

April 23, 2003
Fiscal 2003, ended March 2003

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:	April 23, 2003
Parent company:	Toyota Motor Corp. (Code No. 7203)
Percentage of share ownership by the parent company:	51.6%
Stock listings:	First section of Osaka Securities Exchange and Tokyo Stock Exchange
Adoption of US GAAP:	No

1. Financial Results for Fiscal 2003 (From April 1, 2002 to March 31, 2003)

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

(1) Consolidated operating results (Millions of yen)

	FY2003		FY2002	
Net sales	969,574	[2.7%]	943,938	[(5.5%)]
Operating income	20,694	[11.3%]	18,599	[(44.4%)]
Recurring income	19,518	[21.0%]	16,132	[(49.9%)]
Net income in the period	14,776	[58.7%]	9,310	[(40.5%)]
Net income per share in the period (Yen)	34.40		21.80	
Post-dilution net income per share (Yen)	32.28		20.49	
Ratio of net income to shareholders' equity		7.9%		4.9%
Ratio of recurring income to total assets		2.6%		2.1%
Ratio of recurring income to net sales		2.0%		1.7%

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

FY2003 (ended March 2003): 2,582 million yen

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

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

FY2003 (ended March 2003): 426,835,060

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 period represents a yearly change from previous year, respectively.

(2) Consolidated financial position (Millions of yen)

	FY2003		FY2002	
Total assets	755,307		759,501	
Shareholders' equity	187,483		184,265	
Shareholders' equity ratio		24.8%		24.3%
Shareholders' equity per share (Yen)	439.06		431.47	

Note: Number of outstanding shares as of the end of the fiscal year (Consolidated):

FY2003 (ended March 2003): 426,800,011

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

(3) Consolidated cash flow position (Millions of yen)

	FY2003		FY2002	
Cash flow in business activities	51,031		36,889	
Cash flow in investment activities	(40,667)		(46,622)	
Cash flow in financial activities	(11,044)		(18,561)	
Ending balance of cash and equivalents	41,720		42,825	

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

Number of consolidated subsidiaries: 66

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

Number of affiliated companies accounted for by the equity method: 22

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

Newly consolidated companies: 5

Newly unconsolidated companies: 3

Companies newly accounted for by the equity method: –

Companies no longer accounted for by the equity method: 2

2. Projected Consolidated Operating Results for Fiscal 2004 (From April 1, 2003 to March 31, 2004)

	(Millions of yen)	
	Interim	Full year
Net sales	475,000	990,000
Recurring income	6,500	21,000
Net income	3,500	11,000

Ref.: Estimated net income per share for the year: ¥25.77

Note: It is possible that the company's actual operating results for the year ending March 2004 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 7 for information related to the above projected operating results.

