Toshiba International Finance (UK) PLC

Report and financial statements

31 March 2012

Registered No. 01947346

Directors' report

Directors
K Maeda

A Teranishi (Resigned 3 May 2011)
J Otani (Appointed 3 May 2011)

Secretary
F Watanabe (Resigned 31 May 2012)
A Fujishima (Appointed 31 May 2012)

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office
1st Floor
3 Furzeground Way
Stockley Park
Uxbridge
Middlesex UB11 1EZ

Directors' report

The directors present their report and audited financial statements for the year ended 31 March 2012

Results and dividends

The profit for the year after taxation amounted to £ 1,319,855 (2011 £1,593,214) as shown in the profit and loss account The directors propose an interim dividend of £1,019,000 (2011 £ Nil) The accumulated surplus, amounting to £19,423,949 (2011 £19,123,094) was carried forward at 31 March 2012

Principal activities and review of the business

The company is part of a worldwide group of companies, whose parent is Toshiba Corporation The company's role in the group is that of European treasury centre and its principal activity is to provide a broad range of financial services and to assist Toshiba Corporation and its subsidiaries and affiliates in raising finance on international markets, to provide relevant financial advisory and investment services, and to provide early settlement to Toshiba Corporation of invoices issued to Toshiba group companies

The company's key financial and other performance indicators during the year were as follows

	2012	*2011*	*Change*
	£	*£*	*%*
Gross value of re-invoicing	633,385,771	2,481,835,635	-74 48
Revenue	1,049,913	4,739,859	-77 85
Profit after tax	1,319,855	1,593,214	-17 16
Shareholders' funds	24,423,949	24,123,094	1 25

The gross value of re-invoicing was lower than last year by 74 48% as this service was reduced during this financial year and ceased in January 2012

Net revenue decreased during the year by 77 85% This was due to the discontinuance of the re-invoicing operation during the year

Profit after tax decreased by 17 16% due to the decline in re-invoicing, however a Service Charge was applied to Toshiba Corporation for the treasury services in 2012

Despite difficult trading conditions for the group as a whole the outlook for the forthcoming year remains positive

Shareholders' funds increased by 1 25% reflecting the profit for the year

Future prospects

With effect from 1 April 2011, Toshiba of Europe Limited took over the recognition and settlement of general overheads which were previously a cost for the company This too will be compensated with the service charge agreed between the company and Toshiba of Europe Limited

From 1 April 2011 the company's re-invoice operation changed significantly following a decision by Toshiba Corporation, Tokyo to cease early payment of invoices by the company As a result, the company will no longer receive a cash discount for early settlement, followed by the discontinuance of the re-invoicing from April 2012

The directors expect the company to continue its other existing activities without any significant change When appropriate the company will offer its services to additional Toshiba Group companies

Principal risks and uncertainties

The directors consider the principal risks and uncertainties facing the company as interest rate, liquidity and foreign currency risk As the company offers treasury services to group companies, the directors do not consider credit risk to be a concern

Directors' report

Interest rate risk

The company finances its operations through a mixture of equity, group borrowings, bank loans and overdrafts The company borrows in the desired currencies at both fixed and floating rates of interest and then uses forward currency contracts to generate the desired interest profile and to manage the company's exposure to interest rate fluctuations The company's policy is to ensure that the interest rate profile of funding is matched to the interest rate profile of the assets to which it relates

Liquidity risk

With regards to liquidity, the company's policy has throughout the year been that, to ensure continuity of funding, all borrowings are matched to specific related assets which settle on, or approximately on the same date

Short-term flexibility is achieved by using overdraft facilities

Foreign currency risk

The company's main activities include re-invoicing activities, as described above, and providing finance to group companies, both in the currency requested by the respective group company

Forward currency contracts are entered into to manage the currency exposure on any mismatch in the funding and lending currencies

Directors and their interests

The directors of the company during the year were as follows

A Teranishi (resigned 3 May 2011)
J Otani (appointed 3 May 2011)
K Maeda

None of the directors had any beneficial interest in the shares of the company or of any other group company incorporated in the United Kingdom during the year

Payment of suppliers

The company's policy is to pay suppliers on receipt of invoices and within the suppliers' contract terms The average payment period is 14 days

Disclosure of information to Auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

Directors' report

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

By order of the board

Fuji

A Fujishima

Secretary
Date 26 SEP 2012

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

ERNST & YOUNG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOSHIBA INTERNATINAL FINANCE (UK) PLC

We have audited the financial statements of Toshiba International Finance (UK) Plc for the year ended 31 March 2012 which comprise the Profit and Loss Account and the Balance Sheet, and the related notes 1 to 14 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

