TOSHIBA
Leading Innovation

2016 Annual Report

TOSHIBA PLANT SYSTEMS & SERVICES CORPORATION

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 services."

To Our Shareholders, Customers and Friends

I would like to take this opportunity to provide an overview of our operations during fiscal 2015, ended March 31, 2016, which coincides with our 110th business period.

2016

Ryo Matsukawa
President and Chief Executive Officer,
Representative Director

Overview of Performance and Principal Initiatives Undertaken in Fiscal 2015

In fiscal 2015, the Japanese economy experienced a modest recovery. Although affected by a slowdown in emerging-market economies and ongoing yen appreciation from the beginning of 2016, the economy benefited from increased capital investment and improvements in employment and income conditions.

In these circumstances, the Toshiba Plant Systems & Services Group actively promoted a number of measures under its 2015 Medium-Term Management Plan, aiming to be an excellent company maintaining profitable and sustainable growth. This was guided by three basic strategies: creating a business model to achieve steady earnings and growth, pursuing innovation through Toshiba's BCM* management system, and implementing CSR-oriented management.

As initiatives in line with the 2015 Medium-Term Management Plan's basic strategy of creating a business model to achieve steady earnings and growth, we continued our efforts in the engineering, procurement and construction (EPC) business targeting thermal power plants and the construction of new plants in the manufacturing sector, and our business for increasing the energy efficiency and effective utilization of plant and building facilities, as well as solar power and biomass power plant facilities. In overseas business, in June 2015 we established TPSC Philippines Corporation in an effort to expand the market. To enhance our cost-competitiveness, we pushed ahead with cost reductions such as expanding integrated and

* Balanced CTQ Management (BCM) is a methodology for achieving our management vision through a balanced management approach, including financial and other business conditions and management quality.

global procurement, cutting variable costs through improved construction methods, and shrinking fixed costs.

In pursuing innovation through Toshiba's BCM management system, we actively promoted Management Innovation (MI) and further bolstered Small Group Activities (SGA) incorporating established innovation activities, as we carried out activities on a Group-wide basis.

In implementing CSR-oriented management, we strengthened efforts on compliance and risk management in terms of laws, social norms, ethics, and other aspects to become a corporate group that is trusted by society by placing the highest priority on life, safety and compliance in all of our business activities. At the same time, we sought to reduce environmental loads, continually improved our quality management systems and worked to enhance the quality of business management. In our social contribution activities, we supported the construction of primary schools overseas and projects related to the protection of Japanese cultural properties.

We also took part in community volunteer activities at each of our offices and sites and continued to assist the social contribution activities of employees.

As a result, net orders amounted to ¥206,832 million, down 17.4% year on year. Of these, net orders from overseas operations were ¥11,677 million, accounting for 5.6% of the total. Net sales were ¥219,354 million, up 0.3%, with net sales from overseas operations accounting for ¥56,916 million, or 25.9%.

At the profit level, operating income increased 10.1% to ¥18,648 million, ordinary income rose 5.8% to ¥18,720 million, and profit attributable to owners of parent rose 11.9%, to ¥11,243 million.

During the year, we awarded dividends of ¥37.50 per share, comprising an interim dividend of ¥25.00, including a bonus dividend of ¥12.50, and a year-end dividend of ¥12.50.

Future Approach

The economy is expected to sustain modest recovery going forward, bolstered by ongoing improvements in the employment and income environment. Nevertheless, the outlook shows growing signs of uncertainty, with the slowdown in emerging-market economies and exchange rate fluctuation risk among the sources of concern.

In these circumstances, the Group aims to make steady progress toward its 2016 Medium-Term Management Plan objective of being an excellent company maintaining profitable and sustainable growth. To this end, we will expand our business domains and activities in new markets and work aggressively to enhance our global business structure. Specifically, using the healthy earnings structure we have cultivated up to now as our foundation, we will respond flexibly to electric power deregulation and other changes in the market environment and continue to focus on generation systems that accommodate diverse fuel sources, such as renewable energy. Overseas, we expect demand to rise in emerging markets such as Southeast Asia and Africa. We will work to increase orders for power plant and plant facility projects by reinforcing our EPC business structure to leverage our comprehensive and technological expertise, fortifying our overseas companies and striving to cultivate global human resources.

We will also promote efforts to enhance competitiveness and augment integrated and global procurement, upgrade construction methods and further increase operational efficiencies to maintain and improve operating performance.

The Group will work to achieve sound, high-quality management through activities in a range of areas such as compliance with laws and regulations, respect for human rights, social contributions and environmental protection. Together with the above initiatives, as a company involved in the establishment of infrastructure systems, we will continue to support communities' recovery from the earthquake disaster, providing security and safety and contributing to the development of society. In this way, we will earn even greater trust from our customers.

Our consolidated targets for fiscal 2018, ending March 31, 2019, the final year of our management plan, are net sales of ¥250 billion and ordinary income of ¥21 billion.

Building on our wide range of technologies in such fields as plant engineering and information systems that underpin our high reputation earned over the years, we will pursue even more advanced technology development. Moreover, we will contribute to social progress and development through the creation of a foundation that supports industry and society as a whole. In fulfilling our role as a company that supports entire social infrastructure systems, we will respond quickly to market changes and work to ensure the world-class quality and safety of our operations. Concurrently, in undertaking our business activities we will promote CSR-oriented management, seek to build strong relationships of trust with shareholders and stakeholders, and enhance our corporate value.

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

June 2016

Ryo Matsukawa

President and Chief Executive Officer,
Representative Director

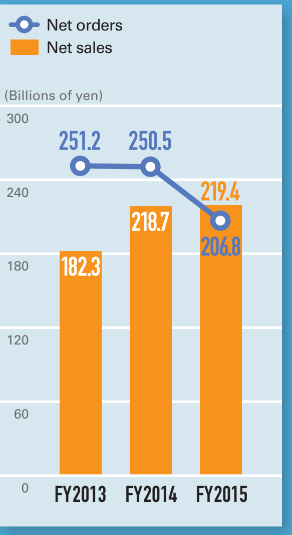
Net Orders and Net Sales

Net Orders

¥206.8 billion
Down 17.4% yoy

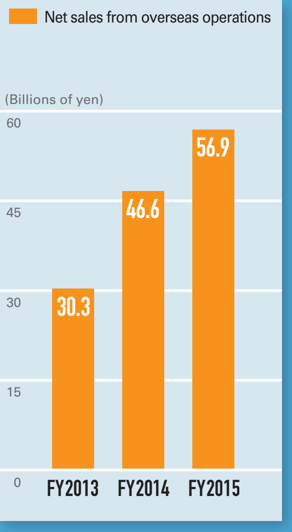
Net Sales

¥219.4 billion
Up 0.3% yoy



Net Sales from Overseas Operations

¥56.9 billion



Profitability

Operating Income

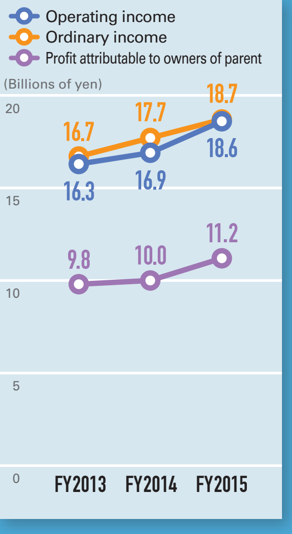
¥18.6 billion

Ordinary Income

¥18.7 billion

Profit Attributable to owners of Parent

¥11.2 billion

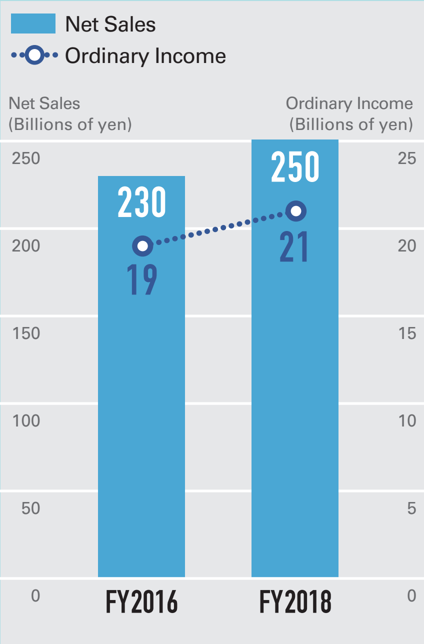


Be an Excellent Company That Maintains Profitable and Sustainable Growth

Pursuit of and Further Progress in Process Innovation

FY2018

Net sales	¥250 billion
Ordinary income	¥ 21 billion



To be an excellent company maintaining profitable and sustainable growth, the Toshiba Plant Systems & Services Group created the 2016 Medium-Term Management Plan, which was initiated in fiscal 2016, ending March 31, 2017. Under this plan, we will implement specific measures based on the three basic initiatives of the plan, specifically, creating a business model to achieve steady earnings and growth, pursuing innovation through Toshiba's BCM* management system, and implementing CSR-oriented management.

* Balanced CTQ Management (BCM) is a methodology for achieving our management vision through a balanced management approach, including financial and other business conditions and management quality.

Measures for Achieving Medium-Term Management Plan Objectives

Expanding Business Domains and Markets

Power Systems

- **Overseas thermal power plants** | coal-fired and combined-cycle
- **Domestic industrial thermal power plants** | biomass mixed-fuel, combined-cycle
- **Nuclear power plants** | response to new regulatory standards, extension of operating life at aging plants
- **Commercial thermal power plants** | high-efficiency coal, LNG
- **Hydroelectric power plants**

Infrastructure and Industrial Systems

- **EPC* for manufacturing plants** | semiconductors, food products, automotive, others
- **Dispersed power sources** | gas engines, biomass, solar power and other generation facilities
- **Water and sewage treatment, building facilities**
- **Transportation systems** | airports, electric railways, roads
- **Substations, transmission and distribution facilities**

Accelerating Overseas Business Development

- **Reinforce global business execution structure**
- **Cultivate Southeast Asian markets**
- **Cultivate new overseas markets** (Africa, the Middle East, Central Asia, etc.)

