TOSHIBA

Leading Innovation

2011 Annual Report

Year ended March 31,2011

Financial Review

REASON FOR THE SUBMISSION OF AMENDMENT REPORT ON ANNUAL SECURITIES REPORT

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

(1) Background

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

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

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

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

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

(2) Overview

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

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

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

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

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

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

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

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

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

Due to these corrections to financial results, the Company needed to make amendments to part of the annual securities report for the 172nd Fiscal Period from April 1, 2010 to March 31, 2011, which was submitted as of June 22, 2011, and there were also matters to be corrected in part of other information described therein. Therefore, the Company has submitted the amendment report on the annual securities report pursuant to the provision of Article 24-2, paragraph 1 of the Financial Instruments and Exchange Act.

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

The information provided is about the status as of the submission date of the original annual securities report in June 22, 2011 before correction for restatements in September 7, 2015.

FIVE-YEAR SUMMARY

Toshiba Corporation and Subsidiaries
Years ended March 31

	Millions of yen, except per share amounts									
		2011		2010		2009		2008		2007
Net sales	¥	**6,263,990**	¥	6,137,689	¥	6,373,020	¥	7,208,835	¥	6,682,320
Cost of sales		**4,771,797**		4,760,217		5,185,997		5,369,452		4,951,842
Selling, general and administrative expenses		**1,247,661**		1,305,684		1,496,214		1,601,156		1,483,745
Operating income (loss) (Note 1)		**244,532**		71,788		(309,191)		238,227		246,733
Income (loss) from continuing operations, before income taxes and noncontrolling interests		**201,785**		(14,342)		(336,059)		254,542		314,441
Income taxes		**27,944**		24,789		41,401		108,979		152,175
Net income (loss) attributable to shareholders of the Company		**158,326**		(53,943)		(398,878)		127,413		137,429
Per share of common stock:										
Earnings (loss) attributable to shareholders of the Company (Note 2)										
–Basic	¥	**37.38**	¥	(13.47)	¥	(123.27)	¥	39.46	¥	42.76
–Diluted		**35.90**		(13.47)		(123.27)		36.59		39.45
Cash dividends		**5.00**		–		5.00		12.00		11.00
Total assets	¥	**5,351,343**	¥	5,463,714	¥	5,435,282	¥	5,935,637	¥	5,931,962
Equity attributable to shareholders of the Company		**793,860**		705,930		385,170		1,022,265		1,108,321
Capital expenditures (Property, plant and equipment)		**229,913**		209,287		354,199		462,313		372,811
Depreciation (Property, plant and equipment)		**209,239**		246,218		306,680		338,524		257,839
R&D expenditures		**318,803**		310,651		355,980		367,767		362,584
Number of employees		**203,000**		204,000		199,000		198,000		191,000

Notes: 1) Operating income (loss) 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 gains (losses) from the sale or disposition of fixed assets are not included in it.

2) Basic earnings (loss) per share attributable to shareholders of the Company (EPS) is 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) On June 17, 2010, the Company and Fujitsu Limited ("Fujitsu") signed a Memorandum of Understanding to merge their mobile phone businesses, followed by a definitive contract on July 29, 2010. On October 1, 2010, the Company transferred its mobile phone business to a newly established company called Fujitsu Toshiba Mobile Communications Limited, and sold 80.1% of the shares of the new company to Fujitsu. The results of the mobile phone business are not incorporated into consolidated net sales, operating income (loss), or income (loss) from continuing operations, before income taxes and noncontrolling interests in the consolidated results. Prior-period data relating to the discontinued operations has been reclassified in accordance with Accounting Standards Codification ("ASC") No.205-20, "*Presentation of Financial Statements - Discontinued Operations*".

4) Beginning with the fiscal year ended March 31, 2010, the Company adopted ASC No.810 "*Consolidation*". Prior-period data for the fiscal years ended from March 31, 2007 through 2009 has been reclassified to conform with the current classification.

5) The Mobile Broadcasting business ceased operation at the end of the fiscal year ended March 31, 2009. Prior-period data for the fiscal years ended from March 31, 2007 through 2008 has been reclassified to conform with the current classification.

6) Data for the fiscal year ended March 31, 2009 and subsequent years has been amended following corrections to the consolidated financial statements. In addition, some prior-period data relating to the discontinued operations has been reclassified.

SCOPE OF CONSOLIDATION

As of the end of March 2011, Toshiba Group ("the Group") comprised Toshiba Corporation ("the Company") and 498 consolidated subsidiaries and its principal operations were in the Digital Products, Electronic Devices, Social Infrastructure and Home Appliances business domains.

Of the consolidated subsidiaries, 106 were involved in Digital Products, 39 in Electronic Devices, 221 in Social Infrastructure, 58 in Home Appliances and 74 in Others.

The number of consolidated subsidiaries was 44 less than at the end of March 2010. 202 affiliates were accounted for by the equity method as of the end of March 2011.

RESULTS OF OPERATIONS

NET SALES AND INCOME (LOSS)

Despite uncertainties stemming from fiscal austerity and financial conditions in parts of Europe, the global economy continued to recover, supported by economic stimulus packages in a number of countries. Most notably, the Chinese and other Asian economies continued their expansion, driven by domestic demand. The economies of the United States and Europe also saw gradual recovery. While there are still concerns stemming from the recent rise in crude oil prices and the state of government financial positions in some countries of Europe, the global economy is expected to continue to recover.

In Japan, the economy showed signs of an upturn, reflecting the improvement in the global economy and the effect of economic stimulus packages, but unprecedented human suffering and property damage were wrought by the Great East Japan Earthquake of March 11, 2011. People's lives and economic activities were affected significantly by rolling blackouts due to power shortages, problems in the supply chain resulting from damage to materials manufacturing facilities and disrupted logistics systems, and the outlook still remains uncertain.

In these circumstances, the Group promoted measures to secure a return to the path of sustained growth with steadily higher profit and implemented a thoroughgoing business structure transformation in order to enhance high growth with profitability. The Group also steadily advanced business structure reforms, further promoting strategic allocation of managerial resources and improving operational capabilities, in order to put in place a profit-making system that will enable the Group to generate profit regardless of the market situation. While some subsidiaries halted production for a time following the earthquake, its impact on the overall business performance of the Group companies was relatively limited. With respect to procurement, every effort is being made to secure materials and parts, including promoting adoption of substitutes, to minimize impacts on production.

The Company's consolidated net sales for FY2010 were 6,264.0 billion yen, an increase of 126.3 billion yen against the previous year. This result mainly reflected higher sales in the Visual Products business, including TVs, and in the Semiconductor business, including Memories, and was achieved despite yen appreciation and the impact of the Great East Japan Earthquake. Consolidated operating income increased by 172.7 billion yen to 244.5 billion yen. This result reflected significant improvements in the Semiconductor business and the LCD business, a healthy performance by the Home Appliance segment and the continued high profit level of the Social Infrastructure segment. The Digital Products segment, the Electric Devices segment, the Social Infrastructure segment and the Home Appliance segment all secured profit.

Income from continuing operations before income taxes and noncontrolling interests improved by 216.1 billion yen to 201.8 billion yen, net income attributable to shareholders of the Company improved by 212.2 billion yen to 158.3 billion yen.

Consolidated operating income and net income attributable to shareholders of the Company returned to the levels recovered in fiscal year 2007, prior to the financial crisis.

KEY PERFORMANCE INDICATORS

Following are the key performance indicators ("KPIs") that the Management of the Group uses in managing its business.

Net sales and operating income are basic indicators to measure the business results of the Group. Operating income is regularly reviewed to support decision-making in allocations of resources and to assess performance. Operating income ratio (ratio of operating income to net sales) is also KPIs. To assess financial position of the Group, the Management emphasizes shareholders' equity ratio (ratio of equity attributable to shareholders of the Company to total assets) and debt-to-equity ratio. Active capital investment and R&D activity is indispensable for growth of the Group and accordingly capital expenditure and R&D expenditure are KPIs. To measure efficiency of investments and business results, the Management uses ROI (return on investment) and ROE (return on equity), respectively.

Year ended March 31	Billions of yen	
	2011	2010
Net sales	**6,264.0**	6,137.7
Operating income (Note 1)	**244.5**	71.8
Operating income ratio (%)	**3.9**	1.2
Return on equity (ROE) (%) (Note 2)	**21.1**	(9.9)
Shareholders' equity ratio (%)	**14.8**	12.9
Debt/equity ratio (%)	**137**	173
Capital expenditures (Note 3)	**332.6**	209.7
R&D expenditures	**318.8**	310.7
Return on investment (ROI) (%) (Note 4)	**11.0**	3.0

Notes: 1) Operating income is derived by deducting the cost of sales and selling, general and administrative expenses from net sales. This result is regularly reviewed to support decision-making in allocations of resources and to assess performance. Certain operating expenses such as restructuring charges and gains (losses) from the sale or disposition of fixed assets are not included in it.
2) ROE is net income attributable to shareholders of the Company divided by equity attributable to shareholders of the Company.
3) Capital expenditure is on an ordering amount basis. The capital expenditure amount includes the Group's portion in the investments made by Flash Alliance, Ltd. etc., which are companies accounted for by the equity method.
4) ROI is operating income divided by total equity plus total debts.
5) On June 17, 2010, the Company and Fujitsu Limited ("Fujitsu") signed a Memorandum of Understanding to merge their mobile phone businesses, followed by a definitive contract on July 29, 2010. On October 1, 2010, the Company transferred its mobile phone business to a newly established company called Fujitsu Toshiba Mobile Communications Limited, and sold 80.1% of the shares of the new company to Fujitsu. The results of the mobile phone business are not incorporated into consolidated net sales, operating income (loss), or income (loss) from continuing operations, before income taxes and noncontrolling interests in the consolidated results. Prior-period data relating to the discontinued operations has been reclassified in accordance with Accounting Standards Codification ("ASC") No.205-20, "*Presentation of Financial Statements – Discontinued Operations*".

The Company's consolidated net sales for FY2010 were 6,264.0 billion yen, an increase of 126.3 billion yen against the previous year. This result mainly reflected higher sales in the Visual Products business, including TVs, and in the Semiconductor business, including Memories, and was achieved despite yen appreciation and the impact of the Great East Japan Earthquake. Consolidated operating income increased by 172.7 billion yen to 244.5 billion yen. This result reflected significant improvements in the Semiconductor business and the LCD business, a healthy performance by the Home Appliance segment and the continued high profit level of the Social Infrastructure segment. The Digital Products segment, the Electric Devices segment, the Social Infrastructure segment and the Home Appliance segment all secured profit. This resulted in an improved operating income ratio and ROE, 3.9% and 21.1%, respectively. Also, ROI increased by 8.0 points to 11.0%.

Equity attributable to the shareholders of the Company, increased to 793.9 billion yen, an increase of 88.0 billion yen against the end of March 2010, despite a deterioration in accumulated other comprehensive loss of 60.4 billion yen, due to impacts from fluctuations in foreign exchange rates and a downturn in stock market prices. This reflects a net income attributable to shareholders of the Company of 158.3 billion yen.

Total debt decreased by 134.5 billion yen from the end of March 2010 to 1,083.8 billion yen. As a result of the foregoing, the shareholders' equity ratio at the end of March 2011 was 14.8%, a 1.9-point improvement from the end of March 2010, and the debt-to-equity ratio at the end of March 2011 was 137%, a 36-point improvement from the end of March 2010.

Placing importance on efficiency of investment, the Group took a very active approach during the term in its capital investment in fields in which growth is expected. As a result, capital expenditure on ordering amount basis amounted to 332.6 billion yen, which was 12.6 billion yen above the initial capital investment plan of 320.0 billion yen. Compared with the 209.7 billion yen invested last year, this amounts to a considerable increase of 122.9 billion yen.

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. The Company has secured a reasonable level of profit in this fiscal year (fiscal year 2010). Accordingly, following full consideration of the Company's future business plans, financial position and shareholders' expectations, the Company has decided to pay both an interim dividend and a year-end dividend. The Company paid 2.0 yen per share as the interim dividend and the year-end dividend has been set at 3.0 yen per share. As a result, the annual dividend for FY 2010 will be a 5.0 yen per share.

The Company will carefully examine and decide on the dividend plan for the next term, FY2011, in light of the Group's financial position and strategic investment plans, and other factors will announce the dividend for FY2011 as soon as it is determined.

RESULTS BY INDUSTRY SEGMENT

	Billions of yen			
	Net Sales		Operating Income (loss)	
Year ended March 31	–	Change (%)	–	Change
Digital Products	2,201.3	5%	17.6	42.4
Electronic Devices	1,347.7	6%	86.2	111.3
Social Infrastructure	2,260.5	(2%)	136.2	0.8
Home Appliances	599.8	3%	8.9	14.0
Others	352.9	2%	(6.3)	2.6
Eliminations	(498.2)	–	1.9	–
Total	6,264.0	2%	244.5	172.7

DIGITAL PRODUCTS

The Digital Products segment saw overall sales increase by 97.6 billion yen to 2,201.3 billion yen. The Visual Products business saw sales rise, reflecting the approaching end of analog broadcasting in Japan, positive results from eco-point-the Japanese government's program to stimulate domestic demand. The PC business also saw higher sales, mainly due to the launch of 25th anniversary models. The Storage Products business saw lower sales, reflecting the impact of price erosion.

Overall segment operating income increased by 42.4 billion yen to 17.6 billion yen. The PC business recorded significantly higher operating income on higher sales and cost reductions and the Retail Information Systems and the Office Equipment businesses also reported healthy performances. However, the Visual Products business saw deteriorated operating income and the Storage Products business reported a significantly worsened operating loss on lower sales.

ELECTRONIC DEVICES

The Electronic Devices segment saw sales increase by 72.9 billion yen to 1,347.7 billion yen. The Semiconductor business recorded higher sales on higher sales in Memories, reflecting expanded demand for mobile products, such as smartphones, and solid state drives (SSD)-data storage devices based on NAND flash memories-and price stability in NAND flash memories. The LCD business also reported a healthy performance.

Overall segment operating income improved significantly by 111.3 billion yen to 86.2 billion yen. Memories recorded a healthy performance, primarily as a result of higher sales and cost reductions, and the LCD business improved on cost reductions and progress in business restructuring.

SOCIAL INFRASTRUCTURE

The Social Infrastructure segment saw overall sales decline by 57.9 billion yen to 2,260.5 billion yen. Although the Power Systems and Industrial Systems businesses recorded higher sales, the Infrastructure Systems business, the IT Solutions business and the Medical Systems business all felt the influences of downturns in market demand and price erosion and reported weak performances.

Segment operating income stood at 136.2 billion yen, close to the same level as a year earlier, and the profit level remained high. The Power Systems and Industrial Systems businesses recorded higher operating income on a healthy performance in the Power Systems business. Both the Infrastructure Systems business and the Medical Systems business saw lower operating income on decreased sales.

HOME APPLIANCES

The Home Appliances segment saw sales increase by 18.1 billion yen to 599.8 billion yen. White Goods including Air-conditioners reported a healthy performance and a positive result that mainly stemmed from the continued effect of the eco-points program and a hot summer in Japan.

The segment as a whole recorded an operating income of 8.9 billion yen, an improvement of 14.0 billion yen against the previous year, mainly on a healthy performance in Air-conditioners in a hot summer in Japan.

OTHERS

Others saw sales increase by 7.4 billion yen to 352.9 billion yen, with the result that its operating income (loss) improved by 2.6 billion yen to -6.3 billion yen.

The Company's Consolidated Financial Statements are based on U.S.GAAP.

Operating income (loss) 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 allocations of resources and to assess performance. Certain operating expenses, such as restructuring charges and gains (losses) from the sale or disposition of fixed assets are not included in it.

The Mobile Broadcasting business ceased its operation at the end of FY2008. On June 17, 2010, the Company and Fujitsu Limited ("Fujitsu") signed a Memorandum of Understanding to merge their mobile phone businesses, followed by a definitive contract on July 29, 2010. On October 1, 2010, the Company transferred its mobile phone business to a newly established company called Fujitsu Toshiba Mobile Communications Limited ("FT MOBILE"), and sold 80.1% of the shares of the new company to Fujitsu. The results of the Mobile Broadcasting business and FT MOBILE are not incorporated into consolidated net sales, operating income (loss), or income (loss) from continuing operations, before income taxes and noncontrolling interests in the consolidated results. The businesses are classified as discontinued in the consolidated accounts in accordance with ASC No.205-20, "Presentation of Financial Statements – Discontinued Operations". Consolidated net income (loss) (consolidated net income (loss) attributable to shareholders of the Company), however, includes the operating results of the Mobile Broadcasting business and the Mobile Phone business. Prior-period data relating to the discontinued operations has been reclassified to conform with the current classification.

RESEARCH AND DEVELOPMENT

In response to the Great East Japan Earthquake, the Group has been promoting R&D of the products which contribute to the restoration of the earthquake damage and electricity saving. Also, the Group has re-examined its R&D with a view of constructing safer and more secured communities. In the medium term, the Group plans to accelerate overseas operations, aiming to evolve into a world-leading diversified electric/electronics manufacturer. The Group takes customers' needs in advance and promotes R&D to create the world's first products and services with astonishment and impression.

The Group has Strengthened Competitiveness and implemented investment for further growth:

1) Company-wide staff division for R&D has researched on the technologies which would become a basis of innovative products focusing on Mega-Trends (expected business chances in the field of vital and healthcare service, such as the demands for energy and environment in emerging countries, the demands for medical care and education, and in the field of ICT (Information and Communication Technology) accompanied by world-wide digitalization, networking, and large-volume information transfer);
2) R&D facilities of the in-house companies and other operating companies have focused on developing basic technologies leading to brand-new products ahead of other competitors; and have enhanced the efficiency of R&D activities by promoting common platforms, using overseas software developing subsidiaries, and focusing on growing markets.

The Group's overall R&D expenditure reached 318.8 billion yen in the fiscal year ended March 31, 2011. Expenditures for each business segment were as follows:

	Billions of yen
Digital Products	71.6
Electronic Devices	135.4
Social Infrastructure	95.9
Home Appliances	13.9
Others	2.0

CAPITAL EXPENDITURES

CAPITAL EXPENDITURE OVERVIEW

Placing importance on efficiency of investment, the Group took a very active approach during the term in its capital investment in fields in which growth is expected. As a result, capital expenditure on an ordering basis amounted to 332.6 billion yen, which was 12.6 billion yen above the initial capital investment plan of 320.0 billion yen. Compared with the 209.7 billion yen invested last fiscal year, this amounts to a considerable increase of 122.9 billion yen.

In the Electronic Devices segment, while the Group continued its focus on investment for NAND flash memories for which increased demand is expected, it also implemented investment to ramp up production of power devices and other investments such as a building for manufacturing medium and small sized LCDs. In the Social Infrastructure segment, the Group invested to improve manufacturing systems for the electric power distribution system businesses of emerging countries and also invested in the automobile related business.

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

In the Digital Products segment, capital investments amounted to 22.4 billion yen for development and manufacturing for PCs, TVs and HDDs. Major projects completed by the Group in this fiscal year included building of manufacturing facilities for HDDs (located in Philippines and in Thailand).

In the Electronic Devices segment, capital investments amounted to 210.7 billion yen (including the Group's portion for investments made by Flash Alliance, Ltd. etc.) for production increase of NAND flash memories and power devices and building for manufacturing medium and small sized LCDs. Major projects completed by the Group in this fiscal year included Manufacturing facilities for NAND flash memory (at Yokkaichi Operations).

In the Social Infrastructure segment, capital investments amounted to 67.1 billion yen, Major projects completed by the Group in this fiscal year included building and manufacturing facilities for rechargeable batteries (at the Kashiwazaki Operations) and manufacturing facilities for industrial motors (in Vietnam).

In the Home Appliances segment, 13.9 billion yen were invested for development of new models and manufacturing.

Capital expenditures in the Others segment totaled 18.5 billion yen.

In addition, the Company signed a memorandum of understanding with Sony Corporation ("Sony") in December 2010, expressing the intent to dissolve Nagasaki Semiconductor Manufacturing Corporation ("NSM", 60% of the shares held by the Company), a joint venture among the Company, Sony and Sony Computer Entertainment Inc., and to transfer 300mm wafer fabrication lines there from the Company to Sony. The Company, Sony and Sony Semiconductor Kyushu Corporation ("SCK") executed definitive agreements for the transfer from the Company to SCK of certain semiconductor fabrication equipment and other assets (purchase price: 53 billion yen) in February 2011. In accordance with this agreement, the Company transferred the equipment and other assets on April 2011.

PLANS FOR CONSTRUCTING NEW FACILITIES AND RETIRING EXISTING FACILITIES

At the end of this fiscal year ending March 31, 2011, investment for newly-established facilities and upgrades of equipment is planned to be amounted as 375.0 billion yen in FY2011 (based on the value of orders placed and including intangible assets; hereinafter the same).

This figure includes the Group's portion of the investment made by Flash Alliance, Ltd. and Flash Forward, LLC. and others, which are companies accounted for by the equity method. The funds for capital expenditures will be financed by the internal funds.

billions of yen — As of March 31, 2011

Business Segment	Planned Capital Investments for FY 2011	Major Contents and Purposes
Digital Products	35.0	Manufacturing facilities for HDDs, etc.
Electronic Devices	165.0	Manufacturing facilities for NAND flash memories, power devices, etc.
Social Infrastructures	100.0	Manufacturing facilities of rechargeable battery and enhancement of Power systems businesses
Home Appliances	15.0	Manufacturing facilities for Home appliances, etc.
Others	60.0	–
Total	375.0	–

Notes: 1) Consumption taxes are not included in these capital investment plans.
2) Retiring material facilities is not planned except for routine renewal of facilities and the transfer of manufacturing facilities for semiconductors used by NSM as written in "CAPITAL EXPENDITURE OVERVIEW".
3) The major planned new facilities and equipment upgrades in FY2011 are as follows:

As of March 31, 2011

Name of Company and Office	Place	Business Segment	Type of Facility	Planned Beginning	Capacity Improvement after Completion of Construction
Flash Forward LLC., and others	Yokkaichi, Mie	Electronic Devices	Manufacturing facilities for semiconductors	May 2011	Enhancement of manufacturing facilities, etc.

