TOYOTA

Toyota Industries Report 2016

Financial Review for the Year Ended March 31, 2016

TOYOTA INDUSTRIES CORPORATION

Consolidated Eleven-Year Summary

Toyota Industries Corporation
Years ended March 31

	Millions of yen										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
For The Year											
Net sales	**¥2,228,944**	¥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
Operating profit (loss)	**127,970**	117,574	107,691	77,098	70,092	68,798	22,002	(6,621)	96,853	89,954	64,040
Ordinary profit	**185,398**	170,827	138,133	86,836	80,866	73,911	31,756	14,343	126,488	108,484	80,635
Profit (loss) attributable to owners of the parent	**183,036**	115,263	91,705	53,119	58,594	47,205	(26,273)	(32,767)	80,460	59,468	47,077
Investment in tangible assets	**¥ 75,438**	¥ 126,395	¥ 109,479	¥ 89,459	¥ 58,404	¥ 38,254	¥ 26,963	¥ 104,495	¥ 104,205	¥ 129,023	¥ 130,121
Depreciation	**77,366**	70,782	64,153	57,954	59,830	62,372	73,238	87,219	83,744	74,449	64,423
Research and development expenses	**65,440**	47,785	46,326	39,057	32,070	27,788	26,826	33,646	36,750	34,548	31,166
Per share of common stock (yen):											
Earnings (net loss) per share—basic	**¥ 582.58**	¥ 367.06	¥ 292.76	¥ 170.36	¥ 188.02	¥ 151.51	¥ (84.33)	¥ (105.16)	¥ 257.50	¥ 189.88	¥ 146.16
Earnings per share—diluted	**582.57**	366.99	292.57	170.35	188.02	151.51	(84.33)	(105.16)	257.43	189.66	146.02
Total net assets per share	**6,481.97**	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
Cash dividends per share	**120.00**	110.00	85.00	55.00	50.00	50.00	30.00	40.00	60.00	50.00	38.00
At Year-End											
Total assets	**¥4,199,196**	¥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
Total net assets	**2,113,948**	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
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)	**314,226**	314,155	313,730	312,207	311,687	311,564	311,570	311,577	311,589	312,075	319,320
Cash Flows											
Net cash provided by operating activities	**¥ 234,957**	¥ 182,191	¥ 155,059	¥ 151,299	¥ 101,718	¥ 153,661	¥ 203,452	¥ 65,768	¥ 188,805	¥ 177,467	¥ 131,784
Net cash used in investing activities	**(526,349)**	(160,769)	(118,483)	(274,210)	(9,403)	(187,574)	(36,855)	(114,217)	(138,789)	(164,446)	(205,013)
Net cash provided by (used in) financing activities	**130,923**	(8,918)	6,183	7,050	10,279	(85,728)	(38,230)	120,971	(33,992)	(19,749)	85,172
Cash and cash equivalents at end of year	**92,399**	248,706	226,406	179,359	296,811	195,566	317,590	188,011	121,284	108,569	112,596
Indices											
Operating profit margin (%)	**5.7**	5.4	5.4	4.8	4.5	4.6	1.6	(0.4)	4.8	4.8	4.3
EBITDA (millions of yen)	**¥ 361,893**	¥ 248,854	¥ 216,175	¥ 155,234	¥ 161,876	¥ 150,481	¥ 90,521	¥ 71,608	¥ 222,125	¥ 191,007	¥ 150,674
Return on equity (ROE) (%)	**8.3**	5.6	5.7	4.1	5.4	4.5	(2.6)	(2.8)	5.1	3.5	3.5
Return on assets (ROA) (%)	**4.1**	2.7	2.6	1.8	2.3	1.9	(1.1)	(1.2)	2.5	1.7	1.7
D/E ratio (%)	**43.7**	32.0	39.9	45.4	53.8	56.8	60.3	68.6	37.4	29.9	29.4
Equity ratio (%)	**48.5**	50.7	46.6	45.4	43.0	41.4	40.8	40.0	47.1	48.8	49.7
Number of employees (persons)	**51,458**	52,523	49,333	47,412	43,516	40,825	38,903	39,916	39,528	36,096	32,977

1. Investment in tangible assets and depreciation apply to property, plant and equipment. They do not include materials handling equipment leased under operating leases.
2. Earnings (net loss) per share is computed on the average number of shares for each year.
3. Operating profit margin = Operating profit (loss) / Net sales
4. EBITDA = Income before income taxes + Interest expenses - Interest and dividends income + Depreciation and amortization (including intangible assets such as materials handling equipment for leasing and goodwill)
5. 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.
6. D/E ratio = Interest-bearing debt / (Total net assets – Subscription rights to shares – Non-controlling interests)
7. Equity ratio = (Total net assets - Subscription rights to shares - Non-controlling interests) / Total assets

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 2016.

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, 2016 is referred to as fiscal 2016 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.

Result of Operations

Operating Performance

In fiscal 2016, the global economy registered a mild recovery overall due primarily to the solid performance of the U.S. economy despite China's slowing growth. Generally, the economic outlook remains uncertain. In addition, there was a sense of stagnation in the Japanese economy as evident in cautious consumer spending and capital investment.

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 ¥2,228.9 billion, an increase of ¥62.3 billion (3%) from fiscal 2015.

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 North American market despite a decline in sales in the Japanese market and emerging markets such as Latin America. Amid such operating conditions, net sales of the Automobile Segment totaled ¥1,045.7 billion, on par with fiscal 2015. Operating profit amounted to ¥33.3 billion, a decrease of ¥2.6 billion (7%) from fiscal 2015.

Within this segment, net sales of the Vehicle Business amounted to ¥480.0 billion, an increase of ¥21.0 billion (5%). This is attributable primarily to the start of production of the hybrid version of the RAV4 despite a decrease in production volume of the Vitz (Yaris outside Japan) and RAV4.

Net sales of the Engine Business totaled ¥158.2 billion, a decrease of ¥33.8 billion (18%). This is due primarily to decreases in sales of KD diesel engines and AR gasoline engines, although production of GD diesel engines commenced.

Net sales of the Car Air-Conditioning Compressor Business totaled ¥342.6 billion, an increase of ¥18.0 billion (6%), resulting from an increase in sales in North American, European and Chinese markets.

Net sales of the Electronics Parts, Foundry and Others Business totaled ¥64.8 billion, a decrease of ¥10.1 billion (13%), due to decreases in sales of electronics parts and foundry parts.

Materials Handling Equipment

The materials handling equipment market as a whole continued to expand globally, as the European, North American and Japanese markets expanded, although the Chinese market contracted. Amid this operating climate, Toyota Industries strengthened production and sales structures and rolled out new products matched to respective markets. In August 2015, Toyota Industries acquired the lift truck business of Tailift Co., Ltd., a Taiwan-based manufacturer with noted strengths in undertaking development, production and sales of products closely tailored to the needs in emerging countries, thereby enhancing its product offerings. In addition, Toyota Industries worked to expand its business domain by acquiring the materials handling equipment sales financing business of Toyota Motor Corporation (TMC) in the United States in October 2015. As a result, sales of lift trucks, a mainstay product of this segment, increased worldwide. These activities led to an increase in net sales of the Materials Handling Equipment Segment of ¥79.2 billion (9%) to ¥1,004.1 billion. Operating profit amounted to ¥79.7 billion, an increase of ¥10.9 billion (16%) from fiscal 2015.

Logistics

Net sales of the Logistics Segment amounted to ¥86.9 billion, a decrease of ¥11.1 billion (11%). This is due to sales of all shares of Asahi Securities Co., Ltd. and Wanbishi Archives Co., Ltd., which were consolidated subsidiaries, in December 2015 despite an increase in sales of the cargo transport business of automotive-related parts. Operating profit amounted to ¥5.2 billion, a decrease of ¥1.0 billion (16%) from fiscal 2015.

Textile Machinery

The textile machinery market underperformed due mainly to an economic slowdown in the primary markets of China and other emerging countries in Asia. Sales of air-jet looms and yarn quality measurement instruments decreased despite an increase in sales of weaving machinery. As a result, net sales of the Textile Machinery Segment totaled ¥65.6 billion, a decrease of ¥2.5 billion (4%). Operating profit amounted to ¥4.1 billion, an increase of ¥1.5 billion (52%) from fiscal 2015.

Operating Profit

Operating profit for fiscal 2016 was ¥127.9 billion, an increase of ¥10.4 billion (9%) from fiscal 2015. This was due to cost reduction efforts throughout the Toyota Industries Group, an increase in net sales and exchange rate fluctuations despite an increase in labor costs and depreciation costs.

Ordinary Profit

Ordinary profit amounted to ¥185.3 billion, an increase of ¥14.5 billion (9%) from fiscal 2015. This was due mainly to dividends income of ¥65.0 billion, an increase of ¥12.1 billion (23%) from fiscal 2015.

Profit before Income Taxes

Profit before income taxes amounted to ¥275.2 billion, an increase of ¥104.4 billion (61%) from fiscal 2015. This was due mainly to posting an extraordinary profit of ¥89.8 billion arising from a gain on sales of shares of subsidiaries.

Profit attributable to owners of the parent

Profit attributable to owners of the parent totaled ¥183.0 billion, an increase of ¥67.8 billion (59%) from fiscal 2015. Earnings per share—basic was ¥582.58 compared with ¥367.06 in fiscal 2015.

