TOYOTA MOTOR FINANCE (NETHERLANDS) B.V.
REGISTERED NUMBER: 33194984

Annual Report & Financial Statements
for the year ended 31 March 2015

Contents

BOARD OF MANAGEMENT

Yoriyuki Hirayama
Katsunobu Katayama
William Kilpatrick

Report of the Board of Management for the year ended 31 March 2015

The Board of Management submits herewith its report and the Financial Statements of Toyota Motor Finance (Netherlands) B.V. ("the Company") for the year ended 31 March 2015.

Overview of activities

The principal activity of the Company is to act as a group finance company and to provide finance services for Toyota group companies. The Company raises funds by issuing bonds and notes in the international capital markets and from other sources and on lends to other Toyota companies. The Company also issues guarantees for debt issuances of other Toyota companies.

A profit of € 40.5 million was earned in the year compared to a profit of € 13.1 million for the year ended 31 March 2014.

At the balance sheet date, a total equivalent amount of € 7,034 million had been lent to related companies, compared to € 5,855 million at 31 March 2014.

Gross profit for the year increased to € 15.5 million from € 12.9 million for the year ended 31 March 2014. The profit before tax for the year of € 54.1 million compares to a profit before tax of € 17.8 million for the year ended 31 March 2014. The increase in profit is primarily due to mark to market gains on derivatives in addition to an increase of gross profit resulting from increased lending to group companies. The mark to market gains on derivatives are caused by the relative decline in euro interest rates compared to the interest rates of other currencies. More details of the reasons for the volatility of the Company's results are given in Note 10 of the Notes to the Financial Statements.

During the year the Company has increased the proportion of funds from the capital markets, mainly by increasing MTN funding. At 31 March 2015, there were net current assets of € 934 million, compared to net current liabilities of € 1,009 million for the year ending 31 March 2014. The excess of current assets over current liabilities is due to short-term lending growth compared to a decline in short-term funding at the year ending 31 March 2014.

The nature of the activities of the Company has remained unchanged during 2014/2015 from the prior year, and there have been no significant events since the balance sheet date.

Risk management

The Board of Management utilises a risk management policy and receives regular reports from the business to enable prompt identification of financial risks so that appropriate actions may be taken. The Company employs written policy and procedures that sets out specific guidelines to manage foreign exchange risk, interest rate risk, credit risk and the use of financial instruments to manage these. Please refer to note 32 to the Financial Statements where the Company has explained its use of financial instruments.

Composition of the Board

The size and composition of the Board of Management and the combined experience and expertise should reflect the best fit for the profile and strategy of the Company. Currently the Board consists of three male board members. The Company is aware that the gender diversity is below the goals as set out in article 2.276 section 2 of the Dutch Civil Code and the Company will pay close attention to gender diversity in the process of recruiting and appointing new managing directors.

Future outlook

It is expected that the nature of the activities of the Company will remain unchanged during the year to 31 March 2016. Future financial performance is expected to be profitable and will depend largely on the net interest margin earned on loans to Toyota group companies and changes in value of derivatives entered into for risk management purposes.

27 July 2015

Board of Management

Yoriyuki Hirayama

Katsunobu Katayama

William Kilpatrick

Statement of comprehensive income for the year ended 31 March 2015

	Note	2015 €'000	2014 €'000
Interest income	5	99,040	97,281
Guarantee fee income	6	4,103	3,236
Revenue		103,143	100,517
Interest expense	7	(79,612)	(81,423)
Fee expenses	8	(7,992)	(6,176)
Cost of funding		(87,604)	(87,599)
Gross profit		15,539	12,918
Administration expenses	9	(3,962)	(3,852)
Net gains on financial instruments	10	42,397	8,595
Dividend income	11	118	89
Profit before tax		54,092	17,750
Taxation	13	(13,556)	(4,643)
Profit for the year		40,536	13,107
Other comprehensive income, net of tax:			
Fair value gains / (losses) on available for sale investments	28	255	(34)
Total comprehensive income for the year		40,791	13,073
Attributable to:			
Owners of the parent		**40,791**	**13,073**

The notes on pages 9 to 40 are an integral part of these Financial Statements

Statement of financial position as at 31 March 2015

	Note	2015 €'000	2014 €'000
Assets			
Current assets			
Loans to related companies	14	3,881,905	2,205,679
Other receivables	20	86,715	223,581
Current tax assets	21	-	166
Derivative financial instruments	16	632,210	189,804
Cash and cash equivalents	22	80,625	1,390
Total current assets		4,681,455	2,620,620
Non-current assets			
Loans to related companies	14	3,151,639	3,649,478
Available-for-sale investment - related company	15	1,033	778
Property, plant and equipment	17	21	37
Intangible assets	18	1	2
Total non-current assets		3,152,694	3,650,295
Liabilities			
Current liabilities			
Borrowings	23	2,996,121	3,251,368
Derivative financial instruments	16	277,425	335,414
Financial guarantee liability	24	4,860	3,193
Current tax liability	21	1,722	-
Other liabilities and accrued expenses	25	465,152	39,348
Bank overdraft	22	2,536	1
Total current liabilities		3,747,816	3,629,324
Net current assets / (liabilities)		933,639	(1,008,704)
Non-current liabilities			
Borrowings	23	3,902,185	2,507,820
Deferred tax liabilities	19	14,431	4,845
Total non-current liabilities		3,916,616	2,512,665
Net assets		**169,717**	**128,926**
Shareholder's equity			
Equity attributable to owners of the parent			
Share capital	27	908	908
Retained earnings		168,531	127,995
Fair value reserve	28	278	23
Total shareholder's equity		**169,717**	**128,926**

The notes on pages 9 to 40 are an integral part of these Financial Statements

Statement of changes in equity for the year ended 31 March 2015

Attributable to: Owners of the parent	**Note**	**Share Capital €'000**	**Retained Earnings €'000**	**Fair Value Reserves €'000**	**Total €'000**
Balance at 31 March 2013		908	114,888	57	115,853
Fair value (losses)	28	-	-	(34)	(34)
Profit for the year		-	13,107	-	13,107
Total comprehensive income for the year		-	13,107	(34)	13,073
Balance at 31 March 2014		908	**127,995**	**23**	**128,926**
Fair value gains	28	-	-	255	255
Profit for the year		-	40,536	-	40,536
Total comprehensive income for the year		-	40,536	255	40,791
Balance at 31 March 2015		**908**	**168,531**	**278**	**169,717**

The notes on pages 9 to 40 are an integral part of these Financial Statements

Statement of cash flows for the year ended 31 March 2015

	Note	2015 €'000	2014 €'000
Cash flow from operating activities			
Cash used in operations	31	(380,622)	(1,152,008)
Interest received		99,400	97,870
Interest paid		(59,624)	(73,296)
Tax paid		(2,082)	(1,544)
Net cash used in operating activities		(342,928)	(1,128,978)
Cash flow from investing activities			
Purchase of equipment and software		-	(3)
Dividend income	11	118	89
Net cash generated from investing activities		118	86
Cash flow from financing activities			
Proceeds from borrowings		12,124,290	15,388,071
Repayment of borrowings		(11,705,661)	(14,257,441)
Net cash generated from financing activities		418,629	1,130,630
Net (decrease) / increase in cash and cash equivalents		75,819	1,738
Cash and cash equivalents at the beginning of the year		1,389	313
Exchange gains / (losses) on cash and cash equivalents		881	(662)
Cash and cash equivalents at the end of the year	22	**78,089**	**1,389**

The notes on pages 9 to 40 are an integral part of these Financial Statements

Notes to the Financial Statements

1. General information

Toyota Motor Finance (Netherlands) B.V. ('the Company') is a wholly owned subsidiary of Toyota Financial Services Corporation. The principal activity of the Company is to act as a finance company. The Company raises funds by issuing bonds and notes in the international capital markets and from other sources and on lends to other Toyota companies. The Company also issues guarantees for debt issuance of other Toyota companies.

The Company is incorporated and domiciled in the Netherlands. The address of its registered office is World Trade Center, Tower H, Level 10, Zuidplein 90, 1077 XV, Amsterdam, The Netherlands.

The ultimate holding company and controlling party and the largest undertaking into which the Company's results are consolidated is Toyota Motor Corporation, which is incorporated in Japan.

The smallest undertaking into which the Company's results are consolidated is Toyota Financial Services Corporation, which is incorporated in Japan.

The Financial Statements of the Toyota Motor Corporation can be obtained from http://www.toyota-global.com.

These Financial Statements have been approved for issue by the Board of Management on 27 July 2015.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Company has no subsidiary, joint venture or associated company investments and is therefore not required to prepare consolidated financial statements.

Basis of preparation

- The Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union and also in accordance with the statutory provisions of Part 9, Book 2 of the Netherlands Civil Code.
- As a result of the accounting policies adopted, the Financial Statements of the Company are also consistent with all IFRS issued by the International Accounting Standards Board (IASB) and interpretations issued by IFRIC.
- The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation to fair values of available-for-sale financial assets, and financial assets and liabilities at fair value through profit or loss.
- The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in note 3.
- The Company's Financial Statements are presented in euro, which is the Company's functional and reporting currency. Except as indicated financial information presented has been presented in euro and rounded to the nearest thousand.

