Financial Section

Consolidated Eleven-Year Summary

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

	Millions of yen			
	2008	2007	2006	2005
For The Year				
Net sales	**¥2,000,536**	¥1,878,398	¥1,505,955	¥1,241,538
Operating income	**96,853**	89,954	64,040	53,120
Ordinary income	**126,488**	108,484	80,635	70,912
Net income	**80,460**	59,468	47,077	43,357
Overseas sales	**¥ 829,855**	¥ 791,913	¥ 620,946	¥ 539,002
Depreciation and amortization	**119,905**	106,060	87,287	70,213
Capital expenditures	**142,158**	166,505	158,835	136,506
Research and development expenses	**36,750**	34,548	31,166	30,051
Per share of common stock (yen, U.S. dollars):				
Net income per share — basic	**¥ 257.50**	¥ 189.88	¥ 146.16	¥ 135.09
Net income per share — diluted	**257.43**	189.66	146.02	135.03
Total net assets per share	**4,483.32**	5,612.11	5,044.45	3,504.80
Cash dividends per share	**60.00**	50.00	38.00	32.00
At Year-End				
Total assets	**¥2,965,585**	¥3,585,857	¥3,245,341	¥2,326,824
Total net assets	**1,453,996**	1,810,483	1,611,227	1,115,747
Common stock	**80,462**	80,462	80,462	80,462
Number of shares outstanding (excluding treasury stock) (thousands)	**311,589**	312,075	319,320	318,237
Cash Flows				
Net cash provided by operating activities	**¥ 188,805**	¥ 177,467	¥ 131,784	¥ 100,095
Net cash used in investing activities	**(138,789)**	(164,446)	(205,013)	(128,230)
Net cash provided by (used in) financing activities	**(33,992)**	(19,749)	85,172	50,020
Cash and cash equivalents at end of year	**121,284**	108,569	112,596	100,535
Indices				
Return on equity (ROE) (%)	**5.1**	3.5	3.5	4.1
Return on assets (ROA) (%)	**2.5**	1.7	1.7	2.0
Return on sales (ROS) (%)	**4.0**	3.2	3.1	3.5
Debt/equity ratio (%)	**35.9**	28.9	29.4	34.4
Interest coverage (times)	**7.5**	7.4	7.8	7.7
EBITDA (millions of yen, thousands of U.S. dollars)	**¥ 222,125**	¥ 191,007	¥ 150,674	¥ 128,381
Number of employees at year-end	**39,528**	36,096	32,977	30,990

Notes: 1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥100.19 = US$1, the approximate exchange rate on March 31, 2008.
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) Depreciation expense, which was listed as a separate component of non-operating expenses, is included in other non-operating expenses because the amount is immaterial.
(2) 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.
(3) Effective beginning the year ended March 31, 2005, the new accounting standards for impairment on fixed assets have been applied.
(4) Effective beginning the year ended March 31, 2003, the new accounting standards for net income per share have been applied.
(5) Effective beginning the year ended March 31, 2001, the new accounting standards for retirement benefits, financial instrument and foreign currency transactions have been applied.
(6) 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 the overseas consolidated subsidiaries had been increasing and their revenue and expenses were incurred throughout the fiscal years.

Millions of yen							Thousands of U.S. dollars
2004	2003	2002	2001	2000	1999	1998	2008
¥1,164,378	¥1,069,218	¥ 980,163	¥ 767,382	¥625,772	¥558,875	¥572,698	**$19,967,427**
52,631	52,477	46,330	47,304	28,867	24,813	32,729	**966,700**
58,970	51,375	47,865	44,526	27,162	23,172	33,201	**1,262,487**
33,623	21,933	27,311	22,637	13,686	10,391	20,491	**803,083**
¥ 497,356	¥ 451,593	¥ 396,470	¥ 298,794	¥191,992	¥178,737	¥150,417	**$ 8,282,822**
65,351	59,154	55,173	46,454	42,751	34,379	27,958	**1,196,783**
89,508	87,559	88,319	127,273	44,746	60,468	62,006	**1,418,891**
29,562	29,705	29,985	26,195	24,061	23,231	23,112	**366,813**
¥ 108.04	¥ 70.19	¥ 87.28	¥ 75.90	¥ 48.32	¥ 36.30	¥ 72.33	**$ 2.57**
101.97	62.90	78.26	67.77	43.18	32.62	63.48	**2.57**
3,199.69	2,522.52	2,809.54	3,036.77	1,116.62	1,063.05	1,056.81	**44.75**
24.00	22.00	19.00	17.00	16.00	16.00	16.00	**0.60**
¥2,011,995	¥1,650,391	¥1,770,401	¥1,869,642	¥685,914	¥617,070	¥593,003	**$29,599,616**
1,016,763	738,867	878,812	951,298	316,293	301,158	304,097	**14,512,396**
80,462	68,046	68,021	68,018	40,178	40,178	40,133	**803,101**
317,666	292,777	312,796	313,260	283,260	283,296	287,752	
¥ 92,406	¥ 103,183	¥ 81,078	¥ 78,412	¥ 68,057	¥ 44,133	¥ 50,952	**$ 1,884,474**
(92,667)	(95,120)	(106,710)	(155,870)	(67,186)	(96,222)	(26,897)	**(1,385,261)**
(56,015)	57,775	1,225	94,472	27,499	24,368	(12,918)	**(339,278)**
77,212	136,929	71,119	95,296	77,332	49,955	74,303	**1,210,543**
3.8	2.7	3.0	3.6	4.4	3.4	7.0	
1.8	1.3	1.5	1.8	2.1	1.7	3.6	
2.9	2.1	2.8	2.9	2.2	1.9	3.6	
31.6	55.6	35.9	30.7	60.5	51.6	37.5	
7.4	6.7	5.8	9.1	14.5	16.4	17.6	
¥ 113,676	¥ 95,472	¥ 97,540	¥ 79,921	¥ 64,681	¥ 51,033	¥ 55,212	**$ 2,217,044**
27,431	25,030	23,056	21,118	13,132	12,797	11,239	

The Company also has adopted tax effect accounting due to the amendment of the accounting standards for income taxes.
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.

(7) 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 years, 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 2008.

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, 2008 is referred to as fiscal 2008 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 163 consolidated subsidiaries.

Result of Operations

Operating Performance

In fiscal 2008, the Japanese economy continued on a moderate recovery track as private-sector capital investment increased amid strong corporate earnings. Consumer spending picked up momentum as well on the back of improved employment conditions. In the second half of the fiscal year, however, the economy came to a standstill as a result of soaring crude oil and other raw materials prices, apparent deceleration of the U.S. economy triggered by the subprime loan debacle as well as rapid depreciation of the U.S. dollar. Overseas, despite the impact of deceleration of the U.S. economy beginning to reverberate around the world, the European economy remained solidly on track and China and India maintained high economic growth.

In this operating environment, Toyota Industries undertook efforts to strengthen its management platform by ensuring 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 ¥2,000.5 billion, an increase of ¥122.2 billion (7%) over fiscal 2007.

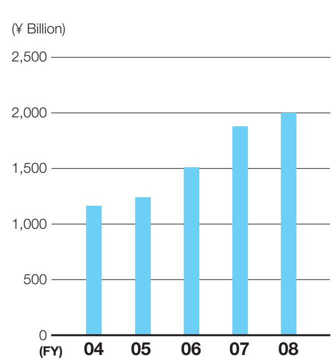
At the profit level, ordinary income amounted to ¥126.4 billion, an increase of ¥18.0 billion (17%) over fiscal 2007. Despite the effects of higher depreciation expenses, sharp rises in raw materials and parts costs as well as higher personnel expenses, this increase was achieved due largely to expanded sales, cost-reduction efforts throughout the Group and an increase in non-operating income. Net income amounted to ¥80.4 billion, an increase of ¥21.0 billion (35%) over fiscal 2007.

Cost of Sales and Selling, General and Administrative Expenses

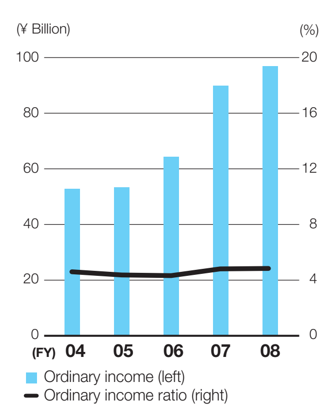
Cost of sales for fiscal 2008 increased ¥91.7 billion (6%) over fiscal 2007 to ¥1,678.4 billion. This increase reflected increases in depreciation expenses, raw materials prices, purchased parts prices and personnel expenses in addition to an increase in net sales.

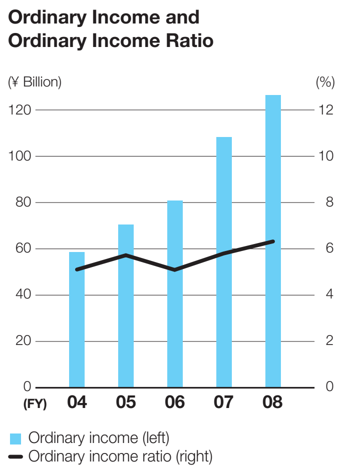
Selling, general and administrative expenses increased ¥23.5 billion (12%) to ¥225.1 billion, due primarily to increases in personnel expenses.

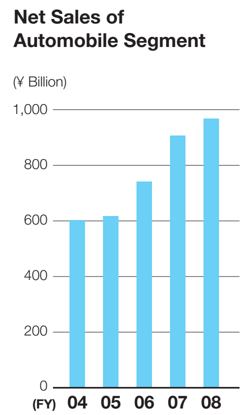
Net Sales

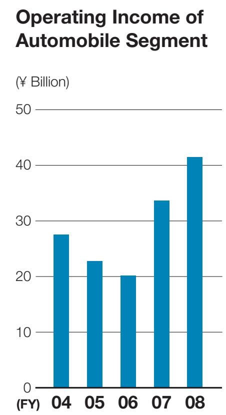


Operating Income and Operating Income Ratio









Operating Income

Operating income for fiscal 2008 increased ¥6.9 billion (8%) over fiscal 2007 to ¥96.8 billion, attributable mainly to Group-wide cost-reduction activities as well as higher sales.

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

Although domestic sales were sluggish during fiscal 2008, higher sales overseas, primarily in emerging markets, gave rise to an overall increase in sales. Amid this environment, net sales of the Automobile Segment totaled ¥969.2 billion, an increase of ¥64.4 billion (7%) over fiscal 2007, while operating income rose ¥8.0 billion (24%) to ¥41.5 billion.

