

# Financial Review

## CONSOLIDATED BALANCE SHEETS

TOSHIBA MACHINE CO., LTD. AND CONSOLIDATED SUBSIDIARIES

March 31, 2006 and 2005

ASSETS	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
Current assets:			
Cash and time deposits (Note 12)	<b>¥39,410</b>	¥ 26,619	<b>\$335,490</b>
Notes and accounts receivable, trade	<b>56,142</b>	52,578	<b>477,926</b>
Allowance for doubtful receivables	<b>(433)</b>	(430)	<b>(3,686)</b>
Net receivables	<b>55,709</b>	52,148	<b>474,240</b>
Inventories:			
Finished products	<b>3,032</b>	3,945	<b>25,811</b>
Work in process	<b>31,670</b>	25,569	<b>269,600</b>
Raw materials and supplies	<b>2,207</b>	2,162	<b>18,788</b>
Total inventories	<b>36,909</b>	31,676	<b>314,199</b>
Deferred tax assets (Note 11)	<b>2,540</b>	2,164	<b>21,623</b>
Other current assets	<b>1,337</b>	1,622	<b>11,381</b>
Total current assets	<b>135,905</b>	114,229	<b>1,156,933</b>
Property, plant and equipment, net (Notes 5 and 10)	<b>22,844</b>	22,208	<b>194,467</b>
Intangible Assets	<b>735</b>	663	<b>6,257</b>
Investments and other assets:			
Investments in:			
Unconsolidated subsidiaries and affiliates	<b>153</b>	153	<b>1,302</b>
Other securities (Note 4)	<b>11,488</b>	6,537	<b>97,795</b>
Long-term loans	<b>282</b>	337	<b>2,401</b>
Deferred tax assets (Note 11)	<b>342</b>	89	<b>2,911</b>
Other investments	<b>728</b>	841	<b>6,198</b>
Total investments and other assets	<b>12,993</b>	7,957	<b>110,607</b>
Total assets	<b>¥172,477</b>	¥145,057	<b>\$1,468,264</b>

See accompanying notes to financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
<b>Current liabilities:</b>			
Short-term bank loans (Notes 6 and 10)	<b>¥26,809</b>	¥26,452	<b>\$228,220</b>
Current portion of long-term debt (Notes 6 and 10)	<b>1,538</b>	762	<b>13,093</b>
Notes and accounts payable, trade	<b>40,992</b>	34,779	<b>348,957</b>
Income taxes payable	<b>5,323</b>	4,444	<b>45,314</b>
Accrued expenses	<b>6,240</b>	5,736	<b>53,120</b>
Advances received	<b>4,780</b>	2,768	<b>40,691</b>
Other current liabilities	<b>2,193</b>	731	<b>18,668</b>
Total current liabilities	<b>87,875</b>	75,672	<b>748,063</b>
<b>Long-term liabilities:</b>			
Long-term debt (Notes 6 and 10)	<b>9,840</b>	11,378	<b>83,766</b>
Deferred tax liabilities (Note 11)	<b>2,937</b>	1,570	<b>25,002</b>
Accrued employees' retirement benefits (Note 7)	<b>9,116</b>	8,004	<b>77,603</b>
Total long-term liabilities	<b>21,893</b>	20,952	<b>186,371</b>
Total liabilities	<b>109,768</b>	96,624	<b>934,434</b>
<b>Contingent liabilities (Note 8 and Note 15)</b>			
Minority interest in consolidated subsidiaries	<b>2,362</b>	809	<b>20,107</b>
<b>Shareholders' equity:</b>			
Common stock			
Authorized           360,000,000 shares			
Issued               166,885,530 shares	<b>12,485</b>	12,485	<b>106,282</b>
Additional paid-in capital	<b>19,538</b>	19,405	<b>166,323</b>
Retained earnings	<b>23,423</b>	14,461	<b>199,396</b>
Unrealized holding gain on securities, net of tax	<b>5,753</b>	2,747	<b>48,974</b>
Foreign currency translation adjustments	<b>(159)</b>	(653)	<b>(1,353)</b>
Treasury stock, at cost (1,717,748 shares in 2006, 2,056,612 shares in 2005)	<b>(693)</b>	(821)	<b>(5,899)</b>
Total shareholders' equity	<b>60,347</b>	47,624	<b>513,723</b>
Total liabilities and shareholders' equity	<b>¥172,477</b>	¥145,057	<b>\$1,468,264</b>

See accompanying notes to financial statements.