

Highlights of Consolidated Financial Results for the FY2015

HANWA Co., Ltd.

(Unit: billion yen, rounded down to 0.1 billions of yen)

Outline of Financial Results for the FY2015

As for this fiscal year, net sales has reached to 1,511.8 billion yen, decreased by 13% compared with last fiscal year, due to a downfall of commodity prices including petroleum and steel products. Net income was 25.4 billion yen, increased by 180%, mainly due to extraordinary income and income tax reduction .

We paid 8.0 yen as interim dividend and also we will pay additional 10.0 yen as the end of this fiscal year dividend. Our annual dividend payout for this fiscal year is 18.0 yen

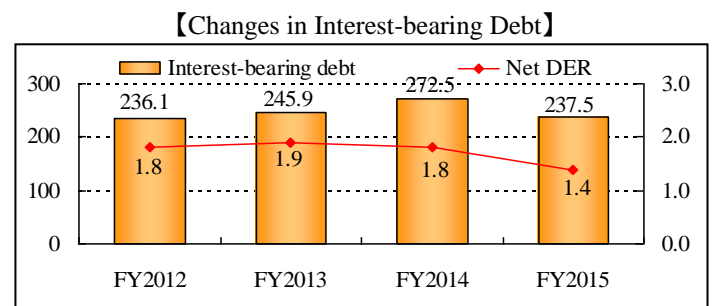
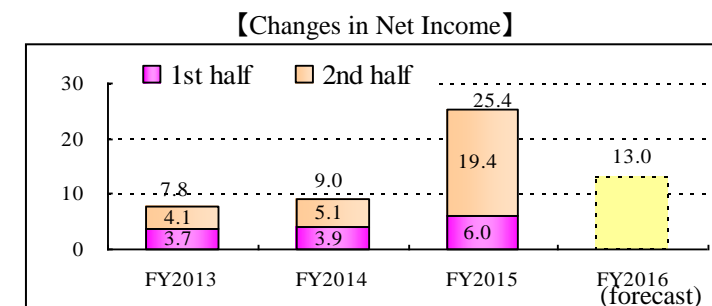
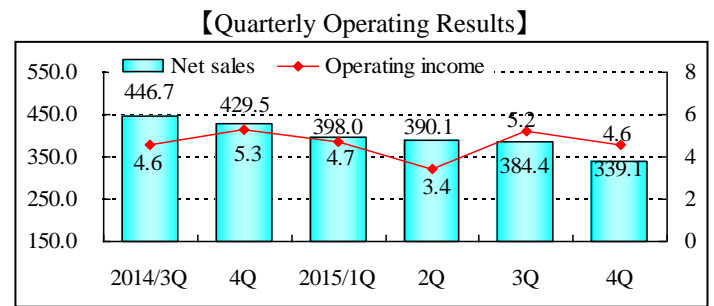
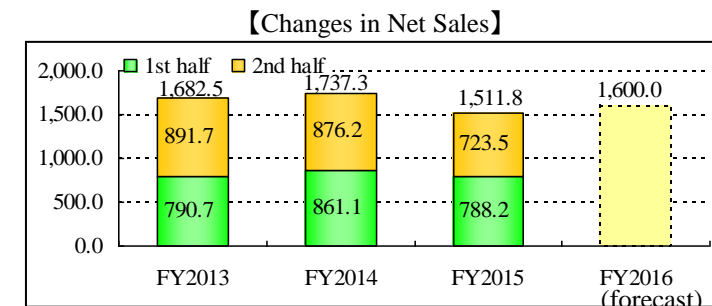
Operating Results		FY2015	FY2014	Year-on-year		Main Factors
				Change	rate	
Net sales		1,511.8	1,737.3	-225.5	-13%	(Net sales) Net sales has decreased by 13% for the previous year, due to oversupply and sluggish demand of petroleum and steel products.
Gross profit		56.5	55.7	0.8	2%	
SG&A expenses		38.3	36.6	1.7	5%	(SG&A expenses) SG & A expenses has increased by 5% compared with the previous year and reached to 1.7 billion yen. 1.1 out of 1.7 billion yen was accounted for newly consolidated subsidiaries. Our employment cost has increased by 1.5 billion yen, including 0.7 billion yen for newly consolidated subsidiaries. The defaulting debt had not ocured.
Operating income		18.1	19.1	-1.0	-5%	
Non-operating income		3.7	2.3	1.4	57%	(Non-operating income/expenses) Non-operating income has increased by 57% from the previous year, due to reversal entry of allowances for doubtful account thanks to decline in the bad debt ratio and increase in dividend income. Even with the entry of equity in losses of our new affiliate, CosmoSteel Holdings Limited, non-operating expenses have decreased by 10%, mainly due to the reduced exchange losses.
Non-operating expenses		6.5	7.2	-0.7	-10%	
Ordinary income		15.4	14.2	1.2	8%	(Extraordinary gain/loss) Gain on disposal of fixed assets, negative goodwill and sales of investment securities were included in extraordinary income. On the other hand, loss on devaluation of investments securities and investment in capital were recorded.
Extraordinary gain		14.9	0.1	14.8	—	
Extraordinary loss		3.5	1.3	2.2	162%	
Income before income taxes and others		26.7	13.0	13.7	105%	
Income taxes		1.2	3.8	(2.6)	-67%	
Net income		25.4	9.1	16.3	179%	
Owners of the Company(loss)		25.4	9.0	16.4	180%	
Minority interests(loss)		0.0	0.0	0.0	-84%	
EPS (yen)		122.92	43.85	79.07	180%	
Comprehensive income		16.7	19.4	(2.7)	-14%	

