Profile

Management Philosophy

Toyoda Automatic Loom Works, Ltd. (Toyoda) was established in 1926 by Sakichi Toyoda, world-class inventor and founding father of the Toyota Group. Toyoda, a core member of the Toyota Group, has evolved and grown into a global company. Since its establishment, Toyoda has consistently emphasized research and development to create leading-edge products and services to meet customer needs. Toyoda has also striven to contribute to the growth of industry and social prosperity.

Strengths

Toyoda's commitment to technological innovation began with technologies cultivated through the development and manufacture of automatic looms that were Toyoda's principal products in its early years. This commitment has resulted in Toyoda's present core businesses of automobile-related products (including automobiles, engines and car air-conditioning compressors), forklifts and materials handling systems. As a central member of the Toyota Group, Toyoda's stable operating base encompasses automobile and engine production. In addition, Toyoda has a high share of the global market for car air-conditioning compressors and counterbalanced forklifts. In each segment, Toyoda is moving to expand its businesses and strengthen profitability.

In markets worldwide, Toyoda's superior technologies are highly regarded. Toyoda's commanding share of the markets for counterbalanced forklifts and car air-conditioning compressors underscores the competitive advantage provided by its outstanding technologies.

Strategic Vision

Toyoda is working to achieve growth through global business development based on production and marketing strategies geared to specific markets worldwide and a commitment to technological advancement. Toyoda's management believes that its technological strength forms the basis of its competitiveness. For this reason, Toyoda maintains a continuous search for technical excellence.

Expansion of existing operations and development of new businesses will facilitate Toyoda's growth. Toyoda's liquid crystal display (LCD) business, conducted jointly with Sony Corporation, and its production of plastic package substrates for mounting integrated circuit (IC) chips, conducted jointly with Ibiden Co., Ltd., represent Toyoda's efforts to enter new fields.

Electronics businesses, such as Toyoda's LCD operations, have the potential to generate strong growth, and Toyoda intends to develop this strategic area aggressively.

Toyoda also views strategic mergers and acquisitions as an effective means of bolstering the competitive strengths of its operations.

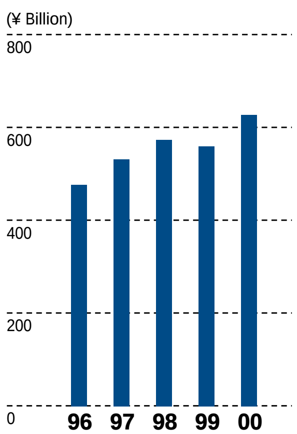
Financial Highlights

Toyoda Automatic Loom Works, Ltd. and its consolidated subsidiaries
Years ended March 31, 2000 and 1999

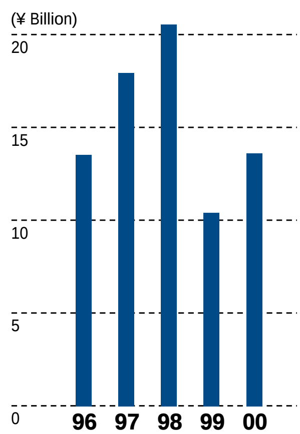
	Millions of yen			Thousands of U.S. dollars
	2000	1999	% change	2000
FOR THE YEAR				
Net sales	¥625,773	¥558,876	12.0%	$5,895,173
Operating income	28,867	24,814	16.3	271,947
Net income	13,686	10,391	31.7	128,935
Per common share: (in yen or U.S. dollars)				
Net income: Primary	48.32	36.30	33.1	0.46
Diluted	43.18	32.62	32.4	0.41
Cash dividends	16.00	16.00	–	0.15
AT YEAR-END				
Total assets	¥685,914	¥617,071	11.2%	$6,461,746
Shareholders' equity	316,293	301,158	5.0	2,979,681

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥106.15 = U.S.$1, the exchange rate on March 31, 2000.

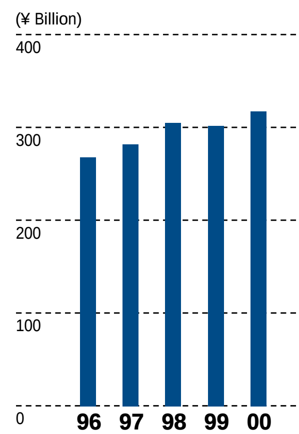
Net Sales
(Years ended March 31)



Net Income
(Years ended March 31)



Shareholders' Equity
(Years ended March 31)



Contents

To Our Shareholders

Strong Performance Readies Us for the Twenty-First Century

Tadashi Ishikawa
President

Chisei Isogai
Chairman

Akira Yokoi
Executive Vice Chairman

At Toyoda Automatic Loom Works, Ltd. (Toyoda), fiscal year 2000, ended March 31, 2000, was extremely significant, not only because it was the first year for our new management team under the leadership of newly appointed President Tadashi Ishikawa, but also because we were able to lay a solid foundation for the future. Sales and earnings during the period increased substantially over the previous year. Consolidated net sales grew by 12 percent to ¥625.8 billion (U.S.$5,895.2 million), and operating income improved by 16 percent to ¥28.9 billion (U.S.$271.9 million).

In the past fiscal year, the Japanese economy showed signs of gradual recovery, and the U.S. expansion continued. In Europe, economic expansion was generally on track, while East Asia continued to recover from the currency and financial crises of 1997.

With this overall economic environment as a backdrop, we are pleased to report that our efforts met with success, with double-digit increases in sales and earnings over the previous fiscal year. Major factors behind the gains were strong sales of the popular Toyota Vitz (Yaris) automobile, which we produce on behalf of Toyota Motor Corporation (TMC), and increased sales of car air-conditioning compressors. We also believe that our company-wide commitment to meet sales and profit targets enabled us to achieve the past year's strong performance.

Note: The exchange rate used for calculating all the dollar figures that appear in this report is ¥106.15= U.S.$1.

Strategies and Achievements

Management Strategy

Toyoda has come a long way since it started business as a textile machinery manufacturer over 70 years ago. We are diversified, innovative and ready for the next 100 years. Today our business is divided into three categories, each with a distinctive character and mission.

Category I – Automobiles and Engines: Contributing to the Toyota Group, of which we are a member, through our commitment to quality and technological innovation.

Category II – Car Air-Conditioning Compressors, Forklifts and Textile Machinery: Aggressively deploying our technological strengths to design and develop products for global markets.

Category III – Electronics and Electronic Devices (including LCDs): Creating new sources for the company's future growth.

In Category I, we are enhancing our manufacturing technology and quality control capabilities in order to play a larger role in assembling automobiles and providing automotive engines for TMC. This category is a driving force for the further development of the Toyota Group.

We are also strengthening our R&D and planning capabilities to play a more active part in product development for Toyota vehicles and engines. We believe that the management of knowledge and the development of human resources, especially in the manufacturing and technical departments, are essential for enhancing these capabilities.

In Category II, our basic policy is to penetrate markets worldwide by providing state-of-the-art products that satisfy customer needs. We recognize that technological advancement is the key determinant of competitiveness, and therefore put great emphasis on fostering superior engineering talent and strengthening our technology development capabilities.

Category III requires advanced technology and continuous investment in equipment to maintain a competitive advantage. In addition, it is essential to accurately forecast market movements and to make prompt decisions based on those forecasts. Success in this business requires management to put production promptly on the right track, improve yield rates, and move at high speed so as to recoup investment as quickly as possible.

In order to achieve sustainable growth, we are also focusing on the following measures across all our businesses:

- Strengthening our overall technological capabilities for new product development.
- Systematically improving productivity and lowering production costs.
- Incorporating production cost reduction into the engineering and design stages.
- Utilizing mergers and acquisitions to further increase competitiveness.

Achievements

We developed and introduced a number of significant new products during fiscal 2000.

The launch of the GENEO-B electric-powered counterbalanced forklift in the Japanese market in August 1999 exemplifies our efforts to bring out new products offering technological breakthroughs. The GENEO-B incorporates our new “System of Active Stability” (SAS), with improved performance features that include tip-over prevention. Our proprietary alternating current (AC) drive system has overcome the weaknesses typical of electric-powered forklifts, putting the GENEO-B almost on a par with engine-powered models. Customer response has been positive. We began exporting the GENEO-B under the model name 7FB to Europe, Australia and Asian countries in September 1999.

A new car air-conditioning compressor, the 6SEU12, is another innovative addition to our product lineup. Compact and lightweight, the 6SEU12 is a continuous variable displacement external signal-controlled compressor designed to help reduce fuel consumption and improve acceleration.

In June 1999, we completed development and began production of a common rail type 2,000 cc direct injection turbo diesel engine. It is already being installed on Toyota Avensis models for European markets. In the future, we anticipate that it will gain wider use, particularly on other Toyota models bound for Europe, and we have high hopes that it will become a mainstay of our diesel engine product line.

New products, such as those listed above, helped support our outstanding gains for this period. Additionally, the rigorous cost reduction measures as well as the value analysis (VA) and value engineering (VE) approaches introduced at our domestic and overseas production bases made major contributions to the improvement in results.

As part of our strategic plan to strengthen textile machinery operations, we acquired the water jet loom business from Nissan Motor Co., Ltd. and Nissan Texsys

Co., Ltd. (Nissan Texsys) in April 1999. Production transfer was completed by the end of 1999, and in February 2000 we began manufacturing the LW600 series water jet loom, a product originally developed by Nissan Texsys which we improved further through our proprietary technology. This merger has expanded our weaving machinery product range, which had been limited to air jet looms, and will boost our medium-term textile machinery sales.

Management Challenges and Business Model

Management Challenges

Competition has accelerated and now transcends national boundaries. We resolve to continue increasing our value as a corporation through speedy decision-making and efficient allocation of management resources in order to generate continued consolidated growth and improve our market position. To compete and thrive in today's global business, we will design and develop attractive products that meet market needs in a timely manner. At the same time, we will continuously improve product and service quality and lower manufacturing costs through the Toyota Production System (TPS), while reviewing our operating structure to increase sales. We also realize the importance of improving work processes by using state-of-the-art information technology (IT), as well as reducing fixed costs and further raising customer satisfaction levels.

Rapid advances in IT have changed the way business is done. To take advantage of the opportunities these changes present, we are implementing strategic initiatives and structural changes that will help us grow further in the twenty-first century.

Tadashi Ishikawa, President

New Business Model

Throughout its long history, Toyoda has grown by constantly improving upon its technology base. We now have diversified businesses, and each business area has its own core technologies. The challenge is to transcend existing business areas to integrate our proven technologies in various fields and develop new technologies for next-generation products and enter new business domains.

At the same time, we will introduce the concept of business models to each of our business units. As independent units, each of our business operations will analyze its business environment and develop appropriate market and product strategies, while evaluating the profitability and efficiency of capital deployment. Through such business models, each operational unit will contribute to the steady expansion of profits. We also intend to utilize IT to speed up the management process and to raise the productivity of indirect operations.

Medium-Term Management Strategy

Our medium-term strategy, which is focused on ensuring growth in the next several years, can be summarized as follows:

Become a global leader in the forklift and car air-conditioning compressor businesses

Toyoda is the undisputed leader of the domestic forklift market and holds a substantial share of the global market, and we continue to strengthen this market position. We made a significant step toward achieving this goal in June

2000. Moving to complement our mainstay lineup of counterbalanced forklifts, we acquired BT Industries AB of Sweden, which has a solid global presence in the warehouse equipment market. This move better positions us to provide comprehensive materials handling solutions. In addition, in late July we agreed with TMC to strengthen the forklift and materials handling systems businesses of both companies. The entire forklift and materials handling systems businesses of TMC are to become part of Toyoda in April 2001, although the details are still being worked out.

We are a leading global manufacturer of car air-conditioning compressors. We are continuing to aggressively develop new products that satisfy customers, thereby further strengthening our market position.

Remain a stable supplier of Toyota automobiles and engines

As a core member of the Toyota Group, we will strive to increase the value of Toyota automobiles by improving the quality and lowering the costs of our products. An important role for the engine division is the development of high performance and environmentally friendly engines.

Become a successful LCD manufacturer

We have begun production of low-temperature polysilicon TFT-LCDs, a product with outstanding growth potential. By improving the manufacturing process through TPS and other methods, we will increase the profitability, quality and productivity of our LCD operations.

Increase corporate value

To remain globally competitive in our rapidly changing markets, we are steadily implementing management strategies designed to improve earnings. At the same time, we recognize that an important part of our overall mission consists of fulfilling our social responsibilities. For example, as part of our concern for protecting the environment, we emphasize developing environmentally friendly products and recycling technology. In addition, we have made obtaining ISO14001 certification a company-wide priority.

The most important aspect of our corporate mission is to create greater shareholder value. By boldly implementing the strategies outlined above, we will strive to maximize shareholder value and satisfy the expectations of our customers, employees, business partners and the communities we serve.

We thank all of our shareholders, customers, partners, and employees for your support and enthusiasm during the past year. As we navigate our changing markets, we will continue to work to meet your needs and maintain your confidence.

July 2000

Chisei Isogai
Chairman

Akira Yokoi
Executive Vice Chairman

Tadashi Ishikawa
President

At a Glance

Since its establishment in 1926, Toyoda Automatic Loom Works, Ltd. has diversified its businesses and consolidated its management bases.

Financial Segment | **Business/Operation** | **Products**

Automobile Segment


Vitz (Yaris)


1CD Engine


7SBU16 Compressor

Business/Operation		Products
Vehicle (Automobile Assembly)		Passenger vehicles
Engine		Diesel and gasoline engines
Car Air-Conditioning Compressor		Car air-conditioning compressors
Others	Foundry	Foundry parts for automobiles, etc.
	Electronics	Electronic equipment for automobiles, etc.

Materials Handling Equipment Segment

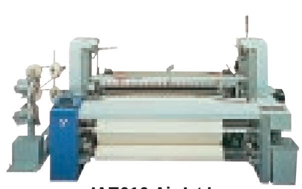

GENEO-B (7FB)


Automated Storage and Retrieval System (Pallet type)

Business/Operation		Products
Forklift (Industrial Equipment)		Counterbalanced forklifts Skid steer loaders Towing tractors, etc.
Materials Handling Systems		Automated storage and retrieval systems Automatic guided vehicle systems, etc.

