

TOSHIBA

Leading Innovation >>>

2015

Annual Report

For the Year Ended March 31, 2015



TOSHIBA TEC CORPORATION

Financial Highlights

Years ended March 31

| Consolidated | Millions of yen | | | | | Thousands of U.S.dollars |
|-------------------|-----------------|----------|----------|----------|----------|--------------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2015 |
| Net sales | ¥362,302 | ¥350,604 | ¥403,694 | ¥498,871 | ¥525,274 | \$4,371,091 |
| Operating income | 13,997 | 10,830 | 15,886 | 23,086 | 18,698 | 155,596 |
| Net income (loss) | 6,510 | 2,566 | 6,212 | 7,134 | (334) | (2,779) |
| Total assets | 288,592 | 276,436 | 388,513 | 393,965 | 417,440 | 3,473,746 |
| Net assets | 140,519 | 139,732 | 176,558 | 185,430 | 204,724 | 1,703,620 |

| Per share data: | Yen | | | | | U.S.dollars |
|-------------------------|--------|--------|--------|--------|---------|-------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2015 |
| Net income (loss)-Basic | ¥23.71 | ¥9.35 | ¥22.64 | ¥25.99 | ¥(1.21) | \$(0.010) |
| Net assets | 473.44 | 472.36 | 549.42 | 576.50 | 629.23 | 5.236 |

| Non-Consolidated | Millions of yen | | | | | Thousands of U.S.dollars |
|------------------|-----------------|----------|----------|----------|----------|--------------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2015 |
| Net sales | ¥221,674 | ¥224,933 | ¥233,686 | ¥261,268 | ¥265,735 | \$2,211,326 |
| Operating income | 2,906 | 3,226 | 2,557 | 7,548 | 8,512 | 70,833 |
| Net income | 4,476 | 2,421 | 3,901 | 2,227 | 9,561 | 79,562 |
| Capital stock | 39,971 | 39,971 | 39,971 | 39,971 | 39,971 | 332,620 |
| Total assets | 221,925 | 226,188 | 244,368 | 257,510 | 293,723 | 2,444,229 |
| Net assets | 124,888 | 125,273 | 127,428 | 127,684 | 137,222 | 1,141,899 |

| Per share data: | Yen | | | | | U.S.dollars |
|------------------|--------|--------|--------|--------|--------|-------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2015 |
| Net income-Basic | ¥16.30 | ¥8.82 | ¥14.22 | ¥8.11 | ¥34.82 | \$0.290 |
| Cash dividends | 7.00 | 7.00 | 8.00 | 8.00 | 13.00 | 0.108 |
| Net assets | 455.03 | 456.27 | 463.99 | 464.76 | 499.32 | 4.155 |

The dollar amounts in this report represent translations of yen, for convenience only, at the rate of ¥120.17=US\$1.00, the exchange rate prevailing on March 31, 2015.

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Business Review for the Consolidated Fiscal Year 2014

Regarding the global economy in the consolidated fiscal year 2014, the US continued to experience a gradual economic recovery, while growth remained low in Europe, and in Asia the economy remained generally robust. In the Japanese economy, although the effects of economic and fiscal policies, among other factors, were evident, the stagnation in personal consumption following the rise in the consumption tax rate became prolonged, which kept the economy from achieving a full-fledged recovery.

Under such circumstances, the Toshiba Tec Group has been diligently working to become “a global one-stop solutions company” under the three pillars of its business strategy, namely “acceleration of globalization”, “expansion of solutions and services”, and “corporate structural reform to stabilize profitability”.

Net sales were buoyed by the effect of exchange rates and remained solid, increasing 5% compared to the previous consolidated fiscal year to reach ¥525,274 million, the highest figure ever recorded in the company’s history. On the other hand, with regard to profit and loss, although the overseas printing business and system solutions business continued to perform well, there was a significant downturn in profitability caused by the underperformance of the overseas retail solutions business and the effect of increases in selling, general and administrative expenses, with the result that operating income decreased 19% year-on-year to ¥18,698 million and ordinary income decreased 40% year-on-year to ¥11,960 million. The effect of disposal of deferred tax assets following the reduction in the corporation tax rate was also another factor that led to an overall net loss of ¥334 million for fiscal year 2014.

Business Highlights for each Report Segment

The business highlights for each report segment in the consolidated fiscal year 2014 are described below.

System Solutions Business

The system solutions business, which deals with POS systems for the Japanese market, MFPs, Automatic Identification systems and related products, was committed to developing new products appropriate to market needs, expanding sales of core products, and promoting area marketing, along with reinforcing cost competitiveness to improve the profit structure, in what continues to be a severe business environment where the overall retail industry as a major market is still reeling from the downturn in consumption following the increase in the consumption tax rate and competition with rivals remains intense.

In the retail solutions business, although a severe business environment remained due to such factors are revisions to plans for new store openings in the retail industry, sales increased owing in part to growing sales of POS systems to shopping centers.

The office solutions business continued to face strong competition, but sales increased thanks to bigger sales volumes for color MFPs and other factors.

Sales in the Automatic Identification systems business rose due to the growth in sales of compact label printers for the retail industry.

As a result, net sales from the system solutions business rose 2% over the previous consolidated fiscal year to ¥199,324 million, and operating income advanced 4% over the previous consolidated fiscal year to ¥10,175 million.

Global Solutions Business

The global solutions business, which deals with MFPs, POS systems, Automatic Identification systems, printers and related products as well as inkjets for markets outside Japan, focused efforts on releasing and expanding sales of strategic new products, while expanding sales by pioneering new business fields, new sales channels and new customers, and promoting an alliance strategy, against a difficult business background marked by tough competition.

In the retail solutions business, sales increased as the U.S. market performed steadily, due to such factors as expanded sales of strategic new products and the positive impact of exchange rates.

In the printing solutions business, sales of MFPs and Automatic Identification systems increased due to various factors, including sales promotion activities focused on differentiating our proprietary products and utilizing our customer network, expanded sales of strategic new products and the positive impact of exchange rates.

Sales from the inkjet business grew thanks to increased sales to major customers.

As a result, net sales from the global solutions business advanced 7% over the previous consolidated fiscal year to ¥340,409 million, and operating income decreased 36% over the previous consolidated fiscal year to ¥8,523 million.

Note: Automatic Identification (AI) system refers to systems that contain hardware and software to automatically retrieve, identify and manage data from barcodes and IC tags.

Forecasts for Fiscal Year 2015

With regard to the global economy, the US economy is expected to keep on recovering, whereas in Europe, although there are some positive signs, low growth is projected to continue. It is anticipated that the Asian economy will generally enjoy solid growth. In Japan the economy is expected to make a gradual recovery as personal consumption begins to pick up and exports and capital investment rally.

Under such circumstances, the Toshiba Tec Group is diligently working to become “a global one-stop solutions company” under the three pillars of its business strategy, namely “growth of global retail business”, “expansion of solutions and service business” and “higher profitability through accelerating cost reduction and improving productivity”.

Furthermore, with the aim of taking the lead in the business environment and ensuring that we can provide solutions that anticipate and remain one step ahead of all our customers’ needs, from April 1, 2015, we implemented an organizational realignment, moving from being an organization aligned by region to one aligned by products and services. Under this new structure, our business management structure will be concentrated in two segments, namely Retail Solutions Business and Printing Solutions Business and we will endeavor to further develop the company going forward.

Main measures on a segment basis for fiscal year 2015 ending March 31, 2016 are as follows:

Retail Solutions Business

In the retail solutions business, efforts will be made to increase business, through expanded sales of POS systems that are major products in both domestic and overseas markets and of MFPs and Automatic Identification systems as well as related products that are major ones in the Japanese market. Concurrent efforts will be also made toward the provision of total solutions, including the development and release of new ones appropriate to market needs, the deployment of sales and marketing structures tailored to specific regions, the enhancement of service and supply businesses, and the optimization of sales and service networks. Fundamental measures will be devised and implemented toward the recovery of business performance in the overseas retail solutions business.

Printing Solutions Business

In the printing solutions business, efforts will be made to enhance profitability, through expanded sales of MFPs, Automatic Identification systems and related products that are major ones in overseas markets and of inkjet heads that are major products in both domestic and overseas markets. Also, toward the provision of total solutions that capitalize on a wide range of products and markets, efforts will be made to develop and release strategic new products, deploy sales and marketing structures tailored to specific regions, optimize sales and service networks, and strengthen business in emerging markets.

Consolidated forecasts for fiscal year 2015 have been made as follows based on the aforementioned measures:

Forecasts for fiscal year 2015 (as of November 5 , 2015)

| | |
|---|-------------------|
| Net sales | ¥530,000 million |
| Operating income | ¥6,000 million |
| Ordinary income | ¥2,000 million |
| Net income attributable to shareholders of parent company | (¥79,000) million |

For the above-mentioned forecasts, the exchange rates for fiscal 2015 are 120 yen per dollar and 132 yen per euro.

Note: Forecasts are based on the Toshiba Tec Group's currently available data and certain assumptions considered rational, and are not intended as assurances from the Group that they will be achieved. Actual results are subject to change due to various factors.

Consolidated Balance Sheet

March 31, 2015

| ASSETS | Millions of yen | | Thousands of U.S.dollars (Note 1) |
|--|-----------------|-----------------|--------------------------------------|
| | 2015 | 2014 | 2015 |
| Current assets | | | |
| Cash and cash equivalents | ¥54,965 | ¥47,409 | \$457,394 |
| Notes and accounts receivable-trade | 81,623 | 88,528 | 679,229 |
| Inventories | 45,708 | 42,035 | 380,361 |
| Deferred tax assets (Note 10) | 8,051 | 7,553 | 66,997 |
| Prepaid expenses and other current assets | 51,564 | 38,008 | 429,092 |
| Allowance for doubtful accounts | (1,405) | (1,317) | (11,692) |
| Total current assets | 240,506 | 222,216 | 2,001,381 |
| Non-current assets | | | |
| Property, plant and equipment: | | | |
| Buildings and structures | 31,109 | 30,393 | 258,875 |
| Machinery, equipment and vehicles | 45,751 | 40,500 | 380,719 |
| Tools, furniture and fixtures | 49,311 | 51,578 | 410,344 |
| Land | 2,541 | 2,581 | 21,145 |
| Lease assets | 11,342 | 11,677 | 94,383 |
| Accumulated depreciation | (109,239) | (104,908) | (909,037) |
| Construction in progress | 2,746 | 1,495 | 22,851 |
| | 33,561 | 33,316 | 279,279 |
| Intangible assets: | | | |
| Goodwill | 36,912 | 39,601 | 307,165 |
| Customer relationships | 33,906 | 32,456 | 282,150 |
| Other | 36,426 | 26,608 | 303,121 |
| | 107,244 | 98,665 | 892,436 |
| Investments and other assets: | | | |
| Investment securities: (Note 14) | | | |
| Unconsolidated subsidiaries and affiliates | 46 | 44 | 383 |
| Other | 4,998 | 4,342 | 41,591 |
| Deferred tax assets (Note 10) | 13,977 | 21,001 | 116,310 |
| Asset for retirement benefits (Note 4) | 3,351 | – | 27,885 |
| Other | 13,717 | 14,388 | 114,147 |
| Allowance for doubtful accounts | (63) | (154) | (524) |
| | 36,026 | 39,621 | 299,792 |
| Total non-current assets | 176,831 | 171,602 | 1,471,507 |
| Deferred assets | 103 | 147 | 858 |
| Total assets | ¥417,440 | ¥393,965 | \$3,473,746 |

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

| LIABILITIES AND NET ASSETS | Millions of yen | | Thousands of U.S.dollars (Note 1) |
|---|-----------------|-----------------|--------------------------------------|
| | 2015 | 2014 | 2015 |
| Current liabilities | | | |
| Notes and accounts payable-trade | ¥89,920 | ¥75,673 | \$748,273 |
| Short-term loans payable (Note 3) | 2,028 | 1,054 | 16,876 |
| Accounts payable - other | 15,501 | 17,526 | 128,992 |
| Lease obligations (Note 3) | 3,358 | 3,427 | 27,944 |
| Income taxes payable (Note 10) | 4,418 | 3,769 | 36,765 |
| Provision for directors' bonuses | – | 51 | – |
| Other (Note 10) | 49,880 | 53,941 | 415,079 |
| Total current liabilities | 165,105 | 155,441 | 1,373,929 |
| Non-current liabilities | | | |
| Lease obligations (Note 3) | 4,024 | 4,261 | 33,486 |
| Provision for directors' retirement benefits | 141 | 149 | 1,173 |
| Liability for retirement benefits (Note 4) | 36,552 | 41,358 | 304,169 |
| Other (Note 10) | 6,894 | 7,326 | 57,369 |
| Total non-current liabilities | 47,611 | 53,094 | 396,197 |
| Total liabilities | 212,716 | 208,535 | 1,770,126 |
| Net assets | | | |
| Shareholders' equity | | | |
| Capital stock | | | |
| Authorized-1,000,000 thousand shares | | | |
| Issued- 288,146 thousand shares | 39,971 | 39,971 | 332,620 |
| Capital surplus | 52,966 | 52,971 | 440,759 |
| Retained earnings | 65,921 | 65,422 | 548,565 |
| Treasury stock, at cost: | | | |
| 13,562 thousand shares in 2015 | (5,542) | – | (46,118) |
| 13,670 thousand shares in 2014 | – | (5,585) | – |
| Total shareholders' equity | 153,316 | 152,779 | 1,275,826 |
| Accumulated other comprehensive income | | | |
| Valuation difference on available-for-sale securities | 1,514 | 988 | 12,599 |
| Deferred gains (losses) on hedges | 4 | (4) | 33 |
| Foreign currency translation adjustments | 18,157 | 6,692 | 151,095 |
| Minimum pension liability adjustments | (569) | (55) | (4,735) |
| Retirement benefits liability adjustments | 355 | (2,179) | 2,954 |
| Total accumulated other comprehensive income | 19,461 | 5,442 | 161,946 |
| Subscription rights to shares | 116 | 130 | 965 |
| Minority interests | 31,831 | 27,079 | 264,883 |
| Total net assets | 204,724 | 185,430 | 1,703,620 |
| Total liabilities and net assets | ¥417,440 | ¥393,965 | \$3,473,746 |

