

ANNUAL REPORT 2008

For the Year Ended March 31,2008

Financial Highlights

Years ended March 31

Consolidated	Millions of yen					Thousands of U.S.dollars
	2004	2005	2006	2007	2008	2008
Net sales	¥355,113	¥376,187	¥443,402	¥510,846	¥492,970	\$4,920,351
Operating income	15,034	16,195	17,157	22,671	26,075	260,256
Net income	7,991	6,348	6,034	10,763	13,382	133,566
Total assets	256,311	270,056	323,476	358,253	313,900	3,133,047
Total net assets *	–	–	148,423	158,813	161,169	1,608,634
Total shareholders' equity	116,218	119,779	128,066	–	–	–

Per share data:	Yen					U.S.dollars
	2004	2005	2006	2007	2008	2008
Net income –						
Basic	¥28.16	¥22.44	¥21.40	¥38.72	¥48.20	\$0.481
Total shareholders' equity	414.18	428.88	458.80	494.73	504.00	5.030

Non-Consolidated	Millions of yen					Thousands of U.S.dollars
	2004	2005	2006	2007	2008	2008
Net sales	¥245,288	¥257,510	¥253,931	¥297,996	¥266,537	\$2,660,315
Operating income	6,851	5,691	3,720	4,299	5,008	49,985
Net income	3,528	4,055	6,966	6,266	7,777	77,623
Common stock	39,971	39,971	39,971	39,971	39,971	398,952
Total assets	187,526	198,634	197,815	237,996	204,069	2,036,820
Total net assets *	–	–	110,494	113,039	117,124	1,169,019
Total shareholders' equity	103,844	105,248	110,494	–	–	–

Per share data:	Yen					U.S.dollars
	2004	2005	2006	2007	2008	2008
Net income –						
Basic	¥12.41	¥14.33	¥24.84	¥22.54	¥28.01	\$0.280
Cash dividends	6.00	8.00	9.00	11.00	12.00	0.120
Total shareholders' equity	370.14	376.91	395.91	407.11	421.99	4.212

The dollar amounts in this report represent translations of yen, for convenience only, at the rate of ¥100.19=US\$1.00, the exchange rate prevailing on March 31, 2008.

* 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 2007

The Japanese economy in the consolidated fiscal year 2007 slowed down, due to the increasing cost of crude oil and raw materials, with sluggish growth of personal consumption and capital expenditure, although exportation continued gradual growth.

As for business conditions outside Japan, the US economy declined rapidly because of sub-prime loan concerns and rising prices of resources. The economy in Europe maintained its stability and the Asian economy continued growing.

Under these economic circumstances, the Toshiba TEC Group was committed to achieving its Group Mid-term Business Plan of “Realize sustained growth with profit”. Specifically, sales channels of main products were expanded by promoting solutions, manufacturing technologies were developed by improving cost, quality and delivery competitiveness, and its management culture was improved by the business process reform in development, procurement, production and sales activities.

On June 1, 2007, the Home Electric Appliances business was transferred to TOSHIBA HA PRODUCTS Co., Ltd. In addition, on December 28, 2007, bar-code business was transferred from TOHOKU RICOH Co., Ltd. and strong operating bases were built by focusing management resources on Retail Information Systems Business and Document Systems and Telecommunications Business.

Sales amounted to 492,970 million yen, a 3% decrease over the previous consolidated fiscal year. MFP sales have increased but it is mainly due to the business transfer of the Home Electric Appliances business. An increase in revenue through focusing on high value-added products resulted in an increase in operating income of 15% over the previous consolidated fiscal year to 26,075 million yen, and an increase in net income of 24% to 13,382 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 2007 were determined as follows:

The interim dividend was 5.5 yen per share, the year-end dividend was 6.5 yen per share, and the annual dividend was increased to 12 yen per share with an increase of 1 yen over the previous business fiscal year.

Issues to be Addressed

The future of the Japanese economy is expected to go back and forth with concern of recession, due to increasing cost of resources and the economic slowdown of the U.S with sluggish growth of personal consumption and exportation.

As for business conditions outside Japan, the US economy and the economy in Europe will decline because of sub-prime loan problems and rising prices of resources. The Asian economy is expected to continue growing.

Under these economic circumstances, the Toshiba TEC Group is committed to achieving its business policy of “Realize sustained growth with profit” . We will make concerted efforts together to reinforce our management base, by developing and releasing new products, strengthening manufacturing technologies, improving sales quality and sales efficiency, expanding key business areas, making inroads into peripheral areas and prospective markets, along with increasing resource efficiency.

Additionally, aiming at more flexible business system that can respond to changes of business circumstances, effective for April 1, 2008, we will make efforts to develop our business under the new business operation system; Retail Solution Business Group, Document Systems Business Group and Auto ID & Printer Business Group, etc.

In the fiscal year 2008, we will embrace every endeavor to implement measures including the following and thus develop our group's business.

Main measures of each business group as of Financial Year 2008 are as follows.

Retail Solution Business Group

The Retail Solution Business Group includes the development, production, and sales and maintenances services for products such as POS systems, Cash register, Scales and other OA equipment. We will concentrate our efforts on further improving our sales capabilities in Japan to expand sales of our retail solution equipment and systems, while further expanding the scale of our operations via improvements on agency networking outside Japan.

Document Systems Business Group

The Document Systems Business Group includes the development, production, sales and maintenances services for products such as MFPs, Facsimiles, Inkjet heads, etc. We are committed to expanding our sales and improving our earning power, by development, release and expanding sales of strategic products such as full-color MFPs, focusing more on emerging markets such as Brazil, Russia, India and China, while enhancing cost competitiveness by shifting to self-manufacturing main parts.