Attached Data

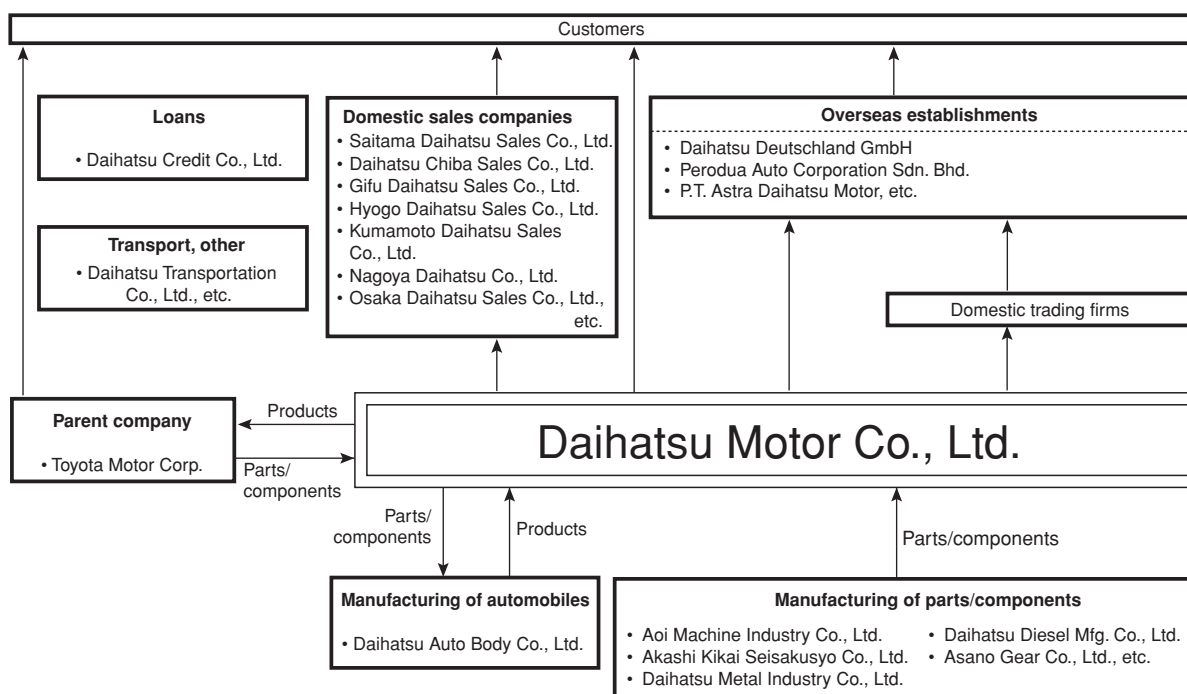
Position of the Corporate Group

The Daihatsu group, comprising the company, 66 subsidiaries and 26 affiliates, manufactures and sells automobiles as its main line of business. In Japan, 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. Approach to the reduction of investment units

We are aware that improving the liquidity of the stock is an effective method for increasing the number of individual investors and revitalizing market trading of our stock.

Therefore, we will observe the stock price and market trends as we consider the necessity for reducing the level of our investment units.

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

With the introduction of new car models from many automobile manufacturers in our major markets, our most important task is to find and cultivate new business opportunities for future development while maintaining our current revenue and earnings.

To this end, all member companies of our group are working to build a robust management structure through such efforts as enhancing our product and sales capabilities, strengthening the earnings base of our domestic operations, strengthening and expanding our overseas operations, promoting the reduction in our fixed costs and engaging in activities for cutting general costs.

In addition, we are stepping up our efforts to achieve a resource-recycling society as part of our contribution to environmental preservation.

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 the group.

7. Our basic stance toward corporate governance and its implementation

In addition to fulfilling the functions required by law through our general shareholders’ meeting, board of directors, board of auditors, and accounting auditors, we are taking measures to further enhance our corporate governance.

Specifically, we published our Employee Action Guidelines, which include our standards for our employees’ attitudes and activities, and will work to promulgate them throughout the company.

In addition, we have continuously made efforts to present our corporate management information to our shareholders and investors as clearly as possible. We will continue to improve our accountability in the years to come.

Corporate Business and Financial Summary

1. General condition for the current fiscal year

While some improvement in corporate earnings was observed in Japan during the year under review, no real economic recovery was felt against the background of the prolonged deflation, the increasingly bleak employment figures, and stagnant consumer spending.

In the automobile industry, all car companies introduced new models on the domestic market, resulting in the first increase in the number of standard (661cc and over) vehicles in two years. An exception to this trend, however, was mini cars (660cc and below), as sales fell below year-before figures for the third consecutive year due to competition from one-liter-class cars. Overall, the increase in the number of standard (661cc and over) vehicles contributed to an improvement in the industry's performance from the previous year. The industry's performance in the export market also exceeded that of the previous year, due to increases in exports to Asia in particular, as well as to Europe, North America, and Central America.

Under these circumstances, our corporate group endeavored to enhance our product lineups and boost their sales. Domestic sales fell by 4.0%, or 19,784 units, from the previous year to 478,442 units, while overseas auto sales soared 198.7%, or 142,851 units, from the previous year to 214,758 units. This was attributable primarily to the performance of our Malaysian and Indonesian subsidiaries. Consigned car sales slid 15.6%, or 14,617 units, from the previous year to 78,986 units. The number of vehicles manufactured on an OEM basis for Toyota Motor Corp. plunged 41.1%, or 13,881 units, from the previous year to 19,875 units. Our total sales rose 13.6%, or 94,569 units, from the year before to 792,061 units.

In the category of components for overseas production, the impact of the Malaysian and Indonesian subsidiaries resulted in an 84.3% drop, or 115,300 sets over the number of sets produced in the previous year, to a total of 21,550 sets. We also manufactured 197,244 engine units on consignment, a 27.6% decline of 75,281 units from the previous year. However, the number of cars we produced totaled 818,415 units, an 11.9% rise of 86,726 units from the year before. (We do not have a made-to-order system, so the amount of orders received cannot be expressed either in monetary or volume terms.)

As a result, net sales rose 2.7%, or ¥25.6 billion, from the year before to ¥969.5 billion. Recurring income climbed 21.0%, or ¥3.3 billion, during the same period to ¥19.5 billion. Net income during the period under review jumped 58.7%, or ¥5.4 billion, to ¥14.7 billion.

Meanwhile, our total assets declined ¥4.1 billion from the balance at the end of the previous year to ¥755.3 billion, in spite of a ¥39.6 billion contribution from the new consolidated subsidiaries. The cause of this decline included the following factors. Investments in securities posted an ¥18.6 billion year-on-year decline to ¥39.4 billion due to a decline in the revaluation difference, an ¥8.9 billion decline to ¥47.8 billion in the reserve for employee benefits due to the effect of the return of the substitute portion of the welfare pension fund, and a ¥1.1 billion decline in the amount of cash and cash equivalents to ¥41.7 billion.

