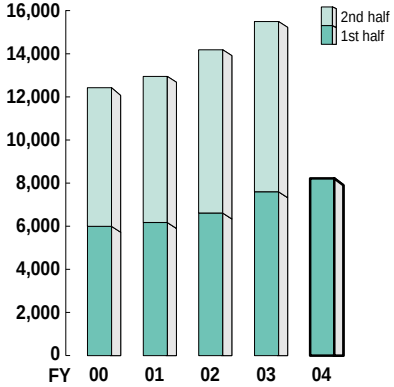
SEMI-ANNUAL REPORT

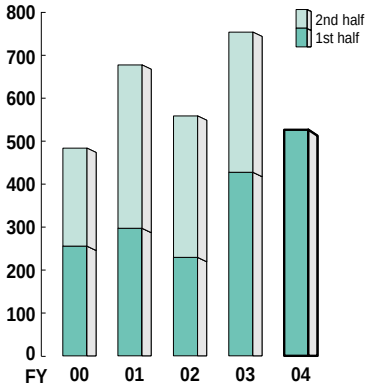
APRIL— SEPTEMBER 2003

TOYOTA MOTOR CORPORATION

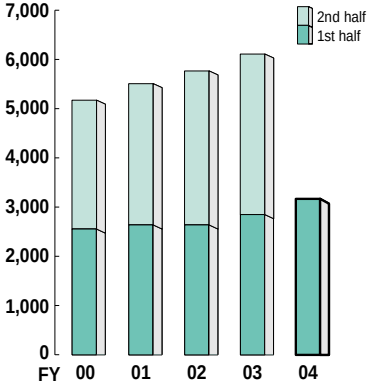
Net Revenues (¥ billion)



Net Income (¥ billion)



Vehicle Sales Worldwide (thou. units)



Vehicle Sales in Japan and Overseas by Region (units)

	Sept. 30 2003	Sept. 30 2002
Japan	**1,081,866**	1,024,295
Overseas	**2,089,008**	1,927,271
North America	**1,005,079**	1,004,296
Europe	**441,122**	392,027
East & SE Asia	**249,742**	212,712
Mid. East & SW Asia	**129,029**	106,779
Latin America	**69,129**	73,893
Oceania	**116,477**	99,941
Africa	**74,562**	33,869
Other	**3,868**	3,754
Total	**3,170,874**	2,951,566

Cautionary Statement with Respect to Forward-Looking Statements

This report contains forward-looking statements that reflect Toyota's plans and expectations. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause Toyota's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. These factors include: (i) changes in economic conditions affecting, and the competitive environment in, the automotive markets in Japan, North America, Europe and other markets in which Toyota operates; (ii) fluctuations in currency exchange rates, particularly with respect to the value of the Japanese yen, the U.S. dollar, the euro and the British pound; (iii) Toyota's ability to realize production efficiencies and to implement capital expenditures at the levels and times planned by management; (iv) changes in the laws, regulations and government policies affecting Toyota's automotive operations, particularly laws, regulations and policies relating to environmental protection, vehicle emissions, vehicle fuel economy and vehicle safety, as well as changes in laws, regulations and government policies affecting Toyota's other operations, including the outcome of future litigation and other legal proceedings; (v) political instability in the markets in which Toyota operates; (vi) Toyota's ability to timely develop and achieve market acceptance of new products; and (vii) fuel shortages or interruptions in transportation systems, labor strikes, work stoppages or other interruptions to, or difficulties in, the employment of labor in the major markets where Toyota purchases materials, components and supplies for the production of its products or where its products are produced, distributed or sold. A discussion of these and other factors which may affect Toyota's actual results, performance, achievements or financial position is contained in the "Operating and Financial Review and Prospects" and "Information on the Company" sections and elsewhere in Toyota's annual report on Form 20-F, which is on file with the United States Securities and Exchange Commission.

To Toyota Shareholders
And to All Our Stakeholders

Summary of Consolidated Financial Statements of FY2004 Semi-Annual Period
(Six Months Ended September 30, 2003)
(All financial information has been prepared in accordance with accounting principles generally accepted in the United States)

During this semi-annual period, the domestic economy showed signs of recovery, including increases in capital investment in private sector even as employment conditions remained difficult and consumer spending was flat. Overseas, although the economy in the Euro zone remained sluggish and the Asian economy experienced limited growth, signs of economic recovery appeared in the United States of America.

Despite the continuing market downturn, in FY2004 semi-annual results, domestic vehicle sales increased by 57 thousand units, or 5.6%, to 1,081 thousand units (six months period ended September 30, 2003) compared with FY2003 semi-annual results. As a result of the active introduction of new products that met customer needs and the strong sales efforts of domestic dealers, Toyota's market share excluding minivehicles increased by 0.4% to reach 42.5% in FY2004 semi-annual results compared with FY2003 semi-annual results. Meanwhile, overseas vehicle sales increased by 162 thousand units, or 8.4%, to 2,089 thousand units in FY2004 semi-annual results compared with FY2003 semi-annual results, mainly due to increased sales in all regions. Consequently, total vehicle sales in Japan and overseas increased by 219 thousand units, or 7.4%, to 3,170 thousand units in FY2004 semi-annual results compared with FY2003 semi-annual results. For this semi-annual period, TMC made new records for its semi-annual results for the fifth consecutive period.

Net revenues increased by 610.8 billion yen, or 8.0%, to 8,224.2 billion yen in FY2004 semi-annual results compared with FY2003 semi-annual results, and operating income increased by 82.7 billion yen, or 12.1%, to 767.7 billion yen in FY2004 semi-annual results compared with FY2003 semi-annual results. Among the factors contributing to the increase in operating income of 120.0 billion yen, cost reduction efforts accounted for 110.0 billion yen and marketing efforts for 10.0 billion yen. On the other hand, the factors contributing to the decrease in operating income of 37.3 billion yen mainly included increases in R&D expenses and labor costs. Income before income taxes, minority interest and equity in earnings of affiliated companies increased by 97.6 billion yen, or 13.7%, to 812.0 billion yen in FY2004 semi-annual results compared with FY2003 semi-annual results. Net income increased by 98.6 billion yen, or 23.2%, to 524.4 billion yen in FY2004 semi-annual results compared with FY2003 semi-annual results.

Cash flows from operating activities resulted in an increase in cash by 1,112.9 billion yen in FY2004 semi-annual period. Cash flows from investing activities resulted in a decrease in cash by 1,472.1 billion yen in FY2004 semi-annual period, mainly due to the additions to finance receivables of 4,182.3 billion yen. Cash flows from financing activities resulted in an increase in cash by 48.3 billion yen in FY2004 semi-annual period, mainly due to the proceeds from issuance of long-term debt of 700.1 billion yen. After consideration of the effect of exchange rate changes, cash and cash equivalents decreased by 348.8 billion yen, or 21.9%, to 1,243.2 billion yen at the end of FY2004 semi-annual period compared with the end of FY2003.

December 2003

Hiroshi Okuda, Chairman Fujio Cho, President

Topics

Adopting a New Management System

Streamlined board of directors for faster decision-making

Following the Ordinary General Shareholders Meeting in June 2003, Toyota introduced a new management system embodying, among other enhancements, a streamlined board of directors and the new position of non-board managing officer. By making the decision-making structure less vertical, Toyota will work to expedite decision making at both management and operational levels and enhance its competitiveness as a global enterprise.

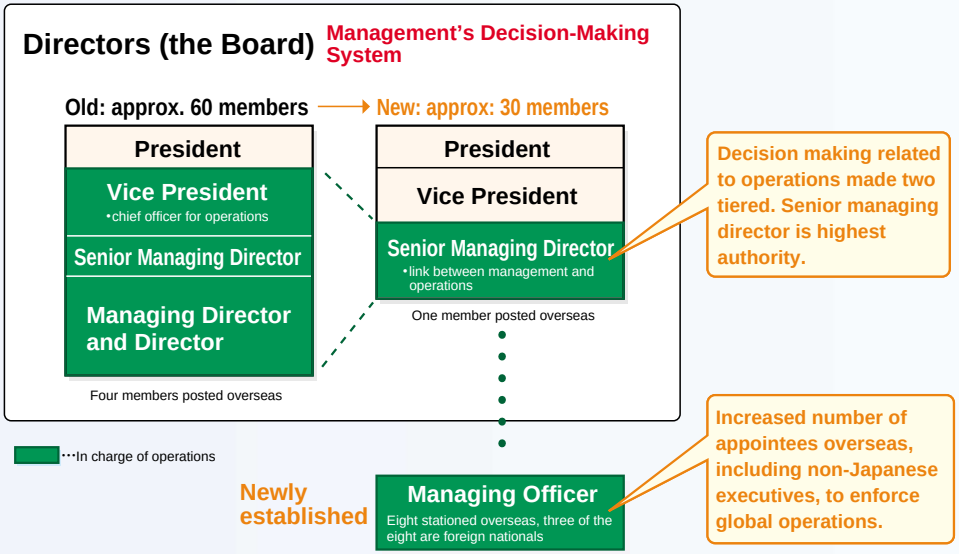
<Highlights of the New Management System>

(1) Placed at its management core people capable of understanding and putting into practice Toyota's corporate principles.

(2) Aimed at faster decision-making by placing senior managing directors as the highest authorities in their areas of supervision where matters concerning daily operations will be settled no higher than the level.

(3) Aimed at making the most of Toyota's traditional strengths by practicing hands-on decision-making (genchi genbutsu*), by placing senior managing directors as link between the management and operations.

* Going to an issue's source to understand the actual situation, build consensus, and expediently achieve one's goal.



Introducing the Lexus to Japan

Toyota Kicks Off Dealer Recruiting Efforts for the Lexus

In June 2003, Toyota started recruiting Lexus dealers from among existing Toyota vehicle dealerships. The Lexus brand, to be newly established in Japan alongside that of Toyota, will seek to provide customers with the best products, coupled with unparalleled purchasing experience and after-sales service. Accordingly, we plan to have approximately 180 dealerships when we start marketing the Lexus in Japan in August 2005, in line with our new initiatives for products and distribution announced in February 2003.

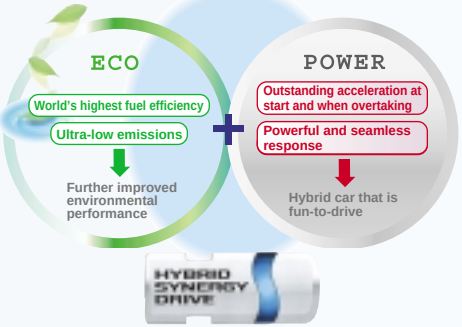
The Lexus logo to be used at Lexus dealerships.

