



August 2, 2018

**Summary of the Consolidated Financial Results for the First Quarter
of the Fiscal Year Ending March 31, 2019 (FY3/19)
(Three Months Ended June 30, 2018)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: August 10, 2018
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: None
 Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter (April 1, 2018 to June 30, 2018) of FY3/19

(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	%
Three months ended Jun. 30, 2018	41,706	(2.9)	2,286	(44.7)	3,333	(27.9)	2,270	(16.4)
Three months ended Jun. 30, 2017	42,955	19.3	4,131	23.8	4,621	35.9	2,715	54.1

Note: Comprehensive income (millions of yen): Three months ended Jun. 30, 2018: 639 (down 87.1%)
 Three months ended Jun. 30, 2017: 4,942 (-%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended Jun. 30, 2018	76.56		76.24	
Three months ended Jun. 30, 2017	91.29		90.92	

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2018	212,948	170,005	71.2
As of Mar. 31, 2018	215,638	170,574	70.3

Reference: Shareholders' equity (millions of yen): As of Jun. 30, 2018: 151,674 As of Mar. 31, 2018: 151,586

Starting with the beginning of the first quarter of the current fiscal year, Yodogawa Steel Works is applying "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018). Prior-year figures have been adjusted retroactively to conform with this accounting standard.

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2018	-	35.00	-	40.00	75.00
Fiscal year ending Mar. 31, 2019	-				
Fiscal year ending Mar. 31, 2019 (Forecast)		30.00	-	-	-

Note: Revisions to the most recently announced dividend forecast: Yes

There is currently no forecast for year-end dividends for the fiscal year ending March 31, 2019. For further details, please refer to the press release dated today (August 2, 2018) about earnings forecast and dividend forecast (Japanese version only).

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

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	84,000	(1.0)	3,400	(49.6)	4,900	(34.9)	3,000	(32.6)	101.17
Full year	-	-	-	-	-	-	-	-	-

Note: Revisions to the most recently announced consolidated earnings forecast: Yes

No full year 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. For further details, please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 4 and the

press release dated today (August 2, 2018) about earnings forecast and dividend forecast (Japanese version only).

*** Notes**

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

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) 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

(4) Number of outstanding shares (common shares)

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

As of Jun. 30, 2018:	35,837,230 shares	As of Mar. 31, 2018:	35,837,230 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2018:	6,184,158 shares	As of Mar. 31, 2018:	6,185,228 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2018:	29,652,187 shares	Three months ended Jun. 30, 2017:	29,748,163 shares
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* The current quarterly financial report is not subject to quarterly review 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. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 4.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first quarter of the fiscal year ending March 31, 2019, the Japanese economy continued to recover slowly. One reason was a rebound in exports due to the strength of the global economy. In addition, capital expenditures are moving up slowly as machinery orders, which are a leading economic indicator, increase.

In the United States, corporate earnings are strong due to the support of recoveries in internal and external demand and the benefits of the recent tax cut. Consumer spending is also firm because of strength in the labor market and personal income. In Europe, although economic growth is slowing, the European Central Bank has decided to end quantitative easing by the end of the year in order to return to a more normal monetary policy. The pace of economic growth is slowing in China too, but exports and consumer spending are still healthy.

In the Japanese steel industry, shipments of ordinary steel products in Japan were higher than one year earlier as production continued to grow in the automobile, industrial machinery and other industries that use steel. Although imports of steel increased, prices of steel products stayed high because the balance between supply and demand remained stable.

In the global steel market, international prices of steel products were stable as steel consumption in China continues to be high. However, worries are increasing rapidly about the effects of U.S. trade protectionism on the global steel market.

The Yodogawa Steel Group's net sales in the first quarter decreased 1,249 million yen to 41,706 million yen. Operating profit decreased 1,844 million yen to 2,286 million yen, ordinary profit decreased 1,287 million yen to 3,333 million yen, and profit attributable to owners of parent decreased 445 million yen to 2,270 million yen.

