TOSHIBA

Leading Innovation

2014 Annual Report

Year ended March 31,2014

Financial Review

REASON FOR THE SUBMISSION OF AMENDMENT REPORT ON ANNUAL SECURITIES REPORT

Because the full text was amended, the text is not underlined.

(1) Background

On February 12, 2015, Toshiba Corporation (the "Company") received a report order from the Securities and Exchange Surveillance Commission pursuant to Article 26 of the Financial Instruments and Exchange Act and was subject to a disclosure inspection with respect to some projects in which the percentage-of-completion of accounting method was used, among others. Following that, in the course of a self-investigation by the Company to deal with the issues identified relating to those projects in the disclosure inspection, it was noted that some matters require investigation in respect of accounting treatments for some infrastructure projects of the Company in which the percentage-of-completion method was used during the fiscal year ended March 31, 2014. Based on this situation, it was decided that the Special Investigation Committee consisting of the Company's internal committee members as well as external attorneys-at-law and certified public accountants would be established as of April 3, 2015, and the Company would of its own accord implement an investigation of the relevant facts. Then the Special Investigation Committee found that, the total amount of the contract cost was underestimated and Contract Losses (including provisions for contract losses) were not recorded in a timely manner, and also, issues requiring further investigation were identified.

Consequently, the Company decided to shift to the framework of investigation to an Independent Investigation Committee comprising independent and impartial external experts who did not have any interests in the Company as of May 8, 2015. The scope of the investigation delegated to the Independent Investigation Committee covers four matters: (1) accounting treatments in relation to projects in which the percentage-of-completion method was used; (2) accounting treatments in relation to recording of operating expenses in the Visual Products Business; (3) accounting treatments in relation to the valuation of inventory in the Semiconductor Business, mainly discrete and system LSIs; and (4) accounting treatments in relation to parts transactions, etc. in the PC Business. The Company received an investigation report from the Independent Investigation Committee on July 20, 2015.

In parallel with such efforts, the Company and all its consolidated subsidiaries as of March 31, 2015 underwent self-checks with respect to whether or not there was any issue that was not compliant with the accounting standards, internal regulations and other rules or any other inappropriate accounting treatment, and whether or not the Company and its consolidated subsidiaries were aware of any such issue or inappropriate accounting treatment, etc. including minor matters at each quarter-end in the period between the fiscal year ended March 31, 2010 and the fiscal year ended March 31, 2015 and during the period between April 1, 2015 and May 31, 2015.

The Company resolved at a meeting of the Board of Directors on September 7, 2015, to amend the annual securities reports for fiscal years from the fiscal year ended March 31, 2010 to the fiscal year ended March 31, 2014 and quarterly securities reports for quarters in the period from the fiscal year ended March 31, 2011 to the fiscal year ended March 31, 2015, to reflect the correction of the events identified in the investigation report of the Independent Investigation Committee stated above and the internal self-checks and the correction of other issues that had not been corrected due to a materiality viewpoint.

In line with the amendment, data in the consolidated financial statements were also reclassified for disclosure in connection with discontinued operations. The overview of the corrections is stated below.

(2) Overview

Restatement for the accounting treatment under the percentage-of-completion method

As the result of the above investigations, it was found that in certain infrastructure projects in which the percentage-of-completion of accounting method was used, there were cases where the estimated total cost was not calculated based on the latest information on incurred expenses, where provisions for contract losses were not recorded at the time when generation of losses became evident, and where the estimated total cost was calculated in anticipation of cost reductions which remained unsubstantiated. The accounting treatments for these projects were corrected.

Restatement for the accounting treatment in relation to recording operating expenses in the Visual Products Business

As the result of the above investigations, it was found that in the Visual Products Business, there were cases where some expenses were not recorded as expenses using the accrual-based method, where profits that should not be realized were recognized by making use of transactions between consolidated group companies, and where discounts in the purchase prices were recognized, for example by reflecting adjustment or increase of the procurement prices for the following periods, even if cost was not actually reduced. The accounting treatments for these cases were corrected.

Restatement for the accounting treatment in the parts transactions in the PC Business
As the result of the above investigations, etc., it was found that in the PC Business, there were cases where inappropriate profits were recognized in each fiscal period for parts transactions with manufacturing subcontractors, as well as cases where some expenses were not recorded as expenses using the accrual-based method and where profits that should not be realized were recognized by making use of transactions between consolidated group companies. The accounting treatments for these transactions were corrected.

Restatement for the accounting treatment in relation to valuation of inventory in the Semiconductor Business
As the result of the above investigations, etc., it was found that in the Semiconductor Business, there were cases where valuation losses for work-in-progress inventories, etc. were not recognized until the time of actual disposal of the inventories, and where the book values of term-end intermediate products and term-end completed products were overstated due to the lack of consistency between the front-end and back-end for revision of the standard cost in the standard cost accounting, and consequently cost of goods sold was understated. The accounting treatments for these cases were corrected.

Restatement for the account treatment for events identified in self-check and others
The Company corrected the account treatments for events identified in the above self-check and other matters that had not been corrected from the standpoint of materiality.

Additional recognition of impairment losses and resulting adjustment to depreciation
Incidental with the above correction of accounting treatments, the Company recognized impairment losses on fixed assets and made a correction of the recognition timing thereof and the resulting adjustment to depreciation for the Visual Products Business, PC Business, discrete and system LSIs businesses of the Semiconductor Business,

Adjustments to income taxes
Due to a change in temporary differences resulting from the above correction of accounting treatments for prior years, the Company made adjustments to deferred tax assets and liabilities and reviewed valuation allowances.

Due to these corrections to financial results, the Company needed to make amendments to part of the annual securities report for the 175th Fiscal Period from April 1, 2013 to March 31, 2014, which was submitted as of June 25, 2014, and there were also matters to be corrected in part of other information described therein. Therefore, the Company has submitted the amendment report on the annual securities report pursuant to the provision of Article 24-2, paragraph 1 of the Financial Instruments and Exchange Act.

The amended consolidated financial statements were audited by Ernst & Young ShinNihon LLC, and the audit report of the independent auditors has been attached hereto.

The information provided is about the status as of submisstion data of the original annual securities report in Jure 25, 2014 before correction for restatements in September 7, 2015.

FIVE-YEAR SUMMARY

Toshiba Corporation and Subsidiaries
Years ended March 31

Millions of yen, except per share amounts

	2014	2013	2012	2011	2010
Net sales	¥ **6,489,702**	¥ 5,722,248	¥ 5,996,414	¥ 6,263,990	¥ 6,137,689
Cost of sales	**4,865,787**	4,413,476	4,628,451	4,771,797	4,760,217
Selling, general and administrative expenses	**1,366,789**	1,216,719	1,253,061	1,247,661	1,305,684
Operating income (Note 1)	**257,126**	92,053	114,902	244,532	71,788
Income (loss) from continuing operations, before income taxes and noncontrolling interests	**182,336**	74,926	61,427	201,785	(14,342)
Income taxes	**92,045**	38,356	48,440	27,944	24,789
Net income (loss) attributable to shareholders of the Company	**60,240**	13,425	3,194	158,326	(53,943)
Per share of common stock:					
Earnings (loss) attributable to shareholders of the Company (Note 2)					
–Basic	¥ **14.23**	¥ 3.17	¥ 0.75	¥ 37.38	¥ (13.47)
–Diluted	**–**	–	0.74	35.90	(13.47)
Cash dividends	**8.00**	8.00	8.00	5.00	–
Total assets	¥ **6,172,519**	¥ 6,021,603	¥ 5,673,064	¥ 5,351,343	¥ 5,463,714
Equity attributable to shareholders of the Company	**1,027,189**	824,584	718,664	793,860	705,930
Capital expenditures (Property, plant and equipment)	**229,540**	237,280	298,104	229,913	209,287
Depreciation (Property, plant and equipment)	**125,901**	153,799	198,907	209,239	246,218
R&D expenditures	**327,913**	300,028	319,418	318,803	310,651
Number of employees	**200,260**	206,087	209,784	202,638	203,889

Notes: 1) Operating income is derived by deducting the cost of sales and selling, general and administrative expenses from net sales, and reported as a measurement of segment profit or loss. This result is regularly reviewed to support decision-making in allocation of resources and to assess performance. Certain operating expenses such as restructuring charges and legal settlement costs are not included in it.

2) Basic earnings (loss) per share attributable to shareholders of the Company (EPS) are computed based on the weighted-average number of shares of common stock outstanding during each period.
Diluted EPS assumes the dilution that could occur if convertible bonds were converted or stock acquisition rights were exercised to issue common stock, unless their inclusion would have an antidilutive effect.

3) Diluted net earnings per share attributable to shareholders of the Company for the years ended March 31, 2014 and 2013 have been omitted because the company did not have potential common stock that were outstanding for the period.

4) The Optical Disc Drive (ODD) business has been classified as discontinued operations since the fiscal year ended March 31, 2014, in accordance with Accounting Standards Codification ("ASC") No.205-20 "*Presentation of Financial Statements - Discontinued Operations*" ("ASC No.205-20"). Prior-period data for the fiscal years up to March 31, 2013 has been reclassified to conform with the current classification.

5) Following the acquisition of IBM's Retail Store Solutions business in July 2012, the Company completed the allocation of the cost of the acquisition to assets and liabilities, according to ASC No.805 "*Business Combinations*" ("ASC No.805"), in the fiscal year ended March 31, 2014. Results for the fiscal year ended March 31, 2013 have been revised to reflect this change.

6) Following the acquisition of Landis+Gyr AG in July 2011, the Company completed the allocation of the cost of the acquisition to assets and liabilities, according to ASC No.805, in the fiscal year ended March 31, 2013. Results for the fiscal year ended March 31, 2012 have been revised to reflect this change.

7) The Mobile Phone business has been classified as discontinued operations since the end of the fiscal year ended March 2011, in accordance with ASC No.205-20. Results for the fiscal year ended March 31, 2010 has been reclassified to conform with the current classification.

8) Some prior-period data relating to the discontinued operations has been amended following corrections to the consolidated financial statements.

SCOPE OF CONSOLIDATION

As of the end of March 2014, Toshiba Group ("the Group") comprised Toshiba Corporation ("the Company") and 598 consolidated subsidiaries and its principal operations were in the Energy & Infrastructure, Community Solutions, Healthcare Systems & Services, Electronic Devices & Components and Lifestyle Products & Services business domains. Of the consolidated subsidiaries, 208 were involved in Energy & Infrastructure, 158 in Community Solutions, 42 in Healthcare Systems & Services, 51 in Electronic Devices & Components, 58 in Lifestyle Products & Services and 81 in others. The number of consolidated subsidiaries was 8 more than at the end of March 2013. 208 affiliates were accounted for by the equity method as of the end of March 2014.

RESULTS OF OPERATIONS

(1) Overview of Consolidated Results

Year Ended March 31

	Billions of yen	
	2014	Change*
Net sales	**6,489.7**	+767.5
Operating income	**257.1**	+165.0
Income from continuing operations, before income taxes and noncontrolling interests	**182.3**	+107.4
Net income attributable to shareholders of the Company [1]	**60.2**	+46.8

(* Change from the year-earlier period)

The overall world economy recorded a growth rate similar to that of the previous year, regardless of a slowdown in some emerging economies owing to weakening currencies and increasing inflation rates. The U.S. economy remained solid despite a tighter Round 3 of Quantitative Easing (QE3), financial problems and other difficulties. The EU economy continued a gradual recovery. After China reframed economic policy, its economy picked up again in the summer. The overall economic growth of Southeast Asia also remained firm. The Japanese economy continued its slow recovery on an increase in consumption spurred by a last-minute rise in demand before an increase in the consumption tax, and the Quantitative and Qualitative Monetary Easing and fiscal stimulus initiated by the government. Although there are concerns both in overseas and in Japan, including a bad debt problem in China, a weak recovery in the EU and emerging economies and sluggishness in Japan due to the increase in consumption tax, the global economy is expected to record higher growth than in the year ended March 31, 2014.

In these circumstances, the Group has endeavored to create new value by combining internal and external technologies to expand their application areas into new and untapped markets and customer bases. In addition to Energy and Storage, the Group has defined Healthcare as a third pillar of business and value creation. Furthermore, the Group has launched globally competitive products and services worldwide, especially in emerging economies.

The Group's net sales increased by 767.5 billion yen to 6,489.7 billion yen (US$63,006.8 million) with all five business segments recording higher sales, most notably the Electronic Devices & Components segment. Consolidated operating income increased by 165.0 billion yen to 257.1 billion yen (US$2,496.4 million). Although the Energy & Infrastructure segment saw a decrease in operating income reflecting at one time negative impact of a conservative reassessment of the asset value of a U.S. developer of nuclear power plants, the Lifestyle Products & Services segment improved, the Electronic Devices & Components segment recorded significantly higher operating income, and the Community Solutions and Healthcare Systems & Services segments also recorded higher operating incomes.

Income (loss) from continuing operations, before income taxes and noncontrolling interests increased by 107.4 billion yen to 182.3 billion yen (US$1,770.3 million). Net income attributable to shareholders of the Company increased by 46.8 billion yen to 60.2 billion yen (US$584.9 million) despite the negative impact of the reassessment of the asset value of a U.S. developer of nuclear power plants and abolition of the Special Corporation Tax for Reconstruction.

Consolidated Results by Segment are as follows;

	Billions of yen				
	Net Sales			Operating Income (Loss)	
		Change*			Change*
Energy & Infrastructure	1,805.5	+166.5	+10%	1.3	(81.4)
Community Solutions	1,356.7	+180.6	+15%	53.3	+26.6
Healthcare Systems & Services	410.7	+31.1	+8%	28.6	+8.7
Electronic Devices & Components	1,687.3	+407.1	+32%	241.6	+200.4
Lifestyle Products & Services	1,314.6	+46.8	+4%	(58.1)	+14.8
Others	504.0	+5.2	+1%	(8.7)	(2.1)
Eliminations	(589.1)	–	–	(0.9)	–
Total	6,489.7	+767.5	+13%	257.1	+165.0

(* Change from the year-earlier period)

Energy & Infrastructure:
The net sales of the Energy & Infrastructure segment increased by 166.5 billion yen to 1,805.5 billion yen (US$17,529.4 million). Although the Nuclear Power Systems business in Japan saw lower sales, the overall Social Infrastructure business recorded growth, reflecting higher sales in the Electric Power Distribution Systems, Solar Photovoltaic Systems, Railroad Systems, Automotive Systems and other businesses.

Segment operating income decreased by 81.4 billion yen to 1.3 billion yen (US$12.4 million). The Solar Photovoltaic Systems business reported higher operating income, reflecting higher sales. The Thermal & Hydro Power Systems business performed well but recorded lower operating income. The Nuclear Power Systems business deteriorated reflecting a temporary expense incurred overseas, and at one time negative impact of a conservative reassessment of the asset value of a U.S. developer of nuclear power plants. The Electric Power Distribution Systems business also deteriorated.

Community Solutions:
The net sales of the Community Solutions segment increased by 180.6 billion yen to 1,356.7 billion yen (US$13,171.2 million). The Retail Information Systems and Office Equipment business reported significantly higher sales on positive effects from a business acquisition and other factors. The Disaster Prevention Systems, Elevator & Building Systems, Lighting and Commercial Air-Conditioners businesses also saw sales increases.

Segment operating income increased by 26.6 billion yen to 53.3 billion yen (US$517.7 million). The Retail Information Systems and Office Equipment business saw higher operating income reflecting higher sales, and the Elevator & Building Systems and Commercial Air-Conditioners businesses also recorded higher operating income.

Healthcare Systems & Services:
The net sales of the Healthcare Systems & Services segment increased by 31.1 billion yen to 410.7 billion yen (US$3,987.6 million). Healthcare systems, especially computerized tomography (CT) systems, recorded higher sales on higher unit sales in emerging economies and sales growth in the overseas service sector.

Segment operating income increased by 8.7 billion yen to 28.6 billion yen (US$277.5 million). The segment saw higher operating income on higher sales in emerging economies and the overseas service sector.

Electronic Devices & Components:
The net sales of the Electronic Devices & Components segment increased by 407.1 billion yen to 1,687.3 billion yen (US$16,381.4 million). The Memories business saw significantly higher sales on increased sales volume, and the Discrete business reported higher sales. The Storage Products business also recorded higher sales, especially in 3.5-inch hard disk drives (HDDs).

Segment operating income increased by 200.4 billion yen to 241.6 billion yen (US$2,345.2 million). The Memories business saw a notable upswing, maintaining high profitability.

Lifestyle Products & Services:
The net sales of the Lifestyle Products & Services segment increased by 46.8 billion yen to 1,314.6 billion yen (US$12,763.3 million). The Visual Products business, which includes LCD TVs, saw sales decrease due to a shift in focus to redefined sales territories and other factors, while the PC and White Goods businesses recorded higher sales.

Segment operating income (loss) improved by 14.8 billion yen to -58.1 billion yen (US$-563.9 million). The Visual Products business saw a considerable improvement, due to positive effects from a focus on redefined sales territories. The White Goods business deteriorated owing to a weaker yen but secured higher operating income in the second half through efforts to strengthen product lines and measures to respond to the weaker yen. Although the PC business saw a considerable second-half improvement against the first half, operating income deteriorated, reflecting the impacts of yen depreciation.

Others:
The Others segment recorded an operating loss of 8.7 billion yen (US$84.4 million) over sales of 504.0 billion yen (US$4,893.4 million). The IT Solutions business saw lower operating income despite higher sales.

Net sales by segment listed above include 589.1 billion yen, which is net sales of inter-company transactions.

(2) Cash Flows
In the fiscal year under review, net cash provided by operating activities amounted to 284.1 billion yen, an increase of 151.8 billion yen from net cash provided by operating activities of 132.3 billion yen in the previous year due to improvement of working capital.

Net cash used in investing activities amounted to 244.1 billion yen, an increase of 47.8 billion yen from 196.3 billion yen in the previous year.

As a result of the foregoing, free cash flow increased by 104.0 billion yen to 40.0 billion yen (US$388.7 million) from -64.0 billion yen in the previous year.

Net cash used in financing activities amounted to -89.3 billion yen, a decrease of 131.1 billion yen from 41.8 billion yen in the previous year.

The effect of exchange rate changes was to increase cash by 11.4 billion yen. Cash and cash equivalents at the end of the fiscal year declined 37.9 billion yen, from 209.2 billion yen of the end of the previous fiscal year to 171.3 billion yen.

Note:
The Group's Consolidated Financial Statements are based on U.S. generally accepted accounting principles ("GAAP").

Operating income (loss) is derived by deducting the cost of sales and selling, general and administrative expenses from net sales. This result is regularly reviewed to support decision-making in allocations of resources and to assess performance. Certain operating expenses such as restructuring charges and legal settlement costs are not included in it.

Some prior-period data relating to the discontinued operation has been reclassified following corrections to the consolidated financial statements. Details of the reclassification are provided in "V. Financial Information."

Following the acquisition of IBM's Retail Store Solutions business in July 2012, the Company completed the allocation of the cost of the acquisition to assets and liabilities, according to ASC 805, in the fiscal year ended March 31, 2014. Results for the fiscal year ended March 31, 2013 have been revised to reflect this change.

The ODD business is classified as a discontinued operation in accordance with ASC 205-20. The results of the ODD business have been excluded from net sales, operating income (loss), and income (loss) from continuing operations, before income taxes and noncontrolling interests. Net income of the Group is calculated by reflecting the ODD business results to income (loss) from continuing operations, before income taxes and noncontrolling interests. Results of the past fiscal year have been revised to reflect this change.

The HDD and SSD businesses are referred to as the Storage Products business.

DIVIDEND
The Company, while giving full consideration to such factors as the strategic investments necessary to secure medium- to long-term growth, seeks to achieve continuous increases in its actual dividend payments, in line with a payout ratio in the region of 30 percent, on a consolidated basis.

The Board of the Directors determines each dividend based on the policy of paying the dividends twice a year.

In addition, it is provided in Articles of Incorporation of the Company as follows; "Unless otherwise provided by laws and ordinances, matters stipulated in each item of Article 459, Paragraph 1 of the Companies Act including matters relating to the dividends of surplus shall be determined by resolutions of the Board of Directors, not by resolutions of General Meeting of Shareholders."

The Company has decided to pay both an interim dividend and a year-end dividend. The Company paid 4.0 yen per share as the interim dividend and the year-end dividend has been set at 4.0 yen per share. As a result, the annual dividend for the year ended March 31, 2014 was 8.0 yen per share.

RESEARCH AND DEVELOPMENT

The Group's new management policy defines Growth through Creativity and Innovation as the main target, to be achieved through Value Creation and Productivity Improvements. We have also added Healthcare to Energy and Data Storage as a core business. In achieving this management policy, in addition to our long-standing promotion of Value Innovation, which encompasses the unearthing of society's potential needs and issues and the creation of innovative technologies, and Process Innovation, the constant productivity improvements that fuel profit creation and strengthen competitiveness, we will promote New Concept Innovation that utilizes the wide-ranging technology assets of the Group in many and diverse fields to generate synergies, and create new value for customers.

The Group's overall R&D expenditure reached 327.9 billion yen in the fiscal year ended March 31, 2014. Expenditures for each business segment were as follows:

	Billions of yen
Energy & Infrastructure	64.7
Community Solutions	45.0
Healthcare Systems & Services	31.7
Electronic Devices & Components	145.5
Lifestyle Products & Services	34.8
Others	6.2

CAPITAL EXPENDITURES

CAPITAL EXPENDITURE OVERVIEW

(1) Overview

The Group strongly promotes capital expenditure and investments & loans to accelerate enhancement of its focus businesses and to establish new profit basis. The Group sets "Shiftable funds", which enables the Company to make speedy and flexible decisions of investments in response to change of business environment, and executes strategic investments.

In the year ended March 31, 2014 as a result of proactive investment in new businesses to achieve growth through creativity and innovation, the total amount of investment and loan amounted to 415.9 billion yen. In relation to capital investment, the Group carefully selected projects in fields in which growth is expected, placing importance on efficiency of investment. Consequently, capital expenditure on ordering basis amounted to 340.2 billion yen, which was 10.2 billion yen increase from the initial plan, 330.0 billion yen.

The above capital expenditure includes the Group's portion in the investments made by Flash Forward, Ltd. and other affiliates accounted for by the equity method.

	Capital expenditure (billion yen) (Note 1)	Investments & loans (billion yen) (Note 2)	Total investments (billion yen)
Energy & Infrastructure	61.0	29.8	90.8
Community Solutions	28.6	25.6	54.2
Healthcare Systems & Services	11.1	0.8	11.9
Electronic Devices & Components	201.5	19.1	220.6
Lifestyle Products & Services	8.5	0.0	8.5
Others	29.5	0.4	29.9
Total	340.2	75.7	415.9

Notes: 1) Based on ordering basis and includes intangible assets.
2) Based on payment basis.

(2) Primary Capital Investment

	Segment	Outline
Completed during the term	Energy & Infrastructure	• Building for Keihin Global Engineering and Manufacturing Center (the Company's Keihin Product Operations) • Manufacturing building, facilities, interior decorating and power equipment, and manufacturing facilities for transmission and distribution systems business (Brazil)
	Electronic Devices & Components	• Manufacturing facilities for NAND flash memory (the Company's Yokkaichi Operations) • Manufacturing facilities for post-process of discrete semiconductor device (Thailand)
	Others	• Interior decorating and power equipment for building of Smart Building for Smart Community business (Note)
Ordered during the term	Energy & Infrastructure	• Manufacturing facilities for equipments of transmission and distribution systems business (India)
	Electronic Devices & Components	• Manufacturing building, facilities, interior decorating and power equipment, and manufacturing facilities for NAND flash memory (the Company's Yokkaichi Operations)

(Note) The building is owned by NREG Toshiba Building Co., Ltd..

(3) Primary Investment and Loan

Segment	Outline
Energy & Infrastructure	• Acquisition of power transformer, distribution transformer, and switchgear businesses from Vijai Electricals Ltd. in India • Acquisition of Sigma Power Janex Co., Ltd., a company operating wind power generation business
Community Solutions	• Investment in UEM, a water treatment engineering company in India
Electronic Devices & Components	• Acquisition of assets related to development of white LEDs chips from Bridgelux in the U.S. • Acquisition of assets related the solid-state storage business from OCZ Technology Group Inc. in the U.S.

PLANS FOR CONSTRUCTING NEW FACILITIES AND RETIRING EXISTING FACILITIES

At the end of this fiscal year ended March 31, 2014, investment for newly-established facilities and upgrades of equipment is planned to be amounted as 370.0 billion yen in the year ending March 31, 2015 (based on the value of orders placed and including intangible assets; hereinafter the same). This figure includes the Group's portion of the investment made by Flash Alliance, Ltd. and Flash Forward, Ltd. and others, which are companies accounted for by the equity method. The funds for capital expenditures will be financed by the internal funds.

Billions of yen — As of March 31, 2014

Business Segment	Planned Capital Investments for the year ending March 31, 2014	Major Contents and Purposes
Energy & Infrastructure	70.0	Manufacturing facilities for Transmission & Distribution of energy systems, etc.
Community Solutions	35.0	–
Healthcare Systems & Services	10.0	–
Electronic Devices & Components	202.0	Manufacturing facilities for NAND flash memories.
Lifestyle Products & Services	13.0	–
Others	40.0	–
Total	370.0	–

Investments & loans	80.0

Total investments	450.0

Notes: 1) Consumption taxes are not included in these capital investment plans.
2) Retiring material facilities is not planned except for routine renewal of facilities.
3) The major planned new facilities and equipment upgrades in the year ending March 31, 2015 are as follows:

As of March 31, 2014

Name of Company and Office	Place	Business Segment	Type of Facility	Planned Beginning	Capacity Improvement after Completion of Construction
Flash Forward Ltd. and others	Yokkaichi, Mie	Electronic Devices & Components	Manufacturing facilities for semiconductors, etc.	June 2014	Enhancement of manufacturing facilities, etc.

TREASURY STOCK

Shares held as of the closing date of last period:			2,789,946 (common stock)
Shares acquired during the period:	Demand for purchase of shares less than one unit from shareholders		333,471 (common stock)
		Aggregate amount of acquisition costs:	151,256 (thousand yen)
	Demand for purchase of shares by shareholders dissenting from Absorption-type Merger		750 (common stock)
		Aggregate amount of acquisition costs:	323 (thousand yen)
Shares disposed during the period:	Demand for sale of shares less than one unit from shareholders		12,700 (common stock)
		Aggregate amount of sales value:	5,781 (thousand yen)
Shares held as of the closing date of this period:			3,111,467 (common stock)

MAJOR SUBSIDIARIES AND AFFILIATED COMPANIES

As of March 31, 2014

Consolidated Subsidiaries	Affiliated companies
Iwate Toshiba Electronics Co., Ltd. Kaga Toshiba Electronics Corporation Kokusai Chart Corporation Nishishiba Electric Co., Ltd. NuFlare Technology, Inc. Toshiba Carrier Corporation Toshiba Consumer Marketing Corporation Toshiba Denzai Marketing Co., Ltd. Toshiba Elevator and Building Systems Corporation Toshiba Global Commerce Solutions Holdings Corporation Toshiba Home Appliances Corporation Toshiba Industrial Products and Systems Corporation Toshiba Information Equipments Co., Ltd. Toshiba Lighting & Technology Corporation Toshiba Logistics Corporation Toshiba Medical Systems Corporation Toshiba Plant Systems & Services Corporation Toshiba Solutions Corporation Toshiba TEC Corporation Toshiba Trading Inc. Dalian Toshiba Television Co., Ltd. Landis +Gyr A.G. Landis +Gyr Holding A.G. TAI Receivables Corporation Taiwan Toshiba International Procurement Corporation Toshiba America Business Solutions, Inc. Toshiba America Electronic Components, Inc. Toshiba America Information Systems, Inc. Toshiba America Medical Systems, Inc. Toshiba America Nuclear Energy Corporation Toshiba America, Inc. Toshiba Asia Pacific Pte., Ltd. Toshiba Carrier (Thailand) Co., Ltd. Toshiba (China) Co., Ltd. Toshiba Dalian Co., Ltd. Toshiba Digital Media Network Taiwan Corporation Toshiba Electronics Asia, Ltd. Toshiba Electronics Korea Corporation Toshiba Elevator (China) Co., Ltd. Toshiba Europe GmbH Toshiba Information Equipment (Hangzhou) Co., Ltd. Toshiba Information Equipment (Philippines), Inc. Toshiba Information Systems (UK) Ltd. Toshiba Infrastructure Systems South America Ltd. Toshiba International Corporation Toshiba International Finance (UK) Plc. Toshiba International Procurement Hong Kong, Limited Toshiba JSW Power Systems Private Ltd. Toshiba Lighting & Technology (Kunshan) Co., Ltd Toshiba Medical Systems Europe B.V. Toshiba Nuclear Energy Holdings (UK) Ltd. Toshiba Nuclear Energy Holdings (US) Inc. Toshiba TEC France Imaging Systems S.A. Toshiba TEC U.K. Imaging Systems Ltd. Toshiba Transmission & Distribution India Private Limited Westinghouse Electric Company LLC	Flash Alliance, Ltd. Flash Forward Flash Partners, Ltd. NREG Toshiba Building Co., Ltd. Shibaura Mechatronics Corporation Topcon Corporation Toshiba Machine Co., Ltd. Toshiba Medical Finance Co., Ltd. Toshiba Mitsubishi-Electric Industrial Systems Corporation Dalian Toshiba Locomotive Electric Equipment Co., Ltd. Energy Asia Holdings, Ltd Guangdong Meizhi Compressor Ltd. Guangdong Midea Air-Conditioning Equipment Co., Ltd. Guangdong Midea Commercial Air-Conditioning Equipment Co., Ltd. Guangdong Midea Group Wuhan Air-Conditioning Equipment Co., Ltd. Guangdong Midea Group Wuhu Air-Conditioning Epuipment Co., Ltd. Nuclear Innovation North America LLC PM&T Holding B.V. Semp Toshiba Amazonas S.A. TMEIC Corporation UNISON Co., Ltd

The Company has 598 consolidated subsidiaries in total including 56 above and 208 affiliated companies in total including 21 above accounted for by the equity method.