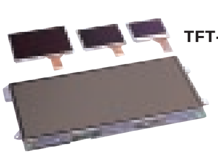
Textile Machinery Segment

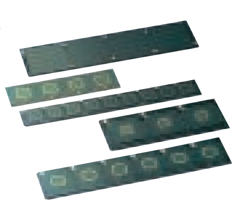

RX240 Ring Spinning Frame


JAT610 Air Jet Loom

Business/Operation		Products
Textile Machinery	Spinning Machinery	Ring spinning frames Roving frames, etc.
	Weaving Machinery	Air jet looms Water jet looms Sizers, etc.

"Others" Segment


TFT-LCDs


Plastic Package Substrates

Business/Operation		Products
Electronics	ST-LCD	Low-temperature polysilicon TFT- LCDs
	TIBC	Ball grid array-type plastic package substrates for IC chipsets, etc.
Others		

FY 2000 **Percentage of Net Sales**

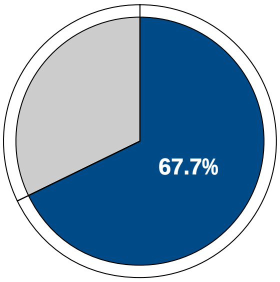
The Automobile Segment, consisting of automobile assembly, engines, car air-conditioning compressors, and electronic components for automobiles, occupies a dominant 68 percent share of Toyoda's consolidated sales.

The automobile assembly business produces two models, the Vitz (exported to Europe as the Yaris) and the Sprinter Carib (exported as the Corolla Wagon). The Vitz (Yaris) is very popular in both the domestic and European markets.

The engine business produces more than 10 types of diesel and gasoline engines for Toyota brand cars and the forklift business. These engines include the C-type and HZ-type diesel engines as well as the Y-type and E-type gasoline engines.

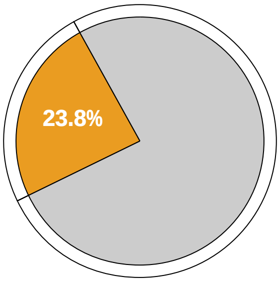
The car air-conditioning compressor business develops and produces swash plate fixed displacement type compressors, one-way swash plate variable displacement type compressors, scroll type compressors and vane type compressors. These products are supplied to the world's major car manufacturers.

The semiconductor and electronics business produces various electronics components for automobiles including on-vehicle enclosed type AC inverters and semiconductors. In the past fiscal year, the Automobile Segment recorded overall sales of ¥423.4 billion.

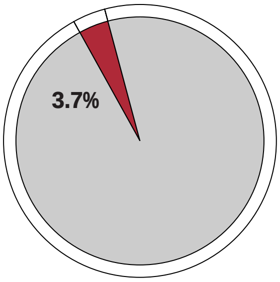


The Materials Handling Equipment Segment encompasses the forklift and materials handling systems businesses, which include automated storage and retrieval systems and automatic guided vehicle systems. The core products of the forklift business are the engine-powered counterbalanced forklift GENEO (7 Series overseas), and the electric-powered counterbalanced forklift GENEO-B (7FB overseas). With the acquisition of BT Industries AB of Sweden in June 2000 and the slated transfer to Toyoda of all forklift operations from Toyota Motor Corporation in April 2001, Toyoda will consolidate its position as a leading global forklift manufacturer.

In fiscal 2000, forklift business sales accounted for approximately 97 percent of the Materials Handling Equipment Segment. Overall sales in this segment totaled ¥149.1 billion.



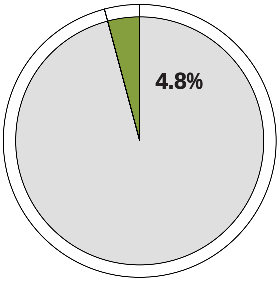
Supported by the improving economies of Southeast Asia, the recovery in sales of the JAT610 air jet loom boosted the overall sales of the Textile Machinery Segment, consisting of the spinning machinery and weaving machinery businesses, to ¥23.1 billion in fiscal 2000. The acquisition of the water jet loom business from Nissan Texsys Co., Ltd., enabled Toyoda to launch the LW600 series water jet loom in February 2000. This product, a new type of water jet loom, is enhanced with the electronic technologies of Toyoda.



The "Others" Segment covers the electronics business and although the scope of business is still small, it is expected to grow quickly and become a strategic operation.

Launched as a joint venture with Sony Corporation on an equal ownership basis, ST Liquid Crystal Display Corp. (ST-LCD) will form the core of the new business area. ST-LCD has begun production of low-temperature polysilicon TFT-LCDs, expected to become a next-generation LCD. In addition, TIBC Corporation was established as a joint venture with Ibiden Co., Ltd., and began production of ball grid array (BGA)-type plastic package substrates that respond to high-function IC chipsets in April 1999.

ST-LCD is an affiliate and thus its sales are not included in the consolidated sales because the figures are accounted for under the equity method.



The Source of Growth

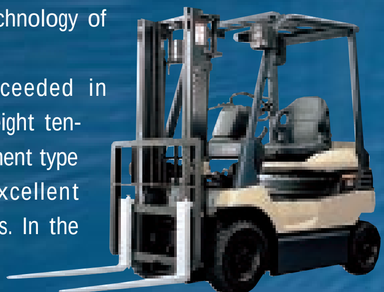
Increasing Global Market Share with Outstanding, Unrivaled Technologies

Toyoda, a leading global manufacturer of car air-conditioning compressors, produced more than 10 million units during the fiscal year ended March 2000. The compressors Toyoda develops and manufactures are distributed by DENSO Corporation (DENSO) and are used not only by Toyota Motor Corporation (TMC) but also by other leading automobile manufacturers worldwide.

6SEU12 Compressor

As a result of its unsurpassed product development and technologies, global automobile manufacturers continue to use Toyoda's products. Furthermore, Toyoda prepares for the future by developing new products, thereby contributing to the innovative technology of automobile manufacturers.

In the 1980s, Toyoda succeeded in developing a compact and lightweight ten-cylinder swash plate fixed displacement type compressor, which displays excellent reliability at high operating speeds. In the 1990s, as concerns about global environmental problems grew, Toyoda developed a one-way swash plate variable displacement type compressor that reduces the burden on the engine, raises overall efficiency and lowers fuel consumption. Furthermore, Toyoda developed and marketed a clutchless variable displacement type compressor offering excellent acceleration and low fuel consumption. These products were developed and manufactured several years ahead of the competition, indicating the competitive superiority of Toyoda in the global marketplace. Toyoda is also moving ahead with the technological development of new refrigerants to replace chlorofluorocarbons (CFCs).



GENEO-B (7FB)

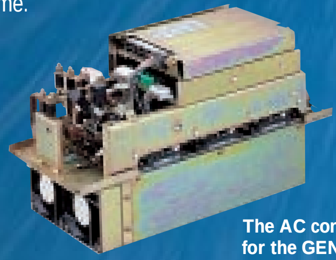
The forklift and car air-conditioning compressor businesses are aiming to capture an appreciable share of global markets by leveraging their technological superiority. Toyoda leads the world in developing and producing counterbalanced forklifts, with development efforts focused on the environmental and safety needs that will be essential for forklifts in the future. Forklifts are classified on the basis of their drive system into engine and electric-powered models. Toyoda is the only manufacturer to independently develop and manufacture engines dedicated to forklifts. Based on this strength, Toyoda has developed engines with high output and low fuel consumption to reduce their impact on the environment. On the other hand, growing environmental awareness has led to an increase in market demand for electric-powered forklifts. Toyoda has therefore developed the GENEO-B (7FB overseas), an electric-powered forklift that is the first in the world to be equipped with a dedicated alternating current (AC) drive system as standard equipment.

In the past, the conventional direct current (DC) drive system could not deliver enough power for a forklift. In order to overcome this problem, Toyoda has independently developed a dedicated low voltage and large current semiconductor, allowing forklifts with high output to operate for long hours on a single charge. As a result, Toyoda has realized a system that other forklift manufacturers have found difficult to emulate.

To enhance safety, the engine-powered counterbalanced forklift GENEO (7 Series overseas), launched in 1998, was equipped with the "System of Active Stability" (SAS) and received wide acclaim as the next-generation in forklift safety technology. With an electronically controlled hydraulic system, the SAS is an advanced safety system that enhances the stability of the vehicle and prevents it from tipping over.

The GENEO-B won the Good Design Award in Japan, and is attracting great interest throughout the world.

As a result of these technologies, Toyoda captured a 40 percent share of the Japanese forklift market for the first time.



The AC controller developed for the GENEO-B

Global Development

Penetrating Global Markets by Analyzing Market Characteristics and Developing Optimum Strategies for Individual Markets

Toyoda analyzes market environments and characteristics throughout the world and establishes production and development strategies for each business sector, product and region. Furthermore, Toyoda plans, develops and manufactures new products targeted at global markets.

The car air-conditioning compressor business has already captured a substantial share of the global compressor market, and production exceeded 10 million units during the year ended March 2000. Of these, 81 percent were produced in Japan and the rest in the United States. For many years, Toyoda's compressor production bases were located only in Japan and the United States. With production beginning in Germany from April 2000, however, Toyoda now has production bases in the three main global markets of Japan, North America, and Europe. By placing manufacturing operations close to customers, Toyoda will be able to tailor its products swiftly to reflect the needs of local markets and minimize foreign exchange risks. Both overseas production bases — Michigan Automotive Compressor, Inc. (MACI) in the United States, and TD Deutsche Klimakompressor GmbH (TDDK) in Europe — are managed through joint ventures with DENSO Corporation.

In the last fiscal year, about 4.3 million compressors were sold to major automobile manufacturers in Japan, establishing Toyoda as the market leader. In North America, 3.7 million compressors were sold to Japanese automobile manufacturers for locally manufactured cars as well as to major American automobile manufacturers. Sales in North America focused on fixed displacement type compressors, which have excellent reliability at high operating speeds. In Europe, Toyoda sold 2.7 million units, mostly variable displacement type compressors for luxury cars.

In the future, Toyoda plans to increase compressor sales in North America and Europe, which Toyoda believes have good prospects for expanded sales.

Because the number of air conditioning systems installed in cars, particularly in the European market, is expected to rise steadily, Toyoda anticipates that demand for compressors will increase accordingly. Therefore, Toyoda will strive to expand sales by developing and expediting the availability of products that meet the market's needs. Products such as compact variable displacement type compressors will attract new customers and open up new markets.

The forklift business is experiencing severe market competition as mergers, acquisitions and alliances take place on a global scale. The markets of advanced countries are mature, so the demand for materials handling equipment is cyclical. The demand for forklifts tends to reflect capital investment decisions of customers, which in turn follow economic trends.

Major Manufacturing Bases Outside Japan

1. Michigan Automotive Compressor, Inc. (MACI)/Compressor
2. Toyota Industrial Equipment Mfg., Inc. (TIEM)/Forklift
3. Toyota Industrial Equipment S.A. (TIESA)/Forklift
4. Toyota Industry Kunshan Co., Ltd. (TIK)/Foundry
5. Kirloskar Toyoda Textile Machinery, Ltd. (KTTM)/Textile Machinery
6. TD Deutsche Klimakompressor GmbH (TDDK)/Compressor

(As of March 31, 2000)

Toyoda has established production bases in Japan, North America and Europe to increase its presence in global markets. During the past fiscal year, Toyoda manufactured about 64,000 forklifts worldwide. The production base in the United States, Toyota Industrial Equipment Mfg., Inc. (TIEM), is a joint venture with Toyota Motor Corporation (TMC). In France, Toyota Industrial Equipment S.A. (TIESA) is a joint venture with both TMC and Manitou BF S.A. About 38,000 forklifts are manufactured in Japan, 18,000 in the United States and 8,000 in Europe.

Toyoda holds a competitive advantage in the manufacture of counterbalanced forklifts, enjoying a substantial share of world markets. However, Toyoda's focus on counterbalanced forklifts has hindered the penetration of markets for warehouse equipment. The warehouse equipment market is large in North America and is especially important in Europe. To expand its share in the North American and European markets, Toyoda acquired distinguished forklift manufacturer BT Industries AB of Sweden in June 2000.

BT Industries has a competitive edge in warehouse equipment. Developing its business on a global scale, BT Industries has established firm bases, particularly in Europe and North America. Toyoda and BT Industries complement each other in market and product lineup. With a view to becoming the world's leading forklift manufacturer, this is a perfect match of strategic importance.

Strengthening Toyoda's Management Foundation

Accelerating Growth by Honing Production Technologies for Automobiles and Engines

Assembly line for the Vitz (Yaris)

In the Automobile Segment, the vehicle (automobile assembly) and engine businesses form Toyoda's foundation. As a member of the Toyota Group, Toyoda is responsible for continuously improving quality and reducing cost in these businesses, as well as proposing new areas to develop. Therefore, these businesses play an important role in expanding sales of the Toyota brand.

In the vehicle business, the Vitz (exported to Europe as the Yaris) met with such an enthusiastic response that orders surpassed expectations. In order to accommodate the increase in production of the Vitz (Yaris), Toyoda raised the capacity of the production line at the Nagakusa plant.

As a result, the annual production capacity of the Vitz (Yaris) increased from 170,000 to 220,000 units and makes a significant contribution to Toyota Motor Corporation's (TMC's) production plans.

Toyoda's sophisticated production technologies that enable efficient mixed production with the Sprinter Carib (exported as the Corolla Wagon), will be bolstered to respond quickly and flexibly to fluctuations in production volume. In Toyoda's role as a manufacturer of small cars under the Toyota brand, Toyoda strives to enrich development functions further and reinforces its ability to produce new models based on the same platform as that of the small cars that Toyoda already assembles.

As a member of the Toyota Group, Toyoda works hard to build trust and a reputation as a highly efficient automobile production base by using advanced information technologies to effectively link all processes from development to production.

In the engine business, Toyoda currently manufactures more than 10 types of engines for automobiles and forklifts at the Hekinan plant, an engine production base of the Toyota Group.

