

October 27, 2003
Fiscal 2004, ending March 2004

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 27, 2003
Parent company:	Toyota Motor Corp. (Code No. 7203)
Percentage of share ownership by the parent company:	51.3%
Stock listings:	First section of Osaka Securities Exchange and Tokyo Stock Exchange
Adoption of US GAAP:	No

1. Financial Results for FY2004 Interim Period (From April 1, 2003 to September 30, 2003)

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

(1) Consolidated operating results

(Millions of yen)

	FY2004 Interim Period		FY2003 Interim Period		FY2003 (ended March 2003)
Net sales	477,015	[4.7%]	455,703	[(4.2%)]	969,574
Operating income	8,598	[85.6%]	4,632	[(55.9%)]	20,694
Recurring income	8,425	[45.4%]	5,795	[(37.0%)]	19,518
Net income in the current interim period	3,777	[193.9%]	1,285	[(75.7%)]	14,776
Net income per share in the current interim period (Yen)	8.84		3.1		34.40
Post-dilution net income per share in the current interim period (Yen)	8.33		2.96		32.28

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

FY2004 Interim Period (ended September 2003): 418 million yen

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

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

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

FY2004 Interim Period (ended September 2003): 426,808,020

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

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

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)

	FY2004 Interim Period		FY2003 Interim Period		FY2003 (ended March 2003)
Total assets	735,589		746,111		755,307
Shareholders' equity	202,788		182,629		187,483
Shareholders' equity ratio		27.6%		24.5%	24.8%
Shareholders' equity per share (Yen)	475.07		427.90		439.06

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

FY2004 Interim Period (ended September 2003): 426,856,662

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

FY2004 (ended March 2002): 426,800,011

(3) Consolidated cash flow position

(Millions of yen)

	FY2004 Interim Period		FY2003 Interim Period		FY2003 (ended March 2003)
Cash flow in business activities	40,812		1,310		51,031
Cash flow in investment activities	(11,630)		(20,007)		(40,667)
Cash flow in financial activities	(29,735)		(622)		(11,044)
Ending balance of cash and equivalents	41,119		23,051		41,720

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

Number of consolidated subsidiaries: 65

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: –

Newly unconsolidated companies: 1

Companies newly accounted for by the equity method: –

Companies no longer accounted for by the equity method: –

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

	(Millions of yen)
	Full year
Net sales	990,000
Recurring income	22,000
Net income	14,000

