31 July 2013

Toyota Motor Finance (Netherlands) B.V.
("TMF" or the "Company")

Annual Financial Report for the financial year ended 31 March 2013

TMF was incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands on 3 August 1987 and registered in the Trade Register of the Amsterdam Chamber of Commerce under number 33194984. TMF is a wholly-owned subsidiary of Toyota Financial Services Corporation ("**TFS**"), which is a wholly-owned subsidiary of Toyota Motor Corporation ("**TMC**"). TMF presents its annual financial report for the financial year ended 31 March 2013.

References herein to "TFS group" means TFS and its subsidiaries and affiliates and "Toyota" means TMC and its consolidated subsidiaries.

1. Management Report

(A) Review of the development and performance of the Company's business during the financial year and the position of the Company at the end of the financial year

The principal activity of the Company is to act as a group finance company for some of TMC's consolidated subsidiaries. The Company raises funds by issuing bonds and notes in the international capital markets and from other sources and on-lends to other Toyota companies. The Company also issues guarantees for debt issuances of certain other Toyota companies. In addition, the Company generates income from other investments and deposits incidental to its primary funding activities. As a group finance company, the Company is dependent on the performance of the subsidiaries and affiliates of TMC and TFS to which it grants loans.

The Company's principal borrowings are from a short-term Euro commercial paper programme, short and medium-term related party inter-company borrowing and from a Euro medium term note programme. In addition, from September 2009, the Company has raised medium term funds from banks. The Company's funding programmes and related costs are influenced by changes in the capital markets and prevailing interest rates, which may affect its ability to obtain cost effective funding to support earning asset growth.

The Company lends to other TMC subsidiaries on both a fixed rate and floating rate basis. Almost all fixed rate lending is swapped into floating on a three-month floating basis in line with the Company's risk management policy.

The Company's liquidity strategy is to maintain the capacity to fund assets and repay liabilities in a timely and cost effective manner even in the event of adverse market conditions. This capacity primarily arises from the Company's high credit rating, its ability to raise funds in the international capital markets, and its ability to generate liquidity from its balance sheet. This strategy has led the Company to develop a borrowing base that is diversified by market and geographic distribution and type of security, among other factors.

References herein to "fiscal 2013" denote the year ended 31 March 2013 and references herein to "fiscal 2012" denote the year ended 31 March 2012.

Certain financial data has been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

Fiscal 2013 Operating Summary

Revenue decreased 5.5% to € 106,073 thousand for the twelve months ended 31 March 2013 from € 112,223 thousand for the twelve months ended 31 March 2012, and the cost of funding decreased 5.1% to € 92,508 thousand for the twelve months ended 31 March 2013 from € 97,509 thousand for the twelve months ended 31 March 2012. Such decreases were primarily due to a reduction of interest rates and margins offset by an increase of 3.9% in the volume of short- and long-term loans to related companies to € 5,110,242 thousand at 31 March 2013 from € 4,917,998 thousand at 31 March 2012.

Gross profit decreased 7.8% to € 13,565 thousand for the twelve months ended 31 March 2013 from € 14,714 thousand for the twelve months ended 31 March 2012, primarily due to a decrease in interest margins. There was a profit before tax of € 22,993 thousand for the twelve months ended 31 March 2013 compared to a loss before tax of € 9,988 thousand for the twelve months ended 31 March 2012. The profit from lending for the twelve months ended 31 March 2013 increased as a result of gains on derivatives held for risk management purposes, reversing losses on such derivatives recorded for the twelve months ended 31 March 2012.

Financing operations reported a profit of € 17,390 thousand for the twelve months ended 31 March 2013, as compared to a loss of € 7,316 thousand for the twelve months ended 31 March 2012.

Current assets decreased 2.1% to € 2,579 million at 31 March 2013 from € 2,633 million at 31 March 2012. Current assets mainly consist of short-term loans to related companies. At 31 March 2013, a total equivalent amount of € 2,332 million has been lent to related companies. Other current assets include derivative financial instruments, collateral deposits paid and cash and bank balances.

Current liabilities decreased 25.9% to € 1,928 million at 31 March 2013 from € 2,602 million at 31 March 2012. This was primarily due to a decrease in the value of medium term notes and other funding within one year of maturity.

Liquidity and Capital Resources

Liquidity risk is the risk arising from the inability to meet obligations when they come due. The Company's liquidity strategy is to maintain the capacity to fund assets and repay liabilities in a timely and cost-effective manner even in the event of adverse market conditions. This capacity primarily arises from the Company's ability to raise funds in the international capital markets as well as its ability to generate liquidity from its balance sheet. This strategy has led the Company to develop a borrowing base that is diversified by market and geographic distribution, type of security, and investor type, among other factors. Credit support provided by TFS provides an additional source of liquidity to the Company, although it is not relied upon in the Company's liquidity planning and capital and risk management.

The following table summarises the outstanding components of the Company's funding sources (Euro in millions):

	31 March	
	2013	2012
Euro commercial paper	759	624
Euro medium term notes	2,081	1,836
Loans from Group Companies	741	1,481
Loans from Bank	1,425	1,085
Total borrowings	5,006	5,026

The Company does not rely on any single source of funding and may choose to realign its funding activities depending upon market conditions, relative costs, and other factors. The Company believes that its funding sources, combined with operating and investing activities, provide sufficient liquidity to meet future funding requirements and business growth. The Company's funding volume is based on asset growth and debt maturities.

(a) Commercial Paper

Short-term funding needs are met through the issuance of commercial paper in Europe and some short-term loans from related companies. Commercial paper outstanding under the Company's commercial paper programme ranged from approximately € 588 million to € 1,056 million during fiscal 2013, with an average outstanding balance of € 777 million. The Company's commercial paper programme is supported by the liquidity facilities discussed later in this section.

(b) Euro Medium Term Notes

Some of the term funding requirements are currently met through the issuance of debt securities under a Euro medium term note ("**EMTN**") programme. To diversify its funding sources, the Company plans to issue in a variety of markets, currencies and maturities and to a variety of investors, which will allow the Company to broaden its distribution of securities and further enhance liquidity.

The following table summarises the Company's components of unsecured term debt under its EMTN programme (Euro in millions):

	Total unsecured term debt[2]
Balance at 31 March 2012	1,836
Issuances during the twelve months ended 31 March 2013	855
Payments during the twelve months ended 31 March 2013	(562)
Change in fair value / foreign exchange revaluation and interest accruals	(48)
Balance at 31 March 2013	2,081

(1) EMTNs were issued in Euro and non-Euro currencies, had terms to maturity ranging from approximately 3.5 years to 5 years, had fixed interest rates at the time of issuance ranging from 1.03% to 5.23%. Concurrent with the issuance of non-Euro denominated notes, the Company entered into cross currency interest rate swap agreements to convert payments of principal and interest on these notes to Euro.

(2) Consists of fixed and floating rate debt. Upon the issuance of fixed rate debt, the Company generally elects to enter into pay-floating rate interest rate swaps.

The Company maintains an EMTN programme together with its affiliates Toyota Credit Canada Inc., Toyota Finance Australia Limited and Toyota Motor Credit Corporation (the Company and such affiliates, the "**EMTN Issuers**"), providing for the issuance of debt securities in the international capital markets. In September 2012, the EMTN Issuers renewed the EMTN programme for a one year period. The maximum aggregate principal amount of debt securities that may be issued by the EMTN Issuers and outstanding under the EMTN programme at any time is € 50 billion, or the equivalent in other currencies, of which € 34.4 billion was available for issuance at 31 March 2013. The maximum aggregate principal amount of the EMTN programme may be increased from time to time to allow for the continued use of this source of funding. In addition, the Company may issue bonds or enter into other unsecured financing arrangements through the international capital markets that are not issued under its EMTN programme. Debt securities issued under the EMTN programme are issued pursuant to the terms of an agency agreement, which contains customary terms and conditions. Certain debt securities issued under the EMTN programme are subject to negative pledge provisions. Debt securities issued under the Company's EMTN programme prior to October 2007 are also subject to cross default provisions. The Company is in compliance with these covenants.

(c) *Loans from Group Companies*

Term funding requirements are also met from time to time from drawdowns under loan facilities from each of TFS and Toyota Motor Credit Corporation to the Company. The following table summarises the Company's total borrowings from TFS and Toyota Motor Credit Corporation (Euro in millions):

	Total borrowings from Group Companies
Balance at 31 March 2012	1,481
Drawdowns during the twelve months ended 31 March 2013	1,347
Payments during the twelve months ended 31 March 2013	(2,019)
Change in foreign exchange revaluation and interest accruals	(68)
Balance at 31 March 2013	741

(d) *Loans from Third Parties*

Since September 2009, the Company has entered into an aggregate amount of US$ 1,828 million 3-year, 4-year and 5-year loans under ten bilateral bank credit facilities. The ability to make draws under these bilateral credit agreements is subject to covenants and conditions customary in transactions of this nature, including negative pledge provisions, cross default provisions and limitations on consolidations, mergers and sales of assets. The facilities may be used for general corporate purposes and were fully drawn upon as of 31 March 2013.

	Total borrowings from Bank
	(Euro in millions)
Balance at 31 March 2012	1,085
Drawdowns during the twelve months ended 31 March 2013	308
Payments during the twelve months ended 31 March 2013	-
Change in foreign exchange revaluation and interest accruals	32
Balance at 31 March 2013	1,425

(e) *Liquidity Facilities and Letters of Credit*

For additional liquidity purposes, the Company maintains syndicated and bilateral bank credit facilities with certain banks. The Company has entered into three committed syndicated bank credit facilities and one bilateral bank credit facility.

364 Day Credit Agreement

In February 2013, the Company and other Toyota affiliates entered into a US$ 3.834 billion 364 day syndicated bank credit facility pursuant to a 364 Day Credit Agreement. The ability to make draws is subject to covenants and conditions customary in a transaction of this nature, including negative pledge provisions, cross default provisions and limitations on consolidations, mergers and sales of assets. The 364 Day Credit Agreement may be used for general corporate purposes and was not drawn upon as of 31 March 2013.

Three Year Credit Agreement

In February 2013, the Company and other Toyota affiliates entered into a US$ 3.833 billion three year syndicated bank credit facility pursuant to a Three Year Credit Agreement. The ability to make draws is subject to covenants and conditions customary in a transaction of this nature, including negative pledge provisions, cross default provisions and limitations on consolidations, mergers and sales of assets. The Three Year Credit Agreement may be used for general corporate purposes and was not drawn upon as of 31 March 2013.

Five Year Credit Agreement

In February 2013, the Company and other Toyota affiliates entered into a US$ 3.833 billion five year syndicated bank credit facility pursuant to a Five Year Credit Agreement. The ability to make draws is subject to covenants and conditions customary in a transaction of this nature, including negative pledge provisions, cross default provisions and limitations on consolidations, mergers and sales of assets. The Five Year Credit Agreement may be used for general corporate purposes and was not drawn upon as of 31 March 2013.

