



TOSHIBA

2019 Annual Report

For the Year Ended March 31, 2019

Toshiba Tec Corporation

Financial Highlights

Years ended March 31

Consolidated	Millions of yen					Thousands of U.S. dollars
	2015	2016	2017	2018	2019	2019
Net sales	¥524,577	¥532,818	¥497,611	¥513,289	¥476,824	\$4,296,099
Ordinary profit (loss)	10,391	(2,298)	12,534	22,768	16,471	148,401
Profit (loss) attributable to owners of parent	(1,149)	(103,449)	7,758	17,512	11,211	101,009
Net assets	203,108	70,359	76,047	93,215	100,758	907,812
Total assets	416,769	281,615	269,393	282,630	275,055	2,478,196
Per share data:	Yen					U.S. dollars
	2015	2016	2017	2018	2019	2019
Net assets	¥3,116.77	¥1,044.65	¥1,190.37	¥1,501.94	¥1,653.94	\$14.90
Profit (loss) attributable to owners of parent-Basic	(20.93)	(1,883.46)	141.21	318.73	204.00	1.84
Non-Consolidated	Millions of yen					Thousands of U.S. dollars
	2015	2016	2017	2018	2019	2019
Net sales	¥265,840	¥261,496	¥260,894	¥282,974	¥249,394	\$2,246,995
Ordinary profit (loss)	12,668	(1,186)	39,375	15,184	8,335	75,097
Profit (loss)	9,376	(115,933)	36,402	17,733	8,875	79,962
Capital stock	39,970	39,970	39,970	39,970	39,970	360,123
Net assets	136,109	18,301	54,759	71,725	77,898	701,847
Total assets	293,447	189,623	214,940	209,349	204,671	1,844,049
Per share data:	Yen					U.S. dollars
	2015	2016	2017	2018	2019	2019
Net assets	¥2,476.33	¥331.06	¥994.69	¥1,302.70	¥1,414.72	\$12.75
Cash dividends	13.00	—	2.00	8.00	50.00	0.45
Profit (loss)-Basic	170.75	(2,110.75)	662.59	322.76	161.51	1.46

Notes: 1. The Company carried out the share consolidation at a ratio of one for every five common shares, effective on October 1, 2018. Accordingly, the figures for the per share of net assets, profit (loss) attributable to owners of parent-Basic and profit (loss)-Basic have been calculated assuming that the share consolidation was executed at the beginning of 2015. The amount of the cash dividends per share for 2019 takes this share consolidation into account.

2. The dollar amounts in this report represent translations of yen, for convenience only, at the rate of ¥110.99=US\$1.00, the exchange rate on March 31, 2019.

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Business Review for the Fiscal Year 2018

Regarding the global economy in the fiscal year 2018, although the economies in Europe and China decelerated, the economy in the US remained robust, and those in Asia other than China were generally firm. In Japan, the economy gradually expanded due in part to firm personal consumption and capital investment, despite sluggish exports and the effects of natural disasters.

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 “establishing profit stability through cost reduction and productivity improvement”, “strengthening core businesses”, and “expanding the solutions and service business”.

Net sales were ¥476,824 million (down 7% year-on-year), partially due to decreased sales of POS systems for the Japanese market and MFPs for overseas markets, as well as the impact from the removal of Kokusai Chart Corporation from the scope of consolidation. With regard to profit/loss, due to factors such as decreased sales of POS systems for the domestic market and MFPs for overseas markets, operating profit was ¥17,989 million (down 27% year-on-year), ordinary profit was ¥16,471 million (down 28% year-on-year) and net profit attributable to owners of parent was ¥11,211 million (down 36% year-on-year).

Retail Solutions Business

The retail solutions business, which deals with POS systems for domestic and overseas markets, MFPs and Automatic Identification systems for the Japanese market, and their related products, was committed to developing new products to meet market needs, expanding sales of core products, territory based marketing promotions, along with reinforcing cost competitiveness to improve the profit structure in what continues to be a highly competitive business environment.

In POS systems for the Japanese market, sales decreased in a decline due to a concentration of large-scale projects in the previous fiscal year, although sales of semi-self checkout systems were robust as a result of a labor shortage.

As for POS systems for overseas markets, sales remained on par with the previous fiscal year, excluding the effect of exchange rates, partly as the result of strong sales in the Americas, despite a decline in sales in Europe.

Sales of MFPs for the Japanese market decreased, attributable in part to a lower number of units sold.

Sales of Automatic Identification systems for the Japanese market decreased, partially due to the removal of Kokusai Chart Corporation from the scope of consolidation.

As a result, net sales from the retail solutions business were ¥292,303 million (down 10% year-on-year). Operating profit was ¥12,323 million (down 29% year-on-year) due to factors such as decreased sales of POS systems for the domestic market.

Printing Solutions Business

The printing solutions business, which deals with MFPs and Automatic Identification systems for overseas markets, ink-jet heads for domestic and overseas markets, and their related products, focused efforts on expanding sales of strategic products, while pioneering vertical markets and new business fields, against a difficult business environment marked by tough competition.

Concerning MFPs for overseas markets, sales declined due in part to decreased sales in the Americas and Europe despite an increase in sales in Asia, centered on China.

In Automatic Identification systems for overseas markets, sales increased due to increased sales in the Americas and Asia.

Sales of inkjet heads decreased due to factors including decreased sales in Japan and North America despite increased sales in China.

As a result, net sales from the printing solutions business were ¥192,949 million (down 4% year-on-year). Operating profit was ¥5,666 million (down 22% year-on-year), due partially to decreased sales of MFPs for overseas markets and the effect of higher selling, general and administrative expenses.

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

Forecasts for Fiscal Year 2019

With regard to the global economy, the economy in the US is expected to remain firm, and in Europe and Asia it is expected to gradually decelerate. In Japan, although exports are expected to decrease, the economy should gradually expand partially due to favorable personal consumption and capital investment.

Under such circumstances, the Toshiba Tec Group will unite as one, and diligently work to become a “global one-stop solutions company” under the three pillars of its business strategy, namely “establishing profit stability through cost reduction and productivity improvement”, “strengthening core businesses”, and “expanding the solutions and service business”.

The main measures for each business for the fiscal year ending March 31, 2020 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 leading products in both domestic and overseas markets, MFPs and Automatic Identification systems for the Japanese market, and their related products. Concurrently, efforts will be made toward the provision of total solutions, including the development and release of new solutions to meet 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.

Printing Solutions Business

In the printing solutions business, efforts will be made to enhance profitability, through expanded sales of MFPs that are leading products in overseas markets, Automatic Identification systems for overseas markets, inkjet heads for both domestic and overseas markets, and their related products. With respect to total solutions that extensively leverage our product lines and global market reach, 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.

(1) Consolidated Financial Statements

Consolidated Balance Sheet

As of March 31, 2019 and 2018

ASSETS	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Current assets			
Cash and deposits	¥45,501	¥57,355	\$409,956
Group deposits paid	9,996	–	90,062
Notes and accounts receivable - trade	*4 60,054	*4 67,996	541,076
Merchandise and finished goods	34,775	32,885	313,317
Work in process	1,905	1,525	17,164
Raw materials and supplies	6,584	6,758	59,321
Other	31,888	32,775	287,305
Allowance for doubtful accounts	(1,443)	(1,925)	(13,001)
Total current assets	189,263	197,373	1,705,226
Non-current assets			
Property, plant and equipment:			
Buildings and structures	24,343	24,044	219,326
Accumulated depreciation	(18,190)	(17,944)	(163,889)
Buildings and structures, net	6,152	6,099	55,428
Machinery, equipment and vehicles	43,841	41,686	395,000
Accumulated depreciation	(33,791)	(33,718)	(304,451)
Machinery, equipment and vehicles, net	10,050	7,968	90,549
Tools, furniture and fixtures	43,725	45,442	393,954
Accumulated depreciation	(37,808)	(39,423)	(340,643)
Tools, furniture and fixtures, net	5,917	6,018	53,311
Land	1,269	1,269	11,433
Leased assets	9,381	11,758	84,521
Accumulated depreciation	(5,259)	(6,208)	(47,383)
Leased assets, net	4,121	5,550	37,129
Construction in progress	779	1,183	7,019
Total property, plant and equipment	28,290	28,090	254,888
Intangible assets:			
Goodwill	3,691	4,083	33,255
Customer relationship assets	497	568	4,478
Other	9,557	8,484	86,107
Total intangible assets	13,746	13,135	123,849
Investments and other assets:			
Investment securities	*1 4,008	*1 6,058	36,111
Net defined benefit asset	2,459	2,448	22,155
Deferred tax assets	22,653	23,368	204,099
Other	14,787	12,262	133,228
Allowance for doubtful accounts	(153)	(107)	(1,379)
Total investments and other assets	43,755	44,030	394,225
Total non-current assets	85,792	85,257	772,971
Total assets	¥275,055	¥282,630	\$2,478,196

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

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
LIABILITIES AND NET ASSETS			
Current liabilities			
Notes and accounts payable - trade	*4 ¥56,215	*4 ¥59,604	\$506,487
Short-term loans payable	383	304	3,451
Lease obligations	4,054	4,795	36,526
Accounts payable - other	22,834	25,269	205,730
Income taxes payable	1,800	4,771	16,218
Other	41,486	45,154	373,781
Total current liabilities	126,774	139,898	1,142,211
Non-current liabilities			
Lease obligations	4,747	5,682	42,770
Net defined benefit liability	34,621	35,779	311,929
Other	8,154	8,054	73,466
Total non-current liabilities	47,523	49,516	428,174
Total liabilities	174,297	189,415	1,570,385
Shareholders' equity			
Capital stock	39,970	39,970	360,123
Capital surplus	–	12	–
Retained earnings	45,103	35,861	406,370
Treasury shares	(5,474)	(5,507)	(49,320)
Total shareholders' equity	79,599	70,337	717,173
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	1,835	2,181	16,533
Deferred gains or losses on hedges	21	(22)	189
Foreign currency translation adjustment	9,111	10,207	82,088
Minimum pension liability adjustment	(458)	(655)	(4,126)
Remeasurements of defined benefit plans	788	468	7,100
Total accumulated other comprehensive income	11,298	12,180	101,793
Share acquisition rights	147	153	1,324
Non-controlling interests	9,712	10,543	87,503
Total net assets	100,758	93,215	907,812
Total liabilities and net assets	¥275,055	¥282,630	\$2,478,196

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

Consolidated Statement of Income

Years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Net sales	¥476,824	¥513,289	\$4,296,099
Cost of sales	*2 278,464	*2 305,196	2,508,911
Gross profit	198,359	208,093	1,787,179
Selling, general and administrative expenses	*1,*2 180,370	*1,*2 183,547	1,625,101
Operating profit	17,989	24,546	162,078
Non-operating income:			
Interest income	388	560	3,496
Dividend income	56	97	505
Insurance income	373	0	3,361
Gain on valuation of derivatives	–	820	–
Other	568	339	5,118
Total non-operating income	1,387	1,818	12,497
Non-operating expenses:			
Interest expenses	348	631	3,135
Loss on valuation of derivatives	555	–	5,000
Foreign exchange losses	82	1,235	739
Loss on sales and retirement of non-current assets	333	89	3,000
Other	1,586	1,640	14,290
Total non-operating expenses	2,905	3,597	26,174
Ordinary profit	16,471	22,768	148,401
Extraordinary income:			
Gain on sales of investment securities	544	274	4,901
Gain on sales of shares of subsidiaries	–	238	–
Gains on reversal of foreign currency translation adjustment	–	438	–
Total extraordinary income	544	951	4,901
Extraordinary losses:			
Loss on pension fund liquidation at consolidated subsidiary	335	–	3,018
Loss on valuation of investment securities	–	236	–
Restructuring cost	–	*3 176	–
Total extraordinary losses	335	412	3,018
Profit before income taxes	16,679	23,307	150,275
Income taxes:			
Current	4,380	5,079	39,463
Deferred	892	(572)	8,037
Total income taxes	5,273	4,507	47,509
Profit	11,406	18,800	102,766
Profit attributable to non-controlling interests	195	1,287	1,757
Profit attributable to owners of parent	¥11,211	¥17,512	\$101,009

