



Annual Financial Report 2019

For the Year Ended March 31, 2019

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Financial Summary

Toyota Industries Corporation and its consolidated subsidiaries

< IFRS >

	Date of transition to IFRS	FY2016	FY2017	FY2018	FY2019
Net sales (Millions of yen)	—	1,696,856	1,675,148	2,003,973	2,214,946
Operating profit (Millions of yen)	—	137,026	127,345	147,445	134,684
Profit (Millions of yen)	—	199,956	137,565	173,816	159,778
Profit: attributable to owners of the parent (Millions of yen)	—	194,270	131,398	168,180	152,748
Comprehensive income (Millions of yen)	—	(253,021)	202,743	361,599	(16,789)
Share of equity attributable to owners of the parent (Millions of yen)	2,391,330	2,098,658	2,240,293	2,553,391	2,479,718
Total assets (Millions of yen)	4,749,415	4,317,282	4,558,212	5,258,500	5,261,174
Equity per share: attributable to owners of the parent (Yen)	7,611.92	6,678.80	7,215.37	8,223.82	7,986.59
Earnings per share—basic (Yen)	—	618.34	420.78	541.67	491.97
Earnings per share—diluted (Yen)	—	618.33	—	—	—
Ratio of equity attributable to owners of the parent to total assets (%)	50.35	48.61	49.15	48.56	47.13
Return on equity attributable to owners of the parent (%)	—	8.65	6.06	7.02	6.07
Price-to-earnings ratio (Times)	—	8.18	13.14	11.89	11.28
Net cash provided by operating activities (Millions of yen)	—	248,049	239,094	268,567	270,306
Net cash used in investing activities (Millions of yen)	—	(532,238)	(86,925)	(340,324)	(395,000)
Net cash provided by financing activities (Millions of yen)	—	124,495	789	153,303	40,467
Cash and cash equivalents at end of period (Millions of yen)	248,706	92,399	243,685	323,830	239,140
Number of employees [Average number of part-time employees, not included in number of employees above]	52,523 [12,095]	51,458 [9,871]	52,623 [10,995]	61,152 [11,705]	64,641 [12,625]

(Notes) 1. Toyota Industries Corporation and its subsidiaries have adopted International Financial Reporting Standards ("IFRS") for the consolidated financial statements of the annual report from the fiscal year ended March 31, 2017. The date of transition to IFRS is April 1, 2015.

(Notes) 2. Net sales do not include consumption taxes.

(Notes) 3. Amounts for diluted earnings per share are not presented for FY2017, FY2018 and FY2019 because there are no shares with a potentially dilutive effect.

(Notes) 4. Number of employees is the number of workers (excluding people dispatched from the Group to outside the Group, but including people dispatched from outside the Group to the Group).

< Japanese GAAP >

	FY2015	FY2016	FY2017
Net sales (Millions of yen)	2,166,661	2,243,220	2,250,466
Ordinary profit (Millions of yen)	170,827	185,398	177,121
Profit: attributable to owners of the parent (Millions of yen)	115,263	183,036	125,534
Comprehensive income (Millions of yen)	629,626	(277,053)	198,548
Total equity (Millions of yen)	2,425,929	2,113,948	2,256,271
Total assets (Millions of yen)	4,650,896	4,199,196	4,428,644
Equity per share (Yen)	7,500.16	6,481.97	6,995.47
Earnings per share—basic (Yen)	367.06	582.58	402.00
Earnings per share—diluted (Yen)	366.99	582.57	—
Equity-to-total assets ratio (%)	50.66	48.50	49.04
Return on equity (%)	5.59	8.33	5.97
Price-to-earnings ratio (Times)	18.74	8.69	13.76
Net cash provided by operating activities (Millions of yen)	182,191	240,169	245,602
Net cash used in investing activities (Millions of yen)	(160,769)	(531,561)	(82,509)
Net cash provided by (used in) by financing activities (Millions of yen)	(8,918)	130,923	(6,615)
Cash and cash equivalents at end of period (Millions of yen)	248,706	92,399	243,685
Number of employees [Average number of part-time employees, not included in number of employees above]	52,523 [12,095]	51,458 [9,871]	52,623 [10,995]

(Notes) 1. Amounts for FY2017 are unaudited financial information pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act.

(Notes) 2. Net sales do not include consumption taxes.

(Notes) 3. Certain FY2016 amounts have been reclassified to conform to the changes in presentation in FY2017.

(Notes) 4. Amounts for diluted earnings per share are not presented for FY2017 because there are no shares with a potentially dilutive effect.

(Notes) 5. Number of employees is the number of workers (excluding people dispatched from the Group to outside the Group, but including people dispatched from outside the Group to the Group).

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 2019.

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, 2019 is referred to as FY2019 and other fiscal years are referred to in a corresponding manner. All references to the "Company" herein are to Toyota Industries Corporation on a stand-alone basis and references to "Toyota Industries" herein are to the Company and its 254 consolidated subsidiaries.

1. Result of Operations

(1) Operating Performance

In FY2019, the global economy grew moderately due mainly to strong consumer spending in the United States despite such uncertainties as U.S.-China trade frictions and Brexit concerns. Meanwhile, the Japanese economy remained strong in domestic demand in capital investment and consumer spending; however, a sense of stagnation was prevalent due primarily to anemic exports. In this operating environment, Toyota Industries undertook efforts to ensure customer trust through a dedication to quality as well as to expand sales by responding flexibly to market trends.

As a result, total consolidated net sales amounted to 2,214.9 billion yen, an increase of 211.0 billion yen, or 11%, from the previous fiscal year.

(2) Operating Performance Highlights by Business Segment

Operating results by business segment are as follows.

Net sales for each segment do not include inter-segment transactions.

(Automobile)

The automobile market remained on par with the previous fiscal year despite a slight contraction in the European market. Amid such operating conditions, net sales of the Automobile Segment totaled 610.7 billion yen, an increase of 15.7 billion yen, or 3%. Operating profit amounted to 6.8 billion yen, a decrease of 22.8 billion yen, or 77%, from the previous fiscal year.

Within this segment, net sales of the Vehicle Business amounted to 82.4 billion yen, an increase of 10.3 billion yen, or 14%, due mainly to the start of production of the new RAV4 in November 2018.

Net sales of the Engine Business totaled 108.4 billion yen, an increase of 9.7 billion yen, or 10%. The increase in net sales was due to the launch of production of new A25A and M20A gasoline engines and increases in sales of GD diesel engines although production of AR gasoline engines finished in June 2018.

Net sales of the Car Air-Conditioning Compressor Business totaled 346.2 billion yen, a decrease of 5.2 billion yen, or 1%. Sales in China and emerging countries increased while those in Europe and Japan decreased.

Net sales of Electronics Parts, Foundry and Others Business totaled 73.6 billion yen, an increase of 0.9 billion, or 1%. This was due mainly to increases in sales of electronics parts, partially offset by decreases in sales of foundry products.

(Materials Handling Equipment)

The materials handling equipment market as a whole expanded globally driven by Europe and China. Amid this operating climate, Toyota Industries strengthened production and sales structures and rolled out new products matched to respective markets. These initiatives led to an increase in sales of mainstay lift trucks in respective regions. In addition, net sales of logistics solutions business increased, resulting in net sales of 1,466.6 billion yen, an increase of 183.6 billion yen, or 14%. Operating profit amounted to 114.6 billion yen, an increase of 9.7 billion yen, or 9%, from the previous fiscal year.

(Textile Machinery)

The textile machinery market in China was strong while it stagnated in certain countries in Asia. Net sales of the Textile Machinery Segment totaled 76.3 billion yen, an increase of 10.8 billion yen, or 17%, due mainly to an increase in sales of weaving machinery in China.

(3) Operating profit

Operating profit for FY2019 was 134.6 billion yen, a decrease of 12.8 billion yen, or 9%, from the previous fiscal year. This was due mainly to increases in raw material costs and a non recurring gain from an employee benefit plan amendment that was recognized during the previous fiscal year, partially offset by sales efforts and increases in promoting cost reduction efforts throughout Toyota Industries Group.

(4) Profit before income taxes

Profit before income taxes amounted to 202.2 billion yen, a decrease of 7.6 billion yen, or 4%, from the previous fiscal year. This was due mainly to a decrease in operating profit of 12.8 billion yen, or 9%, from the previous fiscal year to 134.6 billion yen, offsetting an increase in dividends income of 4.7 billion yen, or 7%, to 70.0 billion yen.

(5) Profit attributable to owners of the parent

Profit attributable to owners of the parent totaled 152.7 billion yen, an increase of 15.4 billion yen, or 9%, from the previous fiscal year.

Earnings per share—basic was 491.97 yen compared with 541.67 yen in the previous fiscal year.

2. Consolidated Financial Condition

Total assets amounted to 5,261.1 billion yen, on par with the end of the previous fiscal year. This was because a decrease in fair value of investment securities was offset mainly by an increase in trade receivables and other receivables. Liabilities amounted to 2,699.2 billion yen, an increase of 74.6 billion yen from the end of the previous fiscal year, due mainly to an increase in corporate bonds and loans. Equity amounted to 2,561.9 billion yen, a decrease of 71.9 billion yen from the end of the previous fiscal year.

3. Liquidity and Capital Resources

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

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

Regarding fund management, the Company undertakes integrated fund management of its subsidiaries in Japan, while Toyota Industries North America, Inc. (TINA) and Toyota Industries Finance International AB (TIFI) centrally manage the funds of subsidiaries in North America and Europe, respectively. Through close cooperation among the Company, TINA and TIFI, we strive for efficient, unified fund management on a global consolidated basis.

4. Cash Flows

Net cash provided by operating activities was 270.3 billion yen in FY2019, due mainly to posting profit before income taxes of 202.2 billion yen. Net cash provided by operating activities increased by 1.8 billion yen compared to net cash provided by operating activities of 268.5 billion yen in the previous fiscal year.

Net cash used in investing activities was 395.0 billion yen in FY2019, attributable primarily to payments for bank deposits of 447.9 billion yen and payments for purchases of property, plant and equipment of 225.6 billion yen, which offset proceeds from withdrawals of bank deposits of 336.3 billion yen. Net cash used in investing activities decreased by 54.7 billion yen compared to net cash used in investing activities of 340.3 billion yen in the previous fiscal year.

Net cash provided by financing activities was 40.4 billion yen in FY2019, due mainly to proceeds from long-term loans payable of 228.8 billion yen despite repayments of long-term loans payable of 223.4 billion yen. Net cash provided by financing activities decreased by 112.9 billion yen compared to net cash provided by financing activities of 153.3 billion yen in the previous fiscal year.

After adding translation adjustments and cash and cash equivalents at beginning of period, cash and cash equivalents as of March 31, 2019 stood at 239.1 billion yen, a decrease of 84.7 billion yen, or 26%, from the end of the previous fiscal year.

5. Investment in Property, Plant and Equipment

During FY2019, Toyota Industries made a total investment of 218,154 million yen in property, plant and equipment (including materials handling equipment for lease) in order to launch new products, streamline and upgrade production equipment.

In regard to investment in property, plant and equipment by the reporting segments, investment in property, plant and equipment in Automobile, Materials Handling Equipment, Textile Machinery and Others were 68,201 million yen, 144,992 million yen, 1,518 million yen and 3,441 million yen, respectively.

6. Strategies and Outlook

Outlook for Results for FY2020

With regard to the future economic outlook, the global economy is expected to continue to grow moderately. However, U.S.-China trade frictions, Brexit concerns and geopolitical risks require close monitoring the same as before. Furthermore, with such uncertainties as the impact of the planned consumption tax hike in Japan, the business environment continues to preclude optimism.

Amid this challenging environment, Toyota Industries will continue to undertake concerted efforts to strengthen its management platform and raise corporate value.

First of all, we will work to bolster our management platform so that we can respond quickly to rapid changes in the business environment. Specifically, based on our quality first approach, we will strive to build a lean corporate structure. We aim to do this by promoting cost reduction activities throughout the entire Toyota Industries Group, by pursuing excellence in quality, cost and product lead time throughout the global supply chain, by promoting work styles that eliminate overburden and waste and by maximizing work performance and results at respective workplaces. At the same time, we will strengthen risk management in order to quickly and accurately respond to changes in world affairs.

Besides these approaches, we will focus on the timely launch of appealing products and services demanded by customers worldwide and raise the competitiveness of our businesses by expanding the value chain and strengthening solution proposal capabilities. In addition, we will aim for further growth by promoting innovative technology and product development while also proactively embracing digital technologies and open innovation. To support such business development, we will continue our efforts to create an organization and workplace environment that enables diverse human resources to fully demonstrate their abilities and develop personnel who learn and think on their own and quickly take the initiative.

In other areas, Toyota Industries will create a workplace environment that places top priority on safety; ensure thoroughgoing compliance, including adherence to laws and regulations; and proactively participate in social contribution activities. By carrying out these initiatives, we aim to broadly meet the trust of society and grow harmoniously with society. With regard to protection of the global environment, we will undertake Group-wide initiatives toward the realization of "a zero CO2 emission society in 2050".

Through these initiatives, we aim for sustainable growth of each business and strive to support industries and social foundations around the world and contribute to making the earth a better place to live, enriched lifestyles and a comfortable society as described in Toyota Industries' Vision 2030.

7. Dividend Policy

Toyota Industries intends to meet the expectations of shareholders for continuous dividends while giving full consideration to business performance, funding requirements, the dividend payout ratio and other factors.

Toyota Industries' Ordinary General Meeting of Shareholders, held on June 11, 2019, approved a year-end cash dividend of 80.0 yen per share. Including the interim cash dividend of 75.0 yen per share, cash dividends for the year totaled 155.0 yen per share.

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

The Company's Articles of Incorporation stipulate that it may pay interim cash dividends as prescribed in Article 454-5 of the Companies Act and it is the Company's basic policy to pay dividends from retained earnings twice a year (interim and year-end).

The Company's Articles of Incorporation also stipulate that what is prescribed in Article 459-1 of the Companies Act can be added to the Articles of Incorporation. As the Company's policy, discretion to pay interim cash dividends is determined by the Board of Directors while payment of year-end cash dividends is subject to approval at the Ordinary General Meeting of Shareholders.

8. Risk Information

The following represent risks that could have a material impact on Toyota Industries' financial condition, business results and share prices. Toyota Industries judged the following as future risks as of March 31, 2019.

(1) Principal Customers

Toyota Industries' automobile and engine products are sold primarily to Toyota Motor Corporation ("TMC"). In FY2019, net sales to TMC accounted for 9.5% of consolidated net sales. Therefore, TMC's vehicle sales could have an impact on Toyota Industries' business results. As of March 31, 2019, TMC holds 24.7% of the Company's voting rights.

(2) 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 that there is no assurance that Toyota Industries will be able to 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.

(3) Intellectual Property Rights

In undertaking its business activities, Toyota Industries has acquired numerous intellectual property rights, including those acquired outside Japan, 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.

(4) Product Defects

Guided by the basic philosophy of "offering products and services that are clean, safe and of high quality", Toyota Industries makes its utmost efforts to enhance quality.

However, Toyota Industries cannot guarantee all its products will be defect-free and that product recalls will not be made in the future. Product defects that could lead to large-scale recalls and product liability indemnities could result in large cost burdens and have a significant negative impact on the evaluation of Toyota Industries. It could also have an adverse effect on Toyota Industries' financial condition and business results due to a decrease in sales, deterioration of

profitability and decrease in share prices of Toyota Industries.

(5) 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.

(6) Reliance on Suppliers of Raw Materials and Components

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

(7) 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.

(8) 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.

(9) Exchange Rate Fluctuations

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

(10) 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.

(11) Effects of Disasters, Power Blackouts and Other Incidents

Toyota Industries carries out regular checks and inspections of its production facilities to minimize the effect of production breakdown. However, there is no assurance Toyota Industries can completely prevent or lessen the impact of man-made or natural disasters and power blackouts occurring at Toyota Industries' and its suppliers' production facilities. Specifically, the majority of Toyota Industries' domestic production facilities and most of its business partners are situated in the Chubu region. Therefore, major disasters in this region could delay or stop production or shipment activities. Such prolonged delays and stoppages could have an adverse impact on Toyota Industries' financial condition and business results.

(12) 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.

(13) Post-employment benefits

Toyota Industries' defined benefit plan expenses and liabilities are calculated based on actuarial assumptions that incorporate discount rates and other factors. Therefore, differences between actual results and assumptions, such as a reduction in discount rates or a decrease in plan assets, as well as changes in the assumptions could have a significant impact on recognized expenses and calculated liabilities in future accounting periods.

9. Significant Contract Agreements

There are no material significant contract agreements that need to be disclosed as of the end of fiscal year ended March 31, 2019.

10. Information regarding differences in major items pertaining to the overview of operating results

The differences in major items pertaining to the overview of operating results for the consolidated financial statements prepared in accordance with IFRS and for consolidated financial statements prepared in accordance with Generally Accepted Accounting Principles in Japan ("Japanese GAAP") are as follows.

(1) Net amounts of supply-for-a-fee transactions

Regarding supply-for-a-fee transactions, net sales and cost of sales were recorded at the time of repurchase under Japanese GAAP; under IFRS, on the other hand, only net amounts of machining fee equivalents are recognized as revenue. As a result, net sales decreased 573,560 million yen and cost of sales decreased 573,560 million yen for the fiscal year ended March 31, 2019.

(2) Goodwill

Goodwill was amortized principally over less than 20 years on a straight-line basis under Japanese GAAP; under IFRS, on the other hand, it has not been amortized since the transition date, while an impairment test is conducted for every period. As a result, selling, general and administrative expenses decreased 10,833 million yen for the fiscal year ended March 31, 2019.

