

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2018 (Based on Japanese GAAP)

November 8, 2018

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  
 Inquiries: General Affairs Department Senior Manager Satoshi Tominaga TEL 055-926-5141  
 Scheduled date to file Quarterly Securities Report: November 9, 2018  
 Scheduled date to commence dividend payments: December 4, 2018  
 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, 2018 (from April 1, 2018 to September 30, 2018)

(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, 2018	59,450	6.0	1,619	(8.1)	2,701	(29.8)	1,933	(31.1)
Six months ended September 30, 2017	56,110	10.4	1,762	23.3	3,847	101.7	2,807	103.1

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2018	80.13	–
Six months ended September 30, 2017	116.31	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	150,443	83,004	55.2
As of March 31, 2018	148,763	81,334	54.7

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2018	–	7.00	–	7.00	14.00
Year ending March 31, 2019	–	7.50	–	–	–
Year ending March 31, 2019 (Forecast)	–	–	–	37.50	–

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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	4.4	4,000	(13.8)	5,400	(22.7)	4,000	(20.3)	165.73

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2018  
(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, 2018	29,977,106 shares	As of March 31, 2018	29,977,106 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	5,841,120 shares	As of March 31, 2018	5,840,715 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, 2018	24,136,245 shares	Six months ended September 30, 2017	24,137,748 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	30,394	27,611
Notes and accounts receivable - trade	38,531	40,385
Securities	404	132
Merchandise and finished goods	8,811	11,028
Work in process	24,765	26,722
Raw materials and supplies	78	68
Other	4,290	2,602
Allowance for doubtful accounts	(67)	(87)
Total current assets	107,207	108,463
Non-current assets		
Property, plant and equipment		
Buildings and structures	39,227	39,325
Accumulated depreciation and impairment loss	(27,282)	(27,680)
Buildings and structures, net	11,944	11,644
Machinery, equipment and vehicles	24,339	23,891
Accumulated depreciation and impairment loss	(22,171)	(21,862)
Machinery, equipment and vehicles, net	2,167	2,028
Land	6,450	6,462
Leased assets	209	257
Accumulated depreciation and impairment loss	(132)	(144)
Leased assets, net	76	112
Construction in progress	105	68
Other	7,321	7,412
Accumulated depreciation and impairment loss	(6,760)	(6,864)
Other, net	560	548
Total property, plant and equipment	21,305	20,865
Intangible assets		
Other	740	668
Total intangible assets	740	668
Investments and other assets		
Investment securities	18,255	19,132
Long-term loans receivable	19	17
Deferred tax assets	544	625
Other	769	747
Allowance for doubtful accounts	(77)	(77)
Total investments and other assets	19,510	20,445
Total non-current assets	41,555	41,979
Total assets	148,763	150,443

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	29,835	28,804
Short-term loans payable	14,390	10,090
Income taxes payable	865	638
Accrued expenses	5,247	5,302
Provision for product warranties	597	646
Other	6,890	7,985
Total current liabilities	57,827	53,466
Non-current liabilities		
Long-term loans payable	–	4,300
Long-term accounts payable - other	5	5
Deferred tax liabilities	113	144
Provision for directors' retirement benefits	30	25
Net defined benefit liability	9,312	9,329
Asset retirement obligations	50	50
Other	89	115
Total non-current liabilities	9,601	13,972
Total liabilities	67,428	67,439
<b>Net assets</b>		
Shareholders' equity		
Capital stock	12,484	12,484
Capital surplus	11,538	11,538
Retained earnings	69,514	70,742
Treasury shares	(16,373)	(16,374)
Total shareholders' equity	77,164	78,391
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,684	3,824
Deferred gains or losses on hedges	2	2
Foreign currency translation adjustment	1,606	1,823
Remeasurements of defined benefit plans	(1,123)	(1,036)
Total accumulated other comprehensive income	4,170	4,612
Total net assets	81,334	83,004
Total liabilities and net assets	148,763	150,443