The automobile engines Toyoda produces range from 1,500 cc to 4,500 cc gasoline engines. Toyoda also

Computer simulated virtual factories (V-Comm) manufactures diesel engines with displacement volumes from 2,000 cc to 4,200 cc, including direct injection types, which are installed in a broad range of vehicles, including passenger cars.

Toyoda also develops engines for forklifts, and is currently manufacturing 1,500 cc to 5,000 cc or larger gasoline and diesel engines to power its forklifts. As these engines were developed solely for our forklifts and Toyoda is the only manufacturer to independently develop and manufacture forklift engines, competitors find them very difficult to imitate. This gives Toyoda a competitive edge in engines that deliver the performance forklifts require.

Another strength is Toyoda's flexible production technologies that allow the efficient manufacture of a variety of engines. Equipped with automatic guided vehicles,

Engine assembly line using automatic guided vehicle systems

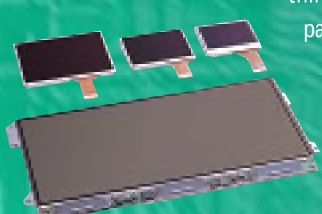
Toyoda's unique production line permits different types of engines to be manufactured using the same assembly line.

Toyoda collaborates with TMC on a broad range of development functions including design and evaluation. As a supplier of engines to TMC, Toyoda's engine business plays an important role as the mainstay of its Automobile Segment and contributes to the steady growth and expanding sales of Toyoda.

New Businesses

A New Source of Growth

To develop new businesses areas, Toyoda is focusing on electronics. In 1997, Toyoda established ST Liquid Crystal Display Corp. (ST-LCD), a joint venture with Sony Corporation to manufacture low-temperature polysilicon thin film transistor LCD (poly-Si TFT-LCD) panels. With Sony's technical excellence and Toyoda's advantages in quality control and manufacturing technology, Toyoda aims to build an optimal production system.



Low-temperature polysilicon thin film transistor liquid crystal displays (Poly-Si TFT-LCDs)

Toyoda completed one of the world's largest low-temperature poly-Si TFT-LCD production plants and started production in April 1999. The unique mass-production line incorporating the Toyota Production System assures high quality and productivity. All poly-Si TFT-LCDs manufactured by ST-LCD are sold to Sony Corporation and used for Sony's video cameras and other products.

Distinctive characteristics of the low-temperature poly-Si TFT-LCDs mass-produced by ST-LCD include low electrical power consumption, high definition, fast response and compact size due to the unification of integrated circuits. Because of its advantages over the prevailing amorphous silicon TFT-LCD, the poly-Si TFT-LCD is suited to small-sized digital information devices. The poly-Si TFT-LCD is expected to be used for personal digital assistants (PDAs) and intelligent transport system (ITS)-related equipment, for which demand is currently increasing rapidly.

Ball grid array-type plastic package substrates

The LCD market is expanding, particularly for small-sized portable terminals. With outstanding characteristics, low-temperature poly-Si TFT-LCDs are positioned to become a next-generation LCD, and Toyoda expects the market to grow rapidly in the future. At present, comparatively few businesses are engaged in commercial production of low-temperature poly-Si TFT-LCDs. As a pioneer in these technologies, Toyoda is confident ST-LCD will have a bright future.

Toyoda has also begun manufacturing plastic package substrates for various types of IC chipsets. In a joint venture with Ibiden Co., Ltd. (Ibiden), Toyoda launched TIBC Corporation, which produces compact, lightweight ball grid array (BGA)-type plastic package substrates that respond to high-function IC chipsets. The plastic package substrates are distributed through Ibiden to the world's major semiconductor manufacturers for use in electronic equipment such as PDAs, mobile phones and personal computers.

ST Liquid Crystal Display Corp.

Automobile Segment

The Automobile Segment, made up of the vehicle, engine, car air-conditioning compressor, foundry parts, and automotive electronics businesses, holds a dominant 68 percent portion of Toyoda's consolidated sales.

Sales for the Automobile Segment during the fiscal year ended March 31, 2000, were ¥423.4 billion, up 16 percent from the previous year.

Vitz (Yaris): Toyota's 1,000 cc and 1,300 cc class global strategic cars, with advances in safety technology and low fuel consumption, have been highly acclaimed in both the domestic and European markets.

Vehicle Business

The vehicle business accounts for the largest portion of sales in the Automobile Segment. Toyoda currently manufactures two Toyota brand models, the Vitz (exported to Europe as the Yaris), Toyota's global strategic small car, and the Sprinter Carib (exported as the Corolla Wagon), a compact station wagon. These two models are manufactured under consignment from Toyota Motor Corporation (TMC) and are all sold to TMC.

As a result of the sluggish domestic automobile market, the number of Sprinter Caribs (Corolla Wagons) sold in the past fiscal year fell 33 percent, compared to the previous year, to 28,529 units. However, domestic and export sales of the Vitz (Yaris), which commenced production in January 1999, grew to 224,100 units. Overall unit sales increased to 266,574 units, up 34 percent from the previous fiscal year.

Total sales reached ¥191.5 billion, up 37 percent from the previous fiscal year.

Note: Production of the Starlet, a 1,300 cc class car, was terminated in July 1999. The number of Starlets sold during the past fiscal year was 13,945 units. The Vitz (Yaris) is the replacement model for the Starlet.

1CD Engine: At Toyota, the common rail system was adopted for the first time for the small-sized direct injection diesel engine. The 2,000 cc engine delivers low fuel consumption, yet with high power.

Engine Business

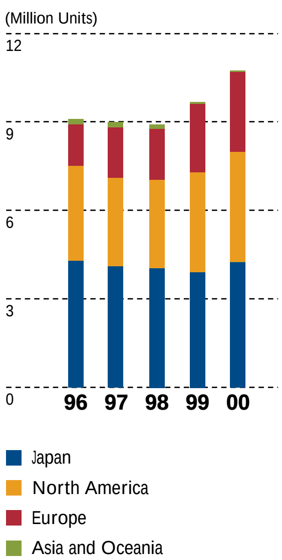
The major products in Toyoda's engine business are diesel and gasoline engines for Toyota brand automobiles and forklifts. All automobile engines are sold to TMC, and forklift engines are mounted in forklifts manufactured by Toyoda.

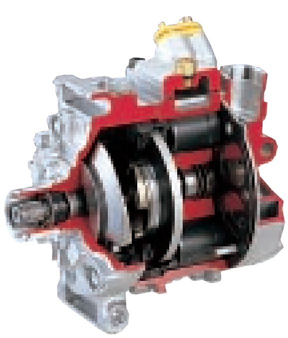
Total diesel engines sold during the fiscal year declined 15 percent, compared to the previous year, to 177,180 units. This result reflects a weak domestic automobile market and a 16 percent decline in shipments of C-type diesel engines, a core product. These results were partly offset by sales of 14,981 direct injection 1CD-type diesel engines for Toyota's Avensis, which is produced exclusively for the European market.

Total gasoline engines sold during the fiscal year fell 7 percent, compared to the previous year, to 164,026 units. This result mainly reflects a drop in production of S-type engines. However, sales of the new E-type engines for small 1,500 cc passenger cars rose to 40,744 units.

The total number of engines sold during the past fiscal year fell 11 percent to 341,206 units.

Car Air-Conditioning Compressor Unit Sales
(Years ended March 31)





7SBU16 Compressor: The displacement of a swash plate variable displacement type compressor is varied to suit the state of the automobile, such as the load on the engine and cabin temperature, giving a smooth driving feeling. Variable displacement also reduces fuel consumption.

Car Air-Conditioning Compressor Business

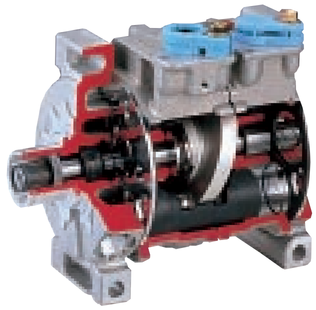
The car air-conditioning compressor business has developed products serving the needs of customers in each market globally and expanded sales in North America and Europe. Sales increased 12 percent, compared to the previous fiscal year, to ¥120.3 billion. All car air-conditioning compressors manufactured by Toyoda are sold to major automobile manufacturers globally through DENSO Corporation.

Sales of car air-conditioning compressors produced for the domestic market increased 9 percent, compared to the previous year, to 4.3 million units, due mainly to favorable mini-vehicle sales.

Car air-conditioning compressors also sold well overseas. Results in North America reflect the acquisition of new orders and brisk automobile sales due to increased personal spending. As a result, car air-conditioning compressor sales increased 10 percent, compared to the previous year, to 3.7 million units. In the North American markets, fixed displacement type compressors, which have excellent reliability at high running speeds, have been received favorably by customers.

The number of car air-conditioning compressors produced for the European markets increased 17 percent, compared to the previous year, to 2.7 million units. This result reflects an expansion in European markets due to increased use of car air-conditioners and the acquisition of new orders. In Europe, variable displacement type compressors for luxury cars are regarded highly.

As a result, total sales rose 11 percent, compared to the previous fiscal year, to 10.8 million units.



10S13 Compressor: A swash plate fixed displacement type compressor highly acclaimed not only for its high reliability but also for its light weight.

GENEO-B (7FB): An electric-powered forklift equipped with a dedicated AC drive system for forklifts as standard equipment. With high basic performance and operability, the GENEO-B shows the way forward for electric-powered forklifts.

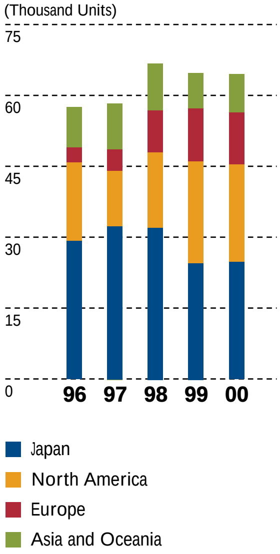
Materials Handling Equipment Segment

The Materials Handling Equipment Segment encompasses the forklift business and the materials handling systems business, which includes automated storage and retrieval systems and automatic guided vehicle systems. Forklift business sales accounted for about 97 percent of the Materials Handling Equipment Segment in the past fiscal year. Total sales fell slightly to ¥149.1 billion, a drop of 1.5 percent from the previous year.

In the forklift business, demand in the United States market declined slightly, but on the whole, demand in the United States and Europe remained fairly strong. In Japan, however, despite signs of recovery since autumn 1999, sluggish investment caused demand to fall for the second consecutive year.

Against this backdrop, the GENEO-B, an electric-powered counterbalanced forklift with a 1.0- to 3.5-ton capacity, was launched in the Japanese market in August 1999 to strengthen Toyoda's product range. As a result, the annual market share of Japanese forklift sales surpassed 40 percent for the first time. This enabled the Materials Handling Equipment Segment to reach its

Forklift Unit Sales
(Years ended March 31)



GENEO (7 Series): The GENEO is an engine-powered forklift of 1.0- to 5.0-ton capacity. In addition to basic materials handling performance, this highly acclaimed forklift series is powered by an environmentally friendly engine dedicated for forklifts and assures safety by adopting the state-of-the-art computerized safety control system, "System of Active Stability" (SAS).

BT Industries AB: A Swedish warehouse equipment and forklift manufacturer, BT Industries AB became Toyoda's subsidiary in June 2000. Together with the warehouse equipment of BT Industries, Toyoda now realizes a comprehensive lineup of materials handling equipment.

LW600 Series Water Jet Loom: A water jet loom that uses the force of water to insert the weft through the warp running lengthwise on the loom. The machine was launched in February 2000. Not only is it capable of weaving cloth of high quality, but it has excellent durability and low running costs, making it an efficient, high-speed weaving machine.

RX240 Ring Spinning Frame: By utilizing a new mechanical design featuring Toyoda's proprietary spinning geometry, positive lifting, and an easy-to-use function panel, the RX240 provides superior quality, productivity and operability with simplified maintenance.

targeted sales volume in the domestic market, despite a drop in overall demand.

Launched in overseas markets during fiscal 2000, the 7 Series engine-powered counterbalanced forklift (GENEO in Japan) has sold well. Although sales volume fell slightly compared to the previous year, it remained at a high level.

With the acquisition of BT Industries AB in June 2000, Toyoda expects to develop and expand its forklift business in the future by creating synergy between regions, products and sales. In addition, an agreement with Toyota Motor Corporation (TMC) in late July, will allow Toyoda to further strengthen its forklift and materials handling systems businesses. Presently, TMC focuses on sales and marketing, and Toyoda develops and manufactures forklifts. The new agreement when finalized is expected to transfer all forklift and related operations to Toyoda. The transfer of these operations is slated for April 2001. This will consolidate Toyoda's position as a leading forklift manufacturer.

The materials handling systems business is responsible for the manufacture of automated storage and retrieval systems and automatic guided vehicles. As a result of sluggish equipment investment in the private sector, sales remained at a low level during the fiscal year under review.

Textile Machinery Segment

The Textile Machinery Segment consists mainly of the spinning machinery and weaving machinery businesses. Sales in this segment increased 22 percent over the previous fiscal year to ¥23.1 billion. This result reflects improvement, albeit spotty, in the business conditions of Southeast Asia.

In the weaving machinery business, orders from Korea and Taiwan for the JAT610 air jet loom, the core product of this business, increased, reflecting signs of economic recovery in these markets. As a result, the number of weaving machines sold increased 2,296 units to 4,416 units and sales increased 72 percent, compared to the previous fiscal year, to ¥17.2 billion. In April 1999, the textile machinery business acquired the water jet loom business from Nissan Texsys Co., Ltd. and a new type of water jet loom, the LW600 series, was launched in February 2000. Toyoda has taken measures to attract new customers as well as to promote repeat sales.

In the spinning machinery business, carefully planned sales activities were conducted for prospective customers in leading Asian markets. However, a plunge in demand in Indonesia and Thailand caused sales of the RX 240 ring spinning frame and the FL 100 roving frame to drop. As a result, sales of the spinning machinery business fell to ¥5.9 billion, down 34 percent from the previous fiscal year.

