

Translation

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**Summary of Consolidated Financial Results
for the Three Months Ended June 30, 2016
(Based on Japanese GAAP)**

August 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 Ikuo Sato
 General Manager General Affairs
 Inquiries: Department Hiroki Kikuchi TEL 03-5745-2001
 Scheduled date to file Quarterly Securities Report: August 10, 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 three months ended June 30, 2016 (from April 1, 2016 to June 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	%
Three months ended June 30, 2016	49,457	31.0	3,586	573.1	3,636	306.1	2,478	640.8
Three months ended June 30, 2015	37,751	(4.4)	532	38.4	895	21.1	334	(31.9)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2016	6.74		–	
Three months ended June 30, 2015	0.91		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2016	289,555	111,125	37.9
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	–	–	–	–	–
Year ending March 31, 2017 (Forecast)	–	2.50	–	2.50	5.00

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)	8.16
Full year	220,000	(1.5)	12,000	(16.8)	12,000	(15.0)	8,000	–	21.77

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 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 June 30, 2016	371,463,036 shares	As of March 31, 2016	371,463,036 shares
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Number of treasury shares at the end of the period

As of June 30, 2016	3,997,486 shares	As of March 31, 2016	3,995,515 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, 2016	367,466,538 shares	Three months ended June 30, 2015	369,408,272 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	62,018	58,108
Notes and accounts receivable - trade	52,738	49,738
Merchandise and finished goods	1,987	2,014
Work in process	58,878	62,723
Raw materials and supplies	6,328	6,471
Other	13,871	15,310
Allowance for doubtful accounts	(248)	(242)
Total current assets	195,574	194,124
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,180	24,728
Machinery, equipment and vehicles, net	9,719	11,133
Other, net	15,815	13,226
Total property, plant and equipment	48,715	49,088
Intangible assets		
Goodwill	912	824
Other	763	707
Total intangible assets	1,676	1,531
Investments and other assets		
Other	47,745	45,381
Allowance for doubtful accounts	(573)	(570)
Total investments and other assets	47,171	44,810
Total non-current assets	97,563	95,431
Total assets	293,138	289,555
Liabilities		
Current liabilities		
Notes and accounts payable - trade	53,835	51,437
Short-term loans payable	12,569	11,700
Income taxes payable	1,456	1,188
Advances received	18,984	19,317
Provision for loss on wind power generator business	8,687	7,989
Other provision	3,344	3,635
Other	19,597	18,842
Total current liabilities	118,475	114,111
Non-current liabilities		
Long-term loans payable	36,807	37,975
Provision	108	99
Net defined benefit liability	11,315	11,220
Asset retirement obligations	1,307	1,312
Other	13,783	13,711
Total non-current liabilities	63,322	64,318
Total liabilities	181,797	178,430

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Net assets		
Shareholders' equity		
Capital stock	19,694	19,694
Capital surplus	5,467	5,467
Retained earnings	84,554	86,114
Treasury shares	(2,302)	(2,303)
Total shareholders' equity	107,413	108,972
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,830	1,412
Deferred gains or losses on hedges	337	1,063
Foreign currency translation adjustment	51	(226)
Remeasurements of defined benefit plans	(1,609)	(1,431)
Total accumulated other comprehensive income	2,609	817
Non-controlling interests	1,318	1,336
Total net assets	111,340	111,125
Total liabilities and net assets	293,138	289,555

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, 2015	Three months ended June 30, 2016
Net sales	37,751	49,457
Cost of sales	30,607	38,878
Gross profit	7,143	10,579
Selling, general and administrative expenses	6,610	6,992
Operating income	532	3,586
Non-operating income		
Interest income	37	11
Dividend income	354	304
Miscellaneous income	233	173
Total non-operating income	626	489
Non-operating expenses		
Interest expenses	86	67
Share of loss of entities accounted for using equity method	1	1
Miscellaneous loss	175	370
Total non-operating expenses	263	439
Ordinary income	895	3,636
Extraordinary income		
Gain on sales of non-current assets	24	1
Total extraordinary income	24	1
Extraordinary losses		
Loss on retirement of non-current assets	126	20
Other	38	8
Total extraordinary losses	165	29
Profit before income taxes	755	3,609
Income taxes - current	987	1,485
Income taxes - deferred	(563)	(412)
Total income taxes	423	1,072
Profit	331	2,536
Profit (loss) attributable to non-controlling interests	(2)	58
Profit attributable to owners of parent	334	2,478

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Profit	331	2,536
Other comprehensive income		
Valuation difference on available-for-sale securities	1,205	(2,418)
Deferred gains or losses on hedges	(211)	726
Foreign currency translation adjustment	(35)	(304)
Remeasurements of defined benefit plans, net of tax	63	178
Total other comprehensive income	1,022	(1,818)
Comprehensive income	1,354	717
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,358	686
Comprehensive income attributable to non-controlling interests	(4)	31