

Financial Results for the Fiscal Year ended March 31, 2019

(Japan GAAP)

May 13, 2019

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 Phone +81-3-3544-2000

Scheduled date of Shareholders' Meeting: Jun 21 2019

Scheduled date of issue of audited financial statements: Jun 24, 2019

Scheduled date of payout of dividend: Jun 24, 2019

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the Fiscal Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(1) Consolidated operating results

(Percentage indicate a change from the previous year)

Fiscal 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)	(%)
ended March 31, 2019	2,074,600	15.8	28,904	10.2	23,395	(8.3)	13,914	(19.8)
ended March 31, 2018	1,791,118	18.3	26,217	11.9	25,502	11.3	17,354	6.1

Note: Comprehensive income For the Fiscal Year ended March 31, 2019 3,444 million yen (84.7) %
For the Fiscal Year ended March 31, 2018 22,532 million yen 7.3 %

Fiscal Year	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)	(%)	(%)	(%)
ended March 31, 2019	342.41	—	7.4	2.6	1.4
ended March 31, 2018	427.04	—	9.7	3.3	1.5

* 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.

* From the beginning of the 1st Quarter of the fiscal year ended March 31, 2019, HANWA adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018) and its relevant Guidance. The results for the fiscal year ended March 31, 2018 are those after retrospective application.

(2) Consolidated financial position

As of	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
As of March 31, 2019	933,307	202,459	20.2	4,632.27
As of March 31, 2018	860,344	203,700	21.8	4,621.96

Note: Shareholders' equity As of March 31, 2019 188,245 million yen
As of March 31, 2018 187,828 million yen

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

* From the beginning of the 1st Quarter of the fiscal year ended March 31, 2019, HANWA adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018) and its relevant Guidance. The results for the fiscal year ended March 31, 2018 are those after retrospective application.

(3) Consolidated cash flows situation

Fiscal Year	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)
ended March 31, 2019	15,417	(20,623)	28,132	58,384
ended March 31, 2018	(19,755)	(39,971)	66,435	34,855

2. Cash dividends

Year ended	Cash dividends per share					Total amount of dividend (Annual)	Dividend payout ratio (Consolidated)	Dividend on shareholders' equity (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual			
Year ended March 31, 2018	—	10.00	—	75.00	—	5,079	29.3	2.8
Year ended March 31, 2019	—	75.00	—	75.00	150.00	6,095	43.8	3.2
Year ending March 31, 2020 (estimated)	—	75.00	—	75.00	150.00		31.7	

* Effective October 1, 2017, HANWA consolidated its common shares at the ratio of 5 shares to 1 share. Accordingly, the amount for the total annual dividends per share for the year ended March 31, 2018 is omitted and shown as a dash.

In case the share consolidation was taken into consideration, the 2nd Quarter dividend and annual dividend for the fiscal year ended March 31, 2018 would be 50.00 yen and 125.00 yen, respectively.

3. Forecast of consolidated financial results for fiscal year ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(Percentage indicate a change from the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(yen)
Annual	2,200,000	6.0	35,500	22.8	28,000	19.7	19,200	38.0	472.50

* The above forecasts reflect assumptions and prospects based on the information currently available. They are subject to a various risks and uncertainties that could cause actual results to differ materially from this information.

Financial Results for the Fiscal Year ended March 31, 2019

《Consolidated Balance Sheets》

(Amounts less than one million yen are rounded down)

