

# Financial Results for the Fiscal Year ended March 31, 2018

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

May 11, 2018

Company name: **HANWA Co.,Ltd.**

Listed stock exchange: Tokyo

Stock exchange code: 8078

(URL <http://www.hanwa.co.jp>)

Representative: Hironari Furukawa President

Enquiries: Yoichi Nakagawa Director, Senior Managing Executive Officer

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The date of Shareholders' Meeting: June 22, 2018

The date of payout of dividend: June 25, 2018

The date of issue of audited financial statements: June 25, 2018

(Rounded down to millions of yen)

## 1. Consolidated financial results for the fiscal year ended March 31, 2018

### (1) Consolidated operating results

(% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Year ended March 31, 2018	1,791,118	18.3	26,217	11.9	25,502	11.3	17,354	6.1
Year ended March 31, 2017	1,514,037	0.1	23,426	28.9	22,907	48.5	16,363	(35.8)

Note: Comprehensive income  
 Year ended March 31, 2018 22,532 million yen 7.3%  
 Year ended March 31, 2017 20,991 million yen 25.1%

	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, 2018	427.04	—	9.7	3.3	1.5
Year ended March 31, 2017	400.89	—	10.1	3.5	1.5

Note: Equity in earnings of unconsolidated subsidiaries and affiliates  
 Year ended March 31, 2018 (127) million yen  
 Year ended March 31, 2017 (88) million yen

\* Effective October 1, 2017, HANWA consolidated its common shares at the ratio of 5 shares to 1 share. Accordingly, net income per share has been calculated as if the said share consolidation was conducted at the beginning of the previous fiscal year.

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
March 31, 2018	861,965	203,700	21.8	4,621.96
March 31, 2017	694,232	171,637	24.5	4,193.50

Note: Shareholders' equity  
 As of March 31, 2018 187,828 million yen  
 As of March 31, 2017 170,422 million yen

\* Effective October 1, 2017, HANWA consolidated its common shares at the ratio of 5 shares to 1 share. Accordingly, shareholders' equity per share has been calculated as if the said share consolidation was conducted at the beginning of the previous fiscal year.

### (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, 2018	(19,755)	(39,971)	66,435	34,855
Year ended March 31, 2017	3,959	(18,427)	15,447	27,206

## 2. Cash dividends

(effective date)	Cash dividends per share					Total amount of dividend (Annual) (Millions of yen)	Dividend payout ratio (Consolidated) (%)	Dividend on shareholders' equity (Consolidated) (%)
	First quarter	Second quarter	Third quarter	Year-end	Annual			
	(yen)	(yen)	(yen)	(yen)	(yen)	(Millions of yen)	(%)	(%)
Year ended March 31, 2017	—	9.00	—	10.00	19.00	3,860	23.7	2.4
Year ended March 31, 2018	—	10.00	—	75.00	—	5,079	29.3	2.8
Year ending March 31, 2019 (estimated)	—	75.00	—	75.00	150.00		31.3	

\* Effective October 1, 2017, HANWA consolidated its common shares at the ratio of 5 shares to 1 share. Accordingly, the impact of this share consolidation is taken into consideration in the amount presented for the fiscal year-end dividend per share for the year ended March 31, 2018, and the amount for the total annual dividends per share for the same fiscal year is omitted and shown as a dash.

If the share consolidation was taken into consideration, the second quarter dividend and annual dividend for the fiscal year ended March 31, 2017 would be 50.00 yen and 125.00 yen, respectively.

