

Financial Results for the First Quarter ended June 30, 2014

(Consolidated financial results have been prepared in accordance with accounting principles generally accepted in Japan)

August 6, 2014

Company name: **HANWA Co., Ltd.** Listed stock exchange: Tokyo
 Stock exchange code: 8078 (URL <http://www.hanwa.co.jp>)
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1. Consolidated financial results for the first quarter ended June 30, 2014

(Rounded down to millions of yen)

(1) Consolidated operating results

(% of change from the same period of previous year)

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
For the first quarter ended June 30, 2014	423,335	10.1	4,036	8.9	3,779	6.7	2,028	0.4
ended June 30, 2013	384,486	3.0	3,705	16.3	3,541	22.5	2,019	-

Note: Comprehensive income For the first quarter ended June 30, 2014 3,045 million yen (30.8) %
 For the first quarter ended June 30, 2013 4,400 million yen - %

	Net income per share	Net income per share(diluted)
	(yen)	(yen)
For the first quarter ended June 30, 2014	9.79	-
ended June 30, 2013	9.75	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
June 30, 2014	617,126	127,902	20.5	611.83
March 31, 2014	593,351	125,361	20.6	591.68

Note: Shareholders' equity As of June 30, 2014 126,783 million yen
 As of March 31, 2014 122,609 million yen

2. Cash dividends

(effective date)	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	(yen)	(yen)	(yen)	(yen)	(yen)
Year ended March 31, 2014	-	6.00	-	6.00	12.00
Year ending March 31, 2015 (estimated)	-	6.00	-	6.00	12.00

3. Forecast of consolidated financial results for fiscal year ending March 31, 2015

(% of change from previous year)

	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)
Annual	1,750,000	4.0	19,800	21.8	17,500	19.1	10,600	34.2	51.15

* The above forecasts reflect assumptions and prospects based on the information currently available. They are subject to a number of risks and uncertainties that could cause actual results to differ materially from this information.

Financial Results for the First Quarter ended June 30, 2014

《Consolidated Balance Sheets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	March 31, 2014	June 30, 2014	Increase(Decrease)
Assets			
Current assets;			
Cash and deposits	16,007	23,522	7,515
Trade notes and accounts receivable	317,846	314,688	(3,158)
Securities	2,000	5,005	3,005
Inventories	114,694	126,854	12,160
Others	18,703	23,592	4,889
Allowance for doubtful receivables	(925)	(887)	38
Total current assets	468,325	492,777	24,452
Fixed assets;			
Property and equipment;			
Land	32,601	32,598	(3)
Others	28,973	29,287	314
Total property and equipment	61,574	61,886	312
Intangible assets	1,858	1,921	63
Investments and other assets;			
Investment securities	46,570	45,245	(1,325)
Others	16,328	16,716	388
Allowance for doubtful receivables	(1,306)	(1,420)	(114)
Total investments and other assets	61,592	60,541	(1,051)
Total fixed assets	125,025	124,349	(676)
Total assets	593,351	617,126	23,775
Liabilities;			
Current liabilities;			
Trade notes and accounts payable	180,363	179,675	(688)
Short-term loans payable	95,605	110,629	15,024
Commercial paper	5,000	9,000	4,000
Current portion of bonds payable	10,000	20,000	10,000
Income taxes payable	3,541	375	(3,166)
Accrued bonuses	2,212	1,081	(1,131)
Others	22,639	32,132	9,493
Total current liabilities	319,361	352,895	33,534
Long-term liabilities;			
Bonds payable	30,000	20,000	(10,000)
Long-term loans payable	104,280	103,191	(1,089)
Retirement benefits liabilities	4,482	1,452	(3,030)
Others	9,865	11,684	1,819
Total long-term liabilities	148,628	136,328	(12,300)
Total liabilities	467,989	489,224	21,235
Net assets;			
Shareholders' equity;			
Common stock	45,651	45,651	—
Capital surplus	4	4	—
Retained earnings	76,520	79,641	3,121
Treasury stock	(1,442)	(1,442)	(0)
Total shareholders' equity	120,733	123,854	3,121
Accumulated other comprehensive income			
Net unrealized holding gains on securities	7,484	8,436	952
Deferred hedge profit and loss	(360)	(200)	160
Land revaluation difference	32	32	—
Foreign currency translation adjustments	304	41	(263)
Remeasurements of defined benefit plans	(5,584)	(5,379)	205
Total accumulated other comprehensive income	1,875	2,929	1,054
Minority interests	2,752	1,118	(1,634)
Total net assets	125,361	127,902	2,541
Total liabilities and net assets	593,351	617,126	23,775

