TOYOTA

Toyota Industries Report 2013

Financial Review for the Year Ended March 31, 2013

TOYOTA INDUSTRIES CORPORATION

Consolidated Eleven-Year Summary

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

	Millions of yen										
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
For The Year											
Net sales	**¥1,615,244**	¥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
Operating income (loss)	**77,098**	70,092	68,798	22,002	(6,621)	96,853	89,954	64,040	53,120	52,631	52,477
Ordinary income	**86,836**	80,866	73,911	31,756	14,343	126,488	108,484	80,635	70,912	58,970	51,375
Net income (loss)	**53,119**	58,594	47,205	(26,273)	(32,767)	80,460	59,468	47,077	43,357	33,623	21,933
Investment in tangible assets	**¥ 89,459**	¥ 58,404	¥ 38,254	¥ 26,963	¥ 104,495	¥ 104,205	¥ 129,023	¥ 130,121	¥ 111,321	¥ 65,651	¥ 69,607
Depreciation	**57,954**	59,830	62,372	73,238	87,219	83,744	74,449	64,423	51,277	49,264	45,939
Research and development expenses	**39,057**	32,070	27,788	26,826	33,646	36,750	34,548	31,166	30,051	29,562	29,705
Per share of common stock (yen):											
Net income (loss) per share—basic	**¥ 170.36**	¥ 188.02	¥ 151.51	¥ (84.33)	¥ (105.16)	¥ 257.50	¥ 189.88	¥ 146.16	¥ 135.09	¥ 108.04	¥ 70.19
Net income per share—diluted	**170.35**	—	—	—	—	257.43	189.66	146.02	135.03	101.97	62.90
Total net assets per share	**4,719.66**	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
Cash dividends per share	**55.00**	50.00	50.00	30.00	40.00	60.00	50.00	38.00	32.00	24.00	22.00
At Year-End											
Total assets	**¥3,243,779**	¥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
Total net assets	**1,524,933**	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
Common stock	**80,462**	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462	68,046
Number of shares outstanding (excluding treasury stock) (thousands)	**312,207**	311,687	311,564	311,570	311,577	311,589	312,075	319,320	318,237	317,666	292,777
Cash Flows											
Net cash provided by operating activities	**¥ 151,299**	¥ 101,718	¥ 153,661	¥ 203,452	¥ 65,768	¥ 188,805	¥ 177,467	¥ 131,784	¥ 100,095	¥ 92,406	¥ 103,183
Net cash used in investing activities	**(274,210)**	(9,403)	(187,574)	(36,855)	(114,217)	(138,789)	(164,446)	(205,013)	(128,230)	(92,667)	(95,120)
Net cash provided by (used in) financing activities	**7,050**	10,279	(85,728)	(38,230)	120,971	(33,992)	(19,749)	85,172	50,020	(56,015)	57,775
Cash and cash equivalents at end of year	**179,359**	296,811	195,566	317,590	188,011	121,284	108,569	112,596	100,535	77,212	136,929
Indices											
Return on equity (ROE) (%)	**4.1**	5.4	4.5	(2.6)	(2.8)	5.1	3.5	3.5	4.1	3.8	2.7
Return on assets (ROA) (%)	**1.8**	2.3	1.9	(1.1)	(1.2)	2.5	1.7	1.7	2.0	1.8	1.3
Operating profit margin (%)	**4.8**	4.5	4.6	1.6	(0.4)	4.8	4.8	4.3	4.3	4.5	4.9
Equity ratio (%)	**45.4**	43.0	41.4	40.8	40.0	47.1	48.8	49.7	48.0	50.5	44.8
EBITDA (millions of yen)	**¥ 155,234**	¥ 161,876	¥ 150,481	¥ 90,521	¥ 71,608	¥ 222,125	¥ 191,007	¥ 150,674	¥ 128,381	¥ 113,676	¥ 95,472
Number of employees	**47,412**	43,516	40,825	38,903	39,916	39,528	36,096	32,977	30,990	27,431	25,030

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 2013.

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, 2013 is referred to as fiscal 2013 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 217 consolidated subsidiaries.

Results of Operations

Operating Performance

In fiscal 2013, the global economy began to recover gradually overall. Despite the impact of the European debt crisis and the slowing down of the Chinese economy, the United States and Southeast Asian countries registered solid economic momentum. In Japan, although domestic demand and exports remained anemic, the announcement of new economic policies and measures served as a catalyst for correcting the yen's appreciation and a recovery in the stock market, revealing signs of brightness in certain sectors.

In this operating environment, Toyota Industries undertook efforts to ensure customer trust through its dedication to quality as well as to expand sales by responding flexibly to market trends.

As a result, total consolidated net sales amounted to ¥1,615.2 billion, an increase of ¥71.9 billion (5%) from fiscal 2012.

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

The Automobile Segment made a turnaround in the Japanese market thanks to the effect of the government's subsidy program for eco cars, while the global market expanded on the back of strong sales in the North American and Asian markets. Amid such operating conditions, net sales of the Automobile Segment totaled ¥858.6 billion, an increase of ¥55.5 billion (7%) from fiscal 2012. Operating income amounted to ¥29.4 billion, an increase of ¥8.2 billion (38%) from fiscal 2012.

Within this segment, net sales of the Vehicle Business amounted to ¥356.7 billion, an increase of ¥2.3 billion (1%). Unit sales of the RAV4 increased while those of the Vitz (Yaris overseas) registered a decrease.

Net sales of the Engine Business totaled ¥216.7 billion, an increase of ¥19.6 billion (10%), attributable primarily to an increase in sales of KD diesel engines.

Net sales of the Car Air-Conditioning Compressor Business totaled ¥228.1 billion, an increase of ¥21.6 billion (10%), resulting from solid sales worldwide.

Net sales of the Car Electronics, Foundry Parts and Others Business totaled ¥57.0 billion, an increase of ¥12.0 billion (27%). This is attributable primarily to an increase in sales of automobile-related electronic devices for the Prius and Aqua.

Materials Handling Equipment

Unit sales of the Materials Handling Equipment Segment overall were on par with fiscal 2012. This was because strong sales in the Japanese and North American markets offset stagnant sales in European, Chinese and certain emerging markets. Amid this operating climate, Toyota Industries strengthened production and sales structures and rolled out new products matched to respective markets. Although sales of lift trucks, a mainstay product of this segment, remained on par with fiscal 2012 in overseas markets, these activities led to an increase in domestic sales, resulting in an increase in net sales of the Materials Handling Equipment Segment of ¥25.7 billion (5%), to ¥596.4 billion. In March 2013, Toyota Industries welcomed Cascade Corporation, which engages in manufacture and sales of lift truck attachments, as its subsidiary for the purpose of expanding its business area to respond to a variety of customer needs. Operating income amounted to ¥38.7 billion, an increase of ¥0.5 billion (1%) from fiscal 2012.

Logistics

Net sales of the Logistics Segment amounted to ¥93.0 billion, which was on par with fiscal 2012. Despite an increase in sales of the cargo transport business of automotive-related parts, net sales decreased due to a decline in sales of the commissioned logistics business as a result of the sale of shares of a subsidiary, Mail & e Business Logistics Service Co., Ltd., in May 2011 and its subsequent exclusion from consolidation. Operating income amounted to ¥4.8 billion, an increase of ¥0.2 billion (4%) from fiscal 2012.

Textile Machinery

Net sales of the Textile Machinery Segment totaled ¥39.9 billion, an increase of ¥1.4 billion (4%). This is attributable to the inclusion of Uster Technologies AG as a subsidiary in February 2012 despite decreases in sales of spinning machinery and weaving machinery, mainstay products of this segment, amid a stagnant market. Operating income amounted to ¥0.5 billion, a decrease of ¥1.5 billion (71%) from fiscal 2012.

Others

Net sales of the Others Segment totaled ¥27.2 billion, a decrease of ¥10.7 billion (28%), due mainly to the liquidation of TIBC Corporation. Operating income was ¥3.3 billion, a decrease of ¥0.3 billion (8%) from fiscal 2012.

Operating Income

Operating income for fiscal 2013 was ¥77.0 billion, an increase of ¥7.0 billion (10%) from fiscal 2012. This was due to cost reduction efforts throughout the Group and an increase in net sales despite an increase in research and development expenses and labor costs.

Ordinary Income

Ordinary income amounted to ¥86.8 billion, an increase of ¥6.0 billion (7%) from fiscal 2012. This was due mainly to operating income of ¥77.0 billion, an increase of ¥7.0 billion (10%) from fiscal 2012.

Income before Income Taxes and Minority Interests

Income before income taxes and minority interests amounted to ¥80.1 billion, a decrease of ¥5.3 billion (6%) from fiscal 2012. This was due to extraordinary loss of ¥6.7 billion, arising from a loss on liquidation of TIBC Corporation.

Net Income

Net income totaled ¥53.1 billion, a decrease of ¥5.4 billion (9%) from fiscal 2012. Net income per share was ¥170.36 compared with ¥188.02 in fiscal 2012.

