TOYOTA

Toyota Industries Report 2015

Financial Review for the Year Ended March 31, 2015

TOYOTA INDUSTRIES CORPORATION

Consolidated Eleven-Year Summary

Toyota Industries Corporation
Years ended March 31

	Millions of yen										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
For The Year											
Net sales	**¥2,166,661**	¥2,007,856	¥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
Operating income (loss)	**117,574**	107,691	77,098	70,092	68,798	22,002	(6,621)	96,853	89,954	64,040	53,120
Ordinary income	**170,827**	138,133	86,836	80,866	73,911	31,756	14,343	126,488	108,484	80,635	70,912
Net income (loss)	**115,263**	91,705	53,119	58,594	47,205	(26,273)	(32,767)	80,460	59,468	47,077	43,357
Investment in tangible assets	**¥ 126,395**	¥ 109,479	¥ 89,459	¥ 58,404	¥ 38,254	¥ 26,963	¥ 104,495	¥ 104,205	¥ 129,023	¥ 130,121	¥ 111,321
Depreciation	**70,782**	64,153	57,954	59,830	62,372	73,238	87,219	83,744	74,449	64,423	51,277
Research and development expenses	**47,785**	46,326	39,057	32,070	27,788	26,826	33,646	36,750	34,548	31,166	30,051
Per share of common stock (yen):											
Net income (loss) per share—basic	**¥ 367.06**	¥ 292.76	¥ 170.36	¥ 188.02	¥ 151.51	¥ (84.33)	¥ (105.16)	¥ 257.50	¥ 189.88	¥ 146.16	¥ 135.09
Net income per share—diluted	**366.99**	292.57	170.35	—	—	—	—	257.43	189.66	146.02	135.03
Total net assets per share	**7,500.16**	5,640.08	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
Cash dividends per share	**110.00**	85.00	55.00	50.00	50.00	30.00	40.00	60.00	50.00	38.00	32.00
At Year-End											
Total assets	**¥4,650,896**	¥3,799,010	¥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
Total net assets	**2,425,929**	1,829,326	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
Common stock	**80,462**	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462	80,462
Number of shares outstanding (excluding treasury stock) (thousands)	**314,155**	313,730	312,207	311,687	311,564	311,570	311,577	311,589	312,075	319,320	318,237
Cash Flows											
Net cash provided by operating activities	**¥ 182,191**	¥ 155,059	¥ 151,299	¥ 101,718	¥ 153,661	¥ 203,452	¥ 65,768	¥ 188,805	¥ 177,467	¥ 131,784	¥ 100,095
Net cash used in investing activities	**(160,769)**	(118,483)	(274,210)	(9,403)	(187,574)	(36,855)	(114,217)	(138,789)	(164,446)	(205,013)	(128,230)
Net cash provided by (used in) financing activities	**(8,918)**	6,183	7,050	10,279	(85,728)	(38,230)	120,971	(33,992)	(19,749)	85,172	50,020
Cash and cash equivalents at end of year	**248,706**	226,406	179,359	296,811	195,566	317,590	188,011	121,284	108,569	112,596	100,535
Indices											
Return on equity (ROE) (%)	**5.6**	5.7	4.1	5.4	4.5	(2.6)	(2.8)	5.1	3.5	3.5	4.1
Return on assets (ROA) (%)	**2.7**	2.6	1.8	2.3	1.9	(1.1)	(1.2)	2.5	1.7	1.7	2.0
Operating profit margin (%)	**5.4**	5.4	4.8	4.5	4.6	1.6	(0.4)	4.8	4.8	4.3	4.3
Equity ratio (%)	**50.7**	46.6	45.4	43.0	41.4	40.8	40.0	47.1	48.8	49.7	48.0
EBITDA (millions of yen)	**¥ 248,854**	¥ 216,175	¥ 155,234	¥ 161,876	¥ 150,481	¥ 90,521	¥ 71,608	¥ 222,125	¥ 191,007	¥ 150,674	¥ 128,381
Number of employees	**52,523**	49,333	47,412	43,516	40,825	38,903	39,916	39,528	36,096	32,977	30,990

1. Investment in tangible assets and depreciation apply to property, plant and equipment. They do not, however, include materials handling equipment leased under operating leases.
2. Net income (loss) per share is computed based on the average number of shares for each year.
3. ROE and ROA are computed based on the average total net assets and total assets, respectively, for each year. Investment securities are stated at market value.
4. Operating profit margin = Operating income (loss) / Net sales
5. Equity ratio = (Total net assets – Subscription rights to shares – Minority interests) / Total assets
6. 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 2015.

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 annual report.

The fiscal year ended March 31, 2015 is referred to as fiscal 2015 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 214 consolidated subsidiaries.

Results of Operations

Operating Performance

In fiscal 2015, the global economy registered a mild recovery overall due primarily to China's slowing growth despite the solid performance of the U.S. economy. The Japanese economy also decelerated as the consumption tax hike pushed down consumer spending.

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

As a result, total consolidated net sales amounted to ¥2,166.6 billion, an increase of ¥158.8 billion (8%) from fiscal 2014.

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 market continued to expand overseas on the back of strong sales in the Chinese and North American markets and an upturn in the European market despite a decline in sales in the Japanese market. Amid such operating conditions, net sales of the Automobile Segment totaled ¥1,050.7 billion, an increase of ¥44.1 billion (4%) from fiscal 2014. Operating income amounted to ¥35.9 billion, an increase of ¥0.8 billion (2%) from fiscal 2014.

Within this segment, net sales of the Vehicle Business amounted to ¥459.0 billion, a decrease of ¥8.0 billion (2%). Despite an increase in sales of the RAV4, sales of the Vitz (Yaris outside Japan) decreased.

Net sales of the Engine Business totaled ¥192.0 billion, a decrease of ¥10.5 billion (5%). This is attributable primarily to decreases in sales of KD diesel engines and AR gasoline engines.

Net sales of the Car Air-Conditioning Compressor Business totaled ¥324.6 billion, an increase of ¥48.9 billion (18%). Sales in the North American and Chinese markets increased while those in the Japanese market decreased.

Net sales of the Electronics Parts, Foundry and Others Business totaled ¥74.9 billion, an increase of ¥13.7 billion (22%).

Materials Handling Equipment

The materials handling equipment market as a whole continued to expand globally, as the Japanese and global markets in North America, Europe and China showed growth. Amid this operating climate, Toyota Industries strengthened production and sales structures and rolled out new products matched to respective markets. In July 2014, Toyota Industries commenced sales of 1.5- to 8.0-ton capacity GENEO internal-combustion lift trucks in Japan. Equipped with a new clean engine, the lift truck reduces environmental loads and improves driver safety and operability. Under such circumstances, sales of lift trucks, a mainstay product of this segment, increased in such regions as Japan, North America and Europe. Toyota Industries also made efforts to expand its business area through manufacturing and sales of lift truck attachments. These activities led to an increase in net sales of the Materials Handling Equipment Segment of ¥115.7 billion (14%) to ¥924.9 billion. Operating income amounted to ¥68.8 billion, an increase of ¥10.8 billion (19%) from fiscal 2014.

Logistics

Net sales of the Logistics Segment amounted to ¥98.0 billion, an increase of ¥2.7 billion (3%). This is attributable to an increase in sales of the commissioned logistics business and the cargo transport business of automotive-related parts. Operating income amounted to ¥6.2 billion, an increase of ¥1.1 billion (20%) from fiscal 2014.

Textile Machinery

The textile machinery market underperformed due mainly to an economic slowdown in China and other emerging countries in Asia. Despite sales of yarn quality measurement instruments increased, sales of weaving machinery decreased. As a result, net sales of the Textile Machinery Segment totaled ¥68.1 billion, a decrease of ¥5.0 billion (7%). Operating income amounted to ¥2.6 billion, a decrease of ¥2.9 billion (52%) from fiscal 2014.

Operating Income

Operating income for fiscal 2015 was ¥117.5 billion, an increase of ¥9.9 billion (9%) from fiscal 2014. This was due to an increase in net sales, cost reduction efforts throughout the Toyota Industries Group and exchange rate fluctuations despite an increase in labor costs, depreciation costs and raw material costs.

Ordinary Income

Ordinary income amounted to ¥170.8 billion, an increase of ¥32.7 billion (24%) from fiscal 2014. This was due mainly to dividends income of ¥52.9 billion, an increase of ¥14.3 billion (37%) from fiscal 2014.

Income before Income Taxes and Minority Interests

Income before income taxes and minority interests amounted to ¥170.8 billion, an increase of ¥32.7 billion (24%) from fiscal 2014. This was due mainly to ordinary income of ¥170.8 billion, an increase of ¥32.7 billion (24%) from fiscal 2014.

Net Income

Net income totaled ¥115.2 billion, an increase of ¥23.5 billion (26%) from fiscal 2014. Net income per share was ¥367.06 compared with ¥292.76 in fiscal 2014.

Consolidated Financial Condition

Total assets increased ¥851.8 billion from the end of the previous fiscal year to ¥4,650.8 billion due mainly to an increase in market value of investment securities. Liabilities amounted to ¥2,224.9 billion, an increase of ¥255.3 billion from the end of the previous fiscal year due mainly to an increase in deferred tax liabilities. Net assets amounted to ¥2,425.9 billion, an increase of ¥596.6 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 ¥182.1 billion in fiscal 2015, due mainly to posting income before income taxes and minority interests of ¥170.8 billion. Net cash provided by operating activities increased by ¥27.1 billion compared with an increase of ¥155.0 billion in fiscal 2014.

Cash flows from investing activities resulted in a decrease in cash of ¥160.7 billion in fiscal 2015, attributable primarily to an increase in payments for purchases of property, plant and equipment amounting to ¥169.8 billion. Net cash used in investing activities increased by ¥42.3 billion compared with a decrease of ¥118.4 billion in fiscal 2014.

Cash flows from financing activities resulted in a decrease in cash of ¥8.9 billion in fiscal 2015, due mainly to repayments of long-term loans payable of ¥40.4 billion, despite proceeds from long-term loans payable of ¥119.0 billion.

After adding translation adjustments and cash and cash equivalents at beginning of period, cash and cash equivalents as of March 31, 2015 stood at ¥248.7 billion, an increase of ¥22.3 billion (10%) over fiscal 2014.

