



Consolidated Financial Results of Fiscal Year 2012
(from April 1, 2011 to March 31, 2012)
<Under Japanese GAAP>

April 27, 2012

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, 2012
 Date to commence dividend payments: June 11, 2012

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

1. Consolidated financial results of Fiscal 2012 (from April 1, 2011 to March 31, 2012)

(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 2012	130,650	11.8	4,166	-	4,680	-	1,692	-
Fiscal Year 2011	116,828	4.8	(206)	-	(85)	-	(794)	-

(Note) Comprehensive income Fiscal 2012: (2,220 million) yen (- %) Fiscal 2011: (1,658 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 2012	38.89	-	1.4	3.0	3.2
Fiscal Year 2011	(18.22)	-	(0.7)	(0.1)	(0.2)

(Reference) Equity in earnings (losses) of affiliates Fiscal 2011: 292 million yen Fiscal 2011: (140 million) yen

(2) Financial position

	Total assets	Net assets	Equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal Year 2012	164,486	122,725	73.2	2,766.24
Fiscal Year 2011	146,453	119,973	81.3	2,736.83

(Reference) Shareholders' equity Fiscal 2012: 120,344 million yen Fiscal 2011: 119,064 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 2012	6,799	(5,114)	3,605	23,220
Fiscal Year 2011	71	3,729	(2,069)	16,014

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 2011	-	5.00	-	15.00	20.00	870	-	0.7
Fiscal Year 2012	-	5.00	-	15.00	20.00	870	51.4	0.7
Fiscal Year 2013 (Forecast)	-	5.00	-	15.00	20.00		21.8	

3. Forecast of Consolidated Earnings for Fiscal 2013 (from April 1, 2012 to March 31, 2013)

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

	Net sales		Operating income		Ordinary income		Net income		Net income
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	%
Interim	72,500	13.7	2,700	338.3	2,700	178.7	1,500	236.3	34.48
Full year	148,000	13.3	6,900	65.6	7,000	49.6	4,000	136.4	91.94

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)

	FY2011 (as of March 31, 2011)	FY2012 (as of March 31, 2012)
Assets		
Current assets		
Cash and deposits	11,459	15,398
Notes and accounts receivable-trade	27,272	39,081
Short-term investment securities	8,500	10,400
Merchandise and finished goods	11,020	13,040
Raw materials and supplies	8,418	8,025
Deferred tax assets	422	493
Other	3,525	1,798
Allowance for doubtful accounts	(52)	(53)
Total current assets	70,564	88,184
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	35,479	35,398
Accumulated depreciation	(20,718)	(21,591)
Buildings and structures, net	14,761	13,807
Machinery, equipment and vehicles	81,988	85,063
Accumulated depreciation	(63,098)	(66,109)
Machinery, equipment and vehicles, net	18,890	18,954
Land	27,053	26,737
Construction in progress	294	423
Other	2,007	2,117
Accumulated depreciation	(1,478)	(1,540)
Other, net	529	577
Total property, plant and equipment	61,528	60,498
Intangible assets	1,332	1,352
Investments and other assets		
Investment securities	10,254	11,685
Long-term loans receivable	326	789
Deferred tax assets	59	236
Other	2,481	1,825
Allowance for doubtful accounts	(91)	(81)
Total investments and other assets	13,029	14,453
Total noncurrent assets	75,889	76,302
Total assets	146,453	164,486

(Unit: millions of yen)

	FY2011 (as of March 31, 2011)	FY2012 (as of March 31, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	13,629	16,875
Short-term loans payable		5,549
Current portion of long-term loans payable	471	139
Income taxes payable	158	1,578
Provision for bonuses	621	597
Provision for directors' bonuses	10	35
Other	4,881	7,150
Total current liabilities	19,770	31,922
Noncurrent liabilities		
Long-term loans payable	1,176	5,168
Deferred tax liabilities	604	372
Deferred tax liabilities for land revaluation	3,987	3,492
Provision for retirement benefits	279	229
Provision for directors' retirement benefits	15	14
Other	648	564
Total noncurrent liabilities	6,710	9,839
Total liabilities	26,480	41,761
Net assets		
Shareholders' equity		
Capital stock	18,516	18,516
Capital surplus	21,493	21,493
Retained earnings	75,322	76,101
Treasury stock	(1,635)	(1,635)
Total shareholders' equity	113,696	114,475
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	982	965
Deferred gains or losses on hedges		1
Revaluation reserve for land	4,763	5,330
Foreign currency translation adjustment	(376)	(426)
Total accumulated other comprehensive income	5,368	5,869
Minority interests	909	2,381
Total net assets	119,973	122,725
Total liabilities and net assets	146,453	164,486

