Financial Section

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 2009.

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, 2009 is referred to as fiscal 2009 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 160 consolidated subsidiaries.

Result of Operations

Operating Performance

In fiscal 2009, global economic conditions became extremely harsh. The deterioration of the real economy triggered by the financial crisis spread beyond the United States and Europe to emerging countries. Concurrently, the Japanese economy rapidly declined as exports, production and private-sector capital investment sharply decreased, accompanied by the escalation of the severity of the employment situation.

In this operating environment, Toyota Industries undertook efforts to strengthen its management platform by ensuring customer trust through its dedication to quality, developing attractive new products, engaging in aggressive sales promotions and implementing Group-wide cost-reduction activities. Toyota Industries also systematically, quickly and thoroughly proceeded with earnings recovery activities in order to respond to the sharp decline in net sales since autumn 2008. However, such efforts were unable to counteract the extremely fast pace of market contractions. As a result, total consolidated net sales amounted to ¥1,584.2 billion, a decrease of ¥416.3 billion (21%) from fiscal 2008.

In terms of overall profit, Toyota Industries undertook vigorous cost reduction activities in terms of purchased parts costs and processing expenses as well as productivity improvements. In addition, Toyota Industries organized the Emergency Profit Improvement Committee in December 2008 to thoroughly reduce costs. However, significantly lower sales in Japan and overseas, rises in raw materials and parts prices and the negative impact of exchange rate fluctuations led to an operating loss of ¥6.6 billion, a decrease of ¥103.4 billion from fiscal 2008. Ordinary income amounted to ¥14.3 billion, a decrease of ¥112.1 billion (89%) from fiscal 2008. Toyota Industries recorded extraordinary losses arising from losses on impairment of property, plant and equipment due to a decrease in production volume as well as from losses of discontinuing production of designated electronics parts. These factors led to a net loss of ¥32.7 billion, a decrease of ¥113.1 billion from fiscal 2008.

Cost of Sales and Selling, General and Administrative Expenses

Cost of sales for fiscal 2009 decreased ¥289.4 billion (17%) from fiscal 2008 to ¥1,389.0 billion. This was due mainly to the decline in sales.

Selling, general and administrative expenses decreased ¥23.3 billion (10%) from fiscal 2008 to ¥201.8 billion, due primarily to a decrease in personnel expenses.

Operating Income (Loss)

Operating loss for fiscal 2009 was ¥6.6 billion compared with operating income of ¥96.8 billion in fiscal 2008, due to the impact of rising raw material and purchased parts costs and exchange rate fluctuations as well as the decline in net sales.

Operating Performance Highlights by Business Segment

Following are the operating results by business segment. Net sales for each segment do not include inter-segment transactions.

Automobile Segment

In fiscal 2009, the automobile industry saw the market rapidly contract in developed nations and a slowdown in market growth in emerging countries, in which expansion was expected. Amid this environment, net sales of the Automobile Segment totaled ¥755.9 billion, a decrease of ¥213.3 billion (22%) from fiscal 2008, while operating loss was ¥11.5 billion compared with operating income of ¥41.5 billion in fiscal 2008.

Within this segment, net sales of the Vehicle Business totaled ¥378.1 billion, a decrease of ¥122.0 billion (24%) from fiscal 2008, due mainly to decreases in unit sales of the Vitz (Yaris outside Japan), RAV4 and Mark X ZiO.

Net sales of the Engine Business totaled ¥156.6 billion, a decrease of ¥22.1 billion (12%) from fiscal 2008, as a result of a decline in unit sales of AD diesel engines installed mainly in the RAV4.

Net sales of the Car Air-Conditioning Compressor Business totaled ¥186.3 billion, a decrease of ¥67.2 billion (26%) from fiscal 2008, due to significant decreases in production volume by automakers in North America, Europe and Japan.

Materials Handling Equipment Segment

In the materials handling equipment industry as a whole, the market experienced a downturn worldwide. Particularly since October 2008, unit sales plummeted on an unprecedented level both in Japan and overseas. Amid this backdrop, net sales of the Materials Handling Equipment Segment totaled ¥639.6 billion, a decrease of ¥143.5 billion (18%) from fiscal 2008. Operating income amounted to ¥3.7 billion, a decrease of ¥36.1 billion (91%) from fiscal 2008. Although Toyota Industries aggressively engaged in global sales promotion activities for lift trucks, a mainstay product of this segment, unit sales decreased for both TOYOTA- and BT-brand products. A decline in unit sales of truck mount aerial work platforms and the negative impact of exchange rate fluctuations were also key factors.

Logistics Segment

The overall operating environment remained severe in the logistics industry as the volume of cargo transport continued to decline in the Japanese market. In this environment, net sales of the Logistics Segment totaled ¥114.8 billion, a decrease of ¥2.7 billion (2%) from fiscal 2008. Despite the strong performance by businesses engaged in collection and delivery of cash and management of sales proceeds services as well as secure storage, management, collection and delivery of corporate documents services, this was offset by a decline in sales of the cargo transport business of automotive-related parts. Operating income amounted to ¥2.9 billion, a decrease of ¥1.3 billion (31%) from fiscal 2008.

Textile Machinery Segment

In the textile machinery industry as a whole, the primary markets of China and India rapidly deteriorated resulting from an economic downturn in the United States and Europe. In such an economic climate, net sales of the Textile Machinery Segment totaled ¥29.5 billion, a decrease of ¥36.7 billion (55%) from fiscal 2008, owing mainly to a significant decrease in unit sales of air-jet looms sold to China, while operating loss was ¥2.0 billion compared with operating income of ¥4.2 billion in fiscal 2008.

Others Segment

Net sales of the Others Segment totaled ¥44.2 billion, a decrease of ¥20.0 billion (31%) from fiscal 2008, while operating loss was ¥46.0 million compared with operating income of ¥6.7 billion in fiscal 2008.

Sales by Geographical Segment

Below are Toyota Industries' operating results by geographical segment. Net sales for each geographical segment do not include inter-segment transactions.

Japan

Net sales decreased ¥276.4 billion (21%) from fiscal 2008 to ¥1,066.6 billion, while operating loss was ¥1.6 billion compared with operating income of ¥82.0 billion in fiscal 2008. This was attributable primarily to decreases in unit sales of vehicles, engines, car air-conditioning compressors and lift trucks.

North America

Net sales decreased ¥71.7 billion (27%) from fiscal 2008 to ¥193.8 billion, while operating loss was ¥4.7 billion compared with operating income of ¥3.5 billion in fiscal 2008, due mainly to decreases in unit sales of car air-conditioning compressors and lift trucks.

Europe

Net sales decreased ¥55.6 billion (17%) from fiscal 2008 to ¥272.1 billion, while operating loss was ¥3.9 billion compared with operating income of ¥7.9 billion in fiscal 2008. This was attributable primarily to a decrease in unit sales of lift trucks.

Others

Net sales totaled ¥51.6 billion, a decrease of ¥12.5 billion (20%) from fiscal 2008, while operating income decreased ¥3.1 billion (59%) from fiscal 2008 to ¥2.0 billion.

Non-Operating Income and Expenses

Non-operating income decreased ¥5.6 billion (9%) from fiscal 2008 to ¥59.3 billion in fiscal 2009 and non-operating expenses totaled ¥38.3 billion, an increase of ¥3.1 billion (9%) from fiscal 2008.

This is due mainly to equity in net losses of affiliated companies in fiscal 2009, despite posting equity in net earnings of affiliated companies in fiscal 2008.

Extraordinary Gains and Losses

Extraordinary losses totaled ¥37.5 billion, due mainly to losses on impairment of property, plant and equipment due to a decrease in production volume as well as from losses of discontinuing production of designated electronics parts.

Income (Loss) before Income Taxes and Minority Interests

Loss before income taxes and minority interests amounted to ¥23.2 billion compared with income before income taxes and minority interests of ¥132.3 billion in fiscal 2008, as a result of a ¥112.1 billion (89%) decrease in ordinary income from fiscal 2008 to ¥14.3 billion. Extraordinary losses totaled ¥37.5 billion.

Income Taxes

Income taxes decreased ¥28.1 billion (63%) from fiscal 2008 to ¥16.4 billion, due mainly to a decrease in corporate income taxes of the Company.

Minority Interests in Consolidated Subsidiaries

Loss on minority interests in consolidated subsidiaries amounted to ¥6.9 billion compared with income of ¥7.3 billion in fiscal 2008.

Net Income (Loss)

Net loss totaled ¥32.7 billion compared with net income of ¥80.4 billion in fiscal 2008. Net loss per share was ¥105.16 compared with net income per share of ¥257.50 in fiscal 2008.

Liquidity and Capital Resources

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

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

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

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

Cash Flows

Cash flows from operating activities amounted to ¥65.7 billion in fiscal 2009, due mainly to loss before income taxes and minority interests in the amount of ¥23.2 billion compared with income before income taxes and minority interests in the amount of ¥132.3 billion in fiscal 2008. Net cash provided by operating activities decreased by ¥123.1 billion (65%) from ¥188.8 billion in fiscal 2008.

Cash flows from investing activities resulted in a decrease in cash of ¥114.2 billion in fiscal 2009, attributable primarily to payments for purchases of property, plant and equipment amounting to ¥122.4 billion, a decrease of ¥13.1 billion (10%). Net cash used in investing activities decreased by ¥24.5 billion (18%) from ¥138.7 billion for fiscal 2008.

Cash flows from financing activities resulted in an increase in cash of ¥120.9 billion in fiscal 2009, due mainly to proceeds from long-term loans payable in the amount of ¥126.1 billion, an increase of ¥74.5 billion (144%) from fiscal 2008. Net cash provided by financing activities increased by ¥86.9 billion compared with net cash used in financing activities of ¥33.9 billion in fiscal 2008.