Consolidated Financial Condition

Total assets decreased ¥451.7 billion from the end of the previous fiscal year to ¥4,199.1 billion due mainly to a decrease in market value of investment securities. Liabilities amounted to ¥2,085.2 billion, a decrease of ¥139.7 billion from the end of the previous fiscal year due mainly to a decrease in deferred tax liabilities. Net assets amounted to ¥2,113.9 billion, a decrease of ¥312.0 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 ¥234.9 billion in fiscal 2016, due mainly to posting profit before income taxes and non-controlling interests of ¥275.2 billion. Net cash provided by operating activities increased by ¥52.8 billion compared with an increase of ¥182.1 billion in fiscal 2015.

Cash flows from investing activities resulted in a decrease in cash of ¥526.3 billion in fiscal 2016, attributable primarily to payments for transfer of business amounting to ¥277.6 billion. Net cash used in investing activities increased by ¥365.6 billion compared with a decrease of ¥160.7 billion in fiscal 2015.

Cash flows from financing activities resulted in an increase in cash of ¥130.9 billion in fiscal 2016, due mainly to proceeds from long-term loans payable of ¥153.9 billion.

After adding translation adjustments and cash and cash equivalents at beginning of period, cash and cash equivalents as of March 31, 2016 stood at ¥92.3 billion, a decrease of ¥156.3 billion (63%) over fiscal 2015.

Investment in Property, Plant and Equipment

During fiscal 2016, Toyota Industries made a total investment of ¥154.2 billion in property, plant and equipment (including vehicles and materials handling equipment for lease) in order to launch new products, streamline and upgrade production equipment.

In the Automobile Segment, investment in property, plant and equipment totaled ¥36.1 billion. A primary breakdown of this amount included ¥18.4 billion for the Company, ¥3.5 billion for Toyota Industries Engine India Private Limited, ¥2.8 billion for Michigan Automotive Compressor, Inc., ¥2.3 billion for Toyota Industries Compressor Parts America, Co., ¥2.1 billion for Tokaiseiki Co., Ltd., ¥1.2 billion for TD Automotive Compressor Georgia, LLC and ¥1.1 billion for P.T. TD Automotive Compressor Indonesia.

The Materials Handling Equipment Segment made an investment in property, plant and equipment in the total amount of ¥109.4 billion. The primary breakdown comprised ¥3.3 billion for the Company, ¥36.5 billion for Toyota Material Handling Europe AB Group, ¥28.9 billion for Toyota Industries Commercial Finance, Inc., ¥17.5 billion for The Raymond Corporation Group, ¥7.8 billion for Aichi Corporation, ¥2.4 billion for Toyota Industrial Equipment Mfg., Inc., ¥2.3 billion for Cascade Corporation, ¥1.6 billion for Toyota Material Handling Mercosur Indústria e Comércio de Equipamentos Ltda, ¥1.2 billion for Atlas Toyota Material Handling, ¥1.1 billion for TOYOTA L&F Tokyo Co., Ltd. and ¥1.0 billion for Toyota Material Handling Midwest, Inc.

Investment in property, plant and equipment in the Logistics Segment totaled ¥6.1 billion, including ¥3.7 billion for Asahi Security Co., Ltd. and ¥1.4 billion for Taikoh Transportation Co., Ltd.

The Textile Machinery Segment made an investment in property, plant and equipment in the total amount of ¥1.7 billion, including ¥0.8 billion for the Company.

The Others Segment made an investment in property, plant and equipment in the total amount of ¥0.6 billion.

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 2017

With regard to the future economic outlook, despite international cooperation it appears uncertainties surrounding the business climate will continue as a further deceleration of the Chinese economy is expected, while financial policies in Japan and the United States as well as the effects of Brexit from the EU require close monitoring.

Amid these circumstances, the Toyota Industries Group is building a stronger business foundation and addressing key management issues by leveraging the Group's comprehensive strengths to further raise corporate value.

As immediate tasks, we will work to bolster our management platform to respond quickly to rapid changes in the business environment. Specifically, based on our quality first approach, we aim to build a stronger production foundation by maintaining and improving productivity on a global basis. We will also pursue waste-free business management and strive to improve profitability by reducing product development lead time throughout the supply chain and carrying out operations improvement activities in administrative and back-office sections. Moreover, we will strengthen risk management in order to quickly and accurately respond to changes in world affairs. To support this consolidated management on a global scale, Toyota Industries will aim to improve workplace capabilities and emphasize diversity in the allocation of personnel while developing human resources who can play active roles in countries around the world.

In addition to these measures, we will work to not only develop technologies based on the keyword of the 3Es, which we define as "energy," "environmental protection" and "ecological thinking," but also innovate our business model by differentiating our products through production engineering technologies and utilizing the Internet of Things (IoT) in our efforts to offer attractive products to customers in the global market in a timely manner. Also, we will nurture buds of new growth from the perspectives of markets and customers and strive to commercialize them as soon as possible. Through these measures, we aim for sustainable growth of businesses in respective markets, including automobiles and materials handling equipment for which expansion is expected in the medium to long term, thereby supporting industries and social foundations around the world to contribute to a comfortable society and enriched lifestyles as specified in Vision 2020.

In other areas, Toyota Industries will create a workplace climate that places top priority on safety; thoroughly enforce compliance, including observance of laws and regulations; and proactively participate in social contribution activities. By carrying out these initiatives, we aim to meet the trust of society and grow harmoniously with society. With regard to protection of the global environment, we will undertake Group-wide initiatives toward realization of "a zero CO_2 emission society in 2050" based on our Sixth Environmental Action Plan developed in March 2016.

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 10, 2016, approved a year-end cash dividend of ¥60.0 per share. Including the interim cash dividend of ¥60.0 per share, cash dividends for the year totaled ¥120.0 per share.

Toyota Industries will use retained earnings to improve the competitiveness of its products, augment production capacity in and outside Japan and expand into new fields of business in securing future profits for its shareholders as well as to obtain treasury stock to return profits to shareholders.

The Company's Articles of Incorporation stipulate that it may pay interim cash dividends as prescribed in Article 454-5 of the Companies Act 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 Companies Act 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, 2016.

Principal Customers

Toyota Industries' automobile and engine products are sold primarily to TMC. In fiscal 2016, net sales to TMC accounted for 30.6% of consolidated net sales. Therefore, TMC's vehicle sales could have an impact on Toyota Industries' business results. As of March 31, 2016, TMC holds 24.39% 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' domestic production facilities and most of its business partners are situated in the Chubu region. Therefore, major disasters in this region could delay or stop production or shipment activities. Such prolonged delays and stoppages could have an adverse impact on Toyota Industries' financial condition and business results.

Latent Risks Associated with International Activities

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

Retirement Benefit Liabilities

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

Significant Contracts Agreements

There were no newly made significant contracts agreements for the year ended March 31, 2016.

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 the amounts of assets and liabilities on the consolidated balance sheets as well as income and expenses on the consolidated statements of income. Among Toyota Industries' significant accounting policies, the following categories require a considerable degree of judgment, estimation and assumption.

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, 2016, Toyota Industries holds 7.28% (224,515 thousand shares) of TMC's total shares in issue. Likewise, as of the same date, TMC holds 24.39% 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 2016, our net sales to TMC accounted for 30.6% 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, 2016 and 2015

	Millions of yen	
	2016	2015
Assets		
Current assets:		
Cash and deposits	**¥ 352,302**	¥ 247,273
Cash deposits for cash collection and deposit services	**—**	58,250
Trade notes and accounts receivable (Note 9)	**280,807**	265,504
Lease investment assets	**70,964**	55,868
Short-term investments	**10,871**	34,085
Merchandise and finished goods (Note 9)	**92,298**	86,865
Work in process	**41,868**	43,320
Raw materials and supplies	**63,035**	64,651
Deferred tax assets	**25,185**	24,234
Other current assets	**111,306**	68,603
Allowance for doubtful accounts	**(3,796)**	(3,756)
Total current assets	**1,044,843**	944,901
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (Notes 6 and 9)	**409,545**	423,670
Accumulated depreciation	**(249,496)**	(250,488)
Buildings and structures, net	**160,048**	173,181
Machinery, equipment and vehicles (Notes 6 and 9)	**1,224,541**	1,068,628
Accumulated depreciation	**(773,207)**	(747,732)
Machinery, equipment and vehicles, net	**451,334**	320,895
Tools, furniture and fixtures (Note 6)	**130,840**	159,660
Accumulated depreciation	**(103,390)**	(120,309)
Tools, furniture and fixtures, net	**27,449**	39,351
Land (Note 9)	**119,897**	120,652
Construction in progress	**22,521**	53,451
Total property, plant and equipment	**781,251**	707,532
Intangible assets:		
Goodwill	**76,980**	95,985
Other intangible assets	**93,234**	96,716
Total intangible assets	**170,214**	192,702
Investments and other assets:		
Investment securities (Notes 8 and 9)	**1,945,123**	2,593,522
Long-term loans receivable	**51,911**	4,693
Deferred tax assets	**14,109**	18,228
Lease investment assets	**164,775**	135,958
Net defined benefit assets	**8,215**	28,289
Other investments and other assets (Note 8)	**20,154**	25,929
Allowance for doubtful accounts	**(1,403)**	(860)
Total investments and other assets	**2,202,886**	2,805,760
Total fixed assets	**3,154,352**	3,705,995
Total assets	**¥4,199,196**	¥4,650,896

