Akira Yokoi
Chairman

Tadashi Ishikawa
President

Dear Shareholders:

Excellent Performance for the Term

The results of Toyota Industries Corporation and its subsidiaries ("Toyota Industries") for the six months ended September 30, 2003 (the "term") can be summarized in a single word: Excellent. We achieved a record high for earnings performance. Consolidated net sales totaled ¥569.6 billion, an increase of 9.4% compared with the six months ended September 30, 2002 (the "previous term"). Consolidated operating income was ¥27.0 billion, an increase of 7.2% over the previous term. Consolidated ordinary income amounted to ¥30.2 billion, an increase of 12.1% over the previous term. Consolidated net income was ¥17.1 billion, an increase of 25.6% over the previous term.

The business environment during the term turned out to be somewhat better than expected. Although it was anticipated that the world economy would be affected adversely by the armed intervention in Iraq and SARS (severe acute respiratory syndrome), the U.S. economy appeared to be on its way to recovery and the Chinese economy continued to expand. The Japanese economy also showed signs of an upturn, with increased private sector capital investment and improved corporate profitability.

In addition, we succeeded in implementing a clearly defined strategy that exploited our competitive strengths in each of our business segments and in making further significant cost reductions.

All Business Segments in Good Shape

All of Toyota Industries' business segments saw their net sales improve over the previous term. However, the level of operating income varied slightly by business segment, although most segments maintained stable incomes.

Note: Segment net sales figures do not include intersegment transactions. However, segment operating income figures do include operating income arising from intersegment transactions.

Automobile Segment

Net sales were ¥296.2 billion for the term, up 1.7% over the previous term, and accounted for 52.0% of Toyota Industries' total net sales for the term. Although sales of vehicles and engines decreased, sales of car air-conditioning compressors increased. Operating income, on the other hand, at ¥14.7 billion for the term was down 3.7% from the previous term.

Materials Handling Equipment Segment

Net sales for the term totaled ¥216.3 billion, up 19.5% over the previous term. This increase was due mainly to aggressive sales promotion activities for major customers in and outside Japan by TOYOTA Material Handling Company ("TMHC") as well as the consolidation of Aichi Corporation ("Aichi"), which was included in our network of subsidiaries in May 2003. Operating income was ¥8.9 billion for the term, up 16.8% over the previous term.

Textile Machinery Segment

Net sales amounted to ¥23.8 billion for the term, up 4.5% over the previous term. Operating income was ¥0.4 billion for the term, down 42.5% from the previous term. This decrease was due largely to a rise in the purchase prices of some parts and a decrease in sales of more profitable machinery, notably roving frames.

Others Segment

Net sales totaled ¥33.2 billion for the term, up 30.6% over the previous term, due mainly to an increase in sales of TIBC Corporation. Operating income totaled ¥3.1 billion for the term, up 96.7% over the previous term.

Achievements during the Term

Consolidation of Aichi Corporation

In May 2002, following the conclusion of a comprehensive agreement on capital and business collaboration between Toyota Industries and Aichi, Toyota Industries acquired 34% of Aichi's outstanding shares. We also obtained a warrant that would raise our holding to 51%. In May 2003, we exercised the warrant, incorporating Aichi into our network of subsidiaries.

Aichi's consolidated net sales for the term totaled ¥18.8 billion, up 20.1% over the previous term. Ordinary income was ¥1.0 billion, compared with an ordinary loss of ¥0.6 billion for the previous term, and net income was ¥1.0 billion, compared with a net loss of ¥0.8 billion for the previous term. We believe that Aichi's remarkable change for the better was a result of the structural and fundamental reform we have actively supported. Also, in October 2003, a stricter waste emissions regulation was enacted covering major metropolitan areas in Japan (parts of the Kanto, Tokai, and Kansai areas). This regulation forbids trucks and diesel-powered vehicles that do not meet the specified emissions standard from taking compulsory car inspections. This led to a surge in sales of Aichi's special-purpose vehicles to replace those sub-standard vehicles.

Global Fund Management

In June 2003, Toyota Industries Finance International AB ("TIFI"), our finance subsidiary established in Sweden, assumed fund-raising operations for all of our overseas subsidiaries and began centrally managing the funds of our European subsidiaries.

Toyota Industries itself commenced centralized fund management of its domestic subsidiaries also in June 2003. In North America, Toyota Industries North America, Inc. has been centrally managing the funds of our North American subsidiaries since February 2001.

Through these measures, we aim to achieve more efficient fund-raising and fund management on a global, consolidated basis.

Making Inroads into the Logistics Solutions Business

Toyota Industries started full-fledged operations in the Logistics Solutions Business, responding to increasing market needs for streamlined logistics operations in Japan. This is an area in which we can take advantage of our long-standing experience in production and sales of materials handling equipment such as forklift trucks and automated storage and retrieval systems, as well as our production know-how as demonstrated in the Toyota Production System ("TPS").

