

Translation

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[After Corrections]

Summary of Consolidated Financial Results for the Year Ended March 31, 2015 (Based on Japanese GAAP)

May 11, 2015

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: Masanori Nakanishi TEL 03-5745-2001
 General Affairs Department
 Scheduled date of ordinary general meeting of shareholders: June 24, 2015
 Scheduled date to file Securities Report: June 24, 2015
 Scheduled date to commence dividend payments: June 25, 2015
 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, 2015 (from April 1, 2014 to March 31, 2015)

(1) Consolidated financial results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2015	194,674	3.2	7,517	(15.2)	9,221	(5.0)	(5,327)	-
Year ended March 31, 2014	188,719	(14.5)	8,864	(46.9)	9,704	(43.3)	5,527	(33.3)

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2015	(14.39)	-	(3.9)	3.0	3.9
Year ended March 31, 2014	14.92	-	4.1	3.3	4.7

(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, 2015	319,667	138,234	42.7	368.81
As of March 31, 2014	293,139	139,268	47.1	372.83

(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, 2015	11,580	(2,675)	(2,964)	49,152
Year ended March 31, 2014	11,549	(5,719)	(15,007)	42,297

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, 2014	-	2.50	-	2.50	5.00	1,852	33.5	1.4
Year ended March 31, 2015	-	2.00	-	2.00	4.00	1,481	-	1.1
Year ending March 31, 2016 (Forecast)	-	2.50	-	2.50	5.00		27.6	

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		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2015	96,500	2.5	3,300	(10.1)	3,500	(27.7)	2,000	–	5.40
Full year	210,000	7.9	10,000	21.7	10,500	5.8	6,700	–	18.09

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2015

(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 after error corrections: 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, 2015	∴	371,463,036 shares	As of March 31, 2014	∴	371,463,036 shares
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Number of treasury shares at the end of the period

As of March 31, 2015	∴	1,192,297 shares	As of March 31, 2014	∴	1,189,350 shares
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Average number of shares during the period

Year ended March 31, 2015	∴	370,272,269 shares	Year ended March 31, 2014	∴	370,575,042 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Assets		
Current assets		
Cash and deposits	42,329	49,176
Notes and accounts receivable - trade	48,869	56,678
Merchandise and finished goods	1,802	2,103
Work in process	59,477	<u>60,988</u>
Raw materials and supplies	4,208	5,234
Deferred tax assets	5,374	<u>9,235</u>
Other	5,724	7,716
Allowance for doubtful accounts	(310)	(157)
Total current assets	<u>167,476</u>	<u>190,976</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	45,941	<u>45,086</u>
Machinery, equipment and vehicles, net	25,553	<u>21,852</u>
Tools, furniture and fixtures, net	1,485	<u>1,391</u>
Land	10,509	10,897
Leased assets, net	1,622	<u>1,344</u>
Construction in progress	559	1,404
Total property, plant and equipment	<u>85,672</u>	<u>81,978</u>
Intangible assets		
Leased assets	306	194
Other	549	<u>516</u>
Total intangible assets	<u>855</u>	<u>710</u>
Investments and other assets		
Investment securities	32,816	39,131
Long-term loans receivable	88	74
Claims provable in bankruptcy, claims provable in rehabilitation and other	380	410
Net defined benefit asset	2,427	3,063
Deferred tax assets	1,249	<u>1,002</u>
Other	2,745	2,907
Allowance for doubtful accounts	(572)	(588)
Total investments and other assets	<u>39,134</u>	<u>46,002</u>
Total non-current assets	<u>125,662</u>	<u>128,691</u>
Total assets	<u>293,139</u>	<u>319,667</u>