3. Forecast of consolidated financial results for fiscal year ending March 31, 2019 (% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(yen)
Annual	2,000,000	11.7	31,000	18.2	30,000	17.6	19,500	12.4	479.84

\* 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, 2018

## 《Consolidated Balance Sheets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>	
	March 31, 2017	March 31, 2018
<b>Assets</b>		
<b>Current assets;</b>		
Cash and deposits	28,465	36,198
Trade notes and accounts receivable	307,853	400,317
Electronically recorded monetary claims	30,742	25,416
Securities	486	683
Inventories	111,039	134,877
Deferred tax asset	1,919	1,891
Others	57,599	47,128
Allowance for doubtful receivables	(334)	(481)
<b>Total current assets</b>	<b>537,773</b>	<b>646,032</b>
<b>Fixed assets;</b>		
<b>Property and equipment;</b>		
Buildings and structures	18,596	20,724
Land	29,640	32,402
Others	11,255	11,341
<b>Total property and equipment</b>	<b>59,492</b>	<b>64,469</b>
<b>Intangible assets</b>	<b>2,034</b>	<b>3,426</b>
<b>Investments and other assets;</b>		
Investment securities	72,524	109,781
Long-term loans receivable	10,842	20,366
Deferred tax asset	283	103
Others	11,787	18,688
Allowance for doubtful receivables	(504)	(902)
<b>Total investments and other assets</b>	<b>94,932</b>	<b>148,037</b>
<b>Total fixed assets</b>	<b>156,458</b>	<b>215,933</b>
<b>Total assets</b>	<b>694,232</b>	<b>861,965</b>
<b>Liabilities;</b>		
<b>Current liabilities;</b>		
Trade notes and accounts payable	191,989	266,595
Short-term loans payable	107,262	116,245
Commercial paper	5,000	10,000
Current portion of bonds payable	21	10,121
Income taxes payable	6,752	5,050
Accrued bonuses	2,306	2,474
Provision for product warranties	146	391
Provision for loss on business of subsidiaries and affiliates	512	—
Others	45,068	40,851
<b>Total current liabilities</b>	<b>359,058</b>	<b>451,730</b>
<b>Long-term liabilities;</b>		
Bonds payable	40,076	40,055
Long-term loans payable	106,232	147,601
Deferred tax liabilities	5,366	6,142
Deferred tax liabilities by land revaluation	1,634	1,633
Retirement benefits liabilities	4,518	4,943
Others	5,709	6,157
<b>Total long-term liabilities</b>	<b>163,536</b>	<b>206,534</b>
<b>Total liabilities</b>	<b>522,595</b>	<b>658,264</b>
<b>Net assets;</b>		
<b>Shareholders' equity;</b>		
Common stock	45,651	45,651
Retained earnings	117,778	131,045
Treasury stock	(3,720)	(3,726)
<b>Total shareholders' equity</b>	<b>159,709</b>	<b>172,969</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized holding gains on securities	12,580	14,342
Deferred hedge profit and loss	142	(169)
Land revaluation difference	2,966	2,963
Foreign currency translation adjustments	1,062	3,110
Remeasurements of defined benefit plans	(6,037)	(5,388)
<b>Total accumulated other comprehensive income</b>	<b>10,713</b>	<b>14,858</b>
<b>Minority interests</b>	<b>1,214</b>	<b>15,872</b>
<b>Total net assets</b>	<b>171,637</b>	<b>203,700</b>
<b>Total liabilities and net assets</b>	<b>694,232</b>	<b>861,965</b>

## Financial Results for the Fiscal Year ended March 31, 2018

## 《Consolidated Statements of Income and Comprehensive Income》

(Rounded down to millions of yen)

