TOYOTA

Toyota Industries Report 2012

Financial Review for the Year Ended March 31, 2012

TOYOTA INDUSTRIES CORPORATION

Consolidated Eleven-Year Summary

Toyota Industries Corporation
Years ended March 31
The figures in this table are unaudited.

	Millions of yen										
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
For The Year											
Net sales	**¥1,543,352**	¥1,479,839	¥1,377,769	¥1,584,252	¥2,000,536	¥1,878,398	¥1,505,955	¥1,241,538	¥1,164,378	¥1,069,218	¥ 980,163
Operating income (loss)	**70,092**	68,798	22,002	(6,621)	96,853	89,954	64,040	53,120	52,631	52,477	46,330
Ordinary income	**80,866**	73,911	31,756	14,343	126,488	108,484	80,635	70,912	58,970	51,375	47,865
Net income (loss)	**58,594**	47,205	(26,273)	(32,767)	80,460	59,468	47,077	43,357	33,623	21,933	27,311
Investment in tangible assets	**¥ 58,404**	¥ 38,254	¥ 26,963	¥ 104,495	¥ 104,205	¥ 129,023	¥ 130,121	¥ 111,321	¥ 65,651	¥ 69,607	¥ —
Depreciation	**59,830**	62,372	73,238	87,219	83,744	74,449	64,423	51,277	49,264	45,939	—
Research and development expenses	**32,070**	27,788	26,826	33,646	36,750	34,548	31,166	30,051	29,562	29,705	29,985
Per share of common stock (yen):											
Net income (loss) per share—basic	**¥ 188.02**	¥ 151.51	¥ (84.33)	¥ (105.16)	¥ 257.50	¥ 189.88	¥ 146.16	¥ 135.09	¥ 108.04	¥ 70.19	¥ 87.28
Net income per share—diluted	**—**	—	—	—	257.43	189.66	146.02	135.03	101.97	62.90	78.26
Total net assets per share	**3,662.26**	3,300.17	3,390.02	2,987.16	4,483.32	5,612.11	5,044.45	3,504.80	3,199.69	2,522.52	2,809.54
Cash dividends per share	**50.00**	50.00	30.00	40.00	60.00	50.00	38.00	32.00	24.00	22.00	19.00
At Year-End											
Total assets	**¥2,656,984**	¥2,481,452	¥2,589,246	¥2,327,432	¥2,965,585	¥3,585,857	¥3,245,341	¥2,326,824	¥2,011,995	¥1,650,391	¥1,770,401
Total net assets	**1,197,841**	1,075,939	1,104,929	977,670	1,453,996	1,810,483	1,611,227	1,115,747	1,016,763	738,867	878,812
Common stock	**80,462**	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462	68,046	68,021
Number of shares outstanding (excluding treasury stock) (thousands)	**311,687**	311,564	311,570	311,577	311,589	312,075	319,320	318,237	317,666	292,777	312,796
Cash Flows											
Net cash provided by operating activities	**¥ 101,718**	¥ 153,661	¥ 203,452	¥ 65,768	¥ 188,805	¥ 177,467	¥ 131,784	¥ 100,095	¥ 92,406	¥ 103,183	¥ 81,078
Net cash used in investing activities	**(9,403)**	(187,574)	(36,855)	(114,217)	(138,789)	(164,446)	(205,013)	(128,230)	(92,667)	(95,120)	(106,710)
Net cash provided by (used in) financing activities	**10,279**	(85,728)	(38,230)	120,971	(33,992)	(19,749)	85,172	50,020	(56,015)	57,775	1,225
Cash and cash equivalents at end of year	**296,811**	195,566	317,590	188,011	121,284	108,569	112,596	100,535	77,212	136,929	71,119
Indices											
Return on equity (ROE) (%)	**5.4**	4.5	(2.6)	(2.8)	5.1	3.5	3.5	4.1	3.8	2.7	3.0
Return on assets (ROA) (%)	**2.3**	1.9	(1.1)	(1.2)	2.5	1.7	1.7	2.0	1.8	1.3	1.5
Operating profit margin (%)	**4.5**	4.6	1.6	(0.4)	4.8	4.8	4.3	4.3	4.5	4.9	4.7
Equity ratio (%)	**43.0**	41.4	40.8	40.0	47.1	48.8	49.7	48.0	50.5	44.8	49.6
EBITDA (millions of yen)	**¥ 161,876**	¥ 150,481	¥ 90,521	¥ 71,608	¥ 222,125	¥ 191,007	¥ 150,674	¥ 128,381	¥ 113,676	¥ 95,472	¥ 97,540
Number of employees	**43,516**	40,825	38,903	39,916	39,528	36,096	32,977	30,990	27,431	25,030	23,056

1. Net income (loss) per share is computed based on the average number of shares for each year.
2. ROE and ROA are computed based on the average total net assets and total assets, respectively, for each year.
3. Operating profit margin = Operating income (loss) / Net sales
4. Equity ratio = (Total net assets – Subscription rights to shares – Minority interests) / Total assets
5. EBITDA = Income before income taxes + Interest expenses – Interest and dividends income + Depreciation and amortization

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations are based on information known to management as of June 2012.

This section contains projections and forward-looking statements that involve risks, uncertainties and assumptions. You should be aware that certain risks and uncertainties could cause the actual results of Toyota Industries Corporation and its consolidated subsidiaries to differ materially from any projections or forward-looking statements. These risks and uncertainties include, but are not limited to, those listed under "Risk Information" and elsewhere in this report.

The fiscal year ended March 31, 2012 is referred to as fiscal 2012 and other fiscal years are referred to in a corresponding manner. All references to the "Company" herein are to Toyota Industries Corporation and references to "Toyota Industries" herein are to the Company and its 176 consolidated subsidiaries.

Results of Operations

Operating Performance

In fiscal 2012, the global economy began to recover gradually, as certain Asian countries, especially China, witnessed an economic recovery and the U.S. economy appears to have bottomed out. Despite the aftermath effects of the Great East Japan Earthquake and the sharp appreciation of the yen, the Japanese economy also showed signs of an upturn due to such factors as the stabilization of personal consumption and private sector capital investment.

In this operating environment, Toyota Industries undertook efforts to strengthen its management platform by ensuring customer trust through its dedication to quality as well as responding quickly and flexibly to the recovery trend and expansion of sales. In addition, Toyota Industries strove to minimize the impact on production due to the earthquake in Japan and the flooding in Thailand by carrying out flexible shift operations.

As a result, total consolidated net sales amounted to ¥1,543.3 billion, an increase of ¥63.5 billion (4%) from fiscal 2011.

Operating Performance Highlights by Business Segment

Operating results by business segment are as follows. Net sales for each segment do not include inter-segment transactions.

Automobile Segment

The automobile industry showed a mild recovery due to an upturn in the U.S. market and the expansion of the Asian market, in spite of a decline in sales in the Japanese market. Despite having been forced to suspend production partially due to disruptions in parts supply arising from the aftermath effects of the earthquake in Japan and the flooding in Thailand, Toyota Industries strove to maintain and restore production activities. As a result, net sales of the Automobile Segment totaled ¥803.1 billion. Operating income amounted to ¥21.2 billion, a decrease of ¥11.6 billion (35%) from fiscal 2011.

Within this segment, net sales of the Vehicle Business amounted to ¥354.4 billion, a decrease of ¥21.1 billion (6%), due mainly to a decline in sales of the RAV4 and Vitz (Yaris outside Japan).

Net sales of the Engine Business totaled ¥197.1 billion, attributable primarily to an increase in sales of KD diesel engines and despite a decline in sales of AR gasoline engines.

Net sales of the Car Air-Conditioning Compressor Business totaled ¥206.5 billion, an increase of ¥14.7 billion (8%), resulting from solid sales worldwide.

Materials Handling Equipment Segment

In the materials handling equipment industry, markets in emerging countries, Europe, the United States and Japan saw signs of recovery. Accordingly, Toyota Industries strengthened production and sales structures and rolled out new products matched to respective markets. As a result of an increase worldwide in sales of lift trucks, a mainstay product of this segment, net sales of the Materials Handling Equipment Segment totaled ¥570.7 billion, an increase of ¥80.1 billion (16%). Operating income amounted to ¥38.2 billion, an increase of ¥14.3 billion (59%) from fiscal 2011.

Logistics Segment

Net sales of the Logistics Segment amounted to ¥92.9 billion yen, a decrease ¥14.8 billion (14%), as a result of selling all shares of Mail & e Business Logistics Service Co., Ltd., a subsidiary engaged in commissioned logistics operations. Operating income amounted to ¥4.6 billion, a decrease of ¥0.7 billion (14%) from fiscal 2011.

Textile Machinery Segment

Net sales of the Textile Machinery Segment totaled ¥38.5 billion, a decrease of ¥4.2 billion (10%). This was due mainly to a decrease in sales of air-jet looms in China. Operating income amounted to ¥2.0 billion, a decrease of ¥0.5 billion (21%) from fiscal 2011. In February 2012, Toyota Industries purchased the shares of Uster Technologies AG and made it into a subsidiary for the purpose of strengthening the business segment.

Others Segment

Net sales of the Others Segment totaled ¥37.9 billion, an increase of ¥3.5 billion (10%) from fiscal 2011. Operating income was ¥3.6 billion, an increase of ¥0.2 billion (6%) from fiscal 2011.

Operating Income

Operating income for fiscal 2012 was ¥70.0 billion, an increase of ¥1.3 billion (2%) from fiscal 2011. This was due to cost reduction efforts throughout the Group and an increase in net sales of the Materials Handling Equipment Segment despite higher personnel expenses and exchange rate fluctuations.

Ordinary Income

Ordinary income amounted to ¥80.8 billion, an increase of ¥6.9 billion (9%) from fiscal 2011. This was due mainly to dividends income of ¥17.9 billion, an increase of ¥2.9 billion (20%) from fiscal 2011.

Income before Income Taxes and Minority Interests

Income before income taxes and minority interests amounted to ¥85.4 billion, an increase of ¥16.2 billion (23%) from fiscal 2011. This was due to extraordinary income of ¥4.5 billion, arising from a gain on step acquisitions of Uster Technologies AG.

Net Income

Net income totaled ¥58.5 billion, an increase of ¥11.3 billion (24%) from fiscal 2011. Net income per share was ¥188.02 compared with ¥151.51 in fiscal 2011.

Consolidated Financial Condition

Total assets increased ¥175.5 billion from the end of the previous fiscal year to ¥2,656.9 billion due mainly to an increase in market value of investment securities. Total liabilities increased ¥53.6 billion from the end of the previous fiscal year to ¥1,459.1 billion due mainly to an increase in borrowing. Net assets amounted to ¥1,197.8 billion, an increase of ¥121.9 billion from the end of the previous fiscal year.

Liquidity and Capital Resources

Toyota Industries' financial policy is to ensure sufficient financing and liquidity for its business activities and to maintain strong balance sheets. Currently, funds for capital investments and other long-term capital needs are provided from retained earnings and long-term debt, and working capital needs are met through short-term loans. Long-term debt financing is carried out mainly through issuance of corporate bonds and loans from financial institutions.

Toyota Industries continues to maintain its solid financial condition. Through the use of such current assets as cash and cash equivalents and securities, as well as free cash flows and funds procured from financial institutions, Toyota Industries believes that it will be able to provide sufficient funds for the working capital necessary to expand existing businesses and develop new projects, as well as for future investments.

Regarding fund management, the Company undertakes integrated fund management of its subsidiaries in Japan, while Toyota Industries North America, Inc. (TINA) and Toyota Industries Finance International AB (TIFI) centrally manage the funds of subsidiaries in North America and Europe, respectively.

Through close cooperation among the Company, TINA and TIFI, we strive for efficient, unified fund management on a global consolidated basis.

Cash Flows

Cash flows from operating activities resulted in an increase in cash of ¥101.7 billion in fiscal 2012 due mainly to income before income taxes and minority interests of ¥85.4 billion. Net cash provided by operating activities decreased by ¥51.9 billion from ¥153.6 billion in fiscal 2011.

Cash flows from investing activities resulted in a decrease in cash of ¥9.4 billion in fiscal 2012, attributable primarily to a decrease in payments for purchases of property, plant and equipment amounting to ¥76.6 billion despite a net increase in time deposits amounting to ¥70.1 billion. Net cash used in investing activities decreased by ¥178.1 billion compared with a decrease of ¥187.5 billion in fiscal 2011.

Cash flows from financing activities resulted in an increase in cash of ¥10.2 billion in fiscal 2012, due mainly to proceeds from long-term loans payable of ¥50.4 billion.

After adding translation adjustments and cash and cash equivalents at beginning of period, cash and cash equivalents as of March 31, 2012 stood at ¥296.8 billion, an increase of ¥101.3 billion (52%) over fiscal 2011.

Investment in Property, Plant and Equipment

During fiscal 2012, Toyota Industries made a total investment of ¥91.9 billion in property, plant and equipment (including vehicles and materials handling equipment for lease) in order to launch new products, streamline and upgrade production equipment.

In the Automobile Segment, investment in property, plant and equipment totaled ¥36.7 billion. A primary breakdown of this amount included ¥17.0 billion for the Company, ¥6.2 billion for Michigan Automotive Compressor, Inc., ¥2.9 billion for P.T. TD Automotive Compressor Indonesia, ¥2.3 billion for TD Automotive Compressor Georgia, LLC, ¥1.6 billion for Tokaiseiki Co., Ltd., ¥1.5 billion for Toyota Industry (Kunshan) Co., Ltd., ¥1.2 billion for TD Deutsche Klimakompressor GmbH and ¥1.0 billion for Kirloskar Toyoda Textile Machinery Pvt. Ltd.

The Materials Handling Equipment Segment made an investment in property, plant and equipment in the total amount of ¥45.6 billion. The primary breakdown comprised ¥2.2 billion for the Company, ¥24.4 billion for Toyota Material Handling Europe Group, ¥8.6 billion for Toyota Material Handling Australia Group, ¥1.5 billion for Toyota Material Handling, U.S.A., Inc., ¥1.3 billion for TOYOTA L&F Shizuoka Co., Ltd., ¥1.1 billion for Toyota Industrial Equipment Vietnam Co., Ltd. and ¥1.0 billion for Nishina Industrial Co., Ltd.

Investment in property, plant and equipment in the Logistics Segment totaled ¥5.7 billion, including ¥4.4 billion for Asahi Security Co., Ltd.

The Textile Machinery Segment made an investment in property, plant and equipment in the total amount of ¥0.4 billion, including ¥0.1 billion for the Company.

The Others Segment made an investment in property, plant and equipment in the total amount of ¥3.4 billion, including ¥1.0 billion for the Company and ¥1.4 bilion for Toyota Industries North America, Inc.

Necessary funds were provided by a portion of bonds as well as cash on hand and bank loans.