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

	Millions of yen	
	2016	2015
Liabilities		
Current liabilities:		
Trade notes and accounts payable	**¥ 214,162**	¥ 205,816
Short-term loans payable (Note 9)	**170,844**	99,736
Current portion of bonds	**19,999**	47,053
Lease obligations (Note 9)	**41,411**	45,665
Accounts payable—other	**25,754**	29,245
Accrued income taxes	**47,473**	13,686
Deferred tax liabilities	**149**	636
Allowance for bonuses to directors	**644**	626
Other current obligations (Note 9)	**153,195**	210,721
Total current liabilities	**673,636**	653,187
Long-term liabilities:		
Bonds payable	**191,555**	185,998
Long-term loans payable (Note 9)	**508,593**	421,154
Lease obligations (Note 9)	**98,771**	117,185
Deferred tax liabilities	**500,077**	737,268
Net defined benefit liabilities (Note 10)	**90,920**	86,766
Other long-term liabilities	**21,692**	23,404
Total long-term liabilities	**1,411,611**	1,571,779
Total liabilities	**2,085,248**	2,224,967
Net Assets		
Shareholders' equity:		
Capital stock		
Authorized — 1,100,000,000 shares		
Issued — 325,840,640 shares as of March 31, 2016	**80,462**	80,462
325,840,640 shares as of March 31, 2015		
Capital surplus	**105,562**	105,592
Retained earnings	**789,502**	644,165
Treasury stock	**(41,266)**	(41,509)
11,613,812 shares as of March 31, 2016		
11,684,749 shares as of March 31, 2015		
Total shareholders' equity	**934,260**	788,711
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	**1,105,544**	1,523,393
Deferred gains or losses on hedges	**360**	(19)
Foreign currency translation adjustment	**22,813**	55,598
Defined benefit plan adjustments	**(26,169)**	(11,463)
Total accumulated other comprehensive income	**1,102,547**	1,567,509
Subscription rights to shares	**6**	72
Non-controlling interests	**77,133**	69,636
Total net assets	**2,113,948**	2,425,929
Total liabilities and net assets	**¥4,199,196**	¥4,650,896

Consolidated Statements of Income

Toyota Industries Corporation
For the years ended March 31, 2016 and 2015

	Millions of yen	
	2016	2015
Net sales	**¥2,228,944**	¥2,166,661
Cost of sales (Note 14)	**1,804,759**	1,765,861
Gross profit	**424,184**	400,799
Selling, general and administrative expenses (Note 14)**:**		
Sales commissions	**16,944**	16,291
Salaries and allowances	**100,775**	97,038
Retirement benefit expenses	**5,232**	4,176
Depreciation	**14,769**	13,968
Research and development expenses	**43,054**	41,930
Others	**115,436**	109,819
Total selling, general and administrative expenses	**296,214**	283,224
Operating profit	**127,970**	117,574
Non-operating profit:		
Interest income	**15,661**	12,357
Dividends income	**65,015**	52,955
Gain on sales of marketable securities	**242**	735
Equity in net earnings of affiliated companies	**641**	1,790
Other non-operating profit	**11,355**	10,878
Total non-operating profit	**92,917**	78,717
Non-operating expenses:		
Interest expenses	**17,341**	15,876
Loss on disposal of fixed assets	**1,675**	1,665
Other non-operating expenses	**16,471**	7,922
Total non-operating expenses	**35,488**	25,465
Ordinary profit	**185,398**	170,827
Extraordinary profit (Note 15)**:**		
Gain on sales of shares of subsidiaries	**89,819**	—
Total extraordinary profit	**89,819**	—
Profit before income taxes	**275,218**	170,827
Income taxes—current	**79,514**	41,181
Income taxes—deferred	**3,931**	7,971
Total income taxes	**83,445**	49,153
Profit	**191,772**	121,674
Profit attributable to non-controlling interests	**8,735**	6,410
Profit attributable to owners of the parent	**¥ 183,036**	¥ 115,263

	Yen	
Earnings per share—basic	**¥ 582.58**	¥ 367.06
Earnings per share–diluted	**582.57**	366.99
Net assets per share	**6,481.97**	7,500.16
Cash dividends per share	**120.00**	110.00

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, 2016 and 2015

	Millions of yen	
	2016	2015
Profit	**¥191,772**	¥121,674
Other comprehensive income:		
Valuation difference on available-for-sale securities	**(417,966)**	501,084
Deferred gains or losses on hedges	**379**	120
Foreign currency translation adjustment	**(35,659)**	13,362
Defined benefit plan adjustments	**(14,872)**	(6,725)
Share of other comprehensive income of associates accounted for using equity method	**(707)**	109
Total other comprehensive income (Note 16)	**(468,826)**	507,952
Comprehensive income	**(277,053)**	629,626
Profit attributable to:		
Owners of the parent	**(281,925)**	620,368
Non-controlling interests	**4,871**	9,258

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, 2016

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2015	**¥80,462**	**¥105,592**	**¥644,165**	**¥(41,509)**	**¥788,711**
Cumulative effects of changes in accounting policies					
Restated balance	**80,462**	**105,592**	**644,165**	**(41,509)**	**788,711**
Changes of items during the period					
Change in ownership interest of parent related to transactions with non-controlling interests		**0**			**0**
Dividends from surplus			**(37,699)**		**(37,699)**
Profit attributable to owners of the parent			**183,036**		**183,036**
Repurchase of treasury stock				**(20)**	**(20)**
Disposal of treasury stock		**(30)**		**263**	**232**
Net changes of items other than shareholders' equity					
Total changes of items during the period	**—**	**(30)**	**145,337**	**242**	**145,549**
Balance at March 31, 2016	**¥80,462**	**¥105,562**	**¥789,502**	**¥(41,266)**	**¥934,260**

	Millions of yen							
	Accumulated other comprehensive income					**Subscription rights to shares**	**Non-controlling 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, 2015	**¥1,523,393**	**¥ (19)**	**¥55,598**	**¥(11,463)**	**¥1,567,509**	**¥ 72**	**¥69,636**	**¥2,425,929**
Cumulative effects of changes in accounting policies								
Restated balance	**1,523,393**	**(19)**	**55,598**	**(11,463)**	**1,567,509**	**72**	**69,636**	**2,425,929**
Changes of items during the period								
Change in ownership interest of parent related to transactions with non-controlling interests								**0**
Dividends from surplus								**(37,699)**
Profit attributable to owners of the parent								**183,036**
Repurchase of treasury stock								**(20)**
Disposal of treasury stock								**232**
Net changes of items other than shareholders' equity	**(417,849)**	**379**	**(32,785)**	**(14,706)**	**(464,962)**	**(65)**	**7,496**	**(457,531)**
Total changes of items during the period	**(417,849)**	**379**	**(32,785)**	**(14,706)**	**(464,962)**	**(65)**	**7,496**	**(311,981)**
Balance at March 31, 2016	**¥1,105,544**	**¥360**	**¥22,813**	**¥(26,169)**	**¥1,102,547**	**¥ 6**	**¥77,133**	**¥2,113,948**

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

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)
Profit attributable to owners of the parent			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**	**Non-controlling 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)
Profit attributable to owners of the parent								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.

Consolidated Statements of Cash Flows

Toyota Industries Corporation
For the years ended March 31, 2016 and 2015

	Millions of yen	
	2016	2015
Cash flows from operating activities:		
Profit before income taxes and non-controlling interests	**¥ 275,218**	¥ 170,827
Depreciation and amortization	**150,011**	127,463
Increase (decrease) in allowance for doubtful accounts	**788**	663
Interest and dividends income	**(80,677)**	(65,312)
Interest expenses	**17,341**	15,876
Equity in net (earnings) losses of affiliates	**(641)**	(1,790)
(Increase) decrease in receivables—trade	**(27,464)**	(16,129)
(Increase) decrease in inventories	**(6,932)**	(20,142)
Increase (decrease) in payables—trade	**10,773**	5,100
Others, net	**(123,752)**	(30,048)
Subtotal	**214,665**	186,507
Interest and dividends income received	**80,674**	65,077
Interest expenses paid	**(17,154)**	(15,622)
Income taxes (paid) refunded	**(43,227)**	(53,770)
Net cash provided by operating activities	**234,957**	182,191
Cash flows from investing activities:		
Payments for purchases of property, plant and equipment	**(152,943)**	(169,842)
Proceeds from sales of property, plant and equipment	**14,702**	11,244
Payments for purchases of investment securities	**(716)**	(6,713)
Proceeds from sales of investment securities	**375**	1,158
Payments for acquisition of subsidiaries' stock resulting in change in scope of consolidation	**(9,717)**	(947)
Proceeds from acquisition of subsidiaries' stock resulting in change in scope of consolidation (Note 30)	**140,097**	—
Payments for loans made	**(4,775)**	(783)
Proceeds from collections of loans	**5,732**	711
Net (increase) decrease in time deposits	**(237,898)**	12,896
Payments for transfer of business (Note 30)	**(277,643)**	—
Others, net	**(3,561)**	(8,495)
Net cash used in investing activities	**(526,349)**	(160,769)
Cash flows from financing activities:		
Payments for acquisition of subsidiaries' stock not resulting in change in scope of consolidation	**(155)**	—
Proceeds from sales of subsidiaries' stock not resulting in change in scope of consolidation	**524**	—
Increase (decrease) in short-term loans payable	**83,408**	(24,861)
Proceeds from long-term loans payable	**153,980**	119,053
Repayments of long-term loans payable	**(38,574)**	(40,478)
Proceeds from issuance of bonds	**25,555**	20,000
Repayments of bonds	**(46,966)**	(29,284)
Payments for repurchase of treasury stocks	**(20)**	(20)
Cash dividends paid	**(37,699)**	(31,386)
Cash dividends paid to non-controlling interests	**(1,860)**	(516)
Proceeds from payment by non-controlling interests	**102**	36
Others, net	**(7,370)**	(21,460)
Net cash provided by (used in) financing activities	**130,923**	(8,918)
Translation adjustments of cash and cash equivalents	**4,161**	9,797
Net increase (decrease) in cash and cash equivalents	**(156,307)**	22,300
Cash and cash equivalents at beginning of period	**248,706**	226,406
Cash and cash equivalents at end of period (Note 30)	**¥ 92,399**	¥ 248,706

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 Companies Act 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 (36 subsidiaries in Japan and 178 subsidiaries outside Japan) as of March 31, 2016.