Going concern

There was an excess of current assets over current liabilities at 31 March 2015. Management of liquidity risk is explained in note 32.5 and, having assessed the available liquidity facilities and credit support facilities in place, the directors have a reasonable expectation that the company has adequate resource to continue to fund its current obligations for the foreseeable future and therefore the Financial Statements have been prepared on a going concern basis.

Changes in accounting policy and disclosures

New and amended standards effective for the financial year starting 1 April 2014

Amendment to IFRS 10, *Consolidated Financial Statements* outlines the requirements for the preparation and presentation of consolidated financial statements, requiring entities to consolidate entities it controls. Control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee. The amendment has no impact on the Financial Statements of the Company.

Amendment to IFRS 12, *Disclosure of Interests in Other Entities* is a consolidated disclosure standard requiring a wide range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'. The amendment has no impact on the Financial Statements of the Company.

Amendment to IAS 32, *Financial Instruments: Presentation* regarding the accounting requirements for the presentation of financial instruments, particularly as to the classification of such instruments into financial assets, financial liabilities and equity instruments. The standard also provides guidance on the classification of related interest, dividends and gains/losses, and when financial assets and financial liabilities can be offset. The amendment has no impact on the Financial Statements of the Company.

Amendment to IAS 36, *Impairment of Assets* seeks to ensure that an entity's assets are not carried at more than their recoverable amount (i.e. the higher of fair value less costs of disposal and value in use). With the exception of goodwill and certain intangible assets for which an annual impairment test is required, entities are required to conduct impairment tests where there is an indication of impairment of an asset, and the test may be conducted for a 'cash-generating unit' where an asset does not generate cash inflows that are largely independent of those from other assets. The amendment has no impact on the Financial Statements of the Company.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2014 and not early adopted

Amendment to IFRS 2 *Share-based Payment* requires an entity to recognise share-based payment transactions (such as granted shares, share options, or share appreciation rights) in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity. The amendment is expected to have no impact on the Financial Statements of the Company.

Amendment to IFRS 3 *Business Combinations* outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date. The amendment is expected to have no impact on the Financial Statements of the Company.

Amendment to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* outlines how to account for non-current assets held for sale (or for distribution to owners). In general terms, assets (or disposal groups) held for sale are not depreciated, are measured at the lower of carrying amount and fair value less costs to sell, and are presented separately in the statement of financial position. The amendment is expected to have no impact on the Financial Statements of the Company.

Amendment to IFRS 7 *Financial Instruments: Disclosures* requires disclosure of information about the significance of financial instruments to an entity, and the nature and extent of risks arising from those financial instruments, both in qualitative and quantitative terms. The amendment is expected to have no impact on the Financial Statements of the Company.

Amendment to IFRS 8 *Operating Segments* requires particular classes of entities (essentially those with publicly traded securities) to disclose information about their operating segments, products and services, the geographical areas in which they operate, and their major customers. Information is based on internal management reports, both in the identification of operating segments and measurement of disclosed segment information. The amendment is expected to have no impact on the Financial Statements of the Company.

IFRS 9, *Financial instruments*, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities,

the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.
Amendment to IFRS 11 *Joint Arrangements* outlines the accounting by entities that jointly control an arrangement. The amendment is expected to have no impact on the Financial Statements of the Company.

Amendment to IFRS 13 *Fair Value Measurement* applies to IFRSs that require or permit fair value measurements or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. The amendment is expected to have no impact on the Financial Statements of the Company.

Amendment to IFRS 14 *Regulatory Deferral Accounts* permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. The amendment is expected to have no impact on the Financial Statements of the Company.

Amendment to IFRS 15 *Revenue from contracts with customers* specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures . The amendment is expected to have no impact on the Financial Statements of the Company.

Amendment to IAS 1 *Presentation of Financial Statements* sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The amendment is expected to have no impact on the Financial Statements of the Company.

Amendment to IAS 16 *Property, Plant and Equipment* outlines the accounting treatment for most types of property, plant and equipment. Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life. The amendment is expected to have no impact on the Financial Statements of the Company.

Amendment to IAS 19 *Employee Benefits* (amended 2011) outlines the accounting requirements for employee benefits, including short-term benefits (e.g. wages and salaries, annual leave), post-employment benefits such as retirement benefits, other long-term benefits (e.g. long service leave) and termination benefits. The amendment is expected to have no impact on the Financial Statements of the Company.

Amendment to IAS 24 *Related Party Disclosures* requires disclosures about transactions and outstanding balances with an entity's related parties. The standard defines various classes of entities and people as related parties and sets out the disclosures required in respect of those parties, including the compensation of key management personnel. The amendment is expected to have no impact on the Financial Statements of the Company.

Amendment to IAS 28 *Investments in Associates and joint ventures* outlines the accounting for investments in associates. An associate is an entity over which an investor has significant influence, being the power to participate in the financial and operating policy decisions of the investee (but not control or joint control), and investments in associates are, with limited exceptions, required to be accounted for using the equity method. The amendment is expected to have no impact on the Financial Statements of the Company.

Amendment to IAS 34 *Interim Financial Reporting* applies when an entity prepares an interim financial report, without mandating when an entity should prepare such a report. Permitting less information to be reported than in annual financial statements (on the basis of providing an update to those financial statements), the standard outlines the recognition, measurement and disclosure requirements for interim reports. The amendment is expected to have no impact on the Financial Statements of the Company.

Amendment to IAS 39, *Financial Instruments, Recognition and Measurement* outlines the requirements for the recognition and measurement of financial assets, financial liabilities, and some contracts to buy or sell non-financial items. Financial instruments are initially recognised when an entity becomes a party to the contractual provisions of the instrument, and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument (typically amortised cost or fair value). Special rules apply to embedded derivatives and hedging instruments. The amendment is expected to have no impact on the Financial Statements of the Company.

Amendment to IAS 38 *Intangible Assets* outlines the accounting requirements for intangible assets, which are non-monetary assets which are without physical substance and identifiable (either being separable or arising from contractual or other legal rights). Intangible assets meeting the relevant recognition criteria are initially measured at cost, subsequently measured at cost or using the revaluation model, and amortised on a systematic basis over their useful lives (unless the asset has an indefinite useful life, in which case it is not amortised). The amendment is expected to have no impact on the Financial Statements of the Company.

Amendment to IAS 40 *Investment Property* applies to the accounting for property (land and/or buildings) held to earn rentals or for capital appreciation (or both). Investment properties are initially measured at cost and, with some exceptions. may be subsequently measured using a cost model or fair value model, with changes in the fair value under the fair value model being recognised in profit or loss. The amendment is expected to have no impact on the Financial Statements of the Company.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Segmental reporting

The single operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Management that makes strategic decisions.

Foreign currency

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income, in ‘Net gainson financial instruments’.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other fair value changes in the carrying amount of the security. Translation differences are recognised in profit or loss, and other fair value changes in carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the Statement of comprehensive income, in ‘Net gains on financial instruments’. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the fair value reserve in equity.

Financial assets

Financial assets are classified in the following categories: loans and receivables, available-for-sale investments, held to maturity financial assets or financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the investments at initial recognition. Regular-way trades of derivatives contracts are accounted for on a trade date basis, and regular-way trades of all other financial assets are accounted for on a settlement date basis.

a) Loans and receivables

The Company’s loans and advances to Toyota group related entities are classified as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, whose recoverability is based solely on the credit risk of the related company and where the Company has no intention of trading the loan. Loans and receivables are initially recognised at fair value including any incremental funding costs. Subsequent recognition is at amortised cost using the effective interest method. Guarantee fees receivable from fellow subsidiaries in respect of debt guaranteed by the Company are included in ‘Other receivables’ in the Statement of financial position.

b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally (but not exclusively) investment securities intended to be held for an indefinite period of time which may be sold in response to needs for liquidity or changes in interest rates or market prices. Therefore, based on the expectation of management, available for sale investments are classified between current and non-current. They are initially measured at fair value including direct and incremental transaction costs. Subsequent measurement is at fair value, with changes in fair value being recognised in equity except for impairment losses and translation differences, which are recognised in the Statement of comprehensive income. Upon de-recognition of the asset, or where there is objective evidence that the investment security is impaired, the cumulative gains and losses recognised in equity are removed from equity and recognised in the Statement of comprehensive income.

c) Held to maturity financial assets

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments that the Company has the ability and intention to hold to maturity. They are initially measured at fair value including direct and incremental transaction costs. Subsequent measurement is at amortised cost using the effective interest method.

d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. Derivatives are categorised as 'held for trading' unless they are designated as hedging instruments. Currently no derivatives have been designated as hedging instruments. The Company enters into derivatives to mitigate the risks associated with other underlying financial assets and financial liabilities.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into are subsequently corrected at fair value. Transaction costs are expensed in the Statement of comprehensive income. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Currently none of the Company's derivatives have been designated as hedging instruments. Consequently, all changes in the fair value of any derivative instruments, net of accrued interest on derivatives, are recognised immediately in the Statement of comprehensive income, within 'Net gains on financial instruments'. Accrued interest on derivatives is recorded in the Statement of comprehensive income within "Interest expense".

