

**TOSHIBA**

Leading Innovation >>>

2015

Annual Report

For the Year Ended March 31, 2015



**TOSHIBA TEC CORPORATION**

# Financial Highlights

Years ended March 31

Consolidated	Millions of yen					Thousands of U.S.dollars
	2011	2012	2013	2014	2015	2015
Net sales	¥362,302	¥350,604	¥403,694	<u>¥498,895</u>	<u>¥524,577</u>	<u>\$4,365,292</u>
Operating income	13,997	10,830	15,886	<u>24,801</u>	<u>17,063</u>	<u>141,988</u>
Net income (loss)	6,510	2,566	6,212	<u>7,449</u>	<u>(1,149)</u>	<u>(9,565)</u>
Total assets	288,592	276,436	388,513	<u>393,137</u>	<u>416,769</u>	<u>3,468,165</u>
Net assets	140,519	139,732	176,558	<u>186,033</u>	<u>203,108</u>	<u>1,690,173</u>
	Yen					U.S.dollars
Per share data:						
Net income (loss)-Basic	¥23.71	¥9.35	¥22.64	<u>¥27.14</u>	<u>¥(4.18)</u>	<u>\$(0.035)</u>
Net assets	473.44	472.36	549.42	<u>578.90</u>	<u>623.35</u>	<u>5.187</u>
Non-Consolidated	Millions of yen					Thousands of U.S.dollars
	2011	2012	2013	2014	2015	2015
Net sales	¥221,674	¥224,933	¥233,686	<u>¥261,259</u>	<u>¥265,840</u>	<u>\$2,212,202</u>
Operating income	2,906	3,226	2,557	<u>7,744</u>	<u>8,349</u>	<u>69,479</u>
Net income	4,476	2,421	3,901	<u>2,355</u>	<u>9,376</u>	<u>78,027</u>
Capital stock	39,971	39,971	39,971	39,971	39,971	332,619
Total assets	221,925	226,188	244,368	<u>257,507</u>	<u>293,447</u>	<u>2,441,936</u>
Net assets	124,888	125,273	127,428	<u>127,812</u>	<u>136,109</u>	<u>1,132,637</u>
	Yen					U.S.dollars
Per share data:						
Net income-Basic	¥16.30	¥8.82	¥14.22	<u>¥8.58</u>	<u>¥34.15</u>	<u>\$0.284</u>
Cash dividends	7.00	7.00	8.00	8.00	13.00	0.108
Net assets	455.03	456.27	463.99	<u>465.23</u>	<u>495.26</u>	<u>4.121</u>

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

The Company filed amendments to the past Annual Securities Reports and other reports for the fiscal years ended March 31, 2014 and 2015. Accordingly the results for 2014 and 2015 previously presented have been restated as above.

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## Business Review for the Consolidated Fiscal Year 2014

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

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

Net sales were buoyed by the effect of exchange rates and remained solid, increasing 5% compared to the previous consolidated fiscal year to reach ¥524,577 million, the highest figure ever recorded in the company’s history. On the other hand, with regard to profit and loss, although the overseas printing business and system solutions business continued to perform well, there was a significant downturn in profitability caused by the underperformance of the overseas retail solutions business and the effect of increases in selling, general and administrative expenses, with the result that operating income decreased 31% year-on-year to ¥17,063 million and ordinary income decreased 50% year-on-year to ¥10,392 million. The effect of disposal of deferred tax assets following the reduction in the corporation tax rate was also another factor that led to an overall net loss of ¥(1,149) million for fiscal year 2014.

## Business Highlights for each Report Segment

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

### System Solutions Business

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

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

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

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

As a result, net sales from the system solutions business rose 2% over the previous consolidated fiscal year to ¥199,430 million, and operating income decreased 1% over the previous consolidated fiscal year to ¥9,847 million.

## Global Solutions Business

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

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

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

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

As a result, net sales from the global solutions business advanced 7% over the previous consolidated fiscal year to ¥339,606 million, and operating income decreased 51% over the previous consolidated fiscal year to ¥7,216 million.

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

## Forecasts for Fiscal Year 2015

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

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

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

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

### **Retail Solutions Business**

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

### **Printing Solutions Business**

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

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

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

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

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

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

# Consolidated Balance Sheet

March 31, 2015

ASSETS	Millions of yen		Thousands of U.S.dollars (Note 1)
	2015	2014	2015
<b>Current assets</b>			
Cash and cash equivalents	¥54,965	¥47,305	\$457,392
Notes and accounts receivable-trade	81,017	88,405	674,187
Inventories	45,716	42,132	380,424
Deferred tax assets (Note 10)	8,398	7,128	69,886
Prepaid expenses and other current assets	50,894	38,007	423,523
Allowance for doubtful accounts	(1,405)	(1,317)	(11,695)
<b>Total current assets</b>	<u>239,585</u>	<u>221,660</u>	<u>1,993,717</u>
<b>Non-current assets</b>			
Property, plant and equipment:			
Buildings and structures	31,109	30,393	258,873
Machinery, equipment and vehicles	45,751	40,500	380,717
Tools, furniture and fixtures	49,311	51,578	410,344
Land	2,540	2,581	21,142
Lease assets	11,342	11,677	94,386
Accumulated depreciation	(109,239)	(104,908)	(909,040)
Construction in progress	2,746	1,495	22,852
	<u>33,560</u>	<u>33,316</u>	<u>279,274</u>
Intangible assets:			
Goodwill	36,912	39,601	307,161
Customer relationships	33,906	32,456	282,151
Other	36,232	26,608	301,507
	<u>107,050</u>	<u>98,665</u>	<u>890,819</u>
Investments and other assets:			
Investment securities: (Note 14)			
Unconsolidated subsidiaries and affiliates	46	44	385
Other	4,998	4,342	41,592
Deferred tax assets (Note 10)	14,422	20,728	120,011
Asset for retirement benefits (Note 4)	3,352	–	27,890
Other	13,716	14,388	114,137
Allowance for doubtful accounts	(63)	(154)	(521)
	<u>36,471</u>	<u>39,348</u>	<u>303,494</u>
<b>Total non-current assets</b>	<u>177,081</u>	<u>171,329</u>	<u>1,473,587</u>
<b>Deferred assets</b>	103	148	861
<b>Total assets</b>	<u>¥416,769</u>	<u>¥393,137</u>	<u>\$3,468,165</u>

