Financial Highlights

TOYODA GOSEI CO., LTD. and Its Consolidated Subsidiaries
For the years ended March 31, 2003, 2002 and 2001

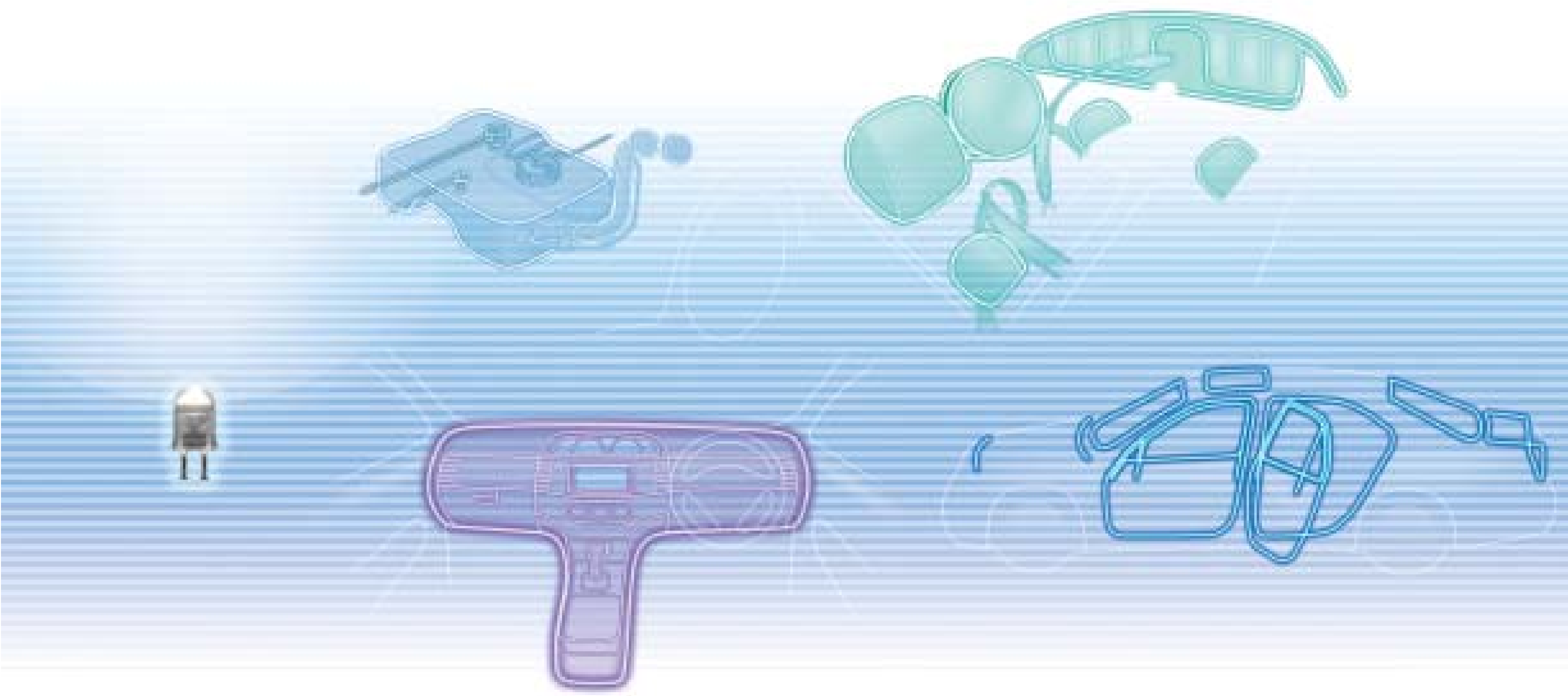
			Millions of yen	Percent change	Thousands of U.S. dollars (Note 1)
	2003	2002	2001	2003/2002	**2003**
Net sales:	**¥344,842**	¥303,093	¥292,883	13.8	**$2,868,902**
Sales in Japan	**245,199**	216,321	220,058	13.3	**2,039,928**
Sales outside Japan	**99,643**	86,772	72,825	14.8	**828,974**
Net income	**17,258**	4,058	11,762	325.3	**143,574**
Total assets	**282,901**	253,438	235,253	11.6	**2,353,585**
Shareholders' equity	**144,437**	132,560	123,962	9.0	**1,201,642**
Capital expenditures	**35,045**	33,501	28,420	4.6	**291,559**
Depreciation and amortization	**23,395**	21,823	20,831	7.2	**194,635**

			Yen	Percent change	U.S. dollars (Note 1)
Per share (Note 2):					
Net income					
Basic	**¥138.00**	¥32.82	¥95.31	320.5	**$1.15**
Diluted	**131.85**	31.44	90.65	319.4	**1.10**
Cash dividends	**13.00**	11.00	11.00	18.2	**0.11**
Number of employees	**13,487**	12,321	10,695	9.5	

Notes:

1. The U.S. dollar amounts have been prepared, for convenience only, at the rate of ¥120.2 = US$1, the approximate exchange rate prevailing on March 31, 2003.
2. The calculation of per share amounts is based on the average number of shares during the fiscal year.

Toyoda Gosei *is a global leader in several categories of automotive components. It also is a leader in light-emitting diodes (LEDs). The company supplies automakers around the world with interior and exterior parts, with body sealing products, with functional parts for power train, chassis drive train and fuel supply systems and with airbags and steering wheels.*



Toyoda Gosei's LEDs render service in cellular telephones and in countless other products. The company has manufacturing operations at 35 sites in 12 nations. Toyoda Gosei is a core member of the Toyota Group.