Investment in Property, Plant and Equipment

During fiscal 2015, Toyota Industries made a total investment of ¥179.9 billion in property, plant and equipment (including vehicles and materials handling equipment for lease) in order to launch new products, streamline and upgrade production equipment.

In the Automobile Segment, investment in property, plant and equipment totaled ¥88.8 billion. A primary breakdown of this amount included ¥30.3 billion for the Company, ¥11.4 billion for Kirloskar Toyota Textile Machinery Pvt. Ltd., ¥10.2 billion for Toyota Industries Compressor Parts America, Co.,

¥7.9 billion for P.T. TD Automotive Compressor Indonesia, ¥6.7 billion for TD Automotive Compressor Kunshan Co., Ltd., ¥6.3 billion for Michigan Automotive Compressor, Inc., ¥3.7 billion for Tokaiseiki Co., Ltd., ¥2.9 billion for TD Automotive Compressor Georgia, LLC, ¥2.2 billion for Toyota Industry (Kunshan) Co., Ltd., ¥1.5 billion for Yantai Shougang TD Automotive Compressor Co., Ltd., ¥1.4 billion for Tokyu Co., Ltd., ¥1.3 billion for TD Deutsche Klimakompressor GmbH and ¥1.0 billion for IZUMI MACHINE MFG. CO., LTD.

The Materials Handling Equipment Segment made an investment in property, plant and equipment in the total amount of ¥76.0 billion. The primary breakdown comprised ¥3.1 billion for the Company, ¥33.5 billion for Toyota Material Handling Europe AB Group, ¥15.1 billion for The Raymond Corporation Group, ¥8.6 billion for Toyota Material Handling Australia Group, ¥2.3 billion for Cascade Corporation, ¥2.0 billion for Aichi Corporation, ¥1.7 billion for Toyota Material Handling Mercosur Indústria e Comércio de Equipamentos Ltda, ¥1.7 billion for Toyota Industrial Equipment Mfg., Inc., ¥1.3 billion for Atlas Toyota Material Handling and ¥1.0 billion for TOYOTA L&F Tokyo Co., Ltd.

Investment in property, plant and equipment in the Logistics Segment totaled ¥7.3 billion, including ¥4.5 billion for Asahi Security Co., Ltd. and ¥1.7 billion for Taikoh Transportation Co., Ltd.

The Textile Machinery Segment made an investment in property, plant and equipment in the total amount of ¥2.8 billion, including ¥1.1 billion for the Company.

The Others Segment made an investment in property, plant and equipment in the total amount of ¥4.9 billion, including ¥4.4 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 2016

With regard to the future economic outlook, Toyota Industries expects an ongoing recovery of the global economy. In Japan, a rise in wages is anticipated to push up consumer spending, but its overdependence on the U.S. economy requires close monitoring. Moreover, uncertainties surrounding the business climate such as a further deceleration of the Chinese economy, an unstable situation in the Middle East and a deflationary trend in Europe preclude optimism.

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 maintain and improve our solid management platform so that we can respond quickly to the changing market circumstances.

Specifically, Toyota Industries will work to incorporate quality and cost from the design phase and shorten the production lead time from development to sales, while promoting cost improvement activities in manufacturing operations. In addition, Toyota Industries will accelerate the development of technologies that overwhelm competitors around the world and plan and develop competitive products matched to the characteristics and needs of each market. Toyota Industries will also strive to establish global production and sales, and to enhance the value chain to provide a wide range of customer services in each country and region.

Over the medium to long term, based on our quality first approach, we regard our top priority tasks as responding to environmental and safety issues and enhancing global competitiveness. In doing so, we will support industries and social foundations around the world by continuously supplying products and services that anticipate customers' needs in order to contribute to a comfortable society and enriched lifestyles. As Toyota Industries announced in 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, "solutions" 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 Vision 2020.

To support such consolidated management on a global scale, Toyota Industries will aim to create a workplace climate that enables diverse human resources to share the Toyota Industries Group's values and fully demonstrate their abilities while developing human resources who can play active roles in countries around the world. In addition, Toyota Industries will strive to mitigate an increasing range of risks as business domains expand and make a swift and accurate response when such risks materialize.

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 11, 2015, approved a year-end cash dividend of ¥60.0 per share. Including the interim cash dividend of ¥50.0 per share, cash dividends for the year totaled ¥110.0 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 year-end).

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, 2015.

Principal Customers

Toyota Industries' automobile and engine products are sold primarily to Toyota Motor Corporation (TMC). In fiscal 2015, net sales to TMC accounted for 32.0% of consolidated net sales. Therefore, TMC's vehicle sales could have an impact on Toyota Industries' business results. As of March 31, 2015, TMC holds 24.40% of the Company's voting rights.

Product Development Capabilities

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

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

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

Intellectual Property Rights

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

Product Defects

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

Price Competition

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

Reliance on Suppliers of Raw Materials and Components

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

Environmental Regulations

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

Alliances with Other Companies

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

Exchange Rate Fluctuations

Toyota Industries' businesses encompass the production and sales of products and the provision of services worldwide. Generally, the strengthening of the yen against other currencies (especially against the U.S. dollar and the euro, which account for a significant portion of Toyota Industries' sales) has an adverse impact on Toyota Industries' business, while a weakening of the yen has a favorable impact. As such, in the businesses in which the Toyota Industries Group manufactures products in Japan and exports them, the strengthening of the yen could reduce Toyota Industries' relative price competitiveness on a global basis and have an adverse impact on Toyota Industries' financial condition and business results.

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' production facilities in Japan and most of its business partners are situated in the Chubu region. Therefore, major disasters in this region could delay or stop production or shipment activities. Such prolonged delays and stoppages could have an adverse impact on Toyota Industries' financial condition and business results.

Latent Risks Associated with International Activities

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

Retirement Benefit Liabilities

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

Significant Contract Agreements

Toyota Industries resolved at a meeting of the Board of Directors held on October 31, 2014 that Toyota Industries Commercial Finance, Inc. (TICF), a U.S. sales finance subsidiary of Toyota Industries, would acquire the business and substantially all assets relating to the Commercial Finance Division of Toyota Motor Credit Corporation (TMCC), a U.S. finance subsidiary of Toyota Motor Corporation, and concluded a contract agreement with TMCC to this effect on December 2, 2014.

In order for TICF to acquire TMCC's Commercial Finance Division and commence operations, however, various prerequisites must be satisfied, including the acquisition of licenses from the appropriate U.S. authorities (respective U.S. states).

1) Acquisition targets: Financial assets, goodwill, etc.
2) Acquisition value: Approximately US$2.0 billion (estimated)

Significant Accounting Policies and Estimates

Toyota Industries' financial statements are prepared in conformity with accounting principles 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. 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, 2015, Toyota Industries holds 7.13% (224,515 thousand shares) of TMC's total shares in issue. Likewise, as of the same date, TMC holds 24.40% 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 2015, our net sales to TMC accounted for 32.0% 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, 2015 and 2014

	Millions of yen	
	2015	2014
Assets		
Current assets:		
Cash and deposits (Note 9)	**¥ 247,273**	¥ 226,383
Cash deposits for cash collection and deposit services	**58,250**	50,765
Trade notes and accounts receivable (Note 9)	**265,504**	246,676
Lease investment assets (Note 22)	**55,868**	50,122
Short-term investments	**34,085**	46,012
Merchandise and finished goods (Note 9)	**86,865**	77,989
Work in process	**43,320**	38,782
Raw materials and supplies (Note 9)	**64,651**	53,470
Deferred tax assets (Note 21)	**24,234**	25,961
Other current assets	**68,603**	59,727
Allowance for doubtful accounts	**(3,756)**	(3,832)
Total current assets	**944,901**	872,058
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (Notes 6 and 9)	**423,670**	395,692
Accumulated depreciation	**(250,488)**	(238,697)
Buildings and structures, net	**173,181**	156,995
Machinery, equipment and vehicles (Notes 6 and 9)	**1,068,628**	976,511
Accumulated depreciation	**(747,732)**	(703,217)
Machinery, equipment and vehicles, net	**320,895**	273,294
Tools, furniture and fixtures (Note 6)	**159,660**	149,580
Accumulated depreciation	**(120,309)**	(114,281)
Tools, furniture and fixtures, net	**39,351**	35,298
Land (Note 9)	**120,652**	119,107
Construction in progress	**53,451**	41,418
Total property, plant and equipment	**707,532**	626,114
Intangible assets:		
Goodwill	**95,985**	100,814
Other intangible assets	**96,716**	90,068
Total intangible assets	**192,702**	190,882
Investments and other assets:		
Investment securities (Notes 8 and 9)	**2,593,522**	1,926,353
Deferred tax assets (Note 21)	**18,228**	15,285
Lease investment assets (Note 22)	**135,958**	118,849
Net defined benefit assets	**28,289**	21,501
Other investments and other assets (Note 8)	**30,622**	28,291
Allowance for doubtful accounts	**(860)**	(328)
Total investments and other assets	**2,805,760**	2,109,954
Total fixed assets	**3,705,995**	2,926,951
Total assets	**¥4,650,896**	¥3,799,010

