

Consolidated Financial Results of Fiscal Year 2014
(from April 1, 2013 to March 31, 2014)
<Under Japanese GAAP>

April 30, 2014

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 24, 2014
 Date to commence dividend payments: June 6, 2014

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

1. Consolidated financial results of Fiscal 2014 (from April 1, 2013 to March 31, 2014)

(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 2014	174,694	22.8	2,857	(34.2)	3,124	(33.1)	(795)	-
Fiscal Year 2013	142,305	8.9	4,343	4.2	4,673	(0.1)	2,069	22.3

(Note) Comprehensive income Fiscal 2014: (1,723 million) yen ((50.7)% Fiscal 2013: (3,495 million) yen (57.4%)

	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 2014	(18.28)	-	(0.7)	1.8	1.6
Fiscal Year 2013	47.59	-	1.7	2.8	3.1

(Reference) Equity in earnings (losses) of affiliates Fiscal 2014: (301) million yen Fiscal 2013: 2 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 2014	180,771	128,788	67.3	2,798.53
Fiscal Year 2013	165,129	125,257	74.2	2,819.07

(Reference) Shareholders' equity Fiscal 2014: 121,622 million yen Fiscal 2013: 122,516 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 2014	(2,117)	(6,979)	11,647	33,871
Fiscal Year 2013	9,839	(3,234)	(1,174)	29,216

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 2013	-	5.00	-	15.00	20.00	870	42.0	0.7
Fiscal Year 2014	-	5.00	-	15.00	20.00	869	-	0.7
Fiscal Year 2015 (Forecast)	-	5.00	-	15.00	20.00		24.1	

3. Forecast of Consolidated Earnings for Fiscal 2015 (from April 1, 2014 to March 31, 2015)

(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	91,000	17.9	3,600	762.4	3,700	705.4	2,000	-	46.02
Full year	188,000	7.6	6,300	120.5	6,500	108.0	3,600	-	82.84

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)

	FY2013 (as of March 31, 2013)	FY2014 (as of March 31, 2014)
Assets		
Current assets		
Cash and deposits	15,923	28,024
Notes and accounts receivable-trade	35,695	37,153
Securities	14,000	6,600
Merchandise and finished goods	12,564	17,807
Raw materials and supplies	7,829	8,691
Deferred tax assets	381	432
Other	1,588	2,381
Allowance for doubtful accounts	(48)	(121)
Total current assets	87,933	100,968
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	36,002	38,010
Accumulated depreciation	(22,690)	(24,287)
Buildings and structures, net	13,311	13,723
Machinery, equipment and vehicles	87,157	90,963
Accumulated depreciation	(67,858)	(70,951)
Machinery, equipment and vehicles, net	19,299	20,012
Land	26,748	25,431
Construction in progress	739	5,464
Other	2,059	2,157
Accumulated depreciation	(1,628)	(1,733)
Other, net	432	424
Total property, plant and equipment	60,530	65,054
Intangible assets	1,258	1,167
Investments and other assets		
Investment securities	13,227	10,954
Long-term loans receivable	258	190
Net defined benefit asset	-	444
Deferred tax assets	213	502
Other	1,792	1,566
Allowance for doubtful accounts	(83)	(75)
Total investments and other assets	15,407	13,582
Total noncurrent assets	77,196	79,802
Total assets	165,129	180,771

(Unit: millions of yen)

	FY2013 (as of March 31, 2013)	FY2014 (as of March 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	16,151	13,122
Short-term loans payable	6,041	12,681
Current portion of long-term loans payable	130	941
Income taxes payable	736	628
Provision for bonuses	636	645
Provision for directors' bonuses	42	9
Other	6,557	6,866
Total current liabilities	30,293	34,891
Noncurrent liabilities		
Long-term loans payable	5,047	12,901
Deferred tax liabilities	548	649
Deferred tax liabilities for land revaluation	3,492	3,119
Provision for retirement benefits	127	-
Provision for directors' retirement benefits	16	19
Net defined benefit liability	-	64
Other	347	339
Total noncurrent liabilities	9,578	17,092
Total liabilities	39,871	51,983
Net assets		
Shareholders' equity		
Capital stock	18,516	18,516
Capital surplus	21,493	21,493
Retained earnings	77,300	75,674
Treasury stock	(1,699)	(1,699)
Total shareholders' equity	115,610	113,983
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,324	1,700
Deferred gains or losses on hedges	117	-
Revaluation reserve for land	5,330	4,735
Foreign currency translation adjustment	135	1,205
Remeasurements of defined benefit plans	-	(1)
Total accumulated other comprehensive income	6,906	7,639
Minority interests	2,742	7,165
Total net assets	125,257	128,788
Total liabilities and net assets	165,129	180,771