Auto ID & Printer Business Group

The Auto ID & Printer Business Group includes the development, production, sales and maintenances services for products such as Bar-code systems, RFID systems*, Printers, Specialized terminals, etc. We will strive to expand our sales and strengthen our business base under the new system for expanding our lines by intensifying the domestic and international sales network, cultivating new markets and customers and releasing new products, etc.

*RFID (Radio Frequency Identification) is an automatic identification method that can retrieve data with ID tags attached to products.

Consolidated Balance Sheets

March 31, 2008 and 2007

ASSETS	Millions of yen		Thousands of U.S.dollars (Note 1)
	2008	2007	2008
Current assets			
Cash and cash equivalents	¥63,958	¥79,736	\$638,367
Trade notes and accounts receivable	76,995	87,847	768,490
Inventories	40,328	50,746	402,515
Deferred income taxes (Note 9)	10,537	10,868	105,170
Prepaid expenses and other current assets	10,511	10,962	104,911
Allowance for doubtful accounts	(3,239)	(3,512)	(32,329)
Total current assets	199,090	236,647	1,987,124
Fixed assets			
Property, plant and equipment:			
Land	2,874	2,777	28,685
Buildings and structures	28,985	29,270	289,300
Machinery and equipment	31,912	34,035	318,515
Tools, furniture and fixtures	55,805	63,691	556,992
Construction in progress	3,856	1,147	38,487
Less accumulated depreciation	(89,730)	(96,308)	(895,598)
	33,702	34,612	336,381
Intangible assets:			
Goodwill	41,223	39,100	411,448
Other intangible assets	6,881	7,578	68,680
	48,104	46,678	480,128
Investments and other assets:			
Investment securities: (Note 11)			
Unconsolidated subsidiaries and affiliates	222	7,801	2,216
Other	3,966	4,762	39,585
Deferred income taxes (Note 9)	21,485	20,406	214,442
Other investments and other assets	7,471	7,469	74,568
Allowance for doubtful accounts	(140)	(122)	(1,397)
	33,004	40,316	329,414
Total fixed assets	114,810	121,606	1,145,923
Total assets	¥313,900	¥358,253	\$3,133,047

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)
	2008	2007	2008
Current liabilities			
Trade notes and accounts payable	¥46,364	¥72,330	\$462,761
Short-term loans (Note 3)	13,853	18,468	138,267
Current portion of long-term debt (Note 3)	621	618	6,198
Accrued income and other taxes	3,524	8,534	35,173
Accrued bonuses to directors and corporate auditors	92	81	918
Other current liabilities	58,645	66,975	585,339
Total current liabilities	123,099	167,006	1,228,656
Long-term liabilities			
Long-term debt (Note 3)	28	674	280
Accrued retirement benefits (Note 4)	27,515	27,372	274,628
Allowance for retirement benefits for directors and corporate auditors	349	298	3,483
Other long-term liabilities	1,740	4,090	17,367
Total long-term liabilities	29,632	32,434	295,758
Total liabilities	152,731	199,440	1,524,414
Contingent liabilities (Note 5)			
Shareholders' equity			
Common stock			
Authorized-1,000,000,000 shares			
Issued- 288,145,704 shares	39,971	39,971	398,952
Capital surplus	52,989	52,987	528,885
Retained earnings	51,113	42,452	510,161
Less treasury stock, at cost:			
10,598,347 shares in 2008	(4,141)	-	(41,331)
10,489,478 shares in 2007	-	(4,062)	-
Total shareholders' equity	139,932	131,348	1,396,667
Valuation and translation adjustment			
Unrealized holding gains on securities	613	1,058	6,118
Net deferred profits on hedges	-	3	-
Foreign currency translation adjustments	(659)	4,957	(6,578)
Total valuation and translation adjustments	(46)	6,018	(460)
Minority interest in consolidated subsidiaries	21,283	21,447	212,426
Total net assets	161,169	158,813	1,608,633
Total liabilities and net assets	¥313,900	¥358,253	\$3,133,047

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2008 and 2007

Millions of yen					
Shareholders' equity					
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 31, 2006	¥39,971	¥52,986	¥34,540	¥(3,318)	¥124,179
Net income for the year	-	-	10,763	-	10,763
Cash dividends (Note 17)	-	-	(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	-	-	(9)	-	(9)
Balance at March 31, 2007	¥39,971	¥52,987	¥42,452	¥(4,062)	¥131,348

Millions of yen						
Valuation and Translation adjustments						
	Net unrealized holding gain on securities	Net deferred profits on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
Balance at March 31, 2006	¥1,218	-	¥2,669	¥3,887	¥20,357	¥148,423
Net income for the year	-	-	-	-	-	10,763
Cash dividends (Note 17)	-	-	-	-	-	(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	3,212
Balance at March 31, 2007	¥1,058	¥3	¥4,957	¥6,018	¥21,447	¥158,813

Millions of yen					
Shareholders' equity					
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 31, 2007	¥39,971	¥52,987	¥42,452	¥(4,062)	¥131,348
Net income for the year	-	-	13,382	-	13,382
Cash dividends (Note 17)	-	-	(3,193)	-	(3,193)
Purchases of treasury stock	-	-	-	(81)	(81)
Retirement of treasury stock	-	2	-	2	4
Changes by revision of consolidation scope	-	-	(1,528)	-	(1,528)
Other, net	-	-	-	-	-
Balance at March 31, 2008	¥39,971	¥52,989	¥51,113	¥(4,141)	¥139,932