After translation adjustments, cash and cash equivalents as of March 31, 2009 stood at ¥188.0 billion, an increase of ¥66.8 billion (55%) from fiscal 2008.

Investment in Property, Plant and Equipment

During fiscal 2009, Toyota Industries made a total investment of ¥134.5 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 and augment R&D facilities.

In the Automobile Segment, investment in property, plant and equipment totaled ¥52.8 billion. A primary breakdown of this amount included ¥32.9 billion for the Company, ¥5.4 billion for Tokyu Co., Ltd., ¥4.8 billion for Tokaiseiki Co., Ltd., ¥2.8 billion for Toyota Industry Automotive Parts (Kunshan) Co., Ltd., ¥1.6 billion for Iwama Loom Works, Ltd. and ¥1.5 billion for TD Deutsche Klimakompressor GmbH.

The Materials Handling Equipment Segment made an investment in property, plant and equipment in the total amount of ¥53.4 billion. The primary breakdown comprised ¥3.4 billion for the Company, ¥30.8 billion for the Toyota Industries Sweden Group, ¥1.9 billion for Handa Casting Co., Ltd. and ¥1.5 billion for the Aichi Group.

Investment in property, plant and equipment in the Logistics Segment totaled ¥13.9 billion, including ¥25.0 million for the Company, ¥7.0 billion for Wanbishi Archives Co., Ltd., ¥3.6 billion for Asahi Security Co., Ltd., ¥1.9 billion for Taikoh Transportation Co., Ltd. and ¥1.0 billion for Tokai-Kouun Transportation Co., Ltd.

The Textile Machinery Segment made an investment in property, plant and equipment in the total amount of ¥0.4 billion, including ¥0.3 billion for the Company.

The Others Segment made an investment in property, plant and equipment in the total amount of ¥13.8 billion, including ¥11.9 billion for the Company and ¥1.3 billion for TIBC Corporation.

Necessary funds were provided by a portion of bonds as well as treasury stock and bank loans.

Due to a decrease in production volume accompanied by severe economic conditions, losses on impairment of property, plant and equipment amounted to ¥25.1 billion in the Automobile Segment, ¥0.5 billion in the Materials Handling Equipment Segment and ¥10.1 billion in the Others Segment.

Strategies and Outlook

Outlook for Results for Fiscal 2010

For the foreseeable future, the business environment surrounding

Toyota Industries is expected to become even more challenging, with concerns over a protracted global economic downturn as well as the directions of exchange rates and stock markets.

In order to improve profitability in such an environment, Toyota Industries will make a concerted effort to quickly and thoroughly promote reforms in the business and cost structures, as well as rebuild our management platform into a more muscular and strong one. Specifically, Toyota Industries will continue to undertake vigorous measures to reduce fixed costs, including labor costs, depreciation and other expenses, as well as to downsize the corporate structure and lower the break-even point. Toyota Industries will also implement a wide variety of measures to enhance sales, such as releasing new products and engaging in sales expansion activities.

For fiscal 2010, ending March 31, 2010, Toyota Industries forecasts consolidated net sales of ¥1,300.0 billion, an operating loss of ¥10.0 billion, an ordinary loss of ¥11.5 billion and a net loss of ¥10.0 billion. By segment, we forecast net sales of ¥655.0 billion in the Automobile Segment and ¥480.0 billion in the Materials Handling Equipment Segment.

Our projections are based on assumed exchange rates of ¥95.0 = US$1 and ¥125.0 = €1.

Dividend Policy

The Company regards the benefits of shareholders as one of its most important management policies. Based on this stance, we will strive to strengthen Toyota Industries' corporate constitution, promote proactive business development and raise its corporate value.
The Company's dividend policy is to meet the expectations of shareholders while giving full consideration to business performance, capital demand, the dividend payout ratio on a consolidated basis and other factors. Toyota Industries' Ordinary General Meeting of Shareholders, held on June 19, 2009, approved a year-end cash dividend of ¥10.0 per share. Including the interim cash dividend of ¥30.0 per share, cash dividends for the year totaled ¥40.0 per share, a decrease of ¥20.0 per share from fiscal 2008.

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

The Company's Articles of Incorporation stipulate that it may pay interim cash dividends as prescribed in Article 454-5 of the Corporate Law, and it is the Company's basic policy to pay dividends from retained earnings twice a year (interim and annual). The Company's Articles of Incorporation also stipulate that what is prescribed in Article 459-1 of the Corporate Law can be added to the Articles of Incorporation. As the Company's policy, discretion to pay interim cash dividends is determined by the Board of Directors while payment of year-end cash dividends is subject to approval at the Ordinary General Meeting of Shareholders.

Risk Information

The following represent risks that could have a material impact on Toyota Industries' financial condition, business results and share prices. Toyota Industries judged the following as future risks as of March 31, 2009.

Principal Customers

Toyota Industries' automobile and engine products are sold primarily to Toyota Motor Corporation (TMC). In fiscal 2009, net sales to TMC accounted for 35.7% of consolidated net sales. Therefore, TMC's vehicle sales could have an impact on Toyota Industries' business results. As of March 31, 2009, TMC holds 24.6% 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 the Toyota Industries Group. 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' product production and cause an increase in costs, which could have an adverse impact on Toyota Industries' financial condition and business results.

Environmental Regulations

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

Alliances with Other Companies

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

Exchange Rate Fluctuations

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

Share Price Fluctuations

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

Effects of Disasters, Power Blackouts and Other Incidents

Toyota Industries carries out regular checks and inspections of its production facilities to minimize the effect of production breakdown. However, there is no assurance Toyota Industries can completely prevent or lessen the impact of man-made or natural disasters, including malfunctions of production facilities, fires at production facilities and power blackouts. For example, the majority of Toyota Industries' domestic production facilities and most of its business partners are situated in the Chubu region. Therefore, a major earthquake such as the Tokai Earthquake, or an incident that affects other operations, could delay or stop production or shipment activities. Such prolonged delays and stoppages could have an adverse impact on Toyota Industries' financial condition and business results.

Latent Risks Associated with International Activities

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

Retirement Benefit Liabilities

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

Significant Accounting Policies and Estimates

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

Allowance for Doubtful Accounts

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

Allowance for Retirement Benefits

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

Toyota Industries' Relationship to Toyota Motor Corporation

Due to historical reasons, Toyota Industries maintains close relationships with 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, 2009, Toyota Industries holds 6.4% (200,195 thousand shares) of TMC's total shares issued. Likewise, as of the same date, TMC holds 24.6% 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, we sell a portion of our other components and products directly or indirectly to other Toyota Group companies. In fiscal 2009, our net sales to TMC accounted for 35.7% 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 our 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, 2009 and 2008

	Millions of yen	
ASSETS	**2009**	2008
Current assets:		
Cash and deposits	**¥ 169,743**	¥ 115,557
Trade notes and accounts receivable	**158,798**	244,035
Short-term investments	**58,838**	40,621
Inventories (Notes 5 and 9)	**–**	124,633
Merchandise and finished goods (Notes 5 and 9)	**44,237**	–
Work in process (Note 5)	**30,500**	–
Raw materials and supplies (Note 5)	**27,423**	–
Deferred tax assets (Note 19)	**16,600**	18,860
Other current assets	**64,632**	54,391
Allowance for doubtful accounts	**(2,806)**	(2,486)
Total current assets	**567,967**	595,612
Fixed assets:		
Property, plant and equipment		
Buildings and structures (Notes 6 and 9)	**182,214**	188,776
Machinery, equipment and vehicles (Note 6)	**252,402**	266,347
Tools, furniture and fixtures (Note 6)	**25,598**	28,145
Land (Note 9)	**110,078**	107,727
Construction in progress	**18,970**	31,849
Total property, plant and equipment	**589,264**	622,847
Intangible assets:		
Goodwill	**107,072**	137,163
Software	**11,736**	12,522
Total intangible assets	**118,809**	149,685
Investments and other assets:		
Investments in securities (Notes 4 and 9)	**907,524**	1,513,779
Long-term loans receivable	**5,954**	8,056
Deferred tax assets (Note 19)	**11,578**	8,578
Other investments and other assets	**126,534**	67,202
Allowance for doubtful accounts	**(199)**	(177)
Total investments and other assets	**1,051,391**	1,597,439
Total fixed assets	**1,759,464**	2,369,972
Total assets	**¥2,327,432**	¥2,965,585

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

LIABILITIES AND NET ASSETS	Millions of yen 2009	2008
Current liabilities:		
Trade notes and accounts payable	**¥ 104,658**	¥ 214,084
Short-term loans payable (Note 9)	**63,187**	52,326
Commercial papers	**26,356**	33,700
Current portion of bonds	**32,072**	20,000
Accounts payable—other	**25,349**	30,389
Accrued income taxes	**7,570**	27,137
Deferred tax liabilities (Note 19)	**249**	1,881
Allowance for bonuses to directors and corporate auditors	**214**	626
Other current liabilities (Note 9)	**154,720**	157,894
Total current liabilities	**414,379**	538,041
Long-term liabilities:		
Bonds (Note 7)	**231,501**	230,766
Long-term loans payable (Notes 7 and 9)	**285,340**	185,513
Lease obligations (Notes 2, 3 and 7)	**104,245**	–
Deferred tax liabilities (Note 19)	**252,209**	482,787
Allowance for retirement benefits (Note 10)	**44,055**	47,102
Other long-term obligations	**18,029**	27,376
Total long-term liabilities	**935,382**	973,547
Total liabilities	**1,349,762**	1,511,588
Shareholders' equity (Note 13)**:**		
Capital stock		
Authorized — 1,100,000,000 shares		
Issued — 325,840,640 shares as of March 31, 2009	**80,462**	80,462
325,840,640 shares as of March 31, 2008		
Capital surplus	**106,180**	106,184
Retained earnings	**412,294**	466,780
Treasury stock	**(50,672)**	(50,644)
14,263,027 shares as of March 31, 2009		
14,251,070 shares as of March 31, 2008		
Total shareholders' equity	**548,264**	602,783
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	**392,489**	752,553
Deferred gains or losses on hedges	**24**	140
Foreign currency translation adjustment	**(10,048)**	41,477
Total valuation and translation adjustments	**382,466**	794,171
Subscription rights to shares	**1,224**	695
Minority interests	**45,715**	56,345
Total net assets	**977,670**	1,453,996
Total liabilities and net assets	**¥2,327,432**	¥2,965,585

