TOSHIBA
Leading Innovation

# 2018
## Annual Report

TOSHIBA PLANT SYSTEMS & SERVICES CORPORATION

2018

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

**I would like to take this opportunity to provide an overview of our operations during fiscal 2017, ended March 31, 2018, our 112th business period.**

**Masataka Hayashi**

President and Chief Executive Officer,
Representative Director

# Overview of Performance and Principal Initiatives Undertaken in Fiscal 2017

In fiscal 2017, ended March 31, 2018, the Japanese economy continued a modest recovery despite the yen's appreciation in the fourth quarter, benefiting from increases in exports, production, and capital investment as well as from improvements in corporate earnings and in the employment environment due in part to strong performance in overseas economies. Under these circumstances, to achieve our management vision of becoming an excellent company maintaining profitable and sustainable growth through our management commitment,[1] we promoted three core strategies as part of our 2017 Medium-Term Management Plan: creating a business model to achieve steady earnings and growth; pursuing innovation through Toshiba's BCM[2] management system; and implementing CSR-oriented management.

Among the initiatives in line with the first core strategy of our 2017 Medium-Term Management Plan is creating a business model to achieve steady earnings and growth. For this reason, we continued engineering, procurement, and construction (EPC) projects for thermal power plants in Japan and overseas as well as building new plants for the manufacturing sector. Another initiative involves environmentally friendly clean energy power generation systems including systems for plants and buildings, hydroelectric-related plants, and solar power and biomass power plants.

To boost cost competitiveness, we expanded both integrated and global procurement while improving construction methods and operation processes to cut construction times and

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.

variable costs, and continued to hold down fixed costs.

In pursuing 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 ¥269,082 million, up 7.2% year on year. Net orders from overseas operations were ¥74,216 million, accounting for 27.6% of the total. Net sales were ¥232,571 million, up 2.5%, with net sales from overseas operations accounting for ¥58,237 million, or 25.0%.

On the profit front, despite the impact of worsening profits for completed thermal power projects overseas, profits overall grew due to the reversal of an allowance for doubtful accounts of ¥922 million for some transactions of the Toshiba Group that was recorded in the previous fiscal year, following Toshiba's improved financial position. This change led to a 15.1% rise in operating income to ¥20,245 million, a 6.0% rise in ordinary income to ¥20,238 million, and a 5.9% rise in profit attributable to owners of parent to ¥ 13,552 million.

We awarded dividends for the year of ¥40 per share, including an interim dividend of ¥20 and a year-end dividend of ¥20.

## Future Approach

Despite some concerns, such as trade conflicts and the yen's appreciation, the economy is expected to continue a modest recovery due to increases in exports supported by strong overseas economies, stable domestic demand for capital investment, and a steady improvement in employment.

Under these circumstances, the Group is including our management vision of becoming an excellent company maintaining profitable and sustainable growth in our 2018 Medium-Term Management Plan as the image for which we aim.

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, focusing mainly on engineering, procurement, and construction (EPC) projects for power plants and plant facilities by leveraging our comprehensive and technological expertise. We will also work to reinforce our overseas affiliates and train global-minded human resources. In addition, we will respond to changes in business environments, taking on initiatives to cultivate new markets with a sense of speed while promoting the expansion of our operations. Furthermore, we intend to maintain and improve operational performance by enhancing our competitiveness through improvements in construction methods and operating processes and by further refining our strengths in integrated and global procurement, as well as quality and technology.

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, we will provide security and safety, as well as contribute to the development of society as a trusted company that is helping to build up the infrastructure.

Our consolidated targets for fiscal 2020, ending March 31, 2021, are net sales of ¥270 billion and ordinary income of ¥23 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 2018

**Masataka Hayashi**

President and Chief Executive Officer,
Representative Director

## Net Orders and Net Sales

Net Orders

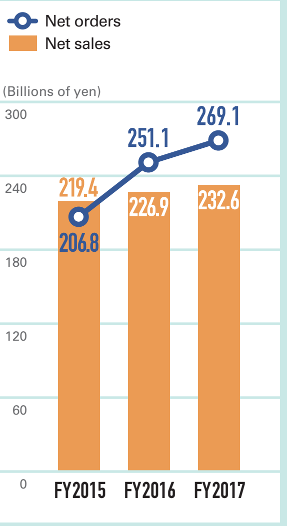
**¥269.1 billion**

Up 7.2 % yoy

Net Sales

**¥232.6 billion**

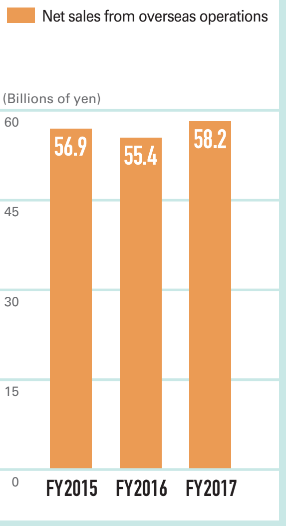
Up 2.5 % yoy




## Net Sales from Overseas Operations

**¥58.2 billion**

Up 5.1 % yoy




## Profitability

Operating Income

**¥20.2 billion**

Up 15.1 % yoy

Ordinary Income

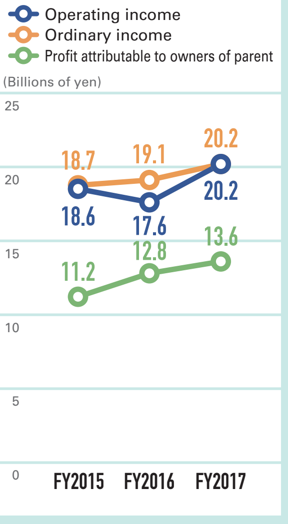
**¥20.2 billion**

Up 6.0 % yoy

Profit Attributable to owners of Parent

**¥13.6 billion**

Up 5.9 % yoy



Overview of the 2018 Medium-Term Management Plan

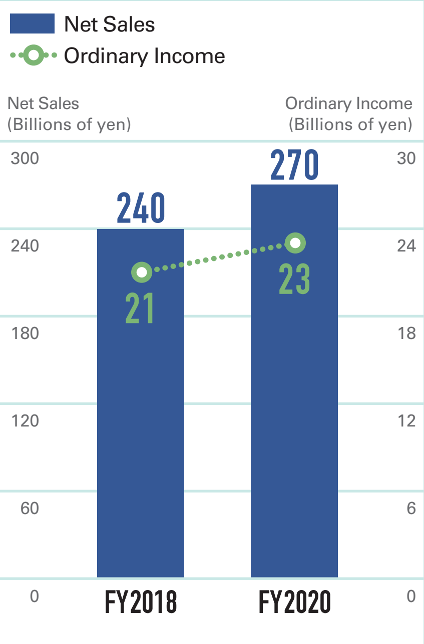
# An excellent company achieving profitable and sustainable growth

## Pursue process innovation to accomplish a further leap forward

**FY2020**

Net sales **¥270 billion**

Ordinary income **¥23 billion**




**Aspiring to be an excellent company that continues to achieve profitable and sustainable growth, the Toshiba Plant Systems & Services Corporation Group has mapped out a medium-term management plan, with 2018 as the first year. We will implement concrete measures to accomplish the following three basic strategies adopted in conjunction with the management plan.**

* BCM (Balanced CTQ Management) is a management execution methodology designed to achieve a balance between financial and other business conditions as well as the management quality necessary to accomplish the company's management vision.

## Measures for Achieving Medium-Term Management Plan Objectives

### Expand business scope and market share

**Power Systems**

- **Nuclear power generation** | Decommissioning, compliance with new rules and regulations
- **Utility thermal power generation** | large-scale high-efficiency coal, LNG
- **Industrial thermal power generation in Japan** | biomass mixed fuel, gas-fired combined cycle
- **Overseas thermal power plant systems** | coal-fired and combined cycle
- **Hydroelectric power generation** | building and replacing

**Infrastructure and Industrial Systems**

- **EPC*1 for manufacturing plants** | semiconductors, chemicals, food products, others
- **Clean energy power generation** | biofuel power generation facilities, solar photovoltaic power generation facilities, etc.
- **Water and sewage treatment and building facilities**
- **Transportation systems** | airports, electric railways, roads
- **Electrical substations, transmission and distribution facilities**

### Accelerate business deployment in the global market

- **Enter promising emerging markets** (Africa, Central Asia, etc.)
- **Expand the clean energy business**
- **Accelerate strengthening of our global business structure**

### Enhance competitiveness of EPC projects

- **Quality** | establish quality management systems, reduce COPQ*2
- **Technological capabilities** | expand application of engineering tools, systematically train human resources
- **Improve processes** | Promote improvements in operational efficiency using IT, optimize business processes
- **Competitiveness through cost reduction** | standardize design, integrated procurement, global procurement

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

*2 COPQ: "Cost of poor quality" or needless cost resulting from low or defective quality

# 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.**

**As a company helping to build the infrastructure, we provide ongoing support, mainly in countries and territories where we operate, with 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 are promoting social contribution activities at all of our overseas and domestic offices and worksites.**

## Social Contribution Activity Report

### Supporting Activities to Improve the Social Infrastructure

#### Infrastructure Projects in Emerging Countries

We supported a project that established a drinking water supply system in the Kingdom of Thailand that provides safe drinking water to elementary schools and other locations that were using unhygienic water, such as rainwater, for daily use.

