A New Direction For A New Millennium

ANNUAL REPORT 2001

Year ended March 31, 2001

TOYOTA INDUSTRIES CORPORATION

PROFILE

Effective August 1, 2001, Toyoda Automatic Loom Works, Ltd. changed its name to Toyota Industries Corporation.

The present Toyota Industries Corporation ("Toyota Industries") was founded by renowned Japanese inventor Sakichi Toyoda in 1926 to manufacture automatic looms. The enterprise proceeded over the years to diversify into such fields as automobiles, industrial equipment, and electronics. Among the most prominent achievements in the 75-year history of Toyota Industries is its role in the establishment of Toyota Motor Corporation, whose birth resulted from a spin-off of Toyota Industries' vehicle division.

Today, the business universe of Toyota Industries consists of four segments: Automobile, Materials Handling Equipment, Textile Machinery and Others (electronics, etc.). All these segments are building a firm footing in their respective fields. In line with its strategy of globalization, Toyota Industries now has production facilities in Europe, North America and other regions.

The technological prowess of Toyota Industries rests on two bases. The first is the wealth of technologies accumulated in the development and manufacture of automatic looms. The second is its incessant drive to innovate. These inherited technological strengths are particularly marked in the Automobile and Materials Handling Equipment Segments, the mainstays of Toyota Industries' current operations. With its car assembly and engine businesses as a solid base, Toyota Industries intends to enhance its operations in such fields as car air-conditioning compressors and materials handling equipment in terms of both output and profitability. Looking to the future, Toyota Industries is venturing into the new field of next-generation LCDs. In so doing it will reinforce its position as a core member of the Toyota Group.

Financial Highlights

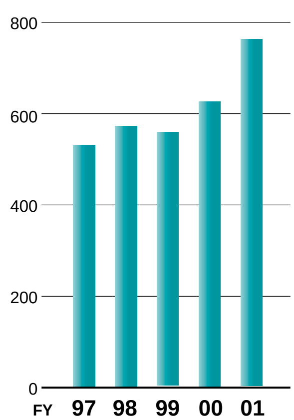
Toyota Industries Corporation
Years ended March 31, 2001 and 2000

	Millions of yen			Thousands of U.S. dollars
	2001	2000	% change	2001
FOR THE YEAR				
Net sales	¥ 767,383	¥625,773	22.6 %	$ 6,193,567
Operating income	47,304	28,867	63.9	381,792
Net income	22,637	13,686	65.4	182,704
Depreciation and amortization	46,454	42,752	8.7	374,931
Capital expenditures	127,273	44,746	184.4	1,027,224
Research and development expenses	26,196	24,062	8.9	211,429
Per share of common stock (in yen or U.S. dollars):				
Net income — basic	75.90	48.32	57.1	0.61
Net income — diluted	67.77	43.18	56.9	0.55
Cash dividends	17.00	16.00	6.3	0.14
AT YEAR-END				
Total assets	¥1,869,642	¥685,914	172.6 %	$15,089,927
Shareholders' equity	951,298	316,293	200.8	7,677,950

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥123.90 = U.S.$1, the exchange rate on March 30, 2001.

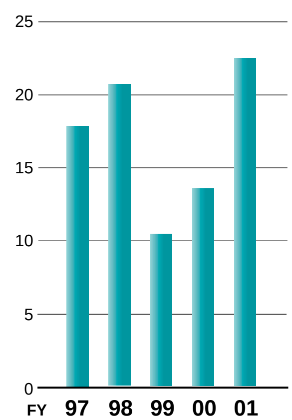
Net Sales

(¥ Billion)



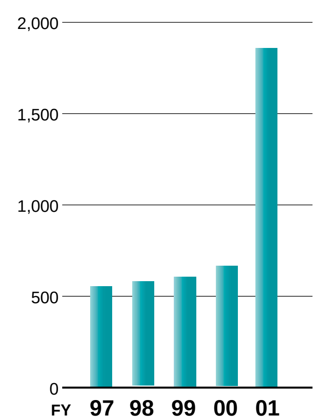
Net Income

(¥ Billion)



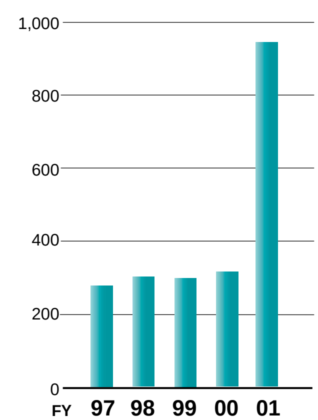
Total Assets

(¥ Billion)



Shareholders' Equity

(¥ Billion)



Contents

At a Glance

Toyota Industries is switching its focus from the Textile Machinery Segment, the business field upon which the company was founded, to more diverse sectors and aggressively establishing its presence in each of them. These include the Automobile Segment, which comprises the vehicle (automobile assembly), engine and car air-conditioning compressor businesses, and the Materials Handling Equipment Segment, which specializes in forklift trucks and other materials handling equipment. Toyota Industries' electronics business is involved in the production of next-generation devices such as LCDs. Essentially, Toyota Industries is a conglomerate focused on selective core businesses. We enhance the value of the company as a whole by seeking synergies among the key technologies and markets cultivated by each business division.

Automobile Segment

The Automobile Segment, consisting of automobile assembly for Toyota Motor Corporation ("TMC"), engines, car air-conditioning compressors and electronic components for automobiles, accounts for 59.6% of Toyota Industries' consolidated net sales.

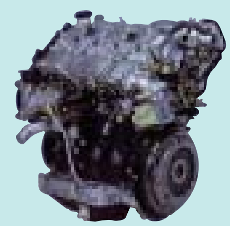
In fiscal 2001, our automobile assembly business produced two models, the Vitz (Yaris in Europe) and the Sprinter Carib (Corolla Wagon overseas). The Vitz (Yaris) is very popular in both the Japanese and European markets.

We produce more than ten types of engines, including the mainstay C-type diesel engines and the Y-type gasoline engines.

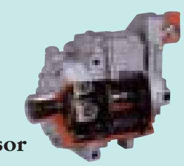
Our car air-conditioning compressor business develops and produces various types of compressors, including swash plate compressors with fixed displacement, one-way swash plate compressors with continuous variable displacement, scroll-type compressors and vane-type compressors. We supply these products to the world's major car manufacturers.

In fiscal 2001, the Automobile Segment recorded net sales of ¥457.6 billion and operating income of ¥28.5 billion.

Vitz (Yaris)



1CD Diesel Engine



6SEU12 Compressor

Business/Operation	Products
Vehicle	Passenger vehicles
Engine	Diesel engines
	Gasoline engines, etc.
Car Air-Conditioning Compressor	Car air-conditioning compressors, etc.
Others	Electronic equipment for automobiles
	Foundry parts for automobiles, etc.

Materials Handling Equipment Segment

The Materials Handling Equipment Segment comprises the industrial vehicle and materials handling system businesses. The former includes forklift trucks, and the latter automated storage and retrieval systems, and automatic guided vehicle systems. The core products of the industrial vehicle business are the internal-combustion counterbalanced forklift truck GENEO (7-Series overseas) and the electric counterbalanced forklift truck GENEO-B (7FB overseas). In June 2000, Toyota Industries acquired BT Industries AB ("BT Industries"), a leading Swedish warehouse truck company, with a view to further expanding its materials handling equipment business. In fiscal 2001, industrial vehicle business sales accounted for approximately 97% of the total sales of this segment.

In fiscal 2001, we increased our world market share of this business, recording total net sales of ¥236.5 billion and operating income of ¥14.5 billion.

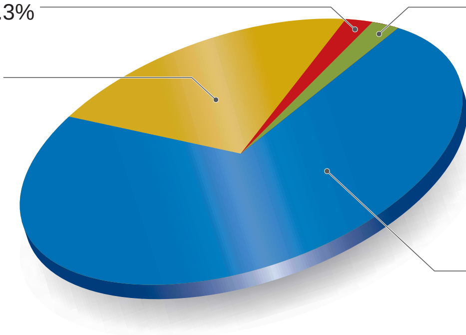
GENEO-B (7FB)

REFLEX (Reach Truck)

Rack Sorter P (Automated Storage and Retrieval System – Pallet Type)

Business/Operation	Products
Industrial Vehicle	Counterbalanced forklift trucks
	Warehouse trucks, etc.
Materials Handling System	Automated storage and retrieval systems
	Automatic guided vehicle systems, etc.

Percentage of Net Sales

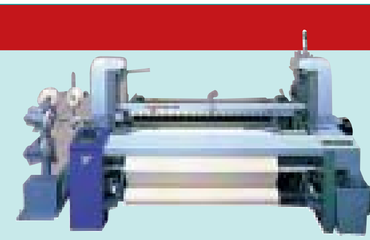


Textile Machinery Segment

The Textile Machinery Segment consists of the spinning machinery and weaving machinery businesses. In fiscal 2001, sales were boosted by buoyant demand in Asia, our main market. Sales of the JAT610 air-jet loom continued strong. Increased sales and a streamlining of our business structure improved operating income substantially.

In fiscal 2001, the Textile Machinery Segment recorded an operating income of ¥35 million on total net sales of ¥33.2 billion.

RX240 Ring Spinning Frame



JAT610 Air-Jet Loom

Business/Operation	Products
Spinning Machinery	Ring spinning frames
	Roving frames
	Drawing frames, etc.
Weaving Machinery	Air-jet looms
	Water-jet looms
	Sizing machines, etc.

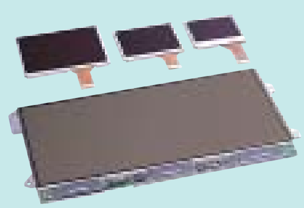
Others Segment

The Others Segment comprises businesses that we entered comparatively recently, notably electronics components, together with press dies. Although our operations in these fields are still relatively small, we expect them to grow quickly and become a key pillar of our business.

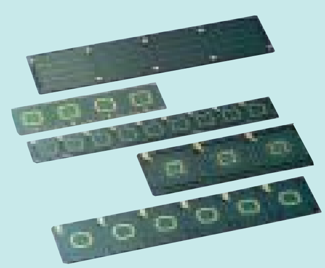
ST Liquid Crystal Display Corp. (“ST-LCD”)*, a 50-50 joint venture with Sony Corporation, forms the core of this new business sphere. In April 1999, ST-LCD began production of low-temperature polysilicon thin film transistor liquid crystal displays (“poly-Si TFT LCDs”), a next-generation LCD. TIBC Corporation (“TIBC”), a joint venture with Ibiden Co., Ltd. formed in October 1998, began production of plastic package substrates for IC chipsets in April 1999.

In fiscal 2001, the Others Segment recorded operating income of ¥4.4 billion on total net sales of ¥40.0 billion.

As ST-LCD is an affiliate, its sales and operating income are not included in the consolidated figures, but are accounted for by the equity method.



TFT LCDs



Plastic Package Substrates

Business/Operation	Products
ST Liquid Crystal Display Corp.	Low-temperature polysilicon TFT LCDs
TIBC Corporation	Ball grid array (BGA)-type plastic package substrates for IC chipsets
	Flexible printed circuit (FPC)-type substrates for IC cards
Others	Press dies, etc.

To Our Shareholders

Akira Yokoi
Chairman

Tadashi Ishikawa
President

On June 28, 2001, the Ordinary General Meeting of Shareholders approved a motion to change the name of the company. As a result, effective August 1, 2001, the English name of the company became Toyota Industries Corporation ("Toyota Industries"). Among the chief reasons for the change were our acquisition in June 2000 of BT Industries AB ("BT Industries") and our absorption in April 2001 of the industrial equipment sales division of Toyota Motor Corporation ("TMC"). These businesses now fall within the compass of our Materials Handling Equipment Segment. Also, it was felt that our corporate name should more accurately reflect the range of our business domain, which now stretches far beyond the manufacture of automatic looms.

Mr. Chisei Isogai, Chairman, decided that the company's 75th anniversary year was an appropriate time for him to retire. At a board meeting held immediately after the Ordinary General Meeting of Shareholders on June 28, 2001, Mr. Akira Yokoi, Vice Chairman, was elected to the post of Chairman as Mr. Isogai's successor. Mr. Tadashi Ishikawa, President, continues in his position. The position of Vice Chairman has not yet been filled. There were also changes in management positions below the rank of Vice President effective June 28, 2001 as well.

All members of the new leadership team are determined to enhance the international competitiveness of Toyota Industries and to manage successfully the continuing diversification of the company.

Best Ever Performance

We are pleased to present the consolidated business results of Toyota Industries Corporation for the fiscal year ended March 31, 2001 ("fiscal 2001"). Fiscal 2001 was another year of strong performance for Toyota Industries and its consolidated subsidiaries. We are confident that we will maintain the momentum of this success in the years to come.

Financial Results for Fiscal 2001

Net sales, operating income, net income, and net income per share for fiscal 2001 (ended March 31, 2001) all reached record highs. Net sales and net income showed a two-digit percentage improvement over fiscal 2000 (ended March 31, 2000).

For fiscal 2001, Toyota Industries posted net income of ¥22.6 billion (US$182.7 million) on net sales of ¥767.4 billion (US$6,193.6 million), up 65.4% and 22.6%, respectively, over the corresponding figures for the previous fiscal year. Operating income was ¥47.3 billion (US$381.8 million), an increase of 63.9%. Net income per share was ¥75.90 (US$0.61), compared with ¥48.32 for the previous fiscal year.

Our record results were all the more remarkable given that the business environment was hardly favorable. The Japanese economy showed some signs of recovery during the first half of fiscal 2001, but in the second half growth returned to anemic levels and a general downturn in confidence was reflected in a sharp fall on the stock market. The U.S. economy began to falter and, although the European and Asian economies generally held firm, the prospect of a serious contraction in the U.S. cast a shadow over both.

Our excellent business performance in an adverse business climate testified to our success in implementing a sound, clearly defined strategy, exploiting the particular competitive strengths of each of our business segments and executing a series of vigorous cost reduction measures.

Results by Segment

Automobile Segment

This segment includes automobile assembly, engines, car air-conditioning compressors, and electronic equipment for automobiles.

Net sales amounted to ¥457.6 billion (US$3,693.6 million), up 8.1% over the previous fiscal year. Operating income was ¥28.5 billion (US$230.2 million), up 16.8%. This increase in segment sales was largely owing to increased sales of car air-conditioning compressors in North America and Europe, strong Vitz (Yaris) small car sales and an increase in the number of models in our engine range.

Materials Handling Equipment Segment

This segment covers operations relating to automatic guided vehicle systems, automated storage and retrieval systems, warehouse trucks, and forklift trucks. The operations of BT Industries, which Toyota Industries acquired in June 2000, now come under the wing of this segment.

Sales were strong in Europe, the U.S., and Japan. Net sales amounted to ¥236.5 billion (US$1,908.8 million), up 58.6% over the previous fiscal year. Operating income was ¥14.5 billion (US$117.4 million), up 153.0%.

Textile Machinery Segment

This segment comprises spinning machinery and weaving machinery businesses. The former includes the manufacture of ring spinning and roving frames, etc., while the latter includes air-jet looms, water-jet looms, sizing machines, and others.

Net sales amounted to ¥33.2 billion (US$268.3 million), up 43.7% over the previous fiscal year. Operating income improved from an operating loss of ¥2.97 billion the previous fiscal year to operating income of ¥35 million (US$0.28 million) in fiscal 2001.

These results reflect the success of vigorous sales activities, particularly in Southeast Asia, and improvements in management efficiency through restructuring.

Others Segment

This segment includes electronic components, press dies, and others. It incorporates TIBC Corporation ("TIBC"), a joint venture with Ibiden Co., Ltd. that mainly manufactures ball grid array (BGA)-type plastic package substrates for application in high-function IC chipsets.

Net sales of this segment amounted to ¥40.0 billion (US$322.9 million), up 32.8% over the previous fiscal year. Operating income was ¥4.4 billion (US$35.2 million), up 480.5%.

Sales of ST Liquid Crystal Display Corp. ("ST-LCD"), a 50-50 joint venture with Sony Corporation, are not included in the consolidated figures, but are accounted for by the equity method. ST-LCD began the manufacture of low-temperature polysilicon thin film transistor liquid crystal displays ("poly-Si TFT LCDs") in April 1999. Sales have since expanded rapidly, in line with ST-LCD's business plan, and losses recorded by the equity method have greatly decreased.

Achievements in Fiscal 2001

M&A and Business Integration

Toyota Industries aims to secure a position of global leadership for its materials handling equipment business, one of our core business segments. During the period under review, we took two important steps toward achieving this goal.

In June 2000, Toyota Industries acquired the Swedish company BT Industries, a global leader in the production of warehouse trucks. Toyota Industries had specialized in counterbalanced forklift trucks. The acquisition therefore made very good sense in terms of product mix and Toyota Industries now offers a comprehensive lineup of materials handling equipment.

In April 2001, Toyota Industries absorbed the industrial equipment sales division of TMC, which had been responsible for the sales and marketing of equipment developed and manufactured by Toyota Industries. Whatever a customer's needs and location, we are now ready to offer a comprehensive materials handling solution.

Cost Reduction

During fiscal 2001, we sought substantial reductions in operating and other costs to ensure that we would be in good shape to meet the intensifying competition across our business universe.

A special project team in each business division employs advanced cost management techniques, including value engineering (VE) at the development stage and value analysis (VA). We have also raised awareness among all employees of the need to reduce expenses, and have curtailed fixed costs at the head office. In addition, using the power of information technology (IT), we have begun to improve the productivity of non-manufacturing divisions based on a review of basic business procedures.

The development department of our Vehicle Division has been introducing the V-Comm (virtual & visual communication system) and CAE (computer-aided engineering) systems, which were used to reduce the development period of the bB Open Deck, TOYOTA's bB-based new compact car, designed and manufactured by our Vehicle Division, and launched by TMC in June 2001.

In April 2001, we began a three-year cost reduction program that will build on the progress made in fiscal 2001. Each project team will reinforce VE and VA activities in order to achieve an even higher level of overall efficiency. Measures to be taken include optimized global procurement of materials and components, plus the introduction of supply chain management. If these steps bear fruit, our profit structure will further improve.

New Products

During fiscal 2001, we continued to develop, manufacture, and market new products that are fully in tune with the needs of our customers. We are confident that a number of our recently launched products will become mainstays of Toyota Industries' lineup.

In January 2001, we launched the GENEO-R reach truck, which is exclusively for the Japanese market. The GENEO-R is an advanced electric reach truck with a capacity of one to three tons, depending on the model. The GENEO-R is the first reach truck to employ our state-of-the-art "System of Active Stability (SAS)" lift truck safety technology, standard in other models in the GENEO series (7-Series overseas) and designed to reduce the risk of tip-over. Conventional reach trucks are associated with instability on slippery surfaces and when turning, but the SAS technology counteracts this drawback. Equipped with a dedicated AC drive system for lift trucks, the GENEO-R also offers ease of operation and maintenance.

In fiscal 2001, we launched two types of car air-conditioning compressors for the European market. The 5SE09, a compact, lightweight compressor with one-way swash plate and continuous variable displacement, offers excellent fuel efficiency and acceleration by controlling displacement via sensors that monitor the operating environment. The 5SL12 is a compact, internally controlled compressor with one-way swash plate and continuous variable displacement.

In August 2000, we began production of the 2UZ engine at our Hekinan Plant. This 4700cc V-8 gasoline engine powers the Lexus LX470, an SUV model marketed by TMC in the United States.

In April 2000, our Textile Machinery Segment launched the Internet TTCS (Toyoda Total Computer System), an Internet-compatible textile-production control system. TTCS can access weaving machines in mills throughout the world via the Internet and monitor production, stoppages, machinery condition, product quality, etc. The scope for improvements in efficiency using TTCS is substantial.

New "In-House Company" Combines Development and Manufacturing Expertise with Sales and Marketing Strength

In April 2001, Toyota Industries absorbed the industrial equipment sales division of TMC. Following that move, Toyota Industries created a comprehensive entity, TOYOTA Material Handling Company, as a uniquely independent company within the larger company. TOYOTA Material Handling Company assumed all the business of the former Industrial Vehicle Division and Materials Handling System Division as well as the business transferred from TMC. TOYOTA Material Handling Company has its own highly autonomous management and will be evaluated on such criteria as return on assets and cash flows, as well as by levels of sales and operating income. This strategic move will ensure that Toyota Industries remains responsive to changes in customer demand and is thus able to achieve higher sales and earnings in what is an intensively competitive sector.

The Next Step – Medium-Term Strategy for Growth

Toyota Industries' management is keenly aware of the importance of planning for medium- and long-term growth. In mid-May 2001, we launched our medium-term strategy for growth, which targets consolidated sales of more than ¥1 trillion and income before income taxes of ¥80 billion by March 2006. Key elements of the plan are outlined below.

Securing Global Leadership in the Materials Handling Equipment and Car Air-Conditioning Compressor Fields

Toyota Industries is determined to achieve global leadership among manufacturers of forklift trucks and other industrial equipment. Steps already taken to achieve that goal include the acquisition of BT Industries and the transfer of TMC's industrial equipment sales division to our company.

Before the acquisitions, sales activities directed at end-users were mainly the domain of the Textile Machinery Segment. Accompanying the consolidation of manufacturing and sales operations within the Materials Handling Equipment Segment, we must now assume full-fledged sales and marketing activities for a much broader product range. BT Industries has a wealth of direct sales experience and we intend to draw on that know-how. In particular, we are eager to adopt more widely BT Industries' solution-proposal sales technique.

In addition to enhanced marketing, we expect that our acquisition of BT Industries will bring other benefits of synergy. We have started to supply counterbalanced forklift trucks to BT Industries on an OEM basis. We are also distributing BT Industries' hand pallet trucks on an OEM basis in Japan. These exchanges will be broadened to include other products.

Tadashi Ishikawa
President

We intend to introduce our manufacturing technique, the Toyota Production System (TPS), to BT Industries, to purchase components jointly with them, and to promote the exchange of technology. Toyota Industries and BT Industries will adopt a global perspective, for example in monitoring changes in demand, in order to maximize customer satisfaction.

To maintain our leading international position in the car air-conditioning compressor manufacturing field, we established TD Deutsche Klimakompressor GmbH ("TDDK") as a joint venture with DENSO Corporation. In April 2000, TDDK began operations at its factory in Sachsen, Germany. We now manufacture car air-conditioning compressors in Japan, the U.S. and Europe. This tri-polar system allows us to stay close to customers, meet their needs more precisely and reduce exchange rate risks.

The proportion of cars in Europe fitted with air-conditioning is expected to rise and we aim to make the most of that opportunity. We shall also seek to increase sales in the North American market.

In summary, the Materials Handling Equipment Segment and the car air-conditioning compressor business are core operations, and we shall devote the necessary resources to them to ensure their success on a global basis.

Further Cost Reduction and Enhanced Manufacturing Quality in the Vehicle and Engine Businesses

The vehicle (automobile assembly) and engine businesses provide stable revenues for our Automobile Segment. In the medium term, we aim to improve cost management and so maintain profitability in these fields.

Our vehicle business, one of the manufacturing bases of the Toyota Group's compact cars, strives constantly to enhance the attractiveness of TOYOTA-brand cars by further improving product quality and cost efficiency, making proposals for the design and launch of new compact and other cars and improving production technology.

In the engine business, we work constantly to enhance the environment-friendly features of our engines without compromising their performance, and to contribute to the improvement in overall performance of TOYOTA-brand cars.

Our vehicle and engine businesses are dedicated mainly to production for TMC. Our production is therefore dependent on TMC's production and ordering plans. We seek to strengthen our sales link to TMC through ceaseless quality enhancement and cost-down activities. Our goal is that TMC will entrust us with the assembly of, and employ our engines in, a wider range of models.

We are also strengthening our research and development capabilities to play a more active part in product development for TOYOTA vehicles and engines.

In our vehicle and engine businesses, we aim to secure stable profits and cash flows through an efficient production system.

Successful LCD Operations – the Core of Our Electronics Business

We intend that our electronics operations, which are now comparatively small, will play an important part in our future growth and will serve to diversify our business. The opportunities in this field are enormous.

In April 1999, ST-LCD, the core of our electronics operations, began the manufacture of poly-Si TFT LCDs, products that have considerable growth potential.

As a result of using the TPS, ST-LCD's quality levels and production volume have improved rapidly and output is close to maximum capacity, as forecast in our business plan.

In the fall of 2001, ST-LCD will begin a ¥75 billion capital investment program for additional production facilities in order to meet rising demand expected for digital camera, mobile phone, and personal digital assistant (PDA) parts. ST-LCD's new facilities, due to start operations in June 2002, will double production capacity. We envisage ST-LCD as one of our core businesses and intend to distribute management resources accordingly.

Harnessing the Power of Information Technology

Making the most of the remarkable advances in IT is a key part of our medium-term plan. The Internet, PCs, mobile communications and so on are already having a huge influence on corporate activity, and this influence will continue to grow rapidly. Utilizing IT, we are overhauling our traditional way of doing business to achieve speedier management processes, reduction in fixed costs and increased customer satisfaction. To date, improvement is most manifest in shorter product development lead times and enhanced productivity among non-manufacturing divisions.

Over the next three years, we will invest ¥20.5 billion in IT on a non-consolidated base. We will make a thorough review of our business processes and, at the same time, upgrade the key systems for accounting, procurement, and production management. We will also install three-dimensional CAD systems in our development departments to achieve improved productivity company-wide.

To Our Shareholders

Creating an Inter-Divisional Value Chain

Throughout our long history, we have constantly pushed forward with technological innovation, explored new markets, and achieved substantial growth for each of our businesses. Toyota Industries has become a conglomerate with a number of divisions, each of which possesses core technologies and markets. By transcending the divisional boundaries, we are taking advantage of these assets to develop technologies which will be the basis for the next generation of business sectors, markets, and products. This inter-divisional value chain, when implemented efficiently, will enhance the value of the company as a whole and offer great opportunities for expanded business operations.

Maximizing Shareholder Value

The basic goal of Toyota Industries is to make profits and thus enhance shareholder value. To this end, we will pursue our short- and medium-term strategies consistently and vigorously.

Effective August 1, 2001, we changed the minimum trading unit of our shares from 1,000 to 100 in order to promote more active trading of our shares, particularly among individual investors.

We are also enthusiastically promoting environmental and community activities to fulfill our responsibilities as a good corporate citizen.

Since its founding, Toyota Industries has always sought to act on its corporate principles, such as contributing to local communities, undertaking extensive research and development, and serving its shareholders and customers wholeheartedly.

In November 2001, we celebrate our 75th anniversary. As noted above, in August 2001 we changed our company name in English to Toyota Industries Corporation. In part, this change is designed to refresh our spirits and remind us of our core aims.

Toyota Industries will seek to serve all its stakeholders, including shareholders, customers, employees, suppliers, and local communities. We hope that this annual report helps our stakeholders to understand more fully our current activities, financial status, and future prospects. In all our future endeavors, we respectfully request your continued support.

August 1, 2001

Akira Yokoi
Chairman

Tadashi Ishikawa
President

Note: U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥123.90 = US$1, the exchange rate on March 30, 2001.

Toyota Industries in Focus

FOCUS 1

BT Industries AB

In June 2000, Toyota Industries acquired BT Industries AB ("BT Industries"), one of the world's leading materials handling equipment manufacturers. BT Industries will remain a separate entity within Toyota Industries Group.

A Road to the Future:
A Message from Dr. Carl-Erik Ridderstråle, President and CEO of BT Industries AB

For BT Industries, the year 2000 was perhaps the most important ever. Together with Toyota Industries, we created a global leader in the field of forklift trucks and started a journey into a promising future.

Against that backdrop, I would like to take this opportunity to explain the heart of BT Industries' business concept.

On the surface, our business revolves around warehouse trucks, i.e., electric trucks purposely designed and built for indoor materials handling. At the center of our business concept, however, lies a vibrant and wider customer-focused theme: To offer our customers trouble-free materials handling.

Lift trucks in a warehouse are a lot like copiers in an office. They have to be accessible, easy to use and always work. A customer shouldn't have to think about service or repairs. If something breaks, it should be fixed without the customer even noticing.

This is the heart of BT's business concept: To supply products and services that provide customers with trouble-free materials handling. It is a goal that has driven our development and actions for 55 years. It is a concept which grows stronger as we increasingly find large international companies among our customers, with high expectations with regard to their logistics functions.

Carl-Erik Ridderstråle
President and CEO

It means, for one thing, that we have to provide sales and service everywhere in the world where our customers operate. In addition, we have to offer a wide product range.

Note: The fiscal year of BT Industries, unlike that of Toyota Industries, runs from January 1 to December 31.

Our major customers, particularly those in consumer goods distribution, are merging into new, larger groups on both a national and international level. At the same time, they are investing heavily to improve their logistics. In many cases this means outsourcing of their entire materials handling function. For a set monthly fee, the subcontractor, for example the truck supplier, is expected to manage a truck fleet, provide maintenance and repairs, arrange for replacement vehicles, spare parts when needed, and so on.

BT has taken rewarding actions in the past to meet these demands. In 1995 our market essentially consisted of Europe, with sales at just under SEK4 billion. Today, sales have nearly tripled from that figure. Almost half is now generated in North America, and the contribution from other parts of the world is growing quickly.

BT's development is a reflection of another theme that runs deep in the company: The only way to guarantee success in the future is to question the present. And the driving force behind our development has been, and will continue to be, our customers.

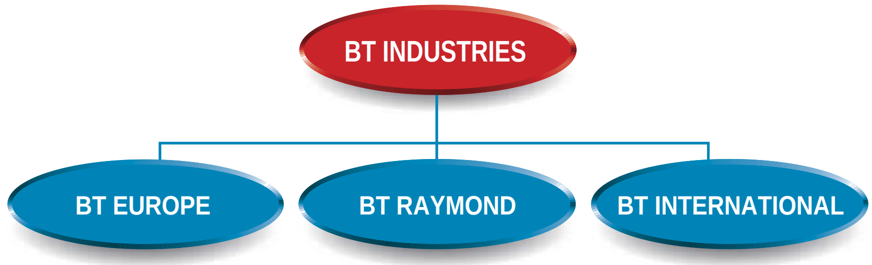
So it was with our customers in mind that we welcomed Toyota Industries as our new owner last summer. The acquisition allows each company to broaden its respective product range and it further broadens our geographic coverage. Indeed, the benefits extend to include every important aspect, geographically and in terms of products, resources and capabilities.

