

Consolidated Financial Results

FY 2009 ended March 2010

TOSHIBA TEC CORPORATION

Release Date: April 28, 2010

1. Summary of Business Results for FY2009 ended March 2010 (April 1, 2009—March 31, 2010)

Indicate year-to-year increase (decrease)
 (Rounded down to the nearest million yen)
 (% of change from previous year)

(1) Consolidated business results

	Net Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2009 ended Mar. 2010	364,578	(13.7)	9,725	(3.9)	7,236	6.3	4,144	57.3
FY2008 ended Mar. 2009	422,600	(14.3)	10,123	(61.2)	6,807	(70.4)	2,634	(80.3)

	Net income	Diluted net	Return on equity	Ordinary income	Operating income
	Per share	income per share		to total assets	ratio to net sales
	yen	yen	%	%	%
FY2009 ended Mar. 2010	15.06	15.05	3.2	2.5	2.7
FY2008 ended Mar. 2009	9.53	9.53	2.0	2.3	2.4

Note: Equity in earnings (losses) of affiliates

FY2009 ended March 2010 ---- million yen FY2008 ended March 2009 ----million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share(yen)
	Million yen	Million yen	%	%
FY2009 ended Mar. 2010	289,518	142,692	45.1	474.85
FY2008 ended Mar. 2009	281,731	142,033	45.5	465.63

Note: Shareholder's equity (Minority interests are excluded)

FY2009 ended Mar. 2010 130,604 million yen

FY2008 ended Mar. 2009 128,150 million yen

(3) Consolidated cash flow

	C/F from operating activities	C/F from investing activities	C/F from financing activities	Balance of Cash and cash equivalents at year-end
	Million yen	Million yen	Million yen	Million yen
FY2009 ended Mar. 2010	28,059	(8,119)	1,297	88,668
FY2008 ended Mar. 2009	26,764	(13,415)	(7,349)	68,532

2. Dividends

	Dividends per share					Dividends paid (Annual)	Dividends payout ratio (Consolidated)	Dividends on equity (Consolidated)
	1st quarter	2nd quarter	3rd quarter	Year-end	annual			
	yen	yen	yen	yen	yen	Million yen	%	%
FY2008 ended Mar. 2009	—	5.00	—	0.00	5.00	1,376	52.5	1.0
FY2009 ended Mar. 2010	—	0.00	—	5.00	5.00	1,375	33.2	1.1
FY2010 ended Mar. 2011 (forecast)	—	2.00	—	3.00	5.00		27.5	

3. Business Forecast for FY 2010 ending Mar. 2011 (April 1, 2010—March 31, 2011)

(% of change from previous year)

	Net Sales		Operating income		Ordinary income		Net income		Net income Per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Six months ending September 30	185,000	2.1	4,500	14.9	3,100	61.5	1,600	—	5.81
Annual	380,000	4.2	12,000	23.4	8,400	16.1	5,000	20.6	18.17

Operating Results

(1) Analysis of Operating Results (Operating Results in the Consolidated Fiscal Year 2009)

As for the global economy in the consolidated fiscal year 2009, signs of recovery were shown in Asia, however, economic stagnation still continued in the US and Europe and the global economy remained in a severe situation. Although the worst seemed behind, the Japanese economy was still stuck in a difficult situation with sluggish capital investment, exports and lower consumer expenditure.

Under such circumstances, aiming at realization of fierce profit constitution, the TOSHIBA TEC Group dedicated to establish a solid corporate structure whose performance is not swayed by external environment changes; improved sales and services efficiency, selected and focused on investment projects, and promoted our manufacturing technology, along with maintaining a stable balance sheet.

Sales amounted to 364,578 million yen, a 14% decrease over the previous consolidated fiscal year, due to the global market stagnation because of the economic downturn and fluctuations in exchange rates. Although significant decline in profits was recorded, our efforts to enhance earning potential through the cost structure reform led to considerable improvement, resulting in a decrease in operating profit of 4% over the previous consolidated fiscal year to 9,725 million yen, an increase in ordinary profit of 6% over the previous consolidated fiscal year to 7,236 million yen, and an increase in net profit of 57% over the previous consolidated fiscal year to 4,144 million yen.

Concerning non-consolidated operating results, sales amounted to 211,344 million yen, an 11% decrease over the previous year, also due to the global market stagnation because of the economic downturn and fluctuations in exchange rates. Although significant decline in profits was recorded, our efforts to enhance earning potential through the cost structure reform resulted in an increase in operating profit of 4,020 million yen over the previous year to 2,543 million yen, an increase in ordinary profit of 84% over the previous year to 5,377 million yen, and an increase in net profit of 16% over the previous year to 5,475 million yen.