#### 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.

### Supporting Activities to Educate Future Generations

To help improve safety and sanitation at educational support locations, we supported a dormitory reconstruction project at Bien Song elementary and middle schools in the Socialist Republic of Vietnam.

### Promoting of Activities Rooted in Local Communities

Community social contribution activities at each of our offices and worksites (Cleanup projects, etc.)

Volunteer work such as snow removal around homes of the elderly

Selling candy and other items within the company made by people with disabilities, in this way supporting their independence

# Power Systems Division

EGCO Banpong Utility Gas Cogeneration System

## 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 higher than the previous year at ¥160,090 million (up 10.7% year on year), partly due to orders received for overseas thermal power projects. Net sales were ¥144,054 million (up 3.1% year on year) due in part to the progress of existing orders and higher demand for domestic thermal power maintenance.

Looking at future market trends that are affecting this division, domestic demand from industry in general for the conversion of private power generation facilities to combined cycle and demand for services for older facilities will likely increase. However, demand for maintenance and setting up power generation for business use is expected to decline. Overseas, we anticipate ongoing demand for electric power in response to steady growth in Southeast Asia.

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 power generating facilities overseas, where demand for electric power is high.

Power Systems Division

### Net Orders and Net Sales

**Net Orders**

**¥160.1 billion**

Year on year: 10.7% increase

Percentage of orders: 59.5%

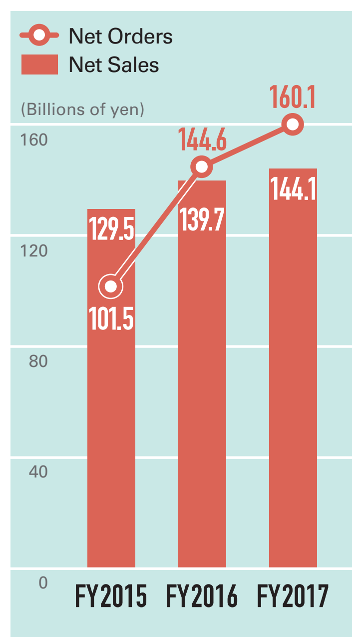
**Net Sales**

**¥144.1 billion**

Year on year: 3.1% increase

Percentage of sales: 61.9%

**Net Orders and Net Sales by Segment**



# Infrastructure and Industrial Systems Division

Infrastructure and Industrial Systems Division
## Net Orders and Net Sales

Net Orders

¥109.0 billion

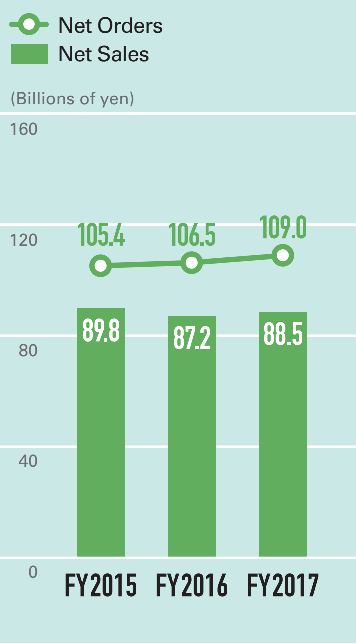
| Year on year | Percentage of orders |
|---|---|
| 2.3% increase | 40.5% |

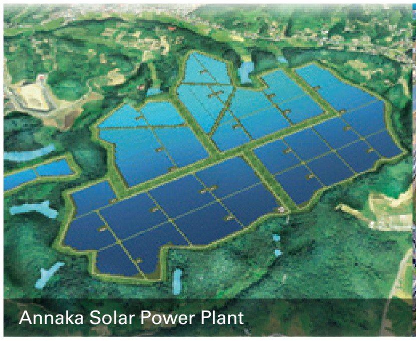
Net Sales

¥88.5 billion

| Year on year | Percentage of sales |
|---|---|
| 1.5% increase | 38.1% |

Net Orders and
Net Sales by Segment



Annaka Solar Power Plant

Nakagawa Water Treatment Center (Saitama)

## 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, despite a decline in orders for solar power generation plants, net orders for this division were ¥108,992 million (up 2.3% year on year), due to an increase in orders for projects for industry in general. Net sales were roughly on par with the previous year, at ¥88,516 million (up 1.5% year on year).

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 clean 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.

## Small to Medium-Sized Hydroelectric Power Generation Facility Initiatives

In March 2014, our overseas affiliate TPSC (India) Private Limited established a plant in the Greater Noida suburb of Delhi that assembles hydroelectric turbines for small to medium-sized hydroelectric power generation facilities. So far, they have received orders for 11 projects.

Due to rising environmental awareness worldwide, small hydroelectric power generation that does not require dams to be built is drawing attention. We are increasingly receiving orders and inquiries for small to medium-sized hydroelectric turbines in countries bordering India, such as Nepal. To respond to this demand, we recently decided to enlarge the plant. Expansion work is expected to end in March 2019.

Furthermore, to increase efficiency and scale down equipment, we developed package-type low-drop microturbine technology. We created this new equipment in our plants by inserting a low-drop microturbine (1–25 kW) and a control panel into a shipping container.

In addition, our report on package-type low-drop microturbine technology was selected as a superior paper in the POWER-GEN Asia 2017 Best Paper Awards, sponsored by the PennWell Corporation, a US media company. The paper received second prize in the renewable energy category.

Moving forward, we will continue business activities aimed at reducing the environmental burden by focusing on small to medium-sized hydroelectric power generation facilities and expanding operations for renewable energy.

Award ceremony at POWER-GEN Asia 2017
(held in Bangkok in September 2017)


Rendering of the hydroelectric turbine assembly plant in Greater Noida, India, after plant expansion

## Hokkaido Gas Co., Ltd.
## Construction of High-Efficiency Gas Power Plant within the Ishikari LNG Base

We received an order from Kawasaki Heavy Industries, Ltd. for the construction and installation of a power generator using high-efficiency gas engines at the Ishikari LNG base operated by Hokkaido Gas Co., Ltd.

This plant generates 78,000 kW of electricity using 10 high-efficiency gas engines made by Kawasaki Heavy Industries, each with an output of 7,800 kW, using LNG and natural gas as fuel. The main bodies of the gas engines have generating efficiency rates that are at worldwide high levels, or about 50%. Additionally, the exhaust heat they produce during generation can be used as a heat source for making gas within the base through a cogeneration system, increasing overall energy efficiency throughout the base. Furthermore, the maximum amount of consideration for the environment went into these engines; they emit low levels of $CO_2$ and NOx while preventing thermal discharge into the ocean by reusing exhaust heat.

We have participated in the construction of eight high-efficiency gas engines since 2012, creating energy output of over 700 MW. As clean energy is receiving increased attention, we will intensify environmental initiatives and expand operations in clean energy fields such as high-efficiency gas engines, solar and biomass power generation.

# Consolidated Six-Year Summary

| Years ended March 31 | Millions of yen | | | | | | Thousands of U.S. dollars (Note 2) |
|---|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2018 |
| Net Sales | ¥232,571 | ¥226,867 | ¥219,354 | ¥218,652 | ¥182,257 | ¥172,882 | $2,189,108 |
| Cost of Sales | 200,160 | 195,270 | 188,377 | 189,544 | 155,045 | 146,034 | 1,884,036 |
| Operating Income | 20,246 | 17,583 | 18,648 | 16,942 | 16,278 | 16,046 | 190,565 |
| Interest and Dividend Income | 397 | 1,111 | 244 | 257 | 222 | 168 | 3,736 |
| Profit Before Income Taxes | 20,239 | 19,093 | 18,558 | 17,805 | 16,740 | 16,497 | 190,501 |
| Profit Attributable to Owners of Parent | 13,552 | 12,797 | 11,243 | 10,045 | 9,832 | 10,284 | 127,556 |
| Per Share of Common Stock (in yen and dollars): | | | | | | | |
| Profit Attributable to Owners of Parent | ¥ 139.12 | ¥ 131.36 | ¥ 115.40 | ¥ 103.11 | ¥ 100.92 | ¥ 105.56 | $ 1.31 |
| Cash Dividends | 40.00 | 38.00 | 37.50 | 7.50 | 15.00 | 15.00 | 0.38 |
| Total Assets | ¥256,003 | ¥244,407 | ¥238,254 | ¥229,436 | ¥221,135 | ¥188,081 | $2,409,673 |
| Net Assets | 145,380 | 133,289 | 121,282 | 116,059 | 104,664 | 99,862 | 1,368,404 |
| Number of Employees | 4,318 | 4,353 | 4,283 | 4,225 | 4,055 | 4,024 | |

Note: The U.S. dollar amounts represent translation of Japanese yen at the exchange rate on March 31, 2018 of ¥106.24 to $1.

