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# **TOYOTA MOTOR CORPORATION**

**Consolidated Financial Statements  
For the period ended  
June 30, 2009**

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# TOYOTA MOTOR CORPORATION

## Unaudited Consolidated Balance Sheets

As of June 30, 2009 and March 31, 2009

### ASSETS

|  | Yen in millions     |                     | U.S. dollars<br>in millions |
|--|---------------------|---------------------|-----------------------------|
|  | June 30,<br>2009    | March 31,<br>2009   | June 30,<br>2009            |
| Assets   |                     |                     |                             |
| Current assets:  |                     |                     |                             |
| Cash and cash equivalents  | ¥ 2,689,374         | ¥ 2,444,280         | \$ 28,011                   |
| Time deposits  | 41,087              | 45,178              | 428                         |
| Marketable securities  | 431,857             | 495,326             | 4,498                       |
| Trade accounts and notes receivable,<br>less allowance for doubtful accounts | 1,405,885           | 1,392,749           | 14,643                      |
| Finance receivables, net   | 3,878,939           | 3,891,406           | 40,401                      |
| Other receivables  | 367,214             | 332,722             | 3,825                       |
| Inventories  | 1,483,992           | 1,459,394           | 15,457                      |
| Deferred income taxes  | 595,123             | 605,331             | 6,199                       |
| Prepaid expenses and other current<br>assets                                 | 812,460             | 632,543             | 8,462                       |
| Total current assets   | <u>11,705,931</u>   | <u>11,298,929</u>   | <u>121,924</u>              |
| Noncurrent finance receivables, net  | 5,610,939           | 5,655,545           | 58,441                      |
| Investments and other assets:  |                     |                     |                             |
| Marketable securities and other<br>securities investments                    | 2,176,243           | 2,102,874           | 22,667                      |
| Affiliated companies   | 1,844,226           | 1,826,375           | 19,209                      |
| Employees receivables  | 69,759              | 69,523              | 726                         |
| Other  | 764,534             | 707,110             | 7,963                       |
| Total investments and other assets   | <u>4,854,762</u>    | <u>4,705,882</u>    | <u>50,565</u>               |
| Property, plant and equipment:   |                     |                     |                             |
| Land   | 1,265,051           | 1,257,409           | 13,176                      |
| Buildings  | 3,672,959           | 3,633,954           | 38,256                      |
| Machinery and equipment  | 9,359,597           | 9,201,093           | 97,486                      |
| Vehicles and equipment on operating<br>leases                                | 2,703,388           | 2,836,881           | 28,157                      |
| Construction in progress   | 220,119             | 263,602             | 2,293                       |
| Subtotal   | <u>17,221,114</u>   | <u>17,192,939</u>   | <u>179,368</u>              |
| Less – Accumulated depreciation  | <u>(9,988,204)</u>  | <u>(9,791,258)</u>  | <u>(104,033)</u>            |
| Total property, plant and equipment, net                                     | <u>7,232,910</u>    | <u>7,401,681</u>    | <u>75,335</u>               |
| Total assets   | <u>¥ 29,404,542</u> | <u>¥ 29,062,037</u> | <u>\$ 306,265</u>           |

