

# Annual Report

For the Year Ended March 31, 2007

# 2007

# Financial Highlights

Years ended March 31

Consolidated	Millions of yen					Thousands of U.S.dollars
	2003	2004	2005	2006	2007	2007
Net sales	¥341,667	¥355,113	¥376,187	¥443,402	¥510,846	\$4,327,370
Operating income	12,741	15,034	16,195	17,157	22,671	192,046
Net income	3,947	7,991	6,348	6,034	10,763	91,173
Total assets	247,671	256,311	270,056	323,476	358,253	3,034,756
Total net assets *	-	-	-	148,423	158,813	1,345,303
Total shareholders' equity	114,863	116,218	119,779	128,066	-	-
	Yen					U.S.dollars
Per share data:						
Net income -						
Basic	¥13.57	¥28.16	¥22.44	¥21.40	¥38.72	\$0.328
Total shareholders' equity	405.49	414.18	428.88	458.80	494.73	4.191
	Millions of yen					Thousands of U.S.dollars
Non-Consolidated	2003	2004	2005	2006	2007	2007
Net sales	¥241,202	¥245,288	¥257,510	¥253,931	¥297,996	\$2,524,320
Operating income	6,245	6,851	5,691	3,720	4,299	36,417
Net income	2,333	3,528	4,055	6,966	6,266	53,079
Common stock	39,971	39,971	39,971	39,971	39,971	338,594
Total assets	181,221	187,526	198,634	197,815	237,996	2,016,061
Total net assets *	-	-	-	110,494	113,039	957,552
Total shareholders' equity	104,044	103,844	105,248	110,494	-	-
	Yen					U.S.dollars
Per share data:						
Net income -						
Basic	¥7.99	¥12.41	¥14.33	¥24.84	¥22.54	\$0.191
Cash dividends	5.00	6.00	8.00	9.00	11.00	0.093
Total shareholders' equity	367.35	370.14	376.91	395.91	407.11	3.449

The dollar amounts in this report represent translations of yen, for convenience only, at the rate of ¥118.05=US\$1.00, the exchange rate prevailing on March 31, 2007.

\* Sections "Total net assets" are newly provided to conform to Japanese accounting regulation revisions. The fiscal 2006 figures have also been restated to reflect this change. The former figures in 2007 are ¥137,363 millions (consolidated) and ¥113,036 millions (non-consolidated), respectively.

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## Business Overview in the Consolidated Fiscal Year 2006

The Japanese economy in the consolidated fiscal year 2006 continued gradual growth, due to increasing capital investments.

As for business conditions outside Japan, in spite of anxieties, the US economy stopped declining, the economy in Europe maintained its stability, and the Asian economy continued growing with the focus on China.

Under these economic circumstances, the Toshiba TEC Group was committed to achieving its business policies of “Realize sustained growth with profit” and “Establishment of a well-balanced global enterprise.” Specifically, merchantability was improved by releasing new POS terminals and extending the MFP lineup, procurement costs were reduced to improve cost competitiveness, and direct sales channels were expanded to strengthen marketability.

Sales amounted to 510,846 million yen, a 15% increase over the previous consolidated fiscal year, mainly due to the expansion of the POS system and MFP businesses. Increases in revenue and reductions in costs resulted in an increase in operating income of 32% over the previous consolidated fiscal year to 22,671 million yen, and an increase in net income of 78% to 10,763 million yen.

In terms of dividends from the surplus, the Toshiba TEC Group aims to continuously increase dividends by targeting a consolidated dividend payout ratio of approximately 30%, while considering strategic investments for the mid- and long-term growth.

Based on the above business policies, dividends from the surplus in the business fiscal year 2006 were determined as follows:

The interim dividend was 5 yen per share, the year-end dividend was 6 yen per share, and the annual dividend was increased to 11 yen per share with an increase of 2 yen over the previous business fiscal year.

## Issues to be Addressed

The future of the Japanese economy is expected to maintain a gradual growth trajectory, due to increasing capital investments and personal consumption.

As for business conditions outside Japan, from the second half of the term in spite of anxieties regarding a slowdown, the US economy will gradually recover, the economy in Europe will stop declining, while the Asian economy is expected to grow with the focus on China.

Under these economic circumstances, the Toshiba TEC Group is committed to achieving its business policies of “Realize sustained growth with profit” and “Establishment of a well-balanced global enterprise.” We will make concerted efforts together to reinforce our management base, by developing and releasing new products, enhancing cost competitiveness, improving sales quality and sales efficiency, making inroads into peripheral areas and prospective markets, along with increasing resource efficiency.

In the fiscal year 2007, we will embrace every endeavor to implement measures including the following and thus develop our group’s business. Your loyal support and cooperation will be greatly appreciated.

### **Improving Sales Capabilities of the Retail Information System Business**

We will concentrate our efforts on further improving our sales capabilities in Japan to expand sales of POS systems, automatic identification systems\* and their related products, while further expanding the scale of our operations via improvements on agency networking outside Japan.

\* Automatic Identification Systems refer to systems, which contain hardware and software to automatically retrieve and identify data from barcodes and IC tags.

### **Reinforcing the Operating Base of the Document Processing and Telecommunication System Business**

We are committed to expanding our sales and improving our earning power, by increasing the sales of strategic products such as full-color MFPs and special terminals designed for specific customers, focusing more on emerging markets such as Brazil, Russia, India and China, while enhancing cost competitiveness by shifting to self-manufacturing main parts.

### **Transferring the Home Electric Appliance Business**

On June 1, 2007, we transferred the home electric appliance business to TOSHIBA HA PRODUCTS Co., Ltd., from a “Selection and Focus” viewpoint. Thus, we will concentrate our management resource on the Retail Information System business and the Document Processing & Telecommunication System business, in order to establish a more solid operating base.

## Products Line Up

### Retail Information Systems

- General merchandise systems
- Convenience store/Shopping center systems
- Super market systems
- Hospitality/Hotel systems
- Barcode printers
- Handheld terminals
- OA Equipment/JIMCON
- Supplies/Printing services
- Environmental equipment



### Document Processing & Telecommunication Systems

- Full Color MFPs
- B&W MFPs
- Analog Copiers
- Facsimiles
- Inkjet printheads
- Components (printed circuit boards, constant voltage power supplies, molded products etc.)





