TOSHIBA

Leading Innovation

Annual Report 2008

TOSHIBA PLANT SYSTEMS & SERVICES CORPORATION

Basic Commitment of the TOSHIBA Group

We, the Toshiba Group companies, based on our total commitment to people and to the future, are determined to help create a higher quality of life for all people, and to do our part to help ensure that progress continues within the world community.

Commitment to People

We endeavor to serve the needs of all people, especially our customers, shareholders, and employees, by implementing forward-looking corporate strategies while carrying out responsible and responsive business activities. As good corporate citizens, we actively contribute to further the goals of society.

Commitment to the Future

By continually developing innovative technologies centering on the fields of Electronics and Energy, we strive to create products and services that enhance human life, and which lead to a thriving, healthy society. We constantly seek new approaches that help realize the goals of the world community, including ways to improve the global environment.

Committed to People, Committed to the Future. TOSHIBA

CONTENTS

Forward-Looking Statements

In this annual report, statements other than historical facts are forward-looking statements that reflect our plans and expectations. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results and achievements to differ materially from those anticipated in these statements.

Note: In this annual report, planning and design are referred to as "engineering," while field testing, trial operation, adjustment and service are referred to as "field service."

Tetsuo Ishii
President and Chief Executive Officer, Representative Director

To Our Shareholders, Customers and Friends

I am pleased to have this opportunity to report to our shareholders, customers, friends and other stakeholders on the business results of Toshiba Plant Systems & Services Corporation for fiscal 2007, ended March 31, 2008.

Overview of Performance During the Fiscal Year

In the fiscal year under review, the Japanese economy remained in an expansionary mode supported by growth in corporate performance and a firm level of personal consumption. However, in the latter half of the year, a sense of stagnation spread throughout the economy under the impact of the subprime loan problem in the United States and major fluctuations in exchange rates, stock prices and oil prices.

Despite these circumstances, the Group's business environment remained favorable. This was due to continued private-sector capital investment, especially in plant and equipment, along with an increase in capital spending on electric power facilities.

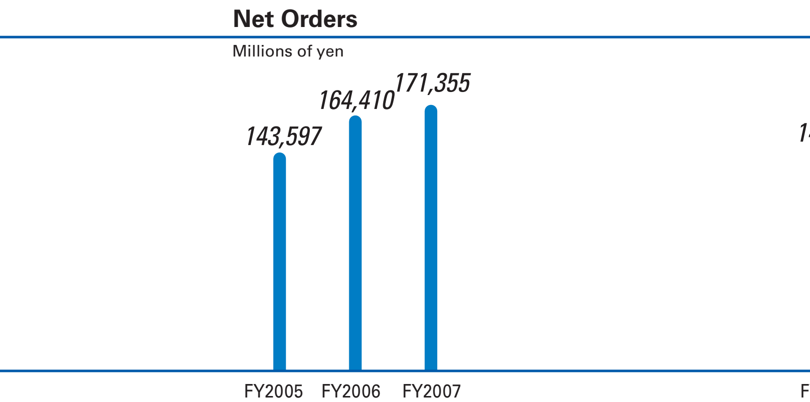
Principal Initiatives Undertaken During the Year

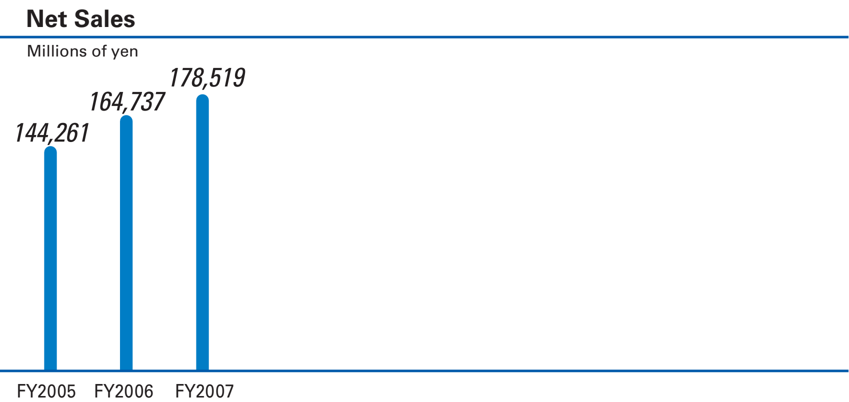
The industrial power plant business is expanding in Japan and overseas. In addition to establishing a solid position in this market, the Group's non-Toshiba Group business sales have substantially expanded because of the increased installation of facilities in general industry, especially semiconductor manufacturing facilities, accelerating a change in the business structure. Moreover, in business operated for the Toshiba Group, we targeted continued progress with regard to rationalization and boosting efficiency in its nuclear and thermal power plant businesses to generate greater profits. As a result, the Toshiba Plant Systems & Services Group posted record levels of net orders, net sales and profits in the fiscal year under review.

Net orders advanced 4.2% to ¥171,355 million due to the substantial increase of business from general industry, especially semiconductor manufacturing facilities, and an increase in periodic inspection and improvement work for nuclear power plants. Of this amount, overseas orders totaled ¥24,294 million, down 26.8% year-on-year and accounting for 14.2% of total orders.

Net sales rose 8.4% to ¥178,519 million driven by the successive completion of industrial power plants for domestic industry and

Key Financial Figures (CONSOLIDATED) Fiscal years ended March 31





substantial growth in business from general industry, especially semiconductor-related business. Of this amount, overseas sales were ¥26,504 million, down 19.2% year on year and accounting for 14.8% of net sales.

On the profits side, operating income increased 20.8% to ¥10,789 million, ordinary income rose 20.4% to ¥11,039 million and net income climbed 25.1% to ¥6,285 million.
In addition to the increase in sales, the Group achieved growth in profitability through such cost reduction initiatives as reductions in man-hours and optimization of business processes as well as lower procurement costs through greater collaboration by procurement and operational departments.

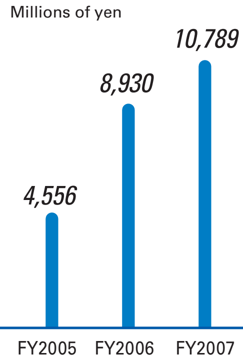
Based on this performance, the Company announced annual cash dividends of ¥15.0 per share, evenly split between the interim and year-end dividend.

Future Approach and the Medium-Term Management Plan

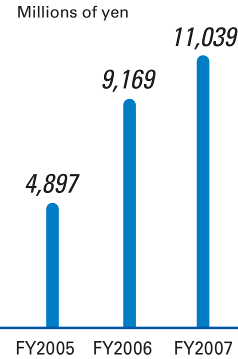
A sense of uncertainty about continued expansion of the Japanese economy is growing in the face of the sudden slowdown in the U.S. economy and skyrocketing raw material prices. In its own business environment, the Group is concerned about a decline in private-sector capital investment in Japan which previously had been supported by favorable corporate performance, and anticipates that operating conditions will remain difficult in terms of costs because of the impact of soaring material prices, such as for cable and steel.

Until now, the Group has successfully expanded performance based on efforts to strengthen its business structure. To achieve further sustainable growth going forward by implementing measures that accurately respond to changes in our business environment, we have formulated a new growth strategy that has been incorporated into our medium-term management plan. We are now proceeding to implement the

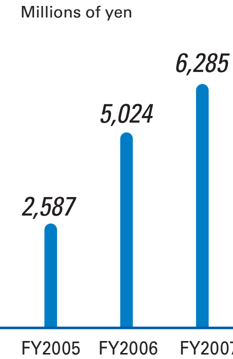
Operating Income



Income before Extraordinary Items



Net Income



details of the plan, which got under way in the current fiscal year ending March 2009. Specifically, we will proactively allocate resources strategically to growth areas, such as our nuclear power and general engineering businesses, aiming to expand these business based on concentrated use of resources and capturing synergies. In April 2008, as part of that process, we integrated and reorganized the Plant and Facilities and Information and Control Systems divisions, establishing the new Industrial Systems Division. This action will strengthen our efforts in the comprehensive plant and facilities business. The consolidated targets under the 2008 medium-term management plan for the fiscal year ending March 2011 are net sales of ¥175 billion and ordinary income of ¥10 billion.

