

## Toshiba Corporation and its Subsidiaries

**Consolidated Interim Financial Statements**

For the First Half of Fiscal Year 2007(April 1, 2007 to September 30, 2007)

Outline

(¥ in billions, US\$ in millions, except for earnings per share)

	<b>1st Half FY2007(A)</b>	1st Half FY2006(B)	(A)-(B)	(A)/(B)	FY2006	<b>1st Half FY2007</b>
Net sales	<b>¥3,689.9</b>	¥3,162.0	¥527.9	117%	¥7,116.4	<b>\$32,086.4</b>
Operating income (loss)	<b>82.5</b>	65.2	17.3	127%	258.4	<b>717.6</b>
Income (loss) before income taxes and minority interest	<b>76.8</b>	83.7	(6.9)	92%	298.5	<b>667.7</b>
Net income (loss)	<b>45.7</b>	38.8	6.9	118%	137.4	<b>397.0</b>
Basic earnings per share	<b>¥14.16</b>	¥12.08	¥2.08		¥42.76	<b>\$0.12</b>
Diluted earnings per share	<b>¥13.11</b>	¥11.14	¥1.97		¥39.45	<b>\$0.11</b>

## Notes:

- 1) Consolidated Financial Statements are based on generally accepted accounting principles in the U.S.
- 2) The company has 542 consolidated subsidiaries.
- 3) The U.S.dollar is valued at ¥115 throughout this statement for convenience only.

## **Comparative Consolidated Statements of Income**

### **1. First Half ended September 30**

(¥ in millions, US\$ in thousands)

	<b>1st Half FY2007(A)</b>	<b>1st Half FY2006(B)</b>	<b>(A)-(B)</b>	<b>(A)/(B)</b>	<b>FY2006</b>	<b>1st Half FY2007</b>
<b>Sales and other income</b>						
Net sales	<b>¥3,689,934</b>	¥3,162,026	¥527,908	117%	¥7,116,350	<b>\$32,086,383</b>
Interest	<b>10,103</b>	9,063	1,040	111%	16,998	<b>87,852</b>
Dividends	<b>2,209</b>	2,330	(121)	95%	7,377	<b>19,209</b>
Other income	<b>66,260</b>	58,250	8,010	114%	183,148	<b>576,174</b>
<b>Costs and expenses</b>						
Cost of sales	<b>2,779,379</b>	2,348,486	430,893	118%	5,312,179	<b>24,168,513</b>
Selling, general and administrative	<b>828,035</b>	748,388	79,647	111%	1,545,807	<b>7,200,305</b>
Interest	<b>20,947</b>	13,750	7,197	152%	31,934	<b>182,148</b>
Other expense	<b>63,365</b>	37,382	25,983	170%	135,493	<b>551,000</b>
<b>Income (loss) before income taxes and minority interest</b>	<b>76,780</b>	83,663	(6,883)	92%	298,460	<b>667,652</b>
<b>Income taxes</b>	<b>26,682</b>	39,894	(13,212)	67%	145,355	<b>232,018</b>
<b>Minority interest in income (loss) of consolidated subsidiaries</b>	<b>4,441</b>	4,941	(500)	90%	15,676	<b>38,617</b>
<b>Net income (loss)</b>	<b>¥45,657</b>	¥38,828	¥6,829	118%	¥137,429	<b>\$397,017</b>

Note: Comprehensive income for the first half of FY2007 and FY2006 were ¥50,250 million and ¥51,956 million, respectively.