In Japan, sales of steel sheet products decreased because of sales activities that placed priority on profitability. But total sales in Japan were higher because of progress with price revisions. Overseas sales declined. At Sheng Yu Steel Co., Ltd. (SYSCO), a subsidiary in Taiwan, sales were down due to sluggish construction expenditures in Taiwan caused by tighter building regulations and to the significant negative impact of U.S. trade protectionism. The decline in earnings was attributable primarily to a decrease in earnings at SYSCO and lower earnings at Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS), a subsidiary in China, and PCM Processing (Thailand) Ltd. (PPT), a subsidiary in Thailand.

Results by business segment are as follows.

1) Steel Sheet-related Business

Net sales totaled 38,758 million yen and operating profit was 2,254 million yen.

Steel Sheet Segment

In Japan, the volume of steel sold to specific high-demand customers decreased mainly because of the retention of the policy of placing priority on profitability for orders of galvanized sheets. The sales volume of pre-painted sheets increased mainly because of strong sales of large home appliances in Japan. Retail sales of steel for general distribution decreased because of a more selective stance for accepting orders, mostly for galvanized sheets.

In Taiwan, there was a big decline in sales volume primarily for two reasons. First is the lack of growth in construction expenditures following the enactment of tighter building regulations. Second is a downturn in prospective orders caused by concerns about the possibility of U.S. steel import restrictions. There were also sales volume declines at YSS and PPT as sales activities at these companies placed emphasis on profitability.

Building Material & Exterior Products Segment

In the building materials category, there was no change from one year earlier in the sales volume of roofing products, the result of a selective stance regarding orders, but an increase in sales of YODO fire-proof panel Grand Wall (Grand Wall). In the exterior products category, sales of storage sheds were strong along with the recovery in consumer spending. Construction sales decreased because the first quarter of the previous fiscal year included sales from large projects for the installation of Grand Wall.

As a result, total sales in the steel sheet-related business were lower than one year earlier.

2) Roll Business

Net sales totaled 800 million yen and operating loss was 26 million yen.

Sales decreased mainly because of a decline in the sales volume of rolls to companies in the Japanese steel industry.

3) Grating Business

Net sales totaled 792 million yen and operating profit was 1 million yen.

First quarter performance was about the same as one year earlier as sound private-sector demand offset a drop in public-sector projects.

4) Real Estate Business

Net sales totaled 282 million yen and operating profit was 200 million yen.

Sales increased because of a higher occupancy rate at tenant-occupied buildings and higher sales at other leased properties.

5) Other Businesses

Net sales totaled 1,072 million yen and operating profit was 132 million yen.

Higher sales in material sales operations raised sales in this segment.

(2) Explanation of Financial Position

Assets

Current assets decreased by 1,133 million yen from the end of the previous fiscal year to 115,525 million yen. This was attributable mainly to decreases of 1,013 million yen in notes and accounts receivable-trade, 682 million yen in cash and deposits, and an increase of 497 million yen in securities.

Non-current assets decreased by 1,557 million yen from the end of the previous fiscal year to 97,422 million yen. This was mainly attributable to decreases of 769 million yen in leased assets included in property, plant and equipment and 690 million yen in investment securities.

Total assets decreased by 2,690 million yen from the end of the previous fiscal year to 212,948 million yen.

Liabilities

Current liabilities decreased by 2,127 million yen from the end of the previous fiscal year to 26,119 million yen. This was attributable mainly to decreases of 767 million yen in income taxes payable, 750 million yen in lease obligations included in other, and 538 million yen in provision for bonuses.

Non-current liabilities increased by 6 million yen from the end of the previous fiscal year to 16,823 million yen. This was attributable mainly to an increase of 188 million yen in long-term deferred tax liabilities and a decrease of 110 million yen in provision for waste disposal expenses included in other non-current liabilities.

Total liabilities decreased by 2,121 million yen from the end of the previous fiscal year to 42,943 million yen.