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

# TOYOTA MOTOR CORPORATION

## Unaudited Consolidated Balance Sheets

As of June 30, 2009 and March 31, 2009

### LIABILITIES AND SHAREHOLDERS' EQUITY

|  | Yen in millions     |                     | U.S. dollars<br>in millions |
|--|---------------------|---------------------|-----------------------------|
|  | June 30,<br>2009    | March 31,<br>2009   | June 30,<br>2009            |
| Liabilities  |                     |                     |                             |
| Current liabilities:   |                     |                     |                             |
| Short-term borrowings  | ¥ 3,559,234         | ¥ 3,617,672         | \$ 37,071                   |
| Current portion of long-term debt  | 2,563,588           | 2,699,512           | 26,701                      |
| Accounts payable   | 1,485,528           | 1,299,455           | 15,473                      |
| Other payables   | 656,198             | 670,634             | 6,835                       |
| Accrued expenses   | 1,575,080           | 1,540,681           | 16,405                      |
| Income taxes payable   | 50,190              | 51,298              | 523                         |
| Other current liabilities  | 728,299             | 710,041             | 7,586                       |
| Total current liabilities  | <u>10,618,117</u>   | <u>10,589,293</u>   | <u>110,594</u>              |
| Long-term liabilities:   |                     |                     |                             |
| Long-term debt   | 6,565,472           | 6,301,469           | 68,383                      |
| Accrued pension and severance costs  | 637,314             | 634,612             | 6,638                       |
| Deferred income taxes  | 728,003             | 642,293             | 7,583                       |
| Other long-term liabilities  | 253,675             | 293,633             | 2,642                       |
| Total long-term liabilities  | <u>8,184,464</u>    | <u>7,872,007</u>    | <u>85,246</u>               |
| Total liabilities  | <u>18,802,581</u>   | <u>18,461,300</u>   | <u>195,840</u>              |
| Shareholders' equity   |                     |                     |                             |
| Toyota Motor Corporation shareholders' equity:   |                     |                     |                             |
| Common stock, no par value,<br>authorized: 10,000,000,000 shares<br>as of June 30, 2009 and March 31,<br>2009<br>issued: 3,447,997,492 shares<br>as of June 30, 2009 and March 31,<br>2009 | 397,050             | 397,050             | 4,135                       |
| Additional paid-in capital   | 501,895             | 501,211             | 5,228                       |
| Retained earnings  | 11,344,044          | 11,531,622          | 118,155                     |
| Accumulated other comprehensive<br>income (loss)   | (916,112)           | (1,107,781)         | (9,542)                     |
| Treasury stock, at cost,<br>312,060,165 shares as of June 30,<br>2009 and 312,115,017 shares as of<br>March 31, 2009   | (1,260,669)         | (1,260,895)         | (13,131)                    |
| Total Toyota Motor Corporation<br>shareholders' equity   | <u>10,066,208</u>   | <u>10,061,207</u>   | <u>104,845</u>              |
| Noncontrolling interest  | 535,753             | 539,530             | 5,580                       |
| Total shareholders' equity   | <u>10,601,961</u>   | <u>10,600,737</u>   | <u>110,425</u>              |
| Commitments and contingencies  |                     |                     |                             |
| Total liabilities and shareholders' equity   | <u>¥ 29,404,542</u> | <u>¥ 29,062,037</u> | <u>\$ 306,265</u>           |

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

**TOYOTA MOTOR CORPORATION**  
**Unaudited Consolidated Statement of Income**  
**For the first quarter ended June 30, 2009**

|  | Yen in millions                                 |   | U.S. dollars<br>in millions                     |
|--|---|---|---|
|  | For the first<br>quarter ended<br>June 30, 2008 | For the first<br>quarter ended<br>June 30, 2009 | For the first<br>quarter ended<br>June 30, 2009 |
| Net revenues:  |   |   |   |
| Sales of products  | ¥ 5,858,843                                     | ¥ 3,521,081                                     | \$ 36,674                                       |
| Financing operations   | 356,287   | 314,996   | 3,281   |
| Total net revenues   | <u>6,215,130</u>                                | <u>3,836,077</u>                                | <u>39,955</u>                                   |
| Costs and expenses:  |   |   |   |
| Cost of products sold  | 4,989,767                                       | 3,368,860                                       | 35,089  |
| Cost of financing operations   | 184,316   | 183,955   | 1,916   |
| Selling, general and administrative  | 628,456   | 478,125   | 4,980   |
| Total costs and expenses   | <u>5,802,539</u>                                | <u>4,030,940</u>                                | <u>41,985</u>                                   |
| Operating income (loss)  | <u>412,591</u>                                  | <u>(194,863)</u>                                | <u>(2,030)</u>                                  |
| Other income (expense):  |   |   |   |
| Interest and dividend income   | 41,912  | 22,775  | 237   |
| Interest expense   | (14,353)  | (8,800)   | (92)  |
| Foreign exchange gain, net   | 13,985  | 27,999  | 292   |
| Other income (loss), net   | (1,081)   | 14,381  | 150   |
| Total other income (expense)   | <u>40,463</u>                                   | <u>56,355</u>                                   | <u>587</u>                                      |
| Quarterly income (loss) before income<br>taxes and equity in earnings of<br>affiliated companies | <u>453,054</u>                                  | <u>(138,508)</u>                                | <u>(1,443)</u>                                  |
| Provision for income taxes   | 174,666   | (47,797)  | (498)   |
| Equity in earnings of affiliated companies   | <u>95,064</u>                                   | <u>3,546</u>                                    | <u>37</u>                                       |
| Quarterly net income (loss)  | <u>373,452</u>                                  | <u>(87,165)</u>                                 | <u>(908)</u>                                    |
| Less: Quarterly net (income) loss<br>attributable to the noncontrolling interest                 | <u>(19,793)</u>                                 | <u>9,343</u>                                    | <u>97</u>                                       |
| Quarterly net income (loss) attributable to<br>Toyota Motor Corporation                          | <u>¥ 353,659</u>                                | <u>¥ (77,822)</u>                               | <u>\$ (811)</u>                                 |
|  | <u>Yen</u>                                      | <u>Yen</u>                                      | <u>U.S. dollars</u>                             |
| Quarterly net income (loss) attributable to<br>Toyota Motor Corporation per share                |   |   |   |
| Basic  | <u>¥ 112.30</u>                                 | <u>¥ (24.82)</u>                                | <u>\$ (0.26)</u>                                |
| Diluted  | <u>¥ 112.28</u>                                 | <u>¥ (24.82)</u>                                | <u>\$ (0.26)</u>                                |

