



Toyota Industries Report 2011

Business Activities

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Outline of Businesses

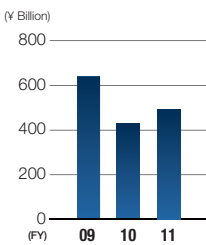
Materials Handling Equipment

The Materials Handling Equipment Segment develops, produces, sells and provides services for a broad range of products, from industrial vehicles centered around a full lineup of lift trucks (0.5- to 43-ton capacities) to materials handling systems. Lift trucks, a mainstay product of this segment, are delivered to customers around the world under the TOYOTA, BT, RAYMOND and CESAB brands through Toyota Material Handling Group.

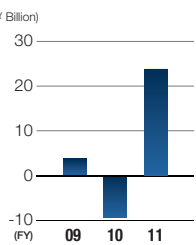
Main Products

- Lift trucks
- Warehouse trucks
- Aerial work platforms
- Automated storage and retrieval systems
- Automatic guided vehicles

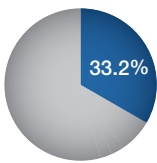
Net Sales



Operating Income (Loss)



Percentage of Net Sales

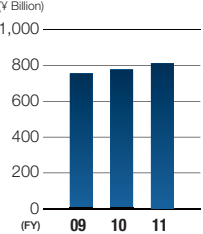


Automobile

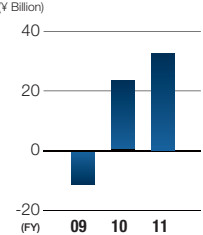
From vehicle assembly to parts production, the Automobile Segment engages in a wide variety of car-related businesses. Leveraging synergies among its business divisions in development and production, the Automobile Segment accounts for 54.3% of consolidated net sales and represents the largest business segment of Toyota Industries.

Vehicle	
With its strengths as an industry leader in quality, cost and delivery, the Vehicle Business produces compact to midsize automobiles.	Main Products <ul style="list-style-type: none">• Vitz (Yaris outside Japan)• RAV4• Mark X ZIO
Engine	
The Engine Business produces both diesel and gasoline engines. We co-develop diesel engines with Toyota Motor Corporation and possess a comprehensive structure ranging from planning and development to production.	Main Products <ul style="list-style-type: none">• Diesel engines (KD, AD, VD)• Gasoline engines (AR, AZ)
Car Air-Conditioning Compressor	
Toyota Industries' car air-conditioning compressors are highly acclaimed in terms of their reliability at high operating speeds and quiet operation in addition to such excellent environmental-related performance features as compactness, weight reduction and fuel efficiency. The Car Air-Conditioning Compressor Business captures the top global share in unit sales*.	Main Products <ul style="list-style-type: none">• Fixed-displacement type• Variable-displacement type• Electric type
Car Electronics	
Utilizing power electronics circuitry technology and electric drive system development capabilities, the Car Electronics Business develops and produces electronics products for hybrid vehicles and other electric-powered vehicles.	Main Products <ul style="list-style-type: none">• PCU direct-cooling device• DC-DC converters• DC-AC inverters

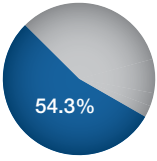
Net Sales



Operating Income (Loss)



Percentage of Net Sales



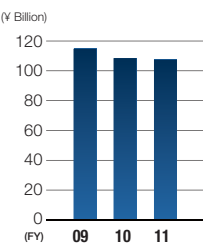
Logistics

The Logistics Segment is composed of three business pillars: planning, design and operation of distribution centers; land transportation services; and high value-added services such as cash collection and delivery and cash proceeds management services and data storage and management services.

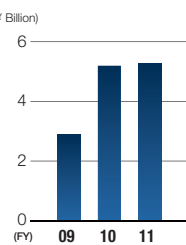
Main Services

- Logistics planning, operation of distribution centers
- Land transportation services
- Cash collection and delivery and cash proceeds management services
- Data storage, management, collection and delivery services

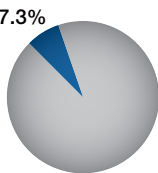
Net Sales



Operating Income



Percentage of Net Sales



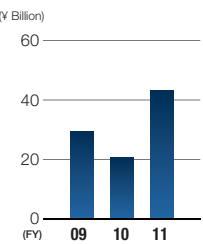
Textile Machinery

With a history dating back to the invention of an automatic loom by Toyota Industries founder Sakichi Toyoda, the Textile Machinery Business is a world leader in the textile industry backed by an integrated structure that encompasses development, production, sales and service of weaving and spinning machines.

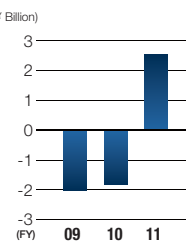
Main Products

- Air-jet looms
- High-speed ring spinning frames
- High-speed roving frames

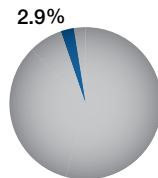
Net Sales



Operating Income (Loss)



Percentage of Net Sales



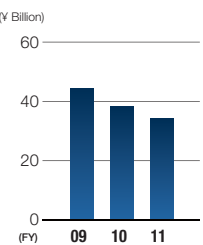
Others

The Others Segment includes consolidated subsidiaries that provide services to Toyota Industries as well as TIBC Corporation, a joint venture with IBIDEN CO., LTD., which produces semiconductor package substrates for PC microprocessor units.

