INTERIM RESULTS

for the Year Ending March 2016

November 24, 2015

HANWA CO., LTD.

Overview of Interim Results

- *As for the interim result for this fiscal year, net sales has reached to 788.2 billion yen, decreased by 8.5%, due to the decline in petroleum and steel product prices.*
- *On profit side, operating income have decreased by 9.4%, due to decrease profit in food businesses. Net income, however, went to high level thus reaching 6.0 billion yen, increased by 52.0%, mainly due to decrease in exchange loss and entry of extraordinary gain.*
- *Annual earnings forecast :*

Net sales	*1,650 .0billion yen*
Operating income	*20.0 billion yen*
Ordinary income	*18.0 billion yen*
Net income	*12.0 billion yen*

- *We pay 8yen as interim dividend and plan to pay additional 8 yen as the end of this fiscal year dividend.*

Operating Results (consolidated)

(Millions of yen)

	2015/9	2014/9	Rate of changes
Net sales	788,216	861,116	-8.5%
Gross profit	27,431	27,369	+0.2%
SG&A expenses	19,260	18,350	+5.0%
Operating income	8,170	9,019	-9.4%
Non-operating income	2,337	1,301	+79.6%
Non-operating expenses	3,555	3,460	+2.7%
Ordinary income	6,953	6,861	+1.3%
Extraordinary gain/loss	1,908	-	+100.0%
Income before income taxes and others	8,861	6,861	+29.2%
Income taxes	2,805	2,852	-1.6%
Net income	6,055	4,009	+51.0%
Owners of the Company	6,053	3,981	+52.0%
Minority interests	1	27	-96.3%
Comprehensive income	1,393	7,388	-81.1%

- Net sales have decreased by 8.5% for the same period of the previous year, due to due to revenue decline in petroleum & chemicals and steel businesses.
- SG & A expenses increased by 5.0% for the same period of previous year, including 3.0% of newly consolidated subsidiaries. Our employment cost increased by 0.6 billion yen. Expenses of overseas subsidiaries were pushed up by weaker yen.
- Reversal entry of allowances for doubtful account were recorded 0.6 billion yen, thanks to decline in the bad debt ratio. Even with the reduced exchange losses, loss on investment in affiliates was recorded 1.3 billion yen.

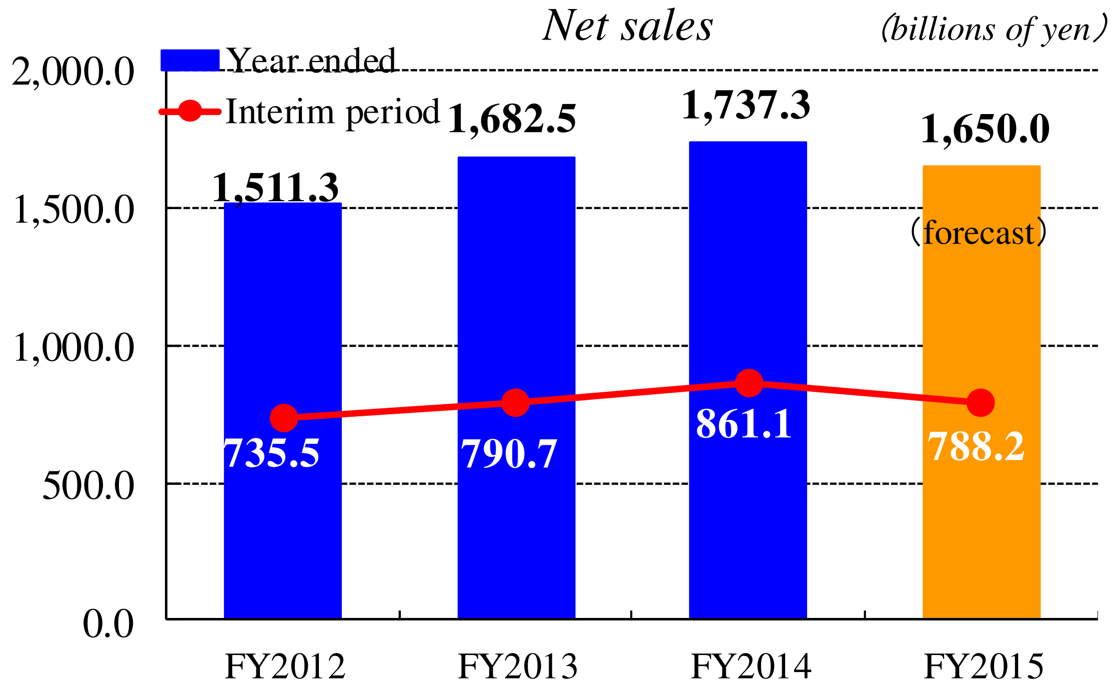
. • EPS was 29.22 yen (+10.01 yen)

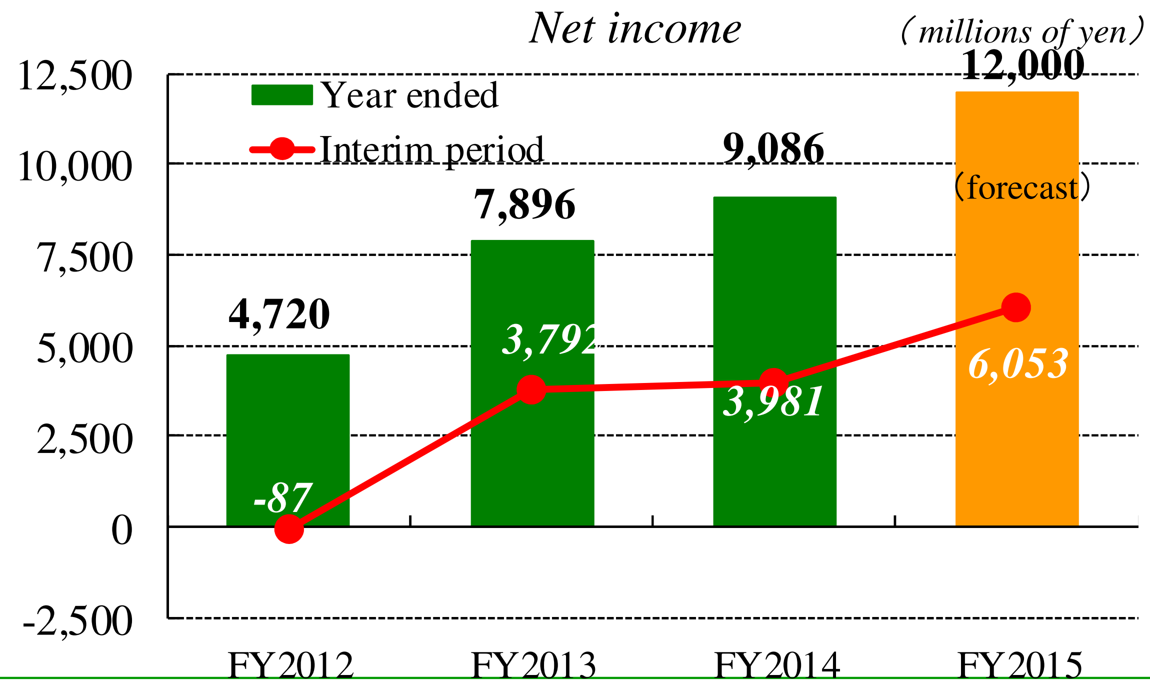
Changes in Business results（consolidated ）

The U.S. economy was, although not strong, generally healthy and the direction of the European economy was unclear. Economic growth slowed in China and emerging country economies were sagging due to financial environment and geopolitical risks.

In Japan, the benefits of "Abenomics" and the Bank of Japan's monetary easing were diluted with flat construction demand and weak exports.

In the first half of this fiscal year, sales decreased because of lower prices of petroleum, steel and other commodities. Although net income increased, earning profits was difficult in this operating environment.





Financial Position (consolidated)

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(Millions of yen)

	2015/9	2015/3	Rate of change
Total assets	632,783	651,456	-2.9%
Current assets	484,573	510,377	-5.1%
Fixed assets	148,209	141,078	+5.1%
Total liabilities	490,133	508,706	-3.7%
Interest-bearing debt	261,739	272,575	-4.0%
Net assets	142,649	142,749	-0.1%
Equity capital	131,281	126,320	+3.9%
Accumulated other comprehensive income	10,002	15,094	-33.7%
Minority interests	1,365	1,334	+2.3%

- Total assets have decreased by 2.9% from the end of the previous year, due to decrease of trade receivables and inventories correlated with decrease of sales.
- Interest-bearing debt decreased by 4.0%, due to the decrease in short term loans and commercial paper. Net debt-equity ratio was turned into 167.5%.
- Despite increase of accumulated earnings from quarterly net income, total net assets have decreased by 0.1% from the end of the previous year, due to the decreased carryover of hedge gains and net unrealized holding gains on securities. Shareholders' equity ratio was 22.3%.(+0.6 pts.)
- BPS was 681.84 yen.(-0.62 yen)

Cash Flows Situation (consolidated)

HANWA

(Millions of yen)

	2015/9	2014/9	change
Cash flows from Operating activities	29,313	(24,679)	+53,992
Cash flows from Investing activities	(12,395)	(2,036)	-10,359
Cash flows from Financing activities	(17,754)	31,946	-49,700
Cash and cash equivalents at end of the period	24,634	21,559	+3,075

- *Net cash provided by operation was 29.3 billion yen due to collection of working capital progressed with decrease in net sales.*
- *Net cash used in investment was 12.3 billion yen due to completion of Osaka Head Office and execution of long-term loan.*
- *Net cash used in financing was 17.7 billion yen due to decrease in short term loans and commercial paper.*

Segment Information (consolidated)

(Millions of yen)

Net sales

	2015/9	2014/9	Rate of change
Steel	406,318	423,679	-4.1%
Metal & alloys	73,966	65,447	+13.0%
Non-ferrous metals	45,264	41,584	+8.8%
Foods	47,705	43,920	+8.6%
Petroleum & chemicals	150,042	231,193	-35.1%
Total for reportable segments	723,296	805,825	-10.2%
Other	129,230	115,930	+11.5%
Total	852,527	921,755	-7.5%
Adjustment	(64,310)	(60,639)	-6.1%
Consolidated	788,216	861,116	-8.5%