**2. Second Quarter ended September 30 (Unaudited)** (¥ in millions, US\$ in thousands)

	<b>Three months ended September 30</b>				
	<b>2007(A)</b>	<b>2006(B)</b>	<b>(A)-(B)</b>	<b>(A)/(B)</b>	<b>2007</b>
<b>Sales and other income</b>					
Net sales	¥2,025,343	¥1,709,230	¥316,113	118%	\$17,611,678
Interest	5,282	5,958	(676)	89%	45,930
Dividends	721	401	320	180%	6,270
Other income	32,338	44,632	(12,294)	72%	281,200
<b>Costs and expenses</b>					
Cost of sales	1,530,618	1,277,409	253,209	120%	13,309,722
Selling, general and administrative	433,387	387,509	45,878	112%	3,768,582
Interest	11,417	7,332	4,085	156%	99,278
Other expense	45,489	26,194	19,295	174%	395,557
<b>Income (loss) before income taxes and minority interest</b>	<b>42,773</b>	<b>61,777</b>	<b>(19,004)</b>	<b>69%</b>	<b>371,939</b>
<b>Income taxes</b>	<b>14,651</b>	<b>24,367</b>	<b>(9,716)</b>	<b>60%</b>	<b>127,400</b>
<b>Minority interest in income (loss) of consolidated subsidiaries</b>	<b>3,097</b>	<b>2,623</b>	<b>474</b>	<b>118%</b>	<b>26,930</b>
<b>Net income (loss)</b>	<b>¥25,025</b>	<b>¥34,787</b>	<b>¥(9,762)</b>	<b>72%</b>	<b>\$217,609</b>

Note: Comprehensive loss for the second quarter of FY2007 was ¥16,417 million, and comprehensive income for the second quarter of FY2006 was ¥53,653 million.

## Comparative Consolidated Balance Sheets

(¥ in millions, US\$ in thousands)

	FY2007 As of Sep.30 (A)	FY2006 As of Sep.30 (B)	(A)-(B)	FY2006 As of Mar.31	FY2007 As of Sep.30
<b>Assets</b>					
Current assets	<b>¥3,092,542</b>	¥3,080,018	¥12,524	¥2,991,207	<b>\$26,891,670</b>
Cash and cash equivalents	<b>261,303</b>	663,264	(401,961)	309,312	<b>2,272,200</b>
Notes and accounts receivable, trade	<b>1,349,579</b>	1,161,018	188,561	1,371,604	<b>11,735,470</b>
Inventories	<b>901,075</b>	774,974	126,101	801,513	<b>7,835,435</b>
Prepaid expenses and other current assets	<b>580,585</b>	480,762	99,823	508,778	<b>5,048,565</b>
Long-term receivables	<b>15,675</b>	18,214	(2,539)	19,329	<b>136,304</b>
Investments	<b>576,802</b>	518,748	58,054	490,785	<b>5,015,670</b>
Property, plant and equipment	<b>1,293,843</b>	1,236,594	57,249	1,320,202	<b>11,250,809</b>
Other assets	<b>1,083,128</b>	439,313	643,815	1,110,439	<b>9,418,504</b>
Total assets	<b>¥6,061,990</b>	¥5,292,887	¥769,103	¥5,931,962	<b>\$52,712,957</b>
<b>Liabilities and shareholders' equity</b>					
Current liabilities	<b>¥2,998,258</b>	¥2,886,814	¥111,444	¥2,811,291	<b>\$26,071,809</b>
Short-term borrowings and current portion of long-term debt	<b>344,372</b>	652,038	(307,666)	202,329	<b>2,994,539</b>
Notes and accounts payable, trade	<b>1,360,538</b>	1,184,788	175,750	1,365,231	<b>11,830,765</b>
Other current liabilities	<b>1,293,348</b>	1,049,988	243,360	1,243,731	<b>11,246,505</b>
Accrued pension and severance costs	<b>534,996</b>	464,878	70,118	540,216	<b>4,652,139</b>
Long-term debt and other liabilities	<b>1,050,562</b>	733,338	317,224	1,147,419	<b>9,135,322</b>
Minority interest in consolidated subsidiaries	<b>327,934</b>	165,375	162,559	324,715	<b>2,851,600</b>
Shareholders' equity	<b>1,150,240</b>	1,042,482	107,758	1,108,321	<b>10,002,087</b>
Common stock	<b>280,126</b>	274,926	5,200	274,926	<b>2,435,878</b>
Additional paid-in capital	<b>290,936</b>	285,754	5,182	285,765	<b>2,529,878</b>
Retained earnings	<b>706,565</b>	597,657	108,908	681,795	<b>6,144,044</b>
Accumulated other comprehensive income (loss)	<b>(126,635)</b>	(113,381)	(13,254)	(131,228)	<b>(1,101,174)</b>
Treasury stock	<b>(752)</b>	(2,474)	1,722	(2,937)	<b>(6,539)</b>
Total liabilities and shareholders' equity	<b>¥6,061,990</b>	¥5,292,887	¥769,103	¥5,931,962	<b>\$52,712,957</b>