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

	Millions of yen	
	2015	2014
Liabilities		
Current liabilities:		
Trade notes and accounts payable	**¥ 205,816**	¥ 196,904
Short-term loans payable (Note 9)	**99,736**	120,058
Commercial paper	**—**	20,524
Current portion of bonds (Note 7)	**47,053**	29,139
Lease obligations (Notes 7 and 22)	**45,665**	47,644
Accounts payable—other	**29,245**	29,138
Accrued income taxes	**13,686**	25,962
Deferred tax liabilities (Note 21)	**636**	1,458
Allowance for bonuses to directors	**626**	619
Other current obligations (Notes 9 and 11)	**210,721**	191,903
Total current liabilities	**653,187**	663,353
Long-term liabilities:		
Bonds payable (Note 7)	**185,998**	212,128
Long-term loans payable (Notes 7 and 9)	**421,154**	323,400
Lease obligations (Notes 7 and 22)	**117,185**	122,151
Deferred tax liabilities (Note 21)	**737,268**	567,859
Net defined benefit liabilities (Notes 10 and 19)	**86,766**	63,854
Other long-term liabilities (Note 11)	**23,404**	16,936
Total long-term liabilities	**1,571,779**	1,306,330
Total liabilities	**2,224,967**	1,969,684
Net Assets		
Shareholders' equity (Note 13)**:**		
Capital stock		
Authorized — 1,100,000,000 shares		
Issued — 325,840,640 shares as of March 31, 2015 325,840,640 shares as of March 31, 2014	**80,462**	80,462
Capital surplus	**105,592**	105,654
Retained earnings	**644,165**	563,957
Treasury stock 11,684,749 shares as of March 31, 2015 12,109,864 shares as of March 31, 2014	**(41,509)**	(43,012)
Total shareholders' equity	**788,711**	707,062
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	**1,523,393**	1,022,525
Deferred gains or losses on hedges	**(19)**	(139)
Foreign currency translation adjustment	**55,598**	44,649
Defined benefit plan adjustments (Note 19)	**(11,463)**	(4,629)
Total accumulated other comprehensive income	**1,567,509**	1,062,404
Subscription rights to shares	**72**	330
Minority interests	**69,636**	59,528
Total net assets	**2,425,929**	1,829,326
Total liabilities and net assets	**¥4,650,896**	¥3,799,010

Consolidated Statements of Income

Toyota Industries Corporation
For the years ended March 31, 2015 and 2014

	Millions of yen	
	2015	2014
Net sales	**¥2,166,661**	¥2,007,856
Cost of sales (Note 14)	**1,765,861**	1,651,573
Gross profit	**400,799**	356,282
Selling, general and administrative expenses (Notes 14 and 19)**:**		
Sales commissions	**16,291**	13,832
Salaries and allowances	**97,038**	85,831
Retirement benefit expenses	**4,176**	3,788
Depreciation	**13,968**	11,125
Research and development expenses	**41,930**	39,363
Others	**109,819**	94,647
Total selling, general and administrative expenses	**283,224**	248,590
Operating income	**117,574**	107,691
Non-operating income:		
Interest income	**12,357**	11,205
Dividends income	**52,955**	38,602
Gain on sales of marketable securities	**735**	1,106
Equity in net earnings of affiliated companies	**1,790**	2,294
Other non-operating income	**10,878**	7,319
Total non-operating income	**78,717**	60,527
Non-operating expenses:		
Interest expenses	**15,876**	16,023
Loss on disposal of fixed assets	**1,665**	1,345
Other non-operating expenses	**7,922**	12,718
Total non-operating expenses	**25,465**	30,086
Ordinary income	**170,827**	138,133
Income before income taxes and minority interests	**170,827**	138,133
Income taxes—current (Note 21)	**41,181**	40,670
Income taxes—deferred (Note 21)	**7,971**	3,263
Total income taxes	**49,153**	43,934
Income before minority interests	**121,674**	94,198
Minority interests in income	**6,410**	2,493
Net income	**¥ 115,263**	¥ 91,705

	Yen	
Net income per share—basic (Note 27)	**¥ 367.06**	¥ 292.76
Net income per share—diluted (Note 27)	**366.99**	292.57
Net assets per share (Note 28)	**7,500.16**	5,640.08
Cash dividends per share	**110.00**	85.00

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, 2015 and 2014

	Millions of yen	
	2015	2014
Income before minority interests	**¥121,674**	¥ 94,198
Other comprehensive income:		
Valuation difference on available-for-sale securities (Note 15)	**501,084**	192,795
Deferred gains or losses on hedges (Note 15)	**120**	97
Foreign currency translation adjustment (Note 15)	**13,362**	33,588
Defined benefit plan adjustments (Note 19)	**(6,725)**	—
Share of other comprehensive income of associates accounted for using equity method (Note 15)	**109**	526
Total other comprehensive income	**507,952**	227,007
Comprehensive income	**629,626**	321,206
Profit attributable to:		
Owners of the parent	**620,368**	315,759
Minority interests	**9,258**	5,447

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

Consolidated Statements of Changes in Net Assets

Toyota Industries Corporation
For the year ended March 31, 2015

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2014	¥80,462	¥105,654	¥563,957	¥(43,012)	¥707,062
Cumulative effects of changes in accounting policies			(3,668)		(3,668)
Restated balance	80,462	105,654	560,288	(43,012)	703,393
Changes of items during the period					
Dividends from surplus			(31,386)		(31,386)
Net income			115,263		115,263
Repurchase of treasury stock				(20)	(20)
Disposal of treasury stock		(61)		1,523	1,461
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(61)	83,876	1,502	85,317
Balance at March 31, 2015	¥80,462	¥105,592	¥644,165	¥(41,509)	¥788,711

	Millions of yen							
	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Defined benefit plan adjustments	Total accumulated other comprehensive income			
Balance at March 31, 2014	¥1,022,525	¥(139)	¥44,649	¥ (4,629)	¥1,062,404	¥ 330	¥59,528	¥1,829,326
Cumulative effects of changes in accounting policies							256	(3,412)
Restated balance	1,022,525	(139)	44,649	(4,629)	1,062,404	330	59,784	1,825,914
Changes of items during the period								
Dividends from surplus								(31,386)
Net income								115,263
Repurchase of treasury stock								(20)
Disposal of treasury stock								1,461
Net changes of items other than shareholders' equity	500,868	120	10,949	(6,833)	505,105	(258)	9,852	514,698
Total changes of items during the period	500,868	120	10,949	(6,833)	505,105	(258)	9,852	600,015
Balance at March 31, 2015	¥1,523,393	¥ (19)	¥55,598	¥(11,463)	¥1,567,509	¥ 72	¥69,636	¥2,425,929

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

Toyota Industries Corporation
For the year ended March 31, 2014

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2013	¥80,462	¥105,898	¥492,578	¥(48,405)	¥630,534
Changes of items during the period					
Dividends from surplus			(20,326)		(20,326)
Net income			91,705		91,705
Repurchase of treasury stock				(96)	(96)
Disposal of treasury stock		(244)		5,489	5,245
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(244)	71,378	5,393	76,527
Balance at March 31, 2014	¥80,462	¥105,654	¥563,957	¥(43,012)	¥707,062

	Millions of yen							
	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Defined benefit plan adjustments	Total accumulated other comprehensive income			
Balance at March 31, 2013	¥ 830,054	¥(237)	¥13,163	¥ —	¥ 842,980	¥ 1,478	¥49,939	¥1,524,933
Changes of items during the period								
Dividends from surplus								(20,326)
Net income								91,705
Repurchase of treasury stock								(96)
Disposal of treasury stock								5,245
Net changes of items other than shareholders' equity	192,470	97	31,485	(4,629)	219,423	(1,147)	9,588	227,865
Total changes of items during the period	192,470	97	31,485	(4,629)	219,423	(1,147)	9,588	304,392
Balance at March 31, 2014	¥1,022,525	¥(139)	¥44,649	¥(4,629)	¥1,062,404	¥ 330	¥59,528	¥1,829,326

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

Consolidated Statements of Cash Flows

Toyota Industries Corporation
For the years ended March 31, 2015 and 2014

	Millions of yen	
	2015	2014
Cash flows from operating activities:		
Income before income taxes and minority interests	**¥ 170,827**	¥ 138,133
Depreciation and amortization	**127,463**	111,826
Increase (decrease) in allowance for doubtful accounts	**663**	504
Interest and dividends income	**(65,312)**	(49,807)
Interest expenses	**15,876**	16,023
Equity in net (earnings) losses of affiliates	**(1,790)**	(2,294)
(Increase) decrease in receivables—trade	**(16,129)**	(13,469)
(Increase) decrease in inventories	**(20,142)**	(15,459)
Increase (decrease) in payables—trade	**5,100**	6,305
Others, net	**(30,048)**	(32,107)
Subtotal	**186,507**	159,655
Interest and dividends income received	**65,077**	49,782
Interest expenses paid	**(15,622)**	(15,517)
Income taxes (paid) refunded	**(53,770)**	(38,861)
Net cash provided by operating activities	**182,191**	155,059
Cash flows from investing activities:		
Payments for purchases of property, plant and equipment	**(169,842)**	(131,672)
Proceeds from sales of property, plant and equipment	**11,244**	12,879
Payments for purchases of investment securities	**(6,713)**	(32,015)
Proceeds from sales of investment securities	**1,158**	2,211
Payments for acquisition of subsidiaries' stock resulting in change in scope of consolidation	**(947)**	(1,137)
Proceeds from acquisition of subsidiaries' stock resulting in change in scope of consolidation	**—**	265
Payments for loans made	**(783)**	(867)
Proceeds from collections of loans	**711**	640
Net (increase) decrease in time deposits	**12,896**	38,390
Others, net	**(8,495)**	(7,177)
Net cash used in investing activities	**(160,769)**	(118,483)
Cash flows from financing activities:		
Increase (decrease) in short-term loans payable	**(24,861)**	(59,236)
Proceeds from long-term loans payable	**119,053**	128,203
Repayments of long-term loans payable	**(40,478)**	(60,721)
Proceeds from issuance of bonds	**20,000**	26,660
Repayments of bonds	**(29,284)**	(4,505)
Payments for repurchase of treasury stocks	**(20)**	(96)
Cash dividends paid	**(31,386)**	(20,326)
Cash dividends paid to minority shareholders	**(516)**	(454)
Proceeds from payment by minority shareholders	**36**	270
Others, net	**(21,460)**	(3,609)
Net cash provided by (used in) financing activities	**(8,918)**	6,183
Translation adjustments of cash and cash equivalents	**9,797**	4,286
Net increase (decrease) in cash and cash equivalents	**22,300**	47,046
Cash and cash equivalents at beginning of period	**226,406**	179,359
Cash and cash equivalents at end of period	**¥ 248,706**	¥ 226,406

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 214 subsidiaries (38 subsidiaries in Japan and 176 subsidiaries outside Japan) as of March 31, 2015.

For the year ended March 31, 2015, seven subsidiaries were newly added to the scope of consolidation and eight companies were excluded from the scope of consolidation because of liquidation and mergers as a result of reorganization. Changes in the number of consolidated subsidiaries for the year ended March 31, 2015 are listed below.