Within this segment, net sales of the Vehicle Business totaled ¥500.1 billion, an increase of ¥29.9 billion (6%) over fiscal 2007. This was attributable to an increase in sales of the Vitz (Yaris outside Japan) in addition to sales of the Mark X ZiO, for which production commenced in September 2007.

Net sales of the Engine Business totaled ¥178.7 billion, an increase of ¥11.3 billion (7%) over fiscal 2007. Despite a decrease in sales of AD diesel engines for the RAV4 in the European market, this increase was achieved due largely to an increase in sales of KD diesel engines for Toyota Motor Corporation's (TMC) Innovative International Multi-Purpose Vehicle (IMV) Project as well as VD diesel engines, which are fitted in the Land Cruiser for overseas markets.

Net sales of the Car Air-Conditioning Compressor Business totaled ¥253.5 billion, an increase of ¥18.1 billion (8%) over fiscal 2007. A slight decrease in sales in Japan was offset by an increase in sales overseas, mainly in Europe.

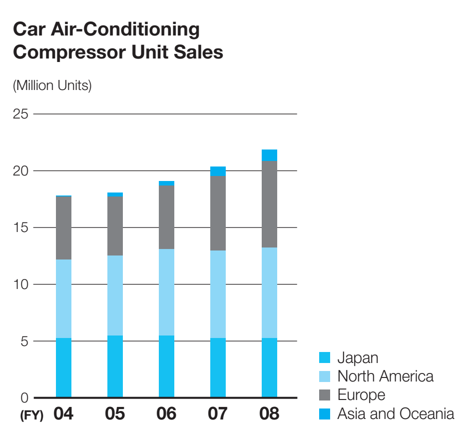
Materials Handling Equipment Segment

In the materials handling equipment industry as a whole, sales in the Japanese market remained at the same level as fiscal 2007. Overseas markets continued to expand steadily, with increases in sales in Europe and BRICs countries, despite a decline in the North American market.

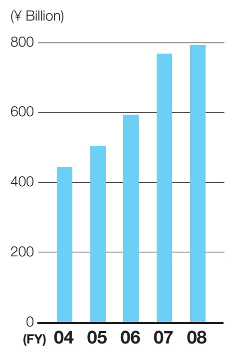
Net sales of the Materials Handling Equipment Segment totaled ¥783.1 billion, an increase of ¥15.9 billion (2%) over fiscal 2007. Operating income amounted to ¥39.8 billion, a decrease of ¥7.4 billion (16%). Excluding the effects of changes in the fiscal year-end of certain overseas subsidiaries in fiscal 2007, net sales increased ¥80.6 billion (11%) and operating income decreased ¥5.4 billion (12%). With regards to lift trucks, Toyota Industries strove to enhance its sales network, resulting in increases in total unit sales for both the TOYOTA and BT brands backed by the robust European market. Sales of aerial work platforms were solid, bolstered by replacement demand from customers in the electricity and construction industries.

Logistics Segment

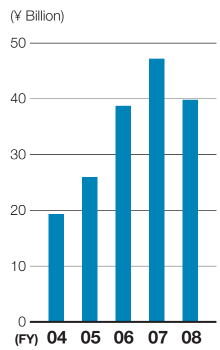
The overall operating environment remained severe in the logistics industry as the volume of cargo transport continued to decline in the



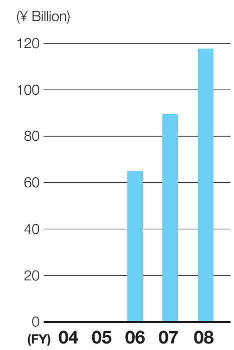
Net Sales of Materials Handling Equipment Segment



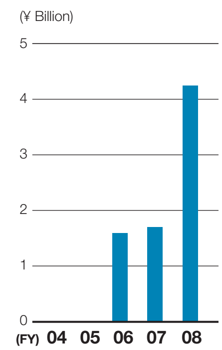
Operating Income of Materials Handling Equipment Segment



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.

domestic market accompanied by an increase in costs resulting from higher crude oil prices.

Amid this environment, net sales of the Logistics Segment totaled ¥117.5 billion, an increase of ¥28.1 billion (31%) over fiscal 2007. Operating income amounted to ¥4.2 billion, an increase of ¥2.5 billion (138%). This was due largely to the solid performance of transportation businesses accompanied by an increase in the transport volume of automotive parts in addition to making Wanbishi Archives Co., Ltd. (Wanbishi Archives), which provides total information management services, a wholly owned subsidiary in May 2007.

Textile Machinery Segment

In the textile machinery industry as a whole, the mainstay Chinese market remained strong on the back of robust capital investment supported by rapid growth.

Net sales of the Textile Machinery Segment totaled ¥66.2 billion, an increase of ¥7.8 billion (13%) over fiscal 2007, while operating income rose ¥3.2 billion (297%) to ¥4.2 billion. In fiscal 2008, Toyota Industries sold more than 10,000 air-jet looms, primarily to China, for the second consecutive year. Cumulative production of 100,000 air-jet looms, which Toyota Industries began manufacturing in 1980, was also commemorated in February 2008. Strong sales of spinning machinery in Vietnam and Indonesia also contributed to the strong performance of this segment.

Others Segment

Net sales of the Others Segment totaled ¥64.2 billion, an increase of ¥5.9 billion (10%) from fiscal 2007, while operating income rose ¥0.4 billion (6%) to ¥6.7 billion in fiscal 2008.

Sales by Geographical Segment

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

Japan

Net sales increased ¥110.9 billion (9%) over fiscal 2007 to ¥1,343.0 billion, while operating income totaled ¥82.0 billion, up ¥13.1 billion (19%). These increases were due mainly to a rise in unit sales of car air-conditioning compressors and making Wanbishi Archives a wholly owned subsidiary.

North America

Net sales decreased ¥21.8 billion (8%) from fiscal 2007 to ¥265.5 billion, while operating income totaled ¥3.5 billion, down ¥2.4 billion (41%), due largely to the sluggish market and rising prices of raw materials and purchased parts.

Europe

Net sales increased ¥15.7 billion (5%) over fiscal 2007 to ¥327.7 billion as a result of an increase in unit sales of lift trucks. Operating income totaled ¥7.9 billion, down ¥3.3 billion (30%), attributable primarily to higher prices for raw materials and purchased parts as well as to an increase in expenses arising from reorganization of the sales network.

Others

Net sales totaled ¥64.1 billion, an increase of ¥17.3 billion (37%), whereas operating income rose ¥2.0 billion (65%) to ¥5.1 billion.

Non-Operating Income and Expenses

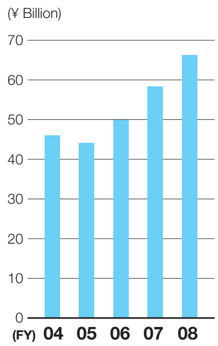
Non-operating income increased ¥14.1 billion (28%) to ¥64.9 billion in fiscal 2008, owing primarily to an increase in dividends income from TMC.

Non-operating expenses totaled ¥35.2 billion, an increase of ¥2.9 billion (9%), due mainly to increases in interest expenses.

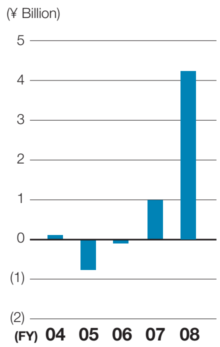
Income before Income Taxes

Income before income taxes amounted to ¥132.3 billion, up ¥24.0 billion (22%) as a result of an ¥18.0 billion increase in ordinary income in fiscal 2008.

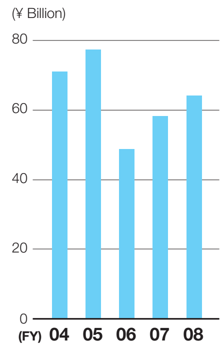
Net Sales of Textile Machinery Segment



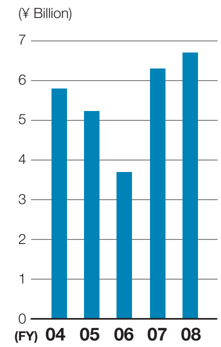
Operating Income (Loss) of Textile Machinery Segment



Net Sales of Others Segment



Operating Income of Others Segment



Income Taxes

Income taxes increased ¥3.0 billion (7%) to ¥44.5 billion, due largely to an increase in corporate income taxes of the Company.

Minority Interest in Consolidated Subsidiaries

Minority interest in consolidated subsidiaries amounted to ¥7.3 billion.

Net Income

Net income totaled ¥80.4 billion, an increase of ¥21.0 billion (35%) over fiscal 2007. Net income per share was ¥257.50 compared with ¥189.88 in fiscal 2007. Diluted net income per share increased from ¥189.66 to ¥257.43.

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, 2008.

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 ¥188.8 billion in fiscal 2008, due mainly to income before income taxes in the amount of ¥132.3 billion, an increase of ¥24.0 billion (22%). Net cash provided by operating activities increased by ¥11.4 billion (6%) from ¥177.4 billion in fiscal 2007.

Cash flows from investing activities resulted in a decrease in cash by ¥138.7 billion in fiscal 2008, attributable primarily to payments for purchases of property, plant and equipment amounting to ¥135.5 billion, down ¥20.0 billion (13%). Net cash used in investing activities decreased by ¥25.7 billion (16%) from ¥164.4 billion for fiscal 2007.

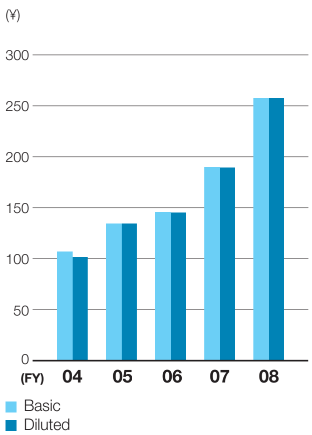
Cash flows from financing activities resulted in an increase in cash by ¥33.9 billion in fiscal 2008, due mainly to repayments of bonds in an amount of ¥60.0 billion, an increase of ¥44.1 billion (275%). Net cash provided by financing activities increased by ¥14.2 billion from ¥19.7 billion in fiscal 2007.

After translation adjustments, cash and cash equivalents as of March 31, 2008 stood at ¥121.2 billion, an increase of ¥12.7 billion (12%) over fiscal 2007.