One obvious question is of course how two companies with such different cultural backgrounds can be united. My firm belief is that ultimately it is a question of communication between people. By communication I mean straightforward, simple and honest language combined with mutual respect and a sense of humility for the task. This is the foundation of the work we are now facing.

Finally, a few words about the future. In the short term we expect weaker market growth in 2001 compared to a very strong 2000. The strength of our new structure, however, will provide us with better opportunities than ever to gain market share. This is only one example from the road we have begun to travel together, extending into an unknown but promising future.

Carl-Erik Ridderstråle
President and CEO

Organization of BT Industries



General Market Trends

(Fiscal year ended December 31, 2000)

The forklift truck market is concentrated in the industrialized world. Total global market volume for all truck types is estimated at 600 thousand units in 2000. Approximately 40% or 250 thousand units are electric warehouse trucks. Counterbalanced trucks account for around 350 thousand units, of which 100 thousand are electric and 250 thousand combustion-powered.

Approximately 80% of the market for electric warehouse trucks is in Western Europe and the U.S. Japan and the rest of the world account for around 10% each. In terms of value, the global market for products and services based on electric warehouse trucks is estimated at SEK50 billion, half of which represents truck sales and half after-sales services.

The main players in the market consist of around ten companies based in the U.S., Europe and Japan. Some focus mainly on counterbalanced trucks, while others offer both warehouse and counterbalanced trucks. With a market share exceeding 20%, BT and Toyota Industries are the world leader.

The forklift truck market, and in particular the market for electric warehouse trucks, is undergoing long-term growth. During the past 20 years demand for electric warehouse trucks in Western Europe and North America has grown by an average of 6% a year. Emerging markets in Eastern Europe, Southeast Asia and South America have grown even faster over the last decade, at 10-20% annually. This reflects the fact that demand for warehouse trucks is mainly driven by a society's standard of living. An increased flow of goods leads to greater demand for efficient distribution.

Business Area BT EUROPE

The year 2000 saw favorable market growth in Western Europe continue. The market for electric warehouse trucks increased by approximately 15% to 120 thousand units. The largest growth was among small trucks, pedestrian pallet trucks and stackers.

The biggest gains were posted in France, Germany and Italy, Western Europe's largest markets, which as a whole have doubled in size over the last five years.

Three large companies that together have about an 80% market share dominate the Western European market. In electric warehouse trucks, two German manufacturers are the largest players. BT is number three, with a market share of approximately 18%.

In the hand pallet truck segment, BT's market share is estimated at about 25%. In combination with its share of the North American hand pallet truck market, BT is the world leader in this segment.

Business Area BT RAYMOND

In 2000 the North American market for electric warehouse trucks grew by approximately 3% to 80 thousand units. The strongest growth was in the Riders segment, i.e., trucks on which drivers ride.

Apart from BT RAYMOND, which is the market leader, there are two major competitors in electric warehouse trucks, both of which are domestic producers. With the exception of BT, European companies have a very limited presence.

Business Area BT INTERNATIONAL

The total market for electric warehouse trucks in BT INTERNATIONAL's geographic area is estimated at 50 thousand units, an increase of approximately 30%

compared with 1999. In Japan, the single largest market for the business area, about 20 thousand warehouse trucks were sold, a strong recovery from 1999.

The currency crises in many parts of the world in 1997 and 1998 have subsided, sparking an increase in demand. One exception, however, is the Brazilian market, where the local currency problems that arose in 1999 are still holding demand for imported products in check. As a whole, however, all market regions reported growth during the year.

Organization

BT's products and services are marketed in around 70 countries around the world. Operations are divided into three geographic business areas. Group operations are managed through the parent company, BT Industries AB, headquartered in Mjölby, Sweden.

Business area BT EUROPE, with around 4,500 employees, operates through 12 sales and service companies in an equal number of countries. Operations consist primarily of marketing, sales and after-sales services.

Overall operations are managed and supported by BT Europe AB, based in Mjölby, Sweden, where the business area's marketing and business development are coordinated. Also, product development and production is concentrated in BT Products AB in Mjölby.

Business area BT RAYMOND, with around 2,900 employees, distributes Raymond branded trucks through 33 dedicated dealers with nearly 100 sales locations in North America. All dealers work strictly with the Raymond brand. These dealers have full responsibility for operations in their respective geographical areas, with the exception of sales to nationwide corporate customers, which are coordinated centrally by BT RAYMOND. Manufacturing takes place at Raymond in Greene, New York and Brantford, Canada, and at BT Prime-Mover in Muscatine, Iowa.

Trucks from BT Prime-Mover are distributed through a separate dealer network focused mainly on customer groups other than those reached by the Raymond brand.

Business area BT INTERNATIONAL, with around 450 employees, is active in around 40 markets around the world. Operations comprise wholly owned sales and service companies in Eastern Europe, Greece and Australia as well as a network of partly owned or independent distributors in Southeast Asia, Latin America, Europe, the Middle East and Africa. About half of BT International's business volume is from BT's wholly or partly owned companies. BT International in Mjölby supports operations in its various markets with training, sales promotions and professional advice on large customer projects.

BT Industries Worldwide Manufacturing Bases

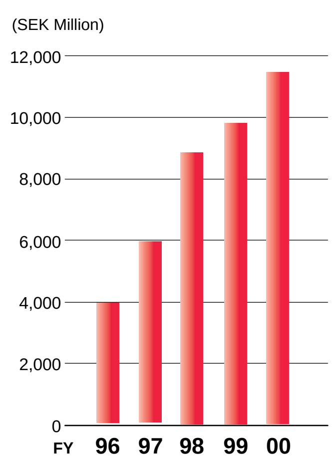
BT Industries presently operates seven manufacturing bases in Europe and North America. Products made at these bases are sold worldwide through BT's distributors, wholly or partly owned by BT, as well as independent distributors.

FOCUS 1

Topics for Fiscal 2000

The past year was highlighted by Toyota Industries' acquisition of BT. Internally, the focus remained on day-to-day operations and continued growth. Orders received rose by 20% to SEK12,060 million, sales by 18% to SEK11,518 million and income after net financial items by 22% to SEK824 million.

Net Sales of BT Industries



Another highlight during the year was the acquisition of the remaining 55% of CESAB, an Italian manufacturer of counterbalanced trucks.

Within business area BT EUROPE, the new range of ORION powered pallet trucks was introduced. These trucks exemplify how advanced technology and microelectronics can be used to benefit customers in the form of performance and reliability.

During the year BT EUROPE also introduced new, AC-powered electric counterbalanced trucks. The main advantages of AC power compared with direct current are higher performance and lower maintenance costs.

Also, BT's hand pallet truck was updated during the year. Among other things, the new truck has a higher lift capacity than its predecessor. In March, BT celebrated the production of its two millionth BT branded hand pallet truck.

For BT EUROPE, 2000 was a year of substantial market growth, resulting in a high level of activity and good financial results. BT has fast-tracked certain investments that will raise production capacity for electric warehouse trucks in Mjölby by slightly over 40%. The investment program is also designed to boost productivity.

A similar program to meet expected future growth has been implemented at CESAB in Bologna, where production of counterbalanced trucks has almost doubled over the last two years.

In terms of earnings, 2000 was a strong year for BT EUROPE. Sales rose by 18% to SEK5,897 million, while income climbed 23% to SEK590 million. Despite stiff competition that resulted in price pressure, the business area was able to maintain its margins through lower production costs. The business area's market share is estimated at 18%.

Within business area BT RAYMOND, several important products were launched last year, including the Millennium™ series of powered pallet trucks, high lift orderpickers, and reach trucks designed for performance, efficiency and ergonomics. Several technical innovations were introduced as well, such as a clamp that holds a wide range of pallet configurations securely in place on orderpickers and SMARTi™, a control system that captures and analyzes operating data on truck functions.

The year was marked by market growth, and at the same time BT RAYMOND further strengthened its market position. BT's share of the North American warehouse truck market is slightly over 25% for its own brands. Including the production and supply of privately branded products, BT manufactures more than one of every three warehouse trucks in the North American market.

Among the highlights of the year was an agreement with Home Depot. Over a five-year period, BT RAYMOND will supply the home improvement chain with 12 to 14 thousand electric warehouse trucks, meeting 90% of its needs during that period.

During the year an expansion was completed at the Brantford plant in Canada, raising production capacity.

Income for 2000 rose by 24% to SEK533 million, the highest in the business area's history. Sales increased by 15% to SEK5,289 million.

For business area BT INTERNATIONAL, 2000 was a year of continued strong expansion. Invoiced sales rose by 29% to SEK920 million, while orders received increased 43% to SEK1,001 million. Its average overall market share is estimated at between 20% and 25% excluding Japan, a gain compared with 1999.

FOCUS 2

Establishment of TOYOTA Material Handling Company

April 2001 saw a radical restructuring of the Toyota Group's materials handling equipment business, consisting of industrial equipment and materials handling systems. The changes included the establishment of TOYOTA Material Handling Company,* incorporating the sales and marketing operations of Toyota Motor Corporation's ("TMC's") industrial equipment sales division. TOYOTA Material Handling Company will operate as an "in-house corporate entity" within Toyota Industries.

From 1956, when the first TOYOTA-brand forklift truck was launched, TMC had been responsible for the sales and marketing of materials handling equipment developed and manufactured by Toyota Industries. This arrangement changed on April 1, 2001, when Toyota Industries formally assumed responsibility for all materials handling equipment operations.

This consolidation positions materials handling equipment as a core business within Toyota Industries, and underlines its status as one of the world's leading comprehensive manufacturers in the field. The integration of development and manufacturing expertise with strong sales and marketing capabilities will make for more flexible management, faster decision-making and strengthened global competitiveness.

TOYOTA Material Handling Company will act as an independent company, with its own management, and will be judged on criteria such as return on assets as well as earnings and sales.

In another strategic move, we acquired BT Industries in June 2000. BT Industries will remain a separate entity within the Toyota Industries Group, and will cooperate globally with TOYOTA Material Handling Company as an equal strategic partner. We are eager to further exploit the strong name recognition of BT brands in Europe and the U.S.

Mr. Cho, President of Toyota Motor Corporation (left) and Mr. Ishikawa, President of Toyota Industries (right) shake hands after signing the agreement of the handover of TMC's industrial equipment division to Toyota Industries.

The assets transferred from TMC to Toyota Industries include: Goodwill, trademarks and licenses; and part or all of the share of, or equity investments in, domestic and overseas sales subsidiaries and affiliates, overseas manufacturing affiliates, etc. To ensure that the consolidation was complete, Toyota Industries also absorbed the Industrial Equipment Division of Toyota Motor Sales, USA, Inc., and transferred it to TOYOTA Material Handling Company.

Competition in the materials handling equipment

Industrial equipment made by Toyota Industries is sold under the brand name of TOYOTA L&F (Logistics and Forklifts) in Japan, which refers to materials handling systems and industrial vehicles and equipment. Outside Japan, the signature of TOYOTA INDUSTRIAL EQUIPMENT is used.

market is intensifying, with mergers, acquisitions and alliances taking place on a global scale. Markets in advanced countries are almost mature, and demand tends to be cyclical. By assuming the materials handling equipment operations of TMC and acquiring BT Industries, we intend to strengthen our position as a global leader distinguished by our comprehensive lineup, superior technologies and responsiveness to customer needs.

* *TOYOTA Material Handling Company is simply the name of a division of Toyota Industries, not a legally incorporated entity.*

TOYOTA Material Handling Customer Center

In late April of 2001, the TOYOTA Material Handling Customer Center opened for business. The center, located in Ichikawa, Chiba Prefecture, markets TOYOTA Material Handling Company's products and also offers consulting services.

Supported by Toyota Industries' accumulated know-how and a broad lineup of hardware, including forklift trucks, racks and materials handling systems, the engineers at the center are able to provide total materials handling solutions, from efficient equipment layout to inventory analysis. Costing a total of ¥2.3 billion, the four-story showroom has a total floor space of 6,300 square meters.

Admittance is, in principle, by appointment only.

TOYOTA Material Handling Customer Center

Car Air-Conditioning Compressor Business – Establishing a Global Presence

Car air-conditioning compressor production is a core business of our Automobile Segment. We develop and manufacture products that meet the needs of local markets throughout the world.

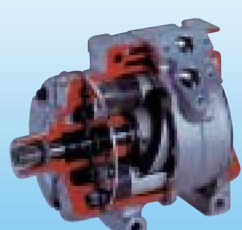
Technological Superiority

Toyota Industries' compressors are distinguished by their superior technology, and are the preferred product of many major car manufacturers.

Toyota Industries has made an important contribution to innovation in the automobile field. We anticipate changes in market needs accurately and develop products to meet those needs ahead of competitors. For example, in the 1980s, we launched our compact and lightweight ten-cylinder compressor with swash plate and fixed displacement, which is extremely reliable at high operating speeds. In the 1990s, in response to increased concern for the global environment, we launched a one-way swash plate compressor with continuous variable displacement, which reduces the load on the engine and enhances fuel efficiency. In the late 1990s, we introduced an external signal-controlled compressor with one-way swash plate and continuous variable displacement, which offers both excellent acceleration and lower energy consumption.

In the near future, electric vehicles are expected to become more popular, leading to increased demand for electric compressors. Toyota Industries is undertaking substantial research and development in this field. We are also actively conducting extensive research into new compressors, using environment-friendly refrigerants to replace chlorofluorocarbons (CFCs).

Fixed Displacement Type

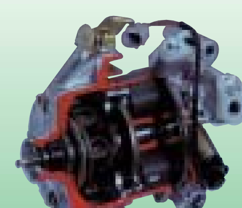


10S17 Compressor

Continuous Variable Displacement Type

7SBU16 Compressor

7SEU16 Compressor



5SE09 Compressor

Global Operator

We hold a leading share in the global car air-conditioning compressor market, producing more than 12 million units a year at our facilities around the world.

Outside of Japan, we commenced production in the U.S. in 1990 and in Europe in 2000. We thus established a tri-polar production network with bases in all the major automobile markets. We also license production in Asia, South America and Europe. Local production allows the manufacture of products that reflect local needs, while at the same time reducing exchange rate risks.

In early 2000, Michigan Automotive Compressor, Inc. ("MACI")*, our U.S. production base, reached a cumulative total production mark of 20 million units. MACI has steadily expanded its production capacity.

In April 2000, TD Deutsche Klimakompressor GmbH ("TDDK")*, our European production base, began manufacturing operations in Sachsen, Germany. Output was approximately 300 thousand units in fiscal 2001 and is estimated to be approximately 750 thousand units in fiscal 2002. TDDK aims to gradually expand its production capacity.

In fiscal 2001, Toyota Industries was the major player in the Japanese market, selling approximately 4.6 million units to major car manufacturers, including TMC.

Toyota Industries sold over 4.4 million units, mainly fixed displacement compressors, for both American automakers and Japanese manufacturers producing in North America.

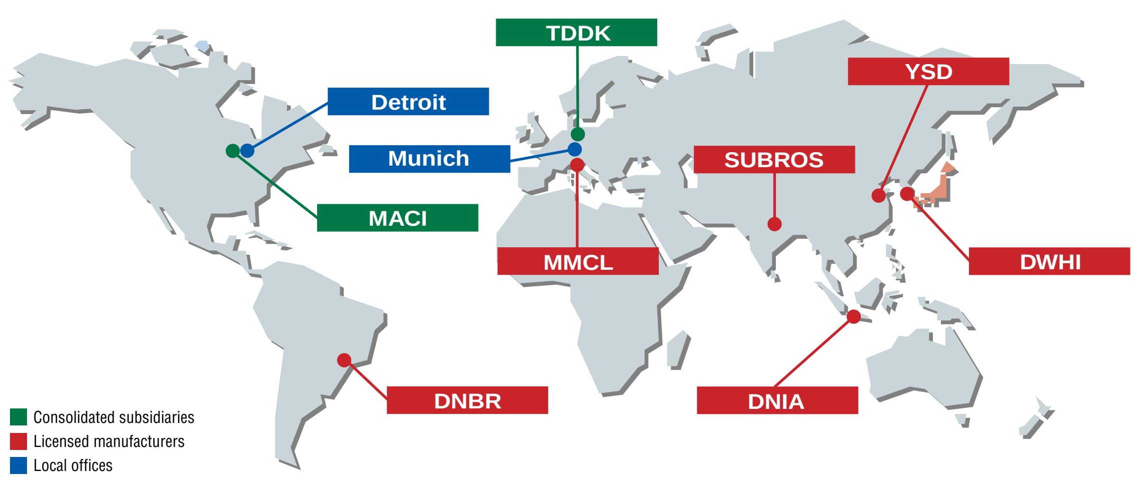
In Europe, Toyota Industries sold over 3.4 million units, including variable displacement compressors for luxury cars and compact variable displacement compressors for smaller cars.

Despite an economic slowdown in the U.S., our mid-term focus is on North America and Europe. In North America, we will seek new orders aggressively. In Europe, the potential for sales is vast as the proportion of cars fitted with car air-conditioners is expected to increase significantly. We will vigorously cultivate new customers by rapidly developing and launching products tailored to local needs, such as the compact variable displacement compressor for the European market.

All our car air-conditioning compressors are supplied to DENSO Corporation, which then sells them to major automakers worldwide with an electromagnetic clutch attached or incorporated in DENSO's car air-conditioning systems.

* *MACI and TDDK are joint ventures with DENSO Corporation. As of March 31, 2001, Toyota Industries holds 60% and 65%, respectively, of the shares of these companies. The fiscal years of MACI and TDDK, unlike that of Toyota Industries, run from January 1 to December 31.*

Worldwide Manufacturing Bases and Local Offices



Electronics Business for New Frontiers

Toyota Industries will develop its Electronics Segment into a main business pillar.

In October 1997, Toyota Industries and Sony Corporation established ST Liquid Crystal Display Corp. ("ST-LCD") as a 50-50 joint venture. ST-LCD manufactures low-temperature polysilicon TFT LCD panels. The company benefits from Sony's advanced technologies and Toyota Industries' superior quality control and manufacturing technologies.

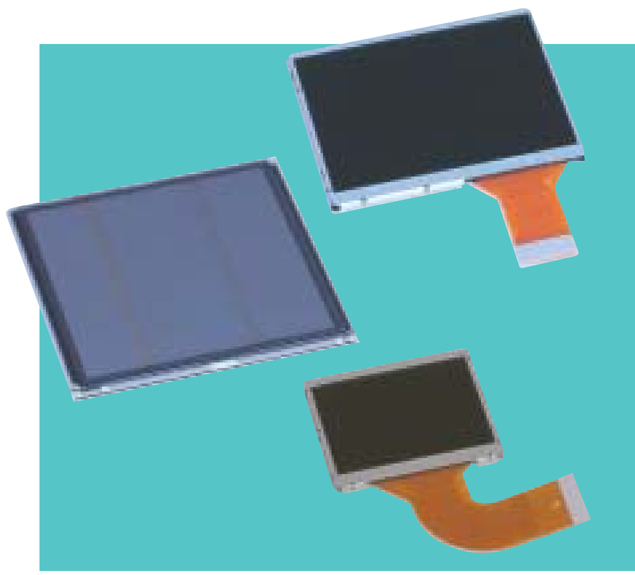
Since it began mass production in April 1999, ST-LCD has expanded its production to meet rising market demand. A unique production line that incorporates the Toyota Production System ensures that quality keeps pace with output. ST-LCD is now operating at full capacity, producing small LCD panels for digital still and video cameras. The panels are supplied to a number of customers through Sony.

ST-LCD panels are energy-efficient, and offer high resolution as well as high numerical aperture. They also facilitate the integration of the display device and its driver circuits into a single TFT glass base plate. The resultant cost reduction and miniaturization of the display unit allows the LCD panels to be used in a wide range of applications, including in-car monitors. They are also suitable for use in wide-band mobile phones, where they allow the easy exchange of large volumes of data for video and still images. We expect that demand for low-temperature poly-Si TFT LCD panels will increase further as their application in high-definition displays extends to ever smaller, lighter mobile phones and personal digital assistants.

In the fall of 2001, ST-LCD will begin a capital investment program of ¥75 billion to establish a second production line, scheduled to come on stream in June 2002. It will also increase the capacity of its first production line. In total, ST-LCD will increase its monthly capacity from 12,000 to 32,000 base plates (600mm x 720mm).

To help fund this investment, Sony and Toyota Industries will each inject ¥10 billion into ST-LCD, increasing the company's capital to ¥50 billion. Sony, Toyota Industries and ST-LCD regard the poly-Si TFT LCD as a vital device in the field of compact displays, and collaborate to develop and manufacture superior products for further expansion of the business.

Toyota Industries also entered the electronic substrate business through its subsidiary, TIBC Corporation ("TIBC"), a joint venture with Ibiden Co.,



Ltd. ("Ibiden"). TIBC manufactures ball grid array (BGA)-type plastic package substrates and flexible printed circuit (FPC)-type substrates. These substrates are indispensable for personal computers, digital still and video cameras, mobile phones, IC cards and many other devices. Substrates manufactured by TIBC are supplied to a number of chip manufacturers and other high-tech companies worldwide through Ibiden.

The high-tech industry is currently suffering a business slowdown. Through aggressive reduction of manufacturing costs and strengthening of production technologies, however, we aim to reinforce TIBC's corporate strengths so that it will be immune to market fluctuations. Furthermore, the high-tech industry is expected to continue expanding over the medium and long term, and we are confident that TIBC's scope of business will expand accordingly.

In January 2000, TIBC obtained ISO14001 certification, the internationally recognized standard for environmental management. In April 2001, it obtained QS9000 certification for its quality assurance.

Toyota Industries' Semiconductor & Electronics Equipment Division* develops and manufactures electronic components for automobiles, most notably the DC-DC converter for the Prius, TOYOTA's strategic hybrid car.

BGA-type plastic package substrates and FPC-type substrates made by TIBC are sold to customers worldwide through Ibiden and used for high-technology products such as PCs and IC cards.

We are looking to our electronics business to provide substantial future growth, and intend to allocate the necessary management resources to make this an important and successful business area.

* *The Semiconductor & Electronics Equipment Division was integrated into the Technology Development Center as of July 1, 2001.*

Low-temperature polysilicon TFT LCD panels made by ST-LCD are incorporated in products such as digital video/still cameras, personal digital assistants (PDAs) made by Sony and other companies.

FOCUS 5

Change of Company Name

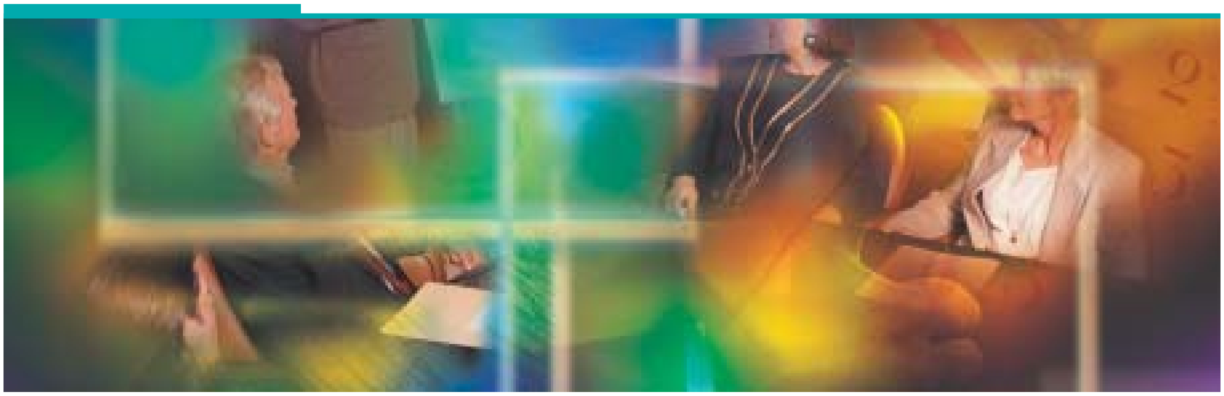
On June 28, 2001, the Ordinary General Meeting of Shareholders approved a motion to change the name of the company. As a result, on August 1, 2001, the English name of the company changed from Toyoda Automatic Loom Works, Ltd. to Toyota Industries Corporation.

The reasons for this change are as follows. Firstly, the company was originally established for the purpose of manufacturing automatic looms. Today, as a result of diversification over time, sales of the Textile Machinery Segment make up just 4.3% of total consolidated net sales. The new name is intended to represent more faithfully the nature of the company's operations.

Secondly, this is the first year of a new century and also our 75th anniversary year. It therefore seemed an ideal time to make the name change we had been contemplating.

Finally, in June 2000, we acquired BT Industries, and in April 2001 absorbed the industrial equipment sales division of Toyota Motor Corporation. Both moves form part of a strategy of internationalizing and expanding the Materials Handling Equipment Segment, and, not least with a view to boosting employee morale, we considered that a change of corporate name would sharpen the focus on further business development and diversification.

The change of name symbolizes our intention to refresh our image and our thinking in line with our determination to push ahead with globalization and better meet the needs of our customers. In these endeavors, we will strive to earn the trust and satisfy the expectations of our shareholders, customers, business partners, employees and the people in the communities we serve.



Introduction of New Personnel System

Flatter Organizational Structure

We have in the last few years carried out a number of reforms to our organizational and personnel systems. For example, in January 1995, we replaced our vertical management structure with a horizontal system containing fewer layers of management and based on smaller, flexible groups with considerable autonomy. As intended, the effect was to give each staff member greater responsibilities and authority together with a good sense of how his or her activities fitted into the whole, and speed up the decision-making process. With staff members able to take the initiative in making proactive proposals on business transactions, sales activities and other matters, the result was greater energy, flexibility and dynamism.

New Assessment/Remuneration System

In April 1995, we introduced a performance-based remuneration system for managers, downgrading the traditional importance of seniority. In April 2001, we introduced a new merit-based system for all "white-collar" employees below assistant manager level. At the same time, we simplified the qualification steps required for promotion to positions of greater responsibility, allowing high-quality personnel to progress up the ranks more quickly.

Staff are not judged solely according to the results of their performance. An employee's efforts to reach his or her goals are also appraised. This encourages employees to aim high, unafraid of failure. The feedback, given openly, is comprehensive and serves to motivate staff.

Introduction of Stock Option Incentive Plan

The introduction of an incentive plan involving the granting of stock options in accordance with the Japanese Commercial Code was approved at the Ordinary General Meeting of Shareholders on June 28, 2001. Under this plan, designed to sharpen the motivation of senior management in enhancing shareholder value, a maximum of 500,000 shares in total are to be granted at a predetermined price to 141 people (28 directors, and 113 associate directors and general managers). Recipients may not exercise the option within the first two years. Subsequent to that initial period, the option must be exercised or waived within the next two years. The following is an outline of the plan.

1. Method

Granting of stock options by way of repurchase of shares of Toyota Industries Corporation in accordance with Article 210-2 of the Commercial Code

2. Recipients

Twenty-eight directors and 113 employees (associate directors, general/grade 1 managers) of Toyota Industries Corporation

3. Number of shares to be granted

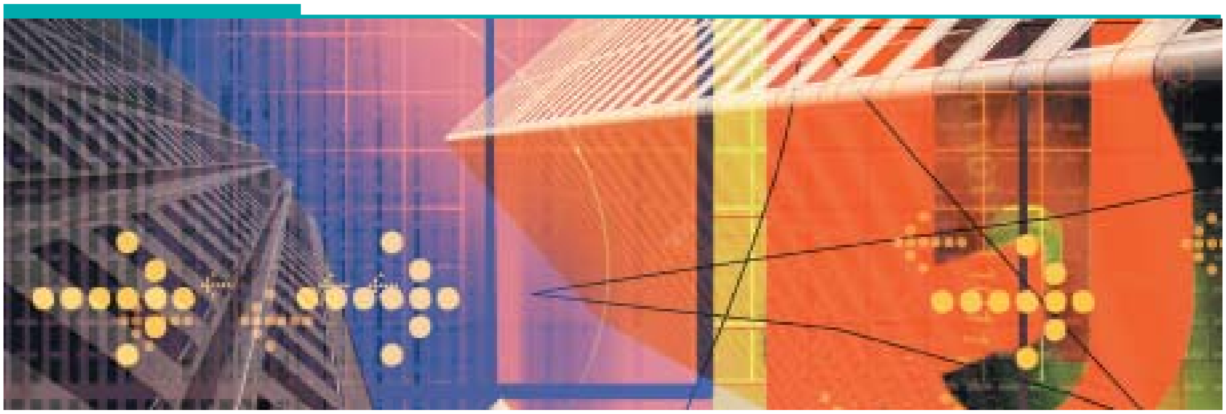
Each director and qualifying employee will be granted a maximum of 15,000 and a minimum of 2,000 shares.

4. Grant price

The higher of the closing price on Tokyo Stock Exchange on the date of grant and 1.05 times the average closing price in the full calendar month prior to the month of the grant date

5. Exercise period of options

July 1, 2003 to June 30, 2005



Corporate Governance

Toyota Industries Corporation is determined to act within both the letter and the spirit of the law, in Japan and overseas. It seeks to pursue its business activities in a fair manner, and to do so in a transparent way. In accordance with this principle, we attempt to provide the highest possible levels of disclosure and accountability to shareholders and others concerned.

We have adopted the divisional organization system; as a rule, the day-to-day operations of each business have been entrusted to the authority of the division manager. Matters concerning strategic decision-making and the establishment of divisional and company-wide business goals are discussed and decided in the management committees and meetings described below. Necessary issues, when appropriate, are presented and discussed at meetings of the Board of Directors.