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	42,339	<u>42,418</u>
Short-term loans payable	12,292	12,255
Current portion of long-term loans payable	2,700	11,105
Current portion of bonds	–	10,000
Lease obligations	754	663
Income taxes payable	1,802	1,171
Advances received	22,048	34,697
Provision for directors' bonuses	104	36
Provision for warranties for completed construction	2,413	2,035
Provision for loss on construction contracts	1,980	1,485
Provision for loss on wind power generator business	–	13,203
Other	12,414	16,447
Total current liabilities	<u>98,848</u>	<u>145,520</u>
Non-current liabilities		
Bonds payable	10,000	–
Long-term loans payable	15,095	6,227
Lease obligations	1,250	1,094
Deferred tax liabilities	1,391	3,064
Provision for directors' retirement benefits	115	109
Net defined benefit liability	10,405	10,857
Long-term guarantee deposited	15,224	12,924
Asset retirement obligations	1,271	1,295
Other	266	339
Total non-current liabilities	<u>55,021</u>	<u>35,912</u>
Total liabilities	<u>153,870</u>	<u>181,432</u>
Net assets		
Shareholders' equity		
Capital stock	19,694	19,694
Capital surplus	5,425	5,425
Retained earnings	110,635	<u>103,330</u>
Treasury shares	(730)	(731)
Total shareholders' equity	<u>135,026</u>	<u>127,718</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,293	9,195
Deferred gains or losses on hedges	(130)	(194)
Foreign currency translation adjustment	(96)	239
Remeasurements of defined benefit plans	(1,042)	(399)
Total accumulated other comprehensive income	<u>3,024</u>	<u>8,839</u>
Minority interests	1,218	1,676
Total net assets	<u>139,268</u>	<u>138,234</u>
Total liabilities and net assets	<u>293,139</u>	<u>319,667</u>

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

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Net sales	188,719	194,674
Cost of sales	153,137	<u>159,188</u>
Gross profit	35,581	<u>35,486</u>
Selling, general and administrative expenses		
Direct selling expenses	8,340	9,273
Indirect selling, general and administrative expenses	18,376	18,695
Total selling, general and administrative expenses	26,717	27,969
Operating income	8,864	<u>7,517</u>
Non-operating income		
Interest income	61	56
Dividend income	694	661
Miscellaneous income	1,724	2,130
Total non-operating income	2,480	2,848
Non-operating expenses		
Interest expenses	424	264
Share of loss of entities accounted for using equity method	0	0
Miscellaneous loss	1,216	880
Total non-operating expenses	1,640	1,144
Ordinary income	9,704	<u>9,221</u>
Extraordinary income		
Gain on sales of investment securities	46	2,214
Gain on bargain purchase	–	218
Other	107	6
Total extraordinary income	154	2,439
Extraordinary losses		
Loss on retirement of non-current assets	147	343
<u>Impairment loss</u>	=	<u>805</u>
Loss on valuation of shares of subsidiaries and associates	44	55
Loss on business of subsidiaries and associates	–	6
Provision for loss on wind power generator business	–	15,967
Other	161	6
Total extraordinary losses	354	<u>17,184</u>
Income (loss) before income taxes and minority interests	9,504	<u>(5,523)</u>
Income taxes - current	3,530	3,534
Income taxes - deferred	344	<u>(3,945)</u>
Total income taxes	3,874	<u>(411)</u>
Income (loss) before minority interests	5,629	<u>(5,112)</u>
Minority interests in income	102	215
Net income (loss)	5,527	<u>(5,327)</u>

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Income (loss) before minority interests	5,629	<u>(5,112)</u>
Other comprehensive income		
Valuation difference on available-for-sale securities	2,817	4,902
Deferred gains or losses on hedges	202	(64)
Foreign currency translation adjustment	390	358
Remeasurements of defined benefit plans, net of tax	–	617
Total other comprehensive income	<u>3,410</u>	<u>5,814</u>
Comprehensive income	<u>9,039</u>	<u>701</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,924	<u>487</u>
Comprehensive income attributable to minority interests	114	213

Consolidated statements of changes in net assets

Fiscal year ended March 31, 2014

(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	107,861	(413)	132,568
Cumulative effects of changes in accounting policies					
Restated balance	19,694	5,425	107,861	(413)	132,568
Changes of items during period					
Dividends of surplus			(2,781)		(2,781)
Net income (loss)			5,527		5,527
Purchase of treasury shares				(316)	(316)
Disposal of treasury shares					
Change of scope of consolidation			28		28
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	2,774	(316)	2,457
Balance at end of current period	19,694	5,425	110,635	(730)	135,026