Shareholders' equity rose ¥3.2 billion from the end of the previous year to ¥187.4 billion due mainly to the recording of ¥14.7 billion in net income in the period, despite the ¥6.6 billion year-on-year decline to ¥5.8 billion of the other securities revaluation differences.

The performance by segment broken down by location is as follows:

Japan: ¥13.7 billion in operating income on ¥885.2 billion in net sales

Asia: ¥7.1 billion in operating income on ¥124.3 billion in net sales

Europe: ¥0 in operating income on ¥11.6 billion in net sales

Other regions: ¥200 million in operating losses on ¥200 million in net sales

Please note that a comparative analysis against the figures for the previous year is not available because the year under review was the first year of disclosure for performance by segment broken down by location.

In the cash flow category, cash flow from business activities totaled ¥51.0 billion due to posting ¥34.8 billion in net income before income taxes in the period, and to the ¥49.1 billion in depreciation expenses. Thus, cash flow from business activities increased ¥14.1 billion from the year-before period.

Cash flow from investment activities increased ¥5.9 billion from the previous year to -¥40.6 billion after the ¥50.4 billion expenditure for the acquisition of tangible fixed assets.

Cash flow from financial activities increased ¥7.5 billion from the previous year to -¥11.0 billion, resulting from the ¥7.5 billion decline in debts and the payment of ¥2.7 billion in dividends.

As a result, cash and cash equivalents as of the end of the year under review stood at ¥41.7 billion, a decline of ¥1.1 billion from the previous year-end balance.

2. Outlook for the following fiscal year

For the near-term economic outlook, there are many factors for concern, including the deceleration of American economy, decreasing corporate earnings due to plunging stock prices, and harsh employment conditions. Under these circumstances, economic conditions do not allow optimism, and a full-scale recovery in consumer spending is unlikely in the short term.

In the automobile industry, conditions in the domestic market are expected to remain at year-before levels due to the prolonged economic stagnation, despite the expectations stemming from the introduction of new car models. We expect continued harsh export conditions, as the course of the global economy, and particularly that of the U.S., remains uncertain.

Our forecasts for the coming year call for a 7.6% year-on-year rise in recurring income to ¥21 billion and a 25.6% drop in net income in the period to ¥11.0 billion on a 2.1% year-on-year increase in net sales to ¥990.0 billion.

Please be advised that our 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

1. Consolidated results

(Millions of yen)

	Consolidated FY2003	Consolidated FY2002	Increment (Decrement)	
			Amount	Ratio
Net sales	969,574	943,938	25,636	2.7%
Operating income	20,694	18,599	2,095	11.3%
Recurring income	19,518	16,132	3,386	21.0%
Net income in the period	14,776	9,310	5,465	58.7%
Net income per share (Yen)	34.40	21.80	12.60	57.8%

2. Consolidated number of automobiles sold

(Units)

	Consolidated FY2003	Consolidated FY2002	Increment (Decrement)	
			Amount	Ratio
Mini cars				
Domestic	466,336	477,334	(10,998)	(2.3%)
Export	145,613	16,611	129,002	776.6%
Subtotal	611,949	493,945	118,004	23.9%
Small cars				
Domestic	12,106	20,892	(8,786)	(42.1%)
Export	69,145	55,296	13,849	25.0%
Subtotal	81,251	76,188	5,063	6.6%
Daihatsu cars				
Domestic	478,442	498,226	(19,784)	(4.0%)
Export	214,758	71,907	142,851	198.7%
Subtotal	693,200	570,133	123,067	21.6%
Toyota cars				
Consigned cars	78,986	93,603	(14,617)	(15.6%)
OEM cars	19,875	33,756	(13,881)	(41.1%)
Subtotal	98,861	127,359	(28,498)	(22.4%)
Grand total	792,061	697,492	94,569	13.6%
Parts for overseas production (Sets)	21,550	136,850	(115,300)	(84.3%)
Consigned engines	197,244	272,525	(75,281)	(27.6%)

3. Consolidated sales

(Millions of yen)

	Consolidated FY2003	Consolidated FY2002	Increment (Decrement)	
			Amount	Ratio
Daihatsu				
Domestic	611,746	632,863	(21,117)	(3.3%)
Export	196,371	110,034	86,337	78.5%
Subtotal	808,117	742,897	65,220	8.8%
Consigned/OEM	161,457	201,041	(39,583)	(19.7%)
Total	969,574	943,938	25,636	2.7%

4. Positions of consolidated cash flow

(Millions of yen)

	Consolidated FY2003	Consolidated FY2002	Increment (Decrement)
Cash flow from business activities	51,031	36,889	14,142
Cash flow from investment activities	(40,667)	(46,622)	5,955
Cash flow from financial activities	(11,044)	(18,561)	7,516
Conversion variance for cash and cash equivalents	(424)	172	(596)
Increase/decrease in cash and cash equivalents	(1,105)	(28,122)	27,017
Initial balance of cash and cash equivalents	42,825	70,948	(28,122)
Year-end balance of cash and cash equivalents	41,720	42,825	(1,105)

