

Financial Results for the Fiscal Year Ended March 31, 2017 [Japanese GAAP] (Consolidated)

English translation from the original Japanese-language document



April 27, 2017

Stock Listing: Tokyo and Nagoya

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 Scheduled Date of Annual Meeting of Shareholders: June 27, 2017
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 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, 2017 (April 1, 2016 – March 31, 2017)

(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 2017	1,683,720	(3.5)	71,178	(27.6)	72,042	(24.9)	49,408	(24.1)
FY 2016	1,745,540	3.6	98,287	(6.9)	95,892	(8.3)	65,130	(12.6)

(Note) Comprehensive income FY 2017: ¥ 57,152 million (93.8%) FY 2016: ¥ 29,498 million (-72.8%)

	Profit per share	Diluted Profit per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY 2017	86.15	86.11	11.0	6.2	4.2
FY 2016	113.62	113.51	15.4	8.5	5.6

(Reference) Equity in earnings of affiliated companies: FY 2017: ¥ 1,508 million FY 2016: ¥ 1,867 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	%
FY 2017	1,192,385	512,913	39.0	811.07
FY 2016	1,119,888	473,891	38.3	748.89

(Reference) Equity capital: FY 2017: ¥ 465,289 million FY 2016: ¥ 429,417 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 2017	75,758	(92,583)	17,461	31,123
FY 2016	111,366	(87,685)	(22,120)	33,949

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 2016	—	20.00	—	18.00	38.00	21,790	33.4	5.1
FY 2017	—	11.00	—	15.00	26.00	14,916	30.2	3.3
FY 2018 (forecast)	—	13.00	—	13.00	26.00		29.8	

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(% of change from FY2017.)

	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 2018	1,720,000	2.2	75,000	5.4	77,000	6.9	50,000	1.2	87.16

*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: Yes
 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 2017	574,580,850 shares	FY 2016	574,580,850 shares
2) Number of treasury stock at end of term	FY 2017	903,739 shares	FY 2016	1,176,534 shares
3) Average number of shares	FY 2017	573,507,059 shares	FY 2016	573,245,187 shares

(Reference) Overview of Non-Consolidated Financial Results

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

(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 2017	1,215,819	(0.6)	23,846	(52.2)	32,191	(47.1)	25,669	(42.8)
FY 2016	1,222,945	0.1	49,839	(20.1)	60,810	(19.8)	44,837	(23.0)

	Profit per share	Diluted Profit per share
	Yen	Yen
FY 2017	44.75	44.73
FY 2016	78.20	78.13

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY 2017	771,311	362,491	47.0	631.64
FY 2016	713,027	350,686	49.2	611.28

(Reference) Equity capital: FY 2017: ¥ 362,438 million FY 2016: ¥ 350,587 million

* Summary of financial results is out of scope of audit.

* 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 4, "1. Business Performance Overview; (4) Future Outlook."

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1. Operating Results Overview

(1) Operating Results Overview for Current Term

As for the Japanese domestic truck market in this consolidated fiscal year, mainly, the demand for cargo trucks performed well. As a result, the total demand for heavy- and medium-duty trucks increased to 98.1 thousand units by 9.8 thousand units (11.2%) compared to the previous year. Total demand for light-duty truck increased to 103.7 thousand units by 5.5 thousand units (5.6%) compared to the previous year. Our share in the market of heavy- and medium-duty trucks for this consolidated fiscal year was 37.7%, a record high, and we achieved the largest number of registered trucks for 44 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 25.0%, 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 67.1 thousand units by 5.8 thousand units (9.4%) from the previous fiscal year.

As for overseas markets, due to a drop in the quantity sold in the Near and Middle East, the sales volume of trucks and buses outside Japan for this consolidated fiscal year decreased to 104.8 thousand units by 2.2 thousand units (-2.0%) from the previous fiscal year.