Strategies and Outlook

Outlook for Results for Fiscal 2013

Although the global economy is projected to gradually recover in fiscal 2013 due to the economic recovery in Asian countries, especially China, uncertainties remain with regards to the debt crisis in Europe, further deterioration in the employment situation and fluctuations in raw material prices such as crude oil, as well as concerns about exchange rate fluctuations. The operating environment is expected to remain severe.

Amid this challenging environment, Toyota Industries will continue to undertake concerted efforts to strengthen its management platform and raise corporate value. As immediate tasks, we will also promote business and cost structure reforms to realize a solid management platform so that we can respond quickly to the changing market circumstances.

Specifically, we will maintain a streamlined structure through the reduction of fixed costs and enhance our business in established markets in developed countries. In addition, we will accelerate our business expansion into rapidly growing emerging countries by thoroughly and meticulously monitoring market conditions in respective regions and introducing products suited to the characteristics and needs of each market. Toyota Industries will also strive to establish production/supply structures to realize optimum product pricing and delivery and to enhance the value chain to provide a wide range of customer services in each country and region.

Based on quality first, Toyota Industries regards giving considerations to the environment and safety as well as increasing our competitive strengths to be important issues to tackle over the medium to long term. We will promote product development and advanced technology development to offer high value-added products that anticipate customer needs.

In October 2011, Toyota Industries formulated and announced the Vision 2020, which articulates action items for the next 10 years, and Medium-Term Management Plan. In the Vision 2020, we aim to support industries and social foundations around the world by continuously supplying products and services that anticipate customers' needs in order to contribute to a comfortable society and enriched lifestyles.

To this end, we will pursue the development of environmentally conscious, energy-saving products based on the keywords of the 3Es, which Toyota Industries defines as "energy," "environmental protection" and "ecological thinking" while incorporating functions and services demanded by customers (value chain) and delivering them to the global market. Acting on these measures, we aim for growth in three business units, namely, "solution" in the areas of materials handing equipment, logistics and textile machinery; "key components" in the fields of car air-conditioning compressors and car electronics; and "mobility" in the domains of vehicles and engines.

With regards to the Medium-Term Management Plan, we have formulated a specific four-year activity plan for each business unit until fiscal 2016. The entire Toyota Industries Group will make a concerted effort to realize the Vision 2020.

To support such consolidated management on a global scale, Toyota Industries will strive to nurture people who take the initiative to learn, think and act and who will enhance the power of the workplace.

In addition to placing top priority on safety, we will thoroughly enforce compliance, including observance of laws and regulations, and actively participate in social contribution activities. Through these and further measures, Toyota Industries aims to meet the trust of society, raise corporate value and grow in harmony with society.

Dividend Policy

Toyota Industries regards the benefits of shareholders as one of its most important management policies. Based on this stance, Toyota Industries will strive to strengthen its corporate constitution, promote proactive business development and raise its corporate value.

Toyota Industries' dividend policy is to meet the expectations of shareholders for continuous dividends while giving full consideration to business performance, funding requirements, the dividend payout ratio and other factors. Toyota Industries' Ordinary General Meeting of Shareholders, held on June 14, 2012, approved a year-end cash dividend of ¥25.0 per share. Including the interim cash dividend of ¥25.0 per share, cash dividends for the year totaled ¥50.0 per share.

Toyota Industries will use retained earnings to improve the competitiveness of its products, augment production capacity in Japan and overseas, as well as to expand into new fields of business and strengthen its corporate constitution in securing future profits for its shareholders.

The Company's Articles of Incorporation stipulate that it may pay interim cash dividends as prescribed in Article 454-5 of the Corporation Law, and it is the Company's basic policy to pay dividends from retained earnings twice a year (interim and annual).

The Company's Articles of Incorporation also stipulate that what is prescribed in Article 459-1 of the Corporation Law can be added to the Articles of Incorporation. As the Company's policy, discretion to pay interim cash dividends is determined by the Board of Directors while payment of year-end cash dividends is subject to approval at the Ordinary General Meeting of Shareholders.

Risk Information

The following represents risks that could have a material impact on Toyota Industries' financial condition, business results and share prices. Toyota Industries judged the following as future risks as of March 31, 2012.

Principal Customers

Toyota Industries' automobile and engine products are sold primarily to Toyota Motor Corporation (TMC). In fiscal 2012, net sales to TMC accounted for 38.3% of consolidated net sales. Therefore, TMC's vehicle sales could have an impact on Toyota Industries' business results. As of March 31, 2012, TMC holds 24.60% of the Company's voting rights.

Product Development Capabilities

Based on the concept of "developing appealing new products," Toyota Industries proactively develops new products by utilizing its leading-edge technologies, as it strives to anticipate increasingly sophisticated and diversifying needs of the market and ensure the satisfaction of its customers.

R&D activities are focused mainly on developing and upgrading products in current business fields and peripheral sectors. Toyota Industries expects that revenues derived from these fields will continue to account for a significant portion of total revenues and anticipates that future growth will be contingent on the development and sales of new products in these fields. Toyota Industries believes that it can continue to develop appealing new products. However, Toyota Industries may not be able to forecast market needs and develop and introduce appealing new products in a timely manner. This could result in lower future growth and have an adverse impact on Toyota Industries' financial condition and business results.

Such a situation could result from risks that include no assurance Toyota Industries can allocate sufficient future funds necessary for the development of appealing new products; no assurance that product sales will be successful, as forecasts of products supported by the market may not always be accurate; and no assurance that newly developed products and technologies will always be protected as intellectual property.

Intellectual Property Rights

In undertaking its business activities, Toyota Industries has acquired numerous intellectual property rights, including those acquired overseas, such as patents related to its products, product designs and manufacturing methods. However, not all patents submitted will necessarily be registered as rights, and these patents could thus be rejected by patent authorities or invalidated by third parties. Also, a third party could circumvent a patent of Toyota Industries and introduce a competing product into the market. Moreover, Toyota Industries' products utilize a wide range of technologies. Therefore, Toyota Industries could become a party subject to litigation involving the intellectual property rights of a third party.

Product Defects

Guided by the basic philosophy of "offering products and services that are clean, safe and of high quality," Toyota Industries makes its utmost efforts to enhance quality. However, Toyota Industries cannot guarantee all its products will be defect-free and that product recalls will not be made in the future. Product defects that could lead to large-scale recalls and product liability indemnities could result in large cost burdens and have a significant negative impact on the evaluation of Toyota Industries. It could also have an adverse effect on Toyota Industries' financial condition and business results due to a decrease in sales, deterioration of profitability and decrease in share prices of Toyota Industries.

Price Competition

Toyota Industries faces extremely harsh competition in each of the industries in which it conducts business, including its Automobile and Materials Handling Equipment businesses, which are the core of Toyota Industries' earnings foundation. Toyota Industries believes it offers high value-added products that are unrivalled in terms of technology, quality and cost. Amid an environment characterized by intensifying price competition, however, Toyota Industries may be unable to maintain or increase market share against low-cost competitors or to maintain profitability. This could have an adverse impact on Toyota Industries' financial condition and business results.

Reliance on Suppliers of Raw Materials and Components

Toyota Industries' products rely on various raw materials and components from suppliers outside Toyota Industries. Toyota Industries has concluded basic business contracts with these external suppliers and assumes it can carry out stable transactions for raw materials and components. However, Toyota Industries has no assurances against future shortages of raw materials and components, which arise from a global shortage due to tight supply or an unforeseen accident involving a supplier. Such shortages could have a negative effect on Toyota Industries' production and cause an increase in costs, which could have an adverse impact on Toyota Industries' financial condition and business results.

Environmental Regulations

In view of its social responsibilities as a company, Toyota Industries strives to reduce any burden on the environment resulting from its production processes, as well as strictly adheres to applicable environmental laws and regulations. However, various environmental regulations could also be revised and strengthened in the future. Accordingly, any expenses necessary for continuous strict adherence to these environmental regulations could result in increased business costs and have an adverse impact on Toyota Industries' financial condition and business results.

Alliances with Other Companies

Aiming to expand its businesses, Toyota Industries engages in joint activities with other companies through alliances and joint ventures. However, a wildly fluctuating market trend or a disagreement between Toyota Industries and its partners, owing to business, financial or other reasons, could prevent Toyota Industries from deriving the intended benefits of its alliances.

Exchange Rate Fluctuations

Toyota Industries' businesses encompass the production and sales of products and the provision of services worldwide. Generally, the strengthening of the yen against other currencies (especially against the U.S. dollar and the euro, which account for a significant portion of Toyota Industries' sales) has an adverse impact on Toyota Industries' business, while a weakening of the yen has a favorable impact. An increase in the value of currencies in countries or regions where Toyota Industries carries out production could lead to an increase in local production, procurement and distribution costs. Such an increase in costs could reduce Toyota Industries' price competitiveness. Additionally, because export sales of several businesses are denominated mainly in yen, exchange rate fluctuations could have an adverse impact on Toyota Industries' financial condition and business results due to a change in market prices.

Share Price Fluctuations

Toyota Industries holds marketable securities, and therefore bears the risk of price fluctuations of these shares. Based on fair market value of these shares at the end of the fiscal year under review, Toyota Industries had unrealized gains. However, unrealized gains on marketable securities could worsen depending on future share price movements. Additionally, a fall in share prices could reduce the value of pension assets, leading to an increase in the pension shortfall.

Effects of Disasters, Power Blackouts and Other Incidents

Toyota Industries carries out regular checks and inspections of its production facilities to minimize the effect of production breakdown. However, there is no assurance Toyota Industries can completely prevent or lessen the impact of man-made or natural disasters and power blackouts occurring at Toyota Industries' and its suppliers' production facilities. Specifically, the majority of Toyota Industries' domestic production facilities and most of its business partners are situated in the Chubu region. Therefore, major disasters in this region could delay or stop production or shipment activities. Such prolonged delays and stoppages could have an adverse impact on Toyota Industries' financial condition and business results.

Latent Risks Associated with International Activities

Toyota Industries manufactures and sells products and provides services in various countries. Such unforeseen factors as social chaos, including political disruptions, terrorism and wars, as well as changes in economic conditions, could have an adverse impact on Toyota Industries' financial condition and business results.

Retirement Benefit Liabilities

Toyota Industries' employee retirement benefit expenses and liabilities are calculated based on expected rates of return on pension assets as well as assumptions upon making actuarial calculations that incorporate discount rates and other factors. Therefore, differences between actual results and assumptions as well as changes in the assumptions could have a significant impact on recognized expenses and calculated liabilities in future accounting periods.

Significant Accounting Policies and Estimates

Toyota Industries' financial statements are prepared in conformity with accounting principles and practices generally accepted in Japan. In preparing financial statements, management must make estimates, judgments and assumptions that affect reported amounts of assets and liabilities at fiscal year-end as well as revenues and expenses during each fiscal year. Among Toyota Industries' significant accounting policies, the following categories require a considerable degree of judgment and estimation and are highly complex.

Allowance for Doubtful Accounts

To prepare for the risk of receivables becoming uncollectible, Toyota Industries estimates its allowance for doubtful accounts by utilizing the percentage of historical experiences in credit losses for ordinary receivables and individually examining the feasibility of collection for receivables that seem to be uncollectible. Evaluating the allowance for doubtful accounts involves judgments made in accordance with the nature of the situation, and this allowance represents an essential and crucial estimate—including future estimates of cash flow amounts and timing—that could change significantly. Based on currently available information, Toyota Industries' management believes its present allowance for doubtful accounts is sufficient. However, the need to significantly increase allowance for doubtful accounts in the future could have an adverse impact on Toyota Industries' business results.

Allowance for Retirement Benefits

Calculations differ for retirement benefits, retirement benefit expenses and liabilities after employee retirement, as well as benefits for employees on leave of absence, because different assumptions are used at the time of calculation. Assumptions include such factors as discount rates, amount of benefits, interest expenses, expected rates of return on pension assets and mortality rates. The difference in amounts between these assumptions and actual results is calculated cumulatively and amortized over future accounting periods, and thus becomes an expense and is recognized as a liability in future accounting periods. Toyota Industries believes its assumptions are reasonable. However, differences between actual results or changes in the assumptions could have an impact on retirement benefits and retirement benefit expenses and liabilities after employee retirement.

Toyota Industries' Relationship to Toyota Motor Corporation

Due to historical reasons, Toyota Industries maintains close relationships with Toyota Motor Corporation (TMC) and Toyota Group companies in terms of capital and business dealings.

Historical Background

In 1933, Kiichiro Toyoda, the eldest son of founder Sakichi Toyoda and then Managing Director of Toyota Industries (then Toyoda Automatic Loom Works, Ltd.), established the Automobile Department within the Company based on his resolve to manufacture Japanese-made automobiles. In 1937, the Automobile Department was spun off and became an independent company, Toyota Motor Co., Ltd. (the present Toyota Motor Corporation).

Capital Relationship

In light of this historical background, Toyota Industries and TMC have maintained a close capital relationship. As of March 31, 2012, Toyota Industries holds 6.90% (218,515 thousand shares) of TMC's total shares issued. Likewise, as of the same date, TMC holds 24.60% of Toyota Industries' total voting rights. Toyota Industries is a TMC affiliate accounted for by the equity method.

Business Relationship

Toyota Industries assembles certain cars and produces automobile engines under consignment from TMC. Additionally, Toyota Industries sells a portion of its other components and products directly or indirectly to other Toyota Group companies. In fiscal 2012, net sales to TMC accounted for 38.3% of consolidated net sales.

Contributions to the Toyota Group

As a member of the Toyota Group, Toyota Industries aims to contribute to strengthening the competitiveness of TMC and other Toyota Group companies in such areas as quality, cost, delivery and technologies. Toyota Industries is confident that raising the Toyota Group's competitiveness will lead to increases in sales to and profits from the Toyota Group, thereby contributing to raising Toyota Industries' corporate value.