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

Ref.: Comparison with non-consolidated statement

(Millions of yen)

Category	Consolidated account	Non-consolidated account	Difference	Ratio of consolidated/ non-consolidated accounts
Net sales	969,574	760,156	209,418	1.28
Operating income	20,694	10,005	10,689	2.07
Recurring income	19,518	9,727	9,791	2.01
Net income in the period	14,776	5,248	9,527	2.82
Net income per share (Yen)	34.40	12.07	22.33	2.85

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

Consolidated Statements of Profit and Loss (Years ended March 31, 2003 and 2002)

(Millions of yen)

	Consolidated FY2003		Consolidated FY2002		Increment (Decrement)	
Net sales	969,574	100.0%	943,938	100.0%	25,636	2.7%
Cost of sales	760,176	78.4%	729,672	77.3%	30,503	4.2%
Total gross profit before adjustment of sales profits deferred	209,398	21.6%	214,266	22.7%	(4,867)	(2.3%)
Adjustments of sales profits deferred	288		(569)		857	
Gross profit	209,686	21.6%	213,696	22.6%	(4,009)	(1.9%)
Selling, general and administrative expenses	188,992	19.5%	195,097	20.6%	(6,104)	(3.1%)
Operating income	20,694	2.1%	18,599	2.0%	2,095	(11.3%)
Non-operating profits:						
Interest and dividend income	738		725		12	
Return on investment, based on the equity method	2,582		1,571		1,011	
Miscellaneous profits	3,850		2,327		1,523	
Total non-operating profits	7,171		4,624		2,547	55.1%
Non-operating expenses:						
Interest expense	1,081		1,096		(14)	
Miscellaneous losses	7,265		5,994		1,271	
Total non-operating expenses	8,347		7,090		1,256	17.7%
Recurring income	19,518	2.0%	16,132	1.7%	3,386	21.0%
Extraordinary profits:						
Gain on earnings for the substitute portion returned to the welfare pension fund	14,093		--		14,093	
Gain on sale of fixed assets	2,104		4,317		(2,212)	
Subsidy for promoting corporate location	--		501		(501)	
Total extraordinary profits	16,197		4,819		11,378	
Extraordinary losses:						
Loss from the disposal or sale of fixed assets	585		--		585	
Loss from advanced depreciation of fixed assets	310		3,385		(3,075)	
Total extraordinary losses	895		3,385		(2,489)	
Income before income taxes in the period	34,820	3.6%	17,566	1.9%	17,254	(98.2%)
Corporate and inhabitants' taxes and enterprise tax	11,417		14,471		(3,054)	
Corporate tax, other adjustments	3,744		(6,268)		10,012	
Minority shareholders' income	(-) 4,883		(-) 52		(4,830)	
Net income in the period	14,776	1.5%	9,310	1.0%	5,465	58.7%

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

Consolidated Balance Sheets (Years ended March 31, 2003 and 2002)

	(Millions of yen)		
	Consolidated FY2003	Consolidated FY2002	Increment (Decrement)
Assets:			
Current assets:			
Cash and time deposits	25,864	31,936	(6,072)
Notes and accounts receivable	187,811	182,543	5,267
Marketable securities	--	140	(140)
Inventories	52,978	63,241	(10,263)
Deferred tax assets	17,874	15,438	2,436
Deposits	16,217	11,500	4,717
Other current assets	46,697	42,688	4,008
Allowance for doubtful receivables	(1,551)	(1,750)	199
Total current assets	345,890	345,737	153
Fixed assets:			
Tangible fixed assets:			
Buildings and structures	92,794	93,345	(551)
Machinery and transport equipment	117,053	115,165	1,888
Land	104,250	88,573	15,676
Construction in progress	8,934	12,096	(3,161)
Other fixed assets	24,548	24,360	188
Total tangible fixed assets	347,581	333,541	14,039
Intangible fixed assets	1,203	1,429	(226)
Investments and other assets:			
Investments in securities	39,452	58,123	(18,670)
Long-term loans receivable	3,017	5,126	(2,109)
Deferred tax assets	14,806	14,889	(82)
Other investments and assets	3,420	3,097	323
Allowance for doubtful receivables	(64)	(2,443)	2,379
Total investments and other assets	60,631	78,792	(18,160)
Total fixed assets	409,416	413,763	(4,347)
Total assets	755,307	759,501	(4,194)