*Millions of yen*

	Year ended March 31, 2017	Year ended March 31, 2018
<b>Net sales</b>	1,514,037	1,791,118
Cost of sales	1,449,522	1,718,922
<b>Gross profit</b>	<b>64,514</b>	<b>72,195</b>
Selling, general and administrative expenses	41,088	45,977
<b>Operating income</b>	<b>23,426</b>	<b>26,217</b>
<b>Other income;</b>		
Interest income	1,238	1,747
Dividend income	1,446	1,127
Foreign exchange gain	—	316
Others	1,207	1,339
<b>Total other income</b>	<b>3,891</b>	<b>4,531</b>
<b>Other expenses;</b>		
Interest expenses	2,553	3,245
Loss on investment in affiliates	88	127
Foreign exchange loss	284	—
Guarantee commission	734	613
Commission fee	167	648
Others	582	611
<b>Total other expenses</b>	<b>4,411</b>	<b>5,246</b>
<b>Ordinary income</b>	<b>22,907</b>	<b>25,502</b>
<b>Extraordinary income;</b>		
Gain on sales of long-lived assets	876	—
Gain on sales of investment securities	674	165
Reversal of allowance for business loss of affiliates	—	512
<b>Total extraordinary income</b>	<b>1,551</b>	<b>678</b>
<b>Extraordinary loss;</b>		
Loss on sale of property and equipment	227	—
Loss on devaluation of investments securities	814	181
Loss on devaluation of investment in capital	—	217
Business loss of affiliates	253	—
Provision for product warranties	—	345
<b>Total extraordinary loss</b>	<b>1,295</b>	<b>744</b>
<b>Income before income taxes</b>	<b>23,163</b>	<b>25,435</b>
Income, inhabitant & business tax – current	7,354	8,410
Income tax expense–deferred	(625)	(95)
<b>Total income taxes</b>	<b>6,728</b>	<b>8,315</b>
<b>Net income</b>	<b>16,434</b>	<b>17,120</b>
Net income attributable to		
Net income attributable to owners of the parent	16,363	17,354
Net income(loss) attributable to minority interests	71	(233)
<b>Other Comprehensive Income</b>		
Net unrealized holding gains on securities	4,555	1,762
Deferred hedge profit and loss	518	(311)
Foreign currency translation adjustments	(723)	316
Remeasurements of defined benefit plans	360	587
Share of other comprehensive income of associates accounted for using equity method	(154)	3,057
<b>Total other comprehensive Income</b>	<b>4,557</b>	<b>5,411</b>
<b>Comprehensive Income</b>	<b>20,991</b>	<b>22,532</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	21,017	21,501
Comprehensive income attributable to minority interests	(26)	1,031

## Financial Results for the Fiscal Year ended March 31, 2018

## 《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		
<b>Balance at March 31, 2016</b>	45,651	4	104,600	(1,449)	148,807	8,024	(376)	2,966	1,842	(6,397)	6,059	1,272	156,139
Increase (decrease) during the term:													
Cash dividends paid			(3,900)		(3,900)								(3,900)
Change of scope of consolidated subsidiaries			219		219								219
Change of scope of equity method			700		700								700
Reversal of land revaluation difference			—		—								—
Net income attributable to owners of the parent			16,363		16,363								16,363
Purchase of treasury stocks				(2,270)	(2,270)								(2,270)
Capital increase from purchase of stock of consolidated subsidiaries		(4)	(200)		(205)								(205)
Capital increase from sales of stock of consolidated subsidiaries			(0)		(0)								(0)
Others			(4)		(4)								(4)
Net increase (decrease) during the term, except for items under shareholders' equity						4,555	518	—	(780)	360	4,654	(58)	4,596
<b>Total increase (decrease)</b>	—	(4)	13,177	(2,270)	10,902	4,555	518	—	(780)	360	4,654	(58)	15,498
<b>Balance at March 31, 2017</b>	45,651	—	117,778	(3,720)	159,709	12,580	142	2,966	1,062	(6,037)	10,713	1,214	171,637

	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		
<b>Balance at March 31, 2017</b>	45,651	—	117,778	(3,720)	159,709	12,580	142	2,966	1,062	(6,037)	10,713	1,214	171,637
Increase (decrease) during the term:													
Cash dividends paid			(4,063)		(4,063)								(4,063)
Change of scope of consolidated subsidiaries			(25)		(25)								(25)
Change of scope of equity method			—		—								—
Reversal of land revaluation difference			2		2								2
Net income attributable to owners of the parent			17,354		17,354								17,354
Purchase of treasury stocks				(6)	(6)								(6)
Capital increase from purchase of stock of consolidated subsidiaries		—	—		—								—
Capital increase from sales of stock of consolidated subsidiaries			—		—								—
Others			—		—								—
Net increase (decrease) during the term, except for items under shareholders' equity						1,762	(311)	(2)	2,047	648	4,144	14,658	18,803
<b>Total increase (decrease)</b>	—	—	13,266	(6)	13,260	1,762	(311)	(2)	2,047	648	4,144	14,658	32,063
<b>Balance at March 31, 2018</b>	45,651	—	131,045	(3,726)	172,969	14,342	(169)	2,963	3,110	(5,388)	14,858	15,872	203,700

