shares in the period (consolidated)
 FY2001 (ended March 2001): 427,024,877
 FY2000 (ended March 2000): 426,946,481
3. Changes in the accounting method: [] Yes, [x] No
4. Percentage (%) shown for Net sales, Operating income, Recurring income, and Net income in the period represents a yearly change from previous year, respectively.

	FY2001		FY2000	
(2) Consolidated financial position	(Millions of yen)			
Total assets	766,917		686,271	
Shareholders' equity	192,422		156,254	
Shareholders' equity ratio		25.1%		22.8%
Increment Shareholders' equity per share (Yen)	450.60		365.83	

- Note: Number of outstanding shares as of the end of the fiscal year (Consolidated):
 FY2001 (ended March 2001): 427,029,341
 FY2000 (ended March 2000): 426,946,481

	FY2001		FY2000	
(3) Consolidated cash flow position	(Millions of yen)			
Cash flow in business activities	63,906		59,675	
Cash flow in investment activities	(45,292)		(45,794)	
Cash flow in financial activities	444		(8,011)	
Ending balance of cash and equivalents	70,948		51,802	

(4) Scope of consolidation and companies accounted for by the equity method

Number of consolidated subsidiaries: 62

Number of non-consolidated subsidiaries accounted for by the equity method: –

Number of affiliated companies accounted for by the equity method: 24

(5) Changes in scope of consolidation and companies accounted for by the equity method

Newly consolidated companies: –

Newly unconsolidated companies: 1

Companies newly accounted for by the equity method: –

Companies no longer accounted for by the equity method: 1

2. Projected Consolidated Operating Results for Fiscal 2002 (From April 1, 2001 to March 31, 2002)

(Millions of yen)

	Interim	Full year
Net sales	470,000	990,000
Recurring income	9,500	26,000
Net income	5,500	15,000

Ref.: Estimated net income per share for the year: ¥35.12

Attached Data

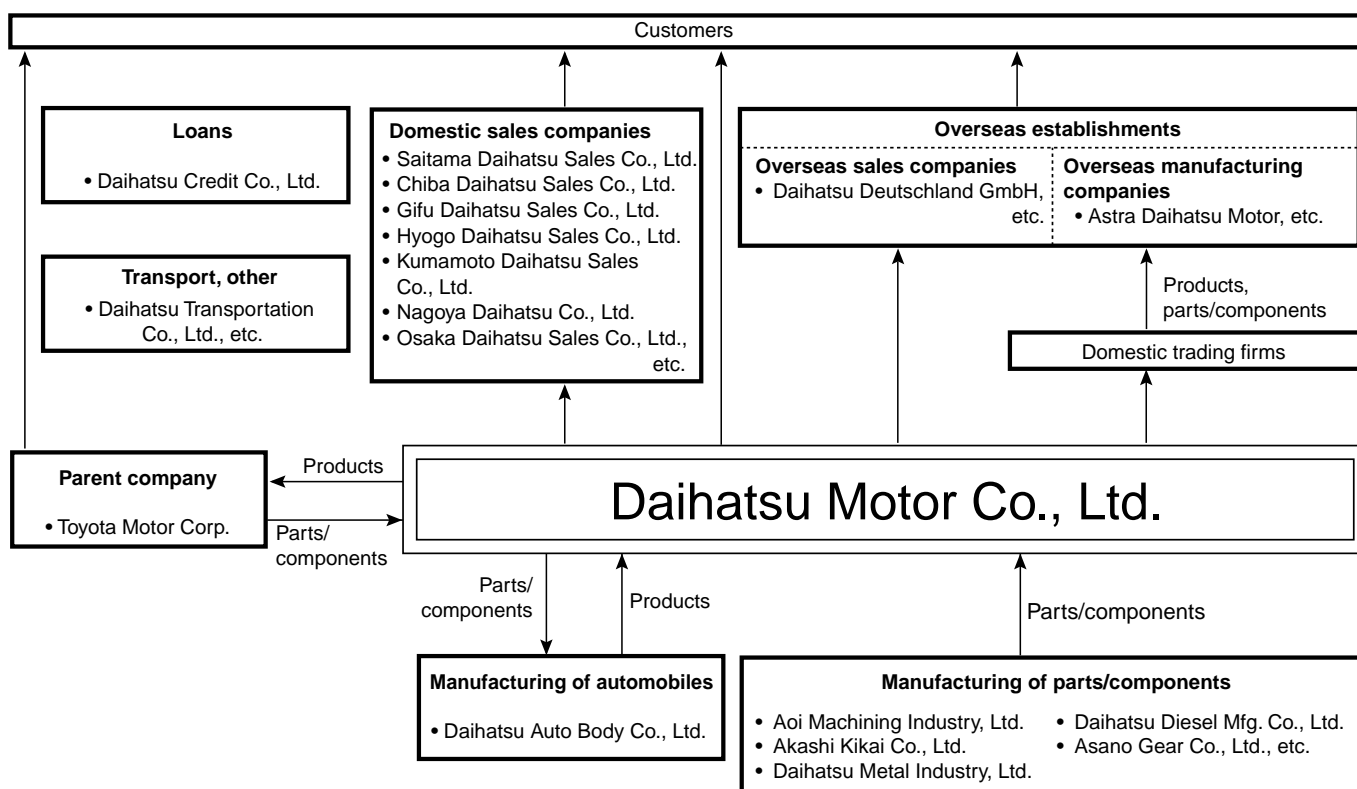
Position of the Corporate Group

The Daihatsu group, comprising the company, 62 subsidiaries and 30 affiliates, manufactures and sells automobiles as its main line of business. Automobiles are manufactured by the company and Daihatsu Auto Body Co., Ltd., while auto parts manufactured by affiliates are delivered to the company. Domestic sales and distribution are handled by 67 Daihatsu sales companies throughout the country, including Hyogo Daihatsu Sales Co., Ltd., selling cars directly to customers. To some large-lot customers, however, sales are conducted directly by the company. Transport of automobiles to the domestic sales companies is handled exclusively by Daihatsu Transportation Co., Ltd. Sales loans for automobiles are taken care of by Daihatsu Credit Co., Ltd.

