

# Financial Results for the Fiscal Year Ended March 31, 2016 [Japanese GAAP] (Consolidated)

English translation from the original Japanese-language document



April 27, 2016

Stock Listing: Tokyo and Nagoya

Name of Listed Company: Hino Motors, Ltd.

Code Number: 7205 URL: <http://www.hino.co.jp/>

Representative: Yasuhiko Ichihashi, President

Contact Point: Masashi Ueno, General Manager, Corporate Communication Dept., Corporate Planning Div.

Phone: (042) 586-5494

Scheduled Date of Annual Meeting of Shareholders: June 24, 2016

Scheduled Date of Dividend Payment Start: June 27, 2016

Scheduled Date of Financial Statements Filing: June 24, 2016

Supplementary materials for Financial Results: Yes

Investor conference for Financial Results: Yes (For Mass Media and Analysts)

(Amounts are rounded down to the nearest one million yen)

## 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015 – March 31, 2016)

### (1) Consolidated Financial Results

(% of change from previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2016	1,745,540	3.6	98,287	(6.9)	95,892	(8.3)	65,130	(12.6)
FY 2015	1,685,298	(0.8)	105,519	(5.9)	104,600	(4.2)	74,500	(16.4)

(Note) Comprehensive income FY 2016: ¥29,498 million (-72.8%)

FY 2015: 108,642 million (-0.0%)

	Profit per share	Diluted Profit per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY 2016	113.62	113.51	15.4	8.5	5.6
FY 2015	130.06	129.87	19.7	9.8	6.3

(Reference) Equity in earnings of affiliated companies: FY 2016: ¥1,867 million FY 2015: ¥139 million

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	%
FY 2016	1,119,888	473,891	38.3	748.89
FY 2015	1,124,196	465,370	37.3	730.63

(Reference) Equity capital: FY 2016: ¥429,417 million

FY 2015: ¥418,782 million

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY 2016	111,366	(87,685)	(22,120)	33,949
FY 2015	77,756	(75,011)	(26,168)	35,558

## 2. Dividends

	Dividends per share					Total dividends (annual)	Dividends payout ratio (consolidated)	Dividends on net assets (consolidated)
	1Q	2Q	3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY 2015	—	18.00	—	22.00	40.00	22,925	30.8	6.0
FY 2016	—	20.00	—	18.00	38.00	21,790	33.4	5.1
FY 2017 (forecast)	—	—	—	—	—	—	—	—

(Note) Currently, the forecast dividends for Fiscal Year Ending March 31, 2017 have yet to be determined.

## 3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(% of change from FY2016.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY 2017	1,670,000	(4.3)	80,000	(18.6)	79,000	(17.6)	55,000	(15.6)	95.92

\*Notes

(1) Changes in significant subsidiaries (changes of specified subsidiaries resulting in changes in scope of consolidation) during the current term: None

(2) Changes in accounting policies, accounting estimates and restatements:

- 1) Changes in accounting policies due to revisions of accounting standards: None  
 2) Changes in accounting policies due to reasons other than above 1): None  
 3) Changes in accounting estimates: None  
 4) Restatements: None

(3) Number of outstanding shares (common stock)

1) Number of outstanding shares (including treasury stock) at end of term	FY 2016	574,580,850 shares	FY 2015	574,580,850 shares
2) Number of treasury stock at end of term	FY 2016	1,176,534 shares	FY 2015	1,400,435 shares
3) Average number of shares	FY 2016	573,245,187 shares	FY 2015	572,832,762 shares

(Reference) Overview of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(1) Non-Consolidated Financial Results (% of change from previous year.)

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2016	1,222,945	0.1	49,839	(20.1)	60,810	(19.8)	44,837	(23.0)
FY 2015	1,221,249	0.9	62,340	(5.9)	75,796	(0.4)	58,225	(18.8)

	Profit per share	Diluted Profit per share
	Yen	Yen
FY 2016	78.20	78.13
FY 2015	101.62	101.48

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY 2016	713,027	350,686	49.2	611.28
FY 2015	690,046	342,913	49.7	597.90

(Reference) Equity capital: FY 2016: ¥350,587 million FY 2015: ¥342,784 million

2. Forecasts of Non-Consolidated Financial Results for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(% of change from FY2016.)

	Net sales		Operating income		Ordinary income		Profit		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY 2017	1,170,000	(4.3)	32,000	(35.8)	41,000	(32.6)	33,000	(26.4)	57.54

\* Information Regarding Implementation of Auditing Procedures

The auditing procedures of the Financial Instruments and Exchange Act do not apply to this financial notice, and at the time of release it is being audited using procedures for financial statements.

\* Statement regarding the proper use of financial forecasts and other remarks

Descriptions regarding the future, including the financial projections contained in this report, are based on certain assumptions currently available to the Company, which are, at the discretion of the Company, deemed reasonable, and the Company gives no guarantees that it will achieve these results. In addition, actual financial results may significantly vary due to various factors. For assumptions used in forecasting financial results and precautions in using the financial projections, please refer to Appendix on Page 2, "1. Operating Results (1) Analysis of Operating Results."