Financial Results for the First Quarter ended June 30, 2014

《Consolidated Statements of Income and Comprehensive Income》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	First quarter ended June 30, 2013	First quarter ended June 30, 2014	Increase(Decrease)
Net sales	384,486	423,335	38,849
Cost of sales	371,962	410,114	38,152
Gross profit	12,523	13,220	697
Selling, general and administrative expenses	8,817	9,184	367
Operating income	3,705	4,036	331
Other income;			
Interest income	185	223	38
Dividend income	256	317	61
Foreign exchange gain	171	—	(171)
Others	264	253	(11)
Total other income	877	795	(82)
Other expenses;			
Interest expenses	731	719	(12)
Foreign exchange loss	—	33	33
Others	310	299	(11)
Total other expenses	1,042	1,052	10
Ordinary income	3,541	3,779	238
Income before income taxes and minority interest	3,541	3,779	238
Income taxes	1,512	1,741	229
Income before minority interest	2,029	2,037	8
Minority interest in net income	9	9	(0)
Net income	2,019	2,028	9
Minority interest in net income	9	9	(0)
Income before minority interest	2,029	2,037	8
Other Comprehensive Income			
Net unrealized holding gains on securities	900	951	51
Deferred hedge profit and loss	208	160	(48)
Foreign currency translation adjustments	1,261	(309)	(1,570)
Remeasurements of defined benefit plans	—	205	205
Total other comprehensive Income	2,370	1,007	(1,363)
Comprehensive Income	4,400	3,045	(1,355)
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	4,312	3,082	(1,230)
Comprehensive income attributable to minority interests	87	(37)	(124)

Financial Results for the First Quarter ended June 30, 2014

《Segment information》

Business segment information

The Companies' operations are classified into five business segments as follows:

Steel: Steel bars and shapes, steel plates and sheets, special steels, wire products, steel pipes, and steelmaking raw materials

Metals and alloys: Nickel, chromium, stainless scrap and solar cell-related materials and products

Non-ferrous metals: Copper, aluminium, lead, zinc, tin, antimony and other metals

Foods: Frozen seafoods and meat products

Petroleum and chemicals : Petroleum products, chemical products, and cement

Segment information by business category for the first quarter ended June 30, 2013 and 2014, is as follows:

(Rounded down to millions of yen)

First quarter ended June 30, 2013

Millions of yen

	Reportable segment						Other	Total	Adjustment	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Sub-total				
Net sales										
Customers	178,571	21,609	19,325	20,459	107,344	347,311	37,174	384,486	—	384,486
Inter-segment	5,018	1,131	478	213	1,680	8,522	13,255	21,778	(21,778)	—
Total	183,589	22,740	19,804	20,673	109,025	355,833	50,430	406,264	(21,778)	384,486
Segment income(loss)	2,751	542	478	511	522	4,806	241	5,407	(1,505)	3,541

First quarter ended June 30, 2014

Millions of yen

	Reportable segment						Other	Total	Adjustment	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Sub-total				
Net sales										
Customers	199,930	29,958	18,206	21,358	118,159	387,613	35,722	423,335	—	423,335
Inter-segment	5,330	1,703	330	216	1,580	9,161	18,565	27,727	(27,727)	—
Total	205,260	31,661	18,537	21,575	119,739	396,774	54,288	451,062	(27,727)	423,335
Segment income(loss)	3,484	815	176	511	636	5,624	(218)	5,405	(1,626)	3,779

Notes:

1. "Other" comprises businesses that are not included in reportable segments, such as lumber section, machinery section and overseas sales subsidiaries.
2. Adjustments for segment income include intersegment elimination and Group costs that have not been distributed to reportable segments. These group costs consist mainly of expenses of administrative departments.
3. Segment income or loss is adjusted between ordinary income on the consolidated statements of income and comprehensive income.