31 July 2013

Toyota Finance Australia Limited ("TFA")

Annual Financial Report for the financial year ended 31 March 2013

TFA, was incorporated as a public company limited by shares in New South Wales, Australia on 18 June 1982, operates under the Corporations Act 2001 of the Commonwealth of Australia (the "**Corporations Act**") and is a wholly-owned subsidiary of Toyota Financial Services Corporation ("**TFS**"), which is a wholly-owned subsidiary of Toyota Motor Corporation ("**TMC**").

In this document, all references to "TFA" are to Toyota Finance Australia Limited and all references to the "Group" or "consolidated entity" are to the economic entity comprising TFA, the entities it controls, and special purpose securitisation trusts which it consolidates.

1. Management Report

(A) Review of the development and performance of the Group's business during the financial year and the position of TFA and the undertakings included in the consolidation taken as a whole at the end of the financial year

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

Unless otherwise indicated in this document, all references to "Australian dollars", "A$" or "$" are to the lawful currency of the Commonwealth of Australia.

Profit from ordinary activities

The Group's earnings are primarily impacted by the level of average earning assets (comprised primarily of investments in finance receivables and operating leases), earning asset yields, outstanding borrowings and the related borrowing cost and the impact of credit losses and impairment of residual values.

The following table summarises the Group's profit before income tax by operating segment for the financial years ended 31 March 2013 and 31 March 2012.

	12 Months Ended 31 March	
	2013	**2012**
	(A$ in Thousands)	
Revenue		
- Retail [1]	663,572	630,362
- Fleet [2]	200,926	193,852
Total revenue	864,498	824,214
Profit before income tax		
- Retail [1]	152,156	112,278
- Fleet [2]	55,883	50,776
Share of net profit of equity accounted investments	7,038	7,262
Unallocated corporate net (expense)/benefit [3]	(73,569)	(54,727)
Profit before income tax	**141,508**	**115,589**
Income tax Expense	(39,906)	(30,249)
Total Profit after income tax	**101,602**	**85,340**

Note

1. Retail comprises loans and leases to personal and commercial customers, including wholesale finance, which comprises loans and bailment to motor vehicle dealerships.
2. Fleet comprises loans and leases to small business and fleet customers consisting of medium to large commercial clients and government bodies.
3. Unallocated corporate net benefit/(expenses) comprise those revenues/expenses which cannot be allocated to either retail or fleet segment on a reasonable basis.

Retail revenue grew by 5.3% in fiscal 2013 compared to fiscal 2012. This reflects growth in retail loans and receivables due to strong new business origination precipitated by increased joint sales and marketing activities with distributor and dealers.

Retail profit before income tax increased by 35.5% in fiscal 2013 compared to fiscal 2012. Retail profit before tax for fiscal 2013 was affected by the following factors: (i) growth in average earning assets; (ii) lower sales and marketing expenses; offset by (iii) higher write-offs and bad debts provision.

Fleet revenue increased by 3.6% in fiscal 2013 compared to fiscal 2012. The increase in fleet revenue relative to the comparative period was due to portfolio growth.

Fleet profit before income tax increased by 10.1% in fiscal 2013 compared to fiscal 2012. The increase in fleet profit before tax for fiscal 2013 was attributable to the increase in maintenance income and offset by higher computer and staff costs.

Unallocated corporate net expense was $73.6 million in fiscal 2013 compared to $54.7 million in fiscal 2012. The increase in corporate expenses of $18.8 million was mainly attributable to an increase in unallocated administration expenses attributable to increased staff costs resulting from higher staff numbers.

Loans and Receivables

	31 March 2013	31 March 2012
	(A$ in Thousands)	
Bailment stock	2,126,846	1,755,104
Motor vehicles under operating lease	1,463,141	1,215,076
Term loans	9,813,144	8,484,329
Finance leases	1,047,077	950,686
Gross loans and receivables	**14,450,208**	**12,405,195**
Accumulated depreciation on motor vehicles under operating lease	(499,189)	(373,836)
Unearned income	(1,254,438)	(1,195,237)
Net loans and receivables (net of unearned income)	**12,696,581**	**10,836,122**
Provision for impairment of loans and receivables	(168,485)	(145,859)
Net loans and receivables	**12,528,096**	**10,690,263**

Overall there was growth of 17.2% in net loans and receivables in fiscal 2013 compared to fiscal 2012. This is a reflection of (i) Toyota's continued number one position in the Australian motor vehicle market; (ii) TFA's competitive advantage in obtaining funding as a result of existing credit support arrangements involving TMC and TFS; (iii) the acquisition of new dealer accounts; and (iv) strong new business origination precipitated by increased joint sales and marketing activities with distributor and dealers.

Bailment stock, comprising motor vehicles financed by the Group on behalf of dealerships, increased by 21.2% in fiscal 2013 compared to fiscal 2012. The increase in bailment stock is a reflection of TFA's growing dealership network.

Motor vehicles under operating lease increased by 20.4% on a gross basis in fiscal 2013 compared to fiscal 2012. On a net of accumulated depreciation basis, the balance likewise increased by 14.6% in fiscal 2013 compared to fiscal 2012. The increase reflects Toyota Fleet Management's focus on expanding its business through the acquisition of new customers.

Term loans increased by 15.7% in fiscal 2013 compared to fiscal 2012. This is primarily due to strong growth in consumer and commercial lending driven by increased joint sales and marketing activities with distributors over the period and the introduction of the guaranteed future value product. Similarly, there was growth in unearned income of 5.0% over the equivalent period.

Finance leases increased by 10.1% in fiscal 2013 compared to fiscal 2012. The growth in finance leases has been comparatively slow among the whole company portfolio.

Provisions for impairment as a percentage of net loans and receivables (net of unearned income) was at the same level in fiscal 2013 compared to fiscal 2012 (see *"Impairment of Loans and Receivables"* below).

A maturity analysis of net loans and receivables (net of unearned income) follows.

	31 March 2013	31 March 2012
	(A$ in Thousands)	
Not longer than 12 months	5,201,727	4,322,096
Beyond 12 months	7,494,854	6,514,026
Total	**12,696,581**	**10,836,122**

The increase of 17.2% in the maturity analysis total in fiscal 2013 compared to fiscal 2012 is generally reflective of the corresponding increase in the majority of the current and non-current maturity bandings in fiscal 2013 compared to fiscal 2012.

Net financing income

	12 Months Ended 31 March	
	2013	**2012**
	(A$ in Thousands)	
Interest and similar revenue	841,680	805,998
Interest expense and similar charges	(555,699)	(561,664)
Net financing income	**285,981**	**244,334**

The following table shows the amounts of each of the Group's major categories of interest revenue and expense.

	12 Months Ended 31 March	
	2013	**2012**
	Interest (A$ in Thousands)	
Interest and similar revenue		
Cash and cash equivalents	14,330	28,099
Lease income	133,735	134,254
Other loans and receivables	781,125	704,437
Total interest revenue	929,190	866,790
Fee income	70,843	60,831
Fee expense	(158,353)	(121,623)
Total interest and similar revenue	841,680	805,998

Interest expense and similar charges		
Due to banks and other financial institutions	193,793	168,397
Bonds and commercial papers	183,494	202,793
Borrowings from affiliated entities	1,775	294
Net (gain)/loss on translation of foreign currency debt	(64,459)	24,015
Fair value loss on derivative financial instruments at fair value through profit or loss	230,131	159,421
Transaction costs	10,965	6,744
Total interest expense and similar charges	555,699	561,664

Interest and similar revenue increased by 4.4% in the fiscal year ended 31 March 2013 compared to fiscal 2012. This was driven by a 17.2% increase in net loans and receivables over the comparison period offset by a lower portfolio yield.

The Group's fee income increased by 16.5% in the fiscal year ended 31 March 2013 compared to fiscal 2012. This was due to growth in the loans and receivables portfolio.

Fee expense increased by 30.2% in the fiscal year ended 31 March 2013 compared to fiscal 2012 primarily due to growth in the loans and receivables portfolio over the same period and the impact of additional incentive payments.

Interest expense and similar charges decreased by 1.1% in the fiscal year ended 31 March 2013 compared to fiscal 2012. The decrease was primarily due to a net gain on translation of foreign currency debt in the fiscal year ended 31 March 2013. The Group continues to use derivative contracts as part of its interest rate and currency risk management programme.

Depreciation and Amortisation Expenses

	12 Months Ended 31 March	
	2013	**2012**
	(A$ in Thousands)	
Depreciation		
Leasehold improvements	695	608
Plant and equipment	1,042	1,450
Motor vehicles	1,371	638
Total depreciation	3,108	2,696
Amortisation		
Computer software development	10,028	6,028
Total depreciation and amortisation expense	13,136	8,724

Impairment of Loans and Receivables

The Group's level of credit losses is influenced primarily by two factors: the total number of contracts that default ("frequency of occurrence") and loss per occurrence ("loss severity"). The Group maintains an allowance for credit losses to cover probable losses. The following table provides information related to the Group's credit loss experience.

	As at	
	31 March 2013	31 March 2012
	(A$ in Thousands)	
Provision for impairment of loans and receivables		
Opening balance	145,859	130,134
Bad debts written off	(36,708)	(27,138)
Increase in provision	59,334	42,863
Closing balance	168,485	145,859

	12 months Ended 31 March	
	2013	2012
	(A$ in Thousands)	
Bad and doubtful debts expense		
Recovery of bad debts written off	(5,670)	(5,063)
Increase in provision	59,334	42,863
Total bad and doubtful debts expense	53,664	37,800

Provisions for impairment of loans and receivables are established when there is objective evidence that the Group is unlikely to collect all amounts due under the original terms of the contract. The above balances are considered adequate to cover expected credit losses as of 31 March 2013.

The total provision for impairment of loans and receivables as at 31 March 2013 is $168.5 million or 1.33% of net loans and receivables before provisions compared to $145.9 million or 1.35% of net loans and receivables before provisions at 31 March 2012. The provision as a percentage of receivables is in line with the prior fiscal year. The Group continues to review and update its provisioning methodologies as and when it is deemed necessary.

Total bad and doubtful debt expense increased in fiscal 2013 compared to fiscal 2012. The increase is reflective of the portfolio growth.

Cashflows

Abridged Statement of Cashflows

	12 Months Ended 31 March	
	2013	2012
	(A$ in Thousands)	
Net cash outflow from lending and other operating activities	(2,095,472)	(1,958,442)
Interest received	929,526	868,162
Interest paid	(495,928)	(524,065)
Income taxes paid	(93,809)	(32,197)
Net cash outflow from operating activities	(1,755,683)	(1,646,542)
Net cash outflow from investing activities	(9,576)	(8,849)
Net cash inflow from financing activities	1,884,922	887,592
Net increase/(decrease) in cash and cash equivalents	119,663	(767,799)

Cashflows provided by operating, investing and financing activities have been used primarily to support asset growth.

In fiscal 2013 an inflow of funds of $1,884.9 million and a net interest inflow of $433.6 million were used to finance increased lending and other operating activities of $2,095.5 million. There was a $119.7 million increase in the Group's net cash position during the year.

In fiscal 2012 an inflow of funds of $887.6 million and a net interest inflow of $344.1 million were used to finance increased lending and other operating activities of $1,958.4 million. There was a $767.8 million decrease in the Group's net cash position during the year.

The Group believes that cash provided by operating and financing activities as well as access to domestic and international capital markets and the issuance of commercial paper will provide sufficient liquidity to meet future funding requirements.

Derivatives and Hedging Activities

The consolidated entity's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk, liquidity risk and residual value risk. The consolidated entity's overall risk management programme focuses on the unpredictability of financial markets and seeks to manage potential adverse effects on the financial performance of the consolidated entity. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. Derivative financial instruments are used to manage the consolidated entity's exposure to currency risk and interest rate risk. The residual value risk of the consolidated entity arises mainly from receivables under operating leases and loans with guaranteed future value.

Risk management is carried out by various committees and departments based on charters or policies approved by senior management in accordance with the Company's Enterprise Risk Management Framework.

Asset and Liability Committee

An Asset and Liability Committee meets to proactively and collaboratively manage and monitor the interest rate and liquidity risks of the consolidated entity. The consolidated entity's Treasury department identifies, evaluates and hedges financial risks. The Treasury department implements the consolidated entity's policies to manage the consolidated entity's foreign currency risk, interest rate risk, credit risk with financial intermediaries and liquidity risk.

Foreign exchange risk

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

Foreign exchange risk arises from recognised assets and liabilities denominated in currency that is not the entity's functional currency and net investments in foreign operations. The risk is measured using debt maturity analysis.

Management has set up a policy requiring the consolidated entity to manage its foreign exchange risk against their functional currency. The consolidated entity is required to hedge 100% of its foreign exchange risk at the time of debt issuances. Derivative financial instruments are entered into by the consolidated entity to hedge its exposure to foreign currency risk, including:

- forward foreign exchange contracts to hedge the foreign currency risk arising on the issue of commercial paper in foreign currencies and affiliated entity loans; and
- cross currency swaps to manage the foreign currency and interest rate risk associated with foreign currency denominated medium term notes.

The consolidated entity's exposure to foreign currency risk at the reporting period ending 31 March 2013 is immaterial. There has been no change in this position when compared to the reporting period ending 31 March 2012.

Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The consolidated entity is exposed to the effects of fluctuations in the prevailing levels of market interest rates as it borrows and lends funds at both floating and fixed rates. Derivative financial instruments are entered into by the consolidated entity to manage its exposure to cash flow and fair value interest rate risk, including:

- fixed-to-floating interest rate swaps to manage the interest rate risk generated by the consolidated entity's earning assets. Such interest rate swaps have the economic effect of converting loans and receivables from fixed rates to floating rates;
- fixed-to-floating interest rate swaps to manage the interest rate risk generated by the consolidated entity's functional currency denominated fixed rate medium term notes. Such interest rate swaps have the economic effect of converting borrowings from fixed rates to floating rates; and
- cross currency swaps to manage the foreign currency and interest rate risk associated with foreign currency denominated medium term notes. Such cross currency swaps have the economic effect of converting borrowings from foreign denominated fixed rates to functional currency floating rates.

Under the interest rate swaps, the consolidated entity agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates, and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Under the cross currency swaps, the consolidated entity agrees with other parties to exchange, at specified intervals, foreign currency principal

and fixed rate interest amounts and functional currency principal and floating rate interest amounts calculated with reference to the agreed functional currency principal amount.

The consolidated entity's policy is to maintain most of its debt exposure in functional currency at floating rate, using interest rate swaps or cross currency swaps to achieve this when necessary. The consolidated entity's policy is to maintain between 20% and 50% of its loans and receivables funded at floating rate, using interest rate swaps to achieve this when necessary.

