Financial Section

Consolidated Eleven-Year Summary

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

	Millions of yen			
	2007	2006	2005	2004
For The Year				
Net sales	**¥1,878,398**	¥1,505,955	¥1,241,538	¥1,164,378
Operating income	**89,954**	64,040	53,120	52,631
Ordinary income	**108,484**	80,635	70,912	58,970
Net income	**59,468**	47,077	43,357	33,623
Overseas sales	**¥ 791,913**	¥ 620,946	¥ 539,002	¥ 497,356
Depreciation and amortization	**106,060**	87,287	70,213	65,351
Capital expenditures	**166,505**	158,835	136,506	89,508
Research and development expenses	**34,548**	31,166	30,051	29,562
Per share of common stock (yen, U.S. dollars):				
Net income per share — basic	**¥ 189.88**	¥ 146.16	¥ 135.09	¥ 108.04
Net income per share — diluted	**189.66**	146.02	135.03	101.97
Total net assets per share	**5,612.11**	5,044.45	3,504.80	3,199.69
Cash dividends per share	**50.00**	38.00	32.00	24.00
At Year-End				
Total assets	**¥3,585,857**	¥3,245,341	¥2,326,824	¥2,011,995
Total net assets	**1,810,483**	1,611,227	1,115,747	1,016,763
Common stock	**80,462**	80,462	80,462	80,462
Number of shares outstanding (excluding treasury stock) (thousands)	**312,075**	319,320	318,237	317,666
Cash Flows				
Net cash provided by operating activities	**¥ 177,467**	¥ 131,784	¥ 100,095	¥ 92,406
Net cash used in investing activities	**(164,446)**	(205,013)	(128,230)	(92,667)
Net cash provided by (used in) financing activities	**(19,749)**	85,172	50,020	(56,015)
Cash and cash equivalents at end of year	**108,569**	112,596	100,535	77,212
Indices				
Return on equity (ROE) (%)	**3.5**	3.5	4.1	3.8
Return on assets (ROA) (%)	**1.7**	1.7	2.0	1.8
Return on sales (ROS) (%)	**3.2**	3.1	3.5	2.9
Debt/equity ratio (%)	**28.9**	29.4	34.4	31.6
Interest coverage (times)	**7.4**	7.8	7.7	7.4
EBITDA (millions of yen, thousands of U.S. dollars)	**¥ 191,007**	¥ 150,674	¥ 128,381	¥ 113,676
Number of employees at year-end	**36,096**	32,977	30,990	27,431

Notes: 1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥118.05 = US$1, the approximate exchange rate on March 31, 2007.
2. Main changes in accounting standards and methods during the above periods are as follows. These changes have not been applied to the financial statements presented prior to each year retroactively.
(1) Effective beginning the year ended March 31, 2007, the new accounting standards for directors' bonus, presentation of net assets in the balance sheet, share-based payment and business combinations have been applied. Details are described in Notes to Consolidated Financial Statements.
(2) Effective beginning the year ended March 31, 2005, the new accounting standards for impairment on fixed assets have been applied. Details are described in Notes to Consolidated Financial Statements.
(3) Effective beginning the year ended March 31, 2003, the new accounting standards for net income per share have been applied.
(4) Effective beginning the year ended March 31, 2001, the new accounting standards for retirement benefits, financial instrument and foreign currency transactions have been applied.
(5) Effective beginning the year ended March 31, 2000, Toyota Industries Corporation (the "Company") has used annual average exchange rate instead of the year-end rate in order to present the operating results more precisely as significance of overseas consolidated subsidiaries had been increasing and their revenue and expenses were incurred throughout the fiscal years. The Company has also adopted tax effect accounting due to the amendment of the accounting standards for income taxes.

Millions of yen							Thousands of U.S. dollars
2003	2002	2001	2000	1999	1998	1997	**2007**
¥1,069,218	¥ 980,163	¥ 767,382	¥625,772	¥558,875	¥572,698	¥530,851	**$15,911,886**
52,477	46,330	47,304	28,867	24,813	32,729	32,675	**762,002**
51,375	47,865	44,526	27,162	23,172	33,201	31,157	**918,971**
21,933	27,311	22,637	13,686	10,391	20,491	17,930	**503,756**
¥ 451,593	¥ 396,470	¥ 298,794	¥191,992	¥178,737	¥150,417	¥116,738	**$ 6,708,292**
59,154	55,173	46,454	42,751	34,379	27,958	28,042	**898,433**
87,559	88,319	127,273	44,746	60,468	62,006	35,407	**1,410,466**
29,705	29,985	26,195	24,061	23,231	23,112	19,691	**292,657**
¥ 70.19	¥ 87.28	¥ 75.90	¥ 48.32	¥ 36.30	¥ 72.33	¥ 63.55	**$ 1.61**
62.90	78.26	67.77	43.18	32.62	63.48	55.20	**1.61**
2,522.52	2,809.54	3,036.77	1,116.62	1,063.05	1,056.81	996.18	**47.54**
22.00	19.00	17.00	16.00	16.00	16.00	16.00	**0.42**
¥1,650,391	¥1,770,401	¥1,869,642	¥685,914	¥617,070	¥593,003	¥556,291	**$30,375,755**
738,867	878,812	951,298	316,293	301,158	304,097	281,154	**15,336,578**
68,046	68,021	68,018	40,178	40,178	40,133	31,457	**681,598**
292,777	312,796	313,260	283,260	283,296	287,752	282,233	
¥ 103,183	¥ 81,078	¥ 78,412	¥ 68,057	¥ 44,133	¥ 50,952	¥ 51,327	**$ 1,503,328**
(95,120)	(106,710)	(155,870)	(67,186)	(96,222)	(26,897)	(74,968)	**(1,393,021)**
57,775	1,225	94,472	27,499	24,368	(12,918)	69,081	**(167,295)**
136,929	71,119	95,296	77,332	49,955	74,303	62,322	**919,691**
2.7	3.0	3.6	4.4	3.4	7.0	6.5	
1.3	1.5	1.8	2.1	1.7	3.6	3.6	
2.1	2.8	2.9	2.2	1.9	3.6	3.4	
55.6	35.9	30.7	60.5	51.6	37.5	46.0	
6.7	5.8	9.1	14.5	16.4	17.6	13.0	
¥ 95,472	¥ 97,540	¥ 79,921	¥ 64,681	¥ 51,033	¥ 55,212	¥ 55,548	**$ 1,618,020**
25,030	23,056	21,118	13,132	12,797	11,239	10,738	

Deferred tax assets have been newly recognized in current assets, and investments and other assets. Deferred tax liabilities have been recognized in current and long-term liabilities.

(6) Effective beginning the year ended March 31, 1999, the Company has presented consolidated financial statements as follows: In the consolidated statements of income, enterprise taxes, which had been included in selling, general and administrative expenses up to and including the previous year, have been included in income taxes.

Amortization of goodwill, which had been classified as a deductible item from income before income taxes until the previous year, has been included in selling, general and administrative expenses. Equity in earnings/losses of affiliates, which had been added to or deducted from income before income taxes until the previous year, has been included in non-operating income or expenses.

3. Net income per share, ROE and ROA are computed based on the average number of shares, total net assets and total assets, respectively, for each year.
4. Debt/equity ratio = Interest-bearing debt / Total net assets
5. Interest coverage = (Operating income + Interest and dividends income) / Interest expenses
6. EBITDA = Income before income taxes + Interest expenses - Interest and dividends income + Depreciation and amortization

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations is based on information known to management as of June 2007.

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, 2007 is referred to as fiscal 2007 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 162 consolidated subsidiaries.

Result of Operations

Operating Performance

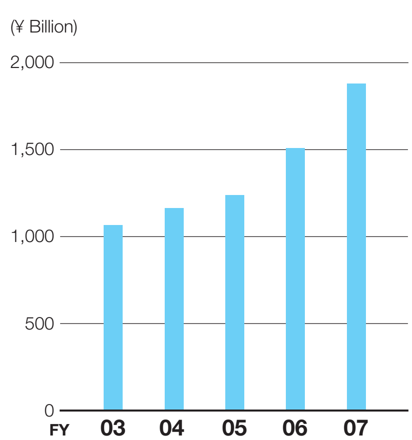
In fiscal 2007, the Japanese economy was on a steady recovery track. Private-sector capital investment increased on the back of strong corporate earnings while consumer spending was on a mild upswing as employment conditions improved. The overall economic outlook continued to remain strong overseas, with U.S. and European economies expanding and ongoing brisk growth in China.

In this operating environment, Toyota Industries undertook efforts to strengthen its corporate structure by attempting to ensure customer trust through its dedication to quality, the development of appealing new products, aggressive sales promotions and the execution of a Group-wide program to reduce costs.

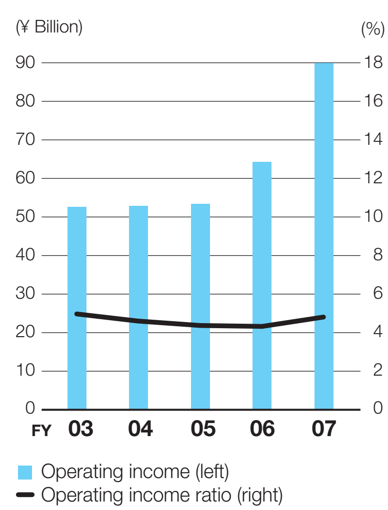
As a result, total consolidated net sales of Toyota Industries amounted to ¥1,878.3 billion, an increase of ¥372.4 billion (24.7%) over fiscal 2006. (For a breakdown of operating results by business segment, refer to Operating Performance Highlights by Business Segment.)

At the profit level, ordinary income amounted to ¥108.4 billion,

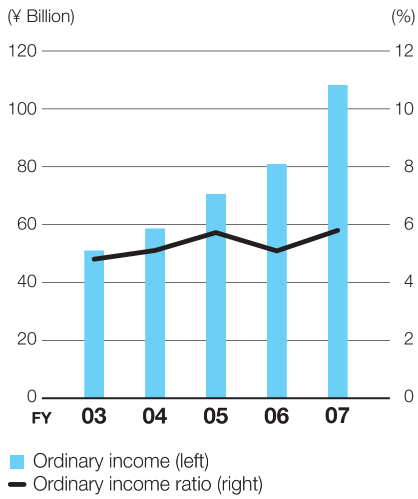
Net Sales



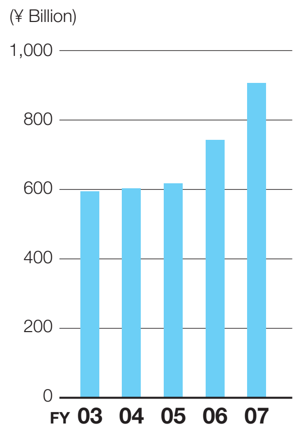
Operating Income and Operating Income Ratio



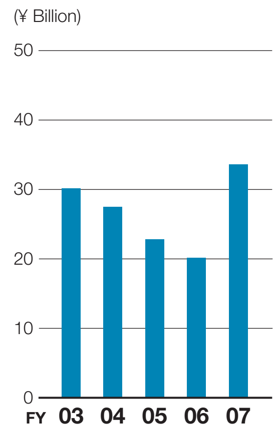
Ordinary Income and Ordinary Income Ratio



Net Sales of Automobile Segment



Operating Income of Automobile Segment



an increase of ¥27.8 billion (34.5%) over fiscal 2006. Despite the effects of a steep rise in raw materials costs, as well as increases in depreciation and personnel expenses, this increase was achieved due largely to higher sales, cost-reduction efforts throughout the Group and an increase in non-operating income. Net income amounted to ¥59.4 billion, an increase of ¥12.4 billion (26.3%) over fiscal 2006.