RISK FACTORS RELATING THE GROUP AND ITS BUSINESS

The business areas of energy and electronics, the Group's main business areas, require highly advanced technology for their operation. At the same time, the Group faces fierce global competition. Therefore, appropriate risk management is indispensable. Major risk factors related to the Group recognized by the Company are described below. However, they should not be regarded as a complete and comprehensive statement of risk factors relating to the Group, and there are unforeseeable risk factors other than those described below. The actual occurrence of any of those risk factors may adversely affect the Group's operating results and financial condition.

The risks described below are identified by the Group based on information available to the Group as of June 25, 2014 and involve inherent uncertainties, and, therefore, the actual results may differ. The Group recognizes these risks and makes every effort to avoid the occurrence of these risks and minimize any impact from them when they occur, by maintaining the proper risk management.

1. Risks related to management policy

(1) Strategic concentrated investment

The Group is making strategic concentrated investments in the categories which aim to implement comprehensive solutions for the issues such as the increase in demand for energy or the rise in the price of resources, which are associated with the growth and expansion of emerging economies, and mass capacity growth of the information transmission and/or storage and the ensuring of the information security. While it is essential to allocate limited management resources to high growth areas or areas in which the Group enjoys competitiveness, in order to secure and maintain the Group's advantages, the areas in which the Group is making concentrated investments may not grow as anticipated, the Group may not maintain or strengthen its competitive power in such areas, or the relevant investments may not fully generate the anticipated level of profit. Therefore, when making strategic concentrated investments, the Group is conscious of capital costs and of the need to conduct careful selection of investment items and to enhance progress management. Alongside these efforts, the Group also aims to achieve growth through allocation of strategic resources and to reinforce its financial base, by means of thorough implementation of comprehensive management of all relevant investments that reflect the nature of each individual business. Further to this, the Group also makes every effort to utilize external resources through strategic business alliances where necessary.

(2) Success of strategic business alliances and acquisitions

The Group actively promotes business alliances with other companies, including the formation of joint ventures, and acquisitions, in order to grow new businesses in research and development, production, marketing and various other areas. If the Group has any disagreement with its partner in a business alliance or an acquisition in respect of financing, technological management, product development, management strategies or otherwise, such business alliance may be terminated or such business alliance or acquisition may not have the expected effects. In addition, the Group's operating results and financial condition may be adversely affected by additional capital expenditures and provision of guaranties to meet the obligations for such partnership business that may be incurred due to the deterioration of the financial condition of the partner, as well as for other reasons. Based on these assumptions, the Group pays careful attention to optimizing business formation to secure correspondence to the nature of the relevant business.

(3) Business structure reformation

The Group as a whole is taking measures to reform its business structure, in order to continue and deepen the establishment, through self-transformation, of the business quality by which it can ensure a stable profit, not susceptible to a changing environment, and there is a possibility that the Group will incur expenses for business structure reform in this connection. The Group, in an attempt to minimize impact from exchange rate fluctuations, has made efforts to expand globally optimized production and procurement and to secure multiple suppliers, among other things. While consolidating and optimizing facilities in Japan and abroad, the Group aims to achieve a structure that maximizes Group synergy, in addition to streamlining the business structure. However, in the event of unexpected fluctuations in foreign exchange rates, or the failure of the reform programs to produce the expected results, the Group may incur additional expenses for business structure reform and in such case the Group's operating results or financial condition may be affected.

(4) Measure for defense against hostile takeover

The Company has introduced a plan outlining countermeasures that may be taken against any large-scale acquisitions of the Company's shares (the "Takeover Defense Measures"). If an entity making a large-scale acquisition of the Company's shares does not comply with the procedures under the Takeover Defense Measures, the Company may take defensive measures against it by making a *gratis* allotment of stock acquisition rights (*shinkabu yoyakuken*) under the Takeover Defense Measures. Although such Takeover Defense Measures were introduced for the purpose of protecting and enhancing the corporate value of the Group and the common interests of its shareholders, they may limit the opportunities for the shareholders of the Company to sell their shares to hostile acquirers.

2. Risks related to financial condition, results of operations and cash flow

(1) Business environment of the Energy and Infrastructure business

A significant portion of the net sales in the Energy and Infrastructure business is attributable to national and local government expenditures on public works and to capital expenditures by the private sector. The Group monitors trends in such capital expenditures in conducting its business and also makes best efforts to cultivate new business and customers. However, reductions and delays in spending on public works, low levels of private capital expenditures due to the economic recession, and exchange rate fluctuations may have a negative impact on this business.

Furthermore, this business promotes and involves the supply of products and services for large-scale projects on a worldwide basis. Post order changes in the specifications or other terms, delays, appreciation of material costs, changes to and suspension or stoppage of plans for various reasons, including policy changes, natural and other disasters and other factors, may adversely and substantially affect the progress of such projects. In addition, when the percentage of completion method is applied to revenue recognition for long term construction contracts, the Group may retroactively reassess profits recorded as accrued and record them as a loss, in the event that, among other things, the original estimate is over- or understated, the expected profits from such projects do not meet original expectations or the projects are delayed or cancelled for some reason. In the past, the Group recorded losses on certain projects. Furthermore, it may not be possible to pass on to the customer or others any additional costs incurred due to changes in terms or delays in the work process, and such costs may not be collected, or a dispute may arise over such costs. In fact, there are certain projects regarding which the Group is taking legal action. With respect to the investments in an operator that promotes a certain project which investment is made in order to secure the order from such operator, there may be impairments in investments, increases in the financial burden, delays in payouts depending upon the trends in projects. In order to deal with these issues, the Group makes every effort to grasp trends in markets and projects, make sound investment decisions and ensure thorough risk management before and after accepting orders. In addition, whenever possible, the Group makes every effort to appropriately avoid risk by making agreements with customers for advance payment or performance payments, as well as other agreements on supplemental payments in the event of changes in specifications and delays in work. Although difficulties may arise for the continuance of certain currently ongoing projects due to a change in the policies of fund providers and other factors, the Group is making every effort to obtain other fund providers for such pending projects.

(2) Business environment of the Community Solutions business

The Community Solutions business provides diversified solutions and strengthens the smart community business aimed at delivering multiple urban and regional solutions that include the facilities business related to facilities, such as buildings, factories and housings, and the urban infrastructure solution business and the retail business. Furthermore, the Group has participated in demonstration experiments in the area of the smart community business on a worldwide basis and has provided diversified solutions in collaboration with local governments.

Since a significant portion of the net sales in this business is attributable to sales related to expenditures on public works and capital expenditures by the private sector, reductions or delays in spending on public works, low levels of private capital expenditures due to the economic recession, and trends in building and housing construction on a worldwide basis and other factors may have a negative impact on this business.

This business is promoting its business development on a worldwide basis. Post order changes in the specifications or other terms, changes to and stoppages of plans for various reasons including policy changes, changes in regulations, appreciation of material costs and personnel expenses, natural and other disasters and other factors, may adversely and substantially affect the progress of this business. In addition, exchange rate fluctuations and other factors may also have a negative impact on this business.

(3) Business environment of the Healthcare Systems and Services business

A significant portion of the net sales in the Healthcare Systems and Services business is attributable to medical businesses. While the medical businesses expands and develops its global market amid improvements in the medical infrastructure in emerging economies, the escalation of social welfare spending is a challenge for countries in which the population is aging, and this business is situated in a business environment which is significantly affected by policy to reduce medical expenses.

Products for medical institutions, by their nature, require a lot of time to design, research and develop and, sell the products since they require a certain amount of time to prove the clinical effects of the new technology and products, and also require obtaining approval and homologation pursuant to the laws and regulations on medical devices in various countries. On the other hand, as recent medical technology has been remarkably advanced, state-of-the-art research and development, collaborating with advanced medical institutions in various countries, has been carried out on a global scale. Continuous investments in R&D expenditures are essential to keeping up with the speed of revolutionary medical technology. As a result, although the Group makes investments based on detailed considerations and expectations, the Group may not be able to foresee changes in the market environment and medical policies and other factors, to sell products in line with market needs in a timely manner and thus may not be able to maintain its competitiveness, and consequently, investments in R&D expenditures and investments in advances into new business areas for the Healthcare Systems and Services business may not fully generate the anticipated level of profit.

(4) Business environment of the Electronic Devices and Components business

The market for the Electronic Devices and Components business is highly cyclical, depending on demand, and intensely competitive, with many companies, mainly in overseas markets, manufacturing and selling products similar to those offered by the Group. The results of this business tend to change with economic fluctuations and, in particular, to be heavily affected by exchange rate fluctuations. Unforeseen market changes and corresponding changes in demand at the time of production may result in a mismatch between the production of particular products based on the sales volume initially expected and the actual demand for such products, or cause the business to be adversely affected by a decrease in product unit prices due to oversupply. In particular, the price for NAND flash memory, the Group's major product in this business, may undergo rapid change, and changes in the consumer market or semiconductor heavy users may influence demand for System LSIs and other semiconductor products.

Fluctuations in the results of this business may materially affect the Group's overall business performance. In addition, the market may face a downturn, the Group may fail to market new products in a timely manner, production may not go as planned, or a rapid introduction of new technology may make the Group's current products obsolete. Economies of scale with respect to the manufacture of the many products produced by this business are significant and there is intense competition to develop and market new products. Therefore, significant levels of capital expenditures are required to maintain and improve competitiveness in both the price and quality of products.

The Group makes every effort to implement the business by focusing its attention on these factors and promoting strategic allocation of resources. At the same time, the Group makes every effort to increase profits by enhancing cost competitiveness, which is to be achieved by maintaining a technological advantage, and expanding the product line-up. Additionally, the Group undertakes rigorous selection in its investments and makes every effort to carefully monitor the latest market trends and to make capital investments in a timely manner, while thoroughly controlling flexible production that corresponds to fluctuations in market demand, adjustment of supplies and investment management. The Group promotes procurement of components from overseas in US dollars in order to mitigate the impact of exchange rate fluctuations.

(5) Business environment of the Lifestyle Products and Services business

The market for the Lifestyle Products and Services business is intensely competitive, with many companies manufacturing and selling products similar to those offered by the Group. Additionally, this business may be significantly affected by exchange rate fluctuations, economic fluctuations and consumer spending trends which may be affected by the scheduled increase in consumption tax, among other things. The Group makes efforts to monitor the latest trends in market demand in order to better respond to changes in supply and demand conditions, and also makes every effort to minimize the potential impact of the market volatility. However, any rapid fluctuation in demand may result in price erosion or increases in prices of parts and components, which may adversely affect the Group's financial results with respect to this business.

The Group is promoting structural reforms in an attempt to improve profit and enhance the basic structure of the Lifestyle Products and Services business. In this connection, there is a possibility that the Group will incur expenses for business structure reform which may give material negative impact on profitability.

(6) Financial risk

Apart from being affected by the business operations of the Company or the Group, the Company's consolidated and nonconsolidated results and financial condition may be affected by the following major financial factors:

(i) Deferred tax assets

The Company accounted for a substantial amount of deferred tax assets. The Group reduces deferred tax assets by a valuation allowance if, based on the weight of available evidence, some portion or all of the deferred tax assets are unlikely to be realized. Recording of valuation allowances includes estimates and therefore involves inherent uncertainty.

The Group may also be required hereafter to record further valuation allowances, and the Group's future results and financial condition may be adversely affected thereby.

The Group may be affected by future tax regulatory changes as the recordation of deferred tax assets and valuation allowances have been made based on the currently-effective tax regulations.

(ii) Exchange rate fluctuations

The Group conducts business in various regions worldwide using a variety of foreign currencies and is therefore exposed to exchange rate fluctuations.

Although the Group makes efforts to minimize the effect of fluctuation in exchange rates by balancing sales in foreign currencies and purchase in foreign currencies, there is a possibility that operating income/loss will be affected by exchange rate fluctuations due to a change in the balance in each business segments and other factors. Also, there is a possibility that such foreign exchange losses will occur, as resulting from a difference between the exchange rates at the time of recognizing and at the time of settlement of the credits and debts in foreign currencies, in case of steep exchange rate fluctuations.

Foreign currency denominated assets and liabilities held by the Group are translated into yen as the currency for reporting consolidated financial results. The effects of currency translation adjustments are included in "accumulated other comprehensive income (loss)" reported as a component of equity attributable to shareholders of the Company ("shareholders' equity"). As a result, the Group's shareholders' equity may be affected by exchange rate fluctuations.

(iii) Accrued pension and severance costs

The Group recognizes the funded status (i.e., the difference between the fair value of plan assets and the benefit obligations) of its pension plan in the consolidated balance sheets, with a corresponding adjustment, net of tax, included in "accumulated other comprehensive loss" reported as a component of shareholders' equity. Such adjustment to "accumulated other comprehensive loss" represents the result of adjustment for the net unrecognized actuarial losses, unrecognized prior service costs, and unrecognized transition obligations. These amounts will be subsequently recognized as net periodic pension and severance costs calculated pursuant to the applicable accounting standards. The funded status of the Group's pension plan may deteriorate due to declines in the fair value of plan assets caused by lower returns, increases of severance benefit obligations caused by changes in the discount rate, salary increase rates or other actuarial assumptions. As a result, the Group's shareholders' equity may be adversely affected, and the net periodic pension and severance costs to be recorded in "cost of sales" or "selling, general and administrative expenses" may increase.

(iv) Impairment of long-lived assets, goodwill and listed shares.

If there is an indication of impairment for a long-lived asset and the carrying amount of such asset will not be recovered by the future undiscounted cash flow, the carrying amount may be reduced to its fair value and a loss may be recognized as an impairment with respect to such difference. A substantial amount of goodwill has been recorded in the Company's consolidated balance sheets in accordance with U.S. generally accepted accounting principles. Goodwill is required to be tested for impairment annually. If an impairment test shows that the total of the carrying amounts, including goodwill, in relation to the business related to such goodwill exceeds its fair value, the relevant goodwill must be recalculated, and the difference between the current amount and the recalculated amount will be recognized as an impairment. Therefore, additional impairments may be recorded, depending on the valuation of long-lived assets and the estimate of future cash flow from business related to goodwill.

Also, if the market price of listed shares held by the Group as the marketable securities declines, there is a possibility that an impairment loss on the relevant shares will be recorded or that the net unrealized losses on securities will be recognized.

(7) Changes in financing environment and others

The Group has substantial amounts of interest-bearing debt for financing that is highly susceptible to market environments, including the European debt crisis, interest rate movements and fund supply and demand. Thus, changes in these factors may have an adverse effect on the Group's funding activities. The Group has also been raising funds by issuing bonds or taking loans from financial institutions. In the case the financial markets fall into unstable turmoil, the financial institutions' reduction in their lending in response to the change in capital adequacy requirements, or the downgrading of the credit rating of the Company given by rating agencies, there can be no assurance that the Group will obtain refinancing loans or new loans in the future on similar terms. If the Group is unable to obtain loans for the amount needed by the Group in a timely manner, the Group's financing may be adversely affected.

In addition, loan agreements entered into between the Company and several financial institutions provide for financial covenants. Therefore, if the Company's consolidated net assets, consolidated operating income or credit rating falls below the respective levels provided for in the financial covenants, the Company's obligations with respect to the relevant loan repayments may be accelerated upon demand by the relevant lending financial institutions. Furthermore, any breach by the Company of those financial covenants may trigger acceleration of the bonds or other borrowings of the Company.

The Company aims to improve business performance by promoting, among other things, restructuring programs and business structure conversions, while making all possible efforts to obtain the understanding of the lending financial institutions with respect to this, in order to avoid breaching financial covenants and the consequent acceleration of repayments. However, if any acceleration of the Company's loan repayments occurs, it may materially affect the Company's business operations.

3. Risks related to business partners and others

(1) Procurement of components and materials

It is important for the Group's business activities to procure materials, components and other goods in a timely and appropriate manner. However, such materials, components and goods may only be obtainable from a limited number of suppliers due to the particularity of such materials, components and goods, and, therefore, such suppliers may not be easily replaced [if the need to do so arises]. In cases of delay or other problems in receiving supply of such materials, components and other goods, shortages may occur or procurement costs may rise. It is necessary to procure materials, components and other goods at competitive costs and to optimize the entire supply chain, including suppliers, in order for the Group to bring competitive products to market. In addition, a shortage in the electric power supply resulted from the suspension of the operation of nuclear power plants in Japan and a further rise in electricity costs due to the rise of fuel costs affected by exchange rate fluctuations may affect business activities, including manufacturing operations, of the Group, since a stable supply of electricity is essential to the Group's business activities.

Any failure by the Group to procure such materials, components and other goods from key suppliers or any shortage in the power supply or further rise in electricity costs may impact the Group's competitiveness. Furthermore, any case of defective materials, components or other goods, or any failure to meet required specifications with respect to such materials, components or other goods, may also have an adverse effect on the reliability and reputation of the Group and Toshiba brand products.

(2) Securing human resources

A large part of the success of the Group's businesses depends on securing excellent human resources in every business area and process, including product development, production, marketing and business management. In particular, securing the necessary human resources is essential in respect of achieving globalization of the Group's businesses. However, competition to secure human resources is intensifying, as the number of qualified personnel in each area and process is limited, while demand for such personnel is increasing. As a result, the Group may fail to retain existing employees or to obtain new human resources. In order to reduce fixed costs, the Group is implementing personnel measures, including the reallocation of human resources to focus on strong and promising businesses, reclaiming jobs that are outsourced to third parties or conducted by limited-term employees, reducing the number of limited-term employees implementing a leave system, and reducing overtime through a review of working systems. However, fixed costs may not be reduced as anticipated or the implementation of such personnel measures may adversely affect the Group's employee morale, production efficiency or the ability to secure capable human resources.

4. Risks related to products and technologies

(1) Investments in new businesses

The Group invests in companies involved in new businesses, enters into alliances with other companies with respect to new businesses, and actively develops its own new businesses.

Cultivation of new businesses entails substantial uncertainty, and if any new business in which the Group invests or which the Group attempts to develop does not progress as planned, the Group may be adversely affected by incurring investment expenses that do not lead to the anticipated results. In order to avoid these risks, the Group makes every effort to resolve various technological issues and to develop and capture potential demand effectively in the new business development process.

5. Risks related to trade practices

(1) Parent company's guarantees

When a subsidiary of the Company accepts an order for a large project, such as a plant, the Company, as the parent company, may, at the request of the customer, provide guarantees with respect to the subsidiary's performance under the contract. Such parent guarantees are made pursuant to standard business practices and in the ordinary course of business. If the subsidiary subsequently fails to fulfill its obligations, the Company may be obligated to bear the resulting loss. The Company makes every effort to conduct appropriate management by periodically monitoring the subsidiaries' fulfillment of the contract requirements and by cooperating with such subsidiaries where necessary.

6. Risks related to new products and new technology

(1) Development of new products

It is critically important for the Group to offer innovative and attractive new products and services. However, due to the rapid pace of technological innovation, the emergence of alternative technologies and products and changes in technological standards, the optimum introduction of new products to the market may not be accomplished, or new products may be accepted by the market for a shorter period than anticipated. In addition, any failure on the part of the Group to continuously obtain sufficient funding and resources for development of technologies may affect the Group's ability to develop new products and services and to introduce them to market.

From the viewpoint of enhancing concentration and selection of managerial resources, the Group now selects research and development themes more rigorously, with a primary focus on developing original and advanced technologies, with close consideration for the timing of market introduction. More rigorous selection of research and development items may impair the Group's technological superiority in certain products and technological fields. In order to avoid these risks, the Group intends to enhance the efficiency of research and development activities by sharing intellectual property through the promotion of common platforms and using overseas resources more efficiently in system development.

7. Risks related to laws and regulations

(1) Information security

The Group maintains and manages personal information obtained through business operations. Even though the Group makes every effort to manage this information appropriately, the Group's brand image, reputation and business performance may be subject to negative influences, or the Group may be found to be liable for damages in the event of an unanticipated leak of such information which results in illegal retention or usage of such information by a third party.

The Group also maintains and manages trade secrets regarding the Group's technology, marketing and other business operations. The Group is implementing measures to prevent leakage of such trade secrets outside the Group through maintaining and tightening control of its information management system, training its employees, and other measures. However, in the past, situations have occurred in which leakage of trade secrets was suspected. The Group's competitive power may be weakened and the Group's business, operating results and financial condition may be subject to negative influences, in the event of an unanticipated leak of such information which results in illegal retention or usage of such information by a third party.

Additionally, the role of information systems in the Group is critical to carrying out business activities. While the Group makes every effort to ensure the stable operation of its information systems, there is no assurance that their functionality would not be impaired or destroyed by computer viruses, software or hardware failures, disaster, terrorism, or other causes, and in such cases the Group's business performance may be adversely affected.

(2) Compliance and internal control

The Group is active in various businesses in regions worldwide, and its business activities are subject to the laws and regulations of each region. The Group has implemented and operates necessary and appropriate internal control systems for a number of purposes, including compliance with laws and regulations and strict reporting of business and financial matters.

However, there can be no assurance that the Group will always be able to structure and operate effective internal control systems. Moreover, such internal control systems may themselves, by their nature, have limitations, and it is not possible to guarantee that they will fully achieve their objectives. Therefore, there is no assurance that the Group will not unknowingly and unintentionally violate laws and regulations in future. Changes in laws and regulations or changes in interpretations of laws and regulations by the relevant authorities may also cause difficulty in achieving compliance with laws and regulations, or in continuing business in certain regions or business categories, and may result in increased compliance costs. Furthermore, if the Group is in violation of these laws and regulations, the Group may be subject to administrative sanctions, such as fines, or criminal penalties, and legal actions claiming damages may be filed against the Group. In such cases, the Group's reputation may be adversely affected, and the Group's business, operating results and financial condition may be adversely affected.

(3) The environment

The Group is subject to various environmental laws, including laws on air pollution, water pollution, toxic substances, waste disposal, product recycling, prevention of global warming and energy policies, in its global business activities. While the Group pays careful attention to these laws and regulations, it is possible that the Group may encounter legal or social liability for environmental matters, such as liability for the clean up of land at manufacturing bases throughout the world, regardless of whether the Group is at fault or not, with respect to its business activities, including its past activities. It is also possible that, in future, the Group will face more stringent requirements on the removal of environmental hazards, including toxic substances, or on further reducing emissions of greenhouse gases, as a result of the introduction of more demanding environmental regulations or in accordance with societal requirements.

The Group's operations require the use of various chemical compounds, radioactive materials, nuclear materials and other toxic materials. The Group takes maximum care of such materials, giving first priority to human life and safety. However, the Group may incur damage, or the Group's reputation may be adversely affected, as a result of a natural disaster, the threat or occurrence of a terrorist incident, or of an accident or other contingency (including those beyond the Group's control) that leads to environmental pollution or the potential for such pollution.

(4) Product quality claims

While the Group makes every effort to implement quality control measures and to manufacture its products in accordance with appropriate quality-control standards, in the past, the Group recalled certain products, and lawsuits and other claims relating to product quality were filed against the Group, and there is no assurance that all products are free of defects that may result in such product quality claims due to unforeseen reasons or circumstances.

8. Risks related to material legal proceedings

(1) Legal proceedings

The Group undertakes global business operations and is involved from time to time in disputes, including lawsuits and other legal proceedings, and investigations by relevant authorities. It is possible that such cases may arise in the future. Due to the differences in judicial systems and the uncertainties inherent in such proceedings, the Group may be subject to a ruling requiring payment of amounts far exceeding its expectations. Any judgment or decision unfavorable to the Group could also have a material adverse effect on the Group's business, operating results or financial condition. In addition, due to various circumstances, there can be no assurance that lawsuits involving claims for large sums will not be brought, even if the possibility of receiving orders for such payment is quite low.

The Group is under investigation by the European Commission, and other competition regulatory authorities, for alleged violations of competition laws with respect to products that include semiconductors, LCD products, cathode ray tubes (CRT), heavy electrical equipment, and optical disc devices. In addition, class action lawsuits and other claims with respect to alleged anti-competitive behavior regarding certain products brought against the Group are currently pending in the United States.

The Ministry of Defense ("MOD") cancelled a contract for the development and manufacture of the "reconnaissance system for the F-15" between MOD and the Company. Therefore, in July 2011, the Company filed a lawsuit against MOD with the Tokyo District Court seeking payment therefore. In October 2012, MOD filed a countersuit for penalty charges based on the alleged infringement by the Company of the contract. The Company believes that it had properly executed its duties pursuant to the conditions of the contract and that MOD's cancellation of the contract and claim for penalty charges were unreasonable. Therefore, the Company will assert its opinion in the suit.

In the U.S., since December 2006, actions against the Group and others to claim for damages have been filed by purchasers, etc. of LCD-related products on the ground of alleged infringements of U.S. Competition Law. Among them, lawsuits with individual companies have been pending. Believing that the Group has not committed any violations in the LCD business, the Company intends to take any legal action to have its claims accepted.

In December 2012, the European Commission determined that there was an infringement of EU Competition Law in the Color Picture Cathode Ray Tube market, and adopted the decision to impose a fine of approximately 28 million euro on the Company, plus a fine of approximately 87 million euro jointly and severally with Panasonic Corporation and MT Picture Display Co., Ltd. According to the Company's investigation, the Company has not infringed EU Competition law. Therefore, the Company brought an action to the General Court of the European Union in February 2013.

9. Risks related to directors, employees, major shareholders and affiliates

(1) Alliance in NAND flash memory

The Group has a strategic alliance with a U.S. company, SanDisk Corporation ("SanDisk"), for the production of NAND flash memory, which includes production joint ventures (equity method affiliates). Under the joint venture agreement, the Group may purchase SanDisk's ownership interests in the production joint ventures. In addition, the Company and SanDisk each provide a 50% guaranty in respect of the lease agreements of production facilities held by the production joint ventures. In the event that SanDisk's operating results and financial condition deteriorate, the Company may succeed to SanDisk's guaranty obligations or purchase SanDisk's ownership interests in the relevant production joint ventures, in which case the production joint ventures will be treated as consolidated subsidiaries of the Company.

(2) Alliance in nuclear power systems business

The Group acquired Westinghouse group in October 2006. The Company's ownership interest in Westinghouse group (including the holding companies) is currently 87% at present. The remainder is held by two companies in Japan and overseas (the "Minority Shareholders"). The Company is considering inviting the participation of new investors in Westinghouse, on the condition that the Company retains a majority-in-interest.

The Minority Shareholders, based on a separate agreement with the Company, have been given an option to sell all or part of their ownership interests to the Company ("Put Options").

The Group also has an option to purchase from the Minority Shareholders all or part of their respective ownership interests in companies of Westinghouse group under certain conditions. These options are in place for the purpose of protecting the interests of the Minority Shareholders, while preventing equity participation by a third party which may put the Group at disadvantage. The Company makes every effort to maintain a favorable relationship with the Minority Shareholders in connection with Westinghouse group's business. However in the event that the Minority Shareholders exercise their respective Put Options, or the Group exercises its purchase option, the Group will seek investment from a new strategic partner. Prior to such an investment, the Group may need to procure a certain amount of funds in connection with the exercise of Put Options or purchase options.

10. Others

(1) Measures against counterfeit products

While the Group protects and seeks to enhance the value of the Toshiba brand, counterfeit products created by third parties are found worldwide. While the Group makes every effort to prevent counterfeit products, the heavy circulation of counterfeit products may dilute the value of the Toshiba brand, and the Group's net sales may be adversely affected.