The following table details the Group's exposure to interest rate risk as at the end of the reporting period.

	Weighted Average Interest	Variable Interest Rate	Fixed Interest Rate			Non Interest Bearing	Total
31 March 2013	**Rate %**	**$'000**	**Less than 1 year $'000**	**1 to 5 years $'000**	**Over 5 years $'000**	**$'000**	**$'000**
Financial Assets							
Cash and liquid assets	3.5%	298,862	-	-	-	-	298,862
Loans and receivables	10.0%	3,164,125	2,796,724	6,511,698	224,035	-	12,696,582
Hedge swaps	-	8,142,000	(3,104,000)	(5,038,000)	-	-	-
Other assets	-	-	-	-	-	21,049	21,049
Total financial assets	-	11,604,987	(307,276)	1,473,698	224,035	21,049	13,016,493
Financial Liabilities							
Banks and other financial institutions	3.7%	5,670,973	-	-	-	-	5,670,973
Loans from related company	3.1%	335,796	-	-	-	-	335,796
Commercial papers	3.1%	1,856,963	-	-	-	-	1,856,963
Medium term notes	3.6%	-	1,713,565	2,519,510	37,069	-	3,730,144
Cross currency swaps	-	1,216,515	(323,965)	(852,409)	(40,141)	-	-
Interest rate swaps	-	2,536,700	(830,400)	(1,706,300)	-	-	-
Other liabilities	-	-	-	-	-	305,351	305,351
Total financial liabilities	-	11,616,947	19,200	(39,199)	(3,072)	305,351	11,899,227
Net financial assets	-	(11,960)	(326,476)	1,512,897	227,107	(284,302)	1,117,266

31 March 2012	Weighted Average Interest Rate %	Variable Interest Rate $'000	Fixed Interest Rate Less than 1 year $'000	Fixed Interest Rate 1 to 5 years $'000	Fixed Interest Rate Over 5 years $'000	Non Interest Bearing $'000	Total $'000
Financial Assets							
Other assets................	-	-	-	-	-	30,410	30,410
Cash and liquid assets	4.8%	179,200	-	-	-	-	179,200
Loans and receivables.................	8.6%	2,669,105	2,414,011	5,542,663	210,343	-	10,836,122
Hedge swaps..............	-	6,664,000	(2,740,000)	(3,924,000)	-	-	-
Total financial assets ..	-	9,512,305	(325,989)	1,618,663	210,343	30,410	11,045,732
Financial Liabilities							
Banks and other financial institutions ...	5.2%	5,115,845	-	-	-	-	5,115,845
Loans from related company	4.5%	528,999	-	-	-	-	528,999
Commercial paper	4.5%	1,380,438	-	-	-	-	1,380,438
Medium term notes.....	4.9%	-	851,002	1,699,682	86,719	-	2,637,403
Cross currency swaps........................	-	1,196,304	(541,401)	(561,908)	(92,995)	-	-
Interest rate swaps	-	1,438,800	(316,000)	(1,122,800)	-	-	-
Other liabilities...........	-	-	-	-	-	368,017	368,017
Total financial liabilities	-	9,660,386	(6,399)	14,974	(6,276)	368,017	10,030,702
Net financial assets....	-	(148,081)	(319,590)	1,603,689	216,619	(337,607)	1,015,030

Credit Risk

The consolidated entity's Treasury manages credit risk through the use of external rating such as Standard and Poor's rating or equivalents, counterparty diversification, monitoring of counterparty financial condition and master netting agreements in place with all derivative counterparties.

The below table shows the percentage of the consolidated entity's money market deposits and derivatives relating to treasury funding activities, based on the Standard & Poor's rating.

Rating	Consolidated 2013 %	Consolidated 2012 %
AA...	36	42
AA-	3	6
A+	34	42
A-..	10	3
A	17	7
	100	100

The Group does not currently anticipate non-performance by any of its counterparties and has no reserves related to non-performance as of 31 March 2013. The Group has not experienced any counterparty default during the 12 months ended 31 March 2013.

Liquidity and Capital Resources

The Group requires, in the normal course of business, substantial funding to support the level of its earning assets. Significant reliance is placed upon the Group's ability to obtain debt funding in the capital markets and from other sources in addition to funding provided by earning asset liquidations and cash provided by operating activities.

Commercial Paper

Commercial paper issuances are used to meet short-term funding needs.

Domestic commercial paper issued by TFA remained constant at $600 million during the year ended 31 March 2013.

Euro commercial paper issued by TFA and outstanding ranged from the equivalent of approximately $666 million to the equivalent of approximately $1,320 million during the year ended 31 March 2013, with an average outstanding balance of the equivalent of approximately $1,036 million.

Medium Term Notes

Long term funding requirements are met through, amongst other things, the issuance of a variety of debt instruments in both the Australian and international capital markets. Domestic and Euro medium term notes ("**MTNs**") have provided TFA with significant sources of funding in years prior to fiscal 2013. During the year ended 31 March 2013, TFA issued the equivalent of approximately $1,679 million of Euro MTNs and $300 million of Domestic MTNs all of which had original maturities of one month or more.

The original maturities of all MTNs outstanding at 31 March 2013 ranged from two years to 10 years. As of 31 March 2013, TFA had total MTNs outstanding, the original face value of which was the equivalent of $3,762 million, of which the equivalent of approximately $1,225 million was denominated in foreign currencies.

TFA anticipates continued use of MTNs. The Programmes under which MTNs are issued by TFA in the Australian and international capital markets may be expanded or updated from time to time to allow for the continued use of these sources of funding. In addition, TFA may issue notes in the Australian and international capital markets that are not issued under its MTN programmes.

Back Up Liquidity and Other Funding Sources

For additional liquidity purposes, TFA maintains the following bank facilities: an overdraft facility, committed commercial paper back up facilities, committed banking facilities and uncommitted money market funding facilities which aggregated $1,425 million as at 31 March 2013 (includes $300 million committed securitisation programme referred to below). The average aggregate amount outstanding under these facilities during the year ended 31 March 2013 was approximately nil.

In addition to funding obtained from bilateral bank loans entered into by TFA in years prior to the year ended 31 March 2013, TFA entered into bilateral bank loans during the year ended 31 March 2013 denominated in US$ totalling US$150 million and

denominated in A$ totalling A$400 million. The original tenors of these bilateral bank loans ranged from 3 years to 5 years.

TFA also has a USD1 billion revolving loan facility from Toyota Motor Credit Corporation ("TMCC") which is incorporated in California, United States of America. TMCC is wholly-owned by Toyota Financial Services Americas Corporation, a California corporation which is a wholly-owned subsidiary of TFS. The average amount outstanding under this facility during the year ended 31 March 2013 was approximately US$350 million.

TFA also has four domestic securitisation programs. Under each program vehicle finance receivables up to a specified maximum total amount may be sold into a special-purpose securitisation trust. TFA partially guarantees the funding of each trust, and provides subordinated funding to one trust. The guarantees are unsecured. The accounts of each trust are included in TFA's consolidated financial statements.

Details of each programme are as follows:

Date	Limit (A$ million)	Commitment	TFA guarantee	TFA subordinated funding	Balance at 31 March 2013 (A$ million)
November 2009	See Note	Uncommitted	17%	Nil	$1,620.4
March 2011	$300	Committed	17%	Nil	Nil
March 2012	$1,000	Uncommitted	15%	Nil	$968.7
March 2012	See Note	Uncommitted	15%	15%	$239.0

Note

The November 2009 and March 2012 programmes have a combined limit of $2,550 million plus any amount of funding provided by TFA subsidiaries.

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 rating agency. Each rating agency may have different criteria for evaluating risk, and therefore ratings should be evaluated independently for each agency.

Contractual Obligations and Credit Related Commitments

The Group 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:

	Commitments expiring within the following periods	
	Within 12 months	Beyond 12 months
	(A$ in Millions)	
Contractual Obligations:		
Premises occupied under lease	4.4	7.2
Total debt	5,302.1	6,291.8
Total	**5,306.5**	**6,299.0**

TFA, as a member of the Toyota Motor Corporation Australia Limited GST (goods and services tax) Group (the "**GST Group**"), is jointly and severally liable for 100% of the GST payable by the GST Group. The GST Group had a net GST payable as at 31 March 2013 of $42.3 million (2012: $44.2 million).

TFA, in association with other Australian incorporated entities with a common owner, implemented the income tax consolidation legislation from 1 April 2003 with TMCA as the Head Entity. Under the income tax consolidation legislation, income tax consolidation entities are jointly and severally liable for the income tax liability of the consolidated income tax group unless an income tax sharing agreement has been entered into by member entities. An income tax sharing agreement has been executed. TFA believes the assets of the Head Entity are sufficient to meet the income tax liabilities as they fall due.

The range of Toyota Extra Care warranty contracts offered by TFA since August 2003, provide an extended warranty to the customer in exchange for an upfront premium payment. The risk of claims has been fully insured with third party insurers. TFA considers the insurance of risk is sufficient to meet any claims which may eventuate.

A fully maintained operating lease is offered under the Group's current portfolio of products. Fully maintained operating leases require the Group to provide agreed services at the Group's expense. Monthly rental includes a pre-determined charge for such services. The cost of such services is expensed periodically during the term of the leases and recognised in the income statement in reference to the stage of completion method.

The Group has outstanding commitments to extend credit in the normal course of business. Outstanding credit commitments provided to customers which were undrawn as at the end of fiscal 2013 and fiscal 2012 are shown below.

	31 March 2013	31 March 2012
	(A$ in Thousands)	
Term loans	213,093	192,354
Bailment stock	210,087	413,339
Fleet facilities	1,111,349	1,265,743
Total	**1,534,529**	**1,871,436**

Employees

At 31 March 2013, the Group had 526.94 adjusted full-time equivalent employees. Adjusted full-time equivalent employees includes staff on maternity leave, outbound secondments and 21.5 part time employees but does not include temporary or contractor staff.

The number of employees by business cost centre as of 31 March 2013 is as follows:

Location	**Adjusted FTE Employees**	**Temporary Staff**	**Contractor Staff**
Executive	18	0	0
Corporate Services	59.8	0	3
Technology Services	61.5	2	62
Business Services	115.7	8	4
Dealer Sales, Finance and Insurance	161.07	3	2
Fleet Sales	98	0	12.5
Strategic Planning and Marketing	12.87	0	1
Total	526.94	13	84.5

The average age of TFA's employees is 39.2 years. The average number of years of employment of TFA's employees is 4 years 8 months and the annual average total remuneration (including bonuses) of TFA's employees was $90,000.

There has been an increase in staff numbers over the last 12 months.

As far as the Group is aware, no employees are members of the Finance Sector Union. TFA considers its employee relations to be satisfactory.

(B) Risks and Uncertainties facing the Group

The principal activities of TFA, which are an integral part of the Toyota group's presence in Australia, are to finance the acquisition of motor vehicles by customers in the form of leasing, term purchase, consumer and commercial loans; to provide bailment facilities and commercial loans to motor dealers; to provide operating lease and fleet management services to customers; and to administer and manage extended warranty and insurance products.

Unless otherwise specified in this section, "TFS group" means TFS and its subsidiaries and affiliates and "Toyota" means TMC and its consolidated subsidiaries.

Each of the Group, 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

The Group's financial condition and results of operations are affected by a variety of factors, including changes in the overall market for retail sales, retail or wholesale motor vehicle financing, leasing or dealer financing, changes in the level of sales of

Toyota and/or Lexus vehicles or other vehicles in Australia, the rate of growth in the number and average balance of customer accounts, the Australian finance industry's regulatory environment, competition from other financiers, rate of default by its customers, the interest rates it is required to pay on the funding it requires to support its business, amounts of funding available to it, changes in the funding markets, the used vehicle market, changes in its credit ratings, the success of efforts to expand its product lines, levels of operating expenses and general and administrative expenses, including but not limited to labour costs, technology costs (including, but not limited to, amortisation expense and/or impairment losses arising from capitalised intangible assets and maintenance costs) and premises costs, general economic conditions, inflation, fiscal and monetary policies in Australia as well as Europe and other countries in which the Group issues debt. Further, a significant and sustained increase in fuel prices could lead to lower new and used vehicle purchases. This could reduce the demand for motor vehicle retail and wholesale financing. In turn, lower used vehicle prices could affect amounts written off and depreciation on operating leases.

Adverse economic conditions in Australia may lead to diminished consumer and business confidence, lower household incomes, increases in unemployment rates as well as consumer and commercial bankruptcy filings, all of which could adversely affect vehicle sales and discretionary consumer spending. These conditions may decrease the demand for the Group's financing products, as well as increase defaults and losses. In addition, where credit exposures of the Group are collateralised by vehicles, the severity of losses can be particularly affected by the decline in used vehicle prices. Vehicle and industrial equipment dealers are also affected by economic slowdowns which, in turn, in respect of vehicle dealers and industrial equipment dealers, increases the risk of default of certain dealers within the Group's portfolios.

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 Group. Elevated levels of market disruption and volatility, including in the United States and in Europe, could increase the Group'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. These market conditions could also have an adverse effect on the results of operations and financial condition of the Group by diminishing the value of the Group's investment portfolios and increasing the Group's cost of funding. If, as a result, the Group increases the rates the Group charges its customers and dealers, the Group's competitive position could be negatively affected. 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 Group.

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

- there can be no assurance that the Group 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 Group may be undertaken at spreads above benchmark rates that are greater than those on similar issuances undertaken during the prior several years;

- the Group 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 Group's short-term debt outstanding to total debt outstanding may increase if negative conditions in the debt markets lead the Group 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 Group'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, certain members of the Toyota group of companies around the world 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. Because the Group's business is substantially dependent upon the sale of Toyota and Lexus vehicles, such events could adversely affect the Group's business.

A decrease in the level of sales, including as a result of the actual or perceived quality, safety or reliability of Toyota and Lexus vehicles, will have a negative impact on the level of the Group's financing volume, insurance volume, earning assets and revenues. The credit performance of the Group's dealer and consumer lending and/or finance portfolios may also be adversely affected. In addition, a decline in values of used Toyota and Lexus vehicles would have a negative effect on realised values and return rates, which, in turn, could increase depreciation expenses and credit losses. Further, some members of the Toyota group of companies are currently subject to litigation. In addition, some members of the Toyota group of companies are 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 and/or Lexus vehicles and, accordingly, could have a negative effect on the Group's financial condition and results of operations.

Credit Risk

Credit risk is the risk of loss arising from a failure of a customer or dealer to meet the terms of any contract with the Group or otherwise fail to perform as agreed. The level of credit risk on the Group's wholesale, retail sales, fleet and lease portfolios is influenced primarily by two factors: the total number of contracts that default and the amount of loss per occurrence, which in turn are influenced by various economic factors, the used vehicle market, purchase quality mix, contract term length and operational changes.