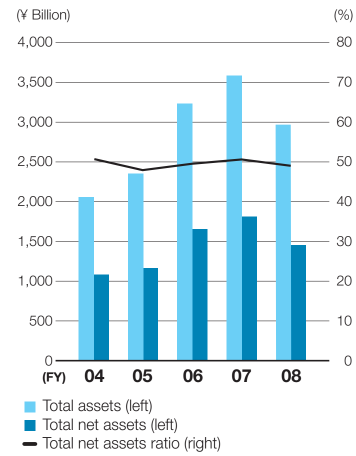
Investment in Property, Plant and Equipment

During fiscal 2008, Toyota Industries made a total investment of ¥130.7 billion in property, plant and equipment (including vehicles and materials handling equipment for lease) in order to launch new

Net Income per Share



Total Assets, Total Net Assets and Total Net Assets Ratio



products, streamline and upgrade production equipment, and augment R&D facilities.

In the Automobile Segment, investment in property, plant and equipment totaled ¥43.5 billion. A primary breakdown of this amount included ¥24.1 billion for the Company, ¥4.6 billion for Tokaiseiki Co., Ltd., ¥2.7 billion for TD Deutsche Klimakompressor GmbH, ¥2.5 billion for TD Automotive Compressor Georgia, LLC, ¥2.2 billion for Tokyu Co., Ltd., ¥2.1 billion for Iwama Loom Works, Ltd., ¥1.4 billion for Michigan Automotive Compressor, Inc. and ¥1.2 billion for Toyota Industry Automotive Parts (Kunshan) Co., Ltd.

The Materials Handling Equipment Segment made an investment in property, plant and equipment in the total amount of ¥57.0 billion. The primary breakdown comprised ¥8.6 billion for the Company, ¥20.4 billion for the Toyota Industries Sweden Group, ¥2.6 billion for Handa Casting Co., Ltd., ¥2.5 billion for the Aichi Group, ¥1.5 billion for Toyota Industries Equipment Mfg., Inc. and ¥1.2 billion, respectively, for Toyota Industries Equipment S.A. and Indiana Hydraulic Equipment Corp.

Investment in property, plant and equipment in the Logistics Segment totaled ¥14.4 billion, including ¥13.0 million for the Company, ¥8.6 billion for Wanbishi Archives Co., Ltd. and ¥3.7 billion for Taikoh Transportation Co., Ltd.

The Textile Machinery Segment made an investment in property, plant and equipment in the total amount of ¥1.4 billion, including ¥1.1 billion for the Company.

The Others Segment made an investment in property, plant and equipment in the total amount of ¥14.3 billion, including ¥8.7 billion for the Company and ¥5.1 billion for TIBC Corporation.

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

Strategies and Outlook

Outlook for Results for Fiscal 2009

In fiscal 2009, ending March 31, 2009, uncertainties persist in view of an anticipated ongoing depreciation of the U.S. dollar, further rises in raw materials costs and a downturn in the global stock market. There are also concerns over the impact that a delay in the U.S. economic recovery might have on the global economy. Amid this challenging operating environment, Toyota Industries forecasts consolidated net sales of ¥2,050.0 billion, operating income of ¥77.0 billion, ordinary income of ¥107.0 billion and net income of ¥59.0 billion.

By segment, we forecast net sales of ¥970.0 billion in the Automobile Segment and ¥840.0 billion in the Materials Handling Equipment Segment. We are determined to place utmost emphasis on product quality, the environment and safety, as well as promote the development of leading-edge technologies to provide high value-added products that anticipate customer needs. Toyota Industries will further make concerted efforts to strengthen sales and service structures, enhance the value chain and undertake Group-wide cost-reduction activities.

Our projections are based on an exchange rate of ¥100.0 = US$1.

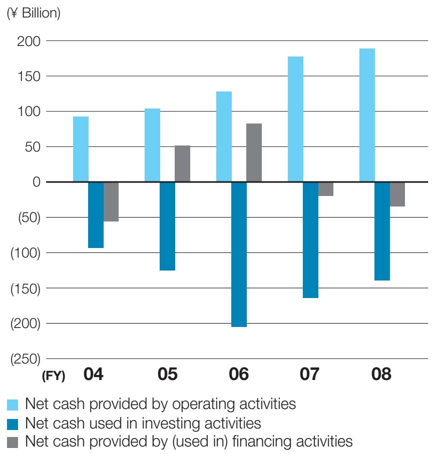
Dividend Policy

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.

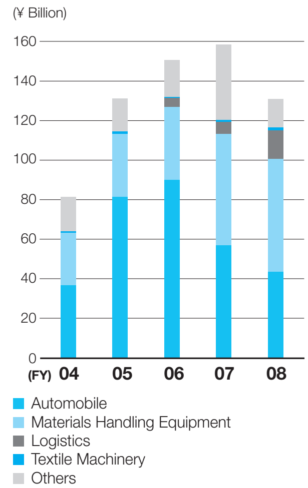
The Company's dividend policy is to meet the expectations of shareholders while giving full consideration to business performance, capital demand, the dividend payout ratio on a consolidated basis and other factors. Toyota Industries' Ordinary General Meeting of Shareholders, held on June 20, 2008, approved a year-end cash dividend of ¥32.0 per share. Including the interim cash dividend of ¥28.0 per share, cash dividends for the year totaled ¥60.0 per share, an increase of ¥10.0 per share over fiscal 2007.

The dividend payout ratio was 33.1%. On a consolidated basis, it was 23.3%.

Cash Flows



Investment in Property, Plant and Equipment



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 management platform in securing future profits for its shareholders.

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

Risk Information

The following represent risks that could have a material impact on Toyota Industries' financial condition, business results and share prices. 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 2008, net sales to TMC accounted for 35.6% of consolidated net sales. Therefore, TMC's vehicle sales could have an impact on Toyota Industries' business results. As of March 31, 2008, TMC held 24.6% of the Company's voting rights.

Product Development Capabilities

Based on the concept of "developing appealing new products," Toyota Industries proactively develops new products by utilizing its leading-edge technologies, as it strives to anticipate increasingly sophisticated and diversifying needs of the market and ensure the satisfaction of its customers. R&D activities are focused mainly on developing and upgrading products in current business fields and peripheral sectors. Toyota Industries expects that revenues derived from these fields will continue to account for a significant portion of total revenues and anticipates that future growth will be contingent on the development and sales of new products in these fields. Toyota Industries believes that it can continue to develop appealing new products. However, Toyota Industries may not be able to forecast market needs and develop and introduce appealing new products in a timely manner. This could result in lower future growth and have an adverse impact on Toyota Industries' financial condition and business results. Such a situation could result from risks that include no assurance Toyota Industries can allocate sufficient future funds necessary for the development of appealing new products; no assurance that product sales will be successful, as forecasts of products supported by the market may not always be accurate; and no assurance that newly developed products and technologies will always be protected as intellectual property.

Intellectual Property Rights

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

Product Defects

Guided by the basic philosophy of "offering products and services that are clean, safe and of high quality," Toyota Industries makes its utmost efforts to enhance quality. However, Toyota Industries cannot guarantee all its products will be defect-free and that product recalls will not be made in the future. 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 fluctuations of these shares. Based on fair market value of these shares at the end of the fiscal year under review, Toyota Industries had unrealized gains. However, unrealized gains on marketable securities could worsen depending on future share price movements. Additionally, a fall in share prices could reduce the value of pension assets, leading to an increase in the pension shortfall.

Effects of Disasters, Power Blackouts and Other Incidents

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

Latent Risks Associated with International Activities

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

Retirement Benefit Liabilities

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

Significant Accounting Policies and Estimates

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

Allowance for Doubtful Accounts

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

Allowance for Retirement Benefits

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

Toyota Industries' Relationship to Toyota Motor Corporation

Due to historical reasons, Toyota Industries maintains close relationships with TMC and Toyota Group companies in terms of capital and business dealings.

Historical Background

In 1933, Kiichiro Toyoda, the eldest son of founder Sakichi Toyoda and then Managing Director of Toyota Industries (then Toyoda Automatic Loom Works, Ltd.), established the Automobile Department within the Company based on his resolve to manufacture Japanese-made automobiles. In 1937, the Automobile Department was spun off and became an independent company, Toyota Motor Co., Ltd. (the present Toyota Motor Corporation).

Capital Relationship

In light of this historical background, Toyota Industries and TMC have maintained a close capital relationship. As of March 31, 2008, Toyota Industries held 6.4% (200,195 thousand shares) of TMC's total shares issued. Likewise, as of the same date, TMC held 24.6% of Toyota Industries' total voting rights. Toyota Industries is a TMC affiliate accounted for by the equity method.

Business Relationship

Toyota Industries assembles certain cars and produces automobile engines under consignment from TMC. Additionally, we sell a portion of our other components and products directly or indirectly to other Toyota Group companies. In fiscal 2008, our net sales to TMC accounted for 35.6% of our consolidated net sales.

