

Flash Report Consolidated Basis
Results for Fiscal 2015
(April 1, 2015-March 31, 2016)
<under Japanese GAAP>

April 27, 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 Fiscal 2015

(April 1, 2015-March 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	%
Fiscal 2015	54,677	(19.2)	8,100	(10.8)	8,284	(9.4)	10,350	66.5
Fiscal 2014	67,678	(1.9)	9,085	86.2	9,142	77.5	6,215	352.0

(Reference) Comprehensive income Fiscal 2015 ¥10,152 million 52.6%
Fiscal 2014 ¥6,654 million 446.5%

	Earnings per share	Earnings per share after full dilution	Return on equity	Return on assets	Return on sales
	Yen	Yen	%	%	%
Fiscal 2015	265.92	—	7.8	5.5	14.8
Fiscal 2014	159.69	—	5.0	6.4	13.4

(Reference) Equity in net income of unconsolidated subsidiaries and associates: Fiscal 2015 ¥— million
Fiscal 2014 ¥— million

(2) Consolidated Financial Results

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2015	156,632	141,085	87.5	3,522.47
Fiscal 2014	147,328	129,337	87.0	3,293.52

(Reference) Shareholders' equity: Fiscal 2015 ¥137,102 million
Fiscal 2014 ¥128,192 million

(3) Consolidated Statements of Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2015	9,864	(7,125)	(867)	59,961
Fiscal 2014	12,780	(5,539)	25	58,090

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	—	37.50	50.00
Fiscal 2016 (Forecasts)	—	—	—	—	—

	Cash dividends	Ratio of cash dividends to net income	Ratio of cash dividends to net assets
	Millions of yen	%	%
Fiscal 2014	1,362	21.9	1.1
Fiscal 2015	1,946	18.8	1.4
Fiscal 2016 (Forecasts)	—	—	—

(Note) The dividend forecasts of end of second quarter and fiscal year for fiscal 2016 are not decided at the moment as the outlook of the business environment is extremely unforeseeable, and will be considered and disclosed as soon as the earnings forecast becomes clear.

3. Consolidated Financial Forecasts for Fiscal 2015(April 1, 2016-March 31, 2017)

(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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half of Fiscal 2016	—	—	—	—	—	—	—	—	—
Fiscal 2016	—	—	—	—	—	—	—	—	—

(Note) The earnings forecasts of 2016 fiscal year end are not presented. The outline has not been formulated owing to the difficulty of reasonable and accurate estimates because the aftereffect on our business of The 2016 Kumamoto Earthquake is still unclear.

(Reference) Summary of Non-Consolidated Financial and Operating Results
Non-Consolidated Financial and Operating Results for Fiscal 2015
(April 1, 2015-March 31, 2016)

(1)Non-Consolidated Operating Results

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

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2015	48,847	(19.4)	7,637	(8.3)	7,908	(6.1)	6,121	5.5
Fiscal 2014	60,603	4.6	8,330	68.2	8,421	60.0	5,803	134.1
	Earnings per share		Earnings per share after full dilution					
	Yen		Yen					
Fiscal 2015	157.27		—					
Fiscal 2014	149.10		—					

(2)Non-Consolidated Financial Results

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2015	148,432	119,259	80.3	3,064.05
Fiscal 2014	141,408	114,682	81.1	2,946.42

(Reference) Shareholders' equity: Fiscal 2015 ¥119,259 million
Fiscal 2014 ¥114,682 million

1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2015	March 31, 2016
Assets		
Current assets		
Cash and deposits	2,547	2,469
Notes and accounts receivable - trade	11,534	10,948
Finished goods	6,723	6,197
Work in process	241	192
Raw materials and supplies	4,219	3,799
Deferred tax assets	616	659
Accounts receivable - other	8,035	7,634
Short-term loans receivable from subsidiaries and associates	10,000	10,000
Deposits paid	55,543	57,491
Other	30	547
Allowance for doubtful accounts	(3)	(1)
Total current assets	<u>99,487</u>	<u>99,939</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,655	5,416
Machinery, equipment and vehicles, net	7,443	10,185
Tools, furniture and fixtures, net	814	1,101
Land	31,552	33,857
Construction in progress	1,714	4,023
Total property, plant and equipment	<u>46,180</u>	<u>54,584</u>
Intangible assets		
Other	15	50
Total intangible assets	<u>15</u>	<u>50</u>
Investments and other assets		
Investment securities	1,364	1,569
Long-term loans receivable	2	1
Net defined benefit asset	5	78
Deferred tax assets	164	213
Other	131	217
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	<u>1,644</u>	<u>2,057</u>
Total non-current assets	<u>47,840</u>	<u>56,692</u>
Total assets	<u>147,328</u>	<u>156,632</u>