All-new Prius

Marking the Dawn of a New Age for Hybrid Vehicles

Toyota completely redesigned its hybrid passenger vehicle, the Prius, and launched it on September 1, 2003. Since its launch in 1997 as the world's first mass-produced hybrid passenger car, the Prius has become the world leader in its class with cumulative sales of over 120,000.
The new Prius is equipped with the next-generation Toyota Hybrid System (THS II), developed around the Hybrid Synergy Drive concept that represents a sophisticated fusion of ecology and power. It also boasts countless other attractively sophisticated features and equipment, and embodies the ideal of an innovative passenger vehicle.

Compatibility of Environmental & Power Performance

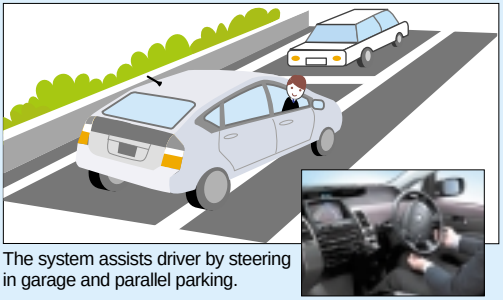


〈Hybrid Synergy Drive〉

Along with seeking the highest level of environmental performance, the Prius represents a development concept that aims to propel driving pleasure as the true appeal of an automobile.
Based on this concept, THS creates a synergistic relationship between motor power and engine power that enhances performance.

Advanced Features and Equipment

(1) Intelligent Parking System



The system assists driver by steering in garage and parallel parking.

(2) Electroshiftmatic

The gearshift is electronically controlled.
It makes light fingertip control possible when shifting gears.

(3) Push button start

The car starts without turning key but a push of button.

Rapid Expansion of Chinese Market

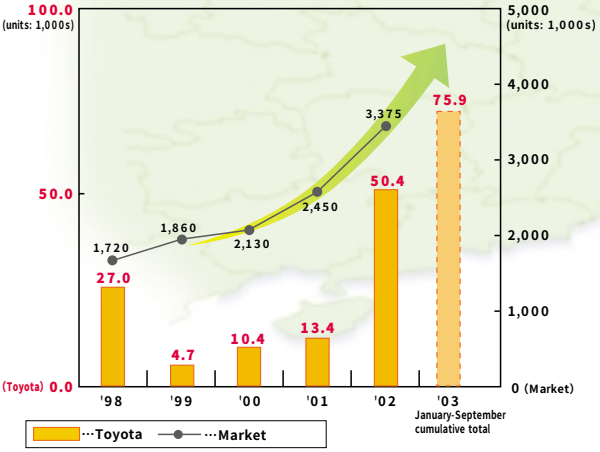
In April 2003, the China FAW Group Corporation (FAW) and the Toyota Motor Corp. signed a contract to jointly produce four Toyota-brand vehicle models in China. This contract follows a comprehensive agreement reached in August 2002 that established cooperative ties in automotive operations and provides concrete details on plans for joint production and technology licensing. Toyota is working to strengthen production and sales operation to achieve a target of 10% market share in China by around 2010 where motorization is rapidly expanding.

Signing contract with FAW Group Corporation

Joint production of four models with FAW

Model	Start of production	Initial production	Production plant
Crown	Spring 2005	50,000 units/year	Second plant of Tianjin Toyota Motor Co., Ltd.
Corolla	Spring 2004	30,000 units/year	Tianjin Toyota Motor Co., Ltd.
Land Cruiser	October 2003	10,000 units/year	Chang Chun Plant of China FAW Group Corp.
Land Cruiser Prado	September 2003	5,000 units/year	Sichuan Toyota Motor Co., Ltd.

Chinese automobile market



Rate of market growth in China exceeds expectations and Toyota vehicle sales are growing steadily, as well. (Source: China automobile factory comprehensive analysis)

Principal Production and Marketing Companies

Production Tianjin Toyota Motor Co. Ltd.

Established: June 2000
Annual production capacity: 80,000 units
Started production of VIOS (Chinese name: Weichi), small sedan, in 2002

Marketing FAW Toyota Motor Sales Co., Ltd.

Jointly established with FAW Group in September 2003, the company started its operation in November to market locally produced vehicles and to expand the sales network in China.

*Information provided herein is current as of October 31, 2003.

New Products

RAUM

Raum

This new model boasts a universal design that enhances comfort as well as practicality. It is also an environmentally conscious model that incorporates a new material known as Toyota Eco Plastic.

AVENSIS

Avensis

Exceptional handling and superior safety, combined with beautiful European styling, have earned the Avensis high praise in Europe as Toyota's European core model.

SIENTA

Sienta

Designed to be a dapper and practical seven-passenger vehicle that puts some fun back into people's daily routines, the Sienta is a rounded and classy compact minivan.

ESPACIO EF
Urban Wind

Espacio EF Urban Wind

A modern design that includes a gracefully curved exterior, it features a high roof to give it a bright and airy interior. The Espacio is in essence an urban dwelling geared to providing a better living.

CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEETS (Unaudited)

Toyota Motor Corporation and Consolidated Subsidiaries
March 31, 2003 and September 30, 2003

	Yen in millions		*U.S. dollars in millions (Note 4)*
ASSETS	March 31, 2003	**September 30, 2003**	**September 30, 2003**
Current assets:			
Cash and cash equivalents	¥ 1,592,028	**¥ 1,243,211**	**$ 11,175**
Time deposits	55,406	**43,086**	**387**
Marketable securities (Note 5)	605,483	**787,715**	**7,081**
Trade accounts and notes receivable, less allowance for doubtful accounts of ¥ 29,489 million as of March 31, 2003 and ¥ 34,480 million ($ 310 million) as of September 30, 2003	1,475,797	**1,290,688**	**11,602**
Finance receivables, net	2,505,140	**2,242,227**	**20,155**
Other receivables	513,952	**471,139**	**4,235**
Inventories	1,025,838	**1,059,824**	**9,526**
Deferred income taxes	385,148	**400,218**	**3,597**
Prepaid expenses and other current assets	463,441	**566,475**	**5,092**
Total current assets	8,622,233	**8,104,583**	**72,850**
Noncurrent finance receivables, net	2,569,808	**3,026,614**	**27,206**
Investments and other assets:			
Marketable securities and other securities investments (Note 5)	1,652,110	**2,269,829**	**20,403**
Affiliated companies	1,279,645	**1,245,596**	**11,197**
Employees receivables	21,270	**26,023**	**234**
Other	804,029	**703,915**	**6,327**
	3,757,054	**4,245,363**	**38,161**
Property, plant and equipment:			
Land	1,064,125	**1,134,538**	**10,198**
Buildings	2,521,208	**2,775,775**	**24,951**
Machinery and equipment	7,089,592	**7,652,074**	**68,782**
Vehicles and equipment on operating leases (Note 6)	1,601,060	**1,556,037**	**13,987**
Construction in progress	211,584	**195,355**	**1,756**
	12,487,569	**13,313,779**	**119,674**
Less – Accumulated depreciation	(7,283,690)	**(7,913,219)**	**(71,130)**
	5,203,879	**5,400,560**	**48,544**
Total assets	¥ 20,152,974	**¥ 20,777,120**	**$ 186,761**

The accompanying notes are an integral part of these statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Yen in millions March 31, 2003	Yen in millions **September 30, 2003**	U.S. dollars in millions (Note 4) **September 30, 2003**
Current liabilities:			
Short-term borrowings	¥ 1,855,648	**¥ 1,999,453**	**$ 17,973**
Current portion of long-term debt	1,263,017	**1,135,297**	**10,205**
Accounts payable	1,531,552	**1,563,774**	**14,057**
Other payables	618,748	**633,646**	**5,696**
Accrued expenses	1,063,496	**1,054,127**	**9,475**
Income taxes payable	300,718	**267,244**	**2,402**
Other current liabilities	420,757	**420,324**	**3,778**
Total current liabilities	7,053,936	**7,073,865**	**63,586**
Long-term liabilities:			
Long-term debt	4,137,528	**4,108,804**	**36,933**
Accrued pension and severance costs	1,052,687	**1,112,900**	**10,004**
Deferred income taxes	371,004	**413,455**	**3,716**
Other long-term liabilities	101,353	**68,089**	**612**
Total long-term liabilities	5,662,572	**5,703,248**	**51,265**
Minority interest in consolidated subsidiaries	315,466	**427,533**	**3,843**
Shareholders' equity:			
Common stock, no par value, authorized: 9,740,185,400 shares at March 31, 2003 and 9,740,185,400 shares at September 30, 2003; issued : 3,609,997,492 shares at March 31, 2003 and 3,609,997,492 shares at September 30, 2003	397,050	**397,050**	**3,569**
Additional paid-in capital	493,790	**493,790**	**4,439**
Retained earnings	7,301,795	**7,756,473**	**69,721**
Accumulated other comprehensive loss	(604,272)	**(476,553)**	**(4,284)**
Treasury stock, at cost 158,940,796 shares at March 31, 2003 and 212,015,180 shares at September 30, 2003	(467,363)	**(598,286)**	**(5,378)**
Total shareholders' equity	7,121,000	**7,572,474**	**68,067**
Commitments and contingencies (Note 9)			
Total liabilities and shareholders' equity	¥ 20,152,974	**¥ 20,777,120**	**$ 186,761**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

Toyota Motor Corporation and Consolidated Subsidiaries *Six month periods ended September 30, 2002 and 2003*	*Yen in millions*		*U.S. dollars in millions* (Note 4)
	For the six month periods ended September 30,		For the six month period ended September 30,
	2002	**2003**	**2003**
Net revenues:			
Sales of products	¥ 7,270,735	**¥ 7,861,781**	**$ 70,668**
Financing operations	342,687	**362,460**	**3,258**
	7,613,422	**8,224,241**	**73,926**
Costs and expenses:			
Cost of products sold	5,792,840	**6,274,364**	**56,399**
Cost of financing operations (Note 8)	227,292	**191,361**	**1,720**
Selling, general and administrative	908,267	**990,747**	**8,906**
	6,928,399	**7,456,472**	**67,025**
Operating income	685,023	**767,769**	**6,901**
Other income (expense):			
Interest and dividend income	29,892	**28,779**	**259**
Interest expense	(15,464)	**(12,210)**	**(110)**
Foreign exchange gain, net (Note 8)	21,033	**26,597**	**239**
Other income (loss), net	(6,023)	**1,078**	**10**
	29,438	**44,244**	**398**
Income before income taxes, minority interest and equity in earnings of affiliated companies	714,461	**812,013**	**7,299**
Provision for income taxes	296,920	**309,931**	**2,786**
Income before minority interest and equity in earnings of affiliated companies	417,541	**502,082**	**4,513**
Minority interest in consolidated subsidiaries	(9,528)	**(18,615)**	**(167)**
Equity in earnings of affiliated companies	17,787	**40,993**	**368**
Net income	¥ 425,800	**¥ 524,460**	**$ 4,714**
	Yen		*U.S. dollars* (Note 4)
Net income per common share:			
—Basic	¥118.44	**¥153.36**	**$1.38**
—Diluted	¥118.44	**¥153.35**	**$1.38**
Interim cash dividends per common share	¥ 16.00	**¥ 20.00**	**$0.18**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (Unaudited)

