

Summary of the Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (FY3/18)

[Japanese GAAP]

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Scheduled date of Annual General Meeting of Shareholders: June 22, 2018
 Scheduled date of payment of dividend: June 25, 2018
 Scheduled date of filing of Annual Securities Report: June 22, 2018
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)
 (All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for FY3/18 (April 1, 2017 to March 31, 2018)

(1) Consolidated results of operations		(Percentages represent year-on-year changes)							
	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	%
Fiscal year ended Mar. 31, 2018	173,805	12.7	10,856	(17.6)	12,284	(10.7)	7,360	9.3	
Fiscal year ended Mar. 31, 2017	154,221	(3.1)	13,168	80.3	13,763	63.0	6,734	-	

Note: Comprehensive income (millions of yen) Fiscal year ended Mar. 31, 2018 13,314 (up 11.7%)
 Fiscal year ended Mar. 31, 2017: 11,923 (-%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2018	247.98	246.93	5.0	5.8	6.2
Fiscal year ended Mar. 31, 2017	224.27	223.38	4.8	6.6	8.5

Reference: Equity in earnings of affiliates (millions of yen) Fiscal year ended Mar. 31, 2018 332
 Fiscal year ended Mar. 31, 2017 300

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2018	216,142	170,574	70.1	5,112.17
As of Mar. 31, 2017	209,977	161,374	68.2	4,805.41

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2018: 151,586 As of Mar. 31, 2017: 143,241

(3) Cash flow position

	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 year ended Mar. 31, 2018	1,933	(9,026)	(5,288)	27,277
Fiscal year ended Mar. 31, 2017	10,218	(1,559)	(9,897)	39,047

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Mar. 31, 2017	-	30.00	-	40.00	70.00	2,110	31.2	1.5
Fiscal year ended Mar. 31, 2018	-	35.00	-	40.00	75.00	2,245	30.2	1.5
Fiscal year ending Mar. 31, 2019 (Forecast)	-	-	-	-	-		-	

There is currently no forecast for 2Q-end and year-end dividends for the fiscal year ending March 31, 2019. An announcement will be made promptly once it becomes possible to disclose a dividend forecast.

3. Consolidated Forecasts for FY3/19 (April 1, 2018 to March 31, 2019)

No forecasts are presented because of the difficulty of determining a reliable forecast for the Yodogawa Steel Group's results of operations in the fiscal year ending March 31, 2019 at the present time due to the extremely uncertain outlook for the steel market.

For further details, please refer to "1. Overview of Results of Operations, (2) Outlook" on page 4.

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Mar. 31, 2018: 35,837,230 shares As of Mar. 31, 2017: 35,837,230 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2018: 6,185,228 shares As of Mar. 31, 2017: 6,028,845 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2018: 29,680,824 shares Fiscal year ended Mar. 31, 2017: 30,030,501 shares

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for FY3/18 (April 1, 2017 to March 31, 2018)

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Mar. 31, 2018	106,357	9.6	7,801	(2.3)	10,352	17.7	7,541	27.0
Fiscal year ended Mar. 31, 2017	97,043	(1.0)	7,986	26.6	8,798	9.0	5,938	-

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2018	251.69	250.64
Fiscal year ended Mar. 31, 2017	195.92	195.15

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2018	175,907	140,526	79.8	4,686.83
As of Mar. 31, 2017	169,567	133,774	78.8	4,438.86

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2018: 140,302 As of Mar. 31, 2017: 133,569

* The current financial report is not subject to audit by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements and other special items

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. For a discussion of the assumptions for forecasts, precautions concerning usage and other information, please refer to "1. Overview of Results of Operations, (2) Outlook" on page 4.

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1. Overview of Results of Operations

(1) Results of Operations and Financial Position

1) Summary of results of operations

During the fiscal year ended March 31, 2018, the gradual recovery of the Japanese economy continued as consumer spending continued its upturn because of the support of a further improvement in corporate earnings, labor market and personal income.

In the United States, the Federal Reserve raised interest rates in June and December 2017 and March 2018 along with increasing exports fueled by global economic growth as well as strong consumer spending and capital expenditures. Economies in Europe were generally healthy, too. In China, there were concerns that measures to stop real estate speculation and tighten financial controls may cause economic growth to slow. However, the economy remained sound with the support of strength in exports and consumer spending. Late in the fiscal year, stock prices worldwide began to fall in response to rising long-term interest rates due to expectations for rising inflation in the United States, where labor statistics were better than forecast. Financial markets have remained unstable since then, partly because of additional worries created by U.S. trade protectionism.

In the steel industry, shipments of ordinary steel products in Japan were strong as production continued to grow in the automobile, industrial machinery and other key industries.

The global steel market began to weaken in the spring of 2017, starting in China. But prices of steel products then began to climb in response to China's elimination of low-quality steel made from ferrous scrap, production limitations caused by tighter environmental regulations and other events. In the fiscal year's final months, steel prices started declining in part because of worries about growing inventories and U.S. restrictions on steel imports.

The Yodogawa Steel Group's net sales in the fiscal year increased 19,584 million yen to 173,805 million yen. Operating profit decreased 2,311 million yen to 10,856 million yen, ordinary profit decreased 1,478 million yen to 12,284 million yen, and profit attributable to owners of parent increased 625 million yen to 7,360 million yen.

Total assets at the end of the fiscal year increased 6,164 million yen to 216,142 million yen. This was attributable mainly to increases in inventories in association with higher cost of raw materials and product prices and investment securities along with rising stock prices. Liabilities decreased 3,035 million yen to 45,567 million yen. This was attributable mainly to decreases in accounts payable-equipment and net defined benefit liability. Net assets increased 9,199 million yen to 170,574 million yen. This was attributable mainly to increases in retained earnings and valuation difference on available-for-sale securities.

Results by business segment are as follows.

Steel Sheet-related Business

Net sales totaled 161,674 million yen and operating profit was 10,818 million yen.

Roll Business

Net sales totaled 3,759 million yen and operating profit was 57 million yen.

Grating Business

Net sales totaled 3,547 million yen and operating profit was 114 million yen.

Real Estate Business

Net sales totaled 1,067 million yen and operating profit was 736 million yen.

Other Businesses

Net sales totaled 3,756 million yen and operating profit was 361 million yen.

Cash and cash equivalents at the end of the fiscal year decreased 11,769 million yen from the end of the previous fiscal year to 27,277 million yen mainly due to an increase in inventories in association with higher cost of raw materials and product prices and a decrease in proceeds from withdrawal of time deposits.

Cash flows from operating activities

Net cash provided by operating activities decreased 8,284 million yen to 1,933 million yen. Main positive factors include profit before income taxes. Major negative factors include an increase in inventories.

Cash flows from investing activities

Net cash used in investing activities was 9,026 million yen (compared with 1,559 million yen used in the previous fiscal year) mainly due to purchase of property, plant and equipment and payments into time deposits.

Cash flows from financing activities

Net cash used in financing activities was 5,288 million yen (compared with 9,897 million yen used in the previous fiscal year) mainly due to cash dividends paid.

2) Analysis and review of results of operations

Net sales increased primarily because of price revisions in the Steel Sheet-related Business. Higher sales at Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS), a subsidiary in China, also contributed to the sales growth.

Operating profit was lower in Japan as the higher cost of primary raw materials, secondary materials, energy and other items more than offset the positive effect of price revisions. Overseas, there was a sharp decline in operating profit despite an improvement at YSS. The main reason was lower earnings at Taiwan subsidiary Sheng Yu Steel Co., Ltd. (SYSCO) caused by flat steel demand in Taiwan and a resumption in the downturn in exports to the United States, which had been recovering, because of U.S. trade protectionism.