Building on our wide range of technology in such fields as plant engineering and information systems that support the high reputation we have earned over the years, we intend to pursue even more advanced technology development. Based on the Group concepts of “Security and Safety,” we will contribute to social progress and development through the creation of a foundation that supports both industry and society as a whole.

“To be an excellent company maintaining profitable and sustainable growth,” we will endeavor to respond quickly to changes in the market and ensure the world-class quality and safety of our operations. In addition, in our business activities we will pursue corporate social responsibility (CSR) management by complying with laws and regulations, protecting the environment, recognizing human rights and ensuring the protection of personal information. Through these activities, we will seek to build a strong relationship of trust with our customers, shareholders, employees and other stakeholders, and to enhance our corporate value.

In these endeavors we ask for your continued guidance and support.

June 2008

Tetsuo Ishii

President and Chief Executive Officer,
Representative Director

2008 Medium-Term Management Plan Outline

Toward Becoming an Excellent Company Maintaining Profitable and Sustainable Growth

To be "an excellent company maintaining profitable and sustainable growth," we created the 2008 medium-term management plan that got under way in the current fiscal year. We are proceeding to implement specific measures based on the three basic initiatives of the plan, specifically, achieving profitable and sustainable growth, pursing innovation through Toshiba's BCM* management system and implementing CSR-oriented management.

The consolidated targets for fiscal 2010, the final year of the medium-term management plan, are net sales of ¥175 billion and ordinary income of ¥10 billion.

2008 Medium-Term Management Plan—Basic Strategies

Achieving Profitable and Sustainable Growth

We will proactively allocate resources strategically to growth fields. In addition to reinforcing sales power and maintaining or upgrading technological capabilities, we will continue our efforts to strengthen cost competitiveness. In business operated for the Toshiba Group, we are seeking to expand the scope of our business responsibility and promote transactions with peripheral businesses, aiming to expand our business scale in the nuclear power, thermal power, hydroelectric power and substation fields. In non-Toshiba Group business, we are aiming to strengthen our efforts in the comprehensive plant and equipment business for general industry and to expand our business domain by using our comprehensive capabilities in engineering, construction, local procurement and testing and maintenance. In addition, we will target further expansion of the industrial power plant business and aggressively solicit orders in Japan and overseas.

Pursing Innovation through Toshiba's BCM Management System*

In response to the goals set by top management, business divisions formulate their own business strategies, which the departments and sections of the division then break down into measures to achieve those business strategies. The end of the line in this trickle down of business objectives is the personal goals of individual employees. By implementing strategic measures based on fully adequate communications at all levels, the Group initiates successive innovations in driving toward its cascade of goals encompassing the business strategy to personal goal levels.

* Balanced CTQ Management (BCM) is a Toshiba business management methodology developed to achieve its business vision.

Implementing CSR-Oriented Management

In all our business activities, we give top priority to life, safety and compliance with laws and regulations. Our goal as the Toshiba Plant Systems & Services Group is to win the trust of society. Specifically, guided by an organization headed up by the CSR Promotion Committee, we are systematically promoting business risk management and thorough compliance, elimination of work accidents through strict safety management, maintaining and enhancing product quality and conducting activities to reduce the burden placed by our businesses on the environment and to contribute to society. In addition, through the careful observance of the Toshiba Plant Systems & Services business code of conduct standards, we are building a strong relationship of trust with our stakeholders.

Promoting CSR Management

As a company that contributes to the building of infrastructure that supports industry and society, our goal is sustainable growth. To attain this goal, we are implementing CSR-oriented management to ensure that the Group continues to earn the trust of society. The basic activities through which we are pursuing sustainable growth are the construction of quality infrastructure and provision of quality services that will be enjoyed by many members of society.

We believe that a code of conduct must give the highest priority to life, safety and compliance if we are to fulfill our social responsibility. By actively promoting CSR activities, such as protecting the environment, contributing to society and compliance, the Group aims to conduct sound and high-quality business practices and become a global company that emphasizes good communications with its stakeholders.

Going forward, guided by the concept of "Security and Safety," we intend to continue our efforts to become an excellent company that contributes to the progress and development of society in our role as a company that supports the social infrastructure.

Following the Niigata Chuetsu-oki Earthquake, the Group provided support for rebuilding houses and setting up bathing facilities for earthquake victims, carried out relief fund collecting activities and provided locations for temporary housing.

Local middle school students take a tour of the Atsugi Technology Development Center.

CSR Categories		Activities
Management	Corporate governance	• Compliance with the Corporate Law, J-SOX and other laws, etc.
	Risk management and compliance	• Legal compliance • Risk management • Crisis management, etc.
Public reporting	Customer satisfaction	• Acquiring ISO 9001 certification (quality control activities) • Acquiring Privacy Mark and other certification, etc.
	Human rights and employee satisfaction	• Promoting human rights • Employing persons with disabilities • Promoting gender equality • Acquiring Next Generation Certification Mark, etc.
	Social contribution	• Social contribution activities
Environmental reporting	Environmental management activities	• Acquiring ISO 14001 certification • Establishing green procurement systems, etc.
Communications	Enhancing contents of in-house magazine and internal and external websites	• Launching internal and external CSR websites, etc.

Topic Alliance with JFE Engineering Corporation for Design and Manufacturing of Steam Turbines

In October 2007, the Company announced the signing of an agreement whereby JFE Engineering Corporation will collaborate in the design, manufacture and sale of steam turbines, a core piece of equipment for industrial power plants, for supply to Toshiba Plant Systems & Services Corporation. Based on the agreement, in addition to Toshiba Corporation, JFE Engineering will now be able to supply the Company with industrial power plant steam turbines generating 100,000kW or less.

In Japan, electric power plants of 100,000kW or less are generally used as industrial power plants by materials manufacturers, such as pulp and paper, steel and chemical plants. There is also strong demand overseas for these steam turbines for use in thermal power plants, particularly in Southeast Asia. Until now, Toshiba Corporation mainly had supplied the Company with these steam turbines. By adding JFE Engineering's steam engines to its lineup, the Company plans to expand orders by being able to meet a broader range of industrial power plant needs.

JFE Engineering Corporation's steam turbines

Power Systems Division

This division mainly handles applications in field sectors in heavy electric machinery-related operations for the Toshiba Group. It comprises two operational divisions: the Power Systems Division, which operates in such business fields as thermal and hydroelectric power plants, substation facilities, electric power systems and energy supply systems, and the Thermal Power Systems and Service Division, which primarily engages in such non-Toshiba fields as industrial power plants (output of under 150,000kW). Engineering, construction, field services and such maintenance services as inspection and renovation are also provided for these facilities.

In the fiscal year under review, net orders of the Power Systems Division declined 15.4% to ¥47,168 million as the domestic market neared the end of the order cycle for industrial power plants. On the other hand, divisional net sales advanced significantly, growing 14.7% to ¥61,207 million because of the successive completion of industrial power plants in Japan.

Looking at market trends, electric power companies in Japan ended their prolonged curbing of investment in plant and equipment, beginning to increase their expenditures centered on distribution facilities and renovation and maintenance. Demand for industrial power plants also increased, mainly among material manufacturers. Overseas, demand for electric power facilities continued to be robust, especially in the Asian region. Amid these circumstances, we plan to further expand our industrial power plant business, which is positioned as a growth business under our medium-term management plan. In addition to soliciting new business and renovation and maintenance business in Japan, we will target Southeast Asia for overseas business expansion.

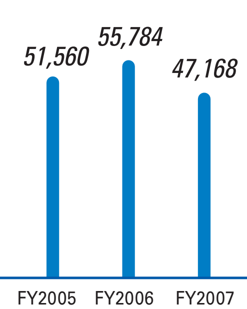
The Tokyo Electric Power Company's Futtsu Thermal Power Station (courtesy of The Tokyo Electric Power Company, Inc.)