Cost of Sales and Selling, General and Administrative Expenses

Cost of sales for fiscal 2007 increased ¥310.3 billion (24.3%) over fiscal 2006 to ¥1,586.7 billion. This increase reflected increases in depreciation expenses, raw materials prices and personnel expenses in addition to an increase in net sales.

Selling, general and administrative expenses increased ¥36.2 billion (21.9%) to ¥201.6 billion, due primarily to increases in personnel expenses.

Operating Income

Operating income for fiscal 2007 increased ¥25.9 billion (40.5%) over fiscal 2006 to ¥89.9 billion, attributable mainly to an increase in sales in Japan and overseas as well as Group-wide cost-reduction activities.

Operating Performance Highlights by Business Segment

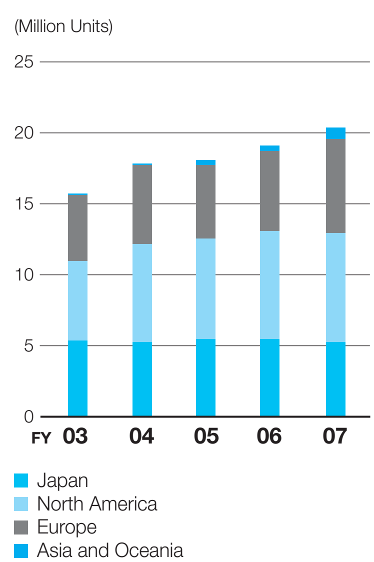
Following are the operating results by business segment. Net sales for each segment do not include intersegment transactions.

Automobile Segment

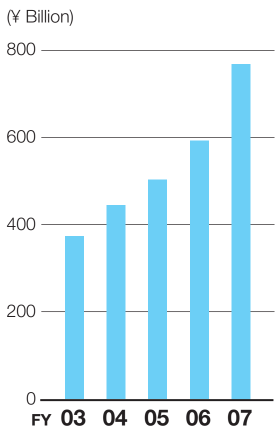
Sales increased in the automobile industry as a whole. Although domestic sales were sluggish during fiscal 2007, higher sales in the Asian and Latin American markets gave rise to an overall increase in overseas sales.

Net sales of the Automobile Segment of Toyota Industries totaled ¥904.8 billion, an increase of ¥158.1 billion (21.2%) over fiscal 2006.

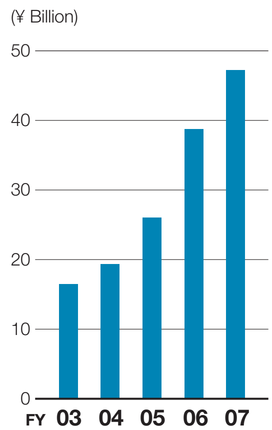
Car Air-Conditioning Compressor Unit Sales



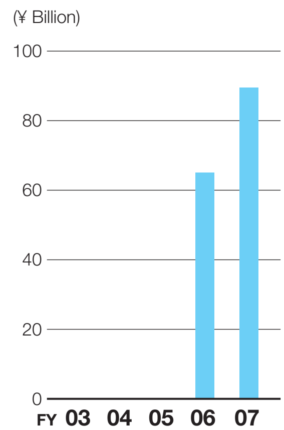
Net Sales of Materials Handling Equipment Segment



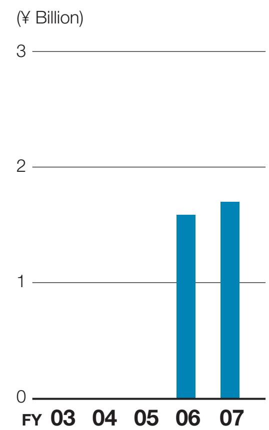
Operating Income of Materials Handling Equipment Segment



Net Sales of Logistics Segment



Operating Income of Logistics Segment



The logistics-related business, which was included in the Others Segment, had been separated and declared independently as the Logistics Segment starting from fiscal 2006.

Within this segment, net sales of the Vehicle Business totaled ¥470.2 billion, an increase of ¥98.2 billion (26.4%) over fiscal 2006. The RAV4 recorded solid sales in the United States and Europe, while the Vitz (Yaris overseas) posted strong sales outside Japan.

Net sales of the Engine Business totaled ¥167.4 billion, an increase of ¥35.1 billion (26.5%) over fiscal 2006, due mainly to increases in sales of KD diesel engines for Toyota Motor Corporation's (TMC) Innovative International Multi-Purpose Vehicle (IMV) Series as well as AD diesel engines fitted in the RAV4 for Europe.

Net sales of the Car Air-Conditioning Compressor Business totaled ¥235.4 billion, an increase of ¥19.5 billion (9.0%) over fiscal 2006. Although sales decreased in the domestic market, sales increased in North America, Europe and China.

Materials Handling Equipment Segment

In the materials handling equipment industry as a whole, sales remained strong in the Japanese market. Overseas markets continued to expand in conjunction with economic expansion in the United States and Europe as well as the growth of BRICs (Brazil, Russia, India and China) economies.

Net sales of the Materials Handling Equipment Segment totaled ¥767.2 billion, an increase of ¥172.0 billion (28.9%) over fiscal 2006. As a result of a change in the fiscal year-end of the BT Industries Group, net sales of the Materials Handling Equipment Segment included sales of the BT Industries Group for the three-month period from January to March 2006 amounting to ¥64.7 billion. During fiscal 2007, Toyota Industries continued to strengthen its sales network and undertook proactive sales promotion activities, which contributed to strong sales for TOYOTA and BT brands. Following a full model change, Toyota Industries commenced sales of its mainstay model 1- to 3.5-ton internal combustion lift trucks (sold as the GENEO in Japan, the 8-Series in North America and International, and the Toyota Tonero in Europe) in September 2006 and January 2007 in Japan and the United States, respectively. The new lift truck provides even greater product value, featuring higher levels of performance in terms of safety, environmental attributes and ease of operation. Aichi Corporation, which engages in the manufacture and sales of aerial work platforms, posted a significant increase in sales bolstered by replacement demand from the electricity and telecommunications industries.

Logistics Segment

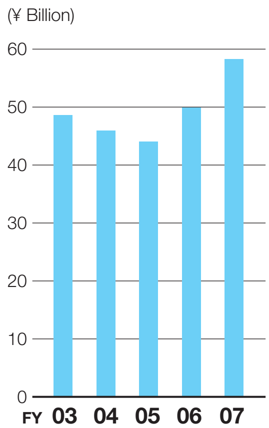
The overall operating environment was severe in the logistics industry as the volume of cargo transport continued to decline in the domestic market accompanied by an increase in costs resulting from higher crude oil prices.

Net sales of the Logistics Segment totaled ¥89.4 billion, an increase of ¥24.3 billion (37.3%) over fiscal 2006, due largely to the solid performance of the logistics solutions and transportation businesses as well as an increase in the transport volume of automotive parts.

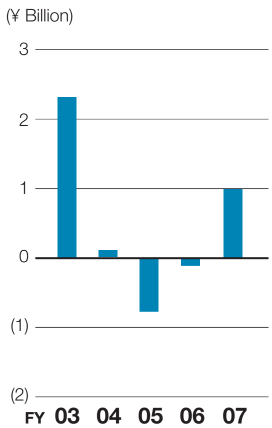
Textile Machinery Segment

In the textile machinery industry as a whole, the mainstay Chinese

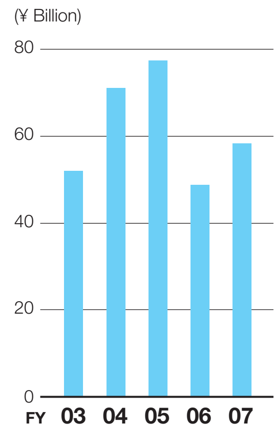
Net Sales of Textile Machinery Segment



Operating Income (Loss) of Textile Machinery Segment

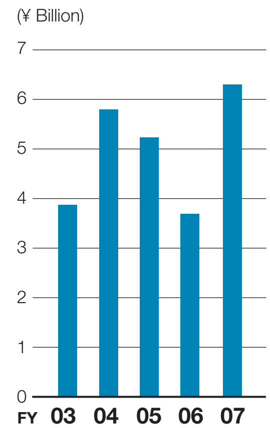


Net Sales of Others Segment



Operating Income of Others Segment

(Including Elimination of Intersegment Transactions)



market remained strong on the back of robust capital investment supported by rapid growth.

Net sales of the Textile Machinery Segment totaled ¥58.4 billion, an increase of ¥8.7 billion (17.3%) from fiscal 2006. In fiscal 2007, sales of more than 10,000 air-jet looms, primarily to China, represented a notable achievement for the first time in 69 years for weaving machinery. Strong sales of spinning machinery in India also contributed to the remarkable performance of the segment.

Others Segment

Net sales of the Others Segment totaled ¥58.3 billion, an increase of ¥9.4 billion (19.2%) from fiscal 2006.

Sales by Geographical Segment

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

Japan

Net sales increased ¥222.8 billion (22.1%) over fiscal 2006 to ¥1,232.1 billion, while operating income totaled ¥68.9 billion, up ¥16.2 billion (30.7%). These increases were due mainly to a rise in unit sales of vehicles and engines.

North America

Net sales increased ¥41.2 billion (16.7%) to ¥287.3 billion, due mainly to an increase in unit sales of lift trucks and a change in the fiscal year-end of the BT Industries Group comprising Toyota Industries subsidiaries. Conversely, operating income decreased ¥0.8 billion (11.7%) to ¥5.9 billion, mainly as a result of an increase in pre-production expenses at lift truck manufacturing subsidiaries.

Europe

Net sales increased ¥95.8 billion (44.3%) over fiscal 2006 to ¥312.0 billion, while operating income totaled ¥11.2 billion, up ¥6.7 billion (148.3%). These increases were due mainly to an increase in unit sales of lift trucks and a change in the fiscal year-end of the BT Industries Group.

Others

Net sales totaled ¥46.8 billion, an increase of ¥12.6 billion (37.0%), whereas operating income rose ¥1.7 billion (109.6%) to ¥3.1 billion.

Non-Operating Income and Expenses

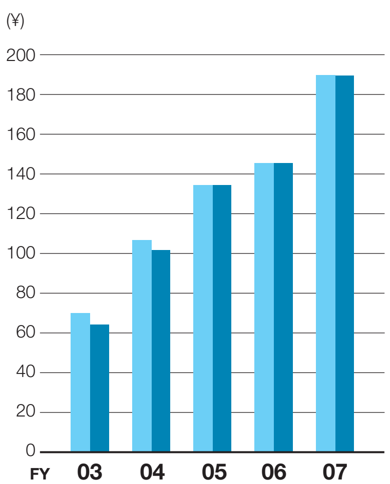
Non-operating income increased ¥7.0 billion (16.0%) to ¥50.8 billion in fiscal 2007, owing primarily to an increase in dividends income from TMC.