As for overseas markets, sales of automobiles are handled by Daihatsu Deutschland GmbH and other sales companies. In Indonesia, Malaysia, and other countries, the company supplies parts and components in knock-down kits, for automobiles to be assembled.

The company also assembles cars and other automobiles on commission by the company's parent company, Toyota Motor Corp., including delivery of OEM (Original Equipment Manufacturer) cars.

The major business transactions are summarized in the following flow chart:



Management Policy

1. Basic management policy

We, Daihatsu Group, stand firmly by our fundamental belief of growing as a Group by contributing to society. Our objective is to seek and create new values required by the times, and to maintain our Group as an “attractive and conscientious entity” worthy of public sympathy, love and respect. Our basic management policy goes by the motto, “GOOD SERVICE TO CUSTOMERS IS EVERYTHING”; we are persistently striving to be a valuable asset to our community, customers, shareholders, suppliers and employees as well.

2. Basic dividend policy

Our basic policy in regard to dividends is to maintain a stable level of dividends for the long-term, and to distribute profits in consideration of business results, payout ratio and other factors.

Internal reserves will be allocated to investments that strengthen and enrich corporate structures for further group development.

3. Mid-term management strategies

Amidst growing concern for the global environment worldwide and changing values, we are convinced that the demand for compact cars will definitely grow in the future. In this kind of social environment, we are striving to be a leading company that can satisfy this demand, while staying true to our three basic objectives of “Developing Creative yet Attractive Products”, “Reinforcing and Expanding Business Foundations” and “Reforming Our Revenue Structure”. For this purpose, we are converging our management resources on the development of the small car business with particular focus on the manufacture of light motor vehicles.

4. Tasks to be tackled

We will make the best efforts to promptly cope with changes in the business environment, timely provide customers with attractive products, enhance customer satisfaction, and make ourselves known as a leading manufacturer of small cars both at home and abroad.

As for technical aspects, we will also make an effort to satisfy public demands for global environment protection and greater driving safety.

We also will continue to make a concerted effort to reform our revenue structure, reduce manufacturing cost, and reinforce the corporate structure of the group.

5. Relation with the parties concerned (such as parent company)

As a member of the Toyota Group, we will build closer ties with Toyota Motor Corp., and strive to expand the small car business, which is our group’s specialty, so as to contribute to the further development of group business.

Corporate Business Summary

1. General condition for the current fiscal year

Japanese economies for the current term remained on a mild resuscitation path toward self-recovery resulting from the government's economic policy as well as increased investment in information technology; however, customer spending hangs in the balance. The economy has undergone a transition under extreme conditions without any prospect of recovery.

In the car industry, light cars decreased from the result of the previous year for the first time in three years due to demand for new standard cars circulated around in the domestic market; however, sales of registered cars exceeded the result of the previous year for the first time in four years; as a whole, sales results surpassed the previous year's for the second consecutive year. In addition, exportation to the U.S. and Asia increased, exceeding the previous year's result.

Under these circumstances, the company and its group introduced products in line with the market trends as well as customers' requirements; as a result, domestic car sales increased to 525,820 units, 40,400 units more than the previous year (an 8.3% increase), because of sales efforts; overseas car sales decreased by 17,454 units (17.8%) to 80,803 units under the influence of exchange rates; consigned cars decreased by 9,311 units (6.2%) from the previous year, to 141,724 units; OEM (original equipment manufacturing) cars for Toyota Motor Corp. increased by 3,504 units (9.3%) to 41,332 units; and the number of cars sold in total was 789,679, a 17,139 (2.2%) increase from the previous year. Components for overseas production and consigned engines decreased by 4,600 sets (3.4%) to 131,080 sets and by 63,048 sets (14.7%) to 365,954 sets respectively. The number of cars produced increased to 817,102, up 14,937 (1.9%) from the previous year, resulting from an increase in number of cars sold (as we do not base production on orders, we do not show the size of orders by amount or volume). Consequently, sales increased to ¥998.7 billion, ¥15.1 billion (1.5%) more than the previous year, ordinary profit increased ¥5.1 billion (18.8%) to ¥32.2 billion, and current net profit for the current fiscal year increased ¥3.4 billion (28.7%) to ¥15.6 billion.

2. Outlook for the following fiscal year

As for business outlook for the coming years, the economic situation doesn't allow premature conclusions of recovery of corporate performance, and trends in improvement of the income and employment environments seem to be unfavorable due to the impact of the decelerating US economy as well as concerns about an insecure financial system.

In the car industry, moderate, sustained improvement in the domestic market can be expected reflecting demand stimulation for registered cars; however, a decrease in sales of light cars is expected following the previous year, as a result of a decline in the new standard car effect. On the other hand, tough going is expected to continue in exports as the global economy is slowing down.

In this context, we as a group will try to expand our share in the domestic market, roll out overseas production business aggressively, expedite reduction of costs, and enhance management vitality, improving customer satisfaction.