## Financial Results for the Fiscal Year ended March 31, 2018

## 《Consolidated Statements of Cash Flows》

(Rounded down to millions of yen)

	<i>Millions of yen</i>	
	Year ended March 31,2017	Year ended March 31,2018
<b>Cash flows from operating activities:</b>		
Income before income taxes	23,163	25,435
Depreciation and amortization	3,971	4,240
Amortization of goodwill	217	532
Increase(decrease) in allowance for doubtful receivables	67	(193)
Interest and dividend income	(2,684)	(2,875)
Interest expense	2,553	3,245
Revenue from investment in affiliated companies (gain)	88	127
Gain on sales of long-lived assets	(876)	—
Gain on sales of investment securities	(674)	(165)
Reversal of allowance for business loss of affiliates	—	(512)
Loss on sale of property and equipment	227	—
Loss on devaluation of investments securities	814	181
Loss on devaluation of investment in capital	—	217
Business loss of affiliates	253	—
Provision for product warranties	—	345
(Increase)decrease in trade receivables	(60,931)	(82,227)
(Increase)decrease in inventories	(3,991)	(21,619)
Increase(decrease) in trade notes and accounts payable	39,538	69,366
Increase(decrease) in retirement benefits	959	992
Other, net	44	(7,073)
<b>Sub total</b>	<b>2,739</b>	<b>(9,982)</b>
Interest and dividends received	2,766	3,681
Interest paid	(2,562)	(3,257)
Income taxes paid	1,015	(10,196)
<b>Net cash provided by (used in) operating activities</b>	<b>3,959</b>	<b>(19,755)</b>
<b>Cash flows from investing activities:</b>		
Payment for time deposits	(1,245)	(3,039)
Proceeds from refund of time deposits	1,261	3,553
Payment for purchase of property and equipment	(3,656)	(4,650)
Proceeds from sale of property and equipment	1,453	144
Payment for purchase of investment securities	(2,883)	(35,461)
Proceeds from sale of investment securities	1,161	1,137
Net increase(decrease) from purchase of consolidated subsidiaries	—	1,176
(Increase)decrease in short - term loans receivable, net	(14,829)	11,665
Increase in long - term loans receivable	(808)	(15,037)
Collection of long-term loans receivable	28	978
Other, net	1,090	(436)
<b>Net cash used in investing activities</b>	<b>(18,427)</b>	<b>(39,971)</b>
<b>Cash flows from financing activities:</b>		
Increase(decrease) in short-term loans, net	12,343	12,185
Increase(decrease) in commercial paper, net	5,000	5,000
Proceeds from long-term debt	15,340	84,237
Repayments of long-term debt	(10,460)	(53,860)
Proceeds from issuance of bonds	9,950	9,951
Redemption of issuance of bonds	(10,039)	(503)
Proceeds from stock issuance to minority shareholders	—	13,580
Purchase of treasury stock	(2,270)	(6)
Payment for cash dividends	(3,899)	(4,063)
Cash dividends paid to minority interest in consolidated subsidiaries	(29)	(28)
Purchase of investments in subsidiaries resulting in no change in scope of consolidation	(220)	—
Other, net	(267)	(58)
<b>Net cash provided by (used in) financing activities</b>	<b>15,447</b>	<b>66,435</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(370)</b>	<b>(203)</b>
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>609</b>	<b>6,504</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>25,804</b>	<b>27,206</b>
<b>Increase in cash and cash equivalents from newly consolidated subsidiaries</b>	<b>791</b>	<b>1,144</b>
<b>Cash and cash equivalents at end of year</b>	<b>27,206</b>	<b>34,855</b>

## Financial Results for the Fiscal Year ended March 31, 2018

## 《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 6 reportable segments are "steel business," "metal and alloy business", "non-ferrous metal business", "food business", "petroleum and chemical business", and "Overseas sales subsidiaries".

