

Financial Results for the First Quarter ended June 30, 2015

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

August 7, 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: Atsuhiko Moriguchi Director, Senior Managing Executive Officer
 TEL 81 - 3 - 3544 - 2000

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1. Consolidated financial results for the first quarter ended June 30, 2015

(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		Profit attributable to owners of the Company	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
For the first quarter ended June 30, 2015	398,045	(6.0)	4,759	17.9	3,894	3.0	2,948	45.4
ended June 30, 2014	423,335	10.1	4,036	8.9	3,779	6.7	2,028	0.4

Note: Comprehensive income For the first quarter ended June 30, 2015 3,589 million yen 17.9%
 For the first quarter ended June 30, 2014 3,045 million yen (30.8%)

	Net income per share	Net income per share(diluted)
	(yen)	(yen)
For the first quarter ended June 30, 2015	14.23	—
ended June 30, 2014	9.79	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
June 30, 2015	643,451	144,844	22.3	692.57
March 31, 2015	651,456	142,749	21.7	682.46

Note: Shareholders' equity As of June 30, 2015 143,507 million yen
 As of March 31, 2015 141,415 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, 2015	—	7.50	—	7.50	15.00
Year ending March 31, 2016 (estimated)	—	8.00	—	8.00	16.00

3. Forecast of consolidated financial results for fiscal year ending March 31, 2016

(% of change from previous year)

	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)
Annual	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 First Quarter ended June 30, 2015

《Consolidated Balance Sheets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	March 31, 2015	June 30, 2015	Increase(Decrease)
Assets			
Current assets;			
Cash and deposits	24,542	25,487	945
Trade notes and accounts receivable	321,642	309,849	(11,793)
Securities	2,610	2,655	45
Inventories	133,055	125,260	(7,795)
Others	29,442	38,740	9,298
Allowance for doubtful receivables	(915)	(345)	570
Total current assets	510,377	501,647	(8,730)
Fixed assets;			
Property and equipment;			
Land	31,676	32,737	1,061
Others	29,270	29,982	712
Total property and equipment	60,946	62,719	1,773
Intangible assets	2,019	2,202	183
Investments and other assets;			
Investment securities	58,293	57,608	(685)
Others	20,114	19,570	(544)
Allowance for doubtful receivables	(295)	(296)	(1)
Total investments and other assets	78,112	76,881	(1,231)
Total fixed assets	141,078	141,804	726
Total assets	651,456	643,451	(8,005)
Liabilities;			
Current liabilities;			
Trade notes and accounts payable	180,155	171,236	(8,919)
Short-term loans payable	82,155	83,823	1,668
Commercial paper	27,000	20,000	(7,000)
Current portion of bonds payable	10,000	57	(9,943)
Income taxes payable	1,231	491	(740)
Accrued bonuses	2,051	1,176	(875)
Others	39,602	48,530	8,928
Total current liabilities	342,196	325,316	(16,880)
Long-term liabilities;			
Bonds payable	30,000	30,118	118
Long-term loans payable	122,352	128,472	6,120
Retirement benefits liabilities	412	461	49
Others	13,745	14,237	492
Total long-term liabilities	166,510	173,290	6,780
Total liabilities	508,706	498,606	(10,100)
Net assets;			
Shareholders' equity;			
Common stock	45,651	45,651	—
Capital surplus	4	4	—
Retained earnings	82,110	83,586	1,476
Treasury stock	(1,445)	(1,447)	(2)
Total shareholders' equity	126,320	127,794	1,474
Accumulated other comprehensive income			
Net unrealized holding gains on securities	11,621	12,605	984
Deferred hedge profit and loss	1,526	629	(897)
Land revaluation difference	3,250	3,250	—
Foreign currency translation adjustments	2,356	2,723	367
Remeasurements of defined benefit plans	(3,660)	(3,495)	165
Total accumulated other comprehensive income	15,094	15,713	619
Minority interests	1,334	1,336	2
Total net assets	142,749	144,844	2,095
Total liabilities and net assets	651,456	643,451	(8,005)

Financial Results for the First Quarter ended June 30, 2015

《Consolidated Statements of Income and Comprehensive Income》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	First quarter ended June 30, 2014	First quarter ended June 30, 2015	Increase(Decrease)
Net sales	423,335	398,045	(25,290)
Cost of sales	410,114	383,811	(26,303)
Gross profit	13,220	14,233	1,013
Selling, general and administrative expenses	9,184	9,474	290
Operating income	4,036	4,759	723
Other income;			
Interest income	223	205	(18)
Dividend income	317	419	102
Reversal of allowance for doubtful account	—	612	612
Others	253	268	15
Total other income	795	1,505	710
Other expenses;			
Interest expenses	719	696	(23)
Loss on investment in affiliates	—	1,245	1,245
Foreign exchange loss	33	124	91
Others	299	303	4
Total other expenses	1,052	2,370	1,318
Ordinary income	3,779	3,894	115
Extraordinary income			
Gain on sale of property and equipment	—	350	350
Total extraordinary income	—	350	350
Extraordinary loss;			
Loss on devaluation of investments securities	—	150	150
Total extraordinary loss	—	150	150
Income before income taxes and minority interest	3,779	4,094	315
Income taxes	1,741	1,155	(586)
Net income	2,037	2,939	902
Net income attributable to			
Net income attributable to owners of the Company	2,028	2,948	920
Net income(loss) attributable to minority interests	9	(9)	(18)
Other Comprehensive Income			
Net unrealized holding gains on securities	951	983	32
Deferred hedge profit and loss	160	(896)	(1,056)
Foreign currency translation adjustments	(309)	263	572
Remeasurements of defined benefit plans	205	164	(41)
Share of other comprehensive income of affiliates	—	135	135
Total other comprehensive Income	1,007	650	(357)
Comprehensive Income	3,045	3,589	544
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	3,082	3,566	484
Comprehensive income attributable to minority interests	(37)	22	59

Financial Results for the First Quarter ended June 30, 2015

《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, 2014 and 2015, is as follows:

(Rounded down to millions of yen)

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

First quarter ended June 30, 2015

Millions of yen

	Reportable segment						Other	Total	Adjustment	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Sub-total				
Net sales										
Customers	195,142	36,756	23,681	24,825	78,433	358,838	39,206	398,045	—	398,045
Inter-segment	5,024	1,006	268	104	1,484	7,889	24,712	32,602	(32,602)	—
Total	200,166	37,763	23,950	24,930	79,917	366,728	63,918	430,647	(32,602)	398,045
Segment income(loss)	2,859	684	395	70	382	4,393	504	4,897	(1,002)	3,894

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.