

Securities Code: 5632

June 3, 2019

To Our Shareholders

16-13, Tsukishima 4-chome, Chuo-ku, Tokyo

Mitsubishi Steel Mfg. Co., Ltd.

Motoyuki Sato, President & CEO

Notice of Convocation of the 95th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 95th Ordinary General Meeting of Shareholders of the Company. The meeting will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders and follow the instructions set forth on pages 3 and 4, and exercise your voting rights by 5:40 p.m. on Thursday, June 20, 2019.

- 1. Date and Time:** Friday, June 21, 2019 at 10:00 a.m.
 - 2. Venue:** 2F (Heian), Hotel Mariners' Court Tokyo
4-7-28 Harumi, Chuo-ku, Tokyo
 - 3. Agenda of the Meeting:**
 - Matters to be reported:**
 - (1) Business Report and Consolidated Financial Statements for the 95th Fiscal Year (from April 1, 2018 to March 31, 2019), results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
 - (2) Report of Non-consolidated Financial Statements for the 95th Fiscal Year (from April 1, 2018 to March 31, 2019)
 - Proposals to be resolved:**
 - Proposal No. 1:** Appropriation of Surplus
 - Proposal No. 2:** Election of Nine Directors
 - Proposal No. 3:** Election of Two Corporate Auditors
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- The following matters are posted on the Company's website pursuant to the provisions of laws, regulations and Article 14 of the Company's Articles of Incorporation.

- (i) Notes to the Consolidated Financial Statements

- (ii) Notes to the Non-consolidated Financial Statements

The Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the Accounting Auditor and Corporate Auditors consist of the documents included in the Appendix to this Notice of Convocation of the General Meeting of Shareholders, as well as the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements posted on the Company's website.

- If any amendments are made to the Business Report, Non-consolidated Financial Statements, Consolidated Financial Statements and/or Reference Documents for the General Meeting of Shareholders, such amendments will be posted on the Company's website.
- After the close of the General Meeting of Shareholders, we plan to hold a meeting in a separate room to give a presentation to our shareholders on the businesses and products of the Company.
- Consolidated Financial Statements and Non-consolidated Financial Statements and English translations of these documents are available for viewing on the Company's website.

[Company's website] <http://www.mitsubishisteel.co.jp/>



Exercise of Voting Rights

If attending the Ordinary General Meeting of Shareholders

Please submit the enclosed Voting Right Exercise Form to the receptionist at the Meeting.

Date and Time: **Friday, June 21, 2019 at 10:00 a.m.**

Venue: 2F (Heian), Hotel Mariners' Court Tokyo

* Please refer to the venue map for the Ordinary General Meeting of Shareholders at the end of this document.

If you are unable to attend the Ordinary General Meeting of Shareholders

Exercise in writing of voting rights

Please indicate your approval or disapproval for each agenda item in the Voting Right Exercise Form attached and return it to the Company early enough for the form to reach us by the deadline. If neither approval nor disapproval of each proposal is indicated on the Voting Right Exercise Form, the Company will deem that you have indicated your approval of the proposal.

Deadline **Not later than 5:40 p.m. on Thursday, June 20, 2019**

Exercise of Voting Rights via the Internet

Please exercise your voting rights by the deadline on the Voting Right Exercise Site (<https://evote.tr.mufg.jp/>)

Deadline **5:40 p.m. on Thursday, June 20, 2019**

*However, it is not possible to access the designated website from 2:00 a.m. to 5:00 a.m.

To Institutional investors

You may use the platform for the electronic exercise of voting rights operated by ICJ Inc.

How to fill in the Voting Right Exercise Form

Please state your approval or disapproval for each agenda item

Agenda item 1

If approving, write a circle in the Approval box

If disapproving, write a circle in the Disapproval box

Agenda items 2 and 3

If approving all the candidates, write a circle in the Approval box

If disapproving all the candidates, write a circle in the Disapproval box

If disapproving some of the candidates, write a circle in the Approval box and enter the numbers of candidates you disapprove

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

With respect to the appropriation of surplus for the period under review, the Company hereby proposes to pay a year-end dividend in the amount of 35 yen per share to meet the annual dividend forecast we announced at the start of the period under review (60 yen per share), in full consideration of the financial position and other such factors. This is despite the fact that net income attributable to owners of parent fell short of the forecast figure announced by the Company at the start of the period.

Matters concerning the year-end dividend

1. Type of dividend property
Cash
2. Matters concerning allocation of dividend property and total amount thereof
35 yen per share Total amount: ¥540,353,730
3. Effective date of dividends
June 24, 2019

Proposal No. 2: Election of Nine Directors

The term of office of all of the current nine Directors will expire at the close of this General Meeting of Shareholders. Accordingly, we propose the election of nine Directors. The Candidates for Directors are as follows.

No.		Name		Position and assignment at the Company	Status of attendance at Board of Directors meetings
1	Reappointment	Motoyuki Sato	64 years old	President & CEO	100% (13/13 meetings)
2	Reappointment	Hiroyuki Nagata	55 years old	Managing Director & CFO In charge of Corporate Planning Division and Accounting Department	100% (13/13 meetings)
3	Reappointment	Masayuki Takashima	79 years old	<div>Outside Director</div> <div>Independent officer</div> Director	100% (13/13 meetings)
4	Reappointment	Akira Hishikawa	67 years old	<div>Outside Director</div> <div>Independent officer</div> Director	100% (13/13 meetings)
5	Reappointment	Hiroshi Sekine	57 years old	Director In Charge of Steel Bars Business	100% (13/13 meetings)
6	Reappointment	Hiroshi Amano	60 years old	Director In Charge of Springs Business	100% (13/13 meetings)
7	Reappointment	Jun Takayama	57 years old	Director In Charge of Formed & Fabricated Products Business, Research & Development Center, Quality Assurance	100% (13/13 meetings)
8	Reappointment	Akira Yamao	57 years old	Director General Manager of Sales Division, Steel Bar Division, Parts sales Division	100% (13/13 meetings)
9	New Candidate	Jun Yamaguchi	53 years old	Head of Corporate Planning Division	-

No. **Motoyuki Sato** December 25, 1954 (64 years old) Reappointed

- 1 Number of years in office as Director: 13 years
 Status of attendance at Board of Directors meetings: 100% (13/13 meetings)
 Number of shares of the Company held: 8,300 shares

Career summary, position, and assignment

April 1978	Joined the Company	June 2013	Managing Director and in charge of Steel Bars Business, Springs Business, Parts Sales Business and Technical Administration Department of the Company
March 2006	General Manager, Springs Division of the Company	June 2015	President of the Company (Representative Director, to present)
June 2006	Director and General Manager, Springs Division of the Company		
June 2011	Managing Director, General Manager, Springs Division and in charge of Parts Sales Business and Technical Administration Department of the Company		

Reasons for the election of the Director candidate

Mr. Sato has held posts such as General Manager of Chiba Works and General Manager of Springs Division since he joined the Company. After he was appointed as a director in 2006, he was in charge of Springs Business, Steel Bars Business, Parts Sales Business and Technical Administration Department. This is given that he would contribute to improving the enterprise value of the Group in the medium- to long-term. This is given that he exercised a sufficient level of supervision function, based on a wealth of knowledge and experience in the business management of the Company after assuming the post of President & CEO, and that he built the structure and platform stated in the 2016 Mid-term Business Plan while steadily executing the measures formulated.

No. **Hiroyuki Nagata** November 13, 1963 (55 years old) Reappointed

- 2 Number of years in office as Director: 2 years
 Status of attendance at Board of Directors meetings: 100% (13/13 meetings)
 Number of shares of the Company held: 900 shares

Career summary, position, and assignment

April 1987	Joined The Mitsubishi Bank, Ltd. (now MUFG Bank, Ltd.) ("MUFG")	June 2017	Representative Director, Managing Director and in charge of Accounting Department and Systems Department of the Company
May 2011	General Manager of the Corporate Banking Division No.3, Corporate Banking Group No.1, MUFG (special assignment)	February 2018	Representative Director, Managing Director and in charge of Corporate Planning Division and Accounting Department of the Company (to present)
June 2016	Executive Officer, Headquarters for Asia & Oceania, Planning Division for Asia & Oceania, MUFG, sent to VietinBank (Director & Vice-President)		

Reasons for the election of the Director candidate

Mr. Nagata was selected as a candidate for Director because we concluded that he would contribute to improving the enterprise value of the Group in the medium- to long-term. This is given that he exercised a sufficient level of supervision function, based on a wealth of knowledge and experience as a professional who previously served in various positions such as Executive Officer at MUFG Bank, Ltd., and that he worked to enhance the management function of the Company's headquarters by being in charge of the Accounting Department, Systems Department and Corporate Planning Division after assuming the post of Director of the Company in 2017.

No.	Masayuki Takashima May 15, 1940 (79 years old)	<u>Reappointed</u>
3	Number of years in office as Director: 12 years	<u>Outside Director</u>
	Status of attendance at Board of Directors meetings: 100% (13/13 meetings)	<u>Independent officer</u>
	Number of shares of the Company held: 7,400 shares	

Career summary, position, and assignment

April 1964	Joined Mitsubishi Corporation	September 2005	Professor, Department of Economics, Teikyo University
June 2002	Representative Director and Senior Executive Vice President, CEO, Metals Group of Mitsubishi Corporation (resigned in June 2006)	June 2007	Director of the Company (to present)
June 2005	Adviser, Mitsubishi Corporation (resigned in June 2006)	June 2012	President, Yokohama Port Corporation (resigned in March 2016)

Reasons for the election of the Outside Director candidate

Mr. Takashima was selected as a candidate for Outside Director because we concluded that he would contribute to improving the enterprise value of the Group in the medium- to long-term. This is given that he exercised a sufficient level of supervision function by providing advice and useful comments on the Company's business management from an impartial and fair perspective, based on a wealth of knowledge and experience as a corporate management professional who previously served in various positions such as Executive Vice President of Mitsubishi Corporation, and that he possessed many years of experience as Director of the Company, an organization currently in a transformation period.

No.	Akira Hishikawa September 10, 1951 (67 years old)	<u>Reappointed</u>
4	Number of years in office as Director: 6 years	<u>Outside Director</u>
	Status of attendance at Board of Directors meetings: 100% (13/13 meetings)	<u>Independent officer</u>
	Number of shares of the Company held: 3,000 shares	

Career summary, position, and assignment

April 1976	Joined Mitsubishi Heavy Industries, Ltd. ("MHI")	July 2012	Representative Director (Member of the Board), Executive Vice President and General Manager, Machinery & Steel Infrastructure Systems, MHI (resigned in June 2014)
June 2009	Director (Member of the Board), Senior Vice President and General Manager, General Machinery & Special Vehicle Headquarters, MHI	June 2013	Director of the Company (to present)
April 2011	Representative Director (Member of the Board), Executive Vice President and General Manager, Global Strategic Planning & Operations Headquarters, MHI	June 2014	Corporate Adviser, MHI (resigned in June 2016)

Reasons for the election of the Outside Director candidate

Mr. Hishikawa was selected as a candidate for Outside Director because we concluded that he would contribute to improving the enterprise value of the Group in the medium- to long-term. This is given that he exercised a sufficient level of supervision function by providing advice and useful comments on the Company's business management from an impartial and fair perspective, based on a wealth of knowledge and experience as a corporate management professional who previously served in various positions such as Executive Vice President at Mitsubishi Heavy Industries, Ltd., and that he possessed experience as Director of the Company to date, an organization currently in a transformation period.