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

Consolidated Statement of Comprehensive Income

Years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Profit	¥11,406	¥18,800	\$102,766
Other comprehensive income			
Valuation difference on available-for-sale securities	(345)	598	(3,108)
Deferred gains or losses on hedges	43	(16)	387
Foreign currency translation adjustment	(782)	732	(7,046)
Minimum pension liability adjustment	305	76	2,748
Remeasurements of defined benefit plans, net of tax	320	(927)	2,883
Total other comprehensive income	* (458)	* 463	(4,126)
Comprehensive income	¥10,948	¥19,264	\$98,640
Comprehensive income attributable to:			
Owners of parent	10,329	18,504	93,062
Non-controlling interests	619	760	5,577

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

Consolidated Statement of Changes in Net Assets

Years ended March 31, 2019 and 2018

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2018	¥39,970	¥12	¥35,861	¥(5,507)	¥70,337
Cumulative effects of changes in accounting policies	–	–	1,045	–	1,045
Restated balance	39,970	12	36,907	(5,507)	71,382
Changes in items during period					
Dividends of surplus	–	–	(2,472)	–	(2,472)
Profit attributable to owners of parent	–	–	11,211	–	11,211
Purchase of treasury shares	–	–	–	(13)	(13)
Disposal of treasury shares	–	10	–	46	56
Purchase of shares of consolidated subsidiaries	–	(564)	–	–	(564)
Transfer to capital surplus from retained earnings	–	542	(542)	–	–
Net changes of items other than shareholders' equity	–	–	–	–	–
Total changes in items during period	–	(12)	8,196	32	8,216
Balance at March 31, 2019	¥39,970	¥–	¥45,103	¥(5,474)	¥79,599

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Millions of yen
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Minimum pension liability adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			Total net assets
Balance at April 1, 2018	¥2,181	¥(22)	¥10,207	¥(655)	¥468	¥12,180	¥153	¥10,543	¥93,215
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	547	1,592
Restated balance	2,181	(22)	10,207	(655)	468	12,180	153	11,090	94,807
Changes in items during period									
Dividends of surplus	—	—	—	—	—	—	—	—	(2,472)
Profit attributable to owners of parent	—	—	—	—	—	—	—	—	11,211
Purchase of treasury shares	—	—	—	—	—	—	—	—	(13)
Disposal of treasury shares	—	—	—	—	—	—	—	—	56
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	—	—	—	(564)
Transfer to capital surplus from retained earnings	—	—	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity	(345)	43	(1,096)	196	320	(881)	(5)	(1,378)	(2,266)
Total changes in items during period	(345)	43	(1,096)	196	320	(881)	(5)	(1,378)	5,950
Balance at March 31, 2019	¥1,835	¥21	¥9,111	¥(458)	¥788	¥11,298	¥147	¥9,712	¥100,758

	Thousands of U.S. dollars				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2018	\$360,123	\$108	\$323,101	\$(49,617)	\$633,724
Cumulative effects of changes in accounting policies	–	–	9,415	–	9,415
Restated balance	360,123	108	332,525	(49,617)	643,139
Changes in items during period					
Dividends of surplus	–	–	(22,272)	–	(22,272)
Profit attributable to owners of parent	–	–	101,009	–	101,009
Purchase of treasury shares	–	–	–	(117)	(117)
Disposal of treasury shares	–	90	–	414	505
Purchase of shares of consolidated subsidiaries	–	(5,082)	–	–	(5,082)
Transfer to capital surplus from retained earnings	–	4,883	(4,883)	–	–
Net changes of items other than shareholders' equity	–	–	–	–	–
Total changes in items during period	–	(108)	73,844	288	74,025
Balance at March 31, 2019	\$360,123	\$–	\$406,370	\$(49,320)	\$717,173

Thousands of U.S. dollars									
	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Minimum pension liability adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2018	\$19,650	\$(198)	\$91,963	\$(5,901)	\$4,217	\$109,740	\$1,379	\$94,991	\$839,850
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	4,928	14,344
Restated balance	19,650	(198)	91,963	(5,901)	4,217	109,740	1,379	99,919	854,194
Changes in items during period									
Dividends of surplus	—	—	—	—	—	—	—	—	(22,272)
Profit attributable to owners of parent	—	—	—	—	—	—	—	—	101,009
Purchase of treasury shares	—	—	—	—	—	—	—	—	(117)
Disposal of treasury shares	—	—	—	—	—	—	—	—	505
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	—	—	—	(5,082)
Transfer to capital surplus from retained earnings	—	—	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity	(3,108)	387	(9,875)	1,766	2,883	(7,938)	(45)	(12,416)	(20,416)
Total changes in items during period	(3,108)	387	(9,875)	1,766	2,883	(7,938)	(45)	(12,416)	53,608
Balance at March 31, 2019	\$16,533	\$189	\$82,088	\$(4,126)	\$7,100	\$101,793	\$1,324	\$87,503	\$907,812

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2017	¥39,970	¥11	¥19,722	¥(5,488)	¥54,217
Cumulative effects of changes in accounting policies	—	—	—	—	—
Restated balance	39,970	11	19,722	(5,488)	54,217
Changes in items during period					
Dividends of surplus	—	—	(1,373)	—	(1,373)
Profit attributable to owners of parent	—	—	17,512	—	17,512
Purchase of treasury shares	—	—	—	(22)	(22)
Disposal of treasury shares	—	0	—	3	4
Purchase of shares of consolidated subsidiaries	—	—	—	—	—
Transfer to capital surplus from retained earnings	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes in items during period	—	0	16,139	(19)	16,120
Balance at March 31, 2018	¥39,970	¥12	¥35,861	¥(5,507)	¥70,337

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Millions of yen
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Minimum pension liability adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			Total net assets
Balance at April 1, 2017	¥1,581	¥(6)	¥8,927	¥(720)	¥1,407	¥11,189	¥104	¥10,537	¥76,047
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	—	—
Restated balance	1,581	(6)	8,927	(720)	1,407	11,189	104	10,537	76,047
Changes in items during period									
Dividends of surplus	—	—	—	—	—	—	—	—	(1,373)
Profit attributable to owners of parent	—	—	—	—	—	—	—	—	17,512
Purchase of treasury shares	—	—	—	—	—	—	—	—	(22)
Disposal of treasury shares	—	—	—	—	—	—	—	—	4
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	—	—	—	—
Transfer to capital surplus from retained earnings	—	—	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity	600	(16)	1,280	65	(939)	991	49	6	1,046
Total changes in items during period	600	(16)	1,280	65	(939)	991	49	6	17,167
Balance at March 31, 2018	¥2,181	¥(22)	¥10,207	¥(655)	¥468	¥12,180	¥153	¥10,543	¥93,215

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

Consolidated Statement of Cash Flows

Years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Cash flows from operating activities			
Profit before income taxes	¥16,679	¥23,307	\$150,275
Depreciation and amortization	14,308	14,036	128,913
Loss (gain) on sales and retirement of property, plant and equipment	333	89	3,000
Increase (decrease) in allowance for doubtful accounts	(469)	(1,247)	(4,226)
Increase (decrease) in net defined benefit liability	(743)	(315)	(6,694)
Interest and dividend income	(445)	(658)	(4,009)
Interest expenses	348	631	3,135
Decrease (increase) in notes and accounts receivable-trade	9,034	(4,253)	81,395
Decrease (increase) in inventories	(1,224)	(756)	(11,028)
Increase (decrease) in notes and accounts payable-trade	(5,305)	(983)	(47,797)
Loss (gain) on sales of investment securities	(544)	(274)	(4,901)
Loss (gain) on valuation of investment securities	-	236	-
Loss (gain) on sales of shares of subsidiaries	-	(238)	-
Loss on pension fund liquidation at consolidated subsidiary	335	-	3,018
Restructuring cost	-	176	-
Other, net	(6,241)	5,966	(56,230)
Subtotal	26,065	35,716	234,841
Interest and dividend income received	469	632	4,226
Interest expenses paid	(363)	(610)	(3,271)
Income taxes paid	(7,770)	(6,646)	(70,006)
Net cash provided by (used in) operating activities	18,400	29,092	165,781
Cash flows from investing activities			
Purchases of property, plant and equipment	(9,350)	(8,214)	(84,242)
Proceeds from sales of property, plant and equipment	131	123	1,180
Purchases of investment securities	(21)	(13)	(189)
Proceeds from sales of investment securities	680	313	6,127
Purchases of intangible assets	(3,424)	(3,349)	(30,850)
Payments for acquisition of businesses	*3 (423)	*3 (320)	(3,811)
Net decrease (increase) in short-term loans receivable	3	0	27
Payments of long-term loans receivable	(0)	(7)	(0)
Collections of long-term loans receivable	13	12	117
Purchase of shares of subsidiaries resulting in change in scope of consolidation	*4 (667)	-	(6,010)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-	*2 (289)	-
Other, net	281	257	2,532
Net cash provided by (used in) investing activities	(12,779)	(11,487)	(115,136)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	80	(787)	721
Repayments of finance lease obligations	(3,056)	(3,415)	(27,534)
Repayments of long-term loans payable	(9)	(3)	(81)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,910)	-	(17,209)
Purchase of treasury shares	(13)	(22)	(117)
Cash dividends paid	(2,471)	(1,374)	(22,263)
Dividends paid to non-controlling interests	(749)	(492)	(6,748)
Other, net	-	0	-
Net cash provided by (used in) financing activities	(8,129)	(6,095)	(73,241)
Effect of exchange rate change on cash and cash equivalents	251	(282)	2,261
Net increase (decrease) in cash and cash equivalents	(2,257)	11,226	(20,335)
Cash and cash equivalents at beginning of period	57,355	46,129	516,758
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	*5 399	-	3,595
Cash and cash equivalents at end of period	*1 ¥55,498	*1 ¥57,355	\$500,027

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

Notes to Consolidated Financial Statements

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 (“IFRS”), and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. The consolidated financial statements include the accounts of the Company and its subsidiaries (collectively, “Companies”). 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 ¥110.99 = US\$1.00 prevailing as of March 31, 2019. 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. As permitted by the Financial Instruments and Exchange Act of Japan, fractions below ¥1 million are rounded off.

Significant matters forming the basis of preparing the consolidated financial statements

1. Scope of consolidation

- (1) Number of consolidated subsidiaries: 81 companies
The number of consolidated subsidiaries increased in the current consolidated fiscal year due to the establishment of one domestic company and the acquisition of voting rights of one overseas company by the conversion of shares with restricted voting rights to common shares.
- (2) The unconsolidated subsidiary is as follows:
Not applicable

2. Application of the equity method

- (1) Number of unconsolidated subsidiaries accounted for under the equity method: Not applicable
- (2) Number of affiliated companies accounted for under the equity method: Not applicable
- (3) Unconsolidated subsidiaries and affiliated companies not accounted for under the equity method:
Advanced Supply Manufacturing Corporation is excluded from the scope of the equity method, because it is immaterial.