# Financial Review

## Operating Income

Operating income for the fiscal year ended March 31, 2018 climbed by 15.1% to ¥20,246 million (US$190,565 thousand). The ratio of operating income to net sales increased by1.0 percentage point to 8.7%. The increase in operating income was mainly due to the decrease in 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, 2018 climbed by 5.9% to ¥13,552 million (US$127,556 thousand).

## Total Assets and Net Assets

Total consolidated assets at March 31, 2018 climbed by ¥11,596 million from the previous fiscal year-end to ¥256,003 million (US$2,409,673 thousand). Among total assets, time deposits increased by ¥944 million to ¥1,205 million (US$11,344 thousand). Trade notes and accounts receivable decreased by ¥2,875 million to ¥100,536 million (US$946,306 thousand). Net assets rose ¥12,091 million to ¥145,380 million (US$1,368,404 thousand) due to an increase of ¥9,753 million in retained earnings. The equity ratio at March 31, 2018 was 56.7%.

# Consolidated Balance Sheet

| March 31, 2018 and 2017 | Millions of yen | | Thousands of U.S. dollars (Note 2) |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| **ASSETS** | | | |
| **Current assets:** | | | |
| Cash and cash equivalents | ¥ 99,290 | ¥ 87,997 | $ 934,580 |
| Time deposits | 1,205 | 261 | 11,344 |
| Trade notes and accounts receivable | 100,536 | 103,411 | 946,306 |
| Electronically recorded monetary claims - operating | 1,080 | 436 | 10,162 |
| Less: allowance for doubtful accounts | (474) | (1,253) | (4,459) |
| Inventories (Note 3) | 24,900 | 24,265 | 234,371 |
| Deferred tax assets (Note 8) | 3,666 | 3,635 | 34,503 |
| Other current assets | 7,621 | 6,132 | 71,748 |
| Total current assets | 237,824 | 224,884 | 2,238,555 |
| **Property, plant and equipment, at cost:** | | | |
| Land | 3,044 | 3,139 | 28,654 |
| Buildings and structures | 8,739 | 9,737 | 82,261 |
| Machinery and equipment | 2,758 | 2,696 | 25,961 |
| Tools, furniture and fixtures | 4,421 | 4,411 | 41,617 |
| Leased assets | 50 | 58 | 467 |
| Construction in progress | 11 | — | 100 |
| | 19,023 | 20,041 | 179,060 |
| Less: accumulated depreciation | (12,106) | (12,943) | (113,951) |
| Total property, plant and equipment, net | 6,917 | 7,098 | 65,109 |
| **Intangible assets** | 229 | 245 | 2,159 |
| **Investments and other assets:** | | | |
| Investment securities (Note 9) | 1,161 | 146 | 10,933 |
| Investments in affiliates (Note 4) | 164 | 162 | 1,541 |
| Deferred tax assets (Note 8) | 8,911 | 10,474 | 83,872 |
| Net defined benefit asset | 7 | — | 63 |
| Other | 908 | 1,517 | 8,555 |
| Less: allowance for doubtful accounts | (118) | (119) | (1,114) |
| Total investments and other assets | 11,033 | 12,180 | 103,850 |
| Total assets | ¥ 256,003 | ¥ 244,407 | $ 2,409,673 |

See the accompanying Notes to Consolidated Financial Statements.

| March 31, 2018 and 2017 | Millions of yen | | Thousands of U.S. dollars (Note 2) |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| **LIABILITIES AND NET ASSETS** | | | |
| **Current liabilities:** | | | |
| Trade notes and accounts payable | ¥ 48,457 | ¥ 47,308 | $ 456,110 |
| Accounts payable non-trade | 3,874 | 4,159 | 36,463 |
| Advances received on uncompleted construction contracts | 17,459 | 13,182 | 164,334 |
| Allowance for bonuses to directors and statutory auditors | 93 | 123 | 873 |
| Accrued expenses | 8,737 | 8,695 | 82,236 |
| Completed work compensation reserve | 578 | 319 | 5,444 |
| Provision for loss on construction contracts | 27 | 3 | 258 |
| Accrued income taxes | 4,505 | 4,672 | 42,404 |
| Other current liabilities (Note 10) | 1,618 | 1,234 | 15,233 |
| Total current liabilities | 85,348 | 79,695 | 803,355 |
| **Long-term liabilities:** | | | |
| Liability for retirement benefit (Note 11) | 24,812 | 30,947 | 233,551 |
| Accrued directors' retirement benefits | 44 | 36 | 417 |
| Asset retirement obligations | 392 | 375 | 3,688 |
| Other long-term liabilities (Note 10) | 27 | 65 | 258 |
| Total long-term liabilities | 25,275 | 31,423 | 237,914 |
| Total liabilities | 110,623 | 111,118 | 1,041,269 |
| **Contingent liabilities:** (Note 16) | | | |
| **Net assets:** (Note 17) | | | |
| **Shareholders' equity:** | | | |
| Common stock | 11,876 | 11,876 | 111,785 |
| Capital surplus | 20,911 | 20,911 | 196,824 |
| Retained earnings | 114,208 | 104,455 | 1,074,997 |
| Treasury stock, at cost | (167) | (165) | (1,573) |
| Total shareholders' equity | 146,828 | 137,077 | 1,382,033 |
| **Accumulated other comprehensive income:** | | | |
| Unrealized gains or losses on securities | 8 | (3) | 77 |
| Deferred gains or losses on hedges | (209) | (268) | (1,969) |
| Currency translation adjustments | 230 | 99 | 2,168 |
| Retirement benefits liability adjustments | (1,807) | (3,930) | (17,008) |
| Total accumulated other comprehensive income | (1,778) | (4,102) | (16,732) |
| **Non-controlling interests** | 330 | 314 | 3,103 |
| Total net assets | 145,380 | 133,289 | 1,368,404 |
| Total liabilities and net assets | ¥ 256,003 | ¥ 244,407 | $ 2,409,673 |

# Consolidated Statement of Income

| Years ended March 31, 2018 and 2017 | Millions of yen | | Thousands of U.S. dollars (Note 2) |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| **Net sales** | ¥ 232,571 | ¥ 226,867 | $ 2,189,108 |
| **Cost of sales** (Notes 5, 6) | 200,160 | 195,270 | 1,884,036 |
| Gross profit | 32,411 | 31,597 | 305,072 |
| **Selling, general and administrative expenses** (Notes 6, 12) | 12,165 | 14,014 | 114,507 |
| Operating income | 20,246 | 17,583 | 190,565 |
| **Other income:** | | | |
| Interest income | 346 | 1,062 | 3,258 |
| Dividends income | 51 | 49 | 478 |
| Equity in income of affiliates | 38 | 46 | 354 |
| Dividend income of insurance | 91 | 112 | 856 |
| Other | 188 | 297 | 1,774 |
| | 714 | 1,566 | 6,720 |
| **Other expenses:** | | | |
| Foreign exchange losses | 648 | — | 6,098 |
| Other | 73 | 56 | 686 |
| | 721 | 56 | 6,784 |
| Ordinary income | 20,239 | 19,093 | 190,501 |
| Profit before income taxes | 20,239 | 19,093 | 190,501 |
| **Income taxes:** (Note 8) | | | |
| Current | 6,102 | 6,210 | 57,435 |
| Deferred | 582 | 79 | 5,480 |
| | 6,684 | 6,289 | 62,915 |
| Profit | 13,555 | 12,804 | 127,586 |
| **Profit attributable to non-controlling interests** | 3 | 7 | 30 |
| Profit attributable to owners of parent (Note 17) | ¥ 13,552 | ¥ 12,797 | $ 127,556 |

See the accompanying Notes to Consolidated Financial Statements.

# Consolidated Statement of Comprehensive Income

| Years ended March 31, 2018 and 2017 | Millions of yen | | Thousands of U.S. dollars (Note 2) |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| **Profit** | ¥ 13,555 | ¥ 12,804 | $ 127,586 |
| Other comprehensive income | | | |
| Unrealized gains or losses on securities | 11 | (3) | 107 |
| Deferred gains or losses on hedges | 59 | 22 | 552 |
| Currency translation adjustments | 146 | 116 | 1,377 |
| Retirement benefits liability adjustments | 2,123 | 2,139 | 19,984 |
| Other comprehensive income (Note 13) | 2,339 | 2,274 | 22,020 |
| **Total comprehensive income** | ¥ 15,894 | ¥ 15,078 | $ 149,606 |
| Comprehensive income attributable to | | | |
| Owners of parent | ¥ 15,875 | ¥ 15,065 | $ 149,432 |
| Non-controlling interests | 19 | 13 | 174 |

See the accompanying Notes to Consolidated Financial Statements.