Millions of yen						
Valuation and Translation adjustments						
	Net unrealized holding gain on securities	Net deferred profits on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
Balance at March 31, 2007	¥1,058	3	¥4,957	¥6,018	¥21,447	¥158,813
Net income for the year	-	-	-	-	-	13,382
Cash dividends (Note 17)	-	-	-	-	-	(3,193)
Purchases of treasury stock	-	-	-	-	-	(81)
Retirement of treasury stock	-	-	-	-	-	4
Changes by revision of consolidation scope	-	-	-	-	-	(1,528)
Other, net	(445)	(3)	(5,616)	(6,064)	(164)	(6,228)
Balance at March 31, 2008	¥613	-	¥(659)	¥(46)	¥21,283	¥161,169

Thousands of U.S. dollars					
Shareholders' equity					
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 31, 2007	\$398,952	\$528,865	\$423,715	\$ (40,543)	\$1,310,989
Net income for the year	-	-	133,566	-	133,566
Cash dividends (Note 17)	-	-	(31,869)	-	(31,869)
Purchases of treasury stock	-	-	-	(808)	(808)
Retirement of treasury stock	-	20	-	20	40
Changes by revision of consolidation scope	-	-	(15,251)	-	(15,251)
Other, net	-	-	-	-	-
Balance at March 31, 2008	\$398,952	\$528,885	\$510,161	\$ (41,331)	\$1,396,667

Thousands of U.S. dollars						
Valuation and Translation adjustments						
	Net unrealized holding gain on securities	Net deferred profits on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
Balance at March 31, 2007	\$10,560	30	\$49,476	\$60,066	\$214,063	\$1,585,118
Net income for the year	-	-	-	-	-	133,566
Cash dividends (Note 17)	-	-	-	-	-	(31,869)
Purchases of treasury stock	-	-	-	-	-	(808)
Retirement of treasury stock	-	-	-	-	-	40
Changes by revision of consolidation scope	-	-	-	-	-	(15,251)
Other, net	(4,442)	(30)	(56,054)	(60,526)	(1,637)	(62,163)
Balance at March 31, 2008	\$6,118	-	\$ (6,578)	\$ (460)	\$212,426	\$1,608,633

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.
 Numbers of shares in issue: 288,145,704 shares in 2008

Consolidated Statements of Cash Flows

Years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S.dollars (Note 1)
	2008	2007	2008
Cash flows from operating activities			
Income before income taxes and minority interest	¥22,241	¥19,079	\$221,988
Adjustment to reconcile income before income taxes and minority interest to net cash provided by operating activities:			
Depreciation and amortization	13,821	14,265	137,948
Allowance for doubtful accounts	(252)	585	(2,515)
Accrual for retirement benefits, less payments	(185)	64	(1,846)
Interest and dividend income	(1,514)	(1,178)	(15,111)
Interest expense	824	909	8,224
Equity in earnings of affiliates	-	(335)	-
Gain on sales of land and training facility	-	(3,008)	-
Loss on sales or disposal of fixed assets	327	593	3,264
Loss on sales of land and recreation facility	-	563	-
Gain on sales of investment securities	-	(405)	-
Loss on sales of investment securities	7	-	70
Write down of investment securities	141	108	1,407
Gain on business transfer of Home Electric Appliances business (Note 14)	(225)	-	(2,246)
Restructuring cost	947	-	9,452
Expenses of extra pension for early retirement	-	2,933	-
Changes in assets and liabilities:			
Notes and accounts receivable	12,192	(14,857)	121,689
Inventories	8,799	(2,036)	87,823
Notes and accounts payable	(25,802)	15,904	(257,531)
Other	(9,211)	12,685	(91,935)
Sub Total	<u>22,110</u>	<u>45,869</u>	<u>220,681</u>
Interest and dividend income received	1,523	1,194	15,201
Interest expense payments	(832)	(895)	(8,304)
Payments of extra pension for early retirement	(1,486)	(463)	(14,832)
Income taxes payments	(12,301)	(5,192)	(122,777)
Income taxes refund	-	723	-
Net cash provided by operating activities	<u>9,014</u>	<u>41,236</u>	<u>89,969</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	(10,800)	(7,960)	(107,795)
Proceeds from sales of property, plant and equipment	413	5,949	4,122
Acquisition of intangible assets	(4,501)	(6,636)	(44,925)
Acquisition of investment securities	(204)	(854)	(2,036)
Acquisition of investments in newly consolidated subsidiaries (Note 15)	(533)	-	(5,320)
Proceeds from sales of investment securities	19	563	190
Payments of loan receivable	(38)	(45)	(379)
Proceeds from loan receivable	63	65	629
Proceeds from business transfer of Home Electric Appliances business (Note 14)	1,886	-	18,824
Other	177	(440)	1,766
Net cash used in investing activities	<u>(13,518)</u>	<u>(9,358)</u>	<u>(134,924)</u>
Cash flows from financing activities			
Proceeds (Repayments) of short-term loans, net	(4,262)	(14,947)	(42,539)
Repayments of long-term debt	(685)	(1,523)	(6,837)
Purchase of treasury stock	(82)	(746)	(818)
Payments of dividend	(3,193)	(2,784)	(31,870)
Payments of dividend to minority shareholders of subsidiaries	(595)	(719)	(5,939)
Other	4	3	40
Net cash used in financing activities	<u>(8,813)</u>	<u>(20,716)</u>	<u>(87,963)</u>
Effect of exchange rate changes on cash and cash equivalents	(3,410)	799	(34,035)
Net increase in cash and cash equivalents	(16,727)	11,961	(166,953)
Cash and cash equivalents at beginning of year	79,736	67,775	795,848
Increase in cash and cash equivalents resulting from:			
Subsidiaries inclusion in consolidation	949	-	9,472
Cash and cash equivalents at end of year	<u>¥63,958</u>	<u>¥79,736</u>	<u>\$638,367</u>

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 ¥100.19 = US\$1.00 prevailing as of March 31, 2008. 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, 2008 and 2007, the accounts of 87 and 68 subsidiaries are consolidated, respectively. All significant inter-company transactions and accounts are eliminated in consolidation.

