

**Consolidated Financial Results for the Third Quarter of Fiscal 2014**  
**(from April 1, 2013 to December 31, 2013)**  
**<Under Japanese GAAP>**

January 31, 2014

Company name: Kyoei Steel, Ltd.  
 Stock exchange listed: Tokyo, 1st section  
 Stock code: 5440  
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Date to commence dividend payments: —

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

**1. Consolidated financial results for the third quarter of Fiscal 2014**  
**(from April 1, 2013 to December 30, 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	%
Third quarter of Fiscal 2014	128,188	21.5	915	(72.1)	1,133	(67.6)	74	(96.0)
Third quarter of Fiscal 2013	105,491	8.2	3,279	30.6	3,502	19.5	1,867	24.2

(Note) Comprehensive income 3Q of Fiscal 2014: 2,342 million yen (25.7%) 3Q of Fiscal 2013: 1,864 million yen (23.1%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Third quarter of Fiscal 2014	1.71	-
Third quarter of Fiscal 2013	42.93	-

## (2) Consolidated financial position

	Total assets	Net assets	Equity to total assets
	Millions of yen	Millions of yen	%
Third quarter of Fiscal 2014	186,878	129,408	65.7
Fiscal 2013	165,129	125,257	74.2

(Reference) Shareholders' equity 3Q of Fiscal 2014: 122,850 million yen Fiscal 2013: 122,516 million yen

**2. Dividends**

	Dividends per share				
	1Q	2Q	3Q	Year-end	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal 2013	-	5.00	-	15.00	20.00
Fiscal 2014	-	5.00	-	-	-
Fiscal 2014 (Forecast)	-	-	-	15.00	20.00

(Note) Revisions to the cash dividends in the current quarter: None

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

(Percentages represent year-on-year 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	%	%
Full year	158,000	11.0	2,900	(33.2)	3,200	(31.5)	1,500	(27.5)	34.51

(Note) 1. Revisions to the forecasts of consolidated earnings in the current quarter: None

2. These forecasts are based on 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 various factors.

## Consolidated quarterly balance sheets

(Unit: Millions of yen)

	FY2013 (as of Mar. 31, 2013)	Third quarter of FY2014 (as of Dec. 31, 2013)
<b>Assets</b>		
Current assets		
Cash and deposits	15,923	27,187
Notes and accounts receivable-trade	35,695	42,952
Securities	14,000	7,900
Merchandise and finished goods	12,564	15,758
Raw materials and supplies	7,829	8,495
Other	1,970	2,813
Allowance for doubtful accounts	△48	△59
Total current assets	87,933	105,045
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	13,311	14,297
Machinery, equipment and vehicles, net	19,299	20,971
Land	26,748	26,496
Other, net	1,171	4,189
Total property, plant and equipment	60,530	65,954
Intangible assets	1,258	1,186
Investments and other assets		
Investment securities	13,227	12,023
Other	2,263	2,745
Allowance for doubtful accounts	△83	△75
Total investments and other assets	15,407	14,693
Total noncurrent assets	77,196	81,833
Total assets	165,129	186,878

(Unit: Millions of yen)

	FY2013 (as of Mar. 31, 2013)	Third quarter of FY2014 (as of Dec. 31, 2013)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	16,151	18,597
Short-term loans payable	6,041	12,184
Current portion of long-term loans payable	130	408
Income taxes payable	736	137
Provision for bonuses	636	481
Provision for directors' bonuses	42	7
Other	6,557	7,674
Total current liabilities	30,293	39,487
Noncurrent liabilities		
Long-term loans payable	5,047	12,813
Deferred tax liabilities	548	1,252
Deferred tax liabilities for land revaluation	3,492	3,492
Provision for retirement benefits	127	71
Provision for directors' retirement benefits	16	18
Other	347	337
Total noncurrent liabilities	9,578	17,984
<b>Total liabilities</b>	<b>39,871</b>	<b>57,470</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	18,516	18,516
Capital surplus	21,493	21,493
Retained earnings	77,300	75,948
Treasury stock	△1,699	△1,699
Total shareholders' equity	115,610	114,257
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,324	2,434
Deferred gains or losses on hedges	117	
Revaluation reserve for land	5,330	5,330
Foreign currency translation adjustment	135	828
Total accumulated other comprehensive income	6,906	8,593
Minority interests	2,742	6,558
<b>Total net assets</b>	<b>125,257</b>	<b>129,408</b>
<b>Total liabilities and net assets</b>	<b>165,129</b>	<b>186,878</b>

## Consolidated quarterly statements of income

(Unit: Millions of yen)

	Third quarter of FY2013 (from Apr. 1, 2012 to Dec. 31, 2012)	Third quarter of FY2014 (from Apr. 1, 2013 to Dec. 31, 2013)
Net sales	105,491	128,188
Cost of sales	95,542	120,295
Gross profit	9,949	7,893
Selling, general and administrative expenses	6,669	6,978
Operating income	3,279	915
Non-operating income		
Interest income	219	396
Dividends income	116	141
Foreign exchange gains	42	197
Equity in earnings of affiliates	34	
Other	211	179
Total non-operating income	623	913
Non-operating expenses		
Interest expenses	349	335
Sales discounts	29	31
Equity in losses of affiliates		304
Other	23	24
Total non-operating expenses	400	695
Ordinary income	3,502	1,133
Extraordinary income		
Gain on sales and retirement of noncurrent assets	16	21
Other		5
Total extraordinary income	16	26
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	226	371
Loss on sales of investment securities	185	
Loss on abandonment of inventories	26	19
Other	29	5
Total extraordinary losses	466	395
Income before income taxes and minority interests	3,052	765
Income taxes	1,161	418
Income before minority interests	1,891	347
Minority interests in income	24	273
Net income	1,867	74

## Consolidated quarterly statements of comprehensive income

(Unit: Millions of yen)

	Third quarter of FY2013 (from Apr. 1, 2012 to Dec. 31, 2012)	Third quarter of FY2014 (from Apr. 1, 2013 to Dec. 31, 2013)
Consolidated quarterly statements of comprehensive income		
Income before minority interests	1,891	347
Other comprehensive income		
Valuation difference on available-for-sale securities	△67	1,110
Deferred gains or losses on hedges	44	△117
Foreign currency translation adjustment	△4	1,003
Share of other comprehensive income of associates accounted for using equity method	0	
Total other comprehensive income	△27	1,996
Comprehensive income	1,864	2,342
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,842	1,652
Comprehensive income attributable to minority interests	22	691