

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2016
(Based on Japanese GAAP)**

May 16, 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
 Inquiries: General Affairs Department Hiroki Kikuchi TEL 03-5745-2001
 Scheduled date of ordinary general meeting of shareholders: June 24, 2016
 Scheduled date to file Securities Report: June 24, 2016
 Scheduled date to commence dividend payments: June 27, 2016
 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, 2016 (from April 1, 2015 to March 31, 2016)

(1) Consolidated operating results

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	%
Year ended March 31, 2016	223,301	14.7	14,423	91.9	14,125	53.2	(16,600)	-
Year ended March 31, 2015	194,674	3.2	7,517	(15.2)	9,221	(5.0)	(5,327)	-

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2016	(45.32)	-	(13.5)	4.6	6.5
Year ended March 31, 2015	(14.39)	-	(3.9)	3.0	3.9

(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, 2016	293,138	111,340	37.5	299.41
As of March 31, 2015	319,667	138,234	42.7	368.81

(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, 2016	19,721	(12,135)	4,788	61,458
Year ended March 31, 2015	11,580	(2,675)	(2,964)	49,152

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, 2015	-	2.00	-	2.00	4.00	1,481	-	1.1
Year ended March 31, 2016	-	2.50	-	2.50	5.00	1,831	-	1.5
Year ending March 31, 2017 (Forecast)	-	2.50	-	2.50	5.00		22.9	

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
Six months ending September 30, 2016	110,000	16.2	5,000	(0.3)	5,000	(6.0)	3,000	(5.2)	8.19
Full year	220,000	(1.5)	12,000	(16.8)	12,000	(15.0)	8,000	—	21.84

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2016

(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, 2016	371,463,036 shares	As of March 31, 2015	371,463,036 shares
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Number of treasury shares at the end of the period

As of March 31, 2016	3,995,515 shares	As of March 31, 2015	1,192,297 shares
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Average number of shares during the period

Year ended March 31, 2016	366,272,697 shares	Year ended March 31, 2015	370,272,269 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	49,176	62,018
Notes and accounts receivable - trade	56,678	52,738
Merchandise and finished goods	2,103	1,987
Work in process	60,988	58,878
Raw materials and supplies	5,234	6,328
Deferred tax assets	9,235	7,120
Other	7,716	6,750
Allowance for doubtful accounts	(157)	(248)
Total current assets	190,976	195,574
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	45,086	23,180
Machinery, equipment and vehicles, net	21,852	9,719
Tools, furniture and fixtures, net	1,391	915
Land	10,897	10,334
Leased assets, net	1,344	1,034
Construction in progress	1,404	3,530
Total property, plant and equipment	81,978	48,715
Intangible assets		
Goodwill	0	912
Leased assets	194	179
Other	515	584
Total intangible assets	710	1,676
Investments and other assets		
Investment securities	39,131	30,338
Long-term loans receivable	74	63
Claims provable in bankruptcy, claims provable in rehabilitation and other	410	405
Net defined benefit asset	3,063	1,872
Deferred tax assets	1,002	12,157
Other	2,907	2,906
Allowance for doubtful accounts	(588)	(573)
Total investments and other assets	46,002	47,171
Total non-current assets	128,691	97,563
Total assets	319,667	293,138

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	42,418	53,835
Short-term loans payable	12,255	12,569
Current portion of long-term loans payable	11,105	320
Current portion of bonds	10,000	–
Lease obligations	663	620
Income taxes payable	1,171	1,456
Advances received	34,697	18,984
Provision for directors' bonuses	36	35
Provision for warranties for completed construction	2,035	2,039
Provision for loss on construction contracts	1,485	1,269
Provision for loss on wind power generator business	13,203	8,687
Other	16,447	18,656
Total current liabilities	145,520	118,475
Non-current liabilities		
Long-term loans payable	6,227	36,807
Lease obligations	1,094	1,023
Deferred tax liabilities	3,064	230
Provision for directors' retirement benefits	109	108
Net defined benefit liability	10,857	11,315
Long-term guarantee deposited	12,924	12,405
Asset retirement obligations	1,295	1,307
Other	339	123
Total non-current liabilities	35,912	63,322
Total liabilities	181,432	181,797
Net assets		
Shareholders' equity		
Capital stock	19,694	19,694
Capital surplus	5,425	5,467
Retained earnings	103,330	84,554
Treasury shares	(731)	(2,302)
Total shareholders' equity	127,718	107,413
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,195	3,830
Deferred gains or losses on hedges	(194)	337
Foreign currency translation adjustment	239	51
Remeasurements of defined benefit plans	(399)	(1,609)
Total accumulated other comprehensive income	8,839	2,609
Non-controlling interests	1,676	1,318
Total net assets	138,234	111,340
Total liabilities and net assets	319,667	293,138

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

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	194,674	223,301
Cost of sales	159,188	179,197
Gross profit	35,486	44,103
Selling, general and administrative expenses		
Direct selling expenses	9,273	10,218
Indirect selling, general and administrative expenses	18,695	19,461
Total selling, general and administrative expenses	27,969	29,680
Operating income	7,517	14,423
Non-operating income		
Interest income	56	76
Dividend income	661	695
Miscellaneous income	2,130	718
Total non-operating income	2,848	1,490
Non-operating expenses		
Interest expenses	264	345
Share of loss of entities accounted for using equity method	0	0
Miscellaneous loss	880	1,443
Total non-operating expenses	1,144	1,788
Ordinary income	9,221	14,125
Extraordinary income		
Gain on sales of non-current assets	–	117
Gain on sales of investment securities	2,214	126
Gain on bargain purchase	218	–
Other	6	0
Total extraordinary income	2,439	244
Extraordinary losses		
Loss on retirement of non-current assets	343	892
Impairment loss	805	35,447
Loss on sales of investment securities	–	72
Loss on valuation of shares of subsidiaries and associates	55	–
Loss on business of subsidiaries and associates	6	–
Provision for loss on wind power generator business	15,967	–
Other	6	6
Total extraordinary losses	17,184	36,419
Loss before income taxes	(5,523)	(22,049)
Income taxes - current	3,534	3,357
Income taxes - deferred	(3,945)	(8,996)
Total income taxes	(411)	(5,639)
Loss	(5,112)	(16,409)
Profit attributable to non-controlling interests	215	191
Loss attributable to owners of parent	(5,327)	(16,600)