Segment income

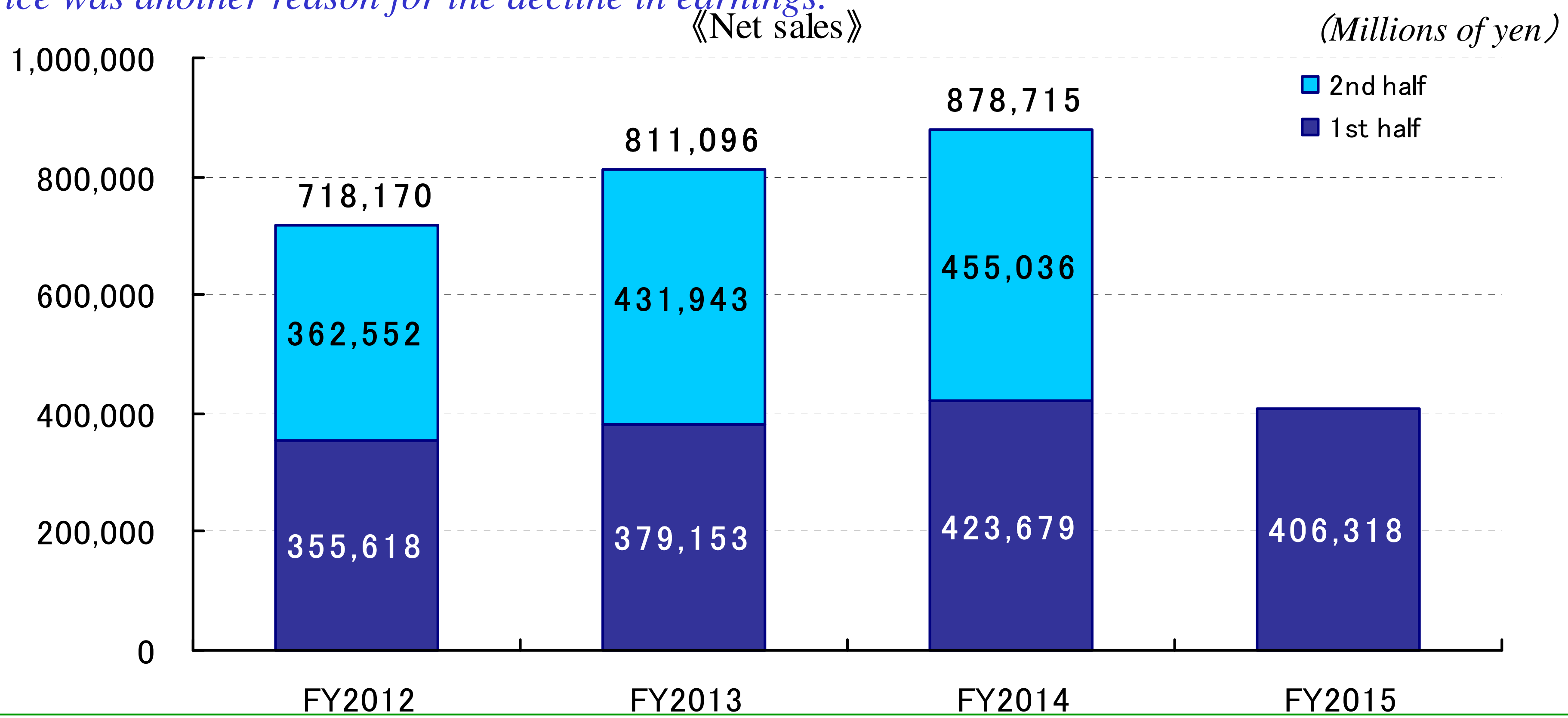
	2015/9	2014/9	Rate of change
Steel	6,348	6,810	-6.8%
Metal & alloys	1,303	(27)	—%
Non-ferrous metals	515	175	+194.3%
Foods	(164)	593	—%
Petroleum & chemicals	1,006	1,204	-16.4%
Total for reportable segments	9,009	8,757	+2.9%
Other	518	355	+45.9%
Total	9,528	9,112	+4.6%
Adjustment	(2,575)	(2,251)	-14.4%
Consolidated	6,953	6,861	+1.3%

Steel Business Segment

(Millions of yen)

	Net sales	Segment income	Profit ratio
2015/9	406,318	6348	1.6%
2014/9	423,679	6,810	1.6%

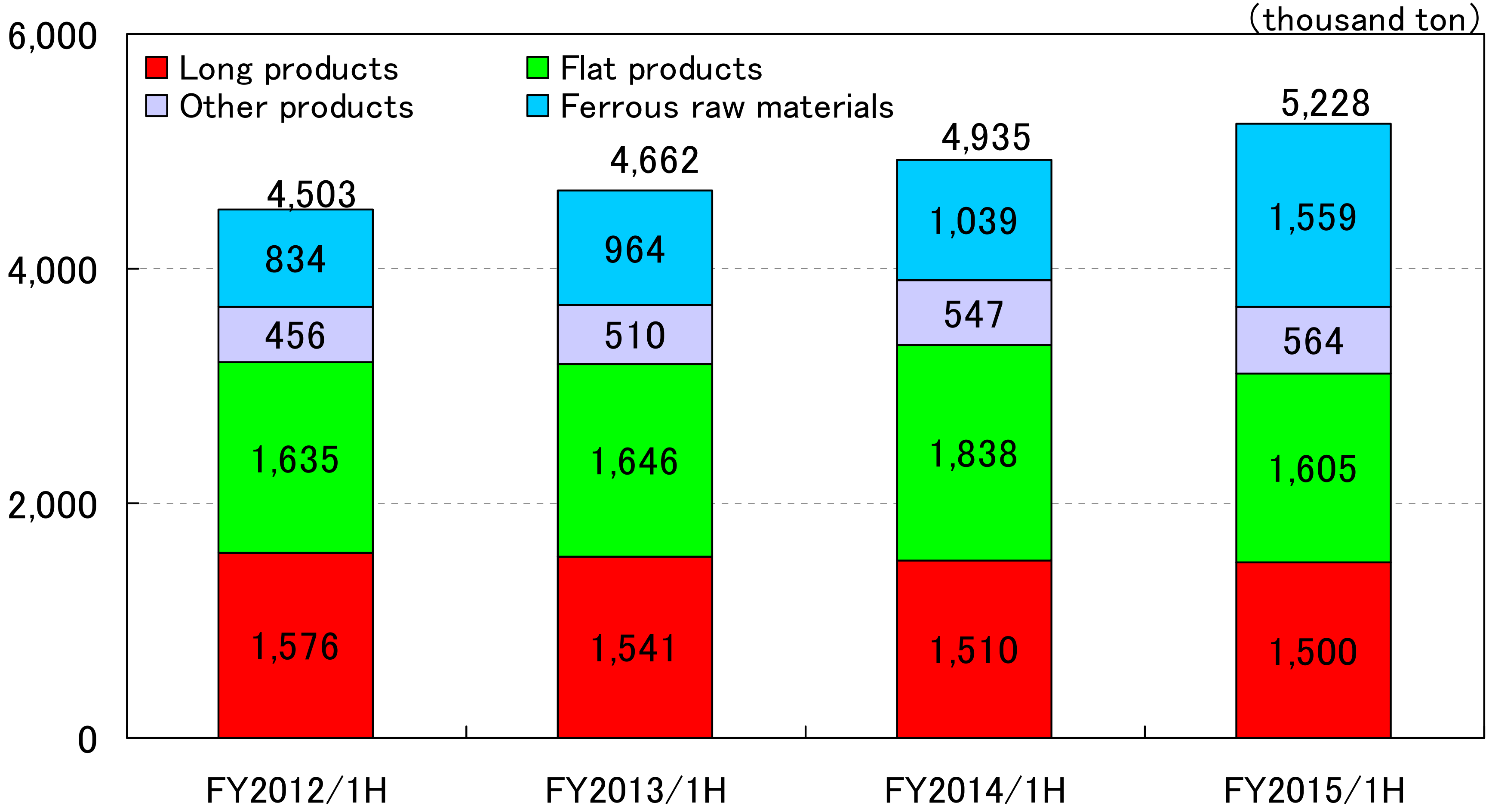
Domestic steel demand for building construction and civil engineering is not growing due to delays in many projects caused mainly by shortage of construction workers. Also, demand for manufacturing decreased because of lower exports.
The amortization of all goodwill of equity-method affiliate CosmoSteel Holdings due to its lower stock price was another reason for the decline in earnings.



Transaction volume in Steel Segment (unconsolidated)

Sales volume of long product remained at the same level because of slow progress of construction. Sales volumes of flat product fell because of declines in factory utilization rates and exports in the manufacturing sector and sluggish demand for floor plates and cut sheets for construction.

The sales volume of steel raw materials increased because of offshore iron ore transactions as well as volume growth of scrap and steel slab.

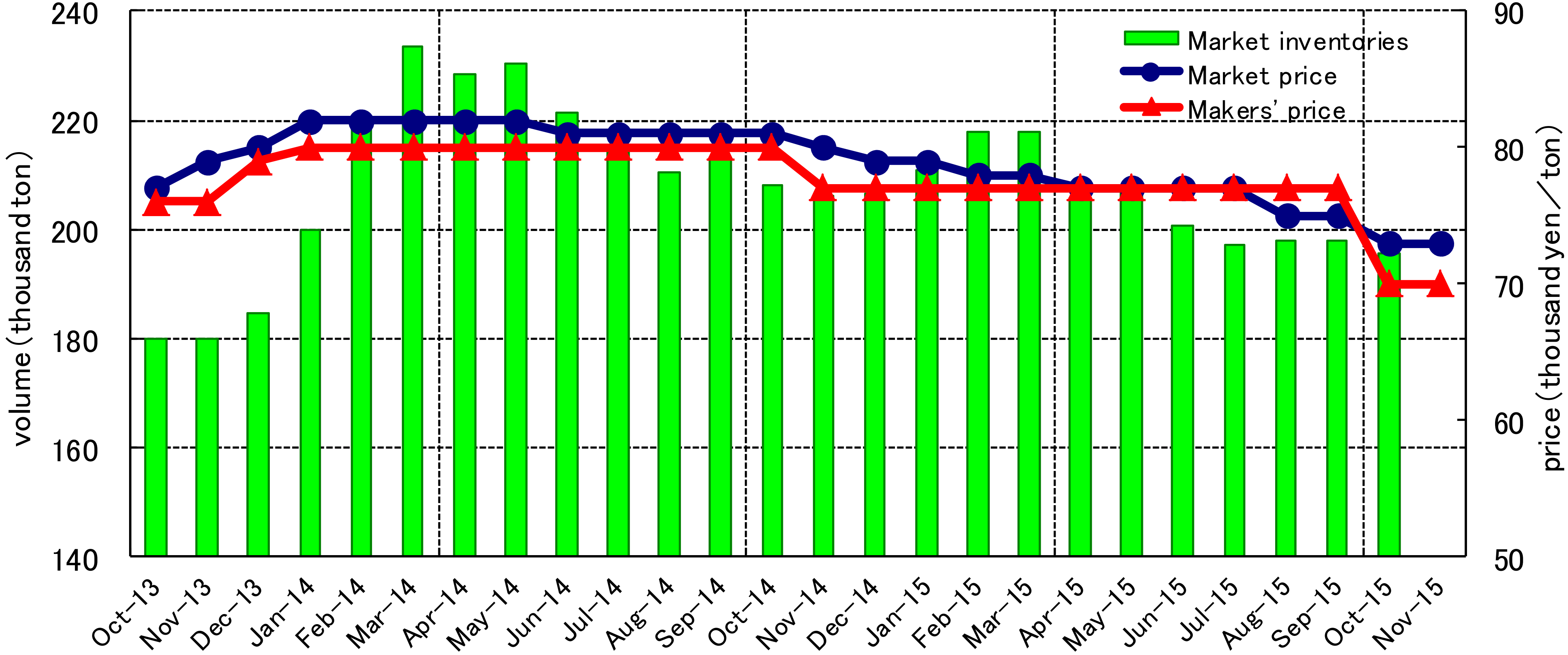


Market Trend of Long Products

Long product demand for building construction did not increase because of delays in projects caused by the labor shortage. Slow movement of steel products and lower prices of raw materials caused steel prices to slowly decline.

