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Consolidated Financial Results for the Three Months Ended June 30, 2018 [Japanese GAAP]

August 08, 2018

Company name: TOSHIBA TEC CORPORATION

Stock exchange listing: Tokyo

Code number: 6588

URL: <http://www.toshibatec.co.jp/>

Representative: Takayuki Ikeda

President and CEO

Contact: Takashi Mizuno

Senior Manager of Corporate Communications Division

Phone: 03-6830-9151

Scheduled date of filing Quarterly Securities Report: August 10, 2018

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: No

Schedule of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Three Months Ended June 30, 2018 (April 01, 2018 to June 30, 2018)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2018	114,404	(1.1)	4,268	26.9	3,355	9.9	1,608	10.2
June 30, 2017	115,662	(3.8)	3,363	123.0	3,052	79.4	1,459	384.1

(Note) Comprehensive income: Three months ended June 30, 2018: ¥ 1,849 million [(13.0)%]
Three months ended June 30, 2017: ¥ 2,126 million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2018	5.85	5.84
June 30, 2017	5.31	5.30

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of June 30, 2018	276,484	93,599	30.1
March 31, 2018	282,630	93,215	29.2

(Reference) Equity: As of June 30, 2018: ¥ 83,310 million
As of March 31, 2018: ¥ 82,518 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2018	-	3.00	-	5.00	8.00
Fiscal year ending March 31, 2019	-				
Fiscal year ending March 31, 2019 (Forecast)		4.00	-	20.00	-

(Note) Revision to the forecast for dividends announced most recently: No

The Company plans to carry out the share consolidation at a ratio of one for every five common shares, effective on October 01, 2018. Accordingly, the amount of the year-end dividend per share for the year ending March 31, 2019 (Forecast) takes this share consolidation into account and disclosure of the total annual dividends per share is described as "-". For details, please refer to "Dividends and consolidated earnings forecasts after the share consolidation".

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2019 (April 01, 2018 to March 31, 2019)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending September 30, 2018	240,000	(1.3)	6,000	(42.3)	4,500	(52.8)	2,000	(61.2)	7.28
Full year	500,000	(2.6)	18,000	(26.7)	15,000	(34.1)	8,000	(54.3)	145.61

(Note) Revision to the financial results forecast announced most recently: No

Basic earnings per share for consolidated earnings forecasts for the year ending March 31, 2019 (Forecast) takes the share consolidation into account. For details, please refer to "Dividends and consolidated earnings forecasts after the share consolidation".

* Notes:

- (1) Changes in significant subsidiaries during the three months ended June 30, 2018
(changes in specified subsidiaries resulting in changes in scope of consolidation): No
New: - (Company name:)
Exclusion: - (Company name:)

- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: Yes
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No
4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

- 1) Total number of issued shares at the end of the period (including treasury shares):
June 30, 2018: 288,145,704 shares
March 31, 2018: 288,145,704 shares

- 2) Total number of treasury shares at the end of the period:
June 30, 2018: 13,407,408 shares
March 31, 2018: 13,441,335 shares

- 3) Average number of shares during the period:
Three months ended June 30, 2018: 274,702,412 shares
Three months ended June 30, 2017: 274,726,907 shares

*(Dividends and consolidated earnings forecasts after the share consolidation)

At the 93th Annual General Meeting of Shareholders of TOSHIBA TEC CORPORATION held on June 26, 2018, it was approved to carry out the share consolidation at a ratio of one for every five common shares, effective on October 01, 2018.

On the assumption that share consolidation is not carried out, dividends and consolidated earnings forecasts for the year ending March 31, 2019 are as follows:

(1) Dividends forecasts for the year ending March 31, 2019

Dividends per share

Year-end : 4 yen

(2) Consolidated earnings forecasts for the year ending March 31, 2019

Basic earnings per share

Full year : 29.12 yen

Quarterly Consolidated Financial Statement
Consolidated Balance Sheet

(Million yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	57,355	63,347
Notes and accounts receivable - trade	67,996	51,503
Merchandise and finished goods	32,885	35,021
Work in process	1,525	1,783
Raw materials and supplies	6,758	7,290
Other	32,775	33,668
Allowance for doubtful accounts	(1,925)	(1,786)
Total current assets	197,373	190,827
Non-current assets		
Property, plant and equipment	28,090	27,657
Intangible assets		
Goodwill	4,083	3,790
Other	9,052	8,727
Total intangible assets	13,135	12,518
Investments and other assets		
Other	44,138	45,588
Allowance for doubtful accounts	(107)	(106)
Total investments and other assets	44,030	45,482
Total non-current assets	85,257	85,657
Total assets	282,630	276,484

