

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2016 (Based on Japanese GAAP)

February 6, 2017

Company name: The Japan Steel Works, Ltd.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 5631 URL <http://www.jsw.co.jp/>
 Representative: Representative Director & President Ikuo Sato
 General Manager Hiroki Kikuchi TEL 03-5745-2001
 Inquiries: General Affairs Department
 Scheduled date to file Quarterly Securities Report: February 14, 2017
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2016 (from April 1, 2016 to December 31, 2016)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2016	153,854	(1.0)	10,329	7.6	10,855	8.3	7,282	25.1
Nine months ended December 31, 2015	155,483	9.5	9,598	59.1	10,025	30.6	5,821	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2016	99.10		–	
Nine months ended December 31, 2015	79.42		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2016	289,709	117,811	40.2
As of March 31, 2016	293,138	111,340	37.5

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, 2016	–	2.50	–	2.50	5.00
Year ending March 31, 2017	–	2.50	–	–	–
Year ending March 31, 2017 (Forecast)	–	–	–	12.50	–

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	220,000	(1.5)	12,000	(16.8)	12,000	(15.0)	8,000	–	108.85

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2016
(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: Yes
- 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 December 31, 2016	74,292,607 shares	As of March 31, 2016	74,292,607 shares
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Number of treasury shares at the end of the period

As of December 31, 2016	801,249 shares	As of March 31, 2016	799,103 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2016	73,492,663 shares	Nine months ended December 31, 2015	73,306,716 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	62,018	56,052
Notes and accounts receivable - trade	52,738	49,096
Merchandise and finished goods	1,987	2,400
Work in process	58,878	63,065
Raw materials and supplies	6,328	6,030
Other	13,871	13,289
Allowance for doubtful accounts	(248)	(212)
Total current assets	195,574	189,722
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,180	24,156
Machinery, equipment and vehicles, net	9,719	11,939
Other, net	15,815	13,314
Total property, plant and equipment	48,715	49,410
Intangible assets		
Goodwill	912	676
Other	763	939
Total intangible assets	1,676	1,616
Investments and other assets		
Investment securities	30,338	33,890
Other	17,406	15,632
Allowance for doubtful accounts	(573)	(562)
Total investments and other assets	47,171	48,960
Total non-current assets	97,563	99,986
Total assets	293,138	289,709
Liabilities		
Current liabilities		
Notes and accounts payable - trade	53,835	51,056
Short-term loans payable	12,569	12,706
Income taxes payable	1,456	122
Advances received	18,984	18,096
Provision for loss on wind power generator business	8,687	5,644
Other provision	3,344	3,131
Other	19,597	19,877
Total current liabilities	118,475	110,634
Non-current liabilities		
Long-term loans payable	36,807	34,957
Provision	108	108
Net defined benefit liability	11,315	11,194
Asset retirement obligations	1,307	1,323
Other	13,783	13,679
Total non-current liabilities	63,322	61,263
Total liabilities	181,797	171,898

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Net assets		
Shareholders' equity		
Capital stock	19,694	19,694
Capital surplus	5,467	5,467
Retained earnings	84,554	90,000
Treasury shares	(2,302)	(2,307)
Total shareholders' equity	107,413	112,854
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,830	6,065
Deferred gains or losses on hedges	337	(745)
Foreign currency translation adjustment	51	(656)
Remeasurements of defined benefit plans	(1,609)	(1,075)
Total accumulated other comprehensive income	2,609	3,587
Non-controlling interests	1,318	1,370
Total net assets	111,340	117,811
Total liabilities and net assets	293,138	289,709

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales	155,483	153,854
Cost of sales	124,380	121,744
Gross profit	31,103	32,110
Selling, general and administrative expenses	21,504	21,780
Operating income	9,598	10,329
Non-operating income		
Interest income	64	32
Dividend income	692	600
Miscellaneous income	478	489
Total non-operating income	1,235	1,121
Non-operating expenses		
Interest expenses	263	204
Share of loss of entities accounted for using equity method	1	1
Miscellaneous loss	543	390
Total non-operating expenses	808	595
Ordinary income	10,025	10,855
Extraordinary income		
Gain on sales of non-current assets	34	68
Gain on sales of investment securities	126	-
Other	0	-
Total extraordinary income	161	68
Extraordinary losses		
Loss on retirement of non-current assets	641	95
Loss on sales of investment securities	72	-
Other	38	9
Total extraordinary losses	751	104
Profit before income taxes	9,435	10,819
Income taxes - current	1,953	2,062
Income taxes - deferred	1,506	1,343
Total income taxes	3,459	3,406
Profit	5,975	7,413
Profit attributable to non-controlling interests	153	130
Profit attributable to owners of parent	5,821	7,282

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Profit	5,975	7,413
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,562)	2,235
Deferred gains or losses on hedges	(10)	(1,083)
Foreign currency translation adjustment	(321)	(772)
Remeasurements of defined benefit plans, net of tax	199	534
Total other comprehensive income	(1,694)	913
Comprehensive income	4,281	8,326
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,181	8,261
Comprehensive income attributable to non-controlling interests	99	65