	<i>Millions of yen</i>	
	March 31, 2018	March 31, 2019
Assets		
Current assets;		
Cash and deposits	36,198	59,307
Trade notes and accounts receivable	400,317	416,394
Electronically recorded monetary claims	25,416	36,637
Securities	683	1,190
Inventories	134,877	140,633
Advance payments	19,054	49,361
Others	28,074	21,967
Allowance for doubtful receivables	(481)	(504)
Total current assets	644,140	724,987
Fixed assets;		
Property and equipment;		
Buildings and structures	20,724	22,176
Land	32,402	33,864
Others	11,341	12,821
Total property and equipment	64,469	68,862
Intangible assets	3,426	5,031
Investments and other assets;		
Investment securities	109,781	101,900
Long-term loans receivable	20,366	21,162
Deferred tax asset	374	385
Others	18,688	12,304
Allowance for doubtful receivables	(902)	(1,327)
Total investments and other assets	148,308	134,426
Total fixed assets	216,204	208,319
Total assets	860,344	933,307
Liabilities;		
Current liabilities;		
Trade notes and accounts payable	266,595	285,822
Short-term loans payable	116,245	92,851
Commercial paper	10,000	-
Current portion of bonds payable	10,121	10,021
Income taxes payable	5,050	3,486
Accrued bonuses	2,474	2,647
Provision for product warranties	391	253
Others	40,851	59,833
Total current liabilities	451,730	454,916
Long-term liabilities;		
Bonds payable	40,055	50,034
Long-term loans payable	147,601	208,936
Deferred tax liabilities	4,522	3,173
Deferred tax liabilities by land revaluation	1,633	1,591
Retirement benefits liabilities	4,943	5,950
Others	6,157	6,245
Total long-term liabilities	204,913	275,931
Total liabilities	656,643	730,847
Net assets;		
Shareholders' equity;		
Common stock	45,651	45,651
Retained earnings	131,045	139,036
Treasury stock	(3,726)	(3,737)
Total shareholders' equity	172,969	180,949
Accumulated other comprehensive income		
Net unrealized holding gains on securities	14,342	10,800
Deferred hedge profit and loss	(169)	61
Land revaluation difference	2,963	3,343
Foreign currency translation adjustments	3,110	(1,435)
Remeasurements of defined benefit plans	(5,388)	(5,473)
Total accumulated other comprehensive income	14,858	7,295
Minority interests	15,872	14,214
Total net assets	203,700	202,459
Total liabilities and net assets	860,344	933,307

Financial Results for the Fiscal Year ended March 31, 2019

《Consolidated Statements of Income and Comprehensive Income》

(Amounts less than one million yen are rounded down)

	<i>Millions of yen</i>	
	Year ended March 31, 2018	Year ended March 31, 2019
Net sales	1,791,118	2,074,600
Cost of sales	1,718,922	1,995,378
Gross profit	72,195	79,222
Selling, general and administrative expenses	45,977	50,318
Operating income	26,217	28,904
Other income;		
Interest income	1,747	4,195
Dividend income	1,127	1,383
Foreign exchange gain	316	—
Others	1,339	1,387
Total other income	4,531	6,965
Other expenses;		
Interest expenses	3,245	5,052
Loss on investment in affiliates	127	75
Foreign exchange loss	—	3,331
Commission fee	648	2,616
Others	1,225	1,397
Total other expenses	5,246	12,474
Ordinary income	25,502	23,395
Extraordinary income		
Gain on sale of property and equipment	—	416
Gain on sales of investment securities	165	—
Reversal of allowance for business loss of affiliates	512	—
Total extraordinary income	678	416
Extraordinary loss;		
Loss on sale of property and equipment	—	202
Loss on retirement of property and equipment	—	236
Loss on impairment of property and equipment	—	251
Loss on natural disaster	—	32
Loss on devaluation of investments securities	181	1,820
Loss on devaluation of investments in capital	217	—
Provision of allowance for doubtful accounts of affiliates	—	203
Provision for product warranties	345	—
Loss on disposal of property and equipment	—	109
Total extraordinary loss	744	2,856
Income before income taxes and minority interest	25,435	20,955
Income, inhabitant & business tax – current	8,410	7,396
Income tax expense—deferred	(95)	(266)
Total income taxes	8,315	7,130
Net income	17,120	13,825
Net income attributable to		
Net income attributable to owners of the Company	17,354	13,914
Net income(loss) attributable to non-controlling interests	(233)	(88)
Other Comprehensive Income		
Net unrealized holding gains on securities	1,762	(3,549)
Deferred hedge profit and loss	(311)	230
Foreign currency translation adjustments	316	(799)
Remeasurements of defined benefit plans	587	(79)
Share of other comprehensive income of associates accounted for using equity method	3,057	(6,183)
Total other comprehensive Income	5,411	(10,381)
Comprehensive Income	22,532	3,444
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	21,501	5,964
Comprehensive income(loss) attributable to non-controlling interests	1,031	(2,520)