Contributions to the Toyota Group

As a member of the Toyota Group, Toyota Industries aims to contribute to strengthening the competitiveness of TMC and other Toyota Group companies in such areas as quality, cost, delivery and technologies. Toyota Industries is confident that raising the Toyota Group's competitiveness will lead to increases in 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, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2008**	2007	**2008**
Current assets			
Cash and cash equivalents	**¥ 121,284**	¥ 108,569	**$ 1,210,543**
Trade notes and accounts receivable	**244,035**	234,611	**2,435,723**
Short-term investments	**45**	48	**453**
Inventories (Notes 5 and 8)	**124,633**	120,737	**1,243,973**
Deferred tax assets (Note 16)	**18,860**	17,924	**188,243**
Other current assets	**89,241**	88,894	**890,719**
Less — allowance for doubtful accounts	**(2,486)**	(2,784)	**(24,820)**
Total current assets	**595,612**	568,001	**5,944,834**
Fixed assets			
Property, plant and equipment			
Buildings and structures (Note 6)	**188,776**	171,897	**1,884,187**
Machinery, equipment and vehicles (Note 6)	**266,347**	269,769	**2,658,427**
Tools, furniture and fixtures (Note 6)	**28,145**	26,081	**280,920**
Land (Note 8)	**107,727**	99,117	**1,075,234**
Construction in progress	**31,849**	39,056	**317,894**
Total property, plant and equipment	**622,847**	605,922	**6,216,662**
Intangible assets			
Goodwill	**137,163**	101,102	**1,369,030**
Software	**12,522**	11,714	**124,991**
Total intangible assets	**149,685**	112,816	**1,494,021**
Investments and other assets			
Investments in securities (Notes 4 and 8)	**1,506,312**	2,172,648	**15,034,555**
Investments in unconsolidated subsidiaries and affiliated companies	**15,796**	60,415	**157,662**
Long-term loans	**8,056**	8,460	**80,415**
Long-term prepaid expenses	**16,574**	11,603	**165,426**
Deferred tax assets (Note 16)	**8,578**	7,435	**85,621**
Other investments and other assets	**42,299**	38,784	**422,188**
Less — allowance for doubtful accounts	**(177)**	(232)	**(1,768)**
Total investments and other assets	**1,597,439**	2,299,117	**15,944,099**
Total fixed assets	**2,369,972**	3,017,856	**23,654,782**
Total assets	**¥2,965,585**	¥3,585,857	**$29,599,616**

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

LIABILITIES AND NET ASSETS	Millions of yen 2008	Millions of yen 2007	Thousands of U.S. dollars (Note 1) 2008
Current liabilities			
Trade notes and accounts payable	**¥ 214,084**	¥ 205,168	**$ 2,136,789**
Short-term bank loans (Note 8)	**52,326**	37,103	**522,274**
Commercial paper	**33,700**	33,760	**336,361**
Current portion of bonds	**20,000**	60,000	**199,621**
Other payables	**30,389**	37,808	**303,320**
Accrued expenses	**79,241**	77,698	**790,912**
Accrued income taxes	**27,137**	25,854	**270,863**
Deposits received from employees	**22,632**	22,020	**225,895**
Deferred tax liabilities (Note 16)	**1,881**	3,162	**18,778**
Allowance for bonuses to directors and corporate auditors	**626**	554	**6,252**
Other current liabilities (Note 8)	**56,020**	55,275	**559,145**
Total current liabilities	**538,041**	558,405	**5,370,210**
Long-term liabilities			
Bonds (Note 7)	**230,766**	250,761	**2,303,290**
Long-term bank loans (Notes 7 and 8)	**185,513**	141,567	**1,851,613**
Deferred tax liabilities (Note 16)	**482,787**	751,764	**4,818,724**
Allowance for retirement benefits (Note 14)	**47,102**	45,482	**470,136**
Other long-term liabilities	**27,376**	27,393	**273,247**
Total long-term liabilities	**973,547**	1,216,969	**9,717,010**
Total liabilities	**1,511,588**	1,775,374	**15,087,220**
Shareholders' equity (Note 11)			
Common stock:			
Authorized — 1,100,000,000 shares			
Issued — 325,840,640 shares as of March 31, 2008	**80,462**	80,462	**803,101**
325,840,640 shares as of March 31, 2007			
Capital surplus	**106,184**	105,055	**1,059,830**
Retained earnings	**466,780**	402,431	**4,658,955**
Treasury stock at cost	**(50,644)**	(47,253)	**(505,481)**
14,251,070 shares as of March 31, 2008			
13,765,165 shares as of March 31, 2007			
Total shareholders' equity	**602,783**	540,696	**6,016,406**
Valuation and translation adjustments			
Net unrealized gains or losses on other securities	**752,553**	1,157,793	**7,511,261**
Deferred gains or losses on hedges	**140**	(0)	**1,402**
Foreign currency translation adjustments	**41,477**	52,912	**413,991**
Total valuation and translation adjustments	**794,171**	1,210,704	**7,926,653**
Subscription rights to shares	**695**	202	**6,946**
Minority interests in consolidated subsidiaries	**56,345**	58,878	**562,390**
Total net assets	**1,453,996**	1,810,483	**14,512,396**
Total liabilities and net assets	**¥2,965,585**	¥3,585,857	**$29,599,616**

Consolidated Statements of Income

Toyota Industries Corporation
For the years ended March 31, 2008, 2007 and 2006

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2008	2007	2006	**2008**
Net sales	**¥2,000,536**	¥1,878,398	¥1,505,955	**$19,967,427**
Cost of sales (Note 12)	**1,678,493**	1,586,781	1,276,499	**16,753,103**
Gross profit	**322,043**	291,616	229,456	**3,214,324**
Selling, general and administrative expenses (Notes 12 and 15)				
Sales commissions	**11,650**	11,325	10,875	**116,284**
Salaries and allowances	**82,362**	74,360	58,382	**822,064**
Retirement benefit expenses	**2,063**	1,678	1,982	**20,600**
Depreciation	**10,058**	8,733	6,507	**100,391**
Research and development expenses	**22,365**	21,527	20,307	**223,230**
Other	**96,688**	84,036	67,361	**965,055**
Operating income	**96,853**	89,954	64,040	**966,700**
Non-operating income				
Interest income	**14,737**	13,760	9,113	**147,098**
Dividends income	**34,850**	27,547	20,090	**347,847**
Gain on sales of marketable securities	**3,043**	–	1,280	**30,378**
Rental income of fixed assets	**987**	2,389	2,110	**9,860**
Equity in net earnings of unconsolidated subsidiaries and affiliated companies	**2,749**	317	3,593	**27,445**
Other non-operating income	**8,547**	6,868	7,665	**85,308**
Non-operating expenses				
Interest expenses	**(19,453)**	(17,855)	(11,955)	**(194,164)**
Depreciation	**–**	(1,932)	(1,716)	**–**
Loss on disposal of fixed assets	**(2,988)**	(3,567)	(4,487)	**(29,824)**
Other non-operating expenses	**(12,840)**	(8,997)	(9,099)	**(128,162)**
Ordinary income	**126,488**	108,484	80,635	**1,262,487**
Extraordinary gains				
Proceeds from sales of investment securities	**5,866**	4,305	–	**58,556**
Extraordinary losses				
Losses of discontinuing production of designated electronic parts	**–**	(4,390)	–	**–**
Income before income taxes and minority interests	**132,355**	108,399	80,635	**1,321,043**
Income taxes — current (Note 16)	**47,057**	43,750	30,446	**469,682**
Income taxes — deferred (Note 16)	**(2,528)**	(2,209)	(2,137)	**(25,237)**
Minority interests in consolidated subsidiaries	**7,365**	7,390	5,249	**73,514**
Net income	**¥ 80,460**	¥ 59,468	¥ 47,077	**$ 803,083**

	Yen			U.S. dollars (Note 1)
Net income per share — basic (Note 22)	**¥ 257.50**	¥ 189.88	¥ 146.16	**$ 2.57**
Net income per share — diluted (Note 22)	**257.43**	189.66	146.02	**2.57**
Equity per share (Note 23)	**4,483.32**	5,612.11	5,044.45	**44.75**
Cash dividends per share	**60.00**	50.00	38.00	**0.60**

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, 2008, 2007 and 2006

	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, 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
Dividends paid	–	–	**(17,489)**	–	–	–	–	–	–
Decrease due to increase in consolidated subsidiaries	–	–	**(1,316)**	–	–	–	–	–	–
Decrease due to decrease in consolidated subsidiaries	–	–	**(77)**	–	–	–	–	–	–
Decrease due to increase in affiliates accounted for under the equity method	–	–	**2,771**	–	–	–	–	–	–
Net income for the period	–	–	**80,460**	–	–	–	–	–	–
Repurchase of treasury stock	–	–	–	**(8,728)**	–	–	–	–	–
Exercise of stock options	–	**1,128**	–	**5,337**	–	–	–	–	–
Change to items other than shareholders' equity during accounting period	–	–	–	–	**(405,239)**	**140**	**(11,434)**	**493**	**(2,532)**
Balance at March 31, 2008	**¥80,462**	**¥106,184**	**¥466,780**	**¥(50,644)**	**¥ 752,553**	**¥140**	**¥41,477**	**¥695**	**¥56,345**

	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, 2007	$803,101	$1,048,563	$4,016,685	$(471,637)	$11,555,974	$ (7)	$528,122	$2,025	$587,670
Dividends paid	–	–	**(174,560)**	–	–	–	–	–	–
Decrease due to increase in consolidated subsidiaries	–	–	**(13,144)**	–	–	–	–	–	–
Decrease due to decrease in consolidated subsidiaries	–	–	**(771)**	–	–	–	–	–	–
Decrease due to increase in affiliates accounted for under the equity method	–	–	**27,662**	–	–	–	–	–	–
Net income for the period	–	–	**803,083**	–	–	–	–	–	–
Repurchase of treasury stock	–	–	–	**(87,122)**	–	–	–	–	–
Exercise of stock options	–	**11,267**	–	**53,278**	–	–	–	–	–
Change to items other than shareholders' equity during accounting period	–	–	–	–	**(4,044,712)**	**1,409**	**(114,131)**	**4,921**	**(25,280)**
Balance at March 31, 2008	**$803,101**	**$1,059,830**	**$4,658,955**	**$(505,481)**	**$ 7,511,261**	**$1,402**	**$413,991**	**$6,946**	**$562,390**