No. **Hiroshi Sekine** October 8, 1961 (57 years old) Reappointed

5 Number of years in office as Director: 4 years
Status of attendance at Board of Directors meetings: 100% (13/13 meetings)
Number of shares of the Company held: 2,300 shares

Career summary, position, and assignment

April 1985	Joined the Company	June 2015	Director and General Manager, Steel Bar Division of the Company
September 2004	General Manager, Formed & Fabricated Products Division and General Manager, Utsunomiya Works of the Company	October 2016	Director, General Manager, Corporate Planning Division and in charge of Steel Bars Business of the Company
April 2008	Manager, Strategic Planning Department and Technical Administration Department of the Company	February 2018	Director and in charge of Steel Bars Business of the Company (to present)
October 2010	General Manager, Steel Bar Division of the Company		

(Significant concurrent positions)

President & Representative Director, Mitsubishi Steel Muroran Inc.
President Director, PT. JATIM TAMAN STEEL MFG.

Reasons for the election of the Director candidate

Mr. Sekine was selected as a candidate for Director because we concluded that he would contribute to improving the enterprise value of the Group in the medium- to long-term. This is given that he exercised a sufficient level of supervision function, based on a wealth of knowledge and experience in the business management of the Company as an officer who previously served in various positions such as General Manager, Steel Bar Division, President & CEO at Mitsubishi Steel Muroran Inc., Head of Corporate Planning Department and General Manager, Formed & Fabricated Products Division since joining the Company and who served as Head of Corporate Planning Division and was in charge of the Steel Bars Business after assuming the post of Director in 2015, and that he worked to enhance the business management, technologies, quality and product development capabilities of an Indonesian specialty steel manufacturer of which a majority of its shares were acquired by the Company.

No. **Hiroshi Amano** July 19, 1958 (60 years old) Reappointed

6 Number of years in office as Director: 4 years
Status of attendance at Board of Directors meetings: 100% (13/13 meetings)
Number of shares of the Company held: 900 shares

Career summary, position, and assignment

April 1983	Joined the Company	January 2013	General Manager, Spring Division of the Company
April 2002	Manager, Spring Manufacturing Department, Chiba Works of the Company	June 2015	Director, General Manager, Spring Division and in charge of Parts Sales Business of the Company
January 2004	Manager, Manufacturing Department, Chiba Works of the Company	January 2017	Director and in charge of Springs Business and Parts Sales Business of the Company
April 2012	General Manager, Chiba Works and Manager, Manufacturing Department, Chiba Works of the Company	June 2017	Director and in charge of Springs Business of the Company (to present)

(Significant concurrent positions)

Chairman of the Board, MSSC CANADA INC.
Chairman of the Board, MSSC US INC.
Chairman of the Board, MSSC MFG MEXICANA, S.A.DE C.V.
Chairman, MSM NINGBO SPRING CO., LTD.

Reasons for the election of the Director candidate

Mr. Amano was selected as a candidate for Director because we concluded that he would contribute to improving the enterprise value of the Group in the medium- to long-term. This is given that he exercised a sufficient level of supervision function, based on a wealth of knowledge and experience in the business management of the Company as an officer who previously served in various positions such as General Manager, Chiba Works and Head of Spring Division since joining the Company and who was in charge of the Springs Business and the Parts Sales Business after assuming the post of Director in 2015, and that he actively promoted the Company's global deployment.

No. **Jun Takayama** July 26, 1961 (57 years old) Reappointed

7 Number of years in office as Director: 4 years
 Status of attendance at Board of Directors meetings: 100% (13/13 meetings)
 Number of shares of the Company held: 1,100 shares

Career summary, position, and assignment

April 1984	Joined the Company	April 2016	Director, General Manager, Formed & Fabricated Products Division and in charge of Research & Development Center and Technical Administration Department of the Company
April 2006	Manager, Manufacturing Department, Utsunomiya Works of the Company	January 2017	Director and in charge of Formed & Fabricated Products Business, Research & Development Center and Technical Administration Department of the Company
October 2010	General Manager, Utsunomiya Works of the Company	February 2018	Director and in charge of Formed & Fabricated Products Business, Research & Development Center and Quality Assurance of the Company (to present)
January 2013	Deputy General Manager, Formed & Fabricated Products Division of the Company		
December 2013	General Manager, Formed & Fabricated Products Division of the Company		
June 2015	Director, General Manager, Formed & Fabricated Products Division and in charge of Technical Administration Department of the Company		

Reasons for the election of the Director candidate

Mr. Takayama was selected as a candidate for Director because we concluded that he would contribute to improving the enterprise value of the Group in the medium- to long-term. This is given that he exercised a sufficient level of supervision function, based on a wealth of knowledge and experience in the business management of the Company as an officer who previously served in various positions such as General Manager, Utsunomiya Works and Head of Formed & Fabricated Products Division since joining the Company and who was in charge of the Formed & Fabricated Products Business, the Research & Development Center and Technical Administration Department after assuming the post of Director in 2015, and that he promoted efforts to develop new technologies and deliver improved product appeal.

No. **Akira Yamao** August 3, 1961 (57 years old) Reappointed

8 Number of years in office as Director: 2 years
 Status of attendance at Board of Directors meetings: 100% (13/13 meetings)
 Number of shares of the Company held: 700 shares

Career summary, position, and assignment

April 1985	Joined the Company	October 2016	General Manager, Steel Bar Division and Parts Sales Division of the Company
April 2003	Manager, Parts Sales Department of the Company	June 2017	Director and General Manager, Sales Division, Steel Bars Division and Parts Sales Division of the Company (to present)
March 2006	Manager, Spring Sales Department of the Company		
June 2010	General Manager, Parts Sales Division of the Company		

Reasons for the election of the Director candidate

Mr. Yamao was selected as a candidate for Director because we concluded that he would contribute to improving the enterprise value of the Group in the medium- to long-term. This is given that he exercised a sufficient level of supervision function, based on a wealth of knowledge and experience in the sales and business management of the Company as an officer who previously served in various positions such as General Manager, Parts Sales Division, Head of Spring Sales Department, General Manager, Steel Bar Division since joining the Company and who took office as General Manager, Sales Division after assuming the post of Director in 2017, and that he promoted cross-divisional sales strategies.

No. **Jun Yamaguchi** June 16,1965 (53 years old)

New Candidate

9 Number of years in office as Director: - years
Status of attendance at Board of Directors meetings: -% (-/- meetings)
Number of shares of the Company held: 800 shares

Career summary, position, and assignment

April 1989	Joined the Company	October 2016	Manager, Marketing & Sales Planning Corporate Planning Division of the Company
September 2009	Manager, Spring Sales Department of the Company	July 2017	Head of Corporate Planning Division of the Company (to present)
April 2014	Deputy General Manager, Spring Division of the Company		

Reasons for the election of the Director candidate

Mr. Yamaguchi was selected as a candidate for Director because we concluded that he would contribute to improving the enterprise value of the Group in the medium- to long-term. This is given that he exercised a sufficient level of supervision function, based on a wealth of knowledge and experience in the sales and business management of the Company as an officer who previously served in various positions such as Head of Spring Sales Department and Head of Corporate Planning Division since joining the Company.

(Notes)

1. Mr. Masayuki Takashima and Mr. Akira Hishikawa are independent officers as stipulated by the Tokyo Stock Exchange. Mr. Akira Hishikawa worked at Mitsubishi Heavy Industries, Ltd., which is a buyer of the Company's products, and there are business transactions between the Company and Mitsubishi Heavy Industries, Ltd. However, such transactions are miniscule in amount relative to the Company's net sales; therefore, no problems are deemed to exist in terms of his independence.
2. The Company has business transactions with Mitsubishi Steel Muroran Inc., PT. JATIM TAMAN STEEL MFG., MSSC CANADA INC., MSSC US INC., MSSC MFG MEXICANA, S.A. DE C.V. and MSM NINGBO SPRING CO., LTD.
3. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company entered into an agreement with Mr. Masayuki Takashima and Mr. Akira Hishikawa to limit their respective liabilities for damages provided for in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liabilities under such agreement is the total amount as stipulated in each item of Article 425, Paragraph 1 of the Companies Act. The agreements will be renewed with Mr. Masayuki Takashima and Mr. Akira Hishikawa if their elections are approved.

Proposal No. 3: Election of Two Corporate Auditors

The term of office of Corporate Auditors Yoshihiro Hayasaka and Tetsuya Nakagawa will expire at the close of this General Meeting of Shareholders. Accordingly, we propose the election of two Corporate Auditors. The candidates for Corporate Auditors are as follows. The Board of Corporate Auditors' consent has been obtained for this Proposal.

No.	Tetsuya Nakagawa	September 24, 1951 (67 years old)	<u>Reappointed</u>
1	Number of years in office as Corporate Auditor : 4 years		<u>Outside Corporate Auditor</u>
	Status of attendance at Board of Corporate Auditors meetings: 100% (15/15 meetings)		<u>Independent officer</u>
	Number of shares of the Company held: 400 shares		

Career summary and position

April 1977	Registered as a lawyer and joined Sonno Law Office (to present)	June 2015	Corporate Auditor of the Company (to present)
April 2004	Professor, Law School of Kokugakuin University		
June 2004	Corporate Auditor of The Bank of Tokyo-Mitsubishi, Ltd. (now MUFG Bank, Ltd.)		

Reasons for the election of the Outside Corporate Auditor candidate

Mr. Nakagawa was selected as a candidate for Outside Corporate Auditor as we concluded that doing so again would contribute to securing the soundness and appropriateness of the Company and improving its transparency because his specialized knowledge and experience from many years of service as a lawyer were reflected in his audit service in his capacity as Corporate Auditor at the Company despite the fact that Mr. Nakagawa had not been involved in corporate management.

No.	Takashi Nagai	October 9, 1958 (60 years old)	<u>New Candidate</u>
2	Number of years in office as Corporate Auditor: - years		
	Status of attendance at Board of Corporate Auditors meetings: -% (-/- meetings)		
	Number of shares of the Company held: 100 shares		

Career summary and position

April 1982	Joined the Company	June 2011	Head of Internal Audit Office of the Company (to present)
April 2003	Head of Corporate Planning Department of the Company		
April 2008	Head of Accounting Department of the Company		

Reasons for the election of the Corporate Auditor candidate

Mr. Nagai was selected as a candidate for Corporate Auditor as we concluded that he would contribute to securing the soundness and appropriateness of the Company and improving its transparency as he was capable of exercising a sufficient level of auditing expertise, based on a wealth of knowledge and experience in auditing, due to having served as Head of Corporate Planning Department, Head of Accounting Department and Head of Internal Audit Office since joining the Company.

(Notes)

1. Mr. Tetsuya Nakagawa is as independent officer under the regulations of Tokyo Stock Exchange, Inc. If the election of him is approved and resolved, he will remain in the post as independent officer.
2. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company entered into an agreement with Mr. Tetsuya Nakagawa that shall limit his damage compensation liability as set forth in Article 423, Paragraph 1 of the same act. The maximum amount of compensation liability stipulated in the agreement is a combined total of amounts set forth in the items of Article 425, Paragraph 1 of the act. If the election of Mr. Takashi Nagai is approved and resolved, the Company will enter into an agreement of identical provisions with him.

