

October 27, 2003  
Fiscal 2004, ending March 2004

# Non-Consolidated Financial Results (Interim Period)

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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
Date on which interim dividends will be paid:	December 10, 2003
Stock listings:	First section of Osaka Securities Exchange and Tokyo Stock Exchange
Interim dividend payment system:	Yes
Stock unit system:	Yes (1 unit = 1,000 shares)

## 1. Financial Results for Fiscal 2004 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) Operating results

(Millions of yen)

	FY2004 Interim Period		FY2003 Interim Period		FY2003 (ended March 2003)
Net sales	376,196	[5.9%]	355,291	[(14.4%)]	760,156
Operating income	6,300	[439.0%]	1,168	[(86.2%)]	10,005
Recurring income	7,440	[300.3%]	1,858	[(78.7%)]	9,727
Net income in the current interim period	4,440	[300.5%]	1,108	[(77.8%)]	5,248
Net income per share in the current interim period (Yen)	10.39		2.59		12.07

Notes: 1. Average number of shares in the period:

FY2004 Interim Period (ended September 2003): 427,068,068

FY2003 Interim Period (ended September 2002): 427,112,431

FY2003 (ended March 2003): 427,096,296

2. Changes in accounting methods: [ ] Yes, [x] No

3. 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, respectively.

### (2) Cash dividends

	FY2004 Interim Period	FY2003 Interim Period	FY2003 (ended March 2003)
Cash dividends per share in the interim period (Yen)	3.00	2.50	—
Cash dividends per share for the fiscal year (Yen)	—	—	6.00

### (3) Financial position

(Millions of yen)

	FY2004 Interim Period		FY2003 Interim Period		FY2003 (ended March 2003)
Total assets	492,498		498,995		504,004
Shareholders' equity	206,412		194,594		190,276
Shareholders' equity ratio		41.9%		39.0%	37.8%
Shareholders' equity per share (Yen)	483.32		455.61		445.33

Notes: 1. Number of outstanding shares as of the end of the period:

FY2004 Interim Period (ended September 2003): 427,065,772

FY2003 Interim Period (ended September 2002): 427,105,480

FY2003 (ended March 2003): 427,070,247

2. Number of treasury stock as of the end of the period:

FY2004 Interim Period (ended September 2003): 57,194

FY2003 Interim Period (ended September 2002): 17,486

FY2003 (ended March 2003): 52,719

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

(Millions of yen)

	Full year
Net sales	770,000
Recurring income	17,500
Net income	11,000

Ref.: Estimated net income per share for the year: ¥25.75

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.

## Sales Volume and Amounts

### 1. 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)
<b>Mini cars</b>					
Mini passenger cars:					
Domestic	187,677	153,354	34,323	22.4%	355,207
Export	15,806	6,580	9,226	140.2%	14,921
Total	203,483	159,934	43,549	27.2%	370,128
Mini commercial cars:					
Domestic	61,851	67,204	(5,353)	(8.0%)	140,044
Export	565	250	315	126.0%	567
Total	62,416	67,454	(5,038)	(7.5%)	140,611
Domestic	249,528	220,558	28,970	13.1%	495,251
Export	16,371	6,830	9,541	139.7%	15,488
Total of mini cars	<b>265,899</b>	<b>227,388</b>	<b>38,511</b>	<b>16.9%</b>	<b>510,739</b>
<b>Small cars</b>					
Small passenger cars:					
Domestic	3,919	6,493	(2,574)	(39.6%)	11,218
Export	22,244	25,529	(3,285)	(12.9%)	46,596
Total	26,163	32,022	(5,859)	(18.3%)	57,814
Small commercial cars:					
Domestic	449	559	(110)	(19.7%)	994
Export	5,070	8,095	(3,025)	(37.4%)	13,582
Total	5,519	8,654	(3,135)	(36.2%)	14,576
Domestic	4,368	7,052	(2,684)	(38.1%)	12,212
Export	27,314	33,624	(6,310)	(18.8%)	60,178
Total of small cars	<b>31,682</b>	<b>40,676</b>	<b>(8,994)</b>	<b>(22.1%)</b>	<b>72,390</b>
<b>Daihatsu cars</b>					
Domestic	253,896 [74.0%]	227,610 [72.8%]	26,286	11.5%	507,463 [74.4%]
Export	43,685 [12.7%]	40,454 [13.0%]	3,231	8.0%	75,666 [11.1%]
Total of Daihatsu cars	<b>297,581 [86.7%]</b>	<b>268,064 [85.8%]</b>	<b>29,517</b>	<b>11.0%</b>	<b>583,129 [85.5%]</b>
<b>Toyota cars</b>					
Consigned cars	38,873 [11.3%]	32,888 [10.5%]	5,985	18.2%	78,986 [11.6%]
OEM cars	6,824 [2.0%]	11,407 [3.7%]	(4,583)	(40.2%)	19,875 [2.9%]
Total of Toyota cars	<b>45,697 [13.3%]</b>	<b>44,295 [14.2%]</b>	<b>1,402</b>	<b>3.2%</b>	<b>98,861 [14.5%]</b>
<b>Grand total</b>	<b>343,278 [100%]</b>	<b>312,359 [100%]</b>	<b>30,919</b>	<b>9.9%</b>	<b>681,990 [100%]</b>
Parts for overseas production (Sets)	78,160	80,660	(2,500)	(3.1%)	154,130
Consigned engines	90,841	96,589	(5,748)	(6.0%)	197,244

