TOSHIBA

Leading Innovation

2017 Annual Report

TOSHIBA PLANT SYSTEMS & SERVICES CORPORATION

2017
Annual Report

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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

My name is Masataka Hayashi, the newly appointed president and chief executive officer, and representative director.

I will make every effort to take the development of the Group to the next level and meet our shareholders' expectations. As with former President Matsukawa, in these endeavors I ask for your continued guidance and support.

I would like to take this opportunity to provide an overview of our operations during fiscal 2016, ended March 31, 2017, our 111th business period.

Masataka Hayashi | President and Chief Executive Officer, Representative Director

Overview of Performance and Principal Initiatives Undertaken in Fiscal 2016

In fiscal 2016, ended March 31, 2017, the Japanese economy continued its modest recovery, benefiting from improved capital investment and corporate earnings, as well as from a pick-up in exports and production due in part to a modest recovery in overseas economies and yen depreciation.

In these circumstances, we created a new management commitment[1] for this fiscal year. To be an excellent company maintaining profitable and sustainable growth under this commitment, we actively promoted three core strategies as part of our 2016 Medium-Term Management Plan: creating a business model to achieve steady earnings and growth, promoting innovation through Toshiba's BCM[2] management system, and implementing CSR-oriented management.

As initiatives in line with the first core strategy of our 2016 Medium-Term Management Plan, creating a business model to achieve steady earnings and growth, we continued with engineering, procurement and construction (EPC) projects for thermal power plants in Japan and overseas and the construction of new plants for the manufacturing sector. We also pursued initiatives to boost the energy efficiency and effective use of plant and building facilities, hydroelectric-related facilities, and solar power and biomass power plants.

To enhance our cost-competitiveness, we

1. At Toshiba Plant Systems & Services Corporation, every employee is committed to serving society broadly by providing services, products and systems that fulfill customer needs through our social infrastructure business.

2. 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.

expanded integrated and global procurement and improved construction methods to cut construction times and variable costs, while continuing to hold down fixed costs.

In promoting innovation through Toshiba's BCM management system, we actively promoted Management Innovation (MI) and continued to make improvements through Small Group Activities (SGA), carrying out these activities on a Group-wide basis.

When implementing CSR-oriented management, to be a corporate group trusted by society by placing the highest priority on life, safety, and compliance in all of our business activities, we strengthened efforts on compliance and risk management in terms of laws and regulations, social norms, ethics, and other aspects. At the same time, we continued to reduce our environmental impact and improve our quality management systems, and worked to maintain and enhance the quality of business management. In our social contribution activities, we supported the building of primary schools overseas and projects related to the protection of Japanese cultural properties. We also took part in community volunteer activities at all of our offices and sites and continued to support the social contribution activities of individual employees.

As a result, net orders amounted to ¥251,091 million, up 21.4% year on year. Net orders from overseas operations were ¥48,888 million, accounting for 19.5% of the total. Net sales were ¥226,867 million, up 3.4%, with net sales from overseas operations accounting for ¥55,427 million, or 24.4%.

At the profit level, due to the booking of an allowance for doubtful accounts amounting to ¥922 million for some customers of the Toshiba Group, operating income fell 5.7%, to ¥17,583 million, ordinary income rose 2.0%, to ¥19,093 million, and profit attributable to owners of parent rose 13.8%, to ¥12,797 million.

We awarded dividends for the year of ¥38 per share, including the interim dividend of ¥19 and the year-end dividend of ¥19.

Future Approach

The economy is expected to sustain a modest recovery due to increased exports, production, and capital investment boosted by recovering overseas economies and government economic policies. Still, the outlook remains uncertain due to unrest across the world, among other sources of concern.

In these circumstances, the Group aims to make steady progress toward its 2017 Medium-Term Management Plan objective of being an excellent company maintaining profitable and sustainable growth. To this end, we will expand business domains and enter new markets while working actively to strengthen our global business structure to accelerate overseas expansion. Specifically, using the healthy earnings structure we have cultivated up to now as a base, we will boost our response to electric power deregulation and other new markets, while continuing to focus on clean energy power generation systems such as hydroelectric-related facilities and solar and biomass power plants. Overseas, we will strive to cultivate new markets in Southeast Asia, where we have an extensive track record, as well as in Africa and the Middle East, focusing mainly on power plants and plant facility EPC projects by leveraging our comprehensive and technological expertise. We will also work to reinforce our overseas affiliates and train global-minded human resources. Furthermore, we will promote efforts to strengthen integrated and global procurement to enhance our competitiveness, while stepping up efforts to improve construction methods and operational processes to maintain and improve operating performance.

The Group will continue working 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 contribution, and environmental protection. In addition, as a company involved in the establishment of infrastructure, we will continue to support communities recovering from earthquakes, earning even greater trust from our customers by providing security and safety, and contributing to the development of society.

Our consolidated targets for fiscal 2019, ending March 31, 2020, are net sales of ¥260 billion and ordinary income of ¥22 billion.

Building on a wide range of technologies in fields such as plant engineering and information systems underpinned by the trust we have earned over the years, we will pursue even more advanced technological development and contribute to progress and development by providing a foundation that supports individuals, industry, and society.

In fulfilling our role of supporting entire social infrastructure systems, we will respond quickly to market changes and work to ensure the world-class quality and safety of our business operations. In addition, we will promote CSR-oriented management, seek to build strong relationships based on trust with our customers, shareholders, and other stakeholders, and enhance our corporate value.

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

June 2017

Masataka Hayashi

President and Chief Executive Officer,
Representative Director

Net Orders and Net Sales

Net Orders

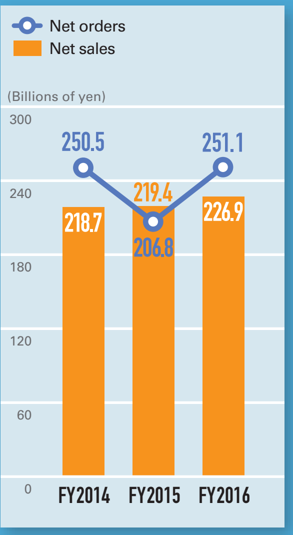
¥251.1 billion

Up 21.4% yoy

Net Sales

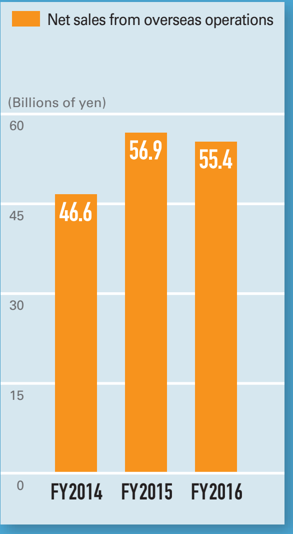
¥226.9 billion

Up 3.4% yoy



Net Sales from Overseas Operations

¥55.4 billion



Profitability

Operating Income

¥17.6 billion

Down 5.7% yoy

Ordinary Income

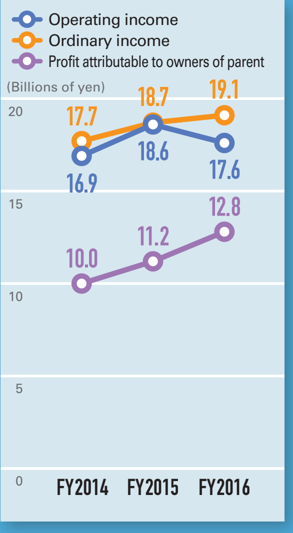
¥19.1 billion

Up 2.0% yoy

Profit Attributable to owners of Parent

¥12.8 billion

Up 13.8% yoy



Overview of the 2017 Medium-Term Management Plan

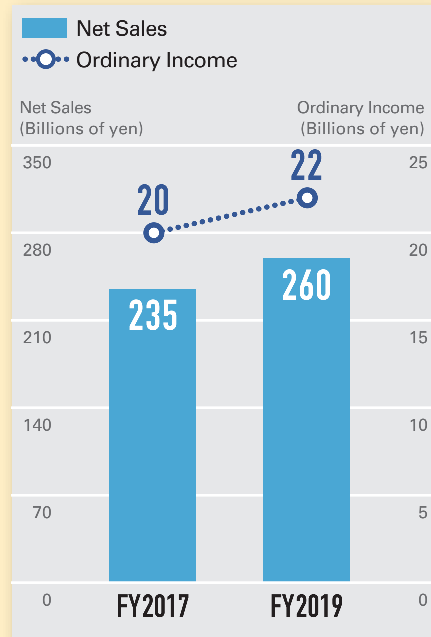
Be an Excellent Company That Maintains Profitable and Sustainable Growth

