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CORPORATE FACE TIME

TOP MESSAGE

PERFORMANCE

MANAGEMENT

FINANCIAL STATEMENTS

Consolidated balance sheets (China JV Equity basis)

	(Millions of yen)	
	FY2015	FY2016
	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash on hand and in banks	918,771	1,122,484
Trade notes and accounts receivable	837,704	808,981
Sales finance receivables	6,653,237	7,340,636
Securities	73,384	121,524
Merchandise and finished goods	857,818	911,553
Work in process	86,313	73,409
Raw materials and supplies	330,435	288,199
Deferred tax assets	251,689	156,457
Other	825,080	746,650
Allowance for doubtful accounts	(86,858)	(107,344)
Total current assets	10,747,573	11,462,549
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	645,945	609,769
Machinery, equipment and vehicles, net	3,182,514	3,342,305
Land	625,152	599,626
Construction in progress	196,718	177,394
Other, net	566,573	546,127
Total property, plant and equipment	5,216,902	5,275,221
Intangible fixed assets	130,877	127,807
Investments and other assets		
Investment securities	893,688	1,158,676
Long-term loans receivable	7,747	16,036
Net defined benefit assets	4,691	8,456
Deferred tax assets	187,106	176,354
Other	186,962	197,757
Allowance for doubtful accounts	(1,903)	(1,848)
Total investments and other assets	1,278,291	1,555,431
Total fixed assets	6,626,070	6,958,459
Total assets	17,373,643	18,421,008

	(Millions of yen)	
	FY2015	FY2016
	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Trade notes and accounts payable	1,479,689	1,578,594
Short-term borrowings	1,037,271	980,654
Current portion of long-term borrowings	1,350,894	1,339,982
Commercial papers	499,875	430,019
Current portion of bonds	357,998	368,101
Lease obligations	14,916	31,565
Accrued expenses	981,989	1,112,591
Deferred tax liabilities	51	2
Accrued warranty costs	106,536	110,086
Other	934,968	1,102,626
Total current liabilities	6,764,187	7,054,220
Long-term liabilities		
Bonds	969,987	1,493,159
Long-term borrowings	2,755,896	3,103,803
Lease obligations	14,460	20,398
Deferred tax liabilities	691,809	601,398
Accrued warranty costs	138,107	128,394
Net defined benefit liability	424,123	369,346
Other	474,329	483,154
Total long-term liabilities	5,468,711	6,199,652
Total liabilities	12,232,898	13,253,872
Net assets		
Shareholders' equity		
Common stock	605,814	605,814
Capital surplus	805,646	817,464
Retained earnings	4,150,740	4,349,136
Treasury stock	(148,684)	(140,697)
Total shareholders' equity	5,413,516	5,631,717
Accumulated other comprehensive income		
Unrealized holding gain and loss on securities	64,030	57,778
Unrealized gain and loss from hedging instruments	(4,486)	7,154
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	(13,945)	(13,945)
Translation adjustments	(582,363)	(687,841)
Remeasurements of defined benefit plans	(155,487)	(133,016)
Total accumulated other comprehensive income	(692,251)	(769,870)
Share subscription rights	502	391
Non-controlling interests	418,978	304,898
Total net assets	5,140,745	5,167,136
Total liabilities and net assets	17,373,643	18,421,008



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MANAGEMENT

Consolidated statement of income (China JV Equity basis)

(Millions of yen)

	FY2015 (From April 1, 2015 to March 31, 2016)	FY2016 (From April 1, 2016 to March 31, 2017)
Net sales	12,189,519	11,720,041
Cost of sales	9,796,998	9,422,551
Gross profit	2,392,521	2,297,490
Selling, general and administrative expenses		
Advertising expenses	342,213	313,406
Service costs	130,530	79,125
Provision for warranty costs	137,941	131,059
Other selling expenses	234,456	251,378
Salaries and wages	393,739	402,202
Retirement benefit expenses	16,137	20,809
Supplies	3,901	4,083
Depreciation and amortization	45,056	50,773
Provision for doubtful accounts	63,586	88,550
Amortization of goodwill	5,111	1,818
Other	226,573	212,059
Total selling, general and administrative expenses	1,599,243	1,555,262
Operating income	793,278	742,228
Non-operating income		
Interest income	26,467	15,868
Dividends income	5,966	9,416
Equity in earnings of affiliates	122,524	148,178
Derivative gain	37,683	33,419
Miscellaneous income	11,726	20,914
Total non-operating income	204,366	227,795
Non-operating expenses		
Interest expense	24,806	14,128
Exchange loss	96,452	65,289
Credit liquidation costs	9,702	10,906
Miscellaneous expenses	4,412	14,967
Total non-operating expenses	135,372	105,290
Ordinary income	862,272	864,733

(Millions of yen)