# Consolidated Statement of Changes in Net Assets

| | | Millions of yen | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Years ended March 31, 2018 and 2017 | 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, 2016 | 97,656,888 | ¥ 11,876 | ¥ 20,911 | ¥ 94,727 | ¥ (165) | ¥ — | ¥ (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 April 1, 2017 | 97,656,888 | ¥ 11,876 | ¥ 20,911 | ¥ 104,455 | ¥ (165) | ¥ (3) | ¥ (268) | ¥ 99 | ¥ (3,930) | ¥ 314 | ¥ 133,289 |
| Profit attributable to owners of parent | | | | 13,552 | | | | | | | 13,552 |
| Cash dividends (Note 14) | | | | (3,799) | | | | | | | (3,799) |
| Purchase of treasury stock | | | | | (2) | | | | | | (2) |
| Other changes | | | | | | 11 | 59 | 131 | 2,123 | 16 | 2,340 |
| **Balance at March 31, 2018** | 97,656,888 | ¥ 11,876 | ¥ 20,911 | ¥ 114,208 | ¥ (167) | ¥ 8 | ¥ (209) | ¥ 230 | ¥ (1,807) | ¥ 330 | ¥ 145,380 |

| | 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, 2017 | $ 111,785 | $ 196,824 | $ 983,200 | $ (1,555) | $ (29) | $ (2,521) | $ 935 | $ (36,991) | $ 2,952 | $ 1,254,600 |
| Profit attributable to owners of parent | | | 127,556 | | | | | | | 127,556 |
| Cash dividends (Note 14) | | | (35,759) | | | | | | | (35,759) |
| Purchase of treasury stock | | | | (18) | | | | | | (18) |
| Other changes | | | | | 106 | 552 | 1,233 | 19,983 | 151 | 22,025 |
| **Balance at March 31, 2018** | $ 111,785 | $ 196,824 | $ 1,074,997 | $ (1,573) | $ 77 | $ (1,969) | $ 2,168 | $ (17,008) | $ 3,103 | $ 1,368,404 |

See the accompanying Notes to Consolidated Financial Statements.

# Consolidated Statement of Cash Flows

| Years ended March 31, 2018 and 2017 | Millions of yen | | Thousands of U.S. dollars (Note 2) |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| **Cash flows from operating activities:** | | | |
| Profit before income taxes | ¥ 20,239 | ¥ 19,093 | $ 190,501 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | | |
| Depreciation | 601 | 682 | 5,659 |
| Increase (decrease) in allowance for doubtful accounts | (767) | 936 | (7,221) |
| (Decrease) in net defined benefit liability | (3,057) | (1,161) | (28,775) |
| Interest and dividends | (397) | (1,110) | (3,736) |
| (Gain) loss on sales of property, plant and equipment | 30 | (8) | 282 |
| Share of (profit) of entities accounted for using equity method | (38) | (46) | (354) |
| (Increase) decrease in trade notes and accounts receivable | 2,205 | (10,845) | 20,759 |
| (Increase) decrease in inventories | (637) | 1,042 | (5,995) |
| (Increase) in other current assets | (1,418) | (898) | (13,349) |
| Increase (decrease) in trade notes and accounts payable | 1,027 | (439) | 9,666 |
| Increase (decrease) in advances received on uncompleted construction contracts | 4,226 | (141) | 39,782 |
| Increase (decrease) in completed work compensation reserve | 255 | (729) | 2,401 |
| Increase (decrease) in provision for loss on construction contracts | 24 | (202) | 227 |
| Increase in other current liabilities | 126 | 1,123 | 1,186 |
| Other | 139 | (159) | 1,296 |
| | 22,558 | 7,138 | 212,329 |
| Interest and dividends received | 433 | 1,140 | 4,075 |
| Income taxes paid | (6,264) | (7,578) | (58,960) |
| Net cash provided by operating activities | 16,727 | 700 | 157,444 |
| **Cash flows from investing activities:** | | | |
| Decrease (increase) in time deposits | (917) | 77 | (8,636) |
| Proceeds from sales of property, plant and equipment | 230 | 32 | 2,161 |
| Payments for acquisition of property, plant and equipment | (650) | (857) | (6,116) |
| Payments for acquisition of intangible assets | (16) | (24) | (153) |
| Payments for purchase of investment securities | (1,000) | (99) | (9,413) |
| Other | 525 | (648) | 4,946 |
| Net cash used in investing activities | (1,828) | (1,519) | (17,211) |
| **Cash flows from financing activities:** | | | |
| Repayments of lease liabilities | (7) | (11) | (62) |
| Dividends paid | (3,799) | (3,069) | (35,760) |
| Purchase of treasury stock | (2) | 0 | (19) |
| Dividends paid to non-controlling interests | (2) | (3) | (24) |
| Proceeds from share issuance to non-controlling shareholders | — | 1 | — |
| Net cash used in financing activities | (3,810) | (3,082) | (35,865) |
| Effect of exchange rate changes on cash and cash equivalents | 204 | 264 | 1,931 |
| Net increase in cash and cash equivalents | 11,293 | (3,637) | 106,299 |
| Cash and cash equivalents at beginning of year | 87,997 | 91,634 | 828,281 |
| Cash and cash equivalents at end of year | ¥ 99,290 | ¥ 87,997 | $ 934,580 |

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 collectability 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.

### (u) Standards issued but not yet effective

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29 dated March 30, 2018 issued by the Accounting Standards Board of Japan)

"Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30 dated March 30, 2018 issued by the Accounting Standards Board of Japan)

1. Overview

The International Accounting Standards Board (IASB) and US Financial Accounting Standards Board (FASB) jointly developed comprehensive revenue recognition standards and issued

"Revenue from Contracts with Customers" in May 2014 (IASB's IFRS No. 15 and FASB's Topic 606). Considering that IFRS No. 15 shall apply to the fiscal years beginning on or after January 1, 2018, and Topic 606 shall apply to the fiscal years beginning after December 15, 2017, the ASBJ developed a comprehensive accounting standard on revenue recognition and thus issued the accounting standard together with the implementation guidance.

The ASBJ established the accounting standard on revenue recognition by following the basic policies in developing it. The basic policies were: firstly, incorporating the core principle of IFRS No. 15 as the starting point from the perspective of facilitating comparability among financial statements, which is one of the benefits of ensuring consistency with IFRS No. 15; secondly, adding alternative treatments, but to the extent not impairing comparability, where consideration should be given to the practice having been used in Japan.

2. Effective date

The above guidance is scheduled to be applied from the beginning of the fiscal year beginning on April 1, 2021.

3. Effects of application of the accounting standards.

The Companies are currently evaluating the effect of adopting the "Accounting Standard for Revenue Recognition, etc." on its consolidated financial statements.

## 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 ¥106.24 = US$1.00, the rate prevailing on March 31, 2018. 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, 2018 and 2017 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| Work in progress | ¥ 24,862 | ¥ 24,225 | $ 234,014 |
| Materials and supplies | 38 | 40 | 357 |
| Total | ¥ 24,900 | ¥ 24,265 | $ 234,371 |

## 4. Investments in Affiliates

Investments in affiliates at March 31, 2018 and 2017 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| Investments in capital stock, at cost | ¥ 5 | ¥ 5 | $ 42 |
| Equity in accumulated earnings and losses since acquisition, net | 159 | 157 | 1,499 |
| Total | ¥ 164 | ¥ 162 | $ 1,541 |

## 5. Assets Pledged as Collateral and Obligations Related to Collateral

Assets pledged as collateral

(As of March 31, 2017)

There were no assets pledged as collateral as of March 31, 2017.

(As of March 31, 2018)

Cash and deposits — ¥1,894 million

(Note) The assets above are pledged as collateral mainly for performance bonds for construction.

## 6. Net Sales Recognized Using the Percentage-of-Completion Method

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| Net sales recognized using the percentage-of-completion method | ¥109,855 | ¥93,320 | $1,034,023 |
| Total | ¥109,855 | ¥93,320 | $1,034,023 |

## 7. Provision Included in Cost of Sales of Completed Construction Contracts

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| Completed work compensation reserve | ¥ 259 | ¥ (195) | $ 2,441 |
| Provision for loss on construction contracts | 27 | 3 | 258 |
| Total | ¥ 286 | ¥ (192) | $ 2,699 |

## 8. 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 |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| Administrative expenses | ¥ 953 | ¥ 1,035 | $ 8,971 |
| Cost of sales | — | — | — |

## 9. Income Taxes

The Companies are subject to a number of different taxes based on income which, in the aggregate, indicate a normal statutory tax rate in Japan of approximately 30.8% for the years ended March 31, 2018 and 2017.