Consolidated statements of income

(Unit: millions of yen)

	FY2011 (from Apr. 1, 2010 to Mar. 31, 2011)	FY2012 (from Apr. 1, 2011 to Mar. 31, 2012)
Net sales	116,828	130,650
Cost of sales	108,704	117,870
Gross profit	8,124	12,779
Selling, general and administrative expenses	8,329	8,614
Operating income (loss)	(206)	4,166
Non-operating income		
Interest income	44	35
Dividends income	135	123
Equity in earnings of affiliates		292
Gain on sales of scraps	47	67
Other	221	196
Total non-operating income	447	713
Non-operating expenses		
Interest expenses	76	109
Sales discounts	47	49
Commitment fee	17	4
Equity in losses of affiliates	140	
Other	47	37
Total non-operating expenses	327	199
Ordinary income (loss)	(85)	4,680
Extraordinary income		
Gain on sale and retirement of noncurrent assets	28	41
Reversal of allowance for doubtful accounts	1	
Gain on insurance adjustment	129	
Other	9	
Total extraordinary income	166	41
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	255	365
Impairment loss		526
Loss on sales of investment securities	15	
Loss on valuation of investment securities	180	
Loss on sales of stocks of subsidiaries and affiliates		577
Other	17	102
Total extraordinary losses	467	1,570
Income (loss) before income taxes and minority interes	(386)	3,151
Income taxes-current	289	1,644
Income taxes-deferred	(2)	(254)
Total income taxes	287	1,389
Income (loss) before minority interests	(673)	1,762
Minority interests in income	120	70
Net income (loss)	(794)	1,692

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 (loss) before minority interests	(673)	1,762
Other comprehensive income		
Valuation difference on available-for-sale securities	(872)	(18)
Deferred gains or losses on hedges		1
Revaluation reserve for land		524
Share of other comprehensive income of associates accounted	(113)	(49)
Total other comprehensive income	(985)	458
Comprehensive income	<u>(1,658)</u>	<u>2,220</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(1,779)	2,149
Comprehensive income attributable to minority interests	120	70

Consolidated statements of changes in net assets

(Unit: millions of yen)

	FY2011 (from Apr. 1, 2010 to Mar. 31, 2011)	FY2012 (from Apr. 1, 2011 to Mar. 31, 2012)
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	78,685	75,322
Changes of items during the period		
Dividends from surplus	(1,316)	(870)
Net income (loss)	(794)	1,692
Change of scope of equity method	(1,254)	
Reversal of revaluation reserve for land	2	(43)
Total changes of items during the period	(3,362)	779
Balance at the end of current period	75,322	76,101
Treasury stock		
Balance at the beginning of current period	(973)	(1,635)
Changes of items during the period		
Purchase of treasury stock	(662)	0
Total changes of items during the period	(662)	0
Balance at the end of current period	(1,635)	(1,635)
Total shareholders' equity		
Balance at the beginning of current period	117,720	113,696
Changes of items during the period		
Dividends from surplus	(1,316)	(870)
Net income (loss)	(794)	1,692
Change of scope of equity method	(1,254)	
Reversal of revaluation reserve for land	2	(43)
Purchase of treasury stock	(662)	0
Total changes of items during the period	(4,024)	779
Balance at the end of current period	113,696	114,475

(Unit: millions of yen)