As a result of the above, total unit sales of Hino Brand trucks and buses increased to 171.8 thousand units, a record high, by 3.6 thousand units (2.1%) from the previous fiscal year.

As for the volume of sales to Toyota Motor Corporation, mainly because the sales of SUV decreased, total sales volume decreased to 144.3 thousand units by 10.6 thousand units (-6.8%) from the previous fiscal year.

As a result of the above, net sales were ¥1,683,720 million, which is a decrease of ¥61,819 million (-3.5%) as compared to the previous fiscal year. As for profits, mainly due to an impact of the strong yen, consolidated operating income decreased to ¥71,178 million which is a decrease of ¥27,108 million (-27.6%) as compared to the previous fiscal year. Ordinary income decreased to ¥72,042 million which is a decrease of ¥23,850 million (-24.9%) as compared to the previous fiscal year. Profit attributable to owners of parent decreased to ¥49,408 million which is a decrease of ¥15,722 million (-24.1%) as compared to the previous fiscal year.

(2) Financial Position Overview for Current Term

Total assets as of the end of this fiscal year increased to ¥1,192,385 million by ¥72,497 million compared to the end of the previous fiscal year. This is mainly because notes and accounts receivable - trade increased by ¥32,022 million due to an increase in the quantity sold of trucks and buses at the end of the consolidated fiscal year from last year and property, plant and equipment increased by ¥26,678 million as a result of capital expenditure for the optimization of production systems inside Japan.

Liabilities increased to ¥679,471 million by ¥33,474 million compared to the end of the previous fiscal year. This is mainly because interest-bearing debt increased by ¥34,411 million.

Net assets increased to ¥512,913 million by ¥39,022 million compared to the end of the previous fiscal year. This is mainly because ¥49,408 million was posted as profit attributable to owners of parent, although dividends from retained earnings of ¥16,633 million were paid.

(3) Cash Flow Overview for Current Term

Cash flows for this fiscal year are as follows.

Cash flows from operating activities increased by ¥75,758 million. This was mainly due to posting profit before income taxes of ¥72,075 million.

Cash flows from investing activities decreased by ¥92,583 million. This was mainly due to the expenditure of ¥87,880 million on the purchase of property, plant and equipment centering on production facilities.

Cash flows from financing activities increased by ¥17,461 million. This was mainly due to net increase of interest-bearing debt of ¥35,896 million, despite cash dividends paid of ¥16,633 million.

As a result, cash and cash equivalents at the end of this fiscal year decreased to ¥31,123 million by ¥2,825 million compared to the end of the previous fiscal year.

(4) Forecasts for the Fiscal Year Ending March 31, 2018

The Japanese domestic truck and bus market is forecasted to remain stable. As for the overseas truck and bus market, demand in Asia, primarily in Indonesia, is projected to increase, however there is also a sense of uncertainty in a full-fledged recovery of the market, so we will continue to keep an eye on it. On the other hand, we expect an impact of the rise in prices in raw materials, etc. on profit, but we will work to steadily ensure the effects of cost reduction and the release of new products, and then increase profit.

To do so, our company will provide the most appropriate cars to match the diverse needs for commercial vehicles around the world and globally expand our comprehensive customer support including a complete and upgraded after-sales service, as well as increase unit sales while improving profitability and cutting costs. Furthermore, we aim to achieve sustainable growth and become a company that will be unaffected by changes in the business environment, so we will continue to structurally reform ourselves.

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

(Consolidated Earnings Forecast for the Full Fiscal Year)

Net sales	¥1,720,000 million
Operating income	¥75,000 million
Japan unit sales of trucks and buses	67.0 thousand units
Overseas unit sales of trucks and buses.....	116.0 thousand units
Unit sales of Toyota brand vehicles.....	136.9 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.

(5) Basic Policy on Profit Distribution and Dividends for FY2017 and FY2018

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 ¥15 per share. Adding the midterm dividend of ¥11 per share, our company plans to pay the annual dividend of ¥26 per share (decreasing ¥12 from the previous term). This will be discussed at the annual meeting of shareholders on June 27, 2017.

