

Flash Report Consolidated Basis
Results for the Third Quarter of Fiscal 2016
(April 1, 2016- December 31, 2016)
<under Japanese GAAP>

January 31, 2017

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

1. Consolidated Financial and Operating Results for the Third Quarter of Fiscal 2016
(April 1, 2016- December 31, 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	%
Third quarter of Fiscal 2016	43,612	3.7	4,232	(31.5)	4,233	(33.5)	1,723	(54.5)
Third quarter of Fiscal 2015	42,074	(18.3)	6,176	(5.6)	6,369	(5.0)	3,790	(13.5)

(Reference) Comprehensive income: Third quarter of Fiscal 2016 ¥ 653 million (82.5)%
Third quarter of Fiscal 2015 ¥ 3,734 million (15.8)%

	Earnings per share		Earnings per share after full dilution	
	Yen		Yen	
Third quarter of Fiscal 2016	44.27		—	
Third quarter of Fiscal 2015	97.38		—	

(2) Consolidated Financial Results

	Total assets		Net assets		Ratio of shareholders' equity to total assets	
	Millions of yen		Millions of yen		%	
Third quarter of Fiscal 2016	163,494		139,181		83.4	
Fiscal 2015	156,632		141,085		87.5	

(Reference) Shareholders' equity: Third quarter of Fiscal 2016 ¥136,286 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
Fiscal 2016	—	12.50	—		
Fiscal 2016(Forecasts)				17.50	30.00

(Note) Whether the dividend forecasts under review have been revised : Yes

3. Consolidated Financial Forecasts for Fiscal 2016(April 1, 2016-March 31, 2017)

	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	61,000	11.6	6,000	(25.9)	6,000	(27.6)	2,900	(72.0)	74.51

(Note) Whether the consolidated financial forecasts for fiscal 2016 under review have been revised : Yes

1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

	Millions of yen	
	March 31, 2016	December 31, 2016
Assets		
Current assets		
Cash and deposits	2,469	1,555
Notes and accounts receivable - trade	10,948	13,460
Finished goods	6,197	6,563
Work in process	192	277
Raw materials and supplies	3,799	4,281
Deferred tax assets	659	308
Accounts receivable - other	7,634	9,465
Short-term loans receivable from subsidiaries and associates	10,000	10,000
Deposits paid	57,491	56,318
Other	547	86
Allowance for doubtful accounts	(1)	(2)
Total current assets	<u>99,939</u>	<u>102,315</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,416	5,241
Machinery, equipment and vehicles, net	10,185	10,719
Tools, furniture and fixtures, net	1,101	1,071
Land	33,857	33,550
Construction in progress	4,023	8,211
Total property, plant and equipment	<u>54,584</u>	<u>58,794</u>
Intangible assets		
Other	50	40
Total intangible assets	<u>50</u>	<u>40</u>
Investments and other assets		
Investment securities	1,569	1,812
Long-term loans receivable	1	1
Net defined benefit asset	78	78
Deferred tax assets	213	268
Other	217	206
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	<u>2,057</u>	<u>2,344</u>
Total non-current assets	<u>56,692</u>	<u>61,179</u>
Total assets	<u>156,632</u>	<u>163,494</u>

Millions of yen

	March 31, 2016	December 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,167	8,049
Current portion of long-term loans payable	119	119
Accounts payable - other	3,547	4,050
Income taxes payable	473	168
Provision for repairs	452	446
Provision for loss on disaster	—	339
Other	1,257	720
Total current liabilities	11,017	13,893
Non-current liabilities		
Long-term loans payable	253	6,029
Deferred tax liabilities	1,886	1,933
Net defined benefit liability	1,545	1,600
Provision for business structure improvement	573	522
Provision for loss on dissolution of the employee's pension fund	70	70
Other	200	264
Total non-current liabilities	4,529	10,419
Total liabilities	15,546	24,313
Net assets		
Shareholders' equity		
Capital stock	8,769	8,769
Capital surplus	10,648	10,904
Retained earnings	121,516	121,293
Treasury shares	(4,533)	(4,534)
Total shareholders' equity	136,401	136,433
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	377	546
Deferred gains or losses on hedges	—	(2)
Foreign currency translation adjustment	497	(547)
Remeasurements of defined benefit plans	(173)	(143)
Total accumulated other comprehensive income	701	(147)
Non-controlling interests	3,983	2,895
Total net assets	141,085	139,181
Total liabilities and net assets	156,632	163,494

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

Quarterly Consolidated Statements of Operations

Millions of yen

	Third quarter of fiscal 2015	Third quarter of fiscal 2016
Net sales	42,074	43,612
Cost of sales	32,442	34,940
Gross profit	9,631	8,672
Selling, general and administrative expenses		
Haulage expenses	1,694	1,981
Salaries and bonuses	670	811
Retirement benefit expenses	31	31
Depreciation	19	45
Other	1,039	1,569
Total selling, general and administrative expenses	3,455	4,439
Operating income	6,176	4,232
Non-operating income		
Interest income	150	112
Dividend income	27	28
Rent income on non-current assets	112	112
Other	59	44
Total non-operating income	350	297
Non-operating expenses		
Interest expenses	—	1
Loss on retirement of non-current assets	35	134
Taxes and dues	13	37
Provision for loss on dissolution of the employee's pension fund	60	—
Foreign exchange losses	37	3
Environmental expenses	—	59
Other	10	59
Total non-operating expenses	157	296
Ordinary income	6,369	4,233
Extraordinary losses		
Loss on disaster	—	1,575
Business structure improvement expenses	651	—
Total extraordinary losses	651	1,575
Profit before income taxes	5,718	2,657
Income taxes - current	1,861	650
Income taxes - deferred	98	243
Total income taxes	1,959	894
Profit	3,758	1,763
Profit (loss) attributable to non-controlling interests	(31)	40
Profit attributable to owners of parent	3,790	1,723

Quarterly Consolidated Statements of Comprehensive Income

Millions of yen

	Third quarter of fiscal 2015	Third quarter of fiscal 2016
Profit	3,758	1,763
Other comprehensive income		
Valuation difference on available-for-sale securities	(2)	168
Deferred gains or losses on hedges	—	(2)
Foreign currency translation adjustment	(50)	(1,306)
Remeasurements of defined benefit plans, net of tax	28	30
Total other comprehensive income	<u>(24)</u>	<u>(1,110)</u>
Comprehensive income	<u>3,734</u>	<u>653</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,776	874
Comprehensive income attributable to non-controlling interests	(42)	(221)