

Financial Results for the Fiscal Year ended March 31, 2015

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

May 14, 2015

Company name: **HANWA Co.,Ltd.**
 Listed stock exchange: Tokyo
 Stock exchange code: 8078 (URL <http://www.hanwa.co.jp>)
 Representative: Hironari Furukawa President
 Enquiries: Atsuhiro Moriguchi Director, Senior Managing Executive Officer
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The date of Shareholders' Meeting: June 26, 2015 The date of payout of dividend: June 29, 2015
 The date of issue of audited financial statements: June 30, 2015

(Rounded down to millions of yen)

1. Consolidated financial results for the fiscal year ended March 31, 2015

(1) Consolidated operating results (% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Year ended March 31, 2015	1,737,397	3.3	19,107	17.6	14,264	(3.0)	9,086	15.1
Year ended March 31, 2014	1,682,503	11.3	16,252	30.1	14,698	65.7	7,896	67.3

Note: Comprehensive income Year ended March 31, 2015 19,450 million yen 32.8%
 Year ended March 31, 2014 14,647 million yen 121.9%

	Net income per share	Net income per share(diluted)	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	(yen)	(yen)	(%)	(%)	(%)
Year ended March 31, 2015	43.85	—	6.9	2.3	1.1
Year ended March 31, 2014	38.11	—	6.6	2.6	1.0

Note: Equity in earnings of unconsolidated subsidiaries and affiliates Year ended March 31, 2015 — million yen
 Year ended March 31, 2014 — million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
March 31, 2015	651,456	142,749	21.7	682.46
March 31, 2014	593,351	125,361	20.6	591.68

Note: Shareholders' equity As of March 31, 2015 141,415 million yen
 As of March 31, 2014 122,609 million yen

(3) Consolidated cash flows situation

	Cash flows from Operating activities	Cash flows from Investing activities	Cash flows from Financing activities	Cash and cash equivalents at end of year
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Year ended March 31, 2015	1,790	(13,692)	19,339	24,515
Year ended March 31, 2014	343	(5,244)	(4,927)	15,919

2. Cash dividends

(effective date)	Cash dividends per share					Total amount of dividend (Annual)	Dividend payout ratio (Consolidated)	Dividend on shareholders' equity (Consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Annual			
Year ended March 31, 2014	—	6.00	—	6.00	12.00	2,486	31.5	2.1
Year ended March 31, 2015	—	7.50	—	7.50	15.00	3,108	34.2	2.4
Year ending March 31, 2016 (estimated)	—	8.00	—	8.00	16.00		27.6	

3. Forecast of consolidated financial results for fiscal year ending March 31, 2016 (% of change from previous year)

Annual	Net sales		Operating income		Ordinary income		Profit attributable to owners of the Company	Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(yen)
	1,800,000	3.6	22,300	16.7	20,000	40.2	12,000	32.1
								57.91

* 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 Fiscal Year ended March 31, 2015

《Consolidated Balance Sheets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	March 31, 2014	March 31, 2015	Increase(Decrease)
Assets			
Current assets;			
Cash and deposits	16,007	24,542	8,535
Trade notes and accounts receivable	317,846	321,642	3,796
Securities	2,000	2,610	610
Inventories	114,694	133,055	18,361
Deferred tax asset	2,048	1,116	(932)
Others	16,655	28,326	11,671
Allowance for doubtful receivables	(925)	(915)	10
Total current assets	468,325		(468,325)
Fixed assets;			
Property and equipment;			
Buildings and structures	19,165	18,230	(935)
Land	32,601	31,676	(925)
Others	9,808	11,039	1,231
Total property and equipment	61,574	60,946	(628)
Intangible assets	1,858	2,019	161
Investments and other assets;			
Investment securities	46,570	58,293	11,723
Long-term loans receivable	102	3,003	2,901
Retirement benefits assets	—	1,011	1,011
Deferred tax asset	216	106	(110)
Others	16,009	15,993	(16)
Allowance for doubtful receivables	(1,306)	(295)	1,011
Total investments and other assets	61,592	78,112	16,520
Total fixed assets	125,025	141,078	16,053
Total assets	593,351	651,456	58,105
Liabilities;			
Current liabilities;			
Trade notes and accounts payable	180,363	180,155	(208)
Short-term loans payable	95,605	82,155	(13,450)
Commercial paper	5,000	27,000	22,000
Current portion of bonds payable	10,000	10,000	—
Income taxes payable	3,541	1,231	(2,310)
Accrued bonuses	2,212	2,051	(161)
Others	22,639	39,602	16,963
Total current liabilities	319,361	342,196	22,835
Long-term liabilities;			
Bonds payable	30,000	30,000	—
Long-term loans payable	104,280	122,352	18,072
Deferred tax liabilities	2,272	6,218	3,946
Deferred tax liabilities by land revaluation	2,285	1,921	(364)
Retirement benefits liabilities	4,482	412	(4,070)
Others	5,306	5,604	298
Total long-term liabilities	148,628	166,510	17,882
Total liabilities	467,989	508,706	40,717
Net assets;			
Shareholders' equity;			
Common stock	45,651	45,651	—
Capital surplus	4	4	—
Retained earnings	76,520	82,110	5,590
Treasury stock	(1,442)	(1,445)	(3)
Total shareholders' equity	120,733	126,320	5,587
Accumulated other comprehensive income			
Net unrealized holding gains on securities	7,484	11,621	4,137
Deferred hedge profit and loss	(360)	1,526	1,886
Land revaluation difference	32	3,250	3,218
Foreign currency translation adjustments	304	2,356	2,052
Remeasurements of defined benefit plans	(5,584)	(3,660)	1,924
Total accumulated other comprehensive income	1,875	15,094	13,219
Minority interests	2,752	1,334	(1,418)
Total net assets	125,361	142,749	17,388
Total liabilities and net assets	593,351	651,456	58,105