For the next term, the dividend per share will be 13 yen for the midterm and 13 yen at the end of the term, totaling up to 26 yen for the entire year.

2. 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.

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

(Millions of yen)

	FY 2016 (As of March 31, 2016)	FY 2017 (As of March 31, 2017)
Assets		
Current assets		
Cash and deposits	34,672	32,145
Notes and accounts receivable - trade	283,198	315,221
Merchandise and finished goods	123,893	136,841
Work in process	32,095	32,454
Raw materials and supplies	35,940	34,302
Deferred tax assets	28,532	27,596
Other	42,455	42,927
Allowance for doubtful accounts	(3,893)	(3,433)
Total current assets	576,895	618,056
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	105,556	143,964
Machinery, equipment and vehicles, net	101,405	117,933
Tools, furniture and fixtures, net	15,570	17,032
Land	107,748	115,122
Leased assets, net	12,578	12,623
Construction in progress	55,528	18,364
Assets for rent, net	10	34
Total property, plant and equipment	398,397	425,076
Intangible assets		
Software	20,401	19,881
Leased assets	9	7
Other	1,493	1,321
Total intangible assets	21,903	21,210
Investments and other assets		
Investment securities	104,162	111,230
Net defined benefit asset	257	489
Deferred tax assets	11,597	9,858
Other	9,562	9,230
Allowance for doubtful accounts	(2,888)	(2,766)
Total investments and other assets	122,691	128,042
Total non-current assets	542,993	574,328
Total assets	1,119,888	1,192,385

(Millions of yen)

	FY 2016 (As of March 31, 2016)	FY 2017 (As of March 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	253,567	265,306
Short-term loans payable	109,733	85,468
Commercial papers	—	59,000
Current portion of long-term loans payable	2,798	11,204
Lease obligations	1,468	1,426
Accounts payable - other	42,509	24,718
Income taxes payable	4,938	6,725
Provision for bonuses	5,536	5,912
Provision for directors' bonuses	944	932
Provision for product warranties	28,252	34,278
Other	67,612	66,162
Total current liabilities	517,361	561,136
Non-current liabilities		
Long-term loans payable	26,791	18,063
Lease obligations	18,345	20,032
Deferred tax liabilities	13,645	13,227
Deferred tax liabilities for land revaluation	2,765	2,765
Net defined benefit liability	61,113	58,183
Provision for directors' retirement benefits	1,864	1,928
Asset retirement obligations	1,260	1,233
Other	2,850	2,901
Total non-current liabilities	128,635	118,335
Total liabilities	645,996	679,471
Net assets		
Shareholders' equity		
Capital stock	72,717	72,717
Capital surplus	66,058	66,129
Retained earnings	270,006	302,781
Treasury shares	(434)	(330)
Total shareholders' equity	408,348	441,297
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	39,792	40,774
Deferred gains or losses on hedges	15	(13)
Revaluation reserve for land	2,318	2,318
Foreign currency translation adjustment	(6,245)	(7,232)
Remeasurements of defined benefit plans	(14,811)	(11,855)
Total accumulated other comprehensive income	21,069	23,992
Subscription rights to shares	99	53
Non-controlling interests	44,374	47,570
Total net assets	473,891	512,913
Total liabilities and net assets	1,119,888	1,192,385

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

[Consolidated Statements of Income]

(Millions of yen)