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, 2008, 2007 and 2006

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2008	2007	2006	2008
Cash flows from operating activities				
Income before income taxes and minority interests	¥ 132,355	¥ 108,399	¥ 80,635	$ 1,321,043
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization	119,905	106,060	87,287	1,196,783
Increase (decrease) in allowance for doubtful accounts	(365)	(250)	101	(3,643)
Interest and dividends income	(49,588)	(41,307)	(29,204)	(494,945)
Interest expenses	19,453	17,855	11,955	194,164
Equity in net earnings of affiliates	(2,749)	(317)	(3,593)	(27,445)
(Increase) decrease in receivables	(6,623)	(25,836)	(27,435)	(66,107)
(Increase) decrease in inventories	(7,490)	(9,221)	(9,227)	(74,766)
Increase (decrease) in payables	7,568	15,022	21,376	75,539
Others, net	(6,777)	17,238	12,161	(67,649)
Subtotal	205,687	187,642	144,055	2,052,972
Interest and dividends income received	49,506	41,294	29,236	494,122
Interest expenses paid	(19,318)	(17,777)	(11,009)	(192,815)
Income taxes paid	(47,069)	(33,692)	(30,498)	(469,806)
Net cash provided by operating activities	188,805	177,467	131,784	1,884,474
Cash flows from investing activities				
Payments for purchases of property, plant and equipment	(135,561)	(155,550)	(161,504)	(1,353,040)
Proceeds from sales of property, plant and equipment	15,456	7,624	8,415	154,269
Payments for purchases of investment securities	(1,568)	(17,604)	(47,726)	(15,652)
Proceeds from sales of investment securities	26,551	8,419	2,045	265,010
Payments for acquisition of subsidiaries' stock resulting in change in scope of consolidation	(36,929)	(1,939)	–	(368,597)
Proceeds from acquisition of subsidiaries' stock resulting in change in scope of consolidation	424	–	–	4,240
Payments for loans made	(2,320)	(3,172)	(2,256)	(23,164)
Proceeds from collections of loans	3,059	4,490	3,264	30,534
Others, net	(7,901)	(6,714)	(7,250)	(78,861)
Net cash used in investing activities	(138,789)	(164,446)	(205,013)	(1,385,261)
Cash flows from financing activities				
Increase (decrease) in short-term loans	7,115	(12,434)	(22,902)	71,025
Increase (decrease) in commercial paper	–	–	29,520	–
Proceeds from long-term loans	51,662	40,004	38,824	515,648
Repayments of long-term loans	(10,210)	(14,020)	(3,365)	(101,913)
Proceeds from issuances of bonds	–	25,107	68,730	–
Repayments of bonds	(60,000)	(15,980)	(20,300)	(598,862)
Payments for repurchase of treasury stock	(8,728)	(35,524)	(52)	(87,122)
Cash dividends paid	(17,489)	(13,250)	(11,784)	(174,560)
Cash dividends paid to minority shareholders	(1,594)	(1,039)	(854)	(15,919)
Others, net	5,252	7,388	7,357	52,426
Net cash provided by (used in) financing activities	(33,992)	(19,749)	85,172	(339,278)
Translation adjustments of cash and cash equivalents	(3,309)	2,700	117	(33,027)
Net increase (decrease) in cash and cash equivalents	12,714	(4,027)	12,060	126,908
Cash and cash equivalents at beginning of year	108,569	112,596	100,535	1,083,636
Cash and cash equivalents at end of year	¥ 121,284	¥ 108,569	¥ 112,596	$ 1,210,543

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

Notes to Consolidated Financial Statements

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by Toyota Industries Corporation (the "Company") and its consolidated subsidiaries (together, hereinafter referred to as "Toyota Industries") in accordance with the provisions set forth in the Corporate Law of Japan and the Financial Instruments and Exchange Law, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

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 ¥100.19=US$1, the approximate rate of exchange prevailing at March 31, 2008, 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 163 subsidiaries (45 domestic subsidiaries and 118 overseas subsidiaries, which are listed on pages 60 and 61) as of March 31, 2008, 162 subsidiaries (45 domestic subsidiaries and 117 overseas subsidiaries) as of March 31, 2007 and 153 subsidiaries (43 domestic subsidiaries and 110 overseas subsidiaries) as of March 31, 2006.

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

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.

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.

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.

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.

(2) Equity method

Investments in 15 major affiliates in 2008, 21 major affiliates in 2007 and 22 major affiliates in 2006 are accounted for by the equity method of accounting. For the year ended March 31, 2008, one affiliate was newly added to the scope of equity-method accounting from the scope of consolidation and seven affiliates were excluded from the scope of equity-method accounting because of transfer to the scope of consolidation, mergers and a decline of holding shares.

For the year ended March 31, 2007, 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, two affiliates were newly added to the scope of equity-method 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 61.

(3) Translation of foreign currencies

Foreign currency denominated receivables and payables are translated into Japanese yen at the year-end exchange rates and the resulting transaction gains or losses are included in the consolidated statements of income.

All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese yen at year-end exchange rates and all revenue and expense accounts are translated at prevailing fiscal average rates.

(4) Cash and cash equivalents

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

(5) Marketable securities and investment in securities

Toyota Industries classifies securities into four categories by purpose of holding: trading securities, held-to-maturity securities, other securities and investments in unconsolidated subsidiaries and affiliates. Toyota Industries did not have trading securities or held-to-maturity securities as of March 31, 2008 and 2007.

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 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, 2008 and 2007 was ¥703,879 million (US$7,025,448 thousand) and ¥651,653 million, respectively.

Toyota Industries changed the depreciation method for property, plant and equipment acquired on or after April 1, 2007 in accordance with the revised Corporate Tax Law of Japan, effective from the fiscal year beginning April 1, 2007. As a result, operating income decreased ¥3,181 million (US$31,752 thousand), and ordinary income and income before income taxes decreased ¥3,182 million (US$31,764 thousand), respectively.

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

As a result, operating income decreased ¥1,762 million (US$17,596 thousand), and ordinary income and income before income taxes decreased ¥1,763 million (US$17,601 thousand), 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, 2008 and 2007 was ¥76,371 million (US$762,263 thousand) and ¥70,124 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.

(10) Deferred charges

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

(11) Allowance for doubtful accounts

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

(12) Allowance for bonuses to directors and corporate auditors

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

(13) Allowance for retirement benefits

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

It was resolved at the Board of Directors meeting on March 20, 2008 that the Company abolish the retirement benefit plan for directors as of the closing of the Ordinary General Meeting of Shareholders held on June 20, 2008. In appreciation of their contributions to the Company while in office until the closing of the Ordinary General Meeting of Shareholders, retirement benefits will be paid to directors within reasonable amounts to be determined based on the tenure of service to the Company. The amounts and methods of payment thereof will be entrusted to the decision of the Board of Directors.

(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) 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.

(16) 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.

(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 consolidated statements of income are the amounts applicable to the respective years.

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

For the year ended March 31, 2008

Classification Change in Consolidated Statements of Income

Effective from the fiscal year beginning April 1, 2007, depreciation expense, which was listed as a separate component of non-operating expenses, is included in other non-operating expenses because the amount is immaterial. Depreciation expense in fiscal 2008 was ¥60 million (US$605 thousand).

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.

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 is applied, net assets at March 31, 2007 were ¥1,751,402 million.

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 ¥202 million.

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 27, 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.

4. Marketable securities

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

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

	Millions of yen			Thousands of U.S. dollars		
	Acquisition cost	Carrying amount	Difference	Acquisition cost	Carrying amount	Difference
Securities with carrying amount exceeding acquisition cost:						
Stocks	¥219,262	¥1,472,631	¥1,253,369	$2,188,464	$14,698,392	$12,509,928
Subtotal	219,262	1,472,631	1,253,369	2,188,464	14,698,392	12,509,928
Securities with carrying amount not exceeding acquisition cost:						
Stocks	7,081	6,318	(763)	70,678	63,062	(7,617)
Others	340	340	–	3,396	3,396	–
Subtotal	7,421	6,658	(763)	74,074	66,457	(7,617)
Total	¥226,683	¥1,479,290	¥1,252,606	$2,262,537	$14,764,849	$12,502,312

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

Millions of yen			Thousands of U.S. dollars		
Proceeds	Realized gains	Realized losses	Proceeds	Realized gains	Realized losses
¥6,567	¥5,866	–	$65,550	$58,556	–

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

	Millions of yen	Thousands of U.S. dollars
	Carrying amount	
Other securities:		
Domestic unlisted stocks excluding over-the-counter stocks	¥27,021	$269,706
Money management funds	25,211	251,640
Negotiable certificate of deposit	15,400	153,708

(2) 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		
	Acquisition cost	Carrying amount	Difference
Securities with carrying amount exceeding acquisition cost:			
Stocks	¥223,782	¥2,152,078	¥1,928,296
Subtotal	223,782	2,152,078	1,928,296
Securities with carrying amount not exceeding acquisition cost:			
Stocks	3,716	2,910	(806)
Subtotal	3,716	2,910	(806)
Total	¥227,499	¥2,154,989	¥1,927,490

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

Millions of yen		
Proceeds	Realized gains	Realized losses
¥8,419	¥4,305	–

(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:

	Millions of yen
	Carrying amount
Other securities:	
Domestic unlisted stocks excluding over-the-counter stocks	¥17,659
Money management funds	30,065

5. Inventories

Inventories as of March 31, 2008 and 2007 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Finished goods	**¥ 57,959**	¥ 51,144	**$ 578,500**
Raw materials	**19,116**	20,325	**190,799**
Work in process	**35,873**	37,841	**358,060**
Supplies	**11,683**	11,426	**116,615**
Total	**¥124,633**	¥120,737	**$1,243,973**

6. Property, plant and equipment

Accumulated depreciation as of March 31, 2008 and 2007 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Buildings and structures	**¥159,862**	¥146,690	**$1,595,590**
Machinery, equipment and vehicles	**468,784**	437,123	**4,678,952**
Tools, furniture and fixtures	**75,233**	67,838	**750,907**

7. Long-term debt

(1) Long-term debt as of March 31, 2008 and 2007 consists of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
The Company:			
2.70% bonds due 2008 without collateral	¥ –	¥ 30,000	$ –
2.15% bonds due 2008 without collateral	20,000	20,000	199,621
1.94% bonds due 2009 without collateral	15,000	15,000	149,716
1.91% bonds due 2010 without collateral	20,000	20,000	199,621
0.41% bonds due 2007 without collateral	–	30,000	–
1.13% bonds due 2012 without collateral	50,000	50,000	499,052
1.03% bonds due 2012 without collateral	30,000	30,000	299,431
1.46% bonds due 2014 without collateral	20,000	20,000	199,621
1.01% bonds due 2010 without collateral	20,000	20,000	199,621
1.66% bonds due 2015 without collateral	30,000	30,000	299,431
Consolidated subsidiaries:			
0.49-4.813% medium-term notes due 2009-2010	25,775	25,770	257,263
1.95% bonds due 2016 without collateral	19,991	19,990	199,535
Long-term bank loans	192,019	145,940	1,916,552
Less: current portion of long-term debt and bonds	(26,506)	(64,372)	(264,560)
Total	¥416,279	¥392,328	$4,154,903

(2) Annual maturities of long-term debt as of March 31, 2008 are as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2010	¥ 46,713	$ 466,253
2011	61,083	609,672
2012	41,870	417,913
2013	75,120	749,782
2014 and thereafter	191,491	1,911,283
Total	¥416,279	$4,154,903

8. Assets pledged as collateral

(1) Assets pledged as collateral as of March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Investments in securities	¥40,530	¥56,710	$404,531
Inventories	1,153	–	11,513
Land	875	1,989	8,738
Buildings and structures	425	1,160	4,245
Total	¥42,984	¥59,859	$429,026

(2) Secured liabilities as of March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Other current liabilities	¥22,359	¥21,736	$223,171
Short-term bank loans	1,187	138	11,848
Long-term bank loans	33	67	334
Total	¥23,579	¥21,942	$235,353

9. Contingent liabilities

Toyota Industries is contingently liable for guarantees as of March 31, 2008 and 2007 as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Guarantees given by the Company	¥402	¥ 473	$4,015
Guarantees given by consolidated subsidiaries	324	455	3,236
Guarantee forwards given by the Company	–	4,200	–

10. Export discount bills

Export discount bills as of March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Export discount bills	¥394	¥443	$3,941

11. Net assets

Under the Japanese Corporate Law, amounts equal to at least 10% of the sum of the cash dividends and other external appropriations paid by the Company and its domestic subsidiaries must be set aside as a legal reserve until it equals 25% of 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.

