TOSHIBA

Leading Innovation

2015 Annual Report

Year ended March 31,2015

Financial Review

FIVE-YEAR SUMMARY

Toshiba Corporation and Subsidiaries
Years ended March 31

	Millions of yen, except per share amounts				
	2015	2014	2013	2012	2011
Net sales	**¥ 6,655,894**	¥ 6,489,702	¥ 5,722,248	¥ 5,996,414	¥ 6,263,990
Cost of sales	**5,079,028**	4,865,787	4,413,476	4,628,451	4,771,797
Selling, general and administrative expenses	**1,406,427**	1,366,789	1,216,719	1,253,061	1,247,661
Operating income (Note 1)	**170,439**	257,126	92,053	114,902	244,532
Income from continuing operations, before income taxes and noncontrolling interests	**136,644**	182,336	74,926	61,427	201,785
Income taxes	**155,659**	92,045	38,356	48,440	27,944
Net income (loss) attributable to shareholders of the Company	**(37,825)**	60,240	13,425	3,194	158,326
Per share of common stock:					
Earnings (Loss) attributable to shareholders of the Company (Note 2)					
–Basic	**¥ (8.93)**	¥ 14.23	¥ 3.17	¥ 0.75	¥ 37.38
–Diluted	**–**	–	–	0.74	35.90
Cash dividends	**4.00**	8.00	8.00	8.00	5.00
Total assets	**¥ 6,334,778**	¥ 6,172,519	¥ 6,021,603	¥ 5,673,064	¥ 5,351,343
Equity attributable to shareholders of the Company	**1,083,996**	1,027,189	824,584	718,664	793,860
Capital expenditures (Property, plant and equipment)	**218,459**	229,540	237,280	298,104	229,913
Depreciation (Property, plant and equipment)	**133,142**	125,901	153,799	198,907	209,239
R&D expenditures	**352,685**	327,913	300,028	319,418	318,803
Number of employees	**198,741**	200,260	206,087	209,784	202,638

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, 2015, 2014 and 2013 have been omitted because the company did not have potential common stock that were outstanding for the period.

4) In February 2015, the Company received an order from the Securities and Exchange Surveillance Commission ("SESC"), based on Article 26 of the Financial Instruments and Exchange Act, requiring submission of a report. The Company was then subject to inspection regarding projects that used percentage-of-completion accounting. Later, after establishing an Independent Investigation Committee and conducting the investigation, it was found that the Company made inappropriate accountings and, therefore, the Company filed amendments of the past Annual Securities Reports and other reports for the fiscal year ended March 31, 2008 to 2014. Accordingly the results for 2011, 2012, 2013, and 2014 as previously presented, have been restated above.

SCOPE OF CONSOLIDATION

As of the end of March 2015, Toshiba Group ("the Group") comprised Toshiba Corporation ("the Company") and 584 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, 211 were involved in Energy & Infrastructure, 153 in Community Solutions, 41 in Healthcare Systems & Services, 44 in Electronic Devices & Components, 52 in Lifestyle Products & Services and 83 in others. The number of consolidated subsidiaries was 14 less than at the end of March 2014. 217 affiliates were accounted for by the equity method as of the end of March 2015.

RESULTS OF OPERATIONS

(1) Overview of Consolidated Results

Year Ended March 31

	Billions of yen	
	2015	Change*
Net sales	**6,655.9**	+166.2
Operating income	**170.4**	(86.7)
Income from continuing operations, before income taxes and noncontrolling interests	**136.6**	(45.7)
Net income attributable to shareholders of the Company	**(37.8)**	(98.0)

(* Change from the year-earlier period)

While the US economy lost some momentum in the second half of FY2014 (October-March), the UK witnessed a strong performance and the Eurozone sustained a gradual recovery. Despite a slowdown in China, the emerging economies as a whole saw a continued gradual recovery, reflecting solid growth in Southeast Asia and India.

In Japan, the recovery in domestic demand remained slow, due to the still lingering effects of the increase in the consumption tax and a fall in real income. Despite improved performances by export-driven large enterprises, the industrial economy as a whole remained flat, reflecting deteriorated profitability at small and medium enterprises, which largely rely on domestic demand, as did the service economy.

In the first half of FY2015 (April-September), China's economy is expected to slow further, but the overall global economy is expected to see accelerated growth from the second half of FY2014, on a gradual recovery in other countries and regions. The forecast for the Japanese economy is for a gradual recovery, but with subdued growth on a lack of accelerating factors.

In these circumstances, Toshiba Group has endeavored to create value by combining technologies developed in-house and with third parties, and so contribute to a safe, secure and comfortable society. The Group has defined Healthcare that seeks to enhance people's health and lifestyles as a third pillar of business and value creation, alongside Energy and Storage. Furthermore, the Group has launched globally competitive products and services in markets around the world, especially emerging economies.

Toshiba Group's net sales increased by 166.2 billion yen to 6,655.9 billion yen (US$55,465.8 million), reflecting higher sales in the Energy & Infrastructure, Community Solutions and Electronic Devices & Components segments, despite a decrease in sales in the Lifestyle Products & Services segment. Consolidated operating income decreased by 86.7 billion yen to 170.4 billion yen (US$1,420.3 million). While the Energy & Infrastructure segment recorded higher operating income, despite an impairment loss on investment and financing for a US developer of nuclear power plants and other factors, and the Electronic Devices & Components segment saw lower operating income, the result of an impairment loss for Discretes in the Semiconductor business. The Lifestyle Products & Services segment recorded significantly deteriorated operating income (loss) as a result of an impairment loss in its Home Appliances business and other factors.

Income (loss) from continuing operations, before income taxes and noncontrolling interests decreased by 45.7 billion yen to 136.6 billion yen (US$1,138.7 million). Net income (loss) attributable to shareholders of the Company decreased by 98.0 billion yen to -37.8 billion yen (US$-315.2 million), due to the effects of reversal of deferred tax assets on the tax system revision and other factors.

Consolidated Results by Segment are as follows;

	Billions of yen				
	Net Sales			Operating Income (Loss)	
		Change*			Change*
Energy & Infrastructure	2,003.8	+198.3	+11%	19.5	+13.0
Community Solutions	1,410.7	+54.0	+4%	53.9	(1.6)
Healthcare Systems & Services	412.5	+1.8	+0%	23.9	(6.0)
Electronic Devices & Components	1,768.8	+81.5	+5%	216.6	(30.2)
Lifestyle Products & Services	1,163.7	(150.9)	(11%)	(109.7)	(55.1)
Others	529.0	+25.0	+5%	7.5	(4.1)
Eliminations	(632.6)	–	–	(41.3)	–
Total	6,655.9	+166.2	+3%	170.4	(86.7)

(* Change from the year-earlier period)

Energy & Infrastructure:
Net sales in the Energy & Infrastructure segment increased by 198.3 billion yen to 2,003.8 billion yen (US$16,698.4 million), reflecting higher sales in all social inflastruture businesses, including Nuclear Power Systems, Thermal & Hydro Power Systems, Transmission & Distribution Systems and Solar Photovoltaic Systems.

Segment operating income increased by 13.0 billion yen to 19.5 billion yen (US$163.1 million). The Nuclear Power Systems business recorded a significant improvement in operating income despite an impairment loss on investment and financing for a US developer of nuclear power plants and other factors, and the Transmission & Distribution System business also saw improved operating income. The Thermal & Hydro Power Systems and Solar Photovoltaic Systems businesses saw lower operating income.

Community Solutions:
Net sales in the Community Solutions segment increased by 54.0 billion yen to 1,410.7 billion yen (US$11,755.7 million), reflecting higher sales in the Water & Environmental Systems, Elevator and Building Systems, Commercial Air-Conditioners and Retail Information Systems and Office Equipment businesses.

Segment operating income decreased by 1.6 billion yen to 53.9 billion yen (US$449.2 million), reflecting lower operating income in the Retail Information Systems and Office Equipment business, despite higher operating income in the Water & Environmental Systems, Elevator and Building Systems and Commercial Air-Conditioners businesses.

Healthcare Systems & Services:
Net sales in the Healthcare Systems & Services segment increased by 1.8 billion yen to 412.5 billion yen (US$3,437.6 million). While sales of medical imaging systems were solid in North America and emerging economies, especially of mainstay computerized tomography (CT) systems, sales in Japan were lower, affected by a revision of the medical fee reimbursement system and other factors.

Segment operating income decreased by 6.0 billion yen to 23.9 billion yen (US$198.9 million), reflecting continued up-front investments made to drive forward future growth, particularly in R&D of next-generation CT systems.

Electronic Devices & Components:
Net sales in the Electronic Devices & Components segment increased by 81.5 billion yen to 1,768.8 billion yen (US$14,739.6 million). In the Semiconductor business, Memories saw higher sales on increased sales volume, but Discretes and System LSIs reported lower sales. The Storage Products business recorded higher sales.

Segment operating income decreased by 30.2 billion yen to 216.6 billion yen (US$1,805.4 million), reflecting a significant deterioration and an impairment loss in Discretes. Memories also saw lower operating income despite continued high profitability, while System LSIs saw an improvement in operating income. The Storage Products business also saw higher operating income.

Lifestyle Products & Services:
Net sales in the Lifestyle Products & Services segment decreased by 150.9 billion yen to 1,163.7 billion yen (US$9,697.4 million). The Visual Products business and the PC business saw lower sales, due to a shift in focus to redefined sales territories, and the Home Appliances business also recorded lower sales.

Segment operating loss increased by 55.1 billion yen to 109.7 billion yen (US$-914.6 million). The Visual Products and PC businesses saw a deterioration in operating income, and the Home Appliances business saw a significant fall, the result of recording an impairment loss.

Others:
The Others segment recorded operating income of 7.5 billion yen (US$62.3 million) on sales of 529.0 billion yen (US$4,408.5 million).

(2) Cash Flows
In the fiscal year under review, net cash provided by operating activities amounted to 330.4 billion yen, an increase of 46.3 billion yen from net cash provided by operating activities of 284.1 billion yen in the previous year due to increased working capital.

Net cash used in investing actities amounted to 190.1 billion yen, a decrease of 54.0 billion yen from 244.1 billion yen in the previous year.

As a result of the foregoing, free cash flow increased by 100.3 billion yen to 140.3 billion yen (US$1,169.3 million) from 40.0 billion yen in the previous year.

Net cash used in financing activities amounted to -125.8 billion yen, a decrease of 36.5 billion yen from -89.3 billion yen in the previous year.

The effect of exchange rate changes was to increase cash by 13.6 billion yen. Cash and cash equivalents at the end of the fiscal year increased 28.1 billion yen, from 171.3 billion yen of the end of the previous fiscal year to 199.4 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, litigation settlement and other costs are not included in it.

Starting in FY2014, the method of computing operating income (loss) in each segment has been changed. 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
While giving full consideration to such factors as the strategic investments necessary to secure medium- to long-term growth, the Company 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.

Though the Company had decided to pay 4.0 yen per share as the interim dividend, as for the year-end dividend, the Company has decided not to pay because the Company could not meet the deadline to finalize its financial statements for the purpose of dividend payment procedures.

RESEARCH AND DEVELOPMENT

The Group's management policy defines Growth through Creativity and Innovation as the main target, to be achieved through Value Creation and Productivity Improvements. We have Energy, Data Storage and Healthcare as a core business. The Group is aiming to create Human Smart Community-a safe, secure and comfortable society. In achieving this, the Group creates new value for customers based on a concept what value for our customers we can provide through our products rather than what we can make. To generate new value for customers, the Group tries to identify customers' need faster. Furthermore, the Group promotes Value Innovation, which develops advanced technology, and New Concept Innovation that utilizes our wide-ranging technology in many and diverse fields to generate synergies.

The Group's overall R&D expenditure reached 352.7 billion yen in the fiscal year ended March 31, 2015. Expenditures for each business segment were as follows:

	Billions of yen
Energy & Infrastructure	69.3
Community Solutions	48.3
Healthcare Systems & Services	38.1
Electronic Devices & Components	161.3
Lifestyle Products & Services	29.4
Others	6.3

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 FY2014, as a result of making investments in priority businesses to achieve growth through creativity and innovation, the total amount of investment and loan amounted to 391.7 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 353.1 billion yen, increasing by 12.9 billion yen from 340.2 billion yen in the previous year.

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.

Impairment losses for Discretes in the Semiconductor business and in Home Appliances business are disposed.

	Capital expenditure (billion yen) (Note 1)	Investments & loans (billion yen) (Note 2)	Total investments (billion yen)
Energy & Infrastructure	57.9	34.7	92.6
Community Solutions	30.9	1.2	32.1
Healthcare Systems & Services	9.3	1.0	10.3
Electronic Devices & Components	221.8	1.3	223.1
Lifestyle Products & Services	11.9	0.0	11.9
Others	21.3	0.4	21.7
Total	353.1	38.6	391.7

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	Healthcare Systems & Services	• Manufacturing facility for medical diagnostic imaging system (Malaysia)
	Electronic Devices & Components	• Manufacturing building, facilities, interior decorating and power equipment, and manufacturing facilities for NAND flash memory (the Company's Yokkaichi Operations)
Ordered during the term	Energy & Infrastructure	• Equipment for power transmission and distribution systems business (India)
	Electronic Devices & Components	• Manufacturing building, interior decorating and power equipment, and manufacturing facilities for NAND flash memory (the Company's Yokkaichi Operations)

(3) Primary Investment and Loan

Segment	Outline
Energy & Infrastructure	• Acquisition of stake in NuGeneration Limited in the U.K. (making it a consolidated subsidiary) • Acquisition of Mangiarotti spa in Italy

PLANS FOR CONSTRUCTING NEW FACILITIES AND RETIRING EXISTING FACILITIES

Investment for newly-established facilities and upgrades of equipment in the year ending March 31, 2016 is not determined due to inappropriate accounting treatment.