Bolstering Technological Capabilities

- **Reinforce comprehensive capabilities and technologies that leverage our strengths**
- **Augment efficiency through business process optimization and IT**
- **Train engineers**
- **Encourage people to obtain qualifications**

Strengthening Competitiveness through Cost Structure Reforms

- **Lower procurement costs**
- **Reinforce on-site capabilities**
- **Enhance engineering functions**
- **Optimize fixed costs**

* EPC: Packaged orders that encompass engineering, procurement, and construction

CSR

As a company contributing to the creation of foundations that support industry and society, we consider promotion of CSR management to be a basic strategy together with the provision of quality infrastructure facilities and services. By working to become a sound, high-quality community-based company, we aim to be a company trusted by society.

In terms of social contribution activities, we established a system supporting Company-wide activities as well as individual employees' volunteer activities. We will continue to promote activities at the individual level, together with other Company-wide initiatives.

In fiscal 2015, we continued to promote three Company-wide initiatives: support for the Solar Lantern Project in India, overseas development assistance programs, and activities related to the protection of Japanese cultural properties. We also took part in regional volunteer activities at our offices and worksites, and individual employees supported social contribution activities.

Company-Wide Initiatives

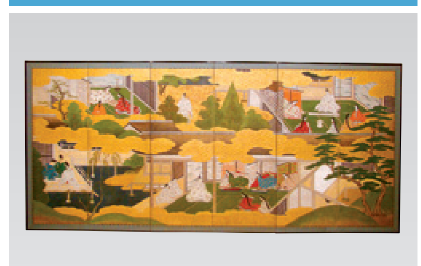
Solar Lantern Project

Through this project, we support efforts to erect solar panels in parts of India with poor electric power and lend lanterns that can be charged during the daytime and used at night.

Support for Overseas Development Assistance Programs

We supported a project that aims to create and enhance educational environments by constructing an elementary school building in Tanzania, where classrooms are in short supply.

Support for the Protection of Japanese Cultural Properties



We supported a project for the restoration of the *Genji Monogatari-zu Byobu*, a folding-screen, color-on-paper painting depicting scenes from the *Tale of Genji*. This work belongs to the Chugu-ji temple in Nara Prefecture, the oldest still-functioning Japanese convent.

Office, Worksite and Employee Volunteer Activities

Regional volunteer activities at office

Regional volunteer activities at worksites

Individual employee participation in social contribution activities

Power Systems Division

Operations

This division handles engineering, construction, testing, trial operation and such maintenance services as inspections and renovations for thermal, hydroelectric and nuclear power plants.

We conduct a broad range of business involving thermal and hydroelectric power plants in Japan and overseas. In particular, we have built up a track record through numerous projects centered in the ASEAN region. In addition to commercial power plants, we apply our nuclear power technologies at nuclear power plants and related facilities.

Amata Nakorn No. 4 Power Plant, Thailand

Business Review and Outlook

During the fiscal year under review, net orders for this division totaled ¥101,476 million, down 34.1% year on year, due to the concentration of large projects, such as for overseas thermal power plants, in the preceding fiscal year. Net sales rose 13.1%, to ¥129,528 million, owing to increases centered on power plants in Japan and overseas.

Looking at future market trends affecting this division, in Japan we anticipate an increase in demand to reduce the environmental impact through the expansion of high-efficiency combined-cycle and large-scale coal-fired thermal power plants, as well as an increase in small-scale hydroelectric power projects, including micro hydroelectric power.

Overseas, we expect demand to continue expanding for large, high-efficiency thermal and coal-fired power plants in response to steady growth in Southeast Asian countries.

We will continue to meet society's needs by leveraging our technological strengths, backed by solid experience, as we contribute to the stable supply of electricity. We will also concentrate on expanding orders for thermal power plants overseas, where demand for electric power is high.

Power Systems Division

Net Orders and Net Sales

Net Orders

¥101.5 billion

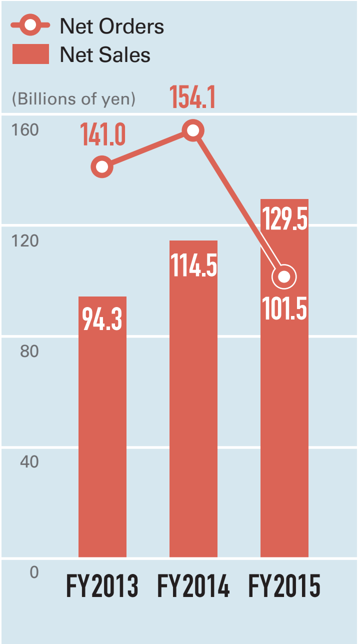
Year on year	Percentage of orders
34.1% decrease	49.1%

Net Sales

¥129.5 billion

Year on year	Percentage of sales
13.1% increase	59.0%

Net Orders and Net Sales by Segment



Infrastructure and Industrial Systems Division

Operations

This division performs engineering, construction, test operations, adjustments and field services for infrastructure facilities and plant and equipment for general industry.

The division handles business for public- and private-sector facilities in a broad range of fields, including electrical facilities and equipment, dispersed power source facilities, substations, transmission and distribution facilities, and other energy-related business, as well as production and related facilities.


No. 4 Plant, TIGERPOLY (THAILAND) LTD.


Sewage Treatment Plant, Mizunami City

Business Review and Outlook

During the fiscal year under review, net orders for this division totaled ¥105,356 million, up 9.2% year on year, due to an increase in orders for solar power plants and domestic general industry projects. Net sales decreased 13.7%, to ¥89,826 million, as a result of declines in sales of solar power plants and domestic general industry projects.

Looking at future market trends affecting this division, we anticipate the reinvigoration of public-sector investment, leading to ongoing grows in private-sector capital investments. Furthermore, we anticipate a rise in demand for gas engines and bio power plants stemming from electric power deregulation, and expect overseas investment by Japanese companies to increase.

By applying the technologies we have accumulated and the track record we have established, we aim to expand orders for public facilities and in the field of energy-related systems, as well as for plant facilities both in Japan and overseas. At the same time, we will contribute to the development of society and industry.

Infrastructure and Industrial Systems Division
Net Orders and Net Sales

Net Orders

¥105.4 billion

Year on year: **9.2% increase**

Percentage of orders: **50.9%**

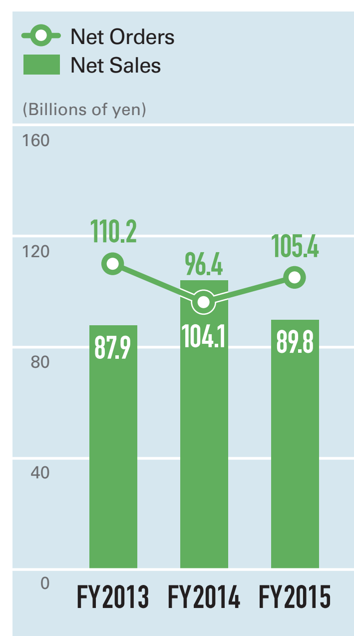
Net Sales

¥ 89.8 billion

Year on year: **13.7% decrease**

Percentage of sales: **41.0%**

Net Orders and Net Sales by Segment



Starting Construction on Our First Thermal EPC Project in Africa

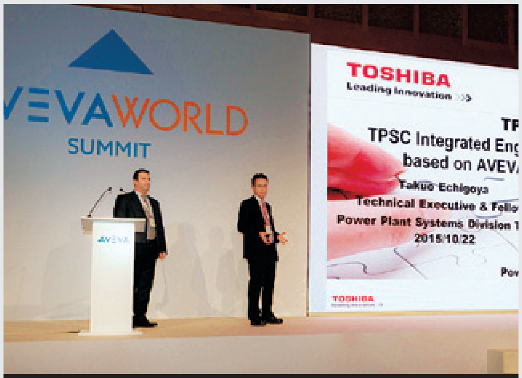
Foundation stone of the Kinyerezi Thermal Power Plant

We have commenced full-fledged construction on the 240MW Kinyerezi natural gas-fired combined-cycle power plant, planned by the Tanzania Electric Supply Company Limited in the United Republic of Tanzania.

On this project, we have been assigned by the primary contractor, Sumitomo Corporation, as the EPC contractor, handling everything from overall plant engineering to the transportation of generation equipment, supply of machinery, civil construction, installation work, and testing and conditioning. This project is our first order for a thermal EPC project in Africa.

Going forward, we will continue working to obtain orders in Southeast Asian and neighboring countries. In addition, we will respond to needs in African countries experiencing power shortages and Middle Eastern countries. To this end, we aim to step up our global efforts to generate orders and further expand our operations.

Deploying the TIET Comprehensive Engineering Tool



Invitation lecture in Dubai (October 2015)

We have developed and are steadily rolling out our TIET comprehensive engineering tool for thermal power plant EPC projects. TIET is a tool that enables the centralized management of data on a single platform for plant engineering by combining multiple engineering software programs and data with leading-edge 3D technology.

TIET has earned strong third-party endorsement, winning the 2015 Zenith Award, sponsored by Australia's Process & Control Engineering Society in June 2015 in the Power and Energy Management category. We have also been invited to provide lectures about TIET in various parts of the world.

We will continue working to strengthen our base of operations on EPC projects through technical development. In doing so, we aim to enhance overall project quality and provide power systems that satisfy our customers.

Consolidated Six-Year Summary

Years ended March 31	Millions of yen						Thousands of U.S. dollars (Note)
	2016	2015	2014	2013	2012	2011	2016
Net Sales	¥219,354	¥218,652	¥182,257	¥172,882	¥162,315	¥151,135	$1,946,696
Cost of Sales	188,377	189,544	155,045	146,034	136,897	127,703	1,671,788
Operating Income	18,648	16,942	16,278	16,046	14,930	13,154	165,498
Interest and Dividend Income	244	257	222	168	189	270	2,161
Profit before income taxes	18,558	17,805	16,740	16,497	14,962	11,363	164,701
Profit Attributable to Owners of Parent	11,243	10,045	9,832	10,284	6,975	5,742	99,772
Per Share of Common Stock (in yen and dollars):							
Profit Attributable to Owners of Parent	¥ 115.40	¥ 103.11	¥ 100.92	¥ 105.56	¥ 71.58	¥ 58.92	$ 1.02
Cash Dividends	37.50	7.50	15.00	15.00	15.00	15.00	0.33
Total Assets	¥238,254	¥229,436	¥221,135	¥188,081	¥176,483	¥167,336	$2,114,432
Net Assets	121,282	116,059	104,664	99,862	90,600	85,048	1,076,340
Number of Employees	4,283	4,225	4,055	4,024	4,012	3,990	

Note: The U.S. dollar amounts represent translation of Japanese yen at the exchange rate on March 31, 2016 of ¥112.68 to $1.