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Loss	(5,112)	(16,409)
Other comprehensive income		
Valuation difference on available-for-sale securities	4,902	(5,364)
Deferred gains or losses on hedges	(64)	531
Foreign currency translation adjustment	358	(229)
Remeasurements of defined benefit plans, net of tax	617	(1,231)
Total other comprehensive income	5,814	(6,294)
Comprehensive income	701	(22,703)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	487	(22,831)
Comprehensive income attributable to non-controlling interests	213	127

Consolidated statements of changes in equity

Fiscal year ended March 31, 2015

(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	110,635	(730)	135,026
Cumulative effects of changes in accounting policies			(555)		(555)
Restated balance	19,694	5,425	110,080	(730)	134,471
Changes of items during period					
Dividends of surplus			(1,666)		(1,666)
Loss attributable to owners of parent			(5,327)		(5,327)
Purchase of shares of consolidated subsidiaries					–
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		(0)		0	0
Transfer of loss on disposal of treasury shares					–
Change of scope of consolidation			242		242
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(0)	(6,750)	(1)	(6,752)
Balance at end of current period	19,694	5,425	103,330	(731)	127,718

	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	4,293	(130)	(96)	(1,042)	3,024	1,218	139,268
Cumulative effects of changes in accounting policies							(555)
Restated balance	4,293	(130)	(96)	(1,042)	3,024	1,218	138,713
Changes of items during period							
Dividends of surplus							(1,666)
Loss attributable to owners of parent							(5,327)
Purchase of shares of consolidated subsidiaries							–
Purchase of treasury shares							(1)
Disposal of treasury shares							0
Transfer of loss on disposal of treasury shares							–
Change of scope of consolidation							242
Net changes of items other than shareholders' equity	4,902	(64)	335	642	5,815	457	6,273
Total changes of items during period	4,902	(64)	335	642	5,815	457	(478)
Balance at end of current period	9,195	(194)	239	(399)	8,839	1,676	138,234

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
Cumulative effects of changes in accounting policies					–
Restated balance	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)		–
Change of scope of consolidation					–
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
Cumulative effects of changes in accounting policies							–
Restated balance	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							–
Change of scope of consolidation							–
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

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Loss before income taxes	(5,523)	(22,049)
Depreciation	11,008	10,669
Amortization of goodwill	(71)	174
Impairment loss	805	35,447
Interest and dividend income	(718)	(772)
Interest expenses	264	345
Share of (profit) loss of entities accounted for using equity method	0	0
Loss (gain) on sales of investment securities	(2,214)	(54)
Gain on bargain purchase	(218)	–
Loss on retirement of property, plant and equipment and intangible assets	343	892
Loss (gain) on sales of property, plant and equipment	(6)	(112)
Loss on valuation of shares of subsidiaries and associates	55	–
Increase (decrease) in provision for loss on wind power generator business	13,203	(4,515)
Decrease (increase) in operating receivables	3,834	(11,637)
Increase (decrease) in operating debt	(151)	11,557
Decrease (increase) in inventories	(2,714)	2,363
Other, net	(2,569)	122
Subtotal	15,325	22,431
Interest and dividend income received	712	771
Interest expenses paid	(255)	(336)
Income taxes (paid) refund	(4,201)	(3,144)
Net cash provided by (used in) operating activities	11,580	19,721
Cash flows from investing activities		
Payments into time deposits	(6)	(964)
Proceeds from withdrawal of time deposits	14	757
Purchase of property, plant and equipment and intangible assets	(5,392)	(9,976)
Proceeds from sales of property, plant and equipment and intangible assets	260	322
Purchase of investment securities	(11)	(11)
Proceeds from sales of investment securities	2,835	839
Repayments of long-term guarantee deposits	(192)	(378)
Decrease (increase) in short-term loans receivable	215	0
Collection of long-term loans receivable	13	14
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(2,293)
Payments for transfer of business	(200)	(531)
Purchase of shares of subsidiaries and associates	(56)	–
Proceeds from sales of shares of subsidiaries and associates	3	–
Other, net	(159)	87
Net cash provided by (used in) investing activities	(2,675)	(12,135)

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(37)	313
Proceeds from long-term loans payable	2,250	30,900
Repayments of long-term loans payable	(2,712)	(11,105)
Redemption of bonds	–	(10,000)
Cash dividends paid	(1,668)	(1,653)
Purchase of treasury shares	(1)	(2,940)
Repayments of finance lease obligations	(803)	(724)
Other, net	8	(1)
Net cash provided by (used in) financing activities	(2,964)	4,788
Effect of exchange rate change on cash and cash equivalents	415	(68)
Net increase (decrease) in cash and cash equivalents	6,356	12,306
Cash and cash equivalents at beginning of period	42,297	49,152
Increase in cash and cash equivalents from newly consolidated subsidiary	498	–
Cash and cash equivalents at end of period	49,152	61,458