Toyota Motor Corporation and Consolidated Subsidiaries
Six month periods ended September 30, 2002 and 2003

	Yen in millions					
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total
Balance at March 31, 2002	397,050	490,538	6,804,722	(267,304)	(160,894)	7,264,112
Issuance during the period		620				620
Comprehensive income:						
Net income			425,800			425,800
Other comprehensive income (loss) -						
Foreign currency translation adjustments				(107,889)		(107,889)
Unrealized gains (losses) on securities, net of reclassification adjustments				10,182		10,182
Minimum pension liability adjustments				9,141		9,141
Net gains (losses) on derivative instruments				(542)		(542)
Total comprehensive income						336,692
Dividends paid			(54,108)			(54,108)
Purchase and retirement of common stock			(143,292)		(19,532)	(162,824)
Balance at September 30, 2002	¥ 397,050	¥ 491,158	¥7,033,122	¥ (356,412)	¥ (180,426)	¥ 7,384,492
Balance at March 31, 2003	397,050	493,790	7,301,795	(604,272)	(467,363)	7,121,000
Comprehensive income:						
Net income			524,460			524,460
Other comprehensive income (loss) -						
Foreign currency translation adjustments				(112,479)		(112,479)
Unrealized gains (losses) on securities, net of reclassification adjustments				228,270		228,270
Minimum pension liability adjustments				11,928		11,928
Total comprehensive income						652,179
Dividends paid			(69,782)			(69,782)
Purchase and retirement of common stock					(130,923)	(130,923)
Balance at September 30, 2003	**¥ 397,050**	**¥ 493,790**	**¥7,756,473**	**¥ (476,553)**	**¥ (598,286)**	**¥ 7,572,474**

	U.S. dollars in millions (Note 4)					
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total
Balance at March 31, 2003	$ 3,569	$ 4,439	$65,634	$ (5,432)	$ (4,201)	$64,009
Comprehensive income:						
Net income			4,714			4,714
Other comprehensive income (loss) -						
Foreign currency translation adjustments				(1,011)		(1,011)
Unrealized gains (losses) on securities, net of reclassification adjustments				2,052		2,052
Minimum pension liability adjustments				107		107
Total comprehensive income						5,862
Dividends paid			(627)			(627)
Purchase and retirement of common stock					(1,177)	(1,177)
Balance at September 30, 2003	**$ 3,569**	**$ 4,439**	**$ 69,721**	**$ (4,284)**	**$ (5,378)**	**$ 68,067**

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

Toyota Motor Corporation and Consolidated Subsidiaries *Six month periods ended September 30, 2002 and 2003*	*Yen in millions*		*U.S. dollars in millions* (Note 4)
	For the six month periods ended September 30,		For the six month period ended September 30,
	2002	**2003**	**2003**
Cash flows from operating activities:			
Net income	¥ 425,800	**¥ 524,460**	**$ 4,714**
Adjustments to reconcile net income to net cash provided by operating activities —			
Depreciation	434,995	**475,938**	**4,278**
Provision for doubtful accounts and credit losses	19,709	**38,418**	**345**
Pension and severance costs, less payments	30,315	**33,957**	**305**
Loss on disposal of fixed assets	23,880	**18,896**	**170**
Unrealized losses on available-for-sale securities, net	23,853	**2,697**	**24**
Deferred income taxes	(24,067)	**21,996**	**198**
Minority interest in consolidated subsidiaries	9,528	**18,615**	**167**
Equity in earnings of affiliated companies	(17,787)	**(40,993)**	**(368)**
Changes in operating assets and liabilities	134,014	**80,125**	**720**
Other	50,698	**(61,185)**	**(549)**
Net cash provided by operating activities	1,110,938	**1,112,924**	**10,004**
Cash flows from investing activities:			
Additions to finance receivables	(2,474,800)	**(4,182,349)**	**(37,594)**
Collection of and proceeds from sales of finance receivables	1,938,368	**3,727,776**	**33,508**
Additions to fixed assets excluding equipment leased to others	(519,108)	**(445,522)**	**(4,005)**
Additions to equipment leased to others	(289,594)	**(298,454)**	**(2,683)**
Proceeds from sales of fixed assets excluding equipment leased to others	31,606	**31,234**	**281**
Proceeds from sales of equipment leased to others	125,919	**133,073**	**1,196**
Purchases of marketable securities and security investments	(521,364)	**(1,137,863)**	**(10,228)**
Proceeds from sales of and maturity of marketable securities and security investments	569,846	**705,614**	**6,343**
(Increase) decrease in time deposits	(12,085)	**15,845**	**143**
Decrease in investments and other assets	7,527	**138**	**1**
Payments for additional investments in affiliated companies, net of cash acquired	(16,016)	**(18,876)**	**(170)**
Other	20,652	**(2,720)**	**(24)**
Net cash used in investing activities	(1,139,049)	**(1,472,104)**	**(13,232)**
Cash flows from financing activities:			
Purchases of common stock	(142,090)	**(120,229)**	**(1,081)**
Proceeds from issuance of long-term debt	907,482	**700,149**	**6,293**
Payments of long-term debt	(561,651)	**(622,709)**	**(5,597)**
Increase in short-term borrowings	132,004	**160,970**	**1,447**
Dividends paid	(54,108)	**(69,782)**	**(627)**
Net cash provided by financing activities	281,637	**48,399**	**435**
Effect of exchange rate changes on cash and cash equivalents	(40,533)	**(38,036)**	**(342)**
Net increase (decrease) in cash and cash equivalents	212,993	**(348,817)**	**(3,135)**
Cash and cash equivalents at beginning of period	1,657,160	**1,592,028**	**14,310**
Cash and cash equivalents at end of period	¥ 1,870,153	**¥ 1,243,211**	**$ 11,175**

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation:

The accompanying semi-annual condensed consolidated financial statements of Toyota Motor Corporation as of September 30, 2003 and for the six month periods ended September 30, 2002 and 2003, respectively, have been prepared in accordance with accounting principles generally accepted in the United States of America and on substantially the same basis as Toyota's annual consolidated financial statements. The semi-annual condensed consolidated financial statements should be read in conjunction with Toyota's Annual Report on Form 20-F for the year ended March 31, 2003. The semi-annual condensed consolidated financial statements reflect all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the results for those periods and the financial condition at those dates. The consolidated results for six month periods are not necessarily indicative of results to be expected for the full year.

2. Nature of operations:

Toyota Motor Corporation (the "parent company") and its subsidiaries (collectively "Toyota") are primarily engaged in the design, manufacture, assembly and sale of passenger cars, sport-utility vehicles, minivans, trucks and related parts and accessories throughout the world. In addition, Toyota provides retail and wholesale financing, retail leasing and certain other financial services primarily to its dealers and their customers related to vehicles manufactured by Toyota.

3. Summary of significant accounting policies:

The parent company and its subsidiaries in Japan maintain their records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, and its foreign subsidiaries in conformity with those of their countries of domicile. Certain adjustments and reclassifications have been incorporated in the accompanying consolidated financial statements to conform with accounting principles generally accepted in the United States of America. These adjustments were not recorded in the statutory books.

Significant accounting policies after reflecting adjustments for the above are as follows:

Basis of consolidation and accounting for investments in affiliated companies -

The semi-annual condensed consolidated financial statements include the accounts of the parent company and those of its majority-owned subsidiary companies. All significant intercompany transactions and accounts have been eliminated. Investments in affiliated companies in which Toyota exercises significant influence, but which it does not control, are stated at cost plus equity in undistributed earnings. Net income includes Toyota's equity in current earnings of such companies, after elimination of unrealized intercompany profits. Investments in which Toyota does not exercise significant influence (generally less than a 20% ownership interest) are stated at cost.

Estimates -

The preparation of Toyota's consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The more significant estimates include: product warranties, allowance for doubtful accounts and credit losses, residual values for leased assets, impairment of long-lived assets, postretirement benefits costs and obligations and post-employment benefit costs and other-than-temporary losses on marketable securities.

Translation of foreign currencies -
All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese yen at appropriate period-end current rates and all income and expense accounts of those subsidiaries are translated at average-period exchange rates. The resulting translation adjustments are included as a component of accumulated other comprehensive income/loss.

Foreign currency receivables and payables are translated at appropriate current rates and the resulting transaction gains or losses are taken into income currently.

Revenue recognition -
Revenue from sales of vehicles and parts is generally recognized upon delivery which is considered to have occurred when the dealer has taken title to the product and the risk and reward of ownership have been substantively transferred, except as described below.

Toyota's sales incentive programs principally consist of cash payments to dealers calculated based on vehicle volume or a model sold by the dealer in a certain period of time. Toyota specifies those volume, model or period covered in the incentive programs. Toyota accrues these incentives as revenue reductions at the sale of a vehicle corresponding to the program by the amount determined in the related incentive program.

Revenue from the sale of vehicles under which Toyota conditionally guarantees the minimum resale value is recognized on a pro rata basis from the date of sale to the first exercise date of the guarantee in a manner similar to lease accounting. The underlying vehicles of these transactions are recorded as assets and are depreciated in accordance with Toyota's depreciation policy.

Revenue from retail financing contracts and finance leases is recognized using the effective yield method. Revenue from operating leases is recognized on a straight-line basis over the lease term.

Toyota on occasion sells finance receivables in transactions subject to limited recourse provisions. These sales are to trusts and Toyota retains the servicing and is paid a servicing fee. Gains or losses from the sales of the finance receivables are recognized in the period in which such sales occur.

Other costs -
Advertising and sales promotion costs are expensed as incurred. Advertising costs were ¥136,401 million and ¥162,295 million ($1,459 million) for the six month periods ended September 30, 2002 and 2003, respectively.

Toyota generally warrants its products against certain manufacturing and other defects. Provisions for product warranties are provided for specific periods of time and/or usage of the product and vary depending upon the nature of the product, the geographic location of its sale and other factors. Toyota provides a provision for estimated product warranty costs at the time the related sale is recognized based on estimates that Toyota will incur to repair or replace product parts that fail while still under warranty. The amount of accrued estimated warranty costs is primarily based on historical experience as to product failures as well as current information on repair costs. The amount of warranty costs accrued also contains an estimate as to warranty claim recoveries from suppliers.