Financial Results for the Fiscal Year ended March 31, 2019

《Consolidated Statements of Changes in Net Assets》

(Amounts less than one million yen are rounded down)

	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, 2017	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
Total increase (decrease)	—	—	13,266	(6)	13,260	1,762	(311)	(2)	2,047	648	4,144	14,658	32,063
Balance at March 31, 2018	45,651	—	131,045	(3,726)	172,969	14,342	(169)	2,963	3,110	(5,388)	14,858	15,872	203,700

	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, 2018	45,651	—	131,045	(3,726)	172,969	14,342	(169)	2,963	3,110	(5,388)	14,858	15,872	203,700
Increase (decrease) during the term:													
Cash dividends paid			(6,095)		(6,095)								(6,095)
Change of scope of consolidated subsidiaries			569		569								569
Change of scope of equity method			(17)		(17)								(17)
Reversal of land revaluation difference			(379)		(379)								(379)
Net income attributable to owners of the parent			13,914		13,914								13,914
Purchase of treasury stocks				(1)	(1)								(1)
Capital increase from purchase of stock of consolidated subsidiaries		—	—		—								—
Capital increase from sales of stock of consolidated subsidiaries			—		—								—
Others			—	(9)	(9)								(9)
Net increase (decrease) during the term, except for items under shareholders' equity						(3,542)	230	379	(4,545)	(85)	(7,562)	(1,657)	(9,220)
Total increase (decrease)	—	—	7,991	(11)	7,979	(3,542)	230	379	(4,545)	(85)	(7,562)	(1,657)	(1,240)
Balance at March 31, 2019	45,651	—	139,036	(3,737)	180,948	10,800	61	3,343	(1,435)	(5,473)	7,295	14,214	202,459

Financial Results for the Fiscal Year ended March 31, 2019

《Consolidated Statements of Cash Flows》

(Amounts less than one million yen are rounded down)