	FY 2016 (From April 1, 2015 to March 31, 2016)	FY 2017 (From April 1, 2016 to March 31, 2017)
Net sales	1,745,540	1,683,720
Cost of sales	1,450,984	1,411,090
Gross profit	294,555	272,630
Selling, general and administrative expenses		
Sales commission	23,046	24,843
Transportation and warehousing expenses	13,822	11,875
Provision for product warranties	28,252	34,278
Advertising expenses	5,727	4,888
Salaries and allowances	48,081	48,940
Provision for bonuses	2,685	2,824
Provision for directors' bonuses	942	929
Retirement benefit expenses	3,512	3,414
Provision for directors' retirement benefits	425	432
Rent expenses	5,688	5,211
Provision of allowance for doubtful accounts	231	(279)
Other	63,853	64,091
Total selling, general and administrative expenses	196,268	201,451
Operating income	98,287	71,178
Non-operating income		
Interest income	1,153	1,535
Dividend income	3,139	2,739
Rent income	411	410
Share of profit of entities accounted for using equity method	1,867	1,508
Miscellaneous income	4,541	2,415
Total non-operating income	11,113	8,609
Non-operating expenses		
Interest expenses	6,615	4,746
Foreign exchange losses	5,296	1,104
Miscellaneous expenses	1,596	1,894
Total non-operating expenses	13,508	7,745
Ordinary income	95,892	72,042
Extraordinary income		
Gain on sales of non-current assets	411	194
Gain on sales of investment securities	904	806
Gain on bargain purchase	383	—
Gain on step acquisitions	581	—
Gain on contribution of securities to retirement benefit trust	5,883	—
Other	1,569	54
Total extraordinary income	9,734	1,055
Extraordinary losses		
Loss on sales and retirement of non-current assets	967	486
Impairment loss	16	10
Special costs of quality-related measures	7,359	—
Other	400	524
Total extraordinary losses	8,744	1,021
Profit before income taxes	96,882	72,075
Income taxes – current	22,450	18,138
Income taxes – deferred	6,387	(961)
Total income taxes	28,838	17,177
Profit	68,044	54,898
Profit attributable to non-controlling interests	2,913	5,490
Profit attributable to owners of parent	65,130	49,408

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	FY 2016 (From April 1, 2015 to March 31, 2016)	FY 2017 (From April 1, 2016 to March 31, 2017)
Profit	68,044	54,898
Other comprehensive income		
Valuation difference on available-for-sale securities	(13,585)	3,345
Deferred gains or losses on hedges	36	(42)
Revaluation reserve for land	151	—
Foreign currency translation adjustment	(15,514)	(1,463)
Remeasurements of defined benefit plans	(11,384)	2,778
Share of other comprehensive income of entities accounted for using equity method	1,749	(2,363)
Total other comprehensive income	(38,546)	2,254
Comprehensive income	29,498	57,152
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	33,871	52,331
Comprehensive income attributable to non-controlling interests	(4,373)	4,820

(3) Consolidated Statements of Changes in Net Assets
 Previous 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		
Reversal of revaluation reserve for land							
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

(Millions of yen)

	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
Reversal of revaluation reserve for land							
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

Current Fiscal Year (From April 1, 2016 to March 31, 2017)

(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	66,058	270,006	(434)	408,348	39,792	15
Changes of items during period							
Dividends of surplus			(16,633)		(16,633)		
Profit attributable to owners of parent			49,408		49,408		
Purchase of treasury shares				(1)	(1)		
Disposal of treasury shares		69		105	174		
Purchase of shares of consolidated subsidiaries		1			1		
Reversal of revaluation reserve for land			0		0		
Net changes of items other than shareholders' equity						982	(29)
Total changes of items during period	—	70	32,774	103	32,949	982	(29)
Balance at the end of the period	72,717	66,129	302,781	(330)	441,297	40,774	(13)

(Millions of yen)

	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	2,318	(6,245)	(14,811)	21,069	99	44,374	473,891
Changes of items during period							
Dividends of surplus							(16,633)
Profit attributable to owners of parent							49,408
Purchase of treasury shares							(1)
Disposal of treasury shares							174
Purchase of shares of consolidated subsidiaries							1
Reversal of revaluation reserve for land							0
Net changes of items other than shareholders' equity	(0)	(986)	2,956	2,923	(45)	3,195	6,072
Total changes of items during period	(0)	(986)	2,956	2,923	(45)	3,195	39,022
Balance at the end of the period	2,318	(7,232)	(11,855)	23,992	53	47,570	512,913