Board of Directors

The Board of Directors, the highest body for making corporate decisions related to business and affairs throughout the entire operation, is composed of 32 members, including corporate auditors. The Board of Directors makes decisions about important matters concerning corporate management, except for those matters that come within the authority of the general meeting of shareholders. The Board is chaired by either the Chairman or the President. The Board deliberates upon matters specified in commercial law, articles of incorporation and regulations of the Board of Directors. Meetings are held once a month as a rule.

Board of Auditors

The Board of Auditors is composed of four corporate auditors, including two standing auditors. The corporate auditors, appointed at the general meeting of shareholders, conduct an operations audit as well as an accounting audit. For this purpose, the auditors are granted a great deal of authority. In the operations audit, they investigate whether ordinances and articles of incorporation are being observed in the execution of the duties of the directors. In order to prevent illegal or improper resolutions from being made at the Board meeting, the auditors attend the meeting and are able to give their opinions if necessary. If any violation of an ordinance or articles of incorporation is made by a director or the prospect of such a violation is identified, it is reported to the Board of Directors.

In the accounting audit, the consistency of the accounting auditor's auditing method and results is assessed. If the accounting auditor's auditing method or results are identified as inconsistent, the auditors include the matter and the reason for it in the audit report.

Management Committee

The Management Committee deliberates upon important matters concerning all aspects of management. The Committee is composed of most of the directors and standing auditors. It is chaired by the President. Necessary issues are presented to the Board of Directors for discussion and decision.

Expanded Executive Vice President's Committee

As a rule, the Expanded Executive Vice President's Committee, composed of the eight directors at and above the level of Senior Managing Director, deliberates upon the company's important management issues such as business operations, new products, overseas matters, and IT. The Committee is chaired by the President. Compared to the Management Committee and others, the Expanded Executive Vice President's Committee can deliberate with relatively few members, allowing swift, flexible and rapid decision-making. Necessary issues are presented to the Board of Directors for discussion and decision.

Divisional System and In-House Company System

In order to respond rapidly to changes in the business environment, the divisional system organization was adopted in 1971. Based on the divisional system, diversification has been proceeding efficiently in the vehicle, engine, car air-conditioning compressor, textile machinery and electronics businesses. Also, operational management authority has been vested in division managers, who have responsibility for their divisions' sales volume, profits and losses. Because management responsibility has been clarified, rapid decision-making is possible, which has contributed to the improvement and expansion of business performance.

Taking advantage of the opportunity presented by the transfer of the industrial equipment sales division from Toyota Motor Corporation, an in-house company system was established for the Industrial Vehicle Division and Materials Handling System Division, and we created an "in-house company," TOYOTA Material Handling Company, in April 2001. The purpose of this arrangement is to give TOYOTA Material Handling Company a greater degree of autonomy than other divisions. If this "in-house company" system proves successful in terms of net sales, operating income, return on assets (ROA) and cash flows, we will consider extending it to other divisions.

Corporate Code of Conduct Council

In 1991, we established a Code of Conduct Council for the purpose of promoting awareness of ethical, legal, social and environmental issues. The Council is chaired by a Senior Managing Director. In 1998, the Council published a guide for employees containing specific guidelines on good conduct.

The Council liaises closely with the Legal Department, the Personnel Affairs and Labor Relations Department, and the Corporate Audit Office, among others. It also conducts regular checks of each department and promotes educational activities.

Toyota Industries' Basic Philosophy

Respect for the Law
Toyota Industries is determined to comply with the letter and the spirit of the law, in Japan and overseas, and to be fair and transparent in all its dealings.

Respect for Others
Toyota Industries is respectful of the people, culture and tradition of each country and region in which it operates. It also works to promote economic growth and prosperity in those countries.

Respect for the Natural Environment
Toyota Industries believes that economic growth and conservation of the natural environment are compatible. It strives to offer products and services that are clean, safe and of high quality.

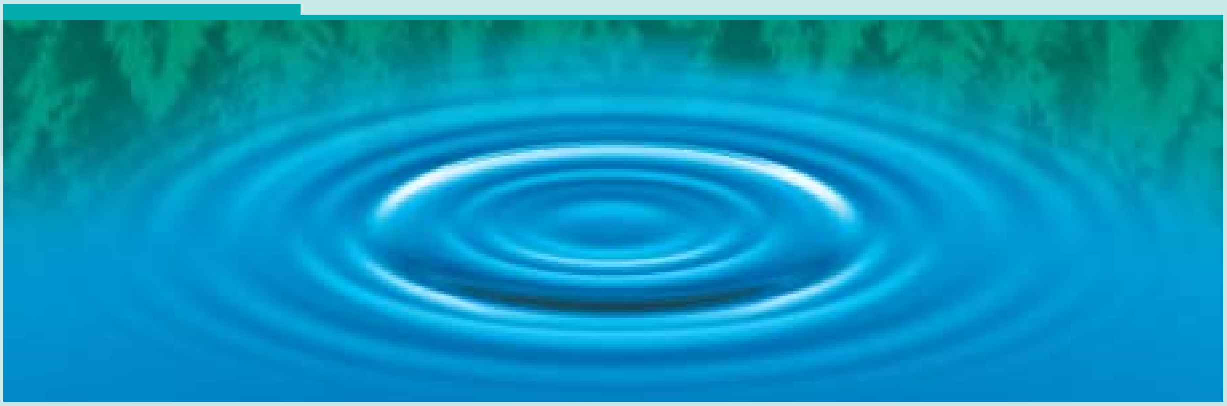
Respect for Customers
Toyota Industries conducts intensive product research and forward-looking development activities to create new value for its customers.

Respect for Employees
Toyota Industries nurtures the inventiveness and other abilities of its employees. It seeks to create a climate of cooperation, so that employees and the company can realize their full potential.

Goals and Objectives Management

Each fiscal year, the President sets corporate objectives and business targets for each division. In order to attain these targets and objectives, action items are broken down, clarified and expanded not only at the departmental and group level, but also at the individual level. According to this fiscal-year goals and objectives management system, corporate targets, business objectives and action items penetrate all the way to the bottom of the organization, and fiscal-year corporate goals and business objectives can be attained. Thanks to the system, goals, objectives and action items become clear at the individual level.

Furthermore, in April 2001, the new assessment/remuneration system for white-collar employees below the level of senior staff was revised. Goals and objectives management has become closely tied to our objective attainment assessment, the backbone of which is the new assessment/remuneration system, and interrelated with the salary of all white-collar employees.



Caring for the Environment

Basic Principle

Toyota Industries, recognizing that preservation of the global environment is one of the most pressing issues of the 21st century, embraces environmental soundness as a crucial business concern. Our basic corporate principle states that "Toyota Industries believes that economic growth and conservation of the natural environment are compatible. It strives to offer products and services that are clean, safe and of high quality." In accordance with this principle, we have been actively engaged in the protection of the environment.

Environmental Protection Activities

We devised our First Environmental Action Plan in 1993. In this plan, we specified three basic policies, namely to "establish an in-house system," "manage our business activities reflecting concerns for the environment" and "contribute to society." Each division then responded with a detailed program of environmental policies and acted on them. In 1996, we announced our Second Environmental Action Plan to confront new environmental challenges. We also started activities to obtain ISO14001 certification.

Third Environmental Action Plan

Toyota Industries has two ideals: First, to balance corporate activities with the preservation of the global environment, and second, to contribute to a recycling-oriented society. As the targets set out in the second plan, including ISO14001 certification for each division, have almost been met, we once again revised the whole plan in August 2000 and announced the Third Five-year Environmental Action Plan (from April 2001 to March 2006). This plan defines specific targets and activity guidelines, including zero emissions* at all of Toyota Industries' plants by March 2004. To be implemented by all Toyota Industries Group members, it is designed to make these ideals a reality. Following is an outline of the plan.

* *Toyota Industries defines "zero emissions" as "reducing landfill waste to less than 5% of the fiscal 1999 (April 1998 to March 1999) level."*

Environmental Policies

1. Conduct corporate activities that are considerate of the environment at every stage of a product's life cycle, from development through design, production, use and disposal, so as to provide clean and safe products
2. Strive to intensify environmental management, including that of consolidated subsidiaries, for the further advancement of corporate activities that support environmental protection
3. Promote social contribution, information disclosure and knowledge through wide-ranging cooperation with society on environmental protection, with the ultimate aim of achieving a better global environment

Action Guidelines

1. Develop and provide clean products with minimal environmental impact

(1) Thoroughly incorporate environmental considerations in development and design

(2) Promote "green" procurement

2. Promote manufacturing that strives for zero emissions

(1) Further reduce adverse environmental impacts through resource and energy conservation

(2) Voluntarily set, execute and monitor goals through the Environmental Committee

3. Expand environmental management systems

(1) Strengthen cooperation between the company and its subsidiaries and trading partners

(2) Firmly grasp environmental protection costs and cost-efficiency

4. Actively participate in public environmental protection efforts as a responsible corporate citizen

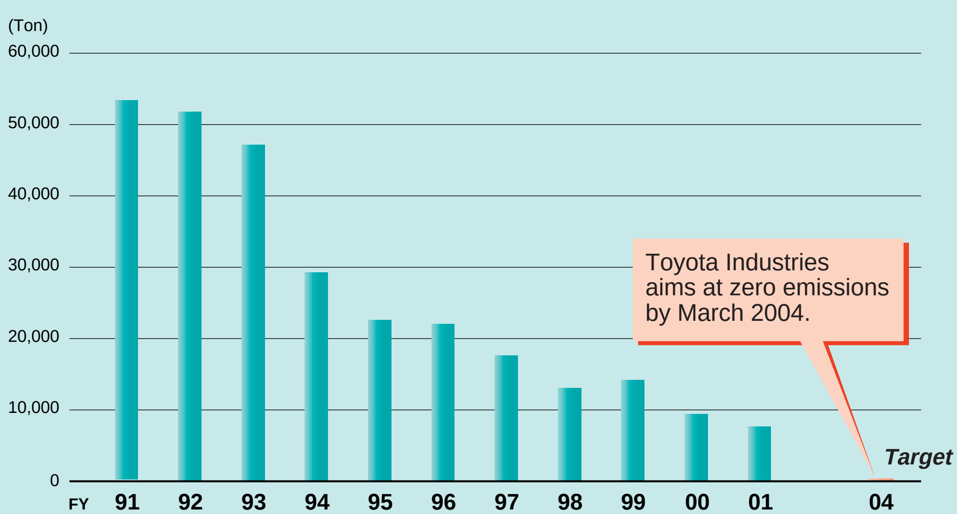
(1) Engage in the creation of a recycling-oriented society

(2) Thoroughly implement active information disclosure and communication with local communities

Outline of ISO 14001

Specific numerical targets include the following: By the end of March 2006, reducing total CO_2 emissions to 95% of the fiscal 1991 level, and to 90% of the fiscal 1991 level by the end of March 2011; by the end of March 2006, reducing total emissions of PRTR (Pollutant Release and Transfer Register) substances specified by the Ministry of the Environment to 50% of the fiscal 1999 level; and by the end of March 2006, reducing total VOC (Volatile Organic Compounds) emissions from paint lines to 50% of the fiscal 1999 level.

Companywide Waste Emissions



System for Environmental Activities (In-House Organization)

To tackle environmental issues in a consistent and organized manner, we have set up the Environmental Committee, chaired by the President. The committee has five specialized subcommittees. Also, each plant has organized its own Plant Environmental Committee and specialized subcommittees to deal with environmental issues regarding individual manufacturing facilities.

Compliance with International Environmental Standards

Toyota Industries is working to obtain ISO14001 certification in order to establish a company-wide environmental management system and fulfill its corporate responsibilities for international environmental protection. As of April 2001, all the production plants of Toyota Industries (i.e., the parent company) had received ISO14001. The same applies to MACI, TIEM and TIESA, our overseas production bases. Four plants of BT Industries acquired ISO14001 certification by March 31, 2001, and its other plants are currently preparing for certification. We are now seeking to obtain certification for our non-production offices and other group companies.

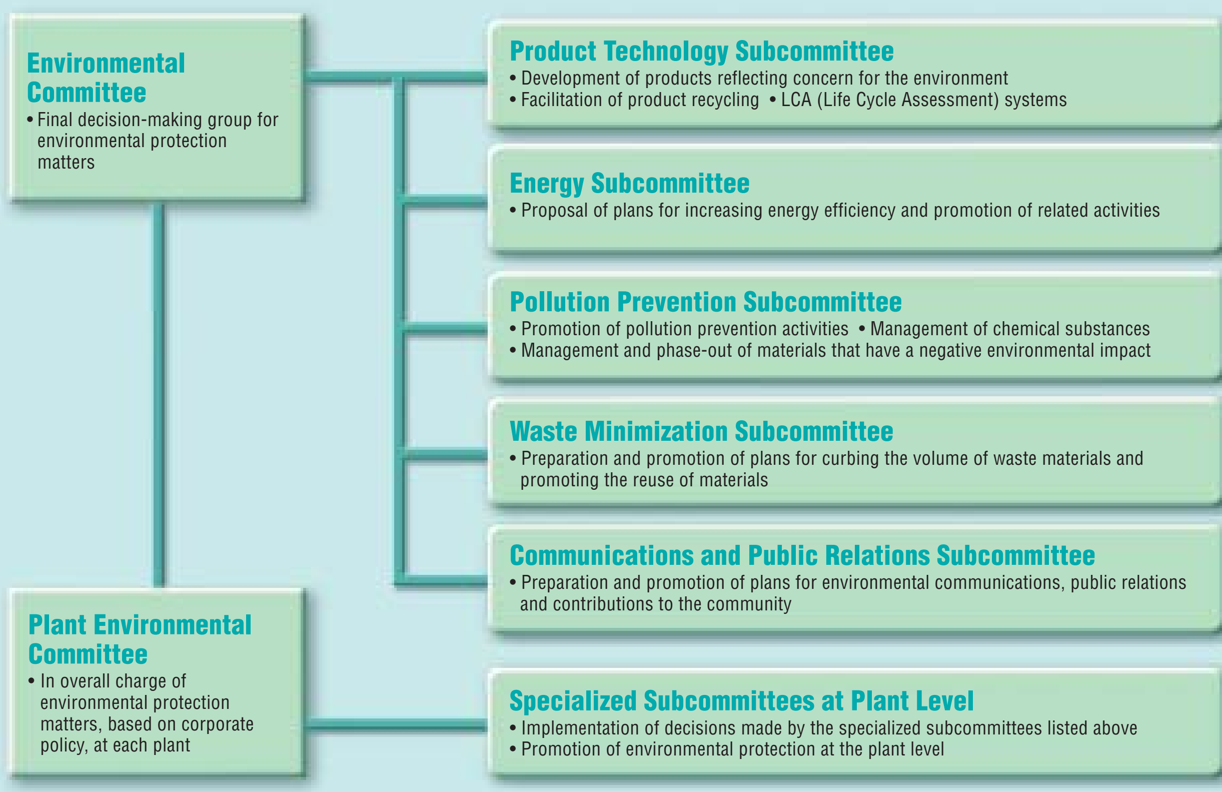
Environmental Audits

Internal audits are carried out by an on-site team with a thorough knowledge of plant operations and specialist training. External auditors from an independent inspection institution visit each site to check that ISO14001 standards are properly met. In fiscal 2001, the external auditors found no significant violations.

Environmental Training

Based on the notion that it is important to raise the environmental awareness of each employee, Toyota Industries regularly conducts environmental training and education programs. These programs include courses for training internal auditors, providing ISO14001 internal auditing education for divisional project leaders, and general education programs for all employees.

Internal Organization for Environmental Activities



Environmental Accounting

While international bodies are working on the range and definition of environmental costs, we are calculating the costs of environmental investment and maintenance and studying cost-efficiency in accordance with the guidelines laid down by the Japanese Ministry of the Environment.

Environmental Reporting

We believe that it is important to explain our environmental protection activities to the general public. In December 1999, we published our first Environmental Report. In August 2001, we published our third edition, Environmental Report 2001. It contains a summary of the activities and performance of our environmental protection programs. To obtain copies of this report, see the last page of this annual report. The contents of the report are also posted on our Web site.

Toyota Industries is working to acquire ISO 14001 certification as part of its group-wide environmental management efforts.

Environmental Protection of Soil and Underground Water

In 1984, Toyota Industries stopped using trichloroethylene, before the Japanese government designated the chlorinated organic compound as toxic. In 1994, under provisional guidelines for soil and underwater pollution issued by the Ministry of the Environment, we voluntarily conducted soil inspection of our plant premises for the substance. We discovered that the amounts of trichloroethylene (including cis-1, 2-Dichloroethylene, a decomposed variant) at the Kariya Plant and the Kyowa Plant in March 1996 and June 1998, respectively, exceeded the allowable limits set by the Ministry of the Environment. Upon this finding, we conducted a more detailed inspection and started a continuous cleanup campaign. Our top priority was to prevent the pollutant from seeping outside the plant sites. We created barrier wells along the downstream side of the plants and pumped out underground water for seepage prevention and purification.

We voluntarily reported the situation to the local government and the local public health center. The health center immediately carried out inspections of surrounding wells, and confirmed that the amount of the chemical in the wells for drinking water was below the recommended limit.

Though we are not legally bound to publicize these incidents, all Toyota Group companies act upon a common policy to disclose as much information as possible to local communities. In accordance with this policy, Toyota Industries, along with other Toyota Group members, held a briefing session for the residents of the communities on April 27, 2001 and released the findings to the press.

We will remain vigilant about this matter and continue the cleanup campaign. We will also disclose information on other environment-related issues if such issues arise.

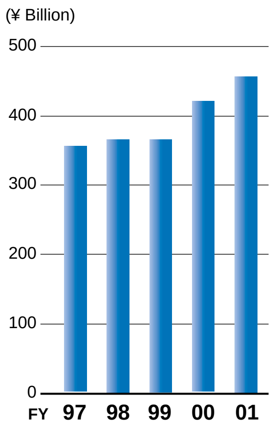
For more detailed information, please refer to the Environmental Report 2001, published in August 2001.

The first year of the third millennium turned out extremely well for all of Toyota Industries' businesses. Details of fiscal 2001 (April 1, 2000 to March 31, 2001) are as follows:

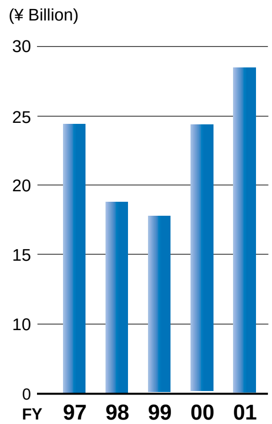
Automobile Segment

Net sales of the Automobile Segment in fiscal 2001 totaled ¥457.6 billion (US$3,693.6 million), up 8.1% over fiscal 2000 (April 1, 1999 to March 31, 2000) and representing 59.6% of total net sales. Operating income was ¥28.5 billion (US$230.2 million), up 16.8%.

Net Sales of the Automobile Segment



Operating Income of the Automobile Segment



Vehicle Business

The vehicle business accounts for the largest portion of sales in the Automobile Segment. During the year under review, Toyota Industries manufactured two TOYOTA-brand models, the Vitz (Yaris), TMC's global strategic small car, and the Sprinter Carib (exported outside Japan as the Corolla Wagon), a compact station wagon.

Because the model was nearing the end of its life cycle, the number of Sprinter Caribs (Corolla Wagons) sold in fiscal 2001 decreased by 15,075 units from fiscal 2000 to 13,454 units. On the other hand, although two years have passed since the commencement of production in January 1999, sales of the Vitz (Yaris) increased to 262,460 units, up 38,360 over fiscal 2000. These models are manufactured under consignment from TMC and are all sold to TMC.

Total net sales reached ¥195.9 billion (US$1,581.0 million), up 2.3% over fiscal 2000.

Toyota Motor Manufacturing France S.A.S., a manufacturing subsidiary of TMC, started production of the Yaris in January 2001. Domestic production for export will therefore gradually decrease. However, because we received new orders from TMC to produce the RAV4, a compact sport utility vehicle, starting May 2001, and the bB Open Deck, a tall, box-like, compact vehicle with a small pickup bed, starting June 2001, we expect the impact to be minimal.

Engine Business

The major products in Toyota Industries' engine business are diesel and gasoline engines for TOYOTA-brand automobiles and forklift trucks.

Diesel engines sold in fiscal 2001 totaled 170,344 units, down 3.5% from fiscal 2000. This result reflects a reduction in shipments of 2000cc class C-type diesel engines and 4000cc class HZ-type diesel engines, which outweighed an increase in shipments of 2000cc class direct injection 1CD-type diesel engines with a common rail fuel system, and diesel engines for forklift trucks.

Gasoline engines sold in fiscal 2001 totaled 182,719 units, up 10.9% over fiscal 2000. This result mainly reflects increased sales of 5E-type and Y-type engines in line with a recovery in the domestic automobile market. New orders from TMC to produce 2UZ-type gasoline engines also helped.

The total number of engines sold in fiscal 2001 increased 3.5% to 353,063. Total net sales of the engine business amounted to ¥102.1 billion (US$824.0 million), up 11.1%.

Car Air-Conditioning Compressor Business

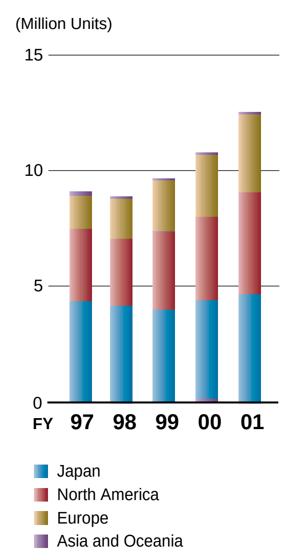
This business develops and manufactures compressors, a core part of car air-conditioning systems.

New orders and stable car sales contributed to a sound performance in both domestic and overseas markets.

Car air-conditioning compressors sold in the domestic market totaled 4.6 million units, up 8.7% over fiscal 2000.

In North America, despite an economic slowdown in the U.S., sales increased to 4.4 million units, up 18.0%. Fixed displacement compressors, which have excellent reliability at high running speeds, were particularly well received by customers.

Car Air-Conditioning Compressor Unit Sales



Car air-conditioning compressors produced for the European market totaled 3.4 million units, up 26.2% over fiscal 2000. This result reflects an expansion in the European market due to the increase of cars fitted with air conditioners, as well as the winning of new orders after fierce competition among rival manufacturers. In Europe, our variable displacement compressors for luxury cars are highly regarded. We are now making efforts to increase sales of variable displacement compressors for compact cars.

Total units sold in fiscal 2001 amounted to 12.5 million, up 16.6% over fiscal 2000. Total net sales were ¥139.6 billion (US$1,126.5 million), up 16.0%.

All car air-conditioning compressors manufactured by Toyota Industries are sold to major automobile manufacturers globally through DENSO Corporation.

Materials Handling Equipment Segment

The Materials Handling Equipment Segment encompasses the industrial vehicle business and the materials handling system business, which includes automated storage and retrieval systems and automatic guided vehicle systems. Industrial vehicle business sales accounted for about 97% of the Materials Handling Equipment Segment in fiscal 2001.

Total net sales of the Materials Handling Equipment Segment were ¥236.5 billion (US$1,908.8 million), up 58.6% over fiscal 2000. Operating income was ¥14.5 billion (US$117.4 million), up 153.0%. These figures include the second half of BT Industries, acquired in June 2000.

Industrial Vehicle Business

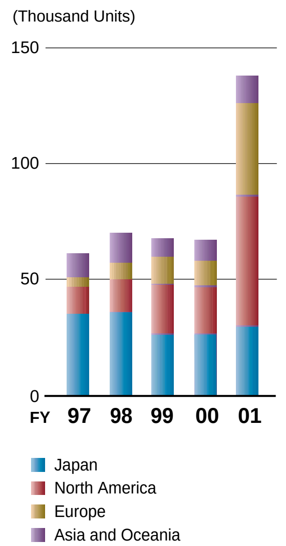
Despite signs of a downturn in the U.S. economy in the second half of fiscal 2001, overall demand in the U.S. and Europe remained fairly strong. Unit shipments of industrial vehicles such as forklift trucks for overseas markets increased 4,741 units over fiscal 2000 to 44,419 units (excluding those of BT Industries). In Japan, increased private sector capital equipment investment boosted sales. The GENEO-B (7FB overseas), an electric counterbalanced forklift truck, sold well among environmentally conscious users. In January 2001, we launched the GENEO-R, a new electric reach truck. As a result of these factors, our share of forklift truck sales in the domestic market in fiscal 2001 exceeded 40% for the second consecutive year. Unit shipments totaled 27,500, up 2,688 over fiscal 2000. Total shipments of other industrial vehicles, including tow tractors, skid steer loaders, shovel loaders and scrubbers, decreased 201 units to 1,974 units over fiscal 2000.

The main product of Toyota Industries' industrial vehicle business had always been the counterbalanced forklift truck. In June 2000, as part of our global strategy, we acquired 97% of the outstanding shares of BT Industries AB of Sweden for SEK7.4 billion (US$759.3 million)*1, to complement and strengthen our product lineup. As a result, Toyota Industries can not only offer industrial trucks but can also provide comprehensive materials handling solutions. BT Industries continued to perform well during calendar 2000.

In addition, an agreement was entered into in December 2000 to transfer TMC's industrial equipment sales division to Toyota Industries. As a result, as of April 1, 2001, all of TMC's industrial equipment and related operations were combined within Toyota Industries. These moves will enable us to provide products and services that further satisfy customer needs.

*1 *U.S. dollar amounts have been translated from Swedish krona, for convenience only, at the rate of SEK9.69 = US$1. After the June 2000 purchase, we continued to buy BT Industries' shares, holding 98.2% of its equity as of March 31, 2001.*

Industrial Vehicle Unit Sales*2
(Shipments from Plants)

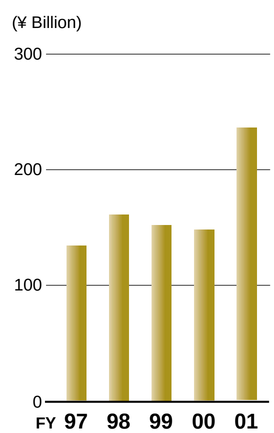


*2 *The figure for fiscal 2001 includes the unit shipments of BT Industries.*

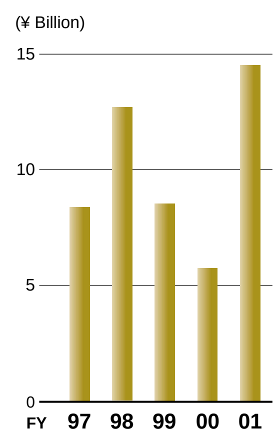
Materials Handling System Business

The materials handling system business develops and manufactures systems such as automated storage and retrieval systems and automatic guided vehicles for the Japanese market. As a result of a slight recovery in equipment investment in the private sector and enhanced sales efforts, sales increased by more than 80% over fiscal 2000.

Net Sales of
the Materials Handling
Equipment Segment



Operating Income of
the Materials Handling
Equipment Segment



Textile Machinery Segment

The Textile Machinery Segment consists mainly of the spinning machinery business, including ring spinning frames, and the weaving machinery business, including air-jet looms.

Net sales of this segment totaled ¥33.2 billion (US$268.3 million), up 43.7% over fiscal 2000. Operating income improved dramatically to ¥35 million (US$0.28 million), thanks to increased sales and the positive effects of structural streamlining. The export ratio is very high in this business, and exports accounted for 94.6% of total net sales for fiscal 2001.

Spinning Machinery Business

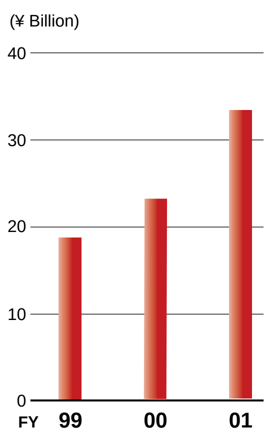
The spinning machinery business won new orders from Uzbekistan and increased sales in Thailand, Pakistan and Indonesia. As a result, net sales totaled ¥11.8 billion (US$95.4 million), up 101.0% over fiscal 2000. This business also includes the manufacture and sale of roving frames and drawing frames.

Weaving Machinery Business

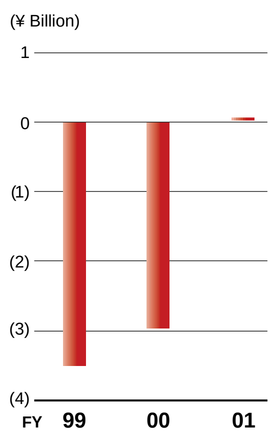
Orders from South Korea and Taiwan for air-jet looms, the core product of this business, decreased. This was offset by dramatically increased sales in China, as well as moderate sales increases in Indonesia and Thailand. As a result, the number of units sold totaled 4,578, up 973 over fiscal 2000. Sales of water-jet looms totaled 1,202 units, up 391 units, due mainly to increased sales in China and South Korea. Total sales of the weaving machinery business increased 24.1% to ¥21.4 billion (US$172.8 million).

We continue to promote rationalization of our Textile Machinery Segment in order to raise productivity, and are also working to lower costs and strengthen the product line.

Net Sales of the Textile Machinery Segment*3



Operating Income of the Textile Machinery Segment*3



*3 *From fiscal 1999, the Textile Machinery Segment has been separated from the Others Segment.*

Others Segment

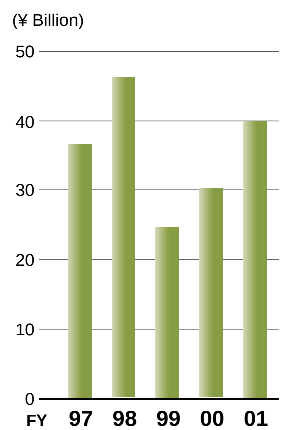
The Others Segment comprises businesses that we entered comparatively recently. Although the businesses are still small, they are expected to grow rapidly and become strategic operations of Toyota Industries.