TREASURY STOCK

Shares held as of the closing date of last period:			3,111,467 (common stock)
Shares acquired during the period:	Demand for purchase of shares less than one unit from shareholders		292,948 (common stock)
		Aggregate amount of acquisition costs:	139,075 (thousand yen)
Shares disposed during the period:	Demand for sale of shares less than one unit from shareholders		9,991 (common stock)
		Aggregate amount of sales value:	4,628 (thousand yen)
Shares held as of the closing date of this period:			3,394,424 (common stock)

MAJOR SUBSIDIARIES AND AFFILIATED COMPANIES

As of March 31, 2015

Consolidated Subsidiaries	Affiliated companies
Iwate Toshiba Electronics Co., Ltd.	Flash Alliance, Ltd.
Kaga Toshiba Electronics Corporation	Flash Forward
Kokusai Chart Corporation	Flash Partners, Ltd.
Nishishiba Electric Co., Ltd.	NREG Toshiba Building Co., Ltd.
NuFlare Technology, Inc.	Shibaura Mechatronics Corporation
Toshiba Carrier Corporation	Topcon Corporation
Toshiba Consumer Marketing Corporation	Toshiba Machine Co., Ltd.
Toshiba Denzai Marketing Co., Ltd.	Toshiba Medical Finance Co., Ltd.
Toshiba Elevator and Building Systems Corporation	Toshiba Mitsubishi-Electric Industrial Systems Corporation
Toshiba Global Commerce Solutions Holdings Corporation	Dalian Toshiba Locomotive Electric Equipment Co., Ltd.
Toshiba Lifestyle Products & Services Corporation	Energy Asia Holdings, Ltd
Toshiba Industrial Products and Systems Corporation	Guangdong Meizhi Compressor Ltd.
Toshiba Information Equipments Co., Ltd.	Guangdong Midea Air-Conditioning Equipment Co., Ltd.
Toshiba Lighting & Technology Corporation	Guangdong Midea Commercial Air-Conditioning Equipment Co., Ltd.
Toshiba Logistics Corporation	Guangdong Midea Group Wuhan Air-Conditioning Equipment Co., Ltd.
Toshiba Medical Systems Corporation	Guangdong Midea Group Wuhu Air-Conditioning Equipment Co., Ltd.
Toshiba Plant Systems & Services Corporation	Nuclear Innovation North America LLC
Toshiba Solutions Corporation	PM&T Holding B.V.
Toshiba TEC Corporation	Semp Toshiba Amazonas S.A.
Toshiba Trading Inc.	TMEIC Corporation
Advance Energy UK Ltd.	UNISON Co., Ltd
Landis +Gyr A.G.	
Landis +Gyr Holding A.G.	
Mangiarotti S.p.A.	
NuGeneration Limited	
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 International Corporation	
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 of Europe Ltd.	
Toshiba South America Ltda.	
Toshiba TEC France Imaging Systems S.A.	
Toshiba TEC U.K. Imaging Systems Ltd.	
Toshiba Transmission & Distribution India Private Limited	
Toshiba Nuclear Energy Holdings (UK) Ltd.	
Toshiba Nuclear Energy Holdings (US) Inc.	
Westinghouse Electric Company LLC	

The Company has 584 consolidated subsidiaries in total including 58 above and 217 affliated 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. Under such circumstance, 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 September 7, 2015 and involve inherent uncertainties, and, therefore, the actual results may differ.

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 various 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, drastic change 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.

(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.

(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 the Group has incurred expenses for business structure reform in this connection and there is a possibility that the Group continues to incur such expenses in the future. 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 due to the necessity of additional measures and in such case the Group's operating results or financial condition may be adversely affected.

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. Accordingly, this business could be affected by trends in such capital expenditures, and 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, in the projects where the percentage-of-completion method is used for revenue recognition, the Group may retroactively reassess profits that had been recorded as accrued and record them as losses if, among other things, the original estimate is overestimated or underestimated, 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 the stoppage of the project, changes in regulations or other 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.

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.

In addition, in projects where the percentage-of-completion method is used for revenue recognition, the Group may retroactively reassess profits that had been recorded as accrued and record them as losses if, among other things, the original estimate is overestimated or underestimated, 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.

(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

While the substantial portion of operating income/loss of the Group relies on the Electronic Devices and Components business, the market for the Electronic Devices and Components business is highly cyclical, depending on demand and supply, 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 adversely influence demand for System LSIs and other semiconductor products.

Fluctuations in the results of this business may materially and adversely 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. However, there is a possibility that the necessary amount of capital expenditure cannot be secured at appropriate timing depending on the financing environment of the Group and other factors.

(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 and under the circumstances where earnings are structurally difficult to be recorded. 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. Moreover, 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 a large amount of 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 adversely 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. As of March 31, 2015, 673,817 million yen of goodwill was recorded in the Company's consolidated balance sheets in accordance with U.S. generally accepted accounting principles. Out of the above, 555,680 million yen was allocated to the Energy and Infrastructure business, most of which was recorded due to the acquisition of Westinghouse group conducted in October 2006 and the acquisition of Landis+Gyr conducted in July 2011. 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 negatively 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. Moreover, because of the amendments of the past Annual Securities Reports and other reports, which is described in "10. Past inappropriate accountings," below, the credit rating may be downgraded.

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 will make 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 and adversely 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 adversely 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 or require costs more than in the past in order to obtain such 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.

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 losses as a result.

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. In certain products and technological fields, the research and development may not proceed due to more focus on research and development in other products and technological fields, and as a result, the Group's technological superiority may be impaired.

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 the 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. It was found that inappropriate accountings such as the priority of benefit and advance of expenses were repeatedly conducted in the Company for the past several years, and there was deficiency in the internal control related to reporting of business and financial matters. The Company recognizes the importance of the internal control related to the reporting of business and financial matters and, based on the recommendations by the Independent Investigation Committee established on May 15, 2015, in order to correct the deficiency, the Company has decided to establish Management Revitalization Committee which is intended to appropriately operate and implement, among others, new management structure, reform of the governance structure and measures to prevent reoccurrence of inappropriate accountings. At the initiative of such Committee, the Company will correct the deficiencies mentioned above, take measures to prevent reoccurrence of inappropriate accountings and construct and operate appropriate internal control systems under the new structure. 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.

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.

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, 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 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.

In November 2014, there was an arbitral award against the Group to find the breach of contracts with clients for the reason of defect of electricity meter in Europe. In July 2015, new arbitration seeking damages was filed. Going forward, the Group intends to assert its opinion in the arbitration.

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.

(3) Agreements regarding natural gas

The Company executed (i) the service agreements for processing liquefied natural gas with the companies providing services for liquefying natural gas in the United States, and (ii) the pipeline agreements with the pipeline companies in United States, for the purpose to sell natural gas to the users in other countries including Japan. Pursuant to these agreements, the Company will be provided the series of services. In these agreements, it is assumed that the Company will use certain amount of the liquefying ability of the companies providing services for liquefying natural gas and the pipelines of the pipeline companies for the period of twenty (20) years from 2019. The Company generally expects to execute long-term transaction agreements with users with respect to the total amount of liquefied natural gas (LNG) the Company will obtain. However, since the payment obligations of service fee to such companies continues even if the Company cannot sell LNG to the users or in the market under conditions (including the price) the Company expects, the Company may be obligated to bear losses as a result.

10. Past inappropriate accountings

In February 2015, the Company received an order from the Securities and Exchange Surveillance Commission, based on Article 26 of the Financial Instruments and Exchange Act, requiring submission of a report. The Company was then subject to inspection regarding projects that used percentage-of-completion accounting. Later, after establishing the Independent Investigation Committee and conducting the investigation, it was found that the Company continuously made inappropriate accountings and, therefore, the Company filed amendments of the past Annual Securities Reports and other reports.

Going forward, the Company may be sued by its shareholders and others with respect to such inappropriate accountings and depending on the progress of such procedures, the Group's business, operating results and financial condition may be adversely affected. In addition, the Company may be charged administrative monetary penalty by the Financial Services Agency, sanctions by stock exchange in which the Company is listed, or administrative actions or investigations, including the nomination stop and suspension of business related to construction, by governmental authorities. If the Company receives such sanctions, the Group may suffer from opportunity loss or degradation of social reputation accompanied thereby, and as a result, the Group's business, operating results and financial condition may be adversely affected.

With respect to administrative monetary penalty, a reasonably estimated amount of allowance has been reserved.

Moreover, if the net asset value of the Company is adversely affected based on the inappropriate accountings, when the Company executes an EPC (Engineering, Procurement and Construction) agreement, the Company may not be able to satisfy the financial standards required by the ordering party, and as a result, the Company's ability to accept orders may be adversely affected.

In addition, because of the inappropriate accountings, the Company is in breach of representations and warranties and covenants under the loan agreements among the Company and multiple financial institutions; however, such financial institutions have agreed to continue financing for the time being. Moreover, in the shelf registration supplemental prospectus the Company prepared at the time of issuance of corporate bonds, the Company is required to regularly report to the bond administrator, but the Company has agreed on the extension of such report.

11. 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 adversely 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, strike, 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 adversely 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.

(5) 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 more 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.

In order to manage these risks, the Group established the "Business Continuity Plan (BCP)" as part of its continuing effort to avoid or minimize any impact from such disasters in addition to establishing the precautionary measures, such as construction of earthquake-resistant buildings and emergency procedures responsive to large-scale disasters.

Toshiba Corporation and Subsidiaries
As of March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 3)
Assets	**2015**	2014	**2015**
Current assets:			
Cash and cash equivalents	**¥ 199,366**	¥ 171,340	**$ 1,661,383**
Notes and accounts receivable, trade:			
Notes (Note 7)	**38,397**	38,850	**319,975**
Accounts (Note 7)	**1,426,531**	1,467,590	**11,887,758**
Allowance for doubtful notes and accounts	**(36,308)**	(17,703)	**(302,566)**
Inventories (Note 8)	**1,004,739**	884,809	**8,372,825**
Deferred tax assets (Note 17)	**198,066**	171,022	**1,650,550**
Other receivables	**173,938**	151,038	**1,449,483**
Prepaid expenses and other current assets (Notes 20 and 22)	**333,677**	291,727	**2,780,642**
Total current assets	**3,338,406**	3,158,673	**27,820,050**
Long-term receivables and investments:			
Long-term receivables (Note 7)	**9,937**	461	**82,809**
Investments in and advances to affiliates (Notes 5 and 9)	**362,787**	384,344	**3,023,225**
Marketable securities and other investments (Notes 5 and 6)	**277,099**	277,749	**2,309,158**
Total long-term receivables and investments	**649,823**	662,554	**5,415,192**
Property, plant and equipment (Notes 5, 16 and 21)**:**			
Land	**94,246**	94,769	**785,383**
Buildings	**948,137**	944,284	**7,901,142**
Machinery and equipment	**2,077,734**	2,068,028	**17,314,450**
Construction in progress	**81,712**	76,094	**680,933**
	3,201,829	3,183,175	**26,681,908**
Less-Accumulated depreciation	**(2,315,506)**	(2,273,056)	**(19,295,883)**
Total property, plant and equipment	**886,323**	910,119	**7,386,025**
Other assets (Notes 5 and 16)**:**			
Goodwill and other intangible assets (Note 10)	**1,124,607**	994,888	**9,371,725**
Deferred tax assets (Note 17)	**190,802**	311,725	**1,590,017**
Other assets	**144,817**	134,560	**1,206,808**
Total other assets	**1,460,226**	1,441,173	**12,168,550**
Total assets	**¥ 6,334,778**	¥ 6,172,519	**$ 52,789,817**

The accompanying notes are an integral part of these statements.

Results for the year ended March 31, 2014 have been restated.

Liabilities and equity	Millions of yen 2015	2014	Thousands of U.S. dollars (Note 3) 2015
Current liabilities:			
Short-term borrowings (Note 11)	**¥ 89,104**	¥ 146,105	**$ 742,533**
Current portion of long-term debt (Notes 11 and 20)	**207,275**	57,418	**1,727,292**
Notes and accounts payable, trade	**1,226,330**	1,204,883	**10,219,416**
Accounts payable, other and accrued expenses (Note 25)	**519,527**	503,056	**4,329,392**
Accrued income and other taxes	**67,274**	74,092	**560,617**
Advance payments received	**398,127**	325,697	**3,317,725**
Other current liabilities (Notes 17, 20, 23 and 24)	**403,231**	422,259	**3,360,258**
Total current liabilities	**2,910,868**	2,733,510	**24,257,233**
Long-term liabilities:			
Long-term debt (Notes 11 and 20)	**1,045,005**	1,184,864	**8,708,375**
Accrued pension and severance costs (Note 12)	**582,671**	610,592	**4,855,592**
Other liabilities (Notes 17, 20, 25 and 26)	**230,877**	197,559	**1,923,975**
Total long-term liabilities	**1,858,553**	1,993,015	**15,487,942**
Total liabilities	**¥ 4,769,421**	¥ 4,726,525	**$ 39,745,175**
Equity attributable to shareholders of the Company (Note 18)**:**			
Common stock:			
Authorized–10,000,000,000 shares Issued:			
2015 and 2014 –4,237,602,026 shares	**¥ 439,901**	¥ 439,901	**$ 3,665,841**
Additional paid-in capital	**402,008**	401,830	**3,350,067**
Retained earnings	**383,231**	454,931	**3,193,592**
Accumulated other comprehensive loss	**(139,323)**	(267,786)	**(1,161,025)**
Treasury stock, at cost:			
2015–3,394,424 shares	**(1,821)**	–	**(15,175)**
2014–3,111,467 shares	**–**	(1,687)	**–**
Total equity attributable to shareholders of the Company	**1,083,996**	1,027,189	**9,033,300**
Equity attributable to noncontrolling interests	**481,361**	418,805	**4,011,342**
Total equity	**¥ 1,565,357**	¥ 1,445,994	**$ 13,044,642**
Commitments and contingent liabilities (Notes 22, 23 and 24)			
Total liabilities and equity	**¥ 6,334,778**	¥ 6,172,519	**$ 52,789,817**

Results for the year ended March 31, 2014 have been restated.