The level of credit risk on the Group's dealer financing portfolio is influenced primarily by the financial strength of dealers within that portfolio, dealer concentration, the quality and perfection of collateral and other economic factors. The financial strength of dealers within the dealer financing portfolio is influenced by general macroeconomic conditions, the overall demand for new and used vehicles and the financial condition of motor vehicle manufacturers, among other factors. An increase in credit risk would increase the Group's provision for credit losses, which would have a negative impact on its financial condition and results of operations.

A downturn in economic conditions in Australia, natural disasters and other factors would increase the risk that a customer or dealer may not meet the terms of a finance contract with the Group or may otherwise fail to perform as agreed. A weaker economic environment, evidenced by, among other things, unemployment, underemployment and consumer bankruptcy filings, may affect some of the Group's customers' ability to make their scheduled payments. There can be no assurance that the Group's monitoring of credit risk, the taking and perfection of collateral and its efforts to mitigate credit risk are, or will be, sufficient to prevent an adverse effect on its financial condition and results of operations.

Counterparty Credit Risk

The Group has exposure to many different financial institutions and routinely executes transactions with counterparties in the financial industry. The Group'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 Group'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 Group has relationships. The failure of any of the financial institutions and other counterparties to which the Group has exposure, directly or indirectly, to perform their contractual obligations, and any losses resulting from that failure, may materially and adversely affect the Group's liquidity, financial condition and results of operations.

Residual Value and Guaranteed Future Value Risk

Residual value represents an estimate of the end of term market value of a leased asset. Residual value risk is the risk that the estimated residual value at lease origination will not be recoverable at the end of the lease term. The Group is subject to residual value risk on lease products where the customer may return the financed vehicle on termination of the lease agreement. Fluctuations in the market value of leased assets subsequent to lease origination may introduce volatility in the Group's profitability, through residual value provisions and/or gains or losses on disposal of returned assets.

TFA offers Guaranteed Future Value ("**GFV**") loan and hire purchase products which give customers a choice to retain their vehicle at the end of the term of the finance

contract subject to payment of all money payable at the end of the term or to sell their vehicle back to the Group or its nominee for the agreed GFV. The GFV risk is the risk that the vehicle value at the end of the agreed contract term is less than the GFV. Fluctuations in the market value of these assets (vehicles) subsequent to contract origination may introduce volatility in the Group's profitability, through fair value adjustments to value the GFV and/or losses on disposal of returned assets. There is no risk to the Group where the customer retains the vehicle at the end of the term of the finance contract and pays out the finance contract in full.

Factors which can impact the market value of vehicle assets include local, regional and national economic conditions, new vehicle pricing, new vehicle incentive programmes, new vehicle sales, the actual or perceived quality, safety or reliability of vehicles, future plans for new Toyota and Lexus product introductions, competitive actions and behaviour, product attributes of popular vehicles, the mix of used vehicle supply, the level of current used vehicle values and fuel prices. Differences between the actual sale price realised on returned vehicles and the Group's estimates of such values at contract origination could have a negative impact its 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 Group'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. An inability to meet obligations when they become due in a timely manner would have a negative impact on the Group'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 Group'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 Group) could have an adverse effect on the TFS group's (including the Group's) business, financial condition and results of operations by increasing the rates it charges to its 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 TFA 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 TFA and TFS, where applicable.

The Group operates in the international capital markets to obtain debt funding to support its earning assets. Transactions may be denominated in foreign currencies,

exposing the Group to foreign currency exchange rate risk arising from various currency exposures.

The Group has a policy requiring it to manage its foreign currency exchange rate risk against its functional currency (i.e. Australian dollars). The Group is required to hedge 100 per cent. of its foreign currency exchange rate risk. Derivative financial instruments are entered into by the Group 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 Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates as it borrows and lends funds at both floating and fixed rates. Derivative financial instruments are entered into by the Group 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 Group which could result in volatility in the Group'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 Group's income statement and produce anomalous results.

Possible Increase in Prevailing Market Interest Rates

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

As the Group's assets consist primarily of fixed rate contracts, it is not able to reprice its existing fixed rate contracts and may be unable to increase rates on new fixed rate contracts due to competitive reasons.

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 Group and vendors that do not perform in accordance with their contractual agreements. The Group 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 Group, 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 Group's financial condition and results of operations.

In particular, the Personal Property Securities Act 2009 of Australia has established a national system for the registration of collateral and new rules for the creation, perfection and enforcement of collateral. The Group has implemented new processes and procedures to comply with the new regime. The Group believes that these new processes and procedures are reliable, but if any defect should be identified in the future in the Group's processes and procedures, that could have a negative impact on the Group's business.

The Group 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 Group 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 agree should be protected through the purchase of insurance. Notwithstanding these control measures and insurance coverage, the Group remains exposed to operational risk. However, while the Group'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 Group's financial condition and results of operations.

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

The Group 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 Group collects and stores certain personal and financial information from customers and/or employees. Security breaches could expose the Group 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 Group 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 Group 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 Group. The Group 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 Group'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 Group to liability, a decrease in profitability and damage to the reputation of the Group.

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 Risk

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 Group) 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.

The availability of the Australian Government Guarantee Scheme for Large Deposits and Wholesale Funding, which closed to new guaranteed liabilities on 31 March 2010 and was not available to the Group, may have provided a competitive advantage to authorised deposit-taking institutions in Australia through enhancing their access to funding sources and/or by lowering their funding costs. This could have an adverse impact on the Group's profitability and the volume of its business.

Controlling Shareholder –Credit Ratings and Credit Support

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

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

TFA 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 TFA, 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 TFA, 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 TFA would be adversely impacted.

Credit rating agencies which rate the credit of TMC and its affiliates, including TFS and TFA, 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 Group. Downgrades or placement on review for possible downgrades could result in an increase in borrowing costs as well as reduced access to the domestic and international capital markets. These factors would have a negative impact on the Group'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 notes, bonds, commercial paper or certain other securities issued by TFA outstanding at the time of such amendment, and does not require the acceptance of the rating agencies. If TFA for any reason does not have the benefit of these arrangements, TFA 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.

Sales of Toyota and Lexus Vehicles

Toyota Motor Corporation Australia Limited (the "**Distributor**") is the primary distributor of Toyota and Lexus vehicles in Australia. TFA's business is substantially dependent upon the sale of Toyota and Lexus vehicles and its ability to offer competitive financing in its market place. TFA's business is also substantially dependent upon its accredited Toyota and other vehicle dealership network introducing new finance and lease business to TFA and, except in the case of TFA's business regulated under the Australian consumer credit laws or as otherwise agreed with TFA, such dealerships are free to introduce other financiers to their customers. Competition in respect of commission payments to Australian dealerships from other financiers, as well as changes in ownership or financial viability of such dealerships may adversely affect the financial condition and results of operations of TFA.

Higher levels of sales of new and used Toyota and Lexus vehicles in Australia relative to the level of sales of new and used vehicles of other makes are favourable for the Group's business. Lower levels of sales of new and used Toyota and Lexus vehicles in

Australia relative to the level of sales of new and used vehicles of other makes are not favourable for the Group's business.

Factors in relation to the sale of new and used vehicles which would impact the level of TFA's financing volume and 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 and/or Lexus vehicles;
- decreased or delayed vehicle production due to natural disasters, supply chain interruptions or other events;
- changes in the level of the Distributor's sponsored subsidy and incentive programmes;
- increased competition;
- changes in the effectiveness of motor vehicle dealers selling Toyota and/or Lexus vehicles relative to those selling vehicles of other makes;
- changes in pricing of imported units due to currency fluctuations or other reasons; and
- significant increases in fuel prices which may adversely affect sales in the larger Toyota and/or Lexus 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.

The Group's Assets are Subject to Prepayment Risk

Customers may terminate their finance and lease contracts early. As a result, the Group estimates the rate of early termination of finance contracts in its interest rate hedging activities. Consequently, changes in customer behaviour contrary to the Group's estimates may affect its financial condition and results of operations.

Risk Relating to Non-Toyota Dealers

The Group provides financing for some dealerships which sell products not distributed by the Distributor (or one of its affiliates). A significant adverse change, such as the closure, a restructuring or bankruptcy of automobile manufacturers other than Toyota may increase the risk that these dealers may be impacted financially and default on their loans with the Group.

Toyota Extra Care

Under an agreement with the Distributor, TFA markets, administers and accepts the liability for claims arising under a range of factory extended warranty products marketed through Toyota dealers to purchasers of Toyota and Lexus vehicles. Since TFA acquired the rights to market the factory extended warranty products from the Distributor, it has insured all of its liability for claims in respect of new and used Toyota and Lexus vehicles with licensed insurers. A change in TFA's re-insurance practices has the potential to adversely impact the financial condition and results of operations of TFA. A recent change in Australian consumer laws has impacted the viability of the sale of the factory extended warranty products.

Large Exposures

A large exposure refers to the degree of concentration in a loan portfolio or a segment of a loan portfolio. TFA has a large exposure to a number of dealerships and fleet customers. In particular, dealerships may have common ownership and TFA may make bailment and loan advances to those groups of dealerships. Failure of a dealership or fleet customer to which TFA has a large exposure may adversely affect the financial condition and results of operations of TFA.

Provisions for Bad and Doubtful Debts

The Group cannot assure that its allowance for bad and doubtful debts will be adequate to cover future credit losses. Increases in credit losses could adversely affect the Group's financial condition and results of operations.

Impact of Changes to Accounting Standards

The financial report for the year ended 31 March 2013 has been prepared in accordance with the Australian Accounting Standards ("**AAS**") and interpretations issued by the Australian Accounting Standards Board ("**AASB**") as well as the Corporations Act. The AAS incorporate International Financial Reporting Standards ("**IFRS**") and interpretations issued by the International Accounting Standards Board ("**IASB**"), with the addition of paragraphs on the applicability of each standard in the Australian environment.

The 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 Group, where they are adopted by the AASB.

Changes to Laws, Regulations or Government Policies

Changes to Australian laws, regulations or to the policies of Australian governments (federal, state or local) or of any other national governments (federal, state, provincial or local) or international organisations (and the actions flowing from such changes to

policies) of any jurisdiction in which the Group conducts its business may have a negative impact on the Group's business or require significant expenditure by the Group, or significant changes to the Group's processes and procedures, to ensure compliance with those laws, regulations or policies so that it can effectively carry on its business.

Australian Taxation

The Group is subject to numerous tax laws and is required to remit many different types of tax revenues based on self assessment and regulation. The Group 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 Group's financial condition and results of operations.

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

Potential future Australian Government policy measures, including but not limited to potential future stimulus measures or potential new measures arising from the Australian Government sponsored reviews of the Australian tax system or for any other reasons, may directly or indirectly impact the Group's net income. A later future modification or cessation of such potential future measures may adversely impact the net income of the Group.

TFA's membership of the GST Group and an income tax consolidated group is discussed in *"Contractual Obligations and Credit Related Commitments"* of *"1. Management Report"*. Transactions by other members of the GST Group and income tax consolidated group with external parties to those groups may be subject to review by the tax authorities and would be dealt with by the head company of the relevant group. As such, TFA will generally either have no knowledge, or not have detailed knowledge, of any such review as they pertain to other members of the relevant group.

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.

Insolvency Laws

In the event that TFA becomes insolvent, insolvency proceedings (including, without limitation, administration under the Corporations Act will be governed by the applicable laws in force in Australia or the law of another jurisdiction determined in accordance with Australian law. Those insolvency laws, as so applied and interpreted, may be different from the insolvency laws of certain other jurisdictions. In particular, the administration procedure under the Corporations Act, which provides for the potential re-organisation of an insolvent company, differs significantly from bankruptcy or similar provisions under the insolvency laws of other non-Australian jurisdictions. If TFA becomes insolvent, the treatment and ranking of holders of Notes issued by TFA and TFA's other creditors and shareholders under the relevant governing law may be different from the treatment and ranking of those persons if TFA was subject to the bankruptcy or insolvency laws of another jurisdiction.

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. Financial Report for the year ended 31 March 2013 and Auditor's Report

TOYOTA FINANCE AUSTRALIA LIMITED AND CONTROLLED ENTITIES
ABN 48 002 435 181
FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2013

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TOYOTA FINANCE AUSTRALIA LIMITED AND CONTROLLED ENTITIES
ABN 48 002 435 181

DIRECTORS' REPORT

The directors present this report on the consolidated entity consisting of Toyota Finance Australia Limited ("the company") and the entities it controlled at the end of, or during, the year ended 31 March 2013.

1. DIRECTORS

The directors of the company at any time during or since the end of the financial year are:

Current Directors
J. R. Chandler, a director since 2007; Managing Director since June 2009
Y. Yasuda, a director since 2007
E. Hirano, a director since 2007
I. Ritchens, a director since 2010
D. Miles, a director since 2011
N. Kojima, a director since 2012
Y. Yomoda, a director since 2012
M. Callachor, a director since 2012
A. Fujioka, appointed director in February 2013
J. Zaitsu as alternate director to Y. Yomoda, appointed alternate director in February 2012
S. Watanabe, as alternate director to N. Kojima, appointed alternate director in February 2013
M. Hachisuka, as alternate director to E. Hirano, appointed alternate director in February 2013

Former Directors
H. Ikoma, resigned as a director in December 2012
Y. Toura, ceased to be alternate director to E. Hirano, December 2012
Y. Nakano, ceased to be alternate director to N. Kojima, December 2012

2. PRINCIPAL ACTIVITIES

During the year, the principal continuing activities of the consolidated entity were:

- To finance the acquisition of motor vehicles by customers in the form of leasing, term purchase, consumer and commercial loans;
- To provide bailment facilities and commercial loans to motor dealers;
- To provide operating lease and fleet management services to customers; and
- To administer and manage extended warranty and insurance products.

There were no significant changes in the nature of these activities during the period.

3. DIVIDENDS

	2013 $'000	2012 $'000
Final dividends for the year	39,039	21,033
Interim dividends for the year	7,229	9,674
	46,268	30,707

4. REVIEW OF OPERATIONS

The consolidated net profit of the consolidated entity for the year ended 31 March 2013 was $101,602,000 (31 March 2012: $85,340,000 after deducting income tax expense of $39,906,000 (31 March 2012: $30,249,000).

5. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review.

6. ENVIRONMENTAL REGULATION

The operations of the company are not subject to any particular and significant environmental regulation.

7. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Since the end of the financial year, the directors are not aware of any matter or circumstance not otherwise dealt with in the report or the consolidated accounts that has significantly or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial periods.

8. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The company expects its underlying operations to operate profitably in the financial year ending 31 March 2014, although, fluctuations in the fair value and translation of some financial instruments resulting in unrealised gains or losses recognised through the profit or loss may produce anomalous results.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

9. SHARE OPTIONS GRANTED TO DIRECTORS AND THE MOST HIGHLY REMUNERATED OFFICERS

Options over issued ordinary shares of the ultimate chief entity, being Toyota Motor Corporation, Japan, granted during or since the end of the financial year to any directors or the five most highly remunerated officers of the company and consolidated entity as part of their remuneration are as follows:

	31 March 2013 Unexercised Options	31 March 2012 Unexercised Options
Directors		
J. R. Chandler, Managing Director	20	20 *

* The options were granted under the Toyota Motor Corporation Global Incentive Plan on 1 August 2008. An option has a right to acquire 100 common shares.

Shares under option

Issued ordinary shares of the ultimate chief entity, being Toyota Motor Corporation, Japan under option at the date of this report are as follows:

Date options granted	Date exercisable	Expiry date	Issue price of shares	Balance at start of the period	Exercised during the period	Granted during the period	Balance at end of the period
2 Aug 2010	1 Aug 2012	31 Jul 2018	(A)	2,000	-	-	2,000
				2,000	-	-	2,000

(A) The exercise price of options is based on the price equal to 1.025 times the closing price of Toyota Motor Corporation common shares on the Tokyo Stock Exchange as at the date the options were granted.

10. DIRECTORS AND OFFICERS INDEMNITIES AND INSURANCE

During the financial year, the company paid a premium of $50,426 to insure the officers of the company and its controlled entities including the directors, company secretaries, and other officers against allegations of wrongdoing (other than intentional wrongdoing).

During the year, the company has entered into a deed of access and indemnity with each new director whereby it has agreed to:

(i) the maximum extent permitted by law, to indemnify directors against any liability in connection with a director's act; legal costs incurred by a director in defending a claim or incurred in obtaining legal advice in relation to their performance of their functions and the discharge of their duties as an officer of the company; except where the liability arises is in connection with an act which is fraudulent, criminal, dishonest or a wilful default of the director's duties as a director of the company;

(ii) allow directors to have access to and take copies of the company books for the purpose of assisting them in relation to any claim; and

(iii) maintain insurance against liabilities (other than excluded liabilities) incurred as a director or an officer of the company or a controlled entity.

11. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company and its controlled entities, or to intervene in any proceedings to which the company and its controlled entities is a party, for the purpose of taking responsibility on behalf of the company and its controlled entities for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company and its controlled entities with leave of the Court under section 237 of the Corporations Act 2001.

12. AUDITOR'S INDEPENDENCE DECLARATION

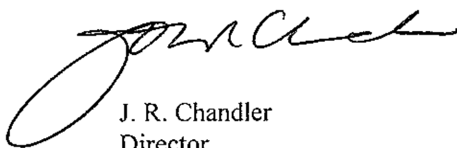
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

13. ROUNDING OF AMOUNTS

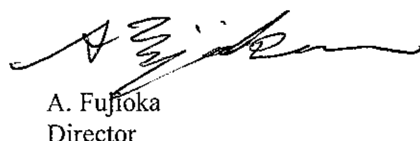
The company and its controlled entities is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the directors.

For and on behalf of the Board



J. R. Chandler
Director



A. Fujioka
Director

SYDNEY
27 JUNE 2013

Auditor's Independence Declaration

As lead auditor for the audit of Toyota Finance Australia Limited and the entities it controlled for the year ended 31 March 2013, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Toyota Finance Australia Limited and the entities it controlled during the period.

JW Bennett
Partner
PricewaterhouseCoopers

Sydney
27 June 2013

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
DX 77 Sydney, Australia
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

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TOYOTA FINANCE AUSTRALIA LIMITED AND CONTROLLED ENTITIES
ABN 48 002 435 181

FINANCIAL STATEMENTS - 31 MARCH 2013

These financial statements cover the consolidated financial statements of the consolidated entity comprising Toyota Finance Australia Limited, as chief entity, and the entities it controlled at the end, or during the financial year.

Toyota Finance Australia Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Toyota Finance Australia Limited
Level 9, 207 Pacific Highway
ST. LEONARDS, NSW, 2065

A description of the nature of the entity's principal activities is included in the directors' report on page 2, which is not part of the financial statements.

The financial statements were authorised for issue by the directors on 27 June 2013. The company has the power to amend and reissue the financial statements.

TOYOTA FINANCE AUSTRALIA LIMITED AND CONTROLLED ENTITIES
ABN 48 002 435 181

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2013

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000
Interest and similar revenue	2	841,680	805,998
Interest expense and similar charges	2	(555,699)	(561,664)
Net financing income		285,981	244,334
Other income	3	22,818	18,216
Net operating income		308,799	262,550
Bad and doubtful debts expense	5	(53,664)	(37,800)
Employee benefits expense		(68,442)	(60,285)
Depreciation and amortisation expense	4	(13,136)	(8,724)
IT and communication expense		(8,418)	(7,499)
Sales and marketing expense		(9,182)	(22,272)
Occupancy		(5,482)	(4,744)
Other expenses		(16,005)	(12,899)
Share of net profits of associates accounted for using the equity method	10	7,038	7,262
Profit before income tax		141,508	115,589
Income tax expense	6	(39,906)	(30,249)
Profit attributable to owners of the parent		101,602	85,340
Other comprehensive income			
Exchange differences on translation of foreign operations	19	991	3,566
Total comprehensive income attributable to the owners of the parent		102,593	88,906

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

TOYOTA FINANCE AUSTRALIA LIMITED AND CONTROLLED ENTITIES
ABN 48 002 435 181

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2013

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000
Assets			
Cash and cash equivalents	7	298,863	179,200
Loans and receivables	8	12,528,096	10,690,263
Derivative financial instruments	9	48,835	57,506
Investments accounted for using the equity method	10	52,569	51,754
Intangible assets	11	36,433	34,531
Property, plant and equipment	12	10,372	8,822
Deferred tax assets	13	26,355	18,600
Other assets	14	21,049	30,410
Total Assets		13,022,572	11,071,086
Liabilities			
Due to banks and other financial institutions	15	6,006,769	5,644,844
Bonds and commercial paper	16	5,587,106	4,017,841
Derivative financial instruments	9	366,046	341,293
Other liabilities	17	307,235	368,017
Total Liabilities		12,267,156	10,371,995
Net Assets		755,416	699,091
Equity			
Contributed equity	18	120,000	120,000
Reserves	19	(3,617)	(4,608)
Retained earnings	20	639,033	583,699
Total Equity		755,416	699,091

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

TOYOTA FINANCE AUSTRALIA LIMITED AND CONTROLLED ENTITIES
ABN 48 002 435 181

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2013

		Attributable to Owners of Toyota Finance Australia Ltd			
	Note	Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'000
Balance at 1 April 2012		120,000	(4,608)	583,699	699,091
Profit for the year		-	-	101,602	101,602
Other comprehensive income		-	991	-	991
Total comprehensive income		-	991	101,602	102,593
Transactions with owners in their capacity as owners:					
Contributed equity		-	-	-	-
Dividends provided for or paid	20	-	-	(46,268)	(46,268)
Balance at 31 March 2013		120,000	(3,617)	639,033	755,416
Balance at 1 April 2011		120,000	(8,174)	529,066	640,892
Profit for the year		-	-	85,340	85,340
Other comprehensive income		-	3,566	-	3,566
Total comprehensive income		-	3,566	85,340	88,906
Transactions with owners in their capacity as owners:					
Contributed equity		-	-	-	-
Dividends provided for or paid	20	-	-	(30,707)	(30,707)
Balance at 31 March 2012		120,000	(4,608)	583,699	699,091

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

TOYOTA FINANCE AUSTRALIA LIMITED AND CONTROLLED ENTITIES
ABN 48 002 435 181

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2013

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000
Cash flows from operating activities			
Net cash outflow from lending and other operating activities		(2,095,472)	(1,958,442)
Interest received		929,526	868,162
Interest paid		(495,928)	(524,065)
Income taxes paid		(93,809)	(32,197)
Net cash outflow from operating activities	22	(1,755,683)	(1,646,542)
Cash flows from investing activities			
Payments of intangible assets		(11,950)	(13,345)
Payments of property and equipment		(7,647)	(7,004)
Proceeds from sale of property and equipment		2,807	1,826
Dividends received from associate		7,214	9,674
Net cash outflow from investing activities		(9,576)	(8,849)
Cash flows from financing activities			
Proceeds from borrowings		14,401,254	11,834,043
Repayments of borrowings		(12,470,064)	(10,915,744)
Dividends paid	20	(46,268)	(30,707)
Net cash inflow from financing activities		1,884,922	887,592
Net increase/(decrease) in cash & cash equivalents		119,663	(767,799)
Cash & cash equivalents at beginning of period		179,200	946,999
Cash & cash equivalents at end of period	7	298,863	179,200

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Toyota Finance Australia Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Toyota Finance Australia Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS
The consolidated financial statements of the Toyota Finance Australia Limited and its controlled entities also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss (derivatives).

(b) Principles of consolidation

(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Toyota Finance Australia Limited ("company" or "parent entity") as at 31 March 2013 and the results of all subsidiaries for the year then ended. Toyota Finance Australia Limited and its controlled entities together are referred to in the financial statements as the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the parent entity.

1. Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(ii) Associates
Associates are all entities over which the consolidated entity has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

The consolidated entity's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the consolidated financial statements as a reduction against the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of its associate.

Unrealised gains on transactions between the consolidated entity and its associates are eliminated to the extent of the consolidated entity's interest in associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

(c) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of each of the consolidated entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

On consolidation, the exchange differences arising from the translation of the net investment in the foreign entity from functional to presentation currency is recognised in other comprehensive income.

(ii) 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 profit or loss.

Foreign exchange gains and losses that relates to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

The consolidated entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met. Revenue is recognised for the major business activities as follows:

1. Summary of significant accounting policies (continued)

(d) Revenue recognition (continued)

(i) Term Loans
Interest income arising from term loans is recognised over the period of the term loan using the effective interest rate method. Income derived from term loans is included in "other loans and receivables" within "interest and similar income"

(ii) Leased assets where the consolidated entity is the lessor

Finance Leases
Interest income derived from finance leases is recognised over the period of the contract using the effective interest rate method. Income derived from finance leases is included in "lease income" within "interest and similar income".

Operating Leases
Lease rentals receivable on operating leases are recognised on a systematic basis over the effective lease term. Income derived from operating leases is included in "lease income" within "interest and similar income".

(iii) Fee and commission income and expense

Fee income and expense are an integral part to the effective interest rate of the financial assets or liabilities and are included in the measurement of the effective interest rate.

Other fee and commission income including payment method fee and service maintenance fee are recognised as the related services are performed.

Other fee and commission expense relate to transaction and service fees and are recognised as expense in the period the services are received.

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1. Summary of significant accounting policies (continued)

(e) Income tax (continued)

Tax consolidation legislation
The company and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation from 1 April 2003 in association with other Australian incorporated entities with common ownership.

As a consequence, the company is no longer subject to income tax and does not recognise any current tax balances in its own financial statements unless the Head Entity (Toyota Motor Corporation Australia Limited) is in default of its obligations, or a default is probable, under the tax consolidation legislation, or the tax amounts relate to taxable income incurred prior to the implementation of the tax consolidation regime. Deferred tax balances are recognised in the consolidated financial statements in accordance with UIG 1052 *Tax Consolidation Accounting*. Amounts receivable or payable under a tax funding agreement with the Head Entity are recognised in accordance with the terms and conditions of the agreement as tax-related amounts receivable and payable.

(f) Leased assets where the consolidated entity is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts for the purpose of the cash flow statement.

(h) Financial instruments

Classification
The consolidated entity classifies its financial instruments in the following categories: financial assets or financial liabilities at fair value through profit or loss, loans and receivables, and held-to-maturity investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets or financial liabilities at fair value through profit or loss
This category consists of financial assets or financial liabilities at fair value through profit or loss, representing the consolidated entity's outstanding derivatives balances. Derivatives are categorised as financial assets or financial liabilities at fair value through profit or loss. Refer to note 1(k) for details of accounting policy.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the consolidated entity provides money, goods or services directly to a debtor with no intention of selling the loans and receivables. Retail and wholesale finance receivables are included in loans and receivables in the balance sheet. Refer also to note 1(i).

The consolidated entity holds no financial instrument that it classifies as held-to-maturity nor available-for-sale financial assets.

1. Summary of significant accounting policies (continued)

(h) Financial instruments (continued)

Recognition and derecognition
Purchases and sales of financial instruments are recognised on settlement date – the date on which the consolidated entity settles the purchase or sale of the asset. Financial instruments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets or financial liabilities carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expired.

Subsequent measurement
Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise.

Fair value
The fair values of quoted investments are based on current bid/offer prices. If the market for a financial asset is not active (and for unlisted securities), the consolidated entity establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same or discounted cash flow analysis.

(i) Loans and receivables

(i) Term Loans
Unearned finance income is the portion of charges written into finance receivable agreements which will be earned in the future.

(ii) Leased assets where the consolidated entity is the lessor

Finance Leases
Finance leases, in which the consolidated entity is the lessor, are included in 'loans and receivables' in the statement of financial position. These are leases in which the terms of the lease agreement substantially transfer the risks and rewards incidental to ownership of an asset from the lessor to the lessee.

Unearned finance income is the portion of charges written into finance receivable agreements which will be earned in the future.

Operating Leases
Operating leases, in which the consolidated entity is the lessor, are included in loans and receivables. These are leases in which the terms of the lease agreement do not substantially transfer the risks and rewards incidental to ownership of an asset to the lessee.

Assets held under operating leases are depreciated on a systematic basis over the term of the lease to its estimated residual value. Depreciation expense is included within lease income and within 'interest and similar revenue'.

(iii) Bailment stock
The consolidated entity provides dealer floor plan finance arrangements to motor dealers under which vehicles are owned by the consolidated entity but held at the dealers' premises as bailment stock.

Whilst the legal form of the transactions is that the vehicles are owned by the consolidated entity, the substance of the transactions is that of loans to the dealers. Accordingly, the balances are disclosed as part of 'loans and receivables' in the statement of financial position.

1. Summary of significant accounting policies (continued)

(i) Loans and receivables (continued)

(iv) Securitisation
The "Loans and receivables" includes a portion of the consolidated entity's term loans under securitisation within special purpose vehicles. The terms of the transfer of these loans do not meet the criteria for derecognition under AASB 139 and are therefore recognised on the consolidated entity's statement of financial position. AASB 127 and UIG-Interpretation 112 define various indicators of control, such as activities, decision-making, benefits, and risks which require the parent entity to consolidate the securitisation special purpose vehicle should specific conditions be met.

