

Flash Report Consolidated Basis
Results for the First Quarter of Fiscal 2017
(April 1, 2017-June 30, 2017)
<under Japanese GAAP>

July 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 First Quarter of Fiscal 2017
(April 1, 2017-June 30, 2017)

(1) Consolidated Operating Results

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter of Fiscal 2017	18,299	38.4	2,342	129.0	2,380	125.1	1,559	—
First quarter of Fiscal 2016	13,220	(11.2)	1,022	(35.8)	1,057	(36.8)	(26)	—

(Reference) Comprehensive income: First quarter of Fiscal 2017 ¥1,322 million — %
 First quarter of Fiscal 2016 ¥(555) million — %

	Earnings per share	Earnings per share after full dilution
	Yen	Yen
First quarter of Fiscal 2017	40.07	—
First quarter of Fiscal 2016	(0.68)	—

(2) Consolidated Financial Results

	Total assets	Net assets	Ratio of shareholders' equity to total assets
	Millions of yen	Millions of yen	%
First quarter of Fiscal 2017	173,838	142,067	80.0
Fiscal 2016	170,203	141,446	81.3

(Reference) Shareholders' equity: First quarter of Fiscal 2017 ¥139,105 million
 Fiscal 2016 ¥138,338 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 2016	—	12.50	—	17.50	30.00
Fiscal 2017	—				
Fiscal 2017(Forecasts)		12.50	—	—	—

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

The dividend forecasts of end of fiscal year for fiscal 2017 are not decided.

3. Consolidated Financial Forecasts for Fiscal 2017(April 1, 2017-March 31, 2018)

	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
First half of Fiscal 2017	36,000	31.0	3,400	29.4	3,400	29.2	2,300	167.7	59.09
Fiscal 2017	78,000	25.5	7,500	25.9	7,500	26.5	5,200	87.7	133.60

(Note) Whether the consolidated financial forecasts for fiscal 2017 under review have been revised : Yes

Forecasts of future performance in this report are based on information available at the date of publication for this document and certain assumptions regarding factors that may influence future results at the date of publication. Actual results may vary significantly from these forecasts due to a wide range of factors.

1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

	Millions of yen	
	March 31, 2017	June 30, 2017
Assets		
Current assets		
Cash and deposits	1,304	1,717
Notes and accounts receivable - trade	12,822	12,810
Finished goods	6,512	8,082
Work in process	294	231
Raw materials and supplies	4,783	4,677
Deferred tax assets	526	414
Accounts receivable - other	8,046	8,172
Short-term loans receivable from subsidiaries and associates	10,000	10,000
Deposits paid	57,633	57,848
Other	174	160
Allowance for doubtful accounts	(2)	(2)
Total current assets	<u>102,096</u>	<u>104,112</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,688	7,713
Machinery, equipment and vehicles, net	10,977	21,951
Tools, furniture and fixtures, net	1,187	1,249
Land	34,035	33,899
Construction in progress	11,622	2,195
Total property, plant and equipment	<u>65,511</u>	<u>67,009</u>
Intangible assets		
Other	44	59
Total intangible assets	<u>44</u>	<u>59</u>
Investments and other assets		
Investment securities	1,833	1,991
Long-term loans receivable	2	2
Net defined benefit asset	73	73
Deferred tax assets	176	178
Other	487	434
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	<u>2,550</u>	<u>2,657</u>
Total non-current assets	<u>68,106</u>	<u>69,726</u>
Total assets	<u>170,203</u>	<u>173,838</u>

	Millions of yen	
	March 31, 2017	June 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,300	6,963
Short-term loans payable	—	336
Current portion of long-term loans payable	119	119
Accounts payable - other	5,583	4,456
Income taxes payable	834	786
Provision for repairs	400	410
Provision for loss on disaster	244	237
Other	828	1,109
Total current liabilities	<u>15,310</u>	<u>14,419</u>
Non-current liabilities		
Long-term loans payable	9,103	13,006
Deferred tax liabilities	1,996	2,037
Net defined benefit liability	1,491	1,517
Provision for business structure improvement	521	517
Provision for loss on dissolution of the employee's pension fund	70	70
Other	262	202
Total non-current liabilities	<u>13,446</u>	<u>17,351</u>
Total liabilities	<u>28,756</u>	<u>31,771</u>
Net assets		
Shareholders' equity		
Capital stock	8,769	8,769
Capital surplus	10,904	10,904
Retained earnings	122,340	123,218
Treasury shares	(4,534)	(4,534)
Total shareholders' equity	<u>137,479</u>	<u>138,357</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	561	669
Deferred gains or losses on hedges	144	129
Foreign currency translation adjustment	249	38
Remeasurements of defined benefit plans	(95)	(88)
Total accumulated other comprehensive income	<u>859</u>	<u>748</u>
Non-controlling interests	<u>3,107</u>	<u>2,961</u>
Total net assets	<u>141,446</u>	<u>142,067</u>
Total liabilities and net assets	<u>170,203</u>	<u>173,838</u>

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

Quarterly Consolidated Statements of Operations

Millions of yen

	First quarter of fiscal 2016	First quarter of fiscal 2017
Net sales	13,220	18,299
Cost of sales	10,859	14,360
Gross profit	2,360	3,938
Selling, general and administrative expenses		
Haulage expenses	599	752
Salaries and bonuses	253	272
Retirement benefit expenses	10	11
Depreciation	14	18
Other	459	540
Total selling, general and administrative expenses	1,337	1,596
Operating profit	1,022	2,342
Non-operating income		
Interest income	40	35
Dividend income	15	17
Rent income on non-current assets	35	38
Other	20	45
Total non-operating income	111	137
Non-operating expenses		
Interest expenses	0	43
Loss on retirement of non-current assets	37	21
Taxes and dues	12	12
Other	25	19
Total non-operating expenses	76	98
Ordinary profit	1,057	2,380
Extraordinary losses		
Loss on disaster	1,000	—
Total extraordinary losses	1,000	—
Profit before income taxes	57	2,380
Income taxes - current	117	785
Income taxes - deferred	(60)	105
Total income taxes	56	891
Profit	1	1,489
Profit (loss) attributable to non-controlling interests	27	(69)
Profit (loss) attributable to owners of parent	(26)	1,559

Quarterly Consolidated Statements of Comprehensive Income

Millions of yen

	First quarter of fiscal 2016	First quarter of fiscal 2017
Profit	1	1,489
Other comprehensive income		
Valuation difference on available-for-sale securities	(29)	107
Deferred gains or losses on hedges	—	(18)
Foreign currency translation adjustment	(537)	(263)
Remeasurements of defined benefit plans, net of tax	10	7
Total other comprehensive income	<u>(557)</u>	<u>(167)</u>
Comprehensive income	<u>(555)</u>	<u>1,322</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(475)	1,448
Comprehensive income attributable to non-controlling interests	(79)	(126)