Ref.: Estimated net income per share for the year: ¥32.80

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

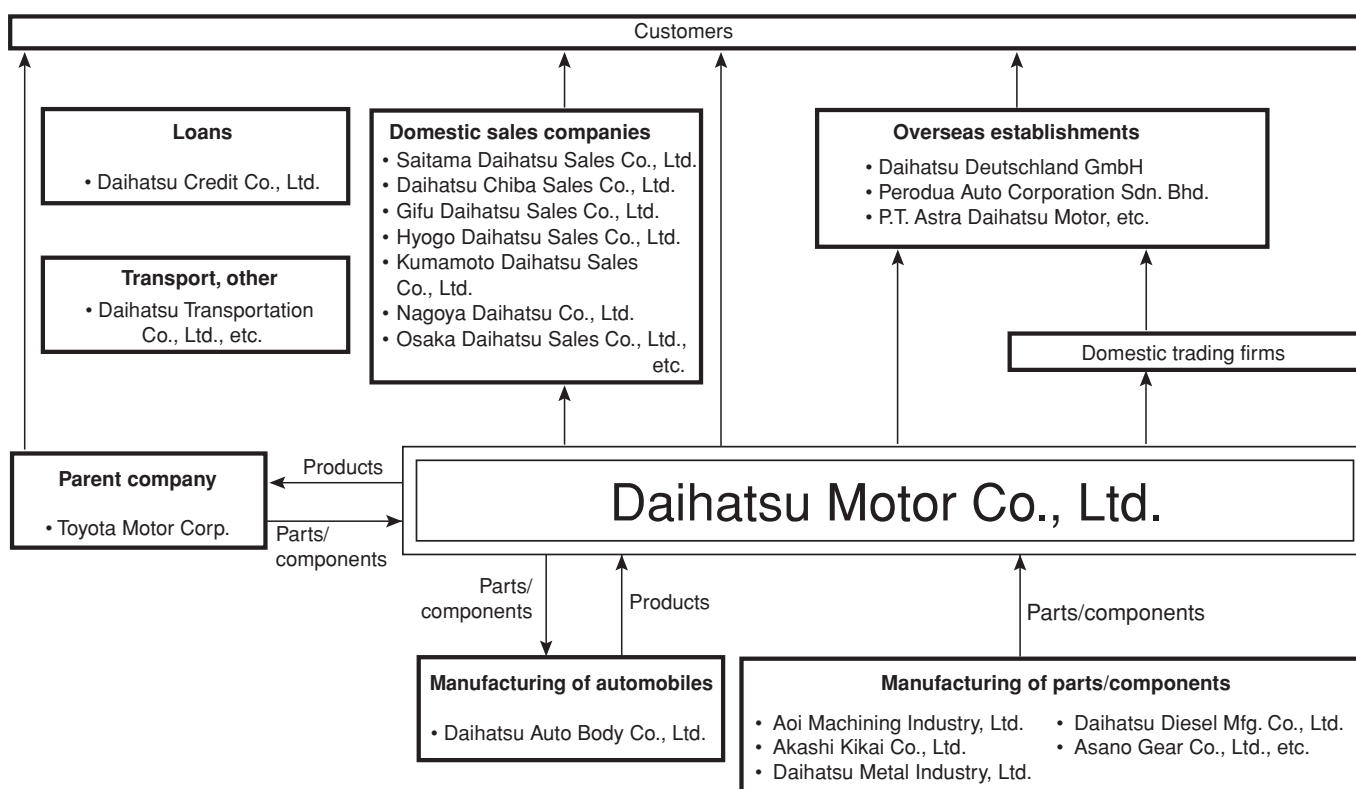
Position of the Corporate Group

The Daihatsu group, comprising the company, 65 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

The most important challenge we face is to conduct our business in a manner that contributes to creating a world in which excessive burdens on the environment are prevented, while we maintain profitability and establish a solid position in the small car sector.

Achieving this will require the group to work together to implement several measures that create a firm business foundation. These include the timely offering of new products that are competitive in terms of quality and price; strengthening our domestic sales force; further expanding our overseas businesses through such measures as local production in China and the launch of a new small car in the Indonesian market; and pursuing thorough cost reductions.

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 specialty.

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. For example, in September 2003 we established an “Internal Governance Committee” in order to enhance our corporate value, ensure the reliability of financial statements, and comply with laws and regulations.

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 conditions for the current interim period

During the interim period under review, the overall Japanese economy remained flat. While signs of a recovery in corporate earnings emerged, consumer spending lacked vitality as employment conditions remained bleak. Also, as the prolonged deflation continued, the level of personal income kept fluctuating.

In the automobile industry, the introduction of new mini cars (660 cc and below) that could stimulate demand in the domestic market was slack, with sales falling below year-before totals. Nevertheless, despite the slumping passenger vehicle sales, substitute demand created by exhaust restrictions boosted sales of large trucks and other commercial vehicles. Figures in the standard vehicle (661 cc and over) category were roughly the same as year-before levels. The performance of the market overall was lower than that achieved in the same period of the previous year.

Export sales also underperformed year-before levels. The climate was harsh for sales to the North American and Asian markets due to such factors as the war in Iraq and the SARS epidemic.

In this environment, the new mini cars we launched on the market last year were met with a warm welcome. In Japan, sales rose by 24,175 units, or 11.2%, from the previous year, to 240,513 units. Overseas, sales climbed by 7,045 units, or 6.9%, to 109,284 units thanks to the performance of the Indonesian subsidiary and other factors. We manufactured 38,873 units on consignment, representing an increase of 5,985 units, or 18.2%, from the year-before total. In contrast, we manufactured 6,824 units as an OEM supplier to Toyota Motor Corp., to be sold under that company's nameplate, a 40.2% drop of 4,583 units from the same period of the previous year. Total sales amounted to 395,494 units, a 9.0% rise of 32,622 units from the year-before period.