Ordinary profit decreased less than operating profit primarily because of an increase in dividend income and gains on sales of investment securities.

Profit attributable to owners of parent increased. The main reason was the extraordinary loss for the impairment of non-current assets at YSS in the previous fiscal year that reduced profit attributable to owners of parent.

With respect to the Yodogawa Steel Group's capital resources and fund liquidity, the primary goal is to maintain consistent operating cash flows in order to make substantial investments for sustained growth, secure funds necessary for the greatest possible shareholder distributions and maintain a robust financial position.

As of the end of March 2018, there were no significant capital expenditures planned that would require the procurement of funds from external sources. For working capital and capital expenditures, the policy is to use internal resources as the main source of funding and use loans from financial institutions as needed.

As an objective target for monitoring progress concerning management policies, strategic goals and business goals, the Yodogawa Steel Group Medium-Term Management Plan 2019, which was announced in March 2017, has the following goal: consolidated ordinary profit of at least 10 billion yen every year regardless of the performance of existing businesses and changes in the business climate, including foreign exchange rate movements.

In the fiscal year that ended in March 2018, the operating environment was challenging. One reason was the higher cost of raw materials, energy and other items. Trade protectionism in all regions of the world also made market conditions difficult. Despite these challenges, the Yodogawa Steel Group exceeded the consolidated ordinary profit target by operating with the speed and flexibility that has always been one of the Group's key strengths.

The financial position and recognition, analysis and review of results of operations by business segment are as follows.

Steel Sheet-related Business

In Japan, the volume of steel sold to specific high-demand customers decreased mainly for use in exported products. But monetary sales increased as the demand for steel within Japan remained firm and there was certain progress with price revisions. Monetary retail sales of steel for general distribution increased as customers have been accepting most price revisions. The sales volume was higher in non-residential sectors as capital expenditures increased, but total retail sales volume decreased because of a downturn in steel demand in the residential market. In Taiwan, sales at SYSCO increased as price increases more than offset a decrease in sales volume due to flat demand for steel in Taiwan. In China, earnings at YSS improved along with growth in sales volume. Sales volume was lower at PCM PROCESSING (THAILAND) LTD., a subsidiary in Thailand, due to price revisions and the higher cost of raw materials caused earnings to decline.

There was a small decrease in sales of building materials despite price revisions for roofing products. A policy of becoming more selective when accepting orders reduced the sales volume and the sales volume of YODO Fine Panel insulated siding decreased. For exterior products, sales of storage sheds recovered along with a recovery in consumer spending and there were also strong sales of garages and large warehouses. Construction sales increased significantly mainly due to the completion of large projects and an increase in the number of projects that use insulation and fireproof panels, which are added-value products.

As a result, total sales in this segment were higher than in the previous fiscal year.

Roll Business

Although the sales volume of rolls for the iron and steel industry decreased, monetary sales increased because of deliveries of papermaking equipment, new orders in the film sector and other reasons.

Grating Business

Sales benefited from a steady volume of private-sector orders and efforts to increase sales of value-added products. But total sales were down due to sluggish public-sector sales.

Real Estate Business

Sales increased because of a higher occupancy rate at tenant-occupied buildings.

Other Businesses

Higher sales in material sales operations raised sales in other businesses.

(2) Outlook

The outlook for the global economy is generally positive despite a number of risk factors. There are concerns about trade friction associated with the emergence of trade protectionism that began in the United States and tension involving the Middle East and North Korea.

In Japan, the outlook is for a continuation of a slow economic recovery. The Japanese economy will probably benefit from the growth of expenditures related to Tokyo Olympics in 2020 and private-sector capital expenditures and from steady consumer spending.

The overseas steel market is expected to continue to grow because of the strength of the global economy. But there are concerns about the effects of widespread trade protectionist policies worldwide, including the U.S. import tariff hike for steel products (U.S. Trade Expansion Act, Section 232). In Japan, the demand for steel is strong because of the high level of private-sector capital expenditures and start of many construction projects for the Tokyo Olympics in 2020. But the Yodogawa Steel Group expects that higher prices of hot-rolled steel sheets and zinc, the primary raw materials for the Group's steel products, and other factors will create a challenging business climate.

Based on this outlook, uncertainty about the Yodogawa Steel Group's operating environment is increasing, particularly regarding overseas steel markets. Due to this uncertainty, it is not possible to determine a reliable

forecast for the Yodogawa Steel Group's results of operations in the fiscal year ending in March 2019 at the present time. An announcement will be made promptly once it becomes possible to determine a reliable forecast.

The fiscal year ending in March 2019 is the second year of the Yodogawa Steel Group Medium-Term Management Plan 2019. All companies are taking full advantage of the speed and flexibility that has always been a key strength of the entire group in order to achieve the goals of this plan. To become more profitable, group companies are continuing to revise selling prices, establish positions in new markets and increase sales of value-added products. Establishing a sound foundation for the operations of YSS is currently the highest priority of the Yodogawa Steel Group. There will be more initiatives to accomplish this goal that include the cooperation of two subsidiaries in China: Shanghai Yodoko Trading Co., Ltd., (SYT), which was established in November 2017 to sell products in the home appliance and electronics market, and Yodoko Building Material (Hangzhou) Co., Ltd. (YBMH), a non-consolidated subsidiary that sells products in the building materials market.

(3) Basic Policy for Profit Distribution and Dividends in the Current and Next Fiscal Years

Distributing earnings to shareholders is one of the highest priorities of Yodogawa Steel. Earnings are distributed by paying dividends that reflect results of operations, repurchasing stock and in other ways. The basic policy for dividends that are in line with our results of operations is to make payments that are stable and continuous. Dividends also take into consideration the need for funds for investments and other actions for increasing corporate value, the outlook for sales and earnings, the need to maintain financial soundness, and other items. To pay dividends that reflect results of operations, the target consolidated payout ratio is between about 30% and 50%. In addition, there is a goal of paying an annual dividend of at least 50 yen per share for each of the three fiscal years ended in March 2017 and 2018 and ending in March 2019.

The basic policy is to pay interim and year-end dividends. In accordance with Article 459, Paragraph 1 of the Companies Act, the Yodogawa Steel Articles of Incorporation state that dividends can be paid based on a resolution of the Board of Directors, except in cases where stipulated otherwise by laws and regulations.

The year-end dividend for the fiscal year that ended March 31, 2018 is to be 40 yen per share. With the interim dividend of 35 yen, this will result in a dividend of 75 yen per share for this fiscal year.

There is currently no forecast for 2Q-end and year-end dividends for the fiscal year ending March 31, 2019. An announcement will be made promptly once it becomes possible to disclose a dividend forecast.