ST-LCD*4, a joint venture with Sony Corporation, forms the core of our Others Segment. It produces low-temperature poly-Si TFT LCDs, expected to become a next-generation LCD. In addition, TIBC was established as a joint venture with Ibiden Co., Ltd., and began production of plastic package substrates for IC chipsets in April 1999. This segment also covers the press die business and others.

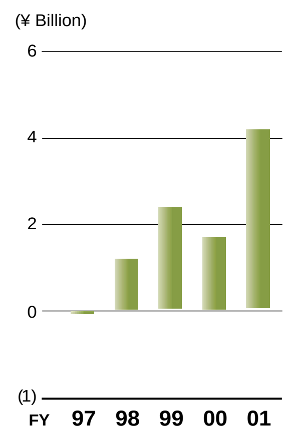
Although the growth of high-tech companies, our main customers, slowed slightly in calendar 2000, both ST-LCD and TIBC expanded sales according to plan. Net sales of this segment totaled ¥40.0 billion (US$322.9 million), up 32.8% over fiscal 2000. Operating income was ¥4.4 billion (US$35.2 million), up 480.5%.

*4 *Net sales of ST-LCD are accounted by the equity method and are not included in consolidated net sales and operating income or loss.*

Net Sales of the Others Segment*4



Operating Income of the Others Segment*4
(Including Elimination of Inter-Segment Transactions)



Consolidated Five-Year Summary

Toyota Industries Corporation
Years ended March 31, 2001

	Millions of yen				
	2001	2000	1999	1998	1997
Net sales	¥ 767,383	¥625,773	¥558,876	¥572,698	¥530,851
Operating income	47,304	28,867	24,814	32,729	32,675
Income before income taxes	38,220	27,162	23,172	33,202	31,157
Net income	22,637	13,686	10,391	20,491	17,931
Total assets	¥1,869,642	¥685,914	¥617,071	¥593,004	¥556,291
Shareholders' equity	951,298	316,293	301,158	304,097	281,154
Common stock	68,019	40,178	40,178	40,133	31,458
Shares outstanding at year-end (thousands)	313,296	283,296	283,296	287,752	282,233
Overseas sales	¥ 298,794	¥191,992	¥178,937	¥150,417	¥116,738
Depreciation and amortization	46,454	42,752	34,380	27,958	28,043
Capital expenditures	127,273	44,746	60,468	62,007	35,408
Research and development expenses	26,196	24,062	23,231	23,112	19,691
Per share of common stock (yen):					
Net income — basic	¥ 75.90	¥ 48.32	¥ 36.30	¥ 72.33	¥ 63.55
Net income — diluted	67.77	43.18	32.62	63.48	55.20
Shareholders' equity	3,036.77	1,116.62	1,063.05	1,056.81	996.18
Cash dividends	17.00	16.00	16.00	16.00	16.00
Indices:					
Return on equity (ROE) (%)	3.6	4.4	3.4	7.0	6.5
Return on assets (ROA) (%)	1.8	2.1	1.7	3.6	3.6
Return on sales (ROS) (%)	2.9	2.2	1.9	3.6	3.4
Debt / equity ratio (%)	30.7	60.5	51.6	37.5	46.0
Interest coverage (times)	9.1	14.5	16.4	17.6	13.0
EBITDA (millions of yen)	79,921	64,681	51,033	55,212	55,548
Number of employees	21,118	13,132	12,797	11,239	10,738

Notes: 1. The differences of the accounting methods for fiscal 2000 and fiscal 2001 are described in Notes to Consolidated Financial Statements.
2. Net income per share, ROE and ROA are computed based on the average number of shares, shareholders' equity and total assets, respectively, during each year.
3. Debt /equity ratio = Interest-bearing debt / Shareholders' equity
4. Interest coverage = (Operating income + Interest and dividends income) / Interest expenses
5. EBITDA = Income before income taxes + Interest expenses – interest and dividends income + Depreciation and amortization

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations is based on information known to management as of June 28, 2001.

Further, this Management's Discussion and Analysis of Financial Condition and Results of Operations includes forward-looking statements concerning the expected future performance of Toyota Industries Corporation ("Toyota Industries"). Please refer to "Cautionary Statement with Respect to Forward-Looking Statements" at the beginning of this annual report. This cautionary statement pertains to the report as a whole.

Finance

Toyota Industries' financial policy is to ensure sufficient funds for its business activities, to maintain appropriate liquidity and to sustain healthy balance sheets.

Currently, in principle, funds for capital expenditures and other long-term capital needs are raised from retained earnings and long-term debt, and working capital needs are met through short-term bank loans. Long-term debt financing is carried out mainly through issuances of bonds, including convertible bonds.

The 7.4 billion Swedish krona (¥89.2 billion) used for the acquisition of BT Industries AB ("BT Industries") in June 2000 was raised temporarily through issuances of commercial paper, to be replaced later through issuances of bonds and new shares. Toyota Industries issued ¥80.0 billion in commercial paper for the tender offer. Then, in July 2000, Toyota Industries carried out its eighth and ninth issuances of bonds without collateral, ¥20.0 billion each for a total of ¥40.0 billion. The funds raised in this way were used mainly to redeem ¥60.0 billion in commercial paper. In addition, in October 2000, Toyota Industries carried out a capital increase by issuing 30 million shares, comprising 20 million shares for distribution in Japan and 10 million for distribution outside Japan, at the market price. This raised a total of ¥55.7 billion. Part of these funds was used to redeem the remaining ¥20.0 billion in commercial paper. The decision to issue the new shares was made based on a comprehensive management evaluation made from a medium-term perspective. The intention was to maintain a sound financial condition and expand Toyota Industries' range of shareholders and investors worldwide. Part of the funds raised through the issuance of new shares has been appropriated as capital expenditures for the car air-conditioning compressor business and for other operations.

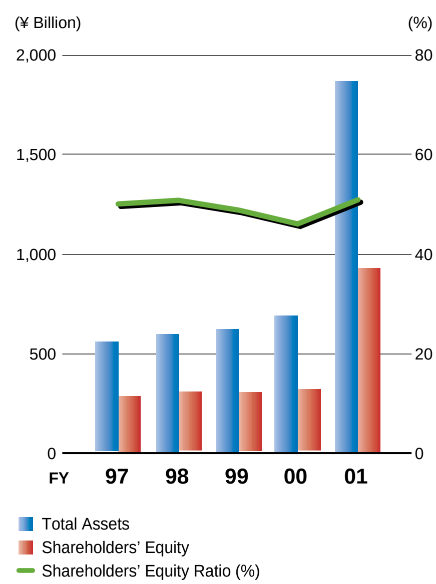
Toyota Industries' financial condition remains solid. Through the use of cash and cash equivalents, short-term investments and other current assets, as well as free cash flows and fund-raising from financial institutions, Toyota Industries believes that it will be able to provide sufficient funds for the working capital necessary to expand existing operations and develop new projects, and for future capital expenditures.

Financial Position

Total assets as of the end of the fiscal year ended March 31, 2001 stood at ¥1,896.6 billion (of which BT Industries accounted for ¥193.8 billion), an increase of ¥1,183.7 billion (172.6%) from the previous fiscal year. This is due largely to a sharp increase in the valuation of investment in securities following the application of new accounting standards for financial instruments (fair value accounting). It also reflects an increase in assets and liabilities accounts that accompanied the consolidation of BT Industries.

Current assets increased ¥106.1 billion (54.3%) to ¥301.4 billion (of which BT Industries accounted for ¥65.9 billion). This is attributable mainly to increases in trade notes and accounts receivable, inventories, and cash and cash equivalents that accompanied the consolidation of BT Industries. Trade notes and accounts receivable increased ¥31.0 billion (46.6%) to ¥97.5 billion. Inventories increased ¥22.6 billion (74.6%) to ¥52.8 billion, while the inventory turnover period increased from 16.8 days to 19.7 days. Cash and cash equivalents increased ¥18.0 billion (23.2%) to ¥95.3 billion.

Total Assets, Shareholders' Equity and Shareholders' Equity Ratio



Property, plant and equipment increased ¥36.0 billion (13.9%) to ¥294.7 billion (including BT Industries' ¥19.1 billion). More than half of this increase is attributable to an increase in machinery, equipment and vehicles, and buildings and structures due to the addition, after consolidation, of BT Industries' machinery, equipment and vehicles, and buildings and structures.

In intangible assets, due to the acquisition of BT Industries, goodwill is newly accounted for at ¥86.4 billion (including BT Industries' portion, and reflecting ¥2.3 billion in amortization of goodwill during the fiscal year). Goodwill for the acquisition of BT Industries will be amortized using the straight-line method over a period of 20 years.

Investments and other assets increased ¥965.9 billion (439.6%) to ¥1,185.6 billion (including BT Industries' ¥22.2 billion). This is attributable largely to a reevaluation (¥950.4 billion effect, gross of tax) at market prices as of March 30, 2001 of shares of Toyota Group companies, including Toyota Motor Corporation ("TMC"), and other shares held by Toyota Industries, due to the adoption of fair value accounting. These shares had been valued at their acquisition cost up to the previous fiscal year. In total, investment in securities increased ¥954.0 billion (498.9%) to ¥1,145.2 billion.

Toyota Industries, primarily in its Automobile Segment, has a very close business relationship with each of the Toyota Group companies, and it recognizes that holding securities of each of these business partners contributes to mutual management stability. From a long-term point of view, Toyota Industries firmly believes that maintaining and improving the competitive strength of the Toyota Group raises its profitability and contributes to increasing its corporate value.

Current liabilities increased ¥67.7 billion (46.4%) from the previous fiscal year to ¥213.6 billion (including BT Industries' ¥42.7 billion). This is due mainly to increases in trade notes and accounts payable and short-term bank loans reflecting the consolidation of BT Industries. Trade notes and accounts payable was ¥103.4 billion, an increase of ¥25.3 billion (32.4%). Short-term bank loans increased by ¥12.9 billion (125.2%) to ¥23.2 billion.

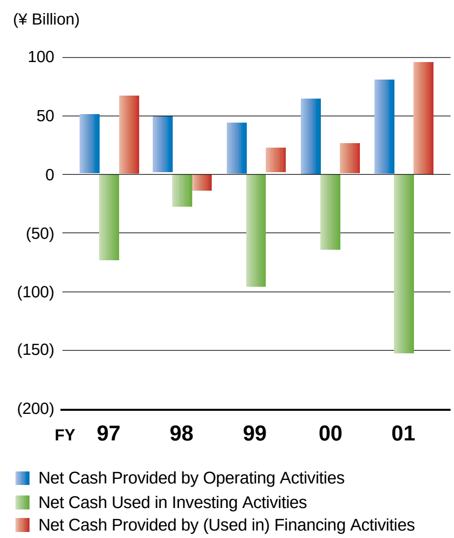
Long-term liabilities were ¥686.6 billion (including BT Industries' ¥50.5 billion), an increase of ¥483.2 billion (237.5%) from the previous fiscal year. The main reason for this increase is the application of fair value accounting, which added an amount of ¥391.6 billion, and increased deferred tax liabilities by ¥385.5 billion. Other significant factors in this increase are ¥40.0 billion in issuances of bonds without collateral, and an increase in long-term bank loans accompanying the consolidation of BT Industries. Long-term debt increased ¥87.4 billion (48.3%) to ¥268.5 billion.

Shareholders' equity increased ¥635.0 billion (200.8%) to ¥951.3 billion (including BT Industries' ¥99.7 billion). This is due mainly to the application of fair value accounting and an accompanying net unrealized gain on other securities of ¥558.7 billion (net of tax). The capital increase by issuance of new shares at market price resulted in an addition of ¥27.8 billion each to common stock and capital surplus, making a combined addition of ¥55.7 billion to shareholders' equity. Shareholders' equity per share increased to ¥3,036.77 from ¥1,116.62 as of March 31, 2000.

Cash Flows

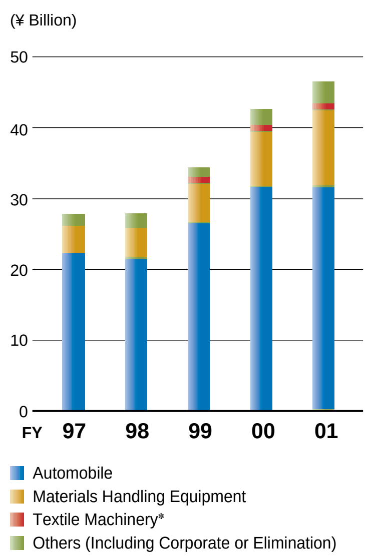
Net cash provided by operating activities was ¥78.4 billion, an increase of ¥10.3 billion (15.2%) over the previous fiscal year. Net cash used in investing activities increased ¥88.7 billion (132.0%) to ¥155.9 billion. Net cash provided by financing activities increased ¥67.0 billion (243.5%) to ¥94.5 billion. As a result, cash and cash equivalents increases ¥18.0 billion (23.2%) to ¥95.3 billion, which includes a slight upward adjustment for the effect of translation adjustments of cash and cash equivalents.

Cash Flows



The increase in net cash provided by operating activities reflects the following: factors reducing cash and cash equivalents were outweighed by factors augmenting cash and cash equivalents. Reducing factors include a reduced increase in payables and a decrease in equity in net loss of affiliates, while augmenting factors include an increase in income before income taxes, an increase in net payments of allowance for retirement benefits (included in others, net), a rise in increase in receivables, and an increase in depreciation and amortization (including amortization of goodwill). The increase in net payments of allowance for retirement benefits is the result of the requirement to compensate for the aggregate funding shortfall in retirement benefit obligation that accompanied the application of new accounting standards for retirement benefits, as well as the addition of provision for retirement and severance benefits for directors and corporate auditors that accompanied a change in accounting. Depreciation and amortization increased ¥3.7 billion (8.7%) to ¥46.5 billion.

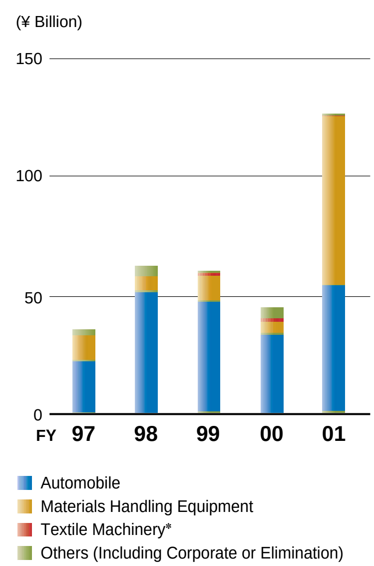
Depreciation and Amortization



An amount of ¥86.1 billion, more than 50% of the net cash flow used in investing activities, is accounted for by payments for acquisition of subsidiaries' stock resulting in a change in scope of consolidation. Of this amount, ¥86.0 billion was utilized for the acquisition of BT Industries' shares. This type of payment did not occur in the previous fiscal year. Payments for purchases of tangible assets were ¥55.1 billion, an increase of ¥3.0 billion (5.8%).

In this connection, capital expenditures increased ¥82.6 billion to ¥127.3 billion (184.4%). This figure includes the amount recorded in goodwill pertaining to the acquisition of BT Industries. By principal segment, capital expenditures includes the following: in the Automobile Segment, ¥54.7 billion, an increase of ¥21.7 billion (65.6%); in the Materials Handling Equipment Segment, ¥70.7 billion, an increase of ¥65.3 billion (1,202.5%); and in the Textile Machinery Segment, ¥0.3 billion, a decrease of ¥0.7 billion (69.3%). In the Automobile Segment, more than half of the amount was used to strengthen Toyota Industries' production capability for car air-conditioning compressors, while most of the amount in the Materials Handling Equipment Segment was accounted for by ¥61.6 billion recorded in goodwill pertaining to the acquisition of BT Industries. Payments for purchases of investment securities were ¥9.7 billion, a decrease of ¥6.4 billion (40.0%). Approximately half of this amount was for additional purchases of shares of Toyota Group companies, such as DENSO Corporation. About a quarter was for purchases of bonds.

Capital Expenditures



Net cash provided by financing activities includes ¥55.2 billion in proceeds from issuances of common stock. There were no such proceeds in the previous fiscal year. In addition, proceeds from issuances of bonds increased ¥10.0 billion (33.3%) to ¥39.8 billion. In this connection, ¥80.0 billion received from issuances of commercial paper in June 2000 was fully redeemed by October 2000 using the proceeds from the issuances of bonds and common stock. These funds were raised primarily for the acquisition of BT Industries. In addition, Toyota Industries paid ¥5.0 billion in cash dividends (including for minority shareholders).

Overview of Performance

Management of Foreign Exchange Risks

The average exchange rate of the yen to the U.S. dollar (TTM) in the fiscal year ended March 31, 2001 was ¥110.58, a year-on-year appreciation of ¥1.04 (0.9%).

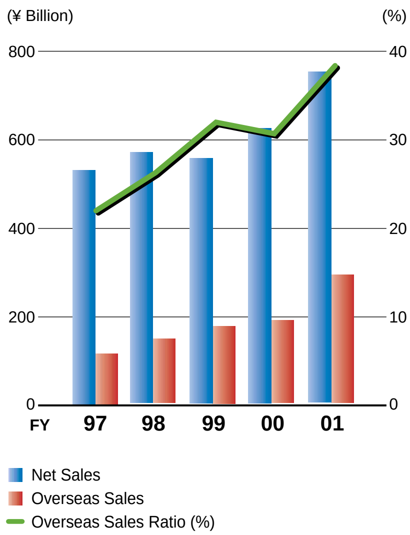
Overseas sales increased ¥106.8 billion (55.6%) over the previous year to ¥298.8 billion, and account for 38.9% of total sales, an increase of 8.2 percentage points. This sharp rise in the ratio to total sales is due primarily to the large expansion of sales in Europe and North America which accompanied the consolidation of BT Industries' results into

* *From fiscal 1999, the Textile Machinery Segment has been separated from the Others Segment.*

Toyota Industries' accounts, which started in the second half of the fiscal year under review.

For the future, as the pace of globalization accelerates, Toyota Industries expects the consolidation of BT Industries into its annual accounts and the integration of production and sales in the materials handling equipment business to result in an upward trend in overseas sales and a further rise in the ratio of overseas sales to total sales. To hedge foreign exchange risks arising from the export and import of materials, parts and products, Toyota Industries uses derivative instruments (interest rate swaps and foreign currency forwards). Toyota Industries will also expand efforts to procure materials and parts and engage in production in areas closer to overseas markets in order to reduce inventories and cut costs.

Net Sales, Overseas Sales and Overseas Sales Ratio



Operating Performance

Although private sector capital investment in Japan showed signs of a slight recovery during the first half of the fiscal year under review, in the second half of the year an economic slowdown in the United States and a slump in the Japanese stock market dampened corporate production activity. These factors, coupled with sluggish consumer spending and other negative factors, led to continued stagnation of the Japanese economy. Outside Japan, although the booming U.S. economy began to falter, the European and Asian economies generally held firm.

In this operating environment, Toyota Industries focused its efforts on product quality and retaining the trust of its customers. It also made efforts to strengthen its corporate structure by stepping up the development of attractive products, aggressively conducting sales promotions, and carrying out a company-wide program to reduce costs. In addition, as a result of the consolidation of BT Industries' results starting in the second half of the fiscal year, Toyota Industries' net sales increased 22.6% and operating income increased 63.9%—for the second consecutive year. Both sales and profit recorded historic highs. The increase in net sales is due primarily to the consolidation of BT Industries and healthy growth in the production of car air-conditioning compressors. The increase in operating income is due largely to the growth in net sales, the success of efforts to reduce costs and raise productivity, and the consolidation of BT Industries.

Net Sales

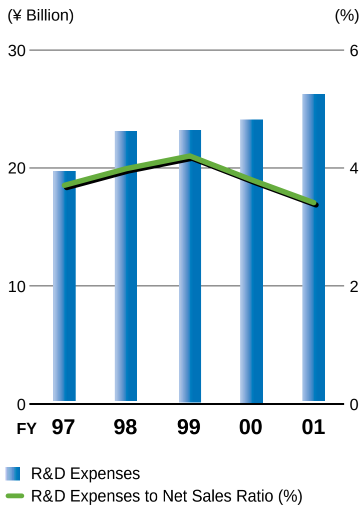
As a result of the factors mentioned above, net sales increased ¥141.6 billion (22.6%) from the previous fiscal year to ¥767.4 billion. BT Industries' net sales contributed ¥69.3 billion to this figure.

Cost of Sales and Selling, General and Administrative Expenses

Due mainly to the consolidation of BT Industries' ¥49.8 billion in cost of sales, Toyota Industries' cost of sales for the fiscal year under review increased ¥105.4 billion (18.9%) to ¥663.0 billion. The ratio of cost of sales to net sales improved from 89.1% to 86.4%, due primarily to the effects of rises in productivity and capacity utilization ratio driven by increased production, cost reduction activities and the consolidation of BT Industries. Selling, general and administrative expenses increased ¥17.7 billion (45.0%) to ¥57.1 billion. (BT Industries accounted for ¥16.2 billion of this figure.) The ratio of selling, general and administrative expenses to net sales increased from 6.3% to 7.4%, largely as a result of the consolidation of BT Industries. These expenses include ¥7.1 billion for labor and ¥3.1 billion for advertising and publicity. The consolidation of BT Industries brought amortization of goodwill for the fiscal year under review (including BT Industries' portion) to ¥2.3 billion.

Research and development expenses, which are included in selling, general and administrative expenses and manufacturing cost, increased ¥2.1 billion (8.9%) to ¥26.2 billion, representing 3.4% of net sales. By principal segment, research and development expenses were ¥16.3 billion in the Automobile Segment, ¥7.9 billion in the Materials Handling Equipment Segment (of which BT Industries accounted for ¥1.3 billion) and ¥0.6 billion in the Textile Machinery Segment.

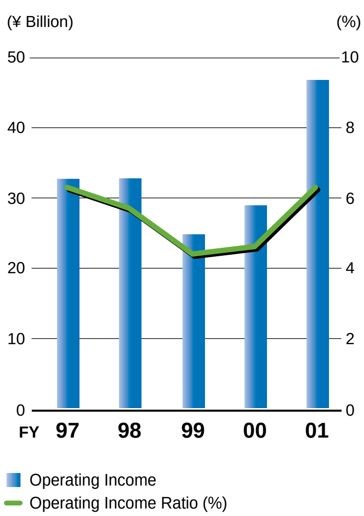
R&D Expenses and
R&D Expenses to Net Sales Ratio



Operating Income

Due to the factors summarized above, operating income for the fiscal year under review increased ¥18.4 billion (63.9%) to ¥47.3 billion. (After deducting amortization of goodwill, BT Industries' contribution was ¥3.3 billion.) The operating income ratio increased from 4.6% to 6.2%.

Operating Income and
Operating Income Ratio



Operating Performance Highlights by Business Segment

The performances of Toyota Industries' main business segments are described below.

In the Automobile Segment, net sales were ¥457.6 billion, an increase of ¥34.2 billion (8.1%), due to increases in sales both in Japan and outside of Japan. In the vehicle business, although the number of Sprinter Carib (Corolla Wagon) units sold decreased from the previous fiscal year, production of the Vitz (Yaris) increased and sales continued to grow, which led to a ¥4.4 billion (2.3%) increase in net sales for this business to ¥195.9 billion. In the engine business, the start of production in August 2000 of the 2UZ-type gasoline engine contributed significantly to the ¥10.2 billion (11.1%) increase in net sales to ¥102.1 billion. In addition, an increase in production capacity in Japan and sales expansion in North America and Europe led to strong growth in the car air-conditioning compressor business, whose net sales rose ¥19.3 billion (16.0%) to ¥139.6 billion. As a result, operating income in the Automobile Segment increased ¥4.1 billion (16.8%) to ¥28.5 billion.

In the Materials Handling Equipment Segment, sales in Japan recovered and steady growth was achieved in sales in North America and Europe. Continued healthy demand in European and North American markets led to an increase in the revenue and earnings of BT Industries, which was consolidated into Toyota Industries accounts starting in the second half of the fiscal year under review. As a result of the above, net sales increased ¥87.4 billion (58.6%) to ¥236.5 billion. Operating income for this segment increased ¥8.8 billion (153.0%) to ¥14.5 billion.

In the Textile Machinery Segment, a recovery in capital investment in Asia, Toyota Industries' leading market, created a positive operating environment. Toyota Industries' energetic sales and service activities led to increased exports to China, Indonesia and Pakistan. As a result, net sales increased ¥10.1 billion (43.7%) to ¥33.2 billion. The increase in net sales plus a major streamlining of operations leading to reduced costs and expenses resulted in operating income, for the first time in many years, of ¥35 million. This compares with an operating loss of ¥3.0 billion for the previous fiscal year.

Non-Operating Income and Expenses

Non-operating income for the fiscal year under review decreased ¥69 million (0.4%) to ¥16.2 billion. Realized gains on sales of securities decreased ¥5.1 billion (87.5%) to ¥0.7 billion. However, including BT Industries' contribution of ¥3.3 billion, interest income increased ¥3.3 billion (370.8%) to ¥4.2 billion.

Non-operating expenses increased ¥1.0 billion (5.6%) from the previous fiscal year to ¥19.0 billion. Although equity in net loss of affiliates decreased ¥4.0 billion (80.7%) to ¥1.0 billion, interest expenses increased ¥3.9 billion (154.6%) to ¥6.4 billion. This latter increase was largely the result of ¥3.3 billion in interest expenses due to the consolidation of BT Industries and ¥0.6 billion in interest expenses for the eighth and ninth issuances of bonds without collateral. The large decrease in equity in net loss of affiliates is due primarily to a better performance, including expanded production volume and improved rejection rate of products, at ST Liquid Crystal Display Corp.

Ordinary Income

Ordinary income increased ¥17.3 billion (63.9%) over the previous fiscal year to ¥44.5 billion. This included ¥3.4 billion contributed by BT Industries after deducting amortization of goodwill.

Extraordinary Gains and Losses

The adoption of new accounting standards for retirement benefits, which became effective in the fiscal year started April 1, 2000, led to an aggregate funding shortfall of ¥19.1 billion in retirement benefit obligation, and the whole shortfall was disposed of as an extraordinary loss ("cumulative effect of change in accounting standards for retirement benefits"). To compensate for this loss, ¥15.1 billion was posted as an extraordinary gain ("gain on securities contribution to employee retirement benefit trust") by an employee retirement benefit trust established through the contribution of certain investment securities held by Toyota Industries.

Also, a change was made in the treatment of Toyota Industries' retirement and severance benefits for directors and corporate auditors. This had been treated as an expense recorded at the time of payment. In order to make period earnings more appropriate and the financial statements healthier from the fiscal year under review, Toyota Industries changed the accounting method to provide for actual amounts payable during the term based on its internal rules. Accordingly, a ¥2.3 billion provision for retirement and severance benefits for directors and corporate auditors was recorded as an extraordinary loss.

Disposition of the Shortfall in Retirement Benefit Obligation

In accordance with new accounting standards for retirement benefits, the present total amount of Toyota Industries' benefit obligation (including lump-sum severance payment obligation) as of April 1, 2000 was calculated at ¥62.0 billion. As of the same date, the aggregate fair market value of Toyota Industries' pension assets was ¥24.2 billion, and the amount of allowance for retirement benefits recorded in the consolidated balance sheets was ¥18.8 billion. Accordingly, the aggregate funding shortfall in retirement benefit obligation as of that date was ¥19.1 billion. Toyota Industries disposed of the whole shortfall by recording the total amount as "cumulative effect of change in accounting standards for retirement benefits." To compensate, a portion of Toyota Industries' shares in DENSO Corporation was contributed to an employee retirement benefit trust and accounted for as a pension asset. The difference between the fair value and acquisition cost of these shares, ¥15.1 billion, was recorded as gain on securities contribution to employee retirement benefit trust. As a result of this disposition of the shortfall in retirement benefit obligation, income before income taxes decreased ¥4.0 billion.

Income before Income Taxes

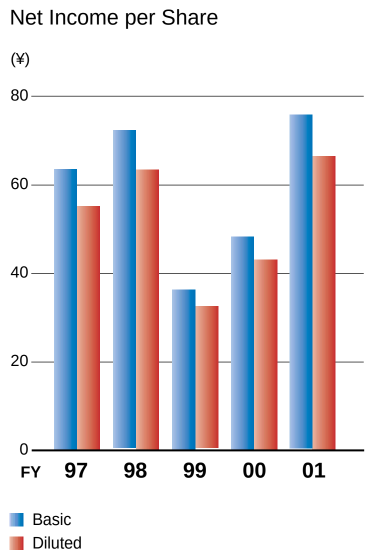
Income before income taxes was ¥38.2 billion (including BT Industries' contribution of ¥3.4 billion after deducting amortization of goodwill), an increase of ¥11.0 billion (40.7%) over the previous fiscal year.

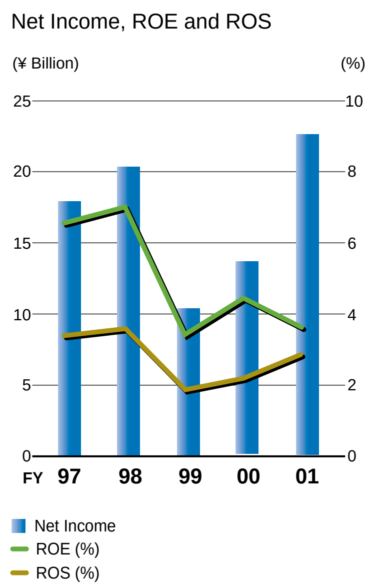
Income Taxes

Net of current and deferred income taxes was ¥14.8 billion, up ¥2.2 billion (17.8%) over the previous fiscal year. The ratio of income taxes to income before income taxes, i.e., effective income tax rate, decreased from 46.3% to 38.8%.