Consolidated Financial Condition

Total assets increased ¥586.8 billion from the end of the previous fiscal year to ¥3,243.7 billion due mainly to an increase in market value of investment securities. Liabilities amounted to ¥1,718.8 billion, an increase of ¥259.7 billion from the end of the previous fiscal year due mainly to an increase in deferred tax liabilities. Net assets amounted to ¥1,524.9 billion, an increase of ¥327.1 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 short-term investments, 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 increased by ¥151.2 billion in fiscal 2013, due mainly to posting income before income taxes and minority interests of ¥80.1 billion. Net cash provided by operating activities increased by ¥49.5 billion compared with an increase of ¥101.7 billion in fiscal 2012.

Cash flows from investing activities resulted in a decrease in cash of ¥274.2 billion in fiscal 2013, attributable primarily to a decrease in payments for purchases of property, plant and equipment amounting to ¥112.4 billion. Net cash used in investing activities increased by ¥264.8 billion compared with a decrease of ¥9.4 billion in fiscal 2012.

Cash flows from financing activities resulted in an increase in cash of ¥7.0 billion in fiscal 2013, due mainly to a net increase in short-term loans payable of ¥51.7 billion, despite the repayments of bonds of ¥54.1 billion.

After adding translation adjustments and cash and cash equivalents at beginning of period, cash and cash equivalents as of March 31, 2013 stood at ¥179.3 billion, a decrease of ¥117.5 billion (40%) over fiscal 2012.

Investment in Property, Plant and Equipment

During fiscal 2013, Toyota Industries made a total investment of ¥124.2 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 ¥63.0 billion. A primary breakdown of this amount included ¥19.1 billion for the Company, ¥10.2 billion for Toyota Industries Compressor Parts America, Co., ¥9.7 billion for Michigan Automotive Compressor, Inc., ¥9.2 billion for TD Deutsche Klimakompressor GmbH, ¥4.6 billion for TD Automotive Compressor Georgia, LLC, ¥3.1 billion for P.T. TD Automotive Compressor Indonesia, ¥1.5 billion for Tokyu Co., Ltd., ¥1.3 billion for Tokaiseiki Co., Ltd., ¥1.0 billion for IZUMI MACHINE MFG. CO., LTD. and ¥1.0 billion for Toyota Industry (Kunshan) Co., Ltd.

The Materials Handling Equipment Segment made an investment in property, plant and equipment in the total amount of ¥48.9 billion. The primary breakdown comprised ¥3.5 billion for the Company, ¥25.8 billion for Toyota Material Handling Europe AB Group, ¥10.1 billion for Toyota Material Handling Australia Group, ¥2.1 billion for Toyota Material Handling Mercosur Indústria e Comércio de Equipamentos Ltda and ¥1.2 billion for Toyota Industrial Equipment Mfg., Inc.

Investment in property, plant and equipment in the Logistics Segment totaled ¥9.6 billion, including ¥7.6 billion for Asahi Security Co., Ltd. and ¥1.2 billion for Taikoh Transportation Co., Ltd.

The Textile Machinery Segment made an investment in property, plant and equipment in the total amount of ¥0.6 billion, including ¥0.1 billion for the Company.

The Others Segment made an investment in property, plant and equipment in the total amount of ¥2.0 billion, including ¥1.5 billion for the Company.

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 2014

In fiscal 2014, ending March 31, 2014, despite a projected recovery in the global economy, the operating environment is expected to remain severe as it is anticipated that the Japanese economy will take more time to emerge from a deflationary trend. Other factors contributing to uncertainties include the prolonged European debt crisis; the risk of a downward economic trend in the United States due to fiscal tightening; fluctuations in raw material prices; and concerns about exchange rate fluctuations.

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 and 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 the concept of quality first, Toyota Industries regards giving considerations to the environment and safety as well as increasing our global competitiveness to be important issues to tackle over the medium to long term.

We aim to support industries and social infrastructures around the world by continuously supplying products and services that anticipate customers' needs in order to contribute to engendering a compassionate society and enriching the lives of people around the world.

As Toyota Industries announced in the Vision 2020 in October 2011, 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 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 enhance the power of the workplace and diversity in the use of human resources, and strive to nurture global human resources.

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 13, 2013, approved a year-end cash dividend of ¥30.0 per share. Including the interim cash dividend of ¥25.0 per share, cash dividends for the year totaled ¥55.0 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 represent 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, 2013.

Principal Customers

Toyota Industries' automobile and engine products are sold primarily to Toyota Motor Corporation (TMC). In fiscal 2013, net sales to TMC accounted for 38.4% of consolidated net sales. Therefore, TMC's vehicle sales could have an impact on Toyota Industries' business results. As of March 31, 2013, TMC holds 24.56% 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.

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.

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.

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.

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.

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, 2013, Toyota Industries holds 6.90% (218,515 thousand shares) of TMC's total voting rights. Likewise, as of the same date, TMC holds 24.56% 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 2013, our net sales to TMC accounted for 38.4% of our 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, 2013 and 2012

	Millions of yen	
	2013	2012
Assets		
Current assets:		
Cash and deposits (Note 9)	¥ 230,348	¥ 223,854
Cash deposits for cash collection and deposit services (Note 5)	49,981	50,856
Trade notes and accounts receivable (Note 9)	215,799	195,391
Lease investment assets (Note 26)	41,964	36,570
Short-term investments	33,047	92,249
Merchandise and finished goods (Note 9)	66,670	48,183
Work in process	35,088	33,727
Raw materials and supplies (Note 9)	40,762	34,536
Deferred tax assets (Note 25)	23,836	20,368
Other current assets	46,222	36,358
Allowance for doubtful accounts	(3,204)	(2,740)
Total current assets	780,517	769,356
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (Notes 6 and 9)	365,308	354,136
Accumulated depreciation	(226,436)	(212,723)
Buildings and structures, net	138,871	141,412
Machinery, equipment and vehicles (Notes 6 and 9)	864,534	790,804
Accumulated depreciation	(646,319)	(610,658)
Machinery, equipment and vehicles, net	218,214	180,146
Tools, furniture and fixtures (Note 6)	135,525	116,495
Accumulated depreciation	(105,024)	(92,047)
Tools, furniture and fixtures, net	30,500	24,448
Land (Note 9)	118,244	116,526
Construction in progress	43,982	18,519
Total property, plant and equipment	549,814	481,053
Intangible assets:		
Goodwill	122,003	68,824
Other intangible assets	46,045	37,952
Total intangible assets	168,049	106,777
Investments and other assets:		
Investment securities (Notes 8 and 9)	1,598,437	1,177,591
Deferred tax assets (Note 25)	12,304	10,758
Lease investment assets (Note 26)	93,572	76,566
Other investments and other assets (Note 8)	41,231	35,034
Allowance for doubtful accounts	(148)	(152)
Total investments and other assets	1,745,398	1,299,798
Total fixed assets	2,463,262	1,887,628
Total assets	¥3,243,779	¥2,656,984

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

	Millions of yen	
	2013	2012
Liabilities		
Current liabilities:		
Trade notes and accounts payable	¥ 180,146	¥ 168,465
Short-term loans payable (Note 9)	183,920	110,212
Commercial paper	30,224	12,897
Current portion of bonds (Note 7)	4,499	54,105
Lease obligations (Note 26)	44,851	37,619
Accounts payable—other	17,623	18,169
Accrued income taxes	15,958	12,510
Deferred tax liabilities (Note 25)	2,923	3
Allowance for bonuses to directors and audit & supervisory board members	570	525
Other current obligations (Note 9)	178,378	165,018
Total current liabilities	659,095	579,527
Long-term liabilities:		
Bonds payable (Note 7)	213,584	187,238
Long-term loans payable (Notes 7 and 9)	236,318	249,183
Lease obligations (Notes 2 and 7)	101,883	85,754
Deferred tax liabilities (Note 25)	440,356	297,304
Allowance for retirement benefits (Note 10)	52,779	48,973
Other long-term liabilities (Note 11)	14,829	11,160
Total long-term liabilities	1,059,750	879,615
Total liabilities	1,718,846	1,459,142
Net Assets		
Shareholders' equity (Note 15)**:**		
Capital stock		
Authorized — 1,100,000,000 shares		
Issued — 325,840,640 shares as of March 31, 2013 325,840,640 shares as of March 31, 2012	80,462	80,462
Capital surplus	105,898	106,128
Retained earnings	492,578	455,042
Treasury stock 13,632,854 shares as of March 31, 2013 14,153,619 shares as of March 31, 2012	(48,405)	(50,266)
Total shareholders' equity	630,534	591,367
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	830,054	565,007
Deferred gains or losses on hedges	(237)	(131)
Foreign currency translation adjustment	13,163	(14,763)
Total accumulated other comprehensive income	842,980	550,112
Subscription rights to shares	1,478	2,310
Minority interests	49,939	54,051
Total net assets	1,524,933	1,197,841
Total liabilities and net assets	¥3,243,779	¥2,656,984