Toshiba Corporation and Subsidiaries
For the years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Sales and other income:			
Net sales	**¥ 6,655,894**	¥ 6,489,702	**$ 55,465,783**
Interest and dividends	**10,886**	13,756	**90,717**
Equity in earnings of affiliates (Note 9)	**20,763**	3,254	**173,025**
Other income (Notes 5, 6, 15 and 20)	**118,049**	65,732	**983,741**
	6,805,592	6,572,444	**56,713,266**
Costs and expenses:			
Cost of sales (Notes 5, 10, 13, 16, 21 and 25)	**5,079,028**	4,865,787	**42,325,233**
Selling, general and administrative (Notes 5, 10, 13, 14 and 25)	**1,406,427**	1,366,789	**11,720,225**
Interest	**24,984**	33,696	**208,200**
Other expense (Notes 5, 6, 7, 15 and 20)	**158,509**	123,836	**1,320,908**
	6,668,948	6,390,108	**55,574,566**
Income from continuing operations, before income taxes and noncontrolling interests	**136,644**	182,336	**1,138,700**
Income taxes (Note 17)**:**			
Current	**69,538**	52,583	**579,483**
Deferred	**86,121**	39,462	**717,675**
	155,659	92,045	**1,297,158**
Income (loss) from continuing operations, before noncontrolling interests	**(19,015)**	90,291	**(158,458)**
Loss from discontinued operations, before noncontrolling interests (Note 4)	**0**	(15,021)	**0**
Net income (loss) before noncontrolling interests	**(19,015)**	75,270	**(158,458)**
Less: Net income attributable to noncontrolling interests	**18,810**	15,030	**156,750**
Net income (loss) attributable to shareholders of the Company	**¥ (37,825)**	¥ 60,240	**$ (315,208)**

	Yen		U.S. dollars (Note 3)
Basic net earnings (loss) per share attributable to shareholders of the Company (Note 19)			
Earnings (loss) from continuing operations	**¥ (8.93)**	¥ 16.28	**$ 0.07**
Loss from discontinued operations	**¥ 0.00**	¥ (2.05)	**$ (0.00)**
Net earnings (loss)	**¥ (8.93)**	¥ 14.23	**$ 0.07**
Cash dividends per share (Note 18)	**¥ 4.00**	¥ 8.00	**$ 0.03**

The accompanying notes are an integral part of these statements.

Results for the year ended March 31, 2014 have been restated.

Toshiba Corporation and Subsidiaries
For the years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	**2015**
Net income (loss) before noncontrolling interests	**¥ (19,015)**	¥ 75,270	**$ (158,458)**
Other comprehensive income (loss), net of tax (Note 18)			
Net unrealized gains and losses on securities (Note 6)	**22,664**	18,417	**188,867**
Foreign currency translation adjustments	**129,089**	128,278	**1,075,742**
Pension liability adjustments (Note 12)	**5,041**	55,797	**42,008**
Net unrealized gains and losses on derivative instruments (Note 20)	**4,785**	(1,734)	**39,875**
Total other comprehensive income	**161,579**	200,758	**1,346,492**
Comprehensive income before noncontrolling interests	**142,564**	276,028	**1,188,034**
Less:Comprehensive income attributable to noncontrolling interests	**51,926**	39,636	**432,717**
Comprehensive income attributable to shareholders of the Company	**¥ 90,638**	¥ 236,392	**$ 755,317**

The accompanying notes are an integral part of these statements.

Results for the year ended March 31, 2014 have been restated.

Toshiba Corporation and Subsidiaries
For the years ended March 31, 2015 and 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 non-controlling interests	Total equity
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
Change in ownership for noncontrolling interests and others		**178**				**178**	**18,697**	**18,875**
Dividend attributable to shareholders of the Company			**(33,875)**			**(33,875)**		**(33,875)**
Dividends attributable to noncontrolling interests							**(8,067)**	**(8,067)**
Comprehensive income:								
Net income (loss)			**(37,825)**			**(37,825)**	**18,810**	**(19,015)**
Other comprehensive income (loss), net of tax (Note 18):								
Net unrealized gains and losses on securities (Note 6)				**19,643**		**19,643**	**3,021**	**22,664**
Foreign currency translation adjustments				**96,089**		**96,089**	**33,000**	**129,089**
Pension liability adjustments (Note 12)				**8,330**		**8,330**	**(3,289)**	**5,041**
Net unrealized gains and losses on derivative instruments (Note 20)				**4,401**		**4,401**	**384**	**4,785**
Total comprehensive income						**90,638**	**51,926**	**142,564**
Purchase of treasury stock, net, at cost					**(134)**	**(134)**		**(134)**
Balance at March 31, 2015	**¥ 439,901**	**¥ 402,008**	**¥ 383,231**	**¥ (139,323)**	**¥ (1,821)**	**¥ 1,083,996**	**¥ 481,361**	**¥ 1,565,357**

Results for the year ended March 31, 2014 have been restated.

	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 non-controlling interests	Total equity
Balance at March 31, 2014	$ 3,665,841	$ 3,348,584	$ 3,791,092	$ (2,231,550)	$ (14,058)	$ 8,559,909	$ 3,490,041	$ 12,049,950
Change in ownership for noncontrolling interests and others		**1,483**				**1,483**	**155,809**	**157,292**
Dividend attributable to shareholders of the Company			**(282,292)**			**(282,292)**		**(282,292)**
Dividends attributable to noncontrolling interests							**(67,225)**	**(67,225)**
Comprehensive income:								
Net income (loss)			**(315,208)**			**(315,208)**	**156,750**	**(158,458)**
Other comprehensive income (loss), net of tax (Note 18):								
Net unrealized gains and losses on securities (Note 6)				**163,691**		**163,691**	**25,176**	**188,867**
Foreign currency translation adjustments				**800,742**		**800,742**	**275,000**	**1,075,742**
Pension liability adjustments (Note 12)				**69,417**		**69,417**	**(27,409)**	**42,008**
Net unrealized gains and losses on derivative instruments (Note 20)				**36,675**		**36,675**	**3,200**	**39,875**
Total comprehensive income						**755,317**	**432,717**	**1,188,034**
Purchase of treasury stock, net, at cost					**(1,117)**	**(1,117)**		**(1,117)**
Balance at March 31, 2015	**$ 3,665,841**	**$ 3,350,067**	**$ 3,193,592**	**$ (1,161,025)**	**$ (15,175)**	**$ 9,033,300**	**$ 4,011,342**	**$ 13,044,642**

The accompanying notes are an integral part of these statements.

Results for the year ended March 31, 2014 have been restated.

Toshiba Corporation and Subsidiaries
For the years ended March 31, 2015 and 2014

		Millions of yen			Thousands of U.S. dollars (Note 3)
		2015		2014	**2015**
Cash flows from operating activities					
Net income (loss) before noncontrolling interests	**¥**	**(19,015)**	¥	75,270	**$ (158,458)**
Adjustments to reconcile net income before noncontrolling interests to net cash provided by operating activities–					
Depreciation and amortization		**189,938**		171,796	**1,582,817**
Provisions for pension and severance costs,less payments		**(14,355)**		(12,960)	**(119,625)**
Deferred income taxes		**86,121**		40,510	**717,675**
Equity in earnings of affiliates, net of dividends		**(10,708)**		12,992	**(89,233)**
Loss from sales, disposal and impairment of property, plant and equipment and intangible assets, net		**107,585**		16,873	**896,542**
Gain from sales and impairment of securities and other investments, net		**(25,224)**		(4,086)	**(210,200)**
(Increase) decrease in notes and accounts receivable, trade		**94,186**		(91,309)	**784,883**
(Increase) decrease in inventories		**(80,372)**		46,363	**(669,767)**
Decrease in notes and accounts payable, trade		**(43,124)**		(59,784)	**(359,367)**
Increase (decrease) in accrued income and other taxes		**(5,082)**		4,703	**(42,350)**
Increase in advance payments received		**38,489**		12,831	**320,742**
Other		**12,003**		70,933	**100,025**
Net cash provided by operating activities		**330,442**		284,132	**2,753,684**
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment and intangible assets		**54,059**		40,491	**450,492**
Proceeds from sale of securities		**66,486**		12,134	**554,050**
Acquisition of property, plant and equipment		**(236,510)**		(200,924)	**(1,970,917)**
Acquisition of intangible assets		**(51,374)**		(50,975)	**(428,117)**
Purchase of securities		**(4,052)**		(5,292)	**(33,767)**
(Increase) decrease in investments in affiliates		**8,769**		(1,437)	**73,075**
Other		**(27,508)**		(38,098)	**(229,233)**
Net cash used in investing activities		**(190,130)**		(244,101)	**(1,584,417)**
Cash flows from financing activities					
Proceeds from long-term debt		**241,845**		198,826	**2,015,375**
Repayment of long-term debt		**(249,795)**		(234,773)	**(2,081,625)**
Decrease in short-term borrowings, net		**(74,353)**		(13,678)	**(619,608)**
Dividends paid		**(42,068)**		(38,954)	**(350,567)**
Purchase of treasury stock, net		**(134)**		(145)	**(1,117)**
Other		**(1,290)**		(585)	**(10,750)**
Net cash used in financing activities		**(125,795)**		(89,309)	**(1,048,292)**
Effect of exchange rate changes on cash and cash equivalents		**13,509**		11,449	**112,575**
Net increase (decrease) in cash and cash equivalents		**28,026**		(37,829)	**233,550**
Cash and cash equivalents at beginning of year		**171,340**		209,169	**1,427,833**
Cash and cash equivalents at end of year	**¥**	**199,366**	¥	171,340	**$ 1,661,383**
Supplemental disclosure of cash flow information					
Cash paid during the year for–					
Interest	**¥**	**28,194**	¥	33,777	**$ 234,950**
Income taxes		**86,846**		50,997	**723,717**

The accompanying notes are an integral part of these statements.

Results for the year ended March 31, 2014 have been restated.

Toshiba Corporation and Subsidiaries
March 31, 2015

1. DESCRIPTION OF BUSINESS

Toshiba Corporation ("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, 2015, sales of Energy & Infrastructure represented the most significant portion of the Group's total sales or approximately 28 percent. Electronic Devices & Components, second to Energy & Infrastructure, represented approximately 24 percent, Community Solutions approximately 19 percent, Lifestyle Products & Services approximately 16 percent, and Healthcare Systems & Services approximately 6 percent of the Group's total sales. 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 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. The Group's products are manufactured and marketed throughout the world with approximately 41 percent and 42 percent of its sales in Japan for the years ended March 31, 2015 and 2014, respectively, and the remainder in Asia, North America, Europe and other parts of the world.

Results for the year ended March 31, 2014 have been restated.

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 statements of income.

Results for the year ended March 31, 2014 have been restated.

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.

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 statements 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.

Results for the year ended March 31, 2014 have been restated.

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 ¥76,887 million ($640,725 thousand) and ¥72,905 million for the years ended March 31, 2015 and 2014, 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 sheets.

Results for the year ended March 31, 2014 have been restated.

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 the Company will adopt ASU No.2014-08 effective April 1, 2015. The adoption of ASU No.2014-08 will not have 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 with customers to transfer goods or services or 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 five 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, 2017, and the Company will adopt ASU No.2014-09 effective April 1, 2018. The Company is currently evaluating the impact of adoption of ASU No.2014-09 on the Company's consolidated financial statements.

SUBSEQUENT EVENTS

The Group has evaluated subsequent events up to September 7, 2015 of Annual Securities Reports in accordance with ASC No.855 "Subsequent Events".

RECLASSIFICATIONS

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.

Results for the year ended March 31, 2014 have been restated.

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 ¥120=U.S. $1, the approximate current rate of exchange at March 31, 2015, 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 statements of income.

Operating results relating to the ODD business, which are reclassified as discontinued operations, are as follows. At March 31, 2015, these amounts are not significant.

	Millions of yen
Year ended March 31	2014
Sales and other income	¥ 74,733
Costs and expenses	89,754
Loss from discontinued operations, before income taxes and noncontrolling interests	(15,021)
Income taxes	0
Loss from discontinued operations, before noncontrolling interests	(15,021)
Less:Net income (loss) from discontinued operations attributable to noncontrolling interests	(6,319)
Net loss from discontinued operations attributable to shareholders of the Company	(8,702)

Results for the year ended March 31, 2014 have been restated.