### 2. Sales amounts

(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)
<b>Daihatsu cars</b>					
Domestic	240,429 [63.9%]	219,296 [61.7%]	21,132	9.6%	486,758 [64.1%]
Export	59,681 [15.9%]	60,333 [17.0%]	(651)	(1.1%)	111,940 [14.7%]
Subtotal	<b>300,110 [79.8%]</b>	<b>279,629 [78.7%]</b>	<b>20,481</b>	<b>7.3%</b>	<b>598,699 [78.8%]</b>
<b>Consigned and OEM cars</b>	76,086 [20.2%]	75,661 [21.3%]	424	0.6%	161,457 [21.2%]
<b>Grand total</b>	<b>376,196 [100%]</b>	<b>355,291 [100%]</b>	<b>20,905</b>	<b>5.9%</b>	<b>760,156 [100%]</b>

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

2. Figures in [ ] are composition ratios.

## Non-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	376,196	100%	355,291	100%	20,905	760,156	100%
Cost of sales	316,068	84.0%	305,720	86.1%	10,348	648,771	85.3%
<b>Gross profit</b>	<b>60,128</b>	<b>16.0%</b>	<b>49,570</b>	<b>13.9%</b>	<b>10,557</b>	<b>111,384</b>	<b>14.7%</b>
Selling, general and administrative expenses	53,827	14.3%	48,401	13.6%	5,425	101,379	13.4%
<b>Operating income</b>	<b>6,300</b>	<b>1.7%</b>	<b>1,168</b>	<b>0.3%</b>	<b>5,131</b>	<b>10,005</b>	<b>1.3%</b>
<b>Non-operating profits:</b>							
Interest and dividend income	1,220		1,074		145	2,353	
Miscellaneous profit	759		259		499	986	
Total non-operating profits	<b>1,979</b>		<b>1,334</b>		<b>644</b>	<b>3,339</b>	
<b>Non-operating expenses:</b>							
Interest paid	25		28		(2)	54	
Miscellaneous losses	812		615		197	3,562	
Total non-operating expenses	<b>838</b>		<b>644</b>		<b>194</b>	<b>3,616</b>	
<b>Recurring income</b>	<b>7,440</b>	<b>2.0%</b>	<b>1,858</b>	<b>0.5%</b>	<b>5,582</b>	<b>9,727</b>	<b>1.3%</b>
<b>Extraordinary profits:</b>							
Gain on sale of fixed assets	—		310		(310)	311	
Gain on earnings for the substitute portion returned to the welfare pension fund	—		—		—	13,210	
Total extraordinary profits	<b>—</b>		<b>310</b>		<b>(310)</b>	<b>13,522</b>	
<b>Extraordinary losses:</b>							
Loss from advanced depreciation of fixed assets	—		310		(310)	310	
Loss from revaluation of shares in subsidiaries	—		—		—	13,092	
Total extraordinary losses	<b>—</b>		<b>310</b>		<b>(310)</b>	<b>13,402</b>	
<b>Net income before tax adjustment</b>	<b>7,440</b>	<b>2.0%</b>	<b>1,858</b>	<b>0.5%</b>	<b>5,582</b>	<b>9,848</b>	<b>1.3%</b>
Corporate and inhabitants' taxes and enterprise tax	6,500		2,700		3,800	6,650	
Corporate tax, other adjustments	(3,500)		(1,950)		(1,550)	(2,050)	
<b>Net income</b>	<b>4,440</b>	<b>1.2%</b>	<b>1,108</b>	<b>0.3%</b>	<b>3,332</b>	<b>5,248</b>	<b>0.7%</b>
Unappropriated retained earnings brought forward from the preceding period	4,617		4,419		197	4,419	
Interim dividends	—		—		—	1,067	
<b>Unappropriated retained earnings</b>	<b>9,058</b>		<b>5,528</b>		<b>3,529</b>	<b>8,600</b>	

