

## Foreword

Spurred by an increase in private-sector plant and equipment investment and a steady escalation in exports, despite concern over soaring crude oil prices, the Japanese domestic economy for the fiscal year under review continued to expand moderately.

Overseas, China continued to lead the Asian region with strong robust growth, while the other Asian nations having been undergoing a period of transition also resulted in favorable business conditions. The United States, despite a decline in some industries, continued in its general economic expansion, while Europe also maintained its overall business upturn.

The Japanese domestic machine industry continued to experience favorable conditions due to an increase in plant and equipment investment and exports.

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, and pioneer new domestic and overseas growth markets for their injection molding machines, die-casting machines, plastic extrusion machines, machine tools, semiconductor manufacturing equipment, hydraulic equipment and electronic control equipment, which resulted in a 16.4% increase over the previous term in consolidated total orders received, totaling ¥185,146 million (US\$1,568 million). Consolidated net sales in virtually every division, increased in tandem with consolidated total orders received resulting in a 13.9% increase over the previous term, totaling ¥164,385 million (US\$1,393 million). (An exchange rate of US\$1.00 = ¥118.05 shall be used throughout this report)

In combination with the increased sales of our products, including various molding machines, machine tools, semiconductor manufacturing equipment and electronic control equipment, our business rationalization efforts resulted in a 26.4% increase over the previous term in consolidated pre-tax profits totaling ¥19,721 million (US\$167 million) and a 3.3% increase over the previous term in net consolidated profits totaling ¥10,828 million (US\$92 million), our fourth consecutive year of increased revenue and fifth consecutive year of increased profits. Consolidated total orders received, consolidated net sales and consolidated profit all showed the highest record ever.

Hence, we are pleased to announce that a fiscal year end dividend of ¥6.00 (US\$0.05) per share was distributed to our stockholders for the period ending on March 31, 2007, for a total annual dividend of ¥12 (US\$0.1) per share, the same as in the previous term.

In addition to our subsidiary established last year in New Delhi, India, a marketing and servicing base was also established on August 1, 2006 in Ho Chi Minh, Vietnam to further reinforce our overseas strategy.

Although generally favorable conditions for our products is expected to continue for the foreseeable future, many uncertainties remain such as volatile energy costs, rise in interest rates and an international economic slowdown.

Under such business conditions, the Toshiba Machine Group implemented their ACTION PROGRAM G1500 II last year to improve the quality of their business in new markets for the further enhancement of business performance and profitability. Furthermore, on April 1, 2007, the Toshiba Machine Group also implemented their TOSHIBA MACHINE ACTION PROGRAM GIII (TM-AP GIII) along with continued execution of their strategy based on various reforms, marketing systems and advanced technologies, as well as reorganization and renewal of their production facilities, 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 ISO14001 standards, while as a responsible corporate citizen, training and educating of their workforce in the observance of all rules and regulations and fulfillment of all social responsibilities.



Reiji Nakajima  
President

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