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## 1. Operating Results

### (1) Analysis of Operating Results

#### 1) Operating Results for the Fiscal Year Ended March 31, 2016

As for the Japanese domestic truck market in this consolidated fiscal year, the performance remained healthy thanks to the economic recovery. As a result, the total demand for heavy- and medium-duty trucks increased to 88.3 thousand units by 0.6 thousand units (0.7%) compared to the previous year. Total demand for light-duty truck increased to 98.2 thousand units by 1.6 thousand units (1.7%) compared to the previous year. Our share in the market of heavy- and medium-duty trucks for this consolidated fiscal year was 37.4%, a record high, and we achieved the largest number of registered trucks for 43 consecutive years, as a result of sales activities implemented in a concerted effort in our consolidated group. Our share in the light-duty truck market reached 24.8%, a record high, as a result of active sales promotion. As for Japanese domestic sales volume, the total sales volume of heavy-, medium-, light-duty trucks and buses increased to 61.3 thousand units by 2.3 thousand units (3.9%) from the previous fiscal year.

As for overseas markets, the Indonesian market remained sluggish, but sales grew in North America, etc., and the sales volume of trucks and buses outside Japan for this consolidated fiscal year increased to 106.9 thousand units by 0.6 thousand units (0.6%) from the previous fiscal year.

As a result of the above, total unit sales of Hino Brand trucks and buses increased to 168.2 thousand units, a record high, by 2.9 thousand units (1.8%) from the previous fiscal year.

As for the volume of sales to Toyota Motor Corporation, the sales of both SUV and loading vehicles decreased, and total sales volume decreased to 154.9 thousand units by 13.3 thousand units (-7.9%) from the previous fiscal year.

As a result of the above, net sales were ¥1,745,540 million, which is an increase of ¥60,242 million (3.6%) as compared to the previous fiscal year. As for profits, mainly due to an increase in R&D expenditure, consolidated operating income decreased to ¥98,287 million which is a decrease of ¥7,232 million (-6.9%) as compared to the previous fiscal year. Ordinary income decreased to ¥95,892 million which is a decrease of ¥8,708 million (-8.3%) as compared to the previous fiscal year. Profit attributable to owners of parent decreased to ¥65,130 million which is a decrease of ¥9,369 million (-12.6%) as compared to the previous fiscal year.

#### 2) Forecasts for the Fiscal Year Ending March 31, 2017

As for the truck and bus market in Japan, the performance is estimated to remain healthy. However, we have been seeing sluggish personal consumption and a slowdown in corporate capital expenditure recently. As for overseas truck and bus markets, it is necessary to pay attention to the market trend as it is estimated the current tough business environment, such as the sluggish growth of the markets in emerging countries due to the slowdown of the Chinese economy, the effects of low prices of resources, etc., will continue. We must also note that changes in the market environment, such as the sudden appreciation of the yen, will unavoidably have a negative impact on profits.

Under these market conditions, we will expand our total support activities for customers globally, such as providing vehicles designed to meet the diverse commercial vehicle needs worldwide and strengthening and expanding our after-sales services, in order to increase our sales volume. At the same time, we will be looking to improve our profits and continue our cost reduction activities. Furthermore, we will continue to carry out structural reforms in order to strengthen the organization against changes in the business environment, and set the foundations for sustainable growth in the future.

Therefore, the earnings forecast for the next term is as follows:

## (Consolidated Earnings Forecast for the Full Fiscal Year)

Net sales .....	¥1,670,000 million
Operating income .....	¥80,000 million
Japan unit sales of trucks and buses .....	63.8 thousand units
Overseas unit sales of trucks and buses.....	111.0 thousand units
Unit sales of Toyota brand vehicles.....	140.0 thousand units

\* The above forecasts are created based on the information available to the company and on certain assumptions deemed reasonable, and are not guaranteed to be achieved.

**(2) Analysis on Financial Position****1) Assets, Liabilities and Net Assets**

Total assets as of the end of this fiscal year decreased to ¥1,119,888 million by ¥4,308 million compared to the end of the previous fiscal year. This is mainly because notes and accounts receivable - trade decreased by ¥16,622 million and investment securities decreased by ¥22,023 million, while property, plant and equipment increased by ¥34,810 million as a result of capital expenditure for the optimization of production systems inside Japan.

Liabilities decreased to ¥645,996 million by ¥12,829 million compared to the end of the previous fiscal year. This is mainly because notes and accounts payable - trade decreased by ¥9,286 million.

Net assets increased to ¥473,891 million by ¥8,520 million compared to the end of the previous fiscal year. This is mainly because ¥65,130 million was posted as profit attributable to owners of parent, although remeasurements of defined benefit plans decreased by ¥11,559 million, valuation difference on available-for-sale securities decreased by ¥11,256 million, and dividends from retained earnings of ¥24,079 million were paid.

**2) Cash Flows**

Cash flows for this fiscal year are as follows.

Cash flows from operating activities increased by ¥111,366 million. This was mainly due to posting profit before income taxes of ¥96,882 million and income taxes paid of ¥30,243 million.

Cash flows from investing activities decreased by ¥87,685 million. This was mainly due to the expenditure of ¥79,106 million on the purchase of property, plant and equipment centering on production facilities.

Cash flows from financing activities decreased by ¥22,120 million. This was mainly due to cash dividends paid of ¥24,079 million.

As a result, cash and cash equivalents at the end of this fiscal year decreased to ¥33,949 million by ¥1,609 million compared to the end of the previous fiscal year.

**(3) Basic Policy on Profit Distribution and Dividends for FY2016 and FY 2017**

Our company has basic policies to reinforce its financial strength and provide improved distribution of outcomes by taking into account relevant factors such as business performance, new investments and the consolidated dividend payout ratio of each year.

Based on the above basic policy, and considering the business environments surrounding our company, our company plans to pay the year-end dividend of ¥18 per share. Adding the midterm dividend of ¥20 per share, our company plans to pay the annual dividend of ¥38 per share (decreasing ¥2 from the previous term). This will be discussed at the annual meeting of shareholders on June 24, 2016.