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



LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S.dollars (Note 1)
	2015	2014	2015
<b>Current liabilities</b>			
Notes and accounts payable-trade	<u>¥90,081</u>	¥75,673	<u>\$749,613</u>
Short-term loans payable (Note 3)	2,028	1,054	16,880
Accounts payable - other	15,501	<u>17,330</u>	128,994
Lease obligations (Note 3)	3,358	3,427	27,946
Income taxes payable (Note 10)	<u>3,598</u>	<u>3,832</u>	<u>29,941</u>
Provision for directors' bonuses	-	51	-
Other (Note 10)	<u>50,149</u>	<u>53,411</u>	<u>417,311</u>
<b>Total current liabilities</b>	<u>164,715</u>	<u>154,778</u>	<u>1,370,685</u>
<b>Non-current liabilities</b>			
Lease obligations (Note 3)	4,024	4,261	33,488
Provision for directors' retirement benefits	141	149	1,172
Liability for retirement benefits (Note 4)	<u>37,888</u>	<u>40,590</u>	<u>315,284</u>
Other (Note 10)	6,893	7,326	57,363
<b>Total non-current liabilities</b>	<u>48,946</u>	<u>52,326</u>	<u>407,307</u>
<b>Total liabilities</b>	<u>213,661</u>	<u>207,104</u>	<u>1,777,992</u>
<b>Net assets</b>			
<b>Shareholders' equity</b>			
Capital stock			
Authorized-1,000,000 thousand shares			
Issued- 288,146 thousand shares	39,971	39,971	332,619
Capital surplus	52,966	52,971	440,758
Retained earnings	<u>64,365</u>	<u>65,736</u>	<u>535,616</u>
Treasury stock, at cost:			
13,562 thousand shares in 2015	(5,542)	-	(46,120)
13,670 thousand shares in 2014	-	(5,585)	-
<b>Total shareholders' equity</b>	<u>151,760</u>	<u>153,093</u>	<u>1,262,873</u>
<b>Accumulated other comprehensive income</b>			
Valuation difference on available-for-sale securities	1,514	988	12,598
Deferred gains (losses) on hedges	4	(4)	33
Foreign currency translation adjustments	<u>18,015</u>	<u>6,626</u>	<u>149,911</u>
Minimum pension liability adjustments	(569)	(55)	(4,732)
Retirement benefits liability adjustments	<u>440</u>	<u>(1,771)</u>	<u>3,663</u>
<b>Total accumulated other comprehensive income</b>	<u>19,404</u>	<u>5,784</u>	<u>161,473</u>
<b>Subscription rights to shares</b>	116	130	969
<b>Minority interests</b>	<u>31,828</u>	<u>27,026</u>	<u>264,858</u>
<b>Total net assets</b>	<u>203,108</u>	<u>186,033</u>	<u>1,690,173</u>
<b>Total liabilities and net assets</b>	<u>¥416,769</u>	<u>¥393,137</u>	<u>\$3,468,165</u>

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





# Consolidated Statement of Comprehensive Income

Year ended March 31, 2015

	Millions of yen		Thousands of U.S.dollars (Note 1)
	2015	2014	2015
<u>Loss (income) before minority interests</u>	<u>¥(331)</u>	<u>¥7,257</u>	<u>\$(2,756)</u>
Other comprehensive income			
Valuation difference on available-for-sale securities	528	225	4,390
Deferred gains (losses) on hedges	8	(4)	68
Foreign currency translation adjustments	<u>15,901</u>	<u>6,561</u>	<u>132,326</u>
Minimum pension liability adjustments	(593)	30	(4,935)
Retirement benefits liability adjustments	<u>2,214</u>	–	<u>18,420</u>
<u>Total other comprehensive income (Note 7)</u>	<u>18,058</u>	<u>6,812</u>	<u>150,269</u>
<u>Comprehensive income</u>	<u>¥17,727</u>	<u>¥14,069</u>	<u>\$147,513</u>
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	<u>12,471</u>	<u>12,099</u>	<u>103,778</u>
Comprehensive income attributable to minority interests	<u>5,256</u>	<u>1,970</u>	<u>43,735</u>

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

# Consolidated Statement of Changes in Net Assets

Year ended March 31, 2015

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
<b>Balance at April 1, 2014</b>	¥39,971	¥52,971	¥65,736	¥(5,585)	¥153,093
Cumulative effect of change in accounting policies (Note2)	—	—	2,523	—	2,523
<b>Restated balance at April 1, 2014</b>	39,971	52,971	68,259	(5,585)	155,616
Changes during the year					
Cash Dividends (Note 20)	—	—	(2,745)	—	(2,745)
Net loss	—	—	(1,149)	—	(1,149)
Purchase of treasury stock	—	—	—	(29)	(29)
Disposal of treasury stock	—	(5)	—	72	67
Net changes of items other than shareholders' equity	—	—	—	—	—
<b>Balance at March 31, 2015</b>	¥39,971	¥52,966	¥64,365	¥(5,542)	¥151,760

	Millions of yen						Subscription rights to shares	Minority interests	Total net assets
	Accumulated other comprehensive income								
	Valuation difference on available-for-sale securities	Deferred gains(losses) on hedges	Foreign currency translation adjustments	Minimum pension liability adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income			
<b>Balance at April 1, 2014</b>	¥988	¥(4)	¥6,626	¥(55)	¥(1,771)	¥5,784	¥130	¥27,026	¥186,033
Cumulative effect of change in accounting policies (Note2)	—	—	—	—	—	—	—	44	2,567
<b>Restated balance at April 1, 2014</b>	988	(4)	6,626	(55)	(1,771)	5,784	130	27,070	188,600
Changes during the year									
Cash Dividends (Note 20)	—	—	—	—	—	—	—	—	(2,745)
Net loss	—	—	—	—	—	—	—	—	(1,149)
Purchase of treasury stock	—	—	—	—	—	—	—	—	(29)
Disposal of treasury stock	—	—	—	—	—	—	—	—	67
Net changes of items other than shareholders' equity	526	8	11,389	(514)	2,211	13,620	(14)	4,758	18,364
<b>Balance at March 31, 2015</b>	¥1,514	¥4	¥18,015	¥(569)	¥440	¥19,404	¥116	¥31,828	¥203,108

	Thousands of U.S. dollars				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
<b>Balance at April 1, 2014</b>	\$332,619	\$440,800	\$547,034	\$(46,479)	\$1,273,974
Cumulative effect of change in accounting policies (Note2)	—	—	20,993	—	20,993
<b>Restated balance at April 1, 2014</b>	332,619	440,800	568,027	(46,479)	1,294,967
Changes during the year					
Cash Dividends (Note 20)	—	—	(22,846)	—	(22,846)
Net loss	—	—	(9,565)	—	(9,565)
Purchase of treasury stock	—	—	—	(238)	(238)
Disposal of treasury stock	—	(42)	—	597	555
Net changes of items other than shareholders' equity	—	—	—	—	—
<b>Balance at March 31, 2015</b>	\$332,619	\$440,758	\$535,616	\$(46,120)	\$1,262,873

