

October 25, 2002
Fiscal 2003, ending March 2003

Consolidated Financial Results (Interim Period)

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 interim closing held on:	October 25, 2002
Parent company:	Toyota Motor Corp. (Code No. 7203)
Percentage of share ownership by the parent company:	51.4%
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 FY2003 Interim Period (From April 1, 2002 to September 30, 2002)

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

(1) Consolidated operating results

(Millions of yen)

	FY2003 Interim Period		FY2002 Interim Period		FY2002 (ended March 2002)	
Net sales	455,703	[(4.2%)]	475,886	[0.3%]	943,938	[(5.5%)]
Operating income	4,632	[(55.9%)]	10,516	[(12.4%)]	18,599	[(44.4%)]
Recurring income	5,795	[(37.0%)]	9,192	[(20.0%)]	16,132	[(47.9%)]
Net income in the current interim period	1,285	[(75.7%)]	5,285	[0.8%]	9,310	[(40.5%)]
Net income per share in the current interim period (Yen)	3.1		12.37		21.80	
Post-dilution net income per share in the current interim period (Yen)	2.96		11.62		20.49	

Notes: 1. Equity in loss of unconsolidated subsidiaries and affiliates

FY2003 Interim Period (ended September 2002): 1,217 million yen

FY2002 Interim Period (ended September 2001): 74 million yen

FY2002 (ended March 2002): 1,571 million yen

2. Average number of shares in the period (consolidated)

FY2003 Interim Period (ended September 2002): 426,801,406

FY2002 Interim Period (ended September 2001): 427,029,954

FY2002 (ended March 2002): 427,032,477

3. Changes in the accounting method: [] Yes, [x] No

4. Percentage (%) shown for Net sales, Operating income, Recurring income, and Net income in the current interim period represents a yearly change from the previous interim period.

(2) Consolidated financial position

(Millions of yen)

	FY2003 Interim Period		FY2002 Interim Period		FY2002 (ended March 2002)	
Total assets	746,111		728,276		759,501	
Shareholders' equity	182,629		189,663		184,265	
Shareholders' equity ratio		24.5%		26.0%		24.3%
Shareholders' equity per share (Yen)	427.90		444.14		431.47	

Note: Numbers of outstanding shares as of the end of the period (Consolidated):

FY2003 Interim Period (ended September 2002): 426,794,455

FY2002 Interim Period (ended September 2001): 427,031,388

FY2002 (ended March 2002): 427,060,275

(3) Consolidated cash flow position

(Millions of yen)

	FY2003 Interim Period		FY2002 Interim Period		FY2002 (ended March 2002)	
Cash flow in business activities	1,310		26,892		36,889	
Cash flow in investment activities	(20,007)		(20,945)		(46,622)	
Cash flow in financial activities	(622)		(4,849)		(18,561)	
Ending balance of cash and equivalents	23,051		72,035		42,825	

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

Number of consolidated subsidiaries: 68

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: 5

Newly unconsolidated companies: 1

Companies newly accounted for by the equity method: 1

Companies no longer accounted for by the equity method: 1

2. Projected Consolidated Operating Results for Fiscal 2003 (From April 1, 2002 to March 31, 2003)

	(Millions of yen)
	Full year
Net sales	950,000
Recurring income	16,000
Net income	6,500

Ref.: Estimated net income per share for the year: ¥15.22

Note: It is possible that the company's actual operating results for the year ending March 2003 will be different from the above projected figures due to supply and demand trends in our primary markets, uncertainty in foreign exchange rates, and other factors. Please refer to page 6 for information related to the above projected operating results.

