

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2017
(Based on Japanese GAAP)**

May 15, 2017

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
 General Manager
 Inquiries: Hiroki Kikuchi TEL 03-5745-2001
 General Affairs Department
 Scheduled date of ordinary general meeting of shareholders: June 27, 2017
 Scheduled date to file Securities Report: June 29, 2017
 Scheduled date to commence dividend payments: June 28, 2017
 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, 2017 (from April 1, 2016 to March 31, 2017)

(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, 2017	212,469	(4.9)	12,340	(14.4)	12,111	(14.3)	(4,968)	-
Year ended March 31, 2016	223,301	14.7	14,423	91.9	14,125	53.2	(16,600)	-

	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, 2017	(67.61)	-	(4.6)	4.3	5.8
Year ended March 31, 2016	(226.62)	-	(13.5)	4.6	6.5

(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, 2017	275,315	107,587	38.6	1,446.44
As of March 31, 2016	293,138	111,340	37.5	1,497.04

(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, 2017	12,023	(13,580)	(1,203)	58,671
Year ended March 31, 2016	19,721	(12,135)	4,788	61,458

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, 2016	-	2.50	-	2.50	5.00	1,831	-	1.5
Year ended March 31, 2017	-	2.50	-	12.50	-	1,837	-	1.7
Year ending March 31, 2018 (Forecast)	-	12.50	-	12.50	25.00		23.0	

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

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, 2017	105,000	(1.9)	6,500	(11.5)	6,500	(11.8)	4,000	(21.7)	52.82
Full year	205,000	(3.5)	12,500	1.3	12,500	3.2	8,000	—	108.85

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017

(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: Yes

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, 2017	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 March 31, 2017	801,480 shares	As of March 31, 2016	799,103 shares
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Average number of shares during the period

Year ended March 31, 2017	73,492,317 shares	Year ended March 31, 2016	73,254,540 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	62,018	59,801
Notes and accounts receivable - trade	52,738	49,420
Merchandise and finished goods	1,987	2,358
Work in process	58,878	58,037
Raw materials and supplies	6,328	5,755
Deferred tax assets	7,120	6,473
Other	6,750	4,858
Allowance for doubtful accounts	(248)	(140)
Total current assets	195,574	186,565
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,180	15,491
Machinery, equipment and vehicles, net	9,719	5,600
Tools, furniture and fixtures, net	915	588
Land	10,334	9,721
Leased assets, net	1,034	595
Construction in progress	3,530	235
Total property, plant and equipment	48,715	32,233
Intangible assets		
Goodwill	912	657
Leased assets	179	193
Other	584	803
Total intangible assets	1,676	1,655
Investments and other assets		
Investment securities	30,338	34,339
Long-term loans receivable	63	53
Claims provable in bankruptcy, claims provable in rehabilitation and other	405	292
Net defined benefit asset	1,872	2,472
Deferred tax assets	12,157	15,041
Other	2,906	3,116
Allowance for doubtful accounts	(573)	(455)
Total investments and other assets	47,171	54,860
Total non-current assets	97,563	88,749
Total assets	293,138	275,315

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	53,835	47,744
Short-term loans payable	12,569	11,908
Current portion of long-term loans payable	320	4,215
Lease obligations	620	574
Income taxes payable	1,456	866
Advances received	18,984	17,004
Provision for directors' bonuses	35	37
Provision for warranties for completed construction	2,039	2,757
Provision for loss on construction contracts	1,269	2,969
Provision for loss on wind power generator business	8,687	4,655
Other	18,656	15,657
Total current liabilities	118,475	108,390
Non-current liabilities		
Long-term loans payable	36,807	34,901
Lease obligations	1,023	854
Deferred tax liabilities	230	175
Provision for directors' retirement benefits	108	115
Net defined benefit liability	11,315	10,620
Long-term guarantee deposited	12,405	11,099
Asset retirement obligations	1,307	1,320
Other	123	251
Total non-current liabilities	63,322	59,337
Total liabilities	181,797	167,727
Net assets		
Shareholders' equity		
Capital stock	19,694	19,694
Capital surplus	5,467	5,467
Retained earnings	84,554	77,748
Treasury shares	(2,302)	(2,308)
Total shareholders' equity	107,413	100,601
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,830	6,381
Deferred gains or losses on hedges	337	(301)
Foreign currency translation adjustment	51	(170)
Remeasurements of defined benefit plans	(1,609)	(211)
Total accumulated other comprehensive income	2,609	5,698
Non-controlling interests	1,318	1,287
Total net assets	111,340	107,587
Total liabilities and net assets	293,138	275,315