12. Research and development expenses

Research and development expenses, which are included in selling, general and administrative expenses and manufacturing costs, amounted to ¥36,750 million (US$366,813 thousand), ¥34,548 million and ¥31,166 million for the years ended March 31, 2008, 2007 and 2006, 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, 2008 and 2007, 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, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Benefit obligation	**¥149,465**	¥150,203	**$ 1,491,820**
Plan assets	**(105,287)**	(118,227)	**(1,050,877)**
Unfunded benefit obligation	**44,178**	31,975	**440,943**
Unrecognized actuarial gains or losses	**(7,668)**	2,907	**(76,538)**
Unrecognized loss in prior service obligation	**(267)**	(331)	**(2,670)**
Net amount recognized on the balance sheets	**36,242**	34,552	**361,735**
Prepaid pension expenses	**(5,584)**	(6,212)	**(55,737)**
Allowance for retirement benefits	**¥ 41,826**	¥ 40,764	**$ 417,472**

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

(3) Components of retirement benefit expenses for the years ended March 31, 2008, 2007 and 2006 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2008	2007	2006	**2008**
Service cost	**¥ 8,897**	¥ 9,171	¥ 7,921	**$ 88,810**
Interest cost	**5,235**	5,036	4,079	**52,255**
Expected return on plan assets	**(3,847)**	(3,573)	(2,435)	**(38,404)**
Amortization of prior service obligation	**1,207**	398	94	**12,055**
Amortization of unrecognized actuarial gains or losses	**(0)**	(153)	778	**(2)**
Retirement benefit expenses	**¥11,493**	¥10,878	¥10,438	**$114,713**

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, 2008, 2007 and 2006 are as follows:

	2008	2007	2006	
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

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

Effective from the fiscal year beginning April 1, 2007, Toyota Industries applied a new method of disclosure of retirement benefits. Information regarding the welfare pension fund under multiemployer pension plans as of March 31, 2008 is as follows.

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

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

Disclosure of retirement benefits as of March 31, 2007

The amount of plan assets calculated based on the proportion of contribution to the fund made by each domestic subsidiary was ¥12,473 million as of March 31, 2007.

(6) Additional note regarding retirement benefit

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

15. Stock options

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

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Selling, general and administrative expenses	¥493	¥202	$4,921

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

(1) Stock option details

	2008	2007	2006
Company name	The Company	The Company	The Company
Position and number of grantees	Directors: 16 Managing officers and employees: 159	Directors: 17 Managing officers and employees: 152	Directors: 30 Employees: 134
Class and number of shares*	830,000 shares of common stock	802,000 shares of common stock	791,000 shares of common stock
Date of issue	August 1, 2007	August 1, 2006	August 1, 2005
Condition of settlement of rights	1. Grantee must be employed as a director, managing officer or regular employee of the Company at the time of exercise. However, this does not apply if no more than 18 months have elapsed after retirement or resignation from the Company. 2. Other conditions of exercise shall be decided as prescribed by the Contract for Allotment of Stock Acquisition Rights concluded by the Company and grantee in accordance with resolutions at the Meeting of Shareholders and resolutions on the issue of stock acquisition rights by the Board of Directors. 3. In the case where grantee becomes no longer applicable to the conditions of exercise, the grantee immediately loses stock acquisition rights and must return the rights to the Company without consideration.	Same as left Same as left –	Same as left Same as left –
Periods that grantees must provide service in return for stock options	From August 1, 2007 to July 31, 2009	From August 1, 2006 to July 31, 2008	From August 1, 2005 to June 30, 2007
Periods that stock subscription rights are to be exercised	Four years after determination of rights	Four years after determination of rights	Four years after determination of rights

	2005	2004	2003
Company name	The Company	The Company	The Company
Position and number of grantees	Directors: 30 Managing officers and employees: 135	Directors: 30 Managing officers and employees: 128	Directors: 30 Employees: 115
Class and number of shares*	775,000 shares of common stock	750,000 shares of common stock	728,000 shares of common stock
Date of issue	August 2, 2004	August 1, 2003	August 1, 2002
Condition of settlement of rights	1. Grantee must be employed as a director, managing officer or regular employee of the Company at the time of exercise. However, this does not apply if no more than 18 months have elapsed after retirement or resignation from the Company. 2. Other conditions of exercise shall be decided as prescribed by the Contract for Allotment of Stock Acquisition Rights concluded by the Company and grantee in accordance with resolutions at the Meeting of Shareholders and resolutions on the issue of stock acquisition rights by the Board of Directors.	Same as left Same as left	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 6 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 Meeting of Shareholders and resolutions on the issue of stock acquisition rights by the Board of Directors.
Periods that grantees must provide service in return for stock options	From August 2, 2004 to June 30, 2006	From August 1, 2003 to June 30, 2005	From August 1, 2002 to June 30, 2004
Periods that stock subscription rights are to be exercised	Four years after determination of rights	Four years after determination of rights	Four years after determination of rights

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

(2) Number of stock options and state of fluctuation
Stock options are those outstanding in the fiscal year and are listed as the number of shares.
(a) Number of stock options
Non-exercisable stock options

	2008	2007	2006	2005	2004	2003
Stock options outstanding at the end of the previous fiscal year	**–**	802,000	791,000	–	–	–
Stock options granted	**830,000**	–	–	–	–	–
Forfeitures	**–**	–	–	–	–	–
Conversion to exercisable stock options	**–**	–	791,000	–	–	–
Stock options outstanding at the end of the fiscal year	**830,000**	802,000	–	–	–	–

Exercisable stock options

	2008	2007	2006	2005	2004	2003
Stock options outstanding at the end of the previous fiscal year	**–**	–	791,000	38,500	6,000	108,000
Conversion from non-exercisable stock options	**–**	–	–	–	–	–
Stock options exercised	**–**	–	655,500	22,900	2,000	2,000
Forfeitures	**–**	–	5,000	2,000	2,000	106,000
Stock options outstanding at the end of the fiscal year	**–**	–	130,500	13,600	2,000	–

(b) Price of options

	Exact yen amounts					
	2008	2007	2006	2005	2004	2003
Paid-in value	**¥5,866**	¥4,642	¥3,306	¥2,652	¥2,074	¥1,982
Average market price of the stock at the time of exercise	**–**	–	5,183	4,492	4,820	5,370
Fair value of options on grant date	**682**	759	–	–	–	–

(3) Methods for estimating fair value of stock options

The methods for estimating fair value of stock options granted for fiscal 2008 and 2007 are as follows:
(a) Valuation methods used: Black-Scholes model
(b) Principal basic values and estimation methods

	2008	2007
Share price fluctuations *1	**21.78%**	20.63%
Projected remaining period *2	**4 years**	4 years
Projected dividend *3	**¥56/share**	¥40/share
Non-risk interest rate *4	**1.210%**	1.210%

*1 Computed based on actual share prices during a four-year period (from August 2003 to July 2007) and (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 exercised at the midpoint of the exercise period.
*3 Based on the year-end dividend for the fiscal year ended March 31, 2007 and 2006, respectively, 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, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Deferred tax assets:			
Allowance for retirement benefits	**¥ 16,576**	¥ 15,347	**$ 165,451**
Trade receivables	**992**	2,464	**9,902**
Accrued expenses	**8,198**	7,465	**81,831**
Net operating loss carry-forwards for tax purposes	**3,163**	2,039	**31,578**
Depreciation	**5,206**	6,350	**51,964**
Securities	**2,712**	2,066	**27,069**
Enterprise tax payable	**1,830**	1,692	**18,272**
Other	**11,324**	12,741	**113,027**
Subtotal	**50,004**	50,168	**499,096**
Less: valuation allowance	**(1,341)**	(2,742)	**(13,389)**
Total deferred tax assets	**48,663**	47,425	**485,707**
Deferred tax liabilities:			
Other securities	**499,760**	768,659	**4,988,131**
Depreciation	**6,590**	6,155	**65,780**
Land	**562**	1,111	**5,619**
Reserve for advanced depreciation	**484**	502	**4,839**
Reserve for special depreciation	**470**	590	**4,697**
Other	**(1,975)**	(26)	**(19,722)**
Total deferred tax liabilities	**505,893**	776,992	**5,049,345**
Net deferred tax liabilities	**¥(457,230)**	¥(729,567)	**$(4,563,638)**

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

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Current assets — deferred tax assets	**¥ 18,860**	¥ 17,924	**$ 188,243**
Investments and other assets — deferred tax assets	**8,578**	7,435	**85,621**
Current liabilities — deferred tax liabilities	**(1,881)**	(3,162)	**(18,778)**
Long-term liabilities — deferred tax liabilities	**(482,787)**	(751,764)	**(4,818,724)**
Net deferred tax liabilities	**¥(457,230)**	¥(729,567)	**$(4,563,638)**

(2) Reconciliations of differences between the statutory rate of income taxes and the effective rate of income taxes for the years ended March 31, 2008 and 2007 are as follows:

	2008	2007
Statutory rate of income taxes	**39.9%**	39.9%
Addition (reduction) in taxes resulting from:		
Dividends income and others permanently not recognized as taxable income	**(5.4)**	(5.2)
Other	**(0.9)**	3.6
Effective rate of income taxes	**33.6%**	38.3%

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, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Buildings and structures:			
Acquisition cost equivalents	**¥ 276**	¥ –	**$ 2,760**
Accumulated depreciation equivalents	**125**	–	**1,255**
Buildings and structures net balance equivalents	**150**	–	**1,505**
Machinery and equipment:			
Acquisition cost equivalents	**17,656**	14,047	**176,230**
Accumulated depreciation equivalents	**8,965**	7,830	**89,480**
Machinery and equipment net balance equivalents	**8,691**	6,217	**86,750**
Tools, furniture and fixtures:			
Acquisition cost equivalents	**14,946**	13,667	**149,182**
Accumulated depreciation equivalents	**7,306**	6,396	**72,928**
Tools, furniture and fixtures net balance equivalents	**7,639**	7,271	**76,254**
Software:			
Acquisition cost equivalents	**132**	154	**1,320**
Accumulated depreciation equivalents	**49**	77	**497**
Software net balance equivalents	**82**	76	**823**
Total net leased properties	**¥16,564**	¥13,564	**$165,332**

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, 2008 and 2007 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Due within one year	**¥ 6,134**	¥ 4,342	**$ 61,233**
Due after one year	**13,741**	9,221	**137,153**
Total	**¥19,876**	¥13,564	**$198,387**

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 future minimum lease payment and total balance of property, plant and equipment at year-end is immaterial.