Reconciliation between the statutory tax rate and the effective income tax rate for the years ended March 31, 2018 and 2017 is as follows:

| | 2018 | 2017 |
|---|---|---|
| Statutory tax rate | 30.8% | 30.8% |
| Non deductible expenses | 0.5 | 0.5 |
| Prefectural and municipal inhabitant per capita tax | 0.4 | 0.4 |
| Change in valuation allowance | (1.3) | 1.4 |
| Tax rate differences in foreign subsidiaries | 1.8 | 1.1 |
| Other | 0.8 | (1.2) |
| Effective income tax rate | 33.0% | 33.0% |

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

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| **Deferred tax assets** | | | |
| Liability for retirement benefit | ¥ 8,537 | ¥ 10,177 | $ 80,352 |
| Accrued bonuses | 2,155 | 2,232 | 20,283 |
| Accounts payable | 619 | 477 | 5,829 |
| Allowance for doubtful accounts | 147 | 432 | 1,387 |
| Depreciation | 1,018 | 897 | 9,584 |
| Completed work compensation reserve | 69 | 98 | 649 |
| Provision for loss on construction contracts | 8 | 1 | 75 |
| Accrued enterprise tax | 270 | 150 | 2,540 |
| Deferred gains or losses on hedges | 121 | 119 | 1,139 |
| Other | 965 | 1,115 | 9,079 |
| | 13,909 | 15,698 | 130,917 |
| Valuation allowance for deferred tax assets | (617) | (940) | (5,801) |
| Deferred tax assets | 13,292 | 14,758 | 125,116 |
| **Deferred tax liabilities** | | | |
| Retained earnings appropriated for tax allowance reserves | (492) | (492) | (4,631) |
| Gain on contribution of securities to retirement benefit trust | (110) | (114) | (1,035) |
| Other | (113) | (43) | (1,075) |
| Deferred tax liabilities | (715) | (649) | (6,741) |
| Net deferred tax assets | ¥ 12,577 | ¥ 14,109 | $ 118,375 |

## 10. Investment Securities

(1) Information regarding securities classified as other securities

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

| | Millions of yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2018 | | | | 2017 | | | |
| | Cost | Gross unrealized gains | Gross unrealized losses | Fair value | Cost | Gross unrealized gains | Gross unrealized losses | Fair value |
| Equity securities | ¥ 99 | ¥ 10 | ¥ — | ¥ 109 | ¥ 99 | ¥ — | ¥ (5) | ¥ 94 |
| Investment trusts | ¥ 1,000 | ¥ 1 | ¥ — | ¥ 1,001 | ¥ — | ¥ — | ¥ — | ¥ — |
| Total | ¥ 1,099 | ¥ 11 | ¥ — | ¥ 1,110 | ¥ 99 | ¥ — | ¥ (5) | ¥ 94 |

Since unlisted stocks (¥215 million and ¥214 million at March 31, 2018 and 2017, respectively) have no market value and their fair value is not determinable, they are not included in other securities above.

| | Thousands of U.S. dollars | | | |
|---|---|---|---|---|
| | 2018 | | | |
| | Cost | Gross unrealized gains | Gross unrealized losses | Fair value |
| Equity securities | $ 931 | $ 96 | $ — | $ 1,027 |
| Investment trusts | $ 9,413 | $ 9 | $ — | $ 9,422 |
| Total | $ 10,344 | $ 105 | $ — | $ 10,449 |

Since unlisted stocks (US$2,024 thousand at March 31, 2018) have no market value and their fair value is not determinable, they are not included in other securities above.

(2) Investment securities for which impairment losses were recorded

In the fiscal years ended March 31, 2018 and 2017, no impairment loss was recorded on other investment securities.

## 11. Short-Term Borrowings and Long-Term Debt

At March 31, 2018 and 2017, short-term borrowings and current portion of long-term debt consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| Current portion of lease obligations | ¥ 5 | ¥ 8 | $ 46 |

At March 31, 2018 and 2017, long-term debt consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| Lease obligations | ¥ 21 | ¥ 28 | $ 195 |
| Less current portion | 5 | 8 | 46 |
| | ¥ 16 | ¥ 20 | $ 149 |

The maturities of lease obligations as of March 31, 2018 are summarized as follows:

| Year ending March 31 | Millions of yen | Thousands of U.S. dollars |
|---|---|---|
| | 2018 | 2018 |
| 2019 | ¥ 2 | $ 19 |
| 2020 | 1 | 10 |
| 2021 | 1 | 10 |
| 2022 and thereafter | 12 | 110 |

## 12. Retirement Benefits

### 1. Outline of adopted retirement benefit plans

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

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

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

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

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

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

### 2. Defined benefit plan

The changes in the retirement benefit obligation during the years ended March 31, 2018 and 2017 are as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| Retirement benefit obligation at April 1 | ¥ 75,374 | ¥ 75,781 | $ 709,471 |
| Service cost | 2,347 | 2,264 | 22,087 |
| Interest cost | 390 | 391 | 3,668 |
| Actuarial gains or losses | 99 | 173 | 934 |
| Retirement benefit expenses applying the simplified method | 125 | 112 | 1,181 |
| Retirement benefit paid | (4,473) | (3,352) | (42,102) |
| Other | (5) | 5 | (49) |
| Retirement benefit obligation at March 31 | ¥ 73,857 | ¥ 75,374 | $ 695,190 |

The changes in plan assets during the years ended March 31, 2018 and 2017 are as follows

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| Plan assets at April 1 | ¥ 44,427 | ¥ 40,584 | $ 418,180 |
| Expected return on plan assets | 1,109 | 1,017 | 10,434 |
| Actuarial gains or losses | 1,374 | 1,176 | 12,935 |
| Contributions by the Company | 3,553 | 1,776 | 33,442 |
| Retirement benefits paid | (2,412) | (1,625) | (22,701) |
| Amount of contributions made due to the setup of a retirement benefit trust | 1,000 | 1,499 | 9,414 |
| Plan assets at March 31 | ¥ 49,051 | ¥ 44,427 | $ 461,704 |

The following table sets forth the funded status of the plan and the amounts recognized in the consolidated balance sheet as of March 31, 2018 and 2017 for the Companies' defined benefit plans:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| Contributory retirement benefit obligation | ¥ 72,334 | ¥ 73,912 | $ 680,853 |
| Plan assets at fair value | (49,052) | (44,427) | (461,704) |
| | 23,282 | 29,485 | 219,149 |
| Non-contributory retirement benefit obligation | 1,523 | 1,462 | 14,339 |
| Net liability for retirement benefit in the balance sheet | 24,805 | 30,947 | 233,488 |
| Liability for retirement benefit | 24,812 | 30,947 | 233,551 |
| Asset for retirement benefit | (7) | — | (63) |
| Net liability for retirement benefit in the balance sheet | ¥ 24,805 | ¥ 30,947 | $ 233,488 |

The components of retirement benefit expenses for the years ended March 31, 2018 and 2017 are as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| Service cost | ¥ 2,347 | ¥ 2,264 | $ 22,087 |
| Interest cost | 390 | 391 | 3,668 |
| Expected return on plan assets | (1,109) | (1,017) | (10,434) |
| Amortization of actuarial gains or losses | 1,915 | 2,003 | 18,024 |
| Amortization of prior service cost | (117) | 87 | (1,104) |
| Retirement benefit expenses applying the simplified method | 125 | 113 | 1,182 |
| Retirement benefit expenses | ¥ 3,551 | ¥ 3,841 | $ 33,423 |

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 |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| Prior service cost | ¥ (117) | ¥ 87 | $ (1,104) |
| Actuarial gains or losses | 3,190 | 3,007 | 30,025 |
| Total | ¥ 3,073 | ¥ 3,094 | $ 28,921 |

Unrecognized prior service cost and unrecognized actuarial gains or losses included in accumulated other comprehensive income (before tax effect) as of March 31, 2018 and 2017 are as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| Unrecognized prior service cost | ¥ (287) | ¥ (405) | $ (2,705) |
| Unrecognized actuarial gains or losses | 2,901 | 6,092 | 27,311 |
| Total | ¥ 2,614 | ¥ 5,687 | $ 24,606 |

The details of plan assets, by major category, as a percentage of total plan assets as of March 31, 2018 and 2017 are as follows:

| | 2018 | 2017 |
|---|---|---|
| Bonds | 37% | 33% |
| Alternative* | 26% | 25% |
| Stocks | 25% | 21% |
| General accounts | 8% | 9% |
| Other | 4% | 12% |
| 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, 2018 and 2017 were as follows (weighted averages):

| | 2018 | 2017 |
|---|---|---|
| Discount rates | 0.5% | 0.5% |
| Expected rates of return on plan assets | 2.5% | 2.5% |
| Expected rates of salary increase | 4.4% | 4.6% |

### 3. Defined contribution plan

Contributions to be made by the Company and some of its domestic consolidated subsidiaries to defined contribution pension plans were ¥340 million (US$3,204 thousand) and ¥328 million for the years ended March 31, 2018 and 2017, respectively. Amortization of prepaid retirement allowance plans was ¥7 million (US$64 thousand) and ¥11 million for the fiscal years ended March 31, 2018 and 2017, respectively.