(Reference) Corporate Auditor system (at the end of this General Meeting of Shareholders)

		Name		Number of years in office as Corporate Auditor		Status of attendance at Board of Directors meetings		Status of attendance at Board of Corporate Auditors meetings
Non-reelection	Outside Corporate Auditor Independent officer	Hirokuni Sakamoto	58 years old	2 years	100%	13/13 meetings	100%	15/15 meetings
New Candidate		Takashi Nagai	60 years old	- years	-%	-/- meetings	-%	-/- meetings
Non-reelection	Outside Corporate Auditor Independent officer	Shuichiro Sekine	76 years old	7 years	100%	13/13 meetings	100%	15/15 meetings
Reappointed	Outside Corporate Auditor Independent officer	Tetsuya Nakagawa	67 years old	4 years	100%	13/13 meetings	100%	15/15 meetings

(Appendix)

Business Report

from April 1, 2018 to March 31, 2019

1. Matters concerning Current Status of the Group

(1) Business Progress and Results

Looking at the operating environment for the Group during the fiscal year under review (from April 2018 to March 2019), the construction machinery industry rebounded domestically in the wake of a reactionary decline in domestic demand following a gas emission regulation-induced demand rush. Overseas business remained strong, helped mainly by robust demand in the U.S.A., Europe and Asia. In the automobile industry, demand for sales of light cars in Japan drove domestic demand as a whole. Overseas demand remained strong mainly in North America and Southeast Asia although U.S.A.-China trade tensions worsened, causing the Chinese economy to slow down.

Under such circumstances, the Group posted consolidated net sales of ¥129,370 million, an increase of ¥10,628 million (9.0% year on year) as the Special Steel Bars Business recorded a rising domestic sales volume and higher sales prices, while the Group converted Indonesian steel business joint venture PT. JATIM TAMAN STEEL MFG. (JATIM) and German spring manufacturer MSSC Ahle GmbH (Ahle) into consolidated subsidiaries.

The Group posted consolidated operating income of ¥1,055 million, a decrease of ¥2,164 million (67.2% year on year). The decline resulted from a loss recorded by the Springs Business, mainly North American subsidiaries, affected by higher material costs stemming from U.S.A. and Canadian steel import regulations that started in the first half of the period under review. The decline was also attributable to the fact that JATIM posted an operating loss although the Special Steel Bar Business enjoyed a profit-boosting effect thanks to rising volume and climbing sales prices in Japan and that the Muroran Works began to supply lower volumes of materials from the second half of the period under review, giving rise to an output reduction effect and higher costs.

Profit attributable to owners of the parent was ¥280 million.

The Company plans to pay a year-end dividend of 35 yen per share for the fiscal year ended March 31, 2019. This will bring the annual dividend to 60 yen per share, including the interim dividend of 25 yen per share.

Net sales	129,370 Million yen	year-on-year	up 9.0%	↑
Operating income	1,055 Million yen	year-on-year	down 67.2%	↓
Profit attributable to owners of the parent	280 Million yen	year-on-year	down 90.3%	↓
Per-share annual dividend	60 yen	year-on-year	+ 0 yen	→

[Results by Business]

Special Steel Bars Business

The Special Steel Bars Business posted net sales of ¥64,760 million, an increase of ¥11,834 million (22.4% year on year), as domestic sales volume and sales prices grew mainly for the construction machinery industry while in the overseas business the Group converted JATIM into a consolidated subsidiary. Operating income stood at ¥1,218 million, a decrease of ¥395 million (24.5% year on year), due to an operating loss recorded by JATIM on a sales track and to effects of reduced output and elevated cost stemming from the Muroran Works' lower material supply from the second half of the period under review. This was despite a profit-boosting effect coming from rising volume and higher sales prices in Japan.

Description of main business

Special steel bars (carbon steels, low-alloyed steels, spring steels, non-heated steels, bearing steels, free-cutting steels, tool steels, nitride steels)

Springs Business

The Springs Business posted net sales of ¥49,654 million, an increase of ¥1,756 million (3.7% year on year), due to a decrease in sales of North American subsidiaries, among other reasons, although sales of Ahle, which was converted into a subsidiary, were added to total net sales. Operating income deteriorated markedly, affected by additional tariffs caused by steel import regulation in the U.S.A. and Canada and in the face of rising material costs stemming from higher material markets and production turmoil occurring amid tightening material procurement. This mainly started from the first half of the period under review. Regarding these deterioration factors, while local authorities approved a petition we had filed for tariff exemption, we took measures to deal with them in the form of negotiating to reflect elevated material costs in product sales prices, enlarge the list of material suppliers and dispatch an aid team to improve production. However, improvement effects were considerably limited in extent. As a result, operating income declined by ¥1,824 million year on year to a loss of ¥933 million.

Description of main business

Coil springs, stabilizer bars, leaf springs, torsion bars, coiled wave springs, precision springs, various hinges, precision press products, plastic molded products, press assemblies, rubber track pads for shoe plates, tire protectors, tire chains and other various repair parts and products for automobiles and construction machinery

Formed & Fabricated Products Business

The Formed & Fabricated Products Business posted net sales of ¥11,387 million, an increase of ¥599 million (5.6% year on year) owing to higher sales including through further sales price improvement and new marketing expansion. Operating income was ¥374 million, an increase of ¥235 million (170.1% year on year), helped by higher sales including through improving sales prices as well as an improvement in the quality of turbine wheels on the back of plant consolidation.

Description of main business

Castings, precision castings, precision forgings, general forgings, special alloy materials, special alloy machinery products, permanent magnets, parts using permanent magnets, special alloy powder and fine special alloy powder

Machinery Business

The Machinery Business posted net sales of ¥9,253 million, a decrease of ¥74 million (0.8% year on year) due to a decrease in sales of forging machinery despite an addition of sales of products in new fields. Operating income was ¥237 million, a decrease of ¥168 million (41.5% year on year), affected by lower net sales and loss on valuation of inventories stemming from lackluster demand for power generation-related products.

Description of main business

Forging machinery, general industrial machinery, steel fabrication, environmental equipment, magnetic separators, conveying equipment, weighing instruments and anti-vibration equipment

Other Business

Other Businesses, including distribution and service businesses, posted net sales of ¥4,170 million, an increase of ¥256 million (6.5% year-on-year), and operating income of ¥185 million, an increase of ¥55 million (43.1% year-on-year).

Description of main business

Maritime transport, cargo transportation by trucks, warehouses

(2) Issues to be Addressed

The Group regards it as a significant challenge to build a corporate structure in which we can deal with any operating environment challenge, and our basic management policy is to develop sustainably and globally through fostering our businesses into competitive ones.

Forward-looking statements herein are those judged by the Group as of the end of the fiscal year under review.

[Business environment and Issues to be Addressed]

As the Group's business environment is such that it can no longer hope for growth in domestic demand, the Group's customers are expected to expand continuously overseas and competition intensifies amid this globalization. In response to these business conditions, the Group formulated and announced the "2016 Mid-term Business Plan" with the implementation period set from fiscal 2016 to fiscal 2020 (announcement on May 26, 2016) before conducting measures.

An outline of the Mid-term Business Plans are as follows.

[2016 Mid-term Business Plan]

- ◆ Slogan
The First Step for Coming 10 Years, Shift from "Processing Special Steel" to "Creating Added Value from Materials"
- ◆ Vision
 - Strengthen our "Processing Special Steel" business model with worldwide acceleration
 - Generate "Creating Added Value from Materials" business model
- ◆ Three main tactics
 - Build a worldwide supply chain of the Springs Business
 - Strengthen "Processing Special Steel" with generating a synergy between Steel and Springs Businesses
 - Build "Creating Added Value from Materials" business model in Formed & Fabricated Products Business

To date, we have put in place the systems and platforms stated in the above-mentioned plan while steadily executing the measures formulated.

However, with many global business risks having materialized in recent years, the operating environment for the Group has changed significantly compared to when the plan was formulated, a situation affecting the Company's existing businesses.

The Group will strive to bolster the structure of the existing businesses on a top priority basis and continue to execute the growth strategy actions stated in the Mid-term Business Plan while reconsidering the timing in which to invest appropriately.

(i) Bolster the structure of our existing businesses

For fiscal 2018, the Springs Business and the Specialty Bars Business proved to post challenging profits, affected by the external environment.

North American subsidiaries in the Springs Business were affected significantly, encountering production turmoil caused by tightening material procurement stemming from rising material markets, a situation attributable to steel import regulation in the U.S.A. and Canada. To deal with these matters, we took the measures to enlarge the list of local material suppliers and dispatch an aid team to improve production, seeking to attain early rehabilitation.

The Specialty Steel Bars Business experienced a profit slowdown, affected by reduced material supply from the Muroran Works starting from the second half of the period under review despite the fact that plant utilization remained high on the back of buoyant demand in Japan while we sought to pass soaring raw material and auxiliary material prices onto selling prices. The future outlook for specialty steel bar demand is uncertain as construction machinery industry firms, our main customer base, will likely be affected by the growth slowdown of the Chinese economy. To address this situation, we will bolster our earnings platform through stable plant utilization and cost-saving efforts by continuing a facility renovation work project at the Muroran Works and executing renewal and strategic investments at Mitsubishi Steel Muroran Inc. with a view to potentially bolstering collaboration at the works.

(ii) Turn new businesses into profit generators

In the Special Steel Bars Business, the Company converted the Indonesian special steel maker PT. JATIM TAMAN STEEL MFG. (JATIM) into a consolidated subsidiary of the former in January 2018 by acquiring a majority of shares in the latter. For the first year, JATIM put efforts into its business management and the reinforcement of its technologies, quality and product development capabilities, which culminated in the subsidiary acquiring Japanese Industrial Standards (JISs) in October 2018. In the coming years, while meeting local needs for specialty steel products, JATIM will build a global supply chain in collaboration with other domestic and overseas bases such as Mitsubishi Steel Muroran Inc., thereby expanding sales.

In the Springs Business, the Company continued its global engagement efforts in earnest. The bases in Mexico and China launched production of stabilizers while the one in India commenced the manufacture of large-diameter springs. In addition to acquiring a German spring manufacturer, the Company in June 2018 decided to set up shop in the Philippines to bolster operations in the ASEAN region, following which we began local production on a step-by-step basis. However, fiscal 2018 saw various overseas materialize, prompting customers to revise their global strategies. In this climate, we will strive to reap benefits from our existing investment projects in the coming years, thus turning them into profit generators.

Since its inception in 2016, the Research & Development Center has been delivering results steadily as evidenced by the successful development of light-weight springs. The Group intends to step up collaborations with external institutions, including academic-industrial alliances, as well as make selection and concentration efforts for research and development prioritizing what is effective for generating sales and cost-saving. The EV Project Team launched at the center will develop next-generation products with the aim of establishing technologies adaptable to a future shift in production to electric vehicles.

As part of the plan to make the Chiba Works the mother plant, the Group is scheduled to establish the Advanced Materials Center at the works to further pursue research and development. We are now in the process of adopting a vacuum melting furnace (VIM) and gas atomization mass production facilities with all of them being slated to come into operation by fiscal 2020, thereby developing new materials and building a model for “Creating Added Value from Materials.”

(iii) Bolster the headquarters

Coinciding with initiatives by our business units, we will bolster the headquarters to deliver increased synergistic effects between different businesses.

