

# Foreword

Although the fiscal year under review showed hints of a gradual economic recovery due to strong exports and an increase in private sector plant and equipment investments, the Japanese domestic economy continued to be plagued by weak consumer demand and a long-term deflationary spiral.

Internationally, China continued to be the Asian center of economic growth, while Europe experienced continued depressed growth despite a gradual recovery in the American economy.

The Japanese domestic machine industry enjoyed overall growth due to an upturn in exports and an increase in private sector plant and equipment investments.

Under such circumstances, the Toshiba Machine Group, based on their CS (Customer Satisfaction) corporate policy, as well as their continuous efforts to secure orders, develop new products, and seek new growth markets resulted in an increase in orders received for their injection molding machines, die-casting machines, plastic extrusion, machine tools, high precision machines, semiconductor equipment, and hydraulic equipment totaling ¥117,591 million (US\$1,113 million), a 26.3% increase over the previous term (an exchange rate of ¥105.69=US\$1.00 shall be used throughout this report).

In regards to sales volume, an overall increase in all of our products resulted in a total of ¥110,658 million (US\$1,047 million), a 13.7% increase over the previous year.

As a result of the increased demand for our products, especially our various types of molding machines, semiconductor equipment and high precision machines, and the further rationalization of our production and management systems, the Toshiba Machine Group had a consolidated operating income of ¥7,601 million (US\$72 million), a 148.7% increase over the previous year, a consolidated pre-tax profit of ¥5,564 million (US\$53 million), and a net consolidated profit of ¥4,153 million (US\$39 million).

In regards to the stock dividend, we are most pleased to announce to our stockholders that a fiscal yearend dividend of ¥4.00 (US\$0.04) per share was distributed for the period ending on March 31, 2004, an increase of ¥1.00 (US\$0.01) per share over the previous year.

In October of 2003, an opening ceremony was held to commemorate the completion of the factory of Toshiba Machine (Shanghai) Co., Ltd. our first foreign subsidiary dedicated to the overseas production of our machines. Despite increased exports and private sector investment in plant and equipment, the general economic outlook is likely to remain bleak due to such factors

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as the instability in the foreign exchange rates, the unstable situation in Iraq, and the threat of terrorism.

Under such uncertain conditions, and to more readily adopt to various economic upheavals, as well as the easier shifting of resources to meet constantly evolving market conditions, on April 1, 2004, the Toshiba Machine Group implemented their TOSHIBA MACHINE ACTION PROGRAM Advanced III (TM-AP21 Ad. III) to further strengthen their business units, and enhance their business performance as well as their profitability.

*R. Nakajima*

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President

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