For the next term, the dividend per share will be determined after taking into account the trend of future results.

## **2. Management Policy**

There are no significant changes from the Financial Results for the Fiscal Year Ended March 31, 2012 (announced on April 26, 2012); therefore this section will be omitted.

The Financial Results for the Fiscal Year Ended March 31, 2012 can be found at the below websites.

(Corporate website)

<http://www.hino.co.jp>

(Tokyo Stock Exchange [Listed Company search page])

<http://www.tse.or.jp/listing/compsearch/index.html>

## **3. Basic Policy on Selection of Accounting Standards**

As the Group is not listed on overseas markets, and for ease of comparison with other companies, Japanese standards are used, and regarding the selection of other accounting standards including IFRS (International Financial Reporting Standards), the accounting standards used by other companies domestically will be considered as we continue to gather information and discuss the issue with experts, and the decision will be made carefully.

**4. Consolidated Financial Statements****(1) Consolidated Balance Sheets**

(Millions of yen)

	FY 2015 (As of March 31, 2015)	FY 2016 (As of March 31, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	36,104	34,672
Notes and accounts receivable - trade	299,821	283,198
Merchandise and finished goods	131,051	123,893
Work in process	33,584	32,095
Raw materials and supplies	35,877	35,940
Deferred tax assets	28,510	28,532
Other	36,749	42,455
Allowance for doubtful accounts	(3,620)	(3,893)
<b>Total current assets</b>	<b>598,079</b>	<b>576,895</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	102,185	105,556
Machinery, equipment and vehicles, net	89,248	101,405
Tools, furniture and fixtures, net	13,954	15,570
Land	100,460	107,748
Leased assets, net	11,944	12,578
Construction in progress	45,780	55,528
Assets for rent, net	11	10
<b>Total property, plant and equipment</b>	<b>363,586</b>	<b>398,397</b>
Intangible assets		
Software	18,927	20,401
Leased assets	—	9
Other	1,431	1,493
<b>Total intangible assets</b>	<b>20,358</b>	<b>21,903</b>
Investments and other assets		
Investment securities	126,186	104,162
Net defined benefit asset	147	257
Deferred tax assets	9,945	11,597
Other	8,965	9,562
Allowance for doubtful accounts	(3,072)	(2,888)
<b>Total investments and other assets</b>	<b>142,171</b>	<b>122,691</b>
<b>Total non-current assets</b>	<b>526,117</b>	<b>542,993</b>
<b>Total assets</b>	<b>1,124,196</b>	<b>1,119,888</b>

(Millions of yen)

	FY 2015 (As of March 31, 2015)	FY 2016 (As of March 31, 2016)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	262,854	253,567
Short-term loans payable	117,180	109,733
Current portion of long-term loans payable	8,652	2,798
Lease obligations	1,549	1,468
Accounts payable - other	26,685	42,509
Income taxes payable	13,007	4,938
Provision for bonuses	5,101	5,536
Provision for directors' bonuses	909	944
Provision for product warranties	32,196	28,252
Other	66,008	67,612
Total current liabilities	534,143	517,361
Non-current liabilities		
Long-term loans payable	20,296	26,791
Lease obligations	20,567	18,345
Deferred tax liabilities	16,015	13,645
Deferred tax liabilities for land revaluation	2,917	2,765
Net defined benefit liability	58,594	61,113
Provision for directors' retirement benefits	1,836	1,864
Asset retirement obligations	1,243	1,260
Other	3,211	2,850
Total non-current liabilities	124,683	128,635
Total liabilities	658,826	645,996
<b>Net assets</b>		
Shareholders' equity		
Capital stock	72,717	72,717
Capital surplus	65,299	66,058
Retained earnings	228,955	270,006
Treasury shares	(517)	(434)
Total shareholders' equity	366,454	408,348
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	51,049	39,792
Deferred gains or losses on hedges	(20)	15
Revaluation reserve for land	2,187	2,318
Foreign currency translation adjustment	2,364	(6,245)
Remeasurements of defined benefit plans	(3,252)	(14,811)
Total accumulated other comprehensive income	52,328	21,069
Subscription rights to shares	128	99
Non-controlling interests	46,459	44,374
Total net assets	465,370	473,891
Total liabilities and net assets	1,124,196	1,119,888



**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**

[Consolidated Statements of Income]

(Millions of yen)