Pursuit of and Further Progress in Process Innovation

FY 2019

Net sales ¥260 billion

Ordinary income ¥22 billion



To be an excellent company maintaining profitable and sustainable growth, the Toshiba Plant Systems & Services Group created the Medium-Term Management Plan, which was initiated in fiscal 2017, ending March 31, 2018. 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
- **Commercial thermal power plants** | high-efficiency coal, LNG
- **Nuclear power plants** | response to new regulatory standards, extension of operating life at aging plants
- **Hydroelectric power plants**

Infrastructure and Industrial Systems

- **EPC* for manufacturing plants** | semiconductors, chemicals, food products, others
- **Clean energy power plants** | biomass power plants, solar power plants, etc.
- **Water and sewage treatment and building facilities**
- **Transportation systems** | airports, electric railways, roads
- **Electrical substations, transmission and distribution facilities**

Accelerating Overseas Business Development

- **Enter promising emerging markets** (Africa, the Middle East, Central Asia, etc.)
- **Clean energy initiatives**
- **Accelerate reinforcement of the global business execution structure**

Bolstering Quality and Technological Capabilities

- **Boost technological capabilities at each EPC stage**
- **Augment efficiency through business process optimization and IT**
- **Differentiate through research and development**

Strengthening Competitiveness through Cost Structure Reforms

- **Enhance engineering functions**
- **Reinforce on-site capabilities**
- **Promote lower procurement costs**

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

CSR

As a company contributing to the creation of the foundations that support industry and society, we consider the promotion of CSR management to be a core strategy, together with the provision of quality infrastructure facilities and services. We aim to be a global company trusted by society.

In terms of social contribution activities, we are rolling out sound and sustainable activities mainly for the countries and territories where we operate, as a company that handles social infrastructure.

In Japan, we support activities related to restoring and preserving cultural properties to pass down traditional Japanese culture to future generations. Overseas, we provide ongoing support for activities related to improving the social infrastructure and educating future generations (such as building schools). As a good corporate citizen, we value communication with local communities and promote social contribution activities.

Social Contribution Activity Report

Supporting Activities to Educate Future Generations

We supported a project to create and enhance educational environments by building the Trung Dinh Satellite Preschool in Vietnam.

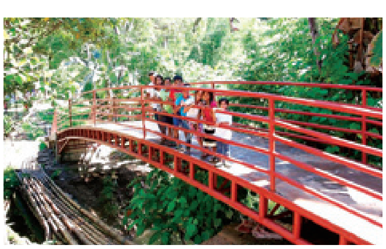
Supporting Efforts to Pass Down Japanese Culture and Techniques

In order to pass down important cultural properties to future generations, we supported restoration of the statues of nuns of the Hōkyōji Imperial Convent (the statue of Kotokuin no Miya at Shinnyoji), in Shinnyoji Temple in Kyoto.

Supporting Activities to Improve the Social Infrastructure

Infrastructure Projects in Emerging Countries

In rural areas of the Philippines, we supported the construction of iron bridges, which are safer and more durable than the bamboo bridges that they replaced.



Solar Lantern Project

We continue to support a project for setting up solar panels in parts of India with poor electric power by lending lanterns that can be charged during the day and then used at night.

Promotion of activities rooted in local communities

Community social contribution activities at each of our offices and worksites

Individual employee participation in volunteer activities

Power Systems Division

Cycle Thermal Power Plant (Bowin Clean Energy Limited Combined)

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.

Business Review and Outlook

During the fiscal year under review, net orders for this division were substantially higher than the previous year at ¥144,576 million (up 42.5% year on year), due to orders received for overseas thermal power EPC projects and domestic industrial power facilities. Net sales were ¥139,669 million (up 7.8%), as existing orders were steady.

Looking at future market trends affecting this division, in Japan we anticipate a rise in demand to reduce 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 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 increasing orders for thermal power plants overseas, where demand for electric power is high.

Power Systems Division
Net Orders and Net Sales

Net Orders

¥144.6 billion

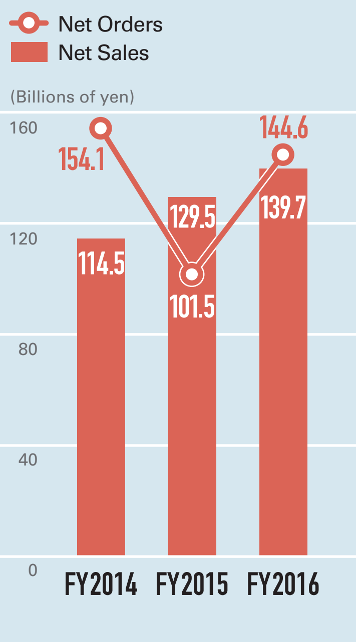
Year on year	Percentage of orders
42.5% increase	57.6%

Net Sales

¥139.7 billion

Year on year	Percentage of sales
7.8% increase	61.6%

Net Orders and Net Sales by Segment



Infrastructure and Industrial Systems Division

Infrastructure and Industrial Systems Division
Net Orders and Net Sales

Net Orders

¥106.5 billion

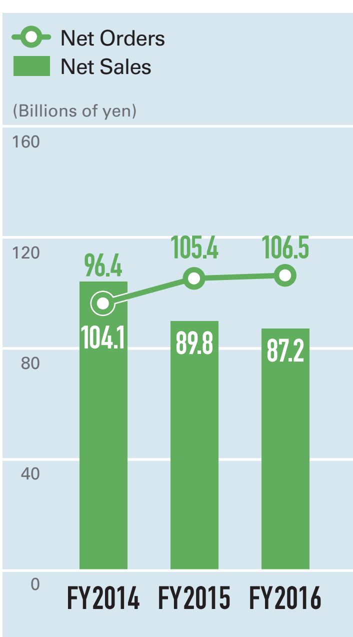
Year on year	Percentage of orders
1.1% increase	42.4%

Net Sales

¥ 87.2 billion

Year on year	Percentage of sales
2.9% decrease	38.4%

Net Orders and Net Sales by Segment




Sun-Earth Kinokawa No. 1 and No. 2 Solar Power Plants


Showa Water Purification Plant (Saitama Prefecture Bureau of Public Enterprise)

Operations

This division performs engineering, construction, test operations, adjustments, and field services for clean energy power plants, 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.

Business Review and Outlook

During the fiscal year under review, net orders for this division were ¥106,515 million (up 1.1% year on year) due to steady orders for solar power plants and domestic general industry projects. Net sales were roughly on par with the previous year, at ¥87,197 million (down 2.9%).

Looking at future market trends affecting this division, we anticipate the reinvigoration of public-sector investment, leading to strong ongoing private-sector capital investment. Furthermore, we anticipate a rise in demand for gas engines and biomass 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 for 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.

