

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

October 31, 2017

**Company name:** OSAKA STEEL CO., LTD.  
**Stock listing:** Tokyo, 1st section  
**Code number:** 5449  
**URL:** <http://www.osaka-seitetsu.co.jp>  
**Representative:** Masaki Iwasaki, 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 2017**  
(April 1, 2017-September 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	%
<b>First half of Fiscal 2017</b>	<b>35,709</b>	<b>30.0</b>	<b>3,408</b>	<b>29.7</b>	<b>3,380</b>	<b>28.4</b>	<b>2,162</b>	<b>151.7</b>
First half of Fiscal 2016	27,470	(4.9)	2,626	(29.1)	2,631	(31.5)	859	(58.8)

(Reference) Comprehensive income: First half of Fiscal 2017 ¥1,904 million — %  
 First half of Fiscal 2016 ¥(267) million — %

	Earnings per share		Earnings per share after full dilution	
	Yen		Yen	
<b>First half of Fiscal 2017</b>	<b>55.56</b>		—	
First half of Fiscal 2016	22.08		—	

**(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 2017</b>	<b>181,062</b>		<b>142,649</b>		<b>77.2</b>	
Fiscal 2016	170,203		141,446		81.3	

(Reference) Shareholders' equity: First half of Fiscal 2017 ¥139,790 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
<b>Fiscal 2017</b>	—	<b>12.50</b>			
<b>Fiscal 2017(Forecasts)</b>			—	—	—

(Note) Whether the dividend forecasts under review have been revised : No  
 The dividend forecast of end of fiscal year for fiscal 2017 is not decided.

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

	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
Fiscal 2017	80,000	28.8	7,000	17.5	7,000	18.0	4,700	69.7	120.76

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

## 1. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

Millions of yen

	March 31, 2017	September 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	1,304	1,529
Notes and accounts receivable - trade	12,822	15,212
Finished goods	6,512	8,751
Work in process	294	369
Raw materials and supplies	4,783	5,171
Deferred tax assets	526	555
Accounts receivable - other	8,046	10,483
Short-term loans receivable from subsidiaries and associates	10,000	10,000
Deposits paid	57,633	56,914
Other	174	198
Allowance for doubtful accounts	(2)	(2)
Total current assets	<u>102,096</u>	<u>109,184</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,688	7,782
Machinery, equipment and vehicles, net	10,977	21,895
Tools, furniture and fixtures, net	1,187	1,732
Land	34,035	35,629
Construction in progress	11,622	1,786
Total property, plant and equipment	<u>65,511</u>	<u>68,826</u>
Intangible assets		
Other	44	275
Total intangible assets	<u>44</u>	<u>275</u>
Investments and other assets		
Investment securities	1,833	2,123
Long-term loans receivable	2	1
Net defined benefit asset	73	73
Deferred tax assets	176	178
Other	487	421
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	<u>2,550</u>	<u>2,776</u>
Total non-current assets	<u>68,106</u>	<u>71,878</u>
Total assets	<u>170,203</u>	<u>181,062</u>

	March 31, 2017	September 30, 2017
<b>Millions of yen</b>		
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	7,300	9,651
Short-term loans payable	—	2,800
Current portion of long-term loans payable	119	110
Accounts payable - other	5,583	4,931
Income taxes payable	834	1,502
Provision for repairs	400	386
Provision for loss on disaster	244	222
Other	828	1,324
Total current liabilities	<u>15,310</u>	<u>20,929</u>
Non-current liabilities		
Long-term loans payable	9,103	12,962
Deferred tax liabilities	1,996	2,057
Net defined benefit liability	1,491	1,556
Provision for business structure improvement	521	518
Provision for loss on dissolution of the employee's pension fund	70	70
Other	262	318
Total non-current liabilities	<u>13,446</u>	<u>17,483</u>
Total liabilities	<u>28,756</u>	<u>38,412</u>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	8,769	8,769
Capital surplus	10,904	10,904
Retained earnings	122,340	123,821
Treasury shares	(4,534)	(4,535)
Total shareholders' equity	<u>137,479</u>	<u>138,960</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	561	760
Deferred gains or losses on hedges	144	123
Foreign currency translation adjustment	249	27
Remeasurements of defined benefit plans	(95)	(80)
Total accumulated other comprehensive income	<u>859</u>	<u>830</u>
Non-controlling interests	<u>3,107</u>	<u>2,858</u>
Total net assets	<u>141,446</u>	<u>142,649</u>
<b>Total liabilities and net assets</b>	<u>170,203</u>	<u>181,062</u>

