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ANNUAL
REPORT
2006

For the Year Ended March 31, 2006

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Financial Highlights

Years ended March 31

| Consolidated | Millions of yen | | | | | Thousands of U.S.dollars |
|----------------------------|-----------------|----------|----------|----------|----------|--------------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2006 |
| Net sales | ¥337,204 | ¥341,667 | ¥355,113 | ¥376,187 | ¥443,402 | \$3,774,598 |
| Operating income | 5,090 | 12,741 | 15,034 | 16,195 | 17,157 | 146,054 |
| Net income (loss) | (5,136) | 3,947 | 7,991 | 6,348 | 6,034 | 51,366 |
| Total assets | 240,752 | 247,671 | 256,311 | 270,056 | 323,476 | 2,753,690 |
| Total shareholders' equity | 112,244 | 114,863 | 116,218 | 119,779 | 128,066 | 1,090,202 |
| | Yen | | | | | U.S.dollars |
| Per share data: | | | | | | |
| Net income (loss) - | | | | | | |
| Basic | ¥(17.83) | ¥13.57 | ¥28.16 | ¥22.44 | ¥21.40 | \$0.182 |
| Total shareholders' equity | 389.58 | 405.49 | 414.18 | 428.88 | 458.80 | 3.906 |
| | Millions of yen | | | | | Thousands of U.S.dollars |
| Non-Consolidated | 2002 | 2003 | 2004 | 2005 | 2006 | 2006 |
| Net sales | ¥246,087 | ¥241,202 | ¥245,288 | ¥257,510 | ¥253,931 | \$2,161,667 |
| Operating income | 13 | 6,245 | 6,851 | 5,691 | 3,720 | 31,668 |
| Net income (loss) | (5,874) | 2,333 | 3,528 | 4,055 | 6,966 | 59,300 |
| Common stock | 39,971 | 39,971 | 39,971 | 39,971 | 39,971 | 340,266 |
| Total assets | 185,633 | 181,221 | 187,526 | 198,634 | 197,815 | 1,683,962 |
| Total shareholders' equity | 103,466 | 104,044 | 103,844 | 105,248 | 110,494 | 940,615 |
| | Yen | | | | | U.S.dollars |
| Per share data: | | | | | | |
| Net income (loss) - | | | | | | |
| Basic | ¥(20.39) | ¥7.99 | ¥12.41 | ¥14.33 | ¥24.84 | \$0.211 |
| Cash dividends | 0.00 | 5.00 | 6.00 | 8.00 | 9.00 | 0.077 |
| Total shareholders' equity | 359.11 | 367.35 | 370.14 | 376.91 | 395.91 | 3.370 |

The dollar amounts in this report represent translations of yen, for convenience only, at the rate of ¥117.47=US\$1.00, the exchange rate prevailing on March 31, 2006.

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REVIEW OF THE YEAR

The Japanese economy in fiscal year 2005 steadily recovered due to consumer spending and capital investments. As for business conditions outside Japan, the US and European economy maintained a firm undertone, and the Asian economy marked a great growth.

Under the circumstances as above, TOSHIBA TEC Group made the following efforts in order to accomplish the basic policy of its midterm management plan, "Establishment of well-balanced global enterprise".

- *Improving merchantability by releasing new POS terminals and extending the digital MFP lineup
- *Strengthening cost competitiveness by procurement cost reduction and product design standardization
- *Strengthening marketability by expanding direct sales channels

These efforts resulted in the sales growth of the POS system and the digital MFP. Due to the sales growth and the consolidation of TOSHIBA AMERICA BUSINESS SOLUTIONS, INC., the TOSHIBA TEC Group's consolidated sales recorded ¥443,402 million, an 18% increase over the previous fiscal year. Although the sales of business equipment for particular customers at the Document Processing & Telecommunication Systems reduced and price competition has been severe at the market, the operating income marked ¥17,157 million, a 6% increase due to the sales growth as mentioned. Because of the temporary influences such as tax effect accounting and minority interests due to the consolidation of TOSHIBA AMERICA BUSINESS SOLUTIONS, INC., the net income ended at ¥6,034 million, a 5% decrease.

PRODUCTS LINE UP (as of March, 2006)

Retail Information Systems

- General merchandise systems
- Convenience store/Shopping center systems
- Super market systems
- Hospitality/Hotel systems
- Barcode printers
- Handheld terminals
- OA Equipment/JIMCON
- Supplies/Printing services
- Environmental equipment

Document Processing & Telecommunication Systems

- Full Color MFPs
- B&W MFPs
- Analog Copiers
- Facsimiles
- Inkjet printheads
- Components (printed circuit boards, constant voltage power supplies, molded products etc)

Home Electric Appliances & Others

- Vacuum cleaners
- Motors
- Health equipment

Consolidated Balance Sheets

March 31, 2006 and 2005

| ASSETS | Millions of yen | | Thousands of U.S.dollars (Note 1) |
|--------------------------------------------|-----------------|-----------------|--------------------------------------|
| | 2006 | 2005 | 2006 |
| Current assets | | | |
| Cash and cash equivalents | ¥67,775 | ¥64,960 | \$576,955 |
| Trade notes and accounts receivable | 69,372 | 52,864 | 590,551 |
| Inventories | 47,729 | 34,302 | 406,308 |
| Deferred income taxes (Note 9) | 9,375 | 8,608 | 79,808 |
| Prepaid expenses and other current assets | 10,396 | 10,719 | 88,499 |
| Allowance for doubtful accounts | (2,810) | (1,956) | (23,921) |
| Total current assets | 201,837 | 169,497 | 1,718,200 |
| Fixed assets | | | |
| Property, plant and equipment: | | | |
| Land | 5,624 | 5,675 | 47,876 |
| Buildings and structures | 29,239 | 26,875 | 248,906 |
| Machinery and equipment | 32,627 | 23,795 | 277,748 |
| Tools, furniture and fixtures | 64,819 | 68,178 | 551,792 |
| Construction in progress | 1,853 | 1,516 | 15,774 |
| Less accumulated depreciation | (94,290) | (92,872) | (802,673) |
| | 39,872 | 33,167 | 339,423 |
| Intangible assets: | | | |
| Goodwill | 35,951 | 8,076 | 306,044 |
| Other intangible assets | 7,684 | 6,196 | 65,412 |
| | 43,635 | 14,272 | 371,456 |
| Investments and other assets: | | | |
| Investment securities: (Note 11) | | | |
| Unconsolidated subsidiaries and affiliates | 6,189 | 23,978 | 52,686 |
| Other | 5,054 | 3,628 | 43,024 |
| Deferred income taxes (Note 9) | 19,484 | 18,656 | 165,863 |
| Other investments and other assets | 7,536 | 7,012 | 64,153 |
| Allowance for doubtful accounts | (131) | (154) | (1,115) |
| | 38,132 | 53,120 | 324,611 |
| Total fixed assets | 121,639 | 100,559 | 1,035,490 |
| Total assets | ¥323,476 | ¥270,056 | \$2,753,690 |