	Thousands of U.S. dollars						Subscription rights to shares	Minority interests	Total net assets
	Accumulated other comprehensive income								
	Valuation difference on available-for-sale securities	Deferred gains(losses) on hedges	Foreign currency translation adjustments	Minimum pension liability adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income			
<b>Balance at April 1, 2014</b>	\$8,218	\$(35)	\$55,141	\$(459)	\$(14,737)	\$48,128	\$1,085	\$224,896	\$1,548,083
Cumulative effect of change in accounting policies (Note2)	—	—	—	—	—	—	—	363	21,356
<b>Restated balance at April 1, 2014</b>	8,218	(35)	55,141	(459)	(14,737)	48,128	1,085	225,259	1,569,439
Changes during the year									
Cash Dividends (Note 20)	—	—	—	—	—	—	—	—	(22,846)
Net loss	—	—	—	—	—	—	—	—	(9,565)
Purchase of treasury stock	—	—	—	—	—	—	—	—	(238)
Disposal of treasury stock	—	—	—	—	—	—	—	—	555
Net changes of items other than shareholders' equity	4,380	68	94,770	(4,273)	18,400	113,345	(116)	39,599	152,828
<b>Balance at March 31, 2015</b>	\$12,598	\$ 33	\$149,911	\$(4,732)	\$ 3,663	\$161,473	\$969	\$264,858	\$1,690,173

Millions of yen

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
<b>Balance at April 1, 2013</b>	¥39,971	¥52,984	¥60,483	¥(5,624)	¥147,814
Cumulative effect of change in accounting policies (Note2)	—	—	—	—	—
<b>Restated balance at April 1, 2013</b>	39,971	52,984	60,483	(5,624)	147,814
Changes during the year					
Cash Dividends (Note 20)	—	—	(2,196)	—	(2,196)
Net income	—	—	7,449	—	7,449
Purchase of treasury stock	—	—	—	(38)	(38)
Disposal of treasury stock	—	(13)	—	77	64
Net changes of items other than shareholders' equity	—	—	—	—	—
<b>Balance at March 31, 2014</b>	¥39,971	¥52,971	¥65,736	¥(5,585)	¥153,093

Millions of yen

	Accumulated other comprehensive income						Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains(losses) on hedges	Foreign currency translation adjustments	Minimum pension liability adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income			
<b>Balance at April 1, 2013</b>	¥764	—	¥2,213	¥(74)	—	¥ 2,903	¥145	¥25,695	¥176,557
Cumulative effect of change in accounting policies (Note2)	—	—	—	—	—	—	—	—	—
<b>Restated balance at April 1, 2013</b>	764	—	2,213	(74)	—	2,903	145	25,695	176,557
Changes during the year									
Cash Dividends (Note 20)	—	—	—	—	—	—	—	—	(2,196)
Net income	—	—	—	—	—	—	—	—	7,449
Purchase of treasury stock	—	—	—	—	—	—	—	—	(38)
Disposal of treasury stock	—	—	—	—	—	—	—	—	64
Net changes of items other than shareholders' equity	224	(4)	4,413	19	(1,771)	2,881	(15)	1,331	4,197
<b>Balance at March 31, 2014</b>	¥988	¥(4)	¥6,626	¥(55)	¥(1,771)	¥5,784	¥130	¥27,026	¥186,033

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

# Consolidated Statement of Cash Flows

Year ended March 31, 2015

	Millions of yen		Thousands of U.S.dollars (Note 1)
	2015	2014	2015
<b>Cash flows from operating activities</b>			
Income before income taxes and minority interests	¥9,705	¥15,225	\$80,764
Depreciation and amortization	20,387	21,085	169,650
Decrease in allowance for doubtful accounts	(58)	(90)	(483)
Decrease in provision for retirement benefits	–	(39,824)	–
Increase in net defined benefit liability	3,314	37,843	27,578
Interest and dividends income	(507)	(384)	(4,217)
Interest expenses	588	646	4,889
Loss on sales and retirement of property, plant and equipment	51	296	422
Gain on sales of investment securities	(46)	(4)	(381)
Loss on valuation of investment securities	–	101	–
Restructuring cost	686	5,696	5,712
Changes in assets and liabilities:			
Decrease in notes and accounts receivable-trade	13,194	3,643	109,794
Increase in inventories	(1,241)	(1,492)	(10,326)
Increase (decrease) in notes and accounts payable-trade	6,297	(4,026)	52,400
Other, net	(22,248)	(11,700)	(185,142)
<b>Subtotal</b>	<b>30,122</b>	<b>27,015</b>	<b>250,660</b>
Interest and dividends income received	501	405	4,170
Interest expenses paid	(645)	(622)	(5,368)
Income taxes paid	(7,026)	(6,014)	(58,464)
<b>Net cash provided by operating activities</b>	<b>22,952</b>	<b>20,784</b>	<b>190,998</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	(6,803)	(7,403)	(56,612)
Proceeds from sales of property, plant and equipment	226	243	1,880
Purchases of intangible assets	(14,046)	(7,458)	(116,888)
Proceeds from sales of intangible assets	1,923	–	16,002
Purchases of investment securities	(14)	(14)	(116)
Proceeds from sales of investment securities	108	144	898
Net decrease (increase) in short-term loans receivable	3,448	(6,102)	28,696
Payments of long-term loans receivable	(13)	(18)	(105)
Collections of long-term loans receivable	16	15	135
Payments for transfer of business	–	(21,764)	–
Other, net	382	(198)	3,178
<b>Net cash used in investing activities</b>	<b>(14,773)</b>	<b>(42,555)</b>	<b>(122,932)</b>
<b>Cash flows from financing activities</b>			
Net increase (decrease) in short-term loans payable	1,109	(2,662)	9,230
Repayments of finance lease obligations	(2,946)	(2,801)	(24,514)
Purchase of treasury stock	(29)	(38)	(238)
Cash dividends paid	(2,746)	(2,198)	(22,852)
Cash dividends paid to minority shareholders	(496)	(518)	(4,128)
Other, net	67	76	556
<b>Net cash used in financing activities</b>	<b>(5,041)</b>	<b>(8,141)</b>	<b>(41,946)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>4,522</b>	<b>5,185</b>	<b>37,626</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>7,660</b>	<b>(24,727)</b>	<b>63,746</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>47,305</b>	<b>72,032</b>	<b>393,646</b>
<b>Cash and cash equivalents at end of period</b>	<b>¥54,965</b>	<b>¥47,305</b>	<b>\$457,392</b>