ERNST & YOUNG

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Kenneth Eglinton (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
26 September 2012

Profit and loss account

for the year ended 31 March 2012

	Notes	2012 £	2011 £
Revenue	2	1,049,913	4,739,859
Administrative expenses		(1,101,128)	(989,467)
Other operating income		939,371	8,110
Interest receivable		3,008,622	2,655,698
Interest payable and similar charges		(2,272,438)	(4,262,402)
Profit on ordinary activities before taxation	3	1,624,340	2,151,798
Taxation	5	(304,485)	(558,584)
Profit for the financial year	11	1,319,855	1,593,214

All profits and losses arose on continuing operations

The directors consider the operating profit to be the same as the profit on ordinary activities before taxation since all interest receivable/interest payable and similar charges are part of the company's operating activities

There were no recognised gains or losses other than those shown above

The annexed notes 1 to 14 form an integral part of these financial statements

Balance sheet

as at 31 March 2012

	Notes	2012 £	2011 £
Current assets			
Debtors	7	1,175,973,995	1,187,205,408
Cash at bank and in hand		9,966,545	30,137
		1,185,940,540	1,187,235,545
Creditors amounts falling due within one year	8	(1,161,516,591)	(1,163,112,451)
Net current assets		24,423,949	24,123,094
Total assets less current liabilities		24,423,949	24,123,094
Capital and reserves			
Called up share capital	10	5,000,000	5,000,000
Profit and loss account	11	19,423,949	19,123,094
Total shareholders' funds		24,423,949	24,123,094

J. Otani

J Otani Director

Date 26 SEP 2012

The annexed notes 1 to 14 form an integral part of these financial statements

Notes to the financial statements

at 31 March 2012

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historic cost convention and in accordance with applicable accounting standards

A significant proportion of the company's funding is derived from within the Toshiba group The board of directors consider that, after making enquiries, the company has adequate resources to continue operations for the foreseeable future For this reason, the directors are confident that adoption of the going concern assumption is appropriate in preparing the financial report for the accounting period ended 31 March 2012

The board of directors has reached this conclusion having regard to circumstances it considers likely to affect the company over the next three financial years, starting from 1 April 2012, including forecast information relating to operational profitability and cash flow requirements The board is satisfied that borrowing requirements can be met from within the group, and that there will be sufficient cash flows generated from operating activities to meet the investing and financing cash flow requirements of the company

Depreciation

Depreciation of fixed assets is provided on a straight line basis over their estimated useful lives Fixtures, fittings and office equipment are depreciated over four years, except for office partitioning and improvements which are depreciated over ten years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

Leasing commitments

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term

Taxation

Corporation tax payable is provided on taxable profits at the current rate

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less tax, except that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on a discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward currency contract

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate The company enters into foreign exchange spot and forward contracts in order to fix the rate of exchange and hedge against unfavourable fluctuations in foreign currency rates Spot contracts are utilised to convert funds required for treasury activities into foreign currency, and foreign exchange forwards are used to fix the translation of future receivable/payable balances

Notes to the financial statements

at 31 March 2012

1. Accounting policies - continued

Differences arising out of translation of foreign currencies are dealt with in the profit and loss account Interest differentials arising from fully hedged positions are recognised by accruing interest income or expense as appropriate

Re-invoicing activities

The company's re-invoicing activity involves settlement in advance of the due date of invoices issued by Toshiba Corporation to Toshiba group companies Typically the company settles on terms of between 30 and 150 days The company incurs costs in respect of the finance provided to fellow group companies of the funding period and receives a discount in respect of its prompt payment to Toshiba Corporation The discount received is included in revenue and is amortised over the funding period

Cash flow statement

The voting rights of the company are entirely controlled by the ultimate parent undertaking As a result, the company has taken advantage of the exemption from preparing a cash flow statement under FRS 1, Cash flow statements

2. Revenue

Revenue represents the discount received in respect of the company's re-invoicing activity which involves upfront payment to Toshiba Corporation in connection with the early settlement of invoices issued by Toshiba Corporation to Toshiba Group companies The discount received is amortised over the funding period

The gross value of the invoices received and re-invoiced is as follows

	2012	*2011*
	£	*£*
Gross value of invoices	633,385,771	2,481,835,635
Discounted value of invoices	(632,335,858)	(2,477,095,776)
Revenue	1,049,913	4,739,859