(Million yen)

	As of March 31, 2018	As of June 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	59,604	57,879
Short-term loans payable	304	321
Income taxes payable	4,771	2,523
Other	75,218	72,606
Total current liabilities	139,898	133,331
Non-current liabilities		
Net defined benefit liability	35,779	35,677
Other	13,737	13,876
Total non-current liabilities	49,516	49,554
Total liabilities	189,415	182,885
Net assets		
Shareholders' equity		
Capital stock	39,970	39,970
Capital surplus	12	-
Retained earnings	35,861	36,773
Treasury shares	(5,507)	(5,495)
Total shareholders' equity	70,337	71,249
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,181	2,289
Deferred gains or losses on hedges	(22)	(2)
Foreign currency translation adjustment	10,207	9,904
Minimum pension liability adjustment	(655)	(653)
Remeasurements of defined benefit plans	468	523
Total accumulated other comprehensive income	12,180	12,061
Share acquisition rights	153	132
Non-controlling interests	10,543	10,156
Total net assets	93,215	93,599
Total liabilities and net assets	282,630	276,484

Quarterly Consolidated Statement of Income and Comprehensive Income
Quarterly Consolidated Statement of Income (For the three months)

(Million yen)

	For the three months ended June 30, 2017	For the three months ended June 30, 2018
Net sales	115,662	114,404
Cost of sales	67,991	65,855
Gross profit	47,671	48,549
Selling, general and administrative expenses	44,307	44,280
Operating profit	3,363	4,268
Non-operating income		
Interest income	147	117
Dividend income	21	23
Foreign exchange gains	422	25
Other	64	94
Total non-operating income	656	261
Non-operating expenses		
Interest expenses	146	88
Loss on valuation of derivatives	452	807
Other	368	279
Total non-operating expenses	967	1,175
Ordinary profit	3,052	3,355
Extraordinary losses		
Restructuring cost	42	-
Total extraordinary losses	42	-
Profit before income taxes	3,009	3,355
Income taxes	1,556	1,662
Profit	1,453	1,692
Profit (loss) attributable to non-controlling interests	(6)	84
Profit attributable to owners of parent	1,459	1,608

Quarterly Consolidated Statement of Comprehensive Income (For the three months)

(Million yen)

	For the three months ended June 30, 2017	For the three months ended June 30, 2018
Profit	1,453	1,692
Other comprehensive income		
Valuation difference on available-for-sale securities	362	107
Deferred gains or losses on hedges	13	19
Foreign currency translation adjustment	228	(22)
Minimum pension liability adjustment	(32)	(2)
Remeasurements of defined benefit plans, net of tax	101	55
Total other comprehensive income	672	156
Comprehensive income	2,126	1,849
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,093	1,489
Comprehensive income attributable to non-controlling interests	32	360

Notes to Quarterly Consolidated Financial Statement

(Changes in Accounting Policy)

TOSHIBA TEC CORPORATION Group's subsidiaries reporting under IFRS and US GAAP have applied IFRS 15 and ASU 2014-09 "Revenue from Contracts with Customers" from the three months ended June 30, 2018.

The impact of this change on profit or loss for the three months ended June 30, 2018 is insignificant.

The Group has adopted the approach of recognizing the cumulative effect of applying this standard at the date of initial application as permitted by transitional method of IFRS 15 and ASU 2014-09.

(Additional Information)

TOSHIBA TEC CORPORATION has applied the ASBJ Statement No. 28 "Partial Amendments to Accounting Standard for Tax Effect Accounting" and relevant Guidances effective from the beginning of the first quarter of the fiscal year ending March 31, 2019. Accordingly, Deferred tax assets were classified as Investments and other assets, and Deferred tax liabilities were classified as Non-current liabilities.