(2) Protection of intellectual property rights

The Group makes every effort to secure intellectual property rights. However, in some regions, it may not be possible to secure sufficient protection.

The Group uses the intellectual property of third parties pursuant to licenses. It is possible that the Group may fail to receive the necessary third-party licenses for new technology or is unable to obtain the renewal of existing licenses or receives them on unfavorable terms.

In the past, law suits or similar actions or proceedings have been brought against the Group in respect of intellectual property rights, and the Group has filed law suits in order to protect its intellectual property rights. Such lawsuits and actions may be brought against the Group or the Group may file lawsuits against infringing third parties in the future. Such lawsuits may require time, costs and other management resources, and depending on the outcome of these lawsuits, the Group may not be able to use important technology, or the Group may be found to be liable for damages.

(3) Political, economic and social conditions

The Group undertakes global business operations. Any changes in political, economic, and social conditions and policies, legal or regulatory changes, including rules and regulations concerning investment, repatriation of profits, export and import controls, foreign exchange, and taxation, and exchange rate fluctuations, in Japan or overseas, may impact market demand and the Group's business operations.

(4) Natural disasters

Most of the Group's Japanese production facilities are located in the Keihin region of Japan, which includes Tokyo, Kawasaki City, Yokohama City and the surrounding area, while key semiconductor production facilities are located in Kyushu, Tokai, Hanshin and Tohoku. The Group is currently expanding its production facilities in Asia. As a result, any occurrence of a wide-scale disaster, terrorism or epidemic illness, such as a new type of flu, particularly in any of these areas could have a significant adverse effect on the Group's results.

Additionally, large-scale disasters, such as earthquakes or typhoons, in regions where production or distribution sites are located may damage or destroy production capabilities, suspend procurement of raw materials or components, and cause transportation and sales interruptions or other similar disruptions, which could affect production capabilities significantly. In the past, the businesses of the Group were affected to a certain extent by the Great East Japan Earthquake and the floods in Thailand.

Toshiba Corporation and Subsidiaries
As of March 31, 2014

Assets	Millions of yen 2014	2013	Thousands of U.S. dollars (Note 3) 2014
Current assets:			
Cash and cash equivalents	¥ 171,340	¥ 209,169	$ 1,663,495
Notes and accounts receivable, trade:			
Notes (Notes 7 and 11)	38,850	33,620	377,184
Accounts (Notes 7 and 11)	1,467,590	1,344,088	14,248,447
Allowance for doubtful notes and accounts	(17,703)	(16,882)	(171,874)
Inventories (Note 8)	884,809	940,238	8,590,379
Deferred tax assets (Note 17)	171,022	176,001	1,660,408
Other receivables (Note 7)	151,038	156,382	1,466,388
Prepaid expenses and other current assets (Notes 20 and 22)	291,727	266,114	2,832,301
Total current assets	3,158,673	3,108,730	30,666,728
Long-term receivables and investments:			
Long-term receivables (Notes 7 and 11)	461	30,379	4,476
Investments in and advances to affiliates (Notes 5 and 9)	384,344	411,506	3,731,495
Marketable securities and other investments (Notes 5 and 6)	277,749	264,391	2,696,592
Total long-term receivables and investments	662,554	706,276	6,432,563
Property, plant and equipment (Notes 16 and 21)**:**			
Land	94,769	93,729	920,087
Buildings	944,284	915,590	9,167,806
Machinery and equipment	2,068,028	2,032,400	20,077,942
Construction in progress	76,094	79,707	738,777
	3,183,175	3,121,426	30,904,612
Less-Accumulated depreciation	(2,273,056)	(2,299,127)	(22,068,505)
Total property, plant and equipment	910,119	822,299	8,836,107
Other assets: (Note 16)			
Goodwill and other intangible assets (Note 10)	994,888	901,816	9,659,107
Deferred tax assets (Note 17)	311,725	385,416	3,026,456
Other assets	134,560	97,066	1,306,408
Total other assets	1,441,173	1,384,298	13,991,971
Total assets	¥ 6,172,519	¥ 6,021,603	$ 59,927,369

The accompanying notes are an integral part of these statements.

Liabilities and equity	Millions of yen 2014	2013	Thousands of U.S. dollars (Note 3) 2014
Current liabilities:			
Short-term borrowings (Note 11)	**¥ 146,105**	¥ 191,453	**$ 1,418,495**
Current portion of long-term debt (Notes 11 and 20)	**57,418**	241,675	**557,456**
Notes and accounts payable, trade	**1,204,883**	1,200,429	**11,697,893**
Accounts payable, other and accrued expenses (Note 25)	**503,056**	439,144	**4,884,039**
Accrued income and other taxes	**74,092**	58,133	**719,340**
Advance payments received	**325,697**	297,208	**3,162,107**
Other current liabilities (Notes 17, 20 and 23)	**422,259**	440,692	**4,099,602**
Total current liabilities	**2,733,510**	2,868,734	**26,538,932**
Long-term liabilities:			
Long-term debt (Notes 11 and 20)	**1,184,864**	1,038,448	**11,503,534**
Accrued pension and severance costs (Note 12)	**610,592**	715,450	**5,928,078**
Other liabilities (Notes 17, 20, 25 and 26)	**197,559**	193,148	**1,918,048**
Total long-term liabilities	**1,993,015**	1,947,046	**19,349,660**
Total liabilities	**¥ 4,726,525**	¥ 4,815,780	**$ 45,888,592**
Equity attributable to shareholders of the Company (Note 18)**:**			
Common stock:			
Authorized−10,000,000,000 shares Issued:			
2014 and 2013 −4,237,602,026 shares	**¥ 439,901**	¥ 439,901	**$ 4,270,884**
Additional paid-in capital	**401,830**	401,594	**3,901,262**
Retained earnings	**454,931**	428,569	**4,416,806**
Accumulated other comprehensive loss	**(267,786)**	(443,938)	**(2,599,864)**
Treasury stock, at cost:			
2014−3,111,467 shares	**(1,687)**	−	**(16,379)**
2013−2,789,946 shares	**−**	(1,542)	**−**
Total equity attributable to shareholders of the Company	**1,027,189**	824,584	**9,972,709**
Equity attributable to noncontrolling interests	**418,805**	381,239	**4,066,068**
Total equity	**¥ 1,445,994**	¥ 1,205,823	**$ 14,038,777**
Commitments and contingent liabilities (Notes 22, 23 and 24)			
Total liabilities and equity	**¥ 6,172,519**	¥ 6,021,603	**$ 59,927,369**

Consolidated Statement of Income

Toshiba Corporation and Subsidiaries
For the years ended March 31, 2014

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2014	2013	**2014**
Sales and other income:			
Net sales	**¥ 6,489,702**	¥ 5,722,248	**$ 63,006,816**
Interest and dividends	**13,756**	12,139	**133,554**
Equity in earnings of affiliates (Note 9)	**3,254**	21,560	**31,592**
Other income (Notes 5, 6, 15 and 20)	**65,732**	100,755	**638,174**
	6,572,444	5,856,702	**63,810,136**
Costs and expenses:			
Cost of sales (Notes 5, 10, 13, 16, 21 and 25)	**4,865,787**	4,413,476	**47,240,650**
Selling, general and administrative (Notes 5, 10, 13, 14 and 21)	**1,366,789**	1,216,719	**13,269,796**
Interest	**33,696**	32,677	**327,146**
Other expense (Notes 5, 6, 7, 15 and 20)	**123,836**	118,904	**1,202,291**
	6,390,108	5,781,776	**62,039,883**
Income from continuing operations, before income taxes and noncontrolling interests	**182,336**	74,926	**1,770,253**
Income taxes (Note 17)**:**			
Current	**52,583**	50,854	**510,515**
Deferred	**39,462**	(12,498)	**383,126**
	92,045	38,356	**893,641**
Income from continuing operations, before noncontrolling interests	**90,291**	36,570	**876,612**
Loss from discontinued operations, before noncontrolling interests (Notes 4 and 5)	**(15,021)**	(4,983)	**(145,835)**
Net income before noncontrolling interests	**75,270**	31,587	**730,777**
Less: Net income attributable to noncontrolling interests	**15,030**	18,162	**145,923**
Net income attributable to shareholders of the Company	**¥ 60,240**	¥ 13,425	**$ 584,854**

	Yen		U.S. dollars (Note 3)
Basic net earnings (loss) per share attributable to shareholders of the Company (Note 19)			
Earnings from continuing operations	**¥ 16.28**	¥ 3.76	**$ 0.16**
Loss from discontinued operations	**¥ (2.05)**	¥ (0.59)	**$ (0.02)**
Net earnings	**¥ 14.23**	¥ 3.17	**$ 0.14**
Cash dividends per share (Note 18)	**¥ 8.00**	¥ 8.00	**$ 0.08**

The accompanying notes are an integral part of these statements.

Consolidated Statement of Comprehensive Income

Toshiba Corporation and Subsidiaries
For the years ended March 31, 2014

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2014	2013	**2014**
Net income before noncontrolling interests	**¥ 75,270**	¥ 31,587	**$ 730,777**
Other comprehensive income (loss), net of tax (Note 18)			
Net unrealized gains and losses on securities (Note 6)	**18,417**	25,571	**178,806**
Foreign currency translation adjustments	**128,278**	145,066	**1,245,417**
Pension liability adjustments (Note 12)	**55,797**	38,506	**541,718**
Net unrealized gains and losses on derivative instruments (Note 20)	**(1,734)**	(841)	**(16,835)**
Total other comprehensive income	**200,758**	208,302	**1,949,106**
Comprehensive income before noncontrolling interests	**276,028**	239,889	**2,679,883**
Less:Comprehensive income attributable to noncontrolling interests	**39,636**	60,037	**384,815**
Comprehensive income attributable to shareholders of the Company	**¥ 236,392**	¥ 179,852	**$ 2,295,068**

The accompanying notes are an integral part of these statements.

Toshiba Corporation and Subsidiaries
For the years ended March 31, 2014

	Millions of yen							
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Equity attributable to shareholders of the Company	Equity attributable to noncontrolling interests	Total equity
Balance at March 31, 2012	¥ 439,901	¥ 396,789	¥ 449,023	¥ (565,551)	¥ (1,498)	¥ 718,664	¥ 365,194	¥ 1,083,858
Change in ownership for noncontrolling interests and others		4,811		(44,814)		(40,003)	(39,057)	(79,060)
Dividend attributable to shareholders of the Company			(33,879)			(33,879)		(33,879)
Dividends attributable to noncontrolling interests							(4,935)	(4,935)
Comprehensive income:								
Net income			13,425			13,425	18,162	31,587
Other comprehensive income (loss), net of tax (Note 18):								
Net unrealized gains and losses on securities (Note 6)				21,072		21,072	4,499	25,571
Foreign currency translation adjustments				107,078		107,078	37,988	145,066
Pension liability adjustments (Note 12)				38,992		38,992	(486)	38,506
Net unrealized gains and losses on derivative instruments (Note 20)				(715)		(715)	(126)	(841)
Total comprehensive income						179,852	60,037	239,889
Purchase of treasury stock, net, at cost		(6)			(44)	(50)		(50)
Balance at March 31, 2013	439,901	401,594	428,569	(443,938)	(1,542)	824,584	381,239	1,205,823
Change in ownership for noncontrolling interests and others		**236**				**236**	**1,826**	**2,062**
Dividend attributable to shareholders of the Company			**(33,878)**			**(33,878)**		**(33,878)**
Dividends attributable to noncontrolling interests							**(3,896)**	**(3,896)**
Comprehensive income:								
Net income			**60,240**			**60,240**	**15,030**	**75,270**
Other comprehensive income (loss), net of tax (Note 18):								
Net unrealized gains and losses on securities (Note 6)				**15,759**		**15,759**	**2,658**	**18,417**
Foreign currency translation adjustments				**108,700**		**108,700**	**19,578**	**128,278**
Pension liability adjustments (Note 12)				**53,082**		**53,082**	**2,715**	**55,797**
Net unrealized gains and losses on derivative instruments (Note 20)				**(1,389)**		**(1,389)**	**(345)**	**(1,734)**
Total comprehensive income						**236,392**	**39,636**	**276,028**
Purchase of treasury stock, net, at cost					**(145)**	**(145)**		**(145)**
Balance at March 31, 2014	**¥ 439,901**	**¥ 401,830**	**¥ 454,931**	**¥ (267,786)**	**¥ (1,687)**	**¥ 1,027,189**	**¥ 418,805**	**¥ 1,445,994**

	Thousands of U.S. dollars (Note 3)							
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Equity attributable to shareholders of the Company	Equity attributable to noncontrolling interests	Total equity
Balance at March 31, 2013	$ 4,270,884	$ 3,898,971	$ 4,160,865	$ (4,310,078)	$ (14,971)	$ 8,005,671	$ 3,701,349	$ 11,707,020
Change in ownership for noncontrolling interests and others		**2,291**				**2,291**	**17,728**	**20,019**
Dividend attributable to shareholders of the Company			**(328,913)**			**(328,913)**		**(328,913)**
Dividends attributable to noncontrolling interests							**(37,825)**	**(37,825)**
Comprehensive income:								
Net income			**584,854**			**584,854**	**145,923**	**730,777**
Other comprehensive income (loss), net of tax (Note 18):								
Net unrealized gains and losses on securities (Note 6)				**153,000**		**153,000**	**25,806**	**178,806**
Foreign currency translation adjustments				**1,055,340**		**1,055,340**	**190,078**	**1,245,418**
Pension liability adjustments (Note 12)				**515,359**		**515,359**	**26,359**	**541,718**
Net unrealized gains and losses on derivative instruments (Note 20)				**(13,485)**		**(13,485)**	**(3,350)**	**(16,835)**
Total comprehensive income						**2,295,069**	**384,816**	**2,679,884**
Purchase of treasury stock, net, at cost					**(1,408)**	**(1,408)**		**(1,408)**
Balance at March 31, 2014	**$ 4,270,884**	**$ 3,901,262**	**$ 4,416,806**	**$ (2,599,864)**	**$ (16,379)**	**$ 9,972,709**	**$ 4,066,068**	**$ 14,038,777**

The accompanying notes are an integral part of these statements.

Consolidated Statement of Cash Flows

Toshiba Corporation and Subsidiaries
For the years ended March 31, 2014

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2014	2013	**2014**
Cash flows from operating activities			
Net income before noncontrolling interests	**¥ 75,270**	¥ 31,587	**$ 730,777**
Adjustments to reconcile net income before noncontrolling interests to net cash provided by operating activities–			
Depreciation and amortization	**171,796**	197,747	**1,667,922**
Provisions for pension and severance costs, less payments	**(12,960)**	(2,021)	**(125,825)**
Deferred income taxes	**40,510**	(12,498)	**393,301**
Equity in earnings of affiliates, net of dividends	**12,992**	(13,889)	**126,136**
loss from sales, disposal and impairment of property, plant and equipment and intangible assets, net	**16,873**	14,533	**163,816**
(Gain) loss from sales and impairment of securities and other investments, net	**(4,086)**	3,000	**(39,670)**
(Increase) decrease in notes and accounts receivable, trade	**(91,309)**	6,369	**(886,495)**
(Increase) decrease in inventories	**46,363**	(24,804)	**450,125**
Decrease in notes and accounts payable, trade	**(59,784)**	(167,415)	**(580,427)**
Increase in accrued income and other taxes	**4,703**	8,355	**45,660**
Increase (decrease) in advance payments received	**12,831**	(3,844)	**124,573**
Other	**70,933**	95,196	**688,670**
Net cash provided by operating activities	**284,132**	132,316	**2,758,563**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangible assets	**40,491**	87,672	**393,116**
Proceeds from sale of securities	**12,134**	3,876	**117,806**
Acquisition of property, plant and equipment	**(200,924)**	(266,581)	**(1,950,719)**
Acquisition of intangible assets	**(50,975)**	(29,630)	**(494,903)**
Purchase of securities	**(5,292)**	(9,203)	**(51,379)**
(Increase) decrease in investments in affiliates	**(1,437)**	24,616	**(13,951)**
Other	**(38,098)**	(7,097)	**(369,883)**
Net cash used in investing activities	**(244,101)**	(196,347)	**(2,369,913)**
Cash flows from financing activities			
Proceeds from long-term debt	**198,826**	350,101	**1,930,349**
Repayment of long-term debt	**(234,773)**	(208,865)	**(2,279,350)**
Increase (decrease) in short-term borrowings, net	**(13,678)**	66,885	**(132,796)**
Dividends paid	**(38,954)**	(42,547)	**(378,194)**
Purchase of treasury stock, net	**(145)**	(50)	**(1,408)**
Purchase of shares of Westinghouse Group from noncontrolling interests	**–**	(124,724)	**–**
Other	**(585)**	972	**(5,679)**
Net cash provided by (used in) financing activities	**(89,309)**	41,772	**(867,078)**
Effect of exchange rate changes on cash and cash equivalents	**11,449**	17,123	**111,156**
Net decrease in cash and cash equivalents	**(37,829)**	(5,136)	**(367,272)**
Cash and cash equivalents at beginning of year	**209,169**	214,305	**2,030,767**
Cash and cash equivalents at end of year	**¥ 171,340**	¥ 209,169	**$ 1,663,495**
Supplemental disclosure of cash flow information			
Cash paid during the year for–			
Interest	**¥ 33,777**	¥ 33,090	**$ 327,932**
Income taxes	**50,997**	48,662	**495,117**

The accompanying notes are an integral part of these statements.

RESTATEMENT OF PREVIOUSLY ISSUED CONSOLIDATED FINANCIAL STATEMENTS

Because the full text was amended, the text is not underlined.

1) Background

On February 12, 2015, Toshiba Corporation ("the Company") received a report order from the Securities and Exchange Surveillance Commission pursuant to Article 26 of the Financial Instruments and Exchange Act and was subject to a disclosure inspection with respect to some projects in which the percentage-of-completion of accounting method was used, among others. Following that, in the course of a self-investigation by the Company to deal with the issues identified relating to those projects in the disclosure inspection, it was noted that some matters require investigation in respect of accounting treatments for some infrastructure projects of the Company in which the percentage-of-completion method was used during the fiscal year ended March 31, 2014. Based on this situation, it was decided that the Special Investigation Committee consisting of the Company's internal committee members as well as external attorneys-at-law and certified public accountants would be established as of April 3, 2015, and the Company would of its own accord implement an investigation of the relevant facts. Then the Special Investigation Committee found that, in respect of some infrastructure projects, the total amount of the contract cost was underestimated and Contract Losses (including provisions for contract losses) were not recorded in a timely manner, and also, issues requiring further investigation were identified.

Consequently, the Company decided to shift to the framework of investigation to an Independent Investigation Committee comprising independent and impartial external experts who did not have any interests in the Company as of May 8, 2015. The scope of the investigation delegated to the Independent Investigation Committee covers four matters: (1) accounting treatments in relation to projects in which the percentage-of-completion method was used; (2) accounting treatments in relation to recording of operating expenses in the Visual Products Business; (3) accounting treatments in relation to the valuation of inventory in the Semiconductor Business, mainly discrete and system LSIs; and (4) accounting treatments in relation to parts transactions, etc. in the PC Business. The Company received an investigation report from the Independent Investigation Committee on July 20, 2015.

In parallel with such efforts, the Company and all its consolidated subsidiaries as of March 31, 2015 underwent self-checks with respect to whether or not there was any issue that was not compliant with the accounting standards, internal regulations and other rules or any other inappropriate accounting treatment, and whether or not the Company and its consolidated subsidiaries were aware of any such issue or inappropriate accounting treatment, etc. including minor matters at each quarter-end in the period between the fiscal year ended March 31, 2010 and the fiscal year ended March 31, 2015 and during the period between April 1, 2015 and May 31, 2015.

The Company amended the consolidated financial statements for each fiscal year in the period from the fiscal year ended March 31, 2010 to the fiscal year ended March 31, 2014 and for each quarter (first three months, first six months and first nine months) in the period from the fiscal year ended March 31, 2011 to the fiscal year ended March 31, 2015, to reflect the correction of the events identified in the investigation report of the Independent Investigation Committee stated above and the internal self-checks and the correction of other issues that had not been corrected due to a materiality viewpoint.

2) Overview

Restatement for the accounting treatment under the percentage-of-completion method

As the result of the above investigations, it was found that in certain infrastructure projects in which the percentage-of-completion method was used, there were cases where the estimated total cost was not calculated based on the latest information on incurred expenses, where provisions for contract losses were not recorded at the time when generation of losses became evident, and where the estimated total cost was calculated in anticipation of cost reductions which remained unsubstantiated.

To correct these accounting treatments, the Company restated data in the consolidated financial statements issued in the fiscal year ended March 31, 2010 and the following years. The effect of this restatement on net sales and income from continuing operations, before income taxes and noncontrolling interests, for the fiscal years ended March 31, 2014 and 2013 is as stated in 3) below.

Restatement for the accounting treatment in relation to recording operating expenses in the Visual Products Business

As the result of the above investigations, it was found that in the Visual Products Business, there were cases where some expenses were not recorded as expenses using the accrual-based method, where profits that should not be realized were recognized by making use of transactions between consolidated group companies, and where discounts in the purchase prices were recognized, for example by reflecting adjustment or increase of the procurement prices for the following periods, even if cost was not actually reduced.

To correct these accounting treatments, the Company restated data in the consolidated financial statements issued in the fiscal year ended March 31, 2010 and the following years. The effect of this restatement on net sales and income from continuing operations, before income taxes and noncontrolling interests, for the fiscal years ended March 31, 2014 and 2013 is as stated in 3) below.

Restatement for the accounting treatment in the parts transactions in the PC Business

As the result of the above investigations, etc., it was found that in the PC Business, there were cases where inappropriate profits were recognized in each fiscal period for parts transactions with manufacturing subcontractors, as well as cases where some expenses were not recorded as expenses using the accrual-based method and where profits that should not be realized were recognized by making use of transactions between consolidated group companies.

To correct these accounting treatments, the Company restated data in the consolidated financial statements issued in the fiscal year ended March 31, 2010 and the following years. The effect of this restatement on income from continuing operations, before income taxes and noncontrolling interests, for the fiscal years ended March 31, 2014 and 2013 is as stated in 3) below.

Restatement for the accounting treatment in relation to valuation of inventory in the Semiconductor Business

As the result of the above investigations, it was found that in the Semiconductor Business, there were cases where valuation losses for work-in-progress inventories and others were not recognized until the time of actual disposal of the inventories, and where the book values of term-end intermediate products and term-end completed products were overstated due to the lack of consistency between the front-end and back-end for revision of the standard cost in the standard cost accounting, and consequently cost of goods sold was understated.

To correct these accounting treatments, the Company restated data in the consolidated financial statements issued in the fiscal year ended March 31, 2010 and the following years. The effect of this restatement on income from continuing operations, before income taxes and noncontrolling interests, for the fiscal years ended March 31, 2014 and 2013 is as stated in 3) below.

Restatement for the account treatment for events identified in self-check, and others

The Company restated data in the consolidated financial statements issued in the fiscal year ended March 31, 2010 and the following years, including the correction of events identified in the above self-check and other matters that had not been corrected from the standpoint of materiality. This restatement includes the correction of accounting period attribution in revenue recognition. The effect of this restatement on net sales and income from continuing operations, before income taxes and noncontrolling interests, for the fiscal years ended March 31, 2014 and 2013 is as stated in 3) below.

Additional recognition of impairment losses and resulting adjustment to depreciation

Incidental with the above correction of accounting treatments, the Company recognized impairment losses on fixed assets and made a correction of the recognition timing thereof and the resulting adjustment to depreciation for the Visual Products Business, PC Business, discrete and system LSIs businesses of the Semiconductor Business. Consequently, relevant data were restated in the consolidated financial statements issued in the fiscal year ended March 31, 2010 and the following years. The effect of this restatement on income from continuing operations, before income taxes and noncontrolling interests, for the fiscal years ended March 31, 2014 and 2013 is as stated in 3) below.

Income taxes

Although the effect of the correction of the above accounting treatments on income taxes for the current fiscal year in the consolidated tax filing group led by the Company and in subsidiaries is insignificant, the Company made adjustments to deferred tax assets and liabilities and reviewed valuation allowances due to a change in temporary differences resulting from the above correction of accounting treatments for prior years. Consequently, relevant data were restated in the consolidated financial statements issued in the fiscal year ended March 31, 2010 and the following years. The effect of this restatement on income taxes for the fiscal years ended March 31, 2014 and 2013 is as stated in 3) below.

3) Summary of effects of restatement
(1) Summary of effects on net sales
The following table shows the summary of effects of the restatement on net sales:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2014**	2013	**2014**
Net sales, as previously reported	**¥ 6,502,543**	¥ 5,726,986	**$ 63,131,486**
Adjustments:			
Correction of the accounting treatment under the percentage-of-completion method	**(7,282)**	(3,016)	**(70,699)**
Correction of the accounting treatment in relation to recording operating expenses in the Visual Products Business	**(518)**	191	**(5,029)**
Correction of the account treatment for events identified in self-check and others	**(5,041)**	(1,913)	**(48,942)**
Sub total of adjustments	**(12,841)**	(4,738)	**(124,670)**
Net sales, as restated	**¥ 6,489,702**	¥ 5,722,248	**$ 63,006,816**

(2) Summary of effects on income from continuing operations, before income taxes and noncontrolling interests, income from continuing operations, before noncontrolling interests, income from discontinued operations, before noncontrolling interests, and net income attributable to shareholders of the Company

The following table shows the summary of effects of the restatement on income from continuing operations, before income taxes and noncontrolling interests, income from continuing operations, before noncontrolling interests, income from discontinued operations, before noncontrolling interests, and net income attributable to shareholders of the Company:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2014**	2013	**2014**
Income from continuing operations, before income taxes and noncontrolling interests, as previously reported	**¥ 180,938**	¥ 159,629	**$ 1,756,680**
Adjustments:			**0**
Correction of the accounting treatment under the percentage-of-completion method	**(24,526)**	(17,979)	**(238,117)**
Correction of the accounting treatment in relation to recording operating expenses in the Visual Products Business	**800**	(2,798)	**7,767**
Correction of the accounting treatment in the parts transactions in the PC Business	**10,353**	(28,157)	**100,515**
Correction of the accounting treatment in relation to valuation of inventory in the Semiconductor Business	**16,271**	(36,587)	**157,971**
Correction of the account treatment for events identified in self-check and others	**(12,115)**	(12,903)	**(117,621)**
Additional recognition of impairment losses and resulting adjustment to depreciation	**10,615**	13,721	**103,058**
Sub total of adjustments	**1,398**	(84,703)	**13,573**
Income from continuing operations, before income taxes and noncontrolling interests, as restated	**182,336**	74,926	**1,770,253**
Income taxes, as previously reported	**96,299**	59,315	**934,942**
Adjustment to income taxes	**(4,254)**	(20,959)	**(41,301)**
Income taxes, as restated	**92,045**	38,356	**893,641**
Income from continuing operations, before noncontrolling interests, as restated	**90,291**	36,570	**876,612**
Loss from discontinued operations, before noncontrolling interests (net of tax), as previously reported	**(15,021)**	(4,983)	**(145,835)**
Reclassified as discontinued operations	**–**	–	**–**
Loss from discontinued operations, before noncontrolling interests (net of tax), as restated	**(15,021)**	(4,983)	**(145,835)**
Net income before noncontrolling interests, after reclassification as discontinued operations	**75,270**	31,587	**730,777**
Less: Net income attributable to noncontrolling interests, as previously reported	**18,792**	17,965	**182,447**
Adjustment to: less: net income attributable to noncontrolling interests	**(3,762)**	197	**(36,524)**
Less: Net income attributable to noncontrolling interests, as restated	**15,030**	18,162	**145,923**
Net income attributable to shareholders of the Company, as restated	**¥ 60,240**	¥ 13,425	**$ 584,854**

(3) Adjustments to the opening balance of each equity item

The following table shows the summary of adjustments made to the balance of each equity item at the beginning of the fiscal year ended March 31, 2013 as cumulative effects in the fiscal year ended March 31, 2012 and the prior periods. No adjustment is made to common stock and treasury stock, at cost.

	Millions of yen			
	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Equity attributable to noncontrolling interests
March 31, 2012, as previously reported	¥ 401,125	¥ 591,932	¥ (567,979)	¥ 366,730
Adjustments:				
Correction of the accounting treatment under the percentage-of-completion method	–	(7,907)	–	–
Correction of the accounting treatment in relation to recording operating expenses in the Visual Products Business	–	(6,916)	–	–
Correction of the accounting treatment in the parts transactions in the PC Business	–	(59,295)	–	–
Correction of the accounting treatment in relation to valuation of inventory in the Semiconductor Business	–	(16,204)	–	–
Correction of the account treatment for events identified in self-check and others	(4,336)	(24,327)	2,428	2,025
Additional recognition of impairment losses and resulting adjustment to depreciation	–	(87,404)	–	–
Adjustment to income taxes	–	55,583	–	–
Adjustment to noncontrolling interests	–	3,561	–	(3,561)
Sub total of adjustments	(4,336)	(142,909)	2,428	(1,536)
March 31, 2012, as restated	¥ 396,789	¥ 449,023	¥ (565,551)	¥ 365,194

(4) Summary of effects on consolidated balance sheet

The following table shows the summary of effects of the restatement above on the consolidated balance sheet.