Financial Results for the Fiscal Year ended March 31, 2015

《Consolidated Statements of Income and Comprehensive Income》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Year ended March 31, 2014	Year ended March 31, 2015	Increase (Decrease)
Net sales	1,682,503	1,737,397	54,894
Cost of sales	1,631,138	1,681,667	50,529
Gross profit	51,365	55,729	4,364
Selling, general and administrative expenses	35,112	36,622	1,510
Operating income	16,252	19,107	2,855
Other income;			
Interest income	847	864	17
Dividend income	561	531	(30)
Revenue from investment in affiliates	—	207	207
Foreign exchange gain	449	—	(449)
Income from lease and rent	214	240	26
Others	693	554	(139)
Total other income	2,766	2,398	(368)
Other expenses;			
Interest expenses	2,946	2,868	(78)
Foreign exchange loss	—	2,882	2,882
Others	1,374	1,490	116
Total other expenses	4,321	7,241	2,920
Ordinary income	14,698	14,264	(434)
Extraordinary income;			
Gain on sales of long-lived assets	—	128	128
Gain on sales of investment securities	187	—	(187)
Total extraordinary income	187	128	(59)
Extraordinary loss;			
Loss on devaluation of investments securities	760	477	(283)
Loss on devaluation of investment in capital	46	227	181
Business loss of affiliates	—	456	456
Loss on disposal of property and equipment	89	213	124
Total extraordinary loss	896	1,374	478
Income before income taxes and minority interest	13,988	13,018	(970)
Income, inhabitant & business tax – current	5,252	3,809	(1,443)
Income tax expense—deferred	734	67	(667)
Total extraordinary loss	5,986	3,876	(2,110)
Income before minority interest	8,002	9,141	1,139
Minority interest in net income	105	55	(50)
Net income	7,896	9,086	1,190
Minority interest in net income	105	55	(50)
Income before minority interest	8,002	9,141	1,139
Other Comprehensive Income			
Net unrealized holding gains on securities	4,819	4,137	(682)
Deferred hedge profit and loss	(481)	1,887	2,368
Land revaluation difference	33	184	151
Foreign currency translation adjustments	2,274	2,175	(99)
Remeasurements of defined benefit plans	—	1,924	1,924
Total other comprehensive Income	6,645	10,308	3,663
Comprehensive Income	14,647	19,450	4,803
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	14,331	19,271	4,940
Comprehensive income attributable to minority interests	315	178	(137)

Financial Results for the Fiscal Year ended March 31, 2015

《Consolidated Statements of Changes in Net Assets》

(Rounded down to millions of yen)

	Millions of yen												
	Shareholders' equity					Accumulated other comprehensive income						Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred hedge profit and loss	Land revaluation difference	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
Balance at March 31, 2013	45,651	4	72,867	(1,434)	117,088	2,667	120	116	(1,761)	—	1,143	2,442	120,674
Increase (decrease) during the term:													
Cash dividends paid			(2,901)		(2,901)								(2,901)
Effect from change in scope of consolidated subsidiaries			(1,460)		(1,460)								(1,460)
Reversal of land revaluation difference			117		117								117
Net income			7,896		7,896								7,896
Purchase of treasury stocks				(8)	(8)								(8)
Deposition of treasury stocks		0		0	0								0
Net increase (decrease) during the term, except for items under shareholders' equity						4,817	(481)	(84)	2,065	(5,584)	732	310	1,042
Total increase (decrease)	—	0	3,652	(7)	3,644	4,817	(481)	(84)	2,065	(5,584)	732	310	4,687
Balance at March 31, 2014	45,651	4	76,520	(1,442)	120,733	7,484	(360)	32	304	(5,584)	1,875	2,752	125,361