The determination of steelmakers to hold prices steady due to the outlook for future demand was exerting downward pressure on steel distribution earnings.

【Transition of the H-Beams Markets in Japan】



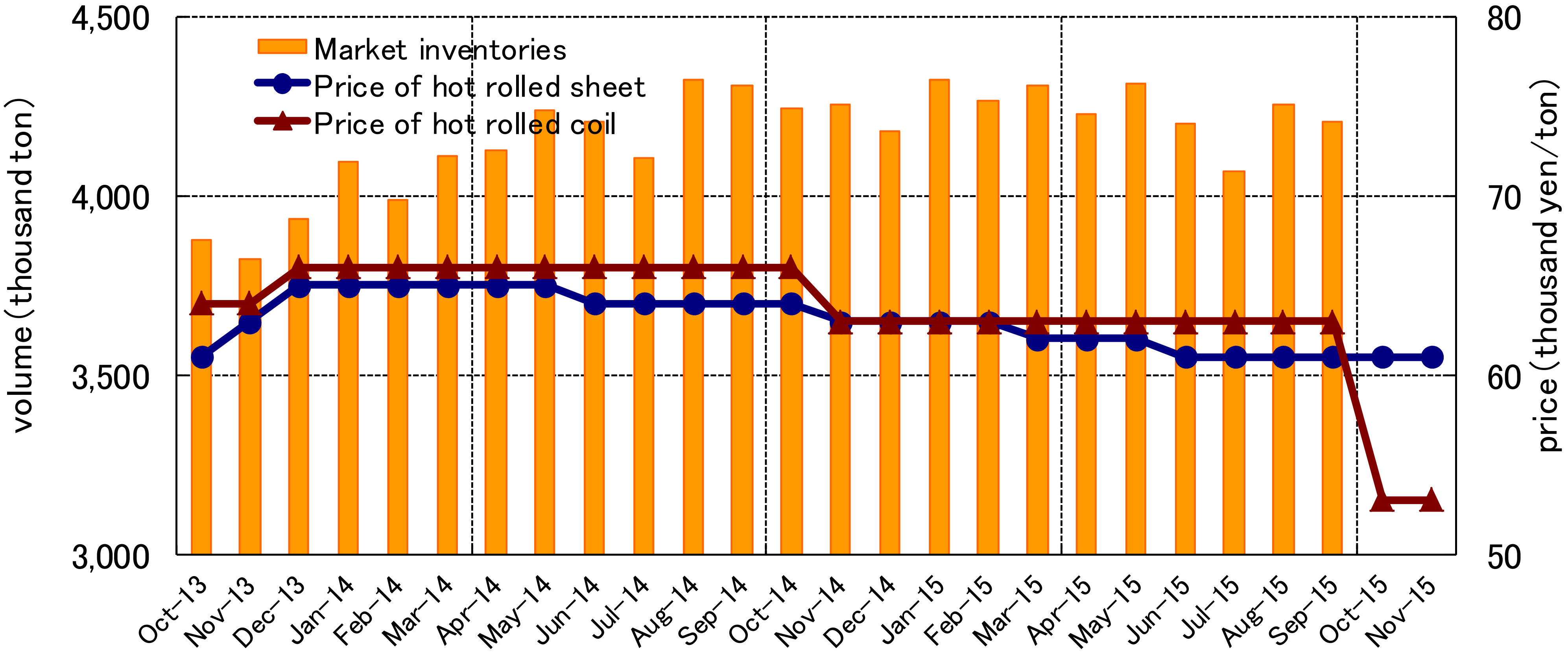
（Data source : Inventories _ Tokiwa-kai / Price _Japan metal daily）

Market Trend of Flat Products

Demand for flat products was soft as factory utilization rates in Japan decreased along with declining demand in Japan and sluggish exports caused by the lack of overseas economic growth.

Market inventories increased and prices showed bearish tendencies.

【Transition of Steel Sheets Markets in Japan】



（Data source : Inventories _ The Japan Iron and Steel Federation / Price _Japan metal daily）

Market Trend of Steel Raw Materials

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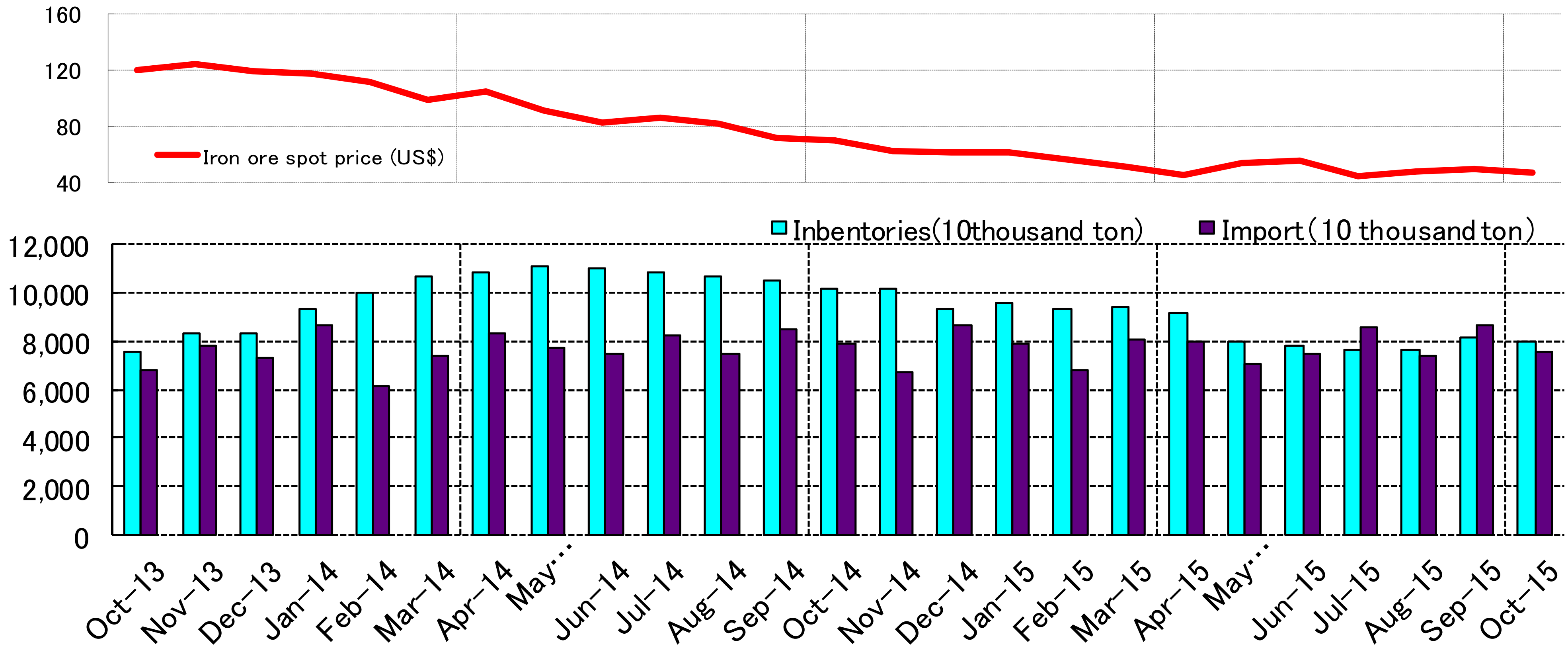
Despite lack of sufficient steel demand in China, major mining companies with build-up capacities continued their cheap offers of foreign iron ore. The price is currently below $50/ton and is still declining.

【Iron Ore Market in China】

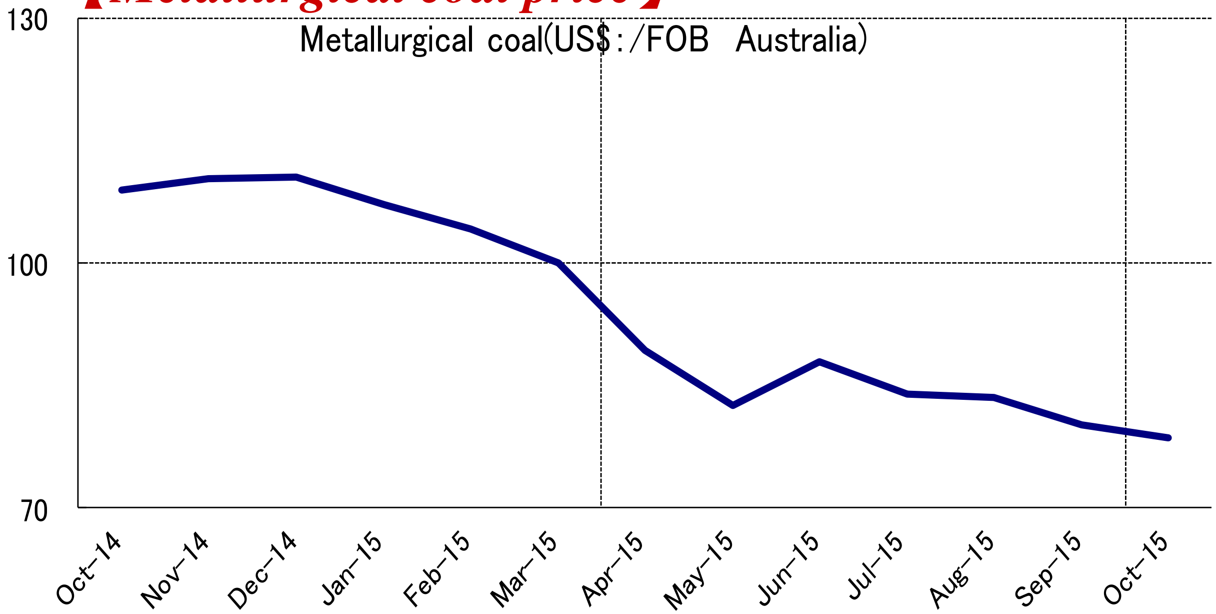


（data source：Interfax、China Customs）

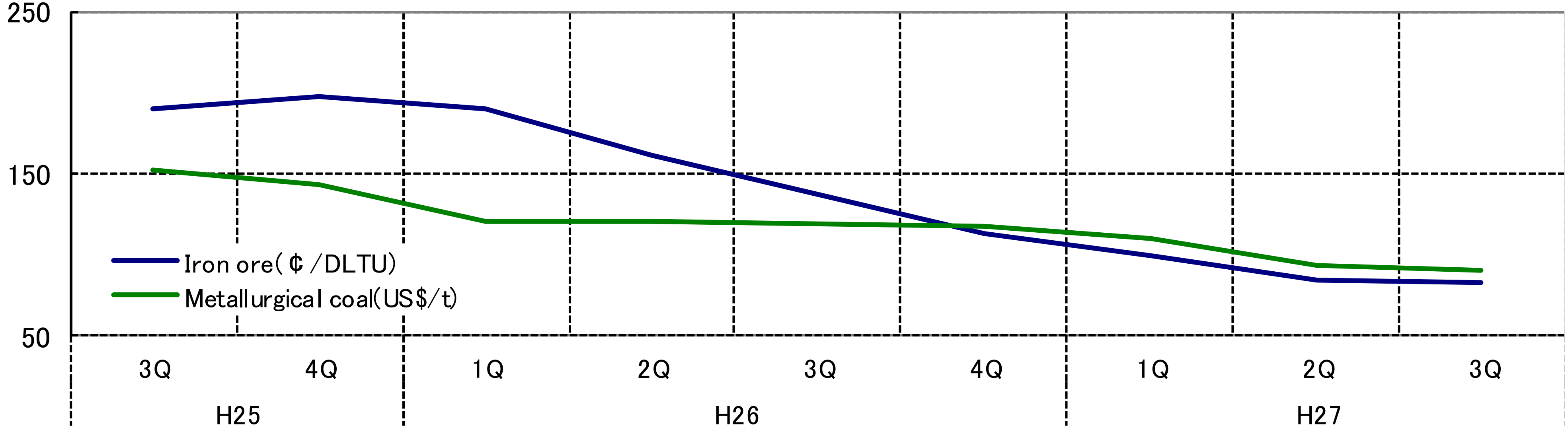
Coking coal demand has also declined along with iron ore demand. Competition with Chinese domestic coking coal is causing the price to fall even faster.