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

**TOYOTA MOTOR CORPORATION**  
**Unaudited Condensed Consolidated Statement of Cash Flows**  
**For the first quarter ended June 30, 2009**

|  | Yen in millions                                 |   | U.S. dollars<br>in millions                     |
|--|---|---|---|
|  | For the first<br>quarter ended<br>June 30, 2008 | For the first<br>quarter ended<br>June 30, 2009 | For the first<br>quarter ended<br>June 30, 2009 |
| Cash flows from operating activities:  |   |   |   |
| Quarterly net income (loss)  | ¥ 373,452                                       | ¥ (87,165)                                      | \$ (908)  |
| Adjustments to reconcile quarterly net income<br>(loss) to net cash provided by operating activities |   |   |   |
| Depreciation   | 353,659   | 334,712   | 3,486   |
| Provision for doubtful accounts and credit losses  | 47,142  | 38,282  | 399   |
| Pension and severance costs, less payments   | (12,080)  | 3,087   | 32  |
| Losses on disposal of fixed assets   | 20,024  | 8,093   | 84  |
| Unrealized losses on available-for-sale<br>securities, net   | 19  | 395   | 4   |
| Deferred income taxes  | (17,277)  | (22,361)  | (233)   |
| Equity in earnings of affiliated companies   | (95,064)  | (3,546)   | (37)  |
| Changes in operating assets and liabilities, and<br>other  | 262,890   | 287,457   | 2,994   |
| Net cash provided by operating activities  | 932,765   | 558,954   | 5,821   |
| Cash flows from investing activities:  |   |   |   |
| Additions to finance receivables   | (2,326,976)                                     | (1,832,060)                                     | (19,082)  |
| Collection of and proceeds from sales of finance<br>receivables                                      | 1,870,129                                       | 1,850,764                                       | 19,277  |
| Additions to fixed assets excluding equipment<br>leased to others                                    | (354,471)                                       | (217,840)                                       | (2,269)   |
| Additions to equipment leased to others  | (320,170)                                       | (170,722)                                       | (1,778)   |
| Proceeds from sales of fixed assets excluding<br>equipment leased to others                          | 17,572  | 14,650  | 153   |
| Proceeds from sales of equipment leased to others  | 91,580  | 136,848   | 1,425   |
| Purchases of marketable securities and security<br>investments                                       | (308,335)                                       | (40,710)  | (424)   |
| Proceeds from sales of and maturity of marketable<br>securities and security investments             | 351,258   | 121,477   | 1,265   |
| Changes in investments and other assets, and other   | (34,643)  | (96,688)  | (1,007)   |
| Net cash used in investing activities  | (1,014,056)                                     | (234,281)                                       | (2,440)   |
| Cash flows from financing activities:  |   |   |   |
| (Purchase) reissuance of common stock  | (96)  | 230   | 2   |
| Proceeds from issuance of long-term debt   | 656,886   | 895,918   | 9,331   |
| Payments of long-term debt   | (700,888)                                       | (776,854)                                       | (8,091)   |
| Increase (decrease) in short-term borrowings   | 593,422   | (105,633)                                       | (1,100)   |
| Dividends paid   | (236,196)                                       | (109,756)                                       | (1,143)   |
| Net cash provided by (used in) financing activities  | 313,128   | (96,095)  | (1,001)   |
| Effect of exchange rate changes on cash and cash<br>equivalents                                      | 48,222  | 16,516  | 172   |
| Net increase in cash and cash equivalents  | 280,059   | 245,094   | 2,552   |
| Cash and cash equivalents at beginning of period   | 1,628,547                                       | 2,444,280                                       | 25,459  |
| Cash and cash equivalents at end of period   | ¥ 1,908,606                                     | ¥ 2,689,374                                     | \$ 28,011                                       |

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

# TOYOTA MOTOR CORPORATION

## Notes to Unaudited Consolidated Financial Statements

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### 1. Basis of preparation:

The accompanying unaudited condensed consolidated financial statements of Toyota Motor Corporation (the “parent company”) as of and for the period ended June 30, 2009, have been prepared in accordance with accounting principles generally accepted in the United States of America 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 three-month period is 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 and for the first quarter ended June 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 FAS No. 141(R), *Business Combinations* (“FAS 141(R)"). FAS 141(R) 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, FAS 141(R) 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 FAS 141(R) from the business combinations on and after the beginning of fiscal year begun on or after December 15, 2008. The adoption of FAS 141(R) did not have a material impact on Toyota’s consolidated financial statements.