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

## Non-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)
<b>Assets:</b>				
<b>Current assets:</b>				
Cash and time deposits	729	1,494	(764)	1,469
Deposits	25,714	16,217	9,497	—
Notes receivable	2,152	1,833	318	2,223
Accounts receivable	85,520	118,101	(32,581)	90,274
Inventory assets	16,746	18,495	(1,749)	18,563
Deferred tax assets	21,212	19,030	2,182	18,130
Short-term loans receivable	42,769	39,516	3,253	43,410
Other current assets	19,256	21,996	(2,740)	22,392
Allowance for doubtful receivables	(10,395)	(10,446)	51	(10,319)
<b>Total current assets</b>	<b>203,706</b>	<b>226,240</b>	<b>(22,533)</b>	<b>186,144</b>
<b>Fixed assets:</b>				
<b>Tangible fixed assets:</b>				
Buildings	46,256	47,045	(789)	48,815
Machinery and equipment	59,321	62,824	(3,503)	69,216
Land	57,162	57,846	(684)	52,907
Other tangible fixed assets	29,688	27,690	1,998	34,272
<b>Total tangible fixed assets</b>	<b>192,428</b>	<b>195,407</b>	<b>(2,978)</b>	<b>205,211</b>
<b>Intangible fixed assets:</b>	<b>485</b>	<b>492</b>	<b>(7)</b>	<b>500</b>
<b>Investments and other assets:</b>				
Investments in securities	80,902	58,505	22,397	87,367
Long-term loans receivable	6,637	7,114	(477)	8,687
Deferred tax assets	6,648	14,483	(7,834)	9,778
Other investments and assets	2,150	2,170	(20)	1,880
Allowance for doubtful receivables	(460)	(409)	(51)	(574)
<b>Total investments and other assets</b>	<b>95,878</b>	<b>81,863</b>	<b>14,014</b>	<b>107,138</b>
<b>Total fixed assets</b>	<b>288,792</b>	<b>277,764</b>	<b>11,027</b>	<b>312,851</b>
<b>Total assets</b>	<b>492,498</b>	<b>504,004</b>	<b>(11,505)</b>	<b>498,995</b>

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)
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Accounts payable	161,187	174,889	(13,701)	156,982
Short-term debt	4	4	(0)	5
Convertible bonds scheduled for maturity within one year	—	19,993	(19,993)	19,993
Accrued accounts payable	10,792	8,121	2,670	15,468
Accrued corporation tax	6,979	3,736	3,243	2,728
Accrued expenses	47,332	46,500	832	41,705
Allowance for product warranty	7,500	7,300	200	7,600
Reserves for participating in Expo 2005 Aichi	33	14	18	—
Other current liabilities	18,422	20,962	(2,540)	15,254
<b>Total current liabilities</b>	<b>252,252</b>	<b>281,524</b>	<b>(29,271)</b>	<b>259,738</b>
<b>Long-term liabilities:</b>				
Long-term debt	12	14	(2)	17
Reserve for employee retirement benefits	31,337	29,800	1,537	41,327
Reserve for directors' retirement allowance	1,046	947	99	800
Other long-term liabilities	1,437	1,442	(4)	2,517
<b>Total long-term liabilities</b>	<b>33,833</b>	<b>32,204</b>	<b>1,629</b>	<b>44,663</b>
<b>Total liabilities</b>	<b>286,086</b>	<b>313,728</b>	<b>(27,641)</b>	<b>304,401</b>
<b>Shareholders' equity:</b>				
<b>Capital stock</b>	<b>28,404</b>	<b>28,404</b>	<b>—</b>	<b>28,404</b>
<b>Capital surplus:</b>				
Additional paid-in capital	10,827	10,827	—	10,827
<b>Total capital surplus</b>	<b>10,827</b>	<b>10,827</b>	<b>—</b>	<b>10,827</b>
<b>Retained earnings:</b>				
Legal reserve	7,101	7,101	—	7,101
Voluntary reserve	131,979	129,580	2,398	129,580
Unappropriated retained earnings	9,058	8,600	458	5,528
<b>Total retained earnings</b>	<b>148,138</b>	<b>145,281</b>	<b>2,857</b>	<b>142,210</b>
<b>Other securities revaluation differences</b>	<b>19,063</b>	<b>5,783</b>	<b>13,280</b>	<b>13,160</b>
<b>Treasury stock</b>	<b>(22)</b>	<b>(21)</b>	<b>(1)</b>	<b>(8)</b>
<b>Total shareholders' equity</b>	<b>206,412</b>	<b>190,276</b>	<b>16,135</b>	<b>194,594</b>
<b>Total liabilities and shareholders' equity</b>	<b>492,498</b>	<b>504,004</b>	<b>(11,505)</b>	<b>498,995</b>