In the Textile Machinery Segment, Toyoda continues to promote rationalization measures to enhance productivity, and is working to lower costs and strengthen its product line and profitability.

Environmental Action Plan

Fundamental Philosophy

The importance of businesses and individuals in preserving the global environment is increasing. Toyoda's fundamental corporate philosophy is to provide safe, high-quality products while helping to make society prosperous and the world a comfortable place in which to live. In line with this philosophy, the following four-point policy was established as Toyoda's Environmental Plan* to reduce, in a variety of areas, the environmental impact of Toyoda's activities.

1. Develop and offer clean products with a low environmental impact.
2. Promote manufacturing activities that aim at zero emission. This includes Toyoda's measures to prevent global warming, reduce the release of harmful chemical substances controlled by Japan's Pollutant Release and Transfer Register (PRTR) into the environment, and reduce emissions of volatile organic compounds (VOCs). Accordingly, Toyoda has established the following goals:
   - Reduce carbon dioxide emissions 5 percent by 2005 and 10 percent by 2010 from 1999 levels. In addition, by 2005, reduce harmful chemical substances controlled by PRTR by 50 percent from 1998 levels.
   - By 2005, reduce VOCs from paint lines to 50 percent of 1998 levels.
   - By 2003, reduce waste and conserve resources, aiming to achieve zero emission of landfill waste from major domestic plants.
3. Expand environmental management systems.
4. As a corporate citizen, actively participate in public environmental activities.

*Note: Toyoda established its Environmental Plan in March 1993 and in August 2000 this Plan was comprehensively revised. These revisions clarify Toyoda's environmental policy until 2005.

Toyoda is promoting the acquisition of ISO 14001 certification as a part of its group-wide environmental management system.

Management System

Toyoda has established an Environment Committee to manage environmental issues. This committee systematically addresses all environmental issues at the highest management level. In addition, Toyoda has arranged environmental policies for each division and formed environment committees for each plant. In this way, Toyoda is responding to a myriad of environmental issues.

The atrium of Toyoda's Hekinan plant symbolizes the harmonious coexistence of people and the environment.

Primary Environmental Measures

Based on Toyoda's Environmental Plan, Toyoda established targets to reduce carbon dioxide emissions, waste, and energy consumption.

In addition, along with aggressive efforts to reduce the weight of each product and improve energy efficiency, Toyoda is selecting and designing materials appropriate for recycling.

International Environmental Standards

To ensure that Toyoda's group-wide environmental management system is open and transparent, Toyoda is promoting the acquisition of ISO 14001 certification. By the end of fiscal 1999, six major plants in Japan had acquired this certification, and two of six overseas plants had acquired certification.

Communication

First published in 1999 to widely proclaim its environmental measures, Toyoda's environmental reports introduce a broad range of Toyoda's activities. In addition, Toyoda is involved in a wide range of activities, including periodic exchanges of information between manufacturing plants and the communities in which they are located, regional events to raise awareness of environmental protection, and support for volunteer activities related to environmental preservation.

Consolidated Five-Year Summary

Toyoda Automatic Loom Works, Ltd. and its consolidated subsidiaries
Years ended March 31

	Millions of yen				
	2000	1999	1998	1997	1996
Net sales	**¥ 625,773**	¥ 558,876	¥ 572,698	¥530,851	¥476,084
Operating income	**28,867**	24,814	32,729	32,675	19,926
Income before income taxes	**27,162**	23,172	33,202	31,157	21,560
Net income	**13,686**	10,391	20,491	17,931	13,549
Total assets	**¥ 685,914**	¥ 617,071	¥ 593,004	556,291	¥454,503
Shareholders' equity	**316,293**	301,158	304,097	281,154	267,145
Common stock	**40,178**	40,178	40,133	31,458	31,322
Shares outstanding at year-end (thousands)	**283,296**	283,296	287,752	282,233	282,083
Depreciation and amortization of intangibles	**¥ 42,752**	¥ 34,380	¥ 27,958	¥ 28,043	¥ 27,240
Capital expenditures	**44,746**	60,468	62,007	35,408	29,629
Research and development expenses	**18,770**	19,691	23,112	23,231	24,062
Per common share: (yen)					
Net income: Primary	**¥ 48.32**	¥ 36.30	¥ 72.33	¥ 63.55	¥ 48.03
Diluted	**43.18**	32.62	63.48	55.20	47.13
Shareholders' equity	**1,116.62**	1,063.05	1,056.81	996.18	947.04
Cash dividends	**16.00**	16.00	16.00	16.00	13.00
Indices:					
Return on equity (ROE) (%)	**4.43**	3.43	7.00	6.54	5.18
Return on assets (ROA) (%)	**2.10**	1.72	3.57	3.55	3.07
Return on sales (ROS) (%)	**2.19**	1.86	3.58	3.38	2.85
Debt / equity ratio (%)	**60.50**	51.59	37.49	45.95	20.40
Interest coverage (times)	**14.5**	16.4	17.6	13.0	8.7
EBITDA (millions of yen)	**64,681**	51,033	55,212	55,548	44,830
Number of employees	**13,132**	12,797	11,239	10,738	10,806

Notes: 1. The differences of the accounting methods for fiscal 1999 and fiscal 2000 are described in Notes to Consolidated Financial Statements.
2. Net income per share, ROE and ROA are computed based on the average number of shares, shareholders' equity and total assets, respectively, during each period.
3. Debt / equity ratio = Interest-bearing debt / Shareholders' equity
4. Interest coverage = (Operating income + Interest and dividend income) / Interest expenses
5. EBITDA = Income before income taxes + Interest expenses – Interest and dividend income + Depreciation and amortization of intangibles

Management's Discussion and Analysis

The following Management's Discussion and Analysis is based on current information known to management as of June 29, 2000.

FINANCE

Toyoda's financial policy is to secure adequate financing and liquidity for its operations and to maintain healthy balance sheets.

Toyoda's basic financial policy is that retained earnings and long-term debt should meet long-term fund requirements such as capital expenditures. Toyoda uses short-term bank loans to fund a portion of its working capital requirements. However, working capital requirements, which are necessary on an ongoing basis, are raised by long-term debt. Bonds, including convertible bonds, are the main source of long-term debt, and during the fiscal year ended March 31, 2000, the sixth and seventh issuances of bonds without collateral provided ¥15,000 million respectively, totaling ¥30,000 million. In addition, loans from Toyoda meet most of the fund requirements of its subsidiaries and affiliates mainly to reduce their interest expenses and ensure the efficient use of funds.

Toyoda's financial condition remained sound. Cash and cash equivalents, other liquid assets such as short-term investments, free cash flows and fund raising from financial institutions provide adequate funds for the working capital required to expand existing businesses and develop new projects as well as for future capital expenditures.

ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY

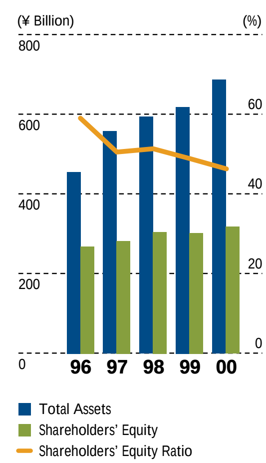
Total assets at the end of fiscal 2000 increased by ¥68,843 million, or 11.2 percent from the previous year, to ¥685,914 million. This mainly reflected increases in cash and cash equivalents, investment securities and receivables – trade, and newly accounted deferred tax assets.

Current assets increased by ¥39,524 million, or 25.4 percent from the previous year, to ¥195,289 million. This was mainly due to increases in cash and cash equivalents which accrued from the issuances of bonds without collateral and in receivables – trade. Short-term investments decreased due to a shift from time deposits to negotiable certificates of deposit. Receivables – trade increased by ¥9,966 million, or 17.6 percent, to ¥66,459 million, mainly reflecting an increase in sales in the Automobile Segment. Inventories increased by ¥2,955 million, or 10.8 percent, to ¥30,215 million and the inventory turnover period reached 16.8 days compared to 16.1 days in the previous year.

Investments and other assets increased by ¥23,580 million, or 11.9 percent from the previous year, to ¥221,226 million. This was attributable to purchases of additional shares in the Toyota Group companies, purchases of bonds and an increase in loans made for ST Liquid Crystal Display Corp. (ST-LCD) and to newly accounted deferred tax assets.

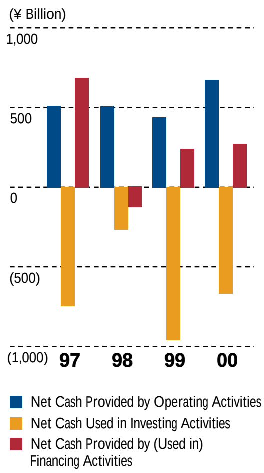
Property, plant and equipment decreased by ¥190 million, or 0.1 percent from the previous year, to ¥258,706 million. This reflected that depreciation, along with capital expenditures, exceeded ¥60,000 million in fiscal 1998 and fiscal 1999 respectively, and capital expenditures during fiscal 2000 were held at almost the same level.

Total Assets, Shareholders' Equity and Shareholders' Equity Ratio
(Years ended March 31)

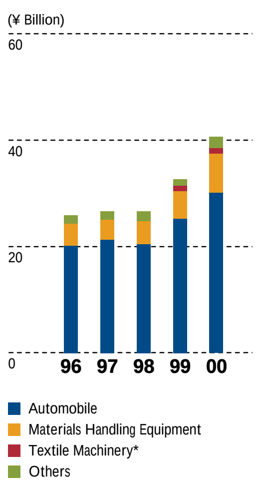


Management's Discussion and Analysis

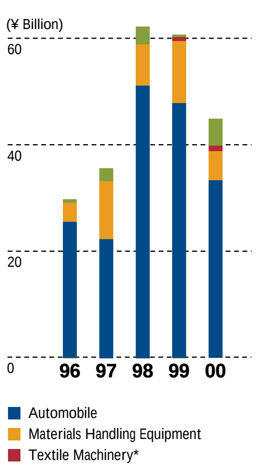
Cash Flows
(Years ended March 31)



Depreciation and Amortization of Intangibles
(Years ended March 31)



Capital Expenditures
(Years ended March 31)



*Note: From fiscal 1999 the Textile Machinery Segment was separated from the "Others" Segment.

The total of current liabilities and long-term liabilities at the end of the year increased by ¥52,178 million, or 17.6 percent from the previous year, to ¥349,302 million. This was due to increases in long-term debt, payables – trade, and short-term bank loans, and to newly accounted deferred tax liabilities.

In current liabilities, an increase in payables – trade was attributable to an increase in the purchase amount of raw materials, supplies and subcontractors' expenses in March 2000. An increase in short-term bank loans was due to additions of newly consolidated subsidiaries. In addition, a decrease in payables – other was due to a reduction in the purchase amount of plant and equipment.

In long-term liabilities, long-term debt at the end of the year increased by ¥32,454 million, or 21.8 percent from the previous year, to ¥181,072 million, mainly due to the sixth and seventh issuances of bonds without collateral of ¥15,000 million respectively, totaling ¥30,000 million. Shareholders' equity increased by ¥15,135 million, or 5.0 percent, to ¥316,293 million reflecting an increase in retained earnings accompanying appropriation of income during the year. Shareholders' equity per share based on the number of shares outstanding at the end of the year stood at ¥1,162.62, compared to ¥1,063.05 for the previous year.

CASH FLOWS

During the fiscal year ended March 31, 2000, net cash provided by operating activities was ¥68,058 million, an increase of ¥23,920 million, or 54.2 percent compared to the previous year. Net cash used in investing activities was ¥67,187 million, a decrease of ¥29,040 million, or 30.2 percent. Net cash provided by financing activities increased by ¥3,132 million, or 12.9 percent, to ¥27,500 million. Despite the adverse effects of translation difference, cash and cash equivalents at end of year increased by ¥27,377 million, or 54.8 percent compared to the previous year, to ¥77,332 million.

The increase in net cash provided by operating activities during the year principally reflected increases in income before income taxes, payables – trade, and depreciation and amortization of intangibles exceeding increases in receivables – trade and inventories. The increases in receivables – trade, inventories and payables – trade were mainly due to sales increases in the Automobile Segment, backed by the strong performance of the Vitz (Yaris) and car air-conditioning compressors. Depreciation and amortization of intangibles during the year increased by ¥8,372 million, or 24.4 percent from the previous year, to ¥42,752 million, affected by capital expenditures exceeding ¥60,000 million in fiscal 1998 and fiscal 1999, respectively.

In net cash used in investing activities during the year, payments for purchases of property, plant and equipment decreased by ¥25,625 million, or 33.0 percent from the previous year, to ¥52,082 million. Capital expenditures decreased by ¥15,722 million, or 26.0 percent, to ¥44,746 million. The breakdown of capital expenditures during the year were ¥33,058 million, a decrease of ¥14,577 million, or 30.6 percent, in the Automobile Segment, with most of the sum invested in production equipment for car air-conditioning compressors; ¥5,426 million, a decrease of ¥6,265 million, or 53.6 percent, in the Materials Handling Equipment Segment; and ¥1,042 million, an increase of ¥379 million, or 57.2 percent, in the Textile Machinery Segment. Payments for purchases of investment securities decreased by ¥10,661 million, or 39.8 percent, to ¥16,101 million, consisting mainly of additional purchases of shares in the Toyota Group companies, such as DENSO Corporation, accounting for approximately 60 percent, and purchases of bonds approximately 25 percent. Payments for loans made during the year increased by ¥4,523 million, or 75.6 percent, to ¥10,503 million, of which loans to ST-LCD accounted for approximately 60 percent. Payments for acquisition of business for water jet looms from Nissan Texsys Co., Ltd. of ¥1,498 million were also accounted for during the year.

Net cash provided by financing activities during the year included a decrease in proceeds from issuances of bonds by ¥10,242 million, or 25.5 percent from the previous year, to ¥29,849 million. Retirements of shares, which totaled ¥9,999 million in fiscal 1998 and ¥9,225 million in fiscal 1999, was not accounted for in fiscal 2000. Toyoda paid cash dividends of ¥4,863 million during the year.