Jimah coal-fueled thermal power plant (Malaysia)

No. 2 power plant at Tosoh Corporation's Nanyo Complex

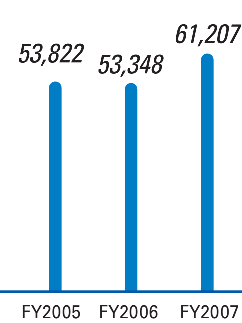
Net Orders (CONSOLIDATED)

Millions of yen



Net Sales (CONSOLIDATED)

Millions of yen



Nuclear Power Systems Division

The Nuclear Power Systems Division's operations are centered mainly on fields where we operate business for the Toshiba Group. The division undertakes engineering associated with construction, periodic inspection and renovation as well as construction, trial operations and adjustments, maintenance and service for nuclear power plants, used-fuel processing facilities and other fuel recycling facilities, and nuclear power R&D facilities.

In the fiscal year under review, net orders of the Nuclear Power Systems Division rose 8.4% to ¥37,578 million on the strength of growth in periodic inspections and renovation and maintenance of existing nuclear power plants. Divisional net sales, however, declined 14.2% to ¥33,047 million.

Among major market trends, demand is rising worldwide for nuclear power to enable stable supplies of electricity, offset the skyrocketing prices of energy resources and deal with environmental issues. Furthermore, construction of new nuclear power stations is getting under way in Japan and a constant flow of renovation and maintenance of existing plants is anticipated to make them earthquake resistant and extend their useful lives.

The nuclear power business is one of the designated growth businesses under the Group's medium-term management plan. In collaboration with Toshiba, and led by our Nuclear Power Business Promotion Department, we are proceeding with investigations and studies directed toward expanding the range of new orders in fields where the Group operates business for the Toshiba Group in preparation for future business opportunities.

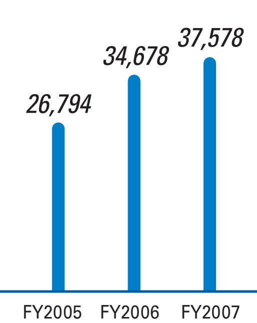
Kashiwazaki-Kariwa Nuclear Power Station (courtesy of The Tokyo Electric Power Company, Inc.)

Fukushima No.1 Nuclear Power Station (courtesy of The Tokyo Electric Power Company, Inc.)

Onagawa Nuclear Power Station (courtesy of The Tohoku Electric Power Co., Inc.)

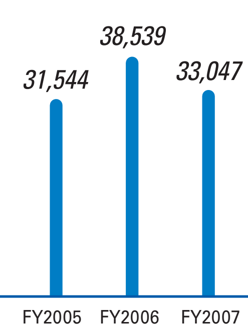
Net Orders (CONSOLIDATED)

Millions of yen



Net Sales (CONSOLIDATED)

Millions of yen



Infrastructure and Industrial Systems Division

The Infrastructure and Industrial Systems Division operates mainly in the public works field of Toshiba Corporation. The division encompasses the two business areas of the Infrastructure System Division and the Industrial Systems Division*. The Infrastructure System Division mainly handles the Toshiba Group's public works business, including water and sewage, transportation and construction of various facilities and systems for buildings. The Industrial Systems Division primarily is responsible for non-Toshiba Group business; plant and equipment for general industry; engineering, construction, testing and adjustments, and field services for plants and building installations; and information solutions services.

**In April 2008, we integrated and reorganized the Plant and Facilities and Information and Control Systems divisions, establishing the Industrial Systems Division.*

Net orders and net sales of the Infrastructure and Industrial Systems Division grew during the fiscal year under review. Net orders rose 17.1% to ¥86,608 million while net sales climbed 15.7% to ¥84,263 million. These increases can be attributed to substantial expansion in the general industry field, especially semiconductor-related business.

The business climate in the division's markets was harsh, with rising concerns over a decline in private-sector capital investment and a slackening in public works investment. In businesses operated for the Toshiba Group, we continued efforts to increase business efficiency and to reduce procurement costs and implement other cost restructuring measures. These actions were aimed at improving profitability and expanding orders in peripheral fields.

In non-Toshiba Group business, demand increased for renewal of plant equipment, energy conservation, environmental and safety services. The Group established a system enabling the proposal of comprehensive solutions for customer needs, positioning the general plant and equipment business as one of the growth fields under its medium-term management plan. Based on this action, the Group will target further expansion in business domains, strengthening proposal capabilities and increasing orders.

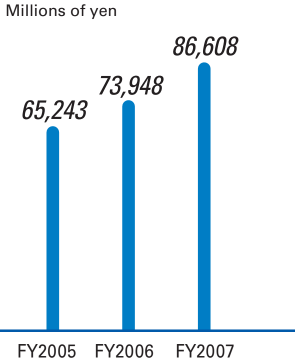
No. 4 production facility at Toshiba's Yokkaichi Plant


Yokohama City Government Bureau of Sewerage North No. 2 Water Recycling Center


Bacolod Airport in the Philippines

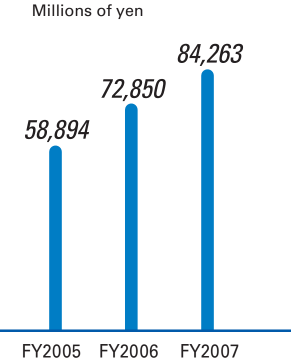
Net Orders (CONSOLIDATED)

Millions of yen



Net Sales (CONSOLIDATED)

Millions of yen



Consolidated Six-Year Summary

	Millions of yen						Thousands of U.S. dollars (Note 2)
Years ended March 31,	**2008**	2007	2006	2005	2004	2003	**2008**
Net Sales	**¥178,519**	¥164,737	¥144,261	¥138,047	¥105,633	¥97,557	**$1,781,802**
Cost of Sales	**157,673**	146,109	129,900	123,526	94,612	88,653	**1,573,743**
Operating Income	**10,789**	8,930	4,556	4,335	3,187	1,291	**107,688**
Interest and Dividend Income	**349**	169	100	96	113	104	**3,485**
Interest Expense	**—**	—	—	(1)	(7)	(19)	**—**
Income before Income Taxes	**10,799**	9,148	4,738	7,883	1,275	1,610	**107,785**
Net Income	**6,285**	5,024	2,587	4,277	512	399	**62,733**
Per Share of Common Stock							
(in yen and dollars) (Note 12):							
Net Income	**¥ 64.47**	¥ 51.52	¥ 26.53	¥ 43.83	¥ 6.80	¥ 5.88	**$ 0.64**
Cash Dividends	**15.00**	12.00	12.00	4.00	8.00	—	**0.15**
Total Assets	**¥156,194**	¥159,023	¥136,207	¥130,585	¥128,874	¥96,154	**$1,558,980**
Net Assets	**68,866**	65,561	61,029	59,430	55,444	48,238	**687,354**
Number of Employees	**3,967**	3,951	4,015	4,018	4,135	2,069	

See the accompanying Notes to Consolidated Financial Statements.

Financial Review

Operating Income

Operating income for the fiscal year ended March 31, 2008 climbed 20.8% to ¥10,789 million (US$107,688 thousand). As a result, the ratio of operating income to net sales rose 0.6 percentage point to 6.0%. The increase in operating income was due to the rise in net sales in addition to ongoing efforts to revamp our business structure and transform to a highly efficient corporate structure able to secure stable earnings, even amid low growth, as well as measures to cut procurement costs and reduce fixed costs by achieving an appropriate number of personnel.

Net Income

Net income for the fiscal year ended March 31, 2008 climbed 25.1% to ¥6,285 million (US$62,733 thousand).

Selling, General and Administrative (SG&A) Expenses

During the fiscal year under review, SG&A expenses increased ¥358 million to ¥10,057 million (US$100,371 thousand). This was mainly due to the result of ongoing efforts to cut miscellaneous expenses such as rental costs. The ratio of SG&A expenses to net sales was 5.7%, an improvement of 0.2 percentage point.