Attached Data

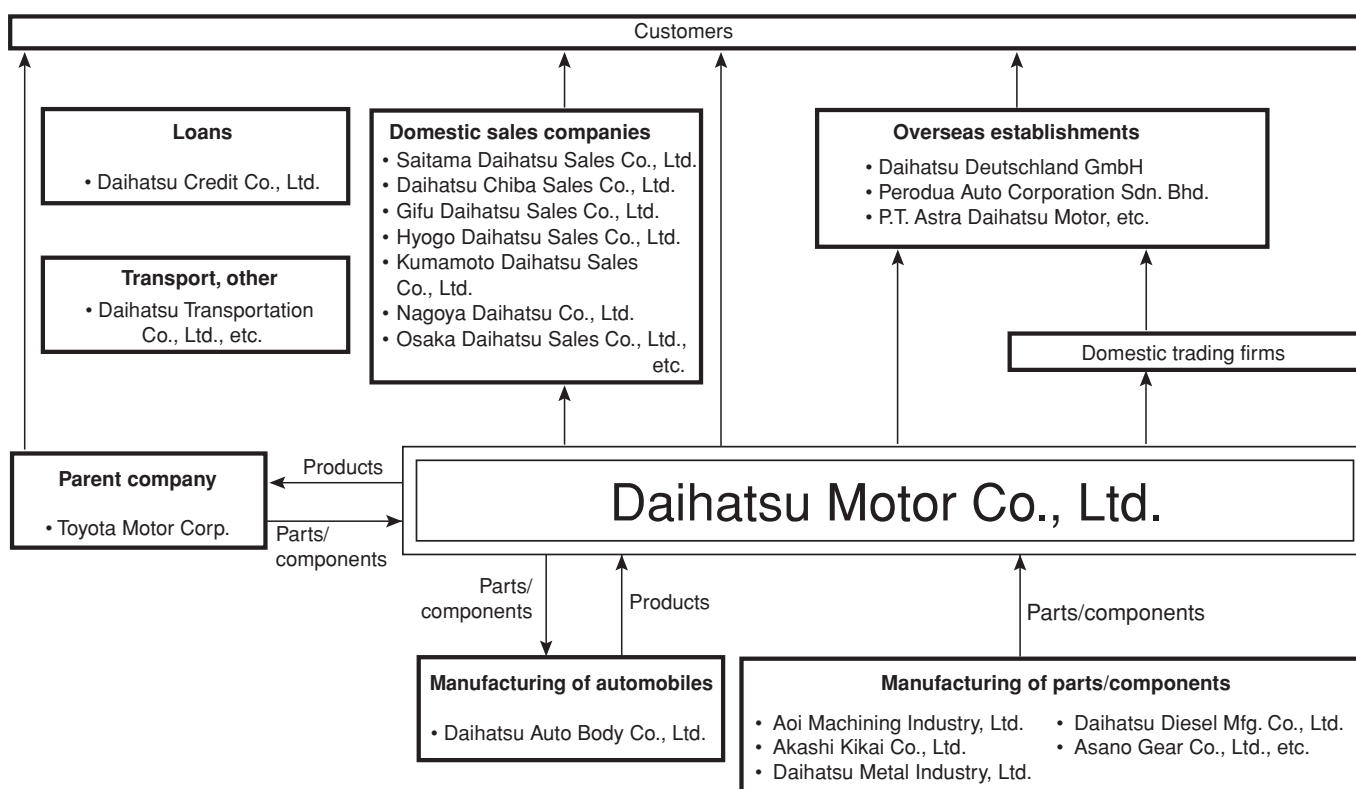
Position of the Corporate Group

The Daihatsu group, comprising the company, 68 subsidiaries and 28 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 65 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 manufacturing) 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. Policy regarding the reduction in investment units

We recognize that increasing the liquidity of our stock is an effective measure for increasing the number of individual shareholders and contributing to stock market vitality. Therefore, we will carefully examine the necessity for reducing the investment units by closely watching share prices and market trends.

4. 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.

5. Tasks to be tackled

Our most important challenge is to create a solid position in the small car sector by recovering from the slump during the current interim period and ensuring a profit recovery against increasingly intensifying market competition.

We will continue to take wide-ranging steps as part of our all-out group effort to meet these challenges and create a firm business foundation. These steps include the timely provision of new products that are competitive in terms of both quality and price, such as the new Move model launched in October this year. We will also further strengthen our domestic sales system, aggressively carry out our business overseas, and work to reduce costs in every possible way.

In addition, we will step up our efforts to bring about a resource-recycling society that is environmentally conscious.

6. 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 and Financial Summary

1. General conditions for the current interim period

During the interim period under review, boosted by the brisk exports Japanese economy saw production gradually rise, and signs of a recovery in corporate earnings appeared. Despite these positive elements, however, the harsh personal income and employment climate persisted. Consumer spending continued to seesaw, and there were no signs of a recovery in the overall economy.

In the automobile industry, meanwhile, there was a further rise in demand for mini cars in a rising “small car” boom in the Japanese market. While performance in the mini car (660 cc and below) market improved from the year-before period, demand was slack for standard (661 cc and over) vehicles, particularly commercial vehicles, reflecting the economic doldrums. The performance of standard vehicles did not reach that of the same period of the previous year, and the performance of the market as a whole also was down from the year-before period. In contrast, exports were brisk to the North American, European, and Asian markets, and performance in this sector surpassed that of the previous year.

In this business climate, our corporate group strove to provide products with superior safety and environmental features, as well as expand and enhance our research, development, production, and sales organizations through such steps as the launch of the Copen, an authentic open sports mini car. Despite our efforts, however, the plunge in mini car sales and other factors resulted in domestic sales of 216,338 units, a 9.7% year-on-year decline of 23,357 units. The performance of the Malaysian subsidiary and other factors boosted overseas car sales by 66,313 units, a 184.6% year-on-year surge, to 102,239 units. We manufactured 32,888 units on consignment, a 47.9% year-on-year decline of 30,197 units, and manufactured 11,407 units, a 22.5% year-on-year decline of 3,310 units, as an OEM supplier to Toyota Motor Corp. to be sold under that company’s nameplate. Total sales amounted to 362,872 units, a 2.7% increase of 9,449 units from the year-before period.