In December 2007, FASB issued FAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51* (“FAS 160”). FAS 160 amends the guidance in Accounting Research Bulletins No. 51, *Consolidated Financial Statements*, to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. Toyota adopted FAS 160 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

## TOYOTA MOTOR CORPORATION

### Notes to Unaudited Consolidated Financial Statements

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periods presented in the consolidated financial statements in which FAS 160 is applied, certain prior year amounts have been reclassified to conform to FAS 160. The adoption of FAS 160 did not have a material impact on Toyota's consolidated financial statements.

In April 2009, FASB issued FASB Staff Position No. FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* ("FSP FAS 115-2 and FAS 124-2"). FSP FAS 115-2 and FAS 124-2 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 FSP FAS 115-2 and FAS 124-2 from the interim period ended after June 15, 2009. The adoption of FSP FAS 115-2 and FAS 124-2 did not have a material impact on Toyota's consolidated financial statements.

In May 2009, FASB issued FAS No. 165, *Subsequent Events* ("FAS 165"). FAS 165 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 FAS 165 from the interim period ended after June 15, 2009. The adoption of FAS 165 did not have a material impact on Toyota's consolidated financial statements. Toyota had evaluated subsequent events through August 6, 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 FASB Staff Position No. FAS 132(R)-1, *Employers' Disclosures about Postretirement Benefit Plan Assets* ("FSP FAS 132(R)-1"). FSP FAS 132(R)-1 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. FSP FAS 132 (R)-1 is effective for fiscal year ending after December 15, 2009. Management does not expect this FSP to have a material impact on Toyota's consolidated financial statements.

In June 2009, FASB issued FAS No. 166, *Accounting for Transfers of Financial Assets - an amendment of FASB Statement No. 140* ("FAS 166"). FAS 166 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. FAS 166 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 FAS 166 on Toyota's consolidated financial statements.

In June 2009, FASB issued FAS No. 167, *Amendments to FASB Interpretation No. 46(R)* ("FAS 167"). FAS 167 changes how a company determines when a variable interest entity should be consolidated. FAS 167 is effective for fiscal year beginning after November 15, 2009,

# TOYOTA MOTOR CORPORATION

## Notes to Unaudited Consolidated Financial Statements

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and for interim period within the fiscal year. Management is evaluating the impact of adopting FAS 167 on Toyota's 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 quarterly income before income taxes and equity in earnings of affiliated companies 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 ¥96.01 = U.S. \$1, the approximate current exchange rate at June 30, 2009, was used for the translation of the accompanying condensed consolidated financial amounts of Toyota as of and for the period ended June 30, 2009.

### 5. Derivative financial instruments:

Toyota adopted FAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133*, from the fiscal year ended March 31, 2009.

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



## **TOYOTA MOTOR CORPORATION**

### **Notes to Unaudited Consolidated Financial Statements**

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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 three months ended June 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.

#### **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.

**TOYOTA MOTOR CORPORATION**  
**Notes to Unaudited Consolidated Financial Statements**

**Fair value and gains or losses on derivative financial instruments -**

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

|   | Yen in millions    |                    | U.S. dollars<br>in millions |
|---|--------------------|--------------------|-----------------------------|
|   | June 30, 2009      | March 31, 2009     | June 30, 2009               |
| <b>Derivative financial instruments designated as hedging instruments</b> |                    |                    |                             |
| Interest rate and currency swap agreements                                |                    |                    |                             |
| Prepaid expenses and other current assets ....¥                           | 61,677             | ¥ 35,882           | \$ 642                      |
| Investments and other assets - Other .....                                | 103,851            | 83,014             | 1,082                       |
| Total .....   | <u>¥ 165,528</u>   | <u>¥ 118,896</u>   | <u>\$ 1,724</u>             |
| Other current liabilities .....   | ¥ (15,207)         | ¥ (47,022)         | \$ (158)                    |
| Other long-term liabilities .....   | (21,587)           | (79,634)           | (225)                       |
| Total .....   | <u>¥ (36,794)</u>  | <u>¥ (126,656)</u> | <u>\$ (383)</u>             |
| <b>Undesignated derivative financial instruments</b>                      |                    |                    |                             |
| Interest rate and currency swap agreements                                |                    |                    |                             |
| Prepaid expenses and other current assets ....¥                           | 66,220             | ¥ 58,454           | \$ 690                      |
| Investments and other assets - Other .....                                | 177,368            | 177,487            | 1,847                       |
| Total .....   | <u>¥ 243,588</u>   | <u>¥ 235,941</u>   | <u>\$ 2,537</u>             |
| Other current liabilities .....   | ¥ (62,573)         | ¥ (61,593)         | \$ (652)                    |
| Other long-term liabilities .....   | (161,310)          | (236,877)          | (1,680)                     |
| Total .....   | <u>¥ (223,883)</u> | <u>¥ (298,470)</u> | <u>\$ (2,332)</u>           |
| Foreign exchange forward and option contracts                             |                    |                    |                             |
| Prepaid expenses and other current assets ....¥                           | 11,167             | ¥ 32,443           | \$ 116                      |
| Investments and other assets - Other .....                                | 171                | 250                | 2                           |
| Total .....   | <u>¥ 11,338</u>    | <u>¥ 32,693</u>    | <u>\$ 118</u>               |
| Other current liabilities .....   | ¥ (23,916)         | ¥ (25,675)         | \$ (249)                    |
| Other long-term liabilities .....   | (217)              | —                  | (2)                         |
| Total .....   | <u>¥ (24,133)</u>  | <u>¥ (25,675)</u>  | <u>\$ (251)</u>             |