For the year ended March 31, 2016, seven subsidiaries were newly added to the scope of consolidation and seven companies were excluded from the scope of consolidation because of sales of shares of subsidiaries and liquidation and mergers as a result of reorganization. Changes in the number of consolidated subsidiaries for the year ended March 31, 2016 are listed below.

(increase)
Toyota Industries Engine India Private Limited
Toyota Industries Singapore Pte. Ltd.
Tailift Co., Ltd. Group (4 companies)
The Raymond Corporation Group (1 company)

(decrease)
Asahi Security Co., Ltd.
Wanbishi Archives Co., Ltd. (2 companies)
Toyota Industries Europe AB Group (4 companies)

Among the consolidated subsidiaries, the fiscal year-end dates of the following subsidiaries are different from the consolidated fiscal year-end date (March 31): Toyota Industries (Kunshan) Co., Ltd. (December 31), TD Automotive Compressor Kunshan Co., Ltd. (December 31), Yantai Shougan Toyota Industries Co., Ltd. (December 31) and seven other subsidiaries. These subsidiaries use financial statements based on the provisional settlement of accounts performed on March 31, which is the consolidated fiscal year-end date.

(2) Equity method

Investments in 12 major affiliates in 2016 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, 2016.

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 and managing officers

For expenditures to provide for the retirement benefits for directors and managing officers, an amount to be paid as of the end of the fiscal year in accordance with an internal policy of retirement benefits for directors and managing officers 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 changes in foreign exchange rates on transactions denominated in loans payable, bonds payable, receivables and payables, and forecasted transactions, and risk of changes in interest rates on loans payable, receivables and payables, and bonds payable

(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) Earnings per share

The computation of earnings per share—basic is based on the weighted-average number of outstanding shares of common stock. The calculation of earnings per share—diluted is similar to the calculation of earnings per share—basic, 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

Effective from the fiscal year beginning April 1, 2015, the Company adopted the Accounting Standard for Business Combinations (Accounting Standards Board of Japan (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 and others. Accordingly, the Company posted as capital surplus the difference arising from changes in the Company's ownership interest in subsidiaries for which the Company retains control, as well as changed to an accounting method that treats acquisition-related costs as costs incurred in the consolidated fiscal year. As for business combinations implemented after the beginning of the fiscal year, the Company will change to a method that settles the acquisition cost calculated based on a provisional accounting treatment and reflects the reviewed allocation amount on the consolidated financial statements of the fiscal year that a business combination is carried out. In addition, the Company has changed the presentation of net income and the presentation of minority interests to non-controlling interests. To reflect these changes, line items of the prior year financial statements have been reclassified to conform to current year presentation.

These accounting standards and others were prospectively applied in accordance with transitional measures set forth in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures from the beginning of the fiscal year ended March 31, 2016.

The impact on the consolidated financial statements was estimated to be immaterial in the fiscal year.

In the consolidated statements of cash flows for the fiscal year ended March 31, 2016, cash flows arising from payments for or proceeds from acquisition of subsidiaries' stock not resulting in change in scope of consolidation are classified under "Cash flows from financing activities," while cash flows related to expenses arising from payments for acquisition of subsidiaries' stock resulting in change in scope of consolidation or expenses arising from payments for or proceeds from acquisition of subsidiaries' stock not resulting in change in scope of consolidation are classified under "Cash flows from operating activities."

4. Accounting standards issued but not yet effective:

Toyota Industries Corporation and its consolidated subsidiaries in Japan have not yet adopted the following implementation guidance as of March 31, 2016.

· Revised Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016)

(1) Overview

With regards to the treatment of the recoverability of deferred tax assets, the revised guidance adheres fundamentally to the framework stated in "Audit Treatment of Judgments with Regard to Recoverability of Deferred Tax Assets (Report No. 66 of the Audit Committee of the Japanese Institute of Certified Public Accountants), under which companies are classified into five categories. The amount of deferred tax assets to be recorded is estimated according to these categories, with necessary revisions to the treatment made as follows.

(1) Treatment of companies that do not meet the requirements for categories 1 to 5
(2) Requirements for categories 2 and 3
(3) Treatment regarding future deductible temporary differences for which scheduling is impossible for companies classified in category 2
(4) Treatment regarding the rational estimate period for future taxable income prior to temporary adjustments for companies classified in category 3
(5) Treatment of companies that meet the requirements for category 4 and are also applicable to categories 2 or 3

(2) Date of adoption

The amended implementation guidance is effective from the beginning of the fiscal year ending March 31, 2017.

(3) Impact of adopting the implementation guidance

Toyota Industries Corporation and its consolidated subsidiaries in Japan are currently in the process of determining the effects of the new implementation guidance on the consolidated financial statements.

5. Changes in presentation:

(Consolidated Balance Sheets)
"Long-term loans receivable," 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.

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, 2016 and 2015 consist of the following:

	Millions of yen	
	2016	2015
1.66% bonds due 2015 without collateral	¥ **—**	¥ 30,000
0.45–0.74% medium-term notes due 2015 without collateral	**—**	7,053
1.95% bonds due 2016 without collateral	**19,999**	19,998
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
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**	10,000
0.361% bonds due 2021 without collateral	**10,000**	10,000
0.207% bonds due 2020 without collateral	**10,000**	—
0.318% bonds due 2022 without collateral	**10,000**	—
0.075% medium-term notes due 2022 without collateral	**5,555**	—
Total	¥ **211,555** (**19,999**)	¥ 233,051

The amount shown in parentheses in total for 2016 is that redeemed within one year.

(2) Annual maturities of bonds payable as of March 31, 2016 are as follows:

	Millions of yen
Year ending March 31	Total
2017	¥ **19,999**
2018	**10,000**
2019	**76,000**
2020	**10,000**
2021	**20,000**
2022 and thereafter	**75,555**
Total	¥ **211,555**

(3) Other debts as of March 31, 2016 and 2015 consist of the following:

	Millions of yen		Weighted-average interest rate (%)
	2016	2015	
Short-term loans payable	¥ **121,572**	¥ 55,369	0.45
Long-term loans payable:			
Current portion	**49,271**	44,367	1.43
Non-current portion	**508,593**	421,154	0.82
Lease obligations:			
Current portion	**41,411**	45,665	—
Non-current portion	**98,771**	117,185	—
Total	¥ **819,621**	¥ 683,742	—

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, 2016 are as follows:

	Millions of yen		
Year ending March 31	Long-term loans payable	Lease obligations	Total
2018	¥ **172,769**	¥ **37,664**	¥ **210,433**
2019	**190,880**	**28,608**	**219,489**
2020	**72,684**	**19,212**	**91,897**
2021	**30,256**	**10,112**	**40,369**
2022 and thereafter	**42,001**	**3,173**	**45,174**
Total	¥ **508,593**	¥ **98,771**	¥ **607,364**

8. Investments in affiliated companies:

Investments in affiliated companies as of March 31, 2016 and 2015 are as follows:

	Millions of yen	
	2016	2015
Investment securities (stock)	¥ **8,951**	¥ 8,785
Other investments and other assets (others)	**4,621**	5,526

9. Assets pledged as collateral:

(1) Assets pledged as collateral as of March 31, 2016 and 2015 are as follows:

	Millions of yen	
	2016	2015
Investment securities	¥ **114,288**	¥ 143,192
Merchandise and finished goods	**1,227**	1,591
Trade notes and accounts receivable	**835**	1,566
Machinery, equipment and vehicles	**485**	1,112
Buildings and structures	**111**	118
Land	**16**	17
Total	¥ **116,963**	¥ 147,596

(2) Secured liabilities as of March 31, 2016 and 2015 are as follows:

	Millions of yen	
	2016	2015
Other current obligations	¥ **28,169**	¥ 27,284
Short-term loans payable	**2,096**	3,554
Lease obligations (long-term liabilities)	**198**	—
Lease obligations (current liabilities)	**185**	—
Long-term loans payable	**68**	715
Total	¥ **30,718**	¥ 31,554

10. Allowance for retirement benefits to directors and managing officers:

The amount of allowance for retirement benefits to directors and managing officers included in net defined benefit liabilities for the years ended March 31, 2016 and 2015 is as follows:

	Millions of yen	
	2016	2015
Allowance for retirement benefits to directors and managing officers	¥ **1,464**	¥ 1,605

11. Asset retirement obligations:

The amount of asset retirement obligations as of March 31, 2016 and 2015, 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, 2016 and 2015 are as follows:

	Millions of yen	
	2016	2015
Export discount bills	**¥ 126**	¥ 233

13. Net assets:

Under the Companies Act, 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 Companies Act.

14. Research and development expenses:

Research and development expenses, which are included in selling, general and administrative expenses and manufacturing costs, amounted to ¥54,970 million and ¥47,785 million for the years ended March 31, 2016 and 2015, respectively.

15. Extraordinary profit:

Toyota Industries recorded an extraordinary profit due to sales of all shares of Asahi Securities Co., Ltd. and Wanbishi Archives Co., Ltd., which were consolidated subsidiaries, in December 2015.