In business results for the following term, we expect sales of ¥990 billion, operating profit of ¥26 billion, and current net earnings of ¥15 billion, year-on-year decreases of 0.9%, 19.3% and 4.2% respectively. We expect the dividend for the following term to be ¥7 per share, the same as the current term.

Please understand that, as certain aspects including the supply and demand trends as well as exchange rates are still unclear, actual business results may differ from the forecasts made.

Highlights of Consolidated Financial Results

(Amounts less than ¥1 million, except per share amounts, have been omitted in this financial report.)

1. Comparison with non-consolidated financial results

(Millions of yen)

	Consolidated data	Non-consolidated data	Difference	Consolidated ratio
Net sales	998,785	869,522	129,263	115%
Recurring income	32,209	23,798	8,411	135%
Net income in the period	15,650	12,519	3,130	125%
Post-dilution net income per share (Yen)	36.64	29.31	7.33	125%

2. Comparison with the previous year

(Millions of yen)

	Consolidated FY2001	Consolidated FY2000	Increment (Decrement)	
			Amount	Ratio
Net sales	998,785	983,635	15,149	1.5%
Recurring income	32,209	27,109	5,100	18.8%
Net income in the period	15,650	12,161	3,488	28.7%
Post-dilution net income per share (Yen)	36.64	28.47	8.17	28.7%

3. Consolidated number of automobiles sold

(Units)

	Consolidated FY2001	Consolidated FY2000	Increment (Decrement)	
			Amount	Ratio
Mini cars				
Domestic	490,867	472,816	18,051	3.8%
Export	18,069	27,215	(9,146)	(33.6%)
Subtotal	508,936	500,031	8,905	1.8%
Small cars				
Domestic	34,953	12,604	22,349	177.3%
Export	62,734	71,042	(8,308)	(11.7%)
Subtotal	97,687	83,646	14,041	16.8%
Daihatsu cars				
Domestic	525,820	485,420	40,400	8.3%
Export	80,803	98,257	(17,454)	(17.8%)
Subtotal	606,623	583,677	22,946	3.9%
Consigned cars	141,724	151,035	(9,311)	(6.2%)
OEM cars	41,332	37,828	3,504	9.3%
Grand total	789,679	772,540	17,139	2.2%
Parts for overseas production	131,080	135,680	(4,600)	(3.4)%
Consigned engines	365,954	429,002	(63,048)	(14.7)%

4. Positions of consolidated cash flow

(Millions of yen)

Category	Consolidated FY2001	Consolidated FY2000	Increment (Decrement)
Cash flow from sales and marketing activities	63,906	59,675	4,231
Cash flow from investment activities	(45,292)	(45,794)	501
Cash flow from financial activities	444	(8,011)	8,455
Variance from realization	87	(282)	370
Increase in cash and cash equivalents	19,145	5,586	13,559
Ending balance of cash and cash equivalents	70,948	51,802	19,145

Cash flow from sales activities for the current consolidated fiscal year increased by ¥4,231 million to ¥63,906 million as current net earnings before tax adjustment, etc. of ¥30,324 million was recognized in addition to cost depreciation of ¥42,148 million.

Cash flow from investment activities increased ¥501 million from the previous year, due to the ¥46,393 million expense for acquisition of fixed assets, etc., to -¥45,292 million.

Cash flow from financial activities increased by ¥8,455 million to ¥444 million as a result of dividend payments of ¥2,989 million, etc., despite an increase in borrowings of ¥3,384 million.

Consequently, the ending balance of cash and cash equivalents for the current fiscal year increased by ¥19,145 million from the previous year to ¥70,948 million on a consolidated basis.

Consolidated Statements of Profit and Loss (Years ended March 31, 2001 and 2000)

(Millions of yen)

	Consolidated FY2001		Consolidated FY2000		Increment (Decrement)	
Net sales	998,785	100.0%	983,635	100.0%	15,149	1.5%
Cost of sales	768,832		767,278		1,554	0.2%
Total gross profit before adjustment of sales profits deferred	229,952	23.0%	216,357	22.0%	13,594	6.3%
Adjustments of sales profits deferred	(2,376)		(3,057)		681	
Gross profit	227,576	22.8%	213,299	21.7%	14,276	6.7%
Selling, general and administrative expenses	194,152		184,551		9,601	5.2%
Operating income	33,423	3.3%	28,748	2.9%	4,675	16.3%
Non-operating profits:						
Interest and dividend income	1,281		1,267		13	
Return on investment, based on the equity method	1,790		1,544		246	
Other non-operating profits	2,393		3,163		(770)	
Total non-operating profits	5,464		5,975		(510)	(8.5%)
Non-operating expenses:						
Interest expense	2,445		2,231		214	
Other non-operating expenses	4,233		5,383		(1,149)	
Total non-operating expenses	6,678		7,614		(935)	(12.3%)
Recurring income	32,209	3.2%	27,109	2.8%	5,100	18.8%
Extraordinary profits:						
Profit from creation of retirement allowance trust	23,410		--		23,410	
Profit from sale of invested securities	2,489		--		2,489	
Subsidy for equipment and facilities	90		--		90	
Gain on insurance adjustment	48		--		48	
Profit from sale of the parent company's shares	--		2,038		(2,038)	
Gain on sale of fixed assets	--		119		(119)	
Total extraordinary profits	26,039		2,158		23,881	
Extraordinary losses:						
Retirement allowance cost	27,491		--		27,491	
Loss from revaluation of investment in securities	294		--		294	
Loss from advanced depreciation of fixed assets	138		110		28	
Transfer to reserve for retirement allowances for the previous year	--		7,578		(7,578)	
Total extraordinary losses	27,924		7,688		20,236	
Income before income taxes in the period	30,324	3.0%	21,578	2.2%	8,745	40.5%
Corporate and inhabitants' taxes and enterprise tax	20,386		14,982		5,404	
Corporate tax, other adjustments	(5,912)		(5,441)		470	
Minority interests in income of consolidated subsidiaries	(-) 199		(+) 123		(323)	
Net income in the period	15,650	1.6%	12,161	1.2%	3,488	28.7%

Note: Amounts less than ¥1 million have been omitted in this table.