11. Toyota Industries' Relationship to Toyota Motor Corporation

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

(1) Historical Background

In 1933, Kiichiro Toyoda, the eldest son of founder Sakichi Toyoda and then Managing Director of Toyoda Automatic

Loom Works, Ltd. (the present Toyota Industries), 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 TMC).

(2) Capital Relationship

In light of this historical background, Toyota Industries and TMC have maintained a close capital relationship. As of March 31, 2019, Toyota Industries holds 8.28% (238,466 thousand shares) of TMC's total shares in issue. Likewise, as of the same date, TMC holds 24.67% of Toyota Industries' total voting rights. Toyota Industries is a TMC affiliate accounted for by the equity method.

(3) Business Relationship

Toyota Industries assembles certain cars and produces automobile engines under consignment from TMC. Additionally, Toyota Industries sells a portion of its other components and products directly or indirectly to other Toyota Group companies. In FY2019, our net sales to TMC on a stand-alone basis accounted for 9.5% of our consolidated net sales.

(4) Contributions to the Toyota Group

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

[Consolidated Financial Statements and Other]
I. [Consolidated Financial Statements]
[Consolidated Statement of Financial Position]

(Millions of yen)

	Notes	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Assets			
Current assets			
Cash and cash equivalents	5	323,830	239,140
Time deposits with deposit terms of over three months		111,796	223,219
Trade receivables and other receivables	6	764,514	845,255
Other financial assets	7	6,359	3,988
Inventories	8	223,714	245,182
Income tax receivables		9,359	13,713
Other current assets		54,219	53,282
Total current assets		1,493,793	1,623,784
Non-current assets			
Property, plant and equipment	9	889,220	938,030
Goodwill and intangible assets	10	361,797	361,078
Trade receivables and other receivables	6	337	5,803
Investments accounted for by the equity method	11	10,352	10,253
Other financial assets	7	2,441,545	2,258,788
Net defined benefit assets	17	29,232	28,603
Deferred tax assets	25	27,017	30,590
Other non-current assets		5,204	4,241
Total non-current assets		3,764,707	3,637,390
Total assets		5,258,500	5,261,174

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

(Millions of yen)

	Notes	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Liabilities and Equity			
Liabilities			
Current liabilities			
Trade payables and other payables	12	479,253	506,547
Corporate bonds and loans	13	400,803	342,232
Other financial liabilities	14	71,683	67,030
Accrued income taxes		27,097	15,993
Provisions	16	7,754	8,807
Other current liabilities		19,284	16,754
Total current liabilities		1,005,876	957,365
Non-current liabilities			
Corporate bonds and loans	13	767,297	955,183
Other financial liabilities	14	70,912	57,813
Net defined benefit liabilities	17	86,655	101,347
Provisions	16	8,460	7,525
Deferred tax liabilities	25	665,342	598,083
Other non-current liabilities		20,086	21,918
Total non-current liabilities		1,618,754	1,741,872
Total liabilities		2,624,631	2,699,237
Equity			
Share of equity attributable to owners of the parent			
Capital stock	18	80,462	80,462
Capital surplus	18	105,343	103,507
Retained earnings	18	1,084,139	1,178,773
Treasury stock	18	(59,284)	(59,297)
Other components of equity	18	1,342,730	1,176,272
Total share of equity attributable to owners of the parent		2,553,391	2,479,718
Non-controlling interests		80,478	82,218
Total equity		2,633,869	2,561,936
Total liabilities and equity		5,258,500	5,261,174

[Consolidated Statement of Profit or Loss]

(Millions of yen)

	Notes	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Net sales	20	2,003,973	2,214,946
Cost of sales	21, 22	(1,534,207)	(1,702,599)
Gross profit		469,765	512,346
Selling, general and administrative expenses	21, 22	(334,347)	(376,866)
Other income	23	21,915	11,389
Other expenses	23	(9,887)	(12,184)
Operating profit		147,445	134,684
Financial income	24	70,279	76,603
Financial expenses	24	(10,046)	(10,226)
Share of profit (loss) of investments accounted for by the equity method	11	2,149	1,163
Profit before income taxes		209,827	202,225
Income taxes	25	(36,010)	(42,447)
Profit		173,816	159,778
Profit attributable to:			
Owners of the parent		168,180	152,748
Non-controlling interests		5,635	7,029
Earnings per share	26		
Earnings per share—basic (yen)		541.67	491.97
Earnings per share—diluted (yen)		—	—

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

[Consolidated Statement of Comprehensive Income]

(Millions of yen)

	Notes	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Profit		173,816	159,778
Other comprehensive income:			
Items not to be reclassified into profit or loss			
Net changes in revaluation of FVTOCI financial assets	27, 29	184,278	(159,407)
Remeasurements of defined benefit plans	17, 27	3,629	(9,440)
Other comprehensive income of affiliates accounted for by the equity method	11, 27	(4)	(6)
Total items not to be reclassified into profit or loss		187,903	(168,854)
Items that can be reclassified into profit or loss			
Translation adjustments of foreign operations	27	(1,564)	(6,921)
Cash flow hedges	27, 29	1,419	(621)
Other comprehensive income of affiliates accounted for by the equity method	11, 27	24	(171)
Total items that can be reclassified into profit or loss		(120)	(7,713)
Total other comprehensive income		187,782	(176,568)
Comprehensive income		361,599	(16,789)
Total comprehensive income attributable to:			
Owners of the parent		355,101	(23,702)
Non-controlling interests		6,497	6,912

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

[Consolidated Statement of Changes in Equity]

(Millions of yen)

	Notes	Share of equity attributable to owners of the parent					
		Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
						Net changes in revaluation of FVTOCI financial assets	Remeasurements of defined benefit plans
Balance as of April 1, 2017		80,462	105,417	954,503	(59,272)	1,209,592	—
Profit		—	—	168,180	—	—	—
Other comprehensive income		—	—	—	—	183,956	3,525
Total comprehensive income		—	—	168,180	—	183,956	3,525
Repurchase of treasury stock	18	—	—	—	(12)	—	—
Disposal of treasury stock	18	—	—	—	—	—	—
Dividends	19	—	—	(41,915)	—	—	—
Changes in ownership interest of subsidiaries		—	(74)	—	—	—	—
Changes in non-controlling interests as a result of change in scope of consolidation		—	—	—	—	—	—
Reclassified into retained earnings		—	—	3,371	—	153	(3,525)
Other increases (decreases)		—	—	—	—	—	—
Total transactions with owners		—	(74)	(38,544)	(12)	153	(3,525)
Balance as of March 31, 2018		80,462	105,343	1,084,139	(59,284)	1,393,702	—
Effects of changes in accounting policies		—	—	3	—	—	—
Restated balance as of April 1, 2018		80,462	105,343	1,084,143	(59,284)	1,393,702	—
Profit		—	—	152,748	—	—	—
Other comprehensive income		—	—	—	—	(159,630)	(9,693)
Total comprehensive income		—	—	152,748	—	(159,630)	(9,693)
Repurchase of treasury stock	18	—	—	—	(12)	—	—
Disposal of treasury stock	18	—	0	—	0	—	—
Dividends	19	—	—	(48,125)	—	—	—
Changes in ownership interest of subsidiaries		—	(1,835)	—	—	—	—
Changes in non-controlling interests as a result of change in scope of consolidation		—	—	—	—	—	—
Reclassified into retained earnings		—	—	(9,992)	—	298	9,693
Other increases (decreases)		—	—	—	—	—	—
Total transactions with owners		—	(1,835)	(58,117)	(12)	298	9,693
Balance as of March 31, 2019		80,462	103,507	1,178,773	(59,297)	1,234,370	—

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

(Millions of yen)

	Notes	Share of equity attributable to owners of the parent				Total	Non-controlling interests	Total equity
		Other components of equity			Total			
		Translation adjustments of foreign operations	Cash flow hedges	Subscription rights to shares				
Balance as of April 1, 2017		(50,417)	6	—	1,159,181	2,240,293	76,174	2,316,467
Profit		—	—	—	—	168,180	5,635	173,816
Other comprehensive income		(1,980)	1,419	—	186,920	186,920	861	187,782
Total comprehensive income		(1,980)	1,419	—	186,920	355,101	6,497	361,599
Repurchase of treasury stock	18	—	—	—	—	(12)	—	(12)
Disposal of treasury stock	18	—	—	—	—	—	—	—
Dividends	19	—	—	—	—	(41,915)	(2,390)	(44,306)
Changes in ownership interest of subsidiaries		—	—	—	—	(74)	—	(74)
Changes in non-controlling interests as a result of change in scope of consolidation		—	—	—	—	—	166	166
Reclassified into retained earnings		—	—	—	(3,371)	—	—	—
Other increases (decreases)		—	—	—	—	—	30	30
Total transactions with owners		—	—	—	(3,371)	(42,003)	(2,193)	(44,196)
Balance as of March 31, 2018		(52,397)	1,426	—	1,342,730	2,553,391	80,478	2,633,869
Effects of changes in accounting policies		—	—	—	—	3	—	3
Restated balance as of April 1, 2018		(52,397)	1,426	—	1,342,730	2,553,394	80,478	2,633,873
Profit		—	—	—	—	152,748	7,029	159,778
Other comprehensive income		(6,505)	(621)	—	(176,451)	(176,451)	(116)	(176,568)
Total comprehensive income		(6,505)	(621)	—	(176,451)	(23,702)	6,912	(16,789)
Repurchase of treasury stock	18	—	—	—	—	(12)	—	(12)
Disposal of treasury stock	18	—	—	—	—	0	—	0
Dividends	19	—	—	—	—	(48,125)	(2,353)	(50,478)
Changes in ownership interest of subsidiaries		—	—	—	—	(1,835)	(2,969)	(4,805)
Changes in non-controlling interests as a result of change in scope of consolidation		—	—	—	—	—	100	100
Reclassified into retained earnings		—	—	—	9,992	—	—	—
Other increases (decreases)		—	—	—	—	—	49	49
Total transactions with owners		—	—	—	9,992	(49,973)	(5,172)	(55,146)
Balance as of March 31, 2019		(58,903)	804	—	1,176,272	2,479,718	82,218	2,561,936

[Consolidated Statement of Cash Flows]

(Millions of yen)

Notes	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Cash flows from operating activities:		
Profit before income taxes	209,827	202,225
Depreciation and amortization	162,481	185,952
Impairment losses	2,849	2,815
Interest and dividends income	(67,115)	(72,301)
Interest expenses	7,862	8,122
Share of (profit) loss of investments accounted for by the equity method	(2,149)	(1,163)
(Increase) decrease in Inventories	(23,875)	(22,024)
(Increase) decrease in trade receivables and other receivables	(37,417)	(86,533)
Increase (decrease) in trade payables and other payables	(452)	42,548
Others	(22,145)	2,698
Subtotal	229,863	262,340
Interest and dividends income received	67,401	71,997
Interest expenses paid	(7,766)	(8,461)
Income taxes paid	(20,929)	(55,570)
Net cash provided by operating activities	268,567	270,306
Cash flows from investing activities:		
Payments for purchases of property, plant and equipment	(200,115)	(225,621)
Proceeds from sales of property, plant and equipment	12,474	14,288
Payments for purchases of investment securities	(18,022)	(44,123)
Proceeds from sales of investment securities	136	757
Payments for acquisition of subsidiaries' stock resulting in change in scope of consolidation	(172,511)	(7,502)
Payments for loans made	(648)	(2,053)
Proceeds from collection of loans	950	1,353
Payments for bank deposits	(241,296)	(447,937)
Proceeds from withdrawals of bank deposits	292,010	336,327
Payments for transfer of business	(248)	—
Others	(13,052)	(20,488)
Net cash used in investing activities	(340,324)	(395,000)

(Millions of yen)

	Notes	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Cash flows from financing activities:			
Payments for acquisition of subsidiaries' stock not resulting in change in scope of consolidation		(1,159)	(4,812)
Proceeds from sales of subsidiaries' stock not resulting in change in scope of consolidation		70	140
Net Increase (decrease) in short-term loans payable (within three months)	31	(32,031)	(9,442)
Proceeds from short-term loans payable (over three months)	31	26,729	36,757
Repayments of short-term loans payable (over three months)	31	(26,607)	(29,634)
Proceeds from long-term loans payable	31	108,882	228,884
Repayments of long-term loans payable	31	(162,706)	(223,417)
Proceeds from issuance of corporate bonds	31	294,596	159,106
Repayments of corporate bonds	31	(10,000)	(75,949)
Payments for repurchase of treasury stock		(12)	(12)
Cash dividends paid	19	(41,915)	(48,125)
Cash dividends paid to non-controlling interests		(2,390)	(2,353)
Proceeds from payments by non-controlling interests		422	—
Others		(572)	9,330
Net cash provided by financing activities		153,303	40,467
Translation adjustments of cash and cash equivalents		(1,400)	(464)
Net increase (decrease) in cash and cash equivalents		80,145	(84,690)
Cash and cash equivalents at beginning of period		243,685	323,830
Cash and cash equivalents at end of period	5	323,830	239,140

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

Notes to Consolidated Financial Statements

1. Nature of Operations

Toyota Industries Corporation (hereinafter, "the Company") is a company domiciled in Japan. The accompanying consolidated financial statements comprise Toyota Industries and the Company's interests in affiliates. The businesses of the Toyota Industries include the manufacture and sales of automobiles, materials handling equipment, textile machinery and others. The content of each business is detailed in "4. Segment Information".

2. Basis of Presentation

(1) Conformance of Consolidated Financial Statements with IFRS

As the Company meets the requirements of "Specified Company Applying Designated International Financial Reporting Standards" pursuant to Article 1-2 of the Ordinance on Consolidated Financial Statements, the consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as permitted by the provision of Article 93 of the Ordinance.

The consolidated financial statements have been approved by Akira Onishi, president of the Company, on June 20, 2019.

(2) Basis of Measurement

As detailed in "3. Significant Accounting Policies", the Company's consolidated financial statements have been prepared on a historical cost basis, except for specific financial instruments and others measured at fair value.

(3) Functional Currency and Presentation Currency

The financial statements of each of Toyota Industries' entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). These consolidated financial statements are presented in Japanese yen, which is the Company's functional currency, rounded down to the nearest million yen.

(4) Estimates and Use of Judgments

In the preparation of the IFRS-compliant consolidated financial statements, management of the Company is required to make a number of judgments, estimates and assumptions that could have an impact on the application of accounting policies, reporting of revenues and expenses as well as assets and liabilities. Actual results, however, could differ from those estimates.

Estimates and assumptions are continually reviewed. The effect of a change in accounting estimates is recognized in the reporting period in which the change was made and in future reporting periods.

The information regarding judgments used in applying accounting policies that could have a material effect on the Company's consolidated financial statements is included in "3. Significant Accounting Policies".

The information regarding uncertainties arising from assumptions and estimates that could result in material adjustments in the subsequent consolidated financial statements is as follows.

10. Goodwill and Intangible Assets (impairment losses)

17. Employee Benefits (assumptions based on actuarial calculation)

(5) Accounting Standards and Interpretations Not Yet Adopted by the Company

The principal accounting standards and interpretations issued or amended prior to the approval date of the consolidated financial statements that are not yet adopted by Toyota Industries as of the reporting date are as follows. The impact of adopting IFRS 16 "Leases" on Toyota Industries is estimated to increase assets by 49,400 million yen, increase liabilities by 49,753 million yen, and decrease retained earnings by 173 million yen in the consolidated statement of financial position at the beginning of the fiscal year ending March 31, 2020.

IFRS	Title	Mandatory effective date (Fiscal year beginning on or after)	To be adopted by the Company	Description of standards and amendments
IFRS 16	Leases	January 1, 2019	FY2020	Accounting transactions and disclosure demand for leases

3. Significant Accounting Policies

(1) Basis of Consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method. Goodwill is measured as the difference between the aggregate of the acquisition-date fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and, in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the difference is negative, it is immediately recognized in profit or loss. If the initial accounting for a business combination is incomplete by the end of the fiscal year in which the combination occurs, provisional amounts of incomplete items are measured, which are adjusted during the measurement period within one year from the date of acquisition. Acquisition-related costs incurred are recognized as expenses. For intangible assets acquired through a business combination, see "(6) Intangible Assets (iii) Intangible assets acquired in business combinations". For policy on impairment losses of non-financial assets including goodwill, see "(15) Impairment Losses (ii) Non-financial assets".

(ii) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of the subsidiaries are consolidated into those of the Company from the date on which the Company acquires control until the date on which the Company loses control. Subsidiaries' financial statements are adjusted if their accounting policies differ from those of the Company. Intra-group balances, transactions and any unrealized gains or losses resulting from intra-group transactions are eliminated on consolidation. Comprehensive income is attributed to the owners of the parent and to non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Non-controlling interests consist of the amount of those interests recognized initially at the date on which the Company acquires control and the changes in non-controlling interests since the said date.

The consolidated financial statements contain financial statements of subsidiaries whose closing dates differ from that of the parent as a result of those dates being required by laws of the countries where those subsidiaries reside. For those subsidiaries, financial statements are prepared as of and years ended for March 31, and used in the consolidated closing date.

(iii) Affiliates

Affiliates are entities in which Toyota Industries has a significant influence, but not control, over financial and operating policies. Investments in affiliates are accounted for by the equity method from the date on which the Company possesses a significant influence until the date on which the Company loses the significant influence.

If accounting policies of affiliates differ from those adopted by Toyota Industries, the Company makes necessary modifications to align them with those of Toyota Industries.