Consolidated Statements of Income

Toyota Industries Corporation
For the years ended March 31, 2013 and 2012

	Millions of yen	
	2013	2012
Net sales	**¥1,615,244**	¥1,543,352
Cost of sales (Note 16)	**1,347,238**	1,301,617
Gross profit	**268,006**	241,734
Selling, general and administrative expenses (Notes 16 and 23)**:**		
Sales commissions	**12,240**	10,003
Salaries and allowances	**74,452**	68,176
Retirement benefit expenses	**1,739**	1,977
Depreciation	**8,076**	5,951
Research and development expenses	**32,203**	25,348
Others	**62,196**	60,184
Total selling, general and administrative expenses	**190,908**	171,641
Operating income	**77,098**	70,092
Non-operating income:		
Interest income	**9,071**	9,070
Dividends income	**21,084**	17,933
Gain on sales of marketable securities	**784**	1,159
Equity in net earnings of affiliated companies	**825**	—
Other non-operating income	**5,277**	6,545
Total non-operating income	**37,043**	34,709
Non-operating expenses:		
Interest expenses	**14,508**	16,046
Loss on disposal of fixed assets	**1,006**	1,035
Equity in net losses of affiliated companies	**—**	490
Other non-operating expenses	**11,789**	6,363
Total non-operating expenses	**27,304**	23,936
Ordinary income	**86,836**	80,866
Extraordinary income (Note 17)**:**		
Gain on step acquisitions	**—**	4,599
Total extraordinary income	**—**	4,599
Extraordinary losses (Note 18)**:**		
Loss on liquidation of subsidiaries and affiliates	**6,710**	—
Total extraordinary losses	**6,710**	—
Income before income taxes and minority interests	**80,126**	85,465
Income taxes—current (Note 25)	**27,345**	23,382
Income taxes—deferred (Note 25)	**(493)**	1,311
Total income taxes	**26,851**	24,693
Income before minority interests	**53,275**	60,771
Minority interests in income	**155**	2,177
Net income	**¥ 53,119**	¥ 58,594

	Yen	
Net income per share—basic (Note 32)	**¥ 170.36**	¥ 188.02
Net income per share—diluted (Note 32)	**170.35**	—
Net assets per share (Note 33)	**4,719.66**	3,662.26
Cash dividends per share	**55.00**	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, 2013 and 2012

	Millions of yen	
	2013	2012
Income before minority interests	**¥ 53,275**	¥ 60,771
Other comprehensive income:		
Valuation difference on available-for-sale securities (Note 19)	**265,277**	76,752
Deferred gains or losses on hedges (Note 19)	**(106)**	(177)
Foreign currency translation adjustment (Note 19)	**30,444**	(6,820)
Share of other comprehensive income of associates accounted for using equity method (Note 19)	**392**	(216)
Total other comprehensive income	**296,008**	69,537
Comprehensive income	**349,283**	130,308
Profit attributable to:		
Owners of the parent	**345,988**	128,457
Minority interests	**3,295**	1,850

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, 2013 and 2012

	Millions of yen	
	2013	2012
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	**106,128**	106,179
Changes of items during the period		
Disposal of treasury stock	**(230)**	(50)
Total changes of items during the period	**(230)**	(50)
Balance at the end of current period	**105,898**	106,128
Retained earnings		
Balance at the beginning of current period	**455,042**	412,029
Changes of items during the period		
Dividends from surplus	**(15,584)**	(15,581)
Net income	**53,119**	58,594
Total changes of items during the period	**37,535**	43,013
Balance at the end of current period	**492,578**	455,042
Treasury stock		
Balance at the beginning of current period	**(50,266)**	(50,703)
Changes of items during the period		
Repurchase of treasury stock	**(109)**	(5)
Disposal of treasury stock	**1,971**	441
Total changes of items during the period	**1,861**	436
Balance at the end of current period	**(48,405)**	(50,266)
Total shareholders' equity		
Balance at the beginning of current period	**591,367**	547,968
Changes of items during the period		
Dividends from surplus	**(15,584)**	(15,581)
Net income	**53,119**	58,594
Repurchase of treasury stock	**(109)**	(5)
Disposal of treasury stock	**1,741**	391
Total changes of items during the period	**39,166**	43,399
Balance at the end of current period	**630,534**	591,367
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	**565,007**	488,277
Changes of items during the period		
Net changes of items other than shareholders' equity	**265,047**	76,729
Total changes of items during the period	**265,047**	76,729
Balance at the end of current period	**830,054**	565,007

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

	Millions of yen	
	2013	2012
Deferred gains or losses on hedges		
Balance at the beginning of current period	**¥ (131)**	¥ 46
Changes of items during the period		
Net changes of items other than shareholders' equity	**(106)**	(177)
Total changes of items during the period	**(106)**	(177)
Balance at the end of current period	**(237)**	(131)
Foreign currency translation adjustment		
Balance at the beginning of current period	**(14,763)**	(8,075)
Changes of items during the period		
Net changes of items other than shareholders' equity	**27,927**	(6,688)
Total changes of items during the period	**27,927**	(6,688)
Balance at the end of current period	**13,163**	(14,763)
Total accumulated other comprehensive income		
Balance at the beginning of current period	**550,112**	480,248
Changes of items during the period		
Net changes of items other than shareholders' equity	**292,868**	69,863
Total changes of items during the period	**292,868**	69,863
Balance at the end of current period	**842,980**	550,112
Subscription rights to shares		
Balance at the beginning of current period	**2,310**	2,132
Changes of items during the period		
Net changes of items other than shareholders' equity	**(832)**	178
Total changes of items during the period	**(832)**	178
Balance at the end of current period	**1,478**	2,310
Minority interests		
Balance at the beginning of current period	**54,051**	45,589
Changes of items during the period		
Net changes of items other than shareholders' equity	**(4,111)**	8,461
Total changes of items during the period	**(4,111)**	8,461
Balance at the end of current period	**49,939**	54,051
Total net assets		
Balance at the beginning of current period	**1,197,841**	1,075,939
Changes of items during the period		
Dividends from surplus	**(15,584)**	(15,581)
Net income	**53,119**	58,594
Repurchase of treasury stock	**(109)**	(5)
Disposal of treasury stock	**1,741**	391
Net changes of items other than shareholders' equity	**287,924**	78,503
Total changes of items during the period	**327,091**	121,902
Balance at the end of current period	**¥1,524,933**	¥1,197,841

Consolidated Statements of Cash Flows

Toyota Industries Corporation
For the years ended March 31, 2013 and 2012

	Millions of yen	
	2013	2012
Cash flows from operating activities:		
Income before income taxes and minority interests	**¥ 80,126**	¥ 85,465
Depreciation and amortization	**90,756**	87,368
Impairment loss	**4,516**	—
Increase (decrease) in allowance for doubtful accounts	**26**	(159)
Interest and dividends income	**(30,156)**	(27,004)
Interest expenses	**14,508**	16,046
Equity in net (earnings) losses of affiliates	**(825)**	490
(Increase) decrease in receivables	**(475)**	(47,043)
(Increase) decrease in inventories	**(6,041)**	(13,897)
Increase (decrease) in payables	**2,929**	25,307
Others, net	**4,981**	(5,357)
Subtotal	**160,346**	121,216
Interest and dividends income received	**30,181**	26,992
Interest expenses paid	**(14,688)**	(15,940)
Income taxes (paid) refunded	**(24,540)**	(30,549)
Net cash provided by operating activities	**151,299**	101,718
Cash flows from investing activities:		
Payments for purchases of property, plant and equipment	**(112,430)**	(76,638)
Proceeds from sales of property, plant and equipment	**8,137**	8,408
Payments for purchases of investment securities	**(14,679)**	(1,924)
Proceeds from sales of investment securities	**987**	1,720
Payments for acquisition of subsidiaries' stock resulting in change in scope of consolidation	**(68,503)**	(5,568)
Payments for sales of subsidiaries' stock resulting in change in scope of consolidation	**(505)**	—
Proceeds from sales of subsidiaries' stock resulting in change in scope of consolidation	**—**	1,228
Payments for loans made	**(13)**	(27)
Proceeds from collections of loans	**275**	374
Net (increase) decrease in time deposits	**(64,435)**	70,161
Others, net	**(23,043)**	(7,137)
Net cash used in investing activities	**(274,210)**	(9,403)
Cash flows from financing activities:		
Increase (decrease) in short-term loans payable	**51,786**	27,636
Proceeds from long-term loans payable	**45,425**	50,482
Repayments of long-term loans payable	**(49,382)**	(49,342)
Proceeds from issuance of bonds	**30,000**	35,604
Repayments of bonds	**(54,125)**	(30,761)
Payments for repurchase of treasury stocks	**(109)**	(5)
Cash dividends paid	**(15,584)**	(15,581)
Cash dividends paid to minority shareholders	**(435)**	(478)
Proceeds from payment by minority shareholders	**1,899**	1,220
Others, net	**(2,423)**	(8,495)
Net cash provided by financing activities	**7,050**	10,279
Translation adjustments of cash and cash equivalents	**(1,591)**	(1,348)
Net increase (decrease) in cash and cash equivalents	**(117,451)**	101,244
Cash and cash equivalents at beginning of period	**296,811**	195,566
Cash and cash equivalents at end of period	**¥ 179,359**	¥ 296,811

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 217 subsidiaries (39 subsidiaries in Japan and 178 subsidiaries outside Japan) as of March 31, 2013.

For the year ended March 31, 2013, 49 subsidiaries were newly added to the scope of consolidation and eight 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, 2013 are listed below.