All assets and liabilities of the subsidiaries are revalued 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 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.

For the year ended March 31, 2008, TOSHIBA TEC NETHERLANDS RETAIL INFORMATION SYSTEMS B.V. was consolidated and exempted from the application of the equity method of accounting. Accordingly, the Company has no unconsolidated subsidiary for which the equity method of accounting has been applied as of March 31, 2008.

From the perspective of immateriality, 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 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 subsidiaries are translated into yen using the annual average rate during the year. The balance sheet accounts, except for the components of net assets, are translated at the rate in effect at the balance sheet date. The components of net assets 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	1 to 6 years

Effective for the year ended March 31, 2008, under a revision of the Corporation Tax Law, the Company and domestic subsidiaries changed the depreciation method into that based on the revised Corporation Tax Law, as for fixed assets acquired after April 1, 2007. As a result, operating income and income before income taxes and minority interest were ¥214 million (US\$2,136

thousands) each less than if the property, plant and equipment had been depreciated under the previous accounting method.

Also, under this revision of the Corporation Tax Law, concerning assets acquired before March 31, 2007, the Company and domestic subsidiaries can depreciate the difference between 5% equivalent of acquisition cost and memorandum value (¥1). The difference is depreciated for 5 years by the straight-line method after the fiscal year following the year in which the net book value has reached 5% of the acquisition cost under the previous Corporation Tax Law. As a result, operating income and income before income taxes and minority interests were ¥360 million (US\$3,593 thousands) each less than if the property, plant and equipment would have been depreciated under the previous accounting method.

(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 the 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 its 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.

(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 its 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 amortization of unrecognized actuarial gain or loss and past service costs.

(K) Allowance for retirement benefits for directors and corporate auditors

The Company and its domestic subsidiaries provided allowance for the retirement benefits for directors and corporate auditors. At the board of directors meeting on March 26, 2008, the Company has adopted the stock option plan instead of the retirement benefits for directors and corporate auditors.

(L) 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.

(M) 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, 2006, the Company and its wholly owned domestic subsidiaries were permitted to file the consolidated tax return in Japan for the Corporation Tax purpose.

(N) Consumption taxes

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

(O) 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.

(P) 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.

(Q) Research and Development Expenses

Research and development costs are charged to income as incurred.

(R) Impairment of Fixed Assets

According to the accounting standard, fixed 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.

3. Short-Term Loans and Long-Term Debt

The average interest rate for short-term loans outstanding at March 31, 2008 and 2007 is 5.1% and 4.8 %, respectively.

The long-term debt at March 31, 2008 and 2007, consists of the following :

	Millions of yen		Thousands of U.S.dollars
	2008	2007	2008
Long-term debt:			
Due serially through 2017, with interest rate of 4.29 %	¥649	¥1,292	\$6,478
Less current portion	621	618	6,198
	¥28	¥674	\$280

The aggregate annual maturities of long-term debt (including the current portion) outstanding at March 31, 2008 are as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2009	¥621	\$6,198
2010	1	10
2011	1	10
2012 and thereafter	26	260
	¥649	\$6,478

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, 2008 and 2007 for the Companies' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Retirement benefit obligation	¥(78,554)	¥(69,639)	\$(784,050)
Plan assets	35,774	35,426	357,061
Unfunded retirement benefit obligation	(42,780)	(34,213)	(426,989)
Unrecognized actuarial gain or loss	5,815	3,570	58,040
Unrecognized past service cost	9,633	3,341	96,147
Net amount recognized in the consolidated balance sheet	(27,332)	(27,302)	(272,802)
Prepaid pension cost	183	70	1,826
Accrued retirement benefit obligation	¥(27,515)	¥(27,372)	\$(274,628)

The components of retirement benefit expenses for the years ended March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Service cost	¥2,949	¥3,099	\$29,434
Interest cost	1,469	1,326	14,662
Expected return on plan assets	(996)	(654)	(9,941)
Amortization of actuarial gain or loss	1,038	1,001	10,360
Amortization of past service cost	1,224	464	12,217
Total	¥5,684	¥5,236	\$56,732

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, 2008 and 2007 were ¥123 millions (\$1,228 thousands) and ¥3,094 millions, respectively.