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

	(Millions of yen)		
	Consolidated FY2003	Consolidated FY2002	Increment (Decrement)
Liabilities:			
Current liabilities:			
Notes and accounts payable	185,677	200,829	(15,152)
Short-term debt	100,472	112,962	(12,490)
Convertible bonds scheduled for redemption within one year	19,993	--	19,993
Accrued corporation tax	7,292	7,076	216
Deferred tax liabilities	--	319	(319)
Accrued expenses	52,702	53,918	(1,216)
Allowance for product warranty	8,365	7,881	484
Other current liabilities	51,347	63,176	(11,828)
Total current liabilities	425,850	446,164	(20,313)
Long-term liabilities:			
Convertible bonds	--	19,993	(19,993)
Long-term debt	54,511	22,335	32,175
Deferred tax liabilities	4,140	1,705	2,435
Reserve for employee retirement benefits	47,821	56,745	(8,924)
Reserve for directors' retirement allowance	1,527	1,302	224
Other long-term liabilities	2,782	3,340	(557)
Total long-term liabilities	110,782	105,422	5,360
Total liabilities	536,633	551,586	(14,953)
Minority interests	31,190	23,649	7,540
Shareholders' equity:			
Capital stock	28,404	28,404	--
Additional paid-in capital	10,827	10,827	--
Consolidated retained earnings	146,758	135,720	11,038
Other securities revaluation differences	5,825	12,516	(6,691)
Account of exchange adjustment	(4,256)	(3,191)	(1,065)
Less treasury common stocks	(75)	(11)	(63)
Total shareholders' equity	187,483	184,265	3,217
Total liabilities and shareholders' equity	755,307	759,501	(4,194)

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

Consolidated Statement of Retained Earnings (Years ended March 31, 2003 and 2002)

(Millions of yen)

	Consolidated FY2003	Consolidated FY2002	Increment (Decrement)
Capital surplus			
I Capital surplus at the beginning of the year	10,827	10,827	--
II Capital surplus at the end of the year	10,827	10,827	--
Earned surplus			
I Earned surplus at the beginning of the year	135,720	129,565	6,154
II Increase in earned surplus	14,776	9,310	5,465
Net income	14,776	9,310	5,465
III Decline in earned surplus	3,737	3,156	581
Decline after eliminating the amount accounted for under the equity method	831	--	831
Cash dividends	2,776	2,989	(213)
Bonuses for directors	129	166	(36)
IV Earned surplus at the end of the year	146,758	135,720	11,038

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

Consolidated Cash Flow Statement (Years ended March 31, 2003 and 2002)

(Millions of yen)

	Consolidated FY2003	Consolidated FY2002	Increment (Decrement)
I Cash Flow in Business Activities:			
Net profit before tax and other adjustments	34,820	17,566	17,254
Depreciation expenses	49,199	40,507	8,692
Increase/decrease in reserve for employee retirement benefits	(9,801)	2,679	(12,480)
Increase/decrease in reserve for directors' retirement allowance and bonus	224	16	207
Increase/decrease in reserve for doubtful accounts	(2,642)	(18)	(2,623)
Interest earned and dividends received	(738)	(725)	(12)
Interest expenses	1,081	1,096	(14)
Exchange gain or loss	435	(824)	1,259
Return on invested capital under equity method	(2,582)	(1,571)	(1,011)
Gains from sale of fixed assets	(2,672)	(4,649)	1,977
Loss from retirement of fixed assets	2,571	5,542	(2,971)
Gains from sale of securities	(147)	(14)	(133)
Loss from revaluation of securities	1,729	589	1,140
Increase/decrease in trade receivables	(1,788)	21,028	(22,817)
Increase/decrease in inventories	14,015	(5,791)	19,807
Increase/decrease in trade debt	(15,288)	(15,703)	414
Increase/decrease in unpaid consumption tax and others	1,372	(1,018)	2,391
Bonus paid to directors	(134)	(170)	36
Others	(7,782)	(2,259)	(5,522)
Subtotal	61,871	56,278	5,592
Interest and dividends received	1,981	3,081	(1,099)
Interest paid	(1,032)	(1,090)	58
Corporate tax and other taxes paid	(11,789)	(21,380)	9,590
Cash flow in business activities	51,031	36,889	14,142
II Cash Flow in Investment Activities:			
Expenditure for making time deposits	(67)	(96)	29
Income from refund of time deposits	457	453	3
Income from sale of securities	140	418	(277)
Expenditure for acquisition of fixed assets	(50,478)	(50,117)	(360)
Income from sale of fixed assets	5,190	2,788	2,401
Expenditure for acquisition of investment securities	(515)	(24)	491
Income from sale of investment securities	273	1	271
Income and expenditure for acquisition of subsidiaries' stocks resulting in the change in the scope of consolidation	1,431	(443)	1,874
Expenditure for short-term loans	--	(3,246)	3,246
Income from collection of short-term loans	--	3,306	(3,306)
Increase/decrease in short-term loans	692	--	692
Expenditure for long-term loans	(1,617)	(1,254)	(363)
Income from collection of long-term loans	3,826	1,590	2,236
Cash flow in investment activities	(40,667)	(46,622)	5,955
III Cash Flow in Financial Activities:			
Increase/decrease in short-term borrowings	(18,390)	(8,248)	(10,141)
Income from long-term loans	55,602	13,312	42,290
Expenditure for repayment of long-term loans	(44,735)	(20,637)	(24,098)
Income from sale of treasury stocks	--	25	(25)
Expenditure for acquisition of treasury stocks	(17)	(8)	(9)
Income from minority shareholders' payments	--	75	(75)
Dividends paid	(2,776)	(2,989)	213
Dividends paid to minor shareholders	(727)	(90)	(637)
Cash flow in financial activities	(11,044)	(18,561)	7,516
IV Difference from Conversion to Cash and Equivalents	(424)	172	(596)
V Increase/decrease in Cash and Equivalents	(1,105)	(28,122)	27,017
VI Initial Balance of Cash and Equivalents	42,825	70,948	(28,122)
VII Year-end Balance of Cash and Equivalents	41,720	42,825	(1,105)