## 13. Selling, General and Administrative Expenses

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| Salaries and wages | ¥ 5,733 | ¥ 5,530 | $ 53,960 |
| Retirement benefit expenses | 649 | 665 | 6,112 |
| Director's retirement benefit expenses | 8 | 9 | 77 |
| Bonuses to directors and statutory auditors | 5 | 129 | 45 |
| (Reversal) provision of allowance for doubtful accounts | (766) | 949 | (7,213) |
| Other | 6,536 | 6,732 | 61,526 |
| Total | ¥ 12,165 | ¥ 14,014 | $ 114,507 |

Research and development costs were ¥953 million (US$ 8,971 thousand) and ¥1,035 million for the years ended March 31, 2018 and 2017, respectively.

## 14. Other Comprehensive Income

Recycling and tax effects relating to other comprehensive income for the years ended March 31, 2018 and 2017 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| **Unrealized gains or losses on securities:** | | | |
| Amount arising during the year | ¥ 20 | ¥ (5) | $ 191 |
| Recycling | — | — | — |
| Before tax effect adjustment | 20 | (5) | 191 |
| Tax effect | (9) | 2 | (84) |
| Unrealized gains or losses on securities | 11 | (3) | 107 |
| **Deferred gains or losses on hedges:** | | | |
| Amount arising during the year | (144) | 277 | (1,359) |
| Recycling | 73 | (283) | 687 |
| Asset acquisition cost adjustments | 128 | 38 | 1,205 |
| Before tax effect adjustment | 57 | 32 | 533 |
| Tax effect | 2 | (10) | 19 |
| Deferred gains or losses on hedges | 59 | 22 | 552 |
| **Currency translation adjustments:** | | | |
| Amount arising during the year | 146 | 116 | 1,377 |
| **Retirement benefits liability adjustments:** | | | |
| Amount arising during the year | 1,275 | 1,004 | 12,000 |
| Recycling | 1,798 | 2,090 | 16,921 |
| Before tax effect adjustment | 3,073 | 3,094 | 28,921 |
| Tax effect | (950) | (955) | (8,937) |
| Retirement benefits liability adjustments | 2,123 | 2,139 | 19,984 |
| Other comprehensive income | ¥ 2,339 | ¥ 2,274 | $ 22,020 |

## 15. Dividends

1) Dividends paid

For the year ended March 31, 2018

| | |
|---|---|
| Resolution | Meeting of the Board of Directors on May 15, 2017 |
| Class of shares | Common stock |
| Total dividends (millions of yen) | ¥1,850 |
| 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 |

| | |
|---|---|
| Resolution | Meeting of the Board of Directors on October 31, 2017 |
| Class of shares | Common stock |
| Total dividends (millions of yen) | ¥1,948 |
| Total dividends (thousands of U.S. dollars) | $18,339 |
| Source of dividends | Retained earnings |
| Dividends per share (yen) | ¥20.0 |
| Dividends per share (U.S. dollars) | $0.19 |
| Cut-off date | September 30, 2017 |
| Effective date | December 1, 2017 |

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 |
| Source of dividends | Retained earnings |
| Dividends per share (yen) | ¥12.5 |
| 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 |
| Source of dividends | Retained earnings |
| Dividends per share (yen) | ¥19.0 |
| Cut-off date | September 30, 2016 |
| Effective date | December 1, 2016 |

2) Dividends with the cut-off date in the year ended March 31, 2018 and the effective date in the year ending March 31, 2019

| | |
|---|---|
| Resolution | Meeting of the Board of Directors on May 11, 2018 |
| Class of shares | Common stock |
| Total dividends (millions of yen) | ¥1,948 |
| Total dividends (thousands of U.S. dollars) | $18,339 |
| Source of dividends | Retained earnings |
| Dividends per share (yen) | ¥20.0 |
| Dividends per share (U.S. dollars) | $0.19 |
| Cut-off date | March 31, 2018 |
| Effective date | June 4, 2018 |

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

| | |
|---|---|
| Resolution | Meeting of the Board of Directors on May 15, 2017 |
| Class of shares | Common stock |
| Total dividends (millions of yen) | ¥1,850 |
| Source of dividends | Retained earnings |
| Dividends per share (yen) | ¥19.0 |
| Cut-off date | March 31, 2017 |
| Effective date | June 2, 2017 |

## 16. Leases

### As Lessee:

Future minimum lease payments subsequent to March 31, 2018 and 2017 for non-cancelable operating leases are summarized as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| Due within one year | ¥ 9 | ¥ 6 | $ 87 |
| Due after one year | 21 | 18 | 199 |
| Total | ¥ 30 | ¥ 24 | $ 286 |

## 17. Contingent Liabilities

The Companies had the following contingent liabilities at March 31, 2018 and 2017

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| As guarantor of employees' housing loans from banks | ¥ 148 | ¥ 205 | $ 1,396 |
| Total of contingent liabilities | ¥ 148 | ¥ 205 | $ 1,396 |

## 18. Per Share Information

Profit attributable to owners of parent and net assets per share for the years ended March 31, 2018 and 2017 were as follows:

| | Yen | | U.S. dollars |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| Profit attributable to owners of parent (basic) | ¥ 139.12 | ¥ 131.36 | $ 1.31 |
| Net assets | 1,489.03 | 1,365.06 | 14.02 |

## 19. Segment Information

### (a) Overview of reporting segments

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

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

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

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

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

## (c) Reporting segment information

| Year ended March 31, 2018 | Millions of yen | | |
|---|---|---|---|
| | 2018 | | |
| | Power Systems Division | Infrastructure and Industrial Systems Division | Total |
| Net sales: | | | |
| Sales to customers | ¥ 144,055 | ¥ 88,516 | ¥ 232,571 |
| Intersegment sales or transfers | 835 | 129 | 964 |
| Total | 144,890 | 88,645 | 233,535 |
| Segment profits | 11,757 | 8,482 | 20,239 |
| Other items: | | | |
| Depreciation | 495 | 106 | 601 |
| Interest income | 195 | 151 | 346 |
| Equity in income of affiliates | 38 | — | 38 |

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

| | Thousands of U.S. dollars | | |
|---|---|---|---|
| | 2018 | | |
| | Power Systems Division | Infrastructure and Industrial Systems Division | Total |
| Net sales: | | | |
| Sales to customers | $ 1,355,936 | $ 833,172 | $ 2,189,108 |
| Intersegment sales or transfers | 7,856 | 1,216 | 9,072 |
| Total | 1,363,792 | 834,388 | 2,198,180 |
| Segment profits | 110,667 | 79,834 | 190,501 |
| Other items: | | | |
| Depreciation | 4,659 | 1,000 | 5,659 |
| Interest income | 1,840 | 1,418 | 3,258 |
| Equity in income of affiliates | 354 | — | 354 |

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

| Year ended March 31, 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.

## (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 |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| **Net sales:** | | | |
| Total of reporting segments | ¥ 233,535 | ¥ 227,909 | $ 2,198,180 |
| Eliminations | (964) | (1,042) | (9,072) |
| Net sales in consolidated statement of income | ¥ 232,571 | ¥ 226,867 | $ 2,189,108 |
| **Segment profits:** | | | |
| Total of reporting segments | ¥ 20,239 | ¥ 19,093 | $ 190,501 |
| Ordinary income | 20,239 | 19,093 | 190,501 |

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| **Others:** | | | |
| Depreciation | | | |
| Total of reporting segments | ¥ 601 | ¥ 682 | $ 5,659 |
| Adjustment | — | — | — |
| Consolidated | 601 | 682 | 5,659 |
| Interest income | | | |
| Total of reporting segments | 346 | 1,062 | 3,258 |
| Adjustment | — | — | — |
| Consolidated | 346 | 1,062 | 3,258 |
| Equity in income of affiliates | | | |
| Total of reporting segments | 38 | 46 | 354 |
| Adjustment | — | — | — |
| Consolidated | 38 | 46 | 354 |

## (e) Related information

### (i) Information on products and services

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

### (ii) Geographical information

(1) Net sales

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | 2018 | 2017 | 2018 |
| **Net sales** | | | |
| Japan | ¥ 174,333 | ¥ 171,440 | $ 1,640,939 |
| Southeast Asia | 41,313 | 39,402 | 388,868 |
| Other Asia | 5,334 | 6,327 | 50,210 |
| Other areas | 11,591 | 9,698 | 109,091 |
| Total | ¥ 232,571 | ¥ 226,867 | $ 2,189,108 |

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, Malaysia, Cambodia ,Philippines, Vietnam, Indonesia, Brunei etc.
(2) Other Asia: Taiwan, India, China, Kuwait ,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

| | 2018 | |
|---|---|---|
| Customer | Net sales | Segment concerned |
| Toshiba Energy Systems & Solutions Corporation | ¥ 54,131 million<br>$ 509,520 thousand | Power Systems Division<br>Infrastructure and Industrial Systems Division |
| Toshiba Corporation | ¥ 44,654 million<br>$ 420,310 thousand | Power Systems Division<br>Infrastructure and Industrial Systems Division |

| | 2017 | |
|---|---|---|
| Customer | Net sales | Segment concerned |
| Toshiba Corporation | ¥ 113,093 million | Power Systems Division<br>Infrastructure and Industrial Systems Division |

## 20. Financial Instruments

### (a) Matters concerning financial instruments

1) Policy toward financial instruments

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

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

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 investment trusts and 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.