	Millions of yen		
March 31, 2014	Amount as previously reported	Adjustment	Amount as restated
Assets			
Current assets			
Cash and cash equivalents	¥ 171,340	¥ –	¥ 171,340
Notes and accounts receivable, trade:	1,506,400	(17,663)	1,488,737
Inventories	934,018	(49,209)	884,809
Deferred tax assets	146,121	24,901	171,022
Other receivables	152,537	(1,499)	151,038
Prepaid expenses and other current assets	298,808	(7,081)	291,727
Total current assets	3,209,224	(50,551)	3,158,673
Long-term receivables and investments			
Long-term receivables	461	–	461
Investments in and advances to affiliates	386,436	(2,092)	384,344
Marketable securities and other investments	277,749	–	277,749
Total long-term receivables and investments	664,646	(2,092)	662,554
Property, plant and equipment			
Land	97,550	(2,781)	94,769
Buildings	977,233	(32,949)	944,284
Machinery and equipment	2,128,297	(60,269)	2,068,028
Construction in progress	78,131	(2,037)	76,094
	3,281,211	(98,036)	3,183,175
Accumulated depreciation	(2,321,176)	48,120	(2,273,056)
Total property, plant and equipment	960,035	(49,916)	910,119
Other assets			
Goodwill and other intangible assets	1,006,640	(11,752)	994,888
Deferred tax assets	264,349	47,376	311,725
Other assets	136,729	(2,169)	134,560
Total other assets	1,407,718	33,455	1,441,173
Total assets	¥ 6,241,623	¥ (69,104)	¥ 6,172,519

March 31, 2014	Millions of yen Amount as previously reported	 Adjustment	 Amount as restated
Liabilities			
Current liabilities			
Short-term borrowings	¥ 146,105	¥ –	¥ 146,105
Current portion of long-term debt	57,418	–	57,418
Notes and accounts payable, trade	1,199,539	5,344	1,204,883
Accounts payable, other and accrued expenses	501,314	1,742	503,056
Accrued income and other taxes	74,097	(5)	74,092
Advance payments received	317,713	7,984	325,697
Other current liabilities	295,860	126,399	422,259
Total current liabilities	2,592,046	141,464	2,733,510
Long-term liabilities			
Long-term debt	1,184,864	–	1,184,864
Accrued pension and severance costs	610,592	–	610,592
Other liabilities	201,794	(4,235)	197,559
Total long-term liabilities	1,997,250	(4,235)	1,993,015
Total liabilities	4,589,296	137,229	4,726,525
Equity			
Equity attributable to shareholders of Toshiba Corporation			
Common stock:			
Authorized: 10,000,000,000 shares			
Issued: 4,237,602,026 shares	439,901	–	439,901
Additional paid-in capital	404,564	(2,734)	401,830
Retained earnings	652,367	(197,436)	454,931
Accumulated other comprehensive loss	(266,079)	(1,707)	(267,786)
Treasury stock, at cost			
3,111,467 shares	(1,687)	–	(1,687)
Total equity attributable to shareholders of Toshiba Corporation	1,229,066	(201,877)	1,027,189
Equity attributable to noncontrolling interests	423,261	(4,456)	418,805
Total equity	1,652,327	(206,333)	1,445,994
Commitments and contingent liabilities			
Total liabilities and equity	¥ 6,241,623	¥ (69,104)	¥ 6,172,519

March 31, 2013	Millions of yen		
	Amount as previously reported	Adjustment	Amount as restated
Assets			
Current assets			
Cash and cash equivalents	¥ 209,169	¥ –	¥ 209,169
Notes and accounts receivable, trade:	1,372,307	(11,481)	1,360,826
Inventories	1,003,108	(62,870)	940,238
Deferred tax assets	146,967	29,034	176,001
Other receivables	155,961	421	156,382
Prepaid expenses and other current assets	272,928	(6,814)	266,114
Total current assets	3,160,440	(51,710)	3,108,730
Long-term receivables and investments			
Long-term receivables	30,379	–	30,379
Investments in and advances to affiliates	411,418	88	411,506
Marketable securities and other investments	264,391	–	264,391
Total long-term receivables and investments	706,188	88	706,276
Property, plant and equipment			
Land	99,102	(5,373)	93,729
Buildings	948,918	(33,328)	915,590
Machinery and equipment	2,081,402	(49,002)	2,032,400
Construction in progress	90,858	(11,151)	79,707
	3,220,280	(98,854)	3,121,426
Accumulated depreciation	(2,335,600)	36,473	(2,299,127)
Total property, plant and equipment	884,680	(62,381)	822,299
Other assets			
Goodwill and other intangible assets	912,128	(10,312)	901,816
Deferred tax assets	336,330	49,086	385,416
Other assets	100,236	(3,170)	97,066
Total other assets	1,348,694	35,604	1,384,298
Total assets	¥ 6,100,002	¥ (78,399)	¥ 6,021,603

March 31, 2013	Millions of yen Amount as previously reported	 Adjustment	 Amount as restated
Liabilities			
Current liabilities			
Short-term borrowings	¥ 191,453	¥ –	¥ 191,453
Current portion of long-term debt	241,675	–	241,675
Notes and accounts payable, trade	1,190,201	10,228	1,200,429
Accounts payable, other and accrued expenses	434,790	4,354	439,144
Accrued income and other taxes	57,465	668	58,133
Advance payments received	297,902	(694)	297,208
Other current liabilities	323,953	116,739	440,692
Total current liabilities	2,737,439	131,295	2,868,734
Long-term liabilities			
Long-term debt	1,038,448	–	1,038,448
Accrued pension and severance costs	715,450	–	715,450
Other liabilities	192,588	560	193,148
Total long-term liabilities	1,946,486	560	1,947,046
Total liabilities	4,683,925	131,855	4,815,780
Equity			
Equity attributable to shareholders of Toshiba Corporation			
Common stock:			
Authorized: 10,000,000,000 shares			
Issued: 4,237,602,026 shares	439,901	–	439,901
Additional paid-in capital	404,430	(2,836)	401,594
Retained earnings	635,419	(206,850)	428,569
Accumulated other comprehensive loss	(443,940)	2	(443,938)
Treasury stock, at cost			
2,789,946 shares	(1,542)	–	(1,542)
Total equity attributable to shareholders of Toshiba Corporation	1,034,268	(209,684)	824,584
Equity attributable to noncontrolling interests	381,809	(570)	381,239
Total equity	1,416,077	(210,254)	1,205,823
Commitments and contingent liabilities			
Total liabilities and equity	¥ 6,100,002	¥ (78,399)	¥ 6,021,603

March 31, 2014	Thousands of U.S. dollars		
	Amount as previously reported	Adjustment	Amount as restated
Assets			
Current assets			
Cash and cash equivalents	$ 1,663,495	$ –	$ 1,663,495
Notes and accounts receivable, trade:	14,625,242	(171,485)	14,453,757
Inventories	9,068,136	(477,757)	8,590,379
Deferred tax assets	1,418,650	241,758	1,660,408
Other receivables	1,480,942	(14,554)	1,466,388
Prepaid expenses and other current assets	2,901,050	(68,749)	2,832,301
Total current assets	31,157,515	(490,787)	30,666,728
Long-term receivables and investments			
Long-term receivables	4,476	–	4,476
Investments in and advances to affiliates	3,751,806	(20,311)	3,731,495
Marketable securities and other investments	2,696,592	–	2,696,592
Total long-term receivables and investments	6,452,874	(20,311)	6,432,563
Property, plant and equipment			
Land	947,087	(27,000)	920,087
Buildings	9,487,699	(319,893)	9,167,806
Machinery and equipment	20,663,078	(585,136)	20,077,942
Construction in progress	758,553	(19,776)	738,777
	31,856,417	(951,805)	30,904,612
Accumulated depreciation	(22,535,689)	467,184	(22,068,505)
Total property, plant and equipment	9,320,728	(484,621)	8,836,107
Other assets			
Goodwill and other intangible assets	9,773,204	(114,097)	9,659,107
Deferred tax assets	2,566,495	459,961	3,026,456
Other assets	1,327,466	(21,058)	1,306,408
Total other assets	13,667,165	324,806	13,991,971
Total assets	$ 60,598,282	$ (670,913)	$ 59,927,369

March 31, 2014	Thousands of U.S. dollars Amount as previously reported	Adjustment	Amount as restated
Liabilities			
Current liabilities			
Short-term borrowings	**$ 1,418,495**	**$ –**	**$ 1,418,495**
Current portion of long-term debt	**557,456**	**–**	**557,456**
Notes and accounts payable, trade	**11,646,010**	**51,883**	**11,697,893**
Accounts payable, other and accrued expenses	**4,867,126**	**16,913**	**4,884,039**
Accrued income and other taxes	**719,389**	**(49)**	**719,340**
Advance payments received	**3,084,592**	**77,515**	**3,162,107**
Other current liabilities	**2,872,427**	**1,227,175**	**4,099,602**
Total current liabilities	**25,165,495**	**1,373,437**	**26,538,932**
Long-term liabilities			
Long-term debt	**11,503,534**	**–**	**11,503,534**
Accrued pension and severance costs	**5,928,078**	**–**	**5,928,078**
Other liabilities	**1,959,165**	**(41,117)**	**1,918,048**
Total long-term liabilities	**19,390,777**	**(41,117)**	**19,349,660**
Total liabilities	**44,556,272**	**1,332,320**	**45,888,592**
Equity			
Equity attributable to shareholders of Toshiba Corporation			
Common stock:			
Authorized: 10,000,000,000 shares			
Issued: 4,237,602,026 shares	**4,270,884**	**–**	**4,270,884**
Additional paid-in capital	**3,927,806**	**(26,544)**	**3,901,262**
Retained earnings	**6,333,660**	**(1,916,854)**	**4,416,806**
Accumulated other comprehensive loss	**(2,583,291)**	**(16,573)**	**(2,599,864)**
Treasury stock, at cost			
3,111,467 shares	**(16,379)**	**–**	**(16,379)**
Total equity attributable to shareholders of Toshiba Corporation	**11,932,680**	**(1,959,971)**	**9,972,709**
Equity attributable to noncontrolling interests	**4,109,330**	**(43,262)**	**4,066,068**
Total equity	**16,042,010**	**(2,003,233)**	**14,038,777**
Commitments and contingent liabilities			
Total liabilities and equity	**$ 60,598,282**	**$ (670,913)**	**$ 59,927,369**

(5) Summary of effects on consolidated statement of income
The following table shows the summary of effects of the restatement above on the consolidated statement of income.

	Millions of yen			
March 31, 2014	Amount as previously reported	Reclassified as discontinued operations	Adjustment	Amount as restated
Sales and other income	¥ 6,586,600	¥ –	¥ (14,156)	¥ 6,572,444
Costs and expenses	6,405,662	–	(15,554)	6,390,108
Income from continuing operations, before income taxes and noncontrolling interests	180,938	–	1,398	182,336
Income taxes	96,299	–	(4,254)	92,045
Income from continuing operations, before noncontrolling interests	84,639	–	5,652	90,291
Loss from discontinued operations, before noncontrolling interests	(15,021)	–	–	(15,021)
Net income before noncontrolling interests	69,618	–	5,652	75,270
Less: Net income (loss) attributable to noncontrolling interests	18,792	–	(3,762)	15,030
Net income attributable to shareholders of Toshiba Corporation	50,826	–	9,414	60,240

Per share information (Yen)				
Basic net income (loss) per share attributable to shareholders of Toshiba Corporation				
Income from continuing operations	14.06			16.28
Loss from discontinued operations	(2.06)			(2.05)
Net income	12.00			14.23

March 31, 2013	Millions of yen Amount as previously reported	Reclassified as discontinued operations	Adjustment	Amount as restated
Sales and other income	¥ 5,861,532	¥ –	¥ (4,830)	¥ 5,856,702
Costs and expenses	5,701,903	–	79,873	5,781,776
Income from continuing operations, before income taxes and noncontrolling interests	159,629	–	(84,703)	74,926
Income taxes	59,315	–	(20,959)	38,356
Income from continuing operations, before noncontrolling interests	100,314	–	(63,744)	36,570
Loss from discontinued operations, before noncontrolling interests	(4,983)	–	–	(4,983)
Net income before noncontrolling interests	95,331	–	(63,744)	31,587
Less: Net income (loss) attributable to noncontrolling interests	17,965	–	197	18,162
Net income attributable to shareholders of Toshiba Corporation	77,366	–	(63,941)	13,425

Per share information (Yen)		
Basic net income (loss) per share attributable to shareholders of Toshiba Corporation		
Income from continuing operations	18.85	3.76
Loss from discontinued operations	(0.58)	0.59
Net income	18.27	3.17

March 31, 2014	Thousands of U.S. dollars Amount as previously reported	Reclassified as discontinued operations	Adjustment	Amount as restated
Sales and other income	**$ 63,947,573**	**$ –**	**$ (137,437)**	**$ 63,810,136**
Costs and expenses	**62,190,893**	**–**	**(151,010)**	**62,039,883**
Income from continuing operations, before income taxes and noncontrolling interests	**1,756,680**	**–**	**13,573**	**1,770,253**
Income taxes	**934,942**	**–**	**(41,301)**	**893,641**
Income from continuing operations, before noncontrolling interests	**821,738**	**–**	**54,874**	**876,612**
Loss from discontinued operations, before noncontrolling interests	**(145,835)**	**–**	**–**	**(145,835)**
Net income before noncontrolling interests	**675,903**	**–**	**54,874**	**730,777**
Less: Net income (loss) attributable to noncontrolling interests	**182,447**	**–**	**(36,524)**	**145,923**
Net income attributable to shareholders of Toshiba Corporation	**493,456**	**–**	**91,398**	**584,854**

Per share information (U.S. dollar)				
Basic net income (loss) per share attributable to shareholders of Toshiba Corporation				
Income from continuing operations	**0.14**			**0.16**
Loss from discontinued operations	**(0.02)**			**(0.02)**
Net income	**$0.12**			**$0.14**

(6) Summary of effects on consolidated statement of comprehensive income

The following table shows the summary of effects of the restatement above on the consolidated statement of comprehensive income.

March 31, 2014	Millions of yen Amount as previously reported	Adjustment	Amount as restated
Net income before noncontrolling interests	**¥ 69,618**	**¥ 5,652**	**¥ 75,270**
Other comprehensive income (loss), net of tax			
Net unrealized gains and losses on securities	**18,417**	**–**	**18,417**
Foreign currency translation adjustments	**130,110**	**(1,832)**	**128,278**
Pension liability adjustments	**55,797**	**–**	**55,797**
Net unrealized gains and losses on derivative instruments	**(1,734)**	**–**	**(1,734)**
Total other comprehensive income	**202,590**	**(1,832)**	**200,758**
Comprehensive income before noncontrolling interests	**272,208**	**3,820**	**276,028**
Less: Comprehensive income attributable to noncontrolling interests	**43,521**	**(3,885)**	**39,636**
Comprehensive income attributable to shareholders of the Company	**¥ 228,687**	**¥ 7,705**	**¥ 236,392**

March 31, 2013	Millions of yen Amount as previously reported	Adjustment	Amount as restated
Net income before noncontrolling interests	¥ 95,331	¥ (63,744)	¥ 31,587
Other comprehensive income (loss), net of tax			
Net unrealized gains and losses on securities	25,571	–	25,571
Foreign currency translation adjustments	147,523	(2,457)	145,066
Pension liability adjustments	38,506	–	38,506
Net unrealized gains and losses on derivative instruments	(841)	–	(841)
Total other comprehensive income	210,759	(2,457)	208,302
Comprehensive income before noncontrolling interests	306,090	(66,201)	239,889
Less: Comprehensive income attributable to noncontrolling interests	59,871	166	60,037
Comprehensive income attributable to shareholders of the Company	¥ 246,219	¥ (66,367)	¥ 179,852

March 31, 2014	Thousands of U.S. dollars Amount as previously reported	Adjustment	Amount as restated
Net income before noncontrolling interests	**$ 675,903**	**$ 54,874**	**$ 730,777**
Other comprehensive income (loss), net of tax			
Net unrealized gains and losses on securities	**178,806**	**–**	**178,806**
Foreign currency translation adjustments	**1,263,204**	**(17,787)**	**1,245,417**
Pension liability adjustments	**541,718**	**–**	**541,718**
Net unrealized gains and losses on derivative instruments	**(16,835)**	**–**	**(16,835)**
Total other comprehensive income	**1,966,893**	**(17,787)**	**1,949,106**
Comprehensive income before noncontrolling interests	**2,642,796**	**37,087**	**2,679,883**
Less: Comprehensive income attributable to noncontrolling interests	**422,534**	**(37,719)**	**384,815**
Comprehensive income attributable to shareholders of the Company	**$ 2,220,262**	**$ 74,806**	**$ 2,295,068**

(7) Summary of effects on consolidated statement of cash flows
The following table shows the summary of effects of the restatement above on the consolidated statement of cash flows.

	Millions of yen					
Year ended March 31, 2014	Amount as previously reported		Adjustment		Amount as restated	
Cash flows from operating activities						
Net income before noncontrolling interests		¥ 69,618		¥ 5,652		¥ 75,270
Adjustments to reconcile net income before noncontrolling interests to net cash provided by (used in) operating activities						
Depreciation and amortization	186,405		(14,609)		171,796	
Provisions for pension and severance costs, less payments	(12,960)		–		(12,960)	
Deferred income taxes	43,557		(3,047)		40,510	
Equity in (earnings) losses of affiliates, net of dividends	10,299		2,693		12,992	
(Gain) loss from sales, disposal and impairment of property, plant and equipment and intangible assets, net	7,540		9,333		16,873	
(Gain) loss from sales and impairment of securities and other investments, net	(883)		(3,203)		(4,086)	
(Increase) decrease in notes and accounts receivable, trade	(97,491)		6,182		(91,309)	
(Increase) decrease in inventories	60,158		(13,795)		46,363	
Increase (decrease) in notes and accounts payable, trade	(54,900)		(4,884)		(59,784)	
Increase (decrease) in accrued income and other taxes	5,413		(710)		4,703	
Increase (decrease) in advance payments received	4,153		8,678		12,831	
Other	65,677	216,968	5,256	(8,106)	70,933	208,862
Net cash provided by operating activities		286,586		(2,454)		284,132

	Millions of yen		
Year ended March 31, 2014	Amount as previously reported	Adjustment	Amount as restated
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangible assets	40,491	–	40,491
Proceeds from sale of securities	12,134	–	12,134
Acquisition of property, plant and equipment	(203,377)	2,453	(200,924)
Acquisition of intangible assets	(50,975)	–	(50,975)
Purchase of securities	(5,292)	–	(5,292)
Increase (decrease) in investments in affiliates	(1,437)	–	(1,437)
Other	(38,099)	1	(38,098)
Net cash used in investing activities	(246,555)	2,454	(244,101)
Cash flows from financing activities			
Proceeds from long-term debt	198,826	–	198,826
Repayment of long-term debt	(234,773)	–	(234,773)
Increase (decrease) in short-term borrowings, net	(13,678)	–	(13,678)
Dividends paid	(38,954)	–	(38,954)
Purchase of treasury stock, net	(145)	–	(145)
Purchase of shares of Westinghouse Group from noncontrolling interests	–	–	–
Other	(585)	–	(585)
Net cash provided by (used in) financing activities	(89,309)	–	(89,309)
Effect of exchange rate changes on cash and cash equivalents	11,449	–	11,449
Net decrease in cash and cash equivalents	(37,829)	–	(37,829)
Cash and cash equivalents at beginning of year	209,169	–	209,169
Cash and cash equivalents at end of year	¥ 171,340	–	¥ 171,340

Year ended March 31, 2013	Millions of yen Amount as previously reported		Adjustment		Amount as restated	
Cash flows from operating activities						
Net income before noncontrolling interests		¥ 95,726		¥ (64,139)		¥ 31,587
Adjustments to reconcile net income before noncontrolling interests to net cash provided by (used in) operating activities						
Depreciation and amortization	217,752		(20,005)		197,747	
Provisions for pension and severance costs, less payments	(2,021)		–		(2,021)	
Deferred income taxes	9,380		(21,878)		(12,498)	
Equity in (earnings) losses of affiliates, net of dividends	(13,889)		–		(13,889)	
(Gain) loss from sales, disposal and impairment of property, plant and equipment and intangible assets, net	(4,971)		19,504		14,533	
(Gain) loss from sales and impairment of securities and other investments, net	3,000		–		3,000	
(Increase) decrease in notes and accounts receivable, trade	5,660		709		6,369	
(Increase) decrease in inventories	(64,874)		40,070		(24,804)	
Increase (decrease) in notes and accounts payable, trade	(179,769)		12,354		(167,415)	
Increase (decrease) in accrued income and other taxes	7,753		602		8,355	
Increase (decrease) in advance payments received	(3,155)		(689)		(3,844)	
Other	61,724	36,590	33,472	64,139	95,196	100,729
Net cash provided by operating activities		132,316		–		132,316

Year ended March 31, 2013	Millions of yen Amount as previously reported	Adjustment	Amount as restated
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangible assets	87,672	–	87,672
Proceeds from sale of securities	3,876	–	3,876
Acquisition of property, plant and equipment	(266,581)	–	(266,581)
Acquisition of intangible assets	(29,630)	–	(29,630)
Purchase of securities	(9,203)	–	(9,203)
Increase (decrease) in investments in affiliates	24,616	–	24,616
Other	(7,097)	–	(7,097)
Net cash used in investing activities	(196,347)	–	(196,347)
Cash flows from financing activities			
Proceeds from long-term debt	350,101	–	350,101
Repayment of long-term debt	(208,865)	–	(208,865)
Increase (decrease) in short-term borrowings, net	66,885	–	66,885
Dividends paid	(42,547)	–	(42,547)
Purchase of treasury stock, net	(50)	–	(50)
Purchase of shares of Westinghouse Group from noncontrolling interests	(124,724)		(124,724)
Other	972	–	972
Net cash provided by (used in) financing activities	41,772	–	41,772
Effect of exchange rate changes on cash and cash equivalents	17,123	–	17,123
Net decrease in cash and cash equivalents	(5,136)	–	(5,136)
Cash and cash equivalents at beginning of year	214,305	–	214,305
Cash and cash equivalents at end of year	¥ 209,169	–	¥ 209,169

Year ended March 31, 2014	Thousands of U.S. dollars Amount as previously reported		Adjustment		Amount as restated	
Cash flows from operating activities						
Net income before noncontrolling interests		$ 675,903		$ 54,874		$ 730,777
Adjustments to reconcile net income before noncontrolling interests to net cash provided by (used in) operating activities						
Depreciation and amortization	1,809,757		(141,835)		1,667,922	
Provisions for pension and severance costs, less payments	(125,825)		–		(125,825)	
Deferred income taxes	422,884		(29,583)		393,301	
Equity in (earnings) losses of affiliates, net of dividends	99,990		26,146		126,136	
(Gain) loss from sales, disposal and impairment of property, plant and equipment and intangible assets, net	73,204		90,612		163,816	
(Gain) loss from sales and impairment of securities and other investments, net	(8,573)		(31,097)		(39,670)	
(Increase) decrease in notes and accounts receivable, trade	(946,514)		60,019		(886,495)	
(Increase) decrease in inventories	584,058		(133,932)		450,125	
Increase (decrease) in notes and accounts payable, trade	(533,010)		(47,417)		(580,427)	
Increase (decrease) in accrued income and other taxes	52,553		(6,893)		45,660	
Increase (decrease) in advance payments received	40,320		84,252		124,573	
Other	637,641	2,106,485	51,029	(78,699)	688,670	2,027,786
Net cash provided by operating activities		2,782,388		(23,825)		2,758,563

Year ended March 31, 2014	Thousands of U.S. dollars Amount as previously reported	Adjustment	Amount as restated
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangible assets	393,116	–	393,116
Proceeds from sale of securities	117,806	–	117,806
Acquisition of property, plant and equipment	(1,974,534)	23,815	(1,950,719)
Acquisition of intangible assets	(494,903)	–	(494,903)
Purchase of securities	(51,379)	–	(51,379)
Increase (decrease) in investments in affiliates	(13,951)	–	(13,951)
Other	(369,893)	10	(369,883)
Net cash used in investing activities	(2,393,738)	23,825	(2,369,913)
Cash flows from financing activities			
Proceeds from long-term debt	1,930,349	–	1,930,349
Repayment of long-term debt	(2,279,350)	–	(2,279,350)
Increase (decrease) in short-term borrowings, net	(132,796)	–	(132,796)
Dividends paid	(378,194)	–	(378,194)
Purchase of treasury stock, net	(1,408)	–	(1,408)
Purchase of shares of Westinghouse Group from noncontrolling interests	–	–	–
Other	(5,679)	–	(5,679)
Net cash provided by (used in) financing activities	(867,078)	–	(867,078)
Effect of exchange rate changes on cash and cash equivalents	111,156	–	111,156
Net decrease in cash and cash equivalents	(367,272)	–	(367,272)
Cash and cash equivalents at beginning of year	2,030,767	–	2,030,767
Cash and cash equivalents at end of year	$1,663,495	–	$1,663,495

Restated text is underlined except for Restatement of previously issued consolidated financial statements.

1. DESCRIPTION OF BUSINESS

The Company and its subsidiaries (hereinafter collectively, "the Group") are engaged in research and development, manufacturing and sales of high-technology electronic and energy products, which range (1)Energy & Infrastructure, (2) Community Solutions, (3)Healthcare Systems & Services, (4)Electronic Devices & Components, (5)Lifestyle Products & Services, and (6)Others. For the year ended March 31, 2014, sales of Energy & Infrastructure represented the most significant portion of the Group's total sales or approximately 25 percent. Electronic Devices & Components, second to Energy & Infrastructure, represented approximately 24 percent, Community Solutions approximately 19 percent, Lifestyle Products & Services approximately 19 percent, and Healthcare Systems & Services approximately 6 percent of the Group's total sales. For the year ended March 31, 2013, sales of Energy & Infrastructure represented the most significant portion of the Group's total sales or approximately 26 percent. Electronic Devices & Components represented approximately 21 percent, Lifestyle Products & Services approximately 20 percent, Community Solutions approximately 19 percent and Healthcare Systems & Services approximately 6 percent of the Group's total sales. The Group's products are manufactured and marketed throughout the world with approximately 42 percent and 46 percent of its sales in Japan for the years ended March 31, 2014 and 2013, respectively, and the remainder in Asia, North America, Europe and other parts of the world.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PREPARATION OF FINANCIAL STATEMENTS

The Company and its domestic subsidiaries maintain their records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, and its foreign subsidiaries in conformity with those of the countries of their domicile.

Certain adjustments and reclassifications have been incorporated in the accompanying consolidated financial statements to conform with accounting principles generally accepted in the United States. These adjustments were not recorded in the statutory books of account.

BASIS OF CONSOLIDATION AND INVESTMENTS IN AFFILIATES

The consolidated financial statements include the accounts of the Company, its majority-owned subsidiaries and variable interest entities ("VIEs") for which the Group is the primary beneficiary in accordance with the Accounting Standards Codification ("ASC") No.810 "Consolidation" ("ASC No.810"). All significant intra-entity transactions and accounts are eliminated in consolidation.

Investments in affiliates over which the Group has the ability to exercise significant influence are accounted for under the equity method of accounting. Net income (loss) attributable to shareholders of the Company includes its equity in the current net earnings (loss) of such companies after elimination of unrealized intra-entity gains. The proportionate share of the income or loss of some companies accounted for under the equity method is recognized from the most recent available financial statements.

USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. The Group has identified significant areas where it believes assumptions and estimates are particularly critical to the consolidated financial statements. These are determination of impairment on long-lived tangible and intangible assets, goodwill and investments, recoverability of receivables, realization of deferred tax assets, uncertain tax positions, pension accounting assumptions, revenue recognition and other valuation allowances and reserves including contingencies for litigations. Actual results could differ from those estimates.

CASH EQUIVALENTS

All highly liquid investments with original maturities of 3 months or less at the date of purchase are considered to be cash equivalents.