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 : 66

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

(New): A total of five companies, including Miyagi Daihatsu Sales Co., Ltd., and P.T. Astra Daihatsu Motor. The above new subsidiaries have been included in the consolidated accounts.

(Diminishment): Daihatsu Nishi-Chiba Sales Co., Ltd., Daihatsu Amenity Co., Ltd., and Daihatsu Europe S.r.l. Daihatsu Nishi-Chiba has merged with our subsidiary Chiba Daihatsu Sales Co., Ltd., and Daihatsu Amenity Co., Ltd. has merged with our subsidiary Daihatsu Life Net Co., Ltd. Chiba Daihatsu Sales Co., Ltd. has changed its name to Daihatsu Chiba Sales Co., Ltd. Daihatsu Europe S.r.l. was liquidated.

2. Application of the equity method

Affiliated companies to which the equity method was applied: 22

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

(Diminishment): P.T. Astra Daihatsu Motor and P&D S.p.A.

P.T. Astra Daihatsu Motor became a new subsidiary. All the stock of P&D S.p.A. was sold.

P.T. Astra Auto Finance, which became accounted for under the equity method from the current interim period, ceased to be affiliated with P.T. Astra Daihatsu Motor at the end of FY2003.

Therefore, it was no longer an affiliated company accounted for under the equity method as of the end of the year.

3. Settlement date for consolidated subsidiaries

The settlement date for the four consolidated subsidiaries Perodua Auto Corporation Sdn. Bhd., Perodua Manufacturing Sdn. Bhd, Perodua Engine Manufacturing Sdn. Bhd., and DMCA Inc. is December 31. We have used their financial statements as of that date to compile this consolidated financial statement. 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

(1) 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 insertion of capital method, and sales costs are calculated using the moving-average method.)

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

(2) 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.

(3) Depreciation methods of important fixed assets:

Tangible fixed assets

Tangible fixed assets are depreciated primarily 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.

(4) 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 end of the current consolidated fiscal year.

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 year-end payment is set aside in accordance with internal regulations regarding the payment of such benefits.

(5) 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.

(6) 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 conducted within the balance of money claims and liabilities in foreign currencies to avoid the fluctuation risk of foreign exchange rates in the future, 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.

(7) Method of treating consumption tax:

The tax-excluded method was adopted 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

Consolidated cash flow statement

The amount of increase or decrease in short-term loans in the category of cash flow from investment activities (¥692 million for the current consolidated fiscal year) was shown previously in the categories of “Expenditures for short-term loans” and “Income from collection of short-term loans.” Starting from the current consolidated fiscal year, they are registered as “Increase or decrease in short-term loans.”

The amount of increase or decrease in short-term loans during the previous consolidated fiscal year was ¥60 million.

Additional Information

The return of the substitute portion of the employee pension fund

The Minister of Health, Labor, and Welfare has authorized Daihatsu and one of its consolidated subsidiaries to be exempt from future payments for the substitute portion of the employee pension fund, into which these two companies contribute, in conjunction with the enactment of the Defined Contribution Pension Plans. This authorization is effective as of January 30, 2003 for Daihatsu, and February 17, 2003 for the consolidated subsidiary.

Daihatsu and the consolidated subsidiary applied interim measures as provided for in Clause 47-2 of the Business Indicator on Retirement Benefit Costs (Interim Report), published in the Japanese Institute of Certified Public Accountants' Accounting System Committee Report No. 13. These companies recognized the termination of the obligation for the retirement allowance related to the substitute portion as of the date of the authorization.

As a result, a ¥14,093 million gain on the return of the substitute portion of the employee pension fund was recorded as Extraordinary profits during the current consolidated fiscal year.

The amount to be returned at the end of the current consolidated fiscal year is ¥54,751 million.

Accounting of the reversal of treasury stock and legal reserves

Starting with the current consolidated 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 period.

Further, the shareholders' equity in the consolidated balance sheets and the consolidated statements of retained earnings for the current period were prepared using the regulations for the consolidated financial statements after their amendment.