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY 2016 (From April 1, 2015 to March 31, 2016)	FY 2017 (From April 1, 2016 to March 31, 2017)
Cash flows from operating activities		
Profit before income taxes	96,882	72,075
Depreciation	49,314	51,097
Impairment loss	16	10
Increase (decrease) in allowance for doubtful accounts	(50)	(559)
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	(3,944)	6,026
Increase (decrease) in net defined benefit liability	(4,393)	1,156
Interest and dividend income	(4,293)	(4,275)
Interest expenses	6,615	4,746
Foreign exchange losses (gains)	30	3
Share of (profit) loss of entities accounted for using equity method	(1,867)	(1,508)
Loss (gain) on sales of investment securities	(904)	(806)
Loss (gain) on sales and retirement of non-current assets	556	292
Decrease (increase) in notes and accounts receivable - trade	10,548	(32,948)
Decrease (increase) in inventories	852	(13,632)
Increase (decrease) in notes and accounts payable - trade	(4,843)	15,915
Other, net	(702)	(3,772)
Subtotal	144,328	93,820
Interest and dividend income received	4,467	4,572
Interest expenses paid	(7,186)	(5,045)
Income taxes (paid) refund	(30,243)	(17,589)
Cash flows from operating activities	111,366	75,758
Cash flows from investing activities		
Payments into time deposits	(1,670)	(1,294)
Proceeds from withdrawal of time deposits	1,493	958
Purchase of property, plant and equipment	(79,106)	(87,880)
Proceeds from sales of property, plant and equipment	1,690	1,922
Purchase of intangible assets	(8,324)	(6,820)
Purchase of investment securities	(166)	(60)
Proceeds from sales of investment securities	1,281	897
Payments of long-term loans receivable	(491)	(436)
Collection of long-term loans receivable	515	332
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,927)	—
Other, net	(979)	(202)
Cash flows from investing activities	(87,685)	(92,583)

(Millions of yen)

	FY 2016 (From April 1, 2015 to March 31, 2016)	FY 2017 (From April 1, 2016 to March 31, 2017)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	262	(23,452)
Increase (decrease) in commercial papers	—	59,000
Proceeds from long-term loans payable	9,804	2,886
Repayments of long-term loans payable	(5,901)	(2,537)
Proceeds from share issuance to non-controlling shareholders	538	—
Cash dividends paid	(24,079)	(16,633)
Other, net	(2,744)	(1,801)
Cash flows from financing activities	(22,120)	17,461
Effect of exchange rate change on cash and cash equivalents	(3,169)	(3,461)
Net increase (decrease) in cash and cash equivalents	(1,609)	(2,825)
Cash and cash equivalents at the beginning of the period	35,558	33,949
Cash and cash equivalents at the end of the period	33,949	31,123

(5) Notes on Going Concern Assumption

There is no related information.

(6) Changes in Accounting Policies, Accounting Estimates and Restatements

(Changes in Accounting Policies)

(Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)

In line with a revision of tax regulations, we applied the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (Practical Solution Report No.32 of June 17, 2016) in this consolidated fiscal year and changed the depreciation method for facilities attached to buildings and structures that were acquired after April 1, 2016 from the declining balance method to the straight-line method.

As a result, the operating income, ordinary income, and profit before income taxes for this consolidated fiscal year increased by 540 million yen.

(7) Additional information

(Application of the Implementation Guidance on Recoverability of Deferred Tax Assets)

We applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No.26 of March 28, 2016) from this consolidated fiscal year.

(8) 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. Method of calculating amounts for Sales, Earnings, Losses, Assets and Other Categories for Each Reporting Segment

The accounting method for report segments is mostly the same as the one used for producing consolidated financial statements. The internal returns and transfers for each segment are based on current market prices.

(Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)

As stated in “Changes in Accounting Policies”, since the method of depreciation associated with equipment and structures attached to buildings acquired after April 1, 2016 has been changed from the declining-balance method to the straight-line method in accordance with the revision to the Corporation Tax Act, the depreciation method for the “Japan” segment has changed as well.

Profit for the “Japan” segment in the current consolidated financial statement has increased by ¥540 million from that calculated with the previous method.

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

Previous 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.

Current Fiscal Year (From April 1, 2016 to March 31, 2017)

(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	1,168,480	314,763	1,483,243	200,477	1,683,720	—	1,683,720
Inter-Segment Sales and Transfers	222,346	12,794	235,140	2,766	237,907	(237,907)	—
Total	1,390,826	327,557	1,718,383	203,243	1,921,627	(237,907)	1,683,720
Segment Earnings	43,897	17,388	61,286	7,971	69,258	1,919	71,178
Segment Assets	896,232	244,389	1,140,621	111,920	1,252,542	(60,157)	1,192,385
Other Categories							
Depreciation and amortization	39,774	9,316	49,091	2,006	51,097	-	51,097
Investment in Equity Method Affiliates	20,116	261	20,377	235	20,613	-	20,613
Increase in Tangible and Intangible Fixed Assets	75,513	3,518	79,031	2,270	81,302	-	81,302

*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 ¥ 1,919 million includes adjustments for eliminated accounts and inventory assets in inter-segment.

(2) The adjusted amount of segment assets of ¥ (60,157) 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 2016 (From April 1, 2015 to March 31, 2016)		FY 2017 (From April 1, 2016 to March 31, 2017)	
Net assets per share	748.89 yen	Net assets per share	811.07 yen
Profit per share	113.62 yen	Profit per share	86.15 yen
Diluted Profit per share	113.51 yen	Diluted Profit per share	86.11 yen

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

	FY 2016 (From April 1, 2015 to March 31, 2016)	FY 2017 (From April 1, 2016 to March 31, 2017)
Profit per share		
Profit attributable to owners of parent (Millions of yen)	65,130	49,408
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent associated with common shares (Millions of yen)	65,130	49,408
Average number of common shares (Shares)	573,245,187	573,507,059
Diluted Profit per share		
Current-term Profit attributable to owners of parent adjustment (Millions of yen)	—	—
Increase in the number of common shares (Shares)	530,303	293,748
Increase in the number of stock acquisition rights (Shares)	530,303	293,748

(Significant Subsequent Events)

There is no related information.

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

(Millions of yen)

	FY 2016 (As of March 31, 2016)	FY 2017 (As of March 31, 2017)
Assets		
Current assets		
Cash and deposits	2,199	3,064
Notes receivable - trade	868	404
Accounts receivable - trade	199,343	224,931
Merchandise and finished goods	37,729	44,249
Work in process	18,342	18,664
Raw materials and supplies	5,495	6,703
Prepaid expenses	425	563
Deferred tax assets	18,152	18,537
Short-term loans receivable	64,002	69,657
Other	20,853	15,933
Allowance for doubtful accounts	(2,131)	(1,729)
Total current assets	365,281	400,979
Non-current assets		
Property, plant and equipment		
Buildings, net	43,320	69,227
Structures, net	7,472	13,748
Machinery and equipment, net	40,536	59,496
Vehicles, net	2,852	3,065
Tools, furniture and fixtures, net	7,046	8,489
Land	36,022	37,985
Leased assets, net	1,189	974
Construction in progress	47,069	12,659
Total property, plant and equipment	185,510	205,647
Intangible assets		
Software	18,665	17,862
Right of using facilities	503	502
Total intangible assets	19,169	18,364
Investments and other assets		
Investment securities	60,206	63,965
Shares of subsidiaries and associates	59,996	60,313
Investments in capital	23	23
Investments in capital of subsidiaries and associates	6,888	3,957
Long-term loans receivable	16,122	16,459
Long-term prepaid expenses	1,631	1,765
Other	2,573	2,572
Allowance for doubtful accounts	(2,785)	(2,737)
Allowance for investment loss	(1,588)	—
Total investments and other assets	143,066	146,319
Total non-current assets	347,745	370,331
Total assets	713,027	771,311

