



## FINANCIAL STATEMENTS

## Consolidated balance sheets (China JV Equity basis)

(Millions of yen)

	FY2016 As of March 31, 2017	FY2017 As of March 31, 2018
<b>Assets</b>		
Current assets		
Cash on hand and in banks	1,122,484	1,134,838
Trade notes and accounts receivable	808,981	739,851
Sales finance receivables	7,340,636	7,634,756
Securities	121,524	71,200
Merchandise and finished goods	911,553	880,518
Work in process	73,409	91,813
Raw materials and supplies	288,199	318,218
Deferred tax assets	156,457	152,452
Other	746,650	775,771
Allowance for doubtful accounts	(107,344)	(116,572)
<b>Total current assets</b>	<b>11,462,549</b>	<b>11,682,845</b>
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	609,769	600,675
Machinery, equipment and vehicles, net	3,342,305	3,392,134
Land	599,626	598,780
Construction in progress	177,394	209,237
Other, net	546,127	464,808
<b>Total property, plant and equipment</b>	<b>5,275,221</b>	<b>5,265,634</b>
Intangible fixed assets	127,807	128,782
Investments and other assets		
Investment securities	1,158,676	1,264,532
Long-term loans receivable	16,036	12,654
Net defined benefit assets	8,456	10,552
Deferred tax assets	176,354	175,940
Other	197,757	207,764
Allowance for doubtful accounts	(1,848)	(1,802)
<b>Total investments and other assets</b>	<b>1,555,431</b>	<b>1,669,640</b>
<b>Total fixed assets</b>	<b>6,958,459</b>	<b>7,064,056</b>
<b>Total assets</b>	<b>18,421,008</b>	<b>18,746,901</b>

(Millions of yen)

	FY2016 As of March 31, 2017	FY2017 As of March 31, 2018
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	1,578,594	1,646,638
Short-term borrowings	980,654	802,952
Current portion of long-term borrowings	1,339,982	1,152,719
Commercial papers	430,019	402,918
Current portion of bonds	368,101	396,637
Lease obligations	31,565	25,766
Accrued expenses	1,112,591	1,114,053
Deferred tax liabilities	2	2
Accrued warranty costs	110,086	115,568
Other	1,102,626	1,087,133
<b>Total current liabilities</b>	<b>7,054,220</b>	<b>6,744,386</b>
Long-term liabilities		
Bonds	1,493,159	1,887,404
Long-term borrowings	3,103,803	3,053,712
Lease obligations	20,398	16,248
Deferred tax liabilities	601,398	395,026
Accrued warranty costs	128,394	120,210
Net defined benefit liability	369,346	352,861
Other	483,154	488,319
<b>Total long-term liabilities</b>	<b>6,199,652</b>	<b>6,313,780</b>
<b>Total liabilities</b>	<b>13,253,872</b>	<b>13,058,166</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	605,814	605,814
Capital surplus	817,464	815,913
Retained earnings	4,349,136	4,908,747
Treasury stock	(140,697)	(139,970)
<b>Total shareholders' equity</b>	<b>5,631,717</b>	<b>6,190,504</b>
Accumulated other comprehensive income		
Unrealized holding gain and loss on securities	57,778	68,179
Unrealized gain and loss from hedging instruments	7,154	9,537
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	(13,945)	(13,945)
Translation adjustments	(687,841)	(733,571)
Remeasurements of defined benefit plans	(133,016)	(135,967)
<b>Total accumulated other comprehensive income</b>	<b>(769,870)</b>	<b>(805,877)</b>
Share subscription rights	391	84
Non-controlling interests	304,898	303,914
<b>Total net assets</b>	<b>5,167,136</b>	<b>5,688,735</b>
<b>Total liabilities and net assets</b>	<b>18,421,008</b>	<b>18,746,901</b>



## Consolidated statement of income (China JV Equity basis)

(Millions of yen)

	FY2016 (From April 1, 2016 to March 31, 2017)	FY2017 (From April 1, 2017 to March 31, 2018)
Net sales	11,720,041	11,951,169
Cost of sales	9,422,551	9,814,001
Gross profit	2,297,490	2,137,168
Selling, general and administrative expenses		
Advertising expenses	313,406	304,328
Service costs	79,125	74,569
Provision for warranty costs	131,059	122,135
Other selling expenses	251,378	251,593
Salaries and wages	402,202	410,156
Retirement benefit expenses	20,809	17,883
Supplies	4,083	4,413
Depreciation and amortization	50,773	53,928
Provision for doubtful accounts	88,550	90,461
Amortization of goodwill	1,818	1,057
Other	212,059	231,885
Total selling, general and administrative expenses	<b>1,555,262</b>	<b>1,562,408</b>
Operating income	<b>742,228</b>	<b>574,760</b>
Non-operating income		
Interest income	15,868	21,092
Dividends income	9,416	6,663
Equity in earnings of affiliates	148,178	205,645
Derivative gain	33,419	—
Miscellaneous income	20,914	15,938
Total non-operating income	<b>227,795</b>	<b>249,338</b>
Non-operating expenses		
Interest expense	14,128	12,670
Derivative loss	—	5,001
Exchange loss	65,289	26,772
Credit liquidation costs	10,906	13,854
Miscellaneous expenses	14,967	15,499
Total non-operating expenses	<b>105,290</b>	<b>73,796</b>
Ordinary income	<b>864,733</b>	<b>750,302</b>