In addition, we manufactured 3,880 sets of components for overseas production, a 76.5% year-on-year plunge of 12,610 sets. We built 90,841 engines on consignment, a 6% year-on-year drop of 5,748 engines. The number of cars we produced climbed to 407,741, up 37,186 (10%) 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 increased 4.7% or ¥21.3 billion from the year-before period to ¥477 billion. We posted ¥8.4 billion in recurring income, a 45.4% rise of ¥2.6 billion from the year before, while recording a 193.9% jump in net income for the interim period of ¥2.4 billion to ¥3.7 billion.

Meanwhile, investments in securities rose ¥20.8 billion from the previous fiscal year-end balance to ¥60.3 billion, due mainly to an increase in revaluation differences. In contrast, there was a ¥27.2 billion decline in notes and accounts receivable from the previous fiscal year-end to ¥160.5 billion, as well as ¥4.3 billion drop in tangible fixed assets to ¥343.2 billion. Therefore, total assets for this interim period totaled ¥735.5 billion, down ¥19.7 billion from the previous fiscal year-end.

Shareholder's equity climbed ¥15.3 billion from the end of the previous fiscal year to ¥202.7 billion. The factors behind this increase included the posting of ¥3.7 billion in net income for the interim period and the ¥13.4 billion increase in other securities revaluation differences to ¥19.2 billion.

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

Japan: The increased car sales resulted in a 6.5% increase from the previous interim period in net sales of ¥27.1 billion to ¥442.4 billion. Also, operating income soared 573.0%, or ¥5.9 billion, from the previous interim period to ¥6.9 billion.

Asia: Net sales fell ¥2.5 billion, or 4.2%, to ¥58.4 billion, and operating income slid ¥1.8 billion, or 52.2%, to ¥1.6 billion, from the previous interim period.

Europe: The increased car sales resulted in a 14.5% increase from the previous interim period in net sales of ¥800 million to ¥6.8 billion. Nevertheless, operating income stood at ¥0, flat from the previous interim period, due to increased selling, general, and administrative expenses, and other factors.

Other regions: Both net sales and operating loss were unchanged from the previous interim period at ¥0.

Regarding our cash flow position, cash flow in business activities soared ¥39.5 billion from the previous interim period to ¥40.8 billion. This resulted mainly from the recording of ¥8.4 billion in pre-tax net income for the interim period and ¥21.1 billion in depreciation.

Cash flow in investment activities increased ¥8.3 billion from the previous interim period to -¥11.6 billion due to the ¥14.1 billion expenditure to acquire tangible fixed assets and other factors. Our cash flow in financial activities fell ¥29.1 billion from the previous interim period to -¥29.7 billion, due to the ¥7.6 billion decrease in borrowings, the redemption of ¥19.9 billion in convertible bonds, 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 increased ¥18 billion from the previous interim period to ¥41.1 billion.

2. Outlook for the full fiscal year

Economic forecasts indicate that factors such as a brightening of the export climate and a stock price recovery will result in a gradual bottoming out of the economy. However, many factors remain that are a cause for concern, such as the rapid appreciation of the yen and rising interest rates. Therefore, we believe the economic conditions will remain unpredictable for some time to come.

In the automobile industry, various types of new cars are introduced to the domestic market to stimulate the incentive to purchase. Yet, a rapid recovery in demand is not expected. While improvements are being made in export sales to North America and Asia, there is concern over a continuing yen appreciation that may create a difficult economic climate.

For the full fiscal year, we forecast a 2.1% increase from the previous year in sales to ¥990 billion, a 12.7% incline from the previous year in recurring income to ¥22 billion, and a 5.3% decline from the previous year in net income to ¥14.0 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)

	FY2004 Interim Period (From April 1, 2003 to September 30, 2003)	FY2003 Interim Period (From April 1, 2002 to September 30, 2002)	Increment (Decrement)		FY2003 (From April 1, 2002 to March 31, 2003)
			Amount	Ratio	
Net sales	477,015	455,703	21,312	4.7%	969,574
Operating income	8,598	4,632	3,965	85.6%	20,694
Recurring income	8,425	5,795	2,630	45.4%	19,518
Net income in the current interim period	3,777	1,285	2,491	193.9%	14,776
Net income per share in the current interim period (Yen)	8.84	3.01	5.83	193.7%	34.40

