

Flash Report Consolidated Basis  
Results for the First Half of Fiscal 2016  
(April 1, 2016-September 30, 2016)  
<under Japanese GAAP>

October 27, 2016

**Company name:** OSAKA STEEL CO., LTD.  
**Stock listing:** Tokyo, 1st section  
**Code number:** 5449  
**URL:** <http://www.osaka-seitetsu.co.jp>  
**Representative:** Junji Uchida, PRESIDENT  
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(Figures of less than ¥1 million have been omitted.)

**1. Consolidated Financial and Operating Results for the First Half of Fiscal 2016**  
(April 1, 2016-September 30, 2016)

**(1) Consolidated Operating Results**

(Percentage figures represent changes from the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>First half of Fiscal 2016</b>	<b>27,470</b>	<b>(4.9)</b>	<b>2,626</b>	<b>(29.1)</b>	<b>2,631</b>	<b>(31.5)</b>	<b>859</b>	<b>(58.8)</b>
First half of Fiscal 2015	28,877	(16.2)	3,706	(3.0)	3,843	(1.7)	2,088	(17.1)

(Reference) Comprehensive income: First half of Fiscal 2016 ¥(267) million — %  
 First half of Fiscal 2015 ¥2,163 million (14.4)%

	Earnings per share		Earnings per share after full dilution	
	Yen		Yen	
<b>First half of Fiscal 2016</b>	<b>22.08</b>		—	
First half of Fiscal 2015	53.65		—	

**(2) Consolidated Financial Results**

	Total assets		Net assets		Ratio of shareholders' equity to total assets	
	Millions of yen		Millions of yen		%	
<b>First half of Fiscal 2016</b>	<b>157,924</b>		<b>138,746</b>		<b>86.0</b>	
Fiscal 2015	156,632		141,085		87.5	

(Reference) Shareholders' equity: First half of Fiscal 2016 ¥135,842 million  
 Fiscal 2015 ¥137,102 million

## 2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2015	—	12.50	—	37.50	50.00
<b>Fiscal 2016</b>	—	<b>12.50</b>			
<b>Fiscal 2016(Forecasts)</b>			—	—	—

(Note) Whether the dividend forecasts under review have been revised : No

The dividend forecasts of end of fiscal year for fiscal 2016 are not decided.

## 3. Consolidated Financial Forecasts for Fiscal 2016(April 1, 2016-March 31, 2016)

	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
Fiscal 2016	60,000	9.7	6,900	(14.8)	7,000	(15.5)	4,000	(61.4)	102.77

(Note) Whether the consolidated financial forecasts for fiscal 2016 under review have been revised : No

1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

	March 31, 2016	September 30, 2016
Millions of yen		
<b>Assets</b>		
Current assets		
Cash and deposits	2,469	2,206
Notes and accounts receivable - trade	10,948	10,732
Finished goods	6,197	5,979
Work in process	192	185
Raw materials and supplies	3,799	3,988
Deferred tax assets	659	544
Accounts receivable - other	7,634	6,392
Short-term loans receivable from subsidiaries and associates	10,000	10,000
Deposits paid	57,491	58,246
Other	547	92
Allowance for doubtful accounts	(1)	(1)
Total current assets	<u>99,939</u>	<u>98,367</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,416	5,296
Machinery, equipment and vehicles, net	10,185	10,637
Tools, furniture and fixtures, net	1,101	1,090
Land	33,857	33,630
Construction in progress	4,023	6,736
Total property, plant and equipment	<u>54,584</u>	<u>57,392</u>
Intangible assets		
Other	50	43
Total intangible assets	<u>50</u>	<u>43</u>
Investments and other assets		
Investment securities	1,569	1,593
Long-term loans receivable	1	1
Net defined benefit asset	78	78
Deferred tax assets	213	280
Other	217	190
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	<u>2,057</u>	<u>2,121</u>
Total non-current assets	<u>56,692</u>	<u>59,557</u>
Total assets	<u>156,632</u>	<u>157,924</u>

	March 31, 2016	September 30, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	5,167	4,810
Current portion of long-term loans payable	119	119
Accounts payable - other	3,547	3,577
Income taxes payable	473	482
Provision for repairs	452	447
Provision for loss on disaster	—	118
Other	1,257	888
Total current liabilities	<u>11,017</u>	<u>10,443</u>
Non-current liabilities		
Long-term loans payable	253	4,413
Deferred tax liabilities	1,886	1,895
Net defined benefit liability	1,545	1,591
Provision for business structure improvement	573	528
Provision for loss on dissolution of the employee's pension fund	70	70
Other	200	236
Total non-current liabilities	<u>4,529</u>	<u>8,734</u>
Total liabilities	<u>15,546</u>	<u>19,177</u>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	8,769	8,769
Capital surplus	10,648	10,904
Retained earnings	121,516	120,916
Treasury shares	(4,533)	(4,533)
Total shareholders' equity	<u>136,401</u>	<u>136,055</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	377	394
Foreign currency translation adjustment	497	(454)
Remeasurements of defined benefit plans	(173)	(153)
Total accumulated other comprehensive income	<u>701</u>	<u>(213)</u>
Non-controlling interests	<u>3,983</u>	<u>2,904</u>
Total net assets	<u>141,085</u>	<u>138,746</u>
Total liabilities and net assets	<u>156,632</u>	<u>157,924</u>