The new Sales Division established previously has been expanding sales by centralizing needed information, among other steps. The Division has begun to gradually achieve results such as an identification of customer needs on a cross-divisional basis. The Division will bolster the platform further to continue to capture and meet diverse customer needs.

We established an overseas aid team intended to deal with various overseas risks (Global Control Office for Corporate Administration). While individual Divisions have been supporting overseas bases to date, the coming years will see the overseas aid team assist their management operations such as for legal and financial affairs, thereby minimizing risks.

In addition to working on the above-mentioned issues, the Company will continue deliberations to achieve an even stronger business structure, and transform its business model from “Processing Special Steel” into “Creating Added Value from Materials,” thereby enhancing its corporate value in the medium- to long-term.

Special Steel Bars Business

While demand such as from the construction machinery industry, our main customer, was strong, the solid demand has begun to slow down as evidenced by the Chinese economy's deceleration, among other developments. In this environment, the Group will make efforts to improve selling prices to pass on the surging raw material costs and auxiliary material prices to recover adequate margins.

Meanwhile, the Company will work on forming a structure that is adaptable to growing production volume at domestic operation bases, while strengthening the stability of operations and cutting costs with solid capital investments focused on cost and quality improvements.

In overseas business, the Company converted the Indonesian special steel maker PT. JATIM TAMAN STEEL MFG. into a consolidated subsidiary of the Company in January 2018. With the acquisition of the subsidiary, the Company will further accelerate improvements in quality and cost competitiveness to meet local procurement needs, aiming to launch full-fledged production and assure stable earnings as soon as possible.

Springs Business

In Japan, the Group will actively develop globally cost-competitive products with a focus on weight saving and performance advances.

Overseas, the Group improved costs at its existing bases in North America and China on a top priority basis. Fiscal 2019 will be another year in which we solidly push forward with cost improvement activities at these bases. At the same time, we aim to win increased orders for stabilizers in Mexico and China and for large-diameter springs in India and China.

Formed & Fabricated Products Business

The Company will make efforts to improve profits by achieving higher productivity through the integration of turbine wheel plants and an improved quality of precision forgings as soon as possible. To bolster growing sales of special alloy powder, we established Powder Sales Promotion Office, thus accelerating the expansion.

For the Advanced Materials Center to be established at the Chiba Works, the Company will adopt a test production line for precision castings and vacuum induction melting furnace equipment, with the focus on formulating the "Creating Added Value from Materials" business model.

Machinery Business

Mitsubishi Nagasaki Machinery Mfg. Co., Ltd. will focus on sales promotions targeted at new business fields and new customers by leveraging its core technologies, while broadening sales channels as well as exports using the Mitsubishi Steel Group network.

We will proactively pursue development and capital investment to achieve sustainable growth as an integrated engineering company.

The Group will work on the aforementioned priority initiatives and expedite globalization. The Group will also continue to vigorously enhance its business foundations into the future, while acknowledging that compliance and corporate social responsibility are critical issues.

We look forward to your continued guidance and support as our shareholder.

(3) Trends in Assets and Income Status

Status of the Group

Classification	91st Fiscal Year (2014/4~2015/3)	92nd Fiscal Year (2015/4~2016/3)	93rd Fiscal Year (2016/4~2017/3)	94th Fiscal Year (2017/4~2018/3)	95th Fiscal Year (under review) (2018/4~2019/3)
Net sales (million yen)	118,739	106,539	103,742	118,742	129,370
Operating income (million yen)	4,933	4,286	3,861	3,219	1,055
Ordinary income (million yen)	5,824	3,286	3,214	2,837	117
Profit attributable to owners of parent (million yen)	3,545	2,486	3,504	2,904	280
Profit per share (yen)	230.3	161.6	227.8	188.8	18.2
Total assets (million yen)	123,453	122,464	135,104	153,357	153,327

(Notes)

1. The Company consolidated 10 shares of its common shares into 1 share effective October 1, 2017. The figures for profit per share listed above were calculated assuming the consolidation was conducted at the beginning of the 91st Fiscal Year.
2. Company shares held by Board Incentive Plan (BIP) Trust are recorded as treasury shares in the Consolidated Financial Statements. Consequently, Company shares held by the trust are included in treasury shares subject to exclusion from the average number of shares outstanding during the fiscal period and the total number of shares outstanding at the end of the fiscal period.
3. From the start of the fiscal year under review, the Company applied the partial revision to “Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018). Total assets as of the end of the previous fiscal year indicate the amount of total assets to which the partial revision has been applied retroactively.

(4) Financing Status

Equipment funds and operating funds during the period under review were sourced from the Group's own funds and borrowings.

(5) Major Lenders (as of March 31, 2019)

Lender	Amount of borrowings (outstanding balance)
MUFG Bank, Ltd.	16,420 million yen
Development Bank of Japan Inc.	5,156
Syndicated Loan	5,000
Meiji Yasuda Life Insurance Company	2,930
Indonesia Eximbank	2,500

(Notes)

1. The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its name to MUFG Bank, Ltd. as of April 1, 2018.
2. Due to the reorganization of Mitsubishi UFJ Financial Group, Inc., borrowings from Mitsubishi UFJ Trust and Banking Corporation have been restated as borrowings from MUFG Bank, Ltd. as of April 16, 2018.
3. The lead manager of the syndicate loan is MUFG Bank, Ltd.

(6) Capital Investment Status

Capital investments made during the period under review totaled 5,950 million yen.

Main capital investments

Segment	Venue	Item
Special Steel Bars Business	Mitsubishi Steel Muroran Inc.	Installation and renewal of manufacturing facilities
		Renewal of system
	PT. JATIM TAMAN STEEL MFG.	Installation and renewal of manufacturing facilities
Springs Business	Chiba Works	Installation and renewal of manufacturing facilities
	MSSC Ahle GmbH	Installation of manufacturing facilities
	MSM CEBU, INC.	Installation of manufacturing facilities
	MSSC CANADA INC.	Installation of manufacturing facilities
	MSSC US INC.	Installation and renewal of manufacturing facilities
Formed & Fabricated Products Business	Hirota Works	Installation and renewal of manufacturing facilities
	MSM (THAILAND) CO., LTD.	Renewal of manufacturing facilities
Machinery Business	Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.	Renewal of manufacturing facilities
Group-wide	Research & Development Center	Installation and renewal of inspection facilities

(7) Status of Significant Subsidiaries and Business Combinations

a. Status of significant subsidiaries

Company name	Capital stock	Investment ratio	Description of main business
PT.JATIM TAMAN STEEL MFG.	Millions of Indonesian rupiahs 1,209,387	56.2%	Manufacturing and sale of special steel bars
MSSC CANADA INC.	Thousands of Canadian dollars 5,000	100.0	Manufacturing and sale of springs for automobiles
MSSC US INC.	US dollars 100	100.0	Manufacturing and sale of springs for automobiles
MSSC MFG MEXICANA, S.A. DE C.V.	Thousands of Mexican pesos 304,346	100.0	Manufacturing and sale of springs for automobiles
MSSC Ahle GmbH	Euro 25,000	100.0	Manufacturing and sale of springs for automobiles
MSM NINGBO SPRING CO., LTD.	Thousands of US dollars 28,200	100.0	Manufacturing and sale of springs for automobiles and construction machinery
MSM SPRING INDIA PVT.LTD.	Thousands of Indian rupees 417,000	95.2	Manufacturing and sale of springs for construction machinery and rail vehicles
MSM CEBU, INC.	Thousands of Philippine pesos 24,000	100.0	Manufacturing and sale of precision springs and module products
MSM (THAILAND) CO., LTD.	Thousands of Thai bahts 154,200	100.0	Manufacturing and sale of precision castings, cast magnets, and precision forgings Sale of springs for automobiles (leaf spring)
Mitsubishi Steel Muroran Inc.	Million yen 3,000	70.0	Manufacturing and sale of special steel bars and steel ingot
Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.	Million yen 900	60.8	Manufacturing and sale of steel fabrication, industrial machinery and application equipment
Ryokoh Express Co., Ltd.	Million yen 99	78.2	Maritime transport, cargo transportation by trucks, warehouses

(Notes)

1. As of the end of the period under review, the Company's consolidated subsidiaries and associates accounted for under the equity method totaled 18 and 3, respectively.
2. The Group has no specified wholly-owned subsidiary stipulated by Article 118, Paragraph 4 of the Ordinance for Enforcement of the Companies Act as of the end of the period under review.

- b. Status of significant business combinations, etc.
- (a) Because MSSC Deutschland GmbH, a pure holding company newly established, had acquired all equity interests in Gebrüder Ahle GmbH & Co. KG on April 12, 2018, these firms and a subsidiary of the latter had been included in the scope of consolidation. On September 7, 2018, they were merged into the surviving company MSSC Deutschland GmbH, which was then renamed MSSC Ahle GmbH. As a result, we excluded the two firms from the scope of consolidation.
- (b) The percentage of the Company's equity interest in MSM SPRING INDIA PVT. LTD. changed from 94.7% to 95.2% as the firm's paid-in capital grew from 377,000,000 Indian Rupees to 417,000,000 Indian Rupees due to a capital increase it conducted on February 1, 2019.

(8) Principal Places of Business (as of March 31, 2019)

Domestic Principal Places of Business

The Company (locations)

Name	Location	Name	Location
1. Head Office	Tokyo Metropolis	5. Hiroshima Sales Office	Hiroshima Prefecture
2. Chubu Branch Office	Aichi Prefecture	6. Chiba Works, Research & Development Center	Chiba Prefecture
3. Nishi-Nihon Branch Office	Osaka Prefecture		
4. Fukuoka Sales Office	Fukuoka Prefecture	7. Hirota Works	Fukushima Prefecture

Subsidiaries (locations)

Name	Location
1. Mitsubishi Steel Muroran Inc.	Hokkaido Prefecture
2. Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.	Nagasaki Prefecture
3. Ryokoh Express Co., Ltd.	Chiba Prefecture

Overseas main base

The Company (locations)

Name	Location
1. Dusseldorf Office	Germany

Subsidiaries and other associates (locations)

Name	Location
1. PT.MSM INDONESIA.	Indonesia
2. PT. JATIM TAMAN STEEL MFG.	Indonesia
3. MSSC CANADA INC.	Canada
4. MSSC US INC.	U.S.A.
5. MSSC MFG MEXICANA, S.A. DE C.V.	Mexico
6. MSSC Ahle GmbH	Germany
7. MSM NINGBO SPRING CO., LTD.	China
8. MSM SPRING INDIA PVT.LTD.	India
9. Stumpp Schuele & Somappa Auto Suspension Systems Pvt. Ltd.	India
10. MSM CEBU, INC.	The Philippines
11. MSM (THAILAND) CO., LTD.	Thailand

(Note)

Stumpp Schuele & Somappa Auto Suspension Systems Pvt. Ltd., an affiliate of the Company, is accounted for under the equity method.