# Consolidated Balance Sheets

March 31, 2007 and 2006

ASSETS	Millions of yen		Thousands of U.S.dollars (Note 1)
	2007	2006	2007
<b>Current assets</b>			
Cash and cash equivalents	¥79,736	¥67,775	\$675,442
Trade notes and accounts receivable	87,847	69,372	744,151
Inventories	50,746	47,729	429,869
Deferred income taxes (Note 9)	10,868	9,375	92,063
Prepaid expenses and other current assets	10,962	10,396	92,858
Allowance for doubtful accounts	(3,512)	(2,810)	(29,750)
<b>Total current assets</b>	<b>236,647</b>	<b>201,837</b>	<b>2,004,633</b>
<b>Fixed assets</b>			
Property, plant and equipment:			
Land	2,777	5,624	23,524
Buildings and structures	29,270	29,239	247,946
Machinery and equipment	34,035	32,627	288,310
Tools, furniture and fixtures	63,691	64,819	539,526
Construction in progress	1,147	1,853	9,716
Less accumulated depreciation	(96,308)	(94,290)	(815,824)
	<b>34,612</b>	<b>39,872</b>	<b>293,198</b>
Intangible assets:			
Goodwill	39,100	35,951	331,216
Other intangible assets	7,578	7,684	64,193
	<b>46,678</b>	<b>43,635</b>	<b>395,409</b>
Investments and other assets:			
Investment securities: (Note 11)			
Unconsolidated subsidiaries and affiliates	7,801	6,189	66,082
Other	4,762	5,054	40,339
Deferred income taxes (Note 9)	20,406	19,484	172,859
Other investments and other assets	7,469	7,536	63,269
Allowance for doubtful accounts	(122)	(131)	(1,033)
	<b>40,316</b>	<b>38,132</b>	<b>341,516</b>
<b>Total fixed assets</b>	<b>121,606</b>	<b>121,639</b>	<b>1,030,123</b>
<b>Total assets</b>	<b>¥358,253</b>	<b>¥323,476</b>	<b>\$3,034,756</b>

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)
	2007	2006	2007
<b>Current liabilities</b>			
Trade notes and accounts payable	¥72,330	¥53,431	\$612,706
Short-term loans (Note 3)	18,468	32,081	156,443
Current portion of long-term debt (Note 3)	618	1,682	5,235
Accrued income and other taxes	8,534	3,944	72,291
Accrued bonuses to directors and corporate auditors	81	-	686
Other current liabilities	66,975	52,007	567,344
<b>Total current liabilities</b>	<b>167,006</b>	<b>143,145</b>	<b>1,414,705</b>
<b>Long-term liabilities</b>			
Long-term debt (Note 3)	674	906	5,709
Accrued retirement benefits (Note 4)	27,372	27,308	231,868
Other long-term liabilities	4,388	3,694	37,171
<b>Total long-term liabilities</b>	<b>32,434</b>	<b>31,908</b>	<b>274,748</b>
<b>Total liabilities</b>	<b>199,440</b>	<b>175,053</b>	<b>1,689,453</b>
<b>Contingent liabilities (Note 5)</b>			
<b>Shareholders' equity</b>			
Common stock			
Authorized-1,000,000,000 shares			
Issued- 288,145,704 shares	39,971	39,971	338,594
Capital surplus	52,987	52,986	448,852
Retained earnings	42,452	34,540	359,610
Less treasury stock, at cost:			
10,489,478 shares in 2007	(4,062)	-	(34,409)
9,143,293 shares in 2006	-	(3,318)	-
<b>Total shareholders' equity</b>	<b>131,348</b>	<b>124,179</b>	<b>1,112,647</b>
<b>Valuation and Translation adjustment</b>			
Unrealized holding gains on securities	1,058	1,218	8,962
Net deferred profits on hedges	3	-	25
Foreign currency translation adjustments	4,957	2,669	41,991
<b>Total valuation and translation adjustments</b>	<b>6,018</b>	<b>3,887</b>	<b>50,978</b>
<b>Minority interest in consolidated subsidiaries</b>	<b>21,447</b>	<b>20,357</b>	<b>181,678</b>
<b>Total Net assets</b>	<b>158,813</b>	<b>148,423</b>	<b>1,345,303</b>
<b>Total liabilities and Net assets</b>	<b>¥358,253</b>	<b>¥323,476</b>	<b>\$3,034,756</b>



# Consolidated Statements of Changes in Net Assets

Years ended March 31, 2007 and 2006

	Shareholder's equity					Millions of yen
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholder's equity	
<b>Balance at March 31, 2005</b>	¥39,971	¥52,985	¥31,575	¥(3,247)	¥121,284	
Net income for the year	-	-	6,034	-	6,034	
Cash dividends	-	-	(2,232)	-	(2,232)	
Bonuses to directors and corporate auditors	-	-	(63)	-	(63)	
Minimum pension liability adjustment	-	-	(331)	-	(331)	
Decrease from inclusion in consolidation of subsidiaries	-	-	(436)	-	(436)	
Decrease from merger of non consolidated subsidiary	-	-	(7)	-	(7)	
Purchases of treasury stock	-	-	-	(72)	(72)	
Retirement of treasury stock	-	1	-	1	2	
Other, net	-	-	-	-	-	
<b>Balance at March 31, 2006</b>	¥39,971	¥52,986	¥34,540	¥(3,318)	¥124,179	

	Valuation and Translation adjustments				Minority interests	Total net assets	Millions of yen
	Net unrealized holding gain on securities	Net deferred profits on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments			
<b>Balance at March 31, 2005</b>	¥288	-	¥(1,793)	¥(1,505)	¥827	¥120,606	
Net income for the year	-	-	-	-	-	6,034	
Cash dividends	-	-	-	-	-	(2,232)	
Bonuses to directors and corporate auditors	-	-	-	-	-	(63)	
Minimum pension liability adjustment	-	-	-	-	-	(331)	
Decrease from inclusion in consolidation of subsidiaries	-	-	-	-	-	(436)	
Decrease from merger of non consolidated subsidiary	-	-	-	-	-	(7)	
Purchases of treasury stock	-	-	-	-	-	(72)	
Retirement of treasury stock	-	-	-	-	-	2	
Other, net	930	-	4,462	5,392	19,530	24,922	
<b>Balance at March 31, 2006</b>	¥1,218	-	¥2,669	¥3,887	¥20,357	¥148,423	

	Shareholder's equity					Millions of yen
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholder's equity	
<b>Balance at March 31, 2006</b>	¥39,971	¥52,986	¥34,540	¥(3,318)	¥124,179	
Net income for the year	-	-	10,764	-	10,764	
Cash dividends	-	-	(2,784)	-	(2,784)	
Bonuses to directors and corporate auditors	-	-	(58)	-	(58)	
Purchases of treasury stock	-	-	-	(746)	(746)	
Retirement of treasury stock	-	1	-	2	3	
Other, net	-	-	(10)	-	(10)	
<b>Balance at March 31, 2007</b>	¥39,971	¥52,987	¥42,452	¥(4,062)	¥131,348	