Consolidated Statements of Income

Toyota Industries Corporation
For the years ended March 31, 2009 and 2008

	Millions of yen	
	2009	2008
Net sales	**¥1,584,252**	¥2,000,536
Cost of sales (Note 14)	**1,389,002**	1,678,493
Gross profit	**195,249**	322,043
Selling, general and administrative expenses (Notes 14 and 18)**:**		
Sales commissions	**10,287**	11,650
Salaries and allowances	**75,426**	82,362
Retirement benefit expenses	**2,012**	2,063
Depreciation	**8,734**	10,058
Research and development expenses	**23,610**	22,365
Other	**81,800**	96,688
Operating income (loss)	**(6,621)**	96,853
Non-operating income:		
Interest income	**12,677**	14,737
Dividends income	**37,781**	34,850
Gain on sales of marketable securities	**498**	3,043
Rental income of fixed assets	**–**	987
Equity in net earnings of unconsolidated subsidiaries and affiliated companies	**–**	2,749
Other non-operating income	**8,356**	8,547
Non-operating expenses:		
Interest expenses	**(19,770)**	(19,453)
Loss on disposal of fixed assets	**(4,131)**	(2,988)
Equity in net losses of unconsolidated subsidiaries and affiliated companies	**(3,130)**	–
Other non-operating expenses	**(11,314)**	(12,840)
Ordinary income	**14,343**	126,488
Extraordinary gains:		
Proceeds from sales of investment securities	**–**	5,866
Extraordinary losses (Note 15)**:**		
Losses on impairment of property, plant and equipment due to a decrease in production volume	**(26,526)**	–
Losses of discontinuing production of designated electronic parts	**(11,064)**	–
Income (loss) before income taxes and minority interests	**(23,247)**	132,355
Income taxes — current (Note 19)	**8,248**	47,057
Income taxes — deferred (Note 19)	**8,240**	(2,528)
Income (loss) on minority interests in consolidated subsidiaries	**(6,968)**	7,365
Net income (loss)	**¥ (32,767)**	¥ 80,460

	Yen	
Net income (loss) per share — basic (Note 25)	**¥ (105.16)**	¥ 257.50
Net income (loss) per share — diluted (Note 25)	**–**	257.43
Total net assets per share (Note 26)	**2,987.16**	4,483.32
Cash dividends per share	**40.00**	60.00

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

Consolidated Statements of Changes in Net Assets

Toyota Industries Corporation
For the years ended March 31, 2009 and 2008

	Millions of yen	
	2009	2008
Shareholders' equity		
Capital stock		
Balance at the end of previous period	**¥ 80,462**	¥ 80,462
Balance at the end of current period	**80,462**	80,462
Capital surplus		
Balance at the end of previous period	**106,184**	105,055
Changes of items during the period		
Disposal of treasury stock	**(4)**	1,128
Total changes of items during the period	**(4)**	1,128
Balance at the end of current period	**106,180**	106,184
Retained earnings		
Balance at the end of previous period	**466,780**	402,431
Effect of changes in accounting policies applied to foreign subsidiaries	**(2,400)**	–
Changes of items during the period		
Dividends from surplus	**(19,318)**	(17,489)
Increase in consolidated subsidiaries	**–**	(1,316)
Decrease in consolidated subsidiaries	**–**	(77)
Increase in change of scope of equity method	**–**	2,771
Net income (loss)	**(32,767)**	80,460
Total changes of items during the period	**(52,086)**	64,349
Balance at the end of current period	**412,294**	466,780
Treasury stock		
Balance at the end of previous period	**(50,644)**	(47,253)
Changes of items during the period		
Repurchase of treasury stock	**(41)**	(8,728)
Disposal of treasury stock	**12**	5,337
Total changes of items during the period	**(28)**	(3,390)
Balance at the end of current period	**(50,672)**	(50,644)
Total shareholders' equity		
Balance at the end of previous period	**602,783**	540,696
Effect of changes in accounting policies applied to foreign subsidiaries	**(2,400)**	–
Changes of items during the period		
Dividends from surplus	**(19,318)**	(17,489)
Increase in consolidated subsidiaries	**–**	(1,316)
Decrease in consolidated subsidiaries	**–**	(77)
Increase in change of scope of equity method	**–**	2,771
Net income (loss)	**(32,767)**	80,460
Repurchase of treasury stock	**(41)**	(8,728)
Disposal of treasury stock	**8**	6,466
Total changes of items during the period	**(52,118)**	62,087
Balance at the end of current period	**548,264**	602,783
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	**752,553**	1,157,793
Changes of items during the period		
Net changes of items other than shareholders' equity	**(360,063)**	(405,239)
Total changes of items during the period	**(360,063)**	(405,239)
Balance at the end of current period	**392,489**	752,553
Deferred gains or losses on hedges		
Balance at the end of previous period	**140**	(0)
Changes of items during the period		
Net changes of items other than shareholders' equity	**(115)**	140
Total changes of items during the period	**(115)**	140
Balance at the end of current period	**24**	140
Foreign currency translation adjustment		
Balance at the end of previous period	**41,477**	52,912
Changes of items during the period		
Net changes of items other than shareholders' equity	**(51,525)**	(11,434)
Total changes of items during the period	**(51,525)**	(11,434)
Balance at the end of current period	**(10,048)**	41,477
Total valuation and translation adjustments		
Balance at the end of previous period	794,171	1,210,704
Changes of items during the period		
Net changes of items other than shareholders' equity	**(411,705)**	(416,533)
Total changes of items during the period	**(411,705)**	(416,533)
Balance at the end of current period	**382,466**	794,171
Subscription rights to shares		
Balance at the end of previous period	**695**	202
Changes of items during the period		
Net changes of items other than shareholders' equity	**528**	493
Total changes of items during the period	**528**	493
Balance at the end of current period	**1,224**	695
Minority interests		
Balance at the end of previous period	**56,345**	58,878
Changes of items during the period		
Net changes of items other than shareholders' equity	**(10,630)**	(2,532)
Total changes of items during the period	**(10,630)**	(2,532)
Balance at the end of current period	**45,715**	56,345
Total net assets		
Balance at the end of previous period	**1,453,996**	1,810,483
Effect of changes in accounting policies applied to foreign subsidiaries	**(2,400)**	–
Changes of items during the period		
Dividends from surplus	**(19,318)**	(17,489)
Increase in consolidated subsidiaries	**–**	(1,316)
Decrease in consolidated subsidiaries	**–**	(77)
Increase in change of scope of equity method	**–**	2,771
Net income (loss)	**(32,767)**	80,460
Repurchase of treasury stock	**(41)**	(8,728)
Disposal of treasury stock	**8**	6,466
Net changes of items other than shareholders' equity	**(421,807)**	(418,573)
Total changes of items during the period	**(473,926)**	(356,486)
Balance at the end of current period	**¥ 977,670**	¥1,453,996

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, 2009 and 2008

	Millions of yen	
	2009	2008
Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	**¥ (23,247)**	¥ 132,355
Depreciation and amortization	**125,543**	119,905
Impairment loss	**35,868**	–
Increase (decrease) in allowance for doubtful accounts	**1,207**	(365)
Interest and dividends income	**(50,458)**	(49,588)
Interest expenses	**19,770**	19,453
Equity in net earnings (losses) of unconsolidated subsidiaries and affiliated companies	**3,130**	(2,749)
(Increase) decrease in receivables	**61,870**	(6,623)
(Increase) decrease in inventories	**3,939**	(7,490)
Increase (decrease) in payables	**(93,949)**	7,568
Others, net	**(8,141)**	(6,777)
Subtotal	**75,534**	205,687
Interest and dividends income received	**50,435**	49,506
Interest expenses paid	**(19,622)**	(19,318)
Income taxes paid	**(40,577)**	(47,069)
Net cash provided by operating activities	**65,768**	188,805
Cash flows from investing activities:		
Payments for purchases of property, plant and equipment	**(122,422)**	(135,561)
Proceeds from sales of property, plant and equipment	**10,991**	15,456
Payments for purchases of investment securities	**(4,982)**	(1,568)
Proceeds from sales of investment securities	**12,367**	26,551
Payments for acquisition of subsidiaries' stock resulting in change in scope of consolidation	**(11)**	(36,929)
Proceeds from acquisition of subsidiaries' stock resulting in change in scope of consolidation	**–**	424
Payments for loans made	**(4,465)**	(2,320)
Proceeds from collections of loans	**5,126**	3,059
Other, net	**(10,820)**	(7,901)
Net cash used in investing activities	**(114,217)**	(138,789)
Cash flows from financing activities:		
Increase (decrease) in short-term loans payable	**6,947**	7,115
Proceeds from long-term loans payable	**126,178**	51,662
Repayments of long-term loans payable	**(10,420)**	(10,210)
Proceeds from issuances of bonds	**39,399**	–
Repayments of bonds	**(20,000)**	(60,000)
Payments for repurchase of treasury stocks	**(41)**	(8,728)
Cash dividends paid	**(19,318)**	(17,489)
Cash dividends paid to minority shareholders	**(1,310)**	(1,594)
Proceeds from payment by minority shareholders	**575**	–
Other, net	**(1,038)**	5,252
Net cash provided by (used in) financing activities	**120,971**	(33,992)
Translation adjustments of cash and cash equivalents	**(5,795)**	(3,309)
Net increase (decrease) in cash and cash equivalents	**66,727**	12,714
Cash and cash equivalents at beginning of year	**121,284**	108,569
Cash and cash equivalents at end of year	**¥ 188,011**	¥ 121,284

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 Corporate Law of Japan and the Financial Instruments and Exchange Law, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

2. Summary of significant accounting policies:

(1) Consolidation

The consolidated financial statements include the accounts of the Company and its 160 subsidiaries (43 domestic subsidiaries and 117 overseas subsidiaries, which are listed on pages 38 and 39) as of March 31, 2009, and 163 subsidiaries (45 domestic subsidiaries and 118 overseas subsidiaries) as of March 31, 2008.