Net assets

Net assets decreased by 569 million yen from the end of the previous fiscal year to 170,005 million yen. This was attributable mainly to an increase of 1,084 million yen in retained earnings, and decreases of 915 million yen in foreign currency translation adjustment and 655 million yen in non-controlling interests.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

Although the global economy is generally healthy, the uncertainty of the economic outlook is increasing rapidly. Major causes are worries about an increasingly heated trade war involving China and Europe triggered by U.S. trade protectionism, the risk of an economic slowdown due to rising U.S. interest rates, and geopolitical risk associated with tension in the Middle East and North Korea.

In Japan, the short-term outlook for the economy is positive. There are reasons for concern about the economy, notably the effects of U.S. trade protectionism and the rising cost of crude oil caused by rising geopolitical risk. But the Japanese economy will probably be supported by growing exports backed by overseas economic recoveries and increasing capital expenditures for the 2020 Tokyo Olympics and projects to improve productivity.

In the steel industry, no change is anticipated in the current situation with a positive short-term outlook for Japan's steel market and extreme uncertainty about the overseas market for steel products. The overseas subsidiaries of the Yodogawa Steel Group are highly vulnerable to shifts in the overseas steel market. In addition, prices of hot-rolled steel sheets, zinc and other raw materials are expected to remain high. As a result, we expect significant negative pressure on earnings to continue.

The fiscal year ending in March 2019 is the second year of the Yodogawa Steel Group Medium-Term Management Plan 2019. To achieve the goals of this plan, all companies are working on becoming more profitable by establishing positions in new markets and increasing sales of value-added products while taking full advantage of the speed and flexibility that are key strengths of the group.

The forecast for consolidated performance in the first half of the current fiscal year is based on this outlook for the economy and steel market. No fiscal year forecast is 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 this time due to the extremely uncertain outlook for the steel market. An announcement will be made promptly once it becomes possible to determine a reliable forecast.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	FY3/18 (as of Mar. 31, 2018)	First quarter of FY3/19 (as of Jun. 30, 2018)
Assets		
Current assets		
Cash and deposits	30,716	30,033
Notes and accounts receivable-trade	43,938	42,925
Securities	2,888	3,386
Merchandise and finished goods	16,081	16,293
Work in process	4,684	4,400
Raw materials and supplies	13,122	13,175
Other	5,376	5,460
Allowance for doubtful accounts	(149)	(148)
Total current assets	116,658	115,525
Non-current assets		
Property, plant and equipment	50,509	49,628
Intangible assets		
Goodwill	7	6
Other	1,475	1,462
Total intangible assets	1,482	1,469
Investments and other assets		
Investment securities	46,338	45,647
Other	649	677
Total investments and other assets	46,987	46,324
Total non-current assets	98,980	97,422
Total assets	215,638	212,948
Liabilities		
Current liabilities		
Notes and accounts payable-trade	18,154	18,041
Short-term loans payable	-	304
Income taxes payable	2,165	1,397
Provision for bonuses	1,056	518
Other	6,870	5,857
Total current liabilities	28,247	26,119
Non-current liabilities		
Provision for directors' retirement benefits	66	68
Net defined benefit liability	7,569	7,519
Other	9,181	9,234
Total non-current liabilities	16,817	16,823
Total liabilities	45,064	42,943

	(Millions of yen)	
	FY3/18 (as of Mar. 31, 2018)	First quarter of FY3/19 (as of Jun. 30, 2018)
Net assets		
Shareholders' equity		
Capital stock	23,220	23,220
Capital surplus	20,393	20,392
Retained earnings	100,775	101,859
Treasury shares	(12,679)	(12,677)
Total shareholders' equity	131,710	132,795
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,420	16,228
Revaluation reserve for land	1,646	1,646
Foreign currency translation adjustment	2,798	1,882
Remeasurements of defined benefit plans	(990)	(878)
Total accumulated other comprehensive income	19,875	18,879
Share acquisition rights	223	221
Non-controlling interests	18,764	18,108
Total net assets	170,574	170,005
Total liabilities and net assets	215,638	212,948

