

Foreword

Stimulated by an overall increase in private-sector plant and equipment investment and exports, the Japanese domestic economy for the fiscal year experienced relatively strong growth. The IT (Information Technology) industrial field and some exports, however since the latter part of last summer have been undergoing a period of transition resulting in stagnant business conditions. Overseas, China, despite its conservative fiscal policy, continued to lead the Asian region with strong robust growth along with the United States, while Europe continued in its slow rate of recovery.

Overall, the Japanese domestic machine industry, despite several signs of adjustment, enjoyed favorable conditions due to increased exports and private-sector investment in plant and equipment.

Under such circumstances, the Toshiba Machine Group, based on their corporate CS (Customer Satisfaction) policy, continued in its concerted efforts to secure orders, develop new products, new technologies, and pioneer new domestic and overseas growth markets for our die-casting machines, plastic extrusion machines, machine tools, and semiconductor manufacturing equipment which resulted in an increase of 18.9% over the previous term in consolidated total orders received, totaling ¥139,776 million (US\$1,302 million), and an increase of 11.7% in consolidated net sales over the previous term, totaling ¥123,572 million (US\$1,151 million) (an exchange rate of ¥107.39=US\$1.00 shall be used throughout this report).

In combination with the increased sales of our products, our business rationalization efforts resulted in a pre-tax consolidated profit of ¥10,772 million (US\$100 million), an increase of 93.6% over the previous term, and a net consolidated profit of ¥7,093 million (US\$66 million), an increase of 70.8% over the previous term, our third consecutive year of increased profits.

Hence, we are pleased to announce that a fiscal yearend dividend of ¥5.00 (US\$0.05) per share was distributed to our stockholders for the period ending on March 31, 2005, an increase of ¥1 (US\$0.01) per share over the previous year, for a total annual dividend of ¥7 (US\$0.07) per share, up from ¥3 (US\$0.03) for the previous term.

To strengthen and further improve the efficiency of our sales force and group management, Toshiba Machine Selmac Co., Ltd. was merged into Toshiba Machine Co., Ltd. on October 1, 2004.

As for the general outlook, the Japanese domestic economy, despite several sectors still

requiring adjustment, is expected to continue in its gradual recovery. However, uncertainties such as volatile raw material costs and the risk of an international economic slowdown will continue to be important factors influencing this somewhat guarded optimistic view.

Under such business conditions, on April 1, 2005, the Toshiba Machine Group implemented their TOSHIBA MACHINE ACTION PROGRAM G1500 to help further promote and sell our products in new markets along with continued implementation of our strategy based on various reforms and advanced technologies for further enhancement of our business performance and profitability, as well as continued emphasis on increased productivity through the promotion of various rationalization and efficiency-minded measures, and the creation of environmentally friendly, quality products based on ISO9001 and 14001 standards, while as a responsible corporate citizen, observe of all rules and regulations, fulfill of all social responsibilities.

R. Nakajima

Reiji Nakajima
President

July, 2005