(c) Total lease payments and pro forma depreciation expenses for the years ended March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Lease payments	**¥5,997**	¥5,212	**$59,857**
Pro forma depreciation expenses	**¥5,997**	¥5,212	**$59,857**

Pro forma depreciation expenses, which are not reflected in the accompanying consolidated statements of income, are computed mainly by the straight-line method, which assumes zero residual value and the leasing term to be useful lives for the years ended 2008 and 2007, and are equivalent to the amount of total lease payments of the above.

(2) 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, 2008 and 2007 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Machinery and equipment:			
Acquisition cost	¥10,957	¥10,013	$109,364
Accumulated depreciation	7,297	5,711	72,833
Total net leased property	¥ 3,660	¥ 4,301	$ 36,531

(b) Pro forma information regarding future minimum lease income as of March 31, 2008 and 2007 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Due within one year	¥3,073	¥1,161	$30,677
Due after one year	5,832	5,166	58,219
Total	¥8,906	¥6,328	$88,896

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

(c) Total lease payments to be received and depreciation expenses for the years ended March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Total lease payments to be received	¥2,543	¥2,450	$25,388
Depreciation expenses	2,239	2,391	22,349

(3) Operating leases (as a lessee)

Pro forma future lease payments under operating leases as of March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Due within one year	¥ 9,143	¥ 5,068	$ 91,263
Due after one year	43,762	18,307	436,797
Total	¥52,906	¥23,376	$528,061

(4) Operating leases (as a lessor)

Pro forma information regarding future minimum rentals under operating leases as of March 31, 2008 and 2007 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Due within one year	¥22,406	¥14,835	$223,637
Due after one year	26,638	23,639	265,880
Total	¥49,044	¥38,475	$489,517

18. Changes in net assets

(1) Common stock outstanding for the years ended March 31, 2008 and 2007:

	Shares
Balance at March 31, 2006	325,840,640
Increase	–
Decrease	–
Balance at March 31, 2007	325,840,640
Increase	–
Decrease	–
Balance at March 31, 2008	**325,840,640**

(2) Treasury stock outstanding for the years ended March 31, 2008 and 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
Increase due to purchase of treasury stock in accordance with the resolutions at Board of Directors meeting	**2,000,000**
Increase due to acquisition from shareholders by share exchange	**26,000**
Increase due to purchase of odd stock	**14,280**
Decrease due to exercise of stock options	**(871,975)**
Decrease due to share exchange	**(682,400)**
Balance at March 31, 2008	**14,251,070**

(3) Subscription rights to shares outstanding for the years ended March 31, 2008 and 2007:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
The Company	**¥695**	¥202	**$6,946**

(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 21, 2007	Common stock	¥8,738	$87,215	¥28	$0.28	March 31, 2007	June 22, 2007
Board of Directors meeting held on October 31, 2007	Common stock	8,751	87,345	28	0.28	September 30, 2007	November 26, 2007

(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 20, 2008	Common stock	¥9,970	$99,520	Retained earnings	¥32	$0.32	March 31, 2008	June 23, 2008

19. Subsequent events

None

20. Segment information

(1) Business segments

As of and for the years ended March 31, 2008, 2007 and 2006:

	Millions of yen			Thousands of U.S. dollars
	2008	2007	2006	2008
Sales:				
Automobile				
Outside customer sales	¥ 969,226	¥ 904,893	¥ 746,795	$ 9,673,884
Intersegment transactions	26,026	21,134	20,768	259,771
	995,252	926,028	767,564	9,933,655
Materials Handling Equipment				
Outside customer sales	783,173	767,237	595,236	7,816,887
Intersegment transactions	3,415	805	482	34,088
	786,589	768,042	595,718	7,850,975
Logistics				
Outside customer sales	117,591	89,470	65,145	1,173,684
Intersegment transactions	7,942	7,275	6,355	79,271
	125,533	96,746	71,500	1,252,955
Textile Machinery				
Outside customer sales	66,264	58,403	49,789	661,389
Intersegment transactions	7	5	22	73
	66,271	58,409	49,811	661,462
Others				
Outside customer sales	64,280	58,392	48,988	641,583
Intersegment transactions	21,386	21,855	20,851	213,455
	85,666	80,248	69,839	855,038
Subtotal	2,059,313	1,929,475	1,554,436	20,554,084
Elimination of intersegment transactions	(58,777)	(51,077)	(48,480)	(586,657)
Total	¥2,000,536	¥1,878,398	¥1,505,955	$19,967,427
Operating costs and expenses:				
Automobile	¥ 953,734	¥ 892,435	¥ 747,468	$ 9,519,262
Materials Handling Equipment	746,747	720,840	556,950	7,453,315
Logistics	121,303	94,965	69,913	1,210,733
Textile Machinery	61,974	57,327	49,882	618,571
Others	78,958	73,920	66,107	788,083
Elimination of intersegment transactions	(59,035)	(51,046)	(48,407)	(589,237)
Total	¥1,903,682	¥1,788,443	¥1,441,915	$19,000,727
Operating income (loss):				
Automobile	¥ 41,518	¥ 33,592	¥ 20,095	$ 414,393
Materials Handling Equipment	39,841	47,201	38,768	397,660
Logistics	4,230	1,780	1,587	42,222
Textile Machinery	4,297	1,081	(70)	42,891
Others	6,708	6,328	3,732	66,954
Elimination of intersegment transactions	258	(30)	(73)	2,580
Total	¥ 96,853	¥ 89,954	¥ 64,040	$ 966,700
Assets:				
Automobile	¥ 434,952	¥444,564	¥ 420,204	$ 4,341,278
Materials Handling Equipment	601,299	593,607	509,366	6,001,591
Logistics	187,064	132,857	106,356	1,867,094
Textile Machinery	17,811	17,034	16,516	177,780
Others	81,342	113,156	103,083	811,881
Corporate assets or elimination	1,643,115	2,284,637	2,089,813	16,399,992
Total	¥2,965,585	¥3,585,857	¥3,245,341	$29,599,616
Depreciation and amortization:				
Automobile	¥ 57,987	¥ 53,557	¥ 48,370	$ 578,776
Materials Handling Equipment	46,609	41,947	30,044	465,210
Logistics	9,012	4,178	3,309	89,954
Textile Machinery	1,310	1,087	1,010	13,081
Others	4,985	5,288	4,544	49,763
Corporate or elimination of intersegment transactions	–	–	9	–
Total	¥ 119,905	¥ 106,060	¥ 87,287	$ 1,196,783
Capital expenditures:				
Automobile	¥ 50,145	¥ 74,967	¥ 101,897	$ 500,505
Materials Handling Equipment	68,945	67,152	43,520	688,146
Logistics	15,067	5,863	4,046	150,393
Textile Machinery	1,869	1,472	730	18,659
Others	6,130	17,049	8,620	61,187
Corporate or elimination of intersegment transactions	–	–	20	–
Total	¥ 142,158	¥ 166,505	¥ 158,835	$ 1,418,891

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

Fiscal 2008

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

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, 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 ¥1,707,060 million (US$17,038,228 thousand) and ¥2,352,362 million as of March 31, 2008 and 2007, respectively.

(2) Geographical segments

As of and for the years ended March 31, 2008, 2007 and 2006:

	Millions of yen			Thousands of U.S. dollars
	2008	2007	2006	**2008**
Sales:				
Japan				
Outside customer sales	**¥1,343,041**	¥1,232,131	¥1,009,368	**$13,404,946**
Intersegment transactions	**132,206**	121,338	112,543	**1,319,557**
	1,475,248	1,353,470	1,121,912	**14,724,503**
North America				
Outside customer sales	**265,571**	287,316	246,129	**2,650,677**
Intersegment transactions	**2,185**	2,712	2,056	**21,814**
	267,756	290,029	248,186	**2,672,490**
Europe				
Outside customer sales	**327,785**	312,051	216,230	**3,271,644**
Intersegment transactions	**7,821**	7,152	5,689	**78,063**
	335,607	319,204	221,919	**3,349,707**
Others				
Outside customer sales	**64,137**	46,897	34,227	**640,161**
Intersegment transactions	**7,630**	5,573	3,998	**76,159**
	71,768	52,471	38,226	**716,320**
Subtotal	**2,150,380**	2,015,175	1,630,243	**21,463,021**
Elimination of intersegment transactions	**(149,843)**	(136,776)	(124,288)	**(1,495,594)**
Total	**¥2,000,536**	¥1,878,398	¥1,505,955	**$19,967,427**
Operating costs and expenses:				
Japan	**¥1,393,225**	¥1,284,500	¥1,069,137	**$13,905,834**
North America	**264,232**	284,095	241,467	**2,637,316**
Europe	**327,674**	307,912	217,370	**3,270,527**
Others	**66,633**	49,364	36,743	**665,076**
Elimination of intersegment transactions	**(148,083)**	(137,428)	(122,804)	**(1,478,026)**
Total	**¥1,903,682**	¥1,788,443	¥1,441,915	**$19,000,727**
Operating income:				
Japan	**¥ 82,022**	¥ 68,970	¥ 52,775	**$ 818,669**
North America	**3,524**	5,934	6,718	**35,174**
Europe	**7,933**	11,292	4,548	**79,180**
Others	**5,134**	3,106	1,482	**51,244**
Elimination of intersegment transactions	**(1,760)**	651	(1,484)	**(17,568)**
Total	**¥ 96,853**	¥ 89,954	¥ 64,040	**$ 966,700**
Assets:				
Japan	**¥ 906,548**	¥ 887,351	¥ 834,716	**$ 9,048,290**
North America	**165,525**	196,769	179,116	**1,652,114**
Europe	**356,570**	337,866	278,825	**3,558,945**
Others	**71,882**	66,148	48,207	**717,462**
Corporate assets or elimination	**1,465,058**	2,097,722	1,904,475	**14,622,804**
Total	**¥2,965,585**	¥3,585,857	¥3,245,341	**$29,599,616**

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 2008

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

Fiscal 2007

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

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 ¥1,707,060 million (US$17,038,228 thousand) and ¥2,352,362 million as of March 31, 2008 and 2007, respectively.