Impairment of financial assets

A financial asset, or portfolio of financial assets, is impaired, and an impairment loss incurred, if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset. The Company assesses financial assets for impairment at each balance sheet date. Evidence of impairment would include a debt issuer being unable to pay as and when the debt falls due.

The Company measures the amount of the loss as the difference between the carrying amount of the asset or group of assets and the present value of estimated future cash flows from the asset or group of assets discounted at the effective interest rate of the instrument at initial recognition.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making a collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar credit risk characteristics. Historical loss experience is adjusted, on the basis of current observable data, to reflect the effects of current conditions not affecting the period of historical experience.

Impairment losses are recognised in profit or loss and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses.

If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance. Once an impairment loss has been recognised on a financial asset or group of financial assets, interest income is recognised on the carrying amount using the effective interest rate at which estimated future cash flows were discounted in measuring impairment.

Property, plant and equipment

Items of property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to profit or loss on a straight-line basis so as to write off the depreciable amount of property, plant and equipment over the estimated useful life of the assets as follows:

- Fixture & Fittings: 5 years
- Furniture: 5 years
- Computer hardware: 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal of items of property, plant and equipment are determined by comparing proceeds with carrying amount. These are included in 'Administration expenses' in the Statement of comprehensive income.

Intangible assets

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged to profit or loss on a straight-line basis over the asset's estimated useful life and is included in 'Administration expenses' in the Statement of comprehensive income.

The estimated useful economic lives are as follows:

o Computer software: 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal of items of intangible assets are determined by comparing proceeds with carrying amount. These are included in 'Administration expenses' in the Statement of comprehensive income.

Impairment of non-financial assets

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

At each reporting date the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

Property, plant and equipment, and intangible assets are subject to an impairment review if there are events or changes in circumstance which indicate that the carrying amount may not be recoverable.

Cash and cash equivalents

Cash and cash equivalents are defined as cash and deposits which can be realised within three months. These include overnight money market deposits with banks, current account and deposit account balances with banks and short-term investments.

Cash and cash equivalents are measured at amortised cost.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and subsequently at amortised cost. Recognition and de-recognition is on a settlement basis.

Depending on the maturity date of the contract the borrowing is classified as current or non-current.

Taxation

The charge for current tax is based on the results for the period as adjusted for items that are not taxable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the reporting entity and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Guarantees

The Company issues guarantees to debt holders of fellow Toyota Motor Corporation subsidiaries. The Company receives guarantee fees from these fellow subsidiaries in respect of the guaranteed debt in issuance. Guarantees are classified as financial liabilities under IAS39 (amended), and as such the guarantees are recognised in the Statement of financial position.

The guarantees are initially stated at fair value, which is determined by reference to the present value of the future fee cash flows at the point of issuance of the debt being guaranteed. Guarantees are derecognised at the point of repayment of the guaranteed debt.

Subsequent measurement of the guarantee liability is the higher of the amount determined by IAS 37 “Provisions, contingent liabilities and contingent assets” or the amortised initial present value recognition of the guarantee using the effective interest rate method.

Revenue recognition

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and subsequently continues unwinding the discount as interest income.

The effective interest rate method calculates the amortised cost of a financial asset or liability, and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or liability.

When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

The calculation includes all amounts received or paid by the Company that are an integral part of the overall return, direct incremental transaction costs related to the acquisition or issue of a financial instrument, and all other premiums and discounts.

Interest on derivatives and the amortisation of the interest component of foreign exchange derivatives are recognised on an effective yield basis within interest expense in the Statement of comprehensive income.

Guarantee fee income

Guarantee fee income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

Dividend income

Dividend income is recognised when the right to receive payment is established.

3. Critical accounting estimates and judgements

The notes to the Financial Statements set out areas where significant judgement, complex calculations or assumptions have been used to arrive at the Financial Statements presented. Areas of significant judgement or complexity will include the fair valuation of financial instruments, loans and guarantees.

3.1 Fair value estimation of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and market assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine the fair value for the remaining financial instruments. The fair value of interest rate swaps, cross currency swaps and forward foreign exchange contracts is calculated as the present value of the estimated future cash flows.

The nominal value less impairment provision of other receivables and payables, normally maturing within 30 days, are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

3.2 Initial recognition and valuation of guarantees

The initial fair value recognition of guarantee liabilities, in relation to related party debt issuance, is required by IAS 39. As the guarantees of related party debt are not actively traded and no initial fee is charged for entering into the guarantee, a valuation technique is required to assess the initial liability to the third party debt holder.

The Company uses the discounted future income cash flows over the life of the guarantee to assess the initial guarantee liability. The initial recognition of the guarantee liability is calculated using the market interest rates applicable to the specific currency of debt issuance on the date the related party issues the debt.

The estimation of the initial fair value of the guarantees is subject to a significant level of management judgement and complexity, as the individual related group companies do not have a separate credit rating from that of the overall Toyota Motor Corporation group.
A guarantee asset is recognised of an amount equal to the guarantee liability. Changes in the value of the guarantee liability are matched by equal changes in the value of the guarantee asset; since such changes have no impact on the Statement of comprehensive income, no sensitivity analysis of the guarantee liability is included in the notes to the Financial Statements.

4. Segment information

The Company consists of a single operating reporting segment as defined under IFRS 8. Income generation is principally from lending to related companies, with other income generation from guarantees of related companies and from other investment and deposit income incidental to the primary funding activities.

Income can be categorized geographically as follows:

Income by area	**2015** **€'000**
Russia (group)	31,970
UK (group)	26,453
Norway (group)	12,458
Other countries (group)	32,106
Interest received from others	156
Total	**103,143**

Income by area	**2014** **€'000**
Russia (group)	31,832
UK (group)	21,912
Norway (group)	11,936
Other countries (group)	34,593
Interest received from others	245
Total	**100,518**

Segments are not shown by customer as the income, apart from third party interest, is from within the group, which is controlled by Toyota Motor Corporation.

5. Interest income

Interest income	2015 €'000	2014 €'000
Interest income on loans to related companies	98,884	97,036
Interest income on deposits	38	10
Interest receivable (corporation tax)	3	-
Interest income on collateral deposits paid	115	235
Total	**99,040**	**97,281**

6. Guarantee fee income

The Company guarantees the debt of certain other Toyota Motor Corporation subsidiaries, for which it receives guarantee fee income. All guarantee fee income is from related parties. Guarantee fee income for the year 2015 was € 4,103,000 (2014: € 3,236,000).

7. Interest expense

Interest expense	2015 €'000	2014 €'000
Interest expense on loans from related parties	(1,677)	(5,088)
Interest expense from bank borrowing	(11,556)	(10,391)
Net interest on swap agreements	55,783	27,313
Interest charge on euro medium term notes	(116,138)	(87,331)
Interest expense on commercial paper	(5,182)	(3,900)
Interest component of foreign exchange derivative contracts	(809)	(1,983)
Interest on bank overdraft	(4)	(3)
Interest expense on collateral deposits received	(22)	(40)
Interest on bank penalty	(7)	-
Total	**(79,612)**	**(81,423)**

8. Fee expenses

The Company has the benefit of credit support agreements with Toyota Financial Services Corporation and Toyota Motor Corporation, for which it pays credit support fees based on the Company's debt issuance and guarantees issued to related parties. The credit support fees paid in the year to related parties were € 7,992,000 (2014: € 6,176,000).

9. Administration expenses

Administration expenses	**2015 €'000**	**2014 €'000**
Staff costs	(1,215)	(1,194)
Legal fees	(527)	(489)
Commitment facility fee	(382)	(306)
Independent auditor's remuneration	(273)	(254)
Communication expenses	(124)	(122)
Office rent	(109)	(120)
Rating annual fees	(66)	(122)
Tax advisor fees	(24)	(15)
Other administration expenses	(1,226)	(1,212)
Depreciation of PPE and write off of PPE	(15)	(16)
Amortisation of intangible assets	(1)	(2)
Total	**(3,962)**	**(3,852)**

Other administration expenses include related party costs of € 665,000 (2014: € 655,000) for business services.

The Company had an average of 9 employees, 2 seconded and 7 local (2014: 9 employees, 2 seconded and 7 local) during the year.

Staff costs consist of the following expenses and include the payroll costs of seconded employees;

Staff costs	**2015 €'000**	**2014 €'000**
Wages, salaries and bonuses (on accruals basis)	(1,101)	(1,075)
Social security costs	(67)	(68)
Pension premiums (defined pension scheme on accruals basis)	(47)	(51)
Total	**(1,215)**	**(1,194)**

Payments to key management below consist of all payments and benefits to directors of the Company.