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Consolidated Statement of Comprehensive Income

Year ended March 31, 2015

| | Millions of yen | | Thousands of U.S.dollars (Note 1) |
|---|-----------------|---------|--------------------------------------|
| | 2015 | 2014 | 2015 |
| Income before minority interests | ¥434 | ¥6,957 | \$3,612 |
| Other comprehensive income | | | |
| Valuation difference on available-for-sale securities | 528 | 225 | 4,394 |
| Deferred gains (losses) on hedges | 8 | (4) | 67 |
| Foreign currency translation adjustments | 15,977 | 6,666 | 132,953 |
| Minimum pension liability adjustments | (593) | 30 | (4,935) |
| Retirement benefits liability adjustments | 2,536 | – | 21,103 |
| Total other comprehensive income (Note 7) | 18,456 | 6,917 | 153,582 |
| Comprehensive income | ¥18,890 | ¥13,874 | \$157,194 |
| Comprehensive income attributable to | | | |
| Comprehensive income attributable to owners of the parent | 13,685 | 11,851 | 113,880 |
| Comprehensive income attributable to minority interests | 5,205 | 2,023 | 43,314 |

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2015

| | Shareholders' equity | | | | | Millions of yen |
|--|----------------------|-----------------|-------------------|-------------------------|----------------------------|-----------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock, at cost | Total shareholders' equity | |
| Balance at April 1, 2014 | ¥39,971 | ¥52,971 | ¥65,422 | ¥(5,585) | ¥152,779 | |
| Cumulative effect of change in accounting policies (Note2) | — | — | 3,579 | — | 3,579 | |
| Restated balance at April 1, 2014 | 39,971 | 52,971 | 69,001 | (5,585) | 156,358 | |
| Changes during the year | | | | | | |
| Cash Dividends (Note 20) | — | — | (2,746) | — | (2,746) | |
| Net loss | — | — | (334) | — | (334) | |
| Purchase of treasury stock | — | — | — | (29) | (29) | |
| Disposal of treasury stock | — | (5) | — | 72 | 67 | |
| Net changes of items other than shareholders' equity | — | — | — | — | — | |
| Balance at March 31, 2015 | ¥39,971 | ¥52,966 | ¥65,921 | ¥(5,542) | ¥153,316 | |

| | Accumulated other comprehensive income | | | | | | Subscription rights to shares | Minority interests | Total net assets | Millions of yen |
|--|---|------------------------------------|--|---------------------------------------|---|--|-------------------------------|--------------------|------------------|-----------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustments | Minimum pension liability adjustments | Retirement benefits liability adjustments | Total accumulated other comprehensive income | | | | |
| Balance at April 1, 2014 | ¥988 | ¥(4) | ¥ 6,692 | ¥(55) | ¥(2,179) | ¥ 5,442 | ¥130 | ¥27,079 | ¥185,430 | |
| Cumulative effect of change in accounting policies (Note2) | — | — | — | — | — | — | — | 43 | 3,622 | |
| Restated balance at April 1, 2014 | 988 | (4) | 6,692 | (55) | (2,179) | 5,442 | 130 | 27,122 | 189,052 | |
| Changes during the year | | | | | | | | | | |
| Cash Dividends (Note 20) | — | — | — | — | — | — | — | — | (2,746) | |
| Net loss | — | — | — | — | — | — | — | — | (334) | |
| Purchase of treasury stock | — | — | — | — | — | — | — | — | (29) | |
| Disposal of treasury stock | — | — | — | — | — | — | — | — | 67 | |
| Net changes of items other than shareholders' equity | 526 | 8 | 11,465 | (514) | 2,534 | 14,019 | (14) | 4,709 | 18,714 | |
| Balance at March 31, 2015 | ¥1,514 | ¥4 | ¥18,157 | ¥(569) | ¥355 | ¥19,461 | ¥116 | ¥31,831 | ¥204,724 | |

| | Shareholders' equity | | | | | Thousands of U.S. dollars |
|--|----------------------|-----------------|-------------------|-------------------------|----------------------------|---------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock, at cost | Total shareholders' equity | |
| Balance at April 1, 2014 | \$332,620 | \$440,801 | \$544,412 | \$(46,476) | \$1,271,357 | |
| Cumulative effect of change in accounting policies (Note2) | — | — | 29,783 | — | 29,783 | |
| Restated balance at April 1, 2014 | 332,620 | 440,801 | 574,195 | (46,476) | 1,301,140 | |
| Changes during the year | | | | | | |
| Cash Dividends (Note 20) | — | — | (22,851) | — | (22,851) | |
| Net loss | — | — | (2,779) | — | (2,779) | |
| Purchase of treasury stock | — | — | — | (241) | (241) | |
| Disposal of treasury stock | — | (42) | — | 599 | 557 | |
| Net changes of items other than shareholders' equity | — | — | — | — | — | |
| Balance at March 31, 2015 | \$332,620 | \$440,759 | \$548,565 | \$(46,118) | \$1,275,826 | |

| | Accumulated other comprehensive income | | | | | | Subscription rights to shares | Minority interests | Total net assets | Thousands of U.S. dollars |
|--|---|------------------------------------|--|---------------------------------------|---|--|-------------------------------|--------------------|------------------|---------------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustments | Minimum pension liability adjustments | Retirement benefits liability adjustments | Total accumulated other comprehensive income | | | | |
| Balance at April 1, 2014 | \$8,222 | \$(33) | \$55,688 | \$(458) | \$(18,133) | \$45,286 | \$1,082 | \$225,339 | \$1,543,064 | |
| Cumulative effect of change in accounting policies (Note2) | — | — | — | — | — | — | — | 358 | 30,141 | |
| Restated balance at April 1, 2014 | 8,222 | (33) | 55,688 | (458) | (18,133) | 45,286 | 1,082 | 225,697 | 1,573,205 | |
| Changes during the year | | | | | | | | | | |
| Cash Dividends (Note 20) | — | — | — | — | — | — | — | — | (22,851) | |
| Net loss | — | — | — | — | — | — | — | — | (2,779) | |
| Purchase of treasury stock | — | — | — | — | — | — | — | — | (241) | |
| Disposal of treasury stock | — | — | — | — | — | — | — | — | 557 | |
| Net changes of items other than shareholders' equity | 4,377 | 66 | 95,407 | (4,277) | 21,087 | 116,660 | (117) | 39,186 | 155,729 | |
| Balance at March 31, 2015 | \$12,599 | \$ 33 | \$151,095 | \$(4,735) | \$ 2,954 | \$161,946 | \$965 | \$264,883 | \$1,703,620 | |

| Millions of yen | | | | | |
|--|---------------|-----------------|-------------------|-------------------------|----------------------------|
| Shareholder's equity | | | | | |
| | Capital stock | Capital surplus | Retained earnings | Treasury stock, at cost | Total shareholders' equity |
| Balance at April 1, 2013 | ¥39,971 | ¥52,984 | ¥60,484 | ¥(5,624) | ¥147,815 |
| Cumulative effect of change in accounting policies (Note2) | — | — | — | — | — |
| Restated balance at April 1, 2013 | 39,971 | 52,984 | 60,484 | (5,624) | 147,815 |
| Changes during the year | | | | | |
| Cash Dividends (Note 20) | — | — | (2,196) | — | (2,196) |
| Net income | — | — | 7,134 | — | 7,134 |
| Purchase of treasury stock | — | — | — | (38) | (38) |
| Disposal of treasury stock | — | (13) | — | 77 | 64 |
| Net changes of items other than shareholders' equity | — | — | — | — | — |
| Balance at March 31, 2014 | ¥39,971 | ¥52,971 | ¥65,422 | ¥(5,585) | ¥152,779 |

| Millions of yen | | | | | | | | | |
|--|---|------------------------------------|--|---------------------------------------|---|--|-------------------------------|--------------------|------------------|
| Accumulated other comprehensive income | | | | | | | | | |
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustments | Minimum pension liability adjustments | Retirement benefits liability adjustments | Total accumulated other comprehensive income | Subscription rights to shares | Minority interests | Total net assets |
| Balance at April 1, 2013 | ¥764 | — | ¥ 2,213 | ¥(74) | — | ¥ 2,903 | ¥145 | ¥25,695 | ¥176,558 |
| Cumulative effect of change in accounting policies (Note2) | — | — | — | — | — | — | — | — | — |
| Restated balance at April 1, 2013 | 764 | — | 2,213 | (74) | — | 2,903 | 145 | 25,695 | 176,558 |
| Changes during the year | | | | | | | | | |
| Cash Dividends (Note 20) | — | — | — | — | — | — | — | — | (2,196) |
| Net income | — | — | — | — | — | — | — | — | 7,134 |
| Purchase of treasury stock | — | — | — | — | — | — | — | — | (38) |
| Disposal of treasury stock | — | — | — | — | — | — | — | — | 64 |
| Net changes of items other than shareholders' equity | 224 | (4) | 4,479 | 19 | (2,179) | 2,539 | (15) | 1,384 | 3,908 |
| Balance at March 31, 2014 | ¥988 | ¥(4) | ¥6,692 | ¥(55) | ¥(2,179) | ¥5,442 | ¥130 | ¥27,079 | ¥185,430 |

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.
Numbers of shares in issue: 288,146 thousand shares in the fiscal year ended March 31, 2015.

Consolidated Statement of Cash Flows

Year ended March 31, 2015

| | Millions of yen | | Thousands of U.S.dollars (Note 1) |
|--|-----------------|----------|--------------------------------------|
| | 2015 | 2014 | 2015 |
| Cash flows from operating activities | | | |
| Income before income taxes and minority interests | ¥11,273 | ¥14,364 | \$93,809 |
| Depreciation and amortization | 20,393 | 21,216 | 169,701 |
| Decrease in allowance for doubtful accounts | (60) | (88) | (499) |
| Increase (decrease) in provision for retirement benefits | – | (39,824) | – |
| Increase in net defined benefit liability | 1,712 | 37,974 | 14,246 |
| Interest and dividends income | (507) | (384) | (4,219) |
| Interest expenses | 588 | 646 | 4,893 |
| Loss on sales and retirement of property, plant and equipment | 51 | 663 | 424 |
| Gain on sales of investment securities | (46) | (4) | (383) |
| Loss on valuation of investment securities | – | 101 | – |
| Restructuring cost | 686 | 5,696 | 5,709 |
| Changes in assets and liabilities: | | | |
| Decrease in notes and accounts receivable-trade | 12,623 | 3,621 | 105,043 |
| Increase in inventories | (1,223) | (1,493) | (10,177) |
| Increase (decrease) in notes and accounts payable-trade | 6,135 | (4,026) | 51,053 |
| Other, net | (22,211) | (11,340) | (184,830) |
| Subtotal | 29,414 | 27,122 | 244,770 |
| Interest and dividends income received | 501 | 405 | 4,169 |
| Interest expenses paid | (645) | (622) | (5,367) |
| Income taxes paid | (6,229) | (6,018) | (51,835) |
| Net cash provided by operating activities | 23,041 | 20,887 | 191,737 |
| Cash flows from investing activities | | | |
| Purchases of property, plant and equipment | (6,803) | (7,403) | (56,611) |
| Proceeds from sales of property, plant and equipment | 226 | 243 | 1,881 |
| Purchases of intangible assets | (14,240) | (7,458) | (118,499) |
| Proceeds from sales of intangible assets | 1,923 | – | 16,002 |
| Purchases of investment securities | (14) | (14) | (117) |
| Proceeds from sales of investment securities | 108 | 144 | 899 |
| Net decrease (increase) in short-term loans receivable | 3,448 | (6,102) | 28,693 |
| Payments of long-term loans receivable | (12) | (18) | (100) |
| Collections of long-term loans receivable | 16 | 15 | 133 |
| Payments for transfer of business | – | (21,764) | – |
| Other, net | 382 | (198) | 3,179 |
| Net cash used in investing activities | (14,966) | (42,555) | (124,540) |
| Cash flows from financing activities | | | |
| Net increase (decrease) in short-term loans payable | 1,109 | (2,662) | 9,229 |
| Repayments of finance lease obligations | (2,946) | (2,801) | (24,515) |
| Purchase of treasury stock | (28) | (38) | (233) |
| Cash dividends paid | (2,746) | (2,198) | (22,851) |
| Cash dividends paid to minority shareholders | (496) | (518) | (4,128) |
| Other, net | 67 | 76 | 557 |
| Net cash used in financing activities | (5,040) | (8,141) | (41,941) |
| Effect of exchange rate change on cash and cash equivalents | 4,521 | 5,186 | 37,622 |
| Net increase (decrease) in cash and cash equivalents | 7,556 | (24,623) | 62,878 |
| Cash and cash equivalents at beginning of period | 47,409 | 72,032 | 394,516 |
| Cash and cash equivalents at end of period | ¥54,965 | ¥47,409 | \$457,394 |

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Notes to Consolidated Financial Statements

1. Basis of Presenting Consolidated Financial Statements

The consolidated financial statements of TOSHIBA TEC CORPORATION (the “Company”) have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Certain reclassifications have been made to present the consolidated financial statements in a format which is more familiar to the readers outside Japan.