The assumption used in accounting for the above plans in 2008 and 2007 are as follows:

	2008	2007
Discount rates	Mainly 2.0%	Mainly 2.0%
Expected return on assets	Mainly 4.0%	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, 2008 and 2007 are as follows :

	Millions of yen		Thousands of U.S.dollars
	2008	2007	2008
Trade notes receivable discounted or endorsed	¥1,579	¥1,658	\$15,760
Guarantees on lease contracts	193	730	1,926
Guarantees on employees' bank loans	954	1,117	9,522
Subsidiary's guarantee on customers' bank loans	9	-	90

6. Selling, General and Administrative Expenses

Major components of selling, general and administrative expenses at March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Delivering expense	¥8,071	¥8,316	\$80,557
Advertising expense	4,977	4,084	49,676
Personnel expense	102,816	95,601	1,026,210
Depreciation and amortization	4,138	4,068	41,302
Research and development expense	23,716	21,108	236,710
Other selling expense	12,480	19,657	124,563

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

“Other, net” for the years ended March 31, 2008 and 2007, consists of the following :

	Millions of yen		Thousands of U.S.dollars
	2008	2007	2008
Write-down and disposal of inventories	¥(720)	¥(1,337)	\$(7,186)
Loss on sales or disposals of property, plant and equipment	(327)	(593)	(3,264)
Foreign exchange gain or loss	(1,219)	241	(12,167)
Other, net	(1,536)	(2,019)	(15,331)
	¥(3,802)	¥(3,708)	\$(37,948)

8. Research and Development Expenses

Research and development costs charged to income for the years ended March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S.dollars
	2008	2007	2008
	¥30,677	¥29,529	\$306,188

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 2008.

	2008	2007
Statutory tax rate	40.6%	40.6%
Effect of :		
Different tax rates applied to income of foreign subsidiaries	(10.9)	(11.6)
Expenses permanently not deductible for income tax purposes	2.4	2.1
Changes in valuation allowance	(0.7)	9.2
Corporation tax special deduction for research expenditures	(3.4)	(6.0)
Other, net	4.0	1.1
	32.0%	35.4%

Significant components of the Companies' deferred tax assets and liabilities at March 31, 2008 and 2007 are as follows:

	Millions of yen		Thousands of U.S.dollars
	2008	2007	2008
Deferred tax assets:			
Accrued retirement benefits	¥10,814	¥11,025	\$107,935
Intangible assets	8,826	7,994	88,093
Accrued bonuses	3,717	3,777	37,100
Elimination of consolidated unrealized gains	3,027	2,254	30,213
Other	8,118	10,029	81,025
	34,502	35,079	344,366
Valuation allowance	(1,500)	(2,301)	(14,972)
	33,002	32,778	329,394
Deferred tax liabilities:			
Retained earnings appropriated for tax allowable reserves	380	643	3,793
Unrealized gains on securities	421	729	4,201
Other	179	132	1,787
	980	1,504	9,781
Net deferred tax assets	¥32,022	¥31,274	\$319,613

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, 2008 and 2007, 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:

	Millions of yen					
	2008			2007		
	Acquisition cost	Accumulated depreciation	New book value	Acquisition cost	Accumulated depreciation	New book value
Machinery and equipment	¥347	¥233	¥114	¥347	¥186	¥161
Tools, furniture and fixtures	737	410	327	270	134	136
	¥1,084	¥643	¥441	¥617	¥320	¥297

	Thousands of U.S.dollars		
	2008		
	Acquisition cost	Accumulated depreciation	New book value
Machinery and equipment	\$3,463	\$2,326	\$1,137
Tools, furniture and fixtures	7,356	4,092	3,264
	\$10,819	\$6,418	\$4,401

(1) Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2008 and 2007 for finance lease transactions accounted for as operating leases are summarized as follows:

	Millions of yen		Thousands of U.S.dollars
	2008	2007	2008
Due within one year	¥144	¥88	\$1,437
Due after one year	297	209	2,964
	¥441	¥297	\$4,401

(2) Lease payments for the years ended March 31, 2008 and 2007, are ¥189 millions (\$1,886 thousands) and ¥90 millions, respectively.

(B) Operating leases

Future minimum lease payments subsequent to March 31, 2008 and 2007 for noncancelable operating leases are summarized as follows:

	Millions of yen		Thousands of U.S.dollars
	2008	2007	2008
Due within one year	¥215	¥129	\$2,146
Due after one year	303	180	3,024
	¥518	¥309	\$5,170

11. Securities

(1) Information regarding marketable Other Securities as of March 31, 2008 and 2007 is as follows:

	Millions of yen					
	2008			2007		
	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:						
Stocks	¥911	¥1,849	¥938	¥946	¥2,565	¥1,619
Securities whose acquisition cost exceeds their carrying value:						
Stocks	248	210	(38)	282	244	(38)
Total	¥1,159	¥2,059	¥900	¥1,228	¥2,809	¥1,581

	Thousands of U.S.dollars		
	2008		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stocks	\$9,093	\$18,455	\$9,362
Securities whose acquisition cost exceeds their carrying value:			
Stocks	2,475	2,096	(379)
Total	\$11,568	\$20,551	\$8,983

(2) The proceeds from sales of securities, except those of the affiliated companies, for the years ended March 31, 2008 and 2007 were ¥5 millions (\$50 thousands) and ¥552 millions, respectively. The realized gains on those sales for the years ended March 31, 2008 and 2007 were ¥4 millions (\$40 thousands) and ¥405 millions, respectively.

(3) Information regarding non-marketable securities as of March 31, 2008 and 2007 is as follows.

	Millions of yen	
	2008	2007
	Carrying value	
Other securities		
Unlisted stocks	¥1,907	¥1,924
Others	-	-
Total	¥1,907	¥1,924

	Thousands of U.S.dollars	
	2008	2007
	Carrying value	
Other securities		
Unlisted stocks	\$19,034	\$19,204
Others	-	-
Total	\$19,034	\$19,204

12. Derivative Financial Instruments

Fair value information of the derivative financial instruments at March 31, 2008 and 2007 is summarized below according to the disclosure requirements applicable to the respective year:

	Millions of yen					
	2008			2007		
	Contract amount	Fair value	Unrealized gain (loss)	Contract amount	Fair value	Unrealized gain (loss)
Forward exchange contracts:						
Sell Euros and others	¥1,507	¥1,491	¥16	¥2,812	¥2,817	¥(5)

	Thousands of U.S.dollars		
	2008		
	Contract amount	Fair value	Unrealized gain (loss)
Forward exchange contracts:			
Sell Euros and others	\$15,041	\$14,881	\$160

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.

