

Foreword

The Japanese economy continued to gradually recover due to increased private-sector plant and equipment investment, resumption in personal consumption, and the completion of inventory adjustment in the IT (information technology) industry in the latter half of the year. Overseas, China, with strong robust growth, continued to lead the Asian region. The United States, supported by domestic demand, continued in its economic expansion, while Europe maintained its gradual business recovery.

The Japanese domestic machine industry enjoyed generally favorable conditions due to increased domestic and overseas demand.

The Toshiba Machine Group, based on their corporate CS (Customer Satisfaction) policy, continued in its concerted efforts to secure orders, develop new products, and pioneer new domestic and overseas growth markets for their injection molding machines, plastic extrusion machines, die-casting machines, machine tools, electronic control equipment and semiconductor manufacturing equipment resulted in a 13.8% increase over the previous term in consolidated total orders received, totaling ¥159,014 million (US\$1,354 million), and a 16.8% increase, totaling ¥144,356 million (US\$1,229 million), in consolidated net sales over the previous term. (An exchange rate of US\$1.00 = ¥117.47 shall be used throughout this report).

The increased sales of our products in combination with various business rationalization efforts resulted in a pre-tax consolidated profit of ¥15,604 million (US\$133 million), an increase of 44.9% over the previous term, and a net consolidated profit of ¥10,482 million (US\$89 million), an increase of 47.8% over the previous term, our third consecutive year of increased revenue and fourth consecutive year of increased profits.

Hence, we are pleased to announce that a fiscal yearend dividend of ¥8 (US\$0.07) per share was distributed to our stockholders for the period ending on March 31, 2006, an increase of ¥3 (US\$0.03) per share over the previous year, for a total annual dividend of ¥12 (US\$0.1) per share, up from ¥7 (US\$0.06) for the previous term.

On April 1, 2006, a subsidiary was established in New Delhi, India, to market and service Toshiba Machine Group products in that region. Additionally, to further strengthen our group management network, Fuji seiki Corporation became a 100% fully owned subsidiary of the Toshiba Machine Co. Ltd. through an exchange of stock on the same day.

As for the general outlook, despite many uncertainties such as volatile energy costs and

the risk of an international economic slowdown, the Japanese domestic economy is expected to continue in its gradual recovery.

Under such business conditions, the Toshiba Machine Group implemented their ACTION PROGRAM G1500 last year to help further promote and sell their products in new markets. They also implemented their TOSHIBA MACHINE ACTION PROGRAM G1500II (TM-AP G1500II) on April 1, 2006, along with the continuing of various strategy based reforms and advanced technologies for further enhancement of business performance and profitability, as well as continued emphasis on increased productivity through the promotion of various rationalization and efficiency-oriented measures, as well as the creation of environmentally friendly, quality products based on ISO9001 and 14001 standards, and as a responsible corporate citizen, observe all rules and regulations, and fulfill all social responsibilities.

R. Nakajima

Reiji Nakajima
President

July, 2006