

Tadashi Ishikawa
Chairman

Tetsuro Toyoda
President

Message from the Chairman and President

In the fiscal year ended March 31, 2008 (fiscal 2008), Toyota Industries recorded consolidated net sales of ¥2,000.5 billion and ordinary income of ¥126.4 billion, both representing historic highs and marking the ninth consecutive year of increases in sales and income.

Since our founding, we have consistently devoted ourselves to manufacturing. Guided by our spirit of “contributing to society through manufacturing,” which has been handed down through successive generations, we have steadily expanded our business fields over the years from textile machinery to such domains as vehicles, automotive parts and materials handling equipment.

Our positive performance results and wide-ranging businesses are the fruition of our passion for manufacturing and also reflect the tremendous support of numerous stakeholders, including our shareholders, customers, business partners, residents of respective local communities

and employees and their families. We are determined to continue our unflagging efforts to further raise corporate value by maintaining our commitment to creating products that benefit society.

Under our Medium-Term Management Plan announced in October 2005, we are targeting 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 for the five-year period ending March 31, 2011. The end of fiscal 2008 marks two years since the launch of the Medium-Term Management Plan. Looking back, we believe that in each of the initial two years we attained solid progress toward realizing the plan’s overriding objectives.

Turning our focus to the fiscal year ending March 31, 2009, the likelihood of an unprecedentedly unstable business environment precludes optimism. This is evidenced by a continued surge in raw materials prices as a result of demand

outstripping supply worldwide, with prices rising 70% for iron ore and tripling for coal in particular. The price for steel, a raw material required in substantial amounts to manufacture lift trucks, is projected to increase significantly versus the beginning of 2008. As for crude oil, even without speculative funds and surplus funds that are flowing in the oil market as a main factor, we are still faced with historically high prices due to unabated demand from emerging nations. In addition, the situation also remains uncertain in view of exchange rate fluctuations and volatile stock markets. Moreover, the subprime loan debacle is casting a longer shadow over the U.S. economy than expected, whereby a delayed economic recovery may in turn negatively impact the global economy.

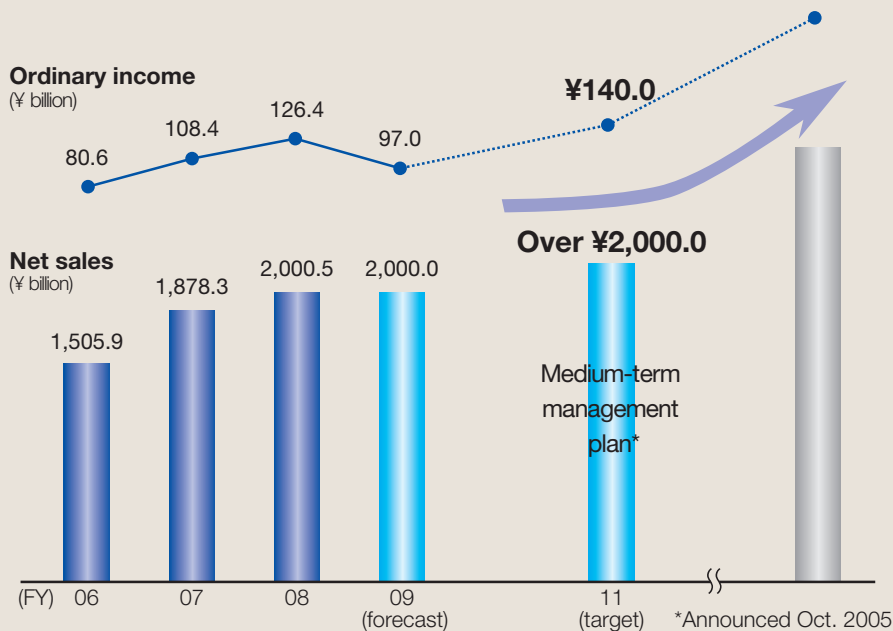
Under such challenging conditions, we realize that such changes in the external environment are not a temporary situation and will strive to enhance overall quality as the Toyota Industries Group through outside-the-box thinking and fresh perspectives.

Turning to business-specific issues, in the Materials Handling Equipment Segment an overriding challenge will be how to compensate for the likely decrease in the North American market. In North America, we will continue our efforts to increase the market shares of both TOYOTA and RAYMOND brands as well as aim to export products

manufactured in North America to other regions. Equally, we will focus on core markets other than North America. In Europe, we will strive for an early realization of benefits arising from sales channel integration of TOYOTA and BT brands that is directed toward sales expansion in fast-growing Central and Eastern Europe. Also, in BRICs countries and other emerging markets, we will undertake concerted efforts to enhance our sales and service networks, particularly in China and India, to capitalize on the significant increase in demand. Moreover, Toyota Industries will aim to further expand sales through implementing detailed sales management in Japan and overseas by going back to the basics. Further, we will work to speed up the development of revolutionary new products and key components to improve competitiveness. As one strategic move, in January 2008 we consolidated sales with development and production operations of the Takahama Plant. Facilitating close cooperation among these three areas of operations will enable us to identify more focused customer needs in making a concerted effort to quickly provide excellent products in terms of safety, the environment, quality and cost.