2. Basic Approach to the Selection of Accounting Standards

The Yodogawa Steel Group will continue to prepare consolidated financial statements using generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of the International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

	(Millions of yen)			
	FY3/17		FY3/18	
	(as of Mar. 31, 2017)		(as of Mar. 31, 2018)	
Assets				
Current assets				
Cash and deposits	*1	40,761	*1	30,716
Notes and accounts receivable-trade		41,103		43,938
Securities		-		2,888
Merchandise and finished goods		11,404		16,081
Work in process		3,457		4,684
Raw materials and supplies		10,646		13,122
Deferred tax assets		528		446
Other		6,400		5,376
Allowance for doubtful accounts		(113)		(149)
Total current assets		114,188		117,104
Non-current assets				
Property, plant and equipment				
Buildings and structures		59,869		60,924
Accumulated depreciation		(43,213)		(44,632)
Buildings and structures, net		16,656		16,291
Machinery, equipment and vehicles		130,699		133,033
Accumulated depreciation		(117,628)		(120,453)
Machinery, equipment and vehicles, net		13,071		12,579
Land	*4	18,685	*4	18,848
Leased assets		1,408		1,504
Accumulated depreciation		(529)		(717)
Leased assets, net		879		787
Construction in progress		765		1,135
Other		11,993		12,084
Accumulated depreciation		(11,163)		(11,217)
Other, net		829		867
Total property, plant and equipment		50,888		50,509
Intangible assets				
Goodwill		10		7
Other		1,416		1,475
Total intangible assets		1,427		1,482
Investments and other assets				
Investment securities	*1,*2	42,574	*1,*2	46,338
Long-term loans receivable		3		0
Deferred tax assets		403		278
Other	*1	492	*1	427
Allowance for doubtful accounts		(0)		-
Total investments and other assets		43,474		47,045
Total non-current assets		95,789		99,037
Total assets		209,977		216,142

	(Millions of yen)	
	FY3/17 (as of Mar. 31, 2017)	FY3/18 (as of Mar. 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	17,800	18,154
Short-term loans payable	669	-
Lease obligations	177	772
Income taxes payable	2,770	2,165
Provision for bonuses	1,052	1,056
Other	*1 7,978	*1 6,098
Total current liabilities	30,448	28,247
Non-current liabilities		
Lease obligations	743	19
Deferred tax liabilities	3,942	4,564
Deferred tax liabilities for land revaluation	*4 856	*4 856
Provision for directors' retirement benefits	94	66
Net defined benefit liability	8,278	7,569
Other	4,240	4,244
Total non-current liabilities	18,154	17,320
Total liabilities	48,603	45,567
Net assets		
Shareholders' equity		
Capital stock	23,220	23,220
Capital surplus	20,388	20,393
Retained earnings	95,664	100,775
Treasury shares	(12,199)	(12,679)
Total shareholders' equity	127,074	131,710
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,477	16,420
Revaluation reserve for land	*4 1,626	*4 1,646
Foreign currency translation adjustment	1,580	2,798
Remeasurements of defined benefit plans	(1,516)	(990)
Total accumulated other comprehensive income	16,167	19,875
Share acquisition rights	205	223
Non-controlling interests	17,927	18,764
Total net assets	161,374	170,574
Total liabilities and net assets	209,977	216,142

(2) Consolidated Statements of Income and Comprehensive Income**(Consolidated Statement of Income)**

(Millions of yen)

	FY3/17 (Apr. 1, 2016 to Mar. 31, 2017)		FY3/18 (Apr. 1, 2017 to Mar. 31, 2018)	
Net sales		154,221		173,805
Cost of sales	*1	123,884	*1	144,973
Gross profit		30,336		28,831
Selling, general and administrative expenses	*2,*3	17,168	*2,*3	17,974
Operating profit		13,168		10,856
Non-operating income				
Interest income		294		415
Dividend income		629		771
Insurance income		104		88
Gain on sales of investment securities		-		226
Share of profit of entities accounted for using equity method		300		332
Other		250		278
Total non-operating income		1,579		2,113
Non-operating expenses				
Interest expenses		157		107
Foreign exchange losses		199		152
Commitment fee		27		27
Cost for employees transferred temporarily to overseas subsidiaries		261		246
Loss on disposal of PCB		231		-
Arbitration settlement cost		-		120
Other		107		31
Total non-operating expenses		984		685
Ordinary profit		13,763		12,284
Extraordinary income				
Gain on sales of non-current assets	*4	2	*4	1
Gain on sales of investment securities		-		23
Total extraordinary income		2		24
Extraordinary losses				
Loss on sales and retirement of non-current assets	*5	93	*5	99
Impairment loss	*6	737	*6	3
Loss on valuation of investment securities		134		86
Loss on liquidation of subsidiaries and associates		-		33
Other		0		-
Total extraordinary losses		965		222
Profit before income taxes		12,800		12,087
Income taxes-current		4,126		3,537
Income taxes-deferred		73		(145)
Total income taxes		4,199		3,391
Profit		8,600		8,695
Profit attributable to non-controlling interests		1,866		1,335
Profit attributable to owners of parent		6,734		7,360

(Consolidated Statement of Comprehensive Income)

	(Millions of yen)	
	FY3/17	FY3/18
	(Apr. 1, 2016 to Mar. 31, 2017)	(Apr. 1, 2017 to Mar. 31, 2018)
Profit	8,600	8,695
Other comprehensive income		
Valuation difference on available-for-sale securities	3,725	1,873
Foreign currency translation adjustment	(734)	2,065
Remeasurements of defined benefit plans, net of tax	309	636
Share of other comprehensive income of entities accounted for using equity method	22	43
Total other comprehensive income	* 3,322	* 4,618
Comprehensive income	11,923	13,314
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	10,597	11,049
Comprehensive income attributable to non-controlling interests	1,326	2,264

(3) Consolidated Statements of Changes in Equity

FY3/17 (Apr. 1, 2016 to Mar. 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	23,220	21,432	90,589	(10,399)	124,844
Changes of items during period					
Dividends of surplus			(1,660)		(1,660)
Profit attributable to owners of parent			6,734		6,734
Purchase of treasury shares				(1,810)	(1,810)
Disposal of treasury shares		(1)		9	8
Capital increase of consolidated subsidiaries		(1,048)			(1,048)
Purchase of shares of consolidated subsidiaries		6			6
Reversal of revaluation reserve for land			0		0
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(1,044)	5,075	(1,800)	2,230
Balance at end of current period	23,220	20,388	95,664	(12,199)	127,074

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	10,755	1,626	1,860	(1,937)	12,305	177	16,071	153,399
Changes of items during period								
Dividends of surplus								(1,660)
Profit attributable to owners of parent								6,734
Purchase of treasury shares								(1,810)
Disposal of treasury shares								8
Capital increase of consolidated subsidiaries								(1,048)
Purchase of shares of consolidated subsidiaries								6
Reversal of revaluation reserve for land								0
Net changes of items other than shareholders' equity	3,721	(0)	(279)	420	3,861	27	1,855	5,744
Total changes of items during period	3,721	(0)	(279)	420	3,861	27	1,855	7,975
Balance at end of current period	14,477	1,626	1,580	(1,516)	16,167	205	17,927	161,374

FY3/18 (Apr. 1, 2017 to Mar. 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	23,220	20,388	95,664	(12,199)	127,074
Changes of items during period					
Dividends of surplus			(2,230)		(2,230)
Profit attributable to owners of parent			7,360		7,360
Purchase of treasury shares				(495)	(495)
Disposal of treasury shares		(5)		15	9
Purchase of shares of consolidated subsidiaries		11			11
Reversal of revaluation reserve for land			(19)		(19)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	5	5,110	(480)	4,635
Balance at end of current period	23,220	20,393	100,775	(12,679)	131,710