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 materials

Metals and alloys: Nickel, chromium, silicon, manganese and ferroalloys

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

Foods: Sea foods

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

Overseas sales subsidiaries: Wholesale trade, general merchandise

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

(Rounded down to millions of yen)

## Year ended March 31, 2017

Millions of yen

	Reportable segment							Other	Total	Adjustment	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Overseas sales subsidiaries	Sub-total				
Net sales											
Customers	775,725	131,413	77,674	88,671	257,165	111,993	1,442,643	71,394	1,514,037	—	1,514,037
Inter-segment	11,167	3,210	1,532	339	7,299	62,287	85,837	1,660	87,498	(87,498)	—
Total	786,892	134,624	79,206	89,011	264,465	174,280	1,528,481	73,054	1,601,535	(87,498)	1,514,037
Segment income(loss)	18,082	1,413	1,084	2,872	2,461	196	26,111	1,526	27,638	(4,731)	22,907
Segment assets	371,789	114,436	21,772	34,074	41,128	32,305	615,506	27,394	642,900	51,332	694,232
Other											
Depreciation	2,970	121	267	41	42	50	3,494	362	3,857	114	3,971
Depreciation of Goodwill	140	33	44	—	—	—	217	—	217	—	217
Interest income	190	790	0	32	50	73	1,138	10	1,148	90	1,238
Interest expenses	2,008	1,171	180	324	276	298	4,260	167	4,427	(1,874)	2,553
Revenue from investment in affiliates	(66)	—	—	—	—	(120)	(186)	97	(88)	—	(88)
Investment in affiliates	2,671	—	—	—	—	48	2,719	778	3,498	—	3,498
Property, plant and equipment and Intangible assets increase	3,479	69	310	58	36	84	4,038	345	4,383	51	4,435

## Year ended March 31, 2018

Millions of yen

	Reportable segment							Other	Total	Adjustment	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Overseas sales subsidiaries	Sub-total				
Net sales											
Customers	920,269	198,330	97,356	98,876	233,926	167,388	1,716,148	74,970	1,791,118	—	1,791,118
Inter-segment	11,678	4,869	1,704	601	6,768	54,289	79,912	1,628	81,541	(81,541)	—
Total	931,948	203,200	99,060	99,477	240,695	221,678	1,796,060	76,598	1,872,659	(81,541)	1,791,118
Segment income(loss)	20,324	4,958	2,038	1,057	2,164	950	31,494	691	32,185	(6,683)	25,502
Segment assets	411,990	215,003	23,545	41,945	47,925	35,956	776,367	29,978	806,345	55,620	861,965
Other											
Depreciation	3,197	98	240	33	211	62	3,842	304	4,147	93	4,240
Depreciation of Goodwill	326	56	67	—	82	—	532	—	532	—	532
Interest income	182	1,227	5	20	52	110	1,599	10	1,610	137	1,747
Interest expenses	2,358	2,607	270	391	253	685	6,568	204	6,772	(3,527)	3,245
Revenue from investment in affiliates	242	(513)	—	—	—	15	(255)	127	(127)	—	(127)
Investment in affiliates	4,023	38,125	—	—	—	107	42,257	905	43,162	—	43,162
Property, plant and equipment and Intangible assets increase	4,803	47	127	11	99	48	5,137	760	5,898	42	5,941

## Notes:

- "Other" comprises businesses that are not included in reportable segments, such as lumber section and machinery section.
- 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.

# Highlights of Consolidated Financial Results for the FY2017

HANWA Co., Ltd.