Research and development costs are expensed as incurred and were ¥292,400 million and ¥304,638 million ($2,738 million) for the six month periods ended September 30, 2002 and 2003, respectively.

Cash and cash equivalents -
Cash and cash equivalents include all highly liquid investments, generally with original maturities of three months or less, that are readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

Marketable securities -
Marketable securities consist of debt and equity securities. Debt and equity securities designated as available-for-sale are carried at fair value with changes in unrealized gains or losses included as a component of accumulated other comprehensive income/loss in shareholders' equity, net of applicable taxes. Should Toyota acquire securities in the future and designate them as held-to-maturity investments, such securities would be carried at amortized cost. Individual securities classified as either available-for-sale or held-to-maturity are reduced to net realizable value for other-than-temporary declines in market value. In determining if a decline in value is other-than-temporary, Toyota considers the length of time and the extent to which the fair value has been less than the carrying value, the financial condition and prospects of the company and Toyota's ability and intent to retain its investment in the company for a period of time sufficient to allow for any anticipated recovery in market value. Realized gains and losses, which are determined on the average cost method, are reflected in the statement of income upon realized.

Security investments in non-public companies -
Security investments in non-public companies are carried at cost as fair value is not readily determinable. If the value of a non-public security investment is estimated to have declined and such decline is judged to be other-than-temporary, Toyota recognizes the impairment of the investment and the carrying value is reduced to its fair value. Determination of impairment is based on the consideration of such factors as operating results, business plans and estimated future cash flows. Fair value is determined principally through the use of the latest financial information.

Finance receivables -
Finance receivables are recorded at the present value of the related future cash flows including residual values for finance leases.

Allowance for credit losses -
Allowances for credit losses are established to cover probable losses on receivables resulting from the inability of customers to make required payments. The allowance for credit losses is based primarily on historical loss experience. Other factors affecting collectibility are also evaluated in determining the amount to be provided.

Losses are charged to the allowance when it has been determined that payments will not be received and collateral cannot be recovered or the related collateral is repossessed and sold. Any shortfall between proceeds received and the carrying cost of repossessed collateral is charged to the allowance. Recoveries are credited to the allowance for credit losses.

Allowance for Residual Value Losses -
Toyota is exposed to risk of loss on the disposition of off-lease vehicles to the extent that sales

proceeds are not sufficient to cover the carrying value of the leased asset at lease termination. Toyota maintains an allowance to cover probable estimated losses related to unguaranteed residual values on its present owned portfolio. The allowance is evaluated considering projected vehicle return rates and projected loss severity. Factors considered in the determination of projected return rates and loss severity include historical and market information on used vehicle sales, trends in lease returns and new car markets, and general economic conditions. Management evaluates the foregoing factors, develops several potential loss scenarios, and reviews allowance levels to determine whether reserves are considered adequate to cover the probable range of losses.

The allowance for residual value losses is maintained in amounts considered Toyota to be appropriate in relation to the estimated losses on the present owned portfolio. Upon disposal of the assets, the allowance for residual losses is adjusted for the difference between the net book value and the proceeds from sale.

Inventories -
Inventories are valued at cost, not in excess of market, cost being determined on the "average cost" basis, except for the cost of finished products carried by certain subsidiary companies which is determined on the "specific identification" basis or "last in, first out" ("LIFO") basis. Inventories valued on the LIFO basis totaled ¥153,879 million and ¥169,351 million ($1,522 million) at March 31, 2003 and September 30, 2003, respectively. Had the "first in, first out" basis been used for those companies using the LIFO basis, inventories would have been ¥30,489 million and ¥19,136 million ($172 million) higher than reported at March 31, 2003 and September 30, 2003, respectively.

Property, plant and equipment -
Property, plant and equipment are stated at cost. Major renewals and improvements are capitalized; minor replacements, maintenance and repairs are charged to current operations. Depreciation of property, plant and equipment is mainly computed on the declining-balance method for the parent company and Japanese subsidiaries and on the straight-line method for foreign subsidiary companies at rates based on estimated useful lives of the assets according to general class, type of construction and use. Estimated useful lives range from 3 to 60 years for buildings and from 2 to 20 years for machinery and equipment.

Vehicles and equipment on operating leases to third parties are originated by dealers and acquired by certain consolidated subsidiaries. Such subsidiaries are also the lessors of certain property that they acquire directly. Vehicles and equipment on operating leases are depreciated primarily on a straight-line basis over the lease term, generally three years, to the estimated residual value.

Long-lived assets -
Toyota reviews its long-lived assets, including investments in affiliated companies, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when the carrying amount of an asset exceeds the estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition. The amount of the impairment loss to be recorded is calculated by the excess of the assets carrying value over its fair value. Fair value is determined mainly using a discounted cash flow valuation method.

Goodwill and intangible assets -
Goodwill is not material to Toyota's consolidated balance sheets.

Intangible assets consist mainly of software. Intangible assets with a definite life are amortized on a straight-line basis with estimated useful lives mainly of 5 years. Intangible assets with a definite life are tested for impairment whenever events or circumstances indicate that a carrying amount of an asset (asset group) may not be recoverable. An impairment loss would be recognized when the carrying amount of an asset exceeds the estimated undiscounted cash flows used in determining the fair value of the asset. The amount of the impairment loss to be recorded is calculated generally determined using a discounted cash flow analysis. Costs related to internally developed intangible assets are expensed as incurred.

Environmental matters -
Environmental expenditures relating to current operations are expensed or capitalized as appropriate. Expenditures relating to existing conditions caused by past operations, which do not contribute to current or future revenues, are expensed. Liabilities for remediation costs are recorded when they are probable and reasonably estimable, generally no later than the completion of feasibility studies or Toyota's commitment to a plan of action. The cost of each environmental liability is estimated by using current technology available and various engineering, financial and legal specialists within Toyota based on current law. Such liability does not reflect any offset for possible recoveries from insurance companies and is not discounted. There were no material changes in the liability for all periods presented.

Income taxes -
The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

Derivative financial instruments -
Toyota employs derivative financial instruments, including foreign exchange forward contracts, foreign currency options, interest rate swaps, interest rate currency swap agreements and interest rate options to manage its exposure to fluctuations in interest rates and foreign currency exchange rates. Toyota does not use derivatives for speculation or trading purposes. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and the type of hedge transaction. The ineffective portion of all hedges is recognized currently in earnings.

Net income per common share -
Basic net income per common share is calculated by dividing net income by the weighted-average number of shares outstanding during the reported period 3,595,184,689 and 3,419,900,609 for the six month periods ended September 30, 2002 and 2003, respectively. The calculation of diluted net income per common share is similar to the calculation of basic net income per common share, except that the weighted-average number of shares outstanding includes the additional dilution from assumed exercise of dilutive stock options. The weighted average numbers of shares outstanding used in diluted net income per common share calculation were 3,595,190,760 and 3,419,990,391 for

the six month periods ended September 30, 2002 and 2003, respectively.

Stock-based compensation -
Toyota measures compensation expense for its stock-based compensation plan using the intrinsic value method.

Other comprehensive income/loss -
Other comprehensive income/loss refers to revenues, expenses, gains and losses that, under accounting principles generally accepted in the United States of America are included in comprehensive income, but are excluded from net income as these amounts are recorded directly as an adjustment to shareholders' equity. Toyota's other comprehensive income/loss is primarily comprised of unrealized gains/losses on marketable securities designated as available-for-sale, foreign currency translation adjustments, gains/losses on derivative instruments and adjustments to recognize additional minimum liabilities associated with Toyota's defined benefit pension plans.

Accounting changes -
In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("FAS") No.143 *Accounting for Asset Retirement Obligations* ("FAS 143"). FAS 143 requires full recognition of asset retirement obligations on the balance sheet from the point in time at which a legal obligation exists. The obligation is required to be measured at fair value. The carrying value of the asset or assets to which the retirement obligation relates would be increased by an amount equal to the liability recognized. This amount would then be included in the depreciable base of the asset and charged to income over its life as depreciation. Toyota adopted FAS 143 on April 1, 2003. The adoption of FAS 143 did not have a material impact on Toyota's consolidated financial statements.

In April 2002, the FASB issued FAS No. 145, *Rescission of FAS No. 4, 44, and 64, Amendment of FAS 13, and Technical Corrections* ("FAS 145"). This statement makes various technical corrections to existing pronouncements including the classification of gain or loss on extinguishment of debt, sale-lease back accounting for certain lease modifications. Toyota adopted FAS 145 on April 1, 2003. The adoption of FAS 145 did not have a material impact on Toyota's consolidated financial statements.

In November 2002, FASB Emerging Issues Task Force ("EITF") reached consensus on EITF Issue No. 00-21, *Revenue Arrangements with Multiple Deliverables* ("EITF 00-21"). EITF 00-21 addresses certain aspects of the accounting by a vendor for arrangements under which it will perform multiple revenue-generating activities. Toyota applied this consensus for revenue arrangements entered into in the period begun July 1, 2003. The adoption of EITF 00-21 did not have a material impact on Toyota's consolidated financial statements.

In January 2003, the FASB issued FASB Interpretation ("FIN") No. 46, *Consolidation of Variable Interest Entities – an interpretation of ARB No. 51* ("FIN 46"). This interpretation provides guidance on identifying variable interest entities ("VIE") for which control is achieved through means other than voting rights and on how to determine when a company should consolidate the VIE. It is not limited to special purpose entities and will require more companies to consolidate entities with which they have contractual, ownership, or other pecuniary interests that absorb a portion of that entity's expected losses or receive a portion of the entity's residual returns. Toyota applied FIN 46 to VIEs created after January 31, 2003 and to VIEs in which Toyota obtained an interest after that date upon

its creation or obtaining an interest. However, the application of FIN 46 to these VIEs did not have a material impact on Toyota's consolidated financial statements. Toyota will apply FIN 46 on December 31, 2003 to VIEs existed at January 31, 2003. Toyota enters into securitization transactions with certain special-purpose entities. However, because securitization transactions are primarily with entities that are qualifying special-purpose entities ("QSPEs") under FAS No.140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities* ("FAS 140"), and because QSPEs are excluded from the scope of FIN 46, the implementation of FIN 46 relating to these securitization transactions is not expected to have a material impact on Toyota's consolidated financial statements. Toyota has invested in several joint ventures. These joint ventures may be deemed as variable interest entities, however, neither the aggregate size of these joint ventures nor Toyota's involvements in these entities are expected to be material to Toyota's consolidated financial statements.