# TOYOTA MOTOR CORPORATION

## Notes to Unaudited Consolidated Financial Statements

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

|  | Yen in millions                             |   | U.S. dollars in millions                    |   |
|--|---|---|---|---|
|  | June 30, 2009                               |   | June 30, 2009                               |   |
|  | Designated derivative financial instruments | Undesignated derivative financial instruments | Designated derivative financial instruments | Undesignated derivative financial instruments |
| Interest rate and currency swap agreements .....   | ¥ 1,788,209                                 | ¥11,884,021                                   | \$ 18,625                                   | \$ 123,779                                    |
| Foreign exchange forward and option contracts..... | —   | 1,295,470                                     | —   | 13,493  |
| Total .....  | ¥ 1,788,209                                 | ¥13,179,491                                   | \$ 18,625                                   | \$ 137,272                                    |

  

|  | 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 .....  | ¥ 1,907,927                                 | ¥14,035,055                                   |

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

|  | Yen in millions                                       |                                   | U.S. dollars in millions                              |                                   |
|--|---|-----------------------------------|---|-----------------------------------|
|  | For the first quarter ended June 30, 2009             |                                   | For the first quarter ended June 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 |
| <b>Derivative financial instruments designated as hedging instruments – Fair value hedge</b> |   |                                   |   |                                   |
| Interest rate and currency swap agreements   |   |                                   |   |                                   |
| Cost of financing operations .....   | ¥ 132,288   | ¥ (134,357)                       | \$ 1,378  | \$ (1,399)                        |
| Interest expense.....  | 14  | (14)                              | 0   | (0)                               |
| <b>Undesignated derivative financial instruments</b>   |   |                                   |   |                                   |
| Interest rate and currency swap agreements   |   |                                   |   |                                   |
| Cost of financing operations.....  | ¥ 79,420  | ¥ —                               | \$ 827  | \$ —                              |
| Foreign exchange gain (loss), net.....   | (58)  | —                                 | (1)   | —                                 |
| Foreign exchange forward and option contracts  |   |                                   |   |                                   |
| Cost of financing operations.....  | (11,284)  | —                                 | (118)   | —                                 |
| Foreign exchange gain (loss), net.....   | 15,170  | —                                 | 158   | —                                 |

## TOYOTA MOTOR CORPORATION

### Notes to Unaudited Consolidated Financial Statements

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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 June 30, 2009 is ¥48,485 million (\$505 million). The aggregate fair value amount of assets that are already posted as of June 30, 2009 is ¥4,801 million (\$50 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 ¥48,485 million (\$505 million) as of June 30, 2009.

# TOYOTA MOTOR CORPORATION

## Notes to Unaudited Consolidated Financial Statements

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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 June 30, 2009 is ¥1,569,726 million (\$16,350 million). Liabilities for guarantee totaling ¥5,705 million (\$59 million) have been provided as of June 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, governmental proceedings and other claims pending against it, including product liability claims in the United States. 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.

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 compliance with the directive to result in significant cash expenditures, Toyota is continuing to

**TOYOTA MOTOR CORPORATION**  
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assess the impact of this future legislation on its results of operations, cash flows and financial position.

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## Notes to Unaudited Consolidated Financial Statements

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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 first quarter ended June 30, 2008 and 2009.

