

Management's Discussion and Analysis

Toyota Gosei's business centers on developing, manufacturing and marketing automotive parts. The company also has built a large volume of business in developing, manufacturing and marketing light-emitting diodes (LEDs) for cellular phones and other applications and in supplying plastic cases for cellular phones. Automotive parts accounted for 92.6% of the company's net sales in the fiscal year ended on March 31, 2002.

Affiliation

Toyota Motor Corporation owned 42.0% of Toyota Gosei's equity at March 31, 2002, and business with Toyota accounted for 38.0% of the company's sales in the fiscal year ended on that date. Toyota Gosei also conducts business with most of the world's other large automakers.

Strengthening ties among affiliated companies is a stated priority at Toyota Motor Corporation. Recent activity by Toyota Gosei in reallocating assets and in undertaking joint work with other Toyota Group companies reflects that priority. Management believes, however, that maintaining and reinforcing ties with Toyota Group companies will not compromise Toyota Gosei's ability to continue developing business with other automakers.

Income and Expenses

Toyota Gosei posted a 3.5% increase in net sales in the past fiscal year, to ¥303.1 billion (\$2,275 million). That increase comprised a sales gain of 4.8% in automotive

parts, to ¥280.6 billion (\$2,106 million), and a sales decline of 10.5% in nonautomotive parts, to ¥22.6 billion (\$169 million).

In sales by company location, business volume was unchanged in Japan, at ¥229.0 billion (\$1,719 million). Sales increased 10.5% in North America, to ¥68.0 billion (\$510 million), and increased 92.1% in other regions, to ¥15.4 billion (\$116 million).

Cost of sales increased 7.4% in the past fiscal year, to ¥266.8 billion (\$2,003 million), and the gross profit margin declined to 12.0%, from 15.2% in the previous year. The principal reason for the deterioration in gross profitability was declining price levels in principal markets for automotive parts. Another reason was weakness in the telecommunications sector, which is the principal market for the company's LEDs.

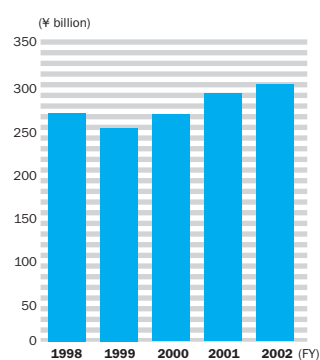
Gross profit margin (percent)

FY	2002	2001	2000	1999	1998
	12.0	15.2	15.3	11.2	9.3

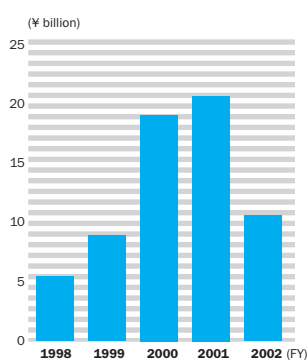
Selling, general and administrative expenses rose 8.3%, to ¥25.7 billion (\$193 million), reflecting the growth in business volume and an expanded scope of consolidation. Toyota Gosei's accounts for the fiscal year under review encompass 24 subsidiaries, compared with 18 and 9 in the two previous years. The number of employees increased 15.2%, to 12,321 at fiscal year-end.

Toyota Gosei maintains a vigorous commitment to research and development in automotive parts and in diversified products. Expenditures on research and development increased 6.1% in the past fiscal year, to ¥18.7 billion (\$141 million).

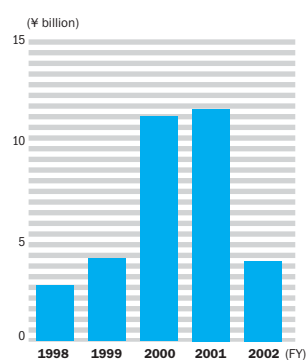
Net Sales



Operating Income



Net Income



Operating income declined 48.6%, to ¥10.6 billion (\$80 million), and the operating profit margin declined to 3.5%, from 7.0% in the previous year. The decline in operating profitability reflects narrowing gross profit margins in automotive parts and a severe deterioration of profitability in LEDs.

Operating profit margin (percent)

FY	2002	2001	2000	1999	1998
	3.5	7.0	7.1	3.5	2.0

Net interest expense totaled ¥96 million (\$722,265), compared with net interest and dividend income of ¥19 million in the previous year. Depreciation expense increased 4.8%, to ¥21.8 billion (\$164 million).

Income before income taxes and minority interests declined 60.2%, to ¥8.5 billion (\$64 million), and net income declined 65.5%, to ¥4.1 billion (\$30 million). Diluted net income per share of common stock declined 65.3%, to ¥31.4 (\$0.24). The company maintained the dividends at ¥11.0 (\$0.08) per share of common stock.

Financial Position

Toyoda Gosei maintains a strong financial position, and it strengthened that position further in the past fiscal year. Shareholders' equity increased 6.9%, to ¥132.6 billion (\$995 million) at fiscal year-end, and the ratio of shareholders' equity to total assets was 52.3%, compared with 52.7% a year earlier.

Equity to Assets Ratio (percent)

FY	2002	2001	2000	1999	1998
	52.3	52.7	54.0	44.6	42.9

Net cash provided by operating activities totaled ¥21.6 billion (\$162 million), down 22.0% from the previous year in reflection of the decline in pretax income. Cash and cash equivalents at fiscal year-end declined 11.9%, to ¥25.7 billion (\$193 million).

Outlook

Management believes that Toyoda Gosei will return to a pattern of growth in sales and earnings in the fiscal year to March 31, 2003. They project that net income will increase 60.2%, to ¥6.5 billion, and that net sales will rise ¥2.3%, to ¥310 billion.

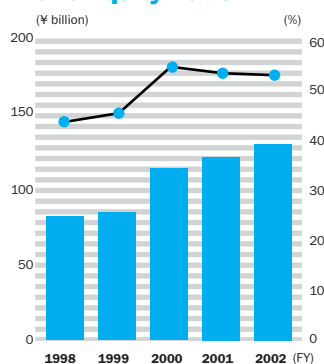
Forward-Looking Statements

The preceding descriptions of projections and plans are "forward-looking statements," which involve known and unknown risks and uncertainties in regard to such factors as product liability, currency exchange rates, raw material costs, labor-management relations and political stability. Those and other variables could cause the company's actual performance and results to differ from management's projections and plans.

Return on Equity

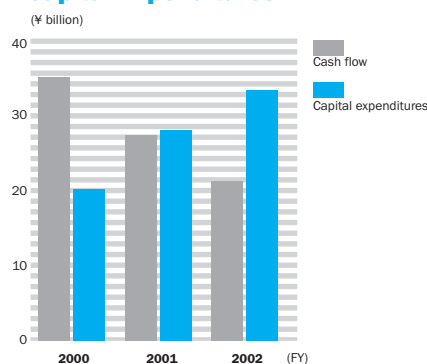


Shareholders' Equity and Equity Ratio*



*Ratio of shareholders' equity to total assets

Cash Flow* and Capital Expenditures



*Cash flows from operating activities; Toyoda Gosei began disclosing cash flows in fiscal 2000.