FOREIGN CURRENCY TRANSLATION

The assets and liabilities of foreign consolidated subsidiaries and affiliates that operate in a local currency environment are translated into Japanese yen at applicable current exchange rates at year end. Income and expense items are translated at average exchange rates prevailing during the year. The effects of these translation adjustments are included in accumulated other comprehensive income (loss) and reported as a component of equity. Exchange gains and losses resulting from foreign currency transactions and translation of assets and liabilities denominated in foreign currencies are included in other income or other expense in the consolidated statement of income.

ALLOWANCE FOR DOUBTFUL RECEIVABLES

An allowance for doubtful trade receivables is recorded based on a combination of the write-off history, aging analysis and an evaluation of any specific known troubled accounts. When all collection efforts are exhausted including legal recourse, the accounts or portions thereof are deemed to be uncollectible and charged against the allowance.

MARKETABLE SECURITIES AND OTHER INVESTMENTS

The Group classifies all of its marketable securities as available-for-sale which are reported at fair value, with unrealized gains and losses included in accumulated other comprehensive income (loss), net of tax. Other investments without quoted market prices are stated at cost. Realized gains or losses on the sale of securities are based on the average cost of a particular security held at the time of sale.

Marketable securities and other investment securities are regularly reviewed for other-than-temporary impairments in carrying amount based on criteria that include the length of time and the extent to which the market value has been less than cost, the financial condition and near-term prospects of the issuer and the Group's intent and ability to retain marketable securities and investment securities for a period of time sufficient to allow for any anticipated recovery in market value. When such a decline exists, the Group recognizes an impairment loss to the extent of such decline.

INVENTORIES

Raw materials, finished products and work in process for products are stated at the lower of cost or market, cost being determined principally by the average method. Finished products and work in process for contract items are stated at the lower of cost or estimated realizable value, cost being determined by accumulated production costs.

In accordance with general industry practice, items with long manufacturing periods are included among inventories even when not realizable within one year.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, including significant renewals and additions, are carried at cost. Depreciation for property, plant and equipment is computed generally by the straight-line method.

Depreciation for property, plant and equipment associated with the Company and domestic subsidiaries has been computed generally by the declining-balance method. Depreciation for property, plant and equipment for foreign subsidiaries has been generally computed using the straight-line method.

However, the Company and domestic subsidiaries changed the method of calculating depreciation for property, plant and equipment to the straight-line method, starting from April 1, 2013.

Based on the FY2013 Mid-Term Business Plan which started from April 1, 2013, the Group plans to continuously establish stable and strong profitable businesses by focusing on certain businesses and accelerating globalization through optimizing business location and overseas merger and acquisition.

Following this strategy, the Group estimates more stable profit by optimizing global production, aggregating domestic production facilities and becoming more focus on value-added products. Operation of domestic production facilities will be leveled by integrating domestic locations. Furthermore, domestic capital expenditure is planned mainly for renewal and rationalization of existing facilities. The Company believes this will lead domestic property, plant and equipment utilization to be more stable hereinafter. Therefore, the Company and domestic subsidiaries believe that the new method makes a better cost allocation than the previous method.

In accordance with ASC No.250 "Accounting Changes and Error Collection", this change in depreciation method is classified as changes in accounting estimates due to changes in accounting policies. Therefore, this change in depreciation method has an impact on and after April 1, 2013. For the year ended March 31, 2014, income from continuing operations before income taxes and noncontrolling interests and net income attributable to shareholders of the Company increased by ¥32,150 million ($312,136 thousand) and ¥20,225 million ($196,359 thousand), respectively, and basic net earnings per share attributable to shareholders of the Company increased by ¥4.78 ($0.05), respectively compared with the figures under the previous method.

The effect on segment information is disclosed in Note 29.

The estimated useful lives of buildings are 3 to 50 years, and those of machinery and equipment are 2 to 20 years. Maintenance and repairs, including minor renewals and betterments, are expensed as incurred.

IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets, other than goodwill and intangible assets with indefinite useful lives, are evaluated for impairment using an estimate of undiscounted cash flows whenever events or changes in circumstances indicate that the carrying amount of such asset may not be recoverable. If the estimate of undiscounted cash flow is less than the carrying amount of the asset, an impairment loss is recorded based on the fair value of the asset. Fair value is determined primarily by using the anticipated cash flows discounted at a rate commensurate with the risk involved. For assets held for sale, an impairment loss is further increased by costs to sell. Long-lived assets to be disposed of other than by sale are considered held and used until disposed of.

GOODWILL AND OTHER INTANGIBLE ASSETS
Goodwill and intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually. Goodwill is allocated among and tested for impairment at the reporting unit level. Intangible assets with finite useful lives, consisting primarily of core and current technology and software, are amortized using the straight-line method over their respective contractual periods or estimated useful lives.

ENVIRONMENTAL LIABILITIES
Liabilities for environmental remediation and other environmental costs are accrued when environmental assessments or remedial efforts are probable and the costs can be reasonably estimated, based on current law and existing technologies. Such liabilities are adjusted as further information develops or circumstances change. Costs of future obligations are not discounted to their present values.

INCOME TAXES
The provision for income taxes is computed based on the income (loss) from continuing operations, before income taxes and noncontrolling interests included in the consolidated statement of income. Deferred income taxes are recorded to reflect the expected future tax consequences of temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, and are measured by applying currently enacted tax laws. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that the change is enacted. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

The Group recognizes the financial statement effects of tax positions when they are more likely than not, based on the technical merits, that the tax positions will be sustained upon examination by the tax authorities. Benefits from tax positions that meet the more-likely-than-not recognition threshold are measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement.

ACCRUED PENSION AND SEVERANCE COSTS
The Company and certain subsidiaries have various retirement benefit plans covering substantially all employees. Prior service costs resulting from amendments to the plans are amortized over the average remaining service period of employees expected to receive benefits. Unrecognized actuarial gains and losses that exceed 10 percent of the greater of the projected benefit obligation or the fair value of plan assets are also amortized over the average remaining service period of employees expected to receive benefits.

NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY
Basic net earnings (loss) per share attributable to shareholders of the Company ("EPS") are computed based on the weighted-average number of shares of common stock outstanding during each period.

REVENUE RECOGNITION
Revenue of mass-produced standard products, such as Electronic Devices & Components and Lifestyle Products & Services, is recognized when there is persuasive evidence of an arrangement, the product has been delivered, the sales price is fixed or determinable, and collectibility is reasonably assured. Mass-produced standard products are considered delivered to customers once they have been shipped, and the title and risk of loss have transferred.

Revenue related to equipment that requires installation, such as Energy & Infrastructure, is recognized when the installation of the equipment is completed, the equipment is accepted by the customer and other specific criteria of the equipment are demonstrated by the Group.

Revenue from services, such as maintenance service for plant and other systems, that are priced and sold separately from the equipment is recognized ratably over the contract term or as the services are provided.

Revenue on long-term contracts is recorded under the percentage of completion method. To measure the extent of progress toward completion, the Group generally compares the costs incurred to date to the estimated total costs to complete based upon the most recent available information. When estimates of the extent of progress toward completion and contract costs are reasonably dependable, revenue from the contract is recognized based on the percentage of completion. A provision for contract losses is recorded in its entirety when the loss first becomes evident.

Revenue from arrangements with multiple elements, which may include any combination of products, equipment, installment and maintenance, is allocated to each element based on its relative selling price if such element meets the criteria for treatment as a separate unit of accounting as prescribed in ASC No. 605 "Revenue Recognition". Otherwise, revenue is deferred until the undelivered elements are fulfilled as a single unit of accounting.

Revenue from the development of custom software products is recognized when there is persuasive evidence of an arrangement, the sales price is fixed or determinable, collectibility is probable, and the software product has been delivered and accepted by the customer.

SHIPPING AND HANDLING COSTS

The Group includes shipping and handling costs which totaled ¥72,905 million ($707,816 thousand) and ¥69,412 million for the years ended March 31, 2014 and 2013, respectively in selling, general and administrative expenses.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses a variety of derivative financial instruments, which include forward exchange contracts, interest rate swap agreements, currency swap agreements and currency options for the purpose of currency exchange rate and interest rate risk management. Refer to Note 20 for descriptions of these financial instruments.

The Group recognizes all derivative financial instruments, such as forward exchange contracts, interest rate swap agreements, currency swap agreements and currency options in the consolidated financial statements at fair value regardless of the purpose or intent for holding the derivative financial instruments. Changes in the fair value of derivative financial instruments are either recognized periodically in income or in equity as a component of accumulated other comprehensive income (loss) depending on whether the derivative financial instruments qualify for hedge accounting, and if so, whether they qualify as a fair value hedge or a cash flow hedge. Changes in fair value of derivative financial instruments accounted for as fair value hedges are recorded in income along with the portion of the change in the fair value of the hedged item that relates to the hedged risk. Changes in fair value of derivative financial instruments accounted for as cash flow hedges, to the extent they are effective as a hedge, are recorded in accumulated other comprehensive income (loss), net of tax. Changes in the fair value of derivative financial instruments not qualifying as a hedge are reported in income.

SALES OF RECEIVABLES

The Group has transferred certain trade notes and accounts receivable under several securitization programs. When a transfer of financial assets is eligible to be accounted for as a sale under ASC No.860 “Transfers and Servicing” (“ASC No.860”), these securitization transactions are accounted for as a sale and the receivables sold under these facilities are excluded from the accompanying consolidated balance sheet.

ASSET RETIREMENT OBLIGATIONS

The Group records asset retirement obligations at fair value in the period incurred. The fair value of the liability is added to the carrying amount of the associated asset. This additional carrying amount is then depreciated over the life of the asset. The liability increases due to the passage of time based on the time value of money until the obligation is settled. Subsequent to the initial recognition, the liability is adjusted for any revisions to the expected amount of the retirement obligation, and for accretion of the liability due to the passage of time.

RECENT PRONOUNCEMENTS

In April 2014, the Financial Accounting Standards Boards (“FASB”) issued Accounting Standards Updates (“ASU”) No.2014-08. ASU No.2014-08 amends ASC No.205-20 “Presentation of Financial Statements - Discontinued Operations” (“ASC No.205-20”), changes the requirements for reporting discontinued operations in ASC No.205-20 and requires additional disclosures about discontinued operations. ASU No.2014-08 is effective for fiscal year beginning on or after December 15, 2014, and early adoption is permitted. The Company is currently evaluating the timing of adoption of ASU No.2014-08. The Company does not expect ASU No.2014-08 to have a material impact on the Company's financial position and results of operations.

In May 2014, FASB issued ASU No.2014-09. ASU No.2014-09 supersedes the revenue recognition requirements, and affects any entity that either enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. To achieve the core principle, an entity should apply the 5 steps. ASU No.2014-09 requires an entity to disclose the qualitative and quantitative information, contracts with customers, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. ASU No.2014-09 is effective for fiscal year beginning after December 15, 2016, and the Company will adopt ASU No.2014-09 effective April 1, 2017. The Company is currently evaluating the impact of adoption of ASU No.2014-09 on the Company's consolidated financial statements.

The information provided is about the status as of the submission date of the original annual securities report before correction for restatements in September, 2015.

SUBSEQUENT EVENTS

In accordance with ASC 855 “Subsequent Events,” the Group assessed subsequent events up to the submission dates of the annual securities report before correction (June 25, 2014), and revised financial statements (September 7, 2015).

RECLASSIFICATIONS

In addition to the restatements previously described, Certain reclassifications to the prior year's consolidated financial statements and related footnote amounts have been made to conform to the presentation for the current year.

3. U.S. DOLLAR AMOUNTS

U.S. dollar amounts are included solely for convenience of readers. These translations should not be construed as a representation that the yen could be converted into U.S. dollars at this rate or any other rates. The amounts shown in U.S. dollars are not intended to be computed in accordance with generally accepted accounting principles in the United States for the translation of foreign currency amounts. The rate of ¥103=U.S. $1, the approximate current rate of exchange at March 31, 2014, has been used throughout for the purpose of presentation of the U.S. dollar amounts in the accompanying consolidated financial statements.

4. DISCONTINUED OPERATION

On March 26, 2014, the Company entered into definitive agreements with Samsung Electronics Co., Ltd. ("Samsung Electronics") and OPTIS Co., Ltd. ("OPTIS") for the transfer of its optical disc drive ("ODD") business as part of the Company's restructuring of the ODD business in response to the changing market environment.

Under the terms of the agreements, Toshiba Samsung Storage Technology Corporation ("TSST"), which is the Company and Samsung Electronics' Japan-based joint holding company for the ODD business, will transfer Toshiba Samsung Storage Technology Korea Corporation ("TSST-K"), which is TSST's wholly-owned operating subsidiary, to OPTIS in stages over three years. As the first step in the transfer process, OPTIS subscribed to a new issue of TSST-K's shares on April 29, 2014, which diluted TSST's shareholding in TSST-K to 50.1%.

In accordance with ASC No.205-20, operating results relating to the ODD business are separately presented as discontinued operations in the consolidated statement of income.

Operating results relating to the ODD business, which are reclassified as discontinued operations, are as follows.

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2014**	2013	**2014**
Sales and other income	¥ **74,733**	¥ 73,727	$ **725,563**
Costs and expenses	**89,754**	78,710	**871,398**
Loss from discontinued operations, before income taxes and noncontrolling interests	**(15,021)**	(4,983)	**(145,835)**
Income taxes	**0**	0	**0**
Loss from discontinued operations, before noncontrolling interests	**(15,021)**	(4,983)	**(145,835)**
Less:Net income (loss) from discontinued operations attributable to noncontrolling interests	**(6,319)**	(2,504)	**(61,350)**
Net loss from discontinued operations attributable to shareholders of the Company	**(8,702)**	(2,479)	**(84,485)**

5. FAIR VALUE MEASUREMENTS

ASC No.820 "*Fair Value Measurements*" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels below;

Level 1 - Quoted prices for identical assets or liabilities in active markets.
Level 2 - Quoted prices for similar assets or liabilities in active markets.
Quoted prices for identical or similar instruments in markets that are not active.
Inputs other than quoted prices that are observable.
Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3 - Instruments whose significant inputs are unobservable.

Assets and liabilities measured at fair value on a recurring basis
Assets and liabilities that are measured at fair value on a recurring basis at March 31, 2014 and 2013 are as follows:

	Millions of yen			
March 31, 2014	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Equity securities	**¥ 228,786**	**¥ 75**	**¥ –**	**¥ 228,861**
Debt securities	**–**	**–**	**4,552**	**4,552**
Derivative assets:				
Forward exchange contracts	**–**	**2,517**	**–**	**2,517**
Currency swap agreements	**–**	**65**	**–**	**65**
Currency options	**–**	**18**	**–**	**18**
Total assets	**¥ 228,786**	**¥ 2,675**	**¥ 4,552**	**¥ 236,013**
Liabilities:				
Derivative liabilities:				
Forward exchange contracts	**¥ –**	**¥ 2,497**	**¥ –**	**¥ 2,497**
Interest rate swap agreements	**–**	**2,796**	**–**	**2,796**
Total liabilities	**¥ –**	**¥ 5,293**	**¥ –**	**¥ 5,293**

	Millions of yen			
March 31, 2013	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Equity securities	¥ 203,355	¥ 268	¥ –	¥ 203,623
Debt securities	–	–	3,742	3,742
Derivative assets:				
Forward exchange contracts	–	4,926	–	4,926
Currency options	–	616	–	616
Total assets	¥ 203,355	¥ 5,810	¥ 3,742	¥ 212,907
Liabilities:				
Derivative liabilities:				
Forward exchange contracts	¥ –	¥ 4,828	¥ –	¥ 4,828
Interest rate swap agreements	–	3,711	–	3,711
Currency swap agreements	–	177	–	177
Total liabilities	¥ –	¥ 8,716	¥ –	¥ 8,716

March 31, 2014	Thousands of U.S. dollars Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Equity securities	$ 2,221,223	$ 728	$ –	$ 2,221,951
Debt securities	–	–	44,194	44,194
Derivative assets:				
Forward exchange contracts	–	24,437	–	24,437
Currency swap agreements	–	631	–	631
Currency options	–	175	–	175
Total assets	$ 2,221,223	$ 25,971	$ 44,194	$ 2,291,388
Liabilities:				
Derivative liabilities:				
Forward exchange contracts	$ –	$ 24,243	$ –	$ 24,243
Interest rate swap agreements	–	27,146	–	27,146
Total liabilities	$ –	$ 51,389	$ –	$ 51,389

Marketable securities

Level 1 securities represent marketable equity securities listed in active markets, which are valued based on quoted market prices in active markets with sufficient volume and frequency of transactions. Level 2 securities represent marketable equity securities listed in less active markets, which are valued based on quoted market prices for identical assets in inactive markets. Level 3 securities represent corporate debt securities and valued based on unobservable inputs as the markets for the assets are not active at the measurement date.

Derivative instruments

Derivative instruments principally represent forward currency exchange contracts and interest rate swap agreements, which are classified within Level 2. They are valued based on inputs that can be corroborated with the observable inputs such as foreign currency exchange rate, LIBOR and others.

Analyses of the changes in Level 3 assets measured at fair value on a recurring basis for the years ended March 31, 2014 and 2013 are as follows:

Year ended March 31, 2014	Millions of yen Marketable securities
Balance at beginning of year	¥ 3,742
Total gains or losses (realized or unrealized):	
Included in other comprehensive income (loss):	
Net unrealized gains and losses on securities	364
Purchases	–
Sales	–
Issuances	446
Settlements	–
Balance at end of year	¥ 4,552

	Millions of yen
Year ended March 31, 2013	Marketable securities
Balance at beginning of year	¥ 3,067
Total gains or losses (realized or unrealized):	
Included in other comprehensive income (loss):	
Net unrealized gains and losses on securities	391
Purchases	3,346
Sales	–
Issuances	–
Settlements	(3,062)
Balance at end of year	¥ 3,742

	Thousands of U.S. dollars
Year ended March 31, 2014	Marketable securities
Balance at beginning of year	**$ 36,330**
Total gains or losses (realized or unrealized):	
Included in other comprehensive income (loss):	
Net unrealized gains and losses on securities	**3,534**
Purchases	**–**
Sales	**–**
Issuances	**4,330**
Settlements	**–**
Balance at end of year	**$ 44,194**

At March 31, 2014 and 2013, Level 3 assets measured at fair value on a recurring basis consisted of corporate debt securities.

Assets and liabilities measured at fair value on a non-recurring basis

Assets that are measured at fair value on a non-recurring basis at March 31, 2014 and 2013 are as follows:

	Millions of yen			
Year ended March 31, 2014	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities	¥ –	¥ –	¥ 632	¥ 632
Investments in and advances to affiliates	3,000	–	35,617	38,617
Long-lived assets held for use	–	–	0	0
Component held for sale	–	–	0	0
Total assets	¥ 3,000	¥ –	¥ 36,249	¥ 39,249

	Millions of yen			
Year ended March 31, 2013	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities	¥ –	¥ –	¥ 166	¥ 166
Investments in and advances to affiliates	25,886	–	2,411	28,297
Long-lived assets held for use	–	–	0	0
Component held for sale	–	–	6,000	6,000
Total assets	¥ 25,886	¥ –	¥ 8,577	¥ 34,463

	Thousands of U.S. dollars			
Year ended March 31, 2014	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities	$ –	$ –	$ 6,136	$ 6,136
Investments in and advances to affiliates	29,126	–	345,796	374,922
Long-lived assets held for use	–	–	0	0
Component held for sale	–	–	0	0
Total assets	$ 29,126	$ –	$ 351,932	$ 381,058

Certain non-marketable equity securities accounted for under the cost method were written down to their fair value, resulting in other-than-temporary impairment for the years ended March 31, 2014 and 2013. The impaired securities were classified within Level 3 as they were valued based on the specific valuation techniques and hypotheses of the Group with unobservable inputs.

Previous equity interests of newly controlled subsidiaries in step acquisitions and retained investment in the former subsidiary were remeasured to their fair value for the years ended March 31, 2014 and 2013. Some of them were classified within Level 1 as they were valued based on quoted market prices in active markets. Others were classified within Level 3 as they were valued based on the specific valuation techniques and hypotheses of the Group with unobservable inputs.

Certain equity method investments in and advances to affiliates were written down to their fair value, resulting in other-than-temporary impairment for the year ended March 31, 2014. Some of them were classified within Level 1 as they were valued based on quoted market prices in active markets. Others were classified within Level 3 as they were valued based on the specific valuation techniques and hypotheses of the Group with unobservable inputs.

The impaired long-lived assets were classified within Level 3 as they were valued based on future assumptions such as discounted cash flows expected to be generated by the related assets with unobservable inputs for the years ended March 31, 2014 and 2013.

Component held for sale were classified within Level 3 as they were valued based on future assumptions such as cash flows expected to be generated by the related assets with unobservable inputs for the years ended March 31, 2014 and 2013. The loss of component held for sale in loss from discontinued operations, before noncontrolling interests is ¥6,117 million ($59,388 thousand) for the year ended March 31, 2014.

As a result, the net impacts from continuing operations for the years ended March 31, 2014 and 2013 were ¥52,730 million ($511,942 thousand) loss and ¥29,011 million loss, respectively. They are included in cost of sales, selling, general and administrative, and other income and other expense.

6. MARKETABLE SECURITIES AND OTHER INVESTMENTS

The aggregate cost, gross unrealized holding gains and losses, and aggregate fair value for marketable equity securities and debt securities classified as available-for-sale securities by security type at March 31, 2014 and 2013 are as follows:

	Millions of yen			
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
March 31, 2014:				
Equity securities	**¥ 64,247**	**¥ 165,735**	**¥ 1,121**	**¥ 228,861**
Debt securities	**3,797**	**755**	**–**	**4,552**
	¥ 68,044	**¥ 166,490**	**¥ 1,121**	**¥ 233,413**
March 31, 2013:				
Equity securities	¥ 67,419	¥ 137,108	¥ 904	¥ 203,623
Debt securities	3,351	391	–	3,742
	¥ 70,770	¥ 137,499	¥ 904	¥ 207,365

	Thousands of U.S. dollars			
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
March 31, 2014:				
Equity securities	**$ 623,757**	**$ 1,609,077**	**$ 10,883**	**$ 2,221,951**
Debt securities	**36,864**	**7,330**	**–**	**44,194**
	$ 660,621	**$ 1,616,407**	**$ 10,883**	**$ 2,266,145**

At March 31, 2014 and 2013, debt securities mainly consist of corporate debt securities.

Contractual maturities of debt securities classified as available-for-sale at March 31, 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars	
March 31, 2014:	Cost	Fair value	Cost	Fair value
Due within one year	**¥ 96**	**¥ 108**	**$ 932**	**$ 1,048**
Due after one year within five years	**–**	**–**	**–**	**–**
Due after five years within ten years	**3,701**	**4,444**	**35,932**	**43,146**
	¥ 3,797	**¥ 4,552**	**$ 36,864**	**$ 44,194**

The proceeds from sales of available-for-sale securities for the years ended March 31, 2014 and 2013 were ¥12,134 million ($117,806 thousand) and ¥3,876 million, respectively. The gross realized gains on those sales for the years ended March 31, 2014 and 2013 were ¥6,440 million ($62,524 thousand) and ¥1,675 million, respectively. The gross realized losses on those sales for the years ended March 31, 2014 and 2013 were ¥5 million ($49 thousand) and ¥1,030 million, respectively.

At March 31, 2014, the cost and fair value of available-for-sale securities in an unrealized loss position over 12 consecutive months were not significant.

Aggregate cost of non-marketable equity securities accounted for under the cost method totaled ¥40,773 million ($395,854 thousand) and ¥52,009 million at March 31, 2014 and 2013, respectively. At March 31, 2014 and 2013, investments with an aggregate cost of ¥36,441 million ($353,796 thousand) and ¥51,843 million were not evaluated for impairment because (a)the Group did not estimate the fair value of those investments as it was not practicable to estimate the fair value of those investments and (b)the Group did not identify any events or changes in circumstances that might have had significant adverse effects on the fair value of those investments.

Included in other expense are charges of ¥4,013 million ($38,961 thousand) and ¥5,096 million related to other-than-temporary impairments in the marketable and non-marketable equity securities for the years ended March 31, 2014 and 2013, respectively.

7. SECURITIZATIONS

The Group has transferred certain trade notes and accounts receivable under several securitization programs. These securitization transactions are accounted for as a sale in accordance with ASC No.860, because the Group has relinquished control of the receivables. Accordingly, the receivables transferred under these facilities are excluded from the accompanying consolidated balance sheet.

The Group recognized losses of ¥915 million ($8,883 thousand) and ¥968 million on the transfers of receivables for the years ended March 31, 2014 and 2013, respectively.

Subsequent to the transfers, the Group retains collection and administrative responsibilities for the receivables transferred and retains a portion of the receivables for which proceeds are deferred. Servicing fees received by the Group approximate the prevailing market rate. Related servicing assets or liabilities are immaterial to the Group's financial position. The fair value of deferred proceeds at the point of transfer of receivables is measured based on the economic hypothesis including the estimate of uncollected receivables, average collection period of receivables and discount rate and it is classified within Level 3.

The table below summarizes certain cash flows received from and paid to banking institutions or special purpose entities ("SPEs") related to banking institutions on the above securitization transactions.

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2014**	2013	**2014**
Proceeds from new securitizations	**¥ 922,012**	¥ 849,187	**$ 8,951,573**
Servicing fees for the collection of receivables	**563**	512	**5,466**
Repurchase of delinquent or unqualified receivables	**117**	49	**1,136**

Quantitative information about delinquencies, net credit losses, and components of securitized receivables as of and for the years ended March 31, 2014 and 2013 are as follows. Of these receivables, deferred proceeds for the receivables transferred as of March 31, 2014 and 2013 were ¥44,571 million ($432,728 thousand) and ¥49,939 million, respectively and were recorded as other receivables.

	Millions of yen					
	Total principal amount of receivables		Amount 90 days or more past due		Net credit losses	
	March 31				Year ended March 31	
	2014	2013	**2014**	2013	**2014**	2013
Accounts receivable	**¥ 1,655,578**	¥ 1,573,280	**¥ 43,552**	¥ 35,900	**¥ 2,391**	¥ 1,637
Notes receivable	**89,511**	78,960	**12**	12	**117**	0
Total managed portfolio	**1,745,089**	1,652,240	**¥ 43,564**	¥ 35,912	**¥ 2,508**	¥ 1,637
Securitized receivables	**(238,188)**	(244,153)				
Total receivables	**¥ 1,506,901**	¥ 1,408,087				

	Thousands of U.S. dollars		
	Total principal amount of receivables	Amount 90 days or more past due	Net credit losses
	March 31, 2014		Year ended March 31, 2014
Accounts receivable	**$ 16,073,573**	**$ 422,835**	**$ 23,214**
Notes receivable	**869,039**	**116**	**1,136**
Total managed portfolio	**16,942,612**	**$ 422,951**	**$ 24,350**
Securitized receivables	**(2,312,505)**		
Total receivables	**$ 14,630,107**		

8. INVENTORIES

Inventories at March 31, 2014 and 2013 consist of the following:

	Millions of yen		Thousands of U.S. dollars
March 31	**2014**	2013	**2014**
Finished products	**¥ 323,169**	¥ 334,008	**$ 3,137,563**
Work in process:			
Long-term contracts	**82,063**	99,107	**796,728**
Other	**320,881**	334,389	**3,115,350**
Raw materials	**158,696**	172,734	**1,540,738**
	¥ 884,809	¥ 940,238	**$ 8,590,379**

9. INVESTMENTS IN AND ADVANCES TO AFFILIATES

The Group's significant investments in affiliated companies accounted for by the equity method together with the percentage of the Group's ownership of voting shares at March 31, 2014 were: NREG Toshiba Building Co., Ltd. (35.0%); Topcon Corporation (30.4%); Toshiba Machine Co., Ltd. (22.1%); Toshiba Mitsubishi-Electric Industrial Systems Corporation (50.0%); and Semp Toshiba Amazonas S.A. (40.0%).

Of the affiliates which were accounted for by the equity method, the investments in common stock of the listed companies were carried at ¥40,524 million ($393,437 thousand) and ¥42,804 million at March 31, 2014 (4 companies) and 2013 (5 companies), respectively. The Group's investments in these companies had market values of ¥79,489 million ($771,738 thousand) and ¥57,499 million at March 31, 2014 and 2013, respectively, based on quoted market prices at those dates.