In February 2003, EITF reached a consensus on EITF Issue No. 03-2, *Accounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund Liabilities* ("EITF 03-2"), which should be applied retroactively to April 1, 2002, the earliest date on which the separation process begun. EITF 03-2 provides a consensus that the entire process for the transfer of the substitutional portion of the benefit obligation and related plan assets to the Japanese government should be accounted for as a single settlement transaction upon completion of the transfer to the government. Under the consensus reached, the difference between the obligation settled, assuming the remeasurement at fair value immediately prior to the settlement, including the effects of the future salary increases previously accrued under the substitutional arrangement, and the assets transferred to the government, determined pursuant to the government formula, should be accounted for as settlement gain or loss at the time of the settlement. In accounting for the settlement of the substitutional portion of the obligation, a proportionate amount of the unrecognized gain or loss relating to the entire employee pension fund should also be recognized as a settlement gain or loss. Toyota has already begun the separation process by obtaining the approval from the Japanese government of exemption from the benefits related to future employee service under the substitutional portion. However, in accordance with EITF 03-2, no effect of this transaction has been recognized in the consolidated financial statements for the six month period ended September 30, 2003 as the transfer of the substitutional portion of the benefit obligation and related plan assets to the Japanese government has not been completed as at September 30, 2003.

In March 2003, EITF released Issue No. 02-9, *Accounting for Changes That Result in a Transferor Regaining Control of Financial Assets Sold* ("EITF 02-9"). EITF 02-9 relates to securitizations that have been accounted for as sales under FAS 140. In the event that one or more of the control rules are no longer met, the transferor would have to recognize those assets and the related liabilities on the consolidated balance sheet at the fair value. Toyota adopted EITF 02-9 prospectively to such events occurring after April 2, 2003. The adoption of EITF 02-9 did not have a material impact on Toyota's consolidated financial statements.

In April 2003, the FASB issued FAS No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities* ("FAS 149"). This statement amends and clarifies financial accounting and reporting for derivative instruments, including derivative instruments embedded in other contracts and for hedging activities under FAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* ("FAS 133"). Toyota applied FAS 149 (1) to contracts entered into or modified after June 30, 2003, with certain exceptions, and (2) to hedging relationships designated after June 30, 2003.

The adoption of FAS 149 did not have a material impact on Toyota's consolidated financial statements.

In May 2003, the FASB issued FAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity* ("FAS 150"). This Statement improves the accounting for certain financial instruments that, under previous guidance, issuers could account for as equity. FAS 150 requires that those instruments be classified as liabilities in the balance sheets. Toyota applied FAS 150 to financial instruments entered into or modified after May 31, 2003, and otherwise in the fiscal period started July 1, 2003. The adoption of FAS 150 did not have a material impact on Toyota's consolidated financial statements.

In May 2003, the EITF reached consensus on EITF 01-8, *Determining Whether an Arrangement Contains a Lease*. EITF 01-8 clarifies the method to identify lease elements in arrangements that do not explicitly include lease provisions, and requires any lease element identified should be accounted for by current accounting literatures prescribing leases. Toyota applied the provisions of the EITF in the fiscal period begun July 1, 2003. The adoption of EITF 01-8 did not have a significant impact on the Toyota's consolidated financial statements.

Recent pronouncements to be adopted in future periods -
In May 2003, EITF announced EITF Topic No. D-107, *Lessor Consideration of Third-Party Residual Value Guarantees*. EITF Topic No. D-107 has clarified that some of the accounting practices by lessors regarding residual value guarantees issued by an unrelated third party for a portfolio of leased assets for which settlement is not solely based upon the residual value of the individual leased assets. Under this EITF, residual value guarantees of a portfolio of leased assets preclude a lessor from determining the amount of the guaranteed residual value of any individual leased asset within the portfolio at lease inception and, accordingly, no such amounts should be included in minimum lease payments. Toyota will apply this provision for the fiscal period starting January 1, 2004. Management does not expect this provision to have a material impact on Toyota's consolidated financial statements.

Reclassifications -
Certain prior year amounts have been reclassified to conform to the presentation of the six month period ended September 30, 2003.

4. U.S. dollar amounts:

U.S. dollar amounts presented in the semi-annual condensed consolidated financial statements and related notes are included solely for the convenience of the reader. These translations should not be construed as representations that the yen amounts actually represent, or have been or could be converted into, U.S. dollars. For this purpose, the rate of ¥111.25 = U.S. $1, the approximate current exchange rate at September 30, 2003, was used for the translation of the accompanying consolidated financial amounts of Toyota as of and for the six month period ended September 30, 2003.

5. Marketable securities and other securities investments:

Marketable securities and other securities investments include debt and equity securities for which the aggregate cost, gross unrealized gains and losses and fair value are as follows:

	Yen in millions			
	March 31, 2003			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale				
Debt securities	¥1,591,393	¥ 26,535	¥ 2,525	¥ 1,615,403
Equity securities	476,870	53,534	42,770	487,634
Total	¥2,068,263	¥ 80,069	¥ 45,295	¥ 2,103,037
Securities not practicable to fair value				
Debt securities	¥ 53,052			
Equity securities	101,504			
Total	¥ 154,556			

	Yen in millions			
	September 30, 2003			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale				
Debt securities	**¥ 1,981,094**	**¥ 17,857**	**¥ 4,010**	**¥ 1,994,941**
Equity securities	**577,227**	**353,383**	**10,422**	**920,188**
Total	**¥ 2,588,321**	**¥ 371,240**	**¥ 14,432**	**¥ 2,915,129**
Securities not practicable to fair value				
Debt securities	**¥ 51,734**			
Equity securities	**90,681**			
Total	**¥ 142,415**			

	U.S. dollars in millions			
	September 30, 2003			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale				
Debt securities	**$ 17,808**	**$ 160**	**$ 36**	**$ 17,932**
Equity securities	**5,188**	**3,177**	**93**	**8,272**
Total	**$ 22,996**	**$ 3,337**	**$ 129**	**$ 26,204**
Securities not practicable to fair value				
Debt securities	**$ 465**			
Equity securities	**815**			
Total	**$ 1,280**			

In the ordinary course of business, Toyota maintains long-term investment securities, included in "Marketable securities and other securities investments", issued by a number of non-public companies which are recorded at cost, as their fair values were not readily determinable. Toyota's management employs a systematic methodology to assess the recoverability of such investments by reviewing the financial viability of the underlying companies and the prevailing market conditions in which these companies operate to determine if Toyota's investment in each individual company is impaired and whether the impairment is other-than-temporary. If the impairment is determined to be other-than-temporary, the cost of the investment is written-down by the impaired amount and the losses are recognized currently in earnings.

6. Vehicles and equipment on operating leases:

Vehicles and equipment on operating leases consist of the following:	*Yen in millions*		*U.S. dollars in millions*
	March 31, 2003	**September 30, 2003**	**September 30, 2003**
Vehicles	¥1,480,556	**¥ 1,439,962**	**$ 12,944**
Equipment and other	120,504	**116,075**	**1,043**
	1,601,060	**1,556,037**	**13,987**
Less - Accumulated depreciation	(397,289)	**(397,650)**	**(3,574)**
Vehicles and equipment on operating leases, net	¥1,203,771	**¥ 1,158,387**	**$ 10,413**

Rental income from vehicles and equipment on operating leases was ¥ 149,591 million ($ 1,345 million) for the six month period ended September 30, 2003. Future minimum rentals from vehicles and equipment on operating leases are due in installments as follows:

Years ending September 30:	Yen in millions	U.S. dollars in millions
2004	¥ 276,546	$ 2,486
2005	187,976	1,690
2006	96,863	871
2007	28,039	252
2008	7,474	67

The future minimum rentals as shown above should not be considered indicative of future cash collections.

7. Lease commitments:

Toyota leases certain assets under capital lease and operating lease arrangements.

An analysis of leased assets under capital leases is as follows:

Class of property	Yen in millions March 31, 2003	Yen in millions **September 30, 2003**	U.S. dollars in millions **September 30, 2003**
Building	¥ 11,059	**¥ 11,006**	**$ 99**
Machinery and equipment	155,197	**157,121**	**1,412**
Less - Accumulated depreciation	(106,633)	**(111,487)**	**(1,002)**
	¥ 59,623	**¥ 56,640**	**$ 509**

Amortization expenses under capital leases for the six month periods ended September 30, 2002 and 2003 were ¥6,926 million and ¥9,116 million ($82 million), respectively.

Future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of September 30, 2003 are as follows:

Years ending September 30:	Yen in millions	U.S. dollars in millions
2004	¥ 16,817	**$ 151**
2005	14,085	**127**
2006	13,922	**125**
2007	14,936	**135**
2008	5,368	**48**
Thereafter	24,385	**219**
Total minimum lease payments	89,513	**805**
Less - Amount representing interest	(10,744)	**(97)**
Present value of net minimum lease payments	78,769	**708**
Less - Current obligations	(14,316)	**(129)**
Long-term capital lease obligations	¥ 64,453	**$ 579**

Rental expenses under operating leases for the six month periods ended September 30, 2002 and 2003 were ¥39,703 million and ¥40,679 million ($366 million), respectively.
The minimum rental payments required under operating leases relating primarily to land, buildings and equipment having initial or remaining non-cancelable lease terms in excess of one year at September 30, 2003 are as follows:

Years ending September 30:	*Yen in millions*	*U.S. dollars in millions*
2004	¥ 8,072	**$ 72**
2005	7,186	**65**
2006	5,185	**47**
2007	3,670	**33**
2008	2,703	**24**
Thereafter	12,192	**110**
Total minimum future rentals	¥ 39,008	**$ 351**

8. Derivative financial instruments:

Toyota employs derivative financial instruments, including foreign exchange forward contracts, foreign currency options, interest rate swaps and interest rate currency swap agreements to manage its exposure to fluctuations in interest rates and foreign currency exchange rates. Toyota does not use derivatives for speculation or trading.

Fair value hedges -
Toyota enters into interest rate swaps, and interest rate currency swap agreements mainly to convert its fixed-rate debt to variable-rate debt. Toyota uses interest rate swap agreements in managing its exposure to interest rate fluctuations. Interest rate swap agreements are executed as either an integral part of specific debt transactions or on a portfolio basis. Toyota uses interest rate currency swap agreements to entirely hedge exposure to exchange rate fluctuations on principal and interest payments for borrowings denominated in foreign currencies. Notes and loans payable issued in foreign currencies are hedged by concurrently executing interest rate currency swap agreements which involve the exchange of foreign currency principal and interest obligations for each functional currency obligations at agreed-upon currency exchange and interest rates.

For the six month periods ended September 30, 2002 and 2003, Toyota reported gains of ¥6,400 million, and ¥2,007 million ($18 million), respectively, related to the ineffective portion of Toyota's fair value hedges which is included in cost of financing operations in the accompanying consolidated statements of income. For fair value hedging relationships, the components of each derivative's gain or loss are included in the assessment of hedge effectiveness.