Total Assets and Net Assets

Total consolidated assets at the end of the fiscal year ended March 31, 2008 declined ¥2,829 million from the previous fiscal year-end to ¥156,194 million (US$1,558,980 thousand). Among total assets, cash and cash equivalents decreased ¥3,548 million to ¥29,132 million (US$290,765 thousand). Trade notes and accounts receivable increased ¥2,693 million to ¥81,521 million (US$813,667 thousand), while net assets rose ¥3,305 million to ¥68,866 million (US$687,354 thousand) due to an increase of ¥4,092 million in retained earnings. The equity ratio was 44.1%.

Consolidated Balance Sheets

March 31, 2008 and 2007	Millions of yen 2008	Millions of yen 2007	Thousands of U.S. dollars (Note 2) 2008
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 29,132	¥ 32,680	$ 290,765
Time deposits	529	536	5,282
Trade notes and accounts receivable	81,521	78,828	813,667
Less: allowance for doubtful accounts	(109)	(177)	(1,090)
Inventories (Note 3)	19,452	19,829	194,150
Deferred tax assets (Note 5)	4,375	4,502	43,663
Other current assets	1,559	2,027	15,562
Total current assets	136,459	138,225	1,361,999
Property, plant and equipment, at cost: (Note 10)			
Land	3,471	3,434	34,649
Buildings and structures	8,568	8,592	85,517
Machinery and equipment	2,518	2,538	25,131
Tools, furniture and fixtures	4,186	3,975	41,781
	18,743	18,539	187,078
Less: accumulated depreciation	(11,697)	(11,377)	(116,752)
Property, plant and equipment, net	7,046	7,162	70,326
Intangible assets	99	138	991
Investments and other assets:			
Investment securities (Note 6)	2,790	4,199	27,852
Investments in affiliates (Note 4)	113	117	1,126
Deferred tax assets (Note 5)	8,689	7,836	86,728
Other	998	1,346	9,958
Total investments and other assets	12,590	13,498	125,664
Total assets	¥156,194	¥159,023	$1,558,980

See the accompanying Notes to Consolidated Financial Statements.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2008	2007	**2008**
LIAUSED			
LIABILITIES AND NET ASSETS			
Current liabilities:			
Trade notes and accounts payable	**¥ 45,317**	¥ 45,542	**$ 452,314**
Advances received on uncompleted contracts	**6,630**	11,167	**66,179**
Allowance for bonuses to directors and statutory auditors	**63**	68	**625**
Accrued expenses	**6,721**	6,423	**67,081**
Allowance for warranty work on construction projects	**725**	115	**7,240**
Allowance for expected losses on construction contracts	**468**	598	**4,666**
Accrued income taxes (Note 5)	**3,359**	3,791	**33,527**
Other current liabilities	**1,865**	4,101	**18,617**
Total current liabilities	**65,148**	71,805	**650,249**
Long-term liabilities:			
Severance indemnities (Note 7)	**22,180**	21,657	**221,377**
Total long-term liabilities	**22,180**	21,657	**221,377**
Total liabilities	**87,328**	93,462	**871,626**
Contingent liabilities: (Note 11)			
Net assets: (Note 12)			
Shareholder's equity			
Common stock			
Authorized — 265,000,000 shares			
Issued 2008 — 97,656,888 shares	**11,876**	—	**118,535**
2007 — 97,656,888 shares	**—**	11,876	**—**
Capital surplus	**20,911**	20,911	**208,710**
Retained earnings	**35,960**	31,868	**358,915**
Treasury stock, at cost	**(84)**	(60)	**(837)**
Total shareholder's equity	**68,663**	64,595	**685,323**
Valuation and translation adjustments:			
Unrealized gains on securities	**152**	976	**1,520**
Currency translation adjustments	**(32)**	(88)	**(316)**
Total valuation and translation adjustments	**120**	888	**1,204**
Minority interests in consolidated subsidiaries	**83**	78	**827**
Total net assets	**68,866**	65,561	**687,354**
Total liabilities and net assets	**¥156,194**	¥159,023	**$1,558,980**

Consolidated Statements of Income

Years ended March 31, 2008 and 2007	Millions of yen 2008	Millions of yen 2007	Thousands of U.S. dollars (Note 2) 2008
Net sales	**¥178,519**	¥164,737	**$1,781,802**
Cost of sales	**157,673**	146,109	**1,573,743**
Gross profit	**20,846**	18,628	**208,059**
Selling, general and administrative expenses (Note 8)	**10,057**	9,698	**100,371**
Operating income	**10,789**	8,930	**107,688**
Other income:			
Interest income	**264**	99	**2,635**
Dividends income	**85**	70	**850**
Equity in income of affiliates	**39**	21	**393**
Other	**300**	266	**2,995**
	688	456	**6,873**
Other expenses:			
Foreign exchange losses	**330**	17	**3,295**
Other	**108**	200	**1,080**
	438	217	**4,375**
Income before extraordinary items	**11,039**	9,169	**110,186**
Extraordinary items:			
Provision for severance indemnities	**190**	—	**1,893**
Loss on impairment on investments	**11**	—	**115**
Income before income taxes	**10,838**	9,169	**108,178**
Income taxes: (Note 5)			
Current	**4,705**	5,084	**46,960**
Deferred	**(153)**	(953)	**(1,524)**
Income before minority interests	**6,286**	5,038	**62,742**
Minority interests in income of consolidated subsidiaries	**(1)**	(14)	**(9)**
Net income (Note 12)	**6,285**	5,024	**62,733**

See the accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Change in Net Assets

	Millions of yen								
	Number of shares in issue	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gains on securities	Currency translation adjustments	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2006	97,656,888	¥11,876	¥20,911	¥28,015	¥(47)	¥324	¥(50)	¥55	¥61,084
Net income				5,024					5,024
Cash dividends				(1,171)					(1,171)
Purchase of treasury stock					(13)				(13)
Other changes						652	(38)	23	637
Balance at March 31, 2007	97,656,888	¥11,876	¥20,911	¥31,868	¥(60)	¥976	¥(88)	¥78	¥65,561
Net income				6,285					6,285
Cash dividends				(2,193)					(2,193)
Purchase of treasury stock					(24)				(24)
Other changes						(824)	56	5	(763)
Balance at March 31, 2008	**97,656,888**	**¥11,876**	**¥20,911**	**¥35,960**	**¥(84)**	**¥152**	**¥(32)**	**¥83**	**¥68,866**

	Thousands of U.S. dollars (Note 2)							
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gains on securities	Currency translation adjustments	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2007	$118,535	$208,710	$318,079	$(598)	$9,746	$(883)	$773	$654,362
Net income			62,733					62,733
Cash dividends			(21,897)					(21,897)
Purchase of treasury stock				(239)				(239)
Other changes					(8,226)	567	54	(7,605)
Balance at March 31, 2008	**$118,535**	**$208,710**	**$358,915**	**$(837)**	**$1,520**	**$(316)**	**$827**	**$687,354**

