

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2016 (Based on Japanese GAAP)

November 7, 2016

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: November 14, 2016  
 Scheduled date to commence dividend payments: December 7, 2016  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2016 (from April 1, 2016 to September 30, 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	%
Six months ended September 30, 2016	107,039	13.1	7,346	46.5	7,368	38.5	5,110	61.4
Six months ended September 30, 2015	94,667	0.5	5,012	36.5	5,321	9.9	3,165	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2016	69.53		–	
Six months ended September 30, 2015	43.09		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2016	290,297	114,483	39.0
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 six months ended September 30, 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 September 30, 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 September 30, 2016	799,873 shares	As of March 31, 2016	799,100 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2016	73,493,155 shares	Six months ended September 30, 2015	73,450,502 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	62,018	60,314
Notes and accounts receivable - trade	52,738	48,860
Merchandise and finished goods	1,987	2,158
Work in process	58,878	61,122
Raw materials and supplies	6,328	6,318
Other	13,871	14,014
Allowance for doubtful accounts	(248)	(229)
Total current assets	195,574	192,558
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,180	24,461
Machinery, equipment and vehicles, net	9,719	10,816
Other, net	15,815	14,661
Total property, plant and equipment	48,715	49,938
Intangible assets		
Goodwill	912	710
Other	763	843
Total intangible assets	1,676	1,554
Investments and other assets		
Investment securities	30,338	29,652
Other	17,406	17,156
Allowance for doubtful accounts	(573)	(564)
Total investments and other assets	47,171	46,244
Total non-current assets	97,563	97,738
Total assets	293,138	290,297
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	53,835	50,668
Short-term loans payable	12,569	12,290
Income taxes payable	1,456	1,391
Advances received	18,984	19,490
Provision for loss on business of wind power	8,687	6,773
Other provision	3,344	4,001
Other	19,597	19,819
Total current liabilities	118,475	114,434
Non-current liabilities		
Long-term loans payable	36,807	34,993
Provision	108	102
Net defined benefit liability	11,315	11,215
Asset retirement obligations	1,307	1,317
Other	13,783	13,749
Total non-current liabilities	63,322	61,379
Total liabilities	181,797	175,813

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Net assets		
Shareholders' equity		
Capital stock	19,694	19,694
Capital surplus	5,467	5,467
Retained earnings	84,554	88,746
Treasury shares	(2,302)	(2,304)
Total shareholders' equity	107,413	111,603
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,830	3,118
Deferred gains or losses on hedges	337	348
Foreign currency translation adjustment	51	(649)
Remeasurements of defined benefit plans	(1,609)	(1,253)
Total accumulated other comprehensive income	2,609	1,563
Non-controlling interests	1,318	1,316
Total net assets	111,340	114,483
Total liabilities and net assets	293,138	290,297

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	94,667	107,039
Cost of sales	75,813	85,210
Gross profit	18,854	21,828
Selling, general and administrative expenses	13,841	14,482
Operating income	5,012	7,346
Non-operating income		
Interest income	51	22
Dividend income	401	327
Miscellaneous income	369	292
Total non-operating income	822	642
Non-operating expenses		
Interest expenses	181	135
Share of loss of entities accounted for using equity method	1	1
Miscellaneous loss	331	483
Total non-operating expenses	514	620
Ordinary income	5,321	7,368
Extraordinary income		
Gain on sales of non-current assets	29	11
Other	0	-
Total extraordinary income	29	11
Extraordinary losses		
Loss on retirement of non-current assets	157	55
Other	43	17
Total extraordinary losses	200	73
Profit before income taxes	5,150	7,306
Income taxes - current	1,378	1,718
Income taxes - deferred	513	393
Total income taxes	1,892	2,112
Profit	3,258	5,194
Profit attributable to non-controlling interests	93	84
Profit attributable to owners of parent	3,165	5,110

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	3,258	5,194
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,764)	(712)
Deferred gains or losses on hedges	(151)	11
Foreign currency translation adjustment	22	(773)
Remeasurements of defined benefit plans, net of tax	131	356
Total other comprehensive income	(3,761)	(1,118)
Comprehensive income	(503)	4,076
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(593)	4,064
Comprehensive income attributable to non-controlling interests	90	11