	FY 2015 (From April 1, 2014 to March 31, 2015)	FY 2016 (From April 1, 2015 to March 31, 2016)
Net sales	1,685,298	1,745,540
Cost of sales	1,389,771	1,450,984
Gross profit	295,526	294,555
Selling, general and administrative expenses		
Sales commission	19,366	23,046
Transportation and warehousing expenses	13,024	13,822
Provision for product warranties	32,196	28,252
Advertising expenses	5,228	5,727
Salaries and allowances	45,101	48,081
Provision for bonuses	2,521	2,685
Provision for directors' bonuses	909	942
Retirement benefit expenses	2,774	3,512
Provision for directors' retirement benefits	435	425
Rent expenses	6,749	5,688
Provision of allowance for doubtful accounts	(579)	231
Other	62,278	63,853
Total selling, general and administrative expenses	190,006	196,268
Operating income	105,519	98,287
Non-operating income		
Interest income	1,302	1,153
Dividend income	2,164	3,139
Rent income	373	411
Foreign exchange gains	1,162	—
Share of profit of entities accounted for using equity method	139	1,867
Miscellaneous income	3,407	4,541
Total non-operating income	8,549	11,113
Non-operating expenses		
Interest expenses	6,394	6,615
Foreign exchange losses	—	5,296
Miscellaneous expenses	3,073	1,596
Total non-operating expenses	9,468	13,508
Ordinary income	104,600	95,892
Extraordinary income		
Gain on sales of non-current assets	1,175	411
Gain on sales of investment securities	83	904
Gain on bargain purchase	—	383
Gain on step acquisitions	—	581
Gain on contribution of securities to retirement benefit trust	—	5,883
Other	105	1,596
Total extraordinary income	1,364	9,734
Extraordinary losses		
Loss on sales and retirement of non-current assets	615	967
Impairment loss	1,432	16
Special costs of quality-related measures	—	7,359
Other	683	400
Total extraordinary losses	2,730	8,744
Profit before income taxes	103,233	96,882
Income taxes – current	29,782	22,450
Income taxes – deferred	(5,657)	6,387
Total income taxes	24,124	28,838
Profit	79,109	68,044
Profit attributable to non-controlling interests	4,609	2,913
Profit attributable to owners of parent	74,500	65,130

## [Consolidated Statements of Comprehensive Income]

(Millions of yen)

	FY 2015 (From April 1, 2014 to March 31, 2015)	FY 2016 (From April 1, 2015 to March 31, 2016)
Profit	79,109	68,044
Other comprehensive income		
Valuation difference on available-for-sale securities	13,952	(13,585)
Deferred gains or losses on hedges	55	36
Revaluation reserve for land	300	151
Foreign currency translation adjustment	9,867	(15,514)
Remeasurements of defined benefit plans	2,415	(11,384)
Share of other comprehensive income of entities accounted for using equity method	2,941	1,749
Total other comprehensive income	29,532	(38,546)
Comprehensive income	108,642	29,498
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	100,605	33,871
Comprehensive income attributable to non-controlling interests	8,036	(4,373)

**(3) Consolidated Statements of Changes in Net Assets**  
 Previous Fiscal Year (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges
Balance at the beginning of the period	72,717	64,835	177,040	(751)	313,841	34,554	(76)
Cumulative effects of changes in accounting policies			(819)		(819)		
Restated balance	72,717	64,835	176,221	(751)	313,022	34,554	(76)
Changes of items during period							
Dividends of surplus			(21,766)		(21,766)		
Profit attributable to owners of parent			74,500		74,500		
Purchase of treasury shares				(4)	(4)		
Disposal of treasury shares		140		238	379		
Purchase of shares of consolidated subsidiaries		323			323		
Net changes of items other than shareholders' equity						16,494	55
Total changes of items during period	—	463	52,734	233	53,431	16,494	55
Balance at the end of the period	72,717	65,299	228,955	(517)	366,454	51,049	(20)

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	1,927	(4,600)	(5,582)	26,223	212	39,312	379,589
Cumulative effects of changes in accounting policies							(819)
Restated balance	1,927	(4,600)	(5,582)	26,223	212	39,312	378,770
Changes of items during period							
Dividends of surplus							(21,766)
Profit attributable to owners of parent							74,500
Purchase of treasury shares							(4)
Disposal of treasury shares							379
Purchase of shares of consolidated subsidiaries							323
Net changes of items other than shareholders' equity	260	6,964	2,330	26,104	(83)	7,146	33,167
Total changes of items during period	260	6,964	2,330	26,104	(83)	7,146	86,599
Balance at the end of the period	2,187	2,364	(3,252)	52,328	128	46,459	465,370

## Current Fiscal Year (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges
Balance at the beginning of the period	72,717	65,299	228,955	(517)	366,454	51,049	(20)
Changes of items during period							
Dividends of surplus			(24,079)		(24,079)		
Profit attributable to owners of parent			65,130		65,130		
Purchase of treasury shares				(3)	(3)		
Disposal of treasury shares		50		86	136		
Purchase of shares of consolidated subsidiaries		709			709		
Net changes of items other than shareholders' equity						(11,256)	36
Total changes of items during period	—	759	41,050	83	41,893	(11,256)	36
Balance at the end of the period	72,717	66,058	270,006	(434)	408,348	39,792	15

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	2,187	2,364	(3,252)	52,328	128	46,459	465,370
Changes of items during period							
Dividends of surplus							(24,079)
Profit attributable to owners of parent							65,130
Purchase of treasury shares							(3)
Disposal of treasury shares							136
Purchase of shares of consolidated subsidiaries							709
Net changes of items other than shareholders' equity	131	(8,610)	(11,559)	(31,258)	(29)	(2,084)	(33,373)
Total changes of items during period	131	(8,610)	(11,559)	(31,258)	(29)	(2,084)	8,520
Balance at the end of the period	2,318	(6,245)	(14,811)	21,069	99	44,374	473,891