(increase)
Toyota Material Handling Northeast, Inc.
Nishina Industries Vietnam Co., Ltd.
Toyota Material Handling Ohio, Inc.
Toyota Industries Electric Systems North America, Inc.
31 group companies of Cascade Corporation Group
Nine group companies of Toyota Material Handling Europe AB Group
Three group companies of Southern States Material Handling, Inc. Group
Two group companies of Industrial Components and Attachments, Inc. Group

(decrease)
TIBC Corporation
Uster Technologies de Mexico S.A. de C.V.
Industrial Components and Attachments II, Inc.
Five group companies of Toyota Material Handling Europe AB 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.

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

(2) Equity method

Investments in 12 major affiliates in 2013 are accounted for by the equity method of accounting.

For the year ended March 31, 2013, three companies were excluded from the scope of equity-method accounting. Changes in the number of affiliates excluded from the companies to which the equity method applied for the year ended March 31, 2013 are as follows.

(decrease)
Three group companies of Toyota Material Handling Europe AB Group

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.

The fiscal years of certain affiliates are different from the Company. The Company is using those affiliates' statements for those fiscal years.

(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, 2013.

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 audit & supervisory board members
Bonuses to directors, managing officers and audit & supervisory board members 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 audit & supervisory board members, 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. Changes in accounting policies and accounting estimates:

Changes in accounting policies which are difficult to distinguish from changes in accounting estimates
Effective April 1, 2012, Toyota Industries Corporation and its domestic consolidated subsidiaries prospectively changed the depreciation method for property, plant and equipment acquired on and after April 1, 2012 in conformity with the revised Corporate Tax Law of Japan as permitted under the accounting principles generally accepted in Japan.

As a result, operating income, ordinary income and income before income taxes increased by ¥931 million, ¥932 million and ¥932 million, respectively, for the fiscal year ended March 31, 2013.

4. Accounting standards issued but not yet effective:

Toyota Industries Corporation and its domestic consolidated subsidiaries have not yet adopted the following accounting standards as of March 31, 2013.

· Financial Accounting Standard No. 26 “Accounting Standard for Retirement Benefits,” which was issued on May 17, 2012
· Implementation Guidance No. 25 “Guidance on Accounting Standard for Retirement Benefits,” which was issued on May 17, 2012

(1) Overview
(A) Changes in the consolidated balance sheets
Unrecognized actuarial gains or losses and unrecognized loss in prior service costs are required to be recognized as a component of other comprehensive income, net of tax, in net assets.

Funded status of a benefit plan—measured as the difference between plan assets at fair value and the benefit obligation—is fully recognized as a liability (or asset) on the consolidated balance sheets.

(B) Changes in the consolidated statements of income and comprehensive income
Concerning the actuarial calculation difference and prior service costs arising for the year, the amount not expensed as incurred is included in other comprehensive income. With regard to the unrealized difference in actuarial calculations and unrealized prior service costs included in accumulated other comprehensive income, the amount expensed as incurred will be posted in other comprehensive income by making a reclassification adjustment.

(2) Date of adoption
Toyota Industries Corporation and its domestic consolidated subsidiaries will adopt the accounting standard and its guidance as of March 31, 2014, except for the revised standard and guidance for the method to attribute benefit cost to individual years of service, which will be effective at the beginning of the fiscal year ending March 31, 2015. The standard and guidance will not be applied retrospectively to financial statements in the prior years.

(3) Impact of adopting the accounting standards
The Company is evaluating the impact of adopting the accounting standard and guidance on the consolidated financial statements.

5. Changes in presentation:

(Consolidated Balance Sheets)
“Cash deposits for cash collection and deposit services,” amounting to ¥50,856 million at March 31, 2012, which was included in “Cash and deposits” under “Current assets” in the prior consolidated balance sheets, was reclassified and presented as a separate line item in the current consolidated balance sheets due to its materiality.

“Cash deposits for cash collection and deposit services” represents cash deposits from customers in providing services for the collection of proceeds and changes, and is not intended to be used as the Company's funding for its operation and investment. A similar amount of deposits is included in “Other current obligations” under “Current liabilities.”

(Consolidated Statements of Cash Flows)
Repayments of current portion of long-term loans payable, amounting to ¥(49,342) million for the fiscal year ended March 31, 2012, which was included in “Increase (decrease) in short-term loans payable” under “Cash flows from financing activities” in the prior consolidated statements of cash flows, was reclassified to “Repayments of long-term loans payable” in the current consolidated statements of cash flows due to its materiality.

6. Property, plant and equipment:

Accumulated impairment losses are included in accumulated depreciation on the consolidated balance sheets.

7. Long-term debt:

(1) Bonds payable as of March 31, 2013 and 2012 consist of the following:

	Millions of yen	
	2013	2012
1.13% bonds due 2012 without collateral	¥ **—**	¥ 50,000
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 2013-2015 without collateral	**10,087**	13,348
1.95% bonds due 2016 without collateral	**19,996**	19,995
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**	30,000
0.181% bonds due 2015 without collateral	**10,000**	—
0.265% bonds due 2017 without collateral	**10,000**	—
0.821% bonds due 2022 without collateral	**10,000**	—
Total	¥ **218,083**	¥ 241,344
	(4,499)	

The amount shown in parentheses in total for 2013 is that redeemed within one year.

(2) Annual maturities of bonds payable as of March 31, 2013 are as follows:

	Millions of yen
Year ending March 31	Total
2014	¥ 4,499
2015	21,882
2016	45,705
2017	19,996
2018	10,000
2019 and thereafter	116,000
Total	¥ 218,083

(3) Other debts as of March 31, 2013 and 2012 consist of the following:

	Millions of yen		Weighted-average interest rate (%)
	2013	2012	
Short-term loans payable	¥ **125,605**	¥ 67,185	0.86
Long-term loans payable:			
Current portion	**58,314**	43,027	1.38
Non-current portion	**236,318**	249,183	1.39
Lease obligations:			
Current portion	**44,851**	37,619	—
Non-current portion	**101,883**	85,754	—
Commercial paper	**30,224**	12,897	1.31
Total	¥ **597,197**	¥ 495,667	—

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, 2013 are as follows:

	Millions of yen		
Year ending March 31	Long-term loans payable	Lease obligations	Total
2015	¥ 39,552	¥ 35,369	¥ 74,922
2016	35,165	28,024	63,190
2017	30,842	21,549	52,392
2018	68,640	12,961	81,602
2019 and thereafter	62,116	3,977	66,093
Total	¥ 236,318	¥ 101,883	¥ 338,201

8. Investments in affiliated companies:

Investments in affiliated companies as of March 31, 2013 and 2012 are as follows:

	Millions of yen	
	2013	2012
Investment securities (stock)	¥ **7,459**	¥ 7,597
Investments and other assets (others)	**4,061**	3,694

9. Assets pledged as collateral:

(1) Assets pledged as collateral as of March 31, 2013 and 2012 are as follows:

	Millions of yen	
	2013	2012
Investment securities	¥ **99,140**	¥ 69,580
Trade notes and accounts receivable	**7,647**	655
Raw materials and supplies	**5,237**	—
Machinery, equipment and vehicles	**4,651**	393
Cash and deposits	**4,241**	—
Buildings and structures	**2,878**	108
Merchandise and finished goods	**2,568**	—
Land	**817**	—
Other assets	**476**	—
Total	¥ **127,659**	¥ 70,737

(2) Secured liabilities as of March 31, 2013 and 2012 are as follows:

	Millions of yen	
	2013	2012
Other current obligations	¥ **24,607**	¥ 24,296
Short-term loans payable	**1,483**	707
Long-term loans payable	**391**	77
Total	¥ **26,482**	¥ 25,081

10. 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, 2013 and 2012 is as follows:

	Millions of yen	
	2013	2012
Allowance for retirement benefits to directors (including managing officers)	¥ **1,953**	¥ 2,198

11. Asset retirement obligations:

The amount of asset retirement obligations as of March 31, 2013 and 2012, 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.

12. Contingent liabilities:

Toyota Industries is contingently liable for guarantees as of March 31, 2013 and 2012 as follows:

	Millions of yen	
	2013	2012
Guarantees given by consolidated subsidiaries	**¥ 1**	¥ 11

13. Export discount bills:

Export discount bills as of March 31, 2013 and 2012 are as follows:

	Millions of yen	
	2013	2012
Export discount bills	**¥ 314**	¥ 633

14. 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, 2013 and 2012) are as follows:

	Millions of yen	
	2013	2012
Trade notes receivable	**¥ 1,064**	¥ 1,004
Trade notes payable	**604**	877

Those notes were regarded as settled at the date due to the fact that the financial institutions were closed on March 31, 2013.

15. 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.

16. Research and development expenses:

Research and development expenses, which are included in selling, general and administrative expenses and manufacturing costs, amounted to ¥39,057 million and ¥32,070 million for the years ended March 31, 2013 and 2012, respectively.

17. 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.

18. Extraordinary losses:

(1) Loss on liquidation of subsidiaries and affiliates

For the year ended March 31, 2013, Toyota Industries recorded extraordinary losses on liquidation of subsidiaries and affiliates of ¥6,710 million, including an impairment loss of ¥4,516 million on buildings and structures as well as machinery, equipment and vehicles as a result of the liquidation of TIBC Corporation, a former consolidated subsidiary, and the estimated amount for the cost of disposal of facilities.