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

**Quarterly Consolidated Statements of Operations**

Millions of yen

	First half of fiscal 2016	<b>First half of fiscal 2017</b>
Net sales	27,470	35,709
Cost of sales	21,960	29,128
Gross profit	<u>5,509</u>	<u>6,581</u>
Selling, general and administrative expenses		
Haulage expenses	1,250	1,503
Salaries and bonuses	540	549
Retirement benefit expenses	19	23
Depreciation	29	46
Other	1,042	1,050
Total selling, general and administrative expenses	<u>2,883</u>	<u>3,173</u>
Operating profit	<u>2,626</u>	<u>3,408</u>
Non-operating income		
Interest income	76	70
Dividend income	15	18
Rent income on non-current assets	73	117
Other	44	63
Total non-operating income	<u>210</u>	<u>270</u>
Non-operating expenses		
Interest expenses	0	106
Loss on retirement of non-current assets	73	96
Taxes and dues	24	55
Environmental expenses	59	—
Other	46	40
Total non-operating expenses	<u>205</u>	<u>298</u>
Ordinary profit	<u>2,631</u>	<u>3,380</u>
Extraordinary losses		
Loss on disaster	1,287	—
Total extraordinary losses	<u>1,287</u>	<u>—</u>
Profit before income taxes	<u>1,344</u>	<u>3,380</u>
Income taxes - current	428	1,442
Income taxes - deferred	30	(56)
Total income taxes	<u>459</u>	<u>1,385</u>
Profit	<u>885</u>	<u>1,994</u>
Profit (loss) attributable to non-controlling interests	<u>25</u>	<u>(168)</u>
Profit attributable to owners of parent	<u>859</u>	<u>2,162</u>

## Quarterly Consolidated Statements of Comprehensive Income

Millions of yen

	First half of fiscal 2016	First half of fiscal 2017
Profit	885	1,994
Other comprehensive income		
Valuation difference on available-for-sale securities	17	199
Deferred gains or losses on hedges	—	(26)
Foreign currency translation adjustment	(1,190)	(277)
Remeasurements of defined benefit plans, net of tax	20	14
Total other comprehensive income	<u>(1,152)</u>	<u>(89)</u>
Comprehensive income	<u>(267)</u>	<u>1,904</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(55)	2,133
Comprehensive income attributable to non-controlling interests	(212)	(228)

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

Millions of yen

	First half of fiscal 2016	First half of fiscal 2017
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,344	3,380
Depreciation	1,470	1,870
Increase (decrease) in allowance for doubtful accounts	0	0
Increase (decrease) in provision for repairs	(5)	(13)
Increase (decrease) in provision for business structure improvement	(45)	(3)
Increase (decrease) in provision for loss on disaster	118	(22)
Interest and dividend income	(92)	(89)
Interest expenses	0	106
Loss on retirement of non-current assets	73	96
Loss (gain) on sales of non-current assets	(1)	(1)
Loss (gain) on sales of investment securities	(0)	—
Decrease (increase) in notes and accounts receivable - trade	215	(2,390)
Decrease (increase) in inventories	35	(2,733)
Decrease (increase) in accounts receivable - other	868	(2,469)
Increase (decrease) in notes and accounts payable - trade	(356)	2,365
Increase (decrease) in net defined benefit liability	45	64
Other, net	(197)	542
Subtotal	<u>3,473</u>	<u>703</u>
Interest and dividend income received	92	89
Interest expenses paid	(1)	(95)
Income taxes paid	(152)	(760)
Net cash provided by (used in) operating activities	<u>3,413</u>	<u>(63)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sales of non-current assets	1	1
Purchase of non-current assets	(5,744)	(6,770)
Proceeds from sales of investment securities	0	—
Purchase of investment securities	—	(2)
Proceeds from redemption of securities	500	—
Other proceeds	23	34
Other payments	(0)	(8)
Net cash provided by (used in) investing activities	<u>(5,219)</u>	<u>(6,744)</u>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	—	2,822
Proceeds from long-term loans payable	4,704	4,289
Repayments of long-term loans payable	(59)	(59)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(1,459)	(681)
Dividends paid to non-controlling interests	—	(20)
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>2,573</u>	<u>6,350</u>
Effect of exchange rate change on cash and cash equivalents	<u>(275)</u>	<u>(36)</u>
Net increase (decrease) in cash and cash equivalents	<u>491</u>	<u>(493)</u>
Cash and cash equivalents at beginning of period	<u>59,961</u>	<u>58,938</u>
Cash and cash equivalents at end of period	<u>60,453</u>	<u>58,444</u>