Cash flow hedges -
Toyota enters into interest rate swaps, and interest rate currency swap agreements to manage its exposure to interest rate risk, and foreign currency exchange risk mainly associated with funding in currencies in which it operates.
Interest rate swap agreements are used in managing Toyota's exposure to the variability of interest

payments due to the changes in interest rates arising principally in variable-rate debts issued by Toyota. Interest rate swap agreements, which are designated as, and qualify as cash flow hedges are executed as an integral part of specific debt transactions and the critical terms of the interest rate swaps and the hedged debt transactions are the same. Toyota uses interest rate currency swap agreements to manage the foreign-currency exposure to variability in functional-currency-equivalent cash flows principally from debts or borrowings denominated in currencies other than functional currencies.

Net derivative gains and losses included in other comprehensive income are reclassified into earnings at the time that the associated hedged transactions impact the income statement. For the six month period ended September 30, 2002, net derivative losses of ¥790 million was reclassified to foreign exchange gain, net in the accompanying consolidated statements of income. These net gains and losses were offset by net losses and gains from transactions being hedged. The components of each derivative's gain and loss are included in the assessment of hedge effectiveness, and no hedge ineffectiveness was reported because all critical terms of derivative financial instruments designated as, and qualify as, cash flow hedging instruments are same as those of hedged debt transactions. Toyota does not expect to reclassify any gains or losses included in other comprehensive income as at September 30, 2003, into earnings in next twelve months because no derivative instruments designated as, and qualify as, cash flow hedges as of the date.

Undesignated derivative financial instruments -
Toyota uses foreign exchange forward contracts, foreign currency options, interest rate swaps, interest rate currency swap agreements, and interest rate options, which manage its exposure to foreign currency exchange fluctuation and interest rate fluctuation from an economic perspective, and which Toyota is unable or has elected not to apply hedge accounting. Unrealized gains or losses on these derivative instruments are reported in cost of financing operations and foreign exchange gain, net in the accompanying consolidated statements of income.

9. Other commitments and contingencies, concentrations and factors that may affect future operations:

Commitments outstanding at September 30, 2003 for the purchase of property, plant and equipment and other assets are ¥78,372 million ($704 million).

Toyota enters into contracts with Toyota dealers to guarantee customers' payment of their installment payables that arises from installment contracts between customers and Toyota dealers, as and when requested by Toyota dealers. Guarantee periods are set to match maturity of installment payments, and range from 1 month to 105 months at September 30, 2003, however, they are generally shorter than the useful lives of products sold. Toyota is required to execute its guarantee primarily when customers are unable to make required payments. The maximum potential amount of future payments as of September 30, 2003 is ¥907,069 million ($8,153 million). Liability for guarantee of ¥4,295 million ($39 million) has been provided as of September 30, 2003. Under these guarantee contracts, Toyota is entitled to recover its payments from customers either by cash or through vehicles foreclosed.

In February 2003, Toyota, General Motors, Ford, DaimlerChrysler, Honda, Nissan and BMW and their U.S. and Canadian sales and marketing subsidiaries, the National Automobile Dealers Association and the Canadian Automobile Dealers Association were named as defendants in purported

nationwide class actions on behalf of all purchasers of new motor vehicles in the United States since January 1, 2001. These actions were filed in federal courts in California, Illinois, New York, Massachusetts, Florida, New Jersey and Pennsylvania. Additionally, parallel class actions were filed in state courts in California, Minnesota, New Mexico, New York, Tennessee, Wisconsin, Arizona, Florida, Massachusetts, Iowa, and New Jersey on behalf of the same purchasers in those states. As of November 30, 2003, approximately 10 such cases were pending before the various federal and state courts (The cases in the federal courts, and the state courts in California and New Jersey have been consolidated respectively). The nearly identical complaints allege that the defendants violated the Sherman Antitrust Act by conspiring among themselves and with their dealers to prevent the sale to United States citizens of vehicles produced for the Canadian market. The complaints allege that new vehicle prices in Canada are 10% to 30% lower than those in the United States and that preventing the sale of these vehicles to United States citizens resulted in United States consumers paying excessive prices for the same type of vehicles. The complaints seek permanent injunctions against the alleged antitrust violations and treble damages in an unspecified amount. The cases are at a preliminary stage; as of November 30, 2003, no defendant has yet answered the complaints and there has been no decision on the certification of the alleged cases. Toyota believes that its actions have been lawful and intends to vigorously defend these cases.

Toyota has various other legal actions, governmental proceedings and other claims pending against it, including product liability claims in the United States. Although the claimants in some of these actions seek potentially substantial damages, Toyota cannot currently determine its potential liability or the damages, if any, with respect to these claims. However, based upon information currently available to Toyota, Toyota believes that its losses from these matters, if any, would not have a material adverse effect on Toyota's financial position, operating results or cash flows.

In September 2000, the European Union approved a directive that mandates member states to promulgate regulations implementing, by April 21, 2002, the following requirements: (1) manufacturers shall bear all or a significant part of the cost for taking back end-of-life vehicles put on the market after July 1, 2002 and dismantling and recycling those vehicles; provided however, that beginning January 1, 2007, manufacturers will also be financially responsible for vehicles put on the market before July 1, 2002; (2) manufacturers may not use certain hazardous materials in vehicles to be sold after July 2003; (3) vehicle types approved and put on the market after three years after the amendment of Directive on Type-approval shall be re-usable and/or recyclable to a minimum of 85% by weight per vehicle and shall be re-usable and/or recoverable to a minimum of 95% by weight per vehicle; and (4) end-of-life vehicles must meet actual re-use and recovery targets of 80% and 85%, respectively, of vehicle weight by January 1, 2006, rising respectively to 85% and 95% by January 1, 2015. Currently, there are numerous uncertainties surrounding the form and implementation of the applicable regulations in different European Union member states, including, in particular, regarding manufacturer responsibilities and resulting expenses that may be incurred. As of November 30, 2003, the following 10 member states have adopted legislation to implement the directive: The Netherlands, Germany, Austria, Spain, Luxembourg, Italy, Portugal, France, United Kingdom and Ireland. In addition, Sweden, Norway and Denmark have adopted legislation similar to the directive and Belgium has adopted legislation that partially implements the directive. Despite the requirement to enact legislation to implement the directive by April 21, 2002, implementation of the directive has been delayed in some countries. In addition, under this directive, member states must take measures to ensure that car manufacturers, distributors and other auto-related businesses establish adequate used vehicle disposal facilities and to ensure that hazardous materials and recyclable parts

are removed from vehicles prior to scrapping. Accordingly, this directive may impact Toyota's vehicles sold in the European Union. Based on the legislation that has been enacted to date, Toyota has provided for its estimated liability related to covered vehicles in existence as of September 30, 2003. Depending on the legislation implemented in the 2 member states that have not yet enacted legislation and other circumstances, Toyota may be required to take additional accruals for the expected costs to comply with these regulations. Although Toyota does not expect its compliance with the directive to result in significant cash expenditures, Toyota is continuing to assess the impact of this future legislation on its results of operations, cash flows and financial position.

Toyota has a concentration of material purchases from a supplier which is an affiliated company. These purchases approximate 10% of material costs.

The parent company has a concentration of labor supply in employees working under collective bargaining agreements and a substantial portion of these employees are working under the agreement that will expire on December 31, 2005.

10. Segment data:

The operating segments reported below are the segments of Toyota for which separate financial information is available and for which operating income/loss amounts are evaluated regularly by executive management in deciding how to allocate resources and in assessing performance.
The major portions of Toyota's operations on a worldwide basis are derived from the Automotive and Financial Services business segments. The Automotive segment designs, manufactures, assembles and distributes passenger cars, sport-utility vehicles, minivans, trucks and related parts and accessories. The Financial Services segment consists primarily of financing operations, and vehicle and equipment leasing operations to assist in the merchandising of Toyota's products as well as other products. The All Other segment includes Toyota's housing business and various other business activities.

The following tables present certain information regarding Toyota's industry segments and operations by geographic areas as of March 31, 2003 and September 30, 2003 and for the six month periods ended September 30, 2002 and 2003:

Information about segment profit and assets -

As of March 31, 2003 and for the six month period ended September 30, 2002:

	Yen in millions				
	Automotive	Financial Services	All Other	Intersegment Elimination/ Unallocated Amount	Consolidated Total
Revenues from external customers	¥ 7,038,387	¥ 342,377	¥ 232,658	¥ ——	¥ 7,613,422
Intersegment revenues	3,164	8,428	128,071	(139,663)	——
Total	7,041,551	350,805	360,729	(139,663)	7,613,422
Depreciation	328,501	96,929	9,565	——	434,995
Operating income	685,921	3,805	(1,202)	(3,501)	685,023
Segment assets*	9,392,749	7,392,486	722,604	2,645,135	20,152,974
Investment in equity method investees*	1,054,234	161,820	——	56,493	1,272,547
Capital expenditures for segment assets	476,256	263,888	14,586	53,972	808,702

** Representing figures as of March 31, 2003*

As of and for the six month period ended September 30, 2003:

	Yen in millions				
	Automotive	Financial Services	All Other	Intersegmet Elimination/ Unallocated Amount	Consolidated Total
Revenues from external customers	¥ 7,584,310	¥ 362,460	¥ 277,471	¥ ——	¥ 8,224,241
Intersegment revenues	6,126	9,000	126,208	(141,334)	——
Total	7,590,436	371,460	403,679	(141,334)	8,224,241
Depreciation	368,242	97,493	10,203	——	475,938
Operating income	702,634	61,681	6,047	(2,593)	767,769
Segment assets	9,689,020	7,560,742	831,670	2,695,688	20,777,120
Investment in equity method investees	993,789	181,226	——	64,171	1,239,186
Capital expenditures for segment assets	459,390	238,155	20,371	26,060	743,976

	U.S. dollars in millions				
	Automotive	Financial Services	All Other	Intersegmet Elimination/ Unallocated Amount	Consolidated Total
Revenues from external customers	$ 68,174	$ 3,258	$ 2,494	$ ——	$ 73,926
Intersegment revenues	55	81	1,135	(1,271)	——
Total	68,229	3,339	3,629	(1,271)	73,926
Depreciation	3,310	876	92	——	4,278
Operating income	6,316	554	54	(23)	6,901
Segment assets	87,092	67,962	7,476	24,231	186,761
Investment in equity method investees	8,933	1,629	——	577	11,139
Capital expenditures for segment assets	4,129	2,141	183	234	6,687