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**Segment operating results -**

For the first quarter ended June 30, 2008:

|                                   | Yen in millions   |                           |                  |                                  |                     |
|-----------------------------------|-------------------|---------------------------|------------------|----------------------------------|---------------------|
|                                   | <u>Automotive</u> | <u>Financial Services</u> | <u>All Other</u> | <u>Inter-segment Elimination</u> | <u>Consolidated</u> |
| Net revenues                      |                   |                           |                  |                                  |                     |
| Sales to external customers       | ¥ 5,715,741       | ¥ 356,287                 | ¥ 143,102        | ¥ —                              | ¥ 6,215,130         |
| Inter-segment sales and transfers | 5,206             | 6,886                     | 145,064          | (157,156)                        | —                   |
| Total                             | 5,720,947         | 363,173                   | 288,166          | (157,156)                        | 6,215,130           |
| Operating expenses                | 5,388,602         | 284,039                   | 285,204          | (155,306)                        | 5,802,539           |
| Operating income                  | ¥ 332,345         | ¥ 79,134                  | ¥ 2,962          | ¥ (1,850)                        | ¥ 412,591           |

For the first quarter ended June 30, 2009:

|                                   | Yen in millions   |                           |                  |                                  |                     |
|-----------------------------------|-------------------|---------------------------|------------------|----------------------------------|---------------------|
|                                   | <u>Automotive</u> | <u>Financial Services</u> | <u>All Other</u> | <u>Inter-segment Elimination</u> | <u>Consolidated</u> |
| Net revenues                      |                   |                           |                  |                                  |                     |
| Sales to external customers       | ¥ 3,410,071       | ¥ 314,996                 | ¥ 111,010        | ¥ —                              | ¥ 3,836,077         |
| Inter-segment sales and transfers | 2,896             | 5,153                     | 93,139           | (101,188)                        | —                   |
| Total                             | 3,412,967         | 320,149                   | 204,149          | (101,188)                        | 3,836,077           |
| Operating expenses                | 3,652,104         | 270,532                   | 208,695          | (100,391)                        | 4,030,940           |
| Operating income (loss)           | ¥ (239,137)       | ¥ 49,617                  | ¥ (4,546)        | ¥ (797)                          | ¥ (194,863)         |

|                                   | U.S. dollars in millions |                           |                  |                                  |                     |
|-----------------------------------|--------------------------|---------------------------|------------------|----------------------------------|---------------------|
|                                   | <u>Automotive</u>        | <u>Financial Services</u> | <u>All Other</u> | <u>Inter-segment Elimination</u> | <u>Consolidated</u> |
| Net revenues                      |                          |                           |                  |                                  |                     |
| Sales to external customers       | \$ 35,518                | \$ 3,281                  | \$ 1,156         | \$ —                             | \$ 39,955           |
| Inter-segment sales and transfers | 30                       | 54                        | 970              | (1,054)                          | —                   |
| Total                             | 35,548                   | 3,335                     | 2,126            | (1,054)                          | 39,955              |
| Operating expenses                | 38,039                   | 2,818                     | 2,173            | (1,045)                          | 41,985              |
| Operating income (loss)           | \$ (2,491)               | \$ 517                    | \$ (47)          | \$ (9)                           | \$ (2,030)          |



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### Geographic Information -

For the first quarter ended June 30, 2008:

|                                   | Yen in millions |               |           |           |           |             | Inter-segment<br>Elimination | Consolidated |
|-----------------------------------|-----------------|---------------|-----------|-----------|-----------|-------------|------------------------------|--------------|
|                                   | Japan           | North America | Europe    | Asia      | Other     |             |                              |              |
| Net revenues                      |                 |               |           |           |           |             |                              |              |
| Sales to external customers       | ¥ 2,029,943     | ¥ 2,048,269   | ¥ 871,858 | ¥ 719,133 | ¥ 545,927 | ¥ —         | ¥ 6,215,130                  |              |
| Inter-segment sales and transfers | 1,630,909       | 42,870        | 44,305    | 79,215    | 82,717    | (1,880,016) | —                            |              |
| Total                             | 3,660,852       | 2,091,139     | 916,163   | 798,348   | 628,644   | (1,880,016) | 6,215,130                    |              |
| Operating expenses                | 3,443,690       | 2,021,965     | 895,875   | 728,978   | 584,192   | (1,872,161) | 5,802,539                    |              |
| Operating income                  | ¥ 217,162       | ¥ 69,174      | ¥ 20,288  | ¥ 69,370  | ¥ 44,452  | ¥ (7,855)   | ¥ 412,591                    |              |