3. Year-ends of consolidated subsidiaries

Of consolidated subsidiaries, Toshiba Global Commerce Solutions Holdings Corporation and its subsidiaries (32 companies excluding Toshiba Global Commerce Solutions, Inc., Toshiba Global Commerce Solutions (India) Private Limited, Toshiba Global Commerce Solutions Korea, Ltd., and TTEC Receivables LLC) and TOSHIBA TEC INFORMATION SYSTEMS (SHENZHEN) CO., LTD. close accounts on December 31 every year. For those subsidiaries, provisional financial results as of March 31 are used in the preparation of these consolidated financial statements.
The closing dates of other consolidated subsidiaries are the same as the consolidated closing date.

4. Accounting policies

- (1) Valuation basis and method for important assets
 - (i) Investment Securities
Marketable securities classified as “Investment securities” are recorded at fair value, and net unrealized gains or losses after tax effect adjustment are presented as “Valuation difference on 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 “Investment securities” are carried at cost, which is determined by the moving average method.
 - (ii) Derivative Financial Instruments
The Company and certain subsidiaries have entered into forward foreign exchange contracts to reduce 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 gains or losses recognized in income, except for those which meet the criteria for the deferral hedge accounting under which unrealized gains or losses are deferred as “Deferred gains or losses on hedges” in “Accumulated other comprehensive income” of “Net assets”.
Receivables and payables hedged by qualified forward foreign exchange contracts are translated at the corresponding foreign exchange contract rates.
 - (iii) 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.
- (2) Depreciation and amortization methods of significant depreciable and amortizable assets
 - (i) Property, Plant and Equipment and Depreciation excluding leased assets
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, equipment and vehicles	5 to 13 years
Tools, furniture and fixtures	2 to 20 years
 - (ii) Intangible Assets and Amortization excluding leased assets
Intangible assets except for software developed for sales in the market are amortized by the straight-line method. Amortization for software developed for sales in the market is recorded at the greater of either an amortizable amount based on the estimated sales revenue or an amortizable amount based on the straight-line method over remaining valid sales period. Software for internal use is amortized by the straight-line method over its estimated useful life.
 - (iii) Leased assets
For leased assets related to finance lease transactions without the transfer of ownership, depreciation of leased assets is calculated on the straight-line method over the lease term with no residual value.

- (3) Accounting for significant reserves
Allowance for Doubtful Accounts
Allowance for doubtful accounts is provided based on historical experience of bad debts for trade receivables combined with an estimate of the collectability of receivable from companies in financial difficulty.
- (4) Accounting method for retirement benefit liability
The estimated amount of retirement benefits for employees is attributed to each period by the benefit formula method.
Prior service cost is amortized by the straight-line method over a period within the average remaining service years for employees (mainly 10 years) at the time of recognition. Actuarial gains or losses are amortized on a straight-line basis over a period (mainly 10 years), which is shorter than the average remaining years of service of the eligible employees, from the fiscal year following the fiscal year in which differences arise.
Unrecognized actuarial gains or losses and unrecognized prior service cost, net of tax, are recognized as "Remeasurement of defined benefit plans" in "Accumulated other comprehensive income" of "Net assets".
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 the current fiscal year end, approximate net defined benefit liability at year-end.
- (5) Standards of translation into yen of significant assets or liabilities denominated in foreign currencies
All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. Foreign exchange gains and losses resulting from the currency conversion and settlement are recognized in profit or loss. Assets and liabilities of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date, and revenue and expense items are translated into Japanese yen at average exchange rates during the period. Differences arising from such translation are included in "Foreign currency translation adjustment" in "Accumulated other comprehensive income" and "Non-controlling interests" as a separate component of "Net assets".
- (6) Important hedge accounting methods
Deferred hedging is used for valuation gains and losses on forward foreign exchange contracts. Allocation treatment is applied to those forward exchange contracts that are eligible.
The Companies enter into hedged transactions in the ordinary course of business in accordance with its internal rules to reduce exposure of fluctuations in future foreign currency exchange rates.
Hedging instruments are forward exchange contract and hedged items are the forecast transaction in foreign currency.
Hedge effectiveness assessment are not considered necessary, as the Company assumes that cash flow from fluctuations from exposure to foreign exchange rates will be identically offset by the fluctuation in the hedging instrument, which is contracted at the same amount.
- (7) The amortization method and amortization period for goodwill
Goodwill is amortized by the straight-line method over 5 to 15 years. Immaterial goodwill generated from minor business acquisitions is expensed in the year the transaction was executed.
- (8) Scope of cash and cash equivalents in the consolidated statement of cash flows
"Cash and cash equivalents" in the consolidated cash flow statement consists of cash-in-hand, deposits readily convertible into cash, and short-term investments with low risk of price fluctuations and with a maturity of three months or less at the time of acquisition.
- (9) Other important accounting policies in the preparation of consolidated financial statements
Consumption tax and local consumption tax are accounted for by tax-exclusion method.
The consolidated tax payment system is applied.

Change in Accounting Policies

The Company's consolidated foreign subsidiaries reporting under IFRS and US GAAP have applied IFRS 15 and ASU 2014-09 "Revenue from Contracts with Customers" from the beginning of the fiscal year ended March 31, 2019.

The impact of this change on profit or loss for the twelve months ended March 31, 2019 is immaterial.

The Group has adopted the approach of recognizing the cumulative effect of applying this standard at the date of initial application as permitted by the transition method of IFRS 15 and ASU 2014-09.

Forthcoming Accounting Standards

1. The Company and domestic consolidated subsidiaries

"Accounting Standard for Revenue Recognition (ASBJ Statement No. 29)" and "Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30)" will be applied from the beginning of the fiscal year ended March 31, 2022.

2. Overseas consolidated subsidiaries

IFRS 16 and ASU 2016-02 "Leases" will be applied from the beginning of the fiscal year ended March 31, 2020.

Change in presentation

(Changes in presentation associated with application of "Partial Amendments to Accounting Standard for Tax Effect Accounting")

The Company and domestic consolidated subsidiaries have applied the ASBJ Statement No.28 "Partial Amendments to Accounting Standard for Tax Effect Accounting" effective from the beginning of the fiscal year ended March 31, 2019. Accordingly, Deferred tax assets are classified as Investments and other assets, and Deferred tax liabilities are classified as Non-current liabilities.

As a result, ¥6,155 million of Deferred tax assets under Current assets is included in Deferred tax assets under Investments and other assets in Consolidated Balance Sheet as of March 31, 2018.

The note related to “Income Taxes and Deferred Tax Assets and Liabilities” is additionally included those described in note 8 (excluding total amount of valuation allowance), and 9 of “Accounting Standard for Tax Effect Accounting”, which are required in Paragraph 3 to Paragraph 5 of the ASBJ Statements No.28. However, the additional information corresponding to the previous fiscal year is not disclosed, following the transitional treatment prescribed in Paragraph 7 of the ASBJ Statement No.28.

(Consolidated Balance Sheet)

“Accrued expenses” under “Current liabilities” separately presented for the year ended March 31, 2018, is included in “Other” under “Current liabilities” since it became insignificant in terms of amount. To reflect this change in the presentation, the previous consolidated financial statement and related foot note amounts are reclassified.

As a result of this change, “Accrued expenses” of ¥14,443 million separately presented under “Current liabilities” in the previous consolidated financial statements is reclassified as “Other”.

(Consolidated Statement of Income)

“Insurance income” included in “Other” under “Non-operating income” for the year ended March 31, 2018, is separately presented since it became significant in terms of amount. To reflect this change in the presentation, the previous consolidated financial statements and related foot note amounts are reclassified.

As a result of this change, “Other” of ¥0 million collectively presented in the previous consolidated financial statements is reclassified as “Insurance income” and “Other” under “Non-operating income”.

Notes to Consolidated Balance Sheet

*1. Investment securities

Investment securities issued by unconsolidated subsidiaries and affiliated companies at March 31, 2019 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Investment securities	¥26	¥26	\$234

2. Contingent Liabilities

Contingent liabilities at March 31, 2019 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Guarantees on employees' housing loans	¥43	¥62	\$387

3. Notes receivable discounted and Trade bills discounted

Notes receivable discounted and Trade bills discounted at March 31, 2019 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Notes receivable discounted	¥1,260	—	\$11,352
Trade bills discounted	143	48	1,288

*4. Notes due on the last day of the fiscal year

Notes due on the last day of the fiscal year are deemed to have been settled on the due date.

The following notes matured as of the end of the period are included in the balance because the end of the current period fell on a day on which financial institutions were closed.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Notes receivable - trade	¥172	¥196	\$1,550
Notes payable - trade	27	17	243

Notes to Consolidated Statement of Income

*1. Selling, general and administrative expenses

Major components of selling, general and administrative expenses for the years ended at March 31, 2019 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Personnel expenses	¥83,379	¥82,481	\$751,230
Retirement benefit expenses	3,360	3,561	30,273
Research and development expenses	24,907	24,792	224,408

*2. Research and development expenses

Research and development expenses included in administrative expenses and manufacturing cost for the years ended March 31, 2019 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Research and development expenses	¥27,761	¥28,065	\$250,122

*3. Restructuring cost

Year ended March 31, 2019

Not applicable

Year ended March 31, 2018

The major contents of Restructuring cost for the year ended March 31, 2018 are extra retirement benefit payments and the costs associated with the reorganization of overseas operations.

Notes to Consolidated Statement of Comprehensive Income

*Other comprehensive income for the years ended March 31, 2019 and 2018 are as follows:

Reclassification adjustment and income tax relating to other comprehensive income

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Other comprehensive income			
Valuation difference on available-for-sale securities			
Amount incurred	¥45	¥863	\$405
Reclassification adjustments for gains and losses realized in net income	(544)	–	(4,901)
Amount before tax effect adjustment	(498)	863	(4,487)
Tax effect adjustment	152	(265)	1,369
Valuation difference on available-for-sale securities	¥(345)	¥598	\$ (3,108)
Deferred gains or losses on hedges			
Amount incurred	¥30	¥(32)	\$270
Reclassification adjustments for gains and losses realized in net income	32	9	288
Amount before tax effect adjustment	62	(23)	559
Tax effect adjustment	(19)	7	(171)
Deferred gains or losses on hedges	¥43	¥(16)	\$387
Foreign currency translation adjustment			
Amount incurred	¥(782)	¥1,171	\$ (7,046)
Reclassification adjustments for gains and losses realized in net income	–	(438)	–
Foreign currency translation adjustment	¥(782)	¥732	\$ (7,046)
Minimum pension liability adjustment			
Amount incurred	¥415	¥117	\$3,739
Tax effect adjustment	(109)	(41)	(982)
Minimum pension liability adjustment	¥305	¥76	\$2,748
Remeasurements of defined benefit plans			
Amount incurred	¥197	¥(1,726)	\$1,775
Reclassification adjustments for gains and losses realized in net income	261	377	2,352
Amount before tax effect adjustment	459	(1,349)	4,136
Tax effect adjustment	(138)	422	(1,243)
Remeasurements of defined benefit plans	¥320	¥(927)	\$2,883
Total other comprehensive income	¥(458)	¥463	\$ (4,126)

Notes to Consolidated Statement of Changes in Net Assets

Year ended March 31, 2019

*1. The type and total number of issued shares as well as the type and number of our treasury shares are as follows:

(thousand shares)

	Number of shares at beginning of current period	Number of shares increased	Number of shares decreased	Number of shares at end of current period
Issued shares				
Common shares (Note 1, 2)	288,145	–	230,516	57,629
Total	288,145	–	230,516	57,629
Treasury shares				
Common shares (Note 1, 3, 4)	13,441	13	10,783	2,670
Total	13,441	13	10,783	2,670

Notes:1. The Company carried out the share consolidation at a ratio of one for every five common shares, effective on October 1, 2018.

The above table shows the number of shares before the share consolidation until September 30, 2018, and the number after the share consolidation from October 1, 2018.