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

| LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS' EQUITY | Millions of yen | | Thousands of U.S.dollars (Note 1) |
|----------------------------------------------------------------------|-----------------|-----------------|--------------------------------------|
| | 2006 | 2005 | 2006 |
| Current liabilities | | | |
| Trade notes and accounts payable | ¥53,431 | ¥46,180 | \$454,848 |
| Short-term loans (Note 3) | 32,081 | 21,122 | 273,100 |
| Current portion of long-term debt (Note 3) | 1,682 | 4 | 14,318 |
| Accrued income and other taxes | 3,944 | 7,105 | 33,575 |
| Other current liabilities | 52,007 | 41,228 | 442,725 |
| Total current liabilities | 143,145 | 115,639 | 1,218,566 |
| Long-term liabilities | | | |
| Long-term debt (Note 3) | 906 | 3,463 | 7,713 |
| Accrued retirement benefits (Note 4) | 27,308 | 27,934 | 232,468 |
| Other long-term liabilities | 3,694 | 2,414 | 31,446 |
| Total long-term liabilities | 31,908 | 33,811 | 271,627 |
| Total liabilities | 175,053 | 149,450 | 1,490,193 |
| Contingent liabilities (Note 5) | | | |
| Minority interest in consolidated subsidiaries | 20,357 | 827 | 173,295 |
| Shareholders' equity | | | |
| Common stock | | | |
| Authorized-1,000,000,000 shares | | | |
| Issued- 288,145,704 shares | 39,971 | 39,971 | 340,266 |
| Capital surplus | 52,986 | 52,985 | 451,060 |
| Retained earnings | 34,540 | 31,575 | 294,032 |
| Unrealized holding gains on securities | 1,218 | 288 | 10,369 |
| Foreign currency translation adjustments | 2,669 | (1,793) | 22,721 |
| Less treasury stock, at cost: | | | |
| 9,143,293 shares in 2006 | (3,318) | – | (28,246) |
| 9,015,037 shares in 2005 | – | (3,247) | – |
| Total shareholders' equity | 128,066 | 119,779 | 1,090,202 |
| Total liabilities, minority interest and shareholders' equity | ¥323,476 | ¥270,056 | \$2,753,690 |

Consolidated Statements of Shareholders' Equity

Years ended March 31, 2006 and 2005

| | Millions of yen | | Thousands of U.S.dollars (Note 1) |
|----------------------------------------------------------|-----------------|----------|--------------------------------------|
| | 2006 | 2005 | 2006 |
| Common stock | | | |
| Balance at beginning of year | ¥39,971 | ¥39,971 | \$340,266 |
| Balance at end of year | ¥39,971 | ¥39,971 | \$340,266 |
| Capital surplus | | | |
| Balance at beginning of year | ¥52,985 | ¥52,984 | \$451,051 |
| Increase from selling treasury stock | 1 | 1 | 9 |
| Balance at end of year | ¥52,986 | ¥52,985 | \$451,060 |
| Retained earnings | | | |
| Balance at beginning of year | ¥31,575 | ¥28,547 | \$268,793 |
| Net income | 6,034 | 6,348 | 51,367 |
| Cash dividends | (2,232) | (1,963) | (19,001) |
| Bonuses to directors and corporate auditors | (63) | (46) | (536) |
| Minimum pension liability adjustment | (331) | – | (2,818) |
| Decrease from inclusion in consolidation of subsidiaries | (436) | (638) | (3,712) |
| Decrease from inclusion in equity method | – | (433) | – |
| Decrease from merger of non-consolidated subsidiary | (7) | (240) | (60) |
| Balance at end of year | ¥34,540 | ¥31,575 | \$294,033 |
| Unrealized holding gains on securities | | | |
| Balance at beginning of year | ¥288 | ¥324 | \$2,452 |
| Net change during the year | 930 | (36) | 7,917 |
| Balance at end of year | ¥1,218 | ¥288 | \$10,369 |
| Foreign currency translation adjustments | | | |
| Balance at beginning of year | ¥(1,793) | ¥(2,984) | \$(15,263) |
| Net change during the year | 4,462 | 1,191 | 37,984 |
| Balance at end of year | ¥2,669 | ¥(1,793) | \$ 22,721 |
| Treasury stock | | | |
| Balance at beginning of year | ¥(3,247) | ¥(2,624) | \$(27,642) |
| Net change during the year | (71) | (623) | (604) |
| Balance at end of year | ¥(3,318) | ¥(3,247) | \$(28,246) |

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Consolidated Statements of Cash Flows