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

# Notes to Consolidated Financial Statements

## 1. Basis of Presenting Consolidated Financial Statements

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

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

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

On January 27, 2016, the Company was reported from outsourced company for pension actuarial calculations that a part of retirement benefit obligation was incorrectly calculated as of March 31, 2015 due to an error of the outsourced company. Thereafter, the Company has requested the outsourced company to re-calculate the retirement benefit obligation as of March 31, 2015 and received its re-calculation report on February 10, 2016. According to the report, the miscalculation was caused due to calculation error related with the retirement benefit obligation by the outsourced company in associated with a change in accounting principle of Accounting Standard for Retirement Benefits effective at the first quarter of the fiscal year ended March 31, 2015. As a result of the inappropriate calculation, the retirement benefit obligation was understated by ¥1,640 million (\$13,314 thousand) at the beginning of the first quarter of the fiscal year ended March 31, 2015. In considering the impact of the calculation error for the consolidated financial statements, the Company decided to restate the consolidated financial statements for the understatement of retirement benefit obligation. In connection with restatement of retirement benefit obligation, the Company also restated certain other errors which the Company did not restate as immaterial in the past.

## 2. Summary of Significant Accounting Policies

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

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

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

The Company has no unconsolidated subsidiary for which the

equity method of accounting has been applied for the years ended March 31, 2015 and 2014.

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

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

### (B) Foreign Currency Translation

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

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

### (C) Cash and Cash Equivalents

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

### (D) Investment Securities

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

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

### (E) Inventories

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

### (F) Property, Plant and Equipment and Depreciation

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

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

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

### **(G) Intangible Assets and Amortization**

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

### **(H) Leases**

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

### **(I) Deferred Assets**

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

### **(J) Allowance for Doubtful Accounts**

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

### **(K) Provision for Directors' Retirement Benefits**

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

### **(L) Provision for Directors' Bonuses**

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

### **(M) Retirement Benefits**

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

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

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

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

### **(N) Income Taxes, Deferred Tax Assets and Liabilities**

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

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

### **(O) Consumption Taxes**

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

### **(P) Derivative Financial Instruments**

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

Derivative financial instruments are reported at fair value with unrealized gain or loss, charged or credited to income, except for those which meet the criteria for the deferral hedge accounting under which unrealized gains or losses are deferred as assets or liabilities. Receivables and payables hedged by qualified forward foreign exchange contracts are translated at the corresponding foreign exchange contract rates.

### **(Q) Research and Development Expenses**

Research and development costs are charged to income as incurred.

### **(R) Impairment of Non-current Assets**

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

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

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

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

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

As a result, the liability for retirement benefits decreased by ¥3,927 million (\$32,682 thousand) and retained earnings increased by ¥2,523 million (\$20,993 thousand) at April 1, 2014, and the effect of these changes on consolidated operating income, ordinary income and income before income taxes and minority interests for the year ended March 31, 2015 was insignificant.

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



### (T) Accounting Standards Issued but Not Yet Effective

- Revised Accounting Standard for Business Combinations (ASBJ Statement, No.21 of September 13, 2013)
- Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22 of September 13, 2013)
- Revised Accounting Standard for Business Divestitures (ASBJ Statement No.7 of September 13, 2013)
- Revised Accounting Standard for Earnings Per Share (ASBJ Statement No.2 of September 13, 2013)
- Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10 of September 13, 2013)
- Revised Guidance on Accounting Standard for Earnings Per Share (ASBJ Guidance No.4 of September 13, 2013)

#### 1. Overview

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

#### 2. Scheduled date of adoption

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

#### 3. Impact of adopting revised accounting standards and guidance

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

### (U) Additional Information

Not applicable

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

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

	Millions of yen		Thousands of U.S.dollars
	2015	2014	2015
Short-term loans payable	¥2,028	¥1,054	\$16,880
Lease obligations	7,382	7,688	61,434
Less current portion	3,358	3,427	27,946
	¥4,024	¥4,261	\$33,488

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

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

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

	Year ending March 31	Millions of yen	Thousands of U.S.dollars
	2017	¥1,006	\$8,372
	2018	1,006	8,372
	2019 and thereafter	2,012	16,744
		¥4,024	\$33,488

### 4. Retirement Benefits

#### 1. Summary of Retirement Benefit Plans

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

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

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

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

#### 2. Defined Benefit Plans

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

	Millions of yen		Thousands of U.S.dollars
	2015	2014	2015
Balance at the beginning of the year	¥89,846	¥92,668	\$747,654
Cumulative effect of change in accounting policies	(3,927)	-	(32,682)
Restated balance at the beginning of the year	85,919	92,668	714,972
Service cost	4,247	3,602	35,343
Interest cost	1,057	1,118	8,798
Actuarial gain and loss	307	(2,555)	2,556
Retirement benefit paid	(3,667)	(5,747)	(30,516)
Other	1,007	760	8,379
Balance at the end of the year	¥88,870	¥89,846	\$739,532

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

	Millions of yen		Thousands of U.S.dollars
	2015	2014	2015
Plan assets at beginning of the year	¥49,255	¥44,123	\$409,880
Expected return on plan assets	1,252	1,178	10,417
Actuarial gain	2,480	1,877	20,640
Contributions by the Company	3,491	3,916	29,050
Retirement benefits paid	(2,552)	(2,165)	(21,239)
Other	407	326	3,388
Plan assets at end of the year	¥54,333	¥49,255	\$452,136



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

	Millions of yen		Thousands of U.S.dollars
	2015	2014	2015
Funded retirement benefit obligation	¥53,261	¥51,800	\$443,215
Plan assets at fair value	(54,333)	(49,255)	(452,138)
	¥(1,072)	¥2,545	\$(8,923)
Unfunded retirement benefit obligation	¥35,608	¥38,045	\$296,317
Net liability for retirement benefits in the balance sheet	¥34,536	¥40,590	\$287,394
Liability for retirement benefits	¥37,888	¥40,590	\$315,284
Asset for retirement benefits	(3,352)	-	(27,890)
Net liability for retirement benefits in the balance sheet	¥34,536	¥40,590	\$287,394

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

	Millions of yen		Thousands of U.S.dollars
	2015	2014	2015
Service cost	¥4,247	¥3,602	\$35,343
Interest cost	1,057	1,118	8,798
Expected return on plan assets	(1,252)	(1,178)	(10,417)
Amortization of actuarial loss	235	706	1,950
Amortization of prior service cost	919	914	7,648
Retirement benefit expenses	¥5,206	¥5,162	\$43,322

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

	Millions of yen		Thousands of U.S.dollars
	2015	2014	2015
Prior service cost	¥919	-	\$7,648
Actuarial loss	2,407	-	20,034
	¥3,326	¥-	\$27,682