	Valuation and Translation adjustments				Minority interests	Total net assets	Millions of yen
	Net unrealized holding gain on securities	Net deferred profits on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments			
<b>Balance at March 31, 2006</b>	¥1,218	-	¥ 2,669	¥3,887	¥20,357	¥148,423	
Net income for the year	-	-	-	-	-	10,764	
Cash dividends	-	-	-	-	-	(2,784)	
Bonuses to directors and corporate auditors	-	-	-	-	-	(58)	
Purchases of treasury stock	-	-	-	-	-	(746)	
Retirement of treasury stock	-	-	-	-	-	3	
Other, net	(160)	3	2,288	2,131	1,090	3,211	
<b>Balance at March 31, 2007</b>	¥1,058	¥3	¥4,957	¥6,018	¥21,447	¥158,813	

	Shareholder's equity					Thousands of U.S. dollars
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholder's equity	
<b>Balance at March 31, 2006</b>	\$338,594	\$448,844	\$292,588	\$(28,107)	\$1,051,919	
Net income for the year	-	-	91,182	-	91,182	
Cash dividends	-	-	(23,583)	-	(23,583)	
Bonuses to directors and corporate auditors	-	-	(491)	-	(491)	
Purchases of treasury stock	-	-	-	(6,319)	(6,319)	
Retirement of treasury stock	-	8	-	17	25	
Other, net	-	-	(86)	-	(86)	
<b>Balance at March 31, 2007</b>	\$338,594	\$448,852	\$359,610	\$(34,409)	\$1,112,647	

	Valuation and Translation adjustments				Minority interests	Total net assets	Thousands of U.S. dollars
	Net unrealized holding gain on securities	Net deferred profits on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments			
<b>Balance at March 31, 2006</b>	\$10,318	-	\$22,609	\$32,927	\$172,444	\$1,257,290	
Net income for the year	-	-	-	-	-	91,182	
Cash dividends	-	-	-	-	-	(23,583)	
Bonuses to directors and corporate auditors	-	-	-	-	-	(491)	
Purchases of treasury stock	-	-	-	-	-	(6,319)	
Retirement of treasury stock	-	-	-	-	-	25	
Other, net	(1,356)	25	19,382	18,051	9,234	27,199	
<b>Balance at March 31, 2007</b>	\$8,962	\$25	\$41,991	\$50,978	\$181,678	\$1,345,303	

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

Numbers of shares in issue: 288,145,704 shares in 2007



# Consolidated Statements of Cash Flows

Years ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S.dollars (Note 1)
	2007	2006	2007
<b>Cash flows from operating activities</b>			
Income before income taxes and minority interest	¥19,079	¥13,793	\$161,618
Adjustment to reconcile income before income taxes and minority interest to net cash provided by operating activities:			
Depreciation and amortization	14,265	13,004	120,839
Loss on impairment of fixed assets	-	60	-
Allowance for doubtful accounts	585	(286)	4,956
Accrual for retirement benefits, less payments	64	(626)	542
Interest and dividend income	(1,178)	(974)	(9,979)
Interest expense	909	560	7,700
Equity in earnings of affiliates	(335)	(49)	(2,838)
Gain on sales of land and training facility	(3,008)	-	(25,481)
Loss on sales or disposal of fixed assets	593	216	5,023
Loss on sales of land and recreation facility	563	-	4,769
Gains on sales of investment securities	(405)	(429)	(3,431)
Write down of investment securities	108	-	915
Expenses of extra pension for early retirement	2,933	1,290	24,845
Changes in assets and liabilities:			
Notes and accounts receivable	(14,857)	(1,283)	(125,853)
Inventories	(2,036)	(2,375)	(17,247)
Notes and accounts payable	15,904	(814)	134,723
Other	12,685	4,130	107,455
<b>Sub Total</b>	<b>45,869</b>	<b>26,217</b>	<b>388,556</b>
Interest and dividend income received	1,194	964	10,114
Interest expense payments	(895)	(562)	(7,582)
Payments of extra pension for early retirement	(463)	(1,291)	(3,922)
Income taxes payments	(5,192)	(8,252)	(43,981)
Income taxes refund	723	-	6,125
<b>Net cash provided by operating activities</b>	<b>41,236</b>	<b>17,076</b>	<b>349,310</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	(7,960)	(11,566)	(67,429)
Proceeds from sales of property, plant and equipment	5,949	947	50,394
Acquisition of intangible assets	(6,636)	(6,283)	(56,213)
Acquisition of investment securities	(854)	(1,360)	(7,234)
Proceeds from sales of investment securities	563	759	4,769
Payments of loan receivable	(45)	(32)	(381)
Proceeds from loan receivable	65	96	550
Other	(440)	(475)	(3,727)
<b>Net cash used in investing activities</b>	<b>(9,358)</b>	<b>(17,914)</b>	<b>(79,271)</b>
<b>Cash flows from financing activities</b>			
Proceeds (Repayments) of short-term loans, net	(14,947)	841	(126,616)
Repayments of long-term debt	(1,523)	(962)	(12,901)
Purchase of treasury stock	(746)	(73)	(6,319)
Payments of dividend	(2,784)	(2,229)	(23,583)
Payments of dividend to minority shareholders of subsidiaries	(719)	(450)	(6,091)
Other	3	4	25
<b>Net cash used in financing activities</b>	<b>(20,716)</b>	<b>(2,869)</b>	<b>(175,485)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>799</b>	<b>2,535</b>	<b>6,768</b>
<b>Net increase in cash and cash equivalents</b>	<b>11,961</b>	<b>(1,172)</b>	<b>101,322</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>67,775</b>	<b>64,960</b>	<b>574,120</b>
<b>Increase in cash and cash equivalents resulting from:</b>			
Subsidiaries inclusion in consolidation	-	3,928	-
Merger of non-consolidated subsidiary	-	59	-
<b>Cash and cash equivalents at end of year</b>	<b>¥79,736</b>	<b>¥67,775</b>	<b>\$675,442</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 Securities 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.

Effective the year ended March 31, 2007, the Company has adopted a new accounting standard for the presentation of net assets in the balance sheet and the related implementation guidance. In addition, effective the year ended March 31, 2007, the Company is required to prepare consolidated statements of changes in net assets. In this connection, the previously reported consolidated balance sheet as of March 31, 2006 and consolidated statement of shareholders' equity for the year then ended have been restated to conform to the presentation and disclosure of the consolidated financial statements for the year ended March 31, 2007.