Bilateral 364 Day Facility Agreements

On 6 July 2012, the Company entered into a € 200 million 364 day bilateral bank credit facility pursuant to a bilateral 364 day facility agreement. The bilateral 364 day facility agreement was not drawn upon as of 31 March 2013.

On 7 July 2013, the Company entered into a new € 200 million 364 day bilateral bank credit facility pursuant to a bilateral 364 day facility agreement. The ability to make draws is subject to covenants and conditions customary in a transaction of this nature, including negative pledge provisions, cross default provisions and limitations on consolidations, mergers and sales of assets. The bilateral 364 day facility agreement may be used for general corporate purposes.

(f) Credit Support Agreements

Under the terms of a credit support agreement between TMC and TFS ("**TMC Credit Support Agreement**"), TMC agreed to: 1) maintain 100 percent ownership of TFS; 2) cause TFS and its subsidiaries to have a net worth of at least ¥10 million; and 3) make sufficient funds available to TFS so that TFS will be able to (i) service the obligations arising out of its own bonds, debentures, notes and other investment securities and commercial paper (collectively "**TFS Securities**") and (ii) honour its obligations incurred as a result of guarantees or credit support agreements that it has extended. The agreement is not a guarantee by TMC of any securities or obligations of TFS. TMC's obligations under the TMC Credit Support Agreement rank *pari passu* with its senior unsecured debt obligations. The TMC Credit Support Agreement is governed by, and construed in accordance with, the laws of Japan.

Under the terms of a similar credit support agreement between TFS and the Company ("**TFS Credit Support Agreement**"), TFS agreed to: 1) maintain 100 percent ownership of the Company; 2) cause the Company and its subsidiaries, if any, to have a net worth of at least € 100,000; and 3) make sufficient funds available to the Company so that the Company will be able to service the obligations arising out of its own bonds, debentures, notes and other investment securities and commercial paper (collectively, "**TMF Securities**"). The TFS Credit Support Agreement is not a guarantee by TFS of any TMF Securities or other obligations of the Company. The TFS Credit Support Agreement is governed by, and construed in accordance with, the laws of Japan.

Holders of TMF Securities have the right to claim directly against TFS and TMC to perform their respective obligations under the Credit Support Agreements by making a written claim together with a declaration to the effect that the holder will have recourse to the rights given under the Credit Support Agreements. If TFS and/or TMC receives such a claim from any holder of TMF Securities, TFS and/or TMC shall indemnify, without any further action or formality, the holder against any loss or damage resulting from the failure of TFS and/or TMC to perform any of their respective obligations under the Credit Support Agreements. The holder of TMF Securities who made the claim may then enforce the indemnity directly against TFS and/or TMC.

The TMC Credit Support Agreement and the TFS Credit Support Agreement each provide for termination by either party upon 30 days written notice to the other party. Such termination will not take effect until or unless all TFS Securities or all TMF Securities, respectively, have been repaid or each relevant rating agency has confirmed to TFS or the Company, respectively, that the debt ratings of all such TFS Securities or all such TMF Securities, respectively, will be unaffected by such termination.

In connection with the TFS Credit Support Agreement, the Company and TFS are parties to a credit support fee agreement ("**Credit Support Fee Agreement**"). The Credit Support Fee Agreement requires the Company to pay to TFS a semi-annual fee equal to 0.12% per annum of the weighted average outstanding amount of TMF Securities entitled to credit support.

(g) Credit Ratings

The cost and availability of unsecured financing is influenced by credit ratings. Lower ratings generally result in higher borrowing costs as well as reduced access to capital markets. Credit ratings are not recommendations to buy, sell, or hold securities and are subject to revision or withdrawal at any time by the assigning nationally recognised statistical rating organisation ("**NRSRO**"). Each NRSRO may have different criteria for evaluating risk, and therefore ratings should be evaluated independently for each NRSRO. The Company's credit ratings depend in part on the existence of the credit support agreements of TFS and TMC.

Guarantees

The Company has guaranteed the payments of principal and interest with respect to the bills of exchange, commercial paper, medium term notes and bank loans of other TMC subsidiaries. The Company received fees of € 2,980 thousand in the year ended 31 March 2013 for guaranteeing such payments. The nature and amounts of these guarantees are described in Note 31 – Contingent liabilities of the Notes to the Financial Statements. The TFS Credit Support Agreement and the Credit Support Fee Agreement apply to the Company's contingent liability with respect to the bills of exchange, commercial paper, medium term notes and bank loans of the relevant TMC subsidiaries. A liability is recognised in respect of the guarantee of payments of principal and interest with respect to the bills of exchange, commercial paper, medium term notes and bank loans of the relevant TMC subsidiaries and is described in Note 24 – Financial guarantee liability of the Notes to the Financial Statements.

Contractual Obligations and Credit Related Commitments

The Company has certain obligations to make future payments under contracts and credit related financial instruments and commitments. Aggregate contractual obligations and credit related commitments in existence at 31 March 2013 are summarised as follows (Euro in millions):

31 March 2013	Payments due by period			
Contractual Obligations	Due within 3 months	Due between 4 and 12 months	Due between 1 and 5 years	Due after 5 years
Related party borrowings	232	513	-	-
Bank borrowings	237	7	1,320	-
Commercial paper	618	142	-	-
EMTN	17	124	2,351	-
Collateral deposits received	101	-	-	-
Total	1,205	786	3,671	-

Critical Accounting Estimates

The Company has identified the estimates below as critical to its business operations and the understanding of its results of operations. The evaluation of the factors used in determining the Company's critical accounting estimates involves significant assumptions, complex analysis, and management judgment. Changes in the evaluation of these factors may significantly impact the financial statements. Different assumptions or changes in economic circumstances could result in additional changes to the determination of the Company's results of operations and financial condition.

Derivative Instruments

The Company manages its exposure to market risks such as interest rate and foreign exchange risks with derivative instruments. These instruments include interest rate swaps, cross-currency swaps, and foreign currency contracts. The Company's use of derivatives is limited to the management of interest rate and foreign exchange risks.

Nature of Estimates and Assumptions Required

Management determines the application of derivatives accounting through the identification of hedging instruments, hedged items, and the nature of the risk being hedged, as well as the methodology used to assess the hedging instrument's effectiveness. The fair values of the Company's derivative financial instruments are calculated by applying standard valuation techniques, such as discounted cash flow analysis employing readily available market data, including interest rates, foreign exchange rates, and volatilities. However, considerable judgment is required in interpreting market data to develop estimates of fair value; therefore, the estimates are not necessarily indicative of the amounts that could be realised or would be paid in a current market exchange.

Employees

At 31 March 2013, the Company had 10 employees and 2 of them were seconded from Toyota affiliates.

The number of the Company's employees has increased by 1 over the twelve months to 31 March 2013.

The Company has no unionised employees in the Netherlands. The Company has not experienced any strikes or other labour disturbance that have interfered with its operations since its inception, and the Company believes that the relationship among its management and its employees is good.

(B) Risks and Uncertainties facing the Company

The Company's principal activity is to act as a group finance company for some of TMC's consolidated subsidiaries. The Company raises funds by issuing bonds and notes in the international capital markets which have the benefit of the credit support arrangements stated below (see "*Controlling Shareholder – Credit Ratings and Credit Support*") and from other sources and on-lends to other Toyota companies. The Company also issues guarantees for debt issuances of certain other Toyota companies and such guarantees issued by the Company also have the benefit of the same credit support arrangements. The Company's role as a financing vehicle exposes it to a variety of financial risks that include credit risk, liquidity risk, interest rate risk and foreign currency exchange rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on its financial performance of those risks by matching foreign currency assets and liabilities and through the use of financial instruments, including interest rate swaps, cross-currency swaps and foreign currency contracts, to manage interest rate and foreign currency risk.

The Company has no control over how the other Toyota companies to which TMF on-lends funds source their financing. The Company competes with other providers of finance to such Toyota companies and any increases in competitive pressures, such as cost of funding, could have an adverse impact on the Company's financing volume, revenues and margins. Further, the financial condition of such consolidated subsidiaries of TMC to which the Company on-lends funds or provides guarantees in respect of their borrowings, may have an impact on the financial services the Company provides to such Toyota companies. This could have an adverse impact on the Company's financial condition and results of operations.

Each of the Company, the TFS group and Toyota may be exposed to certain risks and uncertainties that could have a material adverse impact directly or indirectly on its financial condition and results of operations:

General Business, Economic and Market Conditions

Market conditions are subject to periods of volatility which can have the effect of reducing activity in a range of consumer and industry sectors which can adversely impact the financial performance of the Company. Elevated levels of market disruption and volatility, including in the United States and in Europe, could increase the Company's cost of capital and adversely affect its ability to access the international capital markets and fund its business in a similar manner, and at a similar cost, to the funding raised in the past. Challenging market conditions may result in less liquidity, greater volatility, widening of credit spreads and lack of price transparency in credit markets. Changes in investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments, will affect (directly or indirectly) the financial performance of the Company.

If there is a continued and sustained period of market disruption and volatility:

- there can be no assurance that the Company will continue to have access to the capital markets in a similar manner and at a similar cost as it has had in the past;

- issues of debt securities by the Company may be undertaken at spreads above benchmark rates that are greater than those on similar issuances undertaken during the prior several years;
- the Company may be subject to over reliance on a particular funding source or a simultaneous increase in funding costs across a broad range of sources; and
- the ratio of the Company's short-term debt outstanding to total debt outstanding may increase if negative conditions in the debt markets lead the Company to replace some maturing long-term liabilities with short-term liabilities (for example, commercial paper).

Any of these developments could have an adverse effect on the Company's financial condition and results of operations.

Recalls and Other Related Announcements

Beginning in the latter part of the financial year ended 31 March 2010, Toyota Motor Sales, USA., Inc. and Toyota Canada Inc. announced several recalls and temporary suspensions of sales and production of certain Toyota and Lexus models. In September 2010, Toyota Motor Corporation Australia Limited also announced a safety recall in respect of certain Toyota models.

A decrease in the level of sales, including as a result of the actual or perceived quality, safety or reliability of Toyota, Lexus and Scion vehicles, will have a negative impact on the level of the Company's financing volume. Further, certain of Toyota Motor Credit Corporation's ("**TMCC**") affiliated entities and Toyota Canada Inc., are currently subject to litigation and certain of TMCC's affiliated entities are currently subject to governmental investigations, including those by the U.S. Attorney for the Southern District of New York and the U.S. Securities and Exchange Commission and have or may become subject to fines or other penalties. These factors could affect sales of Toyota, Lexus and Scion vehicles and, accordingly, could have a negative effect on the Company's financial condition and results of operations.