Geographic Information - *Revenues for the six month periods ended September 30:*	*Yen in millions*		*U.S. dollars in millions*
	2002	**2003**	**2003**
Japan			
External customers	¥ 3,131,544	**¥ 3,325,570**	**$ 29,893**
Intersegment	2,060,909	**2,171,720**	**19,521**
Total	5,192,453	**5,497,290**	**49,414**
North America			
External customers	3,069,254	**2,896,155**	**26,033**
Intersegment	127,292	**117,912**	**1,060**
Total	3,196,546	**3,014,067**	**27,093**
Europe			
External customers	713,832	**977,630**	**8,788**
Intersegment	32,043	**54,645**	**491**
Total	745,875	**1,032,275**	**9,279**
Other foreign countries			
External customers	698,792	**1,024,886**	**9,212**
Intersegment	42,654	**77,931**	**701**
Total	741,446	**1,102,817**	**9,913**
Elimination of intersegment revenue	(2,262,898)	**(2,422,208)**	**(21,773)**
Consolidated total	¥ 7,613,422	**¥ 8,224,241**	**$ 73,926**

Operating income (loss) for the six month periods ended September 30:	*Yen in millions*		*U.S. dollars in millions*
	2002	**2003**	**2003**
Japan	¥ 479,783	**¥ 529,742**	**$ 4,762**
North America	181,793	**163,616**	**1,470**
Europe	5,083	**22,474**	**202**
Other foreign countries	21,955	**53,293**	**479**
Elimination of intersegment profits	(3,591)	**(1,356)**	**(12)**
Consolidated total	¥ 685,023	**¥ 767,769**	**$ 6,901**

Total assets as of March 31 and September 30, 2003:	*Yen in millions*		*U.S. dollars in millions*
	March 31	**September 30**	**September 30**
Japan	¥ 9,272,330	**¥ 9,796,611**	**$ 88,059**
North America	6,217,941	**6,037,536**	**54,270**
Europe	1,516,360	**1,616,800**	**14,533**
Other foreign countries	1,072,887	**1,309,265**	**11,769**
Unallocated amount	2,073,456	**2,016,908**	**18,130**
Consolidated total	¥ 20,152,974	**¥ 20,777,120**	**$ 186,761**

Long-lived assets as of March 31 and September 30, 2003:	*Yen in millions*		*U.S. dollars in millions*
	March 31	**September 30**	**September 30**
Japan	¥ 2,732,654	**¥ 3,016,108**	**$ 27,111**
North America	1,778,892	**1,633,045**	**14,679**
Europe	410,389	**424,368**	**3,814**
Other foreign countries	281,944	**327,039**	**2,940**
Consolidated total	¥ 5,203,879	**¥ 5,400,560**	**$ 48,544**

Revenues are attributed to geographies based on the country location of the parent company or the subsidiary that transacted the sale with the external customer.

There are no any individually material countries with respect to revenues and long-lived assets included in other foreign countries.

Transfers between industry or geographic segments are made at amounts which Toyota's management believes arm's-length prices. In measuring the reportable segments' income or losses, operating income consists of sales and operating revenue less costs and operating expenses. Unallocated assets consist primarily of cash and cash equivalents and marketable securities maintained for general corporate purposes.

The following information shows revenues that are attributed to countries based on location of customers for the six month periods ended September 30, 2002 and 2003. In addition to the disclosure requirements under FAS No. 131, Toyota discloses this supplemental information in order to provide the Japanese readers with valuable information.

	Yen in millions		*U.S. dollars in millions*
	2002	**2003**	**2003**
North America	¥ 3,194,639	**¥ 3,013,321**	**$ 27,086**
Europe	717,015	**944,563**	**8,491**
Other foreign countries	1,274,020	**1,601,666**	**14,397**

Certain financial statement data on non-financial services business and financial services business-Toyota is preparing certain financial statement data relating to the segmentation of Toyota's non-financial services and financial services businesses. This financial statement data includes balance sheets at March 31, 2003 and September 30, 2003, and statements of income for the six month periods ended September 30, 2002 and 2003.

	Yen in millions		*U.S. dollars in millions*
Balance sheets	March 31, 2003	**September 30, 2003**	**September 30, 2003**
Non-Financial Services Business			
Current assets:			
Cash and cash equivalents	¥ 1,437,731	**¥ 1,119,422**	**$ 10,062**
Time deposits	29,213	**17,014**	**153**
Marketable securities	602,634	**780,942**	**7,020**
Trade accounts and notes receivable, less allowance for doubtful accounts	1,496,432	**1,318,935**	**11,856**
Finance receivables, net	14,296	**14,678**	**132**
Inventories	1,025,838	**1,059,824**	**9,526**
Prepaid expenses and other current assets	1,383,264	**1,495,026**	**13,438**
Total current assets	5,989,408	**5,805,841**	**52,187**
Noncurrent finance receivables, net	14,463	**13,319**	**120**
Investments and other assets	3,423,676	**3,915,763**	**35,198**
Property, plant and equipment	4,100,077	**4,383,157**	**39,399**
Total Non-Financial Services Business assets	13,527,624	**14,118,080**	**126,904**
Financial Services Business			
Current assets:			
Cash and cash equivalents	154,297	**123,789**	**1,113**
Time deposits	26,193	**26,072**	**234**
Marketable securities	2,849	**6,773**	**61**
Finance receivables, net	2,490,844	**2,227,549**	**20,023**
Prepaid expenses and other current assets	545,701	**600,411**	**5,397**
Total current assets	3,219,884	**2,984,594**	**26,828**
Noncurrent finance receivables, net	2,555,345	**3,013,295**	**27,086**
Investments and other assets	513,455	**545,450**	**4,903**
Property, plant and equipment	1,103,802	**1,017,403**	**9,145**
Total Financial Services Business assets	7,392,486	**7,560,742**	**67,962**
Elimination of assets	(767,136)	**(901,702)**	**(8,105)**
Total asset	¥ 20,152,974	**¥ 20,777,120**	**$ 186,761**

	Yen in millions		U.S. dollars in millions
	March 31, 2003	**September 30, 2003**	**September 30, 2003**
Non-Financial Services Business			
Current liabilities:			
Short-term borrowings	¥ 784,501	**¥ 822,072**	**$ 7,390**
Current portion of long-term debt	134,636	**69,438**	**624**
Accounts payable	1,520,160	**1,552,185**	**13,952**
Accrued expenses	1,019,241	**1,008,779**	**9,068**
Income taxes payable	293,756	**260,128**	**2,338**
Other current liabilities	893,723	**914,782**	**8,223**
Total current liabilities	4,646,017	**4,627,384**	**41,595**
Long-term liabilities:			
Long-term debt	789,509	**774,022**	**6,957**
Accrued pension and severance costs	1,051,500	**1,111,749**	**9,993**
Other long-term liabilities	222,405	**269,617**	**2,424**
Total long-term liabilities	2,063,414	**2,155,388**	**19,374**
Total Non-Financial Services Business liabilities	6,709,431	**6,782,772**	**60,969**
Financial Services Business			
Current liabilities:			
Short-term borrowings	1,542,514	**1,783,862**	**16,035**
Current portion of long-term debt	1,200,900	**1,129,859**	**10,156**
Accounts payable	11,893	**12,083**	**109**
Accrued expenses	51,388	**49,302**	**443**
Income taxes payable	6,962	**7,116**	**64**
Other current liabilities	177,115	**170,337**	**1,531**
Total current liabilities	2,990,772	**3,152,559**	**28,338**
Long-term liabilities:			
Long-term debt	3,532,811	**3,531,045**	**31,739**
Accrued pension and severance costs	1,187	**1,151**	**11**
Other long-term liabilities	249,952	**211,926**	**1,905**
Total long-term liabilities	3,783,950	**3,744,122**	**33,655**
Total Financial Services Business liabilities	6,774,722	**6,896,681**	**61,993**
Elimination of liabilities	(767,645)	**(902,340)**	**(8,111)**
Minority interest in consolidated subsidiaries	315,466	**427,533**	**3,843**
Shareholders' equity	7,121,000	**7,572,474**	**68,067**
Total liabilities and shareholders' equity	¥20,152,974	**¥20,777,120**	**$ 186,761**

Statements of income	Yen in millions		U.S. dollars in millions
	For the six month periods ended September 30,		For the six month period ended September 30,
	2002	**2003**	**2003**
Non- Financial Services Business			
Net revenues	¥ 7,269,669	**¥ 7,867,021**	**$ 70,715**
Costs and expenses:			
Cost of revenues	5,792,839	**6,275,627**	**56,410**
Selling, general and administrative	790,455	**880,774**	**7,917**
Total costs and expenses	6,583,294	**7,156,401**	**64,327**
Operating income	686,375	**710,620**	**6,388**
Other income, net	30,377	**44,272**	**398**
Income before income taxes, minority interest and equity in earnings of affiliated companies	716,752	**754,892**	**6,786**
Provision for income taxes	300,891	**285,959**	**2,571**
Income before minority interest and equity in earnings of affiliated companies	415,861	**468,933**	**4,215**
Minority interest in consolidated subsidiaries	(9,002)	**(18,150)**	**(163)**
Equity in earnings of affiliated companies	16,942	**37,413**	**336**
Net income- Non- Financial Services Business	423,801	**488,196**	**4,388**
Financial Services Business			
Net revenues	350,805	**371,460**	**3,339**
Costs and expenses:			
Cost of revenues	228,771	**192,157**	**1,727**
Selling, general and administrative	118,229	**117,622**	**1,058**
Total costs and expenses	347,000	**309,779**	**2,785**
Operating income	3,805	**61,681**	**554**
Other expenses, net	(5,490)	**(4,689)**	**(42)**
Income (losses) before income taxes, minority interest and equity in earnings of affiliated companies	(1,685)	**56,992**	**512**
Provision for income taxes	(3,725)	**23,840**	**214**
Income before minority interest and equity in earnings of affiliated companies	2,040	**33,152**	**298**
Minority interest in consolidated subsidiaries	(538)	**(465)**	**(4)**
Equity in earnings of affiliated companies	845	**3,580**	**32**
Net income- Financial Services Business	2,347	**36,267**	**326**
Elimination of net income	(348)	**(3)**	**(0)**
Net income	¥ 425,800	**¥ 524,460**	**$ 4,714**