Non-operating expenses totaled ¥32.3 billion, an increase of ¥5.1 billion (18.7%), due mainly to an increase in interest expenses.

Income before Income Taxes

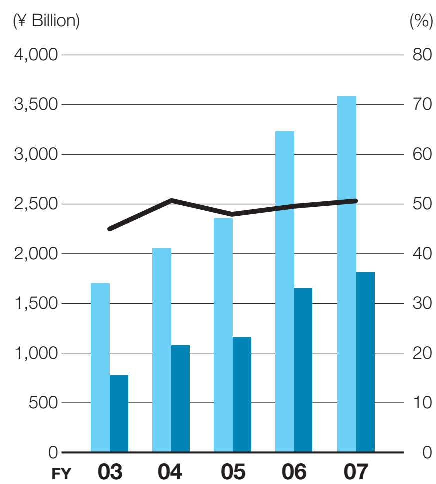
Income before income taxes amounted to ¥108.3 billion, up ¥27.7 billion (34.4%), attributable primarily to an increase of ¥27.8 billion in ordinary income.

Net Income per Share



Basic
Diluted

Total Assets, Total Net Assets and Total Net Assets Ratio



Total assets (left)
Total net assets (left)
Total net assets ratio (right)

Income Taxes

Income taxes increased ¥13.2 billion (46.7%) to ¥41.5 billion, due largely to an increase in income taxes of the Company and the Aichi Group.

Minority Interest in Consolidated Subsidiaries

Minority interests in consolidated subsidiaries amounted to ¥7.3 billion, up ¥2.1 billion (40.8%), as a result of strong performance by subsidiaries.

Net Income

Net income totaled ¥59.4 billion, an increase of ¥12.4 billion (26.3%) over fiscal 2006. Net income per share was ¥189.88, compared with ¥146.16 in fiscal 2006. Diluted net income per share increased from ¥146.02 to ¥189.66.

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.

In addition to current assets such as cash and cash equivalents and securities, Toyota Industries maintained a commercial paper issuance capacity of ¥100.0 billion as of March 31, 2007.

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.

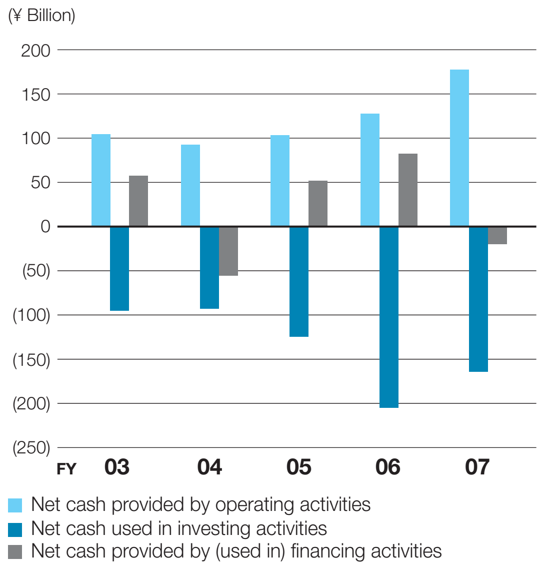
Regarding fund management, the Company undertakes integrated fund management of its subsidiaries in Japan, while Toyota Industries North America, Inc. (TINA) and Toyota Industries Finance International AB (TIFI) centrally manage the funds of subsidiaries in North America and Europe, respectively.

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

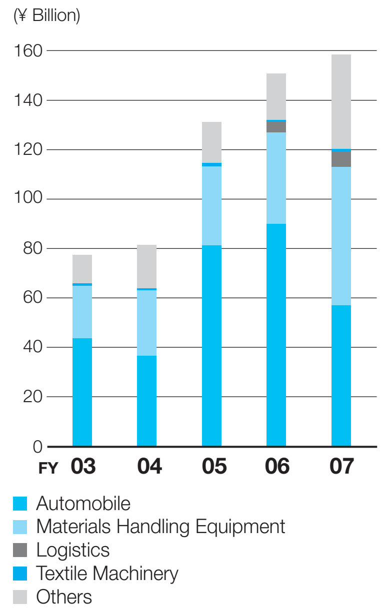
Cash Flows

Cash flows from operating activities amounted to ¥177.4 billion in fiscal 2007, due mainly to income before income taxes in an amount of ¥108.3 billion. Net cash provided by operating activities increased by ¥45.7 billion from ¥131.7 billion in fiscal 2006. Cash flows from investing activities resulted in a decrease in cash of ¥164.4 billion in fiscal 2007, attributable primarily to payments for purchases of

Cash Flows



Investment in Property, Plant and Equipment



property, plant and equipment amounting to ¥155.5 billion. Net cash used in investing activities decreased by ¥40.6 billion from ¥205.0 billion in fiscal 2006. Cash flows from financing activities resulted in a decrease in cash of ¥19.7 billion in fiscal 2007, due mainly to payments for repurchase of treasury stock in an amount of ¥35.5 billion. Net cash provided by financing activities decreased by ¥104.8 billion from ¥85.1 billion in fiscal 2006.

After translation adjustments, cash and cash equivalents as of March 31, 2007 stood at ¥108.5 billion, a decrease of ¥4.0 billion from fiscal 2006.

Investment in Property, Plant and Equipment

During fiscal 2007, Toyota Industries made a total investment of ¥158.6 billion in property, plant and equipment (including ¥29.6 billion in 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 ¥57.1 billion. A primary breakdown of this amount included ¥36.9 billion for the Company, ¥5.8 billion for TD Automotive Compressor Georgia, LLC, ¥4.3 billion for Tokyu Co., Ltd., ¥2.0 billion for Toyota Industry Automotive Parts (Kunshan) Co., Ltd., ¥1.5 billion for Tokaiseiki Co., Ltd., ¥1.5 billion for TD Deutsche Klimakompressor GmbH, ¥1.2 billion for Iwama Loom Works, Ltd. and ¥1.0 billion for Izumi Machine Mfg. Co., Ltd.

The Materials Handling Equipment Segment made an investment in property, plant and equipment in the total amount of ¥56.0 billion. The primary breakdown comprised ¥8.8 billion for the Company, ¥20.4 billion for the BT Industries Group, ¥4.2 billion for Toyota Industrial Equipment Mfg., Inc. and ¥2.2 billion for the Aichi Group.

Investment in property, plant and equipment in the Logistics Segment totaled ¥6.2 billion, including ¥13.0 million for the Company and ¥4.7 billion for Taikoh Transportation Co., Ltd.

The Textile Machinery Segment made an investment in property, plant and equipment in the total amount of ¥1.0 billion, including ¥0.7 billion for the Company.

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

Strategies and Outlook

Outlook for Results for Fiscal 2008

In fiscal 2008, ending March 31, 2008, despite an anticipated slowdown in the overall growth rate, expansion of the Japanese economy is expected to continue. Uncertainties persist, however, regarding the direction of the U.S. economy and a sustained increase in crude oil prices, precluding optimism.

For fiscal 2008, Toyota Industries forecasts consolidated net sales of ¥1,950.0 billion, ordinary income of ¥115.0 billion, operating income of ¥95.0 billion and net income of ¥63.0 billion. We are determined to place utmost emphasis on product quality and develop and market leading-edge products that anticipate customer needs. We will make further concerted efforts to engage in sales and service activities and undertake cost-reduction activities.

Our projections are based on an exchange rate of ¥115.0 = US$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 21, 2007, approved a year-end cash dividend of ¥28.0 per share. Including the interim cash dividend of ¥22.0 per share, cash dividends for the year totaled ¥50.0 per share, an increase of ¥12.0 per share over fiscal 2006.

The dividend payout ratio was 38.9%. On a consolidated basis, it was 26.3%.

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. It will also use retained earnings to repurchase treasury stock.

The Company's Articles of Incorporation stipulate that it may pay interim cash dividends as prescribed in Article 454-5 of the Corporate Law, as well as repurchase treasury stock through market dealings as prescribed in Article 459-1 of the Corporate Law. Discretion to pay cash dividends is determined by the Board of Directors and 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. The risks mentioned in this annual report represent only a portion of the risks that could have an impact on Toyota Industries' financial condition and business results, and do not necessarily cover all possible risks. There is also a possibility that Toyota Industries could be affected in the future by risks currently unknown or not considered noteworthy or significant.

Principal Customers

Toyota Industries' automobile and engine products are sold primarily to TMC. In fiscal 2007, net sales to TMC accounted for 35.5% of consolidated net sales. Therefore, TMC's vehicle sales could have an impact on Toyota Industries' business results. As of March 31, 2007, TMC held 24.8% 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. Toyota Industries is insured for product liability indemnity. However, Toyota Industries cannot guarantee that this insurance will sufficiently cover final indemnity amounts incurred. 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 fluctuation 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 Division within the Company based on his resolve to manufacture Japanese-made automobiles. In 1937, the Automobile Division 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, 2007, Toyota Industries held 5.5% (200,195 thousand shares) of TMC's total shares issued. Likewise, as of the same date, TMC held 24.8% 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 2007, our net sales to TMC accounted for 35.5% 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, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2007**	2006	**2007**
Current assets			
Cash and cash equivalents	¥ 108,569	¥ 112,596	$ 919,691
Trade notes and accounts receivable (Note 8)	234,611	200,690	1,987,390
Short-term investments	48	75	411
Inventories (Note 5)	120,737	104,534	1,022,767
Deferred tax assets (Note 16)	17,924	18,096	151,835
Other current assets	88,894	75,938	753,026
Less — allowance for doubtful accounts	(2,784)	(2,665)	(23,588)
Total current assets	568,001	509,266	4,811,532
Fixed assets			
Property, plant and equipment			
Buildings and structures (Notes 6 and 8)	171,897	155,168	1,456,138
Machinery, equipment and vehicles (Note 6)	269,769	240,467	2,285,216
Tools, furniture and fixtures (Note 6)	26,081	22,310	220,936
Land (Note 8)	99,117	87,213	839,627
Construction in progress	39,056	20,994	330,846
Total property, plant and equipment	605,922	526,154	5,132,763
Intangible assets			
Goodwill	101,102	97,485	856,435
Software	11,714	12,483	99,231
Total intangible assets	112,816	109,968	955,666
Investments and other assets			
Investments in securities (Notes 4 and 8)	2,172,648	1,975,793	18,404,480
Investments in unconsolidated subsidiaries and affiliated companies	60,415	60,976	511,782
Long-term loans	8,460	8,591	71,672
Long-term prepaid expenses	11,603	11,358	98,297
Deferred tax assets (Note 16)	7,435	6,842	62,986
Other investments and other assets	38,784	36,625	328,544
Less — allowance for doubtful accounts	(232)	(237)	(1,967)
Total investments and other assets	2,299,117	2,099,951	19,475,794
Total fixed assets	3,017,856	2,736,074	25,564,223
Total assets	¥3,585,857	¥3,245,341	$30,375,755