(Millions of yen)

	FY 2016 (As of March 31, 2016)	FY 2017 (As of March 31, 2017)
Liabilities		
Current liabilities		
Notes payable - trade	186	224
Accounts payable - trade	151,597	163,785
Short-term loans payable	40,454	13,905
Commercial papers	—	59,000
Current portion of long-term loans payable	0	3,364
Lease obligations	236	241
Accounts payable - other	36,334	19,008
Accrued expenses	42,596	46,618
Income taxes payable	1,185	2,785
Deposits received	16,845	23,072
Provision for directors' bonuses	276	255
Provision for product warranties	28,252	34,278
Other	851	1,129
Total current liabilities	318,816	367,668
Non-current liabilities		
Long-term loans payable	11,586	8,246
Lease obligations	1,097	863
Deferred tax liabilities	6,593	7,322
Provision for retirement benefits	21,784	22,140
Long-term accounts payable - other	661	650
Asset retirement obligations	947	948
Other	853	978
Total non-current liabilities	43,523	41,151
Total liabilities	362,340	408,819
Net assets		
Shareholders' equity		
Capital stock	72,717	72,717
Capital surplus		
Legal capital surplus	64,307	64,307
Other capital surplus	713	782
Total capital surplus	65,020	65,089
Retained earnings		
Legal retained earnings	7,103	7,103
Other retained earnings		
Reserve for advanced depreciation of non-current assets	6,380	5,868
Reserve for special depreciation	88	53
General reserve	120,000	140,000
Retained earnings brought forward	50,181	39,763
Total retained earnings	183,752	192,788
Treasury shares	(401)	(298)
Total shareholders' equity	321,088	330,297
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	29,483	32,144
Deferred gains or losses on hedges	15	(4)
Total valuation and translation adjustments	29,499	32,140
Subscription rights to shares	99	53
Total net assets	350,686	362,491
Total liabilities and net assets	713,027	771,311

(2) Non-Consolidated Statements of Income

(Millions of yen)

	FY 2016 (From April 1, 2015 to March 31, 2016)	FY 2017 (From April 1, 2016 to March 31, 2017)
Net sales	1,222,945	1,215,819
Cost of sales		
Beginning finished goods	32,901	37,729
Cost of products manufactured	1,036,956	1,040,238
Total	1,069,858	1,077,968
Ending finished goods	37,729	44,249
Cost of finished goods sold	1,032,128	1,033,719
Gross profit	190,817	182,099
Selling, general and administrative expenses		
Sales commission	54,630	66,416
Transportation and warehousing expenses	9,116	7,215
Provision for product warranties	28,252	34,278
Advertising expenses	3,734	3,415
Salaries and allowances	16,342	17,240
Provision for directors' bonuses	276	255
Provision for retirement benefits	872	988
Rent expenses	3,185	3,579
Depreciation	4,927	5,080
Other	19,641	19,782
Total selling, general and administrative expenses	140,978	158,253
Operating income	49,839	23,846
Non-operating income		
Interest income	1,107	1,461
Dividend income	9,425	8,641
Rent income	992	951
Miscellaneous income	3,264	613
Total non-operating income	14,790	11,669
Non-operating expenses		
Interest expenses	786	1,063
Depreciation	184	186
Foreign exchange losses	2,066	1,135
Miscellaneous expenses	782	938
Total non-operating expenses	3,818	3,324
Ordinary income	60,810	32,191

(Millions of yen)