	Millions of yen		Thousands of U.S.dollars
	2008	2007	2008
Net Sales			
Retail Information Systems			
Unaffiliated customers	¥189,877	¥193,963	\$1,895,169
Intersegment	2,444	2,407	24,393
Total	192,321	196,370	1,919,562
Document Processing & Telecommunication Systems			
Unaffiliated customers	300,511	302,891	2,999,411
Intersegment	6,448	8,203	64,358
Total	306,959	311,094	3,063,769
Home Electric Appliances & Others			
Unaffiliated customers	2,582	13,992	25,771
Intersegment	313	231	3,124
Total	2,895	14,223	28,895
Eliminations	(9,205)	(10,841)	(91,875)
Consolidated	¥492,970	¥510,846	\$4,920,351

Operating Income

Retail Information Systems	¥10,331	¥9,046	\$103,114
Document Processing & Telecommunication Systems	15,721	13,239	156,912
Home Electric Appliances & Others	23	386	230
Eliminations	-	0	0
Consolidated	¥26,075	¥22,671	\$260,256

Identifiable Assets

Retail Information Systems	¥77,315	¥79,209	\$771,684
Document Processing & Telecommunication Systems	201,002	221,240	2,006,208
Home Electric Appliances & Others	400	9,108	3,992
Corporate and Eliminations	35,183	48,696	351,163
Consolidated	¥313,900	¥358,253	\$3,133,047

Depreciation and Amortization

Retail Information Systems	¥2,803	¥2,919	\$27,977
Document Processing & Telecommunication Systems	10,946	10,710	109,252
Home Electric Appliances & Others	72	636	719
Consolidated	¥13,821	¥14,265	\$137,948

Capital Expenditures

Retail Information Systems	¥2,936	¥2,757	\$29,305
Document Processing & Telecommunication Systems	12,133	11,576	121,100
Home Electric Appliances & Others	37	693	369
Consolidated	¥15,106	¥15,026	\$150,774

(Note) Corporate assets mainly consist of cash, time deposits, securities and investments with financial institutions of the Company. Corporate assets at March 31, 2008 and 2007, are ¥35,723 millions (\$356,553 thousands) and ¥49,565 millions, respectively.

(B) Geographic Segments

	Millions of yen		Thousands of U.S.dollars
	2008	2007	2008
Net Sales			
Japan			
Unaffiliated customers	¥234,845	¥270,336	\$2,343,996
Intersegment	85,554	85,769	853,918
Total	320,399	356,105	3,197,914
American States			
Unaffiliated customers	100,847	103,117	1,006,558
Intersegment	1,679	1,121	16,758
Total	102,526	104,238	1,023,316
Europe			
Unaffiliated customers	115,458	99,679	1,152,391
Intersegment	6,154	6,189	61,423
Total	121,612	105,868	1,213,814
Asia and others			
Unaffiliated customers	41,820	37,714	417,407
Intersegment	64,933	68,116	648,099
Total	106,753	105,830	1,065,506
Eliminations	(158,320)	(161,195)	(1,580,199)
Consolidated	¥492,970	¥510,846	\$4,920,351

Operating Income

Japan	¥8,984	¥7,064	\$89,670
American States	4,812	4,479	48,029
Europe	5,748	2,277	57,371
Asia and others	8,038	7,285	80,228
Eliminations	(1,507)	1,566	(15,042)
Consolidated	¥26,075	¥22,671	\$260,256

Identifiable Assets

Japan	¥232,706	¥247,958	\$2,322,647
American States	33,585	40,585	335,213
Europe	60,064	67,399	599,501
Asia and others	42,867	46,084	427,857
Corporate and Eliminations	(55,322)	(43,773)	(552,171)
Consolidated	¥313,900	¥358,253	\$3,133,047

(Note 1) 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, Switzerland, Poland
 3. Asia and Others / Singapore, Malaysia, Indonesia, China, Australia, Korea

(Note 2) Corporate assets mainly consist of cash, time deposits, securities and investments with financial institutions of the Company. Corporate assets at March 31, 2008 and 2007, are ¥35,723 millions (\$356,553 thousands) and ¥49,565 millions, respectively.

(C) Net Sales by Region

	Millions of yen		Thousands of U.S.dollars
	2008	2007	2008
Net Sales			
Japan	¥203,070	¥239,985	\$2,026,849
American States	125,085	125,786	1,248,478
Europe	124,572	109,501	1,243,357
Asia and others	40,243	35,574	401,667
Net sales	¥492,970	¥510,846	\$4,920,351

(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. Business Combination

Under the resolution of the board of directors' meeting held on December 25, 2006, the business transfer of Home Electric Appliances business was carried out on June 1, 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) Transferred Business

1. The business concerned

Development and manufacturing of home electric appliances such as cleaners, food preparation devices, small motors, etc.

2. Scale of the operation

As of the year ending March, 2007

	Millions of yen	Thousands of U.S.dollars
Consolidated sales	¥13,559	\$135,333
Consolidated operating income	¥308	\$3,074

(4) Consideration and Gain

The Home Electric Appliances business was sold for ¥1,886 million (\$18,824 thousand) with the related gain on sales of ¥225 million (\$2,246 thousands).