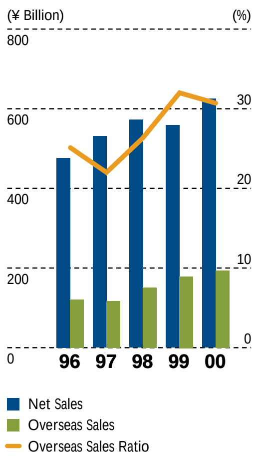
OVERVIEW OF PERFORMANCE

Foreign Exchange Fluctuations and Basic Countermeasures

The average exchange rate of the yen to the U.S. dollar (TTB) during the fiscal year ended March 31, 2000 was ¥111.62, an appreciation of ¥16.63, or 13.0 percent over the previous year.

Overseas sales during the year increased by ¥13,255 million, or 7.4 percent from the previous year, to ¥191,992 million. The ratio to total sales was 30.7 percent; both the amount and the ratio of overseas sales are increasing due to the rapid development of globalization. Toyoda therefore plans to minimize adverse effects of foreign exchange fluctuations on its financial results by establishing exchange forward contracts and foreign currency option contracts in order to hedge fluctuation risk related to the export and import of materials, parts and products. Toyoda also seeks to localize materials and parts procurement as well as to move production closer to overseas markets in order to reduce inventories and costs.

Net Sales, Overseas Sales and Overseas Sales Ratio
(Years ended March 31)



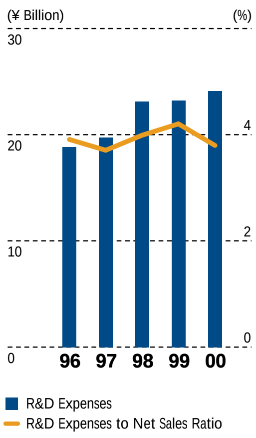
Operating Performance

The Japanese economy began to recover slowly in the latter half of the fiscal year, with industrial production activities and capital expenditures improving despite restrained personal consumption in the difficult employment conditions. Overseas economies generally held steady, sustained by continuing strength in the U.S. economy and the recovery of domestic demand in the European economy.

Against this background, Toyoda has met customers' expectations, remained committed to quality as a top priority, developed various attractive products, aggressively conducted sales promotions, and reduced costs throughout Toyoda, thus developing its strength.

As a result, net sales during the year increased by 12.0 percent from the previous year, and operating income increased 16.3 percent. The increase in net sales was attributable mainly to increases in the production of the Vitz (Yaris) and car air-conditioning compressors. The increase in operating income was accomplished by cost reduction and improved productivity, in addition to the increase in net sales, despite the increase in depreciation and the impact of foreign exchange fluctuations.

R&D Expenses and R&D Expenses to Net Sales Ratio
(Years ended March 31)



Net Sales

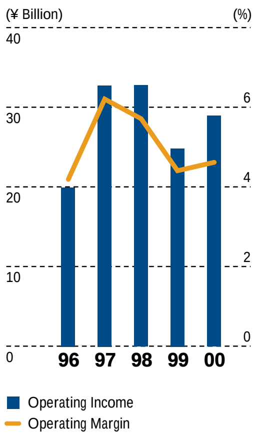
Reflecting the aforementioned factors, net sales during the year increased by ¥66,897 million, or 12.0 percent from the previous year, to ¥625,773 million.

Cost of Sales, and Selling, General and Administrative Expenses

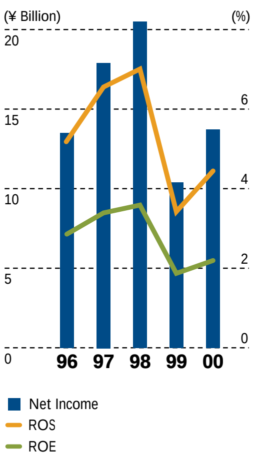
Cost of sales increased by ¥61,765 million, or 12.5 percent, to ¥557,554 million from the previous year, principally reflecting increases in manufacturing costs along with rises in production to meet strong demand for products in the Automobile Segment. In addition, the ratio of cost of sales to net sales

Management's Discussion and Analysis

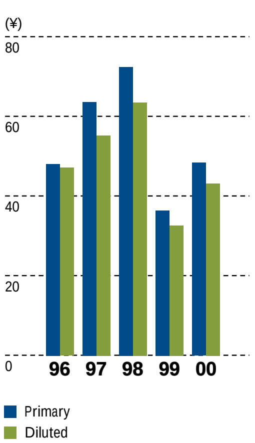
Operating Income and Operating Margin
(Years ended March 31)



Net Income, ROS and ROE
(Years ended March 31)



Net Income per Share
(Years ended March 31)



slightly increased from 88.7 percent during the previous year to 89.1 percent. Selling, general and administrative expenses increased by ¥1,079 million from the previous year, to ¥39,352 million; the ratio to net sales slightly decreased from 6.8 percent to 6.3 percent. Research and development expenses during the year totaled ¥24,062 million, an increase of ¥831 million, or 3.6 percent compared to the previous year, with the ratio to net sales standing at 3.8 percent. These expenses consisted mainly of ¥14,949 million for the Automobile Segment, ¥7,238 million for the Materials Handling Equipment Segment and ¥656 million for the Textile Machinery Segment.

Operating Income

Operating income during the year increased by ¥4,053 million, or 16.3 percent from the previous year, to ¥28,867 million, reflecting the aforementioned factors. The operating margin slightly increased from 4.4 percent during the previous year to 4.6 percent.

Other Income and Expenses

Other expenses, net, totaled ¥1,705 million, compared to ¥1,642 million for the previous year. This was principally due to increases in income from sales of securities, despite increases in loss from disposal of property, plant and equipment and equity in net loss of affiliates. Equity in net loss of affiliates increased from ¥3,763 million in fiscal 1999 to ¥5,036 million in fiscal 2000, reflecting sharp increases in depreciation of ST-LCD associated with the start of commercial operations.

Income before Income Taxes

Income before income taxes increased by ¥3,990 million, or 17.2 percent from the previous year, to ¥27,162 million.

Income Taxes and Deferred Tax Benefit

Net of income taxes and deferred tax benefit increased by ¥679 million, or 5.7 percent from the previous year, to ¥12,583 million. The ratio of income taxes to income before income taxes (the effective rate of income taxes) decreased from 51.4 percent during the previous year to 46.3 percent, mainly due to the reduction in the rate of income taxes in Japan and to the adoption of tax effect accounting.

Net Income

Net income increased by ¥3,295 million, or 31.7 percent from the previous year, to ¥13,686 million, partly influenced by tax effect accounting, which became applicable during the year. The ratio of net income to net sales, return on sales (ROS), increased from 1.86 percent to 2.19 percent. The ratio of net income to shareholders' equity (using the average of such amounts at fiscal 1999 end and fiscal 2000 end), return on equity (ROE), increased from 3.43 percent to 4.43 percent. Primary net income per share (EPS) and diluted net income per share increased from ¥36.30 and ¥32.62 in fiscal 1999 to ¥48.32 and ¥43.18 in fiscal 2000, respectively.

DIVIDEND POLICY

Based on remaining competitive, increasing corporate value and maintaining stable dividends, Toyoda will continue to meet its shareholders' expectations when considering factors such as performance and dividend payout ratio. Toyoda will utilize retained earnings for research, development and investment to ensure growth, strength and the aggressive promotion of business in order to secure returns to shareholders.

In accordance with the resolution at the General Meeting of Shareholders held on June 29, 2000, Toyoda determined that cash dividends payable for shareholders as of the end of the year would be ¥8 per share. Since another ¥8 per share has already been paid as semi-annual dividends, annual dividends will be ¥16 per share, for a dividend payout ratio of 26.4 percent.

THE YEAR 2000 (Y2K) PROBLEM

Since 1996, Toyoda has recognized the year 2000 (Y2K) problem as an important managerial issue in terms of maintaining continuity of operations and relations with its customers and suppliers. Toyoda took broad measures to ensure the Y2K compliance of its internal information systems, equipment and products. After the new year, Toyoda has continued to monitor the latest developments in relation to the Y2K problem through its channels for customers and internal communications network. Fortunately, no problem has occurred which could seriously affect its customers, operations, or consolidated financial condition.

EMPLOYEE PENSION PLAN

Starting in the fiscal year ending March 31, 2001, a new method of accounting for retirement benefits, which will employ an approach similar to that of IAS, will be applied to Toyoda. In accordance with the new method, Toyoda has calculated the present value of its projected benefit obligations (including lump-sum severance payment obligations) as of April 1, 2000 to be ¥62.0 billion. The aggregate market value of Toyoda's pension assets as of that date was ¥23.0 billion, and the amount of accrued severance benefit reserved on the same date was ¥19.6 billion. As a result, Toyoda's aggregate funding shortfall as of that date was ¥19.4 billion.

At present, Toyoda plans to amortize the entire amount of the funding shortfall in the first six months of fiscal 2001. Also, prior to September 30, 2000, Toyoda plans to contribute certain of its investment securities that have valuation profit into an employee retirement benefit trust, to be accounted for as pension assets. It is not possible at this time to ascertain the exact amount of those investment securities, because of fluctuations in stock prices. Toyoda will recognize amortization expenses for the first six months of fiscal 2001 in an amount equal to the entire funding shortfall as of April 1, 2000, but will, for the same period, realize gain on disposition of investment securities that are contributed as pension assets. Toyoda currently estimates that it will recognize an extraordinary loss of ¥4.5 billion after taking into account the aforementioned gain for the first six months of fiscal 2001.

Toyoda plans to continue the present employee pension plan, but it recognizes the amendment or modification of the plan, such as adoption of a defined contribution plan (Japanese version of 401(k)), as a theme which it should examine.

Consolidated Balance Sheets

Toyoda Automatic Loom Works, Ltd. and its consolidated subsidiaries
As of March 31, 2000 and 1999

ASSETS	Millions of yen 2000	Millions of yen 1999	Thousands of U.S. dollars (Note 1) 2000
Current Assets:			
Cash and cash equivalents (Notes 2(c) and 4(c))	¥ 77,332	¥ 49,955	$ 728,520
Short-term investments (Note 4(c))	6,020	10,447	56,714
Receivables – Trade	66,459	56,493	626,079
Inventories (Note 6)	30,215	27,260	284,644
Deferred tax assets (Notes 4(b) and 12)	4,556	–	42,922
Other	11,096	12,029	104,535
Less: allowance for doubtful receivables	(389)	(419)	(3,667)
Total Current Assets	195,289	155,765	1,839,747
Investments and Other Assets:			
Investments in securities (Note 8)	175,165	164,693	1,650,166
Investments in unconsolidated subsidiaries and affiliates	16,183	17,406	152,457
Long-term loans	14,622	8,098	137,751
Deferred tax assets (Notes 4(b) and 12)	5,311	–	50,035
Other	9,945	7,449	93,684
Total Investments and Other Assets	221,226	197,646	2,084,093
Property, Plant and Equipment:			
Land (Note 8)	36,456	32,742	343,438
Buildings and structures (Note 8)	151,755	144,750	1,429,628
Machinery and equipment	420,357	399,127	3,960,028
Construction in progress	8,291	16,171	78,104
Less: accumulated depreciation	(358,153)	(333,894)	(3,374,029)
Net Property, Plant and Equipment	258,706	258,896	2,437,169
Translation adjustment	10,693	4,764	100,737
Total Assets	¥ 685,914	¥ 617,071	$ 6,461,746

The accompanying notes are integral parts of these statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen 2000	Millions of yen 1999	Thousands of U.S. dollars (Note 1) 2000
Current Liabilities:			
Short-term bank loans	¥ 9,312	¥ 5,876	$ 87,725
Current portion of long-term debt (Notes 7(a) and (b))	987	874	9,300
Payables – Trade	78,113	62,788	735,876
Payables – Other	10,579	16,839	99,657
Accrued expenses	19,594	17,085	184,585
Accrued income taxes	8,021	4,146	75,560
Employees' savings deposits	17,841	17,739	168,075
Other	1,436	1,784	13,528
Total Current Liabilities	145,883	127,131	1,374,306
Long-term Liabilities:			
Long-term debt (Note 7(a) and (b))	181,072	148,618	1,705,811
Deferred tax liabilities (Notes 4(b) and 12)	2,041	–	19,233
Provision for retirement and severance benefits	18,815	19,952	177,249
Consolidation difference (Notes 2(a) and 4(a))	103	188	967
Other	1,388	1,235	13,077
Total Long-term Liabilities	203,419	169,993	1,916,337
Total Liabilities	349,302	297,124	3,290,643
Minority interests in consolidated subsidiaries	20,319	18,789	191,422
Shareholders' Equity (Note 10):			
Common stock, par value ¥50:			
Authorized – 1,091,245,000 shares			
Issued 2000 – 283,296,225 shares	40,178	40,178	378,508
1999 – 283,296,225 shares			
Capital surplus	60,673	60,673	571,575
Retained earnings (Note 4(a))	215,463	200,308	2,029,800
Treasury stock at cost	(21)	(1)	(202)
Total Shareholders' Equity	¥316,293	¥301,158	$2,979,681
Total Liabilities and Shareholders' Equity	¥685,914	¥617,071	$6,461,746

Consolidated Statements of Income

Toyoda Automatic Loom Works, Ltd. and its consolidated subsidiaries
For the years ended March 31, 2000, 1999 and 1998

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2000	1999	1998	**2000**
Net Sales	**¥625,773**	¥558,876	¥572,698	**$5,895,173**
Cost of Sales	**557,554**	495,789	498,319	**5,252,508**
Gross Profit	**68,219**	63,087	74,379	**642,665**
Selling, General and Administrative Expenses (Note 4(a))	**39,352**	38,273	41,650	**370,718**
Operating Income	**28,867**	24,814	32,729	**271,947**
Other Income (Expenses):				
Interest and dividend income	**7,765**	8,560	8,277	**73,147**
Interest expenses	**(2,532)**	(2,041)	(2,329)	**(23,852)**
Other, net (Note 4(a))	**(6,938)**	(8,161)	(5,475)	**(65,358)**
Income before Income Taxes	**27,162**	23,172	33,202	**255,884**
Income taxes (Notes 4(a) and (b))	**15,394**	11,904	12,538	**145,023**
Deferred tax benefit (Notes 4(b) and 12)	**(2,811)**	–	–	**(26,487)**
Minority interests in consolidated subsidiaries	**893**	877	290	**8,413**
Amortization of consolidation difference (Note 4(a))	**–**	–	150	**–**
Equity in earnings of affiliates (Note 4(a))	**–**	–	267	**–**
Net Income	**13,686**	10,391	20,491	**128,935**
Net Income per Share (in yen or U.S. dollars)	**¥ 48.32**	¥ 36.30	¥ 72.33	**$ 0.46**

The accompanying notes are integral parts of these statements.