Solely for the convenience of the readers, the consolidated financial statements have been presented in U.S. dollars by translating Japanese yen amounts at the exchange rate of ¥120.17 = US\$1.00 prevailing as of March 31, 2015. The translation should not be construed as a representation that the Japanese yen could be converted into U.S. dollar at the above or any other rate of exchange.

2. Summary of Significant Accounting Policies

(A) Basis of Consolidation and Accounting of Investments in Affiliated Companies

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries (together the “Companies”). For the years ended March 31, 2015 and 2014, the accounts of 86 and 89 subsidiaries are consolidated, respectively. All significant inter-company transactions and accounts are eliminated in consolidation.

All assets and liabilities of the consolidated subsidiaries are revaluated on acquisitions, if applicable. The difference between the cost of investments in subsidiaries and the equity in their assets and liabilities at the dates of acquisition is recognized as goodwill in the consolidated balance sheet and principally amortized by the straight-line method over 5 to 17 years.

The Company has no unconsolidated subsidiary for which the equity method of accounting has been applied for the years ended March 31, 2015 and 2014.

From the perspective of immateriality, the investments in the remaining unconsolidated subsidiaries and the affiliated companies are stated at cost.

Certain subsidiaries have the year end which differs from that of the Company. As a result, adjustments have been made for any significant transactions as needed in consolidation that took place during the period between the year end of the subsidiaries and the year end of the Company.

(B) Foreign Currency Translation

Revenue and expense accounts of foreign consolidated subsidiaries are translated into yen using the annual average rate during each of the fiscal years. The balance sheet accounts, except for the components of net assets, are translated at the rate in effect at each of the balance sheet dates. The components of net assets are translated at their historical rates. Translation adjustments are presented as a component of “Accumulated

other comprehensive income” under Net Assets in the consolidated balance sheet.

Foreign currency transactions are measured at the applicable rates of exchange prevailing at the transaction dates, unless hedged by foreign exchange contracts. Assets and liabilities denominated in foreign currencies at the balance sheet date are re-measured at the applicable rates of exchange prevailing at that date, unless hedged by foreign exchange contracts. Exchange differences are charged or credited to income

(C) Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments, generally with original maturates of three months or less.

(D) Investment Securities

Marketable securities classified as “Other securities” are reported at fair value with unrealized holding gains or losses, net of taxes, presented as “Available-for-sale-securities” as a component of “Accumulated other comprehensive income” under Net Assets in the consolidated balance sheet. Cost of securities sold is determined by the moving average method.

Non-marketable securities classified as “Other securities” are carried at cost, which is determined by the moving average method.

(E) Inventories

Finished goods, merchandises and semi-finished components are principally stated at the lower of cost, determined by the first-in, first-out method, or net realizable value. Work-in-process and raw materials are principally stated at the lower of cost, determined by the moving average method, or net realizable value. Supplies are principally stated at the latest purchase cost method.

(F) Property, Plant and Equipment and Depreciation

Property, plant and equipment are depreciated by the straight-line method over their estimated useful lives.

The useful lives of principal property, plant and equipment are summarized as follows:

| | |
|-------------------------------|----------------|
| Buildings and structures | 15 to 38 years |
| Machinery and equipment | 5 to 13 years |
| Tools, furniture and fixtures | 2 to 7 years |

(G) Intangible Assets and Amortization

Intangible assets are amortized by the straight-line method over their estimated useful lives.

(H) Leases

The Companies lease certain equipment under non-cancelable lease agreements referred to as finance leases. Depreciation of lease assets is calculated by the straight-line method over the lease period with no residual value.

(I) Deferred Assets

Deferred organization expenses are amortized by the straight-line method over a period of five years.

(J) Allowance for Doubtful Accounts

Allowance for doubtful accounts is provided in the amount sufficient to cover probable losses on collection. It consists of individually estimated uncollectible amounts and an amount calculated using the rate of actual losses on collection in the past.

(K) Provision for Directors' Retirement Benefits

The retirement benefits to directors are determined based on the internal rule and accounted for as an expense of the accounting period in which such retirement benefits were accrued.

(L) Provision for Directors' Bonuses

The bonuses to directors are determined based on the internal rule and accounted for as an expense of the accounting period in which such bonuses were accrued.

(M) Retirement Benefits

The retirement benefit obligation for employees is attributed to each period by the benefit formula method.

Prior service cost is being amortized as incurred by the straight-line method over periods (mainly 10 years), which are shorter than the average remaining years of service of the employees.

Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized by the straight-line method over periods (mainly 10 years), which are shorter than the average remaining years of service of the employees.

Certain consolidated subsidiaries use a simplified method for calculating retirement benefit expenses and liabilities based on the assumption that the benefits payable, which are calculated as if all eligible employees voluntarily terminated their employment at fiscal year end, approximate the retirement benefit obligation at year-end.

(N) Income Taxes, Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities, and are measured using the enacted tax rates and laws which will be in effect when the temporary differences are expected to reverse.

The Company and its wholly owned domestic subsidiaries file their consolidated tax return in Japan for the Corporation Tax purpose.

(O) Consumption Taxes

Consumption taxes withheld from sales and paid upon purchasing goods and services by the Companies are not included in revenues and expenses.

(P) Derivative Financial Instruments

The Company and certain subsidiaries have entered into forward exchange contracts to hedge the risk of fluctuation in exchange rate in the foreign currency transactions related to accounts receivable and payable denominated in foreign currency.

Derivative financial instruments are reported at fair value with unrealized gain or loss, charged or credited to income, except for those which meet the criteria for the deferral hedge accounting

under which unrealized gains or losses are deferred as assets or liabilities. Receivables and payables hedged by qualified forward foreign exchange contracts are translated at the corresponding foreign exchange contract rates.

(Q) Research and Development Expenses

Research and development costs are charged to income as incurred.

(R) Impairment of Non-current Assets

According to the accounting standard, non-current assets are reviewed for impairment at least once a year and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

(S) Changes in Accounting Policies(Adoption of Accounting Standard for Retirement Benefits)

The Company and its domestic subsidiaries adopted "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No.26 of May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25 of March 26, 2015) effective at the beginning of the fiscal year ended March 31, 2015 for provisions set forth in the main clause of Paragraph 35 of ASBJ Statement No.26 and the main clause of Paragraph 67 of ASBJ Guidance No.25.

Accordingly, the Company and its domestic subsidiaries reviewed the methods for calculating retirement benefit obligations and service costs, and revised the method of attributing estimated retirement benefit obligations to each period from the straight-line method to the benefit formula method. The method for determining the discount rate has been changed from the method to refer to the bond rate with the term similar to the average remaining years of services of the employees to the method to use a single weighted-average discount rate reflecting the expected timing and amount of benefit payments.

For the application of this accounting standard, in accordance with the transitional accounting treatment set forth in Paragraph 37 of Accounting Standard for Retirement Benefits, the cumulative effect associated with the change in calculation methods of retirement benefit obligations and service costs were recorded by adjusting retained earnings at the beginning of the current fiscal year.

As a result, the liability for retirement benefits decreased by ¥5,567 million (\$46,326 thousand) and retained earnings increased by ¥3,579 million (\$29,783 thousand) at April 1, 2014, and the effect of these changes on consolidated operating income, ordinary income and income before income taxes and minority interests for the year ended March 31, 2015 was insignificant.

The impact on earnings per share, we have described in Note 21.

(T) Accounting Standards Issued but Not Yet Effective

- Revised Accounting Standard for Business Combinations (ASBJ Statement, No.21 of September 13, 2013)
- Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22 of September 13, 2013)

- Revised Accounting Standard for Business Divestitures (ASBJ Statement No.7 of September 13, 2013)
- Revised Accounting Standard for Earnings Per Share (ASBJ Statement No.2 of September 13, 2013)
- Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10 of September 13, 2013)
- Revised Guidance on Accounting Standard for Earnings Per Share (ASBJ Guidance No.4 of September 13, 2013)

1. Overview

Under these revised accounting standards, (i) the accounting treatment for any changes in a parent's ownership interest in a subsidiary when the parent retains control over the subsidiary was revised (ii) the treatment of acquisition-related costs was revised (iii), the presentation method of net income was amended, and the reference to "minority interests" was changed to "non-controlling interest", (iv) the accounting treatment for adjustments to provisional amounts during the measurement period was changed for these accounting standards.

2. Scheduled date of adoption

These accounting standards are scheduled to be adopted from the beginning of the fiscal year ending March 31, 2016, except for the accounting treatment for adjustments to provisional amounts, which is scheduled to be adopted effective from a business combination that will take place after the beginning of the year ended March 31, 2016.

3. Impact of adopting revised accounting standards and guidance

The impact on the consolidated financial statements as a result of the adoption of these accounting standards is currently being evaluated.

(U) Additional Information

Not applicable

3. Short-Term Loans Payable and Long-Term Debt

The short-term loans payable and long-term debt (including lease obligations) at March 31, 2015 and 2014, consist of the following:

| | Millions of yen | | Thousands of U.S.dollars |
|--------------------------|-----------------|--------|--------------------------|
| | 2015 | 2014 | 2015 |
| Short-term loans payable | ¥2,028 | ¥1,054 | \$16,876 |
| Lease obligations | 7,382 | 7,688 | 61,430 |
| Less current portion | 3,358 | 3,427 | 27,944 |
| | ¥4,024 | ¥4,261 | \$33,486 |

The average interest rate for short-term loans outstanding at March 31, 2015 and 2014 is 1.48 % and 0.44 %, respectively.

The average interest rate for lease obligations is omitted because the Companies recorded the amount of lease payments inclusive of interest in the Consolidated Balance Sheet.

The aggregate annual maturities of lease obligations (excluding the current portion) outstanding at March 31, 2015 are as follows:

| | Year ending March 31 | Millions of yen | Thousands of U.S.dollars |
|--|----------------------|-----------------|--------------------------|
| | 2017 | ¥1,006 | \$8,371 |
| | 2018 | 1,006 | 8,371 |
| | 2019 and thereafter | 2,012 | 16,744 |
| | | ¥4,024 | \$33,486 |

4. Retirement Benefits

1. Summary of Retirement Benefit Plans

The Company and its consolidated subsidiaries have either funded or unfunded defined benefit plans and defined contribution plans.

In defined benefit plans which are all funded, the benefits are determined by reference to qualification and length of service and paid on a lump-sum or annuity basis.

In defined benefit plans which are all unfunded, the benefits are determined by reference to assessment and qualification and paid on a lump-sum basis.

In addition, a part of subsidiaries use a simplified method for the calculation of defined benefit liability and retirement benefit cost of their defined benefit pension plans and lump-sum payment plans.

2. Defined Benefit Plans

1) The changes in the retirement benefit obligation during the years ended March 31, 2015 and 2014 are follows:

| | Millions of yen | | Thousands of U.S.dollars |
|--|-----------------|---------|--------------------------|
| | 2015 | 2014 | 2015 |
| Balance at the beginning of the year | ¥89,661 | ¥92,668 | \$746,118 |
| Cumulative effect of change in accounting policies | (5,567) | – | (46,326) |
| Restated balance at the beginning of the year | 84,094 | 92,668 | 699,792 |
| Service cost | 4,358 | 3,602 | 36,265 |
| Interest cost | 1,037 | 1,118 | 8,629 |
| Actuarial gain and loss | 613 | (2,737) | 5,101 |
| Retirement benefit paid | (3,672) | (5,750) | (30,557) |
| Other | 1,007 | 760 | 8,381 |
| Balance at the end of the year | ¥87,437 | ¥89,661 | \$727,611 |

2) The changes in plan assets during the years ended March 31, 2015 and 2014 are follows:

| | Millions of yen | | Thousands of U.S.dollars |
|--------------------------------------|-----------------|---------|--------------------------|
| | 2015 | 2014 | 2015 |
| Plan assets at beginning of the year | ¥48,303 | ¥44,123 | \$401,956 |
| Expected return on plan assets | 1,300 | 998 | 10,818 |
| Actuarial gain | 3,298 | 1,059 | 27,444 |
| Contributions by the Company | 3,485 | 4,049 | 29,001 |
| Retirement benefits paid | (2,557) | (2,252) | (21,278) |
| Other | 407 | 326 | 3,386 |
| Plan assets at end of the year | ¥54,236 | ¥48,303 | \$451,327 |

3) The funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2015 and 2014 for the Company's and the consolidated subsidiaries' defined benefit plans

| | Millions of yen | | Thousands of U.S.dollars |
|--|-----------------|----------|--------------------------|
| | 2015 | 2014 | 2015 |
| Funded retirement benefit obligation | ¥51,828 | ¥51,962 | \$431,289 |
| Plan assets at fair value | (54,236) | (48,303) | (451,327) |
| | ¥(2,408) | ¥3,659 | \$(20,038) |
| Unfunded retirement benefit obligation | ¥35,609 | ¥37,699 | \$296,322 |
| Net liability for retirement benefits in the balance sheet | ¥33,201 | ¥41,358 | \$276,284 |
| Liability for retirement benefits | ¥36,552 | ¥41,358 | \$304,169 |
| Asset for retirement benefits | (3,351) | – | (27,885) |
| Net liability for retirement benefits in the balance sheet | ¥33,201 | ¥41,358 | \$276,284 |