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 ¥118.05 = US\$1.00 prevailing as of March 31, 2007. The translation should not be construed as a representation that the Japanese yen could be converted into U.S. dollar at the above or any other rate of exchange.

## 2. Summary of Significant Accounting Policies

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

The consolidated financial statements include the accounts of the Company and its significant majority-owned subsidiaries (together the "Companies"). For the years ended March 31, 2007 and 2006, the accounts of 68 and 69 subsidiaries are consolidated, respectively. All significant inter-company transactions and accounts are eliminated in consolidation.

All assets and liabilities of the subsidiaries are revaluated on acquisitions, if applicable. The difference between the cost of investments in subsidiaries and the equity in their assets at the dates of acquisition is recognized on goodwill in the consolidated balance sheet and principally amortized by the straight-line method over 5 to 15 years, except for those recorded in U.S. subsidiaries.

The equity method of accounting is adopted for investments in major unconsolidated subsidiaries and affiliated companies. For the year ended March 31, 2007, the major unconsolidated subsidiary for which the equity method of accounting has been adopted was as follows:

TOSHIBA TEC NETHERLANDS RETAIL INFORMATION SYSTEMS B.V.  
The investments in the remaining unconsolidated subsidiaries and affiliated companies are stated at cost.

Certain subsidiaries have year end which differs from that of the Company. As a result, adjustments have been made for any significant transactions which 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 subsidiaries are translated into yen using the annual average rate during the year. The balance sheet accounts, except for the components of shareholders' equity, are translated at the rate in effect at the balance sheet date. The components of shareholders' equity are translated at their historical rates. Translation adjustments are presented as a component of "Valuation and Translation adjustments" under Net Assets in the consolidated balance sheets.

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 operations.

### (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 a component of "Valuation and Translation adjustments" under Net Assets in the consolidated balance sheets. 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 market, or at the cost determined by the specific cost method. Work-in-process is principally stated at the lower of cost, determined by the moving average method, or market, or at the cost determined by the specific cost method. Raw materials are principally stated at the lower of cost, determined by the moving average method, or market.

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

Property, plant and equipment are carried at cost. Material improvements are capitalized, but repair and maintenance including minor improvements are charged to income.

Depreciation of property, plant and equipment is generally computed by the declining-balance method for the Company and its domestic subsidiaries, and by the straight-line method for the overseas subsidiaries, at the rates based on the estimated useful lives of the respective assets. 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 11 years
Tools, furniture and fixtures	2 to 6 years

### (G) Intangible Assets and Amortization

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

Goodwill recognized through purchase and acquisition of subsidiary is basically amortized by the straight-line method over 5 to 15 years period. Concerning subsidiaries in U.S., goodwill is not amortized, but instead tested for impairment annually and when events or circumstances indicate it might be impaired, in accordance with the "Statement of Financial Accounting Standards No.142, 'Goodwill and Other Intangible Assets'".

### (H) 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.

### (I) Accrued bonuses to directors and corporate auditors

Effective for the year ended March 31, 2007, the Company and domestic consolidated subsidiaries have adopted an accounting standard for directors' bonuses.

The standard required that directors' bonuses be accounted for as an expense of the accounting period in which such bonuses were accrued.

As a result, operating income and income before taxes and minority interests decreased by ¥81 million (U.S. \$686 thousand).

### (J) Retirement Benefits

Upon retirement or termination of employment, employees of the Company and its domestic subsidiaries are generally entitled to lump-sum payments determined by reference to their current basic rate of pay, length of service and conditions under which the termination occurs.

The Company and domestic subsidiaries provide allowance for the retirement benefits and make contributions to a non-contributory tax-qualified pension plans (the "Funded Plan") for employees' severance indemnities payable, as part of the existing retirement plan.

Allowance for the employees' retirement benefits are determined mainly at the amount based on the retirement benefit obligation and the fair value of the pension plan assets, as adjusted for unrecognized actuarial gain or loss.

### (K) Leases

The Companies lease certain equipment under non-cancelable lease agreements referred to as finance leases. Finance leases other than those, which transfer the ownership of the leased property to the Companies, are primarily accounted for as operating leases.

### (L) 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 differences are expected to reverse.

Starting from the year ended March 31, 2007, the Company and its wholly owned domestic subsidiaries were permitted to file the consolidated tax return in Japan for the Corporate Tax purpose.

### (M) 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 operations, except for those which meet the criteria for the deferral hedge accounting under which unrealized gains or losses is deferred as assets or liabilities. Receivables and payables hedged by qualified forward foreign exchange contracts are translated at the corresponding foreign exchange contract rates.

### (N) Revenue Recognition

Sales are generally recognized at the time of shipment of the goods to customers except for sales of certain product, which are recorded in the accounts upon customer acceptance.

### (O) Research and Development Expenses

Research and development costs are charged to income as incurred.

### (P) Impairment of Fixed Assets

The Company and its domestic consolidated subsidiaries implemented a new accounting standard for the "impairment of fixed assets" from the year ended March 31, 2006. According to the accounting standard, fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For the year ended March 31, 2006, the loss on the impairment of tangible fixed assets was ¥60 millions.

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

The average interest rate for short-term loans outstanding at March 31, 2007 and 2006 is 4.8% and 4.3 %, respectively.

The long-term debt at March 31, 2007 and 2006, consists of the following :

	Millions of yen		Thousands of U.S.dollars
	2007	2006	2007
Long-term debt:			
Due serially through 2017, with interest rate of 4.81 %	¥1,292	¥2,588	\$10,944
	1,292	2,588	10,944
Less current portion	618	1,682	5,235
	¥674	¥906	\$5,709

The aggregate annual maturities of long-term debt (including the current portion) outstanding at March 31, 2007 are as follows:

Year ending March 31	Millions of yen	Thousands of U.S.dollars
2008	¥618	\$5,235
2009	668	5,659
2010	1	8
2011 and thereafter	5	42
	¥1,292	\$10,944

#### 4. Retirement Benefits

The Company and its domestic subsidiaries have defined benefit plans, i.e., the Funded Plans and the lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs.

