ANNUAL REPORT 2009

For the Year Ended March 31, 2009

TOSHIBA TEC CORPORATION

Financial Highlights

Years ended March 31

Consolidated	Millions of yen 2005	2006	2007	2008	2009	Thousands of U.S.dollars 2009
Net sales	¥376,187	¥443,402	¥510,846	¥492,970	¥422,601	$4,302,158
Operating income	16,195	17,157	22,671	26,075	10,123	103,054
Net income	6,348	6,034	10,763	13,382	2,634	26,815
Total assets	270,056	323,476	358,253	313,900	281,732	2,868,085
Total net assets	–	148,423	158,813	161,169	142,034	1,445,933
Total shareholders' equity	119,779	128,066	–	–	–	–
	Yen					U.S.dollars
Per share data:						
Net income -						
Basic	¥22.44	¥21.40	¥38.72	¥48.20	¥9.53	$0.097
Total shareholders' equity	428.88	458.80	494.73	504.00	465.63	4.740

Non-Consolidated	Millions of yen 2005	2006	2007	2008	2009	Thousands of U.S.dollars 2009
Net sales	¥257,510	¥253,931	¥297,996	¥266,537	¥237,364	$2,416,410
Operating income	5,691	3,720	4,299	5,008	(1,477)	(15,036)
Net income	4,055	6,966	6,266	7,777	4,722	48,071
Common stock	39,971	39,971	39,971	39,971	39,971	406,912
Total assets	198,634	197,815	237,996	204,069	200,658	2,042,736
Total net assets	–	110,494	113,039	117,124	116,766	1,188,700
Total shareholders' equity	105,248	110,494	–	–	–	–
	Yen					U.S.dollars
Per share data:						
Net income -						
Basic	¥14.33	¥24.84	¥22.54	¥28.01	¥17.09	$0.174
Cash dividends	8.00	9.00	11.00	12.00	5.00	0.051
Total shareholders' equity	376.91	395.91	407.11	421.99	424.09	4.317

The dollar amounts in this report represent translations of yen, for convenience only, at the rate of ¥98.23=US$1.00, the exchange rate prevailing on March 31, 2009.

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Business Overview in the Consolidated Fiscal Year 2008

As for the global economy in the consolidated fiscal year 2008, the global financial crisis resulting from subprime loan concerns in the United States severely affected the real economy and therefore the economic downturn deepened in the US and Europe while the economy slowed rapidly throughout Asia. The Japanese economy also slowed at high speeds, since the global economic downturn caused a drastic decrease in export, production and capital investments coupled with slumping consumer spending.

Under these economic circumstances, the Toshiba TEC Group was committed to developing and introducing competitive products, strengthening regional sales strategies, improving business efficiency, reforming the business structure, streamlining resources and driving innovation activities.

We devoted ourselves to further developing the company business under the operation system centering on the retail solution business, the document systems business and the auto-ID & printer business, from April 1, 2008, aiming to achieve an agile and flexible business system in order to respond to changes in the business environment.

However, sales amounted to 422,601 million yen, a 14% decrease over the previous consolidated fiscal year, due to global market slowdown resulting from downturn in economy, strong yen and the influence of the transfer of the home electric appliances business and concentration of major transactions in the first half of the previous fiscal year. We recorded a declining profit in spite of our efforts to increase our earning capacity through the cost structure reform. The influence of strong yen and the consolidated subsidiary goodwill amortization in accordance with changes in the accounting system resulted in a decrease in operating income of 61% over the previous consolidated fiscal year to 10,123 million yen, a decrease in ordinary income of 70% over the previous consolidated fiscal year to 6,807 million yen and a decrease in net income of 80% to 2,634 million yen.

Given the above severe financial condition, we declare an interim dividend of 5 yen per share regarding surplus in this fiscal year. We regret to inform, we will pass a dividend at the end of this term. Your understanding will be highly appreciated.

Issues to be Addressed

The future economies in Europe and the United States are expected to decline with the serious impact of the global financial crisis on export, employment, income and personal consumption while the economy in Asia is expected to slow down. Japanese economy is also expected to deteriorate further, with the adverse effect on export, capital investment and sluggish personal consumption.

Under these economic circumstances, the Toshiba TEC Group is committed to achieving realization of “Establish of a strong constitution for profits”. We will make concerted efforts together in order to assure a strong corporate structure by improving sales and service efficiency, selecting and concentrating investments, strengthening our manufacturing capacity and stabilizing our financial status.

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

Retail Solution Business Group

The Retail Solution Business Group will concentrate its efforts to enforce profitability, by promoting development, release and expanding our sales of new products, area marketing on the domestic front, and further enlargement in foreign market in order to expand our sales of POS systems and other related products.

Document Systems Business Group

The Document Systems Business Group is committed to improve and strengthen its profitability by developing, releasing and expanding sales of new competitive products, reducing fixed cost and enhancing sales and service efficiency in order to realize strong profitability.

Auto ID & Printer Business Group

We will strive to enforce our business basis and its profitability for expanding our sales areas both on the domestic and international front, cultivating new markets and customers, and releasing new products, etc. in order to enforce both business basis and its profitability.