Years ended March 31, 2006 and 2005

| | Millions of yen | | Thousands of U.S.dollars (Note 1) |
|------------------------------------------------------------------------------------------------------------------------|-----------------|----------|--------------------------------------|
| | 2006 | 2005 | 2006 |
| Cash flows from operating activities | | | |
| Income before income taxes and minority interest | ¥13,793 | ¥10,990 | \$117,417 |
| Adjustment to reconcile income before income taxes and minority interest to net cash provided by operating activities: | | | |
| Depreciation and amortization | 13,004 | 10,367 | 110,700 |
| Loss on impairment of fixed assets | 60 | – | 511 |
| Allowance for doubtful accounts | (286) | 171 | (2,435) |
| Accrual for retirement benefits, less payments | (626) | 2,637 | (5,329) |
| Interest and dividend income | (974) | (910) | (8,291) |
| Interest expense | 560 | 525 | 4,767 |
| Equity in earnings of affiliates | (49) | (1,134) | (417) |
| Loss on sales or disposals of fixed assets | 216 | 586 | 1,839 |
| Gains on sales of investment securities | (429) | (44) | (3,652) |
| Write down of investment securities | – | 96 | – |
| Restructuring cost | – | 1,428 | – |
| Expenses of extra pension for early retirement | 1,290 | – | 10,982 |
| Changes in assets and liabilities: | | | |
| Notes and accounts receivable | (1,283) | 12,114 | (10,922) |
| Inventories | (2,375) | 907 | (20,218) |
| Notes and accounts payable | (814) | (4,673) | (6,929) |
| Other | 4,130 | 1,874 | 35,157 |
| Sub Total | 26,217 | 34,934 | 223,180 |
| Interest and dividend income received | 964 | 741 | 8,206 |
| Interest expense payments | (562) | (540) | (4,784) |
| Payments of extra pension for early retirement | (1,291) | – | (10,990) |
| Income taxes payments | (8,252) | (3,668) | (70,247) |
| Net cash provided by operating activities | 17,076 | 31,467 | 145,365 |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | (11,566) | (8,425) | (98,459) |
| Acquisition of intangible assets | (6,283) | (1,701) | (53,487) |
| Acquisition of investment securities | (1,360) | (7,068) | (11,577) |
| Proceeds from sales of investment securities | 759 | 212 | 6,461 |
| Payments of loan receivable | (32) | (30) | (272) |
| Proceeds from loan receivable | 96 | 56 | 817 |
| Other | 472 | 655 | 4,018 |
| Net cash used in investing activities | (17,914) | (16,301) | (152,499) |
| Cash flows from financing activities | | | |
| Proceeds (Repayments) of short-term loans, net | 841 | (3,311) | 7,159 |
| Proceeds of long-term debt | – | 1,160 | – |
| Repayments of long-term debt | (962) | (283) | (8,189) |
| Purchase of treasury stock | (73) | (626) | (621) |
| Payments of dividend | (2,229) | (1,962) | (18,975) |
| Payments of dividend to minority shareholders of subsidiaries | (450) | (237) | (3,831) |
| Other | 4 | 4 | 34 |
| Net cash used in financing activities | (2,869) | (5,255) | (24,423) |
| Effect of exchange rate changes on cash and cash equivalents | 2,535 | 668 | 21,580 |
| Net increase in cash and cash equivalents | (1,172) | 10,579 | (9,977) |
| Cash and cash equivalents at beginning of year | 64,960 | 53,772 | 552,992 |
| Increase in cash and cash equivalents resulting from: | | | |
| Subsidiaries inclusion in consolidation | 3,928 | 517 | 33,438 |
| Merger of non-consolidated subsidiary | 59 | 92 | 502 |
| Cash and cash equivalents at end of year | ¥67,775 | ¥64,960 | \$576,955 |

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Notes to Consolidated Financial Statements

1. Basis of Presenting Consolidated Financial Statements

The consolidated financial statements of TOSHIBA TEC CORPORATION (the "Company") have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

Certain reclassifications have been made to present the consolidated financial statements in a format which is more familiar to the readers outside Japan.

Solely for the convenience of the readers, the consolidated financial statements have been presented in U.S. dollars by translating Japanese yen amounts at the exchange rate of ¥117.47 = US\$1.00 prevailing as of March 31, 2006. The translation should not be construed as a representation that the Japanese yen could be converted into U.S. dollar at the above or any other rate of exchange.

2. Summary of Significant Accounting Policies

(A) Basis of Consolidation and Accounting of Investments in Affiliated Companies

The consolidated financial statements include the accounts of the Company and its significant majority-owned subsidiaries (together the "Companies"). For the years ended March 31, 2006 and 2005, the accounts of 69 and 37 subsidiaries are consolidated, respectively. The number of the consolidated subsidiaries increased significantly due to the consolidation of TOSHIBA AMERICA BUSINESS SOLUTIONS, INC. and its 27 subsidiaries. All significant inter-company transactions and accounts are eliminated in consolidation.

All assets and liabilities of the subsidiaries are revalued on acquisitions, if applicable. The difference between the cost of investments in subsidiaries and the equity in their assets at the dates of acquisition is principally amortized by the straight-line method over 5 to 15 years, except for those recorded in U.S. subsidiaries. (See Notes 2.(G))

The equity method of accounting is adopted for investments in major unconsolidated subsidiaries and affiliated companies. For the year ended March 31, 2006, the equity method of accounting has been adopted for the following company,

TOSHIBA TEC NETHERLANDS RETAIL INFORMATION SYSTEMS B.V.
The investments in the remaining unconsolidated subsidiaries and affiliated companies are stated at cost.

Certain subsidiaries have year end which differs from that of the Company. As a result, adjustments have been made for any significant transactions which took place during the period between the year end of the subsidiaries and the year end of the Company.

(B) Foreign Currency Translation

Revenue and expense accounts of foreign subsidiaries are translated into yen using the annual average rate during the year. The balance sheet accounts, except for the components of shareholders' equity, are translated at the rate in effect at the balance sheet date. The components of shareholders' equity are

translated at their historical rates. Translation adjustments are presented as a component of shareholders' equity and minority interest.

Foreign currency transactions are measured at the applicable rates of exchange prevailing at the transaction dates, unless hedged by foreign exchange contracts. Assets and liabilities denominated in foreign currencies at the balance sheet date are re-measured at the applicable rates of exchange prevailing at that date, unless hedged by foreign exchange contracts. Exchange differences are charged or credited to operations.

(C) Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments, generally with original maturates of three months or less.

(D) Investment Securities

Marketable securities classified as "Other securities" are reported at fair value with unrealized holding gains or losses, net of taxes, included in shareholders' equity. Cost of securities sold is determined by the moving average method.

Non-marketable securities classified as "Other securities" are carried at cost, which is determined by the moving average method.

(E) Inventories

Finished goods, merchandise and semi-finished components are principally stated at the lower of cost, determined by the first-in, first-out method, or market, or at the cost determined by the specific cost method. Work-in-process is principally stated at the lower of cost, determined by the moving average method, or market, or at the cost determined by the specific cost method. Raw materials are principally stated at the lower of cost, determined by the moving average method, or market.

(F) Property, Plant and Equipment and Depreciation

Property, plant and equipment are carried at cost. Material improvements are capitalized, but repair and maintenance including minor improvements are charged to income.

Depreciation of property, plant and equipment is generally computed by the declining-balance method for the Company and its domestic subsidiaries, and by the straight-line method for the overseas subsidiaries, at the rates based on the estimated useful lives of the respective assets. The useful lives of principal property, plant and equipment are summarized as follows:

| | |
|-------------------------------|----------------|
| Buildings and structures | 15 to 38 years |
| Machinery and equipment | 5 to 11 years |
| Tools, furniture and fixtures | 2 to 6 years |

(G) Intangible Assets and Amortization

Intangible assets are amortized by the straight-line method over their estimated useful lives.