For the year ended March 31, 2009, four subsidiaries were newly added to the scope of consolidation and seven companies were excluded from the scope of consolidation because of mergers and acquisitions as a result of reorganization.

For the year ended March 31, 2008, two subsidiaries were newly added to the scope of consolidation and three companies were excluded from the scope of consolidation because of liquidation, sales, mergers and acquisitions. Additionally, 12 subsidiaries were newly added to the scope of consolidation and 10 companies were excluded from the scope of consolidation because of mergers and acquisitions as a result of reorganization of the sales structure.

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

All significant intercompany transactions, balances and unrealized profits within Toyota Industries have been eliminated.

A full portion of the assets and liabilities of the acquired subsidiaries is stated at fair value as of the date of acquisition of control.

In June 2009, Toyota Industries Sweden AB changed the company name to Toyota Material Handling Europe AB.

(2) Equity method

Investments in 13 major affiliates in 2009 and 15 major affiliates in 2008 are accounted for by the equity method of accounting.

For the year ended March 31, 2009, two companies were excluded from the scope of equity-method accounting because of transfer to the scope of consolidation.

For the year ended March 31, 2008, one affiliate was newly added to the scope of equity-method accounting from the scope of consolidation and seven affiliates were excluded from the scope of equity-method accounting because of transfer to the scope of consolidation, mergers and a decline of holding shares.

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 major affiliates accounted for by the equity method are listed on page 39.

(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 include all highly liquid investments, generally with original maturities of three months or less, that are readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

(5) Marketable securities and investment in 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, 2009 and 2008.

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

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

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

(6) Inventories

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

(7) Property, plant and equipment, and depreciation (except for lease assets)

Property, plant and equipment are stated at cost. Depreciation expenses of property, plant and equipment are computed mainly by the declining-balance method for the Company and subsidiaries.

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

In accordance with the revision of the Corporation Tax Act of Japan, as a result of a review of the useful lives, Toyota Industries revised the useful lives of tangible assets and applied the revision from the consolidated fiscal year ended March 31, 2009.

As a result, operating income decreased by ¥5,824 million and ordinary income and income before income taxes and minority interests decreased by ¥5,843 million, respectively.

(8) Intangible assets and amortization

Amortization of intangible assets is computed using the straight-line method. Software costs for internal use are amortized by the straight-line method over their expected useful lives (mainly five years).

Goodwill, if material, is amortized principally over less than 20 years on a straight-line basis, while immaterial goodwill is charged to income as incurred.

(9) Lease transactions

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

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

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

Lease obligations previously included in “Other long-term obligations” under “Long-term obligations” for the fiscal year ended March 31, 2008 is listed as a separate component from the fiscal year ended March 31, 2009. Lease obligations for the fiscal year ended March 31, 2008 totaled ¥13,188 million.

(10) Method of accounting of deferred assets

As for bond issuance costs, the full amount is treated as an expenditure at the time of payout.

(11) Allowance 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 and corporate auditors

Bonuses to directors and corporate auditors are recorded on the accrual basis with a related change to income.

(13) Allowance for retirement benefits

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

(14) Hedge accounting

(a) Method of hedge accounting

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

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

(b) Hedging instruments and hedged items

Hedging instruments:	Derivatives instruments (foreign currency forwards, foreign currency swaps, foreign currency option contracts and interest rate swaps)
Hedged items:	Risk of change in interest rate on borrowings, assets and liabilities and risk of change in forward exchange rate on transactions denominated in foreign currencies (borrowings, assets and liabilities, and forecasted transactions)

(c) Hedging policy

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

(d) Method used to measure hedge effectiveness

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

(e) Others

Due to the fact that counterparties to Toyota Industries represent major financial institutions which have high creditworthiness, Toyota Industries believes that the overall credit risk related to its financial instruments is insignificant.

(15) 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.

(16) 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.

(17) 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.

Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

(18) Net income per share

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

3. Changes in accounting policies and adoption of new accounting standards:

Accounting standards for measurement of inventories

Effective from the consolidated fiscal year beginning from April 1, 2008, the Company applies Financial Accounting Standard No. 9 “Accounting Standard for Measurement of Inventories” issued on July 5, 2006 by the Accounting Standards Board of Japan.

Regarding with the measurement method, 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).

As a result, operating income, ordinary income and income before income taxes and minority interests decreased by ¥692 million, respectively.

Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements

Effective from the consolidated fiscal year beginning from April 1, 2008, the Company applies Practical Issue Task Force No. 18 “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” issued on May 17, 2006 by the Accounting Standards Board of Japan.

As a result, operating income increased by ¥2,197 million, ordinary income and income before income taxes and minority interests increased by ¥2,213 million, respectively, and retained earnings at the beginning of the consolidated fiscal year beginning from April 1, 2008 decreased by ¥2,400 million.

Accounting standard for lease transactions

Effective from the consolidated fiscal year beginning from April 1, 2008, the Company applies Financial Accounting Standard No. 13 “Accounting Standard for Lease Transactions” (issued by the Accounting Standards Board of Japan on June 17, 1993; latest revision, March 30, 2007) and Implementation Guidance No. 16 “Guidance on the Accounting Standard for Lease Transactions” (issued by the Accounting Standards Board of Japan on January 18, 1994; latest revision, March 30, 2007). In accordance with the Standard and the Guidance, finance leases other than those deemed to transfer the ownership of leased properties to lessees are accounted for mainly by a method similar to that applicable to ordinary sales transactions, instead of by the former method, which was similar to that applicable to ordinary operating leases.

As a result, operating income, ordinary income and income before income taxes and minority interests increased by ¥608 million, respectively.

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).

Classification change in consolidated statements of income

Effective from the fiscal year beginning April 1, 2008, rental income of fixed assets, which was listed as a separate component of non-operating income, is included in other non-operating income because the amount is immaterial. Rental income of fixed assets in fiscal 2009 was ¥1,061 million.

For the year ended March 31, 2008
Classification change in consolidated statements of income

Effective from the fiscal year beginning April 1, 2007, depreciation expense, which was listed as a separate component of non-operating expenses, is included in other non-operating expenses because the amount is immaterial. Depreciation expense in fiscal 2008 was ¥60 million.

Change in depreciation method for property, plant and equipment

As for property, plant and equipment acquired before April 1, 2007, Toyota Industries applied the pre-revised depreciation method during the fiscal year beginning April 1, 2007. Among these, property, plant and equipment for which the allowable limit on the depreciable amount has been reached are to be depreciated evenly over five years beginning from the following fiscal year.

As a result, operating income decreased ¥1,762 million and ordinally income and income before income taxes decreased ¥1,763 million, respectively.

4. Marketable securities:

(1) As of and for the year ended March 31, 2009:

(a) Other securities with readily determinable fair value as of March 31, 2009 are as follows:

	Millions of yen		
	Acquisition cost	Carrying amount	Difference
Securities with carrying amount exceeding acquisition cost:			
Stocks	**¥215,764**	**¥873,947**	**¥658,183**
Subtotal	**215,764**	**873,947**	**658,183**
Securities with carrying amount not exceeding acquisition cost:			
Stocks	**15,179**	**10,785**	**(4,394)**
Subtotal	**15,179**	**10,785**	**(4,394)**
Total	**¥230,943**	**¥884,732**	**¥653,788**

(b) Other securities sold during the year ended March 31, 2009 are as follows:

Millions of yen		
Proceeds	Realized gains	Realized losses
¥12,368	**¥498**	**¥3**

(c) The carrying amount of securities (excluding held-to-maturity bonds which are included within securities with fair value) without readily determinable fair values as of March 31, 2009 are as follows:

	Millions of yen
	Carrying amount
Other securities:	
Domestic unlisted stocks excluding over-the-counter stocks	**¥15,271**
Money management funds	**40,338**
Negotiable certificate of deposit	**18,500**

(2) As of and for the year ended March 31, 2008:

(a) Other securities with readily determinable fair value as of March 31, 2008 are as follows:

	Millions of yen		
	Acquisition cost	Carrying amount	Difference
Securities with carrying amount exceeding acquisition cost:			
Stocks	¥219,262	¥1,472,631	¥1,253,369
Subtotal	219,262	1,472,631	1,253,369
Securities with carrying amount not exceeding acquisition cost:			
Stocks	7,081	6,318	(763)
Others	340	340	–
Subtotal	7,421	6,658	(763)
Total	¥226,683	¥1,479,290	¥1,252,606

(b) Other securities sold during the year ended March 31, 2008 are as follows:

Millions of yen		
Proceeds	Realized gains	Realized losses
¥6,567	¥5,866	–

(c) The carrying amount of securities (excluding held-to-maturity bonds which are included within securities with fair value) without readily determinable fair values as of March 31, 2008 are as follows:

	Millions of yen
	Carrying amount
Other securities:	
Domestic unlisted stocks excluding over-the-counter stocks	¥27,021
Money management funds	25,211
Negotiable certificate of deposit	15,400

5. Inventories:

Inventories as of March 31, 2009 and 2008 consist of the following:

	Millions of yen	
	2009	2008
Merchandise and finished goods	**¥ 44,237**	¥ 57,959
Raw materials	**15,941**	19,116
Work in process	**30,500**	35,873
Supplies	**11,482**	11,683
Total	**¥102,162**	¥124,633

6. Property, plant and equipment:

Accumulated depreciation as of March 31, 2009 and 2008 is as follows:

	Millions of yen	
	2009	2008
Buildings and structures	**¥180,043**	¥159,862
Machinery, equipment and vehicles	**524,949**	468,784
Tools, furniture and fixtures	**78,162**	75,233
Total	**¥783,154**	¥703,879

7. Long-term debt:

(1) Long-term debt as of March 31, 2009 and 2008 consists of the following:

	Millions of yen	
	2009	2008
2.15% bonds due 2008 without collateral	**¥ –**	¥ 20,000
1.94% bonds due 2009 without collateral	**15,000**	15,000
1.91% bonds due 2010 without collateral	**20,000**	20,000
1.13% bonds due 2012 without collateral	**50,000**	50,000
1.03% bonds due 2012 without collateral	**30,000**	30,000
1.46% bonds due 2014 without collateral	**20,000**	20,000
1.01% bonds due 2010 without collateral	**20,000**	20,000
1.66% bonds due 2015 without collateral	**30,000**	30,000
0.49-2.65% medium-term notes due 2009-2014 without collateral	**30,582**	25,775
1.95% bonds due 2016 without collateral	**19,992**	19,991
1.72% bonds due 2018 without collateral	**26,000**	–
1.35% medium-term notes due 2014 without collateral	**2,000**	–
Long-term loans payable	**294,005**	192,019
Lease obligations	**115,537**	–
Less: current portion of long-term loans payable	**(40,737)**	(26,506)
Less: current portion of lease obligations	**(11,292)**	–
Total	**¥621,088**	¥416,279

(2) Annual maturities of long-term debt as of March 31, 2009 are as follows:

	Millions of yen		
Year ending March 31	Long-term debt	Lease obligations	Total
2011	¥ 62,573	¥ 22,971	¥ 85,544
2012	88,585	22,766	111,351
2013	75,097	26,086	101,183
2014	59,471	25,101	84,573
2015 and thereafter	231,114	7,320	238,435
Total	¥516,842	¥104,245	¥621,088

8. Investments in affiliated companies:

Investments in affiliated companies as of March 31, 2009 and 2008 are as follows:

	Millions of yen	
	2009	2008
Investments in securities (stock)	**¥7,520**	¥7,467
Investments and other assets (others)	**3,434**	8,329

9. Assets pledged as collateral:

(1) Assets pledged as collateral as of March 31, 2009 and 2008 are as follows:

	Millions of yen	
	2009	2008
Investments in securities	**¥51,520**	¥40,530
Buildings and structures	**532**	425
Merchandise and finished goods	**486**	–
Inventories	**–**	1,153
Land	**396**	875
Total	**¥52,935**	¥42,984

(2) Secured liabilities as of March 31, 2009 and 2008 are as follows:

	Millions of yen	
	2009	2008
Other current liabilities	**¥23,056**	¥22,359
Short-term loans payable	**505**	1,187
Long-term loans payable	**44**	33
Total	**¥23,606**	¥23,579

10. Allowance for retirement benefits:

Allowance for retirement benefits including the allowance for retirement benefits to directors (including managing officers) for the years ended March 31, 2009 and 2008 is as follows:

	Millions of yen	
	2009	2008
Allowance for retirement benefits to directors (including managing officers)	**¥5,460**	¥5,276

11. Contingent liabilities:

Toyota Industries is contingently liable for guarantees as of March 31, 2009 and 2008 as follows:

	Millions of yen	
	2009	2008
Guarantee forwards given by the Company	**–**	¥402
Guarantees given by consolidated subsidiaries	**¥134**	324

12. Export discount bills:

Export discount bills as of March 31, 2009 and 2008 are as follows:

	Millions of yen	
	2009	2008
Export discount bills	**¥158**	¥394

13. Net assets:

Under the Corporate Law of Japan, amounts equal to at least 10% of the sum of the cash dividends and other external appropriations paid by the Company and its domestic subsidiaries 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 domestic subsidiaries 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 Corporate Law of Japan.

14. Research and development expenses:

Research and development expenses, which are included in selling, general and administrative expenses and manufacturing costs, amounted to ¥33,646 million and ¥36,750 million for the years ended March 31, 2009 and 2008, respectively.

15. Impairment losses:

The Company recorded impairment losses on property, plant and equipment for automobile parts of ¥25,709 million due to a decrease in production volume. The total amount was ¥8,170 million in Japan and ¥17,023 million in the United States.

Also, the Company recorded impairment losses on equipment for materials handling equipment of ¥514 million due to a decrease in production volume in Japan.

The Company recorded impairment losses on property, plant and equipment of ¥10,159 million due to discontinuing production of designated electronics parts in Japan.

By category of assets, impairment losses totaled ¥20,487 million for machinery, equipment and vehicles, ¥10,448 million for buildings and structures, ¥4,247 million for construction in progress, ¥580 million for tools, furniture and fixtures and ¥102 million for software.

The recoverable amount of assets is calculated based on net selling price.

16. Derivative instruments:

(1) Qualitative disclosure about derivatives

(a) Contents of derivative instruments into which Toyota Industries entered, policy with respect to entering into derivative instruments, and purpose of using derivative instruments:

Toyota Industries uses foreign currency forward contracts, foreign currency swaps and foreign currency option contracts to hedge foreign currency risks on transactions denominated in foreign currencies (borrowings, assets and liabilities, and forecasted transactions).

Toyota Industries also uses interest rate swap agreements to reduce interest rate risks on borrowings, assets and liabilities.

The purpose of using derivative instruments is to reduce risk, not to obtain earnings from exchanges or for speculative purposes.

(b) Contents of risks related to derivative instruments:
Interest rate swaps, foreign currency forward contracts and foreign currency option contracts into which Toyota Industries entered have risks of fluctuations in interest rates and in foreign currency exchange rates. Due to the fact that counterparties to Toyota Industries represent major financial institutions which have high creditworthiness, Toyota Industries believes that the overall credit risk related to its financial instruments is insignificant.

(c) Controls in place over transactions handling derivative instruments:
Hedging transactions are executed and controlled based on Toyota Industries' internal policy and Toyota Industries' hedging activities are reported periodically to a director responsible for accounting.

(2) Quantitative disclosure about derivatives

(a) Foreign currency transactions as of March 31, 2009 are as follows:

		Millions of yen			
		Notional amount	Over one year of notional amount	Fair value	Net unrealized gain/loss
Transactions other than market transactions	Foreign currency swap transactions				
	Payment SEK / Receipt USD	**¥16,892**	**¥4,977**	**¥14,220**	**¥(2,671)**
	Payment YEN / Receipt USD	**¥12,278**	**¥7,410**	**¥13,723**	**¥ 1,444**

The fair value calculation method is based on the index price as of March 31, 2009.
The derivative instruments to which hedge accounting is applied were excluded from disclosure.

(b) Interest rate transactions as of March 31, 2009 are as follows:

		Millions of yen			
		Notional amount	Over one year of notional amount	Fair value	Net unrealized gain/loss
Transactions other than market transactions	Interest rate swap transactions				
	Fixed rate payment / Floating rate receipt	**¥13,740**	**¥9,237**	**¥13,508**	**¥(232)**
	Floating rate payment / Fixed rate receipt	**¥ 971**	**¥ 971**	**¥ 980**	**¥ 9**

The fair value calculation method is based on the index price as of March 31, 2009.
The derivative instruments to which hedge accounting is applied were excluded from disclosure.

(c) Foreign currency transactions as of March 31, 2008
Toyota Industries omitted this information because hedge accounting is applied to all of the derivative instruments into which Toyota Industries entered.

(d) Interest rate transactions as of March 31, 2008
Toyota Industries omitted this information because hedge accounting is applied to all of the derivative instruments into which Toyota Industries entered.

17. Retirement benefits:

(1) Outline of retirement benefit plans

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

Since 1987, the Company has been transferring the covering percentages of its pension plan from its lump-sum indemnities plan to its tax-qualified pension plan. As of March 31, 2009 and 2008, its tax-qualified pension plan covers 50% of total plans. Also, the Company established an employee retirement benefit trust. In April 2003, the Company transferred a portion of the lump-indemnities plan to a defined contribution pension plan.

(2) Components of allowance for retirement benefits as of March 31, 2009 and 2008 are as follows:

	Millions of yen	
	2009	2008
Benefit obligation	**¥(139,954)**	¥(149,465)
Plan assets	**75,012**	105,287
Unfunded benefit obligation	**(64,941)**	(44,178)
Unrecognized actuarial gains or losses	**30,491**	7,668
Unrecognized loss in prior service obligation	**(163)**	267
Net amount recognized on the balance sheets	**(34,612)**	(36,242)
Prepaid pension expenses	**3,982**	5,584
Allowance for retirement benefits	**¥ (38,595)**	¥ (41,826)

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

(3) Components of retirement benefit expenses for the years ended March 31, 2009 and 2008 are as follows:

	Millions of yen	
	2009	2008
Service cost	**¥ 7,794**	¥ 8,897
Interest cost	**3,869**	5,235
Expected return on plan assets	**(3,121)**	(3,847)
Amortization of prior service obligation	**57**	1,207
Amortization of unrecognized actuarial gains or losses	**638**	(0)
Retirement benefit expenses	**¥ 9,238**	¥11,493

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

(4) Assumptions used for calculation of retirement benefits for the years ended March 31, 2009 and 2008 are as follows:

	2009	2008	
Method of attribution of estimated retirement benefits to periods of employee service: Straight-line method			
Discount rate	**2.00%**	2.00%	
Expected return on plan assets	**3.00%**	3.00%	
Amortization period of prior service obligation	**6–11 years**	6–11 years	— Straight-line method over the remaining service period of employees
Amortization period of unrecognized actuarial gains or losses	**20 years**	20 years	— Straight-line method over the average remaining service period of employees

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

Effective from the fiscal year beginning April 1, 2007, Toyota Industries applied a new method of disclosure of retirement benefits. Information regarding the welfare pension fund under multiemployer plans as of March 31, 2009 is as follows.