Consolidated Balance Sheets

Toyota Industries Corporation
As of March 31, 2012 and 2011

ASSETS	Millions of yen 2012	2011
Current assets:		
Cash and deposits	**¥ 274,710**	¥ 198,654
Trade notes and accounts receivable (Note 8)	**195,391**	152,121
Lease investment assets (Note 25)	**36,570**	35,146
Short-term investments	**92,249**	132,430
Merchandise and finished goods (Note 4)	**48,183**	42,940
Work in process (Note 4)	**33,727**	31,256
Raw materials and supplies (Note 4)	**34,536**	30,065
Deferred tax assets (Note 24)	**20,368**	18,493
Other current assets	**36,358**	32,646
Allowance for doubtful accounts	**(2,740)**	(2,863)
Total current assets	**769,356**	670,893
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (Notes 5 and 8)	**141,412**	159,606
Machinery, equipment and vehicles (Notes 5 and 8)	**180,146**	185,988
Tools, furniture and fixtures (Note 5)	**24,448**	23,634
Land	**116,526**	119,697
Construction in progress	**18,519**	8,350
Total property, plant and equipment	**481,053**	497,278
Intangible assets:		
Goodwill	**68,824**	68,573
Other intangible assets	**37,952**	10,767
Total intangible assets	**106,777**	79,340
Investments and other assets:		
Investments in securities (Notes 7 and 8)	**1,177,591**	1,123,306
Deferred tax assets (Note 24)	**10,758**	9,786
Lease investment assets (Note 25)	**76,566**	71,480
Other investments and other assets (Note 7)	**35,034**	29,539
Allowance for doubtful accounts	**(152)**	(173)
Total investments and other assets	**1,299,798**	1,233,940
Total fixed assets	**1,887,628**	1,810,559
Total assets	**¥2,656,984**	¥2,481,452

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND NET ASSETS	Millions of yen 2012	2011
Current liabilities:		
Trade notes and accounts payable	**¥ 168,465**	¥ 144,956
Short-term loans payable (Note 8)	**110,212**	99,946
Commercial paper	**12,897**	11,133
Current portion of bonds (Note 6)	**54,105**	30,829
Lease obligations (Note 25)	**37,619**	37,873
Accounts payable—other	**18,169**	14,349
Accrued income taxes	**12,510**	18,320
Deferred tax liabilities (Note 24)	**3**	737
Allowance for bonuses to directors and corporate auditors	**525**	521
Other current obligations (Note 8)	**165,018**	153,275
Total current liabilities	**579,527**	511,944
Long-term liabilities:		
Bonds payable (Note 6)	**187,238**	205,649
Long-term loans payable (Notes 6 and 8)	**249,183**	236,602
Lease obligations (Notes 2 and 6)	**85,754**	82,813
Deferred tax liabilities (Note 24)	**297,304**	309,256
Allowance for retirement benefits (Note 9)	**48,973**	46,924
Other long-term liabilities (Note 10)	**11,160**	12,321
Total long-term liabilities	**879,615**	893,568
Total liabilities	**1,459,142**	1,405,512
Shareholders' equity (Note 14)**:**		
Capital stock		
Authorized — 1,100,000,000 shares		
Issued — 325,840,640 shares as of March 31, 2012	**80,462**	80,462
325,840,640 shares as of March 31, 2011		
Capital surplus	**106,128**	106,179
Retained earnings	**455,042**	412,029
Treasury stock	**(50,266)**	(50,703)
14,153,619 shares as of March 31, 2012		
14,275,721 shares as of March 31, 2011		
Total shareholders' equity	**591,367**	547,968
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	**565,007**	488,277
Deferred gains or losses on hedges	**(131)**	46
Foreign currency translation adjustment	**(14,763)**	(8,075)
Total accumulated other comprehensive income	**550,112**	480,248
Subscription rights to shares	**2,310**	2,132
Minority interests	**54,051**	45,589
Total net assets	**1,197,841**	1,075,939
Total liabilities and net assets	**¥2,656,984**	¥2,481,452

Consolidated Statements of Income

Toyota Industries Corporation
For the years ended March 31, 2012 and 2011

	Millions of yen	
	2012	2011
Net sales	**¥1,543,352**	¥1,479,839
Cost of sales (Note 15)	**1,301,617**	1,250,313
Gross profit	**241,734**	229,526
Selling, general and administrative expenses (Notes 15 and 22):		
Sales commissions	**10,003**	8,913
Salaries and allowances	**68,176**	62,969
Retirement benefit expenses	**1,977**	2,020
Depreciation	**5,951**	6,332
Research and development expenses	**25,348**	21,727
Others	**60,184**	58,765
Operating income	**70,092**	68,798
Non-operating income:		
Interest income	**9,070**	9,172
Dividends income	**17,933**	14,975
Gain on sales of marketable securities	**1,159**	488
Other non-operating income	**6,545**	7,407
Non-operating expenses:		
Interest expenses	**(16,046)**	(15,773)
Loss on disposal of fixed assets	**(1,035)**	(1,281)
Equity in net losses of affiliated companies	**(490)**	(473)
Other non-operating expenses	**(6,363)**	(9,402)
Ordinary income	**80,866**	73,911
Extraordinary income (Note 16):		
Gain on step acquisitions	**4,599**	—
Extraordinary losses (Note 17):		
Losses on the Great East Japan Earthquake	**—**	(4,631)
Income before income taxes and minority interests	**85,465**	69,279
Income taxes — current (Note 24)	**23,382**	25,456
Income taxes — deferred (Note 24)	**1,311**	(5,234)
Income before minority interests	**60,771**	49,058
Income on minority interests in consolidated subsidiaries	**2,177**	1,852
Net income	**¥ 58,594**	¥ 47,205

	Yen	
Net income per share— basic (Note 31)	**¥ 188.02**	¥ 151.51
Net income per share— diluted (Note 31)	**—**	—
Net assets per share (Note 32)	**3,662.26**	3,300.17
Cash dividends per share	**50.00**	50.00

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Comprehensive Income

Toyota Industries Corporation
For the years ended March 31, 2012 and 2011

	Millions of yen	
	2012	2011
Income before minority interests	**¥ 60,771**	¥ 49,058
Other comprehensive income:		
Valuation difference on available-for-sale securities (Note 18)	**76,752**	(55,834)
Deferred gains or losses on hedges (Note 18)	**(177)**	55
Foreign currency translation adjustment (Note 18)	**(6,820)**	(6,375)
Share of other comprehensive income of associates accounted for using equity method (Note 18)	**(216)**	(300)
Comprehensive income	**130,308**	(13,396)
Profit attributable to:		
Owners of the parent	**128,457**	(14,174)
Minority interests	**1,850**	777

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Changes in Net Assets

Toyota Industries Corporation
For the years ended March 31, 2012 and 2011

	Millions of yen	
	2012	2011
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	**¥ 80,462**	¥ 80,462
Balance at the end of current period	**80,462**	80,462
Capital surplus		
Balance at the beginning of current period	**106,179**	106,179
Changes of items during the period		
Disposal of treasury stock	**(50)**	(0)
Total changes of items during the period	**(50)**	(0)
Balance at the end of current period	**106,128**	106,179
Retained earnings		
Balance at the beginning of current period	**412,029**	378,648
Changes of items during the period		
Dividends from surplus	**(15,581)**	(14,020)
Increase (decrease) due to decrease in consolidated subsidiaries	**—**	196
Net income	**58,594**	47,205
Total changes of items during the period	**43,013**	33,381
Balance at the end of current period	**455,042**	412,029
Treasury stock		
Balance at the beginning of current period	**(50,703)**	(50,689)
Changes of items during the period		
Repurchase of treasury stock	**(5)**	(15)
Disposal of treasury stock	**441**	1
Total changes of items during the period	**436**	(13)
Balance at the end of current period	**(50,266)**	(50,703)
Total shareholders' equity		
Balance at the beginning of current period	**547,968**	514,601
Changes of items during the period		
Dividends from surplus	**(15,581)**	(14,020)
Increase (decrease) due to decrease in consolidated subsidiaries	**—**	196
Net income	**58,594**	47,205
Repurchase of treasury stock	**(5)**	(15)
Disposal of treasury stock	**391**	0
Total changes of items during the period	**43,399**	33,367
Balance at the end of current period	**591,367**	547,968
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	**488,277**	544,068
Changes of items during the period		
Net changes of items other than shareholders' equity	**76,729**	(55,790)
Total changes of items during the period	**76,729**	(55,790)
Balance at the end of current period	**565,007**	488,277

The accompanying notes are an integral part of these financial statements.

	Millions of yen	
	2012	2011
Deferred gains or losses on hedges		
Balance at the beginning of current period	**¥ 46**	¥ (9)
Changes of items during the period		
Net changes of items other than shareholders' equity	**(177)**	55
Total changes of items during the period	**(177)**	55
Balance at the end of current period	**(131)**	46
Foreign currency translation adjustment		
Balance at the beginning of current period	**(8,075)**	(2,430)
Changes of items during the period		
Net changes of items other than shareholders' equity	**(6,688)**	(5,645)
Total changes of items during the period	**(6,688)**	(5,645)
Balance at the end of current period	**(14,763)**	(8,075)
Total accumulated other comprehensive income		
Balance at the beginning of current period	**480,248**	541,628
Changes of items during the period		
Net changes of items other than shareholders' equity	**69,863**	(61,380)
Total changes of items during the period	**69,863**	(61,380)
Balance at the end of current period	**550,112**	480,248
Subscription rights to shares		
Balance at the beginning of current period	**2,132**	1,720
Changes of items during the period		
Net changes of items other than shareholders' equity	**178**	411
Total changes of items during the period	**178**	411
Balance at the end of current period	**2,310**	2,132
Minority interests		
Balance at the beginning of current period	**45,589**	46,978
Changes of items during the period		
Net changes of items other than shareholders' equity	**8,461**	(1,389)
Total changes of items during the period	**8,461**	(1,389)
Balance at the end of current period	**54,051**	45,589
Total net assets		
Balance at the beginning of current period	**1,075,939**	1,104,929
Changes of items during the period		
Dividends from surplus	**(15,581)**	(14,020)
Increase (decrease) due to decrease in consolidated subsidiaries	**—**	196
Net income	**58,594**	47,205
Repurchase of treasury stock	**(5)**	(15)
Disposal of treasury stock	**391**	0
Net changes of items other than shareholders' equity	**78,503**	(62,357)
Total changes of items during the period	**121,902**	(28,990)
Balance at the end of current period	**¥1,197,841**	¥1,075,939

Consolidated Statements of Cash Flows

Toyota Industries Corporation
For the years ended March 31, 2012 and 2011

	Millions of yen	
	2012	2011
Cash flows from operating activities:		
Income before income taxes and minority interests	**¥ 85,465**	¥ 69,279
Depreciation and amortization	**87,368**	89,576
Decrease in allowance for doubtful accounts	**(159)**	(195)
Interest and dividends income	**(27,004)**	(24,148)
Interest expenses	**16,046**	15,773
Equity in net losses of affiliated companies	**490**	473
(Increase) decrease in receivables	**(47,043)**	11,650
Increase in inventories	**(13,897)**	(16,953)
Increase in payables	**25,307**	3,440
Others, net	**(5,357)**	19,228
Subtotal	**121,216**	168,125
Interest and dividends income received	**26,992**	24,173
Interest expenses paid	**(15,940)**	(15,882)
Income taxes paid	**(30,549)**	(22,755)
Net cash provided by operating activities	**101,718**	153,661
Cash flows from investing activities:		
Payments for purchases of property, plant and equipment	**(76,638)**	(48,085)
Proceeds from sales of property, plant and equipment	**8,408**	7,645
Payments for purchases of investment securities	**(1,924)**	(56,000)
Proceeds from sales of investment securities	**1,720**	2,963
Payments for acquisition of subsidiaries' stock resulting in change in scope of consolidation	**(5,568)**	(25)
Proceeds from sales of subsidiaries' stock resulting in change in scope of consolidation	**1,228**	41
Payments for loans made	**(27)**	(30)
Proceeds from collections of loans	**374**	730
Net decrease (increase) in time deposits	**70,161**	(89,351)
Others, net	**(7,137)**	(5,461)
Net cash used in investing activities	**(9,403)**	(187,574)
Cash flows from financing activities:		
Decrease in short-term loans payable	**(21,706)**	(6,759)
Proceeds from long-term loans payable	**50,482**	240
Repayments of long-term loans payable	**—**	(826)
Proceeds from issuances of bonds	**35,604**	4,002
Repayments of bonds	**(30,761)**	(49,180)
Payments for repurchase of treasury stocks	**(5)**	(15)
Cash dividends paid	**(15,581)**	(14,020)
Cash dividends paid to minority shareholders	**(478)**	(528)
Proceeds from payment by minority shareholders	**1,220**	143
Others, net	**(8,495)**	(18,784)
Net cash provided by (used in) financing activities	**10,279**	(85,728)
Translation adjustments of cash and cash equivalents	**(1,348)**	(2,382)
Net increase (decrease) in cash and cash equivalents	**101,244**	(122,024)
Cash and cash equivalents at beginning of year	**195,566**	317,590
Cash and cash equivalents at end of year	**¥ 296,811**	¥ 195,566

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

1. Basis of presenting consolidated financial statements:

The accompanying consolidated financial statements have been prepared based on the accounts maintained by Toyota Industries Corporation (the "Company") and its consolidated subsidiaries (together, hereinafter referred to as "Toyota Industries") in accordance with the provisions set forth in the Corporation Law of Japan and the Financial Instruments and Exchange Law, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

2. Summary of significant accounting policies:

(1) Consolidation

The consolidated financial statements include the accounts of the Company and its 176 subsidiaries (39 subsidiaries in Japan and 137 subsidiaries outside Japan) as of March 31, 2012.

For the year ended March 31, 2012, 20 subsidiaries were newly added to the scope of consolidation and six companies were excluded from the scope of consolidation because of the sale of the Company's shareholdings and liquidation and mergers as a result of reorganization. Changes in the number of consolidated subsidiaries for the year ended March 31, 2012 are listed below.

(increase)
ELETT Corporation
TOYOTA L&F Akita Co., Ltd.
Toyota Industrial Equipment Vietnam Co., Ltd.
Toyota Industries Compressor Parts America, Co.
13 group companies of Uster Technologies AG Group
Three group companies of Toyota Material Handling Europe Group

(decrease)
Mail and e Business Logistics Service Co., Ltd.
Hangzhou Aichi Engineering Vehicles Co., Ltd.
TOYOTA L&F Keiji Co., Ltd.
Toyota Industries Automotive Parts (Kunshan) Co., Ltd.
Two group companies of Toyota Material Handling Europe Group

The fiscal years of certain subsidiaries are different from the fiscal year of the Company. Since the difference is not more than three months, the Company is using those subsidiaries' statements for those fiscal years, making adjustments for significant transactions that materially affect the financial position or results of operations.

During the consolidated fiscal year, North Vernon Industry Corporation and Cullman Casting Corporation have decided to change their fiscal year-end from December 31 to March 31. As a result, the Company's consolidated financial statements include 15 months of their operating results.

All significant inter-company transactions, balances and unrealized profits within Toyota Industries have been eliminated.

(2) Equity method

Investments in 15 major affiliates in 2012 are accounted for by the equity method of accounting.

For the year ended March 31, 2012, three companies were newly added to the scope of equity-method accounting. Changes in the number of affiliates to which the equity method applied for the year ended March 31, 2012 are listed as follows.

(increase)
Hangzhou Aichi Engineering Vehicles Co., Ltd.
TOYOTA L&F Kinki Co., Ltd.
Liftow Limited

Some of the affiliates are not accounted for under the equity method since their net income/losses, retained earnings and other financial amounts are immaterial.

(3) Translation of foreign currencies

Foreign currency denominated receivables and payables are translated into Japanese yen at the year-end exchange rates and the resulting transaction gains or losses are included in the consolidated statements of income.