Under the equity method, the investment is initially measured at cost and is adjusted thereafter for the post-acquisition change in the Toyota Industries' share of the affiliates' net assets. In doing so, the amount equivalent to Toyota Industries' share of the affiliates' net assets is recognized in profit or loss of the Group. Also, the amount equivalent to Toyota Industries' share of the affiliates' other comprehensive income is recognized in other comprehensive income of Toyota Industries. The amount equivalent to Toyota Industries' share of the affiliates' loss is recognized as a loss until the amount exceeds the investment (including long-term interests that, in substance, form part of the Toyota Industries' net investment in that affiliate), and losses in excess of the investment are recognized only to the extent that Toyota Industries has incurred legal or constructive obligations or made payments on behalf of the affiliate. Unrealized gains or losses from significant inter-company transactions are eliminated to the extent of Toyota Industries' share of the equity interest in the affiliate.

Any excess of the cost of acquisition over identifiable assets, liabilities and contingent liabilities of the affiliate at the date of acquisition is recognized as goodwill and included in the carrying value of the investment, and is not amortized.

(2) Foreign Currencies

(i) Foreign currency transactions

Foreign currency transactions are converted into the functional currency of Toyota Industries using the exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted into the functional currency using the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot rate using the exchange rate at the fair value calculation date.

Any exchange difference arising from the retranslation and settlement is recognized in profit or loss of the period.

(ii) Foreign operations

Assets and liabilities of foreign operations including goodwill and fair value adjustments arising from acquisition are translated at the exchange rates at the end of the reporting period. Income and expenses of foreign operations are translated at the average exchange rates during the fiscal year, except in cases where exchange rates fluctuate significantly. If exchange rates fluctuate significantly, the exchange rate at the transaction date is used.

Foreign currency differences from the translation are recognized in other comprehensive income. When a foreign operation is disposed of or control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation is reclassified to profit or loss as part of the gain or loss on the disposal.

(3) Cash and Cash Equivalents

Cash and cash equivalents are cash on hand, readily available deposits and short-term highly liquid and low risk investments with maturities not exceeding three months at the time of purchase.

(4) Inventories

Inventories are stated at the lower of cost or net realizable value. Cost of inventories includes purchase costs, processing costs and all other costs incurred in bringing them to their existing location and condition, and is calculated primarily using the moving average method.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to sell.

(5) Property, Plant and Equipment

Property, plant and equipment are measured using the cost model and stated at cost less accumulated depreciation and accumulated impairment losses.

Estimated useful lives and the method of depreciation are reviewed at the fiscal year-end. Changes in estimated useful lives or depreciation methods are accounted for on a prospective basis as a change in accounting estimate.

Property, plant and equipment, excluding land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives. Leased assets are depreciated over the shorter of the lease term or their estimated useful lives, unless it is reasonably certain that Toyota Industries will acquire ownership by expiration of the lease term. The estimated useful lives for major classes of assets are as follows.

Buildings and structures: 5 to 60 years

Machinery and vehicles: 3 to 22 years

An item of property, plant and equipment is derecognized on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising from derecognition of an item of property, plant and equipment is included in profit or loss when it is derecognized.

For the policy on impairment of property, plant and equipment, see "(15) Impairment Losses (ii) Non-financial assets".

(6) Intangible Assets

Intangible assets are measured using the cost model and stated at cost less accumulated depreciation and accumulated impairment losses.

(i) Intangible assets acquired separately

Intangible assets acquired separately with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses.

Intangible assets acquired separately with indefinite useful lives are carried at cost less accumulated impairment losses, without being amortized but tested for impairment, in the same way as goodwill.

(ii) Internally generated intangible assets

Expenditure on research is recognized as an expense in the consolidated statement of profit or loss in the fiscal year in which it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following can be demonstrated:

- a) the technical feasibility of completing the intangible asset so that it will be available for use or sale
- b) its intention to complete the intangible asset and use or sell it
- c) its ability to use or sell the intangible asset
- d) how the intangible asset will generate probable future economic benefits
- e) the availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset
- f) its ability to measure reliably the expenditure attributable to the intangible asset during its development

The cost of an internally generated intangible asset is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria above to the completion of its development. If an internally generated asset is not recognized, a development cost is recognized as an expense in the consolidated statement of profit or loss in the fiscal year in which it is incurred.

After initial recognition, an internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses.

(iii) Intangible assets acquired in business combinations

The cost of intangible assets acquired in a business combination is measured at fair value at the acquisition date. After initial recognition, intangible assets acquired in a business combination are carried at cost less accumulated amortization and accumulated impairment losses.

(iv) Amortization of intangible assets

Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives. The estimated useful lives of major classes of assets are as follows.

- Software: 3 to 5 years
- Development assets: 2 to 10 years

Estimated useful lives and amortization methods are reviewed at each reporting date, and any revisions are applied as revisions to accounting estimates prospectively.

(v) Derecognition of intangible assets

An item of intangible assets is derecognized on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising from derecognition of an item of intangible assets is included in profit or loss when it is derecognized.

For policies on impairment of intangible assets, see "(15) Impairment Losses (ii) Non-financial assets".

(7) Leases

Toyota Industries determines whether or not a contract contains a lease based on the substance of such contract by examining whether the performance of the contract relies on using specific assets or an asset group and whether the contract gives the right to use the asset.

Contracts containing leases are classified as finance leases whenever substantially all risks and economic values incidental to the ownership of assets are transferred to the lessee, and other leases are classified as operating leases.

(i) Leases as lessee

Finance leases are recorded as an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments on the consolidated statement of financial position, as calculated at commencement of the lease term. Lease assets are depreciated on a straight-line basis based on accounting policies applied to the assets. Financial expenses are allocated to each period over the lease term so that the interest rate will be proportional to the liability balance.

Payments under operating leases are recognized on a straight-line basis over the period of the lease.

(ii) Leases as lessor

An investment asset held under a financial lease is recorded as a receivable at an amount equal to the net investment in the lease. If Toyota Industries is a manufacturer or distributor lessor in a lease, selling profit or loss in a financial lease is recognized in accordance with the accounting policy it follows for sales of goods (see "(12) Profits"). Financial income is recognized from commencement of the lease term based on the effective interest method. If Toyota Industries is not a manufacturer or distributor lessor in a lease, financial income is recognized from commencement of the lease term based on the effective interest method. The interest rate implicit in the lease is the discount rate that causes the aggregate present value of the minimum lease payments receivable and the unguaranteed residual value to be equal to the sum of the fair value of the leased asset and any initial direct costs.

Income from operating leases is recognized on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

(8) Provisions

The Company recognizes provisions if it has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of obligation can be reliably estimated.

In case the time value of money is material, the amount of a provision is measured at the present value of the amount of expenditures expected to be required to settle the obligation.

(9) Government Grants

A government grant is recognized at fair value when there is reasonable assurance that Toyota Industries will comply with any conditions attached to the grant and it will receive the grant. When a grant is received for acquisition of an asset, the carrying amount of the asset is calculated by deducting the amount of the grant from the acquisition cost of the asset.

(10) Employee Benefits

(i) Post-employment benefits

Toyota Industries adopts the pension and lump-sum payment defined benefit plan and the defined contribution plan.

Toyota Industries' liabilities (assets) in respect of defined benefit plans is calculated for each plan by estimating the amount of future benefits earned by employees in the previous fiscal year and the fiscal year under review, discounting that amount to the present value, deducting the fair value of plan assets, making adjustments concerning the asset ceiling to that amount and, where necessary, considering economic benefits available. Remeasurements of liabilities (assets) in respect of defined benefit plans are recognized in other comprehensive income and at the time of their occurrence directly transferred from other components of equity to retained earnings. Prior service cost is recognized in profit or loss as it occurs. Market yields on high-quality corporate bonds with roughly the same maturity as that of Toyota Industries' net defined benefit liabilities at the end of the reporting period are used as the discount rate. Interest expenses on liabilities (asset) in respect of defined benefit plans are presented as financial expenses.

Contributions under the defined contribution plan are expensed as the employees' services are provided.

(ii) Short-term employee benefits

Short-term employee benefits are expensed as the relevant services are provided and are not discounted.

For bonuses, if Toyota Industries has the present legal and constructive obligation to pay them as the result of past services provided by employees and the amount can be reliably estimated, the amount estimated to be paid is recognized as a liability.

(iii) Other long-term employee benefits

The amount of an obligation in respect of the long-service travel award scheme is calculated by estimating the amount of future benefits earned by employees in the current and prior fiscal years and discounting that amount to the present value.

Market yields on high-quality corporate bonds with roughly the same maturity as that of Toyota Industries' long-term employee benefits at the end of the reporting period are used as the discount rate.

(iv) Share-based compensation

Toyota Industries has the cash-settled share-based compensation plan for some of its subsidiaries outside Japan. Cash-settled share-based compensation is measured at the fair value of the goods or services received and liabilities incurred. The fair value of the liabilities is remeasured at the end of each reporting period and on the settlement date, and changes in fair value are recognized in profit or loss.

(11) Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group recognizes a financial asset or a financial liability when it becomes a party to the contract of a financial instrument. A purchase or sale of financial assets is recognized or derecognized at the trade date.

(i) Non-derivative financial assets

Toyota Industries categorizes non-derivative assets into financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (FVTOCI) and financial assets measured at fair value through profit or loss (FVTPL).

For details of fair value measurement, see "29. Financial Instruments (3) Fair value of financial instruments".

(Financial assets measured at amortized cost)

Toyota Industries categorizes financial assets as financial assets measured at amortized cost if financial assets are held with the objective of collecting contractual cash flows and their contractual terms provide cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at amortized cost are initially measured at fair value. The carrying amount of financial assets measured at amortized cost is subsequently measured using the effective interest method.

(Financial assets measured at fair value)

Toyota Industries categorizes financial assets other than financial assets measured at amortized cost as financial assets measured at fair value. Financial assets measured at fair value are further divided into the following classifications according to holding purpose.

(Equity instruments measured at fair value through other comprehensive income (FVTOCI))

Shares and other financial assets held mainly for the purpose of maintaining or enhancing business relationships with investees are designated at initial recognition as financial assets at FVTOCI.

Equity instruments at FVTOCI are measured at fair value at initial recognition and changes in fair value thereafter are recognized in other comprehensive income. However, dividends arising from financial assets at FVTOCI are in principle recognized in profit or loss.

If an equity instrument at FVTOCI is derecognized, the cumulative amount of other comprehensive income recognized in other components of equity on the consolidated statement of financial position is directly transferred to retained earnings.

(Financial assets measured at fair value through profit or loss (FVTPL))

Financial assets not designated as financial assets at FVTOCI of financial assets measured by Toyota Industries are classified as financial assets at FVTPL.

Financial assets at FVTPL are measured at fair value at initial recognition and changes in fair value thereafter are recognized in profit or loss.

(ii) Non-derivative financial liabilities

Non-derivative financial liabilities are measured at fair value at initial recognition and thereafter at amortization cost using the effective interest method.

A financial liability is derecognized when its contractual obligations are discharged or canceled, or expire.

(iii) Derivatives

Toyota Industries holds derivative financial instruments to hedge foreign currency and interest rate fluctuation risks, including foreign currency forward contracts, currency options, currency swaps, interest rate swaps, interest rate and currency swaps, and interest rate options.

For all of these derivatives, Toyota Industries recognizes financial assets or financial liabilities when it becomes the party to these derivatives contracts.

Some of derivatives Toyota Industries holds for hedging purposes do not meet hedge accounting requirements. Changes in fair value of these derivatives are immediately recognized in profit or loss.

Toyota Industries adopts cash flow hedges and fair value hedges as a hedge accounting method.

(iv) Offsetting financial assets and liabilities

Financial assets and liabilities are offset and reported as net amounts in the consolidated statement of financial position only if Toyota Industries currently has a legally enforceable right to set off the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

(12) Revenues

Toyota Industries recognizes revenue based on the following five-step model.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Toyota Industries sells automotive-related products such as vehicles, engines, car air-conditioning compressors, electronics parts and foundry in the Automobile Business; lift trucks, warehouse trucks and aerial work platforms in the Materials Handling Equipment Business; and weaving machinery, spinning machinery, instruments for yarn testing and cotton classing in the Textile Machinery Business. For sales of such products, since the customer obtains control over the product when a customer accepts goods after inspection, and therefore the performance obligation is judged to have been satisfied, Toyota Industries normally recognizes revenue when a customer accepts goods after inspection. Revenue is measured at the amount of consideration promised in a contract with the customer, net of discounts, incentives to distributors and other items.

For maintenance contracts and other services that include construction contracts such as automated storage and retrieval systems, and logistics solutions, Toyota Industries recognizes revenue based on the progress of performance obligation. The progress level is mainly computed according to the ratio of cumulative cost incurred against the total amount of estimated cost.

(13) Financial Income and Financial Expenses

Financial income includes interest income, dividends income, gains on foreign currency translation and gain on derivatives (excluding gain or loss on hedging instruments that are recognized in other comprehensive income). Interest income is recognized as earned using the effective interest method. Dividends income is recognized on the date of Toyota Industries' vesting.

Financial expenses include interest expense, losses on foreign currency translation and loss on derivatives (excluding loss on hedging instruments that are recognized in other comprehensive income).

(14) Income Taxes

Income taxes comprise current taxes and deferred taxes. These are recognized in profit or loss except taxes that arise from items that are recognized either in other comprehensive income or directly in equity or from business combinations.

Taxes for the fiscal year under review are the expected taxes payable or receivable on the taxable profit or loss for the year, using the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and their tax basis. Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of an asset or liability in a transaction not related to a business combination and affects neither accounting profit nor taxable profit. Also, deferred tax liabilities are not recognized if the taxable temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and affiliates. However, deferred tax liabilities are not recognized if Toyota Industries is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period in which the asset realized or the liability is settled based on tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when income taxes are levied by the same taxation authority on the same taxable entity, or on different taxable entities that intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that taxable profits will be available against which they can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be earned to allow related tax benefits to be realized.

(15) Impairment Losses

(i) Financial assets

Financial assets measured at amortized cost are assessed for impairment losses based on expected credit losses.

At the end of the reporting period, if credit risk has not increased significantly after initial recognition, the amount of loss allowance is calculated based on the expected credit losses resulting from default events that are possible within 12 months after the reporting date (12-month expected credit losses). On the other hand, at the end of the reporting period, if credit risk has increased significantly after initial recognition, the amount of loss allowance is calculated based on the expected credit losses resulting from all possible default events over the life of the financial instrument (lifetime expected credit losses).

However, regardless of the above, lifetime expected credit loss measurement always applies to trade receivables and lease investment assets without a significant financing component.

For details, see "29. Financial Instruments (2) Matters concerning risk management".

(ii) Non-financial assets

Toyota Industries reviews carrying amounts of non-financial assets, excluding inventories and deferred tax assets, at every reporting fiscal year-end to determine whether there is any indication of impairment. If there is any indication of impairment, impairment testing is conducted based on the recoverable amount of the asset. Goodwill and intangible assets with indefinite useful lives are tested annually for impairment regardless of whether there is any indication of impairment.

A cash-generating unit (CGU), which is a unit for conducting impairment testing, is the smallest group of assets that generates cash inflows that are generally independent of cash flows of other assets or groups of assets. A CGU for goodwill is the smallest unit monitored for internal control purposes and is no larger than an operating segment before aggregation. Impairment testing for goodwill is conducted at a CGU or a group of CGUs for the smallest unit monitored for internal control purposes and within the scope of an operating segment before aggregation.

The recoverable amount of an asset or CGU is the greater of its value in use or its fair value less cost to sell. In calculating the value in use, estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects the time value of money and risks specific to the asset not considered in estimating future cash flows.

Because corporate assets do not generate independent cash inflows, if there is an indication that a corporate asset may be impaired, impairment testing is conducted based on the recoverable amount for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. An impairment loss recognized in relation to a CGU is allocated to reduce the carrying amount of assets within the CGU on a pro rata basis determined by the relative carrying amount of each asset.

An asset or CGU impaired in prior years is reviewed at every reporting fiscal year-end to determine whether there is any indication of a reversal of impairment loss recognized in prior years. The recoverable amount is estimated for an impairment loss recognized in prior years for an asset or CGU with an indication of reversal of impairment, and the impairment loss is reversed if the recoverable amount exceeds the carrying amount. The carrying amount after reversal of the impairment loss must not exceed the carrying amount of the asset that would be determined if no impairment had been recognized and the asset had been depreciated or amortized until the reversal. An impairment loss recognized for goodwill is not reversed.

(16) Earnings per Share

Basic earnings per share are calculated by dividing profit attributable to ordinary equity holders of the parent entity by the weighted-average number of common stock issued and outstanding after adjusting treasury stock for each calculation period. Diluted earnings per share take into account the impacts of all dilutive shares that bear the effects of dilution in calculating the weighted-average number of shares issued and outstanding.

(17) Reporting by Segment

An operating segment is one of the constituent units of any business activity that earns revenue and incurs expenses, including transactions with another operating segment. The results of all operating segments are such that their financial information can be obtained individually and are periodically reviewed by the management for allocating management resources to each segment and assessing operating performance.

(18) Changes in Accounting Policies

Effective from FY2019, Toyota Industries adopted IFRS 15 "Revenue from Contracts with Customers" (issued in May 2014) and "Clarifications to IFRS 15" (issued in April 2016) (together, hereinafter "IFRS 15"). In accordance with the transition provisions in IFRS 15, Toyota Industries applied the method to retrospectively recognize the cumulative effect of adopting this standard on the initial date of application. The cumulative adjustment recorded on the date of application was immaterial.

In accordance with IFRS 15, revenue is recognized based on the following five-step model.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Toyota Industries sells automotive-related products such as vehicles, engines, car air-conditioning compressors, electronics parts and foundry in the Automobile Business; lift trucks, warehouse trucks and aerial work platforms in the Materials Handling Equipment Business; and weaving machinery, spinning machinery, instruments for yarn testing and cotton classing in the Textile Machinery Business. For sales of such products, since the customer obtains control over the product when a customer accepts goods after inspection, and therefore the performance obligation is judged to have been satisfied, Toyota Industries normally recognizes revenue when a customer accepts goods after inspection. Revenue is measured at the amount of consideration promised in a contract with the customer, net of discounts, incentives to distributors and other items.