Goodwill recognized through purchase and acquisition of subsidiary is basically amortized by the straight-line method over 5 to 15 years period. Concerning subsidiaries in U.S., goodwill is not amortized, but instead tested for impairment annually and when events or circumstances indicate it might be impaired, in accordance with the "Statement of Financial Accounting Standards No.142, 'Goodwill and Other Intangible Assets'".

(H) Allowance for Doubtful Accounts

Allowance for doubtful accounts is provided in the amount sufficient to cover probable losses on collection. It consists of individually estimated uncollectible amounts and an amount calculated using the rate of actual losses on collection in the past.

(I) Retirement Benefits

Upon retirement or termination of employment, employees of the Company and its domestic subsidiaries are generally entitled to lump-sum payments determined by reference to their current basic rate of pay, length of service and conditions under which the termination occurs.

The Company and domestic subsidiaries provide allowance for the retirement benefits and make contributions to a non-contributory tax-qualified pension plans (the "Funded Plan") for employees' severance indemnities payable, as part of the existing retirement plan.

Allowance for the employees' retirement benefits are determined mainly at the amount based on the retirement benefit obligation and the fair value of the pension plan assets, as adjusted for unrecognized actuarial gain or loss.

(J) Leases

The Companies lease certain equipment under non-cancelable lease agreements referred to as finance leases. Finance leases other than those, which transfer the ownership of the leased property to the Companies, are primarily accounted for as operating leases.

(K) Income Taxes, Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

Starting from the year ended March 31, 2006, the Company and its wholly owned domestic subsidiaries were permitted to file the consolidated tax return in Japan for the Corporate Tax purpose.

(L) Derivative Financial Instruments

The Company and certain subsidiaries have entered into forward exchange contracts to hedge the foreign currency transactions related to accounts receivable and payable denominated in foreign currency.

Derivative financial instruments are reported at fair value with unrealized gain or loss, charged or credited to operations, except for those which meet the criteria for the deferral hedge accounting under which unrealized gains or losses is deferred as assets or liabilities. Receivables and payables hedged by qualified forward foreign exchange contracts are translated at the corresponding foreign exchange contract rates.

(M) Revenue Recognition

Sales are generally recognized at the time of shipment of the goods to customers except for sales of certain product, which are recorded in the accounts upon customer acceptance.

(N) Research and Development Expenses

Research and development costs are charged to income as incurred.

(O) Appropriation of Retained Earnings

Under the Commercial Code of Japan, the appropriation of retained earnings with respect to a given financial period is made by the resolution at the shareholders' general meeting, held subsequent to the close of such financial period. The accounts for that period do not, therefore, reflect such appropriation.

(P) Impairment of Fixed Assets

A new accounting standard for the "impairment of fixed assets" has been introduced in Japan. The Company and its domestic consolidated subsidiaries implemented this accounting standard from the year ended March 31, 2006. According to the accounting standard, fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For the year ended March 31, 2006, the loss on the impairment of tangible fixed assets was ¥60 millions (\$511 thousands).

3. Short-Term Loans and Long-Term Debt

The average interest rate for short-term loans outstanding at March 31, 2006 and 2005 is 4.3 % and 3.6%, respectively.

The long-term debt at March 31, 2006 and 2005, consists of the following :

| | Millions of yen | | Thousands of U.S.dollars |
|-----------------------------------------------------------------|-----------------|--------|--------------------------|
| | 2006 | 2005 | 2006 |
| Long-term debt: | | | |
| Due serially through 2022, with interest rate of 3.17% to 6.10% | ¥2,588 | ¥3,467 | \$22,031 |
| | 2,588 | 3,467 | 22,031 |
| Less current portion | 1,682 | 4 | 14,318 |
| | ¥906 | ¥3,463 | \$7,713 |

The aggregate annual maturities of long-term debt (including the current portion) outstanding at March 31, 2006 are as follows:

| | Year ending March 31 | Millions of yen | Thousands of U.S.dollars |
|--|----------------------|-----------------|--------------------------|
| | 2007 | ¥1,682 | \$14,318 |
| | 2008 | 72 | 613 |
| | 2009 | 822 | 6,998 |
| | 2010 and thereafter | 12 | 102 |
| | | ¥2,588 | \$22,031 |

4. Retirement Benefits

The Company and its domestic subsidiaries have defined benefit plans, i.e., the Funded Plans and the lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs.

The following table sets forth the funded status of the plans, and the amounts recognized in the consolidated balance sheets as of March 31, 2006 and 2005 for the Companies' defined benefit plans:

| | Millions of yen | | Thousands of U.S.dollars |
|---------------------------------------------------------|-----------------|-----------|--------------------------|
| | 2006 | 2005 | 2006 |
| Retirement benefit obligation | ¥(65,464) | ¥(63,218) | \$(557,283) |
| Plan assets | 31,885 | 23,344 | 271,431 |
| Unfunded retirement benefit obligation | (33,579) | (39,874) | (285,852) |
| Unrecognized actuarial gain or loss | 5,054 | 10,378 | 43,024 |
| Unrecognized past service cost | 1,344 | 1,562 | 11,441 |
| Net amount recognized in the consolidated balance sheet | (27,181) | (27,934) | (231,387) |
| Prepaid pension cost | 127 | 0 | 1,081 |
| Accrued retirement benefit obligation | ¥(27,308) | ¥(27,934) | \$(232,468) |

The components of retirement benefit expenses for the years ended March 31, 2006 and 2005 are as follows:

| | Millions of yen | | Thousands of U.S.dollars |
|-----------------------------------------------------------------|-----------------|--------|--------------------------|
| | 2006 | 2005 | 2006 |
| Service cost | ¥3,092 | ¥3,286 | \$26,321 |
| Interest cost | 1,311 | 1,225 | 11,160 |
| Expected return on plan assets | (498) | (206) | (4,239) |
| Amortization of net retirement benefit obligation at transition | — | 1,613 | 0 |
| Amortization of actuarial gain or loss | 1,443 | 1,555 | 12,284 |
| Amortization of past service cost | 218 | 218 | 1,856 |
| Total | ¥5,566 | ¥7,691 | \$47,382 |

Apart from the retirement benefit expenses above, additional retirement benefit payments are included in Non-operating expenses. The additional retirement benefit payments for the years ended March 31, 2006 and 2005 were ¥1,410 millions (\$12,007 thousands) and ¥178 millions, respectively.