All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese yen at year-end exchange rates and all revenue and expense accounts are translated at prevailing fiscal average rates.

(4) Cash and cash equivalents

Cash and cash equivalents are cash on hand, readily available deposits and short-term highly liquid and low risk investments with maturities not exceeding three months at the time of purchase.

(5) Short-term investments and investment securities

Toyota Industries classifies securities into four categories by purpose of holding: trading securities, held-to-maturity securities, other securities and investments in affiliates. Toyota Industries did not have trading securities or held-to-maturity securities as of March 31, 2012.

Other securities with readily determinable fair values are stated at fair value based on market prices at the end of the year. Unrealized gains and losses are included in "Valuation difference on available-for-sale securities" as a separate component of net assets. Cost of sales of such securities is determined by the moving-average method. Other securities without readily determinable fair values are stated at cost, as determined by the moving-average method.

Investments in affiliates are accounted for by the equity method (see Note 2 (2)).

Investments in affiliates not accounted for by the equity method are stated at cost due to their insignificant effect on the consolidated financial statements.

(6) Inventories

Inventories are stated mainly at cost determined by the moving-average method (the values on the consolidated balance sheets are calculated through the write-down method based on the deterioration of profitability).

(7) Property, plant and equipment, and depreciation (Except for lease assets)
Property, plant and equipment are stated at cost. Depreciation expenses of property, plant and equipment are computed mainly by the declining-balance method for the Company and subsidiaries.

Significant renewals and additions are capitalized at cost. Repairs and maintenance are charged to income as incurred.

(8) Intangible assets and amortization
Amortization of intangible assets is computed using the straight-line method.

(9) Lease transactions
The depreciation method of leased properties on finance leases that are deemed to transfer the ownership of the leased properties to lessees is the same as those applied to properties owned by Toyota Industries.

The depreciation method of leased properties on finance leases other than those deemed to transfer the ownership of leased properties to lessees is computed mainly by the straight-line method, which assumes zero residual value and the leasing term to be for the useful life of the asset.

As for the finance leases other than finance leases deemed to transfer the ownership of leased properties to lessees, those that came into effect before March 31, 2008 (inclusive) will continue to be accounted for by the former method (similar to the method applicable to ordinary operating leases).

(10) Method of accounting for deferred assets
As for bond issuance cost, the full amount is treated as expenses at the time of payout.

(11) Allowances for doubtful accounts
Toyota Industries adopted the policy of providing an allowance for doubtful accounts in an amount sufficient to cover possible losses on collection by estimating individually uncollectible amounts and applying to the remaining accounts a percentage determined by certain factors such as historical collection experiences.

(12) Allowance for bonuses to directors, managing officers and corporate auditors
Bonuses to directors, managing officers and corporate auditors are recorded on the accrual basis with a related change to income.

(13) Allowance for retirement benefits
Toyota Industries accrues an amount which is considered to be incurred in the period based on the estimated projected benefit obligations and estimated pension assets at the end of the year. To provide for the retirement benefits for directors, managing officers and corporate auditors, an amount which is calculated at the end of the year as required by an internal policy describing the retirement benefits for directors and managing officers is accrued.

(14) Accounting standards for finance lease transactions
As for the accounting standards for finance lease transactions, net sales and cost of sales are recognized when the lease payments are received or when the lease transactions are started.

(15) Hedge accounting
(a) Method of hedge accounting
Mainly the deferral method of hedge accounting is applied. In the case of foreign currency forward contracts and foreign currency option contracts, the hedged items are translated at contracted forward rates if certain conditions are met.

As for the interest rate swap contracts, which meet the requirements of the preferential accounting method, the preferential accounting method is applied.

(b) Hedging instruments and hedged items
Hedging instruments: Derivative instruments (foreign currency forward contracts, foreign currency option contracts, foreign currency swaps and interest rate swaps)
Hedged items: Risk of change in interest rate on borrowings, receivables and payables and risk of change in forward exchange rates on transactions denominated in foreign currencies (borrowings, receivables and payables, and forecasted transactions)

(c) Hedging policy
Hedging transactions are executed and controlled based on Toyota Industries' internal policy and Toyota Industries is hedging interest rate risks and foreign currency risks. Toyota Industries' hedging activities are reported periodically to a director responsible for accounting.

(d) Method used to measure hedge effectiveness
Hedge effectiveness is measured by comparing accumulated changes in market prices of hedged items and hedging instruments or accumulated changes in estimated cash flows from the inception of the hedge to the date of measurements performed. Currently it is considered that there are high correlations between them.

(16) Goodwill and amortization
Goodwill, if material, is amortized principally over less than 20 years on a straight-line basis, while immaterial goodwill is charged to gain or loss as incurred.

(17) Consumption tax
The consumption tax under the Japanese Consumption Tax Law withheld by Toyota Industries on sales of goods is not included in the amount of net sales in the accompanying consolidated statements of income, and the consumption tax paid by Toyota Industries under the law on purchases of goods and services and expenses is not included in the related amount.

(18) Income taxes
The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

(19) Net income per share
The computation of basic net income per share is based on the weighted-average number of outstanding shares of common stock. The calculation of diluted net income per share is similar to the calculation of basic net income per share, except that the weighted-average number of shares outstanding includes the additional dilution from potential common stock equivalents such as subscription rights to shares. Cash dividends per share shown in the statements of income are the amounts applicable to the respective years.

3. Change in accounting policy and adoption of new accounting standard:

Classification Change in Consolidated Financial Statements
(Consolidated Balance Sheets)
"Software" (listed as a separate item in the previous fiscal year), amounting to ¥10,767 million, is included in "Other" under "Intangible assets" in the fiscal year beginning April 1, 2011 due to the decrease in materiality.

Accounting Standard for Accounting Changes and Error Corrections
Effective from the fiscal year beginning April 1, 2011, Toyota Industries applies Financial Accounting Standard No. 24 "Accounting Standard for Accounting Changes and Error Corrections" and its Implementation Guidance No. 24 "Guidance on Accounting Standard for Accounting Changes and Error Corrections," both of which were issued on December 4, 2009 by the Accounting Standards Board of Japan, to accounting changes and corrections of prior period errors.

4. Inventories:

Inventories as of March 31, 2012 and 2011 consist of the following:

	Millions of yen	
	2012	2011
Merchandise and finished goods	**¥ 48,183**	¥ 42,940
Raw materials	**21,983**	18,383
Work in process	**33,727**	31,256
Supplies	**12,553**	11,682
Total	**¥ 116,447**	¥ 104,263

5. Property, plant and equipment:

Accumulated depreciation as of March 31, 2012 and 2011 is as follows:

	Millions of yen	
	2012	2011
Buildings and structures	**¥ 212,723**	¥ 208,325
Machinery, equipment and vehicles	**610,658**	591,219
Tools, furniture and fixtures	**92,047**	88,272
Total	**¥ 915,429**	¥ 887,816

Accumulated impairment losses are included.

6. Long-term debt:

(1) Bonds payable as of March 31, 2012 and 2011 consist of the following:

	Millions of yen	
	2012	2011
1.13% bonds due 2012 without collateral	**¥ 50,000**	¥ 50,000
1.03% bonds due 2012 without collateral	**—**	30,000
1.46% bonds due 2014 without collateral	**20,000**	20,000
1.66% bonds due 2015 without collateral	**30,000**	30,000
0.45-1.43% medium-term notes due 2012-2015 without collateral	**13,348**	8,485
1.95% bonds due 2016 without collateral	**19,995**	19,994
1.72% bonds due 2018 without collateral	**26,000**	26,000
1.35% medium-term notes due 2014 without collateral	**2,000**	2,000
2.109% bonds due 2019 without collateral	**50,000**	50,000
1.109% bonds due 2021 without collateral	**30,000**	—
Total	**¥ 241,344** **(54,105)**	¥ 236,479

The amount shown in parentheses in total for 2012 is that redeemed within one year.

(2) Annual maturities of bonds payable as of March 31, 2012 are as follows:

Year ending March 31	Millions of yen Total
2013	¥ 54,105
2014	4,496
2015	21,642
2016	35,104
2017	19,995
2018 and thereafter	106,000
Total	¥ 241,344

(3) Other debts as of March 31, 2012 and 2011 consist of the following:

	Millions of yen		Weighted-average interest rate (%)
	2012	2011	
Short-term loans payable	**¥ 67,185**	¥ 40,712	1.34
Long-term loans payable:			
Current portion	**43,027**	59,233	1.24
Non-current portion	**249,183**	236,602	1.47
Lease obligations:			
Current portion	**37,619**	37,873	—
Non-current portion	**85,754**	82,813	—
Commercial paper	**12,897**	11,133	2.54
Total	**¥ 495,667**	¥ 468,368	—

The interest rate is the weighted-average interest rate for the ending balances of those debts. The interest rate of lease obligations is omitted since the amount shown on the consolidated balance sheets does not exclude interest receivable, which is included in total lease payment receivable.

(4) Annual maturities of other debts as of March 31, 2012 are as follows:

	Millions of yen		
Year ending March 31	Long-term loans payable	Lease obligations	Total
2014	¥ 57,632	¥ 32,268	¥ 89,901
2015	37,627	23,573	61,200
2016	28,348	16,253	44,602
2017	28,795	10,948	39,744
2018 and thereafter	96,779	2,710	99,490
Total	¥ 249,183	¥ 85,754	¥ 334,938

7. Investments in affiliated companies:

Investments in affiliated companies as of March 31, 2012 and 2011 are as follows:

	Millions of yen	
	2012	2011
Investments in securities (stock)	**¥ 7,597**	¥ 8,473
Investments and other assets (others)	**3,694**	3,556

8. Assets pledged as collateral:

(1) Assets pledged as collateral as of March 31, 2012 and 2011 are as follows:

	Millions of yen	
	2012	2011
Investments in securities	**¥ 69,580**	¥ 68,600
Trade notes and accounts receivable	**655**	264
Machinery, equipment and vehicles	**393**	708
Buildings and structures	**108**	115
Total	**¥ 70,737**	¥ 69,688

(2) Secured liabilities as of March 31, 2012 and 2011 are as follows:

	Millions of yen	
	2012	2011
Other current obligations	**¥ 24,296**	¥ 23,217
Short-term loans payable	**707**	894
Long-term loans payable	**77**	89
Total	**¥ 25,081**	¥ 24,200

9. Allowance for retirement benefits:

Allowance for retirement benefits including the allowance for retirement benefits to directors (including managing officers) for the years ended March 31, 2012 and 2011 is as follows:

	Millions of yen	
	2012	2011
Allowance for retirement benefits to directors (including managing officers)	**¥ 2,198**	¥ 3,021

10. Asset retirement obligations:

The amount of asset retirement obligations as of March 31, 2012 and 2011, which is less than 1% of total liabilities and net assets, is omitted pursuant to Article 92, paragraph (2) of the Regulation for Terminology, Forms and Preparation of Consolidated Financial Statements.

11. Contingent liabilities:

Toyota Industries is contingently liable for guarantees as of March 31, 2012 and 2011 as follows:

	Millions of yen	
	2012	2011
Guarantees given by consolidated subsidiaries	**¥ 11**	¥ 34

12. Export discount bills:

Export discount bills as of March 31, 2012 and 2011 are as follows:

	Millions of yen	
	2012	2011
Export discount bills	**¥ 633**	¥ 67

13. Treatment of trade notes that matured at the end of the fiscal year:

Trade notes receivable and trade notes payable that matured at the end of the fiscal year (March 31, 2012) are as follows:

	Millions of yen
	2012
Trade notes receivable	¥ 1,004
Trade notes payable	877

Those notes were regarded as settled at the date due to the fact that the financial institutions were closed on March 31, 2012.

14. Net assets:

Under the Corporation Law of Japan, amounts equal to at least 10% of the sum of the cash dividends and other external appropriations paid by the Company and its subsidiaries in Japan must be set aside as a legal reserve until it equals 25% of capital stock. The legal reserve may be used to reduce a deficit or may be transferred to capital stock taking appropriate corporate action. In consolidation, the legal reserves of the Company and its subsidiaries in Japan are accounted for as retained earnings. The year-end cash dividend is approved at the Ordinary General Meeting of Shareholders of the Company held after the close of the fiscal year to which the dividend is applicable. In addition, interim cash dividends may be paid upon resolution of the Board of Directors, subject to limitations imposed by the Corporation Law of Japan.

15. Research and development expenses:

Research and development expenses, which are included in selling, general and administrative expenses and manufacturing costs, amounted to ¥32,070 million and ¥27,788 million for the years ended March 31, 2012 and 2011, respectively.

16. Extraordinary income:

For the year ended March 31, 2012, Toyota Industries recorded extraordinary income of ¥4,599 million, arising from a gain on step acquisitions of Uster Technologies AG.

17. Extraordinary losses:

For the year ended March 31, 2011, Toyota Industries recorded extraordinary losses on the Great East Japan Earthquake of ¥4,631 million, including fixed costs arising from the suspension of operations (¥4,532 million), expenses for recovery support and monetary condolence.

18. Comprehensive income:

Recycling and tax effect relating to other comprehensive income as of March 31, 2012 is as follows:

	Millions of yen
	2012
Valuation difference on available-for-sale securities	
Amount arising during the period	¥ 56,513
Recycling	(1,070)
Before tax effect adjustment	55,442
Tax effect	21,310
Valuation difference on available-for-sale securities	76,752
Deferred gains or losses on hedges	
Amount arising during the period	(325)
Recycling	52
Before tax effect adjustment	(273)
Tax effect	95
Deferred gains or losses on hedges	(177)
Foreign currency translation adjustment	
Amount arising during the period	(6,818)
Recycling	(2)
Foreign currency translation adjustment	(6,820)
Share of other comprehensive income of associates accounted for using equity method	
Amount arising during the period	(216)
Other comprehensive income	69,537

19. Financial instruments:

(1) Matters concerning financial instruments:

(A) Policy for financial instruments

Toyota Industries borrows funds from financial institutions and issues corporate bonds to procure funds to meet its needs for long-term funding. Toyota Industries also borrows funds from financial institutions and issues commercial paper to procure funds to meet its needs for short-term working capital. Toyota Industries manages its cash reserves as highly safe financial assets. The purpose of using derivative instruments is to reduce risk, not to obtain earnings from exchanges or for speculative purposes.

(B) Contents and risk of financial instruments

Cash and deposits are subject to credit risk of financial institutions and foreign currency risk. Trade notes and accounts receivable are subject to counterparty credit risk and foreign currency risk. Lease investment assets are subject to counterparty credit risk, foreign currency risk and interest rate risk.

Short-term investments and investments in securities are subject to market risk and foreign currency risk.

Trade notes and accounts payable include those denominated in foreign currencies and are thus subject to foreign currency risk. All of them are due within one year. Loans payable, commercial paper, bonds payable and lease obligations are subject to foreign currency risk and interest rate risk.