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**(Quarterly Consolidated Statement of Income)****(For the Three-month Period)**

(Millions of yen)

	First three months of FY3/18 (Apr. 1, 2017 to Jun. 30, 2017)	First three months of FY3/19 (Apr. 1, 2018 to Jun. 30, 2018)
Net sales	42,955	41,706
Cost of sales	34,296	35,127
Gross profit	8,659	6,579
Selling, general and administrative expenses	4,528	4,292
Operating profit	4,131	2,286
Non-operating income		
Interest income	93	136
Dividend income	356	410
Gain on sales of investment securities	-	465
Share of profit of entities accounted for using equity method	99	116
Other	162	139
Total non-operating income	711	1,269
Non-operating expenses		
Interest expenses	30	20
Foreign exchange losses	102	126
Cost for employees transferred temporarily to overseas subsidiaries	74	65
Other	12	9
Total non-operating expenses	220	222
Ordinary profit	4,621	3,333
Extraordinary income		
Gain on sales of non-current assets	0	-
Total extraordinary income	0	-
Extraordinary losses		
Loss on sales and retirement of non-current assets	7	16
Impairment loss	3	2
Loss on valuation of investment securities	-	12
Total extraordinary losses	11	30
Profit before income taxes	4,610	3,302
Income taxes-current	953	854
Income taxes-deferred	386	161
Total income taxes	1,339	1,016
Profit	3,271	2,286
Profit attributable to non-controlling interests	555	16
Profit attributable to owners of parent	2,715	2,270

(Quarterly Consolidated Statement of Comprehensive Income)**(For the Three-month Period)**

	(Millions of yen)	
	First three months of FY3/18 (Apr. 1, 2017 to Jun. 30, 2017)	First three months of FY3/19 (Apr. 1, 2018 to Jun. 30, 2018)
Profit	3,271	2,286
Other comprehensive income		
Valuation difference on available-for-sale securities	1,051	(188)
Foreign currency translation adjustment	456	(1,606)
Remeasurements of defined benefit plans, net of tax	139	166
Share of other comprehensive income of entities accounted for using equity method	23	(18)
Total other comprehensive income	1,670	(1,647)
Comprehensive income	4,942	639
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	4,043	1,273
Comprehensive income attributable to non-controlling interests	898	(634)

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

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information**Segment information**

I. First three months of FY3/18 (Apr. 1, 2017 to Jun. 30, 2017)

Information related to net sales and profit/loss for each reportable segment

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on the consolidated statement of income (Note 3)
	Steel Sheet-related Business	Roll Business	Grating Business	Real Estate Business	Total				
Net sales									
External sales	40,009	976	786	250	42,022	933	42,955	-	42,955
Inter-segment sales and transfers	-	-	-	110	110	630	740	(740)	-
Total	40,009	976	786	360	42,133	1,563	43,696	(740)	42,955
Segment profit	4,018	97	19	165	4,299	111	4,411	(280)	4,131

- 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 (280) million yen and an elimination for inter-segment transactions of 0 million yen.
3. Segment profit is adjusted to be consistent with the operating profit on the quarterly consolidated statement of income.

II. First three months of FY3/19 (Apr. 1, 2018 to Jun. 30, 2018)

Information related to net sales and profit/loss for each reportable segment

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on the consolidated statement of income (Note 3)
	Steel Sheet-related Business	Roll Business	Grating Business	Real Estate Business	Total				
Net sales									
External sales	38,758	800	792	282	40,633	1,072	41,706	-	41,706
Inter-segment sales and transfers	-	-	-	110	110	638	749	(749)	-
Total	38,758	800	792	393	40,744	1,711	42,455	(749)	41,706
Segment profit (loss)	2,254	(26)	1	200	2,430	132	2,562	(276)	2,286

- 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 (loss) includes unallocated expenses of (277) million yen and an elimination for inter-segment transactions of 0 million yen.
3. Segment profit (loss) is adjusted to be consistent with the operating profit on the quarterly consolidated statement of income.

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.