FINANCIAL POSITION

Total assets decreased by 112.4 billion yen from the end of March 2010 to 5,351.3 billion yen.

Equity attributable to the shareholders of the Company, increased to 793.9 billion yen, an increase of 88.0 billion yen against the end of March 2010, despite a deterioration in accumulated other comprehensive loss of 60.4 billion yen, due to impacts from fluctuations in foreign exchange rates and a downturn in stock market prices. This reflects a net income attributable to shareholders of the Company of 158.3 billion yen.

Total debt decreased by 134.5 billion yen from the end of March 2010 to 1,083.8 billion yen.

As a result of the foregoing, the shareholders' equity ratio at the end of March 2011 was 14.8%, a 1.9-point improvement from the end of March 2010, and the debt-to-equity ratio at the end of March 2011 was 137%, a 36-point improvement from the end of March 2010.

CASH FLOWS

In the fiscal year under review, net cash provided by operating activities amounted to 371.6 billion yen, a decrease of 82.2 billion yen from net cash provided by operating activities of 453.8 billion yen in the previous fiscal year, due to an decrease of working capital compared with the previous fiscal year despite the improved net income attributable to shareholders of the Company.

Net cash used in investing activities amounted to 214.7 billion yen, a decrease of 38.2 billion yen from 252.9 billion yen in the previous fiscal year.

As a result of the foregoing, free cash flow amounted to 156.9 billion yen, a decrease of 43.9 billion yen from 200.8 billion yen in the previous fiscal year.

Net cash used in financing activities amounted to 152.2 billion yen, a decrease of 128.0 billion yen from 280.2 billion yen of net cash used in financing activities in the previous fiscal year. This was mainly due to a decrease of repayment of borrowings compared with the previous fiscal year.

The effect of exchange rate changes was to decrease cash by 13.3 billion yen. Cash and cash equivalents at the end of the fiscal year declined by 8.6 billion yen, from 267.4 billion yen of the end of the previous fiscal year to 258.8 billion yen.

TREASURY STOCK

Shares held as of the closing date of last period:			2,160,986 (common stock)
Shares acquired during the period:	Demand for purchase of shares less than one unit from shareholders		332,680 (common stock)
		Aggregate amount of acquisition costs:	151 (million yen)
	Demand for purchase of shares by shareholders dissenting from Absorption-type Merger		51,850 (common stock)
		Aggregate amount of acquisition costs:	21 (million yen)
Shares disposed during the period:	Demand for sale of shares less than one unit from shareholders		25,646 (common stock)
		Aggregate amount of sales value:	11 (million yen)
Shares held as of the closing date of this period:			2,519,870 (common stock)

MAJOR SUBSIDIARIES AND AFFILIATED COMPANIES

As of March 31, 2011

Name of Company	Voting Rights Ratio (Percentage)	Location
Toshiba TEC Corporation	53.0	Shinagawa-ku, Tokyo
Toshiba America Information Systems, Inc.	100.0	U.S.
Toshiba Mobile Display Co., Ltd.	100.0	Fukaya
Toshiba Plant Systems & Services Corporation	61.6	Yokohama
Toshiba Elevator and Building Systems Corporation	80.0	Shinagawa-ku, Tokyo
Toshiba Solutions Corporation	100.0	Minato-ku, Tokyo
Toshiba Medical Systems Corporation	100.0	Otawara
Toshiba Nuclear Energy Holdings (US) Inc.	67.0	U.S.
Toshiba Nuclear Energy Holdings (UK) Ltd.	67.0	U.K.
Toshiba Consumer Electronics Holdings Corporation	100.0	Chiyoda-ku, Tokyo
Toshiba Consumer Marketing Corporation	100.0	Chiyoda-ku, Tokyo
Toshiba America, Inc.	100.0	U.S.
Toshiba Capital (Asia) Ltd.	100.0	Singapore
Taiwan Toshiba International Procurement Corporation	100.0	Taiwan

Notes: 1) The Company has 498 consolidated subsidiaries (including the 14 companies above) in accordance with Generally Accepted Accounting Standards in the U.S., and 202 affiliated companies accounted for by the equity method. The main affiliated companies accounted for by the equity method are Ikegami Tsushinki Co., Ltd., Shibaura Mechatronics Corporation, Toshiba Machine Co., Ltd., and Topcon Corporation.

2) Toshiba Nuclear Energy Holdings (US) Inc. substantially owns all of the equity of Westinghouse Electric Company L.L.C.

MAIN PLACES OF BUSINESS AND FACILITIES OF THE COMPANY

As of March 31, 2011

Segment		Major Distribution
Company-wide	Offices	Principal Office (Minato-ku, Tokyo), Hokkaido Branch Office (Sapporo), Tohoku Branch Office (Sendai), Shutoken Branch Office (Saitama), South-Shutoken Branch Office (Yokohama), Hokuriku Branch Office (Toyama), Chubu Branch Office (Nagoya), Kansai Branch Office (Osaka), Chugoku Branch Office (Hiroshima), Shikoku Branch Office (Takamatsu), Kyushu Branch Office (Fukuoka)
	Laboratories and others	Corporate Research & Development Center (Kawasaki), Software Engineering Center (Kawasaki), Corporate Manufacturing Engineering Center (Yokohama), Yokohama Complex (Yokohama), Himeji Operations (Himeji)
Digital Products	Laboratories	Core Technology Center (Ome), Digital Products Development Center (Ome)
	Production Facilities	Fukaya Operations (Fukaya), Ome Complex (Ome)
Electronic Devices	Laboratories	Center For Semiconductor Research & Development (Kawasaki)
	Production Facilities	Microelectronics Center (Kawasaki), Yokkaichi Operations (Yokkaichi), Himeji Operations-Semiconductor (Taishi, Hyogo), Kitakyushu Operations (Kitakyushu), Oita Operations (Oita)
Social Infrastructure	Laboratories	Power and Industrial Systems Research and Development Center (Yokohama), Isogo Nuclear Engineering Center (Yokohama)
	Production Facilities	Kashiwazaki Operations (Kashiwazaki), Saku Operations (Saku), Fuchu Complex (Fuchu, Tokyo), Komukai Operations (Kawasaki), Hamakawasaki Operations (Kawasaki), Keihin Product Operations (Yokohama), Mie Operations (Asahi Cho, Mie)

RISK FACTORS RELATING THE GROUP AND ITS BUSINESS

The business areas of energy and electronics, the Group's main business areas, require highly advanced technology for their operation. At the same time, the Group faces fierce global competition. Therefore, appropriate risk management is indispensable. Major risk factors related to the Group recognized by the Company are described below. The actual occurrence of any of those risk factors may adversely affect the Group's operating results and financial condition.

The risks described below are identified by the Group based on information available to the Group as of June 22, 2011 (the date of the filing of the Annual Securities Report) and involve inherent uncertainties, and, therefore, the actual results may differ. The Group recognizes these risks and makes every effort to avoid the occurrence of these risks and minimize any impact from them when they occur, by maintaining the proper risk management.

1. Risks related to management policy

(1) Strategic concentrated investment

The Group makes strategic, concentrated investments in the expansion of hybrid products and services in the areas of NAND flash memories, smart communities, power electronics and EVs, recyclable energy, healthcare and digital products, with the aim of accelerating the growth in focused business areas and establishing a new business base to generate profits. The Group is also promoting selective allocations of resources with respect to such areas as System LSIs. 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 makes 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. In order to avoid such risks, the Group is conscious of capital costs and of the need to conduct careful selection of investment items and to enhance progress management. Alongside these efforts, the Group also aims to achieve growth through allocation of strategic resources and to reinforce its financial base, by means of thorough implementation of comprehensive management of all relevant investments that reflect the nature of each individual business. Further to this, the Group also makes every effort to utilize external resources through strategic business alliances where necessary.

(2) Success of strategic business alliances and acquisitions

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

(3) Business structure reformation

The Group as a whole is taking measures to reform its business structure, mainly focusing on strategic allocation of resources in its businesses in order to convert its structure into one that enables the Group to generate profit regardless of the market situation. In connection with these measures, there is a possibility that the Group will incur expenses for business structure reform. Although there is a possibility that the Group's operating results or financial condition may be affected in the event of the failure of such program to produce the expected results, the Group, including its management, has continuously followed-up on the progress of such programs, and, as a result, the number of businesses subject to such programs has been steadily decreased.

(4) Measure for defense against hostile takeover

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

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

(1) Business environment of the Digital Products business

The market for the Digital Products business is intensely competitive, with many companies manufacturing and selling products similar to those offered by the Group. Additionally, this business may be heavily affected by economic fluctuations and consumer spending trends, and decreases in demand may cause declines in product prices. On the other hand, in times of rapid increases in demand, the Group's profit may be reduced due to the need to purchase costly parts and components, and a shortage of these parts and components may hinder the Group's ability to supply products to the market in a timely manner. The Group makes every effort to implement this business, monitoring the latest trends in market demands in order to flexibly meet changes in supply and demand conditions and to thoroughly control production, procurement, sales and inventory (PSI). At the same time, the Group makes every effort to avoid risks and reduce costs in connection with the procurement of parts and components by promoting package procurement and comprehensive procurement on a Group-wide basis. The Group also makes every effort to minimize any impact from changes in the market by undertaking regional strategies for the promotion of business expansion and similar purposes in developing nations, including China, where its growth rate remains comparatively high in a fast changing market, and by appropriately revising the composition of products, such as introducing commoditized products streamlined for the required functionality and having strong cost competitiveness. However, any rapid fluctuation in demand may result in price erosion or increases in prices of components, which may adversely affect the Group's financial results with respect to this business.

In storage products business, merger and acquisition transactions among competitors are ongoing, and, thus, the business environment has been changing. The Group, however, aims in the future to strengthen its storage products business that integrated HDD, SSD, and NAND flash memories, to be consolidated with semiconductor businesses, utilizing the strength of having high-spec SSD and high-capacity HDD.

(2) Business environment of the Electronic Devices business

The market for the Electronic Devices business is highly cyclical, depending on demand, and intensely competitive, with many companies, mainly in overseas markets, manufacturing and selling products similar to those offered by the Group. The results of this business tend to change with economic fluctuations and, in particular, to be heavily affected by exchange rate fluctuations. Although the performance of the semiconductor business was strong and positive for FY2010, 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 memories, the Group's major product in this business, may undergo rapid change, while such price had been stable during FY2010, and System LSIs and other semiconductor products also face uncertain future market trends, in spite of gradual recovery in the consumer market for digital products that use semiconductors. The movement of the consumer market may influence demand for semiconductors. Fluctuations in the results of this business may materially affect the Group's overall business performance. In addition, the market may face a downturn, the Group may fail to market new products in a timely manner, or a rapid introduction of new technology may make the Group's current products obsolete. Economies of scale with respect to the manufacture of the many products produced by this business are significant and there is intense competition to develop and market new products. Therefore, significant levels of capital expenditures are required to maintain and improve competitiveness in both the price and quality of products.

The Group makes every effort to implement the business by focusing its attention on these factors and promoting strategic allocation of resources. At the same time, the Group makes every effort to increase profits by enhancing cost competitiveness, which is to be achieved by maintaining a technological advantage and expanding the product line-up.

Additionally, the Group undertakes rigorous selection in its investments and makes every effort to carefully monitor the latest market trends and to make capital investments in a timely manner, while thoroughly controlling flexible production that corresponds to fluctuations in market demand, adjustment of supplies and investment management. The Group promotes procurement of components from overseas in US dollars in order to mitigate the impact of exchange rate fluctuations.

In response to the severe business environment in the System LSI business, the Group accelerates the Fabless policy by transfer of semiconductor manufacturing facilities which were used by Nagasaki Semiconductor Manufacturing Inc. and aims to improve its profitability through the expansion of manufacturing outsourcing. Also the Group has reorganized the System LSI business by dividing it into (i) the Logic LSI Business Department, which focuses on high-end System on Chip (SoC), and (ii) the Analog-Imaging IC Department, which focuses on general purpose discrete semiconductors.

In addition, Toshiba Mobile Display Co., Ltd. ("Toshiba Mobile Display"), which engages in the LCD business, remains in a situation in which its liabilities exceed its assets, and operates in a tight business environment in which it must deal with shifting exchange rates and price declines. The Group has been implementing business structure reformation programs, with a primary emphasis on LCD displays for mobile equipment that requires leading-edge technologies, and Toshiba Mobile Display achieved operating income and recorded net income in FY2010.

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

Furthermore, this business 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 stoppages of plans for various reasons, including policy changes, natural and other disasters and other factors, may adversely and substantially affect the progress of such projects. In addition, when the percentage of completion method is applied to revenue recognition for long term construction contracts, the Group may reassess profits previously recorded as accrued and record them as a loss, in the event that the expected profits from such projects do not meet original expectations or projects are delayed or cancelled for some reason. Furthermore, it may not be possible to pass on to the customer or others any additional costs incurred due to delays in the work process, and such costs may not be collected. In order to deal with such cases, the Group makes every effort to grasp trends in markets and projects and to ensure thorough risk management before and after accepting orders. In addition, whenever possible, the Group makes every effort to appropriately avoid risk by making agreements with customers for advance payment or performance payments, as well as other agreements on supplemental payments in the event of changes in specifications and delays in work. Although difficulties may arise for the continuance of certain currently ongoing projects due to a change in the policies of fund providers and other factors, the Group is making every effort to obtain other fund providers for such pending projects.

With respect to the nuclear power business, since the incident that occurred at the Fukushima Nuclear Power Plant, there is a possibility that, to some extent, the project plans and orders obtained by the Group may be reconsidered. With respect to the existing power plants, we will implement emergency safety measures for the purpose of resuming operations and respond with permanent improvements in accordance with safety standards to be revised based on the analysis of the incident above. Further, the Group plans to develop a next-generation nuclear power reactor with higher safety standards. With respect to the new construction of power plants, it is necessary to incorporate revised future safety standards, and the Group will determine its future development while confirming the status of customers in various countries and regions.

(4) Business environment of the Home Appliances business
The Home Appliances business faces intense competition from many companies manufacturing and selling products similar to those offered by the Group. In addition, the results of this business tend to be strongly affected by consumer spending, the emergence of new technologies and price declines in existing products for industrial light sources, and trends in building and housing construction starts relative to the lighting and air-conditioning businesses. Accordingly, the impact of the recession and price declines in recent years may lead to a deterioration in the results of this business. Given this, the Group is making every effort to expand this business by developing it at the global level, including in developing nations that have a high growth rate, as well as developing new products that are environmentally friendly and that contribute to energy saving, such as new lighting systems.

(5) The Great East Japan Earthquake
The impact of the Great East Japan Earthquake on the manufacturing operations of the Group has been limited in scope, as the manufacturing operations at certain sites, including Iwate Toshiba Electronics Co., Ltd. and Toshiba Mobile Display, have already resumed their operations, although they were temporarily suspended upon the occurrence of the said earthquake. The future impact of the Great East Japan Earthquake on the economy is not clear, and the businesses of the Group may be affected due to change in domestic demands. In addition, the shortage of electric power supply and the damage to suppliers may affect the manufacturing operations of the Group.

On the other hand, the Group plans to contribute to the recovery from the said disaster through its businesses. Regarding the power shortage, the Group expects to cooperate with the efforts to reduce power consumption by reallocating working days and office hours and establishing in-house power generation, as well as examining measures to supply electric power through the introduction of co-generation systems, as necessary. At the same time, the Group has strived to minimize the impact of component shortages on its manufacturing operations, exerting all possible measures to secure component supplies by, among other things, collecting information on inventories, such as distributors' inventories, raw materials and semi-finished goods, reallocating manufacturing operations at certain sites, including the sites of business partners, and implementing emergency procurement processes for alternative goods.

(6) Financial covenants

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 relevant loan repayments may be accelerated upon demand by the relevant lending financial institutions. Furthermore, any breach by the Company of such financial covenants may trigger acceleration of the bonds or other borrowings of the Company.

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

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

(iii) Accrued pension and severance costs

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

(iv) Impairment of long-lived assets and goodwill

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

(8) 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 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. 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.

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

In order to deal with such situations, the Group makes every effort to avoid risks by developing and cultivating new suppliers, promoting multi-vendor procurement by means of adopting standard products, and engaging in comprehensive procurement on a Group-wide basis, in addition to ensuring acquisition of materials, components and other goods through enhanced cooperation with key suppliers.

(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. The Group will further reinforce educational programs for employees, toward developing human resources, including nurturing personnel able to support and promote business globalization.

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. The Group is now accelerating expansion of new growth businesses that can take advantage of a synergy of the Group's strengths in areas that include next generation devices, smart communities, power electronics and EV, recyclable energy, and healthcare businesses.

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

5. Risks related to trade practices

(1) Parent company's guarantees

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

6. Risks related to new products and new technology

(1) Development of new products

It is critically important for the Group to offer innovative and attractive new products and services. The Group has exerted its efforts to create "World-First" and "World No.1" products that deliver surprise and inspiration to customers, ahead of the needs of customers. However, due to the rapid pace of technological innovation, the emergence of alternative technologies and products and changes in technological standards, the optimum introduction of new products to the market may not be accomplished, or new products may be accepted by the market for a shorter period than anticipated. In addition, any failure on the part of the Group to continuously obtain sufficient funding and resources for development of technologies may affect the Group's ability to develop new products and services and to introduce them to market.

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

7. Risks related to laws and regulations

(1) Information security

The Group maintains and manages personal information obtained through business operations, as well as trade secrets regarding the Group's technology, marketing and other business operations. Even though the Group makes every effort to manage this information appropriately, the Group's business performance and financial situation may be subject to negative influences in the event of an unanticipated leak of such information and such information is obtained and used illegally 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.

(2) Compliance and internal control

The Group is active in various businesses in regions worldwide, and its business activities are subject to the laws and regulations of each region. The Group has implemented and operates necessary and appropriate internal control systems for a number of purposes, including compliance with laws and regulations and strict reporting of business and financial matters. However, there can be no assurance that the Group will always be able to structure and operate effective internal control systems. Furthermore, 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 may result in increased compliance costs. On these grounds, the Group makes every effort to minimize these risks by making periodic revisions to the internal control systems, continuously monitoring operations, and so forth.

(3) The environment

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

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

(4) Product quality claims

While the Group makes every effort to implement quality control measures and to manufacture its products in accordance with appropriate quality-control standards, there can be no assurance that all products are free of defects that may result in a recall, lawsuits or other claims relating to product quality 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.

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. The Company was individually fined €86.25 million and was also fined €4.65 million jointly and severally with Mitsubishi Electric Corporation. The Company contends that it did not violate EU competition laws and appealed the decision to the European Court of First Instance in April 2007.

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

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

(1) Alliance in NAND flash memories

The Group has a strategic alliance with a U.S. company, SanDisk Corporation ("SanDisk"), for the production of NAND flash memories, 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 thereafter 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 67%. The remainder is held by three companies in Japan and overseas (the "Minority Shareholders").

While the shareholders' agreements restrict the Minority Shareholders from transferring their respective ownership interests in companies of Westinghouse group to a third party until October 1, 2012, the Minority Shareholders have been given an option to sell all or part of their ownership interests to the Company ("Put Options"). However, since exercising the Put Options held by some of the Minority Shareholders requires consent from a third party, such Minority Shareholders are not able to exercise their Put Options at their own discretion.

The Group also has an option to purchase from the Minority Shareholders all or part of their respective ownership interest 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 substantial funds in connection with the exercise of Put Options or purchase options.

10. Others

(1) Measures against counterfeit products

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

(2) Protection of intellectual property rights

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

The Group also 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 addition, it is also possible that a suit or such similar action or proceeding may be brought against the Group in respect of intellectual property rights or that the Group may itself have to file a suit in order to protect its intellectual property rights. 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 and exchange rate fluctuations, in Japan or overseas, may impact market demand and the Group’s business operations. The Group makes every effort to avoid these risks and to reduce any impact when such risks emerge by continuously monitoring changes in the situation in each region where the Group operates, including legal and regulatory changes, and by promptly initiating countermeasures.

(4) Natural disasters

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

Consolidated Balance Sheet

Toshiba Corporation and Subsidiaries
As of March 31, 2011

Assets	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars (Note 3) 2011
Current assets:			
Cash and cash equivalents	¥ 258,840	¥ 267,449	$ 3,118,554
Notes and accounts receivable, trade:			
Notes (Note 7)	47,311	44,122	570,012
Accounts (Note 7)	1,082,104	1,154,065	13,037,398
Allowance for doubtful notes and accounts	(17,079)	(20,112)	(205,771)
Inventories (Note 8)	851,265	791,294	10,256,205
Deferred tax assets (Note 18)	190,222	153,416	2,291,831
Other receivables	187,483	185,499	2,258,832
Prepaid expenses and other current assets (Note 21)	200,991	191,563	2,421,578
Total current assets	2,801,137	2,767,296	33,748,639
Long-term receivables and investments:			
Long-term receivables (Note 7)	2,540	3,337	30,602
Investments in and advances to affiliates (Note 9)	416,431	366,250	5,017,241
Marketable securities and other investments (Note 6)	241,409	253,267	2,908,542
Total long-term receivables and investments	660,380	622,854	7,956,385
Property, plant and equipment (Notes 11, 17 and 22)**:**			
Land	97,528	102,666	1,175,036
Buildings	979,795	1,001,274	11,804,759
Machinery and equipment	2,314,219	2,493,391	27,882,157
Construction in progress	112,080	95,957	1,350,361
	3,503,622	3,693,288	42,212,313
Less-Accumulated depreciation	(2,628,648)	(2,743,716)	(31,670,458)
Total property, plant and equipment	874,974	949,572	10,541,855
Other assets: (Note 17)			
Goodwill and other intangible assets (Note 10)	547,612	610,516	6,597,735
Deferred tax assets (Note 18)	365,015	400,311	4,397,771
Other assets	102,225	113,165	1,231,627
Total other assets	1,014,852	1,123,992	12,227,133
Total assets	¥ 5,351,343	¥ 5,463,714	$ 64,474,012

The accompanying notes are an integral part of these statements.