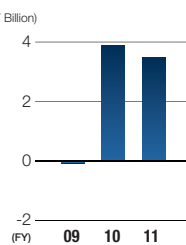
Main Products

- Semiconductor package substrates

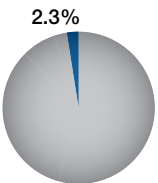
Net Sales



Operating Income (Loss)

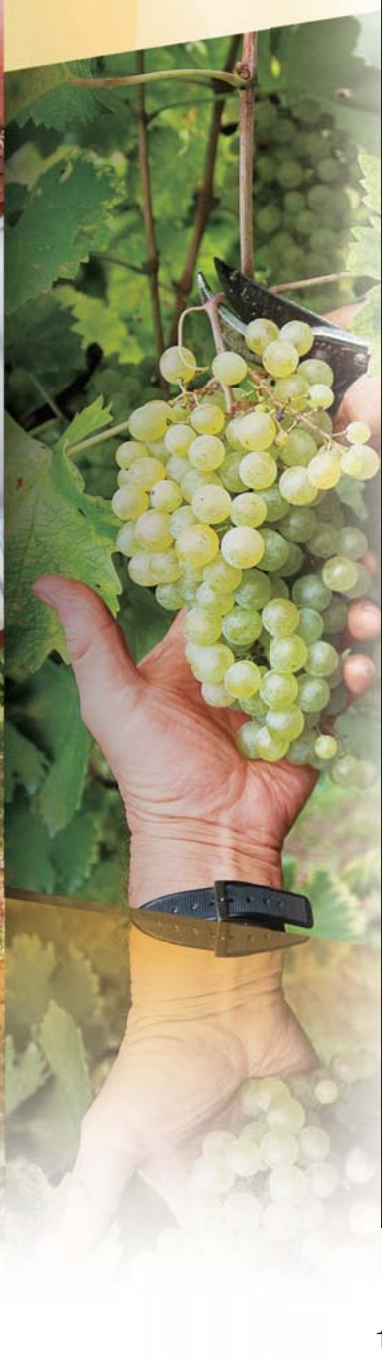


Percentage of Net Sales



Materials Handling Equipment

As the industry's leading manufacturer, Toyota Industries not only provides such materials handling equipment as lift trucks but also makes proposals for materials handling sites, thereby responding to a wide range of customers' logistics needs. Supporting logistics around the world, Toyota Industries' materials handling equipment is connected to your life somewhere, somehow.



Materials Handling Equipment

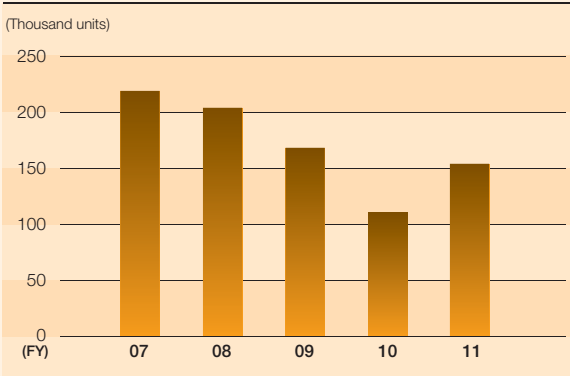
Business Activities

Materials Handling Equipment

Business Overview in Fiscal 2011

In the materials handling equipment industry, emerging countries primarily in Asia, as well as Europe, North America and Japan, maintained an upward trend in their respective markets. Toyota Industries vigorously promoted production and sales activities attuned to market recovery in each region. As a result, sales of our mainstay lift trucks increased both in and outside Japan, and net sales in fiscal 2011 rose ¥59.0 billion, or 14%, over the previous fiscal year to ¥490.6 billion.

Materials Handling Equipment Sales

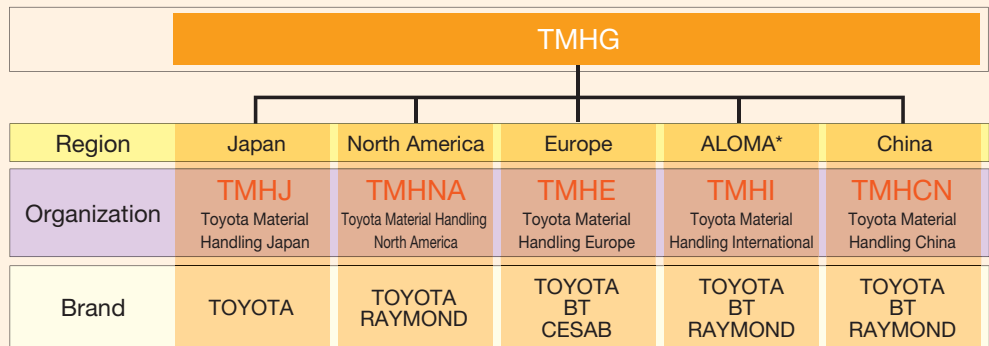


Toyota Material Handling Group (TMHG)

As a market leader with extensive knowledge of logistics needs, Toyota Industries provides a full range of lift trucks and other materials handling equipment to customers worldwide. TMHG carries out business by geographically breaking down the global market into Japan, North America, Europe, ALOMA* and China.

Under the TMHG management structure, we provide materials handling equipment for the TOYOTA, BT, RAYMOND and CESAB brands. Mutually utilizing the sales and development strengths of each brand, TMHG is promoting business expansion on a global scale.

Toyota Material Handling Group Organization Chart



* ALOMA stands for Asia, Latin America, Oceania, Middle East and Africa.

Market Conditions and Business Activities in 2010

In 2010, emerging country economies, mainly those in Asia, quickly overcame the global economic downturn, while economies in developed countries, namely Japan, North America and Europe, steadily trended toward recovery. As a result, the lift truck market grew 31% over the previous year. In response to these favorable market conditions, Toyota Industries aggressively engaged in sales expansion activities while maintaining a streamlined structure by implementing a drastic reduction of fixed costs in the aftermath of the global financial crisis in 2008.

In the lift truck field, we took steps to enhance the appeal of our products by adding a new internal-combustion hybrid lift truck in Japan and expanding our line of electric lift trucks in North America and Europe. In emerging countries, we introduced new products matched to the distinctive needs of each market. As for the materials handling engineering business, which is represented by automated storage and retrieval systems and automatic guided vehicles (AGVs), we stepped up our efforts to promote the development of markets outside Japan.

In the Japanese market for aerial work platforms, weak capital investment in the private sector caused demand to stagnate. Difficult conditions also continued in markets outside Japan, with the exception of the recovering Chinese market. We will work to expand demand for AICHI-brand products, which boast the top market share in Japan, by providing new products matched to the changing times and by developing new markets. At the same time, we will promote cost reductions and business efficiency improvements to enhance profitability and build a sustainable and stable business foundation.



Global Voices

TMHG is a logistics partner providing industry-leading products and services to customers throughout the world.

The following are the voices of a customer and TMHG members from around the globe.

From Japan Customer



Shougou Hyuga,
President,
Tobatakounyu
Co. Ltd.