The related assets and liabilities decreased by the transfer and proceeds from the transfer are summarized as follows.

	Millions of yen	Thousands of U.S. dollars
Current assets	¥2,021	\$20,172
Fixed assets	1,701	16,978
Long-term liabilities	2,061	20,571
Assets and liabilities decreased by the transfer	1,661	16,579
Gain from the transfer	225	2,246
Transfer value	1,886	18,825

15. Acquisition of investments in newly consolidated subsidiaries

In the fiscal year 2008, the Company consolidated AI SOLUTIONS CORPORATION by the acquisition of investments. The related assets and liabilities at the date of acquisition of AI SOLUTIONS CORPORATION, the acquisition cost of investments of AI SOLUTIONS CORPORATION and the net expenses for the acquisition are summarized as follows.

	Thousands of Millions of yen	U.S. dollars
Current assets	¥414	\$4,132
Fixed assets	384	3,833
Current liabilities	24	240
Long-term liabilities	191	1,906
Acquisition cost of investments of AI SOLUTIONS CORPORATION	583	5,819
Cash and Cash equivalents of AI SOLUTIONS CORPORATION	50	499
Expenses for the Acquisition of AI SOLUTIONS CORPORATION	533	5,320

16. Transactions with Related Parties

(A) 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.

(B) Transactions with Fellow Subsidiaries for the year ended March 31, 2008.

(¥=Million, US\$=Thousand)

Status	Name	Address	Capital	Business	Percentage of voting rights held (%)
Subsidiary of the parent company	Toshiba Solutions Corporation	Minato-ku, Tokyo	¥20,000 (\$199,621)	Development, designing, manufacturing, sales and maintenance of computer systems and communication systems, etc.	None

Relationship		Transactions	Transaction Amounts	Account item	Balance at Fiscal Year End
Dispatch of executive officers, etc.	Business Relationship				
None	Sales of our products	Sales of document processing and telecommunication equipments, etc.	¥7,865 (\$78,501)	Trade notes and account receivable	¥3,901 (\$38,936)

With regard to the amounts above, Transaction Amounts include consumption taxes and Balance at Fiscal Year End doesn't include them.

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.

(¥=Million, US\$=Thousand)

Status	Name	Address	Capital	Business	Percentage of voting rights held (%)
Subsidiary of the parent company	Toshiba Capital Corporation	Minato-ku, Tokyo	¥100 (\$998)	Financing of TOSHIBA Group domestic companies	None

Relationship		Transactions	Transaction Amounts	Account item	Balance at Fiscal Year End
Dispatch of executive officers, etc.	Business Relationship				
None	Deposits of funds	Deposits of funds	*1	Cash and Cash equivalents	¥31,796 (\$317,357)

With regard to the amounts above, Transaction Amounts include consumption taxes and Balance at Fiscal Year End doesn't include them.

*1 Concerning Deposits of funds, it's difficult to figure out Transaction Amounts because fund settlement is performed whenever needed. Therefore, only Balance at Fiscal Year End is stated.

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

(¥=Million, US\$=Thousand)

Status	Name	Address	Capital (Thousands of Singapore dollars)	Business	Percentage of voting rights held (%)
Subsidiary of the parent company	Toshiba Singapore Pte. Ltd.	Singapore	S\$11,600 (US\$8,401)	Sales and maintenance of audio visual equipment, personal computers, document processing and telecommunication equipments, etc.	None

Relationship		Transactions	Transaction Amounts	Account item	Balance at Fiscal Year End
Dispatch of executive officers, etc.	Business Relationship				
None	Sales of our products	Sales of document processing and telecommunication equipments, etc.	¥10,673 (\$106,528)	Trade notes and account receivable	¥3,161 (\$31,550)

With regard to the amounts above, Transaction Amounts include consumption taxes and Balance at Fiscal Year End doesn't include them.

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.

17. Cash Dividends

(A) Cash dividends for the year ended March 31, 2007

(1) Cash dividends paid

(resolution)	Type of shares	Total amount of dividends (Millions of yen)	Dividends per share (yen)	Record date	Effective date
General shareholders' meeting held on June 29, 2006	Common stock	¥1,395	¥5	March 31, 2006	June 29, 2006 (After general shareholders' meeting)
Board of directors held on October 31, 2006	Common Stock	¥1,389	¥5	September 31, 2006	December 8, 2006

(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 27, 2007	Common stock	¥1,666	Retained earnings	¥6	March 31, 2007	June 7, 2008

(B) Cash dividends for the year ended March 31, 2008

(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 27, 2007	Common stock	¥1,666	¥6	March 31, 2007	June 7, 2007
Board of directors held on October 31, 2007	Common Stock	¥1,527	¥5.5	September 31,2007	December 3, 2007

(resolution)	Type of shares	Total amount of dividends (Thousands of U.S.dollars)	Dividends per share (dollar)	Record date	Effective date
Board of directors held on April 27, 2007	Common stock	\$16,628	\$0.06	March 31, 2007	June 7, 2007
Board of directors held on October 31, 2007	Common Stock	\$15,241	\$0.05	September 31,2007	December 3, 2007

(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 25, 2008	Common stock	¥1,804	Retained earnings	¥6.5	March 31, 2008	June 2, 2008

(resolution)	Type of shares	Total amount of dividends (Thousands of U.S.dollars)	Dividend resource	Dividends per share (dollar)	Record date	Effective date
Board of directors held on April 25, 2008	Common stock	\$18,006	Retained earnings	\$0.06	March 31, 2008	June 2, 2008

18. Subsequent Event

(A) Stock Option Plan

After the general shareholders' meeting held on June 26, 2008, the stock option plan was adopted as compensation for the Company's directors and corporate officers (except outside directors and corporate auditors).