Received Order for Coal-Fired Thermal Power Plant Project in Cambodia


EPC signing ceremony in Cambodia (February 20, 2017)

Together with our overseas affiliates TPSC ENGINEERING (MALAYSIA) SDN. BHD. and TPSC (THAILAND) CO., LTD., we received an order for a new coal-fired thermal power plant construction project in Cambodia. CAMBODIAN ENERGY II CO., LTD. is building a 150MW coal-fired thermal power plant in Sihanoukville in southern Cambodia. The electricity that is produced here will be sold to Electricité du Cambodge (Electricity of Cambodia). We won this project due to our extensive experience in power plant construction overseas, our high-level technologies, and our ability to meet strict Japanese criteria for plant reliability and performance. This is the first thermal power plant construction project in Cambodia to be awarded to a Japanese company.

Our Group became the primary EPC* contractor for this project, handling everything from engineering and supply of generation equipment through civil construction, installation, testing, and adjustment. We aim to complete the project in December 2019.

We have an extensive track record in Southeast Asia, including thermal power plant EPC projects and the supply and installation of main equipment (turbine generators), as well as the supply of balance of plant (BOP) equipment, a type of auxiliary equipment. In this region, demand for electricity remains strong, and we will continue to focus on capturing this demand to win orders. In addition, in Africa, the Middle East, and Central Asia, there is a need for 50–300MW class thermal power plants, which we have experience handling, so to grow our global business we will be even more active in expanding sales activities in these regions.


Contract signing ceremony (April 26, 2017)

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

Completion of TG Installation Guidance and Trial Operation (erex New Energy Saiki)

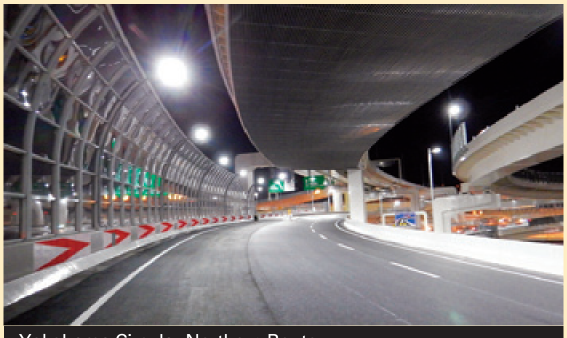
For the new Saiki Power Plant constructed by erex New Energy Saiki Co., Ltd., we received an order for the supply, installation guidance, trial operations, and adjustment of a steam turbine generator from JFE Engineering Co., Ltd., the primary contractor. We completed all operations for which we were responsible without incident, contributing to the launch of commercial operations in November 2016.

The 50,000kW Saiki Power Plant was built in the city of Saiki in Oita Prefecture. Japan's largest domestic biomass power plant, it employs environmentally friendly palm kernel shells as the main source of fuel.

We will strive to provide outstanding power systems that include not only commercial power plants and independent power generation facilities for industrial use but also renewable energy facilities such as biomass power plants, in response to the needs of our customers.


Steam turbine generator
(Saiki Power Plant, erex New Energy Saiki Co., Ltd.)

Received Order for Lighting and Other Electrical Equipment Work (Yokohama Circular Northwestern Route)


Yokohama Circular Northern Route

We received an order for lighting and other electrical equipment work related to the construction of the Yokohama Circular Northwestern Route.

This 7.1km expressway solely for motor vehicles links the Yokohama-Aoba Interchange on the Tomei Expressway with the Kohoku Interchange on the Daisan-Keihin Road, and is a joint project between the city of Yokohama and Metropolitan Expressway Co., Ltd. When opened, it will connect directly with the Yokohama Circular Northern Route (for which we also handled lighting and other electrical equipment work), improving access between the Tomei Expressway and the Yokohama Bay area.

As a company that supports social infrastructure, we will contribute to creating a more comfortable society by providing high-quality equipment, including expressway and other transportation-related equipment, through the technological capabilities we have cultivated up to now.

Consolidated Six-Year Summary

Years ended March 31	Millions of yen						Thousands of U.S. dollars (Note)
	2017	2016	2015	2014	2013	2012	2017
Net Sales	¥ 226,867	¥ 219,354	¥ 218,652	¥ 182,257	¥ 172,882	¥ 162,315	$ 2,022,171
Cost of Sales	195,270	188,377	189,544	155,045	146,034	136,897	1,740,529
Operating Income	17,583	18,648	16,942	16,278	16,046	14,930	156,729
Interest and Dividend Income	1,111	244	257	222	168	189	9,897
Profit Before Income Taxes	19,093	18,558	17,805	16,740	16,497	14,962	170,188
Profit Attributable to Owners of Parent	12,797	11,243	10,045	9,832	10,284	6,975	114,063
Per Share of Common Stock (in yen and dollars):							
Profit Attributable to Owners of Parent	¥ 131.36	¥ 115.40	¥ 103.11	¥ 100.92	¥ 105.56	¥ 71.58	$ 1.17
Cash Dividends	38.00	37.50	7.50	15.00	15.00	15.00	0.34
Total Assets	¥ 244,407	¥ 238,254	¥ 229,436	¥ 221,135	¥ 188,081	¥ 176,483	$ 2,178,514
Net Assets	133,289	121,282	116,059	104,664	99,862	90,600	1,188,063
Number of Employees	4,353	4,283	4,225	4,055	4,024	4,012	

Note: The U.S. dollar amounts represent translation of Japanese yen at the exchange rate on March 31, 2017 of ¥112.19 to $1.

Financial Review

Operating Income

Operating income for the fiscal year ended March 31, 2017 declined by 5.7% to ¥17,583 million (US$156,729 thousand). The ratio of operating income to net sales decreased by 0.8 percentage points to 7.8%. The decrease in operating income was mainly due to the increase in the provision of allowance for doubtful accounts.

Profit Attributable to Owners of Parent

Profit attributable to owners of parent for the fiscal year ended March 31, 2017 climbed by 13.8% to ¥12,797 million (US$114,063 thousand).

Selling, General and Administrative (SG&A) Expenses

During the fiscal year ended March 31, 2017, SG&A expenses increased by ¥1,685 million to ¥14,014 million (US$124,913 thousand). This was mainly due to the increase in the provision of allowance for doubtful accounts and miscellaneous expenses. The ratio of SG&A expenses to net sales was 6.2%.

Total Assets and Net Assets

Total consolidated assets at March 31, 2017 climbed by ¥6,153 million from the previous fiscal year-end to ¥244,407 million (US$2,178,514 thousand). Among total assets, time deposits decreased by ¥70 million to ¥261 million (US$2,328 thousand). Trade notes and accounts receivable increased by ¥10,845 million to ¥103,411 million (US$921,750 thousand). Net assets rose ¥12,007 million to ¥133,289 million (US$1,188,063 thousand) due to an increase of ¥9,728 million in retained earnings. The equity ratio at March 31, 2017 was 54.4%.

Consolidated Balance Sheet

March 31, 2017 and 2016	Millions of yen		Thousands of U.S. dollars (Note 2)
	2017	2016	2017
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 87,997	¥ 91,634	$ 784,353
Time deposits	261	331	2,328
Trade notes and accounts receivable	103,411	92,566	921,750
Electronically recorded monetary claims - operating	436	508	3,886
Less: allowance for doubtful accounts	(1,253)	(312)	(11,166)
Inventories (Note 3)	24,265	25,289	216,288
Deferred tax assets (Note 8)	3,635	3,953	32,397
Other current assets	6,132	5,173	54,656
Total current assets	224,884	219,142	2,004,492
Property, plant and equipment, at cost:			
Land	3,139	3,153	27,981
Buildings and structures	9,737	8,882	86,794
Machinery and equipment	2,696	2,755	24,028
Tools, furniture and fixtures	4,411	4,414	39,314
Leased assets	58	75	516
Construction in progress	—	280	—
	20,041	19,559	178,633
Less: accumulated depreciation	(12,943)	(12,867)	(115,370)
Total property, plant and equipment, net	7,098	6,692	63,263
Intangible assets	245	252	2,187
Investments and other assets:			
Investment securities (Note 9)	146	52	1,303
Investments in affiliates (Note 4)	162	145	1,444
Deferred tax assets (Note 8)	10,474	11,199	93,360
Other	1,398	772	12,465
Total investments and other assets	12,180	12,168	108,572
Total assets	¥ 244,407	¥ 238,254	$ 2,178,514

See the accompanying Notes to Consolidated Financial Statements.