(increase)
Takeuchi Industrial Equipment Manufacturing Co., Ltd.
Toyota Industries Global Commercial Finance, Inc.
Toyota Industries Commercial Finance, Inc.
Toyota Material Handling Marketing Asia Pacific Pte, Ltd.
Cascade Corporation Group (1 company)
Toyota Industries Europe AB Group (1 company)
The Raymond Corporation Group (1 company)

(decrease)
Elett Corporation
Aichi Corporation Group (2 companies)
Uster Technologies AG Group (1 company)
Cascade Corporation Group (1 company)
Toyota Industries Europe AB Group (2 companies)
The Raymond Corporation Group (1 company)

Industrial Components and Attachments, Inc. and 28 group companies of the Cascade Corporation Group, which are subsidiaries outside Japan, have changed their fiscal year-end from January 31 to March 31 in fiscal 2015, and consequently, their accounting period is 14 months. In addition, 13 group companies of the Uster Technologies AG Group, which are subsidiaries outside Japan, have changed their fiscal year-end from December 31 to March 31 in fiscal 2015, and consequently, their accounting period is 15 months. Toyota Industry (Kunshan) Co., Ltd., Toyota Material Handling (Shanghai) Co., Ltd., TD Automotive Compressor Kunshan Co., Ltd., Toyota Industries Management (China) Co., Ltd., Toyota Textile Machinery (Shanghai) Co., Ltd., Wanbishi Archives (Kunshan), Co., Ltd., Zhejiang Aichi Industrial Machinery, Co., Ltd. and Yantai Shougan Toyota Industries Co., Ltd., which are subsidiaries outside Japan, have been consolidated after the provisional settlement of accounts on the Company's fiscal year-end of March 31. The impact from changes in the fiscal year-end or from consolidation based on the provisional settlement of accounts at March 31 has been adjusted on the consolidated statements of income.

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

(2) Equity method

Investments in 12 major affiliates in 2015 are accounted for by the equity method of accounting.

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, 2015.

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 line item 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 (Except for lease assets)
Amortization of intangible assets is computed using the straight-line method.

(9) Lease assets
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
Bonuses to directors and managing officers are recorded on the accrual basis.

(13) Allowance for retirement benefits for directors, managing officers and audit & supervisory board members
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, managing officers and audit & supervisory board members is accrued.

(14) Accounting treatment of retirement benefits
(a) Method of attributing expected benefit to periods
Retirement benefit obligations are measured by actuarial calculations based on the benefit formula as the attribution method.
(b) Treatment of actuarial gains and losses and past service costs
Unrecognized past service costs are amortized by the straight-line method over the remaining average service period of employees. Unrecognized actuarial gain or loss at the end of the prior year is amortized by the straight-line method over the remaining average service period of employees.

(15) 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.

(16) Hedge accounting
(a) Method of hedge accounting
Mainly the deferral method of hedge accounting is applied. In the case of foreign currency forward contracts, foreign currency option contracts and foreign currency swaps, 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.

(17) 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.

(18) 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.

(19) 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.

(20) 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. Accounting changes:

Changes in accounting policies resulting from changes in accounting standards
Effective from fiscal 2015, Toyota Industries Corporation and its consolidated subsidiaries in Japan adopted the provisions prescribed in Paragraph 35 of the Accounting Standards Board of Japan's new Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012) and the provisions prescribed in Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, March 26, 2015). Consequently, Toyota Industries Corporation and its consolidated subsidiaries in Japan changed the attribution method in calculating retirement benefit obligations from straight-line attribution to the benefit formula, and changed the calculation method of discount rates. Changes in the attribution method and calculation of discount rates had been adjusted in retained earnings at the beginning of fiscal 2015 in accordance with transitional measures per Paragraph 37 of ASBJ Statement No. 26.
As a result, net defined benefit assets decreased by ¥4,026 million, net defined benefit liabilities increased by ¥1,180 million and retained earnings decreased by ¥3,668 million at the beginning of fiscal 2015.
Refer to Note 28 "Net assets per share" for the impact on per share information.

4. Accounting standards issued but not yet effective:

Toyota Industries Corporation and its consolidated subsidiaries in Japan have not yet adopted the following accounting standards as of March 31, 2015.

· Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013)
· Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013)
· Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013)
· Accounting Standard for Earnings Per Share (ASBJ Statement No. 2, September 13, 2013)
· Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, September 13, 2013)
· Guidance on Accounting Standard for Earnings Per Share (ASBJ Guidance No. 4, September 13, 2013)

(1) Overview
These changes in accounting standards mainly have an impact on 1) accounting for changes in a parent's ownership interest which do not result in a loss of control, 2) accounting for acquisition-related costs, 3) presentation of net income and non-controlling interest (former "minority interest") and 4) handling of provisional accounting for business combinations.

(2) Date of adoption
The amended accounting standards and guidance are effective from the beginning of the fiscal year ending March 31, 2016. The provisional accounting is effective for business combinations on and after the beginning of the fiscal year ending March 31, 2016.

(3) Impact of adopting the accounting standards and its guidance
The Company and its consolidated subsidiaries in Japan are currently in the process of determining the effects of these new standards on the consolidated financial statements.

5. Changes in presentation:

(Consolidated Balance Sheets)
"Net defined benefit assets," which was included in "Other investments and other assets" under "Investments and other 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.

(Retirement benefits)
Due to the amendment of "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015), prior year presentation of multi-employer plans in Note 19 "Retirement benefits" has been changed and reclassified to conform with the current year presentation. Refer to Note 19 for this change.

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, 2015 and 2014 consist of the following:

	Millions of yen	
	2015	2014
1.46% bonds due 2014 without collateral	**¥ —**	¥ 20,000
1.66% bonds due 2015 without collateral	**30,000**	30,000
0.45–0.74% medium-term notes due 2015 without collateral	**7,053**	15,271
1.95% bonds due 2016 without collateral	**19,998**	19,997
1.72% bonds due 2018 without collateral	**26,000**	26,000
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**	10,000
0.265% bonds due 2017 without collateral	**10,000**	10,000
0.821% bonds due 2022 without collateral	**10,000**	10,000
0.554% bonds due 2020 without collateral	**10,000**	10,000
0.797% bonds due 2023 without collateral	**10,000**	10,000
0.234% bonds due 2019 without collateral	**10,000**	—
0.361% bonds due 2021 without collateral	**10,000**	—
Total	**¥ 233,051**	¥ 241,268
	(47,053)	

The amount shown in parentheses in total for 2015 is that redeemed within one year.

(2) Annual maturities of bonds payable as of March 31, 2015 are as follows:

	Millions of yen
Year ending March 31	Total
2016	**¥ 47,053**
2017	**19,998**
2018	**10,000**
2019	**76,000**
2020	**10,000**
2021 and thereafter	**70,000**
Total	**¥ 233,051**

(3) Other debts as of March 31, 2015 and 2014 consist of the following:

	Millions of yen		Weighted-average interest rate (%)
	2015	2014	
Short-term loans payable	**¥ 55,369**	¥ 76,648	1.23
Long-term loans payable:			
Current portion	**44,367**	43,409	1.40
Non-current portion	**421,154**	323,400	1.01
Lease obligations:			
Current portion	**45,665**	47,644	—
Non-current portion	**117,185**	122,151	—
Commercial paper	**—**	20,524	—
Total	**¥ 683,742**	¥ 633,778	—

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, 2015 are as follows:

	Millions of yen		
Year ending March 31	Long-term loans payable	Lease obligations	Total
2017	**¥ 52,678**	**¥ 42,828**	**¥ 95,506**
2018	**109,667**	**34,264**	**143,931**
2019	**156,954**	**23,673**	**180,628**
2020	**39,854**	**12,475**	**52,329**
2021 and thereafter	**62,000**	**3,943**	**65,943**
Total	**¥ 421,154**	**¥ 117,185**	**¥ 538,340**

8. Investments in affiliated companies:

Investments in affiliated companies as of March 31, 2015 and 2014 are as follows:

	Millions of yen	
	2015	2014
Investment securities (stock)	**¥ 8,785**	¥ 7,901
Other investments and other assets (others)	**5,526**	4,636

9. Assets pledged as collateral:

(1) Assets pledged as collateral as of March 31, 2015 and 2014 are as follows:

	Millions of yen	
	2015	2014
Investment securities	**¥ 143,192**	¥ 122,264
Merchandise and finished goods	**1,591**	3,187
Trade notes and accounts receivable	**1,566**	9,681
Machinery, equipment and vehicles	**1,112**	4,569
Buildings and structures	**118**	2,956
Land	**17**	726
Cash and deposits	**—**	6,194
Raw materials and supplies	**—**	6,112
Other assets	**—**	475
Total	**¥ 147,596**	¥ 156,167

(2) Secured liabilities as of March 31, 2015 and 2014 are as follows:

	Millions of yen	
	2015	2014
Other current obligations	**¥ 27,284**	¥ 25,751
Short-term loans payable	**3,554**	951
Long-term loans payable	**715**	205
Total	**¥ 31,554**	¥ 26,909

10. Allowance for retirement benefits to directors, managing officers and audit & supervisory board members:

Net defined benefit liabilities including the allowance for retirement benefits to directors, managing officers and audit & supervisory board members for the years ended March 31, 2015 and 2014 is as follows:

	Millions of yen	
	2015	2014
Allowance for retirement benefits to directors, managing officers and audit & supervisory board members	**¥ 1,605**	¥ 1,787

11. Asset retirement obligations:

The amount of asset retirement obligations as of March 31, 2015 and 2014, 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. Export discount bills:

Export discount bills as of March 31, 2015 and 2014 are as follows:

	Millions of yen	
	2015	2014
Export discount bills	**¥ 233**	¥ 271

13. 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.

14. Research and development expenses:

Research and development expenses, which are included in selling, general and administrative expenses and manufacturing costs, amounted to ¥47,785 million and ¥46,326 million for the years ended March 31, 2015 and 2014, respectively.