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

LIABILITIES AND NET ASSETS	Millions of yen 2007	Millions of yen 2006	Thousands of U.S. dollars (Note 1) 2007
Current liabilities			
Trade notes and accounts payable	¥ 205,168	¥ 182,595	$ 1,737,983
Short-term bank loans (Note 8)	37,103	38,928	314,301
Commercial paper	33,760	29,680	285,981
Current portion of bonds	60,000	15,000	508,259
Other payables	37,808	30,620	320,272
Accrued expenses	77,698	67,674	658,185
Accrued income taxes	25,854	13,625	219,013
Deposits received from employees	22,020	20,914	186,535
Deferred tax liabilities (Note 16)	3,162	3,857	26,788
Allowance for bonuses to directors and corporate auditors	554	–	4,697
Other current liabilities (Note 8)	55,275	43,221	468,235
Total current liabilities	558,405	446,118	4,730,249
Long-term liabilities			
Bonds (Note 7)	250,761	283,831	2,124,195
Long-term bank loans (Notes 7 and 8)	141,567	106,267	1,199,214
Deferred tax liabilities (Note 16)	751,764	681,503	6,368,186
Allowance for retirement benefits (Note 14)	45,482	46,535	385,282
Other long-term liabilities	27,393	20,585	232,051
Total long-term liabilities	1,216,969	1,138,724	10,308,929
Total liabilities	1,775,374	1,584,842	15,039,178
Minority interests in consolidated subsidiaries	–	49,270	–
Shareholders' equity (Note 11)			
Common stock:			
Authorized — 1,100,000,000 shares			
Issued — 325,840,640 shares as of March 31, 2007	80,462	80,462	681,598
325,840,640 shares as of March 31, 2006			
Capital surplus	105,055	105,665	889,924
Retained earnings	402,431	358,385	3,408,994
Treasury stock at cost	(47,253)	(14,363)	(400,282)
13,765,165 shares as of March 31, 2007			
6,520,194 shares as of March 31, 2006			
Total shareholders' equity	540,696	530,150	4,580,234
Valuation and translation adjustments			
Net unrealized gains or losses on other securities	1,157,793	1,047,190	9,807,649
Deferred gains or losses on hedges	(0)	–	(6)
Foreign currency translation adjustments	52,912	33,886	448,221
Total valuation and translation adjustments	1,210,704	1,081,077	10,255,864
Subscription rights to shares	202	–	1,719
Minority interests in consolidated subsidiaries	58,878	–	498,761
Total net assets	1,810,483	1,611,227	15,336,578
Total liabilities and net assets	¥3,585,857	¥3,245,341	$30,375,755

Consolidated Statements of Income

Toyota Industries Corporation
For the years ended March 31, 2007, 2006 and 2005

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2007	2006	2005	2007
Net sales	¥1,878,398	¥1,505,955	¥1,241,538	$15,911,886
Cost of sales (Note 12)	1,586,781	1,276,499	1,041,780	13,441,606
Gross profit	291,616	229,456	199,758	2,470,280
Selling, general and administrative expenses (Notes 12 and 15)				
Sales commissions	11,325	10,875	8,938	95,937
Salaries and allowances	74,360	58,382	50,984	629,908
Retirement benefit expenses	1,678	1,982	1,582	14,222
Depreciation	8,733	6,507	5,418	73,980
Research and development expenses	21,527	20,307	19,484	182,362
Other	84,036	67,361	60,228	711,868
Operating income	89,954	64,040	53,120	762,002
Non-operating income				
Interest income	13,760	9,113	8,159	116,561
Dividends income	27,547	20,090	13,760	233,351
Gain on sales of marketable securities	–	1,280	1,658	–
Rental income of fixed assets	2,389	2,110	1,931	20,238
Equity in net earnings of unconsolidated subsidiaries and affiliated companies	317	3,593	6,805	2,690
Other non-operating income	6,868	7,665	5,967	58,185
Non-operating expenses				
Interest expenses	(17,855)	(11,955)	(9,735)	(151,251)
Depreciation	(1,932)	(1,716)	(2,381)	(16,367)
Loss on disposal of fixed assets	(3,567)	(4,487)	(2,380)	(30,223)
Other non-operating expenses	(8,997)	(9,099)	(5,994)	(76,215)
Ordinary income	108,484	80,635	70,912	918,971
Extraordinary gains				
Proceeds from sales of investment securities	4,305	–	–	36,468
Extraordinary losses				
Impairment loss of fixed assets	–	–	(558)	–
Losses of discontinuing production of designated electronic parts	(4,390)	–	–	(37,190)
Income before income taxes and minority interests	108,399	80,635	70,353	918,248
Income taxes — current (Note 16)	43,750	30,446	26,808	370,606
Income taxes — deferred (Note 16)	(2,209)	(2,137)	(4,557)	(18,721)
Minority interests in consolidated subsidiaries	7,390	5,249	4,744	62,607
Net income	¥ 59,468	¥ 47,077	¥ 43,357	$ 503,756

	Yen			U.S. dollars (Note 1)
Net income per share — basic (Note 22)	¥ 189.88	¥ 146.16	¥ 135.09	$ 1.61
Net income per share — diluted (Note 22)	189.66	146.02	135.03	1.61
Net assets per share (Note 23)	5,612.11	5,044.45	3,504.80	47.54
Cash dividends per share	50.00	38.00	32.00	0.42

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, 2007, 2006 and 2005

	Millions of yen								
	Common stock	Capital surplus	Retained earnings	Treasury stock at cost	Net unrealized gains or losses on other securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Subscription rights to shares	Minority interests in consolidated subsidiaries
Balance at March 31, 2004	¥80,462	¥105,743	¥294,672	¥(17,975)	¥ 534,078	¥ –	¥19,782	¥ –	¥34,926
Dividends paid	–	–	(7,948)	–	–	–	–	–	–
Bonuses to directors and corporate auditors	–	–	(331)	–	–	–	–	–	–
Net income for the period	–	–	43,357	–	–	–	–	–	–
Repurchase of treasury stock	–	–	–	(52)	–	–	–	–	–
Exercise of stock options	–	(142)	–	1,301	–	–	–	–	–
Effect of adoption of a new accounting standards for retirement benefits by foreign subsidiaries	–	–	(4,419)	–	–	–	–	–	–
Change to items other than shareholders' equity during accounting period	–	–	–	–	57,139	–	10,078	–	5,977
Balance at March 31, 2005	80,462	105,600	325,330	(16,726)	591,218	–	29,861	–	40,904
Dividends paid	–	–	(11,793)	–	–	–	–	–	–
Bonuses to directors and corporate auditors	–	–	(406)	–	–	–	–	–	–
Decrease due to increase in affiliates accounted for under the equity method	–	–	(1,821)	–	–	–	–	–	–
Net income for the period	–	–	47,077	–	–	–	–	–	–
Repurchase of treasury stock	–	–	–	(52)	–	–	–	–	–
Exercise of stock options	–	65	–	2,415	–	–	–	–	–
Change to items other than shareholders' equity during accounting period	–	–	–	–	455,972	–	4,024	–	8,366
Balance at March 31, 2006	80,462	105,665	358,385	(14,363)	1,047,190	–	33,886	–	49,270
Dividends paid	**–**	**–**	**(6,386)**	**–**	**–**	**–**	**–**	**–**	**–**
Interim dividends paid	**–**	**–**	**(6,864)**	**–**	**–**	**–**	**–**	**–**	**–**
Bonuses to directors and corporate auditors	**–**	**–**	**(427)**	**–**	**–**	**–**	**–**	**–**	**–**
Decrease due to increase in affiliates accounted for under the equity method	**–**	**–**	**(1,673)**	**–**	**–**	**–**	**–**	**–**	**–**
Decrease due to decrease in consolidated subsidiaries	**–**	**–**	**(71)**	**–**	**–**	**–**	**–**	**–**	**–**
Net income for the period	**–**	**–**	**59,468**	**–**	**–**	**–**	**–**	**–**	**–**
Repurchase of treasury stock	**–**	**–**	**–**	**(35,524)**	**–**	**–**	**–**	**–**	**–**
Exercise of stock options	**–**	**(610)**	**–**	**2,634**	**–**	**–**	**–**	**–**	**–**
Change to items other than shareholders' equity during accounting period	**–**	**–**	**–**	**–**	**110,602**	**(0)**	**19,026**	**202**	**9,607**
Balance at March 31, 2007	**¥80,462**	**¥105,055**	**¥402,431**	**¥(47,253)**	**¥1,157,793**	**¥(0)**	**¥52,912**	**¥202**	**¥58,878**

	Thousands of U.S. dollars (Note 1)								
	Common stock	Capital surplus	Retained earnings	Treasury stock at cost	Net unrealized gains or losses on other securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Subscription rights to shares	Minority interests in consolidated subsidiaries
Balance at March 31, 2006	$681,598	$895,092	$3,035,882	$(121,677)	$8,870,741	$ –	$287,051	$ –	$417,373
Dividends paid	**–**	**–**	**(54,098)**	**–**	**–**	**–**	**–**	**–**	**–**
Interim dividends paid	**–**	**–**	**(58,149)**	**–**	**–**	**–**	**–**	**–**	**–**
Bonuses to directors and corporate auditors	**–**	**–**	**(3,619)**	**–**	**–**	**–**	**–**	**–**	**–**
Decrease due to increase in affiliates accounted for under the equity method	**–**	**–**	**(14,172)**	**–**	**–**	**–**	**–**	**–**	**–**
Decrease due to decrease in consolidated subsidiaries	**–**	**–**	**(604)**	**–**	**–**	**–**	**–**	**–**	**–**
Net income for the period	**–**	**–**	**503,756**	**–**	**–**	**–**	**–**	**–**	**–**
Repurchase of treasury stock	**–**	**–**	**–**	**(300,926)**	**–**	**–**	**–**	**–**	**–**
Exercise of stock options	**–**	**(5,168)**	**–**	**22,321**	**–**	**–**	**–**	**–**	**–**
Change to items other than shareholders' equity during accounting period	**–**	**–**	**–**	**–**	**936,909**	**(6)**	**161,170**	**1,719**	**81,387**
Balance at March 31, 2007	**$681,598**	**$889,924**	**$3,408,994**	**$(400,282)**	**$9,807,649**	**$(6)**	**$448,221**	**$1,719**	**$498,761**