Contract prices between mining companies and Japanese steel mills declined with each passing quarter because of the downturn in the spot price.

【Metallurgical coal price 】



【Contract price between Mining companies and Steelmakers 】



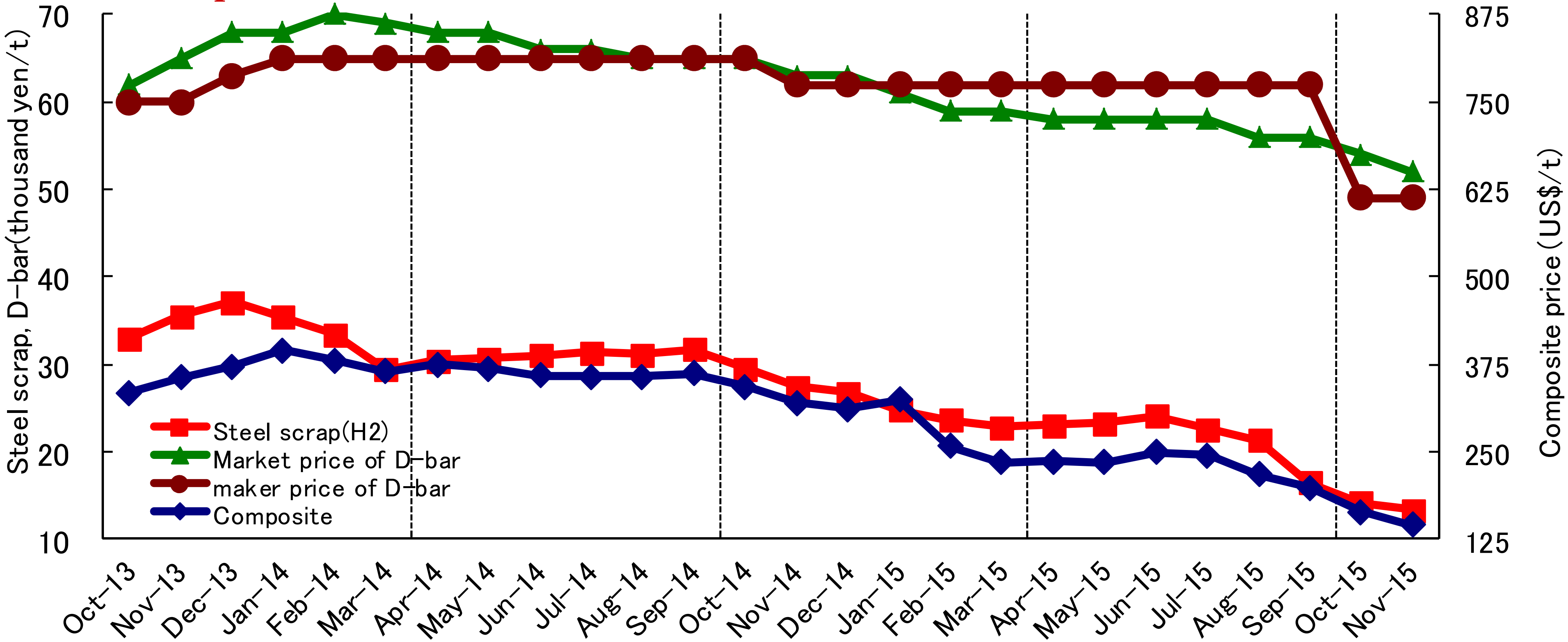
(Data source : some news report)

Markets Trend of Steel Scrap

Market price of steel scrap declined under the pressure from cheap exports of Chinese billet made from continuously falling steel raw materials.

Japanese rebar mills retained a bullish position based on expectations for higher construction demand in the future, but there was strong downward pressure on prices from the lack of growth in construction projects and the big drop in the price of scrap.

【Steel scrap and D-bar Market Price】

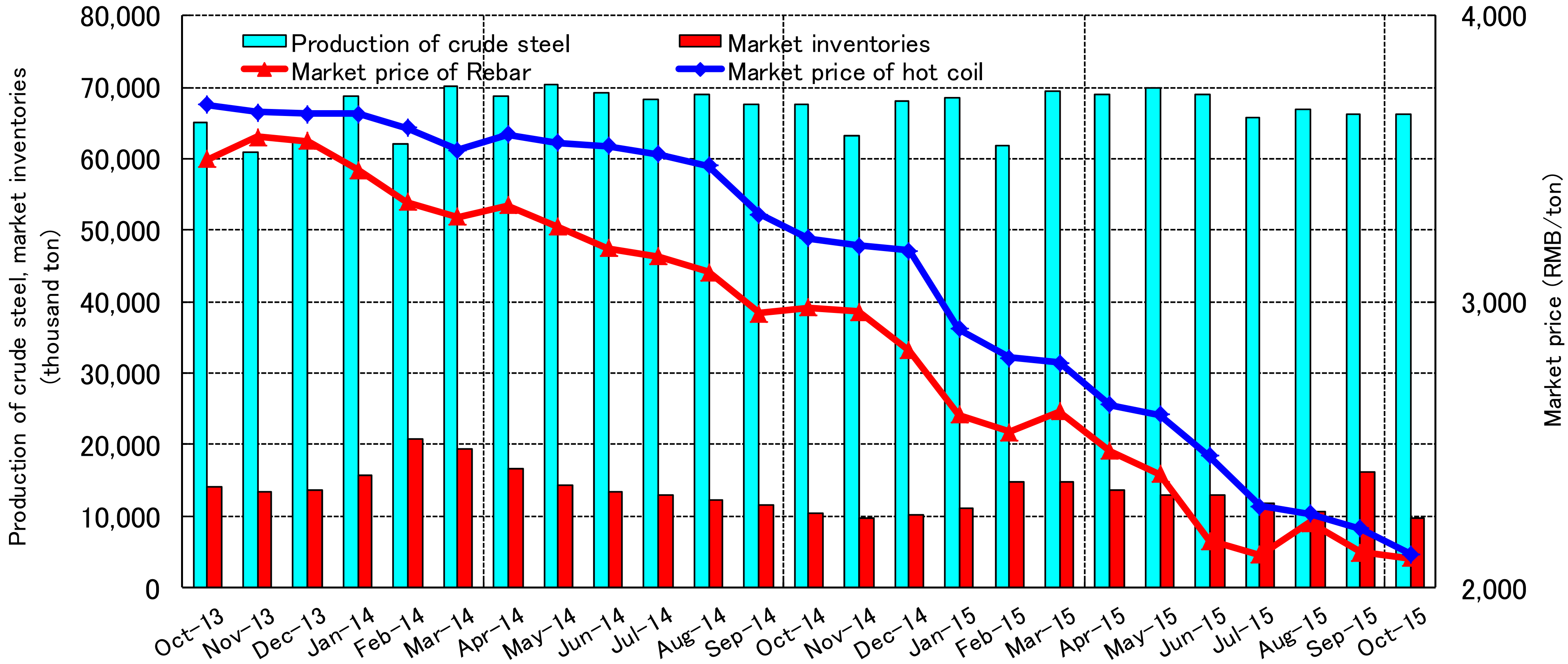


(Data source: The Japan ferrous raw materials association, Japan metal daily)

Steel Market Trend in China

There is still no progress with reducing steel output as crude steel production remained high even as steel demand has been lackluster. Market prices were down sharply because of weak demand, thus exports are tend to be expanding.

【Transition of steel market in China 】



(Data source : The Japan Iron and Steel Federation)

Metals & Alloys Business Segment

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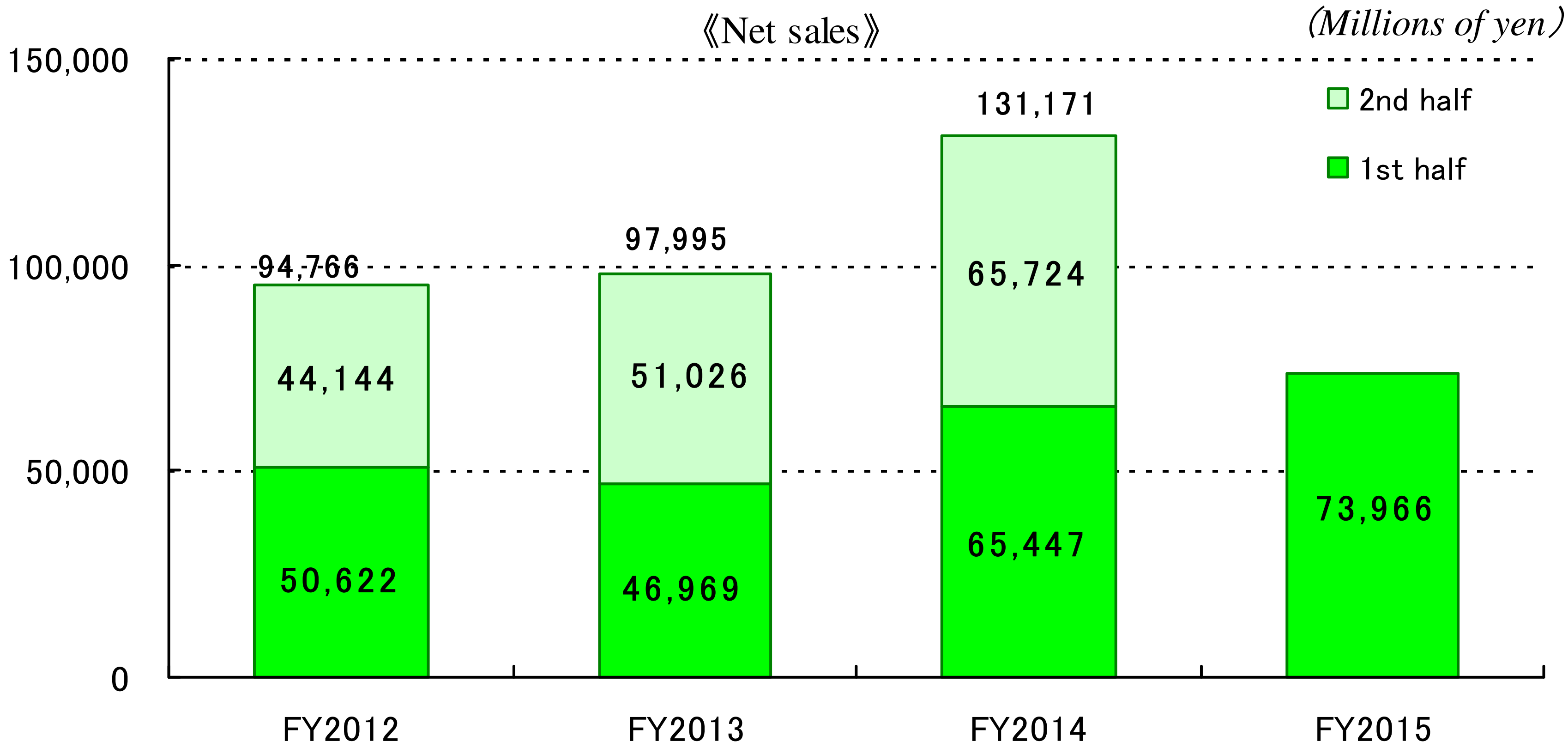
(Millions of yen)

	Net sales	Segment income	Profit ratio
2015/9	73,966	1,303	1.8%
2014/9	65,447	(27)	-0.0%

Halting production of nickel pig iron in China caused by Indonesia embargo on nickel ore created high demand for nickel ingots. Sales of nickel compounds for batteries and other products also expanded. Earnings recovered from last year's loss caused by a large foreign exchange loss as the yen weakened.