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

	Millions of yen		Thousands of U.S.dollars
	2015	2014	2015
Unrecognized prior service cost	¥1,238	¥2,157	\$10,302
Unrecognized actuarial loss (gain)	(1,818)	590	(15,125)
	¥(580)	¥2,747	\$(4,823)

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

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

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

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

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

8) The assumptions used in actuarial calculation

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

3. Defined Contribution Plans

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

## 5. Contingent liabilities

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

	Millions of yen		Thousands of U.S.dollars
	2015	2014	2015
Trade notes receivable discounted or endorsed	¥155	¥115	\$1,288
Guarantees on employees' housing loans	193	261	1,607

## 6. Selling, General and Administrative Expenses

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

	Millions of yen		Thousands of U.S.dollars
	2015	2014	2015
Personnel expenses	¥95,311	¥93,693	\$793,135
Retirement benefit expenses	3,756	3,855	31,253
Research and development expenses	22,739	21,791	189,221

## 7. Other Comprehensive Income

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

	Millions of yen		Thousands of U.S.dollars
	2015	2014	2015
Other comprehensive income			
Valuation difference on available-for-sale securities			
Amount of accrual	¥751	¥352	\$6,251
Amount of recycling	(45)	(4)	(374)
Amount before tax effect adjustments	706	348	5,877
Tax effect adjustments	(178)	(123)	(1,487)
Valuation difference on available-for-sale securities	¥528	¥225	\$4,390
Deferred gains (losses) on hedges			
Amount of accrual	¥12	¥(6)	\$102
Tax effect adjustments	(4)	2	(34)
Deferred gains (losses) on hedges	¥8	¥(4)	\$68
Foreign currency translation adjustments			
Amount of accrual	¥15,901	¥6,561	\$132,326
Amount of recycling	-	-	-
Amount before tax effect adjustments	15,901	6,561	132,326
Tax effect adjustments	-	-	-
Foreign currency translation adjustments	¥15,901	¥6,561	\$132,326
Minimum pension liability adjustments			
Amount of accrual	¥(952)	¥50	\$(7,926)
Tax effect adjustments	359	(20)	2,991
Minimum pension liability adjustments	¥(593)	¥30	\$(4,935)
Retirement benefits liability adjustments			
Amount of accrual	¥2,173	¥-	\$18,084
Amount of recycling	1,153	-	9,598
Amount before tax effect adjustments	3,326	-	27,682
Tax effect adjustments	(1,112)	-	(9,262)
Retirement benefits liability adjustments	¥2,214	¥-	\$18,420
Total other comprehensive income	¥18,058	¥6,812	\$150,269

## 8. Research and Development Expenses

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

	Millions of yen		Thousands of U.S.dollars
	2015	2014	2015
	¥25,626	¥25,101	\$213,249

## 9. Restructuring Cost

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

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

## 10. Income Taxes and Deferred Tax Assets and Liabilities

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

	Millions of yen		Thousands of U.S.dollars
	2015	2014	2015
Deferred tax assets:			
Net liability for retirement benefits	¥9,848	¥14,104	\$81,954
Intangible assets	5,040	5,516	41,939
Provision for bonuses	2,037	2,811	16,955
Elimination of consolidated unrealized gains	1,772	1,804	14,746
Other	9,002	4,681	74,905
Total gross deferred tax assets	27,699	28,916	230,499
Valuation allowance	(4,879)	(1,060)	(40,602)
Total deferred tax assets	¥22,820	¥27,856	\$189,897
Deferred tax liabilities:			
Reserve for advanced depreciation of non-current assets	¥(374)	¥(427)	\$(3,109)
Valuation difference on available-for-sale securities	(703)	(528)	(5,851)
Other	(2,365)	(1,763)	(19,678)
Total deferred tax liabilities	(3,442)	(2,718)	(28,638)
Net deferred tax assets	¥19,378	¥25,138	\$161,259

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

	Millions of yen		Thousands of U.S.dollars
	2015	2014	2015
Current assets - Deferred tax assets	¥8,398	¥7,128	\$69,886
Non-current assets - Deferred tax assets	14,422	20,728	120,011
Current liabilities - Other	(271)	(253)	(2,257)
Non-current liabilities - Other	(3,171)	(2,466)	(26,381)

2. Difference between statutory tax rate and effective tax rate

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

	2015	2014
Statutory tax rate	35.6%	38.0%
Effect of :		
Different tax rates applied to income of foreign subsidiaries	(18.2)	(9.0)
Expenses permanently not deductible for income tax purposes	1.2	1.3
Income permanently not included as revenue	(0.1)	(4.3)
Corporation tax special credit for research expenditures	(10.9)	(4.4)
Changes in valuation allowance	59.1	1.6
Downward revision of deferred tax asset by change in statutory tax rate	18.9	5.8
Amortization of goodwill of foreign subsidiaries	17.2	23.2
Other, net	0.6	0.1
Effective tax rates	103.4%	52.3%

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

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

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

The effect of the announced reduction of the effective statutory tax rate was to decrease deferred tax assets, after offsetting deferred tax liabilities, by ¥1,815 million (\$15,103 thousand) and increase deferred income tax expense by ¥1,839 million (\$15,301 thousand), valuation difference on available-for-sale securities by ¥24 million (\$200 thousand) for the year ended March 31, 2015.

## 11. Leases

### (A) Finance Lease as a lessee

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

1. The content of lease assets: Machinery and equipment

2. Depreciation method of lease assets:

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

### (B) Operating Lease as a lessee

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

	Millions of yen		Thousands of U.S.dollars
	2015	2014	2015
Due within one year	¥705	¥541	\$5,871
Due after one year	2,246	632	18,689
	¥2,951	¥1,173	\$24,560

## (C) Finance Lease as a lessor

### 1. Details of investment lease

	Millions of yen		Thousands of U.S.dollars
	2015	2014	2015
1) Investment lease - current assets			
Lease revenues receivable	¥128	¥133	\$1,063
Interests receivable	(6)	(7)	(51)
	¥122	¥126	\$1,012

### 2) Investment lease - others

	Millions of yen	Thousands of U.S.dollars	
	2015	2014	
Lease revenues receivable	¥652	¥966	\$5,431
Interests receivable	(35)	(53)	(293)
	¥617	¥913	\$5,138

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

	Millions of yen		Thousands of U.S.dollars
	2015	2014	2015
Within one year	¥128	¥133	\$1,063
Between 1 to 2 years	286	674	2,380
Between 2 to 3 years	212	187	1,762
Between 3 to 4 years	142	83	1,185
Between 4 to 5 years	12	21	104
More than 5 years	0	0	1
	¥780	¥1,098	\$6,495