The best numbers ever—

But room for improvement

We are proud to report that our operations generated their highest-ever profit in the fiscal year ended March 31, 2003. Operating income surged 95.6%, to ¥20.8 billion ($173 million), on a 13.8% increase in net sales, to ¥344.8 billion ($2.9 billion). The strong recovery in operating profitability supported a 325.3% increase in net income, to ¥17.3 billion ($144 million).

Our gains in sales and earnings comprised solid gains in both automotive and nonautomotive operations. Operating income in our automotive parts segment increased 31.7%, to ¥12.4 billion ($103 million), on a 9.3% increase in sales, to ¥306.6 billion ($2.6 billion). In our nonautomotive parts segment, operating income climbed more than 6.7-fold, to ¥8.4 billion ($70 million), on a 69.3% increase in sales, to ¥38.2 billion ($318 million). The dramatic sales and earnings growth in nonautomotive operations resulted mainly from sales growth of 81.7% in optoelectronic products, to ¥25.3 billion ($210 million).

We also posted across-the-board gains in sales and earnings by geographical segment. Sales increased in Japan, in North America and in other regions. Operating income increased in Japan and in North America, and our operating loss in other regions—which resulted principally from start-up costs at new manufacturing operations—shrank greatly.

The business recovery outlined above exceeded the upturn that we projected in our message to you last year. Sales and earnings benefited from better-than-expected results in automotive operations in North America, in Southeast Asia and in China and from stronger-than-expected growth in optoelectronics products. Earnings benefited, too, from a special gain of ¥10 billion ($83 million) in connection with an accounting change for pension plan assets. You will find a description of that accounting change in Note 2 (7) of the Notes to Consolidated Financial Statements.

Tokio Horigome (right), Chairman of the Board, and Takashi Matsuura, President

Maintaining the Momentum

To continue growing, we will need to revamp the business model that has supported our growth over the years. We have concentrated in our automotive operations primarily on high-value-added parts and systems for premium-grade vehicles. That strategy made sense as long as we could count on continuing growth in unit production of those vehicles in our core markets: Japan, North America and Europe. The world, however, is changing.

Our industry's growth markets in the years ahead will be China, Southeast Asian nations, India and other newly industrializing economies. And demand in those nations will center on economy-oriented vehicles. Even in Japan, a new generation of small, low-cost vehicles is luring drivers away from more-expensive models.

The basic formula for determining viable cost is timeless: Start with the price that the customer is willing to pay; then, subtract your desired profit margin to arrive at your cost ceiling. Our job is to get our costs down below the ceiling for any kind of vehicle in any market.

We have abided pretty much by a one-size-fits-all philosophy in regard to cost management. That has burdened us with a cost structure that is—frankly—unsuited to mass-market vehicles for emerging markets. So we are rethinking our approaches to cost management. We are learning to be more flexible in adapting our costs to customer expectations.

Flexibility is partly a matter of developing new design concepts for different grades of vehicles. Increasingly, it is also a matter of localizing production around the world. A look at the map on pages 4 and 5 will confirm the extensive geographical reach of our production network. We will make the most of that reach to assert an identity as a globally competitive supplier of automotive systems.

The rapid pace of our globalization is evident in the number of production companies that we have set up over the past three years. Since 2000, we have established 15 manufacturing companies in 10 nations besides Japan. We also have set up regional management companies, product development centers and even a personnel services operation to support our growing presence in markets outside Japan.

Staying in Front Technologically

Underpinning our appeal to automakers and to other customers are our fundamental strengths in core technologies. We discuss some of those technologies on the following pages in connection with our separate product groups. Here, we want to call your attention to a recent development that bodes well for our business in multiple ways.

We announced Japan's first nonmetallic fuel tank for compressed natural gas (CNG) in April 2003. Some 2 million CNG vehicles are on the road worldwide, including about 15,000 in Japan. Nearly all of those vehicles carry heavy, metallic fuel tanks. Automakers have sought affordable, lighter alternatives to improve fuel economy, enhance acceleration and increase fuel-carrying capacity. But CNG tends to seep through the walls of fuel tanks made from synthetic materials. And that has impeded progress in weight savings.

Now, we have developed an all-composite fuel tank that is about 60% lighter than metallic tanks and whose gas barrier characteristics are just as good as those of metal tanks. An outer wall of epoxy reinforced with carbon fiber provides sufficient structural strength to contain highly compressed gas, and an inner liner of polyphenylene sulfide and rubber provides excellent gas barrier characteristics to prevent seepage.

We call your attention to this new product partly because it exemplifies our broad-ranging technological strengths in developing composite materials and in using computer-aided engineering to optimize designs. Another reason for introducing this product here is its potential in an expanding range of vehicle models. We are refining our new fuel tank technology with an eye to applying it to hydrogen storage in fuel cell vehicles.

Aiming High

So we are working systematically to ensure lasting, profitable growth in our automotive operations. Our line of business in optoelectronics products, meanwhile, has resumed growing and is poised to contribute mightily to overall growth in sales and earnings.

We eliminated a longstanding distraction during the past year by settling all patent-infringement suits between our company and Nichia Corporation. Under that settlement, both companies have dropped all claims against each other in regard to LED technology.

We envision sales of more than ¥400 billion in the fiscal year to March 2005 and of ¥500 billion in the fiscal year to March 2007. Those are bold targets, but they are attainable. Fulfilling our goals will depend on continuing progress in strengthening our cost-competitiveness and in developing innovative new technologies. We are on the right track, and we look forward to reporting further progress next year.

July 2003

Tokio Horigome, Chairman of the Board

Takashi Matsuura, President