TOKYO—Toshiba Corporation (TOKYO: 6502) hereby gives notice that it expects to record a write-down in its non-consolidated financial results for the first half of FY2016 for shares that it holds in an affiliate company. The write-down is the result of a decrease in the net asset value of the shares of an affiliate company in India, Toshiba JSW Power Systems Private Limited (Toshiba JSW), which have fallen below investment book value as a result of the severe business environment in the India power systems market, and which are unlikely to recover in the immediate future.

1. Name of Affiliate: Toshiba JSW Power Systems Private Limited (Toshiba JSW)

2. Amount for Write-down: Approx. 15.8 billion yen

3. Reason for Write-down:
   As Toshiba announced in February 4, 2016 “Notice on Flood Damage from Heavy Rain in Chennai, South India and Accounting of Toshiba JSW Power Systems”, flooding in the southeast of India from mid-November to the beginning of December 2015 forced Toshiba JSW’s factory to suspend operation, at a time when, due to the severe business environment, profitability of Toshiba JSW was in a downturn. As a consequence, Toshiba JSW fell into capital deficit at the end of FY2015 (March 31, 2016). In response to this, and to secure business continuation, in April and August 2016, Toshiba JSW increased its capitalization by a total of 16.5 billion Indian rupees (approximately 25.1 billion yen), thereby eliminating the capital deficit. As a consequence of this capital increase, 13.1 billion yen, which Toshiba recorded as a reserve for affiliate support, a part of an approximately 27.3 billion yen reserve provision disclosed in February 4, 2016 notice, Toshiba will record a carryback of 6.2 billion yen in the first quarter of FY 2016 and 6.9 billion yen in the second quarter.
Notwithstanding the foregoing, the business environment surrounding Toshiba JSW to date remains in a severe condition, the value of the increased shares fell below the investment value, and it has been determined that the business is unlikely to recover in the immediate future. Accordingly, Toshiba has decided to record a write-down in its non-consolidated financial results for the first half of FY2016.

This transaction will not have any impact to Toshiba’s consolidated results.

Further to this, Indian law requires that, in any case where the accumulated loss of a company existing as at the end of any given accounting year are equal to or exceed its net worth (its paid up capital plus its free reserves), the company is obliged to report its financial status to the Board for Industrial and Financial Reconstruction of India (BIFR). Toshiba JSW fell into such a condition at the end of FY2015 (March 31, 2016), and Toshiba JSW has today reported the fact to BIFR.

Toshiba JSW will submit its improvement process and updated conditions, including financial statements and the capital increase in the first half of FY2016, to BIFR by the end of November this year. BIFR will closely study the financial status of Toshiba JSW, and determine the practicability of self-recovery and, if self-recovery is deemed not practicable, whether the company needs to exercise a rehabilitation scheme sanctioned by BIFR.

As the conditions reported to BIFR have already been addressed in Toshiba JSW by the increase in capital made in the first half of FY2016, Toshiba will promptly respond to the required procedures and aims for early closure of the process.

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