March 31, 2017 and 2016	Millions of yen		Thousands of U.S. dollars (Note 2)
	2017	2016	2017
LIABILITIES AND NET ASSETS			
Current liabilities:			
Trade notes and accounts payable	¥ 47,308	¥ 47,636	$ 421,678
Accounts payable non-trade	4,159	4,005	37,071
Advances received on uncompleted construction contracts	13,182	13,349	117,495
Allowance for bonuses to directors and statutory auditors	123	93	1,093
Accrued expenses	8,695	8,833	77,506
Completed work compensation reserve	319	1,049	2,844
Provision for loss on construction contracts	3	205	30
Accrued income taxes	4,672	5,889	41,645
Other current liabilities (Note 10)	1,234	396	10,998
Total current liabilities	79,695	81,455	710,360
Long-term liabilities:			
Liability for retirement benefit (Note 11)	30,947	35,197	275,842
Accrued directors' retirement benefits	36	28	322
Asset retirement obligations	375	75	3,340
Other long-term liabilities (Note 10)	65	217	587
Total long-term liabilities	31,423	35,517	280,091
Total liabilities	111,118	116,972	990,451
Contingent liabilities: (Note 16)			
Net assets: (Note 17)			
Shareholders' equity:			
Common stock			
Authorized — 265,000,000 shares			
Issued 2017 — 97,656,888 shares	11,876	—	105,856
2016 — 97,656,888 shares	—	11,876	—
Capital surplus	20,911	20,911	186,386
Retained earnings	104,455	94,727	931,056
Treasury stock, at cost	(165)	(165)	(1,472)
Total shareholders' equity	137,077	127,349	1,221,826
Accumulated other comprehensive income:			
Unrealized gains or losses on securities	(3)	—	(28)
Deferred gains or losses on hedges	(268)	(290)	(2,387)
Currency translation adjustments	99	(11)	886
Retirement benefits liability adjustments	(3,930)	(6,069)	(35,030)
Total accumulated other comprehensive income	(4,102)	(6,370)	(36,559)
Non-controlling interests	314	303	2,796
Total net assets	133,289	121,282	1,188,063
Total liabilities and net assets	¥ 244,407	¥ 238,254	$ 2,178,514

Consolidated Statement of Income

Years ended March 31, 2017 and 2016	Millions of yen		Thousands of U.S. dollars (Note 2)
	2017	2016	2017
Net sales	¥ 226,867	¥ 219,354	$ 2,022,171
Cost of sales (Notes 5, 6)	195,270	188,377	1,740,529
Gross profit	31,597	30,977	281,642
Selling, general and administrative expenses (Notes 6, 12)	14,014	12,329	124,913
Operating income	17,583	18,648	156,729
Other income:			
Interest income	1,062	197	9,463
Dividends income	49	47	434
Foreign exchange gains	89	—	790
Equity in income of affiliates	46	40	411
Dividend income of insurance	112	62	1,002
Other	208	105	1,856
	1,566	451	13,956
Other expenses:			
Loss on disposal of fixed assets	14	9	123
Foreign exchange losses	—	313	—
Other	42	57	374
	56	379	497
Ordinary income	19,093	18,720	170,188
Extraordinary income:			
Gain on sales of property, plant and equipment	—	—	—
Gain on contribution of securities to retirement benefit trust	—	373	—
	—	373	—
Extraordinary losses:			
Impairment loss (Note 7)	—	324	—
Loss on revision of retirement benefit plan	—	211	—
	—	535	—
Profit before income taxes	19,093	18,558	170,188
Income taxes: (Note 8)			
Current	6,210	6,760	55,354
Deferred	79	549	706
	6,289	7,309	56,060
Profit	12,804	11,249	114,128
Profit attributable to non-controlling interests	7	6	65
Profit attributable to owners of parent (Note 17)	¥ 12,797	¥ 11,243	$ 114,063

See the accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

Years ended March 31, 2017 and 2016	Millions of yen		Thousands of U.S. dollars (Note 2)
	2017	2016	2017
Profit	¥ 12,804	¥ 11,249	$ 114,128
Other comprehensive income			
Unrealized gains or losses on securities	(3)	(189)	(28)
Deferred gains or losses on hedges	22	(70)	200
Currency translation adjustments	116	(792)	1,035
Retirement benefits liability adjustments	2,139	(2,552)	19,062
Other comprehensive income (Note 13)	2,274	(3,603)	20,269
Total comprehensive income	¥ 15,078	¥ 7,646	$ 134,397
Comprehensive income attributable to			
Owners of parent	¥ 15,065	¥ 7,686	$ 134,283
Non-controlling interests	13	(40)	114

See the accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Net Assets

		Millions of yen									
Years ended March 31, 2017 and 2016	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, 2015	97,656,888	¥ 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 14)				(2,435)							(2,435)
Purchase of treasury stock					(2)						(2)
Other changes						(189)	(70)	(744)	(2,553)	(27)	(3,583)
Balance at April 1, 2016	97,656,888	¥ 11,876	¥ 20,911	¥ 94,727	¥ (165)	¥ 0	¥ (290)	¥ (11)	¥ (6,069)	¥ 303	¥ 121,282
Cumulative effects of changes in accounting policies											—
Balance reflecting changes in accounting policies		11,876	20,911	94,727	(165)	0	(290)	(11)	(6,069)	303	121,282
Profit attributable to owners of parent				12,797							12,797
Cash dividends (Note 14)				(3,069)							(3,069)
Purchase of treasury stock					0						0
Other changes						(3)	22	110	2,139	11	2,279
Balance at March 31, 2017	97,656,888	¥ 11,876	¥ 20,911	¥ 104,455	¥ (165)	¥ (3)	¥ (268)	¥ 99	¥ (3,930)	¥ 314	¥ 133,289

	Thousands of U.S. dollars (Note 2)									
	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, 2016	$ 105,856	$ 186,386	$ 844,341	$ (1,466)	$ 0	$ (2,587)	$ (99)	$ (54,092)	$ 2,702	$ 1,081,041
Profit attributable to owners of parent			114,063							114,063
Cash dividends (Note 14)			(27,348)							(27,348)
Purchase of treasury stock				(6)						(6)
Other changes					(28)	200	985	19,062	94	20,313
Balance at March 31, 2017	$ 105,856	$ 186,386	$ 931,056	$ (1,472)	$ (28)	$ (2,387)	$ 886	$ (35,030)	$ 2,796	$ 1,188,063