We signed contracts with a number of wholesalers and manufacturers for the management of distribution centers in the Tokyo metropolitan and Chubu (Central Japan) areas during the term. To strengthen our position in this area, we are forging alliances with other logistics operators and preparing for our entry into the third party logistics business, which encompasses thorough evaluation of clients' logistics operations, making improvement proposals, and undertaking across-the-board logistics operations. As part of the alliance with logistics operators, in February 2003, we concluded an agreement on business collaboration with Trancom Co., Ltd. ("Trancom"), which possesses advanced information systems and proven distribution center management capability. In April 2003, Toyota Industries and Trancom established ALTRAN Corporation, a joint company to undertake logistics solutions business.

Reinforcement of Sales Network in China and Australia

In anticipation of expanding demand in China, TMHC constructed a new forklift truck assembly plant within the premises of Toyota Industry (Kunshan) Co., Ltd., which is engaged in the production of foundry parts in Kunshan, Jiangsu Province. TMHC began local production of 1-3 ton internal combustion counterbalanced forklift trucks, top-sellers in the country, in April 2003.

Tadashi Ishikawa
President

In May 2003, we established Toyota Material Handling (Shanghai) Co., Ltd. jointly with Toyota Tsusho Corporation as a distributor of forklift trucks in China. The new company, which started operations in June 2003, will take the initiative in forging a strong sales network through the enhancement of its dealer network.

In June 2003, Toyota Industries established Toyota Industries Corporation Australia Pty Limited ("TICA") in Sydney as a new distributor, with a view to expanding sales of forklift trucks and other materials handling equipment in the local market. TICA started operations in July 2003 after taking over the materials handling equipment sales operations of Toyota Motor Corporation Australia Ltd., which was responsible for sales of TOYOTA-brand materials handling equipment in the country. TICA undertakes on sales and marketing activities specifically for materials handling equipment, allowing more agile management and swifter decision-making.

Business Outlook for Fiscal 2004

Although the economies of Japan and the U.S. show signs of an upswing, the overall business environment does not allow optimism, due to an accelerating appreciation of the yen, anxiety over deflation, and uncertainties in the Middle East. We expect that in the second half of fiscal 2004, ending March 31, 2004, Toyota Industries will continue to face challenging economic conditions.

Even so, we are confident that our long-standing policy of diversification will pay off in such circumstances, in that even if some of our businesses experience difficulties, other businesses will perform well, so allowing Toyota Industries to continue on the path to stable and sustainable growth.

Meanwhile, we will seek to ensure that our products and services are attuned to customer needs, and continue with our quality improvement and cost-reduction activities. Our strategy will also include promoting global businesses, improving management efficiency, strengthening our management base, and securing higher profitability.

For fiscal 2004 in full, we forecast the following: Consolidated net sales of ¥1,150.0 billion, up 7.6% over fiscal 2003 and representing a ¥50.0 billion increase over our forecast at the beginning of fiscal 2004; ordinary income of ¥58.0 billion, up 12.9% over fiscal 2003 and representing a ¥1.0 billion increase over our forecast at the beginning of fiscal 2004; and net income of ¥34.0 billion, up 55.0% over fiscal 2003, the same as our forecast at the beginning of fiscal 2004.

Note: The financial projections set forth above are based upon a number of assumptions and estimates that, while presented with numerical specificity and considered reasonable by us when taken as a whole, are inherently subject to significant economic, business, competitive, regulatory, and operational uncertainties, contingencies and risks, many of which are beyond our control. Financial projections are necessarily speculative in nature, and it can be expected that one or more of the assumptions underlying the projections will prove not to be valid, and unanticipated events and circumstances are likely to occur. Actual results will vary from the financial projections and those variations may be material. Consequently, this report should not be regarded as a representation by us or any other person that the financial projections will be achieved. Current market trends in the global economy make it particularly difficult to predict product demand and other related matters.

Looking towards the Future

The most important aspect of our corporate mission is to increase shareholder value. We consistently aim to enhance corporate performance by improving medium- to long-term profitability, implementing ambitious strategies with specific goals in each business area, familiarizing more employees with TPS—an essential source of our competitiveness—and laying down efficient management systems.

Concurrently, as a responsible corporate citizen, we emphasize activities to protect the natural environment and fulfill our other social responsibilities.

We thank all of our stakeholders, including shareholders, customers, suppliers, local communities, and employees, for their support. As we look to secure further growth in shareholder value, we respectfully request a continuation of the support we have enjoyed to date.

December 2003

Akira Yokoi
Chairman

Tadashi Ishikawa

Tadashi Ishikawa
President