Liquidity Risk

Liquidity risk is the risk arising from the inability to meet obligations when they are due in a timely manner. The TFS group's liquidity strategy (including that of the Company) is to maintain the capacity to fund assets and repay liabilities in a timely and cost-effective manner even in the event of adverse market conditions. An inability to meet obligations when they become due in a timely manner would have a negative impact on the Company's ability to refinance maturing debt and fund new asset growth and would have an adverse effect on its financial condition and results of operations.

Market Risk

Market risk is the risk that changes in market interest rates, foreign currency exchange rates and other relevant market parameters or prices cause volatility in the TFS group's (including the Company's) financial condition and/or results of operations and/or cash flow. The effect of an increase in market interest rates on the TFS group's income and capital (including that of the Company) could have an adverse effect on the TFS group's (including the Company's) business, financial condition and results of operations by increasing the rates some members of the TFS group may charge their customers and dealers, thereby affecting its competitive position. Market risk also includes the risk that the value of the investment portfolio of the TFS group could decline.

Senior management of the Company and TFS, where applicable, provide written principles for overall risk management, as well as policies covering specific areas, such as foreign currency exchange rate risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments. Risk management is carried out by various committees and departments based on charters or policies approved by senior management of the Company and TFS, where applicable.

The Company operates in the international capital markets to obtain debt funding to support its earning assets. Transactions may be denominated in foreign currencies, exposing the Company to foreign currency exchange rate risk arising from various currency exposures.

The Company has a policy requiring it to manage its foreign currency exchange rate risk against its functional currencies (Euro, Sterling, Japanese Yen and U.S. Dollars). The Company is required to hedge substantially all of its foreign currency exchange rate risk. Derivative financial instruments are entered into by the Company to economically hedge its exposure to foreign currency exchange rate risk.

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates and/or the value of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the effects of fluctuations in the prevailing levels of market interest rates as it borrows and lends at both floating and fixed rates. Derivative financial instruments are entered into by the Company to manage its exposure to interest rate risk.

Adverse changes in market interest rates and/or foreign currency exchange rates could affect the value of the derivative financial instruments entered into by the Company which could result in volatility in the Company's financial condition and/or results of operations. Changes in the fair value of derivatives, to the extent that they are not offset by the translation of the items economically hedged, may introduce volatility in the Company's income statement and produce anomalous results.

Possible Increase in Prevailing Market Interest Rates

An increase in the interest rates charged by the Company's lenders or available to the Company in the capital markets may adversely affect the Company's income.

Operational Risk

Operational risk is the risk of loss resulting from, among other factors, inadequate or failed processes, systems or internal controls, the failure to perfect collateral, theft, fraud, natural disasters or other catastrophes (including without limitation, explosions, fires, floods, earthquakes, terrorist attacks, riots, civil disturbances and epidemics). Operational risk can occur in many forms including, but not limited to, errors, business interruptions, failure of controls, inappropriate behaviour or misconduct by employees of, or those contracted to perform services for, the Company and vendors that do not perform in accordance with their contractual agreements. The Company is also exposed to the risk of inappropriate or inadequate documentation of contractual relationships. These events can potentially result in financial losses or other damages to the Company, including damage to reputation.

In addition, any upgrade or replacement of its transaction systems and treasury systems could have a significant impact on its ability to conduct its core business operations and increase the risk of loss resulting from disruptions of normal operating processes and procedures that may occur during the implementation of new information and transaction systems. These factors could have an adverse effect on the Company's financial condition and results of operations.

The Company also relies on a framework of internal controls designed to provide a sound and well-controlled operating environment. Due to the nature of its business and the challenges inherent in implementing control structures, problems may be identified in the future that could have a material effect on its financial condition and results of operations.

The Company strives to maintain appropriate levels of operational risk relative to its business strategies, competitive and regulatory environment, and markets in which it operates. Appropriate levels of insurance coverage are maintained for those operating risks that management of the Company agree should be protected through the purchase of insurance. Notwithstanding these control measures and insurance coverage, the Company remains exposed to operational risk. However, while the Company's approach to operational risk management is intended to mitigate such losses, management can provide no assurance that these problems will not have a material effect on the Company's financial condition and results of operations.

A security breach or a cyber attack could adversely affect the Company's operating results and financial condition

The Company relies on internal and external information and technological systems to manage its operations and is exposed to risk of loss resulting from breaches in the security or other failures of these systems. The Company collects and stores certain personal and financial information from customers and/or employees. Security breaches could expose the Company to a risk of loss of this information, regulatory scrutiny, actions and penalties, litigation, reputational harm and a loss of confidence that could potentially have an adverse impact on future business with current and potential customers.

The Company relies on encryption and authentication technology licensed from third parties to provide the security and authentication necessary to effect secure online transmission of confidential information from customers and employees. Advances in computer capabilities, new discoveries in the field of cryptography or other events or developments may result in a compromise or breach of the algorithms that the Company uses to protect sensitive customer transaction data. A party who is able to circumvent these security measures could misappropriate proprietary information or cause interruption to the operations of the Company. The Company may be required to expend capital and other resources to protect against such security breaches or cyber attacks or to alleviate problems caused by such breaches or attacks. The Company's security measures are designed to protect against security breaches and cyber attacks, but failure to prevent such security breaches and cyber attacks could subject the Company to liability, a decrease in profitability and damage to the reputation of the Company.

Counterparty Credit Risk

The Company has exposure to many different financial institutions and the Company routinely executes transactions with counterparties in the financial industry. The Company's debt, derivative and investment transactions, and its ability to borrow under committed and uncommitted credit facilities, could be adversely affected by the actions and commercial soundness of other financial institutions. Deterioration of social, political, employment or economic conditions in a specific country or region, such as uncertainties relating to European economic conditions, sovereign and non-sovereign debt and the banking sector, may also adversely affect the ability of financial institutions, including the Company's derivative counterparties and lenders, to perform their contractual obligations. Financial institutions are interrelated as a result of trading, clearing, lending or other relationships and, as a result, financial and political difficulties in one country or region may adversely affect financial institutions in other jurisdictions, including those with which the Company has relationships. The failure of any of the financial institutions and other counterparties to which the Company has exposure, directly or indirectly, to perform their contractual obligations, and any losses resulting from that failure, may materially and adversely affect the Company's liquidity, financial condition and results of operations.

Regulatory Risk

Regulatory risk is the risk arising from the failure or alleged failure to comply with applicable regulatory requirements and the risk of liability and other costs imposed under various laws and regulations, including changes in applicable law, regulation and regulatory guidance.

Competition

The worldwide financial services industry is highly competitive and the TFS group has no control over how Toyota dealers source financing for their customers. Competitors of the TFS group (including those of the Company) include commercial banks, credit unions and other financial institutions. To a lesser extent, the TFS group competes with other motor vehicle manufacturers' affiliated finance companies.

Increases in competitive pressures could have an adverse impact on the TFS group's contract volume, market share, revenues and margins. Further, the financial condition and viability of competitors and peers of the TFS group may have an impact on the financial services industry in which the TFS group operates, resulting in changes in demand for their products and services. This could have an adverse impact on the TFS group's financial condition and results of operations.

Controlling Shareholder – Credit Ratings and Credit Support

All of the outstanding capital stock and voting stock of the Company is owned directly or indirectly by TFS. TFS is a wholly-owned holding company subsidiary of TMC.

As a result, TFS effectively controls the Company and is able to directly control the composition of the Company's Board of Managing Directors and direct the management and policies of the Company.

The Company raises most of the funding it requires to support its business from the domestic and international capital markets. The cost and availability of that funding is influenced by credit ratings. Lower credit ratings generally result in higher borrowing costs as well as reduced access to capital markets. Credit ratings are not recommendations to buy, sell, or hold securities and are subject to revision or withdrawal at any time by the assigning nationally recognised statistical rating organisation ("**NRSRO**"). Each NRSRO may have different criteria for evaluating risk, and therefore ratings should be evaluated independently for each NRSRO.

The credit ratings for notes, bonds and commercial paper issued by the Company, depend, in large part, on the existence of the credit support arrangements with TFS and TMC and on the financial condition and results of operations of TMC and its consolidated subsidiaries. If these arrangements (or replacement arrangements acceptable to the rating agencies) are not available to the Company, or if the credit ratings of TMC and TFS as credit support providers were lowered, the credit ratings for notes, bonds and commercial paper issued by the Company would be adversely impacted.

Credit rating agencies which rate the credit of TMC and its affiliates, including TFS and the Company, may qualify or alter ratings at any time. Global economic conditions and other geopolitical factors may directly or indirectly affect such ratings. Any downgrade in the sovereign credit ratings of the United States or Japan may directly or indirectly have a negative effect on the ratings of TMC and the Company. Downgrades or placement on review for possible downgrades could result in an increase in borrowing costs as well as reduced access to international unsecured debt capital markets. These factors would have a negative impact on the Company's competitive position, financial condition and results of operations.

The credit support arrangements may be amended, provided that such amendment does not have any adverse effects upon any holder of any notes, bonds, commercial paper or certain other securities issued by the Company outstanding at the time of such amendment, and does not require the acceptance of the rating agencies. If the Company for any reason does not have the benefit of these arrangements, the Company would expect the credit ratings of notes, bonds and commercial paper issued by it to be substantially less than the current ratings of notes, bonds and commercial paper issued by it, leading to either significantly constrained access, or no access, to the domestic or international capital markets, substantially higher borrowing costs and potentially an inability to raise the volume of funding necessary for it to operate its business.

Business Risk

Business risk is the risk that the businesses are not able to cover their ongoing expenses with ongoing income subsequent to the event of a major market contraction. The TFS group's business, through its financial subsidiaries (including the Company) and affiliates is substantially dependent upon the sale of Toyota, Lexus and Scion vehicles and its ability to offer competitive financing and insurance products. Factors in relation to the sale of new and used vehicles which would impact the level of financing volume, insurance volume and the TFS group's results of operations, include changes resulting from governmental action, changes in consumer demand, changes in economic conditions, recalls, the actual or perceived quality, safety or reliability of Toyota, Lexus and/or Scion vehicles, decreased or delayed vehicle production due to natural disasters, supply chain interruptions or other events, changes in the level of sponsored subsidy and incentive programmes, increased competition, changes in the effectiveness of motor vehicle dealers selling Toyota, Lexus and/or Scion vehicles relative to those selling vehicles of other makes, changes in pricing of imported units due to currency fluctuations or other reasons, significant increases in fuel prices which may adversely affect sales in the larger Toyota, Lexus and/or Scion vehicle range (but may increase sales in the smaller Toyota passenger vehicle range). Further, a significant and sustained increase in fuel prices could decrease new and used vehicle purchases, thereby reducing the demand for motor vehicle retail and wholesale financing.

Impact of Changes to Accounting Standards

The International Accounting Standards Board ("**IASB**") is continuing its programme to develop new accounting standards where it perceives they are required and to rewrite existing standards where it perceives they can be improved. In particular, the IASB and the Financial Accounting Standards Board in the United States continue to work together to harmonise the accounting standards of the United States and IFRS. Any future change in IFRS may have a beneficial or detrimental impact on the reported earnings of the Company, where they are adopted by the IASB.