Breakdown of accumulated other comprehensive income (loss)

Unrealized gains (losses) on securities	<b>¥80,681</b>	¥61,808	¥18,873	¥80,801	<b>\$701,574</b>
Foreign currency translation adjustments	<b>(15,034)</b>	(24,401)	9,367	(21,938)	<b>(130,730)</b>
Minimum pension liability adjustment	—	(149,978)	149,978	—	—
Pension liability adjustment	<b>(190,398)</b>	—	(190,398)	(190,118)	<b>(1,655,635)</b>
Unrealized gains (losses) on derivative instruments	<b>(1,884)</b>	(810)	(1,074)	27	<b>(16,383)</b>
Total debt	<b>¥1,231,405</b>	¥1,287,077	¥(55,672)	¥1,158,485	<b>\$10,707,870</b>

## **Comparative Consolidated Statements of Cash Flows**

(¥ in millions, US\$ in thousands)

	1st Half FY2007 (A)	1st Half FY2006 (B)	(A)-(B)	1st Half FY2007
<b>Cash flows from operating activities</b>				
Net income (loss)	¥45,657	¥38,828	¥6,829	\$397,017
Depreciation and amortization	172,642	126,780	45,862	1,501,235
Equity in (earnings) losses of affiliates, net of dividends	(6,567)	(4,253)	(2,314)	(57,104)
Decrease in notes and accounts receivable, trade	31,489	104,737	(73,248)	273,817
Increase in inventories	(100,776)	(104,791)	4,015	(876,313)
(Decrease) increase in notes and accounts payable, trade	(10,173)	78,299	(88,472)	(88,461)
Others	(30,497)	(15,286)	(15,211)	(265,191)
Adjustments to reconcile net income (loss) to net cash provided by operating activities	56,118	185,486	(129,368)	487,983
Net cash provided by operating activities	101,775	224,314	(122,539)	885,000
<b>Cash flows from investing activities</b>				
Proceeds from sale of property and securities	15,485	48,800	(33,315)	134,652
Acquisition of property, plant and equipment	(178,031)	(164,005)	(14,026)	(1,548,096)
Purchase of securities	(28,984)	(3,301)	(25,683)	(252,035)
Increase in investments in affiliates	(29,034)	(47,157)	18,123	(252,469)
Others	27,979	(16,719)	44,698	243,296
Net cash used in investing activities	(192,585)	(182,382)	(10,203)	(1,674,652)
<b>Cash flows from financing activities</b>				
Proceeds from long-term debt	105,550	61,940	43,610	917,826
Repayment of long-term debt	(97,633)	(62,851)	(34,782)	(848,983)
Increase in short-term borrowings, net	69,267	347,969	(278,702)	602,322
Dividends paid	(24,170)	(14,031)	(10,139)	(210,174)
Others	(899)	(1,111)	212	(7,817)
Net cash provided by financing activities	52,115	331,916	(279,801)	453,174
Effect of exchange rate changes on cash and cash equivalents	(9,314)	18,495	(27,809)	(80,992)
Net (decrease) increase in cash and cash equivalents	(48,009)	392,343	(440,352)	(417,470)
Cash and cash equivalents at beginning of the period	309,312	270,921	38,391	2,689,670
Cash and cash equivalents at end of the period	¥261,303	¥663,264	¥(401,961)	\$2,272,200

**Industry Segment Information****1. First Half ended September 30**

(¥ in millions, US\$ in thousands)

