
TOYOTA MOTOR CORPORATION

**Consolidated Financial Statements
For the periods ended
September 30, 2009**

TOYOTA MOTOR CORPORATION

Unaudited Consolidated Balance Sheets

As of September 30, 2009 and March 31, 2009

ASSETS

	Yen in millions		U.S. dollars in millions
	September 30, 2009	March 31, 2009	September 30, 2009
Assets			
Current assets:			
Cash and cash equivalents	¥ 2,652,505	¥ 2,444,280	\$ 29,404
Time deposits	119,407	45,178	1,324
Marketable securities	769,694	495,326	8,532
Trade accounts and notes receivable, less allowance for doubtful accounts	1,482,453	1,392,749	16,433
Finance receivables, net	3,660,937	3,891,406	40,582
Other receivables	374,952	332,722	4,156
Inventories	1,460,746	1,459,394	16,193
Deferred income taxes	502,884	605,331	5,575
Prepaid expenses and other current assets	577,284	632,543	6,399
Total current assets	11,600,862	11,298,929	128,598
Noncurrent finance receivables, net	5,518,942	5,655,545	61,179
Investments and other assets:			
Marketable securities and other securities investments	2,065,646	2,102,874	22,898
Affiliated companies	1,773,943	1,826,375	19,665
Employees receivables	67,683	69,523	750
Other	642,922	707,110	7,127
Total investments and other assets	4,550,194	4,705,882	50,440
Property, plant and equipment:			
Land	1,259,964	1,257,409	13,967
Buildings	3,659,415	3,633,954	40,565
Machinery and equipment	9,259,214	9,201,093	102,641
Vehicles and equipment on operating leases	2,515,682	2,836,881	27,887
Construction in progress	182,741	263,602	2,026
Subtotal	16,877,016	17,192,939	187,086
Less – Accumulated depreciation	(10,008,255)	(9,791,258)	(110,944)
Total property, plant and equipment, net	6,868,761	7,401,681	76,142
Total assets	¥ 28,538,759	¥ 29,062,037	\$ 316,359

The accompanying notes are an integral part of these consolidated financial statements.

TOYOTA MOTOR CORPORATION

Unaudited Consolidated Balance Sheets

As of September 30, 2009 and March 31, 2009

LIABILITIES AND SHAREHOLDERS' EQUITY

	Yen in millions		U.S. dollars in millions
	September 30, 2009	March 31, 2009	September 30, 2009
Liabilities			
Current liabilities:			
Short-term borrowings	¥ 2,764,714	¥ 3,617,672	\$ 30,648
Current portion of long-term debt	2,290,493	2,699,512	25,391
Accounts payable	1,677,912	1,299,455	18,600
Other payables	624,841	670,634	6,926
Accrued expenses	1,515,150	1,540,681	16,796
Income taxes payable	64,577	51,298	716
Other current liabilities	701,508	710,041	7,776
Total current liabilities	9,639,195	10,589,293	106,853
Long-term liabilities:			
Long-term debt	6,922,762	6,301,469	76,740
Accrued pension and severance costs	635,953	634,612	7,050
Deferred income taxes	633,349	642,293	7,021
Other long-term liabilities	209,230	293,633	2,319
Total long-term liabilities	8,401,294	7,872,007	93,130
Total liabilities	18,040,489	18,461,300	199,983
Shareholders' equity			
Toyota Motor Corporation shareholders' equity:			
Common stock, no par value, authorized: 10,000,000,000 shares as of September 30, 2009 and March 31, 2009 issued: 3,447,997,492 shares as of September 30, 2009 and March 31, 2009	397,050	397,050	4,401
Additional paid-in capital	502,253	501,211	5,568
Retained earnings	11,365,880	11,531,622	125,993
Accumulated other comprehensive income (loss)	(1,031,171)	(1,107,781)	(11,431)
Treasury stock, at cost, 311,982,663 shares as of September 30, 2009 and 312,115,017 shares as of March 31, 2009	(1,260,353)	(1,260,895)	(13,971)
Total Toyota Motor Corporation shareholders' equity	9,973,659	10,061,207	110,560
Noncontrolling interest	524,611	539,530	5,816
Total shareholders' equity	10,498,270	10,600,737	116,376
Commitments and contingencies			
Total liabilities and shareholders' equity	¥ 28,538,759	¥ 29,062,037	\$ 316,359

The accompanying notes are an integral part of these consolidated financial statements.

TOYOTA MOTOR CORPORATION
Unaudited Consolidated Statements of Income
For the first half ended September 30, 2009

	Yen in millions		U.S. dollars in millions
	For the first half ended September 30, 2008	For the first half ended September 30, 2009	For the first half ended September 30, 2009
Net revenues:			
Sales of products	¥ 11,463,710	¥ 7,755,905	\$ 85,976
Financing operations	726,695	621,738	6,892
Total net revenues	12,190,405	8,377,643	92,868
Costs and expenses:			
Cost of products sold	9,903,833	7,212,394	79,951
Cost of financing operations	431,367	364,530	4,041
Selling, general and administrative	1,273,137	937,578	10,393
Total costs and expenses	11,608,337	8,514,502	94,385
Operating income (loss)	582,068	(136,859)	(1,517)
Other income (expense):			
Interest and dividend income	78,410	39,967	443
Interest expense	(26,826)	(19,165)	(212)
Foreign exchange gain, net	32,441	29,501	327
Other income (loss), net	(29,606)	23,581	261
Total other income (expense)	54,419	73,884	819
Income (loss) before income taxes and equity in earnings of affiliated companies	636,487	(62,975)	(698)
Provision for income taxes	258,855	(53,502)	(593)
Equity in earnings (losses) of affiliated companies	144,138	(55,504)	(615)
Net income (loss)	521,770	(64,977)	(720)
Less: Net (income) loss attributable to the noncontrolling interest	(28,301)	8,991	99
Net income (loss) attributable to Toyota Motor Corporation	¥ 493,469	¥ (55,986)	\$ (621)
	Yen	Yen	U.S. dollars
Net income (loss) attributable to Toyota Motor Corporation per share			
Basic	¥ 156.92	¥ (17.85)	\$ (0.20)
Diluted	¥ 156.90	¥ (17.85)	\$ (0.20)