(2) Impairment loss

For the year ended March 31, 2013, Toyota Industries recorded impairment loss of the following assets.
(a) Nature of assets
Manufacturing equipment of semiconductor package substrates
(b) Category of assets
Buildings and structures as well as machinery, equipment and vehicles
(c) Location
Obu-shi, Aichi
(d) Impairment loss
¥4,516 million

The Toyota Industries Group defines asset grouping in accordance with business divisions. The recoverable value of the asset group is computed based on the net value of the sale. Toyota Industries defines the net value of the sale as the amount in which the expected liquidation cost is deducted from the expected liquidation value.

Following the liquidation of TIBC Corporation, the Company reduced the carrying amount of TIBC's asset group to a recoverable level and posted an impairment loss of ¥4,516 million as an extraordinary loss, including ¥3,344 million for buildings and structures, ¥874 million for machinery, equipment and vehicles, ¥141 million for tools, furniture and fixtures, ¥98 million for construction in progress and ¥57 million for software.

19. Comprehensive income:

Recycling and tax effect relating to other comprehensive income as of March 31, 2013 and 2012 are as follows:

	Millions of yen	
	2013	2012
Valuation difference on available-for-sale securities		
Amount arising during the period	**¥ 407,847**	¥ 56,513
Recycling	**(615)**	(1,070)
Before tax effect adjustment	**407,232**	55,442
Tax effect	**141,955**	21,310
Valuation difference on available-for-sale securities	**265,277**	76,752
Deferred gains or losses on hedges		
Amount arising during the period	**(946)**	(325)
Recycling	**782**	52
Before tax effect adjustment	**(163)**	(273)
Tax effect	**57**	95
Deferred gains or losses on hedges	**(106)**	(177)
Foreign currency translation adjustment		
Amount arising during the period	**30,496**	(6,818)
Recycling	**(52)**	(2)
Foreign currency translation adjustment	**30,444**	(6,820)
Share of other comprehensive income of associates accounted for using equity method		
Amount arising during the period	**392**	(216)
Other comprehensive income	**296,008**	69,537

20. 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. Cash deposits for cash collection and deposit services are subject to credit risk of financial institutions. 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 investment 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 investment 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, 2013

The amounts in the consolidated balance sheets, fair values and the differences between those as of March 31, 2013 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	¥ 230,348	¥ 230,348	¥ —
Cash deposits for cash collection and deposit services	49,981	49,981	—
Trade notes and accounts receivable	212,605	212,604	(0)
Lease investment assets (current assets)	41,964	41,964	—
Short-term investments and investment securities			
Other securities	1,592,899	1,592,899	—
Lease investment assets (fixed assets)	93,572	91,195	(2,376)
Total assets	¥ 2,221,372	¥ 2,218,994	¥ (2,377)
Trade notes and accounts payable	¥ (180,146)	¥ (180,146)	¥ —
Short-term loans payable	(183,920)	(183,920)	—
Commercial paper	(30,224)	(30,224)	—
Current portion of bonds	(4,499)	(4,499)	—
Lease obligations (current liabilities)	(44,851)	(44,851)	—
Bonds payable	(213,584)	(225,526)	(11,941)
Long-term loans payable	(236,318)	(245,403)	(9,085)
Lease obligations (long-term liabilities)	(101,883)	(102,645)	(762)
Total liabilities	¥ (995,427)	¥ (1,017,217)	¥ (21,789)
Derivative transactions*3			
Derivative instruments for which hedge accounting is not applied	¥ (470)	¥ (470)	¥ —
Derivative instruments for which hedge accounting is applied	(171)	(171)	—
Total derivative transactions	¥ (641)	¥ (641)	¥ —

*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, (2) Cash deposits for cash collection and deposit services
All deposits are short term and fair value approximates the carrying amount. Therefore, fair value for deposits is calculated at the carrying amount.

(3) 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.

(4) 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.

(5) Short-term investments and investment 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 21 "Marketable securities."

(6) 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 future cash outflow from repayment of principal and interest to net present value using the current interest rate.

Fair value of long-term loans payable with which the interest rate swap transactions are accounted under the preferential accounting method and with which the interest rate and currency swap transactions are accounted under the integral accounting method is calculated by discounting future cash outflow from repayment of principal and interest paid under the interest rate swap transactions to net present value using the current interest rate.

(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 22 "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	¥ 7,459
Other securities	31,125
Total	¥ 38,585

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, 2013 for monetary credits and liabilities as well as marketable securities with maturities

	Millions of yen			
Year ending March 31	2014	2015-2018	2019-2023	2024 and thereafter
Cash and deposits	¥ 230,348	¥ —	¥ —	¥ —
Cash deposits for cash collection and deposit services	49,981	—	—	—
Trade notes and accounts receivable	212,189	416	—	—
Lease investment assets (fixed assets)	—	91,331	2,241	—
Total	¥ 492,519	¥ 91,747	¥ 2,241	¥ —

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	2014	2015	2016	2017	2018	2019-2023	2024 and thereafter
Bonds payable	¥ —	¥ 21,882	¥ 45,705	¥ 19,996	¥ 10,000	¥ 116,000	¥ —
Long-term loans payable	—	39,552	35,165	30,842	68,640	62,116	—
Lease obligations (long-term liabilities)	—	35,369	28,024	21,549	12,961	3,801	176
Total	¥ —	¥ 96,804	¥ 108,895	¥ 72,388	¥ 91,602	¥ 181,917	¥ 176

For the year ended March 31, 2012

	Millions of yen		
	Carrying amount*1,*2	Fair value	Difference
Cash and deposits	¥ 223,854	¥ 223,854	¥ —
Cash deposits for cash collection and deposit services	50,856	50,856	—
Trade notes and accounts receivable	192,663	192,662	(0)
Lease investment assets (current assets)	36,570	36,570	—
Short-term investments and investment 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, (2) Cash deposits for cash collection and deposit services

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

(3) 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.

(4) 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.

(5) Short-term investments and investment 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 21 "Marketable securities."

(6) 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 future cash outflow from repayment of principal and interest to net present value using the current interest rate.

Fair value of long-term loans payable with which the interest rate swap transactions are accounted under the preferential accounting method is calculated by discounting future cash outflow from repayment of principal and interest paid under the interest rate swap transactions to net present value using the current interest rate.

(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 22 "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	¥ 223,854	¥ —	¥ —	¥ —
Cash deposits for cash collection and deposit services	50,856	—	—	—
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	2015	2016	2017	2018-2022	2023 and thereafter
Bonds payable	¥ —	¥ 4,496	¥ 21,642	¥ 35,104	¥ 19,995	¥ 106,000	¥ —
Long-term loans payable	—	57,632	37,627	28,348	28,795	96,779	—
Lease obligations (long-term liabilities)	—	32,268	23,573	16,253	10,948	2,566	144
Total	¥ —	¥ 94,397	¥ 82,842	¥ 79,706	¥ 59,739	¥ 205,345	¥ 144

21. Marketable securities:

(1) Other securities with readily determinable fair value

As of and for the year ended March 31, 2013

	Millions of yen		
	Acquisition cost	Carrying amount	Difference
Securities with carrying amount exceeding acquisition cost:			
Stocks	**¥ 267,301**	**¥1,545,856**	**¥1,278,555**
Others	**124**	**153**	**28**
Subtotal	**267,425**	**1,546,009**	**1,278,583**
Securities with carrying amount not exceeding acquisition cost:			
Stocks	**16,643**	**13,842**	**(2,800)**
Others	**33,047**	**33,047**	**—**
Subtotal	**49,691**	**46,890**	**(2,800)**
Total	**¥ 317,116**	**¥1,592,899**	**¥1,275,783**

Non-listed stocks (total amount is ¥31,125 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, 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.

(2) Other securities sold during the year

As of and for the years ended March 31, 2013 and 2012
Other securities sold are omitted due to their quantitative immateriality.

22. Derivative instruments:

(1) Quantitative disclosure about derivatives for the year ended March 31, 2013

1) Derivative instruments for which hedge accounting is not applied

(a) Foreign currency transactions as of March 31, 2013 are as follows:

Category	Type	Millions of yen Notional amount Total	Maturity over 1 year	Fair value*2	Net unrealized gain/loss
Transactions other than market transactions	Foreign currency forward contracts transactions				
	Buy JPY / Sell USD	**¥ 1,428**	**¥ —**	**¥ 10**	**¥ 10**
	Buy JPY / Sell EUR	**150**	**—**	**(1)**	**(1)**
	Buy JPY / Sell other foreign currency	**1,074**	**—**	**(22)**	**(22)**
	Buy EUR / Sell JPY	**680**	**—**	**(12)**	**(12)**
	Buy SEK / Sell EUR	**29,738**	**—**	**273**	**273**
	Buy SEK / Sell GBP	**2,352**	**—**	**91**	**91**
	Buy SEK / Sell other foreign currency	**30,450**	**—**	**(442)**	**(442)**
	Sell SEK / Buy EUR	**10,152**	**—**	**(50)**	**(50)**
	Sell SEK / Buy GBP	**1,214**	**—**	**1**	**1**
	Sell SEK / Buy other foreign currency	**6,991**	**—**	**(40)**	**(40)**
	Buy other foreign currency	**32**	**—**	**0**	**0**
	Sell other foreign currency	**9,538**	**—**	**(14)**	**(14)**
	Foreign currency option contracts transactions*1				
	Buy	**340** **<3>**	**—**	**0**	**(3)**
	Sell	**340** **<3>**	**—**	**40**	**(37)**
	Foreign currency swap transactions				
	Payment JPY / Receipt USD	**3,498**	**999**	**44**	**44**
	Total	**¥ 97,984**	**¥ 999**	**¥ (122)**	**¥ (203)**

*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: The fair value calculation method is based on the index price as of March 31, 2013.