Consolidated statements of income

(Unit: millions of yen)

	FY2013 (from Apr. 1, 2012 to Mar. 31, 2013)	FY2014 (from Apr. 1, 2013 to Mar. 31, 2014)
Net sales	142,305	174,694
Cost of sales	129,049	162,401
Gross profit	13,256	12,293
Selling, general and administrative expenses	8,913	9,436
Operating income	4,343	2,857
Non-operating income		
Interest income	338	558
Dividends income	117	176
Equity in earnings of affiliates	2	-
Foreign exchange gains	79	112
Gain on sales of scraps	123	82
Other	156	172
Total non-operating income	815	1,100
Non-operating expenses		
Interest expenses	410	461
Sales discounts	38	44
Equity in losses of affiliates	-	301
Other	37	26
Total non-operating expenses	484	833
Ordinary income	4,673	3,124
Extraordinary income		
Gain on sale and retirement of noncurrent assets	21	35
Total extraordinary income	21	35
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	284	476
Impairment loss	-	2,651
Loss on step acquisitions	417	-
Loss on sales of investment securities	185	-
Other	69	24
Total extraordinary losses	956	3,151
Income before income taxes and minority interests	3,738	9
Income taxes-current	1,413	997
Income (loss) taxes-deferred	43	(577)
Total income taxes	1,456	419
Income (loss) before minority interests	2,282	(411)
Minority interests in income	213	384
Net income (loss)	2,069	(795)

Consolidated statements of comprehensive income

(Unit: millions of yen)

	FY2013 (from Apr. 1, 2012 to Mar. 31, 2013)	FY2014 (from Apr. 1, 2013 to Mar. 31, 2014)
Income (loss) before minority interests	2,282	(411)
Other comprehensive income		
Valuation difference on available-for-sale securities	360	376
Deferred gains or losses on hedges	117	(117)
Foreign currency translation adjustment	737	1,875
Share of other comprehensive income of associates accounted for using equity method	(1)	-
Total other comprehensive income	1,213	2,134
Comprehensive income	3,495	1,723
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,106	426
Comprehensive income attributable to minority interests	389	1,298

Consolidated statements of changes in net assets

(Unit: millions of yen)

	FY2013 (from Apr. 1, 2012 to Mar. 31, 2013)	FY2014 (from Apr. 1, 2013 to Mar. 31, 2014)
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	76,101	77,300
Changes of items during the period		
Dividends from surplus	(870)	(869)
Net income (loss)	2,069	(795)
Reversal of revaluation reserve for land	-	595
Change of scope of consolidation	-	(557)
Total changes of items during the period	1,199	(1,626)
Balance at the end of current period	77,300	75,674
Treasury stock		
Balance at the beginning of current period	(1,635)	(1,699)
Changes of items during the period		
Purchase of treasury stock	(64)	(0)
Total changes of items during the period	(64)	(0)
Balance at the end of current period	(1,699)	(1,699)
Total shareholders' equity		
Balance at the beginning of current period	114,475	115,610
Changes of items during the period		
Dividends from surplus	(870)	(869)
Net income (loss)	2,069	(795)
Reversal of revaluation reserve for land	-	595
Purchase of treasury stock	(64)	(0)
Change of scope of consolidation	-	(557)
Total changes of items during the period	1,135	(1,627)
Balance at the end of current period	115,610	113,983

(Unit: millions of yen)