For maintenance contracts and other services that include construction contracts such as automated storage and retrieval systems, and logistics solutions, Toyota Industries recognizes revenue based on the progress of performance obligation. The progress level is mainly computed according to the ratio of cumulative cost incurred against the total amount of estimated cost.

4. Segment Information

The operating segments reported below are the segments of Toyota Industries for which separate financial information is available and for which operating profit (loss) amounts are evaluated regularly by executive management in deciding how to allocate resources and in assessing performance.

The reporting segments of Toyota Industries consist of Automobile, Materials Handling Equipment and Textile Machinery. The similarity of products and services are taken into account for the separation. Within the Automobile Segment, vehicles, engines, car air-conditioning compressors and others are included due to the similarity of their economic characteristics such as net sales. The main products and services of each segment are as follows.

Segment	Main products and services of each segment
Automobile	Vehicles, diesel and gasoline engines, car air-conditioning compressors, electronics parts, foundry and others
Materials Handling Equipment	Lift trucks, warehouse trucks, automated storage and retrieval systems, aerial work platforms, logistics solutions, sales financing business
Textile Machinery	Weaving machinery, spinning machinery, instruments for yarn testing and cotton classing

The accounting method of reporting segment information is based on "3. Significant Accounting Policies".

Segment profit is based on operating profit.

(1) Operating segment information

(i) Sales, profits or losses, assets, liabilities and other significant monetary information

FY2018 (April 1, 2017 - March 31, 2018)

(Millions of yen)

	Automobile	Materials Handling Equipment	Textile Machinery	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)	
Sales								
Outside customer sales	595,019	1,283,063	65,517	60,372	2,003,973	—	2,003,973	
Inter-segment transactions	26,136	2,116	215	24,979	53,447	(53,447)	—	
Total	621,156	1,285,179	65,732	85,351	2,057,420	(53,447)	2,003,973	
Segment profit	29,618	104,993	6,182	6,666	147,461	(16)	147,445	
Segment assets	562,334	1,704,883	48,087	242,841	2,558,147	2,700,353	5,258,500	
Financial income								70,279
Financial expenses								(10,046)
Share of profit (loss) of investments accounted for by the equity method								2,149
Profit before income taxes								209,827

- (Notes) 1. "Others" represents businesses not included in the reporting segments, and its primary service is the land transportation.
2. Breakdown of adjustments
 (16) million yen included in "Adjustments" for "Segment profit" is inter-segment transactions.
 "Adjustments" for "Segment assets" includes corporate assets.
 Corporate assets mainly consist of the Company's cash and deposits as well as marketable securities and investment securities.
3. "Segment profit" reconciles to operating profit disclosed in the consolidated statement of profit or loss.

Other significant items

(Millions of yen)

	Automobile	Materials Handling Equipment	Textile Machinery	Others (Note)	Total	Adjustments	Consolidated
Depreciation and amortization	53,014	102,951	3,372	3,143	162,481	—	162,481
Impairment losses (amount in parenthesis has been reversed)	—	2,849	—	—	2,849	—	2,849
Investments accounted for by the equity method	263	10,032	49	6	10,352	—	10,352
Increase in property, plant and equipment and intangible assets	83,583	152,600	2,607	3,698	242,489	—	242,489

(Note) "Others" represents businesses not included in the reporting segments, and its primary service is the land transportation.

FY2019 (April 1, 2018 - March 31, 2019)

(Millions of yen)

	Automobile	Materials Handling Equipment	Textile Machinery	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)	
Sales								
Outside customer sales	610,721	1,466,658	76,333	61,233	2,214,946	—	2,214,946	
Inter-segment transactions	30,775	2,111	231	26,862	59,980	(59,980)	—	
Total	641,496	1,468,770	76,564	88,095	2,274,926	(59,980)	2,214,946	
Segment profit	6,827	114,630	7,319	5,918	134,696	(11)	134,684	
Segment assets	579,077	1,857,752	51,635	244,675	2,733,141	2,528,033	5,261,174	
Financial income								76,603
Financial expenses								(10,226)
Share of profit (loss) of investments accounted for by the equity method								1,163
Profit before income taxes								202,225

(Notes) 1. "Others" represents businesses not included in the reporting segments, and its primary service is the land transportation.

2. Breakdown of adjustments

(11) million yen included in "Adjustments" for "Segment profit" is inter-segment transactions.

"Adjustments" for "Segment assets" includes corporate assets.

Corporate assets mainly consist of the Company's cash and deposits as well as marketable securities and investment securities.

3. "Segment profit" reconciles to operating profit disclosed in the consolidated statement of profit or loss.

Other significant items

(Millions of yen)

	Automobile	Materials Handling Equipment	Textile Machinery	Others (Note)	Total	Adjustments	Consolidated
Depreciation and amortization	63,409	115,512	3,773	3,257	185,952	—	185,952
Impairment losses (amount in parenthesis has been reversed)	—	2,780	35	—	2,815	—	2,815
Investments accounted for by the equity method	263	9,933	49	6	10,253	—	10,253
Increase in property, plant and equipment and intangible assets	71,188	176,013	1,629	3,654	252,485	—	252,485

(Note) "Others" represents businesses not included in the reporting segments, and its primary service is the land transportation.

(2) Sales by product

Outside customer sales by product consist of the following.

(Millions of yen)

	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Sales:		
Automobile	595,019	610,721
Vehicle	72,100	82,435
Engine	98,711	108,463
Car air-conditioning compressor	351,479	346,211
Electronics parts, foundry and others	72,728	73,610
Materials Handling Equipment	1,283,063	1,466,658
Textile Machinery	65,517	76,333
Others	60,372	61,233
Total	2,003,973	2,214,946

(3) Geographical information

Outside customer sales

(Millions of yen)

	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Sales:		
Japan	561,908	587,860
U.S.A.	565,794	666,981
Others	876,269	960,104
Total	2,003,973	2,214,946

(Note) Net sales are provided by location of customer.

Non-current assets

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Non-current assets:		
Japan	441,523	464,698
U.S.A.	372,445	399,605
Netherland	171,205	162,502
Others	270,761	276,257
Total	1,255,936	1,303,063

(Note) Non-current assets (excluding financial instruments, deferred tax assets, net defined benefit asset, and rights arising from insurance contracts) are provided by location of assets.

(4) Principal customer information

Toyota Industries sells goods to DENSO Corporation and its subsidiaries. Sales from DENSO amounted to 334,051 million yen and 345,614 million yen for the fiscal years ended March 31, 2018 and 2019, respectively and were included in the outside customer sales of the Automobile, Materials Handling Equipment and Others segments.

Toyota Industries sells goods and provides services to Toyota Motor Corporation and its subsidiaries. Sales from Toyota Motor Corporation and its subsidiaries amounted to 215,101 million yen and 242,502 million yen for the fiscal years ended March 31, 2018 and 2019, respectively and were included in the outside customer sales of the Automobile, Materials Handling Equipment and Others segments.

5. Cash and Cash Equivalents

Cash and cash equivalents consist of the following.

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Cash and deposits	323,830	239,140
Short-term investments (securities) which have an original maturity within three months	—	—
Total	323,830	239,140

The balance of cash and cash equivalents on the consolidated statement of financial position as of the end of the fiscal years ended March 31, 2018 and 2019 are consistent with the balances of cash and cash equivalents on the consolidated statement of cash flows.

These short-term investments are financial assets measured at amortized cost.

6. Trade Receivables and Other Receivables

Trade receivables and other receivables consist of the following.

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Trade notes and accounts receivable	346,307	360,976
Contract assets	—	25,075
Loans for sales financing	100,643	132,830
Other receivables	41,969	25,767
Lease investment assets	281,056	311,993
Others	21	25
Elimination: Allowance for doubtful accounts	(5,147)	(5,608)
Total	764,851	851,059

These receivables are financial assets measured at amortized cost.

Amounts by collection or settlement period consist of the following.

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Due within 12 months	468,542	571,159
Due after 12 months	296,309	279,900
Total	764,851	851,059

7. Other Financial Assets

(1) Outline of other financial assets

Other financial assets consist of the following.

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Loans	3,924	2,823
Stock	2,424,643	2,237,001
Derivative assets	4,793	6,262
Others	14,543	16,690
Total	2,447,904	2,262,777

Current assets	6,359	3,988
Non-current assets	2,441,545	2,258,788
Total	2,447,904	2,262,777

Loans is categorized as financial assets measured at amortized cost, stock is mainly categorized as financial assets measured at fair value through other comprehensive income and derivatives are categorized as financial assets measured at fair value through profit or loss (excluding items for which hedge accounting is applied). With respect to equity instruments measured at fair value through profit or loss, there is no monetary significance.

(2) Financial assets measured at fair value through other comprehensive income

Toyota Industries designates investments in equity instruments held for maintaining and reinforcing business relations as financial assets measured at fair value through other comprehensive income in consideration of the purpose of holding them.

Name and fair values of financial assets measured at fair value through other comprehensive income consist of the following.

(Millions of yen)

Name	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Toyota Motor Corporation	1,583,654	1,546,930
DENSO Corporation	403,749	299,482
Toyota Tsusho Corporation	141,911	141,911
Towa Real Estate Co., Ltd.	80,128	83,165
Aisin Seiki Co., Ltd.	119,711	81,913
Toyota Boshoku Corporation	16,941	12,993
JTEKT Corporation	12,313	10,641
Ibiden Co., Ltd.	9,850	10,466
Toray Industries, Inc.	7,231	5,079
Aichi Steel Corporation	5,931	4,673
Others	48,398	45,921
Total	2,429,822	2,243,177

(3) Derecognition of financial assets measured at fair value through other comprehensive income

To increase efficiency and promote the effective use of assets in holding, a part of financial assets measured at fair value through other comprehensive income is sold, thereby terminating recognition thereof.

Fair value at the time of sale and cumulative profit or loss recognized as other comprehensive income for each fiscal year consist of the following. Concerning the dividends recognized during the fiscal year ended March 31, 2019, those relating to the investment whose recognition was suspended during the fiscal year were immaterial. Cumulative profit or loss related to the disposal of financial liabilities is fully reclassified into retained earnings.

(Millions of yen)

	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Fair value at the time of termination of recognition	145	908
Cumulative profit or (loss) related to disposal	(28)	(254)

(Note) Financial assets measured at fair value through other comprehensive income include debt instruments but they were immaterial.

8. Inventories

Inventories consist of the following.

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Merchandise and finished goods	104,852	121,958
Work in process	50,942	51,108
Raw materials and supplies	67,919	72,116
Total	223,714	245,182

Expenses reclassified from inventories amount to 1,534,207 million yen and 1,702,599 million yen for the fiscal years ended March 31, 2018 and 2019, respectively.

The amount of inventory write-down recognized as expenses (continuing business) and the reversal amount of write-down consist of the following.

(Millions of yen)

	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Amount of write-down	3,737	3,985
Reversal amount of write-down	642	875

9. Property, Plant and Equipment

(1) Increase (decrease)

Acquisition cost

(Millions of yen)

	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance as of April 1, 2017	416,566	1,264,833	132,637	125,690	25,885	1,965,613
Acquisition	10,202	125,862	6,568	987	87,261	230,881
Increase through business combination	11,179	4,839	5,534	1,249	2,054	24,856
Disposal	(2,813)	(74,121)	(6,889)	(121)	(86)	(84,032)
Foreign currency translation difference	(465)	(13,688)	(554)	(17)	(372)	(15,099)
Others	17,147	14,171	5,262	1,994	(71,791)	(33,215)
Balance as of March 31, 2018	451,816	1,321,896	142,558	129,782	42,950	2,089,005
Acquisition	9,182	129,868	8,075	453	87,604	235,184
Increase through business combination	—	—	—	—	—	—
Disposal	(2,519)	(72,824)	(12,496)	(104)	(35)	(87,980)
Foreign currency translation difference	(256)	2,941	(189)	(224)	(196)	2,074
Others	8,987	55,982	6,709	5,554	(103,258)	(26,024)
Balance as of March 31, 2019	467,209	1,437,865	144,658	135,460	27,065	2,212,259

(Notes) 1. The amount related to property, plant and equipment in progress is presented as "Construction in progress".

(Notes) 2. "Others" includes transfers from "Construction in progress" to the permanent accounts.

Accumulated depreciation and accumulated impairment losses

(Millions of yen)

	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance as of April 1, 2017	231,600	796,259	103,494	929	—	1,132,283
Depreciation	13,894	114,567	13,389	—	—	141,851
Disposal	(2,266)	(58,663)	(6,631)	—	—	(67,561)
Impairment losses (Reversal of impairment losses)	—	2,813	(2)	(0)	—	2,810
Foreign currency translation difference	(198)	(5,790)	(610)	—	—	(6,599)
Others	3,678	(9,947)	3,270	—	—	(2,998)
Balance as of March 31, 2018	246,708	839,238	112,909	928	—	1,199,784
Depreciation	14,506	135,597	14,045	—	—	164,149
Disposal	(2,248)	(56,668)	(12,021)	—	—	(70,938)
Impairment losses (Reversal of impairment losses)	—	2,780	(0)	35	—	2,815
Foreign currency translation difference	(237)	(447)	(31)	—	—	(715)
Others	(429)	(18,079)	(2,358)	—	—	(20,867)
Balance as of March 31, 2019	258,300	902,420	112,544	963	—	1,274,228

(Note) Depreciation and impairment losses of property, plant and equipment is included in mainly "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

Carrying amount

(Millions of yen)

	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance as of April 1, 2017	184,965	468,573	29,143	124,760	25,885	833,329
Balance as of March 31, 2018	205,108	482,658	29,648	128,853	42,950	889,220
Balance as of March 31, 2019	208,909	535,445	32,113	134,497	27,065	938,030

(2) Lease assets

The carrying amounts of finance lease assets included in property, plant and equipment consist of the following.

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Buildings and structures	538	687
Machinery and vehicles	47,990	49,723
Tools, furniture and fixtures	341	318
Total	48,870	50,729

10. Goodwill and Intangible Assets

(1) Increase (decrease)

Acquisition cost

(Millions of yen)

	Goodwill	Intangible assets recognized through business combination	Development assets	Software	Others	Total
Balance as of April 1, 2017	83,696	75,351	20,689	51,499	12,265	243,502
Acquisition	—	—	—	2,719	228	2,948
Increase through business combination	75,630	103,711	—	2,658	673	182,673
Increase through in-house development	—	—	3,290	5,369	—	8,660
Disposal	—	—	(15)	(696)	(5,796)	(6,508)
Foreign currency translation difference	(299)	1,826	(244)	(290)	(366)	624
Others	1,126	—	(142)	1,204	(110)	2,077
Balance as of March 31, 2018	160,153	180,889	23,576	62,464	6,894	433,978
Acquisition	—	—	—	3,973	1,382	5,355
Increase through business combination	—	—	—	—	—	—
Increase through in-house development	—	—	6,370	5,574	—	11,944
Disposal	—	—	(542)	(461)	(97)	(1,101)
Foreign currency translation difference	(145)	(2,037)	(100)	(270)	278	(2,275)
Others	3,708	—	(0)	2,719	2,130	8,558
Balance as of March 31, 2019	163,716	178,851	29,304	73,998	10,588	456,459

Accumulated amortization and accumulated impairment losses

(Millions of yen)

	Goodwill	Intangible assets recognized through business combination	Development assets	Software	Others	Total
Balance as of April 1, 2017	—	15,323	8,683	27,274	6,406	57,689
Amortization	—	9,614	2,155	7,645	1,213	20,629
Disposal	—	—	(15)	(598)	(5,801)	(6,416)
Impairment losses (Reversal of impairment losses)	—	—	—	—	—	—
Foreign currency translation difference	—	(574)	(134)	(92)	(100)	(902)
Others	—	—	—	1,120	59	1,180
Balance as of March 31, 2018	—	24,364	10,688	35,349	1,778	72,180
Amortization	—	8,924	2,720	8,409	1,747	21,802
Disposal	—	—	(542)	(361)	(82)	(986)
Impairment losses (Reversal of impairment losses)	—	—	—	—	—	—
Foreign currency translation difference	—	109	42	(211)	87	27
Others	—	—	0	2,373	(15)	2,357
Balance as of March 31, 2019	—	33,397	12,908	45,559	3,515	95,381

(Note) Amortization of intangible assets is included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

Carrying amount

(Millions of yen)

	Goodwill	Intangible assets recognized through business combination	Development assets	Software	Others	Total
Balance as of April 1, 2017	83,696	60,027	12,005	24,224	5,858	185,813
Balance as of March 31, 2018	160,153	156,525	12,888	27,114	5,115	361,797
Balance as of March 31, 2019	163,716	145,454	16,395	28,439	7,072	361,078

(Note) Intangible assets recognized through business combination include customer-related assets and technology-related assets.

(2) Lease assets

The carrying amount of finance lease assets included in intangible assets consists of the following.

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Software	31	19

(3) Impairment testing of goodwill

Toyota Industries performs, with respect to goodwill, impairment testing as necessary during each period or in case there is a sign of impairment. The recoverable value in impairment testing is calculated based on value in use.

Value in use is calculated by discounting the estimated amount of cash flows based on the business plan for the next five years that has been primarily approved by the management in present value. The estimation of cash flows is based on the assumption that cash flows of more than five years will increase at a certain growth rate. The growth rate is determined by referencing the long-term expected growth rate of the market in which cash-generating units belong (about 0 to 3%). The discount rate is calculated based on the weighted-average capital cost before tax of cash-generating units (about 4 to 13%).

Toyota Industries concluded that even if there were reasonably possible changes in key assumptions used in the impairment assessment, it is unlikely that a material impairment would arise.