Liabilities and equity	Millions of yen 2011	2010	Thousands of U.S. dollars (Note 3) 2011
Current liabilities:			
Short-term borrowings (Note 11)	¥ **154,848**	¥ 51,347	$ **1,865,638**
Current portion of long-term debt (Notes 11, 12 and 21)	**159,414**	206,017	**1,920,651**
Notes and accounts payable, trade	**1,188,202**	1,194,193	**14,315,687**
Accounts payable, other and accrued expenses (Note 26)	**386,189**	386,869	**4,652,880**
Accrued income and other taxes	**36,238**	42,384	**436,602**
Advance payments received	**271,068**	317,044	**3,265,880**
Other current liabilities (Notes 18, 21 and 24)	**351,138**	362,575	**4,230,578**
Total current liabilities	**2,547,097**	2,560,429	**30,687,916**
Long-term liabilities:			
Long-term debt (Notes 11 and 21)	**769,544**	960,938	**9,271,615**
Accrued pension and severance costs (Note 13)	**734,309**	717,746	**8,847,096**
Other liabilities (Notes 18, 21, 26 and 27)	**197,169**	189,736	**2,375,530**
Total long-term liabilities	**1,701,022**	1,868,420	**20,494,241**
Total liabilities	¥ **4,248,119**	¥ 4,428,849	$ **51,182,157**
Equity attributable to shareholders of the Company (Notes 12 and 19)**:**			
Common stock:			
Authorized–10,000,000,000 shares Issued:			
2011 and 2010 –4,237,602,026 shares	¥ **439,901**	¥ 439,901	$ **5,300,012**
Additional paid-in capital	**399,551**	447,732	**4,813,867**
Retained earnings	**475,474**	278,846	**5,728,602**
Accumulated other comprehensive loss	**(519,605)**	(459,244)	**(6,260,301)**
Treasury stock, at cost:			
2011–2,519,870 shares	**(1,461)**	–	**(17,602)**
2010–2,160,986 shares	**–**	(1,305)	**–**
Total equity attributable to shareholders of the Company	**793,860**	705,930	**9,564,578**
Equity attributable to noncontrolling interests	**309,364**	328,935	**3,727,277**
Total equity	¥ **1,103,224**	¥ 1,034,865	$ **13,291,855**
Commitments and contingent liabilities (Notes 23, 24 and 25)			
Total liabilities and equity	¥ **5,351,343**	¥ 5,463,714	$ **64,474,012**

Consolidated Statement of Income

Toshiba Corporation and Subsidiaries
For the years ended March 31, 2011

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Sales and other income:			
Net sales	**¥ 6,263,990**	¥ 6,137,689	**$ 75,469,759**
Interest and dividends	**8,168**	7,587	**98,410**
Equity in earnings of affiliates (Note 9)	**18,478**	22,385	**222,626**
Other income (Notes 6, 16 and 21)	**67,926**	62,356	**818,386**
	6,358,562	6,230,017	**76,609,181**
Costs and expenses:			
Cost of sales (Notes 10, 14, 17, 22 and 26)	**4,771,797**	4,760,217	**57,491,530**
Selling, general and administrative (Notes 10, 14, 15 and 22)	**1,247,661**	1,305,684	**15,032,060**
Interest	**32,328**	35,585	**389,494**
Other expense (Notes 6, 7, 16, 17 and 21)	**104,991**	142,873	**1,264,952**
	6,156,777	6,244,359	**74,178,036**
Income (loss) from continuing operations, before income taxes and noncontrolling interests	**201,785**	(14,342)	**2,431,145**
Income taxes (Note 18):			
Current	**55,558**	51,666	**669,374**
Deferred	**(27,614)**	(26,877)	**(332,699)**
	27,944	24,789	**336,675**
Income (loss) from continuing operations, before noncontrolling interests	**173,841**	(39,131)	**2,094,470**
Loss from discontinued operations, before noncontrolling interests (Note 4)	**(7,356)**	(938)	**(88,627)**
Net income (loss) before noncontrolling interests	**166,485**	(40,069)	**2,005,843**
Less: Net income attributable to noncontrolling interests	**8,159**	13,874	**98,301**
Net income (loss) attributable to shareholders of the Company	**¥ 158,326**	¥ (53,943)	**$ 1,907,542**

	Yen		U.S. dollars (Note 3)
Basic net earnings (losses) per share attributable to shareholders of the Company (Note 20)			
Earnings (losses) from continuing operations	**¥ 39.24**	¥ (12.49)	**$ 0.47**
Losses from discontinued operations	**¥ (1.86)**	¥ (0.98)	**$ (0.02)**
Net earnings (losses)	**¥ 37.38**	¥ (13.47)	**$ 0.45**
Diluted net earnings (losses) per share attributable to shareholders of the Company (Note 20)			
Earnings (losses) from continuing operations	**¥ 37.68**	¥ (12.49)	**$ 0.45**
Losses from discontinued operations	**¥ (1.86)**	¥ (0.98)	**$ (0.02)**
Net earnings (losses)	**¥ 35.90**	¥ (13.47)	**$ 0.43**
Cash dividends per share (Note 19)	**¥ 5.00**	¥ –	**$ 0.06**

The accompanying notes are an integral part of these statements.

Consolidated Statement of Comprehensive Income

Toshiba Corporation and Subsidiaries
For the years ended March 31, 2011

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Net income (loss) before noncontrolling interests	**¥ 166,485**	¥ (40,069)	**$ 2,005,843**
Other comprehensive income (loss), net of tax (Note 19)			
Net unrealized gains and losses on securities (Note 6)	**(9,057)**	55,397	**(109,120)**
Foreign currency translation adjustments	**(55,854)**	(16,612)	**(672,940)**
Pension liability adjustments (Note 13)	**(9,348)**	15,399	**(112,626)**
Net unrealized gains and losses on derivative instruments (Note 21)	**3,287**	(285)	**39,602**
Total other comprehensive income (loss)	**(70,972)**	53,899	**(855,084)**
Comprehensive income before noncontrolling interests	**95,513**	13,830	**1,150,759**
Less:Comprehensive income attributable to noncontrolling interests	**(2,452)**	9,175	**(29,542)**
Comprehensive income attributable to shareholders of the Company	**¥ 97,965**	¥ 4,655	**$ 1,180,301**

The accompanying notes are an integral part of these statements.

Toshiba Corporation and Subsidiaries
For the years ended March 31, 2011

	Millions of yen							
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other compre-hensive income (loss)	Treasury stock	Equity attributable to shareholders of the Company	Equity attributable to non-controlling interests	Total equity
Balance at March 31, 2009	¥ 280,281	¥ 291,137	¥ 332,804	¥ (517,842)	¥ (1,210)	¥ 385,170	¥ 310,969	¥ 696,139
Issuance of shares (Note 19)	159,620	157,921				317,541		317,541
Change in ownership for noncontrolling interests and others		(1,326)				(1,326)	15,885	14,559
Dividends attributable to noncontrolling interests							(7,094)	(7,094)
Comprehensive income (loss): Net income (loss)			(53,943)			(53,943)	13,874	(40,069)
Other comprehensive income (loss), net of tax (Note 19):								
Net unrealized gains and losses on securities (Note 6)				51,587		51,587	3,810	55,397
Foreign currency translation adjustments				(8,511)		(8,511)	(8,101)	(16,612)
Pension liability adjustments (Note 13)				15,899		15,899	(500)	15,399
Net unrealized gains and losses on derivative instruments (Note 21)				(377)		(377)	92	(285)
Total comprehensive income						4,655	9,175	13,830
Purchase of treasury stock, net, at cost			(15)		(95)	(110)		(110)
Balance at March 31, 2010	439,901	447,732	278,846	(459,244)	(1,305)	705,930	328,935	1,034,865
Transfer to retained earnings from additional paid-in capital (Note 19)		**(46,772)**	**46,772**					
Change in ownership for noncontrolling interests and others		**(1,406)**				**(1,406)**	**(8,841)**	**(10,247)**
Dividend attributable to shareholders of the Company			**(8,470)**			**(8,470)**		**(8,470)**
Dividends attributable to noncontrolling interests							**(8,278)**	**(8,278)**
Comprehensive income (loss): Net income			**158,326**			**158,326**	**8,159**	**166,485**
Other comprehensive income (loss), net of tax (Note 19):								
Net unrealized gains and losses on securities (Note 6)				**(10,771)**		**(10,771)**	**1,714**	**(9,057)**
Foreign currency translation adjustments				**(42,187)**		**(42,187)**	**(13,667)**	**(55,854)**
Pension liability adjustments (Note 13)				**(10,002)**		**(10,002)**	**654**	**(9,348)**
Net unrealized gains and losses on derivative instruments (Note 21)				**2,599**		**2,599**	**688**	**3,287**
Total comprehensive income (loss)						**97,965**	**(2,452)**	**95,513**
Purchase of treasury stock, net, at cost		**(3)**			**(156)**	**(159)**		**(159)**
Balance at March 31, 2011	**¥ 439,901**	**¥ 399,551**	**¥ 475,474**	**¥ (519,605)**	**¥ (1,461)**	**¥ 793,860**	**¥ 309,364**	**¥ 1,103,224**

Toshiba Corporation and Subsidiaries
For the years ended March 31, 2011

	Thousands of U.S. dollars (Note 3)							
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other compre-hensive income (loss)	Treasury stock	Equity attributable to shareholders of the Company	Equity attributable to non-controlling interests	Total equity
Balance at March 31, 2010	$ 5,300,012	$ 5,394,361	$ 3,359,590	$ (5,533,060)	$ (15,722)	$ 8,505,181	$ 3,963,072	$ 12,468,253
Transfer to retained earnings from additional paid-in capital (Note 19)		**(563,518)**	**563,518**					
Change in ownership for noncontrolling interests and others		**(16,940)**				**(16,940)**	**(106,518)**	**(123,458)**
Dividend attributable to shareholders of the Company			**(102,048)**			**(102,048)**		**(102,048)**
Dividends attributable to noncontrolling interests							**(99,735)**	**(99,735)**
Comprehensive income (loss):								
Net income			**1,907,542**			**1,907,542**	**98,301**	**2,005,843**
Other comprehensive income (loss), net of tax (Note 19):								
Net unrealized gains and losses on securities (Note 6)				**(129,771)**		**(129,771)**	**20,651**	**(109,120)**
Foreign currency translation adjustments				**(508,277)**		**(508,277)**	**(164,663)**	**(672,940)**
Pension liability adjustments (Note 13)				**(120,506)**		**(120,506)**	**7,880**	**(112,626)**
Net unrealized gains and losses on derivative instruments (Note 21)				**31,313**		**31,313**	**8,289**	**39,602**
Total comprehensive income (loss)						**1,180,301**	**(29,542)**	**1,150,759**
Purchase of treasury stock, net, at cost		**(36)**			**(1,880)**	**(1,916)**		**(1,916)**
Balance at March 31, 2011	**$ 5,300,012**	**$ 4,813,867**	**$ 5,728,602**	**$ (6,260,301)**	**$ (17,602)**	**$ 9,564,578**	**$ 3,727,277**	**$ 13,291,855**

The accompanying notes are an integral part of these statements.

Consolidated Statement of Cash Flows

Toshiba Corporation and Subsidiaries
For the years ended March 31, 2011

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	**2011**
Cash flows from operating activities			
Net income (loss) before noncontrolling interests	**¥ 166,485**	¥ (40,069)	**$ 2,005,843**
Adjustments to reconcile net income (loss) before noncontrolling interests to net cash provided by operating activities–			
Depreciation and amortization	**250,412**	291,520	**3,017,012**
Provisions for pension and severance costs, less payments	**8,611**	3,111	**103,747**
Deferred income taxes	**(33,588)**	(31,112)	**(404,674)**
Equity in earnings of affiliates, net of dividends	**(6,406)**	(11,566)	**(77,181)**
Loss from sales, disposal and impairment of property, plant and equipment and intangible assets, net	**9,018**	33,266	**108,651**
Loss from sales and impairment of securities and other investments, net	**3,594**	7,181	**43,301**
(Increase) decrease in notes and accounts receivable, trade	**5,616**	(102,808)	**67,663**
Increase in inventories	**(92,135)**	(23,972)	**(1,110,060)**
Increase in notes and accounts payable, trade	**50,841**	178,751	**612,542**
Increase (decrease) in accrued income and other taxes	**(5,163)**	4,382	**(62,205)**
Increase (decrease) in advance payments received	**(22,361)**	55,065	**(269,410)**
Other	**36,660**	90,006	**441,687**
Net cash provided by operating activities	**371,584**	453,755	**4,476,916**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangible assets	**58,391**	40,071	**703,506**
Proceeds from sale of securities	**5,427**	6,931	**65,386**
Acquisition of property, plant and equipment	**(229,229)**	(215,876)	**(2,761,795)**
Acquisition of intangible assets	**(30,851)**	(47,053)	**(371,699)**
Purchase of securities	**(6,201)**	(14,316)	**(74,711)**
(Increase) decrease in investments in affiliates	**(38,424)**	8,288	**(462,940)**
Other	**26,187**	(30,967)	**315,506**
Net cash used in investing activities	**(214,700)**	(252,922)	**(2,586,747)**
Cash flows from financing activities			
Proceeds from long-term debt	**159,807**	397,181	**1,925,386**
Repayment of long-term debt	**(406,846)**	(304,787)	**(4,901,759)**
Increase (decrease) in short-term borrowings, net	**112,395**	(680,641)	**1,354,156**
Proceeds from stock offering	**–**	317,541	**–**
Dividends paid	**(17,601)**	(5,728)	**(212,060)**
Purchase of treasury stock, net	**(159)**	(109)	**(1,916)**
Other	**188**	(3,628)	**2,265**
Net cash used in financing activities	**(152,216)**	(280,171)	**(1,833,928)**
Effect of exchange rate changes on cash and cash equivalents	**(13,277)**	2,994	**(159,964)**
Net decrease in cash and cash equivalents	**(8,609)**	(76,344)	**(103,723)**
Cash and cash equivalents at beginning of year	**267,449**	343,793	**3,222,277**
Cash and cash equivalents at end of year	**¥ 258,840**	¥ 267,449	**$ 3,118,554**
Supplemental disclosure of cash flow information			
Cash paid during the year for–			
Interest	**¥ 33,478**	¥ 31,036	**$ 403,349**
Income taxes	**61,342**	4,487	**739,060**

The accompanying notes are an integral part of these statements.

RESTATEMENT OF PREVIOUSLY ISSUED CONSOLIDATED FINANCIAL STATEMENTS

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

1) Background

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

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

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

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

In line with the amendment, data in the consolidated financial statements were reclassified for disclosure in connection with discontinued operations, and ASU No. 2011-05 has been applied retrospectively to disclose consolidated statement of comprehensive income. Information on discontinued operations is disclosed in Note 4.

2) Overview

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

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

To correct these accounting treatments, the Company restated data in the consolidated financial statements issued in the fiscal year ended March 31, 2010 and the following years. The effect of this restatement on net sales and income from continuing operations, before income taxes and noncontrolling interests, for the fiscal years ended March 31, 2011 and 2010 is as stated in 3) below.

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

To correct these accounting treatments, the Company restated data in the consolidated financial statements issued in the fiscal year ended March 31, 2010 and the following years. The effect of this restatement on income from continuing operations, before income taxes and noncontrolling interests, for the fiscal years ended March 31, 2011 and 2010 is as stated in 3) below.

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

To correct these accounting treatments, the Company restated data in the consolidated financial statements issued in the fiscal year ended March 31, 2010 and the following years. The effect of this restatement on income from continuing operations, before income taxes and noncontrolling interests, for the fiscal years ended March 31, 2011 and 2010 is as stated in 3) below.

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

To correct these accounting treatments, the Company restated data in the consolidated financial statements issued in the fiscal year ended March 31, 2010 and the following years. The effect of this restatement on income from continuing operations, before income taxes and noncontrolling interests, for the fiscal years ended March 31, 2011 and 2010 is as stated in 3) below.

Restatement for the account treatment for events identified in self-check, and others
The Company restated data in the consolidated financial statements issued in the fiscal year ended March 31, 2010 and the following years, including events identified in the above self-check and other matters that had not been corrected from the standpoint of materiality. The effect of this restatement on net sales and income from continuing operations, before income taxes and noncontrolling interests, for the fiscal years ended March 31, 2011 and 2010 is as stated in 3) below.

Additional recognition of impairment losses and resulting adjustment to depreciation
Incidental with the above correction of accounting treatments, the Company recognized impairment losses on fixed assets and made a correction of the recognition timing thereof and the resulting adjustment to depreciation for the Visual Products Business, PC Business, discrete and system LSIs businesses of the Semiconductor Business. Consequently, relevant data were restated in the consolidated financial statements issued in the fiscal year ended March 31, 2010 and the following years. The effect of this restatement on income from continuing operations, before income taxes and noncontrolling interests, for the fiscal years ended March 31, 2011 and 2010 is as stated in 3) below.

Income taxes
Although the effect of the correction of the above accounting treatments on income taxes for the current fiscal year in the consolidated tax filing group led by the Company and in subsidiaries is insignificant, the Company made adjustments to deferred tax assets and liabilities and reviewed valuation allowances due to a change in temporary differences resulting from the above correction of accounting treatments for prior years. Consequently, relevant data were restated in the consolidated financial statements issued in the fiscal year ended March 31, 2010 and the following years. The effect of this restatement on income taxes for the fiscal years ended March 31, 2011 and 2010 is as stated in 3) below.

3) Summary of effects of restatement

(1) Summary of effects on net sales

The following table shows the summary of effects of the restatement on net sales:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Net sales, as previously reported	**¥ 6,398,505**	¥ 6,291,208	**$ 77,090,422**
Reclassified as discontinued operations	**(127,821)**	(161,358)	**(1,540,012)**
Adjustments:			
Correction of the accounting treatment under the percentage-of-completion method	**5,335**	(1)	**64,277**
Correction of the account treatment for events identified in self-check, and others	**(12,029)**	7,840	**(144,928)**
Sub total of adjustments	**(6,694)**	7,839	**(80,651)**
Net sales, as restated	**¥ 6,263,990**	¥ 6,137,689	**$ 75,469,759**

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

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

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Income from continuing operations, before income taxes and noncontrolling interests, as previously reported	**¥ 195,549**	¥ 34,413	**$ 2,356,012**
Reclassified as discontinued operations	**(827)**	(7,259)	**(9,964)**
Adjustments:			
Correction of the accounting treatment under the percentage-of-completion method	**7,065**	131	**85,120**
Correction of the accounting treatment in relation to recording operating expenses in the Visual Products Business	**(6,533)**	(7,800)	**(78,711)**
Correction of the accounting treatment in the parts transactions in the PC Business	**11,320**	(28,570)	**136,386**
Correction of the accounting treatment in relation to valuation of inventory in the Semiconductor Business	**(1,554)**	(4,356)	**(18,723)**
Correction of the account treatment for events identified in self-check, and others	**(3,553)**	(3,906)	**(42,806)**
Additional recognition of impairment losses and resulting adjustment to depreciation	**318**	3,005	**3,831**
Sub total of adjustments	**7,063**	(41,496)	**85,097**
Income (loss) from continuing operations, before income taxes and noncontrolling interests, as restated	**201,785**	(14,342)	**2,431,145**
Income taxes, as previously reported	**40,720**	33,534	**490,603**
Adjustment to income taxes	**(12,776)**	(8,745)	**(153,928)**
Income taxes, as restated	**27,944**	24,789	**336,675**
Income (loss) from continuing operations, before noncontrolling interests, as restated	**173,841**	(39,131)	**2,094,470**
Loss from discontinued operations, before noncontrolling interests (net of tax), as previously reported	**(8,183)**	(6,172)	**(98,591)**
Reclassified as discontinued operations	**827**	5,234	**9,964**
Loss from discontinued operations, before noncontrolling interests(net of tax), as restated	**(7,356)**	(938)	**(88,627)**
Net income (loss) before noncontrolling interests, after reclassification as discontinued operations	**166,485**	(40,069)	**2,005,843**
Less: Net income attributable to noncontrolling interests, as previously reported	**8,801**	14,450	**106,036**
Adjustment to: less: net income attributable to noncontrolling interests	**(642)**	(576)	**(7,735)**
Less: Net income attributable to noncontrolling interests, as restated	**8,159**	13,874	**98,301**
Net income (loss) attributable to shareholders of the Company, as restated	**¥ 158,326**	¥ (53,943)	**$ 1,907,542**

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

The following table shows the summary of adjustments made to the balance of each equity item at the beginning of the fiscal year ended March 31, 2010 as cumulative effects in the fiscal year ended March 31, 2009 and the prior periods. No adjustment is made to common stock and treasury stock, at cost.