Segmental analysis

(a) By classes of business

The company has one overall business activity which relates to the provision of financing services and related advances to Toshiba group companies

(b) By geographical segments

All the company's revenues and profits originate in the UK The analysis of gross value by destination is as follows

	2012	*2011*
	£	*£*
United Kingdom	496,888	1,297,439
Continental Europe	632,888,883	2,480,538,196
	633,385,771	2,481,835,635

Notes to the financial statements

at 31 March 2012

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

			2012	2011
			£	£
Interest payable to group undertakings			5,349,453	4,200,966
Interest on bank loans			–	7,569
Foreign exchange losses			40,544	336,042
Depreciation			–	7,458
Operating lease rentals	-	land and buildings	–	98,981
	-	other	–	14,241
Auditors' remuneration	-	audit services	26,000	20,080
	-	corporation tax services	7,000	14,075
	-	other tax advice	35,000	–
Directors' emoluments			–	231,649

and after crediting

	2012	2011
	£	£
Foreign exchange gains	3,150,809	317,709
Interest from group undertakings	2,904,444	2,483,631
Other interest receivable from bank deposits	84,236	169,226
Other income from group undertakings	939,371	8,110

Foreign exchange gains and losses are included within other interest payable and similar charges on the face of the profit and loss account

4. Directors' emoluments and staff costs

The remuneration of directors is as follows

	2012	2011
	£	£
Directors' emoluments	204,434	231,649

The emoluments of the highest paid director were £175,911 (2011 - £231,649) None of the directors received contributions to pension schemes (2011 - £Nil)

Notes to the financial statements

at 31 March 2012

4. Directors' emoluments and staff costs – continued

	2012	2011
	£	£
Total employee costs were		
Wages and salaries	–	480,682
Social security costs	–	16,895
	–	497,577

The average number of employees during the year was 4 (2011 - 4)

Pension costs amounting to £Nil (2011 - £8,956) relate to the company's contribution towards individual personal pension plans belonging to local staff and are not part of a company scheme

5. Taxation

The taxation charge, based on the profit for the year is made up as follows

	2012	2011
	£	£
UK corporation tax on profits of the year	418,051	613,016
Double tax relief	(19,002)	–
Adjustments in respect of previous periods	(94,564)	(54,432)
Total corporation tax charge	304,485	558,584

Factors affecting the tax charge for the year

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK The differences are explained below

	2012	2011
	£	£
Profit on ordinary activities before tax	1,624,340	2,151,798
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 28%)	422,328	602,503
Effect of		
Disallowed expenses	(4,050)	3,118
Adjustment of overseas income	(227)	–
Capital allowances less than depreciation	–	7,395
Double taxation relief	(19,002)	–
Adjustment for prior periods	(94,564)	(54,432)
Current tax charge for the year	304,485	558,584

Notes to the financial statements
at 31 March 2012

6. Dividends

Equity dividends on ordinary shares

	2012	*2011*
	£	*£*
Interim Paid	1,019,000	–

7. Debtors

	2012	*2011*
	£	*£*
Amounts owed by group undertakings	24,719,538	235,223,669
Short-term loans to group companies	1,150,100,973	950,643,597
Other debtors	19,170	37,199
Corporation tax debtor	1,071,212	1,267,637
Accrued interest receivable	63,102	33,306
	1,175,973,995	1,187,205,408

Amounts owed by group undertakings relate to the company's re-invoicing activities and, as such, the fair value of these amounts is considered to be equal to book value

The fair value of loans to group companies is considered to be equal to book value on the basis that they are short-term The weighted average fixed interest rates associated with these loans were as follows

	2012 Amount in thousands	*%*	*2011 Amount in thousands*	*%*
Pound Sterling	–	–	4,400	1 05
Euro	34,400	0 66	13,250	1 43
Japanese Yen	146,998,180	0 29	123,700,000	0 39
Swiss Franc	5,000	0 33	5,000	0 64

8. Creditors: amounts falling due within one year

	2012	*2011*
	£	*£*
Trade creditors owed to group undertakings	24,252 438	45,515,776
Bank loans and overdrafts	–	4,696,750
Loans from group undertakings	1,132,240,556	1,110,750,588
Corporation tax payable	115,484	116,452
Other amounts owed to group companies	69,941	–
Group relief tax credit owed to group undertakings	787,296	1,204,255
Accruals and deferred income	4,050,876	828,630
	1,161,516,591	1,163,112,451

