

Consolidated Financial Results of Fiscal Year 2013

(from April 1, 2012 to March 31, 2013)

<Under Japanese GAAP>

April 30, 2013

Company name: Kyoei Steel, Ltd.
 Stock exchange listed: Tokyo and Osaka, 1st section
 Stock code: 5440
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Date of the annual shareholders' meeting: June 25, 2013

Date to commence dividend payments: June 10, 2013

(Millions of yen with fractional amounts of rounded off, unless otherwise noted)

1. Consolidated financial results of Fiscal 2013 (from April 1, 2012 to March 31, 2013)

(1) Consolidated operating results (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year 2013	142,305	8.9	4,343	4.2	4,673	(0.1)	2,069	22.3
Fiscal Year 2012	130,650	11.8	4,166	-	4,680	-	1,692	-

(Note) Comprehensive income Fiscal 2013: (3,495 million) yen (57.4%) Fiscal 2012: (2,220 million) yen (- %)

	Net income per share	Fully diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal Year 2013	47.59	-	1.7	2.8	3.1
Fiscal Year 2012	38.89	-	1.4	3.0	3.2

(Reference) Equity in earnings (losses) of affiliates Fiscal 2013: 2 million yen Fiscal 2012: 292 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal Year 2013	165,129	125,257	74.2	2,819.07
Fiscal Year 2012	164,486	122,725	73.2	2,766.24

(Reference) Shareholders' equity Fiscal 2013: 122,516 million yen Fiscal 2012: 120,344 million yen

(3) Cash flow position

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year 2013	9,839	(3,234)	(1,174)	29,216
Fiscal Year 2012	6,799	(5,114)	3,605	23,220

2. Dividends

	Dividends per share					Dividends total (Full year)	Dividends payout ratio (consolidated)	Dividends to net assets
	1Q	2Q	3Q	Year-end	Full year			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal Year 2012	-	5.00	-	15.00	20.00	870	51.4	0.7
Fiscal Year 2013	-	5.00	-	15.00	20.00	869	42.0	0.7
Fiscal Year 2014 (Forecast)	-	5.00	-	15.00	20.00		29.0	

3. Forecast of Consolidated Earnings for Fiscal 2014 (from April 1, 2013 to March 31, 2014)

(Percentages represent year-on-year changes and interim-on-interim period changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	%
Interim	75,000	5.2	1,700	(25.2)	1,800	(24.8)	1,000	(19.6)	23.01
Full year	155,000	8.9	5,000	15.1	5,500	17.7	3,000	45.0	69.03

These forecasts are based on the information available as at the date of publication for this document and certain assumptions regarding factors for uncertainty that would influence future results as at the date of publication. Actual results may vary significantly from these forecasts due to a wide range of factors.

Consolidated balance sheets

(Unit: millions of yen)

	FY2012 (as of March 31, 2012)	FY2013 (as of March 31, 2013)
Assets		
Current assets		
Cash and deposits	15,398	15,923
Notes and accounts receivable-trade	39,081	35,695
Securities	10,400	14,000
Merchandise and finished goods	13,040	12,564
Raw materials and supplies	8,025	7,829
Deferred tax assets	493	381
Other	1,798	1,588
Allowance for doubtful accounts	(53)	(48)
Total current assets	88,184	87,933
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	35,398	36,002
Accumulated depreciation	(21,591)	(22,690)
Buildings and structures, net	13,807	13,311
Machinery, equipment and vehicles	85,063	87,157
Accumulated depreciation	(66,109)	(67,858)
Machinery, equipment and vehicles, net	18,954	19,299
Land	26,737	26,748
Construction in progress	423	739
Other	2,117	2,059
Accumulated depreciation	(1,540)	(1,628)
Other, net	577	432
Total property, plant and equipment	60,498	60,530
Intangible assets	1,352	1,258
Investments and other assets		
Investment securities	11,685	13,227
Long-term loans receivable	789	258
Deferred tax assets	236	213
Other	1,825	1,792
Allowance for doubtful accounts	(81)	(83)
Total investments and other assets	14,453	15,407
Total noncurrent assets	76,302	77,196
Total assets	164,486	165,129

(Unit: millions of yen)