Millions of yen

	Year ended March 31, 2018	Year ended March 31, 2019
Cash flows from operating activities;		
Income before income taxes	25,435	20,955
Depreciation and amortization	4,240	4,513
Amortization of goodwill	532	671
Increase(decrease) in allowance for doubtful receivables	(193)	422
Interest and dividend income	(2,875)	(5,578)
Interest expense	3,245	5,052
Equity in earnings of affiliated companies (gain)	127	75
Gain on sale of property and equipment	—	(416)
Gain on sales of investment securities of unconsolidated subsidiaries	(165)	—
Reversal of allowance for business loss of affiliates	(512)	—
Loss on sale of property and equipment	—	202
Loss on retirement of property and equipment	—	236
Loss on impairment of property and equipment	—	251
Loss on natural disaster	—	32
Loss on devaluation of investments securities	181	1,820
Loss on devaluation of investments in capital	217	—
Provision of allowance for doubtful accounts of affiliates	—	203
Provision for product warranties	345	—
Loss on disposal of property and equipment	—	109
(Increase)decrease in trade receivables	(82,227)	(24,019)
(Increase)decrease in inventories	(21,619)	(4,357)
Increase(decrease) in trade notes and accounts payable	69,366	17,181
(Increase)decrease in deposits received	(4,733)	21,097
Increase(decrease) in advanced payment	3,957	(29,789)
Increase(decrease) in retirement benefits	992	1,009
Other, net	(6,298)	13,731
Sub total	(9,982)	23,404
Interest and dividends received	3,681	5,858
Interest paid	(3,257)	(4,919)
Income taxes paid	(10,196)	(8,926)
Net cash provided by (used in) operating activities	(19,755)	15,417
Cash flows from investing activities;		
Payment for time deposits	(3,039)	(2,030)
Proceeds from refund of time deposits	3,553	2,446
Payment for purchase of property and equipment	(4,650)	(7,718)
Proceeds from sale of property and equipment	144	1,261
Payment for acquisition of investment securities	(35,461)	(8,325)
Proceeds from sale and redemption of investment securities	1,137	1,156
Net increase(decrease) from acquisition of consolidated subsidiaries	1,176	—
(Increase)decrease in short – term loans receivable, net	11,665	(4,435)
Increase in long – term loans receivable	(15,037)	(5,049)
Collection of long–term loans receivable	978	4,224
Other, net	(436)	(2,153)
Net cash provided by (used in) investing activities	(39,971)	(20,623)
Cash flows from financing activities;		
Increase(decrease) in short–term loans, net	12,185	(19,091)
Increase(decrease) in commercial paper, net	5,000	(10,000)
Proceeds from long–term debt	84,237	91,161
Repayments of long–term debt	(53,860)	(37,272)
Proceeds from issuance of bonds	9,951	19,892
Payment for redemption of bonds	(503)	(10,121)
Proceeds from stock issuance to minority shareholders	13,580	—
Payment for cash dividends	(4,063)	(6,089)
Cash dividends paid to minority interest in consolidated subsidiaries	(28)	(48)
Other, net	(64)	(298)
Net cash provided by (used in) financing activities	66,435	28,132
Effect of exchange rate changes on cash and cash equivalents	(203)	(0)
Net increase(decrease) in cash and cash equivalents	6,504	22,926
Cash and cash equivalents at beginning of year	27,206	34,855
Increase in cash and cash equivalents from newly consolidated subsidiaries	1,144	576
Increase in cash and cash equivalents resulting from mergers with unconsolidated subsidiaries	—	25
Cash and cash equivalents at end of period	34,855	58,384

Financial Results for the Fiscal Year ended March 31, 2019

《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 and livestock products

Petroleum and chemicals: Petroleum products, industrial chemicals, chemicals, and recycled fuel

Overseas sales subsidiaries: Wholesale trade, general merchandise

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

(Amounts less than one million yen are rounded down)

Fiscal 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	411,938	214,999	23,528	41,945	47,896	35,956	776,264	29,978	806,243	54,101	860,344
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

Fiscal Year ended March 31, 2019

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	1,037,297	274,839	95,445	100,093	233,664	253,495	1,994,837	79,763	2,074,600	—	2,074,600
Inter-segment	10,676	8,085	1,640	1,296	10,585	61,259	93,543	2,751	96,294	(96,294)	—
Total	1,047,974	282,924	97,085	101,389	244,250	314,755	2,088,380	82,514	2,170,895	(96,294)	2,074,600
Segment income(loss)	17,393	6,386	950	1,543	2,165	1,024	29,464	966	30,431	(7,035)	23,395
Segment assets	494,499	197,548	21,966	45,120	40,319	57,045	856,500	31,445	887,945	45,362	933,307
Other											
Depreciation	3,499	97	224	30	183	58	4,093	328	4,421	91	4,513
Depreciation of Goodwill	465	56	67	—	82	—	671	—	671	—	671
Interest income	241	3,522	6	21	36	200	4,028	11	4,040	154	4,195
Interest expenses	2,961	5,473	328	557	282	1,779	11,381	204	11,586	(6,533)	5,052
Revenue from (Loss on) investment in affiliates	(290)	74	—	—	—	(51)	(267)	192	(75)	—	(75)
Investment in affiliates	3,670	35,493	—	—	—	246	39,410	1,095	40,505	—	40,505
Property, plant and equipment and Intangible assets increase	8,034	163	228	60	144	41	8,671	458	9,130	76	9,207

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 FY2018

(Japan GAAP)

HANWA Co., Ltd.