The business highlights for each business segment in the consolidated fiscal year 2009 are described below.

Retail Solution Business

The retail solution business that deals with POS systems, electronic cash registers/scales, OA equipment and supplies, committed to developing new products that meet market needs, expanding sales of core products, streamlining and expanding the overseas sales network along with improving cost competitiveness under the severe business environment where the profitability of the overall retail industry, the main market for the products, declined due to weaker consumer expenditure.

Sales of POS systems, its core business, decreased in the domestic market due to restricted capital investment.

Other products witnessed a decrease in sales.

As a result, sales in the retail solution business decreased 9% over other previous consolidated fiscal year to 154,411 million yen, while operating profit decreased 24% to 5,077 million yen from the previous consolidated fiscal year.

Document Systems Business

The document systems business that deals with MFPs, facsimiles, various unit parts and inkjet print heads, faced a difficult business climate marked by the continuous downturn of the global economy and intense competition with rivals. Even under such circumstances, this segment focused efforts on introducing strategic products including high-speed and middle-speed monochrome MFPs to the market, further sales expanding, while thoroughly reducing the fixed costs and improving cost competitiveness.

The core products, MFPs, were affected by restricted capital investment, shrinking markets and the appreciation of the yen, while showing a decrease in sales mainly in North America and Europe.

Other products witnessed a decrease in sales, as sales of inkjet print heads and unit parts also decreased.

As a result, sales in the document systems business decreased 16% from the previous consolidated fiscal year to 188,468 million yen, while operating profit increased 91% to 3,938 million yen over the previous consolidated fiscal year.

Auto-ID & Printer Business

The auto-ID & printer business that deals with automatic identification systems such as barcode systems and RFID systems, printers and specialized terminals, devoted itself to expanding sales by developing new business areas, sales routes and customers as well as improving profitability, in a severe business environment resulting from continuous intense competitions with rivals and a fall in demand due to restricted capital investment along with the slowdown in the global economy.

Automatic identification systems experienced a steady growth in sales abroad but marked a decrease in the domestic market due to restricted capital investment.

Sales of printers and specialized terminals dropped at home and abroad due to restricted capital investment.

As a result, sales in the auto-ID & printer business decreased 26% from the previous consolidated fiscal year

to 32,557 million yen, while operating profit in this business segment decreased 50% to 709 million yen from the previous consolidated fiscal year.

- Notes: (1) Automatic Identification (AI) Systems refer to systems, which contain hardware and software to automatically retrieve, identify and manage data, from barcodes and IC tags.
- (2) RFID refers to a system, which identifies and manages articles by attaching an IC tag to articles and moving the tag to the reader device.

(Forecast for fiscal year 2010)

The global economy is expected to see a robust recovery in Asia, but a weak recovery due to continued sluggish consumer spending and capital investment in North America and Europe. Although the Japanese economy is expected to remain on a recovery trend with rising exports in the context of fiscal policy support and overseas economic recovery, it is also expected to continue to be in a difficult situation because customer spending and capital investment trends remain weak.

Under such circumstances, the conditions surrounding the Toshiba TEC Group are expected to remain severe. However, by making full use of its power as a group, the Toshiba TEC Group is committed to providing total solutions, developing and introducing new products such as Environmentally Conscious Products (ECPs), and expanding its business scale by focusing on emerging countries and areas expected to grow, along with increasing earning power by streamlining resources and assets together.

From April 1, 2010, we have been devoting ourselves to further developing business operations centering on the System Solutions Business Group, the Document Solutions Business Group and the International POS, AI & Printer Business Operations, with the aim of expanding business areas at the earliest date possible and establishing ourselves as a total solutions provider.

Major measures on a segment basis for fiscal year 2010 ending March are as follows:

- System Solutions Business

The system solutions business strives to develop new products appropriate to market needs and promote area marketing, toward expanding sales of POS systems, barcode systems, MFPs and related products into the domestic market as well as providing total solutions, which use these products in combination. The system solutions business is also committed to streamlining sales and service systems at home to strengthen a high-profit structure.

- Document Solutions Business

The document solutions business strives to develop, introduce and expand sales of new strategic products, as well as provide solutions such as MPS, extend sales sites, and increase efficiency, toward expanding sales of MFPs into the overseas market. Thus, the document solutions business segment is committed to enhancing marketability and serviceability as well as improving cost competitiveness by self-manufacturing core products and increasing earning power along with reducing the fixed costs.

