Akira Yokoi
Chairman

Tadashi Ishikawa
President

Dear Shareholders:

The year ended March 31, 2004 ("fiscal 2004") was an encouraging year for us not only in terms of our business results, for which we believe there is room for improvement in several areas. Rather, fiscal 2004 was a year in which we confirmed that the measures and strategies we have been implementing are steadily yielding their intended results.

Our business strategies are based on our thorough focus on "creating things." Since our establishment, our approach to creating things has been characterized by deep-rooted passion and a sense of mission. This passion and sense of mission — nurtured by generations of employees throughout our history — are the source of our competitive strengths and one of our driving forces. We believe that we must pass down this "passion for creation" to the next generations of employees. Toyota Industries' "passion for creation" will remain unchanged in the years ahead even as the composition of our business evolves along with changes in the times.

Satisfactory Performance Overall

The economic climate during fiscal 2004 was generally favorable. Despite the sharp appreciation of the yen against the dollar as well as weak public investment, the Japanese economy achieved a mild recovery, thanks to growth in private-sector capital investment and exports. The world economy recorded robust growth overall, propelled by healthy expansion of the U.S. and Chinese economies, despite concerns about turmoil in Iraq in the aftermath of the war.

Under these economic conditions, Toyota Industries achieved excellent results, posting all-time highs in both consolidated net sales and profits. Consolidated net sales increased 8.9% to ¥1,164.4 billion. Consolidated operating income increased 0.3% to ¥52.6 billion, and consolidated ordinary income amounted to ¥59.0 billion, up 14.8%. Consolidated net income increased 53.3% to ¥33.6 billion. It is noteworthy that we have now achieved record-high net sales and ordinary income for five consecutive years amid sometimes less-than-favorable domestic economic conditions. Because we always aim for high objectives, we are not completely satisfied with some business results. However, we are confident our overall performance provides solid evidence that our strategies are sound and that management is navigating the company on the right course.

All Segments Maintain Favorable Results

Although the level of net sales and operating income varied by business segment, they were at a high level overall. A summary of business results by segment follows.

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

The Automobile Segment, comprising vehicles, engines, car air-conditioning compressors and other businesses (including foundry parts for engines and electronic components for automobiles), accounted for 51.9% of consolidated net sales in fiscal 2004.

Net sales increased 1.4% over the previous fiscal year to ¥603.9 billion. Operating income decreased 8.6% to ¥27.5 billion. The increase in net sales mirrored ongoing favorable performance in sales of car air-conditioning compressors, the core business of the Automobile Segment. The decrease in operating income resulted from a drop in sales of the Engine Business and other factors.

Materials Handling Equipment Segment

The Materials Handling Equipment Segment manufactures and markets mainly forklift trucks, warehouse trucks, automated storage and retrieval systems, and automatic guided vehicle systems, together with special-purpose vehicles, including aerial work platforms.

Net sales of the Materials Handling Equipment Segment for fiscal 2004 increased 18.9% over the previous fiscal year to ¥443.4 billion. The increase was due mainly to the inclusion of sales by Aichi Corporation (“Aichi”), a former affiliate that became a consolidated subsidiary in May 2003. Operating income amounted to ¥19.3 billion, up 19.6%.

Textile Machinery Segment

The Textile Machinery Segment engages mainly in the manufacture and sales of spinning machinery, primarily ring spinning frames, as well as such weaving machinery as air-jet looms. The Textile Machinery Segment dates back to the founding of Toyota Industries. Toyota Industries is one of the world’s leading manufacturers of air-jet looms and spinning machinery.

Net sales of the Textile Machinery Segment decreased 5.7% to ¥46.0 billion, due chiefly to a decrease in sales of air-jet looms in China, our principal market. Operating income decreased 95.7% to ¥0.1 billion.

Others Segment

The Others Segment comprises electronics, logistics solutions and other businesses. This segment consists of businesses that we entered comparatively recently and that are thus small in scale. Nonetheless, we view these as strategic businesses that will serve as future pillars of growth.

Net sales increased 36.7% to ¥71.1 billion, reflecting the favorable results of TIBC Corporation, a joint venture with Ibiden Co., Ltd. that engages in the production of plastic package substrates, and Taikoh Transportation Group, which engages in transportation and other logistics businesses. Operating income increased 47.0% to ¥5.8 billion.

Principal Achievements in Fiscal 2004

During fiscal 2004, we implemented a host of strategies incorporating long-term perspectives. Several of the more noteworthy warrant particular mention.

Consolidation of Aichi Corporation

In May 2003, Toyota Industries increased its stake in Aichi from 34% of outstanding shares to 51% and incorporated Aichi into its network of consolidated subsidiaries. Aichi is Japan's top manufacturer of special-purpose vehicles, with a 66% share of the aerial work platform market in fiscal 2004. In fiscal 2004, Aichi achieved a dramatic improvement in results, thanks to fundamental structural reforms designed to enhance profits. It also benefited from higher demand for replacing special-purpose vehicles not meeting tighter exhaust emission standards for diesel trucks in Japan. Toyota Industries intends to continue providing Aichi with support in various areas such as production technology, procurement and personnel.