With respect to the balance of goodwill as of the end of the fiscal years ended March 31, 2018 and 2019, major items include: goodwill recognized in conjunction with the acquisition of the Cascade Corporation Group in the Materials Handling Equipment Segment; goodwill recognized in conjunction with the business transfer of Toyota Industries Commercial Finance, Inc. (TICF); goodwill recognized in conjunction with the acquisition of the Vanderlande Group; goodwill recognized in conjunction with the acquisition of the Bastian Group; and goodwill recognized in conjunction with the acquisition of the Uster Technologies AG Group in the Textile Machinery Segment. Goodwill recognized in conjunction with the acquisition of the Cascade Corporation Group is allocated to Cascade Corporation Group and amounts to 25,934 million yen and 27,094 million yen as of the end of the fiscal years ended March 31, 2018 and 2019, respectively. Goodwill recognized in conjunction with the business transfer of TICF is allocated to the Materials Handling Equipment Business in North America which is functioning as the cash-generating unit and amounts to 24,919 million yen and 26,033 million yen as of the end of the fiscal years ended March 31, 2018 and 2019, respectively. Goodwill recognized in conjunction with the acquisition of the Vanderlande Group is allocated to the Material Handling Equipment Business which is functioning as the cash-generating unit and amounts to 64,789 million yen and 61,833 million yen as of the end of the fiscal years ended March 31, 2018 and 2019, respectively. Goodwill recognized in conjunction with the acquisition of the Bastian Group is allocated to the Material Handling Equipment Business which is functioning as the cash-generating unit and amounts to 13,673 million yen and 14,824 million yen as of the end of the fiscal years ended March 31, 2018 and 2019, respectively. Goodwill recognized in conjunction with the acquisition of the Uster Technologies AG Group is allocated to Uster Technologies AG group and amounts to 13,831 million yen and 15,964 million yen as of the end of the fiscal years ended March 31, 2018 and 2019, respectively.

11. Investments Accounted for by the Equity Method

There are no affiliates of individual significance in the fiscal years ended March 31, 2018 and 2019. The carrying amounts of investments in affiliates consist of the following.

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Total carrying amount	10,352	10,253

The amounts of equity in comprehensive income of affiliates of no individual significance consist of the following.

(Millions of yen)

	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Amount of equity in profit	2,149	1,163
Amount of equity in other comprehensive income	19	(177)
Amount of equity in comprehensive income	2,169	985

12. Trade Payables and Other Payables

Trade payables and other payables consist of the following.

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Trade notes and accounts payable	243,776	268,142
Accounts payable—other	45,140	38,043
Contract liabilities	50,972	55,365
Others	139,364	144,995
Total	479,253	506,547

Trade payables and other payables are primarily financial liabilities measured at amortized cost. "Others" mainly includes short-term employee debt and accrued expenses.

Breakdown by period until payment or settlement consists of the following.

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Due within 12 months	479,249	506,545
Due after 12 months	3	1
Total	479,253	506,547

13. Corporate Bonds and Loans

Corporate bonds and loans consist of the following.

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)	Average interest rate (%)	Repayment due
Short-term loans	32,202	29,446	2.13	—
Commercial paper	71,825	100,236	—	—
Long-term loans repaid within one year	220,780	117,836	2.13	—
Corporate bonds redeemed within one year	75,995	94,713	—	—
Long-term loans	293,052	413,382	1.25	April 2020 - March 2036
Corporate bonds	474,244	541,801	—	—
Total	1,168,100	1,297,415	—	—

(Note) The average interest rate reflects the weighted-average interest rate against the balance at the end of the fiscal year ended March 31, 2019. Rates for corporate bonds are indicated in the summary of issuance terms of corporate bonds.

Corporate bonds and loans are financial liabilities measured at amortized cost.

The summary of issuance terms of corporate bonds consists of the following.

(Millions of yen)

Company name	Name	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)	Interest rate (%)	Collateral	Issuance date	Maturity date
The Company	17th issuance of corporate bonds without collateral	25,995	—	—	—	—	—
The Company	18th issuance of corporate bonds without collateral	50,000	—	—	—	—	—
The Company	19th issuance of corporate bonds without collateral	29,963	29,973	1.109	None	September 13, 2011	September 17, 2021
The Company	22nd issuance of corporate bonds without collateral	9,982	9,986	0.821	None	November 30, 2012	September 20, 2022
The Company	23rd issuance of corporate bonds without collateral	9,989	9,993	0.554	None	September 5, 2013	September 18, 2020
The Company	24th issuance of corporate bonds without collateral	9,982	9,985	0.797	None	September 5, 2013	June 20, 2023
The Company	25th issuance of corporate bonds without collateral	9,992	9,997 (9,997)	0.234	None	September 19, 2014	September 20, 2019
The Company	26th issuance of corporate bonds without collateral	9,984	9,989	0.361	None	September 19, 2014	September 17, 2021
The Company	27th issuance of corporate bonds without collateral	9,989	9,993	0.207	None	May 29, 2015	June 19, 2020
The Company	28th issuance of corporate bonds without collateral	9,981	9,986	0.318	None	May 29, 2015	June 20, 2022
The Company	Medium-term notes	4,772 [USD44 million]	4,989 [USD44 million]	3.314	None	June 18, 2015	June 19, 2020
The Company	29th issuance of corporate bonds without collateral	19,944	19,951	0.080	None	July 15, 2016	June 19, 2026
The Company	30th issuance of corporate bonds without collateral	49,940	49,970 (49,970)	0.001	None	March 9, 2017	March 19, 2020
The Company	31st issuance of corporate bonds without collateral	19,974	19,985	0.001	None	April 27, 2017	June 19, 2020
The Company	32nd issuance of corporate bonds without collateral	19,961	19,970	0.050	None	April 27, 2017	June 20, 2022
The Company	33rd issuance of corporate bonds without collateral	9,974	9,978	0.150	None	April 27, 2017	June 20, 2024

(Millions of yen)

Company name	Name	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)	Interest rate (%)	Collateral	Issuance date	Maturity date
The Company	1st issuance of U.S. dollar-denominated senior unsecured notes	52,767 [USD496 million]	55,224 [USD497 million]	3.235	None	March 16, 2018	March 16, 2023
The Company	2nd issuance of U.S. dollar-denominated senior unsecured notes	52,726 [USD496 million]	55,141 [USD496 million]	3.566	None	March 16, 2018	March 16, 2028
The Company	34th issuance of corporate bonds without collateral	—	29,961	0.001	None	July 20, 2018	June 18, 2021
The Company	35th issuance of corporate bonds without collateral	—	9,976	0.080	None	November 28, 2018	September 20, 2023
The Company	3rd issuance of U.S. dollar-denominated senior unsecured notes	—	66,197 [USD596 million]	3.110	None	March 12, 2019	March 12, 2022
Toyota Industries Finance International AB	Medium-term notes	69,114 [EUR530 million]	89,346 [EUR720 million] (34,745)	0.000 — 0.725	None	June 14, 2017— November 20, 2018	June 14, 2019— November 15, 2024
Toyota Industries Finance International AB	Medium-term notes	8,883 [SEK700 million]	8,358 [SEK700 million]	0.000 — 1.400	None	November 15, 2017	November 15, 2022— November 15, 2024
Toyota Industries Commercial Finance, Inc.	Medium-term notes	66,289 [USD623 million]	97,557 [USD878 million]	2.297 — 3.649	None	January 31, 2017— September 11, 2018	June 19, 2020— August 29, 2025
Total	—	550,240	636,514 (94,713)	—	—	—	—

(Notes) 1. The figure in parentheses in the "FY2019" is the amount to be redeemed within one year.

(Notes) 2. "Interest rate" indicates the interest rate against the balance at the end of the fiscal year ended March 31, 2019.

(Notes) 3. "Collateral" indicates any collateral associated with the balance at the end of the fiscal year ended March 31, 2019.

(Notes) 4. "Issuance date" indicates the issuance date associated with the balance at the end of the fiscal year ended March 31, 2019.

(Notes) 5. "Maturity date" indicates the maturity date associated with the balance at the end of the fiscal year ended March 31, 2019.

14. Other Financial Liabilities

Other financial liabilities consist of the following.

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Lease obligations	104,009	84,737
Derivative liabilities	6,165	6,868
Deposits payable	32,421	33,237
Total	142,596	124,843

Current liabilities	71,683	67,030
Non-current liabilities	70,912	57,813
Total	142,596	124,843

Lease liabilities and deposits payable are categorized as financial liabilities measured at amortized cost and derivative liabilities are categorized as financial liabilities measured at fair value through profit or loss (excluding items for which hedge accounting is applied).

15. Assets Pledged as Collateral and Secured Liabilities

Assets pledged as collateral consist of the following.

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Investment securities	143,700	112,288
Inventories	1,019	1,198
Property, plant and equipment	391	390
Others	622	—
Total	145,733	113,876

Secured liabilities consist of the following.

Security interest may be exercised in case there is a breach of financial covenants or non-fulfillment of a loan agreement.

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Short-term loans	1,664	1,222
Long-term loans	33	20
Others	29,960	30,932
Total	31,658	32,175

16. Provisions

Provisions are recorded in current liabilities and non-current liabilities on the consolidated statement of financial position.

Increase (decrease) of provisions in the fiscal years ended March 31, 2018 and 2019 consist of the following.

(Millions of yen)

	Warranty provision	Asset retirement obligation	Others	Total
Balance as of April 1, 2017	6,695	2,050	5,131	13,877
Increase due to provisions	6,732	117	2,463	9,313
Increase through business combination	1,931	—	484	2,416
Decrease due to intended use	(6,680)	(156)	(1,989)	(8,825)
Decrease due to reversal	(243)	—	(338)	(582)
Interest expenses based on discount calculation, foreign currency translation difference and others	269	8	(260)	16
Balance as of March 31, 2018	8,704	2,019	5,491	16,215
Increase due to provisions	6,959	146	2,177	9,283
Increase through business combination	—	—	—	—
Decrease due to intended use	(5,688)	(168)	(2,126)	(7,983)
Decrease due to reversal	(38)	(41)	(256)	(337)
Interest expenses based on discount calculation, foreign currency translation difference and others	(863)	35	(15)	(844)
Balance as of March 31, 2019	9,072	1,990	5,269	16,333

Asset retirement obligations are accounted for by recognizing provision for asset demolition/disposal expenses, expenses for restoring an asset to its original condition and payments arising as a result of using assets as well as by adding to the acquisition cost of the respective assets (property, plant and equipment, such as buildings). The respective assets are depreciated over the number of years of depreciation as indicated "3. Significant Accounting Policies".

The warranty provision is recorded by recognizing the amount of expected expense payments required for future repairs. It is expected in many cases that a repair or a payment is made within a year, while repairs or payments for some items are made over a longer period of time because customers take longer to physically return defective products.

"Others" mainly includes provision for litigation.

17. Employee Benefits

In regard to total expenses for employee benefits plans including other than post-employment plans, refer to "21. Breakdown of Expenses by Nature".

(1) Overview of post-employment plans adopted

To provide for employee retirement benefits, Toyota Industries has adopted pension and lump-sum payment defined benefit plans as well as defined contribution pension plans. The amount of benefits under the defined benefit plans is determined based on points earned by employees based on factors such as the number of years of service and grades, the employee's final salary, the number of years of service and other terms. Furthermore, to provide for future benefits, Toyota Industries makes contributions based on actuarial calculations using an estimated rate of wages and salaries.

The defined benefit pension plan, in compliance with relevant laws and regulations and with the consent of the employees, sets the pension agreement stipulating the policy around eligibility, how and what is provided through the plan and the contributions to be made by the Company. The agreement is approved by the Minister of Health, Labour, and Welfare. Under the agreement, the Company enters into a contract with an entrusted pension management institution on the payment of contributions as well as the management of plan assets to operate the pension plan. The pension management institution has a fiduciary responsibility to manage the plan assets in accordance with the agreement. Furthermore, a retirement benefit trust is set for some plans in Japan. Some subsidiaries outside Japan also adopt a wide range of defined benefit plans in accordance with local laws and regulations.

(2) Defined benefit plans

The defined benefit plans related amounts recognized on the consolidated statement of financial position consists of the following.

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Retirement benefit obligations	259,066	276,143
Fair value of plan assets	206,824	204,107
Difference	52,242	72,035
Effect of asset ceiling	5,181	708
Net defined benefit assets	29,232	28,603
Net defined benefit liabilities	86,655	101,347

(Note) Some plan assets offer availability of economic benefit through a refund based on which the asset ceiling is calculated. The transition of the asset ceiling from the balance at the beginning of the period to the balance at the end of the period is as indicated above.

(i) Fluctuations of present value of defined benefit obligations

(Millions of yen)

	Japan		Outside Japan	
	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Balance at beginning of period	170,048	162,745	94,211	96,320
Service cost	8,688	8,824	3,023	2,592
Interest cost	1,109	1,051	2,682	2,714
Remeasurements				
Actuarial gains (losses) arising from changes in demographic assumptions	159	139	(396)	(226)
Actuarial gains (losses) arising from changes in financial assumptions	1,556	1,743	(1,689)	5,968
Difference arising from revised results	(207)	281	61	2,309
Prior service cost	(14,370)	—	(871)	145
Retirement benefits paid	(4,221)	(4,846)	(3,307)	(2,675)
Effect of foreign currency translation	—	—	1,596	(1,558)
Others	(17)	57	1,009	555
Balance at end of period	162,745	169,997	96,320	106,145

(Note) In April 2017, the Company changed its defined benefit scheme so that the amount of benefits under the plan will be determined based on points earned by employees based on factors such as the number of years of service and grades. The resulting 14,370 million yen decrease in the present value of the defined benefit plan obligations is presented as a prior service cost within "Other income" on the Consolidated Statement of Profit or Loss for the fiscal year ended March 31, 2018.

The weighted-average duration associated with Toyota Industries' defined benefit obligation is 15.6 years in Japan and 18.3 years outside Japan for the fiscal year ended March 31, 2018 and 15.3 years in Japan and 18.4 years outside Japan for the fiscal year ended March 31, 2019.

(ii) Fluctuations of fair value of plan assets

(Millions of yen)

	Japan		Outside Japan	
	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Balance at beginning of period	135,916	150,257	53,921	56,566
Interest income	1,042	1,010	1,471	1,544
Revenue associated with plan assets (excluding interest income above)	10,085	(9,095)	(5,084)	2,108
Employer contributions	5,554	5,491	2,007	1,840
Return to employer	—	—	—	—
Benefit payment	(2,432)	(2,892)	(2,562)	(2,117)
Exchange impact	—	—	6,634	(703)
Others	90	(61)	179	158
Balance at end of period	150,257	144,709	56,566	59,397

The projected amount of contributions to plan assets in the fiscal year ending March 31, 2020 is 7,904 million yen.

(iii) Classes of plan asset

The classes of plan assets for the fiscal year ended March 31, 2018 consisted of the following.

(Millions of yen)

	Japan			Outside Japan		
	Items with published value in an active market	Items with no published value in an active market	Total	Items with published value in an active market	Items with no published value in an active market	Total
Equity securities:						
Stock	183	—	183	15,635	—	15,635
Jointly managed trust	—	28,736	28,736	—	6,376	6,376
Debt securities:						
Bonds	—	221	221	—	8,392	8,392
Jointly managed trust	—	45,429	45,429	—	11,693	11,693
Stock included in retirement benefits trust:	39,564	—	39,564	—	—	—
Other assets:						
Life insurance general account	—	19,522	19,522	—	1,547	1,547
Other	6,482	10,118	16,600	11,284	1,635	12,920
Total plan assets	46,229	104,027	150,257	26,920	29,646	56,566

(Note) "Others" includes cash and deposits, etc.

The classes of plan assets for the fiscal year ended March 31, 2019 consisted of the following.

(Millions of yen)

	Japan			Outside Japan		
	Items with published value in an active market	Items with no published value in an active market	Total	Items with published value in an active market	Items with no published value in an active market	Total
Equity securities:						
Stock	194	—	194	17,131	—	17,131
Jointly managed trust	—	30,666	30,666	—	6,517	6,517
Debt securities:						
Bonds	—	246	246	—	9,016	9,016
Jointly managed trust	—	46,548	46,548	—	12,512	12,512
Stock included in retirement benefits trust:	29,346	—	29,346	—	—	—
Other assets:						
Life insurance general account	—	19,853	19,853	—	1,674	1,674
Other	7,262	10,592	17,854	10,638	1,907	12,546
Total plan assets	36,803	107,906	144,709	27,769	31,627	59,397

(Note) "Others" includes cash and deposits, etc.

Toyota Industries' basic policy for managing plan assets aims to secure profits required over the long term, within the scope of acceptable risks, to meet future benefit payment requirements under the defined benefit corporate pension contract.

The targeted earnings rate is the earnings rate necessary to maintain the sound operation of the defined benefit corporate pension into the future, which specifically means that the earnings rate exceeds the expected rate which becomes the basis of calculation of future contribution under pension finance.

Both the Company and the institution entrusted with management are to confirm that the asset allocation for achieving management's target is consistent with the basic investment policy and that the asset allocation ratios are revised as required.

The basic policy may be amended in accordance with changes to the conditions of the Company and the systems and the environment surrounding the Company.

(iv) Actuarial assumptions

Important actuarial assumptions (weighted average) used for the calculation of the present value of the defined benefit obligation consist of the following.

	Japan		Outside Japan	
	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Discount rate	0.70%	0.59%	3.02%	2.69%

In cases where the discount rate fluctuates at the ratios indicated below, assuming there are no changes to other assumptions, the defined benefit obligation as of the end of the fiscal year ended March 31, 2018 and 2019 would have been impacted as follows. While the sensitivity analysis assumes that there are no changes in other assumptions, it is possible that changes in other assumptions could impact the sensitivity analysis.