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

## Outline of Financial Results for the FY2017

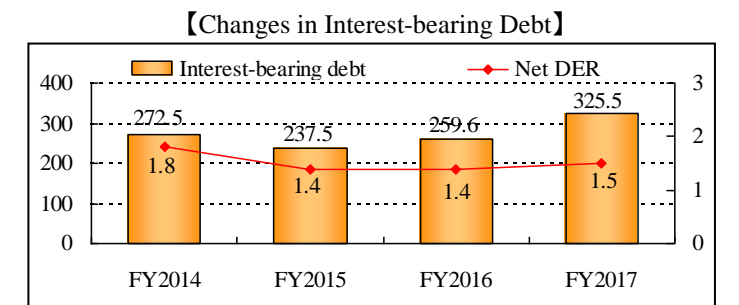
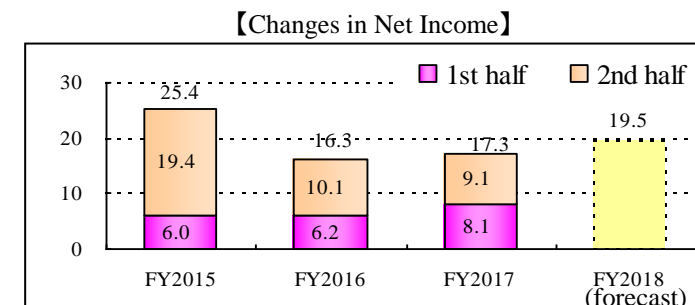
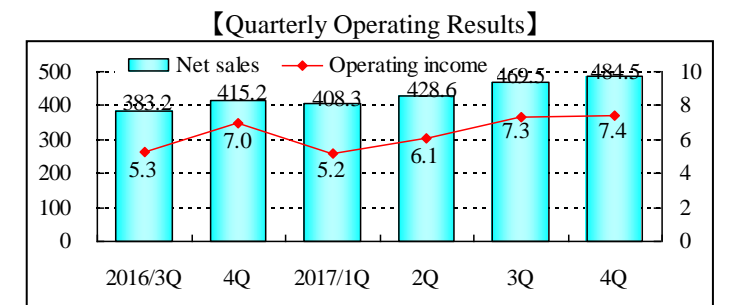
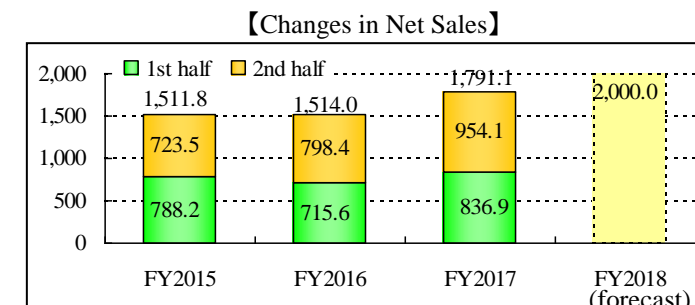
- As for this fiscal year, net sales have increased by 18% from the previous year, hence reached to 1,791.1 billion yen, as market of steel products and metal resources being higher than the last fiscal year. Net profit attributable to owners of the parent was 17.3 billion yen, increased by 6%, due to increase in operating income of metals/alloys business and foreign exchange gain as opposed to the loss from the previous year.
- Having considered that our profitability had exceeded our initial forecasts and FY2017 was 70th anniversary of our foundation, we decided to pay 75.0 yen per share as year-end dividend consist of 65.0 yen as common dividend and 10.0 yen as commemorative dividend.