Entry into the Operations in Logistics Solutions Business

As one core business for driving future growth, Toyota Industries entered the Logistics Solutions Business. The business involves providing companies with logistics solutions that cover all phases of logistics, from logistics planning to the operation of distribution centers.

During fiscal 2004, we steadily secured orders for the operation of distribution centers and implemented a number of measures to expand our Logistics Solutions Business. These measures included the establishment of joint ventures with customers to carry out their logistics operations as well as the formation of alliances with logistics companies. As a prime example of such alliances, in March 2004 we signed a basic agreement with Fuji Logistics Co., Ltd. ("Fuji Logistics") and Fuji Electric Holdings Co., Ltd. to form a business and capital alliance covering all aspects of logistics services. In accordance with this agreement, Toyota Industries and Fuji Logistics established a joint venture that will serve as the nucleus of this alliance. The new company will undertake outsourced logistics from companies and offer new value-added logistics services.

Toyota Industries will seize various opportunities to strategically expand its Logistics Solutions Business.

Reinforced Overseas Production and Sales Networks for Forklift Trucks

Foreseeing further growth in the Chinese market, Toyota Industry (Kunshan) Co., Ltd., which produces foundry parts in Kunshan, Jiangsu Province, began local production of TOYOTA-brand 1-3 ton internal combustion counterbalanced forklift trucks — a mainstay product in China — in April 2003. Together with Toyota Tsusho Corporation, in May 2003, we established Toyota Material Handling (Shanghai) Co., Ltd. as a distributor of TOYOTA-brand forklift trucks in China. Primarily through this new company, which began operations in June 2003, we will establish an even stronger sales and after-sales structure as we build a solid dealer network in China.

In June 2003, Toyota Industries established Toyota Industries Corporation Australia Pty Limited ("TICA") in Sydney as a new distributor. TICA started operations in July 2003.

In January 2004, we established Toyota Industries Mercosur Ltda. in Brazil. This company started operations in April 2004 as a distributor for the two vital South American markets of Brazil and Argentina.

Toyota Industries is making notable headway in establishing overseas sales networks that will underpin growth in sales of forklift trucks and other materials handling equipment.

Ongoing Commitment to Improved Quality

Toyota Industries continually makes efforts to improve the quality of its products and services, both of which are crucial to ensuring customer satisfaction. Keenly aware that quality-related problems could jeopardize its future existence, Toyota Industries regards “thorough quality assurance” and “maintenance and improvement of quality” as supremely important management policies, and carries out group-wide quality-improvement activities. Extending beyond education in quality-control methods, these activities include the setting of ambitious quality targets in each division. Not only the director in charge of product quality and division managers (or an in-house company president), but also President Ishikawa and other top executives make on-site inspections to check the quality-improvement activities and confirm progress in reaching quality targets.

Personnel Development

On April 1, 2004, Toyota Industries opened its new Technical Training Center. Through this Center, we aim to strengthen education for workers who support Toyota Industries’ production activities and raise the skill levels of employees — the key source of our strong competitiveness. Consisting of a wing for in-service training and another wing for practical training, the Center is four times larger than our previous training facility.

At the new Center, a one-year skills training course targeted at designated high-school graduate employees is taught by highly specialized instructors to cultivate future leaders for our manufacturing sites. Other courses aim to nurture highly advanced skills for work-site leaders (employees who have worked for around 10 years), as well as provide training in basic and specialized skills for general workers. We intend the Center to be the source for skilled workers not only for the Company, but also for the entire Toyota Industries Group. Initially, the Center will provide training for employees of domestic Group companies and then expand training to employees of overseas subsidiaries.

Aiming for Sustained Growth

Through growth in areas such as materials handling equipment, car air-conditioning compressors, vehicles, logistics solutions and electronics, Toyota Industries will do its utmost to achieve consolidated net sales of more than ¥1.2 trillion for fiscal 2006, ending March 31, 2006. We strive to achieve sustained business expansion by implementing management strategies from medium- to long-term perspectives.

Basically, we intend to further bolster the technologies and cost competitiveness of the Materials Handling Equipment Segment and Car Air-Conditioning Compressor Business. We are working on establishing a diesel engine production site in Poland to contribute to Toyota Motor Corporation’s (“TMC”) European strategy. We are making an entry into the Logistics Solutions Business in Japan, an expected growth sector where we can apply our extensive know-how and strengths. We also plan to promote new technologies and businesses, centering on the Electronics Business, that show potential for solid future growth. Other key measures include further developing our global operations, emphasizing thorough quality control, accelerating cost-reduction activities and cultivating highly motivated personnel who have a sense of mission and specialized knowledge of TPS.

Toyota Industries operates a diverse range of businesses. By strategically and organically combining know-how, key technologies and markets cultivated in each business, we believe we can create new value, so that the worth of Toyota Industries as a whole adds up to more than the sum of its parts.