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, 2007, 2006 and 2005

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2007	2006	2005	2007
Cash flows from operating activities				
Income before income taxes and minority interests	¥ 108,399	¥ 80,635	¥ 70,353	$ 918,248
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization	106,060	87,287	70,213	898,433
Impairment loss of fixed assets	–	–	558	–
Increase (decrease) in allowance for doubtful accounts	(250)	101	371	(2,118)
Interest and dividends income	(41,307)	(29,204)	(21,920)	(349,912)
Interest expenses	17,855	11,955	9,735	151,251
Equity in net earnings of unconsolidated subsidiaries and affiliated companies	(317)	(3,593)	(6,805)	(2,690)
(Increase) decrease in receivables	(25,836)	(27,435)	(22,923)	(218,861)
(Increase) decrease in inventories	(9,221)	(9,227)	(12,851)	(78,117)
Increase (decrease) in payables	15,022	21,376	26,893	127,258
Others, net	17,238	12,161	(4,063)	146,027
Subtotal	187,642	144,055	109,561	1,589,520
Interest and dividends income received	41,294	29,236	21,971	349,808
Interest expenses paid	(17,777)	(11,009)	(8,710)	(150,591)
Income taxes paid	(33,692)	(30,498)	(22,727)	(285,409)
Net cash provided by operating activities	177,467	131,784	100,095	1,503,328
Cash flows from investing activities				
Payments for purchases of property, plant and equipment	(155,550)	(161,504)	(110,111)	(1,317,670)
Proceeds from sales of property, plant and equipment	7,624	8,415	10,043	64,590
Payments for purchases of investment securities	(17,604)	(47,726)	(9,562)	(149,129)
Proceeds from sales of investment securities	8,419	2,045	3,299	71,321
Payments for acquisition of subsidiaries' stock resulting in change in scope of consolidation	(1,939)	–	(16,943)	(16,426)
Payments for loans made	(3,172)	(2,256)	(2,370)	(26,870)
Proceeds from collections of loans	4,490	3,264	2,783	38,038
Others, net	(6,714)	(7,250)	(5,368)	(56,875)
Net cash used in investing activities	(164,446)	(205,013)	(128,230)	(1,393,021)
Cash flows from financing activities				
Increase (decrease) in short-term loans	(12,434)	(22,902)	(13,686)	(105,328)
Increase (decrease) in commercial paper	–	29,520	(15,000)	–
Proceeds from long-term loans	40,004	38,824	40,785	338,880
Repayments of long-term loans	(14,020)	(3,365)	(6,964)	(118,765)
Proceeds from issuances of bonds	25,107	68,730	50,000	212,687
Repayments of bonds	(15,980)	(20,300)	–	(135,372)
Payments for repurchase of treasury stock	(35,524)	(52)	(52)	(300,926)
Cash dividends paid	(13,250)	(11,784)	(7,948)	(112,247)
Cash dividends paid to minority shareholders	(1,039)	(854)	(667)	(8,809)
Others, net	7,388	7,357	3,554	62,584
Net cash provided by (used in) financing activities	(19,749)	85,172	50,020	(167,295)
Translation adjustments of cash and cash equivalents	2,700	117	1,438	22,875
Net increase (decrease) in cash and cash equivalents	(4,027)	12,060	23,323	(34,113)
Cash and cash equivalents at beginning of year	112,596	100,535	77,212	953,805
Cash and cash equivalents at end of year	¥108,569	¥112,596	¥100,535	$ 919,691

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 Securities 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.

Certain items presented in the consolidated financial statements submitted to the Director of Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥118.05=US$1, the approximate rate of exchange prevailing at March 31, 2007, has been used in translation. The inclusion of such amounts are not intended to imply that the Japanese yen actually represent, or have been or could be converted into, equivalent amounts in U.S. dollars at this rate or any other rates.

2. Summary of significant accounting policies

(1) Consolidation

The consolidated financial statements include the accounts of the Company and its 162 subsidiaries (45 domestic subsidiaries and 117 overseas subsidiaries) and 21 affiliates (which are listed on pages 50 and 51) in 2007, 153 subsidiaries (43 domestic subsidiaries and 110 overseas subsidiaries) and 22 affiliates in 2006 and 146 subsidiaries (43 domestic subsidiaries and 103 overseas subsidiaries) and 20 affiliates in 2005.

For the year ended March 31, 2007, 12 subsidiaries were newly added to the scope of consolidation and three companies were excluded from the scope of consolidation because of mergers and acquisitions. One affiliate was newly added to the scope of equity-method accounting and two affiliates were excluded from the scope of equity-method accounting and added to the scope of consolidation .

For the year ended March 31, 2006, nine subsidiaries were newly added to the scope of consolidation and two companies were excluded from the scope of consolidation because of mergers and acquisitions. Two affiliates were newly added to the scope of equity-method accounting.

For the year ended March 31, 2005, 11 subsidiaries were newly added to the scope of consolidation and six companies were excluded from the scope of consolidation because of mergers and acquisitions.

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

The fiscal years of certain 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.

The fiscal years of certain unconsolidated subsidiaries and affiliates accounted for by the equity method are different from the fiscal year of the Company. The Company is using the financial statements of the unconsolidated subsidiaries and affiliates accounted for by the equity method for their respective fiscal years.

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 the year ended March 31, 2007, Toyota Industries Sweden AB and its consolidated subsidiaries have decided to change their fiscal year-end from December 31 to March 31. As a result, the Company's consolidated financial statements include 15 months of their operating results.

(2) Investments in unconsolidated subsidiaries and affiliates

Investments in 21 major affiliates in 2007, 22 major affiliates in 2006 and 20 major affiliates in 2005 are accounted for by the equity method of accounting. Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost due to their insignificant effect on the consolidated financial statements.

The major affiliates accounted for by the equity method are listed on page 51.

(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 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 unconsolidated subsidiaries and affiliates. Toyota Industries did not have trading securities or held-to-maturity securities as of March 31, 2007 and 2006.

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 "Net unrealized gains or losses on other 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 unconsolidated subsidiaries and affiliates are accounted for by the equity method (see Note 2 (2)).

(6) Inventories

Inventories are stated mainly at cost determined by the moving-average method.

(7) Property, plant and equipment, and depreciation

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 Japanese subsidiaries and by the straight-line method for foreign subsidiaries.

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

Accumulated depreciation as of March 31, 2007 and 2006 was ¥651,651 million (US$5,520,147 thousand) and ¥585,994 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.

Accumulated amortization of intangibles and goodwill as of March 31, 2007 and 2006 was ¥70,124 million (US$594,023 thousand) and ¥53,552 million, respectively.

(9) Impairment of fixed assets

Calculation of the impairment of fixed assets is based on reasonable and supportable assumptions and projection of the grouping of assets and recoverable value, with due consideration for the specific conditions of each company.

The recoverable amount of assets is calculated based on net selling price. The change in accounting policy is described in Note 3.

(10) Allowances for doubtful accounts

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

(11) Deferred charges

Stock issuance costs and bond issuance costs are expensed as incurred.

(12) Allowance for bonuses to directors and corporate auditors

Bonuses to directors and corporate auditors are recorded on the accrual basis with a related charge 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) Lease transactions

Finance leases other than those that are deemed to transfer the ownership of the leased assets to lessees are accounted for mainly by a method similar to that applicable to ordinary operating leases.

(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) 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.

(b) Hedging instruments and hedged items

Hedging instruments:	Derivatives instruments (interest rate swaps, foreign currency forwards and foreign currency option contracts)

Hedged items: Risk of change in interest rate on borrowings and risk of change in forward exchange rate on transactions denominated in foreign currencies (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.

(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. Change in accounting policy and adoption of new accounting standards

For the year ended March 31, 2007

Accounting Standard for Directors' Bonus

Effective from the fiscal year beginning April 1, 2006, Toyota Industries applied Financial Accounting Standard No. 4 "Accounting Standard for Directors' Bonus" issued on November 29, 2005 by the Accounting Standards Board of Japan. As a result, ordinary income and income before income taxes and minority interests decreased by ¥554 million (US$4,697 thousand).

Accounting Standards for Presentation of Net Assets in the Balance Sheet

Effective from the fiscal year beginning April 1, 2006, Toyota Industries applied Financial Accounting Standard No. 5 "Accounting Standards for Presentation of Net Assets in the Balance Sheet" and its Implementation Guidance No. 8 "Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet" issued on December 9, 2005 by the Accounting Standards Board of Japan. If the previous accounting policy had been applied, net assets at March 31, 2007 would have been ¥1,751,402 million (US$14,836,104 thousands).

Accounting Standard for Share-Based Payment

Effective from the fiscal year beginning April 1, 2006, Toyota Industries applied Financial Accounting Standard No. 8 "Accounting Standard for Share-based Payment" issued on December 27, 2005 by the Accounting Standards Board of Japan, and its Implementation Guidance No. 11 "Guidance on Accounting Standard for Share-based Payment" issued on May 31, 2006 by the Accounting Standards Board of Japan. As a result, ordinary income and income before income taxes and minority interests decreased by ¥202 million (US$1,719 thousand).

Accounting Standard for Business Combinations

Effective from the fiscal year beginning April 1, 2006, Toyota Industries applied Financial Accounting Standard for Business Combinations issued on October 31, 2003 by the Business Accounting Council in Japan, and Financial Accounting Standard No. 7 "Accounting Standard for Business Divestitures" and the related Implementation Guidance No. 10 "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" issued on December 27, 2005 by the Accounting Standards Board of Japan.

For the year ended March 31, 2005

Impairment of fixed assets

Toyota Industries has applied Accounting Standards for Impairment of Fixed Assets (Opinions Concerning Establishment of Accounting Standards for Impairment of Fixed Assets) issued on August 9, 2002 by the Business Accounting Council in Japan, and the application guideline for Accounting Standards for Impairment of Fixed Assets (the Financial Accounting Standard Implementation Guideline No. 6 issued on October 31, 2003), to the consolidated financial statements for fiscal 2005, as early adoption of such standards and guidelines, which are effective for fiscal years beginning on and after April 1, 2005, was permitted for the consolidated accounting for the fiscal year ended March 31, 2005.

4. Marketable securities

(1) As of and for the year ended March 31, 2007:

(a) Other securities with readily determinable fair value as of March 31, 2007 are as follows:

	Millions of yen			Thousands of U.S. dollars		
	Acquisition cost	Carrying amount	Difference	Acquisition cost	Carrying amount	Difference
Securities with carrying amount exceeding acquisition cost:						
Stocks	**¥223,782**	**¥2,152,078**	**¥1,928,296**	**$1,895,659**	**$18,230,233**	**$16,334,574**
Subtotal	**223,782**	**2,152,078**	**1,928,296**	**1,895,659**	**18,230,233**	**16,334,574**
Securities with carrying amount not exceeding acquisition cost:						
Stocks	**3,716**	**2,910**	**(806)**	**31,484**	**24,654**	**(6,831)**
Subtotal	**3,716**	**2,910**	**(806)**	**31,484**	**24,654**	**(6,831)**
Total	**¥227,499**	**¥2,154,989**	**¥1,927,490**	**$1,927,143**	**$18,254,887**	**$16,327,744**

(b) Other securities sold during the year ended March 31, 2007 are as follows:

Millions of yen			Thousands of U.S. dollars		
Proceeds	Realized gains	Realized losses	Proceeds	Realized gains	Realized losses
¥8,419	**¥4,305**	**–**	**$71,321**	**$36,468**	**–**

(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, 2007 are as follows:

	Carrying amount	
	Millions of yen	Thousands of U.S. dollars
Other securities		
Domestic unlisted stocks excluding over-the-counter stocks	**¥17,659**	**$149,594**
Money management funds	**30,065**	**254,687**

(2) As of and for the year ended March 31, 2006:

(a) Other securities with readily determinable fair value as of March 31, 2006 are as follows:

	Millions of yen		
	Acquisition cost	Carrying amount	Difference
Securities with carrying amount exceeding acquisition cost:			
Stocks	¥212,297	¥1,956,653	¥1,744,356
Subtotal	212,297	1,956,653	1,744,356
Securities with carrying amount not exceeding acquisition cost:			
Stocks	1,808	1,339	(469)
Subtotal	1,808	1,339	(469)
Total	¥214,105	¥1,957,992	¥1,743,887

(b) Other securities sold during the year ended March 31, 2006 are as follows:

Millions of yen		
Proceeds	Realized gains	Realized losses
¥2,516	¥1,280	¥1

(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, 2006 are as follows:

	Carrying amount
	Millions of yen
Other securities	
Domestic unlisted stocks excluding over-the-counter stocks	¥17,800
Money management funds	45,002

(d) Redemption schedule of securities which have maturities within other securities as of March 31, 2006 is as follows:

	Millions of yen			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Bonds				
Government bonds	¥0	–	–	–
Total	¥0	¥–	¥–	¥–

5. Inventories

Inventories as of March 31, 2007 and 2006 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Finished goods	**¥ 51,144**	¥ 40,702	**$ 433,247**
Raw materials	**20,325**	16,097	**172,174**
Work in process	**37,841**	37,089	**320,554**
Supplies	**11,426**	10,645	**96,792**
Total	**¥120,737**	¥104,534	**$1,022,767**

6. Property, plant and equipment

Accumulated depreciation as of March 31, 2007 and 2006 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Buildings and structures	**¥146,690**	¥132,151	**$1,242,616**
Machinery, equipment and vehicles	**437,123**	393,307	**3,702,870**
Tools, furniture and fixtures	**67,838**	60,536	**574,661**

7. Long-term debt

(1) Long-term debt as of March 31, 2007 and 2006 consists of the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
The Company:			
2.70% bonds due 2008 without collateral	¥ 30,000	¥ 30,000	$ 254,130
2.15% bonds due 2008 without collateral	20,000	20,000	169,420
1.50% bonds due 2006 without collateral	–	15,000	–
1.94% bonds due 2009 without collateral	15,000	15,000	127,065
1.91% bonds due 2010 without collateral	20,000	20,000	169,420
0.41% bonds due 2007 without collateral	30,000	30,000	254,130
1.13% bonds due 2012 without collateral	50,000	50,000	423,549
1.03% bonds due 2012 without collateral	30,000	30,000	254,130
1.46% bonds due 2014 without collateral	20,000	20,000	169,420
1.01% bonds due 2010 without collateral	20,000	20,000	169,420
1.66% bonds due 2015 without collateral	30,000	30,000	254,130
Consolidated subsidiaries:			
0.49-3.24% medium-term notes due 2009-2010	25,770	18,831	218,304
1.95% bonds due 2016 without collateral	19,990	–	169,336
Long-term bank loans	145,940	109,268	1,236,257
Less: current portion of long-term debt	(64,372)	(18,000)	(545,302)
Total	¥392,328	¥390,100	$3,323,409

(2) Annual maturities of long-term debt as of March 31, 2007 are as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2008	¥ 64,372	$ 545,302
2009	29,299	248,198
2010	32,885	278,576
2011	61,185	518,303
2012	37,907	321,112
2013 and thereafter	231,049	1,957,220
Total	¥456,701	$3,868,711

8. Assets pledged as collateral

(1) Assets pledged as collateral as of March 31, 2007 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Investments in securities	¥56,710	¥57,035	$480,390
Land	1,989	2,952	16,851
Buildings and structures	1,160	1,798	9,830
Trade notes and accounts receivable	–	244	–
Total	¥59,859	¥62,031	$507,071

(2) Secured liabilities as of March 31, 2007 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Other current liabilities	**¥21,736**	¥20,805	**$184,133**
Short-term bank loans	**138**	363	**1,175**
Long-term bank loans	**67**	155	**568**
Total	**¥21,942**	¥21,324	**$185,876**

9. Contingent liabilities

Toyota Industries is contingently liable for guarantees as of March 31, 2007 and 2006 as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Guarantees given by the Company	**¥4,200**	¥1,000	**$35,578**
Guarantees given by consolidated subsidiaries	**455**	1,179	**3,862**
Guarantee forwards given by the Company	**473**	543	**4,007**

10. Export discount bills

Export discount bills as of March 31, 2007 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Export discount bills	**¥443**	¥395	**$3,761**

11. Net assets

Under the Japanese Corporate Law, amounts equal to 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 common stock. The legal reserve may be used to reduce a deficit or may be transferred to common stock by 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 Japanese Corporate Law.

Proceeds from the conversion of convertible bonds have been accounted for in approximately equal amounts as common stock and capital surplus. At least 50% of the proceeds have been accounted for as common stock, in accordance with the provisions of the Japanese Corporate Law.

12. Research and development expenses

Research and development expenses, which are included in selling, general and administrative expenses and manufacturing costs, amounted to ¥34,548 million (US$292,657 thousand), ¥31,166 million and ¥30,051 million for the years ended March 31, 2007, 2006 and 2005, respectively.

13. 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 interest rate swap agreements to reduce interest rate risks on borrowings. Toyota Industries also uses foreign currency forward contracts and foreign currency option contracts to hedge foreign currency risks on transactions denominated in foreign currencies (receivables and payables and forecasted transactions).

(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

Toyota Industries omitted this information because hedge accounting is applied to all of the derivative instruments into which Toyota Industries entered.

14. 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, 2007 and 2006, 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-sum indemnities plan to a defined contribution pension plan.

(2) Components of allowance for retirement benefits as of March 31, 2007 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Benefit obligation	**¥150,203**	¥138,808	**$1,272,368**
Plan assets	**(118,227)**	(105,552)	**(1,001,503)**
Unfunded benefit obligation	**31,975**	33,256	**270,866**
Unrecognized actuarial gains or losses	**2,907**	2,443	**24,630**
Unrecognized loss in prior service obligation	**(331)**	(614)	**(2,805)**
Net amount recognized on the balance sheets	**34,552**	35,085	**292,691**
Prepaid pension expenses	**(6,212)**	(6,006)	**(52,628)**
Allowance for retirement benefits	**¥ 40,764**	¥ 41,092	**$ 345,319**

Certain subsidiaries use the simplified method to determine benefit obligations. Prepaid pension expenses are included in other investments and other assets. Allowance for retirement benefits on the consolidated balance sheets includes ¥4,717 million (US$39,963 thousand) and ¥5,443 million of allowance for retirement and severance benefits for directors and corporate auditors as of March 31, 2007 and 2006, respectively.

(3) Components of retirement benefit expenses for the years ended March 31, 2007, 2006 and 2005 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2007	2006	2005	**2007**
Service cost	**¥ 9,171**	¥ 7,921	¥ 7,445	**$77,688**
Interest cost	**5,036**	4,079	3,986	**42,663**
Expected return on plan assets	**(3,573)**	(2,435)	(2,196)	**(30,272)**
Amortization of prior service obligation	**398**	94	85	**3,372**
Amortization of unrecognized actuarial gains or losses	**(153)**	778	1,030	**(1,296)**
Retirement benefit expenses	**¥10,878**	¥10,438	¥10,351	**$92,155**

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, 2007, 2006 and 2005 are as follows:

	2007	2006	2005	
Method of attribution of estimated retirement benefits to periods of employee service: Straight-line method				
Discount rate	**2.00%**	2.00%	2.00%	
Expected return on plan assets	**3.00%**	3.00%	3.00%	
Amortization period of prior service obligation	**6–11 years**	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	20 years	— Straight-line method over the average remaining service period of employees starting from the following year

(5) Plan assets relating to welfare pension fund under multiemployer pension plan:
Amounts of plan assets calculated based on proportion of contribution to the fund made by each domestic subsidiary are ¥12,473 million (US$105,659 thousand) and ¥11,213 million as of March 31, 2007 and 2006, respectively.

15. Stock options

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

	Millions of yen	Thousands of U.S. dollars
Selling, general and administrative expenses	**¥202**	**$1,719**

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

(a) Stock option details

	2007	2006	2005
Company name	The Company	The Company	The Company
Position and number of grantees	Directors: 17 Managing officers and employees: 152	Directors: 30 Employees: 134	Directors: 30 Employees: 135
Class and number of shares*	802,000 shares of common stock	791,000 shares of common stock	775,000 shares of common stock
Date of issue	August 1, 2006	August 1, 2005	August 2, 2004
Vesting condition	1. Grantee must be employed as a director, managing officer or regular employee of the Company at the time of exercise. However, this does not apply if no more than 18 months have elapsed after retirement or resignation from the Company. 2. Other conditions of exercise shall be decided as prescribed by the Contract for Allotment of Stock Acquisition Rights concluded by the Company and grantee in accordance with resolutions at the Ordinary General Meeting of Shareholders and resolutions on the issue of stock acquisition rights by the Board of Directors.	Same as left	Same as left
Service period	From August 1, 2006 to July 31, 2008	From August 1, 2005 to June 30, 2007	From August 2, 2004 to June 30, 2006
Exercise period	From August 1, 2008 to July 31, 2012	From July 1, 2007 to June 30, 2011	From July 1, 2006 to June 30, 2010

	2004	2003
Company name	The Company	The Company
Position and number of grantees	Directors: 30 Employees: 128	Directors: 30 Employees: 115
Class and number of shares*	750,000 shares of common stock	728,000 shares of common stock
Date of issue	August 1, 2003	August 1, 2002
Vesting condition	1. Grantee must be employed as a director, managing officer or regular employee of the Company at the time of exercise. However, this does not apply if no more than 18 months have elapsed after retirement or resignation from the Company. 2. Other conditions of exercise shall be decided as prescribed by the Contract for Allotment of Stock Acquisition Rights concluded by the Company and grantee in accordance with resolutions at the Ordinary General Meeting of Shareholders and resolutions on the issue of stock acquisition rights by the Board of Directors.	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 six months have elapsed after retirement or resignation from the Company. 2. Other conditions of exercise shall be decided as prescribed by the Contract for Allotment of Stock Acquisition Rights concluded by the Company and grantee in accordance with resolutions at the Ordinary General Meeting of Shareholders and resolutions on the issue of stock acquisition rights by the Board of Directors.
Service period	From August 1, 2003 to June 30, 2005	From August 1, 2002 to June 30, 2004
Exercise period	From July 1, 2005 to June 30, 2009	From July 1, 2004 to June 30, 2008

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

(b) 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.

(i) Number of stock options

Non-exercisable stock options

	2007	2006	2005	2004	2003
Stock options outstanding at the end of the previous fiscal year	–	791,000	775,000	–	–
Stock options granted	802,000	–	–	–	–
Forfeitures	–	–	–	–	–
Conversion to exercisable stock options	–	–	775,000	–	–
Stock options outstanding at the end of the fiscal year	802,000	791,000	–	–	–

Exercisable stock options

	2007	2006	2005	2004	2003
Stock options outstanding at the end of the previous fiscal year	–	–	–	31,000	118,000
Conversion from non-exercisable stock options	–	–	775,000	–	–
Stock options exercised	–	–	736,500	25,000	10,000
Forfeitures	–	–	–	–	–
Stock options outstanding at the end of the fiscal year	–	–	38,500	6,000	108,000

(ii) Price of options

	Exact yen amounts				
	2007	2006	2005	2004	2003
Exercise price	¥4,642	¥3,306	¥2,652	¥2,074	¥1,982
Average market price of the stock at the time of exercise	–	–	¥4,467	¥5,467	¥5,218
Fair value of options on grant date	759	–	–	–	–

(3) Method for estimating fair value of stock options

The method for estimating fair value of stock options granted for fiscal 2007 is as follows:

(a) Valuation method used: Black-Scholes model

(b) Principal basic values and estimation methods

	2007
Share price fluctuations *1	20.63%
Projected remaining period *2	4 years
Projected dividend *3	¥40/share
Non-risk interest rate *4	1.21%

*1 Computed based on actual share prices during a four-year period (from August 2002 to July 2006).