Consolidated Statements of Shareholders' Equity

Toyoda Automatic Loom Works, Ltd. and its consolidated subsidiaries
For the years ended March 31, 2000, 1999 and 1998

	Number of shares (Thousands)	Millions of yen				
		Common stock	Capital surplus	Legal reserve (Note 4(a))	Retained earnings (Note 4(a))	Treasury stock
Balance at March 31, 1997	282,233	¥ 31,458	¥ 51,963	¥ 7,835	¥ 189,899	¥ (1)
Net income	–	–	–	–	20,491	–
Transfer to legal reserve	–	–	–	257	(257)	–
Cash dividends paid	–	–	–	–	(4,680)	–
Bonuses to directors and corporate auditors	–	–	–	–	(185)	–
Decrease due to additions of newly consolidated subsidiaries	–	–	–	–	(23)	–
Retirements of shares (Note 10)	(4,255)	–	–	–	(9,999)	–
Conversions of convertible bonds (Note 10)	9,774	8,675	8,665	–	–	–
Other	–	–	–	–	–	(1)
Balance at March 31, 1998	287,752	40,133	60,628	8,092	195,246	(2)
Reclassification of legal reserve to retained earnings	–	–	–	(8,092)	8,092	–
Increase due to additions of newly consolidated subsidiaries	–	–	–	–	701	–
Net income	–	–	–	–	10,391	–
Cash dividends paid	–	–	–	–	(4,604)	–
Bonuses to directors and corporate auditors	–	–	–	–	(209)	–
Decrease due to additions of affiliates newly accounted for under the equity method	–	–	–	–	(84)	–
Retirements of shares (Note 10)	(4,500)	–	–	–	(9,225)	–
Conversions of convertible bonds (Note 10)	44	45	45	–	–	–
Other	–	–	–	–	–	1
Balance at March 31, 1999	283,296	40,178	60,673	–	200,308	(1)
Increase due to additions of newly consolidated subsidiaries	–	–	–	–	702	–
Prior years deferred tax adjustments (Note 4(b))	–	–	–	–	5,487	–
Net income	–	–	–	–	13,686	–
Cash dividends paid	–	–	–	–	(4,533)	–
Bonuses to directors and corporate auditors	–	–	–	–	(187)	–
Treasury stock owned by newly consolidated subsidiaries	–	–	–	–	–	(20)
Other	–	–	–	–	–	–
Balance at March 31, 2000	**283,296**	**¥40,178**	**¥60,673**	**–**	**¥215,463**	**¥(21)**

	Thousands of U.S. dollars (Note 1)				
	Common stock	Capital surplus	Legal reserve (Note 4(a))	Retained earnings (Note 4(a))	Treasury stock
Balance at March 31, 1999	$ 378,508	$ 571,575	–	$ 1,887,023	$ (7)
Increase due to additions of newly consolidated subsidiaries	–	–	–	6,611	–
Prior years deferred tax adjustments (Note 4(b))	–	–	–	51,693	–
Net income	–	–	–	128,935	–
Cash dividends paid	–	–	–	(42,701)	–
Bonuses to directors and corporate auditors	–	–	–	(1,761)	–
Treasury stock owned by newly consolidated subsidiaries	–	–	–	–	(195)
Other	–	–	–	–	–
Balance at March 31, 2000	**$378,508**	**$571,575**	**–**	**$2,029,800**	**$(202)**

The accompanying notes are integral parts of these statements.

Consolidated Statements of Cash Flows

Toyoda Automatic Loom Works, Ltd. and its consolidated subsidiaries
For the years ended March 31, 2000, 1999 and 1998

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2000	1999	1998	**2000**
Cash Flows from Operating Activities:				
Income before income taxes	**¥ 27,162**	¥ 23,172	¥ 33,202	**$ 255,884**
Adjustments to reconcile income before income taxes to net cash provided by operating activities:				
Depreciation and amortization of intangibles	**42,752**	34,380	27,958	**402,746**
Amortization of consolidation difference	**(70)**	120	150	**(662)**
Provision for retirement and severance benefits, net of payments	**(1,408)**	(507)	861	**(13,265)**
Equity in earnings of affiliates	**5,036**	3,763	(267)	**47,439**
Income and loss from sales or disposal of property, plant and equipment	**3,277**	2,094	2,115	**30,875**
Write-downs of securities	**897**	1,505	1,471	**8,452**
Income and loss from sales of securities (including investment securities)	**(5,801)**	(752)	62	**(54,645)**
Interest and dividend income	**(7,765)**	(8,560)	(8,277)	**(73,147)**
Interest expenses	**2,532**	2,042	2,330	**23,852**
(Increase) decrease in receivables	**(8,427)**	11,896	8,377	**(79,392)**
(Increase) in inventories	**(1,998)**	(888)	(2,634)	**(18,827)**
Increase (decrease) in payables	**16,980**	(13,730)	970	**159,961**
Increase (decrease) in accrued expenses	**2,409**	(881)	549	**22,694**
Bonuses to directors and corporate auditors paid (including amount transferred to minority interests)	**(196)**	(222)	(191)	**(1,843)**
Other, net	**(1,083)**	771	(5,424)	**(10,199)**
Sub Total	**74,297**	54,203	61,252	**699,923**
Interest and dividend income received	**7,779**	8,575	8,326	**73,283**
Interest expenses paid	**(2,532)**	(2,042)	(2,330)	**(23,852)**
Income taxes paid	**(11,486)**	(16,598)	(16,291)	**(108,208)**
Net Cash Provided by Operating Activities	**68,058**	44,138	50,957	**641,146**
Cash Flows from Investing Activities:				
Payments for purchases of securities	**(3,506)**	(6)	(9,505)	**(33,032)**
Proceeds from sales of securities	**7,608**	10,060	5,157	**71,671**
Payments for purchases of property, plant and equipment	**(52,082)**	(77,707)	(32,474)	**(490,643)**
Proceeds from sales of property, plant and equipment	**1,147**	838	615	**10,808**
Payments for purchases of investment securities	**(16,101)**	(26,762)	(10,708)	**(151,679)**
Proceeds from sales of investment securities	**26**	146	66	**242**
Payments for loans made	**(10,503)**	(5,980)	(5,141)	**(98,943)**
Proceeds from collections of loans	**3,958**	4,507	6,075	**37,289**
Payments for acquisition of business	**(1,498)**	–	–	**(14,118)**
Other, net	**3,764**	(1,323)	19,013	**35,463**
Net Cash Used in Investing Activities	**(67,187)**	(96,227)	(26,902)	**(632,942)**
Cash Flows from Financing Activities:				
Proceeds from issuances of bonds	**29,849**	40,091	29,835	**281,195**
Repayments of bonds	**–**	(300)	(24,010)	**–**
Increase (decrease) in short-term bank loans	**1,934**	(1,438)	678	**18,218**
Proceeds from long-term bank loans	**1,633**	2,272	970	**15,385**
Repayments of long-term bank loans	**(1,031)**	(2,272)	(5,625)	**(9,719)**
Cash dividends paid (including amount transferred to minority interests)	**(4,863)**	(4,757)	(4,704)	**(45,810)**
Retirements of shares	**–**	(9,225)	(9,999)	**–**
Other, net	**(22)**	(3)	(63)	**(206)**
Net Cash Provided by (Used in) Financing Activities	**27,500**	24,368	(12,918)	**259,063**
Translation Difference in Cash and Cash Equivalents	**(1,807)**	(301)	114	**(17,019)**
Net Increase (Decrease) in Cash and Cash Equivalents	**26,564**	(28,022)	11,251	**250,248**
Cash and Cash Equivalents at Beginning of Year	**49,955**	74,303	62,322	**470,609**
Increase in Cash and Cash Equivalents Due to Additions of Newly Consolidated Subsidiaries	**813**	3,674	730	**7,663**
Cash and Cash Equivalents at End of Year	**¥ 77,332**	¥ 49,955	¥ 74,303	**$ 728,520**

Notes: 1. See Note 2(c) of the Notes to Consolidated Financial Statements for the scope of Cash and cash equivalents.
2. See Note 4(c) of the Notes to Consolidated Financial Statements for the standards used to prepare the Statements of Cash Flows.

The accompanying notes are integral parts of these statements.

Notes to Consolidated Financial Statements

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared from accounts and records maintained by Toyoda Automatic Loom Works, Ltd. (the "Company"), and its domestic and overseas consolidated subsidiaries (together, hereinafter referred to as the "Companies") in accordance with generally accepted accounting principles in Japan. Furthermore, these consolidated financial statements have been prepared based on the consolidated financial statements prepared in accordance with the Japanese Regulations Concerning the Terminology, Forms and Preparation Methods of the Consolidated Financial Statements (the "Regulations"). Relevant notes have been added and certain reclassifications of the accounts in the basic financial statements disclosed in Japan have been made for presentation in a form which is more familiar to readers outside Japan. These reclassifications do not affect the values of total assets, shareholders' equity, net sales or net income.

The accompanying financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates, and solely for the convenience of readers outside Japan, yen amounts as of and for the year ended March 31, 2000, have been translated into U.S. dollars at the rate of ¥106.15 to U.S.$1, the exchange rate prevailing in Tokyo on March 31, 2000. These translations should not be construed as representations that yen amounts have been, could have been or could be converted into U.S. dollars.

2. Summary of Significant Accounting Policies

(a) Consolidation

The Company had 31, 30 and 26 subsidiaries as of March 31, 2000, 1999 and 1998, respectively. The accompanying consolidated financial statements include the accounts of the Company and 27, 27 and 10 of them as of March 31, 2000, 1999 and 1998, respectively. In addition, for fiscal 2000, due to the amendment of the Regulations, two other companies which had been classified as affiliates (meaning 20 percent to 50 percent ownership of company's equity) until fiscal 1999 were included as consolidated subsidiaries, because the Company had substantial control over them. The 29 consolidated subsidiaries including the above-mentioned two companies are listed on page 39.

For fiscal 2000, two (three for fiscal 1999 and 16 for fiscal 1998) subsidiaries, were not consolidated with the Company because their combined assets, net sales, net income and retained earnings in the aggregate are not significant in relation to those set forth in the consolidated financial statements of the Companies.

The fiscal years of the subsidiaries are not necessarily the same as the Company's. Accounts of those subsidiaries, which have different fiscal periods, have been adjusted for significant transactions to properly reflect their financial positions as of March 31, 2000, 1999 and 1998, respectively.

For the purpose of preparing the consolidated financial statements, all significant inter-company transactions, account balances and unrealized profits among the Companies have been eliminated, and the portion attributable to minority interest has been credited/charged against it.

The differences between the cost and underlying net equity of investments in consolidated subsidiaries at the time of acquisition are presented as consolidation difference. Such differences are amortized on a straight-line basis over a period generally not exceeding 20 years, except for insignificant amounts, which is charged to income as incurred. The differences incurred before fiscal 1999 are amortized on a straight-line basis over five years.

(b) Investments in unconsolidated subsidiaries and affiliates

For fiscal 2000, the Company had two (three for fiscal 1999 and 16 for fiscal 1998) unconsolidated subsidiaries and nine (11 for fiscal 1999 and 13 for fiscal 1998) affiliates. The equity method is applied to the investments in two major affiliates since investments in the remaining unconsolidated subsidiaries and affiliates are not material for the consolidated financial statements.

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

(c) Cash and cash equivalents

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

(d) Securities

Securities that are quoted on stock exchanges are stated mainly at the lower of cost, as determined by the moving average method, or market value. Other securities are stated at cost, as determined by the moving average method.

Notes to Consolidated Financial Statements

(e) Inventories

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

(f) Property, plant and equipment, and depreciation

Property, plant and equipment are stated at cost.

Depreciation of property, plant and equipment, for the Company and its domestic subsidiaries and affiliates, is computed mainly by the declining-balance method and, for its overseas subsidiaries and affiliates, is computed mainly by the straight-line method based on the estimated useful lives of the assets.

(g) Bond issue expenses

Bond issue expenses are charged to income as incurred.

(h) Allowances for doubtful accounts

Allowances for doubtful accounts are provided mainly at the maximum amount deductible under the tax laws of Japan.

(i) Provision for retirement and severance benefits

The annual provision for retirement and severance benefits is calculated to state liability at the present value, based on the amount which would be required if all employees voluntarily terminated their employment at each balance sheet date, less amounts compensated by the qualified retirement pension plan which cover 50 percent of the amount of the benefits of the retired employees after 20 years of employment.

(j) Lease transaction

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

(k) Translation adjustment

Accounts of overseas consolidated subsidiaries and affiliates accounted for under the equity method have been translated into Japanese yen as follows:

1. Assets and liabilities have been translated at the prevailing fiscal year-end rate.
2. Shareholders' equity has been translated at the rate prevailing when equity was acquired or when a change in equity occurred.
3. Revenue and expenses have been translated at the prevailing fiscal average rate, although the prevailing fiscal year-end rate had been used until fiscal 1999. See Note 3.

(l) Consumption tax

Principally, the consumption tax under the Japanese Consumption Tax Law withheld by the Companies on sales of goods is not included in the amount of net sales in the accompanying consolidated statements of income, and the consumption tax borne by the Companies under the law on purchases of goods and services, and expenses is not included in the related amount.

(m) Appropriation of retained earnings

In the accompanying consolidated statements of shareholders' equity, the approved amount during the relevant fiscal year is reflected for the appropriation of retained earnings of consolidated subsidiaries.