The assumption used in accounting for the above plans in 2006 and 2005 are as follows:

| | 2006 | 2005 |
|--------------------------------------------------|-------------------------------|-------------------------------|
| Discount rates | Mainly 2.0% | 2.0% ~ 2.3% |
| Expected return on assets | Mainly 2.0% | 0.0% ~ 2.0% |
| Amortization period of past service cost | 10 years Straight-line method | 10 years Straight-line method |
| Amortization period of actuarial gain or loss | 10 years Straight-line method | 10 years Straight-line method |
| Amortization period of net transition obligation | — | 5 years Straight-line method |

5. Contingent liabilities

Contingent liabilities at March 31, 2006 and 2005 are as follows :

| | Millions of yen | | Thousands of U.S.dollars |
|-----------------------------------------------|-----------------|---------|--------------------------|
| | 2006 | 2005 | 2006 |
| Trade notes receivable discounted or endorsed | ¥7,253 | ¥15,058 | \$61,743 |
| Guarantees on lease contracts | 112 | 252 | 953 |
| Guarantees on employees' bank loans | 1,325 | 1,589 | 11,279 |

6. Selling, General and Administrative Expenses

Major components of selling, general and administrative expenses at March 31, 2006 and 2005 are as follows:

| | Millions of yen | | Thousands of U.S.dollars |
|----------------------------------|-----------------|--------|--------------------------|
| | 2006 | 2005 | 2006 |
| Delivering expense | ¥7,431 | ¥6,582 | \$63,259 |
| Advertising expense | 4,486 | 2,243 | 38,188 |
| Personal expense | 89,032 | 63,169 | 757,913 |
| Depreciation and amortization | 4,202 | 2,560 | 35,771 |
| Research and development expense | 20,812 | 18,898 | 177,169 |
| Other selling expense | 15,425 | 7,047 | 131,310 |

7. Non-Operating Income and Expenses-Other, Net

"Other, net" for the years ended March 31, 2006 and 2005, consists of the following :

| | Millions of yen | | Thousands of U.S.dollars |
|-------------------------------------------------------------|-----------------|----------|--------------------------|
| | 2006 | 2005 | 2006 |
| Write-down and disposal of inventories | ¥(1,041) | ¥(940) | \$(8,862) |
| Loss on sales or disposals of property, plant and equipment | (216) | (586) | (1,839) |
| Foreign exchange gain or loss | 13 | (414) | 111 |
| Other, net | (1,571) | (1,343) | (13,374) |
| | ¥(2,815) | ¥(3,283) | \$(23,964) |

8. Research and Development Expenses

Research and development costs charged to income for the years ended March 31, 2006 and 2005 are as follows:

| | Millions of yen | | Thousands of U.S.dollars |
|--|-----------------|---------|--------------------------|
| | 2006 | 2005 | 2006 |
| | ¥27,603 | ¥25,761 | \$234,979 |

9. Income Taxes and Deferred Tax Assets and Liabilities

There is no significant difference between the statutory tax rate (40.6%) and the Company's effective tax rate for the years ended March 31, 2006 and 2005.

Significant components of the Companies' deferred tax assets and liabilities at March 31, 2006 and 2005 are as follows:

| | Millions of yen | | Thousands of U.S.dollars |
|----------------------------------------------|-----------------|---------|--------------------------|
| | 2006 | 2005 | 2006 |
| Deferred tax assets: | | | |
| Accrued retirement benefits | ¥10,788 | ¥11,015 | \$91,836 |
| Intangible assets | 7,370 | 7,225 | 62,739 |
| Accrued bonuses | 3,483 | 3,408 | 29,650 |
| Elimination of consolidated unrealized gains | 2,908 | 1,989 | 24,755 |
| Other | 6,424 | 5,782 | 54,687 |
| | 30,973 | 29,419 | 263,667 |
| Valuation allowance | (527) | (728) | (4,486) |
| | 30,446 | 28,691 | 259,181 |

| | Millions of yen | | Thousands of U.S.dollars |
|-----------------------------------------------------------|-----------------|----------------|--------------------------|
| | 2006 | 2005 | 2006 |
| Deferred tax liabilities: | | | |
| Retained earnings appropriated for tax allowable reserves | 474 | 491 | 4,035 |
| Unrealized gains on securities | 837 | 411 | 7,125 |
| Other | 276 | 526 | 2,350 |
| | <u>1,587</u> | <u>1,428</u> | <u>13,510</u> |
| Net deferred tax assets | <u>¥28,859</u> | <u>¥27,263</u> | <u>\$245,671</u> |

10. Leases

(A) Finance leases

The following pro forma amounts represent the acquisition cost, accumulated depreciation and net book value of leased property as of March 31, 2006 and 2005, which would have been reflected in the consolidated balance sheets if the finance lease accounting had been applied to the finance lease transactions currently accounted for as operating leases:

| | 2006 | | | 2005 | | |
|-------------------------------|------------------|--------------------------|----------------|------------------|--------------------------|----------------|
| | Acquisition cost | Accumulated depreciation | New book value | Acquisition cost | Accumulated depreciation | New book value |
| Machinery and equipment | ¥304 | ¥155 | ¥149 | ¥346 | ¥187 | ¥159 |
| Tools, furniture and fixtures | 210 | 108 | 102 | 197 | 117 | 80 |
| | <u>¥514</u> | <u>¥263</u> | <u>¥251</u> | <u>¥543</u> | <u>¥304</u> | <u>¥239</u> |

| | Thousands of U.S.dollars | | |
|-------------------------------|--------------------------|--------------------------|----------------|
| | 2006 | 2006 | 2006 |
| | Acquisition cost | Accumulated depreciation | New book value |
| Machinery and equipment | \$2,588 | \$1,319 | \$1,269 |
| Tools, furniture and fixtures | 1,788 | 920 | 868 |
| | <u>\$4,376</u> | <u>\$2,239</u> | <u>\$2,137</u> |

- (1) Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2006 and 2005 for finance lease transactions accounted for as operating leases are summarized as follows:

| | Millions of yen | | Thousands of U.S.dollars |
|---------------------|-----------------|-------------|--------------------------|
| | 2006 | 2005 | 2006 |
| Due within one year | ¥83 | ¥74 | \$707 |
| Due after one year | 168 | 165 | 1,430 |
| | <u>¥251</u> | <u>¥239</u> | <u>\$2,137</u> |

- (2) Lease payments for the years ended March 31, 2006 and 2005, are ¥84 millions(\$714 thousands) and ¥87 millions, respectively.