*2 Because of a lack of accumulated data and difficulty in making rational estimates, it is assumed the rights are excercised at the midpoint of the exercise period.

*3 Based on the year-end dividend for the fiscal year ended March 31, 2006 and the estimated interim dividend on the grant date.

*4 Yields on government bonds for the period corresponding to the projected remaining period.

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

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

16. Income taxes

(1) The significant components of deferred tax assets and liabilities as of March 31, 2007 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Deferred tax assets:			
Allowance for retirement benefits	¥ 15,347	¥ 15,560	$ 130,010
Trade receivables	2,464	2,867	20,880
Accrued expenses	7,465	6,739	63,244
Net operating loss carry-forwards for tax purposes	2,039	2,012	17,274
Depreciation	6,350	4,538	53,794
Securities	2,066	2,528	17,504
Enterprise tax payable	1,692	1,045	14,336
Other	12,741	14,119	107,931
Subtotal	50,168	49,410	424,974
Less: valuation allowance	(2,742)	(2,705)	(23,232)
Total deferred tax assets	47,425	46,705	401,742
Deferred tax liabilities:			
Other securities	768,659	695,354	6,511,303
Depreciation	6,155	6,004	52,147
Land	1,111	1,111	9,419
Reserve for advanced depreciation	502	519	4,256
Reserve for special depreciation	590	678	5,001
Other	(26)	3,459	(228)
Total deferred tax liabilities	776,992	707,128	6,581,896
Net deferred tax liabilities	¥(729,567)	¥(660,423)	$(6,180,154)

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

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Current assets — deferred tax assets	¥ 17,924	¥ 18,096	$ 151,835
Investments and other assets — deferred tax assets	7,435	6,842	62,986
Current liabilities — deferred tax liabilities	(3,162)	(3,857)	(26,788)
Long-term liabilities — deferred tax liabilities	(751,764)	(681,503)	(6,368,186)
Net deferred tax liabilities	¥(729,567)	¥(660,423)	$(6,180,154)

(2) Reconciliations of differences between the statutory rate of income taxes and the effective rate of income taxes for the years ended March 31, 2007 and 2006 are as follows:

	2007	2006
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	(5.2)	(5.0)
Other	3.6	0.2
Effective rate of income taxes	38.3%	35.1%

17. Leases

(1) Finance leases (as a lessee) which do not transfer ownership of leased properties to lessees

(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, 2007 and 2006 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Machinery and equipment:			
Acquisition cost equivalents	¥14,047	¥14,894	$118,999
Accumulated depreciation equivalents	7,830	7,838	66,335
Machinery and equipment net balance equivalents	6,217	7,056	52,665
Tools, furniture and fixtures:			
Acquisition cost equivalents	13,667	13,603	115,777
Accumulated depreciation equivalents	6,396	6,866	54,184
Tools, furniture and fixtures net balance equivalents	7,271	6,736	61,593
Software:			
Acquisition cost equivalents	154	122	1,305
Accumulated depreciation equivalents	77	73	660
Software net balance equivalents	76	49	644
Total net leased properties	¥13,564	¥13,842	$114,902

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, 2007 and 2006 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Due within one year	¥ 4,342	¥ 4,253	$ 36,788
Due after one year	9,221	9,588	78,114
Total	¥13,564	¥13,842	$114,902

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 for the years ended March 31, 2007, 2006 and 2005 are as follows:

	Millions of yen	Thousands of U.S. dollars
2007	¥5,212	$44,153
2006	5,235	–
2005	4,926	–

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 leasing term to be useful lives for the years ended March 31, 2007, 2006 and 2005, and are equivalent to the amount of total lease payments of the above.

(2) Operating leases (as a lessee)

Pro forma future lease payments under operating leases as of March 31, 2007 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Due within one year	¥ 5,068	¥ 4,366	$ 42,933
Due after one year	18,307	12,272	155,086
Total	¥23,376	¥16,639	$198,019

(3) Finance leases (as a lessor) which do not transfer ownership of leased properties to lessees

(a) Information regarding leased properties such as acquisition cost and accumulated depreciation under finance leases as of March 31, 2007 and 2006 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Machinery and equipment:			
Acquisition cost	**¥10,013**	¥7,356	**$84,820**
Accumulated depreciation	**5,711**	4,030	**48,385**
Total net leased property	**¥ 4,301**	¥3,325	**$36,435**

(b) Pro forma information regarding future minimum lease income as of March 31, 2007 and 2006 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Due within one year	**¥1,161**	¥1,256	**$ 9,842**
Due after one year	**5,166**	3,307	**43,768**
Total	**¥6,328**	¥4,563	**$53,609**

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

(c) Total lease receipt and depreciation expenses for the years ended March 31, 2007 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Total lease payments to be received	**¥2,450**	¥1,703	**$20,757**
Depreciation expenses	**2,391**	1,602	**20,255**

(4) Operating leases (as a lessor)

Pro forma information regarding future minimum rentals under operating leases as of March 31, 2007 and 2006 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Due within one year	**¥14,835**	¥10,722	**$125,670**
Due after one year	**23,639**	21,611	**200,252**
Total	**¥38,475**	¥32,333	**$325,922**

18. Changes in net assets

(1) Common stock outstanding for the year ended March 31, 2007:

	Shares
Balance at March 31, 2006	325,840,640
Increase	**–**
Decrease	**–**
Balance at March 31, 2007	**325,840,640**

(2) Treasury stock outstanding for the year ended March 31, 2007:

	Shares
Balance at March 31, 2006	6,520,194
Increase due to purchase of treasury stock in accordance with the resolutions at Ordinary General Meeting of Shareholders held on June 22, 2006	**8,000,000**
Increase due to purchase of odd stock	**16,471**
Decrease due to exercise of stock options	**(771,500)**
Balance at March 31, 2007	**13,765,165**

(3) Subscription rights to shares outstanding for the year ended March 31, 2007:

	Millions of yen	Thousands of U.S. dollars
The Company	¥202	$1,719

(4) Dividends

(a) Dividends paid

		Total dividends		Dividends per share			
Resolutions	Class of shares	Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 22, 2006	Common stock	6,386	54,098	20	0.17	March 31, 2006	June 23, 2006
Board of Directors meeting held on October 31, 2006	Common stock	6,864	58,149	22	0.19	September 30, 2006	November 27, 2006

(b) Dividends with a record date in the fiscal year under review for which the effective date falls in the following fiscal year

		Total dividends			Dividends per share			
Resolutions	Class of shares	Millions of yen	Thousands of U.S. dollars	Source of dividends	Yen	U.S. dollars	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 21, 2007	Common stock	8,738	74,020	Retained earnings	28	0.24	March 31, 2007	June 22, 2007

19. Subsequent events

1. In January 2006, the Company acquired a 43.1% equity stake in Wanbishi Archives Co., Ltd. In consideration of the future growth potential of Wanbishi Archives, Toyota Industries subsequently acquired all remaining shares in that company from a fund operated by Tokio Marine Capital Co., Ltd. and made Wanbishi Archives a subsidiary.

(1) Outline of Wanbishi Archives Co., Ltd.

(a) Main businesses

Engages in comprehensive information management business (provides services for safe storage, management, collection and delivery of internal company data, including crucial documents and magnetic tapes) and insurance service business.

(b) Capital: ¥4,000 million (as of March 31, 2007)

(c) Total number of shares issued: 330,000 shares (as of March 31, 2007)

(d) Net sales: ¥19,309 million (year ended March 31, 2007)

(2) Date of stock acquisition: May 25, 2007

(3) Number of shares acquired, acquisition price and percentage of shares held after acquisition

(a) Number of shares acquired: 187,000 shares

(b) Acquisition price: ¥33,007 million

(c) Percentage of shares held after acquisition: 100%

2. At a meeting of the Board of Directors held on May 11, 2007, the board decided that the Company would respond to a tender offer by DENSO Corporation for shares of Aisan Industry Co., Ltd. held by the Company.

Consequently, on June 12, 2007, a report on the results of the response to the tender was received from DENSO and on June 18, 2007, the Company transferred 4,819,000 shares of Aisan Industry at ¥1,350 per share.

As a result, the Company will post the ¥5,862 million gain on the sale of investment securities as an extraordinary gain in the fiscal year ending March 2008.

3. On June 21, 2007, the shareholders of the Company authorized payment of a year-end cash dividend to shareholders of record as of March 31, 2007 of ¥28 (US$0.24) per share, or a total of ¥8,738 million (US$74,020 thousand). Cash dividends for the year totaled ¥50 (US$0.42) per share, including an interim dividend of ¥22 (US$0.18).

20. Segment information

(1) Business segments

As of and for the years ended March 31, 2007, 2006 and 2005:

	Millions of yen			Thousands of U.S. dollars
	2007	2006	2005	2007
Sales:				
Automobile				
Outside customer sales	¥ 904,893	¥ 746,795	¥ 616,200	$ 7,665,345
Intersegment transactions	21,134	20,768	18,222	179,027
	926,028	767,564	634,422	7,844,371
Materials Handling Equipment				
Outside customer sales	767,237	595,236	503,989	6,499,258
Intersegment transactions	805	482	148	6,823
	768,042	595,718	504,138	6,506,081
Logistics				
Outside customer sales	89,470	65,145	–	757,908
Intersegment transactions	7,275	6,355	–	61,632
	96,746	71,500	–	819,540
Textile Machinery				
Outside customer sales	58,403	49,789	43,902	494,735
Intersegment transactions	5	22	24	50
	58,409	49,811	43,927	494,785
Others				
Outside customer sales	58,392	48,988	77,446	494,641
Intersegment transactions	21,855	20,851	21,579	185,141
	80,248	69,839	99,025	679,783
Subtotal	1,929,475	1,554,436	1,281,514	16,344,560
Elimination of intersegment transactions	(51,077)	(48,480)	(39,975)	(432,674)
Total	¥1,878,398	¥1,505,955	¥1,241,538	$15,911,886
Operating costs and expenses:				
Automobile	¥ 892,435	¥ 747,468	¥ 611,659	$ 7,559,813
Materials Handling Equipment	720,840	556,950	478,053	6,106,234
Logistics	94,965	69,913	–	804,454
Textile Machinery	57,327	49,882	44,698	485,621
Others	73,920	66,107	93,782	626,177
Elimination of intersegment transactions	(51,046)	(48,407)	(39,775)	(432,415)
Total	¥1,788,443	¥1,441,915	¥1,188,418	$15,149,883
Operating income (loss):				
Automobile	¥ 33,592	¥ 20,095	¥ 22,763	$ 284,559
Materials Handling Equipment	47,201	38,768	26,084	399,847
Logistics	1,780	1,587	–	15,085
Textile Machinery	1,081	(70)	(771)	9,164
Others	6,328	3,732	5,243	53,606
Elimination of intersegment transactions	(30)	(73)	(200)	(259)
Total	¥ 89,954	¥ 64,040	¥ 53,120	$ 762,002