	Millions of yen			
	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Equity attributable to non-controlling interests
March 31, 2009, as previously reported	¥ 291,137	¥ 395,134	¥ (517,996)	¥ 311,935
Adjustments:				
Correction of the accounting treatment under the percentage-of-completion method	–	(7,211)	–	–
Correction of the accounting treatment in relation to recording operating expenses in the Visual Products Business	–	(5,300)	–	–
Correction of the accounting treatment in the parts transactions in the PC Business	–	(19,787)	–	–
Correction of the account treatment for events identified in self-check, and others	–	(9,536)	154	2
Additional recognition of impairment losses and resulting adjustment to depreciation	–	(41,768)	–	–
Adjustment to income taxes	–	20,304	–	–
Adjustment to noncontrolling interests	–	968	–	(968)
Sub total of adjustments	–	(62,330)	154	(966)
March 31, 2009, as restated	¥ 291,137	¥ 332,804	¥ (517,842)	¥ 310,969

(4) Summary of effects on consolidated balance sheet

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

	Millions of yen		
March 31, 2011	Amount as previously reported	Adjustment	Amount as restated
Assets			
Current assets			
Cash and cash equivalents	**¥ 258,840**	**¥ –**	**¥ 258,840**
Notes and accounts receivable, trade:	**1,124,180**	**(11,844)**	**1,112,336**
Inventories	**864,382**	**(13,117)**	**851,265**
Deferred tax assets	**161,197**	**29,025**	**190,222**
Other receivables	**189,028**	**(1,545)**	**187,483**
Prepaid expenses and other current assets	**202,041**	**(1,050)**	**200,991**
Total current assets	**2,799,668**	**1,469**	**2,801,137**
Long-term receivables and investments			
Long-term receivables	**2,540**	**–**	**2,540**
Investments in and advances to affiliates	**416,431**	**–**	**416,431**
Marketable securities and other investments	**241,409**	**–**	**241,409**
Total long-term receivables and investments	**660,380**	**–**	**660,380**
Property, plant and equipment			
Land	**99,834**	**(2,306)**	**97,528**
Buildings	**996,409**	**(16,614)**	**979,795**
Machinery and equipment	**2,330,565**	**(16,346)**	**2,314,219**
Construction in progress	**113,132**	**(1,052)**	**112,080**
	3,539,940	**(36,318)**	**3,503,622**
Accumulated depreciation	**(2,639,735)**	**11,087**	**(2,628,648)**
Total property, plant and equipment	**900,205**	**(25,231)**	**874,974**

Other assets			
Goodwill and other intangible assets	**559,246**	**(11,634)**	**547,612**
Deferred tax assets	**356,592**	**8,423**	**365,015**
Other assets	**103,228**	**(1,003)**	**102,225**
Total other assets	**1,019,066**	**(4,214)**	**1,014,852**
Total assets	**¥ 5,379,319**	**¥ (27,976)**	**¥ 5,351,343**

	Millions of yen		
March 31, 2011	Amount as previously reported	Adjustment	Amount as restated
Liabilities			
Current liabilities			
Short-term borrowings	**¥ 152,348**	**¥ 2,500**	**¥ 154,848**
Current portion of long-term debt	**159,414**	**–**	**159,414**
Notes and accounts payable, trade	**1,194,229**	**(6,027)**	**1,188,202**
Accounts payable, other and accrued expenses	**380,360**	**5,829**	**386,189**
Accrued income and other taxes	**38,197**	**(1,959)**	**36,238**
Advance payments received	**271,066**	**2**	**271,068**
Other current liabilities	**302,695**	**48,443**	**351,138**
Total current liabilities	**2,498,309**	**48,788**	**2,547,097**
Long-term liabilities			
Long-term debt	**769,544**	**–**	**769,544**
Accrued pension and severance costs	**734,309**	**–**	**734,309**
Other liabilities	**197,541**	**(372)**	**197,169**
Total long-term liabilities	**1,701,394**	**(372)**	**1,701,022**
Total liabilities	**4,199,703**	**48,416**	**4,248,119**
Equity			
Equity attributable to shareholders of Toshiba Corporation			
Common stock:			
Authorized: 10,000,000,000 shares			
Issued: 4,237,602,026 shares	**439,901**	**–**	**439,901**
Additional paid-in capital	**399,552**	**(1)**	**399,551**
Retained earnings	**551,523**	**(76,049)**	**475,474**
Accumulated other comprehensive loss	**(521,396)**	**1,791**	**(519,605)**
Treasury stock, at cost			
2,519,870 shares	**(1,461)**	**–**	**(1,461)**
Total equity attributable to shareholders of Toshiba Corporation	**868,119**	**(74,259)**	**793,860**
Equity attributable to noncontrolling interests	**311,497**	**(2,133)**	**309,364**
Total equity	**1,179,616**	**(76,392)**	**1,103,224**
Commitments and contingent liabilities			
Total liabilities and equity	**¥ 5,379,319**	**¥ (27,976)**	**¥ 5,351,343**

March 31, 2010	Millions of yen Amount as previously reported	Adjustment	Amount as restated
Assets			
Current assets			
Cash and cash equivalents	¥ 267,449	¥ –	¥ 267,449
Notes and accounts receivable, trade	1,184,399	(6,324)	1,178,075
Inventories	795,601	(4,307)	791,294
Deferred tax assets	134,950	18,466	153,416
Other receivables	187,164	(1,665)	185,499
Prepaid expenses and other current assets	192,043	(480)	191,563
Total current assets	2,761,606	5,690	2,767,296
Long-term receivables and investments			
Long-term receivables	3,337	–	3,337
Investments in and advances to affiliates	366,250	–	366,250
Marketable securities and other investments	253,267	–	253,267
Total long-term receivables and investments	622,854	–	622,854
Property, plant and equipment			
Land	105,663	(2,997)	102,666
Buildings	1,016,520	(15,246)	1,001,274
Machinery and equipment	2,508,934	(15,543)	2,493,391
Construction in progress	97,309	(1,352)	95,957
	3,728,426	(35,138)	3,693,288
Accumulated depreciation	(2,749,700)	5,984	(2,743,716)
Total property, plant and equipment	978,726	(29,154)	949,572
Other assets			
Goodwill and other intangible assets	618,731	(8,215)	610,516
Deferred tax assets	355,687	44,624	400,311
Other assets	113,569	(404)	113,165
Total other assets	1,087,987	36,005	1,123,992
Total assets	¥ 5,451,173	¥ 12,541	¥ 5,463,714

March 31, 2010		Millions of yen Amount as previously reported	Adjustment	Amount as restated
Liabilities				
Current liabilities				
Short-term borrowings		¥ 51,347	¥ –	¥ 51,347
Current portion of long-term debt		206,017	–	206,017
Notes and accounts payable, trade		1,191,885	2,308	1,194,193
Accounts payable, other and accrued expenses		375,902	10,967	386,869
Accrued income and other taxes		42,384	–	42,384
Advance payments received		317,044	–	317,044
Other current liabilities		303,866	58,709	362,575
Total current liabilities		2,488,445	71,984	2,560,429
Long-term liabilities				
Long-term debt		960,938	–	960,938
Accrued pension and severance costs		725,620	(7,874)	717,746
Other liabilities		148,548	41,188	189,736
Total long-term liabilities		1,835,106	33,314	1,868,420
Total liabilities		4,323,551	105,298	4,428,849
Equity				
Equity attributable to shareholders of Toshiba Corporation				
Common stock:				
Authorized:	10,000,000,000 shares			
Issued:	4,237,602,026 shares	439,901	–	439,901
Additional paid-in capital		447,733	(1)	447,732
Retained earnings		375,376	(96,530)	278,846
Accumulated other comprehensive loss		(464,250)	5,006	(459,244)
Treasury stock, at cost				
	2,160,986 shares	(1,305)	–	(1,305)
Total equity attributable to shareholders of Toshiba Corporation		797,455	(91,525)	705,930
Equity attributable to noncontrolling interests		330,167	(1,232)	328,935
Total equity		1,127,622	(92,757)	1,034,865
Commitments and contingent liabilities				
Total liabilities and equity		¥ 5,451,173	¥ 12,541	¥ 5,463,714

March 31, 2011	Thousands of U.S. dollars Amount as previously reported	Adjustment	Amount as restated
Assets			
Current assets			
Cash and cash equivalents	**$ 3,118,554**	**$ –**	**$ 3,118,554**
Notes and accounts receivable, trade:	**13,544,338**	**(142,699)**	**13,401,639**
Inventories	**10,414,241**	**(158,036)**	**10,256,205**
Deferred tax assets	**1,942,132**	**349,699**	**2,291,831**
Other receivables	**2,277,446**	**(18,614)**	**2,258,832**
Prepaid expenses and other current assets	**2,434,229**	**(12,651)**	**2,421,578**
Total current assets	**33,730,940**	**17,699**	**33,748,639**
Long-term receivables and investments			
Long-term receivables	**30,602**	**–**	**30,602**
Investments in and advances to affiliates	**5,017,241**	**–**	**5,017,241**
Marketable securities and other investments	**2,908,542**	**–**	**2,908,542**
Total long-term receivables and investments	**7,956,385**	**–**	**7,956,385**
Property, plant and equipment			
Land	**1,202,819**	**(27,783)**	**1,175,036**
Buildings	**12,004,928**	**(200,169)**	**11,804,759**
Machinery and equipment	**28,079,096**	**(196,939)**	**27,882,157**
Construction in progress	**1,363,036**	**(12,675)**	**1,350,361**
	42,649,879	**(437,566)**	**42,212,313**
Accumulated depreciation	**(31,804,036)**	**133,578**	**(31,670,458)**
Total property, plant and equipment	**10,845,843**	**(303,988)**	**10,541,855**
Other assets			
Goodwill and other intangible assets	**6,737,904**	**(140,169)**	**6,597,735**
Deferred tax assets	**4,296,289**	**101,482**	**4,397,771**
Other assets	**1,243,711**	**(12,084)**	**1,231,627**
Total other assets	**12,277,904**	**(50,771)**	**12,227,133**
Total assets	**$ 64,811,072**	**$ (337,060)**	**$ 64,474,012**

March 31, 2011		Thousands of U.S. dollars		
		Amount as previously reported	Adjustment	Amount as restated
Liabilities				
Current liabilities				
Short-term borrowings		**$ 1,835,518**	**$ 30,120**	**$ 1,865,638**
Current portion of long-term debt		**1,920,651**	**–**	**1,920,651**
Notes and accounts payable, trade		**14,388,301**	**(72,614)**	**14,315,687**
Accounts payable, other and accrued expenses		**4,582,651**	**70,229**	**4,652,880**
Accrued income and other taxes		**460,205**	**(23,602)**	**436,602**
Advance payments received		**3,265,854**	**26**	**3,265,880**
Other current liabilities		**3,646,928**	**583,651**	**4,230,578**
Total current liabilities		**30,100,108**	**587,808**	**30,687,916**
Long-term liabilities				
Long-term debt		**9,271,615**	**–**	**9,271,615**
Accrued pension and severance costs		**8,847,096**	**–**	**8,847,096**
Other liabilities		**2,380,012**	**(4,482)**	**2,375,530**
Total long-term liabilities		**20,498,723**	**(4,482)**	**20,494,241**
Total liabilities		**50,598,831**	**583,326**	**51,182,157**
Equity				
Equity attributable to shareholders of Toshiba Corporation				
Common stock:				
Authorized:	10,000,000,000 shares			
Issued:	4,237,602,026 shares	**5,300,012**	**–**	**5,300,012**
Additional paid-in capital		**4,813,880**	**(13)**	**4,813,867**
Retained earnings		**6,644,855**	**(916,253)**	**5,728,602**
Accumulated other comprehensive loss		**(6,281,880)**	**21,579**	**(6,260,301)**
Treasury stock, at cost				
	2,519,870 shares	**(17,602)**	**–**	**(17,602)**
Total equity attributable to shareholders of Toshiba Corporation		**10,459,265**	**(894,687)**	**9,564,578**
Equity attributable to noncontrolling interests		**3,752,976**	**(25,699)**	**3,727,277**
Total equity		**14,212,241**	**(920,386)**	**13,291,855**
Commitments and contingent liabilities				
Total liabilities and equity		**$ 64,811,072**	**$ (337,060)**	**$ 64,474,012**

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

	Millions of yen			
March 31, 2011	Amount as previously reported	Reclassified as discontinued operations	Adjustment	Amount as restated
Sales and other income	¥ 6,493,498	¥ (128,386)	¥ (6,550)	¥ 6,358,562
Costs and expenses	6,297,949	(127,559)	(13,613)	6,156,777
Income (loss) from continuing operations, before income taxes and noncontrolling interests	195,549	(827)	7,063	201,785
Income taxes	40,720	–	(12,776)	27,944
Income (loss) from continuing operations, before noncontrolling interests	154,829	(827)	19,839	173,841
Loss from discontinued operations, before noncontrolling interests	(8,183)	827	–	(7,356)
Net income (loss) before noncontrolling interests	146,646	–	19,839	166,485
Less: Net income attributable to noncontrolling interests	8,801	–	(642)	8,159
Net income (loss) attributable to shareholders of Toshiba Corporation	137,845	–	20,481	158,326
Per share information (Yen)				
Basic net earnings (loss) per share attributable to shareholders of Toshiba Corporation				
Earnings (loss) from continuing operations	34.47			39.24
Loss from discontinued operations	(1.92)			(1.86)
Net earnings (loss)	32.55			37.38
Diluted net earnings (loss) per share attributable to shareholders of Toshiba Corporation				
Earnings (loss) from continuing operations	33.10			37.68
Loss from discontinued operations	(1.92)			(1.86)
Net earnings (loss)	31.25			35.90

March 31, 2010	Millions of yen: Amount as previously reported	Reclassified as discontinued operations	Adjustment	Amount as restated
Sales and other income	¥ 6,384,351	¥ (162,173)	¥ 7,839	¥ 6,230,017
Costs and expenses	6,349,938	(154,914)	49,335	6,244,359
Income (loss) from continuing operations, before income taxes and noncontrolling interests	34,413	(7,259)	(41,496)	(14,342)
Income taxes	33,534	(2,025)	(6,720)	24,789
Income (loss) from continuing operations, before noncontrolling interests	879	(5,234)	(34,776)	(39,131)
Loss from discontinued operations, before noncontrolling interests	(6,172)	5,234	–	(938)
Net income (loss) before noncontrolling interests	(5,293)	–	(34,776)	(40,069)
Less: Net income attributable to noncontrolling interests	14,450	–	(576)	13,874
Net income (loss) attributable to shareholders of Toshiba Corporation	(19,743)	–	(34,200)	(53,943)

Per share information (Yen)				
Basic net earnings (loss) per share attributable to shareholders of Toshiba Corporation				
Earnings (loss) from continuing operations	(3.42)			(12.49)
Loss from discontinued operations	(1.51)			(0.98)
Net earnings (loss)	(4.93)			(13.47)
Diluted net earnings (loss) per share attributable to shareholders of Toshiba Corporation				
Earnings (loss) from continuing operations	(3.42)			(12.49)
Loss from discontinued operations	(1.51)			(0.98)
Net earnings (losses)	(4.93)			(13.47)

March 31, 2011	Thousands of U.S. dollars Amount as previously reported	Reclassified as discontinued operations	Adjustment	Amount as restated
Sales and other income	**$ 78,234,916**	**$ (1,546,819)**	**$ (78,916)**	**$ 76,609,181**
Costs and expenses	**75,878,904**	**(1,536,855)**	**(164,013)**	**74,178,036**
Income (loss) from continuing operations, before income taxes and noncontrolling interests	**2,356,012**	**(9,964)**	**85,097**	**2,431,145**
Income taxes	**490,602**	**–**	**(153,927)**	**336,675**
Income (loss) from continuing operations, before noncontrolling interests	**1,865,410**	**(9,964)**	**239,024**	**2,094,470**
Loss from discontinued operations, before noncontrolling interests	**(98,591)**	**9,964**	**–**	**(88,627)**
Net income (loss) before noncontrolling interests	**1,766,819**	**–**	**239,024**	**2,005,843**
Less: Net income (loss) attributable to noncontrolling interests	**106,036**	**–**	**(7,735)**	**98,301**
Net income (loss) attributable to shareholders of Toshiba Corporation	**1,660,783**	**–**	**246,759**	**1,907,542**
Per share information (U.S. dollar)				
Basic net earnings (loss) per share attributable to shareholders of Toshiba Corporation				
Earnings (loss) from continuing operations	**0.41**			**0.47**
Loss from discontinued operations	**(0.02)**			**(0.02)**
Net earnings (loss)	**0.39**			**0.45**
Diluted net earnings (loss) per share attributable to shareholders of Toshiba Corporation				
Earnings (loss) from continuing operations	**0.40**			**0.45**
Earnings (loss) from discontinued operations	**(0.02)**			**(0.02)**
Net earnings (loss)	**0.38**			**0.43**

(6) Summary of effects on consolidated statement of cash flows

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

	Millions of yen					
Year ended March 31, 2011	Amount as previously reported		Adjustment		Amount as restated	
Cash flows from operating activities						
Net income before noncontrolling interests		¥ 146,646		¥ 19,839		¥ 166,485
Adjustments to reconcile net income before noncontrolling interests to net cash provided by (used in) operating activities–						
Depreciation and amortization	259,604		(9,192)		250,412	
Provisions for pension and severance costs, less payments	8,611		–		8,611	
Deferred income taxes	(22,771)		(10,817)		(33,588)	
Equity in (earnings) losses of affiliates, net of dividends	(6,406)		–		(6,406)	
Loss from sales, disposal and impairment of property, plant and equipment and intangible assets, net	276		8,742		9,018	
(Gain) loss from sales and impairment of securities and other investments, net	3,594		–		3,594	
(Increase) decrease in notes and accounts receivable, trade	96		5,520		5,616	
(Increase) decrease in inventories	(100,945)		8,810		(92,135)	
Increase (decrease) in notes and accounts payable, trade	59,176		(8,335)		50,841	
Increase (decrease) in accrued income and other taxes	(3,204)		(1,959)		(5,163)	
Increase in advance payments received	(22,363)		2		(22,361)	
Other	51,770	227,438	(15,110)	(22,339)	36,660	205,099
Net cash provided by (used in) operating activities		374,084		(2,500)		371,584

	Millions of yen		
Year ended March 31, 2011	Amount as previously reported	Adjustment	Amount as restated
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangible assets	58,391	–	58,391
Proceeds from sale of securities	5,427	–	5,427
Acquisition of property, plant and equipment	(229,229)	–	(229,229)
Acquisition of intangible assets	(30,851)	–	(30,851)
Purchase of securities	(6,201)	–	(6,201)
(Increase) decrease in investments in affiliates	(38,424)	–	(38,424)
Other	26,187	–	26,187
Net cash used in investing activities	(214,700)	–	(214,700)
Cash flows from financing activities			
Proceeds from long-term debt	159,807	–	159,807
Repayment of long-term debt	(406,846)	–	(406,846)
Increase (decrease) in short-term borrowings, net	109,895	2,500	112,395
Dividends paid	(17,601)	–	(17,601)
Purchase of treasury stock, net	(159)	–	(159)
Other	188	–	188
Net cash provided by (used in) financing activities	(154,716)	2,500	(152,216)
Effect of exchange rate changes on cash and cash equivalents	(13,277)	–	(13,277)
Net increase (decrease) in cash and cash equivalents	(8,609)	–	(8,609)
Cash and cash equivalents at beginning of year	267,449	–	267,449
Cash and cash equivalents at end of year	258,840	–	258,840

Year ended March 31, 2010	Millions of yen: Amount as previously reported		Adjustment		Amount as restated	
Cash flows from operating activities						
Net loss before noncontrolling interests		¥ (5,293)		¥ (34,776)		¥ (40,069)
Adjustments to reconcile net loss before noncontrolling interests to net cash provided by (used in) operating activities–						
Depreciation and amortization	298,998		(7,478)		291,520	
Provisions for pension and severance costs, less payments	10,985		(7,874)		3,111	
Deferred income taxes	(22,809)		(8,303)		(31,112)	
Equity in (earnings) losses of affiliates, net of dividends	(11,566)		–		(11,566)	
Loss from sales, disposal and impairment of property, plant and equipment and intangible assets, net	25,055		8,211		33,266	
(Gain) loss from sales and impairment of securities and other investments, net	7,181		–		7,181	
(Increase) decrease in notes and accounts receivable, trade	(98,347)		(4,461)		(102,808)	
(Increase) decrease in inventories	(35,554)		11,582		(23,972)	
Increase (decrease) in notes and accounts payable, trade	176,443		2,308		178,751	
Increase (decrease) in accrued income and other taxes	3,899		483		4,382	
Increase (decrease) in advance payments received	58,592		(3,527)		55,065	
Other	43,861	456,738	46,145	37,086	90,006	493,824
Net cash provided by (used in) operating activities		451,445		2,310		453,755

Year ended March 31, 2010	Millions of yen: Amount as previously reported	Adjustment	Amount as restated
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangible assets	40,071	–	40,071
Proceeds from sale of securities	6,931	–	6,931
Acquisition of property, plant and equipment	(215,876)	–	(215,876)
Acquisition of intangible assets	(47,053)	–	(47,053)
Purchase of securities	(14,316)	–	(14,316)
(Increase) decrease in investments in affiliates	8,288	–	8,288
Other	(30,967)	–	(30,967)
Net cash used in investing activities	(252,922)	–	(252,922)
Cash flows from financing activities			
Proceeds from long-term debt	397,181	–	397,181
Repayment of long-term debt	(303,748)	(1,039)	(304,787)
Increase (decrease) in short-term borrowings, net	(680,346)	(295)	(680,641)
Proceeds from stock offering	317,541	–	317,541
Dividends paid	(5,728)	–	(5,728)
Purchase of treasury stock, net	(109)	–	(109)
Other	(2,652)	(976)	(3,628)
Net cash provided by (used in) financing activities	(277,861)	(2,310)	(280,171)
Effect of exchange rate changes on cash and cash equivalents	2,994	–	2,994
Net increase (decrease) in cash and cash equivalents	(76,344)	–	(76,344)
Cash and cash equivalents at beginning of year	343,793	–	343,793
Cash and cash equivalents at end of year	267,449	–	267,449