See the accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

Years ended March 31, 2017 and 2016	Millions of yen		Thousands of U.S. dollars (Note 2)
	2017	2016	2017
Cash flows from operating activities:			
Profit before income taxes	¥ 19,093	¥ 18,558	$ 170,188
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation	682	555	6,079
Impairment loss	—	324	—
Increase in allowance for doubtful accounts	936	117	8,345
(Decrease) in net defined benefit liability	(1,161)	(40)	(10,345)
Interest and dividends	(1,110)	(244)	(9,897)
(Gain) on securities contribution to employees' retirement trust	—	(373)	—
Loss on revision of retirement benefit plan	—	211	—
(Gain) loss on sales of property, plant and equipment	(8)	6	(76)
Share of (profit) of entities accounted for using equity method	(46)	(40)	(411)
(Increase) decrease in trade notes and accounts receivable	(10,845)	16,952	(96,665)
(Increase) decrease in inventories	1,042	(5,645)	9,283
(Increase) in other current assets	(898)	(727)	(8,005)
(Decrease) in trade notes and accounts payable	(439)	(2,437)	(3,915)
Increase (decrease) in advances received on uncompleted construction contracts	(141)	2,828	(1,261)
Increase (decrease) in completed work compensation reserve	(729)	548	(6,502)
Increase (decrease) in provision for loss on construction contracts	(202)	205	(1,797)
Increase in other current liabilities	1,123	734	10,010
Other	(159)	165	(1,411)
	7,138	31,697	63,620
Interest and dividends received	1,140	269	10,159
Income taxes paid	(7,578)	(6,755)	(67,536)
Net cash provided by operating activities	700	25,211	6,243
Cash flows from investing activities:			
Decrease in time deposits	77	17,229	687
Proceeds from sales of property, plant and equipment	32	129	282
Payments for acquisition of property, plant and equipment	(857)	(892)	(7,642)
Payments for acquisition of intangible assets	(24)	(28)	(211)
Payments for purchase of investment securities	(99)	—	(882)
Other	(648)	(105)	(5,772)
Net cash provided by (used in) investing activities	(1,519)	16,333	(13,538)
Cash flows from financing activities:			
Repayments of lease liabilities	(11)	(21)	(98)
Dividends paid	(3,069)	(2,435)	(27,351)
Purchase of treasury stock	(1)	(1)	(6)
Dividends paid to non-controlling interests	(2)	(3)	(19)
Proceeds from share issuance to non-controlling shareholders	1	16	0
Net cash used in financing activities	(3,082)	(2,444)	(27,474)
Effect of exchange rate changes on cash and cash equivalents	264	(593)	2,351
Net increase in cash and cash equivalents	(3,637)	38,507	(32,418)
Cash and cash equivalents at beginning of year	91,634	53,127	816,771
Cash and cash equivalents at end of year	¥ 87,997	¥ 91,634	$ 784,353

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 the prior year's financial statements have been reclassified to align with the current year 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 companies to be accounted for using the equity method.

(c) Foreign currency translations

Monetary claims and liabilities denominated in foreign currencies are translated into Japanese yen using the spot exchange rate as of the consolidated balance sheet date, and translation differences are included in gains or losses. Assets and liabilities of overseas consolidated subsidiaries, etc. are translated to yen with the spot exchange rate of each company's respective balance sheet dates. Revenue and expenses thereof are translated to yen with the average exchange rate during the period. Exchange differences are included in foreign currency translation adjustment and non-controlling interests in the section of net assets.

(d) Accounting for net sales and related costs

Construction contracts for which results can be confirmed for the portion completed 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 investment securities are classified as "Available-for-sale securities." Investment securities whose fair values are 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 values are 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 is principally computed using the straight-line method and 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 using the straight-line method.

(i) Leased assets

Depreciation of leased assets is computed using the straight-line method with no residual value, and by 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 to general trade receivables and by individually assessing collectibility of specific receivables where there are doubts over recovery.

(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 reserve is provided for anticipated compensation payments on completed works, the Company's books a projected compensation amount, based on past history of compensation payments made for completed works, as the completed work compensation reserve.

(m) Provision for loss on construction contracts

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

(n) Accrued severance indemnities

The Company and its domestic subsidiaries' employees are covered by an employee defined retirement benefit plan and an employee defined pension plan. The Company 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, at the end of the fiscal year an amount 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 using the benefit formula basis over the estimated years of service 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 deferred tax assets and liabilities arising from temporary differences between the carrying amounts for financial reporting, and the tax bases of assets and liabilities.

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

(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. 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 ¥112.19 = US$1.00, the rate prevailing on March 31, 2017. The translations should not be construed as representations that yen amounts have been, could have been or could in the future be converted into U.S. dollars at the above or any other rate.

3. Inventories

Inventories at March 31, 2017 and 2016 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Work in progress	¥ 24,225	¥ 25,248	$ 215,929
Materials and supplies	40	41	359
Total	¥ 24,265	¥ 25,289	$ 216,288

4. Investments in Affiliates

Investments in affiliates at March 31, 2017 and 2016 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Investments in capital stock, at cost	¥ 5	¥ 5	$ 40
Equity in accumulated earnings and losses since acquisition, net	157	140	1,404
Total	¥ 162	¥ 145	$ 1,444

5. Provision Included in Cost of Sales of Completed Construction Contracts

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Completed work compensation reserve	¥ (195)	¥ 548	$ (1,741)
Provision for loss on construction contracts	3	205	30
Total	¥ (192)	¥ 753	$ (1,711)

6. 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
	2017	2016	2017
Administrative expenses	¥ 1,035	¥ 951	$ 9,224
Cost of sales	—	—	—

7. Impairment Loss

In the fiscal year ended March 31, 2017, impairment loss is not applicable.
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, while idle assets are not grouped but identified at the individual asset level.

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) 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.

8. 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 30.8% and 32.2% for the years ended March 31, 2017 and 2016, respectively.

Reconciliation between the statutory tax rate and the effective income tax rate for the years ended March 31, 2017 and 2016 is as follows:

	2017	2016
Statutory tax rate	30.8%	32.2%
Non-deductible expenses	0.5	0.5
Prefectural and municipal inhabitant per capita tax	0.4	0.5
Change in valuation allowance	1.4	1.3
Effect of change in corporate tax rate	—	3.1
Other	(0.1)	1.8
Effective income tax rate	33.0%	39.4%

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

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Deferred tax assets			
Liability for retirement benefit	¥ 10,177	¥ 11,019	$ 90,709
Accrued bonuses	2,232	2,252	19,891
Accounts payable	477	426	4,250
Allowance for doubtful accounts	432	162	3,849
Depreciation	897	747	7,992
Completed work compensation reserve	98	323	874
Provision for loss on construction contracts	1	63	10
Accrued enterprise tax	150	357	1,337
Deferred gains or losses on hedges	119	129	1,061
Other	1,115	956	9,952
	15,698	16,434	139,925
Valuation allowance for deferred tax assets	(940)	(619)	(8,383)
Deferred tax assets	14,758	15,815	131,542
Deferred tax liabilities			
Retained earnings appropriated for tax allowance reserves	(492)	(492)	(4,385)
Gain on contribution of securities to retirement benefit trust	(114)	(114)	(1,016)
Other	(43)	(57)	(384)
Deferred tax liabilities	(649)	(663)	(5,785)
Net deferred tax assets	¥ 14,109	¥ 15,152	$ 125,757

9. Investment Securities

(1) Information regarding securities classified as available-for-sale securities
The aggregate costs, gross unrealized gains or losses and fair values pertaining to available-for-sale securities are as follows:

	Millions of yen							
	2017				2016			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Equity securities	¥ 99	¥ —	¥ (5)	¥ 94	¥ —	¥ —	¥ —	¥ —
Total	¥ 99	¥ —	¥ (5)	¥ 94	¥ —	¥ —	¥ —	¥ —

Since unlisted stocks (¥146 million and ¥52 million at March 31, 2017 and 2016, respectively) have no market value and their fair value is not determinable, they are not included in available-for-sale securities above.

	Thousands of U.S. dollars			
	2017			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Equity securities	$ 882	$ —	$ (46)	$ 836
Total	$ 882	$ —	$ (46)	$ 836

Since unlisted stocks (US$1,303 thousand at March 31, 2017) have no market value and their fair value is not determinable, they are not included in available-for-sale securities above.

(2) Investment securities for which impairment losses were recorded
In the fiscal years ended March 31, 2017 and 2016, no impairment loss was recorded on investment securities.