Operating Results	FY2017	FY2016	Year-on-year		Main Factors
			Change	rate	
<b>Net sales</b>	<b>1,791.1</b>	<b>1,514.0</b>	<b>277.0</b>	<b>18%</b>	(Net sales) Net sales have increased by 18% from the previous year. This was due to market recovery of steel products and metal resources from the second half of the previous fiscal year.
<b>Gross profit</b>	<b>72.1</b>	<b>64.5</b>	<b>7.6</b>	<b>12%</b>	(SG&A expenses) SG & A expenses have increased 4.8 billion yen from the previous year. 2.6 out of 4.8 billion yen was accounted for newly consolidated subsidiaries.
SG&A expenses	45.9	41.0	4.8	12%	
<b>Operating income</b>	<b>26.2</b>	<b>23.4</b>	<b>2.7</b>	<b>12%</b>	Our personnel expenses have increased 2.4 billion yen, including 1.0 billion yen from newly consolidated subsidiaries.
Non-operating income	4.5	3.8	0.6	16%	(Non-operating income/expenses) Non-operating income has increased by 16% from the previous year, mainly due to increase in interest income and foreign exchange gain.
Non-operating expenses	5.2	4.4	0.8	19%	Non-operating expenses have increased by 19%, due to increase in interest expenses and commission fee.
<b>Ordinary income</b>	<b>25.5</b>	<b>22.9</b>	<b>2.5</b>	<b>11%</b>	(Extraordinary gain/loss) Reversal of allowance in previous year was recorded in extraordinary income, because the expected loss from restructuring of subsidiary was less. Gain on sales of investment securities was recorded.
Extraordinary gain	0.6	1.5	(0.8)	-56%	
Extraordinary loss	0.7	1.2	(0.5)	-43%	
<b>Income before income taxes and others</b>	<b>25.4</b>	<b>23.1</b>	<b>2.2</b>	<b>10%</b>	For extraordinary losses, we recorded provision for product warranties of subsidiary and loss on valuation of investments of sale of other subsidiary.
Income taxes	8.3	6.7	1.5	24%	
<b>Net income</b>	<b>17.1</b>	<b>16.4</b>	<b>0.6</b>	<b>4%</b>	
Owners of the Company(loss)	17.3	16.3	0.9	6%	
Minority interests(loss)	(0.2)	0.0	(0.3)	-429%	
EPS (yen)	427.04	400.89	26.15	7%	
<b>Comprehensive income</b>	<b>22.5</b>	<b>20.9</b>	<b>1.5</b>	<b>7%</b>	

Financial Position	Mar. 2018	Mar. 2017	Comparison with Mar. 2017		Main Factors
			Change	rate	
<b>Total assets</b>	<b>861.9</b>	<b>694.2</b>	<b>167.7</b>	<b>24%</b>	(Total Assets) Total assets increased by 24% from the end of the previous year, due to increase in trade receivables and investment securities.
(Current assets)	646.0	537.7	108.2	20%	Inventories : 134.8 billion yen (+22% from the end of the previous year)
(Fixed assets)	215.9	156.4	59.4	38%	Investment securities : 109.7 billion yen (+51% from the end of the previous year)
<b>Total liabilities</b>	<b>658.2</b>	<b>522.5</b>	<b>135.6</b>	<b>26%</b>	(Liabilities) Total liabilities increased by 26% from the end of the previous year, due to the increase in trade payables and long and short term loans. As interest-bearing debt increased by 25%, net debt-equity ratio was turned into 154%.
(Interest-bearing debt)	325.5	259.6	65.8	25%	
(Net interest-bearing debt)	289.3	231.2	58.1	25%	
Net DER	154.1%	135.7%	18.4pt	—	
<b>Total net assets</b>	<b>203.7</b>	<b>171.6</b>	<b>32.0</b>	<b>19%</b>	(Net assets) Total net assets increased by 19% from the end of the previous year, due to increase in minority interests of Japan South Africa Chrome Co., Ltd. and the carryover of retained earnings. Shareholders' equity ratio was 21.8%, which is a 2.7 percentage points lower than the end of the previous year.
(Equity capital)	172.9	159.7	13.2	8%	
(Accumulated other comprehensive income)	14.8	10.7	4.1	39%	
(Minority interests)	15.8	1.2	14.6	—	
BPS (yen)	4,621.96	4,193.50	428.46	10%	
Shareholders' equity	187.8	170.4	17.4	10%	
Shareholders' equity ratio	21.8%	24.5%	-2.7pt	—	