Outline of Financial Results for the FY2018

*As for the this fiscal year, net sales have increased by 16% in the same period of the previous year, hence reached to 2,074.6 billion yen, due to better market of steel products and metal resources than the same period of previous year, as well as sales expansion of ferro-alloy and increase in net sales in overseas subsidiaries. Net profit was 13.9 billion yen, decreased by 20%, due to increase in interest expenses, foreign exchange loss as opposed to the gain in the same period of the previous year, and loss on devaluation of investments securities as extraordinary loss. We paid 75 yen as interim dividend and will pay additional 75 yen as the end of this fiscal year dividend. Our annual dividend payout for this fiscal year will be 150 yen.

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

Operating Results	FY2018	FY2017	Year-on-year		Main Factors
			Change	rate	
Net sales	2,074.6	1,791.1	283.4	16%	(Net sales) Net sales have increased by 16% from the same period of the previous year. This was due to better market of steel products than the same period of previous year, as well as sales expansion of ferro-alloy and increase in net sales in overseas subsidiaries.
Gross profit	79.2	72.1	7.0	10%	
SG&A expenses	50.3	45.9	4.3	9%	(SG&A expenses) SG & A expenses have increased 4.3 billion yen from the same period of previous year. 2.3 out of 4.3 billion yen was accounted for newly consolidated subsidiaries.
Operating income	28.9	26.2	2.6	10%	Our personnel expenses have increased 2.4 billion yen, including 1.5 billion yen from newly consolidated subsidiaries.
Non-operating income	6.9	4.5	2.4	54%	(Non-operating income/expenses) Non-operating income has increased 2.4 billion yen and Non-operating expenses increased 7.2 billion yen. The breakdown of the main causes is as follows.
Non-operating expenses	12.4	5.2	7.2	138%	interest income: increase of 2.4 billion yen (YoY) foreign exchange gain/loss: gain of 0.3 billion yen (last year) loss of 3.3 billion yen (this year)
Ordinary income	23.3	25.5	(2.1)	-8%	interest expenses: increase of 1.8 billion yen (YoY) commission fee: increase of 1.9 billion yen (YoY)
Extraordinary gain	0.4	0.6	(0.2)	-39%	(Extraordinary gain/loss) • Loss on devaluation of investments securities 1.8 billion yen : mainly due to decline in listed stocks
Extraordinary loss	2.8	0.7	2.1	284%	• Loss (gain) on sales and disposals of fixed assets: due to sale of company residence and dormitory gain of 0.4 billion yen / loss of 0.7 billion yen
Income before income taxes and others	20.9	25.4	(4.4)	-18%	
Income taxes	7.1	8.3	(1.1)	-14%	
Net income	13.8	17.1	(3.2)	-19%	
Owners of the Company(loss)	13.9	17.3	(3.4)	-20%	
Non-controlling interests(loss)	(0.0)	(0.2)	0.1	-62%	
EPS (yen)	342.41	427.04	(84.63)	-20%	
Comprehensive income	3.4	22.5	(19.0)	-85%	