Consolidated Balance Sheets (Years ended March 31, 2001 and 2000)

	(Millions of yen)		
	Consolidated FY2001	Consolidated FY2000	Increment (Decrement)
Assets:			
Current assets:			
Cash and time deposits	72,056	52,844	19,211
Notes and accounts receivable	203,532	187,527	16,004
Marketable securities	418	4,641	(4,223)
Inventories	49,390	45,586	3,803
Deferred tax assets	10,871	10,376	495
Other current assets	39,983	37,816	2,166
Allowance for doubtful receivables	(2,060)	(1,947)	(113)
Total current assets	374,190	336,846	37,344
Fixed assets:			
Tangible fixed assets:			
Buildings and structures	85,335	82,604	2,731
Machinery and transport equipment	99,050	99,341	(291)
Land	86,401	84,196	2,204
Construction in progress	4,598	4,169	428
Other fixed assets	16,974	18,964	(1,989)
Total tangible fixed assets	292,360	289,276	3,083
Intangible fixed assets	1,382	1,363	18
Investments and other assets:			
Investments in securities	85,629	35,300	50,329
Long-term loans receivable	5,462	5,629	(166)
Deferred tax assets	6,707	14,975	(8,267)
Other investments and assets	3,336	4,330	(994)
Allowance for doubtful receivables	(2,152)	(2,471)	319
Total investments and other assets	98,984	57,764	41,220
Total fixed assets	392,727	348,404	44,322
Exchange adjustment account	--	1,020	(1,020)
Total assets	766,917	686,271	80,646

Note: Amounts less than ¥1 million have been omitted in this table.

(Millions of yen)

	Consolidated FY2001	Consolidated FY2000	Increment (Decrement)
Liabilities:			
Current liabilities:			
Notes and accounts payable	206,188	188,802	17,386
Short-term debt	115,810	119,190	(3,380)
Accrued corporation tax	13,247	10,490	2,757
Accrued expenses	48,741	46,260	2,480
Allowance for product warranty	5,360	4,110	1,250
Other current liabilities	63,644	59,215	4,428
Total current liabilities	452,992	428,069	24,922
Long-term liabilities:			
Convertible bonds	19,993	19,999	(6)
Long-term debt	35,061	28,296	6,765
Deferred tax liabilities	6,290	--	6,290
Reserve for retirement allowance	--	49,833	(49,833)
Reserve for employee retirement benefits	53,988	--	53,988
Reserve for directors' retirement allowance	1,286	--	1,286
Other long-term liabilities	3,630	2,585	1,045
Total long-term liabilities	120,250	100,714	19,535
Total liabilities	573,242	528,784	44,458
Minority interests in consolidated subsidiaries	1,252	1,232	20
Shareholders' equity:			
Capital stock	28,404	28,401	2
Additional paid-in capital	10,827	10,824	2
Consolidated retained earnings	129,565	117,053	12,511
Other securities revaluation differences	28,179	--	28,179
Account of exchange adjustment	(4,539)	--	(4,539)
Less treasury common stocks	(15)	(25)	10
Total shareholders' equity	192,422	156,254	36,167
Total liabilities and shareholders' equity	766,917	686,271	80,646

Note: Amounts less than ¥1 million have been omitted in this table.

Consolidated Statement of Retained Earnings (Years ended March 31, 2001 and 2000)

(Millions of yen)

	Consolidated FY2001	Consolidated FY2000	Increment (Decrement)
Balance at the beginning of the year	117,053	93,304	23,749
Increase in fiscal accounts following the introduction of the tax-deferred accounting	--	13,556	(13,556)
Balance at the beginning of the year	117,053	106,861	10,192
Increase related to new consolidation and application of the equity method	--	500	(500)
Increase	--	500	(500)
Cash dividends	2,989	2,349	640
Bonuses for directors	148	120	(27)
Decrease	3,138	2,470	668
Net income	15,650	12,161	3,488
Balance at the end of the year	129,565	117,053	12,511

Note: Amounts less than ¥1 million have been omitted in this table.