Financial Review

Operating Income

Operating income for the fiscal year ended March 31, 2016 climbed by 10.1% to ¥18,648 million (US$165,498 thousand). The ratio of operating income to net sales increased by 0.8 percentage point to 8.5%. The increase in operating income was due to ongoing efforts to revamp our business structure and transform ourselves into a highly efficient corporate structure that can 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.

Profit Attributable to Owners of Parent

Profit attributable to owners of parent for the fiscal year ended March 31, 2016 climbed by 11.9% to ¥11,243 million (US$99,772 thousand).

Selling, General and Administrative (SG&A) Expenses

During the fiscal year ended March 31, 2016, SG&A expenses increased by ¥163 million to ¥12,329 million (US$109,410 thousand). This was mainly due to increasing miscellaneous expenses. The ratio of SG&A expenses to net sales was 5.6%.

Total Assets and Net Assets

Total consolidated assets at March 31, 2016 climbed by ¥8,818 million from the previous fiscal year-end to ¥238,254 million (US$2,114,432 thousand). Among total assets, time deposits decreased by ¥17,270 million to ¥331 million (US$2,941 thousand). Trade notes and accounts receivable decreased by ¥18,635 million to ¥92,566 million (US$821,494 thousand). Net assets rose ¥5,223 million to ¥121,282 million (US$1,076,340 thousand) due to an increase of ¥8,808 million in retained earnings. The equity ratio at March 31, 2016 was 50.8%.

March 31, 2016 and 2015	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 91,634	¥ 53,127	$ 813,220
Time deposits	331	17,601	2,941
Trade notes and accounts receivable	92,566	111,201	821,494
Electronically recorded monetary claims - operating	508	183	4,512
Less: allowance for doubtful accounts	(312)	(210)	(2,771)
Inventories (Note 4)	25,289	19,737	224,428
Deferred tax assets (Note 9)	3,953	4,060	35,082
Other current assets	5,173	4,715	45,909
Total current assets	219,142	210,414	1,944,815
Property, plant and equipment, at cost:			
Land	3,153	3,420	27,978
Buildings and structures	8,882	8,996	78,828
Machinery and equipment	2,755	2,980	24,452
Tools, furniture and fixtures	4,414	4,655	39,172
Leased assets	75	136	667
Construction in progress	280	—	2,480
	19,559	20,187	173,577
Less: accumulated depreciation	(12,867)	(13,367)	(114,186)
Property, plant and equipment, net	6,692	6,820	59,391
Intangible assets	252	275	2,236
Investments and other assets:			
Investment securities (Note 10)	52	536	465
Investments in affiliates (Note 5)	145	131	1,289
Deferred tax assets (Note 9)	11,199	10,539	99,384
Other	772	721	6,852
Total investments and other assets	12,168	11,927	107,990
Total assets	¥238,254	¥229,436	$2,114,432

See the accompanying Notes to Consolidated Financial Statements.

March 31, 2016 and 2015	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
LIABILITIES AND NET ASSETS			
Current liabilities:			
Trade notes and accounts payable	¥ 47,636	¥ 50,782	$ 422,752
Advances received on uncompleted construction contracts	13,349	11,025	118,471
Allowance for bonuses to directors and statutory auditors	93	79	827
Accrued expenses	8,833	8,893	78,387
Completed work compensation reserve	1,049	501	9,305
Provision for loss on construction contracts	205	—	1,817
Accrued income taxes	5,889	5,659	52,263
Other current liabilities (Note 11)	4,401	4,027	39,068
Total current liabilities	81,455	80,966	722,890
Long-term liabilities:			
Liability for retirement benefit (Note 12)	35,197	32,071	312,363
Accrued directors' retirement benefits	28	23	247
Other long-term liabilities (Note 11)	292	317	2,592
Total long-term liabilities	35,517	32,411	315,202
Total liabilities	116,972	113,377	1,038,092
Contingent liabilities: (Note 17)			
Net assets: (Note 18)			
Shareholders' equity:			
Common stock			
Authorized — 265,000,000 shares			
Issued 2016 — 97,656,888 shares	11,876	—	105,396
2015 — 97,656,888 shares	—	11,876	—
Capital surplus	20,911	20,911	185,575
Retained earnings	94,727	85,919	840,670
Treasury stock, at cost	(165)	(163)	(1,460)
Total shareholders' equity	127,349	118,543	1,130,181
Accumulated other comprehensive income:			
Unrealized gains or losses on securities	—	189	—
Deferred gains or losses on hedges	(290)	(220)	(2,576)
Currency translation adjustments	(11)	733	(98)
Retirement benefits liability adjustments	(6,069)	(3,516)	(53,857)
Total accumulated other comprehensive income	(6,370)	(2,814)	(56,531)
Non-controlling interests	303	330	2,690
Total net assets	121,282	116,059	1,076,340
Total liabilities and net assets	¥238,254	¥229,436	$2,114,432

Years ended March 31, 2016 and 2015	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Net sales	¥219,354	¥218,652	$1,946,696
Cost of sales (Notes 6, 7)	188,377	189,544	1,671,788
Gross profit	30,977	29,108	274,908
Selling, general and administrative expenses (Notes 7, 13)	12,329	12,166	109,410
Operating income	18,648	16,942	165,498
Other income:			
Interest income	197	226	1,748
Dividends income	47	31	413
Foreign exchange gains	—	341	—
Equity in income of affiliates	40	24	354
Dividend income of insurance	62	106	549
Other	105	112	935
	451	840	3,999
Other expenses:			
Foreign exchange losses	313	—	2,775
Other	66	94	584
	379	94	3,359
Ordinary income	18,720	17,688	166,138
Extraordinary income:			
Gain on sale of tangible fixed assets	—	117	—
Gain on contribution of securities to retirement benefit trust	373	—	3,308
	373	117	3,308
Extraordinary losses:			
Impairment loss (Note 8)	324	—	2,871
Loss on revision of retirement benefit plan	211	—	1,874
	535	—	4,745
Profit before income taxes	18,558	17,805	164,701
Income taxes: (Note 9)			
Current	6,760	7,627	59,997
Deferred	549	111	4,877
	7,309	7,738	64,874
Profit	11,249	10,067	99,827
Profit attributable to non-controlling interests	6	22	55
Profit attributable to owners of parent (Note 18)	¥ 11,243	¥ 10,045	$ 99,772

See the accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

Years ended March 31, 2016 and 2015	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Profit	¥11,249	¥10,067	$ 99,827
Other comprehensive income			
Unrealized gains or losses on securities	(189)	31	(1,676)
Deferred gains or losses on hedges	(70)	(358)	(622)
Currency translation adjustments	(792)	708	(7,028)
Retirement benefits liability adjustments	(2,552)	233	(22,651)
Other comprehensive income (Note 14)	(3,603)	614	(31,977)
Total comprehensive income	¥ 7,646	¥10,681	$ 67,850
Comprehensive income attributable to			
Owners of parent	¥ 7,686	¥10,613	$ 68,217
Non-controlling interests	(40)	68	(367)

See the accompanying Notes to Consolidated Financial Statements.

		Millions of yen									
Years ended March 31, 2016 and 2015	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gains or losses on securities	Deferred gains or losses on hedges	Currency translation adjustments	Retirement benefits liability adjustments	Non-controlling interests	Total net assets
Balance at April 1, 2014	97,656,888	¥11,876	¥20,911	¥75,157	¥(162)	¥ 158	¥ 138	¥ 71	¥(3,750)	¥265	¥104,664
Cumulative effects of changes in accounting policies				¥ 2,179							¥ 2,179
Balance reflecting changes in accounting policies		¥11,876	¥20,911	¥77,336	¥(162)	¥ 158	¥ 138	¥ 71	¥(3,750)	¥265	¥106,843
Profit attributable to owners of parent				10,045							10,045
Cash dividends (Note 15)				(1,462)							(1,462)
Purchase of treasury stock					(1)						(1)
Other changes						31	(358)	662	234	65	634
Balance at April 1, 2015	97,656,888	¥11,876	¥20,911	¥85,919	¥(163)	¥ 189	¥(220)	¥ 733	¥(3,516)	¥330	¥116,059
Cumulative effects of changes in accounting policies											—
Balance reflecting changes in accounting policies		11,876	20,911	85,919	(163)	189	(220)	733	(3,516)	330	116,059
Profit attributable to owners of parent				11,243							11,243
Cash dividends (Note 15)				(2,435)							(2,435)
Purchase of treasury stock					(2)						(2)
Other changes						(189)	(70)	(744)	(2,553)	(27)	(3,583)
Balance at March 31, 2016	97,656,888	¥11,876	¥20,911	¥94,727	¥(165)	¥ —	¥(290)	¥ (11)	¥(6,069)	¥303	¥121,282

	Thousands of U.S. dollars (Note 3)									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gains or losses on securities	Deferred gains or losses on hedges	Currency translation adjustments	Retirement benefits liability adjustments	Non-controlling interests	Total net assets
Balance at April 1, 2015	$105,396	$185,575	$762,512	$(1,450)	$ 1,676	$(1,955)	$6,507	$(31,205)	$2,935	$1,029,991
Cumulative effects of changes in accounting policies										—
Balance reflecting changes in accounting policies	105,396	185,575	762,512	(1,450)	1,676	(1,955)	6,507	(31,205)	2,935	1,029,991
Profit attributable to owners of parent			99,772							99,772
Cash dividends (Note 15)			(21,614)							(21,614)
Purchase of treasury stock				(10)						(10)
Other changes					(1,676)	(621)	(6,605)	(22,652)	(245)	(31,799)
Balance at March 31, 2016	$105,396	$185,575	$840,670	$(1,460)	$ —	$(2,576)	$ (98)	$(53,857)	$2,690	$1,076,340

See the accompanying Notes to Consolidated Financial Statements.

