Tadashi Ishikawa
Chairman

Tetsuro Toyoda
President

Dear Shareholders:

We are pleased to report that Toyota Industries achieved excellent results for the six months ended September 30, 2005 (the "term"), as highlighted by all-time-high interim consolidated net sales and profits. In addition to this brisk performance, we also instituted medium- and long-term measures to lay the foundation for sustaining our growth well into the future.

Record-High Business Results

During the term, the Japanese economy maintained a modest recovery driven by expansion in exports and private-sector capital investment. Overseas, the U.S. economy was robust and the European economy achieved mild growth.

Despite the effects of rising raw materials prices, Toyota Industries continued to record excellent results, by capitalizing on the supportive economic climate, continuing the steady execution of optimal business strategies that seek to maximize the competitive strengths of each business and implementing company-wide cost-cutting activities. Toyota Industries recorded consolidated net sales of ¥699.0 billion during the term, an increase of 15.1% over the six months ended September 30, 2004 (the "previous term"). Despite higher raw materials prices and a rise in depreciation and personnel expenses, consolidated operating income increased 6.5% to ¥32.1 billion. Consolidated ordinary income increased 6.9% to ¥41.6 billion and consolidated net income increased 4.4% to ¥25.0 billion. All of these amounts represent all-time highs for Toyota Industries.

As an especially notable accomplishment, we have attained record-high net sales, operating income and ordinary income for six consecutive years despite less-than-ideal economic conditions in Japan. Additionally, consolidated net income has reached a record high for three straight years. We believe that these solid results offer substantial proof that our management strategies are clearly on target.

All Segments Maintain Strong Performances

All segments continued to achieve strong results, as evidenced by across-the-board sales increases over the previous term. Excellent results in terms of operating income were also achieved despite decreases recorded in the Automobile and Others segments. A summary of operating results by business segment follows. It should be noted that from the current fiscal year (ending March 31, 2006), logistics-related businesses, previously included in the Others Segment, have been reclassified separately as the Logistics Segment.

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

Automobile Segment

The Automobile Segment, comprising vehicles (automobile assembly), engines, car air-conditioning compressors and other businesses (including foundry parts and electronic components for automobiles), is Toyota Industries' largest business segment and generates 48.3% of consolidated net sales.

Net sales increased 9.4% over the previous term to ¥337.8 billion, buoyed by higher sales of vehicles, engines and car air-conditioning compressors. Operating income decreased 24.8% to ¥11.4 billion. A summary of each of the principal businesses making up the Automobile Segment follows.

Vehicle Business

The Vehicle Business produces the Vitz (Yaris in Europe) and the RAV4 (for Europe and North America) under consignment from Toyota Motor Corporation (TMC). The Vehicle Business posted a 10,000-unit increase in production over the previous term to 125,600 vehicles, reflecting increased production of the mainstay model Vitz (for Japan), which underwent a model change in February 2005, along with higher production volume of the Vitz (Yaris) and RAV4 for overseas markets.

Net sales of the Vehicle Business increased 11.0% over the previous term to ¥154.7 billion.

Engine Business

The Engine Business primarily produces diesel engines and gasoline engines for TMC vehicles and lift trucks. Engines for lift trucks are supplied to TOYOTA Material Handling Company (TMHC), our in-house company, and are recorded as internal sales (intersegment transactions). Overall production of engines, excluding those for lift trucks, increased 13,000 units over the previous term to 172,000 units, due mainly to higher production of diesel engines, including the AD diesel engine fitted on the Avensis for the European market and the KD diesel engine. Internal sales (intersegment transactions) of gasoline engines and diesel engines to TMHC increased 2,000 units from the previous term to 32,000 units.

Net sales of the Engine Business, excluding intersegment transactions, amounted to ¥65.4 billion, an increase of 15.8% over the previous term.

Car Air-Conditioning Compressor Business

The car air-conditioning compressors developed and produced by Toyota Industries are sold to the world's major auto manufacturers through DENSO Corporation. In Japan, sales of car air-conditioning compressors were 2.6 million units, the same level as in the previous term. Overseas sales of car air-conditioning compressors increased 132,000 units to 6.7 million units, resulting in an increase in total sales volume of car air-conditioning compressors by 133,000 units to 9.3 million units.

Net sales of the Car Air-Conditioning Compressor Business increased 3.7% over the previous term to ¥105.0 billion.