The following table sets forth the funded status of the plans, and the amounts recognized in the consolidated balance sheets as of March 31, 2007 and 2006 for the Companies' defined benefit plans:

	Millions of yen		Thousands of U.S.dollars
	2007	2006	2007
Retirement benefit obligation	¥(69,639)	¥(65,464)	\$(589,911)
Plan assets	35,426	31,885	300,093
Unfunded retirement benefit obligation	(34,213)	(33,579)	(289,818)
Unrecognized actuarial gain or loss	3,570	5,054	30,241
Unrecognized past service cost	3,341	1,344	28,302
Net amount recognized in the consolidated balance sheet	(27,302)	(27,181)	(231,275)
Prepaid pension cost	70	127	593
Accrued retirement benefit obligation	¥(27,372)	¥(27,308)	\$(231,868)

The components of retirement benefit expenses for the years ended March 31, 2007 and 2006 are as follows:

	Millions of yen		Thousands of U.S.dollars
	2007	2006	2007
Service cost	¥3,099	¥3,092	\$26,252
Interest cost	1,326	1,311	11,233
Expected return on plan assets	(654)	(498)	(5,540)
Amortization of actuarial gain or loss	1,001	1,443	8,479
Amortization of past service cost	464	218	3,930
Total	¥5,236	¥5,566	\$44,354

Apart from the retirement benefit expenses above, additional retirement benefit payments are included in Non-operating expenses. The additional retirement benefit payments for the years ended March 31, 2007 and 2006 were ¥3,094 millions (\$26,209 thousands) and ¥1,410 millions, respectively.

The assumption used in accounting for the above plans in 2007 and 2006 are as follows:

	2007	2006
Discount rates	Mainly 2.0%	Mainly 2.0%
Expected return on assets	Mainly 2.0%	Mainly 2.0%
Amortization period of past service cost	10 years Straight-line method	10 years Straight-line method
Amortization period of actuarial gain or loss	10 years Straight-line method	10 years Straight-line method

#### 5. Contingent liabilities

Contingent liabilities at March 31, 2007 and 2006 are as follows:

	Millions of yen		Thousands of U.S.dollars
	2007	2006	2007
Trade notes receivable discounted or endorsed	¥1,658	¥7,253	\$14,045
Guarantees on lease contracts	730	112	6,184
Guarantees on employees' bank loans	1,117	1,325	9,462

#### 6. Selling, General and Administrative Expenses

Major components of selling, general and administrative expenses at March 31, 2007 and 2006 are as follows:

	Millions of yen		Thousands of U.S.dollars
	2007	2006	2007
Delivering expense	¥8,316	¥7,431	\$70,445
Advertising expense	4,084	4,486	34,596
Personal expense	95,601	89,032	809,835
Depreciation and amortization	4,068	4,202	34,460
Research and development expense	21,108	20,812	178,806
Other selling expense	19,657	15,425	166,514

#### 7. Non-Operating Income and Expenses - Other, Net

"Other, net" for the years ended March 31, 2007 and 2006, consists of the following :

	Millions of yen		Thousands of U.S.dollars
	2007	2006	2007
Write-down and disposal of inventories	¥(1,337)	¥(1,041)	\$(11,326)
Loss on sales or disposals of property, plant and equipment	(593)	(216)	(5,023)
Foreign exchange gain or loss	241	13	2,042
Other, net	(2,019)	(1,571)	(17,104)
	¥(3,708)	¥(2,815)	\$(31,411)

#### 8. Research and Development Expenses

Research and development costs charged to income for the years ended March 31, 2007 and 2006 are as follows:

	Millions of yen		Thousands of U.S.dollars
	2007	2006	2007
	¥29,529	¥27,603	\$250,140

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

The following table summarizes the difference between the statutory tax rate and the Company's effective tax rate for the years ended March 31, 2007.

There is no significant difference between the statutory tax rate (40.6%) and the Company's effective tax rate for the year ended March 31, 2006.

	2007
Statutory tax rate	40.6 %
Effect of :	
Different tax rates applied to income of foreign subsidiaries	(11.6)
Expenses not deductible for income tax purposes	2.1
Changes in valuation allowance	9.2
Corporation tax deduction for research expenditures	(6.0)
Other, net	1.1
	35.4 %

Significant components of the Companies' deferred tax assets and liabilities at March 31, 2007 and 2006 are as follows:

	Millions of yen		Thousands of U.S.dollars
	2007	2006	2007
<b>Deferred tax assets:</b>			
Accrued retirement benefits	¥11,025	¥10,788	\$93,393
Intangible assets	7,994	7,370	67,717
Accrued bonuses	3,777	3,483	31,995
Elimination of consolidated unrealized gains	2,254	2,908	19,094
Other	10,029	6,424	84,955
	35,079	30,973	297,154
Valuation allowance	(2,301)	(527)	(19,492)
	32,778	30,446	277,662
<b>Deferred tax liabilities:</b>			
Retained earnings appropriated for tax allowable reserves	643	474	5,447
Unrealized gains on securities	729	837	6,175
Other	132	276	1,118
	1,504	1,587	12,740
Net deferred tax assets	¥31,274	¥28,859	\$264,922

## 10. Leases

### (A) Finance leases

The following pro forma amounts represent the acquisition cost, accumulated depreciation and net book value of leased property as of March 31, 2007 and 2006, which would have been reflected in the consolidated balance sheets if the finance lease accounting had been applied to the finance lease transactions currently accounted for as operating leases:

	2007			2006		
	Acquisition cost	Accumulated depreciation	New book value	Acquisition cost	Accumulated depreciation	New book value
Machinery and equipment	¥347	¥186	¥161	¥304	¥155	¥149
Tools, furniture and fixtures	270	134	136	210	108	102
	¥617	¥320	¥297	¥514	¥263	¥251

	Thousands of U.S.dollars		
	2007	2007	2006
	Acquisition cost	Accumulated depreciation	New book value
Machinery and equipment	\$2,939	\$1,576	\$1,363
Tools, furniture and fixtures	2,287	1,135	1,152
	\$5,226	\$2,711	\$2,515

- (1) Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2007 and 2006 for finance lease transactions accounted for as operating leases are summarized as follows:

	Millions of yen		Thousands of U.S.dollars
	2007	2006	2007
Due within one year	¥88	¥83	\$745
Due after one year	210	168	1,779
	¥298	¥251	\$2,524

- (2) Lease payments for the years ended March 31, 2007 and 2006, are ¥90 millions (\$762 thousands) and ¥84 millions, respectively.