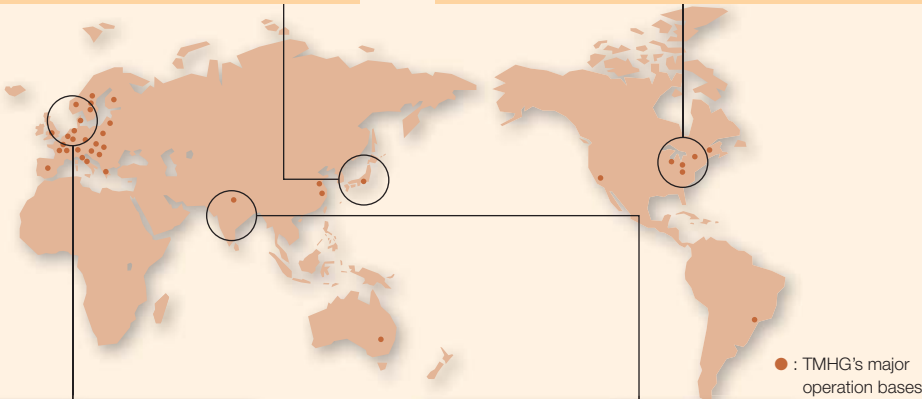
"The GENEO-HYBRID halved fuel consumption and CO₂ emissions as expected, while maintaining power equal to that of any internal-combustion lift trucks. This hybrid lift truck is supporting environmental management by raising environmental awareness among employees."

From the U.S. Development and Production



Tony Miller (left),
Vice President of
Engineering and
Manufacturing,
TIEM

"Since joining TIEM*1, I have truly enjoyed building new and innovative products. It is rewarding for me to be involved with a team taking a product design and creating new processes and equipment to see that product come to life. I also enjoy the continuous improvement (kaizen) aspect of working for Toyota."



From Sweden Services



Claus
Christensen,
European Key
Account Director,
TMHE

"TMHE provides excellent service to customers under a powerful service structure comprised of more than 4,500 highly trained technicians working across Europe. We take great pleasure in keeping our quality products in their best condition for our customers."

From India Sales



Virendra Oberoi,
Sales Director,
TMH India

"In India, continued economic growth has led to expansion of the logistics market and generated brisk demand for materials handling equipment. TMH India*2 leverages our extensive product lineup to provide optimum products and services to our customers."

*1: Toyota Industrial Equipment Mfg., Inc. is a materials handling equipment production subsidiary.

*2: Toyota Material Handling India Pvt. Ltd. is a materials handling equipment sales subsidiary.

Business Activities

Materials Handling Equipment

Japanese Market

No. 1 Market Share in Lift Truck Sales

In 2010, the lift truck market in Japan grew about 15% over the previous year thanks to a rise in capital investment by Japanese companies. Toyota Material Handling Japan (TMHJ) worked to expand sales to the manufacturing industry, which has shown an upturn in capital investment, including the transportation equipment sector. We also strengthened sales to other robust businesses such as the transportation and warehousing industries. Reflecting these efforts, unit sales in fiscal 2011 increased 15% year-on-year to 26,000 units, outperforming the market. As a result, TMHJ secured a 43.0% share of the Japanese market in 2010, the second highest in history, and maintained its top position* for the 45th consecutive year.

* Surveys by Japan Industrial Vehicles Association and Toyota Industries Corporation, 2010

New Models Excellent in Environmental Performance and Work Efficiency

Enhancing the Lineup of Hybrid Lift Trucks

In response to growing customer needs for lift trucks with lower environmental impact and improved economic efficiency, in July 2010 TMHJ enhanced the lineup of the 3.5-ton GENE0-HYBRID diesel-powered internal-combustion hybrid lift truck with additions of 4.0- and 4.5-ton models. To meet diversifying customer needs, TMHJ also added such options as cabins and heaters.



GENEO-HYBRID



Walkie

Model Change for "Walkie" Compact Electric Lift Truck

In August 2010, TMHJ carried out model changes for its 0.6- and 0.9-ton "Walkie" compact electric lift trucks. The updated models are now equipped with a plastic steering wheel for improved operability. High-capacity batteries and folding steps are also available as an option for better work efficiency.

Appealing Environmental Performance, Safety and Logistics Efficiency to the World

TMHJ participated in LOGIS-TECH TOKYO 2010, an exhibition held in Tokyo in September 2010. Under the theme of "Total Solutions for Improved Environmental Performance, Safety and Logistics Efficiency," TMHJ presented a broad range of products and a wealth of logistics know-how. Live demonstrations of *kaizen* examples using its products drew much attention among the many visitors at the TMHJ booth.

Focusing on the environment and safety, TMHJ will continue to create optimum materials handling solutions combining its extensive product lineup—encompassing lift trucks, warehouse trucks, automated storage and retrieval systems, AGVs and aerial work platforms—with an abundance of technological expertise and a superior service structure.



LOGIS-TECH TOKYO 2010

North American Market

Maintaining the Top Market Share

The North American lift truck market increased by approximately 5% in calendar year 2010 compared with 2009. Toyota Material Handling North America (TMHNA) remained the market share leader*1 with combined unit sales of TOYOTA and RAYMOND brands of approximately 43,000 units, an increase of 46%.

Toyota, as a full line supplier of lift trucks, remained the market share leader*1 in North America for the ninth consecutive year, and Raymond, as a leading provider of electric lift trucks and solutions used in warehouse and distribution environments, saw robust market share growth*1.

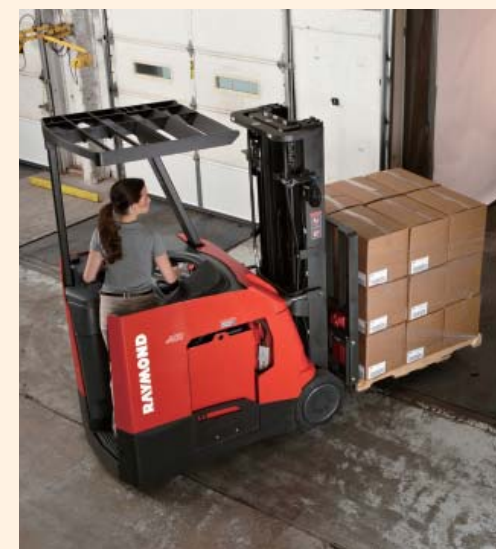
*1: Survey by Crist Information & Research, LLC, 2010

Proactively Launching New Products

In fiscal 2011, TMHNA released new models and promoted its logistics solutions services, reinforcing its position as a leading supplier of materials handling equipment in North America.