## (D) Operating Lease as a lessor

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

	Millions of yen		Thousands of U.S.dollars
	2015	2014	2015
Due within one year	¥695	¥752	\$5,783
Due after one year	1,052	1,410	8,755
	¥1,747	¥2,162	\$14,538

## (E) Other related information

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

	Millions of yen		Thousands of U.S.dollars
	2015	2014	2015
Investment lease			
Current assets	¥443	¥470	\$3,691
Others	599	869	4,981
	¥1,042	¥1,339	\$8,672
Lease expenses payable			
Current liabilities	¥443	¥470	\$3,691
Fixed liabilities	599	869	4,981
	¥1,042	¥1,339	\$8,672

## 12. Consolidated Statement of Cash Flows

The content of important non-cash transactions

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

## 13. Financial Instruments

### Overview

#### 1. Policy for financial instruments

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

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

#### 2. Types of financial instruments and related risks

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

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

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

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

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

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

#### 3. Risk management for financial instruments

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

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

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

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

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

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

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

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

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

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

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

### Estimated Fair Value of Financial Instruments

For the year ended March 31, 2015

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

	Millions of yen		
	Consolidated balance sheet	Estimated fair value	Difference
(a) Cash and cash equivalents	¥54,965	¥54,965	—
(b) Notes and accounts receivable-trade	<u>81,017</u>	—	—
Allowance for doubtful accounts *1	(1,342)	—	—
	<u>79,675</u>	<u>79,675</u>	—
(c) Marketable and investment securities	3,236	3,236	—
(d) Notes and accounts payable-trade	<u>(90,081)</u>	<u>(90,081)</u>	—
(e) Short- term loans payable	(2,028)	(2,028)	—
(f) Derivative transactions *2	<u>(1,981)</u>	<u>(1,981)</u>	—

  

	Thousands of U.S. dollars		
	Consolidated balance sheet	Estimated fair value	Difference
(a) Cash and cash equivalents	\$457,392	\$457,392	—
(b) Notes and accounts receivable-trade	<u>674,187</u>	—	—
Allowance for doubtful accounts *1	(11,171)	—	—
	<u>663,016</u>	<u>663,016</u>	—
(c) Marketable and investment securities	26,925	26,925	—
(d) Notes and accounts payable-trade	<u>(749,613)</u>	<u>(749,613)</u>	—
(e) Short- term loans payable	(16,880)	(16,880)	—
(f) Derivative transactions *2	<u>(16,482)</u>	<u>(16,482)</u>	—

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

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

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

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

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

**(c) Marketable and investment securities**

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

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

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

**(f) Derivative transactions**

Please refer to Note 15 Derivative Transactions.

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

	Millions of yen	Thousands of U.S. dollars
Unlisted stocks	¥1,808	\$15,052

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

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

	Millions of yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	¥54,965	—	—	—
Notes and accounts receivable-trade	81,017	—	—	—
Marketable and investment securities				
Held-to-maturity debt securities				
National and local government bonds	—	—	—	—
Corporate bonds	—	—	—	—
Other marketable securities with maturities				
Corporate bonds	—	—	—	—
Other	—	—	—	—
<b>Total</b>	<b>¥135,982</b>	<b>—</b>	<b>—</b>	<b>—</b>

	Thousands of U.S. dollars			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	\$457,392	—	—	—
Notes and accounts receivable-trade	674,187	—	—	—
Marketable and investment securities				
Held-to-maturity debt securities				
National and local government bonds	—	—	—	—
Corporate bonds	—	—	—	—
Other marketable securities with maturities				
Corporate bonds	—	—	—	—
Other	—	—	—	—
<b>Total</b>	<b>\$1,131,579</b>	<b>—</b>	<b>—</b>	<b>—</b>

For the year ended March 31, 2014

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

	Millions of yen		
	Consolidated balance sheet	Estimated fair value	Difference
(a) Cash and cash equivalents	¥47,305	¥47,305	—
(b) Notes and accounts receivable-trade	88,405	—	—
Allowance for doubtful accounts *1	(1,189)	—	—
	87,216	87,216	—
(c) Marketable and investment securities	2,611	2,611	—
(d) Notes and accounts payable-trade	(75,673)	(75,673)	—
(e) Short-term loans payable	(1,054)	(1,054)	—
(f) Derivative transactions *2	(8)	(8)	—

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

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

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

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

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

**(c) Marketable and investment securities**

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

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

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

**(f) Derivative transactions**

Please refer to Note 15 Derivative Transactions.

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

	Millions of yen
Unlisted stocks	¥1,774

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

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

	Millions of yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	¥47,305	—	—	—
Notes and accounts receivable-trade	88,405	—	—	—
Marketable and investment securities				
Held-to-maturity debt securities				
National and local government bonds	—	—	—	—
Corporate bonds	—	—	—	—
Other marketable securities with maturities				
Corporate bonds	—	—	—	—
Other	—	—	—	—
<b>Total</b>	<b>¥135,710</b>	<b>—</b>	<b>—</b>	<b>—</b>



## 14. Securities

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

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

	Thousands of U.S.dollars		
	2015		
	Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stocks	\$26,024	\$8,130	\$17,894
Securities whose acquisition cost exceeds their carrying value:			
Stocks	901	1,041	(140)
Subtotal	901	1,041	(140)
Total	\$26,925	\$9,171	\$17,754

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

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

	Millions of yen		Thousands of U.S.dollars
	2015	2014	2015
	Carrying value	Carrying value	
Other securities			
Unlisted stocks	¥1,808	¥1,774	\$15,052
Others	–	–	–
Total	¥1,808	¥1,774	\$15,052

## 15. Derivative Transactions

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

Transaction outside the market  
Currency-related transactions

	Millions of yen					
	2015			2014		
	Contract amount	Fair value	Unrealized gain	Contract amount	Fair value	Unrealized gain (loss)
	Maturing within one year	Maturing after one year		Maturing within one year	Maturing after one year	
Forward foreign exchange contracts						
Sell:						
USD	¥15,763	¥–	¥(31)	¥(31)	¥4,089	¥–
EUR	7,498	–	426	426	6,938	–
AUD	–	–	–	–	9	–
Buy:						
USD	13,310	–	1,016	1,016	2,299	–
CNY	12,198	–	570	570	–	–
Total	¥48,769	¥–	¥1,981	¥1,981	¥13,335	¥–

	Thousands of U.S. dollars			
	2015		Fair value	Unrealized gain
	Contract amount			
	Maturing within one year	Maturing after one year		
Forward foreign exchange contracts				
Sell:				
USD	\$131,171	\$–	\$(261)	\$(261)
EUR	62,398	–	3,544	3,544
AUD	–	–	–	–
Buy:				
USD	110,756	–	8,458	8,458
CNY	101,510	–	4,742	4,742
Total	\$405,835	\$–	\$16,483	\$16,483