(B) Operating leases

Future minimum lease payments subsequent to March 31, 2006 and 2005 for noncancelable operating leases are summarized as follows:

| | Millions of yen | | Thousands of U.S.dollars |
|---------------------|-----------------|-------------|--------------------------|
| | 2006 | 2005 | 2006 |
| Due within one year | ¥138 | ¥117 | \$1,174 |
| Due after one year | 52 | 151 | 443 |
| | <u>¥190</u> | <u>¥268</u> | <u>\$1,617</u> |

11. Securities

- (1) Information regarding marketable Other Securities as of March 31, 2006 and 2005 is as follows:

| | Millions of yen | | | | | |
|-----------------------------------------------------------------|------------------|----------------|-----------------------|------------------|----------------|-----------------------|
| | 2006 | | | 2005 | | |
| | Acquisition cost | Carrying value | Unrealized gain(loss) | Acquisition cost | Carrying value | Unrealized gain(loss) |
| Securities whose carrying value exceeds their acquisition cost: | | | | | | |
| Stocks | ¥1,231 | ¥3,078 | ¥1,847 | ¥983 | ¥2,024 | ¥1,041 |
| Securities whose acquisition cost exceeds their carrying value: | | | | | | |
| Stocks | 31 | 29 | (2) | 272 | 221 | (51) |
| Total | <u>¥1,262</u> | <u>¥3,107</u> | <u>¥1,845</u> | <u>¥1,255</u> | <u>¥2,245</u> | <u>¥990</u> |

| | Thousands of U.S.dollars | | |
|-----------------------------------------------------------------|--------------------------|-----------------|------------------------|
| | 2006 | 2006 | 2006 |
| | Acquisition cost | Carrying value | Unrealized gain (loss) |
| Securities whose carrying value exceeds their acquisition cost: | | | |
| Stocks | \$10,479 | \$26,202 | \$15,723 |
| Securities whose acquisition cost exceeds their carrying value: | | | |
| Stocks | 264 | 247 | (17) |
| Total | <u>\$10,743</u> | <u>\$26,449</u> | <u>\$15,706</u> |

- (2) The proceeds from sales of securities, except those of the affiliated companies, for the years ended March 31, 2006 and 2005 were ¥693 millions (\$5,900 thousands) and ¥212 millions, respectively. The realized gains on those sales for the years ended March 31, 2006 and 2005 were ¥425 millions (\$3,619 thousands) and ¥45 millions, respectively. The realized losses on those sales for the years ended March 31, 2006 and 2005 were ¥7 millions (\$58 thousands) and ¥1 million, respectively.

12. Derivative Financial Instruments

Fair value information of the derivative financial instruments at March 31, 2006 and 2005 is summarized below according to the disclosure requirements applicable to the respective year:

| | Millions of yen | | | | | |
|-----------------------------|-----------------|------------|-----------------------|-----------------|------------|-----------------------|
| | 2006 | | | 2005 | | |
| | Contract amount | Fair value | Unrealized gain(loss) | Contract amount | Fair value | Unrealized gain(loss) |
| Forward exchange contracts: | | | | | | |
| Sell Euros | ¥1,391 | ¥1,400 | ¥(9) | ¥1,556 | ¥1,562 | ¥(6) |

| | Thousands of U.S.dollars | | |
|-----------------------------|--------------------------|------------|-----------------------|
| | 2006 | 2006 | 2006 |
| | Contract amount | Fair value | Unrealized gain(loss) |
| Forward exchange contracts: | | | |
| Sell Euros | \$11,841 | \$11,918 | \$(77) |

Above forward exchange contracts are taken by the Company to hedge the foreign currency risk on inter-company transactions. They meet the criteria for deferral hedge accounting, and holding gains or losses of these financial instruments are deferred in the Non-Consolidated Financial Statements of the Company.

13. Segment Information

(A) Business Segment

The Companies operate in three business segments.

The products line up of these segments is presented on the second page of this report.

| | Millions of yen | | Thousands of U.S.dollars |
|-------------------------------------------------|-----------------|----------|--------------------------|
| | 2006 | 2005 | 2006 |
| Net Sales | | | |
| Retail Information Systems | | | |
| Unaffiliated customers | ¥171,667 | ¥165,086 | \$1,461,369 |
| Intersegment | 2,021 | 1,793 | 17,204 |
| Total | 173,688 | 166,879 | 1,478,573 |
| Document Processing & Telecommunication Systems | | | |
| Unaffiliated customers | 256,829 | 195,429 | 2,186,337 |
| Intersegment | 6,735 | 5,044 | 57,334 |
| Total | 263,564 | 200,473 | 2,243,671 |
| Home Electric Appliances & Others | | | |
| Unaffiliated customers | 14,905 | 15,672 | 126,883 |
| Intersegment | 239 | 193 | 2,035 |
| Total | 15,144 | 15,865 | 128,918 |
| Eliminations | (8,994) | (7,030) | (76,564) |
| Consolidated | ¥443,402 | ¥376,187 | \$3,774,598 |
| Operating Income | | | |
| Retail Information Systems | ¥7,892 | ¥6,595 | \$67,183 |
| Document Processing & Telecommunication Systems | 9,522 | 10,952 | 81,059 |
| Home Electric Appliances & Others | (257) | (1,365) | (2,188) |
| Eliminations | 0 | 13 | — |
| Consolidated | ¥17,157 | ¥16,195 | \$146,054 |
| Identifiable Assets | | | |
| Retail Information Systems | ¥68,515 | ¥67,479 | \$583,255 |
| Document Processing & Telecommunication Systems | 206,946 | 150,988 | 1,761,693 |
| Home Electric Appliances & Others | 7,364 | 9,598 | 62,688 |
| Corporate and Eliminations | 40,651 | 41,991 | 346,054 |
| Consolidated | ¥323,476 | ¥270,056 | \$2,753,690 |
| Depreciation and Amortization | | | |
| Retail Information Systems | ¥2,874 | ¥2,669 | \$24,466 |
| Document Processing & Telecommunication Systems | 9,376 | 6,643 | 79,816 |
| Home Electric Appliances & Others | 754 | 1,055 | 6,419 |
| Consolidated | ¥13,004 | ¥10,367 | \$110,701 |
| Capital Expenditures | | | |
| Retail Information Systems | ¥3,710 | ¥3,118 | \$31,583 |
| Document Processing & Telecommunication Systems | 12,626 | 6,494 | 107,483 |
| Home Electric Appliances & Others | 985 | 782 | 8,385 |
| Consolidated | ¥17,321 | ¥10,394 | \$147,451 |

(note) Corporate assets mainly consist of cash, time deposits, securities and investments with financial institutions of the Company.
Corporate assets at March 31, 2006 and 2005, are ¥41,096 millions (\$349,844 thousands) and ¥42,508 millions, respectively.