In addition to commencing production of 8-Series, 4-wheel electric AC lift trucks, Toyota launched sales of 4FD large diesel pneumatic lift trucks (15- to 23-ton capacities). Quality remains a hallmark of the TOYOTA brand, and 2010 marked the sixth year TOYOTA was named the lift truck leader*2 in Quality and Value. In addition, Toyota Genuine Parts were ranked the best in Quality and Reliability in an independent lift truck parts study*2.

The RAYMOND brand developed the new Models 4150/4250 stand-up counterbalanced lift trucks featuring the ComfortStance suspension platform, which boasts minimal parts to reduce maintenance wear and cost as well as increased maneuverability. To tailor a package of solutions and services, the RAYMOND brand introduced CustomCare, which



RAYMOND 4250

combines unmatched technology, expertise and resources to help customers achieve greater material handling efficiency. Moreover, the RAYMOND brand strives to meet the specialized needs of individual customers by adding the iBattery module, which enables data-driven battery management, to the iWarehouse fleet optimization system.

In recognition of such initiatives, *Plant Engineering* magazine awarded a 2010 Product of the Year award to both TOYOTA's 4FD as well as to Raymond's Models 4150/4250.

In 2010, Toyota Industrial Equipment Mfg., Inc. (TIEM), which is responsible for producing TOYOTA-brand lift trucks sold in North America, commemorated 20 years in business and achieved 200,000 consecutive hours worked without a recordable accident, according to the Occupational Safety and Health Administration (OSHA). The 200,000 hours represents 1,000 work days. TIEM was also named the prestigious Top Plant in the U.S. for 2010 by *Plant Engineering*.

*2: Survey by Peerless Media Research Group, 2010



Bird's eye view of TIEM

Enhancing Services and Products from a Customer Perspective

The North American market is expected to show moderate growth in 2011. TMHNA will look for further synergies to ensure the full power of both the TOYOTA and RAYMOND brands are utilized. TMHNA will continue to offer customer-centric services and industry-leading products to enhance efficiency and lower costs simultaneously.

■ European Market

Increasing Unit Sales in Line with Market Recovery

The economic downturn in Europe came to a halt in early 2010 as growth started to resume, although the rate of market growth differs in respective countries in Europe. As a consequence, demand in the lift truck market increased by 20% year-on-year.

Toyota Material Handling Europe (TMHE) has integrated the sales and service networks representing TOYOTA and BT brands in more than 30 European countries, and in doing so, strove for speedier management. In fiscal 2011, TMHE worked to capture latent demand by releasing new models and promoting materials handling solutions services. As a result, TMHE recorded unit sales of 49,000 units, an increase of 26% over the previous fiscal year.

Strengthening Electric Lift Truck Lineup

During fiscal 2011, TMHE launched the B300-Series 3-wheel electric lift truck and B400-Series 4-wheel electric lift truck, in addition to Blitz electric lift trucks, all under the CESAB brand. With the European lift truck market showing an upswing, the launch of such competitive models enabled TMHE to seize business opportunities generated by stronger demand.



CESAB B300/B400

Capturing Growing Needs for Materials Handling Solutions

In addition to higher quality and performance of lift trucks, customer needs are diversifying into the field of logistics solutions designed to achieve greater efficiency through effective use of vehicles on hand. Growth in on-line shopping has made order picking more important than ever. In response to such changes in the market environment, TMHE rolled out the BT automated order picking solution (AOP). AOP combines a stacker that automatically follows a pre-defined picking route within a warehouse and a pick-to-voice system that instructs an operator where to pick specific items, providing large distribution centers with productivity gains of 40%. TMHE released the all-new BT Optio order picker to support optimal order picking efficiency.

Fully Supporting Customers' Materials Handling Operations

In fiscal 2012, further growth is expected in the European materials handling market. TMHE will meet expanding market volume with a strong network presence of 4,500 service technicians to offer logistics solutions matched to the individual needs of each customer.



Equipment maintenance by service technician

■ ALOMA and Chinese Markets

Business Activities in Fiscal 2011

Toyota Material Handling International (TMHI) covers the ALOMA markets of Asia, Latin America, Oceania, the Middle East and Africa, while Toyota Material Handling China (TMHCN) covers the Chinese market.

In 2010, many of these markets have recovered from the effects of the economic slowdown. Supported by the continued efforts of TMHI and TMHCN to develop its sales and service capabilities, unit sales in these markets increased about 80% to around 35,000 units in fiscal 2011.

Reinforcing Production and Sales Operations in Growing Markets

In India, the materials handling equipment division of Kirloskar Toyoda Textile Machinery Pvt. Ltd. (KTTM) has strengthened sales and service activities based on a full product range. In a market where strong growth is expected to continue, the division has been spun off and started operations in May 2011 as Toyota Material Handling India Pvt. Ltd. (TMH India) to further focus on customers' needs. Headquartered in Delhi with a network consisting of sales and service bases in major cities, TMH India is committed to maintaining the top market share among imported brands*.

The growing lift truck market in China reached a scale of approximately 190,000 units in 2010, accounting for roughly a quarter of the global market. In the world's single largest market, TMHCN has released lift trucks matched to specific local needs and carried out aggressive sales promotion activities. In seeking to expand its business sphere in the Chinese market, TMHCN will work to boost its distributor role and reinforce its sales and service network in major cities.

In Brazil, the lift truck market has reached its largest scale on the back of the country's strong economic recovery. TMHI will utilize an integrated sales and service network representing both the TOYOTA and BT brands to respond to customer expectations.

* Survey by Toyota Industries Corporation, 2010

Appealing to Customers at Exhibitions

In August 2010, MOVIMAT, one of Brazil's largest logistic, storage and packaging exhibitions, was held in São Paulo and received more than 28,000 visitors. Toyota Material Handling Mercosur Comercio de Equipamentos LTDA (TMHM) participated in the exhibition under the theme of "Toyota Challenge Experience," aimed at enabling visitors to feel the presence of Toyota and BT. The TMHM booth evoked strong demand for the products on display.