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

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	223,301	212,469
Cost of sales	179,197	170,695
Gross profit	44,103	41,773
Selling, general and administrative expenses		
Direct selling expenses	10,218	9,645
Indirect selling, general and administrative expenses	19,461	19,787
Total selling, general and administrative expenses	29,680	29,432
Operating profit	14,423	12,340
Non-operating income		
Interest income	76	49
Dividend income	695	603
Miscellaneous income	718	656
Total non-operating income	1,490	1,309
Non-operating expenses		
Interest expenses	345	273
Share of loss of entities accounted for using equity method	0	0
Miscellaneous loss	1,443	1,265
Total non-operating expenses	1,788	1,539
Ordinary profit	14,125	12,111
Extraordinary income		
Gain on sales of non-current assets	117	93
Gain on sales of investment securities	126	–
Other	0	–
Total extraordinary income	244	93
Extraordinary losses		
Loss on sales of non-current assets	4	15
Loss on retirement of non-current assets	892	150
Impairment loss	35,447	17,874
Loss on sales of investment securities	72	–
Other	2	5
Total extraordinary losses	36,419	18,045
Loss before income taxes	(22,049)	(5,841)
Income taxes - current	3,357	2,819
Income taxes - deferred	(8,996)	(3,706)
Total income taxes	(5,639)	(887)
Loss	(16,409)	(4,954)
Profit attributable to non-controlling interests	191	14
Loss attributable to owners of parent	(16,600)	(4,968)

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Loss	(16,409)	(4,954)
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,364)	2,551
Deferred gains or losses on hedges	531	(638)
Foreign currency translation adjustment	(229)	(251)
Remeasurements of defined benefit plans, net of tax	(1,231)	1,398
Total other comprehensive income	(6,294)	3,059
Comprehensive income	(22,703)	(1,894)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(22,831)	(1,879)
Comprehensive income attributable to non-controlling interests	127	(14)

Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,694	5,425	103,330	(731)	127,718
Changes of items during period					
Dividends of surplus			(1,653)		(1,653)
Loss attributable to owners of parent			(16,600)		(16,600)
Purchase of shares of consolidated subsidiaries		45			45
Purchase of treasury shares				(2,940)	(2,940)
Disposal of treasury shares		(525)		1,368	842
Transfer of loss on disposal of treasury shares		521	(521)		–
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	41	(18,775)	(1,571)	(20,305)
Balance at end of current period	19,694	5,467	84,554	(2,302)	107,413

	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	9,195	(194)	239	(399)	8,839	1,676	138,234
Changes of items during period							
Dividends of surplus							(1,653)
Loss attributable to owners of parent							(16,600)
Purchase of shares of consolidated subsidiaries							45
Purchase of treasury shares							(2,940)
Disposal of treasury shares							842
Transfer of loss on disposal of treasury shares							–
Net changes of items other than shareholders' equity	(5,364)	531	(187)	(1,210)	(6,230)	(358)	(6,588)
Total changes of items during period	(5,364)	531	(187)	(1,210)	(6,230)	(358)	(26,894)
Balance at end of current period	3,830	337	51	(1,609)	2,609	1,318	111,340

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)
Loss attributable to owners of parent			(4,968)		(4,968)
Purchase of shares of consolidated subsidiaries					-
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)
Loss attributable to owners of parent							(4,968)
Purchase of shares of consolidated subsidiaries							-
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

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Loss before income taxes	(22,049)	(5,841)
Depreciation	10,669	7,858
Amortization of goodwill	174	199
Impairment loss	35,447	17,874
Interest and dividend income	(772)	(653)
Interest expenses	345	273
Share of (profit) loss of entities accounted for using equity method	0	0
Loss (gain) on sales of investment securities	(54)	–
Loss on retirement of property, plant and equipment and intangible assets	892	150
Loss (gain) on sales of property, plant and equipment	(112)	(78)
Increase (decrease) in provision for loss on wind power generator business	(4,515)	(4,032)
Decrease (increase) in operating receivables	(11,637)	(122)
Increase (decrease) in operating debt	11,557	(2,987)
Decrease (increase) in inventories	2,363	1,022
Other, net	122	1,393
Subtotal	22,431	15,056
Interest and dividend income received	771	660
Interest expenses paid	(336)	(273)
Income taxes (paid) refund	(3,144)	(3,420)
Net cash provided by (used in) operating activities	19,721	12,023
Cash flows from investing activities		
Payments into time deposits	(964)	(1,001)
Proceeds from withdrawal of time deposits	757	545
Purchase of property, plant and equipment and intangible assets	(9,976)	(13,348)
Proceeds from sales of property, plant and equipment and intangible assets	322	131
Purchase of investment securities	(11)	(345)
Proceeds from sales of investment securities	839	0
Repayments of long-term guarantee deposits	(378)	(67)
Decrease (increase) in short-term loans receivable	0	0
Collection of long-term loans receivable	14	10
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,293)	–
Payments for transfer of business	(531)	–
Other, net	87	494
Net cash provided by (used in) investing activities	(12,135)	(13,580)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	313	(660)
Proceeds from long-term loans payable	30,900	2,308
Repayments of long-term loans payable	(11,105)	(320)
Redemption of bonds	(10,000)	–
Cash dividends paid	(1,653)	(1,837)
Purchase of treasury shares	(2,940)	(5)
Repayments of finance lease obligations	(724)	(673)
Other, net	(1)	(16)
Net cash provided by (used in) financing activities	4,788	(1,203)
Effect of exchange rate change on cash and cash equivalents	(68)	(26)
Net increase (decrease) in cash and cash equivalents	12,306	(2,787)
Cash and cash equivalents at beginning of period	49,152	61,458
Cash and cash equivalents at end of period	61,458	58,671