

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2017 (Based on Japanese GAAP)

August 7, 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 Miyauchi
 General Manager Hiroki Kikuchi TEL 03-5745-2001
 Inquiries: General Affairs Department
 Scheduled date to file Quarterly Securities Report: August 10, 2017
 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 three months ended June 30, 2017 (from April 1, 2017 to June 30, 2017)

(1) Consolidated operating results (cumulative)

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	%
Three months ended June 30, 2017	44,828	(9.4)	4,733	32.0	4,519	24.3	3,215	29.8
Three months ended June 30, 2016	49,457	31.0	3,586	573.1	3,636	306.1	2,478	640.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2017	43.76		–	
Three months ended June 30, 2016	33.72		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2017	277,117	110,758	39.5
As of March 31, 2017	275,315	107,587	38.6

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, 2017	–	2.50	–	12.50	–
Year ending March 31, 2018	–	–	–	–	–
Year ending March 31, 2018 (Forecast)	–	12.50	–	12.50	25.00

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)	8,000	8.9	8,000	8.6	5,000	(2.2)	68.04
Full year	210,000	(1.2)	14,000	13.4	14,000	15.6	9,000	–	122.46

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2017
 (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: No
- 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 June 30, 2017	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 June 30, 2017	801,551 shares	As of March 31, 2017	801,480 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2017	73,491,089 shares	Three months ended June 30, 2016	73,493,307 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	59,801	63,355
Notes and accounts receivable - trade	49,420	45,889
Merchandise and finished goods	2,358	2,156
Work in process	58,037	59,607
Raw materials and supplies	5,755	5,681
Other	11,332	12,123
Allowance for doubtful accounts	(140)	(138)
Total current assets	186,565	188,675
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,491	15,359
Machinery, equipment and vehicles, net	5,600	5,273
Other, net	11,141	11,943
Total property, plant and equipment	32,233	32,577
Intangible assets		
Goodwill	657	626
Other	997	1,015
Total intangible assets	1,655	1,641
Investments and other assets		
Investment securities	34,339	35,071
Other	20,976	19,598
Allowance for doubtful accounts	(455)	(447)
Total investments and other assets	54,860	54,222
Total non-current assets	88,749	88,442
Total assets	275,315	277,117
Liabilities		
Current liabilities		
Notes and accounts payable - trade	47,744	45,803
Short-term loans payable	11,908	12,388
Income taxes payable	866	492
Advances received	17,004	18,266
Provision for warranties for completed construction	2,757	3,380
Provision for loss on wind power generator business	4,655	4,179
Other provision	3,006	2,023
Other	20,447	20,562
Total current liabilities	108,390	107,098
Non-current liabilities		
Long-term loans payable	34,901	34,865
Provision	115	63
Net defined benefit liability	10,620	10,630
Asset retirement obligations	1,320	1,325
Other	12,380	12,374
Total non-current liabilities	59,337	59,260
Total liabilities	167,727	166,358

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Net assets		
Shareholders' equity		
Capital stock	19,694	19,694
Capital surplus	5,467	5,467
Retained earnings	77,748	80,045
Treasury shares	(2,308)	(2,308)
Total shareholders' equity	100,601	102,898
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,381	6,893
Deferred gains or losses on hedges	(301)	(117)
Foreign currency translation adjustment	(170)	(189)
Remeasurements of defined benefit plans	(211)	(83)
Total accumulated other comprehensive income	5,698	6,503
Non-controlling interests	1,287	1,356
Total net assets	107,587	110,758
Total liabilities and net assets	275,315	277,117

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	49,457	44,828
Cost of sales	38,878	33,216
Gross profit	10,579	11,611
Selling, general and administrative expenses	6,992	6,878
Operating profit	3,586	4,733
Non-operating income		
Interest income	11	9
Dividend income	304	392
Miscellaneous income	173	232
Total non-operating income	489	634
Non-operating expenses		
Interest expenses	67	67
Share of loss of entities accounted for using equity method	1	1
Miscellaneous loss	370	779
Total non-operating expenses	439	847
Ordinary profit	3,636	4,519
Extraordinary income		
Gain on sales of non-current assets	1	6
Other	–	1
Total extraordinary income	1	8
Extraordinary losses		
Loss on sales of non-current assets	–	1
Loss on retirement of non-current assets	20	2
Other	8	–
Total extraordinary losses	29	3
Profit before income taxes	3,609	4,524
Income taxes - current	1,485	881
Income taxes - deferred	(412)	364
Total income taxes	1,072	1,246
Profit	2,536	3,278
Profit attributable to non-controlling interests	58	62
Profit attributable to owners of parent	2,478	3,215

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit	2,536	3,278
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,418)	511
Deferred gains or losses on hedges	726	183
Foreign currency translation adjustment	(304)	(2)
Remeasurements of defined benefit plans, net of tax	178	127
Total other comprehensive income	(1,818)	821
Comprehensive income	717	4,099
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	686	4,020
Comprehensive income attributable to non-controlling interests	31	79