

Translation

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

May 14, 2018

Company name: The Japan Steel Works, Ltd.
 Stock exchange listing: Tokyo
 Stock code: 5631 URL <http://www.jsw.co.jp/>
 Representative: Representative Director & President Naotaka Miyuchi
 Executive Officer
 Inquiries: General Manager, General Affairs Hiroki Kikuchi TEL 03-5745-2001
 Department
 Scheduled date of ordinary general meeting of shareholders: June 26, 2018
 Scheduled date to file Securities Report: June 28, 2018
 Scheduled date to commence dividend payments: June 27, 2018
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(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	212,957	0.2	21,318	72.8	22,117	82.6	10,712	-
Year ended March 31, 2017	212,469	(4.9)	12,340	(14.4)	12,111	(14.3)	(4,968)	-

	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	145.77	-	9.6	7.7	10.0
Year ended March 31, 2017	(67.61)	-	(4.6)	4.3	5.8

(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	297,433	118,600	39.3	1,592.47
As of March 31, 2017	275,315	107,587	38.6	1,446.44

(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	26,712	(5,077)	(2,457)	77,879
Year ended March 31, 2017	12,023	(13,580)	(1,203)	58,671

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	-	2.50	-	12.50	-	1,837	-	1.7
Year ended March 31, 2018	-	17.50	-	20.00	37.50	2,755	25.7	2.5
Year ending March 31, 2019 (Forecast)	-	25.00	-	25.00	50.00		24.5	

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	110,000	4.7	10,000	(4.5)	10,000	(3.4)	8,000	5.4	108.86
Full year	220,000	3.3	22,000	3.2	22,000	(0.5)	15,000	40.0	204.11

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	74,292,607 shares	As of March 31, 2017	74,292,607 shares
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Number of treasury shares at the end of the period

As of March 31, 2018	802,503 shares	As of March 31, 2017	801,480 shares
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Average number of shares during the period

Year ended March 31, 2018	73,490,674 shares	Year ended March 31, 2017	73,492,317 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	59,801	79,032
Notes and accounts receivable - trade	49,420	54,542
Merchandise and finished goods	2,358	2,305
Work in process	58,037	54,663
Raw materials and supplies	5,755	5,191
Deferred tax assets	6,473	7,376
Other	4,858	5,710
Allowance for doubtful accounts	(140)	(142)
Total current assets	186,565	208,679
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,491	15,398
Machinery, equipment and vehicles, net	5,600	5,689
Tools, furniture and fixtures, net	588	1,028
Land	9,721	10,059
Leased assets, net	595	576
Construction in progress	235	288
Total property, plant and equipment	32,233	33,040
Intangible assets		
Goodwill	657	509
Leased assets	193	155
Other	803	1,109
Total intangible assets	1,655	1,774
Investments and other assets		
Investment securities	34,339	34,670
Long-term loans receivable	53	293
Claims provable in bankruptcy, claims provable in rehabilitation and other	292	253
Net defined benefit asset	2,472	2,736
Deferred tax assets	15,041	12,907
Other	3,116	3,480
Allowance for doubtful accounts	(455)	(402)
Total investments and other assets	54,860	53,939
Total non-current assets	88,749	88,754
Total assets	275,315	297,433

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	47,744	54,957
Short-term loans payable	11,908	12,004
Current portion of long-term loans payable	4,215	132
Lease obligations	574	493
Income taxes payable	866	2,296
Advances received	17,004	18,863
Provision for directors' bonuses	37	93
Provision for warranties for completed construction	2,757	1,729
Provision for loss on construction contracts	2,969	784
Provision for loss on wind power generator business	4,655	3,365
Provision for business restructuring	–	6,389
Other	15,657	14,308
Total current liabilities	108,390	115,418
Non-current liabilities		
Long-term loans payable	34,901	39,268
Lease obligations	854	748
Deferred tax liabilities	175	168
Provision for directors' retirement benefits	115	75
Net defined benefit liability	10,620	10,046
Long-term guarantee deposited	11,099	11,504
Asset retirement obligations	1,320	1,364
Other	251	237
Total non-current liabilities	59,337	63,414
Total liabilities	167,727	178,833
Net assets		
Shareholders' equity		
Capital stock	19,694	19,694
Capital surplus	5,467	5,467
Retained earnings	77,748	86,256
Treasury shares	(2,308)	(2,310)
Total shareholders' equity	100,601	109,107
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,381	7,269
Deferred gains or losses on hedges	(301)	305
Foreign currency translation adjustment	(170)	(21)
Remeasurements of defined benefit plans	(211)	370
Total accumulated other comprehensive income	5,698	7,923
Non-controlling interests	1,287	1,569
Total net assets	107,587	118,600
Total liabilities and net assets	275,315	297,433

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	212,469	212,957
Cost of sales	170,695	163,455
Gross profit	41,773	49,501
Selling, general and administrative expenses		
Direct selling expenses	9,645	7,809
Indirect selling, general and administrative expenses	19,787	20,372
Total selling, general and administrative expenses	29,432	28,182
Operating profit	12,340	21,318
Non-operating income		
Interest income	49	66
Dividend income	603	761
Miscellaneous income	656	1,563
Total non-operating income	1,309	2,390
Non-operating expenses		
Interest expenses	273	258
Share of loss of entities accounted for using equity method	0	0
Miscellaneous loss	1,265	1,333
Total non-operating expenses	1,539	1,592
Ordinary profit	12,111	22,117
Extraordinary income		
Gain on sales of non-current assets	93	30
Gain on sales of investment securities	–	791
Other	–	1
Total extraordinary income	93	824
Extraordinary losses		
Loss on sales of non-current assets	15	29
Loss on retirement of non-current assets	150	273
Impairment loss	17,874	1,352
Provision for business restructuring provision	–	6,389
Other	5	5
Total extraordinary losses	18,045	8,049
Profit (loss) before income taxes	(5,841)	14,892
Income taxes - current	2,819	3,633
Income taxes - deferred	(3,706)	307
Total income taxes	(887)	3,940
Profit (loss)	(4,954)	10,951
Profit attributable to non-controlling interests	14	238
Profit (loss) attributable to owners of parent	(4,968)	10,712