**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, 2017	Six months ended September 30, 2018
Net sales	56,110	59,450
Cost of sales	40,066	43,127
Gross profit	16,043	16,322
Selling, general and administrative expenses	14,280	14,703
Operating profit	1,762	1,619
Non-operating income		
Interest income	22	27
Dividend income	303	216
Rent income	23	27
Share of profit of entities accounted for using equity method	459	617
Foreign exchange gains	205	281
cancellation fee income	1,309	–
Other	44	129
Total non-operating income	2,368	1,298
Non-operating expenses		
Interest expenses	50	40
Brand fee expense	59	50
Other	173	125
Total non-operating expenses	283	217
Ordinary profit	3,847	2,701
Extraordinary income		
Gain on sales of non-current assets	8	4
Gain on sales of investment securities	–	83
Total extraordinary income	8	87
Extraordinary losses		
Loss on disposal of non-current assets	9	13
Total extraordinary losses	9	13
Profit before income taxes	3,846	2,774
Income taxes - current	1,200	934
Income taxes - deferred	(161)	(93)
Total income taxes	1,039	840
Profit	2,807	1,933
Profit attributable to owners of parent	2,807	1,933

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

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	2,807	1,933
Other comprehensive income		
Valuation difference on available-for-sale securities	540	162
Deferred gains or losses on hedges	(1)	(0)
Foreign currency translation adjustment	351	216
Remeasurements of defined benefit plans, net of tax	95	81
Share of other comprehensive income of entities accounted for using equity method	4	(17)
Total other comprehensive income	989	442
Comprehensive income	3,797	2,376
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,797	2,376
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	3,846	2,774
Depreciation	1,044	924
Increase (decrease) in allowance for doubtful accounts	(18)	19
Increase (decrease) in provision for product warranties	30	49
Increase (decrease) in provision for directors' retirement benefits	(3)	(4)
Increase (decrease) in net defined benefit liability	155	98
Interest and dividend income	(325)	(243)
Interest expenses	50	40
Loss (gain) on sales of investment securities	–	(83)
cancellation fee income	(1,309)	–
Loss (gain) on sales and retirement of property, plant and equipment and intangible assets	0	9
Share of loss (profit) of entities accounted for using equity method	(459)	(617)
Decrease (increase) in notes and accounts receivable - trade	2,728	(1,850)
Decrease (increase) in inventories	(4,627)	(4,130)
Increase (decrease) in notes and accounts payable - trade	2,364	(1,082)
Increase (decrease) in advances received	1,957	1,167
Increase (decrease) in accrued expenses	266	62
Increase (decrease) in deposits received	101	23
Increase (decrease) in accounts payable - other	(29)	(13)
Other, net	(168)	1,503
Subtotal	5,604	(1,353)
Interest and dividend income received	552	514
Interest expenses paid	(51)	(48)
cancellation fee income received	1,309	–
Income taxes paid	(980)	(1,099)
Net cash provided by (used in) operating activities	6,434	(1,986)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,568)	(296)
Proceeds from sales of property, plant and equipment	14	5
Purchase of intangible assets	(142)	(16)
Proceeds from sales of investment securities	–	140
Purchase of shares of subsidiaries and associates	–	(400)
Decrease (increase) in short-term loans receivable	(0)	(0)
Collection of long-term loans receivable	1	1
Other, net	(9)	5
Net cash provided by (used in) investing activities	(1,704)	(560)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from financing activities		
Proceeds from long-term loans payable	–	4,300
Repayments of long-term loans payable	(250)	(4,300)
Purchase of treasury shares	(1)	(1)
Cash dividends paid	(724)	(844)
Other, net	(13)	(16)
Net cash provided by (used in) financing activities	(988)	(862)
Effect of exchange rate change on cash and cash equivalents	260	217
Net increase (decrease) in cash and cash equivalents	4,001	(3,192)
Cash and cash equivalents at beginning of period	30,060	30,798
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	–	138
Cash and cash equivalents at end of period	34,061	27,744