16. Comprehensive income:

Recycling and tax effect relating to other comprehensive income for the years ended March 31, 2016 and 2015 are as follows:

	Millions of yen	
	2016	2015
Valuation difference on available-for-sale securities		
Amount arising during the period	**¥(648,684)**	¥ 660,681
Recycling	**(356)**	(734)
Before tax effect adjustment	**(649,041)**	659,946
Tax effect	**231,075**	(158,862)
Valuation difference on available-for-sale securities	**(417,966)**	501,084
Deferred gains or losses on hedges		
Amount arising during the period	**1,558**	(2,835)
Recycling	**(1,124)**	3,010
Before tax effect adjustment	**433**	175
Tax effect	**(54)**	(54)
Deferred gains or losses on hedges	**379**	120
Foreign currency translation adjustment		
Amount arising during the period	**(35,506)**	13,431
Recycling	**(152)**	(68)
Foreign currency translation adjustment	**(35,659)**	13,362
Defined benefit plan adjustments		
Amount arising during the period	**(23,766)**	(8,565)
Recycling	**873**	398
Before tax effect adjustment	**(22,892)**	(8,166)
Tax effect	**8,019**	1,441
Defined benefit plan adjustments	**(14,872)**	(6,725)
Share of other comprehensive income of associates accounted for using equity method		
Amount arising during the period	**(707)**	109
Other comprehensive income	**(468,826)**	507,952

17. Financial instruments:

(1) Matters concerning financial instruments:

(A) Policy for financial instruments

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

(B) Contents and risk of financial instruments

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

Short-term investments and 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, 2016

The amounts in the consolidated balance sheets, fair values and the differences between those as of March 31, 2016 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	¥ 352,302	¥ 352,302	¥ —
(2) Trade notes and accounts receivable	277,011	277,011	(0)
(3) Lease investment assets (current assets)	70,964	70,964	—
(4) Short-term investments and investment securities	1,916,879	1,916,879	—
Other securities			
(5) Long-term loans receivable	51,911	49,323	(2,588)
(6) Lease investment assets (fixed assets)	164,775	159,904	(4,870)
Total assets	¥ 2,833,844	¥ 2,826,385	¥ (7,459)
(1) Trade notes and accounts payable	¥ (214,162)	¥ (214,162)	¥ 0
(2) Short-term loans payable	(170,844)	(170,844)	—
(3) Current portion of bonds	(19,999)	(19,999)	—
(4) Lease obligations (current liabilities)	(41,411)	(41,411)	—
(5) Bonds payable	(191,555)	(198,740)	(7,184)
(6) Long-term loans payable	(508,593)	(519,279)	(10,686)
(7) Lease obligations (long-term liabilities)	(98,771)	(98,863)	(92)
Total liabilities	¥ (1,245,339)	¥ (1,263,302)	¥ (17,962)
Derivative transactions*3			
Derivative instruments for which hedge accounting is not applied	¥ 775	¥ 775	¥ —
Derivative instruments for which hedge accounting is applied	491	491	—
Total derivative transactions	¥ 1,266	¥ 1,266	¥ —

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

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

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

(4) Short-term investments and investment securities
Fair value of stock is calculated based on prices listed on stock exchanges. Fair value of negotiable certificates of deposit approximates the carrying amount. Details regarding other securities are referred to in Note 18 "Marketable securities."

(5) Long-term loans receivable
Fair value is calculated by discounting to net present value the total of principal and interest using incremental borrowing rates.

(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 incremental borrowing rates. Interest rate swaps that meet the requirement for the preferential accounting method and interest rate and currency swaps that meet the requirement for the integral accounting method are handled together with the aforementioned long-term loans payable. The fair value of interest rate swaps is included in the fair value of the aforementioned long-term loans payable. The fair value is calculated by discounting expected future cash flows using incremental borrowing rates.

(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 19 "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	¥ 8,951
Other securities	30,164
Total	¥ 39,115

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, 2016 for monetary credits and liabilities as well as marketable securities with maturities

	Millions of yen			
Year ending March 31	2017	2018-2021	2022-2026	2027 and thereafter
Cash and deposits	¥ 352,302	¥ —	¥ —	¥ —
Trade notes and accounts receivable	276,749	261	—	—
Long-term loans receivable	—	48,610	3,045	254
Lease investment assets (fixed assets)	—	160,399	4,376	—
Total	¥ 629,052	¥ 209,271	¥ 7,422	¥ 254

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	2017	2018	2019	2020	2021	2022-2026	2027 and thereafter
Bonds payable	¥ —	¥ 10,000	¥ 76,000	¥ 10,000	¥ 20,000	¥ 75,555	¥ —
Long-term loans payable	—	172,769	190,880	72,684	30,256	42,001	—
Lease obligations (long-term liabilities)	—	37,664	28,608	19,212	10,112	2,980	192
Total	¥ —	¥ 220,433	¥ 295,489	¥ 101,897	¥ 60,369	¥ 120,538	¥ 192

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 18 "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 incremental borrowing rates.

(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

18. Marketable securities:

(1) Other securities with readily determinable fair value

As of and for the year ended March 31, 2016

	Millions of yen		
	Carrying amount	Acquisition cost	Difference
Securities with carrying amount exceeding acquisition cost:			
Stocks	**¥1,896,931**	**¥ 311,063**	**¥1,585,867**
Others	**317**	**305**	**12**
Subtotal	**1,897,249**	**311,368**	**1,585,880**
Securities with carrying amount not exceeding acquisition cost:			
Stocks	**8,758**	**11,656**	**(2,897)**
Others	**10,871**	**10,871**	**—**
Subtotal	**19,630**	**22,528**	**(2,897)**
Total	**¥1,916,879**	**¥ 333,896**	**¥1,582,983**

Non-listed stocks (total amount is ¥30,164 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, 2015

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

(2) Other securities sold during the year

As of and for the years ended March 31, 2016 and 2015

Other securities sold are omitted due to their quantitative immateriality.

19. Derivative instruments:

(1) Quantitative disclosure about derivatives for the year ended March 31, 2016

1) Derivative instruments for which hedge accounting is not applied

(a) Foreign currency transactions as of March 31, 2016 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	¥ 6,229	¥ —	¥ 569	¥ 569
	Buy JPY / Sell EUR	362	—	16	16
	Buy JPY / Sell other foreign currencies	50	—	(0)	(0)
	Buy EUR / Sell other foreign currencies	1,449	—	7	7
	Buy SEK / Sell EUR	34,427	—	432	432
	Buy SEK / Sell GBP	2,569	—	201	201
	Buy SEK / Sell other foreign currencies	41,522	—	(132)	(132)
	Sell SEK / Buy EUR	10,882	—	(13)	(13)
	Sell SEK / Buy GBP	142	—	(2)	(2)
	Sell SEK / Buy other foreign currencies	3,567	—	(18)	(18)
	Buy other foreign currencies	2,145	—	(118)	(118)
	Sell other foreign currencies	3,391	—	(7)	(7)
	Foreign currency option contracts transactions*1				
	Buy	1,765 <25>	—	45	20
	Sell	1,765 <25>	—	4	20
	Total	¥ 110,270	¥ —	¥ 982	¥ 974

*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, 2016.

(b) Interest rate transactions as of March 31, 2016 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	¥ 47,216	¥ 29,716	¥ (199)	¥ (199)
	Total	¥ 47,216	¥ 29,716	¥ (199)	¥ (199)

The fair value calculation method is based on the index price as of March 31, 2016.

2) Derivative instruments for which hedge accounting is applied

Category	Type	Contents of hedge	Millions of yen				
			Notional amount		Fair value	Net unrealized gain/loss	Evaluation method
			Total	Maturity over 1 year			
Deferred hedge method	Foreign currency forward contracts transactions						
	Buy JPY / Sell USD	Accounts receivable	¥ 5,210	¥ —	¥ 98	¥ 98	By the exchange rate on foreign currency market
	Buy JPY / Sell EUR		3,158	—	(18)	(18)	
	Buy JPY / Sell AUD		472	—	(15)	(15)	
	Buy JPY / Sell CNY		905	—	(5)	(5)	
	Buy SEK / Sell EUR		3,884	—	32	32	
	Buy SEK / Sell GBP		4,723	—	310	310	
	Buy SEK / Sell other foreign currencies		5,432	—	101	101	
	Sell SEK / Buy EUR		25	—	0	0	
	Sell SEK / Buy GBP		130	—	(2)	(2)	
	Sell SEK / Buy other foreign currencies		551	—	(24)	(24)	
	Foreign currency option contracts transactions*1						
	Buy	Accounts receivable	3,620 <54>	—	48	(5)	By the price on currency option market
	Sell		3,620 <54>	—	35	18	
	Subtotal		31,735	—	562	491	
Net valuation method using forward foreign exchange contracts	Foreign currency forward contracts transactions						
	Buy JPY / Sell USD	Accounts receivable	4,069	—	*2	*2	By the exchange rate on foreign currency market
	Buy JPY / Sell EUR		1,688	—			
	Buy JPY / Sell AUD		244	—			
	Buy JPY / Sell CNY		2,018	—			
	Subtotal		8,020	—	—	—	
Preferential accounting method of interest rate swap transactions	Interest rate swap transactions						
	Fixed rate payment / Floating rate receipt	Long-term loans payable	60,339	60,339	*2	*2	By the rate on interest swap market
	Subtotal		60,339	60,339	—	—	
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	95,942	95,942	*2	*2	By the rate on interest swap market
	Subtotal		95,942	95,942	—	—	
	Total		¥196,038	¥156,282	¥ 562	¥ 491	

*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 17).

