

Translation

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[After Corrections]

**Summary of Consolidated Financial Results
for the Nine Months Ended December 31, 2015
(Based on Japanese GAAP)**

February 8, 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 Ikuro Sato
 General Manager
 Inquiries: Hiroki Kikuchi TEL 03-5745-2001
 General Affairs Department
 Scheduled date to file Quarterly Securities Report: February 12, 2016
 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, 2015 (from April 1, 2015 to December 31, 2015)

(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, 2015 | 155,483 | 9.5 | <u>9,598</u> | <u>59.1</u> | <u>10,025</u> | <u>30.6</u> | <u>5,821</u> | – |
| Nine months ended December 31, 2014 | 141,975 | 8.2 | 6,033 | (0.9) | 7,679 | 4.7 | (5,620) | – |

| | Earnings per share | | Diluted earnings per share | |
|-------------------------------------|--------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Nine months ended December 31, 2015 | <u>15.88</u> | | – | |
| Nine months ended December 31, 2014 | (15.18) | | – | |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|-------------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of December 31, 2015 | <u>315,401</u> | <u>138,329</u> | <u>43.2</u> |
| As of March 31, 2015 | <u>319,667</u> | <u>138,234</u> | <u>42.7</u> |

2. Cash dividends

| | Annual dividends per share | | | | |
|---------------------------------------|----------------------------|-----------------|-----------------|-----------------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended March 31, 2015 | – | 2.00 | – | 2.00 | 4.00 |
| Year ending March 31, 2016 | – | 2.50 | – | | |
| Year ending March 31, 2016 (Forecast) | | | | 2.50 | 5.00 |

3. Forecast of consolidated financial results for the year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

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 | 210,000 | 7.9 | 12,000 | 46.0 | 12,500 | 26.0 | 7,200 | – | 19.64 |

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2015
(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, 2015 | 371,463,036 shares | As of March 31, 2015 | 371,463,036 shares |
|-------------------------|--------------------|----------------------|--------------------|

Number of treasury shares at the end of the period

| | | | |
|-------------------------|------------------|----------------------|------------------|
| As of December 31, 2015 | 6,367,854 shares | As of March 31, 2015 | 1,192,297 shares |
|-------------------------|------------------|----------------------|------------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | | | |
|-------------------------------------|--------------------|-------------------------------------|--------------------|
| Nine months ended December 31, 2015 | 366,533,580 shares | Nine months ended December 31, 2014 | 370,272,829 shares |
|-------------------------------------|--------------------|-------------------------------------|--------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

| | As of March 31, 2015 | As of December 31, 2015 |
|---|----------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 49,176 | 54,311 |
| Notes and accounts receivable - trade | 56,678 | 45,410 |
| Merchandise and finished goods | 2,103 | 3,035 |
| Work in process | <u>60,988</u> | <u>67,605</u> |
| Raw materials and supplies | 5,234 | 6,397 |
| Other | <u>16,952</u> | <u>14,742</u> |
| Allowance for doubtful accounts | (157) | (213) |
| Total current assets | <u>190,976</u> | <u>191,289</u> |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | <u>45,086</u> | <u>43,128</u> |
| Machinery, equipment and vehicles, net | <u>21,852</u> | <u>20,762</u> |
| Other, net | <u>15,038</u> | <u>15,858</u> |
| Total property, plant and equipment | <u>81,978</u> | <u>79,749</u> |
| Intangible assets | | |
| Goodwill | 0 | 944 |
| Other | <u>710</u> | <u>777</u> |
| Total intangible assets | <u>710</u> | <u>1,722</u> |
| Investments and other assets | | |
| Investment securities | 39,131 | 36,064 |
| Other | <u>7,459</u> | <u>7,153</u> |
| Allowance for doubtful accounts | (588) | (578) |
| Total investments and other assets | <u>46,002</u> | <u>42,640</u> |
| Total non-current assets | <u>128,691</u> | <u>124,111</u> |
| Total assets | <u>319,667</u> | <u>315,401</u> |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | <u>42,418</u> | <u>51,552</u> |
| Short-term loans payable | 12,255 | 13,459 |
| Current portion of bonds | 10,000 | – |
| Advances received | 34,697 | 20,232 |
| Provision for loss on wind power generator business | 13,203 | 10,005 |
| Other provision | 3,556 | 2,046 |
| Other | 29,388 | 15,314 |
| Total current liabilities | <u>145,520</u> | <u>112,610</u> |
| Non-current liabilities | | |
| Long-term loans payable | 6,227 | 36,190 |
| Provision | 109 | 102 |
| Net defined benefit liability | 10,857 | 10,723 |
| Asset retirement obligations | 1,295 | 1,308 |
| Other | <u>17,423</u> | <u>16,134</u> |
| Total non-current liabilities | <u>35,912</u> | <u>64,460</u> |
| Total liabilities | <u>181,432</u> | <u>177,071</u> |