Notes

Consolidated Statements of Profit and Loss	(Millions of yen)	
	Consolidated FY2003	Consolidated FY2002
Research and development cost	33,259	35,023

Consolidated Balance Sheets	(Millions of yen)	
	Consolidated FY2003	Consolidated FY2002
(1) Accumulated depreciation of tangible fixed assets	575,038	545,773
(2) Pledged assets and secured liabilities		
Pledged assets:		
Cash and cash deposits	20	22
Accounts receivable	37	--
Notes receivable	273	372
Inventory assets	54	--
Buildings and structures	7,182	7,484
Machine, equipment and vehicles	493	739
Land	14,015	15,917
Investments in securities	28	--
Other (Tangible fixed assets)	0	0
Total	22,106	24,536
Secured liabilities:		
Short-term loans	23,669	20,025
Long-term loans	10,089	4,718
Total	33,759	24,743
(3) Guaranteed obligation	409	600
(4) Treasury stock		
Common stock	322,955	

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 FY2003	Consolidated FY2002
Cash and cash deposits	25,864	31,936
Term deposit for three months or more	(360)	(750)
Short-term investments for which the maturity date arrives within three months after the date of acquisition (Securities)	--	140
Deposits	16,217	11,500
Cash and cash equivalents	41,720	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

Consolidated FY2003						(Millions of yen)	
	Japan	Asia	Europe	Other regions	Total	Elimination or all business	Consolidated
I Net sales							
(1) Net sales to external customers	833,427	124,257	11,661	229	969,574	--	969,574
(2) Internal sales between segments or amount of transfer	51,833	122	--	--	51,956	(51,956)	--
Total	885,260	124,380	11,661	229	1,021,531	(51,956)	969,574
Operating expenditures	871,469	117,213	11,659	494	1,000,836	(51,956)	948,880
Operating income (or operating loss)	13,790	7,166	1	(265)	20,694	--	20,694
II Assets	651,944	72,082	7,121	1,864	733,012	22,294	755,307

- Notes:
- Classification of countries or regions is based on geographical proximity.
 - Principal countries and regions belonging to each class are as follows:
 - Asia: Malaysia, Indonesia
 - Europe: Germany, Belgium
 - Other regions: U.S.A.
 - The total amount of assets incorporated in the Elimination or All Business category under Assets was ¥27,564 million, which is primarily accounted for by the company's surplus funds and some securities.

Consolidated FY2002

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

3. Overseas Sales

Consolidated FY2003					(Millions of yen)
	Asia	Europe	Other regions	Total	
Overseas sales	146,879	25,663	23,829	196,371	
Consolidated sales				969,574	
Overseas sales as a percentage of consolidated net sales	15.2%	2.6%	2.5%	20.3%	
Consolidated FY2002					(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:
- Classification of countries or regions is based on geographical proximity.
 - Principal countries and regions belonging to each class are as follows:
 - Asia: Malaysia, Indonesia
 - Europe: Germany, Italy
 - Other regions: Australia, Dominican Republic
 - 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 FY2003	Consolidated FY2002
Amount equivalent to acquisition price	6,649	6,714
Amount equivalent to cumulative depreciation amount	3,482	2,906
Amount equivalent to balance at the end of the period (Amount equivalent to year-end balance of unexpired lease fees)	3,167	3,808
[Of these, amount within one year]	[896]	[983]
Lease fees paid (Amount equivalent to depreciation costs)	1,032	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 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 FY2003	Consolidated FY2002
Acquisition price	554	872
Cumulative depreciation amount	414	613
Year-end balance	140	259
Amount equivalent to year-end balance of unexpired lease fees	209	367
[Of these, amount within one year]	[106]	[163]
Lease fees received	157	183
Depreciation expenses	83	154

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 year-end balance of operating credits.

2. Operating lease transactions (borrowing side)		(Millions of yen)	
		Consolidated FY2003	Consolidated FY2002
Unexpired lease fees	Within one year	14	59
	Over one year	--	14
	Total	14	74

Transactions with the Parties Concerned

Current consolidated fiscal year (April 1, 2002 to March 31, 2003)

Parent Company

Attribute	Parent company
Company name	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 51.6% (0.1%)
Corporate relation:	
Concurrent post held by directors	8 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	161,457 million yen
Purchase of auto parts/components	86,861 million yen
Year-end balance:	
Account receivables/Accrued income/Deposits	33,153 million yen
Account payable/Accrued expenses payable	8,150 million yen

Notes 1: The numbers in parentheses in the category of proportion of voting rights owned indicate the proportion of indirect ownership included in the preceding figure.