Year ended March 31, 2011	Thousands of U.S. dollars Amount as previously reported		Adjustment		Amount as restated	
Cash flows from operating activities						
Net loss before noncontrolling interests		**$1,766,819**		**$ 239,024**		**$2,005,843**
Adjustments to reconcile net loss before noncontrolling interests to net cash provided by (used in) operating activities–						
Depreciation and amortization	**3,127,759**		**(110,746)**		**3,017,012**	
Provisions for pension and severance costs, less payments	**103,747**		**–**		**103,747**	
Deferred income taxes	**(274,349)**		**(130,326)**		**(404,675)**	
Equity in (earnings) losses of affiliates, net of dividends	**(77,181)**		**–**		**(77,181)**	
Loss from sales, disposal and impairment of property, plant and equipment and intangible assets, net	**3,325**		**105,325**		**108,651**	
(Gain) loss from sales and impairment of securities and other investments, net	**43,301**		**–**		**43,301**	
(Increase) decrease in notes and accounts receivable, trade	**1,157**		**66,506**		**67,663**	
(Increase) decrease in inventories	**(1,216,205)**		**106,145**		**(1,110,060)**	
Increase (decrease) in notes and accounts payable, trade	**712,964**		**(100,422)**		**612,542**	
Increase (decrease) in accrued income and other taxes	**(38,602)**		**(23,603)**		**(62,205)**	
Increase (decrease) in advance payments received	**(269,434)**		**24**		**(269,410)**	
Other	**623,735**	**2,740,217**	**(182,048)**	**(269,145)**	**441,687**	**2,471,072**
Net cash provided by (used in) operating activities		**4,507,036**		**(30,120)**		**4,476,916**

Year ended March 31, 2011	Thousands of U.S. dollars Amount as previously reported	Adjustment	Amount as restated
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangible assets	**703,506**	**–**	**703,506**
Proceeds from sale of securities	**65,386**	**–**	**65,386**
Acquisition of property, plant and equipment	**(2,761,795)**	**–**	**(2,761,795)**
Acquisition of intangible assets	**(371,699)**	**–**	**(371,699)**
Purchase of securities	**(74,711)**	**–**	**(74,711)**
(Increase) decrease in investments in affiliates	**(462,940)**	**–**	**(462,940)**
Other	**315,506**	**–**	**315,506**
Net cash used in investing activities	**(2,586,747)**	**–**	**(2,586,747)**
Cash flows from financing activities			
Proceeds from long-term debt	**1,925,386**	**–**	**1,925,386**
Repayment of long-term debt	**(4,901,759)**	**–**	**(4,901,759)**
Increase (decrease) in short-term borrowings, net	**1,324,036**	**30,120**	**1,354,156**
Dividends paid	**(212,060)**	**–**	**(212,060)**
Purchase of treasury stock, net	**(1,916)**	**–**	**(1,916)**
Other	**2,265**	**–**	**2,265**
Net cash provided by (used in) financing activities	**(1,864,048)**	**30,120**	**(1,833,928)**
Effect of exchange rate changes on cash and cash equivalents	**(159,964)**	**–**	**(159,964)**
Net increase (decrease) in cash and cash equivalents	**(103,723)**	**–**	**(103,723)**
Cash and cash equivalents at beginning of year	**3,222,277**	**–**	**3,222,277**
Cash and cash equivalents at end of year	**3,118,554**	**–**	**3,118,554**

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

1. DESCRIPTION OF BUSINESS

The Company and its subsidiaries (hereinafter collectively, "the Group") are engaged in research and development, manufacturing and sales of high-technology electronic and energy products, which range (1)Digital Products, (2) Electronic Devices, (3)Social Infrastructure, (4)Home Appliances, and (5)Others. For the year ended March 31, 2011, sales of Social Infrastructure represented the most significant portion of the Group's total sales or approximately 33 percent. Digital Products, second to Social Infrastructure, represented approximately 33 percent, Electronic Devices approximately 20 percent and Home Appliances approximately 9 percent of the Group's total sales. For the year ended March 31, 2010, sales of Social Infrastructure represented the most significant portion of the Group's total sales or approximately 35 percent. Digital Products represented approximately 32 percent, Electronic Devices approximately 19 percent and Home Appliances approximately 9 percent of the Group's total sales. The Group's products are manufactured and marketed throughout the world with approximately 46 percent of its sales in Japan for both years ended March 31, 2011 and 2010, and the remainder in Asia, North America, Europe and other parts of the world.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PREPARATION OF FINANCIAL STATEMENTS

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

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

In June 2009, the Financial Accounting Standards Board ("FASB") issued the Accounting Standards Codification ("ASC"). The ASC has become the source of authoritative U.S. generally accepted accounting principles ("GAAP"). The codified standards are described as "ASC".

BASIS OF CONSOLIDATION AND INVESTMENTS IN AFFILIATES

The consolidated financial statements of the Group 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 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 and goodwill, recoverability of receivables, realization of deferred tax assets, uncertain tax positions, pension accounting assumptions, revenue recognition and other valuation allowances and reserves including contingencies for litigations. Actual results could differ from those estimates.

CASH EQUIVALENTS

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

FOREIGN CURRENCY TRANSLATION

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

ALLOWANCE FOR DOUBTFUL RECEIVABLES

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

MARKETABLE SECURITIES AND OTHER INVESTMENTS

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

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

INVENTORIES

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

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

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, including significant renewals and additions, are carried at cost. Depreciation for property, plant and equipment associated with the Company and domestic subsidiaries is computed generally by the 250% declining-balance method with estimated residual value recorded at a nominal value. Depreciation for property, plant and equipment for foreign subsidiaries is generally computed using 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 statement of income. Deferred income taxes are recorded to reflect the expected future tax consequences of temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, and are measured by applying currently enacted tax laws. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that the change is enacted. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

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

ACCRUED PENSION AND SEVERANCE COSTS

The Company and certain subsidiaries have various retirement benefit plans covering substantially all employees. The unrecognized net obligation existing at initial application of ASC No.715 "*Compensation-Retirement Benefits*", and 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") is 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 stock acquisition rights were exercised to issue common stock, unless their inclusion would have an anti-dilutive effect.

REVENUE RECOGNITION

Revenue of mass-produced standard products, such as digital products and electronic devices, 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 social infrastructure business, 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 fair value if such element meets the criteria for treatment as a separate unit of accounting as prescribed in ASC No.605 "*Revenue Recognition*"("ASC No.605"). 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 ¥79,866 million ($962,241 thousand) and ¥78,899 million for the years ended March 31, 2011 and 2010, 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 21 for descriptions of these financial instruments.

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

SALES OF RECEIVABLES

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

ASSET RETIREMENT OBLIGATIONS

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

RECENT PRONOUNCEMENTS

In October 2009, the FASB issued Accounting Standards Updates ("ASU") No.2009-13. ASU No.2009-13 amends ASC No.605, and establishes the requirements for treating multiple elements of revenue arrangements as separate units of accounting, and permits using a best estimate of the selling price when vendor-specific objective evidence or third-party evidence of selling price is not available. At the same time, the use of the residual method, which was previously permitted to use to allocate arrangement consideration, is prohibited. Moreover, additional disclosure such as effects by this amendment is required. ASU No.2009-13 is effective for fiscal years beginning on or after June 15, 2010, and the Company will adopt ASU No.2009-13 effective April 1, 2011. The Company is currently evaluating the impact of adoption of ASU No.2009-13 on the Company's financial position and results of operations but does not expect it to have a material impact.

In October 2009, the FASB issued ASU No.2009-14. ASU No.2009-14 amends ASC No.985 "*Software*"*("ASC No.985")*, and clarifies the scope of ASC No.985 in certain revenue arrangement that include software elements. ASU No.2009-14 is effective for fiscal years beginning on or after June 15, 2010, and the Company will adopt ASU No.2009-14 effective April 1, 2011. The Company is currently evaluating the impact of adoption of ASU No.2009-14 on the Company's financial position and results of operations but does not expect it to have a material impact.

SUBSEQUENT EVENTS

The Group has evaluated subsequent events up to the submission dates of the annual securities report before restatement (June 22, 2011), and revised financial statements (September 7, 2015) in accordance with ASC No.855 "*Subsequent Events*".

RECLASSIFICATIONS

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

3. U.S. DOLLAR AMOUNTS

U.S. dollar amounts are included solely for convenience of readers. These translations should not be construed as a representation that the yen could be converted into U.S. dollars at this rate or any other rates. The amounts shown in U.S. dollars are not intended to be computed in accordance with generally accepted accounting principles in the United States for the translation of foreign currency amounts. The rate of ¥83=U.S.$1, the approximate current rate of exchange at March 31, 2011, has been used throughout for the purpose of presentation of the U.S. dollar amounts in the accompanying consolidated financial statements.

4. DISCONTINUED OPERATIONS

On June 17, 2010, the Company and Fujitsu Limited ("Fujitsu") signed a Memorandum of Understanding (MOU) to merge their mobile phone businesses, followed by a definitive contract on July 29, 2010. The purpose of this business merger was to enhance their handset development capabilities and at the same time to improve business efficiency by combining their mobile phone development know-how and technological strengths, in the domestic and overseas mobile phone market in which competition is intensifying. On October 1, 2010, the Company transferred its mobile phone business to a newly established company (Fujitsu Toshiba Mobile Communications Limited), and sold 80.1% of the shares of the new company to Fujitsu. In accordance with this contract, the Company will continue manufacturing and selling of the existing models of mobile phones until the first half of FY2011.

In accordance with ASC No.205-20 "*Presentation of Financial Statements-Discontinued Operations*" ("ASC No.205-20"), operating results relating to the mobile phone business are separately presented as discontinued operations in the consolidated statement of income.

Operating results relating to the mobile phone business, which are reclassified as discontinued operations, are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Sales and other income	**¥ 84,167**	¥ 90,995	**$ 1,014,060**
Costs and expenses	**98,004**	100,446	**1,180,771**
Loss from discontinued operations, before income taxes and noncontrolling interests	**(13,837)**	(9,451)	**(166,711)**
Income taxes	**(5,631)**	(3,846)	**(67,843)**
Loss from discontinued operations, before noncontrolling interests	**(8,206)**	(5,605)	**(98,868)**
Less:Net income from discontinued operations attributable to noncontrolling interests	**–**	–	**–**
Net loss from discontinued operations attributable to shareholders of the Company	**(8,206)**	(5,605)	**(98,868)**

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 will subscribe to a new issue of TSST-K's shares on April 29, 2014, which will dilute TSST's shareholding in TSST-K to 50.1%.

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

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

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Sales and other income	**¥ 128,386**	¥ 162,173	**$ 1,546,819**
Costs and expenses	**127,559**	154,914	**1,536,855**
Income from discontinued operations, before income taxes and noncontrolling interests	**827**	7,259	**9,964**
Income taxes	**0**	2,025	**0**
Income from discontinued operations, before noncontrolling interests	**827**	5,234	**9,964**
Less:Net income from discontinued operations attributable to noncontrolling interests	**558**	3,111	**6,723**
Net income from discontinued operations attributable to shareholders of the Company	**269**	2,123	**3,241**

Mobile Broadcasting Corporation ("MBCO"), a consolidated subsidiary of the Company, ended all its broadcasting services by the end of March 2009, and is in the course of going through the procedures for dissolution. In accordance with ASC No.205-20, operating results relating to MBCO in consolidated statement of income are separately presented as discontinued operations. These amounts were not significant.

5. FAIR VALUE MEASUREMENTS

ASC No.820 "*Fair Value Measurements and Disclosures*" 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, 2011 and 2010 are as follows:

	Millions of yen			
March 31, 2011	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Equity securities	¥ **201,138**	¥ **673**	¥ **–**	¥ **201,811**
Debt securities	**–**	**–**	**5**	**5**
Derivative assets:				
Forward exchange contracts	**–**	**6,325**	**–**	**6,325**
Interest rate swap agreements	**–**	**2**	**–**	**2**
Currency swap agreements	**–**	**1,716**	**–**	**1,716**
Total assets	¥ **201,138**	¥ **8,716**	¥ **5**	¥ **209,859**
Liabilities:				
Derivative liabilities:				
Forward exchange contracts	¥ **–**	¥ **2,993**	¥ **–**	¥ **2,993**
Interest rate swap agreements	**–**	**2,407**	**–**	**2,407**
Currency swap agreements	**–**	**1,241**	**–**	**1,241**
Total liabilities	¥ **–**	¥ **6,641**	¥ **–**	¥ **6,641**

	Millions of yen			
March 31, 2010	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
MMF	¥ 15,615	¥ –	¥ –	¥ 15,615
Marketable securities:				
Equity securities	209,628	2,466	¥ –	212,094
Debt securities	–	–	2,393	2,393
Derivative assets:				
Forward exchange contracts	–	1,486	–	1,486
Interest rate swap agreements	–	9	–	9
Currency swap agreements	–	255	–	255
Subordinated retained interests	–	–	5,942	5,942
Total assets	¥ 225,243	¥ 4,216	¥ 8,335	¥ 237,794
Liabilities:				
Derivative liabilities:				
Forward exchange contracts	¥ –	¥ 1,313	¥ –	¥ 1,313
Interest rate swap agreements	–	5,168	–	5,168
Currency swap agreements	–	422	–	422
Currency options	–	162	–	162
Total liabilities	¥ –	¥ 7,065	¥ –	¥ 7,065

March 31, 2011	Thousands of U.S. dollars Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Equity securities	$ 2,423,350	$ 8,108	$ –	$ 2,431,458
Debt securities	–	–	60	60
Derivative assets:				
Forward exchange contracts	–	76,205	–	76,205
Interest rate swap agreements	–	24	–	24
Currency swap agreements	–	20,675	–	20,675
Total assets	$ 2,423,350	$ 105,012	$ 60	$ 2,528,422
Liabilities:				
Derivative liabilities:				
Forward exchange contracts	$ –	$ 36,060	$ –	$ 36,060
Interest rate swap agreements	–	29,000	–	29,000
Currency swap agreements	–	14,952	–	14,952
Total liabilities	$ –	$ 80,012	$ –	$ 80,012

Cash equivalents

Cash equivalents whose fair values are valued based on quoted market prices in active markets are classified within Level 1.

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.

Subordinated retained interests

Subordinated retained interests are valued based on unobservable inputs and classified within Level 3. They are valued based on the internal valuation models and the Group's own assumptions.

Analyses of the changes in Level 3 assets measured at fair value on a recurring basis for the years ended March 31, 2011 and 2010 are as follows:

Year ended March 31, 2011	Millions of yen Marketable securities	Subordinated retained interests	Total
Balance at beginning of year	¥ 2,393	¥ 5,942	¥ 8,335
Total gains or losses (realized or unrealized):			
Included in gains (losses)	(461)	–	(461)
Included in other comprehensive income (loss)	–	–	–
Purchases	–	–	–
Issuances	–	–	–
Settlements	(1,927)	(5,942)	(7,869)
Balance at end of year	¥ 5	¥ –	¥ 5

Year ended March 31, 2010	Millions of yen Marketable securities	 Subordinated retained interests	 Total
Balance at beginning of year	¥ 3,045	¥ 10,762	¥ 13,807
Total gains or losses (realized or unrealized):			
Included in gains (losses)	–	–	–
Included in other comprehensive income (loss)	(556)	–	(556)
Purchases	–	–	–
Issuances	–	–	–
Settlements	(96)	(4,820)	(4,916)
Balance at end of year	¥ 2,393	¥ 5,942	¥ 8,335

Year ended March 31, 2011	Thousands of U.S. dollars Marketable securities	 Subordinated retained interests	 Total
Balance at beginning of year	**$ 28,831**	**$ 71,590**	**$ 100,421**
Total gains or losses (realized or unrealized):			
Included in gains (losses)	**(5,554)**	**–**	**(5,554)**
Included in other comprehensive income (loss)	**–**	**–**	**–**
Purchases	**–**	**–**	**–**
Issuances	**–**	**–**	**–**
Settlements	**(23,217)**	**(71,590)**	**(94,807)**
Balance at end of year	**$ 60**	**$ –**	**$ 60**

At March 31, 2011 and 2010, Level 3 assets measured at fair value on a recurring basis consisted of corporate debt securities and subordinated retained interests.

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, 2011 and 2010 are as follows:

	Millions of yen			
March 31, 2011	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities	**¥ –**	**¥ –**	**¥ 85**	**¥ 85**
Investments in affiliates	**–**	**–**	**9,379**	**9,379**
Long-lived assets held for use	**–**	**–**	**0**	**0**
Total assets	**¥ –**	**¥ –**	**¥ 9,464**	**¥ 9,464**

	Millions of yen			
March 31, 2010	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities	¥ –	¥ –	¥ 620	¥ 620
Investments in affiliates	11,921	–	8,582	20,503
Long-lived assets held for use	–	–	42,403	42,403
Long-lived assets held for sale	–	–	10,618	10,618
Total assets	¥ 11,921	¥ –	¥ 62,223	¥ 74,144

	Thousands of U.S. dollars			
March 31, 2011	Level 1	Level 2	Level 3	Total
Assets:				
Equity securities	**$ –**	**$ –**	**$ 1,024**	**$ 1,024**
Investments in affiliates	**–**	**–**	**113,000**	**113,000**
Long-lived assets held for use	**–**	**–**	**0**	**0**
Total assets	**$ –**	**$ –**	**$ 114,024**	**$ 114,024**

Certain non-marketable equity securities accounted for under the cost method were written down to their fair value, resulting in other-than-temporary impairment. 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.

Certain equity method investments were written down to their fair value, resulting in other-than-temporary impairment. Some of the impaired investments were classified within Level 1 as they were valued based on quoted market prices in active markets. The other 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, which 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 discounted cash flows expected to be generated by the related assets and on the transfer price of stocks with unobservable inputs.

As a result, the net impacts from continuing operations for the years ended March 31, 2011 and 2010 were ¥26,359 million ($317,578 thousand) loss and ¥32,135 million loss, respectively.

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, 2011 and 2010 are as follows:

	Millions of yen			
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
March 31, 2011:				
Equity securities	**¥ 91,790**	**¥ 113,388**	**¥ 3,367**	**¥ 201,811**
Debt securities	**5**	**0**	**0**	**5**
	¥ 91,795	**¥ 113,388**	**¥ 3,367**	**¥ 201,816**
March 31, 2010:				
Equity securities	¥ 93,416	¥ 120,189	¥ 1,511	¥ 212,094
Debt securities	2,949	0	556	2,393
	¥ 96,365	¥ 120,189	¥ 2,067	¥ 214,487

	Thousands of U.S. dollars			
	Cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
March 31, 2011:				
Equity securities	**$ 1,105,904**	**$ 1,366,120**	**$ 40,566**	**$ 2,431,458**
Debt securities	**60**	**0**	**0**	**60**
	$ 1,105,964	**$ 1,366,120**	**$ 40,566**	**$ 2,431,518**

At March 31, 2011 and 2010, debt securities mainly consist of corporate debt securities.

Contractual maturities of debt securities classified as available-for-sale at March 31, 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars	
March 31, 2011:	Cost	Fair value	Cost	Fair value
Due within one year	**¥ 0**	**¥ 0**	**$ 0**	**$ 0**
Due after one year within five years	**5**	**5**	**60**	**60**
	¥ 5	**¥ 5**	**$ 60**	**$ 60**

The proceeds from sales of available-for-sale securities for the years ended March 31, 2011 and 2010 were ¥4,751 million ($57,241 thousand) and ¥2,667 million, respectively. The gross realized gains on those sales for the years ended March 31, 2011 and 2010 were ¥1,810 million ($21,807 thousand) and ¥1,321 million, respectively. The gross realized losses on those sales for the years ended March 31, 2011 and 2010 were ¥19 million ($229 thousand) and ¥69 million, respectively.

At March 31, 2011, 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 ¥39,323 million ($473,771 thousand) and ¥38,058 million at March 31, 2011 and 2010, respectively. At March 31, 2011 and 2010, investments with an aggregate cost of ¥39,237 million ($472,735 thousand) and ¥37,479 million were not evaluated for impairment because (a)the Group did not estimate the fair values of those investments as it was not practicable to estimate the fair value of the investments and (b)the Group did not identify any events or changes in circumstances that might have had significant adverse effects on the fair values of those investments.

Included in other expense are charges of ¥6,505 million ($78,373 thousand) and ¥5,902 million related to other-than-temporary declines in the marketable and non-marketable equity securities for the years ended March 31, 2011 and 2010, respectively.

7. SECURITIZATIONS

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

Under the asset-backed securitization program entered into in Europe, the Group held subordinated retained interests for certain trade notes and accounts receivable. As of March 31, 2010, the fair value of retained interests was ¥4,816 million.

The Group recognized losses of ¥1,530 million ($18,434 thousand) and ¥1,976 million on the transfers of receivables for the years ended March 31, 2011 and 2010, respectively.

Subsequent to sale, the Group retains collection and administrative responsibilities for the receivables and deferred proceeds from sale. 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 from sale at the time of transfer is determined based on the estimate of uncollectible receivables, average collection period of receivables and discount rate and classified into level 3.