Compensation to key management	**2015 €'000**	**2014 €'000**
Short-term employee benefits	(447)	(305)
Fees paid to corporate director	-	(32)
Total	**(447)**	**(337)**

10. Net gains on financial instruments

Net gains and losses arise from both foreign exchange rate movements and from interest rate movements on the following categories of financial instruments;

Net gains on finanacial instruments	2015 €'000	2014 €'000
(Losses) / gains arising from foreign exchange rate movements		
Held for trading financial assets or liabilities at fair value through profit or loss	694,335	(330,113)
Loans and receivables at amortised cost	286,637	(147,770)
Financial liabilities measured at amortised cost	(976,921)	478,150
	4,051	267
Gains / (losses) arising from interest rate movements		
Held for trading financial assets or liabilities at fair value through profit or loss		
Fair value losses	(96,511)	(69,164)
Fair value gains	134,857	77,492
Total	**42,397**	**8,595**

The Company issues loans to related parties, and debt to meet investor demand, in a number of currencies, and then swaps this lending and borrowing back into one of four funding books; US Dollar (USD), Pounds Sterling (GBP), Japanese Yen (JPY) and Euro (EUR) (as described in Note 32.2 'Foreign exchange risk').

The effect of foreign exchange rate movements on the market value of the derivatives is offset by equal and opposite exchange losses or gains on the underlying financial assets and liabilities.

The net gains and losses arising from foreign exchange rate movements arise from the Company's net foreign exposure to GBP, USD, and JPY (as shown in Note 32.2).

The Company has opted to fair value the derivatives whereas the other financial assets and liabilities are measured at amortised cost. The Company does not apply hedge accounting.

Therefore, the effect of interest movements on the market value of the derivatives is not offset by an opposite movement on the underlying financial assets and liabilities leading to volatility in the statement of income.

The increase from € 8,595,000 gain on the derivatives due to interest rate movements for the year ending March 2014 to € 42,397,000 gain for the year ending March 2015 is caused by the relative larger decline in other currencies interest rates compared to the euro interest rates.

11. Dividend income

The Company received a dividend from Toyota Leasing (Thailand) Co. Ltd. of € 118,000 in the year (2014: € 89,000).

12. Independent auditor expenses

Administration expenses includes the following fees paid to the Company's independent auditor PricewaterhouseCoopers Accountants N.V. for the statutory audit.

Independent auditor expenses	**2015 €'000**	**2014 €'000**
Audit - statutory	(116)	(114)
Audit - other assurance services	(157)	(140)
Total	**(273)**	**(254)**

Other assurance services consists of fees paid to PricewaterhouseCoopers Accountants N.V. for Comfort Letters relating to the issuing of Euro Medium Term Notes. Also included under other assurance services are fees paid to PricewaterhouseCoopers Aarata (Japan) for translation services provided in translating the comfort letters and accompanying documents.

13. Taxation

Taxation	**2015 €'000**	**2014 €'000**
Current		
Taxation on profit for the year	(4,462)	(2,738)
Prior period tax adjustment	492	177
	(3,970)	(2,561)
Deferred		
Origination / reversal of timing differences	(9,586)	(2,082)
Total	**(13,556)**	**(4,643)**

The tax on the Company's profit before tax differs from the theoretical amounts that would arise using the weighted average tax rate applicable to the profits of the Company as follows:

Reconciliation of tax charge	**2015 €'000**	**2014 €'000**
Profit before tax	54,092	17,751
Average applicable tax rate for the year	24.94%	24.89%
Tax calculated at domestic tax rates applicable	(13,488)	(4,418)
Change in tax rates on deferred tax balances	(25)	(9)
Irrecoverable withholding tax	(563)	(414)
Taxable expense	(1)	(1)
Non-taxable income	29	22
Prior period tax adjustment	492	177
Total	**(13,556)**	**(4,643)**

The current tax rate is 25% for calendar year 2015 (2014: 25%, 2013: 25%) in the Netherlands.

14. Loans to related companies

The Company lends to other Toyota Motor Corporation subsidiaries on both a fixed rate and a floating rate basis. All fixed rate lending is swapped into floating on either a three month or six month floating basis in line with the Company's risk management policy.

The currency of related party lending is determined by counterparty demand and then either funded directly from one of four main funding books (USD, GBP, JPY and EUR) or swapped back into the appropriate funding currency using a matching currency swap.

Loans to related companies	**2015 €'000**	**2014 €'000**
Current loans to related companies	3,881,905	2,205,679
Non-current loans to related companies	3,151,639	3,649,478
Total	**7,033,544**	**5,855,157**

No related party loans are overdue and there is no impairment of related party loans either in the current or previous financial years. There has been no renegotiation of any loans that would otherwise have been past due or impaired.

Interest rates on group lending can be either fixed or floating. The interest range for group lending on 31 March 2015 was between (0.65%) and 13.95% per annum dependent on the currency of the loan.

No impairment provisions or losses have been incurred in the current or previous financial year for any class of financial asset.

15. Available-for-sale investment - related company

The Company owns 0.047% (2014: 0.053%) of the issued share capital of Toyota Leasing (Thailand) Co. Ltd. ("TLT"), a company domiciled in Thailand. TLT has issued share capital of 51.4 million shares (face value 1,000 Thai Bath (THB) per share) (2014: 45 million shares). Of the registered share capital of THB 51,400,000,000, THB 15,100,000,000 is fully paid up. The original cost of the investment in 1997 was € 750,000.

Management has assessed the fair value of the investment in TLT with reference to discounted cash flow modelling of TLT assets and liabilities, and by applying the current market interest rates and exchange rates prevailing on 31 March 2015. The investment in TLT shares at the balance sheet date is measured at fair value.

The valuation of TLT, although using third party market data to value the company, is subject to significant management judgement when assessing the probable cash flows from the current asset base.

Investment in Toyota Leasing (Thailand) Co. Ltd.	**2015 €'000**	**2014 €'000**
Balance at the start of year	778	811
Fair value adjustment	255	(33)
Total	**1,033**	**778**

16. Derivative financial instruments

The derivative financial instruments are categorised as held for trading and are carried at fair value through profit or loss. The fair values of derivative contracts are shown in the table below. Additional disclosures are set out in the accounting policies relating to risk management.

Derivative financial instruments - Assets	**2015** **€'000**	**2014** **€'000**
Interest swaps	684	6,104
Cross-currency swaps	591,858	179,295
Forward foreign currency contracts	39,668	4,405
Total	**632,210**	**189,804**

Derivative financial instruments - Liabilities	**2015** **€'000**	**2014** **€'000**
Interest swaps	11,508	11,664
Cross-currency swaps	263,932	312,588
Forward foreign currency contracts	1,985	11,163
Total	**277,425**	**335,415**

In accordance with IAS 39, "Financial instruments: Recognition and measurement", the Company has reviewed all contracts for embedded derivatives and found there are none.

Derivative assets and liabilities are recognised at fair value through the Statement of comprehensive income. Derivative assets of € 632,210,000 and liabilities of € 277,425,000 are therefore shown as short-term, irrespective of when the contract matures. This leads to volatility in current assets and current liabilities due to an accounting mismatch. Within the derivative assets, contracts for an amount of € 425,503,000 have a maturity date beyond 1 year and within the derivative liabilities contracts with a maturity date beyond one year amount to € 192,178,000. The majority of derivative contracts have collateral agreements attached therefore the debit/credit valuation adjustment is not considered material and is not considered in determining the fair value of derivative assets and liabilities.

17. Property, plant and equipment

Property, plant and equipment	**2015 Computer hardware and office equipment €'000**	**2014 Computer hardware and office equipment €'000**
Cost		
Cost b/fwd at 1 April 2014 / 2013	80	89
Additions	-	4
Disposals	-	(13)
Total	**80**	**80**
Depreciation		
Depreciation b/fwd at 1 April 2014 / 2013	43	40
Depreciation charge for the year	16	16
Disposals	-	(13)
Total	**59**	**43**
Reconciliation at the beginning and end of the year		
Opening net book amount - at 1 April 2014 / 2013	37	49
Closing net book amount - at 31 March 2015 / 2014	**21**	**37**

18. Intangible assets

Intangible assets	**2015 Computer software €'000**	**2014 Computer software €'000**
Cost		
Cost b/fwd at 1 April 2014 / 2013	9	25
Disposals	-	(16)
Total	**9**	**9**
Amortisation		
Amortisation b/fwd at 1 April 2014 / 2013	7	21
Amortisation charge for the year	1	2
Disposals	-	(16)
Total	**8**	**7**
Reconciliation at the beginning and end of the year		
Opening net book amount - at 1 April 2014 / 2013	2	4
Closing net book amount - at 31 March 2015 / 2014	**1**	**2**

19. Deferred tax

Deferred tax is provided in full on temporary differences under the balance sheet liability method, using the current tax rate of 25.0%. The tax rates apply to calendar years.

The movement on the deferred tax account is shown below:

Deferred tax	**2015 €'000**	**2014 €'000**
Deferred tax b/fwd 1 April 2014 / 2013	(4,845)	(2,763)
Fair valuation of assets and liabilities through profit or loss	(9,586)	(2,082)
Total	**(14,431)**	**(4,845)**

Deferred tax liabilities have been recognised for all tax gains and other temporary differences giving rise to deferred tax liabilities, because it is possible that these liabilities will crystallise.

20. Other receivables

Other receivables	**2015 €'000**	**2014 €'000**
Deposit on rent	36	39
Prepaid rent	32	4
Collateral deposits paid	79,700	218,600
Interest receivable (cash collateral posted)	11	40
Related party receivable	2,046	1,686
Non-related party receivable	30	19
Guarantee fee	4,860	3,193
Total	**86,715**	**223,581**

Collateral deposits paid are cash deposits with derivative counterparties held as collateral under derivative contracts. The fair value of those deposits approximates the carrying amount.