Net Income

Net income for the fiscal year under review was ¥22.6 billion (including BT Industries' contribution of ¥2.0 billion after deducting amortization of goodwill), an increase of ¥8.9 billion (65.4%). The ratio of net income to net sales, i.e., return on sales (ROS), increased from 2.2% in the previous fiscal year to 2.9%. However, the ratio of net income to shareholders' equity (using the average of such amounts at the end of the fiscal year under review and the previous fiscal year), i.e., return on equity (ROE), decreased from 4.4% to 3.6%. This is because the application of fair value accounting resulted in a sharp increase in shareholders' equity. Net income per share (EPS) increased from ¥48.32 to ¥75.90, and diluted net income per share increased from ¥43.18 to ¥67.77.





Strategies and Projections

Business Strategies

Since its establishment as a textile machinery manufacturer 75 years ago, Toyota Industries has expanded the scope of its business activities. Following successful diversification, Toyota Industries is poised for innovation and growth in the 21st century. Toyota Industries' strategic lines of business are currently classified into three categories on the basis of their specific characteristics. The operational strategies for these categories are based on the mission assigned to each.

First Category: Vehicle Business and Engine Business

<Mission>

As a member of the Toyota Group, to contribute to the high quality and technological advances of TOYOTA-brand cars.

Second Category: Car Air-Conditioning Compressor Business, Materials Handling Equipment Business and Textile Machinery Business

<Mission>

To aggressively expand global markets through the development of products using Toyota Industries' unique technologies.

Third category: Electronics Business

<Mission>

To be a key source of Toyota Industries' future growth

The first category, the vehicle business and the engine business, handles mainly the production of vehicles consigned by TMC and production of engines for TOYOTA-brand cars. To play a more important role in the Toyota Group, Toyota Industries is making continual efforts to improve its production technologies and strengthen quality control. For Toyota Industries, this field of business provides a stable platform for its own growth, while also contributing to the success of the Toyota Group. Aiming to play a more important role in the development and production of TOYOTA-brand cars and engines, Toyota Industries will step up its efforts to strengthen its research and development capability and improve productivity. In its work in this category for TMC, Toyota Industries will also make proposals for the design and launch of auto parts and compact cars, and actively work to ensure that such proposals are adopted.

The second category, which comprises the car air-conditioning compressor business, the materials handling equipment business and the textile machinery business, is identified as a business field in which Toyota Industries must cultivate further development of global markets by precisely grasping customers' needs and developing and marketing state-of-the-art products that meet these needs through the application of original technologies. Firmly believing that technological improvement is the key to competitiveness, Toyota Industries strives to strengthen its technological development capabilities by fostering the training and development of superior engineers. Since the car air-conditioning compressor business and the materials handling equipment business are positioned as core businesses, Toyota Industries places a priority on them in its allocation of management resources. In addition, on April 1, 2001, Toyota Industries established TOYOTA Material

Handling Company as a uniquely independent company within the larger company. The main purpose of this move was to strengthen independent management in the unit by giving it the authority needed to respond flexibly and speedily to changes in the business environment and to emerge a winner in the face of intensifying global competition.

The third category, the electronics business, which includes the production of LCDs, will also be made a priority in Toyota Industries' allocation of management resources in order to develop this activity into a core business in the future. This is a field characterized by rapid advances in technological innovation. Toyota Industries recognizes that it must strengthen its research and development capability to maintain competitiveness in this field. Continuing capital expenditures will be required to do this. Swift decision-making is also required for success in this business, which depends on rapidly getting production on track, improving the rejection rate of products and achieving a return on investment. Aiming to participate in the electronics business and expand operations in the short term, and to diversify risks by entering new areas of this business, Toyota Industries has not only carried out independent product development, but has also entered into joint ventures with both Sony Corporation and Ibiden Co., Ltd. Toyota Industries believes that this strategy has been successful to date and views this category as a key source for future corporate growth.

Forecasts of Consolidated Results for the Fiscal Year Ending March 31, 2002

Despite continuing deregulation and further pump-priming measures that may be taken by the Japanese government, the short-term outlook for the Japanese economy remains problematic. In the face of deflation and rising unemployment, it is uncertain whether consumer confidence will increase enough to kick-start the economy into growth. There is a fear that a sustained economic slowdown in the United States will adversely affect Japan and other exporting countries.

For the fiscal year ending March 31, 2002, Toyota Industries projects a 19.9% year-on-year increase in net sales to ¥920 billion. Income before income taxes will increase 38.7% to ¥53 billion and net income will increase 36.9% to ¥31 billion. Toyota Industries expects these increases to be achieved by all-out efforts in launching new products, energetic sales and service activities, and improvements in costs and expenses. In addition, Toyota Industries anticipates that the consolidation of BT Industries for a complete fiscal year and the integration of production and sales in the materials handling equipment business will also contribute to these increases. Toyota Industries also projects ¥93 billion in capital expenditures and ¥52 billion in depreciation and amortization.

Dividend Policy

Toyota Industries' dividend policy is based on the underlying goals of strengthening competitiveness, augmenting corporate value and maintaining stable dividends. Toyota Industries gives full consideration to business performance, its dividend payout ratio and other factors as it makes every effort to meet the expectations of shareholders. Toyota Industries views retained earnings as an important resource for securing future profits for its shareholders, and it intends to strategically invest portions of those earnings in research and development and future growth, and to aggressively pursue business expansion and strengthen its corporate constitution.

A year-end cash dividend of ¥9.0 per share was approved at Toyota Industries' Ordinary General Meeting of Shareholders held on June 28, 2001. Including the interim cash dividend of ¥8.0 per share, cash dividends for the year totaled ¥17.0 per share, an increase of ¥1.0 per share over the previous fiscal year. The dividend payout ratio was 24.4%.

Change in Share Trading Unit

To broaden the range of investors in Toyota Industries' stock and to promote the trading of its shares, effective August 1, 2001, Toyota Industries lowered the minimum trading unit of its shares from 1,000 to 100. This alteration was made in accordance with a partial revision of Toyota Industries' Articles of Incorporation approved at the Ordinary General Meeting of Shareholders held on June 28, 2001. As a result, starting on August 1, 2001, Toyota Industries' shares listed on Tokyo and Nagoya Stock Exchanges and Osaka Securities Exchange have been traded in units of 100 shares.

Consolidated Balance Sheets

Toyota Industries Corporation
As of March 31, 2001 and 2000

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2001**	2000	**2001**
Current assets:			
Cash and cash equivalents (Note 4)	¥ 95,297	¥ 77,332	$ 769,144
Trade notes and accounts receivable (Notes 8 and 10)	97,455	66,458	786,562
Short-term investments (Note 5)	22,625	6,020	182,607
Inventories (Note 6)	52,763	30,215	425,851
Deferred tax assets (Note 15)	8,686	4,556	70,105
Other current assets	25,684	11,096	207,296
Less — allowance for doubtful accounts	(1,159)	(388)	(9,354)
Total current assets	301,351	195,289	2,432,211
Fixed assets:			
Property, plant and equipment:			
Buildings and structures (Note 8)	88,858	83,772	717,175
Machinery, equipment and vehicles (Notes 8 and 16)	135,406	117,066	1,092,865
Tools, furniture and fixture (Note 16)	14,550	13,121	117,433
Land (Note 8)	42,103	36,456	339,814
Construction in progress	13,826	8,291	111,591
Total property, plant and equipment	294,743	258,706	2,378,878
Intangible fixed assets:			
Software	1,580	1,523	12,752
Goodwill	86,407	–	697,393
Total intangible assets	87,987	1,523	710,145
Investments and other assets:			
Investment in securities (Notes 5 and 8)	1,145,176	191,202	9,242,744
Long-term loans	8,106	14,622	65,424
Long-term prepaid expenses	5,354	1,576	43,212
Deferred tax assets (Note 15)	1,374	5,311	11,090
Other investments and other assets (Note 14)	25,663	7,044	207,127
Less — allowance for doubtful accounts	(112)	(51)	(904)
Total investments and other assets	1,185,561	219,704	9,568,693
Total fixed assets	1,568,291	479,933	12,657,716
Translation adjustments	–	10,692	–
Total assets	¥1,869,642	¥685,914	$15,089,927

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen 2001	Millions of yen 2000	Thousands of U.S. dollars (Note 1) 2001
Current liabilities:			
Trade notes and accounts payable (Note 10)	¥ 103,444	¥ 78,113	$ 834,899
Short-term bank loans (Note 8)	23,193	10,299	187,191
Other payables	17,114	10,579	138,128
Accrued expenses	32,220	19,594	260,048
Accrued income taxes	12,364	8,021	99,790
Deposits received from employees	18,030	17,841	145,521
Other current liabilities (Note 8)	7,235	1,436	58,394
Total current liabilities	213,600	145,883	1,723,971
Long-term liabilities:			
Long-term debt (Notes 7 and 8)	268,495	181,072	2,167,030
Deferred tax liabilities (Note 15)	387,548	2,042	3,127,910
Allowance for retirement benefits (Note 14)	25,534	18,815	206,086
Negative goodwill	–	103	–
Other long-term liabilities	5,041	1,387	40,685
Total long-term liabilities	686,618	203,419	5,541,711
Total liabilities	900,218	349,302	7,265,682
Minority interest in consolidated subsidiaries	18,126	20,319	146,295
Shareholders' equity (Note 11)**:**			
Common stock, par value ¥50:			
Authorized — 1,091,245,000 shares			
Issued — 313,296,225 shares in 2001	68,019	–	548,983
— 283,296,225 shares in 2000	–	40,178	–
Capital surplus	88,513	60,673	714,391
Retained earnings	233,368	215,463	1,883,519
Net unrealized gains on other securities	558,673	–	4,509,064
Translation adjustments	2,746	–	22,162
Treasury stock at cost	(21)	(21)	(169)
Total shareholders' equity	951,298	316,293	7,677,950
Total liabilities and shareholders' equity	¥1,869,642	¥685,914	$15,089,927

Consolidated Statements of Income

Toyota Industries Corporation
For the years ended March 31, 2001, 2000 and 1999

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2001	2000	1999	2001
Net sales	¥767,383	¥625,773	¥558,876	$6,193,567
Cost of sales (Note 12)	663,013	557,554	495,789	5,351,194
Gross profit	104,370	68,219	63,087	842,373
Selling, general and administrative expenses (Note 12)	57,066	39,352	38,273	460,581
Operating income	47,304	28,867	24,814	381,792
Non-operating income:				
Interest income	4,242	901	1,000	34,237
Dividends income	6,957	6,864	7,560	56,150
Other non-operating income	5,050	8,554	3,629	40,759
Non-operating expenses:				
Interest expenses	6,446	2,532	2,041	52,026
Other non-operating expenses	12,582	15,492	11,790	101,550
Ordinary income	44,525	27,162	23,172	359,362
Extraordinary gains:				
Gain on securities contribution to employee retirement benefit trust	15,080	–	–	121,711
Extraordinary losses:				
Cumulative effect of change in accounting standards for retirement benefits	19,056	–	–	153,801
Provision for retirement and severance benefits for directors and corporate auditors	2,329	–	–	18,797
Income before income taxes	38,220	27,162	23,172	308,475
Income taxes — current (Note 15)	21,161	15,395	11,904	170,791
Income taxes — deferred (Note 15)	(6,338)	(2,812)	–	(51,154)
Minority interest in consolidated subsidiaries	760	893	877	6,134
Net income	¥ 22,637	¥ 13,686	¥ 10,391	$ 182,704

	Yen			U.S. dollars
Net income per share — basic	¥75.90	¥48.32	¥36.30	$0.61
Net income per share — diluted	67.77	43.18	36.62	0.55
Cash dividends per share	17.00	16.00	16.00	0.14

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Shareholders' Equity

Toyota Industries Corporation
For the years ended March 31, 2001, 2000 and 1999

		Millions of yen						
	Number of shares (Thousands)	Common stock	Capital surplus	Legal reserve (Note 11)	Retained earnings (Note 11)	Net unrealized gain on other securities	Translation adjustments	Treasury stock at cost
Balance at March 31, 1998	287,752	¥40,133	¥60,628	¥ 8,092	¥195,246	¥ –	¥ –	¥ (2)
Reclassification of legal reserve to retained earnings (Note 3)	–	–	–	(8,092)	8,092	–	–	–
Increase due to additions of newly consolidated subsidiaries	–	–	–	–	701	–	–	–
Net income	–	–	–	–	10,391	–	–	–
Cash dividends	–	–	–	–	(4,604)	–	–	–
Bonuses to directors and corporate auditors	–	–	–	–	(209)	–	–	–
Decrease due to increase in affiliates	–	–	–	–	(84)	–	–	–
Retirements of shares	(4,500)	–	–	–	(9,225)	–	–	–
Conversions of convertible bonds	44	45	45	–	–	–	–	–
Other	–	–	–	–	–	–	–	1
Balance at March 31, 1999	283,296	40,178	60,673	–	200,308	–	–	(1)
Increase due to increase in consolidated subsidiaries	–	–	–	–	702	–	–	–
Cumulative effect of the adoption of tax effect accounting (Note 3)	–	–	–	–	5,487	–	–	–
Net income	–	–	–	–	13,686	–	–	–
Cash dividends	–	–	–	–	(4,533)	–	–	–
Bonuses to directors and corporate auditors	–	–	–	–	(187)	–	–	–
Treasury stock owned by newly consolidated subsidiaries	–	–	–	–	–	–	–	(20)
Balance at March 31, 2000	283,296	40,178	60,673	–	215,463	–	–	(21)
Net income	–	–	–	–	22,637	–	–	–
Cash dividends	–	–	–	–	(4,533)	–	–	–
Bonuses to directors and corporate auditors	–	–	–	–	(199)	–	–	–
Capital increase by issuance of shares	30,000	27,841	27,840	–	–	–	–	–
Adoption of the accounting standards for financial instruments (Note 3)	–	–	–	–	–	558,673	–	–
Adoption of the amended accounting standards for foreign currency transactions (Note 3)	–	–	–	–	–	–	2,746	–
Balance at March 31, 2001	**313,296**	**¥68,019**	**¥88,513**	**¥ –**	**¥233,368**	**¥558,673**	**¥2,746**	**¥(21)**

	Thousands of U.S. dollars						
	Common stock	Capital surplus	Legal reserve (Note 11)	Retained earnings (Note 11)	Net unrealized gain on other securities	Translation adjustments	Treasury stock at cost
Balance at March 31, 2000	$324,278	$489,693	$–	$1,739,007	$ –	$ –	$(169)
Net income	–	–	–	182,704	–	–	–
Cash dividends	–	–	–	(36,586)	–	–	–
Bonuses to directors and corporate auditors	–	–	–	(1,606)	–	–	–
Capital increase by issuance of shares	224,705	224,698	–	–	–	–	–
Adoption of the accounting standards for financial intruments (Note 3)	–	–	–	–	4,509,064	–	–
Adoption of the amended accounting standards for foreign currency transactions (Note 3)	–	–	–	–	–	22,162	–
Balance at March 31, 2001	**$548,983**	**$714,391**	**$–**	**$1,883,519**	**$4,509,064**	**$22,162**	**$(169)**

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows

Toyota Industries Corporation
For the years ended March 31, 2001, 2000 and 1999

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2001	2000	1999	2001
Cash flows from operating activities:				
Income before income taxes	¥ 38,220	¥ 27,162	¥ 23,172	$ 308,475
Adjustments to reconcile income before income taxes to net cash provided by operating activities:				
Depreciation and amortization	46,454	42,681	34,500	374,931
Decrease in allowance for doubtful accounts	(129)	(36)	(304)	(1,041)
Interest and dividends income	(11,199)	(7,765)	(8,560)	(90,387)
Interest expenses	6,446	2,532	2,041	52,026
Equity in net loss of affiliates	973	5,036	3,763	7,853
(Increase) decrease in receivables	(2,450)	(8,427)	11,896	(19,774)
Increase in inventories	(3,922)	(1,998)	(889)	(31,655)
Increase (decrease) in payables	8,178	14,563	(13,730)	66,005
Others, net	8,914	549	2,309	71,945
Subtotal	91,485	74,297	54,198	738,378
Interest and dividends income received	11,212	7,779	8,575	90,492
Interest expenses paid	(6,155)	(2,532)	(2,041)	(49,677)
Income taxes paid	(18,129)	(11,486)	(16,599)	(146,320)
Net cash provided by operating activities	78,413	68,058	44,133	632,873
Cash flows from investing activities:				
Payments for purchases of marketable securities	(1,719)	(3,506)	(6)	(13,874)
Proceeds from sales of marketable securities	4,323	7,608	10,060	34,891
Payments for purchases of property, plant and equipment	(55,127)	(52,082)	(77,707)	(444,931)
Proceeds from sales of property, plant and equipment	2,384	1,147	839	19,241
Payments for purchases of investment securities	(9,667)	(16,101)	(26,762)	(78,023)
Proceeds from sale of investment securities	2,107	26	146	17,006
Payments for acquisition of subsidiaries' stock resulting in change in scope of consolidation	(86,137)	–	–	(695,214)
Payments for loans made	(3,411)	(10,503)	(5,980)	(27,530)
Proceeds from collections of loans	11,266	3,958	4,507	90,928
Payments for acquisition of business	–	(1,499)	–	–
Others, net	(19,890)	3,765	(1,319)	(160,533)
Net cash used in investing activities	(155,871)	(67,187)	(96,222)	(1,258,039)
Cash flows from financing activities:				
Increase (decrease) in short-term bank loans	6,884	1,934	(1,438)	55,561
Proceeds from issuances of commercial paper	80,000	–	–	645,682
Redemption of commercial paper	(80,000)	–	–	(645,682)
Proceeds from long-term bank loans	4,111	1,633	2,273	33,180
Repayments of long-term bank loans	(6,586)	(1,032)	(2,272)	(53,156)
Proceeds from issuances of bonds	39,797	29,849	40,091	321,203
Redemption of bonds	–	–	(300)	–
Proceeds from issuances of common stock	55,229	–	–	445,755
Cash dividends paid	(4,533)	(4,533)	(4,604)	(36,586)
Cash dividends paid for minority shareholders	(420)	(330)	(153)	(3,390)
Purchase and retirement of shares	–	–	(9,255)	–
Others, net	(10)	(21)	(4)	(81)
Net cash provided by financing activities	94,472	27,500	24,368	762,486
Translation adjustments of cash and cash equivalents	951	(1,808)	(301)	7,676
Net increase (decrease) in cash and cash equivalents	17,965	26,563	(28,022)	144,996
Cash and cash equivalents at beginning of year	77,332	49,955	74,303	624,148
Increase in cash and cash equivalents due to increase in consolidated subsidiaries	–	814	3,674	–
Cash and cash equivalents at end of year	¥ 95,297	¥ 77,332	¥ 49,955	$ 769,144

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

1. Basis of presenting consolidated financial statements

On 28 June, 2001, the General Meeting of Shareholders of Toyoda Automatic Loom Works, Ltd. approved to change its name effective August 1, 2001 to Toyota Industries Corporation. The accompanying consolidated financial statements have been prepared based on the accounts maintained by Toyoda Automatic Loom Works, Ltd. under new corporate name of Toyota Industries Corporation (the "Company") and its consolidated subsidiaries (together, hereinafter referred to as "Toyota Industries") in accordance with the provisions set forth in the Japanese Commercial Code and the Securities and Exchange Law, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Accounting Standards.

Certain items presented in the consolidated financial statements submitted to the Director of Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥123.90 = U.S. $1, the approximate rate of exchange prevailing at March 30, 2001, has been used in translation. The inclusion of such amounts are not intended to imply that the Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rates.

2. Summary of significant accounting policies

(1) Consolidation

The consolidated financial statements include the accounts of the Company and its 100 subsidiaries (22 domestic subsidiaries and 78 overseas subsidiaries, which are listed on page 86) in 2001, 29 subsidiaries (22 domestic subsidiaries and seven overseas subsidiaries) in 2000 and 27 subsidiaries (20 domestic subsidiaries and seven overseas subsidiaries) in 1999. The unconsolidated subsidiaries are excluded from consolidation because such subsidiaries would have no material effect on the consolidated financial statements of Toyota Industries, or Toyota Industries' owning majority of such subsidiaries would be temporary.

For the year ended March 31, 2000, as a result of adoption of the new accounting standards, two companies which had been treated as affiliates became consolidated subsidiaries.

For the year ended March 31, 2001, 71 subsidiaries, including 63 BT Industries group companies, were newly added to the scope of consolidation. Since 64 subsidiaries out of 72 subsidiaries were deemed as being acquired by the Company as of the semi-annual period end, the results of operations of the latter half of the year of those subsidiaries are consolidated in the consolidated financial statements. Two unconsolidated subsidiaries are excluded from the scope of consolidation because majority owning investments into those two subsidiaries are temporary.

The fiscal years of certain subsidiaries are different from the fiscal year of the Company. Since the difference is not more than three months, the Company is using those subsidiaries' statements for those fiscal years, making adjustments for significant transactions that materially affect the financial position or results of operations.

All significant intercompany transactions, balances and unrealized profits among Toyota Industries have been eliminated.

A full portion of the assets and liabilities of the acquired subsidiaries is stated at fair value as of the date of acquisition of control.

(2) Investments in unconsolidated subsidiaries and affiliates

Investments in two unconsolidated subsidiaries and 17 major affiliates in 2001 and two affiliates in 2000 and 1999 are accounted for by the equity method of accounting. Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost due to their insignificant effect on the consolidated financial statements.

The major affiliates accounted for by the equity method are listed on page 87.

(3) Translation of foreign currencies

Foreign currency denominated receivables and payables are translated into Japanese yen at the year-end exchange rates and the resulting transaction gains or losses are included in income statements.

All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese yen at year-end exchange rates and all revenue and expense accounts are translated at prevailing fiscal average rates from the year ended March 31, 2000, although the year-end exchange rates had been used until the year ended March 31, 1999. The resulting translation adjustments are included as a separate component of shareholders' equity from the year ended March 31, 2001. Changes in accounting policies are discussed in Note 3.

(4) Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments, generally with original maturities of three months or less, that are readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

(5) Marketable securities and investment in securities

Until the year ended March 31, 2000, marketable securities (current) and investment in securities (non-current) with a market quotation on a stock exchange are valued at the lower of moving-average cost or market value. Marketable securities and investment in securities without a market quotation are valued at moving-average cost.

Effective for the year ended March 31, 2001, Toyota Industries adopted new accounting standards for financial instruments that include accounting for marketable securities and investment in securities, which are included in short-term investments together with time deposits due over three months and investments in securities on the balance sheet as of March 31, 2001. The new accounting standards require Toyota Industries to classify securities into four categories by purpose of holding: trading securities, held-to-maturity securities, other securities, and investments in unconsolidated subsidiaries and affiliates. Toyota Industries does not have trading securities nor held-to-maturity securities as of March 31, 2001.

Other securities with fair values are stated at fair value based on market prices at the end of year. Unrealized gains and losses are included in net unrealized gains on other securities as a separate component of shareholders' equity. Cost of sales of such securities is determined by the moving average method. Other securities without fair values are stated at cost, as determined by the moving average method.

Investments in unconsolidated subsidiaries and affiliates are accounted for by the equity method (see Note 2.(2) above).

(6) Inventories

Inventories are stated mainly at cost determined by the moving average method.

(7) Property, plant and equipment, and depreciation

Property, plant and equipment are stated at cost. Depreciation expenses of property, plant and equipment are computed mainly by the declining-balance method, under which useful lives and residual values are same ones prescribed in Japanese Tax Law. Accumulated depreciation as of March 31, 2001 and 2000 was ¥406,843 million ($3,283,640 thousand) and ¥358,153 million, respectively.

(8) Intangible assets and amortization

Amortization of intangible assets is computed using the straight-line method. Software costs for internal use are amortized by the straight-line method over their expected useful lives (mainly five years).

Goodwill, if material, is amortized principally over less than 20 years on a straight-line basis, while immaterial goodwill is charged to income as incurred. Goodwill incurred before April 1, 2000 has been amortized over five years on a straight-line basis.

(9) Allowances for doubtful accounts

Toyota Industries adopted the policy of providing an allowance for doubtful accounts in an amount sufficient to cover possible losses on collection by estimating individually uncollectible amounts and applying to the remaining accounts a percentage determined by certain factors such as historical collection experiences.

(10) Deferred charges

Stock issuance costs and bond issuance costs are expensed as incurred.

(11) Allowance for retirement benefits

Until the year ended March 31, 2000, the allowance for retirement benefits was calculated at the present value based on the amount that would be paid if all employees voluntarily retired.

Effective for the year ended March 31, 2001, Toyota Industries adopted new accounting standards for retirement benefits for employees. Toyota Industries accrues amount which is considered to be incurred in the period based on the estimated benefit obligations and estimated pension assets at the end of year.

To provide for the retirement benefits for directors and corporate auditors, an amount which is required at the end of year by an internal rule describing the retirement benefits for directors is accrued.

The change in accounting policy is described in Note 3.

(12) Lease transactions

Finance leases other than those that are deemed to transfer the ownership of the leased assets to lessees are accounted for mainly by the method similar to that applicable to ordinary operating leases.

(13) Consumption tax

The consumption tax under the Japanese Consumption Tax Law withheld by Toyota Industries on sales of goods is not included in the amount of net sales in the accompanying consolidated statements of income, and the consumption tax paid by Toyota Industries under the law on purchases of goods and services, and expenses is not included in the related amount.

(14) Hedge accounting

(a) Method of hedge accounting

Mainly deferral method of hedge accounting is applied. In case of foreign currency forward contracts, the hedged items are translated at contracted forward rates if certain conditions are met.

(b) Hedging instruments and hedged items

Hedging instruments: derivative instruments (interest rate swaps and foreign currency forwards)

Hedged items: risk of change in interest rate on borrowings and risk of change in forward exchange rate on transactions denominated in foreign currencies (monetary assets and liabilities, marketable securities and forecasted transactions)

(c) Hedging policy

Hedging transactions are executed and controlled based on the Toyota Industries' internal rule and Toyota Industries is hedging interest rate risks and foreign currency risks. Toyota Industries' hedging activities are reported periodically to a director responsible for accounting.

(d) The method used to measure hedge effectiveness

Hedge effectiveness is measured by comparing accumulated changes in market prices of hedged items and hedging instruments or accumulated changes in estimated cash flows from the inception of the hedge to the date of measurements performed. Currently it is considered that there are high correlations between them.

(e) Others

Due to the fact that counterparties to Toyota Industries represent major financial institutions which have high creditworthiness, Toyota Industries believes that the overall credit risk related to its financial instruments is insignificant.

(15) Appropriation of retained earnings

In the accompanying consolidated statements of shareholders' equity, the approved amount during the relevant fiscal year is reflected for the appropriation of retained earnings of consolidated subsidiaries. In Japan, the payment of bonuses to directors and corporate auditors is made out of retained earnings through an appropriation, instead of being charged to the income for the year.

(16) Income taxes

Income taxes are principally provided in amounts currently payable for each year. Until the year ended March 31, 1999, deferred income taxes arising from timing differences between reporting for accounting purposes and that for tax purposes were not required to be accounted for under Japanese accounting principles and therefore was not recorded in the financial statements by the Company and its domestic subsidiaries and affiliates. (For most of overseas subsidiaries and affiliates, deferred income taxes have been recorded and reflected in their respective financial statements.)

However, effective for the year ended March 31, 2000, tax effect accounting has been adopted. The change in accounting policies is discussed in Note 3.

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

(17) Net income per share

The computation of basic net income per share is based on the weighted-average number of outstanding shares of common stock. The calculation of diluted net income per share is similar to the calculation of basic net income per share, except that the weighted-average number of shares outstanding includes the additional dilution from potential common stock equivalents such as convertible bonds. Cash dividends per share shown in the statements of income are the amounts applicable to the respective years.

3. Changes in accounting policies and adoption of new accounting standards

(1) For the year ended March 31, 2001

(a) Allowance for retirement and severance benefits for directors and corporate auditors

The Company's retirement and severance benefits for directors and corporate auditors was previously recorded as expenses at the time they were awarded. However, in order to make period earnings more appropriate, from the year ended March 31, 2001, these expenses are accrued based on the directors' retirement benefit rule. Compared to the previous method, operating income and ordinary income decreased by ¥196 million ($1,582 thousand) and income before income taxes decreased by ¥2,525 million ($20,379 thousand).

(b) Accounting for retirement benefits

Effective for the year ended March 31, 2001, the new accounting standards for retirement benefits have been applied. As a result, operating income and ordinary income decreased by ¥1,005 million ($8,111 thousand) and income before income taxes decreased by ¥4,982 million ($40,210 thousand). Also, cumulative effect of change in accounting standards for retirement benefits of ¥19,057 million ($153,810 thousand) was charged to income and recorded as an extraordinary loss, and gain on securities contribution to employee retirement benefit trust of ¥15,080 million ($121,711 thousand) was charged to income and recorded as an extraordinary gain. Allowance for retirement and severance benefits and unamortized prior service cost are included in allowance for retirement benefits.

(c) Accounting for financial instruments

Effective for the year ended March 31, 2001, the new accounting standards for financial instruments have been applied. As a result, ordinary income and income before income taxes increased by ¥359 million ($2,897 thousand). At the beginning of the year ended March 31, 2001, Toyota Industries reviewed the holding purposes of the securities it owns. As a result, marketable securities expiring within one year were classified under current assets as marketable securities and the others were classified as investment in securities. As a result, marketable securities decreased by ¥394 million ($3,180 thousand) and investment in securities increased by the same amount.

(d) Accounting for foreign currency transactions

Effective for the year ended March 31, 2001, the amended accounting standards for foreign currency transactions have been applied. Neither profits nor losses resulted from this change. Effective for the year ended March 31, 2001, translation adjustments, which had been listed under assets in the consolidated balance sheets as of March 31, 2000 has been shifted under shareholders' equity and included in minority interest in consolidated subsidiaries due to the amendment of Japanese Regulations Concerning the Terminology, Forms and Preparation Methods of Consolidated Financial Statements.