(b) Interest rate transactions as of March 31, 2013 are as follows:

Category	Type	Notional amount: Total (Millions of yen)	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	¥ 37,190	¥ 25,659	¥ (266)	¥ (266)
	Total	¥ 37,190	¥ 25,659	¥ (266)	¥ (266)

The fair value calculation method is based on the index price as of March 31, 2013.

2) Derivative instruments for which hedge accounting is applied

Category	Type	Contents of hedge	Notional amount: Total (Millions of yen)	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	¥ 11,526	¥ —	¥ (334)	¥ (334)	By the exchange rate on foreign currency market
	Buy JPY / Sell EUR		3,153	—	(94)	(94)	
	Buy JPY / Sell AUD		1,200	—	(73)	(73)	
	Buy SEK / Sell EUR		5,048	—	264	264	
	Buy SEK / Sell GBP		2,891	—	91	91	
	Buy SEK / Sell other foreign currency		2,882	—	28	28	
	Sell SEK / Buy EUR		397	—	(6)	(6)	
	Sell SEK / Buy GBP		34	—	0	0	
	Sell SEK / Buy other foreign currency		172	—	(3)	(3)	
	Foreign currency option contracts transactions*1						
	Buy	Accounts receivable	5,093 <96>	—	73	(22)	By the price on currency option market
	Sell		5,093 <96>	—	118	(22)	
	Subtotal		37,495	—	65	(171)	
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	1,682	—	*2	*2	
	Buy JPY / Sell USD		2,710	—			
	Buy JPY / Sell AUD		489	—			
	Subtotal		4,882	—	—	—	
Preferential accounting method of interest rate swap transactions	Interest rate swap transactions Fixed rate payment / Floating rate receipt	Long-term loans payable	15,000	10,000	*2	*2	By the rate on interest swap market
	Subtotal		15,000	10,000	—	—	
Integral accounting method of interest rate and currency swap transactions	Interest rate and currency swap transactions Fixed rate payment / Floating rate receipt	Long-term loans payable	21,922	21,922	*2	*2	By the rate on interest swap market
	Subtotal		21,922	21,922	—	—	
	Total		¥ 79,300	¥ 31,922	¥ 65	¥ (171)	

*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 20).

(2) 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	Notional amount: Total (Millions of yen)	Notional amount: Maturity over 1 year	Fair value*2	Net unrealized gain/loss
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*1				
	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

*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: 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	Notional amount: Total (Millions of yen)	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	¥ 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: Total (Millions of yen)	Notional amount: Maturity over 1 year (Millions of yen)	Fair value (Millions of yen)	Net unrealized gain/loss (Millions of yen)	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 <8>	—	0	(8)	By the price on currency option market
	Sell		748 <8>	—	29	(20)	
	Subtotal		23,459	—	(128)	(186)	
Net valuation method using forward foreign exchange contracts	Foreign currency forward contracts transactions						
	Buy JPY / Sell EUR	Accounts receivable	2,050	—	*2	*2	By the exchange rate on foreign currency market
	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						
	Fixed rate payment / Floating rate receipt	Long-term loans payable	15,000	15,000	*2	*2	By the rate on interest swap market
	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 20).

23. 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, 2013 and 2012 are as follows:

	2013 (Millions of yen)	2012 (Millions of yen)
(a) Benefit obligation	**¥ (192,990)**	¥ (162,756)
(b) Plan assets	**138,547**	105,750
(c) Unfunded benefit obligation [(a) + (b)]	**(54,443)**	(57,005)
(d) Unrecognized actuarial gains or losses	**20,994**	21,783
(e) Unrecognized loss in prior service obligation	**(3,569)**	(3,790)
(f) Net amount recognized on the balance sheets [(c) + (d) + (e)]	**(37,019)**	(39,013)
(g) Prepaid pension expenses	**13,806**	7,762
(h) Allowance for retirement benefits [(f) - (g)]	**¥ (50,825)**	¥ (46,775)

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, 2013 and 2012 are as follows:

	2013 (Millions of yen)	2012 (Millions of yen)
Service cost	**¥ 8,233**	¥ 7,812
Interest cost	**4,510**	3,919
Expected return on plan assets	**(3,194)**	(2,480)
Amortization of prior service obligation	**(134)**	(94)
Amortization of unrecognized actuarial gains or losses	**1,859**	1,423
Retirement benefit expenses	**¥ 11,274**	¥ 10,579

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

(4) Assumptions used for calculation of retirement benefits:

	2013	2012
Method of attribution of estimated retirement benefits to periods of employee service:		
Straight-line method		
Discount rate	**1.40%**	2.00%
Expected rate of return on plan assets	**2.00%**	2.00%
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, 2012	The Japan Society of Industrial Machinery Manufacturers' welfare pension fund	Other welfare pension funds
Plan assets	¥ 62,064 million	¥ 221,604 million
Estimated benefit obligation	¥ 94,134 million	¥ 314,351 million
Variance	¥ (32,070 million)	¥ (92,746 million)

As of March 31, 2013		
Toyota Industries Group contribution to welfare pension plan	7.15%	3.73%

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%

24. Stock options:

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

	Millions of yen	
	2013	2012
Selling, general and administrative expenses	**¥144**	¥544

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

	Millions of yen	
	2013	2012
	¥601	¥294

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

1) Stock option details

Fiscal year	2011	2010	2009
Company name	The Company	The Company	The Company
Position and number of grantees	Directors: 16 Managing officers and employees: 146	Directors: 14 Managing officers and employees: 153	Directors: 17 Managing officers and employees: 159
Class and number of shares*	1,262,000 shares of common stock	1,157,000 shares of common stock	1,360,000 shares of common stock
Date of issue	August 2, 2010	August 3, 2009	August 1, 2008
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	Same as left Same as left Same as left
Periods that grantees must provide service in return for stock options	From August 2, 2010 to July 31, 2012	From August 3, 2009 to July 31, 2011	From August 1, 2008 to July 31, 2010
Periods that stock subscription rights are to be exercised	From August 1, 2012 to July 31, 2016	From August 1, 2011 to July 31, 2015	From August 1, 2010 to July 31, 2014

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

Fiscal year	2008	2007
Company name	The Company	The Company
Position and number of grantees	Directors: 16 Managing officers and employees: 159	Directors: 17 Managing officers and employees: 152
Class and number of shares*	830,000 shares of common stock	802,000 shares of common stock
Date of issue	August 1, 2007	August 1, 2006
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 —
Periods that grantees must provide service in return for stock options	From August 1, 2007 to July 31, 2009	From August 1, 2006 to July 31, 2008
Periods that stock subscription rights are to be exercised	From August 1, 2009 to July 31, 2013	From August 1, 2008 to July 31, 2012

* 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	2010	2009	2008	2007
Stock options outstanding at the end of the previous fiscal year	1,262,000	—	—	—	—
Stock options granted	—	—	—	—	—
Forfeitures	—	—	—	—	—
Conversion to exercisable stock options	1,262,000	—	—	—	—
Stock options outstanding at the end of the fiscal year	—	—	—	—	—

Exercisable stock options (shares)

	2011	2010	2009	2008	2007
Stock options outstanding at the end of the previous fiscal year	—	882,700	947,000	510,000	434,000
Conversion from non-exercisable stock options	1,262,000	—	—	—	—
Stock options exercised	503,700	51,000	—	—	—
Forfeitures	136,000	95,000	147,000	90,000	434,000
Stock options outstanding at the end of the fiscal year	622,300	736,700	800,000	420,000	—

(b) Price of options

	Exact yen amounts			
	2011	2010	2009	2008
Paid-in value	¥2,449	¥2,570	¥3,410	¥5,866
Average market price of the stock at the time of exercise	3,061	3,164	—	—
Fair value of options on grant date	686	581	421	682

(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.

