

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2017 (Based on Japanese GAAP)

November 7, 2017

Company name: Toshiba Machine Co., Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 6104 URL <http://www.toshiba-machine.co.jp>  
 Representative: President and Chief Operating Officer Takahiro Mikami  
 Executive Officer and General Affairs  
 Inquiries: Department Senior Manager Kazuya Ogawa TEL 055-926-5141  
 Scheduled date to file Quarterly Securities Report: November 9, 2017  
 Scheduled date to commence dividend payments: December 4, 2017  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2017	56,110	10.4	1,762	23.3	3,847	101.7	2,807	103.1
Six months ended September 30, 2016	50,836	(13.2)	1,429	(1.3)	1,907	(18.4)	1,382	(57.7)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2017	23.26		-	
Six months ended September 30, 2016	9.09		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	148,467	80,191	54.0
As of March 31, 2017	140,530	77,120	54.9

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2017	-	6.00	-	6.00	12.00
Year ending March 31, 2018	-	7.00	-	-	-
Year ending March 31, 2018 (Forecast)	-	-	-	7.00	14.00

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	122,000	9.6	5,400	20.7	7,400	36.9	5,300	198.4	43.91

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2017  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2017	149,885,530 shares	As of March 31, 2017	166,885,530 shares
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Number of treasury shares at the end of the period

As of September 30, 2017	29,197,927 shares	As of March 31, 2017	46,195,547 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2017	120,688,737 shares	Six months ended September 30, 2016	152,020,467 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	29,914	33,769
Notes and accounts receivable - trade	39,444	36,715
Securities	146	291
Merchandise and finished goods	6,529	6,515
Work in process	20,100	24,750
Raw materials and supplies	82	74
Deferred tax assets	2,772	2,936
Other	2,823	3,036
Allowance for doubtful accounts	(197)	(195)
Total current assets	101,615	107,894
Non-current assets		
Property, plant and equipment		
Buildings and structures	36,285	39,122
Accumulated depreciation and impairment loss	(26,907)	(26,974)
Buildings and structures, net	9,377	12,148
Machinery, equipment and vehicles	25,320	24,838
Accumulated depreciation and impairment loss	(23,119)	(22,575)
Machinery, equipment and vehicles, net	2,200	2,263
Land	6,439	6,453
Leased assets	227	272
Accumulated depreciation and impairment loss	(180)	(195)
Leased assets, net	46	76
Construction in progress	2,603	99
Other	7,114	7,397
Accumulated depreciation and impairment loss	(6,656)	(6,755)
Other, net	458	642
Total property, plant and equipment	21,125	21,683
Intangible assets		
Other	749	816
Total intangible assets	749	816
Investments and other assets		
Investment securities	16,346	17,354
Long-term loans receivable	23	21
Deferred tax assets	87	93
Other	687	691
Allowance for doubtful accounts	(104)	(87)
Total investments and other assets	17,039	18,073
Total non-current assets	38,915	40,572
Total assets	140,530	148,467

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	26,097	28,334
Short-term loans payable	10,590	14,640
Income taxes payable	573	804
Accrued expenses	4,785	5,051
Provision for product warranties	530	560
Other	4,904	6,935
Total current liabilities	47,481	56,327
Non-current liabilities		
Long-term loans payable	4,300	–
Long-term accounts payable - other	5	5
Deferred tax liabilities	2,275	2,509
Provision for directors' retirement benefits	29	25
Net defined benefit liability	9,244	9,303
Asset retirement obligations	49	49
Other	25	53
Total non-current liabilities	15,929	11,948
Total liabilities	63,410	68,275
<b>Net assets</b>		
Shareholders' equity		
Capital stock	12,484	12,484
Capital surplus	19,600	11,538
Retained earnings	67,534	68,150
Treasury shares	(25,898)	(16,368)
Total shareholders' equity	73,722	75,804
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,210	3,751
Deferred gains or losses on hedges	1	–
Foreign currency translation adjustment	1,600	1,951
Remeasurements of defined benefit plans	(1,415)	(1,315)
Total accumulated other comprehensive income	3,397	4,387
Total net assets	77,120	80,191
Total liabilities and net assets	140,530	148,467