Years ended March 31, 2016 and 2015	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Cash flows from operating activities:			
Profit before income taxes	¥18,558	¥17,805	$164,701
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation	555	554	4,926
Impairment loss	324	—	2,871
Increase in allowance for doubtful accounts	117	70	1,035
Increase (decrease) in net defined benefit liability	(40)	812	(354)
Interest and dividends	(244)	(257)	(2,161)
(Gain) on securities contribution to employee's retirement trust	(373)	—	(3,308)
Loss on revision of retirement benefit plan	211	—	1,874
(Gain) loss on sales of property, plant and equipment	6	(119)	55
Equity in (income) of affiliates	(40)	(24)	(354)
(Increase) decrease in trade notes and accounts receivable	16,952	(10,972)	150,443
(Increase) in inventories	(5,645)	(5,320)	(50,097)
(Increase) decrease in other current assets	(727)	864	(6,449)
Increase (decrease) in trade notes and accounts payable	(2,437)	4,098	(21,626)
Increase (decrease) in advance received on uncompleted construction contracts	2,828	(7,463)	25,095
Increase (decrease) in completed work compensation reserve	548	(70)	4,865
Increase in provision for loss on construction contracts	205	—	1,817
Increase in other current liabilities	734	2,820	6,515
Other	165	9	1,454
	31,697	2,807	281,302
Interest and dividends received	269	318	2,386
Income taxes paid	(6,755)	(8,195)	(59,952)
Net cash provided by (used in) operating activities	25,211	(5,070)	223,736
Cash flows from investing activities:			
Decrease in time deposits	17,229	9,515	152,901
Proceeds from sales of property, plant and equipment	129	171	1,148
Payments for acquisition of property, plant and equipment	(892)	(921)	(7,915)
Payments for acquisition of intangible assets	(28)	(30)	(247)
Other	(105)	(38)	(939)
Net cash provided by investing activities	16,333	8,697	144,948
Cash flows from financing activities:			
Repayments of lease liabilities	(21)	(26)	(183)
Dividends paid	(2,435)	(1,462)	(21,614)
Purchase of treasury stock	(1)	(1)	(10)
Dividends paid to non-controlling interests	(3)	(2)	(24)
Proceeds from share issuance to non-controlling shareholders	16	—	140
Net cash used in financing activities	(2,444)	(1,491)	(21,691)
Effect of exchange rate changes on cash and cash equivalents	(593)	621	(5,263)
Net increase in cash and cash equivalents	38,507	2,757	341,730
Cash and cash equivalents at beginning of year	53,127	50,370	471,490
Cash and cash equivalents at end of year	¥91,634	¥53,127	$813,220

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 its 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 Financial Instruments and Exchange Act 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 investments in affiliates

The accompanying consolidated financial statements include the accounts of the Company and all of its subsidiaries. The consolidated subsidiaries are determined based on effective control. All intercompany accounts and transactions are eliminated in consolidation. Investments in affiliates are accounted for by the equity method. The Company adopted the influence-based definition to determine the affiliated company to be accounted for by the equity method.

In the fiscal year ended March 31, 2016, the Company newly established TPSC PHILIPPINES CORPORATION and included this subsidiary in the scope of consolidation. Accordingly, the Company has 13 consolidated subsidiaries.

(c) Foreign currency translations

Foreign currency transactions are calculated at the applicable exchange rate prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at the balance sheet dates. The balance sheet accounts of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet dates, except for the components of net assets excluding non-controlling interests which are translated at their historical exchange rates. Revenue and expense accounts of the foreign consolidated subsidiaries are translated at the average rate of exchange in effect during the respective fiscal year. Differences arising from the translation are presented as "Currency translation adjustments" and "Non-controlling interests" in the consolidated financial statements.

(d) Accounting for net sales and related costs

Construction contracts for which the outcome of progress is deemed certain by the end of the fiscal year are recorded on the percentage-of-completion basis (rate of progress estimated by the cost-ratio method), while all other projects are recorded on the completed construction basis.

(e) Investment securities

All the investment securities are classified as "Other securities." Investment 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. Investment securities, whose fair value is not determinable, are stated at cost, determined by the moving average method.

(f) Inventories

Work in progress is stated at the lower of accumulated cost, determined on a specific project basis, or net realizable value.

(g) Property, plant and equipment (excluding leased assets)

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Companies are principally computed by the straight-line method based on the following useful lives:

Buildings and structures .... 3–59 years
Machinery and equipment .... 2–20 years
Tools, furniture and fixtures .... 2–20 years

(h) Intangible assets (excluding leased assets)

Intangible assets are amortized by the straight-line method.

(i) Leased assets

Depreciation of leased assets is computed by the straight-line method with no residual value, using the term of contract as the useful life.

(j) Allowance for doubtful accounts

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.

(k) Allowance for bonuses to directors and statutory auditors

To prepare for the payment of bonuses to directors and statutory auditors, the estimated amount to be paid is provided as an allowance.

(l) Completed work compensation reserve

To ensure payment of compensation for completed works, the Company's books an amount equivalent to projected compensation based on the prior history of compensation for completed works as completed work compensation reserve.

(m) Provision for loss on construction contracts

To cover possible losses on construction contracts, the estimated amount of losses in and after the next fiscal year is provided as provision for loss on construction contracts with respect to the construction projects in process at the end of the fiscal year for which the significant losses are expected and the amount is reasonably estimated at the end of the fiscal year.

(n) Accrued severance indemnities

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

To prepare for payment of retirement benefits to employees, an amount deemed accrued at the end of the fiscal year, based on the retirement benefit obligations and fair value of plan assets at the end of the fiscal year, is provided.

The retirement benefit obligations for employees are attributed to each period by the benefit formula basis over the estimated years of services of the eligible employees.

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

(o) Accrued directors' retirement benefits

Retirement benefits for directors and statutory auditors are recorded based on the estimated amount payable at the end of the fiscal year as stipulated by internal regulations.

(p) Income taxes

The provision for income taxes is computed based on income before income taxes and non-controlling interests in the consolidated statement 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 allowance is established to reduce deferred tax assets to their net realizable value if it is more likely that some portion or all of the deferred tax assets will not be realized.

(q) Derivative financial instruments

Derivative financial instruments are carried at fair value, except for those which meet the criteria for deferral hedge accounting.

(r) Principal hedge accounting method

(1) Hedge accounting method

In principle, deferral hedge accounting is applied.

(2) Hedging instruments and hedged items

Hedging instruments: Forward exchange contracts

Hedged items: Forecasted foreign currency-denominated transactions

(3) Hedging policies

The Companies adhere to their regulations concerning the handling of derivative transactions, and individual forward exchange contracts are executed for hedging with the aim of mitigating currency risk for foreign currency-denominated transactions.

(4) Method for assessment of hedge effectiveness

Assessment of hedge effectiveness is omitted for forward exchange contracts because the notional principals of the hedging instruments and the major conditions of the hedged items are deemed identical and can be assumed to completely offset fluctuations of foreign exchange rates from the start of the hedge and thereafter.

(s) Cash and cash equivalents

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

(t) Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

2. Accounting Changes

(Application of Accounting Standard for Business Combinations, etc.)
Effective from the fiscal year ended March 31, 2016, the Companies have adopted the "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan ("ASBJ") Statement No. 21 dated September 13, 2013), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 dated September 13, 2013), the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7 dated September 13, 2013), etc. As a result, the presentation method for "net income" and other related items was changed, and the presentation of "minority interests" was changed to "non-controlling interests." To reflect these changes, the Companies have reclassified the consolidated financial statements for the previous fiscal year.

(Standards issued but not yet effective)
"Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26 dated March 28, 2016)

1. Overview

The practical guidance on accounting standards and the practical guidance on auditing standards (portion relating to accounting treatments) for tax effect accounting issued by the Japanese Institute of Certified Public Accountants (JICPA) are to be transferred to the ASBJ. In this regard, "Implementation Guidance on Recoverability of Deferred Tax Assets" still basically follows the framework of the guidance on recoverability of deferred tax assets, where entities are classified into five categories and the amount of deferred tax assets recorded is estimated according to those categories, which is principally stipulated in the "Auditing Treatment Regarding Judgment of Recoverability of Deferred Tax Assets" outlined in the JICPA Auditing Committee Report No. 66, but it has made necessary revision on the category criteria and part of the treatment of the amount of deferred tax assets to be recorded. This implementation guidance provides guidelines in applying the "Accounting Standard for Tax Effect Accounting" (Business Accounting Council) with regard to recoverability of deferred tax assets.

2. Effective date

The above guidance is scheduled to be applied from the beginning of the fiscal year beginning on or after April 1, 2016.

3. Effects of application of the accounting standard, etc.

The Companies are currently evaluating the effect of adopting the "Implementation Guidance on Recoverability of Deferred Tax Assets" on its consolidated financial statements.

3. 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 of ¥112.68 = US$1.00, the rate prevailing on March 31, 2016. 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.

4. Inventories

Inventories at March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Work in progress	¥25,248	¥19,696	$224,070
Materials and supplies	41	41	358
Total	¥25,289	¥19,737	$224,428

5. Investments in Affiliates

Investments in affiliates at March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Investments in capital stock, at cost	¥ 5	¥ 5	$ 40
Equity in accumulated earnings and losses since acquisition, net	140	126	1,249
Total	¥145	¥131	$1,289

6. Provision included in cost of sales of completed construction contracts

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Completed work compensation reserve	¥548	¥(70)	$4,865
Provision for loss on construction contracts	205	—	1,817

7. Aggregate amount of research and development costs included in selling, general and administrative expenses and cost of sales of completed construction contracts

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Administrative expenses	¥951	¥773	$8,443
Cost of sales	—	—	—

8. Impairment loss

In the fiscal year ended March 31, 2016, the Group booked impairment loss on the following asset group.

Location	Application	Type
Tsuruga City, Fukui Prefecture	Idle assets	Land and buildings

The Group, in principle, groups business assets on the basis of business divisions and idle assets are grouped by individual asset.