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	14,477	1,626	1,580	(1,516)	16,167	205	17,927	161,374
Changes of items during period								
Dividends of surplus								(2,230)
Profit attributable to owners of parent								7,360
Purchase of treasury shares								(495)
Disposal of treasury shares								9
Purchase of shares of consolidated subsidiaries								11
Reversal of revaluation reserve for land								(19)
Net changes of items other than shareholders' equity	1,943	20	1,218	526	3,708	18	836	4,564
Total changes of items during period	1,943	20	1,218	526	3,708	18	836	9,199
Balance at end of current period	16,420	1,646	2,798	(990)	19,875	223	18,764	170,574

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY3/17 (Apr. 1, 2016 to Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 to Mar. 31, 2018)
Cash flows from operating activities		
Profit before income taxes	12,800	12,087
Depreciation	4,169	4,318
Amortization of goodwill	3	3
Share of loss (profit) of entities accounted for using equity method	(300)	(332)
Increase (decrease) in net defined benefit liability	(1,630)	78
Increase (decrease) in provision for directors' retirement benefits	(17)	(28)
Increase (decrease) in provision for bonuses	113	4
Increase (decrease) in allowance for doubtful accounts	2	35
Interest and dividend income	(923)	(1,187)
Interest expenses	157	107
Insurance income	(104)	(88)
Loss (gain) on sales of investment securities	6	(226)
Loss (gain) on valuation of investment securities	134	86
Loss (gain) on sales and retirement of non-current assets	90	97
Impairment loss	737	3
Decrease (increase) in notes and accounts receivable-trade	(3,398)	(2,681)
Decrease (increase) in inventories	(483)	(7,937)
Increase (decrease) in notes and accounts payable-trade	1,459	245
Increase (decrease) in accrued consumption taxes	(936)	177
Other, net	780	49
Subtotal	12,659	4,811
Proceeds from insurance income	104	88
Interest and dividend income received	957	1,236
Interest expenses paid	(162)	(109)
Income taxes paid	(3,341)	(4,094)
Net cash provided by (used in) operating activities	10,218	1,933
Cash flows from investing activities		
Payments into time deposits	(1,261)	(3,808)
Proceeds from withdrawal of time deposits	6,816	1,984
Proceeds from sales and redemption of securities	100	-
Purchase of property, plant and equipment	(4,768)	(4,563)
Proceeds from sales of property, plant and equipment	10	1
Purchase of intangible assets	(298)	(162)
Purchase of investment securities	(3,307)	(3,605)
Proceeds from sales and redemption of investment securities	1,359	1,445
Payments of loans receivable	(424)	(484)
Collection of loans receivable	215	165
Net cash provided by (used in) investing activities	(1,559)	(9,026)

	(Millions of yen)	
	FY3/17	FY3/18
	(Apr. 1, 2016 to Mar. 31, 2017)	(Apr. 1, 2017 to Mar. 31, 2018)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(5,737)	(664)
Repayments of lease obligations	(164)	(180)
Proceeds from sales of treasury shares	0	0
Purchase of treasury shares	(1,807)	(492)
Cash dividends paid	(1,675)	(2,251)
Dividends paid to non-controlling interests	(511)	(1,407)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1)	(291)
Net cash provided by (used in) financing activities	(9,897)	(5,288)
Effect of exchange rate change on cash and cash equivalents	(503)	611
Net increase (decrease) in cash and cash equivalents	(1,742)	(11,769)
Cash and cash equivalents at beginning of period	40,790	39,047
Cash and cash equivalents at end of period	* 39,047	* 27,277

(5) Notes to Consolidated Financial Statements**Going-concern Assumption**

Not applicable.

Significant Accounting Policies in the Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 7

Takada Kozai Kogyo Co., Ltd.
 Sheng Yu Steel Co., Ltd. (SYSCO)
 Yodoko Shoji Co., Ltd.
 Keiyo Tekko Futo Co., Ltd.
 Yodoko Kohatsu Co., Ltd.
 Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS)
 PCM Processing (Thailand) Ltd. (PPT)

(2) Names of major non-consolidated subsidiaries

Yodoko Kosan Co., Ltd., Yodogawa-Fuyo Co.,Ltd., Yodoko International Ltd. (YIL), Yodoko Building Materials (Hangzhou) Co.,Ltd. (YBMH)

The sum of total assets, sales, net income or loss (equity-method amount), retained earnings (equity-method amount) and other financial items of non-consolidated subsidiaries is small in relation to all of the corresponding consolidated figures. Consequently, these subsidiaries are excluded from consolidation because they would not have a material impact on the consolidated financial statements.

2. Application of equity method

(1) Number of non-consolidated subsidiaries and affiliates accounted for using the equity method and names of major companies

Non-consolidated subsidiaries: None

Affiliates: 1 SADOSHIMA CORPORATION

(2) Names of major non-consolidated subsidiaries and affiliates not accounted for using the equity method and reason for exclusion

Non-consolidated subsidiaries: Yodoko Kosan Co., Ltd., Yodogawa-Fuyo Co.,Ltd., Yodoko International Ltd. (YIL),
 Yodoko Building Materials (Hangzhou) Co.,Ltd. (YBMH)

Affiliates: FUJIDEN INTERNATIONAL CORP., Shanghai Yodoko Trading Co., Ltd. (SYT)

The net income or loss (equity-method amount), retained earnings (equity-method amount) and other financial items of the non-consolidated subsidiaries and affiliates not accounted for using the equity method are negligible and the sum of these items for all of these subsidiaries and affiliates is immaterial in relation to the consolidated financial statements. Consequently, the cost method is used for the valuation of investments in these companies and the equity method is not used.

3. Fiscal year-end of consolidated subsidiaries

For consolidated subsidiaries, the fiscal year-end of SYSCO, YSS and PPT is the end of December. For the preparation of the consolidated financial statements, the financial statements as of the end of December are used for SYSCO, YSS and PPT. Consolidation adjustments are then made as needed for any significant transactions that occurred between January 1 and March 31, the end of the consolidated fiscal year.

4. Significant accounting policies

(1) Valuation standards and methods for significant assets

1) Securities

i. Held-to-maturity debt securities

Stated at amortized cost (the straight-line method)

ii. Available-for-sale securities

With market quotations

Stated at fair value based on the market price at the end of the fiscal year (Unrealized gain or loss, net of applicable

income taxes, are included directly in net assets, and cost of securities sold is determined by the moving-average method.

Without market quotations

Stated at cost determined by the moving-average method

2) Derivatives

Stated at fair value

3) Inventories

Primarily stated at cost determined by the gross average method (The carrying value on the balance sheet is written down to reflect declines in profitability.)

The overseas subsidiaries apply primarily the cost method based on the moving-average method.

(2) Depreciation and amortization methods for significant depreciable assets

1) Property, plant and equipment (excluding lease assets)

Yodogawa Steel and domestic consolidated subsidiaries apply the declining-balance method. The overseas consolidated subsidiaries apply the straight-line method.

However, Yodogawa Steel applies the straight-line method for depreciation of buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings) and facilities attached to buildings and structures acquired on or after April 1, 2016.

The major useful lives of property, plant and equipment are as follows:

Buildings and structures	3 to 60 years
Machinery, equipment and vehicles	3 to 36 years

2) Intangible assets (excluding lease assets)

Straight-line method is applied.

Software for internal use is amortized by the straight-line method over an estimated useful life of five years.

3) Lease assets

Lease assets associated with finance lease transactions that transfer ownership

The same method as the depreciation method used for non-current assets held by Yodogawa Steel is applied.

Lease assets associated with finance lease transactions that do not transfer ownership

The straight-line method is applied over the lease period used as the useful life of the assets with no residual value.