4) The components of retirement benefit expense for the year ended March 31, 2015 and 2014

| | Millions of yen | | Thousands of U.S.dollars |
|------------------------------------|-----------------|--------|--------------------------|
| | 2015 | 2014 | 2015 |
| Service cost | ¥4,358 | ¥3,602 | \$36,265 |
| Interest cost | 1,037 | 1,118 | 8,629 |
| Expected return on plan assets | (1,300) | (998) | (10,818) |
| Amortization of actuarial loss | 307 | 706 | 2,555 |
| Amortization of prior service cost | 832 | 914 | 6,924 |
| Retirement benefit expenses | ¥5,234 | ¥5,342 | \$43,555 |

5) Retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the year ended March 31, 2015 and 2014

| | Millions of yen | | Thousands of U.S.dollars |
|--------------------|-----------------|------|--------------------------|
| | 2015 | 2014 | 2015 |
| Prior service cost | ¥919 | – | \$7,647 |
| Actuarial loss | 2,905 | – | 24,174 |
| | ¥3,824 | ¥– | \$31,821 |

6) Retirement benefits liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2015 and 2014

| | Millions of yen | | Thousands of U.S.dollars |
|------------------------------------|-----------------|--------|--------------------------|
| | 2015 | 2014 | 2015 |
| Unrecognized prior service cost | ¥1,238 | ¥2,157 | \$10,302 |
| Unrecognized actuarial loss (gain) | (1,678) | 1,227 | (13,964) |
| | ¥(440) | ¥3,384 | \$(3,662) |

7)-1. The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2015 and 2014

| | 2015 | 2014 |
|---|------|------|
| Bonds | 37% | 40% |
| Stocks | 25% | 25% |
| Alternative | 26% | 24% |
| Life insurance company general accounts | 9% | 10% |
| Other | 3% | 1% |
| Total | 100% | 100% |

Note: "Alternative" are mainly investments in hedge funds and real estates.

7)-2. How to set the expected long-term rate of return on plan assets

The Companies set the expected long-term rate of return in consideration of target portfolio of plan assets, expected long-term rate of return and past performance.

8) The assumptions used in actuarial calculation

| | 2015 | 2014 |
|--|-------------|-------------|
| Discount rate | Mainly 1.2% | Mainly 1.2% |
| Expected long term rate of return on plan assets | Mainly 2.5% | Mainly 2.5% |
| Expected salary increase rate | Mainly 4.2% | Mainly 4.2% |

3. Defined Contribution Plans

Amounts which consolidated subsidiaries contributed to their defined contribution plans for the years ended March 31, 2015 and 2014 were ¥451 million (\$ 3,753 thousand) and ¥424 million, respectively.

5. Contingent liabilities

Contingent liabilities at March 31, 2015 and 2014 are as follows:

| | Millions of yen | | Thousands of U.S.dollars |
|---|-----------------|------|--------------------------|
| | 2015 | 2014 | 2015 |
| Trade notes receivable discounted or endorsed | ¥155 | ¥115 | \$1,290 |
| Guarantees on employees' housing loans | 193 | 261 | 1,606 |

6. Selling, General and Administrative Expenses

Major components of selling, general and administrative expenses for the years ended at March 31, 2015 and 2014 are as follows:

| | Millions of yen | | Thousands of U.S.dollars |
|-----------------------------------|-----------------|---------|--------------------------|
| | 2015 | 2014 | 2015 |
| Personnel expenses | ¥95,322 | ¥93,489 | \$793,226 |
| Retirement benefit expenses | 3,768 | 3,980 | 31,356 |
| Research and development expenses | 22,668 | 21,802 | 188,633 |

7. Other Comprehensive Income

Other Comprehensive Income for the year ended March 31, 2015 and 2014 are as follows:

| | Millions of yen | | Thousands of U.S.dollars |
|--|-----------------|--------|-----------------------------|
| | 2015 | 2014 | 2015 |
| Other comprehensive income | | | |
| Valuation difference on available-for-sale securities: | | | |
| Amount of accrual | ¥751 | ¥352 | \$6,249 |
| Amount of recycling | (45) | (4) | (374) |
| Amount before tax effect adjustments | 706 | 348 | 5,875 |
| Tax effect adjustments | (178) | (123) | (1,481) |
| Valuation difference on available-for-sale securities | ¥528 | ¥225 | \$4,394 |
| Deferred gains (losses) on hedges: | | | |
| Amount of accrual | ¥12 | ¥(6) | \$100 |
| Tax effect adjustments | (4) | 2 | (33) |
| Deferred gains (losses) on hedges | ¥8 | ¥(4) | \$67 |
| Foreign currency translation adjustments: | | | |
| Amount of accrual | ¥15,977 | ¥6,666 | \$132,953 |
| Amount of recycling | - | - | - |
| Amount before tax effect adjustments | 15,977 | 6,666 | 132,953 |
| Tax effect adjustments | - | - | - |
| Foreign currency translation adjustments | ¥15,977 | ¥6,666 | \$132,953 |
| Minimum pension liability adjustments: | | | |
| Amount of accrual | ¥(952) | ¥50 | \$(7,922) |
| Tax effect adjustments | 359 | (20) | 2,987 |
| Minimum pension liability adjustments | ¥(593) | ¥30 | \$(4,935) |
| Retirement benefits liability adjustments: | | | |
| Amount of accrual | ¥2,685 | ¥- | \$22,343 |
| Amount of recycling | 1,139 | - | 9,478 |
| Amount before tax effect adjustments | 3,824 | - | 31,822 |
| Tax effect adjustments | (1,288) | - | (10,718) |
| Retirement benefits liability adjustments | ¥2,536 | ¥- | \$21,103 |
| Total other comprehensive income | ¥18,456 | ¥6,917 | \$153,582 |

8. Research and Development Expenses

Research and development costs charged to income for the years ended March 31, 2015 and 2014 are as follows:

| | Millions of yen | | Thousands of U.S.dollars |
|--|-----------------|---------|-----------------------------|
| | 2015 | 2014 | 2015 |
| | ¥25,556 | ¥25,112 | \$212,665 |

9. Restructuring Cost

The contents of Restructuring Cost for the year ended March 31, 2015 are extra retirement benefit payments and costs of disposal and consolidation of sales bases in the overseas operating.

The contents of Restructuring Cost for the year ended March 31, 2014 are extra retirement benefit payments and costs of disposal and consolidation of sales bases in the overseas operating.

10. Income Taxes and Deferred Tax Assets and Liabilities

1. Significant components of the Companies' deferred tax assets and liabilities for the years ended March 31, 2015 and 2014 are as follows:

| | Millions of yen | | Thousands of U.S.dollars |
|---|-----------------|---------|-----------------------------|
| | 2015 | 2014 | 2015 |
| Deferred tax assets: | | | |
| Net liability for retirement benefits | ¥9,404 | ¥14,376 | \$78,256 |
| Intangible assets | 5,040 | 5,516 | 41,941 |
| Provision for bonuses | 2,037 | 2,811 | 16,951 |
| Elimination of consolidated unrealized gains | 1,774 | 1,796 | 14,762 |
| Other | 8,652 | 4,887 | 71,998 |
| Total gross deferred tax assets | 26,907 | 29,386 | 223,908 |
| Valuation allowance | (4,879) | (833) | (40,601) |
| Total deferred tax assets | ¥22,028 | ¥28,553 | \$183,307 |
| Deferred tax liabilities: | | | |
| Reserve for advanced depreciation of non-current assets | ¥(374) | ¥(427) | \$(3,112) |
| Valuation difference on available-for-sale securities | (703) | (528) | (5,850) |
| Other | (2,364) | (1,763) | (19,672) |
| Total deferred tax liabilities | (3,441) | (2,718) | (28,634) |
| Net deferred tax assets | ¥18,587 | ¥25,835 | \$154,673 |

Net deferred tax assets are included as below on consolidated balance sheet for the years ended March 31, 2015 and 2014.

| | Millions of yen | | Thousands of U.S.dollars |
|---|-----------------|---------|-----------------------------|
| | 2015 | 2014 | 2015 |
| Current assets - Deferred tax assets | ¥8,051 | ¥7,553 | \$66,997 |
| Non-current assets - Deferred tax assets | 13,977 | 21,001 | 116,310 |
| Current liabilities - Other | (271) | (253) | (2,255) |
| Non-current liabilities - Other | (3,170) | (2,466) | (26,379) |

2. Difference between statutory tax rate and effective tax rate

The following table summarizes the difference between the statutory tax rate and the effective tax rate for the years ended March 31, 2015 and 2014.

| | 2015 | 2014 |
|---|--------|-------|
| Statutory tax rate | 35.6% | 38.0% |
| Effect of : | | |
| Different tax rates applied to income of foreign subsidiaries | (15.2) | (9.6) |
| Expenses permanently not deductible for income tax purposes | 1.0 | 1.4 |
| Income permanently not included as revenue | (0.1) | (4.6) |
| Corporation tax special credit for research expenditures | (9.4) | (4.7) |
| Changes in valuation allowance | 53.1 | 0.2 |
| Downward revision of deferred tax asset by change in statutory tax rate | 15.7 | 6.1 |
| Amortization of goodwill of foreign subsidiaries | 14.8 | 24.6 |
| Other, net | 0.6 | 0.2 |
| Effective tax rates | 96.1% | 51.6% |

3. Effect of a change in the corporate income tax rate

The “Act for Partial Amendment of the Income Tax Act, etc.” (Act No.9 of 2015) and the “Act for Partial Amendment of the Local Tax Act, etc.” (Act No.2 of 2015) were promulgated on March 31, 2015.

As a result, the effective statutory tax rate used to measure the Company's deferred tax assets and liabilities was changed from 35.6% to 33.1% and 32.3% for the temporary differences expected to be realized or settled in the year beginning April 1, 2015 and for the temporary differences expected to be realized or settled from April 1, 2016, respectively.

The effect of the announced reduction of the effective statutory tax rate was to decrease deferred tax assets, after offsetting deferred tax liabilities, by ¥1,766 million (\$14,696 thousand) and increase deferred income tax expense by ¥1,790 million (\$14,896 thousand), valuation difference on available-for-sale securities by ¥24 million (\$200 thousand) for the year ended March 31, 2015.

11. Leases

(A) Finance Lease as a lessee

Finance Lease transactions, except for those which meet the conditions that the ownership of the leased assets was transferred to the lessee.

1. The content of lease assets: Machinery and equipment

2. Depreciation method of lease assets:

Please refer to Note 2 Summary of Significant Accounting Policies (H) Leases.

(B) Operating Lease as a lessee

Future minimum lease payments for noncancelable operating leases are summarized as follows:

| | Millions of yen | | Thousands of U.S.dollars |
|---------------------|-----------------|--------|--------------------------|
| | 2015 | 2014 | 2015 |
| Due within one year | ¥705 | ¥541 | \$5,867 |
| Due after one year | 2,246 | 632 | 18,690 |
| | ¥2,951 | ¥1,173 | \$24,557 |

(C) Finance Lease as a lessor

1. Details of investment lease

| | Millions of yen | | Thousands of U.S.dollars |
|--------------------------------------|-----------------|------|--------------------------|
| | 2015 | 2014 | 2015 |
| 1) Investment lease - current assets | | | |
| Lease revenues receivable | ¥128 | ¥133 | \$1,065 |
| Interests receivable | (6) | (7) | (50) |
| | ¥122 | ¥126 | \$1,015 |

2) Investment lease - others

| | Millions of yen | Thousands of U.S.dollars | |
|---------------------------|-----------------|--------------------------|---------|
| | 2015 | 2014 | |
| Lease revenues receivable | ¥652 | ¥966 | \$5,426 |
| Interests receivable | (35) | (53) | (291) |
| | ¥617 | ¥913 | \$5,135 |

2. Expected collectible amounts of lease revenues receivable are as follows:

| | Millions of yen | | Thousands of U.S.dollars |
|----------------------|-----------------|--------|--------------------------|
| | 2015 | 2014 | 2015 |
| Within one year | ¥128 | ¥133 | \$1,065 |
| Between 1 to 2 years | 286 | 674 | 2,380 |
| Between 2 to 3 years | 212 | 187 | 1,764 |
| Between 3 to 4 years | 142 | 83 | 1,182 |
| Between 4 to 5 years | 12 | 21 | 100 |
| More than 5 years | 0 | 0 | 0 |
| | ¥780 | ¥1,098 | \$6,491 |

(D) Operating Lease as a lessor

Future minimum lease payments for noncancelable operating leases are summarized as follows:

| | Millions of yen | | Thousands of U.S.dollars |
|---------------------|-----------------|--------|--------------------------|
| | 2015 | 2014 | 2015 |
| Due within one year | ¥695 | ¥752 | \$5,783 |
| Due after one year | 1,052 | 1,410 | 8,754 |
| | ¥1,747 | ¥2,162 | \$14,537 |

(E) Other related information

Future minimum lease payments for noncancelable operating sub-leases are summarized as follows:

| | Millions of yen | | Thousands of U.S.dollars |
|------------------------|-----------------|--------|--------------------------|
| | 2015 | 2014 | 2015 |
| Investment lease | | | |
| Current assets | ¥443 | ¥470 | \$3,686 |
| Others | 599 | 869 | 4,985 |
| | ¥1,042 | ¥1,339 | \$8,671 |
| Lease expenses payable | | | |
| Current liabilities | ¥443 | ¥470 | \$3,686 |
| Fixed liabilities | 599 | 869 | 4,985 |
| | ¥1,042 | ¥1,339 | \$8,671 |

12. Consolidated Statement of Cash Flows

The content of important non-cash transactions

The impact of non-cash transactions on assets and liabilities under finance lease is ¥3,435 million (\$28,585 thousand) and ¥3,696 million (\$30,756 thousand) for the year ended March 31, 2015 and ¥3,608 million and ¥3,608 million for the year ended March 31, 2014, respectively.