See the accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Years ended March 31, 2008 and 2007	Millions of yen 2008	Millions of yen 2007	Thousands of U.S. dollars (Note 2) 2008
Cash flows from operating activities:			
Income before income taxes	**¥10,838**	¥ 9,169	**$108,178**
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	**763**	667	**7,616**
Increase in severance indemnities	**524**	237	**5,235**
Decrease in allowance for doubtful accounts	**(70)**	(14)	**(694)**
Equity in income of affiliates	**(39)**	(21)	**(393)**
Gain on sales of property, plant and equipment	**(1)**	(23)	**(6)**
Loss on disposal of property, plant and equipment	**25**	169	**250**
Increase in notes and accounts receivable	**(2,682)**	(15,395)	**(26,766)**
Decrease in inventories	**377**	4,437	**3,762**
Decrease in other current assets	**566**	1,489	**5,651**
Increase (Decrease) in notes and accounts payable	**(244)**	11,519	**(2,435)**
Increase (Decrease) in advance received uncompleted contracts	**(4,581)**	1,626	**(45,719)**
Increase in accrued expenses	**907**	1,384	**9,056**
Increase (Decrease) in allowance for losses on construction orders	**(131)**	289	**(1,303)**
Increase (Decrease) in other current liabilities	**(2,221)**	2,626	**(22,164)**
Other	**(253)**	(173)	**(2,555)**
	3,778	17,986	**37,713**
Interest and dividends received	**393**	208	**3,917**
Income taxes paid	**(5,159)**	(4,359)	**(51,489)**
Net cash provided by (used in) operating activities	**(988)**	13,836	**(9,859)**
Cash flows from investing activities:			
Decrease in time deposits	**12**	3	**124**
Decrease in money deposited with group companies	**—**	(230)	**—**
Proceeds from sales of property and securities	**16**	60	**163**
Payment for acquisition of property and equipment	**(686)**	(818)	**(6,852)**
Payments for purchase of investment securities	**0**	0	**(4)**
Other	**272**	9	**2,710**
Net cash used in investing activities	**(386)**	(976)	**(3,859)**
Cash flows from financing activities:			
Dividends paid	**(2,194)**	(1,170)	**(21,897)**
Other	**(25)**	(14)	**(249)**
Net cash used in financing activities	**(2,219)**	(1,184)	**(22,146)**
Effect of exchange rate changes on cash and cash equivalents	**45**	27	**450**
Net increase (decrease) in cash and cash equivalents	**(3,548)**	11,703	**(35,414)**
Cash and cash equivalents at beginning of year	**32,680**	20,977	**326,179**
Cash and cash equivalents at end of year	**¥29,132**	¥32,680	**$290,765**

See the accompanying Notes to Consolidated Financial Statements.

1. Summary of Significant Accounting Policies

(a) Basis of presenting financial statements

The accompanying consolidated financial statements of Toshiba Plant Systems & Services Corporation (the "Company") and consolidated subsidiaries (collectively, the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside of Japan.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan, but is presented herein as additional information.

Certain amounts in prior year's financial statements have been reclassified to conform with the current year's presentation.

(b) Basis of consolidation and accounting for investment in affiliate

The accompanying consolidated financial statements include the accounts of the Company and all of its subsidiaries. The consolidated subsidiaries are determined based on the effective control. All intercompany accounts and transactions are eliminated in consolidation.

Investment in affiliate is accounted for by the equity method. The Company adopted the influence-based definition to determine the affiliated companies to be accounted for by the equity method.

(c) Foreign currency translations

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at the balance sheet dates.

The foreign exchange gains and losses from translation are recognized in the consolidated statements of income and retained earnings.

All assets, liabilities, income and expense accounts of foreign subsidiaries are translated at current rates at the respective balance sheet dates. The components of net assets are translated at their historical exchange rates. The effects of these translations are shown as "Currency translation adjustments" and "Minority interests in consolidated subsidiaries" in the accompanying consolidated balance sheets.

(d) Accounting for net sales and related costs

The Company's net sales and the related costs of contracts are recognized based on either the completion method or the percentage-of-completion method. The percentage-of-completion method is used for recognizing net sales and related costs on contracts where:

(i) the contract value is ¥1,000 million (U.S.$9,981 thousand) or more, and

(ii) the duration of the contracts is expected to be 12 months or more.

The Company's foreign subsidiaries use the percentage-of-completion method for recognizing net sales and related costs on contracts.

The Company's domestic subsidiaries use the completion method for recognizing net sales and related costs on contracts.

(e) Investment securities

All the debt or equity securities are classified as available-for-sale securities.

Debt securities and equity securities, whose fair value is determinable, are stated at fair value with unrealized gains or losses recorded as a component of net assets, net of applicable taxes.

Debt securities and equity securities, whose fair value is not determinable, are stated at cost determined by the moving average method.

Debt securities, whose difference between cost and fair value is realized with accrued interest, are stated at amortized cost.

(f) Inventories

Work in progress is stated at accumulated cost determined on a specific project basis, which includes accumulated cost in excess of billing for contract accounted on the percentage-of-completion basis.

Materials and supplies are stated at cost determined either by the first-in, first-out method or the specific identification method. Finished products are stated at cost determined by the first-in, first-out method.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost.

Depreciation of property, plant and equipment of the Company, its domestic subsidiaries and TPSC (India) Private Limited is principally computed by the declining-balance method and depreciation of property, plant and equipment of foreign subsidiaries, except for TPSC (India) Private Limited, is computed by the straight-line method based on the following useful lives:

Building and structures........................3-60 years
Machinery and equipment................3-17 years
Tools, furnitures and fixtures...........2-20 years

Change in accounting method

Upon a revision to the Corporate Tax Law, the Company and its domestic subsidiaries have changed the depreciation method for property, plant and equipment acquired on or after April 1, 2007 to the method stipulated in the revised Corporate Tax Law, effective on April 1, 2007. The impact of this change in accounting method on profits for the fiscal year ended March 31, 2008 was minimal.

Supplemental information

As allowed under the revised Corporate Tax Law, after having fully depreciated property, plant and equipment assets acquired on or before March 31, 2007 up to 5% of the acquisition cost, based on the previous Corporate Tax Law, the Company and its domestic subsidiaries depreciate such a salvage value (5% of the acquisition cost) over five years on a straight-line basis, charged to "Depreciation and amortization," commencing in the fiscal year following the year in which the book value of tangible assets acquired on or before March 31, 2007 has reached 5% of the acquisition cost. The impact of this change in accounting method on profits for the fiscal year ended March 31, 2008 was minimal.

(h) Allowance for doubtful accounts

To provide for losses on doubtful accounts, an allowance for doubtful accounts is provided in an amount sufficient to cover possible losses on collection. The amount is computed by applying the rate of actual losses on collection experienced in the past with respect to general trade receivables and by individually reviewing their collectibility with respect to certain doubtful receivables.

(i) Compensation reserve for completed work

To ensure payment of expenses for completed work, the Company books an amount equivalent to projected compensation based on the prior history of completed work to a compensation reserve for completed work.

(j) Severance indemnities

The Company's and its domestic subsidiaries' employees are covered by an employee retirement allowance plan and an employee pension plan.

The Company's and its domestic subsidiaries' employees with more than one year of service are entitled to a lump-sum severance payment determined by reference to current rate of pay, length of service and the conditions under which the termination occurs.

Prior service costs are amortized, on a straight-line basis, over the set period (curreny 10 years) within the average remaining service period of the employees at the time of occurrence.

Actuarial gain or loss are amortized, on a straight-line basis, over the set period (currently 10 years) within the average remaining service period of the employees from the fiscal year following the year in which such gains or losses incur.

Allowance for the Company's and its domestic subsidiaries' directors and corporate auditors retirement benefits are also provided at the estimated amounts payable to them at the balance sheets dates, determined based on their internal corporate policy, as if they retired at those dates.

Change in accounting method

Effective in the fiscal year ended March 31, 2008, one of the consolidated subsidiaries has changed its method to calculate severance indemnities obligations from the simplified method to the principle method.

The change in accounting method was made because the consolidated subsidiary established an environment enabling the proper calculation of severance indemnities during the year ended March 31, 2008, and therefore is charging them accurately against income for the respective fiscal period.

As a result of the change in accounting method, an extraordinary loss of ¥190 million (U.S.$1,893 thousand) was recorded for the year ended March 31, 2008.

(k) Allowance for expected losses on construction contracts

The Companies make provisions for losses on construction contracts at the end of the fiscal year. After the commencement of construction, when substantial losses are expected and reasonably estimated by comparing estimated completion costs with the contract value for the following year or later, the Companies reserve for losses on construction contracts.

(l) Income taxes

The provision for income taxes is computed based on income before income taxes in the consolidated statements of income. The assets and liabilities approach is adopted to recognize the deferred tax assets and liabilities related to temporary differences between the carrying amounts, in financial reporting, and tax bases of assets and liabilities.

Valuation allowances are established to reduce deferred tax assets to their net realizable value if it is more likely than not that some portion or all of the deferred tax assets will not be realized.

(m) Leases

All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed (see Note 10).