Consolidated Cash Flow Statement (Years ended March 31, 2001 and 2000)

(Millions of yen)

	Consolidated FY2001	Consolidated FY2000	Increment (Decrement)
I Cash Flow in Business Activities:			
Net profit before tax and other adjustments	30,324	21,578	8,745
Depreciation expenses	42,148	42,099	49
Increase/decrease in reserve for retirement allowance	(49,833)	7,247	(57,081)
Increase/decrease in reserve for employee retirement benefits	54,057	--	54,057
Increase/decrease in reserve for directors' retirement allowance and bonus	1,286	--	1,286
Increase/decrease in reserve for doubtful accounts	(206)	353	(559)
Interest earned and dividends received	(1,281)	(1,267)	(13)
Interest expenses	2,445	2,231	214
Exchange gain or loss	(155)	282	(437)
Return on invested capital under equity method	(1,790)	(1,544)	(246)
Gains from sale of fixed assets	(305)	(455)	149
Loss from retirement of fixed assets	2,220	1,890	329
Gains from sale of securities	(2,489)	(2,185)	(304)
Loss from revaluation of securities	294	39	255
Increase/decrease in trade receivables	(16,004)	(6,933)	(9,071)
Increase/decrease in inventories	(3,803)	8,953	(12,757)
Increase/decrease in trade debt	18,219	(9,982)	28,201
Increase/decrease in unpaid consumption tax and others	(634)	1,378	(2,013)
Bonus paid to directors	(149)	(120)	(28)
Others	7,377	7,668	(290)
Subtotal	81,719	71,234	10,485
Interest and dividends received	1,927	2,149	(222)
Interest paid	(2,431)	(2,598)	166
Corporate tax and other taxes paid	(17,308)	(11,110)	(6,198)
Cash flow in business activities	63,906	59,675	4,231
II Cash Flow in Investment Activities:			
Expenditure for making time deposits	(607)	(805)	198
Income from refund of time deposits	541	606	(65)
Expenditure for acquisition of securities	--	(1)	1
Income from sale of securities	70	2,717	(2,646)
Expenditure for acquisition of fixed assets	(46,393)	(48,825)	2,431
Income from sale of fixed assets	1,433	2,025	(591)
Expenditure for acquisition of investment securities	(805)	(222)	(583)
Income from sale of investment securities	2,490	35	2,454
Expenditure for acquisition of subsidiaries' stocks resulting in the change in the scope of consolidation	--	(260)	260
Expenditure for short-term loans	(6,794)	(5,242)	(1,552)
Income from collection of short-term loans	4,606	4,690	(84)
Expenditure for long-term loans	(1,710)	(865)	(844)
Income from collection of long-term loans	1,876	354	1,522
Cash flow in investment activities	(45,292)	(45,794)	501
III Cash Flow in Financial Activities:			
Income from short-term loan	--	74,611	(74,611)
Expenditure for repayment of short-term loans	--	(70,127)	70,127
Increase/decrease in short-term borrowings	12,673	--	12,673
Income from long-term loan	15,184	19,346	(4,161)
Expenditure for repayment of long-term loans	(24,473)	(29,495)	5,022
Income from sale of treasury stocks	80	15	64
Expenditure for acquisition of treasury stocks	(25)	(14)	(11)
Dividends paid	(2,989)	(2,341)	(648)
Dividends paid to minor shareholders	(4)	(5)	0
Cash flow in financial activities	444	(8,011)	8,455
IV Difference from Conversion to Cash and Equivalents	87	(282)	370
V Increase in Cash and Equivalents	19,145	5,586	13,559
VI Initial Balance of Cash and Equivalents	51,802	45,062	6,740
VII Increase in Cash and Equivalents related to the Addition of Consolidation	--	1,153	(1,153)
VIII Year-end Balance of Cash and Equivalents	70,948	51,802	19,145

Note: Amounts less than ¥1 million have been omitted in this table.

Basic Matters to be Taken into Consideration for the Preparation of Consolidated Financial Results

1. Scope of consolidation

Consolidated subsidiaries : 62

Major subsidiaries : Daihatsu Auto Body Co., Ltd., Daihatsu Credit Co., Ltd., Kumamoto Daihatsu Sales Co., Ltd., Hyogo Daihatsu Sales Co., Ltd., Daihatsu Deutschland GmbH

(Diminishment): Sasebo Daihatsu Motors Co., Ltd.

The above company was merged into our subsidiary Nagasaki Daihatsu Sales Co., Ltd.

The name of Nagasaki Daihatsu Sales Co., Ltd. was changed to Daihatsu Nagasaki Sales Co., Ltd.

2. Application of the equity method

Affiliated companies to which the equity method was applied: 24

Major affiliates: Daihatsu Diesel Mfg. Co., Ltd., Osaka Daihatsu Sales Co., Ltd.

(Diminishment): Daihatsu Autohandels g.m.b.h.

The above company was merged with our subsidiary, Daihatsu Deutschland GmbH.

3. Period of consolidated subsidiaries

Of the group's consolidated subsidiaries, the following 8 companies close their books for the current period on December 31: Daihatsu Deutschland GmbH, Daihatsu Australia Pty. Ltd., Daihatsu Thailand Ltd., Daihatsu New Zealand Ltd., Daihatsu Motor (HK) Ltd., Daihatsu Europe, DMCA Inc., and Daihatsu Belgium N.V. The consolidated financial statements for the current period are prepared on the basis of financial statements available from these subsidiaries as of the aforementioned settlement day. Any important business transactions conducted between the said day and the group's consolidated settlement day are necessarily subject to consolidated financial adjustment.

4. Basis and method of accounting

(a) Basis and method of valuation of securities:

Other securities

* Securities with market value are stated as determined by the market value method based on the market value, etc. on the last day of the period. (All valuation differences are handled by the direct injection of capital method. Cost of products sold is calculated by the moving average method.)

* Securities without market value are stated at cost as determined by the moving average cost method.

(b) Basis and method of valuation of inventories:

* Products (produced cars), products (supply parts), and work in progress are in general stated at lower cost as determined by the general average cost method.

* Products (purchased cars) are in general stated at lower cost as determined by the separated method.

* Raw materials are in general stated at lower cost as determined by the last-in first-out method.