2. The decrease of 230,516 thousand shares in issued shares resulted from the share consolidation.

3. The increase of 13 thousand shares in treasury shares was due to purchase requests for shares less than one unit.

4. The decrease in treasury shares of 10,783 thousand shares was primarily attributable to the share consolidation, which accounts for 10,675 thousand of the decrease. Further contributing to the decrease was the exercise of share acquisition rights for 107 thousand shares, which was executed before the share consolidation. After the share consolidation, the Company sold certain shares and disposed of 1 thousand shares.

2. Share acquisition rights to shares and treasury share acquisition rights are as follows:

Classification	The details of share acquisition rights	Type of shares subject to share acquisition rights	Number of shares subject to share acquisition rights (shares)				Balance at end of current period (Million yen)	Balance at end of current period (Thousands of U.S. dollars)
			At beginning of current period	Increased	Decreased	At end of current period		
the Company (Parent company)	Share acquisition rights as stock options	–	–	–	–	–	¥147	\$1,324
Total		–	–	–	–	–	¥147	\$1,324

Note: All share acquisition rights in the above table can be exercised.

3. Cash dividends

(1) Payments of dividends

(Resolution)	Type of shares	Total amount of dividends	Dividends per share	Record date	Effective date
Board of Directors' meeting held on May 9, 2018	Common shares	¥1,373 million (\$12,370 thousand)	¥5 (\$0.05)	March 31, 2018	June 5, 2018
Board of Directors' meeting held on November 7, 2018	Common shares	¥1,099 million (\$9,902 thousand)	¥4 (\$0.04)	September 30, 2018	December 3, 2018

Note: The Company carried out the share consolidation at a ratio of one for every five common shares, effective on October 1, 2018.

However, the figures for dividends per share have been calculated before the share consolidation.

- (2) Dividend payments for which the record date is in the fiscal year ended March 31, 2019, and the effective date is in the following fiscal year

(Resolution)	Type of shares	Total amount of dividends	Dividends resource	Dividends per share	Record date	Effective date
Board of Directors' meeting held on May 10, 2019	Common shares	¥1,648 million (\$14,848 thousand)	Retained earnings	¥30 (\$0.27)	March 31, 2019	June 7, 2019

Year ended March 31, 2018

- *1. The type and total number of issued shares as well as the type and number of our treasury shares are as follows:

(thousand shares)

	Number of shares at beginning of current period	Number of shares increased	Number of shares decreased	Number of shares at end of current period
Issued shares				
Common shares	288,145	–	–	288,145
Total	288,145	–	–	288,145
Treasury shares				
Common shares (Note 1, 2)	13,414	35	9	13,441
Total	13,414	35	9	13,441

Notes:1. The increase of 35 thousand shares in treasury shares was due to purchase requests for shares less than one unit.
2. The decrease of 9 thousand shares in treasury shares resulted from the exercise of share acquisition rights to shares.

2. Share acquisition rights to shares and treasury share acquisition rights are as follows:

Classification	The details of share acquisition rights	Type of shares subject to share acquisition rights	Number of shares subject to share acquisition rights (shares)				Balance at end of current period (Million yen)
			At beginning of current period	Increased	Decreased	At end of current period	
the Company (Parent company)	Share acquisition rights as stock option	–	–	–	–	–	¥153
Total		–	–	–	–	–	¥153

Note: All share acquisition rights in the above table can be exercised.

3. Cash dividends

- (1) Payments of dividends

(Resolution)	Type of shares	Total amount of dividends	Dividends per share	Record date	Effective date
Board of Directors' meeting held on May 12, 2017	Common shares	¥549 million	¥2.0	March 31, 2017	June 7, 2017
Board of Directors' meeting held on November 8, 2017	Common shares	¥824 million	¥3.0	September 30, 2017	December 1, 2017

- (2) Dividend payments for which the record date is in the fiscal year ended March 31, 2018, and the effective date is in the following fiscal year

(Resolution)	Type of shares	Total amount of dividends	Dividends resource	Dividends per share	Record date	Effective date
Board of Directors' meeting held on May 9, 2018	Common shares	¥1,373 million	Retained earnings	¥5.0	March 31, 2018	June 5, 2018

Notes to Consolidated Statement of Cash Flows

- *1. Reconciliation of balance of cash and cash equivalents at the end of period and cash and deposits in the consolidated balance sheet are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Cash and deposits	¥45,501	¥57,355	\$409,956
Group deposits paid	9,996	–	90,062
Cash and cash equivalents	¥55,498	¥57,355	\$500,027

- *2. Principal assets and liabilities of a company that ceased to be a consolidated subsidiary

Year ended March 31, 2019

Not applicable

Year ended March 31, 2018

The breakdown of assets and liabilities at the time of the exclusion of Kokusai Chart Corporation from the scope of consolidation due to the sales of shares, the net amount of the sales of shares, and payments for sales of shares are as follows:

	Millions of yen
Current assets	¥1,875
Non-current assets	997
Current liabilities	(999)
Non-current liabilities	(794)
Non-controlling interests	(407)
Investment account after sale	(121)
Gains on sales of shares of subsidiaries	238
Total sale value	789
Cash and cash equivalents	(1,078)
Net: payments for sales of shares	¥(289)

- *3. Principal assets and liabilities concerning acquisition of business

Year ended March 31, 2019

The breakdown of assets and liabilities concerning acquisition of business increased due to value of acquisition of business and payments for acquisition of business are as follows:

	Millions of yen	Thousands of U.S. dollars
Current assets	¥1,186	\$10,686
Non-current assets	5	45
Goodwill	445	4,009
Current liabilities	(1,194)	(10,758)
Value of acquisition of business	443	3,991
Unpaid amount of acquisition cost	–	–
Foreign currency translation difference	(19)	(171)
Payments for acquisition of business	¥423	\$3,811

Year ended March 31, 2018

The breakdown of assets and liabilities increased by acquisition of business, value of acquisition of business and payments for acquisition of business are as follows:

	Millions of yen
Current assets	¥61
Non-current assets	27
Goodwill	394
Current liabilities	(119)
Value of acquisition of business	363
Unpaid amount of acquisition cost	(36)
Foreign currency translation difference	(7)
Payments for acquisition of business	¥320

*4. Principal assets and liabilities concerning purchase of shares of subsidiaries resulting in change in scope of consolidation

Year ended March 31, 2019

The breakdown of assets and liabilities at the start of consolidation of an overseas company by acquisition of shares, and the relationship between the acquisition value and payments for acquisition are as follows:

Additionally, the newly acquired company was dissolved and absorbed into another consolidated subsidiary through an absorption-type merger.

	Millions of yen	Thousands of U.S. dollars
Current assets	¥177	\$1,595
Non-current assets	835	7,523
Goodwill	439	3,955
Current liabilities	(322)	(2,901)
Non-current liabilities	(354)	(3,189)
Acquisition of share	777	7,001
Cash and cash equivalents	(82)	(739)
Unpaid amount of acquisition cost	(14)	(126)
Other	(14)	(126)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	¥667	\$6,010

Year ended March 31, 2018

Not applicable

*5. Details of important non-cash transactions

(1) Assets and liabilities related to increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation

Year ended March 31, 2019

The breakdown of assets and liabilities increased due to acquisition of voting rights by the conversion of restricted voting stock to common shares and change of scope of consolidation by the establishment of a company are as follows:

	Millions of yen	Thousands of U.S. dollars
Current assets (Note)	¥1,243	\$11,199
Non-current assets	1,806	16,272
Total assets	¥3,049	\$27,471
Current liabilities	(882)	(7,947)
Non-Current liabilities	-	-
Total liabilities	¥(882)	\$ (7,947)

Note: "Current assets" above includes ¥399 million (\$3,595 thousand) of cash and cash equivalents and it is presented as "Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation" in the consolidated statement of cash flows.

Year ended March 31, 2018

Not applicable

(2) Assets and liabilities related to finance lease transactions

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Assets related to finance lease transactions	¥1,569	¥2,238	\$14,136
Liabilities related to finance lease transactions	¥1,562	¥2,615	\$14,073

Lease Transactions (Lessee)

1. Finance lease

Finance lease transactions, except for those which meet the conditions that the ownership of the leased assets have been transferred to the lessee.

(1) The content of leased assets:

Mainly machinery and equipment

(2) Depreciation method of leased assets:

Please refer to "4. Accounting policies (2) Depreciation and amortization methods of significant depreciable and amortizable assets".

2. Operating lease

Future minimum lease payments for non-cancelable operating leases are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Payment due within 1 year	¥5,155	¥5,513	\$46,446
Payment due in more than 1 year	14,479	10,438	130,453
Total	¥19,634	¥15,951	\$176,899

(Lessor)

1. Finance lease

(1) The details of lease investment assets

(i) Lease investment assets - current assets

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Lease receivables	¥3,289	¥3,297	\$29,633
Interests receivable	(386)	(402)	(3,478)
Total	¥2,903	¥2,894	\$26,156

(ii) Lease investment assets - investments and other assets

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Lease receivables	¥5,089	¥5,144	\$45,851
Interests receivable	(621)	(649)	(5,595)
Total	¥4,468	¥4,495	\$40,256

- (2) Expected collectible amounts of lease revenues receivable in the following fiscal years are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Within 1 year	¥3,289	¥3,297	\$29,633
After 1 year within 2 years	2,496	2,496	22,489
After 2 years within 3 years	1,528	1,549	13,767
After 3 years within 4 years	764	824	6,884
After 4 years within 5 years	300	274	2,703
More than 5 years	—	—	—
	¥8,379	¥8,442	\$75,493

2. Operating lease

Future minimum lease payments for non-cancelable operating leases are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Payment due within 1 year	¥760	¥219	\$6,847
Payment due in more than 1 year	1,134	1,529	10,217
Total	¥1,894	¥1,749	\$17,065

3. Amount on the consolidated balance sheet that corresponds to sub-lease transaction and before deducting the portion of interest equivalent amount are summarized as follows:

(1) Lease investment assets

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Current assets	¥1,813	¥1,818	\$16,335
Investments and other assets	2,499	2,453	22,516

(2) Lease investment payable

	2019	2018	2019
Current liabilities	¥1,813	¥1,818	\$16,335
Non-current liabilities	2,499	2,453	22,516

Financial Instruments

1. Condition of financial instruments

(1) Policy for financial instruments

The Companies, in principle, limit the scope of its cash and fund management activities to short-term deposits, etc.

The Companies use derivatives for the purpose of reducing risks (described below) and don't 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. The Companies

are exposed to foreign currency exchange rate fluctuation risk arising from those payables denominated in foreign currencies. However the volume of trade payable is in the range of accounts receivable of the same currency.

Short-term loans payable are mainly for financing related to operating activities by bank loans.

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 instruments, targets, policies and methods of evaluating the effectiveness of the hedge, please refer to Significant matters forming the basis of preparing the consolidated financial statements "4. Accounting policies (6) Important hedge accounting methods".

(3) Risk management for financial instruments

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

The Company adheres to the internal policies for its trade receivables by having the Credit Managing division monitor the status of major counterparties regularly and managing due dates and balances by counterparty, while working to detect early and mitigate any concerns about collection due to the deterioration in their financial positions and other reasons.

(ii) 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 Chief Financial Officer 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.

(iii) 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 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 "Derivative Transactions" are not indicative of the actual market risk involved in derivative transactions.