(9) Status of Employees (as of March 31, 2019)

a. Status of the Group's Employees

Segment	Number of employees
Special Steel Bars Business	988 persons
Springs Business	1,519
Formed & Fabricated Products Business	1,196
Machinery Business	459
Other Business	99
Group-wide (common)	200
Total	4,461

(Notes)

1. The number of employees of the Group declined by 313 persons compared to the end of the previous fiscal year mainly due to production fluctuations at overseas bases.
2. The number of employees shown in "Group-wide (common)" refers to employees who cannot be categorized into any specific segment.

b. Status of the Company's Employees

Number of employees	Increase (decrease) from end of previous period	Average age	Average number of years of service
792 persons	14 persons	41.8 years old	19.5 years

2. Matters concerning Shares (as of March 31, 2019)

- (1) **Total Number of Shares Authorized to be Issued:** 36,000,000 shares
(2) **Total Number of Shares Outstanding:** 15,709,968 shares
(3) **Number of Shareholders:** 9,022 persons
(4) **Major Shareholders:**

Name of shareholder	Number of shares held (thousands)	Shareholding ratio
Mitsubishi Heavy Industries, Ltd.	1,000	6.5%
Meiji Yasuda Life Insurance Company	715	4.6
The Master Trust Bank of Japan, Ltd. (trust account)	685	4.4
NORTHERN TRUST CO. (AVFC) RE NVI01	516	3.3
STATE STREET BANK AND TRUST COMPANY 505019	432	2.8
MUFG Bank, Ltd.	429	2.8
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS-UNITED KINGDOM	407	2.6
DFA INTL SMALL CAP VALUE PORTFOLIO	400	2.6
Japan Trustee Services Bank, Ltd.(trust account)	392	2.5
Mitsubishi UFJ Trust and Banking Corporation	342	2.2

(Note)

The 271 thousand treasury shares are excluded from the calculation of the shareholding ratio above.
The 54,300 shares of the Company held by the BIP Trust are excluded from treasury shares.

3. Matters concerning Subscription Rights to Shares, etc. (as of March 31, 2019)

There are no subscription rights to shares, etc. issued at this point in time.

4. Matters concerning Officers

(1) Directors and Corporate Auditors (as of March 31, 2019)

Position	Name	Assignment and Significant Concurrent Positions
* President & CEO	Motoyuki Sato	
* Managing Director & CFO	Hiroyuki Nagata	In charge of Corporate Planning Division and Accounting Department
Director	Masayuki Takashima	
Director	Akira Hishikawa	
Director	Hiroshi Sekine	In charge of Steel Bars Business President & Representative Director, Mitsubishi Steel Muroran Inc. President Director, PT.JATIM TAMAN STEEL MFG.
Director	Hiroshi Amano	In charge of Springs Business Chairman of the Board, MSSC CANADA INC. Chairman of the Board, MSSC US INC. Chairman of the Board, MSSC MFG MEXICANA, S.A. DE C.V. Chairman, MSM NINGBO SPRING CO., LTD.
Director	Jun Takayama	In charge of Formed & Fabricated Products Business, Research & Development Center and Quality Assurance
Director	Yasuhiko Iizuka	In charge of General Affairs & Human Resources Department, Public & Investor Relations Department, Procurement Department and Systems Department
Director	Akira Yamao	General Manager, Sales Division, Steel Bars Division and Parts Sales Division
Standing Corporate Auditor	Hirokuni Sakamoto	
Standing Corporate Auditor	Yoshihiro Hayasaka	
Corporate Auditor	Shuichiro Sekine	Certified Public Accountant
Corporate Auditor	Tetsuya Nakagawa	Registered Attorney at Law

(Notes)

- Persons marked with an asterisk (*) are representative directors.
- Directors Masayuki Takashima and Akira Hishikawa are Outside Directors as defined in Article 2 (xv) of the Companies Act, and are notified by the Company as independent officers to the Tokyo Stock Exchange, Inc.
- Corporate Auditors Hirokuni Sakamoto, Shuichiro Sekine and Tetsuya Nakagawa are Outside Corporate Auditors as defined in Article 2 (xvi) of the Companies Act, and are notified by the Company as independent officers to Tokyo Stock Exchange, Inc.
- Corporate Auditor Shuichiro Sekine is a qualified Certified Public Accountant, and has considerable financial and accounting expertise.

(2) Overview of Limited Liability Agreement

The Company has concluded an agreement with each Outside Director and Corporate Auditor to limit his liability for damages referred to in Article 423 (1) of the Companies Act pursuant to the provision of Article 427 (1) of said Act. The maximum amount of liability for damages prescribed in such agreement is the sum of the amounts stipulated in the items of Article 425 (1) of said Act.

(3) Total Amount of Compensation, etc. of Directors and Corporate Auditors

Classification	Number of persons paid	Total amount of compensation, etc. (million yen)
Directors	9	204
Corporate Auditors	4	55
Total	13	259
(Outside officers (included above))	(5)	(51)

(Notes)

1. In addition to the above compensation, the Company paid ¥9 million in employee remuneration paid to Directors who serve the Company as Directors and employees concurrently.
2. In addition to the above compensation, the Company recorded ¥18 million as the amount of provision for directors' share benefits for the fiscal year under review based on the performance share plan for directors that was approved at the 93rd Ordinary General Meeting of Shareholders held on June 23, 2017.

(4) Policy for Determining Amount of Compensation, etc. for Officers

[Director]

The policy for determining the amount of compensation, etc. for Directors shall be determined by the Board of Directors.

The amount of remuneration, etc. of Directors excluding Outside Directors consists of base compensation (fixed) and performance-linked bonuses as well as performance-linked stock compensation.

As for Outside Directors, the Company asks them to take office to reflect their advice based on their wide variety of insights and experience to the management and accordingly, pays only base compensation (fixed) considering their roles and job descriptions.

The amount of compensation, etc. for Directors shall be determined with advice from the Governance Committee consisting of Outside Directors.

[Corporate Auditor]

The amount of remuneration, etc. for Corporate Auditors shall be determined by discussions among the Corporate Auditors.

The amount of remuneration, etc. for Corporate Auditors shall be only base compensation (fixed) considering their roles and job descriptions.

(5) Matters concerning Outside Officers

- a. Relationship between the Company and entity where significant concurrent positions are held

Outside Officers have no significant concurrent position.

- b. Status of main activities in the fiscal year under review

Classification	Name of outside officers	Attendance at meetings of Board of Directors	Attendance at meetings of Board of Corporate Auditors
Directors	Masayuki Takashima	13 out of 13 meetings	
	Akira Hishikawa	13 out of 13 meetings	
Corporate Auditors	Hirokuni Sakamoto	13 out of 13 meetings	15 out of 15 meetings
	Shuichiro Sekine	13 out of 13 meetings	15 out of 15 meetings
	Tetsuya Nakagawa	13 out of 13 meetings	15 out of 15 meetings

[Board of Directors]

The outside officers actively asked questions, made suggestions from their respective standpoints and sufficiently fulfilled their management monitoring functions.

[Board of Corporate Auditors]

The Outside Corporate Auditors executed their duties in accordance with the audit policy established by the Board of Corporate Auditors, and made reports to the Board of Corporate Auditors.

[Governance Committee]

For the purpose of information exchange and sharing of recognition among independent Outside Directors, the Governance Committee was held three times during the fiscal year under review. Outside Directors actively asked questions and had a lively discussion about matters concerning the reinforcement of the Company's risk management system and corporate governance as well as the operation of the Governance Committee.

5. Matters concerning Accounting Auditor

(1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC (as of March 31, 2019)

(2) Amount of Fees, etc. of Accounting Auditor

Classification	The fiscal year under review
	Fee for audit certification service (in millions of yen)
The Company	49
Total amount of money payable by the Company and its subsidiaries	67

(Notes)

1. The audit agreement between the Company and the Accounting Auditor does not separately show the amounts of the fee for an audit under the Companies Act and the fee for an audit under the Financial Instruments and Exchange Act. Therefore, the amount of the stated fee for audit certification service for the Company is a combined total amount of the fees.
2. The Board of Corporate Auditors comprehensively considered the contents of the audit program of the Accounting Auditor, the status of execution of duties in accounting audit, the adequacy of the basis of calculation of estimated remuneration and the possibility of providing future appropriate audit services to approve the amount of remuneration for the Accounting Auditor.
3. Among the Company's significant subsidiaries, overseas subsidiaries are audited by an audit corporation other than the Company's Accounting Auditor.

(3) Policy for Determination of Dismissal or Non-reappointment of Accounting Auditor

If the Accounting Auditor is deemed to fall under any of the items of Article 340 (1) of the Companies Act, the Board of Corporate Auditors will dismiss the Accounting Auditor based on the consent of all Corporate Auditors. If the Accounting Auditor is deemed to have any difficulties in performing its duties properly, or if it is otherwise deemed necessary, the Board of Corporate Auditors will decide to dismiss or not to reappoint the Accounting Auditor.

6. Basic Policy for Internal Controls and Its Implementation Status

(1) Basic Policy for Internal Controls

The Company's basic policy for internal controls resolved at the meeting of the Board of Directors is as follows.

a. System to ensure execution of duties by Directors of the Company and directors of its subsidiaries in compliance with laws, regulations and the Articles of Incorporation and in an efficient manner

For the purpose of fulfilling its social responsibility in pursuit of becoming an enterprise trusted by society, the Company has prescribed in its "Basic Policy for Corporate Governance" that it shall establish the "Corporate Philosophy" and "Mitsubishi Steel Group Code of Conduct" and commit to pursuing and fulfilling more effective corporate governance. The Company's system places importance on "the functional enhancement of the institutions of the Board of Directors and the Board of Corporate Auditors" as well as "deliberations on the execution of operations by the Management Committee and enhancement of compliance and crisis management."

The meeting of the Board of Directors is where the direction of management strategies for the Group as a whole is determined. While giving consideration to speedy decision-making, the Board of Directors formulates basic management policies, determines matters stipulated in laws, regulations and the Articles of Incorporation and other important management-related matters, and supervises Directors in executing operations.

The Board of Directors shall be the minimum size necessary, and have a system that enables speedy and efficient decision-making. Regarding the policies determined by the Board of Directors, the Director in charge responsibly gives instructions to employees who are given authority to execute the operations, and each authorized person shall execute their operations.

In addition, Outside Directors and Outside Corporate Auditors attend the meetings of the Board of Directors and ensure fairness and transparency in the decisions on the execution of operations. Meanwhile, as a subordinate agency of the Board of Directors, the Governance Committee shall be put into place for the purpose of information exchange and sharing of recognition among independent Outside Directors, which will openly discuss matters concerning the Company's business and governance so as to strengthen supervisory function to execution of operations by the Board of Directors. The Board of Corporate Auditors audits the Group as a whole, including compliance and crisis management in accordance with the audit policy and segregation of operations, and ensures that Directors comply with laws, regulations and the Articles of Incorporation in executing their duties.

Furthermore, meetings of the Management Committee are convened periodically, on a weekly basis as a general rule (and are convened whenever necessary,) where its members including Directors, Corporate Auditors, Fellows, General Managers of Divisions, the respective Heads of Corporate Planning Unit, General Manager of Sales Division, the respective Heads of Control & Administration Unit and the General Manager of Research & Development Center deliberate and deal with the execution of important operations, compliance and crisis management of the Group.

In subsidiaries, the "Management Regulations for Subsidiaries" shall clarify rules for the management of subsidiaries, and through compliance with such regulations the Company shall understand and manage the status of its subsidiaries. In addition, a system to execute duties in a proper and efficient manner is ensured by making the Company's Directors, Corporate Auditors or employees concurrently serve as directors or corporate auditors of subsidiaries as a general rule. In the "Mitsubishi Steel Group Code of Conduct," the Group declares that it has absolutely no relationship with any antisocial forces, and that it has a system in place to collaborate with outside specialized institutions such as police and lawyers and take a resolute stance when it receives unreasonable demands from antisocial forces.

b. System for the preservation and management of information on execution of duties by Directors

With regard to preserving and managing information on the execution of duties, Directors properly preserve and manage the minutes of the Board of Directors and other such important documents and information in accordance with laws, regulations and internal rules.

