

**Consolidated Financial Results for the Second Quarter of Fiscal 2013**  
**(from April 1, 2012 to September 30, 2012)**  
**<Under Japanese GAAP>**

October 31, 2012

Company name: Kyoei Steel, Ltd.  
 Stock exchange listed: Tokyo and Osaka, 1st section  
 Stock code: 5440  
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Date to commence dividend payments: December 10, 2012

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

**1. Consolidated financial results for the second quarter of Fiscal 2013**  
**(from April 1, 2012 to September 30, 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	%
Second quarter of Fiscal 2013	71,303	11.9	2,274	269.1	2,395	147.2	1,244	179.0
Second quarter of Fiscal 2012	63,742	11.4	616	120.7	969	193.2	446	-

(Note) Comprehensive income (loss) 2Q of Fiscal 2013: 697 million yen ( - %) 2Q of Fiscal 2012: 18 million yen ( - %)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Second quarter of Fiscal 2013	28.60	-
Second quarter of Fiscal 2012	10.25	-

## (2) Consolidated financial position

	Total assets	Net assets	Equity to total assets
	Millions of yen	Millions of yen	%
Second quarter of Fiscal 2013	160,300	122,677	75.0
Fiscal 2012	164,486	122,725	73.2

(Reference) Shareholders' equity 2Q of Fiscal 2013: 120,178 million yen Fiscal 2012: 120,344 million yen

## 2. Dividends

	Dividends per share				
	1Q	2Q	3Q	Year-end	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal 2012	-	5.00	-	15.00	20.00
Fiscal 2013	-	5.00	-	15.00	20.00
Fiscal 2013 (Forecast)	-	-	-	15.00	20.00

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

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

(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	136,000	4.1	4,700	12.8	5,000	6.8	2,400	41.9	55.20

(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)

	FY2012 (as of Mar. 31, 2012)	Second quarter of FY2013 (as of Sep. 30, 2012)
<b>Assets</b>		
Current assets		
Cash and deposits	15,398	14,178
Notes and accounts receivable-trade	39,081	35,064
Short-term investment securities	10,400	11,500
Merchandise and finished goods	13,040	14,421
Raw materials and supplies	8,025	7,018
Other	2,292	2,392
Allowance for doubtful accounts	(53)	(47)
Total current assets	<u>88,184</u>	<u>84,526</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	13,807	13,694
Machinery, equipment and vehicles, net	18,954	18,857
Land	26,737	26,742
Other, net	1,000	823
Total property, plant and equipment	<u>60,498</u>	<u>60,116</u>
Intangible assets	1,352	1,313
Investments and other assets		
Investment securities	11,685	11,735
Other	2,849	2,690
Allowance for doubtful accounts	(81)	(80)
Total investments and other assets	<u>14,453</u>	<u>14,345</u>
Total noncurrent assets	<u>76,302</u>	<u>75,774</u>
<b>Total assets</b>	<u><b>164,486</b></u>	<u><b>160,300</b></u>

(Unit: Millions of yen)

	FY2012 (as of Mar. 31, 2012)	Second quarter of FY2013 (as of Sep. 30, 2012)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	16,875	13,604
Short-term loans payable	5,549	6,332
Current portion of long-term loans payable	139	137
Income taxes payable	1,578	710
Provision for bonuses	597	799
Provision for directors' bonuses	35	28
Other	7,150	6,748
Total current liabilities	31,922	28,359
Noncurrent liabilities		
Long-term loans payable	5,168	5,096
Deferred tax liabilities	372	111
Deferred tax liabilities for land revaluation	3,492	3,492
Provision for retirement benefits	229	206
Provision for directors' retirement benefits	14	15
Other	564	343
Total noncurrent liabilities	9,839	9,264
Total liabilities	41,761	37,623
<b>Net assets</b>		
Shareholders' equity		
Capital stock	18,516	18,516
Capital surplus	21,493	21,493
Retained earnings	76,101	76,693
Treasury stock	(1,635)	(1,699)
Total shareholders' equity	114,475	115,002
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	965	295
Deferred gains or losses on hedges	1	(47)
Revaluation reserve for land	5,330	5,330
Foreign currency translation adjustment	(426)	(402)
Total accumulated other comprehensive income	5,869	5,176
Minority interests	2,381	2,498
Total net assets	122,725	122,677
<b>Total liabilities and net assets</b>	<b>164,486</b>	<b>160,300</b>