21. Current taxes

Current taxes are charged based on the prevailing tax rates. The tax rates apply to calendar years and profit for the accounting year is therefore pro-rated between the two calendar years on a day-count basis to compute the effective tax rate. The current tax rates are 25.0% for calendar year 2015 (2014: 25.0%, 2013: 25.0%) in the Netherlands.
Corporation tax liability at 31 March 2015 is € 1,722,000 (2014: € 166,000 asset). The tax payments are made during the year in which the profits are earned on an estimated basis. The extent to which the final taxable charge differs from the original amount estimated, results in a current tax asset or liability due to over or under payment of tax respectively.

22. Cash and cash equivalents

Cash and cash equivalents	**2015 €'000**	**2014 €'000**
Cash at bank and in hand	1,418	889
Short-term bank deposits	79,206	501
Accrued interest on short term bank deposits	1	-
Cash and bank balances	80,625	1,390
Bank overdraft	(2,536)	(1)
Total	**78,089**	**1,389**

23. Borrowings

Borrowings	**2015 Current €'000**	**2015 Non-current €'000**	**2014 Current €'000**	**2014 Non-current €'000**
Euro commercial paper	1,332,372	-	1,015,841	-
Medium term notes	754,765	2,795,048	783,683	1,932,970
Loans payable group company	725,252	-	601,581	-
Loans payable bank	183,732	1,107,137	850,263	574,850
Total	**2,996,121**	**3,902,185**	**3,251,368**	**2,507,820**

The Company's principal borrowings are from a euro short-term commercial paper programme, a long-term medium term note programme, group borrowing and long term bank borrowing. Euro commercial paper is a short-term debt instrument normally issued at a discount and repaid at the face value. The Company can issue commercial paper with maturities between 1 day and 364 days. Interest rates on group and bank borrowings are floating and based on the relevant three months Libor plus spread. The interest range for group and bank borrowings on 31 March 2015 was between (0.01%) and 8.85% per annum.

As at the 31 March 2015 there are current borrowings of € 2,996,121,000 (2014: € 3,251,368,000) and non-current borrowings of € 3,902,185,000 (2014: € 2,507,820,000).

24. Financial guarantee liability

The current amortised fair value of guarantee fees outstanding is:€ 4,860,000 (2014: € 3,193,000) and these relate only to guarantees issued in respect of debt issuance for other related group companies (see note 2).

25. Other liabilities and accrued expenses

Other liabilities and accrued expenses	**2015 €'000**	**2014 €'000**
Collateral deposits received	460,300	35,500
Interest payable on collateral deposits	4	5
Related party accounts payable	4,342	3,326
Accrued administration expenses	387	411
Other accrued taxes	119	106
Total	**465,152**	**39,348**

Collateral deposits received are cash deposits from derivative counterparties held as collateral under derivative contracts.

26. Capital management

The Company's internal objectives when managing capital are:

- o To safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- o To provide an adequate return to the Company's primary shareholder, Toyota Financial Services Corporation ('TFSC'), by pricing products and services commensurately with the level of risk.

Fiscal equity is accounting equity adjusted for temporary tax timing differences. The main tax timing differences are disclosed in note 19, Deferred tax.

Accounting equity is defined as the sum of issued share capital (see note 27).

During the financial year 2015 the Company's capital management strategy remained unchanged from the financial year 2014 and was to operate profitably and to add to retained reserves.

The Company has complied with internal capital requirements by maintaining adequate capital during the year.

27. Share capital

Share capital	**2015 €'000**	**2014 €'000**
Authorised		
10,000 (2014: 10,000) ordinary shares of Euro 454 each	4,540	4,540
Issued and fully paid up		
2,000 (2014: 2,000) ordinary shares of Euro 454 each	908	908

100% of the share capital of the Company is owned by Toyota Financial Services Corporation (see note 1).

28. Fair value reserve

Fair value reserve	**€'000**
At 1 April 2013	57
Movement	
Gross unrealised losses on available-for-sale financial assets	(34)
At 31 March 2014	**23**
Gross unrealised gains on available-for-sale financial assets	255
At 31 March 2015	**278**

The fair valuation reserve arises from the fair valuation through equity of available for sale financial assets and the related deferred taxation on the fair valuation adjustment.

29. Related-party transactions

Parent and ultimate controlling party

The Company is a wholly-owned subsidiary of Toyota Financial Services Corporation (TFSC), a company incorporated in Japan. The ultimate holding company and controlling party is Toyota Motor Corporation (TMC), a company incorporated in Japan.

Transactions with parent company

During the year TFSC provided credit support to the Company in respect of group loans, debt issuance in the capital markets and related party guarantees. The fees charged were € 7,992,000 (2014: € 6,176,000) with € 4,143,000 (2014: € 3,174,000) outstanding at year end. The outstanding amount bears no interest and there are no fixed repayment terms.

Fellow subsidiaries

During the year transactions were entered into with the following TMC subsidiaries:-

Toyota (GB) PLC
Toyota Digital Cruise Europe NV/SA
Toyota Financial Services Korea Co. Ltd.

Toyota Financial Services (UK) PLC, as well as its subsidiaries and associated undertakings;

Toyota Financial Services (UK) PLC subsidiaries:-
Toyota Finance Finland Oy
Toyota Financial Services Czech s.r.o.
Toyota Financial Services Slovakia s.r.o.
Toyota Financial Services Danmark A/S
Toyota Financial Services Hungary Rt.
Toyota Financial Services Kazakhstan MFO LLP

Toyota Financial Services (UK) PLC associated undertakings:-
Toyota Financial Services (South Africa) (Proprietary) Limited

Toyota Kreditbank GmbH, as well as with its branches and subsidiaries;

Toyota Kreditbank GmbH branches:-
Toyota France Financement
Toyota Financial Services Norway
Toyota Financial Services Sweden
Toyota Financial Services Spain

Toyota Kreditbank GmbH subsidiaries:-

Toyota Bank Polska S.A.
Toyota Leasing GmbH
Toyota Leasing Polska Sp.z o.o.
ZAO Toyota Bank

Toyota Leasing (Thailand) Co. Ltd
Toyota Motor Credit Corporation
Toyota Capital Malaysia Sdn. Bhd.(formerly UMW Toyota Capital Sdn.Bhd)

Transactions with fellow subsidiaries

Guarantees

The Company earned € 4,103,000 (2014: € 3,236,000) from fellow subsidiaries as guarantees fees. The amount relating to the guarantee fees that remained unpaid at year-end was € 2,046,000 (2014: € 1,685,000). The outstanding amount bears no interest and has not been impaired.

Dividends

The Company received € 118,000 (2014: € 89,000) in dividends as disclosed on note 11 on its unlisted investment in Toyota Leasing (Thailand) Co. Ltd.

Borrowings

The Company's borrowings from fellow subsidiaries during the year are shown below. At 31 March 2015, borrowings from other related companies are all short-term. Reference is made to Note 23 for the terms and conditions of the borrowings.

Loans from other related companies	**2015 €'000**	**2014 €'000**
Balance at the beginning of the year	601,581	741,477
Loans received during the year	1,331,591	2,252,362
Loans repaid during the year	(1,285,614)	(2,368,738)
Interest expense	1,621	5,088
Interest paid	(1,473)	(5,032)
Exchange revaluation of loans from related companies	77,546	(23,576)
Total	**725,252**	**601,581**

Lending

The summary of loans to fellow subsidiaries and the income and expenses incurred thereon during the year is set out below:

Loans to related companies	**2015 €'000**	**2014 €'000**
Balance at the beginning of the year	5,855,157	5,110,242
Loans advanced during the year	4,994,573	6,184,537
Loans received	(4,044,165)	(5,285,213)
Interest charged	98,884	97,036
Interest received	(99,243)	(97,624)
Interest expense	(56)	-
Exchange revaluation of related party company loans	228,394	(153,821)
Total	**7,033,554**	**5,855,157**

No impairment has been recognised on the amounts outstanding at year-end (see note 14).

Directors

There were no changes in the Board of Management during the year.

Transactions with directors

There were no transactions with directors during the year.

Summary of related party payables included in other liabilities

Summary of related party payables included in other liabilities	**2015 €'000**	**2014 €'000**
Credit support fees payable to parent company	4,143	3,174
Business and administration services payable to related companies	199	152
Total	**4,342**	**3,326**

Summary of guarantees and related party receivables

Summary of guarantees and related party receivables	**2015 €'000**	**2014 €'000**
Related party receivables for guarantees	2,046	1,686
Total	**2,046**	**1,686**

Amounts receivable from related parties have not been impaired.

30. Contingent liabilities

The Company issues guarantees to debt holders of other Toyota Motor Corporation subsidiaries. The Company receives guarantee fees from Toyota Motor Corporation subsidiaries in respect of the guaranteed debt in issuance.

The Company assesses the need for provisions by reviewing the net assets and profitability of the companies for the year ending 31 March 2015. The accounts of the respective debt issuers indicate that there is adequate net equity to cover the borrowings.

