
Toyota Financial Services Danmark A/S

Dynamovej 10, DK-2860 Søborg

Annual Report for 1 April 2015 - 31 March 2016

CVR No 26 24 19 60

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
7 /7 2016

Jørgen Madsen
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Toyota Financial Services Danmark A/S for the financial year 1 April 2015 - 31 March 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 March 2016 of the Company and of the results of the Company operations for 2015/16.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Søborg, 28 June 2016

Executive Board

Michael Junker

Board of Directors

Hitoshi Watanabe
Chairman

Francois Paul-Albert Charles
Radot

Frank Chukwuma Okoisor

Jes Rosendal

Michael Junker

Independent Auditor's Report on the Financial Statements

To the Shareholders of Toyota Financial Services Danmark A/S

Report on the Financial Statements

We have audited the Financial Statements of Toyota Financial Services Danmark A/S for the financial year 1 April 2015 - 31 March 2016, which comprise income statement, balance sheet, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

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

Independent Auditor's Report on the Financial Statements

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2016 and of the results of the Company operations for the financial year 1 April 2015 - 31 March 2016 in accordance with the Danish Financial Statements Act.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Hellerup, 28 June 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jesper O. Edelbo
statsautoriseret revisor

Morten Nyenstad
statsautoriseret revisor

Company Information

The Company

Toyota Financial Services Danmark A/S
Dynamovej 10
DK-2860 Søborg

CVR No: 26 24 19 60
Financial period: 1 April - 31 March
Municipality of reg. office: Gladsaxe

Consolidated Financial Statements

The Company is included in the Group Annual Report of Toyota Motor Corporation.

Board of Directors

Hitoshi Watanabe, Chairman
Francois Paul-Albert Charles Radot
Frank Chukwuma Okoisor
Jes Rosendal
Michael Junker

Executive Board

Michael Junker

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2015/16 TDKK	2014/15 TDKK	2013/14 TDKK	2012/13 TDKK	2011/12 TDKK
Key figures					
Profit/loss					
Revenue	216,761	223,626	220,219	198,694	166,435
Operating profit/loss	94,285	99,316	90,488	87,148	53,054
Profit/loss before financial income and expenses	94,495	99,346	90,715	87,437	37,670
Net financials	-16,842	-25,449	-26,816	-29,115	-498
Net profit/loss for the year	58,717	57,587	52,908	43,750	27,713
Balance sheet					
Balance sheet total	4,485,371	4,101,260	3,778,364	3,189,413	2,839,620
Equity	376,106	345,563	314,430	305,272	289,235
Investment in property, plant and equipment	-61,113	21,433	8,720	-18,785	-102,534
Number of employees	10	9	8	8	7
Ratios					
Profit margin	43.6%	44.4%	41.2%	44.0%	22.6%
Return on assets	2.1%	2.4%	2.4%	2.7%	1.3%
Solvency ratio	8.4%	8.4%	8.3%	9.6%	10.2%
Return on equity	16.3%	17.5%	17.1%	14.7%	9.7%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Main activity

Toyota Financial Services Danmark A/S is a joint venture owned by Toyota Financial Services (UK) PLC and Jyske Finans A/S with 80.1 % and 19.9 % respectively. The Company is therefore a part of the Toyota group.

The main activity of the Company is financing of vehicles and related services, primarily of all new and used Toyota models for both the private consumer as well as businesses.

Development in the year

The income statement of the Company for 2015/16 shows a profit of DKK 58,716,916, and at 31 March 2016 the balance sheet of the Company shows equity of DKK 376,105,877.

The past year and follow-up on development expectations from last year

The result for the year exceeds the expected level of a result on the same level as that of last year. The higher result before taxes is primarily due to stability on the financial markets which affect the car industry and financing. The market for cars has increased in 2015/16.

Management considers the result to be satisfactory.

Capital resources

Toyota Financial Services Danmark A/S has a finance agreement with Toyota Motor Finance (Netherlands) B.V. and has in this way secured the availability of the necessary capital. The period of the finance agreement is not restricted. In addition, Toyota Financial Services Danmark A/S has entered into loan arrangements with Nordea Bank Danmark A/S and The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Special risks - operating risks and financial risks

Operating risks

The main risks of the company relate to credit risks and residual value risk.

The Company has established procedures to follow the development of residual values closely. Scrap values on cars are measured at market value at the time when the contract period has ended. A further change in the registration tax is to be expected.

Strategy

The Company continues to establish its vehicles portfolio. It is therefore expected that further capital will be tied in the portfolio over the next 2 - 3 years. The Company - apart from this investment - does not expect any major investments during the next financial year.

