

Consolidated Financial Results for the Third Quarter of Fiscal 2015
(from April 1, 2014 to December 31, 2014)
<Under Japanese GAAP>

January 30, 2015

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 2015
(from April 1, 2014 to December 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	%
Third quarter of Fiscal 2015	135,785	5.9	8,290	805.8	8,819	678.1	5,245	-
Third quarter of Fiscal 2014	128,188	21.5	915	(72.1)	1,133	(67.6)	74	(96.0)

(Note) Comprehensive income 3Q of Fiscal 2015: 6,407 million yen (173.5%) 3Q of Fiscal 2014: 2,342 million yen (25.7%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Third quarter of Fiscal 2015	120.69	-
Third quarter of Fiscal 2014	1.71	-

(2) Consolidated financial position

	Total assets	Net assets	Equity to total assets
	Millions of yen	Millions of yen	%
Third quarter of Fiscal 2015	202,857	134,664	62.4
Fiscal 2014	180,771	128,788	67.3

(Reference) Shareholders' equity 3Q of Fiscal 2015: 126,483 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: None

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	%	%
Full year	185,000	5.9	12,000	320.0	12,500	300.1	7,000	-	161.07

(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 quarterly balance sheets

(Unit: Millions of yen)

	FY2014 (as of Mar. 31, 2014)	Third quarter of FY2015 (as of Dec. 31, 2014)
Assets		
Current assets		
Cash and deposits	28,024	22,984
Notes and accounts receivable-trade	37,153	47,774
Securities	6,600	10,800
Merchandise and finished goods	17,807	19,566
Raw materials and supplies	8,691	8,227
Other	2,813	3,402
Allowance for doubtful accounts	(121)	(150)
Total current assets	100,968	112,605
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	13,723	13,555
Machinery, equipment and vehicles, net	20,012	20,430
Land	25,431	25,475
Other, net	5,888	14,754
Total property, plant and equipment	65,054	74,214
Intangible assets	1,167	1,095
Investments and other assets		
Investment securities	10,954	12,087
Other	2,702	2,927
Allowance for doubtful accounts	(75)	(71)
Total investments and other assets	13,582	14,944
Total noncurrent assets	79,802	90,253
Total assets	180,771	202,857

(Unit: Millions of yen)

	FY2014 (as of Mar. 31, 2014)	Third quarter of FY2015 (as of Dec. 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	13,122	18,167
Short-term loans payable	12,681	10,590
Current portion of long-term loans payable	941	1,879
Income taxes payable	628	2,928
Provision for bonuses	645	791
Provision for directors' bonuses	9	80
Other	6,866	11,518
Total current liabilities	34,891	45,952
Noncurrent liabilities		
Long-term loans payable	12,901	17,999
Deferred tax liabilities	649	739
Deferred tax liabilities for land revaluation	3,119	3,119
Provision for directors' retirement benefits	19	20
Net defined benefit liability	64	55
Other	339	309
Total noncurrent liabilities	17,092	22,242
Total liabilities	51,983	68,194
Net assets		
Shareholders' equity		
Capital stock	18,516	18,516
Capital surplus	21,493	21,493
Retained earnings	75,674	79,736
Treasury stock	(1,699)	(1,699)
Total shareholders' equity	113,983	118,045
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,700	2,244
Revaluation reserve for land	4,735	4,736
Foreign currency translation adjustment	1,205	1,434
Remeasurements of defined benefit plans	(1)	24
Total accumulated other comprehensive income	7,639	8,438
Minority interests	7,165	8,181
Total net assets	128,788	134,664
Total liabilities and net assets	180,771	202,857

Consolidated quarterly statements of income

(Unit: Millions of yen)

	Third quarter of FY2014 (from Apr. 1, 2013 to Dec. 31, 2013)	Third quarter of FY2015 (from Apr. 1, 2014 to Dec. 31, 2014)
Net sales	128,188	135,785
Cost of sales	120,295	119,957
Gross profit	7,893	15,828
Selling, general and administrative expenses	6,978	7,538
Operating income	915	8,290
Non-operating income		
Interest income	396	508
Dividends income	141	175
Foreign exchange gains	197	-
Equity in earnings of affiliates	-	284
Other	179	142
Total non-operating income	913	1,109
Non-operating expenses		
Interest expenses	335	334
Sales discounts	31	40
Equity in losses of affiliates	304	-
Foreign exchange losses	-	171
Other	24	36
Total non-operating expenses	695	580
Ordinary income	1,133	8,819
Extraordinary income		
Gain on sales and retirement of noncurrent assets	21	29
Other	5	1
Total extraordinary income	26	30
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	371	464
Other	24	85
Total extraordinary losses	395	549
Income before income taxes and minority interests	765	8,300
Income taxes	418	2,949
Income before minority interests	347	5,351
Minority interests in income	273	106
Net income	74	5,245

Consolidated quarterly statements of comprehensive income

(Unit: Millions of yen)

	Third quarter of FY2014 (from Apr. 1, 2013 to Dec. 31, 2013)	Third quarter of FY2015 (from Apr. 1, 2014 to Dec. 31, 2014)
Income before minority interests	347	5,351
Other comprehensive income		
Valuation difference on available-for-sale securities	1,110	544
Deferred gains or losses on hedges	(117)	-
Foreign currency translation adjustment	1,003	487
Remeasurements of defined benefit plans, net of tax	-	25
Total other comprehensive income	1,996	1,056
Comprehensive income	2,342	6,407
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,652	6,043
Comprehensive income attributable to minority interests	691	364

Segment information

(Unit: Millions of yen)

Third quarter of FY2014 (from April 1, 2013 to December 31, 2013)	Steel	Material recycling	Others	Total	Eliminations and unallocated amounts *1	Consolidated *2
Sales						
Sales to external customers	123,198	4,723	268	128,188	-	128,188
Intersegment sales and transfers	185	1,500	-	1,685	(1,685)	-
Total	123,383	6,223	268	129,874	(1,685)	128,188
Segment income	649	860	29	1,538	(623)	915

- (Note) 1. Inter-segment eliminations of ¥15 million and corporate expenses of ¥(638) million not allocated to the reporting segments are included in the ¥(623) 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)

Third quarter of FY2015 (from April 1, 2014 to December 31, 2014)	Steel	Material recycling	Others	Total	Eliminations and unallocated amounts *1	Consolidated *2
Sales						
Sales to external customers	130,370	5,120	296	135,785	-	135,785
Intersegment sales and transfers	202	1,615	-	1,817	(1,817)	-
Total	130,572	6,734	296	137,602	(1,817)	135,785
Segment income	7,998	952	10	8,960	(670)	8,290

- (Note) 1. Inter-segment eliminations of ¥16 million and corporate expenses of ¥(686) million not allocated to the reporting segments are included in the ¥(670) 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.