- International POS, AI & Printer Business

The international POS, AI & printer business strives to introduce competitive products into business fields per region and optimize the sales system toward expanding sales of POS systems and barcode printers in the overseas market. Thus, the international POS, AI & printer business is also committed to increasing earning power with the global development manufacturing system at the core.

Notes: MPS refers to a service whereby a manufacturer undertakes management of customer's MFPs and printers, sets up the devices at optimal positions and improves operating rates.

The consolidated forecasts for fiscal year 2010 are expected as follows based on the aforementioned measures:

		Millions of yen
<Forecasts for fiscal year 2010>		
[Consolidated]	Net sales	380,000
	Operating profit	12,000
	Ordinary profit	8,400
	Net profit for the fiscal year	5,000

<Expected situation per segment for fiscal year 2010>

New segments

				Millions of yen
[Consolidated] Parenthesis: Relative to fiscal 2009 ending March				
				Operating profit
	Net sales			
System Solutions Business	172,000	(-)	5,300	(-)
Document Solutions Business	172,200	(-)	4,200	(-)
International POS, AI & Printer Business	45,100	(-)	2,500	(-)
Eliminations	-14,300		—	
Total	380,000	(104%)	12,000	(124%)

For forecasts for fiscal year 2010 categorized by business segment up till fiscal year 2009, refer to the following.

Old segments

				Millions of yen
[Consolidated] Parenthesis: Relative to fiscal 2009 ending March				
				Operating profit
	Net sales			
Retail Solution Business	163,500	(106%)	6,000	(118%)
Document Systems Business	192,000	(102%)	4,700	(121%)
Auto-ID & Printer Business	36,900	(113%)	1,300	(186%)
Eliminations	-12,400		—	
Total	380,000	(104%)	12,000	(124%)

For the above-mentioned forecasts, the exchange rates are 90 yen per dollar and 120 yen per euro.

Profit allocation

* Forecasts are based on the TOSHIBA TEC Group's currently available data and certain assumptions considered rational, and the actual results are subject to change due to various factors.

Consolidated Financial Statement

(1) Consolidated Balance Sheet

(Millions of yen)

	Previous consolidated fiscal year (March 31, 2009)	Current consolidated fiscal year (March 31, 2010)
Assets		
Current assets		
Cash and cash equivalents	24,782	21,936
Group deposits	43,750	66,732
Trade notes and accounts receivable	58,352	55,985
Commodities and products	26,113	22,253
Goods in process	4,099	2,993
Raw materials and supplies	4,724	5,771
Deferred income taxes	7,231	7,625
Others	9,833	13,747
Allowance for doubtful accounts	(1,595)	(1,533)
Total current assets	177,292	195,512
Fixed assets		
Tangible assets		
Buildings and construction	31,261	31,074
Accumulated Depreciation	(20,366)	(21,171)
Net buildings and construction	10,895	9,902
Machinery and vehicles	29,984	31,675
Accumulated Depreciation	(22,258)	(23,311)
Net machinery and vehicles	7,725	8,363
Tools and implements	56,711	56,172
Accumulated Depreciation	(49,244)	(51,080)
Net tools and implements	7,467	5,091
Land	2,809	2,795
Lease assets	6,883	9,324
Cumulative cost of depreciation	(3,264)	(5,065)
Net lease assets	3,619	4,259
Construction in progress	3,540	735
Total tangible assets	36,058	31,149
Intangible assets		
Goodwill	27,970	23,813
Others	6,172	5,385
Total intangible assets	34,143	29,198
Investments and other assets		
Investment securities	3,209	3,500
Deferred income taxes	22,719	21,696
Others	8,468	8,527
Allowance for doubtful accounts	(161)	(67)
Total investments and other assets	34,237	33,657
Total fixed assets	104,439	94,006
Total assets	281,731	289,518

(Millions of yen)

	Previous consolidated fiscal year (March 31, 2009)	Current consolidated fiscal year (March 31, 2010)
Liabilities		
Current liabilities		
Trade notes and accounts payable	40,502	43,845
Short-term loans	11,802	15,223
Lease liabilities	1,178	1,681
Income taxes payable	725	994
Accrued bonuses to directors and corporate auditors	-	47
Others	49,594	46,067
Total current liabilities	103,803	107,861
Long-term liabilities		
Long-term debt	3	2
Lease liabilities	3,851	4,241
Accrued retirement benefits	30,418	32,029
Allowance for retirement benefits for directors and corporate auditors	230	217
Others	1,389	2,473
Total long-term liabilities	35,894	38,964
Total liabilities	139,697	146,825
Net assets		
Shareholders' equity		
Capital stock	39,970	39,970
Capital surplus	52,985	52,987
Retained earnings	47,229	51,392
Treasury stock	(5,363)	(5,423)
Total Shareholders' equity	134,822	138,927
Valuation and Translation adjustment		
Unrealized holding gains on securities	163	348
Net deferred profit on hedges	(279)	0
Foreign currency translation adjustments	(6,556)	(8,672)
Total valuation and translation adjustment	(6,671)	(8,323)
Share subscription rights	46	103
Minority interest in consolidated subsidiaries	13,836	11,984
Total net assets	142,033	142,692
Total liabilities and net assets	281,731	289,518