(3) Accounting for significant allowances

1) Allowance for doubtful accounts

To prepare for credit losses on accounts receivable-trade and loans receivables, an allowance equal to the estimated amount of uncollectible receivables is provided for general receivables based on the historical write-off ratio, and bad receivables based on a case-by-case determination of collectibility.

2) Provision for bonuses

To provide for accrued bonuses for employees, an allowance is provided at the amount based on the estimated bonus obligations in the current fiscal year.

3) Provision for directors' retirement benefits

To provide for directors' retirement benefits obligation, an allowance is provided at an amount required to be paid at the fiscal year-end in accordance with the internal rules on directors' retirement benefits at domestic consolidated subsidiaries.

(4) Accounting method for retirement benefits

1) Method of attributing estimated retirement benefits to periods

In calculation of retirement benefit obligations, Yodogawa Steel uses the straight-line method for attributing estimated retirement benefits to period up to the end of the current fiscal year.

2) Amortization of actuarial differences and past service cost

Past service cost is amortized and expensed by the straight-line method over a certain period (mainly 10 years) within the average remaining years of service of the eligible employees when incurred.

Actuarial differences are amortized by the straight-line method over a certain period (mainly 10 years) within the average remaining years of service of the eligible employees when incurred and expensed in the year following the fiscal year in which such differences are recognized.

3) Adoption of the simplified method in small-scale companies

Some consolidated subsidiaries calculate net defined benefit liability and retirement benefit expenses by using a simplified method in which the retirement benefit obligations are equal to the amount that would be paid if all employees voluntarily requested retirement benefits at the end of the fiscal year.

(5) Recognition of significant revenues and expenses

Recognition criteria for recording amount and cost of completed construction contracts

- 1) For contracted work of which the outcome by the end of the current fiscal year can be reliably estimated, the percentage-of-completion method (with the percentage of completion estimated on the cost-to-cost basis) is applied.
- 2) The completed-contract method is applied to other contracted work.

(6) Translation of significant foreign currency-denominated assets and liabilities

Foreign currency-denominated receivables and payables are translated into Japanese yen at the spot exchange rate on the consolidated balance sheet date and resulting exchange gains or losses are recognized in profit or loss. Assets and liabilities of overseas subsidiaries are translated into Japanese yen at the spot exchange rate of their balance sheet dates, and income and expenses are translated into Japanese yen at the average exchange rates for the period. The resulting exchange gains or losses are included in foreign currency translation adjustment and non-controlling interests under the net assets section.

(7) Method of significant hedge accounting

1) Hedging method

The deferred hedge accounting is used. However, the allocation method is used for forward exchange contracts that meet certain hedge accounting criteria.

2) Hedging instruments and hedged items

Hedging instruments:	Hedged items:
Forward exchange contracts	Receivables and payables denominated in foreign currencies

3) Hedging policy

Hedging is used to reduce risk exposure for hedged items.

4) Method for assessing hedge effectiveness

For foreign currency-denominated receivables and payables with forward exchange contracts, the assessment of hedge effectiveness is omitted because hedges are assumed to completely offset changes in cash flows since the significant terms for hedging instruments and hedged items are the same.

(8) Amortization method and period of goodwill

Goodwill is amortized using the straight-line method over a period of five years.

(9) Cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents consists of cash on hand, deposits that can be withdrawn on demand, and short-term investments, with maturities of three months or less, that are readily convertible to cash and present insignificant risk of change in value.

(10) Accounting for consumption taxes

All amounts stated are exclusive of national and local consumption taxes. Non-deductible national and local consumption taxes are changed to expenses in the current fiscal year.

Notes to Consolidated Balance Sheet***1. Assets pledged as collateral and liabilities with collateral**

Assets pledged as collateral are as follows:

	(Millions of yen)	
	FY3/17 (as of Mar. 31, 2017)	FY3/18 (as of Mar. 31, 2018)
Cash and deposits	60	60
Investment securities	16	6
Other (Investment and other assets)	83	40
Total	159	107

Liabilities with collateral are as follows:

	(Millions of yen)	
	FY3/17 (as of Mar. 31, 2017)	FY3/18 (as of Mar. 31, 2018)
Other current liabilities	52	51

***2. The following items are applicable to non-consolidated subsidiaries and affiliates.**

	(Millions of yen)	
	FY3/17 (as of Mar. 31, 2017)	FY3/18 (as of Mar. 31, 2018)
Investment securities (stocks)	5,017	5,536

3. Contingent liabilities**(1) Guaranteed debt**

Debt guarantees are provided for loans from financial institutions and other lenders to companies other than consolidated subsidiaries.

	(Millions of yen)	
	FY3/17 (as of Mar. 31, 2017)	FY3/18 (as of Mar. 31, 2018)
YBMH	80	127
YODOKO (THAILAND) CO.,LTD.	48	
PCM STEEL PROCESSING SDN.BHD.	2	

(2) Other contingent liabilities

	FY3/17 (as of Mar. 31, 2017)	FY3/18 (as of Mar. 31, 2018)
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Yodogawa Steel made repairs and provided other services for machinery that was delivered to a customer in Africa. The machinery did not operate properly, was damaged during shipment and had other problems.

Yodogawa Steel may be required to make additional payments for the repair expenses of approximately 300 million yen, which should not be borne by Yodogawa Steel, depending on the outcome of negotiations with the subcontractor for this transaction.

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Regarding contingent liabilities for the previous fiscal year, court arbitration resulted in the decision to finish negotiation with the subcontractor during the current fiscal year. In conjunction with this decision, an arbitration settlement cost of 120 million yen is included in non-operating expenses.

*4. In accordance with the Law Concerning Revaluation of Land (Law No. 34, March 31, 1998), some consolidated subsidiaries and equity-method affiliates reevaluated land used for business operations. The equity-method portion of the land revaluation difference resulting from this reevaluation is included in net assets as a revaluation reserve for land.

- Method of revaluation: Revaluation is conducted in accordance with Article 2, Paragraph 3 and 4 of the Ordinance Implementing the Law Concerning Revaluation of Land (No. 119 of the 1998 Cabinet Order, promulgated on March 31, 1998),.

- Date of revaluation: March 31, 2000

	(Millions of yen)	
	FY3/17 (as of Mar. 31, 2017)	FY3/18 (as of Mar. 31, 2018)
Difference between the market value of land for revaluation and book value of the said land after revaluation	(328)	(330)
Portion of difference for leased land, etc.	(12)	(12)

- Date of revaluation: March 31, 2002

	(Millions of yen)	
	FY3/17 (as of Mar. 31, 2017)	FY3/18 (as of Mar. 31, 2018)
Difference between the market value of land for revaluation and book value of the said land after revaluation	(604)	(572)
Portion of difference for leased land, etc.	(285)	(285)

*5. Yodogawa Steel has committed line agreements with a number of financial institutions in order to procure funds for working capital whenever needed. The unused balance under the commitment lines of credit at the end of the fiscal year is as follows.

	(Millions of yen)	
	FY3/17 (as of Mar. 31, 2017)	FY3/18 (as of Mar. 31, 2018)
Total commitment line of credit	17,950	17,010
Credit used	-	-
Unused balance	17,950	17,010

Notes to Consolidated Statement of Income

*1. The ending inventory is the amount written down to reflect decline in profitability. The following loss on valuation of inventories is included in cost of sales.