15. Comprehensive income:

Recycling and tax effect relating to other comprehensive income for the years ended March 31, 2015 and 2014 are as follows:

	Millions of yen	
	2015	2014
Valuation difference on available-for-sale securities		
Amount arising during the period	**¥ 660,681**	¥ 296,228
Recycling	**(734)**	(0)
Before tax effect adjustment	**659,946**	296,228
Tax effect	**(158,862)**	(103,432)
Valuation difference on available-for-sale securities	**501,084**	192,795
Deferred gains or losses on hedges		
Amount arising during the period	**(2,835)**	147
Recycling	**3,010**	91
Before tax effect adjustment	**175**	239
Tax effect	**(54)**	(141)
Deferred gains or losses on hedges	**120**	97
Foreign currency translation adjustment		
Amount arising during the period	**13,431**	33,586
Recycling	**(68)**	1
Foreign currency translation adjustment	**13,362**	33,588
Defined benefit plan adjustments		
Amount arising during the period	**(8,565)**	—
Recycling	**398**	—
Before tax effect adjustment	**(8,166)**	—
Tax effect	**1,441**	—
Defined benefit plan adjustments	**(6,725)**	—
Share of other comprehensive income of associates accounted for using equity method		
Amount arising during the period	**109**	526
Other comprehensive income	**507,952**	227,007

16. 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, 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 measuring effectiveness are referred to in Note 2 "(16) 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, 2015

The amounts in the consolidated balance sheets, fair values and the differences between those as of March 31, 2015 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
(1) Cash and deposits	¥ 247,273	¥ 247,273	¥ —
(2) Cash deposits for cash collection and deposit services	58,250	58,250	—
(3) Trade notes and accounts receivable	261,757	261,756	(0)
(4) Lease investment assets (current assets)	55,868	55,868	—
(5) Short-term investments and investment securities			
Other securities	2,588,295	2,588,295	—
(6) Lease investment assets (fixed assets)	135,958	133,231	(2,726)
Total assets	¥ 3,347,404	¥ 3,344,677	¥ (2,727)
(1) Trade notes and accounts payable	¥ (205,816)	¥ (205,816)	¥ 0
(2) Short-term loans payable	(99,736)	(99,736)	—
(3) Current portion of bonds	(47,053)	(47,053)	—
(4) Lease obligations (current liabilities)	(45,665)	(45,665)	—
(5) Bonds payable	(185,998)	(194,364)	(8,366)
(6) Long-term loans payable	(421,154)	(427,974)	(6,819)
(7) Lease obligations (long-term liabilities)	(117,185)	(118,201)	(1,015)
Total liabilities	¥ (1,122,610)	¥ (1,138,812)	¥ (16,201)
Derivative transactions*3			
Derivative instruments for which hedge accounting is not applied	¥ (1,757)	¥ (1,757)	¥ —
Derivative instruments for which hedge accounting is applied	41	41	—
Total derivative transactions	¥ (1,716)	¥ (1,716)	¥ —

*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 in 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 17 "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) Current portion of bonds, (4) 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.

(5) 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.

(6) 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.

(7) 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 18 "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	¥ 8,785
Other securities	30,527
Total	¥ 39,312

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, 2015 for monetary credits and liabilities as well as marketable securities with maturities

	Millions of yen			
Year ending March 31	2016	2017-2020	2021-2025	2026 and thereafter
Cash and deposits	¥ 247,273	¥ —	¥ —	¥ —
Cash deposits for cash collection and deposit services	58,250	—	—	—
Trade notes and accounts receivable	261,391	365	—	—
Lease investment assets (fixed assets)	—	131,994	3,964	—
Total	¥ 566,915	¥ 132,360	¥ 3,964	¥ —

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	2016	2017	2018	2019	2020	2021-2025	2026 and thereafter
Bonds payable	¥ —	¥ 19,998	¥ 10,000	¥ 76,000	¥ 10,000	¥ 70,000	¥ —
Long-term loans payable	—	52,678	109,667	156,954	39,854	62,000	—
Lease obligations (long-term liabilities)	—	42,828	34,264	23,673	12,475	3,813	130
Total	¥ —	¥ 115,505	¥ 153,931	¥ 256,628	¥ 62,329	¥ 135,813	¥ 130

For the year ended March 31, 2014

The amounts in the consolidated balance sheets, fair values and the differences between those as of March 31, 2014 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
(1) Cash and deposits	¥ 226,383	¥ 226,383	¥ —
(2) Cash deposits for cash collection and deposit services	50,765	50,765	—
(3) Trade notes and accounts receivable	242,847	242,846	(1)
(4) Lease investment assets (current assets)	50,122	50,122	—
(5) Short-term investments and investment securities			
Other securities	1,933,925	1,933,925	—
(6) Lease investment assets (fixed assets)	118,849	113,574	(5,275)
Total assets	¥ 2,622,893	¥ 2,617,616	¥ (5,277)
(1) Trade notes and accounts payable	¥ (196,904)	¥ (196,904)	¥ —
(2) Short-term loans payable	(120,058)	(120,058)	—
(3) Commercial paper	(20,524)	(20,524)	—
(4) Current portion of bonds	(29,139)	(29,139)	—
(5) Lease obligations (current liabilities)	(47,644)	(47,644)	—
(6) Bonds payable	(212,128)	(218,425)	(6,296)
(7) Long-term loans payable	(323,400)	(326,476)	(3,076)
(8) Lease obligations (long-term liabilities)	(122,151)	(122,957)	(805)
Total liabilities	¥ (1,071,951)	¥ (1,082,129)	¥ (10,178)
Derivative transactions*3			
Derivative instruments for which hedge accounting is not applied	¥ (464)	¥ (464)	¥ —
Derivative instruments for which hedge accounting is applied	(12)	(12)	—
Total derivative transactions	¥ (476)	¥ (476)	¥ —

*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 in 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 17 "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 18 "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	¥ 7,901
Other securities	30,539
Total	¥ 38,441

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, 2014 for monetary credits and liabilities as well as marketable securities with maturities

	Millions of yen			
Year ending March 31	2015	2016-2019	2020-2024	2025 and thereafter
Cash and deposits	¥ 226,383	¥ —	¥ —	¥ —
Cash deposits for cash collection and deposit services	50,765	—	—	—
Trade notes and accounts receivable	242,328	518	—	—
Lease investment assets (fixed assets)	—	115,743	3,106	—
Total	¥ 519,476	¥ 116,262	¥ 3,106	¥ —

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	2015	2016	2017	2018	2019	2020-2024	2025 and thereafter
Bonds payable	¥ —	¥ 46,131	¥ 19,997	¥ 10,000	¥ 76,000	¥ 60,000	¥ —
Long-term loans payable	—	41,112	36,015	76,426	112,856	56,989	—
Lease obligations (long-term liabilities)	—	41,702	35,170	25,885	14,838	4,403	150
Total	¥ —	¥ 128,946	¥ 91,182	¥ 112,311	¥ 203,695	¥ 121,393	¥ 150

17. Marketable securities:

(1) Other securities with readily determinable fair value

As of and for the year ended March 31, 2015

	Millions of yen		
	Acquisition cost	Carrying amount	Difference
Securities with carrying amount exceeding acquisition cost:			
Stocks	**¥ 321,770**	**¥2,553,750**	**¥2,231,979**
Others	**310**	**346**	**35**
Subtotal	**322,081**	**2,554,097**	**2,232,015**
Securities with carrying amount not exceeding acquisition cost:			
Stocks	**117**	**113**	**(4)**
Others	**34,085**	**34,085**	**—**
Subtotal	**34,202**	**34,198**	**(4)**
Total	**¥ 356,284**	**¥2,588,295**	**¥2,232,011**

Non-listed stocks (total amount is ¥30,527 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, 2014

	Millions of yen		
	Acquisition cost	Carrying amount	Difference
Securities with carrying amount exceeding acquisition cost:			
Stocks	¥ 310,626	¥1,882,659	¥1,572,033
Others	195	232	37
Subtotal	310,821	1,882,892	1,572,070
Securities with carrying amount not exceeding acquisition cost:			
Stocks	5,156	5,019	(136)
Others	46,012	46,012	—
Subtotal	51,168	51,032	(136)
Total	¥ 361,990	¥1,933,925	¥1,571,934

Non-listed stocks (total amount is ¥30,539 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, 2015 and 2014

Other securities sold are omitted due to their quantitative immateriality.

18. Derivative instruments:

(1) Quantitative disclosure about derivatives for the year ended March 31, 2015

1) Derivative instruments for which hedge accounting is not applied

(a) Foreign currency transactions as of March 31, 2015 are as follows:

Category	Type	Millions of yen			
		Notional amount		Fair value*2	Net unrealized gain/loss
		Total	Maturity over 1 year		
Transactions other than market transactions	Foreign currency forward contracts transactions				
	Buy JPY / Sell USD	**¥ 191**	**¥ —**	**¥ (11)**	**¥ (11)**
	Buy JPY / Sell EUR	**250**	**—**	**1**	**1**
	Buy JPY / Sell AUD	**120**	**—**	**0**	**0**
	Buy JPY / Sell other foreign currencies	**642**	**—**	**58**	**58**
	Buy EUR / Sell JPY	**570**	**—**	**(6)**	**(6)**
	Buy EUR / Sell other foreign currencies	**1,640**	**—**	**(18)**	**(18)**
	Buy SEK / Sell EUR	**35,195**	**—**	**139**	**139**
	Buy SEK / Sell GBP	**3,054**	**—**	**(164)**	**(164)**
	Buy SEK / Sell other foreign currencies	**34,478**	**—**	**(867)**	**(867)**
	Sell SEK / Buy EUR	**5,835**	**—**	**(17)**	**(17)**
	Sell SEK / Buy GBP	**2,013**	**—**	**(2)**	**(2)**
	Sell SEK / Buy other foreign currencies	**6,459**	**—**	**11**	**11**
	Buy other foreign currencies	**9,871**	**—**	**(213)**	**(213)**
	Sell other foreign currencies	**2,611**	**—**	**14**	**14**
	Foreign currency option contracts transactions*1				
	Buy	**2,735**			
		<35>	**—**	**13**	**(21)**
	Sell	**2,735**			
		<35>	**—**	**80**	**(44)**
	Foreign currency swap transactions				
	Payment JPY / Receipt USD	**1,007**	**—**	**(318)**	**(318)**
	Total	**¥ 109,413**	**¥ —**	**¥ (1,301)**	**¥ (1,462)**

*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, 2015.

