

Tadashi Ishikawa
Chairman

Tetsuro Toyoda
President

Letter to Shareholders

Summary of Consolidated Interim Business Results

The interim period ended September 30, 2007 marked one and a half years since the launch of our Medium-Term Management Plan announced in October 2005. Our management plan targets an increase in net sales from ¥1,500.0 billion to more than ¥2,000.0 billion and an increase in ordinary income from ¥80.0 billion to ¥140.0 billion over the five-year period ending March 31, 2011.

Working actively to achieve these targets, we have taken a host of measures in priority areas within each of our businesses. Thanks to these initiatives, during the first half of the fiscal year we achieved record-high interim net sales and ordinary income for the eighth consecutive fiscal year.

Net sales increased ¥42.7 billion, or 5%, from the previous interim period to ¥955.7 billion, and we recorded increases in all business segments. Our profits were also strong, as ordinary income increased ¥9.8 billion, or 18%, to ¥63.2 billion despite higher raw materials prices and increases in depreciation and

personnel expenses. The increase in ordinary income was due to expanded net sales and the promotion of group-wide cost reduction efforts coupled with the favorable effects of exchange rate fluctuations and an increase in dividends income.

Interim cash dividends per share were ¥28.00, an increase of ¥6.00 per share from the previous interim period. We plan to pay annual cash dividends per share of ¥56.00.

For the full fiscal year, Toyota Industries expects increases in net sales and ordinary income for the ninth consecutive year. Specifically, we forecast net sales of ¥2,000.0 billion, operating income of ¥95.0 billion and ordinary income of ¥120.0 billion. All of these figures represent record highs.

Pursuing Further Growth

As we work to attain the targets of our Medium-Term Management Plan, we will continue to promote the following measures in each business.

- In the Materials Handling Equipment Business, we will strive to maximize synergies within the Toyota Material Handling Group (TMHG) and focus on new markets such as the BRICs and VISTA countries.

- In the Car Air-Conditioning Compressor Business, we will introduce new products in line with customer needs and address the need for the development of compressors using new types of refrigerants.
- In the Vehicle Business, we aim to expand our role in contributing to Toyota Motor Corporation's (TMC) growth strategy by responding to an increased volume of domestic production and participating in TMC's production preparation overseas.
- In the Engine Business, we will expand the clean diesel engine business.
- In the Car Electronics Business, we aim to further contribute to TMC's hybrid vehicle business.

As mentioned, we expect to record net sales of ¥2,000.0 billion ahead of schedule for the fiscal year ending March 31, 2008. However, we view this figure as a mere starting point and are firmly determined to achieve further growth.

Expanding Our Role in the Toyota Group

While implementing these measures, Toyota Industries also introduced several noteworthy new products in our Vehicle and Engine businesses. We were deeply involved with these products from the development stage, and this participation enabled us to further expand our role within the Toyota Group.

Among our recently launched products is the 4.5-liter 8-cylinder VD clean diesel engine for the Toyota Land Cruiser, which underwent a full model change in September 2007.

Toyota Industries is taking a key role in the Toyota Group's diesel engine business, and accordingly, has participated in the development and production of various types of diesel engines. Since 2006, our total production of engines has reached the 500,000 unit level. Combined with production at Toyota Motor Industries Poland Sp. z o.o., for which we handle operations, our volume of diesel engine production accounted for approximately 45% of diesel engine production within the Toyota Group in 2006.

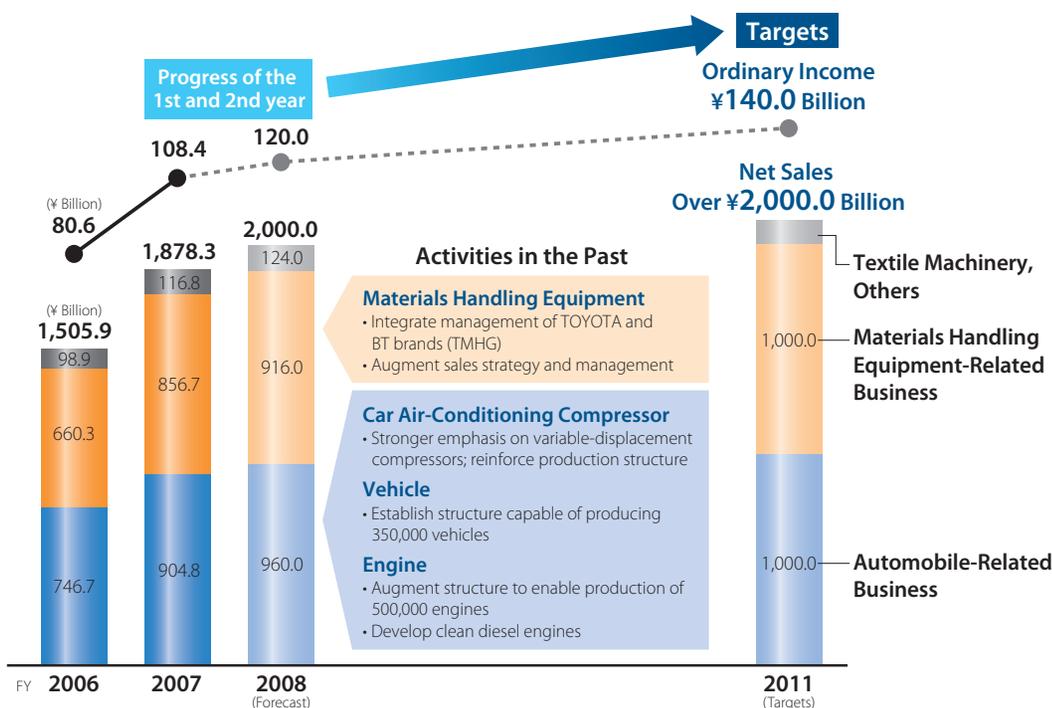
Toyota Industries played an expanded role in the planning, development and production of the new VD clean diesel engine, which we believe reflects the trust we have earned from TMC. This was the first time that Toyota Industries led the development of a diesel engine.