No provisions have been required against contingent liabilities in either the current or prior fiscal years.

Set out below is the Euro equivalent of the guarantees issued in relation to debt issuance by other Toyota Motor Corporation subsidiaries.

Contingent liabilities as at 31 March **Currency of debt guaranteed**	**2015 €'000**	**2014 €'000**
Malaysian Ringgit	25,180	130,058
South African Rand	312,218	296,633
Thai Baht	1,394,063	2,037,385
Total	**1,731,461**	**2,464,076**

The nature of the guarantees is that they are unconditional guarantees issued to the debt holders. If for any reason the issuer is unable to pay as and when the debt falls due, the Company may be required to repay the debt on behalf of the issuer. The guarantees are for bills of exchange, commercial paper, medium-term notes and bank loans.

31. Cash generated from / (used in) operations

Cash generated / (used) from operations	**2015 €'000**	**2014 €'000**
Net profit	40,536	13,107
Adjustments for:		
Depreciation and amortisation	16	17
Dividends received	(118)	(89)
Taxation	13,556	4,643
Interest income	(99,040)	(97,281)
Interest expense	79,612	81,423
Fair value unrealised gains and losses	(503,937)	259,397
Unrealised foreign exchange gains and losses	474,826	(237,114)
Changes in working capital:		
(Increase) / decrease in loans to related companies	(950,408)	(899,325)
(Increase) / decrease in other current assets	138,532	(211,462)
Increase / (decrease) in other current liabilities	425,803	(65,324)
Total	**(380,622)**	**(1,152,008)**

32. Financial risk management

32.1 Financial risk factors

The Company's principal activities are the lending of funds to other subsidiaries of Toyota Financial Services Corporation (the parent company) and acting as a guarantee vehicle for third party debts of other related companies within the Toyota Motor Corporation group.

The Company's role as a financing vehicle for Toyota related companies exposes it to a variety of financial risks that include credit risk, liquidity risk, interest rate risk and foreign currency exchange rate risk. The Company has in place a risk management program that seeks to limit the adverse effects on the financial performance of the Company of those risks by matching foreign currency assets and liabilities and through the use of financial instruments, including interest rate swaps, cross-currency swaps and foreign currency contracts, to manage interest rate and foreign currency risk.

In respect of the credit risk arising from the market values of derivative contracts to manage market risks, agreements are concluded to exchange collateral with counterparties to mitigate those credit risks. The board of management utilise a risk management policy and receive regular reports from the business to enable prompt identification of financial risks so that appropriate actions may be taken. The Company employs written policies and procedures that specify guidelines for managing foreign exchange risk, interest rate risk, credit risk and the use of financial instruments to manage these risks.

32.2 Foreign exchange risk

The Company lends to related Toyota group companies in euro, other continental European currencies, South African Rand, Sterling Pound, Japanese Yen and US Dollars. The Company actively borrows in a number of currencies to meet investor demand for its issued debt. The Company makes use of cross-currency swaps and forward foreign exchange contracts to match assets and liabilities into specific currency portfolios. The net exposure results in the Company being exposed to foreign exchange risks primarily with respect to Sterling Pound, US Dollars and Japanese Yen.

The Company manages its exposure to foreign exchange risk by ensuring that its holdings of financial assets and financial liabilities are matched within each of its four funding currency portfolios, to ensure that any net long or short positions within each currency fall within levels that management consider acceptable.

The remaining net exposures at the balance sheet date were as follows:

Net exposure to foreign exchange risk	**2015 €'000**	**2014 €'000**
Sterling	3,153	62,993
US Dollar	282	1,472
Japanese Yen	(10)	3,965
Other	3,089	(287)
Total	**6,514**	**68,143**

The above exposure represents the present value of future foreign currency cash flows discounted at market interest rates at the balance sheet date. The exposure derives from the net equity investment in the three main foreign currency funding books that the Company uses to provide funding to related parties.

The following sensitivity analysis shows the impact on equity, through both Statement of comprehensive income and recognition directly in reserves, of a 5% appreciation and depreciation in the value of the Euro against all other currencies at the balance sheet date.

The assumed 5% parallel shift in currency exchange rates has been based on historic average annual change in exchange rates of the key currencies, in which the Company's net assets are invested.

Sensitivity analysis of the Statement of comprehensive income and net assets to changes in exchange rates at the balance sheet date is as follows:

	2015			**2014**		
	Statement of comprehensive income Gain/(Loss) €'000	**Unrealised reserve Gain/(Loss) €'000**	**Total net equity Gain/(Loss) €'000**	**Statement of comprehensive income Gain/(Loss) €'000**	**Unrealised reserve Gain/(Loss) €'000**	**Total net equity Gain/(Loss) €'000**
5 % Euro strengthening	2,463	13	2,476	1,683	1	1,684
5 % Euro weakening	(5,609)	(14)	(5,623)	(6,735)	(1)	(6,736)

32.3 Interest rate risk

The Company has both interest-bearing assets and interest-bearing liabilities. The Company has a policy of maintaining assets and liabilities at floating interest rates. The Company uses swaps, in respect of financial assets, including inter-company lending to manage risk. In respect of borrowing, swaps are used to retain flexibility in the debt capital markets. The interest rate swaps are settled on a bi-annual or quarterly basis with payment or receipt of the difference between the agreed fixed interest rate and the floating interest rate amounts on the principal.

Interest rate risk in relation to the Company's related party lending activities is managed by ensuring that any fixed rate funding is swapped into floating rate, with reset dates typically of a three month duration.

This interest rate profile broadly matches that of the Company's intra-group loan assets either carrying variable coupons with a three month re-pricing or, where fixed for longer periods, are swapped into three month floating rates.

Market risk measurement techniques - Interest rate Value at Risk (VaR)

The Company applies a ‘Value at Risk’ methodology (VaR) to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions.

Senior management set limits on the value of risk that may be accepted, in line with Toyota group global policy, which are then monitored on a regular basis by senior management via an Asset Liability Committee (ALCO).

VaR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the ‘maximum’ amount the Company might lose, but only to a certain level of confidence (95%).

The Company’s VaR measure is based on market data over the preceding 12 months.

Actual outcomes are monitored regularly to test the validity of the assumptions and parameters/factors used in the VaR calculation. The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

As VaR constitutes an integral part of the Company’s market risk control regime, VaR limits are reviewed by the Board of Management annually for the trading operations and business units.

Actual exposure against limits, together with the VaR for each business unit, is reviewed monthly by the ALCO.

	2015 Year High €’000	**2015 Year Low €’000**	**2015 Year Average €’000**	**2015 31 March Closing €’000**
Interest rate VaR	645	180	379	460

	2014 Year High €’000	**2014 Year Low €’000**	**2014 Year Average €’000**	**2014 31 March Closing €’000**
Interest rate VaR	1,478	172	632	270

While the table above details the Company's best estimate of the VaR at each balance sheet date, actual results could differ from estimates, as a number of assumptions are used:

- Assumptions are made regarding repayment rates for loans and receivables and projections of future market interest rate changes;
- The VaR model assumes a certain ‘holding period’ until positions can be closed (1 month);
- It also assumes that market movements occurring over this holding period will follow a similar pattern to those that have occurred over 1 month periods in the past.

The Company's interest rate risk exposure derives from the following financial contracts:

Interest rate risk exposure at 31 March 2015	**Fixed rate €'000**	**Floating rate €'000**	**Non-interest bearing €'000**	**Total €'000**
Non-current assets				
Loans to related companies	1,325,975	1,825,664	-	3,151,639
Available for sale investment – related company	-	-	1,033	1,033
Current assets				
Loans to related companies	725,710	3,156,195	-	3,881,905
Receivables from affiliated companies	-	-	2,046	2,046
Other receivables – financial instruments only	-	79,700	110	79,810
Cash and cash equivalents	-	80,625	-	80,625
Current liabilities				
ECP	-	(1,332,372)	-	(1,332,372)
EMTN	(616,663)	(138,102)	-	(754,765)
Bank loans	-	(183,732)	-	(183,732)
Loans from related parties	-	(725,252)	-	(725,252)
Affiliated company accounts payable	-	-	(4,342)	(4,342)
Other liabilities and accrued expenses - financial instruments only	-	(460,304)	(505)	(460,809)
Bank overdraft	-	(2,536)	-	(2,536)
Non-current liabilities				
EMTN	(2,560,981)	(234,067)	-	(2,795,048)
Bank loans	-	(1,107,137)	-	(1,107,137)
Pre-derivative position (a)	(1,125,959)	958,682	(1,658)	(168,935)
Nominal value derivatives (b)	1,125,854	(771,207)	138	354,785
Net interest bearing asset / (liability) position (a)+(b)	**(105)**	**187,475**	**(1,520)**	**185,850**

Interest rate risk exposure at 31 March 2014	**Fixed rate €'000**	**Floating rate €'000**	**Non-interest bearing €'000**	**Total €'000**
Non-current assets				
Loans to related companies	1,515,684	2,133,794	-	3,649,478
Available for sale investment – related company	-	-	778	778
Current assets				
Loans to related companies	506,886	1,698,793	-	2,205,679
Receivables from affiliated companies	-	-	1,686	1,686
Other receivables – financial instruments only	-	218,600	-	218,600
Cash and cash equivalents	-	1,390	-	1,390
Current liabilities				
ECP	(50,817)	(965,024)	-	(1,015,841)
EMTN	(577,996)	(205,687)	-	(783,683)
Bank loans	-	(850,263)	-	(850,263)
Loans from related parties	-	(601,581)	-	(601,581)
Affiliated company accounts payable	-	-	(3,326)	(3,326)
Other liabilities and accrued expenses - financial instruments only	-	(35,505)	(517)	(36,022)
Bank overdraft	-	(1)	-	(1)
Non-current liabilities				
EMTN	(1,890,698)	(42,272)	-	(1,932,970)
Bank loans	-	(574,850)	-	(574,850)
Pre-derivative position (a)	(496,941)	777,394	(1,379)	279,074
Nominal value derivatives (b)	447,260	(593,089)	220	(145,609)
Net interest bearing asset / (liability) position (a)+(b)	**(49,681)**	**184,305**	**(1,159)**	**133,465**

Short-term borrowing with an original term of less than 6 months is subject to regular interest rate changes on replacement, therefore, short-term funding of this nature is classified as floating rate funding in the above tables.