Changes to Laws, Regulations or Government Policies

Changes to the laws of the Netherlands, regulations or to the policies of national governments (federal, state, provincial or local) of any jurisdiction in which the Company conducts its business or of any other national governments (federal, state, provincial or local) or international organisations (and the actions flowing from such changes to policies) may have a negative impact on the Company's business or require significant expenditure by it, or significant changes to its processes and procedures, to ensure compliance with those laws, regulations or policies so that it can effectively carry on its business.

Taxation

The Company is subject to numerous tax laws and is required to remit many different types of tax revenues based on self assessment and regulation. The Company interprets the tax legislation and accounts to the authorities based on its knowledge of the tax laws at the time of its assessment. Tax laws, or the interpretation thereof, are subject to change through legislation, tax rulings or court interpretation. Changes to the application or interpretation of tax laws may adversely impact the Company's financial condition and results of operations.

The Company may also be subject to an audit by tax authorities after its self assessment. If the Company has not accounted correctly for its tax liabilities, this may adversely impact the Company's financial condition and results of operations.

Legal Proceedings

The TFS group is and may be subject to various legal actions, governmental proceedings and other claims arising in the ordinary course of business. A negative outcome in one or more of these legal proceedings may adversely affect the TFS group's financial condition and results of operations.

Industry and Business Risks – Toyota

The worldwide automotive market is highly competitive

The worldwide automotive market is highly competitive. Toyota faces intense competition from automotive manufacturers in the markets in which it operates. Although the global economy is gradually recovering, competition in the automotive industry has further intensified amidst difficult overall market conditions. In addition, competition is likely to further intensify in light of further continuing globalisation in the worldwide automotive industry, possibly resulting in further industry reorganisation. Factors affecting competition include product quality and features, safety, reliability, fuel economy, the amount of time required for innovation and development, pricing, customer service and financing terms. Increased competition may lead to lower vehicle unit sales, which may result in a further downward price pressure and adversely affect Toyota's financial condition and results of operations. Toyota's ability to adequately respond to the recent rapid changes in the automotive market and to maintain its competitiveness will be fundamental to its future success in existing and new markets and to maintain its market share. There can be no assurances that Toyota will be able to compete successfully in the future.

The worldwide automotive industry is highly volatile

Each of the markets in which Toyota competes has been subject to considerable volatility in demand. Demand for vehicles depends to a large extent on social, political and economic conditions in a given market and the introduction of new vehicles and technologies. As Toyota's revenues are derived from sales in markets worldwide, economic conditions in such markets are particularly important to Toyota. In Japan, while there continues to be some signs of weakness, the economic environment is gradually recovering. In the United States, economic conditions are recovering moderately due to factors such as increased consumer spending. However, in Europe, the economic environment continues to remain stagnant due to the ongoing sovereign debt crisis, and the rate of economic growth is slowing down in emerging economies. Such shifts in demand for automobiles are continuing, and it is unclear how this situation will transition in the future. Toyota's financial condition and results of operations may be adversely affected if the shifts in demand continues or progresses further. Demand may also be affected by factors directly impacting vehicle price or the cost of purchasing and operating vehicles such as sales and financing incentives, prices of raw materials and parts and components, cost of fuel and governmental regulations (including tariffs, import regulation and other taxes). Volatility in demand may lead to lower vehicle unit sales, which may result in downward price pressure and adversely affect Toyota's financial condition and results of operations.

Toyota's future success depends on its ability to offer new, innovative, competitively priced products that meet customer demand on a timely basis

Meeting customer demand by introducing attractive new vehicles and reducing the amount of time required for product development are critical to automotive manufacturers. In particular, it is critical to meet customer demand with respect to quality, safety and reliability. The timely introduction of new vehicle models, at competitive prices, meeting rapidly changing customer preferences and demand is more fundamental to Toyota's success than ever, as the automotive market is rapidly transforming in light of the changing global economy. There is no assurance, however, that Toyota will adequately and appropriately respond to changing customer preferences and demand with respect to quality, safety, reliability, styling and other features in a timely manner. Even if Toyota succeeds in perceiving customer preferences and demand, there is no assurance that Toyota will be capable of developing and manufacturing new, price competitive products in a timely manner with its available technology, intellectual property, sources of raw materials and parts and components, and production capacity, including cost reduction capacity. Further, there is no assurance that Toyota will be able to implement capital expenditures at the level and times planned by management. Toyota's inability to develop and offer products that meet customers' preferences and demand with respect to quality, safety, reliability, styling and other features in a timely manner could result in a lower market share and reduced sales volumes and margins, and may adversely affect Toyota's financial condition and results of operations.

Toyota's ability to market and distribute effectively is an integral part of Toyota's successful sales

Toyota's success in the sale of vehicles depends on its ability to market and distribute effectively based on distribution networks and sales techniques tailored to the needs of its customers. There is no assurance that Toyota will be able to develop sales techniques and distribution networks that effectively adapt to changing customer preferences or changes in the regulatory environment in the major markets in which it operates. Toyota's inability to maintain well developed sales techniques and distribution networks may result in decreased sales and market share and may adversely affect its financial condition and results of operations.

Toyota's success is significantly impacted by its ability to maintain and develop its brand image

In the highly competitive automotive industry, it is critical to maintain and develop a brand image. In order to maintain and develop a brand image, it is necessary to further increase customers' confidence by providing safe, high quality products that meet customer preferences and demand. If Toyota is unable to effectively maintain and develop its brand image as a result of its inability to provide safe, high quality products or as a result of the failure to promptly implement safety measures such as recalls when necessary, vehicle unit sales and/or sale prices may decrease, and as a result revenues and profits may not increase as expected or may decrease, adversely affecting its financial condition and results of operations.

Toyota relies on suppliers for the provision of certain supplies including parts, components and raw materials

Toyota purchases supplies including parts, components and raw materials from a number of external suppliers located around the world. For some supplies, Toyota relies on a single supplier or a limited number of suppliers, whose replacement with another supplier may be difficult. Inability to obtain supplies from a single or limited source supplier may result in difficulty obtaining supplies and may restrict Toyota's ability to produce vehicles. Furthermore, even if Toyota were to rely on a large number of suppliers, first-tier suppliers with whom Toyota directly transacts may in turn rely on a single second-tier supplier or limited second-tier suppliers. Toyota's ability to continue to obtain supplies from its suppliers in a timely and cost-effective manner is subject to a number of factors, some of which are not within Toyota's control. These factors include the ability of Toyota's suppliers to provide a continued source of supply, and Toyota's ability to effectively compete and obtain competitive prices from suppliers. A loss of any single or limited source supplier or inability to obtain supplies from suppliers in a timely and cost-effective manner could lead to increased costs or delays or suspensions in Toyota's production and deliveries, which could have an adverse effect on Toyota's financial condition and results of operations.

The worldwide financial services industry is highly competitive

The worldwide financial services industry is highly competitive. Increased competition in automobile financing may lead to decreased margins. A decline in Toyota's vehicle unit sales, an increase in residual value risk due to lower used vehicle price, an increase in the ratio of credit losses and increased funding costs are factors which may impact Toyota's financial services operations. If Toyota is unable to adequately respond to the changes and competition in automobile financing, Toyota's financial services operations may adversely affect its financial condition and results of operations.

Toyota's operations and vehicles rely on various digital and information technologies

Toyota depends on various information technology networks and systems, some of which are managed by third parties, to process, transmit and store electronic information, including sensitive data, and to manage or support a variety of business processes and activities, including manufacturing, research and development, supply chain management, sales and accounting. In addition, Toyota's vehicles may rely on various digital and information technologies, including information service and driving assistance functions. Despite security measures, Toyota's digital and information technology networks and systems may be vulnerable to damage, disruptions or shutdowns due to attacks by hackers, computer viruses, breaches due to unauthorised use, errors or malfeasance by employees and others who have or gain access to the networks and systems Toyota depends on, service failures or bankruptcy of third parties such as software development or cloud computing vendors, power shortages and outages, and utility failures or other catastrophic events like natural disasters. Such incidents could materially disrupt critical operations, disclose sensitive data, interfere with information services and driving assistance functions in Toyota's vehicles, and/or give rise to legal claims or proceedings, liability or regulatory penalties under applicable laws, which could have an adverse effect on Toyota's brand image and its financial condition and results of operations.

Financial Market and Economic Risks – Toyota

Toyota's operations are subject to currency and interest rate fluctuations

Toyota is sensitive to fluctuations in foreign currency exchange rates and is principally exposed to fluctuations in the value of the Japanese yen, the U.S. dollar and the euro and, to a lesser extent, the Australian dollar, the Russian ruble, the Canadian dollar and the British pound. Toyota's consolidated financial statements, which are presented in Japanese yen, are affected by foreign currency exchange fluctuations through translation risk, and changes in foreign currency exchange rates may also affect the price of products sold and materials purchased by Toyota in foreign currencies through transaction risk. In particular, strengthening of the Japanese yen against the U.S. dollar can have an adverse effect on Toyota's operating results.

Toyota believes that its use of certain derivative financial instruments including foreign exchange forward contracts and interest rate swaps and increased localised production of its products have reduced, but not eliminated, the effects of interest rate and foreign currency exchange rate fluctuations. Nonetheless, a negative impact resulting from fluctuations in foreign currency exchange rates and changes in interest rates may adversely affect Toyota's financial condition and results of operations.

High prices of raw materials and strong pressure on Toyota's suppliers could negatively impact Toyota's profitability

Increases in prices for raw materials that Toyota and Toyota's suppliers use in manufacturing their products or parts and components such as steel, precious metals, non-ferrous alloys including aluminium, and plastic parts, may lead to higher production costs for parts and components. This could, in turn, negatively impact Toyota's future profitability because Toyota may not be able to pass all those costs on to its customers or require its suppliers to absorb such costs.

The downturn in the financial markets could adversely affect Toyota's ability to raise capital

Should the world economy suddenly deteriorate, a number of financial institutions and investors will face difficulties in providing capital to the financial markets at levels corresponding to their own financial capacity, and, as a result, there is a risk that companies may not be able to raise capital under terms that they would expect to receive with their creditworthiness. If Toyota is unable to raise the necessary capital under appropriate conditions on a timely basis, Toyota's financial condition and results of operations may be adversely affected.