(Millions of yen)

FY3/17 (Apr. 1, 2016 to Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 to Mar. 31, 2018)
(339)	77

*2. Major items and amounts of selling, general and administrative expenses are as follows:

(Millions of yen)

	FY3/17 (Apr. 1, 2016 to Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 to Mar. 31, 2018)
Provision for bonuses	360	372
Retirement benefit expenses	594	394
Freightage expenses	5,106	5,427
Salaries and allowances	3,835	4,291

*3. Total amount of research and development expenses included in general and administrative expenses

(Millions of yen)

	FY3/17 (Apr. 1, 2016 to Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 to Mar. 31, 2018)
	525	549

*4. Breakdown of gain on sales of non-current assets is as follows:

(Millions of yen)

	FY3/17 (Apr. 1, 2016 to Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 to Mar. 31, 2018)
Machinery, equipment and vehicles	1	1
Land	1	-
Other (property, plant and equipment)	0	0
Total	2	1

*5. Breakdown of loss on sales and retirement of non-current assets is as follows:

(Millions of yen)

	FY3/17 (Apr. 1, 2016 to Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 to Mar. 31, 2018)
Buildings and structures	55	64
Machinery, equipment and vehicles	21	24
Other (property, plant and equipment)	15	9
Other (intangible assets)	0	0
Total	93	99

*6. The Yodogawa Steel Group recognized an impairment loss on the following asset groups.

FY3/17 (Apr. 1, 2016 to Mar. 31, 2017)

(Millions of yen)

Location	Use	Type	Amount
Anhui, China	Production equipment	Machinery, equipment and buildings	714
Miyazaki City, Miyazaki	Idle assets	Land	22
Ikoma City, Nara	Idle assets	Land	0
Suzaka City, Nagano	Idle assets	Land	0

Yodogawa Steel and its consolidated subsidiaries group assets based on asset classifications used for managerial accounting for monitoring the performance of businesses on a regular basis. In the fiscal year ended March 31, 2017, the book value of production equipment at YSS, where business operations have been consistently unprofitable, was written down to the recoverable amount and this impairment loss of 714 million yen (679 million yen for machinery and equipment and 34 million yen for buildings) was recognized as an extraordinary loss. In addition, for idle assets with no prospects for use in the future where the market value has decreased, the book value was written down to the recoverable amount and this impairment loss of 23 million yen (all for land) was recognized as an extraordinary loss. For the recoverable amount, net selling prices are calculated based on the residual value for machinery and equipment, and real estate appraisals and property tax valuations for land and buildings.

FY3/18 (Apr. 1, 2017 to Mar. 31, 2018)

(Millions of yen)

Location	Use	Type	Amount
Miyazaki City, Miyazaki	Idle assets	Land	3
Suzaka City, Nagano	Idle assets	Land	0

Yodogawa Steel and its consolidated subsidiaries group assets based on asset classifications used for managerial accounting for monitoring the performance of businesses on a regular basis. In the fiscal year ended March 31, 2018, for idle assets with no prospects for use in the future where the market value has decreased, the book value was written down to the recoverable amount and this impairment loss of 3 million yen (all for land) was recognized as an extraordinary loss. For the recoverable amount, net selling prices are calculated based on property tax valuations.

Notes to Consolidated Statement of Comprehensive Income

* Reclassification adjustments and tax effect with respect to other comprehensive income

(Millions of yen)

	FY3/17 (Apr. 1, 2016 to Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 to Mar. 31, 2018)
Valuation difference on available-for-sale securities:		
Amount incurred during the year	5,089	2,851
Reclassification adjustments	6	(226)
Before tax effect adjustments	5,096	2,624
Tax effect	(1,371)	(750)
Valuation difference on available-for-sale securities	3,725	1,873
Revaluation reserve for land:		
Amount incurred during the year	-	-
Reclassification adjustments	-	-
Before tax effect adjustments	-	-
Tax effect	-	-
Revaluation reserve for land	-	-
Foreign currency translation adjustment:		
Amount incurred during the year	(734)	2,065
Reclassification adjustments	-	-
Before tax effect adjustments	(734)	2,065
Tax effect	-	-
Foreign currency translation adjustment	(734)	2,065
Remeasurements of defined benefit plans, net of tax:		
Amount incurred during the year	222	94
Reclassification adjustments	278	768
Before tax effect adjustments	501	862
Tax effect	(191)	(226)
Remeasurements of defined benefit plans, net of tax	309	636
Share of other comprehensive income of entities accounted for using equity method:		
Amount incurred during the year	22	43
Reclassification adjustments	-	-
Share of other comprehensive income of entities accounted for using equity method	22	43
Total other comprehensive income	3,322	4,618

Notes to Consolidated Statement of Changes in Equity

FY3/17 (Apr. 1, 2016 to Mar. 31, 2017)

1. Type and number of outstanding shares and treasury shares (Thousands of shares)

	Number of shares as of Apr. 1, 2016	Increase	Decrease	Number of shares as of Mar. 31, 2017
Outstanding shares				
Common stock	35,837	-	-	35,837
Total	35,837	-	-	35,837
Treasury shares				
Common stock (Notes 1 and 2)	5,363	670	4	6,028
Total	5,363	670	4	6,028

Notes: 1. An increase of 670 thousand shares in the number of treasury shares is due to an increase of 667 thousand shares from the acquisition of treasury shares based on a resolution by the Board of Directors, an increase of 1 thousand shares from the purchase of shares less than one unit, and the return of 1 thousand shares of treasury shares (Yodogawa Steel Works shares) that an equity-method affiliate had acquired.

2. The decrease of 4 thousand shares in the number of treasury shares is due to a decrease of 4 thousand shares to provide stock to individuals who exercised stock options and a decrease of 0 thousand shares due to the transfer of shares less than one unit in response to purchase requests.

2. Share acquisition rights and treasury share acquisition rights

Category	Details of share acquisition rights	Type of shares subject to share acquisition rights	Number of shares subject to share acquisition rights (Thousands of shares)				Balance as of Mar. 31, 2017 (Millions of yen)
			As of Apr. 1, 2016	Increase	Decrease	As of Mar. 31, 2017	
Filing company (Parent)	Share acquisition rights as stock options	-	-	-	-	-	205
Total		-	-	-	-	-	205

3. Dividends**(1) Dividend payment**

Resolution	Type of share	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors' meeting on May 10, 2016	Common stock	768	25	Mar. 31, 2016	Jun. 24, 2016
Board of Directors' meeting on Nov. 2, 2016	Common stock	906	30	Sep. 30, 2016	Dec. 1, 2016

(2) Dividends with a record date in FY3/17 but an effective date in FY3/18

Resolution	Type of share	Total dividends (Millions of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
Board of Directors' meeting on May 10, 2017	Common stock	1,203	Retained earnings	40	Mar. 31, 2017	Jun. 23, 2017

FY3/18 (Apr. 1, 2017 to Mar. 31, 2018)

1. Type of number of outstanding shares and treasury shares

(Thousands of shares)

	Number of shares as of Apr. 1, 2017	Increase	Decrease	Number of shares as of Mar. 31, 2018
Outstanding shares				
Common stock	35,837	-	-	35,837
Total	35,837	-	-	35,837
Treasury shares				
Common stock (Notes 1 and 2)	6,028	162	6	6,185
Total	6,028	162	6	6,185

Notes: 1. An increase of 162 thousand shares in the number of treasury shares is due to an increase of 160 thousand shares from the acquisition of treasury shares based on a resolution by the Board of Directors, an increase of 1 thousand shares from the purchase of shares less than one unit, and the return of 0 thousand shares of treasury shares (Yodogawa Steel Works shares) that an equity-method affiliate had acquired.