32.4 Credit risk

Counter party exposure from investments, deposits and derivative financial investments is limited to financial institutions with investment-grade credit ratings with more stringent rating thresholds for exposures in excess of 5 years. The amount of exposure to any individual counter-party is subject to a limit, which is reassessed annually.

The Company is exposed to credit risk from its activities as a lender and guarantor of Toyota Motor Corporation operating companies' third party debts in various geographical locations. While the Company's primary credit risk exposure is default by the related companies to which it lends or issues guarantees to third parties, this risk is mitigated by credit support agreements with its parent and ultimate parent company, whereby they have undertaken to the debt and guarantee holders to maintain the net equity of the Company at a specified level.

In addition, the Company's lending and guarantee activity is to significant operating entities as part of the Toyota group, and therefore the Company's continuing trading viability is ultimately dependent upon the trading performance of the Toyota Motor Corporation group as a whole. Lending is on an un-subordinated basis, but there are instances where loans are subordinated to assist in meeting regulatory funding requirements of the borrower.

Derivatives entered into by the Company exclusively to manage its interest rate and currency risk are traded solely with recognised credit institutions with credit ratings as detailed above.

The Company's cash and cash equivalents are held with a selection of banks from a list approved by Toyota Motor Corporation/Toyota Financial Services Corporation within specified limits.

The maximum exposure to credit risk from financial instruments at the balance sheet date is as follows:

Credit risk	**2015 €'000**	**2014 €'000**
Non-current assets		
Loans to related companies	3,151,639	3,649,478
Current assets		
Loans to related companies	3,881,905	2,205,679
Other receivables – financial instruments and receivables from affiliated companies	81,856	220,285
Derivative financial instruments	632,210	189,804
Cash and cash equivalents	80,625	1,390
Contingent liabilities		
Guarantees of related party debt	1,731,461	2,464,076

Agreements to exchange collateral in cash have been concluded with several counterparties to mitigate the credit risk arising from the value of derivative financial instruments shown above. At 31 March 2015, the value of cash collateral received, shown as Collateral deposits received in note 25 within Other liabilities and accrued expenses was € 460,300,000 (2014: € 35,500,000).

Details of the Contingent liabilities are shown in note 30.

The maximum single exposure from derivative assets at the balance sheet date to a single counterparty is € 78,482,000 (2014: € 11,341,000) and the 3 largest counterparty positions represent € 209,225,000 (2014: € 31,861,000).

32.5 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet payment obligations associated with its financial liabilities when they fall due.

The Company regularly forecasts short and medium-term funding requirements incorporating information from other related companies and ensures that there is an appropriate level of liquid resources to cover any unforeseen cash requirements.

The Company actively maintains a mixture of long-term and short-term debt maturities, together with long-term committed facilities and liquid investments that are designed to ensure the Company has sufficient available funds for operations. The Company maintains committed credit lines with a syndicate of commercial banks to mitigate the liquidity risk. In addition, the Company has entered into a credit support agreement and a supplemental credit support agreement with its parent company in which it will make sufficient funds available to the Company so that the Company will be able to service the obligations arising out of its capital market borrowing and guarantee obligations respectively.

The credit support agreement and the supplemental credit support agreement provide for termination by either party upon 30 days' written notice to the other party. Such terminations will not take effect until or unless all relevant securities have been repaid or each relevant rating agency has confirmed to the parent company or the Company that the debt ratings of all relevant securities will be unaffected by such termination.

The following table details the expected maturity of non-derivative financial liabilities. The analysis is based on gross contractual (undiscounted) cash flows payable. Foreign currency cash flows included in the table below have been translated using market rates. Where future interest payments are variable, the cash flows are based on the interest rate index at the balance sheet date.

Debt cash flows at 31 March 2015	**Due within 3 months €'000**	**Due between 4 and 12 months €'000**	**Due between 1 and 5 years €'000**	**Due after 5 years €'000**
Related party borrowings	569,244	156,426	-	-
Bank borrowings	184,817	5,595	1,125,518	-
Commercial paper	930,562	403,151	-	-
EMTN	304,948	562,322	3,019,715	-
Collateral deposits received	460,300	-	-	-
Total	**2,449,871**	**1,127,494**	**4,145,233**	**-**

Debt cash flows at 31 March 2014	**Due within 3 months €'000**	**Due between 4 and 12 months €'000**	**Due between 1 and 5 years €'000**	**Due after 5 years €'000**
Related party borrowings	412,851	189,100	-	-
Bank borrowings	2,505	855,786	581,717	-
Commercial paper	718,108	298,527	-	-
EMTN	25,261	919,169	2,093,854	-
Collateral deposits received	35,500	-	-	-
Total	**1,194,225**	**2,262,582**	**2,675,571**	**-**

The following table details the expected maturity of derivative financial instruments. The analysis is based on the gross contractual (undiscounted) cash flows. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to current market indices at the reporting date.

Net cash flows at 31 March 2015	**Due within 3 months €'000**	**Due between 4 and 12 months €'000**	**Due between 1 and 5 years €'000**	**Due after 5 years €'000**
Net settled:				
– Interest derivatives payable / (receivable)	1,717	3,459	4,494	-
Gross settled:				
– Currency derivatives – receivable	(875,894)	(1,193,393)	(5,494,445)	(6,591)
– Currency derivatives – payable	1,043,254	1,128,377	5,168,692	5,555
Total derivative cash flows	169,077	(61,557)	(321,259)	(1,036)
Total	**2,618,948**	**1,065,937**	**3,823,974**	**(1,036)**

Net cash flows at 31 March 2014	**Due within 3 months €'000**	**Due between 4 and 12 months €'000**	**Due between 1 and 5 years €'000**	**Due after 5 years €'000**
Net settled:				
– Interest derivatives payable / (receivable)	(704)	828	7,237	-
Gross settled:				
– Currency derivatives – receivable	(967,515)	(2,079,405)	(4,050,542)	(72,633)
– Currency derivatives – payable	950,165	2,029,050	4,165,999	67,081
Total derivative cash flows	(18,054)	(49,527)	122,694	(5,552)
Total	**1,176,171**	**2,213,055**	**2,798,265**	**(5,552)**

The Company has extended loan facilities to related parties and to the extent that these loan facilities are undrawn at the balance sheet date this represents a future lending commitment.

Potential cash outflows from undrawn loan facilities at the reporting date are shown in the table below at the earliest possible drawn down date. The cash flow effect of probable future related party borrowing requirements is monitored through regular cash flow forecasts provided to the Company by the related parties.

Undrawn commitments at 31 March 2015	**Due within 3 months €'000**	**Due between 4 and 12 months €'000**	**Due between 1 and 5 years €'000**	**Due after 5 years €'000**
Undrawn loan commitments	2,710,449	-	-	-
Total	**2,710,449**	**-**	**-**	**-**

Undrawn commitments at 31 March 2014	**Due within 3 months €'000**	**Due between 4 and 12 months €'000**	**Due between 1 and 5 years €'000**	**Due after 5 years €'000**
Undrawn loan commitments	3,569,593	-	-	-
Total	**3,569,593**	**-**	**-**	**-**

32.6 Price risk

The Company is not significantly exposed to equity price risk or commodity price risk.

32.7 Offsetting financial assets and financial liabilities

The following financial instruments are subject to enforceable master netting agreements.

As at 31 March 2015	**Gross amounts of recognised financial assets €'000**	**Gross amounts of recognised financial liabilities €'000**	**Net collateral exchanged €'000**	**Net assets / (liabilities) €'000**
Derivative financial instruments *Collateralized*	563,313	(276,267)	(380,600)	(93,554)
Derivative financial instruments *Non-Collateralized*	68,897	(1,158)	-	67,739
Total	**632,210**	**(277,425)**	**(380,600)**	**(25,815)**

As at 31 March 2014	**Gross amounts of recognised financial assets €'000**	**Gross amounts of recognised financial liabilities €'000**	**Net collateral exchanged €'000**	**Net assets / (liabilities) €'000**
Derivative financial instruments *Collateralized*	147,821	(307,376)	183,100	23,545
Derivative financial instruments *Non Collateralized*	41,983	(28,038)	-	13,945
Total	**189,804**	**(335,414)**	**183,100**	**37,490**

Financial instruments are settled on a gross basis, however, each party to a master netting agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. All financial instruments on the Statement of financial position are shown on a gross basis.