In addition, we manufactured 16,490 sets of components for overseas production, a 76.2% year-on-year plunge of 52,690 sets, affected largely by the operation of our Malaysian subsidiary. We built 96,589 engines on consignment, a 34.9% year-on-year drop of 51,853 engines. The number of cars we produced inched upward to 370,555, up 2,951 (0.8%) from the year-before period. (As we do not base production on orders, we do not show orders by value or volume.)

As a result, net sales during the current interim period fell 4.2% or ¥20.1 billion from the year-before period to ¥455.7 billion. We posted ¥5.7 billion in recurring income, a 37.0% drop of ¥3.3 billion from the year before, while recording a 75.7% plunge in net income for the interim period of ¥4.0 billion to ¥1.2 billion.

Meanwhile, the effect of the new consolidated subsidiaries resulted in a ¥44.5 billion increase in assets. Cash and cash equivalents fell ¥19.7 billion from the year before to ¥23.0 billion. Notes receivable and accounts receivable slid ¥12.0 billion in conjunction with the downturn in sales, and total assets fell ¥13.3 billion from the previous year-end balance to ¥746.1 billion.

While we posted ¥1.2 billion in net income for the interim period, our payment of ¥1.7 billion in dividends at the previous year-end meant that shareholder’s equity fell ¥1.6 billion from the previous year to ¥182.6 billion.

Regarding our cash flow position, cash flow in business activities fell ¥25.5 billion from the previous year to ¥1.3 billion. This resulted from the recording of ¥7.0 billion in pre-tax net income for the interim period, as well as the ¥33.5 billion decline in purchasing obligations and ¥23.3 billion in depreciation.

Cash flow in investment activities soared ¥900 million from the year before to –¥20.0 billion due to the ¥26.4 billion expenditure to acquire tangible fixed assets and other factors. Our cash flow in financial activities rose ¥4.2 billion year-on-year to –¥600 million, due to the ¥1.0 billion increase in borrowings, the payment of ¥1.7 billion in dividends, and other factors.

As a result of these activities, the balance of cash and cash equivalents at the end of the interim period under review fell ¥48.9 billion from the previous year-end balance to ¥23.0 billion.

2. Outlook for the full fiscal year

While the progress of the government’s measures is fueling hopes for an economic recovery, there are many factors causing concern, including plunging stock prices, the deceleration of the American economy, and the slump in consumer spending. Therefore, we believe the economic outlook will continue to be uncertain.

In the automobile industry, the introduction of new models in the domestic market is expected to elicit purchasing demand, but we do not anticipate a rapid recovery in demand. In addition, it is uncertain whether brisk exports to North America and Asia can be maintained.

For the full fiscal year, we forecast a 0.6% increase in sales to ¥950 billion, a 0.8% decline in recurring income to ¥16.0 billion, and a 30.2% plunge in net income for the interim period to ¥6.5 billion.

Please be advised that actual performance may differ from our forecast due to uncertain factors in our major markets, including supply and demand trends as well as exchange rates.

Highlights of Consolidated Financial Results for the Interim Period

1. Consolidated results

(Millions of yen)

	FY2003 Interim Period (From April 1, 2002 to September 30, 2002)	FY2002 Interim Period (From April 1, 2001 to September 30, 2001)	Increment (Decrement)		FY2002 (From April 1, 2001 to March 31, 2002)
			Amount	Ratio	
Net sales	455,703	475,886	(20,183)	(4.2%)	943,938
Operating income	4,632	10,516	(5,883)	(55.9%)	18,599
Recurring income	5,795	9,192	(3,397)	(37.0%)	16,132
Net income in the current interim period	1,285	5,285	(4,000)	(75.7%)	9,310
Net income per share in the current interim period (Yen)	3.01	12.37	(9.36)	(75.7%)	21.80

2. Consolidated number of automobiles sold

(Units)

	FY2003 Interim Period (From April 1, 2002 to September 30, 2002)	FY2002 Interim Period (From April 1, 2001 to September 30, 2001)	Increment (Decrement)		FY2002 (From April 1, 2001 to March 31, 2002)
			Amount	Ratio	
Mini cars					
Domestic	209,524	227,975	(18,451)	(8.1%)	477,334
Export	68,923	7,150	61,773	864.0	16,611
Subtotal	278,447	235,125	43,322	18.4%	493,945
Small cars					
Domestic	6,814	11,720	(4,906)	(41.9%)	20,892
Export	33,316	28,776	4,540	15.8%	55,296
Subtotal	40,130	40,496	(366)	(0.9%)	76,188
Daihatsu cars					
Domestic	216,338	239,695	(23,357)	(9.7%)	498,226
Export	102,239	35,926	66,313	184.6%	71,907
Subtotal	318,577	275,621	42,956	15.6%	570,133
Toyota cars					
Consigned cars	32,888	63,085	(30,197)	(47.9%)	93,603
OEM cars	11,407	14,717	(3,310)	(22.5%)	33,756
Subtotal	44,295	77,802	(33,507)	(43.1%)	127,359
Grand total	362,872	353,423	9,449	2.7%	697,492
Parts for overseas production (Sets)	16,490	69,180	(52,690)	(76.2%)	136,850
Consigned engines	96,589	148,442	(51,853)	(34.9%)	272,525