Toyota Industries uses derivative instruments (foreign currency forward contracts, foreign currency option contracts, foreign currency swaps and interest rate swaps) to cover such kinds of risks, and these transactions are subject to credit risk of financial institutions.

With regard to foreign currency risk, Toyota Industries uses derivative instruments (foreign currency forward contracts and foreign currency option contracts) for the amount of foreign currency trade assets (trade notes and accounts receivable) offset by foreign currency trade liabilities (trade notes and accounts payable). Foreign currency swaps and interest rate swaps are used for hedging the foreign currency risk and interest rate risk of loans, bonds and others.

As for hedge accounting, the method, items, policy and evaluation method of measure of effectiveness are referred to in Note 2 "(15) Hedge accounting."

(C) Risk management of financial instruments

a) Management of credit risk (risk of non-execution of contract by counterparty)

In accordance with its treasury policy, Toyota Industries carries out regular monitoring of principal counterparties and strives to quickly ascertain and minimize concerns about collecting credits due to worsening financial and other conditions of counterparties. In using derivatives, to reduce credit risk of financial institutions, Toyota Industries engages in transactions only with those financial institutions that have high credit ratings.

b) Management of market risk (foreign currency risk, interest rate risk, others)

In accordance with its treasury policy, in principle, Toyota Industries uses foreign currency forward contracts, foreign currency option contracts and foreign currency swaps to hedge foreign currency risk for each currency for its monetary credits and liabilities denominated in foreign currencies. Toyota Industries uses interest rate swaps to hedge interest rate risk on monetary liabilities. Toyota Industries monitors the financial condition and reviews the valuations of short-term investments and investments in securities.

c) Management of financing-related liquidity risk (risk that payments cannot be made on due date)
In accordance with its treasury policy, Toyota Industries manages liquidity risk with cash reserves and commitment lines.

(D) Supplemental explanation of financial instruments
The fair value of financial instruments includes values based on market values as well as rationally calculated values when market values cannot be determined. These calculated values could also conceivably change along with the adoption of different premises.

(2) Matters concerning the fair value of financial instruments:

For the year ended March 31, 2012

The amounts in the consolidated balance sheets, fair values and the differences between those as of March 31, 2012 are as follows. Financial instruments for which ascertaining fair value is extremely difficult are not included in the following chart. Refer to Note 2 regarding these financial instruments.

	Millions of yen		
	Carrying amount *1,*2	Fair value	Difference
Cash and deposits	¥ 274,710	¥ 274,710	¥ —
Trade notes and accounts receivable	192,663	192,662	(0)
Lease investment assets (current assets)	36,570	36,570	—
Short-term investments and investments in securities			
Other securities	1,245,642	1,245,642	—
Lease investment assets (fixed assets)	76,566	73,925	(2,640)
Total assets	¥1,826,154	¥1,823,513	¥ (2,641)
Trade notes and accounts payable	¥ (168,465)	¥ (168,465)	¥ —
Short-term loans payable	(110,212)	(110,212)	—
Commercial paper	(12,897)	(12,897)	—
Current portion of bonds	(54,105)	(54,105)	—
Lease obligations (current liabilities)	(37,619)	(37,619)	—
Bonds payable	(187,238)	(196,703)	(9,464)
Long-term loans payable	(249,183)	(258,213)	(9,029)
Lease obligations (long-term liabilities)	(85,754)	(86,561)	(806)
Total liabilities	¥ (905,477)	¥ (924,777)	¥ (19,300)
Derivative transactions *3			
Derivative instruments for which hedge accounting is not applied	¥ 662	¥ 662	¥ —
Derivative instruments for which hedge accounting is applied	(186)	(186)	—
Total derivative transactions	¥ 475	¥ 475	¥ —

*1: Allowance for doubtful accounts is excluded from total assets.
*2: The figures for liabilities are indicated in parentheses.
*3: Stated values are the net amounts of assets and liabilities arising from derivative transactions. Net liabilities are represented with parentheses.

1. Methods for calculating fair value of financial instruments and matters concerning marketable securities and derivatives

(Assets)

(1) Cash and deposits
All deposits are short term and fair value approximates the carrying amount. Therefore, fair value for deposits is calculated at the carrying amount.

(2) Trade notes and accounts receivable
These items are categorized into a specified time period, and are stated at present value calculated by the discount rate, which takes into account the respective period.

(3) Lease investment assets (current assets)
Lease investment assets (current assets) are short term and fair value approximates the carrying amount. Therefore, fair value for these items is calculated at the carrying amount.

(4) Short-term investments and investments in securities
Other securities refer to stocks, money management funds and negotiable certificates of deposit. Fair value of stocks is calculated based on prices listed on stock exchanges. Fair value of money management funds and negotiable certificates of deposit is calculated at the carrying amount since fair value of these assets approximates the carrying amount. Details regarding other securities are referred to in Note 20 “Marketable securities.”

(5) Lease investment assets (fixed assets)
Fair value is calculated by discounting to net present value the total amount of lease receipts using an expected interest rate when newly undertaking the same lease transaction.

(Liabilities)

(1) Trade notes and accounts payable
All notes and accounts payable are short term and fair value approximates the carrying amount. Therefore, fair value for notes and accounts payable is calculated at the carrying amount.

(2) Short-term loans payable, (3) Commercial paper, (4) Current portion of bonds, (5) Lease obligations (current liabilities)
These items payable are short term and fair value approximates the carrying amount. Therefore, fair value for these items is calculated at the carrying amount.

(6) Bonds payable
Fair value is calculated by discounting to net present value the total of principal and interest using expected interest rates when newly borrowing the same amount.

(7) Long-term loans payable
Fair value is calculated by discounting to net present value the total of principal and interest using expected interest rates when newly borrowing the same amount.
Interest rate swaps that meet the requirement for the preferential accounting method are handled together with the aforementioned long-term loans payable. The fair value of interest rate swaps is included in the fair value of the aforementioned long-term loans payable. The fair value is calculated by discounting expected future cash flow using interest rates when newly borrowing the same amount.

(8) Lease obligations (long-term liabilities)
Fair value is calculated by discounting to net present value the total amount of lease payments using an expected interest rate when newly undertaking the same lease transaction.

(Derivative transactions)
Details regarding derivative transactions are referred to in Note 21 “Derivative instruments.”

2. Financial instruments for which ascertaining fair value is extremely difficult

	Millions of yen
	Carrying amount
Non-listed stocks	
Investments in affiliated companies	¥ 7,597
Other securities	16,600
Total	¥ 24,198

Non-listed stocks are not included in “Short-term investments and investment securities” because there are no market prices and ascertaining fair value is extremely difficult.

3. Amounts of projected future redemptions after March 31, 2012 for monetary credits and liabilities as well as marketable securities with maturities

	Millions of yen			
Year ending March 31	2013	2014-2017	2018-2022	2023 and thereafter
Cash and deposits	¥ 274,710	¥ —	¥ —	¥ —
Trade notes and accounts receivable	192,476	186	—	—
Lease investment assets (fixed assets)	—	74,763	1,802	—
Total	¥ 467,187	¥ 74,950	¥ 1,802	¥ —

4. Scheduled repayments of bonds payable, long-term loans payable and lease obligations (long-term liabilities) after the consolidated settlement date

	Millions of yen			
Year ending March 31	2013	2014-2017	2018-2022	2023 and thereafter
Bonds payable	¥ —	¥ 81,238	¥ 106,000	¥ —
Long-term loans payable	—	152,404	96,779	—
Lease obligations	—	83,044	2,566	144
Total	¥ —	¥ 316,686	¥ 205,345	¥ 144

For the year ended March 31, 2011

	Millions of yen		
	Carrying amount *1,*2	Fair value	Difference
Cash and deposits	¥ 198,654	¥ 198,654	¥ —
Trade notes and accounts receivable	149,270	149,269	(0)
Lease investment assets (current assets)	35,146	35,146	—
Short-term investments and investments in securities			
Investments in affiliated companies	3,911	6,745	2,834
Other securities	1,230,638	1,230,638	—
Lease investment assets (fixed assets)	71,480	68,643	(2,837)
Total assets	¥1,689,102	¥1,689,098	¥ (3)
Trade notes and accounts payable	¥ (144,956)	¥ (144,956)	¥ —
Short-term loans payable	(99,946)	(99,946)	—
Commercial paper	(11,133)	(11,133)	—
Current portion of bonds	(30,829)	(30,829)	—
Lease obligations (current liabilities)	(37,873)	(37,873)	—
Bonds payable	(205,649)	(214,580)	(8,930)
Long-term loans payable	(236,602)	(244,838)	(8,235)
Lease obligations (long-term liabilities)	(82,813)	(82,577)	236
Total liabilities	¥ (849,805)	¥ (866,735)	¥ (16,929)
Derivative transactions *3			
Derivative instruments for which hedge accounting is not applied	¥ 258	¥ 258	¥ —
Derivative instruments for which hedge accounting is applied	50	50	—
Total derivative transactions	¥ 309	¥ 309	¥ —

*1: Allowance for doubtful accounts is excluded from total assets.
*2: The figures for liabilities are indicated in parentheses.
*3: Stated values are the net amounts of assets and liabilities arising from derivative transactions. Net liabilities are represented with parentheses.

1. Methods for calculating fair value of financial instruments and matters concerning marketable securities and derivatives
(Assets)
(1) Cash and deposits
All deposits are short term and fair value approximates the carrying amount. Therefore, fair value for deposits is calculated at the carrying amount.
(2) Trade notes and accounts receivable
These items are categorized into a specified time period, and are stated at present value calculated by the discount rate, which takes into account the respective period.
(3) Lease investment assets (current assets)
Lease investment assets (current assets) are short term and fair value approximates the carrying amount. Therefore, fair value for these items is calculated at the carrying amount.
(4) Short-term investments and investments in securities
Fair value of stocks in investments in affiliated companies is calculated based on prices listed on stock exchanges. Other securities are stocks, money management funds and negotiable certificates of deposit. Fair value of stocks in other securities is calculated based on prices listed on stock exchanges. Fair value of money management funds and negotiable certificates of deposit approximates the carrying amount. Therefore, fair value is calculated at the carrying amount.
Details regarding other securities are referred to in Note 20 "Marketable securities."
(5) Lease investment assets (fixed assets)
Fair value is calculated by discounting to net present value the total amount of lease receipts using an expected interest rate when newly undertaking the same lease transaction.
(Liabilities)
(1) Trade notes and accounts payable
All notes and accounts payable are short term and fair value approximates the carrying amount. Therefore, fair value for notes and accounts payable is calculated at the carrying amount.
(2) Short-term loans payable, (3) Commercial paper, (4) Current portion of bonds, (5) Lease obligations (current liabilities)
These items payable are short term and fair value approximates the carrying amount. Therefore, fair value for these items is calculated at the carrying amount.
(6) Bonds payable
Fair value is calculated by discounting to net present value the total of principal and interest using expected interest rates when newly borrowing the same amount.

(7) Long-term loans payable
Fair value is calculated by discounting to net present value the total of principal and interest using expected interest rates when newly borrowing the same amount.
Interest rate swaps that meet the requirement for the preferential accounting method are handled together with the aforementioned long-term loans payable. The fair value of interest rate swaps is included in the fair value of the aforementioned long-term loans payable. The fair value is calculated by discounting expected future cash flow using interest rates when newly borrowing the same amount.
(8) Lease obligations (long-term liabilities)
Fair value is calculated by discounting to net present value the total amount of lease payments using an expected interest rate when newly undertaking the same lease transaction.
(Derivative transactions)
Details regarding derivative transactions are referred to in Note 21 "Derivative instruments."

2. Financial instruments for which ascertaining fair value is extremely difficult

	Millions of yen
	Carrying amount
Non-listed stocks	
Investments in affiliated companies	¥ 4,562
Other securities	16,625
Total	¥ 21,187

Non-listed stocks are not included in "Short-term investments and investment securities" because there are no market prices and ascertaining fair value is extremely difficult.

3. Amounts of projected future redemptions after March 31, 2011 for monetary credits and liabilities as well as marketable securities with maturities

	Millions of yen			
Year ending March 31	2012	2013-2016	2017-2021	2022 and thereafter
Cash and deposits	¥ 198,654	¥ —	¥ —	¥ —
Trade notes and accounts receivable	149,098	172	—	—
Lease investment assets (fixed assets)	—	70,205	1,275	—
Total	¥ 347,752	¥ 70,377	¥ 1,275	¥ —

4. Scheduled repayments of bonds payable, long-term loans payable and lease obligations (long-term liabilities) after the consolidated settlement date

	Millions of yen			
Year ending March 31	2012	2013-2016	2017-2021	2022 and thereafter
Bonds payable	¥ —	¥ 109,655	¥ 95,994	¥ —
Long-term loans payable	—	164,102	72,500	—
Lease obligations (long-term liabilities)	—	80,458	1,956	398
Total	¥ —	¥ 354,216	¥ 170,450	¥ 398

20. Marketable securities:

(a) Other securities with readily determinable fair value

As of and for the year ended March 31, 2012

	Millions of yen		
	Acquisition cost	Carrying amount	Difference
Securities with carrying amount exceeding acquisition cost:			
Stocks	**¥277,029**	**¥1,146,811**	**¥869,782**
Others	**101**	**123**	**21**
Subtotal	**277,131**	**1,146,934**	**869,803**
Securities with carrying amount not exceeding acquisition cost:			
Stocks	**7,691**	**6,458**	**(1,232)**
Others	**92,249**	**92,249**	**—**
Subtotal	**99,941**	**98,708**	**(1,232)**
Total	**¥377,072**	**¥1,245,642**	**¥868,570**

Non-listed stocks (total amount is ¥16,600 million in the consolidated balance sheets) are not included in "Other securities" because there are no market prices and ascertaining fair value is extremely difficult. "Others" above are mainly money management funds and negotiable certificates of deposit.

As of and for the year ended March 31, 2011

	Millions of yen		
	Acquisition cost	Carrying amount	Difference
Securities with carrying amount exceeding acquisition cost:			
Stocks	¥ 275,747	¥1,090,265	¥ 814,518
Others	101	116	14
Subtotal	275,848	1,090,381	814,532
Securities with carrying amount not exceeding acquisition cost:			
Stocks	9,325	7,825	(1,499)
Others	132,430	132,430	—
Subtotal	141,756	140,256	(1,499)
Total	¥ 417,605	¥1,230,638	¥ 813,033

Non-listed stocks (total amount is ¥16,625 million in the consolidated balance sheets) are not included in "Other securities" because there are no market prices and ascertaining fair value is extremely difficult. "Others" above are mainly money management funds and negotiable certificates of deposit.

(b) Other securities sold during the year

As of and for the years ended March 31, 2012 and 2011

Other securities sold are omitted due to their quantitative immateriality.