25. Income taxes:

(1) The significant components of deferred tax assets and liabilities as of March 31, 2013 and 2012 are as follows:

	Millions of yen	
	2013	2012
Deferred tax assets:		
Allowance for retirement benefits	**¥ 13,488**	¥ 14,689
Depreciation	**10,961**	11,212
Net operating loss carry-forwards for tax purposes	**8,876**	6,408
Accrued expenses	**7,428**	7,307
Securities	**5,539**	5,346
Trade receivables	**3,233**	2,183
Other	**22,215**	17,143
Subtotal	**71,742**	64,290
Less: valuation allowance	**(17,719)**	(15,776)
Total deferred tax assets	**54,023**	48,514
Deferred tax liabilities:		
Other securities	**444,767**	302,815
Depreciation	**6,056**	2,468
Land	**562**	562
Reserve for advanced depreciation of non-current assets	**376**	380
Reserve for special depreciation	**91**	199
Other	**9,307**	8,268
Total deferred tax liabilities	**461,162**	314,695
Net deferred tax liabilities	**¥ 407,139**	¥ 266,180

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

	Millions of yen	
	2013	2012
Current assets—deferred tax assets	**¥ 23,836**	¥ 20,368
Investments and other assets—deferred tax assets	**12,304**	10,758
Current liabilities—deferred tax liabilities	**2,923**	3
Long-term liabilities—deferred tax liabilities	**440,356**	297,304

(2) Reconciliations of differences between the statutory rate of income taxes and the effective rate of income taxes for the years ended March 31, 2013 and 2012 are as follows:

	2013	2012
Statutory rate of income taxes	**The note is omitted since differences between the statutory rate of income taxes and the effective rate of income taxes is less than 5% of the statutory rate of income taxes.**	39.9%
Addition (reduction) in taxes resulting from:		
Valuation allowance		(7.9%)
Dividends income and others permanently not recognized as taxable income		(4.5%)
Other		1.3%
Effective rate of income taxes		28.9%

26. 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, 2013 and 2012, is as follows:

	Millions of yen	
	2013	2012
Buildings and structures:		
Acquisition cost equivalents	**¥ 88**	¥ 88
Accumulated depreciation equivalents	**72**	62
Buildings and structures net balance equivalents	**16**	26
Machinery, equipment and vehicles:		
Acquisition cost equivalents	**¥ 5,735**	¥ 5,970
Accumulated depreciation equivalents	**4,904**	4,464
Machinery, equipment and vehicles net balance equivalents	**830**	1,505
Tools, furniture and fixtures:		
Acquisition cost equivalents	**¥ 1,063**	¥ 2,848
Accumulated depreciation equivalents	**938**	2,457
Tools, furniture and fixtures net balance equivalents	**125**	391
Software:		
Acquisition cost equivalents	**¥ —**	¥ 40
Accumulated depreciation equivalents	**—**	39
Software net balance equivalents	**—**	1
Total net leased properties	**¥ 972**	¥ 1,924

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, 2013 and 2012 is as follows:

	Millions of yen	
	2013	2012
Due within one year	**¥ 728**	¥ 1,147
Due after one year	**653**	1,278
Total	**¥ 1,381**	¥ 2,425

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, 2013 and 2012 are as follows:

	Millions of yen	
	2013	2012
Lease payments	**¥ 936**	¥ 1,563
Pro forma depreciation expenses	**936**	1,563

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, 2013 and 2012, 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, 2013 and 2012 are as follows:

	Millions of yen	
	2013	2012
Lease receivables	**¥ 121,517**	¥ 103,277
Residual value	**31,396**	27,588
Unearned interest income	**(17,377)**	(17,728)
Total	**¥ 135,536**	¥ 113,136

(b) Amounts of projected future recovery after March 31, 2013 and 2012 for the portion of lease payment receivables in lease investment assets are as follows:

	Millions of yen	
	2013	2012
Due within one year	**¥ 42,423**	¥ 37,702
Due after one year and within two years	**32,637**	28,142
Due after two years and within three years	**23,914**	19,400
Due after three years and within four years	**14,876**	12,070
Due after four years and within five years	**5,741**	4,846
Due after five years	**1,924**	1,115
Total	**¥ 121,517**	¥ 103,277

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, 2013 and 2012 is as follows:

	Millions of yen	
	2013	2012
Machinery, equipment and vehicles:		
Acquisition cost	**¥ 3,229**	¥ 3,474
Accumulated depreciation	**3,157**	3,181
Total net leased property	**¥ 72**	¥ 292

(d) Pro forma information regarding future minimum lease income as of March 31, 2013 and 2012 is as follows:

	Millions of yen	
	2013	2012
Due within one year	**¥ 81**	¥ 154
Due after one year	**3**	4
Total	**¥ 85**	¥ 159

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, 2013 and 2012 are as follows:

	Millions of yen	
	2013	2012
Total lease payments to be received	**¥ 125**	¥ 311
Depreciation expenses	**¥ 22**	¥ 67

(2) Operating leases

1) Operating leases (as a lessee)

Pro forma future lease payments under operating leases as of March 31, 2013 and 2012 are as follows:

	Millions of yen	
	2013	2012
Due within one year	**¥ 9,886**	¥ 8,017
Due after one year	**33,681**	31,879
Total	**¥ 43,568**	¥ 39,896

2) Operating leases (as a lessor)

Pro forma information regarding future minimum rentals under operating leases as of March 31, 2013 and 2012 is as follows:

	Millions of yen	
	2013	2012
Due within one year	**¥ 26,981**	¥ 23,800
Due after one year	**48,768**	34,815
Total	**¥ 75,749**	¥ 58,616

27. Changes in net assets:

(1) Common stock outstanding for the years ended March 31, 2013 and 2012:

	shares
Balance at March 31, 2011	325,840,640
Increase	—
Decrease	—
Balance at March 31, 2012	325,840,640
Increase	**—**
Decrease	**—**
Balance at March 31, 2013	**325,840,640**

(2) Treasury stock outstanding for the years ended March 31, 2013 and 2012:

	shares
Balance at March 31, 2011	14,275,721
Increase due to purchase of odd stock	2,308
Decrease due to exercise of stock options	123,900
Decrease due to sale of odd stock	510
Balance at March 31, 2012	14,153,619
Increase due to purchase of odd stock	**34,333**
Decrease due to exercise of stock options	**554,700**
Decrease due to sale of odd stock	**398**
Balance at March 31, 2013	**13,632,854**

(3) Subscription rights to shares outstanding for the years ended March 31, 2013 and 2012:

	Millions of yen	
	2013	2012
The Company	**¥ 1,478**	¥ 2,310

(4) Dividends

(a) Dividends paid for the year ended March 31, 2013

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 14, 2012	**Common stock**	**¥7,792**	**¥25**	**March 31, 2012**	**June 15, 2012**
Board of Directors meeting held on October 31, 2012	**Common stock**	**7,792**	**25**	**September 30, 2012**	**November 26, 2012**

(b) Dividends with a record date in the fiscal year ended March 31, 2013 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 13, 2013	**Common stock**	**¥9,366**	**Retained earnings**	**¥30**	**March 31, 2013**	**June 14, 2013**

(c) 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

(d) 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

28. Subsequent events:

There were no subsequent events for the year ended March 31, 2013.

29. Business combination:

(1) Outline of business combination

(a) Name and business of acquiree
Cascade Corporation, manufacture and sales of materials handling load engagement devices and related replacement parts
(b) Main purpose of business combination
By means of acquiring Cascade Corporation, Toyota Industries aims for further growth of its materials handling equipment business by expanding its business domain to encompass lift truck attachments, thereby meeting a broad range of customers' logistics needs.
(c) Date of business combination
March 28, 2013
(d) Measure of business combination
Share acquisition
(e) Name of acquiree after business combination
Cascade Corporation
(f) Percentage of voting rights held by the Company
Percentage of voting rights held by the Company after the business combination: 100.00%
(g) Basis of determination of acquirer
The Company controls Cascade Corporation by holding a majority of voting rights.

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

The fiscal year-end of acquiree is January 31. As the Company adopted accounting for the business combination assuming the transaction was completed at the acquiree's fiscal year-end, no operating results of the acquiree was included in the consolidated financial statements.

(3) Acquisition cost of acquiree

¥71,729 million

(4) Goodwill

(a) Amount of goodwill
¥45,183 million
(b) Basis of goodwill
The excess of the acquisition cost over the net assets of Cascade Corporation
(c) Method and period of amortization
Straight-line method over 20 years

(5) Identified assets acquired and liabilities assumed upon business combination

(a) Assets

	Millions of yen
Current assets	¥ **23,690**
Fixed assets	**10,071**
Total assets	¥ **33,761**

(b) Liabilities

	Millions of yen
Current liabilities	¥ **4,561**
Fixed liabilities	**2,653**
Total liabilities	¥ **7,215**

Amount of goodwill, as referred on (4) Goodwill, is not included in assets. As for significant transactions, adjustment for consolidation is made.

(6) Purchase price allocation

Since Toyota Industries acquired Cascade's stock just prior to the closing of the fiscal year under review, the allocation of costs arising from the acquisition has not been finalized. Consequently, Toyota Industries made a provisional settlement of accounts based on the information reasonably available at the closing of the fiscal year.

(7) Pro forma impact on the consolidated statements of income based on assumption that the business combination was completed at the beginning of the fiscal year

	Millions of yen
Net sales	¥ **43,524**
Operating income	**3,200**
Ordinary income	**3,165**
Net income	**1,528**

(The basis of pro forma financial information)
The pro forma financial information is calculated by comparing actual revenue and incomes in the consolidated statements of income to those assuming that the business combination was completed at the beginning of the fiscal year. The pro forma financial information also includes the impact from amortization of goodwill to be recognized at the beginning of the fiscal year. Actual results on operations when the business combination is completed at the beginning of the fiscal year is different from the pro forma financial information. The pro forma financial information mentioned above is unaudited.