Consolidated Balance Sheets

March 31, 2009 and 2008

	Millions of yen		Thousands of U.S.dollars (Note 1)
ASSETS	2009	2008	2009
Current assets			
Cash and cash equivalents	¥68,532	¥63,958	$697,669
Trade notes and accounts receivable	58,353	76,995	594,045
Inventories	34,938	40,328	355,675
Deferred income taxes (Note 9)	7,232	10,537	73,623
Prepaid expenses and other current assets	9,833	10,511	100,102
Allowance for doubtful accounts	(1,596)	(3,239)	(16,248)
Total current assets	177,292	199,090	1,804,866
Fixed assets			
Property, plant and equipment:			
Buildings and structures	31,262	28,985	318,253
Machinery and equipment	29,984	31,912	305,243
Tools, furniture and fixtures	56,712	55,805	577,339
Land	2,809	2,874	28,596
Lease Assets	6,884	–	70,080
Less accumulated depreciation	(95,133)	(89,730)	(968,472)
Construction in progress	3,541	3,856	36,048
	36,059	33,702	367,087
Intangible assets:			
Goodwill	27,970	41,223	284,740
Other intangible assets	6,173	6,881	62,842
	34,143	48,104	347,582
Investments and other assets:			
Investment securities: (Note 11)			
Unconsolidated subsidiaries and affiliates	42	222	428
Other	3,168	3,966	32,251
Deferred income taxes (Note 9)	22,720	21,485	231,294
Other investments and other assets	8,469	7,471	86,216
Allowance for doubtful accounts	(161)	(140)	(1,639)
	34,238	33,004	348,550
Total fixed assets	104,440	114,810	1,063,219
Total assets	¥281,732	¥313,900	$2,868,085

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

LIABILITIES AND NET ASSETS	Millions of yen 2009	2008	Thousands of U.S.dollars (Note 1) 2009
Current liabilities			
Trade notes and accounts payable	¥40,503	¥46,364	$412,328
Short-term loans (Note 3)	11,802	13,853	120,147
Current portion of long-term debt (Note 3)	1	621	10
Lease liabilities	1,178	–	11,992
Accrued income and other taxes	726	3,524	7,391
Accrued bonuses to directors and corporate auditors	–	92	–
Other current liabilities	49,594	58,645	504,876
Total current liabilities	103,804	123,099	1,056,744
Long-term liabilities			
Long-term debt (Note 3)	3	28	31
Lease liabilities	3,852	–	39,214
Accrued retirement benefits (Note 4)	30,419	27,515	309,671
Allowance for retirement benefits for directors and corporate auditors	230	349	2,341
Other long-term liabilities	1,390	1,740	14,150
Total long-term liabilities	35,894	29,632	365,407
Total liabilities	139,698	152,731	1,422,151
Contingent liabilities (Note 5)			
Shareholders' equity			
Common stock			
Authorized-1,000,000,000 shares			
Issued- 288,145,704 shares	39,971	39,971	406,912
Capital surplus	52,986	52,989	539,408
Retained earnings	47,229	51,113	480,800
Less treasury stock, at cost:			
12,925,892 shares in 2009	(5,363)	–	(54,596)
10,598,347 shares in 2008	–	(4,141)	–
Total shareholders' equity	134,823	139,932	1,372,524
Valuation and Translation adjustment			
Unrealized holding gains on securities	164	613	1,670
Net deferred profits on hedges	(279)	–	(2,840)
Foreign currency translation adjustments	(6,557)	(659)	(66,752)
Total valuation and translation adjustments	(6,672)	(46)	(67,922)
Share subscription rights	46	–	468
Minority interest in consolidated subsidiaries	13,837	21,283	140,863
Total Net assets	142,034	161,169	1,445,933
Total liabilities and Net assets	¥281,732	¥313,900	$2,868,085

Consolidated Statements of Operations

Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S.dollars (Note 1)
	2009	2008	2009
Net sales	¥422,601	¥492,970	$4,302,158
Cost of sales (Note 8)	228,434	262,632	2,325,501
Gross profit	194,167	230,338	1,976,657
Selling, general and administrative expenses (Note 6 and 8)	184,044	204,263	1,873,603
Operating income	10,123	26,075	103,054
Non-operating income and expenses:			
Interest and dividend income	925	1,514	9,417
Gain on business transfer of Home Electric Appliances business (Note 14)	–	225	–
Interest expense	(610)	(824)	(6,210)
Restructuring cost	(1,365)	(947)	(13,896)
Other, net (Note 7)	(3,631)	(3,802)	(36,964)
Income before income taxes and minority interest	5,442	22,241	55,401
Income taxes (Note 9):			
Current	1,377	7,339	14,018
Deferred	2,119	(226)	21,572
Income before minority interest	1,946	15,128	19,811
Minority interest in income of consolidated subsidiaries	(688)	1,746	(7,004)
Net income	¥2,634	¥13,382	$26,815

	Yen		U.S.dollars
Per share data	2009	2008	2009
Net income-Basic	¥9.53	¥48.20	$0.097
Cash dividends	¥5.00	¥12.00	$0.051

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

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2009 and 2008

Millions of yen

	Shareholder's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholder's 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 18)	–	–	(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				Minority interests	Total net assets
	Net unrealized holding gain on securities	Net deferred profits on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
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 18)	–	–	–	–	–	(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

Millions of yen

	Shareholder's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholder's equity
Balance at March 31, 2008	¥39,971	¥52,989	¥51,113	¥(4,141)	¥139,932
Net income for the year	–	–	2,634	–	2,634
Cash dividends (Note 18)	–	–	(3,180)	–	(3,180)
Purchases of treasury stock	–	–	–	(1,238)	(1,238)
Retirement of treasury stock	–	(3)	–	16	13
Changes by accounting standard	–	–	(3,407)	–	(3,407)
Other, net	–	–	69	–	69
Balance at March 31, 2009	¥39,971	¥52,986	¥47,229	¥(5,363)	¥134,823