Summarized financial information of the affiliates accounted for by the equity method is shown below:

	Millions of yen		Thousands of U.S. dollars
March 31	**2014**	2013	**2014**
Current assets	**¥ 1,215,470**	¥ 1,091,617	**$ 11,800,680**
Other assets including property, plant and equipment	**1,089,912**	915,934	**10,581,670**
Total assets	**¥ 2,305,382**	¥ 2,007,551	**$ 22,382,350**
Current liabilities	**¥ 996,564**	¥ 764,641	**$ 9,675,379**
Long-term liabilities	**430,545**	417,344	**4,180,049**
Equity	**878,273**	825,566	**8,526,922**
Total liabilities and equity	**¥ 2,305,382**	¥ 2,007,551	**$ 22,382,350**

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2014**	2013	**2014**
Sales	**¥ 1,864,530**	¥ 1,658,877	**$ 18,102,233**
Net income	**40,071**	59,367	**389,039**

A summary of transactions and balances with the affiliates accounted for by the equity method is presented below:

Year ended March 31	Millions of yen 2014	Millions of yen 2013	Thousands of U.S. dollars 2014
Sales	¥ **152,195**	¥ 126,611	$ **1,477,621**
Purchases	**169,698**	110,916	**1,647,553**
Dividends	**16,161**	7,411	**156,903**

March 31	Millions of yen 2014	Millions of yen 2013	Thousands of U.S. dollars 2014
Notes and accounts receivable, trade	¥ **47,487**	¥ 34,038	$ **461,039**
Other receivables	**16,694**	11,029	**162,078**
Short-term loans receivable	**5,000**	51,500	**48,544**
Long-term loans receivable	**88,083**	62,982	**855,175**
Notes and accounts payable, trade	**26,959**	18,565	**261,738**
Other payables	**11,713**	11,208	**113,718**

10. GOODWILL AND OTHER INTANGIBLE ASSETS

The Group tested goodwill for impairment in accordance with ASC No.350, applying a fair value based test and has concluded that there was no impairment for the years ended March 31, 2014 and 2013.

The components of acquired intangible assets excluding goodwill at March 31, 2014 and 2013 are as follows:

	Millions of yen		
March 31, 2014	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:			
Software	¥ 209,671	¥ 133,245	¥ 76,426
Technical license fees	62,445	48,715	13,730
Core and current technology	210,697	60,277	150,420
Customer relationship	132,053	29,226	102,827
Other	50,051	22,639	27,412
Total	¥ 664,917	¥ 294,102	¥ 370,815
Other intangible assets not subject to amortization:			
Brand name			47,572
Other			1,981
Total			49,553
			¥ 420,368

	Millions of yen		
March 31, 2013	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:			
Software	¥ 197,024	¥ 129,000	¥ 68,024
Technical license fees	57,503	46,154	11,349
Core and current technology	186,911	41,332	145,579
Customer relationship	116,768	19,513	97,255
Other	47,014	20,280	26,734
Total	¥ 605,220	¥ 256,279	¥ 348,941
Other intangible assets not subject to amortization:			
Brand name			42,688
Other			2,042
Total			44,730
			¥ 393,671

	Thousands of U.S. dollars		
March 31, 2014	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:			
Software	$ 2,035,641	$ 1,293,641	$ 742,000
Technical license fees	606,262	472,961	133,301
Core and current technology	2,045,602	585,214	1,460,388
Customer relationship	1,282,068	283,748	998,320
Other	485,932	219,795	266,137
Total	$ 6,455,505	$ 2,855,359	$ 3,600,146
Other intangible assets not subject to amortization:			
Brand name			461,864
Other			19,233
Total			481,097
			$ 4,081,243

Other intangible assets acquired during the year ended March 31, 2014 primarily consisted of software of ¥41,888 million ($406,680 thousand). The weighted-average amortization period of software for the year ended March 31, 2014 was approximately 5.3 years.

The weighted-average amortization periods for other intangible assets were approximately 12.2 years and 11.4 years for the years ended March 31, 2014 and 2013, respectively. Amortization expenses of other intangible assets subject to amortization for the years ended March 31, 2014 and 2013 are ¥51,692 million ($501,864 thousand) and ¥44,083 million, respectively. The future amortization expense for each of the next 5 years relating to other intangible assets currently recorded in the consolidated balance sheet at March 31, 2014 is estimated as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2015	¥ 47,103	$ 457,311
2016	39,270	381,262
2017	32,718	317,650
2018	28,447	276,184
2019	26,163	254,010

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired. The changes in the carrying amount of goodwill for the years ended March 31, 2014 and 2013 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2014**	2013	**2014**
Balance at beginning of year	**¥ 508,145**	¥ 404,157	**$ 4,933,447**
Goodwill acquired during the year	**11,100**	49,097	**107,767**
Foreign currency translation adjustments	**55,275**	54,891	**536,650**
Balance at end of year	**¥ 574,520**	¥ 508,145	**$ 5,577,864**

As of March 31, 2014 and 2013, goodwill allocated to Energy & Infrastructure is ¥469,155 million ($4,554,903 thousand) and ¥431,946 million, respectively. The rest was mainly allocated to Community Solutions.

11. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2014 and 2013 consist of the following:

	Millions of yen		Thousands of U.S. dollars
March 31	**2014**	2013	**2014**
Loans and overdrafts, principally from banks, with weighted-average interest rate of 3.92% at March 31, 2014, and 1.67% at March 31, 2013:			
Secured	**¥ –**	¥ –	**$ –**
Unsecured	**91,105**	130,453	**884,514**
Commercial paper with weighted-average interest rate of 0.11% at March 31, 2014, and 0.13% at March 31, 2013:	**55,000**	61,000	**533,981**
	¥ 146,105	¥ 191,453	**$ 1,418,495**

Substantially all of the short-term borrowings are with banks which have written basic agreements with the Group to the effect that, with respect to all present or future loans with such banks, the Group shall provide collateral (including sums on deposit with such banks) or guaranties immediately upon the bank's request, and that any collateral furnished pursuant to such agreements or otherwise shall be applicable to all indebtedness to such banks.

At March 31, 2014, the Group had unused committed lines of credit from short-term financing arrangements aggregating ¥342,000 million ($3,320,388 thousand). The lines of credit expire on various dates from April 2014 through March 2015. Under the agreements, the Group is required to pay commitment fees ranging from 0.030 percent to 0.100 percent on the unused portion of the lines of credit.

Long-term debt at March 31, 2014 and 2013 consist of the following:

March 31	Millions of yen 2014	Millions of yen 2013	Thousands of U.S. dollars 2014
Loans, principally from banks, due 2014 to 2027 with weighted-average interest rate of 0.53% at March 31, 2014, and due 2013 to 2027 with weighted-average interest rate of 0.61% at March 31, 2013:			
Secured	**¥ –**	¥ 19,206	**$ –**
Unsecured	**688,018**	756,008	**6,679,786**
Unsecured yen bonds, due 2015 to 2020 with interest rates ranging from 0.25% to 2.20% at March 31, 2014, and due 2013 to 2020 with interest rates ranging from 0.62% to 2.20% at March 31, 2013	**340,000**	290,000	**3,300,971**
Interest deferrable and early redeemable subordinated bonds:			
Due 2069 with interest rate of 7.50% at March 31, 2014 and 2013	**180,000**	180,000	**1,747,573**
Capital lease obligations	**34,264**	34,909	**332,660**
	1,242,282	1,280,123	**12,060,990**
Less-Portion due within one year	**(57,418)**	(241,675)	**(557,456)**
	¥ 1,184,864	¥ 1,038,448	**$ 11,503,534**

Substantially all of the unsecured loan agreements permit the lenders to require collateral or guaranties for such loans.

The carrying amount of corresponding notes and accounts receivable, trade and long-term receivables which were accounted for as secured borrowings under ASC No.860 at March 31, 2013 were ¥26,978 million.

The aggregate annual maturities of long-term debt, as of March 31, 2014, excluding those of capital lease obligations, are as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2015	¥ 47,925	$ 465,291
2016	204,781	1,988,165
2017	203,063	1,971,486
2018	235,678	2,288,136
2019	131,568	1,277,359
Thereafter	385,003	3,737,893
	¥ 1,208,018	$ 11,728,330

12. ACCRUED PENSION AND SEVERANCE COSTS

All employees who retire or are terminated are usually entitled to lump-sum severance indemnities or pension benefits determined by reference to service credits allocated to employees each year according to the regulation of retirement benefit, length of service and conditions under which their employment terminates. The obligation for the severance indemnity benefit is provided for through accruals and funding of the defined benefit corporate pension plan.

The Company and certain subsidiaries in Japan have amended their pension plan under the agreement between employees and managements in January 2011, and introduced Cash Balance Plan from April 2011. This plan is designed that each plan participant has a notional account, which is accumulated based on salary standards, interest rates in financial markets and others.

The funding policy for the plans is to contribute amounts required to maintain sufficient plan assets to provide for accrued benefits, subject to the limitation on deductibility imposed by Japanese income tax laws.

The changes in the benefit obligation and plan assets for the years ended March 31, 2014 and 2013 and the funded status at March 31, 2014 and 2013 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2014**	2013	**2014**
Change in benefit obligation:			
Benefit obligation at beginning of year	**¥ 1,675,280**	¥ 1,607,643	**$ 16,264,854**
Service cost	**59,304**	54,841	**575,767**
Interest cost	**34,105**	34,463	**331,117**
Plan participants' contributions	**4,709**	4,401	**45,718**
Plan amendments	**(1,589)**	–	**(15,427)**
Actuarial loss (gain)	**(5,514)**	37,338	**(53,534)**
Benefits paid	**(81,433)**	(87,009)	**(790,612)**
Acquisitions and divestitures	**–**	1,974	**–**
Foreign currency exchange impact	**25,951**	21,629	**251,952**
Benefit obligation at end of year	**¥ 1,710,813**	¥ 1,675,280	**$ 16,609,835**
Change in plan assets:			
Fair value of plan assets at beginning of year	**¥ 959,081**	¥ 828,636	**$ 9,311,466**
Actual return on plan assets	**87,425**	91,958	**848,786**
Employer contributions	**85,378**	75,441	**828,913**
Plan participants' contributions	**4,709**	4,401	**45,719**
Benefits paid	**(54,466)**	(55,722)	**(528,796)**
Acquisitions and divestitures	**–**	134	**–**
Foreign currency exchange impact	**18,344**	14,233	**178,097**
Fair value of plan assets at end of year	**¥ 1,100,471**	¥ 959,081	**$ 10,684,185**
Funded status	**¥ (610,342)**	¥ (716,199)	**$ (5,925,650)**

Amounts recognized in the consolidated balance sheet at March 31, 2014 and 2013 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2014**	2013	**2014**
Other assets	**¥ 1,390**	¥ 198	**$ 13,495**
Other current liabilities	**(1,140)**	(947)	**(11,067)**
Accrued pension and severance costs	**(610,592)**	(715,450)	**(5,928,078)**
	¥ (610,342)	¥ (716,199)	**$ (5,925,650)**

Amounts recognized in accumulated other comprehensive loss at March 31, 2014 and 2013 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2014**	2013	**2014**
Unrecognized actuarial loss	**¥ 479,262**	¥ 567,467	**$ 4,653,029**
Unrecognized prior service cost	**(30,202)**	(32,272)	**(293,223)**
	¥ 449,060	¥ 535,195	**$ 4,359,806**

The accumulated benefit obligation at March 31, 2014 and 2013 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2014**	2013	**2014**
Accumulated benefit obligation	**¥ 1,664,330**	¥ 1,562,698	**$ 16,158,544**

The components of the net periodic pension and severance cost for the years ended March 31, 2014 and 2013 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2014**	2013	**2014**
Service cost	**¥ 59,304**	¥ 54,841	**$ 575,767**
Interest cost on projected benefit obligation	**34,105**	34,463	**331,116**
Expected return on plan assets	**(28,322)**	(23,793)	**(274,971)**
Amortization of prior service cost	**(3,659)**	(3,476)	**(35,524)**
Recognized actuarial loss	**27,574**	37,625	**267,709**
Net periodic pension and severance cost	**¥ 89,002**	¥ 99,660	**$ 864,097**

Other changes in plan assets and benefit obligation recognized in the other comprehensive income (loss) for the years ended March 31, 2014 and 2013 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2014**	2013	**2014**
Current year actuarial gain	**¥ (64,617)**	¥ (30,827)	**$ (627,349)**
Recognized actuarial loss	**(27,574)**	(37,625)	**(267,709)**
Prior service cost due to plan amendments	**(1,589)**	–	**(15,427)**
Amortization of prior service cost	**3,659**	3,476	**35,524**
	¥ (90,121)	¥ (64,976)	**$ (874,961)**

The estimated prior service cost and actuarial loss that will be amortized from accumulated other comprehensive loss into net periodic pension and severance cost over the next year are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31	2015	2015
Prior service cost	¥ (4,366)	$ (42,388)
Actuarial loss	21,585	209,563

For the year ended March 31, 2014, the Company contributed certain marketable equity securities to employee retirement benefit trusts, with no cash proceeds thereon. The fair value of these securities at the time of contribution was ¥18,767 million ($182,204 thousand). The Group expects to contribute ¥70,798 million ($687,359 thousand) to its defined benefit plans, included Cash Balance Plan, in the year ending March 31, 2015.

The following benefit payments are expected to be paid:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2015	¥ 81,488	$ 791,146
2016	85,532	830,408
2017	83,270	808,447
2018	87,959	853,971
2019	95,944	931,495
2020 - 2024	528,497	5,131,039

Weighted-average assumptions used to determine benefit obligations as of March 31, 2014 and 2013 and net periodic pension and severance cost for the years then ended are as follows:

March 31	**2014**	2013
Discount rate	**1.8%**	2.1%
Rate of compensation increase	**3.1%**	3.2%

Year ended March 31	**2014**	2013
Discount rate	**2.1%**	2.2%
Expected long-term rate of return on plan assets	**2.9%**	2.8%
Rate of compensation increase	**3.2%**	3.3%

The Group determines the expected long-term rate of return in consideration of the target allocation of the plan assets, the current expectation of long-term returns on the assets and actual returns on plan assets.

The Group's investment policies and strategies are to assure adequate plan assets to provide for future payments of pension and severance benefits to participants, with reasonable risks. The Group designs the basic target allocation of the plan assets to mirror the best portfolio based on estimation of mid-term and long-term return on the investments.

The Group periodically reviews the actual return on the investments and adjusts the portfolio to achieve the assumed long-term rate of return on the investments. The Group targets its investments in equity securities at 25 percent or more of total investments, and investments in equity securities, debt securities and life insurance company general accounts at 70 percent or more of total investments.

The equity securities are selected primarily from stocks that are listed on the securities exchanges. Prior to investing, the Group has investigated the business condition of the investee companies, and appropriately diversified investments by type of industry and other relevant factors. The debt securities are selected primarily from government bonds, municipal bonds and corporate bonds. Prior to investing, the Group has investigated the quality of the issue, including rating, interest rate, and repayment dates and has appropriately diversified the investments. Pooled funds are selected using strategies consistent with the equity securities and debt securities described above. Hedge funds are selected following a variety of strategies and fund managers, and the Group has appropriately diversified the investments. Real estate is selected for the eligibility of investment and expected return and other relevant factors, and the Group has appropriately diversified the investments. As for investments in life insurance company general accounts, the contracts with the insurance companies include a guaranteed interest and return of capital.

The three levels of input used to measure fair value are more fully described in Note 5. The plan assets that are measured at fair value at March 31, 2014 and 2013 by asset category are as follows:

	Millions of yen			
March 31, 2014	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	¥ 27,551	¥ –	¥ –	¥ 27,551
Equity securities:				
Japanese companies	174,925	–	–	174,925
Foreign companies	63,075	–	–	63,075
Pooled funds	34,439	122,689	–	157,128
Debt securities:				
Government bonds	213,417	–	–	213,417
Municipal bonds	–	244	–	244
Corporate bonds	–	11,363	–	11,363
Pooled funds	37,234	131,814	6,677	175,725
Other assets:				
Hedge funds	–	–	157,247	157,247
Real estate	–	–	39,762	39,762
Life insurance company general accounts	–	78,557	–	78,557
Other assets	–	1,477	–	1,477
Total	¥ 550,641	¥ 346,144	¥ 203,686	¥ 1,100,471

	Thousands of U.S. dollars			
March 31, 2014	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 267,485	$ –	$ –	$ 267,485
Equity securities:				
Japanese companies	1,698,301	–	–	1,698,301
Foreign companies	612,379	–	–	612,379
Pooled funds	334,359	1,191,155	–	1,525,514
Debt securities:				
Government bonds	2,072,010	–	–	2,072,010
Municipal bonds	–	2,369	–	2,369
Corporate bonds	–	110,320	–	110,320
Pooled funds	361,495	1,279,748	64,825	1,706,068
Other assets:				
Hedge funds	–	–	1,526,670	1,526,670
Real estate	–	–	386,039	386,039
Life insurance company general accounts	–	762,689	–	762,689
Other assets	–	14,340	–	14,340
Total	$ 5,346,029	$ 3,360,621	$ 1,977,534	$ 10,684,184

Notes: 1) Pooled funds in equity securities invest in listed equity securities consisting of approximately 6% Japanese companies and 94% foreign companies.
2) Government bonds include approximately 80% Japanese government bonds and 20% foreign government bonds.
3) Pooled funds in debt securities invest in approximately 45% foreign government bonds, 55% municipal bonds and corporate bonds.

March 31, 2013	Millions of yen Level 1	Level 2	Level 3	Total
Cash and cash equivalents	¥ 54,579	¥ –	¥ –	¥ 54,579
Equity securities:				
Japanese companies	138,579	–	–	138,579
Foreign companies	56,348	–	–	56,348
Pooled funds	31,241	119,445	–	150,686
Debt securities:				
Government bonds	88,534	–	–	88,534
Municipal bonds	–	218	–	218
Corporate bonds	–	26,385	–	26,385
Pooled funds	23,282	209,432	5,672	238,386
Other assets:				
Hedge funds	–	–	105,834	105,834
Real estate	–	–	29,039	29,039
Life insurance company general accounts	–	64,431	–	64,431
Other assets	–	6,062	–	6,062
Total	¥ 392,563	¥ 425,973	¥ 140,545	¥ 959,081

Notes: 1) Pooled funds in equity securities invest in listed equity securities consisting of approximately 5% Japanese companies and 95% foreign companies.
2) Government bonds include approximately 60% Japanese government bonds and 40% foreign government bonds.
3) Pooled funds in debt securities invest in approximately 30% Japanese government bonds, 30% foreign government bonds, 40% municipal bonds and corporate bonds.

Each level into which assets are categorized is based on inputs used to measure the fair value of the assets, and does not necessarily indicate the risks or ratings of the assets.

Level 1 plan assets represent marketable equity securities, pooled funds and government bonds, which are valued based on quoted market prices in active markets with sufficient volume and frequency of transactions. Level 2 plan assets represent pooled funds that invest in equity securities and debt securities, corporate bonds and life insurance company general accounts. Pooled funds, which are classified as Level 2 asset, are valued at their net asset values that are calculated by the sponsor of the fund. Corporate bonds are valued based on quoted market prices for identical assets in inactive markets. Life insurance company general accounts are valued based on contracts. Level 3 plan assets represent pooled funds that invest in debt securities, hedge funds and real estate, which are valued based on unobservable inputs as the markets for the assets are not active at the measurement date.

An analysis of the changes in Level 3 plan assets measured at fair value for the years ended March 31, 2014 and 2013 are as follows:

	Millions of yen			
Year ended March 31, 2014	Pooled funds	Hedge funds	Real estate	Total
Balance at beginning of year	**¥ 5,672**	**¥ 105,834**	**¥ 29,039**	**¥ 140,545**
Actual return:				
Relating to assets sold	**–**	**(354)**	**(921)**	**(1,275)**
Relating to assets still held	**1,005**	**18,938**	**2,144**	**22,087**
Purchases, issuances and settlements	**–**	**32,829**	**9,500**	**42,329**
Balance at end of year	**¥ 6,677**	**¥ 157,247**	**¥ 39,762**	**¥ 203,686**

	Millions of yen			
Year ended March 31, 2013	Pooled funds	Hedge funds	Real estate	Total
Balance at beginning of year	¥ 4,137	¥ 97,117	¥ 24,857	¥ 126,111
Actual return:				
Relating to assets sold	–	1,693	(771)	922
Relating to assets still held	1,535	7,458	1,397	10,390
Purchases, issuances and settlements	–	(434)	3,556	3,122
Balance at end of year	¥ 5,672	¥ 105,834	¥ 29,039	¥ 140,545

	Thousands of U.S. dollars			
Year ended March 31, 2014	Pooled funds	Hedge funds	Real estate	Total
Balance at beginning of year	**$ 55,068**	**$ 1,027,515**	**$ 281,932**	**$ 1,364,515**
Actual return:				
Relating to assets sold	**–**	**(3,437)**	**(8,942)**	**(12,379)**
Relating to assets still held	**9,757**	**183,864**	**20,816**	**214,437**
Purchases, issuances and settlements	**–**	**318,728**	**92,233**	**410,961**
Balance at end of year	**$ 64,825**	**$ 1,526,670**	**$ 386,039**	**$ 1,977,534**

Certain of the Company's subsidiaries provide certain health care and life insurance benefits to retired employees. Such benefits were not material for the years ended March 31, 2014 and 2013.

13. RESEARCH AND DEVELOPMENT COSTS

Research and development costs are expensed as incurred and amounted to ¥327,913 million ($3,183,621 thousand) and ¥300,028 million for the years ended March 31, 2014 and 2013, respectively.

14. ADVERTISING COSTS

Advertising costs are expensed as incurred and amounted to ¥33,046 million ($320,835 thousand) and ¥30,725 million for the years ended March 31, 2014 and 2013, respectively.

15. OTHER INCOME AND OTHER EXPENSE

FOREIGN EXCHANGE GAINS

For the years ended March 31, 2014 and 2013, the net foreign exchange gains were ¥15,343 million ($148,961 thousand) and ¥8,102 million, respectively.

LOSSES ON SALES OF SECURITIES

The losses on sales of securities were ¥11,204 million ($108,777 thousand) for the year ended March 31, 2014. These were mainly related to the effects of foreign currency translation adjustments due to the sales of overseas subsidiaries. The losses on sales of securities for the year ended March 31, 2013, were not significant.

GAINS AND LOSSES ON SALES OR DISPOSAL OF FIXED ASSETS

For the years ended March 31, 2014 and 2013, the sale and disposal of fixed assets resulted in net impacts of ¥482 million ($4,680 thousand) loss and ¥11,927 million gain, respectively. Gains on sales of fixed assets were ¥3,703 million ($35,951 thousand), and losses on disposal of fixed assets were ¥4,185 million ($40,631 thousand) for the year ended March 31, 2014. Gains on sales of fixed assets were ¥21,440 million, and losses on disposal of fixed assets were ¥9,513 million for the year ended March 31, 2013.

LOSSES ON SALES OF THE SHARES OF TOSHIBA FINANCE CO., LTD.

In April 2013, the Company entered into a definitive agreement to transfer all of the issued shares of Toshiba Finance Co., Ltd. ("TFC") to AEON Financial Services Co., Ltd. ("AFS"). In May 2013, the Company sold all of the issued shares of TFC to AFS. Losses on the transaction of ¥16,280 million were recorded for the year ended March 31, 2013.

16. IMPAIRMENT OF LONG-LIVED ASSETS

Due to a decrease in profitability of the following business, the Group recorded impairment losses related to the property, plant and equipment, and finite-lived intangible assets. Impairment losses recorded for the year ended March 31, 2014 were consisted of ¥1,940 million ($18,835 thousand) in the Visual Products business, ¥4,611 million ($44,767 thousand) in the PC business, ¥4,647 million ($45,117 thousand) in the Analog Imaging IC business, and ¥4,423 million ($42,942 thousand) in the System LSI business. The impairment losses recognized in the year ended March 31, 2013 consisted of ¥935 million in the Visual Products business, ¥4,641 million in the PC business, ¥16,130 million in the Analog Imaging IC business, and ¥4,251 million in the System LSI business. These impairment losses are recorded are included in cost of sales in the consolidated statement of income.

Impairment losses in the Visual Products and the PC businesses are included in the Lifestyle Products & Services segment, while those in the Analog Imaging IC and the System LSI businesses are included in the Electronic Devices & Components segment.

17. INCOME TAXES

The Group is subject to a number of different income taxes which, in the aggregate, result in an effective statutory tax rate in Japan of approximately 38.0 percent for the years ended March 31, 2014 and 2013, respectively.

Amendments to the Japanese tax regulations were enacted into law on March 20, 2014. As a result of these amendments, the effective statutory tax rate used to calculate deferred tax assets and liabilities was changed from 38.0 percent to 35.6 percent for temporary difference expected to be eliminated during the period from the fiscal year beginning on April 1, 2014. And the tax rate of corporate inhabitant tax on a corporation tax basis will be reduced approximately 4.4 percent and the local corporation tax will be introduced in and after the fiscal year beginning on October 1, 2014. The effect of re-evaluation of deferred tax assets and liabilities for this change in the tax rate was reflected in income taxes in the consolidated statement of income for the year ended March 31, 2014.

A reconciliation table between the reported income tax expense and the amount computed by multiplying the income from continuing operations, before income taxes and noncontrolling interests by the applicable statutory tax rate is as follows:

Year ended March 31	Millions of yen 2014	Millions of yen 2013	Thousands of U.S. dollars 2014
Expected income tax expense	¥ 69,288	¥ 28,472	$ 672,699
Increase (decrease) in taxes resulting from:			
Tax credits	(3,433)	(5,605)	(33,330)
Non-deductible expenses for tax purposes	5,471	5,220	53,117
Net changes in valuation allowance	14,139	11,847	137,272
Net decrease in deferred tax assets by enacted changes in tax laws and rates	9,503	–	92,262
The difference between the current effective statutory tax rate and the future effective statutory tax rate	–	4,785	–
Tax rate difference relating to foreign subsidiaries	(10,010)	(10,397)	(97,184)
Deferred tax liabilities on undistributed earnings of foreign subsidiaries and affiliates	7,123	1,499	69,155
Other	(36)	2,535	(350)
Income tax expense	¥ 92,045	¥ 38,356	$ 893,641

The significant components of deferred tax assets and deferred tax liabilities as of March 31, 2014 and 2013 are as follows:

March 31	Millions of yen 2014	Millions of yen 2013	Thousands of U.S. dollars 2014
Gross deferred tax assets:			
Inventories	¥ 23,619	¥ 21,710	$ 229,311
Accrued pension and severance costs	120,705	129,705	1,171,893
Tax loss carryforwards	201,924	236,571	1,960,427
Pension liability adjustment	148,898	177,590	1,445,612
Accrued expenses	154,654	152,469	1,501,495
Depreciation and amortization	48,076	62,495	466,757
Other	146,934	135,671	1,426,544
	844,810	916,211	8,202,039
Valuation allowance for deferred tax assets	(227,735)	(220,038)	(2,211,020)
Deferred tax assets	¥ 617,075	¥ 696,173	$ 5,991,019
Gross deferred tax liabilities:			
Inventories	¥ –	¥ (1,291)	$ –
Property, plant and equipment	(21,723)	(24,107)	(210,903)
Unrealized gains on securities	(58,034)	(45,406)	(563,437)
Gain on securities contributed to employee retirement benefit trusts	(8,840)	(15,239)	(85,825)
Undistributed earnings of foreign subsidiaries and affiliates	(40,957)	(41,883)	(397,641)
Goodwill and other intangible assets	(95,054)	(93,727)	(922,854)
Other	(20,417)	(19,914)	(198,223)
Deferred tax liabilities	(245,025)	(241,567)	(2,378,883)
Net deferred tax assets	¥ 372,050	¥ 454,606	$ 3,612,136

Deferred tax liabilities included in other current liabilities and other liabilities at March 31, 2014 and 2013 were ¥110,697 million ($1,074,728 thousand) and ¥106,811 million, respectively.

The net changes in the total valuation allowance for the years ended March 31, 2014 and 2013 were an increase of ¥7,697 million ($74,728 thousand) and an increase of ¥9,032 million, respectively.

The amount of adjustments of the beginning-of-the-year balance of the valuation allowance because of a change in judgment about the realizability of the related deferred tax assets in future years for the year ended March 31, 2014 was ¥9,438 million ($91,631 thousand). The amount of adjustments for the year ended March 31, 2013 was not significant.

The Group's tax loss carryforwards for the corporate and local taxes at March 31, 2014 amounted to ¥465,714 million ($4,521,495 thousand) and ¥682,570 million ($6,626,893 thousand), respectively, the majority of which will expire during the period from the year ending March 2015 through 2023. The Group utilized tax loss carryforwards of ¥124,024 million ($1,204,117 thousand) and ¥50,068 million to reduce current corporate taxes and ¥73,260 million ($711,262 thousand) and ¥23,904 million to reduce current local taxes during the years ended March 31, 2014 and 2013, respectively.