(B) Geographic Segments

| | Millions of yen | | Thousands of U.S.dollars |
|----------------------------|-----------------|----------|--------------------------|
| | 2006 | 2005 | 2006 |
| Net Sales | | | |
| Japan | | | |
| Unaffiliated customers | ¥219,491 | ¥252,174 | \$1,868,486 |
| Intersegment | 86,208 | 43,151 | 733,872 |
| Total | 305,699 | 295,325 | 2,602,358 |
| American States | | | |
| Unaffiliated customers | 93,744 | 3,605 | 798,025 |
| Intersegment | 532 | 4 | 4,529 |
| Total | 94,276 | 3,609 | 802,554 |
| Europe | | | |
| Unaffiliated customers | 95,107 | 85,916 | 809,628 |
| Intersegment | 8,417 | 7,599 | 71,652 |
| Total | 103,524 | 93,515 | 881,280 |
| Asia and others | | | |
| Unaffiliated customers | 35,060 | 34,492 | 298,459 |
| Intersegment | 55,614 | 39,690 | 473,432 |
| Total | 90,674 | 74,182 | 771,891 |
| Eliminations | (150,771) | (90,444) | (1,283,485) |
| Consolidated | ¥443,402 | ¥376,187 | \$3,774,598 |
| Operating Income | | | |
| Japan | ¥6,348 | ¥8,745 | \$54,039 |
| American States | 2,770 | 5 | 23,580 |
| Europe | 2,038 | 2,841 | 17,349 |
| Asia and others | 6,380 | 6,384 | 54,312 |
| Eliminations | (379) | (1,780) | (3,226) |
| Consolidated | ¥17,157 | ¥16,195 | \$146,054 |
| Identifiable Assets | | | |
| Japan | ¥227,299 | ¥187,185 | \$1,934,953 |
| American States | 42,549 | 1,966 | 362,212 |
| Europe | 64,176 | 62,974 | 546,318 |
| Asia and others | 45,525 | 37,999 | 387,546 |
| Corporate and Eliminations | (56,073) | (20,068) | (477,339) |
| Consolidated | ¥323,476 | ¥270,056 | \$2,753,690 |

(note 1) Criteria of geographical segmentation and the name of countries or areas mainly included in each segment except for Japan are as follows:

(1) Criteria:geographical closeness

(2) Countries & Areas

① American States

U.S.A., Canada, Mexico, Puerto Rico, Panama, Venezuela, Brazil, Chile
* The segment "North America" has been changed to "American States" from the year ended March 31, 2006.

It is due to the consolidation of TOSHIBA AMERICA BUSINESS SOLUTIONS, Inc., which has the subsidiaries in Latin American countries as mentioned above.

② Europe

U.K., France, Germany, Belgium, Spain, Netherlands

③ Asia and others

Singapore, Malaysia, Indonesia, China, Australia

(note 2) Corporate assets mainly consist of cash, time deposits, securities and investments with financial institutions of the Company.

Corporate assets at March 31, 2006 and 2005, are ¥41,096 millions (\$349,844 thousands) and ¥42,508 millions, respectively.

(C) Net Sales by Region

| | Millions of yen | | Thousands of U.S.dollars |
|------------------|-----------------|----------|--------------------------|
| | 2006 | 2005 | 2006 |
| Net Sales | | | |
| Japan | ¥190,576 | ¥188,740 | \$1,622,338 |
| American States | 116,860 | 65,830 | 994,807 |
| Europe | 103,112 | 94,136 | 877,773 |
| Asia and others | 32,854 | 27,481 | 279,680 |
| Net sales | ¥443,402 | ¥376,187 | \$3,774,598 |

(Note) Net sales by region are determined based upon the locations of the customers.
Therefore, this information is different from the net sales for geographic segments, which are determined based upon where the sales originated.

Supplemental Information Non-Consolidated Balance Sheets

March 31, 2006 and 2005

| ASSETS | Millions of yen | | Thousands of U.S.dollars |
|-------------------------------------------|-----------------|-----------------|-----------------------------|
| | 2006 | 2005 | 2006 |
| Current assets | | | |
| Cash and time deposits | ¥38,937 | ¥42,358 | \$331,463 |
| Trade notes and accounts receivable | 24,934 | 25,415 | 212,259 |
| Inventories: | | | |
| Finished goods | 10,266 | 10,311 | 87,393 |
| Work-in-process and raw materials | 4,899 | 3,778 | 41,704 |
| Deferred income taxes | 4,210 | 4,884 | 35,839 |
| Prepaid expenses and other current assets | 11,356 | 12,245 | 96,671 |
| Allowance for doubtful accounts | (420) | (373) | (3,575) |
| Total current assets | 94,182 | 98,618 | 801,754 |
| Fixed assets | | | |
| Property, plant and equipment: | | | |
| Land | 4,717 | 4,841 | 40,155 |
| Buildings and structures | 20,125 | 20,461 | 171,320 |
| Machinery and equipment | 10,785 | 15,230 | 91,811 |
| Tools, furniture and fixtures | 46,318 | 54,978 | 394,297 |
| Construction in progress | 1,387 | 1,182 | 11,807 |
| Less accumulated depreciation | (59,959) | (73,293) | (510,420) |
| | 23,373 | 23,399 | 198,970 |
| Intangible assets: | | | |
| Other intangible assets | 3,544 | 3,769 | 30,169 |
| | 3,544 | 3,769 | 30,169 |
| Investments and other assets: | | | |
| Investment securities | | | |
| Subsidiaries and affiliates | 54,621 | 49,605 | 464,978 |
| Other | 4,537 | 3,458 | 38,623 |
| Deferred income taxes | 14,379 | 15,822 | 122,406 |
| Other investments and other assets | 3,291 | 4,082 | 28,015 |
| Allowance for doubtful accounts | (112) | (119) | (953) |
| | 76,716 | 72,848 | 653,069 |
| Total fixed assets | 103,633 | 100,016 | 882,208 |
| Total assets | ¥197,815 | ¥198,634 | \$1,683,962 |