Millions of yen

	Valuation and Translation adjustments				Share subscription rights	Minority interests	Total net assets
	Net unrealized holding gain on securities	Net deferred profits on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance at March 31, 2008	¥613	–	(¥659)	¥(46)	–	¥21,283	¥161,169
Net income for the year	–	–	–	–	–	–	2,634
Cash dividends (Note 18)	–	–	–	–	–	–	(3,180)
Purchases of treasury stock	–	–	–	–	–	–	(1,238)
Retirement of treasury stock	–	–	–	–	–	–	13
Changes by accounting standard	–	–	–	–	–	–	(3,407)
Other, net	(449)	(279)	(5,898)	(6,626)	46	(7,446)	(13,957)
Balance at March 31, 2009	¥164	¥(279)	¥(6,557)	¥(6,672)	¥46	¥13,837	¥142,034

Thousands of U.S. dollars

	Shareholder's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholder's equity
Balance at March 31, 2008	$406,912	$539,438	$520,340	$(42,156)	$1,424,534
Net income for the year	–	–	26,815	–	26,815
Cash dividends (Note 18)	–	–	(32,373)	–	(32,373)
Purchases of treasury stock	–	–	–	(12,603)	(12,603)
Retirement of treasury stock	–	(31)	–	163	132
Changes by accounting standard	–	–	(34,684)	–	(34,684)
Other, net	–	–	702	–	702
Balance at March 31, 2009	$406,912	$539,408	$480,800	$(54,596)	$1,372,524

Thousands of U.S. dollars

	Valuation and Translation adjustments				Share subscription rights	Minority interests	Total net assets
	Net unrealized holding gain on securities	Net deferred profits on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance at March 31, 2008	$6,240	–	($6,709)	($468)	$0	$216,665	$1,640,731
Net income for the year	–	–	–	–	–	–	26,815
Cash dividends (Note 18)	–	–	–	–	–	–	(32,373)
Purchases of treasury stock	–	–	–	–	–	–	(12,603)
Retirement of treasury stock	–	–	–	–	–	–	132
Changes by accounting standard	–	–	–	–	–	–	(34,684)
Other, net	(4,571)	(2,840)	(60,043)	(67,454)	468	(75,802)	(142,085)
Balance at March 31, 2009	$1,670	$(2,840)	$(66,752)	$(67,922)	$468	$140,863	$1,445,933

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

Consolidated Statements of Cash Flows

Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S.dollars (Note 1)
	2009	2008	2009
Cash flows from operating activities			
Income before income taxes and minority interest	¥5,442	¥22,241	$55,401
Adjustment to reconcile income before income taxes and minority interest to net cash provided by operating activities:			
Depreciation and amortization	16,973	13,821	172,788
Allowance for doubtful accounts	(1,342)	(252)	(13,662)
Accrual for retirement benefits, less payments	2,824	(185)	28,749
Interest and dividend income	(925)	(1,514)	(9,417)
Interest expense	610	824	6,210
Loss on sales or disposal of fixed assets	264	327	2,688
Gain or loss on sales of investment securities	(7)	7	(71)
Write down of investment securities	22	141	224
Gain on business transfer of Home Electric Appliances business (Note 14)	–	(225)	–
Restructuring cost	1,365	947	13,896
Changes in assets and liabilities:			
Notes and accounts receivable	10,495	12,192	106,841
Inventories	1,861	8,799	18,945
Notes and accounts payable	723	(25,802)	7,360
Other	(9,926)	(9,211)	(101,049)
Sub Total	28,379	22,110	288,903
Interest and dividend income received	909	1,523	9,254
Interest expense payments	(614)	(832)	(6,251)
Payments of extra pension for early retirement	(37)	(1,486)	(377)
Income taxes payments	(4,378)	(12,301)	(44,569)
Income taxes refund	2,504	–	25,491
Net cash provided by operating activities	26,763	9,014	272,451
Cash flows from investing activities			
Acquisition of property, plant and equipment	(11,141)	(10,800)	(113,417)
Proceeds from sales of property, plant and equipment	298	413	3,034
Acquisition of intangible assets	(2,121)	(4,501)	(21,592)
Acquisition of investment securities	(6)	(204)	(61)
Acquisition of investments in newly consolidated subsidiaries (Note 16)	–	(533)	–
Proceeds from sales of investment securities	21	19	214
Payments for business acquisition (Note 16)	(1,133)	–	(11,534)
Payments of loan receivable	(19)	(38)	(193)
Proceeds from loan receivable	40	63	407
Proceeds from business transfer of Home Electric Appliances business (Note 14)	–	1,886	–
Proceeds from liquidation of non-consolidated subsidiaries (dormant)	182	–	1,853
Other	464	177	4,724
Net cash used in investing activities	(13,415)	(13,518)	(136,565)
Cash flows from financing activities			
Proceeds (Repayments) of short-term loans, net	(860)	(4,262)	(8,755)
Repayments of long-term debt	(585)	(685)	(5,955)
Purchase of treasury stock	(1,238)	(82)	(12,603)
Payments of dividend	(3,180)	(3,193)	(32,373)
Payments of dividend to minority shareholders of subsidiaries	(576)	(595)	(5,864)
Other *	(911)	4	(9,274)
Net cash used in financing activities	(7,350)	(8,813)	(74,824)
Effect of exchange rate changes on cash and cash equivalents	(1,425)	(3,410)	(14,507)
Net increase in cash and cash equivalents	4,573	(16,727)	46,555
Cash and cash equivalents at beginning of year	63,958	79,736	651,105
Increase in cash and cash equivalents resulting from:			
Subsidiaries inclusion in consolidation	–	949	–
Cash and cash equivalents at end of year	¥68,532	¥63,958	$697,669

* By applying the "Accounting Standard for Lease Transactions" and the "Implementation Guidance for Accounting Standard for Lease Transaction", the impact of non-financial transaction on assets and liabilities is ¥3,653 ($37,188) and ¥3,483 ($35,458) million respectively.