The accompanying notes are an integral part of these consolidated financial statements.

TOYOTA MOTOR CORPORATION
Unaudited Consolidated Statements of Income
For the second quarter ended September 30, 2009

	Yen in millions		U.S. dollars in millions
	For the second quarter ended September 30, 2008	For the second quarter ended September 30, 2009	For the second quarter ended September 30, 2009
Net revenues:			
Sales of products	¥ 5,604,867	¥ 4,234,824	\$ 46,944
Financing operations	370,408	306,742	3,400
Total net revenues	5,975,275	4,541,566	50,344
Costs and expenses:			
Cost of products sold	4,914,066	3,843,534	42,606
Cost of financing operations	247,051	180,575	2,002
Selling, general and administrative	644,681	459,453	5,093
Total costs and expenses	5,805,798	4,483,562	49,701
Operating income	169,477	58,004	643
Other income (expense):			
Interest and dividend income	36,498	17,192	190
Interest expense	(12,473)	(10,365)	(115)
Foreign exchange gain, net	18,456	1,502	17
Other income (loss), net	(28,525)	9,200	102
Total other income (expense)	13,956	17,529	194
Quarterly income before income taxes and equity in earnings of affiliated companies	183,433	75,533	837
Provision for income taxes	84,189	(5,705)	(63)
Equity in earnings (losses) of affiliated companies	49,074	(59,050)	(654)
Quarterly net income	148,318	22,188	246
Less: Quarterly net income attributable to the noncontrolling interest	(8,508)	(352)	(4)
Quarterly net income attributable to Toyota Motor Corporation	¥ 139,810	¥ 21,836	\$ 242

	Yen	Yen	U.S. dollars
Quarterly net income attributable to Toyota Motor Corporation per share			
Basic	¥ 44.53	¥ 6.96	\$ 0.08
Diluted	¥ 44.52	¥ 6.96	\$ 0.08

The accompanying notes are an integral part of these consolidated financial statements.

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Unaudited Condensed Consolidated Statements of Cash Flows For the first half ended September 30, 2009

	Yen in millions		U.S. dollars in millions
	For the first half ended September 30, 2008	For the first half ended September 30, 2009	For the first half ended September 30, 2009
Cash flows from operating activities:			
Net income (loss)	¥ 521,770	¥ (64,977)	\$ (720)
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation	741,800	686,473	7,610
Provision for doubtful accounts and credit losses	92,300	50,455	559
Pension and severance costs, less payments	(18,646)	10,613	118
Losses on disposal of fixed assets	23,163	16,266	180
Unrealized losses on available-for-sale securities, net	20,190	1,434	16
Deferred income taxes	(55,351)	56,454	626
Equity in (earnings) losses of affiliated companies	(144,138)	55,504	615
Changes in operating assets and liabilities, and other	332,688	755,774	8,378
Net cash provided by operating activities	1,513,776	1,567,996	17,382
Cash flows from investing activities:			
Additions to finance receivables	(4,509,417)	(3,894,467)	(43,171)
Collection of and proceeds from sales of finance receivables	3,872,757	3,819,697	42,342
Additions to fixed assets excluding equipment leased to others	(701,867)	(329,231)	(3,650)
Additions to equipment leased to others	(636,947)	(363,712)	(4,032)
Proceeds from sales of fixed assets excluding equipment leased to others	27,722	24,124	267
Proceeds from sales of equipment leased to others	193,748	266,704	2,957
Purchases of marketable securities and security investments	(361,976)	(479,306)	(5,313)
Proceeds from sales of and maturity of marketable securities and security investments	502,991	323,216	3,583
Payment for additional investments in affiliated companies, net of cash acquired	(45)	—	—
Changes in investments and other assets, and other	115,586	(65,809)	(729)
Net cash used in investing activities	(1,497,448)	(698,784)	(7,746)
Cash flows from financing activities:			
(Purchase) reissuance of common stock	(69,835)	551	6
Proceeds from issuance of long-term debt	1,204,650	1,715,193	19,014
Payments of long-term debt	(1,468,592)	(1,404,922)	(15,574)
Increase (decrease) in short-term borrowings	768,517	(817,786)	(9,065)
Dividends paid	(236,196)	(109,756)	(1,217)
Net cash provided by (used in) financing activities	198,544	(616,720)	(6,836)
Effect of exchange rate changes on cash and cash equivalents	7,195	(44,267)	(491)
Net increase in cash and cash equivalents	222,067	208,225	2,309
Cash and cash equivalents at beginning of period	1,628,547	2,444,280	27,095
Cash and cash equivalents at end of period	¥ 1,850,614	¥ 2,652,505	\$ 29,404

The accompanying notes are an integral part of these consolidated financial statements.