## Basic Matters to be Taken into Consideration for the Preparation of Non-Consolidated Financial Results for the Interim Period

### 1. Basis and method of valuation of assets

#### (1) Marketable securities

Subsidiary stocks and affiliated company stocks: Valuation at cost using the moving-average method

#### Other marketable securities

Securities with market value: 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 sales costs are calculated using the moving-average method.)

Securities without market value: Valuation at cost using the moving-average method

#### (2) Inventory assets

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

\* Products (purchased cars) are stated at lower cost as determined by the individual price method.

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

### 2. Depreciation methods of fixed assets

#### (1) 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.

#### (2) Intangible fixed assets

Intangible fixed assets are depreciated on the basis of the straight line method.

### 3. Basis of accounting for reserves

#### (1) 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.

#### (2) 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 was set aside.

#### (3) 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 end of the current fiscal year.

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.

#### (4) Reserve for directors' retirement allowance

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

#### (5) Reserves for participating in Expo 2005 Aichi

To provide expenses required to participate in the 2005 World Exposition, Aichi, Japan, an amount allocated over the period is set aside based on estimated total expenses.

### 4. Accounting for lease transactions

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

## **5. Hedge accounting method**

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

## **6. Accounting method for consumption tax, etc.**

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

## **Changes in Registration**

### **Non-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 interim period it is treated as an independent category. The “Deposits” included in “Other current assets” in the previous interim period totaled ¥2,357 million.

## Notes

<b>Statements of Profit and Loss</b>	(Millions of yen)		
	FY2004 Interim Period (Ended September 30, 2003)	FY2003 Interim Period (Ended September 30, 2002)	FY2003 (Ended March 31, 2003)
Amount of depreciation			
Tangible fixed assets	12,514	14,288	30,875
Intangible fixed assets	7	7	15

<b>Balance Sheets</b>	(Millions of yen)		
	FY2004 Interim Period (Ended September 30, 2003)	FY2003 Interim Period (Ended September 30, 2002)	FY2003 (Ended March 31, 2003)
1. Amount of cumulative depreciation of fixed tangible assets	452,907	442,461	448,322
2. Liabilities for warranties	318	581	356

### Lease Transactions

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

	(Millions of yen)		
	FY2004 Interim Period (Ended September 30, 2003)	FY2003 Interim Period (Ended September 30, 2002)	FY2003 (Ended March 31, 2003)
(Borrowing side)			
Tangible fixed assets			
Others			
Amount equivalent to acquisition price	707	1,371	1,371
Amount equivalent to cumulative depreciation amount	408	810	957
Amount equivalent to balance at the end of the period	299	560	414
(Amount equivalent to the balance at the end of the period of unexpired lease fees)			
[Of these, amount within one year]	[148]	[292]	[223]
Lease fees paid (Amount equivalent to depreciation costs)	147	152	298

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.

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

**Securities**

(Millions of yen)

	FY2004 Interim Period (Ended September 30, 2003)	FY2003 Interim Period (Ended September 30, 2002)	FY2003 (Ended March 31, 2003)
Affiliated company stock with current market value:			
Amount recorded on balance sheet	826	826	826
Market value at the end of the period	1,453	1,062	883
Difference	627	236	57