		1st Half FY2007(A)	1st Half FY2006(B)	(A)-(B)	(A)/(B)	FY2006	1st Half FY2007
Net sales (Share of total sales)	Digital Products	<b>¥1,439,146</b> (36%)	¥1,315,882 (38%)	¥123,264 (-2%)	109%	¥2,805,490 (36%)	<b>\$12,514,313</b>
	Electronic Devices	<b>883,292</b> (22%)	737,365 (22%)	145,927 (-)	120%	1,657,301 (22%)	<b>7,680,800</b>
	Social Infrastructure	<b>1,086,542</b> (27%)	829,119 (24%)	257,423 (3%)	131%	2,067,666 (27%)	<b>9,448,191</b>
	Home Appliances	<b>383,820</b> (10%)	367,215 (11%)	16,605 (-1%)	105%	748,930 (10%)	<b>3,337,565</b>
	Others	<b>197,973</b> (5%)	186,451 (5%)	11,522 (-)	106%	391,636 (5%)	<b>1,721,505</b>
	Total	<b>3,990,773</b> (100%)	3,436,032 (100%)	554,741	116%	7,671,023 (100%)	<b>34,702,374</b>
	Eliminations	<b>(300,839)</b>	(274,006)	(26,833)	—	(554,673)	<b>(2,615,991)</b>
	Consolidated	<b>¥3,689,934</b>	¥3,162,026	¥527,908	117%	¥7,116,350	<b>\$32,086,383</b>
Operating income (loss)	Digital Products	<b>¥288</b>	¥(7,599)	¥7,887	—	¥15,784	<b>\$2,504</b>
	Electronic Devices	<b>53,979</b>	56,899	(2,920)	95%	119,750	<b>469,383</b>
	Social Infrastructure	<b>20,034</b>	10,583	9,451	189%	96,760	<b>174,209</b>
	Home Appliances	<b>(1,237)</b>	1,105	(2,342)	—	9,676	<b>(10,757)</b>
	Others	<b>9,637</b>	6,222	3,415	155%	18,721	<b>83,800</b>
	Total	<b>82,701</b>	67,210	15,491	123%	260,691	<b>719,139</b>
	Eliminations	<b>(181)</b>	(2,058)	1,877	—	(2,327)	<b>(1,574)</b>
	Consolidated	<b>¥82,520</b>	¥65,152	¥17,368	127%	¥258,364	<b>\$717,565</b>

**2. Second Quarter ended September 30(Unaudited)** (¥ in millions, US\$ in thousands)

		Three months ended September 30				
		2007(A)	2006(B)	(A)-(B)	(A)/(B)	2007
Net sales (Share of total sales)	Digital Products	¥775,275 (35%)	¥692,513 (37%)	¥82,762 (-2%)	112%	\$6,741,522
	Electronic Devices	507,747 (23%)	413,887 (22%)	93,860 (1%)	123%	4,415,191
	Social Infrastructure	617,828 (28%)	460,438 (25%)	157,390 (3%)	134%	5,372,417
	Home Appliances	197,097 (9%)	192,306 (10%)	4,791 (-1%)	102%	1,713,887
	Others	96,948 (5%)	99,696 (6%)	(2,748) (-1%)	97%	843,026
	Total	2,194,895 (100%)	1,858,840 (100%)	336,055	118%	19,086,043
	Eliminations	(169,552)	(149,610)	(19,942)	—	(1,474,365)
Consolidated		¥2,025,343	¥1,709,230	¥316,113	118%	\$17,611,678
Operating income (loss)	Digital Products	¥2,618	¥(9,516)	¥12,134	—	\$22,765
	Electronic Devices	37,265	41,036	(3,771)	91%	324,044
	Social Infrastructure	19,114	7,813	11,301	245%	166,209
	Home Appliances	1,359	3,610	(2,251)	38%	11,817
	Others	959	3,032	(2,073)	32%	8,339
	Total	61,315	45,975	15,340	133%	533,174
	Eliminations	23	(1,663)	1,686	—	200
Consolidated		¥61,338	¥44,312	¥17,026	138%	\$533,374

Notes:

- 1) Segment information is based on Japanese accounting standards.
- 2) Segment sales totals include intersegment transactions.

**Geographic Segment Information**

(¥ in millions, US\$ in thousands)