(2) For the year ended March 31, 2000

(a) Consolidation and investments in affiliates

Since the year ended March 31, 2000, Toyota Industries has adopted the new accounting standards for preparation of consolidated financial statements. To follow the new standards, Toyota Industries has changed its criteria with regard to the identification of companies to be consolidated from the percentage-of-ownership approach to the effective control approach. Pro forma disclosure of the effect of the retroactive application of the new accounting standards is not required under accounting standards generally accepted in Japan. As a result of the adoption of the new standards, two companies have been newly consolidated because Toyota Industries was deemed to have effective controls over those two companies.

(b) Translation of foreign subsidiaries' financial statements

Until the year ended March 31, 1999, revenue and expenses accounts of overseas consolidated subsidiaries had been translated into Japanese yen at year-end rates. From the year ended March 31, 2000, the Company has used annual average rates. This change was made to present the operating results more precisely as the significance of the overseas consolidated subsidiaries had been increasing and their revenue and expenses were incurred throughout the fiscal years.

As a result of this change, net sales increased by ¥10,431 million, ordinary income increased by ¥551 million and income before income taxes increased by ¥198 million for the year ended March 31, 2000 compared to the amounts accounted for under the former policies.

(c) Income taxes

Tax effect accounting has been adopted from the year ended March 31, 2000 due to the amendment of the accounting standards for income taxes. As a result, deferred tax assets were newly recognized in the amount of ¥9,867 million, ¥4,556 million in current assets and ¥5,311 million in investments and other assets, and deferred tax liabilities were recognized in the amount of ¥2,042 million in the consolidated financial statements as of March 31, 2000. Also, net income for the year ended March 31, 2000 and retained earnings as of March 31,2000 increased by ¥2,970 million and ¥8,458 million, respectively.

In addition to the above, cumulative effect of the adoption of tax effect accounting of ¥5,487 million at the beginning of the year ended March 31, 2000 was recognized as adjustments in retained earnings.

(3) For the year ended March 31, 1999

Legal reserve:

From the year ended March 31, 1999, in the consolidated balance sheets, legal reserve and retained earnings have been combined and shown as retained earnings.

4. Acquisitions

(1) For the year ended March 31, 2001

Until May 31, 2000, the Company acquired 97.1% of the share capital of BT Industries AB, a holding company of BT Industries group which is materials handling equipment manufacturing and sales companies. Due to this acquisition, Toyota Industries recorded goodwill amounting to ¥61,557 million ($496,828 thousand), which is amortized over 20 years.

The summarized assets and liabilities arising from the acquisition, the acquisition cost to purchase BT Industries AB's shares, and the net cash payment made for the acquisition are as follows:

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 56,289	$ 454,310
Fixed assets	117,255	946,368
Current liabilities	(33,559)	(270,856)
Long-term liabilities	(49,450)	(399,112)
Minority interest	(762)	(6,150)
Acquisition cost of BT Industries AB	89,773	724,560
Less: cash and cash equivalents in BT Industries AB	(3,745)	(30,226)
Cash payment for the acquisition of BT Industries AB	¥ 86,028	$ 694,334

(2) For the year ended March 31, 2000

Summary of assets and liabilities that increased due to the acquisition of the water-jet loom business from Nissan Texsys Co., Ltd. is as follows:

	Millions of yen
Current assets	¥1,222
Fixed assets	386
Total	1,608
Current liabilities	99
Long-term liabilities	11
Total	¥ 110

5. Marketable securities

(1) As of and for the year ended March 31, 2001

(a) Other securities with fair value as of March 31, 2001 are as follows:

	Millions of yen			Thousands of U.S. dollars		
	Acquisition cost	Carrying amount	Difference	Acquisition cost	Carrying amount	Difference
Securities with carrying amount exceeding acquisition cost:						
Stocks	¥159,376	¥1,110,176	¥950,800	$1,286,328	$8,960,258	$7,673,930
Bonds						
Government and municipal bonds, etc.	–	–	–	–	–	–
Corporate bonds	13,702	13,723	21	110,589	110,759	170
Other bonds	–	–	–	–	–	–
Other	–	–	–	–	–	–
Subtotal	173,078	1,123,899	950,821	1,396,917	9,071,017	7,674,100
Securities with carrying amount not exceeding acquisition cost:						
Stocks	7,995	7,560	(435)	64,528	61,017	(3,511)
Bonds						
Government and municipal bonds, etc	0	0	–	0	0	–
Corporate bonds	2,498	2,475	(23)	20,161	19,976	(185)
Other bonds	3	3	–	24	24	–
Other	720	720	–	5,811	5,811	–
Subtotal	11,216	10,758	(458)	90,524	86,828	(3,696)
Total	¥184,294	¥1,134,657	¥950,363	$1,487,441	$9,157,845	$7,670,404

In this year, Toyota Industries recorded ¥2 million ($16 thousand) of impairment on an equity security included in securities with the carrying amount not exceeding the cost lines.

(b) Other securities sold during the year ended March 31, 2001 are as follows:

Millions of Yen			Thousands of U.S. dollars		
Proceeds	Realized gains	Realized losses	Proceeds	Realized gains	Realized losses
¥23,689	¥15,317	¥0	$191,145	$123,624	$0

Proceeds include ¥17,845 million ($144,027 thousand) of proceeds from the establishment of retirement benefit trust. And, realized gains include ¥15,080 million ($121,711 thousand) of gain on securities contribution to employee retirement benefit trust.

(c) Contents and carrying amount of securities (excluding held-to-maturity bonds within securities with fair value) not practicable to fair value as of March 31, 2001, are as follows:

	Millions of yen	Thousands of U.S. dollars
Held-to-maturity securities	–	–
Other securities		
Domestic unlisted stocks excluding over-the-counter stocks	¥12,644	$102,050
Commercial paper used in repurchase agreements	3,999	32,276
Bonds used in repurchase agreements	2,000	16,142
Money management funds	341	2,752
Foreign unlisted bond	310	2,502

(d) Redemption schedule of securities which have maturities within other securities as of March 31, 2001 is as follows:

	Millions of yen				Thousands of U.S. dollars			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Bonds								
Government bonds	¥ –	¥ –	¥0	¥ –	$ –	$ –	$0	$ –
Corporate bonds	10,702	4,518	–	978	86,376	36,465	–	7,893
Other	3	10	–	300	24	81	–	2,422
Securities other than bonds	6,022	129	–	–	48,604	1,041	–	–
Total	¥16,727	¥4,657	¥0	¥1,278	$135,004	$37,587	$0	$10,315

(2) As of March 31, 2000

Current and non-current marketable securities included in current assets and in investments and other assets as of March 31, 2000 are as follows:

	Millions of yen		
	Carrying amount	Fair value	Unrealized gains (losses)
Current:			
Stock	¥ 393	¥ 1,256	¥ 863
Bonds	2	3	1
Other	–	–	–
Subtotal	395	1,259	864
Non-current:			
Stock	162,983	1,323,286	1,160,303
Bonds	2,000	1,997	(3)
Other	50	50	0
Subtotal	165,033	1,325,333	1,160,300
Total	¥165,428	¥1,326,592	¥1,161,164

(a) The following methods are used to determine fair value:

Listed securities — mainly closing prices on Tokyo Stock Exchange

Unlisted bonds — prices after adjustments made on the standard quotation prices of over-the-counter standard bonds announced by Japan Securities Dealers' Association

Beneficiary certificates of securities investment trusts — Basic standard cost

(b) Carrying amounts of the securities which are excluded from disclosure above are as follows:

	Millions of yen
Current:	
Bonds used in repurchase agreements	¥ 3,994
Commercial paper used in repurchase agreements	3,993
Discount bank debentures	3,491
Foreign unlisted bonds	810
Money management funds	632
Non-current:	
Domestic unlisted stocks excluding over-the-counter stocks	¥22,856
Foreign unlisted bonds	3,310

6. Inventories

Inventories as of March 31, 2001 and 2000 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	2001
Finished goods	¥16,164	¥ 3,342	$130,460
Raw materials	10,329	4,615	83,366
Work in process	21,370	18,104	172,478
Supplies	4,900	4,154	39,547
Total	¥52,763	¥30,215	$425,851

7. Long-term debt

(1) Long-term debt as of March 31, 2001 and 2000 consists of the following:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	2001
The Company:			
0.35% convertible bonds due 2003 without collateral	¥ 75,748	¥ 75,748	$ 611,364
2.70% bonds due 2008 without collateral	30,000	30,000	242,131
1.50% bonds due 2003 without collateral	20,000	20,000	161,421
2.15% bonds due 2008 without collateral	20,000	20,000	161,421
1.50% bonds due 2006 without collateral	15,000	15,000	121,065
1.94% bonds due 2009 without collateral	15,000	15,000	121,065
1.25% bonds due 2005 without collateral	20,000	–	161,421
1.91% bonds due 2010 without collateral	20,000	–	161,421
Consolidated subsidiaries:			
1.80% bonds due 2005	300	300	2,421
Long-term bank loans	53,555	6,011	432,243
Less: Current portion of long-term debt	(1,108)	(987)	(8,943)
Total	¥268,495	¥181,072	$2,167,030

The conversion period of the 0.35% convertible bonds due 2003 is from May 1, 1996 to September 29, 2003 and the conversion price was ¥1,983.90 ($16.01) per share as of March 31, 2001. The aggregate number of shares issuable upon conversion thereof at such conversion price was 38,181 thousand shares.

(2) Annual maturities of long-term debt as of March 31, 2001 are as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2002	¥ 1,108	$ 8,943
2003	15,282	123,341
2004	124,818	1,007,409
2005	3,760	30,347
2006	23,060	186,118
2007 and thereafter	101,575	819,815
Total	¥269,603	$2,175,973

8. Assets pledged as collateral

(1) Assets pledged as collateral as of March 31, 2001 and 2000 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Investments in securities	**¥23,116**	¥ 5,721	**$186,570**
Buildings and structures	**4,249**	3,631	**34,294**
Land	**3,190**	2,871	**25,747**
Machinery, equipment and vehicles	**383**	730	**3,091**
Trade notes and accounts receivable	**200**	200	**1,614**
Other	**29**	144	**234**
Total	**¥31,167**	¥13,297	**$251,550**

(2) Secured liabilities as of March 31, 2001 and 2000 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Other current liabilities	**¥17,608**	¥17,376	**$142,115**
Short-term bank loans	**8,702**	5,106	**70,234**
Long-term debt	**1,867**	4,435	**15,068**
Total	**¥28,177**	¥26,917	**$227,417**

9. Contingent liabilities

Toyota Industries is contingently liable for guarantees as of March 31, 2001 and 2000 as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Guarantees given by the Company	**¥ 338**	¥ 370	**$ 2,728**
Guarantees given by consolidated subsidiaries	**3,468**	–	**27,990**
Guarantee forwards given by the Company	**3,363**	2,936	**27,143**
Acts similar to guarantees given by consolidated subsidiaries	**10,289**	–	**83,043**

Guarantees given by consolidated subsidiaries consist of 288,278 thousand of Swedish krona, and acts similar to guarantees given by consolidated subsidiaries consist of 855,299 thousand of Swedish krona.

10. Accounting for notes receivable and notes payable maturing at year-end date

Although year-end date of the year ended March 31, 2001, was a holiday for banking institutions, the following notes receivable and notes payable were accounted as if they were settled at year-end date. Consequently, they are not included in trade notes and account receivables and trade notes and accounts payable on the balance sheet as of March 31, 2001.

	Millions of yen	Thousands of U.S. dollars
Notes receivable	¥569	$4,592
Notes payable	857	6,917

11. Shareholders' equity

Under the Japanese Commercial Code, amounts equal to at least 10% of the sum of the cash dividends and other external appropriations paid by the Company and its domestic subsidiaries must be set aside as a legal reserve until it equals 25% of common stock. The legal reserve may be used to reduce a deficit or may be transferred to common stock by taking appropriate corporate action. In consolidation, the legal reserves of the Company and its domestic subsidiaries are accounted for as retained earnings.

Year-end cash dividend is approved at the General Meeting of Shareholders of the Company held after the close of the fiscal year to which the dividend is applicable. In addition, interim cash dividends may be paid upon resolution of the Board of Directors, subject to limitations imposed by the Japanese Commercial Code.

Proceeds from the conversion of convertible bonds have been accounted for in approximately equal amounts as common stock and capital surplus. At least 50% of the proceeds have been accounted for as common stock, in accordance with the provisions of the Japanese Commercial Code.

12. Research and development expenses

Research and development expenses, which were included in selling, general and administrative expenses and manufacturing costs, amounted to ¥26,196 million ($211,429 thousand), ¥24,062 million and ¥23,231 million for the year ended March 31, 2001, 2000 and 1999, respectively.

13. Derivative instruments

(1) For the year ended March 31, 2001

(a) Qualitative disclosure about derivatives

Contents of derivative instruments into which Toyota Industries entered, policy to enter into derivative instruments, and purpose of using derivative instruments:

Toyota Industries uses interest rate swap agreements and foreign currency forward contracts, to reduce interest rate risks on borrowings and to hedge foreign currency risks on transactions denominated in foreign currencies (receivables and payables, securities, and forecasted transactions), respectively.

Contents of risks related to derivative instruments:

Interest rate swaps and foreign currency forward contracts into which Toyota Industries entered, have risks of fluctuations in interest rates and in foreign currency exchange rates. Due to the fact that counterparties to Toyota Industries represent major financial institutions which have high creditworthiness, Toyota Industries believes that the overall credit risk related to its financial instruments is insignificant.

Controls in place over transactions handling derivative instruments:

Hedging transactions are executed and controlled based on the Toyota Industries' internal rule and Toyota Industries' hedging activities are reported periodically to a director responsible for accounting.

(b) Quantitative disclosure about derivatives

Toyota Industries omitted this information because hedge accounting is applied to all of derivative instruments into which Toyota Industries entered.

(2) For the year ended March 31, 2000

Toyota Industries did not use any derivative instruments.

14. Retirement benefits

(1) Outline of retirement benefit plans:

The Company and its domestic subsidiaries maintain tax qualified pension plans and lump-sum indemnities plans both of which are non-contributory defined benefit pension plans. In addition, certain foreign subsidiaries maintain non-contributory defined benefit pension plans. Since 1987, the Company has been transferring the covering percentages of pension plan from lump-sum indemnities plan to tax qualified pension plan. As of March 31, 2001, tax qualified pension plan is covering 50% of total plans. Also, the Company established employee retirement benefit trust.

(2) Components of allowance for retirement benefits as of March 31, 2001 are as follows:

	Millions of yen	Thousands of U.S. dollars
Benefit obligation	¥ 71,458	$ 576,739
Plan assets	(46,513)	(375,407)
Unfunded benefit obligation	24,945	201,332
Unrecognized actuarial loss	(4,812)	(38,838)
Net amount recognized on the balance sheet	20,133	162,494
Prepaid pension expenses	(2,598)	(20,968)
Allowance for retirement benefits	¥ 22,731	$ 183,462

Certain subsidiaries use the simplified method to determine benefit obligations.

Prepaid pension expenses are included in other investments and other assets.

Allowance for retirement benefits on the balance sheet includes ¥2,803 million ($22,623 thousand) of allowance for retirement and severance benefits for directors and corporate auditors as discussed in Note 3.

(3) Components of retirement benefit expenses for the year ended March 31, 2001 are as follows:

	Millions of yen	Thousands of U.S. dollars
Service cost	¥ 3,799	$ 30,662
Interest cost	1,677	13,534
Expected return on plan assets	(637)	(5,141)
Amortization of transition obligation	19,057	153,810
Retirement benefit expenses	¥23,896	$192,865

Retirement expenses of subsidiaries which adopted simplified method are included in both service cost and amortization of transition obligation.

Due to the establishment of retirement benefit trust in the year ended March 31, 2001, which is the first year of accounting standards for retirement benefits' adoption, amortization of transition obligation also includes ¥17,845 million ($144,027 thousand) of one-time amortization of retirement benefit obligation at beginning of the year which is equivalent to fair value of trust properties at the time of its contribution.

(4) Assumptions used for calculation of retirement benefits for the year ended March 31, 2001 are as follows:

Method of attribution of estimated retirement benefits to periods of employee service	Straight-line method	
Discount rate	3.0%	
Expected return on plan assets	3.0%	
Amortization period of unrecognized actuarial gains or losses	20 years	Straight-line method over the average remaining service period of employee starting from following year
Amortization period of net transition obligation	1 year	

15. Income taxes

(1) The significant components of deferred tax assets and liabilities as of March 31, 2001 and 2000 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Deferred tax assets:			
Net operating loss carry-forwards for tax purposes	**¥ 2,290**	¥ 2,368	**$ 18,483**
Trade receivables	**3,203**	1,708	**25,851**
Accrued expenses	**2,330**	1,452	**18,805**
Depreciation	**1,708**	1,338	**13,785**
Allowance for retirement benefits	**3,562**	993	**28,749**
Enterprise tax payable	**1,058**	776	**8,539**
Securities	**1,034**	507	**8,345**
Other	**4,602**	4,034	**37,144**
Subtotal	**19,787**	13,176	**159,701**
Less — valuation allowance	**(2,448)**	(2,394)	**(19,757)**
Total deferred tax assets	**17,339**	10,782	**139,944**
Deferred tax liabilities:			
Other securities	**391,484**	–	**3,159,677**
Depreciation	**1,618**	1,304	**13,059**
Land	**1,112**	1,112	**8,975**
Reserve for advanced depreciation	**384**	409	**3,099**
Reserve for special depreciation	**96**	59	**775**
Other	**148**	72	**1,195**
Total deferred tax liabilities	**394,842**	2,956	**3,186,780**
Net deferred tax assets (liabilities)	**¥(377,503)**	¥ 7,826	**$(3,046,836)**

(2) Reconciliations of differences between the statutory rate of income taxes and the effective rate of income taxes for the year ended March 31, 2001 and 2000 are as follows:

	2001	2000
Statutory rate of income taxes	**41.2%**	41.2%
Addition (reduction) in taxes resulting from:		
Equity in loss of affiliates	**1.0**	7.6
Net pre-tax losses of subsidiaries	**–**	3.5
Elimination of dividend income	**0.9**	1.3
Dividends income and other permanently not recognized as taxable income	**(6.7)**	(8.6)
Other	**2.4**	1.3
Effective rate of income taxes	**38.8%**	46.3%

16. Leases

(1) Finance leases which do not transfer ownership of leased properties to lessees

(a) Pro forma information regarding the leased properties such as acquisition cost, accumulated depreciation under finance leases as of March 31, 2001 and 2000 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Machinery and equipment:			
Acquisition cost equivalents	**¥2,339**	¥2,214	**$18,878**
Accumulated depreciation equivalents	**910**	534	**7,345**
Machinery and equipment year-end balance equivalents	**1,429**	1,680	**11,533**
Tools, furniture and fixture:			
Acquisition cost equivalents	**4,660**	5,507	**37,611**
Accumulated depreciation equivalents	**2,228**	3,052	**17,982**
Tools, furniture and fixture year-end balance equivalents	**2,432**	2,455	**19,629**
Total net leased properties	**¥3,861**	¥4,135	**$31,162**

Acquisition cost equivalents include the imputed interest expense portion because the percentage which is computed by dividing future minimum lease payments by total balance of property, plant and equipment, etc., at year-ends is immaterial.

(b) Pro forma information regarding future minimum lease payments as of March 31, 2001 and 2000 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Due within 1 year	**¥1,302**	¥1,501	**$10,508**
Due after 1 year	**2,559**	2,634	**20,654**
Total	**¥3,861**	¥4,135	**$31,162**

Future minimum lease payments under finance leases include the imputed interest expense portion because the percentage which is computed by dividing future minimum lease payments by total balance of property, plant and equipment, etc., at year-ends is immaterial.

(c) Total lease payments for the years ended March 31, 2001, 2000 and 1999 are as follows:

	Millions of yen	Thousands of U.S. dollars
2001	**¥1,505**	**$12,147**
2000	1,749	–
1999	1,679	–

Pro forma depreciation expenses, which are not reflected in the accompanying consolidated statements of income, are computed mainly by the straight-line method which assume zero residual value and leasing term to be useful lives for the years ended 2001, 2000 and 1999, and are equivalent to the amount of total lease payments of the above.

(2) Operating leases

(a) Pro forma future lease payments under operating leases (as a lessee) as of March 31, 2001 and 2000 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Due within 1 year	**¥ 5,116**	¥203	**$ 41,291**
Due after 1 year	**9,543**	165	**77,022**
Total	**¥14,659**	¥368	**$118,313**

(b) Pro forma future lease payments under operating leases (as a lessor) as of March 31, 2001 are as follows:

	Millions of yen	Thousands of U.S. dollars
Due within 1 year	¥1,456	$11,751
Due after 1 year	7,717	62,284
Total	¥9,173	$74,035

17. Subsequent events

On June 28, 2001, the shareholders of the Company authorized the payment of year-end cash dividends to shareholders of record as of March 31, 2001 of ¥9.00 ($0.073) per share, or a total of ¥2,820 million ($22,760 thousand), and bonuses to directors and corporate auditors of ¥208 million ($1,679 thousand). Cash dividends for the year totaled ¥17.00 ($0.137) per share, including interim cash dividends of ¥8.00 ($0.065).

18. Segment information

(1) Business segments

As of and for the years ended March 31, 2001, 2000 and 1999:

	Millions of yen			Thousands of U.S. dollars
	2001	2000	1999	2001
Sales:				
Automobile				
Outside customer sales	¥457,631	¥423,413	¥364,269	$3,693,551
Inter-segment transactions	4,097	3,335	2,431	33,067
	461,728	426,748	366,700	3,726,618
Materials Handling Equipment				
Outside customer sales	236,502	149,085	151,370	1,908,814
Inter-segment transactions	–	–	–	–
	236,502	149,085	151,370	1,908,814
Textile Machinery				
Outside customer sales	33,238	23,135	18,947	268,264
Inter-segment transactions	–	–	–	–
	33,238	23,135	18,947	268,264
Others				
Outside customer sales	40,012	30,140	24,290	322,938
Inter-segment transactions	4,531	2,613	2,974	36,570
	44,543	32,753	27,264	359,508
Subtotal	776,011	631,721	564,281	6,263,204
Elimination of inter-segment transactions	(8,628)	(5,948)	(5,405)	(69,637)
Total	¥767,383	¥625,773	¥558,876	$6,193,567
Operating costs and expenses:				
Automobile	¥433,203	¥402,320	¥349,302	$3,496,392
Materials Handling Equipment	221,955	143,335	142,918	1,791,404
Textile Machinery	33,203	26,107	22,402	267,982
Others	40,178	32,001	25,064	324,278
Elimination of inter-segment transactions	(8,460)	(6,857)	(5,624)	(68,281)
Total	¥720,079	¥596,906	¥534,062	$5,811,775
Operating income (loss):				
Automobile	¥ 28,525	¥ 24,428	¥ 17,398	$ 230,226
Materials Handling Equipment	14,547	5,750	8,452	117,410
Textile Machinery	35	(2,972)	(3,455)	282
Others	4,365	752	2,200	35,230
Elimination of inter-segment transactions	(168)	909	219	(1,356)
Total	¥ 47,304	¥ 28,867	¥ 24,814	$ 381,792

	Millions of yen			Thousands of U.S. dollars
	2001	2000	1999	**2001**
Assets:				
Automobile	**¥ 282,504**	¥266,839	¥254,087	**$ 2,280,097**
Materials Handling Equipment	**270,975**	81,343	78,518	**2,187,046**
Textile Machinery	**25,404**	23,427	22,224	**205,036**
Others	**15,487**	18,012	20,729	**124,996**
Corporate assets or elimination	**1,275,272**	296,293	241,513	**10,292,752**
Total	**¥1,869,642**	¥685,914	¥617,071	**$15,089,927**
Depreciation and amortization:				
Automobile	**¥ 31,764**	¥ 31,707	¥ 26,518	**$ 256,368**
Materials Handling Equipment	**10,766**	7,751	5,548	**86,893**
Textile Machinery	**1,034**	978	1,024	**8,345**
Others	**3,071**	2,398	1,404	**24,786**
Corporate or elimination of inter-segment transactions	**(181)**	(82)	(114)	**(1,461)**
Total	**¥ 46,454**	¥ 42,752	¥ 34,380	**$ 374,931**
Capital expenditures:				
Automobile	**¥ 54,734**	¥ 33,058	¥ 47,635	**$ 441,759**
Materials Handling Equipment	**70,673**	5,426	11,691	**570,404**
Textile Machinery	**320**	1,042	663	**2,583**
Others	**2,311**	5,794	875	**18,652**
Corporate or elimination of inter-segment transactions	**(765)**	(574)	(396)	**(6,174)**
Total	**¥ 127,273**	¥ 44,746	¥ 60,468	**$ 1,027,224**

Main products of each segment:

Automobile .... Passenger vehicles, diesel and gasoline engines, car air-conditioning compressors

Materials Handling Equipment .... Counterbalanced forklift trucks, warehouse trucks, skid steer loaders, automated storage and retrieval systems, automatic guided vehicles

Textile Machinery .... Ring spinning frames, air-jet looms, water-jet looms

Others .... Ball grid array-type plastic package substrates for IC chipsets, casting machines

Corporate assets as of March 31, 2001, included in corporate assets or elimination amounting to ¥1,278,393 million ($10,317,942 thousand) mainly consist of cash and cash equivalents, short-term investments and investments in securities held by the Company.

Effective for the year ended March 31, 2001, the new accounting standards for retirement benefits have been applied. Consequently, operating costs and expenses increased by ¥721million ($5,819 thousand) for the Automobile Segment, ¥197 million ($1,590 thousand) for the Materials Handling Equipment Segment, ¥41 million ($331 thousand) for the Textile Machinery Segment and ¥46million ($371 thousand) for the Others Segment, respectively, and operating income for each segment decreased by the same amount.

Effective for the year ended March 31, 2001, allowance for retirement and severance benefits for directors and corporate auditors has been recorded. Consequently, operating costs and expenses increased by ¥145 million ($1,170 thousand) for the Automobile Segment, ¥37 million ($299 thousand) for the Materials Handling Equipment Segment, ¥10 million ($81 thousand) for the Textile Machinery Segment and ¥4 million ($32 thousand) for the Others Segment, respectively, and operating income for each segment decreased by the same amount.

Effective for the year ended March 31, 2001, the new accounting standards for financial instruments have been applied. Consequently, assets increased by ¥40 million ($323 thousand) for the Materials Handling Equipment Segment and ¥942,594 million ($7,607,670 thousand) for corporate assets or elimination.

Effective for the year ended March 31, 2000, the new accounting standards for income taxes have been applied. Consequently, assets increased by ¥3,335 million for the Automobile Segment, ¥1,221 million for the Materials Handling Equipment Segment, ¥442 million for the Textile Machinery Segment, ¥621 million for the Others Segment, and ¥4,247 million for corporate assets or elimination.

As discussed in Note 3, from the year ended March 31, 2000, revenue and expense accounts of overseas subsidiaries have been translated into Japanese yen at annual average rates while year-end rates had been used until the year ended March 31, 1999. Consequently, sales, operating income, assets, depreciation and amortization and capital expenditures increased by ¥4,477 million, ¥251 million, ¥145 million, ¥287 million and ¥960 million for the Automobile Segment, and also increased by ¥5,856 million, ¥338 million, ¥210 million, ¥135 million and ¥303 for the Materials Handling Equipment Segment. In addition, sales, operating loss, depreciation and amortization and capital expenditures increased by ¥99 million, ¥30 million, ¥12 million and ¥5 million, and assets decreased by ¥36 million for the Textile Machinery Segment.

(2) Geographical segments

As of and for the years ended March 31, 2001, 2000 and 1999:

	Millions of yen			Thousands of U.S. dollars
	2001	2000	1999	**2001**
Sales:				
Japan				
Outside customer sales	**¥586,087**	¥531,274	¥465,444	**$4,730,323**
Inter-segment transactions	**31,770**	25,309	18,860	**256,416**
	617,857	556,583	484,304	**4,986,739**
North America				
Outside customer sales	**123,355**	79,232	78,264	**995,601**
Inter-segment transactions	**337**	–	–	**2,720**
	123,692	79,232	78,264	**998,321**
Europe				
Outside customer sales	**55,826**	–	–	**450,573**
Inter-segment transactions	**749**	–	–	**6,045**
	56,575	–	–	**456,618**
Others				
Outside customer sales	**2,115**	15,267	15,168	**17,070**
Inter-segment transactions	**478**	589	551	**3,858**
	2,593	15,856	15,719	**20,928**
Subtotal	**800,717**	651,671	578,287	**6,462,606**
Elimination of inter-segment transactions	**(33,334)**	(25,898)	(19,411)	**(269,039)**
Total	**¥767,383**	¥625,773	¥558,876	**$6,193,567**
Operating costs and expenses:				
Japan	**¥577,381**	¥533,987	¥465,139	**$4,660,056**
North America	**118,422**	74,547	73,342	**955,787**
Europe	**53,724**	–	–	**433,608**
Others	**2,841**	15,358	15,100	**22,930**
Elimination of inter-segment transactions	**(32,289)**	(26,986)	(19,519)	**(260,606)**
Total	**¥720,079**	¥596,906	¥534,062	**$5,811,775**
Operating income (loss):				
Japan	**¥ 40,476**	¥ 22,596	¥ 19,165	**$ 326,683**
North America	**5,270**	4,685	4,922	**42,534**
Europe	**2,851**	–	–	**23,010**
Others	**(248)**	498	619	**(2,002)**
Elimination of inter-segment transactions	**(1,045)**	1,088	108	**(8,433)**
Total	**¥ 47,304**	¥ 28,867	¥ 24,814	**$ 381,792**

	Millions of yen			Thousands of U.S. dollars
	2001	2000	1999	2001
Assets:				
Japan	¥ 460,474	¥361,459	¥349,787	$ 3,716,497
North America	126,520	44,035	39,113	1,021,146
Europe	158,351	–	–	1,278,055
Others	4,987	17,322	15,846	40,250
Corporate assets or elimination	1,119,310	263,098	212,325	9,033,979
Total	¥1,869,642	¥685,914	¥617,071	$15,089,927

Significant countries or areas belonging to each segment are as follows:

North America . . . . U.S.A., Canada

Europe . . . . Sweden, France, Germany

Others . . . . India, China

Corporate assets as of March 31, 2001, included in corporate assets or elimination amounting to ¥1,278,393 million ($10,317,942 thousand) mainly consist of cash and cash equivalents, short-term investments and investments in securities held by the Company.