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 ¥98.23 = US$1.00 prevailing as of March 31, 2009. 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, 2009 and 2008, the accounts of 79 and 87 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 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.

The Company has no unconsolidated subsidiary for which the equity method of accounting has been applied for the years ended March 31, 2009 and 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

Prior to April 1, 2008, 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.

Effective for the fiscal year 2008, the Accounting Standard for Measurement of Inventories (ASBJ Statement No 9) has been applied from the current consolidated fiscal year. The value stated on the balance sheet is calculated by the lower of the cost or market prices in consideration of its profitability. This change in accounting had no impact on operating income and income before income taxes and minority interest.

(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 13 years
Tools, furniture and fixtures	1 to 6 years

Effective for the year ended March 31, 2009, 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. With regard to the depreciation of machinery and equipment, the duration has changed into 7-13 years from 7-11 years. By the adoption of this change, the operating income, the ordinary income and the income before tax have decreased by ¥335 million each.

(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.

(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

The bonuses to directors and corporate auditors are 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. Prior to April 1, 2008, finance leases other than those, which transfer the ownership of the leased property to the Companies, had been primarily accounted for as operating leases.

Effective for the consolidated fiscal year beginning April 1, 2008, the Companies have adopted “Accounting Standards for Lease Transactions” and “Implementation Guidance for Accounting Standards for Lease Transactions”. By applying these standards, depreciation of assets under finance leases, entered into on and after April 1, 2008, which do not transfer ownership of the leased assets to the lessee, are calculated by the straight-line method over the lease period with no residual value. This change in accounting had no impact on operating income and income before income taxes and minority interest.

(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.

The Company and its wholly owned domestic subsidiaries file their 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.

(S) The “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

Effective for the fiscal year 2008, the Company has adopted the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No 18, issued May 17, 2006) and carried out necessary consolidated financial adjustments. By the adoption of this rule, the retained earnings at the beginning of the year decreased by ¥3,406 million mainly due to amortizing goodwill of subsidiaries in America. The operating income and the income before income taxes and minority interest have also decreased by ¥1,659 million, respectively.

3. Short-Term Loans and Long-Term Debt

The average interest rate for short-term loans outstanding at March 31, 2009 and 2008 is 3.2% and 5.1%, respectively.

The long-term debt (including lease liabilities) at March 31, 2009 and 2008, consists of the following :

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Long-term debt:			
Due serially through 2017, with interest rate of 3.72%	¥3	¥649	$30
Less current portion	0	621	0
	¥3	¥28	$30
Lease liabilities	¥5,030	–	$51,206
Less current portion	1,178	–	11,992
	¥3,852	–	$39,214

The aggregate annual maturities of long-term debt (including the current portion) outstanding at March 31, 2009 are as follows:

Year ending March 31	Millions of yen	Thousands of U.S.dollars
2010	–	–
2011	1	10
2012	1	10
2013 and thereafter	1	10
	¥3	$30

The aggregate annual maturities of lease liabilities (including the current portion) outstanding at March 31, 2009 are as follows:

Year ending March 31	Millions of yen	Thousands of U.S.dollars
2010	¥1,767	$17,988
2011	1,342	13,662
2012	649	6,607
2013 and thereafter	94	957
	¥3,852	$39,214

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, 2009 and 2008 for the Companies' defined benefit plans:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Retirement benefit obligation	¥(78,255)	¥(78,554)	$(796,651)
Plan assets	28,406	35,774	289,179
Unfunded retirement benefit obligation	(49,849)	(42,780)	(507,472)
Unrecognized actuarial gain or loss	11,065	5,815	112,644
Unrecognized past service cost	8,530	9,633	86,837
Net amount recognized in the consolidated balance sheet	(30,254)	(27,332)	(307,991)
Prepaid pension cost	165	183	1,680
Accrued retirement benefit obligation	¥(30,419)	¥(27,515)	$(309,671)

The components of retirement benefit expenses for the years ended March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Service cost	¥3,256	¥2,949	$33,147
Interest cost	1,565	1,469	15,932
Expected return on plan assets	(1,046)	(996)	(10,648)
Amortization of actuarial gain or loss	1,287	1,038	13,102
Amortization of past service cost	1,251	1,224	12,735
Total	¥6,313	¥5,684	$64,268

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, 2009 and 2008 were ¥76 millions ($774 thousands) and ¥123 millions, respectively.