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

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Proceeds from new securitizations	**¥ 783,088**	¥ 1,018,458	**$ 9,434,795**
Servicing fees received	**504**	430	**6,072**
Purchases of delinquent and foreclosed receivables	**318**	1,218	**3,831**

Quantitative information about delinquencies, net credit losses, and components of securitized receivables as of and for the years ended March 31, 2011 and 2010 are as follows. Of these receivables, deferred proceeds from sale as of March 31, 2011 and 2010 were ¥62,410 million ($751,928 thousand) and ¥73,505 million, respectively, and these proceeds 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	
	2011	2010	**2011**	2010	**2011**	2010
Accounts receivable	**¥ 1,280,694**	¥ 1,365,200	**¥ 30,975**	¥ 33,339	**¥ 2,226**	¥ 5,908
Notes receivable	**98,482**	96,035	**19**	75	**348**	792
Total managed portfolio	**1,379,176**	1,461,235	**¥ 30,994**	¥ 33,414	**¥ 2,574**	¥ 6,700
Securitized receivables	**(247,221)**	(259,711)				
Total receivables	**¥ 1,131,955**	¥ 1,201,524				

	Thousands of U.S. dollars		
	Total principal amount of receivables	Amount 90 days or more past due	Net credit losses
	March 31, 2011		Year ended March 31, 2011
Accounts receivable	**$ 15,430,048**	**$ 373,193**	**$ 26,819**
Notes receivable	**1,186,530**	**229**	**4,193**
Total managed portfolio	**16,616,578**	**$ 373,422**	**$ 31,012**
Securitized receivables	**(2,978,566)**		
Total receivables	**$ 13,638,012**		

8. INVENTORIES

Inventories at March 31, 2011 and 2010 consist of the following:

March 31	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars 2011
Finished products	¥ 331,824	¥ 303,406	$ 3,997,880
Work in process:			
Long-term contracts	92,283	96,376	1,111,843
Other	265,159	240,751	3,194,687
Raw materials	161,999	150,761	1,951,795
	¥ 851,265	¥ 791,294	$ 10,256,205

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, 2011 were: Topcon Corporation (35.5%); Toshiba Machine Co., Ltd. (22.1%); Toshiba Finance Corporation ("TFC") (35.0%); 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 (5 companies) were carried at ¥35,443 million ($427,024 thousand) and ¥36,097 million at March 31, 2011 and 2010, respectively. The Group's investments in these companies had market values of ¥42,525 million ($512,349 thousand) and ¥44,192 million at March 31, 2011 and 2010, respectively, based on quoted market prices at those dates.

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

March 31	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars 2011
Current assets	¥ 1,439,938	¥ 1,263,890	$ 17,348,651
Other assets including property, plant and equipment	1,225,127	1,111,965	14,760,566
Total assets	¥ 2,665,065	¥ 2,375,855	$ 32,109,217
Current liabilities	¥ 1,264,533	¥ 998,135	$ 15,235,337
Long-term liabilities	662,619	701,219	7,983,362
Equity	737,913	676,501	8,890,518
Total liabilities and equity	¥ 2,665,065	¥ 2,375,855	$ 32,109,217

Year ended March 31	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars 2011
Sales	¥ 2,037,365	¥ 1,876,055	$ 24,546,566
Net income	62,318	59,403	750,819

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	**2011**	2010	**2011**
Sales	**¥ 163,185**	¥ 149,196	**$ 1,966,084**
Purchases	**135,500**	132,823	**1,632,530**
Dividends	**11,341**	11,580	**136,639**

	Millions of yen		Thousands of U.S. dollars
March 31	**2011**	2010	**2011**
Notes and accounts receivable, trade	**¥ 47,533**	¥ 36,607	**$ 572,687**
Other receivables	**11,644**	11,395	**140,289**
Long-term loans receivable	**131,275**	100,397	**1,581,627**
Notes and accounts payable, trade	**89,315**	110,700	**1,076,084**
Other payables	**31,179**	23,319	**375,651**
Capital lease obligations	**25,714**	37,438	**309,807**

10. GOODWILL AND OTHER INTANGIBLE ASSETS

The Group tested goodwill for impairment in accordance with ASC No.350 "*Intangibles-Goodwill and Other*", applying a fair value based test and has concluded that there was no impairment for the years ended March 31, 2011 and 2010.

The components of acquired intangible assets excluding goodwill at March 31, 2011 and 2010 are as follows:

March 31, 2011	Millions of yen		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:			
Software	**¥ 190,701**	**¥ 130,119**	**¥ 60,582**
Technical license fees	**60,967**	**38,863**	**22,104**
Core and current technology	**122,211**	**27,801**	**94,410**
Other	**81,391**	**31,023**	**50,368**
Total	**¥ 455,270**	**¥ 227,806**	**¥ 227,464**
Other intangible assets not subject to amortization:			
Brand name			**34,047**
Other			**2,648**
Total			**36,695**
			¥ 264,159

March 31, 2010	Millions of yen		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:			
Software	¥ 188,488	¥ 125,265	¥ 63,223
Technical license fees	60,496	31,881	28,615
Core and current technology	134,107	23,696	110,411
Other	91,067	28,978	62,089
Total	¥ 474,158	¥ 209,820	¥ 264,338
Other intangible assets not subject to amortization:			
Brand name			37,770
Other			3,010
Total			40,780
			¥ 305,118

March 31, 2011	Thousands of U.S. dollars Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:			
Software	$ 2,297,603	$ 1,567,699	$ 729,904
Technical license fees	734,542	468,229	266,313
Core and current technology	1,472,422	334,952	1,137,470
Other	980,614	373,771	606,843
Total	$ 5,485,181	$ 2,744,651	$ 2,740,530
Other intangible assets not subject to amortization:			
Brand name			410,204
Other			31,904
Total			442,108
			$ 3,182,638

Other intangible assets acquired during the year ended March 31, 2011 primarily consisted of software of ¥21,127 million ($254,542 thousand). The weighted-average amortization period of software for the year ended March 31, 2011 was approximately 4.9 years.

The weighted-average amortization periods for other intangible assets were approximately 11.4 years and 11.7 years for the years ended March 31, 2011 and 2010, respectively. Amortization expenses of other intangible assets subject to amortization for the years ended March 31, 2011 and 2010 are ¥46,543 million ($560,759 thousand) and ¥39,811 million, respectively. The future amortization expense for each of the next 5 years relating to other intangible assets currently recorded in the consolidated balance sheet at March 31, 2011 is estimated as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2012	¥ 40,848	$ 492,145
2013	35,565	428,494
2014	27,886	335,976
2015	18,548	223,470
2016	12,502	150,627

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, 2011 and 2010 are as follows:

Year ended March 31	Millions of yen 2011	2010	Thousands of U.S. dollars 2011
Balance at beginning of year	¥ 305,398	¥ 310,715	$ 3,679,494
Goodwill acquired during the year	2,653	8,378	31,964
Foreign currency translation adjustments	(24,598)	(13,695)	(296,361)
Balance at end of year	¥ 283,453	¥ 305,398	$ 3,415,097

Other includes foreign currency translation adjustments and purchase price allocation adjustments.

As of March 31, 2011 and 2010, goodwill allocated within Social Infrastructure is ¥255,459 million ($3,077,819 thousand) and ¥276,321 million, respectively. The rest was mainly allocated within Digital Products.

11. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2011 and 2010 consist of the following:

	Millions of yen		Thousands of U.S. dollars
March 31	**2011**	2010	**2011**
Loans, principally from banks, including bank overdrafts, with weighted-average interest rate of 1.89% at March 31, 2011 and 2.38% at March 31, 2010:			
Secured	**¥ –**	¥ 708	**$ –**
Unsecured	**27,848**	31,259	**335,518**
Commercial paper with weighted-average interest rate of 0.19% at March 31, 2011 and 0.12% at March 31, 2010	**127,000**	15,000	**1,530,120**
Euro yen medium-term notes of a subsidiary, with weighted-average interest rate of 0.27% at March 31,2010	**–**	4,380	**–**
	¥ 154,848	¥ 51,347	**$ 1,865,638**

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

At March 31, 2011, the Group had unused committed lines of credit from short-term financing arrangements aggregating ¥352,495 million ($4,246,928 thousand), of which ¥2,495 million ($30,060 thousand) was in support of the Group's commercial paper. The lines of credit expire on various dates from April 2011 through March 2012. Under the agreements, the Group is required to pay commitment fees ranging from 0.040 percent to 0.250 percent on the unused portion of the lines of credit.

Long-term debt at March 31, 2011 and 2010 consist of the following:

	Millions of yen		Thousands of U.S. dollars
March 31	**2011**	2010	**2011**
Loans, principally from banks and insurance companies, due 2011 to 2029 with weighted-average interest rate of 1.52% at March 31, 2011 and due 2010 to 2029 with weighted-average interest rate of 1.34% at March 31, 2010:			
Secured	**¥ –**	¥ –	**$ –**
Unsecured	**293,885**	595,581	**3,540,783**
Unsecured yen bonds, due 2013 to 2020 with interest ranging from 0.89% to 2.20% at March 31, 2011 and due 2010 to 2016 with interest ranging from 1.05% to 2.20% at March 31, 2010	**310,000**	240,000	**3,734,940**
Interest deferrable and early redeemable subordinated bonds:			
Due 2069 with interest rate of 7.50% at March 31, 2011	**180,000**	180,000	**2,168,675**
Zero Coupon Convertible Bonds with stock acquisition rights:			
Due 2011 convertible at ¥542 per share at March 31, 2011	**95,010**	95,010	**1,144,699**
Euro yen medium-term notes of subsidiaries, due 2011 with interest rate of 1.31% at March 31, 2011 and due 2011 to 2014 with interest ranging from 1.31% to 1.67% at March 31, 2010	**502**	992	**6,048**
Capital lease obligations	**49,561**	55,372	**597,121**
	928,958	1,166,955	**11,192,266**
Less-Portion due within one year	**(159,414)**	(206,017)	**(1,920,651)**
	¥ 769,544	¥ 960,938	**$ 9,271,615**

Substantially all of the unsecured loan agreements permit the lenders to require collateral or guarantees for such loans. Unsecured loan agreements may require prior approval by the banks and trustees before any distributions (including cash dividends) may be made from current or retained earnings.

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

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2012	¥ 137,941	$ 1,661,940
2013	182,229	2,195,530
2014	178,884	2,155,229
2015	34,000	409,639
2016	81,004	975,952
Thereafter	265,339	3,196,855
	¥ 879,397	$ 10,595,145

12. ISSUANCE OF CONVERTIBLE BOND

In July, 2004, the Company issued ¥50,000 million Zero Coupon Convertible Bonds due 2009 (the"2009 Bonds") and ¥100,000 million Zero Coupon Convertible Bonds due 2011 (the"2011 Bonds").

The bonds include stock acquisition rights which entitle bondholders to acquire common stock under certain circumstances, and are exercisable on and after August 4, 2004 up to, and including, July 7, 2009 (in the case of the 2009 Bonds) and up to, and including, July 7, 2011 (in the case of the 2011 Bonds).

About the 2009 Bonds, exercisable period of the stock acquisition rights ended, and the principal amount of Bonds was redeemed at maturity.

The 2011 Bonds initial conversion prices are ¥542, subject to adjustment for certain events such as a stock split, consolidation of stock or issuance of stock at a consideration per share which is less than the current market price.

(Conditions allowing exercise of stock acquisition rights)

The period prior to (but not including) July 21, 2008 (in the case of the 2009 Bonds) or July 21, 2010 (in the case of the 2011 Bonds)	In the case that as of the last trading day of any calendar quarter, the closing price of the shares for any 20 trading days in a period of 30 consecutive trading days ending on the last trading day of such quarter is more than 120% of the conversion price in effect on each such trading day.
The period on or after July 21, 2008 (in the case of the 2009 Bonds) or July 21, 2010 (in the case of the 2011 Bonds)	At any time after the closing price of the shares on at least one trading day is more than 120% of the conversion price in effect on each such trading day.

The 2011 Bonds were not converted into shares of common stock for the year ended March 31, 2011.

The 2009 Bonds and the 2011 Bonds were not converted into shares of common stock for the year ended March 31, 2010.

The additional 175,295,212 shares relating to the potential conversion of the 2011 Bonds are included in the calculation of the diluted net income per share attributable to shareholders of the Company for the year ended March 31, 2011.

The additional 175,295,212 shares relating to the potential conversion of the 2011 Bonds are excluded from the calculation of the diluted net loss per share attributable to shareholders of the Company for the year ended March 31, 2010 due to their anti-dilutive effect.

13. 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.

Certain subsidiaries in Japan have tax-qualified non-contributory pension plans which cover all or a part of the indemnities payable to qualified employees at the time of termination.

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, 2011 and 2010 and the funded status at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2011**	2010	**2011**
Change in benefit obligation:			
Benefit obligation at beginning of year	**¥ 1,516,036**	¥ 1,380,791	**$ 18,265,494**
Service cost	**52,120**	47,904	**627,952**
Interest cost	**38,687**	44,282	**466,109**
Plan participants'contributions	**4,114**	3,889	**49,566**
Plan amendments	**(18,951)**	108	**(228,325)**
Actuarial loss	**28,533**	109,403	**343,771**
Benefits paid	**(83,185)**	(77,711)	**(1,002,229)**
Acquisitions and divestitures	**(2,764)**	11,273	**(33,302)**
Foreign currency exchange impact	**(10,124)**	(3,903)	**(121,976)**
Benefit obligation at end of year	**¥ 1,524,466**	¥ 1,516,036	**$ 18,367,060**
Change in plan assets:			
Fair value of plan assets at beginning of year	**¥ 800,883**	¥ 660,699	**$ 9,649,193**
Actual return on plan assets	**(7,926)**	117,554	**(95,494)**
Employer contributions	**52,207**	60,896	**629,000**
Plan participants'contributions	**4,114**	3,889	**49,566**
Benefits paid	**(51,773)**	(47,262)	**(623,771)**
Acquisitions and divestitures	**93**	7,586	**1,121**
Foreign currency exchange impact	**(7,199)**	(2,479)	**(86,735)**
Fair value of plan assets at end of year	**¥ 790,399**	¥ 800,883	**$ 9,522,880**
Funded status	**¥ (734,067)**	¥ (715,153)	**$ (8,844,180)**

Amounts recognized in the consolidated balance sheet at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2011**	2010	**2011**
Other assets	**¥ 870**	¥ 3,312	**$ 10,482**
Other current liabilities	**(628)**	(719)	**(7,566)**
Accrued pension and severance costs	**(734,309)**	(717,746)	**(8,847,096)**
	¥ (734,067)	¥ (715,153)	**$ (8,844,180)**

Amounts recognized in accumulated other comprehensive loss at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2011**	2010	**2011**
Unrecognized actuarial loss	**¥ 587,066**	¥ 554,728	**$ 7,073,084**
Unrecognized prior service cost	**(40,922)**	(24,655)	**(493,036)**
	¥ 546,144	¥ 530,073	**$ 6,580,048**

The accumulated benefit obligation at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2011**	2010	**2011**
Accumulated benefit obligation	**¥ 1,436,210**	¥ 1,429,659	**$ 17,303,735**

The components of the net periodic pension and severance cost for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Service cost	**¥ 52,120**	¥ 47,904	**$ 627,952**
Interest cost on projected benefit obligation	**38,687**	44,282	**466,109**
Expected return on plan assets	**(28,748)**	(24,218)	**(346,362)**
Amortization of prior service cost	**(2,829)**	(2,762)	**(34,084)**
Recognized actuarial loss	**30,944**	32,426	**372,819**
Settlement loss	**8**	114	**96**
Net periodic pension and severance cost	**¥ 90,182**	¥ 97,746	**$ 1,086,530**

Other changes in plan assets and benefit obligation recognized in the other comprehensive income (loss) for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Current year actuarial loss	**¥ 65,207**	¥ 16,067	**$ 785,627**
Recognized actuarial loss	**(30,944)**	(32,426)	**(372,819)**
Prior service cost due to plan amendments	**(18,959)**	38	**(228,422)**
Amortization of prior service cost	**2,829**	2,762	**34,084**
	¥ 18,133	¥ (13,559)	**$ 218,470**

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

	Millions of yen	Thousands of U.S. dollars
Year ending March 31	2012	2012
Prior service cost	¥ (4,084)	$ (49,205)
Actuarial loss	33,623	405,096

The Group expects to contribute ¥55,569 million ($669,506 thousand) to its defined benefit plans, included Cash Balance Plan, in the year ending March 31, 2012.

The following benefit payments are expected to be paid:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2012	¥ 88,391	$ 1,064,952
2013	86,337	1,040,205
2014	83,099	1,001,193
2015	89,395	1,077,048
2016	92,334	1,112,458
2017 - 2021	484,314	5,835,108

Weighted-average assumptions used to determine benefit obligations as of March 31, 2011 and 2010 and net periodic pension and severance cost for the years then ended are as follows:

March 31	**2011**	2010
Discount rate	**2.6%**	2.7%
Rate of compensation increase	**3.2%**	3.1%

Year ended March 31	**2011**	2010
Discount rate	**2.7%**	3.3%
Expected long-term rate of return on plan assets	**3.6%**	3.5%
Rate of compensation increase	**3.1%**	3.1%

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 40 percent or more of total investments, and investments in equity and debt securities at 75 percent or more of total investments.

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

The three levels of input used to measure fair value are more fully described in Note 5. The plan assets that are measured at fair value at March 31, 2011 and 2010 by asset category are as follows:

	Millions of yen			
March 31, 2011	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	¥ 23,711	¥ –	¥ –	¥ 23,711
Equity securities:				
Japanese companies	93,142	–	–	93,142
Foreign companies	27,674	–	–	27,674
Pooled funds	29,457	231,664	–	261,121
Debt securities:				
Government bonds	75,670	–	–	75,670
Municipal bonds	–	959	–	959
Corporate bonds	–	24,680	–	24,680
Pooled funds	11,737	129,040	–	140,777
Other assets:				
Hedge funds	–	–	96,724	96,724
Real estate	–	–	17,311	17,311
Life insurance company general accounts	–	23,905	–	23,905
Other assets	–	4,725	–	4,725
Total	¥ 261,391	¥ 414,973	¥ 114,035	¥ 790,399

	Thousands of U.S. dollars			
March 31, 2011	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 285,675	$ –	$ –	$ 285,675
Equity securities:				
Japanese companies	1,122,193	–	–	1,122,193
Foreign companies	333,422	–	–	333,422
Pooled funds	354,904	2,791,132	–	3,146,036
Debt securities:				
Government bonds	911,686	–	–	911,686
Municipal bonds	–	11,554	–	11,554
Corporate bonds	–	297,349	–	297,349
Pooled funds	141,410	1,554,699	–	1,696,109
Other assets:				
Hedge funds	–	–	1,165,350	1,165,350
Real estate	–	–	208,566	208,566
Life insurance company general accounts	–	288,012	–	288,012
Other assets	–	56,928	–	56,928
Total	$ 3,149,290	$ 4,999,674	$ 1,373,916	$ 9,522,880

Notes: 1) Pooled funds in equity securities invest in listed equity securities consisting of approximately 40% Japanese companies and 60% foreign companies.
2) Government bonds include approximately 60% Japanese government bonds and 40% foreign government bonds.
3) Pooled funds in debt securities invest in approximately 25% Japanese government bonds, 45% foreign government bonds, 30% municipal bonds and corporate bonds.

March 31, 2010	Millions of yen			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	¥ 16,633	¥ –	¥ –	¥ 16,633
Equity securities:				
Japanese companies	111,412	–	–	111,412
Foreign companies	42,033	–	–	42,033
Pooled funds	–	249,493	–	249,493
Debt securities:				
Government bonds	82,272	–	–	82,272
Municipal bonds	–	955	–	955
Corporate bonds	–	19,001	–	19,001
Pooled funds	–	148,924	–	148,924
Other assets:				
Hedge funds	–	–	91,530	91,530
Real estate	–	–	22,871	22,871
Life insurance company general accounts	–	10,781	–	10,781
Other assets	–	4,978	–	4,978
Total	¥ 252,350	¥ 434,132	¥ 114,401	¥ 800,883

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

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

Level 1 plan assets represent marketable equity securities, pooled funds and government bonds, which are valued based on quoted market prices in active markets with sufficient volume and frequency of transactions. Level 2 plan assets represent pooled funds that invest in equity securities and debt securities, corporate bonds and life insurance company general accounts. Pooled funds, which are classified as Level 2 asset, are valued at their net asset values that are calculated by the sponsor of the fund. Corporate bonds are valued based on quoted market prices for identical assets in inactive markets. Life insurance company general accounts are valued based on contracts. Level 3 plan assets represent 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 year ended March 31, 2011 and 2010 are as follows:

	Millions of yen		
Year ended March 31, 2011	Hedge funds	Real estate	Total
Balance at beginning of year	**¥ 91,530**	**¥ 22,871**	**¥ 114,401**
Actual return:			
Relating to assets sold	**51**	**(1,810)**	**(1,759)**
Relating to assets still held	**5,944**	**(703)**	**5,241**
Purchases, issuances and settlements	**(801)**	**(3,047)**	**(3,848)**
Balance at end of year	**¥ 96,724**	**¥ 17,311**	**¥ 114,035**

	Millions of yen		
Year ended March 31, 2010	Hedge funds	Real estate	Total
Balance at beginning of year	¥ 84,898	¥ 22,928	¥ 107,826
Actual return:			
Relating to assets sold	(2,191)	–	(2,191)
Relating to assets still held	10,877	(1,588)	9,289
Purchases, issuances and settlements	(2,054)	1,531	(523)
Balance at end of year	¥ 91,530	¥ 22,871	¥ 114,401

	Thousands of U.S. dollars		
Year ended March 31, 2011	Hedge funds	Real estate	Total
Balance at beginning of year	**$ 1,102,771**	**$ 275,554**	**$ 1,378,325**
Actual return:			
Relating to assets sold	**615**	**(21,807)**	**(21,192)**
Relating to assets still held	**71,615**	**(8,470)**	**63,145**
Purchases, issuances and settlements	**(9,651)**	**(36,711)**	**(46,362)**
Balance at end of year	**$ 1,165,350**	**$ 208,566**	**$ 1,373,916**

Certain of the Group's subsidiaries provide certain health care and life insurance benefits to retired employees. Such benefits were not material for the years ended March 31, 2011 and 2010.

