



Consolidated Financial Results for the Second Quarter of Fiscal 2015
(from April 1, 2014 to September 30, 2014)
<Under Japanese GAAP>

October 30, 2014

Company name: Kyoei Steel, Ltd.
 Stock exchange listed: Tokyo, 1st section
 Stock code: 5440
 URL: <http://www.kyoeisteel.co.jp/>
 Representative: Koji Morita, President
 Inquiries: Masahiro Kitada, Manager of Accounting & Financing Dept.
 TEL: +81-6-6346-5221 (from overseas)

Date to commence dividend payments: December 9, 2014

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

1. Consolidated financial results for the first half of Fiscal 2015
(from April 1, 2014 to September 30, 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	%
First half of Fiscal 2015	91,072	18.0	5,171	-	5,387	-	3,176	-
First half of Fiscal 2014	77,175	8.2	417	(81.6)	459	(80.8)	(145)	-

(Note) Comprehensive income (loss): First half of Fiscal 2015: 3,182 million yen (138.7%)
 First half of Fiscal 2014: 1,333 million yen (91.3%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
First half of Fiscal 2015	73.09	-
First half of Fiscal 2014	(3.33)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity to total assets
	Millions of yen	Millions of yen	%
First half of Fiscal 2015	192,341	132,063	64.6
Fiscal 2014	180,771	128,788	67.3

(Reference) Shareholders' equity: First half of Fiscal 2015: 124,175 million yen
 Fiscal 2014: 121,622 million yen

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	Year-end	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal 2014	-	5.00	-	15.00	20.00
Fiscal 2015	-	10.00	-	-	-
Fiscal 2015 (Forecast)	-	-	-	15.00	25.00

(Note) Revisions to the cash dividends in the current quarter: Yes

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

(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	%	Yen
Full year	188,000	7.6	8,700	204.5	9,000	188.1	5,200	-	119.65

(Note) 1. Revisions to the forecasts of consolidated earnings in the current quarter: Yes

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 first-half balance sheets

(Unit: Millions of yen)

	FY2014 (as of Mar. 31, 2014)	First half of FY2015 (as of Sep. 30, 2014)
Assets		
Current assets		
Cash and deposits	28,024	25,784
Notes and accounts receivable-trade	37,153	39,244
Securities	6,600	12,600
Merchandise and finished goods	17,807	17,651
Raw materials and supplies	8,691	7,922
Other	2,813	3,334
Allowance for doubtful accounts	(121)	(131)
Total current assets	100,968	106,404
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	13,723	13,626
Machinery, equipment and vehicles, net	20,012	20,486
Land	25,431	25,465
Other, net	5,888	10,694
Total property, plant and equipment	65,054	70,270
Intangible assets	1,167	1,122
Investments and other assets		
Investment securities	10,954	11,757
Other	2,702	2,859
Allowance for doubtful accounts	(75)	(71)
Total investments and other assets	13,582	14,545
Total noncurrent assets	79,802	85,937
Total assets	180,771	192,341

(Unit: Millions of yen)

	FY2014 (as of Mar. 31, 2014)	First half of FY2015 (as of Sep. 30, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	13,122	14,553
Short-term loans payable	12,681	12,748
Current portion of long-term loans payable	941	1,810
Income taxes payable	628	2,094
Provision for bonuses	645	983
Provision for directors' bonuses	9	53
Other	6,866	9,220
Total current liabilities	34,891	41,461
Noncurrent liabilities		
Long-term loans payable	12,901	14,723
Deferred tax liabilities	649	598
Deferred tax liabilities for land revaluation	3,119	3,119
Provision for directors' retirement benefits	19	20
Net defined benefit liability	64	52
Other	339	307
Total noncurrent liabilities	17,092	18,818
Total liabilities	51,983	60,278
Net assets		
Shareholders' equity		
Capital stock	18,516	18,516
Capital surplus	21,493	21,493
Retained earnings	75,674	78,102
Treasury stock	(1,699)	(1,699)
Total shareholders' equity	113,983	116,411
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,700	2,080
Revaluation reserve for land	4,735	4,735
Foreign currency translation adjustment	1,205	932
Remeasurements of defined benefit plans	(1)	15
Total accumulated other comprehensive income	7,639	7,763
Minority interests	7,165	7,888
Total net assets	128,788	132,063
Total liabilities and net assets	180,771	192,341

Consolidated first-half statements of income

(Unit: Millions of yen)

	First half of FY2014 (from Apr. 1, 2013 to Sep. 30, 2013)	First half of FY2015 (from Apr. 1, 2014 to Sep. 30, 2014)
Net sales	77,175	91,072
Cost of sales	72,253	80,837
Gross profit	4,923	10,235
Selling, general and administrative expenses	4,505	5,064
Operating income	417	5,171
Non-operating income		
Interest income	211	310
Dividends income	81	101
Equity in earnings of affiliates	-	218
Other	170	90
Total non-operating income	462	719
Non-operating expenses		
Interest expenses	203	215
Sales discounts	20	27
Equity in losses of affiliates	182	-
Foreign exchange losses	-	255
Other	15	6
Total non-operating expenses	420	502
Ordinary income	459	5,387
Extraordinary income		
Gain on sales and retirement of noncurrent assets	18	17
Total extraordinary income	18	17
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	280	313
Other	14	32
Total extraordinary losses	294	345
Income before income taxes and minority interests	184	5,059
Income taxes	149	1,737
Income before minority interests	35	3,322
Minority interests in income	180	146
Net income (loss)	(145)	3,176