3. Consolidated sales

(Millions of yen)

	FY2003 Interim Period (From April 1, 2002 to September 30, 2002)	FY2002 Interim Period (From April 1, 2001 to September 30, 2001)	Increment (Decrement)		FY2002 (From April 1, 2001 to March 31, 2002)
			Amount	Ratio	
Daihatsu cars					
Domestic	279,229	304,748	(25,519)	(8.4%)	632,863
Export	100,811	53,015	47,796	90.2%	110,034
Subtotal	380,041	357,764	22,277	6.2%	742,897
Consigned and OEM cars	75,661	118,121	(42,460)	(35.9%)	201,041
Total	455,703	475,886	(20,183)	(4.2%)	943,938

4. Positions of consolidated cash flow

(Millions of yen)

	FY2003 Interim Period (From April 1, 2002 to September 30, 2002)	FY2002 Interim Period (From April 1, 2001 to September 30, 2001)	Increment (Decrement)		FY2002 (From April 1, 2001 to March 31, 2002)
			Amount	Ratio	
Cash flow from sales and marketing activities	1,310	26,892	(25,582)	(95.1%)	36,889
Cash flow from investment activities	(20,007)	(20,945)	937	4.5%	(46,622)
Cash flow from financial activities	(622)	(4,849)	4,227	87.2%	(18,561)
Conversion variance for cash and cash equivalents	(455)	(11)	(443)	(3,757.0%)	172
Increase in cash and cash equivalents	(19,774)	1,086	(20,861)	(1,920.3%)	(28,122)
Balance of cash and cash equivalents at beginning of period	42,825	70,948	(28,122)	(39.6%)	70,948
Balance of cash and cash equivalents at end of period	23,051	72,035	(48,984)	(68.0%)	42,825

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

Reference: Comparison with non-consolidated statement

(Millions of yen)

	Consolidated account	Non-consolidated account	Difference	Ratio of consolidated/ non-consolidated accounts
Net sales	455,703	355,291	100,412	1.28
Recurring income	5,795	1,858	3,936	3.12
Net income for the interim period	1,285	1,108	176	1.16
Net income per share for the interim period (Yen)	3.01	2.59	0.42	1.16

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

Consolidated Statements of Profit and Loss for the Interim Period

(Millions of yen)

	FY2003 Interim Period (From April 1, 2002 to September 30, 2002)		FY2002 Interim Period (From April 1, 2001 to September 30, 2001)		Increment (Decrement)	FY2002 (From April 1, 2001 to March 31, 2002)	
Net sales	455,703	100.0%	475,886	100.0%	(20,183)	943,938	100.0%
Cost of sales	361,044	79.2%	372,284	78.2%	(11,239)	729,672	77.3%
Total gross profit before adjustment of sales profits deferred	94,658	20.8%	103,602	21.8%	(8,943)	214,266	22.7%
Adjustments of sales profits deferred	577		(369)		946	(569)	
Gross profit	95,236	20.9%	103,232	21.7%	(7,996)	213,696	22.6%
Selling, general and administrative expenses	90,603	19.9%	92,716	19.5%	(2,112)	195,097	20.6%
Operating income	4,632	1.0%	10,516	2.2%	(5,883)	18,599	2.0%
Non-operating profits:							
Interest and dividend income	348		391		(42)	725	
Return on investment, based on the equity method	1,217		74		1,143	1,571	
Miscellaneous profits	2,037		1,306		731	2,327	
Total non-operating profits	3,604		1,773		1,831	4,624	
Non-operating expenses:							
Interest expense	453		825		(372)	1,096	
Miscellaneous losses	1,988		2,271		(282)	5,994	
Total non-operating expenses	2,441		3,096		(655)	7,090	
Recurring income	5,795	1.3%	9,192	1.9%	(3,397)	16,132	1.7%
Extraordinary profits:							
Gain on sale of fixed assets	2,103		—		2,103	4,317	
Subsidy for promoting corporate location	—		—		—	501	
Total extraordinary profits	2,103		—		2,103	4,819	
Extraordinary losses:							
Loss from advanced depreciation of fixed assets	310		—		310	3,385	
Loss from the elimination of fixed assets	566		—		566	—	
Total extraordinary losses	876		—		876	3,385	
Net income before tax adjustment, etc.	7,021	1.5%	9,192	1.9%	(2,170)	17,566	1.9%
Corporate and inhabitants' taxes and enterprise tax	4,358		7,759		(3,400)	14,471	
Corporate tax, other adjustments	(786)		(3,782)		2,995	(6,268)	
Minority shareholders' income	(-)2,164		(+)70		(2,234)	(-)52	
Net income	1,285	0.3%	5,285	1.1%	(4,000)	9,310	1.0%