(c) Depreciation methods of fixed assets:

Tangible fixed assets

Tangible fixed assets are depreciated on the basis of the declining balance method. However, the straight-line method is adopted for buildings (excluding attached facilities) acquired after April 1, 1998.

(d) Basis of accounting for important reserves:

Allowance for doubtful debts

General credits are earmarked according to the loan loss ratio. For specific credits such as doubtful debts, the probability for recovery is considered for each credit individually, with the estimate for irretrievable losses earmarked.

Reserve for retirement and severance benefits

To provide employees' retirement allowances, calculations are made based on estimated retirement allowance liability and pension assets as of the end of the current consolidated fiscal year.

Differences due to changes in accounting standards are treated as costs in block after creation of a retirement allowance trust.

Differences from actuarial calculation are treated as costs from the following year onward by the straight-line method for the employees' average remaining years of service upon accrual.

Directors' retirement allowance and bonus

As for the amount earmarked as a provision for directors, an amount required for year-end payment for retirement is set aside according to the directors' retirement allowance and bonus regulations.

Allowance for product warranty

To provide for disbursements for post-sale service of products based on a written warranty, service expenses during the warranty period are set aside.

(e) Accounting for lease transactions:

Finance lease transactions, other than those where the ownership of the leased property is regarded as transferable to the lessee, are accounted for and treated by the accounting method applicable to normal rental transactions.

(f) Important hedge accounting method:

Forward exchange contracts are all appropriated to money claims in foreign currencies. Forward exchange contracts are employed to avoid fluctuation risk of future exchange rates within the balance of money claims in foreign currencies, in accordance with internal management rules; transaction results are reported to the board meeting every three months.

For interest rate swaps, all transactions are treated as exceptions. Interest rate swaps are employed for borrowings to avoid fluctuation risk in the borrowing interest rate in the future, subject to managerial approval. Details of all transactions are reported to the directors concerned on regular basis.

(g) Method of treating consumption tax:

We adopted a separate way to treat consumption tax.

5. Issues relating to evaluations of assets and liabilities of consolidated subsidiaries

Evaluation of consolidated subsidiaries' assets and liabilities is fully conducted on the current cost method.

6. Issues relating to depreciation and amortization of consolidated adjustment account

Depreciation and amortization of the consolidated adjustment account is treated as profit or loss upon accrual as the amount is small.

7. Issues relating to treatment of distribution of profit, etc.

Consolidated earned surplus statements are made based on the defined profit distribution of the consolidated companies during the consolidated fiscal year.

8. Scope of funds for consolidated cash flow statements

Funds (cash and cash equivalents) on the consolidated cash flow statements include cash on hand, unrestricted cash as well as easily realizable short-term investments due within three months from acquisition with minor value fluctuation risk.

Changes in Registration

1. Consolidated balance sheets

Reserve for directors' retirement allowance (¥1,286 million for the current consolidated fiscal year), which was previously included in "reserve for employees' retirement allowance", is separately registered as "reserve for directors' retirement allowance" starting from the current fiscal year.

Reserve for directors' retirement allowance for the previous consolidated fiscal year was ¥1,155 million.

2. Consolidated cash flow statement

Increase or decrease in short-term borrowings on the cash flow statement for financial activities (¥12,673 million for the current consolidated fiscal year), which was previously described as "income from short-term borrowings" and "expenditure for repayment of short-term borrowings", is indicated as "increase/decrease of short-term borrowings" starting from the current fiscal year.

Increase/decrease of short-term borrowings for the previous fiscal year was ¥4,484 million.

Additional Information

1. Retirement allowance accounting

Starting from the current consolidated fiscal year, we adopt accounting standards for retirement allowances ("Written opinion on the establishment of accounting standards relating to retirement allowances" by the Business Accounting Council, dated June 16, 1998).

Compared with figures calculated using the conventional method, expenses increased ¥30,857 million, and recurring income and income before tax adjustment, etc. decreased ¥2,859 million and ¥30,804 million, respectively.

An extraordinary profit of ¥23,410 million was recognized as a result of establishing a retirement allowance trust.

Accordingly, income before tax adjustment, etc. and net income decreased ¥7,393 million and ¥5,196 million, respectively.

2. Financial instrument accounting

Starting from the current consolidated fiscal year, we adopt accounting standards for financial instruments ("Written opinion on the establishment of accounting standards relating to financial instruments" by the Business Accounting Council, dated January 22, 1999).

Compared with figures calculated using the conventional method, recurring income and income before tax adjustment, etc. increased ¥56 million, and net income increased ¥32 million.

Securities excluding a money management fund of ¥4,324 million were appropriated to investment in securities after carefully examining the purpose of securities holdings as of the beginning of the fiscal year.

A variance from revaluation of ¥48,511 million consists of deferred tax liabilities of ¥20,326 million, a variance from revaluation of securities of ¥28,179 million, and minority interests of ¥5 million.

3. Accounting standards for transactions in foreign currencies

Starting from the current consolidated fiscal year, we adopt revised accounting standards for transactions in foreign currencies, etc. ("Written opinion on the revision of the accounting standards for transactions in foreign currencies, etc." by the Business Accounting Council, dated October 22, 1999).

The adoption of the new standards has no influence on the figures of profit and loss expressed using the conventional method.

Equity adjustment from the foreign currency transaction account, which was included in assets in the previous consolidated fiscal year, is appropriated to shareholders' equity and minority interests, in accordance with the revised regulations for consolidated financial statements.