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

Tax-effect Accounting

	(Millions of yen)	
	Consolidated FY2003	Consolidated FY2002
Deferred tax assets	40,474	42,592
Deferred tax liabilities	(11,934)	(14,290)
Net amount of deferred tax assets	28,540	28,302

Securities

1. Other securities with current market value

Current consolidated fiscal year (as of March 31, 2003) (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	2,916	13,968	11,051
Bonds:			
Corporate bonds	48	65	17
Subtotal	2,965	14,034	11,069
Items with amount on the consolidated balance sheet not exceeding the acquisition cost:			
Stocks	9,354	8,141	(1,213)
Bonds:			
Corporate bonds	--	--	--
Subtotal	9,354	8,141	(1,213)
Total	12,319	22,175	9,856

Previous consolidated fiscal year (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	13,036	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

(Millions of yen)

	Consolidated FY2003	Consolidated FY2002
Amount sold	2,158	419
Total profit on sale	147	14

3. Of the other securities, the expected repayment amount in the future for those at maturity and debt instruments to be held to maturity:

(Millions of yen)

Categories	Consolidated FY2003		Consolidated FY2002	
	Over 1 year and within 5 years	Within one year	Over 1 year and within 5 years	Within one year
Bonds:				
Corporate bonds	66	21	66	21
Total	66	21	66	21

Derivative Transactions

Current consolidated fiscal year (ended March 31, 2003) and previous consolidated fiscal year (ended March 31, 2002)

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

Retirement Allowance Accounting

1. Summary of retirement allowance plans adopted

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

The Minister of Health, Labor, and Welfare has authorized Daihatsu and one of its consolidated subsidiaries to be exempt from future payments for the substitute portion of the employee pension fund, into which these two companies contribute. This authorization is effective as of January 30, 2003, for Daihatsu, and February 17, 2003 for the consolidated subsidiary.

2. Issues relating to retirement allowance liabilities

	(Millions of yen)	
	Consolidated FY2003	Consolidated FY2002
A. Retirement allowance liabilities	(130,542)	(222,054)
B. Pension assets	37,636	112,588
C. Reserve for retirement allowance	47,821	56,745
D. Prepaid pension expense	(183)	(163)
E. Variance (A+B+C+D)	(45,267)	(52,884)
(Breakdown of variance)		
F. Variance from unrealized actuarial calculations	(45,271)	(59,813)
G. Unrealized past service obligations (Reduction in obligation)	3	6,929
H. Variance (F+G)	(45,267)	(52,884)

Notes:

1. Includes substitutions for the 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 ¥20,285 million (¥20,627 million in consolidated FY2002).
4. In conjunction with the March 2000 amendment of the Welfare Pension Insurance Law, the past service liabilities (reduction in liabilities) arises with the amendment of the rules for raising the age at which payment begins for the substitute portion of the employee pension fund for the submitting company and some consolidated subsidiaries during the current consolidated year.
5. Daihatsu and the consolidated subsidiary applied interim measures as provided for in Clause 47-2 of the Business Indicator on Retirement Benefit Costs (Interim Report), published in the Japanese Institute of Certified Public Accountants' Accounting System Committee Report No. 13. Regarding the return of the substitute portion of the employee pension fund, these companies accounted for the retirement benefit obligation related to the substitute portion and the amount of pension assets corresponding to the amount returned as having been terminated as of the date of the authorization received by the Minister of Health, Labor, and Welfare, to be exempt from future payments for the substitute portion of the employee pension fund.

The amount to be returned at the end of the current consolidated fiscal year is ¥54,751 million.

3. Issues relating to retirement allowance expenses

	(Millions of yen)	
	Consolidated FY2003	Consolidated FY2002
A. Service cost	6,957	7,536
B. Interest expense	4,654	5,565
C. Expected investment profit	(2,180)	(3,067)
D. Amount disposed by payment of difference of actuarial calculations	3,314	1,664
E. Amount disposed by payment of past service liabilities	(346)	(68)
F. Retirement allowance expenses (A+B+C+D+E)	12,399	11,629
G. Profit from the return of the substitute portion of the employee pension fund (Extraordinary profit)	(14,093)	--
Total	(1,694)	11,629

Notes:

1. Employees contributions to the employees' pension fund are deducted.
2. Retirement allowance expenses of consolidated subsidiaries employing the simplified method are appropriated to "A. Service cost."
3. Amount of pension contributions under a multi-proprietors system, of which reasonable calculation of contributory pension assets is not available, is ¥1,366 million (¥1,295 million in consolidated FY2002).
4. "E. Amount disposed by payment of past service liabilities" is the amount disposed in relation to past service liabilities as noted in Note. 4 for "2. Issues relating to retirement allowance liabilities" on page 24.

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: 2.0% (2.5% in consolidated FY2002)
- c. Expected return on investment: 2.5% (2.5% in consolidated FY2002)
- d. Number of years to dispose of past service liabilities:
 - Liabilities for past service are treated as expenses when they arise based on the straight-line method using the employees' average remaining years of service upon accrual.
- e. Number of years to depreciate variance for the purpose of actuarial calculation:
 - To be recognized and depreciated starting from the following fiscal year as expenses based on the fixed amount method using the employees' average remaining years of service upon accrual.