The assumption used in accounting for the above plans in 2009 and 2008 are as follows:

	2009	2008
Discount rates	Mainly 2.0%	Mainly 2.0%
Expected return on assets	Mainly 4.0%	Mainly 4.0%
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, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Trade notes receivable discounted or endorsed	¥1,033	¥1,579	$10,516
Guarantees on lease contracts	101	193	1,028
Guarantees on employees' bank loans	731	954	7,442
Subsidiary's guarantee on customers' bank loans	2	9	20

6. Selling, General and Administrative Expenses

Major components of selling, general and administrative expenses at March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Delivering expense	¥7,445	¥8,071	$75,792
Advertising expense	3,276	4,977	33,350
Personal expense	97,382	102,816	991,367
Depreciation and amortization	3,928	4,138	39,988
Research and development expense	20,070	23,716	204,316
Other selling expense	7,849	12,480	79,904

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

"Other, net" for the years ended March 31, 2009 and 2008, consists of the following:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Write-down and disposal of inventories	¥(491)	¥(720)	$(4,998)
Loss on sales or disposals of property, plant and equipment	(400)	(327)	(4,072)
Foreign exchange gain or loss	(1,666)	(1,219)	(16,960)
Other, net	(1,074)	(1,536)	(10,934)
	¥(3,631)	¥(3,802)	$(36,964)

8. Research and Development Expenses

Research and development costs charged to income for the years ended March 31, 2009 and 2008 are as follows:

Millions of yen		Thousands of U.S.dollars
2009	2008	2009
¥29,592	¥30,677	$301,252

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 2009 and 2008.

	2009	2008
Statutory tax rate	40.6%	40.6%
Effect of :		
Different tax rates applied to income of foreign subsidiaries	(19.3)	(10.9)
Expenses not deductible for income tax purposes	5.7	2.4
Changes in valuation allowance	0.5	(0.7)
Corporation tax deduction for research expenditures	(9.0)	(3.4)
Amortization of goodwill of foreign subsidiaries	44.7	–
Other, net	1.0	4.0
	64.2%	32.0%

Significant components of the Companies' deferred tax assets and liabilities at March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Deferred tax assets:			
Accrued retirement benefits	¥11,881	¥10,814	$120,951
Intangible assets	9,174	8,826	93,393
Accrued bonuses	3,151	3,717	32,078
Elimination of consolidated unrealized gains	1,286	3,027	13,092
Other	6,500	8,118	66,171
	31,992	34,502	325,685
Valuation allowance	(1,658)	(1,500)	(16,879)
	30,334	33,002	308,806
Deferred tax liabilities:			
Retained earnings appropriated for tax allowable reserves	317	380	3,227
Unrealized gains on securities	111	421	1,130
Other	(45)	179	(458)
	383	980	3,899
Net deferred tax assets	¥29,951	¥32,022	$304,907

10. Leases

The year ended in March 31, 2008

(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, 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		
	Acquisition cost	Accumulated depreciation	New book value
Machinery and equipment	¥347	¥233	¥114
Tools, furniture and fixtures	737	410	327
	¥1,084	¥643	¥441

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

	Millions of yen
	2008
Due within one year	¥144
Due after one year	297
	¥441

(2) Lease payments for the year ended March 31, 2008, are ¥189 millions ($1,886 thousands).

(B) Operating leases

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

	Millions of yen
	2008
Due within one year	¥215
Due after one year	303
	¥518

The year ended in March 31, 2009

(A) Finance Lease as a lessee

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

1-1. The content of Lease assets: tangible assets (tools, furnitures and fixture)

1-2. Depreciation method of lease assets:
According to the "Accounting Standards for Lease Transactions" and "Implementation Guidance for Accounting Standards for Lease Transactions", which have been adopted from the consolidated fiscal year beginning April 1, 2008, depreciation of assets under finance leases which do not transfer ownership of the leased assets to the lessee are calculated by the straight-line method over the lease period with no resudual value.

(B) Operating Lease

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

	Millions of yen	Thousands of U.S.dollars
	2009	2009
Due within one year	¥215	$2,189
Due after one year	255	2,596
	¥470	$4,785

(C) Finance Lease as a lessor

1. Details of investment lease

	Millions of yen	Thousands of U.S.dollars
1-1) Investment lease - current assets	2009	2009
Lease revenues receivable	¥221	$2,250
Interests receivable	(21)	(214)
	¥200	$2,036
1-2) Investment lease - others		
Lease revenues receivable	¥261	$2,657
Interests receivable	(25)	(255)
	¥236	$2,402

	Investment lease	Thousands of U.S.dollars
Within one year	¥221	$2,250
Between 1 to 2 years	221	2,250
Between 2 to 3 years	39	397
Between 3 to 4 years	–	–
Between 4 to 5 years	–	–
More than 5 years	–	–
	¥481	¥4,897

(D) Operating Lease

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

	Millions of yen	Thousands of U.S.dollars
	2009	2009
Due within one year	¥337	$3,431
Due after one year	277	2,820
	¥614	$6,251

(E) Other related information

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

	Millions of yen	Thousands of U.S.dollars
Lease revenues receivable	2009	2009
Current assets	–	–
Others	–	–
	–	–
Investment lease		
Current assets	638	6,495
Others	907	9,233
	¥1,545	$15,728
Lease expenses payable		
Current liabilities	638	6,495
Fixed liabilities	907	9,233
	¥1,545	$15,728

11. Securities

(1) Information regarding marketable Other Securities as of March 31, 2009 is as follows:

	Millions of yen					
	2009			2008		
	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:						
Stocks	¥855	¥1,404	¥548	¥911	¥1,849	¥938
Securities whose acquisition cost exceeds their carrying value:						
Stocks	270	214	(56)	248	210	(38)
Total	¥1,125	¥1,618	¥492	¥1,159	¥2,059	¥900

	Thousands of U.S.dollars		
	2009		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stocks	$8,704	$14,293	$5,579
Securities whose acquisition cost exceeds their carrying value:			
Stocks	2,749	2,179	(570)
Total	$11,453	$16,472	$5,009

(2) The proceeds from sales of securities, except those of the affiliated companies, for the years ended March 31, 2009 and 2008 were ¥19 millions ($193 thousands) and ¥5 millions, respectively. The realized gains on those sales for the years ended March 31, 2009 and 2008 were ¥6 millions ($61 thousands) and ¥4 millions, respectively.

