

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2017 (Based on Japanese GAAP)

November 6, 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  
                   General Affairs Department  
 Scheduled date to file Quarterly Securities Report: November 14, 2017  
 Scheduled date to commence dividend payments: December 6, 2017  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2017 (from April 1, 2017 to September 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	%
Six months ended September 30, 2017	105,101	(1.8)	10,474	42.6	10,350	40.5	7,592	48.6
Six months ended September 30, 2016	107,039	13.1	7,346	46.5	7,368	38.5	5,110	61.4

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2017	103.32	–
Six months ended September 30, 2016	69.53	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	281,208	116,398	40.9
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	Yen	Yen	Yen	Yen
Year ended March 31, 2017	–	2.50	–	12.50	–
Year ending March 31, 2018	–	17.50	–	–	–
Year ending March 31, 2018 (Forecast)	–	–	–	17.50	35.00

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
Full year	210,000	(1.2)	18,000	45.9	18,000	48.6	11,000	–	149.68

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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 September 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 September 30, 2017	801,868 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)

Six months ended September 30, 2017	73,491,002 shares	Six months ended September 30, 2016	73,493,155 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	59,801	71,595
Notes and accounts receivable - trade	49,420	51,669
Merchandise and finished goods	2,358	2,187
Work in process	58,037	50,784
Raw materials and supplies	5,755	6,053
Other	11,332	10,168
Allowance for doubtful accounts	(140)	(138)
Total current assets	186,565	192,321
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,491	15,209
Machinery, equipment and vehicles, net	5,600	5,299
Other, net	11,141	12,747
Total property, plant and equipment	32,233	33,256
Intangible assets		
Goodwill	657	562
Other	997	963
Total intangible assets	1,655	1,525
Investments and other assets		
Investment securities	34,339	35,573
Other	20,976	18,975
Allowance for doubtful accounts	(455)	(445)
Total investments and other assets	54,860	54,104
Total non-current assets	88,749	88,887
Total assets	275,315	281,208
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	47,744	48,576
Short-term loans payable	11,908	12,125
Income taxes payable	866	760
Advances received	17,004	17,328
Provision for loss on business of wind power	4,655	3,912
Other provision	5,763	3,869
Other	20,447	16,236
Total current liabilities	108,390	102,808
Non-current liabilities		
Long-term loans payable	34,901	37,808
Provision	115	68
Net defined benefit liability	10,620	10,727
Asset retirement obligations	1,320	1,351
Other	12,380	12,044
Total non-current liabilities	59,337	62,000
Total liabilities	167,727	164,809

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Net assets		
Shareholders' equity		
Capital stock	19,694	19,694
Capital surplus	5,467	5,467
Retained earnings	77,748	84,422
Treasury shares	(2,308)	(2,308)
Total shareholders' equity	100,601	107,275
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,381	7,936
Deferred gains or losses on hedges	(301)	(19)
Foreign currency translation adjustment	(170)	(241)
Remeasurements of defined benefit plans	(211)	44
Total accumulated other comprehensive income	5,698	7,719
Non-controlling interests	1,287	1,403
Total net assets	107,587	116,398
Total liabilities and net assets	275,315	281,208

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	107,039	105,101
Cost of sales	85,210	80,764
Gross profit	21,828	24,336
Selling, general and administrative expenses	14,482	13,862
Operating profit	7,346	10,474
Non-operating income		
Interest income	22	15
Dividend income	327	412
Miscellaneous income	292	441
Total non-operating income	642	869
Non-operating expenses		
Interest expenses	135	134
Share of loss of entities accounted for using equity method	1	1
Miscellaneous loss	483	858
Total non-operating expenses	620	993
Ordinary profit	7,368	10,350
Extraordinary income		
Gain on sales of investment securities	–	791
Other	11	23
Total extraordinary income	11	815
Extraordinary losses		
Loss on retirement of non-current assets	55	128
Other	17	4
Total extraordinary losses	73	132
Profit before income taxes	7,306	11,033
Income taxes - current	1,718	1,076
Income taxes - deferred	393	2,245
Total income taxes	2,112	3,322
Profit	5,194	7,711
Profit attributable to non-controlling interests	84	118
Profit attributable to owners of parent	5,110	7,592

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	5,194	7,711
Other comprehensive income		
Valuation difference on available-for-sale securities	(712)	1,554
Deferred gains or losses on hedges	11	281
Foreign currency translation adjustment	(773)	(62)
Remeasurements of defined benefit plans, net of tax	356	255
Total other comprehensive income	(1,118)	2,029
Comprehensive income	4,076	9,740
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,064	9,613
Comprehensive income attributable to non-controlling interests	11	126