Effective for the year ended March 31, 2001, the Europe Segment has been separated from the Others Segment because business there increased in importance. Sales, operating income, and assets of the Europe Segment in prior year were ¥14,822 million, ¥681 million, and ¥13,472 million, respectively.

Effective for the year ended March 31, 2001, the new accounting standards for retirement benefits have been applied. Consequently, operating costs and expenses of the Japan Segment increased by ¥1,005 million ($8,111 thousand) and operating income of the Japan Segment decreased by the same amount.

Effective for the year ended March 31, 2001, allowance for retirement and severance benefits for directors and corporate auditors have been recorded. Consequently, operating costs and expenses of the Japan Segment increased by ¥196 million ($1,582 thousand) and operating income of the Japan Segment decreased by the same amount.

Effective for the year ended March 31, 2001, the new accounting standards for financial instruments have been applied. Consequently, assets increased by ¥40 million ($323 thousand) for the Japan Segment and ¥942,594 million ($7,607,700 thousand) for corporate assets or elimination.

Effective for the year ended March 31, 2000, the new accounting standards for income taxes have been applied. Consequently, assets increased by ¥9,025 million for Japan Segment, ¥811 million for North America Segment and ¥31 million for the Others Segment.

As discussed in Note 3, from the year ended March 31, 2000, revenue and expense accounts of overseas subsidiaries have been translated into Japanese yen at annual average rates while year-end rates had been used until the year ended March 31, 1999. Consequently, sales, operating income and assets increased by ¥8,031 million, ¥475 million and ¥308 million for the North America Segment, ¥2,401 million, ¥84 million and ¥11 million for the Others Segment.

(3) Overseas sales

For the years ended March 31, 2001, 2000 and 1999:

	Millions of yen			Thousands of U.S. dollars
	2001	2000	1999	**2001**
Overseas sales:				
North America	**¥140,161**	¥90,314	¥93,748	**$1,131,243**
Europe	**102,666**	–	–	**828,620**
Others	**55,967**	101,678	84,989	**451,719**
Total	**¥298,794**	¥191,992	¥178,737	**$2,411,582**
Total sales	**¥767,383**	¥625,773	¥558,876	**$6,193,567**
Ratios of overseas sales to total sales (%):				
North America	**18.2%**	14.4%	16.8%	
Europe	**13.4**	–	–	
Others	**7.3**	16.3	15.2	
Total	**38.9%**	30.7%	32.0%	

Significant countries or areas belonging to each area as of March 31, 2001 are as follows:

North America .... U.S.A., Canada

Europe .... Germany, France, U.K.

Others .... China, Indonesia, Australia, Korea, Taiwan

Germany, France and U.K. were included in the Others area until the year ended March 31, 2000.

The Europe area, which had been included in the Others area until the year ended March 31, 2000, has been separately disclosed the year ended March 31, 2001 due to its increased materiality. Sales to the Europe area was ¥54,034 million (8.6% to total sales) in the previous year.

As discussed in Note 3, from the year ended March 31, 2000, revenue and expense accounts of overseas subsidiaries have been translated into Japanese yen at annual average rates while year-end rates had been used until the year ended March 31, 1999. Consequently, overseas sales increased by ¥8,027 million for the North America area, ¥2,347 million for the Others area.

19. Related party transactions

The following transactions were carried out with related parties.

(1) Sales of goods and services for the year ended March 31, 2001, and 2000 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Toyota Motor Corporation	**¥425,377**	¥393,780	**$3,433,228**

Toyota Motor Corporation holds 24.67% of the Company's shares as of March 31, 2001. The above transactions were carried out on commercial terms and conditions.

(2) Purchase of goods and services for the year ended March 31, 2001, and 2000 are as follows:

Purchase of goods:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Toyota Motor Corporation	**¥195,514**	¥184,935	**$1,577,998**

Purchase of services:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Toyota Motor Corporation	**¥4,685**	¥4,848	**$37,813**
TOYODA AUTOMATIC LOOM WORKS Health Insurance Society	**69**	62	**557**
Toyota Medical Corporation	**33**	32	**266**
Total	**¥4,787**	¥4,942	**$38,636**

TOYODA AUTOMATIC LOOM WORKS Health Insurance Society's chairman is Shiro Endo as of March 31, 2001, who is a director of the Company and holds 0.01% of the Company's shares, and Shigetaka Mitomo as of March 31, 2000, who was a corporate auditor. Toyota Medical Corporation's chairman is Yoshitoshi Toyoda as of March 31, 2001 and 2000, who is a director of the Company and holds 0.05% and 0.06% of the Company's shares, respectively. The transactions above were carried out on commercial terms and conditions.

(3) Outstanding balances arising from sale/purchase of goods/services as of March 31, 2001 and 2000 are as follows:

Receivables from a related party:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Toyota Motor Corporation	**¥35,483**	¥34,782	**$286,384**

Payable to a related party:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Toyota Motor Corporation	**¥18,214**	¥21,120	**$147,006**

(4) Loans to an affiliate for the year ended March 31, 2001 are as follows:

	Millions of yen	Thousands of U.S. dollars
Balance at the beginning of the year	**¥ 8,600**	**$ 69,411**
Loans made during the year	**–**	**–**
Repayments during the year	**(8,600)**	**(69,411)**
Balance at the end of the year	**¥ –**	**$ –**

A loan was made to ST Liquid Crystal Display Corp., in which the Company owns 50.0% of the shares, and given on commercial terms and conditions without any collateral.

Report of Independent Accountants

ChuoAoyama Audit Corporation

PRICEWATERHOUSECOOPERS

Dai Nagoya Building
3-28-12, Meieki, Nakamura-ku
Nagoya, 450-8565 Japan
Telephone 81-52-551-3001
Facsimile 81-52-551-3005

June 28, 2001

To the Board of Directors of
Toyota Industries Corporation
(formerly, Toyoda Automatic Loom Works, Ltd., see Note 1)

We have audited the accompanying consolidated balance sheets of Toyota Industries Corporation (formerly,Toyoda Automatic Loom Works, Ltd., see Note 1) and its consolidated subsidiaries as of March 31, 2001 and 2000, and the consolidated statements of income, shareholders' equity and cash flows for the three years in the period ended March 31, 2001, expressed in Japanese yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of Toyota Industries Corporation and its consolidated subsidiaries as of March 31, 2001 and 2000, and the consolidated results of their operations and their cash flows for the three years in the period ended March 31, 2001 in conformity with accounting principles and practices generally accepted in Japan (see Note 1) applied on a consistent basis, except for the changes described in the next two paragraphs.

As described in Note 3, effective for the year ended March 31, 2000, Toyota Industries Corporation and its consolidated subsidiaries have changed its method of translation of foreign subsidiaries' financial statements.

As described in Note 3, effective for the year ended March 31, 2001, Toyota Industries Corporation has changed its method of allowance for retirement and severance benefits for directors and corporate auditors.

As described in Note 3, effective for the year ended March 31, 2000, Toyota Industries Corporation and its consolidated subsidiaries have adopted new Japanese accounting standards for income taxes.

As described in Note 3, effective for the year ended March 31, 2001, Toyota Industries Corporation and its Japanese consolidated subsidiaries have adopted new Japanese accounting standards for retirement benefits, financial instruments and foreign currency transactions.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the readers outside Japan, have been translated on the basis set forth in Note 1 to the accompanying consolidated financial statements.

ChuoAoyama Audit Corporation

Toyota Industries Close-up

Toyota Industries Corporation ("Toyota Industries") is divided into four segments: Textile Machinery, Automobile, Materials Handling Equipment, and Others. These are further subdivided into a wide range of business/operation categories. The following pages give details of our range of business fields and product groups, our 75 years of history, and our corporate organization. We hope that this will give all of our stakeholders—including shareholders, investors, and customers—a deeper understanding of Toyota Industries.

Passion and Progress in Manufacturing

As a manufacturing company, our vital function is to craft products. Ever since our foundation, we have channeled our passion for manufacturing into our mission of bringing customers superior products at fair prices. We constantly seek to improve and update our manufacturing facilities so that we can make products of superb quality in the most efficient way. Henry Ford's mass-production methods revolutionized automobile manufacturing and Toyota Motor Corporation's "lean manufacturing" method enabled another huge leap in productivity. But just as important as these major revolutions are the many small improvements that add up to a large overall advance in productivity. We, Toyota Industries, are a group of people devoted to the continuous improvement of productivity and the manufacturing of products. While engineers and designers at Toyota Industries have developed new products and improved existing ones, our factory employees have made just as important a contribution to better productivity through their proposals for improving work processes and equipment. We recently embarked on an ambitious project to shorten development processes and improve productivity by revolutionizing development and manufacturing methods through the adaptation of IT.

The Materials Handling Equipment Segment consists of TOYOTA Material Handling Company and BT Industries AB. TOYOTA Material Handling Company is divided into the industrial vehicle business and the materials handling system business.

TOYOTA Material Handling Company

Moving into worldwide markets with industrial vehicles and other advanced industrial equipment products

Industrial Vehicle Business

Reaching for success through superior R&D and customer satisfaction

Toyota Industries' industrial vehicle business began in 1956 with the introduction of the LA model 1-ton forklift truck. Since then, we have developed a variety of superior industrial vehicles, such as electric tow tractors with an AC (alternating current) drive system and lift trucks boasting features such as Japan's first 4-wheel drive, standard power steering, which had a huge impact on the industry, and low-noise. Toyota Industries currently leads the world market with a full line-up of internal combustion and electric forklift trucks with capacities ranging from half a ton up to over 40 tons. In addition, we develop and manufacture numerous other industrial vehicles, including skid steer loaders, shovel loaders, and tow tractors for use at places such as airports.

Our emphasis in making lift trucks has been, and always will be, on making products that are safer and as easy as possible for the user to operate. In 1998, we introduced the GENEO series (called the 7-Series outside Japan) of internal combustion, counterbalanced forklift trucks with capacities from 1 to 5 tons, which boasted our world-first System of Active Stability (SAS), a system for enhancing the stability of lift trucks. In 1999, we introduced the GENEO-B (called the 7FB outside Japan) electric counterbalanced forklift trucks with capacities from 1 to 3.5 tons. In addition to the highly rated SAS, the GENEO-B featured the AC control system as standard equipment.

We aim to continue being the world's leading manufacturer of industrial trucks as we continuously develop state-of-the-art products in order to satisfy customer needs worldwide.

GENEO (7FD25)
Internal Combustion Counterbalanced Forklift Truck (1 to 5 ton)

GENEO-B (7FB15)
Electric Counterbalanced Forklift Truck (1 to 3.5 ton)

GENEO-R
Electric Reach Truck

Tow Tractor (2TD20)

Skid Steer Loader (4SDKL8)

Materials Handling System Business

Creating materials handling systems that revolutionize the way goods are conveyed, stored, sorted and picked in warehouses and factories

In today's IT age, information travels instantaneously over networks around the world. This increased speed of information has necessitated greater speed and efficiency in the field of distribution. We offer customers improved efficiency in their distribution work by developing a variety of materials handling systems such as automatic guided vehicle systems and automated storage/retrieval systems. Our wealth of know-how in materials handling, which has been accumulated and developed based on the Toyota Production System (hailed as one of the world's most successful production control systems), helps us provide customers with optimal materials handling solutions. Examples of the remarkable materials handling systems equipment we've developed include the Road Sorter H, our high-end automatic guided vehicle system that is easy to maintain and has a small turning circle, thanks to AC servo-motor controlled steering wheels, and the Rack Sorter BP, a building-type warehouse system that allows the storing of vast amounts of goods on shelves up to approximately 30 meters high. We also develop and manufacture automated storage/retrieval systems and automatic guided vehicle systems for clean rooms, which are indispensable for the production of electronic components. We employ our original non-contact power supply systems in our automatic guided vehicle systems and automated storage/retrieval systems for clean rooms. Because these systems use electromagnetic force to supply electrical power without physical contact to moving parts, they generate less dust and thus are ideally suited for use in dust-sensitive environments such as clean rooms.

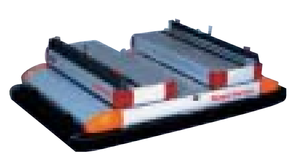
Note: Toyota Industries' automatic guided vehicle systems, automated storage/retrieval systems and certain other materials handling systems and products are generally sold only in Japan.

Rack Sorter P
Automated Storage and Retrieval System (Pallet Type)

Rack Sorter B
Automated Storage and Retrieval System (Plastic Container Type)

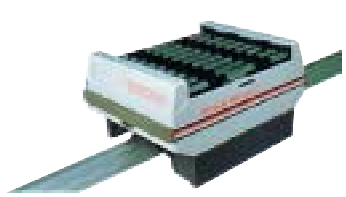
Rack Sorter BP
Automated Storage and Retrieval System (Building Rack Type)

2AFBR15
Automatic Guided Forklift Truck



Road Sorter H (ACBH10)
Automatic Guided Vehicle System

Rack Sorter Clean
Automated Storage and Retrieval System for Clean Rooms



Mobile Sorter B (MS05)
Rail Guided Vehicle System

Mobile Sorter Clean
Rail Guided Vehicle System for Clean Rooms

BT Industries AB

Developing warehouse trucks for the global market

BT Industries AB ("BT Industries") is the world's leading supplier of warehouse trucks and has a strong global customer base, particularly in Europe and North America. With its wide range of materials handling know-how, BT Industries helps customers improve materials handling efficiency and lower costs. Detailed analysis of customers' sites allows BT Industries to offer the best materials handling solution possible. Customers' needs are reflected in the development of BT products that offer high performance, low maintenance and maximum cost performance.

BT Industries stays close to its customers through dedicated sales networks. BT Industries offers a wide range of warehouse trucks, including hand pallet trucks, reach trucks, order picking trucks, very narrow aisle trucks and others. The company offers counterbalanced lift trucks as well.

BT LIFTER (Hand Pallet Truck)

BT has manufactured more than 2 million of these original hand pallet trucks to date. With a lift capacity of 2,300 kg, the BT LIFTER can be used wherever pallets need to be moved.

BT MINIMOVER (Electric Pallet Truck)

Launched in 2001, the MINIMOVER is a light and agile yet powerful aid for horizontal transporting. Its elegant style and ease of use make it perfect for use in places such as supermarkets.

BT ORION (Electric Pallet Truck)

The ORION series of electric pallet trucks is intended for heavy-duty horizontal transporting. Combining large batteries, powerful motors and a driver platform with CAN technology, these pallet trucks offer high productivity and low maintenance.

REFLEX (Reach Truck)

The REFLEX reach trucks are designed for intensive stacking and horizontal transporting. Ergonomics and performance have been combined into a superbly productive line of trucks.

OPUS (Order Picking Truck)

The extensive OPUS line of low-level order pickers is used for order picking of a multitude of items, from auto spare parts to consumer goods. The model shown here has extra-long forks for roll cages.

OPUS (Order Picking Truck)

The OPUS line also includes models with elevating platforms, allowing the operator to work comfortably at first and second level shelves.

COMBI (Very Narrow Aisle Truck)

The COMBI line consists of high-lifting "man-up" machines for combined pallet handling and order picking. The trucks are engineered for intensive use—even around the clock—365 days a year.

CARGO (Counterbalanced Truck)

The CARGO line of counterbalanced trucks, comprising electric, diesel and gas-powered machines with lift capacities up to 5 tons, completes the BT product line-up.

OPAL (Order Picking Truck)

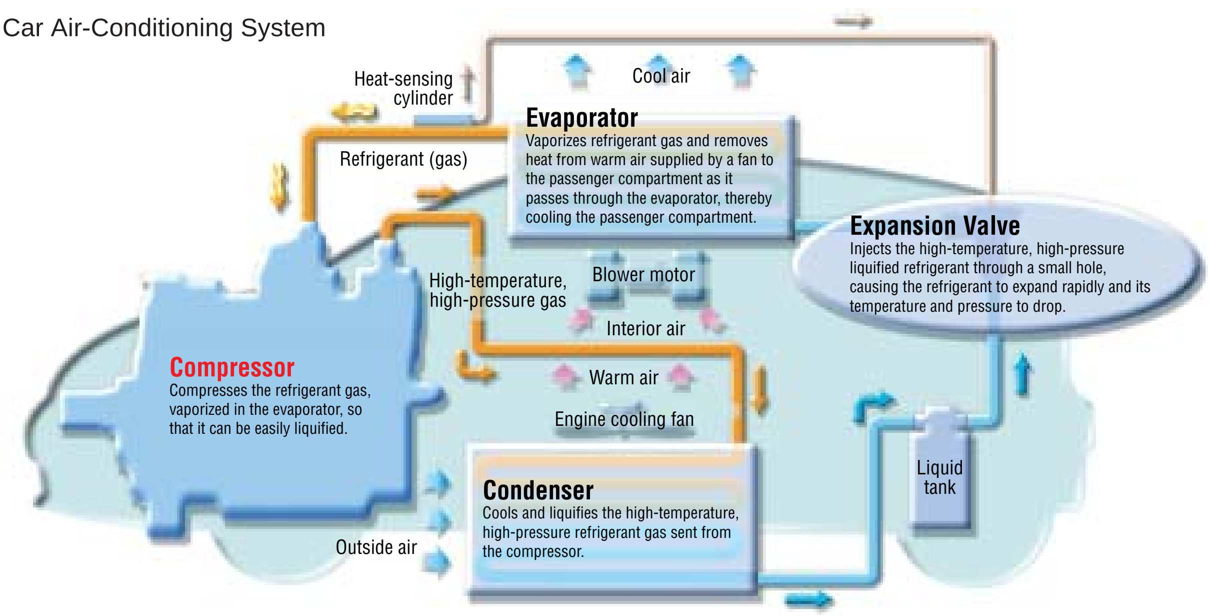
The OPAL order pickers are designed for order picking at medium heights, exceeding four meters. The model shown is equipped with a walk-through platform for handling of bulky goods.

A world leader in the manufacture of compressors, the core part of a car air-conditioner

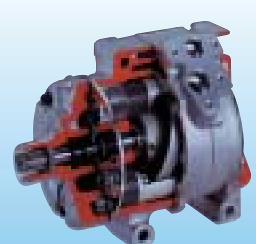
Car air-conditioners use the heat of evaporation of refrigerants to cool the inside of cars. The heart of a car air-conditioner is the compressor. Toyota Industries has been a leading manufacturer of car air-conditioning compressors with outstanding, unrivaled technologies such as compressors for electric vehicles and an external signal-controlled compressor with one-way swash plate continuous variable displacement, which automatically adjusts its displacement according to the cabin temperature and the load on the engine, resulting in lower fuel consumption. We have a large market share, both in Japan and around the world, supplying car manufacturers with state-of-the-art, compact and lightweight products, way ahead of the competition.

The compressor is an important element in ensuring a comfortable drive. It's also important in determining the impact a car has on the environment. As part of our long-standing commitment to the environment, we develop compact, variable

Car Air-Conditioning System



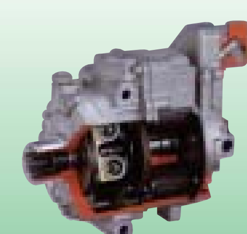
Fixed Displacement Type



10S17 Compressor
(Fixed Displacement, Swash Plate Type)

Continuous Variable Displacement Type

7SBU16 Compressor
(Variable Displacement, Swash Plate Type)

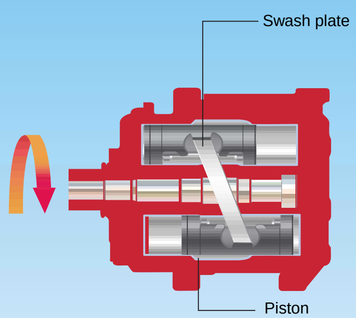


6SEU12 Compressor
(External Signal-Controlled, Variable Displacement, Clutchless Type)

displacement compressors that contribute to fuel efficiency by placing minimum burden on the car engine and next-generation compressors that use new refrigerants such as carbon dioxide (CO_2) as a substitute for CFCs.

Toyota Industries develops and manufactures various types of car air-conditioning compressors, our main type being the swash plate type. There are two types of swash plate compressors: a fixed displacement type with the swash plate angle fixed to keep the volume of the refrigerant compression chamber and the cooling capacity at a constant level; and a variable displacement type (one-way swash plate type) with the swash plate angle controlled automatically to change the volume of the refrigerant compression chamber and control the cooling capacity. Automatic displacement control can be achieved with two methods: an internally controlled variable displacement method that responds to the heat load of the compressor, thereby mechanically controlling the displacement; and an external signal-controlled variable displacement method, which uses sensors that detect various factors such as interior and exterior temperatures and humidity levels, enabling the magnetic valve to regulate the displacement of the compressor accordingly, thus contributing to higher fuel-efficiency and enhanced driving feel.

Fixed Displacement Type

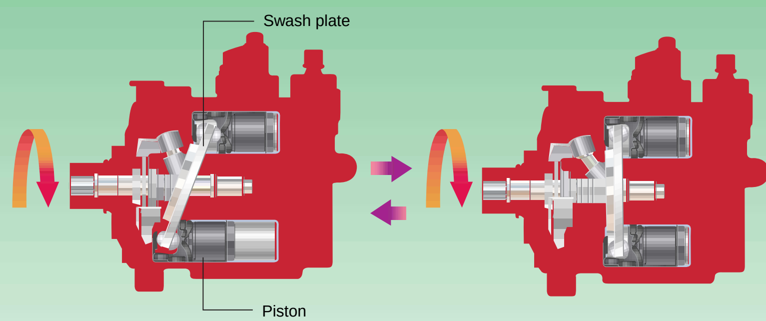


- Swash plate angle fixed
- Compression chamber volume and cooling capacity fixed

Features: Excellent overall performance—compact and lightweight with simple structure, high reliability, high energy efficiency, and low noise and vibration

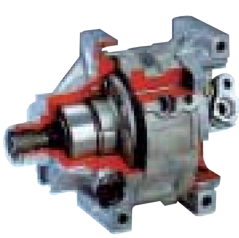
Continuous Variable Displacement Type

(Maximum Displacement) (Minimum Displacement)

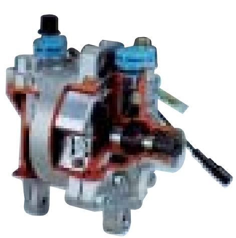


- Variable swash plate angle
- Changes the swash plate angle to control displacement, thereby altering cooling capacity

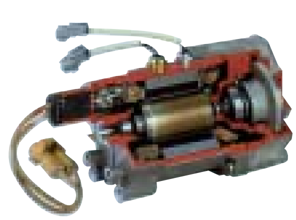
Features: High fuel efficiency, smooth switching on and off, temperature at cool air blower fixed



SCS06 Compressor
(Scroll Type)



SV07 Compressor
(Vane Type)



ES25 Electric Compressor
(Hermetic Scroll Type)

Viscous Type Power Heater
(Vehicle Cabin Supplementary Heater)

Contributing to the Toyota Group by assembling high quality, environmentally friendly compact cars

Today, safety and environmental concerns are important elements in developing cars. We currently manufacture the Vitz (Yaris in Europe), the production of which commenced in 1999, succeeding the Starlet. Having the lowest level of fuel consumption in its class, the Vitz (Yaris) is a strategic small car for Toyota Motor Corporation ("TMC") worldwide. In addition to being environmentally friendly, it's also equipped with advances in safety technology such as EBD (electronic brake distribution), ABS (antilock braking system) and dual SRS airbags.

We also manufacture the Sprinter Carib (called the Corolla Wagon outside Japan) for TMC, and started production of TOYOTA's compact SUV RAV4 in May 2001 and the bB Open Deck, a new compact car, in June 2001.

Vitz (Yaris in Europe)

RAV4

Sprinter Carib
(Corolla Wagon Outside Japan)

bB Open Deck
(Available Only in Japan)

Manufacturing a line-up of engines for small cars and large sport utility vehicles (SUVs)

Environmental concern in recent years has created a demand for environmentally friendly engines. Toyota Industries is striving to develop and manufacture, in collaboration with TMC, engines that offer power yet fuel efficiency and high output yet low noise.

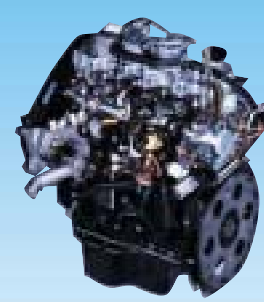
We manufacture diesel and gasoline engines in classes ranging from 1.5 liters to 4.7 liters. The engines we produce are used in TOYOTA-brand automobiles and forklift trucks. We are going all out in our joint efforts with TMC to develop environmentally friendly engines that offer power, quietness, and low vibration in a compact package.

Our flexible manufacturing system uses automatic guided vehicle systems to efficiently assemble approximately 200 engine parts, thus replacing conveyor belts.

Diesel Engines

1CD Diesel Engine
(Displacement: 2.0 Liters,
Used in the Avensis and Corolla)

1HZ Diesel Engine
(Displacement: 4.2 Liters,
Used in the Land Cruiser and Coaster)



3C-E Diesel Engine
(Displacement: 2.2 Liters,
Used in the Corolla)

Gasoline Engines

2UZ Gasoline Engine
(Displacement: 4.7 Liters,
Used in the Lexus LX470)

1FZ-FE Gasoline Engine
(Displacement: 4.5 Liters,
Used in the Land Cruiser)

4Y Gasoline Engine
(Displacement: 2.2 Liters,
Used in Industrial Vehicles)

The key to the future growth of the company

Our Electronics business consists of three separate operations:
the Technology Development Center, ST Liquid Crystal Display Corp., and TIBC Corporation.

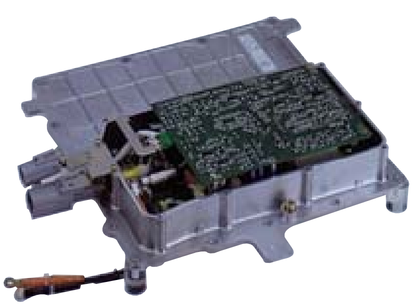
Technology Development Center

Taking cars into a new age of electronic control through the development of electronics equipment and devices

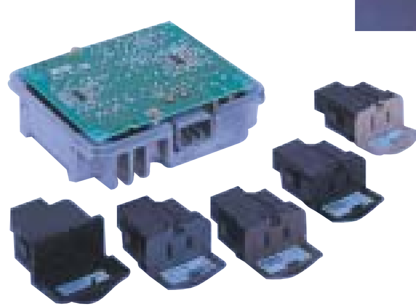
Our Technology Development Center conducts research and development in various fields. In July 2001, we integrated the center with our Semiconductor & Electronics Equipment Division and began aggressively developing and manufacturing electronic components for automobiles. The Technology Development Center manufactures mainly power supply- and communications-related products. In the field of car electronics, we develop and manufacture a variety of products, including DC-AC inverters (pre-installed type and portable type), which convert the DC 12V current from an auxiliary battery to AC 100V so that home electrical appliances (8V) can be used in the vehicle in Japan; inductive battery charging systems for electric vehicles; and DC-DC converters used in hybrid cars. We also manufacture semiconductors, SS wireless modems and the AC controllers built into the GENEO-B (called the 7FB outside Japan) electric counterbalanced forklift trucks.

Battery Charging System for EV

Power MOSFET Module



DC-DC Converter for the Prius



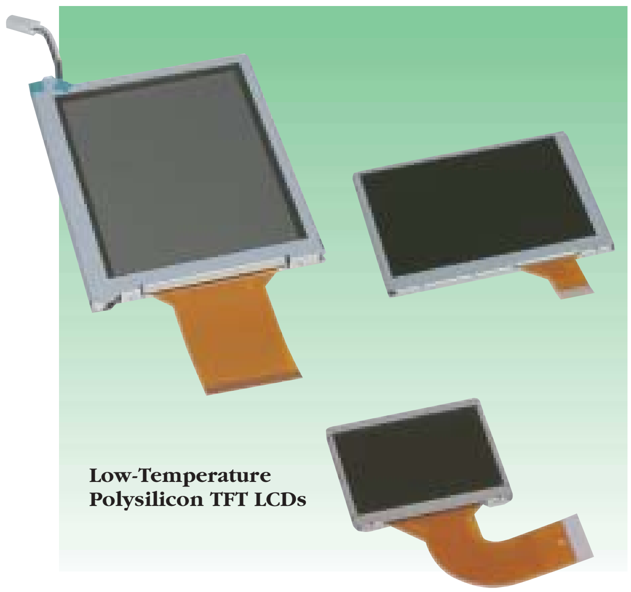
DC-AC Inverter (Pre-Installed Type)

ST Liquid Crystal Display Corp.

The growing nucleus of Toyota Industries' electronics business holds high-tech promise

ST Liquid Crystal Display Corp. ("ST-LCD"), established as a joint venture with Sony Corporation, manufactures low-temperature polysilicon TFT LCDs, a next-generation display panel.

In addition to having a high aperture rate and consuming little power, low-temperature polysilicon TFT LCDs make possible miniaturization of the display unit because the display device and its driver circuits can be integrated onto the same TFT glass substrate. These compact, cost-reducing display panels thus hold promise for applications such as digital video and still cameras, as well as in-car monitors. With these characteristics predicted to create a huge demand for low-temperature polysilicon TFT LCDs, ST-LCD stands to play an important role in Toyota Industries' electronics business.