**(4) Consolidated Statements of Cash Flows**

	(Millions of yen)	
	FY 2015 (From April 1, 2014 to March 31, 2015)	FY 2016 (From April 1, 2015 to March 31, 2016)
<b>Cash flows from operating activities</b>		
Profit before income taxes	103,233	96,882
Depreciation	43,957	49,314
Impairment loss	1,432	16
Increase (decrease) in allowance for doubtful accounts	(758)	(50)
Gain on bargain purchase	—	(383)
Loss (gain) on step acquisitions	—	(581)
Loss (gain) on securities contribution to employees' retirement benefits trust	—	(5,883)
Special costs of quality-related measures	—	7,359
Increase (decrease) in provision for product warranties	5,305	(3,944)
Increase (decrease) in net defined benefit liability	(2,352)	(4,393)
Interest and dividend income	(3,467)	(4,293)
Interest expenses	6,394	6,615
Foreign exchange losses (gains)	(50)	30
Share of (profit) loss of entities accounted for using equity method	(139)	(1,867)
Loss (gain) on sales of investment securities	(83)	(904)
Loss (gain) on sales and retirement of non-current assets	(559)	556
Decrease (increase) in notes and accounts receivable - trade	(4,278)	10,548
Decrease (increase) in inventories	(38,799)	852
Increase (decrease) in notes and accounts payable - trade	9,248	(4,843)
Other, net	2,057	(702)
Subtotal	121,140	144,328
Interest and dividend income received	3,638	4,467
Interest expenses paid	(6,620)	(7,186)
Income taxes (paid) refund	(40,401)	(30,243)
Cash flows from operating activities	77,756	111,366
<b>Cash flows from investing activities</b>		
Payments into time deposits	(789)	(1,670)
Proceeds from withdrawal of time deposits	473	1,493
Purchase of property, plant and equipment	(67,671)	(79,106)
Proceeds from sales of property, plant and equipment	2,205	1,690
Purchase of intangible assets	(8,421)	(8,324)
Purchase of investment securities	(56)	(166)
Proceeds from sales of investment securities	205	1,281
Payments for investments in capital of subsidiaries and affiliates	(1,922)	—
Payments of long-term loans receivable	(336)	(491)
Collection of long-term loans receivable	311	515
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,927)
Other, net	989	(979)
Cash flows from investing activities	(75,011)	(87,685)

(Millions of yen)

	FY 2015 (From April 1, 2014 to March 31, 2015)	FY 2016 (From April 1, 2015 to March 31, 2016)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	3,368	262
Proceeds from long-term loans payable	12,149	9,804
Repayments of long-term loans payable	(19,146)	(5,901)
Proceeds from share issuance to non-controlling shareholders	2,344	538
Cash dividends paid	(21,766)	(24,079)
Other, net	(3,118)	(2,744)
Cash flows from financing activities	(26,168)	(22,120)
Effect of exchange rate change on cash and cash equivalents	1,470	(3,169)
Net increase (decrease) in cash and cash equivalents	(21,953)	(1,609)
Cash and cash equivalents at the beginning of the period	57,512	35,558
Cash and cash equivalents at the end of the period	35,558	33,949

**(5) Notes on Going Concern Assumption**

There is no related information.

**(6) Changes in Accounting Policies, Accounting Estimates and Restatements  
(Unapplied Accounting Standards, etc.)**

- Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26 of March 28, 2016)

(1) Overview

Audit Committee's Report No. 66 titled "Auditing Treatment for Judgment of Recoverability of Deferred Tax Assets" forms the framework for the recoverability of deferred tax assets, whereby the calculation of deferred tax assets shall be dependent on which of the five categories the enterprise falls under, with the following necessary revisions made.

- 1) The handling of enterprises that do not satisfy all the conditions of any of the categories one to five.
- 2) The conditions of categories two and three.
- 3) The handling of category two enterprises unable to schedule future deductible amounts.
- 4) The handling of the permissible period for the estimation of future taxable income before additions or deductions for category three enterprises.
- 5) The handling of category four enterprises that also fall under category two or three.

(2) Planned Date for Application

These revisions will be applied from the beginning of the fiscal year ending March 31, 2017.

(3) Effects of Application of Accounting Standard

We are still evaluating the effect these revisions will have on the consolidated financial statement.

**(Changes to Display Methods)**

(Changes Relating to the Accounting Standard for Business Combination)

In accordance with Paragraph 39 of "Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22 of September 13, 2013)," we changed the indications of net income, etc. and shifted from minority interests to non-controlling interests. In order to reflect these changes, we reproduced the consolidated financial statements for the previous year.

**(7) Notes to Consolidated Financial Statements****(Segment Information)**

## 1. Overview of Report Segment

The reporting segment for our company can acquire separate financial information for individual components of our company, and is the target of periodic evaluations so that the board of directors can determine allocation of management resources and evaluate results.

The main business of our company is production and sales of trucks and buses, as well as production on commission for Toyota Motor Corporation and other services such as development and planning of related products. Domestic and overseas areas are covered by our company and domestic subsidiaries or local overseas subsidiaries respectively, with strategies created for each market for the services and products handled.

Therefore, our company production and sales structure is composed of separate regional segments, with these segments reported as “Japan” and “Asia”.

## 2. Information on Amounts for Sales, Earnings, Losses, Assets and Other Categories for Each Reporting Segment

Previous Fiscal Year (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Report Segment			Other *1	Total	Adjusted Amount*2	Consolidated financial statements amount *3
	Japan	Asia	Total				
Net Sales							
Sales to External Customers	1,110,185	364,510	1,474,696	210,601	1,685,298	—	1,685,298
Inter-Segment Sales and Transfers	247,650	3,077	250,728	1,230	251,958	(251,958)	—
Total	1,357,835	367,588	1,725,424	211,832	1,937,256	(251,958)	1,685,298
Segment Earnings	77,915	15,326	93,241	11,940	105,182	337	105,519
Segment Assets	794,940	270,108	1,065,048	124,290	1,189,339	(65,142)	1,124,196
Other Categories							
Depreciation and amortization	35,647	6,732	42,379	1,578	43,957	—	43,957
Investment in Equity Method Affiliates	16,184	2,176	18,360	190	18,551	—	18,551
Increase in Tangible and Intangible Fixed Assets	52,136	21,489	73,626	4,073	77,700	—	77,700

\*1 The “other” section is the regions not included in the reporting segments, including North America and Oceania.