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, 2015 and 2014 are as follows:

	Millions of yen			
March 31, 2015	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Equity securities	**¥ 243,622**	**¥ 1,004**	**¥ –**	**¥ 244,626**
Debt securities	**–**	**–**	**320**	**320**
Derivative assets:				
Forward exchange contracts	**–**	**17,002**	**–**	**17,002**
Currency options	**–**	**42**	**–**	**42**
Total assets	**¥ 243,622**	**¥ 18,048**	**¥ 320**	**¥ 261,990**
Liabilities:				
Derivative liabilities:				
Forward exchange contracts	**¥ –**	**¥ 4,742**	**¥ –**	**¥ 4,742**
Interest rate swap agreements	**–**	**3,417**	**–**	**3,417**
Currency swap agreements	**–**	**28**	**–**	**28**
Total liabilities	**¥ –**	**¥ 8,187**	**¥ –**	**¥ 8,187**

	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

Results for the year ended March 31, 2014 have been restated.

March 31, 2015	Thousands of U.S. dollars Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Equity securities	$ 2,030,183	$ 8,367	$ –	$ 2,038,550
Debt securities	–	–	2,667	2,667
Derivative assets:				
Forward exchange contracts	–	141,683	–	141,683
Currency options	–	350	–	350
Total assets	$ 2,030,183	$ 150,400	$ 2,667	$ 2,183,250
Liabilities:				
Derivative liabilities:				
Forward exchange contracts	$ –	$ 39,517	$ –	$ 39,517
Interest rate swap agreements	–	28,475	–	28,475
Currency swap agreements	–	233	–	233
Total liabilities	$ –	$ 68,225	$ –	$ 68,225

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, 2015 and 2014 are as follows:

Year ended March 31, 2015	Millions of yen Marketable securities
Balance at beginning of year	¥ 4,552
Total gains or losses (realized or unrealized):	
Included in other comprehensive income (loss):	
Net unrealized gains and losses on securities	17
Purchases	200
Sales	(5)
Issuances	133
Settlements	(4,577)
Balance at end of year	¥ 320

Results for the year ended March 31, 2014 have been restated.

Toshiba Corporation and Subsidiaries
March 31, 2015

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

Year ended March 31, 2015	Thousands of U.S. dollars Marketable securities
Balance at beginning of year	**$ 37,933**
Total gains or losses (realized or unrealized):	
Included in other comprehensive income (loss):	
Net unrealized gains and losses on securities	**142**
Purchases	**1,667**
Sales	**(42)**
Issuances	**1,108**
Settlements	**(38,141)**
Balance at end of year	**$ 2,667**

At March 31, 2015 and 2014, Level 3 assets measured at fair value on a recurring basis consisted of corporate debt securities.

Results for the year ended March 31, 2014 have been restated.

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, 2015 and 2014 are as follows:

	Millions of yen			
Year ended March 31, 2015	Level 1	Level 2	Level 3	Total
Assets:				
Investments in and advances to affiliates	**¥ –**	**¥ –**	**¥ 0**	**¥ 0**
Long-lived assets held for use	**–**	**–**	**43,651**	**43,651**
Component held for sale	**–**	**–**	**0**	**0**
Total assets	**¥ –**	**¥ –**	**¥ 43,651**	**¥ 43,651**

	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

	Thousands of U.S. dollars			
Year ended March 31, 2015	Level 1	Level 2	Level 3	Total
Assets:				
Investments in and advances to affiliates	**$ –**	**$ –**	**$ 0**	**$ 0**
Long-lived assets held for use	**–**	**–**	**363,758**	**363,758**
Component held for sale	**–**	**–**	**0**	**0**
Total assets	**$ –**	**$ –**	**$ 363,758**	**$ 363,758**

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. 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. They 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, 2015 and 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 year ended March 31, 2015 and 2014. The discount rate used for the weighted average cost was 6.2% to 9.8%.

Components 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, 2015 and 2014. The loss of component held for sale in loss from discontinued operations, before noncontrolling interests was ¥6,117 million for the year ended March 31, 2014.

As a result, the net impacts from continuing operations for the years ended March 31, 2015 and 2014 were ¥132,729 million ($1,106,075 thousand) loss and ¥52,730 million loss, respectively. They are included in cost of sales, selling, general and administrative, and other income and other expense.

Results for the year ended March 31, 2014 have been restated.

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, 2015 and 2014 are as follows:

	Millions of yen			
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
March 31, 2015:				
Equity securities	**¥ 42,800**	**¥ 203,364**	**¥ 1,538**	**¥ 244,626**
Debt securities	**291**	**29**	**–**	**320**
	¥ 43,091	**¥ 203,393**	**¥ 1,538**	**¥ 244,946**
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

	Thousands of U.S. dollars			
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
March 31, 2015:				
Equity securities	**$ 356,667**	**$ 1,694,700**	**$ 12,817**	**$ 2,038,550**
Debt securities	**2,425**	**242**	**–**	**2,667**
	$ 359,092	**$ 1,694,942**	**$ 12,817**	**$ 2,041,217**

At March 31, 2015 and 2014, debt securities mainly consist of corporate debt securities.

Contractual maturities of debt securities classified as available-for-sale at March 31, 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars	
March 31, 2015:	Cost	Fair value	Cost	Fair value
Due within one year	**¥ 291**	**¥ 320**	**$ 2,425**	**$ 2,667**
Due after one year within five years	**–**	**–**	**–**	**–**
Due after five years within ten years	**–**	**–**	**–**	**–**
	¥ 291	**¥ 320**	**$ 2,425**	**$ 2,667**

The proceeds from sales of available-for-sale securities for the years ended March 31, 2015 and 2014 were ¥66,450 million ($553,750 thousand) and ¥12,134 million, respectively. The gross realized gains on those sales for the years ended March 31, 2015 and 2014 were ¥35,395 million ($294,958 thousand) and ¥6,440 million, respectively. The gross realized losses on those sales for the years ended March 31, 2015 and 2014 were ¥520 million ($4,333 thousand) and ¥5 million, respectively.

At March 31, 2015, 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 ¥30,019 million ($250,158 thousand) and ¥40,773 million at March 31, 2015 and 2014, respectively. At March 31, 2015 and 2014, investments with an aggregate cost of ¥28,587 million ($238,225 thousand) and ¥36,441 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 ¥7,915 million ($65,958 thousand) and ¥4,013 million related to other-than-temporary impairments in the marketable and non-marketable equity securities for the years ended March 31, 2015 and 2014, respectively.

Results for the year ended March 31, 2014 have been restated.

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 sheets.

The Group recognized losses of ¥956 million ($7,967 thousand) and ¥915 million on the transfers of receivables for the years ended March 31, 2015 and 2014, 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 the transfer of the receivables is measured based on the economic hypothesis including the estimate of uncollectible 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	**2015**	2014	**2015**
Proceeds from new securitizations	**¥ 1,000,743**	¥ 922,012	**$ 8,339,525**
Servicing fees for the collection of the receivables	**645**	563	**5,375**
Repurchase of delinquent or unqualified receivables	**54**	117	**450**

Quantitative information about delinquencies, net credit losses, and components of securitized receivables as of and for the years ended March 31, 2015 and 2014 are as follows: Of these receivables, deferred proceeds for the receivables transferred as of March 31, 2015 and 2014 were ¥59,216 million ($493,467 thousand) and ¥44,571 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	
	2015	2014	**2015**	2014	**2015**	2014
Accounts receivable	**¥ 1,646,209**	¥ 1,655,578	**¥ 47,586**	¥ 43,552	**¥ 4,086**	¥ 2,391
Notes receivable	**90,476**	89,511	**0**	12	**0**	117
Total managed portfolio	**1,736,685**	1,745,089	**¥ 47,586**	¥ 43,564	**¥ 4,086**	¥ 2,508
Securitized receivables	**(261,820)**	(238,188)				
Total receivables	**¥ 1,474,865**	¥ 1,506,901				

	Thousands of U.S. dollars		
	Total principal amount of receivables	Amount 90 days or more past due	Net credit losses
	March 31, 2015		Year ended March 31, 2015
Accounts receivable	**$ 13,718,408**	**$ 396,550**	**$ 34,050**
Notes receivable	**753,967**	**0**	**0**
Total managed portfolio	**14,472,375**	**$ 396,550**	**$ 34,050**
Securitized receivables	**(2,181,833)**		
Total receivables	**$ 12,290,542**		

Results for the year ended March 31, 2014 have been restated.

Toshiba Corporation and Subsidiaries
March 31, 2015

8. INVENTORIES

Inventories at March 31, 2015 and 2014 consist of the following:

	Millions of yen		Thousands of U.S. dollars
March 31	**2015**	2014	**2015**
Finished products	**¥ 373,533**	¥ 323,169	**$ 3,112,775**
Work in process:			
Long-term contracts	**82,665**	82,063	**688,875**
Other	**348,634**	320,881	**2,905,283**
Raw materials	**199,907**	158,696	**1,665,892**
	¥ 1,004,739	¥ 884,809	**$ 8,372,825**

Results for the year ended March 31, 2014 have been restated.

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, 2015 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 ¥43,973 million ($366,442 thousand) and ¥40,524 million at March 31, 2015 (4 companies) and 2014 (4 companies), respectively. The Group's investments in these companies had market values of ¥124,525 million ($1,037,708 thousand) and ¥79,489 million at March 31, 2015 and 2014, 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	**2015**	2014	**2015**
Current assets	**¥ 1,534,571**	¥ 1,215,470	**$ 12,788,092**
Other assets including property, plant and equipment	**1,172,854**	1,089,912	**9,773,783**
Total assets	**¥ 2,707,425**	¥ 2,305,382	**$ 22,561,875**
Current liabilities	**¥ 1,347,234**	¥ 996,564	**$ 11,226,950**
Long-term liabilities	**417,492**	430,545	**3,479,100**
Equity	**942,699**	878,273	**7,855,825**
Total liabilities and equity	**¥ 2,707,425**	¥ 2,305,382	**$ 22,561,875**

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2015**	2014	**2015**
Sales	**¥ 2,020,563**	¥ 1,864,530	**$ 16,838,025**
Net income	**70,091**	40,071	**584,092**

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

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2015**	2014	**2015**
Sales	**¥ 190,083**	¥ 152,195	**$ 1,584,025**
Purchases	**189,640**	169,698	**1,580,333**
Dividends	**11,411**	16,161	**95,092**

	Millions of yen		Thousands of U.S. dollars
March 31	**2015**	2014	**2015**
Notes and accounts receivable, trade	**¥ 50,465**	¥ 47,487	**$ 420,542**
Other receivables	**21,327**	16,694	**177,725**
Short-term loans receivable	**–**	5,000	**–**
Long-term loans receivable	**66,706**	88,083	**555,883**
Notes and accounts payable, trade	**28,806**	26,959	**240,050**
Other payables	**11,609**	11,713	**96,742**

Results for the year ended March 31, 2014 have been restated.

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, 2015 and 2014.

The components of acquired intangible assets excluding goodwill at March 31, 2015 and 2014 are as follows:

	Millions of yen		
March 31, 2015	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:			
Software	**¥ 216,615**	**¥ 136,826**	**¥ 79,789**
Technical license fees	**62,645**	**51,415**	**11,230**
Core and current technology	**240,022**	**84,115**	**155,907**
Customer relationship	**150,825**	**38,141**	**112,684**
Other	**53,306**	**19,560**	**33,746**
Total	**¥ 723,413**	**¥ 330,057**	**¥ 393,356**
Other intangible assets not subject to amortization:			
Brand name			**55,309**
Other			**2,125**
Total			**57,434**
			¥ 450,790

	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

	Thousands of U.S. dollars		
March 31, 2015	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:			
Software	**$ 1,805,125**	**$ 1,140,217**	**$ 664,908**
Technical license fees	**522,042**	**428,458**	**93,584**
Core and current technology	**2,000,183**	**700,958**	**1,299,225**
Customer relationship	**1,256,875**	**317,842**	**939,033**
Other	**444,217**	**163,000**	**281,217**
Total	**$ 6,028,442**	**$ 2,750,475**	**$ 3,277,967**
Other intangible assets not subject to amortization:			
Brand name			**460,908**
Other			**17,708**
Total			**478,616**
			$ 3,756,583

Results for the year ended March 31, 2014 have been restated.

Other intangible assets acquired during the year ended March 31, 2015 primarily consisted of software of ¥40,897 million ($340,808 thousand). The weighted-average amortization period of software for the year ended March 31, 2015 was approximately 4.9 years.

The weighted-average amortization periods for other intangible assets were approximately 12.5 years and 12.2 years for the years ended March 31, 2015 and 2014, respectively. Amortization expenses of other intangible assets subject to amortization for the years ended March 31, 2015 and 2014 are ¥46,518 million ($387,650 thousand) and ¥51,692 million, respectively. The future amortization expense for each of the next 5 years relating to other intangible assets currently recorded in the consolidated balance sheets at March 31, 2015 is estimated as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2016	¥ 52,566	$ 438,050
2017	47,545	396,208
2018	43,577	363,142
2019	33,855	282,125
2020	27,836	231,967

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, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2015**	2014	**2015**
Balance at beginning of year	**¥ 574,520**	¥ 508,145	**$ 4,787,667**
Goodwill acquired during the year	**26,592**	11,100	**221,600**
Foreign currency translation adjustments	**72,705**	55,275	**605,875**
Balance at end of year	**¥ 673,817**	¥ 574,520	**$ 5,615,142**

As of March 31, 2015 and 2014, goodwill allocated to Energy & Infrastructure is ¥555,680 million ($4,630,667 thousand) and ¥469,155 million, respectively. The rest was mainly allocated to Community Solutions.