	Accumulated other comprehensive income					Minority 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	1,475	(332)	(474)	-	668	1,131	134,368
Cumulative effects of changes in accounting policies							
Restated balance	1,475	(332)	(474)	-	668	1,131	134,368
Changes of items during period							
Dividends of surplus							(2,781)
Net income (loss)							5,527
Purchase of treasury shares							(316)
Disposal of treasury shares							
Change of scope of consolidation							28
Net changes of items other than shareholders' equity	2,817	202	377	(1,042)	2,355	86	2,442
Total changes of items during period	2,817	202	377	(1,042)	2,355	86	4,900
Balance at end of current period	4,293	(130)	(96)	(1,042)	3,024	1,218	139,268

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)
Net income (loss)			<u>(5,327)</u>		<u>(5,327)</u>
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		(0)		0	0
Change of scope of consolidation			242		242
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(0)	<u>(6,750)</u>	(1)	<u>(6,752)</u>
Balance at end of current period	19,694	5,425	<u>103,330</u>	(731)	<u>127,718</u>

	Accumulated other comprehensive income					Minority 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)
Net income (loss)							<u>(5,327)</u>
Purchase of treasury shares							(1)
Disposal of treasury shares							0
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	<u>(478)</u>
Balance at end of current period	9,195	(194)	239	(399)	8,839	1,676	<u>138,234</u>

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	9,504	(5,523)
Depreciation	12,950	11,008
<u>Impairment loss</u>	=	<u>805</u>
Amortization of goodwill	(71)	(71)
Interest and dividend income	(756)	(718)
Interest expenses	424	264
Share of (profit) loss of entities accounted for using equity method	0	0
Loss (gain) on sales of investment securities	(46)	(2,214)
Gain on bargain purchase	–	(218)
Loss on retirement of property, plant and equipment and intangible assets	147	343
Loss on valuation of shares of subsidiaries and associates	44	55
Increase (decrease) in provision for loss on wind power generator business	–	13,203
Decrease (increase) in operating receivables	2,827	3,834
Increase (decrease) in operating debt	(2,219)	(151)
Decrease (increase) in inventories	(5,772)	(2,714)
Other, net	(1,709)	(2,576)
Subtotal	15,323	15,325
Interest and dividend income received	754	712
Interest expenses paid	(435)	(255)
Income taxes (paid) refund	(4,093)	(4,201)
Net cash provided by (used in) operating activities	11,549	11,580
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(4,610)	(5,392)
Proceeds from sales of property, plant and equipment and intangible assets	138	260
Proceeds from sales of investment securities	86	2,835
Purchase of investment securities	(821)	(11)
Repayments of long-term guarantee deposits	(223)	(192)
Decrease (increase) in short-term loans receivable	(17)	215
Collection of long-term loans receivable	14	13
Payments for transfer of business	–	(200)
Purchase of shares of subsidiaries and associates	(79)	(56)
Proceeds from sales of shares of subsidiaries and associates	–	3
Other, net	(206)	(151)
Net cash provided by (used in) investing activities	(5,719)	(2,675)

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(411)	(37)
Proceeds from long-term loans payable	200	2,250
Repayments of long-term loans payable	(10,740)	(2,712)
Cash dividends paid	(2,781)	(1,668)
Purchase of treasury shares	(316)	(1)
Repayments of finance lease obligations	(955)	(803)
Other, net	(2)	8
Net cash provided by (used in) financing activities	(15,007)	(2,964)
Effect of exchange rate change on cash and cash equivalents	432	415
Net increase (decrease) in cash and cash equivalents	(8,744)	6,356
Cash and cash equivalents at beginning of period	50,972	42,297
Increase in cash and cash equivalents from newly consolidated subsidiary	69	498
Cash and cash equivalents at end of period	42,297	49,152