



August 2, 2017

**Summary of the Consolidated Financial Results for the First Quarter
of the Fiscal Year Ending March 31, 2018 (FY3/18)
(Three Months Ended June 30, 2017)**

[Japanese GAAP]

Company name: Yodogawa Steel Works, Ltd. Stock exchange listed: Tokyo, 1st Section
 Stock code: 5451 URL: <http://www.yodoko.co.jp/>
 Representative: Takaaki Kawamoto, President and Representative Director
 Inquiries: Yasunori Osumi, Executive Officer, General Manager of IR Department
 Tel: +(81)6-6245-1113
 Scheduled date of filing of Quarterly Report: August 10, 2017
 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, 2017 to June 30, 2017) of FY3/18

(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, 2017	42,955	19.3	4,131	23.8	4,621	35.9	2,715	54.1
Three months ended Jun. 30, 2016	36,003	(14.6)	3,337	135.0	3,400	71.6	1,762	209.3

Note: Comprehensive income (millions of yen): Three months ended Jun. 30, 2017: 4,942 (-%)
 Three months ended Jun. 30, 2016: (252) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2017	91.29	90.92
Three months ended Jun. 30, 2016	58.19	57.98

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2017	211,325	164,614	68.9
As of Mar. 31, 2017	209,977	161,374	68.2

Reference: Shareholders' equity (millions of yen): As of Jun. 30, 2017: 145,607 As of Mar. 31, 2017: 143,241

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2017	-	30.00	-	40.00	70.00
Fiscal year ending Mar. 31, 2018	-				
Fiscal year ending Mar. 31, 2018 (Forecast)		35.00	-	35.00	70.00

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

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

(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	85,000	15.9	6,500	3.9	7,000	14.9	3,900	20.7	131.29
Full year	173,000	12.2	9,300	(29.4)	10,300	(25.2)	5,900	(12.4)	198.79

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

For further details, please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecasts and Other Forward-looking Statements" 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) 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, 2017:	35,837,230 shares	As of Mar. 31, 2017:	35,837,230 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2017:	6,187,251 shares	As of Mar. 31, 2017:	6,028,845 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2017:	29,748,163 shares	Three months ended Jun. 30, 2016:	30,284,110 shares
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* The current quarterly financial report is not subject to quarterly review procedures.

* 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 Forecasts 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, 2018, the gradual recovery of the Japanese economy continued. An improvement in corporate earnings as recovering overseas economies raise Japan's exports and a rebound in consumer spending backed by an improvement in job market are two major reasons for this recovery.

In the United States, the economy is staging a steady recovery as the number of jobs increases and companies report higher earnings. Due to this recovery, the Federal Open Market Committee approved another interest rate hike in June. In Europe, consumer spending and capital expenditures both indicate that the economy is recovering. In China, the economy continues to come back with the support of government policies.

In the 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 key industries.

The global steel market began to weaken in the spring of 2017, starting in China. However, prices of steel products stopped falling in part because of restrictions imposed on low-quality steel made from ferrous scrap, with the Chinese government taking the lead. Since then, prices have been moving up steadily.

The Yodogawa Steel Group's net sales in the first quarter increased 6,952 million yen to 42,955 million yen. Operating profit increased 794 million yen to 4,131 million yen, ordinary profit increased 1,221 million yen to 4,621 million yen, and profit attributable to owners of parent increased 953 million yen to 2,715 million yen.

Sales activities that prioritized profitability, cost cutting measures and revisions to prices of steel sheet products were mainly responsible for the growth in sales and earnings.

Results by business segment are as follows.

1) Steel Sheet-related Business

Net sales totaled 40,009 million yen and operating profit was 4,018 million yen.

Steel Sheet Segment

The volume of steel sold in Japan to specific high-demand customers was the same as one year earlier because of sales activities that placed emphasis on profitability. Monetary sales in this category increased due to price increases. Retail sales of steel for general distribution increased as steel demand in non-residential sectors increased and price revisions were mostly accepted by customers.

A subsidiary in Taiwan, Sheng Yu Steel Co., Ltd. (SYSCO) posted higher sales despite a decline in the overall volume of exports. There was a recovery in the volume of sales to North America and sales within Taiwan were higher. In China, earnings improved at Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS) as there was progress regarding sales. In Thailand, PCM Processing (Thailand) Ltd. (PPT) posted growth in sales volume but monetary sales decreased because a change in the product mix.