Market Trend of Metals & Alloys

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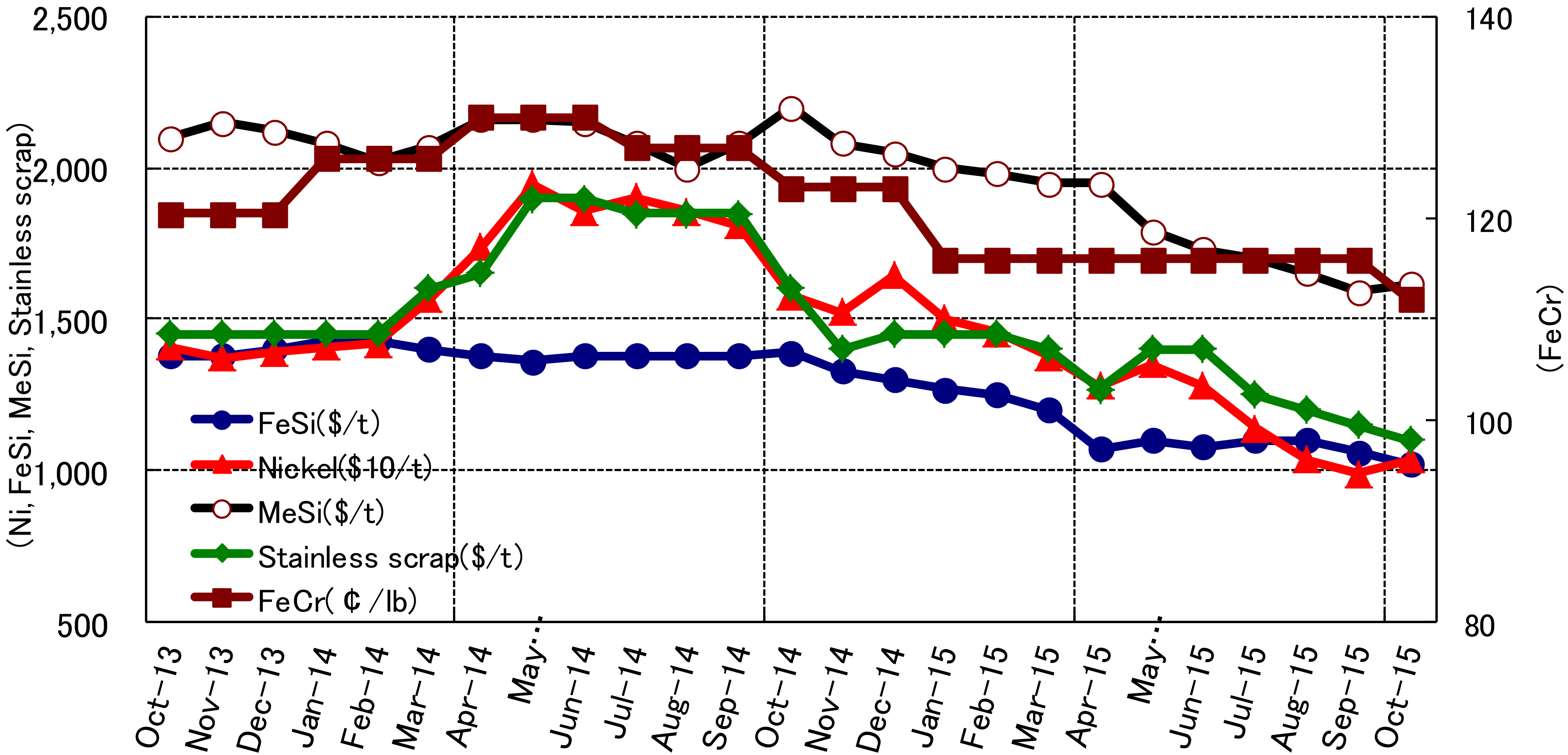
Prices of all raw materials continued to decline. One reason was weak demand for stainless steel raw materials because of soft demand for stainless steel. The other reason was bearish trend of global commodities, including crude oil.

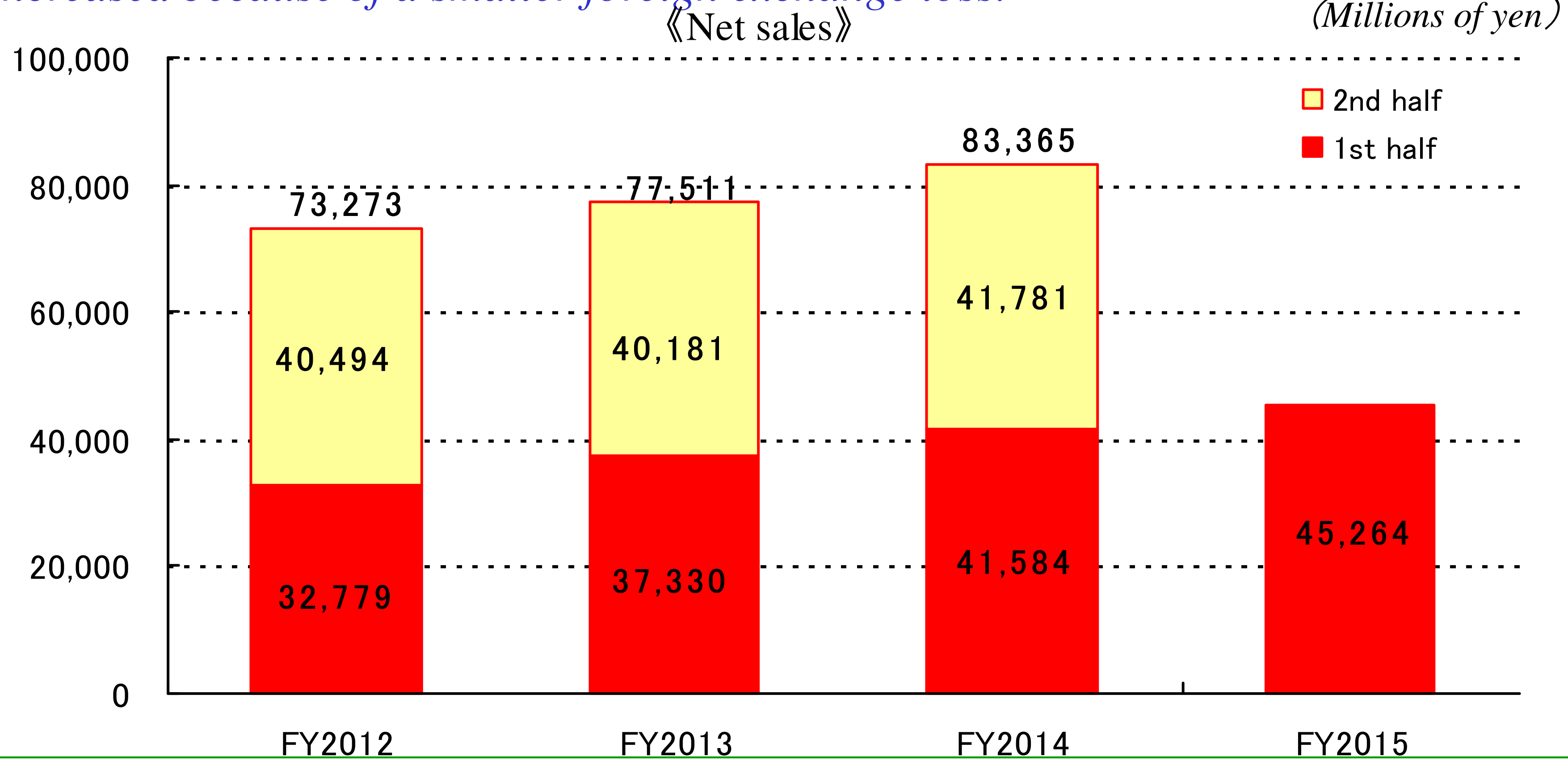


Non-ferrous Metals Business Segment

(Millions of yen)

	Net sales	Segment income	Profit ratio
2015/9	45,264	515	1.1%
2014/9	41,584	175	0.4%

Sales expansion reflected the first contribution of newly consolidated subsidiary Seiki Metal and growth of volume in copper, lead and precious metal scrap. The sharp drop in the Japan premium for aluminum negatively impacted earnings but segment earnings increased because of a smaller foreign exchange loss.