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Notes to Unaudited Consolidated Financial Statements

1. Basis of preparation:

The accompanying unaudited condensed consolidated financial statements of Toyota Motor Corporation (the “parent company”) as of and for the periods ended September 30, 2009, have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S.GAAP”) and on substantially the same basis as its annual consolidated financial statements except for certain required disclosures which have been omitted. The unaudited condensed consolidated financial statements should be read in conjunction with the Annual Report on Form 20-F for the year ended March 31, 2009. The unaudited condensed consolidated financial statements reflect all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the result for that period and the financial condition at that date. The consolidated result for the six-month and the three-month periods are not necessarily indicative of results to be expected for the full year.

Reclassifications -

Certain prior year amounts have been reclassified to conform to the presentations as of September 30, 2009, and for the six months and the three months ended September 30, 2009.

2. Accounting changes and recent pronouncements to be adopted in future periods:

Accounting changes -

In December 2007, the Financial Accounting Standards Board (“FASB”) issued updated guidance of accounting for and disclosure of business combinations. This guidance establishes principles and requirements for how the acquirer recognizes and measures the identifiable assets acquired, the liabilities assumed, any noncontrolling interest, and the goodwill acquired in a business combination or a gain from a bargain purchase. Also, this guidance provides several new disclosure requirements that enable users of the financial statements to evaluate the nature and financial effects of the business combination. Toyota and its consolidated subsidiaries (“Toyota”) adopted this guidance from the business combinations on and after the beginning of fiscal year begun on or after December 15, 2008. The adoption of this guidance did not have a material impact on Toyota’s consolidated financial statements.

In December 2007, FASB issued updated guidance of accounting for and disclosure of consolidation. This guidance establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. Toyota adopted this guidance from the interim period within the fiscal year begun on or after December 15, 2008. As a result, noncontrolling interest, formerly reported as minority interest, is reported as shareholders’ equity in the consolidated balance sheets, and the amount of net income attributable to the parent and to the noncontrolling interest are identified and presented in the consolidated statements of income. Since the presentation and disclosure requirements have been applied retrospectively for all periods presented in the consolidated financial statements in which this guidance is applied, certain prior year amounts have been reclassified

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to conform to this guidance. The adoption of this guidance did not have a material impact on Toyota's consolidated financial statements.

In April 2009, FASB issued updated guidance of accounting for and disclosure of investments. This guidance revises the recognition and presentation requirements for other-than-temporary impairments of debt securities, and contains additional disclosure requirements related to debt and equity securities. Toyota adopted this guidance from the interim period ended after June 15, 2009. The adoption of this guidance did not have a material impact on Toyota's consolidated financial statements.

In May 2009, FASB issued updated guidance of accounting for and disclosure of subsequent events. This guidance is intended to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued. Toyota adopted this guidance from the interim period ended after June 15, 2009. The adoption of this guidance did not have a material impact on Toyota's consolidated financial statements. Toyota had evaluated subsequent events through November 12, 2009, which was the date that Toyota issued these consolidated financial statements in Japan.

Recent pronouncements to be adopted in future periods -

In December 2008, FASB issued updated guidance of accounting for and disclosure of compensation. This guidance requires additional disclosures about postretirement benefit plan assets including investment policies and strategies, categories of plan assets, fair value measurements of plan assets, and significant concentrations of risk. This guidance is effective for fiscal year ending after December 15, 2009. Management does not expect this guidance to have a material impact on Toyota's consolidated financial statements.

In June 2009, FASB issued updated guidance of accounting for and disclosure of transfers and servicing. This guidance eliminates the concept of a qualifying special-purpose entity, changes the requirements for derecognizing financial assets, and requires additional disclosures about transfers of financial assets. This guidance is effective for fiscal year beginning after November 15, 2009, and for interim period within the fiscal year. Management is evaluating the impact of adopting this guidance on Toyota's consolidated financial statements.

In June 2009, FASB issued updated guidance of accounting for and disclosure of consolidation. This guidance changes how a company determines when a variable interest entity should be consolidated. This guidance is effective for fiscal year beginning after November 15, 2009, and for interim period within the fiscal year. Management is evaluating the impact of adopting this guidance on Toyota's consolidated financial statements.

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Notes to Unaudited Consolidated Financial Statements

3. Accounting procedures specific to quarterly consolidated financial statements:

Provision for income taxes

The provision for income taxes is computed by multiplying income before income taxes and equity in earnings of affiliated companies for the first half by estimated annual effective tax rates. These estimated annual effective tax rates reflect anticipated investment tax credits, foreign tax credits and other items including changes in valuation allowances, that affect estimated annual effective tax rates.

4. U.S. dollar amounts:

U.S. dollar amounts presented in the condensed consolidated financial statements and related notes are included solely for the convenience of the reader and are unaudited. 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 ¥90.21 = U.S. \$1, the approximate current exchange rate at September 30, 2009, was used for the translation of the accompanying condensed consolidated financial amounts of Toyota as of and for the period ended September 30, 2009.

5. 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.

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 interest rate risk exposure. 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 hedge exposure to currency 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 first half and the second quarter ended September 30, 2009, the ineffective portion of Toyota's fair value hedge relationships was not material. For fair value hedging relationships, the components of each derivative's gain or loss are included in the assessment of hedge effectiveness.