	Millions of yen												
	Shareholders' equity					Accumulated other comprehensive income						Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred hedge profit and loss	Land revaluation difference	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
Balance at March 31, 2014	45,651	4	76,520	(1,442)	120,733	7,484	(360)	32	304	(5,584)	1,875	2,752	125,361
Cumulative effects of changes in accounting policies			1,924		1,924								1,924
Restated balance	45,651	4	78,444	(1,442)	122,657	7,484	(360)	32	304	(5,584)	1,875	2,752	127,285
Increase (decrease) during the term:													
Cash dividends paid			(2,797)		(2,797)								(2,797)
Effect from change in scope of consolidated subsidiaries			411		411								411
Reversal of land revaluation difference			(3,033)		(3,033)								(3,033)
Net income			9,086		9,086								9,086
Purchase of treasury stocks				(3)	(3)								(3)
Deposition of treasury stocks		—		—	—								—
Net increase (decrease) during the term, except for items under shareholders' equity						4,137	1,887	3,218	2,052	1,924	13,219	(1,417)	11,801
Total increase (decrease)	—	—	3,666	(3)	3,662	4,137	1,887	3,218	2,052	1,924	13,219	(1,417)	15,464
Balance at March 31, 2015	45,651	4	82,110	(1,445)	126,320	11,621	1,526	3,250	2,356	(3,660)	15,094	1,334	142,749

Financial Results for the Fiscal Year ended March 31, 2015

《Consolidated Statements of Cash Flows》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Year ended March 31,2014	Year ended March 31,2015	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	13,988	13,018	(970)
Depreciation and amortization	3,692	3,891	199
Amortization of goodwill	104	187	83
Increase(decrease) in allowance for doubtful receivables	(1,791)	(1,049)	742
Increase(decrease) in retirement benefits	4,163	(5,108)	(9,271)
Interest and dividend income	(1,408)	(1,396)	12
Interest expense	2,946	2,868	(78)
Revenue from investment in affiliated companies (gain)	—	(207)	(207)
Gain on sales of long-lived assets	—	(128)	(128)
Loss on sale of investments securities	(187)	—	187
Loss on devaluation of investments securities	760	477	(283)
Loss on devaluation of investment in capital	46	227	181
Business loss of affiliates	—	456	456
Loss on disposal of property and equipment	89	213	124
(Increase)decrease in trade receivables	(14,574)	1,824	16,398
(Increase)decrease in inventories	(10,705)	(11,490)	(785)
Increase(decrease) in trade notes and accounts payable	7,394	(5,588)	(12,982)
Increase(decrease) in advance received	(787)	13,261	14,048
Other, net	2,710	(2,361)	(5,071)
Sub total	6,444	9,094	2,650
Interest and dividends received	1,422	1,415	(7)
Interest paid	(3,041)	(2,857)	184
Income taxes paid	(4,481)	(5,861)	(1,380)
Net cash provided by (used in) operating activities	343	1,790	1,447
Cash flows from investing activities:			
Payment for time deposits	(90)	(30)	60
Proceeds from refund of time deposits	91	90	(1)
Proceeds from redemption of securities	—	2,000	2,000
Payment for purchase of property and equipment	(1,141)	(3,807)	(2,666)
Proceeds from sale of property and equipment	183	1,646	1,463
Payment for purchase of investment securities	(4,431)	(12,774)	(8,343)
Proceeds from sale of investment securities	328	3,068	2,740
Net increase(decrease) from purchase of consolidated subsidiaries	(1,300)	—	1,300
(Increase)decrease in short - term loans receivable, net	554	(411)	(965)
Increase in long - term loans receivable	(6)	(2,897)	(2,891)
Collection of long-term loans receivable	38	25	(13)
Other, net	528	(602)	(1,130)
Net cash used in investing activities	(5,244)	(13,692)	(8,448)
Cash flows from financing activities:			
Increase(decrease) in short-term loans, net	5,326	(7,876)	(13,202)
Increase(decrease) in commercial paper, net	(6,000)	22,000	28,000
Proceeds from long-term debt	42,900	35,065	(7,835)
Repayments of long-term debt	(53,505)	(26,649)	26,856
Proceeds from issuance of bonds	19,904	9,950	(9,954)
Redemption of issuance of bonds	(10,070)	(10,000)	70
Payment for cash dividends	(2,900)	(2,797)	103
Cash dividends paid to minority interest in consolidated subsidiaries	(39)	(46)	(7)
Other, net	(542)	(306)	236
Net cash provided by (used in) financing activities	(4,927)	19,339	24,266
Effect of exchange rate changes on cash and cash equivalents	1,486	623	(863)
Net increase(decrease) in cash and cash equivalents	(8,342)	8,061	16,403
Cash and cash equivalents at beginning of year	23,198	15,919	(7,279)
Increase in cash and cash equivalents from newly consolidated subsi	1,063	533	(530)
Cash and cash equivalents at end of year	15,919	24,515	8,596