In the fiscal year ended March 31, 2016, for idle assets that are not used for business, carrying amounts of the asset groups of which fair values decreased significantly were reduced to the recoverable value, and the amount of reduction was recorded as impairment loss (¥324 million; US$2,871 thousand) in extraordinary losses.

The recoverable value of the asset groups was measured based on the net sale value. Land and buildings were assessed based on the property appraisal value.

9. 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 32.2% and 35.5% for the years ended March 31, 2016 and 2015, respectively.

Reconciliation between the statutory tax rate and the effective income tax rate for the years ended March 31, 2016 and 2015 is as follows:

	2016	2015
Statutory tax rate	32.2%	35.5%
Non deductible expenses	0.5	0.6
Prefectural and municipal inhabitant per capita tax	0.5	0.5
Change in valuation allowance	1.3	(1.3)
Effect of change in corporate tax rate	3.1	6.5
Other	1.8	1.6
Effective income tax rate	39.4%	43.4%

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

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Deferred tax assets			
Liability for retirement benefit	¥11,019	¥10,381	$97,793
Accrued bonuses	2,252	2,409	19,989
Accounts payable	426	391	3,782
Allowance for doubtful accounts	162	101	1,437
Depreciation	747	695	6,631
Completed work compensation reserve	323	165	2,867
Provision for loss on construction contracts	63	—	559
Accrued enterprise tax	357	386	3,169
Deferred gains or losses on hedges	129	108	1,145
Other	956	1,068	8,476
	16,434	15,704	145,848
Valuation allowance for deferred tax assets	(619)	(476)	(5,496)
Deferred tax assets	15,815	15,228	140,352
Deferred tax liabilities			
Retained earnings appropriated for tax allowance reserves	(492)	(519)	(4,366)
Gain on contribution of securities to retirement benefit trust	(114)	—	(1,012)
Unrealized gains on securities	—	(60)	—
Other	(57)	(50)	(508)
Deferred tax liabilities	(663)	(629)	(5,886)
Net deferred tax assets	¥15,152	¥14,599	$134,466

Adjustments to amounts of deferred tax assets and deferred tax liabilities due to change in corporate tax rate

"Act for Partial Revision of the Income Tax Act, etc." and "Act for Partial Revision of the Local Tax Act, etc." were enacted in the Diet on March 29, 2016 in Japan, and the income tax rates are to be lowered from the fiscal year beginning on or after April 1, 2016. Accordingly, the statutory income tax rate to calculate deferred tax assets and liabilities for the fiscal year ended March 31, 2016 that are reversed on and after April 1, 2016 is to be changed from 32.2% to 30.8% for temporary differences expected to be reversed during the fiscal years beginning on April 1, 2016 and 2017, and to 30.5% for temporary differences expected to be reversed during the fiscal years beginning on or after April 1, 2018.

As a result of these changes, deferred tax assets (net of deferred tax liabilities) and deferred gains or losses on hedges, net of tax, decreased by ¥716 million (US$6,354 thousand) and ¥6 million (US$54 thousand), respectively, and income taxes deferred increased by ¥581 million (US$5,152 thousand), and retirement benefits liability adjustments decreased by ¥129 million (US$1,148 thousand).

10. Investment Securities

(1) Information regarding securities classified as other securities

The aggregate cost, gross unrealized gains or losses and fair value pertaining to other securities are as follows:

	Millions of yen							
	2016				2015			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Equity securities	¥—	¥—	¥—	¥—	¥228	¥254	¥—	¥482
Total	¥—	¥—	¥—	¥—	¥228	¥254	¥—	¥482

Since unlisted stocks (¥52 million and ¥54 million at March 31, 2016 and 2015, respectively) have no market value and their fair value is not determinable, they are not included in other securities above.

	Thousands of U.S. dollars			
	2016			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Equity securities	$—	$—	$—	$—
Total	$—	$—	$—	$—

Since unlisted stocks (US$465 thousand at March 31, 2016) have no market value and their fair value is not determinable, they are not included in other securities above.

(2) Investment securities for which impairment losses were recorded
In the fiscal years ended March 31, 2016 and 2015, no impairment loss was recorded on other investment securities.

11. Short-Term Borrowings and Long-Term Debt

At March 31, 2016 and 2015, short-term borrowings and current portion of long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Current portion of lease obligations	¥11	¥25	$95

At March 31, 2016 and 2015, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Lease obligations	¥39	¥76	$346
Less current portion	11	25	95
	¥28	¥51	$251

The maturities of lease obligations as of March 31, 2016 are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
	2016	2016
2017	¥ 8	$ 67
2018	5	41
2019	2	20
2020 and thereafter	13	123

12. Retirement Benefits

1. Outline of adopted retirement benefit plans

The Company and some of its domestic subsidiaries have established funded, defined benefit corporate pension plans and lump-sum retirement benefit plans as defined benefit plans, and defined contribution pension plans and prepaid retirement allowance plans as defined contribution plans.

The Company and some of its domestic subsidiaries revised the previous defined benefit corporate pension plans in January 2011 after the consent of management and workers was gained, and have adopted a cash balance plan from April 2011. The cash balance plan is a system in which pensions are funded for each eligible employee at the amount calculated in light of the benefit level, market interest rate of each year and other factors.

The Company and some of its domestic subsidiaries introduced a defined contribution pension plan in October 2015, in which 50% of the future funding portion of previous lump-sum retirement benefits is regarded as defined contribution pension plan and each individual employee operates its pension funds. To employees who do not participate in this defined contribution pension plan at their request, the amount equal to employer contributions stipulated in the guidance of defined contribution pension plan is provided as prepaid retirement allowance.

In March 2016, the Company set up a retirement benefit trust for the lump-sum retirement benefit plan.

For lump-sum retirement benefit plans of some consolidated subsidiaries, liability for retirement benefits and retirement benefit expenses are calculated using the simplified method.

Among domestic subsidiaries, one subsidiary previously participated in a multi-employer's retirement benefit plan. Because the amount of pension assets corresponding to the contributions made by that subsidiary was not practically determinable under this plan, it accounted for this multi-employer pension plan as if it is a defined contribution plan. However, that subsidiary withdrew from this retirement benefit plan and has shifted to a funded, defined benefit corporate pension plan effective on October 1, 2015.

2. Defined benefit plan

The changes in the retirement benefit obligation during the years ended March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Retirement benefit obligation at April 1	¥72,530	¥71,958	$643,683
Cumulative effects of changes in accounting policies	—	(3,392)	—
Restated balance reflecting changes in accounting policies at April 1	72,530	68,566	643,683
Service cost	2,407	2,592	21,365
Interest cost	628	812	5,572
Actuarial gains or losses	2,593	2,801	23,008
Retirement benefit expenses applying the simplified method	264	213	2,343
Retirement benefit paid	(3,216)	(2,600)	(28,541)
Prior service cost	53	—	467
Amount of obligations shortfall due to the revision of retirement benefit plans	447	—	3,969
Other	75	146	665
Retirement benefit obligation at March 31	¥75,781	¥72,530	$672,531

The changes in plan assets during the years ended March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Plan assets at April 1	¥40,459	¥36,700	$359,061
Expected return on plan assets	1,011	917	8,976
Actuarial gains or losses	(2,026)	2,293	(17,981)
Contributions by the Company	1,740	1,712	15,439
Retirement benefits paid	(1,516)	(1,297)	(13,450)
Amount of contributions made due to the setup of a retirement benefit trust*	601	—	5,330
Amount transferred due to the revision of retirement benefit plans	236	—	2,096
Other	79	134	697
Plan assets at March 31	¥40,584	¥40,459	$360,168

* For the setup of the retirement benefit trust, shares (acquisition value: ¥228 million; US$2,022 thousand) were contributed. The difference from the contribution amount of ¥373 million (US$3,308 thousand) was recorded as gain on contribution of securities to retirement benefit trust in extraordinary income.

The following table sets forth the funded status of the plan and the amounts recognized in the consolidated balance sheet as of March 31, 2016 and 2015 for the Companies' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Contributory retirement benefit obligation	¥ 74,423	¥ 50,344	$ 660,478
Plan assets at fair value	(40,584)	(40,459)	(360,168)
	33,839	9,885	300,310
Noncontributory retirement benefit obligation	1,358	22,186	12,053
Net liability for retirement benefit in the balance sheet	35,197	32,071	312,363
Liability for retirement benefit	35,197	32,071	312,363
Net liability for retirement benefit in the balance sheet	¥ 35,197	¥ 32,071	$ 312,363

The components of retirement benefit expenses for the years ended March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Service cost	¥2,407	¥2,592	$21,365
Interest cost	628	812	5,572
Expected return on plan assets	(1,011)	(917)	(8,977)
Amortization of actuarial gains or losses	1,014	1,046	9,001
Amortization of prior service cost	84	82	750
Retirement benefit expenses applying the simplified method	264	213	2,343
Retirement benefit expenses	¥3,386	¥3,828	$30,054

Note: Other than retirement benefit expenses noted above, loss on revision to retirement benefit plan (¥211 million; US$1,874 thousand in the fiscal year ended March 31, 2016) was recorded in extraordinary losses.

The breakdown of the amount recognized in retirement benefits liability adjustments in other comprehensive income (before tax effect) is as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Prior service cost	¥ 32	¥ 82	$ 283
Actuarial gains or losses	(3,605)	537	(31,989)
Total	¥(3,573)	¥619	$(31,706)

Unrecognized prior service cost and unrecognized actuarial gains or losses included in accumulated other comprehensive income (before tax effect) as of March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Unrecognized prior service cost	¥ (317)	¥ (286)	$ (2,817)
Unrecognized actuarial gains or losses	9,098	5,494	80,745
Total	¥8,781	¥5,208	$77,928

The details of plan assets, by major category, as a percentage of total plan assets as of March 31, 2016 and 2015 are as follows:

	2016	2015
Bonds	38%	37%
Alternative*	25%	26%
Stocks	24%	25%
General accounts	9%	9%
Other	4%	3%
Total	100%	100%

* The main plan assets in "Alternative" are hedge funds and real estates.

The expected rates of return on plan assets have been estimated based on the anticipated allocation to each asset class, the expected long-term return on assets held in each category, and past performance.