VD clean diesel engine

Toyota Industries managed the overall project for the engine, which incorporates a variety of our technologies. The most important technology is the compacted graphite iron (CGI) engine block. CGI is harder than regular cast iron, thereby allowing for the development of a thinner engine block. Conversely, the use of CGI is problematic because processing is more difficult. Tackling this problem head on, Toyota Industries was able to successfully

Progress of Medium-Term Management Plan



Letter to Shareholders

process the CGI by applying its own proprietary production technologies. As a result, we reduced cylinder thickness to 5 mm from the previous 7 mm and achieved a balance between lighter weight comparable to an aluminum block and a significant increase in rigidity.

At the same time, Toyota Industries also developed a scavenging system that forcibly sucks back oil supplied to the turbochargers. This system suppresses white smoke exhaust emissions as well as drops in oil pressure regardless of the gradient of the surface on which a vehicle is driving. As exemplified by the integration of the CGI engine block and scavenging system, by taking a multifaceted approach to developing the VD clean diesel engine, we realized an engine that achieves the top-level power performance of a 4-liter class SUV with fuel economy comparable to a 3-liter class SUV.

Highlighting our commitment to cleaner exhaust emissions, the new VD clean diesel engine offers clean performance that complies with Euro 4 regulations, the latest European emissions regulations. This engine also features significantly reduced noise to realize outstanding quietness compared to engines of competitors.

In gearing up to launch this engine worldwide, we are implementing the following rigorous testing to exhaustively confirm reliability as an engine for off-road vehicles.

- Testing in temperature environments ranging from -30°C to 50°C
- Steep-gradient testing that involves tilting the engine from front to back and from side to side to confirm levels of white smoke exhaust emissions and oil pressure
- High-altitude drive testing in Costa Rica, New Zealand and Spain

The total distance driven during this durability testing was equivalent to circling the Earth more than 100 times. This rigid testing helped us create a tough diesel engine.

While focusing on growth of the global clean diesel engine market, we intend to expand this business so that it plays a major role in the Toyota Group.

In the Vehicle Business, along with our role in developing the Vitz (Yaris overseas) and RAV4, which are also assembled by Toyota Industries, we have also handled the development of vehicles manufactured by other Toyota Group companies, including such vehicles as the IST, Prius and Belta. As we firmly build on this solid record of achievement, we have gained the trust of TMC and steadily expanded this business's role within the Toyota Group. We are also bolstering production, and in 2005 we made investments for building a production structure to increase annual production capacity to 350,000 vehicles. Meanwhile, in 2006 we reached full production

capacity of the Vitz (Yaris overseas) and RAV4.

Backed by these achievements, Toyota Industries was consigned to undertake the development of the Mark X ZiO, a new concept car developed by TMC that promises to revitalize Japan's automobile market which rolled off the production line in September 2007. The Mark X ZiO is especially significant for Toyota Industries from two perspectives.

First, we played a larger role in the development of this vehicle and are producing it solely at our own plant. Second, we have expanded the types of vehicles we are capable of producing in terms of size and grade.

Looking to the future, as TMC aims for further growth globally, we will strive to make unprecedented contributions in both development and production.



Mark X ZiO

Working to Raise Corporate Value

The Toyota Industries Group will work in unison to attain the targets of the current Medium-Term Management Plan. We believe that business results are the culmination of the various approaches taken by management. Accordingly, as part of unceasing efforts to further raise corporate value, we will refocus on the basics of manufacturing and strengthening the Company's management platform while continually introducing new products that satisfy customers.

In closing, we ask you for your continued support and guidance.

December 2007



Tadashi Ishikawa
Chairman



Tetsuro Toyota
President