14. RESEARCH AND DEVELOPMENT COSTS

Research and development costs are expensed as incurred and amounted to ¥318,803 million ($3,841,000 thousand) and ¥310,651 million for the years ended March 31, 2011 and 2010, respectively.

15. ADVERTISING COSTS

Advertising costs are expensed as incurred. Advertising costs amounted to ¥32,862 million ($395,928 thousand) and ¥28,754 million for the years ended March 31, 2011 and 2010, respectively.

16. OTHER INCOME AND OTHER EXPENSE

FOREIGN EXCHANGE GAINS AND LOSSES

For the years ended March 31, 2011 and 2010, the net foreign exchange impacts were ¥2,975 million ($35,843 thousand) loss and ¥6,141 million gain, respectively.

GAINS AND LOSSES ON SALES OR DISPOSAL OF FIXED ASSETS

For the years ended March 31, 2011 and 2010, the sale and disposal of fixed assets resulted in net impacts of ¥21,059 million ($253,723 thousand) gain and ¥20,073 million loss, respectively. Gains on sales of fixed assets were ¥33,076 million ($398,506 thousand), and losses on disposal of fixed assets were ¥12,017 million ($144,783 thousand) for the year ended March 31, 2011. Gains on sales of fixed assets were ¥7,968 million, and losses on disposal of fixed assets were ¥28,041 million for the year ended March 31, 2010.

For the year ended March 31, 2011, the amount of losses related to the Great East Japan Earthquake of March 11, 2011 was not significant.

17. 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, 2011 were consisted of ¥5,371 million ($64,711 thousand) in the Visual Products business, ¥5,019 million ($60,470 thousand) in the PC business, and ¥15,873 million ($191,241 thousand) in the System LSI business. The impairment losses recognized in the year ended March 31, 2010 consisted of ¥3,203 million in the LCD business, ¥4,423 million in the Visual Products business, and ¥4,531 million in the PC business. The impairment losses are included in cost of sales in the accompanying consolidated statement of income.

For the year ended March 31, 2010, the Group recorded impairment loss of ¥15,817 million related to the stock transfer agreement of AFPD PTE., LTD. (“AFPD”), a manufacturing subsidiary in Singapore. The Group reduced book value of property, plant and equipment of AFPD in accordance with the transfer price of AFPD stock. This impairment loss is included in other expense in the accompanying consolidated statement of income. As of March 31, 2010, the carrying amount of property, plant and equipment in AFPD is ¥10,618 million. The Group transferred AFPD stock on July 1, 2010.

Impairment losses in the Visual Products and the PC businesses are included in the Digital Products segment, while those in the LCD and the System LSI businesses are included in the Electronic Devices & Components segment.

18. 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 40.7 percent for the years ended March 31, 2011 and 2010.

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

Year ended March 31	Millions of yen 2011	2010	Thousands of U.S. dollars 2011
Expected income tax expense	¥ **82,126**	¥ (5,837)	$ **989,470**
Increase (decrease) in taxes resulting from:			
Tax credits	**(1,765)**	(2,106)	**(21,265)**
Non-deductible expenses for tax purposes	**3,271**	3,565	**39,410**
Net changes in valuation allowance	**(20,669)**	33,455	**(249,024)**
Tax rate difference relating to foreign subsidiaries	**(11,186)**	(11,342)	**(134,771)**
Deferred tax liabilities on undistributed earnings of foreign subsidiaries and affiliates	**(20,267)**	3,741	**(244,181)**
Other	**(3,566)**	3,313	**(42,964)**
Income tax expense	¥ **27,944**	¥ 24,789	$ **336,675**

The significant components of deferred tax assets and deferred tax liabilities as of March 31, 2011 and 2010 are as follows:

March 31	Millions of yen 2011	2010	Thousands of U.S. dollars 2011
Gross deferred tax assets:			
Inventories	¥ **22,605**	¥ 20,478	$ **272,349**
Accrued pension and severance costs	**119,503**	116,687	**1,439,795**
Tax loss carryforwards	**262,127**	288,567	**3,158,157**
Pension liability adjustment	**215,914**	210,651	**2,601,373**
Accrued expenses	**126,034**	133,759	**1,518,482**
Depreciation and amortization	**61,470**	66,658	**740,603**
Other	**134,537**	143,412	**1,620,928**
	942,190	980,212	**11,351,687**
Valuation allowance for deferred tax assets	**(275,274)**	(303,547)	**(3,316,554)**
Deferred tax assets	¥ **666,916**	¥ 676,665	$ **8,035,133**
Gross deferred tax liabilities:			
Inventories	¥ **(4,236)**	¥ (6,119)	$ **(51,036)**
Property, plant and equipment	**(10,125)**	(19,755)	**(121,988)**
Unrealized gains on securities	**(37,698)**	(39,550)	**(454,193)**
Gain on securities contributed to employee retirement benefit trusts	**(17,381)**	(17,381)	**(209,410)**
Undistributed earnings of foreign subsidiaries and affiliates	**(38,043)**	(56,122)	**(458,349)**
Goodwill and other intangible assets	**(60,767)**	(70,636)	**(732,133)**
Other	**(18,573)**	(12,365)	**(223,771)**
Deferred tax liabilities	**(186,823)**	(221,928)	**(2,250,880)**
Net deferred tax assets	¥ **480,093**	¥ 454,737	$ **5,784,253**

Deferred tax liabilities included in other current liabilities and other liabilities at March 31, 2011 and 2010 were ¥75,144 million ($905,349 thousand) and ¥98,990 million, respectively.

The net changes in the total valuation allowance for the years ended March 31, 2011 and 2010 were a decrease of ¥28,273 million ($340,639 thousand) and an increase of ¥17,000 million, respectively.

The amount of adjustments of the beginning-of-the-year balance of the valuation allowance because of a change in judgement about the realizability of the related deferred tax assets in future years for the year ended March 31, 2011 were ¥11,701 million ($140,976 thousand). The amounts of adjustments for the year ended March 31, 2010 were not significant.

The Group's tax loss carryforwards for each of the corporate and local taxes at March 31, 2011 amounted to ¥603,131 million ($7,266,639 thousand) and ¥715,231 million ($8,617,241 thousand), respectively, the majority of which will expire during the period from 2012 through 2017. The Group utilized tax loss carryforwards of ¥119,953 million ($1,445,217 thousand) and ¥24,240 million to reduce current corporate taxes and ¥68,530 million ($825,663 thousand) and ¥10,829 million to reduce current local taxes, respectively, during the years ended March 31, 2011 and 2010.

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	**2011**	2010	**2011**
Balance at beginning of year	**¥ 4,493**	¥ 4,360	**$ 54,132**
Additions for tax positions of the current year	**598**	804	**7,205**
Additions for tax positions of prior years	**683**	40	**8,229**
Reductions for tax positions of prior years	**(72)**	(464)	**(868)**
Lapse of statute of limitations or closed audits	**(1,772)**	(29)	**(21,349)**
Foreign currency translation adjustments	**(457)**	(218)	**(5,506)**
Balance at end of year	**¥ 3,473**	¥ 4,493	**$ 41,843**

The total amounts of unrecognized tax benefits that would reduce the effective tax rate, if recognized, are ¥2,274 million ($27,398 thousand) and ¥3,838 million at March 31, 2011 and 2010, respectively.

The Group recognizes interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statement of income. Both interest and penalties accrued as of March 31, 2011 and 2010, and interest and penalties included in income taxes for the years ended March 31, 2011 and 2010 were not material.

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, 2011, 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, 2008 with few exceptions. In other major foreign tax jurisdictions, the Group is no longer subject to regular income tax examinations by tax authorities for years before the fiscal year ended March 31, 2006 with few exceptions.

19. EQUITY

COMMON STOCK

The total number of authorized shares of the Company is 10,000,000,000.

The change in the total number of shares issued for the years ended March 31, 2011 and 2010 are as follows:

	Shares	
Year ended March 31	**2011**	2010
Shares issued at beginning of year	**4,237,602,026**	3,237,602,026
Increase due to issuance of new shares	**–**	1,000,000,000
Shares at end of year	**4,237,602,026**	4,237,602,026

The Company issued 897,000,000 shares by way of public offering on June 3, 2009 and 103,000,000 shares by way of third-party allotment on June 23, 2009, respectively. As a result, stated capital and additional paid-in capital of the Company's consolidated balance sheet increased by ¥159,620 million and ¥157,921 million from both issuances, respectively, for the year ended March 31, 2010.

RETAINED EARNINGS

Retained earnings at March 31, 2011 and 2010 included a legal reserve of ¥24,129 million ($290,711 thousand) and ¥25,103 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 distributions 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, 2011 do not reflect current year-end distributions of ¥12,705 million ($153,072 thousand) which started to be paid from June 1, 2011.

Retained earnings at March 31, 2011 included the Group's equity in undistributed earnings of equity method investees in the amount of ¥97,258 million ($1,171,783 thousand).

The Company resolved, at the board of directors meeting held on May 7, 2010, the submission of the disposition of the Company's other capital surplus based on Article 452 of the Corporation Law of Japan. As a result, the additional paid-in capital was reduced by ¥46,772 million ($563,518 thousand), and the retained earnings was increased by the same amount effective June 30, 2010 on the Company's consolidated balance sheet.

ACCUMULATED OTHER COMPREHENSIVE LOSS

Analyses of the changes in accumulated other comprehensive loss, net of tax, for the years ended March 31, 2011 and 2010 are shown below:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Net unrealized gains and losses on securities:			
Balance at beginning of year	**¥ 73,226**	¥ 21,639	**$ 882,241**
Current year change	**(10,771)**	51,587	**(129,771)**
Balance at end of year	**¥ 62,455**	¥ 73,226	**$ 752,470**
Foreign currency translation adjustments:			
Balance at beginning of year	**¥ (231,130)**	¥ (222,619)	**$ (2,784,699)**
Current year change	**(42,187)**	(8,511)	**(508,277)**
Balance at end of year	**¥ (273,317)**	¥ (231,130)	**$ (3,292,976)**
Pension liability adjustments:			
Balance at beginning of year	**¥ (298,679)**	¥ (314,578)	**$ (3,598,542)**
Current year change	**(10,002)**	15,899	**(120,506)**
Balance at end of year	**¥ (308,681)**	¥ (298,679)	**$ (3,719,048)**
Net unrealized gains and losses on derivative instruments:			
Balance at beginning of year	**¥ (2,661)**	¥ (2,284)	**$ (32,060)**
Current year change	**2,599**	(377)	**31,313**
Balance at end of year	**¥ (62)**	¥ (2,661)	**$ (747)**
Total accumulated other comprehensive loss:			
Balance at beginning of year	**¥ (459,244)**	¥ (517,842)	**$ (5,533,060)**
Current year change	**(60,361)**	58,598	**(727,241)**
Balance at end of year	**¥ (519,605)**	¥ (459,244)	**$ (6,260,301)**

Tax effects allocated to each component of other comprehensive income (loss) for the years ended March 31, 2011 and 2010 are shown below:

	Millions of yen		
	Pre-tax amount	Tax benefit (expense)	Net-of-tax amount
For the year ended March 31, 2011:			
Net unrealized gains and losses on securities:			
Unrealized holding losses arising during year	**¥ (16,708)**	**¥ 4,077**	**¥ (12,631)**
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	**3,132**	**(1,272)**	**1,860**
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	**(50,183)**	**(2,764)**	**(52,947)**
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	**10,760**	**–**	**10,760**
Pension liability adjustments:			
Pension liability adjustments arising during year	**(43,909)**	**18,025**	**(25,884)**
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	**26,785**	**(10,903)**	**15,882**
Net unrealized gains and losses on derivative instruments:			
Unrealized gains arising during year	**3,043**	**(1,519)**	**1,524**
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	**1,727**	**(652)**	**1,075**
Other comprehensive loss	**¥ (65,353)**	**¥ 4,992**	**¥ (60,361)**
For the year ended March 31, 2010:			
Net unrealized gains and losses on securities:			
Unrealized holding gains arising during year	¥ 71,573	¥ (21,747)	¥ 49,826
Less: reclassification adjustment for losses included in net loss attributable to shareholders of the Company	2,972	(1,211)	1,761
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	(7,058)	(1,707)	(8,765)
Less: reclassification adjustment for losses included in net loss attributable to shareholders of the Company	254	–	254
Pension liability adjustments:			
Pension liability adjustments arising during year	(1,155)	223	(932)
Less: reclassification adjustment for losses included in net loss attributable to shareholders of the Company	28,383	(11,552)	16,831
Net unrealized gains and losses on derivative instruments:			
Unrealized losses arising during year	(660)	225	(435)
Less: reclassification adjustment for losses included in net loss attributable to shareholders of the Company	64	(6)	58
Other comprehensive income	¥ 94,373	¥ (35,775)	¥ 58,598

	Thousands of U.S. dollars		
	Pre-tax amount	Tax benefit (expense)	Net-of-tax amount
For the year ended March 31, 2011:			
Net unrealized gains and losses on securities:			
Unrealized holding losses arising during year	$ (201,301)	$ 49,120	$ (152,181)
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	37,735	(15,325)	22,410
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	(604,615)	(33,301)	(637,916)
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	129,639	–	129,639
Pension liability adjustments:			
Pension liability adjustments arising during year	(529,024)	217,169	(311,855)
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	322,710	(131,361)	191,349
Net unrealized gains and losses on derivative instruments:			
Unrealized gains arising during year	36,663	(18,302)	18,361
Less: reclassification adjustment for losses included in net income attributable to shareholders of the Company	20,807	(7,855)	12,952
Other comprehensive loss	$ (787,386)	$ 60,145	$ (727,241)

TAKEOVER DEFENSE MEASURE

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

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

20. NET EARNINGS (LOSSES) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The following reconciliation table of the numerators and denominators sets forth the computation of basic and diluted net earnings (losses) per share attributable to shareholders of the Company for the years ended March 31, 2011 and 2010.

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Income (loss) from continuing operations attributable to shareholders of the Company	**¥ 166,187**	¥ (50,035)	**$ 2,002,253**
Loss from discontinued operations attributable to shareholders of the Company	**(7,861)**	(3,908)	**(94,711)**
Net income (loss) attributable to shareholders of the Company	**¥ 158,326**	¥ (53,943)	**$ 1,907,542**

	Thousands of shares	
Year ended March 31	**2011**	2010
Weighted-average number of shares of common stock outstanding for the year	**4,235,297**	4,004,801
Incremental shares from assumed conversions of dilutive convertible debentures	**175,295**	–
Weighted-average number of shares of diluted common stock outstanding for the year	**4,410,592**	4,004,801

	Yen		U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Earnings (losses) from continuing operations per share attributable to shareholders of the Company:			
–Basic	**¥ 39.24**	¥ (12.49)	**$ 0.47**
–Diluted	**37.68**	(12.49)	**0.45**
Losses from discontinued operations per share attributable to shareholders of the Company:			
–Basic	**¥ (1.86)**	¥ (0.98)	**$ (0.02)**
–Diluted	**(1.86)**	(0.98)	**(0.02)**
Net earnings (losses) per share attributable to shareholders of the Company:			
–Basic	**¥ 37.38**	¥ (13.47)	**$ 0.45**
–Diluted	**35.90**	(13.47)	**0.43**

Due to their anti-dilutive effect, incremental shares from assumed conversions of dilutive convertible debentures are excluded from the calculation of diluted net losses from discontinued operations per share attributable to shareholders of the Company for the year ended March 31, 2011, and diluted net losses per share attributable to shareholders of the Company for the year ended March 31, 2010.

Net earnings (losses) per share attributable to shareholders of the Company are computed independently for income (losses) from continuing operations attributable to shareholders of the Company, losses from discontinued operations attributable to shareholders of the Company, and net income (losses) attributable to shareholders of the Company. Consequently, the sum of diluted per share amounts from continuing operations and discontinued operations for the year ended March 31, 2011 may not equal diluted per share amounts for net earnings.

21. 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 2011 to 2015.

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

Fair Value Hedge Strategy

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

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

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

Cash Flow Hedge Strategy

The forward exchange contracts utilized by the Group effectively reduce fluctuation in cash flow from commitments on future trade transactions denominated in foreign currencies for the next 5 years.

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 3 years.

The Group expects to reclassify ¥342 million ($4,120 thousand) of net income on derivative financial instruments from accumulated other comprehensive loss to net income (loss) attributable to shareholders of the Company during the next 12 months due to the collection of accounts receivable denominated in foreign currencies and the payments of accounts payable denominated in foreign currencies and variable interest associated with the floating-rate debts.

Derivatives Not Designated as Hedging Instruments Strategy

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

The Group's forward exchange contract amounts, the aggregate notional principal amounts of interest rate swap agreements, currency swap agreements and currency options outstanding at March 31, 2011 and 2010 are summarized below:

	Millions of yen		Thousands of U.S. dollars
March 31	**2011**	2010	**2011**
Forward exchange contracts:			
To sell foreign currencies	**¥ 147,035**	¥ 183,818	**$ 1,771,506**
To buy foreign currencies	**173,175**	133,862	**2,086,446**
Interest rate swap agreements	**120,982**	249,050	**1,457,614**
Currency swap agreements	**230,461**	182,468	**2,776,639**
Currency options	**–**	41,984	**–**

(2) FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the Group's financial instruments and the location in the consolidated balance sheet at March 31, 2011 and 2010 are summarized as follows:

March 31	Location	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars 2011
Derivatives designated as hedging instruments:				
Assets:				
Forward exchange contracts	Prepaid expenses and other current assets	**¥ 4,514**	¥ 323	**$ 54,386**
Interest rate swap agreements	Prepaid expenses and other current assets	**2**	9	**24**
Currency swap agreements	Prepaid expenses and other current assets	**–**	255	**–**
Liabilities:				
Forward exchange contracts	Other current liabilities	**(1,459)**	(506)	**(17,578)**
Interest rate swap agreements	Other liabilities	**(2,394)**	(5,168)	**(28,843)**
Currency swap agreements	Other current liabilities	**(1,241)**	–	**(14,952)**
	Other liabilities	**–**	(409)	**–**
Derivatives not designated as hedging instruments:				
Assets:				
Forward exchange contracts	Prepaid expenses and other current assets	**1,811**	1,163	**21,819**
Currency swap agreements	Prepaid expenses and other current assets	**1,716**	–	**20,675**
Liabilities:				
Forward exchange contracts	Other current liabilities	**(1,534)**	(807)	**(18,482)**
Interest rate swap agreements	Other liabilities	**(13)**	–	**(157)**
Currency swap agreements	Other current liabilities	**–**	(13)	**–**
Currency options	Other current liabilities	**–**	(162)	**–**

March 31	Millions of yen 2011 Carrying amount	Millions of yen 2011 Fair value	Millions of yen 2010 Carrying amount	Millions of yen 2010 Fair value
Nonderivatives:				
Liabilities:				
Long-term debt, including current portion	**¥ (879,397)**	**¥ (882,341)**	¥ (1,111,583)	¥ (1,121,241)

March 31	Thousands of U.S. dollars 2011 Carrying amount	Thousands of U.S. dollars 2011 Fair value
Nonderivatives:		
Liabilities:		
Long-term debt, including current portion	**$ (10,595,145)**	**$ (10,630,614)**

The above table excludes the financial instruments for which fair values 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 where market quotes are not available, using estimated discounted future cash flows. 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 values are not necessarily indicative of the amounts that could be realized in a current market exchange.

The effect of derivative instruments on the consolidated statement of income for the year ended March 31, 2011 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	¥ 2,181	Other income	¥ 1,355	Other income	¥ 284
Interest rate swap agreements	(657)	Other expense	(2,430)	Other income	8

Derivatives not designated as hedging instruments:

	Millions of yen	
	Amount of gain (loss) recognized in income (loss)	
	Location	Amount recognized
Forward exchange contracts	Other income	¥ 1,611
Currency options	Other income	162

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	$ 26,277	Other income	$ 16,325	Other income	$ 3,422
Interest rate swap agreements	(7,916)	Other expense	(29,277)	Other income	96

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 income	$ 19,410
Currency options	Other income	1,952

The effect of derivative instruments on the consolidated statement of income for the year ended March 31, 2010 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	¥ 922	Other expense	¥ (58)	Other income	¥ 1,681
Interest rate swap agreements	(1,357)			Other expense	(2)

Derivatives not designated as hedging instruments:

	Millions of yen	
	Amount of gain (loss) recognized in income (loss)	
	Location	Amount recognized
Forward exchange contracts	Other income	¥ 1,676
Currency options	Other expense	(162)

22. 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, 2011 and 2010 were ¥147,760 million ($1,780,241 thousand) and ¥150,780 million, respectively.

The Group also leases certain machinery and equipment which are accounted for as capital leases. As of March 31, 2011 and 2010, the costs under capital leases were approximately ¥73,847 million ($889,723 thousand) and ¥88,977 million, and the related accumulated amortization were approximately ¥30,861 million ($371,819 thousand) and ¥34,098 million, respectively.