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit (loss)	(4,954)	10,951
Other comprehensive income		
Valuation difference on available-for-sale securities	2,551	887
Deferred gains or losses on hedges	(638)	606
Foreign currency translation adjustment	(251)	203
Remeasurements of defined benefit plans, net of tax	1,398	581
Total other comprehensive income	3,059	2,278
Comprehensive income	(1,894)	13,230
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,879)	12,937
Comprehensive income attributable to non-controlling interests	(14)	292

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	19,694	5,467	84,554	(2,302)	107,413
Changes of items during period					
Dividends of surplus			(1,837)		(1,837)
Profit attributable to owners of parent			(4,968)		(4,968)
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		(0)		0	0
Transfer of loss on disposal of treasury shares		0	(0)		-
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	(6,806)	(5)	(6,811)
Balance at end of current period	19,694	5,467	77,748	(2,308)	100,601

	Accumulated other comprehensive income					Non-controlling interests	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	3,830	337	51	(1,609)	2,609	1,318	111,340
Changes of items during period							
Dividends of surplus							(1,837)
Profit attributable to owners of parent							(4,968)
Purchase of treasury shares							(5)
Disposal of treasury shares							0
Transfer of loss on disposal of treasury shares							-
Net changes of items other than shareholders' equity	2,551	(638)	(222)	1,398	3,089	(31)	3,058
Total changes of items during period	2,551	(638)	(222)	1,398	3,089	(31)	(3,753)
Balance at end of current period	6,381	(301)	(170)	(211)	5,698	1,287	107,587

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	19,694	5,467	77,748	(2,308)	100,601
Changes of items during period					
Dividends of surplus			(2,204)		(2,204)
Profit attributable to owners of parent			10,712		10,712
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		(0)		0	0
Transfer of loss on disposal of treasury shares		0	(0)		-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	8,508	(2)	8,505
Balance at end of current period	19,694	5,467	86,256	(2,310)	109,107

	Accumulated other comprehensive income					Non-controlling interests	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	6,381	(301)	(170)	(211)	5,698	1,287	107,587
Changes of items during period							
Dividends of surplus							(2,204)
Profit attributable to owners of parent							10,712
Purchase of treasury shares							(2)
Disposal of treasury shares							0
Transfer of loss on disposal of treasury shares							-
Net changes of items other than shareholders' equity	887	606	149	581	2,225	282	2,507
Total changes of items during period	887	606	149	581	2,225	282	11,013
Balance at end of current period	7,269	305	(21)	370	7,923	1,569	118,600

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 (loss) before income taxes	(5,841)	14,892
Depreciation	7,858	4,097
Amortization of goodwill	199	211
Impairment loss	17,874	1,352
Interest and dividend income	(653)	(827)
Interest expenses	273	258
Share of loss (profit) of entities accounted for using equity method	0	0
Loss (gain) on sales of investment securities	–	(789)
Loss on retirement of property, plant and equipment and intangible assets	150	273
Loss (gain) on sales of property, plant and equipment	(78)	(1)
Decrease (increase) in operating receivables	(122)	(2,848)
Increase (decrease) in operating debt	(2,987)	6,101
Decrease (increase) in inventories	1,022	3,994
Increase (decrease) in provision for warranties for completed construction	717	(1,027)
Increase (decrease) in provision for loss on construction contracts	1,699	(2,184)
Increase (decrease) in provision for loss on wind power generator business	(4,032)	(1,289)
Increase (decrease) in business restructuring reserve	–	6,389
Other, net	(1,023)	(250)
Subtotal	15,056	28,351
Interest and dividend income received	660	827
Interest expenses paid	(273)	(257)
Income taxes (paid) refund	(3,420)	(2,207)
Net cash provided by (used in) operating activities	12,023	26,712
Cash flows from investing activities		
Payments into time deposits	(1,001)	(607)
Proceeds from withdrawal of time deposits	545	657
Purchase of property, plant and equipment and intangible assets	(13,348)	(6,549)
Proceeds from sales of property, plant and equipment and intangible assets	131	76
Purchase of investment securities	(345)	(12)
Proceeds from sales of investment securities	0	1,869
Repayments of long-term guarantee deposits	(67)	(89)
Decrease (increase) in short-term loans receivable	0	(1)
Payments of long-term loans receivable	–	(300)
Collection of long-term loans receivable	10	50
Purchase of shares of subsidiaries and associates	–	(147)
Other, net	494	(22)
Net cash provided by (used in) investing activities	(13,580)	(5,077)

(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	(660)	96
Proceeds from long-term loans payable	2,308	4,500
Repayments of long-term loans payable	(320)	(4,215)
Cash dividends paid	(1,837)	(2,204)
Purchase of treasury shares	(5)	(2)
Repayments of finance lease obligations	(673)	(621)
Other, net	(16)	(9)
Net cash provided by (used in) financing activities	(1,203)	(2,457)
Effect of exchange rate change on cash and cash equivalents	(26)	30
Net increase (decrease) in cash and cash equivalents	(2,787)	19,208
Cash and cash equivalents at beginning of period	61,458	58,671
Cash and cash equivalents at end of period	58,671	77,879