(b) Interest rate transactions as of March 31, 2015 are as follows:

Category	Type	Millions of yen			
		Notional amount		Fair value	Net unrealized gain/loss
		Total	Maturity over 1 year		
Transactions other than market transactions	Interest rate swap transactions				
	Fixed rate payment / Floating rate receipt	**¥ 57,049**	**¥ 35,897**	**¥ (294)**	**¥ (294)**
	Total	**¥ 57,049**	**¥ 35,897**	**¥ (294)**	**¥ (294)**

The fair value calculation method is based on the index price as of March 31, 2015.

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	¥ 54,636	¥ —	¥ 461	¥ 461	By the exchange rate on foreign currency market
	Buy JPY / Sell EUR		1,968	—	39	39	
	Buy JPY / Sell AUD		305	—	3	3	
	Buy SEK / Sell EUR		5,509	—	(23)	(23)	
	Buy SEK / Sell GBP		4,016	—	(169)	(169)	
	Buy SEK / Sell other foreign currencies		5,701	—	(265)	(265)	
	Sell JPY / Buy other foreign currencies		50	—	0	0	
	Sell SEK / Buy EUR		423	—	(1)	(1)	
	Sell SEK / Buy other foreign currencies		208	—	0	0	
	Buy other foreign currencies		25	—	0	0	
	Sell other foreign currencies		47	—	(2)	(2)	
	Foreign currency option contracts transactions*1						
	Buy	Accounts receivable	5,736 <72>	—	50	(22)	By the price on currency option market
	Sell		5,736 <72>	—	54	17	
	Subtotal		84,367	—	150	41	
Net valuation method using forward foreign exchange contracts	Foreign currency forward contracts transactions						
	Buy JPY / Sell USD	Accounts receivable	3,180	—	*2	*2	By the exchange rate on foreign currency market
	Buy JPY / Sell EUR		1,712	—			
	Buy JPY / Sell AUD		122	—			
	Subtotal		5,015	—	—	—	
Preferential accounting method of interest rate swap transactions	Interest rate swap transactions Fixed rate payment / Floating rate receipt	Long-term loans payable	60,445	60,445	*2	*2	By the rate on interest swap market
	Subtotal		60,445	60,445	—	—	
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	85,747	85,747	*2	*2	By the rate on interest swap market
	Subtotal		85,747	85,747	—	—	
	Total		¥235,575	¥146,192	¥ 150	¥ 41	

*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 16).

(2) Quantitative disclosure about derivatives for the year ended March 31, 2014

1) Derivative instruments for which hedge accounting is not applied

(a) Foreign currency transactions as of March 31, 2014 are as follows:

Category	Type	Notional amount: Total (Millions of yen)	Notional amount: Maturity over 1 year (Millions of yen)	Fair value*2 (Millions of yen)	Net unrealized gain/loss (Millions of yen)
Transactions other than market transactions	Foreign currency forward contracts transactions				
	Buy JPY / Sell USD	¥ 232	¥ —	¥ (10)	¥ (10)
	Buy JPY / Sell EUR	99	—	1	1
	Buy JPY / Sell AUD	63	—	(3)	(3)
	Buy EUR / Sell JPY	1,009	—	5	5
	Buy EUR / Sell other foreign currencies	1,317	—	(5)	(5)
	Buy SEK / Sell EUR	30,114	—	(281)	(281)
	Buy SEK / Sell GBP	4,026	—	(105)	(105)
	Buy SEK / Sell other foreign currencies	27,162	—	(107)	(107)
	Sell SEK / Buy EUR	9,743	—	68	68
	Sell SEK / Buy GBP	4,020	—	41	41
	Sell SEK / Buy other foreign currencies	8,349	—	90	90
	Buy other foreign currencies	1,690	—	(10)	(10)
	Sell other foreign currencies	8,327	—	76	76
	Foreign currency option contracts transactions*1				
	Buy	2,832 <45>	—	4	(40)
	Sell	2,832 <45>	—	46	(1)
	Foreign currency swap transactions				
	Payment JPY / Receipt USD	995	995	(135)	(135)
	Total	¥ 102,819	¥ 995	¥ (325)	¥ (418)

*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, 2014.

(b) Interest rate transactions as of March 31, 2014 are as follows:

Category	Type	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)
Transactions other than market transactions	Interest rate swap transactions				
	Fixed rate payment / Floating rate receipt	¥ 66,540	¥ 43,705	¥ (45)	¥ (45)
	Total	¥ 66,540	¥ 43,705	¥ (45)	¥ (45)

The fair value calculation method is based on the index price as of March 31, 2014.

2) Derivative instruments for which hedge accounting is applied

Category	Type	Contents of hedge	Millions of yen				Evaluation method
			Notional amount		Fair value	Net unrealized gain/loss	
			Total	Maturity over 1 year			
Deferred hedge method	Foreign currency forward contracts transactions						
	Buy JPY / Sell USD	Accounts receivable	¥ 9,946	¥ —	¥ (59)	¥ (59)	By the exchange rate on foreign currency market
	Buy JPY / Sell EUR		3,985	—	(33)	(33)	
	Buy JPY / Sell AUD		794	—	(26)	(26)	
	Buy SEK / Sell EUR		5,637	—	17	17	
	Buy SEK / Sell GBP		3,254	—	(32)	(32)	
	Buy SEK / Sell other foreign currencies		35,615	—	(267)	(267)	
	Sell JPY / Buy USD		36,310	—	237	237	
	Sell JPY / Buy EUR		355	—	11	11	
	Sell JPY / Buy other foreign currencies		6,686	—	166	166	
	Sell SEK / Buy EUR		1,190	—	17	17	
	Sell SEK / Buy GBP		50	—	1	1	
	Sell SEK / Buy other foreign currencies		80	—	(0)	(0)	
	Buy other foreign currencies		102	—	3	3	
	Foreign currency option contracts transactions*1						
	Buy	Accounts receivable	12,112 <195>	—	98	(96)	By the price on currency option market
	Sell		12,112 <195>	—	145	49	
	Interest rate and currency swap transactions Fixed rate payment / Floating rate receipt	Long-term loans payable	5,000	5,000	0	0	By the rate on interest swap market
	Subtotal		133,236	5,000	279	(12)	
Net valuation method using forward foreign exchange contracts	Foreign currency forward contracts transactions						
	Buy JPY / Sell EUR	Accounts receivable	2,084	—	*2	*2	By the exchange rate on foreign currency market
	Buy JPY / Sell USD		1,804	—			
	Buy JPY / Sell AUD		275	—			
	Sell JPY / Buy EUR		623	—			
	Subtotal		4,787	—	—	—	
Preferential accounting method of interest rate swap transactions	Interest rate swap transactions Fixed rate payment / Floating rate receipt	Long-term loans payable	41,184	31,184	*2	*2	By the rate on interest swap market
	Subtotal		41,184	31,184	—	—	
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	65,747	65,747	*2	*2	By the rate on interest swap market
	Subtotal		65,747	65,747	—	—	
	Total		¥244,956	¥101,932	¥ 279	¥ (12)	

*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 16).

19. Retirement benefits:

(1) Outline of retirement benefit plans:

The Company and its subsidiaries in Japan maintain defined benefit pension plans, lump-sum indemnities plans, welfare pension fund plans and defined contribution pension plans, all of which are retirement benefit plans. Certain foreign subsidiaries maintain defined benefit pension plans. In addition, employee retirement benefits trusts are used for defined benefit plans as plan assets.

The simplified method is used for calculating retirement benefit obligations of certain subsidiaries. Some subsidiaries in Japan apply multi-employer plans.

(2) Defined benefit plan:

1) Reconciliation of defined benefit obligation for the years ended March 31, 2015 and 2014 is as follows:

	Millions of yen	
	2015	2014
Benefit obligation at beginning of period	**¥ 210,753**	¥ 192,990
Cumulative effects of changes in accounting policies	**5,207**	—
Restated balance	**215,960**	192,990
Service cost	**10,130**	9,456
Interest cost	**5,140**	4,412
Actuarial gain (loss)	**23,294**	(587)
Benefit payments	**(5,844)**	(5,109)
Prior service cost	**(527)**	29
Others	**1,832**	9,560
Benefit obligation at end of period	**¥ 249,987**	¥ 210,753

2) Reconciliation of plan assets for the years ended March 31, 2015 and 2014 is as follows:

	Millions of yen	
	2015	2014
Plan assets at beginning of period	**¥ 170,188**	¥ 138,547
Expected return on plan assets	**3,833**	3,089
Actuarial gain (loss)	**14,160**	12,441
Employer contributions	**5,700**	12,873
Benefit payments	**(4,185)**	(3,315)
Others	**3,418**	6,551
Plan assets at end of period	**¥ 193,115**	¥ 170,188

3) Reconciliation of defined benefit obligation, plan assets at end of period and amounts recognized on the consolidated balance sheets is as follows:

	Millions of yen	
	2015	2014
(a) Benefit obligation [funded]	**¥ 231,935**	¥ 193,504
(b) Plan assets	**(193,115)**	(170,188)
(c) Funded status [(a) + (b)]	**38,820**	23,315
(d) Benefit obligation [unfunded]	**18,051**	17,249
(e) Net amount recognized on the consolidated balance sheets [(c) + (d)]	**56,871**	40,565
(f) Net defined benefit liabilities	**85,161**	62,066
(g) Net defined benefit assets	**(28,289)**	(21,501)
(h) Net amount recognized on the consolidated balance sheets [(f) + (g)]	**¥ 56,871**	¥ 40,565

The simplified method is included in the above.

4) Components of retirement benefit expenses for the years ended March 31, 2015 and 2014 are as follows:

	Millions of yen	
	2015	2014
Service cost	**¥ 10,130**	¥ 9,456
Interest cost	**5,140**	4,412
Expected return on plan assets	**(3,833)**	(3,089)
Amortization of actuarial (gain) loss	**1,115**	1,651
Amortization of prior service cost	**(716)**	(180)
Others	**28**	123
Defined benefit expenses	**¥ 11,864**	¥ 12,374

5) Amounts recognized in other comprehensive income (pre-tax) as of March 31, 2015 and 2014 are as follows:

	Millions of yen	
	2015	2014
Prior service cost	**¥ (209)**	¥ —
Actuarial gain (loss)	**(7,956)**	—
Total	**¥ (8,166)**	¥ —

6) Amounts recognized in accumulated other comprehensive income (pre-tax) as of March 31, 2015 and 2014 are as follows:

	Millions of yen	
	2015	2014
Prior service cost	**¥ 3,027**	¥ 3,237
Actuarial gain (loss)	**(17,005)**	(9,048)
Total	**¥ (13,977)**	¥ (5,811)

7) Plan assets:
(a) Components of plan assets:

	2015	2014
Bond	**37%**	36%
Stock	**47%**	46%
Cash and deposits	**4%**	4%
Other assets	**12%**	14%
Total	**100%**	100%

Plan assets include 22% of employee retirement benefits trust for the years ended March 31, 2015 and 2014, respectively.