The Company passed the resolution to issue share acquisition rights by this stock option plan at the board of directors meeting. The resolution is summarized as follows.

(Resolution at the board of directors meeting held on June 26, 2008)

Date resolution passed	June 26,2008
Qualified beneficiaries	18 the Company's directors and corporate officers
Type of shares for which new subscription rights offered	Common Stock
Maximum numbers of shares	83,000 (Note 1)
Exercise price	¥1 (Note 2)
Subscription rights exercise period	From August 2, 2008 to August 1, 2038
Conditions for exercising subscription rights	Subscription rights may be exercised in a lump sum within expiration cycle and 10 days after a beneficiary resigns from directors or corporate officers.
Details regarding transfer of share subscription rights	Concerning acquisition of share subscription rights from transfer, approval of the Company's board of directors is required.

(Notes)

- The Company may appropriately adjust the numbers of shares to a reasonable extent in the event of a share split, reverse split of shares, a merger of the Company with another company, a company split or in any other similar event where an adjustment of the number of shares shall be required.
- The amount to be incorporated in capital upon the exercise of the share acquisition rights shall be the amount per share to be issued or transferred by the exercise of the share acquisition rights (the "Exercise price") multiplied by the number of shares under the share acquisition rights. The Exercise price shall be one yen.

(B) Change in Business Segment

Effective April 1, 2008, the Company changed its business segment. Corresponding to the changes in the business circumstances, the Company shifted from entity-based segmentation to business-line segmentation, aiming at more flexible business operation. The Company aims to expand business more with this opportunity.

New Business groups and main products are as follows.

(1) Retail Solution Business Group
POS systems, Cash register, Scales, etc.

(2) Document Systems Business Group
MFPs, Facsimiles, Inkjet heads, etc.

(3) Auto-ID & Printer Business Group
Bar-code systems, RFID systems, Printers, Specialized terminals, etc.

The business segment information for the year ended March 31, 2008, under the new business segmentation is as follows.

	Millions of yen	Thousands of U.S.dollars
	2008	2008
Net Sales		
Retail Solution Business Group		
Unaffiliated customers	¥180,285	\$1,799,431
Intersegment	2,827	28,216
Total	183,112	1,827,647
Document Systems Business Group		
Unaffiliated customers	264,154	2,636,531
Intersegment	6,378	63,659
Total	270,532	2,700,190
Auto ID & Printer Business Group		
Unaffiliated customers	45,949	458,619
Intersegment	3,365	33,586
Total	49,314	492,205
Other		
Unaffiliated customers	2,582	25,771
Intersegment	313	3,124
Total	2,895	28,895
Eliminations	(12,883)	(128,586)
Consolidated	¥492,970	\$4,920,351
Operating Expenses		
Retail Solution Business Group	¥173,160	\$1,728,316
Document Systems Business Group	260,065	2,595,718
Auto ID & Printer Business Group	43,681	435,982
Other	2,873	28,676
Eliminations	(12,883)	(128,586)
Consolidated	¥466,896	\$4,660,106
Operating Income		
Retail Solution Business Group	¥9,952	\$99,331
Document Systems Business Group	10,467	104,472
Auto ID & Printer Business Group	5,633	56,223
Other	23	230
Eliminations	-	-
Consolidated	¥26,075	\$260,256
Identifiable Assets		
Retail Solution Business Group	¥71,618	\$714,822
Document Systems Business Group	177,440	1,771,035
Auto ID & Printer Business Group	29,259	292,035
Other	400	3,992
Corporate and Eliminations	35,183	351,163
Consolidated	¥313,900	\$3,133,047
Depreciation and Amortization		
Retail Solution Business Group	¥2,743	\$27,378
Document Systems Business Group	10,308	102,885
Auto ID & Printer Business Group	698	6,967
Other	72	718
Consolidated	¥13,821	\$137,948
Capital Expenditures		
Retail Solution Business Group	¥2,894	\$28,885
Document Systems Business Group	11,404	113,824
Auto ID & Printer Business Group	771	7,695
Other	37	370
Consolidated	¥15,106	\$150,774

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, 2008 and 2007, 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, 2008 and 2007, 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.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 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 26, 2008

Ernst & Young ShinNihon

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: 3,622 <Consolidated: 20,673> (as of March 2008)
Common Stock: ¥39,971 million (as of March 2008)
Stock Listing: Tokyo Stock Exchange (1st Section)

Board of Directors and Corporate Auditors

President and Chief Executive Officer (as of June 26, 2008)

◇Mamoru Suzuki

Directors

◇Yoshiyasu Kikuchi

Kazuaki Ushiyama

Keiichi Miura

Takaaki Shioda

Ippei Futaki

Toshio Yonezawa

Hidejiro Shimomitsu

◇:Representative Director

Corporate Auditors

Takao Saito

Satoshi Yamato

Hideaki Hori

Hideo Tsushima

Main Consolidated Companies (as of March 31, 2008)

- 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 TEC INFORMATION SYSTEMS (Shenzhen) Co., LTD.
- TOSHIBA TEC EUROPE IMAGING SYSTEMS S.A.
- TIM ELECTRONICS SDN. BHD.
- TOSHIBA TEC SINGAPORE ELECTRONICS PTE. LTD.
- 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.



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