(3) Overseas sales

For the years ended March 31, 2008, 2007 and 2006:

	Millions of yen			Thousands of U.S. dollars
	2008	2007	2006	**2008**
Overseas sales:				
North America	**¥ 265,942**	¥ 287,957	¥ 247,957	**$ 2,654,380**
Europe	**373,374**	347,617	249,237	**3,726,665**
Others	**190,539**	156,338	123,751	**1,901,777**
Total	**¥ 829,855**	¥ 791,913	¥ 620,946	**$ 8,282,822**
Total sales	**¥2,000,536**	¥1,878,398	¥1,505,955	**$19,967,427**
Ratio of overseas sales to total sales (%):				
North America	**13.3%**	15.3%	16.5%	
Europe	**18.7**	18.5	16.5	
Others	**9.5**	8.4	8.2	
Total	**41.5%**	42.2%	41.2%	

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 2008

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

Fiscal 2007

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

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, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Toyota Motor Corporation	**¥710,976**	¥665,595	**$7,096,281**

Toyota Motor Corporation held 24.61% of the Company's voting rights as of March 31, 2008. The above transactions were carried out on commercial terms and conditions.

(2) Purchase of goods and services for the years ended March 31, 2008 and 2007 were as follows:

Purchase of goods:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Toyota Motor Corporation	¥521,644	¥484,336	$5,206,552

Purchase of services:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Toyota Industries Health Insurance Society	–	¥ 41	–
Toyota Medical Corporation	¥671	664	$6,706

Toyota Industries Health Insurance Society's chairman as of March 31, 2008 and 2007 is Yutaka Murodono, who is a director of the Company and holds 0.00% of the Company's shares. Toyota Medical Corporation's chairman as of March 31, 2008 and 2007 is Yoshitoshi Toyoda, who is a director of the Company and holds 0.08% and 0.07% of the Company's shares, respectively. The above transactions were carried out on commercial terms and conditions.

(3) Outstanding balances arising from sale/purchase of goods/services as of March 31, 2008 and 2007 are as follows:

Receivables from a related party:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Toyota Motor Corporation	¥30,282	¥33,859	$302,255

Payable to a related party:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Toyota Motor Corporation	¥49,571	¥48,815	$494,778

22. Net income per share (EPS)

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

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Net income per share basic:			
Net income	¥ 80,460	¥ 59,468	$803,083
Net income not attributable to common shareholders (bonuses for directors and statutory auditors that are paid through appropriation)	–	–	–
Net income attributable to common shareholders	80,460	59,468	803,083
Weighted-average shares (thousand)	312,467	313,191	–
Net income per share basic (exact yen amounts) (exact US$ amounts)	¥ 257.50	¥ 189.88	$ 2.57
Net income per share diluted:			
Weighted-average shares for diluted computation (thousand)	85	362	–
Net income per share diluted (exact yen amounts) (exact US$ amounts)	¥ 257.43	¥ 189.66	$ 2.57

23. Equity per share

The basis of calculation for equity per share is as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Equity per share:			
Total net assets	¥1,453,996	¥1,810,483	$14,512,396
Amounts deducted from total net assets:			
Subscription rights to shares	695	202	6,946
Minority interests in consolidated subsidiaries	56,345	58,878	562,390
Equity applicable to common stock at end of year	1,396,955	1,751,401	13,943,059
Outstanding shares of common stock at end of year used for the computation of equity per share (thousand)	311,589	312,075	
Equity per share (exact yen amounts) (exact US$ amounts)	¥ 4,483.32	¥ 5,612.11	$ 44.75

Reports of Independent Auditors

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers Aarata
Shin-Marunouchi Bldg., 32nd Floor
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Facsimile : +81 (3) 5427 6556
www.pwc.com/jp/aarata

Report of Independent Auditors

To the Board of Directors of Toyota Industries Corporation

We have audited the accompanying consolidated balance sheets of Toyota Industries Corporation ("the Company") and its subsidiaries as of March 31, 2008, 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, 2008, 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, 2008, 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 14, 2008

PRICEWATERHOUSECOOPERS

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Facsimile : +81 (52) 588 3952
www.pwc.com/jp/aarata

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.

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PricewaterhouseCoopers Aarata

July 10, 2007

Investor Information (As of March 31, 2008)

Corporate Head Office
TOYOTA INDUSTRIES CORPORATION
2-1, Toyoda-cho, Kariya-shi, Aichi-ken, 448-8671, Japan
Telephone: +81-(0)566-22-2511
Facsimile: +81-(0)566-27-5650

Date of Establishment
November 18, 1926

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

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

Number of Shareholders
21,572

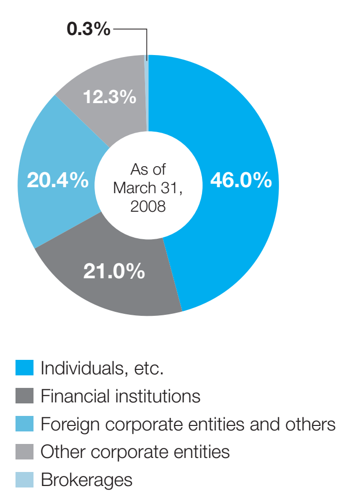
Independent Accountants
PricewaterhouseCoopers Aarata
Shin-Marunouchi Bldg., 32nd Floor
1-5-1, Marunouchi, Chiyoda-ku, Tokyo
100-6532, Japan

Transfer Agent
Mitsubishi UFJ Trust and Banking Corporation
1-4-5, Marunouchi, Chiyoda-ku, Tokyo-to, 100-8212, Japan
Telephone: +81-(0)3-3212-1211

Major Shareholders (Top 10) (As of March 31, 2008)

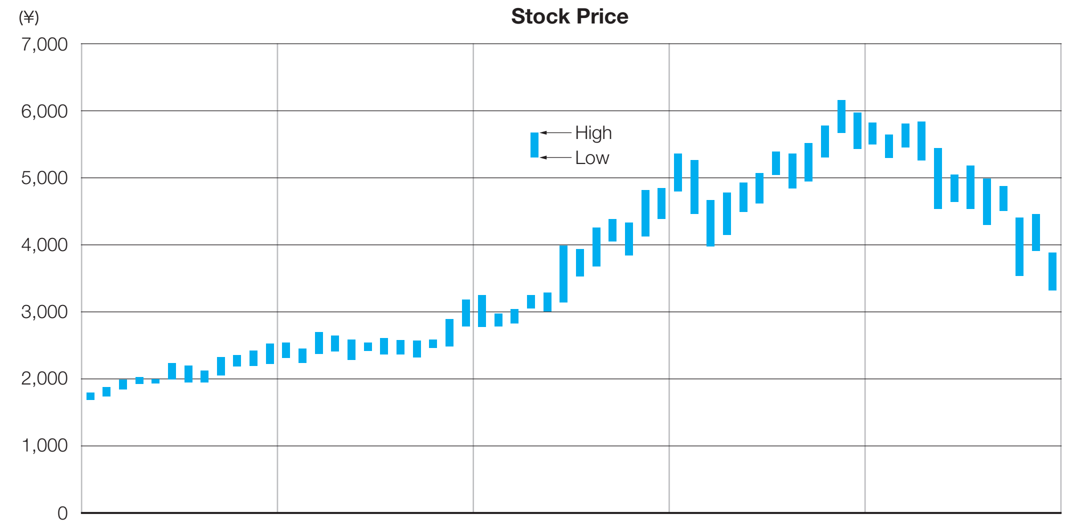
Toyota Motor Corporation	76,600 (Thousands of shares)
DENSO Corporation	29,647
Third Avenue Fund-Custodial Trust Company	18,376
Towa Real Estate Co., Ltd.	15,697
The Master Trust Bank of Japan, Ltd.	9,901
Toyota Tsusho Corporation	8,289
Nippon Life Insurance Company	6,735
Aisin Seiki Co., Ltd.	6,578
Japan Trustee Services Bank, Ltd.	5,398
Mitsui Sumitomo Insurance Company, Limited	5,345

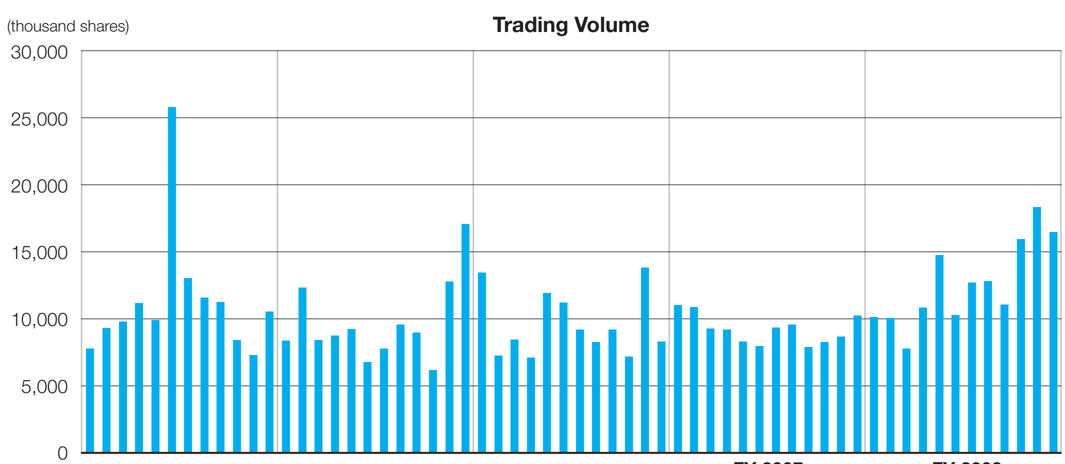
Distribution of Shares



Common Stock Price and Trading Volume

(Tokyo Stock Exchange)





	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
High	¥2,530	¥3,180	¥4,850	¥6,160	¥5,830
Low	1,686	2,235	2,780	3,980	3,320
At Year-End	2,475	3,020	4,810	5,580	3,540