In December 2010, CeMAT India, a showcase for the latest developments in the areas of materials handling and logistics, was held in Mumbai and drew visitors from diverse industries. TMH India exhibited 10 TOYOTA and BT products and appealed the strengths of both brands to visitors.



Toyota booth at MOVIMAT

Responding to Growing Markets

In 2011, continued market growth is expected in the ALOMA and Chinese lift truck markets. TMHI and TMHCN will continue to provide products and services matched to the distinctive needs of each market.

Automobile

Toyota Industries is involved in businesses related to an entire automobile, spanning from vehicle assembly to such automotive parts as engines, car air-conditioning compressors and car electronics. We are contributing to the creation of eco-friendly and comfortable automobiles by leveraging our technologies and know-how for the electrification, lighter weight and energy savings of automobiles.

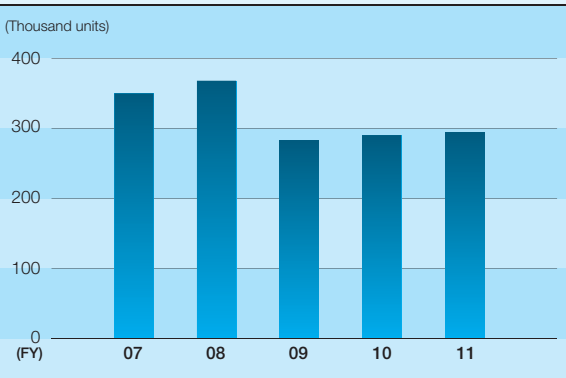


Business Overview in Fiscal 2011

In the automobile industry, growth in the Japanese market slowed down, affected by the discontinuation of the Japanese government's car replacement incentive measures. However, there was a market upturn in North America and continued market expansion in Asia.

In fiscal 2011, unit production rose by 4,000 vehicles, or 1%, over the previous fiscal year to 295,000 vehicles, with higher sales of the Vitz (Yaris outside Japan) offsetting lower sales of the RAV4 and the Mark X ZiO. Net sales, on the other hand, were down ¥23.2 billion, or 6%, to ¥375.5 billion due to a change in the composition of vehicles Toyota Industries produces.

Vehicle Production



Launching Production of Plastic Glazing Products for the Lexus LFA

Toyota Industries commenced production of a quarter window and partition made of plastic glazing for the Lexus LFA, a two-seater sports vehicle marketed by Toyota Motor Corporation (TMC) in December 2010.

With an eye to improving fuel economy through body weight reduction, we have developed plastic glazing as a lighter-weight substitute for glass. Our plastic glazing quarter window and partition fitted in the Lexus LFA are approximately 30% and 45% lighter, respectively, than their glass counterparts.

Polycarbonate resin used in plastic glazing degrades when exposed to sunlight. To solve this issue, we applied our newly developed hard coating to the surface of plastic glazing and succeeded in dramatically improving its durability. The Prius α, launched in May 2011, is also fitted with our plastic



glazing as a panoramic roof. Toyota Industries will continue to develop attractive products that leverage the distinctive characteristics of plastic glazing.



Starting Production of the New Vitz for the Japanese Market

In December 2010, Toyota Industries began production of the new Vitz for the Japanese market. Production of a new Yaris model for markets outside Japan is planned to begin in August 2011.

The Vitz is one of the mainstay models of the overarching Toyota brand and is sold in more than 70 countries, including Japan and Europe, with cumulative vehicle sales exceeding 3.5 million units. Since the launch of the first-generation model in 1999, we have engaged in production of the Vitz under consignment from TMC. We also designed a portion of its upper body and interior, as well as the RS, a sporty model in the Vitz family, thereby undertaking a full range of processes from development to production.

TOPICS

Preparing for Production Launch of the New Vitz

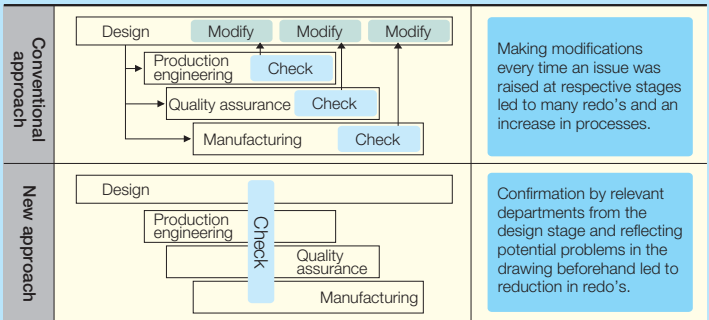
Simultaneous Launch of Two Production Lines

After the first-generation Vitz was introduced in 1999, vehicle production in Japan had been carried out by Toyota Industries' Nagakusa Plant and TMC's Takaoka Plant. Upon introducing the latest, third-generation Vitz, Toyota Industries has become the sole producer in Japan. In order to deal with high demand expected immediately after the sales launch, we decided to allow mixed production on the production line used for the RAV4 and Mark X ZiO assembly in addition to the Vitz dedicated production line.

For smooth mixed production, we implemented

measures to make maximum use of limited space by sharing facilities between the two lines and to standardize some parts to prevent assembly errors.

Production Preparation: Activities to Reduce Redo's and Waste through Division-Wide Collaboration



A New Approach to Production Preparation

In production preparation of the latest Vitz, we succeeded in reducing the number of ineffective processes and further improving the quality of the final product by raising the level of perfection of drawings during the design phase. Specifically, we let designers go through the actual assembly process, thereby identifying and reducing processes that are difficult to perform. We also required representatives from all production-related departments, including production engineering, quality assurance and manufacturing, to participate in the design phase. This form of simultaneous designing enabled us to identify potential problems and reflect the solutions in drawings in a timely manner.



Production of the new Vitz

Minor Model Change to the Mark X ZiO

In February 2011, we started production of the Mark X ZiO, which underwent a minor model change. The update included changes in the front grille and aluminum wheel designs, which resulted in a more sophisticated, sharper appearance with refined interior space.