2. Fair value of financial instruments

Year ended March 31, 2019

The carrying value of financial instruments in the consolidated balance sheet as of March 31, 2019, and their fair value are as follows:

Items without market value are not included in the securities in the table. (See Note2)

	Millions of yen		
	Consolidated balance sheet	Fair value	Difference
(a) Cash and deposits	¥45,501	¥45,501	-
(b) Group deposits paid	9,996	9,996	-
(c) Notes and accounts receivable - trade	60,054		
Allowance for doubtful accounts ^{(*)1}	(1,422)		
	58,632	58,632	-
(d) Marketable and investment securities	3,711	3,711	-
Total assets	117,842	117,842	-
(e) Notes and accounts payable - trade	(56,215)	(56,215)	-
(f) Short-term loans payable	(383)	(383)	-
(g) Accounts payable - other	(22,834)	(22,834)	-
(h) Lease obligations ^{(*)2}	(8,801)	(8,396)	(404)
Total liabilities	(88,234)	(87,830)	(404)
(i) Derivative transactions ^{(*)3}	320	320	-

	Thousands of U.S. dollars		
	Consolidated balance sheet	Fair value	Difference
(a) Cash and deposits	\$409,956	\$409,956	-
(b) Group deposits paid	90,062	90,062	-
(c) Notes and accounts receivable - trade	541,076		
Allowance for doubtful accounts ^{(*)1}	(12,812)		
	528,264	528,264	-
(d) Marketable and investment securities	33,435	33,435	-
Total assets	1,061,735	1,061,735	-
(e) Notes and accounts payable - trade	(506,487)	(506,487)	-
(f) Short-term loans payable	(3,451)	(3,451)	-
(g) Accounts payable - other	(205,730)	(205,730)	-
(h) Lease obligations ^{(*)2}	(79,295)	(75,646)	(3,640)
Total liabilities	(794,973)	(791,333)	(3,640)
(i) Derivative transactions ^{(*)3}	2,883	2,883	-

^{(*)1} Allowance for doubtful accounts provided for individual customers are deducted.

^{(*)2} Lease obligations scheduled to be repaid within one year are included.

^{(*)3} The value of assets and liabilities arising from derivatives is shown at net value. The liability position is shown in parenthesis.

Year ended March 31, 2018

The carrying value of financial instruments in the consolidated balance sheet as of March 31, 2018, and their fair value are as follows:

Items without market value are not included in the securities in the table. (See Note2)

	Millions of yen		
	Consolidated balance sheet	Fair value	Difference
(a) Cash and deposits	¥57,355	¥57,355	-
(c) Notes and accounts receivable - trade	67,996		
Allowance for doubtful accounts ^{(*)1}	(1,985)		
	66,011	66,011	-
(d) Marketable and investment securities	4,420	4,420	-
Total assets	127,790	127,790	-
(e) Notes and accounts payable - trade	(59,604)	(59,604)	-
(f) Short-term loans payable	(304)	(304)	-
(g) Accounts payable - other	(25,269)	(25,269)	-
(h) Lease obligations ^{(*)2}	(10,477)	(10,042)	(435)
Total liabilities	(95,656)	(95,220)	(435)
(i) Derivative transactions ^{(*)3}	850	850	-

^{(*)1} Allowance for doubtful accounts provided for individual customers are deducted.

^{(*)2} Lease obligations scheduled to be repaid within one year are included.

^{(*)3} The value of assets and liabilities arising from derivatives is shown at net value. The liability position is shown in parenthesis.

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

(a) Cash and deposits, (b) Group deposits paid and (c) Notes and accounts receivable - trade

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

(d) 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 "Securities".

(e) Notes and accounts payable - trade, (f) Short-term loans payable and (g) Accounts payable - other

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

(h) Lease obligations

The fair market value is calculated by discounting the total amount of the principal and interest based on the reasonably estimated interest rate for similar borrowings.

(i) Derivatives transactions

Please refer to "Derivative Transactions".

2. Financial instruments for which an observable market price or observable inputs used to determine a market price doesn't exist

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Unlisted stocks	¥297	¥1,638	\$2,676

The unlisted stocks which do not have market prices are not included in (d) Marketable and investment securities in the above table, since the estimation of the fair value is deemed to be extremely difficult.

3. Collection schedule of monetary claim and redemption schedule of held-to-maturity securities after the consolidated balance sheet as of March 31, 2019 and 2018 are as follows:

	Millions of yen			
	2019			
	Within 1 year	After 1 year within 5 years	After 5 years within 10 years	More than 10 years
Cash and deposits	¥45,501	-	-	-
Group deposits paid	9,996	-	-	-
Notes and accounts receivable - trade	60,054	-	-	-
Total	¥115,553	-	-	-

	Thousands of U.S. dollars			
	2019			
	Within 1 year	After 1 year within 5 years	After 5 years within 10 years	More than 10 years
Cash and deposits	\$409,956	–	–	–
Group deposits paid	90,062	–	–	–
Notes and accounts receivable - trade	541,076	–	–	–
Total	\$1,041,112	–	–	–

	Millions of yen			
	2018			
	Within 1 year	After 1 year within 5 years	After 5 years within 10 years	More than 10 years
Cash and deposits	¥57,355	–	–	–
Notes and accounts receivable - trade	67,996	–	–	–
Total	¥125,352	–	–	–

4. Payment schedule of long-term loans payable, lease obligations and other interest-bearing debt after the consolidated balance sheet as of March 31, 2019 and 2018 are as follows:

	Millions of yen					
	2019					
	Within 1 year	After 1 year within 2 years	After 2 years within 3 years	After 3 years within 4 years	After 4 years within 5 years	More than 5 years
Short-term loans payable	¥383	–	–	–	–	–
Lease obligations	4,054	2,720	1,302	579	144	–
Total	¥4,437	¥2,720	¥1,302	¥579	¥144	–

	Thousands of U.S. dollars					
	2019					
	Within 1 year	After 1 year within 2 years	After 2 years within 3 years	After 3 years within 4 years	After 4 years within 5 years	More than 5 years
Short-term loans payable	\$3,451	–	–	–	–	–
Lease obligations	36,526	24,507	11,731	5,217	1,297	–
Total	\$39,977	\$24,507	\$11,731	\$5,217	\$1,297	–

	Millions of yen					
	2018					
	Within 1 year	After 1 year within 2 years	After 2 years within 3 years	After 3 years within 4 years	After 4 years within 5 years	More than 5 years
Short-term loans payable	¥304	–	–	–	–	–
Lease obligations	4,795	3,273	1,764	550	94	–
Total	¥5,099	¥3,273	¥1,764	¥550	¥94	–

Securities

1. Information regarding marketable securities as of March 31, 2019 and 2018 are as follows:

	Millions of yen					
	2019			2018		
	Carrying value	Acquisition cost	Unrealized gains (losses)	Carrying value	Acquisition cost	Unrealized gains (losses)
Investment securities whose carrying value exceeds their acquisition cost:						
Stocks	¥3,663	¥974	¥2,688	¥4,261	¥983	¥3,278
Investment securities whose acquisition cost exceeds their carrying value:						
Stocks	47	57	(9)	158	170	(12)
Total	¥3,711	¥1,031	¥2,679	¥4,420	¥1,154	¥3,266

	Thousands of U.S. dollars		
	2019		
	Carrying value	Acquisition cost	Unrealized gains (losses)
Investment securities whose carrying value exceeds their acquisition cost:			
Stocks	\$33,003	\$8,776	\$24,218
Investment securities whose acquisition cost exceeds their carrying value:			
Stocks	423	514	(81)
Total	\$33,435	\$9,289	\$24,137

Note: The unlisted stocks of ¥297 million (\$2,676 thousand) and ¥1,638 million for the year ended March 31, 2019 and 2018 which do not have market prices are not included in "Investment securities" in the above table, since the estimation of the fair value is deemed to be extremely difficult.

2. Information regarding the sales of securities, except those of the affiliated companies, for the years ended March 31, 2019 and 2018 are as follows:

	Millions of yen					
	2019			2018		
	Proceeds	Realized gains	Realized losses	Proceeds	Realized gains	Realized losses
Stocks	¥680	¥544	–	¥286	¥274	–

	Thousands of U.S. dollars		
	2019		
	Proceeds	Realized gains	Realized losses
Stocks	\$6,127	\$4,901	–

3. Information regarding impairment of securities
Year ended March 31, 2019
 Not applicable

Year ended March 31, 2018

The Company has recognized an impairment loss on securities and recorded loss on valuation of investment securities in the amount of ¥236 million.

Derivative Transactions

1. Summarized below are the amount of contract and the fair value of the derivative transaction for which the hedge accounting is not applied.

Currency-related transactions

Transaction outside the market

	Millions of yen					
	2019			2018		
	Contract amount	Fair value	Unrealized gains (losses)	Contract amount	Fair value	Unrealized gains (losses)
	Maturing within 1 year	Maturing in more than 1 year		Maturing within 1 year	Maturing in more than 1 year	
Forward foreign exchange contracts						
Sell:						
USD	¥16,541	¥–	¥(70)	¥17,788	¥–	¥803
EUR	10,549	–	250	11,473	–	207
CAD	1,382	–	56	–	–	–
CNY	1,026	–	0	811	–	3
Buy:						
USD	6,547	–	83	7,418	–	(113)
EUR	1,078	–	(29)	1,021	–	(17)
Total	¥37,127	¥–	¥290	¥38,513	¥–	¥882

Thousands of U.S. dollars				
2019				
	Contract amount		Fair value	Unrealized gains (losses)
	Maturing within 1 year	Maturing in more than 1 year		
Forward foreign exchange contracts				
Sell:				
USD	\$149,031	\$ –	\$(631)	\$(631)
EUR	95,045	–	2,252	2,252
CAD	12,452	–	505	505
CNY	9,244	–	0	0
Buy:				
USD	58,987	–	748	748
EUR	9,713	–	(261)	(261)
Total	\$334,508	\$ –	\$2,613	\$2,613

Note: Calculation of the fair value is based on the value quoted from financial institutions.

2. Summarized below are the amount of contract and the fair value of the derivative transactions to which the hedge accounting is applied.

Currency-related transactions

1) Net deferred gains or losses on hedges

Millions of yen				
2019				
Main hedged items		Contract amount		Fair value
		Maturing within 1 year	Maturing in more than 1 year	
Forward foreign exchange contracts				
Sell:				
USD	Accounts receivable-trade	¥3,644	¥ –	¥(2)
EUR	Accounts receivable-trade	2,980	–	30
AUD	Accounts receivable-trade	272	–	0
CAD	Accounts receivable-trade	155	–	0
Buy:				
USD	Accounts payable-trade	5,092	–	4
EUR	Accounts payable-trade	244	–	(2)
Total		¥12,389	¥ –	¥30

Thousands of U.S. dollars				
2019				
Main hedged items		Contract amount		Fair value
		Maturing within 1 year	Maturing in more than 1 year	
Forward foreign exchange contracts				
Sell:				
USD	Accounts receivable-trade	\$32,832	\$ –	\$(18)
EUR	Accounts receivable-trade	26,849	–	270
AUD	Accounts receivable-trade	2,451	–	0
CAD	Accounts receivable-trade	1,397	–	0
Buy:				
USD	Accounts payable-trade	45,878	–	36
EUR	Accounts payable-trade	2,198	–	(18)
Total		\$111,623	\$ –	\$270

Millions of yen				
2018				
Main hedged items		Contract amount		Fair value
		Maturing within 1 year	Maturing in more than 1 year	
Forward foreign exchange contracts				
Sell:				
USD	Accounts receivable-trade	¥3,097	¥ –	¥12
EUR	Accounts receivable-trade	2,609	–	0
AUD	Accounts receivable-trade	467	–	(0)
CAD	Accounts receivable-trade	268	–	(0)
Buy:				
USD	Accounts payable-trade	6,588	–	(43)
EUR	Accounts payable-trade	280	–	(1)
Total		¥13,313	¥ –	¥(32)

Note: Calculation of the fair value is based on the value quoted from financial institutions.