	FY2012 (as of March 31, 2012)	FY2013 (as of March 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	16,875	16,151
Short-term loans payable	5,549	6,041
Current portion of long-term loans payable	139	130
Income taxes payable	1,578	736
Provision for bonuses	597	636
Provision for directors' bonuses	35	42
Other	7,150	6,557
Total current liabilities	31,922	30,293
Noncurrent liabilities		
Long-term loans payable	5,168	5,047
Deferred tax liabilities	372	548
Deferred tax liabilities for land revaluation	3,492	3,492
Provision for retirement benefits	229	127
Provision for directors' retirement benefits	14	16
Other	564	347
Total noncurrent liabilities	9,839	9,578
Total liabilities	41,761	39,871
Net assets		
Shareholders' equity		
Capital stock	18,516	18,516
Capital surplus	21,493	21,493
Retained earnings	76,101	77,300
Treasury stock	(1,635)	(1,699)
Total shareholders' equity	114,475	115,610
Accumulated other comprehensive income		
Valuation difference on available-for-sale securiti	965	1,324
Deferred gains or losses on hedges	1	117
Revaluation reserve for land	5,330	5,330
Foreign currency translation adjustment	(426)	135
Total accumulated other comprehensive income	5,869	6,906
Minority interests	2,381	2,742
Total net assets	122,725	125,257
Total liabilities and net assets	164,486	165,129

Consolidated statements of income

(Unit: millions of yen)

	FY2012 (from Apr. 1, 2011 to Mar. 31, 2012)	FY2013 (from Apr. 1, 2012 to Mar. 31, 2013)
Net sales	130,650	142,305
Cost of sales	117,870	129,049
Gross profit	<u>12,779</u>	<u>13,256</u>
Selling, general and administrative expenses	8,614	8,913
Operating income	<u>4,166</u>	<u>4,343</u>
Non-operating income		
Interest income	35	338
Dividends income	123	117
Equity in earnings of affiliates	292	2
Gain on sales of scraps	67	123
Other	196	235
Total non-operating income	<u>713</u>	<u>815</u>
Non-operating expenses		
Interest expenses	109	410
Sales discounts	49	38
Commitment fee	4	
Other	37	37
Total non-operating expenses	<u>199</u>	<u>484</u>
Ordinary income	<u>4,680</u>	<u>4,673</u>
Extraordinary income		
Gain on sale and retirement of noncurrent assets	41	21
Total extraordinary income	<u>41</u>	<u>21</u>
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	365	284
Impairment loss	526	
Loss on step acquisitions		417
Loss on sales of investment securities		185
Loss on sales of stocks of subsidiaries and affiliates	577	
Other	102	69
Total extraordinary losses	<u>1,570</u>	<u>956</u>
Income before income taxes and minority interests	<u>3,151</u>	<u>3,738</u>
Income taxes-current	1,644	1,413
Income taxes-deferred	(254)	43
Total income taxes	<u>1,389</u>	<u>1,456</u>
Income before minority interests	<u>1,762</u>	<u>2,282</u>
Minority interests in income	70	213
Net income	<u>1,692</u>	<u>2,069</u>

Consolidated statements of comprehensive income

(Unit: millions of yen)

	FY2012 (from Apr. 1, 2011 to Mar. 31, 2012)	FY2013 (from Apr. 1, 2012 to Mar. 31, 2013)
Income before minority interests	1,762	2,282
Other comprehensive income		
Valuation difference on available-for-sale securities	(18)	360
Deferred gains or losses on hedges	1	117
Revaluation reserve for land	524	
Foreign currency translation adjustment		737
Share of other comprehensive income of associates accounted for using equity method	(49)	(1)
Total other comprehensive income	458	1,213
Comprehensive income	<u>2,220</u>	<u>3,495</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,149	3,106
Comprehensive income attributable to minority interests	70	389

Consolidated statements of changes in net assets

(Unit: millions of yen)

	FY2012 (from Apr. 1, 2011 to Mar. 31, 2012)	FY2013 (from Apr. 1, 2012 to Mar. 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	18,516	18,516
Changes of items during the period		
Total changes of items during the period		
Balance at the end of current period	18,516	18,516
Capital surplus		
Balance at the beginning of current period	21,493	21,493
Changes of items during the period		
Total changes of items during the period		
Balance at the end of current period	21,493	21,493
Retained earnings		
Balance at the beginning of current period	75,322	76,101
Changes of items during the period		
Dividends from surplus	(870)	(870)
Net income	1,692	2,069
Reversal of revaluation reserve for land	(43)	
Total changes of items during the period	779	1,199
Balance at the end of current period	76,101	77,300
Treasury stock		
Balance at the beginning of current period	(1,635)	(1,635)
Changes of items during the period		
Purchase of treasury stock	0	(64)
Total changes of items during the period	0	(64)
Balance at the end of current period	(1,635)	(1,699)
Total shareholders' equity		
Balance at the beginning of current period	113,696	114,475
Changes of items during the period		
Dividends from surplus	(870)	(870)
Net income	1,692	2,069
Reversal of revaluation reserve for land	(43)	
Purchase of treasury stock	0	(64)
Total changes of items during the period	779	1,135
Balance at the end of current period	114,475	115,610

(Unit: millions of yen)