**(2) Quarterly Consolidated Statements of Operations  
and Quarterly Consolidated Statements of Comprehensive Income**

**Quarterly Consolidated Statements of Operations**

	First half of fiscal 2015	First half of fiscal 2016
Net sales	28,877	27,470
Cost of sales	22,864	21,960
Gross profit	<u>6,012</u>	<u>5,509</u>
Selling, general and administrative expenses		
Haulage expenses	1,136	1,250
Salaries and bonuses	446	540
Retirement benefit expenses	22	19
Depreciation	11	29
Other	689	1,042
Total selling, general and administrative expenses	<u>2,306</u>	<u>2,883</u>
Operating income	<u>3,706</u>	<u>2,626</u>
Non-operating income		
Interest income	96	76
Dividend income	14	15
Rent income on non-current assets	76	73
Other	55	44
Total non-operating income	<u>242</u>	<u>210</u>
Non-operating expenses		
Interest expenses	—	0
Loss on retirement of non-current assets	28	73
Taxes and dues	8	24
Provision for loss on dissolution of the employee's pension fund	60	—
Environmental expenses	—	59
Other	9	46
Total non-operating expenses	<u>106</u>	<u>205</u>
Ordinary income	<u>3,843</u>	<u>2,631</u>
Extraordinary losses		
Loss on disaster	—	1,287
Business structure improvement expenses	651	—
Total extraordinary losses	<u>651</u>	<u>1,287</u>
Profit before income taxes	<u>3,192</u>	<u>1,344</u>
Income taxes - current	1,179	428
Income taxes - deferred	(60)	30
Total income taxes	<u>1,118</u>	<u>459</u>
Profit	<u>2,073</u>	<u>885</u>
Profit (loss) attributable to non-controlling interests	<u>(14)</u>	<u>25</u>
Profit attributable to owners of parent	<u>2,088</u>	<u>859</u>

## Quarterly Consolidated Statements of Comprehensive Income

Millions of yen

	First half of fiscal 2015	First half of fiscal 2016
Profit	2,073	885
Other comprehensive income		
Valuation difference on available-for-sale securities	(49)	17
Foreign currency translation adjustment	120	(1,190)
Remeasurements of defined benefit plans, net of tax	19	20
Total other comprehensive income	90	(1,152)
Comprehensive income	2,163	(267)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,154	(55)
Comprehensive income attributable to non-controlling interests	9	(212)

**(3) Consolidated Statements of Cash Flows**

Millions of yen

	First half of fiscal 2015	First half of fiscal 2016
Cash flows from operating activities		
Profit before income taxes	3,192	1,344
Depreciation	1,155	1,470
Business structure improvement expenses	651	—
Increase (decrease) in allowance for doubtful accounts	(1)	0
Increase (decrease) in provision for repairs	(72)	(5)
Increase (decrease) in provision for loss on dissolution of the employees' pension fund	60	—
Increase (decrease) in provision for business structure improvement	—	(45)
Increase (decrease) in provision for loss on disaster	—	118
Interest and dividend income	(110)	(92)
Loss on retirement of non-current assets	28	73
Loss (gain) on sales of non-current assets	—	(1)
Loss (gain) on sales of investment securities	(32)	(0)
Decrease (increase) in notes and accounts receivable - trade	2,440	215
Decrease (increase) in inventories	983	35
Decrease (increase) in accounts receivable - other	2	868
Increase (decrease) in notes and accounts payable - trade	(1,630)	(356)
Increase (decrease) in net defined benefit liability	(19)	45
Increase (decrease) in net defined benefit asset	5	—
Other, net	(398)	(196)
Subtotal	<u>6,253</u>	<u>3,473</u>
Interest and dividend income received	110	92
Interest expenses paid	—	(1)
Income taxes paid	(2,947)	(152)
Net cash provided by (used in) operating activities	<u>3,416</u>	<u>3,413</u>
Cash flows from investing activities		
Proceeds from sales of non-current assets	—	1
Purchase of non-current assets	(1,005)	(5,744)
Proceeds from sales of investment securities	46	0
Proceeds from redemption of securities	—	500
Other proceeds	0	23
Other payments	(5)	(0)
Net cash provided by (used in) investing activities	<u>(962)</u>	<u>(5,219)</u>
Cash flows from financing activities		
Proceeds from long-term loans payable	—	4,704
Repayments of long-term loans payable	—	(59)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(875)	(1,459)
Proceeds from share issuance to non-controlling shareholders	496	—
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(611)
Net cash provided by (used in) financing activities	<u>(380)</u>	<u>2,573</u>
Effect of exchange rate change on cash and cash equivalents	42	(275)
Net increase (decrease) in cash and cash equivalents	<u>2,115</u>	<u>491</u>
Cash and cash equivalents at beginning of period	<u>58,090</u>	<u>59,961</u>
Cash and cash equivalents at end of period	<u>60,206</u>	<u>60,453</u>