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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, to manage its exposure to foreign currency exchange rate fluctuations and interest rate fluctuations from an economic perspective, and for which Toyota is unable or has elected not to apply hedge accounting.

Fair value and gains or losses on derivative financial instruments -

The following table summarizes the fair values of derivative financial instruments at September 30, 2009 and March 31, 2009:

	Yen in millions		U.S. dollars in millions
	September 30, 2009	March 31, 2009	September 30, 2009
Derivative financial instruments designated as hedging instruments			
Interest rate and currency swap agreements			
Prepaid expenses and other current assets	¥ 80,978	¥ 35,882	\$ 898
Investments and other assets - Other	144,661	83,014	1,603
Total	¥ 225,639	¥ 118,896	\$ 2,501
Other current liabilities.....	¥ (6,546)	¥ (47,022)	\$ (72)
Other long-term liabilities	(14,497)	(79,634)	(161)
Total	¥ (21,043)	¥ (126,656)	\$ (233)
Undesignated derivative financial instruments			
Interest rate and currency swap agreements			
Prepaid expenses and other current assets	¥ 75,570	¥ 58,454	\$ 838
Investments and other assets - Other	247,832	177,487	2,747
Total	¥ 323,402	¥ 235,941	\$ 3,585
Other current liabilities.....	¥ (62,867)	¥ (61,593)	\$ (697)
Other long-term liabilities	(162,162)	(236,877)	(1,798)
Total	¥ (225,029)	¥ (298,470)	\$ (2,495)
Foreign exchange forward and option contracts			
Prepaid expenses and other current assets	¥ 21,906	¥ 32,443	\$ 243
Investments and other assets - Other	192	250	2
Total	¥ 22,098	¥ 32,693	\$ 245
Other current liabilities.....	¥ (21,667)	¥ (25,675)	\$ (240)
Other long-term liabilities	(125)	—	(1)
Total	¥ (21,792)	¥ (25,675)	\$ (241)

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The following table summarizes the notional amounts of derivative financial instruments at September 30, 2009 and March 31, 2009:

	Yen in millions		U.S. dollars in millions	
	September 30, 2009		September 30, 2009	
	Designated derivative financial instruments	Undesignated derivative financial instruments	Designated derivative financial instruments	Undesignated derivative financial instruments
Interest rate and currency swap agreements	¥ 1,569,228	¥11,765,705	\$ 17,395	\$ 130,426
Foreign exchange forward and option contracts.....	—	1,592,763	—	17,656
Total	<u>¥ 1,569,228</u>	<u>¥13,358,468</u>	<u>\$ 17,395</u>	<u>\$ 148,082</u>

	Yen in millions	
	March 31, 2009	
	Designated derivative financial instruments	Undesignated derivative financial instruments
Interest rate and currency swap agreements	¥ 1,907,927	¥12,472,179
Foreign exchange forward and option contracts	—	1,562,876
Total	<u>¥ 1,907,927</u>	<u>¥14,035,055</u>

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Notes to Unaudited Consolidated Financial Statements

The following table summarizes the gains and losses on derivative financial instruments and hedged items reported in the consolidated statements of income for the first half and the second quarter ended September 30, 2009:

	Yen in millions		U.S. dollars in millions	
	For the first half ended September 30, 2009		For the first half ended September 30, 2009	
	Gains or (losses) on derivative financial instruments	Gains or (losses) on hedged items	Gains or (losses) on derivative financial instruments	Gains or (losses) on hedged items
Derivative financial instruments designated as hedging instruments – Fair value hedge				
Interest rate and currency swap agreements				
Cost of financing operations.....	¥ 219,100	¥ (219,090)	\$ 2,429	\$ (2,429)
Interest expense	(111)	111	(1)	1
Undesignated derivative financial instruments				
Interest rate and currency swap agreements				
Cost of financing operations.....	¥ 154,429	¥ —	\$ 1,712	\$ —
Foreign exchange gain (loss), net	(4,866)	—	(54)	—
Foreign exchange forward and option contracts				
Cost of financing operations.....	(17,088)	—	(189)	—
Foreign exchange gain (loss), net	46,215	—	512	—
	Yen in millions		U.S. dollars in millions	
	For the second quarter ended September 30, 2009		For the second quarter ended September 30, 2009	
	Gains or (losses) on derivative financial instruments	Gains or (losses) on hedged items	Gains or (losses) on derivative financial instruments	Gains or (losses) on hedged items
Derivative financial instruments designated as hedging instruments – Fair value hedge				
Interest rate and currency swap agreements				
Cost of financing operations	¥ 86,812	¥ (84,733)	\$ 962	\$ (939)
Interest expense.....	(125)	125	(1)	1
Undesignated derivative financial instruments				
Interest rate and currency swap agreements				
Cost of financing operations	¥ 75,009	¥ —	\$ 831	\$ —
Foreign exchange gain (loss), net.....	(4,808)	—	(53)	—
Foreign exchange forward and option contracts				
Cost of financing operations	(5,804)	—	(64)	—
Foreign exchange gain (loss), net.....	31,045	—	344	—

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Credit risk related contingent features -

Toyota enters into International Swaps and Derivatives Association Master Agreements with counterparties. These Master Agreements contain a provision requiring either Toyota or the counterparty to settle the contract or to post assets to the other party in the event of a ratings downgrade below a specified threshold.