As of March 31, 2011 and 2010, the costs under capital leases from TFC and Toshiba Medical Finance Co., Ltd., affiliates of the Company, were approximately ¥47,800 million ($575,904 thousand) and ¥61,100 million, and the related accumulated amortization were approximately ¥22,100 million ($266,265 thousand) and ¥23,700 million, respectively.

Minimum lease payments for the Group's capital and non-cancelable operating leases as of March 31, 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars	
Year ending March 31	Capital leases	Operating leases	Capital leases	Operating leases
2012	¥ 23,487	¥ 71,426	$ 282,976	$ 860,554
2013	9,798	53,275	118,048	641,867
2014	6,412	20,557	77,253	247,675
2015	3,721	5,703	44,831	68,711
2016	2,434	5,027	29,325	60,566
Thereafter	26,024	21,190	313,543	255,302
Total minimum lease payments	71,876	¥ 177,178	865,976	$ 2,134,675
Executory costs	(2,405)		(28,976)	
Amounts representing interest	(19,910)		(239,879)	
Present value of net minimum lease payments	49,561		597,121	
Less-current portion	(21,473)		(258,711)	
	¥ 28,088		$ 338,410	

23. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments for the purchase of property, plant and equipment, and unconditional purchase obligation for license fees outstanding at March 31, 2011 totaled approximately ¥39,086 million ($470,916 thousand).

As of March 31, 2011, contingent liabilities, other than guarantees disclosed in Note 24, approximated ¥1,781 million ($21,458 thousand) mainly for recourse obligations related to notes receivable transferred.

24. 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 2011 to 2020 as of March 31, 2011 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 ¥68,224 million ($821,976 thousand) as of March 31, 2011.

GUARANTEES OF EMPLOYEES' HOUSING LOANS

The Group guarantees housing loans of its employees. The term of the guarantees is equal to the term of the related loans which range from 5 to 25 years. 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 ¥8,006 million ($96,458 thousand) as of March 31, 2011. 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 February 2014. The maximum potential payments by the Group for such residual value guarantees were ¥78,954 million ($951,253 thousand) as of March 31, 2011.

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 ¥7,707 million ($92,855 thousand) as of March 31, 2011.

The carrying amounts of the liabilities for the Group's obligations under the guarantees described above as of March 31, 2011 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, 2011 and 2010:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Balance at beginning of year	**¥ 44,370**	¥ 38,837	**$ 534,578**
Warranties issued	**29,780**	35,269	**358,795**
Settlements made	**(34,875)**	(33,948)	**(420,181)**
Foreign currency translation adjustments	**(2,314)**	(975)	**(27,879)**
Other	**–**	5,187	**–**
Balance at end of year	**¥ 36,961**	¥ 44,370	**$ 445,313**

Other includes the warranties assumed in the acquisition of hard disk drive ("HDD") business from Fujitsu.

25. LEGAL PROCEEDINGS

In January 2007, the European Commission adopted a decision imposing fines on 19 companies, including the Company, for violating EU competition laws in the gas insulated switchgear market. The Company was individually fined €86.25 million and was also fined €4.65 million jointly and severally with Mitsubishi Electric Corporation. Following its own investigation, the Company contends that it has not found any infringement of EU competition laws, and it is bringing an action to the European Court of First Instance seeking annulment of the European Commission's decision.

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. There is a possibility that such case may arise in the future. 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 judgement or decision unfavorable to the Group could have a materially adverse effect on the Group's business, results of operations or financial condition. The possibility cannot be stated as nil that, under certain circumstances, an action is filed that has an extremely remote chance of a ruling that requires payment but involves an appeal for a significant amount of money.

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

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

26. 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 July 2016. The Group accrued ¥9,213 million ($111,000 thousand) and ¥10,297 million at March 31, 2011 and 2010, 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 ¥15,624 million ($188,241 thousand) and ¥15,175 million as of March 31, 2011 and 2010, 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.

27. 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, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Balance at beginning of year	**¥ 21,165**	¥ 15,663	**$ 255,000**
Accretion expense	**1,777**	1,076	**21,410**
Liabilities settled	**(4,542)**	(120)	**(54,723)**
Liabilities incurred	**4,347**	5,526	**52,373**
Revisions in estimated cash flows	**(2,594)**	(498)	**(31,253)**
Foreign currency translation adjustments	**(1,470)**	(482)	**(17,711)**
Balance at end of year	**¥ 18,683**	¥ 21,165	**$ 225,096**

28. BUSINESS COMBINATIONS

Nuclear Fuel Industries, Ltd.

On May 7, 2009, the Group acquired 52% of the outstanding shares of Nuclear Fuel Industries, Ltd. ("NFI"), from Furukawa Electric Co., Ltd. and Sumitomo Electric Industries, Ltd. with the intention of expanding the Group's Nuclear Power Systems business by establishing a market presence in Japan and building a fuel production platform in Asia.

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 total purchase price for the acquisition was ¥11,526 million in cash. Of the total price, ¥13,680 million was allocated to property, plant and equipment, ¥10,070 million to noncontrolling interests, ¥8,054 million to amortizable intangible asset, ¥248 million to net liability assumed and ¥110 million to goodwill. The acquired intangible assets primarily consisted of contracted customer relationships. The Group is amortizing the intangible assets over a weighted-average estimated life of 16.5 years.

The operating results of NFI are included in the Company's consolidated statement of income from May 2009 onward.

Fujitsu's Hard Disk Drive business

On April 30, 2009, the Group and Fujitsu Limited ("Fujitsu") concluded an agreement on the transfer of Fujitsu's hard disk drive ("HDD") business to the Group for approximately ¥30.0 billion in total, which was subsequently adjusted to ¥25.4 billion. To effect the transfer, Fujitsu spun off its HDD business into a newly incorporated entity called Toshiba Storage Device Corporation ("TSDC") and on October 1, 2009, the Group acquired 80.1% of the shares of TSDC in cash.

The Group expects to achieve great synergies from this acquisition by: (i) expanding market share in the comprehensive area of data storage by leveraging its position as a leading vendor of small form factor HDDs and integrating Fujitsu's enterprise HDD business; and (ii) fulfilling a wide range of storage device demand by adding solid state drive products to its product line, which will be newly developed by integrating the Group's flash memory technology with Fujitsu's enterprise HDD technology.

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

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

As of the acquisition date		Millions of yen
Purchase price	¥	21,206
Noncontrolling interests		4,214
Total	¥	25,420
Current assets	¥	42,340
Non-current assets		13,067
Current liabilities		25,989
Non-current liabilities		4,085
Total identifiable net assets acquired	¥	25,333

The excess of the purchase price and fair value of noncontrolling interests over the fair value of the identifiable assets acquired and liabilities assumed was recorded as goodwill.

Operating results of TSDC are included in the Company's consolidated statement of income from the acquisition date.

The Group acquired all the remaining shares of TSDC held by Fujitsu on December 28, 2010. With the completion of the transaction, TSDC has become a wholly owned subsidiary of the Company.

Chevalier (HK) Limited

On December 15, 2009, the Group increased its ownership in its former affiliate Chevalier (HK) Limited and its subsidiaries ("Chevalier (HK)") by acquiring an additional 2% stake to 51% in cash and consequently acquired a controlling financial interest of Chevalier (HK). The investment is intended to further strengthen the Group's presence in lifts and escalators industries of the global market, mainly in China and Southeast Asia.

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

The following table summarizes the allocation of the purchase price and the fair values of 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	¥ 8,455	$ 101,868
Noncontrolling interests	7,767	93,578
Total	¥ 16,222	$ 195,446
Current assets	¥ 4,408	$ 53,108
Non-current assets	165	1,988
Intangible assets subject to amortization	11,974	144,265
Current liabilities	3,281	39,530
Non-current liabilities	1,980	23,855
Total identifiable net assets acquired	¥ 11,286	$ 135,976

Identifiable intangible assets acquired mainly consist of customer relationships based on maintenance contracts. The Group is amortizing the intangible assets over a weighted-average estimated life of 17.8 years.

The excess of the purchase price and fair value of noncontrolling interests over the fair value of the identifiable assets acquired and liabilities assumed, amounted to ¥4,936 million ($59,470 thousand), which was recorded as goodwill and allocated within Social Infrastructure. Among the factors that contributed to the recognition of goodwill was the predominance of the Chevalier Group in Chinese and Southeast Asian market based on its trustful long-term relationships with customers.

Operating results of Chevalier (HK) are included in the Company's consolidated statement of income from the acquisition date.

Pro-forma results of operations for the above business combinations are immaterial for the year ended March 31, 2010.

29. Variable Interest Entities

The Company adopted ASU 2009-17 beginning with the fiscal year ended March 31, 2011. ASU 2009-17, amends ASC No.810, thereby removing scope exemptions for a qualifying special-purpose entity ("QSPE") as a result of the elimination of the QSPE concept by ASU 2009-16. It requires that an entity determines the need for consolidating a variable interest entity ("VIE") based on qualitative analysis and for revising its evaluation on a continuous basis. Moreover, additional disclosure of an enterprise's involvement with a VIE is required.

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 Social Infrastructure, and most of those are entities involved in the Power and Industrial 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, 2011 and 2010, the total assets of VIEs on the consolidated balance sheet were ¥8,986 million ($108,265 thousand) and ¥3,710 million, and the total liabilities of VIEs on the consolidated balance sheet were ¥2,669 million ($32,157 thousand) and ¥1,090 million, respectively. The assets consisted primarily of accounts receivable, and property, plant and equipment. The liabilities consisted primarily of accounts payable and long-term debt. 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 Social 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 have an equally sharing power. Unconsolidated VIEs involved in Social Infrastructure supply electric equipments to electric power operators. 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, 2011 and 2010, 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, 2011	VIEs involved in Electronic Devices	VIEs involved in Social Infrastructure
Total assets of VIEs	¥ **417,904**	¥ **74,271**
Carrying amounts of assets that relate to the Group's variable interests in the VIEs	**175,689**	**48,704**
Carrying amounts of liabilities that relate to the Group's variable interests in the VIEs	**25,650**	**–**
Maximum exposures to losses	¥ **217,230**	¥ **48,704**

March 31, 2010	Millions of yen VIEs involved in Electronic Devices	VIEs involved in Social Infrastructure
Total assets of VIEs	¥ 345,741	¥ 37,762
Carrying amounts of assets that relate to the Group's variable interests in the VIEs	157,964	15,716
Carrying amounts of liabilities that relate to the Group's variable interests in the VIEs	13,489	–
Maximum exposures to losses	¥ 232,519	¥ 15,716

March 31, 2011	Thousands of U.S. dollars VIEs involved in Electronic Devices	VIEs involved in Social Infrastructure
Total assets of VIEs	**$ 5,034,988**	**$ 894,831**
Carrying amounts of assets that relate to the Group's variable interests in the VIEs	**2,116,735**	**586,795**
Carrying amounts of liabilities that relate to the Group's variable interests in the VIEs	**309,036**	**–**
Maximum exposures to losses	**$ 2,617,229**	**$ 586,795**

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 any relations to the losses anticipated to be incurred from the Group's involvement with the VIEs and are considered to exceed the anticipated losses significantly.

30. SEGMENT INFORMATION

Beginning with the fiscal year ended March 31, 2010, the Company adopted ASC No.280 "*Segment Reporting*". 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 gains (losses) from the sales or disposal of fixed assets are not included in it.

The Group has 5 business segments, (1)Digital Products, (2)Electronic Devices, (3)Social Infrastructure, (4)Home Appliances and (5)Others, identified in accordance with the similarities of the nature of the products, the production processes and markets, etc.

The business segments information is disclosed in the current classification, following changes of the structure of the Group's internal organization at the beginning with the fiscal year ended March 31, 2011.

Principal products that belong to each segment are as follows.

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

BUSINESS SEGMENTS

Financial information by segments as of and for the years ended March 31, 2011 and 2010 are as follows:

As of and for the year ended March 31, 2011 — Millions of yen

	Digital Products	Electronic Devices	Social Infrastructure	Home Appliances	Others	Total	Corporate and Eliminations	Consolidated
Net sales								
(1) Unaffiliated customers	¥ 2,101,475	¥ 1,294,981	¥ 2,185,577	¥ 578,211	¥ 103,746	¥ 6,263,990	¥ –	¥ 6,263,990
(2) Intersegment	99,822	52,727	74,898	21,574	249,160	498,181	(498,181)	–
Total	¥ 2,201,297	¥ 1,347,708	¥ 2,260,475	¥ 599,785	¥ 352,906	¥ 6,762,171	¥ (498,181)	¥ 6,263,990
Segment operating income (loss)	¥ 17,627	¥ 86,186	¥ 136,211	¥ 8,873	¥ (6,344)	¥ 242,553	¥ 1,979	¥ 244,532
Identifiable assets	¥ 998,751	¥ 1,249,850	¥ 2,523,147	¥ 341,195	¥ 343,521	¥ 5,456,464	¥ (105,121)	¥ 5,351,343
Depreciation and amortization	22,354	133,585	68,576	16,831	7,796	249,142	–	249,142
Capital expenditures	26,189	116,587	96,447	13,928	8,518	261,669	–	261,669

As of and for the year ended March 31, 2010 — Millions of yen

	Digital Products	Electronic Devices	Social Infrastructure	Home Appliances	Others	Total	Corporate and Eliminations	Consolidated
Net sales								
(1) Unaffiliated customers	¥ 2,004,242	¥ 1,231,024	¥ 2,252,985	¥ 562,747	¥ 86,691	¥ 6,137,689	¥ –	¥ 6,137,689
(2) Intersegment	99,458	43,814	65,358	18,915	258,834	486,379	(486,379)	–
Total	¥ 2,103,700	¥ 1,274,838	¥ 2,318,343	¥ 581,662	¥ 345,525	¥ 6,624,068	¥ (486,379)	¥ 6,137,689
Segment operating income (loss)	¥ 24,778	¥ (25,033)	¥ 135,420	¥ (5,136)	¥ (8,935)	¥ 71,538	¥ 250	¥ 71,788
Identifiable assets	¥ 1,104,623	¥ 1,283,061	¥ 2,454,307	¥ 361,384	¥ 380,137	¥ 5,583,512	¥ (119,798)	¥ 5,463,714
Depreciation and amortization	26,452	167,881	67,427	19,455	7,928	289,143	–	289,143
Capital expenditures	21,066	107,223	100,211	17,523	9,845	255,868	–	255,868

As of and for the year ended March 31, 2011 — Thousands of U.S. dollars

	Digital Products	Electronic Devices	Social Infrastructure	Home Appliances	Others	Total	Corporate and Eliminations	Consolidated
Net sales								
(1) Unaffiliated customers	$ 25,318,976	$ 15,602,181	$ 26,332,253	$ 6,966,397	$ 1,249,952	$ 75,469,759	$ –	$ 75,469,759
(2) Intersegment	1,202,674	635,265	902,386	259,928	3,001,928	6,002,181	(6,002,181)	–
Total	$ 26,521,651	$ 16,237,446	$ 27,234,639	$ 7,226,325	$ 4,251,880	$ 81,471,940	$ (6,002,181)	$ 75,469,759
Segment operating income (loss)	$ 212,373	$ 1,038,386	$ 1,641,096	$ 106,904	$ (76,434)	$ 2,922,325	$ 23,844	$ 2,946,169
Identifiable assets	$ 12,033,145	$ 15,058,434	$ 30,399,361	$ 4,110,783	$ 4,138,807	$ 65,740,530	$ (1,266,518)	$ 64,474,012
Depreciation and amortization	269,325	1,609,458	826,217	202,783	93,928	3,001,711	–	3,001,711
Capital expenditures	315,530	1,404,663	1,162,012	167,807	102,627	3,152,639	–	3,152,639

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) Prior-period data for the fiscal year ended March 31, 2010 has been reclassified to conform to the current classification, following changes of the structure of the Group's internal organization at the beginning of the fiscal year ended March 31, 2011.
4) Some prior-period data relating to the discontinued operation has been reclassified following corrections to the consolidated financial statements.

A reconciliation table between the total of the segment operating income (loss) and the income (loss) from continuing operations, before income taxes and noncontrolling interests for the years ended March 31, 2011 and 2010 are as follows:

Year ended March 31	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars 2011
The total of the segment operating income (loss)	¥ 242,553	¥ 71,538	$ 2,922,325
Corporate and Eliminations	1,979	250	23,844
Sub Total	¥ 244,532	¥ 71,788	$ 2,946,169
Interest and dividends	8,168	7,587	98,410
Equity in earnings of affiliates	18,478	22,385	222,626
Other income	67,926	62,356	818,386
Interest	(32,328)	(35,585)	(389,494)
Other expense	(104,991)	(142,873)	(1,264,952)
Income (loss) from continuing operations, before income taxes and noncontrolling interests	¥ 201,785	¥ (14,342)	$ 2,431,145

GEOGRAPHIC INFORMATION

Net Sales

Net sales by region based on the location of the customer for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2011**	2010	**2011**
Japan	**¥ 2,857,941**	¥ 2,798,682	**$ 34,433,024**
Overseas	**¥ 3,406,049**	¥ 3,339,007	**$ 41,036,735**
Asia	**1,153,243**	1,144,611	**13,894,494**
North America	**1,147,132**	1,136,064	**13,820,867**
Europe	**814,633**	839,523	**9,814,855**
Others	**291,041**	218,809	**3,506,518**
Total	**¥ 6,263,990**	¥ 6,137,689	**$ 75,469,759**

Property, plant and equipment

Property, plant and equipment by region at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
March 31	**2011**	2010	**2011**
Japan	**¥ 679,624**	¥ 746,579	**$ 8,188,241**
Overseas	**¥ 195,350**	¥ 202,993	**$ 2,353,614**
Asia	**103,688**	113,866	**1,249,253**
North America	**55,313**	59,211	**666,422**
Europe	**29,674**	24,013	**357,518**
Others	**6,675**	5,903	**80,422**
Total	**¥ 874,974**	¥ 949,572	**$ 10,541,855**

Notes: 1) There are no individually material countries which should be separately disclosed.
2) There are no material sales to a single unaffiliated customer.
3) Some prior-period data relating to the discontinued operation has been reclassified following corrections to the consolidated financial statements.

31. SUBSEQUENT EVENT

Acquision of Landis+Gyr

On May 19, 2011 (Japan Standard Time), the Company entered into a definitive agreement to acquire the entire equity of Landis+Gyr AG ("Landis+Gyr"), a company incorporated in Switzerland and a global leader in the energy management solutions for utilities, from shareholders and warrant owners of Landis+Gyr.

The acquisition, valued at $2.3 billion (approximately ¥186.3 billion) including net debt, is subject to regulatory approvals and other customary closing conditions.

The Group positions the Smart Community business as a new focus area and is determined to maximize its presence and capabilities in the business.

With over 8,000 utility customers globally, Landis+Gyr has pioneered the development of leading-edge smart metering, networking and service products to meet the needs of the utilities industry and operated around the world.

Landis+Gyr provides a wide range of smart meter solutions, from advanced interactive communication technologies to various applications and services based on data collected from the meters.

The combination of Landis+Gyr's advanced smart metering technologies and services, plus its extensive customer base, with the Company's comprehensive expertise in energy management for utility companies and the corporate (buildings) and consumer (homes) sectors, will allow the Company to provide customers with sophisticated one-stop solutions that offer communities optimum power monitoring and management, plus effective applications and services based on cloud computing technologies.

Upon completion of the acquisition, the Company will promote these synergies through alliances, centering on cloud computing and solutions services, and aim to expand its global operations and to grow the Smart Community business.

The information provided is about the status as of the submission date of the original annual securities report in June 2011 before correction for restatements in September 2015.

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Independent Auditor's Report

The Board of Directors of
Toshiba Corporation

We have audited the accompanying consolidated balance sheet of Toshiba Corporation (the "Company") and its consolidated subsidiaries as of March 31, 2011 and the related consolidated statements of income, comprehensive income, equity, and cash flows for the year then ended and the related notes to the consolidated financial statements, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Toshiba Corporation and subsidiaries at March 31, 2011 and the consolidated results of their operations and their cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

We also have reviewed the translation of the consolidated financial statements mentioned above into United States dollars on the basis described in Note 3. In our opinion, such statements have been translated on such basis.

Supplemental Information

As discussed in "Restatement of previously issued consolidated financial statements" in the consolidated financial statements, the Company has amended the consolidated financial statements. We have audited the restated consolidated financial statements.

As discussed in Note 31 "Subsequent event" to the consolidated financial statements, the Company entered into a definitive agreement to acquire the entire equity of Landis+Gyr AG ("Landis+Gyr") from shareholders and warrant owners of Landis+Gyr on May 19, 2011 (Japan Standard Time).

September 7, 2015

Ernst & Young ShinNihon LLC

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The production and printing of this report reflect the following considerations:

Paper

Use of FSC-certified Paper
Paper certified by Forest Stewardship Council (FSC) is used, which is made from wood from FSC-certified forests.

Use of Forest Thinning Support Paper
Toshiba Group supports forest thinning project in Misawa City, Aomori prefecture, aiming to preserve the nature for the next generation.

Tree use cycle mark
We believe that it is important to make proactive use of domestic wood products and to grow forests, and we support the Forestry Agency's efforts to promote "tree trainer activities". Domestic timber provided the raw material for the paper on which this report is printed, and its use contributed to increased absorption of CO_2 by native forests.

Printing

Waterless Printing
Waterless printing, a printing process that eliminates the use of water, is adopted, taking advantage of the characteristics of printing plates made of ink-shedding material.

Non-VOC Ink
100% vegetable ink containing no volatile organic compounds (VOCs) is used.