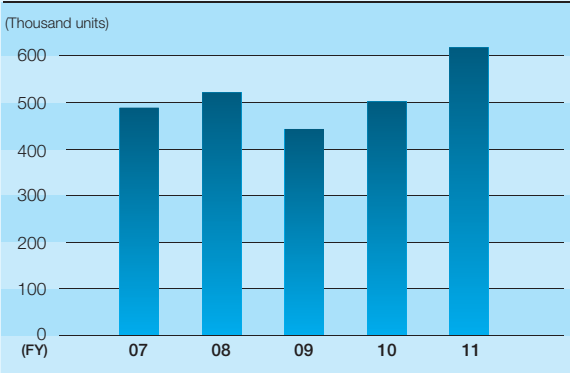
Highest-Level QCD to Contribute to Development and Production of Attractive Toyota Cars

Toyota Industries' Nagakusa Plant maintains the highest level of quality, cost and delivery (QCD) among automobile body manufacturers in the Toyota Group. Our ability to quickly start up production and a flexible structure in terms of production volume and vehicle models are also highly regarded by TMC. We will leverage these strengths and continue to contribute to the development and production of attractive Toyota vehicles.

Business Overview in Fiscal 2011

Toyota Industries attained record-high engine production volume of 614,000 units in fiscal 2011, a year-on-year increase of 112,000 units, or 22%, thanks mainly to increased production of KD diesel and AR gasoline engines. Net sales also increased ¥32.3 billion, or 20%, over the previous fiscal year to ¥197.3 billion.

■ Engine Production



Diesel Engines Highly Acclaimed Worldwide

Toyota Industries' diesel engines, fitted in a variety of Toyota vehicles sold around the world, have gained high market recognition for their cleaner emissions, greater fuel efficiency and higher performance. KD diesel engines, for which production started in 2005, are installed in TMC's Innovative International Multi-Purpose Vehicle (IMV) series, and their sales have been achieving steady growth mainly in Asia and Latin America. The V-type 8-cylinder VD diesel engine, which was developed primarily by Toyota Industries, is installed in the Land Cruiser, and sold particularly well in Australia, Russia and the Middle East. The RAV4 for Europe is equipped with our AD diesel engine that cleared Euro 5 emission standards in 2008.



KD diesel engine

Developing and Producing High-Performance Engines with Low Environmental Impact

In addition to automobiles, Toyota Industries' engines are installed in a variety of eco-conscious products. Our original 1DZ-III diesel engines are installed in GENEIO-HYBRID diesel-powered hybrid lift trucks (3.5-, 4.0- and 4.5-ton capacities). The GENEIO-HYBRID roughly halved^{*1} fuel consumption and CO₂ emissions compared with conventional diesel-powered lift trucks, achieving the world's highest level of environmental performance. Our 4Y engines are also used as gas engines and increasingly adopted by GHP^{*2} manufacturers in Japan and CHP^{*3} manufacturers worldwide. These engines are highly renowned for their high efficiency as well as longer life and maintenance cycle.

^{*1}: Data measured using Toyota Industries' standard operation cycles
^{*2}: Short for gas heat pump; air conditioner driven by a gas engine
^{*3}: Short for combined heat and power; cogeneration system

Developing Next-Generation Engines



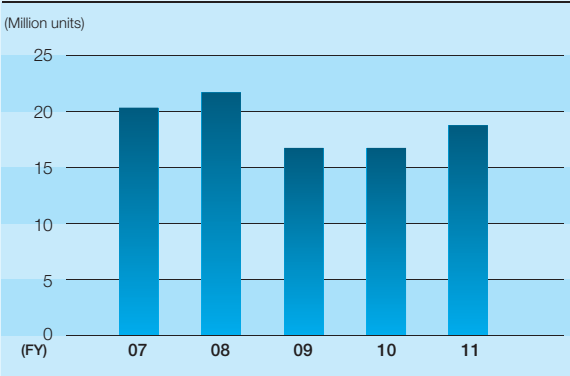
New employee training session

Toyota Industries is committed to developing next-generation engines by utilizing our long-accumulated technologies and know-how. In doing so, we have placed particular emphasis on human resource development and implemented a variety of initiatives to nurture the next generation of engineers. For example, new employees to be engaged in engine development receive on-site practical training for three months. During the period, through various experiments they actually run an engine, learn the basic structure of the entire engine and gain a better understanding regarding some 800 parts used in a single engine. Looking ahead, we will continue to focus on development of highly efficient, environment-friendly engines.

Business Overview in Fiscal 2011

Despite a drop in unit sales of car air-conditioning compressors in the Japanese market, higher unit sales in markets outside Japan pushed up overall unit sales by 2.12 million units, or 13%, to 18.83 million units. Net sales amounted to ¥191.8 billion, a year-on-year increase of ¥14.8 billion, or 8%.

■ Compressor Sales



Further Expanding Sales of Electric Compressors

Toyota Industries has developed and launched ahead of competitors car air-conditioning compressors for engine vehicles that have excellent environmental performance, including compactness, lighter weight and fuel efficiency, as well as quieter operation. In recent years, we have been promoting sales expansion of electric compressors. In response to the trend toward the electrification of vehicles, including hybrid vehicles (HVs), we utilized our electrification technologies acquired through the development of motors and succeeded in the world's first mass production of electric compressors. Since initially being installed in the second-generation Prius in 2003, our electric compressors have been fitted in all Toyota HVs, from the Prius to the Lexus CT200h. Our proven sales track record to TMC, coupled with strong product appeal, also has led to adoption of our electric compressors by other automakers. In addition, inquiries for their application in plug-in hybrid vehicles (PHVs) and electric vehicles (EVs) have been increasing from around the world. We intend to further enhance the appeal of our products and expand sales by capturing the growing HV, PHV and EV markets.



Establishment of Car Air-Conditioning Compressor Production Base in Indonesia

In January 2011, Toyota Industries established P.T. TD Automotive Compressor Indonesia (TACI), a new car air-conditioning compressor production base to respond to the growing ASEAN automobile markets. Established within the premises of P.T. DENSO Indonesia, TACI is a spin-off of DENSO Indonesia's compressor business and took over production operations in June 2011. TACI has been supplying compressors for the Etios produced by TMC in India. TACI plans to expand its annual production capacity from the current 1 million units to 1.6 million units by fiscal 2016. By establishing a production base in Indonesia in addition to Japan, North America, Europe and China, Toyota Industries is well positioned to further augment the global supply structure and meet growing compressor demand.