### (B) Operating leases

Future minimum lease payments subsequent to March 31, 2007 and 2006 for noncancelable operating leases are summarized as follows:

	Millions of yen		Thousands of U.S.dollars
	2007	2006	2007
Due within one year	¥129	¥138	\$1,093
Due after one year	180	52	1,525
	¥309	¥190	\$2,618

## 11. Securities

- (1) Information regarding marketable Other Securities as of March 31, 2007 and 2006 is as follows:

	Millions of yen					
	2007			2006		
	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:						
Stocks	¥946	¥2,565	¥1,619	¥1,231	¥3,078	¥1,847
Securities whose acquisition cost exceeds their carrying value:						
Stocks	282	244	(38)	31	29	(2)
Total	¥1,228	¥2,809	¥1,581	¥1,262	¥3,107	¥1,845

	Thousands of U.S.dollars		
	2007	2007	2006
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stocks	\$8,013	\$21,728	\$13,715
Securities whose acquisition cost exceeds their carrying value:			
Stocks	2,389	2,067	(322)
Total	\$10,402	\$23,795	\$13,393

- (2) The proceeds from sales of securities, except those of the affiliated companies, for the years ended March 31, 2007 and 2006 were ¥552 millions (\$4,676 thousands) and ¥693 millions, respectively. The realized gains on those sales for the years ended March 31, 2007 and 2006 were ¥405 millions (\$3,431 thousands) and ¥425 millions, respectively. The realized losses on those sales for the year ended March 31, 2006 were ¥7 millions.

## 12. Derivative Financial Instruments

Fair value information of the derivative financial instruments at March 31, 2007 and 2006 is summarized below according to the disclosure requirements applicable to the respective year:

	Millions of yen					
	2007			2006		
	Contract amount	Fair value	Unrealized gain (loss)	Contract amount	Fair value	Unrealized gain (loss)
Forward exchange contracts:						
Sell Euros and others	¥2,812	¥2,817	¥(5)	¥1,391	¥1,400	¥(9)

	Thousands of U.S.dollars		
	2007	2007	2006
	Contract amount	Fair value	Unrealized gain (loss)
Forward exchange contracts:			
Sell Euros and others	\$23,820	\$23,863	\$(43)

Above forward exchange contracts are taken by the Company to hedge the foreign currency risk on inter-company transactions. They meet the criteria for deferral hedge accounting, and holding gains or losses of these financial instruments are deferred in the Non-Consolidated Financial Statements of the Company.



## 13. Segment Information

### (A) Business Segment

The Companies operate in three business segments.

The products line up of these segments is presented on the second page of this report.

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
<b>Net Sales</b>			
Retail Information Systems			
Unaffiliated customers	¥193,963	¥171,667	\$1,643,058
Intersegment	2,407	2,021	20,390
Total	196,370	173,688	1,663,448
Document Processing & Telecommunication Systems			
Unaffiliated customers	302,891	256,829	2,565,786
Intersegment	8,203	6,735	69,487
Total	311,094	263,564	2,635,273
Home Electric Appliances & Others			
Unaffiliated customers	13,992	14,905	118,526
Intersegment	231	239	1,957
Total	14,223	15,144	120,483
Eliminations	(10,841)	(8,994)	(91,834)
Consolidated	¥510,846	¥443,402	\$4,327,370
<b>Operating Income</b>			
Retail Information Systems	¥9,046	¥7,892	\$76,629
Document Processing & Telecommunication Systems	13,239	9,522	112,147
Home Electric Appliances & Others	386	(257)	3,270
Eliminations	0	0	0
Consolidated	¥22,671	¥17,157	\$192,046
<b>Identifiable Assets</b>			
Retail Information Systems	¥79,209	¥68,515	\$670,978
Document Processing & Telecommunication Systems	221,240	206,946	1,874,121
Home Electric Appliances & Others	9,108	7,364	77,154
Corporate and Eliminations	48,696	40,651	412,503
Consolidated	¥358,253	¥323,476	\$3,034,756
<b>Depreciation and Amortization</b>			
Retail Information Systems	¥2,919	¥2,874	\$24,727
Document Processing & Telecommunication Systems	10,710	9,376	90,724
Home Electric Appliances & Others	636	754	5,388
Consolidated	¥14,265	¥13,004	\$120,839
<b>Capital Expenditures</b>			
Retail Information Systems	¥2,757	¥3,710	\$23,355
Document Processing & Telecommunication Systems	11,576	12,626	98,060
Home Electric Appliances & Others	693	985	5,870
Consolidated	¥15,026	¥17,321	\$127,285

(Note) Corporate assets mainly consist of cash, time deposits, securities and investments with financial institutions of the Company. Corporate assets at March 31, 2007 and 2006, are ¥49,565 millions (\$419,864 thousands) and ¥41,096 millions, respectively.

### (B) Geographic Segments

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
<b>Net Sales</b>			
Japan			
Unaffiliated customers	¥270,336	¥219,491	\$2,290,013
Intersegment	85,769	86,208	726,548
Total	356,105	305,699	3,016,561
American States			
Unaffiliated customers	103,117	93,744	873,503
Intersegment	1,121	532	9,496
Total	104,238	94,276	882,999
Europe			
Unaffiliated customers	99,679	95,107	844,380
Intersegment	6,189	8,417	52,426
Total	105,868	103,524	896,806
Asia and others			
Unaffiliated customers	37,714	35,060	319,475
Intersegment	68,116	55,614	577,010
Total	105,830	90,674	896,485
Eliminations	(161,195)	(150,771)	(1,365,481)
Consolidated	¥510,846	¥443,402	\$4,327,370
<b>Operating Income</b>			
Japan	¥7,064	¥6,348	\$59,839
American States	4,479	2,770	37,942
Europe	2,277	2,038	19,288
Asia and others	7,285	6,380	61,711
Eliminations	1,566	(379)	13,266
Consolidated	¥22,671	¥17,157	\$192,046
<b>Identifiable Assets</b>			
Japan	¥247,958	¥227,299	\$2,100,449
American States	40,585	42,549	343,795
Europe	67,399	64,176	570,936
Asia and others	46,084	45,525	390,377
Corporate and Eliminations	(43,773)	(56,073)	(370,801)
Consolidated	¥358,253	¥323,476	\$3,034,756

(Note1) 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
  1. American States  
U.S.A., Canada, Mexico, Puerto Rico, Panama, Venezuela, Brazil, Chile
  2. Europe  
U.K., France, Germany, Belgium, Spain, Netherlands, Sweden, Norway, Denmark, Finland
  3. Asia and Others  
Singapore, Malaysia, Indonesia, China, Australia

(Note2) Corporate assets mainly consist of cash, time deposits, securities and investments with financial institutions of the Company. Corporate assets at March 31, 2007 and 2006, are ¥49,565 millions (\$419,864 thousands) and ¥41,096 millions, respectively.

### (C) Net Sales by Region

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
<b>Net Sales</b>			
Japan	¥239,985	¥190,576	\$2,032,910
American States	125,786	116,860	1,065,532
Europe	109,501	103,112	927,582
Asia and others	35,574	32,854	301,346
Net sales	¥510,846	¥443,402	\$4,327,370

(Note) Net sales by region are determined based upon the locations of the customers. Therefore, this information is different from the net sales for geographic segments, which are determined based upon where the sales originated.