21. Derivative instruments:

(1) Quantitative disclosure about derivatives for the year ended March 31, 2012

1) Derivative instruments for which hedge accounting is not applied

(a) Foreign currency transactions as of March 31, 2012 are as follows:

Category	Type	Millions of yen			
		Notional amount		Fair value	Net unrealized gain/loss
		Total	Maturity over 1 year		
Transactions other than market transactions	Foreign currency forward contracts transactions				
	Buy JPY / Sell USD	**¥ 222**	**¥ —**	**¥ (11)**	**¥ (11)**
	Buy JPY / Sell EUR	**32**	**—**	**0**	**0**
	Buy JPY / Sell other foreign currency	**1,168**	**—**	**(46)**	**(46)**
	Buy EUR / Sell JPY	**1,687**	**—**	**8**	**8**
	Buy SEK / Sell EUR	**18,169**	**—**	**111**	**111**
	Buy SEK / Sell GBP	**1,483**	**—**	**5**	**5**
	Buy SEK / Sell other foreign currency	**17,230**	**—**	**402**	**402**
	Sell SEK / Buy EUR	**11,041**	**—**	**(45)**	**(45)**
	Sell SEK / Buy GBP	**3,136**	**—**	**(17)**	**(17)**
	Sell SEK / Buy other foreign currency	**7,009**	**—**	**5**	**5**
	Buy other foreign currency	**4,712**	**—**	**(18)**	**(18)**
	Sell other foreign currency	**309**	**—**	**(5)**	**(5)**
			—		
	Foreign currency option contracts transactions		**—**		
	Buy	**388**			
		(6)	**—**	**0**	**(6)**
	Sell	**388**			
		(6)	**—**	**20**	**(13)**
	Foreign currency swap transactions				
	Payment JPY / Receipt USD	**3,494**	**3,494**	**488**	**488**
	Total	**¥ 70,473**	**¥ 3,494**	**¥ 897**	**¥ 856**

The fair value calculation method is based on the index price as of March 31, 2012.

(b) Interest rate transactions as of March 31, 2012 are as follows:

Category	Type	Millions of yen			
		Notional amount		Fair value	Net unrealized gain/loss
		Total	Maturity over 1 year		
Transactions other than market transactions	Interest rate swap transactions				
	Fixed rate payment / Floating rate receipt	**¥ 32,641**	**¥ 21,584**	**¥ (194)**	**¥ (194)**
	Total	**¥ 32,641**	**¥ 21,584**	**¥ (194)**	**¥ (194)**

The fair value calculation method is based on the index price as of March 31, 2012.

2) Derivative instruments for which hedge accounting is applied

Category	Type	Contents of hedge	Notional amount (Millions of yen): Total	Notional amount: Maturity over 1 year	Fair value	Net unrealized gain/loss	Evaluation method
Deferred hedge method	Foreign currency forward contracts transactions						
	Buy JPY / Sell USD	Accounts receivable	¥ 7,076	¥ —	¥ (182)	¥ (182)	By the exchange rate on foreign currency market
	Buy JPY / Sell EUR		3,072	—	(65)	(65)	
	Buy JPY / Sell AUD		1,120	—	(3)	(3)	
	Buy SEK / Sell EUR		3,337	—	43	43	
	Buy SEK / Sell GBP		2,832	—	17	17	
	Buy SEK / Sell other foreign currency		2,788	—	42	42	
	Sell JPY / Buy EUR		239	—	1	1	
	Sell SEK / Buy EUR		1,136	—	(7)	(7)	
	Sell SEK / Buy GBP		19	—	0	0	
	Sell SEK / Buy other foreign currency		214	—	(2)	(2)	
	Sell other foreign currency		123	—	(0)	(0)	
	Foreign currency option contracts transactions *1						
	Buy	Accounts receivable	748				By the price on currency option market
			(8)	—	0	(8)	
	Sell		748				
			(8)	—	29	(20)	
	Subtotal		23,459	—	(128)	(186)	
Net valuation method using forward foreign exchange contracts	Foreign currency forward contracts transactions						By the exchange rate on foreign currency market
	Buy JPY / Sell EUR	Accounts receivable	2,050	—	*2	*2	
	Buy JPY / Sell USD		1,800	—			
	Buy JPY / Sell AUD		282	—			
	Sell JPY / Buy EUR		140	—			
	Subtotal		4,273	—	—	—	
Preferential accounting method of interest rate swap transactions	Interest rate swap transactions	Long-term loans payable					By the rate on interest swap market
	Fixed rate payment / Floating rate receipt		15,000	15,000	*2	*2	
	Subtotal		15,000	15,000	—	—	
	Total		¥ 42,732	¥ 15,000	¥ (128)	¥ (186)	

*1: The amounts indicated in brackets for foreign currency option contracts transactions refer to the option fee, and the related figures for fair value and net unrealized gain/loss are also shown.

*2: Fair value and net unrealized gain/loss of derivative instruments for which these accounting methods are applied are inclusively reported as a portion of fair value of their hedge instruments such as accounts receivable and long-term loans payable (see Note 19).

(2) Quantitative disclosure about derivatives for the year ended March 31, 2011

1) Derivative instruments for which hedge accounting is not applied

(a) Foreign currency transactions as of March 31, 2011 are as follows:

Category	Type	Notional amount (Millions of yen): Total	Notional amount: Maturity over 1 year	Fair value	Net unrealized gain/loss
Transactions other than market transactions	Foreign currency forward contracts transactions				
	Buy JPY / Sell EUR	¥ 48	¥ —	¥ (1)	¥ (1)
	Buy JPY / Sell USD	13	—	(0)	(0)
	Buy JPY / Sell other foreign currency	424	—	6	6
	Buy SEK / Sell EUR	17,612	—	(148)	(148)
	Buy SEK / Sell GBP	881	—	48	48
	Buy SEK / Sell other foreign currency	19,147	—	136	136
	Sell SEK / Buy EUR	12,676	—	38	38
	Sell SEK / Buy GBP	2,422	—	(39)	(39)
	Sell SEK / Buy other foreign currency	10,297	—	(7)	(7)
	Buy other foreign currency	153	—	2	2
	Sell other foreign currency	52	—	0	0
			—		
	Foreign currency option contracts transactions		—		
	Buy	1,329			
		(18)	—	2	(16)
	Sell	1,329			
		(18)	—	22	(3)
	Foreign currency swap transactions		—		
	Payment JPY / Receipt USD	3,506	3,506	471	471
	Total	¥ 69,895	¥ 3,506	¥ 534	¥ 490

The fair value calculation method is based on the index price as of March 31, 2011.

(b) Interest rate transactions as of March 31, 2011 are as follows:

Category	Type	Notional amount (Millions of yen): Total	Notional amount: Maturity over 1 year	Fair value	Net unrealized gain/loss
Transactions other than market transactions	Interest rate swap transactions				
	Fixed rate payment / Floating rate receipt	¥ 26,325	¥ 16,279	¥ (241)	¥ (241)
	Floating rate payment / Fixed rate receipt	829	—	9	9
	Total	¥ 27,154	¥ 16,279	¥ (231)	¥ (231)

The fair value calculation method is based on the index price as of March 31, 2011.

2) Derivative instruments for which hedge accounting is applied

Category	Type	Contents of hedge	Millions of yen: Notional amount: Total	Millions of yen: Notional amount: Maturity over 1 year	Millions of yen: Fair value	Millions of yen: Net unrealized gain/loss	Evaluation method
Deferred hedge method	Foreign currency forward contracts transactions						
	Buy JPY / Sell USD	Accounts receivable	¥ 1,486	¥ —	¥ (9)	¥ (9)	By the exchange rate on foreign currency market
	Buy JPY / Sell EUR		376	—	(13)	(13)	
	Buy JPY / Sell AUD		229	—	(9)	(9)	
	Buy SEK / Sell GBP		1,501	—	70	70	
	Buy SEK / Sell EUR		1,066	—	16	16	
	Buy SEK / Sell other foreign currency		1,569	—	41	41	
	Sell SEK / Buy EUR		332	—	(2)	(2)	
	Sell SEK / Buy GBP		170	—	(3)	(3)	
	Sell SEK / Buy other foreign currency		89	—	(0)	(0)	
	Sell other foreign currency		86	—	(3)	(3)	
	Foreign currency option contracts transactions *1			—			
	Buy	Accounts receivable	2,541 (31)	—	10	(20)	By the price on currency option market
	Sell		2,541 (31)	—	45	(13)	
	Subtotal		11,993	—	141	50	
Net valuation method using forward foreign exchange contracts	Foreign currency forward contracts transactions						
	Buy JPY / Sell USD	Accounts receivable	1,274	—	*2	*2	By the exchange rate on foreign currency market
	Buy JPY / Sell EUR		380	—			
	Buy JPY / Sell AUD		74	—			
	Subtotal		1,728	—	—	—	
Preferential accounting method of interest rate swap transactions	Interest rate swap transactions						
	Fixed rate payment / Floating rate receipt	Long-term borrowings	25,000	25,000	*2	*2	By the rate on interest swap market
	Subtotal		25,000	25,000	—	—	
	Total		¥ 38,722	¥ 25,000	¥ 141	¥ 50	

*1: The amounts indicated in brackets for foreign currency option contracts transactions refer to the option fee, and the related figures for fair value and net unrealized gain/loss are also shown.
*2: Fair value and net unrealized gain/loss of derivative instruments for which these accounting methods are applied are inclusively reported as a portion of fair value of their hedge instruments such as accounts receivable and long-term loans payable (see Note 19).

22. Retirement benefits:

(1) Outline of retirement benefit plans:

The Company and its subsidiaries in Japan maintain non-contributory defined benefit pension plans, lump-sum indemnities plans, welfare pension fund plans and defined contribution pension plans, all of which are retirement benefit plans. In addition, certain foreign subsidiaries maintain non-contributory defined benefit pension plans.

(2) Components of allowance for retirement benefits as of March 31, 2012 and 2011 are as follows:

	Millions of yen: 2012	Millions of yen: 2011
(a) Benefit obligation	¥ (162,756)	¥ (146,537)
(b) Plan assets	105,750	89,737
(c) Unfunded benefit obligation [(a) + (b)]	(57,005)	(56,800)
(d) Unrecognized actuarial gains or losses	21,783	17,737
(e) Unrecognized loss in prior service obligation	(3,790)	(3,987)
(f) Net amount recognized on the balance sheets [(c) + (d) + (e)]	(39,013)	(43,050)
(g) Prepaid pension expenses	7,762	853
(h) Allowance for retirement benefits [(f) - (g)]	¥ (46,775)	¥ (43,903)

Certain subsidiaries use the simplified method to determine benefit obligations.
Prepaid pension expenses are included in other investments and other assets.

(3) Components of retirement benefit expenses for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen: 2012	Millions of yen: 2011
Service cost	¥ 7,812	¥ 8,149
Interest cost	3,919	4,345
Expected return on plan assets	(2,480)	(3,194)
Amortization of prior service obligation	(94)	57
Amortization of unrecognized actuarial gains or losses	1,423	2,290
Retirement benefit expenses	¥ 10,579	¥ 11,648

Retirement expenses of subsidiaries which adopted the simplified method are included in service cost.

(4) Assumptions used for calculation of retirement benefits:

	2012	2011
Method of attribution of estimated retirement benefits to periods of employee service:		
Straight-line method		
Discount rate	2.00%	2.00%
Expected rate of return on plan assets	2.00%	3.00%
Amortization period of prior service obligation	20 years	20 years—Straight-line method over the average remaining service period of employees from the following year
Amortization period of unrecognized actuarial gains or losses	20 years	20 years—Straight-line method over the average remaining service period of employees from the following year

(5) Plan assets relating to welfare pension fund under multiemployer pension plan:

Information regarding the welfare pension fund under multiemployer plans

As of March 31, 2011	The Japan Society of Industrial Machinery Manufacturers' welfare pension fund	Other welfare pension funds
Plan assets	¥ 72,256 million	¥ 239,064 million
Estimated benefit obligation	¥ 94,726 million	¥ 315,381 million
Variance	¥ (22,470 million)	¥ (76,317 million)

As of March 31, 2012		
Toyota Industries Group contribution to welfare pension plan	6.34%	3.79%

As of March 31, 2010	The Japan Society of Industrial Machinery Manufacturers' welfare pension fund	Other welfare pension funds
Plan assets	¥ 82,259 million	¥ 229,880 million
Estimated benefit obligation	¥ 95,550 million	¥ 299,583 million
Variance	¥ (13,291 million)	¥ (69,703 million)

As of March 31, 2011		
Toyota Industries Group contribution to welfare pension plan	6.02%	2.78%

23. Stock options:

(1) Stock option expenses recorded in the fiscal year and class of options

	Millions of yen	
	2012	2011
Selling, general and administrative expenses	**¥544**	¥720

(2) The amount recorded as a profit because of forfeitures of stock option rights

Millions of yen	
2012	2011
¥294	¥308

(3) Stock option details, number of stock options and state of fluctuation

1) Stock option details

Fiscal year	2011	2011	2010
Company name	The Company	Consolidated subsidiary	The Company
Position and number of grantees	Directors: 16 Managing officers and employees: 146	Directors: 2 Managing officers and employees: 52	Directors: 14 Managing officers and employees: 153
Class and number of shares*	1,262,000 shares of common stock	320,000 shares of common stock	1,157,000 shares of common stock
Date of issue	August 2, 2010	May 4, 2010	August 3, 2009
Condition of settlement of rights	1. Grantee must be employed as a director, managing officer or regular employee of the Company at the time of exercise. However, this does not apply if no more than 18 months have elapsed after retirement or resignation from the Company. 2. Other conditions of exercise shall be decided as prescribed by the Contract for Allotment of Subscription Rights to Shares concluded by the Company and grantee in accordance with resolutions at the General Meeting of Shareholders and resolutions on the issue of subscription rights to shares by the Board of Directors. 3. In the case where grantee becomes no longer applicable to the conditions of exercise, the grantee immediately loses subscription rights to shares and must return the rights to the Company without consideration.	1. Grantee must be employed as a director, managing officer or regular employee of the subsidiary at the time of exercise. However, this does not apply grantee's retirement or resignation from the subsidiary. 2. Other conditions of exercise shall be decided as prescribed by the Contract for Allotment of Subscription Rights to Shares concluded by the subsidiary and grantee in accordance with resolutions at the General Meeting of Shareholders and resolutions on the issue of subscription rights to shares by the Board of Directors. 3. If there is a change of right of management, the rights are immediately settled.	1. Grantee must be employed as a director, managing officer or regular employee of the Company at the time of exercise. However, this does not apply if no more than 18 months have elapsed after retirement or resignation from the Company. 2. Other conditions of exercise shall be decided as prescribed by the Contract for Allotment of Subscription Rights to Shares concluded by the Company and grantee in accordance with resolutions at the General Meeting of Shareholders and resolutions on the issue of subscription rights to shares by the Board of Directors. 3. In the case where grantee becomes no longer applicable to the conditions of exercise, the grantee immediately loses subscription rights to shares and must return the rights to the Company without consideration.
Periods that grantees must provide service in return for stock options	From August 2, 2010 to July 31, 2012	From May 4, 2010 to May 4, 2011	From August 3, 2009 to July 31, 2011
Periods that stock subscription rights are to be exercised	From August 1, 2012 to July 31, 2016	After May 6, 2013	From August 1, 2011 to July 31, 2015

* Number of options granted by class are listed as number of shares.