(j) Provision for impairment of loans and receivables

Collectability of loans and receivables is reviewed on an ongoing basis. Loans and receivables which are known to be uncollectible are written off. A provision for impairment of loans and receivables is established when there is objective evidence that the consolidated entity expect not to be able to collect all amounts due according to the original terms of the contract. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss.

(k) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The derivatives have not been designated as hedging instruments; consequently, changes in the fair value of derivatives are recognised immediately in profit or loss as interest expense and similar charges. This may, to the extent that they are not offset by the translation of the items economically hedged, introduce volatility in the consolidated entity's profit or loss and produce anomalous results.

(l) Fair value estimation

The fair value of financial assets and liabilities are estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial instruments held by the company is the bid/offer price.

The fair value of the financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using discounted cash flow valuation techniques. In particular, the fair value of interest rate swaps and cross currency swaps is calculated as the present value of the estimated future cash flows and the fair value of foreign exchange contracts is determined using the forward exchange market rates at the end of the reporting period.

1. Summary of significant accounting policies (continued)

(m) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Asset Class	Method	Useful Life
Plant and equipment	Straight-line	3-5 years
Motor vehicles	Straight-line	1- 3 years

Leasehold improvements
Leasehold improvements are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity, whichever is the shorter.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(n) Intangible assets

Computer software development
Capitalised computer software development is recognised when it is probable that the project (i) will be completed considering its commercial and technical feasibility, (ii) will contribute to future period financial benefits through revenue generation and/or cost reductions; and (iii) its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services and direct labour. Capitalised computer software development is amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which varies from 4 to 5 years.

(o) Impairment of assets

Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to resell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other asset groups (cash generating units).

1. Summary of significant accounting policies (continued)

(p) Bonds and commercial paper

Bonds and commercial paper are initially recognised at fair value, net of transaction costs incurred. Bonds and commercial paper are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the bonds or commercial paper using the effective interest method.

(q) Financial instrument transaction costs

Transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability are included in the initial recognition of the financial instruments. Transaction costs of financial assets carried at fair value through the profit or loss are expensed in profit or loss.

(r) Employee benefits

(i) Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including annual leave expected to be settled within 12 months of the end of each reporting period are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liability is settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at rates paid or payable.

(ii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of each reporting period. Consideration is given at expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash flows.

(iii) Retirement benefit obligations
All employees of the consolidated entity are entitled to benefits on retirement, disability or death from the consolidated entity's superannuation plan. The consolidated entity has a defined contribution plan. The defined contribution plan receives fixed contributions from the consolidated entity and the consolidated entity's legal and constructive obligation is limited to these contributions.

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that cash refund, or a reduction in the future payments is available.

(s) Dividends

Provision is made for the amount of any dividend declared on or before the end of the year but not distributed at the end of each reporting period.

(t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments has been identified as the board of directors.

1. Summary of significant accounting policies (continued)

(u) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(v) Critical accounting estimates and judgements

The preparation of the financial report requires the making of estimations and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are :

(i) Impairment of loans and receivables – refer to Note 1(j)

(ii) Derivatives
The fair value of derivative financial assets and liabilities are estimated using valuation techniques with inputs other than quoted prices included within level 1 fair value hierarchy that are observable for the asset or liability, either directly or indirectly.

(w) Rounding of amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(x) Parent entity financial information

The financial information for the parent entity, Toyota Finance Australia Limited, disclosed in note 33 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries and associates
Investments in subsidiaries and associates are accounted for at cost in the financial statements of Toyota Finance Australia Limited. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

(ii) Financial guarantees
Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries and associates for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

1. Summary of significant accounting policies (continued)

(y) New and revised accounting standards and interpretations

Certain new or revised standards and interpretations have been published that are not mandatory for the 31 March 2013 financial year. The company's assessment of the impact of the relevant new standards and interpretations is set out below.

- AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments of Australian Accounting Standards- Mandatory Effective date of AASB 9 and Transition Disclosures* (effective from 1 January 2015).

  AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed.

  The consolidated entity has not yet decided when to adopt the new standard, and will still need to review and determine its impact to the financial statements.

- AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities, revised* AASB 127 *Separate Financial Statements*, AASB 128 *Investments in Associates and Joint Ventures*, AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards and* AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments (effective 1 January 2013)*

  In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures. AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. While the group does not expect the new standard to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules.

- AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013)

  AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The consolidated entity has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

  The consolidated entity does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 31 March 2014.

1. Summary of significant accounting policies (continued)

(y) New and revised accounting standards and interpretations (continued)

- AASB 2012-3 *Offestting Financial Assets and Financial Liabilities* (effective 1 July 2014) and AASB 2012-2 *Disclosures-Offsetting Financial Assets and Financial Liabilities* (effective 1 July 2013)

  The amendments do not change the current offsetting rules in AASB 132, but they clarify that the right to set-off must be available today (ie not contingent on future event) and must be legally enforceable in the normal course of business as well as in the event of default, insolvency and bankruptcy. There are more extensive disclosures which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements, irrespective of whether they are offset.

  The consolidated entity does not intend to adopt the new standards before their operative date, which means that it would be first applied in the annual reporting period ending 31 March 2014.

- AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (effective 1 July 2013)

  The amendment removes the individual key management personnel disclosure requirements from AASB 124 *Related Party Disclosures*, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the Corporations Act 2001. These amendments cannot be adopted early.

  This amendment does not apply to the consolidated entity as disclosures are on aggregate basis.

(z) Changes to presentation

The company decided in the current financial year to change the classification of certain assets and liabilities to provide relevant information to the stakeholders.

(i) Company motor vehicles – company motor vehicles is reclassified from "loans and receivables" to "plant, property and equipment". The comparative information has been reclassified accordingly.

(ii) Intangible assets – computer software development is reclassified from "plant, property and equipment" to "intangible assets". The comparative information has been reclassified accordingly.

(iii) Clearing accounts – certain clearing accounts are reclassified to the balance sheet items to which they relate. The comparative information has not been reclassified as the company deemed it to be immaterial.

(iv) Operating segment – the operating segment is changed to reflect the two main business streams in which the company operates (i.e. Retail and Fleet). The comparative information has been adjusted accordingly.

	Consolidated 2013 $'000	Consolidated 2012 $'000
2. Interest and similar revenue and interest expense and similar charges		
Interest and similar revenue		
Cash and cash equivalents	14,330	28,099
Lease income	133,735	134,254
Other loans and receivables	781,125	704,437
Interest revenue	929,190	866,790
Fee income	70,843	60,831
Fee expense	(158,353)	(121,623)
Interest and similar revenue	841,680	805,998
Interest expense and similar charges		
Due to banks and other financial institutions	193,793	168,397
Bonds and commercial paper	183,494	202,793
Borrowings from affiliated entities	1,775	294
Net (gain)/ loss on translation of foreign currency debt	(64,459)	24,015
Fair value loss on derivative financial instruments at fair value through profit or loss	230,131	159,421
Transaction costs	10,965	6,744
Interest expense and similar charges	555,699	561,664

	Consolidated 2013 $'000	Consolidated 2012 $'000
3. Other income		
Net gain on disposal of leased and fixed assets	6,571	6,543
Commission and other income	16,247	11,673
	22,818	18,216

4. Depreciation and amortisation expenses

Profit before income tax includes the following specific expenses:

	Consolidated 2013 $'000	Consolidated 2012 $'000
Depreciation		
Leasehold improvements	695	608
Plant and equipment	1,042	1,450
Motor vehicles	1,371	638
Total depreciation	3,108	2,696
Amortisation		
Computer software development	10,028	6,028
Total Amortisation	10,028	6,028
Total depreciation and amortisation expense	13,136	8,724

	Consolidated 2013 $'000	Consolidated 2012 $'000
5. Impairment of loans and receivables		
(i) Provision for impairment of loans and receivables		
Opening balance	145,859	130,134
Bad debts written off	(36,708)	(27,138)
Increase in provision	59,334	42,863
Closing balance	168,485	145,859
(ii) Bad and doubtful debts expense		
Recovery of bad debts written off	(5,670)	(5,063)
Increase in provision	59,334	42,863
Total bad and doubtful debts expense	53,664	37,800

6. Income tax expense

	Consolidated 2013 $'000	Consolidated 2012 $'000
a) Current tax	47,620	63,267
Deferred tax	(7,756)	(33,243)
Under provision in prior year	42	225
Income tax expense attributable to continuing operations	39,906	30,249
Deferred income tax expense included in income tax expense comprises:		
(Increase) in deferred tax assets	(4,507)	(16,348)
(Decrease) in deferred tax liabilities	(3,249)	(16,895)
	(7,756)	(33,243)
b) Numerical reconciliation of income tax expense to prima facie tax payable:		
Profit from continuing operations before income tax expense	141,505	115,589
Prima facie tax payable @ 30%	42,451	34,677
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share of net profit of associate	(2,111)	(2,179)
Sundry items	(476)	(2,474)
	39,864	30,024
Under provision in prior years	42	225
Income tax expense attributable to continuing operations	39,906	30,249

6. Income tax expense (continued)

(c) Tax consolidation legislation

The company and its wholly-owned Australian controlled entities (the 'consolidated entity') have implemented the income tax consolidation legislation from 1 April 2003 in association with other Australian incorporated entities with a common ownership. The accounting policy in relation to this legislation is set out in note 1(e).

On adoption of the income tax consolidation legislation, the entities in the income tax consolidated group entered into an income tax sharing agreement which, in the opinion of the directors, limits the joint and several liability for income tax of the consolidated entity in the case of a default by the head entity, Toyota Motor Corporation Australia Limited.

The consolidated entity has also entered into an income tax funding agreement under which the consolidated entity fully compensates the head entity for any current income tax payable assumed and is compensated by the head entity for any current income tax receivable. The funding amounts are determined by reference to the amounts recognised in the consolidated entity's financial statements.

The amounts receivable/payable under the income tax funding agreement is due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay income tax instalments.

7. Cash and cash equivalents

	Consolidated 2013 $'000	Consolidated 2012 $'000
Cash on hand	3	3
Cash in bank	11,860	197
Deposits at call	287,000	179,000
	298,863	179,200

	Consolidated 2013 $'000	Consolidated 2012 $'000
8. Loans and Receivables		
Bailment stock	2,126,846	1,755,104
Motor vehicles under operating lease*	1,463,141	1,215,076
Term Loans**	9,813,144	8,484,329
Finance Leases	1,047,077	950,686
Gross loans and receivables	14,450,208	12,405,195
Accumulated depreciation on motor vehicles under operating lease	(499,189)	(373,836)
Unearned income***	(1,254,438)	(1,195,237)
Net loans and receivables (net of unearned income)	12,696,581	10,836,122
Provision for impairment of loans and receivables	(168,485)	(145,859)
Net loans and receivables	12,528,096	10,690,263

Maturity analysis (net of unearned income)

	2013	2012
Loans and receivables maturing within 12 months	5,201,727	4,322,096
Loans and receivables maturing beyond 12 months	7,494,854	6,514,026
	12,696,581	10,836,122

Concentration of exposures

The majority of the consolidated entity's loans and advances are provided to finance the purchase or lease of motor vehicles or motor dealership assets.

* Motor vehicles under operating lease is inclusive of carrying value of vehicles which ceased to be rented and are held for sale amounting to $9.4 million as at 31 March 2013 (2012: $8.2 million).

** As at 31 March 2013 the special purpose entities held $2,876.8 million (2012: $2,269.3 million) of the consolidated entity's term loans under securitisation. Such securitised loans have varied maturity dates ranging from one month to five years.

Securitised loans maturing within one year amounted to $961.0 million as at 31 March 2013 (2012: $695.9 million).

*** Unearned income as at 31 March 2013 is inclusive of net unamortised deferred revenue and expenses amounting to $153.2 million (31 March 2012: $113.6 million), unearned finance income on finance leases amounting to $108.2 million (31 March 2012: $106.9 million) and unearned finance income on term loans amounting to $1,299.4 million (31 March 2012: $1,201.9 million). There is no unearned income on bailment stock.

	Consolidated 2013 $'000	Consolidated 2012 $'000
9. Derivative financial instruments		
Assets		
Interest rate swap contracts	20,262	15,616
Cross currency swap contracts	27,770	25,460
Forward foreign exchange contracts	803	16,430
Total derivative financial instrument assets - held at fair value	48,835	57,506
Liabilities		
Interest rate swap contracts	82,973	72,548
Cross currency swap contracts	213,130	267,444
Forward foreign exchange contracts	69,943	1,301
Total derivative financial instrument liabilities - held at fair value	366,046	341,293
Current Derivative Financial Instruments		
Derivative Financial Assets	24,983	22,735
Derivative Financial Liabilities	162,351	90,817
Non-current Derivative Financial Instruments		
Derivative Financial Assets	23,852	34,771
Derivative Financial Liabilities	203,695	250,476

10. Investments in Associates

Name of entity	Country of incorporation	Consolidated 2013 $'000	Consolidated 2012 $'000	Ownership interest 2013 %	Ownership interest 2012 %
(a) Movement in carrying amount					
Unlisted					
Toyota Finance New Zealand Limited	New Zealand				
Carrying amount at 1 April		51,754	50,600	45.45	45.45
Share of profits after income tax		7,038	7,262		
Dividends received		(7,214)	(9,674)		
Net exchange differences on translation of foreign associate entity		991	3,566		
Carrying amount at 31 March		52,569	51,754		

The principal activities of Toyota Finance New Zealand Limited during the period were:
- to finance motor vehicle acquisitions in the form of leasing, term purchase, consumer and commercial loans;
- to provide bailment facilities and commercial loans to Toyota dealers;
- the marketing of vehicle and finance related insurance products;
- the provision of retail finance and related products for pleasure boats; and
- the provision unsecured personal loans.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost.

(b) Share of associates' profits

	2013 $'000	2012 $'000
Profit before income tax	10,165	10,018
Income tax expense	(3,127)	(2,756)
Profit after income tax	7,038	7,262

(c) Summarised financial information of associates

	Consolidated entity's share of: Assets $'000	Liabilities $'000	Revenues $'000	Profit $'000
Consolidated 2013				
Toyota Finance New Zealand Limited	381,575	328,343	49,422	7,038
Consolidated 2012				
Toyota Finance New Zealand Limited	393,557	341,139	54,718	7,262

	Consolidated 2013 $'000	Consolidated 2012 $'000
(d) Share of associates expenditure commitments		
Lease commitments	1,028	1,277

11. Intangible assets

		Consolidated	
Software*	**Cost**	**Amortisation**	**Carrying Value**
	$'000	**$'000**	**$'000**
Consolidated 2013	93,033	56,600	36,433
Consolidated 2012	81,103	46,572	34,531

	Consolidated 2013	**Consolidated 2012**
	$'000	**$'000**
Carrying value at 1 April	34,531	27,215
Additions	11,950	13,345
Amortisation expense	(10,028)	(6,028)
Impairment loss	(20)	(1)
Carrying value at 31 March	36,433	34,531

* Software consists of capitalised IT development costs being an internally generated intangible asset. These consist of system software purchased and customised to the needs of the entity as well as internally developed software projects.