Notes

Consolidated Statements of Profit and Loss

(Millions of yen)

	Consolidated FY2001	Consolidated FY2000
Research and development cost	33,439	32,504

Consolidated Balance Sheets

(Millions of yen)

	Consolidated FY2001	Consolidated FY2000
(1) Accumulated depreciation of tangible fixed assets	518,575	497,929
(2) Pledged assets and secured liabilities		
Pledged assets:		
Cash and cash deposits	4	205
Notes receivable	314	2,200
Buildings and structures	7,675	10,655
Machine, equipment and vehicles	903	985
Land	16,857	16,608
Other	1	35
Total	25,756	30,690
Secured liabilities:		
Short-term loans	25,128	29,537
Long-term loans	5,317	8,109
Total	30,445	37,647
(3) Guaranteed obligation	842	1,508

Consolidated Cash Flow Statement

Relationship between the balance of cash and cash equivalent at the end of the period and the amount shown on the consolidated balance sheet

(Millions of yen)

	Consolidated FY2001	Consolidated FY2000
Cash and cash deposit	72,056	52,844
Term deposit for three months or more	(1,107)	(1,041)
Cash and cash equivalents	70,948	51,802

Segment Information

1. Information by Industry Segment

The Daihatsu group is working in the business related to the manufacturing and sales of automobiles as its main business line. As the percentages in the total amount of net sales, operating income, and total assets of all segments occupied by the said segment are more than 90%, we omitted the description of the group's information by industry segment.

2. Information by Business Location

As the percentage of the figures occupied by Japan in the total amount of net sales and total assets of all business locations is more than 90%, we omitted the description of the group's information by geographical segment.

3. Overseas Sales

Consolidated FY2001				(Millions of yen)
	Asia	Europe	Other regions	Total
Overseas sales	60,967	33,237	19,173	113,378
Consolidated sales				998,785
Overseas sales as a percentage of consolidated net sales	6.1%	3.4%	1.9%	11.4%

Consolidated FY2000				(Millions of yen)
	Asia	Europe	Other regions	Total
Overseas sales	53,601	41,212	24,850	119,664
Consolidated sales				983,635
Overseas sales as a percentage of consolidated net sales	5.5%	4.2%	2.5%	12.2%

- Notes:
- Classification of countries or regions is based on geographical proximity.
 - Principal countries and regions belonging to each class are as follows:
 - Asia: Indonesia, Malaysia
 - Europe: Germany, U.K., Italy
 - Other regions: Dominican Republic, Australia
 - Overseas sales represent the sales amount of Daihatsu and its consolidated subsidiaries in the regions outside Japan.

Lease Transactions

1. Financial and lease transactions other than those for which the transfer of ownership rights to the lessee is recognized.

(1) Borrowing side	(Millions of yen)	
	Consolidated FY2001	Consolidated FY2000
Amount equivalent to acquisition price	9,124	9,760
Amount equivalent to cumulative depreciation amount	4,582	4,453
Amount equivalent to balance at the end of the period (Amount equivalent to year-end balance of unexpired lease fees)	4,541	5,306
[Of these, amount within one year]	[1,353]	[1,576]
Lease fees paid (Amount equivalent to depreciation costs)	1,624	1,772

The calculation method for the amount equivalent to depreciation costs is to assume the lease period as the useful life and to use the straight-line method with the residual value as zero.

The amount equivalent to the acquisition price and the amount equivalent to the year-end balance of unexpired lease fees are calculated using the method incorporating the interest paid, because the year-end balance of unexpired lease fees accounts for a small percentage of the year-end balance of fixed tangible assets.

(2) Lending side	(Millions of yen)	
	Consolidated FY2001	Consolidated FY2000
Acquisition price	913	895
Cumulative depreciation amount	543	301
Year-end balance	370	594
Amount equivalent to year-end balance of unexpired lease fees	495	647
[Of these, amount within one year]	[185]	[202]
Lease fees received	192	242
Depreciation expenses	138	90

The amount equivalent to the year-end balance of unexpired lease fees is calculated using the method incorporating the interest received, because the total of the year-end balance of unexpired lease fees and the balance of estimated remaining value accounts for a small percentage of the total year-end balance of operating credits.

2. Operating lease transactions (borrowing side)		(Millions of yen)	
		Consolidated FY2001	Consolidated FY2000
Year-end balance of unexpired lease fees	One year or less	68	69
	Over one year	74	142
	Total	142	211

Transactions with the Parties Concerned

Current consolidated fiscal year (April 1, 2000 to March 31, 2001)

Parent Company

Attribute	Parent company
Company name, etc.	Toyota Motor Corp.
Address	Toyota, Aichi Prefecture
Capital	397,049 million yen
Line of business or occupation	Manufacturing of automobiles
Proportion of voting rights owned	Directly 51.2%
Corporate relation:	
Concurrent post held by directors	7 directors transferred, 1 director holds post at both companies
Business relation	Delivery of consigned cars and OEM cars
Amount of transactions:	
Sale of consigned cars and other transactions	224,233 million yen
Purchase of auto parts/components	100,037 million yen
Year-end balance:	
Account receivables/Accrued income	24,637 million yen
Account payable	11,885 million yen

Note: The amount of transactions do not include consumption tax, etc.