As of March 31, 2008	The Japan Society of Industrial Machinery Manufacturers' welfare pension fund	Other welfare pension funds
Plan assets	¥ 83,238 million	¥150,411 million
Estimated benefit obligation	¥104,244 million	¥178,666 million
Variance	¥ (21,006 million)	¥ (28,254 million)

As of March 31, 2009		
Toyota Industries Group contribution to welfare pension plan	5.59%	4.61%

As of March 31, 2007	The Japan Society of Industrial Machinery Manufacturers' welfare pension fund	Other welfare pension funds
Plan assets	¥97,361 million	¥174,653 million
Estimated benefit obligation	¥99,244 million	¥166,460 million
Variance	¥ (1,883 million)	¥ 8,192 million

As of March 31, 2008		
Toyota Industries Group contribution to welfare pension plan	4.99%	4.47%

(6) Additional note regarding retirement benefit

Effective from the fiscal year beginning April 1, 2007, Toyota Industries applied Implementation Guideline No.14 "Partial Revision No. 2 of Accounting Standard for Retirement Benefit" issued on May 15, 2007 by the Accounting Standards Board of Japan.

18. Stock options:

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

	Millions of yen	
	2009	2008
Selling, general and administrative expenses	**¥575**	¥493

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

	Millions of yen	
	2009	2008
	¥46	–

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

(1) Stock option details

	2009	2008	2007
Company name	**The Company**	The Company	The Company
Position and number of grantees	**Directors: 17 Managing officers and employees: 159**	Directors: 16 Managing officers and employees: 159	Directors: 17 Managing officers and employees: 152
Class and number of shares*	**1,360,000 shares of common stock**	830,000 shares of common stock	802,000 shares of common stock
Date of issue	**August 1, 2008**	August 1, 2007	August 1, 2006
Condition of settlement of rights	**1. Grantee must be employed as a director, managing officer or regular employee of the Company at the time of exercise. However, this does not apply if no more than 18 months have elapsed after retirement or resignation from the Company.**	Same as left	Same as left
	2. Other conditions of exercise shall be decided as prescribed by the Contract for Allotment of Subscription Rights to Shares concluded by the Company and grantee in accordance with resolutions at the General Meeting of Shareholders and resolutions on the issue of subscription rights to shares by the Board of Directors.	Same as left	Same as left
	3. In the case where the 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	–
Periods that grantees must provide service in return for stock options	**From August 1, 2008 to July 31, 2010**	From August 1, 2007 to July 31, 2009	From August 1, 2006 to July 31, 2008
Periods that stock subscription rights are to be exercised	**Four years after determination of rights**	Same as left	Same as left

	2006	2005	2004
Company name	The Company	The Company	The Company
Position and number of grantees	Directors: 30 Managing officers and employees: 134	Directors: 30 Managing officers and employees: 135	Directors: 30 Managing officers and employees: 128
Class and number of shares*	791,000 shares of common stock	775,000 shares of common stock	750,000 shares of common stock
Date of issue	August 1, 2005	August 2, 2004	August 1, 2003
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.	Same as left	Same as left
	2. Other conditions of exercise shall be decided as prescribed by the Contract for Allotment of Subscription Rights to Shares concluded by the Company and grantee in accordance with resolutions at the General Meeting of Shareholders and resolutions on the issue of subscription rights to shares by the Board of Directors.	Same as left	Same as left
Periods that grantees must provide service in return for stock options	From August 1, 2005 to June 30, 2007	From August 2, 2004 to June 30, 2006	From August 1, 2003 to June 30, 2005
Periods that stock subscription rights are to be exercised	Four years after determination of rights	Same as left	Same as left

*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)

	2009	2008	2007	2006	2005	2004
Stock options outstanding at the end of the previous fiscal year	**–**	830,000	802,000	–	–	–
Stock options granted	**1,360,000**	–	–	–	–	–
Forfeitures	**2,000**	2,000	–	–	–	–
Conversion to exercisable stock options	**–**	–	802,000	–	–	–
Stock options outstanding at the end of the fiscal year	**1,358,000**	828,000	–	–	–	–

Exercisable stock options

(shares)

	2009	2008	2007	2006	2005	2004
Stock options outstanding at the end of the previous fiscal year	**–**	–	–	130,500	13,600	2,000
Conversion from non-exercisable stock options	**–**	–	802,000	–	–	–
Stock options exercised	**–**	–	–	–	1,600	2,000
Forfeitures	**–**	–	59,000	–	–	–
Stock options outstanding at the end of the fiscal year	**–**	–	743,000	130,500	12,000	–

(b) Price of options

	Exact yen amounts					
	2009	2008	2007	2006	2005	2004
Paid-in value	**¥3,410**	¥5,866	¥4,642	¥3,306	¥2,652	¥2,074
Average market price of the stock at the time of exercise	**–**	–	–	–	3,188	3,350
Fair value of options on grant date	**421**	682	759	–	–	–

(4) Methods for estimating fair value of stock options

The methods for estimating fair value of stock options granted for fiscal 2009 and 2008 are as follows:
(a) Valuation methods used: Black-Scholes model
(b) Principal basic values and estimation methods

	2009	2008
Share price fluctuations *1	**24.63%**	21.78%
Projected remaining period *2	**4 years**	4 years
Projected dividend *3	**¥60/share**	¥56/share
Non-risk interest rate *4	**1.000%**	1.210%

*1 Computed based on actual share prices during a four-year period (from August 2004 to July 2008) and (from August 2003 to July 2007)
*2 Because of a lack of accumulated data and difficulty in making rational estimates, it is assumed the rights are exercised at the midpoint of the exercise period.
*3 Based on the year-end dividend for the fiscal years ended March 31, 2008 and 2007, respectively, and the estimated interim dividend on the grant date
*4 Yields on government bonds for the period corresponding to the projected remaining period

(5) 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.

19. Income taxes:

(1) The significant components of deferred tax assets and liabilities as of March 31, 2009 and 2008 are as follows:

	Millions of yen	
	2009	2008
Deferred tax assets:		
Allowance for retirement benefits	**¥ 16,509**	¥ 16,576
Depreciation	**14,683**	5,206
Net operating loss carry-forwards for tax purposes	**8,833**	2,712
Accrued expenses	**6,520**	8,198
Securities	**3,791**	3,163
Trade receivables	**1,316**	992
Enterprise tax payable	**–**	1,830
Other	**18,577**	11,324
Subtotal	**70,232**	50,004
Less: valuation allowance	**(25,348)**	(1,341)
Total deferred tax assets	**44,883**	48,663
Deferred tax liabilities:		
Other securities	**(260,677)**	(499,760)
Depreciation	**(2,307)**	(6,590)
Land	**(562)**	(562)
Reserve for advanced depreciation	**(509)**	(484)
Reserve for special depreciation	**(406)**	(470)
Other	**(4,700)**	1,975
Total deferred tax liabilities	**(269,164)**	(505,893)
Net deferred tax liabilities	**¥(224,280)**	¥(457,230)

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

	Millions of yen	
	2009	2008
Current assets — deferred tax assets	**¥ 16,600**	¥ 18,860
Investments and other assets — deferred tax assets	**11,578**	8,578
Current liabilities — deferred tax liabilities	**(249)**	(1,881)
Long-term liabilities — deferred tax liabilities	**(252,209)**	(482,787)
Net deferred tax liabilities	**¥(224,280)**	¥(457,230)

(2) Reconciliations of differences between the statutory rate of income taxes and the effective rate of income taxes for the years ended March 31, 2009 and 2008 are as follows:

	2009	2008
Statutory rate of income taxes	**39.9%**	39.9%
Addition (reduction) in taxes resulting from:		
Dividends income and others permanently not recognized as taxable income	**–**	(5.4)
Other	**–**	(0.9)
Effective rate of income taxes	**–**	33.6%

Toyota Industries eliminated the line item for the year ended March 31, 2009 because it recorded a loss before income taxes and minority interests.

20. Leases:

(1) Finance leases

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).

1) Finance leases (as a lessee)

(a) Pro forma information regarding the leased properties such as acquisition cost and accumulated depreciation, which are not reflected in the accompanying consolidated balance sheets under finance leases as of March 31, 2009 and 2008 are as follows:

	Millions of yen	
	2009	2008
Buildings and structures:		
Acquisition cost equivalents	**¥ 245**	¥ 276
Accumulated depreciation equivalents	**137**	125
Buildings and structures net balance equivalents	**107**	150
Machinery and equipment:		
Acquisition cost equivalents	**¥11,568**	¥17,656
Accumulated depreciation equivalents	**6,930**	8,965
Machinery and equipment net balance equivalents	**4,638**	8,691
Tools, furniture and fixtures:		
Acquisition cost equivalents	**¥12,172**	¥14,946
Accumulated depreciation equivalents	**7,081**	7,306
Tools, furniture and fixtures net balance equivalents	**5,090**	7,639
Software:		
Acquisition cost equivalents	**¥ 107**	¥ 132
Accumulated depreciation equivalents	**49**	49
Software net balance equivalents	**57**	82
Total net leased properties	**¥ 9,893**	¥16,564

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

(b) Pro forma information regarding future minimum lease payments as of March 31, 2009 and 2008 is as follows:

	Millions of yen	
	2009	2008
Due within one year	**¥ 4,421**	¥ 6,134
Due after one year	**7,801**	13,741
Total	**¥12,222**	¥19,876

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

(c) Total lease payments and pro forma depreciation expenses for the years ended March 31, 2009 and 2008 are as follows:

	Millions of yen	
	2009	2008
Lease payments	**¥4,918**	¥5,997
Pro forma depreciation expenses	**¥4,918**	¥5,997

Pro forma depreciation expenses, which are not reflected in the accompanying consolidated statements of income, are computed mainly by the straight-line method, which assumes zero residual value and the leasing term to be useful lives for the years ended 2009 and 2008, and are equivalent to the amount of total lease payments of the above.