Materials Handling Equipment Segment

The Materials Handling Equipment Segment manufactures and sells various types of logistics-use equipment centering on lift trucks, automated storage and retrieval systems and automatic guided vehicle systems, in addition to such special-purpose vehicles as aerial work platforms.

Net sales by the Materials Handling Equipment Segment increased 17.4% over the previous term to ¥281.6 billion. Operating income amounted to ¥18.3 billion, an increase of 52.1% over the previous term.

TMHC and the BT Industries Group both achieved large increases in sales volumes over the previous term, mirroring favorable market environments worldwide. Sales by Aichi Corporation, which manufactures and sells aerial work platforms, increased 17.3% to ¥20.7 billion. The increase in net sales, coupled with the elimination of waste and the enhancement of operational efficiency, allowed Aichi to record operating income of ¥2.2 billion, a 61.2% increase; ordinary income of ¥2.3 billion, a 58.0% increase; and net income of ¥2.6 billion, a 50.4% increase over the previous term.

Logistics Segment

The Logistics Segment was newly established in the current fiscal year (ending March 31, 2006), integrating the logistics-related businesses (logistics solutions and logistics transportation businesses) that were previously included in the Others Segment. Because this is a new segment, net comparisons with the previous term's results cannot be made. During the term, the Logistics Segment posted net sales of ¥30.6 billion, attributable in part to Asahi Security

Co., Ltd., which was acquired in March 2005. Asahi Security provides comprehensive cash management outsourcing, including cash collection and delivery, cash proceeds management and equipment security. Other factors underlying the increase in sales were higher sales of the logistics solutions business, which handles all phases of customers' logistics and enhances their entire supply chain management, as well as improved results of the Taikoh Transportation Group, which is involved in transportation and other logistics businesses. Operating income of the Logistics Segment as a whole amounted to ¥0.5 billion.

Textile Machinery Segment

The Textile Machinery Segment manufactures and sells spinning-related machinery centering on ring spinning frames and weaving-related machinery such as air-jet looms. Toyota Industries is one of the world's leading manufacturers of air-jet looms and spinning machinery.

Net sales of the Textile Machinery Segment increased 8.2% over the previous term to ¥24.1 billion. Operating income amounted to ¥0.2 billion, an improvement compared with the operating loss of ¥0.1 billion in the previous term, due mainly to an increase in sales of spinning machinery.

Sales of air-jet looms increased slightly over the previous term to 4,000 units. Higher sales in India compensated for a decrease in sales in China, our primary market. The sales volume for ring spinning frames increased by approximately 63,000 spindles over the previous term to 323,000 spindles, owing largely to an increase in sales of our Indian subsidiary.

Others Segment

The Others Segment is made up primarily of new businesses that Toyota Industries has entered in recent years. This segment is still comparatively small in scale, but it includes strategic businesses that we believe will drive our future growth. One core business is TIBC Corporation, established in 1998 as a joint venture with Ibiden Co., Ltd. to manufacture semiconductor package substrates.

Because we separated our logistics-related businesses from the Others Segment into the Logistics Segment, net comparisons with the previous term's results cannot be made. During the term, net sales amounted to ¥25.0 billion, and operating income totaled ¥2.1 billion.

ST Liquid Crystal Display Corp. (STLCD), which was established in 1997 as a 50-50 joint venture with Sony Corporation to manufacture low-temperature polysilicon TFT-LCD panels, also represents a main pillar of our Electronics Business. STLCD is not a consolidated subsidiary and is accounted for by the equity method in Toyota Industries' consolidated financial results. Therefore, its sales and operating income (or loss) are not included in the results for this segment.

Noteworthy Initiatives Undertaken during the Term

Toyota Industries implemented a host of forward-looking strategic initiatives during the term. The following are a few that warrant special mention.

Contributing to TMC's Global Strategy

In March 2005, Toyota Industries initiated production of 2.2-liter direct-injection AD diesel engines for the European market at the Hekinan Plant in Japan and at Toyota Motor Industries Poland Sp.zo.o. (TMIP)*, a joint venture in Europe with TMC. This engine is fitted in the Avensis that TMC produces in the United Kingdom. Further, the engine is slated to be installed in the Corolla that TMC plans to assemble in Europe. The proportion of diesel engine vehicles in Europe is increasing in line with the idea that diesel engines are considered more ecological. In addressing this trend, it is essential that TMC strengthen its lineup of diesel engine vehicles as it strives to raise its presence in the European market. Toyota Industries will work to contribute to TMC's European strategy through the joint development of diesel engines with TMC as well as the production of these engines.