Political, Regulatory, Legal and Other Risks – Toyota

The automotive industry is subject to various governmental regulations

The worldwide automotive industry is subject to various laws and governmental regulations including those related to vehicle safety and environmental matters such as emission levels, fuel economy, noise and pollution. In particular, automotive manufacturers such as Toyota are required to implement safety measures such as recalls for vehicles that do not or may not comply with the safety standards of laws and governmental regulations. In addition, Toyota may, in order to reassure its customers of the safety of Toyota's vehicles, decide to voluntarily implement recalls or other safety measures even if the vehicle complies with the safety standards of relevant laws and governmental regulations. Many governments also impose tariffs and other trade barriers, taxes and levies, or enact price or exchange controls. Toyota has incurred, and expects to incur in the future, significant costs in complying with these regulations. If Toyota launches products that result in safety measures such as recalls, Toyota may incur various costs including significant costs for free repairs. Furthermore, new legislation or changes in existing legislation may also subject Toyota to additional expenses in the future. If Toyota incurs significant costs related to implementing safety measures or meeting laws and governmental regulations, Toyota's financial condition and results of operations may be adversely affected.

Toyota may become subject to various legal proceedings

As an automotive manufacturer, Toyota may become subject to legal proceedings in respect of various issues, including product liability and infringement of intellectual property. Toyota may also be subject to legal proceedings brought by its shareholders and governmental proceedings and investigations. Toyota is in fact currently subject to a number of pending legal proceedings and government investigations. A negative outcome in one or more of these pending legal proceedings could adversely affect Toyota's financial condition and results of operations.

Toyota may be adversely affected by natural calamities, political and economic instability, fuel shortages or interruptions in social infrastructure, wars, terrorism and labour strikes

Toyota is subject to various risks associated with conducting business worldwide. These risks include natural calamities, political and economic instability, fuel shortages, interruption in social infrastructure including energy supply, transportation systems, gas, water or communication systems resulting from natural hazards or technological hazards, wars, terrorism, labour strikes and work stoppages. Should the major markets in which Toyota purchases materials, parts and components and supplies for the manufacture of Toyota products or in which Toyota's products are produced, distributed or sold be affected by any of these events, it may result in disruptions and delays in the operations of Toyota's business. Should significant or prolonged disruptions or delays related to Toyota's business operations occur, it may adversely affect Toyota's financial condition and results of operations.

2. **Annual Report & Financial Statements for the financial year ended 31 March 2013 and Auditor's Report**

The Annual Report & Financial Statements are to be adopted by the Annual General Meeting to be held on 9 August 2013

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

Annual Report & Financial Statements for the year ended 31 March 2013

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BOARD OF MANAGEMENT

Eiji Hirano
Yoriyuki Hirayama
Naoki Kojima
TMF Netherlands B.V.

Report of the Board of Management for the year ended 31 March 2013

The Board of Management submits herewith its report and the Financial Statements of Toyota Motor Finance (Netherlands) B.V. ("the Company") for the year ended 31 March 2013. The Financial Statements are set out on pages 5 to 39.

Overview of activities

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

A profit of € 17.4 million was earned in the year compared to a loss of € 7.3 million for the year ended 31 March 2012.

At the balance sheet date, a total equivalent amount of € 5,110 million had been lent to related companies, compared to € 4,918 million at 31 March 2012.

Gross profit for the year decreased to € 13.6 million from € 14.7 million for the year ended 31 March 2012. The profit before tax for the year of € 23.0 million compares to a loss before tax of € 10.0 million for the year ended 31 March 2012. The change from loss to profit is primarily due to mark to market gains on derivatives. The slight reduction of gross profit is mainly resulting from increased competition from alternative providers of funding to group companies. The interest driven mark to market gains on derivatives are caused by the relative decline in other currencies interest rates compared to the interest rates of the euro and by foreign currency adjustments on assets and liabilities. More details of the reasons for the volatility of the Company's results are given in Note 10 of the Notes to the Financial Statements.

During the year the Company has increased the proportion of funds from the capital markets, mainly by increasing EMTN funding. At 31 March 2013, there are net current assets of € 650 million, compared to net current assets of € 30 million for the year ending 31 March 2012.

The nature of the activities of the Company has remained unchanged during 2012/2013 from the prior year, and there have been no significant events since the balance sheet date.

Risk management

The Board of Management utilises a risk management policy and receives regular reports from the business to enable prompt identification of financial risks so that appropriate actions may be taken. The Company employs written policy and procedures that sets out specific guidelines to manage foreign exchange risk, interest rate risk, credit risk and the use of financial instruments to manage these. Please refer to note 33 to the financial statements where the Company has explained its use of financial instruments.

Composition of the Board

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

Future outlook

It is expected that the nature of the activities of the Company will remain unchanged during the year to 31 March 2014. Future financial performance is expected to be profitable and will depend largely on the net interest margin earned on loans to Toyota group companies and changes in value of derivatives entered into for risk management purposes.

24 July 2013

Board of Management

Eiji Hirano

Yoriyuki Hirayama

Naoki Kojima

TMF Netherlands B.V.

Statement of comprehensive income for the year ended 31 March 2013

	Note	2013 €'000	2012 €'000
Interest income	5	103,093	111,034
Guarantee fee income	6	2,980	1,189
Revenue		106,073	112,223
Interest expense	7	(87,085)	(95,290)
Fee expenses	8	(5,423)	(2,219)
Cost of funding		(92,508)	(97,509)
Gross profit		13,565	14,714
Administration expenses	9	(3,967)	(3,776)
Net gains / (losses)	10	13,349	(21,015)
Dividend income	11	46	89
Profit before tax		22,993	(9,988)
Taxation	13	(5,603)	2,672
Profit / (loss) for the year		17,390	(7,316)
Other comprehensive income for the year, net of tax:			
Fair value gains / (losses) on available for sale investments	29	(11)	68
Total comprehensive income for the year		17,379	(7,248)
Attributable to:			
Owners of the parent		**17,379**	**(7,248)**

The notes on pages 9 to 37 are an integral part of these financial statements

Statement of financial position as at 31 March 2013

	Note	2013 €'000	2012 €'000
Assets			
Current assets			
Loans to related companies	14	2,332,176	2,141,835
Other receivables	20	12,669	2,998
Current tax assets	21	1,183	953
Derivative financial instruments	16	232,192	285,495
Cash and cash equivalents	22	322	201,519
Total current assets		2,578,542	2,632,800
Non-current assets			
Loans to related companies	14	2,778,066	2,776,163
Available-for-sale investment - related company	15	811	822
Property, plant and equipment	17	49	67
Intangible assets	18	4	7
Deferred tax assets	19	-	826
Total non-current assets		2,778,930	2,777,885
Liabilities			
Current liabilities			
Borrowings	23	1,695,529	2,316,230
Derivative financial instruments	16	124,450	109,418
Financial guarantee liability	24	3,743	2,268
Other liabilities and accrued expense	25	104,672	174,473
Bank overdraft	22	9	28
Total current liabilities		1,928,403	2,602,417
Net current assets / (liabilities)		650,139	30,383
Non-current liabilities			
Borrowings	23	3,310,453	2,709,794
Deferred tax liabilities	19	2,763	-
Total non-current liabilities		3,313,216	2,709,794
Net assets		**115,853**	**98,474**
Shareholder's equity			
Equity attributable to owners of the parent			
Share capital	27	908	908
Retained earnings	28	114,888	97,498
Fair value reserve	29	57	68
Total shareholder's equity		**115,853**	**98,474**

The notes on pages 9 to 37 are an integral part of these financial statements

Statement of changes in equity for the year ended 31 March 2013

	Note	Share Capital €'000	Retained Earnings €'000	Fair Value Reserves €'000	Total €'000
Balance at 31 March 2011		908	104,814	-	105,722
Fair value gains / (losses)		-	-	68	68
Loss for the year		-	(7,316)	-	(7,316)
Balance at 31 March 2012		908	97,498	68	98,474
Fair value gains / (losses)	29	-	-	(11)	(11)
Profit for the year	28	-	17,390	-	17,390
Balance at 31 March 2013		**908**	**114,888**	**57**	**115,853**

The notes on pages 9 to 37 are an integral part of these financial statements

Statement of cash flows for the year ended 31 March 2013

	Note	2013 €'000	2012 €'000
Cash flow from operating activities			
Cash used in operations	32	(269,784)	(443,809)
Interest received		107,494	115,764
Interest paid		(91,099)	(84,368)
Tax paid		(2,244)	(3,657)
Net cash used in operating activities		(255,633)	(416,070)
Cash flow from investing activities			
Purchase of equipment and software		-	(78)
Dividend income	11	46	89
Net cash generated from investing activities		46	11
Cash flow from financing activities			
Proceeds from borrowings		14,117,412	12,014,243
Repayment of borrowings		(14,063,063)	(11,465,266)
Net cash generated from financing activities		54,349	548,977
Net (decrease) / increase in cash and cash equivalents		(201,238)	132,918
Cash and cash equivalents at the beginning of the year		201,491	70,303
Exchange gains / (losses) on cash and cash equivalents		60	(1,730)
Cash and cash equivalents at the end of the year	22	**313**	**201,491**

The notes on pages 9 to 37 are an integral part of these financial statements

Notes to the Financial Statements

1. General information

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

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

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

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

The Financial Statements of the Toyota Motor Corporation can be obtained from 1 Toyota-Cho, Toyota City, Aichi 471-8171, Japan. The Financial Statements of the Toyota Financial Services Corporation can be obtained from Nagoya Lucent Tower, 15F, 6-1 Ushijima-chou, Nishi-Ku, Nagoya, 451-6015, Japan.

These financial statements have been approved for issue by the Board of Management on 24 July 2013.

2. Summary of significant accounting policies

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

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

Basis of preparation

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

New and amended standards adopted by the Company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the year beginning on or after 1 April 2012 that would be expected to have a material impact on the Company.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2012 and not early adopted

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The standard is not applicable until 1 January 2015 but is available for early adoption. However the standard has not yet been endorsed by the European Union.

- IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard is not applicable until 1 January 2013 but is available for early adoption.

- IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company has yet to assess IFRS13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU.

Amendment to IAS1, 'Financial statement presentation', regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The effective date of the amendment was 1 July 2012.

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The effective date of the amendment was 1 January 2013.

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

Segmental reporting

The single operating segment is reported in a manner consistent with the internal reporting provided to management.

Foreign currency

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, in Net gains / (losses).

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

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

Financial assets

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

a) Loans and receivables

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

b) Available-for-sale financial assets

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

c) Held to maturity financial assets

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

d) Financial assets at fair value through profit or loss

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into are subsequently corrected at fair value. Transaction costs are expensed in the income statement. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Currently none of the Company’s derivatives have been designated as hedging instruments. Consequently, all changes in the fair value of any derivative instruments, net of accrued interest on derivatives, are recognised immediately in the income statement, within net gains / (losses). Accrued interest on derivatives is recorded in the income statement within “interest expense and similar charges”.

Impairment of financial assets

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

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

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

basis of current observable data, to reflect the effects of current conditions not affecting the period of historical experience.

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

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

Property, plant and equipment

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

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

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

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

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

Intangible assets

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

Amortisation is charged to profit or loss on a straight-line basis over the asset’s estimated useful life and is included in “Depreciation and amortisation”.