Results for the year ended March 31, 2014 have been restated.

11. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2015 and 2014 consist of the following:

	Millions of yen		Thousands of U.S. dollars
March 31	**2015**	2014	**2015**
Loans and overdrafts, principally from banks, with weighted-average interest rate of 2.18% at March 31, 2015, and 3.92% at March 31, 2014:			
Secured	**¥ –**	¥ –	**$ –**
Unsecured	**89,104**	91,105	**742,533**
Commercial paper with weighted-average interest rate of 0.11% at March 31, 2014:	**–**	55,000	**–**
	¥ 89,104	¥ 146,105	**$ 742,533**

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, 2015, the Group had unused committed lines of credit from short-term financing arrangements aggregating ¥320,000 million ($2,666,667 thousand). The lines of credit expire on various dates from April 2015 through March 2016. 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, 2015 and 2014 consist of the following:

	Millions of yen		Thousands of U.S. dollars
March 31	**2015**	2014	**2015**
Loans, principally from banks, due 2015 to 2030 with weighted-average interest rate of 0.69% at March 31, 2015, and due 2014 to 2027 with weighted-average interest rate of 0.53% at March 31, 2014:			
Secured	**¥ –**	¥ –	**$ –**
Unsecured	**850,772**	688,018	**7,089,767**
Unsecured yen bonds, due 2015 to 2020 with interest rates ranging from 0.25% to 2.20% at March 31, 2015, and due 2015 to 2020 with interest rates ranging from 0.25% to 2.20% at March 31, 2014	**370,000**	340,000	**3,083,333**
Interest deferrable and early redeemable subordinated bonds:			
Due 2069 with interest rate of 7.50% at March 31, 2014	**–**	180,000	**–**
Capital lease obligations	**31,508**	34,264	**262,567**
	1,252,280	1,242,282	**10,435,667**
Less-Portion due within one year	**(207,275)**	(57,418)	**(1,727,292)**
	¥ 1,045,005	¥ 1,184,864	**$ 8,708,375**

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

Results for the year ended March 31, 2014 have been restated.

The aggregate annual maturities of long-term debt, as of March 31, 2015, excluding those of capital lease obligations, are as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2016	¥ 198,229	$ 1,651,908
2017	208,754	1,739,617
2018	239,430	1,995,250
2019	163,302	1,360,850
2020	340,502	2,837,517
Thereafter	70,555	587,958
	¥ 1,220,772	$ 10,173,100

Article of representations and warranties, article of undertaking and Regular reports

Due to inappropriate accounting treatments, the Group conflicts with the article of representations and warranties, and the article of undertaking in loan agreements with several financial institutions. The Group reached the agreement with these financial institutions to be continuously financed for the time being. In Supplement to Self Registration Statement, which the Company submitted at time of issuing bonds, the Company is required to submit regular reports to bond administrator. The Company agreed with bond administrator to extend due of report.

Results for the year ended March 31, 2014 have been restated.

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, 2015 and 2014 and the funded status at March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2015**	2014	**2015**
Change in benefit obligation:			
Benefit obligation at beginning of year	**¥ 1,710,813**	¥ 1,675,280	**$ 14,256,775**
Service cost	**67,527**	59,304	**562,725**
Interest cost	**30,277**	34,105	**252,308**
Plan participants' contributions	**4,867**	4,709	**40,558**
Plan amendments	**(303)**	(1,589)	**(2,525)**
Actuarial loss (gain)	**92,583**	(5,514)	**771,525**
Benefits paid	**(84,823)**	(81,433)	**(706,858)**
Acquisitions and divestitures	**(1,976)**	–	**(16,467)**
Foreign currency exchange impact	**27,142**	25,951	**226,184**
Benefit obligation at end of year	**¥ 1,846,107**	¥ 1,710,813	**$ 15,384,225**
Change in plan assets:			
Fair value of plan assets at beginning of year	**¥ 1,100,471**	¥ 959,081	**$ 9,170,592**
Actual return on plan assets	**125,300**	87,425	**1,044,167**
Employer contributions	**67,675**	85,378	**563,958**
Plan participants' contributions	**4,867**	4,709	**40,558**
Benefits paid	**(56,241)**	(54,466)	**(468,675)**
Acquisitions and divestitures	**–**	–	**–**
Foreign currency exchange impact	**20,217**	18,344	**168,475**
Fair value of plan assets at end of year	**¥ 1,262,289**	¥ 1,100,471	**$ 10,519,075**
Funded status	**¥ (583,818)**	¥ (610,342)	**$ (4,865,150)**

Amounts recognized in the consolidated balance sheets at March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2015**	2014	**2015**
Other assets	**¥ –**	¥ 1,390	**$ –**
Other current liabilities	**(1,147)**	(1,140)	**(9,558)**
Accrued pension and severance costs	**(582,671)**	(610,592)	**(4,855,592)**
	¥ (583,818)	¥ (610,342)	**$ (4,865,150)**

Results for the year ended March 31, 2014 have been restated.

Amounts recognized in accumulated other comprehensive loss at March 31, 2015 and 2014 are as follows:

March 31	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Unrecognized actuarial loss	¥ **462,980**	¥ 479,262	$ **3,858,167**
Unrecognized prior service cost	**(26,477)**	(30,202)	**(220,642)**
	¥ **436,503**	¥ 449,060	$ **3,637,525**

The accumulated benefit obligation at March 31, 2015 and 2014 are as follows:

March 31	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Accumulated benefit obligation	¥ **1,793,308**	¥ 1,664,330	$ **14,944,233**

The components of the net periodic pension and severance cost for the years ended March 31, 2015 and 2014 are as follows:

Year ended March 31	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Service cost	¥ **67,527**	¥ 59,304	$ **562,725**
Interest cost on projected benefit obligation	**30,277**	34,105	**252,308**
Expected return on plan assets	**(32,923)**	(28,322)	**(274,358)**
Amortization of prior service cost	**(3,672)**	(3,659)	**(30,600)**
Recognized actuarial loss	**21,655**	27,574	**180,458**
Net periodic pension and severance cost	¥ **82,864**	¥ 89,002	$ **690,533**

Other changes in plan assets and benefit obligation recognized in the other comprehensive income (loss) for the years ended March 31, 2015 and 2014 are as follows:

Year ended March 31	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Current year actuarial (gain) loss	¥ **206**	¥ (64,617)	$ **1,716**
Recognized actuarial loss	**(21,655)**	(27,574)	**(180,458)**
Prior service cost due to plan amendments	**(303)**	(1,589)	**(2,525)**
Amortization of prior service cost	**3,672**	3,659	**30,600**
	¥ **(18,080)**	¥ (90,121)	$ **(150,667)**

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:

Year ending March 31	Millions of yen 2016	Thousands of U.S. dollars 2016
Prior service cost	¥ (4,399)	$ (36,658)
Actuarial loss	19,907	165,892

Results for the year ended March 31, 2014 have been restated.

For the year ended March 31, 2015, 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 ¥3,784 million ($31,533 thousand). The Group expects to contribute ¥71,485 million ($595,708 thousand) to its defined benefit plans, included Cash Balance Plan, in the year ending March 31, 2016.

The following benefit payments are expected to be paid:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2016	¥ 86,093	$ 717,442
2017	84,175	701,458
2018	85,605	713,375
2019	97,105	809,208
2020	99,200	826,667
2021 - 2025	557,440	4,645,333

Weighted-average assumptions used to determine benefit obligations as of March 31, 2015 and 2014 and net periodic pension and severance cost for the years then ended are as follows:

March 31	**2015**	2014
Discount rate	**1.5%**	1.8%
Rate of compensation increase	**3.0%**	3.1%

Year ended March 31	**2015**	2014
Discount rate	**1.8%**	2.1%
Expected long-term rate of return on plan assets	**2.9%**	2.9%
Rate of compensation increase	**3.1%**	3.2%

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.

Results for the year ended March 31, 2014 have been restated.

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, 2015 and 2014 by asset category are as follows:

	Millions of yen			
March 31, 2015	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	¥ 14,334	¥ –	¥ –	¥ 14,334
Equity securities:				
Japanese companies	227,437	–	–	227,437
Foreign companies	70,327	–	–	70,327
Pooled funds	49,000	141,552	–	190,552
Debt securities:				
Government bonds	210,320	–	–	210,320
Municipal bonds	–	346	–	346
Corporate bonds	–	14,695	–	14,695
Pooled funds	51,548	153,405	8,122	213,075
Other assets:				
Hedge funds	–	–	189,004	189,004
Real estate	–	–	46,137	46,137
Life insurance company general accounts	–	79,786	–	79,786
Other assets	–	6,276	–	6,276
Total	¥ 622,966	¥ 396,060	¥ 243,263	¥ 1,262,289

	Thousands of U.S. dollars			
March 31, 2015	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 119,450	$ –	$ –	$ 119,450
Equity securities:				
Japanese companies	1,895,308	–	–	1,895,308
Foreign companies	586,058	–	–	586,058
Pooled funds	408,333	1,179,600	–	1,587,933
Debt securities:				
Government bonds	1,752,667	–	–	1,752,667
Municipal bonds	–	2,883	–	2,883
Corporate bonds	–	122,458	–	122,458
Pooled funds	429,567	1,278,375	67,683	1,775,625
Other assets:				
Hedge funds	–	–	1,575,034	1,575,034
Real estate	–	–	384,475	384,475
Life insurance company general accounts	–	664,884	–	664,884
Other assets	–	52,300	–	52,300
Total	$ 5,191,383	$ 3,300,500	$ 2,027,192	$ 10,519,075

Notes: 1) Pooled funds in equity securities invest in listed equity securities consisting of approximately 7% Japanese companies and 93% foreign companies.
2) Government bonds include approximately 79% Japanese government bonds and 21% foreign government bonds.
3) Pooled funds in debt securities invest in approximately 42% foreign government bonds, 58% municipal bonds and corporate bonds.

Results for the year ended March 31, 2014 have been restated.

March 31, 2014	Millions of yen 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

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.

Results for the year ended March 31, 2014 have been restated.

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, 2015 and 2014 are as follows:

	Millions of yen			
Year ended March 31, 2015	Pooled funds	Hedge funds	Real estate	Total
Balance at beginning of year	**¥ 6,677**	**¥ 157,247**	**¥ 39,762**	**¥ 203,686**
Actual return:				
Relating to assets sold	**–**	**647**	**(26)**	**621**
Relating to assets still held	**1,445**	**30,085**	**2,558**	**34,088**
Purchases, issuances and settlements	**–**	**1,025**	**3,843**	**4,868**
Balance at end of year	**¥ 8,122**	**¥ 189,004**	**¥ 46,137**	**¥ 243,263**

	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

	Thousands of U.S. dollars			
Year ended March 31, 2015	Pooled funds	Hedge funds	Real estate	Total
Balance at beginning of year	**$ 55,642**	**$ 1,310,391**	**$ 331,350**	**$ 1,697,383**
Actual return:				
Relating to assets sold	**–**	**5,392**	**(217)**	**5,175**
Relating to assets still held	**12,042**	**250,708**	**21,317**	**284,067**
Purchases, issuances and settlements	**–**	**8,542**	**32,025**	**40,567**
Balance at end of year	**$ 67,684**	**$ 1,575,033**	**$ 384,475**	**$ 2,027,192**

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, 2015 and 2014.

Results for the year ended March 31, 2014 have been restated.

13. RESEARCH AND DEVELOPMENT COSTS

Research and development costs are expensed as incurred and amounted to ¥352,685 million ($2,939,042 thousand) and ¥327,913 million for the years ended March 31, 2015 and 2014, respectively.

14. ADVERTISING COSTS

Advertising costs are expensed as incurred and amounted to ¥33,701 million ($280,842 thousand) and ¥33,046 million for the years ended March 31, 2015 and 2014, respectively.

15. OTHER INCOME AND OTHER EXPENSE

FOREIGN EXCHANGE GAINS

For the years ended March 31, 2015 and 2014, the net foreign exchange gains were ¥19,988 million ($166,567 thousand) and ¥15,343 million, respectively.

GAINS AND LOSSES ON SALES OF SECURITIES

The gains on sales of securities for the year ended March 31, 2015, were ¥35,534 million ($296,117 thousand). These gains were mainly related to the sales of equity securities. The gains on sales of securities for the year ended March 31, 2014, were not significant. The losses on sales of securities for the year ended March 31, 2015, were not significant. The losses on sales of securities were ¥11,204 million 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.

GAINS AND LOSSES ON SALES OR DISPOSAL OF FIXED ASSETS

For the years ended March 31, 2015 and 2014, the sale and disposal of fixed assets were ¥14,711 million ($122,592 thousand) loss and ¥482 million loss, respectively. Gains on sales of fixed assets were ¥2,518 million ($20,983 thousand), and losses on disposal of fixed assets were ¥17,229 million ($143,575 thousand) for the year ended March 31, 2015. Gains on sales of fixed assets were ¥3,703 million, and losses on disposal of fixed assets were ¥4,185 million for the year ended March 31, 2014.

Proceed from legal settlement with SK hynix Inc.