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
## 2018:

The consolidated balance sheet amounts and fair values as of March 31, 2018 are as shown in table below.

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 | |
|---|---|---|---|---|
| | 2018 | | 2018 | |
| | Consolidated balance sheet amount | Fair value | Consolidated balance sheet amount | Fair value |
| 1. Cash and cash equivalents | ¥ 99,290 | ¥ 99,290 | $ 934,580 | $ 934,580 |
| 2. Time deposits | 1,205 | 1,205 | 11,344 | 11,344 |
| 3. Trade notes and accounts receivable | 100,536 | 100,536 | 946,306 | 946,306 |
| Allowance for doubtful accounts | (295) | (295) | (2,780) | (2,780) |
| | 100,241 | 100,241 | 943,526 | 943,526 |
| 4. Electronically recorded monetary claims - operating | 1,080 | 1,080 | 10,162 | 10,162 |
| 5. Investment securities | 1,110 | 1,110 | 10,449 | 10,449 |
| Asset total | 202,926 | 202,926 | 1,910,061 | 1,910,061 |
| 1. Trade notes and accounts payable | ¥ 48,457 | ¥ 48,457 | $ 456,110 | $ 456,110 |
| 2. Accounts payable non-trade | 3,874 | 3,874 | 36,463 | 36,463 |
| 3. Accrued income taxes | 4,505 | 4,505 | 42,404 | 42,404 |
| Liability total | 56,836 | 56,836 | 534,977 | 534,977 |
| Derivatives | ¥ (529) | ¥ (529) | $ (4,979) | $ (4,979) |

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 of investment trusts is based on the prices presented by counterparty financial instructions, and fair value of stocks 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) Unlisted stocks (consolidated balance sheet amount of ¥215 million (US$2,024 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.

| | Millions of yen | | | |
|---|---|---|---|---|
| | 2018 | | | |
| | Within 1 year | Over 1 year within 5 years | Over 5 years within 10 years | Over 10 years |
| 1. Cash and cash equivalents | ¥ 99,283 | ¥ — | ¥ — | ¥ — |
| 2. Time deposits | 1,205 | — | — | — |
| 3. Trade notes and accounts receivable | 100,536 | — | — | — |
| 4. Electronically recorded monetary claims - operating | 1,080 | — | — | — |

| | Thousands of U.S. dollars | | | |
|---|---|---|---|---|
| | 2018 | | | |
| | Within 1 year | Over 1 year within 5 years | Over 5 years within 10 years | Over 10 years |
| 1. Cash and cash equivalents | $ 934,515 | $ — | $ — | $ — |
| 2. Time deposits | 11,344 | — | — | — |
| 3. Trade notes and accounts receivable | 946,306 | — | — | — |
| 4. Electronically recorded monetary claims - operating | 10,162 | — | — | — |

## 2017:

The consolidated balance sheet amounts and fair values as of March 31, 2017 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 | |
|---|---|---|
| | 2017 | |
| | Consolidated balance sheet amount | Fair value |
| 1. Cash and cash equivalents | ¥ 87,997 | ¥ 87,997 |
| 2. Time deposits | 261 | 261 |
| 3. Trade notes and accounts receivable | 103,411 | 103,411 |
| Allowance for doubtful accounts | (1,094) | (1,094) |
| | 102,317 | 102,317 |
| 4. Electronically recorded monetary claims - operating | 436 | 436 |
| 5. Investment securities | 94 | 94 |
| Asset total | 191,105 | 191,105 |
| 1. Trade notes and accounts payable | ¥ 47,308 | ¥ 47,308 |
| 2. Accounts payable non-trade | 4,159 | 4,159 |
| 3. Accrued income taxes | 4,672 | 4,672 |
| Liability total | 56,139 | 56,139 |
| Derivatives | ¥ (372) | ¥ (372) |

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) Unlisted stocks (consolidated balance sheet amount of ¥214 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.

| | 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 | — | — | — |

## 21. Derivative Transactions

### Matters regarding the current prices of transactions

### 2018:

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

| | Millions of yen | | | |
|---|---|---|---|---|
| | 2018 | | | |
| | Contract amounts | Over one year | Fair value | Unrealized gain (loss) |
| Forward foreign exchange contract | | | | |
| Selling position | | | | |
| U.S. dollars | ¥ 1,661 | ¥ — | ¥ 64 | ¥ 64 |
| Euro | 1 | — | (0) | (0) |
| Buying position | | | | |
| U.S. dollars | 3,489 | — | (272) | (272) |
| Euros | 114 | — | 9 | 9 |
| Total | ¥ 5,264 | ¥ — | ¥ (199) | ¥ (199) |

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

| | Thousands of U.S. dollars | | | |
|---|---|---|---|---|
| | 2018 | | | |
| | Contract amounts | Over one year | Fair value | Unrealized gain (loss) |
| Forward foreign exchange contract | | | | |
| Selling position | | | | |
| U.S. dollars | $ 15,631 | $ — | $ 606 | $ 606 |
| Euro | 8 | — | (1) | (1) |
| Buying position | | | | |
| U.S. dollars | 32,845 | — | (2,559) | (2,559) |
| Euros | 1,069 | — | 83 | 83 |
| Total | $ 49,553 | $ — | $ (1,871) | $ (1,871) |

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 | | | |
|---|---|---|---|---|
| | 2018 | | | |
| | Hedged items | Contract amounts | Over one year | Fair value |
| Forward foreign exchange contract | | | | |
| Selling position | | | | |
| U.S. dollars | Trade notes and accounts receivable | ¥ 1,656 | ¥ 500 | ¥ 52 |
| Buying position | | | | |
| Euros | Trade notes and accounts payable | 49 | — | 1 |
| U.S. dollars | Trade notes and accounts payable | 6,738 | 1,669 | (383) |
| Total | | ¥ 8,443 | ¥ 2,169 | ¥ (330) |

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

| | Thousands of U.S. dollars | | | |
|---|---|---|---|---|
| | 2018 | | | |
| | Hedged items | Contract amounts | Over one year | Fair value |
| Forward foreign exchange contract | | | | |
| Selling position | | | | |
| U.S. dollars | Trade notes and accounts receivable | $ 15,589 | $ 4,709 | $ 485 |
| Buying position | | | | |
| Euros | Trade notes and accounts payable | 464 | — | 10 |
| U.S. dollars | Trade notes and accounts payable | 63,419 | 15,710 | (3,603) |
| Total | | $ 79,472 | $ 20,419 | $ (3,108) |

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

## 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 | ¥ 5,885 | ¥ 923 | ¥ 15 | ¥ 15 |

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.

## 22. Transactions with Related Parties

### 2018:

**I ) Transactions between related parties and the Company**

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

2018:

(a) Transactions with related parties

I) Transactions between related parties and the Company

The parents 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 | ¥ 499,999 | 1. Manufacture of electric machinery and equipment<br>2. Manufacture of measuring instruments, medical equipment and apparatus, and other machinery and equipment<br>3. Software development and supply, electronic communication, broadcasting, information processing, information service<br>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<br>5. Business incidental or related to each of the abovementioned businesses or industries<br>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%).

4. The general terms and conditions are applied to the contract for construction. When purchasing materials, individual estimates are received and transaction amounts are determined through negotiations on a case-by-case basis.

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.