12. Property, plant and equipment

	Cost Consolidated 2013 $'000	Depreciation Consolidated 2013 $'000	Carrying Value Consolidated 2013 $'000
Leasehold improvements	5,679	3,546	2,133
Plant and equipment	19,273	15,629	3,644
Motor vehicles	5,415	820	4,595
	30,367	19,995	10,372

	Cost Consolidated 2012 $'000	Depreciation Consolidated 2012 $'000	Carrying Value Consolidated 2012 $'000
Leasehold improvements	5,194	2,850	2,344
Plant and equipment	17,322	15,098	2,223
Motor vehicles	5,122	867	4,255
	27,638	18,815	8,822

Consolidated 2013	Leasehold improvements $'000	Plant and equipment $'000	Motor vehicles $'000	Totals $'000
Carrying value at 1 April	2,344	2,223	4,255	8,822
Additions	484	2,463	4,700	7,647
Disposals	-	-	(2.990)	(2,990)
Depreciation expense	(695)	(1,042)	(1,370)	(3.107)
Carrying value at 31 March	2,133	3,644	4,595	10,372

Consolidated 2012	Leasehold improvements $'000	Plant and equipment $'000	Motor vehicles $'000	Totals $'000
Carrying value at 1 April	1,161	1,716	3,462	6,339
Additions	1,790	1,957	3,257	7,004
Disposals	-	-	(1,826)	(1,826)
Depreciation expense	(608)	(1,450)	(638)	(2.696)
Carrying value at 31 March	2,344	2,223	4,255	8,822

	Consolidated 2013 $'000	Consolidated 2012 $'000
13. Deferred tax assets		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Provision for impairment of loans and advances	50,545	43,758
Employee entitlements	2,369	1,825
Financial instruments	14,256	14,840
Deferred origination fees	6,377	7,975
Manufacturer's subvention	7,393	11,224
Accrued expenses	19,298	16,156
Sundry items	2,742	2,696
Total deferred tax assets	102,980	98,474
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 1e)		
Amounts recognised in profit or loss		
Deferred fees and commissions	(29,340)	(42,711)
Investments accounted for using the equity method	(1,116)	(1,116)
Assets financed under lease	(41,648)	(31,274)
Sundry items	(4,521)	(4,773)
Total deferred tax liabilities	(76,625)	(79,874)
Net deferred tax assets	26,355	18,600
Deferred tax (liabilities) expected to be settled within 12 months	(2,633)	(7,065)
Deferred tax assets expected to be settled after more than 12 months	28,988	25,665
	26,355	18,600

14. Other assets

	Consolidated 2013 $'000	Consolidated 2012 $'000
Other debtors and prepayments	20,437	29,462
Accrued interest receivable on cash and cash equivalents	612	948
	21,049	30,410
Other assets expected to be recovered within 12 months	17,140	25,696
Other assets expected to be recovered after more than 12 months	3,909	4,714
	21,049	30,410

	Consolidated 2013 $'000	Consolidated 2012 $'000
15. Due to banks and other financial institutions		
Banks and other financial institutions	5,670,973	5,115,845
Affiliated entity	335,796	528,999
Total banks and financial institution borrowings	6,006,769	5,644,844
Maturity analysis		
Current		
Banks and other financial institutions	1,935,754	1,331,521
Affiliated entity	335,796	528,999
Total Current	2,271,550	1,860,520
Non-current		
Banks and other financial institutions	3,735,219	3,784,324
Total banks and financial institution borrowings	6,006,769	5,644,844

Included in the "Due to banks and other financial institutions" is securitised debt of $2,828.1 million as at 31 March 2013 (2012: $2,234.8 million) representing the value of term loans held by the special purpose entities. The special purpose entities issued interest bearing senior and subordinated notes amounting to $2,391.1 million and $437.0 million, respectively as at 31 March 2013 (2012: $1,885.9 million and $348.8 million, respectively). The term loans are pledged as collateral for the senior and subordinated notes. The company provides an unconditional and irrevocable guarantee over payments on the subordinated notes.

The interest payable on the secured notes as at 31 March 2013 amounted to $4.8 million (2012: $5.2 million) and is included in "Accrued Interest Payable".

	Consolidated 2013 $'000	Consolidated 2012 $'000
16. Bonds and commercial papers		
Domestic commercial paper	597,696	596,842
Domestic medium term note	299,460	-
Euro commercial paper	1,259,266	783,596
Euro medium term note	3,430,684	2,637,403
Total bonds and commercial papers	5,587,106	4,017,841
Maturity analysis		
Current		
Domestic commercial paper	597,696	596,842
Euro commercial paper	1,259,266	783,596
Euro medium term note	1,173,564	851,002
Total current bonds and commercial papers	3,030,526	2,231,440
Non-current		
Domestic medium term note	299,460	-
Euro medium term note	2,257,120	1,786,401
Total non-current bonds and commercial papers	2,556,580	1,786,401

Holders of any outstanding bonds, debentures, notes and other investment securities and commercial papers summarised in the tables above have the benefit of Credit Support Agreements governed by Japanese law, one between Toyota Motor Corporation and Toyota Financial Services Corporation dated 14 July 2000, and the other between Toyota Financial Services Corporation and the company dated 7 August 2000.

	Consolidated 2013 $'000	Consolidated 2012 $'000
17. Other liabilities		
Unearned warranty revenue	1,885	1,854
Employee entitlements	7,897	6,083
Accrued interest payable	45,597	40,267
Amounts payable to related entities	137,846	245,494
Accounts payable & accrued expenses	111,759	37,556
Other	2,251	36,763
	307,235	368,017
Other liabilities expected to be settled within 12 months	232,036	312,376
Other liabilities expected to be settled in more than 12 months	75,199	55,641
	307,235	368,017
Number of employees at end of reporting period	516	461

18. Contributed equity

	2013	2012
Ordinary shares fully paid	120,000	120,000

(a) *Ordinary shares*

At 31 March 2013 there were 120,000,000 ordinary shares fully paid.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

19. Reserves

Foreign currency translation reserve	2013	2012
Balance at 1 April	(4,608)	(8,174)
Net exchange differences on translation of foreign associate entity	991	3,566
Balance at 31 March	(3,617)	(4,608)

(a) *Foreign currency translation reserve*

Exchange differences arising on translation of the foreign entity accounted for using the equity method are taken to the foreign currency translation reserve, as described in note 1(c). The reserve is recognised in profit and loss when the net investment is disposed of.

	Consolidated 2013 $'000	Consolidated 2012 $'000
20. Retained profits		
Balance at 1 April	583,699	529,066
Profit attributable to owners of the parent	101,602	85,340
Total available for appropriation to owners of the parent	685,301	614,406
Dividends provided for or paid	(46,268)	(30,707)
Balance at 31 March	639,033	583,699
Dividends		
Final dividend for the year ended 31 March 2012 of 32.5 cents (31 March 2011: 17.5 cents) per fully paid share. Fully franked based on tax paid at @ 30%	39,039	21,033
Interim dividend for the half year ended 30 September 2012 of 6.0 cents (30 September 2011: 8.1 cents) per fully paid share. Fully franked based on tax paid at @ 30%	7,229	9,674
Total dividends provided for or paid	46,268	30,707

Under the income tax consolidation regime, the franking account balance of the company as at 1 April 2003 was permanently transferred to the Head Entity of the consolidated tax group. The company ceases to have a franking account during the time it remains a member of the consolidated group.

The income tax consolidation rules do permit the company to pay a franked dividend to its shareholder with the Head Entity's franking account bearing a reduction for the franking credit attached to the dividend. Dividends paid during the year ended 31 March 2013 were fully franked.

	Consolidated 2013 $	Consolidated 2012 $
21. Auditor's remuneration		
During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:		
PricewaterhouseCoopers - Australian firm		
Audit or review of the financial reports	420,972	456,856
Other audit-related work	242,355	156,184
Total audit and other assurance services	663,327	613,040
Taxation	19,801	28,898
Total remuneration	683,128	641,938
Related practices of PricewaterhouseCoopers-Australian firm (including overseas PricewaterhouseCoopers firms)		
Other assurance services	368,891	68,355

22. Cash flow information

Reconciliation of profit for the year to net cash from operating activites

	Consolidated 2013 $'000	Consolidated 2012 $'000
Profit attributable to owners of the parent	**101,602**	**85,340**
Share of profit of associates	(7,038)	(7,262)
Depreciation and amortisation	13,137	8,724
Impairment losses	20	1
Amortisation - upfront receipts	8,767	14,248
Amortisation - prepaid expenses	12,508	7,357
Net (gain)/ loss on sale of non-current assets	(6,571)	(6,543)
Net (gain)/loss on translation of foreign currency debt	(100,537)	64,073
Changes in fair value of financial instruments	133,703	(32,332)
Movements in operating assets and liabilities:		
(Increase)/decrease in loans and receivables	(1,853,705)	(1,499,027)
(Increase)/decrease in deferred tax asset	(7,755)	(33,243)
Increase/(decrease) in provision for doubtful debts	22,626	15,725
(Decrease)/Increase in current liabilities	(14,635)	28,597
Decrease/(increase) in current assets	9,361	14,435
(Decrease)/Increase in income tax payable	(46,147)	31,029
Increase/(decrease) in derivative liabilities at fair value through profit or loss	(21,019)	(337,664)
Net cash from operating activities	(1,755,683)	(1,646,542)

23. Lease commitments

	Consolidated 2013 $'000	Consolidated 2012 $'000
Operating leases		
Aggregate amount contracted but not provided for in the accounts are as follows:		
- Premises	11,624	10,766
Lease commitments expected to be settled in 12 months	4,391	3,500
Lease commitments expected to be settled in more than 12 months	7,233	7,266
	11,624	10,766

The company leases various offices under non-cancellable operating leases expiring within one to six years. The leases have varying terms, escalations clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

24. Capital Commitments

	Consolidated 2013 $'000	Consolidated 2012 $'000
Expenditures contracted for at the end of each reporting period but not recognised as liabilities is as follows:		
Intangible assets	-	2,515

25. Credit commitments

The company and its controlled entities have outstanding commitments to extend credit in the normal course of business which are not reflected in the financial statements.

Outstanding credit commitments provided to customers currently undrawn are as follows:

	Consolidated 2013 $'000	Consolidated 2012 $'000
Term loans	213,093	192,354
Bailment	210,087	413,339
Fleet facilities	1,111,349	1,265,743
Total	1,534,529	1,871,436

26. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	Ownership interest	
			2013 %	2012 %
TFA (Wholesale) Pty. Limited*	Australia	Ordinary	100	100
Southern Cross Toyota 2009-1 Trust**	Australia	Ordinary	100	100
Southern Cross Toyota 2011-1 Trust**	Australia	Ordinary	100	100
King Koala TFA 2012-1 Trust**	Australia	Ordinary	100	100
Southern Cross Toyota 2012-1 Trust**	Australia	Ordinary	100	100

*Investment value of $2 has been rounded to nil.
**Investment value of $10 has been rounded to nil.

*This subsidiary has been granted relief from the necessity to prepare financial statements in accordance with Class Order 98/1418 issued by the Australian Securities and Investment Commission. For further information refer to note 34.

The proportion of the ownership interest is equal to the proportion of voting power held.

27. Related party transactions

(a) Entities in the wholly owned group

The ultimate Australian parent entity is Toyota Finance Australia Limited, a wholly owned subsidiary of Toyota Financial Services Corporation, which is a wholly-owned subsidiary of the ultimate parent entity, Toyota Motor Corporation incorporated in Japan.

(b) Subsidiaries

Interests in subsidiaries are set out in note 26.

(c) Key management personnel

	Consolidated 2013 $	Consolidated 2012 $
Key management personnel compensation		
Short-term employee benefits	4,887,052	4,337,233
Other long term benefits	-	12,229
	4,887,052	4,349,462

Loans to key management personnel

Details of loans made to directors and other key management personnel of the company are set out below.

At 31 March	Amount	Outstanding Balance	Terms	Average Rate	Security
2013	$2,603,024	$2,587,961	30 years, variable	5.73%	Secured by 1st mortgages over the loan property
2012	$2,603,024	$2,595,857	30 years, variable	6.89%	Secured by 1st mortgages over the loan property

No write-downs or allowance for doubtful debts were recognised on the key management personnel loans in 31 March 2013 and 2012.

(d) Transactions and balances with related parties

Transactions with related parties are set out below. These are included in the company's Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position for the period.

	Consolidated 2013 $'000	Consolidated 2012 $'000
Net Financing Margin		
Affiliate finance income	51,475	31,259
Interest expense on loans from affiliated entity	1,775	294
Credit support fees paid to parent entity	(5,828)	(2,767)
Expenses		
Marketing expenses paid to affiliates	1,500	16,155

27. Related party transactions (continued)

(d) Transactions and balances with related parties (continued)

	Consolidated 2013 $'000	Consolidated 2012 $'000
Assets		
Loans and advances		
Deferred retail subvention income from affiliates*	(94,942)	(74,616)
Other assets		
Accounts receivable from affiliates*	35,430	26,311
Liabilities		
Interest bearing loans payable to affiliates	335,796	528,999
Non-interest bearing loans payable to affiliates	32,548	32,625
Accounts payable to affiliates*	102,100	211,539
Accrued interest payable to affiliates	77	82
Accounts payable to parent entity*	3,198	1,330

No bad debts expense and allowance for doubtful debts were recognised in relation to any receivable due from related parties in 31 March 2013 and 2012.

* Non-interest bearing

28. Financial Risk Management

The consolidated entity's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk, liquidity risk and residual value risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and used vehicle markets and seeks to manage potential adverse effects on the financial performance of the consolidated entity. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. Derivative financial instruments are used to manage the consolidated entity's exposure to currency risk and interest rate risk. The residual value risk of the consolidated entity arises mainly from receivables under operating lease and loans with guaranteed future value.

Risk management is carried out by various committees and departments based on charters or policies approved by senior management in accordance with the company's Enterprise Risk Management Framework. These include:

Pricing Committee
The Pricing Committee meets to actively assess new business margins in connection with volume and interest rate requirements, and a changing interest rate and competitor environment.

