

Financial Results for the Third Quarter ended December 31, 2014

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

February 12, 2015

Company name: **HANWA Co.,Ltd.** Listed stock exchange: Tokyo
 Stock exchange code: 8078 (URL <http://www.hanwa.co.jp>)
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The date of issue of audited financial statements: February 13, 2015 The date of payout of dividend: —
 (Rounded down to millions of yen)

1. Consolidated financial results for the third quarter ended December 31, 2014

(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 third quarter ended December 31, 2014	1,307,884	6.5	13,666	19.1	9,562	(11.4)	5,655	(4.5)
ended December 31, 2013	1,227,678	10.1	11,475	38.0	10,797	82.3	5,922	79.0

Note: Comprehensive income For the third quarter ended December 31, 2014 11,904 million yen (19.0) %
 For the third quarter ended December 31, 2013 14,694 million yen 650.5 %

	Net income per share	Net income per share(diluted)
	(yen)	(yen)
For the third quarter ended December 31, 2014	27.29	—
ended December 31, 2013	28.58	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
December 31, 2014	681,576	135,204	19.7	646.57
March 31, 2014	593,351	125,361	20.6	591.68

Note: Shareholders' equity As of December 31, 2014 133,978 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)	—	7.50	—	7.50	15.00

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	18,000	10.8	15,500	5.5	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 Third Quarter ended December 31, 2014

《Consolidated Balance Sheets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	March 31, 2014	December 31, 2014	Increase(Decrease)
Assets			
Current assets;			
Cash and deposits	16,007	23,802	7,795
Trade notes and accounts receivable	317,846	343,668	25,822
Marketable securities	2,000	43	(1,957)
Inventories	114,694	145,889	31,195
Others	18,703	33,631	14,928
Allowance for doubtful receivables	(925)	(989)	(64)
Total current assets	468,325	546,045	77,720
Fixed assets;			
Property and equipment;			
Land	32,601	32,616	15
Others	28,973	29,243	270
Total property and equipment	61,574	61,859	285
Intangible assets	1,858	2,007	149
Investments and other assets;			
Investment securities	46,570	54,169	7,599
Others	16,328	19,162	2,834
Allowance for doubtful receivables	(1,306)	(1,668)	(362)
Total investments and other assets	61,592	71,663	10,071
Total fixed assets	125,025	135,530	10,505
Total assets	593,351	681,576	88,225
Liabilities;			
Current liabilities;			
Trade notes and accounts payable	180,363	194,316	13,953
Short-term loans payable	95,605	126,607	31,002
Commercial paper	5,000	32,000	27,000
Current portion of bonds payable	10,000	10,000	—
Income taxes payable	3,541	583	(2,958)
Accrued bonuses	2,212	1,154	(1,058)
Others	22,639	35,761	13,122
Total current liabilities	319,361	400,423	81,062
Long-term liabilities;			
Bonds payable	30,000	30,000	—
Long-term loans payable	104,280	100,936	(3,344)
Employees' retirement benefits	4,482	1,400	(3,082)
Others	9,865	13,612	3,747
Total long-term liabilities	148,628	145,949	(2,679)
Total liabilities	467,989	546,372	78,383
Net assets;			
Shareholders' equity;			
Common stock	45,651	45,651	—
Capital surplus	4	4	—
Retained earnings	76,520	81,714	5,194
Treasury stock	(1,442)	(1,445)	(3)
Total shareholders' equity	120,733	125,924	5,191
Accumulated other comprehensive income			
Net unrealized holding gains on securities	7,484	10,599	3,115
Deferred hedge profit and loss	(360)	1,281	1,641
Land revaluation difference	32	32	—
Foreign currency translation adjustments	304	1,110	806
Remeasurements of defined benefit plans	(5,584)	(4,968)	616
Total accumulated other comprehensive income	1,875	8,054	6,179
Minority interests	2,752	1,225	(1,527)
Total net assets	125,361	135,204	9,843
Total liabilities and net assets	593,351	681,576	88,225

Financial Results for the Third Quarter ended December 31, 2014

《Consolidated Statements of Income and Comprehensive Income》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Third quarter ended December 31, 2013	Third quarter ended December 31, 2014	Increase(Decrease)
Net sales	1,227,678	1,307,884	80,206
Cost of sales	1,189,787	1,266,479	76,692
Gross profit	37,891	41,405	3,514
Selling, general and administrative expenses	26,415	27,738	1,323
Operating income	11,475	13,666	2,191
Other income;			
Interest income	618	638	20
Dividend income	460	506	46
Equity in earnings of affiliates	—	133	133
Foreign exchange gain	636	—	(636)
Others	722	656	(66)
Total other income	2,438	1,935	(503)
Other expenses;			
Interest expenses	2,199	2,194	(5)
Foreign exchange loss	—	2,748	2,748
Others	917	1,097	180
Total other expenses	3,116	6,040	2,924
Ordinary income	10,797	9,562	(1,235)
Extraordinary income			
Gain on sales of investment securities	185	—	(185)
Total extraordinary income	185	—	(185)
Extraordinary loss;			
Loss on devaluation of investments securities	569	124	(445)
Business loss of affiliates	—	495	495
Total extraordinary loss	569	620	51
Income before income taxes and minority interest	10,412	8,941	(1,471)
Income taxes	4,404	3,239	(1,165)
Income before minority interest	6,008	5,702	(306)
Minority interest in net income	85	46	(39)
Net income	5,922	5,655	(267)
Minority interest in net income	85	46	(39)
Income before minority interest	6,008	5,702	(306)
Other Comprehensive Income			
Net unrealized holding gains on securities	7,271	3,114	(4,157)
Deferred hedge profit and loss	(71)	1,641	1,712
Foreign currency translation adjustments	1,485	829	(656)
Remeasurements of defined benefit plans	—	616	616
Total other comprehensive Income	8,686	6,202	(2,484)
Comprehensive Income	14,694	11,904	(2,790)
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	14,482	11,834	(2,648)
Comprehensive income attributable to minority interests	211	69	(142)

Financial Results for the Third Quarter ended December 31, 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 third quarter ended December 31, 2013 and 2014, is as follows:

(Rounded down to millions of yen)

Third quarter ended December 31, 2013

Millions of yen

	Reportable segment						Other	Total	Adjustment	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Sub-total				
Net sales										
Customers	577,387	68,687	55,790	61,703	351,895	1,115,464	112,214	1,227,678	—	1,227,678
Inter-segment	14,900	2,821	1,229	1,072	6,083	26,108	37,280	63,388	(63,388)	—
Total	592,287	71,509	57,019	62,775	357,979	1,141,572	149,494	1,291,067	(63,388)	1,227,678
Segment income(loss)	9,924	990	343	1,408	1,339	14,007	(77)	13,929	(3,132)	10,797

Third quarter ended December 31, 2014

Millions of yen

	Reportable segment						Other	Total	Adjustment	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Sub-total				
Net sales										
Customers	637,118	90,389	62,817	69,920	331,587	1,191,833	116,050	1,307,884	—	1,307,884
Inter-segment	15,521	4,537	1,068	644	5,802	27,575	62,755	90,330	(90,330)	—
Total	652,640	94,926	63,886	70,565	337,389	1,219,408	178,806	1,398,215	(90,330)	1,307,884
Segment income(loss)	10,633	(1,171)	676	1,091	1,099	12,329	724	13,053	(3,491)	9,562

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.