| LIABILITIES AND SHAREHOLDERS' EQUITY | Millions of yen | | Thousands of U.S.dollars |
|---------------------------------------------------|-----------------|-----------------|-----------------------------|
| | 2006 | 2005 | 2006 |
| Current liabilities | | | |
| Trade notes and accounts payable | ¥39,733 | ¥38,241 | \$338,240 |
| Current portion of long-term debt | 2 | 4 | 17 |
| Accrued income taxes | 465 | 2,480 | 3,958 |
| Other payables and current liabilities | 27,615 | 30,761 | 235,081 |
| Total current liabilities | 67,815 | 71,486 | 577,296 |
| Long-term liabilities | | | |
| Long-term debt | 15 | 23 | 128 |
| Accrued retirement benefits | 19,412 | 21,811 | 165,250 |
| Other long-term liabilities | 79 | 66 | 673 |
| Total long-term liabilities | 19,506 | 21,900 | 166,051 |
| Total liabilities | 87,321 | 93,386 | 743,347 |
| Shareholders' equity | | | |
| Common stock | | | |
| Authorized-1,000,000,000 shares | | | |
| Issued- 288,145,704 shares | 39,971 | 39,971 | 340,266 |
| Capital surplus | 52,986 | 52,985 | 451,060 |
| Retained earnings : | | | |
| Voluntary reserve | 12,717 | 10,743 | 108,258 |
| Unappropriated | 7,254 | 4,534 | 61,752 |
| Unrealized holding gains on securities | 884 | 262 | 7,525 |
| Less treasury stock, at cost: | | | |
| 9,143,293 shares in 2006 | (3,318) | - | (28,246) |
| 9,015,037 shares in 2005 | - | (3,247) | - |
| Total shareholders' equity | 110,494 | 105,248 | 940,615 |
| Total liabilities and shareholders' equity | ¥197,815 | ¥198,634 | \$1,683,962 |

Supplemental Information

Non-Consolidated Statements of Operations and Retained Earnings

Years ended March 31, 2006 and 2005

| | Millions of yen | | Thousands of U.S.dollars |
|---------------------------------------------------------------|-----------------|----------|-----------------------------|
| | 2006 | 2005 | 2006 |
| Net sales | ¥253,931 | ¥257,510 | \$2,161,667 |
| Cost of sales | 185,035 | 187,172 | 1,575,168 |
| Gross profit | 68,896 | 70,338 | 586,499 |
| Selling, general and administrative expenses | 65,176 | 64,647 | 554,831 |
| Operating income | 3,720 | 5,691 | 31,668 |
| Non-operating income and expenses: | | | |
| Interest and dividend income | 7,083 | 5,276 | 60,296 |
| Interest expense | (15) | (15) | (128) |
| Expenses of extra pension for early retirement | (589) | – | (5,014) |
| Loss on impairment of fixed assets | (60) | – | (511) |
| Amortization for transition obligation of retirement benefits | – | (1,300) | – |
| Restructuring cost * 1 | – | (1,428) | – |
| PCB wastes treatment cost | – | (164) | – |
| Other, net | (1,677) | (2,638) | (14,276) |
| Income before income taxes | 8,462 | 5,422 | 72,035 |
| Income taxes: | | | |
| Current | (208) | 2,031 | (1,771) |
| Deferred | 1,704 | (664) | 14,506 |
| Net income | 6,966 | 4,055 | 59,300 |
| Unappropriated retained earnings at beginning of year | 4,534 | 4,442 | 38,597 |
| Transfer from voluntary reserve | 25 | 27 | 213 |
| Appropriation of retained earnings: | | | |
| Cash dividends | (1,116) | (841) | (9,500) |
| Bonuses to directors and corporate auditors | (39) | (27) | (332) |
| Transfer to voluntary reserve | (2,000) | (2,000) | (17,026) |
| Cash interim dividends | (1,116) | (1,122) | (9,500) |
| Unappropriated retained earnings at end of year | ¥7,254 | ¥4,534 | \$61,752 |

*1 Restructuring cost consists mainly of loss on disposal of domestic manufacturing facilities of the Home Electric Appliances due to the overseas transfer of production.

Report of Independent Auditors

The Board of Directors
TOSHIBA TEC CORPORATION

We have audited the accompanying consolidated balance sheets of TOSHIBA TEC CORPORATION and consolidated subsidiaries as of March 31, 2006 and 2005, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of TOSHIBA TEC CORPORATION and consolidated subsidiaries at March 31, 2006 and 2005, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2006 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Ernst & Young ShinNihon

June 29, 2006

TOSHIBA TEC CORPORATION

Corporate Data

2-17-2 Higashi Gotanda, Shinagawa-ku, Tokyo 141-8664 Japan

Tel: +81-3-6422-7000

Fax: +81-3-6422-7111

http: //www.toshibatec.co.jp/

Established: February 21, 1950

Employees: 3,972 <Consolidated: 19,601> (as of March 2006)

Common Stock: ¥39,971 million (as of March 2006)

Stock Listing: Tokyo Stock Exchange (1st Section)

Board of Directors and Corporate Auditors

President and Chief Executive Officer (as of June 29, 2006)

◇Yoshihiro Maeda

Directors

◇Tetsuo Satofuka

◇Yoshiyasu Kikuchi

Haruo Asada

Kazuaki Ushiyama

Osamu Saito

Hisatsugu Nonaka

◇:Representative Director

Corporate Auditors

Teruo Miyamoto

Noriyuki Nakamura

Hiroshi Inazuka

Yuzo Kato

Main Consolidated Companies (as of March 31, 2006)

- TOSEI DENKI CO., LTD.
- TEC PRECISION CO., LTD.
- TEC APPLIANCE CO., LTD.
- TOSHIBA TEC BUSINESS SOLUTIONS CORPORATION
- TEC ENGINEERING CORPORATION
- TER CO., LTD.
- TEC INFORMATION SYSTEMS CORPORATION
- TOSHIBA TEC DOCUMENT PROCESSING SYSTEMS CO., LTD.
- TOSHIBA TEC RETAIL INFORMATION SYSTEMS (Shenzhen)
- TOSHIBA TEC EUROPE IMAGING SYSTEMS S.A.
- TOSHIBA COPYING MACHINE (Shenzhen) CO., LTD.
- TIM ELECTRONICS SDN. BHD.
- TEC SINGAPORE ELECTRONICS PTE. LTD.
- P.T. TEC INDONESIA
- TOSHIBA TEC AMERICA RETAIL INFORMATION SYSTEMS, INC.
- TOSHIBA AMERICA BUSINESS SOLUTIONS, INC
- TOSHIBA TEC EUROPE RETAIL INFORMATION SYSTEMS S.A.
- TOSHIBA TEC NORDIC AB
- TOSHIBA TEC U.K. IMAGING SYSTEMS LTD.
- TOSHIBA TEC GERMANY IMAGING SYSTEMS GmbH
- TOSHIBA TEC FRANCE IMAGING SYSTEMS S.A.
- TOSHIBA TEC (H.K.) LOGISTICS & PROCUREMENT LIMITED



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