The estimated useful economic lives are as follows:

- Computer software: 5 years

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

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

Impairment of non-financial assets

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

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

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

Cash and cash equivalents

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

Cash and cash equivalents are measured at amortised cost.

Borrowings

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

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

Taxation

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

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

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

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

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

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

Guarantees

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

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

The Company applies the market swap rates as the applicable discount factor on the date of issue to the future estimated fee cash flows in determining the initial fair valuation.

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

Revenue recognition

Interest income

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

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

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

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

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

Guarantee fee income

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

Dividend income

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

3. Critical accounting estimates and judgements

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

3.1 Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price.

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

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

3.2 Initial valuation guarantee liability

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

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

A guarantee asset is recognised of an amount equal to the guarantee liability. Changes in the value of the guarantee liability are matched by equal changes in the value of the guarantee asset; since such changes have no impact on the Income Statement, no sensitivity analysis of the guarantee liability is included in the notes to the Financial Statements.

4. Segment information

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

Income can be categorized geographically as follows:

Income by area	**2013** **€'000**
Russia (group)	23,959
UK (group)	23,435
Norway (group)	15,168
Other countries (group)	43,262
Interest received from others	249
Total	**106,073**

Income by area	**2012** **€'000**
UK (group)	25,325
Germany (group)	20,902
Norway (group)	17,796
Other countries (group)	47,868
Interest received from others	332
Total	**112,223**

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

5. Interest income

Interest income	**2013** **€'000**	**2012** **€'000**
Interest income on loans to related companies	102,844	110,702
Interest income on deposits	227	284
Interest receivable (corporation tax)	19	17
Interest income on collateral deposits paid	3	31
Total	**103,093**	**111,034**

6. Guarantee fee income

The Company guarantees the debt of certain other Toyota Motor Corporation subsidiaries, for which it receives guarantee fee income. All guarantee fee income is from related parties. Guarantee fee income for the year 2013 was € 2,980,319 (2012: € 1,189,365).

7. Interest expense

Interest expense	**2013** **€'000**	**2012** **€'000**
Interest expense on loans from related parties	(8,585)	(12,706)
Interest expense from bank borrowing	(13,159)	(9,235)
Net interest on swap agreements	27,779	(1,817)
Interest charge on euro medium term notes	(88,957)	(64,669)
Interest expense on commercial paper	(3,080)	(5,236)
Interest component of foreign exchange derivative contracts	(743)	(1,143)
Interest on bank overdraft	(10)	-
Interest expense on collateral deposits received	(330)	(484)
Total	**(87,085)**	**(95,290)**

8. Fee expenses

The Company has the benefit of credit support agreements with Toyota Financial Services Corporation and Toyota Motor Corporation, for which it pays credit support fees based on the Company's debt issuance and guarantees issued to related parties. The credit support fees paid in the year to related parties were € 5,423,356 (2012: € 2,219,000).

9. Administration expenses

Administration expenses	**2013** **€'000**	**2012** **€'000**
Staff costs	(1,251)	(1,138)
Auditor's remuneration	(329)	(208)
Legal fees	(392)	(315)
Tax advisor fees	(38)	(26)
Rating annual fee	(80)	(120)
Commitment facility fee	(397)	(470)
Communication expense	(116)	(103)
Office rent	(121)	(76)
Other administration expenses	(1,223)	(1,301)
Depreciation of PPE and write off of PPE	(17)	(14)
Amortisation of intangible assets	(3)	(5)
Total	**(3,967)**	**(3,776)**

Other administration expenses include related party costs of € 739,185 (2012: € 638,728) for business services.

The Company had an average of 10 employees, 2 seconded and 8 local (2012: 9 employees, 3 seconded and 6 local) during the year.

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

Staff costs	**2013 €'000**	**2012 €'000**
Wages, salaries and bonuses (on accruals basis)	(1,130)	(1,054)
Social security costs	(70)	(46)
Pension costs (defined pension scheme on accruals basis)	(51)	(38)
Total	**(1,251)**	**(1,138)**

Payments to key management below consist of all payments and benefits to directors of the Company and include all payments to TMF Netherlands B.V., as a corporate director, for other services rendered to the Company (see note 30 Related-party transactions for details).

Compensation to key management	**2013 €'000**	**2012 €'000**
Short term employee benefits	(287)	(153)
Fees paid to corporate director	(34)	(30)
Total	**(321)**	**(183)**

Highest paid director	**2013 €'000**	**2012 €'000**
Emoluments highest paid director	(287)	(153)
Total	**(287)**	**(153)**

10. Net gains / (losses)

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

Net gains / (losses)	**2013 €'000**	**2012 €'000**
(Losses) / gains arising from foreign exchange rate movements		
Held for trading financial assets or liabilities at fair value through profit or loss	138,748	138,452
Loans and receivables at amortised cost	(13,507)	54,061
Financial liabilities initially designated at fair value through profit or loss	-	(3,238)
Financial liabilities measured at amortised cost	(126,246)	(184,847)
	(1,005)	4,428
Gains / (losses) arising from interest rate movements		
Held for trading financial assets or liabilities at fair value through profit or loss	14,354	(25,443)
Total	**13,349**	**(21,015)**

The Company issues loans to related parties, and debt to meet investor demand, in a number of currencies, and then swaps this lending and borrowing back into one of four funding books - US Dollar (USD), Pounds Sterling (GBP), Japanese Yen (JPY) and Euro (EUR) (as described in Note 33.2 'Foreign exchange risk').

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

The net gains and losses arising from foreign exchange rate movements arise from the Company's net foreign exposure to GBP, USD, and JPY (as shown in Note 33.2).

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

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

The change from € 25,443,000 loss on the derivatives due to interest rate movements for the year ending March 2012 to € 14,354,000 gain for the year ending March 2013 is caused by the relative larger decline in other currencies interest rates compared to the euro interest rates.

11. Dividend income

The Company received a dividend from Toyota Leasing (Thailand) Co. Ltd. of € 45,875 in the year (2012: € 89,228).

12. Auditor expenses

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

Auditor expenses	**2013 €'000**	**2012 €'000**
Audit - statutory	(111)	(110)
Audit - other assurance services	(218)	(98)
Total	**(329)**	**(208)**

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

13. Taxation

Taxation	**2013 €'000**	**2012 €'000**
Current		
Taxation on profit for the year	(2,316)	(3,643)
Prior period tax adjustment	302	382
	(2,014)	(3,261)
Deferred		
Origination / reversal of timing differences	(3,589)	5,933
Total	**(5,603)**	**2,672**

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

Reconciliation of tax charge	**2013 €'000**	**2012 €'000**
Profit before tax	22,993	(9,988)
Average applicable tax rate for the year	24.88%	24.93%
Tax calculated at domestic tax rates applicable	(5,721)	2,489
Change in tax rates on deferred tax balances	(17)	18
Irrecoverable withholding tax	(277)	(238)
Tax deduction on loans	100	-
Taxable expense	(1)	(1)
Non taxable income	11	22
Prior period tax adjustment	302	382
Total	**(5,603)**	**2,672**

The current tax rate is 25.00% for calendar year 2013 (2012: 25.0%, 2011: 25%) in the Netherlands.

14. Loans to related companies

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

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

Loans to related companies	**2013 €'000**	**2012 €'000**
Current loans to related companies	2,332,176	2,141,835
Non current loans to related companies	2,778,066	2,776,163
Total	**5,110,242**	**4,917,998**

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

Interest rates on group lending can be either fixed or floating. The interest range for group lending on 31 March 2013 was between 0.00543 and 9.60 percent per annum dependent on the currency of the loan.

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

15. Available-for-sale investment - related company

The Company owns 0.05% (2012: 0.10%) of the issued share capital of Toyota Leasing (Thailand) Co. Ltd. ("TLT"), a company domiciled in Thailand. TLT has issued share capital of 45 million shares (face value 1,000 Thai Bath (THB) per share) (2012: 23 million shares). Of the registered share capital of THB 45,000,000,000, THB 13,500,000,000 is fully paid up. The original cost of the investment in 1997 was € 750,000.

Management has assessed the fair value of the investment in TLT with reference to discounted cash flow modelling of TLT assets and liabilities, and by applying the current market interest rates and exchange rates prevailing on 31 March 2013. The investment in TLT shares at the balance sheet date is measured at fair value.

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

Investment in Toyota Leasing (Thailand) Co. Ltd.	**2013 €'000**	**2012 €'000**
Balance at the start of year	822	754
Fair value adjustment	(11)	68
Total	**811**	**822**

16. Derivative financial instruments

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

Derivative financial instruments - Assets	**2013 €'000**	**2012 €'000**
Interest swaps	11,686	16,067
Cross-currency swaps	201,419	255,894
Forward foreign currency contracts	19,087	13,534
Total	**232,192**	**285,495**

Derivative financial instruments - Liabilities	**2013 €'000**	**2012 €'000**
Interest swaps	18,252	20,865
Cross-currency swaps	105,957	84,739
Forward foreign currency contracts	241	3,814
Total	**124,450**	**109,418**

In accordance with IAS 39, "Financial instruments: Recognition and measurement", the Company has reviewed all contracts for embedded derivatives.

Derivative assets and liabilities are recognised at fair value through the Statement of comprehensive income. Derivative assets of € 232,192,428 and liabilities of € 124,450,080 are therefore shown as short term, irrespective of when the contract matures. This leads to volatility in current assets and current liabilities due to an accounting mismatch. Within the derivative assets, contracts for an amount of € 205,518,017 have a maturity date beyond 1 year and within the derivative liabilities contracts with a maturity date beyond one year amount to € 73,269,570.

17. Property, plant and equipment

Property, plant and equipment	**2013 Computer hardware and office equipment €'000**	**2012 Computer hardware and office equipment €'000**
Cost		
Cost b/fwd at 1 April 2012 / 2011	89	30
Additions	-	74
Disposals	-	(15)
Total	**89**	**89**
Depreciation		
Depreciation b/fwd at 1 April 2012 / 2011	23	19
Depreciation charge for the year	17	4
Total	**40**	**23**
Reconciliation at the beginning and end of the year		
Opening net book amount - at 1 April 2012 / 2011	67	11
Rounding	-	1
Closing net book amount - at 31 March 2013 / 2012	**49**	**67**

18. Intangible assets

Intangible assets	**2013 Computer software €'000**	**2012 Computer software €'000**
Cost		
Cost b/fwd at 1 April 2012 / 2011	25	22
Additions	-	3
Total	**25**	**25**
Amortisation		
Amortisation b/fwd at 1 April 2012 / 2011	18	13
Amortisation charge for the year	3	5
Total	**21**	**18**
Reconciliation at the beginning and end of the year		
Opening net book amount - at 1 April 2012 / 2011	7	9
Closing net book amount - at 31 March 2013 / 2012	**4**	**7**

19. Deferred tax

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

Deferred tax	**2013 €'000**	**2012 €'000**
Deferred tax b/fwd 1 April 2012 / 2011	826	(5,107)
Fair valuation of assets and liabilities through profit or loss	(3,589)	5,933
Total	**(2,763)**	**826**

Deferred tax assets have been recognised for all tax losses and other temporary differences giving rise to deferred tax assets, because it is probable that these assets will be recovered.