13. Financial Instruments

Overview

1. Policy for financial instruments

The Companies raise funds mainly using Toshiba Group Finance program. Essentially the Companies use the program for temporarily excess funds.

The Companies use derivatives for the purpose of reducing risks (described below) and do not enter into derivatives for speculative or trading purposes.

2. Types of financial instruments and related risks

Trade receivables (Notes and accounts receivable-trade) are exposed to credit risk in relation to customers. In addition, the Companies are exposed to foreign currency exchange rate fluctuation risk arising from receivables denominated in foreign currencies. In principle, the foreign currency exchange rate fluctuation risk deriving from the trade receivables denominated in foreign currencies, net of trade payables denominated in the same currencies, are hedged by forward foreign exchange contracts.

Investment securities are exposed to market risk. These are the equity securities of certain enterprises with which the Companies have business relationships.

Substantially all trade payables (Notes and accounts payable-trade) are due within one year. Although the Companies are exposed to foreign currency exchange rate fluctuation risk arising from those payables denominated in foreign currencies. But the volume of account payable is in the range of accounts receivable of the same currency.

A debt is short-term used in working capital which is mainly raised using the Toshiba Group Finance program.

Regarding derivatives, the Companies enter into forward foreign exchange contracts and options to reduce the foreign currency exchange rate fluctuation risk arising from the receivables and payables denominated in foreign currencies.

With regard to instrumentals, targets, policies and methods of evaluating the effectiveness of the hedge, please refer to Note 2 Summary of Significant Accounting Policies (P) Derivative Financial instruments.

3. Risk management for financial instruments

1) Monitoring of credit risks (the risks that related to breach of contract with client)

In accordance with the internal policies, the Credit Managing division monitors credit worthiness of their customers periodically, and monitors due dates and outstanding balances by individual customer. In addition, the Companies are making efforts to identify and mitigate risks of bad debts from customers who are having financial difficulties.

2) Monitoring of market risks (the risks arising from fluctuations in foreign exchanges rates, interest rates and others)

For trade receivables and payables denominated in foreign currencies, the Companies identify the foreign currency exchange rate fluctuation risk for each currency on a monthly basis and enter into forward foreign exchange contracts to hedge such risk.

The Financial Division manages risks on derivative transactions, in accordance with the internal policies.

Monthly reports including actual transaction data are submitted to top management for their review.

For marketable and investment securities, the Companies periodically review the fair values of such financial instruments and the financial position of the issuers. In addition, the Companies continuously evaluate whether securities should be maintained taking into account their fair values and relationships with the issuers.

3) Monitoring of liquidity risk (the risk that the Companies may not be able to meet its obligations on scheduled due dates)

Based on the report from each division, the Companies prepare and update their cash flow plans on a timely basis to manage liquidity risk.

4. Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, the fair value is determined based on reasonable estimates. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value. In addition, the notional amounts of derivatives in Note 15 Derivative Transactions are not indicative of the actual market risk involved in derivative transactions.

Estimated Fair Value of Financial Instruments

For the year ended March 31, 2015

The carrying value of financial instruments in the consolidated balance sheet as of March 31, 2015, and their estimated fair value are as follows:

| | Millions of yen | | |
|--|----------------------------|----------------------|------------|
| | Consolidated balance sheet | Estimated fair value | Difference |
| (a) Cash and cash equivalents | ¥54,965 | ¥54,965 | — |
| (b) Notes and accounts receivable-trade | 81,623 | — | — |
| Allowance for doubtful accounts *1 | (1,342) | — | — |
| | 80,281 | 80,281 | — |
| (c) Marketable and investment securities | 3,236 | 3,236 | — |
| (d) Notes and accounts payable-trade | (89,920) | (89,920) | — |
| (e) Short- term loans payable | (2,028) | (2,028) | — |
| (f) Derivative transactions *2 | 805 | 805 | — |

| | Thousands of U.S. dollars | | |
|--|----------------------------|----------------------|------------|
| | Consolidated balance sheet | Estimated fair value | Difference |
| (a) Cash and cash equivalents | \$457,394 | \$457,394 | — |
| (b) Notes and accounts receivable-trade | 679,229 | — | — |
| Allowance for doubtful accounts *1 | (11,167) | — | — |
| | 668,062 | 668,062 | — |
| (c) Marketable and investment securities | 26,929 | 26,929 | — |
| (d) Notes and accounts payable-trade | (748,273) | (748,273) | — |
| (e) Short- term loans payable | (16,876) | (16,876) | — |
| (f) Derivative transactions *2 | 6,699 | 6,699 | — |

*1 Allowance for doubtful accounts provided for individual customers are deducted.

*2 The value of assets and liabilities arising from derivatives is shown at net value. The liability position is shown in parenthesis.

Note: 1. Method to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

(a) Cash and cash equivalents, (b) Notes and accounts receivable-trade

Since these items are settled in a short period of time, their carrying value approximates the fair value.

(c) Marketable and investment securities

The fair value of marketable and investment securities is based on the quoted market price. For information on securities by each holding purpose, please refer to Note 14 Securities.

(d) Notes and accounts payable-trade, (e) Short-term loans payable

Since these items are settled in a short period of time, their carrying value approximates the fair value.

(f) Derivative transactions

Please refer to Note 15 Derivative Transactions.

2. Financial instruments for which it is extremely difficult to determine the fair value

| | Millions of yen | Thousands of U.S. dollars |
|-----------------|-----------------|---------------------------|
| Unlisted stocks | ¥1,809 | \$15,054 |

Because no quoted market price is available and it is extremely difficult to determine the fair value, the above financial instruments are not included in the above table.

3. Redemption schedule for receivables and marketable securities with maturities at March 31, 2015

| | Millions of yen | | | |
|---|-------------------------|---------------------------------------|--|---------------------|
| | Due in one year or less | Due after one year through five years | Due after five years through ten years | Due after ten years |
| Cash and cash equivalents | ¥54,965 | — | — | — |
| Notes and accounts receivable-trade | 81,623 | — | — | — |
| Marketable and investment securities | | | | |
| Held-to-maturity debt securities | | | | |
| National and local government bonds | — | — | — | — |
| Corporate bonds | — | — | — | — |
| Other marketable securities with maturities | | | | |
| Corporate bonds | — | — | — | — |
| Other | — | — | — | — |
| Total | ¥136,588 | — | — | — |

| | Thousands of U.S. dollars | | | |
|---|---------------------------|---------------------------------------|--|---------------------|
| | Due in one year or less | Due after one year through five years | Due after five years through ten years | Due after ten years |
| Cash and cash equivalents | \$457,394 | — | — | — |
| Notes and accounts receivable-trade | 679,229 | — | — | — |
| Marketable and investment securities | | | | |
| Held-to-maturity debt securities | | | | |
| National and local government bonds | — | — | — | — |
| Corporate bonds | — | — | — | — |
| Other marketable securities with maturities | | | | |
| Corporate bonds | — | — | — | — |
| Other | — | — | — | — |
| Total | \$1,136,623 | — | — | — |

For the year ended March 31, 2014

The carrying value of financial instruments in the consolidated balance sheet as of March 31, 2014, and their estimated fair value are as follows:

| | Millions of yen | | |
|--|----------------------------|----------------------|------------|
| | Consolidated balance sheet | Estimated fair value | Difference |
| (a) Cash and cash equivalents | ¥47,409 | ¥47,409 | — |
| (b) Notes and accounts receivable-trade | 88,528 | — | — |
| Allowance for doubtful accounts *1 | (1,191) | — | — |
| | 87,337 | 87,337 | — |
| (c) Marketable and investment securities | 2,611 | 2,611 | — |
| (d) Notes and accounts payable-trade | (75,673) | (75,673) | — |
| (e) Short-term loans payable | (1,054) | (1,054) | — |
| (f) Derivative transactions *2 | (6) | (6) | — |

*1 Allowance for doubtful accounts provided for individual customers are deducted.

*2 The value of assets and liabilities arising from derivatives is shown at net value. The liability position is shown in parenthesis.

Note: 1. Method to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

(a) Cash and cash equivalents, (b) Notes and accounts receivable-trade

Since these items are settled in a short period of time, their carrying value approximates the fair value.

(c) Marketable and investment securities

The fair value of marketable and investment securities is based on the quoted market price. For information on securities by each holding purpose, please refer to Note 14 Securities.

(d) Notes and accounts payable-trade, (e) Short-term loans payable

Since these items are settled in a short period of time, their carrying value approximates the fair value.

(f) Derivative transactions

Please refer to Note 15 Derivative Transactions.

2. Financial instruments for which is extremely difficult to determine the fair value

| | Millions of yen |
|-----------------|-----------------|
| Unlisted stocks | ¥1,774 |

Because no quoted market price is available and it is extremely difficult to determine the fair value, the above financial instruments are not included in the above table.

3. Redemption schedule for receivables and marketable securities with maturities at March 31, 2013

| | Millions of yen | | | |
|---|-------------------------|---------------------------------------|--|---------------------|
| | Due in one year or less | Due after one year through five years | Due after five years through ten years | Due after ten years |
| Cash and cash equivalents | ¥47,409 | — | — | — |
| Notes and accounts receivable-trade | 88,528 | — | — | — |
| Marketable and investment securities | | | | |
| Held-to-maturity debt securities | | | | |
| National and local government bonds | — | — | — | — |
| Corporate bonds | — | — | — | — |
| Other marketable securities with maturities | | | | |
| Corporate bonds | — | — | — | — |
| Other | — | — | — | — |
| Total | ¥135,937 | — | — | — |

14. Securities

1. Information regarding marketable other securities as of March 31, 2015 and 2014 are as follows:

| | Millions of yen | | | | | |
|---|-----------------|------------------|------------------------|----------------|------------------|------------------------|
| | 2015 | | | 2014 | | |
| | Carrying value | Acquisition cost | Unrealized gain (loss) | Carrying value | Acquisition cost | Unrealized gain (loss) |
| Securities whose carrying value exceeds their acquisition cost: | | | | | | |
| Stocks | ¥3,128 | ¥977 | ¥2,151 | ¥2,490 | ¥1,009 | ¥1,481 |
| Securities whose acquisition cost exceeds their carrying value: | | | | | | |
| Stocks | 108 | 125 | (17) | 121 | 141 | (20) |
| Subtotal | 108 | 125 | (17) | 121 | 141 | (20) |
| Total | ¥3,236 | ¥1,102 | ¥2,134 | ¥2,611 | ¥1,150 | ¥1,461 |

| | Thousands of U.S.dollars | | |
|---|--------------------------|------------------|------------------------|
| | 2015 | | |
| | Carrying value | Acquisition cost | Unrealized gain (loss) |
| Securities whose carrying value exceeds their acquisition cost: | | | |
| Stocks | \$26,030 | \$8,130 | \$17,900 |
| Securities whose acquisition cost exceeds their carrying value: | | | |
| Stocks | 899 | 1,040 | (141) |
| Subtotal | 899 | 1,040 | (141) |
| Total | \$26,929 | \$9,170 | \$17,759 |

2. The proceeds from sales of securities, except those of the affiliated companies, for the years ended March 31, 2015 and 2014 were ¥107 million (\$ 890 thousand) and ¥7 million, respectively. The realized gains on those sales for the years ended March 31, 2015 and 2014 were ¥46 million (\$383 thousand) and ¥4 million, respectively.

3. Information regarding non-marketable securities as of March 31, 2015 and 2014 is as follows.

| | Millions of yen | | Thousands of U.S.dollars |
|------------------|-----------------|----------------|--------------------------|
| | 2015 | 2014 | 2015 |
| | Carrying value | Carrying value | |
| Other securities | | | |
| Unlisted stocks | ¥1,809 | ¥1,774 | \$15,054 |
| Others | – | – | – |
| Total | ¥1,809 | ¥1,774 | \$15,054 |

15. Derivative Transactions

1. Summarized below are the amount of contract and the estimated fair value of the derivative instruments outstanding at March 31, 2015 and 2014, for which the hedge accounting is not applied.