Business Outlook for Fiscal 2005

We expect the business environment in fiscal 2005, ending March 2005, to be characterized by ongoing uncertainty. The Japanese economy appears to have finally moved onto a mild recovery track, but the direction of the U.S. and global economies remains unclear. This is further aggravated by exchange rate uncertainties, as well as concerns about rising prices for such raw and processed materials as crude oil and steel products.

In this management environment, we expect the Materials Handling Equipment Segment and Car Air-Conditioning Compressor Business to continue expanding their sales. In contrast, we anticipate that the Vehicle Business will see a decrease in production volume due to intensifying competition in the small car market and other factors. We also forecast lower sales for the Engine Business due to expected decreases in sales of 2UZ-type gasoline engines and C-type diesel engines. We expect sales in the Textile Machinery Segment to be hampered by tighter monetary policy in China.

In view of these factors, for fiscal 2005 we forecast consolidated net sales of ¥1.15 trillion, down 1.2% from fiscal 2004. However, we anticipate that cost-reduction measures and strategies to improve profits will result in consolidated ordinary income of ¥60.0 billion and consolidated net income of ¥34.0 billion, increases of 1.7% and 1.1%, respectively.

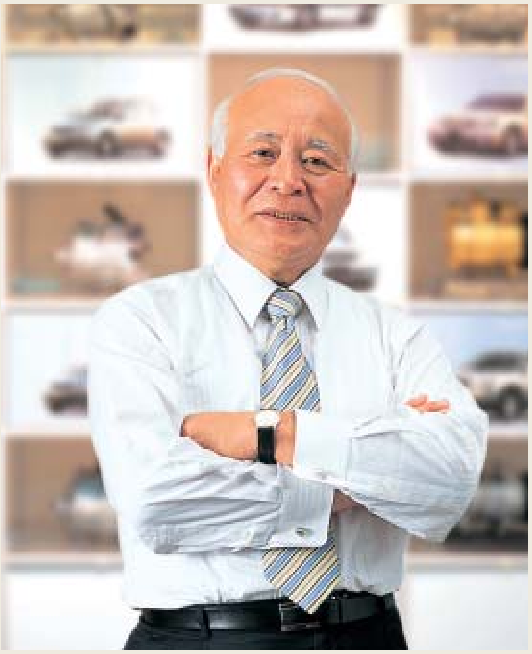
In striving to reach these targets, Toyota Industries will develop and market products that accurately reflect the needs of customers, raise the efficiency of business operations and management, and fortify its management structure to respond flexibly to changes in the business environment while maintaining its profitability. Toyota Industries has been successfully diversifying its operations and has established a structure that allows declines in earnings by one business to be absorbed by favorable performances in other businesses. This structure underlies Toyota Industries' ability to secure stable and long-term growth, even when there are some fluctuations in the business environment.

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 party that the financial projections will be achieved. Current uncertain market trends in the global economy make it particularly difficult at present to predict product demand and other related matters.

Looking Ahead

The management team of Toyota Industries — your company — sees its most crucial mission as raising corporate value by enhancing long-term and stable profitability. Therefore, we will emphasize dynamic and strategic business operations and strive toward building more efficient management systems, achieving stable growth in our businesses and steadily improving our business results. As a good corporate citizen, we will work to gain the trust of society through our environmental protection and social contribution activities, while taking a proactive approach to compliance and corporate governance.

For fiscal 2005, your company forecasts slightly slower growth in business results compared with previous years. Rest assured, however, that we expect this slowdown to be just a temporary pause. In fact, we view fiscal 2005 as a run-up period for attaining even stronger growth from fiscal 2006 onward. As we approach this next phase of new and sustained growth, we will re-examine and reinforce the superiority of each of our businesses as we work to build a solid foundation for growth. We will also step up our efforts to improve profitability in periods of sluggish sales.



Tadashi Ishikawa
President

In our message to you in last year's annual report, we noted that your company is blessed with excellent people who can think and act independently in accordance with the corporate philosophy and management strategies. We also mentioned that although these human resources do not appear in the balance sheets, they represent one of Toyota Industries' most important and precious assets. We still firmly believe this. Toyota Industries' employees share the same set of values as top management, and possess a remarkable degree of passion and sense of mission in executing their duties at their respective workplaces. Whether at production plants, the front line of sales or in R&D laboratories, they devote their energies and wisdom in a quest to create value for customers, shareholders and investors. These personnel are the source of the creation of outstanding value in a continually evolving and uncertain management environment. In pursuing future growth and development, we remain committed to developing staff who not only have expertise and technical skills but are also filled with passion.

Seeking to ensure the sustained growth of your company, the management team will take measures to earn your trust. Such measures will allow us to respond flexibly to ever-changing markets and management environments, and to continually maintain our competitive edge.

In this year's annual report, we have done our best to explain candidly the measures the management team is taking to guide your company along the path of future prosperity. We sincerely hope this report provides investors, shareholders and other stakeholders with an understanding of the directions in which we are headed, and offers a glimpse of the future shape of your company. In closing, we ask for your continued support.

July 2004

Akira Yokoi
Chairman

Tadashi Ishikawa

Tadashi Ishikawa
President