(Millions of yen)

	FY2016 (From April 1, 2016 to March 31, 2017)	FY2017 (From April 1, 2017 to March 31, 2018)
Special gains		
Gain on sales of fixed assets	7,114	10,408
Gain on sales of shares of subsidiaries and affiliates	111,502	—
Gain on transfer of business	9,788	—
Other	8,663	2,184
Total special gains	<b>137,067</b>	<b>12,592</b>
Special losses		
Loss on sales of fixed assets	9,256	4,149
Loss on disposal of fixed assets	11,253	10,644
Loss on sales of investment securities	3,865	259
Impairment loss	5,532	16,166
Compensation for supplier investment	—	13,612
Other	6,737	7,321
Total special losses	<b>36,643</b>	<b>52,151</b>
Income before income taxes	<b>965,157</b>	<b>710,743</b>
Income taxes-current	275,818	140,571
Income taxes-deferred	(11,179)	(193,485)
Total income taxes	<b>264,639</b>	<b>(52,914)</b>
Net income	<b>700,518</b>	<b>763,657</b>
Net income attributable to non-controlling interests	<b>37,019</b>	<b>16,765</b>
Net income attributable to owners of parent	<b>663,499</b>	<b>746,892</b>



## Consolidated statement of cash flows (China JV Equity basis)

	(Millions of yen)	
	FY2016 (From April 1, 2016 to March 31, 2017)	FY2017 (From April 1, 2017 to March 31, 2018)
<b>Cash flows from operating activities</b>		
Income before income taxes	965,157	710,743
Depreciation and amortization (for fixed assets excluding leased vehicles)	391,798	388,427
Depreciation and amortization (for long term prepaid expenses)	22,910	31,264
Depreciation and amortization (for leased vehicles)	426,349	469,540
Impairment loss	5,532	16,166
Increase (decrease) in allowance for doubtful receivables	22,959	12,558
Provision for residual value risk of leased vehicles (net changes)	63,049	40,716
Interest and dividends income	(25,284)	(27,755)
Interest expense	119,310	168,206
Equity in losses (earnings) of affiliates	(148,178)	(205,645)
Loss (gain) on sales of fixed assets	2,142	(6,259)
Loss on disposal of fixed assets	11,253	10,644
Loss (gain) on sales of investment securities	3,865	(53)
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	(42,584)	73,149
Decrease (increase) in sales finance receivables	(765,894)	(530,842)
Decrease (increase) in inventories	(32,660)	9,612
Increase (decrease) in trade notes and accounts payable	296,060	108,330
Retirement benefit expenses	26,707	11,028
Payments related to net defined benefit assets and liability	(24,517)	(24,025)
Other	190,498	76,234
<b>Subtotal</b>	<b>1,387,182</b>	<b>1,332,038</b>
Interest and dividends received	24,467	28,203
Proceeds from dividends income from affiliates accounted for by equity method	127,772	134,300
Interest paid	(117,213)	(159,578)
Income taxes paid	(86,735)	(263,713)
<b>Net cash provided by operating activities</b>	<b>1,335,473</b>	<b>1,071,250</b>

	(Millions of yen)	
	FY2016 (From April 1, 2016 to March 31, 2017)	FY2017 (From April 1, 2017 to March 31, 2018)
<b>Cash flows from investing activities</b>		
Net decrease (increase) in short-term investments	(2,119)	3,868
Purchase of fixed assets	(503,745)	(398,797)
Proceeds from sales of fixed assets	72,814	39,742
Purchase of leased vehicles	(1,293,840)	(1,430,561)
Proceeds from sales of leased vehicles	512,375	645,167
Payments of long-term loans receivable	(1,581)	(555)
Collection of long-term loans receivable	2,096	732
Purchase of investment securities	(270,228)	(26,207)
Proceeds from sales of investment securities	—	10,168
Proceeds from (payments for) sales of subsidiaries' shares resulting in changes in the scope of consolidation	97,055	—
Net decrease (increase) in restricted cash	4,779	9,124
Proceeds from transfer of business	9,582	—
Other	(4,814)	(400)
<b>Net cash used in investing activities</b>	<b>(1,377,626)</b>	<b>(1,147,719)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	16,119	(147,508)
Proceeds from long-term borrowings	1,724,688	1,413,908
Proceeds from issuance of bonds	878,641	858,002
Repayments of long-term borrowings	(1,369,795)	(1,463,828)
Redemption of bonds	(344,009)	(362,911)
Proceeds from non-controlling shareholders	1,275	—
Purchase of treasury stock	(277,419)	(6)
Proceeds from sales of treasury stock	128	1,357
Repayments of lease obligations	(26,265)	(34,633)
Cash dividends paid	(182,803)	(197,541)
Cash dividends paid to non-controlling interests	(99,950)	(15,757)
Purchase of treasury stock of subsidiaries	—	(14,273)
<b>Net cash provided by financing activities</b>	<b>320,610</b>	<b>36,810</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(34,875)</b>	<b>4,535</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>243,582</b>	<b>(35,124)</b>
Cash and cash equivalents at beginning of the period	992,095	1,241,124
Increase due to inclusion in consolidation	5,447	—
<b>Cash and cash equivalents at the end of the period</b>	<b>1,241,124</b>	<b>1,206,000</b>