The main actuarial assumptions for the years ended March 31, 2016 and 2015 were as follows (weighted averages):

	2016	2015
Discount rates	0.5%	0.9%
Expected rates of return on plan assets	2.5%	2.5%
Expected rates of salary increase	4.8%	4.4%

3. Defined contribution plan

Contributions to be made by the Company and some of its domestic consolidated subsidiaries to defined contribution pension plans were ¥166 million (US$1,469 thousand) and ¥— million for the years ended March 31, 2016 and 2015, respectively. Amortization of prepaid retirement allowance plans were ¥8 million (US$74 thousand) and ¥— million for the fiscal years ended March 31, 2016 and 2015, respectively.

4. Multi-employer plan

Contributions to be made to the multi-employer's retirement benefit plan which would be accounted for similarly to a defined contribution plan were ¥17 million (US$153 thousand) and ¥41 million for the years ended March 31, 2016 and 2015, respectively.

1) Funded status of the multi-employer plan

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2015	As of March 31, 2014	As of March 31, 2015
(1) Total pension assets	¥317,424	¥303,722	$2,817,037
(2) Total obligations	302,958	299,822	2,688,657
(3) Difference ((1)-(2))	¥ 14,466	¥ 3,900	$ 128,380

2) Total contributions of the Companies as a proportion of the total fund in the multi-employer plan (as of March 31, 2015 and 2014)

	As of March 31, 2015	As of March 31, 2014
	0.51%	0.53%

3) Supplemental information (as of March 31, 2015 and 2014)

The difference in Table 1) above is analyzed as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2015	As of March 31, 2014	As of March 31, 2015
Difference ((3)) = (a + b + c - d)			
a. Insufficient amount	¥ —	¥ —	$ —
b. Surplus	8,979	12,011	79,686
c. General reserve	24,331	12,320	215,928
d. Balance of unamortized prior year obligations	18,844	20,431	167,234

	As of March 31, 2015	As of March 31, 2014
Amortization method for prior year obligations	Straight-line over 20 years	Straight-line over 20 years

13. Selling, General and Administrative Expenses

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Salaries and wages	¥ 5,372	¥ 5,729	$ 47,676
Retirement benefit expenses	496	553	4,402
Director's retirement benefit expenses	10	8	86
Bonuses to directors and statutory auditors	95	87	846
Rental expenses	397	384	3,524
Provision of allowance for doubtful accounts	114	70	1,012
Other	5,845	5,335	51,864
Total	¥12,329	¥12,166	$109,410

Research and development costs were ¥951 million (US$8,443 thousand) and ¥773 million for the years ended March 31, 2016 and 2015, respectively.

14. Other Comprehensive Income

Recycling and tax effects relating to other comprehensive income for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Unrealized gains or losses on securities:			
Amount arising during the year	¥ 119	¥ 38	$ 1,055
Recycling	(373)	—	(3,308)
Before tax effect adjustment	(254)	38	(2,253)
Tax effect	65	(7)	577
Unrealized gains or losses on securities	(189)	31	(1,676)
Deferred gains or losses on hedges:			
Amount arising during the year	272	89	2,411
Recycling	(185)	(1)	(1,645)
Asset acquisition cost adjustments	(178)	(631)	(1,574)
Before tax effect adjustment	(91)	(543)	(808)
Tax effect	21	185	186
Deferred gains or losses on hedges	(70)	(358)	(622)
Currency translation adjustments:			
Amount arising during the year	(792)	708	(7,028)
Retirement benefits liability adjustments:			
Amount arising during the year	(4,671)	(508)	(41,457)
Recycling	1,098	1,127	9,751
Before tax effect adjustment	(3,573)	619	(31,706)
Tax effect	1,021	(386)	9,055
Retirement benefits liability adjustments	(2,552)	233	(22,651)
Other comprehensive income	¥(3,603)	¥ 614	$(31,977)

15. Dividends

1) Dividends paid

For the year ended March 31, 2016

Resolution	Meeting of the Board of Directors on October 29, 2015
Class of shares	Common stock
Total dividends (millions of yen)	¥2,435
Total dividends (thousands of U.S. dollars)	$21,614
Source of dividends	Retained earnings
Dividends per share (yen)	¥25.0
Dividends per share (U.S. dollars)	$0.22
Cut-off date	September 30, 2015
Effective date	December 1, 2015

Note: Dividends per share consists of ordinary dividends of ¥12.50 and special dividends of ¥12.50.

For the year ended March 31, 2015

Resolution	Meeting of the Board of Directors on April 25, 2014
Class of shares	Common stock
Total dividends (millions of yen)	¥731
Source of dividends	Retained earnings
Dividends per share (yen)	¥7.5
Cut-off date	March 31, 2014
Effective date	June 3, 2014

Resolution	Meeting of the Board of Directors on October 31, 2014
Class of shares	Common stock
Total dividends (millions of yen)	¥731
Source of dividends	Retained earnings
Dividends per share (yen)	¥7.5
Cut-off date	September 30, 2014
Effective date	December 1, 2014

2) Dividends with the cut-off date in the year ended March 31, 2016 and the effective date in the year ending March 31, 2017

Resolution	Meeting of the Board of Directors on May 12, 2016
Class of shares	Common stock
Total dividends (millions of yen)	¥1,218
Total dividends (thousands of U.S. dollars)	$10,806
Source of dividends	Retained earnings
Dividends per share (yen)	¥12.5
Dividends per share (U.S. dollars)	$0.11
Cut-off date	March 31, 2016
Effective date	June 2, 2016

Dividends with the cut-off date in the year ended March 31, 2015 and the effective date in the year ended March 31, 2016

Not applicable

16. Leases

As Lessee:

Future minimum lease payments subsequent to March 31, 2016 and 2015 for noncancelable operating leases are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Due within one year	¥ 6	¥16	$ 53
Due after one year	16	6	140
Total	¥22	¥22	$193

17. Contingent Liabilities

The Companies had the following contingent liabilities at March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
As guarantor of employees' housing loans from banks	¥284	¥366	$2,525
Total of contingent liabilities	¥284	¥366	$2,525

Contingent liabilities related to damage compensation

As of March 31, 2016

In electric equipment work for new construction of a plant for which the Company contracted, an event that caused damage to a part of the customer's facilities occurred.

As a result, the customer may ask for compensation. However, because it is difficult to reasonably estimate the amount of the damage compensation at the present moment, provision for loss on construction contracts has not been recorded.

As of March 31, 2015

Not applicable

18. Per Share Information

Profit attributable to owners of parent and net assets per share for the years ended March 31, 2016 and 2015 were as follows:

	Yen		U.S. dollars
	2016	2015	2016
Profit attributable to owners of parent (basic)	¥ 115.40	¥ 103.11	$ 1.02
Net assets	1,241.90	1,188.00	11.02

19. Segment Information

(a) Overview of reporting segments

The Company's reporting segments are business units for which separate financial information can be obtained and which are subject to periodic reviews for deciding the allocation of management resources and evaluating business performance. The Company has established business divisions according to the fields in which it undertakes its business and carries out integrated business activities spanning engineering, procurement, construction, test operation, adjustments and services. The Company has aggregated its businesses according to common technologies and facilities into two reporting segments: the Power Systems Division and the Infrastructure and Industrial Systems Division.

The Power Systems Division undertakes business operations that include planning, design, supervised construction, test operation and maintenance of thermal, hydroelectric and nuclear power generating facilities.

The Infrastructure and Industrial Systems Division carries out business operations that include planning, design, supervised construction, test operation and maintenance of substation facilities, public facilities, equipment for general industry, equipment for buildings and for information-related businesses.

(b) Method of computing sales, profit/loss, assets and other items by reporting segment

The accounting policies of the segments are substantially the same as those described in the significant accounting policies in Note 1. The figures for segment profits are on the basis of ordinary income. Intersegment sales or transfers are based on current market prices.

(c) Reporting segment information

Year ended March 31, 2016	Millions of yen		
	2016		
	Power Systems Division	Infrastructure and Industrial Systems Division	Total
Net sales:			
Sales to customers	¥129,528	¥89,826	¥219,354
Intersegment sales or transfers	944	191	1,135
Total	130,472	90,017	220,489
Segment profits	9,706	9,014	18,720
Other items:			
Depreciation	383	173	556
Interest income	158	39	197
Equity in income of affiliates	40	—	40

Note: Because no assets were allocated to the business segments, information on segment assets has been omitted.

	Thousands of U.S. dollars		
	2016		
	Power Systems Division	Infrastructure and Industrial Systems Division	Total
Net sales:			
Sales to customers	$1,149,522	$797,174	$1,946,696
Intersegment sales or transfers	8,373	1,696	10,069
Total	1,157,895	798,870	1,956,765
Segment profits	86,144	79,994	166,138
Other items:			
Depreciation	3,397	1,535	4,932
Interest income	1,400	348	1,748
Equity in income of affiliates	354	—	354

Note: Because no assets were allocated to the business segments, information on segment assets has been omitted.

Year ended March 31, 2015	Millions of yen		
	2015		
	Power Systems Division	Infrastructure and Industrial Systems Division	Total
Net sales:			
Sales to customers	¥114,540	¥104,112	¥218,652
Intersegment sales or transfers	1,335	145	1,480
Total	115,875	104,257	220,132
Segment profits	8,745	8,943	17,688
Other items:			
Depreciation	457	97	554
Interest income	184	42	226
Equity in income of affiliates	24	—	24

Note: Because no assets were allocated to the business segments, information on segment assets has been omitted.

(d) Difference between total amount for reporting segments and amount recorded on the consolidated financial statements and principal components of this difference (items concerning difference adjustment)

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Net sales:			
Total of reporting segments	¥220,489	¥220,132	$1,956,765
Eliminations	(1,135)	(1,480)	(10,069)
Net sales in consolidated statement of income	¥219,354	¥218,652	$1,946,696
Segment profits:			
Total of reporting segments	¥ 18,720	¥ 17,688	$ 166,138
Ordinary income	18,720	17,688	166,138

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Others:			
Depreciation			
Total of reporting segments	¥556	¥554	$4,932
Adjustment	—	—	—
Consolidated	556	554	4,932
Interest income			
Total of reporting segments	197	226	1,748
Adjustment	—	—	—
Consolidated	197	226	1,748
Equity in income of affiliates			
Total of reporting segments	40	24	354
Adjustment	—	—	—
Consolidated	40	24	354

(e) Related information

(i) Information on products and services

Because the same information is included in Reporting segment information, this information has been omitted.