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	50,836	56,110
Cost of sales	36,295	40,066
Gross profit	14,540	16,043
Selling, general and administrative expenses	13,111	14,280
Operating profit	1,429	1,762
Non-operating income		
Interest income	14	22
Dividend income	141	303
Rent income	30	23
Share of profit of entities accounted for using equity method	902	459
Foreign exchange gains	–	205
cancellation fee income	–	1,309
Other	50	44
Total non-operating income	1,138	2,368
Non-operating expenses		
Interest expenses	60	50
Brand fee expense	97	59
Foreign exchange losses	413	–
Other	89	173
Total non-operating expenses	661	283
Ordinary profit	1,907	3,847
Extraordinary income		
Gain on sales of non-current assets	4	8
Total extraordinary income	4	8
Extraordinary losses		
Loss on disposal of non-current assets	2	9
Total extraordinary losses	2	9
Profit before income taxes	1,909	3,846
Income taxes - current	348	1,200
Income taxes - deferred	177	(161)
Total income taxes	526	1,039
Profit	1,382	2,807
Profit attributable to owners of parent	1,382	2,807

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	1,382	2,807
Other comprehensive income		
Valuation difference on available-for-sale securities	(115)	540
Deferred gains or losses on hedges	5	(1)
Foreign currency translation adjustment	(1,811)	351
Remeasurements of defined benefit plans, net of tax	113	95
Share of other comprehensive income of entities accounted for using equity method	3	4
Total other comprehensive income	(1,806)	989
Comprehensive income	(423)	3,797
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(423)	3,797
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Profit before income taxes	1,909	3,846
Depreciation	811	1,044
Amortization of goodwill	183	–
Increase (decrease) in allowance for doubtful accounts	(84)	(18)
Increase (decrease) in provision for product warranties	(52)	30
Increase (decrease) in provision for directors' retirement benefits	(7)	(3)
Increase (decrease) in net defined benefit liability	244	155
Interest and dividend income	(155)	(325)
Interest expenses	60	50
cancellation fee income	–	(1,309)
Loss (gain) on sales and retirement of property, plant and equipment and intangible assets	(2)	0
Share of (profit) loss of entities accounted for using equity method	(902)	(459)
Decrease (increase) in notes and accounts receivable - trade	6,902	2,728
Decrease (increase) in inventories	2,018	(4,627)
Increase (decrease) in notes and accounts payable - trade	(2,862)	2,364
Increase (decrease) in advances received	1,334	1,957
Increase (decrease) in accrued expenses	(297)	266
Increase (decrease) in deposits received	2	101
Increase (decrease) in accounts payable - other	(285)	(29)
Other, net	408	(168)
Subtotal	9,226	5,604
Interest and dividend income received	381	552
Interest expenses paid	(71)	(51)
cancellation fee income received	–	1,309
Income taxes paid	(776)	(980)
Net cash provided by (used in) operating activities	8,759	6,434
Cash flows from investing activities		
Purchase of property, plant and equipment	(751)	(1,568)
Proceeds from sales of property, plant and equipment	2	14
Purchase of intangible assets	(33)	(142)
Payments of short-term loans receivable	(2)	(3)
Collection of short-term loans receivable	1	2
Collection of long-term loans receivable	6	1
Other, net	9	(9)
Net cash provided by (used in) investing activities	(767)	(1,704)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(679)	–
Repayments of long-term loans payable	(250)	(250)
Purchase of treasury shares	(0)	(1)
Cash dividends paid	(912)	(724)
Other, net	(11)	(13)
Net cash provided by (used in) financing activities	(1,853)	(988)
Effect of exchange rate change on cash and cash equivalents	(1,351)	260
Net increase (decrease) in cash and cash equivalents	4,786	4,001
Cash and cash equivalents at beginning of period	42,932	30,060
Increase (decrease) in cash and cash equivalents resulting from change of accounting period of consolidated subsidiaries	(406)	–
Cash and cash equivalents at end of period	47,312	34,061