(2) Consolidated Profit and Loss Statement

(Millions of yen)

	Previous consolidated fiscal year (From April 1, 2008 To March 31, 2009)	Current consolidated fiscal year (From April 1, 2009 To March 31, 2010)
Net sales	422,600	368,578
Cost of sales	228,433	193,281
Gross profit	194,167	171,296
Selling, general and administrative expenses	184,044	184,044
Operating income	10,123	10,123
Non-operating income		
Interest income	888	462
Dividends received	36	27
Gain on sale of investments in securities	6	2
Loss on valuation of derivative		148
Others	1,219	771
Total non-operating income	2,151	1,413
Non-operating expenses		
Interest expense	609	818
Loss on sales of notes receivable	41	-
Loss on disposal of inventories	491	-
Loss on sales/disposal of fixed assets	400	143
Foreign Exchange losses	1,666	759
Others	2,257	2,181
Total non-operating expenses	5,466	3,902
Ordinary income	6,807	7,236
Extraordinary income		
Total extraordinary income	-	-
Extraordinary losses		
Business restructuring cost	1,364	1,510
Total extraordinary losses	1,364	1,510
Net income before taxes and minority interests	5,442	5,725
Income taxes	1,377	2,069
Income taxes-deferred	2,119	467
Total income taxes	3,496	2,537
Minority interest in net income	(688)	(955)
Net income for the fiscal year	2,634	4,144

(3) Consolidated Cash Flow Statement

(Millions of yen)

	Previous consolidated fiscal year (From April 1, 2008 To May 31, 2009)	Current consolidated fiscal year (From April 1, 2009 To March 31, 2010)
Cash flow from operating activities		
Net income before taxes and minority interests	5,442	5,725
Depreciation and amortization	16,973	17,254
Allowance for doubtful accounts	(1,341)	(121)
Accrual for retirement benefits, Less payment	2,824	1,641
Interest received and dividends income	(925)	(490)
Interest expense	609	818
Loss on sales/disposal of tangible fixed assets	264	143
Gain/loss on sale of investment securities	(6)	(1)
Gain/loss on valuation of investment securities	22	44
Business restructuring cost	1,364	1,510
Increase/decrease in accounts receivable	10,495	769
Increase/decrease in inventories	1,861	3,116
Increase/decrease in accounts payable	723	5,167
Others	(9,926)	(5,287)
Subtotal	28,381	30,291
Interests and dividends income received	908	481
Interest expense payment	(613)	(820)
Extra retirement payment	(36)	(59)
Income taxes refund	2,503	1,070
Income taxes payments	(4,378)	(2,903)
Net cash provided by operating activities	26,764	28,059
Cash flow from investing activities		
Acquisition of tangible fixed assets	(11,141)	(6,940)
Proceeds from sale of tangible fixed assets	297	581
Acquisition of intangible fixed assets	(2,121)	(1,724)
Acquisition of investment securities	(5)	(31)
Proceeds from sale of investment securities	21	5
Payments for loans receivable	(18)	(15)
Proceeds from loans receivable	39	43
Proceeds from liquidation of non-consolidated subsidiaries	181	-
Payment for business acquisition	(1,132)	(330)
Others	464	293
Net cash used in investing activities	(13,415)	(8,119)

(Millions of yen)

	Previous consolidated fiscal year (From April 1, 2008 To May 31, 2009)	Current consolidated fiscal year (From April 1, 2009 To March 31, 2010)
Cash flow from financing activities		
Proceeds(Repayment) of short-term loans, net	(860)	3,508
Repayment of long-term debt	(585)	(0)
Repayment of finance lease obligations	-	(2,062)
Purchase of treasury stock	(1,237)	(69)
Payment of dividend	(3,179)	(8)
Payment of dividend to minority shareholders of subsidiaries	(576)	(78)
Others	(910)	8
Cash flow from financing activities	(7,349)	1,297
Effect of exchange rate change on cash and cash equivalents	(1,424)	(1,101)
Net increase in cash and cash equivalents	4,574	20,136
Cash and cash equivalents at beginning of year	63,958	68,532
Cash and cash equivalents at end of year	68,532	88,668