Building Material & Exterior Products Segment

Sales of building materials were lower mainly because of the decision to be more selective regarding orders for roofing products. Sales of exterior products increased. The main reasons were higher sales of Erumo medium- and large-scale storage sheds and of products for garages and large structures such as warehouses. Construction sales increased due to progress at large projects for the installation of YODO fire-proof panel Grand Wall.

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

2) Roll Business

Sales decreased mainly because of a decline in the volume of iron and steel industry roll sales. As a result, net sales totaled 976 million yen and operating profit was 97 million yen.

3) Grating Business

There were sales activities to capture more private-sector orders, but sales in this business were lower because of decline in public-sector sales. As a result, net sales totaled 786 million yen and operating profit was 19 million yen.

4) Real Estate Business

Sales increased because of the acquisition of a tenant-occupied building and a higher occupancy rate at the properties in this business. As a result, net sales totaled 250 million yen and operating profit was 165 million yen.

5) Other Businesses

Higher sales in transport and warehouse operations raised sales in other businesses. As a result, net sales totaled 933 million yen and operating profit was 111 million yen.

(2) Explanation of Financial Position

Assets

Current assets decreased by 151 million yen from the end of the previous fiscal year to 114,037 million yen. This was attributable mainly to a decrease of 4,321 million yen in cash and deposits and increases of 2,210 million yen in merchandises and finished goods and 2,366 million yen in raw materials and supplies.

Non-current assets increased by 1,498 million yen from the end of the previous fiscal year to 97,287 million yen. This was mainly attributable to an increase of 2,057 million yen in investment securities and a decrease of 476 million yen in property, plant and equipment.

Total assets increased by 1,347 million yen from the end of the previous fiscal year to 211,325 million yen.

Liabilities

Current liabilities decreased by 991 million yen from the end of the previous fiscal year to 29,456 million yen. This was attributable mainly to an increase of 1,623 million yen in notes and accounts payable-trade and decreases of 669 million yen in short-term loans payable, 921 million yen in income taxes payable and 505 million yen in provision for bonuses.

Non-current liabilities decreased by 900 million yen from the end of the previous fiscal year to 17,254 million yen. This was attributable mainly to a decrease of 580 million yen in net defined benefit liability.

Total liabilities decreased by 1,892 million yen from the end of the previous fiscal year to 46,710 million yen.

Net assets

Net assets increased by 3,240 million yen from the end of the previous fiscal year to 164,614 million yen. This was attributable mainly to increases of 1,523 million yen in retained earnings and 1,071 million yen in valuation difference on available-for-sale securities.

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

The U.S. economy appears to be in the midst of a self-sustaining recovery supported by growth in consumer spending and investments as the number of jobs climbs. A slow economic recovery is expected in Europe, too. In China, the outlook is for a continuation of the economic upturn backed by infrastructure investments and other activities. But there are many sources of uncertainty, notably the trade protectionism in the United States, Britain's departure from the European Union, and rising geopolitical risk in the Middle East and North Korea. Consequently, the outlook remains unclear.

In Japan, the outlook is for economic growth fueled by increasing exports associated with the global recovery in IT demand and capital expenditures. A rebound in public-works expenditures is also expected to contribute to economic growth. Although Japan's economy will probably continue to recover gradually, there are doubts about whether or not this upturn will lead to sustained economic growth.

The overseas steel market will probably remain healthy as China takes meaningful steps to reduce its excess steel output capacity and the U.S. and European economies remain strong. In Japan, there are expectations for a recovery in the demand for steel as industrial output recovers and construction expenditures climb. But increasing upward pressure on the price of hot-rolled steel sheets, the main raw material for the Yodogawa Steel Group's products, the persistently high cost of zinc and other negative factors pose challenges. For these reasons, the operating environment is likely to remain uncertain.

The Yodogawa Steel Group will continue to focus on increasing sales of strategic products, such as YODO Hyper GL Color and YODO fire-proof panel Grand Wall, in accordance with the medium-term management plan.