(2) 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	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	Accounts receivable					By the exchange rate on foreign currency market
	Buy JPY / Sell USD		¥ 54,636	¥ —	¥ 461	¥ 461	
	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	Accounts receivable					By the price on currency option market
	Buy		5,736 <72>	—	50	(22)	
	Sell		5,736 <72>	—	54	17	
	Subtotal		84,367	—	150	41	
Net valuation method using forward foreign exchange contracts	Foreign currency forward contracts transactions	Accounts receivable			*2	*2	By the exchange rate on foreign currency market
	Buy JPY / Sell USD		3,180	—			
	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 17).

20. 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 benefit 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.

The Aichiken Truck Pension Fund and the aitetsuren pension fund, both of which are multi-employer welfare pension plan funds that certain subsidiaries in Japan had joined, have been approved to dissolve as of September 25, 2015 and March 17, 2016, respectively, by the Minister of Health, Labour and Welfare. The impact of the dissolution of these funds on the consolidated financial statements is immaterial.

(2) Defined benefit plan:

1) Reconciliation of defined benefit obligation for the years ended March 31, 2016 and 2015 is as follows:

	Millions of yen	
	2016	2015
Benefit obligation at beginning of period	**¥ 249,987**	¥ 210,753
Cumulative effects of changes in accounting policies	**—**	5,207
Restated balance	**249,987**	215,960
Service cost	**11,389**	10,130
Interest cost	**5,008**	5,140
Actuarial gain (loss)	**14,826**	23,294
Benefit payments	**(6,517)**	(5,844)
Prior service cost	**3**	(527)
Others	**(9,035)**	1,832
Benefit obligation at end of period	**¥ 265,662**	¥ 249,987

2) Reconciliation of plan assets for the years ended March 31, 2016 and 2015 is as follows:

	Millions of yen	
	2016	2015
Plan assets at beginning of period	**¥ 193,115**	¥ 170,188
Expected return on plan assets	**3,408**	3,833
Actuarial gain (loss)	**(9,909)**	14,160
Employer contributions	**6,626**	5,700
Benefit payments	**(4,575)**	(4,185)
Others	**(4,245)**	3,418
Plan assets at end of period	**¥ 184,419**	¥ 193,115

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	
	2016	2015
(a) Benefit obligation [funded]	**¥ 250,674**	¥ 231,935
(b) Plan assets	**(184,419)**	(193,115)
(c) Funded status [(a) + (b)]	**66,254**	38,820
(d) Benefit obligation [unfunded]	**14,987**	18,051
(e) Net amount recognized on the consolidated balance sheets [(c) + (d)]	**81,242**	56,871
(f) Net defined benefit liabilities	**89,458**	85,161
(g) Net defined benefit assets	**(8,215)**	(28,289)
(h) Net amount recognized on the consolidated balance sheets [(f) + (g)]	**¥ 81,242**	¥ 56,871

The simplified method is included in the above.

4) Components of retirement benefit expenses for the years ended March 31, 2016 and 2015 are as follows:

	Millions of yen	
	2016	2015
Service cost	**¥ 11,389**	¥ 10,130
Interest cost	**5,008**	5,140
Expected return on plan assets	**(3,408)**	(3,833)
Amortization of actuarial (gain) loss	**1,392**	1,115
Amortization of prior service cost	**(175)**	(716)
Others	**25**	28
Defined benefit expenses	**¥ 14,232**	¥ 11,864

5) Amounts recognized in other comprehensive income (pre-tax) as of March 31, 2016 and 2015 are as follows:

	Millions of yen	
	2016	2015
Prior service cost	**¥ (177)**	¥ (209)
Actuarial gain (loss)	**(22,714)**	(7,956)
Total	**¥ (22,892)**	¥ (8,166)

6) Amounts recognized in accumulated other comprehensive income (pre-tax) as of March 31, 2016 and 2015 are as follows:

	Millions of yen	
	2016	2015
Prior service cost	**¥ 2,850**	¥ 3,027
Actuarial gain (loss)	**(39,720)**	(17,005)
Total	**¥ (36,870)**	¥ (13,977)

7) Plan assets:

(a) Components of plan assets:

	2016	2015
Bond	**35%**	37%
Stock	**41%**	47%
Cash and deposits	**4%**	4%
Other assets	**20%**	12%
Total	**100%**	100%

Plan assets include 20% of employee retirement benefits trust for the years ended March 31, 2016 and 22% of employee retirement benefits trust for the years ended March 31, 2015.

(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:

	2016	2015
Discount rate	**0.5%**	1.5%
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 ¥6,155 million for the year ended March 31, 2016 and ¥5,684 million for the year ended March 31, 2015.

(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 ¥75 million for the year ended March 31, 2016 and ¥789 million for the year ended March 31, 2015.

As of March 31, 2016

As of March 31, 2015	The Japan Society of Industrial Machinery Manufacturers' welfare pension fund	Other welfare pension funds
Plan assets	**¥ 83,744 million**	**¥ 40,512 million**
The total of actuarial obligation and minimum actuarial reserve	**¥ 104,880 million**	**¥ 46,017 million**
Variance	**¥ (21,136 million)**	**¥ (5,504 million)**

As of March 31, 2016

Toyota Industries Group contribution to welfare pension plan	**7.06%**	**4.58%**

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%

21. Stock options:

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

	Millions of yen	
	2016	2015
	¥15	¥28

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

1) Stock option details

Fiscal year	2011	2010
Company name	The Company	The Company
Position and number of grantees	Directors: 16 Managing officers and employees: 146	Directors: 14 Managing officers and employees: 153
Class and number of shares*	1,262,000 shares of common stock	1,157,000 shares of common stock
Date of issue	August 2, 2010	August 3, 2009
Condition of settlement of rights	1. Grantee must be employed as a director, managing officer or regular employee of the Company at the time of exercise. However, this does not apply if no more than 18 months have elapsed after retirement or resignation from the Company. 2. Other conditions of exercise shall be decided as prescribed by the Contract for Allotment of Subscription Rights to Shares concluded by the Company and grantee in accordance with resolutions at the General Meeting of Shareholders and resolutions on the issue of subscription rights to shares by the Board of Directors. 3. In the case where grantee becomes no longer applicable to the conditions of exercise, the grantee immediately loses subscription rights to shares and must return the rights to the Company without consideration.	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
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

* 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
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
Stock options outstanding at the end of the previous fiscal year	82,400	27,000
Conversion from non-exercisable stock options	—	—
Stock options exercised	70,800	3,200
Forfeitures	2,000	23,800
Stock options outstanding at the end of the fiscal year	9,600	—

(b) Price of options

	Exact yen amounts	
	2011	2010
Paid-in value	¥2,449	¥2,570
Average market price of the stock at the time of exercise	5,936	7,301
Fair value of options on grant date	686	581

(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.

22. Income taxes:

(1) The significant components of deferred tax assets and liabilities as of March 31, 2016 and 2015 are as follows:

	Millions of yen	
	2016	2015
Deferred tax assets:		
Net defined benefit liabilities	**¥ 19,193**	¥ 20,317
Depreciation	**10,494**	9,718
Net operating loss carry-forwards for tax purposes	**7,274**	8,808
Accrued expenses	**7,197**	7,581
Securities	**4,683**	5,219
Trade receivables	**1,314**	2,904
Other	**28,817**	23,083
Subtotal	**78,976**	77,632
Less: valuation allowance	**(12,799)**	(13,861)
Total deferred tax assets	**66,176**	63,771
Deferred tax liabilities:		
Other securities	**473,521**	704,563
Depreciation	**33,630**	30,145
Land	**562**	562
Reserve for advanced depreciation of non-current assets	**319**	261
Reserve for special depreciation	**25**	40
Other	**19,049**	23,639
Total deferred tax liabilities	**527,109**	759,213
Net deferred tax liabilities	**¥ 460,932**	¥ 695,442

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

	Millions of yen	
	2016	2015
Current assets—deferred tax assets	**¥ 25,185**	¥ 24,234
Investments and other assets—deferred tax assets	**14,109**	18,228
Current liabilities—deferred tax liabilities	**149**	636
Long-term liabilities—deferred tax liabilities	**500,077**	737,268

(2) Reconciliations of differences between the statutory rate of income taxes and the effective rate of income taxes for the years ended March 31, 2016 and 2015 are as follows:

	2016	2015
Statutory rate of income taxes	**32.4%**	34.9%
Addition (reduction) in taxes resulting from:		
Dividends income and others permanently not recognized as taxable income	**(2.6%)**	(5.1%)
Valuation allowance	**(0.4%)**	(0.2%)
Other	**0.9%**	(0.9%)
Effective rate of income taxes	**30.3%**	28.8%

(3) Impact on changes in the statutory tax rate

On March 29, 2016, the Act for Partial Amendment of the Income Tax Act, etc. (Act No. 15 of 2016) and the Act for Partial Amendment of the Local Tax Act, etc. (Act No. 13 of 2016) were enacted in the Diet session. Accordingly, the corporate income tax rate will be reduced from the fiscal year beginning April 1, 2016. As a result of this change in the tax rates, deferred tax assets decreased by ¥831 million, deferred tax liabilities decreased by ¥24,943 million, valuation difference on available-for-sale securities increased by ¥25,302 million and income taxes—deferred increased by ¥1,455 million.

23. 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). The pro forma information as of and for the years ended March 31, 2016 and 2015 are immaterial.