In the Automobile Segment, we will strive for sustained growth by contributing to Toyota Motor Corporation's global strategy. In the Vehicle Business, Toyota Industries initiated

Progress of Medium-Term Management Plan



consigned production of the Mark X ZIO in fiscal 2008. We have taken this opportunity to upgrade the capabilities of our production line, which previously specialized exclusively in compact vehicles, to include midsize and luxury models. We aim to further improve quality, cost and delivery in our efforts to create manufacturing plants that can flexibly respond to changes in volume and vehicle models. In the Engine Business, the implementation of environmental regulations and soaring crude oil prices are spurring automakers worldwide to accelerate the development and sales of diesel engine vehicles. Accordingly, we plan to strengthen the structure to speed up development of clean diesel engines in line with continued market expansion. In the Car Electronics Business, we expect the hybrid vehicle market to undergo rapid growth for the foreseeable future. Drawing on our extensive proprietary technologies cultivated over the years, we will focus primarily on creating technologies for realizing compact, lightweight and lower-cost devices while developing new products. In the Car Air-Conditioning Compressor Business, indicative of rising environmental awareness, increasingly strong demand is expected for car air-conditioning compressors with greater fuel economy in developed countries, while a balance between performance and cost will be a key requirement in emerging markets. We believe such needs are likely to become progressively diverse in the future, and with this in mind, we will aim to expand sales by launching new products matched to market and vehicle characteristics. At the same time, we will continue to pursue product distinctiveness through unrivaled new technologies, focusing on new refrigerants and serializing electrically driven compressors.

Toyota Industries nevertheless is facing an extremely harsh business climate. Even in such an inhospitable environment, it is absolutely essential that we carry out all imperative tasks with a view toward the medium term.

In addition, fulfilling our corporate social responsibilities with the utmost sincerity, beginning with consideration for the environment, social contribution and the development of human resources, will serve as the base of corporate activities.

Today, various environmental problems are posing increasingly serious threats to our planet. As a company involved in manufacturing, Toyota Industries is particularly attuned to those issues associated with climate changes. Moreover, the entire Toyota Industries Group recognizes that manufacturing processes and usage of our products exert

more than a minimal impact on global warming. Combining the collective wisdom of people comprising the Group and aiming to create a sustainable society, we intend to make a concerted, proactive effort to develop new technologies and products contributing to a substantial reduction in environmental loads, promote innovation in production technologies and processes as well as establish an internal structure to reduce total CO₂ emissions volume.

Toyota Industries' social contribution activities have involved social welfare, nature and environmental conservation as well as a commitment to local communities. In May 2008, we established the Volunteer Support Center to further strengthen cooperation with local communities as members of society. We plan to use the center to collect and transmit volunteer-related information and as a base to facilitate participation in volunteer activities. While working to enhance the functions of the center, we aim to push ahead with providing sustainable programs from a global perspective.

Regarding compliance-related activities, Toyota Industries considers it essential to provide education targeting all Toyota Industries Group employees in an effort to instill a compliance-oriented corporate culture. Such educational programs, which have long been provided to managerial-level staff, have been expanded to include all employees. We have also formulated business conduct guidelines for employees at overseas Group companies in accordance with local cultures, customs and situations of each country/region as a means of raising awareness.

We also consider human resources development to be an extremely important theme. Our efforts focus on three initiatives: refine technical skills, which constitute the origins of manufacturing; acquire abilities to solve problems through the Toyota Production System (TPS), quality control and other management skills; and foster teamwork featuring a spirit of harmony and abundant humanity. As an example of refining technical skills, we have been providing practical training on assembling the Type G automatic loom. Originally completed in 1924 by company founder Sakichi Toyoda, this automatic loom enables automatic shuttle replacement and supplying of weft yarn without any loss of speed during high-speed operation. The machine also is equipped with a mechanism that automatically stops operations when the warp yarn breaks, thereby preventing the outflow of defects to post-processes. Using this ingenuity-filled product, we are providing young employees with practical lessons on manufacturing while passing on the legacy of Sakichi's design concepts.



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In addition, as one example of our achievements in actively promoting the development of excellent human resources, in fiscal 2008 we earned a gold medal in the mechanical device control category at the International Skills Festival for All, Japan 2007, and three gold medals at the National Skills Competition. This accomplishment is not only attributable to the skills of individual participants but also the result of our strengths as a company, which include the wealth of technologies we have accumulated to date as well as the daily guidance provided to respective participants by senior associates and supervisors. Looking ahead, we remain committed to continuous development of human resources, which will contribute to further enhancing our corporate value.

Starting from the fiscal year ended March 31, 2008, we have combined the *Annual Report* and the *Social and Environmental Report*. This move stems from our belief that our business activities and corporate social responsibility activities are inextricably linked in our daily business operations. It is therefore our sincere intent to fulfill our corporate social responsibility through our business activities.

In closing, we ask our shareholders, customers, business partners, residents of local communities and employees and their families for their continued support and guidance.

August 2008

Tadashi Ishikawa
Chairman

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President