The forecast for consolidated performance in the current fiscal year is based on this outlook for the economy and steel market.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Millions of yen)	
	FY3/17 (as of Mar. 31, 2017)	First quarter of FY3/18 (as of Jun. 30, 2017)
Assets		
Current assets		
Cash and deposits	40,761	36,440
Notes and accounts receivable-trade	41,103	42,093
Securities	-	9
Merchandise and finished goods	11,404	13,614
Work in process	3,457	4,049
Raw materials and supplies	10,646	13,012
Other	6,928	4,931
Allowance for doubtful accounts	(113)	(114)
Total current assets	114,188	114,037
Non-current assets		
Property, plant and equipment	50,888	50,411
Intangible assets		
Goodwill	10	9
Other	1,416	1,416
Total intangible assets	1,427	1,426
Investments and other assets		
Investment securities	42,574	44,632
Other	899	817
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	43,474	45,450
Total non-current assets	95,789	97,287
Total assets	209,977	211,325
Liabilities		
Current liabilities		
Notes and accounts payable-trade	17,800	19,423
Short-term loans payable	669	-
Income taxes payable	2,770	1,849
Provision for bonuses	1,052	546
Other	8,155	7,636
Total current liabilities	30,448	29,456
Non-current liabilities		
Provision for directors' retirement benefits	94	62
Net defined benefit liability	8,278	7,697
Other	9,781	9,493
Total non-current liabilities	18,154	17,254
Total liabilities	48,603	46,710

	(Millions of yen)	
	FY3/17 (as of Mar. 31, 2017)	First quarter of FY3/18 (as of Jun. 30, 2017)
Net assets		
Shareholders' equity		
Capital stock	23,220	23,220
Capital surplus	20,388	20,386
Retained earnings	95,664	97,188
Treasury shares	(12,199)	(12,682)
Total shareholders' equity	127,074	128,112
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,477	15,548
Revaluation reserve for land	1,626	1,626
Foreign currency translation adjustment	1,580	1,723
Remeasurements of defined benefit plans	(1,516)	(1,403)
Total accumulated other comprehensive income	16,167	17,494
Subscription rights to shares	205	201
Non-controlling interests	17,927	18,805
Total net assets	161,374	164,614
Total liabilities and net assets	209,977	211,325

(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 FY3/17 (Apr. 1, 2016 to Jun. 30, 2016)	First three months of FY3/18 (Apr. 1, 2017 to Jun. 30, 2017)
Net sales	36,003	42,955
Cost of sales	28,506	34,296
Gross profit	7,497	8,659
Selling, general and administrative expenses	4,160	4,528
Operating profit	3,337	4,131
Non-operating income		
Interest income	80	93
Dividend income	321	356
Share of profit of entities accounted for using equity method	64	99
Other	160	162
Total non-operating income	626	711
Non-operating expenses		
Interest expenses	52	30
Foreign exchange losses	353	102
Cost for employees transferred temporarily to overseas subsidiaries	82	74
Other	74	12
Total non-operating expenses	562	220
Ordinary profit	3,400	4,621
Extraordinary income		
Gain on sales of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on sales and retirement of non-current assets	14	7
Impairment loss	23	3
Loss on valuation of investment securities	213	-
Total extraordinary losses	250	11
Profit before income taxes	3,150	4,610
Income taxes-current	593	953
Income taxes-deferred	468	386
Total income taxes	1,061	1,339
Profit	2,088	3,271
Profit attributable to non-controlling interests	326	555
Profit attributable to owners of parent	1,762	2,715

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

(Millions of yen)

	First three months of FY3/17 (Apr. 1, 2016 to Jun. 30, 2016)	First three months of FY3/18 (Apr. 1, 2017 to Jun. 30, 2017)
Profit	2,088	3,271
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,129)	1,051
Foreign currency translation adjustment	(1,378)	456
Remeasurements of defined benefit plans, net of tax	183	139
Share of other comprehensive income of entities accounted for using equity method	(16)	23
Total other comprehensive income	(2,340)	1,670
Comprehensive income	(252)	4,942
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	319	4,043
Comprehensive income attributable to non-controlling interests	(572)	898

(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 FY3/17 (Apr. 1, 2016 to Jun. 30, 2016)

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	33,096	1,038	807	219	35,162	841	36,003	-	36,003
Inter-segment sales and transfers	-	-	-	110	110	641	752	(752)	-
Total	33,096	1,038	807	330	35,272	1,483	36,755	(752)	36,003
Segment profit	3,198	147	41	160	3,547	92	3,640	(303)	3,337

- 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 (303) 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 FY3/18 (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.

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.