(3) Information regarding non-marketable securities as of March 31, 2009 and 2008 is as follows.

	Millions of yen	
	2009	2008
	Carrying value	
Other securities		
Unlisted stocks	¥1,550	¥1,907
Others	–	–
Total	¥1,550	¥1,907

	Thousands of U.S.dollars
	2009
	Carrying value
Other securities	
Unlisted stocks	$15,779
Others	–
Total	$15,779

12. Derivative Financial Instruments

Fair value information of the derivative financial instruments at March 31,2009 and 2008 is summarized below according to the disclosure requirements applicable to the respective year:

	Millions of yen					
	2009			2008		
	Contract amount	Fair value	Unrealized gain (loss)	Contract amount	Fair value	Unrealized gain (loss)
Forward exchange contracts:						
Sell Euros and others	¥2,046	¥2,186	¥(140)	¥1,507	¥1,491	¥16

	Thousands of U.S.dollars		
	2009		
	Contract amount	Fair value	Unrealized gain (loss)
Forward exchange contracts:			
Sell Euros and others	$20,829	$22,254	$(1,425)

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 for the year ended in March 31, 2008

The Companies operated in three business segments in the fiscal year 2007.

	Millions of yen
	2008
Net Sales	
Retail Information Systems	
Unaffiliated customers	¥189,877
Intersegment	2,444
Total	192,321
Document Processing & Telecommunication Systems	
Unaffiliated customers	300,511
Intersegment	6,448
Total	306,959
Home Electric Appliances & Others	
Unaffiliated customers	2,582
Intersegment	313
Total	2,895
Eliminations	(9,205)
Consolidated	¥492,970
Operating Expenses	
Retail Information Systems	¥181,990
Document Processing & Telecommunication Systems	291,238
Home Electric Appliances & Others	2,873
Eliminations	(9,205)
Consolidated	¥466,895
Operating Income	
Retail Information Systems	¥ 10,331
Document Processing & Telecommunication Systems	15,721
Home Electric Appliances & Others	23
Eliminations	–
Consolidated	¥26,075
Identifiable Assets	
Retail Information Systems	¥77,315
Document Processing & Telecommunication Systems	201,002
Home Electric Appliances & Others	400
Corporate and Eliminations	35,183
Consolidated	¥313,900
Depreciation and Amortization	
Retail Information Systems	¥2,803
Document Processing & Telecommunication Systems	10,946
Home Electric Appliances & Others	72
Consolidated	¥13,821
Capital Expenditures	
Retail Information Systems	¥2,936
Document Processing & Telecommunication Systems	12,133
Home Electric Appliances & Others	37
Consolidated	¥15,106

(B) Business Segment for the year ended in March 31, 2009

The Companies operate in three business segments in the fiscal year 2008.

	Millions of yen	Thousands of U.S.dollars
	2009	2009
Net Sales		
Retail Solution Business Group		
Unaffiliated customers	¥166,738	$1,697,424
Intersegment	3,770	38,379
Total	170,508	1,735,803
Document Systems Business Group		
Unaffiliated customers	216,037	2,199,298
Intersegment	9,671	98,453
Total	225,708	2,297,751
Auto-ID and Printer Business Group		
Unaffiliated customers	39,826	405,436
Intersegment	4,358	44,365
Total	44,184	449,801
Eliminations	(17,800)	(181,207)
Consolidated	¥422,601	$4,302,158
Operating Expenses		
Retail Solution Business Group	¥163,867	$1,668,197
Document Systems Business Group	223,644	2,276,738
Auto-ID and Printer Business Group	42,767	435,376
Eliminations	(17,800)	(181,207)
Consolidated	¥412,478	$4,199,104
Operating Income		
Retail Solution Business Group	¥6,642	$67,617
Document Systems Business Group	2,064	21,012
Auto-ID and Printer Business Group	1,417	14,425
Eliminations	–	–
Consolidated	¥10,123	$103,054
Identifiable Assets		
Retail Solution Business Group	¥65,762	$669,470
Document Systems Business Group	147,591	1,502,504
Auto-ID and Printer Business Group	25,845	263,107
Corporate and Eliminations	42,534	433,004
Consolidated	¥281,732	$2,868,085
Depreciation and Amortization		
Retail Solution Business Group	¥3,150	$32,068
Document Systems Business Group	13,016	132,505
Auto-ID and Printer Business Group	808	8,226
Consolidated	¥16,974	$172,799

Capital Expenditures

Retail Solution Business Group	¥3,907	$39,774
Document Systems Business Group	10,627	108,185
Auto-ID and Printer Business Group	580	5,905
Consolidated	¥15,114	$153,864

(Note) Corporate assets mainly consist of cash, time deposits, securities and investments with financial institutions of the Company.
Corporate assets at March 31, 2009 and 2008, are ¥43,422 millions ($442,043 thousands) and ¥35,723 millions, respectively.
The business segment has been changed from the fiscal year 2008.