2) Finance leases (as a lessor)

(a) Lease investment assets listed on the consolidated balance sheets as of March 31, 2016 and 2015 are as follows:

	Millions of yen	
	2016	2015
Lease receivables	**¥ 216,710**	¥ 175,014
Residual value	**42,786**	42,273
Unearned interest income	**(23,756)**	(25,460)
Total	**¥ 235,739**	¥ 191,827

(b) Amounts of projected future recovery after March 31, 2016 and 2015 for the portion of lease payment receivables in lease investment assets are as follows:

	Millions of yen	
	2016	2015
Due within one year	**¥ 73,690**	¥ 59,641
Due after one year and within two years	**59,557**	47,665
Due after two years and within three years	**43,335**	34,790
Due after three years and within four years	**26,590**	21,393
Due after four years and within five years	**10,694**	8,880
Due after five years	**2,842**	2,643
Total	**¥ 216,710**	¥ 175,014

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). The amounts of the fiscal years ended March 31, 2016 and 2015 are omitted due to their quantitative immateriality.

(2) Operating leases

1) Operating leases (as a lessee)

Pro forma future lease payments under operating leases as of March 31, 2016 and 2015 are as follows:

	Millions of yen	
	2016	2015
Due within one year	**¥ 9,293**	¥ 9,978
Due after one year	**27,564**	36,600
Total	**¥ 36,858**	¥ 46,578

2) Operating leases (as a lessor)

Pro forma information regarding future minimum rentals under operating leases as of March 31, 2016 and 2015 is as follows:

	Millions of yen	
	2016	2015
Due within one year	**¥ 61,193**	¥ 32,160
Due after one year	**104,093**	63,716
Total	**¥ 165,286**	¥ 95,876

24. Changes in net assets:

(1) Common stock outstanding for the years ended March 31, 2016 and 2015:

	shares
Balance at March 31, 2014	325,840,640
Increase	—
Decrease	—
Balance at March 31, 2015	325,840,640
Increase	**—**
Decrease	**—**
Balance at March 31, 2016	**325,840,640**

(2) Treasury stock outstanding for the years ended March 31, 2016 and 2015:

	shares
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
Increase due to purchase of odd stock	**3,184**
Decrease due to exercise of stock options	**74,000**
Decrease due to sale of odd stock	**121**
Balance at March 31, 2016	**11,613,812**

(3) Subscription rights to shares outstanding for the years ended March 31, 2016 and 2015:

	Millions of yen	
	2016	2015
The Company	**¥ 6**	¥ 72

(4) Dividends

(a) Dividends paid for the year ended March 31, 2016

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 11, 2015	**Common stock**	**¥18,849**	**¥60**	**March 31, 2015**	**June 12, 2015**
Board of Directors meeting held on October 30, 2015	**Common stock**	**18,850**	**60**	**September 30, 2015**	**November 26, 2015**

(b) Dividends with a record date in the fiscal year ended March 31, 2016 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 10, 2016	**Common stock**	**¥18,853**	**Retained earnings**	**¥60**	**March 31, 2016**	**June 13, 2016**

(c) 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

(d) 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

25. Subsequent events:

There were no subsequent events for the year ended March 31, 2016.

26. 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 profit/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
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 profit is based on operating profit.
Inter-segment sales and transactions are based on prices that are similar to those with third parties.

(3) Business segments

As of and for the years ended March 31, 2016 and 2015:

	Millions of yen	
	2016	2015
Sales:		
Automobile		
Outside customer sales	**¥1,045,782**	¥1,050,713
Inter-segment transactions	**25,162**	29,103
	1,070,945	1,079,816
Materials Handling Equipment		
Outside customer sales	**1,004,127**	924,995
Inter-segment transactions	**2,210**	1,888
	1,006,337	926,884
Logistics		
Outside customer sales	**86,925**	98,000
Inter-segment transactions	**8,756**	15,366
	95,681	113,367
Textile Machinery		
Outside customer sales	**65,684**	68,188
Inter-segment transactions	**224**	230
	65,908	68,418
Others		
Outside customer sales	**26,425**	24,762
Inter-segment transactions	**15,709**	15,670
	42,134	40,433
Subtotal	**2,281,006**	2,228,920
Elimination of inter-segment transactions	**(52,062)**	(62,259)
Total	**¥2,228,944**	¥2,166,661
Segment profit:		
Automobile	**¥ 33,348**	¥ 35,957
Materials Handling Equipment	**79,745**	68,843
Logistics	**5,229**	6,224
Textile Machinery	**4,115**	2,699
Others	**4,887**	3,778
Elimination of inter-segment transactions	**643**	70
Total	**¥ 127,970**	¥ 117,574

	Millions of yen	
	2016	2015
Assets:		
Automobile	**¥ 554,523**	¥ 558,479
Materials Handling Equipment	**1,268,443**	951,230
Logistics	**36,163**	188,467
Textile Machinery	**46,357**	62,823
Others	**207,315**	203,383
Corporate or elimination of inter-segment transactions	**2,086,393**	2,686,512
Total	**¥4,199,196**	¥4,650,896
Depreciation:		
Automobile	**¥ 53,473**	¥ 48,498
Materials Handling Equipment	**75,203**	55,699
Logistics	**6,894**	8,145
Textile Machinery	**3,309**	3,595
Others	**761**	683
Corporate or elimination of inter-segment transactions	**—**	—
Total	**¥ 139,642**	¥ 116,621
Amortization of goodwill:		
Automobile	**¥ —**	¥ —
Materials Handling Equipment	**5,648**	4,840
Logistics	**2,489**	3,310
Textile Machinery	**2,230**	2,690
Others	**—**	—
Corporate or elimination of inter-segment transactions	**—**	—
Total	**¥ 10,368**	¥ 10,841
Investment in equity method company:		
Automobile	**¥ 3,290**	¥ 3,979
Materials Handling Equipment	**7,421**	7,462
Logistics	**—**	—
Textile Machinery	**—**	—
Others	**—**	—
Corporate or elimination of inter-segment transactions	**—**	—
Total	**¥ 10,711**	¥ 11,441
Increase in tangible assets and intangible assets:		
Automobile	**¥ 37,999**	¥ 94,665
Materials Handling Equipment	**125,519**	80,088
Logistics	**6,791**	8,341
Textile Machinery	**2,095**	3,111
Others	**739**	1,547
Corporate or elimination of inter-segment transactions	**—**	—
Total	**¥ 173,145**	¥ 187,754

(4) Related information

Geographical segments
As of and for the years ended March 31, 2016 and 2015:

	Millions of yen	
	2016	2015
Sales:		
Japan	**¥1,060,233**	¥1,081,347
U.S.A.	**492,930**	433,581
Others	**675,781**	651,732
Total	**¥2,228,944**	¥2,166,661
Tangible assets:		
Japan	**¥ 311,163**	¥ 343,396
U.S.A.	**268,956**	158,758
Others	**201,131**	205,378
Total	**¥ 781,251**	¥ 707,532
Major customer:		
Sales (Automobile Segment)		
Toyota Motor Corporation	**¥ 681,687**	¥ 692,725
Total	**¥ 681,687**	¥ 692,725
Unamortized goodwill by business segment:		
Automobile	**¥ —**	¥ —
Materials Handling Equipment	**64,583**	42,220
Logistics	**—**	38,304
Textile Machinery	**12,396**	15,460
Others	**—**	—
Corporate or elimination of inter-segment transactions	**—**	—
Total	**¥ 76,980**	¥ 95,985
Negative goodwill: Negative goodwill is omitted due to its quantitative immateriality.		

27. 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, 2016 and 2015 are as follows:

	Millions of yen	
	2016	2015
Toyota Motor Corporation	**¥ 680,880**	¥ 691,715

Toyota Motor Corporation held 24.39% of the Company's voting rights as of March 31, 2016. 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. The above transactions are carried out based on terms and conditions similar to those for third parties. Transaction amounts exclude consumption taxes.

(b) Purchase of goods for the years ended March 31, 2016 and 2015 are as follows:
Purchase of goods:

	Millions of yen	
	2016	2015
Toyota Motor Corporation	**¥ 502,834**	¥ 504,373

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. The above transactions are carried out based on terms and conditions similar to those for third parties. Transaction amounts exclude consumption taxes.

(c) Outstanding balances arising from sale/purchase of goods/services as of March 31, 2016 and 2015 are as follows:
Receivables from a related party:

	Millions of yen	
	2016	2015
Toyota Motor Corporation		
Accounts receivable	**¥ 39,937**	¥ 20,806
Trade notes receivable	**4,345**	7,749

Payables to a related party:

	Millions of yen	
	2016	2015
Toyota Motor Corporation	**¥ 57,220**	¥ 48,093

The balance as of March 31, 2016 and 2015 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, 2016 is as follows:

	Millions of yen
	2016
Norio Sasaki (Senior Managing Director of the Company)	**¥ 19**
Toshifumi Ogawa (Senior Managing Director of the Company)	**25**
Kan Otsuka (Director of the Company)	**37**
Taku Yamamoto (Director of the Company)	**37**
Kohei Nozaki (Full-time Audit & Supervisory Board Member of the Company)	**25**

This transaction refers to the exercise of the subscription rights to shares as stipulated in Articles 236, 238 and 239 of the Companies Act. The exercise of the subscription rights to shares has been issued following approval of a special resolution at the Ordinary General Meeting of Shareholders held on June 19, 2009 and June 23, 2010.

Exercise of stock options for the year ended March 31, 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 Companies Act. 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.

(3) The following transactions of consolidated subsidiaries were carried out with related parties:

Transfer of business for the years ended March 31, 2016 and 2015 is as follows:

	Millions of yen	
	2016	2015
Toyota Motor Credit Corporation	**¥ 277,643**	¥ —

The calculation of the consideration for the transfer of business was commissioned to a third party and the payment amount was agreed upon by Toyota Motor Credit Corporation and Toyota Industries after due deliberation.