Accelerating Product Development Fine-Tuned to Regional Needs

Toyota Industries strives to collect information and identify needs through technical service stations for automakers established in such countries as the United States, Germany and China. Such activities allow us to precisely reflect regionally diverse needs in product development and create products that satisfy customers. In emerging countries, Toyota Industries has developed products for compact cars, for which demand is strong, and strengthened the supply structure. In North America, Europe and Japan, we seek to enhance our environmental performance and other technological capabilities to meet the increasingly strict regulations concerning vehicle fuel efficiency. We will also strive to establish a solid position as the leading manufacturer based on superb products in terms of performance, quality and price that outperform competitors.

Business Overview in Fiscal 2011

In fiscal 2011, Toyota Industries posted an increase in net sales of car electronics products due to a rise in production of HVs, including the third-generation Toyota Prius, and an increase in the number of HV models fitted with our electronic products, such as the Lexus CT200h launched in January 2010.

Assuming a Greater Role in the HV-Related Field

Toyota Industries develops and produces electronic components and devices for electric-powered vehicles. We have steadily expanded the lineup and scope of vehicle installations, primarily for our auxiliary power source devices. Upon introducing the third-generation Prius, we have entered the field of core components for drive systems.

Auxiliary Power Source Devices

A DC-DC converter converts the high voltage of HV batteries to a lower voltage level suitable for operating lights, wipers, horns and other auxiliary devices. Capitalizing on more than 10 years of experience that started with the first-generation Prius, we succeeded in developing a more compact, lighter-weight converter for the third-generation Prius. As for an electric compressor integrated with an inverter, we have also developed smaller and lighter-weight models and successfully increased the number of vehicles installing our products. We developed an onboard charger optimally designed for use with high-voltage batteries by utilizing our experience in developing EV chargers in the 1990s and 1,500W AC power source devices. This onboard charger is installed in the Prius Plug-in Hybrid launched by TMC in 2009.

Core Components for Drive Systems

Toyota Industries applied our proprietary direct-cooling method to develop a device with significantly higher cooling performance. This direct-cooling device contributed to the realization of a compact and lighter-weight power control unit (PCU) for the third-generation Prius. In January 2010, we initiated an electric power train promotion project that combines the skills and knowledge of all in-house electric motor specialists to bolster the development of core components and systems for drive systems.

Model Change of Charging Stands for PHVs and EVs

Toyota Industries is also involved in the development of charging infrastructure to promote greater use of PHVs and EVs. In October 2010, we launched sales of a new charging stand for PHVs and EVs jointly developed with Nitto Kogyo Corporation. This product has improved ease of use compared with existing models. It is the first mass-produced charging stand in Japan to feature as a standard specification communication capabilities that are essential for building a charging infrastructure network.

Contributing to the Realization of a Low-Carbon Society

Demand for environment-friendly automobiles with high energy efficiency is expected to grow more rapidly, with the trend toward the electrification of vehicles likely to expand. Enhancement of the charging infrastructure will also take a greater role in promoting the spread of PHVs and EVs. Targeting the high-growth, electric-powered vehicle market, we will accelerate development of technologies and products in the fields of auxiliary power source devices, core components and systems for drive systems and charging infrastructure, thereby making a significant contribution to the realization of a low-carbon society.

Worldwide Bases of Car Air-Conditioning Compressors



Toyota Industries' car air-conditioning compressors are widely adopted by automakers around the world, garnering the No.1* position in global sales.
* Survey by Toyota Industries Corporation

■ : Consolidated production bases
■ : Licensed manufacturers
■ : Technical service stations



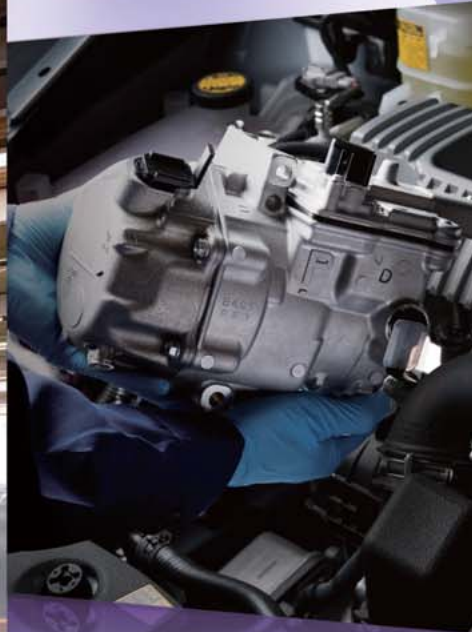
Prius Plug-in Hybrid fitted with Toyota Industries' onboard charger



Charging stand

Logistics

Leveraging know-how nurtured on the production work floor, Toyota Industries offers customers highly advanced, efficient logistics services. We are committed to supporting customers by anticipating ever-changing needs in such areas as the operation of distribution centers, land transportation services of automotive parts and other products as well as cash collection and delivery and cash proceeds management services and data storage, management, collection and delivery services.



Logistics

Business Overview in Fiscal 2011

In fiscal 2011, sales generated by our cash collection and delivery and cash proceeds management services and automotive parts transportation services remained virtually on a par with the previous fiscal year. Net sales totaled ¥107.7 billion.

Planning, Design and Operation of Distribution Centers

Toyota Industries operates distribution centers for various industries and customers. During fiscal 2011, while operation of existing distribution centers generated a relatively steady materials handling volume, we continued to promote cost reduction activities at logistics sites based on the thinking embodied in the Toyota Production System (TPS) to strengthen our profit structure.

We are working to promote the Logistics Solutions Business that combines hardware, software and operational aspects of logistics and provides optimal solutions tailored to customer needs. As a result of carrying out vigorous sales activities, we successfully obtained two new orders for the consigned operation of distribution centers.

For example, in February 2011, Toyota Industries received a new order for the consigned operation of a distribution center from a wholesaler of pharmaceutical products. Logistics operations in the pharmaceutical field require not only accurate sorting and delivery but also a clean distribution center environment. We will strengthen our presence in the pharmaceutical field by earning customers' trust.

We also actively carry out consulting services to respond to customer needs in an effort to capture latent demand.

Land Transportation Services

In the first half of fiscal 2011, production volume in the automobile industry, our principal customer, showed signs of an upturn spurred by the government's tax benefit and subsidy programs for eco cars. This upturn led to a steady increase in the volume of automotive parts transported by the Taikoh Transportation Group.