2. Consolidated number of automobiles sold

(Units)

	FY2004 Interim Period (From April 1, 2003 to September 30, 2003)	FY2003 Interim Period (From April 1, 2002 to September 30, 2002)	Increment (Decrement)		FY2003 (From April 1, 2002 to March 31, 2003)
			Amount	Ratio	
Mini cars					
Domestic	236,186	209,524	26,662	12.7%	466,336
Export	81,408	68,923	12,485	18.1%	145,613
Subtotal	317,594	278,447	39,147	14.1%	611,949
Small cars					
Domestic	4,327	6,814	(2,487)	(36.5%)	12,106
Export	27,876	33,316	(5,440)	(16.3%)	69,145
Subtotal	32,203	40,130	(7,927)	(19.8%)	81,251
Daihatsu cars					
Domestic	240,513	216,338	24,175	11.2%	478,442
Export	109,284	102,239	7,045	6.9%	214,758
Subtotal	349,797	318,577	31,220	9.8%	693,200
Toyota cars					
Consigned cars	38,873	32,888	5,985	18.2%	78,986
OEM cars	6,824	11,407	(4,583)	(40.2%)	19,875
Subtotal	45,697	44,295	1,402	3.2%	98,861
Grand total	395,494	362,872	32,622	9.0%	792,061
Parts for overseas production (Sets)	3,880	16,490	(12,610)	(76.5%)	21,550
Consigned engines	90,841	96,589	(5,748)	(6.0%)	197,244

3. Consolidated sales

(Millions of yen)

	FY2004 Interim Period (From April 1, 2003 to September 30, 2003)	FY2003 Interim Period (From April 1, 2002 to September 30, 2002)	Increment (Decrement)		FY2003 (From April 1, 2002 to March 31, 2003)
			Amount	Ratio	
Daihatsu cars					
Domestic	306,644	279,229	27,414	9.8%	611,746
Export	94,285	100,811	(6,526)	(6.5%)	196,371
Subtotal	400,929	380,041	20,888	5.5%	808,117
Consigned and OEM cars	76,086	75,661	424	0.6%	161,457
Total	477,015	455,703	21,312	4.7%	969,574

4. Positions of consolidated cash flow

(Millions of yen)

	FY2004 Interim Period (From April 1, 2003 to September 30, 2003)	FY2003 Interim Period (From April 1, 2002 to September 30, 2002)	Increment (Decrement)	FY2003 (From April 1, 2002 to March 31, 2003)
Cash flow from sales and marketing activities	40,812	1,310	39,502	51,031
Cash flow from investment activities	(11,630)	(20,007)	8,376	(40,667)
Cash flow from financial activities	(29,735)	(622)	(29,113)	(11,044)
Conversion variance for cash and cash equivalents	(47)	(455)	407	(424)
Increase in cash and cash equivalents	(601)	(19,774)	19,173	(1,105)
Balance of cash and cash equivalents at beginning of period	41,720	42,825	(1,105)	42,825
Balance of cash and cash equivalents at end of period	41,119	23,051	18,068	41,720

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	477,015	376,196	100,819	1.27
Recurring income	8,425	7,440	984	1.13
Net income for the interim period	3,777	4,440	(663)	0.85
Net income per share for the interim period (Yen)	8.84	10.39	(1.55)	0.85

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)