	FY 2016 (From April 1, 2015 to March 31, 2016)	FY 2017 (From April 1, 2016 to March 31, 2017)
Extraordinary income		
Gain on sales of non-current assets	101	45
Gain on sales of investment securities	833	799
Gain on contribution of securities to retirement benefit trust	5,883	—
Other	108	5
Total extraordinary income	6,926	850
Extraordinary losses		
Loss on sales and retirement of non-current assets	326	296
Loss on valuation of investments in capital of subsidiaries and associates	—	1,342
Provision of allowance for investment loss	531	—
Special costs of quality-related measures	7,359	—
Other	44	83
Total extraordinary losses	8,260	1,722
Profit (loss) before income taxes	59,476	31,319
Income taxes - current	9,392	6,469
Income taxes - deferred	5,246	(819)
Total income taxes	14,638	5,650
Profit	44,837	25,669

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

Previous 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			
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

	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

Current Fiscal Year (From April 1, 2016 to March 31, 2017)

(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	713	65,020	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			69	69	
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	69	69	—
Balance at the end of the period	72,717	64,307	782	65,089	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	Treasury shares	Total shareholders' equity	
Balance at the beginning of the period	6,380	88	120,000	50,181	183,752	(401)	321,088
Changes of items during period							
Dividends of surplus				(16,633)	(16,633)		(16,633)
Provision of reserve for advanced depreciation of non-current assets					—		—
Reversal of reserve for advanced depreciation of non-current assets	(511)			511	—		—
Reversal of reserve for special depreciation		(34)		34	—		—
Provision of general reserve			20,000	(20,000)	—		—
Profit				25,669	25,669		25,669
Purchase of treasury shares						(1)	(1)
Disposal of treasury shares						105	174
Net changes of items other than shareholders' equity							
Total changes of items during period	(511)	(34)	20,000	(10,418)	9,035	103	9,208
Balance at the end of the period	5,868	53	140,000	39,763	192,788	(298)	330,297

	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	29,483	15	29,499	99	350,686
Changes of items during period					
Dividends of surplus					(16,633)
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					25,669
Purchase of treasury shares					(1)
Disposal of treasury shares					174
Net changes of items other than shareholders' equity	2,661	(20)	2,641	(45)	2,595
Total changes of items during period	2,661	(20)	2,641	(45)	11,804
Balance at the end of the period	32,144	(4)	32,140	53	362,491

5. Other

(1) Actual Production (Consolidated)

Category	FY 2016 (From April 1, 2015 to March 31, 2016)	FY 2017 (From April 1, 2016 to March 31, 2017)	Change
Trucks and buses	162,870 units	171,991 units	9,121 units
Toyota brand vehicles	154,813 units	144,411 units	(10,402) units

(2) Actual Sales (Consolidated)

Category	FY 2016 (From April 1, 2015 to March 31, 2016)		FY 2017 (From April 1, 2016 to March 31, 2017)		Change	
	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)	Volume (Units)	Amount (Millions of yen)
Japan	61,297	443,973	67,059	491,348	5,762	47,375
Overseas	106,942	484,543	104,788	420,438	(2,154)	(64,105)
Supplies and parts for overseas production	—	720	—	950	—	230
Total trucks and buses	168,239	929,237	171,847	912,737	3,608	(16,500)
Total Toyota brand	154,867	341,823	144,313	317,777	(10,554)	(24,045)
Japan	—	58,853	—	62,147	—	3,293
Overseas	—	51,690	—	46,606	—	(5,083)
Total service parts	—	110,543	—	108,753	—	(1,790)
Japan	—	162,520	—	175,666	—	13,145
Overseas	—	15,672	—	10,683	—	(4,989)
Toyota	—	185,741	—	158,102	—	(27,639)
Total others	—	363,935	—	344,452	—	(19,483)
Total net sales	—	1,745,540	—	1,683,720	—	(61,819)

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