\*2 The adjusted amount is as listed below.

(1) The adjusted amount of segment earnings of ¥337 million includes adjustments for eliminated accounts and inventory assets in inter-segment.

(2) The adjusted amount of segment assets of ¥(65,142) million includes elimination of debts and credits and inventory assets in inter-segment.

\*3 Segment earnings are adjusted with operating income from the consolidated statement of income.



Current Fiscal Year (From April 1, 2015 to March 31, 2016) (Millions of yen)

	Report Segment			Other *1	Total	Adjusted Amount*2	Consolidated financial statements amount *3
	Japan	Asia	Total				
Net Sales							
Sales to External Customers	1,142,682	373,583	1,516,265	229,274	1,745,540	—	1,745,540
Inter-Segment Sales and Transfers	237,931	8,384	246,315	2,171	248,487	(248,487)	—
Total	1,380,613	381,967	1,762,581	231,446	1,994,027	(248,487)	1,745,540
Segment Earnings	67,638	14,606	82,245	10,895	93,140	5,146	98,287
Segment Assets	831,962	238,216	1,070,178	108,513	1,178,692	(58,804)	1,119,888
Other Categories							
Depreciation and amortization	37,616	9,826	47,442	1,872	49,314	—	49,314
Investment in Equity Method Affiliates	19,842	1,376	21,218	210	21,429	—	21,429
Increase in Tangible and Intangible Fixed Assets	77,757	14,731	92,489	3,910	96,399	—	96,399

\*1 The "other" section is the regions not included in the reporting segments, including North America and Oceania.

\*2 The adjusted amount is as listed below.

- (1) The adjusted amount of segment earnings of ¥5,146 million includes adjustments for eliminated accounts and inventory assets in inter-segment.
- (2) The adjusted amount of segment assets of ¥(58,804) million includes elimination of debts and credits and inventory assets in inter-segment.

\*3 Segment earnings are adjusted with operating income from the consolidated statement of income.

**(Per Share Information)**

FY 2015 (From April 1, 2014 to March 31, 2015)		FY 2016 (From April 1, 2015 to March 31, 2016)	
Net assets per share	730.63 yen	Net assets per share	748.89 yen
Profit per share	130.06 yen	Profit per share	113.62 yen
Diluted Profit per share	129.87 yen	Diluted Profit per share	113.51 yen

(Note) The base for calculating profit per share and diluted profit per share are as follows:

	FY 2015 (From April 1, 2014 to March 31, 2015)	FY 2016 (From April 1, 2015 to March 31, 2016)
Profit per share		
Profit attributable to owners of parent (Millions of yen)	74,500	65,130
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent associated with common shares (Millions of yen)	74,500	65,130
Average number of common shares (Shares)	572,832,762	573,245,187
Diluted Profit per share		
Current-term Profit attributable to owners of parent adjustment (Millions of yen)	—	—
Increase in the number of common shares (Shares)	833,436	530,303
Increase in the number of stock acquisition rights (Shares)	833,436	530,303

**(Significant Subsequent Events)**

There is no related information.

**5. Non-Consolidated Financial Statements****(1) Non-Consolidated Balance Sheets**

(Millions of yen)

	FY 2015 (As of March 31, 2015)	FY 2016 (As of March 31, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	3,312	2,199
Notes receivable - trade	1,593	868
Accounts receivable - trade	199,713	199,343
Merchandise and finished goods	32,901	37,729
Work in process	18,155	18,342
Raw materials and supplies	4,939	5,495
Prepaid expenses	420	425
Deferred tax assets	19,046	18,152
Short-term loans receivable	68,980	64,002
Other	16,656	20,853
Allowance for doubtful accounts	(2,000)	(2,131)
Total current assets	363,717	365,281
Non-current assets		
Property, plant and equipment		
Buildings, net	42,826	43,320
Structures, net	7,775	7,472
Machinery and equipment, net	43,223	40,536
Vehicles, net	2,954	2,852
Tools, furniture and fixtures, net	5,978	7,046
Land	35,294	36,022
Leased assets, net	1,410	1,189
Construction in progress	14,876	47,069
Total property, plant and equipment	154,339	185,510
Intangible assets		
Software	17,644	18,665
Right of using facilities	498	503
Total intangible assets	18,142	19,169
Investments and other assets		
Investment securities	83,238	60,206
Shares of subsidiaries and associates	56,313	59,996
Investments in capital	23	23
Investments in capital of subsidiaries and associates	6,888	6,888
Long-term loans receivable	7,594	16,122
Long-term prepaid expenses	1,066	1,631
Other	2,585	2,573
Allowance for doubtful accounts	(2,806)	(2,785)
Allowance for investment loss	(1,057)	(1,588)
Total investments and other assets	153,846	143,066
Total non-current assets	326,328	347,745
Total assets	690,046	713,027

(Millions of yen)