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

Millions of yen				
2019				
Main hedged items		Contract amount		Fair value
		Maturing within 1 year	Maturing in more than 1 year	
Forward foreign exchange contracts				
Sell:				
USD	Accounts receivable-trade	¥295	¥ –	¥1
EUR	Accounts receivable-trade	2,865	–	6
AUD	Accounts receivable-trade	1,175	–	13
Buy:				
USD	Accounts payable-trade	1,387	–	7
USD	Accounts payable-other	318	–	0
AUD	Accounts payable-trade	230	–	(1)
Total		¥6,273	¥ –	¥27

Thousands of U.S. dollars				
2019				
Main hedged items		Contract amount		Fair value
		Maturing within 1 year	Maturing in more than 1 year	
Forward foreign exchange contracts				
Sell:				
USD	Accounts receivable-trade	\$2,658	\$ –	\$9
EUR	Accounts receivable-trade	25,813	–	54
AUD	Accounts receivable-trade	10,587	–	117
Buy:				
USD	Accounts payable-trade	12,497	–	63
USD	Accounts payable-other	2,865	–	0
AUD	Accounts payable-trade	2,072	–	(9)
Total		\$56,519	\$ –	\$243

		Millions of yen		
		2018		
Main hedged items		Contract amount		Fair value
		Maturing within 1 year	Maturing in more than 1 year	
Forward foreign exchange contracts				
Sell:				
USD	Accounts receivable-trade	¥468	¥ –	¥13
AUD	Accounts receivable-trade	1,465	–	74
CAD	Accounts receivable-trade	856	–	55
Buy:				
USD	Accounts payable-trade	915	–	(27)
USD	Accounts payable-other	229	–	(1)
AUD	Accounts payable-other	256	–	(5)
Total		¥4,192	¥ –	¥109

Note: Calculation of the fair value is based on the value quoted from financial institutions.

Retirement Benefits

1. Summary of retirement benefit plans

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

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

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

The Company and certain domestic subsidiaries have adopted defined contribution pension plans since October 1, 2015.

The defined contribution plans are designed to replace the funding of defined benefit plans, whereby employees are responsible for managing the funds themselves. For those employees who do not want to participate in the defined contribution benefit plan, the Companies pay an advance payment of retirement benefits, equivalent to the employer's contribution of the defined contribution plan. Some of overseas consolidated subsidiaries have terminated defined benefit pension plans and adopted defined contribution pension plans.

2. Defined benefit plans

(1) The changes in the retirement benefit obligation during the years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Balance at the beginning of the year	¥92,576	¥89,152	\$834,093
Service cost	3,523	3,386	31,742
Interest cost	655	848	5,901
Actuarial gains or losses	(1,295)	3,350	(11,668)
Retirement benefits paid	(4,137)	(3,506)	(37,274)
Other	(934)	(652)	(8,415)
Balance at the end of the year	¥90,388	¥92,576	\$814,380

(2) The changes in plan assets during the years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Balance at the beginning of the year	¥58,916	¥56,290	\$530,823
Expected return on plan assets	1,490	1,416	13,425
Actuarial gains or losses	(1,097)	1,601	(9,884)
Contributions by the Company	1,878	1,895	16,920
Retirement benefits paid	(2,361)	(2,018)	(21,272)
Other	(600)	(268)	(5,406)
Balance at the end of the year	¥58,226	¥58,916	\$524,606

(3) The funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2019 and 2018 for the defined benefit plans

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Funded retirement benefit obligation	¥56,529	¥58,905	\$509,316
Plan assets	(58,226)	(58,916)	(524,606)
	¥(1,697)	¥(10)	\$(15,290)

Unfunded retirement benefit obligation	¥33,859	¥33,671	\$305,064
Estimated amount for pension fund liquidation at consolidated subsidiary	–	(329)	–
Net liability for retirement benefits in the balance sheet	¥32,162	¥33,331	\$289,774
Net defined benefit liability	¥34,621	¥35,779	\$311,929
Net defined benefit asset	(2,459)	(2,448)	(22,155)
Net liability for retirement benefits in the balance sheet	¥32,162	¥33,331	\$289,774

(4) The components of retirement benefit expense for the years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Service cost	¥3,523	¥3,386	\$31,742
Interest cost	655	848	5,901
Expected return on plan assets	(1,490)	(1,416)	(13,425)
Amortization of actuarial losses	366	466	3,298
Amortization of prior service cost	(105)	(89)	(946)
Retirement benefit expenses	¥2,950	¥3,195	\$26,579

(5) Remeasurements of defined benefit plans included in other comprehensive income (before tax effect) for the years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Prior service cost	¥(105)	¥(89)	\$(946)
Actuarial gains or losses	564	(1,260)	5,082
Total	¥459	¥(1,349)	\$4,136

- (6) Remeasurements of defined benefit plans included in accumulated other comprehensive income (before tax effect) as of March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Unrecognized prior service cost	¥138	¥243	\$1,243
Unrecognized actuarial losses	981	416	8,839
Total	¥1,119	¥660	\$10,082

- (7) The plan assets

- (i) The plan assets, by major category, as a percentage of total plan assets as of March 31, 2019 and 2018

	2019	2018
Bonds	35%	36%
Alternatives	28%	27%
Stocks	26%	25%
Life insurance company general accounts	9%	9%
Other	2%	3%
Total	100%	100%

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

- (ii) 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

	2019	2018
Discount rate	Mainly 0.5~1.2%	Mainly 0.5~1.2%
Expected long term rate of return on plan assets	Mainly 2.5%	Mainly 2.5%
Expected salary increase rate	Mainly 5.6%	Mainly 5.6%

3. Defined contribution plans

Amounts which consolidated subsidiaries contributed to their defined contribution plans for the years ended March 31, 2019 and 2018 were ¥1,986 million (\$17,894 thousand) and ¥1,909 million, respectively.

Stock Option Plans

The stock options outstanding as of March 31, 2019 are as follows:

- The amount and the accounting classification of the stock options existing for the year ended March 31, 2019
Stock option-related expenses included in Selling, general and administrative expenses for the years ended March 31, 2019 and 2018 were ¥49 million (\$441 thousand) and ¥53 million, respectively.

- The size of stock options and its circumstances

(1) General information

	The fourth new share acquisition rights as share-reward type stock option
Date of resolution	June 23, 2011
Qualified beneficiaries	17 of the Company's directors and corporate officers
Type of shares for which new share acquisition rights offered (Note 1)	25,600 shares of Common shares
Date of issuance	August 2, 2011
Condition of exercising	(Note 2)
Vesting period	No conditional period required
Share acquisition rights exercise period	From August 3, 2011 to August 2, 2041

	The fifth new share acquisition rights as share-reward type stock option
Date of resolution	June 26, 2012
Qualified beneficiaries	17 of the Company's directors and corporate officers
Type of shares for which new share acquisition rights offered (Note 1)	31,200 shares of Common shares
Date of issuance	August 2, 2012
Condition of exercising	(Note 2)
Vesting period	No conditional period required
Share acquisition rights exercise period	From August 3, 2012 to August 2, 2042

	The sixth new share acquisition rights as share-reward type stock option
Date of resolution	June 27, 2013
Qualified beneficiaries	17 of the Company's directors and corporate officers
Type of shares for which new share acquisition rights offered (Note 1)	17,800 shares of Common shares
Date of issuance	July 31, 2013
Condition of exercising	(Note 2)
Vesting period	No conditional period required
Share acquisition rights exercise period	From August 1, 2013 to July 31, 2043

	The seventh new share acquisition rights as share-reward type stock option
Date of resolution	June 27, 2014
Qualified beneficiaries	17 of the Company's directors and corporate officers
Type of shares for which new share acquisition rights offered (Note 1)	15,800 shares of Common shares
Date of issuance	July 31, 2014
Condition of exercising	(Note 2)
Vesting period	No conditional period required
Share acquisition rights exercise period	From August 1, 2014 to July 31, 2044

	The eighth new share acquisition rights as share-reward type stock option
Date of resolution	July 13, 2015
Qualified beneficiaries	17 of the Company's directors and corporate officers
Type of shares for which new share acquisition rights offered (Note 1)	13,800 shares of Common shares
Date of issuance	July 29, 2015
Condition of exercising	(Note 2)
Vesting period	No conditional period required
Share acquisition rights exercise period	From July 30, 2015 to July 29, 2045

	The ninth new share acquisition rights as share-reward type stock option
Date of resolution	July 27, 2016
Qualified beneficiaries	16 of the Company's directors and corporate officers
Type of shares for which new share acquisition rights offered (Note 1)	22,600 shares of Common shares
Date of issuance	August 31, 2016
Condition of exercising	(Note 2)
Vesting period	No conditional period required
Share acquisition rights exercise period	From September 1, 2016 to August 31, 2046

	The tenth new share acquisition rights as share-reward type stock option
Date of resolution	June 28, 2017
Qualified beneficiaries	18 of the Company's directors and corporate officers
Type of shares for which new share acquisition rights offered (Note 1)	17,600 shares of Common shares
Date of issuance	August 9, 2017
Condition of exercising	(Note 2)
Vesting period	No conditional period required
Share acquisition rights exercise period	From August 10, 2017 to August 9, 2047

	The eleventh new share acquisition rights as share-reward type stock option
Date of resolution	June 26, 2018
Qualified beneficiaries	17 of the Company's directors and corporate officers
Type of shares for which new share acquisition rights offered (Note 1)	15,600 shares of Common shares
Date of issuance	August 9, 2018
Condition of exercising	(Note 2)
Vesting period	No conditional period required
Share acquisition rights exercise period	From August 10, 2018 to August 9, 2048

Notes: 1. The amount is converted into the number of shares.

2. Fixed term of the right is not given.

Share acquisition rights may be exercised in a lump-sum within expiration cycle and 10 days after a beneficiary resigns from director or corporate officer.

3. The Company carried out the share consolidation at a ratio of one for every five common shares, effective on October 1, 2018. Accordingly, common shares have been calculated assuming that the share consolidation was executed.

(2) The size of stock option and movement

Addressed is the amount of stock options existing as of March 31, 2019.

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

(i) The number of stock options

(shares)

	The fourth new share acquisition rights as share-reward type stock option	The fifth new share acquisition rights as share-reward type stock option	The sixth new share acquisition rights as share-reward type stock option
Date of resolution	June 23, 2011	June 26, 2012	June 27, 2013
Before vesting			
End of the preceding term	-	-	-
Offered	-	-	-
Cancelled	-	-	-
Vested	-	-	-
Outstanding	-	-	-
After vesting			
End of the preceding term	1,800	2,200	2,000
Vested	-	-	-
Exercised	-	-	-
Cancelled	-	-	-
Outstanding	1,800	2,200	2,000

	The seventh new share acquisition rights as share-reward type stock option	The eighth new share acquisition rights as share-reward type stock option	The ninth new share acquisition rights as share-reward type stock option
Date of resolution	June 27, 2014	July 13, 2015	July 27, 2016
Before vesting			
End of the preceding term	-	-	-
Offered	-	-	-
Cancelled	-	-	-
Vested	-	-	-
Outstanding	-	-	-
After vesting			
End of the preceding term	6,800	7,600	21,400
Vested	-	-	-
Exercised	1,800	3,200	9,600
Cancelled	-	-	-
Outstanding	5,000	4,400	11,800

	The tenth new share acquisition rights as share-reward type stock option	The eleventh new share acquisition rights as share-reward type stock option
Date of resolution	June 28, 2017	June 26, 2018
Before vesting		
End of the preceding term	-	-
Offered	-	15,600
Cancelled	-	-
Vested	-	15,600
Outstanding	-	-
After vesting		
End of the preceding term	17,600	-
Vested	-	15,600
Exercised	6,800	-
Cancelled	-	-
Outstanding	10,800	15,600

Note: The Company carried out the share consolidation at a ratio of one for every five common shares, effective on October 1, 2018.