(b) Long-term expected rate of return on plan assets:
In determining the expected long-term rate of return on plan assets, Toyota Industries considers the current and projected asset allocations as well as expected long-term investment returns for each category of the plan assets.

8) Assumptions used for calculation of retirement benefits:

	2015	2014
Discount rate	**1.5%**	1.4%
Long-term expected rate of return on plan assets	**2.0%**	2.0%

(3) Defined contribution plan:

The amount recognized as expenses for defined contribution plan was ¥5,684 million for the year ended March 31, 2015 and ¥3,725 million for the year ended March 31, 2014.

(4) Multi-employer plans:

Multi-employer plans are accounted for as if they were defined contribution plans. The amount recognized as expenses for multi-employer plans was ¥789 million for the year ended March 31, 2015 and ¥769 million for the year ended March 31, 2014.

As of March 31, 2015

As of March 31, 2014	The Japan Society of Industrial Machinery Manufacturers' welfare pension fund	Other welfare pension funds
Plan assets	**¥ 74,916 million**	**¥ 247,259 million**
The total of actuarial obligation and minimum actuarial reserve*	**¥ 100,891 million**	**¥ 346,901 million**
Variance	**¥ (25,975 million)**	**¥ (99,641 million)**

As of March 31, 2015		
Toyota Industries Group contribution to welfare pension plan	**7.39%**	**3.96%**

As of March 31, 2014

As of March 31, 2013	The Japan Society of Industrial Machinery Manufacturers' welfare pension fund	Other welfare pension funds
Plan assets	¥ 69,155 million	¥ 233,891 million
The total of actuarial obligation and minimum actuarial reserve*	¥ 98,620 million	¥ 303,115 million
Variance	¥ (29,465 million)	¥ (69,223 million)

As of March 31, 2014		
Toyota Industries Group contribution to welfare pension plan	7.39%	3.90%

*"The total of actuarial obligation and minimum actuarial reserve" is equivalent to "Estimated benefit obligation" presented in the previous consolidated financial statements as of March 31, 2014.

20. Stock options:

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

Millions of yen	
2015	2014
¥28	¥289

(2) 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.

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
Stock options outstanding at the end of the previous fiscal year	—	—	—
Stock options granted	—	—	—
Forfeitures	—	—	—
Conversion to exercisable stock options	—	—	—
Stock options outstanding at the end of the fiscal year	—	—	—

Exercisable stock options

(shares)

	2011	2010	2009
Stock options outstanding at the end of the previous fiscal year	149,500	225,300	231,300
Conversion from non-exercisable stock options	—	—	—
Stock options exercised	67,100	198,300	163,300
Forfeitures	—	—	68,000
Stock options outstanding at the end of the fiscal year	82,400	27,000	—

(b) Price of options

	Exact yen amounts		
	2011	2010	2009
Paid-in value	¥2,449	¥2,570	¥3,410
Average market price of the stock at the time of exercise	6,029	5,544	4,731
Fair value of options on grant date	686	581	421

(3) 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.

21. Income taxes:

(1) The significant components of deferred tax assets and liabilities as of March 31, 2015 and 2014 are as follows:

	Millions of yen	
	2015	2014
Deferred tax assets:		
Net defined benefit liabilities	**¥ 20,317**	¥ 17,713
Depreciation	**9,718**	10,825
Net operating loss carry-forwards for tax purposes	**8,808**	9,381
Accrued expenses	**7,581**	7,647
Securities	**5,219**	7,057
Trade receivables	**2,904**	4,167
Other	**23,083**	18,121
Subtotal	**77,632**	74,913
Less: valuation allowance	**(13,861)**	(15,583)
Total deferred tax assets	**63,771**	59,330
Deferred tax liabilities:		
Other securities	**704,563**	548,202
Depreciation	**30,145**	19,576
Land	**562**	562
Reserve for advanced depreciation of non-current assets	**261**	371
Reserve for special depreciation	**40**	59
Other	**23,639**	18,628
Total deferred tax liabilities	**759,213**	587,400
Net deferred tax liabilities	**¥ 695,442**	¥ 528,070

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

	Millions of yen	
	2015	2014
Current assets—deferred tax assets	**¥ 24,234**	¥ 25,961
Investments and other assets—deferred tax assets	**18,228**	15,285
Current liabilities—deferred tax liabilities	**636**	1,458
Long-term liabilities—deferred tax liabilities	**737,268**	567,859

(2) Reconciliations of differences between the statutory rate of income taxes and the effective rate of income taxes for the years ended March 31, 2015 and 2014 are as follows:

	2015	2014
Statutory rate of income taxes	**34.9%**	37.3%
Addition (reduction) in taxes resulting from:		
Dividends income and others permanently not recognized as taxable income	**(5.1%)**	(5.1%)
Valuation allowance	**(0.2%)**	(1.6%)
Other	**(0.9%)**	1.2%
Effective rate of income taxes	**28.8%**	31.8%

(3) Impact on changes in the statutory tax rate

The “Act on Partial Revision of the Income Tax Act, etc.” (Act No. 9 of 2015) and the “Act on Partial Revision of the Local Tax Act, etc.” (Act No. 2 of 2015) were promulgated on March 31, 2015, resulting in lowering the corporate tax rate from the fiscal year beginning April 1, 2015. As a result of this change in the tax rates, deferred tax assets decreased by ¥1,337 million, deferred tax liabilities decreased by ¥70,225 million, valuation difference on available-for-sale securities increased by ¥71,377 million and income taxes—deferred increased by ¥2,538 million.

22. Leases:

(1) Finance leases

1) Finance leases (as a lessee)

Lease assets are mainly materials handling equipment which is leased under 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) and the related pro forma information as of and for the year ended March 31, 2014 is as follows. The pro forma information as of and for the year ended March 31, 2015 is immaterial.

(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, 2014, is as follows:

	Millions of yen
	2014
Buildings and structures:	
Acquisition cost equivalents	¥ 88
Accumulated depreciation equivalents	81
Buildings and structures net balance equivalents	6
Machinery, equipment and vehicles:	
Acquisition cost equivalents	¥ 5,092
Accumulated depreciation equivalents	4,794
Machinery, equipment and vehicles net balance equivalents	297
Tools, furniture and fixtures:	
Acquisition cost equivalents	¥ 398
Accumulated depreciation equivalents	319
Tools, furniture and fixtures net balance equivalents	79
Total net leased properties	¥ 383

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, 2014 is as follows:

	Millions of yen
	2014
Due within one year	¥ 324
Due after one year	346
Total	¥ 670

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 year ended March 31, 2014 are as follows:

	Millions of yen
	2014
Lease payments	¥ 588
Pro forma depreciation expenses	588

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 the useful life of assets for the year ended March 31, 2014, 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, 2015 and 2014 are as follows:

	Millions of yen	
	2015	2014
Lease receivables	**¥ 175,014**	¥ 151,813
Residual value	**42,273**	37,501
Unearned interest income	**(25,460)**	(20,343)
Total	**¥ 191,827**	¥ 168,972

(b) Amounts of projected future recovery after March 31, 2015 and 2014 for the portion of lease payment receivables in lease investment assets are as follows:

	Millions of yen	
	2015	2014
Due within one year	**¥ 59,641**	¥ 51,527
Due after one year and within two years	**47,665**	41,444
Due after two years and within three years	**34,790**	30,416
Due after three years and within four years	**21,393**	18,813
Due after four years and within five years	**8,880**	7,497
Due after five years	**2,643**	2,114
Total	**¥ 175,014**	¥ 151,813

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) and the related pro forma information as of and for the year ended March 31, 2014 is as follows. The pro forma information as of and for the year ended March 31, 2015 is immaterial.

(c) Information regarding leased properties such as acquisition cost and accumulated depreciation under finance leases as of March 31, 2014 is as follows:

	Millions of yen
	2014
Machinery, equipment and vehicles:	
Acquisition cost	¥ 130
Accumulated depreciation	118
Total net leased property	¥ 11

(d) Pro forma information regarding future minimum lease income as of March 31, 2014 is as follows:

	Millions of yen
	2014
Due within one year	¥ 15
Due after one year	4
Total	¥ 19

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 year ended March 31, 2014 are as follows:

	Millions of yen
	2014
Total lease payments to be received	¥ 31
Depreciation expenses	¥ 8

(2) Operating leases

1) Operating leases (as a lessee)

Pro forma future lease payments under operating leases as of March 31, 2015 and 2014 are as follows:

	Millions of yen	
	2015	2014
Due within one year	**¥ 9,978**	¥ 11,733
Due after one year	**36,600**	43,188
Total	**¥ 46,578**	¥ 54,921

2) Operating leases (as a lessor)

Pro forma information regarding future minimum rentals under operating leases as of March 31, 2015 and 2014 is as follows:

	Millions of yen	
	2015	2014
Due within one year	**¥ 32,160**	¥ 35,214
Due after one year	**63,716**	62,784
Total	**¥ 95,876**	¥ 97,999

23. Changes in net assets:

(1) Common stock outstanding for the years ended March 31, 2015 and 2014:

	shares
Balance at March 31, 2013	325,840,640
Increase	—
Decrease	—
Balance at March 31, 2014	325,840,640
Increase	**—**
Decrease	**—**
Balance at March 31, 2015	**325,840,640**

(2) Treasury stock outstanding for the years ended March 31, 2015 and 2014:

	shares
Balance at March 31, 2013	13,632,854
Increase due to purchase of odd stock	22,738
Decrease due to exercise of stock options	1,545,400
Decrease due to sale of odd stock	328
Balance at March 31, 2014	12,109,864
Increase due to purchase of odd stock	**3,654**
Decrease due to exercise of stock options	**428,700**
Decrease due to sale of odd stock	**69**
Balance at March 31, 2015	**11,684,749**

(3) Subscription rights to shares outstanding for the years ended March 31, 2015 and 2014:

	Millions of yen	
	2015	2014
The Company	**¥ 72**	¥ 330

(4) Dividends

(a) Dividends paid for the year ended March 31, 2015

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 13, 2014	**Common stock**	**¥15,686**	**¥50**	**March 31, 2014**	**June 16, 2014**
Board of Directors meeting held on October 31, 2014	**Common stock**	**15,700**	**50**	**September 30, 2014**	**November 26, 2014**

(b) Dividends with a record date in the fiscal year ended March 31, 2015 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 11, 2015	**Common stock**	**¥18,849**	**Retained earnings**	**¥60**	**March 31, 2015**	**June 12, 2015**

(c) Dividends paid for the year ended March 31, 2014

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 13, 2013	Common stock	¥9,366	¥30	March 31, 2013	June 14, 2013
Board of Directors meeting held on October 31, 2013	Common stock	10,960	35	September 30, 2013	November 26, 2013

(d) Dividends with a record date in the fiscal year ended March 31, 2014 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, 2014	Common stock	¥15,686	Retained earnings	¥50	March 31, 2014	June 16, 2014

24. Subsequent events:

There were no subsequent events for the year ended March 31, 2015.