Transaction outside the market
Currency-related transactions

| | Millions of yen | | | | | |
|------------------------------------|--------------------------|-------------------------|-----------------|--------------------------|-------------------------|------------------------|
| | 2015 | | | 2014 | | |
| | Contract amount | Fair value | Unrealized gain | Contract amount | Fair value | Unrealized gain (loss) |
| | Maturing within one year | Maturing after one year | | Maturing within one year | Maturing after one year | |
| Forward foreign exchange contracts | | | | | | |
| Sell: | | | | | | |
| USD | ¥10,979 | ¥– | ¥0 | ¥0 | ¥– | ¥– |
| EUR | 7,498 | – | 426 | 426 | 6,938 | (0) |
| AUD | – | – | – | 9 | – | (0) |
| Buy: | | | | | | |
| USD | 13,310 | – | 1,016 | 1,016 | 2,299 | (6) |
| CNY | 12,198 | – | 570 | 570 | – | – |
| Total | ¥43,985 | ¥– | ¥2,012 | ¥2,012 | ¥9,246 | ¥(6) |

| | Thousands of U.S. dollars | | |
|------------------------------------|---------------------------|-------------------------|-----------------|
| | 2015 | | |
| | Contract amount | Fair value | Unrealized gain |
| | Maturing within one year | Maturing after one year | |
| Forward foreign exchange contracts | | | |
| Sell: | | | |
| USD | \$91,362 | \$– | \$8 |
| EUR | 62,395 | – | 3,545 |
| AUD | – | – | – |
| Buy: | | | |
| USD | 110,760 | – | 8,455 |
| USD | 101,506 | – | 4,743 |
| Total | \$366,023 | \$– | \$16,751 |

*Calculation of the fair value is based on the value from financial institutions.

2. Summarized below are the amount of contract and the estimated fair value of the derivative instruments outstanding at March 31, 2015 and 2014, for which hedge accounting is applied.

Currency-related transactions

1) Net deferred profits on hedges

| | Millions of yen | | | |
|------------------------------------|--------------------------|-------------------------|--------------------------|-------------------------|
| | 2015 | | 2014 | |
| | Contract amount | Fair value | Contract amount | Fair value |
| | Maturing within one year | Maturing after one year | Maturing within one year | Maturing after one year |
| Forward foreign exchange contracts | | | | |
| Sell: | | | | |
| USD | ¥3,678 | ¥– | ¥0 | ¥– |
| EUR | 1,789 | – | (0) | – |
| AUD | 555 | – | 1 | 19 |
| CAD | 256 | – | 1 | – |
| Buy: | | | | |
| USD | 5,257 | – | (0) | 2,241 |
| AUD | 276 | – | (0) | – |
| CNY | 24 | – | 4 | – |
| Total | ¥11,835 | ¥– | ¥6 | ¥2,260 |

| | Thousands of U.S. dollars | |
|------------------------------------|---------------------------|-------------------------|
| | 2015 | |
| | Contract amount | Fair value |
| | Maturing within one year | Maturing after one year |
| Forward foreign exchange contracts | | |
| Sell: | | |
| USD | \$30,607 | \$– |
| EUR | 14,887 | – |
| AUD | 4,618 | – |
| CAD | 2,130 | – |
| Buy: | | |
| USD | 43,746 | – |
| AUD | 2,297 | – |
| CNY | 200 | – |
| Total | \$98,485 | \$– |

*Calculation of the fair value is based on the value from financial institutions.

2) Forward foreign exchange contracts, for which the deferral hedge accounting is applied

| | Millions of yen | | | | | |
|------------------------------------|--------------------------|-------------------------|------------|--------------------------|-------------------------|------------|
| | 2015 | | | 2014 | | |
| | Contract amount | | Fair value | Contract amount | | Fair value |
| | Maturing within one year | Maturing after one year | | Maturing within one year | Maturing after one year | |
| Forward foreign exchange contracts | | | | | | |
| Sell: | | | | | | |
| USD | ¥3,586 | ¥- | ¥0 | ¥- | ¥- | ¥- |
| AUD | 1,257 | - | 39 | 1,046 | - | (32) |
| CAD | 983 | - | 19 | 703 | - | 24 |
| Sell: | | | | | | |
| USD | 1,422 | - | 2 | 206 | - | (2) |
| Total | ¥7,248 | ¥- | ¥60 | ¥1,955 | ¥- | ¥(10) |

| | Thousands of U.S. dollars | | | | | |
|------------------------------------|---------------------------|-------------------------|------------|--------------------------|-------------------------|--|
| | 2015 | | 2014 | | | |
| | Contract amount | | Fair value | | | |
| | Maturing within one year | Maturing after one year | | Maturing within one year | Maturing after one year | |
| Forward foreign exchange contracts | | | | | | |
| Sell: | | | | | | |
| USD | \$29,841 | \$- | \$1 | | | |
| AUD | 10,460 | - | 324 | | | |
| CAD | 8,180 | - | 158 | | | |
| Sell: | | | | | | |
| USD | 11,834 | - | 17 | | | |
| Total | \$60,315 | \$- | \$500 | | | |

*Calculation of the fair value is based on the value from financial institutions.

16. Segment Information

(A) Business Segments

1. Summary of reportable segments

The reportable segments of the Companies are components for which discrete financial information is available and whose operating results are regularly reviewed by the Executive Committee to make decisions about resource allocation and to assess the performance.

Aiming to become “a global one-stop solutions company”, the Companies create comprehensive strategies per market and develop business activities under a framework for business operation by each market segment.

Therefore, the Companies report on “System Solutions Business Group” and “Global Solutions Business Group” as reportable segments.

2. The calculation method for amounts of sales, income, assets and other items per reportable segments

The accounting policies of the segments are substantially the same as those described in the significant accounting policies in Note 2 Summary of Significant Accounting Policies.

Intersegment sales and transfers are calculated at the prevailing market prices.

As discussed in Notes 2 Summary of Significant Accounting Policies, the Company and its certain domestic subsidiaries changed the methods for calculating retirement benefit obligations and service costs.

The effect these accounting changes on segment income for the fiscal year ended March 31, 2015 is insignificant.

| | Millions of yen | | Thousands of U.S. dollars |
|---------------------------------|-----------------|----------|---------------------------|
| | 2015 | 2014 | 2015 |
| Net Sales | | | |
| System Solutions Business Group | | | |
| Unaffiliated customers | ¥196,557 | ¥193,054 | \$1,635,658 |
| Intersegment | 2,767 | 2,253 | 23,025 |
| Total | 199,324 | 195,307 | 1,658,683 |
| Global Solutions Business Group | | | |
| Unaffiliated customers | 328,717 | 305,817 | 2,735,433 |
| Intersegment | 11,692 | 11,671 | 97,295 |
| Total | 340,409 | 317,488 | 2,832,728 |
| Adjustments | (14,459) | (13,924) | (120,320) |
| Consolidated | ¥525,274 | ¥498,871 | \$4,371,091 |
| Segment Income | | | |
| System Solutions Business Group | ¥10,175 | ¥9,740 | \$84,671 |
| Global Solutions Business Group | 8,523 | 13,346 | 70,925 |
| Consolidated | ¥18,698 | ¥23,086 | \$155,596 |
| Segment Assets | | | |
| System Solutions Business Group | ¥89,787 | ¥79,724 | \$747,167 |
| Global Solutions Business Group | 312,478 | 294,661 | 2,600,300 |
| Adjustments | 15,175 | 19,580 | 126,279 |
| Consolidated | ¥417,440 | ¥393,965 | \$3,473,746 |
| Depreciation | | | |
| System Solutions Business Group | ¥2,084 | ¥1,985 | \$17,342 |
| Global Solutions Business Group | 13,621 | 14,761 | 113,347 |
| Consolidated | ¥15,705 | ¥16,746 | \$130,689 |
| Amortization | | | |
| System Solutions Business Group | ¥164 | ¥164 | \$1,365 |
| Global Solutions Business Group | 4,524 | 4,306 | 37,647 |
| Consolidated | ¥4,688 | ¥4,470 | \$39,012 |
| Capital Expenditures | | | |
| System Solutions Business Group | ¥3,248 | ¥2,363 | \$27,028 |
| Global Solutions Business Group | 21,623 | 15,911 | 179,936 |
| Consolidated | ¥24,871 | ¥18,274 | \$206,964 |

Note:1 Adjustments of segment assets are corporate assets, and consist of cash and cash equivalents and investment securities in the amount of ¥15,175 million (\$126,279 thousand) and ¥19,580 million in March 31, 2015 and 2014, respectively.

2 Segment income corresponds to operating income of Consolidated Statement of Income.

The main products of each business segment

System Solutions Business Group

POS Systems, MFPs, Auto ID systems and related products, in Japan

Global Solutions Business Group

MFPs, POS Systems, Auto ID systems, Printers and related products, abroad

(B) Relative Information

1. Products and service information

| | Millions of yen | | Thousands of U.S. dollars |
|---------------------|-----------------|----------|---------------------------|
| | 2015 | 2014 | 2015 |
| Net sales of Retail | ¥309,701 | ¥300,124 | \$2,577,191 |
| Net sales of MFP | 215,573 | 198,747 | 1,793,900 |
| | ¥525,274 | ¥498,871 | \$4,371,091 |

Retail : POS systems, Auto ID systems and related products, etc.

MFP : Multi Function Peripherals, facsimiles, office printers, multi-function peripheral devices, scanner functions and document management to be realized in one piece

2. Information by geographical area

| | Millions of yen | | Thousands of U.S.dollars |
|------------------------------|-----------------|----------|-----------------------------|
| | 2015 | 2014 | 2015 |
| Net Sales | | | |
| Japan | ¥208,318 | ¥204,581 | \$1,733,528 |
| American States | 163,216 | 142,847 | 1,358,209 |
| Europe | 106,244 | 105,169 | 884,114 |
| Asia and others | 47,496 | 46,274 | 395,239 |
| Net sales | ¥525,274 | ¥498,871 | \$4,371,091 |
| Tangible Fixed Assets | | | |
| Japan | ¥13,411 | ¥13,328 | \$111,600 |
| American States | 5,890 | 6,467 | 49,014 |
| Europe | 8,803 | 9,139 | 73,254 |
| Asia and others | 5,457 | 4,382 | 45,411 |
| Net sales | ¥33,561 | ¥33,316 | \$279,279 |

Criteria of geographical segmentation and the name of countries or areas mainly included in each segment except for Japan are as follows:

- 1) Criteria: geographical closeness
- 2) Countries & Areas
 - 2)-1. American States
U.S.A., Canada, Mexico, Puerto Rico, Panama, Venezuela, Brazil, Chile
 - 2)-2. Europe
U.K., France, Germany, Spain, Switzerland, Belgium, Italy, Netherlands, Sweden, Norway, Denmark, Finland, Poland
 - 2)-3. Asia and Others
Singapore, Malaysia, Indonesia, China, Australia, Korea

3. Information by major customer

There are no customers whom the Companies sell it to more than 10% of total sales for the years ended in March 31, 2015 and 2014.

4. Information on impairment loss in non-current assets by business segment

There are no events to be noted for this purpose for the years ended in March 31, 2015 and 2014.

5. Information on amortization of goodwill and unamortized balance by business segment

| | Millions of yen | | Thousands of U.S.dollars |
|---------------------------------|--------------------------|---------|-----------------------------|
| | 2015 | 2014 | 2015 |
| | Balance at end of period | | Balance at end of period |
| System Solutions Business Group | ¥164 | ¥328 | \$1,365 |
| Global Solutions Business Group | 36,748 | 39,273 | 305,800 |
| Consolidated | ¥36,912 | ¥39,601 | \$307,165 |

For the amount of amortization of goodwill, it is omitted as it is disclosed in "Segment Information"

6. Information on negative goodwill by business segment

- For the year ended in March 31, 2015
Not applicable
- For the year ended in March 31, 2014
Omitted as immaterial in amount

17. Stock Option Plan

The stock options outstanding as of March 31, 2015 are as follows:

1. The amount and the accounting subject in relation to the stock options existing for the year ended March 31, 2015.
Selling, General and Administrative Expenses for the years ended March 31, 2015 and 2014 are ¥52 million (\$433 thousands) and ¥49 million, respectively.

2. The size of stock option and its circumstances

1) General information

| | The first new share subscription rights as share-reward type stock option |
|---|---|
| Qualified beneficiaries | 18 of the Company directors and corporate officers |
| Type of shares for which new subscription rights offered (Note 1) | 83,000 shares of Common stock |
| Date of issuance | August 1, 2008 |
| Condition of exercising | (Note 2) |
| Vesting period | No conditional period required |
| Subscription rights exercise period | From August 2, 2008 to August 1, 2038 |

| | The second new share subscription rights as share-reward type stock option |
|---|--|
| Qualified beneficiaries | 17 of the Company directors and corporate officers |
| Type of shares for which new subscription rights offered (Note 1) | 169,000 shares of Common stock |
| Date of issuance | July 31, 2009 |
| Condition of exercising | (Note 2) |
| Vesting period | No conditional period required |
| Subscription rights exercise period | From August 1, 2009 to July 31, 2039 |

| | The third new share subscription rights as share-reward type stock option |
|---|---|
| Qualified beneficiaries | 17 of the Company directors and corporate officers |
| Type of shares for which new subscription rights offered (Note 1) | 134,000 shares of Common stock |
| Date of issuance | July 30, 2010 |
| Condition of exercising | (Note 2) |
| Vesting period | No conditional period required |
| Subscription rights exercise period | From July 31, 2010 to July 30, 2040 |

| | The fourth new share subscription rights as share-reward type stock option |
|---|--|
| Qualified beneficiaries | 17 of the Company directors and corporate officers |
| Type of shares for which new subscription rights offered (Note 1) | 128,000 shares of Common stock |
| Date of issuance | August 2, 2011 |
| Condition of exercising | (Note 2) |
| Vesting period | No conditional period required |
| Subscription rights exercise period | From August 3, 2011 to August 2, 2041 |

| | The fifth new share subscription rights as share-reward type stock option |
|---|---|
| Qualified beneficiaries | 17 of the Company directors and corporate officers |
| Type of shares for which new subscription rights offered (Note 1) | 156,000 shares of Common stock |
| Date of issuance | August 2, 2012 |
| Condition of exercising | (Note 2) |
| Vesting period | No conditional period required |
| Subscription rights exercise period | From August 3, 2012 to August 2, 2042 |

| | The sixth new share subscription rights as share-reward type stock option |
|---|---|
| Qualified beneficiaries | 17 of the Company directors and corporate officers |
| Type of shares for which new subscription rights offered (Note 1) | 89,000 shares of Common stock |
| Date of issuance | July 31, 2013 |
| Condition of exercising | (Note 2) |
| Vesting period | No conditional period required |
| Subscription rights exercise period | From August 1, 2013 to July 31, 2043 |
| | The seventh new share subscription rights as share-reward type stock option |
| Qualified beneficiaries | 17 of the Company directors and corporate officers |
| Type of shares for which new subscription rights offered (Note 1) | 79,000 shares of Common stock |
| Date of issuance | July 31, 2014 |
| Condition of exercising | (Note 2) |
| Vesting period | No conditional period required |
| Subscription rights exercise period | From August 1, 2014 to July 31, 2044 |

Note: 1 The amount is converted into the number of shares.
2 Fixed term of the right is not given.
Subscription rights may be exercised in a lump sum within expiration cycle and 10 days after a beneficiary resigns from directors or corporate officers.