In addition, Directors ensure that the Group positions the information security management structure in accordance with the basic policy for information security and the rules thereof.

c. Regulations and other systems to manage risk of loss of the Company and its subsidiaries

A system is established for the Management Committee of the Company to discuss problems that may expose the Company and its subsidiaries to the risk of loss, to launch a risk management project to consider the risks for management mainly on governance (subsidiary management) and compliance and to identify and properly manage the risk of loss arising in domestic as well as global business activities.

The Investment and Credit Committee was established, mainly led by the Corporate Planning Division, in order to build a system contributing to management decisions by sufficiently considering risks in the investment plan including advances in new business, expansion of the existing business, increase in capital and loan to subsidiaries and affiliates, and the capital investment plan.

There is also a system in place for the Board of Directors of the Company to deliberate important cases, including items regarding subsidiaries, pursuant to the Rules of the Board of Directors and thereby prevent loss from arising.

d. System to ensure execution of duties by employees of the Company and its subsidiaries in compliance with laws, regulations and the Articles of Incorporation

In the Company, the Internal Audit Department - which reports directly to the President - conducts audits as the internal auditing division to determine whether or not operations are executed by employees in an appropriate and lawful manner, in addition to supervision by Directors and operational audits by the Corporate Auditors.

In subsidiaries, a system to ensure properness and efficiency in employees' duties and to prevent them from violating laws and regulations, etc. is ensured by making the Company's Directors, Corporate Auditors or employees concurrently serve as directors or corporate auditors as a general rule.

In addition, the Group is developing a Group-wide compliance enhancing structure in accordance with the basic regulations on compliance, and regularly checks whether the structure is operated appropriately. Furthermore, Efforts are made to instill compliance in each and every employee by enhancing training aimed at making employees become more aware of the importance of compliance and deepening their understanding of "Mitsubishi Steel Group Code of Conduct." Moreover, violations of laws and regulations are prevented by the establishment of a whistle-blowing system in which members of the Internal Audit Department and a law firm can be reached.

e. System to ensure properness of operations in the Group and system to report matters regarding execution of duties by directors of subsidiaries to the Company

The respective directors of subsidiaries execute operations and supervise their employees in accordance with policies decided by the Board of Directors and the Management Committee of the Company. In addition to audits conducted by the respective corporate auditors of subsidiaries, Directors, Corporate Auditors or employees of the Company concurrently serve as directors and corporate auditors of major consolidated subsidiaries and supervise and audit them, and exchange information periodically with directors and corporate auditors of each subsidiary while collaborating with the Internal Audit Department and the Accounting

Auditor, thereby ensuring the properness of operations of the Group as a whole.

Furthermore, a system to have a grasp of important matters concerning subsidiaries at all times is ensured through the Operating Unit, Corporate Planning Unit, Sales Unit, Control & Administration Sections and Research & Development, in addition to the receipt of reports by the Directors and Corporate Auditors of the Company at the meetings of the board of directors, etc. of the subsidiaries.

Various countermeasures are also developed and implemented to strengthen the management structures of overseas subsidiaries.

In addition, internal controls are put in place and implemented properly to ensure appropriateness and reliability of the Group's financial reporting.

f. Matters concerning employees who should assist Corporate Auditors' duties

Staff who concurrently serve as assistants to Corporate Auditors are appointed and assist in the Corporate Auditors' work, and Corporate Auditors properly confirm and give guidance on the staff's work, thereby ensuring the effectiveness of instructions.

In addition, to assure the independence of the Corporate Auditor's staff, the Director responsible for General Affairs & Human Resources Department consults on matters concerning the transfer of the Corporate Auditor's staff with the Board of Corporate Auditors in advance.

g. System for Directors and employees of the Company and directors and employees of its subsidiaries to report to the Corporate Auditors of the Company and other systems for reporting to Corporate Auditors, and system to ensure any person who made such report is not treated unfairly on the grounds of making such report

Directors and employees of the Company and directors and employees of its subsidiaries report the status of execution of operations to Corporate Auditors as appropriate (including making reports at important meetings attended by Corporate Auditors), and promptly make a report to the Corporate Auditors on matters with the risk of inflicting serious damage to the Company, acts in violation of laws, regulations or the Articles of Incorporation and other matters on which the Corporate Auditors demand a report.

The content of whistle-blowing by officers and employees of the Company and domestic subsidiaries is reported to Corporate Auditors.

In addition, the Whistle-blowing Rules stipulate that no one will be treated unfairly on the grounds of making such report, and an explanation is provided at in-house workshops to the effect that there will be no unfair treatment.

h. Matters concerning procedures for prepayment or reimbursement of expenses incurred in the execution of duties by Corporate Auditors of the Company and other policies for processing expenses and liabilities incurred in the execution of such duties

Directors properly pay Corporate Auditors as necessary with respect to expenses incurred in audits, etc. with full understanding of the importance of audits conducted by Corporate Auditors.

i. Other systems to ensure effective auditing by Corporate Auditors

Corporate Auditors effectively audit the execution status of operations by such means as periodically exchanging information with Directors including the Representative Director, the Internal Audit Department and the Accounting Auditor, and receiving reports from Operating Unit, each department in Corporate Planning Unit, each department in Sales Unit, each department in Control & Administration Unit and Research & Development after having identified management problems at the meetings of the Board of Directors and the Management Committee in the early stages, and attending important meetings convened monthly at each place of business and subsidiary as appropriate.

(2) Implementation Status of the Basic Policy for Internal Controls

The Company strives to develop and adequately operate internal controls based on the basic policy for internal controls. During the fiscal year under review, it promoted activities to keep the Group companies informed about the “Corporate Philosophy” and “Mitsubishi Steel Group Code of Conduct” and conducted comprehension surveys with employees. Considering the results, the Board of Directors of the Company determined to maintain in-house training and comprehension surveys to disseminate them and enhance employee understanding. The following are other major matters on the implementation status of the basic policy for internal controls.

a. Matters concerning compliance

The Company’s Board of Directors and Management Committee deliberated on whether its operations were executed in compliance with laws and regulations, and the Board of Corporate Auditors and Internal Audit Department provided internal audit in cooperation with each other to confirm the implementation status of compliance in addition to verification of adequacy and effectiveness of execution of operations.

During the fiscal year under review, the Company conducted compliance training with employees of the Company and its domestic subsidiaries and training related to the legal liabilities of officers to officers of the Company and its domestic subsidiaries with a lawyer as lecturer in order to increase employee awareness of compliance. In addition, in accordance with internally developed basic regulations on compliance, the Company appointed Chief Compliance Officer responsible for supervising the entire Group and a person-in-charge of compliance of each subsidiary, and formulated a structure for investigating, reporting, and monitoring, etc. compliance status through collaboration with the secretariat, General Affairs & Human Resources Department. Furthermore, the Company investigated the readiness of all Group companies for compliance risks, and carried out a review of their management to ensure it is appropriate for the structure in March 2019. The Company plans to continue conducting regular reviews.

The Company has put into place a whistle-blower system with the Internal Audit Department and a law firm as contacts to report the number of whistle-blowing cases and matters of which survey officers and Head of Internal Audit Office, etc. acknowledged the importance especially among all contents communicated to the Board of Directors. During the fiscal year under review, there was no whistle-blowing related to material violations of law.

In addition, starting from the fiscal year under review, we launched an initiative to introduce a whistle-blower system at each of our overseas subsidiaries, and introduced one at our subsidiaries in China and the Philippines in addition to one previously introduced at our Thai subsidiary.

In order to reject any relation with anti-social forces, the Company continues its approach of including provisions regarding the elimination of anti-social forces in agreements with its business partners.

b. Matters concerning execution of duties by Directors

During the fiscal year under review, the Board of Directors held meetings 13 times, actively exchanged opinions about material matters on the Company and its subsidiaries and provided prompt and effective decision-making. Outside Directors and Outside Corporate Auditors attended these meetings to ensure the fairness and transparency of the execution of operations.

In the Governance Committee as subordinate agency of the Board of Directors, independent Outside Directors understood developments of each business of the Group and deepened their recognition on business issues. The Group receives the advice of independent Outside Directors about the designation and remuneration of Directors in order to strengthen the supervisory function of the Board of Directors.

In addition, preservation and management of information on the execution of duties by

Directors have been performed properly in accordance with laws and regulations and internal rules. During the fiscal year under review, the Group formulated the Group-wide information security management structure based on the basic policy for information security and the rules. Meanwhile, the Group provided education and training on information security for Directors and employees, striving to enhance each individual's awareness of the significance of information security.

In addition, the Company conducts periodic evaluations annually on the effectiveness of the Board of Directors to understand the current status of the Board of Directors and improve the operation and make it more efficient.

For ensuring the adequacy and reliability of financial reporting of the Group, Directors have built and operated internal control based on standards on the evaluation and audit of internal control on financial reporting, and Corporate Auditors, the Internal Audit Department and the Accounting Auditor audited the structure and implementation status of such control.

In addition, the Group disclosed information through investor relations activities including results briefings in order to ensure transparency of management.

c. Matters concerning execution of duties by Corporate Auditors

Corporate Auditors attend meetings of the Board of Corporate Auditors (a total of 15 times), material meetings including meetings of the Board of Directors and Management Committee as well as major monthly meetings held in each business office and subsidiaries to collect information and understand actual situations. For the fiscal year under review, Corporate Auditors visited overseas subsidiaries in Germany and the Philippines to conduct a field audit. In addition, they confirmed problems and approaches of the Company and each Operating Section through individual interview with Directors, General Managers of Divisions, the respective Managers of Corporate Planning, Sales and Control & Administration Unit and the General Manager of Research & Development Center, and exchanged information as necessary and kept cooperation with the Internal Audit Department and the Accounting Auditor to ensure the effectiveness of audit.

Corporate Auditors attend the Governance Committee as much as possible as observer in order to confirm the developments and business issues of each business of the Group, together with Outside Directors.

Staff of Corporate Auditors made presentations in meetings of the Board of Corporate Auditors. As for expenses on execution of duties of Corporate Auditors, the Company paid necessary expenses properly.

d. Matters concerning the risk management system

The Company's Management Committee identifies and considers risks arising from the business activities of the Company and its subsidiaries. For the fiscal year under review, meetings of the Management Committee were held 53 times. Material matters were also deliberated upon in meetings of the Board of Directors in accordance with regulations of the Board of Directors. By doing this, the Company has strengthened the system that enables understanding of, and management of risks arising from, its business activities.

The Investment and Credit Committee was established, which assesses projects from an objective and independent viewpoint as a meeting body independent of the Operating Unit, etc. in order to strengthen the risk management system.

In the fiscal year under review, the Company launched a risk management project, thereby enhancing the risk management system further.

e. Matters concerning the management system for subsidiaries

The regulations on the management of subsidiaries were defined so as to clarify the rules on the management of subsidiaries, and important matters on subsidiaries were deliberated in the Board of Directors and the Management Committee of the Company to understand and manage information of subsidiaries. As a general rule, the Company's Directors, Corporate

Auditors or employees concurrently serve as directors or corporate auditors of subsidiaries to ensure the adequacy and effectiveness of operations of subsidiaries and to prevent any violation of law from occurring.