(Millions of yen)

			FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Discount rate	Japan	0.5% increase	(9,642)	(10,017)
		0.5% decrease	10,726	11,152
	Outside Japan	0.5% increase	(6,996)	(7,908)
		0.5% decrease	7,744	8,758

(3) Defined contribution pension plan

The amount of contributions paid for the defined contribution pension plan for the fiscal years ended March 31, 2018 and 2019 were 7,091 million yen and 7,318 million yen, respectively. Welfare insurance premiums are accounted for in the defined contribution pension plan and included in employee benefits expenses.

(4) Multi-employer plan

Certain subsidiaries in Japan participate in corporate pension funds of a multi-employer plan. Because the plan is a multi-employer-type defined benefit plan and the amount of pension investment corresponding to the contribution by one's own company cannot be rationally calculated, the amount of contribution required is accounted for as retirement benefit expenses.

The amount of the contribution required in each fiscal year consists of the following.

(Millions of yen)

	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Contributions	57	58

The projected contribution in the fiscal year ending March 31, 2020 is 58 million yen.

The funded and unfunded status, on an aggregation basis of the Group's entire plans are as follows.

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Plan assets	98,881	33,776
Actuarial liability based on pension plan finance calculation and minimum actuarial reserve	134,733	47,022
Funded/(Unfunded) amount	(35,852)	(13,246)

The rate of contributions of Toyota Industries within the entire plan consists of the following.

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Rate of contribution	6.64%	5.96%

18. Equity and Other Equity Items

(1) Capital stock and capital surplus

The Companies Act in Japan stipulates that no less than half of the payment or performance for issuing equity shall be incorporated into capital stock, and the remaining amount shall be incorporated into capital surplus, which is included in capital reserve. Moreover, the capital reserve may be incorporated into capital stock by a resolution of the General Meeting of Shareholders under the Companies Act.

The number of shares authorized in the fiscal years ended March 31, 2018 and 2019 is 1,100,000,000 shares, respectively.

The breakdown of changes in the number of shares issued and fully paid consist of the following.

	Number of shares (shares)	Capital stock (millions of yen)	Capital surplus (millions of yen)
Beginning of FY2018 (as of April 1, 2017)	325,840,640	80,462	105,417
Increase (decrease) during period	—	—	(74)
FY2018 (as of March 31, 2018)	325,840,640	80,462	105,343
Increase (decrease) during period	—	—	(1,835)
FY2019 (as of March 31, 2019)	325,840,640	80,462	103,507

(Note) All shares issued by the Company are common stock, which has no restrictions on the content of rights and no par value.

(2) Retained earnings

The Companies Act stipulates that one tenth of the surplus that would decrease due to the distribution of dividend of surplus shall be accumulated as capital reserve or retained earnings until the total amount of capital reserve and retained earnings reaches one fourth of capital. Accumulated retained earnings may be appropriated to compensate for losses. Moreover, retained earnings may be reduced by a resolution of the General Meeting of Shareholders.

In addition, the distributable amount under the Companies Act is calculated based on statutory capital surplus and retained earnings in accordance with accounting standards generally accepted in Japan, and statutory capital reserve and legal retained earnings are excluded from the distributable amount.

(3) Treasury stock

The Companies Act stipulates that treasury stock may be acquired with a resolution of the General Meeting of Shareholders deciding the number of shares to be acquired, the total amount of the acquisition price and other matters within the scope of the distributable amount. Moreover, if through market transactions or tender offers, treasury stock may be acquired by a resolution of the meeting of the Board of Directors within the scope of the requirements stipulated by the Companies Act, in accordance to the provisions of the Articles of Incorporation.

Changes in the number and balance of treasury stock consist of the following.

	Number of shares (shares)	Amount (millions of yen)
Beginning of FY2018 (as of April 1, 2017)	15,351,442	59,272
Increase (decrease) during period	1,936	12
FY2018 (as of March 31, 2018)	15,353,378	59,284
Increase (decrease) during period	2,090	12
FY2019 (as of March 31, 2019)	15,355,468	59,297

(4) Other components of equity

(i) Net changes in revaluation of FVTOCI financial assets

It is the accumulated amount of net changes in revaluation of financial assets measured at fair value through other comprehensive income.

(ii) Remeasurements of defined benefit plans

Remeasurements of defined benefit plans show the amount affected by differences between actuarial assumptions at the beginning of the fiscal year and actual results, as well as the amount affected by changes in actuarial assumptions. They are recognized in other comprehensive income at the time of their occurrence and immediately transferred from other components of equity to retained earnings.

(iii) Translation adjustments of foreign operations

This shows translation adjustments arising from converting the financial statements in the functional currency of foreign operations of Toyota Industries into those in the Japanese yen which is the presentation currency of Toyota Industries.

(iv) Cash flow hedges

This shows the accumulated amount of effective hedges among the gains and losses arising from changes in the fair value of hedging instruments for cash flow hedges.

19. Cash Dividends

(1) Dividends paid

FY2018 (April 1, 2017 - March 31, 2018)

Resolutions	Class of shares	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 9, 2017	Common stock	20,181	65	March 31, 2017	June 12, 2017
Board of Directors meeting held on October 31, 2017	Common stock	21,734	70	September 30, 2017	November 27, 2017

FY2019 (April 1, 2018 - March 31, 2019)

Resolutions	Class of shares	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 12, 2018	Common stock	24,838	80	March 31, 2018	June 13, 2018
Board of Directors meeting held on October 31, 2018	Common stock	23,286	75	September 30, 2018	November 26, 2018

(2) Dividends with a record date in the fiscal year ended March 31, 2019 for which the effective date falls in the following fiscal year

Resolutions	Class of shares	Source of dividends	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 11, 2019	Common stock	Retained earnings	24,838	80	March 31, 2019	June 12, 2019

20. Revenues

(1) Disaggregation of revenues

As specified in Note 4 "Segment Information," the reporting segments of the Toyota Industries consist of Automobile, Materials Handling Equipment and Textile Machinery. Within the Automobile Segment, vehicles, engines, car air-conditioning compressors and others are included due to the similarity of their trend of sales and other economic characteristics. In addition, sales are geographically broken down according to the location of customers. The disaggregation of sales of these sub-segments as well as sales of each reporting segment are as follows.

FY2019 (April 1, 2018 - March 31, 2019)

(Millions of yen)

		Japan	U.S.A.	Others	Total
Automobile	Vehicle	82,435	—	—	82,435
	Engine	70,305	91	38,065	108,463
	Car Air-Conditioning Compressor	75,865	118,499	151,846	346,211
	Electronics Parts, Foundry and Others	57,708	4,871	11,030	73,610
Materials Handling Equipment		239,216	539,034	688,407	1,466,658
Textile Machinery		1,670	4,483	70,178	76,333
Others		60,657	—	575	61,233
Total		587,860	666,981	960,104	2,214,946
Revenues arising from contracts with customers		587,090	611,191	914,203	2,112,485
Revenues arising from other sources		770	55,789	45,901	102,461

(Note) Revenues arising from other sources includes lease income based on IAS 17. Revenues arising from other sources is mainly included in the Materials Handling Equipment Segment.

The Automobile Segment sells automotive-related products such as vehicles, engines, car air-conditioning compressors, electronics parts and foundry. Its primary customers include automotive-related manufacturers in and outside Japan.

The Materials Handling Equipment Segment sells and provides maintenance for lift trucks, warehouse trucks, aerial work platforms and other products as well as provides services including the construction of automated storage and retrieval systems, and logistics solutions. Its primary customers include users and dealers in and outside Japan.

The Textile Machinery Segment sells weaving machinery, spinning machinery, instruments for yarn testing and cotton classing, and other products. Its primary customers include dealers in and outside Japan.

Sales derived from the sale of these products accounted for in accordance with Note 3 "Significant Accounting Policies."

(2) Contract balances

Receivables arising from contracts with customers, contract assets and contract liabilities consist of the following.

(Millions of yen)

	April 1, 2018	March 31, 2019
Receivables arising from contracts with customers	622,843	668,004
Contract assets	18,031	25,075
Contract liabilities	50,972	55,365

Receivables arising from contracts with customers and Contract assets are included in "Trade receivables and other receivables" and Contract liabilities are included in "Trade payables and other payables" in the consolidated statement of financial position.

The balance of contract liabilities as of the beginning of the fiscal year ended March 31, 2019 is recognized as profit in the fiscal year ended March 31, 2019. During the fiscal year ended March 31, 2019, the profit amount recognized from performance obligations satisfied (or partially satisfied) in previous fiscal years was immaterial.

(3) Transaction price allocated to remaining performance obligations

Unsatisfied obligations of contracts whose original service period is over one year as of March 31, 2019 are as follows.

(Millions of yen)

	FY2019 (As of March 31, 2019)
Provision of services	381,042

21. Breakdown of Expenses by Nature

Principal items of cost of sales and selling, general and administrative expenses consist of the following.

(Millions of yen)

	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Purchase of raw materials and goods	865,624	974,996
Employee benefit expenses	519,598	572,789
Depreciation and amortization	161,857	184,956

22. Research and Development Expenses

Research and development expenses included in cost of sales and selling, general and administrative expenses consist of the following.

(Millions of yen)

	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Research and development expenses	64,749	73,191

23. Other Earnings and Expenses

Other earnings consist of the following.

(Millions of yen)

	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Gain on sales of fixed assets	775	1,285
Rental fees for fixed assets	838	855
Others	20,301	9,247
Total	21,915	11,389

Refer to "17. Employee Benefits" regarding a 14,370 million yen impact resulting from a change in the post-retirement plan within "Others" in the fiscal year ended March 31, 2018.

Other expenses consist of the following.

(Millions of yen)

	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Loss on disposal of fixed assets	1,632	1,881
Loss on sales of fixed assets	339	547
Depreciation and amortization	624	996
Others	7,292	8,759
Total	9,887	12,184

24. Financial Income and Financial Expenses

Financial income consists of the following.

(Millions of yen)

	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Interest income		
Financial assets measured at amortized cost	1,766	2,172
Financial assets measured at fair value through profit or loss	33	37
Others	3	3
Dividends income		
Financial assets measured at fair value through other comprehensive income	65,311	70,088
Gains on foreign currency translation	1,577	3,362
Others	1,586	939
Total	70,279	76,603

Financial expenses consist of the following.

(Millions of yen)

	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Interest expenses		
Financial liabilities measured at amortized cost	6,655	6,804
Financial liabilities measured at fair value through profit or loss	352	478
Others	853	838
Losses on foreign currency translation	—	—
Others	2,184	2,104
Total	10,046	10,226

25. Income Taxes

(1) Income tax expenses

Income tax expenses consist of the following.

(Millions of yen)

	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Current tax expenses	46,211	41,017
Deferred tax expenses	(10,201)	1,429
Total	36,010	42,447

(Note) Deferred tax expenses decreased due primarily to the impact of the U.S. tax reform for the fiscal year ended March 31, 2018, and increased due primarily to taxable temporary differences that arose and reversed for the fiscal year ended March 31, 2019.

The difference between the statutory effective tax rate and the actual tax rate consist of the following.

	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Statutory effective tax rate	31.1%	30.9%
Dividends income and others permanently not recognized as taxable income	(5.2)	(4.3)
Effect of reassessment on recoverability of deferred tax assets	0.5	(1.9)
Share of profit of investments accounted for by the equity method	(0.3)	(0.2)
Change in tax rate	(7.7)	—
Others	(1.2)	(3.5)
Actual tax rate	17.2	21.0

(Note) Toyota Industries has mainly had to pay income, inhabitants and enterprise taxes, and the statutory effective tax rate calculated based on these taxes was 31.1% and 30.9% for the fiscal years ended March 31, 2018, and 2019, respectively. Subsidiaries outside Japan, however, pay income and other taxes depending on their locations.

(2) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities consist of the following.

FY2018 (April 1, 2017 - March 31, 2018)

(Millions of yen)

	Balance at beginning of period	Recognized in profit or loss	Recognized in other comprehensive income	Increase through business combination	Balance at end of period
Deferred tax assets:					
Net defined benefit liabilities	17,208	5,429	906	172	23,716
Allowance for compensated absences	7,984	(434)	—	25	7,576
Allowance for bonuses	7,047	554	—	23	7,626
Net operating loss carry-forwards for tax purposes	5,962	3,920	—	154	10,037
Accrued expenses	5,427	353	—	194	5,975
Inventories	4,331	(1,335)	—	4	3,000
Others	29,853	(1,375)	(23)	1,635	30,090
Total deferred tax assets	77,815	7,113	882	2,211	88,023
Deferred tax liabilities:					
Financial assets at fair value through other comprehensive income	540,044	—	82,832	—	622,877
Depreciation	53,871	(6,082)	—	52	47,841
Others	27,902	2,451	2,966	22,308	55,629
Total deferred tax liabilities	621,818	(3,630)	85,799	22,361	726,348
Net amount	(544,003)	10,744	(84,916)	(20,150)	(638,325)

FY2019 (April 1, 2018 - March 31, 2019)

(Millions of yen)

	Balance at beginning of period	Recognized in profit or loss	Recognized in other comprehensive income	Increase through business combination	Balance at end of period
Deferred tax assets:					
Net defined benefit liabilities	23,716	9,695	2,855	—	36,267
Allowance for compensated absences	7,576	698	—	—	8,275
Allowance for bonuses	7,626	126	—	—	7,752
Net operating loss carry-forwards for tax purposes	10,037	(4,327)	—	—	5,709
Accrued expenses	5,975	(48)	—	—	5,926
Inventories	3,000	(185)	—	—	2,814
Others	30,090	4,335	135	—	34,561
Total deferred tax assets	88,023	10,293	2,991	—	101,308
Deferred tax liabilities:					
Financial assets at fair value through other comprehensive income	622,877	—	(69,124)	—	553,752
Depreciation	47,841	3,162	—	—	51,004
Others	55,629	8,848	(434)	—	64,044
Total deferred tax liabilities	726,348	12,011	(69,558)	—	668,801
Net amount	(638,325)	(1,718)	72,550	—	(567,493)

Deferred tax assets and deferred tax liabilities on the consolidated statement of financial position consist of the following.

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Deferred tax assets	27,017	30,590
Deferred tax liabilities	665,342	598,083
Net amount	(638,325)	(567,493)

Loss carry-forwards and future deductible temporary differences which are not recognized as deferred tax assets consist of the following.

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Net operating loss carry-forwards for tax purposes	6,725	7,954
Unused tax credits	1,502	873
Deductible temporary differences	8,095	1,229
Total	16,323	10,057

Amount and the time limit for a loss carry-forwards and unused tax credits which are not recognized as deferred tax assets consist of the following.

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
First year	657	108
Second year	191	1
Third year	49	68
Fourth year	164	592
Beyond fifth year	5,662	7,182
Total	6,725	7,954

The total amount of taxable temporary differences associated with investments in subsidiaries not recognized as deferred tax liabilities as of the end of the fiscal year ended March 31, 2018, and the end of the fiscal year ended March 31, 2019, was 371,686 million yen and 436,828 million yen, respectively.

Toyota Industries has not recognized deferred tax liabilities related to those temporary differences because it considers that it can control the timing to resolve temporary differences, and they are not likely to be resolved within the foreseeable period.

26. Earnings per Share

(1) Basis of calculation for basic earnings per share

(i) Profit attributable to owners of common stock of the parent

(Millions of yen)

	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Profit attributable to owners of common stock of the parent	168,180	152,748

(ii) Weighted-average number of common stock

(Thousands)

	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Weighted-average number of common stock	310,488	310,486

(2) Basis of calculation for diluted earnings per share

Diluted earnings per share are omitted because there are no dilutive shares.

27. Other Comprehensive Income

(Millions of yen)

	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Net changes in revaluation of FVTOCI financial assets		
Amount arising during the period	267,111	(228,532)
Before tax effect adjustment	267,111	(228,532)
Tax effect	(82,832)	69,124
Net changes in revaluation of FVTOCI financial assets	184,278	(159,407)
Remeasurements of defined benefit plans		
Amount arising during the period	5,518	(12,729)
Before tax effect adjustment	5,518	(12,729)
Tax effect	(1,888)	3,289
Remeasurements of defined benefit plans	3,629	(9,440)
Translation adjustments of foreign operations		
Amount arising during the period	(1,572)	(6,921)
Recycling	8	—
Translation adjustments of foreign operations	(1,564)	(6,921)
Cash flow hedges		
Amount arising during the period	3,178	3
Recycling	(1,345)	(760)
Before tax effect adjustment	1,832	(757)
Tax effect	(413)	135
Cash flow hedges	1,419	(621)
Share of other comprehensive income of affiliates accounted for by equity method		
Amount arising during the period	19	(177)
Recycling	—	—
Share of other comprehensive income of affiliates accounted for by equity method	19	(177)
Total other comprehensive income	187,782	(176,568)

28. Important Non-Cash Transactions

Important non-cash transactions (investments and financial transactions which do not use cash and cash equivalents) consist of the following.

(Millions of yen)

	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Acquisition of assets through finance leases	20,603	18,262

29. Financial Instruments

(1) Capital management

Toyota Industries' financial policy is to ensure sufficient financing and liquidity for its business activities and to maintain strong financial position. Through the use of such current assets as cash and cash equivalents and short-term investments, as well as cash flows from operating activities, issuance of corporate bonds and loans 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. The Company defines equity capital as the amount of share of equity attributable to owners of the parent excluding the subscription rights to shares.

The Company is not subject to external capital controls as of March 31, 2019.

(2) Matters concerning risk management

(i) Risk management policy

Toyota Industries is exposed to financial risks related to its marketing activities (credit risk, market risk, liquidity risk, etc.). These risks are managed, based on the treasury policy for avoiding or reducing the effects of such risks.