(ii) Geographical information

(1) Net sales

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Net sales			
Japan	¥162,438	¥172,057	$1,441,590
Southeast Asia	45,170	37,797	400,871
Other Asia	9,049	7,407	80,308
Other areas	2,697	1,391	23,927
Total	¥219,354	¥218,652	$1,946,696

Notes:
1. Sales, based on the location of customers, are classified by country or region.
2. Major countries or regions included in such geographical areas are as follows:
   (1) Southeast Asia: Thailand, Philippines, Vietnam, Malaysia, Indonesia, etc.
   (2) Other Asia: Taiwan, India, China, United Arab Emirates, South Korea, Saudi Arabia, etc.
   (3) Other areas: Tanzania, America, Italy, Mexico, etc.

(2) Property, plant and equipment

Because the amount of property, plant and equipment in Japan exceeds 90% of property, plant and equipment recorded in the consolidated balance sheet, information on property, plant and equipment has been omitted.

(iii) Information of main customer

	2016	
Customer	Net sales	Segment concerned
Toshiba Corporation	¥108,852 million $966,025 thousand	Power Systems Division Infrastructure and Industrial Systems Division

	2015	
Customer	Net sales	Segment concerned
Toshiba Corporation	¥103,010 million	Power Systems Division Infrastructure and Industrial Systems Division

(iv) Information on impairment loss on fixed assets for each reporting segment

Year ended March 31, 2016	Millions of yen		
	2016		
	Power Systems Division	Infrastructure and Industrial Systems Division	Total
Impairment loss	¥324	¥—	¥324

	Thousands of U.S. dollars		
	2016		
	Power Systems Division	Infrastructure and Industrial Systems Division	Total
Impairment loss	$2,871	$—	$2,871

As of March 31, 2015
Not applicable

20. Financial Instruments

(a) Matters concerning financial instruments

1) Policy toward financial instruments

Regarding fund management, in principle, the Companies carry out short-term fund management under the Toshiba Group Finance System. The Companies' policy is to use derivatives in fund management to avoid currency risk, and not to engage in speculative transactions.

2) Details of financial instruments and their risk and risk management structure

Trade notes and accounts receivable and Electronically recorded monetary claims – operating are operating receivables that are exposed to customer credit risk. For dealing with this risk, the Company has adopted a structure whereby the sales departments within each business division monitor the state of principal customers and ascertain the state of credit annually in accordance with the Toshiba Plant Systems & Services Group credit administration regulations. In carrying out business overseas, operating receivables are exposed to currency risk. In principle, the Companies use forward exchange contracts to hedge this risk.

Investment securities are exposed to market risk. The Companies mainly hold stocks of companies with which they have relations in carrying out business, and fair value of these stocks is ascertained and reported to the Board of Directors on a regular basis.

Trade notes and accounts payable are operating liabilities and most of these have payment due dates within one year.

Derivative transactions consist of forward exchange contracts for the purpose of hedging currency risk for foreign currency-denominated payments and income. Regarding derivative transactions, the Companies engage in transactions only with financial institutions with high creditworthiness and therefore recognize that they face virtually no credit risk. The execution and management of derivative transactions are carried out in accordance with internal regulations that stipulate authority for transactions, and the General Manager of the Accounting Department ascertains the state of derivative transaction contracts every half-year period and reports on these to the Board of Directors.

Refer to the previous "1. Summary of Significant Accounting Policies, (r) Principal hedge accounting method" regarding hedging instruments and hedged items, hedging policies and method for assessment of hedge effectiveness pertaining to hedge accounting.

(b) Matters concerning the fair value of financial instruments
2016:

The consolidated balance sheet amounts and fair values as of March 31, 2016 are as follows.

Financial instruments for which determining fair value is recognized to be extremely difficult are not included in the following table.

	Millions of yen		Thousands of U.S. dollars	
	2016		2016	
	Consolidated balance sheet amount	Fair value	Consolidated balance sheet amount	Fair value
1. Cash and cash equivalents	¥ 91,634	¥ 91,634	$ 813,220	$ 813,220
2. Time deposits	331	331	2,941	2,941
3. Trade notes and accounts receivable	92,395	92,395	819,973	819,973
4. Electronically recorded monetary claims - operating	508	508	4,512	4,512
5. Investment securities	—	—	—	—
Asset total	184,868	184,868	1,640,646	1,640,646
1. Trade notes and accounts payable	¥ 47,636	¥ 47,636	$ 422,752	$ 422,752
2. Accounts payable non-trade	4,005	4,005	35,542	35,542
3. Accrued income taxes	5,889	5,889	52,263	52,263
Liability total	57,530	57,530	510,557	510,557
Derivatives	¥ (347)	¥ (347)	$ (3,082)	$ (3,082)

Notes:

(1) Method of calculation of fair value of financial instruments and matters concerning marketable securities and derivatives

Assets

1. Cash and cash equivalents, 2. Time deposits, 3. Trade notes and accounts receivable, 4. Electronically recorded monetary claims - operating

These are listed at carrying value since fair value approximates their carrying value because of their short-term settlement.

5. Investment securities

Fair value is based on quoted market prices on stock exchanges.

Liabilities

1. Trade notes and accounts payable, 2. Accounts payable non-trade, 3. Accrued income taxes

These are listed at carrying value since fair value approximates their carrying value because of their short-term settlement.

Derivatives

Refer to Note 21.

(2) Non-listed stocks (consolidated balance sheet amount of ¥52 million (US$465 thousand)) have no quoted market prices and their future cash flows cannot be estimated, thus determining fair value is recognized to be extremely difficult. Therefore, these are not included in 5. Investment Securities.

(3) Monetary claim of the payment of redemption after the consolidated balance sheet dates

	Millions of yen			
	2016			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
1. Cash and cash equivalents	¥91,621	¥—	¥—	¥—
2. Time deposits	331	—	—	—
3. Trade notes and accounts receivable	92,395	—	—	—
4. Electronically recorded monetary claims - operating	508	—	—	—

	Thousands of U.S. dollars			
	2016			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
1. Cash and cash equivalents	$813,105	$—	$—	$—
2. Time deposits	2,941	—	—	—
3. Trade notes and accounts receivable	819,973	—	—	—
4. Electronically recorded monetary claims - operating	4,512	—	—	—

2015:

The consolidated balance sheet amounts and fair values as of March 31, 2015 were as follows.

Financial instruments for which determining fair value is recognized to be extremely difficult are not included in the following table.

	Millions of yen	
	2015	
	Consolidated balance sheet amount	Fair value
1. Cash and cash equivalents	¥ 53,127	¥ 53,127
2. Time deposits	17,601	17,601
3. Trade notes and accounts receivable	111,061	111,061
4. Electronically recorded monetary claims - operating	183	183
5. Investment securities	482	482
Asset total	182,454	182,454
1. Trade notes and accounts payable	¥ 50,782	¥ 50,782
2. Accounts payable non-trade	3,088	3,088
3. Accrued income taxes	5,659	5,659
Liability total	59,529	59,529
Derivatives	¥ (123)	¥ (123)

Notes:

(1) Method of calculation of fair value of financial instruments and matters concerning marketable securities and derivatives

Assets

1. Cash and cash equivalents, 2. Time deposits, 3. Trade notes and accounts receivable, 4. Electronically recorded monetary claims - operating

These are listed at carrying value since fair value approximates their carrying value because of their short-term settlement.

5. Investment securities

Fair value is based on quoted market prices on stock exchanges.

Liabilities

1. Trade notes and accounts payable, 2. Accounts payable non-trade, 3. Accrued income taxes

These are listed at carrying value since fair value approximates their carrying value because of their short-term settlement.

Derivatives

Refer to Note 21.

(2) Non-listed stocks (consolidated balance sheet amount of ¥54 million) have no quoted market prices and their future cash flows cannot be estimated, thus determining fair value is recognized to be extremely difficult. Therefore, these are not included in 5. Investment securities.

(3) Monetary claim of the payment of redemption after the consolidated balance sheet dates

	Millions of yen			
	2015			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
1. Cash and cash equivalents	¥ 53,116	¥—	¥—	¥—
2. Time deposits	17,601	—	—	—
3. Trade notes and accounts receivable	111,061	—	—	—
4. Electronically recorded monetary claims - operating	183	—	—	—

21. Derivative Transactions

Matters regarding the current prices of transactions

2016:

1) Currency-related transactions to which hedge accounting is not applied

	Millions of yen			
	2016			
	Contract amounts	Over one year	Fair value	Unrealized gain (loss)
Forward foreign exchange contract				
Selling position				
U.S. dollars	¥ 4,879	¥601	¥ 122	¥ 122
Swedish krona	3,388	367	48	48
Euro	157	—	3	3
Buying position				
U.S. dollars	2,261	—	(101)	(101)
Euros	14	—	(0)	(0)
Total	¥10,699	¥968	¥ 72	¥ 72

Note: The fair value is calculated based on prices shown by the correspondent financial institutions.

	Thousands of U.S. dollars			
	2016			
	Contract amounts	Over one year	Fair value	Unrealized gain (loss)
Forward foreign exchange contract				
Selling position				
U.S. dollars	$43,303	$5,334	$1,087	$1,087
Swedish krona	30,067	3,260	427	427
Euro	1,397	—	21	21
Buying position				
U.S. dollars	20,067	—	(896)	(896)
Euros	120	—	(0)	(0)
Total	$94,954	$8,594	$ 639	$ 639

Note: The fair value is calculated based on prices shown by the correspondent financial institutions.