2. The decrease of 6 thousand shares in the number of treasury shares is due to a decrease of 6 thousand shares to provide stock to individuals who exercised stock options and a decrease of 0 thousand shares due to the transfer of shares less than one unit in response to purchase requests

2. Share acquisition rights and treasury share acquisition rights

Category	Details of share acquisition rights	Type of shares subject to share acquisition rights	Number of shares subject to s share acquisition rights (Thousands of shares)				Balance as of Mar. 31, 2018 (Millions of yen)
			As of Apr. 1, 2017	Increase	Decrease	As of Mar. 31, 2018	
Filing company (Parent)	Share acquisition rights as stock options	-	-	-	-	-	223
Total		-	-	-	-	-	223

3. Dividends

(1) Dividend payment

Resolution	Type of share	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors' meeting on May 10, 2017	Common stock	1,203	40	Mar. 31, 2017	Jun. 23, 2017
Board of Directors' meeting on Nov. 2, 2017	Common stock	1,047	35	Sep. 30, 2017	Dec. 1, 2017

(2) Dividends with a record date in FY3/18 but an effective date in FY3/19

Resolution	Type of share	Total dividends (Millions of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
Board of Directors' meeting on May 10, 2018	Common stock	1,197	Retained earnings	40	Mar. 31, 2018	Jun. 25, 2018

Notes to Consolidated Statement of Cash Flows

* Reconciliation of cash and cash equivalents at the end of the fiscal year and amounts in the consolidated balance sheet

(Millions of yen)

	FY3/17 (Apr. 1, 2016 to Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 to Mar. 31, 2018)
Cash and deposits	40,761	30,716
Trust beneficiary rights included in current assets and other items	-	1,000
Time deposits with maturities over three months	(1,714)	(4,438)
Cash and cash equivalents	39,047	27,277

Segment Information

1. Overview of reportable segments

Segments used for financial reporting are the Yodogawa Steel Group's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Yodogawa Steel Group has business divisions based on the products and services of Yodogawa Steel and its consolidated subsidiaries. Each division determines strategies and conducts business operations for its products and services. Accordingly, the Yodogawa Steel Group is composed of segments classified by products or services based on the business divisions and there are four reportable segments: Steel Sheet-related business, Roll business, Grating business and Real Estate business.

The Steel Sheet-related business manufactures and sells cold-rolled steel sheets, steel strips, plated steel sheets, galvanized steel sheets and other steel sheets, manufactures and sells building materials (roofing and printed products, liner panels, siding and other products) and exterior products (storage sheds, garages, bicycle parking units, trash receptacles and other products), and performs design and contracting for construction. The Roll business manufactures and sells rolls for section steel, rolls for non-ferrous metals and other products. The Grating business manufactures and sells gratings. The Real Estate business is engaged in leasing and buying and selling buildings, parking lots and other real estate.

2. Calculation method for net sales, profit/loss, assets, and other items for each reportable segment

The accounting methods for reportable segments are generally the same as those listed in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements."

3. Information related to net sales, profit/loss, assets, and other items for each reportable segment

FY3/17 (Apr. 1, 2016 to Mar. 31, 2017)

	Reportable segments					Others (Note 1)	Total	Adjustment	Amounts shown on the consolidated financial statements
	Steel Sheet-related Business	Roll Business	Grating Business	Real Estate Business	Total				
Net sales									
External sales	142,811	3,385	3,672	995	150,864	3,356	154,221	-	154,221
Inter-segment sales and transfers	-	-	-	442	442	2,662	3,104	(3,104)	-
Total	142,811	3,385	3,672	1,438	151,307	6,018	157,326	(3,104)	154,221
Segment profit	12,969	264	162	758	14,154	316	14,471	Note 2 (1,302)	Note 3 13,168
Segment assets	127,861	3,161	3,507	9,381	143,911	9,968	153,880	Note 4 56,097	209,977
Other items									
Depreciation	3,475	157	73	91	3,797	325	4,122	46	4,169
Investment in equity-method affiliates	4,089	-	384	2	4,477	-	4,477	-	4,477
Increases in property, plant and equipment and intangible assets	4,475	62	19	1,074	5,631	171	5,803	Note 5 25	5,828

Notes: 1. Others represent businesses which are not included in any of the reportable segments and mainly consist of transportation, warehouse, golf course, machinery plant, electric power (sale of solar power) and other businesses.

2. The adjustment to segment profit includes unallocated expenses of (1,310) million yen and an elimination for inter-segment transactions of 8 million yen.

3. Segment profit is adjusted to be consistent with the operating profit on the consolidated statement of income.
4. The adjustment to segment assets includes corporate assets of 56,401 million yen and an elimination for inter-segment transactions of (303) million yen.
5. The adjustment of 25 million yen to increases in property, plant and equipment and intangible assets is capital expenditures mainly for corporate tools, furniture and fixtures.

FY3/18 (Apr. 1, 2017 to Mar. 31, 2018)

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjustment	Amounts shown on the consolidated financial statements
	Steel Sheet-related Business	Roll Business	Grating Business	Real Estate Business	Total				
Net sales									
External sales	161,674	3,759	3,547	1,067	170,048	3,756	173,805	-	173,805
Inter-segment sales and transfers	-	-	-	442	442	2,664	3,107	(3,107)	-
Total	161,674	3,759	3,547	1,509	170,490	6,421	176,912	(3,107)	173,805
Segment profit	10,818	57	114	736	11,727	361	12,089	Note 2 (1,232)	Note 3 10,856
Segment assets	133,372	3,354	3,472	9,716	149,915	9,802	159,718	Note 4 56,423	216,142
Other items									
Depreciation	3,631	134	64	124	3,954	319	4,274	44	4,318
Investment in equity-method affiliates	4,380	-	407	3	4,791	-	4,791	-	4,791
Increases in property, plant and equipment and intangible assets	2,588	42	32	225	2,888	238	3,126	Note 5 59	3,186

Notes: 1. Others represent businesses which are not included in any of the reportable segments and mainly consist of transportation, warehouse, golf course, machinery plant, electric power (sale of solar power) and other businesses.

2. The adjustment to segment profit includes unallocated expenses of (1,236) million yen and an elimination for inter-segment transactions of 4 million yen.

3. Segment profit is adjusted to be consistent with the operating profit on the consolidated statement of income.

4. The adjustment to segment assets includes corporate assets of 56,699 million yen and an elimination for inter-segment transactions of (275) million yen.

5. The adjustment of 59 million yen to increases in property, plant and equipment and intangible assets is capital expenditures mainly for corporate software.

Per-share Information

(Yen)

	FY3/17 (Apr. 1, 2016 to Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 to Mar. 31, 2018)
Net assets per share	4,805.41	5,112.17
Net income per share	224.27	247.98
Diluted net income per share	223.38	246.93

Note: Basis for calculation of net income per share and diluted net income per share is as follows.

	FY3/17 (Apr. 1, 2016 to Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 to Mar. 31, 2018)
Net income per share		
Profit attributable to owners of parent (Millions of yen)	6,734	7,360
Amount not available to common shareholders (Millions of yen)	-	-
Profit attributable to common shareholders of parent (Millions of yen)	6,734	7,360
Average number of common shares outstanding during period (Thousands of shares)	30,030	29,680
Diluted net income per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	-	-
Increase in the number of common shares (Thousands of shares)	119	125
[of which share acquisition rights (Thousands of shares)]	[119]	[125]
Summary of potential stock not included in the calculation of diluted net income per share since there was no dilutive effect	-	

Subsequent Events

Not applicable.