(n) Cash and cash equivalents

In preparing the consolidated statements of cash flows, cash on hand, readily-available deposits and short-term highly liquid investments with maturities of not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

2. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetical computation only, at the rate ¥100.19 = U.S.$1.00, the rate prevailing on March 31, 2008. The translations should not be construed as representations that yen have been, could have been or could in the future be converted into U.S. dollars at the above or any other rate.

3. Inventories

Inventories at March 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2008	2007	**2008**
Work in progress	**¥19,412**	¥19,777	**$193,747**
Materials and supplies	**40**	46	**403**
Finished products	**—**	6	**—**
	¥19,452	¥19,829	**$194,150**

4. Investments in Affiliates

Investments in affiliated companies at March 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2008	2007	**2008**
Investments in capital stock, at cost	**¥ 5**	¥ 5	**$ 45**
Equity in accumulated earnings and losses since acquisition, net	**108**	112	**1,081**
	¥113	¥117	**$1,126**

Transactions and balances with affiliated companies for the years ended and March 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2008	2007	**2008**
Sales	**¥80**	¥94	**$795**
Trade accounts receivable	**42**	54	**424**

5. Income Taxes

The Companies are subject to a number of different taxes based on income which, in the aggregate, indicate a normal statutory tax rate in Japan of approximately 40.6% and 40.6% for the years ended March 31, 2008 and 2007, respectively.

Reconciliation between the statutory tax rate and the effective income tax rate for the year ended March 31, 2007 is as follows:

Due to the difference between the statutory tax rate and the effective tax rate less than 5%, the reconciliation between the two tax rates has been omitted for the year ended March 31, 2008.

	2007
Statutory tax rate	40.6%
Non deductible expenses for tax expense	3.1
Prefectural and municipal inhabitant per capital tax	0.8
Change in valuation allowance	(0.4)
Other	1.0
Effective income tax rate	45.1%

The significant components of deferred tax assets and liabilities are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2008	2007	2008
Deferred tax assets:			
Severance indemnities	¥ 8,947	¥ 8,694	$ 89,296
Accrued bonuses	2,247	2,149	22,430
Accounts payable	781	1,069	7,794
Allowance for doubtful accounts	350	382	3,489
Depreciation	401	328	4,006
Completed work compensation reserve	295	47	2,944
Accrued enterprise tax	285	287	2,844
Allowance for expected losses on construction contracts	190	243	1,898
Other	1,213	1,365	12,106
	14,709	14,564	146,807
Valuation allowance for deferred tax assets	(896)	(902)	(8,939)
Deferred tax assets	13,813	13,662	137,868
Deferred tax liabilities:			
Reserve for special depreciation	—	(2)	—
Retained earnings appropriated for tax allowable reserves	(654)	(654)	(6,531)
Unrealized gains on securities	(96)	(668)	(949)
Deferred tax liabilities	(750)	(1,324)	(7,480)
Net deferred tax assets	¥13,063	¥12,338	$130,388

6. Marketable Securities and Investment Securities

The aggregate cost, gross unrealized gains and losses, and fair value pertaining to available-for-sale securities are as follows:

	Millions of yen							
	2008				2007			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Equity securities	¥2,484	¥248	¥1	¥2,731	¥2,483	¥1,645	—	¥4,128
Debt securities	—	—	—	—	—	—	—	—
	¥2,484	¥248	¥1	¥2,731	¥2,483	¥1,645	—	¥4,128

	Thousands of U.S. dollars (Note 2)			
	2008			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Equity securities	$24,789	$2,484	$15	$27,258
Debt securities	—	—	—	—
	$24,789	$2,484	$15	$27,258

7. Severance Indemnities

The components of net pension and severance costs of employees' severance benefit plans for the years ended March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2008	2007	2008
Service cost	¥1,894	¥1,828	$18,902
Interest cost	1,414	1,303	14,117
Expected return on plan assets	(1,269)	(844)	(12,663)
Amortization of prior service cost	(529)	(734)	(5,281)
Amortization of unrecognized actual loss	915	923	9,129
Effect of change in accounting method	190	—	1,893
Net periodic benefit cost	¥2,615	¥2,476	$26,097

The following table sets forth funded and actual status of the employees' defined benefit plans, and the amounts recognized in the consolidated balance sheets as of March 31, 2008 and 2007.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2008	2007	2008
Projected benefit obligation	¥(59,754)	¥(56,101)	$(596,405)
Fair value of plan assets	32,251	36,714	321,894
Funded status	(27,503)	(19,387)	(274,511)
Unrecognized prior service cost	(1,269)	(3,841)	(12,661)
Unrecognized actual loss	6,727	1,800	67,139
Severance indemnities	(22,045)	(21,428)	(220,033)
Prepaid pension expenses	—	66	—
Allowance for employee retirement benefits	¥(22,045)	¥(21,494)	$(220,033)

Assumptions used as of March 31, 2008 and 2007 were as follows:

	2008	2007
Discount rate	2.5%	2.5%
Expected return on plan assets	3.5%	2.5%

Among domestic consolidated subsidiaries, one company participates in a group employees pension fund, however, because of the impracticality of calculating the amount of pension assets contributed to the fund by the consolidated company, this amount is not included in the calculation of pension and severance payments obligations.

Funded status of regarding the multi-employer plan under which the required contributory amounts are being processed as pension and severance expenses are as follows.

1) Status of overall reserves under the system (as of March 31, 2007)

	Millions of yen	Thousands of U.S. dollars (Note 2)
(1) Total pension assets	¥343,789	$3,431,370
(2) Total obligations at fiscal year end	315,981	3,153,818
(3) Difference ((1)-(2))	¥ 27,808	$ 277,552

2) Total contributions of the Companies as a proportion of the total fund in the multi-employer plan (as of March 31, 2007)

0.53%

3) Supplemental information

	Millions of yen	Thousands of U.S. dollars (Note 2)
Difference ((3)) = (a + b – c)		
a. Surplus	¥10,378	$103,583
b. Deductions for asset revaluation	42,060	419,802
c. Balance of unamortized prior year obligations	¥24,630	$245,833

• Amortization method for prior year obligations	Straight-line over 20 years
• Remaining amortization years for prior year obligations	12 years

8. Research and Development Costs

Research and development costs were ¥685 million (U.S.$6,840 thousand) and ¥774 million for the years ended March 31, 2008 and 2007, respectively.

9. Commitment Line Contracts

For short-term funding purposes, the commitment line contracts have been entered into with five and seven financial institutions in the total amount of ¥4,000 million (U.S.$39,924 thousand) and ¥4,800 million as of March 31, 2008 and 2007, respectively.

No commitment lines were utilized as of March 31, 2008 and 2007.

10. Leases

As Lessee:

(a) Finance leases:

The Companies lease certain machinery, equipment and other assets.

The pro forma information of leased property under finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2008 and 2007 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2008	2007	**2008**
Machinery, equipment and other assets			
Acquisition cost equivalent value	**¥91**	¥179	**$905**
Accumulated depreciation equivalent value	**48**	118	**476**
Net leased property equivalent value	**¥43**	¥ 61	**$429**

Obligations under finance leases as of March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2008	2007	**2008**
Due within one year	**¥12**	¥26	**$124**
Due after one year	**31**	35	**305**
	¥43	¥61	**$429**

Total rental expenses for the above leases were ¥26 million (U.S.$265 thousand) and ¥55 million for the years ended March 31, 2008 and 2007, respectively.

The pro forma depreciation expense computed by the straight-line method was ¥26 million (U.S.$265 thousand) and ¥55 million for the years ended March 31, 2008 and 2007, respectively.

The pro forma information above does not exclude the imputed interest portion because the remaining financial lease obligations are not material compared with the book values of property, plant and equipment.

(b) Operating leases:

The minimum rental commitments under non-cancelable operating leases as of March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2008	2007	2008
Due within one year	¥12	¥—	$121
Due after one year	58	—	577
	¥70	¥—	$698

As Lessor:

(a) Finance leases:

The Companies lease certain machinery, equipment and other assets.