Consolidated first-half statements of comprehensive income

(Unit: Millions of yen)

	First half of FY2014 (from Apr. 1, 2013 to Sep. 30, 2013)	First half of FY2015 (from Apr. 1, 2014 to Sep. 30, 2014)
Income before minority interests	35	3,322
Other comprehensive income		
Valuation difference on available-for-sale securities	725	380
Deferred gains or losses on hedges	(23)	-
Foreign currency translation adjustment	596	(538)
Remeasurements of defined benefit plans, net of tax	-	17
Total other comprehensive income	1,298	(141)
Comprehensive income	1,333	3,182
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	893	3,300
Comprehensive income attributable to minority interests	440	(119)

Consolidated first-half statements of cash flows

(Unit: Millions of yen)

	First half of FY2014 (from Apr. 1, 2013 to Sep. 30, 2013)	First half of FY2015 (from Apr. 1, 2014 to Sep. 30, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	184	5,059
Depreciation and amortization	2,005	2,016
Increase (decrease) in provision	27	393
Increase (decrease) in net defined benefit liability	-	(11)
Equity in (earnings) losses of affiliates	182	(218)
Loss (gain) on sales and retirement of noncurrent assets	262	296
Interest and dividends income	(293)	(411)
Interest expenses	203	215
Decrease (increase) in notes and accounts receivable-trade	4,735	(2,270)
Decrease (increase) in inventories	(381)	673
Increase (decrease) in notes and accounts payable-trade	(5,463)	1,502
Increase (decrease) in net defined benefit asset	-	44
Other, net	(724)	198
Subtotal	736	7,485
Interest and dividends income received	294	409
Interest expenses paid	(207)	(200)
Income taxes (paid) refund	(716)	(664)
Net cash provided by (used in) operating activities	106	7,030
Net cash provided by (used in) investing activities		
Payments into time deposits	(710)	(348)
Proceeds from withdrawal of time deposits	328	483
Purchase of investment securities	(1)	(1)
Payments of deposit	(1)	(1)
Proceeds from withdrawal deposit	100	1
Payments of loans receivable	(1,512)	(344)
Collection of loans receivable	55	45
Purchase of property, plant and equipment	(2,079)	(6,148)
Proceeds from sales of property, plant and equipment	16	15
Purchase of intangible assets	(29)	(36)
Other, net	(326)	(185)
Net cash provided by (used in) investing activities	(4,158)	(6,519)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	4,317	577
Proceeds from long-term loans payable	4,302	3,074
Repayment of long-term loans payable	(71)	(17)
Repayments of installment payables	(3)	-
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(652)	(651)
Proceeds from stock issuance to minority shareholders	1,615	878
Cash dividends paid to minority shareholders	(35)	(38)
Other, net	(1)	(1)
Net cash provided by (used in) financing activities	9,471	3,822
Effect of exchange rate change on cash and cash equivalents	713	(480)
Net increase (decrease) in cash and cash equivalents	6,132	3,853
Cash and cash equivalents at beginning of period	29,216	33,871
Cash and cash equivalents at end of period	35,348	37,724

Segment information

(Unit: Millions of yen)

First half of FY2014 (from Apr. 1, 2013 to Sep. 30, 2013)	Steel	Material recycling	Others	Total	Eliminations and unallocated amounts	Consolidated
Sales						
Sales to external customers	73,985	3,035	155	77,175	-	77,175
Intersegment sales and transfers	109	935	-	1,044	(1,044)	-
Total	74,095	3,970	155	78,219	(1,044)	77,175
Segment income	266	508	26	800	(382)	417

- (Note) 1. Inter-segment eliminations of ¥10 million and corporate expenses of ¥(392) million not allocated to the reporting segments are included in the ¥(382) million adjustment for "Segment income (operating income)". Corporation expenses are mainly related to the general affairs department and other management departments of the submitting company's head office that is not attributable to a reporting segment.
2. Segment income was adjusted against operating income of the consolidated first-half statements of income.

(Unit: Millions of yen)

First half of FY2015 (from Apr. 1, 2014 to Sep. 30, 2014)	Steel	Material recycling	Others	Total	Eliminations and unallocated amounts	Consolidated
Sales						
Sales to external customers	87,514	3,382	176	91,072	-	91,072
Intersegment sales and transfers	144	1,082	-	1,226	(1,226)	-
Total	87,659	4,463	176	92,298	(1,226)	91,072
Segment income	4,987	630	16	5,633	(462)	5,171

- (Note) 1. Inter-segment eliminations of ¥11 million and corporate expenses of ¥(473) million not allocated to the reporting segments are included in the ¥(462) million adjustment for "Segment income (operating income)". Corporation expenses are mainly related to the general affairs department and other management departments of the submitting company's head office that is not attributable to a reporting segment.
2. Segment income was adjusted against operating income of the consolidated first-half statements of income.