In June 2005, the Higashichita Plant started producing 2.5-liter and 3.0-liter direct-injection KD diesel engines for TMC's Innovative International Multi-Purpose Vehicle (IMV) Project. This project aims to establish a globally optimal production and supply structure by reciprocally supplying assembled vehicles as well as main components of pickup trucks and multi-purpose vehicles among manufacturing bases in Asia, Argentina and South Africa. While contributing to TMC's overseas strategy, Toyota Industries continues to undertake initiatives for further expanding its own business.

* Toyota Industries' stake in TMIP is 40%. Toyota Industries is chiefly responsible for production operations at TMIP.

Establishment of Car Air-Conditioning Compressor Production Base in China

In May 2005, Toyota Industries established TD Automotive Compressor Kunshan, Co. Ltd. (TACK) in Kunshan, China, a joint venture with DENSO, Toyota Tsusho Corporation and Toyota Industry Automotive Parts (Kunshan) Co., Ltd. Serving as our second car air-conditioning compressor production base in China, TACK is scheduled to begin producing variable-displacement compressors, which offer outstanding fuel efficiency, in April 2006. Yantai Shougang DENSO Co., Ltd. (YSD, in which Toyota Industries holds a 15% stake), a joint venture established in 1994 with DENSO, Toyota Tsusho and China's Shougang Corporation, will also begin producing variable-displacement compressors in April 2006, in addition to its current fixed-displacement compressors. YSD will supply compressors to users in northern China while TACK will supply compressors to car makers in the southern part of the country.

Establishment of Toyota Material Handling Group

In July 2005, Toyota Material Handling Group (TMHG) was established to realize our goal of becoming the "undisputed No. 1" in the global lift truck market by solidifying the Materials Handling Equipment Segment's current global No. 1 share. The new organization is tasked with facilitating the further integration of the operations of TMHC and the BT Industries Group and maximizing synergies. In the past, TMHC and the BT Industries Group made steady progress by mutually supplying each other's brand products, sharing sales and production know-how, exchanging personnel and jointly procuring parts. Through the strategic reorganization, TMHC and the BT Industries Group aim to create further synergies.

Quality-Control and Cost-Reduction Activities

Toyota Industries is aware that lowering costs while raising its ability to provide products and services of superb quality are extremely crucial for attaining competitive superiority. Driven by this recognition, each division undertakes cost-reduction projects and promotes organized and well-planned cost-reduction initiatives. Our cost-reduction activities not only include bolstering our ongoing value engineering (VE) and value analysis (VA) activities, but also extend to a diverse range of other spheres such as optimized global procurement of materials. At our head office, we are promoting comprehensive activities to cut fixed costs through better operational efficiency and other such measures.

Our initiatives for constantly elevating quality are indispensable for providing products and services that satisfy our customers. We realize that in a worst-case scenario any serious quality-related problem could threaten a company's future existence. Acting on this awareness, Toyota Industries has designated "thorough quality assurance" and "maintenance and improvement of quality" as priority management policies, and accordingly, carries out group-wide quality-improvement activities. Besides comprehensive employee quality education, these activities include the establishment of ambitious quality targets in each division. The director overseeing product quality and division managers (or an in-house company president), as well as President Tetsuro Toyoda and other top executives, make on-site inspections to check the quality-improvement activities and confirm progress in reaching quality targets.