(n) Income taxes

Income taxes are principally provided in amounts currently payable for each year. Until fiscal 1999, deferred income taxes arising from timing differences between reporting for accounting purposes and that for tax purposes had not been required to be accounted for under Japanese accounting principles and therefore had not been recorded in the financial statements by the Company and its domestic subsidiaries and affiliates. (For overseas subsidiaries and affiliates, deferred income taxes have been recorded and reflected in their respective financial statements.)

However, from fiscal 2000, tax effect accounting has been adopted in Japan. See Note 4(b).

See also Note 4(a) for the presentation of enterprise taxes in the accompanying consolidated statements of income.

(o) Amounts per share

Net income per share is computed based on the average number of outstanding shares of common stock during the fiscal year.

(p) Assets and liabilities of consolidated subsidiaries

Assets and liabilities of consolidated subsidiaries are evaluated by using the market price method.

3. Change in Accounting

Until fiscal 1999, revenue and expenses accounts of overseas consolidated subsidiaries had been translated into Japanese yen with fiscal year-end rates. From fiscal 2000, the Company uses fiscal average rates. This change was made to present the operating results more precisely as the significance of the overseas consolidated subsidiaries had been increasing and their revenue and expenses were incurred throughout the fiscal years.

If the figures of fiscal 2000 had been presented based on the method used until fiscal 1999, net sales for fiscal 2000 would be ¥615,341 million ($5,796,902 thousand), income before income taxes would be ¥26,611 million ($250,690 thousand) and net income would be ¥13,488 million ($127,069 thousand).

4. Additional Information

(a) From fiscal 1999, the Company has presented consolidated financial statements as follows.

In the consolidated balance sheets, legal reserve and retained earnings have been combined and shown as retained earnings. Consolidation difference, which had been placed between the liabilities section and the shareholders' equity section until fiscal 1998, has been included in long-term liabilities from fiscal 1999.

In the consolidated statements of income, enterprise taxes (¥2,088 million for fiscal 1999) had been included in selling, general and administrative expenses until fiscal 1998. For fiscal 1998, enterprise taxes were ¥3,343 million. However, they have been included in income taxes from fiscal 1999. Amortization of consolidation difference (¥120 million for fiscal 1999), which had been classified as a deductible item from income before income taxes until fiscal 1998, has been included in selling, general and administrative expenses. Equity in earnings of affiliates (loss of ¥3,763 million for fiscal 1999), which had been added to or deducted from income before income taxes until fiscal 1998, has been included in other, net of other income or expenses. These adjustments have not been applied to the financial statements presented prior to fiscal 1999 retroactively.

If the figures of fiscal 1999 had been presented based on the method used until fiscal 1998, operating income and income before income taxes for fiscal 1999 would have been ¥22,846 million and ¥24,968 million, respectively.

(b) Tax effect accounting has been adopted from fiscal 2000 due to the amendment of the Regulations. In conformity therewith, deferred tax assets are newly recognized in the amount of ¥9,867 million ($92,957 thousand) (¥4,556 million ($42,922 thousand) in current assets and ¥5,311 million ($50,035 thousand) in investments and other assets), and deferred tax liabilities are recognized in the amount of ¥2,041 million ($19,233 thousand) and included in long-term liabilities in the consolidated financial statements as of March 31, 2000.

If the figures of fiscal 2000 had been presented based on the method used until fiscal 1999, net income for fiscal 2000 and retained earnings as of March 31,2000 would be ¥10,716 million ($100,952 thousand) and ¥207,006 million ($1,950,124 thousand), respectively.

In addition to the above, deferred tax assets relating to prior periods are recognized as prior years deferred tax adjustments of ¥5,487 million ($51,693 thousand) in retained earnings as of March 31, 2000.

(c) Until fiscal 1999, consolidated statements of cash flows had been prepared in conformity with the accounting principles prescribed by the Company and accepted by the independent public accountants. However, from fiscal 2000, they have to be prepared in accordance with newly prescribed rules in the amended Regulations. Pursuant to the amendment, the consolidated statements of cash flows for fiscal 1999 and 1998 were restated to make the figures comparable with those of fiscal 2000.

According to this change, deposits and securities (for stocks, they had been stated as marketable securities separately) with original maturities of over three months have been classified as short-term investments from fiscal 2000.

5. Marketable Securities

Current and non-current marketable securities included in current assets and in investments and other assets as of March 31, 2000 were as follows:

	Millions of yen			Thousands of U.S. dollars		
	Book value	Market value	Valuation profit	Book value	Market value	Valuation profit
Current:						
Stock	¥ 393	¥ 1,256	¥ 863	$ 3,694	$ 11,826	$ 8,132
Bonds	2	3	1	23	28	5
Other	–	–	–	–	–	–
Sub-total	¥ 395	¥ 1,259	¥ 864	$ 3,717	$ 11,854	$ 8,137
Non-Current:						
Stock	¥162,983	¥1,323,286	¥1,160,303	$1,535,403	$12,466,190	$10,930,787
Bonds	2,000	1,997	(3)	18,841	18,812	(29)
Other	50	50	–	471	475	4
Sub-total	¥165,033	¥1,325,333	¥1,160,300	$1,554,715	$12,485,477	$10,930,762
Total	¥165,428	¥1,326,592	¥1,161,164	$1,558,432	$12,497,331	$10,938,899

Notes: 1. Market value is calculated mainly based on the closing price of the Tokyo Stock Exchange.
2. Book value of the securities which are excluded from disclosure above is as follows:

	Millions of yen	Thousands of U.S. dollars
Current:		
Bonds used in repurchase agreements	¥ 3,994	$ 37,623
Commercial paper used in repurchase agreements	3,993	37,620
Discount bank debenture	3,491	32,889
Foreign unlisted bond	810	7,628
Money management fund	632	5,958
Non-current:		
Domestic private stock	¥22,856	$215,322
Foreign private stock	3,310	31,183

6. Inventories

Inventories as of March 31, 2000 and 1999 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Finished goods	¥ 3,342	¥ 2,223	$ 31,485
Raw materials	4,615	3,421	43,476
Work in process	18,104	18,062	170,548
Supplies	4,154	3,554	39,135
Total	¥30,215	¥27,260	$284,644

7. Long-term Debt

(a) Long-term debt as of March 31, 2000 and 1999 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	**2000**
Parent company:			
0.35% convertible bonds due 2003 without collateral	**¥ 75,748**	¥ 75,748	**$ 713,594**
2.70% bonds due 2008 without collateral	**30,000**	30,000	**282,619**
1.50% bonds due 2003 without collateral	**20,000**	20,000	**188,413**
2.15% bonds due 2008 without collateral	**20,000**	20,000	**188,413**
1.50% bonds due 2006 without collateral	**15,000**	–	**141,309**
1.94% bonds due 2009 without collateral	**15,000**	–	**141,309**
Consolidated subsidiaries:			
1.80% bonds due 2005	**300**	300	**2,826**
Long-term bank loans	**6,011**	3,444	**56,628**
Less: current portion of long-term debt	**(987)**	(874)	**(9,300)**
Total	**¥181,072**	¥148,618	**$1,705,811**

Note: The conversion period of the 0.35 percent convertible bonds due 2003 is from May 1, 1996 to September 29, 2003 and the conversion price was ¥2,020 per share as of March 31,2000. The aggregate number of shares issuable upon conversion thereof at such conversion price was 37,499 thousand shares.

(b) Annual maturities of long-term debt as of March 31, 2000 are as follows:

	Millions of yen	Thousands of U.S. dollars
2001	¥ 987	$ 9,300
2002	1,053	9,917
2003	857	8,071
2004	97,129	915,020
2005	418	3,942
2006 and thereafter	81,615	768,861
Total	¥182,059	$1,715,111

8. Assets Pledged as Collateral

Investment securities, land, buildings and structures at the book value of ¥13,297 million ($125,265 thousand) were pledged as collateral for bank loans or employees' savings deposits or other liabilities as of March 31, 2000.

9. Contingent Liabilities

Contingent liabilities for guarantees of loans of two companies and industrial revenue bond issues of one village in Michigan, U.S.A. amounted to ¥3,306 million ($31,144 thousand) as of March 31, 2000.

10. Shareholders' Equity

Under the Japanese Commercial Code, amounts equal to at least 10 percent of the sum of the cash dividends and other external appropriations paid by the Company and its domestic subsidiaries must be set aside as a legal reserve until it equals 25 percent of common stock. The legal reserve may be used to reduce a deficit or may be transferred to common stock by taking appropriate corporate action. In consolidation, the legal reserves of the Company and its domestic subsidiaries are accounted for as retained earnings.

Year-end dividends are approved by the shareholders at a meeting held after the close of the fiscal year to which the dividends are applicable. In addition, semi-annual dividends may be paid upon resolution of the Board of Directors, subject to limitations imposed by the Japanese Commercial Code.

Proceeds from the conversions of convertible bonds have been accounted for in approximately equal amounts as common stock and capital surplus. At least 50 percent of the proceeds have been accounted for as common stock, in accordance with the provisions of the Japanese Commercial Code.

11. Research and Development Expenses

Research and development expenses, which were included in selling, general and administrative expenses and manufacturing costs, amounted to ¥24,062 million ($226,676 thousand), ¥23,231 million and ¥23,112 million for fiscal 2000, 1999 and 1998, respectively.

12. Income Taxes

(a) The significant components of deferred tax assets and liabilities as of March 31, 2000 were as follows:

	Millions of yen	Thousands of U.S. dollars
Deferred tax assets:		
Net operating loss carry-forwards for tax purposes	¥ 2,368	$ 22,305
Receivables – Trade	1,708	16,092
Accrued expenses	1,452	13,678
Depreciation	1,338	12,609
Provision for retirement and severance benefits	993	9,353
Enterprise tax payable	776	7,308
Securities	507	4,780
Other	4,034	38,000
Sub-total	13,176	124,125
Less: valuation allowance	(2,394)	(22,553)
Total deferred tax assets	10,782	101,572
Deferred tax liabilities:		
Depreciation	1,304	12,281
Land	1,112	10,475
Reserve for advanced depreciation	409	3,852
Reserve for special depreciation	59	555
Other	72	686
Total deferred tax liabilities	2,956	27,849
Net deferred tax assets	¥ 7,826	$ 73,723

(b) Reconciliations of differences between the statutory rate of income taxes and the effective rate of income taxes for the year ended March 31, 2000 were as follows:

	Rate
Statutory rate of income taxes	**41.2%**
Addition (reduction) in taxes resulting from:	
Equity in loss of affiliates	**7.6**
Net loss before income taxes of consolidated subsidiaries	**3.5**
Elimination of dividend income	**1.3**
Dividend income and others not recognized as taxable income	**(8.6)**
Other	**1.3**
Effective rate of income taxes	**46.3%**

13. Lease Transaction

(a) Finance leases which do not transfer ownership of leased assets to lessees

1. Pro forma information of acquisition cost and accumulated depreciation of leased assets as of March 31, 2000 and 1999 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	**2000**
Machinery and equipment:			
Acquisition cost	**¥7,720**	¥8,075	**$72,730**
Less: accumulated depreciation	**3,585**	3,603	**33,778**
Net leased assets	**¥4,135**	¥4,472	**$38,952**

2. Pro forma obligations under finance leases as of March 31, 2000 and 1999 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	**2000**
Obligations under finance leases:			
Due within one year	**¥1,501**	¥1,421	**$14,136**
Due after one year	**2,634**	2,929	**24,816**
Total	**¥4,135**	¥4,350	**$38,952**

Note: Obligations under finance leases include the imputed interest expense portion.

3. Total lease payments for the years ended March 31, 2000, 1999 and 1998 were as follows:

	Millions of yen	Thousands of U.S. dollars
2000	**¥1,749**	**$16,479**
1999	1,679	–
1998	1,591	–

Note: Pro forma depreciation expenses, which are not reflected in the accompanying consolidated statements of income, were computed by the straight-line method for fiscal 2000, 1999 and 1998 and were equivalent to the amount of total lease payments of the above.

(b) Operating leases

Pro forma obligations under operating leases as of March 31, 2000 and 1999 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	**2000**
Obligations under operating leases:			
Due within one year	**¥203**	¥174	**$1,917**
Due after one year	**165**	156	**1,552**
Total	**¥368**	¥330	**$3,469**

14. Subsequent Events

(a) The Board of Directors, by its resolution adopted on April 4, 2000, approved that the Company would purchase 25.1 percent of the outstanding common stock of BT Industries AB in Sweden from its major shareholders and would make a tender offer for the remaining 74.9 percent. The Company concluded an agreement with the then major shareholders of BT Industries AB on April 4, 2000.

On May 31, 2000, the Company purchased the 25.1 percent or 7,021 thousand shares from such major shareholders for approximately ¥23,000 million ($216,675 thousand), and on June 22, 2000 obtained 72.0 percent or 20,156 thousand shares by tender offer for approximately ¥66,100 million ($622,704 thousand).

To partially finance the purchase and tender offer of the shares in BT Industries AB, the Company on July 19, 2000, issued domestic bonds without collateral in the aggregate amount of ¥40,000 million ($376,825 thousand), being 1.25 percent ¥20,000 million bonds due 2005 and 1.91 percent ¥20,000 million bonds due 2010.

(b) On June 29, 2000, the shareholders of the Company authorized the payment of a year-end cash dividend to shareholders of record as of March 31, 2000, of ¥8 ($0.075) per share, or a total of ¥2,266 million ($21,350 thousand), and bonuses to directors and corporate auditors of ¥184 million ($1,733 thousand). Cash dividends for the year thus totaled ¥16 ($0.151) per share, including a semi-annual dividend of ¥8 ($0.075).