(Millions of yen)

| | As of March 31, 2015 | As of December 31, 2015 |
|---|----------------------|-------------------------|
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 19,694 | 19,694 |
| Capital surplus | 5,425 | 5,425 |
| Retained earnings | <u>103,330</u> | <u>107,498</u> |
| Treasury shares | (731) | (3,670) |
| Total shareholders' equity | <u>127,718</u> | <u>128,947</u> |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 9,195 | 7,633 |
| Deferred gains or losses on hedges | (194) | (204) |
| Foreign currency translation adjustment | 239 | (25) |
| Remeasurements of defined benefit plans | (399) | (202) |
| Total accumulated other comprehensive income | <u>8,839</u> | <u>7,199</u> |
| Non-controlling interests | <u>1,676</u> | <u>2,182</u> |
| Total net assets | <u>138,234</u> | <u>138,329</u> |
| Total liabilities and net assets | <u>319,667</u> | <u>315,401</u> |

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, 2014 | Nine months ended December 31, 2015 |
|---|--|--|
| Net sales | 141,975 | 155,483 |
| Cost of sales | 115,276 | <u>124,380</u> |
| Gross profit | 26,698 | <u>31,103</u> |
| Selling, general and administrative expenses | 20,665 | 21,504 |
| Operating income | 6,033 | <u>9,598</u> |
| Non-operating income | | |
| Interest income | 49 | 64 |
| Dividend income | 657 | 692 |
| Miscellaneous income | 1,508 | 478 |
| Total non-operating income | 2,216 | 1,235 |
| Non-operating expenses | | |
| Interest expenses | 198 | 263 |
| Share of loss of entities accounted for using equity method | 1 | 1 |
| Miscellaneous loss | 369 | 543 |
| Total non-operating expenses | 570 | 808 |
| Ordinary income | 7,679 | <u>10,025</u> |
| Extraordinary income | | |
| Gain on sales of non-current assets | 4 | 34 |
| Gain on sales of investment securities | - | 126 |
| Gain on bargain purchase | 218 | - |
| Other | - | 0 |
| Total extraordinary income | 223 | 161 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 87 | 641 |
| Loss on sales of investment securities | - | 72 |
| Loss on valuation of shares of subsidiaries and associates | 55 | - |
| Provision for loss on business of subsidiaries and associates | 21 | - |
| Provision for loss on wind power generator business | 15,967 | - |
| Other | 3 | 38 |
| Total extraordinary losses | 16,135 | 751 |
| Income (loss) before income taxes and minority interests | (8,233) | <u>9,435</u> |
| Income taxes - current | 1,774 | 1,953 |
| Income taxes - deferred | (4,525) | <u>1,506</u> |
| Total income taxes | (2,751) | <u>3,459</u> |
| Profit (loss) | (5,481) | <u>5,975</u> |
| Profit attributable to non-controlling interests | 138 | 153 |
| Profit (loss) attributable to owners of parent | (5,620) | <u>5,821</u> |

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

| | Nine months ended December 31, 2014 | Nine months ended December 31, 2015 |
|--|--|--|
| Profit (loss) | (5,481) | <u>5,975</u> |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 3,574 | (1,562) |
| Deferred gains or losses on hedges | (226) | (10) |
| Foreign currency translation adjustment | 99 | (321) |
| Remeasurements of defined benefit plans, net of tax | 272 | 199 |
| Total other comprehensive income | <u>3,719</u> | <u>(1,694)</u> |
| Comprehensive income | <u>(1,762)</u> | <u>4,281</u> |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | (1,909) | <u>4,181</u> |
| Comprehensive income attributable to non-controlling interests | 147 | 99 |