28. Earnings per share (EPS):

The basis of calculation for earnings per share—basic and earnings per share—diluted is as follows:

	Millions of yen 2016	2015
Earnings per share—basic:		
Profit attributable to owners of the parent	¥ **183,036**	¥ 115,263
Profit not attributable to common shareholders (bonuses for directors that are paid through appropriation)	**—**	—
Profit attributable to owners of the parent on common stock	**183,036**	115,263
Weighted-average shares (thousands)	**314,180**	314,021
Earnings per share—basic (exact yen amounts)	¥ **582.58**	¥ 367.06
Earnings per share—diluted:	¥ **582.57**	¥ 366.99

29. Net assets per share:

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

	Millions of yen 2016	2015
Net assets per share:		
Total net assets	**¥2,113,948**	¥2,425,929
Amounts deducted from total net assets		
(Subscription rights to shares)	**(6)**	(72)
(Non-controlling interests in consolidated subsidiaries)	**(77,133)**	(69,636)
Net assets applicable to common stock at end of year	**2,036,808**	2,356,220
Outstanding shares of common stock at end of year used for the computation of net assets per share (thousands)	**314,226**	314,155
Net assets per share (exact yen amounts)	¥ **6,481.97**	¥ 7,500.16

30. Cash and cash flows:

(1) Cash and cash equivalents

The relationship between the accounts in the consolidated balance sheets and the remaining balance of cash and cash equivalents as of March 31, 2016 and 2015 is as follows:

	Millions of yen 2016	2015
Cash and deposits	¥ **352,302**	¥ 247,273
Deposits which have a maturity of over three months to one year	**(270,498)**	(32,652)
Short-term investments (securities) which have an original maturity within three months	**10,594**	34,085
Cash and cash equivalents	¥ **92,399**	¥ 248,706

(2) Breakdown of assets and liabilities related to transfer of business that involves cash and cash equivalents

The breakdown of assets and liabilities that accompanied the transfer of the commercial finance business of Toyota Motor Credit Corporation to Toyota Industries Commercial Finance, Inc., one of Toyota Industries' subsidiaries, as well as consideration and payment for transfer of business are as follows:

	Millions of yen
Current assets	¥ **84,757**
Fixed assets	**166,664**
Goodwill	**27,545**
Current liabilities	**(1,323)**
Long-term liabilities	**—**
Consideration for transfer of business	**277,643**
Cash and cash equivalents	**—**
Difference: payment for transfer of business	**277,643**

(3) Breakdown of assets and liabilities of the companies excluded from the scope of consolidation as a result of sales of shares

The breakdown of assets and liabilities at the time of the sales of shares of Asahi Security Co., Ltd., which resulted in its exclusion from the scope of consolidation, as well as consideration and payment for transfer of business are as follows:

	Millions of yen
Current assets	¥ **122,039**
Fixed assets	**19,165**
Goodwill	**8,047**
Current liabilities	**(115,793)**
Long-term liabilities	**(10,874)**
Other	**503**
Gain on sales of shares of subsidiaries	**57,912**
Sales value of shares	**81,000**
Cash and cash equivalents	**(18,095)**
Difference: proceeds from sale of shares	**62,904**

The breakdown of assets and liabilities at the time of the sales of shares of Wanbishi Archives Co., Ltd., which resulted in its exclusion from the scope of consolidation, as well as consideration and payment for transfer of business are as follows:

	Millions of yen
Current assets	¥ **11,945**
Fixed assets	**19,259**
Goodwill	**27,767**
Current liabilities	**(2,885)**
Long-term liabilities	**(2,130)**
Other	**136**
Gain on sales of shares of subsidiaries	**31,906**
Sales value of shares	**86,000**
Cash and cash equivalents	**(8,807)**
Difference: proceeds from sale of shares	**77,192**

31. Business combination:

Business combination through acquisition

(1) Outline of business combination

(a) Name and business of acquiree
Toyota Motor Credit Corporation (hereinafter, "TMCC")
Business of the Commercial Finance Department (sales financing and other businesses for TOYOTA-brand materials handling equipment in the United States)
(b) Main purpose of business combination
By means of acquiring TMCC's financial assets and personnel, Toyota Industries aims to gain know-how concerning the sales financing business for materials handling equipment that TMCC has accumulated over the past 30 years in its efforts to strengthen the sales financing business in the United States and promote full-fledged development of sales financing business on a global scale.
(c) Date of business combination
October 1, 2015
(d) Measure of business combination
Transfer of business involving cash and cash equivalents
(e) Name of acquiree after business combination
Toyota Industries Commercial Finance, Inc.
(f) Basis of determination of acquirer
Transfer of business involving cash and cash equivalents

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

From October 1, 2015 through March 31, 2016

(3) Acquisition cost of acquiree

	Millions of yen
Consideration for acquisition: Cash	¥ **277,643**
Acquisition cost	**277,643**

(4) Content and amount of principal acquisition-related expenses

	Millions of yen
Advisory fees, etc.	¥ 99

(5) Goodwill
(a) Amount of goodwill
¥27,545 million
(b) Basis of goodwill
Goodwill was generated due to the difference between the value of assets acquired and liabilities assumed and the acquisition cost.
(c) Method and period of amortization
Straight-line method over 20 years

(6) Identified assets acquired and liabilities assumed upon business combination
(a) Assets

	Millions of yen
Current assets	¥ 84,757
Fixed assets	166,664
Total assets	251,422

(b) Liabilities

	Millions of yen
Current liabilities	¥ 1,323
Fixed liabilities	—
Total liabilities	1,323

The amount of goodwill, as referred to under (5) Goodwill, is not included in assets.

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

	Millions of yen
Net sales	¥ 16,220
Operating profit	34
Ordinary profit	2,037
Profit attributable to owners of the parent	1,244

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

32. Business divestitures

Asahi Security Co., LTD.
(1) Outline of business divestiture
(a) Name of parties who succeed the divested business
SECOM CO., LTD.
(b) Nature of divested business
Cash collection and delivery and online security systems
(c) Main purpose of business divestiture
Toyota Industries intends to focus on the main businesses such as Materials Handling Equipment and Automotive-related and promote further growth.
(d) Date of business divestiture
December 1, 2015
(e) Other items with regard to outline of transactions which include description of legal form
Share transfer involving only assets such as cash and cash equivalents as consideration

(2) Outline of accounting method
1) Transfer of profits and losses

	Millions of yen
Gain on sales of shares of subsidiaries	¥ 57,912

2) Appropriate book value of the assets and liabilities transferred and its main items
(a) Assets

	Millions of yen
Current assets	¥ 122,039
Fixed assets	19,165
Total assets	141,205

(b) Liabilities

	Millions of yen
Current liabilities	¥ 115,793
Fixed liabilities	10,874
Total liabilities	126,668

3) Accounting method
The difference between the carrying amount of Asahi Security Co., Ltd. on the consolidated financial statements and the sales value of shares is posted as "Gain on sales of shares of subsidiaries" under "Extraordinary profit."

(3) The name of reportable segment in which transferred business was included
Logistics Segment

(4) Estimated amount of profit and loss regarding divested business, which was recorded in consolidated statements of income for the year ended March 31, 2016

	Millions of yen
Net sales	¥ 29,341
Operating profit	1,373

Wanbishi Archives Co., Ltd.
(1) Outline of business divestiture
(a) Name of parties who succeed the divested business
NIPPON EXPRESS CO., LTD.
(b) Nature of divested business
Information asset management and insurance agency business
(c) Main purpose of business divestiture
Toyota Industries intends to focus on the main businesses such as Materials Handling Equipment and Automotive-related and promote further growth.
(d) Date of business divestiture
December 15, 2015
(e) Other items with regard to outline of transactions which include description of legal form
Share transfer involving only assets such as cash and cash equivalents as consideration

(2) Outline of accounting method

1) Transfer of profits and losses

	Millions of yen
Gain on sales of shares of subsidiaries	¥ 31,906

2) Appropriate book value of the assets and liabilities transferred and its main items

(a) Assets

	Millions of yen
Current assets	¥ 11,945
Fixed assets	19,259
Total assets	31,205

(b) Liabilities

	Millions of yen
Current liabilities	¥ 2,885
Fixed liabilities	2,130
Total liabilities	5,015

3) Accounting method

The difference between the carrying amount of Wanbishi Archives Co., Ltd. on the consolidated financial statements and the sales value of shares is posted as "Gain on sales of shares of subsidiaries" under "Extraordinary profit."

(3) The name of reportable segment in which transferred business was included

Logistics Segment

(4) Estimated amount of profits and losses regarding divested business, which was recorded in consolidated statements of income for the year ended March 31, 2016

	Millions of yen
Net sales	¥ 15,784
Operating profit	1,600

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, 2016, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets and consolidated statement 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, 2016, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

PricewaterhouseCoopers Aarata LLC

July 15, 2016

PricewaterhouseCoopers Aarata LLC
JR Central Towers 38th Floor, 1-1-4 Meieki, Nakamura-ku, Nagoya-shi, Aichi 450-6038, Japan
T: +81 (52) 588 3951, F: +81 (52) 588 3952, www.pwc.com/jp/assurance

TOYOTA INDUSTRIES CORPORATION
2-1, Toyoda-cho, Kariya-shi, Aichi 448-8671, Japan
Telephone: +81-(0)566-22-2511 Facsimile: +81-(0)566-27-5650
www.toyota-industries.com

MIX
Paper from responsible sources
FSC™ C020779

This report is printed on FSC™-certified paper that contributes to forest conservation with non-VOC ink using a waterless printing process.
Printed in Japan