	FY2004 Interim Period (From April 1, 2003 to September 30, 2003)		FY2003 Interim Period (From April 1, 2002 to September 30, 2002)		Increment (Decrement)	FY2003 (From April 1, 2002 to March 31, 2003)	
Net sales	477,015	100.0%	455,703	100.0%	21,312	969,574	100.0%
Cost of sales	367,656	77.1%	361,044	79.2%	6,612	760,176	78.4%
Total gross profit before adjustment of sales profits deferred	109,359	22.9%	94,658	20.8%	14,700	209,398	21.6%
Adjustments of sales profits deferred	110		577		(466)	288	
Gross profit	109,469	22.9%	95,236	20.9%	14,233	209,686	21.6%
Selling, general and administrative expenses	100,871	21.1%	90,603	19.9%	10,267	188,992	19.5%
Operating income	8,598	1.8%	4,632	1.0%	3,965	20,694	2.1%
Non-operating profits:							
Interest and dividend income	547		348		198	738	
Return on investment, based on the equity method	418		1,217		(799)	2,582	
Miscellaneous profits	1,985		2,037		(52)	3,850	
Total non-operating profits	2,950		3,604		(653)	7,171	
Non-operating expenses:							
Interest expense	712		453		259	1,081	
Miscellaneous losses	2,411		1,988		422	7,265	
Total non-operating expenses	3,123		2,441		681	8,347	
Recurring income	8,425	1.8%	5,795	1.3%	2,630	19,518	2.0%
Extraordinary profits:							
Gain on sale of fixed assets	—		2,103		(2,103)	2,104	
Gain on earnings for the substitute portion returned to the welfare pension fund	—		—		—	14,093	
Total extraordinary profits	—		2,103		(2,103)	16,197	
Extraordinary losses:							
Loss from the disposal of fixed assets	—		566		(566)	585	
Loss from advanced depreciation of fixed assets	—		310		(310)	310	
Total extraordinary losses	—		876		(876)	895	
Net income before tax adjustment, etc.	8,425	1.8%	7,021	1.5%	1,403	34,820	3.6%
Corporate and inhabitants' taxes and enterprise tax	8,355		4,358		3,997	11,417	
Corporate tax, other adjustments	(4,764)		(786)		(3,978)	3,744	
Minority shareholders' income	(-1,056)		(-2,164)		1,107	(-4,883)	
Net income	3,777	0.8%	1,285	0.3%	2,491	14,776	1.5%

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

Consolidated Balance Sheets for the Interim Period

	(Millions of yen)			
	FY2004 Interim Period (Ended September 30, 2003)	FY2003 (Ended March 31, 2003)	Increment (Decrement)	FY2003 Interim Period (Ended September 30, 2002)
Assets:				
Current assets:				
Cash and time deposits	15,745	25,864	(10,118)	21,074
Deposits	25,714	16,217	9,497	—
Notes and accounts receivable	160,538	187,811	(27,272)	170,499
Marketable securities	—	—	—	50
Inventories	51,957	52,978	(1,020)	57,834
Deferred tax assets	20,629	17,874	2,754	17,866
Other current assets	44,288	46,697	(2,408)	45,514
Allowance for doubtful receivables	(1,525)	(1,551)	26	(1,414)
Total current assets	317,348	345,890	(28,542)	311,424
Fixed assets:				
Tangible fixed assets:				
Buildings and structures	91,542	92,794	(1,251)	95,040
Machinery and transport equipment	111,258	117,053	(5,794)	122,001
Land	103,063	104,250	(1,186)	98,901
Construction in progress	14,190	8,934	5,255	12,623
Other fixed assets	23,178	24,548	(1,370)	28,004
Total tangible fixed assets	343,232	347,581	(4,348)	356,571
Intangible fixed assets	1,220	1,203	17	1,423
Investments and other assets:				
Investments in securities	60,342	39,452	20,890	54,393
Long-term loans receivable	2,683	3,017	(333)	3,257
Deferred tax assets	7,535	14,806	(7,271)	15,537
Other investments and assets	3,292	3,420	(127)	3,577
Allowance for doubtful receivables	(67)	(64)	(2)	(74)
Total investments and other assets	73,787	60,631	13,155	76,692
Total fixed assets	418,241	409,416	8,824	434,686
Total assets	735,589	755,307	(19,717)	746,111

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

(Millions of yen)