4. Non-consolidated Financial Statements**(1) Non-consolidated Balance Sheet**

	(Millions of yen)	
	FY3/17	FY3/18
	(as of Mar. 31, 2017)	(as of Mar. 31, 2018)
Assets		
Current assets		
Cash and deposits	17,342	13,011
Notes receivable-trade	1,868	1,783
Accounts receivable-trade	34,925	37,966
Securities	-	2,589
Merchandise and finished goods	9,858	12,087
Work in process	2,445	3,148
Raw materials and supplies	5,240	6,518
Prepaid expenses	66	62
Deferred tax assets	620	503
Other	1,906	1,237
Allowance for doubtful accounts	(3)	(4)
Total current assets	74,270	78,903
Non-current assets		
Property, plant and equipment		
Buildings	8,039	7,827
Structures	762	792
Machinery and equipment	6,953	6,011
Vehicles	15	8
Tools, furniture and fixtures	375	429
Land	13,589	13,588
Construction in progress	69	269
Total property, plant and equipment	29,806	28,927
Intangible assets		
Software	104	142
Other	360	422
Total intangible assets	465	564
Investments and other assets		
Investment securities	35,318	37,962
Shares of subsidiaries and associates	29,212	29,293
Long-term loans receivable	0	-
Other	492	255
Allowance for doubtful accounts	(0)	-
Total investments and other assets	65,024	67,511
Total non-current assets	95,296	97,003
Total assets	169,567	175,907

	(Millions of yen)	
	FY3/17	FY3/18
	(as of Mar. 31, 2017)	(as of Mar. 31, 2018)
Liabilities		
Current liabilities		
Notes payable-trade	2,917	2,989
Accounts payable-trade	11,860	12,001
Short-term loans payable	1,940	1,940
Accounts payable - other	2,018	999
Accrued expenses	2,149	2,171
Income taxes payable	1,843	1,508
Advances received	83	98
Deposits received	102	174
Provision for bonuses	926	931
Other	1,023	704
Total current liabilities	24,865	23,518
Non-current liabilities		
Provision for retirement benefits	4,691	5,106
Long-term guarantee deposited	1,105	1,270
Deferred tax liabilities	4,381	4,823
Asset retirement obligations	239	241
Other	509	420
Total non-current liabilities	10,927	11,862
Total liabilities	35,792	35,380
Net assets		
Shareholders' equity		
Capital stock	23,220	23,220
Capital surplus		
Legal capital surplus	5,805	5,805
Other capital surplus	15,588	15,582
Total capital surpluses	21,393	21,387
Retained earnings		
Other retained earnings		
Reserve for advanced depreciation of non-current assets	967	931
Reserve for special depreciation	635	499
General reserve	71,382	71,382
Retained earnings brought forward	15,171	20,633
Total retained earnings	88,156	93,447
Treasury shares	(13,369)	(13,846)
Total shareholders' equity	119,402	124,209
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	14,167	16,093
Total valuation and translation adjustments	14,167	16,093
Share acquisition rights	205	223
Total net assets	133,774	140,526
Total liabilities and net assets	169,567	175,907

(2) Non-consolidated Statement of Income

(Millions of yen)

	FY3/17 (Apr. 1, 2016 to Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 to Mar. 31, 2018)
Net sales	97,043	106,357
Cost of sales	75,377	84,781
Gross profit	21,666	21,575
Selling, general and administrative expenses	13,679	13,774
Operating profit	7,986	7,801
Non-operating income		
Interest income	194	238
Dividend income	1,261	2,378
Gain on sales of investment securities	-	200
Other	183	209
Total non-operating income	1,639	3,026
Non-operating expenses		
Interest expenses	51	60
Arbitration settlement cost	-	120
Other	776	294
Total non-operating expenses	827	475
Ordinary profit	8,798	10,352
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	-	23
Total extraordinary income	-	23
Extraordinary losses		
Loss on sales and retirement of non-current assets	68	70
Impairment loss	22	3
Loss on valuation of shares of subsidiaries and associates	134	86
Loss on liquidation of subsidiaries and associates	-	33
Total extraordinary losses	226	193
Profit before income taxes	8,572	10,182
Income taxes - current	2,939	2,850
Income taxes - deferred	(305)	(209)
Total income taxes	2,634	2,640
Profit	5,938	7,541

(3) Non-consolidated Statement of Changes in Equity

FY3/17 (Apr. 1, 2016 to Mar. 31, 2017)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings				Total retained earnings
					Reserve for advanced depreciation of non-current assets	Reserve for special depreciation	General reserve	Retained earnings brought forward	
Balance at beginning of current period	23,220	5,805	15,590	21,395	1,004	774	71,382	10,731	83,893
Changes of items during period									
Reversal of reserve for advanced depreciation of non-current assets					(36)			36	-
Reversal of reserve for special depreciation						(139)		139	-
Dividends of surplus								(1,675)	(1,675)
Profit								5,938	5,938
Purchase of treasury shares									
Disposal of treasury shares			(1)	(1)					
Net changes of items other than shareholders' equity									
Total changes of items during period	-	-	(1)	(1)	(36)	(139)	-	4,439	4,263
Balance at end of current period	23,220	5,805	15,588	21,393	967	635	71,382	15,171	88,156

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	(11,571)	116,938	10,542	10,542	177	127,658
Changes of items during period						
Reversal of reserve for advanced depreciation of non-current assets		-				-
Reversal of reserve for special depreciation		-				-
Dividends of surplus		(1,675)				(1,675)
Profit		5,938				5,938
Purchase of treasury shares	(1,807)	(1,807)				(1,807)
Disposal of treasury shares	9	8				8
Net changes of items other than shareholders' equity			3,624	3,624	27	3,651
Total changes of items during period	(1,797)	2,463	3,624	3,624	27	6,115
Balance at end of current period	(13,369)	119,402	14,167	14,167	205	133,774

FY3/18 (Apr. 1, 2017 to Mar. 31, 2018)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings				Total retained earnings
					Reserve for advanced depreciation of non-current assets	Reserve for special depreciation	General reserve	Retained earnings brought forward	
Balance at beginning of current period	23,220	5,805	15,588	21,393	967	635	71,382	15,171	88,156
Changes of items during period									
Reversal of reserve for advanced depreciation of non-current assets					(35)			35	-
Reversal of reserve for special depreciation						(136)		136	-
Dividends of surplus								(2,251)	(2,251)
Profit								7,541	7,541
Purchase of treasury shares									
Disposal of treasury shares			(5)	(5)					
Net changes of items other than shareholders' equity									
Total changes of items during period	-	-	(5)	(5)	(35)	(136)	-	5,462	5,290
Balance at end of current period	23,220	5,805	15,582	21,387	931	499	71,382	20,633	93,447

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	(13,369)	119,402	14,167	14,167	205	133,774
Changes of items during period						
Reversal of reserve for advanced depreciation of non-current assets		-				-
Reversal of reserve for special depreciation		-				-
Dividends of surplus		(2,251)				(2,251)
Profit		7,541				7,541
Purchase of treasury shares	(492)	(492)				(492)
Disposal of treasury shares	15	9				9
Net changes of items other than shareholders' equity			1,926	1,926	18	1,944
Total changes of items during period	(477)	4,807	1,926	1,926	18	6,751
Balance at end of current period	(13,846)	124,209	16,093	16,093	223	140,526

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including the attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.