Asset and Liability Committee
An Asset and Liability Committee meets to proactively and collaboratively manage and monitor the interest rate and liquidity risks of the consolidated entity. The consolidated entity's Treasury department identifies, evaluates and hedges financial risks. The Treasury department implements the consolidated entity's policies to manage the consolidated entity's foreign currency risk, interest rate risk, credit risk with financial intermediaries, and liquidity risk.

Credit Risk Committee
The Credit Risk Committee is responsible for identifying, evaluating and managing the consolidated entity's credit risk. The role of Credit Risk Committee is to ensure that the consolidated entity's business has a sound risk strategy consistent with corporate goals, which is applied by competent people of balanced disciplines and responsibilities using appropriately documented, robust policy and procedures.

28. Financial Risk Management (continued)

Residual Value Committee
The Residual Value Committee undertakes to measure and assess residual values on assets based on best practice and critical variable information such as used car market dynamics, economic conditions, governmental policies/regulations, the credit market and the conditions of assets under lease/with guaranteed future value. It reports all matters with potential impact on residual value of assets and all other matters which would mitigate potential residual value risks to the consolidated entity.

Internal Audit
Internal Audit is responsible for reviewing the consolidated entity's activities and providing reasonable assurance to the executive committee of the adequacy of the control environment and risk management within its operations.

Senior management and the consolidated entity's shareholder, where applicable, provide written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk
The consolidated entity operates in international capital markets to obtain debt funding to support its earning assets. Transactions may be denominated in foreign currencies, exposing the consolidated entity to foreign exchange risk arising from various currency exposures.

Foreign exchange risk arises from recognised assets and liabilities denominated in currency that is not the entity's functional currency and net investments in foreign operations. The risk is measured using debt maturity analysis.

Management has set up a policy requiring the consolidated entity to manage its foreign exchange risk against their functional currency. The consolidated entity is required to hedge 100% of its foreign exchange risk at the time of debt issuances. Derivative financial instruments are entered into by the consolidated entity to hedge its exposure to foreign currency risk, including:

- Forward exchange contracts to hedge the foreign currency risk arising on the issue of commercial paper in foreign currencies and affiliated entity loan; and
- Cross currency swaps to manage the foreign currency and interest rate risk associated with foreign currency denominated medium term notes.

The consolidated entity's net exposure to foreign currency risk at the end of the reporting period ending 31 March 2013 is immaterial. There has been no change in this position when compared to the reporting period ending 31 March 2012.

(ii) Cash flow and fair value interest rate risk
Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The consolidated entity is exposed to the effects of fluctuations in the prevailing levels of market interest rates as it borrows and lends funds at both floating and fixed rates. Derivative financial instruments are entered into by the consolidated entity to economically hedge its exposure to cash flow and fair value interest rate risk, including:

- Fixed-to-floating interest rate swaps to manage the interest rate risk generated by the consolidated entity's earning assets. Such interest rate swaps have the economic effect of converting loans and receivables from fixed rates to floating rates.
- Fixed-to-floating interest rate swaps to manage the interest rate risk generated by the consolidated entity's functional currency denominated fixed rate medium term notes. Such interest rate swaps have the economic effect of converting borrowings from fixed rates to floating rates; and

28. Financial Risk Management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)

- Cross currency swaps to manage the foreign currency and interest rate risk associated with foreign currency denominated medium term notes. Such cross currency swaps have the economic effect of converting borrowings from foreign denominated fixed or floating rates to functional currency floating rates.

Under the interest rate swaps, the consolidated entity agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates, and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Under the cross currency swaps, the consolidated entity agrees with other parties to exchange, at specified intervals, foreign currency principal and fixed rate interest amounts, and functional currency principal and floating rate interest amounts calculated with reference to the agreed functional currency principal amount.

The consolidated entity's policy is to maintain most of its debt exposure in functional currency at floating rate, using interest rate swaps or cross currency swaps to achieve this when necessary. The consolidated entity's policy is to maintain between 20% and 50% of its loans and receivables funded at floating rate, using interest rate swaps to achieve this when necessary.

The following table details the consolidated entity's exposure to interest rate risk as at the end of the reporting period.

31 March 2013	Weighted Average Interest Rate %	Variable Interest Rate $'000	Fixed Interest Rate Less than 1 year $'000	Fixed Interest Rate 1 to 5 years $'000	Fixed Interest Rate Over 5 years $'000	Non Interest Bearing $'000	Total $'000
Financial Assets							
Cash and liquid assets	3.5%	298,862	-	-	-	-	298,862
Loans and receivables	10.0%	3,164,125	2,796,724	6,511,698	224,035	-	12,696,582
Hedge swaps		8,142,000	(3,104.000)	(5,038.000)	-	-	-
Other assets		-	-	-	-	21,049	21,049
Total financial assets		11,604,987	(307.276)	1,473,698	224,035	21,049	13,016,493
Financial Liabilities							
Banks & other financial institutions	3.7%	5,670,973	-	-	-	-	5,670,973
Loans from related company	3.1%	335,796	-	-	-	-	335,796
Commercial papers	3.1%	1,856,963	-	-	-	-	1,856,963
Medium term notes	3.6%	-	1,173,565	2,519,510	37,069	-	3,730,144
Cross currency swaps		1,216,515	(323,965)	(852,409)	(40,141)	-	-
Interest rate swaps	-	2,536,700	(830,400)	(1,706,300)	-	-	-
Other liabilities		-	-	-	-	305,351	305,351
Total financial liabilities		11,616,947	19,200	(39,199)	(3,072)	305,351	11,899,227
Net Financial Assets		(11,960)	(326,476)	1,512,897	227,107	(284,302)	1,117,266

28. Financial Risk Management (continued)

(a) Market risk (continued)

31 March 2012	Weighted Average Interest Rate %	Variable Interest Rate ($'000)	Fixed Interest Rate			Non Interest Bearing ($'000)	Total $'000
			Less than 1 year ($'000)	1 to 5 years ($'000)	Over 5 years ($'000)		
Financial Assets							
Other Assets		-	-	-	-	30,410	30,410
Cash and liquid assets	4.8%	179,200	-	-	-	-	179,200
Loans and receivables	8.6%	2,669,105	2,414,011	5,542,663	210,343	-	10,836,122
Hedge swaps		6,664,000	(2,740,000)	(3,924,000)	-	-	-
Total financial assets		9,512,305	(325,989)	1,618,663	210,343	30,410	11,045,732
Financial Liabilities							
Banks & other financial institutions	5.2%	5,115,845	-	-	-	-	5,115,845
Loans from related company	4.5%	528,999	-	-	-	-	528,999
Commercial papers	4.5%	1,380,438	-	-	-	-	1,380,438
Medium term notes	4.9%	-	851,002	1,699,682	86,719	-	2,637,403
Cross currency swaps	-	1,196,304	(541,401)	(561,908)	(92,995)	-	-
Interest rate swaps	-	1,438,800	(316,000)	(1,122,800)	-	-	-
Other liabilities		-	-	-	-	368,017	368,017
Total financial liabilities		9,660,386	(6,399)	14,974	(6,276)	368,017	10,030,702
Net Financial Assets		(148,081)	(319,590)	1,603,689	216,619	(337,607)	1,015,030

(iii) Value at risk

The consolidated entity applies a 'value at risk' methodology (VAR) to its portfolio, 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. The consolidated entity's shareholder sets limits on the value of risk that may be accepted.

VAR is a statistically based estimate of the potential losses on the current portfolio from adverse market movements. It expresses the 'maximum' amount the consolidated entity may lose, but only to a certain level of confidence (95%). The VAR model assumes a certain 'holding period' until positions can be closed (30 days). It also assumes that market moves occurring over this holding period will follow a similar pattern to those that have occurred over a 1 year (365 day) period in the past. The consolidated entity's assessment of past movements is based on daily market data for the past 1 year. The consolidated entity applies these historical changes in rates directly to its current positions – a deterministic method called parametric VAR.

The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

The following table summarises the consolidated entity's value at risk as a percentage of equity.

	12 months to 31 March 2013			12 months to 31 March 2012		
	Average	High	Low	Average	High	Low
Interest rate risk	3.95	4.51	3.53	4.05	4.71	3.21

28. Financial Risk Management (continued)

(b) Credit risk

The consolidated entity takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the consolidated entity by failing to discharge an obligation. Credit exposures arise principally in lending activities that lead to loans and receivables, and treasury funding activities such as cash and cash equivalents, deposits with banks and financial institutions and derivative financial instruments.

(i) Loans and receivables

The consolidated entity's loans and receivables portfolio is exposed to three areas: retail, fleet and wholesale.

Retail
The retail portfolio is the largest area which comprises a range of loans and receivables from individual consumers and small business.

Fleet
The fleet portfolio comprises a range of loans and receivables from small business to fleet business consisting of medium to large commercial clients and government bodies. It also includes novated leasing customers.

Credit risk arising from individual consumers and small business is managed through the application of credit scoring and manual underwriting to identify and evaluate acceptable risks and portfolio diversification both demographically and geographically. Credit risk arising from fleet clients is managed by imposition and review (at a minimum annually) of credit limits to ensure fleet clients have the capacity to settle financial commitments. Collateral is also used to secure funds advanced. The principal collateral types are:

- In the case of term purchase and finance lease products, retain title of the leased vehicle until final settlement under the terms of the agreement;
- Charges over vehicles or real estate property in the case of loan products.

Repossessed vehicles are sold using various channels as soon as practicable, with the proceeds used to reduce the outstanding indebtedness.

The following table shows the past due exposure on loans and receivables which includes unimpaired and impaired amounts.

	Consolidated 2013 $'000	Consolidated 2012 $'000
Retail past due exposure		
30 days and below	206,108	485,139
31-60 days	64,861	66,583
61-90 days	19,443	20,701
over 90 days	25,086	21,855
	315,498	594,278

28. Financial Risk Management (continued)

(b) Credit risk (continued)

	Consolidated 2013 $'000	Consolidated 2012 $'000
Fleet past due exposure		
30 days and below	126,860	336,877
31-60 days	7,091	56,625
61-90 days	6,679	39,860
over 90 days	25,690	144,978
	166,319	578,340
Total past due exposure	481,817	1,172,618
Impaired loans and receivables:		
Retail	105,596	81,961
Fleet	36,403	43,712
Total impaired loans and receivables	141,999	125,673

Wholesale

The wholesale portfolio includes floor plan finance for new and used motor vehicles to approved motor vehicle dealers under either:

- Bailment facilities, where motor vehicles are bailed and in the possession for sale to a motor vehicle dealer by TFA who retains ownership of the motor vehicles until sold to a customer; or a
- Revolving Line of Credit, whereby motor vehicles held for resale by a motor vehicle dealer are secured by TFA under a General Security Agreement.

In addition to the floor plan facilities, the wholesale portfolio also represents loans for dealership properties and premises along with working capital loans with these loans typically secured by real estate mortgages and general security agreements.

Due to the nature of these facilities there is a concentration in the motor vehicle dealership industry, with the risk spread across market locations throughout Australia. In addition to the collateral security obtained credit risk is managed through regular auditing of the dealerships vehicle inventory, monthly monitoring of financial performance and ongoing annual reviews.

The concentration of credit risk in relation to the two operating segments is reflected in the note 29.

The outstanding unused credit commitment is reflected in note 25.

(ii) Treasury funding activities

The consolidated entity's Treasury Department manages credit risk through the use of external rating such as Standard and Poor's rating or equivalents, counterparty diversification, monitoring of counterparty financial condition and ensuring master netting agreements are in place with all derivative counterparties.

28. Financial Risk Management (continued)

(b) Credit risk (continued)

The below table shows the percentage of the consolidated entity's money market deposits and derivatives relating to treasury funding activities, based on the Standard & Poor's rating.

Rating	Consolidated 2013 %	Consolidated 2012 %
AA	36	42
AA-	3	6
A+	34	42
A-	10	3
A	17	7
	100	100

The maximum exposure to credit risk at the end of the reporting period, without taking into account collateral obtained, is the carrying amount, net of any allowance for doubtful debts or impairment, of each financial asset, including derivative financial instruments, in the statement of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the consolidated entity is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be failure to meet obligations to repay creditors and fulfil commitments to lend. The consolidated entity, in the normal course of business, requires substantial funding to support the level of its earning assets and working capital requirements, consequently is exposed to liquidity risk.

The liquidity management process carried out by Treasury includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes planning replenishment of funds before they mature or/and borrowed by customers. The consolidated entity maintains an active presence in domestic and international capital markets to enable this to happen;
- Monitoring the concentration and profile of debt maturities;
- Maintaining backup lines in the form of committed and uncommitted facilities.

The consolidated entity utilises the following financing arrangements to meet liquidity requirements and therefore manage liquidity risk. The table below illustrates the commercial paper, medium term notes and bank facilities to which the consolidated entity had access at the end of each reporting period.

28. Financial Risk Management (continued)

(c) Liquidity risk (continued)

	Consolidated 2013 $'000	Consolidated 2012 $'000
Entities in the consolidated entity have access to commercial paper, medium term notes, bank loan facilities and related party loans:		
Total facilities	12,890,272	13,827,333
- amount of facilities used	8,808,166	7,464,986
- amount of facilities unused	4,082,106	6,362,347

Bank overdraft
The bank overdraft is an unsecured $4 million (2012: $4 million) facility. Interest is charged at prevailing market rates. Bank overdraft is payable on demand and subject to annual review.

Money Market facilities
The company has access to both $0.67 billion committed and $0.76 billion uncommitted money market facilities totalling $1.43 billion (2012: $1.43 billion) provided by various financial institutions.

Uncommitted facilities
Financial institutions providing uncommitted facilities are not obligated to extend funds to the company. Funds extended under the terms of uncommitted facilities may be recalled by the financial institution on demand.

Committed facilities
Committed facilities may be utilised on demand where the terms of the facility agreement are satisfied. Financial institutions may recall funds only on maturity of the instrument issued under the terms of the committed facility.

Interest on money market facilities is charged at prevailing rates. The weighted average interest rate as at 31 March 2013 is nil% (2012: nil%) as no draw down is made in this facility.

All money market facilities are subject to annual review.

28. Financial Risk Management (continued)

(c) Liquidity risk (continued)

Medium term note and commercial paper programs
Medium term notes and commercial paper programs allow the company to issue medium term notes and commercial paper in either Australian or overseas markets up to a total of $9.0 billion (2012: $13.9 billion). Subject to meeting conditions prescribed in the program documentation, the company can issue commercial paper and medium term notes to purchasers at any time.