In December 2014, the Company has reached a settlement with Korea's SK hynix Inc. ("SK hynix") in connection with a civil lawsuit that the Company initiated against SK hynix on March 2014 to seek damages under Japan's Unfair Competition Prevention Act. Proceed from legal settlement with SK hynix of ¥32,868 million ($273,900 thousand) was recorded for the year ended March 31, 2015.

Restructuring Charges of the Lifestyle Products & Services business

In light of the severe business environment of the Visual Products business centering on televisions, its sales resources were concentrated on the Japanese market where demand for large-screen Ultra HD (4K)-ready LCD TVs is expected to grow. In addition, the restructuring measures such as closure and consolidation of distribution sites were implemented in the countries and regions where its profitability was low in order to maintain its stable profitability, which is immune to sales volume. Consequently, restructuring charges of ¥17,905 million ($149,208 thousand) were recorded for the year ended March 31, 2015. For the PC business, to ensure its stable profits, the structural shift to Business to Business market was further accelerated from the Business to Customer market, which is highly volatile due to the market environment, by its downscale of Business to Consumer market including withdrawal and closure in certain regions. As a result, restructuring charges of ¥16,114 million ($134,283 thousand) were recorded for the year ended March 31, 2015.

Penalties related to the revision of inappropriate accounting treatments in previous years

In February, 2015, the Company received an order to report from the Securities and Exchange Surveillance Commission ("SESC"), based on Article 26 of the Financial Instruments and Exchange Act, requiring submission of a report. Through subsequent investigations by the Special Investigation Committee and the Independent Investigation Committee and self-checks, inappropriate accounting treatments in previous years to be corrected were identified. Consequently, the Company may receive a payment order of administrative monetary penalty from the Financial Services Agency for the act that the Company submitted the financial statements including material misstatements due to inappropriate accounting treatments pursuant to Article 172-4, Paragraphs 1 and 2 of the Financial Instruments and Exchange Act and the act that its securities were traded based on the published disclosure documents including material misstatements due to inappropriate accounting treatments pursuant to Article 172-2, Paragraph 1 of the Financial Instruments and Exchange Act. For the fiscal year ended March 31, 2015, provision for estimated penalties related to this revision of inappropriate accounting treatments in previous years amount to ¥8,427 million ($70,225 thousand) were recorded.

Results for the year ended March 31, 2014 have been restated.

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, 2015 were consisted of ¥3,116 million ($25,967 thousand) in the PC business, ¥3,439 million ($28,658 thousand) in the System LSI business, ¥41,875 million ($348,958 thousand) in the Discrete business, ¥38,869 million ($323,908 thousand) in Home Appliances business, ¥2,596 million ($21,633 thousand) in the Battery business, and ¥2,387 million ($19,892 thousand) in the Automotive Applications business. Impairment loss for the Visual Products business for the year ended March 31, 2015 was not significant. Impairment losses recorded in the year ended March 31, 2014 were consisted of ¥1,940 million in the Visual Products business, ¥4,611 million in the PC business, ¥4,647 million in the Analog and Imaging IC business, and ¥4,423 million in the System LSI business. These impairment losses are included in cost of sales in the consolidated statements of income. Impairment losses in the Visual Products business, the PC business and the Home Appliances business are related to Lifestyle Products & Services, those in the Analog and Imaging IC business, the System LSI business and the Discrete business are related to Electronic Devices & Components, and those in the Battery business and the Automotive Applications business are related to Energy & Infrastructure.

Results for the year ended March 31, 2014 have been restated.

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 35.6 percent and 38.0 percent for the years ended March 31, 2015 and 2014, respectively.

Amendments to the Japanese tax regulations were enacted into law on March 31, 2015. As a result of these amendments, the effective statutory tax rate used to calculate deferred tax assets and liabilities was changed from 35.6 percent to 33.1 percent for temporary difference expected to be eliminated during the fiscal year beginning on April 1, 2015, and 32.3 percent for temporary difference expected to be eliminated in and after the fiscal year beginning on April 1, 2016. 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, 2015.

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:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2015**	2014	**2015**
Expected income tax expense	**¥ 48,645**	¥ 69,288	**$ 405,375**
Increase (decrease) in taxes resulting from:			
Tax credits	**(9,388)**	(3,433)	**(78,233)**
Non-deductible expenses for tax purposes	**5,916**	5,471	**49,300**
Net changes in valuation allowance	**83,110**	14,139	**692,583**
Net decrease in deferred tax assets by enacted changes in tax laws and rates	**17,000**	9,503	**141,667**
Tax rate difference relating to foreign subsidiaries	**(4,119)**	(10,010)	**(34,325)**
Deferred tax liabilities on undistributed earnings of foreign subsidiaries and affiliates	**9,601**	7,123	**80,008**
Other	**4,894**	(36)	**40,783**
Income tax expense	**¥ 155,659**	¥ 92,045	**$ 1,297,158**

The significant components of deferred tax assets and deferred tax liabilities as of March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2015**	2014	**2015**
Gross deferred tax assets:			
Inventories	**¥ 23,117**	¥ 23,619	**$ 192,642**
Accrued pension and severance costs	**108,689**	120,705	**905,742**
Tax loss carryforwards	**164,265**	201,924	**1,368,875**
Pension liability adjustment	**130,151**	148,898	**1,084,592**
Accrued expenses	**138,513**	154,654	**1,154,275**
Depreciation and amortization	**64,927**	48,076	**541,058**
Other	**134,286**	146,934	**1,119,050**
	763,948	844,810	**6,366,234**
Valuation allowance for deferred tax assets	**(250,207)**	(227,735)	**(2,085,059)**
Deferred tax assets	**¥ 513,741**	¥ 617,075	**$ 4,281,175**
Gross deferred tax liabilities:			
Property, plant and equipment	**¥ (17,771)**	¥ (21,723)	**$ (148,092)**
Unrealized gains on securities	**(66,483)**	(58,034)	**(554,025)**
Gain on securities contributed to employee retirement benefit trusts	**(8,274)**	(8,840)	**(68,950)**
Undistributed earnings of foreign subsidiaries and affiliates	**(41,716)**	(40,957)	**(347,633)**
Goodwill and other intangible assets	**(98,891)**	(95,054)	**(824,092)**
Other	**(20,665)**	(20,417)	**(172,208)**
Deferred tax liabilities	**(253,800)**	(245,025)	**(2,115,000)**
Net deferred tax assets	**¥ 259,941**	¥ 372,050	**$ 2,166,175**

Results for the year ended March 31, 2014 have been restated.

Deferred tax liabilities included in other current liabilities and other liabilities at March 31, 2015 and 2014 were ¥128,927 million ($1,074,392 thousand) and ¥110,697 million, respectively.

The net changes in the total valuation allowance for the years ended March 31, 2015 and 2014 were an increase of ¥22,472 million ($187,267 thousand) and an increase of ¥7,697 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, 2015 was not significant. The amount of adjustments for the year ended March 31, 2014 was ¥9,438 million.

The Group's tax loss carryforwards for the corporate and local taxes at March 31, 2015 amounted to ¥406,696 million ($3,389,133 thousand) and ¥632,571 million ($5,271,425 thousand), respectively, the majority of which will expire during the period from the year ending March 2016 through 2024. The Group utilized tax loss carryforwards of ¥90,940 million ($757,833 thousand) and ¥124,024 million to reduce current corporate taxes and ¥32,903 million ($274,192 thousand) and ¥73,260 million to reduce current local taxes during the years ended March 31, 2015 and 2014, 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	**2015**	2014	**2015**
Balance at beginning of year	**¥ 4,569**	¥ 5,349	**$ 38,075**
Additions for tax positions of the current year	**352**	353	**2,933**
Additions for tax positions of prior years	**55**	250	**458**
Reductions for tax positions of the current year	**(352)**	(567)	**(2,933)**
Reductions for tax positions of prior years	**(35)**	(722)	**(292)**
Lapse of statute of limitations or closed audits	**(955)**	(575)	**(7,958)**
Foreign currency translation adjustments	**517**	481	**4,308**
Balance at end of year	**¥ 4,151**	¥ 4,569	**$ 34,591**

The total amounts of unrecognized tax benefits that would reduce the effective tax rate, if recognized, are ¥1,465 million ($12,208 thousand) and ¥1,472 million at March 31, 2015 and 2014, respectively.

The Group recognizes interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statements of income. Both interest and penalties accrued as of March 31, 2015 and 2014, and interest and penalties included in income taxes for the years ended March 31, 2015 and 2014 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, 2015, 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, 2014 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, 2009 with few exceptions.

Results for the year ended March 31, 2014 have been restated.

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, 2015 and 2014 are 4,237,602,026.

RETAINED EARNINGS

Retained earnings at March 31, 2015 and 2014 included a legal reserve of ¥44,165million ($368,042 thousand) and ¥39,232 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, 2015 included the Group's equity in undistributed earnings of equity method investees in the amount of ¥105,906 million ($882,550 thousand).

ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in accumulated other comprehensive loss for the year ended March 31, 2015 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	**¥ 93,924**	**¥ (110,846)**	**¥ (248,502)**	**¥ (2,362)**	**¥ (267,786)**
Other comprehensive income (loss) arising during year	**36,898**	**97,158**	**(3,780)**	**5,718**	**135,994**
Amounts reclassified from accumulated other comprehensive loss	**(17,255)**	**(1,069)**	**12,110**	**(1,317)**	**(7,531)**
Net current year change	**¥ 19,643**	**¥ 96,089**	**¥ 8,330**	**¥ 4,401**	**¥ 128,463**
Balance at end of year	**¥ 113,567**	**¥ (14,757)**	**¥ (240,172)**	**¥ 2,039**	**¥ (139,323)**

	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	**$ 782,700**	**$ (923,717)**	**$ (2,070,850)**	**$ (19,683)**	**$ (2,231,550)**
Other comprehensive income (loss) arising during year	**307,483**	**809,650**	**(31,500)**	**47,650**	**1,133,283**
Amounts reclassified from accumulated other comprehensive loss	**(143,792)**	**(8,908)**	**100,917**	**(10,975)**	**(62,758)**
Net current year change	**$ 163,691**	**$ 800,742**	**$ 69,417**	**$ 36,675**	**$ 1,070,525**
Balance at end of year	**$ 946,391**	**$ (122,975)**	**$ (2,001,433)**	**$ 16,992**	**$ (1,161,025)**

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)

Results for the year ended March 31, 2014 have been restated.

Amounts reclassified from accumulated other comprehensive loss for the year ended March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars	
	Amounts reclassified from accumulated other comprehensive loss			Affected line item in Consolidated Statements of Income
	2015	2014	**2015**	
Net unrealized gains and losses on securities				
	¥ (27,525)	¥ (3,680)	**$ (229,375)**	Other income
	8,881	1,293	**74,008**	Income taxes
	(18,644)	(2,387)	**(155,367)**	Net income before noncontrolling interests
	(1,389)	(1)	**(11,575)**	Less:Net Income attributable to noncontrolling interests
	(17,255)	(2,386)	**(143,792)**	Net income attributable to shareholders of the Company
Foreign currency translation adjustments				
	(1,069)	11,712	**(8,908)**	Other expense
	–	–	**–**	Income taxes
	(1,069)	11,712	**(8,908)**	Net income before noncontrolling interests
	–	25	**–**	Less:Net Income attributable to noncontrolling interests
	(1,069)	11,687	**(8,908)**	Net income attributable to shareholders of the Company
Pension liability adjustments				
	18,424	23,792	**153,533**	(Notes 1)
	(5,914)	(8,446)	**(49,283)**	Income taxes
	12,510	15,346	**104,250**	Net income before noncontrolling interests
	400	448	**3,333**	Less:Net Income attributable to noncontrolling interests
	12,110	14,898	**100,917**	Net income attributable to shareholders of the Company
Net unrealized gains and losses on derivative instruments				
	(2,172)	(2,420)	**(18,100)**	Other income
	758	890	**6,317**	Income taxes
	(1,414)	(1,530)	**(11,783)**	Net income before noncontrolling interests
	(97)	(132)	**(808)**	Less:Net Income attributable to noncontrolling interests
	(1,317)	(1,398)	**(10,975)**	Net income attributable to shareholders of the Company
Total reclassifications-net of tax and noncontrolling interests	**¥ (7,531)**	¥ (22,801)	**$ (62,758)**	

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 Statements of Income.

Results for the year ended March 31, 2014 have been restated.

Toshiba Corporation and Subsidiaries
March 31, 2015

Tax effects allocated to each component of other comprehensive income (loss) for the years ended March 31, 2015 and 2014 are shown below:

	Millions of yen		
	Pre-tax amount	Tax benefit (expense)	Net-of-tax amount
For the year ended March 31, 2015:			
Net unrealized gains and losses on securities:			
Unrealized holding gains arising during year	**¥ 56,596**	**¥ (19,698)**	**¥ 36,898**
Less: reclassification adjustment for gains included in net income attributable to shareholders of the Company	**(25,475)**	**8,220**	**(17,255)**
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	**100,357**	**(3,199)**	**97,158**
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	**(1,069)**	**–**	**(1,069)**
Pension liability adjustments:			
Pension liability adjustments arising during year	**(2,362)**	**(1,418)**	**(3,780)**
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	**17,836**	**(5,726)**	**12,110**
Net unrealized gains and losses on derivative instruments:			
Unrealized gains arising during year	**9,082**	**(3,364)**	**5,718**
Less: reclassification adjustment for gains included in net income attributable to shareholders of the Company	**(2,020)**	**703**	**(1,317)**
Other comprehensive income	**¥ 152,945**	**¥ (24,482)**	**¥ 128,463**
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 losses 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 losses 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

Results for the year ended March 31, 2014 have been restated.