2) Finance leases (as a lessor)

(a) Information regarding leased properties such as acquisition cost and accumulated depreciation under finance leases as of March 31, 2009 and 2008 is as follows:

	Millions of yen	
	2009	2008
Machinery and equipment:		
Acquisition cost	**¥7,865**	¥10,957
Accumulated depreciation	**6,220**	7,297
Total net leased property	**¥1,645**	¥ 3,660

(b) Pro forma information regarding future minimum lease income as of March 31, 2009 and 2008 is as follows:

	Millions of yen	
	2009	2008
Due within one year	**¥2,072**	¥3,073
Due after one year	**2,961**	5,832
Total	**¥5,033**	¥8,906

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

(c) Total lease payments to be received and depreciation expenses for the years ended March 31, 2009 and 2008 are as follows:

	Millions of yen	
	2009	2008
Total lease payments to be received	**¥2,157**	¥2,543
Depreciation expenses	**1,695**	2,239

(2) Operating leases

1) Operating leases (as a lessee)

Pro forma future lease payments under operating leases as of March 31, 2009 and 2008 are as follows:

	Millions of yen	
	2009	2008
Due within one year	**¥ 8,818**	¥ 9,143
Due after one year	**34,229**	43,762
Total	**¥43,048**	¥52,906

2) Operating leases (as a lessor)

Pro forma information regarding future minimum rentals under operating leases as of March 31, 2009 and 2008 is as follows:

	Millions of yen	
	2009	2008
Due within one year	**¥17,187**	¥22,406
Due after one year	**28,385**	26,638
Total	**¥45,572**	¥49,044

21. Changes in net assets:

(1) Common stock outstanding for the years ended March 31, 2009 and 2008:

	Shares
Balance at March 31, 2007	325,840,640
Increase	–
Decrease	–
Balance at March 31, 2008	325,840,640
Increase	**–**
Decrease	**–**
Balance at March 31, 2009	**325,840,640**

(2) Treasury stock outstanding for the years ended March 31, 2009 and 2008:

	Shares
Balance at March 31, 2007	13,765,165
Increase due to repurchase of treasury stock in accordance with the resolutions at Board of Directors meeting	2,000,000
Increase due to acquisition from shareholders by share exchange	26,000
Increase due to purchase of odd stock	14,280
Decrease due to share exchange	(871,975)
Decrease due to exercise of stock options	(682,400)
Balance at March 31, 2008	14,251,070
Increase due to purchase of odd stock	**15,557**
Decrease due to exercise of stock options	**(3,600)**
Balance at March 31, 2009	**14,263,027**

(3) Subscription rights to shares outstanding for the years ended March 31, 2009 and 2008:

	Millions of yen	
	2009	2008
The Company	**¥1,224**	¥695

(4) Dividends

(a) Dividends paid for the year ended as of March 31, 2009

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 20, 2008	Common stock	¥9,970	¥32	March 31, 2008	June 23, 2008
Board of Directors meeting held on October 30, 2008	Common stock	9,347	30	September 30, 2008	November 26, 2008

(b) Dividends with a record date in the fiscal year ended March 31, 2009 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 19, 2009	Common stock	¥3,115	Retained earnings	¥10	March 31, 2009	June 22, 2009

(c) Dividends paid for the year ended as of March 31, 2008

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 21, 2007	Common stock	¥8,738	¥28	March 31, 2007	June 22, 2007
Board of Directors meeting held on October 31, 2007	Common stock	8,751	28	September 30, 2007	November 26, 2007

(d) Dividends with a record date in the fiscal year ended March 31, 2008 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 20, 2008	Common stock	¥9,970	Retained earnings	¥32	March 31, 2008	June 23, 2008

22. Subsequent events:

In accordance with a resolution of the Board of Directors meeting held on February 19, 2009, the Company issued the 18th unsecured bonds as follows:

(1) Total amount of bonds to be issued	50,000 million yen
(2) Issue price	100 yen (par issuance for the stated value of 100 yen)
(3) Date of payment	April 22, 2009
(4) Date of maturity	March 20, 2019
(5) Interest rate	2.109% per annum
(6) Redemption price	100 yen for the stated value of 100 yen
(7) Appropriation of the raised fund	Allotted for redemption of bonds and capital investment of the Company

There were no subsequent events for the year ended March 31, 2008.

23. Segment information:

(1) Business segments

As of and for the years ended March 31, 2009 and 2008:

	Millions of yen	
	2009	2008
Sales:		
Automobile		
Outside customer sales	**¥ 755,924**	¥ 969,226
Inter-segment transactions	**18,465**	26,026
	774,389	995,252
Materials Handling Equipment		
Outside customer sales	**639,656**	783,173
Inter-segment transactions	**3,931**	3,415
	643,587	786,589
Logistics		
Outside customer sales	**114,825**	117,591
Inter-segment transactions	**6,927**	7,942
	121,753	125,533
Textile Machinery		
Outside customer sales	**29,556**	66,264
Inter-segment transactions	**46**	7
	29,603	66,271
Others		
Outside customer sales	**44,289**	64,280
Inter-segment transactions	**21,531**	21,386
	65,821	85,666
Subtotal	**1,635,154**	2,059,313
Elimination of inter-segment transactions	**(50,902)**	(58,777)
Total	**¥1,584,252**	¥2,000,536
Operating costs and expenses:		
Automobile	**¥ 785,894**	¥ 953,734
Materials Handling Equipment	**639,816**	746,747
Logistics	**118,851**	121,303
Textile Machinery	**31,662**	61,974
Others	**65,867**	78,958
Elimination of inter-segment transactions	**(51,218)**	(59,035)
Total	**¥1,590,874**	¥1,903,682
Operating income (loss):		
Automobile	**¥ (11,504)**	¥ 41,518
Materials Handling Equipment	**3,770**	39,841
Logistics	**2,901**	4,230
Textile Machinery	**(2,058)**	4,297
Others	**(46)**	6,708
Elimination of inter-segment transactions	**315**	258
Total	**¥ (6,621)**	¥ 96,853
Assets:		
Automobile	**¥ 354,661**	¥ 434,952
Materials Handling Equipment	**580,945**	601,299
Logistics	**192,977**	187,064
Textile Machinery	**8,959**	17,811
Others	**74,842**	81,342
Corporate or elimination of inter-segment transactions	**1,115,047**	1,643,115
Total	**¥2,327,432**	¥2,965,585
Depreciation and amortization:		
Automobile	**¥ 58,195**	¥ 57,987
Materials Handling Equipment	**51,291**	46,609
Logistics	**10,098**	9,012
Textile Machinery	**1,264**	1,310
Others	**4,692**	4,985
Corporate or elimination of inter-segment transactions	**–**	–
Total	**¥ 125,543**	¥ 119,905
Impairment losses:		
Automobile	**¥ 25,194**	–
Materials Handling Equipment	**514**	–
Logistics	**–**	–
Textile Machinery	**–**	–
Others	**10,159**	–
Corporate or elimination of inter-segment transactions	**–**	–
Total	**¥ 35,868**	¥ –
Capital expenditures:		
Automobile	**¥ 64,268**	¥ 50,145
Materials Handling Equipment	**57,083**	68,945
Logistics	**14,543**	15,067
Textile Machinery	**606**	1,869
Others	**2,269**	6,130
Corporate or elimination of inter-segment transactions	**–**	–
Total	**¥ 138,770**	¥ 142,158

1. Business segments are divided by the type and nature of the product.
2. Main products of each segment are as follows:

Fiscal 2009

Automobile	Passenger vehicles, diesel and gasoline engines, car air-conditioning compressors, foundry parts, electronics components
Materials handling equipment	Counterbalanced lift trucks, warehouse trucks, automated storage and retrieval systems, truck mount aerial work platforms
Logistics	Transportation services, logistics planning, operation of distribution centers, collection and delivery of cash and management of sales proceeds, secure storage, management, collection and delivery of corporate documents
Textile machinery	Air-jet looms, water-jet looms, ring spinning frames
Others	Semiconductor package substrates

Fiscal 2008

Automobile	Passenger vehicles, diesel and gasoline engines, car air-conditioning compressors, foundry parts, electronics components
Materials handling equipment	Counterbalanced lift trucks, warehouse trucks, automated storage and retrieval systems, truck mount aerial work platforms
Logistics	Transportation services, logistics planning, operation of distribution centers, collection and delivery of cash and management of sales proceeds, secure storage, management, collection and delivery of corporate documents
Textile machinery	Air-jet looms, water-jet looms, ring spinning frames
Others	Semiconductor package substrates

3. Corporate assets included in corporate or elimination of inter-segment transactions consist mainly of cash and cash equivalents, short-term investments and investments in securities held by the Company. Corporate assets were ¥1,182,062 million and ¥1,707,060 million as of March 31, 2009 and 2008, respectively.
4. Effective from the consolidated fiscal year ended March 31, 2009, the Company applies Practical Issues Task Force No. 18 “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” issued on May 17, 2006 by the Accounting Standards Board of Japan.
As a result, operating income increased by ¥2,197 million in the Materials Handling Equipment Segment.
5. In accordance with the revision of the Corporation Tax Act of Japan, Toyota Industries revised the useful lives of tangible assets and applied them from the consolidated fiscal year ended March 31, 2009.
As a result, operating income decreased by ¥5,008 million in the Automobile Segment, ¥388 million in the Materials Handling Equipment Segment, ¥3 million in the Logistics Segment and ¥424 million in the Others Segment.