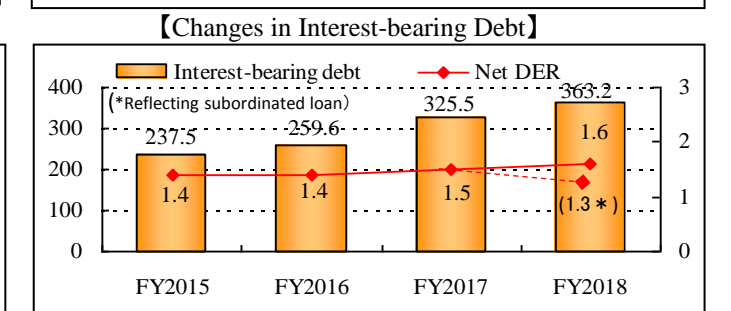
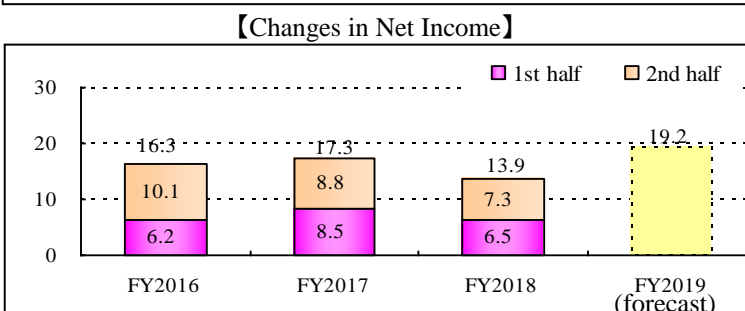
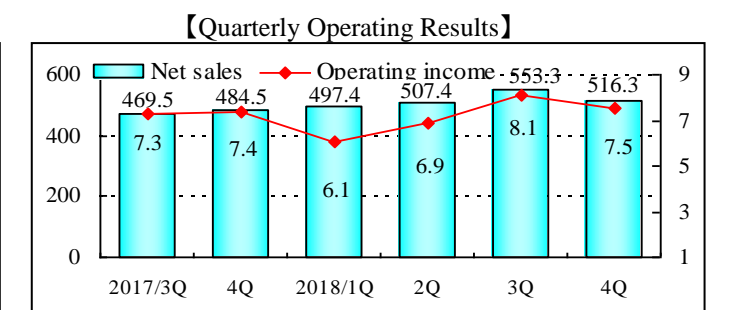
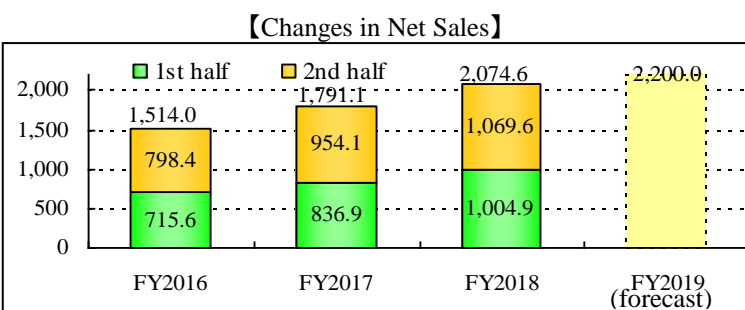
Financial Position	Mar. 2019	Mar. 2018	Comparison with Mar. 2018		Main Factors
			Change	rate	
Total assets	933.3	860.3	72.9	9%	(Total Assets) Total assets increased by 9% from the end of the previous year, due to increase in Advanced payment and Cash and Deposits. Advanced payment: 49.3 billion yen (+159% from the end of the previous year) Cash and Deposits: 59.3 billion yen (+64% from the end of the previous year)
(Current assets)	724.9	644.1	80.8	13%	
(Fixed assets)	208.3	216.2	(7.8)	-4%	
Total liabilities	730.8	656.6	74.2	11%	(Liabilities) Total liabilities increased by 11% from the end of the previous year, due to the increase in trade payables and long term loans. As interest-bearing debt increased by 12%, net debt-equity ratio was turned into 161% (*131%).
(Interest-bearing debt)	363.2	325.5	37.6	12%	
(Net interest-bearing debt)	303.9	289.3	14.6	5%	
Net DER	161%/131%	154%	7pt	—	
Total net assets	202.4	203.7	(1.2)	-1%	(Net assets) Total net assets decreased by 1% from the end of the previous year, due to the carryover of retained earnings, decrease of foreign currency translation adjustments and net unrealized holding gains on securities. Meanwhile shareholders' equity ratio was 20.2% (*22.8%), which is 1.6 percentage points lower than the end of the previous year.
(Equity capital)	180.9	172.9	7.9	5%	
(Valuation & translation adjustments)	7.2	14.8	(7.5)	-51%	
(Minority interests)	14.2	15.8	(1.6)	-10%	
BPS (yen)	4,632.55	4,621.96	10.59	0%	
Shareholders' equity	188.2	187.8	0.4	0%	
Shareholders' equity ratio	20.2/22.8%	21.8%	-1.6pt	—	*Reflecting equity credit attributes of the subordinated loan

