



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 airbag-equipped steering wheels and other kinds of airbags. Its LEDs render service in cell phones and in countless other products.

Toyota Gosei has manufacturing operations at 38 sites in 12 nations. It is a core member of the Toyota Group.

In 2004, all Toyota Gosei companies around the world will begin using the newly updated logo mark that appears above and on the cover. The familiar Toyota Gosei logo evokes the hexagonal benzene ring. Benzene is fundamental to our core technologies in plastics and rubber.

Financial Highlights

TOYODA GOSEI CO., LTD. and Its Consolidated Subsidiaries
For the years ended March 31, 2004, 2003, and 2002

	Millions of yen			Percent change	Thousands of U.S. dollars (Note 1)
	2004	2003	2002	2004/2003	2004
Net sales:	¥396,983	¥344,842	¥303,093	15.1	\$3,756,110
Sales in Japan	278,446	245,199	216,321	13.6	2,634,554
Sales outside Japan	118,537	99,643	86,772	19.0	1,121,556
Net income	12,679	17,258	4,058	-26.5	119,960
Total assets	318,689	282,901	253,438	12.7	3,015,317
Shareholders' equity	159,783	144,437	132,560	10.6	1,511,811
Capital expenditures	41,355	35,045	33,501	18.0	391,284
Depreciation and amortization	26,062	23,395	21,823	11.4	246,591
			Yen	Percent change	U.S. dollars (Note 1)
Per share (Note 2):					
Net income					
Basic	¥100.14	¥138.00	¥32.82	-27.4	\$0.95
Diluted	96.14	131.85	31.44	-27.1	0.91
Cash dividends	16.00	13.00	11.00	23.1	0.15
Number of employees	15,483	13,487	12,321	14.8	

Notes:

1. The U.S. dollar amounts have been translated, for convenience only, at the rate of ¥105.69 = US\$1, the approximate exchange rate prevailing on March 31, 2004.
2. The calculation of per share amounts is based on the average number of shares during the fiscal year.

A Year of Growth. And a Vision for Lasting Growth



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

Net sales and operating income climbed to record levels in fiscal 2004, ended March 31, 2004. Operating income rose 16.6%, to ¥24.2 billion (\$229 million), on a 15.1% increase in net sales, to ¥397.0 billion (\$3,756 million). The growth in net sales comprised gains of 15.0% in our automotive parts business segment, to ¥352.5 billion (\$3,335 million), and 16.5% in our nonautomotive parts segment—mainly light-emitting diodes (LEDs)—to ¥44.5 billion (\$421 million), before eliminations for intersegment transactions.

Net income declined 26.5%, to ¥12.7 billion (\$120 million). That followed a large extraordinary gain in the previous year in connection with a change in the way we manage our employee pension plan. See note 6 to the notes to the consolidated financial statements for details.

Our projections call for renewed growth on the bottom line in fiscal 2005. We project that net income will rise about 26%, to approximately ¥16 billion, on an increase of about 6% in net sales, to approximately ¥420 billion.

A roadmap for growth: globalization under an integrated identity

We unveiled a vision in spring 2004 for the Toyoda Gosei Group in 2010. The chief quantitative target in the vision is to raise sales to ¥700 billion. Geographically, most of the sales growth we envision will occur in markets outside Japan, and we are expanding our global production network rapidly to support that growth. In fiscal 2004, we established four more subsidiaries in China—three to manufacture safety system products, interior and exterior parts, and body sealing products and one to market LEDs. We now have seven Chinese subsidiaries.

Our globalization program extends beyond manufacturing. We are strengthening our North American operations by upgrading our local research and development capabilities there. We are also fortifying our product development interface with automakers in Europe and in Asian markets. Our LED operations, meanwhile, are strengthening their marketing capabilities in North America and Europe, as well as in China.

We celebrated the 55th anniversary of our founding in June 2004. That was an occasion for unifying our corporate branding worldwide. All of our operations worldwide will now use the distinctive Toyoda Gosei hexagon in the same way. In addition,

North American and European subsidiaries that have operated under the name TG will all adopt the full name, Toyoda Gosei, this August. Our unified visual identity will strengthen our brand image as we develop business globally with automakers and with other customers.

A roadmap for growth: market leadership

Another emphasis in our 2010 vision is on asserting market leadership in selected product sectors. Contemporary markets bestow compelling benefits on market leaders; conversely, viable profit margins are increasingly difficult to attain for manufacturers that do not rank among the global market leaders.

We have identified eight product sectors where we aim to position Toyoda Gosei among the top three global suppliers in 2010. You will find a summary of the eight targeted sectors on page 5 of this report. We will work to sharpen our competitive edge in sectors where we already rank among the top three suppliers, and we will work tenaciously to leapfrog over competitors in the other sectors.

Absolutely determined to achieve our goals for market leadership, we are reordering our priorities dramatically in asset allocation. The eight targeted sectors will receive top priority in allocating resources to product development, capital spending, and marketing.

A road map for growth: profitability

Raising profitability is also an important emphasis in our corporate vision for 2010. Our operating return on sales was 24.3% in LEDs and other nonautomotive parts in fiscal 2004, but it was only 3.8% in our automotive parts segment. LEDs, as a newly emerging high-technology market, naturally offer higher profit margins than automotive components do. But they are also subject to sharper fluctuations in demand and in profitability. Steady earnings from our automotive parts business stabilize our foundation for multifaceted, global growth, and profitability in that business needs to be higher.

Over the past two years, we have divested unprofitable operations in automotive components, and we have ceased production of some unprofitable items. We have strengthened profitable product lines, meanwhile, through acquisitions and collabora-

tions, most notably in safety system products. All four of our automotive business units posted operating profit in fiscal 2004 for the first time in several years. And we intend to raise our operating profit margin in each of those business units further.

A global system supplier

Underlying our continuing growth in global markets is our close affiliation with Toyota Motor Corporation. Toyoda Gosei is a core member of the Toyota Group, and our products support the continuing market gains by the group's vehicle brands: Toyota, Lexus, Daihatsu, and Hino. Our operations in North America, Southeast Asia, and Europe have grown in step with planned, stepwise globalization by the Toyota Group. And our ongoing, rapid expansion in China is an integral part of systematic expansion by the Toyota Group there.

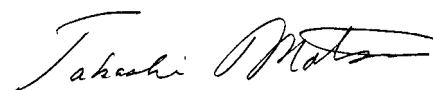
In the meantime, we continue to develop business with nearly all of the world's leading automakers. Rigorous confidentiality characterizes our work with automakers in collaborative product development programs. We offer the superior quality and cost-competitiveness that people rightly associate with the Toyota Group. Yet we remain a trusted partner to vehicle manufacturers of any and all affiliations.

The growth we posted in fiscal 2004 included new business with U.S. and European automakers, as well as expanded business with Toyota and with other Japanese automakers. We plan to continue growing as a global system supplier to all the world's automakers.

August 2004



Tokio Horigome, Chairman of the Board



Takashi Matsuura, President