The Company uses derivatives to avoid the risks explained below and does not engage in speculative transactions.

i) Credit risk

The main receivables of Toyota Industries such as accounts receivable, lease investment assets and loans receivable related to the sales financing business have credit risk (risk concerning non-performance of an agreement by the counterparty). In accordance with internal rules including the treasury policy, Toyota Industries strives to promptly identify and reduce concerns about collection due to a deterioration in the financial conditions and others of its main counterparties by regularly monitoring their situation based on their financial statements and ratings, and conducting due date management and balance management. Collection risk of lease investment assets is minimal because their ownership is not transferred and due date management and balance management are conducted. Toyota Industries has no significant concentrations of credit risk with any counterparty.

When using derivative transactions, Toyota Industries mainly deals with only financial institutions evaluated as highly creditworthy by rating agencies to mitigate the counterparty risk.

Regarding accounts receivable, lease investment assets and loans receivable related to the sales financing business, if all or part of them cannot be collected or are deemed to be extremely difficult to collect, they are regarded as non-performing.

The total carrying amount of financial assets represents the maximum exposure to credit risk.

(Measuring expected credit loss for accounts receivable and lease investment assets)

Because there is no financial element in accounts receivable, the loss evaluation allowance is calculated as lifetime expected credit losses until collection of accounts receivable. For lease investment assets, the loss evaluation allowance is calculated as lifetime expected credit losses until collection of lease investment assets. With regard to accounts receivable and lease investment assets of debtors who have no significant problems in their business conditions, the expected credit loss rate is measured collectively, taking into account the past track record of bad debts and other factors.

(Measuring expected credit loss for loans receivable related to the sales financing business)

If credit risk has not increased significantly as of the end of the fiscal year since initial recognition, the loss evaluation allowance for loans receivable related to the sales financing business is calculated by collectively estimating the expected credit loss rate for the following 12 months based on the past track record of bad debts and other factors. If there are significant effects of changes in economic and other conditions, the loan loss provision ratio based on the past track record of bad debts will be adjusted and reflected in the forecast of present and future economic situations. On the other hand, if credit risk has increased significantly as of the end of the fiscal year since the initial recognition, the loss evaluation allowance for financial instruments is calculated by individually estimating the lifetime expected credit losses of collecting financial instruments based on the past track record of bad debts and the collectible amount in the future among other factors. Assets that are regarded as non-performing are recorded as credit impaired financial assets.

Expected credit loss of trade receivables and other receivables which are past due and for which simplified approaches are applied consist of the following.

FY2018 (As of March 31, 2018)

(Millions of yen)

	Before due date	Within 30 days after due date	Over 30 days but within 90 days after due date	Over 90 days after due date	Total
Expected credit loss rate	0.2%	0.9%	4.8%	39.8%	—
Accounts receivable and lease investment assets	632,544	21,640	8,695	6,453	669,333
Lifetime expected credit losses	1,339	189	420	2,571	4,520

FY2019 (As of March 31, 2019)

(Millions of yen)

	Before due date	Within 30 days after due date	Over 30 days but within 90 days after due date	Over 90 days after due date	Total
Expected credit loss rate	0.2%	0.5%	5.9%	32.1%	—
Accounts receivable and lease investment assets	669,511	33,726	12,106	8,468	723,812
Lifetime expected credit losses	1,360	177	708	2,719	4,965

Among financial assets, the general approach is applied mainly to loans receivable related to the sales financing business. The carrying amount of loans receivable related to the sales financing business, categorized by credit risk for its measurement, consists of the following.

(Millions of yen)

	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Credit impaired financial assets	Total
FY2018 (As of March 31, 2018)	100,304	—	339	100,643
FY2019 (As of March 31, 2019)	132,559	—	270	132,830

Changes in expected credit loss consist of the following.

FY2018 (As of March 31, 2018)

(Millions of yen)

	Expected credit loss for accounts receivable and lease investment assets	12-month expected credit losses	Lifetime expected credit losses	Credit impaired financial assets
Balance at beginning of period	4,356	450	22	135
New financial assets composed or purchased	1,884	144	—	—
Transfer to lifetime expected credit losses	—	—	—	—
Transfer to credit impaired financial assets	—	—	—	—
Transfer to 12-month expected credit losses	—	—	—	—
Financial assets with recognition suspended during the period	(1,940)	(250)	(11)	(319)
Others	220	(21)	11	464
Balance at end of period	4,520	323	22	280

FY2019 (As of March 31, 2019)

(Millions of yen)

	Expected credit loss for accounts receivable and lease investment assets	12-month expected credit losses	Lifetime expected credit losses	Credit impaired financial assets
Balance as of beginning of period	4,520	323	22	280
New financial assets composed or purchased	2,638	183	—	—
Transfer to lifetime expected credit losses	—	—	—	—
Transfer to credit impaired financial assets	—	—	—	—
Transfer to 12-month expected credit losses	—	—	—	—
Financial assets with recognition suspended during the period	(2,128)	(164)	(11)	(155)
Others	(64)	12	10	141
Balance as of end of period	4,965	354	22	266

ii) Liquidity risk

With financing through corporate bonds and loans, Toyota Industries is exposed to liquidity risk that a payment cannot be made on the due date because of a deterioration in financing and other conditions. In accordance with the treasury policy, Toyota Industries prepares funding plans and secures liquidity with funds on hand and commitment lines.

Financial liabilities by remaining contract maturities consist of the following.

FY 2017 (As of March 31, 2018)

(Millions of yen)

	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years	Total
Non-derivative financial liabilities							
Trade payables and other payables	266,712	1,248	—	—	—	—	267,960
Corporate bonds and loans	412,878	213,634	141,535	127,550	183,663	136,248	1,215,510
Lease obligations	41,139	27,377	19,365	10,788	6,214	2,581	107,466
Deposits payable	32,421	—	—	—	—	—	32,421
Derivative financial liabilities							
Derivative liabilities	4,080	1,414	621	50	—	—	6,165

FY2019 (As of March 31, 2019)

(Millions of yen)

	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years	Total
Non-derivative financial liabilities							
Trade payables and other payables	281,055	1,433	—	—	—	—	282,488
Corporate bonds and loans	352,367	182,323	269,276	220,626	112,859	214,046	1,351,500
Lease obligations	34,127	22,259	15,414	8,402	4,726	2,385	87,315
Deposits payable	33,237	—	—	—	—	—	33,237
Derivative financial liabilities							
Derivative liabilities	5,923	895	42	8	—	—	6,868

iii) Market risk

(a) Foreign currency risk

Engaged in business globally, Toyota Industries conducts transactions in foreign currencies and is exposed to the risk that profit or loss, cash flow and others will be affected by exchange rate fluctuations. In accordance with its treasury policy, in principle, Toyota Industries uses foreign currency forward contracts, foreign currency option contracts and foreign currency swaps to hedge foreign currency risk for each currency for its monetary credits and liabilities denominated in foreign currencies.

Exposure to foreign currency risk consists of the following.

	FY2018 (As of March 31, 2018)		FY2019 (As of March 31, 2019)	
	Thousands of U.S. dollars	Thousands of euros	Thousands of U.S. dollars	Thousands of euros
Net exposure	96,277	26,445	52,858	206,531

(Exchange rate sensitivity analysis)

For each fiscal year, the impacts on net profit or loss and equity when there is a 1% change in the exchange rate of the Japanese yen against the following currencies consist of the following. The analysis does not include the effects of converting into yen financial instruments, assets and liabilities of foreign operations, revenue and expenses which are denominated in functional currencies. Moreover, other variables are assumed to be constant.

(Millions of yen)

	FY2018 (As of March 31, 2018)		FY2019 (As of March 31, 2019)	
	U.S. dollar	102	58	
Euro	34	257		

(b) Interest rate risk

Toyota Industries procures funds through borrowings from financial institutions and issuances of corporate bonds and is exposed to interest rate risks associated with raising and managing funds. With regard to interest rate risks, in principle, Toyota Industries hedges such risks by interest rate swaps, interest rate options and matching cash flows of receivables and payables, among other methods.

As a result, the Company does not conduct an interest rate sensitivity analysis because interest rate fluctuations have little effect on the interest payment of Toyota Industries, and exposure to interest rate risk is considered immaterial for Toyota Industries.

(c) Price fluctuation risk of equity financial instruments

Toyota Industries holds listed shares of companies with business relationships and is exposed to price fluctuation risk of equity financial instruments. Toyota Industries constantly reviews the status of its holdings of these financial instruments, taking into account relationships with and financial conditions of business partners.

Toyota Industries does not hold equity financial instruments for trading purposes and does not actively trade these investments.

If Toyota Industries assumes a 1% decline in the prices of listed shares held by Toyota Industries on the fiscal years ended March 31, 2018 and 2019, decreases in other comprehensive income (before adjusting tax effect) would have been 23,261 million yen and 21,339 million yen, respectively.

Moreover, because the shares held by Toyota Industries are designated as financial assets at FVTOCI, the assumed 1% rise or drop of share prices will not have a significant impact on profit or loss in terms of monetary amount.

Liquidity discounts are an important unobservable input used to measure the fair value of unlisted shares and other equity securities. A significant increase (decrease) of these discounts will cause a significant decrease (increase) in fair value.

(3) Fair value of financial instruments

The following three levels of inputs are used to measure fair value.

(Level 1)

The market prices of the same assets or liabilities in active markets (which continuously ensure sufficient trading frequencies and transaction volumes) that Toyota Industries has access to as of the measurement date are used as they are without adjustments.

(Level 2)

This level includes the published prices of similar assets or liabilities in active markets; the published prices of the same assets or liabilities in inactive markets; inputs other than the observable published prices of assets and liabilities; and inputs calculated or supported mainly by observable market data.

(Level 3)

Because data are available only from limited markets, Toyota Industries uses unobservable inputs which reflect the judgment of Toyota Industries in the assumptions used by market participants to decide the prices of assets and liabilities. Toyota Industries calculates inputs based on the best available information, including the data of Toyota Industries itself.

Fair value is measured by the Accounting Department in accordance with the evaluation policy and procedures of Toyota Industries, using the evaluation model that can most appropriately reflect individual characteristics, features and risks of financial instruments. Moreover, changes are continuously examined for important indicators which affect fluctuations of fair value.

(i) Financial instruments measured at amortized cost

The carrying amount and fair values of financial instruments measured at amortized cost consist of the following.

FY2018 (As of March 31, 2018)

(Millions of yen)

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Loans receivable and Loans receivables related to the sales financing business (Note)	104,568	—	—	101,587	101,587
Lease investment assets	281,056	—	—	273,339	273,339
Financial liabilities					
Corporate bonds (Note)	550,240	—	551,757	—	551,757
Long-term loans (Note)	513,832	—	514,123	—	514,123
Lease obligations	104,009	—	—	104,006	104,006

FY2019 (As of March 31, 2019)

(Millions of yen)

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Loans receivable and Loans receivable related to the sales financing business (Note)	135,653	—	—	133,125	133,125
Lease investment assets	311,993	—	—	308,713	308,713
Financial liabilities					
Corporate bonds (Note)	636,514	—	640,704	—	640,704
Long-term loans (Note)	531,218	—	533,924	—	533,924
Lease obligations	84,737	—	—	84,674	84,674

(Note) Loans receivable, Loans receivable related to the sales financing business, corporate bonds and long-term loans include the balance to be repaid and redeemed within one year.

Notes are omitted for short-term financial assets and short-term financial liabilities that are measured at amortized cost because the fair value approximates the carrying amount.

The fair value of lease investment assets is calculated with present value obtained by discounting the total amount of future lease receivables with the expected interest rate when newly undertaking similar lease transactions.

The fair value of loans receivable and loans receivable related to the sales financing business is calculated with present value obtained by discounting the total amount of principal and interest with the expected interest rate when newly undertaking similar lending.

The fair values of corporate bonds and long-term loans are calculated with present value obtained by discounting the total amount of future principal and interest with the expected interest rate when newly undertaking similar borrowings.

The fair value of lease obligations is calculated with present value obtained by discounting the total amount of future lease payments with the expected interest rate when newly undertaking similar lease transactions.

(ii) Fair values of financial assets and liabilities continuously at fair value

The fair-value hierarchy of financial instruments measured at fair value consist of the following. Financial assets measured at fair value through other comprehensive income include debt instruments but they were immaterial. Moreover, there is no transfer between different levels.

FY2018 (As of March 31, 2018)

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative assets	—	4,793	—	4,793
Others	1,530	—	—	1,530
Financial assets measured at fair value through other comprehensive income	2,326,505	851	102,466	2,429,822
Total	2,328,035	5,644	102,466	2,436,146
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	6,165	—	6,165
Total	—	6,165	—	6,165

FY2019 (As of March 31, 2019)

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative assets	—	6,262	—	6,262
Others	1,784	—	—	1,784
Financial assets measured at fair value through other comprehensive income	2,134,291	855	108,030	2,243,177
Total	2,136,076	7,117	108,030	2,251,224
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	6,868	—	6,868
Total	—	6,868	—	6,868

Derivatives are transactions for forward exchange contracts, foreign currency option contracts, interest rate swaps, interest rate and currency swaps, and interest rate options.

Fair value of forward exchange contracts is calculated based on observable market data including forward exchange rates. Data for the fair value of foreign currency option contracts, interest rate swaps, interest rate and currency swaps and interest rate options are calculated by financial institutions based on observable market data.

Toyota Industries primarily uses the book value per share method when measuring the fair value of unlisted shares and other equity securities categorized as financial assets measured at fair value through other comprehensive income. For issues with high importance, the calculation is conducted with the modified book value method, with some modifications made to market price if necessary. The illiquidity discount, which is an important unobservable input used to measure the fair value of unlisted shares, is calculated as 30%.

Changes in financial instruments classified as Level 3 consist of the following.

(Millions of yen)

	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Balance at beginning of period	94,528	102,466
Gains and losses included in other comprehensive (Note)	8,345	3,708
Purchase	837	1,905
Sales	(295)	(6)
Others	(950)	(42)
Balance at end of period	102,466	108,030

(Note) Gains and losses included in other comprehensive income are those for financial assets measured at fair value through other comprehensive income as of the closing date. These gains and losses are included in "Net changes in revaluation of FVTOCI financial assets" on the consolidated statement of comprehensive income.

(4) Offsetting of financial assets and financial liabilities

Among derivative transactions of Toyota Industries, there are master netting agreements of similar agreements. Under these agreements, if non-performance occurs between contracting parties of an agreement, receivables and payables of business partners will be settled in net amounts.

The following information pertains to the netting of financial assets and financial liabilities recognized against the same business partners.

FY2018 (As of March 31, 2018)

(Millions of yen)

	Total financial assets	Total offset	Financial assets on the consolidated statement of financial position, net	Amount that could be offset in the future based on master netting agreements and others	Collateral received	Net amount
Financial assets						
Trade receivables and other receivables	99,972	66,960	33,011	—	—	33,011
Derivative assets	4,761	—	4,761	1,833	—	2,927
Total	104,733	66,960	37,772	1,833	—	35,939

(Millions of yen)

	Total financial liabilities	Total offset	Financial liabilities on the consolidated statement of financial position, net	Amount that could be offset in the future based on master netting agreements and others	Collateral pledged	Net amount
Financial liabilities						
Trade payables and other payables	127,716	66,960	60,755	—	—	60,755
Derivative liabilities	6,233	—	6,233	1,833	—	4,400
Total	133,950	66,960	66,989	1,833	—	65,156

FY2019 (As of March 31, 2019)

(Millions of yen)

	Total financial assets	Total offset	Financial assets on the consolidated statement of financial position, net	Amount that could be offset in the future based on master netting agreements and others	Collateral received	Net amount
Financial assets						
Trade receivables and other receivables	146,143	104,481	41,662	—	—	41,662
Derivative assets	2,142	—	2,142	988	—	1,153
Total	148,286	104,481	43,804	988	—	42,816

(Millions of yen)

	Total financial liabilities	Total offset	Financial liabilities on the consolidated statement of financial position, net	Amount that could be offset in the future based on master netting agreements and others	Collateral pledged	Net amount
Financial liabilities						
Trade payables and other payables	195,308	104,481	90,826	—	—	90,826
Derivative liabilities	6,147	—	6,147	988	—	5,159
Total	201,455	104,481	96,974	988	—	95,985

(5) Derivative transactions and hedging activities

Toyota Industries has concluded derivative agreements with financial institutions to hedge changes in cash flows or fair value of financial assets and financial liabilities. Forward exchange contracts and currency options are used to hedge foreign currency risks concerning trade receivables, trade payables and others denominated in foreign currencies. Moreover, currency swaps, interest rate swaps, interest rate and currency swaps, and interest options are used to hedge foreign currency risk and interest rate risk of borrowings, corporate bonds and lease investment assets. Toyota Industries applies hedge accounting for Items that meet hedge accounting requirements.

In the execution and management of hedge transactions, interest rate risk and foreign currency risk are hedged in accordance with treasury policy. Moreover, the status of hedge transactions is regularly reported to the director in charge of accounting and other responsible people.

Regarding foreign currency risk in operating activities, a certain amount of targeted risks are hedged, with the total amount of targeted risks set as the upper limit. However, among targeted risks, usance transactions are in principle fully covered. Regarding the foreign currency risk of investing activities which require a resolution of the Board of Directors, the full amount is hedged in principle. For the foreign currency risk of other investing activities and financing activities, the full amount is hedged as necessary.

The effectiveness of hedging is evaluated by respectively comparing the market fluctuations or the accumulated changes in cash flows of hedged items and hedging instruments during the period from the start of hedging to the evaluation of the effectiveness. A high correlation has been observed between the two. Moreover, regarding hedges with prospective ineffective portions, the ineffective amount is calculated using quantitative methods. Because the important conditions for hedging instruments and hedged items are consistent or closely consistent, the amount of ineffective portions is immaterial, and it has been omitted.