For the first quarter ended June 30, 2009:

|                                   | Yen in millions |               |            |           |           |           | Inter-segment<br>Elimination | Consolidated |
|-----------------------------------|-----------------|---------------|------------|-----------|-----------|-----------|------------------------------|--------------|
|                                   | Japan           | North America | Europe     | Asia      | Other     |           |                              |              |
| Net revenues                      |                 |               |            |           |           |           |                              |              |
| Sales to external customers       | ¥ 1,398,778     | ¥ 1,155,390   | ¥ 500,055  | ¥ 457,940 | ¥ 323,914 | ¥ —       | ¥ 3,836,077                  |              |
| Inter-segment sales and transfers | 783,029         | 19,840        | 15,018     | 36,169    | 19,392    | (873,448) | —                            |              |
| Total                             | 2,181,807       | 1,175,230     | 515,073    | 494,109   | 343,306   | (873,448) | 3,836,077                    |              |
| Operating expenses                | 2,393,809       | 1,178,867     | 535,460    | 467,207   | 325,923   | (870,326) | 4,030,940                    |              |
| Operating income (loss)           | ¥ (212,002)     | ¥ (3,637)     | ¥ (20,387) | ¥ 26,902  | ¥ 17,383  | ¥ (3,122) | ¥ (194,863)                  |              |

|                                   | U.S. dollars in millions |               |          |          |          |         | Inter-segment<br>Elimination | Consolidated |
|-----------------------------------|--------------------------|---------------|----------|----------|----------|---------|------------------------------|--------------|
|                                   | Japan                    | North America | Europe   | Asia     | Other    |         |                              |              |
| Net revenues                      |                          |               |          |          |          |         |                              |              |
| Sales to external customers       | \$ 14,569                | \$ 12,034     | \$ 5,208 | \$ 4,770 | \$ 3,374 | \$ —    | \$ 39,955                    |              |
| Inter-segment sales and transfers | 8,156                    | 207           | 157      | 376      | 202      | (9,098) | —                            |              |
| Total                             | 22,725                   | 12,241        | 5,365    | 5,146    | 3,576    | (9,098) | 39,955                       |              |
| Operating expenses                | 24,933                   | 12,279        | 5,577    | 4,866    | 3,395    | (9,065) | 41,985                       |              |
| Operating income (loss)           | \$ (2,208)               | \$ (38)       | \$ (212) | \$ 280   | \$ 181   | \$ (33) | \$ (2,030)                   |              |

“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.

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## Notes to Unaudited Consolidated Financial Statements

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.

### 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 FAS No. 131, *Disclosure about Segments of an Enterprise and Related Information*, Toyota discloses this information in order to provide financial statement users with valuable information.

|               | <u>Yen in millions</u>                                   | <u>Yen in millions</u>                                   | <u>U.S. dollars<br/>in millions</u>                      |
|---------------|--|--|--|
|               | <u>For the first<br/>quarter ended<br/>June 30, 2008</u> | <u>For the first<br/>quarter ended<br/>June 30, 2009</u> | <u>For the first<br/>quarter ended<br/>June 30, 2009</u> |
| North America | ¥ 2,115,360  | ¥ 1,176,923  | \$ 12,258  |
| Europe        | 864,660  | 495,472  | 5,161  |
| Asia          | 764,507  | 514,791  | 5,362  |
| Other         | 996,671  | 515,047  | 5,364  |

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

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**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 quarter ended June 30, 2008 and 2009 are as follows:

|  | <u>Yen in<br/>millions</u>  | <u>Thousands<br/>of shares</u>          | <u>Yen</u>  | <u>U.S.<br/>dollars</u>   |
|--|---|---|---|---|
|  | <u>Net income<br/>(loss)<br/>attributable<br/>to Toyota<br/>Motor<br/>Corporation</u> | <u>Weighted-<br/>average<br/>shares</u> | <u>Net income<br/>(loss)<br/>attributable<br/>to Toyota<br/>Motor<br/>Corporation<br/>per share</u> | <u>Net income<br/>(loss)<br/>attributable<br/>to Toyota<br/>Motor<br/>Corporation<br/>per share</u> |
| <b>For the first quarter ended June 30, 2008</b>                             |   |   |   |   |
| Basic net income attributable to Toyota Motor Corporation per common share   | ¥ 353,659   | 3,149,288                               | ¥ 112.30  |   |
| Effect of diluted securities   |   |   |   |   |
| Assumed exercise of dilutive stock options                                   | (0)   | 458                                     |   |   |
| Diluted net income attributable to Toyota Motor Corporation per common share | <u>¥ 353,659</u>  | <u>3,149,746</u>                        | <u>¥ 112.28</u>   |   |
| <b>For the first quarter ended June 30, 2009</b>                             |   |   |   |   |
| Basic net loss attributable to Toyota Motor Corporation per common share     | ¥ (77,822)  | 3,135,918                               | ¥ (24.82)   | \$ (0.26)   |
| Effect of diluted securities   |   |   |   |   |
| Assumed exercise of dilutive stock options                                   | —   | —                                       |   |   |
| Diluted net loss attributable to Toyota Motor Corporation per common share   | <u>¥ (77,822)</u>   | <u>3,135,918</u>                        | <u>¥ (24.82)</u>  | <u>\$ (0.26)</u>  |

Certain stock options were not included in the computation of diluted net income attributable to Toyota Motor Corporation per share for the first quarter ended June 30, 2008 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 quarter ended June 30, 2009 because it had an antidilutive effect due to the net loss attributable to Toyota Motor Corporation for the first quarter ended June 30, 2009.

