

Passion for Nurturing New Businesses

Toyota Industries regards the Electronics and Logistics Solutions businesses as two major pillars of future growth, and is aggressively channeling management resources to them.

Electronics Business

Corporate Technical Center

The Corporate Technical Center engages in a wide spectrum of research and development (R&D), ranging from power electronics parts for automobiles to radio tuner modules, wireless LAN modules and organic light-emitting diodes (OLEDs). The Center functions as Toyota Industries' R&D facility and its production base for electronics parts, so accumulating a diverse assortment of know-how in electronics parts manufacturing.

A product representative of those developed and manufactured by the Center is a DC-DC converter. Incorporating our know-how in the development of control devices for electric forklift trucks, the converter is fitted in Toyota Motor Corporation's Prius hybrid car. A key device in hybrid cars, the converter down-converts the high-voltage current of the main battery to a lower DC current to supply the electronic control unit (ECU) — the heart of a hybrid car — and other in-car devices. We foresee a steady rise in demand for hybrid cars in tandem with growing demand for environment-friendly vehicles. The Center will make unceasing efforts to establish a solid position as a manufacturer of power sources for hybrid cars.

Another product that epitomizes the Center's involvement in R&D of cutting-edge technologies is a world-class white OLED that achieves a high balance between superb color reproduction,



Radio tuner module



Wireless LAN module



White OLED



OLED display

brightness and life span. The Center has also developed prototypes of an OLED backlight for LCDs and an OLED display (white OLED + color filter), both of which are applications of OLED technology. These prototypes have been displayed at various exhibitions since October 2003 and have earned wide acclaim.

To further strengthen the Electronics Business, Toyota Industries plans to establish a base in Anjo, Aichi Prefecture, Japan, for consolidating R&D and production of electronics products. A major portion of electronics-related R&D and production handled by the Center is currently undertaken at the Kyowa Plant (Obu, Aichi Prefecture), but we intend to gradually transfer these functions to the new location. As a first step, we plan to construct a new Electronics Wing for R&D and production of electronics products.

Seeking to further expand its business, the Corporate Technical Center will advance the level of its technology development and accelerate its R&D activities in new fields with growth potential.

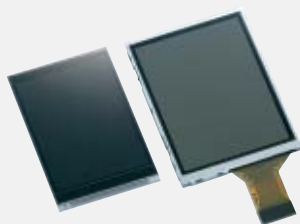


DC-DC converter for the Prius

FOCUS 4

Low-Temperature Polysilicon TFT-LCD Panels

ST Liquid Crystal Display Corp. ("ST-LCD") was established in October 1997 as a 50-50 joint venture with Sony Corporation to manufacture low-temperature polysilicon TFT-LCD panels. Blending Sony's outstanding LCD development capabilities and Toyota Industries' expertise in quality control and manufacturing technology, ST-LCD has built an optimal production system to manufacture high-quality, high-performance LCD panels. Because our investment is not a majority stake, we account for ST-LCD as an affiliate by the equity method rather than as a subsidiary. Nevertheless, we regard ST-LCD as one of the core operations of our Electronics Business.



Low-temperature polysilicon TFT-LCDs

Since starting mass production in April 1999, ST-LCD has produced small and medium-sized LCD panels for digital still and video cameras, personal digital assistants (PDAs) and mobile phones. In the fall of 2001, ST-LCD invested ¥75 billion to establish a second production line and now has a monthly production capacity of 32,000 panels (600 x 720 mm).

ST-LCD's products offer such basic features as high resolution and low energy consumption. Also, Sony is actively promoting its system-on-glass technology that integrates the display device and its driver circuits into a single glass base plate. This product realizes highly reliable, lightweight and miniaturized display modules.

We foresee healthy growth in demand for low-temperature polysilicon TFT-LCD panels, primarily for digital still cameras and camera-equipped mobile phones. To respond to this demand,

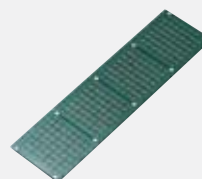


ST Liquid Crystal Display Corp.

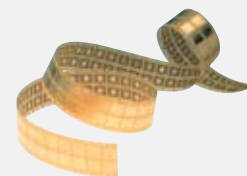
ST-LCD will make an additional investment of ¥10.0 billion to augment its production facilities. This will enable ST-LCD to increase its monthly production capacity to 40,000 panels (600 x 720mm) from April 2005.

Semiconductor Package Substrate Business

Toyota industries is engaged in the business of semiconductor package substrates, which are essential components of PCs, digital still and video cameras, mobile phones and smart cards. In 1998, we established TIBC Corporation ("TIBC"), a joint venture with Ibiden Co., Ltd. TIBC manufactures space-efficient and lightweight ball grid array (BGA) plastic package substrates as well as flexible printed circuit (FPC) substrates.



Ball Grid Array (BGA)
Plastic Package Substrates



Flexible Printed Circuit (FPC)
Substrates

TIBC's package substrates are sold through Ibiden to major integrated device manufacturers and semiconductor-packaging companies mainly in South Korea, Taiwan and Singapore for use in PCs, mobile phones and other products. TIBC's FPC substrates are marketed via Ibiden to SIM-card and smart-card suppliers mainly in Europe, China and Japan for integration into credit cards and telephone cards.

In fiscal 2004, TIBC achieved a sharp improvement in business results compared with the previous fiscal year, thanks to a solid contribution from its high-performance BGA plastic package substrates, for which it commenced production in October 2002, in favorable market conditions for PCs and mobile phones. In fiscal 2005, TIBC expects to sustain a high level of production.



TIBC Corporation

Logistics Solutions Business

Determined to build another pillar of future growth, Toyota Industries began operations of its Logistics Solutions Business in Japan, through which we provide companies with logistics solutions covering logistics planning to the operation of distribution centers. Our aim is to help customers reduce their total logistics costs and respond to their needs for logistics improvements by utilizing our accumulated experience acquired through the production and sales of such materials handling equipment as forklift trucks and automated storage and retrieval systems, as well as our production know-how as exemplified by the Toyota Production System.

As part of our entry into this field, in March 2002 we established Advanced Logistics Solutions Co., Ltd. ("ALSO"), a wholly owned subsidiary that plans overall logistics operations and operates distribution centers. ALSO thoroughly evaluates logistics operations and provides customer-oriented proposals for optimizing logistics and reducing costs. At the same time, ALSO provides efficient operation of distribution centers and functions as the nucleus of Toyota Industries' Logistics Solutions Business.

To achieve solid growth, we intend to develop our Logistics Solutions Business incrementally, giving due consideration to various industry sectors and possible formats for undertaking logistics operations. In Phase I, we will secure orders for managing and operating distribution centers on a case-by-case basis. During Phase II, we will handle all aspects of outsourced logistics for companies, including logistics management and operations. In Phase III, we will deploy our information network and planning capabilities to carry out joint deliveries for multiple

companies as well as for multiple divisions within a single company. We will operate our Logistics Solutions Business in an optimal format for each client — undertaking individual orders for operating distribution centers, carrying out outsourced logistics for clients through the establishment of joint ventures with them, or securing orders for handling logistics for clients through the establishment of joint ventures with other logistics companies.

At present, our Logistics Solutions Business is achieving steady growth in new orders, mainly in the Chubu and Tokyo Metropolitan regions. Adopting medium- and long-term perspectives, Toyota Industries is aggressively allocating management resources to the Logistics Solutions Business and will spare no efforts to develop this business into one of its future core businesses.



Development of Logistics Solutions Business