Financial Results for the Fiscal Year ended March 31, 2015

《Segment information》

Overview of the reportable segments

The Group's reportable segments are determined on the basis that separate financial information for such segments is available and examined periodically by the Board of Directors, which makes decisions regarding the allocation of management resources and assesses the business performances of such segments.

The Group's main business is buying and selling of various products with a focus on steel, and the business department, which is divided according to products handled or service contents, mainly carries out business activities. For this reason, the Group consists of business segments with the business department as the basis. The 5 reportable segments are "steel business," "metal and alloy business," "non-ferrous metal business," "food business," and "petroleum and chemical business."

The main products and services that fall under these reportable segments are listed below.

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

Metals and alloys: Nickel, chromium, steel alloys, and solar cellrelated materials and products

Non-ferrous metals: Aluminum, copper, and zinc (recycling business)

Foods: Sea foods

Petroleum and chemicals: Petroleum products, industrial chemicals, and chemicals

Sales, income/loss, assets, liability, and other amounts by reportable segment

(Rounded down to millions of yen)

Year ended March 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	792,155	94,129	75,946	77,346	491,288	1,530,866	151,637	1,682,503	—	1,682,503
Inter-segment	18,941	3,865	1,564	1,322	7,755	33,449	49,288	82,737	(82,737)	—
Total	811,096	97,995	77,511	78,668	499,043	1,564,315	200,925	1,765,241	(82,737)	1,682,503
Segment income(loss)	13,879	1,756	835	1,589	1,925	19,986	(262)	19,724	(5,026)	14,698
Segment assets	317,021	49,253	16,211	34,476	71,637	488,600	53,217	541,817	51,533	593,351
Other										
Depreciation	2,712	118	36	21	74	2,964	669	3,633	59	3,692
Depreciation of Goodwill	104	—	—	—	—	104	—	104	—	104
Interest income	194	116	—	1	146	458	88	547	300	847
Interest expenses	1,864	461	147	183	417	3,074	577	3,651	(705)	2,946
Property, plant and equipment and Intangible assets increase	1,667	36	24	9	14	1,753	627	2,381	10	2,391

Year ended March 31, 2015

Millions of yen

	Reportable segment						Other	Total	Adjustment	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Sub-total				
Net sales										
Customers	857,396	125,767	81,978	86,922	422,449	1,574,514	162,883	1,737,397	—	1,737,397
Inter-segment	21,319	5,403	1,386	723	7,470	36,302	79,507	115,810	(115,810)	—
Total	878,715	131,171	83,365	87,645	429,919	1,610,817	242,390	1,853,208	(115,810)	1,737,397
Segment income(loss)	14,735	343	1,146	583	2,481	19,290	683	19,973	(5,709)	14,264
Segment assets	354,475	72,533	23,269	34,127	48,405	532,811	61,710	594,521	56,935	651,456
Other										
Depreciation	3,024	105	37	16	65	3,250	594	3,844	46	3,891
Depreciation of Goodwill	154	33	—	—	—	187	—	187	—	187
Interest income	198	170	—	0	137	506	106	612	2,513	864
Interest expenses	2,202	651	159	258	375	3,647	534	4,181	(1,313)	2,868
Revenue from investment in affiliates	207	—	—	—	—	207	—	207	—	207
Investment in affiliates	2,008	—	—	—	—	2,008	—	2,008	—	2,008
Property, plant and equipment and Intangible assets increase	3,140	78	33	39	64	3,356	470	3,827	106	3,933

Notes:

- "Other" comprises businesses that are not included in reportable segments, such as lumber section, machinery section and overseas sales subsidiaries.
- Adjustments are as follows:
 - 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.
 - Adjustments for segment assets include Group assets that have not been distributed to reportable segments. These group assets consist mainly of cash and cash equivalents, investment securities and assets of administrative departments.
 - Adjustments for depreciation include mainly depreciation and amortization expenses of group assets.
 - Adjustments for interest income and interest expenses include intersegment elimination, revenue and expense that have not been distributed to reportable segments.
 - Adjustments for property, plant and equipment and intangible assets increase are increases in Group assets.