(Note)

Amounts and the number of shares stated in this Business Report are rounded down to the nearest unit of presentation.

Ratios are rounded off to the second decimal place.

Consolidated Financial Statements

Consolidated Balance Sheet

(as of March 31, 2019)

(Million yen)

Account	Amount		Account	Amount	
	95th Fiscal Year (as of March 31, 2019)	(Reference) 94th Fiscal Year (as of March 31, 2018)		95th Fiscal Year (as of March 31, 2019)	(Reference) 94th Fiscal Year (as of March 31, 2018)
Assets			Liabilities		
Current assets	88,396	84,959	Current liabilities	46,136	40,229
Cash and deposits	17,112	14,797	Notes and accounts payable - trade	13,358	10,973
Notes and accounts receivable - trade	30,945	29,102	Electronically recorded obligations - operating	6,146	6,374
Electronically recorded monetary claims - operating	6,626	5,615	Short-term loans payable	17,821	17,068
Securities	9,000	13,600	Lease obligations	619	412
Merchandise and finished goods	8,755	8,316	Income taxes payable	1,817	528
Work in process	5,537	4,659	Accrued consumption taxes	430	85
Raw materials and supplies	6,677	6,634	Other	5,942	4,784
Other	3,746	2,241	Non-current liabilities	39,837	40,923
Allowance for doubtful accounts	(4)	(8)	Long-term loans payable	24,421	24,944
			Lease obligations	2,834	2,968
Non-current assets	64,930	68,398	Deferred tax liabilities	2,632	3,239
Property, plant and equipment	39,460	37,100	Net defined benefit liability	9,503	9,503
Buildings and structures	9,432	9,504	Provision for directors' retirement benefits	177	147
Machinery, equipment and vehicles	14,297	13,715	Provision for directors' share benefits	29	10
Land	6,514	6,399	Other	238	108
Leased assets	3,667	3,584			
Construction in progress	4,480	3,159	Total liabilities	85,973	81,152
Other	1,067	737	Net assets		
Intangible assets	11,905	12,910	Shareholders' equity	61,128	61,776
Software	1,343	1,052	Capital stock	10,003	10,003
Goodwill	3,092	3,409	Capital surplus	3,691	3,693
Land use rights	6,961	7,856	Retained earnings	48,706	49,352
Other	508	591	Treasury shares	(1,272)	(1,271)
Investments and other assets	13,564	18,387	Accumulated other comprehensive income	(2,088)	871
Investment securities	10,244	15,207	Valuation difference on available-for-sale securities	2,456	4,392
Long-term loans receivable	97	99	Deferred gains or losses on hedges	-	(8)
Net defined benefit asset	1,544	1,830	Foreign currency translation adjustment	(2,929)	(1,864)
Deferred tax assets	446	368	Remeasurements of defined benefit plans	(1,615)	(1,648)
Other	1,232	1,059	Non-controlling interests	8,313	9,556
Allowance for doubtful accounts					
Other	(1)	(177)	Total net assets	67,353	72,204
Total assets	153,327	153,357	Total liabilities and net assets	153,327	153,357

(Notes)

1. Amounts shown are rounded down to the nearest million yen.
2. From the start of the fiscal year under review, the Company applied the partial revision to “Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) to present deferred tax assets under investments and other assets and deferred tax liabilities under non-current liabilities. Figures for the previous fiscal year indicate the amount to which the partial revision has been applied retroactively.

Consolidated Statement of Income

from April 1, 2018 to March 31, 2019

(Million yen)

Account	Amount	
	95th Fiscal Year (From April 1, 2018 to March 31, 2019)	(Reference) 94th Fiscal Year (From April 1, 2018 to March 31, 2019)
Net sales	129,370	118,742
Cost of sales	112,433	101,852
Gross profit	16,937	16,889
Selling, general and administrative expenses	15,881	13,670
Operating income	1,055	3,219
Non-operating income	690	689
Interest and dividend income	329	346
Dividend income of life insurance	104	75
Other	257	267
Non-operating expenses	1,628	1,072
Interest expenses	971	363
Foreign exchange losses	398	164
Share of loss of entities accounted for using the equity method	20	411
Other	238	133
Ordinary income	117	2,837
Extraordinary income	2,187	2,992
Gain on disposal of non-current assets	150	61
Gain on sales of investment securities	2,037	434
Gain on step acquisitions	-	2,497
Extraordinary losses	878	-
Loss on valuation of investment securities	848	-
Other	30	-
Income before income tax	1,426	5,830
Income taxes - current	2,050	1,161
Income taxes - deferred	(99)	1,750
Profit (loss)	(525)	2,918
Profit (loss) attributable to non-controlling interests	(805)	13
Profit attributable to owners of parent	280	2,904

(Note)

Amounts shown are rounded down to the nearest million yen.

Consolidated Statement of Changes in Equity

from April 1, 2018 to March 31, 2019

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,003	3,693	49,352	(1,271)	61,776
Changes of items during period					
Changes in interests of parent in transaction with non-controlling shareholders		(1)			(1)
Dividends of surplus			(926)		(926)
Profit (loss) attributable to owners of parent			280		280
Issuance of new shares					-
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(1)	(645)	(0)	(648)
Balance at end of period	10,003	3,691	48,706	(1,272)	61,128

	Valuation difference on available-for-sale securities	Accumulated other comprehensive income				Non-controlling interests	Total net assets
		Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,392	(8)	(1,864)	(1,648)	871	9,556	72,204
Changes of items during period							
Changes in interests of parent in transaction with non-controlling shareholders							(1)
Dividends of surplus							(926)
Profit (loss) attributable to owners of parent							280
Issuance of new shares							-
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	(1,936)	8	(1,064)	32	(2,959)	(1,242)	(4,202)
Total changes of items during period	(1,936)	8	(1,064)	32	(2,959)	(1,242)	(4,850)
Balance at end of period	2,456	-	(2,929)	(1,615)	(2,088)	8,313	67,353

(Note)

Amounts shown are rounded down to the nearest million yen.

Non-consolidated Financial Statements

Balance Sheet

(as of March 31, 2019)

(Million yen)

Account	Amount		Account	Amount	
	95th Fiscal Year (as of March 31, 2019)	(Reference) 94th Fiscal Year (as of March 31, 2018)		95th Fiscal Year (as of March 31, 2019)	(Reference) 94th Fiscal Year (as of March 31, 2018)
Assets			Liabilities		
Current assets	51,522	48,164	Current liabilities	21,235	19,793
Cash and deposits	5,704	4,203	Notes payable - trade	9	5
Notes receivable - trade	623	1,023	Electronically recorded obligations - operating	1,968	2,266
Electronically recorded monetary claims - operating	5,511	4,722	Accounts payable - trade	6,571	5,643
Accounts receivable - trade	20,845	19,631	Short-term loans payable	7,989	9,249
Securities	7,200	10,600	Accounts payable - other	977	540
Merchandise and finished goods	4,037	4,251	Income taxes payable	1,674	343
Work in process	873	758	Accrued expenses	1,601	1,644
Raw materials and supplies	359	296	Other	443	99
Prepaid expenses	117	125	Non-current liabilities	25,703	25,491
Short-term loans receivable	4,262	1,155	Long-term loans payable	22,100	20,956
Accounts receivable - other	1,942	1,166	Deferred tax liabilities	824	1,720
Other	44	227	Provision for retirement benefits	1,388	1,323
Non-current assets	45,065	46,761	Provision for directors' share benefits	29	10
Property, plant and equipment	9,168	8,071	Provision for loss on business of subsidiaries and associates	1,314	1,432
Buildings	3,640	3,532	Other	47	48
Structures	185	165	Total liabilities	46,938	45,285
Machinery and equipment	1,844	1,974	Net assets		
Vehicles	14	23	Shareholders' equity	47,199	45,261
Tools, furniture and fixtures	243	245	Capital stock	10,003	10,003
Land	1,375	1,422	Capital surplus	3,684	3,684
Construction in progress	1,864	707	Legal capital surplus	3,684	3,684
Intangible assets	325	409	Retained earnings	34,784	32,845
Software	255	280	Legal retained earnings	809	809
Other	69	129	Other retained earnings	33,974	32,035
Investments and other assets	35,572	38,279	Reserve for advanced depreciation of non-current assets	1,090	1,187
Investment securities	6,115	11,058	General reserve	18,855	18,855
Shares of subsidiaries and associates	18,067	18,000	Retained earnings brought forward	14,028	11,992
Investments in capital	186	4	Treasury shares	(1,272)	(1,271)
Investments in capital of subsidiaries and associates	5,267	2,737	Valuation and translation adjustments	2,448	4,378
Long-term loans receivable	6,517	6,218	Valuation difference on available-for-sale securities	2,448	4,387
Prepaid pension cost	416	264	Deferred gains or losses on hedges	-	(8)
Other	195	190			
Allowance for doubtful accounts	(1,194)	(195)	Total net assets	49,648	49,640
Total assets	96,587	94,925	Total liabilities and net assets	96,587	94,925

(Notes)

1. Amounts shown are rounded down to the nearest million yen.
2. From the start of the fiscal year under review, the Company applied the partial revision to “Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) to present deferred tax assets under investments and other assets and deferred tax liabilities under non-current liabilities. Figures for the previous fiscal year indicate the amount to which the partial revision has been applied retroactively.

Non-consolidated Statement of Income

from April 1, 2018 to March 31, 2019

(Million yen)

Account	Amount	
	95th Fiscal Year (as of March 31, 2019)	(Reference) 94th Fiscal Year (as of March 31, 2018)
Net sales	76,944	70,986
Cost of sales	62,960	59,660
Gross profit	13,983	11,325
Selling, general and administrative expenses	10,028	8,407
Operating income	3,955	2,918
Non-operating income	634	520
Interest and dividend income	528	379
Other	105	141
Non-operating expenses	1,433	591
Interest expenses	289	254
Foreign exchange losses	-	214
Provision of allowance for doubtful accounts for subsidiaries and associates	999	-
Other	144	123
Ordinary income	3,156	2,847
Extraordinary income	2,304	2,416
Gain on sales of investment securities	2,037	434
Gain on sales of shares of subsidiaries	-	1,982
Gain on sales of non-current assets	148	-
Reversal of provision for loss on business of subsidiaries and associates	118	-
Extraordinary losses	848	1,440
Loss on valuation of investment securities	848	8
Provision for loss on business of subsidiaries and associates	-	1,432
Income before income tax	4,611	3,823
Income taxes - current	1,807	932
Income taxes - deferred	(61)	159
Profit	2,865	2,731

(Note)

Amounts shown are rounded down to the nearest million yen.

Non-consolidated Statement of Changes in Equity

[from April 1, 2018 to March 31, 2019]

(Million yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Retained earnings				
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
					Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
Balance at beginning of period	10,003	3,684	3,684	809	1,187	18,855	11,992	32,845
Changes of items during period								
Reversal of reserve for advanced depreciation of non-current assets					(97)		97	
Dividends of surplus							(926)	(926)
Profit							2,865	2,865
Issuance of new shares								
Purchase of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	-	-	(97)	-	2,036	1,938
Balance at end of period	10,003	3,684	3,684	809	1,090	18,855	14,028	34,784

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(1,271)	45,261	4,387	(8)	4,378	49,640
Changes of items during period						
Reversal of reserve for advanced depreciation of non-current assets		-				-
Dividends of surplus		(926)				(926)
Profit		2,865				2,865
Issuance of new shares		-				-
Purchase of treasury shares	(0)	(0)				(0)
Net changes of items other than shareholders' equity			(1,938)	8	(1,929)	(1,929)
Total changes of items during period	(0)	1,938	(1,938)	8	(1,929)	8
Balance at end of period	(1,272)	47,199	2,448	-	2,448	49,648

(Note)

Amounts shown are rounded down to the nearest million yen.