Medium term notes and commercial paper are issued at prevailing market rates. The weighted average interest rate after swap as at 31 March 2013 for medium term notes is 3.6% (2012: 4.9%) and for commercial paper is 3.1% (2012: 4.5%).

Credit Support Agreement
Holders of debt securities issued by the company may have the benefit of Credit Support Agreements governed by Japanese law, one between Toyota Motor Corporation ("TMC") and Toyota Financial Services Corporation ("TFSC") dated 14 July 2000, and the other between TFSC and the Company date 7 August 2000 (together, the "Credit Support Agreements").

Securities with respect to which a Trustee is appointed
The Trustee, Union Bank of California N.A., will have the right to claim in favour of the holders of such securities directly against TFSC 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 such holders will have recourse to the rights given under the Credit Support Agreements. If TFSC and/or TMC receive such a claim from the Trustee, TFSC and/or TMC shall indemnify, without further action or formality, the holders against any loss or damage resulting from the failure of TFSC and/or TMC to perform any of their respective obligations under the Credit Support Agreements. The Trustee may then enforce the indemnity directly against TFSC and/or TMC in favour of such holders. If the Trustee, having become bound to proceed directly against TFSC and/or TMC, fails to do so within a reasonable period thereafter to protect the interests of the holders of such securities, and such failure shall be continuing, the holders of such securities may themselves take the actions mentioned above.

Securities with respect to which a Trustee is not appointed
Holders of such securities will have the right to claim directly against TFSC 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 rights given under the Credit Support Agreements. If TFSC and/or TMC receive such a claim from any holder of such securities, TFSC and/or TMC shall indemnify, without any further action or formality, the holder against any loss or damage resulting from the failure of TFSC and/or TMC to perform any of their respective obligations under the Credit Support Agreements. The holder of such securities who made the claim may then enforce the indemnity directly against TFSC and/or TMC.

In consideration for the Credit Support Agreements, a Credit Support Fee Agreement was entered into between TFSC and the company as at 30 March 2001. The Credit Support Fee Agreement provides that the company will pay to TFSC a fee equivalent to a percentage of the weighted average outstanding amount of the company's medium term notes and commercial paper that have the benefit of the Credit Support Agreements.

The directors are not aware of any instances of written claim and declaration under the terms of the Credit Support Agreements, in connection with the company's outstanding medium term notes and commercial paper.

28. Financial Risk Management (continued)

(c) Liquidity risk (continued)

The table below presents the consolidated entity's financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity. The amounts disclosed in the table are the contractual undiscounted cash flows. For interest rate swaps the cash flows have been estimated using the forward interest rates applicable at the end of each reporting period.

31 March 2013	<1 Month $'000	1-3 Months $'000	3-12 Months $'000	1-5 Years $'000	Over 5 Years $'000	Total $'000
Non-derivatives						
Banks & other financial institutions	16,851	719,604	1,728,359	4,117,529	-	6,582,343
Bonds & commercial paper	540,464	1,209,633	1,433,272	2,812,222	38,552	6,034,143
Other liabilities	96,682	33,376	101,976	75,201	-	307,235
Total non derivatives	653,997	1,962,613	3,263,607	7,004,952	38,552	12,923,721
Derivatives						
Forward Foreign Exchange Contracts						
- bought currency	(168,465)	(1,091,390)	(141,821)	-	-	(1,401,676)
- sold currency	175,708	1,152,453	148,213	-	-	1,476,374
Interest Rate Swaps	3,232	(1,798)	(15,567)	13,664	-	(469)
Cross Currency Swaps						
- Pay leg	3,996	161,378	666,666	1,712,458	41,005	2,585,503
- Receive leg	(126)	(127,308)	(607,865)	(1,557,409)	(38,552)	(2,331,260)
Total derivatives	14,345	93,335	49,626	168,713	2,453	328,472
Total	668,342	2,055,948	3,313,233	7,173,665	41,005	13,252,193

31 March 2012	<1 Month $'000	1-3 Months $'000	3-12 Months $'000	1-5 Years $'000	Over 5 Years $'000	Total $'000
Non-derivatives						
Banks & other financial institutions	113,535	671,701	1,300,401	4,311,542	-	6,397,179
Bonds & commercial paper	416,329	890,854	1,086,263	2,114,829	147,952	4,656,227
Other liabilities	195,562	17,115	99,699	55,641	-	368,017
Total non derivatives	725,426	1,579,670	2,486,363	6,482,012	147,952	11,421,423
Derivatives						
Forward Foreign Exchange Contracts						
- bought currency	(297,148)	(573,344)	(117,170)	-	-	(987,662)
- sold currency	294,699	567,504	116,632	-	-	978,835
Interest Rate Swaps	675	(1,630)	(4,735)	(10,779)	-	(16,469)
Cross Currency Swaps						
- Pay leg	6,824	28,003	1,131,061	1,698,586	97,355	2,961,829
- Receive leg	(169)	(12,469)	(1,009,446)	(1,475,353)	(91,744)	(2,589,181)
Total derivatives	4,881	8,064	116,342	212,454	5,611	347,352
Total	730,307	1,587,734	2,602,705	6,694,466	153,563	11,768,775

28. Financial Risk Management (continued)

(c) Liquidity risk (continued)

Securitisation

	Consolidated 2013 $'000	Consolidated 2012 $'000
Entities in the consolidated entity have access to securitisation facilities:		
Total facilities	4,000,000	4,000,000
- amount of facilities used	2,828,130	2,234,770
- amount of facilities unused	1,171,870	1,765,230

The company transfers specific term loans to consolidated special purpose entities in the form of a securitisation transaction. As at 31 March 2013 the consolidated special purpose entities issued $2,391.1 million and $437.0 million in senior and subordinated notes, respectively (2012: $1,885.9m and $348.8m respectively). The company provides a guarantee and indemnity on the subordinated notes.

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The consolidated entity uses methods and makes assumptions that are based on market conditions existing at the end of the reporting period. Estimated discounted cash flows are used to determine fair value for 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 exchange contracts is determined using forward exchange market rates at the end of each reporting period.

The table below summarises the carrying amounts and the fair values of those financial assets and liabilities not presented on the consolidated entity's balance sheet at fair value.

	Consolidated		Consolidated	
	2013 Carrying Amount $'000	2013 Fair Value $'000	2012 Carrying Amount $'000	2012 Fair Value $'000
Financial Assets				
Loans and advances	12,528,096	13,966,676	10,690,263	10,860,962
	12,528,096	13,966,676	10,690,263	10,860,962
Financial Liabilities				
Due to banks and other financial institutions	6,006,769	6,141,832	5,644,844	5,437,227
Bonds and commercial papers	5,587,106	5,679,878	4,017,841	4,096,845
	11,593,875	11,821,710	9,662,685	9,534,072

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short term nature. 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 group for similar financial

28. Financial Risk Management (continued)

(d) Fair value measurements (continued)

instruments. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.

(e) Fair value hierarchy

The table below analyses financial instruments carried at fair values, by valuation method. The different levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data

The consolidated entity's financial instruments that are measured and recognised at fair value are derivative assets and derivative liabilities used for hedging (i.e., interest rate swaps, cross currency swaps and forward exchange contracts).

The following table presents the consolidated entity's financial asset and liabilities measured at fair value at 31 March 2013 and 31 March 2012.

28. Financial Risk Management (continued)

(e) Fair value heirarchy (continued)

At 31 March 2013	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total Balance $'000
Derivative financial assets through profit or loss				
Derivative used for economic hedging	-	48,835	-	48,835
Derivative financial liabilities through profit or loss				
Derivative used for economic hedging	-	366,046	-	366,046

At 31 March 2012	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total Balance $'000
Derivative financial assets through profit or loss				
Derivative used for economic hedging	-	57,506	-	57,506
Derivative financial liabilities through profit or loss				
Derivative used for economic hedging	-	341,293	-	341,293

29. Segment Reporting

Management has determined the operating segments based on reports reviewed by the board of directors that are used to make strategic decisions. It categorises the operations of the business into two main business streams - retail and fleet. Retail segment is comprised of loans and leases to personal and commercial customers including wholesale finance which is comprised of loans and bailment facilities to motor vehicle dealerships. Fleet segment is composed of loans and leases to small business and fleet customers consisting of medium to large commercial clients and government bodies. The company's business segments operate in Australasia.

	Retail		Fleet		Consolidated	
	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue						
Segment revenue from external customers	663,572	630,362	200,926	193,852	864,498	824,214
Total revenue					864,498	824,214
Result						
Segment result	152,156	112,278	55,883	50,776	208,039	163,054
Share of net profit of equity accounted investments					7,038	7,262
Unallocated net expenses					(73,569)	(54,727)
Profit before income tax					141,508	115,589
Income tax expense					(39,906)	(30,249)
Profit attributable to owners of the parent					101,602	85,340
Net profit arrived at after charging the following items:						
- Depreciation	1,249	1,532	1,859	1,164	3,108	2,696
- Amortisation	3,028	2,637	7,000	3,391	10,028	6,028
- Impairment of loans and advances	45,657	29,419	13,677	13,444	59,334	42,863
- Other non-cash expenses	47,993	38,743	-	-	47,993	38,743

	Retail		Fleet		Consolidated	
	2013	2012	2013	2012	2013	2012
	$000	$000	$000	$000	$000	$000
Assets						
Segment assets	10,171,824	8,472,130	2,542,357	2,275,639	12,714,181	10,747,769
Equity accounted investments					52,569	51,754
Unallocated assets					255,822	271,563
Total assets					13,022,572	11,071,086
Liabilities						
Segment liabilities	9,275,666	7,885,823	2,318,370	2,118,155	11,594,036	10,003,978
Unallocated liabilities					673,120	368,017
Total liabilities					12,267,156	10,371,995
Acquisitions of non-current assets	17,154	10,311	2,443	10,038	19,597	20,349

30. Subsequent events

The directors are not aware of any other matter or circumstance not otherwise dealt with in the report or financial statements that has significantly or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

31. Financial Guarantee

In relation to the securitisation of term receivables, the company has provided a financial guarantee in respect of the subordinated notes issued by each special purpose vehicle. The financial guarantees are unsecured.

Exposure to a loss in the event of non-performance by a special purpose vehicle is limited to amounts payable under the subordinated notes and the governing facility agreement.

No provision was recognised by the company on the financial guarantees as at the end of the reporting period as the likelihood of a claim under a guarantee is remote.

32. Contingent liabilities

The company, as a member of the Toyota Motor Corporation Australia Limited GST Group (GST Group), is jointly and severally liable for 100% of the goods and services tax (GST) payable by the GST Group. The GST Group had a net GST payable as at 31 March 2013 of $42.3 million (31 March 2012: $44.2 million).

The company, in association with other Australian incorporated entities with a common owner, implemented the income tax consolidation legislation from 1 April 2003 with Toyota Motor Corporation Australia Limited as the Head Entity. Under the income tax consolidation legislation, income tax consolidation entities are jointly and severally liable for the income tax liability of the consolidated income tax group unless an income tax sharing agreement has been entered into by member entities. At the date of signing this financial report an income tax sharing agreement has been executed. The directors believe the assets of the Head Entity are sufficient to meet the income tax liabilities as they fall due.

The range of Toyota Extra Care warranty contracts, offered by the company since August 2003, provide an extended warranty to the customer in exchange for an upfront premium payment. The risk of claims has been fully insured with third party insurers. The directors consider the insurance of risk is sufficient to meet any claims which may eventuate.

A fully maintained operating lease is offered under the company's current portfolio of products. Fully maintained operating leases require the company to provide agreed services at the company's expense. Monthly rental includes a pre-determined charge for such services. The actual cost of such services is expensed periodically during the term of the leases and recognised in the income statement in reference to the stage of completion method.

33. Parent entity financial information

(a) Summary of financial information

The individual financial statements for the parent entity show the following aggregated amounts:

	2013 $'000	2012 $'000
Balance sheet		
Current Assets	5,542,685	4,657,245
Total Assets	13,022,513	11,029,836
Current Liabilities	5,692,622	4,545,006
Total Liabilities	12,258,883	10,406,453
Shareholders' equity		
Issued capital	120,000	120,000
Retained earnings	643,631	503,383
Profit for the period	140,071	30,344
Other comprehensive income	0	0

(b) Guarantees entered into by the parent entity

Refer to Note 31 - Financial guarantee

(c) Contingent liabilities of the parent entity

Refer to Note 32 - Contingent liabilities

(d) Contractual commitments by the parent entity

The parent entity has zero capital commitments.

34. Deed of cross guarantee

Toyota Finance Australia Limited and TFA (Wholesale) Pty Limited are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and a directors' report under Class Order 98/1418 (as amended by Class Order 98/2017, 00/0321, 01/1087, 02/0248 and 02/1017) issued by the Australian Securities and Investments Commission.

The above companies represent a "Closed Group" for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Toyota Finance Australia Limited, they also represent the "Extended Closed Group".

The consolidated financial statements cover the entities which are parties to the deed of cross guarantee. Consequently, the consolidated financial statements reflect the consolidated statement of comprehensive income and consolidated balance sheet, comprising the company and the controlled entities which are a party to the Deed, after eliminating all transactions between the parties to the Deed of Cross Guarantee, at 31 March 2013.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 6 to 54 are in accordance with the *Corporations Act* 2001, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 31 March 2013 and of their performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and

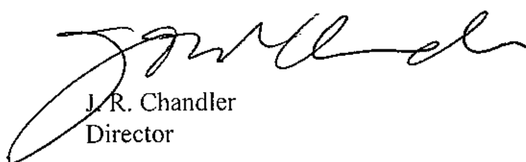
(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 34 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 34.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.

For and on behalf of the Board



J.R. Chandler
Director

A. Fujioka
Director

SYDNEY
27 JUNE 2013

Independent auditor's report to the members of Toyota Finance Australia Limited

Report on the financial report

We have audited the accompanying financial report of Toyota Finance Australia Limited (the company), which comprises the statement of financial position as at 31 March 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Toyota Finance Australia Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Toyota Finance Australia Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 March 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

PricewaterhouseCoopers

JW Bennett
Partner

Sydney
27 June 2013

3. Responsibility Statement

The directors confirm that to the best of their knowledge:

(a) the financial statements and notes set out in the Annual Financial Report, have been prepared in accordance the Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board as well as the Australian Corporations Act 2001. The Australian Accounting Standards incorporate International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board, and give a true and fair view of the assets, liabilities, financial position and profit or loss of TFA and the Group taken as a whole as at 31 March 2013 and for the year ended on that date;

(b) there are reasonable grounds to believe that TFA will be able to pay its debts as and when they become due and payable; and

(c) the management report set out on pages 1 to 30 includes a fair review of the development and performance of the business and the position of TFA and the Group taken as a whole, together with a description of the principal risks and uncertainties that they face.