25. 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
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 yarn testing and cotton classing

(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, 2015 and 2014:

	Millions of yen	
	2015	2014
Sales:		
Automobile		
Outside customer sales	**¥1,050,713**	¥1,006,678
Inter-segment transactions	**29,103**	26,539
	1,079,816	1,033,217
Materials Handling Equipment		
Outside customer sales	**924,995**	809,276
Inter-segment transactions	**1,888**	647
	926,884	809,923
Logistics		
Outside customer sales	**98,000**	95,304
Inter-segment transactions	**15,366**	11,110
	113,367	106,414
Textile Machinery		
Outside customer sales	**68,188**	73,102
Inter-segment transactions	**230**	185
	68,418	73,287
Others		
Outside customer sales	**24,762**	23,494
Inter-segment transactions	**15,670**	13,886
	40,433	37,381
Subtotal	**2,228,920**	2,060,225
Elimination of inter-segment transactions	**(62,259)**	(52,369)
Total	**¥2,166,661**	¥2,007,856

	Millions of yen	
	2015	2014
Segment income:		
Automobile	¥ 35,957	¥ 35,175
Materials Handling Equipment	68,843	58,006
Logistics	6,224	5,194
Textile Machinery	2,699	5,597
Others	3,778	3,422
Elimination of inter-segment transactions	70	295
Total	¥ 117,574	¥ 107,691
Assets:		
Automobile	¥ 558,479	¥ 471,833
Materials Handling Equipment	951,230	844,345
Logistics	188,467	185,179
Textile Machinery	62,823	68,175
Others	203,383	135,764
Corporate or elimination of inter-segment transactions	2,686,512	2,093,710
Total	¥4,650,896	¥3,799,010
Depreciation:		
Automobile	¥ 48,498	¥ 42,147
Materials Handling Equipment	55,699	48,848
Logistics	8,145	8,005
Textile Machinery	3,595	2,543
Others	683	682
Corporate or elimination of inter-segment transactions	—	—
Total	¥ 116,621	¥ 102,227
Amortization of goodwill:		
Automobile	¥ —	¥ 2
Materials Handling Equipment	4,840	4,133
Logistics	3,310	3,309
Textile Machinery	2,690	2,153
Others	—	—
Corporate or elimination of inter-segment transactions	—	—
Total	¥ 10,841	¥ 9,599
Investment in equity method company:		
Automobile	¥ 3,979	¥ 3,291
Materials Handling Equipment	7,462	6,363
Logistics	—	—
Textile Machinery	—	—
Others	—	—
Corporate or elimination of inter-segment transactions	—	—
Total	¥ 11,441	¥ 9,655
Increase in tangible assets and intangible assets:		
Automobile	¥ 94,665	¥ 78,100
Materials Handling Equipment	80,088	76,887
Logistics	8,341	9,115
Textile Machinery	3,111	2,431
Others	1,547	810
Corporate or elimination of inter-segment transactions	—	—
Total	¥ 187,754	¥ 167,344

(4) Related information

Geographical segments

As of and for the years ended March 31, 2015 and 2014:

	Millions of yen	
	2015	2014
Sales:		
Japan	¥1,081,347	¥1,075,008
U.S.A.	433,581	351,095
Others	651,732	581,751
Total	¥2,166,661	¥2,007,856
Tangible assets:		
Japan	¥ 343,396	¥ 328,657
U.S.A.	158,758	121,732
Others	205,378	175,723
Total	¥ 707,532	¥ 626,114
Major customer:		
Sales (Automobile Segment)		
Toyota Motor Corporation	¥ 692,725	¥ 713,437
Total	¥ 692,725	¥ 713,437
Unamortized goodwill by business segment:		
Automobile	¥ —	¥ —
Materials Handling Equipment*	42,220	41,848
Logistics	38,304	41,614
Textile Machinery	15,460	17,351
Others	—	—
Corporate or elimination of inter-segment transactions	—	—
Total	¥ 95,985	¥ 100,814
Negative goodwill: Negative goodwill is omitted due to its quantitative immateriality.		

* Unamortized goodwill in the Materials Handling Equipment Segment at March 31, 2013 includes provisional goodwill in the amount of ¥45,183 million recognized for the acquisition of U.S. subsidiary Cascade Corporation that was calculated using the provisional method permitted under the accounting principles generally accepted in Japan since the acquisition had been completed right before the fiscal year-end and the purchase price allocation had not been completed. This amount in the Materials Handling Equipment Segment at March 31, 2014 decreased by ¥17,813 million compared with the provisional amount at March 31, 2013 due to the adjustment of goodwill after the completion of the purchase price allocation related to the acquisition of the U.S. subsidiary.

26. 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, 2015 and 2014 are as follows:

	Millions of yen	
	2015	2014
Toyota Motor Corporation	¥ 691,715	¥ 712,705

Toyota Motor Corporation held 24.40% of the Company's voting rights as of March 31, 2015. 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, 2015 and 2014 are as follows:

Purchase of goods:

	Millions of yen	
	2015	2014
Toyota Motor Corporation	¥ 504,373	¥ 520,829

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, 2015 and 2014 are as follows:
Receivables from a related party:

	Millions of yen	
	2015	2014
Toyota Motor Corporation		
Accounts receivable	**¥ 20,806**	¥ 22,223
Trade notes receivable	**7,749**	7,876

Payables to a related party:

	Millions of yen	
	2015	2014
Toyota Motor Corporation	**¥ 48,093**	¥ 45,224

The balance as of March 31, 2015 and 2014 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, 2015 is as follows:

	Millions of yen
	2015
Tetsuro Toyoda (Chairman of the Company)	**¥ 102**
Akira Onishi (President of the Company)	**51**
Shinya Furukawa (Senior Managing Director of the Company)	**68**
Masaharu Suzuki (Senior Managing Director of the Company)	**17**
Norio Sasaki (Senior Managing Director of the Company)	**21**
Toshifumi Ogawa (Senior Managing Director of the Company)	**23**
Masafumi Kato (Director of the Company)	**102**
Kan Otsuka (Director of the Company)	**119**
Taku Yamamoto (Director of the Company)	**39**
Kohei Nozaki (Full-time Audit & Supervisory Board Member of the Company)	**11**

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 20, 2008, June 19, 2009 and June 23, 2010.

Exercise of stock options for the year ended March 31, 2014 is as follows:

	Millions of yen
	2014
Tetsuro Toyoda (Chairman of the Company)	¥ 97
Kazunori Yoshida (Vice Chairman of the Company)	102
Akira Onishi (President of the Company)	129
Kazue Sasaki (Executive Vice President of the Company)	119
Hirotaka Morishita (Executive Vice President of the Company)	141
Shinya Furukawa (Senior Managing Director of the Company)	51
Masaharu Suzuki (Senior Managing Director of the Company)	102
Toshifumi Ogawa (Senior Managing Director of the Company)	93
Masafumi Kato (Director of the Company)	150
Toshifumi Onishi (Director of the Company)	119
Takaki Ogawa (Director of the Company)	68

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 20, 2008, June 19, 2009 and June 23, 2010.

27. 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	
	2015	2014
Net income per share—basic:		
Net income	**¥ 115,263**	¥ 91,705
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	**115,263**	91,705
Weighted-average shares (thousands)	**314,021**	313,244
Net income per share—basic (exact yen amounts)	**¥ 367.06**	¥ 292.76
Net income per share—diluted	**¥ 366.99**	¥ 292.57

28. Net assets per share:

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

	Millions of yen	
	2015	2014
Net assets per share:		
Total net assets	**¥2,425,929**	¥1,829,326
Amounts deducted from total net assets		
(Subscription rights to shares)	**(72)**	(330)
(Minority interests in consolidated subsidiaries)	**(69,636)**	(59,528)
Net assets applicable to common stock at end of year	**2,356,220**	1,769,466
Outstanding shares of common stock at end of year used for the computation of net assets per share (thousands)	**314,155**	313,730
Net assets per share (exact yen amounts)	**¥ 7,500.16**	¥ 5,640.08

As mentioned in Note 3 "Accounting changes," Toyota Industries adopted the revised accounting standard for retirement benefits and undertook transitional measures as stipulated in Paragraph 37. As a result, net assets per share decreased by ¥10.87.

29. Cash and cash flows:

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, 2015 and 2014 is as follows:

	Millions of yen	
	2015	2014
Cash and deposits	**¥ 247,273**	¥ 226,383
Deposits which have a maturity of over three months to one year	**(32,652)**	(45,989)
Short-term investments (securities) which have an original maturity within three months	**34,085**	46,012
Cash and cash equivalents	**¥ 248,706**	¥ 226,406

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 sheet as at March 31, 2015, 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, 2015, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

PricewaterhouseCoopers Aarata

July 13, 2015

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