(C) Geographic Segments

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Net Sales			
Japan			
Unaffiliated customers	¥215,419	¥234,845	$2,193,006
Intersegment	70,266	85,554	715,321
Total	285,685	320,399	2,908,327
American States			
Unaffiliated customers	81,065	100,847	825,257
Intersegment	1,855	1,679	18,884
Total	82,920	102,526	844,141
Europe			
Unaffiliated customers	91,388	115,458	930,347
Intersegment	2,398	6,154	24,412
Total	93,786	121,612	954,759
Asia and others			
Unaffiliated customers	34,730	41,820	353,558
Intersegment	52,268	64,933	532,098
Total	86,998	106,753	885,656
Eliminations	(126,788)	(158,320)	(1,290,726)
Consolidated	¥422,601	¥492,970	$4,302,158
Operating Expenses			
Japan	¥282,392	¥311,415	$2,874,804
American States	83,475	97,714	849,791
Europe	93,558	115,864	952,438
Asia and others	82,736	98,714	842,268
Eliminations	(129,684)	(156,812)	(1,320,208)
Consolidated	¥412,478	¥466,895	$4,199,104
Operating Income			
Japan	¥3,293	¥8,984	$33,523
American States	(555)	4,812	(5,650)
Europe	228	5,748	2,321
Asia and others	4,262	8,038	43,388
Eliminations	2,896	(1,507)	29,482
Consolidated	¥10,123	¥26,075	$103,054
Identifiable Assets			
Japan	¥203,938	¥232,706	$2,076,127
American States	26,889	33,585	273,735
Europe	47,941	60,064	488,048
Asia and others	37,321	42,867	379,935
Corporate and Eliminations	(34,356)	(55,322)	(349,751)
Consolidated	¥281,732	¥313,900	$2,868,085

(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, Switzerland, Poland
3. Asia and Others
Singapore, Malaysia, Indonesia, China, Australia, Korea

(Note2) Corporate assets mainly consist of cash, time deposits, securities and investments with financial institutions of the Company.
Corporate assets at March 31, 2009 and 2008, are ¥43,422 millions ($442,043 thousands) and ¥35,723 millions, respectively.

(C) Net Sales by Region

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Net Sales			
Japan	¥190,828	¥203,070	$1,942,665
American States	97,425	125,085	991,805
Europe	98,802	124,572	1,005,823
Asia and others	35,546	40,243	361,865
Net sales	¥422,601	¥492,970	$4,302,158

(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

for the year ending March, 2007

	Millions of yen
Consolidated sales	¥13,559
Consolidated operating income	¥308

(4) Consideration and Gain

The Home Electric Appliances business was sold for ¥1,886 million with the related gain on sales of ¥225 million.

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

	Millions of yen
Current assets	¥2,021
Fixed assets	1,701
Long-term liabilities	2,061
Assets and liabilities decreased by the transfer	1,661
Gain from the transfer	225
Transfer value	1,886

15. Stock Option Plan

The year ended March 31, 2008
Not applicable

The year ended March 31, 2009

1. The amount and the accounting subject in relation to the stock option in the fiscal year 2008 Selling, General and Administrative Expenses: ¥46 million ($468 thousand).

2. The size of stock option and its circumstances

1) General information

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

(Note) 1. The amount is converted into the number of shares.
2. Subscription rights may be exercised in a lump sum within expiration cycle and 10 days after a beneficiary resigns from directors or corporate officers .

2) The size of stock option and its circumstances

Addressed is the amount of stock option existed in the fiscal year 2008.

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

2-1. The number of stock option

	The first new share subscription right as share-reward type stock option
Before the resolution	
March 31, 2008	–
Offered	83,000
Cancelled	–
Vested	–
Outstanding	83,000
After the resolution	
March 31, 2008	–
Vested	–
Exercised	–
Cancelled	–
Outstanding	–

2-2. Per share data

	The first new share subscription right as share-reward type stock option
Exercised price	¥1 ($0.01)
The avarage price at the time of exercising	–
Official price at the date of offered	¥560 ($5.70)

3. The evaluation of fair price of stock option

1) The evaluation method used: Black–Scholes method
2) General information and the method of estimation

	The first new share subscription right as share-reward type stock option
Stock market volatility (Note 1)	28.1%
Estimated residual period (Note 2)	3 years and 5 month
Estimated dividents (Note 3)	¥12 ($0.12) per share
Risk-free rate (Note 4)	0.94%

(Note) 1. The figure is calculated based on actual share data from February 14, 2005 up to the week of offered.
The calculation is based on the condition that the Company's directors or corporate officers are resigned and the exercised exactly after the day of resignation.
3. The estimated figure is based on the actual divident amount at March 31, 2008.
4. Estimated capitalisation cycle of government bond in accordance with estimated accumulated period

4. The method of estimating the number of stock option vested

Fundamentally, only the actual number of cancelled is shown as it is difficult to estimate possible number of cancelled.

16. Acquisition of investments in newly consolidated subsidiaries

In the fiscal year 2007, 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.

	Millions of yen
Current assets	¥414
Fixed assets	384
Current liabilities	24
Long-term liabilities	191
Acquisition cost of investments of AI SOLUTIONS CORPORATION	583
Cash and Cash equivalents of AI SOLUTIONS CORPORATION	50
Expenses for the Acquisition of AI SOLUTIONS CORPORATION	533

In the fiscal year 2008, one of the subsidiaries of TABS, Toshiba America Business Solutions, has acquired business.

The related assets and liabilities in relation to the acquisition of business are summarised as follows:

	Millions of yen	Thousands of U.S.dollars
Current assets	¥283	$2,881
Fixed assets	988	10,058
Current liabilities	132	1,344
Long-term liabilities	–	–
Acquisition cost of business transfer	1,139	11,595
Cash and Cash equivalents	7	71
Expenses for the business acquisition	1,132	11,524

* There is no additional acquisition or consolidation in the fiscal year 2008.