The aggregate fair value amount of derivative financial instruments that contain credit risk related contingent features that are in a net liability position as of September 30, 2009 is ¥32,115 million (\$356 million). The aggregate fair value amount of assets that are already posted as of September 30, 2009 is ¥2,075 million (\$23 million). If the ratings of Toyota decline below specified thresholds, the maximum amount of assets to be posted or for which Toyota could be required to settle the contracts is ¥32,115 million (\$356 million) as of September 30, 2009.

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6. Contingencies :

Toyota enters into contracts with Toyota dealers to guarantee customers' payments of their installment payables that arise from installment contracts between customers and Toyota dealers, as and when requested by Toyota dealers. 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, 2009 is ¥1,550,222 million (\$17,185 million). Liabilities for guarantees totaling ¥6,264 million (\$69 million) have been provided as of September 30, 2009. Under these guarantee contracts, Toyota is entitled to recover any amount paid by Toyota from the customers whose original obligations Toyota has guaranteed.

Toyota, certain other automobile manufacturers, the National Automobile Dealers Association and the Canadian Automobile Dealers Association were named as defendants in purported nationwide class action lawsuits on behalf of all purchasers of new motor vehicles in the United States. The complaints allege that the defendants violated the Sherman Antitrust Act by conspiring to prevent the sale to United States citizens of vehicles produced for the Canadian market. The complaints seek injunctions against the alleged antitrust violations and treble damages in an unspecified amount. Toyota believes that its actions have been lawful. In the interest of quickly resolving these legal actions, however, Toyota entered into a settlement agreement with the plaintiffs. The settlement agreement is pending the approval of the court, and immediately upon approval the plaintiffs will, in accordance with the terms of the settlement agreement, withdraw all pending actions in the court and all related actions will be closed.

Toyota has various other legal actions, government-related procedures and other claims pending against it, including product liability claims in the United States. Toyota cannot currently determine its potential liability, damages or expenses, if any, with respect to such legal actions, government-related procedures or 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.

The European Union brought into effect a directive that requires member states to promulgate regulations implementing automobile manufacturers shall bear the costs for taking back end-of-life vehicles and dismantling and recycling those vehicles. Currently, there are uncertainties surrounding the implementation of the applicable regulations in different European Union member states, particularly regarding manufacturer responsibilities and resultant expenses that may be incurred. Based on the legislation that has been enacted to date, Toyota has provided for its estimated liability. Although Toyota does not expect its

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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.

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7. 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 and distributes sedans, minivans, compact cars, sport-utility vehicles, trucks and related parts and accessories. The Financial Services segment consists primarily of financing, and vehicle and equipment leasing operations to assist in the merchandising of the parent company and its affiliate companies products as well as other products. The All Other segment includes the design, manufacturing and sales of housing, telecommunications and other business.

The following tables present certain information regarding Toyota's industry segments and operations by geographic areas and overseas revenues by destination for the second quarter and the first half ended September 30, 2008 and 2009.

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Notes to Unaudited Consolidated Financial Statements

Segment operating results -

For the second quarter ended September 30, 2008:

	Yen in millions				
	Automotive	Financial Services	All Other	Inter-segment Elimination	Consolidated
Net revenues					
Sales to external customers	¥ 5,436,077	¥ 370,408	¥ 168,790	¥ —	¥ 5,975,275
Inter-segment sales and transfers	3,726	4,157	145,442	(153,325)	—
Total	5,439,803	374,565	314,232	(153,325)	5,975,275
Operating expenses	5,306,210	346,441	305,395	(152,248)	5,805,798
Operating income	¥ 133,593	¥ 28,124	¥ 8,837	¥ (1,077)	¥ 169,477

For the second quarter ended September 30, 2009:

	Yen in millions				
	Automotive	Financial Services	All Other	Inter-segment Elimination	Consolidated
Net revenues					
Sales to external customers	¥ 4,105,872	¥ 306,742	¥ 128,952	¥ —	¥ 4,541,566
Inter-segment sales and transfers	2,466	5,225	96,114	(103,805)	—
Total	4,108,338	311,967	225,066	(103,805)	4,541,566
Operating expenses	4,129,642	237,155	220,117	(103,352)	4,483,562
Operating income (loss)	¥ (21,304)	¥ 74,812	¥ 4,949	¥ (453)	¥ 58,004

	U.S. dollars in millions				
	Automotive	Financial Services	All Other	Inter-segment Elimination	Consolidated
Net revenues					
Sales to external customers	\$ 45,515	\$ 3,400	\$ 1,429	\$ —	\$ 50,344
Inter-segment sales and transfers	27	58	1,066	(1,151)	—
Total	45,542	3,458	2,495	(1,151)	50,344
Operating expenses	45,778	2,629	2,440	(1,146)	49,701
Operating income (loss)	\$ (236)	\$ 829	\$ 55	\$ (5)	\$ 643

TOYOTA MOTOR CORPORATION

Notes to Unaudited Consolidated Financial Statements

For the first half ended September 30, 2008:

	Yen in millions				
	Automotive	Financial Services	All Other	Inter-segment Elimination	Consolidated
Net revenues					
Sales to external customers	¥ 11,151,818	¥ 726,695	¥ 311,892	¥ —	¥ 12,190,405
Inter-segment sales and transfers	8,932	11,043	290,506	(310,481)	—
Total	11,160,750	737,738	602,398	(310,481)	12,190,405
Operating expenses	10,694,812	630,480	590,599	(307,554)	11,608,337
Operating income	¥ 465,938	¥ 107,258	¥ 11,799	¥ (2,927)	¥ 582,068