	FY2013 (from Apr. 1, 2012 to Mar. 31, 2013)	FY2014 (from Apr. 1, 2013 to Mar. 31, 2014)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	965	1,324
Changes of items during the period		
Net changes of items other than shareholders' equity	359	376
Total changes of items during the period	359	376
Balance at the end of current period	1,324	1,700
Deferred gains or losses on hedges		
Balance at the beginning of current period	1	117
Changes of items during the period		
Net changes of items other than shareholders' equity	117	(117)
Total changes of items during the period	117	(117)
Balance at the end of current period	117	-
Revaluation reserve for land		
Balance at the beginning of current period	5,330	5,330
Changes of items during the period		
Net changes of items other than shareholders' equity	-	(595)
Total changes of items during the period	-	(595)
Balance at the end of current period	5,330	4,735
Foreign currency translation adjustment		
Balance at the beginning of current period	(426)	135
Changes of items during the period		
Net changes of items other than shareholders' equity	561	1,070
Total changes of items during the period	561	1,070
Balance at the end of current period	135	1,205
Remeasurements of defined benefit plans		
Balance at the beginning of current period	-	-
Changes of items during the period		
Net changes of items other than shareholders' equity	-	(1)
Total changes of items during the period	-	(1)
Balance at the end of current period	-	(1)
Total accumulated other comprehensive income		
Balance at the beginning of current period	5,869	6,906
Changes of items during the period		
Net changes of items other than shareholders' equity	1,037	733
Total changes of items during the period	1,037	733
Balance at the end of current period	6,906	7,639
Minority interests		
Balance at the beginning of current period	2,381	2,742
Changes of items during the period		
Net changes of items other than shareholders' equity	361	4,423
Total changes of items during the period	361	4,423
Balance at the end of current period	2,742	7,165
Total net assets		
Balance at the beginning of current period	122,725	125,257
Changes of items during the period		
Dividends from surplus	(870)	(869)
Net income (loss)	2,069	(795)
Reversal of revaluation reserve for land	-	595
Purchase of treasury stock	(64)	(0)
Change of scope of consolidation	-	(557)
Net changes of items other than shareholders' equity	1,398	5,157
Total changes of items during the period	2,533	3,530
Balance at the end of current period	125,257	128,788

Consolidated statements of cash flows

(Unit: millions of yen)

	FY2013 (from Apr. 1, 2012 to Mar. 31, 2013)	FY2014 (from Apr. 1, 2013 to Mar. 31, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	3,738	9
Depreciation and amortization	4,254	4,232
Impairment loss	-	2,651
Increase (decrease) in provision	(60)	37
Increase (decrease) in net defined benefit liability	-	(68)
Equity in (earnings) losses of affiliates	(2)	301
Loss (gain) on sales of investment securities	185	-
Loss (gain) on valuation of investment securities	29	-
Loss (gain) on sales and retirement of noncurrent assets	263	441
Interest and dividends income	(455)	(735)
Interest expenses	410	461
Decrease (increase) in notes and accounts receivable-trade	3,489	(305)
Decrease (increase) in inventories	1,016	(3,528)
Increase (decrease) in notes and accounts payable-trade	(796)	(3,899)
Increase (decrease) in net defined benefit asset	-	(90)
Other, net	55	(805)
Subtotal	12,126	(1,297)
Interest and dividends income received	470	736
Interest expenses paid	(405)	(453)
Income taxes (paid) refund	(2,352)	(1,103)
Net cash provided by (used in) operating activities	9,839	(2,117)
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,211)	(1,221)
Proceeds from withdrawal of time deposits	2,282	1,192
Purchase of short-term investment securities and other	(1,800)	-
Proceeds from sales and redemption of securities and other	2,600	-
Purchase of investment securities	(1,351)	(92)
Proceeds from sales and redemption of investment securities	167	-
Payments of deposit	(100)	(1)
Proceeds from withdrawal deposit	-	100
Payments of loans receivable	(60)	(18)
Collection of loans receivable	811	100
Purchase of property, plant and equipment	(4,420)	(6,611)
Proceeds from sales of property, plant and equipment	31	53
Purchase of intangible assets	(99)	(70)
Other, net	(85)	(412)
Net cash provided by (used in) investing activities	(3,234)	(6,979)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(130)	2,930
Proceeds from long-term loans payable	-	8,144
Repayment of long-term loans payable	(138)	(131)
Repayments of installment payables	(6)	(4)
Purchase of treasury stock	-	(0)
Cash dividends paid	(870)	(870)
Cash dividends paid to minority shareholders	(28)	(35)
Proceeds from share issuance to minority shareholders	-	1,615
Other, net	(2)	(2)
Net cash provided by (used in) financing activities	(1,174)	11,647
Effect of exchange rate change on cash and cash equivalents	565	1,983
Net increase (decrease) in cash and cash equivalents	5,996	4,534
Cash and cash equivalents at beginning of period	23,220	29,216
Increase in cash and cash equivalents from newly	-	121
Cash and cash equivalents at end of period	29,216	33,871