2) Currency-related transactions to which hedge accounting is applied

	Millions of yen			
	2016			
	Hedged items	Contract amounts	Over one year	Fair value
Forward foreign exchange contract				
Selling position				
U.S. dollars	Trade notes and accounts receivable	¥ 1,924	¥ 319	¥ 21
Euros	Trade notes and accounts receivable	5	—	0
Swedish krona	Trade notes and accounts receivable	1,306	148	18
Buying position				
Euros	Trade notes and accounts payable	199	—	(13)
U.S. dollars	Trade notes and accounts payable	10,110	6,281	(443)
Swedish krona	Trade notes and accounts payable	45	—	(2)
Total		¥13,589	¥6,748	¥(419)

Note: The fair value is calculated based on prices shown by the correspondent financial institutions.

		Thousands of U.S. dollars		
	2016			
	Hedged items	Contract amounts	Over one year	Fair value
Forward foreign exchange contract				
Selling position				
U.S. dollars	Trade notes and accounts receivable	$ 17,075	$ 2,829	$ 190
Euros	Trade notes and accounts receivable	44	—	0
Swedish krona	Trade notes and accounts receivable	11,588	1,312	155
Buying position				
Euros	Trade notes and accounts payable	1,769	—	(112)
U.S. dollars	Trade notes and accounts payable	89,727	55,743	(3,936)
Swedish krona	Trade notes and accounts payable	397	—	(18)
Total		$120,600	$59,884	$(3,721)

Note: The fair value is calculated based on prices shown by the correspondent financial institutions.

2015:

1) Currency-related transactions to which hedge accounting is not applied

	Millions of yen			
	2015			
	Contract amounts	Over one year	Fair value	Unrealized gain (loss)
Forward foreign exchange contract				
Selling position				
U.S. dollars	¥ 705	¥—	¥ (93)	¥ (93)
Buying position				
Swedish krona	1,439	—	7	7
U.S. dollars	2,397	—	292	292
Euros	31	—	(1)	(1)
Total	¥4,572	¥—	¥205	¥205

Note: The fair value is calculated based on prices shown by the correspondent financial institutions.

2) Currency-related transactions to which hedge accounting is applied

	Millions of yen			
	2015			
	Hedged items	Contract amounts	Over one year	Fair value
Forward foreign exchange contract				
Selling position				
U.S. dollars	Trade notes and accounts receivable	¥ 9,470	¥3,767	¥(804)
Euros	Trade notes and accounts receivable	31	—	0
Swedish krona	Trade notes and accounts receivable	4,272	1,435	209
Buying position				
Euros	Trade notes and accounts payable	259	108	(14)
U.S. dollars	Trade notes and accounts payable	5,013	2,199	280
Swedish krona	Trade notes and accounts payable	45	—	(2)
Chinese yuan	Trade notes and accounts payable	31	—	3
Total		¥19,121	¥7,509	¥(328)

Note: The fair value is calculated based on prices shown by the correspondent financial institutions.

22. Transactions with Related Parties

2016:

I) Transactions between related parties and the Company

The parent company of the Company and principal shareholders (limited to companies)

Status	Name	Address	Capital (Millions of yen)	Business
Parent company	Toshiba Corporation	Minato-ku, Tokyo	¥439,901	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 or related to each of the above-mentioned businesses or industries 6. Investment in the company engaged in any of the above-mentioned businesses

Notes:
1. The amounts stated above do not include consumption taxes, except for the balance at fiscal year-end, which includes the consumption taxes amount for business transaction.
2. Toshiba Insurance Service Corporation owns 1.64% of the Company's voting rights.

II) Transactions between related parties and the Company's consolidated subsidiaries

The parent company of the Company and principal shareholders (limited to companies)

Status	Name	Address	Capital (Millions of yen)	Business
Parent company	Toshiba Corporation	Minato-ku, Tokyo	¥439,901	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 or related to each of the above-mentioned businesses or industries 6. Investment in the company engaged in any of the above-mentioned businesses

Note: Consumption taxes are not included in above-mentioned amounts pertaining to either transaction amounts or the balance at fiscal year-end.

Percentage of voting rights held by the parent company, etc. (%)	Relationship: Business relationship	Transactions		Transaction amounts (Millions of yen) (Thousands of U.S. dollars)	Account item	Balance at fiscal year-end (Millions of yen) (Thousands of U.S. dollars)
Direct 59.82 Indirect 1.64	Accepting orders from the parent, the 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. In addition, the Company deposits funds.	Business transactions	Construction contracting	¥108,266 $960,824	Accounts receivable — completed work	¥49,782 $441,797
					Other current assets	¥162 $1,438
			Purchasing of materials	¥11,480 $101,878	Advances received on uncompleted construction contracts	¥2,448 $21,729
					Accounts payable — construction work	¥2,965 $26,317
					Other current liabilities	¥156 $1,385
		Non-business transaction	Deposit of funds	¥304,780 $2,704,828	Group deposits	¥82,790 $734,736

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

Percentage of voting rights held by the parent company, etc. (%)	Relationship: Business relationship	Transactions		Transaction amounts (Millions of yen) (Thousands of U.S. dollars)	Account item	Balance at fiscal year-end (Millions of yen) (Thousands of U.S. dollars)
Direct 59.82 Indirect 1.64	Deposit of funds	Non-business transaction	Deposit of funds	¥14,435 $128,106	Group deposits	¥2,377 $21,095

Policy for determining trade terms and other related matters
The Company's consolidated subsidiaries are depositing funds with Toshiba Corporation under a basic agreement entered into between those subsidiaries and Toshiba Corporation concerning fund transactions.

2015:

Ⅰ) Transactions between related parties and the Company

The parent company of the Company and principal shareholders (limited to companies)

Status	Name	Address	Capital (Millions of yen)	Business
Parent company	Toshiba Corporation	Minato-ku, Tokyo	¥439,901	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 or related to each of the above-mentioned businesses or industries 6. Investment in the company engaged in any of the above-mentioned businesses

Notes:
1. The amounts stated above do not include consumption taxes, except for the balance at fiscal year-end, which includes the consumption taxes amount for business transaction.
2. Toshiba Insurance Service Corporation owns 1.64% of the Company's voting rights.

Ⅱ) Transactions between related parties and the Company's consolidated subsidiaries

The parent company of the Company and principal shareholders (limited to companies)

Status	Name	Address	Capital (Millions of yen)	Business
Parent company	Toshiba Corporation	Minato-ku, Tokyo	¥439,901	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 or related to each of the above-mentioned businesses or industries 6. Investment in the company engaged in any of the above-mentioned businesses

Note: Consumption taxes are not included in above-mentioned amounts pertaining to either transaction amounts or the balance at fiscal year-end.

Percentage of voting rights held by the parent company, etc. (%)	Relationship	Transactions		Transaction amounts (Millions of yen)	Account item	Balance at fiscal year-end (Millions of yen)
	Business relationship					
Direct 59.81 Indirect 1.64	Accepting orders from the parent, the 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. In addition, the Company deposits funds.	Business transactions	Construction contracting	¥101,528	Accounts receivable — completed work	¥71,422
					Other current assets	¥121
			Purchasing of materials	¥ 17,581	Advances received on uncompleted construction contracts	¥ 1,173
					Accounts payable — construction work	¥ 7,411
					Other current liabilities	¥104
		Non-business transaction	Deposit of funds	¥244,610	Group deposits	¥61,480

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

Percentage of voting rights held by the parent company, etc. (%)	Relationship	Transactions		Transaction amounts (Millions of yen)	Account item	Balance at fiscal year-end (Millions of yen)
	Business relationship					
Direct 59.81 Indirect 1.64	Deposit of funds	Non-business transaction	Deposit of funds	¥12,098	Group deposits	¥2,885

Policy for determining trade terms and other related matters
The Company's consolidated subsidiaries are depositing funds with Toshiba Corporation under a basic agreement entered into between those subsidiaries and Toshiba Corporation concerning fund transactions.

Building a better working world

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Independent Auditor's Report

The Board of Directors
Toshiba Plant Systems & Services Corporation

We have audited the accompanying consolidated financial statements of Toshiba Plant Systems & Services Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2016, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Toshiba Plant Systems & Services Corporation and its consolidated subsidiaries as at March 31, 2016, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

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

June 23, 2016
Tokyo, Japan

Ernst & Young ShinNihon LLC

Stock Information As of March 31, 2016

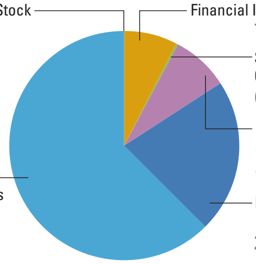
Common Stock:
265,000,000 shares

Issued and Outstanding:
97,656,888 shares

Number of Shareholders:
5,515

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%
Oasis Investments II Master Fund Ltd.	3,950	4.05
The Master Trust Bank of Japan Limited (Trust Account)	1,713	1.75
Toshiba Insurance Service Corporation	1,600	1.64
Toshiba Plant Systems & Services Employees' Shareholding Association	1,565	1.60
Northern Trust Co. (AVFC) RE-HCR00	1,520	1.56
Goldman Sachs International	1,519	1.56
State Street London Care of State Street Bank and Trust, Boston SSBTC A/C UK London Branch Clients - United Kingdom	1,356	1.39
Japan Trustee Services Bank, Ltd. (Trust Account)	1,140	1.17
MLI for Client General Non Treaty-PB	1,122	1.15
Total of 10 shareholders	73,732	75.50%

Corporate Data As of June 23, 2016

SENIOR MANAGEMENT AND CORPORATE AUDITORS

President and Chief Executive Officer, Representative Director
Ryo Matsukawa

Executive Vice Presidents and Directors
Masaharu Yoshida
Masataka Hayashi

Senior Vice Presidents and Directors
Yasuyuki Saito
Yoshikatsu Tanaka
Koichi Kamei

Director
Shunichi Haga

Vice Presidents and Directors
Kenji Usui
Takeshi Suemoto
Masayuki Kitabayashi
Kazunori Tsuruhara

Outside Directors
Kishiko Wada
Yoshikazu Yokoyama

Executive Officers
Yasuo Yamazaki
Yoichi Satoh
Takashi Tokunaga
Hideo Mikami
Masaya Mizokoshi
Kazuo Miyazawa
Yoshiteru Yamamoto

Statutory Auditors
Takatsugu Yamane
Ryoji Sotoike
Shinichi Morooka
Takashi Ishii

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