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

Consolidated Balance Sheets for the Interim Period

(Millions of yen)

	FY2003 Interim Period (Ended September 30, 2002)	FY2002 (Ended March 31, 2002)	Increment (Decrement)	FY2002 Interim Period (Ended September 30, 2001)
Assets:				
Current assets:				
Cash and time deposits	21,074	31,936	(10,861)	72,916
Notes and accounts receivable	170,499	182,543	(12,044)	171,613
Marketable securities	50	140	(90)	—
Inventories	57,834	63,241	(5,406)	48,723
Deferred tax assets	17,866	15,438	2,427	14,559
Other current assets	45,514	54,188	(8,674)	39,879
Allowance for doubtful receivables	(1,414)	(1,750)	336	(2,262)
Total current assets	311,424	345,737	(34,312)	345,429
Fixed assets:				
Tangible fixed assets:				
Buildings and structures	95,040	93,345	1,694	84,964
Machinery and transport equipment	122,001	115,165	6,836	97,209
Land	98,901	88,573	10,327	87,111
Construction in progress	12,623	12,096	527	7,506
Other fixed assets	28,004	24,360	3,643	17,530
Total tangible fixed assets	356,571	333,541	23,029	294,321
Intangible fixed assets	1,423	1,429	(6)	1,380
Investments and other assets:				
Investments in securities	54,393	58,123	(3,729)	73,937
Long-term loans receivable	3,257	5,126	(1,868)	5,125
Deferred tax assets	15,537	14,889	648	6,827
Other investments and assets	3,577	3,097	480	3,352
Allowance for doubtful receivables	(74)	(2,443)	2,368	(2,099)
Total investments and other assets	76,692	78,792	(2,100)	87,143
Total fixed assets	434,686	413,763	20,922	382,846
Total assets	746,111	759,501	(13,389)	728,276

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

(Millions of yen)

	FY2003 Interim Period (Ended September 30, 2002)	FY2002 (Ended March 31, 2002)	Increment (Decrement)	FY2002 Interim Period (Ended September 30, 2001)
Liabilities:				
Current liabilities:				
Notes and accounts payable	167,319	200,829	(33,510)	186,151
Short-term debt	121,108	112,962	8,145	117,780
Convertible bonds scheduled for maturity within one year	19,993	—	19,993	—
Accrued corporation tax	6,072	7,076	(1,003)	8,701
Deferred tax liabilities	—	319	(319)	—
Accrued expenses	45,477	53,918	(8,441)	49,069
Allowance for product warranty	8,724	7,881	843	6,030
Other current liabilities	56,176	63,176	(6,999)	58,707
Total current liabilities	424,872	446,164	(21,291)	426,440
Long-term liabilities:				
Convertible bonds	—	19,993	(19,993)	19,993
Long-term debt	39,875	22,335	17,540	29,954
Deferred tax liabilities	5,294	1,705	3,588	1,428
Reserve for employee retirement benefits	60,440	56,745	3,695	55,328
Reserve for directors' retirement allowance	1,248	1,302	(54)	1,169
Other long-term liabilities	2,663	3,340	(677)	3,124
Total long-term liabilities	109,522	105,442	4,100	110,997
Total liabilities	534,394	551,586	(17,191)	537,437
Minority interests	29,087	23,649	5,438	1,175
Shareholders' equity:				
Capital stock	28,404	28,404	—	28,404
Additional paid-in capital	10,827	10,827	—	10,827
Consolidated retained earnings	135,167	135,720	(552)	132,976
Other securities revaluation differences	13,208	12,516	692	21,548
Account of exchange adjustment	(4,896)	(3,191)	(1,704)	(4,079)
Less treasury common stocks	(83)	(11)	(71)	(13)
Total shareholders' equity	182,629	184,265	(1,636)	189,663
Total liabilities and shareholders' equity	746,111	759,501	(13,389)	728,276

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

Consolidated Statements of Retained Earnings

(Millions of yen)

	FY2003 Interim Period (From April 1, 2002 to September 30, 2002)	FY2002 Interim Period (From April 1, 2001 to September 30, 2001)	Increment (Decrement)	FY2002 (From April 1, 2001 to March 31, 2002)
Capital surplus				
I				
Balance of capital surplus at the beginning of the period	10,827	10,827	—	10,827
II				
Balance of capital surplus at the end of the period	10,827	10,827	—	10,827
Retained earnings				
I				
Balance of retained earnings at the beginning of the period	135,720	129,565	6,154	129,565
II				
Increase in retained earnings	1,285	5,285	(4,000)	9,310
Net income for the period	1,285	5,285	(4,000)	9,310
III				
Decrease in retained earnings	1,838	1,874	(36)	3,156
Cash dividends	1,708	1,708	(0)	2,989
Bonuses for directors	129	166	(36)	166
IV				
Balance of retained earnings at the end of the period	135,167	132,976	2,190	135,720

