

Flash Report Consolidated Basis
Results for the Third Quarter of Fiscal 2015
(April 1, 2015-December 31, 2015)
<under Japanese GAAP>

January 28, 2016

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 2015
(April 1, 2015- December 31, 2015)**

(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	%
Third quarter of Fiscal 2015	42,074	(18.3)	6,176	(5.6)	6,369	(5.0)	3,790	(13.5)
Third quarter of Fiscal 2014	51,501	2.2	6,541	142.1	6,703	127.8	4,379	153.9

(Reference) Comprehensive income: Third quarter of Fiscal 2015 ¥3,734 million (15.8)%
Third quarter of Fiscal 2014 ¥4,434 million 129.4%

	Earnings per share	Earnings per share after full dilution
	Yen	Yen
Third quarter of Fiscal 2015	97.38	—
Third quarter of Fiscal 2014	112.52	—

(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 2015	146,250	132,204	89.3
Fiscal 2014	147,328	129,337	87.0

(Reference) Shareholders' equity: Third quarter of Fiscal 2015 ¥130,605 million
Fiscal 2014 ¥128,192 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 2014	—	12.50	—	22.50	35.00
Fiscal 2015	—	12.50	—		
Fiscal 2015 (Forecasts)				27.50	40.00

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

3. Consolidated Financial Forecasts for Fiscal 2015(April 1, 2015-March 31, 2016)

	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 2015	55,000	(18.7)	7,800	(14.1)	8,000	(12.5)	4,900	(21.2)	125.89

(Note) Whether the consolidated financial forecasts for fiscal 2015 under review have been revised : Yes

1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

	Millions of yen	
	March 31, 2015	December 31, 2015
Assets		
Current assets		
Cash and deposits	2,547	3,273
Notes and accounts receivable - trade	11,534	10,744
Finished goods	6,723	5,579
Work in process	241	214
Raw materials and supplies	4,219	3,632
Deferred tax assets	616	305
Accounts receivable - other	8,035	10,415
Short-term loans receivable from subsidiaries and associates	10,000	10,000
Deposits paid	55,543	55,077
Other	30	38
Allowance for doubtful accounts	(3)	(2)
Total current assets	<u>99,487</u>	<u>99,280</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,655	4,293
Machinery, equipment and vehicles, net	7,443	6,364
Tools, furniture and fixtures, net	814	806
Land	31,552	31,085
Construction in progress	1,714	2,761
Total property, plant and equipment	<u>46,180</u>	<u>45,311</u>
Intangible assets		
Other	15	15
Total intangible assets	<u>15</u>	<u>15</u>
Investments and other assets		
Investment securities	1,364	1,346
Long-term loans receivable	2	2
Net defined benefit asset	5	-
Deferred tax assets	164	181
Other	131	135
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	<u>1,644</u>	<u>1,643</u>
Total non-current assets	<u>47,840</u>	<u>46,969</u>
Total assets	<u>147,328</u>	<u>146,250</u>

Millions of yen

	March 31, 2015	December 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,304	5,401
Accounts payable - other	2,597	2,294
Income taxes payable	2,993	778
Provision for repairs	572	461
Other	1,689	1,195
Total current liabilities	<u>14,158</u>	<u>10,132</u>
Non-current liabilities		
Deferred tax liabilities	1,930	1,748
Net defined benefit liability	1,714	1,668
Provision for business structure improvement	—	265
Provision for loss on dissolution of the employees' pension fund	—	60
Other	187	171
Total non-current liabilities	<u>3,832</u>	<u>3,913</u>
Total liabilities	<u>17,990</u>	<u>14,045</u>
Net assets		
Shareholders' equity		
Capital stock	8,769	8,769
Capital surplus	10,648	10,648
Retained earnings	112,450	114,878
Treasury shares	(4,532)	(4,533)
Total shareholders' equity	<u>127,336</u>	<u>129,763</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	565	563
Foreign currency translation adjustment	502	461
Remeasurements of defined benefit plans	(211)	(183)
Total accumulated other comprehensive income	<u>856</u>	<u>841</u>
Non-controlling interests	1,144	1,599
Total net assets	<u>129,337</u>	<u>132,204</u>
Total liabilities and net assets	<u>147,328</u>	<u>146,250</u>

**(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 2014	Third quarter of fiscal 2015
Net sales	51,501	42,074
Cost of sales	41,712	32,442
Gross profit	9,788	9,631
Selling, general and administrative expenses		
Haulage expenses	1,813	1,694
Salaries and bonuses	615	670
Retirement benefit expenses	28	31
Depreciation	20	19
Other	769	1,039
Total selling, general and administrative expenses	3,247	3,455
Operating profit	6,541	6,176
Non-operating profit		
Interest income	143	150
Dividend income	26	27
Rent income on non-current assets	114	112
Other	33	59
Total non-operating profit	318	350
Non-operating loss		
Loss on retirement of non-current assets	127	35
Taxes and dues	16	13
Provision for loss on dissolution of the employees' pension fund	—	60
Foreign exchange losses	—	37
Other	11	10
Total non-operating loss	156	157
Ordinary profit	6,703	6,369
Extraordinary profit		
Gain on sales of investment securities	108	—
Total extraordinary profit	108	—
Extraordinary loss		
Business structure improvement expenses	—	651
Total extraordinary loss	—	651
Profit before income taxes	6,811	5,718
Income taxes - current	2,727	1,861
Income taxes - deferred	(295)	98
Total income taxes	2,431	1,959
Profit	4,379	3,758
Loss attributable to non-controlling interests	—	(31)
Profit attributable to owners of parent	4,379	3,790

Quarterly Consolidated Statements of Comprehensive Income

Millions of yen

	Third quarter of fiscal 2014	Third quarter of fiscal 2015
Profit	4,379	3,758
Other comprehensive income		
Valuation difference on available-for-sale securities	(87)	(2)
Foreign currency translation adjustment	103	(50)
Remeasurements of defined benefit plans, net of tax	38	28
Total other comprehensive income	<u>54</u>	<u>(24)</u>
Comprehensive income	<u>4,434</u>	<u>3,734</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,457	3,776
Comprehensive income attributable to non-controlling interests	(22)	(42)