For the first half ended September 30, 2009:

	Yen in millions				
	Automotive	Financial Services	All Other	Inter-segment Elimination	Consolidated
Net revenues					
Sales to external customers	¥ 7,515,943	¥ 621,738	¥ 239,962	¥ —	¥ 8,377,643
Inter-segment sales and transfers	5,362	10,378	189,253	(204,993)	—
Total	7,521,305	632,116	429,215	(204,993)	8,377,643
Operating expenses	7,781,746	507,687	428,812	(203,743)	8,514,502
Operating income (loss)	¥ (260,441)	¥ 124,429	¥ 403	¥ (1,250)	¥ (136,859)

	U.S. dollars in millions				
	Automotive	Financial Services	All Other	Inter-segment Elimination	Consolidated
Net revenues					
Sales to external customers	\$ 83,316	\$ 6,892	\$ 2,660	\$ —	\$ 92,868
Inter-segment sales and transfers	59	115	2,098	(2,272)	—
Total	83,375	7,007	4,758	(2,272)	92,868
Operating expenses	86,262	5,628	4,754	(2,259)	94,385
Operating income (loss)	\$ (2,887)	\$ 1,379	\$ 4	\$ (13)	\$ (1,517)

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Notes to Unaudited Consolidated Financial Statements

Geographic Information -

For the second quarter ended September 30, 2008:

Yen in millions								
	Japan	North America	Europe	Asia	Other	Inter-segment Elimination	Consolidated	
Net revenues								
Sales to external customers	¥ 2,084,354	¥ 1,827,273	¥ 831,846	¥ 734,638	¥ 497,164	¥ —	¥ 5,975,275	
Inter-segment sales and transfers	1,462,166	34,586	35,894	93,040	95,539	(1,721,225)	—	
Total	3,546,520	1,861,859	867,740	827,678	592,703	(1,721,225)	5,975,275	
Operating expenses	3,441,909	1,896,768	879,290	759,792	558,097	(1,730,058)	5,805,798	
Operating income (loss)	¥ 104,611	¥ (34,909)	¥ (11,550)	¥ 67,886	¥ 34,606	¥ 8,833	¥ 169,477	

For the second quarter ended September 30, 2009:

Yen in millions								
	Japan	North America	Europe	Asia	Other	Inter-segment Elimination	Consolidated	
Net revenues								
Sales to external customers	¥ 1,690,853	¥ 1,397,440	¥ 548,116	¥ 543,789	¥ 361,368	¥ —	¥ 4,541,566	
Inter-segment sales and transfers	965,467	21,680	16,219	45,992	28,246	(1,077,604)	—	
Total	2,656,320	1,419,120	564,335	589,781	389,614	(1,077,604)	4,541,566	
Operating expenses	2,701,988	1,388,555	562,588	551,259	366,400	(1,087,228)	4,483,562	
Operating income (loss)	¥ (45,668)	¥ 30,565	¥ 1,747	¥ 38,522	¥ 23,214	¥ 9,624	¥ 58,004	

U.S. dollars in millions								
	Japan	North America	Europe	Asia	Other	Inter-segment Elimination	Consolidated	
Net revenues								
Sales to external customers	\$ 18,743	\$ 15,491	\$ 6,076	\$ 6,028	\$ 4,006	\$ —	\$ 50,344	
Inter-segment sales and transfers	10,703	240	180	510	313	(11,946)	—	
Total	29,446	15,731	6,256	6,538	4,319	(11,946)	50,344	
Operating expenses	29,952	15,392	6,237	6,111	4,062	(12,053)	49,701	
Operating income (loss)	\$ (506)	\$ 339	\$ 19	\$ 427	\$ 257	\$ 107	\$ 643	

“Other” consists of Central and South America, Oceania and Africa.

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Notes to Unaudited Consolidated Financial Statements

For the first half ended September 30, 2008:

Yen in millions									
	Japan	North America	Europe	Asia	Other	Inter-segment Elimination	Consolidated		
Net revenues									
Sales to external customers	¥ 4,114,297	¥ 3,875,542	¥ 1,703,704	¥ 1,453,771	¥ 1,043,091	¥ —	¥12,190,405		
Inter-segment sales and transfers	3,093,075	77,456	80,199	172,255	178,256	(3,601,241)	—		
Total	7,207,372	3,952,998	1,783,903	1,626,026	1,221,347	(3,601,241)	12,190,405		
Operating expenses	6,885,599	3,918,733	1,775,165	1,488,770	1,142,289	(3,602,219)	11,608,337		
Operating income	¥ 321,773	¥ 34,265	¥ 8,738	¥ 137,256	¥ 79,058	¥ 978	¥ 582,068		

For the first half ended September 30, 2009:

Yen in millions									
	Japan	North America	Europe	Asia	Other	Inter-segment Elimination	Consolidated		
Net revenues									
Sales to external customers	¥ 3,089,631	¥ 2,552,830	¥ 1,048,171	¥ 1,001,729	¥ 685,282	¥ —	¥ 8,377,643		
Inter-segment sales and transfers	1,748,496	41,520	31,237	82,161	47,638	(1,951,052)	—		
Total	4,838,127	2,594,350	1,079,408	1,083,890	732,920	(1,951,052)	8,377,643		
Operating expenses	5,095,797	2,567,422	1,098,048	1,018,466	692,323	(1,957,554)	8,514,502		
Operating income (loss)	¥ (257,670)	¥ 26,928	¥ (18,640)	¥ 65,424	¥ 40,597	¥ 6,502	¥ (136,859)		

