

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2018
(Based on Japanese GAAP)**

May 9, 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
 Executive Officer and General Affairs
 Inquiries: Department Senior Manager Kazuya Ogawa TEL 055-926-5141
 Scheduled date of ordinary general meeting of shareholders: June 22, 2018
 Scheduled date to file Securities Report: June 22, 2018
 Scheduled date to commence dividend payments: June 4, 2018
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(1) Consolidated operating results

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	%
Year ended March 31, 2018	116,862	5.0	4,640	3.7	6,982	29.1	5,016	182.4
Year ended March 31, 2017	111,327	(5.1)	4,473	17.5	5,406	8.9	1,776	(63.0)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2018	41.57	–	6.3	4.8	4.0
Year ended March 31, 2017	11.87	–	2.1	3.6	4.0

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2018	151,232	81,334	53.8	673.96
As of March 31, 2017	140,530	77,120	54.9	638.99

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2018	6,813	(3,921)	(2,102)	30,798
Year ended March 31, 2017	9,948	(2,983)	(19,089)	30,060

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2017	–	6.00	–	6.00	12.00	1,636	101.1	1.9
Year ended March 31, 2018	–	7.00	–	7.00	14.00	1,689	33.7	2.1
Year ending March 31, 2019 (Forecast)	–	7.50	–	7.50	15.00		31.8	

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
Six months ending September 30, 2018	66,000	17.6	2,800	58.9	3,100	(19.4)	2,400	(14.5)	19.89
Full year	135,000	15.5	6,900	48.7	7,700	10.3	5,700	13.6	47.23

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2018	194,885,530 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 March 31, 2018	29,203,575 shares	As of March 31, 2017	46,195,547 shares
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Average number of shares during the period

Year ended March 31, 2018	120,686,561 shares	Year ended March 31, 2017	149,609,370 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	29,914	30,394
Notes and accounts receivable - trade	39,444	38,531
Securities	146	404
Merchandise and finished goods	6,529	8,811
Work in process	20,100	24,765
Raw materials and supplies	82	78
Deferred tax assets	2,772	2,922
Other	2,823	4,290
Allowance for doubtful accounts	(197)	(67)
Total current assets	101,615	110,129
Non-current assets		
Property, plant and equipment		
Buildings and structures	36,285	39,227
Accumulated depreciation	(26,907)	(27,282)
Buildings and structures, net	9,377	11,944
Machinery, equipment and vehicles	25,320	24,339
Accumulated depreciation	(23,119)	(22,171)
Machinery, equipment and vehicles, net	2,200	2,167
Land	6,439	6,450
Leased assets	227	209
Accumulated depreciation	(180)	(132)
Leased assets, net	46	76
Construction in progress	2,603	105
Other	7,114	7,321
Accumulated depreciation	(6,656)	(6,760)
Other, net	458	560
Total property, plant and equipment	21,125	21,305
Intangible assets		
Other	749	740
Total intangible assets	749	740
Investments and other assets		
Investment securities	16,346	18,255
Long-term loans receivable	23	19
Deferred tax assets	87	91
Other	687	769
Allowance for doubtful accounts	(104)	(77)
Total investments and other assets	17,039	19,057
Total non-current assets	38,915	41,103
Total assets	140,530	151,232

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,097	29,835
Short-term loans payable	10,590	14,390
Income taxes payable	573	865
Accrued expenses	4,785	5,247
Provision for product warranties	530	597
Other	4,904	6,890
Total current liabilities	47,481	57,827
Non-current liabilities		
Long-term loans payable	4,300	—
Long-term accounts payable - other	5	5
Deferred tax liabilities	2,275	2,582
Provision for directors' retirement benefits	29	30
Net defined benefit liability	9,244	9,312
Asset retirement obligations	49	50
Other	25	89
Total non-current liabilities	15,929	12,070
Total liabilities	63,410	69,898
Net assets		
Shareholders' equity		
Capital stock	12,484	12,484
Capital surplus	19,600	11,538
Retained earnings	67,534	69,514
Treasury shares	(25,898)	(16,373)
Total shareholders' equity	73,722	77,164
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,210	3,684
Deferred gains or losses on hedges	1	2
Foreign currency translation adjustment	1,600	1,606
Remeasurements of defined benefit plans	(1,415)	(1,123)
Total accumulated other comprehensive income	3,397	4,170
Total net assets	77,120	81,334
Total liabilities and net assets	140,530	151,232

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	111,327	116,862
Cost of sales	79,350	83,712
Gross profit	31,977	33,150
Selling, general and administrative expenses		
Sales commission	1,912	2,448
Packing and transportation expenses	3,649	3,814
Provision for product warranties	442	507
Employees' salaries and allowances	11,256	11,456
Retirement benefit expenses	692	672
Depreciation	665	718
Rent expenses	750	755
Traveling and transportation expenses	1,236	1,272
Research and development expenses	1,032	1,258
Subcontract expenses	576	612
Other	5,288	4,994
Total selling, general and administrative expenses	27,503	28,509
Operating profit	4,473	4,640
Non-operating income		
Interest income	33	50
Dividend income	235	402
Rent income	59	42
Share of profit of entities accounted for using equity method	1,462	1,031
Foreign exchange gains	–	52
cancellation fee income	–	1,309
Other	150	92
Total non-operating income	1,941	2,982
Non-operating expenses		
Interest expenses	113	100
Foreign exchange losses	469	–
Brand fee expense	192	125
Other	231	414
Total non-operating expenses	1,008	640
Ordinary profit	5,406	6,982
Extraordinary income		
Gain on sales of non-current assets	4	14
Gain on sales of investment securities	–	16
Total extraordinary income	4	31
Extraordinary losses		
Loss on disposal of non-current assets	9	107
Amortization of goodwill	1,877	–
Loss on valuation of shares of subsidiaries and associates	–	44
Impairment loss	–	1
Total extraordinary losses	1,887	152
Profit before income taxes	3,523	6,860
Income taxes - current	1,528	1,903
Income taxes - deferred	218	(59)
Total income taxes	1,747	1,844
Profit	1,776	5,016
Profit attributable to owners of parent	1,776	5,016