	FY2004 Interim Period (Ended September 30, 2003)	FY2003 (Ended March 31, 2003)	Increment (Decrement)	FY2003 Interim Period (Ended September 30, 2002)
Liabilities:				
Current liabilities:				
Notes and accounts payable	169,025	185,677	(16,652)	167,319
Short-term debt	107,415	100,472	6,942	121,108
Convertible bonds scheduled for redemption within one year	—	19,993	(19,993)	19,993
Accrued corporation tax	9,801	7,292	2,508	6,072
Accrued expenses	55,748	52,702	3,046	45,477
Allowance for product warranty	8,779	8,365	413	8,724
Other current liabilities	52,990	51,347	1,642	56,176
Total current liabilities	403,759	425,850	(22,090)	424,872
Long-term liabilities:				
Long-term debt	39,626	54,511	(14,884)	39,875
Deferred tax liabilities	4,096	4,140	(44)	5,294
Reserve for employee retirement benefits	49,120	47,821	1,298	60,440
Reserve for directors' retirement allowance	1,479	1,527	(47)	1,248
Other long-term liabilities	3,269	2,782	487	2,663
Total long-term liabilities	97,592	110,782	(13,190)	109,522
Total liabilities	501,352	536,633	(35,280)	534,394
Minority interests	31,448	31,190	258	29,087
Shareholders' equity:				
Capital stock	28,404	28,404	—	28,404
Additional paid-in capital	10,837	10,827	9	10,827
Consolidated retained earnings	148,915	146,758	2,157	135,167
Other securities revaluation differences	19,234	5,825	13,409	13,208
Account of exchange adjustment	(4,537)	(4,256)	(281)	(4,896)
Less treasury common stocks	(66)	(75)	9	(83)
Total shareholders' equity	202,788	187,483	15,304	182,629
Total liabilities and shareholders' equity	735,589	755,307	(19,717)	746,111

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

Consolidated Statement of Retained Earnings

(Millions of yen)

	FY2004 Interim Period (From April 1, 2003 to September 30, 2003)	FY2003 Interim Period (From April 1, 2002 to September 30, 2002)	Increment (Decrement)	FY2003 (From April 1, 2002 to March 31, 2003)
Capital surplus				
I Capital surplus at the beginning of the period	10,827	10,827	—	10,827
II Increase in capital surplus	9	—	9	—
Gain on disposition of treasury stock	9	—	9	—
III Capital surplus at the end of the period	10,837	10,827	9	10,827
Earned surplus				
I Earned surplus at the beginning of the period	146,758	135,720	11,038	135,720
II Increase in earned surplus	3,777	1,285	2,491	14,776
Net income for the period	3,777	1,285	2,491	14,776
III Decrease in earned surplus	1,619	1,838	(218)	3,737
Cash dividends	1,494	1,708	(213)	2,776
Bonuses for directors	125	129	(4)	129
Decrease due to excluding companies previously accounted for under the equity method	—	—	—	831
IV Earned surplus at the end of the period	148,915	135,167	13,748	146,758

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

Consolidated Cash Flow Statements for the Interim Period

(Millions of yen)