	Thousands of U.S. dollars		
	Pre-tax amount	Tax benefit (expense)	Net-of-tax amount
For the year ended March 31, 2015:			
Net unrealized gains and losses on securities:			
Unrealized holding gains arising during year	$ 471,633	$ (164,150)	$ 307,483
Less: reclassification adjustment for gains included in net income attributable to shareholders of the Company	(212,292)	68,500	(143,792)
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	836,308	(26,658)	809,650
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	(8,908)	–	(8,908)
Pension liability adjustments:			
Pension liability adjustments arising during year	(19,683)	(11,817)	(31,500)
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	148,634	(47,717)	100,917
Net unrealized gains and losses on derivative instruments:			
Unrealized gains arising during year	75,683	(28,033)	47,650
Less: reclassification adjustment for gains included in net income attributable to shareholders of the Company	(16,833)	5,858	(10,975)
Other comprehensive income	$ 1,274,542	$ (204,017)	$ 1,070,525

TAKEOVER DEFENSE MEASURE

The Company introduced a plan for countermeasures to any large-scale acquisitions of the Company's shares (the "Plan"), and renewed the Plan in June 2009 and June 2012. However, the Company decided not to renew the Plan after careful consideration on changes in business environment, compliance with the Financial Instruments and Exchange Act, and opinions of shareholders.

Specific contents of the Plan are as follows.

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.

Results for the year ended March 31, 2014 have been restated.

19. NET EARNINGS (LOSS) 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 (loss) per share attributable to shareholders of the Company for the years ended March 31, 2015 and 2014.

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2015**	2014	**2015**
Income (Loss) from continuing operations attributable to shareholders of the Company	**¥ (37,825)**	¥ 68,942	**$ (315,208)**
Loss from discontinued operations attributable to shareholders of the Company	**(0)**	(8,702)	**(0)**
Net income (loss) attributable to shareholders of the Company	**¥ (37,825)**	¥ 60,240	**$ (315,208)**

	Thousands of shares	
Year ended March 31	**2015**	2014
Weighted-average number of shares of common stock outstanding for the year	**4,234,362**	4,234,659

	Yen		U.S. dollars
Year ended March 31	**2015**	2014	**2015**
Earnings (Loss) from continuing operations per share attributable to shareholders of the Company:			
–Basic	**¥ (8.93)**	¥ 16.28	**$ (0.07)**
Loss from discontinued operations per share attributable to shareholders of the Company:			
–Basic	**¥ (0.00)**	¥ (2.05)	**$ (0.00)**
Net earnings (loss) per share attributable to shareholders of the Company:			
–Basic	**¥ (8.93)**	¥ 14.23	**$ (0.07)**

Diluted net earnings (loss) per share attributable to shareholders of the Company for the years ended March 31, 2015 and 2014 have been omitted because the Company did not have potential common stock that were outstanding for the period.

Results for the year ended March 31, 2014 have been restated.

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 2015 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 statements 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 6 years and 2 years, 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 6 years.

The Group expects to reclassify ¥772 million ($6,433 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.

Results for the year ended March 31, 2014 have been restated.

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, 2015 and 2014 are summarized below:

	Millions of yen		Thousands of U.S. dollars
March 31	**2015**	2014	**2015**
Forward exchange contracts:			
To sell foreign currencies	**¥ 300,730**	¥ 202,361	**$ 2,506,083**
To buy foreign currencies	**251,202**	159,044	**2,093,350**
Interest rate swap agreements	**518,976**	526,038	**4,324,800**
Currency swap agreements	**75,305**	61,377	**627,542**
Currency options	**876**	7,989	**7,300**

(2) FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the Group's financial instruments and the location in the consolidated balance sheets at March 31, 2015 and 2014 are summarized as follows:

		Millions of yen		Thousands of U.S. dollars
March 31	Location	**2015**	2014	**2015**
Derivatives designated as hedging instruments:				
Assets:				
Forward exchange contracts	Prepaid expenses and other current assets	**¥ 13,105**	¥ 1,211	**$ 109,208**
Currency options	Prepaid expenses and other current assets	**42**	18	**350**
Liabilities:				
Forward exchange contracts	Other current liabilities	**(4,291)**	(1,727)	**(35,758)**
Interest rate swap agreements	Other current liabilities	**(207)**	–	**(1,725)**
	Other liabilities	**(3,208)**	(2,785)	**(26,733)**
Derivatives not designated as hedging instruments:				
Assets:				
Forward exchange contracts	Prepaid expenses and other current assets	**3,897**	1,306	**32,475**
Currency swap agreements	Prepaid expenses and other current assets	**–**	65	**–**
Liabilities:				
Forward exchange contracts	Other current liabilities	**(451)**	(770)	**(3,758)**
Interest rate swap agreements	Other current liabilities	**(2)**	–	**(17)**
	Other liabilities	**–**	(11)	**–**
Currency swap agreements	Other current liabilities	**(28)**	–	**(233)**

Results for the year ended March 31, 2014 have been restated.

March 31	Millions of yen 2015 Carrying amount	Fair value	2014 Carrying amount	Fair value
Nonderivatives:				
Liabilities:				
Long-term debt, including current portion	**¥ (1,220,772)**	**¥ (1,228,573)**	¥ (1,208,018)	¥ (1,215,525)

March 31	Thousands of U.S. dollars 2015 Carrying amount	Fair value
Nonderivatives:		
Liabilities:		
Long-term debt, including current portion	**$ (10,173,100)**	**$ (10,238,108)**

Results for the year ended March 31, 2014 have been restated.

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 statements of income for the year ended March 31, 2015 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	¥ 6,475	Other income	¥ 1,317	Other expense	¥ (1,854)
Interest rate swap agreements	(755)				
Currency options	(2)			Other expense	(23)

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	¥ (928)

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	$ 53,958	Other income	$ 10,975	Other expense	$ (15,450)
Interest rate swap agreements	(6,292)				
Currency options	(17)			Other expense	(192)

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	$ (7,733)

Results for the year ended March 31, 2014 have been restated.

The effect of derivative instruments on the consolidated statements 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)

Results for the year ended March 31, 2014 have been restated.

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, 2015 and 2014 were ¥79,176 million ($659,800 thousand) and ¥81,140 million, respectively.

The Group also leases certain machinery and equipment which are accounted for as capital leases. As of March 31, 2015 and 2014, the costs of machinery and equipment under capital leases were approximately ¥56,374 million ($469,783 thousand) and ¥64,717 million, and the related accumulated amortization were approximately ¥27,182 million ($226,517 thousand) and ¥29,758 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, 2015 and 2014 were not significant.

Minimum lease payments for the Group's capital and non-cancelable operating leases as of March 31, 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars	
Year ending March 31	Capital leases	Operating leases	Capital leases	Operating leases
2016	¥ 10,534	¥ 37,871	$ 87,783	$ 315,592
2017	8,222	24,617	68,517	205,142
2018	5,107	15,867	42,558	132,225
2019	3,312	12,319	27,600	102,658
2020	2,655	10,270	22,125	85,583
Thereafter	25,259	28,971	210,492	241,425
Total minimum lease payments	55,089	¥ 129,915	459,075	$ 1,082,625
Executory costs	(1,282)		(10,683)	
Amounts representing interest	(22,299)		(185,825)	
Present value of net minimum lease payments	31,508		262,567	
Less–current portion	(9,046)		(75,384)	
	¥ 22,462		$ 187,183	

22. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments for the purchase of property, plant and equipment, long-term service at fixed and variable prices, and unconditional purchase obligation for license fees outstanding at March 31, 2015 totaled approximately ¥1,160,180 million ($9,668,167 thousand). The Group plans to conclude sales commitments to compensate majority of such commitments.
Results for the year ended March 31, 2014 have been restated.

As of March 31, 2015, contingent liabilities, other than guarantees disclosed in Note 23, approximated ¥224 million ($1,867 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, 2015, recognized revenue from several claims and unapproved change orders approximated ¥54,745 million ($456,208 thousand), and are included in prepaid expenses and other current assets on the consolidated balance sheets.

Results for the year ended March 31, 2014 have been restated.

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 2015 to 2023 as of March 31, 2015 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 ¥74,991 million ($624,925 thousand) as of March 31, 2015.

GUARANTEES OF EMPLOYEES' HOUSING LOANS

The Group guarantees housing loans of its employees. Expiration dates vary from 2015 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 ¥2,889 million ($24,075 thousand) as of March 31, 2015. 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 March 2025. The maximum potential payments by the Group for such residual value guarantees were ¥6,979 million ($58,158 thousand) as of March 31, 2015.

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 ¥7,158 million ($59,650 thousand) as of March 31, 2015.

The carrying amounts of the liabilities for the Group's obligations under the guarantees described above as of March 31, 2015 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, 2015 and 2014:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2015**	2014	**2015**
Balance at beginning of year	**¥ 33,385**	¥ 36,273	**$ 278,208**
Warranties issued	**43,523**	44,007	**362,692**
Settlements made	**(45,019)**	(49,484)	**(375,158)**
Foreign currency translation adjustments	**2,152**	2,589	**17,933**
Balance at end of year	**¥ 34,041**	¥ 33,385	**$ 283,675**

Results for the year ended March 31, 2014 have been restated.

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 ($77,658 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 ($25,142 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.

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 addition, in the United States, purchasers of Cathode-Ray-Tube related products and others filed lawsuits against the Company seeking damages for violation of the U.S. antitrust laws. The Company believes it has not infringed any antitrust laws in its Cathode-Ray-Tube business, and it will take any legal measures to respond to such claims.

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 ($31,300 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.

In November 2014, there was an arbitral award against the Group to find the breach of contracts with clients for the reason of defect of electricity meter in Europe. In July 2015, new arbitration seeking damages was filed. Going forward, the Group intends to assert its opinion in the arbitration. It is not possible to reasonably estimate the amount of such arbitration's impact.

In February 2015, the Company received an order from the Securities and Exchange Surveillance Commission, based on Article 26 of the Financial Instruments and Exchange Act, requiring submission of a report. The Company was then subject to inspection regarding projects that used percentage-of-completion accounting. Later, after establishing the Independent Investigation Committee and conducting the investigation, it was found that the Company continuously made inappropriate accountings and, therefore, the Company filed amendments of the past Annual Securities Reports and other reports. Going forward, the Company may be sued by its shareholders and others with respect to such inappropriate accountings. It is not possible to reasonably estimate the amount of the impact.

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.

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.

Results for the year ended March 31, 2014 have been restated.

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 ¥7,154million ($59,617 thousand) and ¥7,926 million at March 31, 2015 and 2014, 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 ¥10,384 million ($86,533 thousand) and ¥12,887 million as of March 31, 2015 and 2014, 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, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2015**	2014	**2015**
Balance at beginning of year	**¥ 21,922**	¥ 18,765	**$ 182,683**
Accretion expense	**1,155**	1,071	**9,625**
Liabilities settled	**(533)**	(271)	**(4,442)**
Liabilities incurred	**175**	711	**1,459**
Revisions in estimated cash flows	**(424)**	89	**(3,533)**
Foreign currency translation adjustments	**1,944**	1,557	**16,200**
Balance at end of year	**¥ 24,239**	¥ 21,922	**$ 201,992**

Results for the year ended March 31, 2014 have been restated.

27. BUSINESS COMBINATIONS

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 runs 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 "Business Combinations" ("ASC No.805").

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

As of the acquisition date		Millions of yen
Purchase price	¥	23,165
Current assets	¥	9,431
Non-current assets		7,637
Intangible assets subject to amortization		3,054
Current liabilities		4,995
Non-current liabilities		701
Total identifiable net assets acquired	¥	14,426

Identifiable intangible assets acquired are as follows:

		Millions of yen
Core and current technologies (Weighted-average estimated period: 10.6 year)	¥	2,287
Contract-based intangible assets (Weighted-average estimated period: 5.0 year)		434
Customer relationships (Weighted-average estimated period: 3.3 year)		333

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

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

Results for the year ended March 31, 2014 have been restated.

NuGeneration Limited

The Company entered into an agreement with a Spanish company Iberdrola, S.A. to purchase all of its 50% ownership of NuGeneration Limited ("NuGen") on December 21, 2013. The Company also entered into an agreement with a French company GDF Suez S.A. ("GSZ") to purchase an additional 10% ownership of NuGen on June 19, 2014, and consequently acquired a controlling financial interest of NuGen for £102 million in cash on June 26, 2014 (all UK Standard Time). As a result, Advance Energy UK Limited, a 100% consolidated subsidiary of the Company, holds 60% of the outstanding shares of NuGen, and NNB Development Company, a 100% consolidated subsidiary of GSZ, holds the remaining 40% of the outstanding shares.

NuGen has commenced a nuclear power plant construction project at the Moorside site in West Cumbria, North West England, which is the largest, single proposed nuclear power plant construction project in Europe. As the majority owner of NuGen, the Company, in collaboration with its group company, Westinghouse Electric Company, intends to move forward with the construction and the operation of three AP1000 nuclear reactors.

Combining the global expertise and commitment of the Company, GSZ's pioneering expertise as a European nuclear operator, and world-leading technology of Westinghouse Electric Company will make a significant contribution to energy security and long-term employment in the UK.