Millions of yen

	March 31, 2015	March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,304	5,167
Current portion of long-term loans payable	—	119
Accounts payable - other	2,597	3,547
Income taxes payable	2,993	473
Provision for repairs	572	452
Other	1,689	1,257
Total current liabilities	14,158	11,017
Non-current liabilities		
Long-term loans payable	—	253
Deferred tax liabilities	1,930	1,886
Net defined benefit liability	1,714	1,545
Provision for business structure improvement	—	573
Provision for loss on dissolution of the employee's pension fund	—	70
Other	187	200
Total non-current liabilities	3,832	4,529
Total liabilities	17,990	15,546
Net assets		
Shareholders' equity		
Capital stock	8,769	8,769
Capital surplus	10,648	10,648
Retained earnings	112,450	121,516
Treasury shares	(4,532)	(4,533)
Total shareholders' equity	127,336	136,401
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	565	377
Foreign currency translation adjustment	502	497
Remeasurements of defined benefit plans	(211)	(173)
Total accumulated other comprehensive income	856	701
Non-controlling interests	1,144	3,983
Total net assets	129,337	141,085
Total liabilities and net assets	147,328	156,632

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

Millions of yen

	Fiscal 2014	Fiscal 2015
Net sales	67,678	54,677
Cost of sales	54,212	41,852
Gross profit	13,466	12,825
Selling, general and administrative expenses		
Haulage expenses	2,407	2,253
Salaries and bonuses	818	898
Retirement benefit expenses	38	40
Depreciation	28	28
Other	1,087	1,503
Total selling, general and administrative expenses	4,381	4,724
Operating income	9,085	8,100
Non-operating income		
Interest income	189	194
Dividend income	27	28
Rent income on non-current assets	152	148
Other	47	63
Total non-operating income	417	435
Non-operating expenses		
Loss on retirement of non-current assets	272	113
Taxes and dues	21	19
Provision for loss on dissolution of the employee's pension fund	—	70
Foreign exchange losses	—	29
Compensation expenses	52	—
Other	13	18
Total non-operating expenses	360	251
Ordinary income	9,142	8,284
Extraordinary income		
Gain on bargain purchase	—	3,575
Gain on liquidation of subsidiaries and associates	—	253
Gain on sales of non-current assets	255	—
Gain on sales of investment securities	108	—
Total extraordinary income	363	3,828
Extraordinary losses		
Business structure improvement expenses	—	1,201
Loss on sales of non-current assets	57	—
Total extraordinary losses	57	1,201
Profit before income taxes	9,449	10,911
Income taxes - current	3,813	1,027
Income taxes - deferred	(577)	(424)
Total income taxes	3,236	603
Profit	6,213	10,308
Loss attributable to non-controlling interests	(2)	(41)
Profit attributable to owners of parent	6,215	10,350

Consolidated Statements of Comprehensive Income

Millions of yen

	Fiscal 2014	Fiscal 2015
Profit	6,213	10,308
Other comprehensive income		
Valuation difference on available-for-sale securities	(53)	(188)
Foreign currency translation adjustment	477	(6)
Remeasurements of defined benefit plans, net of tax	17	38
Total other comprehensive income	441	(156)
Comprehensive income	6,654	10,152
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,605	10,195
Comprehensive income attributable to non-controlling interests	49	(43)

(3) Consolidated Statements of Changes in Net Assets

Fiscal 2014

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,769	10,648	107,088	(4,530)	121,976
Cumulative effects of changes in accounting policies			(172)		(172)
Restated balance	8,769	10,648	106,916	(4,530)	121,804
Changes of items during period					
Dividends of surplus			(681)		(681)
Profit attributable to owners of parent			6,215		6,215
Purchase of treasury shares				(1)	(1)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	5,534	(1)	5,532
Balance at end of current period	8,769	10,648	112,450	(4,532)	127,336