Realization of tax loss carryforwards and other deferred tax assets is dependent on the Group generating sufficient taxable income prior to their expiration or the Group exercising certain available tax strategies. Although realization is not assured, management believes it is more likely than not that all of the deferred tax assets, less the valuation allowance, will be realized. The amount of such net deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

A reconciliation table of the beginning and ending amount of unrecognized tax benefits is as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2014**	2013	**2014**
Balance at beginning of year	**¥ 5,349**	¥ 4,673	**$ 51,932**
Additions for tax positions of the current year	**353**	346	**3,427**
Additions for tax positions of prior years	**250**	486	**2,427**
Reductions for tax positions of the current year	**(567)**	(377)	**(5,505)**
Reductions for tax positions of prior years	**(722)**	(24)	**(7,010)**
Lapse of statute of limitations or closed audits	**(575)**	(414)	**(5,582)**
Foreign currency translation adjustments	**481**	659	**4,670**
Balance at end of year	**¥ 4,569**	¥ 5,349	**$ 44,359**

The total amounts of unrecognized tax benefits that would reduce the effective tax rate, if recognized, are ¥1,472 million ($14,291 thousand) and ¥1,664 million at March 31, 2014 and 2013, respectively.

The Group recognizes interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statement of income. Both interest and penalties accrued as of March 31, 2014 and 2013, and interest and penalties included in income taxes for the years ended March 31, 2014 and 2013 are not significant.

The Group believes its estimates and assumptions of unrecognized tax benefits are reasonable and based on each of the items of which the Group is aware at March 31, 2014, no significant changes to the unrecognized tax benefits are expected within the next twelve months.

The Group files income tax returns in Japan and various foreign tax jurisdictions. In Japan, the Group is no longer subject to regular income tax examinations by the tax authority for years before the fiscal year ended March 31, 2012 with few exceptions. In other major foreign tax jurisdictions, the Group is no longer subject to regular income tax examinations by tax authorities for years before the fiscal year ended March 31, 2006 with few exceptions.

18. EQUITY

COMMON STOCK

The total number of authorized shares of the Company is 10,000,000,000. The total number of shares issued for the years ended March 31, 2014 and 2013 are 4,237,602,026.

RETAINED EARNINGS

Retained earnings at March 31, 2014 and 2013 included a legal reserve of ¥39,232 million ($380,893 thousand) and ¥34,780 million, respectively. The Corporation Law of Japan provides that an amount equal to 10% of distributions from retained earnings paid by the Company and its Japanese subsidiaries be appropriated as a legal reserve. No further appropriations are required when the total amount of the additional paid-in capital and the legal reserve equals 25% of their respective stated capital. The Corporation Law of Japan also provides that additional paid-in capital and legal reserve are available for distributions by the resolution of the stockholders.

The amount of retained earnings available for distributions is based on the Company's retained earnings determined in accordance with generally accepted accounting principles in Japan and the Corporation Law of Japan. Retained earnings at March 31, 2014 do not reflect current year-end distributions of ¥16,937 million ($164,437 thousand) which started to be paid from June 2, 2014.

Retained earnings at March 31, 2014 included the Group's equity in undistributed earnings of equity method investees in the amount of ¥108,750 million ($1,055,825 thousand).

ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in accumulated other comprehensive loss for the year ended March 31, 2014 are as follows:

	Millions of yen				
	Net unrealized gains and losses on securities	Foreign currency translation adjustments	Pension liability adjustments	Net unrealized gains and losses on derivative instruments	Total
Balance at beginning of year	¥ 78,165	¥ (219,546)	¥ (301,584)	¥ (973)	¥ (443,938)
Other comprehensive income arising during year	18,145	97,013	38,184	9	153,351
Amounts reclassified from accumulated other comprehensive loss	(2,386)	11,687	14,898	(1,398)	22,801
Net current year change	¥ 15,759	¥ 108,700	¥ 53,082	¥ (1,389)	¥ 176,152
Balance at end of year	¥ 93,924	¥ (110,846)	¥ (248,502)	¥ (2,362)	¥ (267,786)

	Thousands of U.S. dollars				
	Net unrealized gains and losses on securities	Foreign currency translation adjustments	Pension liability adjustments	Net unrealized gains and losses on derivative instruments	Total
Balance at beginning of year	$ 758,884	$ (2,131,515)	$ (2,928,000)	$ (9,447)	$ (4,310,078)
Other comprehensive income arising during year	176,165	941,874	370,718	88	1,488,845
Amounts reclassified from accumulated other comprehensive loss	(23,165)	113,466	144,641	(13,573)	221,369
Net current year change	$ 153,000	$ 1,055,340	$ 515,359	$ (13,485)	$ 1,710,214
Balance at end of year	$ 911,884	$ (1,076,175)	$ (2,412,641)	$ (22,932)	$ (2,599,864)

The changes in accumulated other comprehensive loss for the year ended March 31, 2013 are as follows:

	Millions of yen				
	Net unrealized gains and losses on securities	Foreign currency translation adjustments	Pension liability adjustments	Net unrealized gains and losses on derivative instruments	Total
Balance at beginning of year	¥ 57,093	¥ (283,834)	¥ (338,348)	¥ (462)	¥ (565,551)
Current year change	21,072	64,288	36,764	(511)	121,613
Balance at end of year	¥ 78,165	¥ (219,546)	¥ (301,584)	¥ (973)	¥ (443,938)

Amounts reclassified from accumulated other comprehensive loss for the year ended March 31, 2014 are as follows:

	Millions of yen	Thousands of U.S. dollars	
	Amounts reclassified from accumulated other comprehensive loss		Affected line item in Consolidated Statement of Income
Net unrealized gains and losses on securities			
	¥ (3,680)	$ (35,728)	Other income
	1,293	12,553	Income taxes
	(2,387)	(23,175)	Net income before noncontrolling interests
	(1)	(10)	Less: Net income attributable to noncontrolling interests
	(2,386)	(23,165)	Net income attributable to shareholders of the Company
Foreign currency translation adjustments			
	11,712	113,709	Other expense
	–	–	Income taxes
	11,712	113,709	Net income before noncontrolling interests
	25	243	Less: Net income attributable to noncontrolling interests
	11,687	113,466	Net income attributable to shareholders of the Company
Pension liability adjustments			
	23,792	230,990	(Notes 1)
	(8,446)	(82,000)	Income taxes
	15,346	148,990	Net income before noncontrolling interests
	448	4,349	Less: Net income attributable to noncontrolling interests
	14,898	144,641	Net income attributable to shareholders of the Company
Net unrealized gains and losses on derivative instruments			
	(2,420)	(23,495)	Other income
	890	8,641	Income taxes
	(1,530)	(14,854)	Net income before noncontrolling interests
	(132)	(1,281)	Less: Net income attributable to noncontrolling interests
	(1,398)	(13,573)	Net income attributable to shareholders of the Company
Total reclassifications–net of tax and noncontrolling interests	¥ 22,801	$ 221,369	

Notes: 1) Included in the computation of net periodic pension and severance cost. Details are disclosed in Note 12.
2) Increase (decrease) of amounts reclassified from accumulated other comprehensive loss indicates decrease (increase) of income in Consolidated Statement of Income.

Tax effects allocated to each component of other comprehensive income (loss) for the years ended March 31, 2014 and 2013 are shown below:

	Millions of yen		
	Pre-tax amount	Tax benefit (expense)	Net-of-tax amount
For the year ended March 31, 2014:			
Net unrealized gains and losses on securities:			
Unrealized holding gains arising during year	**¥ 29,358**	**¥ (11,213)**	**¥ 18,145**
Less: reclassification adjustment for gains included in net income attributable to shareholders of the Company	**(3,679)**	**1,293**	**(2,386)**
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	**100,120**	**(3,107)**	**97,013**
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	**11,687**	**–**	**11,687**
Pension liability adjustments:			
Pension liability adjustments arising during year	**58,976**	**(20,792)**	**38,184**
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	**23,101**	**(8,203)**	**14,898**
Net unrealized gains and losses on derivative instruments:			
Unrealized gains arising during year	**(126)**	**135**	**9**
Less: reclassification adjustment for gains included in net income attributable to shareholders of the Company	**(2,209)**	**811**	**(1,398)**
Other comprehensive income	**¥ 217,228**	**¥ (41,076)**	**¥ 176,152**
For the year ended March 31, 2013:			
Net unrealized gains and losses on securities:			
Unrealized holding gains arising during year	¥ 32,510	¥ (12,083)	¥ 20,427
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	1,002	(357)	645
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	109,061	(5,138)	103,923
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	3,155	–	3,155
Pension liability adjustments:			
Pension liability adjustments arising during year	26,664	(9,044)	17,620
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	33,189	(11,817)	21,372
Net unrealized gains and losses on derivative instruments:			
Unrealized losses arising during year	(130)	(152)	(282)
Less: reclassification adjustment for gains included in net income attributable to shareholders of the Company	(755)	322	(433)
Other comprehensive income	¥ 204,696	¥ (38,269)	¥ 166,427

	Thousands of U.S. dollars		
	Pre-tax amount	Tax benefit (expense)	Net-of-tax amount
For the year ended March 31, 2014:			
Net unrealized gains and losses on securities:			
Unrealized holding gains arising during year	$ 285,029	$ (108,864)	$ 176,165
Less: reclassification adjustment for gains included in net income attributable to shareholders of the Company	(35,718)	12,553	(23,165)
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	972,039	(30,165)	941,874
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	113,466	–	113,466
Pension liability adjustments:			
Pension liability adjustments arising during year	572,583	(201,865)	370,718
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	224,281	(79,640)	144,641
Net unrealized gains and losses on derivative instruments:			
Unrealized gains arising during year	(1,223)	1,311	88
Less: reclassification adjustment for gains included in net income attributable to shareholders of the Company	(21,447)	7,874	(13,573)
Other comprehensive income	$ 2,109,010	$ (398,796)	$ 1,710,214

TAKEOVER DEFENSE MEASURE

The Company has a plan for countermeasures to any large-scale acquisitions of the Company's shares (the “Plan”), based on the shareholders' approval of the Plan for the purpose of protection and enhancement of the corporate value of the Company and the common interests of shareholders.

Specifically, if an acquirer commences or plans to commence an acquisition or a tender offer that would result in the acquirer holding 20% or more of the shares issued by the Company, the Company will require the acquirer to provide the necessary information in advance to its board of directors. The Special Committee that solely consists of outside directors who are independent from the Company's management will, at its discretion, obtain advice from outside experts, evaluate and consider the details of the acquisition, disclose to the Company's shareholders the necessary information regarding the acquisition, evaluate, consider and disclose any alternative proposal presented by the Company's representative executive officers, and negotiate with the acquirer. If the acquirer does not comply with the procedures under the Plan, or the acquisition would damage the corporate value of the Company or the common interests of its shareholders, and if the acquisition satisfies the triggering requirements set out in the Plan, the countermeasures (a gratis allotment of stock acquisition rights (shinkabu yoyakuken no mushou wariate), with a condition of which will be that they cannot be exercised by acquirers or the like and subject to call to the effect that the Company can acquire stock acquisition rights from those other than such acquirers in exchange for shares of the Company) are to be implemented in accordance with the recommendation by the Special Committee or the resolution passed at the general meeting for confirming shareholders' intention and the Company will ensure the corporate value of the Company and the common interests of shareholders.

19. NET EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The following reconciliation table of the numerators and denominators sets forth the computation of basic net earnings per share attributable to shareholders of the Company for the years ended March 31, 2014 and 2013.

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2014**	2013	**2014**
Income from continuing operations attributable to shareholders of the Company	**¥ 68,942**	¥ 15,904	**$ 669,340**
Loss from discontinued operations attributable to shareholders of the Company	**(8,702)**	(2,479)	**(84,486)**
Net income attributable to shareholders of the Company	**¥ 60,240**	¥ 13,425	**$ 584,854**

	Thousands of shares	
Year ended March 31	**2014**	2013
Weighted-average number of shares of common stock outstanding for the year	**4,234,659**	4,234,899

	Yen		U.S. dollars
Year ended March 31	**2014**	2013	**2014**
Earnings from continuing operations per share attributable to shareholders of the Company:			
–Basic	**¥ 16.28**	¥ 3.76	**$ 0.16**
Loss from discontinued operations per share attributable to shareholders of the Company:			
–Basic	**¥ (2.05)**	¥ (0.59)	**$ (0.02)**
Net earnings per share attributable to shareholders of the Company:			
–Basic	**¥ 14.23**	¥ 3.17	**$ 0.14**

Diluted net earnings per share attributable to shareholders of the Company for the years ended March 31, 2014 and 2013 have been omitted because the Company did not have potential common stock that were outstanding for the period.

20. FINANCIAL INSTRUMENTS

(1) DERIVATIVE FINANCIAL INSTRUMENTS

The Group operates internationally, giving rise to exposure to market risks from fluctuations in foreign currency exchange and interest rates. In the normal course of its risk management efforts, the Group employs a variety of derivative financial instruments, which are consisted principally of forward exchange contracts, interest rate swap agreements, currency swap agreements and currency options to reduce its exposures. The Group has policies and procedures for risk management and the approval, reporting and monitoring of derivative financial instruments. The Group's policies prohibit holding or issuing derivative financial instruments for trading purposes.

The Group is exposed to credit-related losses in the event of nonperformance by counterparties to derivative financial instruments, but the Group does not anticipate any credit-related loss from nonperformance by the counterparties because the counterparties are financial institutions of high credit standing and contracts are diversified across a number of major financial institutions.

The Group has entered into forward exchange contracts with financial institutions as hedges against fluctuations in foreign currency exchange rates on monetary assets and liabilities denominated in foreign currencies. The forward exchange contracts related to accounts receivable and payable, and commitments on future trade transactions denominated in foreign currencies, mature primarily within a few years of the balance sheet date.

Interest rate swap agreements, currency swap agreements and currency options are used to limit the Group's exposure to losses in relation to underlying debt instruments and accounts receivable and payable denominated in foreign currencies resulting from adverse fluctuations in foreign currency exchange and interest rates. These agreements mature during the period 2014 to 2021.

Forward exchange contracts, interest rate swap agreements, currency swap agreements and currency options are designated as either fair value hedges or cash flow hedges, except for some contracts, depending on accounts receivable and payable denominated in foreign currencies or commitments on future trade transactions and the interest rate characteristics of the underlying debt as discussed below.

Fair Value Hedge Strategy

The forward exchange contracts and currency swap agreements utilized by the Group effectively reduce fluctuation in fair value of accounts receivable and payable denominated in foreign currencies.

The interest rate swap agreements utilized by the Group effectively convert a portion of its fixed-rate debt to a floating-rate basis.

The gain or loss on the derivative financial instruments designated as fair value hedges is offset by the loss or gain on the hedged items in the same location of the consolidated statement of income.

Cash Flow Hedge Strategy

The forward exchange contracts and currency options utilized by the Group effectively reduce fluctuation in cash flow from commitments on future trade transactions denominated in foreign currencies for the next 7 years and 1 year, respectively.

The interest rate swap agreements utilized by the Group effectively convert a portion of its floating-rate debt to a fixed-rate basis for the next 7 years.

The Group expects to reclassify ¥51 million ($495 thousand) of net income on derivative financial instruments from accumulated other comprehensive loss to net income (loss) attributable to shareholders of the Company during the next 12 months due to the collection of accounts receivable denominated in foreign currencies and the payments of accounts payable denominated in foreign currencies and variable interest associated with the floating-rate debts.

Derivatives Not Designated as Hedging Instruments Strategy

The Group has entered into certain forward exchange contracts, interest rate swap agreements, currency swap agreements and currency options to offset the earnings impact related to fluctuations in foreign currency exchange rates on monetary assets and liabilities denominated in foreign currencies and in interest rates on debt instruments. Although some of these contracts have not been designated as hedges as required in order to apply hedge accounting, the contracts are effective from an economic perspective. The changes in the fair value of those contracts are recorded in earnings immediately.

The Group's forward exchange contract amounts, the aggregate notional principal amounts of interest rate swap agreements, currency swap agreements and currency options outstanding at March 31, 2014 and 2013 are summarized below:

	Millions of yen		Thousands of U.S. dollars
March 31	**2014**	2013	**2014**
Forward exchange contracts:			
To sell foreign currencies	**¥ 202,361**	¥ 110,637	**$ 1,964,670**
To buy foreign currencies	**159,044**	94,190	**1,544,117**
Interest rate swap agreements	**526,038**	543,520	**5,107,165**
Currency swap agreements	**61,377**	123,376	**595,893**
Currency options	**7,989**	25,955	**77,563**

(2) FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the Group's financial instruments and the location in the consolidated balance sheet at March 31, 2014 and 2013 are summarized as follows:

		Millions of yen		Thousands of U.S. dollars
March 31	Location	**2014**	2013	**2014**
Derivatives designated as hedging instruments:				
Assets:				
Forward exchange contracts	Prepaid expenses and other current assets	**¥ 1,211**	¥ 2,733	**$ 11,757**
Currency options	Prepaid expenses and other current assets	**18**	616	**175**
Liabilities:				
Forward exchange contracts	Other current liabilities	**(1,727)**	(1,492)	**(16,767)**
Interest rate swap agreements	Other current liabilities	**–**	(143)	**–**
	Other liabilities	**(2,785)**	(3,547)	**(27,039)**
Derivatives not designated as hedging instruments:				
Assets:				
Forward exchange contracts	Prepaid expenses and other current assets	**1,306**	2,193	**12,680**
Currency swap agreements	Prepaid expenses and other current assets	**65**	–	**631**
Liabilities:				
Forward exchange contracts	Other current liabilities	**(770)**	(3,336)	**(7,476)**
Interest rate swap agreements	Other liabilities	**(11)**	(21)	**(107)**
Currency swap agreements	Other current liabilities	**–**	(177)	**–**

	Millions of yen			
	2014		2013	
March 31	Carrying amount	Fair value	Carrying amount	Fair value
Nonderivatives:				
Liabilities:				
Long-term debt, including current portion	**¥ (1,208,018)**	**¥ (1,215,525)**	¥ (1,245,214)	¥ (1,252,204)

	Thousands of U.S. dollars	
	2014	
March 31	Carrying amount	Fair value
Nonderivatives:		
Liabilities:		
Long-term debt, including current portion	**$ (11,728,330)**	**$ (11,801,214)**

The above table excludes the financial instruments for which fair value approximate their carrying amounts and those related to leasing activities. The table also excludes marketable securities and other investments which are disclosed in Note 6.

In assessing the fair value of these financial instruments, the Group uses a variety of methods and assumptions, which are based on estimates of market conditions and risks existing at that time. For certain instruments, including cash and cash equivalents, notes and accounts receivable-trade, short-term borrowings, notes and accounts payable-trade and accounts payable-other and accrued expenses, it is assumed that the carrying amount approximated fair value for the majority of these instruments because of their short maturities. Quoted market prices are used for a part of marketable securities and other investments. For long-term debt, fair value is estimated using market quotes or estimated discounted value of future cash flows when market quotes are not available, and is classified within Level 2 or Level 3. Other techniques, such as estimated discounted value of future cash flows, and replacement cost, are used to determine fair value for the remaining financial instruments. These fair value are not necessarily indicative of the amounts that could be realized in a current market exchange.

The effect of derivative instruments on the consolidated statement of income for the year ended March 31, 2014 is as follows:

Cash flow hedge:

	Millions of yen				
	Amount of gain (loss) recognized in OCI	Amount of gain (loss) reclassified from accumulated OCI into income (loss)		Amount of gain (loss) recognized in income (loss) (Ineffective portion and amount excluded from effectiveness testing)	
	Amount recognized	Location	Amount recognized	Location	Amount recognized
Forward exchange contracts	¥ (143)	Other income	¥ 1,299	Other expense	¥ (167)
Interest rate swap agreements	579				
Currency options	(427)	Other income	99	Other income	98

Derivatives not designated as hedging instruments:

	Millions of yen	
	Amount of gain (loss) recognized in income (loss)	
	Location	Amount recognized
Forward exchange contracts	Other expense	¥ (1,070)

Cash flow hedge:

	Thousands of U.S. dollars				
	Amount of gain (loss) recognized in OCI	Amount of gain (loss) reclassified from accumulated OCI into income (loss)		Amount of gain (loss) recognized in income (loss) (Ineffective portion and amount excluded from effectiveness testing)	
	Amount recognized	Location	Amount recognized	Location	Amount recognized
Forward exchange contracts	$ (1,388)	Other income	$ 12,612	Other expense	$ (1,621)
Interest rate swap agreements	5,621				
Currency options	(4,145)	Other income	961	Other income	951

Derivatives not designated as hedging instruments:

	Thousands of U.S. dollars	
	Amount of gain (loss) recognized in income (loss)	
	Location	Amount recognized
Forward exchange contracts	Other expense	$ (10,388)

Toshiba Corporation and Subsidiaries
March 31, 2014

The effect of derivative instruments on the consolidated statement of income for the year ended March 31, 2013 is as follows:

Cash flow hedge:

	Millions of yen				
	Amount of gain (loss) recognized in OCI	Amount of gain (loss) reclassified from accumulated OCI into income (loss)		Amount of gain (loss) recognized in income (loss) (Ineffective portion and amount excluded from effectiveness testing)	
	Amount recognized	Location	Amount recognized	Location	Amount recognized
Forward exchange contracts	¥ 705	Other income	¥ 309	Other income	¥ 491
Interest rate swap agreements	(1,384)				
Currency options	601	Other income	124	Other income	25

Derivatives not designated as hedging instruments:

	Millions of yen	
	Amount of gain (loss) recognized in income (loss)	
	Location	Amount recognized
Forward exchange contracts	Other income	¥ 2,401

21. LEASES

The Group leases manufacturing equipment, office and warehouse space, and certain other assets under operating leases.

Rent expenses under such leases for the years ended March 31, 2014 and 2013 were ¥81,140 million ($787,767 thousand) and ¥90,660 million, respectively.

The Group also leases certain machinery and equipment which are accounted for as capital leases. As of March 31, 2014 and 2013, the costs of machinery and equipment under capital leases were approximately ¥64,717 million ($628,320 thousand) and ¥65,362 million, and the related accumulated amortization were approximately ¥29,758 million ($288,913 thousand) and ¥30,501 million, respectively.

The costs of machinery and equipment under capital leases from affiliates of the Company and the related accumulated amortization as of March 31, 2014 and 2013 were not significant.

Minimum lease payments for the Group's capital and non-cancelable operating leases as of March 31, 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars	
Year ending March 31	Capital leases	Operating leases	Capital leases	Operating leases
2015	¥ 10,968	¥ 34,276	$ 106,485	$ 332,777
2016	8,283	29,867	80,418	289,971
2017	5,914	17,389	57,417	168,825
2018	3,627	10,074	35,214	97,806
2019	2,527	7,724	24,534	74,990
Thereafter	25,018	25,765	242,893	250,146
Total minimum lease payments	56,337	¥ 125,095	546,961	$ 1,214,515
Executory costs	(2,032)		(19,728)	
Amounts representing interest	(20,041)		(194,573)	
Present value of net minimum lease payments	34,264		332,660	
Less-current portion	(9,493)		(92,165)	
	¥ 24,771		$ 240,495	

22. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments for the purchase of property, plant and equipment, and unconditional purchase obligation for license fees outstanding at March 31, 2014 totaled approximately ¥26,096 million ($253,359 thousand).

As of March 31, 2014, contingent liabilities, other than guarantees disclosed in Note 23, approximated ¥178 million ($1,728 thousand) mainly for recourse obligations related to notes receivable transferred. The Group recognizes revenues from several claims and unapproved change orders if and only if the amounts are reliably estimated, its realization is probable and there is a legal basis. As of March 31, 2014, recognized revenue from several claims and unapproved change orders approximated ¥32,379 ($314,359 thousand), and are included in prepaid expenses and other current assets on the consolidated balance sheet.

23. GUARANTEES

GUARANTEES OF UNCONSOLIDATED AFFILIATES AND THIRD PARTY DEBT

The Group guarantees debt as well as certain financial obligations of unconsolidated affiliates and third parties to support the sale of the Group's products and services. Expiration dates vary from 2014 to 2023 as of March 31, 2014 or terminate on payment and/or cancellation of the obligation. A payment by the Group would be triggered by the failure of the guaranteed party to fulfill its obligation under the guarantee. The maximum potential payments under these guarantees were ¥65,317 million ($634,146 thousand) as of March 31, 2014.

GUARANTEES OF EMPLOYEES' HOUSING LOANS

The Group guarantees housing loans of its employees. Expiration dates vary from 2014 to 2032. A payment would be triggered by failure of the guaranteed party to fulfill its obligation covered by the guarantee. The maximum potential payments under these guarantees were ¥3,891 million ($37,777 thousand) as of March 31, 2014. However, the Group expects that the majority of such payments would be reimbursed through the Group's insurance policy.

RESIDUAL VALUE GUARANTEES UNDER SALE AND LEASEBACK TRANSACTIONS

The Group has entered into several sale and leaseback transactions in which certain manufacturing equipment was sold and leased back. The Group may be required to make payments for residual value guarantees in connection with these transactions. The operating leases will expire on various dates through September 2017. The maximum potential payments by the Group for such residual value guarantees were ¥7,114 million ($69,068 thousand) as of March 31, 2014.

GUARANTEES OF DEFAULTED NOTES AND ACCOUNTS RECEIVABLE

The Group has transferred trade notes and accounts receivable under several securitization programs. Upon certain sales of trade notes and accounts receivable, the Group holds a repurchase obligation, which the Group is required to perform upon default of the trade notes and accounts receivable. The trade notes and accounts receivable generally mature within 3 months. The maximum potential payment for such repurchase obligation was ¥7,737 million ($75,117 thousand) as of March 31, 2014.

The carrying amounts of the liabilities for the Group's obligations under the guarantees described above as of March 31, 2014 were not significant.

WARRANTY

Estimated warranty costs are accrued for at the time a product is sold to a customer. Estimates for warranty costs are made based primarily on historical warranty claim experience.

The following is a reconciliation table of the product warranty accrual for the years ended March 31, 2014 and 2013:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2014**	2013	**2014**
Balance at beginning of year	**¥ 36,273**	¥ 40,902	**$ 352,165**
Warranties issued	**44,007**	45,675	**427,252**
Settlements made	**(49,484)**	(53,174)	**(480,427)**
Foreign currency translation adjustments	**2,589**	2,870	**25,136**
Balance at end of year	**¥ 33,385**	¥ 36,273	**$ 324,126**

24. LEGAL PROCEEDINGS

In January 2007, the European Commission (the "Commission") adopted a decision imposing fines on 19 companies, including the Company, for violating EU competition laws in the gas insulated switchgear market. In April 2007, the Company filed an appeal to the General Court of the European Union (the "GC") seeking annulment of the Commission's decision. In July 2011, the GC handed down a judgment and annulled the entire fine imposed on the Company, but upheld the Commission's determination about alleged anti-competitive behavior. The Company appealed the GC's judgment to the European Court of Justice (the "ECJ") in September 2011. In June 2012, the Commission adopted a decision re-imposing fines on the Company, by recalculating the above-mentioned fines. In this decision, the Company was individually fined €56.8 million and was also fined €4.65 million jointly and severally with Mitsubishi Electric Corporation. The Company filed an appeal with the GC seeking annulment of this decision in September 2012 on the ground that the procedure and substance of the new decision are unreasonable. In December 2013, the ECJ delivered its final ruling to support the Commission's decision in respect of the alleged infringement of EU competition laws in the gas insulated switchgear market. As a result, the Company accrued the reasonably estimated amount expected to be paid for the fines.

In February 2011, the Ministry of Defense of Japan ("MOD") cancelled contract for development and manufacture of "reconnaissance system for F-15" between MOD and the Company. In July 2011, the Company filed a lawsuit against MOD to Tokyo District Court seeking payment of approximately ¥9,319 million ($90,476 thousand) including payment for parts which have been already completed. In October 2012, MOD filed a counterclaim seeking payment for the penalty of the cancellation of the contract. In March 2014, the Company increased the amount of its claim by approximately ¥3,017 million ($29,291 thousand). The Company properly executed its duties pursuant to conditions of the contract. Therefore, the Company thinks that MOD's cancellation of the contract and the claim for penalty is unreasonable and will assert its position in the Court.

Since December 2006, in the United States, certain purchasers of LCD panels and related products from the Group and other defendants have filed lawsuits against the Group and other defendants, seeking compensation of damages caused by alleged infringement of U.S. antitrust law. Though the Group settled with the class action plaintiffs, litigations between direct action plaintiffs are still pending. As the Group believes that there was no illegal activity in the LCD business, the Group plans to pursue all available legal avenues to defend in the pending litigations.

In December 2012, the Commission adopted a decision imposing a fine of approximately €28 million on the Company, plus a fine of €87 million jointly and severally with Panasonic Corporation and MT Picture Display Co. , Ltd. for infringement of EU Competition Law in the color picture tube (used for Televisions) market. Following its own investigation, the Company contends that it has not found any infringement of EU competition laws, and it brought an action to the GC in February 2013.