U.S. dollars in millions									
	Japan	North America	Europe	Asia	Other	Inter-segment Elimination	Consolidated		
Net revenues									
Sales to external customers	\$ 34,249	\$ 28,299	\$ 11,619	\$ 11,104	\$ 7,597	\$ —	\$ 92,868		
Inter-segment sales and transfers	19,383	460	346	911	528	(21,628)	—		
Total	53,632	28,759	11,965	12,015	8,125	(21,628)	92,868		
Operating expenses	56,488	28,460	12,172	11,290	7,675	(21,700)	94,385		
Operating income (loss)	\$ (2,856)	\$ 299	\$ (207)	\$ 725	\$ 450	\$ 72	\$ (1,517)		

“Other” consists of Central and South America, Oceania and Africa.

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

Transfers between industries or geographic segments are made at amounts which Toyota’s management believes approximate arm’s-length transactions. In measuring the reportable segments’ income or losses, operating income consists of revenue less operating expenses.

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Notes to Unaudited Consolidated Financial Statements

Overseas Revenues by destination -

The following information shows revenues that are attributed to countries based on location of customers, excluding customers in Japan. In addition to the disclosure requirements under U.S.GAAP, Toyota discloses this information in order to provide financial statement users with valuable information.

For the second quarter ended September 30, 2008 and 2009:

	<u>Yen in millions</u>	<u>Yen in millions</u>	<u>U.S. dollars in millions</u>
	<u>For the second quarter ended September 30, 2008</u>	<u>For the second quarter ended September 30, 2009</u>	<u>For the second quarter ended September 30, 2009</u>
North America	¥ 1,901,164	¥ 1,435,750	\$ 15,916
Europe	737,868	531,048	5,887
Asia	772,226	597,741	6,626
Other	1,009,725	664,377	7,365

For the first half ended September 30, 2008 and 2009:

	<u>Yen in millions</u>	<u>Yen in millions</u>	<u>U.S. dollars in millions</u>
	<u>For the first half ended September 30, 2008</u>	<u>For the first half ended September 30, 2009</u>	<u>For the first half ended September 30, 2009</u>
North America	¥ 4,016,524	¥ 2,612,673	\$ 28,962
Europe	1,602,528	1,026,520	11,379
Asia	1,536,733	1,112,532	12,333
Other	2,006,396	1,179,424	13,074

“Other” consists of Central and South America, Oceania, Africa and the Middle East, etc.

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Notes to Unaudited Consolidated Financial Statements

8. Per share amounts:

Reconciliations of the differences between basic and diluted net income (loss) attributable to Toyota Motor Corporation per share for the first half and the second quarter ended September 30, 2008 and 2009 are as follows:

	Yen in millions	Thousands of shares	Yen	U.S. dollars in millions	U.S. dollars
	Net income (loss) attributable to Toyota Motor Corporation	Weighted- average shares	Net income (loss) attributable to Toyota Motor Corporation per share	Net income (loss) attributable to Toyota Motor Corporation	Net income (loss) attributable to Toyota Motor Corporation per share
For the first half ended September 30, 2008					
Basic net income attributable to Toyota Motor Corporation per common share	¥ 493,469	3,144,638	¥ 156.92		
Effect of diluted securities					
Assumed exercise of dilutive stock options	(0)	382			
Diluted net income attributable to Toyota Motor Corporation per common share	<u>¥ 493,469</u>	<u>3,145,020</u>	<u>¥ 156.90</u>		
For the first half ended September 30, 2009					
Basic net loss attributable to Toyota Motor Corporation per common share	¥ (55,986)	3,135,967	¥ (17.85)	\$ (621)	\$ (0.20)
Effect of diluted securities					
Assumed exercise of dilutive stock options	—	—			
Diluted net loss attributable to Toyota Motor Corporation per common share	<u>¥ (55,986)</u>	<u>3,135,967</u>	<u>¥ (17.85)</u>	<u>\$ (621)</u>	<u>\$ (0.20)</u>
For the second quarter ended September 30, 2008					
Basic net income attributable to Toyota Motor Corporation per common share	¥ 139,810	3,139,988	¥ 44.53		
Effect of diluted securities					
Assumed exercise of dilutive stock options	—	293			
Diluted net income attributable to Toyota Motor Corporation per common share	<u>¥ 139,810</u>	<u>3,140,281</u>	<u>¥ 44.52</u>		
For the second quarter ended September 30, 2009					
Basic net income attributable to Toyota Motor Corporation per common share	¥ 21,836	3,136,017	¥ 6.96	\$ 242	\$ 0.08
Effect of diluted securities					
Assumed exercise of dilutive stock options	—	8			
Diluted net income attributable to Toyota Motor Corporation per common share	<u>¥ 21,836</u>	<u>3,136,025</u>	<u>¥ 6.96</u>	<u>\$ 242</u>	<u>\$ 0.08</u>

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Notes to Unaudited Consolidated Financial Statements

Certain stock options were not included in the computation of diluted net income attributable to Toyota Motor Corporation per share for the first half and the second quarter ended September 30, 2008 and for the second quarter ended September 30, 2009 mainly because the options' exercise prices were greater than the average market price per common share during the period.