	FY2004 Interim Period (From April 1, 2003 to September 30, 2003)	FY2003 Interim Period (From April 1, 2002 to September 30, 2002)	Increment (Decrement)	FY2003 (From April 1, 2002 to March 31, 2003)
I Cash Flow in Business Activities:				
Net income in the period before tax and other adjustments	8,425	7,021	1,403	34,820
Depreciation expenses	22,107	23,350	(1,242)	49,199
Increase/decrease in reserves	1,830	962	867	(11,639)
Interest earned and dividends received	(547)	(348)	(198)	(738)
Interest expenses	712	453	259	1,081
Return on invested capital under equity method	(418)	(1,217)	799	(2,582)
Gain or loss from sale and elimination of tangible fixed assets, etc.	153	(1,486)	1,639	(101)
Increase/decrease in trade receivables	27,230	15,182	12,048	(1,788)
Increase/decrease in inventories	943	8,980	(8,036)	14,015
Increase/decrease in trade debt	(16,899)	(33,537)	16,638	(15,288)
Increase/decrease in unpaid consumption tax and others	(179)	229	(409)	1,372
Others	3,115	(12,708)	15,824	(6,480)
Subtotal	46,474	6,880	39,594	61,871
Interest and dividends received	899	786	113	1,981
Interest paid	(687)	(453)	(234)	(1,032)
Corporate tax and other taxes paid	(5,873)	(5,903)	29	(11,789)
Cash flow in business activities	40,812	1,310	39,502	51,031
II Cash Flow in Investment Activities:				
Expenditure for acquisition of tangible fixed assets	(14,174)	(26,451)	12,276	(50,478)
Income from sale of tangible fixed assets	1,311	3,581	(2,269)	5,190
Income and expenditures from the acquisition of subsidiary stock that involves changes in the scope of consolidation	—	1,431	(1,431)	1,431
Expenditure for short-term loans	—	(1,991)	1,991	—
Income from collection of short-term loans	—	1,062	(1,062)	—
Increase/decrease in short-term loans	313	—	313	692
Expenditure for long-term loans	(388)	(1,138)	749	(1,617)
Income from collection of long-term loans	717	3,156	(2,438)	3,826
Others	588	341	246	288
Cash flow in investment activities	(11,630)	(20,007)	8,376	(40,667)
III Cash Flow in Financial Activities:				
Increase/decrease in short-term borrowings	2,115	(4,395)	6,511	(18,390)
Income from long-term debt	16,170	21,334	(5,164)	55,602
Expenditure for repayment of long-term debt	(25,900)	(15,840)	(10,060)	(44,735)
Expenditure for redemption of convertible bonds	(19,993)	—	(19,993)	—
Dividends paid	(1,494)	(1,708)	213	(2,776)
Dividends paid to minor shareholders	(664)	(7)	(657)	(727)
Others	31	(4)	36	(17)
Cash flow in financial activities	(29,735)	(622)	(29,113)	(11,044)
IV Difference from Conversion to Cash and Cash Equivalents	(47)	(455)	407	(424)
V Increase in Cash and Cash Equivalents	(601)	(19,774)	19,173	(1,105)
VI Initial Balance of Cash and Cash Equivalents	41,720	42,825	(1,105)	42,825
VII Balance of cash and cash equivalents at end of the period	41,119	23,051	18,068	41,720

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 : 65

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.

(Diminishment): Daihatsu Seibi Co., Ltd.

The above company was merged with our subsidiary Gifu Daihatsu Sales Co., Ltd.

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.

3. Settlement date for consolidated subsidiaries

The interim period 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 June 30. We have used their interim period financial statements as of that date to compile this consolidated financial statement for the interim period. We have made necessary adjustments to reflect important transactions that have occurred between that date and the consolidated interim period 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 insertion 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 employee retirement benefits

To provide employees' retirement benefits, 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 allowance

To provide directors' retirement allowance 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 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.

(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.

Changes in Registration

Consolidated balance sheets for the interim period

Although the category of "Deposits" in "Current assets" was formerly included in "Other current assets," starting with this consolidated interim period it is treated as an independent category. The "Deposits" included in "Other current assets" in the previous consolidated interim period totaled ¥2,357 million.

Consolidated interim cash flow statements for the interim period

The amount of increase or decrease in short-term loans in the category of cash flow from investment activities (¥313 million for the current consolidated interim period) 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 interim period, 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 interim period was -¥929 million.

Notes

Consolidated Balance Sheets for the Interim Period

(Millions of yen)

	FY2004 Interim Period (Ended September 30, 2003)	FY2003 Interim Period (Ended September 30, 2002)	FY2003 (Ended March 31, 2003)
(1) Accumulated depreciation of tangible fixed assets	584,079	562,974	575,038
(2) Pledged assets and secured liabilities			
Pledged assets:			
Cash and cash deposits	20	10	20
Notes receivable and accounts receivable	301	282	311
Inventory assets	53	—	54
Buildings and structures	7,181	8,267	7,182
Machines, equipment and vehicles	510	685	493
Land	14,165	16,780	14,015
Other (Tangible fixed assets)	0	0	0
Investment in securities	40	28	28
Total	22,273	26,055	22,106
Secured liabilities:			
Short-term debts	25,489	29,384	23,669
Long-term debts	7,381	7,804	10,089
Total	32,871	37,188	33,759
(3) Guaranteed obligation	371	465	409

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)

	FY2004 Interim Period (Ended September 30, 2003)	FY2003 Interim Period (Ended September 30, 2002)	FY2003 (Ended March 31, 2003)
Cash and cash deposit	15,745	21,074	25,864
Term deposit for three months or more	(340)	(430)	(360)
Short-term investments that mature within three months after acquisition (Securities)	—	50	—
Deposits	25,714	2,357	16,217
Cash and cash equivalents	41,119	23,051	41,720