Notes to the financial statements

at 31 March 2012

The fair values of bank loans and overdrafts, amounts owed to group undertakings and the associated deferred income is considered to be equal to book value

The bank loans have a weighted average period of one month for which the interest rate is fixed

Loans from group undertakings have a weighted average period of three months with a floating interest rate, the benchmark for which is Euribor for Euro denominated liabilities and the relevant Libor for other currency denominated liabilities

The weighted average floating interest rate of loans from group companies were as follows

	2012 Amount in thousands	*%*	*2011 Amount in thousands*	*%*
Pound Sterling	205,597	0 65	169,940	0 61
Euro	483,652	0 39	176,427	0 89
US Dollar	467,000	0 22	694,159	0 25
Japanese Yen	400,022	0 14	4,000,000	0 15
Swiss Franc	10,600	0 07	–	–
Polish Zloty	20,000	4 68	20,000	3 85
Russian Rouble	350,000	5 92	–	–

9. Obligations under operating leases

Annual commitments under non-cancellable operating leases at the year end were as follows

	Land and buildings 2012 £	*Other 2012 £*	*Land and buildings 2011 £*	*Other 2011 £*
Under one year	–	–	–	–
In the second to fifth year inclusive	–	–	177,065	–
	–	–	177,065	–

The operating lease for the office building is shared with another group company The rent agreement is under the company's name, and the above figures represent the company's total commitment for the rent payments

Notes to the financial statements

at 31 March 2012

10. Called up share capital

	Authorised, issued and fully paid	
	2012	*2011*
	No	*No*
Ordinary shares of £1 each	5,000,000	5,000,000

11. Reconciliation of shareholders' funds and movements on reserves

	Shareholders' share capital	*Profit and loss account*	*Total funds*
	£	*£*	*£*
At 1 April 2010	5,000,000	17,529,880	22,529,880
Profit for the year		1,593,214	1,593,214
At 31 March 2011	5,000,000	19,123,094	24,123,094
Profit for the year		1,319,855	1,319,855
Dividends		(1,019,000)	(1,019,000)
At 31 March 2012	5,000,000	19,423,949	24,423,949

12. Financial instruments

The company's financial instruments, other than derivatives, include borrowings from group companies, bank loans and overdrafts, cash, loans to group companies and amounts owed by group companies which arise directly from the company's re-invoicing activities

The company also enters into derivative transactions (principally forward currency contracts) The purpose of these transactions is to manage the interest rate and currency risks arising from the company's operations and its funding The company does not trade in financial instruments

Foreign currency exposure

The table below shows the Company's currency exposures, that is, those transactional exposures that give rise to the net currency gains and losses recognised in the profit and loss account Such exposures comprise the monetary liabilities of the company that are not denominated in the operating (or 'functional') currency of the company As at 31 March 2012 these exposures were as follows

	Net foreign currency monetary assets/ (liabilities) in £
Functional currency	*£*
Euro	(1,148,115,558)
US Dollar	(584,561,112)
Japanese Yen	2,230,077,307
Swiss Franc	(7,755,387)
Polish Zloty	(8,028,522)
Russian Rouble	(14,883,408)
	466,733,320

Notes to the financial statements

at 31 March 2012

12. Financial instruments (continued)

Liquidity profile

All the company's financial liabilities are due within one year

Off balance sheet hedge transactions

The aggregate fair value of hedge transactions, which include forward currency contracts at 31 March 2012 showed a loss of £3,498,523 (2011 profit £12,939,696) The aggregate unrecognised gains and losses on these transactions at that date were £2,631,887 (2011 - £17,379,157) and £6,130,410 (2011 - £4,439,461), respectively

The above noted fair values and unrecognised gains and losses on hedges at 31 March 2012 have been calculated based on interest and currency rates applicable at 31 March 2012

13. Related parties

The voting rights of the company are entirely controlled by the ultimate parent undertaking As a result, the company has taken advantage of the exemptions available in Financial Reporting Standard No 8, Related party disclosures and has not disclosed details of transactions with entities 100% controlled by the ultimate parent undertaking As stated in note 2, all turnover was with Toshiba group companies

14. Ultimate parent undertaking

Toshiba International Finance (UK) Plc is a 100% subsidiary of Toshiba Corporation, incorporated in Japan Toshiba Corporation is the largest undertaking to consolidate the results of the company Copies of the group financial statements of Toshiba Corporation may be obtained from 1-1, Shibaura 1-Chome, Minato-ku, Tokyo 105-8001, Japan