Management's Review

Unusual events

The financial position at 31 March 2016 of the Company and the results of the activities of the Company for the financial year for 2015/16 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 April - 31 March

	Note	2015/16 DKK	2014/15 DKK
Revenue		216,761,048	223,626,068
Other operating income		210,225	29,188
Other external expenses		<u>-95,981,816</u>	<u>-88,207,478</u>
Gross profit/loss		120,989,457	135,447,778
Staff expenses	1	-7,790,487	-7,126,662
Depreciation, amortisation and impairment of property, plant and equipment	2	-9,546,977	-13,686,860
Impairment of current assets		<u>-9,157,262</u>	<u>-15,288,677</u>
Profit/loss before financial income and expenses		94,494,731	99,345,579
Financial income	3	53,757	1,865,453
Financial expenses	4	<u>-16,895,462</u>	<u>-27,314,585</u>
Profit/loss before tax		77,653,026	73,896,447
Tax on profit/loss for the year	5	<u>-18,936,110</u>	<u>-16,309,166</u>
Net profit/loss for the year		<u>58,716,916</u>	<u>57,587,281</u>

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	41,630,293	28,793,640
Retained earnings	<u>17,086,623</u>	<u>28,793,641</u>
	<u>58,716,916</u>	<u>57,587,281</u>

Balance Sheet 31 March 2016

Assets

	Note	2015/16 DKK	2014/15 DKK
Operating leases - Motor vehicles		81,237,849	29,838,162
Other fixtures and fittings, tools and equipment		<u>2,752,294</u>	<u>2,375,774</u>
Property, plant and equipment	6	<u>83,990,143</u>	<u>32,213,936</u>
Fixed assets		<u>83,990,143</u>	<u>32,213,936</u>
Receivable loans		4,351,073,838	3,995,517,027
Other receivables		25,646,232	7,051,562
Corporation tax		13,107,812	0
Prepayments		<u>10,662,921</u>	<u>11,099,270</u>
Receivables		<u>4,400,490,803</u>	<u>4,013,667,859</u>
Cash at bank and in hand		<u>889,604</u>	<u>55,378,349</u>
Currents assets		<u>4,401,380,407</u>	<u>4,069,046,208</u>
Assets		<u>4,485,370,550</u>	<u>4,101,260,144</u>

Balance Sheet 31 March 2016

Liabilities and equity

	Note	2015/16 DKK	2014/15 DKK
Share capital		190,000,000	190,000,000
Retained earnings		144,475,584	126,769,844
Proposed dividend for the year		41,630,293	28,793,640
Equity	7	376,105,877	345,563,484
Provision for deferred tax	8	61,227,199	49,183,277
Provisions		61,227,199	49,183,277
Payables to group enterprises		1,992,000,000	2,370,000,000
Long-term debt	9	1,992,000,000	2,370,000,000
Credit institutions		2,801,121	59,686,253
Trade payables		17,364,185	18,125,733
Payables to group enterprises	9	1,958,082,883	1,186,997,844
Corporation tax		0	1,553,704
Other payables		28,706,054	28,465,224
Deferred income		49,083,231	41,684,625
Short-term debt		2,056,037,474	1,336,513,383
Debt		4,048,037,474	3,706,513,383
Liabilities and equity		4,485,370,550	4,101,260,144
Contingent assets, liabilities and other financial obligations	10		
Related parties and ownership	11		

Notes to the Financial Statements

	<u>2015/16</u>	<u>2014/15</u>
	DKK	DKK
1 Staff expenses		
Wages and salaries	7,110,486	6,499,393
Pensions	610,672	557,438
Other social security expenses	69,329	69,831
	<u>7,790,487</u>	<u>7,126,662</u>
Average number of employees	<u>10</u>	<u>9</u>
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statement Act.		
2 Depreciation, amortisation and impairment of property, plant and equipment		
Depreciation of property, plant and equipment	9,546,977	13,686,860
	<u>9,546,977</u>	<u>13,686,860</u>
Which is specified as follows:		
Operating lease - Motor vehicles	9,072,268	13,011,244
Other fixtures and fittings, tools and equipment	474,709	675,616
	<u>9,546,977</u>	<u>13,686,860</u>
3 Financial income		
Interest received from group enterprises	0	1,692,751
Other financial income	53,757	172,702
	<u>53,757</u>	<u>1,865,453</u>
4 Financial expenses		
Interest paid to group enterprises	16,794,123	27,137,805
Other financial expenses	101,339	176,780
	<u>16,895,462</u>	<u>27,314,585</u>