## Consolidated quarterly statements of income

(Unit: Millions of yen)

	Second quarter of FY2012 (from Apr. 1, 2011 to Sep. 30, 2011)	Second quarter of FY2013 (from Apr. 1, 2012 to Sep. 30, 2012)
Net sales	63,742	71,303
Cost of sales	58,944	64,600
Gross profit	4,799	6,703
Selling, general and administrative expenses	4,183	4,429
Operating income	616	2,274
Non-operating income		
Interest income	18	133
Dividends income	79	80
Equity in earnings of affiliates	238	39
Other	143	174
Total non-operating income	478	427
Non-operating expenses		
Interest expenses	55	271
Sales discounts	25	20
Commitment fee	4	
Other	41	14
Total non-operating expenses	125	305
Ordinary income	969	2,395
Extraordinary income		
Gain on sales and retirement of noncurrent assets	4	15
Total extraordinary income	4	15
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	198	210
Loss on sales of investment securities		83
Loss on abandonment of inventories	67	25
Other	8	29
Total extraordinary losses	273	347
Income before income taxes and minority interests	699	2,063
Income taxes	218	702
Income before minority interests	481	1,361
Minority interests in income	35	116
Net income	446	1,244

## Consolidated quarterly statements of comprehensive income

(Unit: Millions of yen)

	Second quarter of FY2012 (from Apr. 1, 2011 to Sep. 30, 2011)	Second quarter of FY2013 (from Apr. 1, 2012 to Sep. 30, 2012)
Income before minority interests	481	1,361
Other comprehensive income		
Valuation difference on available-for-sale securities	(340)	(670)
Deferred gains or losses on hedges	(145)	(47)
Revaluation reserve for land	29	
Foreign currency translation adjustment		53
Share of other comprehensive income of associates accounted for using equity method	(8)	0
Total other comprehensive income	(463)	(664)
Comprehensive income	18	697
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(17)	551
Comprehensive income attributable to minority interests	35	145

## Consolidated quarterly statements of cash flows

(Unit: Millions of yen)

	Second quarter of FY2012 (from Apr. 1, 2011 to Sep. 30, 2011)	Second quarter of FY2013 (from Apr. 1, 2012 to Sep. 30, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	699	2,063
Depreciation and amortization	2,289	2,146
Increase (decrease) in provision	46	166
Equity in (earnings) losses of affiliates	(238)	(39)
Loss (gain) on sales and redemption of investment securities		83
Loss (gain) on valuation of investment securities		29
Loss (gain) on sales and retirement of noncurrent assets	194	195
Interest and dividends income	(97)	(213)
Interest expenses	55	271
Decrease (increase) in notes and accounts receivable-trade	(1,200)	3,776
Decrease (increase) in inventories	241	(329)
Increase (decrease) in notes and accounts payable-trade	(1,326)	(3,269)
Other, net	209	(930)
Subtotal	872	3,950
Interest and dividends income received	98	228
Interest expenses paid	(31)	(244)
Income taxes (paid) refund	1,633	(1,641)
Net cash provided by (used in) operating activities	2,572	2,293
Net cash provided by (used in) investing activities		
Payments into time deposits	(514)	(576)
Proceeds from withdrawal of time deposits	1,180	1,300
Purchase of short-term investment securities	(500)	(1,300)
Proceeds from sales and redemption of securities	2,200	800
Purchase of investment securities	(1)	(1,262)
Proceeds from sales and redemption of investment securities		73
Payments of deposit	(100)	(100)
Proceeds from withdrawal deposit	100	
Payments of loans receivable	(59)	(54)
Collection of loans receivable	28	767
Purchase of property, plant and equipment	(808)	(1,346)
Proceeds from sales of property, plant and equipment	23	23
Purchase of intangible assets	(24)	(59)
Other, net	(557)	(62)
Net cash provided by (used in) investing activities	969	(1,796)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable		674
Proceeds from long-term loans payable	5,000	
Repayment of long-term loans payable	(240)	(69)
Repayments of installment payables	(3)	(3)
Cash dividends paid	(652)	(652)
Cash dividends paid to minority shareholders	(49)	(28)
Other, net		(1)
Net cash provided by (used in) financing activities	4,056	(80)
Effect of exchange rate change on cash and cash equivalents	(261)	(14)
Net increase (decrease) in cash and cash equivalents	7,336	403
Cash and cash equivalents at beginning of period	16,014	23,220
Cash and cash equivalents at end of period	23,350	23,623