20. Other receivables

Other receivables	**2013 €'000**	**2012 €'000**
Deposit on rent	35	35
Prepaid rent	35	35
Collateral deposits paid	7,200	-
Other receivable	4	-
Related party receivable	1,639	647
Non related party receivable	13	13
Guarantee fee receivable	3,743	2,268
Total	**12,669**	**2,998**

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

21. Current taxes

Current taxes are charged based on the prevailing tax rates. The tax rates apply to calendar years and profit for the accounting year is therefore pro-rated between the two calendar years on a day-count basis to compute the effective tax rate. The current tax rates are 25.0% for calendar year 2013 (2012: 25.0%, 2011: 25.0%) in the Netherlands.
Corporation tax asset at 31 March 2013 is € 1,182,745 (2012: € 953,460 asset). The tax payments are made during the year in which the profits are earned on an estimated basis. The extent to which the final taxable charge differs from the original amount estimated, results in a current tax asset or liability due to over or under payment of tax respectively.

22. Cash and cash equivalents

Cash and cash equivalents	**2013 €'000**	**2012 €'000**
Cash at bank and in hand	173	85
Short-term bank deposits	148	201,433
Accrued interest on short term bank deposits	1	1
Cash and bank balances	322	201,519
Bank overdraft	(9)	(28)
Total	**313**	**201,491**

23. Borrowings

Borrowings	**2013 Current €'000**	**2013 Non-current €'000**	**2012 Current €'000**	**2012 Non-current €'000**
Euro commercial paper	759,217	-	623,946	-
Euro medium term notes	76,631	2,004,017	662,394	1,173,460
Loans payable group company	741,477	-	1,028,847	452,304
Loans payable bank	118,204	1,306,436	1,043	1,084,030
Financial borrowings at amortised cost	1,695,529	3,310,453	2,316,230	2,709,794
Financial borrowings designated at fair value	-	-	-	-
Total	**1,695,529**	**3,310,453**	**2,316,230**	**2,709,794**

The Company's principal borrowings are from a Euro short-term commercial paper programme, a long-term Euro medium term note programme, group borrowing and long term bank borrowing. Euro commercial paper is a short-term debt instrument normally issued at a discount and repaid at the face value. The Company can issue commercial paper with maturities between 1 day and 364 days. Interest rates on group and bank borrowings are floating and based on the relevant three months Libor plus spread. The interest range for group and bank borrowings on 31 March 2013 was between 0.53 and 0.91 percent per annum.

As at the 31 March 2013 there are current borrowings of € 1,699,529 (2012: € 2,316,230) and non-current borrowings of € 3,310,453 (2012: € 2,709,794,000).

Euro commercial paper (ECP) and plain vanilla Euro medium term notes (EMTN) are held at amortised cost. The payment cycle on fixed rate EMTN's is either semi-annual or annual. The Company is not exposed to significant interest rate risk as all fixed rate debt is swapped into a floating rate basis on a quarterly or semi-annual basis.

24. Financial guarantee liability

The financial guarantee liabilities are initially recognised at fair value and then subsequently held at the higher of the amortised fair value, using the effective interest rate for the guarantee, or the provision for guarantee liabilities as required by IAS 37. The current amortised fair value of guarantees outstanding is:
€ 3,743,356 (2012: € 2,268,083) and these relate only to guarantees issued in respect of debt issuance for other related group companies (see note 2).

The estimation of the initial fair value of the guarantees is subject to a significant level of management judgement and complexity, as the individual related group companies do not have a separate credit rating from that of the overall Toyota Motor Corporation group.

25. Other liabilities and accrued expenses

Other liabilities and accrued expenses	2013 €'000	2012 €'000
Collateral deposits received	101,200	172,100
Interest payable on collateral deposits	5	56
Related party accounts payable	2,980	1,878
Accrued administration expenses	437	359
Other accrued taxes	50	80
Total	**104,672**	**174,473**

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

26. Capital management

The Company's internal objectives when managing capital are:

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

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

Accounting equity is defined as the sum of issued share capital (see note 27) and retained earnings (see note 28).

During 2013 the Company's capital management strategy remained unchanged from 2012 and was to operate profitably and to add to retained reserves.

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

27. Share capital

Share capital	2013 €'000	2012 €'000
Authorised		
10,000 (2012: 10,000) ordinary shares of Euro 454 each	4,540	4,540
Issued and fully paid up		
2,000 (2012: 2,000) ordinary shares of Euro 454 each	908	908

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

28. Retained earnings

Retained earnings	**€'000**
At 1 April 2011	104,814
Loss for the year	(7,316)
At 31 March 2012	97,498
Profit for the year	17,390
At 31 March 2013	**114,888**

29. Fair value reserve

Fair value reserve	**€'000**
At 1 April 2011	-
Movement	
Gross unrealised gains on available-for-sale financial assets	68
At 31 March 2012	**68**
Gross unrealised losses on available-for-sale financial assets	(11)
At 31 March 2013	**57**

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

30. Related-party transactions

Parent and ultimate controlling party

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

Transactions with parent companies

During the year TFSC provided credit support to the Company in respect of group loans, debt issuance in the capital markets and related party guarantees. The fees charged were € 5,423,000 (2012: € 2,219,000) with € 2,737,000 (2012: € 1,145,000) outstanding at year end. The outstanding amount bears no interest and there are no fixed repayment terms.

Fellow subsidiaries

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

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

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

Toyota Financial Services (UK) PLC subsidiaries:-

Toyota Finance Finland Oy
Toyota Financial Services Czech s.r.o.
Toyota Financial Services Slovakia s.r.o.
Toyota Financial Services Danmark A/S
Toyota Financial Services Hungary Rt.

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

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

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

Toyota Kreditbank subsidiaries:-
Toyota Bank Polska S.A.
Toyota Leasing GmbH
Toyota Leasing Polska Sp.z o.o.
ZAO Toyota Bank

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

Transactions with fellow subsidiaries

Guarantees

The Company earned € 2,980,000 (2012: € 1,189,000) from fellow subsidiaries as guarantees fees. The amount relating to the guarantee fees that remained unpaid at year-end was
€ 1,636,000 (2012: € 644,000). The outstanding amount bears no interest and has not been impaired.

Dividends

The Company received € 46,000 (2012: € 89,000) in dividends as disclosed on note 11 on its unlisted investment in Toyota Leasing (Thailand) Co. Ltd.

Borrowings

The Company's borrowings from fellow subsidiaries during the year are shown below. At 31 March 2013, borrowings from other related companies are short and long term.

Loans from other related companies	**2013 €'000**	**2012 €'000**
Balance at the beginning of the year	1,481,152	1,371,922
Loans received during the year	2,046,701	2,348,633
Loans repaid during the year	(2,718,564)	(2,309,691)
Interest expense	8,585	12,706
Interest paid	(9,888)	(11,731)
Exchange revaluation of loans from related companies	(66,509)	69,313
Total	**741,477**	**1,481,152**

Lending

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

Loans to related companies	**2013 €'000**	**2012 €'000**
Balance at the beginning of the year	4,917,998	4,283,201
Loans advanced during the year	6,043,559	5,395,083
Loans received	(5,771,323)	(4,810,805)
Interest charged	102,844	110,702
Interest received	(107,245)	(115,431)
Exchange revaluation of related party company loans	(75,591)	55,248
Total	**5,110,242**	**4,917,998**

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

Directors

TMF Netherlands B.V., a trust company incorporated in the Netherlands, acts as a director of the Company.

Transactions with directors

TMF Netherlands B.V. provides certain administrative services to the Company. During the year TMF Netherlands B.V. was paid € 34,055 (2012: € 30,000) for services as a director and for administrative services. These amounts are included in Administration expenses (see note 9). The amount outstanding at year-end was € 6,521 (2012: € 1,300). The amount bears no interest and there are no fixed repayment terms.

Summary of related party payables included in other liabilities

Summary of related party payables included in other liabilities	**2013 €'000**	**2012 €'000**
Credit support fees payable to parent company	2,737	1,145
Business and administration services payable to related companies	236	732
Fees payable to TMF Netherlands B.V.	7	1
Total	**2,980**	**1,878**

Summary of guarantees and related party receivables

Summary of guarantees and related party receivables	**2013 €'000**	**2012 €'000**
Related party receivables for guarantees	1,636	644
Pre-payment for management fee	3	3
Total	**1,639**	**647**

Amounts receivable from related parties have not been impaired.

31. Contingent liabilities

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

The Company assesses the need for provisions by reviewing the net assets and profitability of the companies for the year ending 31 March 2013. The accounts of the respective debt issuers indicate that there is adequate net equity to cover the borrowings.

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

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

Contingent liabilities as at 31 March **Currency of debt guaranteed**	**2013** **€'000**	**2012** **€'000**
Malaysian Ringgit	117,121	106,483
Polish Zloty	-	-
Pounds Sterling	-	103,810
South African Rand	308,927	329,802
Thai Baht	1,596,326	1,126,125
Total	**2,022,374**	**1,666,220**

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

32. Cash generated / (used) from operations

Cash generated / (used) from operations	**2013** **€'000**	**2012** **€'000**
Net profit	17,390	(7,316)
Adjustments for:		
Depreciation and amortisation	20	19
Adjustment for loss on disposal of assets	-	5
Dividends received	(46)	(89)
Taxation	5,603	(2,672)
Interest income	(103,093)	(111,034)
Interest expense	87,085	95,290
Fair value unrealised gains and losses	81,989	(176,916)
Unrealised foreign exchange gains and losses	(8,500)	170,924
Changes in working capital:		
(Increase) / decrease in loans to related companies	(272,236)	(584,278)
(Increase) / decrease in other current assets	(8,196)	(52)
Increase / (decrease) in other current liabilities	(69,800)	172,310
Total	**(269,784)**	**(443,809)**

33. Financial risk management

33.1 Financial risk factors

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

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

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

33.2 Foreign exchange risk

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

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

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

Net exposure to foreign exchange risk	**2013 €'000**	**2012 €'000**
Sterling	60,362	49,691
US Dollar	7,189	11,056
Japanese Yen	4,623	584
Other	(358)	487
Total	**71,816**	**61,818**

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

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

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

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

	2013			2012		
	Income statement Gain/(Loss) €'000	**Unrealised reserve Gain/(Loss) €'000**	**Total net equity Gain/(Loss) €'000**	**Income statement Gain/(Loss) €'000**	**Unrealised reserve Gain/(Loss) €'000**	**Total net equity Gain/(Loss) €'000**
5 % Euro strengthening	4,675	3	4,678	8,137	3	8,140
5 % Euro weakening	(5,001)	(3)	(5,004)	(1,732)	(4)	(1,736)