Segment Information		Net sales			Segment income			Main Factors
		FY2015	FY2014	rate	FY2015	FY2014	rate	
Steel Metals & alloys Non-ferrous metals Foods Petroleum & chemicals Overseas sales subsidiaries	Steel	798.6	878.7	-9%	14.8	14.7	1%	(Steel business) Steel market was weak. Demand for manufacturing and construction was sluggish. Although construction works were profitable, loss on investment in affiliates and exchange losses were recorded.
	Metals & alloys	131.1	131.1	0%	2.2	0.3	546%	
	Non-ferrous metals	82.0	83.3	-2%	0.8	1.1	-26%	
	Foods	90.6	87.6	4%	0.0	0.5	-87%	
	Petroleum & chemicals	276.4	429.9	-36%	1.9	2.4	-20%	
	Overseas sales subsidiaries	177.6	179.5	-1%	(0.7)	(0.0)	—	
	Total for reportable segments	1,556.7	1,790.3	-13%	19.2	19.2	0%	
Other	67.2	62.8	7%	1.3	0.7	85%	(Non-ferrous metals business) Downward trend of commodity markets has continued. Our revenue was down due to rising purchase costs caused by difficulty in collecting scrap metals.	
Total	1,623.9	1,853.2	-12%	20.6	19.9	3%	(Foods business) Domestic demand has been sluggish. New affiliate, Seattle Shrimp & Seafood Co., Inc., could not contribute to this segment, as seafood market in the US plummeted.	
Adjustment	(112.1)	(115.8)	3%	(5.1)	(5.7)	9%	(Petroleum & chemicals business) Besides weak petroleum products market as a result of a decline in the price of crude oil, floundering demand for industries and bunker fuel pushed down profitability further.	
Consolidated	1,511.8	1,737.3	-13%	15.4	14.2	8%	(Overseas sales subsidiaries) In Singapore, sales of bunker fuel decreased. In addition, revenue of steel business in US and non-ferrous metal business in Thailand was weak.	

Topics	<div>Oct. Acquired the special metals and alloys scrap distributor and processor, Nikko Kinzoku Co.,Ltd.</div> <div>Dec. Acquired the RPF manufacturers, Seibu Service Co., Ltd. and Alpha Forme Co., Ltd.</div> <div>Mar. Opened Wakayama branch office in Wakayama Prefecture.</div>
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Financial Position	Mar. 2016	Mar. 2015	Comparison with Mar. 2015		Main Factors
			Change	rate	
Total assets	599.6	651.4	(51.8)	-8%	(Total Assets) Total assets decreased by 8% from the end of the previous year, due to decrease in trade receivables and inventories as a sales decrease.
(Current assets)	451.2	510.3	-59.1	-12%	
(Fixed assets)	148.4	141.0	7.4	5%	Inventories 106.0 billion yen (-20% from the end of the previous period)
Total liabilities	443.5	508.7	(65.2)	-13%	(Liabilities) Total liabilities decreased by 13% from end of the previous year, due to decrease in trade payables and commercial paper. As interest-bearing debt decreased by 13%, net debt-equity ratio was turned into 136%.
(Interest-bearing debt)	237.5	272.5	-35.0	-13%	
(Net interest-bearing debt)	210.4	248.0	-37.6	-15%	
Net DER	135.9%	175.4%	-39.5pt	—	
Total net assets	156.1	142.7	13.4	9%	(Net assets) Despite decrease of net unrealized holding gains on securities, total net assets increased by 9% from the end of the previous year, due to the increased carryover of retained earnings.
(Equity capital)	148.8	126.3	22.5	18%	Shareholders' equity ratio was 25.8, which is a 4.1 percentage points upper than the end of the previous year.
(Accumulated other comprehensive income)	6.0	15.0	△9.0	-60%	
(Minority interests)	1.2	1.3	(0.1)	-5%	
BPS (yen)	747.40	682.46	64.94	10%	
Shareholders' equity	154.8	141.4	13.4	9%	
Shareholders' equity ratio	25.8%	21.7%	4.1pt	—	

Cash Flow	FY2015	FY2014	Year-on-year		Main Factors
			Change	rate	
Cash flows from operating activities	53.0	1.7	51.3	—	(Operating cash flows) 53.0 billion yen Collection of working capital progressed due to decrease in net sales.
Cash flows from investing activities	(10.4)	(13.6)	3.2	-24%	(Investment cash flows) (10.4) billion yen Due to purchase of investment securities and fixed assets and to execution of long-term loan..
Cash flows from financing activities	(41.7)	19.3	(61.0)	—	(Financial cash flows) (41.7) billion yen Due to decrease of short term loans and commercial paper.
Cash and cash equivalents at end of period	25.8	24.5	1.3	5%	



Forecast (Annual)	FY2016	FY2015		Cash Dividends	FY2014	FY2015	FY2016 (estimated)
			change				
Net sales	1,600.0	1,511.8	6%	Interim (yen)	7.50	8.00	9.00
Operating income	21.0	18.1	16%	Year-end (yen)	7.50	10.00	9.00
Ordinary income	19.0	15.4	23%	Annual (yen)	15.00	18.00	18.00
Net income	13.0	25.4	-49%	Dividend payout ratio	34%	15%	29%