Markets Trend of Non-ferrous Metals

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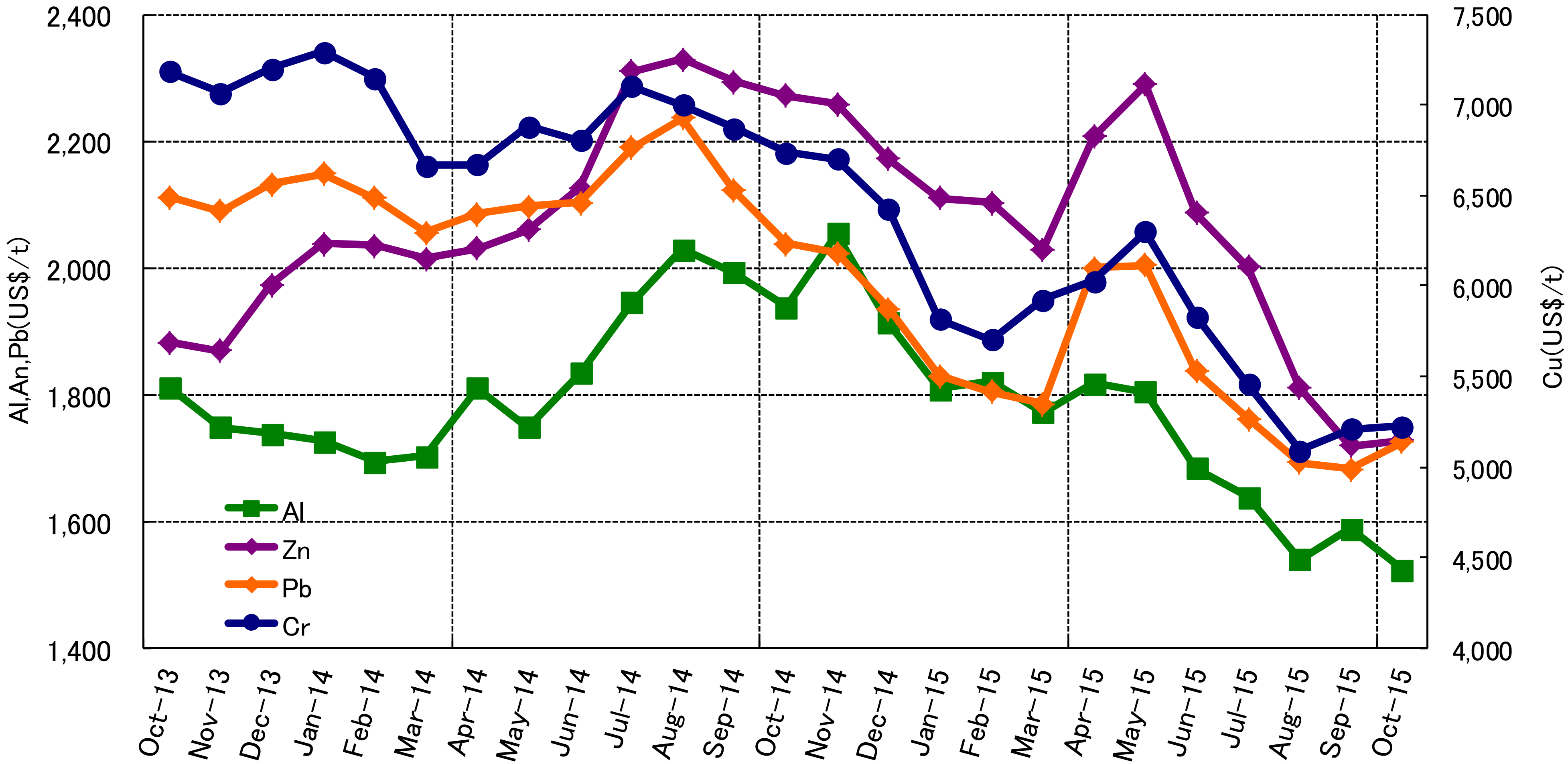
LME prices continued to move down because of concerns about slowing economic growth in China. Rising copper inventories and the devaluation of the Chinese yuan also contributed to the decline in prices.

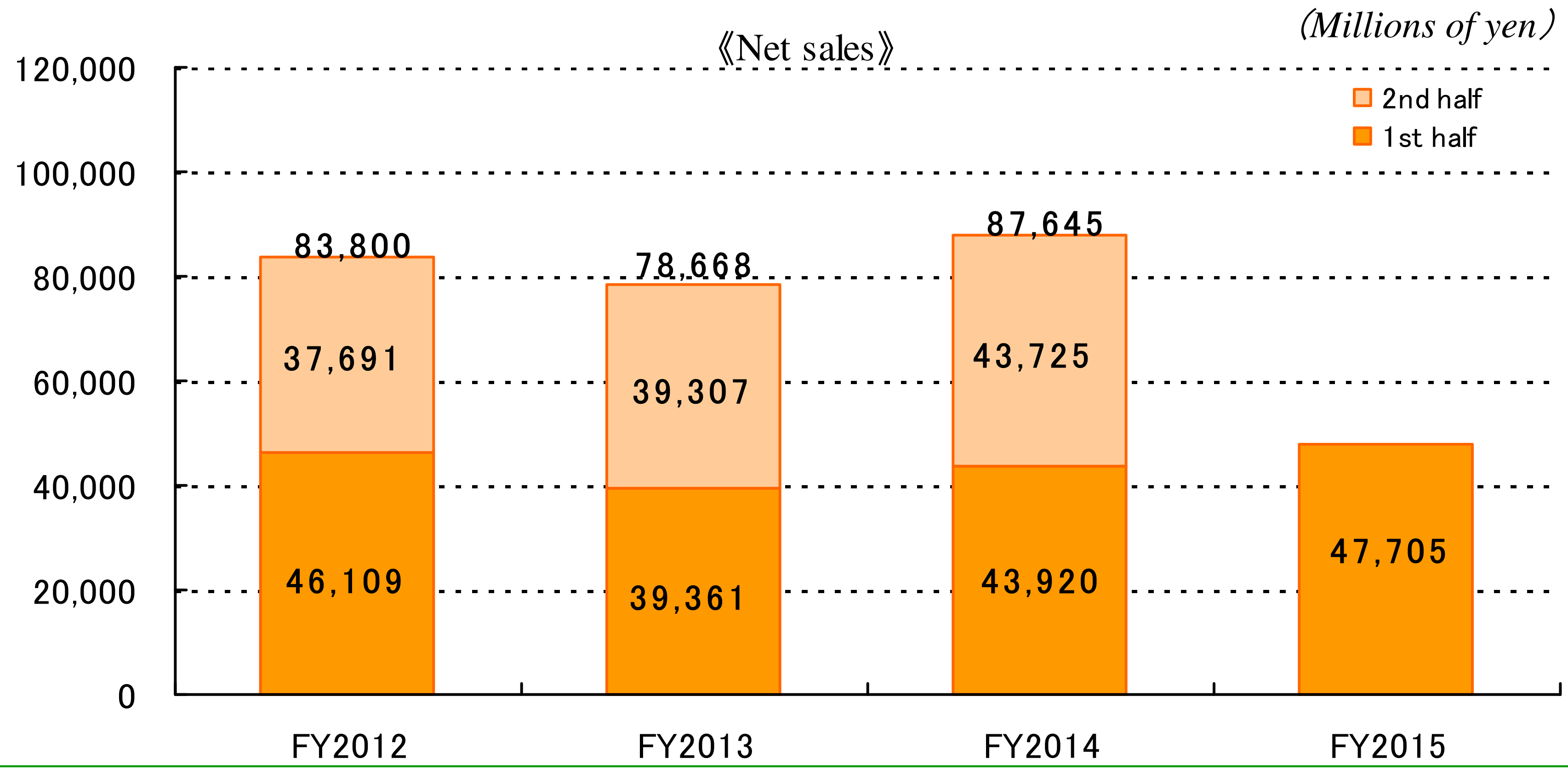


Foods Business Segment

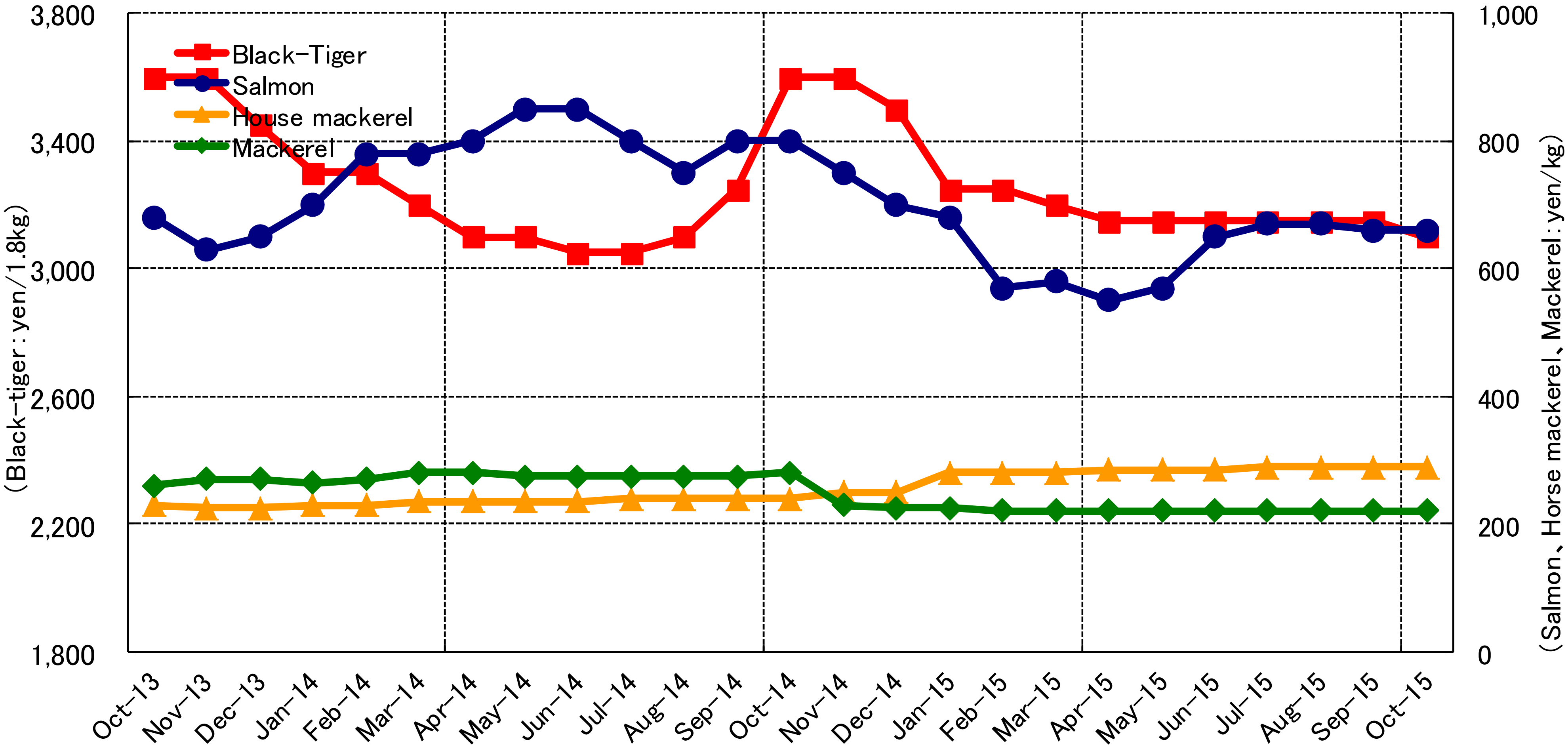
(Millions of yen)

	Net sales	Segment income	Profit ratio
2015/9	47,705	(164)	-0.3%
2014/9	43,920	593	1.4%

Demand in Japan was weak and prices in the key fish species were lower than previous year. Newly consolidated subsidiary Seattle Shrimp Seafood contributed to sales growth but there was a loss due to the crash of shrimp market in North America.



Although demand is sluggish, prices in Japan are currently level off because of the yen's weakness. Offer price of salmon from the packers was weak because of the large catch of wild salmon. The price of shrimp decreased because of declining demand in Japan and the U.S.