Fiscal year	2009	2008
Company name	The Company	The Company
Position and number of grantees	Directors: 17 Managing officers and employees: 159	Directors: 16 Managing officers and employees: 159
Class and number of shares*	1,360,000 shares of common stock	830,000 shares of common stock
Date of issue	August 1, 2008	August 1, 2007
Condition of settlement of rights	1. Grantee must be employed as a director, managing officer or regular employee of the Company at the time of exercise. However, this does not apply if no more than 18 months have elapsed after retirement or resignation from the Company. 2. Other conditions of exercise shall be decided as prescribed by the Contract for Allotment of Subscription Rights to Shares concluded by the Company and grantee in accordance with resolutions at the General Meeting of Shareholders and resolutions on the issue of subscription rights to shares by the Board of Directors. 3. In the case where grantee becomes no longer applicable to the conditions of exercise, the grantee immediately loses subscription rights to shares and must return the rights to the Company without consideration.	Same as left Same as left Same as left
Periods that grantees must provide service in return for stock options	From August 1, 2008 to July 31, 2010	From August 1, 2007 to July 31, 2009
Periods that stock subscription rights are to be exercised	From August 1, 2010 to July 31, 2014	From August 1, 2009 to July 31, 2013

Fiscal year	2007	2006
Company name	The Company	The Company
Position and number of grantees	Directors: 17 Managing officers and employees: 152	Directors: 30 Managing officers and employees: 134
Class and number of shares*	802,000 shares of common stock	791,000 shares of common stock
Date of issue	August 1, 2006	August 1, 2005
Condition of settlement of rights	1. Grantee must be employed as a director, managing officer or regular employee of the Company at the time of exercise. However, this does not apply if no more than 18 months have elapsed after retirement or resignation from the Company. 2. Other conditions of exercise shall be decided as prescribed by the Contract for Allotment of Subscription Rights to Shares concluded by the Company and grantee in accordance with resolutions at the General Meeting of Shareholders and resolutions on the issue of subscription rights to shares by the Board of Directors. —	Same as left Same as left —
Periods that grantees must provide service in return for stock options	From August 1, 2006 to July 31, 2008	From August 1, 2005 to June 30, 2007
Periods that stock subscription rights are to be exercised	From August 1, 2008 to July 31, 2012	From July 1, 2007 to June 30, 2011

* Number of options granted by class are listed as number of shares.

2) Number of stock options and state of fluctuation

Stock options are those outstanding in the fiscal year and are listed as the number of shares.

(a) Number of stock options

Non-exercisable stock options (shares)

	2011	2011	2010	2009	2008	2007	2006
Company name	The Company	Consolidated subsidiary	The Company	The Company	The Company	The Company	The Company
Stock options outstanding at the end of the previous fiscal year	1,262,000	304,000	1,157,000	—	—	—	—
Stock options granted	—	—	—	—	—	—	—
Forfeitures	—	8,500	—	—	—	—	—
Conversion to exercisable stock options	—	—	1,157,000	—	—	—	—
Stock options outstanding at the end of the fiscal year	1,262,000	295,500	—	—	—	—	—

Exercisable stock options (shares)

	2011	2011	2010	2009	2008	2007	2006
Company name	The Company	Consolidated subsidiary	The Company	The Company	The Company	The Company	The Company
Stock options outstanding at the end of the previous fiscal year	—	—	—	1,119,000	609,000	523,000	113,700
Conversion from non-exercisable stock options	—	—	1,157,000	—	—	—	—
Stock options exercised	—	—	123,900	—	—	—	—
Forfeitures	—	—	150,400	172,000	99,000	89,000	113,700
Stock options outstanding at the end of the fiscal year	—	—	882,700	947,000	510,000	434,000	—

(b) Price of options

	Yen or CHF					
	2011	2011	2010	2009	2008	2007
Company name	The Company	Consolidated subsidiary	The Company	The Company	The Company	The Company
Paid-in value	¥2,449	CHF 9.4	¥2,570	¥3,410	¥5,866	¥4,642
Average market price of the stock at the time of exercise	—	—	2,556	—	—	—
Fair value of options on grant date	686	13.97	581	421	682	759

(4) Method for estimating the number of confirmed stock option rights

Specifically, because of the difficulty in rationally estimating the number of expired rights in the future, a method has been adopted that reflects actual past expirations.

24. Income taxes:

(1) The significant components of deferred tax assets and liabilities as of March 31, 2012 and 2011 are as follows:

	Millions of yen	
	2012	2011
Deferred tax assets:		
Allowance for retirement benefits	**¥ 14,689**	¥ 18,096
Depreciation	**11,212**	12,928
Accrued expenses	**7,307**	7,598
Net operating loss carry-forwards for tax purposes	**6,408**	7,940
Securities	**5,346**	6,070
Trade receivables	**2,183**	1,303
Other	**17,143**	18,122
Subtotal	**64,290**	72,061
Less: valuation allowance	**(15,776)**	(22,482)
Total deferred tax assets	**48,514**	49,578
Deferred tax liabilities:		
Other securities	**(302,815)**	(324,127)
Depreciation	**(2,468)**	(2,149)
Land	**(562)**	(562)
Reserve for advanced depreciation of non-current assets	**(380)**	(447)
Reserve for special depreciation	**(199)**	(206)
Other	**(8,268)**	(3,798)
Total deferred tax liabilities	**(314,695)**	(331,293)
Net deferred tax liabilities	**¥ (266,180)**	¥ (281,715)

Net deferred tax liabilities consist of the following components on the consolidated balance sheets.

	Millions of yen	
	2012	2011
Current assets—deferred tax assets	**¥ 20,368**	¥ 18,493
Investments and other assets—deferred tax assets	**10,758**	9,786
Current liabilities—deferred tax liabilities	**(3)**	(737)
Long-term liabilities—deferred tax liabilities	**(297,304)**	(309,256)
Net deferred tax liabilities	**¥ (266,180)**	¥ (281,715)

(2) Reconciliations of differences between the statutory rate of income taxes and the effective rate of income taxes for the years ended March 31, 2012 and 2011 are as follows:

	2012	2011
Statutory rate of income taxes	**39.9%**	39.9%
Addition (reduction) in taxes resulting from:		
Valuation allowance	**(7.9%)**	(9.0%)
Dividends income and others permanently not recognized as taxable income	**(4.5%)**	(4.6%)
Other	**1.3%**	2.9%
Effective rate of income taxes	**28.9%**	29.2%

(3) Impact on changes in corporate tax rate

The “Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures” (Act No. 114 of 2011) and “Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction Following the Great East Japan Earthquake” (Act No. 117 of 2011) were promulgated on December 2, 2011, resulting in a reduction of corporate tax rates and imposition of a special reconstruction corporate tax. As a result of this change, deferred tax assets decreased by ¥1,671 million, deferred tax liabilities decreased by ¥41,657 million, valuation difference on available-for-sale securities increased by ¥43,405 million and income taxes—deferred increased by ¥3,419 million.

25. Leases:

(1) Finance leases

1) Finance leases (as a lessee)

Lease assets are mainly materials handling equipment which is leased as operating leases.
The depreciation method of leased assets is referred to in Note 2(9).

As for finance leases other than finance leases deemed to transfer the ownership of leased properties to lessees, those that came into effect before March 31, 2008 (inclusive) will continue to be accounted for by the former method (similar to the method applicable to ordinary operating leases).

(a) Pro forma information regarding the leased properties such as acquisition cost and accumulated depreciation, which are not reflected in the accompanying consolidated balance sheets under finance leases as of March 31, 2012 and 2011 are as follows:

	Millions of yen	
	2012	2011
Buildings and structures:		
Acquisition cost equivalents	¥ **88**	¥ 88
Accumulated depreciation equivalents	**62**	52
Buildings and structures net balance equivalents	**26**	36
Machinery, equipment and vehicles:		
Acquisition cost equivalents	¥ **5,970**	¥ 7,474
Accumulated depreciation equivalents	**4,464**	5,203
Machinery, equipment and vehicles net balance equivalents	**1,505**	2,270
Tools, furniture and fixtures:		
Acquisition cost equivalents	¥ **2,848**	¥ 5,568
Accumulated depreciation equivalents	**2,457**	4,409
Tools, furniture and fixtures net balance equivalents	**391**	1,159
Software:		
Acquisition cost equivalents	¥ **40**	¥ 90
Accumulated depreciation equivalents	**39**	73
Software net balance equivalents	**1**	17
Total net leased properties	¥ **1,924**	¥ 3,484

Acquisition cost equivalents include the imputed interest expense portion because the percentage which is computed by dividing future minimum lease payments by the total balance of property, plant and equipment at year-end is immaterial.

(b) Pro forma information regarding future minimum lease payments as of March 31, 2012 and 2011 is as follows:

	Millions of yen	
	2012	2011
Due within one year	¥ **1,147**	¥ 2,015
Due after one year	**1,278**	2,227
Total	¥ **2,425**	¥ 4,242

The amount equivalent to future minimum lease payments as of the end of the year includes the imputed interest expense portion because the percentage which is computed by dividing future minimum lease payments by the total balance of property, plant and equipment at year-end is immaterial.

(c) Total lease payments and pro forma depreciation expenses for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen	
	2012	2011
Lease payments	¥ **1,563**	¥ 2,388
Pro forma depreciation expenses	**1,563**	2,388

Pro forma depreciation expenses, which are not reflected in the accompanying consolidated statements of income, are computed mainly by the straight-line method, which assumes zero residual value and the leasing term to be useful life of assets for the years ended March 31, 2012 and 2011, and are equivalent to the amount of total lease payments of the above.

2) Finance leases (as a lessor)

(a) Lease investment assets listed on the consolidated balance sheets as of March 31, 2012 and 2011 are as follows:

	Millions of yen	
	2012	2011
Lease receivables	¥ **103,277**	¥ 95,851
Residual value	**27,588**	26,861
Unearned interest income	**(17,728)**	(16,085)
Total	¥ **113,136**	¥ 106,627

(b) Amounts of projected future recovery after March 31, 2012 and 2011 for the portion of lease payment receivables in lease investment assets is as follows:

	Millions of yen	
	2012	2011
Year ending March 31		
2013	¥ **37,702**	¥ 35,902
2014	**28,142**	27,447
2015	**19,400**	18,194
2016	**12,070**	9,936
2017	**4,846**	3,612
2018 and thereafter	**1,115**	757
Total	¥ **103,277**	¥ 95,851

As for finance leases other than finance leases deemed to transfer the ownership of leased properties to lessees, those that came into effect before March 31, 2008 (inclusive) will continue to be accounted for by the former method (similar to the method applicable to ordinary operating leases).

(c) Information regarding leased properties such as acquisition cost and accumulated depreciation under finance leases as of March 31, 2012 and 2011 is as follows:

	Millions of yen	
	2012	2011
Machinery and equipment:		
Acquisition cost	¥ **3,474**	¥ 4,990
Accumulated depreciation	**3,181**	4,609
Total net leased property	¥ **292**	¥ 380

(d) Pro forma information regarding future minimum lease income as of March 31, 2012 and 2011 is as follows:

	Millions of yen	
	2012	2011
Due within one year	¥ **154**	¥ 699
Due after one year	**4**	288
Total	¥ **159**	¥ 988

Future minimum lease income under finance leases include the imputed interest income portion because the percentage which is computed by dividing the total of future minimum lease income and estimated residual value by the total of future minimum lease income and estimated residual value and the balance of operating receivables at the year-end is immaterial.

(e) Total lease payments to be received and depreciation expenses for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen	
	2012	2011
Total lease payments to be received	¥ **311**	¥ 606
Depreciation expenses	¥ **67**	¥ 282

(2) Operating leases

1) Operating leases (as a lessee)

Pro forma future lease payments under operating leases as of March 31, 2012 and 2011 are as follows:

	Millions of yen	
	2012	2011
Due within one year	¥ **8,017**	¥ 6,889
Due after one year	**31,879**	29,645
Total	¥ **39,896**	¥ 36,534

2) Operating leases (as a lessor)

Pro forma information regarding future minimum rentals under operating leases as of March 31, 2012 and 2011 is as follows:

	Millions of yen	
	2012	2011
Due within one year	¥ **23,800**	¥ 20,437
Due after one year	**34,815**	35,652
Total	¥ **58,616**	¥ 56,090

26. Changes in net assets:

(1) Common stock outstanding for the years ended March 31, 2012 and 2011:

	shares
Balance at March 31, 2010	325,840,640
Increase	—
Decrease	—
Balance at March 31, 2011	325,840,640
Increase	**—**
Decrease	**—**
Balance at March 31, 2012	**325,840,640**

(2) Treasury stock outstanding for the years ended March 31, 2012 and 2011:

	shares
Balance at March 31, 2010	14,269,943
Increase due to purchase of odd stock	6,183
Decrease due to sale of odd stock	(405)
Balance at March 31, 2011	14,275,721
Increase due to purchase of odd stock	**2,308**
Decrease due to sale of odd stock	**(124,410)**
Balance at March 31, 2012	**14,153,619**

(3) Subscription rights to shares outstanding for the years ended March 31, 2012 and 2011:

	Millions of yen	
	2012	2011
The Company	**¥ 2,310**	¥ 2,132

(4) Dividends

(a) Dividends paid for the year ended March 31, 2012

Resolutions	Class of shares	Total dividends Millions of yen	Dividends per share Yen	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 16, 2011	**Common stock**	**¥7,789**	**¥25**	**March 31, 2011**	**June 17, 2011**
Board of Directors meeting held on October 28, 2011	**Common stock**	**7,792**	**25**	**September 30, 2011**	**November 25, 2011**

(b) Dividends with a record date in the fiscal year ended March 31, 2012 for which the effective date falls in the following fiscal year

Resolutions	Class of shares	Total dividends Millions of yen	Source of dividends	Dividends per share Yen	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 14, 2012	**Common stock**	**¥7,792**	**Retained earnings**	**¥25**	**March 31, 2012**	**June 15, 2012**

(c) Dividends paid for the year ended March 31, 2011

Resolutions	Class of shares	Total dividends Millions of yen	Dividends per share Yen	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 23, 2010	Common stock	¥6,231	¥20	March 31, 2010	June 24, 2010
Board of Directors meeting held on October 29, 2010	Common stock	7,789	25	September 30, 2010	November 26, 2010

(d) Dividends with a record date in the fiscal year ended March 31, 2011 for which the effective date falls in the following fiscal year

Resolutions	Class of shares	Total dividends Millions of yen	Source of dividends	Dividends per share Yen	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 16, 2011	Common stock	¥7,789	Retained earnings	¥25	March 31, 2011	June 17, 2011

27. Subsequent events:

The Company decided to agree to dissolve its consolidated subsidiary, TIBC Corporation, at the meeting of its board of directors held on June 12, 2012.