Notes to the Financial Statements

	2015/16 <u>DKK</u>	2014/15 <u>DKK</u>
5 Tax on profit/loss for the year		
Current tax for the year	6,892,188	21,553,704
Deferred tax for the year	<u>12,043,922</u>	<u>-5,244,538</u>
	<u>18,936,110</u>	<u>16,309,166</u>
6 Property, plant and equipment		
	Operating leases - Motor vehicles <u>DKK</u>	Other fixtures and fittings, tools and equipment <u>DKK</u>
Cost at 1 April	47,476,433	2,948,032
Additions for the year	78,973,489	2,872,955
Disposals for the year	<u>-28,621,500</u>	<u>-2,653,546</u>
Cost at 31 March	<u>97,828,422</u>	<u>3,167,441</u>
Impairment losses and depreciation at 1 April	17,638,271	572,258
Impairment losses for the year	1,033,326	0
Depreciation for the year	9,072,268	474,709
Reversal of impairment and depreciation of sold assets	<u>-11,153,292</u>	<u>-631,820</u>
Impairment losses and depreciation at 31 March	<u>16,590,573</u>	<u>415,147</u>
Carrying amount at 31 March	<u>81,237,849</u>	<u>2,752,294</u>

Notes to the Financial Statements

7 Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 April	190,000,000	127,388,961	28,793,640	346,182,601
Ordinary dividend paid	0	0	-28,793,640	-28,793,640
Net profit/loss for the year	0	58,716,916	0	58,716,916
Proposed dividend for the year	0	-41,630,293	41,630,293	0
Equity at 31 March	190,000,000	144,475,584	41,630,293	376,105,877

The share capital consists of 190,000,000 shares of a nominal value of DKK 100. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

8 Provision for deferred tax

	2015/16	2014/15
	DKK	DKK
Other fixtures and fittings	291,265	143,324
Operating Lease - Motor Vehicles	4,464,099	2,122,622
Financial leasing	62,109,730	52,985,359
Provision for loss on loans	-5,637,895	-6,068,028
	61,227,199	49,183,277

Notes to the Financial Statements

9 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2015/16</u> DKK	<u>2014/15</u> DKK
Payables to group enterprises		
Between 1 and 5 years	<u>1,992,000,000</u>	<u>2,370,000,000</u>
Long-term part	1,992,000,000	2,370,000,000
Within 1 year	<u>1,958,082,883</u>	<u>1,186,997,844</u>
	<u>3,950,082,883</u>	<u>3,556,997,844</u>

10 Contingent assets, liabilities and other financial obligations

Rental agreements and leases

Rental obligations, period of non-terminability 12 months	698,021	620,000
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Contractual obligations

Contingent liabilities

The company is jointly taxed with other Danish entities controlled by Toyota Motor Corporations Group. Under the Danish tax regime all Danish companies are jointly and severally liable for the Danish tax Group's tax payment.

The company has entered into a contract regarding the administration of the leasing and loan activities. The contract can be terminated with 6 months notice. The agreed remuneration is dependant upon the activity, and, as a result, it is not possible to quantify the exact minimum commitment. The company estimates that the associated commitment amounts to DKK 14-16 million as at 31 March 2016.

The company has given bankguarantees for SKAT and Tinglysningsretten at DKK respectively 200k and 2,000k regarding the legislations in Denmark for the business the company execute.

Notes to the Financial Statements

11 Related parties and ownership

	Basis
Controlling interest	
Toyota Financial Services (UK) PLC Great Burgh Burgh Heath, Epson Surrey KT18 5UZ England (United Kingdom)	Controlling shareholder
Other related parties	
Toyota Danmark A/S	Copenhagen, Group related Denmark
Toyota Motor Finance (Netherlands) B.V.	Amsterdam, Group related The Netherlands

Transactions

The vehicles recorded under other fixtures and fittings, tools and equipment as well as the vehicles relating to the outstanding financial leasing and operating leasing are mainly of the brand Toyota and have been purchased from Toyota Danmark A/S.

The company obtains finance for the purchase of vehicles for subsequent leasing as well as car loans from Toyota Motor Finance (Netherlands) B.V. The amount financed is separately shown in the balance sheet. The related interest expense has been recorded under interest expenses.

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Toyota Financial Services (UK) PLC, Surrey, UK

Consolidated Financial Statements

The Company is included in the Group Annual Report of Toyota Motor Corporation.

Notes to the Financial Statements

11 Related parties and ownership (continued)

The Group Annual Report of Toyota Motor Corporation may be obtained at the following address:

Toyota Motor Corporation
Toyota-Cho 1 Toyota Aichi
471 8571
Japan
www.toyota-global.com

Accounting Policies

Basis of Preparation

The Annual Report of Toyota Financial Services Danmark A/S for 2015/16 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2015/16 are presented in DKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Toyota Motor Corporation, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions, and reversals due to changed accounting estimates of amounts, which previously have been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Accounting Policies

Income Statement

Revenue

Revenue from loans and leasing are recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end, and the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Other external expenses

Other external expenses comprise loan and leasing costs and expenses for premises, sales and office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale of property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Accounting Policies

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Operating lease - cars	3-5 years
Other fixtures and fittings, tools and equipment	5 years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 12,900 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Receivables, loans and leasing

Receivables, loans and leasing are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning insurance premiums and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Accounting Policies

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial Highlights

Explanation of financial ratios

Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$