33.3 Interest rate risk

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

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

This interest rate profile broadly matches that of the Company's intra-group loan assets either carrying variable coupons with a three month re-pricing or, where fixed for longer periods, are swapped into three month floating rates.
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Market risk measurement techniques - Interest rate Value at Risk (VaR)

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

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

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

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

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

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

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

	2013 Year High €'000	**2013 Year Low €'000**	**2013 Year Average €'000**	**2013 31 March Closing €'000**
Interest rate VaR	3,306	761	1,319	3,306

	2012 Year High €'000	2012 Year Low €'000	2012 Year Average €'000	2012 31 March Closing €'000
Interest rate VaR	1,424	209	679	1,148

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

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

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

Interest rate risk exposure at 31 March 2013	**Fixed rate €'000**	**Floating rate €'000**	**Non interest bearing €'000**	**Total €'000**
Non-current assets				
Loans to related companies	1,200,979	1,577,087	-	2,778,066
Available for sale investment – related company	-	-	811	811
Current assets				
Loans to related companies	526,353	1,805,823	-	2,332,176
Receivables from affiliated companies	-	-	1,722	1,722
Other financial assets at fair value through profit or loss	-	-	7,203	7,203
Other receivables – financial instruments only	-	-	-	-
Cash and cash equivalents	-	322	-	322
Current liabilities				
ECP	-	(759,217)	-	(759,217)
EMTN	(76,625)	(6)	-	(76,631)
Bank loans	-	(118,204)	-	(118,204)
Loans from related parties	-	(741,477)	-	(741,477)
Affiliated company accounts payable	-	-	(2,980)	(2,980)
Other liabilities and accrued expenses - financial instruments only	-	(101,205)	(487)	(101,692)
Bank overdraft	-	(9)	-	(9)
Non-current liabilities				
EMTN	(1,962,632)	(41,385)	-	(2,004,017)
Bank loans	-	(1,306,436)	-	(1,306,436)
Pre-derivative position (a)	(311,925)	315,293	6,269	9,637
Nominal value derivatives (b)	311,985	(204,370)	127	107,742
Net interest bearing asset / (liability) position (a)+(b)	**60**	**110,923**	**6,396**	**117,379**

Interest rate risk exposure at 31 March 2012	**Fixed rate €'000**	**Floating rate €'000**	**Non interest bearing €'000**	**Total €'000**
Non-current assets				
Loans to related companies	1,000,583	1,775,580	-	2,776,163
Available for sale investment – related company	-	-	822	822
Current assets				
Loans to related companies	437,621	1,704,214	-	2,141,835
Receivables from affiliated companies	-	-	692	692
Other financial assets at fair value through profit or loss	-	-	-	-
Other receivables – financial instruments only	-	-	2,306	2,306
Cash and cash equivalents	-	201,519	-	201,519
Current liabilities				
ECP	-	(623,946)	-	(623,946)
EMTN	(662,380)	(14)	-	(662,394)
Bank loans	-	(1,043)	-	(1,043)
Loans from related parties	-	(1,028,847)	-	(1,028,847)
Affiliated company accounts payable	-	-	(1,877)	(1,877)
Other liabilities and accrued expenses - financial instruments only	-	(172,156)	(2,708)	(174,864)
Bank overdraft	-	(28)	-	(28)
Non-current liabilities				
EMTN	(1,131,584)	(41,876)	-	(1,173,460)
Bank Loans	-	(1,084,030)	-	(1,084,030)
Loans from related parties	-	(452,304)	-	(452,304)
Pre-derivative position (a)	(355,760)	277,069	(765)	(79,456)
Nominal value derivatives (b)	359,483	(177,680)	(5,726)	176,077
Net interest bearing asset / (liability) position (a)+(b)	**3,723**	**99,389**	**(6,491)**	**96,621**

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

33.4 Credit risk

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

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

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

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

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

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

Credit risk	**2013 €'000**	**2012 €'000**
Non-current assets		
Loans to related companies	2,778,066	2,776,163
Current assets		
Loans to related companies	2,332,176	2,141,835
Other receivables – financial instruments only	8,842	682
Derivative financial instruments	232,192	285,495
Cash and cash equivalents	322	201,159
Contingent liabilities		
Guarantees of related party debt	2,022,374	1,666,220

Agreements to exchange collateral in cash have been concluded with some counterparties to mitigate the credit risk arising from the value of derivative financial instruments shown above. At 31 March 2013, the value of cash collateral received, shown as Collateral deposits received in note 25 within Other liabilities and accrued expenses was € 101,200,000 (2012: € 172,100,000)

Details of the Contingent liabilities are shown in note 31.

The maximum single exposure from derivative assets at the balance sheet date to a single counterparty is € 11,795,649 (2012: € 42,059,537) and the 3 largest counterparty positions represent € 26,737,468 (2012: € 50,852,757).

33.5 Liquidity risk

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

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

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

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

Debt cash flows at 31 March 2013	**Due within 3 months €'000**	**Due between 4 and 12 months €'000**	**Due between 1 and 5 years €'000**	**Due after 5 years €'000**
Related party borrowings	232,135	513,003	-	-
Bank borrowings	236,842	7,494	1,319,918	-
Commercial paper	617,905	141,893	-	-
EMTN	17,337	123,519	2,350,876	-
Collateral deposits received	101,200	-	-	-
Total	**1,205,419**	**785,909**	**3,670,794**	**-**

Debt cash flows at 31 March 2012	**Due within 3 months €'000**	**Due between 4 and 12 months €'000**	**Due between 1 and 5 years €'000**	**Due after 5 years €'000**
Related party borrowings	288,809	746,612	456,641	-
Bank borrowings	2,751	7,920	1,104,133	-
Commercial paper	624,301	-	-	-
EMTN	13,662	704,449	1,244,297	42,312
Collateral deposits received	172,100	-	-	-
Total	**1,101,623**	**1,458,981**	**2,805,071**	**42,312**

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

Net cash flows at 31 March 2013	**Due within 3 months €'000**	**Due between 4 and 12 months €'000**	**Due between 1 and 5 years €'000**	**Due after 5 years €'000**
Net settled:				
– Interest derivatives payable / (receivable)	(316)	15,604	5,028	-
Gross settled:				
– Currency derivatives – receivable	(990,140)	(1,854,280)	(4,501,587)	(56,441)
– Currency derivatives – payable	1,004,353	1,148,089	4,123,510	58,463
Total derivative cash flows	13,897	(690,587)	(373,049)	2,022
Total	**1,219,316**	**95,322**	**3,297,745**	**2,022**

Net cash flows at 31 March 2012	**Due within 3 months €'000**	**Due between 4 and 12 months €'000**	**Due between 1 and 5 years €'000**	**Due after 5 years €'000**
Net settled:				
– Interest derivatives	(29)	5,833	1,194	-
Gross settled:				
– Currency derivatives – receivable	(939,661)	(1,975,487)	(3,468,000)	(14,195)
– Currency derivatives – payable	954,733	1,841,356	3,370,604	15,159
Total derivative cash flows	15,043	(128,298)	(96,202)	964
Total	**1,116,666**	**1,330,683**	**2,708,869**	**43,276**

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

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

Undrawn commitments at 31 March 2013	**Due within 3 months €'000**	**Due between 4 and 12 months €'000**	**Due between 1 and 5 years €'000**	**Due after 5 years €'000**
Undrawn loan commitments	3,867,819	-	-	-
Total	**3,867,819**	**-**	**-**	**-**

Undrawn commitments at 31 March 2012	**Due within 3 months €'000**	**Due between 4 and 12 months €'000**	**Due between 1 and 5 years €'000**	**Due after 5 years €'000**
Undrawn loan commitments	3,272,775	**-**	**-**	**-**
Total	**3,272,775**	**-**	**-**	**-**

33.6 Price risk

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

34. Fair value of financial instruments

34.1 Fair value estimation

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

Financial assets

The fair value of cash held in the Company's bank accounts is the same as the carrying amount.

The book value of short-term financial assets approximates their fair value due to the short maturities of these instruments.

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

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

Financial liabilities

The book value of short-term financial liabilities approximates their fair value due to the short maturities of these instruments.

The fair value of borrowings is based on current market prices where available.

Where active market prices are not available, the fair value of fixed interest borrowings is based on future cash flows discounted at the current rate for similar debt or assets with the same remaining maturities.

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

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

	31 March 2013				31 March 2012			
	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Financial Assets								
Investment in affiliated company	-	811	-	811	-	822	-	822
Derivative financial instruments	-	232,192	-	232,192	-	285,495	-	285,495
Guarantee fee receivable	-	3,743	-	3,743	-	2,268	-	2,268
Financial Liabilities								
Derivative financial instruments	-	124,450	-	124,450	-	109,418	-	109,418
Structured euro medium term notes	-	-	-	-	-	-	-	-
Related party guarantee	-	3,743	-	3,743	-	2,268	-	2,268

34.3 Carrying amounts and fair value of financial instruments

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

Derivative financial instruments, and investments are recognised in the Statement of financial position at their fair value. Therefore they are not included in the comparison tables below.

	31 March 2013		31 March 2012	
	Carrying Value €'000	**Fair value €'000**	**Carrying Value €'000**	**Fair value €'000**
Financial assets				
Loans to related parties	5,110,242	5,179,641	4,917,998	4,988,915
Cash and cash equivalents	322	322	201,519	201,519
Financial liabilities				
Loans payable group company	741,477	743,894	1,481,152	1,515,237
Loans payable bank	1,424,640	1,439,055	1,085,073	1,101,546
Commercial paper	759,217	759,210	623,946	623,857
Euro medium term notes	2,080,648	2,139,241	1,835,854	1,882,820
Overdrafts	9	9	28	28

As mentioned above, financial instruments at fair value are not included in the above comparison table.

35. Events occurring after the balance sheet date

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

Board of Management

Eiji Hirano

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Yoriyuki Hirayama

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Naoki Kojima

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TMF Netherlands B.V.

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Other Information

Retained Earnings

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

Appropriation of Profit

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

Auditor's Report

The auditor's report is set out on page 39.

Independent auditor's report

To: the General Meeting of Shareholders of Toyota Motor Finance (Netherlands) B.V.

Report on the financial statements

We have audited the accompanying financial statements for the year ended 31 March 2013 of Toyota Motor Finance (Netherlands) B.V., Amsterdam, which comprise the statement of financial position as at 31 March 2013, the statement of comprehensive income, changes in equity and cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

Board of Management's responsibility

The Board of Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Report of the Board of Management in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Toyota Motor Finance (Netherlands) B.V. as at 31 March 2013, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

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Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Report of the Board of Management, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further we report that the Report of the Board of Management, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Amsterdam, 24 July 2013
PricewaterhouseCoopers Accountants N.V.

Originally signed by L.H.J. Oosterloo RA

3. Responsibility Statement

The Board of Managing Directors confirms that to the best of their knowledge:

(a) the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and

(b) the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.