10. Short-Term Borrowings and Long-Term Debt

At March 31, 2017 and 2016, short-term borrowings and current portion of long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Current portion of lease obligations	¥ 8	¥ 11	$ 68

At March 31, 2017 and 2016, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Lease obligations	¥ 28	¥ 39	$ 252
Less current portion	8	11	68
	¥ 20	¥ 28	$ 184

The maturities of lease obligations as of March 31, 2017 are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
	2017	2017
2018	¥ 5	$ 43
2019	2	18
2020	1	10
2021 and thereafter	12	113

11. 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, 2017 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Retirement benefit obligation at April 1	¥ 75,781	¥ 72,530	$ 675,468
Service cost	2,264	2,407	20,183
Interest cost	391	628	3,489
Actuarial gains or losses	173	2,593	1,539
Retirement benefit expenses applying the simplified method	112	264	998
Retirement benefit paid	(3,352)	(3,216)	(29,874)
Prior service cost	—	53	—
Amount of obligations shortfall due to the revision of retirement benefit plans	—	447	—
Other	5	75	41
Retirement benefit obligation at March 31	¥ 75,374	¥ 75,781	$ 671,844

The changes in plan assets during the years ended March 31, 2017 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Plan assets at April 1	¥ 40,584	¥ 40,459	$ 361,741
Expected return on plan assets	1,017	1,011	9,068
Actuarial gains or losses	1,176	(2,026)	10,484
Contributions by the Company	1,776	1,740	15,826
Retirement benefits paid	(1,625)	(1,516)	(14,488)
Amount of contributions made due to the setup of a retirement benefit trust*	1,499	601	13,371
Amount transferred due to the revision of retirement benefit plans	—	236	—
Other	—	79	—
Plan assets at March 31	¥ 44,427	¥ 40,584	$ 396,002

* 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, 2017 and 2016 for the Companies' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Contributory retirement benefit obligation	¥ 73,912	¥ 74,423	$ 658,811
Plan assets at fair value	(44,427)	(40,584)	(396,002)
	29,485	33,839	262,809
Non-contributory retirement benefit obligation	1,462	1,358	13,034
Net liability for retirement benefit in the balance sheet	30,947	35,197	275,843
Liability for retirement benefit	30,947	35,197	275,843
Net liability for retirement benefit in the balance sheet	¥ 30,947	¥ 35,197	$ 275,843

The components of retirement benefit expenses for the years ended March 31, 2017 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Service cost	¥ 2,264	¥ 2,407	$ 20,183
Interest cost	391	628	3,489
Expected return on plan assets	(1,017)	(1,011)	(9,068)
Amortization of actuarial gains or losses	2,003	1,014	17,858
Amortization of prior service cost	87	84	777
Retirement benefit expenses applying the simplified method	113	264	997
Retirement benefit expenses	¥ 3,841	¥ 3,386	$ 34,236

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
	2017	2016	2017
Prior service cost	¥ 87	¥ 32	$ 777
Actuarial gains or losses	3,007	(3,605)	26,802
Total	¥ 3,094	¥ (3,573)	$ 27,579

Unrecognized prior service cost and unrecognized actuarial gains or losses included in accumulated other comprehensive income (before tax effect) as of March 31, 2017 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Unrecognized prior service cost	¥ (405)	¥ (317)	$ (3,606)
Unrecognized actuarial gains or losses	6,092	9,098	54,295
Total	¥ 5,687	¥ 8,781	$ 50,689

The details of plan assets, by major category, as a percentage of total plan assets as of March 31, 2017 and 2016 are as follows:

	2017	2016
Bonds	33%	38%
Alternative*	25%	25%
Stocks	21%	24%
General accounts	9%	9%
Other	12%	4%
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, 2017 and 2016 were as follows (weighted averages):

	2017	2016
Discount rates	0.5%	0.5%
Expected rates of return on plan assets	2.5%	2.5%
Expected rates of salary increase	4.6%	4.8%

3. Defined contribution plan

Contributions to be made by the Company and some of its domestic consolidated subsidiaries to defined contribution pension plans were ¥328 million (US$2,924 thousand) and ¥165 million for the years ended March 31, 2017 and 2016, respectively. Amortization of prepaid retirement allowance plans were ¥11 million (US$98 thousand) and ¥8 million for the fiscal years ended March 31, 2017 and 2016, respectively.

4. Multi-employer plan

Contributions to be made to the multi-employer retirement benefit plan, which would be accounted for similarly to a defined contribution plan, were ¥- million (US$- thousand) and ¥17 million for the years ended March 31, 2017 and 2016, respectively.

1) Funded status of the multi-employer plan

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2016	As of March 31, 2015	As of March 31, 2016
(1) Total pension assets	¥ —	¥ 317,424	$ —
(2) Total obligations	—	302,958	—
(3) Difference ((1)-(2))	¥ —	¥ 14,466	$ —

2) Total contributions of the Companies as a proportion of the total fund in the multi-employer plan (as of March 31, 2016 and 2015)

	As of March 31, 2016	As of March 31, 2015
	—%	0.51%

3) Supplemental information (as of March 31, 2016 and 2015)
The difference in Table 1) above is analyzed as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2016	As of March 31, 2015	As of March 31, 2016
Difference ((3)) = (a + b + c - d)			
a. Insufficient amount	¥ —	¥ —	$ —
b. Surplus	—	8,979	—
c. General reserve	—	24,331	—
d. Balance of unamortized prior year obligations	—	18,844	—

	As of March 31, 2016	As of March 31, 2015
Amortization method for prior year obligations	Straight-line over 20 years	Straight-line over 20 years

12. Selling, General and Administrative Expenses

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Salaries and wages	¥ 5,530	¥ 5,372	$ 49,294
Retirement benefit expenses	665	496	5,932
Director's retirement benefit expenses	9	10	80
Bonuses to directors and statutory auditors	129	95	1,150
Provision of allowance for doubtful accounts	949	114	8,455
Other	6,732	6,242	60,002
Total	¥ 14,014	¥ 12,329	$ 124,913

Research and development costs were ¥1,035 million (US$ 9,224 thousand) and ¥951 million for the years ended March 31, 2017 and 2016, respectively.

13. Other Comprehensive Income

Recycling and tax effects relating to other comprehensive income for the years ended March 31, 2017 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Unrealized gains or losses on securities:			
Amount arising during the year	¥ (5)	¥ 119	$ (46)
Recycling	—	(373)	—
Before tax effect adjustment	(5)	(254)	(46)
Tax effect	2	65	18
Unrealized gains or losses on securities	(3)	(189)	(28)
Deferred gains or losses on hedges:			
Amount arising during the year	277	272	2,471
Recycling	(283)	(185)	(2,525)
Asset acquisition cost adjustments	38	(178)	344
Before tax effect adjustment	32	(91)	290
Tax effect	(10)	21	(89)
Deferred gains or losses on hedges	22	(70)	201
Currency translation adjustments:			
Amount arising during the year	116	(792)	1,035
Retirement benefits liability adjustments:			
Amount arising during the year	1,004	(4,671)	8,945
Recycling	2,090	1,098	18,634
Before tax effect adjustment	3,094	(3,573)	27,579
Tax effect	(955)	1,021	(8,517)
Retirement benefits liability adjustments	2,139	(2,552)	19,062
Other comprehensive income	¥ 2,274	¥ (3,603)	$ 20,270

14. Dividends

1) Dividends paid

For the year ended 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

Resolution	Meeting of the Board of Directors on October 28, 2016
Class of shares	Common stock
Total dividends (millions of yen)	¥1,851
Total dividends (thousands of U.S. dollars)	$16,498
Source of dividends	Retained earnings
Dividends per share (yen)	¥19.0
Dividends per share (U.S. dollars)	$0.17
Cut-off date	September 30, 2016
Effective date	December 1, 2016

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
Source of dividends	Retained earnings
Dividends per share (yen)	¥25.0
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.