	FY2015 (From April 1, 2015 to March 31, 2016)	FY2016 (From April 1, 2016 to March 31, 2017)
Special gains		
Gain on sales of fixed assets	9,011	7,114
Gain on sales of investment securities	23,338	—
Gain on sales of shares of subsidiaries and affiliates	—	111,502
Insurance income	5,287	7,204
Gain on transfer of business	—	9,788
Other	4,762	1,459
Total special gains	42,398	137,067
Special losses		
Loss on sales of fixed assets	4,937	9,256
Loss on disposal of fixed assets	13,274	11,253
Loss on sales of investment securities	—	3,865
Impairment loss	42,087	5,532
Quality related costs	90,700	—
Other	20,738	6,737
Total special losses	171,736	36,643
Income before income taxes	732,934	965,157
Income taxes-current	149,920	275,818
Income taxes-deferred	30,221	(11,179)
Total income taxes	180,141	264,639
Net income	552,793	700,518
Net income attributable to non-controlling interests	28,952	37,019
Net income attributable to owners of parent	523,841	663,499



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CORPORATE FACE TIME

TOP MESSAGE

PERFORMANCE

MANAGEMENT

Consolidated statement of cash flows (China JV Equity basis)

(Millions of yen)

	FY2015 (From April 1, 2015 to March 31, 2016)	FY2016 (From April 1, 2016 to March 31, 2017)
Cash flows from operating activities		
Income before income taxes	732,934	965,157
Depreciation and amortization (for fixed assets excluding leased vehicles)	424,881	391,798
Depreciation and amortization (for long term prepaid expenses)	18,666	22,910
Depreciation and amortization (for leased vehicles)	389,339	426,349
Impairment loss	42,087	5,532
Increase (decrease) in allowance for doubtful receivables	16,669	22,959
Provision for residual value risk of leased vehicles (net changes)	53,737	63,049
Quality related costs	90,700	—
Interest and dividends income	(32,433)	(25,284)
Interest expense	111,906	119,310
Equity in losses (earnings) of affiliates	(122,524)	(148,178)
Loss (gain) on sales of fixed assets	(4,074)	2,142
Loss on disposal of fixed assets	13,274	11,253
Loss (gain) on sales of investment securities	(23,338)	3,865
Loss (gain) on sales of shares of subsidiaries and affiliates	—	(111,502)
Loss (gain) on transfer of business	—	(9,788)
Decrease (increase) in trade notes and accounts receivable	15,171	(42,584)
Decrease (increase) in sales finance receivables	(830,209)	(765,894)
Decrease (increase) in inventories	(17,244)	(32,660)
Increase (decrease) in trade notes and accounts payable	217,587	296,060
Retirement benefit expenses	13,581	26,707
Payments related to net defined benefit assets and liabilities	(29,854)	(24,517)
Other	55,978	190,498
Subtotal	1,136,834	1,387,182
Interest and dividends received	33,222	24,467
Proceeds from dividends income from affiliates accounted for by equity method	144,961	127,772
Interest paid	(110,439)	(117,213)
Income taxes paid	(277,565)	(86,735)
Net cash provided by operating activities	927,013	1,335,473

(Millions of yen)

	FY2015 (From April 1, 2015 to March 31, 2016)	FY2016 (From April 1, 2016 to March 31, 2017)
Cash flows from investing activities		
Net decrease (increase) in short-term investments	4,855	(2,119)
Purchase of fixed assets	(531,251)	(503,745)
Proceeds from sales of fixed assets	80,320	72,814
Purchase of leased vehicles	(1,385,990)	(1,293,840)
Proceeds from sales of leased vehicles	560,861	512,375
Payments of long-term loans receivable	(3,018)	(1,581)
Collection of long-term loans receivable	8,285	2,096
Purchase of investment securities	(24,869)	(270,228)
Proceeds from sales of investment securities	25,192	—
Proceeds from (payments for) sales of subsidiaries' shares resulting in changes in the scope of consolidation	—	97,055
Proceeds from (payments for) purchase of subsidiaries' shares resulting in changes in the scope of consolidation	(6,354)	—
Net decrease (increase) in restricted cash	44,839	4,779
Proceeds from transfer of business	—	9,582
Other	(2,150)	(4,814)
Net cash used in investing activities	(1,229,280)	(1,377,626)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	420,085	16,119
Proceeds from long-term borrowings	1,824,367	1,724,688
Proceeds from issuance of bonds	270,592	878,641
Repayments of long-term borrowings	(1,545,177)	(1,369,795)
Redemption of bonds	(212,033)	(344,009)
Proceeds from non-controlling shareholders	4,914	1,275
Purchase of treasury stock	(28,325)	(277,419)
Proceeds from sales of treasury stock	303	128
Repayments of lease obligations	(23,093)	(26,265)
Cash dividends paid	(157,239)	(182,803)
Cash dividends paid to non-controlling interests	(23,788)	(99,950)
Net cash provided by financing activities	530,606	320,610
Effects of exchange rate changes on cash and cash equivalents	(45,107)	(34,875)
Increase in cash and cash equivalents	183,232	243,582
Cash and cash equivalents at beginning of the period	802,612	992,095
Increase due to inclusion in consolidation	6,251	5,447
Cash and cash equivalents at end of the period	992,095	1,241,124