		1st Half FY2007(A)	1st Half FY2006(B)	(A)-(B)	(A)/(B)	FY2006	1st Half FY2007
Net sales (Share of total sales)	Japan	<b>¥2,958,212</b> (59%)	¥2,694,194 (61%)	¥264,018 (-2%)	110%	¥5,993,142 (62%)	<b>\$25,723,583</b>
	Asia	<b>943,373</b> (19%)	839,204 (19%)	104,169 (-)	112%	1,724,104 (18%)	<b>8,203,243</b>
	North America	<b>611,180</b> (12%)	453,296 (11%)	157,884 (1%)	135%	1,028,347 (11%)	<b>5,314,609</b>
	Europe	<b>481,070</b> (9%)	363,839 (8%)	117,231 (1%)	132%	830,231 (8%)	<b>4,183,217</b>
	Others	<b>56,842</b> (1%)	49,685 (1%)	7,157 (-)	114%	97,243 (1%)	<b>494,278</b>
	Total	<b>5,050,677</b> (100%)	4,400,218 (100%)	650,459	115%	9,673,067 (100%)	<b>43,918,930</b>
	Eliminations	<b>(1,360,743)</b>	(1,238,192)	(122,551)	—	(2,556,717)	<b>(11,832,547)</b>
Consolidated		<b>¥3,689,934</b>	¥3,162,026	¥527,908	117%	¥7,116,350	<b>\$32,086,383</b>
Operating income (loss)	Japan	<b>¥60,875</b>	¥49,007	¥11,868	124%	¥204,089	<b>\$529,348</b>
	Asia	<b>16,737</b>	9,181	7,556	182%	26,080	<b>145,539</b>
	North America	<b>(3,325)</b>	6,679	(10,004)	—	7,816	<b>(28,913)</b>
	Europe	<b>3,163</b>	(2,813)	5,976	—	7,248	<b>27,504</b>
	Others	<b>1,211</b>	2,032	(821)	60%	3,304	<b>10,531</b>
	Total	<b>78,661</b>	64,086	14,575	123%	248,537	<b>684,009</b>
	Eliminations	<b>3,859</b>	1,066	2,793	—	9,827	<b>33,556</b>
Consolidated		<b>¥82,520</b>	¥65,152	¥17,368	127%	¥258,364	<b>\$717,565</b>

Notes:

- 1) Segment information is based on Japanese accounting standards.
- 2) Segment sales totals include intersegment transactions.

## Net Sales by Region

### 1. First Half ended September 30

(¥ in millions, US\$ in thousands)

	1st Half FY2007(A)	1st Half FY2006(B)	(A)-(B)	(A)/(B)	FY2006	1st Half FY2007
Japan	<b>¥1,721,882</b> (47%)	¥1,547,225 (49%)	¥174,657 (-2%)	111%	¥3,599,385 (51%)	<b>\$14,972,887</b>
Overseas	<b>1,968,052</b> (53%)	1,614,801 (51%)	353,251 (2%)	122%	3,516,965 (49%)	<b>17,113,496</b>
Asia	<b>768,245</b> (21%)	678,220 (21%)	90,025 (-)	113%	1,412,446 (20%)	<b>6,680,391</b>
North America	<b>577,753</b> (15%)	460,959 (15%)	116,794 (-)	125%	1,057,810 (15%)	<b>5,023,939</b>
Europe	<b>513,236</b> (14%)	373,115 (12%)	140,121 (2%)	138%	863,224 (12%)	<b>4,462,922</b>
Others	<b>108,818</b> (3%)	102,507 (3%)	6,311 (-)	106%	183,485 (2%)	<b>946,244</b>
Net Sales	<b>¥3,689,934</b> (100%)	¥3,162,026 (100%)	¥527,908	117%	¥7,116,350 (100%)	<b>\$32,086,383</b>

### 2. Second Quarter ended September 30(Unaudited)

(millions, US\$ in thousands)

	Three months ended September 30				
	2007(A)	2006(B)	(A)-(B)	(A)/(B)	2007
Japan	<b>¥955,451</b> (47%)	¥818,226 (48%)	¥137,225 (-1%)	117%	<b>\$8,308,269</b>
Overseas	<b>1,069,892</b> (53%)	891,004 (52%)	178,888 (1%)	120%	<b>9,303,409</b>
Asia	<b>406,848</b> (20%)	403,447 (24%)	3,401 (-4%)	101%	<b>3,537,809</b>
North America	<b>314,127</b> (16%)	246,880 (14%)	67,247 (2%)	127%	<b>2,731,539</b>
Europe	<b>286,468</b> (14%)	193,192 (11%)	93,276 (3%)	148%	<b>2,491,026</b>
Others	<b>62,449</b> (3%)	47,485 (3%)	14,964 (-)	132%	<b>543,035</b>
Net Sales	<b>¥2,025,343</b> (100%)	¥1,709,230 (100%)	¥316,113	118%	<b>\$17,611,678</b>

Notes:

- 1) Segment information is based on Japanese accounting standards.
- 2) Net sales by region is determined based upon the locations of the customers.