## 14. Transactions with Related Parties

### (A) Transactions with Fellow Subsidiaries for the year ended March 31, 2006

Status	Name	Address	Capital (Millions of yen)	Business	Percentage of voting rights held (%)
Subsidiary of the parent company	Toshiba Capital Corporation	Minato-ku, Tokyo	100	Financing of TOSHIBA Group domestic companies	None
Relationship		Transactions	Transaction Amounts (Millions of yen)	Account item	Balance at Fiscal Year End (Millions of yen)
Dispatch of executive officers, etc.	Business Relationship				
None	Deposits of funds	Deposits of funds	34,421	Cash and Cash equivalents	34,421

(Note) Transaction Amounts are Balance at Fiscal Year End.

Policy for determining trade terms and other related matters  
Depositing funds are determined from Market rates and offers from third party interests rates.

### (B) Transactions with Fellow Subsidiaries for the year ended March 31, 2007

Status	Name	Address	Capital (Millions of yen)	Business	Percentage of voting rights held (%)
Subsidiary of the parent company	Toshiba Consumer Marketing Corporation	Chiyoda-ku, Tokyo	3,000	Business planning and sales of home appliances and domestic sales of IT products and visual equipments for the consumer market	None
Relationship		Transactions	Transaction Amounts (Millions of yen)	Account item	Balance at Fiscal Year End (Millions of yen)
Dispatch of executive officers, etc.	Business Relationship				
None	Sales of our products	Sales of home electric appliances, etc.	11,895	Trade notes and account receivable	4,439

Policy for determining trade terms and other related matters  
As in the case of general trade terms, sales of products are determined from market prices and overall costs.

Status	Name	Address	Capital (Millions of yen)	Business	Percentage of voting rights held (%)
Subsidiary of the parent company	Toshiba Solutions Corporation	Minato-ku, Tokyo	20,000	Development, designing, manufacturing, sales and maintenance of computer systems and communication systems, etc.	None
Relationship		Transactions	Transaction Amounts (Millions of yen)	Account item	Balance at Fiscal Year End (Millions of yen)
Dispatch of executive officers, etc.	Business Relationship				
None	Sales of our products	Sales of document processing and telecommunication equipments, etc.	7,897	Trade notes and account receivable	6,684

Policy for determining trade terms and other related matters  
As in the case of general trade terms, sales of products are determined from market prices and overall costs.

Status	Name	Address	Capital (Millions of yen)	Business	Percentage of voting rights held (%)
Subsidiary of the parent company	Toshiba Capital Corporation	Minato-ku, Tokyo	100	Financing of TOSHIBA Group domestic companies	None
Relationship		Transactions	Transaction Amounts (Millions of yen)	Account item	Balance at Fiscal Year End (Millions of yen)
Dispatch of executive officers, etc.	Business Relationship				
None	Deposits of funds	Deposits of funds	38,486	Cash and Cash equivalents	38,486

(Note) Transaction Amounts are Balance at Fiscal Year End.

Policy for determining trade terms and other related matters  
Depositing funds are determined from Market rates and offers from third party interests rates.

## 15. Subsequent Event

Under the resolution of the board of directors' meeting held on December 25th, 2006, the business transfer of Home Electric Appliances was carried out on June 1st, 2007.

### (1) Background

The Home Electric Appliances business was transferred to TOSHIBA HA PRODUCTS Co., Ltd., a subsidiary of TOSHIBA CONSUMER MARKETING CORPORATION to unify development, manufacturing and sales of the home electric appliances business for more efficient business operations in the TOSHIBA group.

This enabled us to strengthen our operation, concentrating in Retail Information Systems business and Document Systems and Telecommunications business.

### (2) Business Segment Affected

Home Electric Appliances business is included in the business segment "Home Electric Appliances & Others".

### (3) Consideration and Gain

The Home Electric Appliances business was sold for ¥1,886 million (\$15,976 thousand) with the related gain on sales of ¥225 million (\$1,909 thousand).

# Supplemental Information

## Non-Consolidated Balance Sheets

March 31, 2007 and 2006

ASSETS	Millions of yen		Thousands of U.S.dollars
	2007	2006	2007
<b>Current assets</b>			
Cash and time deposits	¥47,856	¥38,937	\$405,388
Trade notes and accounts receivable	54,467	24,934	461,389
Inventories:			
Finished goods	15,730	10,266	133,249
Work-in-process and raw materials	4,734	4,899	40,102
Deferred income taxes	5,783	4,210	48,988
Prepaid expenses and other current assets	12,045	11,356	102,032
Allowance for doubtful accounts	(769)	(420)	(6,514)
<b>Total current assets</b>	<b>139,846</b>	<b>94,182</b>	<b>1,184,634</b>
<b>Fixed assets</b>			
Property, plant and equipment:			
Land	1,837	4,717	15,561
Buildings and structures	19,315	20,125	163,617
Machinery and equipment	10,956	10,785	92,808
Tools, furniture and fixtures	44,983	46,318	381,051
Construction in progress	546	1,387	4,625
Less accumulated depreciation	(59,525)	(59,959)	(504,235)
	18,112	23,373	153,427
Intangible assets:			
Other intangible assets	3,468	3,544	29,377
	3,468	3,544	29,377
Investments and other assets:			
Investment securities			
Subsidiaries and affiliates	53,931	54,621	456,849
Other	4,505	4,537	38,162
Deferred income taxes	15,066	14,379	127,624
Other investments and other assets	3,171	3,291	26,861
Allowance for doubtful accounts	(103)	(112)	(873)
	76,570	76,716	648,623
<b>Total fixed assets</b>	<b>98,150</b>	<b>103,633</b>	<b>831,427</b>
<b>Total assets</b>	<b>¥237,996</b>	<b>¥197,815</b>	<b>\$2,016,061</b>