Accordingly, common shares have been calculated assuming that the share consolidation was executed.

(ii) Per share data

	The fourth new share acquisition rights as share-reward type stock option	The fifth new share acquisition rights as share-reward type stock option	The sixth new share acquisition rights as share-reward type stock option
Date of resolution	June 23, 2011	June 26, 2012	June 27, 2013
Exercised price	¥1(\$0.01)	¥1(\$0.01)	¥1(\$0.01)
The average price at the time of exercising	-	-	-
Fair value price at the date of issuance	¥1,580(\$14.24)	¥1,455(\$13.11)	¥2,750(\$24.78)

	The seventh new share acquisition rights as share-reward type stock option	The eighth new share acquisition rights as share-reward type stock option	The ninth new share acquisition rights as share-reward type stock option
Date of resolution	June 27, 2014	July 13, 2015	July 27, 2016
Exercised price	¥1(\$0.01)	¥1(\$0.01)	¥1(\$0.01)
The average price at the time of exercising	¥3,334(\$30.04)	¥3,330(\$30.00)	¥3,328(\$29.98)
Fair value price at the date of issuance	¥3,335(\$30.05)	¥3,010(\$27.12)	¥2,015(\$18.15)

	The tenth new share acquisition rights as share-reward type stock option	The eleventh new share acquisition rights as share-reward type stock option
Date of resolution	June 28, 2017	June 26, 2018
Exercised price	¥1(\$0.01)	¥1(\$0.01)
The average price at the time of exercising	¥3,327(\$29.98)	-
Fair value price at the date of issuance	¥3,025(\$27.25)	¥3,195(\$28.79)

Note: The Company carried out the share consolidation at a ratio of one for every five common shares, effective on October 1, 2018.

Accordingly, fair value price have been calculated assuming that the share consolidation was executed.

3. The evaluation of fair value of stock option
The estimated method of official price about the date at the eleventh new share acquisition rights as share-reward type stock option granted in the current consolidated fiscal year are as follows:

- (1) The fair value of the stock option price is determined using a Black-Scholes model.

- (2) General information and the method of estimation

	The eleventh new share acquisition rights as share-reward type stock option
Stock market volatility (Note 1)	26.5%
Estimated residual period (Note 2)	2.3 years
Estimated dividends (Note 3)	¥8 (\$0.07) per share
Risk-free rate (Note 4)	(0.10%)

Notes:1. The figure is calculated on a weekly basis based on the actual stock prices for the period from the week of April 11, 2016, 2.3 years (expected remaining period) prior to the grant date to the preceding week of grant date.

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 director and corporate officer, 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, 2018.

The Company carried out the share consolidation at a ratio of one for every five common shares, effective on October 1, 2018.

Estimated dividends have been calculated assuming that the share consolidation was not executed.

4. The yield 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.

Income Taxes and Deferred Tax Assets and Liabilities

1. Significant components of deferred tax assets and liabilities for the years ended March 31, 2019 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Deferred tax assets:			
Elimination of consolidated unrealized gains	¥1,303	¥1,620	\$11,740
Intangible assets	17,602	20,531	158,591
Provision for bonuses	2,148	2,791	19,353
Net defined benefit liability	9,298	9,818	83,773
Tax loss carryforward (Note 2)	20,868	18,166	188,017
Other	3,256	2,922	29,336
Subtotal of deferred tax assets	54,478	55,851	490,837
Valuation allowance related to Tax loss carryforward (Note 2)	(20,215)	–	(182,134)
Valuation allowance related to total deductible temporary difference, etc.	(11,609)	–	(104,595)
Subtotal of Valuation allowance (Note 1)	(31,825)	(32,483)	(286,738)
Total deferred tax assets	¥22,653	¥23,368	\$204,099
Deferred tax liabilities:			
Reserve for advanced depreciation of non-current assets	¥(22)	¥(22)	\$(198)
Valuation difference on available-for-sale securities	(793)	(930)	(7,145)
Other	(2,773)	(2,140)	(24,984)
Total deferred tax liabilities	¥(3,589)	¥(3,094)	\$(32,336)
Net deferred tax assets	¥19,063	¥20,274	\$171,754

Notes:1. Decrease in Valuation allowance of ¥658 million (\$5,928 thousand) mainly resulted from decrease in total deductible temporary difference, etc. in spite of increase in Tax loss carryforward at consolidated subsidiaries.

2. Amounts of tax loss carryforward and related deferred tax assets for the years ended March 31, 2019 are as follows:

	Millions of yen						
	2019						
	Within 1 year	After 1 year within 2 years	After 2 years within 3 years	After 3 years within 4 years	After 4 years within 5 years	More than 5 years	Total
Tax loss carryforwards (*1)	¥353	¥89	¥30	¥85	¥2,474	¥17,836	¥20,868
Valuation allowance	(125)	(89)	(30)	(85)	(2,469)	(17,414)	(20,215)
Deferred tax assets (*2)	227	–	–	–	5	421	653

Thousands of U.S. dollars							
2019							
	Within 1 year	After 1 year within 2 years	After 2 years within 3 years	After 3 years within 4 years	After 4 years within 5 years	More than 5 years	Total
Tax loss carryforwards (*1)	\$3,180	\$802	\$270	\$766	\$22,290	\$160,699	\$188,017
Valuation allowance	(1,126)	(802)	(270)	(766)	(22,245)	(156,897)	(182,134)
Deferred tax assets (*2)	2,045	–	–	–	45	3,793	5,883

Notes: (*1) Tax loss carryforwards are the amounts multiplied by the effective statutory tax rate.

(*2) Deferred tax assets of ¥653 million (\$5,883 thousand) have been recorded for the tax loss carryforward of ¥20,868 million (\$188,017 thousand) (amount multiplied by the effective statutory tax rate). The tax loss carryforward regarding the deferred tax assets mainly resulted from loss before income taxes of ¥89,087 million in March 31, 2016. Additionally, deferred tax assets of ¥653 million, a part of the tax loss carryforward of ¥20,868 million (amount multiplied by the effective statutory tax rate) at consolidated subsidiaries, was determined to be recoverable as future taxable income is anticipated, and therefore valuation allowance has been recognized.

- Significant factors in the difference between the statutory tax rate and the 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, 2019 and 2018.

	2019	2018
Statutory tax rate	30.6%	30.9%
Effect of:		
Different tax rates applied to consolidated subsidiaries	(4.6)	(1.9)
Expenses permanently not deductible for income tax purposes	1.4	0.5
Income permanently not taxable for income tax purpose	(0.1)	(0.1)
Corporation tax special credit for research expenditures	(2.5)	(4.2)
Changes in valuation allowance	(3.8)	1.5
Amortization of goodwill of foreign subsidiaries	2.9	2.9
Excess depreciation expense of intangible fixed assets of foreign subsidiaries	4.2	3.5
Undistributed retained earnings of foreign subsidiaries	1.5	0.1
Foreign tax credits	(0.3)	(1.4)
Tax system reform	–	(3.4)
Liquidation of consolidated subsidiaries	–	(2.1)
Other, net	2.3	(7.0)
Effective tax rates	31.6%	19.3%

Business Combinations

Transaction under common control

(Consolidation of Conex Business Systems, Inc. as a subsidiary and business acquisition)

The Company has made Conex Business Systems, Inc. (“Conex”) a consolidated subsidiary and acquired business from Toshiba of Canada, Limited on October 1, 2018.

- Overview of becoming the consolidated subsidiary is as follow:

- Overview of the business combination
 - Name of the acquiree and business description
Name of the acquiree: Conex (Same parent company)
Business description: Sales of MFP and provision of maintenance service
 - Date of business combination
October 1, 2018
 - Legal form of the business combination
Acquisition of voting rights due to conversion from the conditions of exercise of voting rights to common shares
 - Name of the company after the business combination
No changes
 - Other matters concerning overview of the transaction
The Company owned 75.1% of the voting rights of the acquiree company which resulted from the conversion of our restricted shares (equivalent to 75.1% of the number of issued shares) to common shares.

- Overview of the accounting treatment
This transaction is treated as a transaction under common control in accordance with the “Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21)” and the “Revised Guidance on Accounting Standard for Business Combinations and Business Divestitures (ASBJ Guidance No. 10)”.

- Overview of the acquisition of treasury share by Conex is as follow:

- Overview of the business combination
 - Name of the acquiree and business description
Name of the acquiree: Conex (the Company’s consolidated subsidiary)
Business description: Sales of MFP and provision of maintenance service
 - Date of the business combination
October 1, 2018
 - Legal form of the business combination
Acquisition of treasury share by Conex
 - Name of the company after the business combination
The company’s name was changed from Conex to TOSHIBA TEC CANADA BUSINESS SOLUTIONS INC.
 - Other matters concerning overview of the transaction
The Company owned 100% of the voting ratio to Conex because Conex acquired treasury shares which owned by Toshiba of Canada, Limited (equivalent to 24.9% of the number of issued shares).

- Overview of the accounting treatment
This transaction is treated as a transaction under common control in accordance with the “Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21)” and the “Revised Guidance on Accounting Standard for Business Combinations and Business Divestitures (ASBJ Guidance No. 10)”.

- (3) Matters concerning the acquisition of treasury share by Conex

The acquisition cost of the acquiree and breakdown by type of consideration

		Millions of yen	Thousands of U.S. dollars
Consideration for the acquisition	Cash and cash equivalents	¥434	\$3,910
Cost of acquisition		¥434	\$3,910

- (4) Matters concerning the acquisition of treasury share by Conex

- (i) Change regarding capital surplus
Increase in equity due to additional acquisition of voting rights for a consolidated subsidiary
- (ii) The decrease in capital surplus regarding transaction of non-controlling interests
181 Million of yen (\$1,631 thousand)

3. Business acquisition

- (1) Overview of the business combination

- (i) Name of the parties to the business combination and business description

- (a) The acquirer

Name of the acquirer: TOSHIBA TEC CANADA BUSINESS SOLUTIONS INC.

Business description: Sales of MFP and provision of maintenance service

- (b) The acquiree

Name of the acquiree: Toshiba of Canada, Limited (Same parent company)

Business description: Sales of MFP and provision of maintenance service

- (ii) Date of the business combination

October 1, 2018

- (iii) Legal form of the business combination

Business acquisition

- (iv) Name of the company after the business combination

No changes

- (v) Other matters concerning overview of the transaction

The Company controls the operation of Printing Solutions Business in Canada for the purpose of strengthening the operation regarding business policy and strategy, and control directly in this region.

- (2) Overview of the accounting treatment

This transaction is treated as a transaction under common control in accordance with the "Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21)" and the "Revised Guidance on Accounting Standard for Business Combinations and Business Divestitures (ASBJ Guidance No. 10)".

Asset Retirement Obligations

Information of asset retirement obligations was omitted as its amount is immaterial.

Segment Information, etc.

(Segment information)

1. Summary of reportable segments

The reportable segments of the Companies are components of an entity for which discrete financial information is available and regularly reviewed by the Board of Directors for the purpose of making decisions about resources to be allocated to the segments and assess the segments' performance.

The Companies report on "Retail Solutions Business Group" and "Printing Solutions Business Group" as reportable segments.

"Retail Solutions Business Group" is engaged in development, manufacturing, sales, maintenance services, etc. of POS Systems for domestic and overseas market, MFPs for domestic market, Auto ID systems and related products for domestic market.

"Printing Solutions Business Group" is engaged in development, manufacturing, sales, maintenance services, etc. of MFPs and Auto ID systems for overseas market, Inkjet printheads for domestic and overseas market and those related products.