2) The size of stock option and movement

Addressed is the amount of stock options existing as of March 31, 2015.

As for the number of stock options, it is converted into the number of shares.

2)-1. The number of stock options

| | The first new share subscription rights as share-reward type stock option | The second new share subscription rights as share-reward type stock option | The third new share subscription rights as share-reward type stock option |
|---------------------------|---|--|---|
| Before the resolution | | | |
| End of the preceding term | - | - | - |
| Offered | - | - | - |
| Cancelled | - | - | - |
| Vested | - | - | - |
| Outstanding | - | - | - |
| After the resolution | | | |
| End of the preceding term | 16,000 | 36,000 | 28,000 |
| Vested | - | - | - |
| Exercised | 12,000 | 28,000 | 22,000 |
| Cancelled | - | - | - |
| Outstanding | 4,000 | 8,000 | 6,000 |

| | The fourth new share subscription rights as share-reward type stock option | The fifth new share subscription rights as share-reward type stock option | The sixth new share subscription rights as share-reward type stock option |
|---------------------------|--|---|---|
| Before the resolution | | | |
| End of the preceding term | - | - | - |
| Offered | - | - | - |
| Cancelled | - | - | - |
| Vested | - | - | - |
| Outstanding | - | - | - |
| After the resolution | | | |
| End of the preceding term | 66,000 | 99,000 | 89,000 |
| Vested | - | - | - |
| Exercised | 36,000 | 47,000 | 31,000 |
| Cancelled | - | - | - |
| Outstanding | 30,000 | 52,000 | 58,000 |

| | The seventh new share subscription rights as share-reward type stock option |
|---------------------------|---|
| Before the resolution | |
| End of the preceding term | - |
| Offered | 79,000 |
| Cancelled | - |
| Vested | 79,000 |
| Outstanding | - |
| After the resolution | |
| End of the preceding term | - |
| Vested | 79,000 |
| Exercised | - |
| Cancelled | - |
| Outstanding | 79,000 |

2)-2. Per share data

| | The first new share subscription rights as share-reward type stock option | The second new share subscription rights as share-reward type stock option | The third new share subscription rights as share-reward type stock option |
|---|---|--|---|
| Exercised price | ¥1 (\$0.008) | ¥1 (\$0.008) | ¥1 (\$0.008) |
| The average price at the time of exercising | ¥706 (\$5.875) | ¥706 (\$5.875) | ¥706 (\$5.875) |
| Official price at the date offered | ¥560 (\$4.660) | ¥393 (\$3.270) | ¥307 (\$2.555) |

| | The fourth new share subscription rights as share-reward type stock option | The fifth new share subscription rights as share-reward type stock option | The sixth new share subscription rights as share-reward type stock option |
|---|--|---|---|
| Exercised price | ¥1 (\$0.008) | ¥1 (\$0.008) | ¥1 (\$0.008) |
| The average price at the time of exercising | ¥708 (\$5.892) | ¥708 (\$5.892) | ¥709 (\$5.900) |
| Official price at the date offered | ¥316 (\$2.630) | ¥291 (\$2.422) | ¥550 (\$4.577) |

| | The seventh new share subscription rights as share-reward type stock option |
|---|---|
| Exercised price | ¥1 (\$0.008) |
| The average price at the time of exercising | - |
| Official price at the date offered | ¥667 (\$5.550) |

3. The evaluation of fair price of stock option

1) The evaluation method used: Black-Scholes method

2) General information and the method of estimation

| | The seventh new share subscription rights as share-reward type stock option |
|------------------------------------|---|
| Stock market volatility (Note 1) | 33.2% |
| Estimated residual period (Note 2) | 1.9 years |
| Estimated dividends (Note 3) | ¥8 (\$0.067) per share |
| Risk-free rate (Note 4) | 0.07% |

Note: 1 The figure is calculated based on actual share data from August 27, 2012 up to the week offered.

2 The calculation is based on the condition that the Company's directors or corporate officers are resigned and the option was exercised exactly after the day of resignation.

For tenure of directors and executive officers, the Company has calculated the average tenure remaining term at the date of grant based on the average tenure.

3 The estimated figure is based on the actual dividend amount for the year ended March 31, 2014.

4 Estimated capitalization cycle of government bond is in accordance with estimated residual period

4. The method of estimating the number of stock options vested
Fundamentally, only the actual number of cancelled stock options is shown as it is difficult to estimate the possible number of cancelled stock options.

18. Asset Retirement Obligation

Omitted as immaterial in amount.

19. Transactions with Related Parties

1. Transactions with Related Parties

(A) Transactions with related parties for the year ended March 31, 2015.

(¥=Million, US\$=Thousand)

| Status | Name | Address | Capital | Business | Percentage of voting rights held (%) |
|--------------------------------------|---|-------------------|------------------------|--|--------------------------------------|
| Parent company | Toshiba Corporation | Minato-ku, Tokyo | ¥439,901 (\$3,660,656) | Manufacturing and sales of digital products and electronic devices and home appliances | Direct: 52.7% Indirect: 0.1% |
| Relationship | | | | | |
| Dispatch of executive officers, etc. | Business relationship | Transaction | Transaction amount | Account item | Balance at fiscal year end |
| Interlocking of directors | Sales of our products, deposits of funds and purchase of Toshiba products | Deposits of funds | (Note) | Cash and cash equivalents | ¥12,339 (\$102,680) |
| | | Interest income | ¥10 (\$83) | Accrued interest | ¥0 (\$0) |

With regard to the amounts above, transaction amount and balance at fiscal year end don't include consumption taxes.

Note: Concerning deposits of funds, it's difficult to figure out transaction amount because fund settlement is performed whenever needed.
Therefore, only balance at fiscal year end is stated.

Policy for determining trade terms and conditions and other related matters
Depositing funds are determined from market rates and offers from third party interest rates.

(¥=Million, US\$=Thousand, S\$=Thousand)

| Status | Name | Address | Capital | Business | Percentage of voting rights held (%) |
|--------------------------------------|---------------------------------|-------------------|--------------------|---|--------------------------------------|
| Subsidiary of the parent company | Toshiba Asia Pacific Pte., Ltd. | Singapore | S\$6,784 | The regional representative company in Asia and Pacific | None |
| Relationship | | | | | |
| Dispatch of executive officers, etc. | Business relationship | Transaction | Transaction amount | Account item | Balance at fiscal year end |
| None | Deposits of funds | Deposits of funds | (Note) | Cash and cash equivalents | ¥5,365 (\$44,645) |
| | | Interest income | ¥3 (\$25) | | |

With regard to the amounts above, transaction amount and balance at fiscal year end don't include consumption taxes.

Note: Concerning deposits of funds, it's difficult to figure out transaction amount because fund settlement is performed whenever needed.
Therefore, only balance at fiscal year end is stated.

Policy for determining trade terms and conditions and other related matters
Depositing funds are determined from market rates and offers from third party interest rates.

(¥=Million, US\$=Thousand, GBP=Thousand)

| Status | Name | Address | Capital | Business | Percentage of voting rights held (%) |
|--------------------------------------|-------------------------|-------------------|--------------------|---|--------------------------------------|
| Subsidiary of the parent company | Toshiba of Europe, Ltd. | London, UK | GBP 13,522 | The regional representative company in Europe, Middle East and Africa | None |
| Relationship | | | | | |
| Dispatch of executive officers, etc. | Business relationship | Transaction | Transaction amount | Account item | Balance at fiscal year end |
| None | Deposits of funds | Deposits of funds | (Note) | Cash and cash equivalents | ¥7,939 (\$66,065) |
| | | Interest income | ¥5 (\$42) | | |

With regard to the amounts above, transaction amount and balance at fiscal year end don't include consumption taxes.

Note: Concerning deposits of funds, it's difficult to figure out transaction amount because fund settlement is performed whenever needed.
Therefore, only balance at fiscal year end is stated.

Policy for determining trade terms and conditions and other related matters
Depositing funds are determined from market rates and offers from third party interest rates.

(¥=Million, US\$=Thousand)

| Status | Name | Address | Capital | Business | Percentage of voting rights held (%) |
|--------------------------------------|-----------------------|-------------------|--------------------|---|--------------------------------------|
| Subsidiary of the parent company | Toshiba America, Ltd. | New York, USA | \$1,002,550 | The regional representative company in Americas | None |
| Relationship | | | | | |
| Dispatch of executive officers, etc. | Business relationship | Transaction | Transaction amount | Account item | Balance at fiscal year end |
| None | Deposits of funds | Deposits of funds | (Note) | Cash and cash equivalents | ¥7,511 (\$62,503) |
| | | Interest income | ¥0 (\$0) | | |

With regard to the amounts above, transaction amount and balance at fiscal year end don't include consumption taxes.

Note: Concerning deposits of funds, it's difficult to figure out transaction amount because fund settlement is performed whenever needed.
Therefore, only balance at fiscal year end is stated.

Policy for determining trade terms and conditions and other related matters
Depositing funds are determined from market rates and offers from third party interest rates.

(¥=Million, US\$=Thousand, CNY=Thousand)

| Status | Name | Address | Capital | Business | Percentage of voting rights held (%) |
|--------------------------------------|-------------------------|-------------------|--------------------|--|--------------------------------------|
| Subsidiary of the parent company | Toshiba China Co., Ltd. | Beijing, China | CNY249,362 | The regional representative company in China | None |
| Relationship | | | | | |
| Dispatch of executive officers, etc. | Business relationship | Transaction | Transaction amount | Account item | Balance at fiscal year end |
| None | Deposits of funds | Deposits of funds | (Note) | Other | ¥3,485 (\$29,001) |
| | | Interest income | ¥41 (\$341) | | |

With regard to the amounts above, transaction amount and balance at fiscal year end don't include consumption taxes.

Note: Concerning deposits of funds, it's difficult to figure out transaction amount because fund settlement is performed whenever needed.
Therefore, only balance at fiscal year end is stated.

Policy for determining trade terms and conditions and other related matters
Depositing funds are determined from market rates and offers from third party interest rates.

(B) Transactions with related parties for the year ended March 31, 2014.

(¥=Million)

| Status | Name | Address | Capital | Business | Percentage of voting rights held (%) |
|----------------|---------------------|------------------|----------|--|--------------------------------------|
| Parent company | Toshiba Corporation | Minato-ku, Tokyo | ¥439,901 | Manufacturing and sales of digital products and electronic devices and home appliances | Direct: 52.8% Indirect: 0.1% |

| Relationship | | Transaction | Transaction amount | Account item | Balance at fiscal year end |
|--------------------------------------|---|-------------------|--------------------|---------------------------|----------------------------|
| Dispatch of executive officers, etc. | Business relationship | | | | |
| Interlocking of directors | Sales of our products, deposits of funds and purchase of Toshiba products | Deposits of funds | (Note) | Cash and cash equivalents | ¥18,749 |
| | | Interest income | ¥7 | Accrued interest | ¥0 |

With regard to the amounts above, transaction amount and balance at fiscal year end don't include consumption taxes.

Note: Concerning deposits of funds, it's difficult to figure out transaction amount because fund settlement is performed whenever needed. Therefore, only balance at fiscal year end is stated.

Policy for determining trade terms and conditions and other related matters
Depositing funds are determined from market rates and offers from third party interest rates.

(¥=Million, S\$=Thousand)

| Status | Name | Address | Capital | Business | Percentage of voting rights held (%) |
|----------------------------------|---------------------------------|-----------|----------|---|--------------------------------------|
| Subsidiary of the parent company | Toshiba Asia Pacific Pte., Ltd. | Singapore | S\$6,784 | The regional representative company in Asia and Pacific | None |

| Relationship | | Transaction | Transaction amount | Account item | Balance at fiscal year end |
|--------------------------------------|-----------------------|-------------------|--------------------|---------------------------|----------------------------|
| Dispatch of executive officers, etc. | Business relationship | | | | |
| None | Deposits of funds | Deposits of funds | (Note) | Cash and cash equivalents | ¥2,309 |
| | | Interest income | ¥3 | | |

With regard to the amounts above, transaction amount and balance at fiscal year end don't include consumption taxes.