(1) Background of dissolution
Since the current PC market growth has dramatically slowed down and competition in the semiconductor package substrates industry has intensified, TIBC Corporation will dissolve after the company discontinues production around December 2012.
(2) Overview of the applicable subsidiary as of March 31, 2012
(a) Company name
TIBC Corporation
(b) Business
Manufacture of semiconductor package substrates
(c) Ownership ratio
The Company: 60%
(d) Amounts of assets
¥6,157 million (Property, plant and equipment: ¥2,036 million)
(e) Amounts of liabilities
¥3,558 million
(3) Schedule for dissolution
January 2013 (planned)
(4) Impact on financial performance
The Company is looking closely into the impact on financial results.

28. Business combination:

(1) Outline of the business combination

(a) Name and business of the acquired company
Uster Technologies AG (Manufacture and sales of instruments for yarn testing and cotton classing)
(b) Main reason for business combination
Toyota Industries intends to strengthen its textile machinery business by adding Uster's excellent quality management system and superior sensing and information handling technologies to its lineup of products and services.
(c) Date of business combination
February 15, 2012
(d) Legal format of the business combination
Share acquisition
(e) Name of the acquired company after business combination
Uster Technologies AG
(f) Percentage of voting rights held by the Company

Percentage of voting rights held before the business combination	28.46%
Percentage of voting rights additionally acquired at the date of business combination	21.88%
Percentage of voting rights held after the business combination	50.34%

(g) Main reason for deciding to acquire the company
The Company holds a majority of total voting rights of Uster Technologies AG and has definitive control over Uster's decision-making body.

(2) Period of the acquired company's financial results included in the consolidated financial statements

The acquired company's account closing date is December 31 of each calendar year. Since the Company is using the acquired company's financial statements for the fiscal year, there are no periods that correspond to this category.

(3) Acquisition cost of the acquired company

Acquisition cost: ¥15,627 million

(4) Difference between acquisition cost of the acquired company and total acquisition cost of individual transactions leading to acquisition

Gain on step acquisitions: ¥4,559 million

(5) Goodwill
(a) Amount of goodwill
¥6,925 million
(b) Reason for recognizing goodwill
The extra earning potential expected to be delivered through the future development of the business
(c) Method and period of amortization
Straight-line method over 10 years

(6) Amounts and breakdown of assets and liabilities acquired on the day of the business combination
(a) Assets

	Millions of yen
Current assets	¥ 5,909
Fixed assets	25,996
Total assets	¥ 31,906

(b) Liabilities

	Millions of yen
Current liabilities	¥ 3,799
Fixed liabilities	10,807
Total liabilities	¥ 14,606

(7) Amounts allocated to intangible assets other than goodwill, and their breakdown, and weighted average amortization period by major category

	Millions of yen		
List of customers	¥ 13,891	**Amortization period**	**20 years**
Trademark rights	2,861	**Non amortizable intangible assets**	
Technique	3,969	**Amortization period**	**10 years**
USTER® STATISTICS	2,695	**Amortization period**	**25 years**
Other intangible assets	71	**Amortization period**	**5 years**
Intangible assets other than goodwill	¥ 23,489	**Weighted average amortization period**	**18 years**

(8) Approximate amounts of impact on the consolidated statements of income for the fiscal year ended March 31, 2012, assuming that the business combination had been completed on the commencement date of the fiscal year

	Millions of yen
Net sales	¥ 16,971
Operating income	3,005
Ordinary income	2,851
Net income	1,043

(Calculation method of the approximate amounts)
The approximate amounts of impact on the consolidated statements of income were regarded as the differences between net sales and income data estimated assuming that the business combination had been completed on the commencement date of the fiscal year and the actual net sales and income data that are recorded in the consolidated statements of income. The approximate amounts include the amount of amortization of goodwill, but they are different from results of operations if the business combination had been completed on the commencement date of the fiscal year. Moreover, the information mentioned above has not been audited.

(9) Others
The acquired company is listed on the Swiss stock exchange. The Company made a takeover bid during the period from March 15 to May 4, 2012, as the percentage of shares held by the Company exceeded one-third of the outstanding shares as stipulated under the regulations of the Swiss stock exchange. Consequently, the Company has acquired 99.4% of the voting rights in the acquired company as of the date of publication of this report. The Company will make a compulsory acquisition of the remaining shares in the acquired company pursuant to the relevant Swiss laws, proceed with the de-listing of its shares and make it a wholly owned subsidiary.

29. Segment information:

(1) Outline of reporting segments
The operating segments reported below are the segments of Toyota Industries for which separate financial information is available and for which operating income/loss amounts are evaluated regularly by executive management in deciding how to allocate resources and in assessing performance.

The reporting segments of Toyota Industries consist of Automobile, Materials Handling Equipment, Logistics, Textile Machinery and Others.

The similarity of products and services are taken into account for the separation. Within the Automobile Segment, vehicles, engines, car air-conditioning compressors and others are included due to the similarity of their business environments. The main products and services of each segment are as follows.

Automobile	Vehicles, diesel and gasoline engines, car air-conditioning compressors, foundry parts for engines, electronics components for automobiles
Materials Handling Equipment	Lift trucks, warehouse trucks, automated storage and retrieval systems, aerial work platforms
Logistics	Land transportation services, cash collection and delivery and cash proceeds management services, data storage, management, collection and delivery services
Textile Machinery	Weaving machinery, spinning machinery
Others	Semiconductor package substrates

(2) Calculation method of reporting segment information
The accounting method of reporting segment information is based on “Summary of significant accounting policies.”
Segment income is based on operating income.
Inter-segment sales and transactions are based on arm’s-length price.

(3) Business segments
As of and for the years ended March 31, 2012 and 2011:

	Millions of yen	
	2012	2011
Sales:		
Automobile		
Outside customer sales	¥ 803,176	¥ 804,167
Inter-segment transactions	23,747	21,151
	826,924	825,319
Materials Handling Equipment		
Outside customer sales	570,741	490,676
Inter-segment transactions	445	654
	571,187	491,330
Logistics		
Outside customer sales	92,973	107,773
Inter-segment transactions	9,413	8,069
	102,387	115,842
Textile Machinery		
Outside customer sales	38,541	42,795
Inter-segment transactions	54	12
	38,596	42,807
Others		
Outside customer sales	37,919	34,426
Inter-segment transactions	12,575	11,853
	50,495	46,279
Subtotal	1,589,589	1,521,580
Elimination of inter-segment transactions	(46,236)	(41,740)
Total	¥1,543,352	¥1,479,839
Segment income:		
Automobile	¥ 21,239	¥ 32,876
Materials Handling Equipment	38,241	23,999
Logistics	4,632	5,397
Textile Machinery	2,049	2,592
Others	3,639	3,445
Elimination of inter-segment transactions	290	485
Total	¥ 70,092	¥ 68,798

	Millions of yen	
	2012	2011
Assets:		
Automobile	**¥ 334,825**	¥ 305,871
Materials Handling Equipment	**538,049**	499,120
Logistics	**177,756**	191,774
Textile Machinery	**47,979**	15,277
Others	**79,667**	61,808
Corporate or elimination of inter-segment transactions	**1,478,705**	1,407,600
Total	**¥2,656,984**	¥2,481,452
Depreciation:		
Automobile	**¥ 41,499**	¥ 41,813
Materials Handling Equipment	**31,123**	30,845
Logistics	**6,914**	7,298
Textile Machinery	**813**	904
Others	**1,655**	1,725
Corporate or elimination of inter-segment transactions	**—**	—
Total	**¥ 82,006**	¥ 82,587
Amortization of goodwill:		
Automobile	**¥ —**	¥ 0
Materials Handling Equipment	**2,215**	2,465
Logistics	**3,146**	3,374
Textile Machinery	**—**	—
Others	**—**	—
Corporate or elimination of inter-segment transactions	**—**	—
Total	**¥ 5,361**	¥ 5,840
Investment in equity method company:		
Automobile	**¥ 958**	¥ 1,691
Materials Handling Equipment	**5,972**	2,148
Logistics	**—**	—
Textile Machinery	**—**	—
Others	**—**	—
Corporate or elimination of inter-segment transactions	**—**	—
Total	**¥ 6,931**	¥ 3,840
Increase in tangible assets and intangible assets:		
Automobile	**¥ 38,909**	¥ 22,953
Materials Handling Equipment	**53,131**	37,453
Logistics	**6,180**	7,215
Textile Machinery	**471**	473
Others	**2,518**	1,433
Corporate or elimination of inter-segment transactions	**—**	—
Total	**¥ 101,211**	¥ 69,528

(4) Related information

Geographical segments

As of and for the years ended March 31, 2012 and 2011:

	Millions of yen	
	2012	2011
Sales:		
Japan	**¥ 927,777**	¥ 937,349
U.S.A.	**190,594**	148,756
Others	**424,980**	393,734
Total	**¥1,543,352**	¥1,479,839
Tangible assets:		
Japan	**¥ 344,087**	¥ 376,797
Others	**136,965**	120,480
Total	**¥ 481,053**	¥ 497,278
Major customer:		
Sales (Automobile Segment)		
Toyota Motor Corporation	**¥ 591,281**	¥ 607,201
Total	**¥ 591,281**	¥ 607,201
Unamortized segment balance of goodwill:		
Automobile	**¥ —**	¥ —
Materials Handling Equipment	**13,663**	17,027
Logistics	**48,235**	51,546
Textile Machinery	**6,925**	—
Others	**—**	—
Corporate or elimination of inter-segment transactions	**—**	—
Total	**¥ 68,824**	¥ 68,573
Impairment loss: Not applicable		
Negative goodwill: Negative goodwill is omitted due to its quantitative immateriality.		

30. Related party transactions (non-consolidated basis):

(1) The following transactions were carried out with related parties (entity only):

(a) Sales of goods and services for the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen	
	2012	2011
Toyota Motor Corporation	**¥ 590,640**	¥ 606,592

Toyota Motor Corporation held 24.60% of the Company's voting rights as of March 31, 2012. As for the sales of automobiles and engines, etc., the Company offers prices on such products based on their overall costs and negotiates conditions for each fiscal year, as per conditions on arm's-length transactions. The above transactions are carried out based on commercial terms and conditions. Transaction amounts exclude consumption taxes.

(b) Purchase of goods for the years ended March 31, 2012 and 2011 were as follows:

Purchase of goods:

	Millions of yen	
	2012	2011
Toyota Motor Corporation	**¥ 415,246**	¥ 434,947

As for the purchase of parts of automobiles and engines, etc., the Company negotiates conditions for each fiscal year, based on offered prices on such products, as per conditions on arm's-length transactions. The above transactions are carried out based on commercial terms and conditions. Transaction amounts exclude consumption taxes.

(c) Outstanding balances arising from sale/purchase of goods/services as of March 31, 2012 and 2011 were as follows:
Receivables from a related party:

	Millions of yen	
	2012	2011
Toyota Motor Corporation		
Accounts receivable	**¥ 27,021**	¥ 11,102
Trade notes receivable	**6,888**	—

Payables to a related party:

	Millions of yen	
	2012	2011
Toyota Motor Corporation	**¥ 42,726**	¥ 36,309

The balance as of March 31, 2012 and 2011 includes consumption taxes.

(2) The following transactions were carried out with related parties (person only):
(a) Exercise of stock options for the year ended March 31, 2012 was as follows:

	Millions of yen
	2012
Hirotaka Morishita (Senior Managing Director of the Company)	**¥ 51**
Yorihito Ikenaga (Director of the Company)	**51**

This transaction refers to the exercise of the subscription rights to shares as stipulated in Article 236, 238 and 239 of the Corporation Law of Japan. The exercise of the subscription rights to shares has been issued following approval of a special resolution at the Ordinary General Meeting of Shareholders held on June 19, 2009.

31. Net income per share (EPS):

The basis of calculation for net income per share basic and net income per share diluted is as follows:

	Millions of yen	
	2012	2011
Net income per share—basic:		
Net income	**¥ 58,594**	¥ 47,205
Net income not attributable to common shareholders (bonuses for directors and statutory auditors that are paid through appropriation)	**—**	—
Net income attributable to common shareholders	**58,594**	47,205
Weighted-average shares (thousands)	**311,646**	311,568
Net income per share —basic (exact yen amounts)	**¥ 188.02**	¥ 151.51
Net income per share—diluted:	**¥ —**	¥ —

Amounts for net income per share—diluted are not shown due to no dilutive shares.

32. Net assets per share:

The basis of calculation for net assets per share is as follows:

	Millions of yen	
	2012	2011
Net assets per share:		
Total net assets	**¥1,197,841**	¥1,075,939
Amounts deducted from total net assets		
Subscription rights to shares	**2,310**	2,132
Minority interests in consolidated subsidiaries	**54,051**	45,589
Net assets applicable to common stock at end of year	**1,141,480**	1,028,217
Outstanding shares of common stock at end of year used for the computation of net assets per share (thousands)	**311,687**	311,564
Net assets per share (exact yen amounts)	**¥ 3,662.26**	¥ 3,300.17

33. Cash and cash flows:

The relationship between the accounts in the consolidated balance sheets and the remaining balance of cash and cash equivalents as of March 31, 2012 and 2011 is as follows:

	Millions of yen	
	2012	2011
Cash and deposits	**¥ 274,710**	¥ 198,654
Deposits which have a maturity of over three months to one year	**(19,292)**	(90,087)
Short-term investments (securities) which have an original maturity within three months	**92,249**	132,430
Cash and deposits for business engaged in collection and delivery	**(50,856)**	(45,431)
Cash and cash equivalents	**¥ 296,811**	¥ 195,566

Report of Independent Auditors

pwc

Independent Auditor's Report

To the Board of Directors of Toyota Industries Corporation

We have audited the accompanying consolidated financial statements of Toyota Industries Corporation ("the Company") and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2012, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in net assets and consolidated statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statements audit is not to express 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 management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as at March 31, 2012, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter
We draw attention to Note 27. Subsequent events to the consolidated financial statements which describes the decision to agree to dissolve its consolidated subsidiary, TIBC Corporation, at the meeting of its board of directors held on June 12, 2012.

Our opinion is not qualified in respect of this matter.

PricewaterhouseCoopers Aarata

July 13, 2012

PricewaterhouseCoopers Aarata
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Memo

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