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

Consolidated Cash Flow Statements for the Interim Period

(Millions of yen)

	FY2003 Interim Period (From April 1, 2002 to September 30, 2002)	FY2002 Interim Period (From April 1, 2001 to September 30, 2001)	Increment (Decrement)	FY2002 (From April 1, 2001 to March 31, 2002)
I Cash Flow in Business Activities:				
Net income in the period before tax and other adjustments	7,021	9,192	(2,170)	17,566
Depreciation expenses	23,350	19,197	4,153	40,507
Increase/decrease in reserves	962	2,039	(1,077)	2,677
Interest earned and dividends received	(348)	(391)	42	(725)
Interest expenses	453	825	(372)	1,096
Return on invested capital under equity method	(1,217)	(74)	(1,143)	(1,571)
Gain or loss from sale and elimination of tangible fixed assets, etc.	(1,486)	729	(2,215)	893
Increase/decrease in trade receivables	15,182	31,919	(16,736)	21,028
Increase/decrease in inventories	8,980	666	8,313	(5,791)
Increase/decrease in trade debt	(33,537)	(20,037)	(13,500)	(15,703)
Increase/decrease in unpaid consumption tax and others	229	(603)	832	(1,018)
Others	(12,708)	(4,358)	(8,350)	(2,680)
Subtotal	6,880	39,104	(32,223)	56,278
Interest and dividends received	786	929	(142)	3,081
Interest paid	(453)	(834)	381	(1,090)
Corporate tax and other taxes paid	(5,903)	(12,305)	6,402	(21,380)
Cash flow in business activities	1,310	26,892	(25,582)	36,889
II Cash Flow in Investment Activities:				
Expenditure for acquisition of tangible fixed assets	(26,451)	(22,461)	(3,989)	(50,117)
Income from sale of tangible fixed assets	3,581	129	3,452	2,788
Income and expenditures from the acquisition of subsidiary stock that involves changes in the scope of consolidation	1,431	—	1,431	(443)
Expenditure for short-term loans	(1,991)	(1,807)	(184)	(3,246)
Income from collection of short-term loans	1,062	2,238	(1,176)	3,306
Expenditure for long-term loans	(1,138)	(465)	(672)	(1,254)
Income from collection of long-term loans	3,156	783	2,373	1,590
Others	341	638	(296)	752
Cash flow in investment activities	(20,007)	(20,945)	937	(46,622)
III Cash Flow in Financial Activities:				
Increase/decrease in short-term borrowings	(4,395)	299	(4,694)	(8,248)
Income from long-term debt	21,334	1,942	19,392	13,312
Expenditure for repayment of long-term debt	(15,840)	(5,378)	(10,461)	(20,637)
Dividends paid	(1,708)	(1,708)	0	(2,989)
Dividends paid to minor shareholders	(7)	(4)	(2)	(90)
Others	(4)	1	(5)	92
Cash flow in financial activities	(622)	(4,849)	4,227	(18,561)
IV Difference from Conversion to Cash and Cash Equivalents	(455)	(11)	(443)	172
V Increase in Cash and Cash Equivalents	(19,774)	1,086	(20,861)	(28,122)
VI Initial Balance of Cash and Cash Equivalents	42,825	70,948	(28,122)	70,948
VII Balance of cash and cash equivalents at end of the period	23,051	72,035	(48,984)	42,825

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 for the Interim Period

1. Scope of consolidation

Consolidated subsidiaries : 68

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

(Addition): A total of 5 companies, including Miyagi Daihatsu Sales Co., Ltd. and P.T. Astra Daihatsu Motor. These companies were acquired at the end of the current interim period and became our subsidiaries to be included in the consolidated accounts.

(Diminishment): Daihatsu Nishi-Chiba Sales Co., Ltd.
The above company was merged with our subsidiary Chiba Daihatsu Sales Co., Ltd.
The name of Chiba Daihatsu Sales Co., Ltd. was changed to Daihatsu Chiba 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.

(Addition): P.T. Astra Auto Finance
The above company is affiliated with P.T. Astra Daihatsu Motor. Because P.T. Astra Daihatsu Motor became one of Daihatsu's subsidiaries, it fell within the scope of application for companies accounted for under the equity method at the end of the current consolidated interim period.

(Diminishment): P.T. Astra Daihatsu Motor
The above company was included in the scope of application of the consolidated account at the end of the current interim period, so it is no longer accounted for under the equity method.