**Certified Copy of Accounting Auditors' Audit Report
on Consolidated Financial Statements**

INDEPENDENT AUDITORS' AUDIT REPORT

May 13, 2019

Mitsubishi Steel Mfg. Co., Ltd.

To the Board of Directors of Mitsubishi Steel Mfg. Co., Ltd.

Deloitte Touche Tohmatsu LLC

Designated Limited Liability
Partner,

Engagement Partner

Designated Limited Liability
Partner,

Engagement Partner

Certified Public Accountant
Yukitaka Maruchi

Certified Public Accountant
Ayato Hirano

Pursuant to Article 444(4) of the Companies Act, we have audited the Consolidated Financial Statements—i.e., Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Equity and Notes to the Consolidated Financial Statements—of Mitsubishi Steel Mfg. Co., Ltd. for the consolidated fiscal year from April 1, 2018 to March 31, 2019.

Management's Responsibility for the Consolidated Financial Statements

The management is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with accounting standards generally accepted in Japan, including developing and implementing internal control deemed necessary by the management for the preparation and fair presentation of Consolidated Financial Statements that are free from material misstatement due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements from an independent standpoint based on the audit we have conducted. We conducted our audit in accordance with auditing standards generally accepted in Japan. The audit standards require that we formulate an audit plan and perform the audit based on such plan to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The audit procedures are selected and applied according to our judgment, based on the assessment of the risks of material misstatement of the Consolidated Financial Statements due to fraud or error. While the audit is not conducted for the purpose of expressing an opinion on the effectiveness of internal control, we consider, upon conducting risk assessment, internal control relevant to the preparation and fair presentation of the Consolidated Financial Statements in order to formulate audit procedures that are appropriate to the circumstances. An audit also includes examining the overall presentation of the Consolidated Financial Statements, including evaluating accounting policies adopted by the management and the method of applying such policies, as well as the estimates made by the management.

We believe we have obtained audit evidence that is sufficient and appropriate as the basis for expressing our opinion.

Audit Opinion

In our opinion, the Consolidated Financial Statements referred to above present fairly, in all material respects, the status of assets and income of the enterprise group consisting of Mitsubishi Steel Mfg. Co., Ltd. and its consolidated subsidiaries for the period subject to the Consolidated Financial Statements in accordance with accounting standards generally accepted in Japan.

Interests

Neither our firm nor any of the Designated Limited Liability Partners has any interest in the Company that needs to be stated under the provisions of the Certified Public Accountants Act.

**Certified Copy of Accounting Auditors' Audit Report
on Non-consolidated Financial Statements**

INDEPENDENT AUDITORS' AUDIT REPORT

May 13, 2019

Mitsubishi Steel Mfg. Co., Ltd.

To the Board of Directors of Mitsubishi Steel Mfg. Co., Ltd.

Deloitte Touche Tohmatsu LLC

Designated Limited Liability
Partner,

Engagement Partner

Designated Limited Liability
Partner,

Engagement Partner

Certified Public Accountant
Yukitaka Maruchi

Certified Public Accountant
Ayato Hirano

Pursuant to Article 436(2)(i) of the Companies Act, we have audited the Non-consolidated Financial Statements—i.e., Non-consolidated Balance Sheet, Non-consolidated Statement of Income, Non-consolidated Statement of Changes in Equity, Notes to the Non-consolidated Financial Statements and their supplementary schedules—of Mitsubishi Steel Mfg. Co., Ltd. for the 95th Fiscal Year from April 1, 2018 to March 31, 2019.

Management's Responsibility for the Non-consolidated Financial Statements, etc.

The management is responsible for the preparation and fair presentation of the Non-consolidated Financial Statements and their supplementary schedules in accordance with accounting standards generally accepted in Japan, including developing and implementing internal control deemed necessary by the management for the preparation and fair presentation of Non-consolidated Financial Statements and their supplementary schedules that are free from material misstatement due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Non-consolidated Financial Statements and their supplementary schedules from an independent standpoint based on the audit we have conducted. We conducted our audit in accordance with auditing standards generally accepted in Japan. The audit standards require that we formulate an audit plan and perform the audit based on such plan to obtain reasonable assurance about whether the Non-consolidated Financial Statements and their supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Non-consolidated Financial Statements and their supplementary schedules. The audit procedures are selected and applied according to our judgment, based on the assessment of the risks of material misstatement of the Non-consolidated Financial Statements and their supplementary schedules due to fraud or error. While the audit is not conducted for the purpose of expressing an opinion on the effectiveness of internal control, we consider, upon conducting risk assessment, internal control relevant to the preparation and fair presentation of the Non-consolidated Financial Statements and their supplementary schedules in order to formulate audit procedures that are appropriate to the circumstances. An audit also includes examining the overall presentation of the Non-consolidated Financial Statements and their supplementary schedules, including evaluating accounting policies adopted by the management and the method of applying such policies, as well as the estimates made by the management.

We believe we have obtained audit evidence that is sufficient and appropriate as the basis for expressing our opinion.

Audit Opinion

In our opinion, the Non-consolidated Financial Statements and their supplementary schedules referred to above present fairly, in all material respects, the status of assets and income for the period subject to the Non-consolidated Financial Statements and their supplementary schedules in accordance with accounting standards generally accepted in Japan.

Interests

Neither our firm nor any of the Designated Limited Liability Partners has any interest in the Company that needs to be stated under the provisions of the Certified Public Accountants Act.

Certified Copy of Board of Corporate Auditors' Audit Report

Audit Report

The Board of Corporate Auditors has prepared this Audit Report following deliberations based on the respective audit reports prepared by Corporate Auditors in relation to the execution of duties by Directors for the 95th Fiscal Year from April 1, 2018 to March 31, 2019. The report is as follows.

1. Method and Description of Audit by Corporate Auditors and the Board of Corporate Auditors

- (1) The Board of Corporate Auditors determined the audit policy, audit plans, etc., received reports from each Corporate Auditor on the progress and results of his/her audit, in addition to receiving reports from Directors, etc. and the Accounting Auditor on the execution status of their duties, and sought explanations as necessary.
- (2) Corporate Auditors complied with the audit standards for Corporate Auditors established by the Board of Corporate Auditors; followed the audit policy and audit plan, etc.; communicated with Directors, the internal auditing division and other employees; endeavoured to collect information and develop an environment for the audit; and provided audits by the following methods.
 - a. We attended the meetings of the Board of Directors and other important meetings; received reports from Directors, employees, etc. on the execution status of their duties; sought explanations as necessary; reviewed important approval documents; and investigated the status of operations and assets at the head office and principal places of business. Also, with respect to subsidiaries, we communicated and exchanged information with the directors, corporate auditors, etc. of the subsidiaries and received reports from subsidiaries on their businesses as necessary.
 - b. We received reports from Directors and employees, etc. on the establishment and implementation status of the content of the resolution passed by the Board of Directors regarding the development of a system to ensure that the execution of duties by Directors referred to in the Business Report is in compliance with laws, regulations and the Articles of Incorporation and other systems stipulated in Paragraphs 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act that are required to ensure properness of operations of an enterprise group consisting of a stock company and its subsidiaries, as well as the status of the system developed pursuant to such resolution (i.e., internal control system), sought explanations as necessary, and expressed our opinion.
 - c. We monitored and verified whether or not the Accounting Auditor had maintained its independence and whether or not it had conducted its audit properly, received reports from the Accounting Auditor on the execution status of its duties, and sought explanations as necessary. In addition, we were notified by the Accounting Auditor that it is equipped with a system for ensuring that duties are performed properly (matters listed in the items of Article 131 of the Company Accounting Ordinance) in accordance with the Quality Control Standards for Audits (issued by the Business Accounting Council on October 28, 2005), etc., and sought explanations as necessary.

Based on the above methods, we examined the Business Report and the supplementary schedules, the Non-consolidated Financial Statements (i.e., Non-consolidated Balance Sheet, Non-consolidated Statement of Income, Non-consolidated Statement of Changes in Equity and Notes to the Non-Consolidated Financial Statements) and their supplementary schedules as well as the Consolidated Financial Statements (i.e., Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Equity and Notes to the Consolidated Financial Statements) for the fiscal year under review.

2. Audit Results

- (1) Results of audit of Business Report, etc.
 - a. In our opinion, the Business Report and the supplementary schedules are in compliance with laws, regulations and the Articles of Incorporation, and fairly represent the Company's position.
 - b. In connection with the execution of duties by Directors, no misconduct or material facts in violation of laws, regulations or the Articles of Incorporation were identified.
 - c. In our opinion, the Board of Directors' resolution on the internal control system is adequate in content. We found no matters that need to be pointed out with regard to the content of the Business Report or the execution of duties by Directors in relation to said internal control system.
- (2) Results of audit of Non-consolidated Financial Statements and their supplementary schedules
In our opinion, the methods and results of the audit conducted by Accounting Auditor Deloitte Touche Tohmatsu LLC are reasonable.
- (3) Results of audit of Consolidated Financial Statements
In our opinion, the methods and results of the audit conducted by Accounting Auditor Deloitte Touche Tohmatsu LLC are reasonable.

May 14, 2019

Board of Corporate Auditors, Mitsubishi Steel Mfg. Co., Ltd.

Standing Corporate Auditor (Outside)	Hirokuni Sakamoto
Standing Corporate Auditor	Yoshihiro Hayasaka
Corporate Auditor (Outside)	Shuichiro Sekine
Corporate Auditor (Outside)	Tetsuya Nakagawa

(Note) Corporate Auditors Hirokuni Sakamoto, Shuichiro Sekine and Tetsuya Nakagawa are Outside Corporate Auditors as defined in Article 2 (xvi) of the Companies Act.

Venue Map

2F (Heian), Hotel Mariners' Court Tokyo
 4-7-28 Harumi, Chuo-ku, Tokyo Tel: +81-3-5560-2525



How to access the venue

*13 minutes' walk from Exit A3b of Kachidoki Station (Oedo Line)

Traveling by bus

Get off the train at:	Toei Bus number:	Bound for:	Catch a bus at:		Get off bus at:	
Kachidoki Station*	To-03 or To-05-1	Harumi-futo	Kachidoki-ekimae bus stop	7 minutes	Hotel Mariners' Court Tokyo-mae bus stop	
Tokyo Station	To-05-1		Tokyo-eki-Marunouchi-Minamiguchi bus stop	25 minutes		
Yurakucho Station	To-05-1		Yurakucho-ekimae bus stop	22 minutes		
Ginza Station	To-03 or To-05-1		Ginza-Yonchome bus stop	15 minutes		
			Sukiya-bashi bus stop	20 minutes		

* If you travel by bus from Kachidoki Station, please go to Exit A2a.

Note: It should be noted that the Tokyo 05-2 bus for Tokyo Big Sight does not stop at Hotel Mariners Court Tokyo.

Request: You are asked to refrain from coming to the venue by car.