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	1,776	5,016
Other comprehensive income		
Valuation difference on available-for-sale securities	308	464
Deferred gains or losses on hedges	1	0
Foreign currency translation adjustment	(267)	6
Remeasurements of defined benefit plans, net of tax	468	288
Share of other comprehensive income of entities accounted for using equity method	(19)	12
Total other comprehensive income	492	772
Comprehensive income	2,268	5,789
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,268	5,789
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,484	19,600	67,623	(10,044)	89,663
Changes of items during period					
Dividends of surplus			(1,824)		(1,824)
Profit attributable to owners of parent			1,776		1,776
Purchase of treasury shares				(15,853)	(15,853)
Retirement of treasury shares					
Effect of fiscal year change of consolidated subsidiaries			(40)		(40)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	(88)	(15,853)	(15,941)
Balance at end of current period	12,484	19,600	67,534	(25,898)	73,722

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	2,901	-	2,643	(1,864)	3,681	93,345
Changes of items during period						
Dividends of surplus						(1,824)
Profit attributable to owners of parent						1,776
Purchase of treasury shares						(15,853)
Retirement of treasury shares						
Effect of fiscal year change of consolidated subsidiaries						(40)
Net changes of items other than shareholders' equity	308	1	(1,043)	449	(283)	(283)
Total changes of items during period	308	1	(1,043)	449	(283)	(16,225)
Balance at end of current period	3,210	1	1,600	(1,415)	3,397	77,120

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,484	19,600	67,534	(25,898)	73,722
Changes of items during period					
Dividends of surplus			(1,568)		(1,568)
Profit attributable to owners of parent			5,016		5,016
Purchase of treasury shares				(5)	(5)
Retirement of treasury shares		(8,062)	(1,467)	9,530	–
Effect of fiscal year change of consolidated subsidiaries					
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(8,062)	1,979	9,524	3,441
Balance at end of current period	12,484	11,538	69,514	(16,373)	77,164

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	3,210	1	1,600	(1,415)	3,397	77,120
Changes of items during period						
Dividends of surplus						(1,568)
Profit attributable to owners of parent						5,016
Purchase of treasury shares						(5)
Retirement of treasury shares						–
Effect of fiscal year change of consolidated subsidiaries						
Net changes of items other than shareholders' equity	473	0	6	292	772	772
Total changes of items during period	473	0	6	292	772	4,214
Balance at end of current period	3,684	2	1,606	(1,123)	4,170	81,334

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	3,523	6,860
Depreciation	1,730	2,049
Amortization of goodwill	2,294	–
Impairment loss	–	1
Increase (decrease) in allowance for doubtful accounts	52	(156)
Increase (decrease) in provision for product warranties	(58)	67
Increase (decrease) in provision for directors' retirement benefits	(2)	1
Increase (decrease) in net defined benefit liability	491	356
Interest and dividend income	(269)	(453)
Interest expenses	113	100
cancellation fee income	–	(1,309)
Loss on valuation of shares of subsidiaries and associates	–	44
Loss (gain) on sales of investment securities	(0)	(16)
Loss (gain) on sales and retirement of property, plant and equipment and intangible assets	5	92
Share of loss (profit) of entities accounted for using equity method	(1,462)	(1,031)
Decrease (increase) in notes and accounts receivable - trade	2,993	912
Decrease (increase) in inventories	2,803	(6,942)
Increase (decrease) in notes and accounts payable - trade	(582)	4,985
Increase (decrease) in advances received	520	1,785
Increase (decrease) in accrued expenses	(104)	464
Increase (decrease) in deposits received	(12)	325
Increase (decrease) in accounts payable - other	74	(154)
Other, net	(494)	(1,433)
Subtotal	11,617	6,550
Interest and dividend income received	495	679
Interest expenses paid	(125)	(102)
cancellation fee income received	–	1,309
Income taxes (paid) refund	(2,038)	(1,622)
Net cash provided by (used in) operating activities	9,948	6,813
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,322)	(3,221)
Proceeds from sales of property, plant and equipment	4	20
Purchase of intangible assets	(195)	(214)
Purchase of investment securities	(499)	(499)
Proceeds from sales of investment securities	0	0
Decrease (increase) in short-term loans receivable	(0)	0
Collection of long-term loans receivable	14	3
Other, net	17	(10)
Net cash provided by (used in) investing activities	(2,983)	(3,921)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(885)	–
Repayments of long-term loans payable	(500)	(500)
Purchase of treasury shares	(15,853)	(5)
Cash dividends paid	(1,824)	(1,568)
Other, net	(26)	(28)
Net cash provided by (used in) financing activities	(19,089)	(2,102)
Effect of exchange rate change on cash and cash equivalents	(341)	(51)
Net increase (decrease) in cash and cash equivalents	(12,466)	738
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	30,060	30,798