3. Settlement date for consolidated subsidiaries

Of the group's consolidated subsidiaries, the following 5 companies close their books for interim account on June 30: Perodua Auto Corporation Sdn. Bhd., Perodua Manufacturing Sdn. Bhd., Perodua Engine Manufacturing Sdn. Bhd., P.T. Astra Daihatsu, and DMCA Inc. We have made necessary adjustments to reflect important transactions that have occurred between that date and the consolidated settlement date.

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 interim period. (All valuation differences are handled by the direct injection of capital method, and sale costs are calculated using 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 important depreciated 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**

We have made provisions for possible losses from accounts receivable or other loans. The estimate for irretrievable losses was allocated for general credits and specific credits such as doubtful debts by considering the loan loss ratio and the probability for recovery of each credit, respectively.

Allowance for product warranty

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

Reserve for retirement allowance

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

Liabilities for past work service are treated as expenses when they arise based on the straight-line method using the employees' remaining years of service upon accrual.

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

Reserve for directors' retirement benefits

To provide directors' retirement benefits for special services, an amount required for the end of the current consolidated interim period is set aside in accordance with internal regulations regarding the payment of such benefits.

(e) Accounting for important 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 and interest rate swaps are all appropriated to money claims and liabilities in foreign currencies. These transactions are employed to avoid fluctuation risk of future exchange rates within the balance of money claims and liabilities in foreign currencies, in accordance with internal management rules. Transaction results are reported to the board meeting periodically.

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 a regular basis.

(g) Method of treating consumption tax:

The tax-excluded method was adopted to treat consumption tax.

5. Scope of funds for consolidated cash flow statements for the interim period

Funds (cash and cash equivalents) on the the consolidated cash flow statements for the interim period 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.

Additional Information

Starting with the current consolidated interim period, the "Accounting standards related to the reversal of treasury stock and legal reserves" (Item 1 of the Corporate Accounting Standards) were applied. The application of the standards had a minimal impact on profit and loss during the current consolidated interim period.

Further, the shareholders' equity in the consolidated balance sheets and the consolidated statements of retained earnings for the current interim period were prepared using the regulations for the consolidated interim financial statements after their amendment. These categories for both the previous consolidated fiscal year and the previous consolidated interim period are also shown in the classifications created after the above amendment.

Notes

Consolidated Balance Sheets for the Interim Period

(Millions of yen)

	FY2003 Interim Period (Ended September 30, 2002)	FY2002 Interim Period (Ended September 30, 2001)	FY2002 (Ended March 31, 2002)
(1) Accumulated depreciation of tangible fixed assets	562,974	530,793	545,773
(2) Pledged assets and secured liabilities			
Pledged assets:			
Cash and cash deposits	10	12	22
Notes receivable	282	302	372
Buildings and structures	8,267	7,736	7,484
Machines, equipment and vehicles	685	849	739
Land	16,780	16,063	15,917
Investment in securities	28	—	—
Other (Tangible fixed assets)	0	2	0
Total	26,055	24,966	24,536
Secured liabilities:			
Short-term debts	29,384	23,712	20,025
Long-term debts	7,804	5,021	4,718
Total	37,188	28,734	24,743
(3) Guaranteed obligation	465	682	600

Consolidated Cash Flow Statements for the Interim Period

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

(Millions of yen)

	FY2003 Interim Period (Ended September 30, 2002)	FY2002 Interim Period (Ended September 30, 2001)	FY2002 (Ended March 31, 2002)
Cash and cash deposit	21,074	72,916	31,936
Term deposit for three months or more	(430)	(881)	(750)
Short-term investments that mature within three months after acquisition (Securities)	50	—	140
Deposits	2,357	—	11,500
Cash and cash equivalents	23,051	72,035	42,825

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

FY2003 interim period (From April 1, 2002 to September 30, 2002)

(Millions of yen)

	Japan	Asia	Europe	Other regions	Total	Elimination or all businesses	Consolidated
Sales							
1. Sales to external customers	388,514	61,018	5,981	188	455,703	—	455,703
2. Internal sales between segments, or transferred amounts	26,709	—	—	—	26,709	(26,709)	—
Total	415,224	61,018	5,981	188	482,413	(26,709)	455,703
Operating expenses	414,193	57,469	5,899	279	477,842	(26,771)	451,070
Operating profit (or operating losses)	1,031	3,548	82	(91)	4,570	62	4,632

FY2002 interim period (From April 1, 2001 to September 30, 2001)

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

FY2002 (From April 1, 2001 to March 31, 2002)

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.