Note: Concerning deposits of funds, it's difficult to figure out transaction amount because fund settlement is performed whenever needed. Therefore, only balance at fiscal year end is stated.

Policy for determining trade terms and conditions and other related matters
Depositing funds are determined from market rates and offers from third party interest rates.

(¥=Million, GBP=Thousand)

| Status | Name | Address | Capital | Business | Percentage of voting rights held (%) |
|----------------------------------|---|------------|-----------|---|--------------------------------------|
| Subsidiary of the parent company | Toshiba International Finance (UK) Plc. | London, UK | GBP 5,000 | Financing of corporate subsidiaries overseas etc. | None |

| Relationship | | Transaction | Transaction amount | Account item | Balance at fiscal year end |
|--------------------------------------|-----------------------|-------------------|--------------------|---------------------------|----------------------------|
| Dispatch of executive officers, etc. | Business relationship | | | | |
| None | Deposits of funds | Deposits of funds | (Note) | Cash and cash equivalents | ¥6,593 |
| | | Interest income | ¥2 | | |

With regard to the amounts above, transaction amount and balance at fiscal year end don't include consumption taxes.

Note: Concerning deposits of funds, it's difficult to figure out transaction amount because fund settlement is performed whenever needed. Therefore, only balance at fiscal year end is stated.

Policy for determining trade terms and conditions and other related matters
Depositing funds are determined from market rates and offers from third party interest rates.

(¥=Million, US\$=Thousand)

| Status | Name | Address | Capital | Business | Percentage of voting rights held (%) |
|----------------------------------|-----------------------|---------------|-------------|---|--------------------------------------|
| Subsidiary of the parent company | Toshiba America, Ltd. | New York, USA | \$1,002,550 | The regional representative company in Americas | None |

| Relationship | | Transaction | Transaction amount | Account item | Balance at fiscal year end |
|--------------------------------------|-----------------------|-------------------|--------------------|---------------------------|----------------------------|
| Dispatch of executive officers, etc. | Business relationship | | | | |
| None | Deposits of funds | Deposits of funds | (Note) | Cash and cash equivalents | ¥1,184 |
| | | Interest income | ¥0 | | |

With regard to the amounts above, transaction amount and balance at fiscal year end don't include consumption taxes.

Note: Concerning deposits of funds, it's difficult to figure out transaction amount because fund settlement is performed whenever needed. Therefore, only balance at fiscal year end is stated.

Policy for determining trade terms and conditions and other related matters
Depositing funds are determined from market rates and offers from third party interest rates.

(¥=Million, CNY=Thousand)

| Status | Name | Address | Capital | Business | Percentage of voting rights held (%) |
|----------------------------------|-------------------------|----------------|------------|--|--------------------------------------|
| Subsidiary of the parent company | Toshiba China Co., Ltd. | Beijing, China | CNY249,362 | The regional representative company in China | None |

| Relationship | | Transaction | Transaction amount | Account item | Balance at fiscal year end |
|--------------------------------------|-----------------------|-------------------|--------------------|--------------|----------------------------|
| Dispatch of executive officers, etc. | Business relationship | | | | |
| None | Deposits of funds | Deposits of funds | (Note) | Other | ¥6,470 |

With regard to the amounts above, transaction amount and balance at fiscal year end don't include consumption taxes.

Note: Concerning deposits of funds, it's difficult to figure out transaction amount because fund settlement is performed whenever needed. Therefore, only balance at fiscal year end is stated.

Policy for determining trade terms and conditions and other related matters
Depositing funds are determined from market rates and offers from third party interest rates.

2. Notes regarding parent company and material affiliated companies

Information on the parent company

Toshiba Corporation (listed on Tokyo Stock Exchange, Nagoya Stock Exchange)

20. Cash Dividends

(A) Cash dividends for the year ended March 31, 2015

1. Cash dividends paid

| (Resolution) | Type of shares | Total amount of dividends (Millions of yen) | Dividends per share (Yen) | Record date | Effective date |
|---|----------------|---|---------------------------|--------------------|------------------|
| Board of directors held on April 28, 2014 | Common stock | ¥1,097 | ¥4.0 | March 31, 2014 | June 2, 2014 |
| Board of directors held on October 29, 2014 | Common stock | ¥1,649 | ¥6.0 | September 30, 2014 | December 1, 2014 |

| (Resolution) | Type of shares | Total amount of dividends (Thousands of US dollars) | Dividends per share (US dollars) | Record date | Effective date |
|---|----------------|---|----------------------------------|--------------------|------------------|
| Board of directors held on April 28, 2014 | Common stock | \$9,129 | \$0.033 | March 31, 2014 | June 2, 2014 |
| Board of directors held on October 29, 2014 | Common stock | \$13,722 | \$0.050 | September 30, 2014 | December 1, 2014 |

2. Year end dividends of the following fiscal year

| (Resolution) | Type of shares | Total amount of dividends (Millions of yen) | Dividend resource | Dividends per share (Yen) | Record date | Effective date |
|--|----------------|---|-------------------|---------------------------|----------------|----------------|
| Board of directors held on June 16, 2015 | Common stock | ¥1,922 | Retained earnings | ¥7.0 | March 31, 2015 | June 29, 2015 |

| (Resolution) | Type of shares | Total amount of dividends (Thousands of US dollars) | Dividend resource | Dividends per share (US dollars) | Record date | Effective date |
|--|----------------|---|-------------------|----------------------------------|----------------|----------------|
| Board of directors held on June 16, 2015 | Common stock | \$15,994 | Retained earnings | \$0.058 | March 31, 2015 | June 29, 2015 |

(B) Cash dividends for the year ended March 31, 2014

1. Cash dividends paid

| (Resolution) | Type of shares | Total amount of dividends (Millions of yen) | Dividends per share (Yen) | Record date | Effective date |
|---|----------------|---|---------------------------|--------------------|------------------|
| Board of directors held on April 26, 2013 | Common stock | ¥1,098 | ¥4.0 | March 31, 2013 | June 3, 2013 |
| Board of directors held on October 28, 2013 | Common stock | ¥1,098 | ¥4.0 | September 30, 2013 | December 2, 2013 |

2. Year end dividends of the following fiscal year

| (Resolution) | Type of shares | Total amount of dividends (Millions of yen) | Dividend resource | Dividends per share (yen) | Record date | Effective date |
|---|----------------|---|-------------------|---------------------------|----------------|----------------|
| Board of directors held on April 28, 2014 | Common stock | ¥1,098 | Retained earnings | ¥4.0 | March 31, 2014 | June 2, 2014 |

21. Per share Information

1. Per share information at March 31, 2015 and 2014 is as follows:

| | Yen | | U.S.dollars |
|------------------------------------|---------|---------|-------------|
| | 2015 | 2014 | 2015 |
| Net assets per share | ¥629.23 | ¥576.50 | \$5.236 |
| Net (loss) income per share | (1.21) | 25.99 | (0.010) |
| Net income per share fully diluted | — | 25.94 | — |

* For the year ended March 31 2015, although there were dilutive potential common shares, net income per share fully diluted were not presented due to the recording of a net loss.

* Net income per share and net income per share fully diluted were calculated on the basis of the following data.

| | Millions of yen | | Thousands of U.S.dollars |
|---|-----------------|---------|--------------------------|
| | 2015 | 2014 | 2015 |
| Net income per share | | | |
| Net (loss) income | ¥(334) | ¥7,134 | \$(2,779) |
| Amounts not attributable to common stock | — | — | — |
| Net (loss) income attributable to common stock | (334) | 7,134 | (2,779) |
| Average number of shares of common stock during the period (thousand shares) | 274,563 | 274,430 | 274,563 |
| Net income per share fully diluted | | | |
| Adjustment to net income | — | — | — |
| Increase in number of common stocks (thousand shares) | — | 523 | — |
| (Share subscription rights) | — | (523) | — |
| Outline of the residual securities excluded from the calculation of the fully diluted net income per share because they have no dilutive effects. | — | — | — |

2. As stated in “Changes in Accounting Policies”, the Companies have adopted Accounting Standard for Retirement Benefits, and comply with the treatment of transitional provisions defined in Paragraph 37 of Accounting Standard for Retirement Benefits.

As a result, the net assets per share was increased by ¥13.03 (\$0.108) as of March 31, 2015.

22. Subsequent Event

Change in reportable segments

In order to lead the business markets and provide innovative solutions, the Company has re-organized its business structure from geographic-oriented segmentation to product & service-oriented segmentation since April 1, 2015. As a result, starting from the next year, the reportable segments change to “Retail Solutions” and “Printing Solutions”.

The amount of sales, income, assets and other items for the year ended March 31, 2015 under the new reportable segments are as follows:

| | Millions of yen | Thousands of U.S.dollars |
|-----------------------------------|-----------------|--------------------------|
| | 2015 | 2015 |
| Net Sales | | |
| Retail Solutions Business Group | | |
| Unaffiliated customers | ¥322,777 | \$2,686,003 |
| Intersegment | 2,325 | 19,348 |
| Total | 325,102 | 2,705,351 |
| Printing Solutions Business Group | | |
| Unaffiliated customers | 202,497 | 1,685,088 |
| Intersegment | 10,599 | 88,200 |
| Total | 213,096 | 1,773,288 |
| Adjustments | (12,924) | (107,548) |
| Consolidated | ¥525,274 | \$4,371,091 |
| Segment Income | | |
| Retail Solutions Business Group | ¥1,273 | \$10,593 |
| Printing Solutions Business Group | 17,425 | 145,003 |
| Consolidated | ¥18,698 | \$155,596 |
| Segment Assets | | |
| Retail Solutions Business Group | ¥257,745 | \$2,144,836 |
| Printing Solutions Business Group | 144,520 | 1,202,630 |
| Adjustments | 15,175 | 126,280 |
| Consolidated | ¥417,440 | \$3,473,746 |
| Depreciation | | |
| Retail Solutions Business Group | ¥7,572 | \$63,010 |
| Printing Solutions Business Group | 8,133 | 67,679 |
| Consolidated | ¥15,705 | \$130,689 |
| Amortization | | |
| Retail Solutions Business Group | ¥1,871 | \$15,569 |
| Printing Solutions Business Group | 2,817 | 23,443 |
| Consolidated | ¥4,688 | \$39,012 |
| Capital Expenditures | | |
| Retail Solutions Business Group | ¥15,431 | \$128,409 |
| Printing Solutions Business Group | 9,440 | 78,555 |
| Consolidated | ¥24,871 | \$206,964 |



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Independent Auditor's Report

The Board of Directors
TOSHIBA TEC CORPORATION

We have audited the accompanying consolidated financial statements of TOSHIBA TEC CORPORATION and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of TOSHIBA TEC CORPORATION and its consolidated subsidiaries as at March 31, 2015, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

June 26, 2015
Tokyo, Japan

Ernst & Young ShinNihon LLC

TOSHIBA TEC CORPORATION

Corporate Data

1-11-1, Osaki, Shinagawa-ku, Tokyo 141-8562, Japan
Tel: +81-3-6830-9100
Fax: +81-3-6684-4001
<http://www.toshibatec.co.jp/>
Established: February 21, 1950
Employees: 3,422 <Consolidated: 20,580> (as of March 2015)
Common Stock: ¥39,971 million (as of March 2015)
Stock Listing: Tokyo Stock Exchange (1st Section)

Board of Directors and Audit & Supervisory Board (as of October 2, 2015)

President and Chief Executive Officer

◇Takayuki Ikeda

Directors

Masato Yamamoto
Issei Ichihara
Hiroshi Tangoku
Toshifumi Matsumoto
Masatsugu Sakabe
Yukio Inoue
Shigenori Shiga

◇:Representative Director

Audit & Supervisory Board Members

Hiroyuki Ikeda
Haruo Kawasumi
Takehiko Ouchi
Toshihiko Matsumoto

Main Consolidated Companies (as of March 31, 2015)

- TOSHIBA AMERICA BUSINESS SOLUTIONS, INC.
- TOSHIBA TEC SOLUTION SERVICES CORPORATION
- TOSHIBA GLOBAL COMMERCE SOLUTIONS, INC.
- TOSHIBA TEC GERMANY IMAGING SYSTEMS GmbH
- TOSHIBA TEC FRANCE IMAGING SYSTEMS S.A.
- TOSHIBA TEC EUROPE RETAIL INFORMATION SYSTEMS S.A.
- TOSHIBA GLOBAL COMMERCE SOLUTIONS MEXICO, S. DE R.L. DE C.V.
- TOSHIBA TEC U.K. IMAGING SYSTEMS LTD.
- TOSHIBA TEC INFORMATION SYSTEMS (SHENZHEN) CO., LTD.
- TOSHIBA TEC SINGAPORE PTE LTD
- P.T. TEC INDONESIA
- TEC PRECISION CO., LTD.
- TOSEI CORPORATION
- TEC INFORMATION SYSTEMS CORPORATION
- KOKUSAI CHART CORPORATION
- TOSHIBA TEC (H.K.) LOGISTICS & PROCUREMENT LTD.
- TOSHIBA GLOBAL COMMERCE SOLUTIONS HOLDINGS CORPORATION