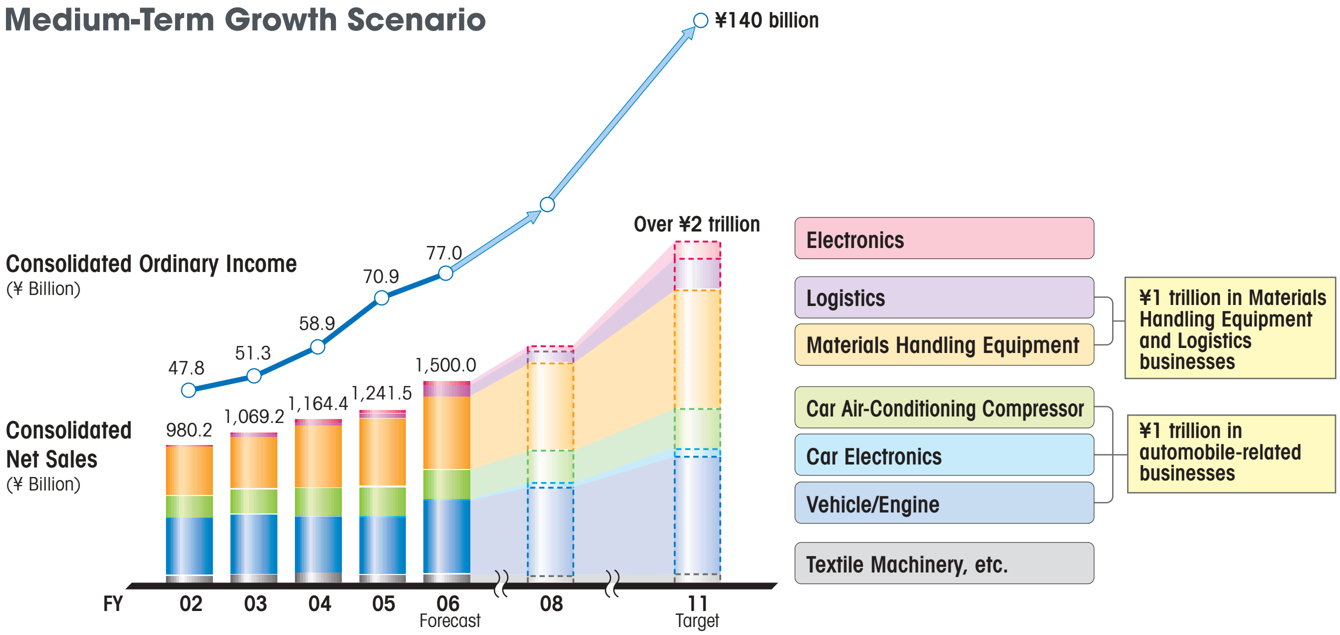
Business Outlook for Fiscal 2006

Although we expect the global economic recovery to sustain its momentum during the second half of fiscal 2006, concerns about exchange rate fluctuations and rising global prices for raw materials persist. Within this climate, Toyota Industries will continue to channel its efforts toward developing new products that accurately match customer needs, promoting sales expansion activities centered on our core businesses and carrying out active initiatives to improve quality. Additionally, we will continue with our cost-reduction activities, proceed with global business development, and attempt to enhance management efficiency and bolster our management foundation while simultaneously securing profitability.

For fiscal 2006, we anticipate that an increase in net sales and a decrease in costs will absorb the effects of such cost-push factors as increases in raw materials prices and depreciation expenses. We forecast consolidated net sales of ¥1.5 trillion (initial forecast of ¥1.45 trillion), an increase of 20.8% over the previous fiscal year; consolidated ordinary income of ¥77.0 billion (initial forecast of ¥75.0 billion), an increase of 8.6% over the previous fiscal year; and consolidated net income of ¥45.0 billion (same as initial forecast), an increase of 3.8% over the previous fiscal year. Our forecast assumes an exchange rate of ¥110 = US$1.

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 rapidly changing market trends in the global economy make it particularly difficult at present to predict product demand and other related matters.

Medium-Term Growth Scenario



Formulation of New Medium-Term Management Plan

In October 2005, Toyota Industries formulated a new five-year medium-term management plan to be implemented from April 1, 2006 through March 31, 2011. The plan's overriding goal is to achieve consolidated net sales exceeding ¥2.0 trillion and annual consolidated ordinary income of ¥140.0 billion in fiscal 2011, ending March 31, 2011. To reach these targets, Toyota Industries will augment the capabilities of workplaces through the cultivation of its human resources, pursue the highest levels of quality, develop cutting-edge technologies, strengthen its value chain and develop into a company with overwhelmingly dominant businesses. In executing this plan, we intend to make capital investments of around ¥500.0 billion over the five-year period ending March 31, 2011.

Increasing Corporate Value

The management team of Toyota Industries—your company—regards its most important mission as expanding corporate value, which we believe hinges on enhancing our medium- to long-term earnings power. As we strive to fulfill our mission, we will actively promote initiatives to nurture personnel who are well honed in the Toyota Production System—the wellspring of our competitiveness—as well as global-minded staff essential for successfully developing our overseas operations. Concurrently, we will build more-efficient management systems and fortify competitiveness by undertaking strategic businesse operations.

Seeking to earn the trust of society as a good corporate citizen, Toyota Industries remains committed to actively promoting environmental protection and social contribution activities and will continue to take a proactive approach to compliance and corporate governance.

In closing, we ask our shareholders for their continued support and guidance.

December 2005

Tadashi Ishikawa

Tadashi Ishikawa
Chairman

Tetsuro Toyoda
President