Assumed exercise of stock options was not included in the computation of diluted net loss attributable to Toyota Motor Corporation per share for the first half ended September 30, 2009 because it had an antidilutive effect due to the net loss attributable to Toyota Motor Corporation for the first half ended September 30, 2009.

In addition to the disclosure requirements under U.S.GAAP, Toyota discloses the information below in order to provide financial statement users with valuable information.

The following table shows Toyota Motor Corporation shareholders' equity per share as of September 30, 2009 and March 31, 2009. Toyota Motor Corporation shareholders' equity per share amounts are calculated by dividing Toyota Motor Corporation shareholders' equities' amount at the end of each period by the number of shares issued and outstanding, excluding treasury stock at the end of the corresponding period.

	Yen in millions	Thousands of shares	Yen	U.S. dollars in millions	U.S. dollars
	Toyota Motor Corporation shareholders' equity	Shares issued and outstanding at the end of the period (excluding treasury stock)	Toyota Motor Corporation shareholders' equity per share	Toyota Motor Corporation shareholders' equity	Toyota Motor Corporation Shareholders' equity per share
As of September 30, 2009	¥ 9,973,659	3,136,014	¥ 3,180.36	\$ 110,560	\$ 35.26
As of March 31, 2009	¥ 10,061,207	3,135,882	¥ 3,208.41		

On June 23, 2009, at the Ordinary General Shareholders' Meeting, the shareholders of the parent company approved to distribute year-end cash dividends of ¥109,756 million (\$1,217 million), ¥35 (\$0.39) per share, effective on June 24, 2009. On November 5, 2009, the Board of Directors of the parent company resolved to distribute interim cash dividends of ¥62,720 million (\$695 million), ¥20 (\$0.22) per share, which would be effective on November 26, 2009.

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Notes to Unaudited Consolidated Financial Statements

9. Fair value measurements:

In accordance with U.S.GAAP, Toyota classifies fair value into three levels of input as follows which are used to measure it.

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the assets or liabilities

Level 3: Unobservable inputs for assets or liabilities

The following table summarizes the fair values of the assets and liabilities measured at fair value on a recurring basis at September 30, 2009 and March 31, 2009:

Yen in millions				
September 30, 2009				
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	¥ 1,434,250	¥ 136,941	¥ —	¥ 1,571,191
Marketable securities and other securities investments	2,465,997	313,487	18,629	2,798,113
Derivative financial instruments	—	548,972	22,167	571,139
Total	<u>¥ 3,900,247</u>	<u>¥ 999,400</u>	<u>¥ 40,796</u>	<u>¥ 4,940,443</u>
Liabilities				
Derivative financial instruments	¥ —	¥ (257,535)	¥ (10,329)	¥ (267,864)
Total	<u>¥ —</u>	<u>¥ (257,535)</u>	<u>¥ (10,329)</u>	<u>¥ (267,864)</u>
Yen in millions				
March 31, 2009				
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	¥ 1,473,407	¥ 115,339	¥ —	¥ 1,588,746
Marketable securities and other securities investments	2,273,294	187,236	19,581	2,480,111
Derivative financial instruments	—	369,572	17,958	387,530
Total	<u>¥ 3,746,701</u>	<u>¥ 672,147</u>	<u>¥ 37,539</u>	<u>¥ 4,456,387</u>
Liabilities				
Derivative financial instruments	¥ —	¥ (427,109)	¥ (23,692)	¥ (450,801)
Total	<u>¥ —</u>	<u>¥ (427,109)</u>	<u>¥ (23,692)</u>	<u>¥ (450,801)</u>

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Notes to Unaudited Consolidated Financial Statements

U.S. dollars in millions				
September 30, 2009				
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	\$ 15,899	\$ 1,518	\$ —	\$ 17,417
Marketable securities and other securities investments	27,336	3,475	207	31,018
Derivative financial instruments	—	6,086	245	6,331
Total	<u>\$ 43,235</u>	<u>\$ 11,079</u>	<u>\$ 452</u>	<u>\$ 54,766</u>
Liabilities				
Derivative financial instruments	\$ —	\$ (2,855)	\$ (114)	\$ (2,969)
Total	<u>\$ —</u>	<u>\$ (2,855)</u>	<u>\$ (114)</u>	<u>\$ (2,969)</u>

The following is a description of the valuation methodologies used for the assets and liabilities measured at fair value, key inputs and significant assumptions:

Cash equivalents -

Cash equivalents represent highly liquid investments with original maturities of three months or less. Generally, quoted market prices are used to determine the fair value of these instruments.

Marketable securities and other securities investments -

Marketable securities and other securities investments include debt securities and equity securities. Toyota uses quoted market prices for identical or similar assets or liabilities to measure fair value. Marketable securities and other securities investments classified as Level 3 include retained interests in securitized financial receivables, which are measured at fair value using the assumptions such as interest rate, loss severity and other factors.

Derivative financial instruments -

Toyota estimates the fair value of derivative financial instruments using industry-standard valuation models that requires observable inputs including interest rates and foreign exchange rates, and the contractual terms. In other certain cases when market data is not available, key inputs to the fair value measurement include quotes from counterparties, and other market data. Toyota's derivative fair value measurements consider assumptions about counterparty and our own non-performance risk, using such as credit default probabilities.

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the first half and the second quarter ended September 30, 2009 were not material.

Certain assets and liabilities are measured at fair value on a nonrecurring basis. The assets and liabilities measured at fair value on a nonrecurring basis for the first half and the second quarter ended September 30, 2009 were not material.