The pro forma information of leased property under finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2008 and 2007 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2008	2007	2008
Building and structures			
Acquisition cost	¥718	¥718	$7,161
Accumulated depreciation	227	202	2,266
Net leased property	¥491	¥516	$4,895

Rights to receive rental income, obligations under finance leases as of March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2008	2007	2008
Due within one year	¥64	¥63	$638
Due after one year	—	—	—
	¥64	¥63	$638

Total rental income for the above leases was ¥73 million (U.S.$729 thousand) and ¥57 million for the years ended March 31, 2008 and 2007, respectively.

The pro forma depreciation expense computed by the straight-line method was ¥73 million (U.S.$729 thousand) and ¥57 million for the years ended March 31, 2008 and 2007, respectively.

The pro forma information above does not exclude the imputed interest portion because the remaining financial lease obligations are not material compared with the book values of property, plant and equipment.

(b) Operating leases:

The minimum rental commitments under non-cancelable operating leases as of March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2008	2007	2008
Due within one year	¥3	¥3	$31
Due after one year	—	—	—
	¥3	¥3	$31

11. Contingent Liabilities

The Companies had the following contingent liabilities at March 31, 2008 and 2007.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2008	2007	2008
As guarantor of employees' housing loans from banks	¥1,407	¥1,550	$14,041
Total of contingent liabilities	¥1,407	¥1,550	$14,041

12. Per Share Information

Net income and net assets per share for the years ended March 31, 2008 and 2007 were as follows:

	Yen		U.S. dollars (Note 2)
	2008	2007	2008
Net income (Basic)	¥ 64.47	¥ 51.52	$0.64
Net assets	705.56	671.55	7.04

The computations of net income per share are based on the weighted average number of shares outstanding during each year after giving retroactive effect to any free distributions of shares.

13. Segment Information

Business Segment Information

As sales, operating profit and assets of the construction business exceeded 90% of total segment sales, operating profit and assets, respectively, the disclosure of business segment information has been omitted.

Geographic Segment Information

As sales and assets of the domestic companies exceeded 90% of total segment sales and assets, respectively, the disclosure of geographic segment information has been omitted.

Overseas Sales

Export sales of the domestic companies and foreign subsidiaries' sales other than sales to Japan are summarized as follows.

	2008		2007		2008
	Millions of yen	Percentage of net sales	Millions of yen	Percentage of net sales	Thousands of U.S. dollars (Note 2)
Overseas sales:					
Asia	¥22,745	12.7%	¥30,350	18.4%	$227,022
Other areas	3,759	2.1	2,456	1.5	37,517
Total	¥26,504	14.8%	¥32,806	19.9%	$264,539

14. Derivative Transactions

(a) Items related to transaction conditions

1) Description of transactions, purpose of usage and policy for entering into such transactions

The Company conducts derivative transactions as a way to mitigate risk due to fluctuations in foreign exchange rates or fluctuations in interest rates arising from normal business operations. Currency-related derivative transactions primarily consist of forward foreign exchange contracts, and interest-related derivative transactions primarily consist of interest rate swaps. Forward foreign exchange contracts are used to hedge against foreign exchange fluctuation risk of foreign currency-denominated assets and liabilities and future payables and receivables in foreign currencies. Interest rate swaps are used to reduce risk due to fluctuations in interest rates applicable to financial assets and liabilities for the purpose of stabilizing revenues and costs. The Company limits its use of such transactions to the scope of actual requirements, and does not use them for speculation purposes. In addition, consolidated subsidiaries do not engage in derivative transactions.

2) Description of transactions risks

Forward foreign exchange contracts carry the risk of exchange rate fluctuations, and interest rate swaps carry the risk of market interest rate fluctuations. Due to the fact that derivative transactions for foreign exchange as well as for interest rates are conducted only with financial institutions having high creditworthiness as the counterparties, the Company's judges credit risk to be immaterial.

3) Management of transaction risks

The Company's foreign currency and interest rate derivative transactions are executed and managed by the Finance Department of the Accounting Division under internal control procedures. Daily activities concerning derivative transactions are checked mutually within the Finance Department, and the general manager of the Finance Department is required to make semiannual reports on the contract status of derivative transactions to the Board of Directors.

(b) Items related to market value of transactions, etc., for currency-related transactions

Category & Type

	Millions of yen							
	2008				2007			
	Contract Amounts	Over one year	Market Value	Unrealized Gain (Loss)	Contract Amounts	Over one year	Market Value	Unrealized Gain (Loss)
Off-market Transactions								
Forward foreign exchange contract								
Selling position								
U.S. dollars	511	—	500	11	360	—	353	7
Buying position								
U.S. dollars	775	—	766	(9)	91	—	92	1
Euro	204	—	205	1	—	—	—	—
Singapore dollars	26	—	25	(2)	—	—	—	—
A.U. dollars	2	—	2	0	9	—	10	1
Total	1,518	—	1,498	1	460	—	455	9

Note: Market value is calculated using the forward exchange rate.

15. Transactions with Related Parties

2008:

(a) Parent company and major shareholders

Status	Name	Address	Capital (Millions of yen)	Business	Percentage of voting rights held by the parent company, etc. (%)
Parent company	Toshiba Corporation	Minato-ku, Tokyo	280,126	1. Manufacture of electric machines and equipment 2. Manufacture of measuring instruments, medical equipment and apparatus, and other machines and equipment 3. Software development and supply, electronic communication, broadcasting, information processing, information service 4. Chemical industry, metal industry, construction, ceramic industry, mining, soil and gravel mining 5. Business incidental to each of the above mentioned businesses or industries 6. Investment in the company engaged in any of the abovementioned businesses	Direct 59.96 Indirect 1.65

Notes:

1. The amounts stated above do not include consumption tax, except for the balance at fiscal year end, which includes the consumption tax amount.
2. Toshiba Insurance Service Corporation, Shibaura Mechatronics Corporation and Toshiba Finance Corporation own 1.65%, 0% and 0%, respectively, of the Company's voting shares.

(b) Fellow Subsidiaries, etc.

Status	Name	Address	Capital (Millions of yen)	Business	Percentage of voting rights held (%)
Subsidiary of the parent company	Toshiba Capital Corporation	Minato-ku, Tokyo	100	1. Loans 2. Purchase of monetary credits and notes 3. Trade of marketable securities 4. Business incidental to any of the abovementioned business	None

Note:

Consumption tax is not included in abovementioned amounts pertaining to either transaction amounts or the balance at fiscal year end.

	Relationship		Transactions		Transaction amounts (Millions of yen)	Account item	Balance at fiscal year end (Millions of yen)
	Dispatch of executive officers, etc.	Business relationship					
	None	Accepting orders from the parent, this company performs electric works, pipe works, machinery installation contracts, electric communication works, building construction, firefighting facility construction and steel structure building works. The company also purchases part of the materials necessary for these building or other works listed above.	Business transactions	Construction contracting	99,440	Accounts receivable –completed work	49,229
						Other current assets	105
				Purchasing of materials	11,571	Advances received – unfinished work	1,996
						Accounts payable – construction work	5,735
						Other current liabilities	41

Policy for determining trade terms and other related matters

The general terms and conditions are applied to the contract for construction and purchasing of materials.

	Relationship		Transactions		Transaction amounts (Millions of yen)	Account item	Balance at fiscal year end (Millions of yen)
	Dispatch of executive officers, etc.	Business relationship					
	None	Deposit of funds	Non-operating transaction	Deposit of funds	195,200	Group deposits	25,500

Policy for determining trade terms and other related matters

The Company is depositing funds with Toshiba Capital Corporation under a basic agreement entered into between the Company and Toshiba Capital concerning fund transactions.

2007:

(a) Parent company and major shareholders

Status	Name	Address	Capital (Millions of yen)	Business	Percentage of voting rights held by the parent company, etc. (%)
Parent company	Toshiba Corporation	Minato-ku, Tokyo	274,926	1. Manufacture of electric machines and equipment 2. Manufacture of measuring instruments, medical equipment and apparatus, and other machines and equipment 3. Software development and supply, electronic communication, broadcasting, information processing, information service 4. Chemical industry, metal industry, construction, ceramic industry, mining, soil and gravel mining 5. Business incidental to each of the above mentioned businesses or industries 6. Investment in the company engaged in any of the abovementioned businesses	Direct 59.96 Indirect 1.65

Notes:

1. The amounts stated above do not include consumption tax, except for the balance at fiscal year end, which includes the consumption tax amount.
2. Toshiba Insurance Service Corporation, Shibaura Mechatronics Corporation and Toshiba Finance Corporation own 1.65%, 0% and 0%, respectively, of the Company's voting shares.