30. 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 and Textile Machinery.

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, electronic components for automobiles, foundry parts for engines
Materials Handling Equipment	Lift trucks, warehouse trucks, automated storage and retrieval systems, aerial work platforms, lift truck attachments
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, instruments for ginning and cotton classing and fabric quality assurance

(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, 2013 and 2012:

	Millions of yen	
	2013	2012
Sales:		
Automobile		
Outside customer sales	**¥ 858,671**	¥ 803,176
Inter-segment transactions	**21,842**	23,747
	880,514	826,924
Materials Handling Equipment		
Outside customer sales	**596,449**	570,741
Inter-segment transactions	**566**	445
	597,015	571,187
Logistics		
Outside customer sales	**93,018**	92,973
Inter-segment transactions	**8,653**	9,413
	101,672	102,387
Textile Machinery		
Outside customer sales	**39,903**	38,541
Inter-segment transactions	**181**	54
	40,085	38,596
Others		
Outside customer sales	**27,202**	37,919
Inter-segment transactions	**12,265**	12,575
	39,467	50,495
Subtotal	**1,658,755**	1,589,589
Elimination of inter-segment transactions	**(43,510)**	(46,236)
Total	**¥1,615,244**	¥1,543,352
Segment income:		
Automobile	**¥ 29,411**	¥ 21,239
Materials Handling Equipment	**38,746**	38,241
Logistics	**4,834**	4,632
Textile Machinery	**586**	2,049
Others	**3,350**	3,639
Elimination of inter-segment transactions	**169**	290
Total	**¥ 77,098**	¥ 70,092
Assets:		
Automobile	**¥ 368,329**	¥ 334,825
Materials Handling Equipment	**714,958**	538,049
Logistics	**180,465**	177,756
Textile Machinery	**57,224**	47,979
Others	**98,636**	79,667
Corporate or elimination of inter-segment transactions	**1,824,166**	1,478,705
Total	**¥3,243,779**	¥2,656,984
Depreciation:		
Automobile	**¥ 39,174**	¥ 41,499
Materials Handling Equipment	**34,050**	31,123
Logistics	**7,553**	6,914
Textile Machinery	**2,239**	813
Others	**981**	1,655
Corporate or elimination of inter-segment transactions	**—**	—
Total	**¥ 83,999**	¥ 82,006
Amortization of goodwill:		
Automobile	**¥ 134**	¥ —
Materials Handling Equipment	**2,024**	2,215
Logistics	**3,271**	3,146
Textile Machinery	**1,325**	—
Others	**—**	—
Corporate or elimination of inter-segment transactions	**—**	—
Total	**¥ 6,756**	¥ 5,361

	Millions of yen	
	2013	2012
Investment in equity method company:		
Automobile	**¥ 1,300**	¥ 958
Materials Handling Equipment	**5,859**	5,972
Logistics	**—**	—
Textile Machinery	**—**	—
Others	**—**	—
Corporate or elimination of inter-segment transactions	**—**	—
Total	**¥ 7,160**	¥ 6,931
Increase in tangible assets and intangible assets:		
Automobile	**¥ 65,927**	¥ 38,909
Materials Handling Equipment	**56,462**	53,131
Logistics	**10,636**	6,180
Textile Machinery	**711**	471
Others	**785**	2,518
Corporate or elimination of inter-segment transactions	**—**	—
Total	**¥ 134,522**	¥ 101,211

(4) Related information

Geographical segments

As of and for the years ended March 31, 2013 and 2012:

	Millions of yen	
	2013	2012
Sales:		
Japan	**¥ 962,487**	¥ 927,777
U.S.A.	**224,572**	190,594
Others	**428,185**	424,980
Total	**¥1,615,244**	¥1,543,352
Tangible assets:		
Japan	**¥ 332,387**	¥ 344,087
Others	**217,427**	136,965
Total	**¥ 549,814**	¥ 481,053
Major customer:		
Sales (Automobile Segment)		
Toyota Motor Corporation	**¥ 621,049**	¥ 591,281
Total	**¥ 621,049**	¥ 591,281
Unamortized segment balance of goodwill:		
Automobile	**¥ —**	¥ —
Materials Handling Equipment	**61,434***	13,663
Logistics	**44,925**	48,235
Textile Machinery	**15,644**	6,925
Others	**—**	—
Corporate or elimination of inter-segment transactions	**—**	—
Total	**¥ 122,003**	¥ 68,824

Impairment loss: For the year ended March 31, 2013, impairment loss of ¥4,516 million on buildings and structures as well as machinery, equipment and vehicles as a result of the liquidation of TIBC Corporation, a former consolidated subsidiary, was recorded.

Negative goodwill: Negative goodwill is omitted due to its quantitative immateriality.

* Includes the provisional amount of ¥45,183 million since the allocation of costs arising from the acquisition has not been finalized.

31. 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, 2013 and 2012 were as follows:

	Millions of yen	
	2013	2012
Toyota Motor Corporation	**¥ 620,322**	¥ 590,640

Toyota Motor Corporation held 24.56% of the Company's voting rights as of March 31, 2013. 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, 2013 and 2012 were as follows:

Purchase of goods:

	Millions of yen	
	2013	2012
Toyota Motor Corporation	**¥ 432,029**	¥ 415,246

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, 2013 and 2012 were as follows:

Receivables from a related party:

	Millions of yen	
	2013	2012
Toyota Motor Corporation		
Accounts receivable	**¥ 23,774**	¥ 27,021
Trade notes receivable	**9,604**	6,888

Payables to a related party:

	Millions of yen	
	2013	2012
Toyota Motor Corporation	**¥ 52,841**	¥ 42,726

The balance as of March 31, 2013 and 2012 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, 2013 was as follows:

	Millions of yen
	2013
Akira Imura (Chairman of the Company)	**¥ 97**
Kazunori Yoshida (Vice Chairman of the Company)	**48**
Kimpei Mitsuya (Executive Vice President of the Company)	**53**
Kazue Sasaki (Senior Managing Director of the Company)	**73**
Shinya Furukawa (Senior Managing Director of the Company)	**73**
Akira Onishi (Senior Managing Director of the Company)	**11**
Masaharu Suzuki (Senior Managing Director of the Company)	**48**
Toshifumi Ogawa (Director of the Company)	**25**
Toshifumi Onishi (Director of the Company)	**48**

This transaction refers to the exercise of the subscription rights to shares as stipulated in Articles 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 and June 23, 2010.

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 Articles 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.

32. 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	
	2013	2012
Net income per share—basic:		
Net income	**¥ 53,119**	¥ 58,594
Net income not attributable to common shareholders (bonuses for directors and statutory audit & supervisory board members that are paid through appropriation)	**—**	—
Net income attributable to common shareholders	**53,119**	58,594
Weighted-average shares (thousands)	**311,810**	311,646
Net income per share—basic (exact yen amounts)	**¥ 170.36**	¥ 188.02
Net income per share—diluted	**¥ 170.35**	¥ —

33. Net assets per share:

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

	Millions of yen	
	2013	2012
Net assets per share:		
Total net assets	**¥1,524,933**	¥1,197,841
Amounts deducted from total net assets		
Subscription rights to shares	**1,478**	2,310
Minority interests in consolidated subsidiaries	**49,939**	54,051
Net assets applicable to common stock at end of year	**1,473,515**	1,141,480
Outstanding shares of common stock at end of year used for the computation of net assets per share (thousands)	**312,207**	311,687
Net assets per share (exact yen amounts)	**¥ 4,719.66**	¥ 3,662.26

34. Cash and cash flows:

(1) Cash and cash equivalents

The relationship between the accounts in the consolidated balance sheets and the remaining balance of cash and cash equivalents as of March 31, 2013 and 2012 is as follows:

	Millions of yen	
	2013	2012
Cash and deposits	**¥ 230,348**	¥ 223,854
Deposits which have a maturity of over three months to one year	**(84,036)**	(19,292)
Short-term investments (securities) which have an original maturity within three months	**33,047**	92,249
Cash and cash equivalents	**¥ 179,359**	¥ 296,811

(2) Payments for acquisition of Cascade Corporation

Regarding the acquisition of Cascade Corporation, the relationship between amounts of assets and liabilities acquired, acquisition cost and payments for acquisition is as follows:

	Millions of yen
Current assets	**¥ 23,690**
Fixed assets	**10,071**
Goodwill	**45,183**
Current liabilities	**(4,561)**
Fixed liabilities	**(2,653)**
Acquisition cost of Cascade Corporation	**(71,729)**
Cash and cash equivalents of Cascade Corporation	**7,310**
Payments for Acquisition of Cascade Corporation	**¥ (64,419)**

Since Toyota Industries acquired Cascade's stock just prior to the closing of the fiscal year under review, the allocation of costs arising from the acquisition has not been finalized. Consequently, Toyota Industries made a provisional settlement of accounts based on the information reasonably available at the closing of the fiscal year.

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, 2013, 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, 2013, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

PricewaterhouseCoopers Aarata

July 18, 2013

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