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

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

Currency-related transactions

1) Net deferred profits on hedges

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

	Thousands of U.S. dollars			
	2015		Fair value	
	Contract amount			
	Maturing within one year	Maturing after one year		
Forward foreign exchange contracts				
Sell:				
USD	\$30,606	\$–	\$4	
EUR	14,884	–	(2)	
AUD	4,618	–	10	
CAD	2,129	–	4	
Buy:				
USD	43,743	–	(1)	
AUD	2,295	–	(1)	
CNY	200	–	36	
Total	\$98,475	\$–	\$50	

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

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

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

	Thousands of U.S. dollars			
	2015			
	Contract amount	Fair value		
	Maturing within one year	Maturing after one year		
Forward foreign exchange contracts				
Sell:				
USD	\$29,840	\$-	\$0	
AUD	10,464	-	320	
CAD	8,178	-	161	
Sell:				
USD	11,832	-	19	
Total	\$60,314	\$-	\$500	

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

## 16. Segment Information

### (A) Business Segments

#### 1. Summary of reportable segments

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

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

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

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

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

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

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

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Net Sales			
System Solutions Business Group			
Unaffiliated customers	¥196,663	¥193,044	\$1,636,540
Intersegment	2,767	2,253	23,027
Total	199,430	195,297	1,659,567
Global Solutions Business Group			
Unaffiliated customers	327,914	305,851	2,728,752
Intersegment	11,692	11,671	97,292
Total	339,606	317,522	2,826,044
Adjustments	(14,459)	(13,924)	(120,319)
Consolidated	¥524,577	¥498,895	\$4,365,292
Segment Income			
System Solutions Business Group	¥9,847	¥9,948	\$81,937
Global Solutions Business Group	7,216	14,853	60,051
Consolidated	¥17,063	¥24,801	\$141,988
Segment Assets			
System Solutions Business Group	¥89,798	¥79,500	\$747,258
Global Solutions Business Group	311,796	294,057	2,594,621
Adjustments	15,175	19,580	126,286
Consolidated	¥416,769	¥393,137	\$3,468,165
Depreciation			
System Solutions Business Group	¥2,084	¥1,985	\$17,341
Global Solutions Business Group	13,615	14,630	113,296
Consolidated	¥15,699	¥16,615	\$130,637
Amortization			
System Solutions Business Group	¥164	¥164	\$1,364
Global Solutions Business Group	4,524	4,306	37,649
Consolidated	¥4,688	¥4,470	\$39,013
Capital Expenditures			
System Solutions Business Group	¥3,248	¥2,363	\$27,026
Global Solutions Business Group	21,422	15,911	178,264
Consolidated	¥24,670	¥18,274	\$205,290

Note:1 Adjustments of segment assets are corporate assets, and consist of cash and cash equivalents and investment securities in the amount of ¥15,175 million (\$126,286 thousand) and ¥19,580 million in March 31, 2015 and 2014, respectively.

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

The main products of each business segment

**System Solutions Business Group**

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

**Global Solutions Business Group**

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

### (B) Relative Information

#### 1. Products and service information

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Net sales of Retail	¥308,995	¥300,157	\$2,571,317
Net sales of MFP	215,582	198,738	1,793,975
	¥524,577	¥498,895	\$4,365,292

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

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



## 2. Information by geographical area

	Millions of yen		Thousands of U.S.dollars
	2015	2014	2015
<b>Net Sales</b>			
Japan	¥208,353	¥204,571	\$1,733,820
American States	162,522	142,881	1,352,436
Europe	106,244	105,169	884,115
Asia and others	47,458	46,274	394,921
Net sales	¥524,577	¥498,895	\$4,365,292
<b>Tangible Fixed Assets</b>			
Japan	¥13,411	¥13,328	\$111,601
American States	5,890	6,467	49,012
Europe	8,803	9,139	73,256
Asia and others	5,456	4,382	45,407
Net Tangible Fixed Assets	¥33,560	¥33,316	\$279,276

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

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

## 3. Information by major customer

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

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

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

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

	Millions of yen		Thousands of U.S.dollars
	2015	2014	2015
	Balance at end of period		Balance at end of period
System Solutions Business Group	¥164	¥328	\$1,364
Global Solutions Business Group	36,748	39,273	305,797
Consolidated	¥36,912	¥39,601	\$307,161

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

## 6. Information on negative goodwill by business segment

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

## 17. Stock Option Plan

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

1. The amount and the accounting subject in relation to the stock options existing for the year ended March 31, 2015.

Selling, General and Administrative Expenses for the years ended March 31, 2015 and 2014 are ¥52 million (\$433 thousands) and ¥49 million, respectively.

2. The size of stock option and its circumstances

### 1) General information

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

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

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

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

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

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

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

## 2) The size of stock option and movement

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

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

### 2)-1. The number of stock options

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

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

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

### 2)-2. Per share data

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

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

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

### 3. The evaluation of fair price of stock option

#### 1) The evaluation method used: Black-Scholes method

#### 2) General information and the method of estimation

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

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

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

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

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

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

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

## 18. Asset Retirement Obligation

Omitted as immaterial in amount.

## 19. Transactions with Related Parties

### 1. Transactions with Related Parties

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

(¥=Million, US\$=Thousand)

Status	Name	Address	Capital	Business	Percentage of voting rights held (%)
Parent company	Toshiba Corporation	Minato-ku, Tokyo	¥439,901 (\$3,660,656)	Manufacturing and sales of digital products and electronic devices and home appliances	Direct: 52.7% Indirect: 0.1%
Relationship					
Dispatch of executive officers, etc.	Business relationship	Transaction	Transaction amount	Account item	Balance at fiscal year end
Interlocking of directors	Sales of our products, deposits of funds and purchase of Toshiba products	Deposits of funds	(Note)	Cash and cash equivalents	¥12,339 (\$102,682)
		Interest income	¥10 (\$82)	Accrued interest	¥0 (\$1)

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

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

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

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

Status	Name	Address	Capital	Business	Percentage of voting rights held (%)
Subsidiary of the parent company	Toshiba Asia Pacific Pte., Ltd.	Singapore	S\$6,784	The regional representative company in Asia and Pacific	None
Relationship					
Dispatch of executive officers, etc.	Business relationship	Transaction	Transaction amount	Account item	Balance at fiscal year end
None	Deposits of funds	Deposits of funds	(Note)	Cash and cash equivalents	¥5,365 (\$44,648)
		Interest income	¥3 (\$22)		