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S.dollars
	2007	2006	2007
<b>Current liabilities</b>			
Trade notes and accounts payable	¥60,102	¥39,733	\$509,123
Current portion of long-term debt	1	2	8
Accrued bonuses to directors and corporate auditors	46	-	390
Accrued income taxes	4,577	465	38,772
Other payables and current liabilities	40,712	27,615	344,871
<b>Total current liabilities</b>	<b>105,438</b>	<b>67,815</b>	<b>893,164</b>
<b>Long-term liabilities</b>			
Long-term debt	7	15	59
Accrued retirement benefits	19,418	19,412	164,490
Other long-term liabilities	94	79	796
<b>Total long-term liabilities</b>	<b>19,519</b>	<b>19,506</b>	<b>165,345</b>
<b>Total liabilities</b>	<b>124,957</b>	<b>87,321</b>	<b>1,058,509</b>
<b>Shareholders' equity</b>			
Common stock			
Authorized-1,000,000,000 shares			
Issued- 288,145,704 shares	39,971	39,971	338,594
Capital surplus	52,987	52,986	448,852
Retained earnings :			
Voluntary reserve	14,944	12,717	126,590
Unappropriated	8,475	7,254	71,792
Less treasury stock, at cost:			
10,489,478 shares in 2007	(4,062)	-	(34,409)
9,143,293 shares in 2006	-	(3,318)	-
<b>Total shareholders' equity</b>	<b>112,315</b>	<b>109,610</b>	<b>951,419</b>
<b>Valuation and Translation adjustment</b>			
Unrealized holding gains on securities	721	884	6,108
Net Deferred profits on hedges	3	-	25
<b>Total valuation and translation adjustments</b>	<b>724</b>	<b>884</b>	<b>6,133</b>
<b>Total Net assets</b>	<b>113,039</b>	<b>110,494</b>	<b>957,552</b>
<b>Total liabilities and Net assets</b>	<b>¥237,996</b>	<b>¥197,815</b>	<b>\$2,016,061</b>

# Supplemental Information

## Non-Consolidated Statements of Operations and Retained Earnings

Years ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S.dollars
	2007	2006	2007
Net sales	¥297,996	¥253,931	\$2,524,320
Cost of sales	226,782	185,035	1,921,067
<b>Gross profit</b>	71,214	68,896	603,253
Selling, general and administrative expenses	66,915	65,176	566,836
<b>Operating income</b>	4,299	3,720	36,417
Non-operating income and expenses:			
Interest and dividend income	8,555	7,083	72,469
Gains on sale of land and training facility	3,008	-	25,481
Interest expense	(19)	(15)	(161)
Expenses of extra pension for early retirement	(1,904)	(589)	(16,129)
Loss on valuation of investment in affiliates	(3,010)	-	(25,498)
Loss on sale of land and recreation facility	(563)	-	(4,769)
Loss on impairment of fixed assets	-	(60)	-
Other, net	(2,725)	(1,677)	(23,083)
<b>Income before income taxes</b>	7,641	8,462	64,727
Income taxes:			
Current	3,525	(208)	29,861
Deferred	(2,150)	1,704	(18,213)
<b>Net income</b>	6,266	6,966	53,079
Unappropriated retained earnings at beginning of year	-	4,534	-
Transfer from voluntary reserve	-	25	-
Appropriation of retained earnings:			
Cash dividends	-	(1,116)	-
Bonuses to directors and corporate auditors	-	(39)	-
Transfer to voluntary reserve	-	(2,000)	-
Cash interim dividends	-	(1,116)	-
Unappropriated retained earnings at end of year	-	¥7,254	-



## Report of Independent Auditors

The Board of Directors  
TOSHIBA TEC CORPORATION

We have audited the accompanying consolidated balance sheets of TOSHIBA TEC CORPORATION and consolidated subsidiaries as of March 31, 2007 and 2006, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of TOSHIBA TEC CORPORATION and consolidated subsidiaries at March 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As discussed in Note 15 to the consolidated financial statements, under the resolution of the board of directors' meeting held on December 25, 2006, TOSHIBA TEC CORPORATION carried out the business transfer of Home Electric Appliances on June 1, 2007.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2007 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.



June 28, 2007

# TOSHIBA TEC CORPORATION

## Corporate Data

2-17-2 Higashi Gotanda, Shinagawa-ku, Tokyo 141-8664 Japan  
Tel: +81-3-6422-7000  
Fax: +81-3-6422-7111  
<http://www.toshibatec.co.jp/>  
Established: February 21, 1950  
Employees: 3,950 <Consolidated: 19,958> (as of March 2007)  
Common Stock: ¥39,971 million (as of March 2007)  
Stock Listing: Tokyo Stock Exchange (1st Section)

## Board of Directors and Corporate Auditors

President and Chief Executive Officer (as of June 28, 2007)  
◇Yoshihiro Maeda

Directors

◇Tetsuo Satofuka  
◇Yoshiyasu Kikuchi  
Osamu Saito  
Mamoru Suzuki  
Ippei Futaki  
Hidejiro Shimomitsu

◇:Representative Director

Corporate Auditors

Teruo Miyamoto  
Noriyuki Nakamura  
Hiroshi Inazuka  
Yoshinori Kubota

## Main Consolidated Companies (as of March 31, 2007)

- TOSEI DENKI CO., LTD.
- TEC PRECISION CO., LTD.
- TEC APPLIANCE CO., LTD.
- TOSHIBA TEC BUSINESS SOLUTIONS CORPORATION
- TEC ENGINEERING CORPORATION
- TER CO., LTD.
- TEC INFORMATION SYSTEMS CORPORATION
- TOSHIBA COPYING MACHINE (Shenzhen) CO., LTD.\*1
- TOSHIBA TEC RETAIL INFORMATION SYSTEMS (Shenzhen) CO., LTD.\*1
- TOSHIBA TEC EUROPE IMAGING SYSTEMS S.A.
- TIM ELECTRONICS SDN. BHD.
- TEC SINGAPORE ELECTRONICS PTE. LTD.\*2
- P.T. TEC INDONESIA
- TOSHIBA TEC AMERICA RETAIL INFORMATION SYSTEMS, INC.
- TOSHIBA AMERICA BUSINESS SOLUTIONS, INC.
- TOSHIBA TEC EUROPE RETAIL INFORMATION SYSTEMS S.A.
- TOSHIBA TEC NORDIC AB
- TOSHIBA TEC U.K. IMAGING SYSTEMS LTD.
- TOSHIBA TEC GERMANY IMAGING SYSTEMS GmbH
- TOSHIBA TEC FRANCE IMAGING SYSTEMS S.A.
- TOSHIBA TEC (H.K.) LOGISTICS & PROCUREMENT LTD.

\*1 TOSHIBA COPYING MACHINE (Shenzhen) Co., LTD. merged  
TOSHIBA TEC RETAIL INFORMATION SYSTEMS (Shenzhen) Co., LTD.  
and changed its company's name into  
TOSHIBA TEC INFORMATION SYSTEMS (Shenzhen) Co., LTD. as of April 1, 2007.

\*2 TEC SINGAPORE ELECTRONICS PTE. LTD. changed its company's name into  
TOSHIBA TEC SINGAPORE ELECTRONICS PTE. LTD. as of April 1, 2007.



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