In the latter half, however, the volume of automotive parts transportation steeply declined due to the discontinuation of the aforementioned programs

amid the sharp appreciation of the yen, coupled with suspended production following the Great East Japan Earthquake in March 2011. To counter the difficult business climate, we continued to undertake profit improvement activities to maintain the break-even point, and bolstered our business structure.

In addition to cargo transport, we are also concentrating on peripheral logistics services, such as offering various logistics solutions to customers based on our accumulated know-how. To expand our business domains, we are providing solutions that offer the highest logistics efficiency based on the concept of consolidated transport of break bulk cargo for frequent delivery, as well as value-added logistics services that combine manufacturing and transportation operations.



Taikoh Transportation Group's land transportation services

Textile Machinery

The Toyoda Automatic Loom, Type G, the origin of Toyota Industries' establishment, was invented by Sakichi Toyoda based on his philosophy of "contributing to society and the world through manufacturing." Carrying on our predecessors' wisdom and commitment to textile quality, we strive to meet the sensibility of customers who are conscious of the beauty and texture of fabrics.



High Value-Added Services Including Cash Collection and Delivery and Cash Proceeds Management and Data Storage, Management, Collection and Delivery

Asahi Security Co., Ltd. provides cash collection and delivery and cash proceeds management services on a 24/7 basis to about 2,300 customers mainly in the retail and service industries. In addition to cash collection and delivery services tailored to each customer's specific needs, Asahi Security offers comprehensive services that include management of gift certificates and accounting operations at customers' retail outlets and aims to be a total service provider for customers.

In April 2010, Asahi Security opened its 20th business base in Shizuoka Prefecture, further reinforcing its nationwide support service network. At each business base, Asahi Security conducts regular training on its own as well as emergency training jointly with local police departments in order to provide safe and trusted services to customers.

Wanbishi Archives Co., Ltd. provides support to about 4,000 companies and organizations, including large financial institutions and government agencies, through 11 information management centers located primarily in the Kanto and Kansai areas to ensure the security and efficient use of their information assets. Under its robust security structure, Wanbishi Archives offers a comprehensive range of services covering the

entire lifecycle of critical information assets, from generation and utilization to storage and destruction.

After the massive earthquake, making a backup of information assets has become a matter of great importance in terms of developing a reliable business continuity plan (BCP). Wanbishi Archives is improving the quality of its services to achieve higher customer satisfaction by enhancing its data backup services through its secure remote backup and storage operations.

Outside Japan, Wanbishi Archives established a local subsidiary in Kunshan, China, in September 2010 and launched information assets management services in the country, thus expanding its operations in growth markets.

Expanding the Scope of the Logistics Solutions Business

In our efforts to address customers' various logistics needs, we aim to provide more diverse and broader proposals by promoting the logistics solutions business in cooperation with the Materials Handling Equipment Division.

We will continue to provide higher value-added services, capture business opportunities through aggressive sales activities and expand our customer base.



Asahi Security Co., Ltd.'s cash collection and delivery and cash proceeds management services



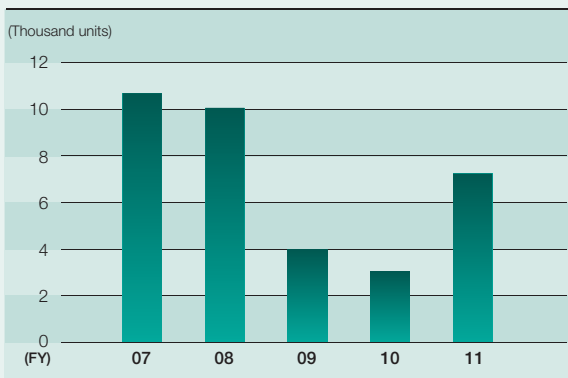
Wanbishi Archives Co., Ltd.'s information management center

Textile Machinery

Business Overview in Fiscal 2011

In the textile machinery field, economic recovery in Asia, our principal market, fueled higher sales of both air-jet looms and spinning frames. As a result, Toyota Industries posted an increase of ¥21.9 billion, or 105%, in net sales to ¥42.7 billion.

Air-Jet Loom Sales



Sales in Fiscal 2011

In China, amid a recovery in sales of our mainstay air-jet looms, Toyota Industries placed increased emphasis on after-sales services and sales of spare parts. As part of this effort, we replaced our Shanghai Service Center with the establishment of a wholly owned subsidiary, Toyota Textile Machinery (Shanghai) Co., Ltd., in May 2010. Accordingly, we organized campaigns and direct-visit sales activities, which generated about 1.4 times higher sales of spare parts in China than the previous fiscal year.

Focusing on providing customer-centric services, we enhanced Internet sales of spare parts, offered a system to remotely monitor the operating status of each textile machine and promoted sales expansion of remodeled parts that increase production efficiency. As a result of these steady efforts, our global market share in unit sales for air-jet looms reached 36%* in 2010, marking the world's No.1* position for the 14th consecutive year since 1997.

* Statistics from the International Textile Manufacturers Federation (ITMF), 2010

Participated in ITMA ASIA + CITME 2010

In June 2010, ITMA ASIA + CITME 2010, Asia's largest textile machinery trade show, was held at the Shanghai New International Expo Centre. Toyota Industries had one of the largest booths in the exhibition, displaying five JAT710 air-jet looms to demonstrate their capability to weave a wide variety of fabrics at high speed. We also presented our ring spinning frames. Overall, our products were well received by visitors from many countries, including China, India and Pakistan.



Toyota Industries' booth

Pursuing Higher Added Value

In emerging countries, which have been the driving force behind global sales of textile machinery in recent years, demand for premium textile products is growing stronger among consumers mainly in metropolitan areas. Toyota Industries has been working to respond to such needs by developing top quality machinery that can create high value-added textile products, reducing the use of substances of concern and enhancing the energy efficiency and operability of our textile machinery. As part of these efforts, we improved the electronic shedding device of our air-jet loom. The latest loom, which enables weaving of a wider range of fabrics at a higher speed and is equipped with this new electronic shedding device for better energy efficiency, has been on the market since May 2011. We remain committed to striving to provide higher value-added machinery and meeting diversifying customer needs.



JAT710 air-jet loom equipped with the optionally available electronic shedding device