Cash Flow	FY2018	FY2017	Year-on-year		Main Factors
			Change	rate	
Cash flows from operating activities	15.4	(19.7)	35.1	—	(Operating cash flows) Due to increase in trade payables and advanced payments.
Cash flows from investing activities	(20.6)	(39.9)	19.3	Δ48%	(Investment cash flows) Due to purchase of investment securities and tangible fixed assets.
Cash flows from financing activities	28.1	66.4	(38.3)	Δ58%	(Financial cash flows) Due to increase in long-term loans and corporate bonds.
Cash and cash equivalents at end of period	58.3	34.8	23.5	68%	

Segment Information	Net sales			Segment income			Main Factors
	FY2018	FY2017	rate	FY2018	FY2017	rate	
Steel	1,047.9	931.9	12%	17.3	20.3	-14%	(Steel business) While strong steel demands increased net sales, segment income decreased due to the pace of the market rise being slowed down and taking time to shift cost price onto selling price.
Metals & alloys	282.9	203.2	39%	6.3	4.9	29%	(Metals & alloys business) Net sales and segment income increased due to strong price level of nickel and sales expansion of stainless steel and ferro-alloy.
Non-ferrous metals	97.0	99.0	-2%	0.9	2.0	-53%	(Non-ferrous metals business) While international commodity markets have remained on a level with the same period of the previous year, copper and E-scrap sales and segment income decreased due to slump in domestic demand for metal scrap by China's restriction of the import of miscellaneous metal scrap and foreign exchange loss.
Foods	101.3	99.4	2%	1.5	1.0	46%	(Foods business) Rising price of salmon and crab and strong sales of chicken increased net sales and segment income.
Petroleum & chemicals	244.2	240.6	2%	2.1	2.1	0%	(Petroleum & chemicals business) Despite high market of petroleum products, net sales and segment income became nearly flat, due to the merger of Oil refiners and slowdown in demand for heating oil in mild winter climate.
Overseas sales subsidiaries	314.7	221.6	42%	1.0	0.9	8%	(Overseas sales subsidiaries) Revenue increased due to sales expansion of steel products in Indonesia and bunker fuel and metal scrap in Singapore.
Total for reportable segments	2,088.3	1,796.0	16%	29.4	31.4	-6%	
Other	82.5	76.5	8%	0.9	0.6	40%	
Total	2,170.8	1,872.6	16%	30.4	32.1	-5%	
Adjustment	(96.2)	(81.5)	-18%	(7.0)	(6.6)	-5%	
Consolidated	2,074.6	1,791.1	16%	23.3	25.5	-8%	

Topics

- May. Acquired additional stocks of the coil center in Malaysia, Tatt Giap Steel Centre Sdn. Bhd. and became our subsidiary
- Jul. Succeeded to insulation construction business from Bridgestone Diversified Products Japan Co., Ltd.
- Mar. Acquired an interest in operating company Waterberg JV Resources from JOGMEC including all metal marketing rights



Forecast (Annual)	FY2019	FY2018	change
Net sales	2,200.0	2,074.6	6%
Operating income	35.5	28.9	23%
Ordinary income	28.0	23.3	20%
Net income attributable to owners of parent	19.2	13.9	38%

Cash Dividends	FY2017	FY2018	FY2019 (estimated)
Interim (yen)	50.00	75.00	75.00
Year-end (yen)	75.00	75.00	75.00
Annual (yen)	125.00	150.00	150.00
Dividend payout ratio	29%	44%	32%