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

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

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

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

Status	Name	Address	Capital	Business	Percentage of voting rights held (%)
Subsidiary of the parent company	Toshiba of Europe, Ltd.	London, UK	GBP 13,522	The regional representative company in Europe, Middle East and Africa	None
Relationship					
Dispatch of executive officers, etc.	Business relationship	Transaction	Transaction amount	Account item	Balance at fiscal year end
None	Deposits of funds	Deposits of funds	(Note)	Cash and cash equivalents	¥7,939 (\$66,063)
		Interest income	¥5 (\$44)		

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

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

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

(¥=Million, US\$=Thousand)

Status	Name	Address	Capital	Business	Percentage of voting rights held (%)
Subsidiary of the parent company	Toshiba America, Ltd.	New York, USA	\$1,002,550	The regional representative company in Americas	None
Relationship					
Dispatch of executive officers, etc.	Business relationship	Transaction	Transaction amount	Account item	Balance at fiscal year end
None	Deposits of funds	Deposits of funds	(Note)	Cash and cash equivalents	¥7,511 (\$62,500)
		Interest income	¥0 (\$2)		

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

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

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

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

Status	Name	Address	Capital	Business	Percentage of voting rights held (%)
Subsidiary of the parent company	Toshiba China Co., Ltd.	Beijing, China	CNY249,362	The regional representative company in China	None
Relationship					
Dispatch of executive officers, etc.	Business relationship	Transaction	Transaction amount	Account item	Balance at fiscal year end
None	Deposits of funds	Deposits of funds	(Note)	Other	¥3,485 (\$28,997)
		Interest income	¥41 (\$343)		

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

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

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

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

(¥=Million)

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

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

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

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

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

(¥=Million, S\$=Thousand)

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

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

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

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

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

(¥=Million, GBP=Thousand)

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

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

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

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

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

(¥=Million, US\$=Thousand)

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

  

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

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

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

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

(¥=Million, CNY=Thousand)

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

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

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

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

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

**2. Notes regarding parent company and material affiliated companies**

Information on the parent company

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

**20. Cash Dividends**

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

1. Cash dividends paid

(Resolution)	Type of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of directors held on April 28, 2014	Common stock	¥1,097	¥4.0	March 31, 2014	June 2, 2014
Board of directors held on October 29, 2014	Common stock	¥1,647	¥6.0	September 30, 2014	December 1, 2014

  

(Resolution)	Type of shares	Total amount of dividends (Thousands of US dollars)	Dividends per share (US dollars)	Record date	Effective date
Board of directors held on April 28, 2014	Common stock	\$9,135	\$0.033	March 31, 2014	June 2, 2014
Board of directors held on October 29, 2014	Common stock	\$13,711	\$0.050	September 30, 2014	December 1, 2014

## 2. Year end dividends of the following fiscal year

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

  

(Resolution)	Type of shares	Total amount of dividends (Thousands of US dollars)	Dividend resource	Dividends per share (US dollars)	Record date	Effective date
Board of directors held on June 16, 2015	Common stock	\$15,995	Retained earnings	\$0.058	March 31, 2015	June 29, 2015

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

### 1. Cash dividends paid

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

## 2. Year end dividends of the following fiscal year

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

## 21. Per share Information

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

	Yen		U.S.dollars
	2015	2014	2015
Net assets per share	¥623.35	¥578.90	\$5.187
Net (loss) income per share	(4.18)	27.14	(0.035)
Net income per share fully diluted	—	27.09	—

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

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

	Millions of yen		Thousands of U.S.dollars
	2015	2014	2015
Net income per share			
Net (loss) income	¥(1,149)	¥7,449	\$(9,565)
Amounts not attributable to common stock	—	—	—
Net (loss) income attributable to common stock	(1,149)	7,449	(9,565)
Average number of shares of common stock during the period (thousand shares)	274,563	274,430	274,563
Net income per share fully diluted			
Adjustment to net income	—	—	—
Increase in number of common stocks (thousand shares)	—	523	—
(Share subscription rights)	(—)	(523)	(—)
Outline of the residual securities excluded from the calculation of the fully diluted net income per share because they have no dilutive effects.	—	—	—

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

As a result, the net assets per share was increased by ¥9.18 (\$0.076) as of March 31, 2015.

## 22. Subsequent Event

### Change in reportable segments

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

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

	Millions of yen	Thousands of U.S.dollars
	2015	2015
Net Sales		
Retail Solutions Business Group		
Unaffiliated customers	¥322,071	\$2,680,127
Intersegment	2,325	19,346
Total	324,396	2,699,473
Printing Solutions Business Group		
Unaffiliated customers	202,506	1,685,166
Intersegment	10,599	88,198
Total	213,105	1,773,364
Adjustments	(12,924)	(107,545)
Consolidated	¥524,577	\$4,365,292
Segment Income (loss)		
Retail Solutions Business Group	¥(420)	\$(3,497)
Printing Solutions Business Group	17,483	145,485
Consolidated	¥17,063	\$141,988
Segment Assets		
Retail Solutions Business Group	¥257,414	\$2,142,081
Printing Solutions Business Group	144,180	1,199,798
Adjustments	15,175	126,286
Consolidated	¥416,769	\$3,468,165
Depreciation		
Retail Solutions Business Group	¥7,566	\$62,960
Printing Solutions Business Group	8,133	67,677
Consolidated	¥15,699	\$130,637
Amortization		
Retail Solutions Business Group	¥1,871	\$15,570
Printing Solutions Business Group	2,817	23,443
Consolidated	¥4,688	\$39,013
Capital Expenditures		
Retail Solutions Business Group	¥15,230	\$126,737
Printing Solutions Business Group	9,440	78,553
Consolidated	¥24,670	\$205,290





Ernst & Young ShinNihon LLC  
Hibiya Kokusai Bldg.  
2-2-3 Uchisaiwai-cho, Chiyoda-ku  
Tokyo 100-0011, Japan

Tel: +81 3 3503 1100  
Fax: +81 3 3503 1197  
www.shinnihon.or.jp

## Independent Auditor's Report

The Board of Directors  
TOSHIBA TEC CORPORATION

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

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### *Opinion*

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

### *Emphasis of Matter*

As discussed in Note 1, the Company has amended the consolidated financial statements. We issued the Independent Auditor's Report before the restatement of the consolidated financial statements on June 26, 2015.

Our opinion is not qualified in respect of this matter.

### *Convenience Translation*

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

*Ernst & Young ShinNihon LLC*

March 12, 2016  
Tokyo, Japan

# TOSHIBA TEC CORPORATION

## Corporate Data

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

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

President and Chief Executive Officer

◇Takayuki Ikeda

Directors

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

◇:Representative Director

Audit & Supervisory Board Members

Hiroyuki Ikeda  
Haruo Kawasumi  
Takehiko Ouchi  
Toshihiko Matsumoto

## Main Consolidated Companies (as of March 31, 2015)

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