17. Transactions with Related Parties

(A) 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	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	Trade notes and account receivable	¥3,901

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	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

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	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	Trade notes and account receivable	¥3,161

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.

(B) Transactions with Fellow Subsidiaries for the year ended March 31, 2009.

Status	Name	Address	Capital (Millions of yen)	Business	Percentage of voting rights held (%)
Subsidiary of the parent company	Toshiba Solutions Corporation	Minato-ku, Tokyo	¥23,500 ($239,234)	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.	¥7,241 ($73,715)	Trade notes and account receivable	¥3,586 ($36,506)

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.

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 ($1,018)	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	*1	Cash and Cash equivalents	¥35,718 ($363,616) Received interest and Accrued interest are ¥1($10) and ¥223 ($2270) respectively.

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.

Status	Name	Address	Capital	Business	Percentage of voting rights held (%)
Subsidiary of the parent company	Toshiba Capital (Asia) LTD.	Singapore	S$4,000	Financing of corporate subsidiaries overseas 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	Deposits of funds	Deposits of funds	*1	Cash and Cash equivalents	¥6,214 ($63,260) Received interest: ¥112 ($1,140)

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
As in the case of general trade terms, sales of products are determined from market prices and overall costs.

Status	Name	Address	Capital	Business	Percentage of voting rights held (%)
Subsidiary of the parent company	Toshiba International Finance Plc.	London, UK	GBP 5,000	Financing of corporate subsidiaries overseas 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	Deposits of funds	Deposits of funds	*1	Short-term loans payable	¥3,744 ($38,115) Interest: ¥87 ($886)

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
As in the case of general trade terms, sales of products are determined from market prices and overall costs.
Depositing funds are determined from market rates and offers from third party interests rates.

18. Cash Dividends

(A) 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
General shareholders' meeting held on April 27, 2007	Common stock	¥1,666	¥6	March, 31, 2007	June 7, 2007 (After general shareholders' meeting)
Board of directors held on October 31, 2007	Common stock	¥1,527	¥5.5	September 30, 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

(B) Cash dividends for the year ended March 31, 2009

(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 25, 2008	Common stock	¥1,804	¥6.5	March, 31, 2008	June 2, 2008
Board of directors held on October 30, 2008	Common stock	¥1,376	¥5.0	September 30,2008	December 1, 2008

(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 25, 2008	Common stock	$18,365	$0.07	March, 31, 2008	June 2, 2008
Board of directors held on October 30, 2008	Common stock	$14,008	$0.05	September 30,2008	December 1, 2008

(2) Year end dividends of the following fiscal year
Not applicable

19. Subsequent Event

The year ended in March 31, 2008

(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.

(Note) 1. 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.

2. 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 2008
Net Sales	
Retail Solution Business Group	
Unaffiliated customers	¥180,285
Intersegment	2,827
Total	183,112
Document Systems Business Group	
Unaffiliated customers	264,154
Intersegment	6,378
Total	270,532
Auto ID & Printer Business Group	
Unaffiliated customers	45,949
Intersegment	3,365
Total	49,314
Other	
Unaffiliated customers	2,582
Intersegment	313
Total	2,895
Eliminations	(12,883)
Consolidated	¥492,970
Operating Expenses	
Retail Solution Business Group	¥173,160
Document Systems Business Group	260,065
Auto ID & Printer Business Group	43,681
Other	2,873
Eliminations	(12,883)
Consolidated	¥466,896
Operating Income	
Retail Solution Business Group	¥9,952
Document Systems Business Group	10,467
Auto ID & Printer Business Group	5,633
Other	23
Eliminations	–
Consolidated	¥26,075
Identifiable Assets	
Retail Solution Business Group	¥71,618
Document Systems Business Group	177,440
Auto ID & Printer Business Group	29,259
Other	400
Corporate and Eliminations	35,183
Consolidated	¥313,900
Depreciation and Amortization	
Retail Solution Business Group	¥2,743
Document Systems Business Group	10,308
Auto ID & Printer Business Group	698
Other	72
Consolidated	¥13,821
Capital Expenditures	
Retail Solution Business Group	¥2,894
Document Systems Business Group	11,404
Auto ID & Printer Business Group	771
Other	37
Consolidated	¥15,106

The year ended in March 31, 2009

Not applicable

Ernst & Young ShinNihon LLC
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Chiyoda-ku, Tokyo, Japan 100-0011

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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, 2009 and 2008, 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, 2009 and 2008, 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 2 to the consolidated financial statements, the Company has adopted the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 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.

Ernst & Young ShinNihon LLC

June 25, 2009

TOSHIBA TEC CORPORATION

Corporate Data

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Tel: +81-3-6422-7000
Fax: +81-3-6422-7111
http://www.toshibatec.co.jp/
Established: February 21, 1950
Employees: 3,439 <Consolidated: 19,851> (as of March 2009)
Common Stock: ¥39,971 million (as of March 2009)
Stock Listing: Tokyo Stock Exchange (1st Section)

Board of Directors and Corporate Auditors

President and Chief Executive Officer (as of June 25, 2009)
◇Mamoru Suzuki

Directors
◇Yoshiyasu Kikuchi
Kazuaki Ushiyama
Keiichi Miura
Teruhiko Ukita
Toshio Yonezawa
Masahiko Fukakushi

◇:Representative Director

Corporate Auditors
Takao Saito
Satoshi Yamato
Hideaki Hori
Hideo Tsushima

Main Consolidated Companies (as of March 31, 2009)

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

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