(2) Geographical segments

As of and for the years ended March 31, 2009 and 2008:

	Millions of yen	
	2009	2008
Sales:		
Japan		
Outside customer sales	**¥1,066,635**	¥1,343,041
Inter-segment transactions	**93,389**	132,206
	1,160,024	1,475,248
North America		
Outside customer sales	**193,884**	265,571
Inter-segment transactions	**1,875**	2,185
	195,760	267,756
Europe		
Outside customer sales	**272,108**	327,785
Inter-segment transactions	**6,087**	7,821
	278,195	335,607
Others		
Outside customer sales	**51,624**	64,137
Inter-segment transactions	**6,139**	7,630
	57,763	71,768
Subtotal	**1,691,744**	2,150,380
Elimination of inter-segment transactions	**(107,491)**	(149,843)
Total	**¥1,584,252**	¥2,000,536
Operating costs and expenses:		
Japan	**¥1,161,639**	¥1,393,225
North America	**200,496**	264,232
Europe	**282,153**	327,674
Others	**55,675**	66,633
Elimination of inter-segment transactions	**(109,089)**	(148,083)
Total	**¥1,590,874**	¥1,903,682
Operating income (loss):		
Japan	**¥ (1,614)**	¥ 82,022
North America	**(4,736)**	3,524
Europe	**(3,957)**	7,933
Others	**2,087**	5,134
Elimination of inter-segment transactions	**1,598**	(1,760)
Total	**¥ (6,621)**	¥ 96,853
Assets:		
Japan	**¥ 821,724**	¥ 906,548
North America	**140,847**	165,525
Europe	**350,298**	356,570
Others	**61,314**	71,882
Corporate or elimination of inter-segment transactions	**953,247**	1,465,058
Total	**¥2,327,432**	¥2,965,585

1. Geographical segments are divided into categories based on their geographical proximity.
2. Significant countries or areas belonging to each segment are as follows:

Fiscal 2009

North America	U.S.A., Canada
Europe	Sweden, Germany, France
Others	Australia, China, Brazil

Fiscal 2008

North America	U.S.A., Canada
Europe	Sweden, Germany, France
Others	Australia, China, Brazil

3. Corporate assets included in corporate or elimination of inter-segment transactions consist mainly of cash and cash equivalents, short-term investments and investments in securities held by the Company. Corporate assets were ¥1,182,062 million and ¥1,707,060 million as of March 31, 2009 and 2008, respectively.
4. Effective from the consolidated fiscal year ended March 31, 2009, the Company applies Practical Issues Task Force No. 18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" issued on May 17, 2006 by the Accounting Standards Board of Japan.
As a result, operating income increased by ¥729 million in North America and ¥1,467 million in Europe.
5. In accordance with the revision of the Corporation Tax Act of Japan, Toyota Industries revised the useful lives of tangible assets and applied them from the consolidated fiscal year ended March 31, 2009.
As a result, operating income decreased by ¥5,824 million in Japan.

(3) Overseas sales

For the years ended March 31, 2009 and 2008:

	Millions of yen	
	2009	2008
Overseas sales:		
North America	**¥ 192,678**	¥ 265,942
Europe	**302,812**	373,374
Others	**130,503**	190,539
Total	**¥ 625,994**	¥ 829,855
Total sales	**¥1,584,252**	¥2,000,536
Ratio of overseas sales to total sales (%):		
North America	**12.2%**	13.3%
Europe	**19.1**	18.7
Others	**8.2**	9.5
Total	**39.5%**	41.5%

1. Geographical segments are divided into categories based on their geographical proximity.
2. Significant countries or areas belonging to each segment are as follows:

Fiscal 2009

North America	U.S.A., Canada
Europe	Germany, France, Russia
Others	China, Australia, Brazil

Fiscal 2008

North America	U.S.A., Canada
Europe	Germany, France, Russia
Others	China, Australia, Indonesia

3. Overseas sales are sales of the Company and its consolidated subsidiaries in countries and areas other than Japan.

24. Related party transactions:

The following transactions were carried out with related parties:

(1) Sales of goods and services for the years ended March 31, 2009 and 2008 were as follows:

	Millions of yen	
	2009	2008
Toyota Motor Corporation	**¥563,665**	¥710,976

Toyota Motor Corporation held 24.6% of the Company's voting rights as of March 31, 2009. As for the sales of automobiles and engines, etc., the Company offers prices on such products based on their overall costs, and negotiates conditions for each fiscal year, as per conditions on ordinary transactions. The above transactions are carried out based on commercial terms and conditions. Transaction amounts exclude consumption taxes.

(2) Purchase of goods for the years ended March 31, 2009 and 2008 were as follows:
Purchase of goods:

	Millions of yen	
	2009	2008
Toyota Motor Corporation	**¥405,120**	¥521,644

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

(3) Outstanding balances arising from sale/purchase of goods/services as of March 31, 2009 and 2008 are as follows:
Receivables from a related party:

	Millions of yen	
	2009	2008
Toyota Motor Corporation	**¥22,692**	¥30,282

Payable to a related party:

	Millions of yen	
	2009	2008
Toyota Motor Corporation	**¥22,678**	¥49,571

The balance as of March 31, 2009 and 2008 includes consumption taxes.

25. Net income (loss) per share (EPS):

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

	Millions of yen	
	2009	2008
Net income (loss) per share basic:		
Net income (loss)	**¥ (32,767)**	¥ 80,460
Net income not attributable to common shareholders (bonuses for directors and statutory auditors that are paid through appropriation)	**–**	–
Net income (loss) attributable to common shareholders	**(32,767)**	80,460
Weighted-average shares (thousand)	**311,584**	312,467
Net income (loss) per share basic (exact yen amounts)	**¥ (105.16)**	¥ 257.50
Net income per share diluted:		
Weighted-average shares for diluted computation (thousand)	**0**	85
Net income per share diluted (exact yen amounts)	**¥ –**	¥ 257.43

Regarding with net income per share diluted, it's not shown due to that it was loss number.

26. Net assets per share:

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

	Millions of yen	
	2009	2008
Net assets per share:		
Total net assets	**¥ 977,670**	¥1,453,996
Amounts deducted from total net assets		
Subscription rights to shares	**1,224**	695
Minority interests in consolidated subsidiaries	**45,715**	56,345
Net assets applicable to common stock at end of year	**930,730**	1,396,955
Outstanding shares of common stock at end of year used for the computation of net assets per share (thousand)	**311,577**	311,589
Net assets per share (exact yen amounts)	**¥2,987.16**	¥ 4,483.32

27. Cash and cash flows:

The relationship between the accounts in the consolidated balance sheet and the remaining balance of cash and cash equivalalents as of March 31, 2009 and 2008 are as follows:

	Millions of yen	
	2009	2008
Cash and deposits	**¥169,743**	¥115,557
Deposits with a maturity of over 3 months to 1 year	**(21)**	(35)
Short-term investments (securities) which has the redemption within 3 months	**58,838**	40,611
Cash and deposits for business engaged in collection and delivery	**(40,549)**	(34,849)
Cash and cash equivalents	**¥188,011**	¥121,284

Report of Independent Auditors

PRICEWATERHOUSECOOPERS

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Report of Independent Auditors

To the Board of Directors of Toyota Industries Corporation

We have audited the accompanying consolidated balance sheets of Toyota Industries Corporation ("the Company") and its subsidiaries as of March 31, 2009, and the related consolidated statements of income, changes in net assets and cash flows for the year then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as of March 31, 2009, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

As described in Note 2(7) to the consolidated financial statements, in accordance with the revision of the Corporation Tax Act, as a result of the review over the useful lives, the Company and its subsidiaries revised the useful lives to the tangible assets and applied the revision from the consolidated fiscal year ended as of March 31, 2009.

PricewaterhouseCoopers Aarata

July 10, 2009

Investor Information (As of March 31, 2009)

Corporate Head Office
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

Date of Establishment
November 18, 1926

Common Stock
No par value
Authorized: 1,100,000,000 shares
Issued: 325,840,640 shares

Stock Exchange Listings
Tokyo, Osaka and Nagoya (Ticker Code: 6201)

Number of Shareholders
22,550

Independent Accountants
PricewaterhouseCoopers Aarata
Shin-Marunouchi Bldg., 32nd Floor
1-5-1, Marunouchi, Chiyoda-ku, Tokyo, 100-6532, Japan

Transfer Agent
Special Account Management Institution
Mitsubishi UFJ Trust and Banking Corporation
1-4-5, Marunouchi, Chiyoda-ku, Tokyo, 100-8212, Japan

Major Shareholders (Top 10) (As of March 31, 2009)

	Number of Shares Held (Thousands)	Percentage of Total Shares in Issue (%)
Toyota Motor Corporation	76,600	23.51
DENSO Corporation	29,647	9.10
Third Avenue Fund-Custodial Trust Company	18,576	5.70
Towa Real Estate Co., Ltd.	15,697	4.82
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,068	2.78
Toyota Tsusho Corporation	8,289	2.54
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	8,177	2.51
Japan Trustee Services Bank, Ltd. (Trust Account)	6,975	2.14
Nippon Life Insurance Company	6,735	2.07
Aisin Seiki Co., Ltd.	6,578	2.02
Total	186,347	57.19

Notes:
1. Toyota Industries Corporation also holds 14,263 thousand shares of treasury stock but is excluded from the above list.
2. Shares held for the purpose of trust services of respective banks are as follows:

Third Avenue Fund-Custodial Trust Company	18,576 (Thousands)
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,068
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	8,177
Japan Trustee Services Bank, Ltd. (Trust Account)	6,975

Distribution of Shares
(As of March 31, 2009)