

Foreword

Although the Japanese economy began to show signs of an upturn due to a slight increase in private investment in the IT (Information Technology) and semiconductor industries during the first half of the fiscal year under review, this was more than offset by decreased private investment during the latter fiscal half resulting in an overall slowdown of the economy.

Overseas, although the European economy continued to enjoy relatively robust performance, the American economy started to enter the stage of slow growth. In Asia, despite growth of the Chinese economy, other economies such as that of Singapore, Korea and Taiwan all experienced a slowdown due to the negative effects of the American economic slowdown.

The machinery industry, due to increased investment in plant and equipment, experienced overall favorable demand.

Under such overall conditions, and our

ongoing efforts to secure orders, both domestically and overseas, as well as the development of new products, favorable sales conditions for our machine tools, injection molding machines and extruders, along with greatly increased demand for semiconductor equipment, total orders received by the Toshiba Machine Company group, on a consolidated basis, was ¥134,317 million (US\$1,084 million), an increase of 27.3% over the previous term. (An exchange rate of ¥123.90 = \$1.00 will be used throughout this report)

As for our consolidated sales, increased sales of injection molding machines, extruders and semiconductor equipment more than compensated for relatively weak demand for our machine tools resulting in total group sales of ¥127,359 million (US\$1,028 million), an increase of 16.5% over the previous term.

In terms of profits and losses, increased sales of our products, especially injection molding machines and semiconductor equipment, along with increased profit due

to improved sales, foreign exchange conditions, and an improvement in all aspects of management resulted in an operating profit of ¥4,428 million (US\$36 million) and a net profit of ¥1,558 million (US\$13 million).

Despite being our first year of profitability in the last three years, we regret to announce that due to the reinforcement of our finances, our company will forego the distribution of a dividend for the fiscal year just ended.

As for the prospects for the current fiscal year, a continuation of the present economic sluggishness is forecast due to the negative effects of the slowdown of the American economy on the Asian economy, decreased private investment in plant and equipment and stagnant consumer spending. Despite this uncertain situation, the Toshiba Machine group will be implementing their TOSHIBA MACHINE ACTION PROGRAM 21 III (TM-AP21 III) to assure that we remain an influential force in the industry by the

continuing of our product restructuring program and increasing in both the volume of orders received and sales, as well as our profitability.

Under such harsh economic conditions, we will also continue in carrying out various reforms in our organization, business processes, costs and group management, in addition to the speedy research, development and offering of new products and best solution type recommendations to our customers based on our CS (Customer Satisfaction) policy. In regards to our manufacturing systems, further rationalization and efficiency measures are also to be implemented based on ISO9001 and ISO14001 standards for the production of quality, environmentally friendly products.



T. Inokuma

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