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In addition to the disclosure requirements under FAS No. 128, *Earnings per Share*, 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 June 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.

|                             | <u>Yen in<br/>millions</u> | <u>Thousands<br/>of shares</u>   | <u>Yen</u>   | <u>U.S.<br/>dollars</u>  |
|-----------------------------|----------------------------|--|--|--|
|                             |                            | <b>Shares<br/>issued<br/>and<br/>outstanding<br/>at the end of<br/>the period<br/>(excluding<br/>treasury<br/>stock)</b> | <b>Toyota<br/>Motor<br/>Corporation<br/>shareholders'<br/>equity per<br/>share</b> | <b>Toyota Motor<br/>Corporation<br/>Shareholders'<br/>equity per<br/>share</b> |
| <b>As of June 30, 2009</b>  | ¥ 10,066,208               | 3,135,937  | ¥ 3,209.95   | \$ 33.43   |
| <b>As of March 31, 2009</b> | ¥ 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 (\$1,143 million), ¥35 (\$0.36) per share, effective on June 24, 2009.

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**9. Fair value measurements:**

Toyota adopted FAS No.157, *Fair Value Measurements* (“FAS 157”), from the fiscal year ended March 31, 2009. In FAS 157, three levels of input which are used to measure fair value are as follows.

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 June 30, 2009 and March 31, 2009:

|   | Yen in millions    |                    |                   |                    |
|---|--------------------|--------------------|-------------------|--------------------|
|   | June 30, 2009      |                    |                   |                    |
|   | Level 1            | Level 2            | Level 3           | Total              |
| <b>Assets</b>   |                    |                    |                   |                    |
| Cash equivalents.....                                       | ¥ 1,563,322        | ¥ 87,527           | ¥ —               | ¥ 1,650,849        |
| Marketable securities and other securities investments..... | 2,277,911          | 189,518            | 18,883            | 2,486,312          |
| Derivative financial instruments .....                      | —                  | 409,614            | 10,840            | 420,454            |
| Total .....   | <u>¥ 3,841,233</u> | <u>¥ 686,659</u>   | <u>¥ 29,723</u>   | <u>¥ 4,557,615</u> |
| <b>Liabilities</b>  |                    |                    |                   |                    |
| Derivative financial instruments .....                      | ¥ —                | ¥ (267,121)        | ¥ (17,689)        | ¥ (284,810)        |
| Total .....   | <u>¥ —</u>         | <u>¥ (267,121)</u> | <u>¥ (17,689)</u> | <u>¥ (284,810)</u> |
|   | Yen in millions    |                    |                   |                    |
|   | March 31, 2009     |                    |                   |                    |
|   | Level 1            | Level 2            | Level 3           | Total              |
| <b>Assets</b>   |                    |                    |                   |                    |
| 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> |
| <b>Liabilities</b>  |                    |                    |                   |                    |
| 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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|   | U.S. dollars in millions |                   |                 |                   |
|---|--------------------------|-------------------|-----------------|-------------------|
|   | June 30, 2009            |                   |                 |                   |
|   | Level 1                  | Level 2           | Level 3         | Total             |
| <b>Assets</b>   |                          |                   |                 |                   |
| Cash equivalents .....  | \$ 16,283                | \$ 912            | \$ —            | \$ 17,195         |
| Marketable securities and other securities<br>investments ..... | 23,726                   | 1,974             | 196             | 25,896            |
| Derivative financial instruments .....                          | —                        | 4,266             | 113             | 4,379             |
| Total .....   | <u>\$ 40,009</u>         | <u>\$ 7,152</u>   | <u>\$ 309</u>   | <u>\$ 47,470</u>  |
| <b>Liabilities</b>  |                          |                   |                 |                   |
| Derivative financial instruments .....                          | \$ —                     | \$ (2,782)        | \$ (184)        | \$ (2,966)        |
| Total .....   | <u>\$ —</u>              | <u>\$ (2,782)</u> | <u>\$ (184)</u> | <u>\$ (2,966)</u> |

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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 quarter ended June 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 quarter ended June 30, 2009 were not material.