In November 2013, Japan Post Co., Ltd. ("JP") filed a lawsuit against the Company and NEC Corporation for violating the antitrust law concerning a bid for postal code automatic reading and sorting equipment, seeking payment of approximately ¥3,756 million ($36,466 thousand) and delayed damages. This claim is based on the cease and desist order issued by the Japan Fair Trade Commission in December 2010. The Company will assert its position in the Court because it considers there is no causal association between its action and damage claimed by JP and that JP's claim is unreasonable in the Tokyo High Court.

The Group undertakes global business operations and is involved from time to time in disputes, including lawsuits and other legal proceedings and investigations by relevant authorities. Due to differences in judicial systems and the uncertainties inherent in such proceedings, the Group may be subject to a ruling requiring payment of amounts far exceeding its expectations. Any judgment or decision unfavorable to the Group could have a materially adverse effect on the Group's business, results of operations or financial condition.

The Group's Management currently believes that there are meritorious defenses to all of these legal procedures, including lawsuits and investigations. Based on the information currently available to both the Group and its legal counsel, Management believes that such legal procedures, if any, would not have a material adverse effect on the financial position or the results of operations of the Group.

The information provided is about the status as of the submission date of the annual securities report before correction.

25. ENVIRONMENTAL LIABILITIES

The Japanese environmental regulation, “Law Concerning Special Measure against poly chlorinated biphenyl (“PCB”) waste” requires PCB waste holders to dispose of all PCB waste by March 2027. The Group accrued ¥7,926 million ($76,951 thousand) and ¥8,526 million at March 31, 2014 and 2013, respectively, for environmental remediation and restoration costs for products or equipment with PCB which some Group's operations in Japan have retained.

The Westinghouse Group, consolidated subsidiaries of the Company, is subject to federal, state and local laws and regulations relating to the discharge of pollutants into the environment, the disposal of hazardous wastes and other related activities affecting the environment, and which have had and will continue to have an impact on the Group. It is difficult to estimate the timing and ultimate costs to be incurred in the future due to uncertainties about the status of laws, regulations and technology; the adequacy of information available for individual sites; the extended time periods over which site remediation occurs; the availability of waste disposal capacity; and the identification of new sites. The Group has, however, recognized an estimated liability of ¥12,887 million ($125,117 thousand) and ¥12,013 million as of March 31, 2014 and 2013, respectively, measured in current dollars, for those sites where it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated.

The accrual will be adjusted as assessment and remediation efforts progress or as additional technical or legal information become available. Management is of the opinion that the ultimate costs in excess of the amount accrued, if any, would not have a material adverse effect on the financial position or the results of operations of the Group.

26. ASSET RETIREMENT OBLIGATIONS

The Group records asset retirement obligations in accordance with ASC No. 410 “Asset Retirement and Environmental Obligations”.

Asset retirement obligation was related primarily to the decommissioning of nuclear power facilities. These obligations address the decommissioning, clean up and release for acceptable alternate use of such facilities.

The changes in the carrying amount of asset retirement obligations for the years ended March 31, 2014 and 2013 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2014**	2013	**2014**
Balance at beginning of year	**¥ 18,765**	¥ 15,616	**$ 182,184**
Accretion expense	**1,071**	750	**10,398**
Liabilities settled	**(271)**	(193)	**(2,631)**
Liabilities incurred	**711**	1,675	**6,903**
Revisions in estimated cash flows	**89**	(934)	**864**
Foreign currency translation adjustments	**1,557**	1,851	**15,117**
Balance at end of year	**¥ 21,922**	¥ 18,765	**$ 212,835**

27. BUSINESS COMBINATIONS

NuFlare Technology, Inc.

On December 26, 2012, the Company increased its ownership in NuFlare Technology Inc. (“NFT”) by acquiring an additional 8.8% stake to more than 50% totaling approximately ¥5,886 million in cash and consequently acquired a controlling financial interest of NFT.

NFT manufactures and sells advanced semiconductor manufacturing equipment and has a close relationship with the Company in development of related technologies. The Company decided to acquire additional shares in consideration of the need to extend its support to NFT in technological and management operations and to retain its advanced technologies, so that NFT will continue its supply of technologically advanced equipment to the market.

The Group allocated the purchase price to the assets acquired and liabilities assumed in accordance with ASC No.805 "Business Combinations" (“ASC No.805”).

The following table summarizes the allocation of the purchase price, the fair value of previously held equity interest, and the fair value of noncontrolling interests to the identifiable assets acquired and liabilities assumed as of the acquisition date:

As of the acquisition date		Millions of yen
Purchase price	¥	5,886
Previously held equity interest		25,886
Noncontrolling interests		31,439
Total	¥	63,211
Current assets	¥	53,194
Non-current assets		4,880
Intangible assets subject to amortization		26,839
Current liabilities		22,796
Non-current liabilities		16,687
Total identifiable net assets acquired	¥	45,430

Identifiable intangible assets acquired mainly consist of core and current technologies. The Group is amortizing the intangible assets over a weighted-average estimated life of 8.9 years.

The excess of the purchase price, the fair value of previously held equity interest, and the fair value of noncontrolling interests over the fair value of the identifiable assets acquired and liabilities assumed, amounted to ¥17,781 million, which was recorded as goodwill and allocated to Electronic Devices. The book value of equity interest that the Company held before acquiring the additional stake was ¥9,466 million, and the difference between the book value and the fair value remeasured after acquiring the additional stake is included in the statement of income for the year ended March 31, 2013.

Operating results of NFT are included in the Company's consolidated statement of income from the acquisition date. NFT's net sales and net income included in the Company's consolidated statement of income for the year ended March 31, 2013 were ¥7,089 million and ¥1,109 million, respectively.

IBM's Retail Store Solutions business

Toshiba TEC Corporation ("TEC"), a consolidated subsidiary of the Company, entered into an agreement with International Business Machines Corporation ("IBM"), a US company, to acquire IBM's Retail Store Solutions business ("RSS business") for $850 million on April 17, 2012 (Japan Standard Time), and acquired the business on July 31, 2012 (Eastern U.S. Time).

In accordance with this agreement, the business was acquired through Toshiba Global Commerce Solutions Holdings Corporation, a holding company established in Japan ("Holding Company"), and new companies and their branches established in 44 countries and regions including U.S. under the umbrella of the Holding Company. TEC acquired an 80.1% stake and IBM Taiwan Holdings B.V. ("IBM Taiwan") acquired a 19.9% stake in the Holding Company.

According to the price adjustment clause on compensations for acquisition of the business, the purchase price was adjusted to $797 million from $850 million in the original agreement. In this regard, the amount equivalent to 80.1% of the total compensation for acquisition was paid by the submission date of the annual securities report before correction (June 25, 2014). And the final payment will be made by purchasing shares held by IBM Taiwan which are equivalent to 19.9% in January 2016. Upon the final payment, the Holding Company will become a wholly owned subsidiary of TEC.

After acquisition of the RSS business, TEC will become the foremost retail point of sale systems company that provides new value to customers, globally offering high-level products and solutions in the retail solution market which has been rapidly growing in the Americas, Europe, Japan, Asia, and worldwide.

The Group allocated the purchase price to the assets acquired and liabilities assumed in accordance with ASC No.805.

The following table summarizes the allocation of the purchase price and the fair value of noncontrolling interests to the identifiable assets acquired and liabilities assumed as of the acquisition date:

As of the acquisition date	Millions of yen
Purchase price	¥ 49,903
Noncontrolling interests	12,398
Total	¥ 62,301
Current assets	¥ 3,953
Non-current assets	47,164
Current liabilities	9,511
Non-current liabilities	147
Total identifiable net assets acquired	¥ 41,459

Identifiable intangible assets acquired are as follows:

	Millions of yen
Customer relationships (Weighted-average estimated period: 17.0 year)	¥ 27,684
Core and current technologies (Weighted-average estimated period: 15.7 year)	14,071
Brand name (Weighted-average estimated period: - year)	1,954

The excess of the purchase price and the fair value of the noncontrolling interests over the fair value of the identifiable assets acquired and liabilities assumed, amounted to ¥20,842 million, which was recorded as goodwill and allocated to Community Solutions.

Operating results of IBM's Retail Store Solutions business are included in the Company's consolidated statement of income from the acquisition date. IBM's Retail Store Solutions business's net sales and net income included in the Company's consolidated statement of income for the year ended March 31, 2013 were ¥45,992 million and ¥541 million, respectively.

Vijai Electricals Ltd.'s power transmission and distribution businesses

The Company entered into an agreement with Vijai Electricals Ltd. ("Vijai") to acquire the major part of Vijai's power transmission and distribution ("T&D") businesses for approximately 13.7 billion Indian Rupee on September 6, 2013 (Japan Standard Time), and acquired the businesses on December 27, 2013.

In accordance with this agreement, the businesses were acquired through a new company established in India, Toshiba Transmission & Distribution Systems (India) Pvt. Ltd. ("New Company").

Vijai was established in 1973, to manufacture and sell electricity distribution transformers. The business has grown on the strength of the company's high quality production capabilities, which have allowed it to win the top share in the Indian market and major footholds in both Europe and Africa. Vijai further expanded its T&D businesses in 2006, when it entered the power transformer and switchgear businesses.

The New Company will run the acquired businesses and provide them with the Company's latest design, development and production capabilities in order to supply a wide range of T&D products globally as well as in India.

The Group allocated the purchase price to the assets acquired and liabilities assumed in accordance with ASC No.805.

The following table summarizes the allocation of the purchase price and the fair values of the identifiable assets acquired and liabilities assumed as of the acquisition date:

As of the acquisition date	Millions of yen	Thousands of U.S. dollars
Purchase price	¥ 23,165	$ 224,903
Current assets	¥ 9,431	$ 91,563
Non-current assets	7,637	74,146
Intangible assets subject to amortization	3,054	29,650
Current liabilities	4,995	48,495
Non-current liabilities	701	6,806
Total identifiable net assets acquired	¥ 14,426	$ 140,058

Identifiable intangible assets acquired are as follows:

	Millions of yen	Thousands of U.S. dollars
Core and current technologies (Weighted-average estimated period: 10.6 year)	¥ 2,287	$ 22,203
Contract-based intangible assets (Weighted-average estimated period: 5.0 year)	434	4,214
Customer relationships (Weighted-average estimated period: 3.3 year)	333	3,233

The excess of the purchase price over the fair value of the identifiable assets acquired and liabilities assumed, amounted to ¥8,739 million ($84,845 thousand), which was recorded as goodwill and allocated to Energy & Infrastructure.

Operating results of Vijai's T&D businesses have been included in the Company's consolidated statement of income from the acquisition date. These amounts are not significant.

The following table summarizes the unaudited pro-forma results of operations, as though the above business combinations had taken place on April 1, 2012.

	Billions of yen		Millions of U.S. dollars
Year ended March 31	**2014**	2013	**2014**
Net sales	**¥ 6,496.5**	¥ 5,791.8	**$ 63,073**
Net income attributable to shareholders of the Company	**59.9**	14.4	**582**

28. Variable Interest Entities

The Group recognizes entities, in accordance with ASC No.810, as VIEs that have either (a) equity investors whose voting right is limited and not having an ability to control it effectively or (b) insufficient equity to permit the entity to finance its activities without additional subordinated financial support. The Group retains variable interests through equity investments, loans and guarantees. In evaluating whether the Group is the primary beneficiary of the VIE and consolidates it, the Group assesses if the Group has both (a) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE.

Consolidated Variable Interest Entities

VIEs, of which the Group is the primary beneficiary, are involved in Energy & Infrastructure, and most of those are entities involved in the Power and Social Infrastructure Systems. The Group has both the power to direct the activities that most significantly affect those VIEs' economic performance and the obligation to absorb losses or the right to receive benefits from the VIEs. The Group is also required to contribute capital to each VIE on an as needed basis based on percentage of ownership interest.

As of March 31, 2014 and 2013, the total assets of VIEs on the consolidated balance sheet were ¥24,376 million ($236,660 thousand) and ¥18,682 million, and the total liabilities of VIEs on the consolidated balance sheet were ¥14,961 million ($145,252 thousand) and ¥12,432 million, respectively. The assets consisted primarily of property, plant and equipment. The liabilities consisted primarily of accounts payable. The assets are restricted for use only by those VIEs, and are not available for the Group's general operations. In addition, the creditors or beneficial interest holders of those VIEs do not have recourse to the general credit of the Group.

Unconsolidated Variable Interest Entities

VIEs, of which the Group is not the primary beneficiary but retains significant variable interests, are involved in Electronic Devices and Energy & Infrastructure. Unconsolidated VIEs involved in Electronic Devices are joint ventures established with SanDisk Corporation (“SanDisk”) for the purpose of strengthening the production of NAND flash memories. For those joint ventures, the Group and SanDisk share power equally. Unconsolidated VIEs involved in Energy & Infrastructure are established for the purpose of developing nuclear power plants, supplying stable electric power systems, and providing electric services and equipment to electric power operators. The principal VIE involved in Energy & Infrastructure is an entity which is seeking regulatory approval for the construction of a nuclear power plant. For the year ended March 31, 2014, the Group recorded a loss of ¥30,961 million ($300,592 thousand) due to a reassessment of the value of assets of the VIE involved in Energy & Infrastructure in the United States. The Group is not the primary beneficiary of those VIEs because the Group does not have the power to direct the activities that most significantly affect those VIEs' economic performance. The Group accounts for those VIEs under the equity method.

As of March 31, 2014 and 2013, the total assets of those VIEs, carrying amounts of assets and liabilities that relate to the Group's variable interests in the VIEs and the Group's maximum exposures to losses as a result of the Group's involvement with the VIEs are summarized as follows:

	Millions of yen	
March 31, 2014	VIEs involved in Electronic Devices	VIEs involved in Energy & Infrastructure
Total assets of VIEs	¥ 350,094	¥ 119,639
Carrying amounts of assets that relate to the Group's variable interests in the VIEs	135,781	42,639
Carrying amounts of liabilities that relate to the Group's variable interests in the VIEs	15,145	7,923
Maximum exposures to losses	174,782	34,716

March 31, 2013	Millions of yen VIEs involved in Electronic Devices	VIEs involved in Energy & Infrastructure
Total assets of VIEs	¥ 290,182	¥ 106,681
Carrying amounts of assets that relate to the Group's variable interests in the VIEs	142,033	65,655
Carrying amounts of liabilities that relate to the Group's variable interests in the VIEs	19,619	–
Maximum exposures to losses	192,354	65,655

March 31, 2014	Thousands of U.S. dollars VIEs involved in Electronic Devices	VIEs involved in Energy & Infrastructure
Total assets of VIEs	**$ 3,398,971**	**$ 1,161,544**
Carrying amounts of assets that relate to the Group's variable interests in the VIEs	**1,318,262**	**413,971**
Carrying amounts of liabilities that relate to the Group's variable interests in the VIEs	**147,039**	**76,922**
Maximum exposures to losses	**1,696,913**	**337,049**

Carrying amounts of assets that relate to the Group's variable interests in the VIEs consisted primarily of investment in and advances to affiliates. The Group's maximum exposures to losses, which include primarily equity investments, loans and guarantees, generally do not have relations to the losses anticipated to be incurred from the Group's involvement with the VIEs and are considered to exceed the anticipated losses.

29. SEGMENT INFORMATION

The segments reported below are the components of the Group for which discrete financial information is available and whose results are regularly reviewed by the management of the Group to make decisions about allocation on resources and assess performance.

The Group evaluates the performance of its business segments based on segment operating income (loss). The Group's segment operating income (loss) is derived by deducting the segment's cost of sales and selling, general and administrative expenses from net sales. Certain operating expenses such as restructuring charges for the year ended March 31, 2014 of about ¥42,800 million ($415,534 thousand) and legal settlement costs are not included in it.

The Group has implemented comprehensive reforms in its business segments and corporate staff organization as of October 1, 2013. The Group's previous business segments, "Digital Products," "Electronic Devices," "Social Infrastructure," and "Home Appliances," were reorganized into "Energy & Infrastructure," "Community Solutions," "Healthcare Systems & Services," "Electronic Devices & Components," and "Lifestyle Products & Services".

As a result, principal products that belong to each segment were changed as follows.

Before the Organizational Reforms

(1) Digital Products: Personal computers, POS systems, Multi-function peripherals, Visual products, etc.
(2) Electronic Devices: Semiconductors, Hard disk drives, etc.
(3) Social Infrastructure: Energy-related equipment, Medical equipment, IT solutions, Elevators, etc.
(4) Home Appliances: Refrigerators, Washing drying machines, Light fixtures, Air-conditioners, etc.
(5) Others: Logistics Service, etc.

After the Organizational Reforms

(1) Energy & Infrastructure: Energy-related equipment, Transportation systems, etc.
(2) Community Solutions: Building facilities (Elevators, Light fixtures, and Air-conditioners), POS systems, Multi-function peripherals, etc.
(3) Healthcare Systems & Services: Medical equipment, Healthcare solutions, etc.
(4) Electronic Devices & Components: Semiconductors, Hard disk drives, etc.
(5) Lifestyle Products & Services: Personal computers, Visual products, Refrigerators, Washing drying machines, etc.
(6) Others: Cloud Solutions, Logistics Service, etc.

As a result of above reforms, the data relating to the consolidated segment information is presented in conformity with the new organization from October 1, 2013, and prior year information has been restated.

Toshiba Corporation and Subsidiaries
March 31, 2014

BUSINESS SEGMENTS

Financial information by segments as of and for the years ended March 31, 2014 and 2013 are as follows:

As of and for the year ended March 31, 2014 — Millions of yen

	Energy & Infrastructure	Community Solutions	Healthcare Systems & Services	Electronic Devices & Components	Lifestyle Products & Services	Others	Total	Corporate and Eliminations	Consolidated
Net sales									
(1) Unaffiliated customers	¥ 1,705,231	¥ 1,300,894	¥ 408,477	¥ 1,596,720	¥ 1,252,187	¥ 226,193	¥ 6,489,702	¥ –	¥ 6,489,702
(2) Intersegment	100,296	55,742	2,250	90,565	62,430	277,823	589,106	(589,106)	–
Total	¥ 1,805,527	¥ 1,356,636	¥ 410,727	¥ 1,687,285	¥ 1,314,617	¥ 504,016	¥ 7,078,808	¥ (589,106)	¥ 6,489,702
Segment operating income (loss)	¥ 1,277	¥ 53,328	¥ 28,582	¥ 241,552	¥ (58,083)	¥ (8,696)	¥ 257,960	¥ (834)	¥ 257,126
Identifiable assets	¥ 2,639,459	¥ 983,079	¥ 284,589	¥ 1,373,770	¥ 618,430	¥ 419,004	¥ 6,318,331	¥ (145,812)	¥ 6,172,519
Depreciation and amortization	57,657	28,099	8,704	59,496	10,089	6,751	170,796	–	170,796
Capital expenditures	70,963	33,345	10,486	122,204	14,195	29,722	280,915	–	280,915

As of and for the year ended March 31, 2013 — Millions of yen

	Energy & Infrastructure	Community Solutions	Healthcare Systems & Services	Electronic Devices & Components	Lifestyle Products & Services	Others	Total	Corporate and Eliminations	Consolidated
Net sales									
(1) Unaffiliated customers	¥ 1,572,518	¥ 1,127,062	¥ 377,319	¥ 1,189,249	¥ 1,222,590	¥ 233,510	¥ 5,722,248	¥ –	¥ 5,722,248
(2) Intersegment	66,490	49,001	2,237	90,995	45,228	265,332	519,283	(519,283)	–
Total	¥ 1,639,008	¥ 1,176,063	¥ 379,556	¥ 1,280,244	¥ 1,267,818	¥ 498,842	¥ 6,241,531	¥ (519,283)	¥ 5,722,248
Segment operating income (loss)	¥ 82,711	¥ 26,692	¥ 19,911	¥ 41,180	¥ (72,891)	¥ (6,562)	¥ 91,041	¥ 1,012	¥ 92,053
Identifiable assets	¥ 2,369,404	¥ 982,567	¥ 243,012	¥ 1,320,656	¥ 694,746	¥ 533,253	¥ 6,143,638	¥ (122,035)	¥ 6,021,603
Depreciation and amortization	58,590	26,259	10,282	83,360	11,597	6,855	196,943	–	196,943
Capital expenditures	58,396	33,403	10,976	126,453	25,260	12,455	266,943	–	266,943

As of and for the year ended March 31, 2014 — Thousands of U.S. dollars

	Energy & Infrastructure	Community Solutions	Healthcare Systems & Services	Electronic Devices & Components	Lifestyle Products & Services	Others	Total	Corporate and Eliminations	Consolidated
Net sales									
(1) Unaffiliated customers	$16,555,641	$12,630,039	$ 3,965,796	$15,502,136	$12,157,156	$ 2,196,048	$63,006,816	$ –	$63,006,816
(2) Intersegment	973,748	541,184	21,845	879,272	606,116	2,697,311	5,719,476	(5,719,476)	–
Total	$17,529,389	$13,171,223	$ 3,987,641	$16,381,408	$12,763,272	$ 4,893,359	$68,726,292	$ (5,719,476)	$63,006,816
Segment operating income (loss)	$ 12,398	$ 517,748	$ 277,495	$ 2,345,165	$ (563,913)	$ (84,427)	$ 2,504,466	$ (8,096)	$ 2,496,370
Identifiable assets	$25,625,816	$ 9,544,456	$ 2,763,000	$13,337,573	$ 6,004,175	$ 4,068,000	$61,343,019	$ (1,415,650)	$59,927,369
Depreciation and amortization	559,777	272,806	84,505	577,631	97,951	65,544	1,658,214	–	1,658,214
Capital expenditures	688,961	323,738	101,806	1,186,447	137,815	288,563	2,727,330	–	2,727,330

Notes: 1) Transfers between segments are made at arm's length prices.
2) Corporate assets, included in Corporate and Eliminations of Identifiable assets, are mainly marketable securities of the Company.
3) Depreciation for property, plant and equipment associated with the Company and domestic subsidiaries has been computed generally by the declining-balance method. However, the Company and domestic subsidiaries changed the method of calculating depreciation for property, plant and equipment to the straight line method, starting from April 1, 2013. Segment operating income (loss) increased by ¥23,640 million ($229,515 thousand) in Electronic Devices & Components and ¥3,724 million ($36,155 thousand) in Energy & Infrastructure, compared with the figures under the previous method. The impacts on the amounts of segment operating income (loss) in the other segments are not significant.
4) Prior-period data relating to the discontinued operation has been reclassified to conform with the current classification.

A reconciliation table between the total of the segment operating income (loss) and the income from continuing operations, before income taxes and noncontrolling interests for the years ended March 31, 2014 and 2013 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2014**	2013	**2014**
The total of the segment operating income (loss)	¥ **257,960**	¥ 91,041	$ **2,504,466**
Corporate and Eliminations	**(834)**	1,012	**(8,096)**
Sub Total	¥ **257,126**	¥ 92,053	$ **2,496,370**
Interest and dividends	**13,756**	12,139	**133,554**
Equity in earnings of affiliates	**3,254**	21,560	**31,592**
Other income	**65,732**	100,755	**638,174**
Interest	**(33,696)**	(32,677)	**(327,146)**
Other expense	**(123,836)**	(18,904)	**(1,202,291)**
Income from continuing operations, before income taxes and noncontrolling interests	¥ **182,336**	¥ 74,926	$ **1,770,253**

GEOGRAPHIC INFORMATION

Net sales

Net sales by region based on the location of the customer for the years ended March 31, 2014 and 2013 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2014**	2013	**2014**
Japan	¥ **2,727,415**	¥ 2,625,098	$ **26,479,758**
Overseas	¥ **3,762,287**	¥ 3,097,150	$ **36,527,058**
Asia	**1,383,640**	984,314	**13,433,398**
North America	**1,160,489**	1,067,106	**11,266,883**
Europe	**846,267**	725,193	**8,216,184**
Others	**371,891**	320,537	**3,610,593**
Total	¥ **6,489,702**	¥ 5,722,248	$ **63,006,816**

Property, plant and equipment

Property, plant and equipment by region at March 31, 2014 and 2013 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2014**	2013	**2014**
Japan	¥ **587,811**	¥ 515,328	$ **5,706,903**
Overseas	¥ **322,308**	¥ 306,971	$ **3,129,204**
Asia	**163,822**	159,688	**1,590,505**
North America	**75,591**	71,119	**733,893**
Europe	**68,078**	61,505	**660,952**
Others	**14,817**	14,659	**143,854**
Total	¥ **910,119**	¥ 822,299	$ **8,836,107**

Notes: 1) There are no individually material countries which should be separately disclosed.
2) There are no material sales to a single unaffiliated customer.
3) Prior-period data relating to the discontinued operation has been reclassified to conform with the current classification.

30. SUBSEQUENT EVENT

Notice of Fund Procurement through Hybrid Financing for the prematurity redemption of the 1st Series Unsecured, Interest Deferrable and Early Redeemable Subordinated Bonds Solely for Qualified Institutional Investors

The Company decided on June 25, 2014 the fund procurement through Hybrid Financing (Subordinated Loans) (hereinafter referred to as the "Subordinated Loan") for the prematurity redemption of the 1st Series Unsecured, Interest Deferrable and Early Redeemable Subordinated Bonds Solely for Qualified Institutional Investors (hereinafter referred to as the "Existing Hybrid Securities") for the objectives of achieving the large reduction of interest costs and ensuring more diverse and flexible replacement measures.

(1) Summary of Subordinated Loan

The detail of the expected terms and conditions of the Subordinated Loan are as follows.

1) Loan Amount:	JPY 180 billion
2) Rate of Interest:	Floating rate from June 25, 2014 to June 25, 2019 Stepped up floating rate(1% higher) from June 25, 2019
3) Use of Proceeds:	Subordinated Loan shall be applied to the prematurity redemption of Existing Hybrid Securities
4) Repayment Date:	June 25, 2074 Provided, however, that prepayment in full or in part of the principal amount is permitted on any business days on and after June 25, 2019, or in the case of certain specified occasions.
5) Replacement Restrictions:	The Company intends to make prepayment of the principal amount after the Company raises funds having equity credit equal to or higher than the evaluated equity of the Subordinated Loan's principal prepayment amount by issuance of stock, subordinated loan or other means granted equity credit by Rating and Investment Information, Inc., within the period of 12 months preceding (and including) to the prepayment date. (If convertible bonds that satisfy certain requirements and are issued on or after the closing date of the Subordinated Loan are converted into the shares of our common stock within the period of 6 months preceding (and including) to the prepayment date, the Company intends to make prepayment of the principal amount after the Company raises funds having equity credit equal to or higher than the amount obtained by subtracting the increase of net assets by the conversion from the evaluated equity of the Subordinated Loan's principal prepayment amount.)
6) Interest Clause:	Optional suspension of interest payment / Mandatory payment of the Optional Deferred Payment Amount
7) Subordination Clause:	In liquidation proceedings, bankruptcy proceedings, corporate reorganization proceedings or civil rehabilitation proceedings of the Company or any proceedings that are equivalent thereto in accordance with laws other than Japanese law, the lenders of the Subordinated Loan shall have the claim against the Company subordinated to senior debt and only to the extent that the Subordinated Loan are treated as substantially pari passu with most preferred stock issued or to be issued by the Company which ranks most senior with respect to the right to receive dividends from surplus. Each clauses of the Subordinated Loan shall not be revised if the revision will get negative effect to the Company's creditors other than lenders of the Subordinated Loan.

(2) Outline of prematurity redemption of Existing Hybrid Securities

1) Total Amount of prematurity redemption (Total face value): JPY 180 billion

2) Rate of Interest:	7.5% per annum(fixed rate)
3) Redemption Value:	JPY 100 per JPY 100 of the principal amount of each Existing Hybrid Securities
4) Reason for Redemption:	Pursuant to the prematurity redemption clause of the Existing Hybrid Securities

The information provided is about the status as of the submission date of the original annual securities report in June 2014 before correction for restatements in September 2015.

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Building a better working world

Independent Auditor's Report

The Board of Directors of
Toshiba Corporation

We have audited the accompanying consolidated financial statements of Toshiba Corporation (the "Company") and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated statements of income, comprehensive income, equity, and cash flows for the year then ended and the related notes to the consolidated financial statements, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Toshiba Corporation and its consolidated subsidiaries as at March 31, 2014, and their consolidated financial performance and cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in "Restatement of previously issued consolidated financial statements" in the consolidated financial statements, the Company has amended the consolidated financial statements. We issued the Independent Auditor's Report before the restatement of the consolidated financial statements on June 25, 2014.

As discussed in Note 2 "Summary of Significant Accounting Policies" to the consolidated financial statements, effective April 1, 2013, the Company has elected to change its method of accounting for depreciation.

Our opinion is not qualified in respect of these matters.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

September 7, 2015

Ernst & Young ShinNihon LLC

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