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

FY2004 interim period (From April 1, 2003 to September 30, 2003)

(Millions of yen)

	Japan	Asia	Europe	Other regions	Total	Elimination or all businesses	Consolidated
Net sales							
(1) Net sales to external customers	412,006	58,153	6,848	7	477,015	—	477,015
(2) Internal sales between segments or amount of transfer	30,405	289	—	—	30,695	(30,695)	—
Total	442,411	58,443	6,848	7	507,710	(30,695)	477,015
Operating expenditures	435,471	56,749	6,834	57	499,112	(30,695)	468,417
Operating income (or operating loss)	6,939	1,694	14	(49)	8,598	—	8,598

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
Net sales							
(1) Net sales to external customers	388,514	61,018	5,981	188	455,703	—	455,703
(2) Internal sales between segments or amount of transfer	26,709	—	—	—	26,709	(26,709)	—
Total	415,224	61,018	5,981	188	482,413	(26,709)	455,703
Operating expenditures	414,193	57,469	5,899	279	477,842	(26,771)	451,070
Operating income (or operating loss)	1,031	3,548	82	(91)	4,570	62	4,632

FY2003 (From April 1, 2002 to March 31, 2003)

(Millions of yen)

	Japan	Asia	Europe	Other regions	Total	Elimination or all businesses	Consolidated
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

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

FY2004 interim period (From April 1, 2003 to September 30, 2003) (Millions of yen)

	Asia	Europe	Other regions	Total
Overseas sales	68,559	17,185	8,540	94,285
Consolidated sales				477,015
Overseas sales as a percentage of consolidated net sales	14.4%	3.6%	1.8%	19.8%

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%

FY2003 (From April 1, 2002 to March 31, 2003) (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%

- 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: Australia, 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)		
		FY2004 Interim Period (Ended September 30, 2003)	FY2003 Interim Period (Ended September 30, 2002)	FY2003 (Ended March 31, 2003)
Amount equivalent to acquisition price		5,817	6,538	6,649
Amount equivalent to cumulative depreciation amount		3,002	3,080	3,482
Amount equivalent to balance at the end of the period (Amount equivalent to the balance at the end of the period of unexpired lease fees)		2,815	3,458	3,167
[Of these, amount within one year]		[801]	[969]	[896]
Lease fees paid (Amount equivalent to depreciation costs)		510	515	1,032

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)		
		FY2004 Interim Period (Ended September 30, 2003)	FY2003 Interim Period (Ended September 30, 2002)	FY2003 (Ended March 31, 2003)
Acquisition price		518	720	554
Cumulative depreciation amount		396	511	414
Balance at the end of the period		122	209	140
Amount equivalent to the balance at the end of the period of unexpired lease fees		162	288	209
[Of these, amount within one year]		[77]	[135]	[106]
Lease fees received		57	78	157
Depreciation expenses		26	46	83

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

(1) Borrowing side		(Millions of yen)		
		FY2004 Interim Period (Ended September 30, 2003)	FY2003 Interim Period (Ended September 30, 2002)	FY2003 (Ended March 31, 2003)
Unexpired lease fees	Within one year	—	44	14
	Over one year	—	—	—
		—	44	14
(2) Lending side		(Millions of yen)		
Unexpired lease fees	Within one year	76	—	—
	Over one year	1,437	—	—
	Total	1,514	—	—

Securities

FY2004 interim period

Other securities with current market value (as of September 30, 2003)

(Millions of yen)

Categories	Acquisition cost	Amount on consolidated interim balance sheet	Difference
Stocks	12,274	44,677	32,402
Bonds:			
Corporate bonds	48	65	17
Total	12,322	44,742	32,420

- 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.

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.

FY2003 full year

(1) Other securities with current market value (as of March 31, 2003) (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	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

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, 2002 to March 31, 2003)

Amount sold: ¥2,158 million Total profit on sale: ¥147 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, 2003): (Millions of yen)

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

Derivative Transactions

FY2004 interim period (April 1, 2003 to September 30, 2003), FY2003 interim period (April 1, 2002 to September 30, 2002), and FY2003 (April 1, 2002 to March 31, 2003)

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