33. Fair value of financial instruments

Fair value is obtained by calculating the amount at which an asset or liability could be exchanged in an arm's length transaction between informed and willing parties other than in a forced liquidation.

33.1 Financial assets and liabilities at fair value in the statement of financial position

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:
Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities;
Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices);
Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	31 March 2015				31 March 2014			
	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Financial Assets								
Investment in affiliated company	-	1,033	-	1,033	-	778	-	778
Derivative financial instruments	-	632,210	-	632,210	-	189,804	-	189,804
Guarantee fee receivable	-	4,860	-	4,860	-	3,193	-	3,193
Financial Liabilities								
Derivative financial instruments	-	277,425	-	277,425	-	335,414	-	335,414
Related party guarantee	-	4,860	-	4,860	-	3,193	-	3,193

There were no transfers between levels 1 and 2 during the year.

33.2 Financial assets and liabilities at carrying value in the statement of financial position

The following tables compare the carrying value and fair value of those financial assets and liabilities not presented on the statement of financial position at fair value.

	31 March 2015 Level 2		31 March 2014 Level 2	
	Carrying Value €'000	Fair value €'000	Carrying Value €'000	Fair value €'000
Financial assets				
Loans to related parties	7,033,544	7,057,647	5,855,157	5,887,763
Financial liabilities				
Loans payable group company	725,252	725,415	601,581	601,735
Loans payable bank	1,290,869	1,306,012	1,425,113	1,435,121
Euro medium term notes	3,549,813	3,640,803	2,716,653	2,743,449

Financial assets

The fair value calculation for loans to related parties is based on discounting expected future cash flows using an estimated discount rate that reflects the expected future interest rates, derived from quoted market rates at the balance sheet date. Early settlements, credit losses and credit spread assumptions are reviewed periodically, but currently are not relevant to this class of asset.

Statistical methods are used that divide receivables into segments by type of receivables and contractual term.

Financial liabilities

The fair value of borrowings is based on current market prices where available. Fair value of EMTN is based on the discounted cash flow model that incorporates observable inputs including interest rate yield curves and the appropriate discount rate for the currency and tenor of the cash flow.
Where active market prices are not available, the fair value of fixed interest borrowings is based on future cash flows discounted at the current rate for similar debt or assets with the same remaining maturities.

34. Events occurring after the balance sheet date

There are no events after the balance sheet events to disclose.

Board of Management

Yoriyuki Hirayama

Katsunobu Katayama

William Kilpatrick

Other Information

Retained Earnings

In accordance with Article 21 of the Articles of Association, retained earnings are at the disposal of the shareholder in general meeting. Subject to the Company being in a profitable position, the Board of Management may decide to pay an interim dividend subject to the approval of the shareholder in general meeting.

Appropriation of Profit

The Board of Management proposed that the profit for the past financial year be added to the retained earnings.

Auditor's Report

The auditor's report is set out on page 40.

Independent auditor's report

To: the general meeting of Toyota Motor Finance (Netherlands) B.V.

Report on the financial statements 2015

Our opinion

In our opinion the financial statements give a true and fair view of the financial position of Toyota Motor Finance (Netherlands) B.V. as at 31 March 2015, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements for the year ended 31 March 2015 of Toyota Motor Finance (Netherlands) B.V., Amsterdam ('the Company').

The financial statements comprise:

- the statement of financial position as at 31 March 2015;
- the following statements for the year ended 31 March 2015: the statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Toyota Motor Finance (Netherlands) B.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Ref.: e0359949

PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, The Netherlands
T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, www.pwc.nl

Our audit approach

Overview

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. As in all of our audits, we also addressed the risk of board of management override of internal controls, including evaluating whether there was evidence of bias by the board of management that may represent a risk of material misstatement due to fraud.

The main purpose of the Company is the financing of companies belonging to the Toyota Motor Corporation group. The Company is financing these loans through bond and notes offerings on the international capital markets and from other sources and lends to other Toyota companies.
The Company also issues guarantees for debt issuance of other Toyota companies. Loans are issued to group companies with financial instruments in place to mitigate both the interest rate risk as well as the currency risk. The Company has entered into a credit support agreement and a supplemental credit support agreement with its parent company in which it will make sufficient funds available to the Company so that the Company will be able to service the obligations arising out of its capital market borrowing and guarantee obligations respectively.

Materiality

The scope of our audit is influenced by the application of materiality. Our audit opinion aims on providing reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements as a whole at €7.8 Mio (2014: €6.3 Mio). The general benchmark is 1% of total assets. We use 0.1% of total assets since the financial statements are widely distributed and the entity has a significant level of external debt.

We also take misstatements and/or possible misstatements into account that, in our judgment, are material for qualitative reasons.

We agreed with the board of management that we would report to them misstatements identified during our audit above €390,000 (2014: €313,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

The Company is a financing company belonging to the Toyota Motor Corporation group. As part of our testing procedures we tested the existence of the loans by requesting the auditors of the counterparties belonging to the Toyota Motor Corporation group to confirm the outstanding intercompany loans. In addition to this confirmation process, we performed on a sample basis additional testing on these confirmations by requesting the boards of management of local group companies to confirm the outstanding intercompany loans.

The operations of the Company are embedded in the IT environment and processes of Toyota Motor Corporation group. Considering our responsibility for the opinion on the Company's financial statements we are responsible for the direction, supervision and performance of the audit of the Company. In this context, we used the work performed by a PwC network member firm at a Toyota Motor Corporation group company for assurance over the IT environment. We sent instructions to this PwC network member firm, which set out the work to be performed and the agreed scope of testing. We determined the level of involvement we needed to have in the audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole. In this respect we assessed the reports and followed up where necessary and had discussions with the auditors of the PwC network member firm.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the board of management, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

Key audit matter	***How our audit addressed the matter***
Valuation of the loans issued We consider the valuation of the loans issued of €7,034 Mio, as disclosed in note 14 to the financial statements as a key audit matter. This is due to the size of the loan portfolio and given that an impairment may have a material effect on the income statement. Loans are initially recognized at its fair value and subsequently measured at amortized cost using the effective interest method. The board of management did not identify any impairment triggers regarding the loans issued to Toyota Motor Finance (Netherlands) B.V. group companies.	We have performed detailed audit work addressing the existence and valuation of the loans issued to Toyota Motor Finance (Netherlands) B.V. group companies, through testing on a sample basis the input of contracts in Toyota Motor Finance (Netherlands) B.V. treasury management system, confirmation procedures, reconciliation of the treasury management system with the general ledger, and assessed whether there were any impairment triggers. We concur with the position taken by the board of management as set out in the financial statements with respect to the valuation of the loans.

Key audit matter	*How our audit addressed the matter*
Derivative valuation We consider the fair value of the derivatives portfolio of positive €632 Mio and negative €277 Mio as disclosed in note 16 to the financial statements as a key audit matter. The valuation of these swaps is determined by using valuation models. We consider the valuation of the swaps a key audit matter, given the magnitude and volatility of these positions.	We have performed an independent valuation of the whole derivative portfolio as of balance sheet date. We tested the inputs to the fair value calculation. With respect to the discount rates used and inputs for the valuation of the swaps, this included independently sourcing the external and internal data on a sample basis. We assessed the completeness and accuracy of the disclosures to assess compliance with disclosure requirements included in EU-IFRS.

Responsibilities of the board of management

The board of management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Report of the board of management in accordance with Part 9 of Book 2 of the Dutch Civil Code, and for
- such internal control as the board of management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of management should prepare the financial statements using the going concern basis of accounting unless the board of management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The board of management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit has been performed with a high but not absolute level of assurance which makes it possible that we did not detect all errors and frauds.

A more detailed description of our responsibilities is set out in the appendix to our report.

Report on other legal and regulatory requirements

Our report on the Report of the board of management and the other information

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the Report of the board of management and other information):

- we have no deficiencies to report as a result of our examination whether the Report of the board of management, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed;
- we report that the Report of the board of management, to the extent we can assess, is consistent with the financial statements.

Our appointment

We were appointed as auditors of Toyota Motor Finance (Netherlands) B.V. following the passing of a resolution by the shareholders at the annual meeting held on 23 July 2014. Our appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of 27 years. In line with internal rotation rules to ensure independence the current signing partner has signed the annual accounts for the last six years. The most recent rotation of the signing external auditor on the audit of the financial statements year ending 31 March 2016 of Toyota Motor Finance (Netherlands) B.V. will be in 2016. Rotation of the signing external auditor is one of our safeguards to maintain our auditor independence.

Amsterdam, 27 July 2015
PricewaterhouseCoopers Accountants N.V.

Original has been signed by L.H.J. Oosterloo RA

Appendix to our auditor's report on the financial statements 2014/2015 of Toyota Motor Finance (Netherlands) B.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgment and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among others of:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of management;
- concluding on the appropriateness of the board of management's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the board of management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.