	FY2011 (from Apr. 1, 2010 to Mar. 31, 2011)	FY2012 (from Apr. 1, 2011 to Mar. 31, 2012)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	1,854	982
Changes of items during the period		
Net changes of items other than shareholders' equ	(872)	(17)
Total changes of items during the period	(872)	(17)
Balance at the end of current period	982	965
Deferred gains or losses on hedges		
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
Revaluation reserve for land		
Balance at the beginning of current period	4,765	4,763
Changes of items during the period		
Net changes of items other than shareholders' equ	(2)	566
Total changes of items during the period	(2)	566
Balance at the end of current period	4,763	5,330
Foreign currency translation adjustment		
Balance at the beginning of current period	(264)	(376)
Changes of items during the period		
Net changes of items other than shareholders' equ	(113)	(50)
Total changes of items during the period	(113)	(50)
Balance at the end of current period	(376)	(426)
Total accumulated other comprehensive income		
Balance at the beginning of current period	6,355	5,368
Changes of items during the period		
Net changes of items other than shareholders' equ	(987)	500
Total changes of items during the period	(987)	500
Balance at the end of current period	5,368	5,869
Minority interests		
Balance at the beginning of current period	829	909
Changes of items during the period		
Net changes of items other than shareholders' equity	80	1,472
Total changes of items during the period	80	1,472
Balance at the end of current period	909	2,381
Total net assets		
Balance at the beginning of current period	124,905	119,973
Changes of items during the period		
Dividends from surplus	(1,316)	(870)
Net income (loss)	(794)	1,692
Change of scope of equity method	(1,254)	
Reversal of revaluation reserve for land	2	(43)
Purchase of treasury stock	(662)	0
Net changes of items other than shareholders' equity	(907)	1,972
Total changes of items during the period	(4,931)	2,751
Balance at the end of current period	119,973	122,725

Consolidated statements of cash flows

(Unit: millions of yen)

	FY2011 (from Apr. 1, 2010 to Mar. 31, 2011)	FY2012 (from Apr. 1, 2011 to Mar. 31, 2012)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interest	(386)	3,151
Depreciation and amortization	4,806	4,644
Impairment loss		526
Increase (decrease) in provision	(100)	(60)
Equity in (earnings) losses of affiliates	140	(292)
Loss (gain) on sales of investment securities	15	
Loss (gain) on valuation of investment securities	180	
Loss (gain) on sales of stocks of subsidiaries and affiliates		577
Loss (gain) on sales and retirement of noncurrent assets	227	324
Interest and dividends income	(179)	(158)
Interest expenses	76	109
Gain on insurance claim	(129)	
Decrease (increase) in notes and accounts receivable-trading	(3,334)	(9,883)
Decrease (increase) in inventories	(2,058)	611
Increase (decrease) in notes and accounts payable-trading	1,360	4,397
Other, net	1,286	1,283
Subtotal	1,906	5,228
Interest and dividends income received	181	158
Interest expenses paid	(77)	(85)
Proceeds from insurance income	129	
Income taxes (paid) refund	(2,067)	1,498
Net cash provided by (used in) operating activities	71	6,799
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,890)	(2,086)
Proceeds from withdrawal of time deposits	4,012	2,033
Purchase of short-term investment securities and other	(2,875)	(1,300)
Proceeds from sales and redemption of securities and other	8,206	2,700
Purchase of investment securities	(65)	(1,466)
Proceeds from sales and redemption of investment securities	64	
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation		(354)
Payments of deposit	(1,300)	(100)
Proceeds from withdrawal deposit	800	100
Payments of loans receivable	(12)	(68)
Collection of loans receivable	56	79
Purchase of property, plant and equipment	(3,126)	(3,956)
Proceeds from sales of property, plant and equipment	436	88
Purchase of intangible assets	(224)	(196)
Other, net	(353)	(587)
Net cash provided by (used in) investing activities	3,729	(5,114)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	400	5,000
Repayment of long-term loans payable	(443)	(468)
Repayments of installment payables	(6)	(6)
Purchase of treasury stock	(662)	0
Cash dividends paid	(1,317)	(870)
Cash dividends paid to minority shareholders	(41)	(49)
Other, net		(1)
Net cash provided by (used in) financing activities	(2,069)	3,605
Effect of exchange rate change on cash and cash equivalents	(9)	0
Net increase (decrease) in cash and cash equivalents	1,722	5,290
Cash and cash equivalents at beginning of period	14,292	16,014
Increase in cash and cash equivalents from newly consolidated subsidiary		1,917
Cash and cash equivalents at end of period	16,014	23,220