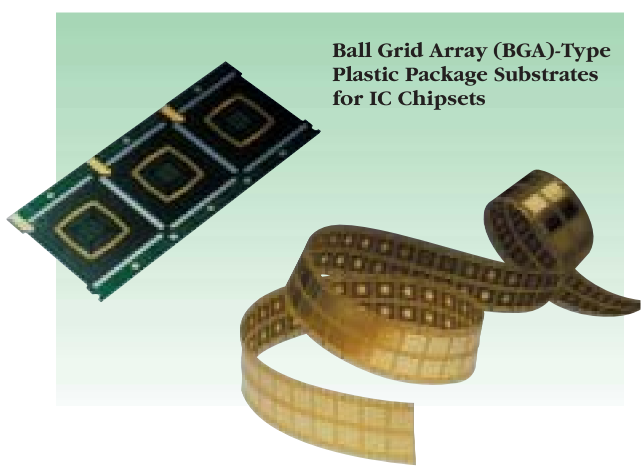


Low-Temperature Polysilicon TFT LCDs

TIBC Corporation

Manufacturing plastic package substrates for IC chipsets helps make electronics products smaller and lighter

TIBC Corporation ("TIBC"), a joint enterprise of Toyota Industries and Ibiden Co., Ltd. ("Ibiden"), entered the market for electronic substrates, which are used for IC modules that are vital for a range of products including PCs, digital video and still cameras, mobile phones and memory boards. TIBC mainly manufactures ball grid array (BGA)-type plastic package substrates, which allow ICs to offer maximum functionality with minimum size and weight, and flexible printed circuit (FPC)-type substrates for IC cards. These products are sold through Ibiden to chip manufacturers and other high-tech companies worldwide.



Ball Grid Array (BGA)-Type Plastic Package Substrates for IC Chipsets

Flexible Printed Circuit (FPC)-Type Substrates for IC Cards

Contributing to innovation in the global textile industry

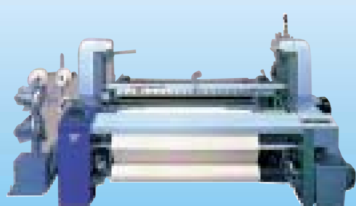
The roots of the Toyota Group go back to the renowned Japanese inventor Sakichi Toyoda and his invention of the automatic loom. Since then, the company has developed and manufactured textile machinery, the majority of which has been supplied to customers outside Japan. Toyota Industries manufactures two main categories of textile machinery: spinning machinery for spinning cotton fibers into yarn; and weaving machinery, on which yarn is woven into fabric in the directions of weft and warp. To keep up with the advancing needs of the market, we continuously incorporate the latest technological developments, including control technology, mechatronics and IT, into our textile machinery.

Our Textile Machinery Division's flagship product, the JAT610 air-jet loom, has garnered the number-one share of the world market thanks to the high level of praise received from our customers. After taking over the water-jet loom business from Nissan Texsys Co., Ltd., we applied the proprietary electronics technology developed for our air-jet weaving machines and introduced the LW600 series water-jet loom in 1999. We also sell preparatory machinery for weaving, such as sizing machines.

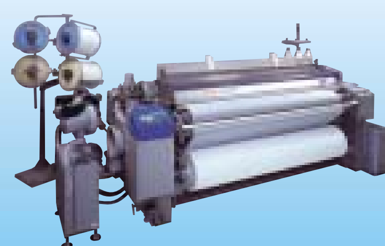
Customers around the world also know and trust us as one of the leading manufacturers of ring spinning frames and roving frames.

The Textile Machinery Division aims to offer the world's leading brand by continuously developing products that meet customers' needs, thereby maximizing customer satisfaction.

Weaving Machinery



JAT610 Air-Jet Loom



LW600 Series Water-Jet Loom

Mackee Eagle
Sizing Machine for Spun Yarn

Spinning Machinery

RX240 Ring Spinning Frame

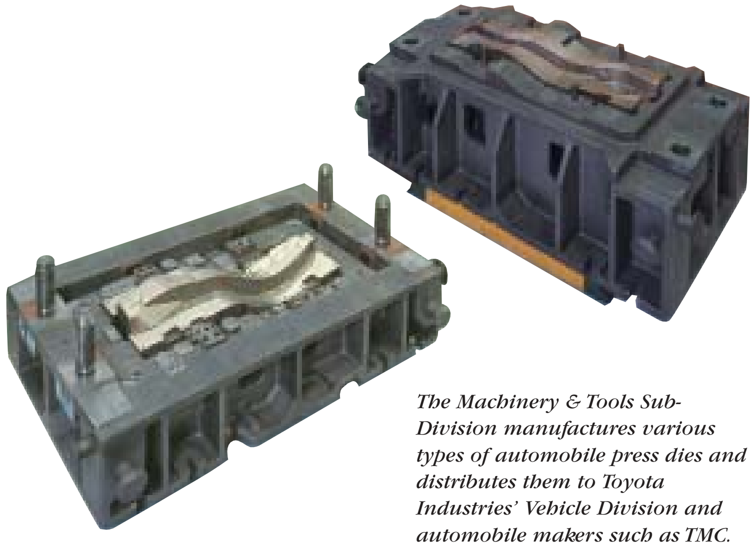
FL100 Roving Frame

DX7A Drawing Frame

Machinery & Tools Sub-Division

Excelling in press die manufacturing technology

The Machinery & Tools Sub-Division is involved in the design and manufacture of automobile press dies, mainly for TMC. These press dies are highly rated for their high quality and precision by automobile makers both in and outside of Japan. With its capability to produce higher quality press dies at a lower cost and achieve quick delivery times, the Machinery & Tools Sub-Division is helping automobile makers manufacture better cars.



The Machinery & Tools Sub-Division manufactures various types of automobile press dies and distributes them to Toyota Industries' Vehicle Division and automobile makers such as TMC.

Mechatronics Engineering Sub-Division

Contributing to the improvement of process technology through the design and production of manufacturing equipment for intracompany business divisions

The Mechatronics Engineering Sub-Division is committed to promoting in-house manufacturing of key machining and assembling equipment. This includes manufacturing equipment for the Compressor Division and Engine Division as well as for ST Liquid Crystal Display Corp., which manufactures next-generation LCDs. The Mechatronics Engineering Sub-Division also designs and manufactures advanced manufacturing equipment to help improve production efficiency and labor savings in the company and its group companies, thus boosting Toyota Industries' competitiveness.

Equipment developed and manufactured by the Mechatronics Engineering Sub-Division is utilized in Toyota Industries' compressor business and by ST-LCD, enhancing the productivity and competitiveness of these operations.

Major Developments in Toyota Industries' History

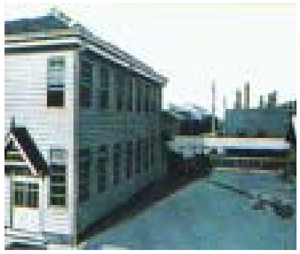
Founder
Sakichi Toyoda

Sakichi Toyoda was born in Shizuoka Prefecture, Japan, in 1867. He became an inventor while still in his teens and devoted his life to the study and development of textile machinery. Starting with a wooden handloom, he subsequently pioneered a new era in textile machinery with inventions that included Japan's first power loom, the circular loom and the Toyoda Automatic Loom Type G. Sakichi was awarded 84 patents and 35 utility models in his lifetime and is remembered with pride in Japan as one of the world's greatest inventors. We have inherited the engineering spirit of our illustrious founder.

1924
Toyoda Automatic Loom Type G invented by Sakichi Toyoda.

1920s

1926
Toyoda Automatic Loom Works, Ltd. (now Toyota Industries Corporation) established to manufacture and market automatic looms invented by Sakichi Toyoda.



1929
Spinning frame production starts.

Automatic loom patent sold to Platt Brothers & Co., Ltd. of the U.K.

1930s

1933
Automobile Division set up.

1934
A-type automobile engine completed.

1935
Prototype of Model A1 passenger car completed.

Company unveils Model G1 truck at a new-car-release exhibition in Shibaura, Tokyo.

1937
Automobile Division separates and becomes Toyota Motor Co., Ltd. (now Toyota Motor Corporation).

1940s

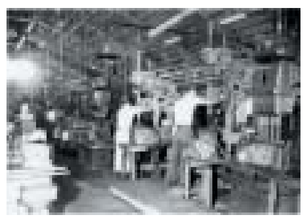
1940
Steel Production Division separates and becomes Toyoda Steel Works, Ltd. (now Aichi Steel Corporation).

1944
Obu Plant starts operations, manufacturing castings.

1949
Company stock listed on Tokyo, Osaka, and Nagoya Stock Exchanges

1950s

1952
Automobile engine (S-type gasoline engine) production starts.



1953
Kyowa Plant starts operations, manufacturing engines and assembling automobiles.

1955
Vehicle Division set up.

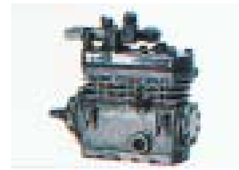
1956
Forklift truck production starts.

1959
P-type gasoline engine production starts.

1960s

1960
Shovel loader production starts.

Car air-conditioning compressor (CC3A-type, CC3B-type) production starts.



1963
Dump truck production starts.

Friction welder production starts.

1964
J-type diesel engine production starts.

1967
Nagakusa Plant starts operations, producing small commercial vehicles.

Publica (van) and Mini Ace (automobile) production starts.

Publica (van)

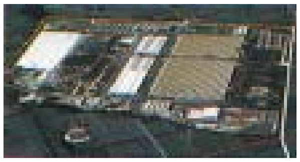
Electric counterbalanced forklift truck production starts.

1968
Open-end spinning machine production starts.

1970s

1970

Takahama Plant starts operations, producing industrial vehicles.

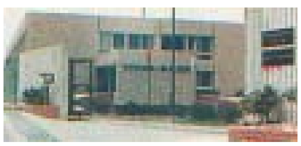


1971

Corolla (van) production starts.

Divisional organization system introduced (3 divisions: Textile Machinery, Industrial Vehicle, and Vehicle).

Toyoda-Sulzer Manufacturing Ltd. established as a joint venture with Sulzer Brothers, Ltd. of Switzerland to manufacture projectile looms.



1974

6P-type compressor production starts.

1977

Swash plate compressor technology licensed to Chrysler and Ford.

Compressor Division separates from Textile Machinery Division.

1978

Starlet (automobile) production starts.

Aerial work platform production starts.

1980s

1980

JA-type air-jet loom production starts.

1981

10P-type compressor production starts.

1982

Production starts on C-type diesel engines for small passenger cars.

Hekinan Plant starts operations, producing automobile diesel engines.

TQC (total quality control) system introduced.

1985

Engine Division separates from Vehicle Division.

10PA-type compressor production starts.

1986

Company awarded the Deming Prize for quality control implementation.

X300 series forklift production starts.

1987

Sprinter Cielo (exported as the Collora Lift Back) production starts.

Electronics Sub-Division set up.

1988

Toyota Industrial Equipment Mfg., Inc. (TIEM) established in Columbus, Indiana, USA, as a joint venture with Toyota Motor Corporation.

RX100 ring spinning frame production starts.

1989

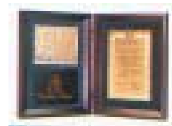
Michigan Automotive Compressor, Inc. (MACI) established in Jackson, Michigan, USA, as a joint venture with DENSO Corporation.

1990s

1990

Sprinter Carib (automobile; exported as the Corolla Wagon) production starts.

Company receives 1990 PM Excellent Plant Award.



1992

Materials Handling System Division set up.

Production starts on automated storage and retrieval systems.

JAT600 air-jet loom production starts.

1993

RX200 ring spinning frame production starts.

1994

X500 series internal combustion counterbalanced forklift truck production starts.

Toyota Industry Kunshan Co., Ltd. (TIK) established in China as a joint venture with Toyota Tsusho Corporation and Lioho Machine Works, Ltd.

R500 electric reach truck production starts.

1995

Toyota Industrial Equipment, S.A. (TIESA) established in France as a joint venture with Toyota Motor Corporation and Manitou B.F.

7SB-type compressor production starts.

B500 electric counterbalanced forklift truck production starts.

Kirloskar Toyoda Textile Machinery Ltd. (KTTM) established in India as a joint venture with the Kirloskar Group.

1996

JAT610 air-jet loom production starts.

RX240 ring spinning frame production starts.

1997

Compressor production at Kariya Plant reaches 100 million units.

6SE-type compressor production starts.

ST Liquid Crystal Display Corp. ("ST-LCD") established as a joint venture with Sony Corporation.

1998

TD Deutsche Klimakompressor GmbH (TDDK) established as a joint venture with DENSO Corporation to produce car air-conditioning compressors in Germany.

GENEO (called the 7-Series outside Japan) internal combustion counterbalanced forklift trucks introduced.

TIBC Corporation (TIBC) established as a joint venture with Ibiden Co., Ltd. ("Ibiden") to manufacture plastic package substrates for IC chipsets.

10S-type compressor production starts.

1999

Vitz (Yaris in Europe) production starts.

Company takes over water-jet loom business from Nissan Texsys Co., Ltd.

1CD-type diesel engine production starts.

GENEO-B (called the 7FB outside Japan) electric counterbalanced forklift trucks introduced.

2000s

2000

LW600 series water-jet loom production starts.

Company acquires BT Industries AB of Sweden, a world-leading manufacturer of warehouse trucks.

2UZ-type gasoline engine production starts.

2001

GENEO-R electric reach truck production starts.

Company takes over the industrial equipment sales division of Toyota Motor Corporation.

TOYOTA Material Handling Company established as an in-house company.

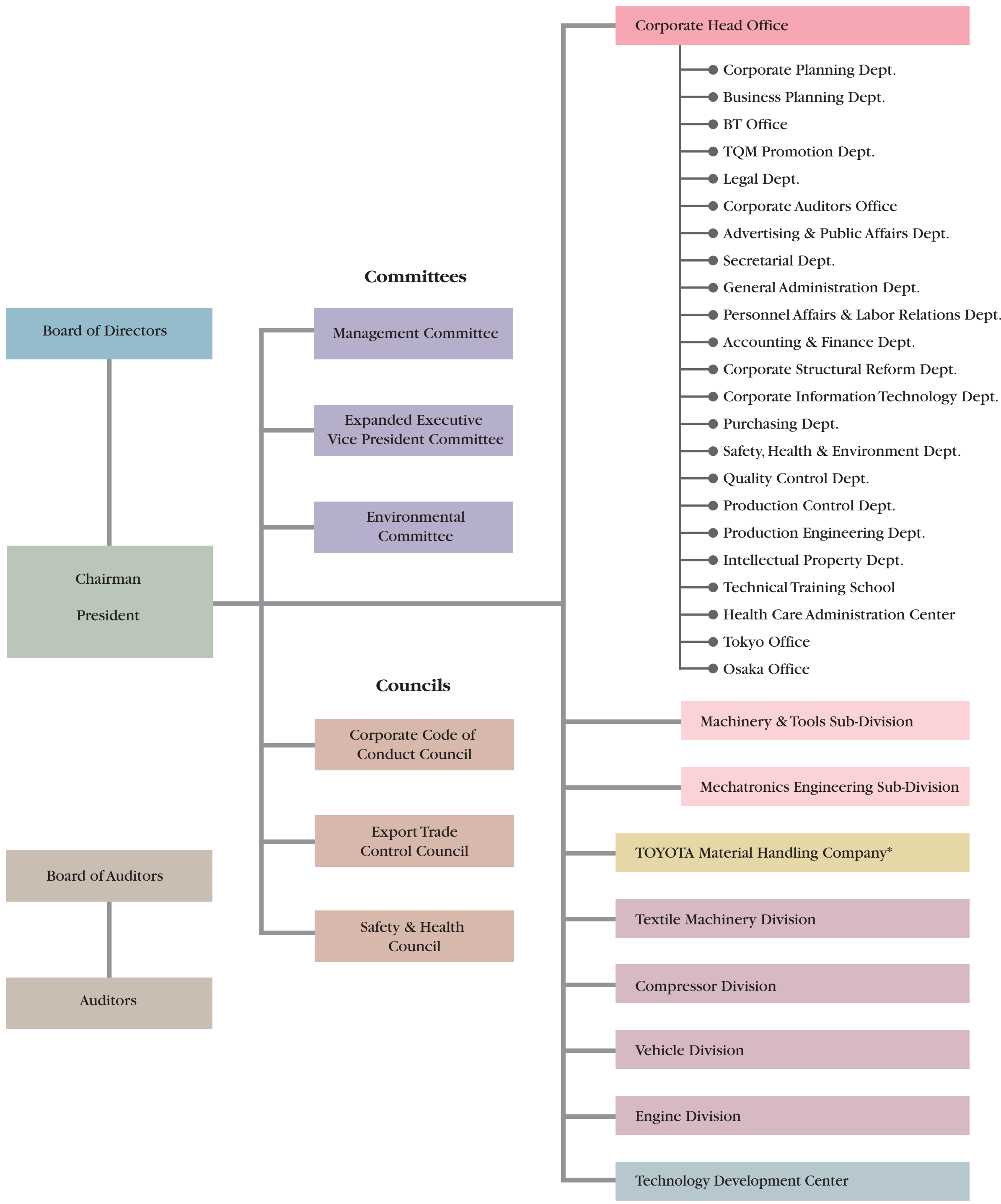
RAV4 (SUV) production starts.

bB Open Deck (automobile) production starts.

Name changed to Toyota Industries Corporation.

Corporate Organization

(As of July 1, 2001)



* *TOYOTA Material Handling Company is simply the name of a division of Toyota Industries, not a legally incorporated entity.*

Directors and Corporate Auditors

(As of June 28, 2001)

Board of Directors

Chairman
Akira Yokoi*

President
Tadashi Ishikawa*

Executive Vice President
Shozo Nakayama*

Executive Vice President
Koichiro Noguchi*

Representative Director

Senior Managing Directors

Tetsuro Toyoda*
Morio Kawamura*
Shiro Endo*
Kazuhiko Takeuchi*

Managing Directors

Norio Sato
Masazumi Konishi
Shinjiro Kamimura
Tatsuo Matsuura
Masanori Itoh
Akira Imura
Iwao Katayama

Honorary Chairman

Yoshitoshi Toyoda

Directors

Tatsuro Toyoda
Yoshimitsu Ogihara
Seiji Ueda
Shigetaka Yoshida
Tsuneyoshi Kajiwara
Shinichiro Matsuyama
Masafumi Kato
Yasuharu Toyoda
Kimpei Mitsuya
Hiroya Kono
Kazunori Yoshida
Kenji Takenaka

Corporate Auditors

Standing Corporate Auditors

Shigetaka Mitomo
Tadashi Komiya

Corporate Auditors

Iwao Isomura
Hiroshi Makino

Corporate Data

(As of March 31, 2001)

Plants and Offices

	Main Products	Number of Employees	Land Area (1,000 m²)	Photo Number
Kariya Plant	Textile machinery, car air-conditioning compressors	1,800	170	
Takahama Plant	Forklift trucks, materials handling systems	1,586	329	
Nagakusa Plant	Automobiles	2,171	271	
Kyowa Plant	Semiconductors, electronics equipment, press dies	844	164	
Obu Plant	Car air-conditioning compressors, foundry parts	462	156	
Hekinan Plant	Engines	1,279	271	
Higashichita Plant	Foundry parts	81	332	
Head Office and Others		912	842	
Total		**9,135**	**2,535**	

Consolidated Subsidiaries

	Location	Capital (thousands of the local currency)	Equity Ownership	Photo Number
Japan				
TIBC Corporation	Aichi	¥3,000,000	65.0%	1
TOYODA-SULZER MANUFACTURING LTD.	Aichi	¥500,000	100.0%	
ALTEX CO., LTD.	Shizuoka	¥200,000	75.0%	
Sun River Co., Ltd.	Osaka	¥150,000	81.3%	
IZUMI MACHINE MFG. CO., LTD.	Aichi	¥150,000	59.2%	
TOKYU CO., LTD.	Aichi	¥135,000	63.3%	
MINO TOKYU CO., LTD.	Gifu	¥18,000	93.4%	
Toyoda High System, Incorporated	Aichi	¥100,000	90.0%	
Nishina Industrial Co., Ltd.	Nagano	¥100,000	50.0%	
Tokaiseiki Co., Ltd.	Shizuoka	¥98,000	92.1%	
LOGISTEC CO., LTD.	Aichi	¥90,000	100.0%	
SKE Inc.	Aichi	¥78,500	100.0%	
SK Maintenance Inc.	Aichi	¥50,000	70.0%	
Iwama Loom Works, Ltd.	Aichi	¥49,920	50.0%	
KAWAMOTO SYSTEM CORPORATION	Aichi	¥47,000	100.0%	
ARTI Inc.	Aichi	¥30,000	100.0%	
HARA CORPORATION	Gifu	¥23,193	73.2%	
Mizuho Industry Co., Ltd.	Aichi	¥20,000	93.8%	
Sun Valley Inc.	Aichi	¥20,000	100.0%	
Sun Staff, Inc.	Aichi	¥20,000	100.0%	
TOKAI SYSTEM INSTITUTE CORP.	Aichi	¥10,000	100.0%	
Shine's Inc.	Aichi	¥10,000	100.0%	
Outside Japan				
Toyoda International Sweden AB*1	Mjölby, Sweden	SEK6,652,977	100.0%	
BT Industries Group*1 (63 companies)	–	–	–	3
Toyota Industries North America, Inc.*2	Columbus, Indiana, U.S.A.	US$27,000	100.0%	
Toyota Industrial Equipment Mfg., Inc.*2	Columbus, Indiana, U.S.A.	US$60,000	80.0%	4
Toyoda Textile Machinery, Inc.*2	Charlotte, North Carolina, U.S.A.	US$1,300	100.0%	
TAL Personnel Service, Inc.*2	Charlotte, North Carolina, U.S.A.	US$100	100.0%	
Toyota Material Handling USA, Inc.*2	Torrance, California, U.S.A.	US$0	100.0%	
Michigan Automotive Compressor, Inc.	Parma, Michigan, U.S.A.	US$146,000	60.0%	6
TD Deutsche Klimakompressor GmbH	Straßgräbchen, Sachsen, Germany	EUR20,452	65.0%	7
Kirloskar Toyoda Textile Machinery Ltd.	Bangalore, Karnataka, India	Rs816,200	85.5%	
Toyota Industry Kunshan Co., Ltd.	Kunshan, Jiangsu, China	US$16,000	70.0%	
Toyota Truck Norge Group*3 (4 companies)	–	–	–	
Toyota Industrial Equipment, S.A.	Ancenis, France	EUR9,000	52.8%	5

Unconsolidated Subsidiaries Accounted for by the Equity Method

	Location	Capital (thousands of the local currency)	Equity Ownership	Photo Number
Outside Japan				
BT Industries Group*1 (2 companies*4)	–	–	–	

Affiliates Accounted for by the Equity Method

	Location	Capital (thousands of the local currency)	Equity Ownership	Photo Number
Japan				
ST Liquid Crystal Display Corp.	Aichi	¥30,000,000	50.0%	2
TAIKOH TRANSPORTATION CO., LTD.	Aichi	¥83,985	46.2%	
Outside Japan				
BT Industries Group*1 (15 companies)	–	–	–	

*1 BT Industries Group is composed of 80 subsidiaries and affiliates and is centered on the holding company BT Industries AB (headquartered in Mjölby, Sweden, capitalized at SEK560 million). Toyoda International Sweden AB held 98.2% of the outstanding shares of BT Industries AB as of March 31, 2001.

*2 Toyota Industries North America, Inc. is a holding company that exercises control over Toyota Industrial Equipment Mfg., Inc., Toyoda Textile Machinery, Inc., TAL Personnel Service, Inc. and Toyota Material Handling USA, Inc.

*3 Toyota Truck Norge Group is composed of four subsidiaries and is centered on the company Toyota Truck Norge AS (headquartered in Trondheim, Norway, capitalized at NOK82,280 thousand).

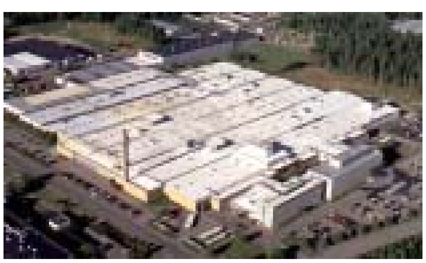
*4 BT Industries AB temporarily held more than a 50% share of the capital of two subsidiaries as of December 31, 2000.

Note: ¥–Japanese yen; SEK–Swedish krona; U.S.$–U.S. dollar; EUR–Euro; Rs–Indian rupee; NOK–Norwegian krone

Maj or Subsidiaries and Affiliates


1. TIBC Corporation (TIBC)


2. ST Liquid Crystal Display Corp. (ST-LCD)


3. BT Industries AB (BT Industries)


4. Toyota Industrial Equipment Mfg., Inc. (TIEM)


5. Toyota Industrial Equipment, S.A. (TIESA)


6. Michigan Automotive Compressor, Inc. (MACI)


7. TD Deutsche Klimakompressor GmbH (TDDK)

Investor Information

(As of March 31, 2001)

Corporate Head Office

TOYOTA INDUSTRIES CORPORATION
(Effective August 1, 2001)
2-1, Toyoda-cho, Kariya-shi, Aichi-ken 448-8671, Japan
Telephone: +81-(0)566-22-2511
Facsimile: +81-(0)566-27-5650

Date of Establishment

November 18, 1926

Common Stock

Par value: ¥50
Authorized: 1,091,245,000 shares
Issued and outstanding: 313,296,225 shares

Stock Exchange Listings

Tokyo, Osaka and Nagoya
(Ticker Code: 6201)

Number of Shareholders

8,626

Independent Accountants

ChuoAoyama Audit Corporation
3-28-12, Meieki, Nakamura-ku, Nagoya-shi, Aichi-ken
450-8565, Japan

Transfer Agent

The Toyo Trust and Banking Company, Limited
1-4-3, Marunouchi, Chiyoda-ku, Tokyo-to 100-0005, Japan
Telephone: +81- (0)3-3287-2211

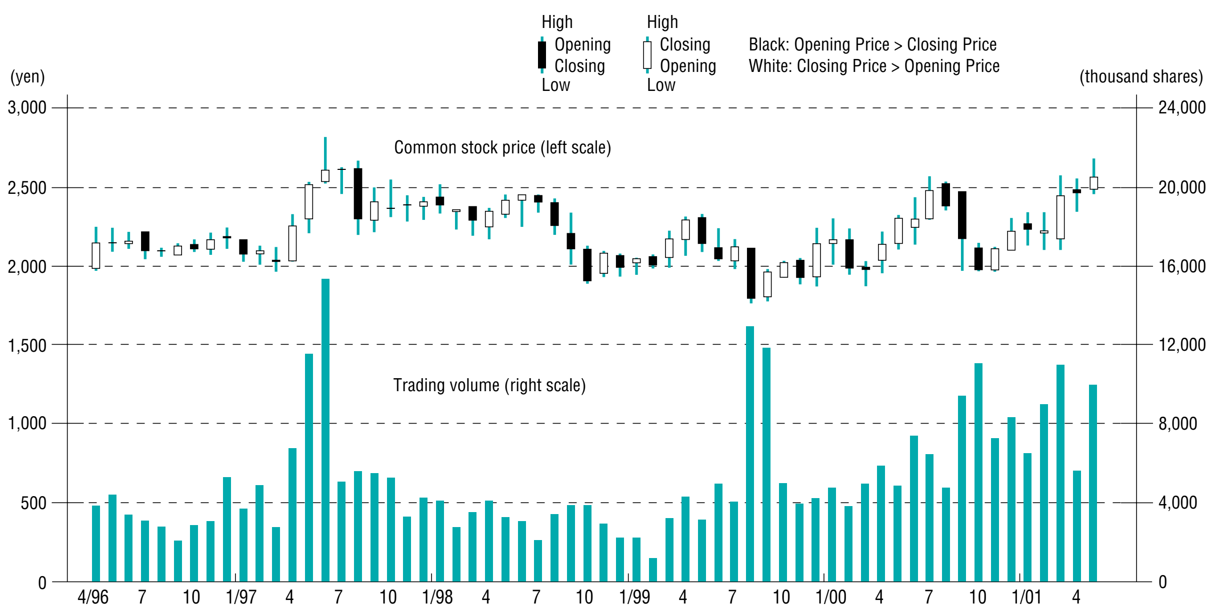
Major Shareholders

	% of Ownership
TOYOTA MOTOR CORPORATION	24.67
DENSO CORPORATION	7.10
Nippon Life Insurance Company	4.75
The Chuo Mitsui Trust and Banking Company, Limited	4.58
The Sakura Bank, Limited *1	4.34
The Tokai Bank, Limited *2	4.05
The Sanwa Bank, Limited *2	2.88
Mitsui Marine and Fire Insurance Co., Ltd.	2.51
Towa Real Estate Co, Ltd.	2.46
The Toyo Trust and Banking Company, Limited *2	2.29

*1 On April 1, 2001, The Sakura Bank, Limited and The Sumitomo Bank, Limited merged to form Sumitomo Mitsui Banking Corporation. Together, they held 4.39% of the then issued shares.

*2 On April 2, 2001, The Sanwa Bank, Limited, The Tokai Bank, Limited and The Toyo Trust and Banking Company, Limited integrated their businesses under the newly established holding company, UFJ Holdings, Inc. Together, they held 9.22% of the then issued shares.

Common Stock Price & Trading Volume (Tokyo Stock Exchange)



Publications

Our *Corporate Brochure* and *Environmental Report* are available in both English and Japanese upon written request to the Advertising & Public Affairs Department at our Corporate Head Office.

Internet Home Page

Updated information is published regularly on our website. (http://www.toyota-industries.com/)

Further Information

For further information, please write to the Planning Section of the Accounting & Finance Department or the Corporate Communications Section of the Advertising & Public Affairs Department at our Corporate Head Office.

TOYOTA INDUSTRIES CORPORATION
2-1, Toyoda-cho, Kariya-shi, Aichi-ken 448-8671, Japan
Telephone: +81-(0)566-22-2511 Facsimile: +81-(0)566-27-5650
URL: http://www.toyota-industries.com/

This annual report is printed on officially certified recycled and Kenaf paper (100% tree-free paper) using soy ink to minimize the impact on the environment.

PRINTED WITH SOY INK

Printed in Japan