15. Segment Information

(a) Business segments

	Millions of yen			Thousands of U.S. dollars
	2000	1999	1998	**2000**
Sales:				
Automobile				
Outside customer sales	**¥423,413**	¥364,269	¥366,387	**$3,988,818**
Inter-segment transactions	**3,335**	2,431	4,021	**31,421**
	426,748	366,700	370,408	**4,020,239**
Materials Handling Equipment				
Outside customer sales	**149,085**	151,370	160,117	**1,404,470**
Inter-segment transactions	**–**	–	–	**–**
	149,085	151,370	160,117	**1,404,470**
Textile Machinery				
Outside customer sales	**23,135**	18,947	–	**217,946**
Inter-segment transactions	**–**	–	–	**–**
	23,135	18,947	–	**217,946**
Others				
Outside customer sales	**30,140**	24,290	46,194	**283,939**
Inter-segment transactions	**2,613**	2,974	1,060	**24,620**
	32,753	27,264	47,254	**308,559**
Sub-total	**631,721**	564,281	577,779	**5,951,214**
Elimination of inter-segment transactions	**(5,948)**	(5,405)	(5,081)	**(56,041)**
Total	**¥625,773**	¥558,876	¥572,698	**$5,895,173**
Operating Costs and Expenses:				
Automobile	**¥402,320**	¥349,302	¥351,635	**$3,790,106**
Materials Handling Equipment	**143,335**	142,918	147,386	**1,350,307**
Textile Machinery	**26,107**	22,402	–	**245,940**
Others	**32,001**	25,064	45,895	**301,471**
Elimination of inter-segment transactions	**(6,857)**	(5,624)	(4,947)	**(64,597)**
Total	**¥596,906**	¥534,062	¥539,969	**$5,623,227**
Operating Income (Loss):				
Automobile	**¥ 24,429**	¥ 17,397	¥ 18,773	**$ 230,133**
Materials Handling Equipment	**5,749**	8,452	12,731	**54,163**
Textile Machinery	**(2,971)**	(3,455)	–	**(27,994)**
Others	**752**	2,200	1,359	**7,089**
Elimination of inter-segment transactions	**908**	220	(134)	**8,556**
Total	**¥ 28,867**	¥ 24,814	¥ 32,729	**$ 271,947**
Assets:				
Automobile	**¥266,839**	¥254,087	¥204,216	**$2,513,787**
Materials Handling Equipment	**81,343**	78,518	69,730	**766,302**
Textile Machinery	**23,427**	22,224	–	**220,702**
Others	**18,012**	20,729	43,877	**169,684**
Corporate	**296,293**	241,513	275,181	**2,791,271**
Total	**¥685,914**	¥617,071	¥593,004	**$6,461,746**
Depreciation and Amortization of Intangibles:				
Automobile	**¥ 31,707**	¥ 26,518	¥ 21,473	**$ 298,701**
Materials Handling Equipment	**7,751**	5,548	4,549	**73,013**
Textile Machinery	**978**	1,024	–	**9,217**
Others	**2,398**	1,404	1,959	**22,588**
Corporate or elimination of inter-segment transactions	**(82)**	(114)	(23)	**(773)**
Total	**¥ 42,752**	¥ 34,380	¥ 27,958	**$ 402,746**
Capital Expenditures:				
Automobile	**¥ 33,058**	¥ 47,635	¥ 50,918	**$ 311,423**
Materials Handling Equipment	**5,426**	11,691	7,660	**51,122**
Textile Machinery	**1,042**	663	–	**9,815**
Others	**5,794**	875	3,586	**54,586**
Corporate or elimination of inter-segment transactions	**(574)**	(396)	(157)	**(5,409)**
Total	**¥ 44,746**	¥ 60,468	¥ 62,007	**$ 421,537**

(b) Geographical segments

	Millions of yen			Thousands of U.S. dollars
	2000	1999	1998	**2000**
Sales:				
Japan				
Outside customer sales	**¥531,274**	¥465,444	–	**$5,004,933**
Inter-segment transactions	**25,309**	18,860	–	**238,432**
	556,583	484,304	–	**5,243,365**
North America				
Outside customer sales	**79,232**	78,264	–	**746,409**
Inter-segment transactions	**–**	–	–	**–**
	79,232	78,264	–	**746,409**
Others				
Outside customer sales	**15,268**	15,168	–	**143,832**
Inter-segment transactions	**589**	551	–	**5,552**
	15,857	15,719	–	**149,384**
Sub-total	**651,672**	578,287	–	**6,139,158**
Elimination of inter-segment transactions	**(25,899)**	(19,411)	–	**(243,985)**
Total	**¥625,773**	¥558,876	¥572,698	**$5,895,173**
Operating Costs and Expenses:				
Japan	**¥533,987**	¥465,139	–	**$5,030,498**
North America	**74,547**	73,342	–	**702,276**
Others	**15,358**	15,100	–	**144,683**
Elimination of inter-segment transactions	**(26,986)**	(19,519)	–	**(254,230)**
Total	**¥596,906**	¥534,062	¥539,969	**$5,623,227**
Operating Income:				
Japan	**¥ 22,596**	¥ 19,166	–	**$ 212,867**
North America	**4,685**	4,922	–	**44,133**
Others	**499**	619	–	**4,701**
Elimination of inter-segment transactions	**1,087**	107	–	**10,246**
Total	**¥ 28,867**	¥ 24,814	¥ 32,729	**$ 271,947**
Assets:				
Japan	**¥361,459**	¥349,787	–	**$3,405,174**
North America	**44,035**	39,113	–	**414,833**
Others	**17,322**	15,846	–	**163,186**
Corporate	**263,098**	212,325	–	**2,478,553**
Total	**¥685,914**	¥617,071	¥593,004	**$6,461,746**

Notes:

(a) Business segments

1. Amounts of the textile machinery business had been included in the “Others” Segment until fiscal 1998.
   However, from fiscal 1999, these amounts have been separated from the “Others” Segment and are presented as the Textile Machinery Segment because these have become more material than until fiscal 1998.
2. Main products of each segment:
   Automobile .... passenger vehicles, diesel and gasoline engines, car air-conditioning compressors
   Materials Handling Equipment .... counterbalanced forklifts, skid steer loaders, automated storage and retrieval systems
   Textile Machinery .... ring spinning frames, air jet looms, water jet looms
   Others .... ball grid array-type plastic package substrates for IC chipsets

(b) Geographical segments

Until fiscal 1998, both the amounts of the transactions in Japan and the assets belonging to the Company and its domestic subsidiaries had been more than 90 percent of the total amounts of all segments. Therefore, geographical segments information had been omitted for periods prior to fiscal 1999.

Report of Independent Public Accountants

HEAD OFFICE

ITOH AUDIT CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

TOKYO OFFICE

To the Board of Directors of
Toyoda Automatic Loom Works, Ltd.

We have examined the consolidated balance sheets of Toyoda Automatic Loom Works, Ltd. and its consolidated subsidiaries as of March 31, 2000 and 1999, and the consolidated statements of income, shareholders' equity and cash flows for the three years in the period ended March 31, 2000, expressed in Japanese yen. Our examinations were made in accordance with generally accepted auditing standards in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of Toyoda Automatic Loom Works, Ltd. and its consolidated subsidiaries as of March 31, 2000 and 1999, and results of their operations and their cash flows for the three years in the period ended March 31, 2000, in conformity with generally accepted accounting principles in Japan applied on a consistent basis, except in regard to the changes in accounting procedures, with which we concur, described in Note 3 to the consolidated financial statements.

Our examinations also covered the translation of Japanese yen amounts into the United States dollar amounts included in the consolidated financial statements and, in our opinion, such translation has been made in conformity with the basis stated in Note 1 to the consolidated financial statements. Such United States dollar amounts are presented solely for the convenience of readers outside Japan.

Itoh Audit Corporation

ITOH AUDIT CORPORATION

June 29, 2000 (July 19, 2000 as to Note 14(a))
Nagoya, Japan

Directors and Corporate Auditors

(As of June 29, 2000)

BOARD OF DIRECTORS

Chairman
Chisei Isogai

President
Tadashi Ishikawa

Executive Vice Chairman
Akira Yokoi

Executive Vice President
Takamasa Yoshida

Executive Vice President
Shozo Nakayama

Senior Managing Directors

Tetsuro Toyoda
Morio Kawamura
Shiro Endo
Kazuhiko Takeuchi

Managing Directors

Shinji Takeuchi
Masazumi Konishi
Shinjiro Kamimura
Tatsuo Matsuura

Honorary Chairman

Yoshitoshi Toyoda

Directors

Tatsuro Toyoda
Koshi Iwata
Yoshimitsu Ogihara
Masanori Itoh
Yoshikatsu Mizuno
Seiji Ueda
Yoshiaki Kamiya
Taketoshi Izumi
Akira Imura
Iwao Katayama
Shigetaka Yoshida
Shinichiro Matsuyama
Masafumi Kato
Kimpei Mitsuya
Hiroya Kono

CORPORATE AUDITORS

Standing Corporate Auditors

Shigetaka Mitomo
Tadashi Komiya

Corporate Auditors

Iwao Isomura
Hiroshi Makino

Corporate Data

(As of March 31, 2000)

PLANTS AND OFFICES

	Main Products	Number of Employees	Land Area (m²)
Kariya Plant	Textile machinery, car air-conditioning compressors	1,757	170,000
Takahama Plant	Forklifts, materials handling systems	1,620	327,000
Nagakusa Plant	Automobiles	2,250	269,000
Kyowa Plant	Semiconductors, electronics equipment, press dies	848	164,000
Obu Plant	Foundry parts	538	156,000
Hekinan Plant	Engines	1,216	271,000
Head Office and Other		933	1,162,000
Total		**9,162**	**2,519,000**

CONSOLIDATED SUBSIDIARIES

	Location	Capital (Thousands of the local currency)	Equity ownership
Japan			
TIBC Corporation	Aichi	¥3,000,000	65.0%
Toyoda-Sulzer Mfg., Ltd.	Aichi	¥500,000	51.0%
Sun River Co., Ltd.	Osaka	¥150,000	80.6%
Izumi Machine Mfg. Co., Ltd.	Aichi	¥150,000	59.2%
Tokyu Co., Ltd.	Aichi	¥135,000	63.3%
Toyoda High System, Inc.	Aichi	¥100,000	90.0%
Nishina Industry Co., Ltd.	Nagano	¥100,000	50.0%
Tokaiseiki Co., Ltd.	Shizuoka	¥98,000	92.1%
Logistec Co., Ltd.	Aichi	¥90,000	100.0%
SKE, Inc.	Aichi	¥78,500	100.0%
SK Maintenance, Inc.	Aichi	¥50,000	70.0%
Iwama Loom Works, Ltd.	Aichi	¥49,920	50.0%
Kawamoto System Corporation	Aichi	¥47,000	100.0%
ARTI, Inc.	Aichi	¥30,000	100.0%
Hara Corporation	Gifu	¥23,193	73.2%
Mizuho Industry Co., Ltd.	Aichi	¥20,000	93.8%
Sun Valley, Inc.	Aichi	¥20,000	100.0%
Sun Staff, Inc.	Aichi	¥20,000	100.0%
Mino Tokyu Co., Ltd.	Gifu	¥18,000	93.4%
Shine's, Inc.	Aichi	¥10,000	100.0%
Tokai System Laboratory Co., Ltd.	Aichi	¥10,000	100.0%
Esaka Sports Land Co., Ltd.	Osaka	¥10,000	100.0%
Overseas			
Michigan Automotive Compressor, Inc.	Parma, Michigan, U.S.A.	U.S.$146,000	60.0%
Toyota Industrial Equipment Mfg., Inc.	Columbus, Indiana, U.S.A.	U.S.$60,000	80.0%
Toyoda Textile Machinery, Inc.	Charlotte, North Carolina, U.S.A.	U.S.$1,300	100.0%
Toyota Industrial Equipment S.A.	Ancenis, France	EUR9,000	52.8%
TD Deutsche Klimakompressor GmbH	Straßgräbchen, Sachsen, Germany	EUR20,452	65.0%
Toyota Industry Kunshan Co., Ltd.	Kunshan, Jiangsu, China	U.S.$16,000	70.0%
Kirloskar Toyoda Textile Machinery, Ltd.	Bangalore, Karnataka, India	Rs816,200	85.5%

Note: ¥ – Japanese yen; U.S.$ – U.S. dollar; EUR – Euro; Rs – Indian rupee

AFFILIATES ACCOUNTED FOR UNDER THE EQUITY METHOD

	Location	Capital (Thousands of the local currency)	Equity ownership
Japan			
ST Liquid Crystal Display Corp.	Aichi	¥30,000,000	50.0%
Taikoh Transportation Co., Ltd.	Aichi	¥ 83,985	46.2%

Investor Information

(As of March 31, 2000)

Corporate Head Office

Toyoda Automatic Loom Works, Ltd.
2-1, Toyoda-cho, Kariya-shi, Aichi-ken 448-8671, Japan
Telephone: +81-(0)566-22-2511
Facsimile: +81-(0)566-27-5650

Date of Establishment

November 18, 1926

Common Stock

Par value: ¥50
Authorized: 1,091,245,000 shares
Issued : 283,296,225 shares

Securities Traded

Common stock: Tokyo, Osaka and Nagoya Stock Exchanges
(Ticker Code: 6201)

Number of Shareholders

8,380

Independent Accountants

ITOH AUDIT CORPORATION
4-7-35, Meieki, Nakamura-ku, Nagoya-shi, Aichi-ken 450-8565, Japan

Transfer Agent

The Toyo Trust and Banking Company, Limited
1-4-3, Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan
Telephone: +81-(0)3-3287-2211

Major Shareholders

	% of Ownership
Toyota Motor Corporation	24.67
DENSO Corporation	7.48
The Sakura Bank, Limited	4.80
The Tokai Bank, Limited	4.47
Nippon Life Insurance Company	3.96
The Sanwa Bank, Limited	3.19
Mitsui Marine and Fire Insurance Co., Ltd.	2.78
Towa Real Estate Co., Ltd.	2.72
The Mitsui Trust and Banking Company, Limited*	2.60
The Chiyoda Fire & Marine Insurance Co., Ltd.	2.08

*Note: On April 1, 2000, The Mitsui Trust and Banking Company, Limited and The Chuo Trust and Banking Company, Limited merged to form The Chuo Mitsui Trust and Banking Company, Limited. Together, they held 3.73% of the then issued shares.

Common Stock Price & Trading Volume (Tokyo Stock Exchange)