2) Dividends with the cut-off date in the year ended March 31, 2017 and the effective date in the year ending March 31, 2018

Resolution	Meeting of the Board of Directors on May 15, 2017
Class of shares	Common stock
Total dividends (millions of yen)	¥1,851
Total dividends (thousands of U.S. dollars)	$16,498
Source of dividends	Retained earnings
Dividends per share (yen)	¥19.0
Dividends per share (U.S. dollars)	$0.17
Cut-off date	March 31, 2017
Effective date	June 2, 2017

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

15. Leases

As Lessee:

Future minimum lease payments subsequent to March 31, 2017 and 2016 for non-cancelable operating leases are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Due within one year	¥ 6	¥ 6	$ 56
Due after one year	18	16	159
Total	¥ 24	¥ 22	$ 215

16. Contingent Liabilities

The Companies had the following contingent liabilities at March 31, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
As guarantor of employees' housing loans from banks	¥ 205	¥ 284	$ 1,828
Total of contingent liabilities	¥ 205	¥ 284	$ 1,828

Contingent liabilities related to damage compensation

As of March 31, 2017

Not applicable

As of March 31, 2016

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

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

17. Per Share Information

Profit attributable to owners of parent and net assets per share for the years ended March 31, 2017 and 2016 were as follows:

	Yen		U.S. dollars
	2017	2016	2017
Profit attributable to owners of parent (basic)	¥ 131.36	¥ 115.40	$ 1.17
Net assets	1,365.06	1,241.90	12.17

18. 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, 2017	Millions of yen		
	2017		
	Power Systems Division	Infrastructure and Industrial Systems Division	Total
Net sales:			
Sales to customers	¥ 139,669	¥ 87,198	¥ 226,867
Intersegment sales or transfers	797	245	1,042
Total	140,466	87,443	227,909
Segment profits	10,160	8,933	19,093
Other items:			
Depreciation	410	272	682
Interest income	514	548	1,062
Equity in income of affiliates	46	—	46

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

	Thousands of U.S. dollars		
	2017		
	Power Systems Division	Infrastructure and Industrial Systems Division	Total
Net sales:			
Sales to customers	$ 1,244,937	$ 777,234	$ 2,022,171
Intersegment sales or transfers	7,100	2,184	9,284
Total	1,252,037	779,418	2,031,455
Segment profits	90,566	79,622	170,188
Other items:			
Depreciation	3,651	2,428	6,079
Interest income	4,578	4,885	9,463
Equity in income of affiliates	411	—	411

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

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.

(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
	2017	2016	2017
Net sales:			
Total of reporting segments	¥ 227,909	¥ 220,489	$ 2,031,455
Eliminations	(1,042)	(1,135)	(9,284)
Net sales in consolidated statement of income	¥ 226,867	¥ 219,354	$ 2,022,171
Segment profits:			
Total of reporting segments	¥ 19,093	¥ 18,720	$ 170,188
Ordinary income	19,093	18,720	170,188

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Others:			
Depreciation			
Total of reporting segments	¥ 682	¥ 556	$ 6,079
Adjustment	—	—	—
Consolidated	682	556	6,079
Interest income			
Total of reporting segments	1,062	197	9,463
Adjustment	—	—	—
Consolidated	1,062	197	9,463
Equity in income of affiliates			
Total of reporting segments	46	40	411
Adjustment	—	—	—
Consolidated	46	40	411

(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
	2017	2016	2017
Net sales			
Japan	¥ 171,440	¥ 162,438	$ 1,528,122
Southeast Asia	39,402	45,170	351,204
Other Asia	6,327	9,049	56,398
Other areas	9,698	2,697	86,447
Total	¥ 226,867	¥ 219,354	$ 2,022,171

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, Brunei etc.
(2) Other Asia: Taiwan, India, China, United Arab Emirates, South Korea, Saudi Arabia, etc.
(3) Other areas: Tanzania, America, Micronesia, Italy, 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

	2017	
Customer	Net sales	Segment concerned
Toshiba Corporation	¥ 113,093 million	Power Systems Division
	$ 1,008,051 thousand	Infrastructure and Industrial Systems Division

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

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

As of March 31, 2017

Not applicable

As of March 31, 2016

	Millions of yen		
	2016		
	Power Systems Division	Infrastructure and Industrial Systems Division	Total
Impairment loss	¥ 324	¥ —	¥ 324

19. 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

The Companies decide on deposits under the Toshiba Group Finance System by making appropriate judgment on whether to execute such transactions based on adequate consideration to economic rationalism, comprehensive management strategies, etc. and with the aim of preventing loss to the Companies' profit.

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

2017:

The consolidated balance sheet amounts and fair values as of March 31, 2017 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	
	2017		2017	
	Consolidated balance sheet amount	Fair value	Consolidated balance sheet amount	Fair value
1. Cash and cash equivalents	¥ 87,997	¥ 87,997	$ 784,353	$ 784,353
2. Time deposits	261	261	2,328	2,328
3. Trade notes and accounts receivable	103,411	103,411	921,750	921,750
Allowance for doubtful accounts	(1,094)	(1,094)	(9,748)	(9,748)
	102,317	102,317	912,002	912,002
4. Electronically recorded monetary claims - operating	436	436	3,886	3,886
5. Investment securities	94	94	836	836
Asset total	191,105	191,105	1,703,405	1,703,405
1. Trade notes and accounts payable	¥ 47,308	¥ 47,308	$ 421,678	$ 421,678
2. Accounts payable non-trade	4,159	4,159	37,071	37,071
3. Accrued income taxes	4,672	4,672	41,645	41,645
Liability total	56,139	56,139	500,394	500,394
Derivatives	¥ (372)	¥ (372)	$ (3,319)	$ (3,319)

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 ¥146 million (US$1,303 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			
	2017			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
1. Cash and cash equivalents	¥ 87,985	¥ —	¥ —	¥ —
2. Time deposits	261	—	—	—
3. Trade notes and accounts receivable	103,411	—	—	—
4. Electronically recorded monetary claims - operating	436	—	—	—

	Thousands of U.S. dollars			
	2017			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
1. Cash and cash equivalents	$ 784,254	$ —	$ —	$ —
2. Time deposits	2,328	—	—	—
3. Trade notes and accounts receivable	921,750	—	—	—
4. Electronically recorded monetary claims - operating	3,886	—	—	—

2016:

The consolidated balance sheet amounts and fair values as of March 31, 2016 are shown in the table below. Financial instruments for which determining fair value is considered to be extremely difficult are not included in the following table.

	Millions of yen	
	2016	
	Consolidated balance sheet amount	Fair value
1. Cash and cash equivalents	¥ 91,634	¥ 91,634
2. Time deposits	331	331
3. Trade notes and accounts receivable	92,566	92,566
Allowance for doubtful accounts	(171)	(171)
	92,395	92,395
4. Electronically recorded monetary claims - operating	508	508
5. Investment securities	—	—
Asset total	184,868	184,868
1. Trade notes and accounts payable	¥ 47,636	¥ 47,636
2. Accounts payable non-trade	4,005	4,005
3. Accrued income taxes	5,889	5,889
Liability total	57,530	57,530
Derivatives	¥ (347)	¥ (347)

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			
	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	—	—	—

20. Derivative Transactions

Matters regarding the current prices of transactions

2017:

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

	Millions of yen			
	2017			
	Contract amounts	Over one year	Fair value	Unrealized gain (loss)
Forward foreign exchange contract				
Selling position				
U.S. dollars	¥ 3,551	¥ 922	¥ (57)	¥ (57)
Swedish krona	866	1	67	67
Euro	35	—	(0)	(0)
Buying position				
U.S. dollars	1,417	—	6	6
Euros	16	—	(1)	(1)
Total	¥ 5,884	¥ 923	¥ 15	¥ 15