	Millions of yen			Thousands of U.S. dollars
	2007	2006	2005	**2007**
Assets:				
Automobile	**¥ 444,564**	¥ 420,204	¥ 407,435	**$ 3,765,896**
Materials Handling Equipment	**593,607**	509,366	465,831	**5,028,441**
Logistics	**132,857**	106,356	–	**1,125,435**
Textile Machinery	**17,034**	16,516	25,621	**144,299**
Others	**113,156**	103,083	148,712	**958,551**
Corporate assets or elimination	**2,284,637**	2,089,813	1,279,222	**19,353,134**
Total	**¥3,585,857**	¥3,245,341	¥2,326,824	**$30,375,755**
Depreciation and amortization:				
Automobile	**¥ 53,557**	¥ 48,370	¥ 37,075	**$ 453,686**
Materials Handling Equipment	**41,947**	30,044	27,015	**355,339**
Logistics	**4,178**	3,309	–	**35,397**
Textile Machinery	**1,087**	1,010	897	**9,216**
Others	**5,288**	4,544	5,215	**44,796**
Corporate or elimination of intersegment transactions	**–**	9	8	**–**
Total	**¥ 106,060**	¥ 87,287	¥ 70,213	**$ 898,433**
Capital expenditures:				
Automobile	**¥ 74,967**	¥ 101,897	¥ 92,692	**$ 635,046**
Materials Handling Equipment	**67,152**	43,520	33,972	**568,847**
Logistics	**5,863**	4,046	–	**49,671**
Textile Machinery	**1,472**	730	1,612	**12,473**
Others	**17,049**	8,620	8,222	**144,429**
Corporate or elimination of intersegment transactions	**–**	20	5	**–**
Total	**¥ 166,505**	¥ 158,835	¥ 136,506	**$ 1,410,466**

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

Fiscal 2007

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, collection and delivery of cash and management of sales proceeds
Textile machinery	Air-jet looms, water-jet looms, ring spinning frames
Others	Semiconductor package substrates

Fiscal 2006

Automobile	Passenger vehicles, diesel and gasoline engines, car air-conditioning compressors
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
Textile machinery	Air-jet looms, water-jet looms, ring spinning frames
Others	Semiconductor package substrates

3. Corporate assets included in corporate assets or elimination consist mainly of cash and cash equivalents, short-term investments and investments in securities held by the Company. Corporate assets were ¥2,352,362 million (US$19,926,836 thousand) and ¥2,141,920 million as of March 31, 2007 and 2006, respectively.

Changes in business segment

The logistics-related business, which was included in the Others Segment until fiscal 2005, has been separated and declared independently as the Logistics Segment starting from fiscal 2006. In fiscal 2005, the Logistics Segment posted net sales of ¥37,913 million, an operating loss of ¥650 million, assets of ¥78,951 million, depreciation and amortization of ¥1,323 million and capital expenditures of ¥2,930 million.

(2) Geographical segments

As of and for the years ended March 31, 2007, 2006 and 2005:

	Millions of yen			Thousands of U.S. dollars
	2007	2006	2005	2007
Sales:				
Japan				
Outside customer sales	¥1,232,131	¥ 1,009,368	¥ 815,039	$10,437,372
Intersegment transactions	121,338	112,543	99,464	1,027,857
	1,353,470	1,121,912	914,503	11,465,229
North America				
Outside customer sales	287,316	246,129	212,253	2,433,856
Intersegment transactions	2,712	2,056	1,125	22,978
	290,029	248,186	213,379	2,456,835
Europe				
Outside customer sales	312,051	216,230	188,668	2,643,387
Intersegment transactions	7,152	5,689	7,221	60,587
	319,204	221,919	195,890	2,703,974
Others				
Outside customer sales	46,897	34,227	25,576	397,271
Intersegment transactions	5,573	3,998	2,776	47,212
	52,471	38,226	28,352	444,483
Subtotal	2,015,175	1,630,243	1,352,126	17,070,521
Elimination of intersegment transactions	(136,776)	(124,288)	(110,588)	(1,158,635)
Total	¥1,878,398	¥1,505,955	¥1,241,538	$15,911,886
Operating costs and expenses:				
Japan	¥1,284,500	¥1,069,137	¥ 870,928	$10,880,984
North America	284,095	241,467	207,068	2,406,568
Europe	307,912	217,370	191,202	2,608,319
Others	49,364	36,743	27,712	418,167
Elimination of intersegment transactions	(137,428)	(122,804)	(108,493)	(1,164,155)
Total	¥1,788,443	¥1,441,915	¥1,188,418	$15,149,883
Operating income (loss):				
Japan	¥ 68,970	¥ 52,775	¥ 43,575	$ 584,245
North America	5,934	6,718	6,311	50,267
Europe	11,292	4,548	4,688	95,655
Others	3,106	1,482	639	26,317
Elimination of intersegment transactions	651	(1,484)	(2,094)	5,518
Total	¥ 89,954	¥ 64,040	¥ 53,120	$ 762,002

	Millions of yen			Thousands of U.S. dollars
	2007	2006	2005	2007
Assets:				
Japan	¥ 887,351	¥ 834,716	¥ 788,827	$ 7,516,742
North America	196,769	179,116	151,047	1,666,828
Europe	337,866	278,825	264,274	2,862,060
Others	66,148	48,207	33,639	560,347
Corporate assets or elimination	2,097,722	1,904,475	1,089,034	17,769,779
Total	¥3,585,857	¥3,245,341	¥2,326,824	$30,375,755

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 2007

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

Fiscal 2006

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

3. Corporate assets included in corporate assets or elimination consist mainly of cash and cash equivalents, short-term investments and investments in securities held by the Company. Corporate assets are ¥2,352,362 million (US$19,926,836 thousand) and ¥2,141,920 million as of March 31, 2007 and 2006, respectively.

(3) Overseas sales

For the years ended March 31, 2007, 2006 and 2005:

	Millions of yen			Thousands of U.S. dollars
	2007	2006	2005	2007
Overseas sales:				
North America	¥ 287,957	¥ 247,957	¥ 208,675	$ 2,439,287
Europe	347,617	249,237	225,409	2,944,663
Others	156,338	123,751	104,917	1,324,342
Total	¥ 791,913	¥ 620,946	¥ 539,002	$ 6,708,292
Total sales	¥1,878,398	¥1,505,955	¥1,241,538	$15,911,886
Ratio of overseas sales to total sales (%):				
North America	15.3%	16.5%	16.8%	
Europe	18.5	16.5	18.2	
Others	8.4	8.2	8.4	
Total	42.2%	41.2%	43.4%	

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 2007

North America ....U.S.A., Canada
Europe ....Germany, France, Italy
Others ....China, Australia, Pakistan

Fiscal 2006

North America ....U.S.A., Canada
Europe ....Germany, France, Italy
Others ....China, Australia, India

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

21. Related party transactions

The following transactions were carried out with related parties:

(1) Sales of goods and services for the years ended March 31, 2007, 2006 and 2005 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2007	2006	2005	**2007**
Toyota Motor Corporation	**¥665,595**	¥527,020	¥414,235	**$5,638,250**

Toyota Motor Corporation held 24.57% of the Company's voting rights as of March 31, 2007. The above transactions were carried out on commercial terms and conditions.

(2) Purchase of goods and services for the years ended March 31, 2007, 2006 and 2005 were as follows:
Purchase of goods:

	Millions of yen			Thousands of U.S. dollars
	2007	2006	2005	**2007**
Toyota Motor Corporation	**¥484,336**	¥370,565	¥285,019	**$4,102,808**

Purchase of services:

	Millions of yen			Thousands of U.S. dollars
	2007	2006	2005	**2007**
Toyota Industries Health Insurance Society	**¥ 41**	¥61	¥59	**$ 348**
Toyota Medical Corporation	**664**	45	45	**5,629**
Toyota Technological Institute	**–**	50	50	**–**

Toyota Industries Health Insurance Society's chairman as of March 31, 2007 is Yutaka Murodono, who is a director of the Company and holds 0.00% of the Company's shares. Toyota Industries Health Insurance Society's chairman as of March 31, 2006 and 2005 was Shiro Endo, who was a director of the Company and held 0.01% of the Company's shares. Toyota Medical Corporation's chairman as of March 31, 2007, 2006 and 2005 is Yoshitoshi Toyoda, who is a director of the Company and holds 0.07% of the Company's shares as of March 31, 2007 and previously held 0.06% of the Company's shares as of March 31, 2006 and 2005. Toyota Technological Institute's chairman as of March 31, 2007, 2006 and 2005 was Tatsuro Toyoda, who is a director of the Company and holds 0.08% of the Company's shares. The transactions above were carried out based on commercial terms and conditions.

(3) Outstanding balances arising from sale/purchase of goods/services as of March 31, 2007 and 2006 are as follows:
Receivables from a related party:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Toyota Motor Corporation	**¥33,859**	¥32,599	**$286,820**

Payable to a related party:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Toyota Motor Corporation	**¥48,815**	¥46,965	**$413,513**

22. Net income per share (EPS)

Bases of calculation for net income per share basic and net income per share diluted are as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Net income per share basic:			
Net income	**¥ 59,468**	¥ 47,077	**$503,756**
Net income not attributable to common shareholders	**–**	432	**–**
(bonuses for directors and statutory auditors that are paid through appropriation)			
Net income attributable to common shareholders	**59,468**	46,644	**503,756**
Weighted-average shares (thousand)	**313,191**	319,125	**–**
Net income per share basic (exact yen amounts) (exact US$ amounts)	**¥ 189.88**	¥ 146.16	**$ 1.61**
Net income per share diluted:			
Weighted-average shares for diluted computation (thousand)	**362**	314	**–**
Net income per share diluted (exact yen amounts) (exact US$ amounts)	**¥ 189.66**	¥ 146.02	**$ 1.61**

23. Net assets per share

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

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Net assets per share:			
Total net assets	**¥1,810,483**	–	**$15,336,578**
Amounts deducted from total net assets			
Subscription rights to shares	**202**	–	**1,719**
Minority interests in consolidated subsidiaries	**58,878**	–	**498,761**
Net assets applicable to common stock at end of year	**1,751,401**	–	**14,836,098**
Outstanding shares of common stock at end of year used			
for the computation of net assets per share (thousand)	**312,075**	–	
Net assets per share (exact yen amounts) (exact US$ amounts)	**¥ 5,612.11**	–	**$ 47.54**

Reports 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 sheet of Toyota Industries Corporation ("the Company") and its subsidiaries as of March 31, 2007, 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, 2007, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2007, are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

PricewaterhouseCoopers Aarata

July 10, 2007

ChuoAoyama PricewaterhouseCoopers

PricewaterhouseCoopers

Dai Nagoya Building
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Report of Independent Auditors

To the Board of Directors and Shareholders of
Toyota Industries Corporation

We have audited the accompanying consolidated balance sheets of Toyota Industries Corporation and its consolidated subsidiaries as of March 31, 2005 and 2006, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2006, 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 audits.

We conducted our audits 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Toyota Industries Corporation and its consolidated subsidiaries as of March 31, 2005 and 2006, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2006 in conformity with accounting principles generally accepted in Japan.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying consolidated financial statements.

ChuoAoyama PricewaterhouseCoopers

ChuoAoyama PricewaterhouseCoopers
Nagoya, Japan
June 22, 2006