Statement of cash flows	Yen in millions		U.S. dollars in millions
	For the six month periods ended September 30,		For the six month period ended September 30,
	2002	**2003**	**2003**
Non-Financial Services Business			
Cash flows from operating activities			
Net income	¥ 423,801	**¥ 488,196**	**$ 4,388**
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	338,066	**378,445**	**3,402**
Pension and severance costs, less payments	30,154	**34,000**	**306**
Loss on disposal of fixed assets	23,740	**18,423**	**166**
Unrealized losses on available-for-sale securities, net	23,853	**2,697**	**24**
Deferred income taxes	(35,867)	**6,831**	**61**
Minority interest in consolidated subsidiaries	9,002	**18,150**	**163**
Equity in earnings of affiliated companies	(16,942)	**(37,413)**	**(336)**
Changes in operating assets and liabilities	96,578	**21,737**	**195**
Other	113,912	**(66,198)**	**(595)**
Net cash provided by operating activities	1,006,297	**864,868**	**7,774**
Cash flows from investing activities			
Additions to fixed assets excluding equipment leased to others	(493,827)	**(433,924)**	**(3,901)**
Additions to equipment leased to others	(50,987)	**(71,897)**	**(646)**
Proceeds from sales of fixed assets excluding equipment leased to others	25,435	**25,888**	**233**
Proceeds from sales of equipment leased to others	19,579	**24,840**	**223**
Purchases of marketable securities and security investments	(427,791)	**(968,766)**	**(8,708)**
Proceeds from sales of and maturity of marketable securities and security investments	463,882	**582,102**	**5,233**
(Increase) decrease in time deposits	(173)	**15,856**	**143**
(Increase) decrease in investments and other assets	39,225	**(15,431)**	**(139)**
Payments for additional investments in affiliated companies, net of cash acquired	(16,016)	**(18,876)**	**(170)**
Other	8,259	**(3,595)**	**(32)**
Net cash used in investing activities	(432,414)	**(863,803)**	**(7,764)**
Cash flows from financing activities			
Purchases of common stock	(142,090)	**(120,229)**	**(1,081)**
Proceeds from issuance of long-term debt	164,337	**32,088**	**288**
Payments of long-term debt	(168,142)	**(111,290)**	**(1,000)**
Decrease in short-term borrowings	(57,167)	**(4,387)**	**(39)**
Dividends paid	(54,108)	**(69,782)**	**(627)**
Other	—	**(15,000)**	**(135)**
Net cash used in financing activities	(257,170)	**(288,600)**	**(2,594)**
Effect of exchange rate changes on cash and cash equivalents	(32,255)	**(30,774)**	**(277)**
Net increase (decrease) in cash and cash equivalents	284,458	**(318,309)**	**(2,861)**
Cash and cash equivalents at beginning of period	1,510,974	**1,437,731**	**12,923**
Cash and cash equivalents at end of period	¥ 1,795,432	**¥ 1,119,422**	**$ 10,062**

	Yen in millions		U.S. dollars in millions
	For the six month periods ended September 30,		For the six month period ended September 30,
	2002	**2003**	**2003**
Financial Services Business			
Cash flows from operating activities			
Net income	¥ 2,347	**¥ 36,267**	**$ 326**
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	96,929	**97,493**	**876**
Deferred income taxes	12,046	**15,033**	**135**
Minority interest in consolidated subsidiaries	538	**465**	**4**
Equity in earnings of affiliated companies	(845)	**(3,580)**	**(32)**
Changes in operating assets and liabilities	(79,197)	**(43,735)**	**(393)**
Other	9,806	**44,259**	**398**
Net cash provided by operating activities	41,624	**146,202**	**1,314**
Cash flows from investing activities			
Additions to finance receivables	(2,474,800)	**(4,182,349)**	**(37,594)**
Collection of and proceeds from sales of finance receivables	1,938,368	**3,727,776**	**33,508**
Additions to fixed assets excluding equipment leased to others	(25,281)	**(11,598)**	**(104)**
Additions to equipment leased to others	(238,607)	**(226,557)**	**(2,037)**
Proceeds from sales of fixed assets excluding equipment leased to others	6,171	**5,346**	**48**
Proceeds from sales of equipment leased to others	106,340	**108,233**	**973**
Purchases of marketable securities and security investments	(93,573)	**(169,097)**	**(1,520)**
Proceeds from sales of and maturity of marketable securities and security investments	105,964	**123,512**	**1,110**
Increase in time deposits	(11,912)	**(11)**	**(0)**
Other	5,874	**(19,270)**	**(173)**
Net cash used in investing activities	(681,456)	**(644,015)**	**(5,789)**
Cash flows from financing activities			
Proceeds from issuance of long-term debt	750,810	**706,040**	**6,346**
Payments of long-term debt	(402,905)	**(546,392)**	**(4,911)**
Increase in short-term borrowings	228,740	**299,919**	**2,696**
Other	—	**15,000**	**135**
Net cash provided by financing activities	576,645	**474,567**	**4,266**
Effect of exchange rate changes on cash and cash equivalents	(8,278)	**(7,262)**	**(65)**
Net decrease in cash and cash equivalents	(71,465)	**(30,508)**	**(274)**
Cash and cash equivalents at beginning of period	146,186	**154,297**	**1,387**
Cash and cash equivalents at end of period	¥ 74,721	**¥ 123,789**	**$ 1,113**
(Consolidated)			
Effect of exchange rate changes on cash and cash equivalents	¥ (40,533)	**¥ (38,036)**	**$ (342)**
Net increase (decrease) in cash and cash equivalents	212,993	**(348,817)**	**(3,135)**
Cash and cash equivalents at beginning of period	1,657,160	**1,592,028**	**14,310**
Cash and cash equivalents at end of period	¥ 1,870,153	**¥ 1,243,211**	**$ 11,175**

11. Per share information

The following table shows net assets per common share as of March 31 and September 30, 2003.

	Yen		*U.S. dollars*
	March 31, 2003	**September 30, 2003**	**September 30, 2003**
Net assets per common share	2,063.43	**2,228.52**	**20.03**

12. Subsequent events

On September 1, 2003, the employee pension fund of the parent company received an approval from the Minister of Health, Labor and Welfare for transition to the corporate defined benefit pension plan. On December 22, 2003, as required by the article 112-5 of the Defined Benefit Enterprise Pension Plan Law, the parent company contributed ¥115,294 million ($1,036 million) in cash, equivalent to the difference between the minimum funding amount required by the Law and the amount of net assets of the employee pension fund as at its dissolution.
This contribution did not have any impact on Toyota's consolidated income statement.

At the meeting on November 5, 2003, the Board of Directors of the parent company approved to repurchase treasury stock from the market, based on the resolution of the Ordinary Shareholders' Meeting held on June 26, 2003, in order to improve its capital efficiency and implement its capital policy flexibly in response to the business environment.
During the repurchasing periods, which were November 27, 2003 and from December 2, 2003 to December 15, 2003, the parent company repurchased 40,000 thousand shares of its common stock amounting to ¥132, 203 million.

Directors and Auditors

(as of September 30, 2003)

Board of Directors

Chairman of the Board
Hiroshi Okuda

Vice Chairman
Iwao Isomura
Kosuke Ikebuchi

President
Fujio Cho

Executive Vice Presidents
Akihiko Saito
Ryuji Araki
Yoshio Ishizaka
Kosuke Shiramizu
Katsuaki Watanabe
Kazushi Iwatsuki
Katsuhiro Nakagawa

Senior Managing Directors
Yasuhito Yamauchi
Zenji Yasuda
Takashi Kamio
Hiroyuki Watanabe
Akio Matsubara
Tokuichi Uranishi
Kazuo Okamoto
Kyoji Sasazu
Mitsuo Kinoshita
Yoshimi Inaba
Teruyuki Minoura
Takeshi Uchiyamada
Masatami Takimoto
Akio Toyoda

Honorary Chairman and Director
Shoichiro Toyoda

Director (with Senior Managing Director status)
Shuhei Toyoda

Managing Officers
Shokichi Yasukawa
Tetsuo Hattori
Hiroaki Yoshida
Kiyoshi Nakanishi
Yukitoshi Funo
Takeshi Suzuki
Atsushi Niimi
Hajime Wakayama
Hiroshi Takada
Teiji Tachibana
Shinichi Sasaki
Shin Kanada
Hironobu Ono
Akira Okabe
Yoshio Shirai
Yoichiro Ichimaru
Shoji Ikawa
Masuji Arai
Koichi Ina
Yoshikazu Amano
Shinichi Kawashima
Kunio Komada
Akira Sasaki
Takeshi Yoshida
Hiroshi Kawakami
Hitoshi Nishiyama
Iwao Nihashi
Shinzo Kobuki
Tadashi Arashima
Masamoto Maekawa
Mamoru Furuhashi
Satoshi Ozawa
Seiichi Sudo
Yasuhiko Ichihashi
Tadashi Yamashina
Takashi Hata
James E. Press
Gary L. Convis
Alan J. Jones

Board of Corporate Auditors
Full-time Corporate Auditor
Hideaki Miyahara
Yoshio Hayashi
Chiaki Yamaguchi
Corporate Auditor
Yasutaka Okamura
Hiromu Okabe
Yoichi Kaya
Tadashi Ishikawa

TOYOTA MOTOR CORPORATION

Date of Establishment
August 28, 1937

Head Office
1, Toyota-cho, Toyota City,
Aichi Prefecture 471-8571, Japan
Telephone: (0565)28-2121
Facsimile: (0565)23-5800

Tokyo Head Office
4-18 Koraku 1-chome, Bunkyo-ku,
Tokyo 112-8701, Japan
Telephone: (03)3817-7111
Facsimile: (03)3817-9034

New York
Toyota Motor North America, Inc.
9 West 57th St., Suite 4900
New York, NY 10019. U.S.A.
Telephone: (212)223-0303
Facsimile: (212)759-7670

London
Toyota Financial Services (UK) PLC
9 Clifford Street
London, W1S 2LD, U.K.
Telephone: (020)7851-2311
Facsimile: (020)7851-2339

World Wide Web
http://www.toyota.co.jp

Shares of Common Stock (September 30, 2003)
3,609,997,492 shares issued and outstanding

Number of Shareholders (September 30, 2003)
355,403

Transfer Agent in Japan
UFJ Trust Bank Ltd.
4-3, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 100-0005, Japan
Telephone: (03)3287-2211
http://www.ufjtrustbank.co.jp

Depositary and transfer agent for American Depositary Receipts
The Bank of New York
101 Barclay Street
New York, NY 10286
Telephone: (212)815-8161
U.S. toll free: 888-269-2377 (888-BNY-ADRS)
http://www.adrbny.com
Ratio: 1 ADR=2 ordinary shares
Symbol: TM

Ten Largest Shareholders (September 30, 2003)
The Master Trust Bank of Japan, Ltd.
Japan Trustee Services Bank, Ltd.
Toyota Industries Corporation
Nippon Life Insurance Company
Trust & Custody Services Bank, Ltd.
UFJ Bank Ltd.
Shinsei Bank, Ltd.
Mitsui Sumitomo Insurance Co., Ltd.
Sumitomo Mitsui Banking Corporation
The Tokio Marine and Fire Insurance Co., Ltd.