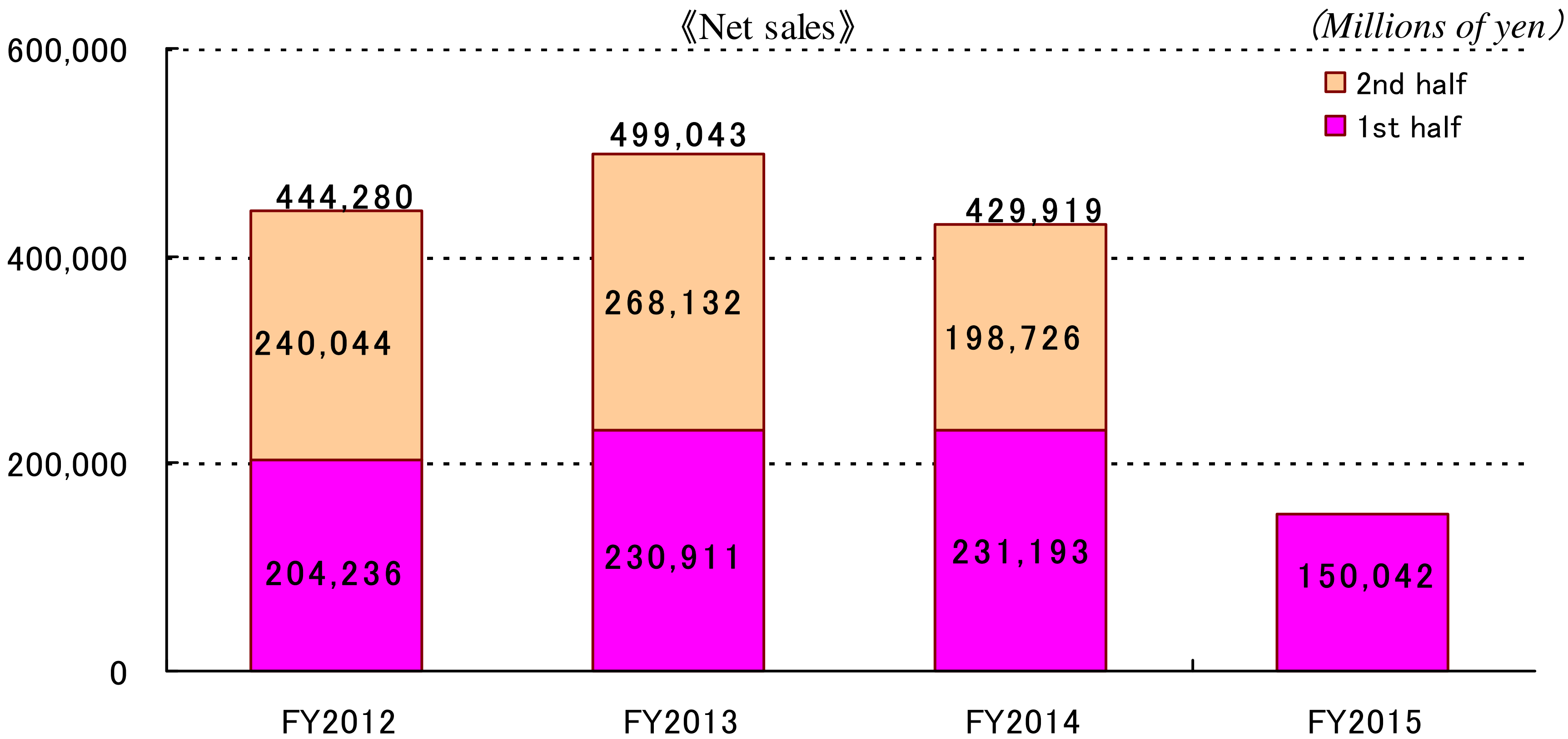


Petroleum & Chemicals Business Segment

(Millions of yen)

	Net sales	Segment income	Profit ratio
2015/9	150,042	1,006	0.7%
2014/9	231,193	1,204	0.5%

Sales and earnings decreased as prices of refined products fell along with the cost of crude oil. Also, bunker fuel demand declined because of the weak marine transport market, and industrial fuel sales decreased due to Japan's stagnant economy.



Market Trend of Crude Oil & Petroleum Products

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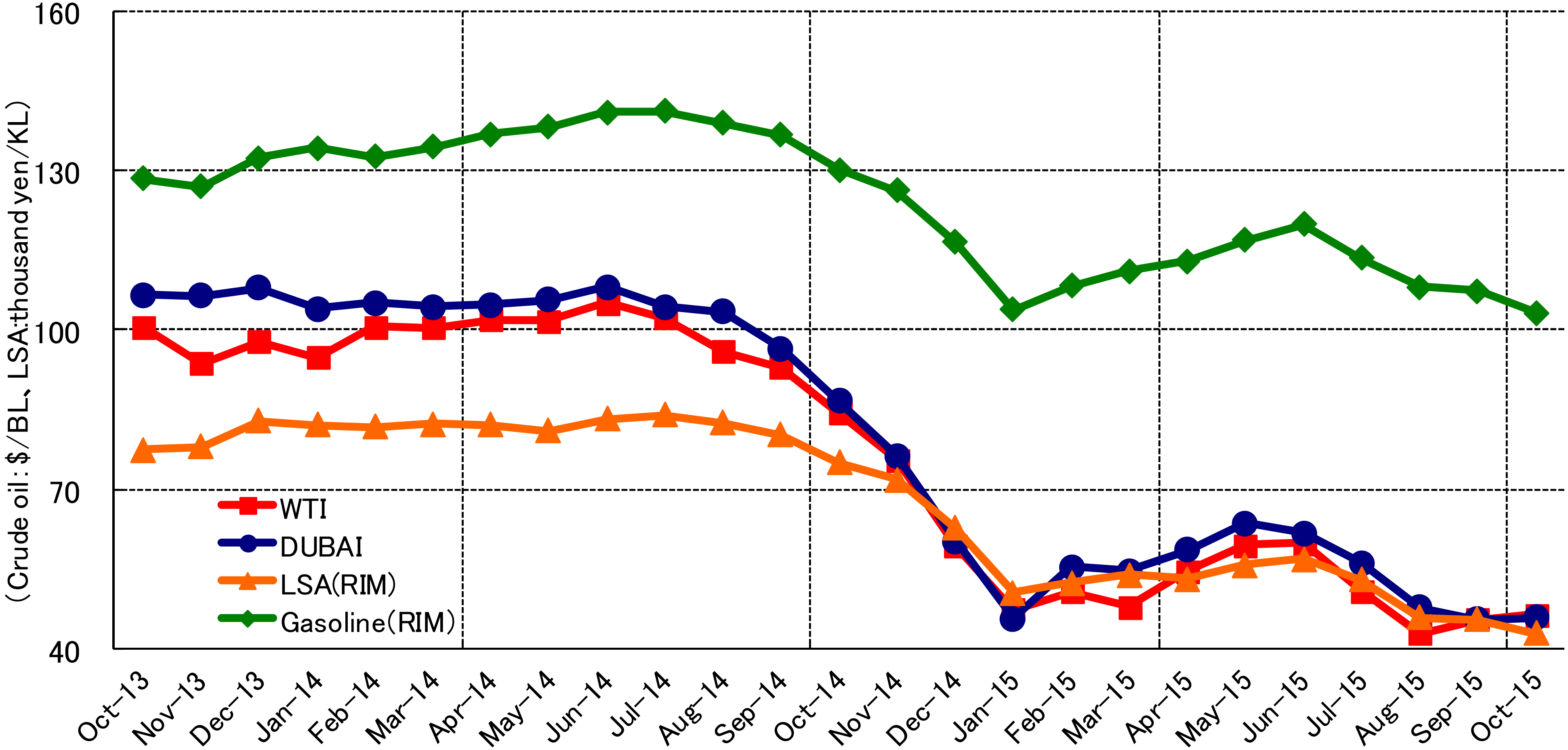
Although the price of crude oil initially recovered somewhat from last year's big drop, the price is falling again due to slow economic growth in China, piling up U.S. inventories and investors' attitudes staying away from commodity markets.



Other Segment

HANWA

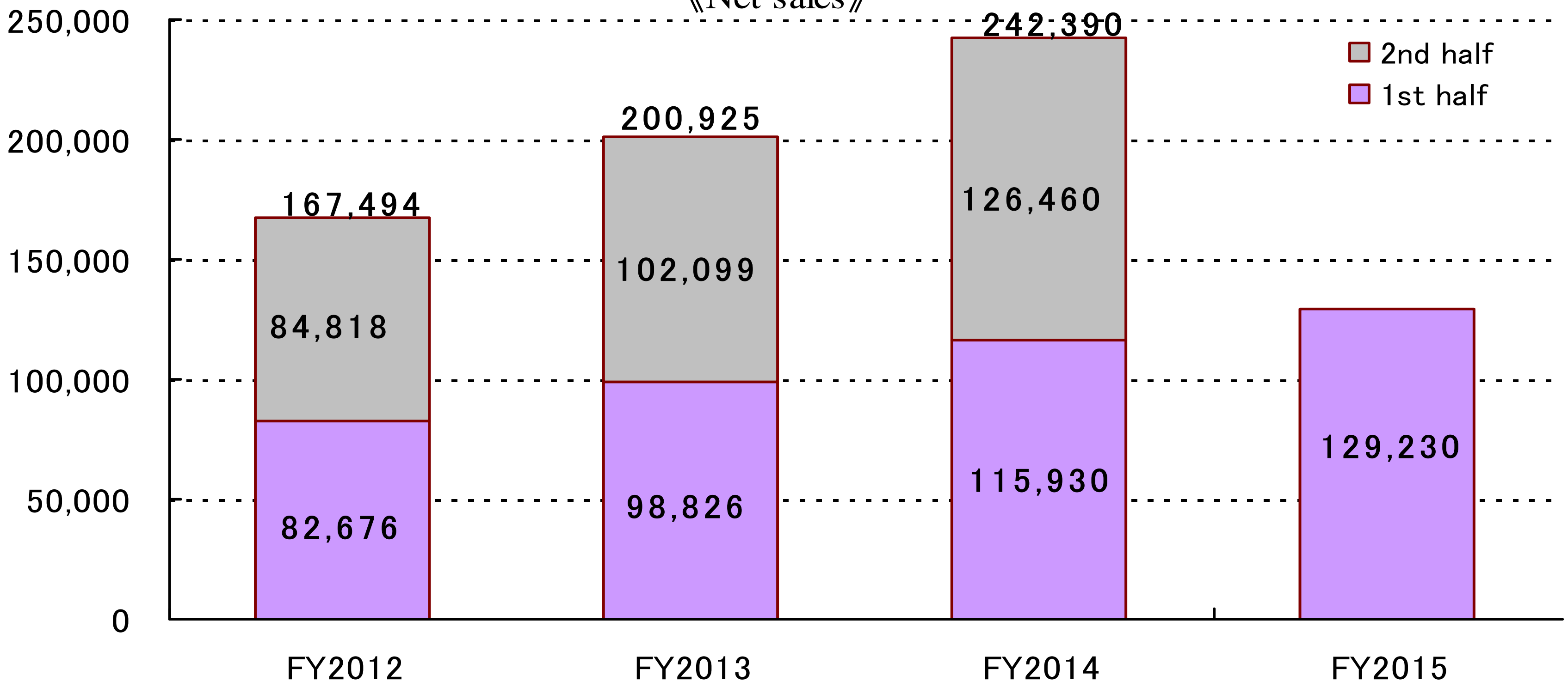
(Millions of yen)

	Net sales	Segment income	Profit ratio
2015/9	129,230	518	0.4%
2014/9	115,930	355	0.3%

The weaker yen increased yen conversions of sales in foreign currencies at overseas sales subsidiaries. An improvement in earnings in the lumber business, which had difficulties in the previous fiscal year, and U.S. and Shanghai sales subsidiaries were responsible for the higher segment earnings.