Cash Flow	FY2017	FY2016	Year-on-year		Main Factors
			Change	rate	
Cash flows from operating activities	(19.7)	3.9	(23.7)	—	(Operating cash flows) Due to increase in trade receivables and inventories.
Cash flows from investing activities	(39.9)	(18.4)	(21.5)	-117%	(Investment cash flows) Due to purchase of investment securities and execution of long-term loan.
Cash flows from financing activities	66.4	15.4	50.9	330%	(Financial cash flows) Due to increase of long and short-term debts and bonds payable
Cash and cash equivalents at end of period	34.8	27.2	7.6	28%	

Segment Information	Net sales			Segment income			Main Factors
	FY2017	FY2016	rate	FY2017	FY2016	rate	
Steel	931.9	786.8	18%	20.3	18.0	12%	(Steel business) Recovery trend of steel demand has been kept. Better market price resulted increased net sales due to high raw material prices and tightening supply/demand. Better margins in period of rising prices pushed up the profit.
Metals & alloys	203.2	134.6	51%	4.9	1.4	251%	(Metals & alloys business) Net sales increased due to better market and sales expansion of ferro-alloy and stainless steel. In addition to the profit from sales, recovery of Showa Metal's profit, which was a loss in the previous year, pushed up profit.
Non-ferrous metals	99.0	79.2	25%	2.0	1.0	88%	(Non-ferrous metals business) Due to upturn in international commodity markets and increase in copper sales amount, revenue increased. In addition, foreign exchange loss in the previous year turned to foreign exchange gain.
Foods	99.4	89.0	12%	1.0	2.8	-63%	(Foods business) Rising price and strong sales due to reduction of overseas catch and low inventories pushed up net sales. Segment profit margin was shrunken by higher purchase costs.
Petroleum & chemicals	240.6	264.4	-9%	2.1	2.4	-12%	(Petroleum & chemicals business) Despite slow gain on petroleum products price, net sales decreased due to reduction of spot transactions. Segment income decreased, due to delay in pass-through of purchase cost increase and margin reduction of imported plastic products.
Overseas sales subsidiaries	221.6	174.2	27%	0.9	0.1	383%	(Overseas sales subsidiaries) Revenue increased because of increased sales of bunker fuel in Singapore, metal scrap in Thailand and Singapore, and steel products in Indonesia and US.
Total for reportable segments	1,796.0	1,528.4	18%	31.4	26.1	21%	
Other	76.5	73.0	5%	0.6	1.5	-55%	
<b>Total</b>	<b>1,872.6</b>	<b>1,601.5</b>	<b>17%</b>	<b>32.1</b>	<b>27.6</b>	<b>17%</b>	
Adjustment	(81.5)	(87.4)	7%	(6.6)	(4.7)	-41%	
<b>Consolidated</b>	<b>1,791.1</b>	<b>1,514.0</b>	<b>18%</b>	<b>25.5</b>	<b>22.9</b>	<b>11%</b>	



Forecast (Annual)	FY2018	FY2017	change
Net sales	2,000.0	1,791.1	12%
Operating income	31.0	26.2	18%
Ordinary income	30.0	25.5	18%
Net income	19.5	17.3	12%

Cash Dividends	FY2016	FY2017	FY2018 (estimated)
Interim (yen)	45.00	50.00	75.00
Year-end (yen)	50.00	75.00	75.00
Annual (yen)	95.00	125.00	150.00
Dividend payout ratio	24%	29%	31%

- Oct. Acquired Japanlife Co.,Ltd., the manufacturer of metal hardware products for construction.
- Nov. Launched the new steel processing center with Daming International holdings in China.
- Mar. Joined Waterberg project, which the platinum group project is jointly owned by JOGMEC in South Africa.

(Prior dividend reflected the five-to-one reverse stock split.)