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	Thousands of U.S. dollars
Purchase price	¥ 17,663	$ 147,192
Noncontrolling interests	11,775	98,125
Total	¥ 29,438	$ 245,317
Current assets	¥ 160	$ 1,333
Non-current assets	19	158
Intangible assets	3,733	31,109
Current liabilities	31	258
Total identifiable net assets acquired	¥ 3,881	$ 32,342

Identifiable intangible assets acquired are Generation Licence. The fair value of the noncontrolling interests is measured using valuation of assets and liabilities held by investees and corporate valuation performed by the third parties.

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 ¥25,557 million, which was recorded as goodwill and allocated to Energy & Infrastructure.

Operating results of NuGen are included in the Company's consolidated statements of income from the acquisition date. These amounts are not significant.

Results for the year ended March 31, 2014 have been restated.

The following table summarizes the unaudited pro-forma results of operations, as though the above business combinations had taken place on April 1, 2013.

	Billions of yen		Millions of U.S. dollars
Year ended March 31	**2015**	2014	**2015**
Net sales	**¥ 6,655.9**	¥ 6,496.5	**$ 55,466**
Net income (loss) attributable to shareholders of the Company	**(38.1)**	58.6	**(318)**

Results for the year ended March 31, 2014 have been restated.

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, 2015 and 2014, the total assets of VIEs on the consolidated balance sheets were ¥47,724 million ($397,700 thousand) and ¥24,376 million, and the total liabilities of VIEs on the consolidated balance sheets were ¥28,652 million ($238,767 thousand) and ¥14,961 million, respectively. The assets consisted primarily of prepaid expenses and other current assets, and property, plant and equipment. The liabilities consisted primarily of advance payments received. 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, 2015 and 2014, the Group recorded a loss of ¥38,543 million ($321,192 thousand) and ¥30,961 million 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, 2015 and 2014, 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, 2015	VIEs involved in Electronic Devices	VIEs involved in Energy & Infrastructure
Total assets of VIEs	¥ 373,899	¥ 53,604
Carrying amounts of assets that relate to the Group's variable interests in the VIEs	130,179	1,303
Carrying amounts of liabilities that relate to the Group's variable interests in the VIEs	18,311	0
Maximum exposures to losses	178,934	1,303

Results for the year ended March 31, 2014 have been restated.

March 31, 2014	Millions of yen VIEs involved in Electronic Devices	Millions of yen 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, 2015	Thousands of U.S. dollars VIEs involved in Electronic Devices	Thousands of U.S. dollars VIEs involved in Energy & Infrastructure
Total assets of VIEs	**$ 3,115,825**	**$ 446,700**
Carrying amounts of assets that relate to the Group's variable interests in the VIEs	**1,084,825**	**10,858**
Carrying amounts of liabilities that relate to the Group's variable interests in the VIEs	**152,592**	**0**
Maximum exposures to losses	**1,491,117**	**10,858**

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 and legal settlement costs are not included in it.

The Group has 6 business segments, (1)Energy & Infrastructure, (2)Community Solutions, (3)Healthcare Systems & Services, (4)Electronic Devices & Components, (5)Lifestyle Products & Services and (6)Others, identified in accordance with the similarities of the nature of the products, the production processes and markets, etc.

Principal products that belong to each segment are as follows.

(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.

Results for the year ended March 31, 2014 have been restated.

BUSINESS SEGMENTS

Financial information by segments as of and for the years ended March 31, 2015 and 2014 are as follows:

As of and for the year ended March 31, 2015 — 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	**¥ 1,885,102**	**¥ 1,356,095**	**¥ 409,546**	**¥ 1,683,973**	**¥ 1,105,519**	**¥ 215,659**	**¥ 6,655,894**	**¥ –**	**¥ 6,655,894**
(2) Intersegment	**118,711**	**54,591**	**2,969**	**84,779**	**58,173**	**313,363**	**632,586**	**(632,586)**	**–**
Total	**¥ 2,003,813**	**¥ 1,410,686**	**¥ 412,515**	**¥ 1,768,752**	**¥ 1,163,692**	**¥ 529,022**	**¥ 7,288,480**	**¥ (632,586)**	**¥ 6,655,894**
Segment operating income (loss)	**¥ 19,569**	**¥ 53,900**	**¥ 23,871**	**¥ 216,642**	**¥ (109,747)**	**¥ 7,471**	**¥ 211,706**	**¥ (41,267)**	**¥ 170,439**
Identifiable assets	**¥ 2,841,475**	**¥ 1,051,521**	**¥ 322,200**	**¥ 1,377,966**	**¥ 515,623**	**¥ 413,709**	**¥ 6,522,494**	**¥ (187,716)**	**¥ 6,334,778**
Depreciation and amortization	**64,966**	**28,575**	**9,863**	**67,292**	**11,537**	**7,705**	**189,938**	**–**	**189,938**
Capital expenditures	**73,697**	**45,433**	**12,592**	**120,022**	**11,116**	**1,082**	**263,942**	**–**	**263,942**

Results for the year ended March 31, 2014 have been restated.

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)	¥ 6,548	¥ 55,474	¥ 29,892	¥ 246,801	¥ (54,644)	¥ 11,612	¥ 295,683	¥ (38,557)	¥ 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, 2015 — 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	**$15,709,183**	**$11,300,792**	**$ 3,412,883**	**$14,033,108**	**$ 9,212,658**	**$ 1,797,159**	**$55,465,783**	**$ –**	**$55,465,783**
(2) Intersegment	**989,259**	**454,925**	**24,742**	**706,492**	**484,775**	**2,611,357**	**5,271,550**	**(5,271,550)**	**–**
Total	**$16,698,442**	**$11,755,717**	**$ 3,437,625**	**$14,739,600**	**$ 9,697,433**	**$ 4,408,516**	**$60,737,333**	**$ (5,271,550)**	**$55,465,783**
Segment operating income (loss)	**$ 163,075**	**$ 449,167**	**$ 198,925**	**$ 1,805,350**	**$ (914,558)**	**$ 62,258**	**$ 1,764,217**	**$ (343,892)**	**$ 1,420,325**
Identifiable assets	**$23,678,958**	**$ 8,762,675**	**$ 2,685,000**	**$11,483,050**	**$ 4,296,858**	**$ 3,447,576**	**$54,354,117**	**$ (1,564,300)**	**$52,789,817**
Depreciation and amortization	**541,383**	**238,125**	**82,192**	**560,767**	**96,142**	**64,208**	**1,582,817**	**–**	**1,582,817**
Capital expenditures	**614,142**	**378,608**	**104,933**	**1,000,183**	**92,633**	**9,018**	**2,199,517**	**–**	**2,199,517**

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) In connection with management system changes,a part of certain Company-wide R&D expenses and headquarters administration costs, which used to be conventionally distributed fully over each segment, are no longer distributed over each segment and included in Corporate and Eliminations from the year ended March 31,2015. As a result of this change, segment operating income increased by ¥6,884 million ($57,367 thousand) in Energy & Infrastructure, ¥3,679 million ($30,658 thousand) in Community Solutions, ¥1,642 million ($13,683 thousand) in Healthcare Systems & Services, ¥7,343 million ($61,192 thousand) in Electronic Devices & Components, ¥3,913 million ($32,608 thousand) in Lifestyle Products & Services, and ¥19,648 ($163,733 thousand) million in Others and decreased by ¥43,109 ($359,242 thousand) million in Corporate and Eliminations, compared with the figures under the previous method.Also, the figures of the past year have been reclassified to reflect this change.

Results for the year ended March 31, 2014 have been restated.

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, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2015**	2014	**2015**
The total of the segment operating income (loss)	**¥ 211,706**	¥ 295,683	**$ 1,764,217**
Corporate and Eliminations	**(41,267)**	(38,557)	**(343,892)**
Sub Total	**¥ 170,439**	¥ 257,126	**$ 1,420,325**
Interest and dividends	**10,886**	13,756	**90,717**
Equity in earnings of affiliates	**20,763**	3,254	**173,025**
Other income	**118,049**	65,732	**983,741**
Interest	**(24,984)**	(33,696)	**(208,200)**
Other expense	**(158,509)**	(123,836)	**(1,320,908)**
Income from continuing operations, before income taxes and noncontrolling interests	**¥ 136,644**	¥ 182,336	**$ 1,138,700**

Results for the year ended March 31, 2014 have been restated.

GEOGRAPHIC INFORMATION

Net sales

Net sales by region based on the location of the customer for the years ended March 31, 2015 and 2014 are as follows:

Year ended March 31	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Japan	**¥ 2,705,946**	¥ 2,727,415	**$ 22,549,550**
Overseas	**¥ 3,949,948**	¥ 3,762,287	**$ 32,916,233**
Asia	**1,690,119**	1,383,640	**14,084,325**
North America	**1,124,721**	1,160,489	**9,372,675**
Europe	**772,897**	846,267	**6,440,808**
Others	**362,211**	371,891	**3,018,425**
Total	**¥ 6,655,894**	¥ 6,489,702	**$ 55,465,783**

Property, plant and equipment

Property, plant and equipment by region at March 31, 2015 and 2014 are as follows:

March 31	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Japan	**¥ 566,942**	¥ 587,811	**$ 4,724,517**
Overseas	**¥ 319,381**	¥ 322,308	**$ 2,661,508**
Asia	**158,654**	163,822	**1,322,117**
North America	**79,695**	75,591	**664,125**
Europe	**69,471**	68,078	**578,925**
Others	**11,561**	14,817	**96,341**
Total	**¥ 886,323**	¥ 910,119	**$ 7,386,025**

Notes: 1) There are no individually material countries which should be separately disclosed.
2) There are no material sales to a single unaffiliated customer.

Results for the year ended March 31, 2014 have been restated.

30. SUBSEQUENT EVENT

Introduction of defined contribution pension plan

For the purpose of supporting employee's life plans after retirement and fulfilling diverse needs related to retirement benefits, the Company, by July 2015, reached a labor-management agreement to introduce the defined contribution pension plan from October 1, 2015 for approximately 95,000 employees working at 89 domestic Group companies including the Company. It is planned to gradually introduce the plan into some domestic Group companies, apart from the above-mentioned 89 companies. In this plan, 50% of future contribution in the existing retirement lump sum grant becomes the defined contribution pension, which is managed by individual employees. This plan will be introduced under the approval of the Ministry of Health, Labor and Welfare. The introduction of the system has no material impacts on the Company's consolidated financial statements for the following fiscal year.

Sale of shares of KONE Corporation in Finland

On July 22, 2015, Toshiba Elevator and Building Systems Corporation, a consolidated subsidiary of the Company, sold its entire stake in KONE Corporation in Finland. Accordingly, ¥112,831 million ($940,258 thousand) (before tax) of gains on sales of shares is scheduled to be recorded for the second quarter of the fiscal year ending March 31, 2016.

Sale of shares of Topcon Corporation

At the board of directors meeting held on August 31, 2015, the Company decided to sell all shares (the "Sale") of Topcon Corporation ("TOPCON"), which has been accounted for by the equity method, held by the Company and its consolidated subsidiary, Toshiba Insurance Service Corporation ("TISCO"). With the Sale, TOPCON will no longer be an affiliate of the Company accounted for by the equity method. The summary of the Sale is as follows:

1. Summary of the Sale

(1) Number of shares to be offered

Shares of TOPCON held by the Company and its consolidated subsidiary, TISCO

Shares held by the Company (Note)	32,566,800 shares (30.13% of the outstanding shares)
Shares held by TISCO	277,300 shares (0.26% of the outstanding shares)
Total	32,844,100 shares (30.39% of the outstanding shares)

(Note) Includes grant of Greenshoe option (3,150,000 shares) related to the offering by Overallotment by underwriters, and shares intended for additional right of purchasing (1,050,000 shares) granted to the underwriters in relation to overseas sales.

(2) Method of the Sale

The Sale will be by way of secondary offering, and Nomura Securities Co., Ltd. and Mizuho Securities Co., Ltd., the joint lead underwriters, will purchase the shares for the offering. There is a possibility that part of shares will be sold to overseas investors in overseas markets, mainly in Europe and Asia (excluding the US and Canada).

2. Purpose of the Sale

The Company is currently promoting cash flow management, and decided the Sale in order to improve efficient utilization of Group assets and to bolster its balance sheets.

3. Outlook

The selling price to the underwriters will be determined on one of the days from September 8, 2015 to September 10, 2015, inclusive.

(Profile of TOPCON)

Company Name:	Topcon Corporation
Head Office:	75-1, Hasunuma-cho, Itabashi-ku, Tokyo, Japan
Major Businesses:	Positioning (GNSS, Machine control system, Precision agriculture), Smart Infrastructure (Surveying instruments, 3D measurement, Monitoring), Eye Care (Ophthalmic instruments, Refraction instruments)

Results for the year ended March 31, 2014 have been restated.

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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, 2015, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in U.S., 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, 2015, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in U.S..

Emphasis of Matter

We draw attention to Note 30 to the consolidated financial statements, which describes that Toshiba Elevator and Building Systems Corporation, a consolidated subsidiary of the Company, sold its entire stake in KONE Corporation in Finland on July 22, 2015, and the Company decided at its meeting of the Board of Directors on August 31, 2015 to sell all the shares of Topcon Corporation. Our opinion is not qualified in respect of this matter.

Convenience Translation

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

September 7, 2015

Ernst & Young ShinNihon LLC

TOSHIBA CORPORATION

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Inquiry page on Investor Relations
URL http://www.toshiba.co.jp/about/ir/en/contact.htm

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