(Millions of yen)

《Net sales》

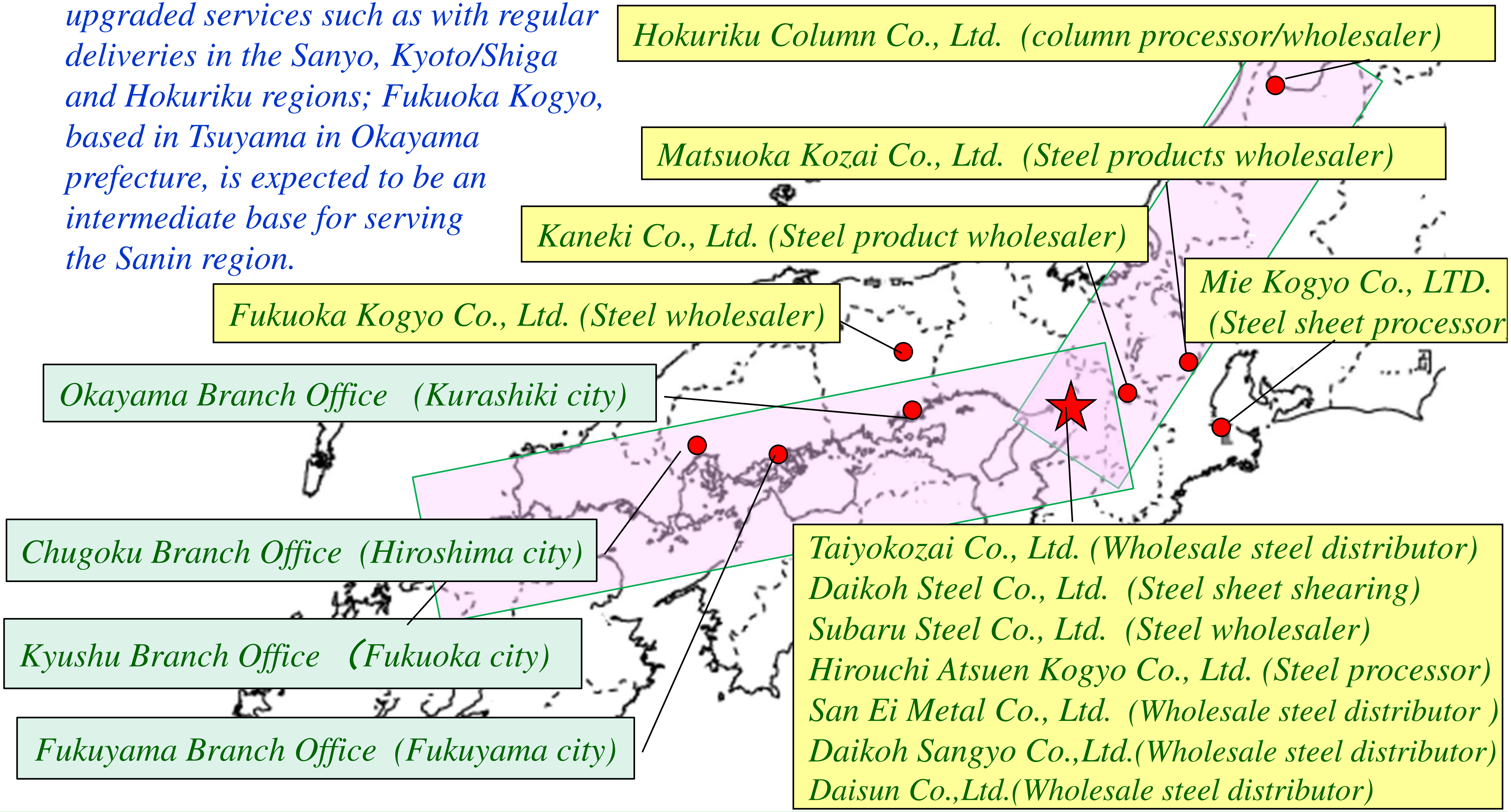


Progress of QSP Business Strategy in Western Japan

HANWA

Continuing to implement the SOKOKA (quick delivery, small volumes, processing services) strategy by targeting regional and small-scale demand.

In the fiscal year's first half, we acquired two Osaka-based companies: Daisun, a large steel wholesaler, and Daiko Sangyo, a steel wholesaler and construction firm; upgraded services such as with regular deliveries in the Sanyo, Kyoto/Shiga and Hokuriku regions; Fukuoka Kogyo, based in Tsuyama in Okayama prefecture, is expected to be an intermediate base for serving the Sanin region.

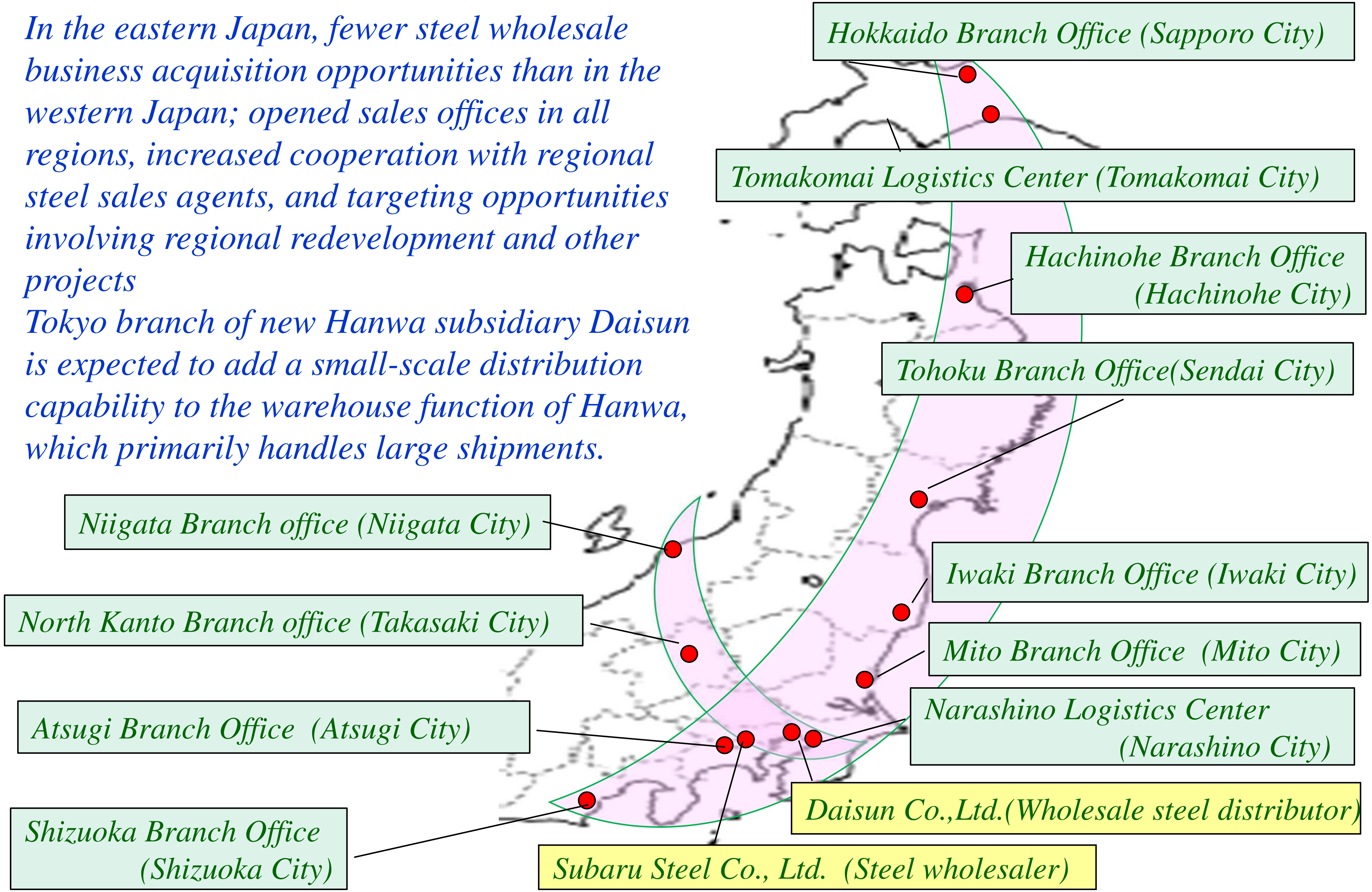


Progress of QSP Business Strategy in Eastern Japan

HANWA

In the eastern Japan, fewer steel wholesale business acquisition opportunities than in the western Japan; opened sales offices in all regions, increased cooperation with regional steel sales agents, and targeting opportunities involving regional redevelopment and other projects

Tokyo branch of new Hanwa subsidiary Daisun is expected to add a small-scale distribution capability to the warehouse function of Hanwa, which primarily handles large shipments.



Business Forecast FY2015 (year ending March 31, 2016)

HANWA

In the first half, transaction earnings were less than expected and there were losses from equity-method affiliates. First half sales and earnings were low relative to the fiscal year forecast and there are no prospects for the initially expected upturn in demand in the second half. As a result, we have partially revised the fiscal year forecast.
We plan to pay interim and year-end dividends of 8 yen as planned because the downturn in earnings is mainly caused by changes in the economic climate.

(Millions of yen)

	Interim	FY2015	FY2014
Net sales	788,216	1,650,000	1,737,397
Operating income	8,170	20,000	19,107
Ordinary income	6,953	18,000	14,264
Net income	6,053	12,000	9,086

	Year	Interim	Year-end
Cash dividends (yen)	16.00	8.00	8.00

Forecast of Segment Information

HANWA

(Millions of yen)

Net sales

	FY2015	FY2014	Rate of change
Steel	825,000	878,715	-6.1%
Metal & alloys	145,000	131,171	+10.5%
Non-ferrous metals	90,000	83,365	+8.0%
Foods	91,000	87,645	+3.8%
Petroleum & chemicals	337,000	429,919	-21.6%
Total for reportable segments	1,488,000	1,610,817	-7.6%
Other	274,000	242,390	+13.0%
Total	1,762,000	1,853,208	-5.0%
Adjustment	(112,000)	(115,810)	-3.3%
Consolidated	1,650,000	1,737,397	-5.0%

Segment income

	FY2015	FY2014	Rate of change
Steel	13,900	14,735	-5.7%
Metal & alloys	2,400	343	+599.7%
Non-ferrous metals	1,000	1,146	-12.7%
Foods	400	583	-31.4%
Petroleum & chemicals	2,500	2,481	+0.8%
Total for reportable segments	20,200	19,290	+4.7%
Other	1,900	683	+178.2%
Total	22,100	19,973	+10.6.%
Adjustment	(4,100)	(5,709)	-28.2%
Consolidated	18,000	14,264	+26.2%

A Cautionary Note on Forward-looking Statement

This material contains statements (including figures) regarding Hanwa Co.,Ltd.("Hanwa")'s corporate strategies, objectives, and views of future developments that are forward-looking in nature and are not simply reiterations of historical facts. These statements are presented to inform stakeholders of the Views of Hanwa's management but should not be relied on solely in making investment and other decisions. Readers should not place undue reliance on forward-looking statements.