Notes: 1. Classification of countries or regions is based on geographical proximity

2. Principal countries and regions belonging to each class are as follows:

- (1) Asia: Malaysia, Indonesia
- (2) Europe: Germany, Belgium
- (3) Other regions: USA

3. Overseas Sales

FY2003 interim period (From April 1, 2002 to September 30, 2002)				(Millions of yen)
	Asia	Europe	Other regions	Total
Overseas sales	74,087	12,741	13,982	100,811
Consolidated sales				455,703
Overseas sales as a percentage of consolidated net sales	16.2%	2.8%	3.1%	22.1%

FY2002 interim period (From April 1, 2001 to September 30, 2001)				(Millions of yen)
	Asia	Europe	Other regions	Total
Overseas sales	31,089	13,578	8,347	53,015
Consolidated sales				475,886
Overseas sales as a percentage of consolidated net sales	6.5%	2.8%	1.8%	11.1%

FY2002 (From April 1, 2001 to March 31, 2002)				(Millions of yen)
	Asia	Europe	Other regions	Total
Overseas sales	58,233	28,183	23,617	110,034
Consolidated sales				943,938
Overseas sales as a percentage of consolidated net sales	6.2%	3.0%	2.5%	11.7%

- Notes:
1. Classification of countries or regions is based on geographical proximity.
 2. Principal countries and regions belonging to each class are as follows:
 - (1) Asia: Malaysia, Indonesia
 - (2) Europe: Germany, U.K.
 - (3) Other regions: Dominican Republic, Venezuela
 3. 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)		
		FY2003 Interim Period (Ended September 30, 2002)	FY2002 Interim Period (Ended September 30, 2001)	FY2002 (Ended March 31, 2002)
Amount equivalent to acquisition price		6,538	8,979	6,714
Amount equivalent to cumulative depreciation amount		3,080	4,897	2,906
Amount equivalent to balance at the end of the period		3,458	4,081	3,808
(Amount equivalent to the balance at the end of the period of unexpired lease fees)				
[Of these, amount within one year]		[969]	[1,047]	[983]
Lease fees paid (Amount equivalent to depreciation costs)		515	872	1,327

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 balance at the end of the period of unexpired lease fees are calculated using the method incorporating the interest paid, because the balance at the end of the period of unexpired lease fees accounts for a small percentage of the balance at the end of the period of fixed tangible assets.

(2) Lending side		(Millions of yen)		
		FY2003 Interim Period (Ended September 30, 2002)	FY2002 Interim Period (Ended September 30, 2001)	FY2002 (Ended March 31, 2002)
Acquisition price		720	891	872
Cumulative depreciation amount		511	579	613
Balance at the end of the period		209	311	259
Amount equivalent to the balance at the end of the period of unexpired lease fees		288	426	367
[Of these, amount within one year]		[135]	[178]	[163]
Lease fees received		78	98	183
Depreciation expenses		46	68	154

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

2. Operating lease transactions (borrowing side)		(Millions of yen)		
		FY2003 Interim Period (Ended September 30, 2002)	FY2002 Interim Period (Ended September 30, 2001)	FY2002 (Ended March 31, 2002)
Unexpired lease fees	Within one year	44	63	59
	Over one year	—	44	14
	Total	44	108	74

Securities

FY2003 interim period

Other securities with current market value (as of September 30, 2002) (Millions of yen)

Categories	Acquisition cost	Amount on consolidated interim balance sheet	Difference
Stocks	14,005	36,732	22,726
Bonds:			
Corporate bonds	48	65	17
Total	14,054	36,798	22,744

- 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 the closing price on the Tokyo Stock Exchange.

FY2002 interim period

Other securities with current market value (as of September 30, 2001) (Millions of yen)

Categories	Acquisition cost	Amount on consolidated interim balance sheet	Difference
Stocks	14,459	51,525	37,065
Bonds:			
Corporate bonds	65	89	24
Total	14,525	51,615	37,090

- 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 the closing price on the Tokyo Stock Exchange.

FY2002 full year

(1) Other securities with current market value (as of March 31, 2002)

(Millions of yen)

Categories	Acquisition cost	Amount on consolidated balance sheet	Difference
Items with amount on the consolidated balance sheet exceeding the acquisition cost:			
Stocks	13,036	34,615	21,579
Bonds:			
Corporate bonds	65	88	23
Subtotal	13,101	34,703	21,602
Items with amount on the consolidated balance sheet not exceeding the acquisition cost:			
Stocks	390	333	(57)
Bonds:			
Corporate bonds	—	—	—
Subtotal	390	333	(57)
Total	13,492	35,037	21,544

Note: The market value of listed securities is calculated principally based on the closing price on the Tokyo Stock Exchange.

(2) Other securities sold during the fiscal year under review (from April 1, 2001 to March 31, 2002)

Amount sold: ¥419 million Total profit on sale: ¥14 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, 2002):

(Millions of yen)

Categories	Within one year	Over 1 year and within 5 years
Bonds:		
Corporate bonds	21	66
Total	21	66

Derivative Transactions

FY2003 interim period (April 1, 2002 to September 30, 2002), FY2002 interim period (April 1, 2001 to September 30, 2001), and FY2002 (April 1, 2001 to March 31, 2002)

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