	FY2012 (from Apr. 1, 2011 to Mar. 31, 2012)	FY2013 (from Apr. 1, 2012 to Mar. 31, 2013)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	982	965
Changes of items during the period		
Net changes of items other than shareholders' equity	(17)	359
Total changes of items during the period	(17)	359
Balance at the end of current period	965	1,324
Deferred gains or losses on hedges		
Balance at the beginning of current period		1
Changes of items during the period		
Net changes of items other than shareholders' equity	1	117
Total changes of items during the period	1	117
Balance at the end of current period	1	117
Revaluation reserve for land		
Balance at the beginning of current period	4,763	5,330
Changes of items during the period		
Net changes of items other than shareholders' equity	566	
Total changes of items during the period	566	
Balance at the end of current period	5,330	5,330
Foreign currency translation adjustment		
Balance at the beginning of current period	(376)	(426)
Changes of items during the period		
Net changes of items other than shareholders' equity	(50)	561
Total changes of items during the period	(50)	561
Balance at the end of current period	(426)	135
Total accumulated other comprehensive income		
Balance at the beginning of current period	5,368	5,869
Changes of items during the period		
Net changes of items other than shareholders' equity	500	1,037
Total changes of items during the period	500	1,037
Balance at the end of current period	5,869	6,906
Minority interests		
Balance at the beginning of current period	909	2,381
Changes of items during the period		
Net changes of items other than shareholders' equity	1,472	361
Total changes of items during the period	1,472	361
Balance at the end of current period	2,381	2,742
Total net assets		
Balance at the beginning of current period	119,973	122,725
Changes of items during the period		
Dividends from surplus	(870)	(870)
Net income	1,692	2,069
Reversal of revaluation reserve for land	(43)	
Purchase of treasury stock	0	(64)
Net changes of items other than shareholders' equity	1,972	1,398
Total changes of items during the period	2,751	2,533
Balance at the end of current period	122,725	125,257

Consolidated statements of cash flows

(Unit: millions of yen)

	FY2012 (from Apr. 1, 2011 to Mar. 31, 2012)	FY2013 (from Apr. 1, 2012 to Mar. 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	3,151	3,738
Depreciation and amortization	4,644	4,254
Impairment loss	526	
Increase (decrease) in provision	(60)	(60)
Equity in (earnings) losses of affiliates	(292)	(2)
Loss (gain) on sales of investment securities		185
Loss (gain) on valuation of investment securities		29
Loss (gain) on sales of stocks of subsidiaries and affiliates	577	
Loss (gain) on sales and retirement of noncurrent assets	324	263
Interest and dividends income	(158)	(455)
Interest expenses	109	410
Decrease (increase) in notes and accounts receivable-trade	(9,883)	3,489
Decrease (increase) in inventories	611	1,016
Increase (decrease) in notes and accounts payable-trade	4,397	(796)
Other, net	1,283	55
Subtotal	5,228	12,126
Interest and dividends income received	158	470
Interest expenses paid	(85)	(405)
Income taxes (paid) refund	1,498	(2,352)
Net cash provided by (used in) operating activities	6,799	9,839
Net cash provided by (used in) investing activities		
Payments into time deposits	(2,086)	(1,211)
Proceeds from withdrawal of time deposits	2,033	2,282
Purchase of short-term investment securities and other	(1,300)	(1,800)
Proceeds from sales and redemption of securities and other	2,700	2,600
Purchase of investment securities	(1,466)	(1,351)
Proceeds from sales and redemption of investment securities		167
Payments for sales of investments in subsidiaries resulting in	(354)	
Payments of deposit	(100)	(100)
Proceeds from withdrawal deposit	100	
Payments of loans receivable	(68)	(60)
Collection of loans receivable	79	811
Purchase of property, plant and equipment	(3,956)	(4,420)
Proceeds from sales of property, plant and equipment	88	31
Purchase of intangible assets	(196)	(99)
Other, net	(587)	(85)
Net cash provided by (used in) investing activities	(5,114)	(3,234)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable		(130)
Proceeds from long-term loans payable	5,000	
Repayment of long-term loans payable	(468)	(138)
Repayments of installment payables	(6)	(6)
Purchase of treasury stock	0	
Cash dividends paid	(870)	(870)
Cash dividends paid to minority shareholders	(49)	(28)
Other, net	(1)	(2)
Net cash provided by (used in) financing activities	3,605	(1,174)
Effect of exchange rate change on cash and cash equivalents	0	565
Net increase (decrease) in cash and cash equivalents	5,290	5,996
Cash and cash equivalents at beginning of period	16,014	23,220
Increase in cash and cash equivalents from newly	1,917	
Cash and cash equivalents at end of period	23,220	29,216