(b) Fellow Subsidiaries, etc.

Status	Name	Address	Capital (Millions of yen)	Business	Percentage of voting rights held (%)
Subsidiary of the parent company	Toshiba Capital Corporation	Minato-ku, Tokyo	100	1. Loans 2. Purchase of monetary credits and notes 3. Trade of marketable securities 4. Business incidental to any of the abovementioned business	None

Note:

Consumption tax is not included in abovementioned amounts pertaining to either transaction amounts or the balance at fiscal year end.

Relationship		Transactions		Transaction amounts (Millions of yen)	Account item	Balance at fiscal year end (Millions of yen)
Dispatch of executive officers, etc.	Business relationship					
None	Accepting orders from the parent, this company performs electric works, pipe works, machinery installation contracts, electric communication works, building construction, firefighting facility construction and steel structure building works. The company also purchases part of the materials necessary for these building or other works listed above.	Business transactions	Construction contracting	99,282	Accounts receivable –completed work	46,759
					Other current assets	133
			Purchasing of materials	7,049	Advances received – unfinished work	1,457
					Accounts payable – construction work	5,029
					Other current liabilities	37

Policy for determining trade terms and other related matters

The general terms and conditions are applied to the contract for construction and purchasing of materials.

Relationship		Transactions		Transaction amounts (Millions of yen)	Account item	Balance at fiscal year end (Millions of yen)
Dispatch of executive officers, etc.	Business relationship					
None	Deposit of funds	Non-operating transaction	Deposit of funds	178,600	Group deposits	29,600

Policy for determining trade terms and other related matters

The Company is depositing funds with Toshiba Capital Corporation under a basic agreement entered into between the Company and Toshiba Capital concerning fund transactions.

Report of Independent Auditors

The Board of Directors
Toshiba Plant Systems & Services Corporation

We have audited the accompanying consolidated balance sheets of Toshiba Plant Systems & Services Corporation and consolidated subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income, change in net assets and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Toshiba Plant Systems & Services Corporation and consolidated subsidiaries at March 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

Ernst & Young ShinNihon

June 26, 2008

Stock Information As of March 31, 2008

Common Stock:
265,000,000 shares

Issued and Outstanding:
97,656,888 shares

Number of Shareholders:
4,973

Paid-in Capital:
¥11,876,021,006

Distribution of Shareholders:

Principal Shareholders:

Names of Shareholders	Number of Shares Held (Thousands)	Percentage of Total Shares Outstanding
Toshiba Corporation	58,242	59.64%
The Master Trust Bank of Japan Limited (Trust Account)	4,426	4.53
Japan Trustee Services Bank, Ltd. (Trust Account)	2,366	2.42
Toshiba Insurance Service Corporation	1,600	1.64
Mellon Bank Treaty Clients Omnibus	1,389	1.42
Goldman Sachs International	1,037	1.06
Toshiba Plant Systems & Services Employees' Shareholding Association	926	0.95
Trust & Custody Services Bank Ltd. (Investment Securities Trust Account)	909	0.93
Toshiba Plant Systems & Services Subcontractors' Shareholding Association	778	0.80
Skandinaviska Enskilda Banken A/S Clients Account	583	0.60
Total of 10 Shareholders	72,259	73.99%

Corporate Data As of June 26, 2008

THE SENIOR MANAGEMENT AND CORPORATE AUDITORS

President and Chief Executive Officer, Representative Director
Tetsuo Ishii

Executive Vice Presidents and Directors
Masakuni Sasaki
Masayoshi Iida

Senior Vice Presidents and Directors
Kenji Sato
Koichi Hatano

Vice Presidents and Directors
Kazunori Endo
Masayoshi Fujimaki
Kazushige Takaku
Takatoshi Katoh
Takakuni Iijima

Executive Officers
Sumio Koriki
Yasuo Nakayama
Yoshio Konno
Nobuyasu Kawai
Tetsuro Okutani
Shunichi Haga

Statutory Auditors
Fumio Kikuchi
Shuji Kusaka
Osamu Maekawa
Yasumaro Ono

DOMESTIC OFFICES

Tokyo Office (Head Office)
P.O. Box 111
37-1, Kamata 5-chome, Ota-ku,
Tokyo 144-8721
Tel: +81-3-5714-3265

Tsurumi Office
36-5, Tsurumi chuo 4-chome,
Tsurumi-ku, Yokohama City,
Kanagawa 230-8691
Tel: +81-45-500-7050

Kawasaki Office
1310, Omiya-cho, Saiwai-ku,
Kawasaki City,
Kanagawa 212-8551
Tel: +81-44-548-7777

Isogo Office
8, Shinsugita-cho, Isogo-ku,
Yokohama City,
Kanagawa 235-8523
Tel: +81-45-769-1216

SUBSIDIARIES AND AFFILIATES

Domestic

Shibaura Plant Corp.
1310, Omiya-cho Saiwaiku,
Kawasaki City,
Kanagawa 212-0014
Tel: +81-44-548-3010

SKS Co., Ltd.
36-5, Tsurumi chuo 4-chome,
Tsurumi-ku, Yokohama City,
Kanagawa 230-8691
Tel: +81-45-500-7900

Kansai Toshiba Engineering Corp.
2-6-8, Honcho, Chuo-ku,
Osaka 541-0053
Tel: +81-6-6252-6344

ES Toshiba Engineering Corp.
1310, Omiya-cho Saiwai-ku,
Kawasaki City, Kanagawa 212-0014
Tel: +81-44-548-3400

Toshiba Engineering Service Corp.
36-5, Tsurumi chuo 4-chome,
Tsurumi-ku, Yokohama City,
Kanagawa 230-8691
Tel: +81-45-500-7870

Overseas

PT. Tosplant Engineering Indonesia
5th Floor Menara Dea,
Suite 501, Kawasan Mega Kuningan,
JL. Mega Kuningan Barat IX KAV. E.
4.3 No.1 Jakarta 12950, Indonesia
Tel: +62-21-576-1248
Fax: +62-21-576-1249

TPSC (India) Private Limited
A-1 Module, D-Quadrant,
2nd Floor, Cyber Towers,
Hi Tec City, Madhapur,
Hyderabad 500081, India
Tel: +91-40-3110601/3110602/
3110603/3110604
Fax: +91-40-3110600

Tosplant Engineering (Thailand) Co., Ltd.
11th Floor, Room No. 1109-10
Q House (Asoke) Building 66,
Sukhumvit 21 (Asoke) Road,
North Klongtoey Subdistrict,
Wattana District Bangkok 10110 Thailand
Tel: +66-2-264-2515/2516/2517
Fax: +66-2-264-2518

TPSC Engineering (Malaysia) Sdn. Bhd.
No.3-3, The Boulevard Mid-Valley City,
Lingkaran Syed Putra, 59200 Kuala Lumpur,
Malaysia
Tel: +60-3-2938-7001/7002/7003
Fax: +60-3-2938-7004

Annual Report 2008

TOSHIBA PLANT SYSTEMS & SERVICES CORPORATION

36-5, Tsurumi chuo 4-chome, Tsurumi-ku,
Yokohama City, Kanagawa 230-8691, Japan
Tel: +81-45-500-7050
http://www.toshiba-tpsc.co.jp

Mixed Sources
Product group from well-managed forests and other controlled sources
www.fsc.org Cert no. SGS-COC-2053
© 1996 Forest Stewardship Council
FSC

PRINTED WITH SOY INK

This report is printed in Japan on FSC-certified paper using soy ink.

TOSHIBA PLANT SYSTEMS & SERVICES CORPORATION