**Companies which have the same parent company as the Company and other subsidiaries of the Company**

| Status | Name | Address | Capital (Millions of yen) | Business |
|---|---|---|---|---|
| Subsidiaries of the parent company | Toshiba Memory Corporation | Minato-ku, Tokyo | ¥ 10,000 | Business involving the development, manufacture, and sale of memory and related products, and other relevant businesses |
| | Toshiba Infrastructure Systems & Solutions Corporation | Kawasaki City, Kanagawa | ¥ 10,000 | Development, manufacture, and sale of products, systems, and services related to the social infrastructure business |
| | Toshiba Energy Systems & Solutions Corporation | Kawasaki City, Kanagawa | ¥ 10,000 | Development, manufacture, and sale of products, systems, and services related to the energy business |

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

| | Percentage of voting rights held by the parent company, etc. (%) | 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) |
|---|---|---|---|---|---|---|---|
| | | Business relationship | | | | | |
| | Direct 49.89<br>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 (Note 4) | ¥ 44,380<br>$ 417,732 | Accounts receivable — completed work | ¥ 104<br>$ 983 |
| | | | | | | Other current assets | ¥ 171<br>$ 1,606 |
| | | | | Purchase of materials (Note 4) | ¥ 8,485<br>$ 79,867 | Advances received on uncompleted construction contracts | ¥ 0<br>$ 4 |
| | | | | | | Accounts payable — construction work | ¥ 1,450<br>$ 13,644 |
| | | | | | | Accounts payable non-trade | ¥ 70<br>$ 660 |
| | | | | | | Accrued expenses | ¥ 7<br>$ 66 |
| | | | Non-business transactions | Deposit of funds (Note 5) | ¥ 96,910<br>$ 912,180 | Group deposits | ¥ 82,800<br>$ 779,367 |
| | | | | Withdrawal of funds (Note 5) | ¥ 14,110<br>$ 132,813 | | |
| | | | | Receipt of interest | ¥ 222<br>$ 2,091 | | |

| | Percentage of voting rights held by the parent company, etc. (%) | 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) |
|---|---|---|---|---|---|---|---|
| | | Business relationship | | | | | |
| | — | Construction contracting | Business transactions | Construction contracting (Note 2) | ¥ 13,493<br>$ 127,005 | Accounts receivable - completed work | ¥ 5,252<br>$ 49,439 |
| | — | Construction contracting | Business transactions | Construction contracting (Note 2) | ¥ 12,794<br>$ 120,424 | Accounts receivable - completed work | ¥ 7,098<br>$ 66,814 |
| | — | Construction contracting | Business transactions | Construction contracting (Note 2) | ¥ 53,922<br>$ 507,552 | Accounts receivable - completed work | ¥ 53,467<br>$ 503,264 |
| | | | | | | Advances receivad on uncompleted construction contracts | ¥ 211<br>$ 1,983 |

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

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

Not applicable

Companies which have the same parent company as the Company and other subsidiaries of the Company

| Status | Name | Address | Capital (Thousands of U.S. dollars) | Business |
|---|---|---|---|---|
| Company which has the same parent company | Toshiba Asia Pacific Pte. Ltd. | Singapore | ¥ 4,853 | In charge of general operations in the Asia-Pacific region |

Note: Consumption taxes are not included in above-mentioned amounts pertaining to either transaction amounts or the balance at fiscal year-end.
Policy for determining trade terms and other related matters
The Company's consolidated subsidiaries are depositing funds with and withdrawing funds from Toshiba Asia Pacific Pte. Ltd. under a basic agreement entered into between those subsidiaries and Toshiba Asia Pacific Pte. Ltd. concerning fund transactions.

## 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 machinery and equipment<br>2. Manufacture of measuring instruments, medical equipment and apparatus, and other machinery and equipment<br>3. Software development and supply, electronic communication, broadcasting, information processing, information service<br>4. Chemical industry, metal industry, construction, ceramic industry, mining, soil and gravel mining<br>5. Business incidental or related to each of the abovementioned businesses or industries<br>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%).
4. The general terms and conditions are applied to the contract for construction. When purchasing materials, individual estimates are received and transaction amounts are determined concerning fund transactions.

Companies which have the same parent company as the Company and other subsidiaries of the Company

Not applicable

| | Percentage of voting rights held by the parent company, etc. (%) | Relationship<br>Business relationship | Transactions | | Transaction amounts (Millions of yen) | Account item | Balance at fiscal year-end (Millions of yen) |
|---|---|---|---|---|---|---|---|
| | — | Deposit and withdrawal of funds | Non-business transaction | Deposit of funds | ¥ 6,460<br>$ 60,806.00 | Group deposits | ¥ 4,420<br>$ 41,604 |
| | | | | Withdrawal of funds | ¥ 2,040<br>$ 19,202.00 | | |
| | | | | Receipt of interest | ¥ 4<br>$ 32.80 | | |

| | Percentage of voting rights held by the parent company, etc. (%) | Relationship<br>Business relationship | Transactions | | Transaction amounts (Millions of yen) | Account item | Balance at fiscal year-end (Millions of yen) |
|---|---|---|---|---|---|---|---|
| | Direct 49.89<br>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 (Note 4) | ¥ 112,549 | Accounts receivable — completed work | ¥ 62,154 |
| | | | | | | Other current assets | ¥ 131 |
| | | | | Purchasing of materials (Note 4) | ¥ 9,154 | Advances received on uncompleted construction contracts | ¥ 912 |
| | | | | | | Accounts payable — construction work | ¥ 3,315 |
| | | | | | | Accounts payable non-trade | ¥ 154 |
| | | | Non-business transactions | Deposit of funds | ¥ 560,160 | Group deposits | ¥ — |
| | | | | Withdrawal of funds (Note 5) | ¥ 592,950 | | |
| | | | | Receipt of interest | ¥ 966 | | |

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.

**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 machinery and equipment<br>2. Manufacture of measuring instruments, medical equipment and apparatus, and other machinery and equipment<br>3. Software development and supply, electronic communication, broadcasting, information processing, information service<br>4. Chemical industry, metal industry, construction, ceramic industry, mining, soil and gravel mining<br>5. Business incidental or related to each of the above- mentioned businesses or industries<br>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.

Companies which have the same parent company as the Company and other subsidiaries of the Company

Not applicable

| Percentage of voting rights held by the parent company, etc. (%) | Relationship<br>Business relationship | Transactions | | Transaction amounts (Millions of yen) | Account item | Balance at fiscal year-end (Millions of yen) |
|---|---|---|---|---|---|---|
| Direct 49.89<br>Indirect 1.64 | Deposit and withdrawal of funds | Non-business transaction | Deposit of funds | ¥ 23,336 | Group deposits | ¥ — |
| | | | Withdrawal of funds | ¥ 25,713 | | |
| | | | Receipt of interest | ¥ 29 | | |

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.

pwc

## 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, 2018, 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, 2018, 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, 2018 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.

PricewaterhouseCoopers Aarata LLC

August 29, 2018

*PricewaterhouseCoopers Aarata LLC*
*Otemachi Park Building, 1-1-1 Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan*
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# Stock Information / Corporate Data

## Stock Information As of March 31, 2018

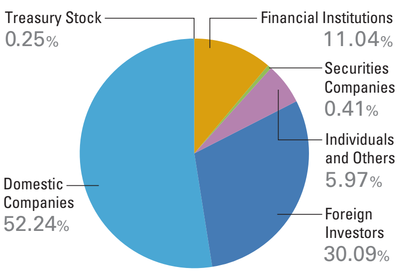
**Common Stock:**
265,000,000 shares

**Issued and Outstanding:**
97,656,888 shares

**Number of Shareholders:**
3,334

**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 | 49.86% |
| The Master Trust Bank of Japan Limited (Trust Account) | 3,502 | 3.60% |
| State Street Bank and Trust Company 510311 | 2,178 | 2.24% |
| State Street Bank and Trust Company 510312 | 2,162 | 2.22% |
| Credit Suisse AG Dublin Branch Prime Client Asset Equity Account | 2,101 | 2.16% |
| Toshiba Plant Systems & Services Employees' Shareholding Association | 1,601 | 1.64% |
| Toshiba Insurance Service Corporation | 1,600 | 1.64% |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 1,456 | 1.49% |
| Goldman Sachs & Co. regular account | 1,131 | 1.16% |
| State Street London, Care of State Street Bank and Trust, Boston SSBTC A/C UK London Branch Clients – United Kingdom | 1,081 | 1.11% |
| Total of 10 shareholders | 65,391 | 67.13% |

## Corporate Data As of June 21, 2018

### SENIOR MANAGEMENT AND CORPORATE AUDITORS

*President and Chief Executive Officer, Representative Director*
**Masataka Hayashi**

*Executive Vice Presidents and Directors*
**Koichi Kamei**
**Koichi Harazono**
**Masaharu Yoshida**
**Yoshikatsu Tanaka**

*Senior Vice Presidents and Directors*
**Masayuki Kitabayashi**
**Yasuo Yamazaki**

*Vice Presidents and Directors*
**Kazunori Tsuruhara**
**Kohji Shiotsuki**

*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**
**Takashi Mochizuki**

*Statutory Auditors*
**Ryoji Sotoike**
**Takehisa Uchiyama**
**Shinichi Morooka**
**Takashi Ishii**

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