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	618	76	(229)	466	387	122,829
Cumulative effects of changes in accounting policies						(172)
Restated balance	618	76	(229)	466	387	122,657
Changes of items during period						
Dividends of surplus						(681)
Profit attributable to owners of parent						6,215
Purchase of treasury shares						(1)
Net changes of items other than shareholders' equity	(53)	425	17	389	757	1,147
Total changes of items during period	(53)	425	17	389	757	6,680
Balance at end of current period	565	502	(211)	856	1,144	129,337

Fiscal 2015

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,769	10,648	112,450	(4,532)	127,336
Changes of items during period					
Dividends of surplus			(1,362)		(1,362)
Profit attributable to owners of parent			10,350		10,350
Purchase of treasury shares				(1)	(1)
Change of scope of consolidation			77		77
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	9,065	(1)	9,064
Balance at end of current period	8,769	10,648	121,516	(4,533)	136,401

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	565	502	(211)	856	1,144	129,337
Changes of items during period						
Dividends of surplus						(1,362)
Profit attributable to owners of parent						10,350
Purchase of treasury shares						(1)
Change of scope of consolidation						77
Net changes of items other than shareholders' equity	(188)	(4)	38	(154)	2,838	2,683
Total changes of items during period	(188)	(4)	38	(154)	2,838	11,748
Balance at end of current period	377	497	(173)	701	3,983	141,085

(4) Consolidated Statements of Cash Flows

Millions of yen

	Fiscal 2014	Fiscal 2015
Cash flows from operating activities		
Profit before income taxes	9,449	10,911
Depreciation	2,276	2,400
Amortization of goodwill	113	—
Gain on bargain purchase	—	(3,575)
Gain on liquidation of subsidiaries and associates	—	(253)
Business structure improvement expenses	—	1,201
Increase (decrease) in allowance for doubtful accounts	(9)	(1)
Increase (decrease) in provision for repairs	(75)	(120)
Increase (decrease) in provision for loss on dissolution of the employees' pension fund	—	70
Interest and dividend income	(217)	(223)
Loss on retirement of non-current assets	272	113
Loss (gain) on sales of non-current assets	(198)	(0)
Loss (gain) on sales of investment securities	(108)	(32)
Decrease (increase) in notes and accounts receivable - trade	1,377	3,162
Decrease (increase) in inventories	(114)	1,930
Decrease (increase) in accounts receivable - other	1,790	691
Increase (decrease) in notes and accounts payable - trade	(1,007)	(1,751)
Increase (decrease) in net defined benefit liability	210	(174)
Increase (decrease) in net defined benefit asset	77	5
Other, net	770	(676)
Subtotal	<u>14,606</u>	<u>13,677</u>
Interest and dividend income received	222	222
Income taxes paid	<u>(2,047)</u>	<u>(4,035)</u>
Net cash provided by (used in) operating activities	<u>12,780</u>	<u>9,864</u>
Cash flows from investing activities		
Proceeds from sales of non-current assets	479	0
Purchase of non-current assets	(6,152)	(3,240)
Proceeds from sales of investment securities	139	46
Purchase of investment securities	(7)	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(3,933)
Collection of loans receivable from subsidiaries and affiliates	10,000	10,000
Payments of loans receivable from subsidiaries and associates	(10,000)	(10,000)
Other proceeds	3	1
Other payments	<u>(0)</u>	<u>(0)</u>
Net cash provided by (used in) investing activities	<u>(5,539)</u>	<u>(7,125)</u>
Cash flows from financing activities		
Purchase of treasury shares	(1)	(1)
Cash dividends paid	(681)	(1,362)
Proceeds from share issuance to non-controlling shareholders	708	496
Net cash provided by (used in) financing activities	<u>25</u>	<u>(867)</u>
Effect of exchange rate change on cash and cash equivalents	<u>(97)</u>	<u>(1)</u>
Net increase (decrease) in cash and cash equivalents	<u>7,169</u>	<u>1,870</u>
Cash and cash equivalents at beginning of period	<u>50,920</u>	<u>58,090</u>
Cash and cash equivalents at end of period	<u>58,090</u>	<u>59,961</u>