	FY 2015 (As of March 31, 2015)	FY 2016 (As of March 31, 2016)
<b>Liabilities</b>		
Current liabilities		
Notes payable - trade	554	186
Accounts payable - trade	156,190	151,597
Short-term loans payable	18,385	40,454
Current portion of long-term loans payable	0	0
Lease obligations	225	236
Accounts payable - other	17,262	36,334
Accrued expenses	40,111	42,596
Income taxes payable	9,517	1,185
Deposits received	18,400	16,845
Provision for directors' bonuses	276	276
Provision for product warranties	32,196	28,252
Other	792	851
<b>Total current liabilities</b>	<b>293,913</b>	<b>318,816</b>
Non-current liabilities		
Long-term loans payable	3,819	11,586
Lease obligations	1,310	1,097
Deferred tax liabilities	8,789	6,593
Provision for retirement benefits	36,419	21,784
Long-term accounts payable - other	1,211	661
Asset retirement obligations	945	947
Other	723	853
<b>Total non-current liabilities</b>	<b>53,218</b>	<b>43,523</b>
<b>Total liabilities</b>	<b>347,132</b>	<b>362,340</b>
Net assets		
Shareholders' equity		
Capital stock	72,717	72,717
Capital surplus		
Legal capital surplus	64,307	64,307
Other capital surplus	662	713
<b>Total capital surplus</b>	<b>64,970</b>	<b>65,020</b>
Retained earnings		
Legal retained earnings	7,103	7,103
Other retained earnings		
Reserve for advanced depreciation of non-current assets	5,214	6,380
Reserve for special depreciation	106	88
General reserve	90,000	120,000
Retained earnings brought forward	60,571	50,181
<b>Total retained earnings</b>	<b>162,995</b>	<b>183,752</b>
Treasury shares	(485)	(401)
<b>Total shareholders' equity</b>	<b>300,197</b>	<b>321,088</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	42,608	29,483
Deferred gains or losses on hedges	(20)	15
<b>Total valuation and translation adjustments</b>	<b>42,587</b>	<b>29,499</b>
Subscription rights to shares	128	99
<b>Total net assets</b>	<b>342,913</b>	<b>350,686</b>
<b>Total liabilities and net assets</b>	<b>690,046</b>	<b>713,027</b>

**(2) Non-Consolidated Statements of Income**

(Millions of yen)

	FY 2015 (From April 1, 2014 to March 31, 2015)	FY 2016 (From April 1, 2015 to March 31, 2016)
Net sales	1,221,249	1,222,945
Cost of sales		
Beginning finished goods	28,391	32,901
Cost of products manufactured	1,027,171	1,036,956
Total	1,055,563	1,069,858
Ending finished goods	32,901	37,729
Cost of finished goods sold	1,022,661	1,032,128
Gross profit	198,587	190,817
Selling, general and administrative expenses		
Sales commission	49,226	54,630
Transportation and warehousing expenses	8,274	9,116
Provision for product warranties	32,196	28,252
Advertising expenses	3,408	3,734
Salaries and allowances	15,745	16,342
Provision for directors' bonuses	276	276
Provision for retirement benefits	927	872
Rent expenses	3,111	3,185
Depreciation	4,929	4,927
Other	18,151	19,641
Total selling, general and administrative expenses	136,246	140,978
Operating income	62,340	49,839
Non-operating income		
Interest income	766	1,107
Dividend income	10,662	9,425
Foreign exchange gains	1,282	—
Rent income	960	992
Miscellaneous income	1,452	3,264
Total non-operating income	15,125	14,790
Non-operating expenses		
Interest expenses	400	786
Depreciation	186	184
Foreign exchange losses	—	2,066
Miscellaneous expenses	1,082	782
Total non-operating expenses	1,669	3,818
Ordinary income	75,796	60,810

(Millions of yen)

	FY 2015 (From April 1, 2014 to March 31, 2015)	FY 2016 (From April 1, 2015 to March 31, 2016)
<b>Extraordinary income</b>		
Gain on sales of non-current assets	124	101
Gain on sales of investment securities	0	833
Gain on contribution of securities to retirement benefit trust	—	5,883
Other	44	108
Total extraordinary income	169	6,926
<b>Extraordinary losses</b>		
Loss on sales and retirement of non-current assets	255	326
Provision of allowance for investment loss	1,057	531
Special costs of quality-related measures	—	7,359
Other	162	44
Total extraordinary losses	1,475	8,260
Profit (loss) before income taxes	74,490	59,476
Income taxes - current	17,968	9,392
Income taxes - deferred	(1,704)	5,246
Total income taxes	16,264	14,638
Profit	58,225	44,837

**(3) Non-Consolidated Statements of Changes in Net Assets**

Previous Fiscal Year (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus			Retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings
Balance at the beginning of the period	72,717	64,307	522	64,829	7,103
Cumulative effects of changes in accounting policies					
Restated balance	72,717	64,307	522	64,829	7,103
Changes of items during period					
Dividends of surplus					
Provision of reserve for advanced depreciation of non-current assets					
Reversal of reserve for advanced depreciation of non-current assets					
Provision of reserve for special depreciation					
Reversal of reserve for special depreciation					
Provision of general reserve					
Profit					
Purchase of treasury shares					
Disposal of treasury shares			140	140	
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	140	140	—
Balance at the end of the period	72,717	64,307	662	64,970	7,103

