

Foreword

The Japanese domestic economy of this term has experienced stagnation in personal consumption, a freeze in capital investment, and a deterioration of company profits, due to the strong yen rate and the massive world financial crisis brought about by the serious economic effects of the United States financial crisis. As a result, the management environment of the Toshiba Machine Group remains in an unprecedented severe situation.

Meanwhile, and for the same reasons, the overseas world economy has also turned sluggish, deteriorating especially after October beyond our assumption.

In the machinery industry, the unprecedented difficult situation has lasted throughout this fiscal year. Under such circumstances, the Toshiba Machine Group continued in its concerted efforts to secure orders, develop new products, and pioneer new domestic and overseas markets.

However, large numbers of our customers' industries (especially the automobile industry) have deferred or frozen their capital investment. As a result, in this fiscal year, consolidated orders received totaled ¥105,330 million (US\$1157 million), a 32.3% decrease over the previous term.

Further, consolidated net sales totaled ¥121,890 million (US\$1339 million), an 18.1% decrease over the previous term.

Consequently, consolidated backlog demand totaled ¥62,464 million (US\$686 million), a 21.0% decrease over the end of the previous term.

Though we have adopted emergency policy measures, including fixed expense reductions and business rationalization efforts, consolidated operating income resulted in ¥11,536 million (US\$126 million), a 39.2% decrease over the previous term, and net income resulted in ¥5,302 million (US\$58 million), a 61.9% decrease over the previous term .

The year-end dividend for this term, ¥6(\$US0.06) per share, was distributed to our stockholders for the period ending on March 31, 2009, resulting in a total annual dividend of

¥12(US\$0.13) per share.

As for the domestic and overseas outlook, the massive world financial crisis continues to dramatically reduce or freeze personal consumption and capital investment and will seriously affect company profits.

Under such circumstances, we will continue to move forward with the midterm management plan “TM GrowVary Plan” which started on April 1, 2008, but we have also established a yearly management plan for fiscal 2009 to cope with these tough management surroundings.

The underlying policy of the yearly management plan provides; “a return to origin principles of manufacturing (monozukuri)”, “complete cost reduction”, and “a speed up of research and development”. We will gather the power of the Toshiba Machine Group in order to build-up lean management, enhance company value, and strengthen management foundation. In addition, we will make every effort to realize complete management of quality and the environment based on ISO9001 and ISO14001 standards while, as a responsible corporate citizen, training and educating our workforce to forge the future of our company in observance of all rules and regulations, and in fulfillment of all social responsibilities.

A handwritten signature in black ink, appearing to read 'Y. Imura', with a long horizontal flourish extending to the right.

Yukio Imura
President

July, 2009