Tax-effect Accounting

	Current consolidated fiscal year (ended March 31, 2001) (Millions of yen)
Deferred tax assets	36,151
Deferred tax liabilities	(24,861)
Net amount of deferred tax assets	11,289

Securities

Current consolidated fiscal year

(1) Securities with current market value (as of March 31, 2001) (Millions of yen)

Categories	Acquisition cost	Amount on the consolidated balance sheet	Difference
Items with amount on the consolidated balance sheet exceeding the acquisition cost:			
Stocks	13,145	61,687	48,541
Bonds:			
Corporate bonds	65	92	27
Subtotal	13,211	61,779	48,568
Items with amount on the consolidated balance sheet not exceeding the acquisition cost:			
Stocks	1,346	1,288	(57)
Bonds:			
Corporate bonds	--	--	--
Subtotal	1,346	1,288	(57)
Total	14,557	63,068	48,511

- Notes: 1. Amounts less than ¥1 million have been omitted in this table.
2. The market value of listed securities is calculated principally based on closing price on the Tokyo Stock Exchange.

(2) Other securities sold during the current fiscal year (from April 1, 2000 to March 31, 2001)

Amount sold: ¥2,560 million Total profit on sale: ¥2,489 million

(3) Of the other securities, the expected repayment amount in the future for those at maturity and debt instruments to be held to maturity (as of March 31, 2001): (Millions of yen)

Categories	Over 1 year and within 5 years
Bonds:	
Corporate bonds	87
Total	87

Note: Amounts less than ¥1 million have been omitted in this table.

Previous consolidated fiscal year (Millions of yen)

Categories	Previous consolidated fiscal year (ended March 31, 2000)		
	Amount on the consolidated balance sheet	Market value	Revaluation gains or losses
Items belonging to current assets:			
Stocks	4,258	35,547	31,288
Bonds	65	102	37
Subtotal	4,324	35,649	31,325
Items belonging to fixed assets:			
Stocks	11,435	87,147	75,711
Bonds	--	--	--
Subtotal	11,435	87,147	75,711
Total	15,759	122,796	107,036

- Notes: 1. Amounts less than ¥1 million have been omitted in this table.
2. Calculation of market values, etc.:
Listed securities, etc.: Principally, closing price on the Tokyo Stock Exchange.
Over-the-counter securities, etc.: Based on prices made available by the Japan Securities Dealers' Association.
3. Stocks exclude treasury stock.
4. Amounts on the consolidated balance sheet of the securities not disclosed: (Millions of yen)

Items belonging to current assets:	
Money management fund	316
Items belonging to fixed assets:	
Unlisted stocks (excluding over-the-counter stocks)	23,864

Derivative Transactions

Current consolidated fiscal year (ended March 31, 2001)

Hedge accounting applies to all the derivative transactions of the company group and there are no items to be noted.

Previous consolidated fiscal year (ended March 31, 2000)

Interest rate		(Millions of yen)		
Classification	Transactions other than market transactions			
Categories	Contract amount, etc. (of which, over one year)		Market value	Revaluation gains or losses
Interest-rate swap transactions				
Fixed rate to receive/Floating rate to pay	6,500	4,500	210	210
Floating rate to receive/Fixed rate to pay	5,700	5,700	16	16
Interest-rate floor transactions				
Buying quotation	2,000	--	(0)	(0)
Selling quotation	9,000	--	(25)	(25)
Total	23,200	10,200	200	200

Note: The current market value is calculated based on the value indicated by the financial institutions with which the company group has dealings, etc.

Retirement Allowance Accounting

1. Summary of retirement allowance plans adopted

The company as well as its consolidated subsidiaries provide fixed benefit type systems including employees' pension fund, aggregated employees' pension fund, approved retirement annuity and retirement lump sum grants.

2. Issues relating to retirement allowance liabilities (as of March 31, 2001)

	(Millions of yen)
A. Retirement allowance liabilities	(204,392)
B. Pension assets	122,356
C. Reserve for retirement allowance	53,988
D. Prepaid pension expense	(85)
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Variance from unrealized actuarial calculation (A+B+C+D)	(28,133)

Notes:

1. Includes substitutions for employees pension fund.
2. Some subsidiaries use a simplified method for calculation of retirement allowance liabilities.
3. Amount of pension assets under a multi-proprietors system, of which reasonable calculation of contributory pension assets is not available, is ¥18,286 million.

3. Issues relating to retirement allowance expenses (from April 1, 2000 to March 31, 2001)

	(Millions of yen)
A. Service cost	7,381
B. Interest expense	5,387
C. Expected investment profit	(3,526)
D. Amount disposed upon changes in the accounting standard	3,925
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E. Retirement allowance expenses (A+B+C+D)	13,167

Notes:

1. Employees contributions to employees' pension fund are deducted.
2. As a result of a retirement allowance trust created in the interim period for the current consolidated fiscal year, which is the first year in which accounting for retirement allowance has been introduced, ¥23,565 million from disposal of initial retirement allowance liabilities in a block equivalent to the market price of assets in trust upon contribution is included.
3. Retirement allowance expenses of consolidated subsidiaries employing the simplified method are appropriated to "A. Service cost".
4. Amount of pension contributions under a multi-proprietors system, of which reasonable calculation of contributory pension assets is not available, is ¥1,377 million.

4. Issues relating to calculation basis of retirement allowances liabilities, etc.

- a. Allocation method of period for estimated retirement allowance:
 - Fixed amount for the period basis
- b. Discount rate: 3%
- d. Expected return on investment: 3%
- d. Number of years to depreciate variance for the purpose of actuarial calculation:
 - To be recognized and depreciated as expenses on the fixed amount method by the average remaining years of service of employees upon accrual
- e. Number of years to depreciate variance as of changes in accounting standard:
 - 1 year