	Shareholders' equity						
	Retained earnings					Treasury shares	Total shareholders' equity
	Other retained earnings				Total retained earnings		
	Reserve for advanced depreciation of non-current assets	Reserve for special depreciation	General reserve	Retained earnings brought forward			
Balance at the beginning of the period	4,990	120	41,890	72,774	126,878	(719)	263,706
Cumulative effects of changes in accounting policies				(343)	(343)		(343)
Restated balance	4,990	120	41,890	72,431	126,535	(719)	263,362
Changes of items during period							
Dividends of surplus				(21,766)	(21,766)		(21,766)
Provision of reserve for advanced depreciation of non-current assets	372			(372)	—		—
Reversal of reserve for advanced depreciation of non-current assets	(147)			147	—		—
Provision of reserve for special depreciation		15		(15)	—		—
Reversal of reserve for special depreciation		(30)		30	—		—
Provision of general reserve			48,110	(48,110)	—		—
Profit				58,225	58,225		58,225
Purchase of treasury shares						(4)	(4)
Disposal of treasury shares						238	379
Net changes of items other than shareholders' equity							
Total changes of items during period	224	(14)	48,110	(11,860)	36,459	233	36,834
Balance at the end of the period	5,214	106	90,000	60,571	162,995	(485)	300,197

Hino Motors, Ltd. (7205) Financial Results for the Fiscal Year Ended March 31, 2016

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at the beginning of the period	29,439	(76)	29,363	212	293,282
Cumulative effects of changes in accounting policies					(343)
Restated balance	29,439	(76)	29,363	212	292,939
Changes of items during period					
Dividends of surplus					(21,766)
Provision of reserve for advanced depreciation of non-current assets					—
Reversal of reserve for advanced depreciation of non-current assets					—
Provision of reserve for special depreciation					—
Reversal of reserve for special depreciation					—
Provision of general reserve					—
Profit					58,225
Purchase of treasury shares					(4)
Disposal of treasury shares					379
Net changes of items other than shareholders' equity	13,168	55	13,223	(83)	13,139
Total changes of items during period	13,168	55	13,223	(83)	49,973
Balance at the end of the period	42,608	(20)	42,587	128	342,913



## Current Fiscal Year (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus			Retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings
Balance at the beginning of the period	72,717	64,307	662	64,970	7,103
Changes of items during period					
Dividends of surplus					
Provision of reserve for advanced depreciation of non-current assets					
Reversal of reserve for advanced depreciation of non-current assets					
Reversal of reserve for special depreciation					
Provision of general reserve					
Profit					
Purchase of treasury shares					
Disposal of treasury shares			50	50	
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	50	50	—
Balance at the end of the period	72,717	64,307	713	65,020	7,103

	Shareholders' equity						
	Retained earnings					Treasury shares	Total shareholders' equity
	Other retained earnings				Total retained earnings		
Reserve for advanced depreciation of non-current assets	Reserve for special depreciation	General reserve	Retained earnings brought forward	Total retained earnings			
Balance at the beginning of the period	5,214	106	90,000	60,571	162,995	(485)	300,197
Changes of items during period							
Dividends of surplus				(24,079)	(24,079)		(24,079)
Provision of reserve for advanced depreciation of non-current assets	1,571			(1,571)	—		—
Reversal of reserve for advanced depreciation of non-current assets	(406)			406	—		—
Reversal of reserve for special depreciation		(17)		17	—		—
Provision of general reserve			30,000	(30,000)	—		—
Profit				44,837	44,837		44,837
Purchase of treasury shares						(3)	(3)
Disposal of treasury shares						86	136
Net changes of items other than shareholders' equity							
Total changes of items during period	1,165	(17)	30,000	(10,390)	20,757	83	20,891
Balance at the end of the period	6,380	88	120,000	50,181	183,752	(401)	321,088

Hino Motors, Ltd. (7205) Financial Results for the Fiscal Year Ended March 31, 2016

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at the beginning of the period	42,608	(20)	42,587	128	342,913
Changes of items during period					
Dividends of surplus					(24,079)
Provision of reserve for advanced depreciation of non-current assets					—
Reversal of reserve for advanced depreciation of non-current assets					—
Reversal of reserve for special depreciation					—
Provision of general reserve					—
Profit					44,837
Purchase of treasury shares					(3)
Disposal of treasury shares					136
Net changes of items other than shareholders' equity	(13,124)	36	(13,088)	(29)	(13,118)
Total changes of items during period	(13,124)	36	(13,088)	(29)	7,773
Balance at the end of the period	29,483	15	29,499	99	350,686

**6. Other****(1) Actual Production (Consolidated)**

Category	FY 2015 (From April 1, 2014 to March 31, 2015)	FY 2016 (From April 1, 2015 to March 31, 2016)	Change
Trucks and buses	169,417 units	162,870 units	(6,547) units
Toyota brand vehicles	168,096 units	154,813 units	(13,283) units

**(2) Actual Sales (Consolidated)**

Category	FY 2015 (From April 1, 2014 to March 31, 2015)		FY 2016 (From April 1, 2015 to March 31, 2016)		Change	
	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)
Japan	58,999	413,245	61,297	443,973	2,298	30,727
Overseas	106,333	453,861	106,942	484,543	609	30,682
Supplies and parts for overseas production	—	1,793	—	720	—	(1,073)
Total trucks and buses	165,332	868,901	168,239	929,237	2,907	60,336
Total Toyota brand	168,124	350,324	154,867	341,823	(13,257)	(8,501)
Japan	—	57,041	—	58,853	—	1,811
Overseas	—	48,661	—	51,690	—	3,028
Total service parts	—	105,703	—	110,543	—	4,840
Japan	—	156,253	—	162,520	—	6,266
Overseas	—	24,747	—	15,672	—	(9,074)
Toyota	—	179,367	—	185,741	—	6,374
Total others	—	360,368	—	363,935	—	3,566
Total net sales	—	1,685,298	—	1,745,540	—	60,242

(Note) Amounts are rounded down to the nearest one million yen.