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

	Thousands of U.S. dollars			
	2017			
	Contract amounts	Over one year	Fair value	Unrealized gain (loss)
Forward foreign exchange contract				
Selling position				
U.S. dollars	$ 31,647	$ 8,224	$ (511)	$ (511)
Swedish krona	7,720	5	595	595
Euro	313	—	(0)	(0)
Buying position				
U.S. dollars	12,631	—	51	51
Euros	139	—	(1)	(1)
Total	$ 52,450	$ 8,229	$ 134	$ 134

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			
	2017			
	Hedged items	Contract amounts	Over one year	Fair value
Forward foreign exchange contract				
Selling position				
U.S. dollars	Trade notes and accounts receivable	¥ 2,467	¥ 685	¥ (58)
Euros	Trade notes and accounts receivable	7	0	0
Swedish krona	Trade notes and accounts receivable	23	—	2
Buying position				
Euros	Trade notes and accounts payable	217	118	(1)
U.S. dollars	Trade notes and accounts payable	7,060	1,400	(331)
Total		¥ 9,774	¥ 2,203	¥ (388)

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

	Thousands of U.S. dollars			
	2017			
	Hedged items	Contract amounts	Over one year	Fair value
Forward foreign exchange contract				
Selling position				
U.S. dollars	Trade notes and accounts receivable	$ 21,990	$ 6,105	$ (517)
Euros	Trade notes and accounts receivable	61	3	0
Swedish krona	Trade notes and accounts receivable	201	—	16
Buying position				
Euros	Trade notes and accounts payable	1,932	1,053	(4)
U.S. dollars	Trade notes and accounts payable	62,933	12,476	(2,943)
Total		$ 87,117	$ 19,637	$ (3,448)

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

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
Euros	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.

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.

21. Transactions with Related Parties

2017:

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	¥ 200,000	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, real estate trading, leasing and brokerage business, ceramic industry, mining, soil and gravel mining, electricity supply business and financial business 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

Policy for determining trade terms and other related matters

Notes: 1. Of the amount of business transactions, the transaction amount does not include consumption taxes while the balance at fiscal year-end does.
2. Of the amount of non-business transactions, the transaction amount and the balance at fiscal year-end do not include consumption taxes.
3. The indirect portion of the percentage of voting rights held by the parent company, etc. is owned by Toshiba Insurance Service Corporation (1.64%).

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	¥ 200,000	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, real estate trading, leasing and brokerage business, ceramic industry, mining, soil and gravel mining, electricity supply business and financial business 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 49.89 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 and withdraws funds.	Business transactions	Construction contracting	¥ 112,549 $ 1,003,200	Accounts receivable — completed work	¥ 62,154 $ 554,004
						Other current assets	¥ 131 $ 1,171
				Purchasing of materials	¥ 9,154 $ 81,594	Advances received on uncompleted construction contracts	¥ 912 $ 8,129
						Accounts payable — construction work	¥ 3,315 $ 29,549
						Accounts payable non-trade	¥ 154 $ 1,372
			Non-business transaction	Deposit of funds (Note 5)	¥ 510,160 $ 4,547,286	Group deposits	¥ — $ —
				Withdrawal of funds (Note 5)	¥ 592,950 $ 5,285,230		
				Receipt of interest	¥ 966 $ 8,610		

4. The general terms and conditions are applied to the contract for construction and purchasing of materials.
5. The Company is depositing funds with and withdrawing funds from Toshiba Corporation under a basic agreement entered into between the Company and Toshiba Corporation concerning fund transactions.
6. Provision of allowance for doubtful accounts and allowance for doubtful accounts of ¥867 million were recorded for accounts receivable – completed work with the parent company in the fiscal year ended March 31, 2017.

	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 49.89 Indirect 1.64	Deposit and withdrawal of funds	Non-business transaction	Deposit of funds	¥ 23,336 $ 208,008	Group deposits	¥ — $ —
				Withdrawal of funds (Note 5)	¥ 25,713 $ 229,195		
				Receipt of interest	¥ 29 $ 260		

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.

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)	Account item	Balance at fiscal year-end (Millions of yen)
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	Accounts receivable — completed work	¥ 49,782
					Other current assets	¥ 162
			Purchasing of materials	¥ 11,480	Advances received on uncompleted construction contracts	¥ 2,448
					Accounts payable — construction work	¥ 2,965
					Accounts payable non-trade	¥ 156
		Non-business transaction	Deposit of funds	¥ 304,780	Group deposits	¥ 82,790

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)	Account item	Balance at fiscal year-end (Millions of yen)
Direct 59.82 Indirect 1.64	Deposit and withdrawal of funds	Non-business transaction	Deposit of funds	¥ 14,435	Group deposits	¥ 2,377

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.

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Independent Auditor's Report

To the Board of Directors of TOSHIBA PLANT SYSTEMS & SERVICES CORPORATION

We have audited the accompanying consolidated financial statements of TOSHIBA PLANT SYSTEMS & SERVICES CORPORATION ("the Company") and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2017, 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.

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 such internal control as management determines is necessary to enable the preparation of 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 comply with ethical requirements and 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. In making those risk assessments, the auditor considers internal control 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, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the entity's internal control. 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 the Company and its consolidated subsidiaries as at March 31, 2017, and their consolidated financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2017 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Other Matter

The consolidated financial statements of the Company for the year ended March 31, 2016, were audited by another auditor who expressed an unmodified opinion on those statements on June 23, 2016.

September 1, 2017 PricewaterhouseCoopers Aarata LLC

PricewaterhouseCoopers Aarata LLC
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Stock Information As of March 31, 2017

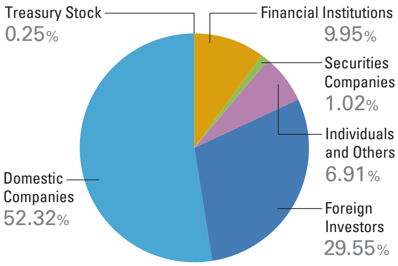
Common Stock:
265,000,000 shares

Issued and Outstanding:
97,656,888 shares

Number of Shareholders:
4,501

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	48,574	49.74%
Oasis Investments II Master Fund Ltd.	4,450	4.56
The Master Trust Bank of Japan Limited (Trust Account)	2,535	2.60
Toshiba Insurance Service Corporation	1,600	1.64
Toshiba Plant Systems & Services Employees' Shareholding Association	1,593	1.63
BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS MILM FE	1,590	1.63
Japan Trustee Services Bank, Ltd. (Trust Account)	1,486	1.52
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,186	1.22
State Street London Care of State Street Bank and Trust, Boston SSBTC A/C UK London Branch Clients – United Kingdom	996	1.02
Northern Trust Co. (AVFC) RE-HCR00	991	1.02
Total of 10 shareholders	65,006	66.57%

Corporate Data As of June 22, 2017

SENIOR MANAGEMENT AND CORPORATE AUDITORS

President and Chief Executive Officer, Representative Director
Masataka Hayashi

Executive Vice Presidents and Directors
Masaharu Yoshida
Koichi Kamei

Senior Vice Presidents and Directors
Yoshikatsu Tanaka
Masayuki Kitabayashi

Vice Presidents and Directors
Kenji Usui
Kazunori Tsuruhara
Yasuo Yamazaki

Outside Directors
Kishiko Wada
Yoshikazu Yokoyama

Executive Officers
Takashi Tokunaga
Hideo Mikami
Masaya Mizokoshi
Kazuo Miyazawa
Yoshiteru Yamamoto
Noriyoshi Kobayashi
Shizuhiro Kondo
Shinji Hayashi
Tomoki Terasawa
Toshinobu Nakajo

Statutory Auditors
Takatsugu Yamane
Ryoji Sotoike
Shinichi Morooka
Takashi Ishii

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