Toyota Industries sets an appropriate hedging ratio based on the volumes of hedged items and hedging instruments at the start of hedge transactions, establishing a one-on-one relationship in principle. If the hedging relationship comes to be deemed not effective but there is no change in the purpose of risk management, the hedging ratio established at the start of hedging relationship is readjusted to make the relationship effective again. Moreover, if the purpose of risk management is changed for the hedging relationship, application of hedge accounting is suspended.

(i) Notional principals and average prices of hedging instruments

Notional principals and average prices of hedging instruments for which hedge accounting applied consist of the following.

FY2018 (As of March 31, 2018)

	Risk	Hedge Instruments	Unit	Notional principal				Average price or Average rate
				Within one year	Over one year but within five years	Over five years	Total	
Cash flow hedges	Foreign currency risk	Foreign currency forward contract transactions	Millions of					
		BUY JPY / SELL USD	USD	90	—	—	90	JPY 108.14
		BUY EUR / SELL USD	EUR	75	—	—	75	USD 1.23
		BUY SEK / SELL USD	USD	5	—	—	5	SEK 8.03
		BUY SEK / SELL EUR	EUR	253	6	—	260	SEK 9.97
		BUY SEK / SELL GBP	GBP	85	—	—	85	SEK 11.19
		BUY SEK / SELL AUD	AUD	247	—	—	247	SEK 6.36
		BUY USD / SELL SEK	USD	99	—	—	99	SEK 8.15
	BUY EUR / SELL SEK	EUR	56	1	—	57	SEK 10.08	
	Foreign currency option contract transactions	BUY JPY / SELL USD	USD	108	—	—	108	JPY 108.03
		BUY JPY / SELL EUR	EUR	44	—	—	44	JPY 132.98
		BUY JPY / SELL AUD	AUD	15	—	—	15	JPY 84.42
	Interest rate risk	Interest rate swap transactions		USD	368	60	—	428
Pay Fix / Receive Float			SEK	—	—	2,800	2,800	—
			EUR	16	480	—	497	—
			AUD	—	203	30	233	—
Interest rate and currency swap transactions		Pay JPY Fix / Receive USD Float	USD	380	751	—	1,131	JPY 106.81
		Pay JPY Fix / Receive AUD Float	AUD	—	107	—	107	JPY 93.32
Interest options	Interest cap	HKD	—	—	—	—	—	
Fair value hedges	Interest rate risk	Interest rate swap transactions						
		Pay Fix / Receive Float	EUR	—	—	—	—	—
			GBP	—	—	—	—	

	Risk	Hedge Instruments	Unit	Notional principal				Average price or Average rate	
				Within one year	Over one year but within five years	Over five years	Total		
Cash flow hedges	Foreign currency risk	Foreign currency forward contract transactions	Millions of						
		BUY JPY / SELL USD	USD	73	—	—	73	JPY 109.64	
		BUY EUR / SELL USD	EUR	73	7	—	81	USD 1.21	
		BUY SEK / SELL USD	USD	1	—	—	1	SEK 8.93	
		BUY SEK / SELL EUR	EUR	47	—	—	47	SEK 10.50	
		BUY SEK / SELL GBP	GBP	55	—	—	55	SEK 11.70	
		BUY SEK / SELL AUD	AUD	16	—	—	16	SEK 6.40	
		BUY USD / SELL SEK	USD	9	—	—	9	SEK 9.00	
		BUY EUR / SELL SEK	EUR	16	—	—	16	SEK 10.39	
	Foreign currency option contract transactions	BUY JPY / SELL USD	USD	116	—	—	116	JPY 109.47	
		BUY JPY / SELL EUR	EUR	53	—	—	53	JPY 125.33	
		BUY JPY / SELL AUD	AUD	19	—	—	19	JPY 78.00	
	Interest rate risk	Interest rate swap transactions		USD	50	100	—	150	—
			Pay Fix / Receive Float	SEK	—	—	—	—	—
			EUR	—	—	—	—	—	
			AUD	—	—	—	—	—	
Interest rate and currency swap transactions		Pay JPY Fix / Receive USD Float	USD	84	1,297	—	1,381	JPY 110.27	
		Pay JPY Fix / Receive AUD Float	AUD	—	107	—	107	JPY 93.32	
		Interest options							
Interest cap	HKD	—	100	200	300	3.00			
Fair value hedges	Interest rate risk	Interest rate swap transactions							
		Pay Fix / Receive Float	EUR	1	520	—	522	—	
			GBP	—	88	—	88	—	

(ii) Effects of hedge accounting on the consolidated statement of financial position

The carrying amounts of hedging instruments for which hedge accounting applied consist of the following.

FY2018 (As of March 31, 2018)

(Millions of yen)

	Risk	Hedge instruments	Carrying amount of hedging instruments		Line items on the consolidated statement of financial position
			Assets	Liabilities	
Cash flow hedges	Foreign currency risk	Foreign currency forward contract transactions	2,255	2,397	Other financial assets and liabilities
		Foreign currency option contract transactions	137	14	Other financial assets and liabilities
	Interest rate risk	Interest rate swap transactions	373	136	Other financial assets and liabilities
		Interest rate and currency swap transactions	2,026	3,618	Other financial assets and liabilities
		Interest option transactions	—	—	—
Fair value hedges	Interest rate risk	Interest rate swap transactions	—	—	—
Total			4,793	6,165	Other financial assets and liabilities

FY2019 (As of March 31, 2019)

(Millions of yen)

	Risk	Hedge instruments	Carrying amount of hedging instruments		Line items on the consolidated statement of financial position
			Assets	Liabilities	
Cash flow hedges	Foreign currency risk	Foreign currency forward contract transactions	1,778	2,264	Other financial assets and liabilities
		Foreign currency option contract transactions	49	50	Other financial assets and liabilities
	Interest rate risk	Interest rate swap transactions	12	—	Other financial assets
		Interest rate and currency swap transactions	3,874	2,909	Other financial assets and liabilities
		Interest option transactions	—	50	Other financial liabilities
Fair value hedges	Interest rate risk	Interest rate swap transactions	1	307	Other financial assets and liabilities
Total			5,715	5,583	Other financial assets and liabilities

The carrying amounts of surplus in cash flow hedges consist of the following.

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Surplus in cash flow hedges	1,426	804

The carrying amounts and accumulated amounts of fair value hedge adjustments on the hedged items classified as fair value hedges consist of the following. From FY2019, Toyota Industries adopts fair value hedges as hedge accounting method for a part of derivative transactions.

FY2019 (As of March 31, 2019)

(Millions of yen)

	Carrying amount of hedged items		Accumulated amount of fair value hedge adjustments		Line items on the Consolidated Statement of Financial Position
	Assets	Liabilities	Assets	Liabilities	
Interest rate risk	99,526	—	378	—	Trade receivables and other receivables

(iii) Effects of hedge accounting on the consolidated statement of profit or loss and other comprehensive income (loss)
Profit (loss) from cash flow hedges consist of the following.

FY2018 (April 1, 2017 - March 31, 2018)

(Millions of yen)

	Changes in the value of hedging instruments recognized in other comprehensive income	Amount transferred from surplus in cash flow hedges to profit or loss	Line items affected by transfers in profit or loss
Foreign currency risk	2,330	46	Net sales, Financial income, Financial expenses
Interest rate risk	20	(978)	Financial income, Financial expenses

FY2019 (April 1, 2018 - March 31, 2019)

(Millions of yen)

	Changes in the value of hedging instruments recognized in other comprehensive income	Amount transferred from surplus in cash flow hedges to profit or loss	Line items affected by transfers in profit or loss
Foreign currency risk	(674)	(738)	Net sales, Financial income, Financial expenses
Interest rate risk	715	76	Financial income, Financial expenses

30. Leases

(1) Finance Leases

(i) As lessor

Toyota Industries leases mainly machinery and vehicles which are classified as finance leases.

The total amount and present value of the minimum future lease fees receivable based on finance leases consist of the following.

(Millions of yen)

	Total amount of the minimum future lease fees receivable		Present value of minimum lease fees receivable	
	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Within one year	98,720	113,410	83,499	97,517
Over one year but within five years	187,663	200,518	145,865	158,329
Over five years	16,111	19,630	12,488	15,540
Total	302,495	333,559	241,853	271,387
Elimination: interest equivalents	(21,438)	(21,565)		
Elimination: unwarranted residual value	(39,203)	(40,605)		
Present value of total minimum lease fees receivable	241,853	271,387		

(ii) As lessee

Toyota Industries leases mainly machinery and vehicles which are classified as finance leases.

The total amount and present value of the minimum future lease fees payable based on finance leases consist of the following.

(Millions of yen)

	Total amount of the minimum future lease fees payable		Present value of minimum lease fees payable	
	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Within one year	37,900	31,039	36,836	30,073
Over one year but within five years	67,138	54,008	64,603	52,285
Over five years	2,574	2,456	2,569	2,378
Total	107,613	87,504	104,009	84,737
Elimination: interest equivalents	(3,604)	(2,766)		
Present value of lease obligations	104,009	84,737		

For some lease agreements, there is a renewal option or a purchase option. Moreover, there are no restrictions imposed by lease agreements (e.g., restrictions on additional borrowings and additional leasing).

The total amount of the expected minimum future lease fees receivable based on non-cancellable sub-lease agreements consist of the following.

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
The total amount of the expected minimum future lease fees	95,591	94,970

(2) Operating leases

(i) As lessor

Toyota Industries leases machinery and vehicles under cancellable or non-cancellable operating leases. The minimum future lease fees receivable based on non-cancellable operating lease agreements consist of the following.

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Within one year	54,246	58,506
Over one year but within five years	91,855	98,224
Over five years	1,235	1,085
Total	147,337	157,816

(ii) As lessee

Toyota Industries leases machinery and vehicles under cancellable or non-cancellable operating leases. The minimum future lease fees payable based on non-cancellable operating lease agreements consist of the following.

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Within one year	9,613	10,682
Over one year but within five years	21,299	24,299
Over five years	3,196	3,515
Total	34,108	38,496

The lease fees recognized as expenses consist of the following.

(Millions of yen)

	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Lease fees	9,672	11,025

31. Changes in Liabilities arising from Financing Activities

Changes in the balances of liabilities arising from financing activities are as follows.

FY2018 (April 1, 2017 - March 31, 2018)

(Millions of yen)

	Short-term loans	Commercial paper	Long-term loans	Corporate bonds	Lease obligations	Total
Balance as of April 1, 2017	55,211	52,508	599,072	270,762	117,080	1,094,635
Changes from financing cash flows	(31,909)	22,393	(53,824)	284,596	(24,160)	197,094
Non-cash changes						
Change in scope of consolidation	3,371	—	109	—	—	3,480
Foreign currency translation difference and others	5,529	(3,076)	(31,523)	(5,118)	11,089	(23,100)
Balance as of March 31, 2018	32,202	71,825	513,832	550,240	104,009	1,272,109

(Note) The above amounts include the balance to be repaid and redeemed within one year.

FY2019 (April 1, 2018 - March 31, 2019)

(Millions of yen)

	Short-term loans	Commercial paper	Long-term loans	Corporate bonds	Lease obligations	Total
Balance as of April 1, 2018	32,202	71,825	513,832	550,240	104,009	1,272,109
Changes from financing cash flows	(2,320)	27,482	5,466	83,156	(16,987)	96,797
Non-cash changes						
Change in scope of consolidation	212	—	709	—	1,081	2,003
Foreign currency translation difference and others	(648)	929	11,209	3,118	(3,366)	11,242
Balance as of March 31, 2019	29,446	100,236	531,218	636,514	84,737	1,382,153

(Note) The above amounts include the balance to be repaid and redeemed within one year.

32. Related Party Transactions

The transactions between Toyota Industries and related parties and the outstanding receivables and payables consist of the following.

(1) Transactions with related parties and outstanding receivables and payables

Toyota Industries has transactions with the following related parties.

(Millions of yen)

	FY2018 (April 1, 2017 - March 31, 2018)	FY2019 (April 1, 2018 - March 31, 2019)
Toyota Motor Corporation and its subsidiaries:		
Sales of goods and provision of services	215,101	242,502
Purchase of parts and receipt of services	19,854	22,857

(Note) Toyota Motor Corporation has a significant influence on Toyota Industries.

Net sales and cost of sales are recorded at the time of repurchase under Japanese GAAP, under IFRS, on the other hand, only net amounts of machining fee equivalents are recognized as revenue. As a result, net sales to Toyota Motor Corporation are offset by 570,974 million yen and 573,560 million yen for the fiscal years ended March 31, 2018 and 2019, respectively.

The unsettled balance on the above transactions and its allowance for credit losses consist of the following.

(Millions of yen)

	FY2018 (As of March 31, 2018)	FY2019 (As of March 31, 2019)
Toyota Motor Corporation and its subsidiaries:		
Trade receivables and other receivables	36,288	46,752
Allowance for doubtful accounts	8	6
Trade payables and other payables	60,722	82,845

(Note) Toyota Motor Corporation has a significant influence on Toyota Industries.

(2) Principal management personnel compensation

FY2018 (April 1, 2017 - March 31, 2018)

(Millions of yen)

	Total amount of compensation	Total compensation by type	
		Basic compensation	Bonuses
Principal management personnel	853	548	305

FY2019 (April 1, 2018 - March 31, 2019)

(Millions of yen)

	Total amount of compensation	Total compensation by type	
		Basic compensation	Bonuses
Principal management personnel	757	501	256

33. Contingencies

There are no material contingent liabilities that need to be disclosed as of the end of the fiscal year ended March 31, 2018 and the end of fiscal year ended March 31, 2019.

34. Commitments

Regarding the acquisition of property, plant and equipment, important capital expenditures (commitments) which are contracted but not yet recognized on the consolidated financial statements are 31,752 million yen and 31,808 million yen as of the end of the fiscal year ended March 31, 2018 and the end of the fiscal year ended March 31, 2019, respectively.

35. Major Consolidated Subsidiaries

The Company's major subsidiaries are listed below. There are no subsidiaries of individual significance for which the Company has non-controlling interests during the fiscal years ended March 31, 2018 and 2019.

Company Name	Location	Principal Business	Percentage of Voting Rights of The Company (%)
Tokyu Co., Ltd.	Oguchi-cho, Aichi	Automobile	100.00
Tokaiseiki Co., Ltd.	Iwata-shi, Shizuoka	Automobile	100.00
IZUMI MACHINE MFG. CO., LTD.	Obu-shi, Aichi	Automobile	100.00
TOYOTA L&F Tokyo Co., Ltd.	Shinagawa-ku, Tokyo	Materials Handling Equipment	100.00
Taikoh Transportation Co., Ltd.	Kariya-shi, Aichi	Others	53.97
Aichi Corporation	Ageo-shi, Saitama	Materials Handling Equipment	52.23
Toyota Industrial Equipment Mfg., Inc.	Indiana, U.S.A.	Materials Handling Equipment	100.00
Toyota Material Handling Manufacturing France S.A.S	Ancenis, France	Materials Handling Equipment	100.00
Michigan Automotive Compressor Inc.	Michigan, U.S.A.	Automobile	60.00
Toyota Industries Europe AB	Mjölby, Sweden	Materials Handling Equipment	100.00
Toyota Material Handling Europe AB	Mjölby, Sweden	Materials Handling Equipment	100.00
Toyota Industries North America, Inc.	Indiana, U.S.A.	Others	100.00
Toyota Material Handling U.S.A. Inc.	Indiana, U.S.A.	Materials Handling Equipment	100.00
TD Deutsche Klimakompressor GmbH	Sachsen, Germany	Automobile	65.00
Toyota Material Handling Australia Pty Limited	New South Wales, Australia	Materials Handling Equipment	100.00
TD Automotive Compressor Georgia, LLC	Georgia, U.S.A.	Automobile	77.40
Uster Technologies AG	Zurich, Switzerland	Textile Machinery	100.00
Industrial Components and Attachments, Inc.	Oregon, U.S.A.	Materials Handling Equipment	100.00
Cascade Corporation	Oregon, U.S.A.	Materials Handling Equipment	100.00
Toyota Industry (Kunshan) Co., Ltd.	Jiangsu, China	Automobile	63.40
Toyota Industries Commercial Finance, Inc.	Texas, U.S.A.	Materials Handling Equipment	100.00
Yantai Shougang TD Automotive Compressor Co., Ltd.	Shandong, China	Automobile	50.10
TD Automotive Compressor Kunshan Co., Ltd.	Jiangsu, China	Automobile	78.80
P.T. TD Automotive Compressor Indonesia	West Java, Indonesia	Automobile	50.10
Bastian Solutions LLC	Indiana, U.S.A.	Materials Handling Equipment	100.00
Vanderlande Industries Holding B.V.	North Brabant, Netherland	Materials Handling Equipment	100.00
Toyota Industries Engine India Pvt Ltd.	Karnataka, India	Automobile	98.80

36. Subsequent Events

There are no material subsequent events to be reported as of August 9, 2019.

II. [Other]

Quarterly information in the fiscal year ended March 31, 2019

(Cumulative period)	First quarter	Second quarter	Third quarter	Full year
Net sales (millions of yen)	522,145	1,057,011	1,629,827	2,214,946
Profit before income taxes (millions of yen)	71,121	98,391	166,083	202,225
Profit attributable to owners of the parent (millions of yen)	53,438	74,408	126,390	152,748
Earnings per share (yen)	172.11	239.65	407.07	491.97

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Quarterly earnings per share (yen)	172.11	67.54	167.42	84.89



Independent Auditor's Report

To the Board of Directors of Toyota Industries Corporation

We have audited the accompanying consolidated financial statements of Toyota Industries Corporation ("the Company") and its consolidated subsidiaries, which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as at March 31, 2019, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature in black ink that reads "Pricewaterhouse Coopers Accountants". The signature is written in a cursive, flowing style.

August 9, 2019



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