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

The accounting policies of the segments are substantially the same as those described in Significant matters forming the basis of preparing the consolidated financial statements.

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

3. Information concerning sales, profit or loss, assets and other items by reportable segment is as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Net Sales			
Retail Solutions Business Group			
Unaffiliated customers	¥292,180	¥324,411	\$2,632,489
Intersegment	122	88	1,099
Total	292,303	324,499	2,633,598
Printing Solutions Business Group			
Unaffiliated customers	184,644	188,878	1,663,609
Intersegment	8,305	11,093	74,827
Total	192,949	199,971	1,738,436
Adjustments	(8,428)	(11,181)	(75,935)
Consolidated	¥476,824	¥513,289	\$4,296,099
Segment Profit			
Retail Solutions Business Group	¥12,323	¥17,255	\$111,028
Printing Solutions Business Group	5,666	7,291	51,050
Consolidated	¥17,989	¥24,546	\$162,078
Segment Assets			
Retail Solutions Business Group	¥125,992	¥131,773	\$1,135,165
Printing Solutions Business Group	120,126	117,621	1,082,314
Adjustments	28,937	33,235	260,717
Consolidated	¥275,055	¥282,630	\$2,478,196
Depreciation			
Retail Solutions Business Group	¥3,552	¥3,452	\$32,003
Printing Solutions Business Group	9,139	8,374	82,341
Consolidated	¥12,692	¥11,826	\$114,353
Amortization of goodwill			
Retail Solutions Business Group	¥ –	¥ –	\$ –
Printing Solutions Business Group	1,615	2,210	14,551
Consolidated	¥1,615	¥2,210	\$14,551
Capital Expenditures			
Retail Solutions Business Group	¥3,903	¥3,802	\$35,165
Printing Solutions Business Group	10,234	10,380	92,207
Consolidated	¥14,137	¥14,183	\$127,372

Notes:1. Adjustments of segment assets are corporate assets, and consist of cash and cash equivalents and investment securities in the amount of ¥28,937 million (\$260,717 thousand) and ¥33,235 million as of March 31, 2019 and 2018, respectively.

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

(Related information)

1. Products and service information

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Net sales of Retail	¥289,185	¥320,119	\$2,605,505
Net sales of MFP	187,639	193,170	1,690,594
Total	¥476,824	¥513,289	\$4,296,099

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

*MFP: Multi Function Peripherals that realize facsimiles, office printers, multi-function peripheral devices, scanner function and document management with one machine.

2. Information by geographical area

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Net Sales			
Japan	¥187,151	¥217,770	\$1,686,197
The Americas	143,361	146,675	1,291,657
Europe	96,329	100,493	867,907
Asia and others	49,982	48,350	450,329
Total	¥476,824	¥513,289	\$4,296,099
Property, plant and equipment			
Japan	¥11,271	¥12,168	\$101,550
The Americas	4,922	3,393	44,346
Europe	8,450	8,642	76,133
Asia and others	3,646	3,885	32,850
Total	¥28,290	¥28,090	\$254,888

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

- (i) The Americas U.S.A., Canada, Mexico, Brazil, Chile
- (ii) Europe U.K., France, Germany, Spain, Switzerland, Belgium, Italy, Netherlands, Sweden, Finland, Poland
- (iii) Asia and others Singapore, Malaysia, Indonesia, China, Australia, Korea, Thailand

3. Information by major customer

Information by major customer is omitted since no single customer accounted for more than 10% of net sales for the years ended March 31, 2019 and 2018.

(Information about impairment loss on non-current assets by reportable segment)

Year ended March 31, 2019

Not applicable

Year ended March 31, 2018

Not applicable

(Information on amortization of goodwill and unamortized balance by reportable segment)

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
	Balance at end of period		Balance at end of period
Retail Solutions Business Group	¥ –	¥ –	\$ –
Printing Solutions Business Group	3,691	4,083	33,255
Consolidated	¥3,691	¥4,083	\$33,255

For the amount of amortization of goodwill, it is omitted as it is disclosed in “Segment Information”.

(Information on negative goodwill by reportable segment)

Year ended March 31, 2019

Not applicable

Year ended March 31, 2018

Not applicable

(Information about related parties)

1. Transactions with related parties

(1) Transactions between the Company and related parties

(i) Parent company and major shareholder of the Company

Year ended March 31, 2019

(¥=Million, US\$=Thousand)

Status	Name	Address	Capital	Business	Percentage of voting rights held (%)
Parent company	Toshiba Corporation	Minato-ku, Tokyo	¥200,044 (\$1,802,361)	Energy systems, social infrastructure systems and electronic devices	Direct: 52.6% Indirect: 0.1%
Business relationship	Transaction	Transaction amount	Classification	Balance at fiscal year end	
Deposits of funds and Concurrent position as directors	Deposits of funds	¥9,649 (\$86,936)	Group deposits paid	¥9,996 (\$90,062)	
	Receipt of interests	¥55 (\$496)			

Year ended March 31, 2018

(¥=Million)

Status	Name	Address	Capital	Business	Percentage of voting rights held (%)
Parent company	Toshiba Corporation	Minato-ku, Tokyo	¥499,999	Energy systems, social infrastructure systems and electronic devices	Direct: 52.7% Indirect: 0.1%
Business relationship	Transaction	Transaction amount	Classification	Balance at fiscal year end	
Deposits of funds and Concurrent position as directors	Deposits of funds	¥7,297	Group deposits paid	-	
	Receipt of interests	¥227			

Note: Transaction Terms and Policies for Determining Transaction Terms, etc.
Concerning deposits of funds, it's difficult to figure out transaction amount because fund settlement is performed whenever needed.
Therefore, only the average balance during the period is stated.
On the other hand, the Company receives presentation of interest from the parties and decides taking into account mainly prevailing rate of market.

(2) Transactions between the Company's consolidated subsidiaries and related parties

Year ended March 31, 2019

Not applicable

Year ended March 31, 2018

Not applicable

2. Notes to parent company or important affiliated companies

(1) Information about parent company

Toshiba Corporation (listed on the Tokyo Stock Exchange and the Nagoya Stock Exchange)

Per Share Information

Per share information at March 31, 2019 and 2018 is as follows:

	Yen		U.S. dollars
	2019	2018	2019
Net assets per share	¥1,653.94	¥1,501.94	\$14.90
Profit per share	204.00	318.73	1.84
Profit per share fully diluted	203.72	318.38	1.84

Notes:1. The Company carried out the share consolidation at a ratio of one for every five common shares, effective on October 1, 2018. Accordingly, the figures for net assets per share, profit per share and profit per share fully diluted have been calculated assuming that the share consolidation was executed at the beginning of the previous fiscal year.

2. Profit per share and profit per share fully diluted were calculated on the basis of the following data.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Profit per share			
Profit attributable to owners of parent	¥11,211	¥17,512	\$101,009
Amounts not attributable to common shares	-	-	-
Profit attributable to shareholders of parent related to common shares	11,211	17,512	101,009
Average number of shares of common shares during the period (thousand shares)	54,954	54,943	

Profit per share fully diluted

Adjustment to profit	-	-	-
Increase in number of common shares (thousand shares)	74	61	
Share acquisition rights included in the increase in number of common shares (thousand shares)	74	61	
Outline of the residual securities excluded from the calculation of profit per share fully diluted because they have no dilutive effects	-	-	

Supplemental Schedules to the Consolidated Financial Statements

Supplemental schedule of bonds

Not applicable

Supplemental schedule of borrowings

(¥=Million, US\$=Thousand)

Classification	Beginning balance	Ending balance	Average interest rate (%)	Payment due
Short-term loans payable	¥304 (\$2,739)	¥383 (\$3,451)	2.0	—
Lease obligations due within one year	¥4,795 (\$43,202)	¥4,054 (\$36,526)	—	—
Lease obligations due after one year	¥5,682 (\$51,194)	¥4,747 (\$42,770)	—	From 2021 to 2024
Total	¥10,782 (\$97,144)	¥9,184 (\$82,746)	—	—

- Notes:**1. “The average interest rate” represents the weighted-average rate applicable to the ending balance of loans payable.
2. The average interest rates of lease obligations are omitted as lease obligations amount on the consolidated balance sheet is before deducting the portion of interest equivalent amount.
3. Payment schedule of lease obligations due after one year after the consolidated balance sheet as of March 31, 2019 is as follows:

	Millions of yen			
	After 1 year within 2 years	After 2 years within 3 years	After 3 years within 4 years	After 4 years within 5 years
Lease obligations	¥2,720	¥1,302	¥579	¥144

	Thousands of U.S. dollars			
	After 1 year within 2 years	After 2 years within 3 years	After 3 years within 4 years	After 4 years within 5 years
Lease obligations	\$24,507	\$11,731	\$5,217	\$1,297

Supplemental schedule of asset retirement obligations

The information was omitted as the amounts of asset retirement obligations as of the beginning and end of the fiscal year ended March 31, 2019 were less than or equal to a hundredth of the total of liabilities and net assets as of the beginning and end of the fiscal year ended March 31, 2019.

(2) Other

Quarterly information of the fiscal year ended March 31, 2019

(Millions of yen)

(Cumulative period)	Three months	Six months	Nine months	Fiscal year
Net sales	¥114,404	¥236,071	¥354,417	¥476,824
Profit before income taxes	3,355	6,403	12,889	16,679
Profit attributable to owners of parent	1,608	4,307	9,168	11,211
Profit per share (Yen)	29.27	78.38	166.84	204.00

(Thousands of U.S. dollars)

(Cumulative period)	Three months	Six months	Nine months	Fiscal year
Net sales	\$1,030,760	\$2,126,957	\$3,193,234	\$4,296,099
Profit before income taxes	30,228	57,690	116,128	150,275
Profit attributable to owners of parent	14,488	38,805	82,602	101,009
Profit per share (U.S. dollars)	0.26	0.71	1.50	1.84

(Yen)

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Profit per share	¥29.27	¥49.10	¥88.45	¥37.15

(U.S. dollars)

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Profit per share	\$0.26	\$0.44	\$0.80	\$0.33

Note: The Company carried out the share consolidation at a ratio of one for every five common shares, effective on October 1, 2018. Accordingly, the figures for profit per share have been calculated assuming that the share consolidation was executed at the beginning of the fiscal year.



Independent Auditor's Report

To the Board of Directors of
TOSHIBA TEC CORPORATION

We have audited the accompanying consolidated financial statements of TOSHIBA TEC CORPORATION ("the Company") and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2019, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 such internal control as management determines is necessary to enable the preparation of 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 comply with ethical requirements and 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. In making those risk assessments, the auditor considers internal control 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, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the entity's internal control. 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.

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To the Board of Directors of
TOSHIBA TEC CORPORATION
Page 2

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as at March 31, 2019, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2019, are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

PricewaterhouseCoopers Alameda LLC

September 18, 2019

Toshiba Tec Corporation

Corporate Data

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Tel: +81-3-6830-9100

Fax: +81-3-6684-4001

<http://www.toshibatec.com>

Established: February 21, 1950

Employees: 3,660 <Consolidated: 19,980> (as of March 31, 2019)

Common Stock: ¥39,970 million (as of March 31, 2019)

Stock Listing: Tokyo Stock Exchange (1st Section)

Board of Directors and Audit & Supervisory Board (as of June 28, 2019)

President and Chief Executive Officer

◇Takayuki Ikeda

Directors

Yukio Inoue

Masami Uchiyama

Masahiro Yamada

Hitoshi Kaneda

Naohiro Yamaguchi

Junichi Takei

Ayumi Wada

Michio Kuwahara

Shin Nagase

◇:Representative Director

Audit & Supervisory Board Members

Yoshinari Sato

Michio Suzuki

Hideo Tabuchi

Kyoko Okumiya

