

Date: February 23, 2016

Contact: Takuya Aizawa  
General Manager of Corporate Planning Dept.  
Tel: +81-3-3544-2000

**Notice Concerning Transfer of Fixed Assets, Extraordinary income and  
Extraordinary loss**

Hanwa Co., Ltd. (“Hanwa”) announces that the Board of Directors meeting of Hanwa, held on February 23, 2016, resolved to transfer its fixed assets, and as a result, it needs to recognize extraordinary income and extraordinary loss, as follows:

1. Reason for the transfer

One of the Hanwa’s steel business characteristics has been distributional and processing function utilizing our large warehouses. Recently, the direct shipment by steel mills has been increased. Therefore, Hanwa has been planning to reorganize its distributional and processing functions, with “SOKOKA”; SOKuno ( JIT deliveries), KOGuchi (small lot orders) and KAKo (processing) business strategy in Kanto area. Consequently, Hanwa resolved to transfer the following assets, in exchange for purchasing land for building another distribution center in Isezaki, Gunma Prefecture. Through the transfer, Hanwa expects to optimize its distribution functions and adjust storage capacity of Head Office of Hanwa Logistics Tokyo Co., Ltd .accordingly.

2. Details of the assets to be transferred

(Millions of yen)

Name and Location of Assets	Transfer value	Book value	Current status
A part of Land and Buildings of Head Office of Hanwa Logistics Tokyo Co., Ltd. (3-36 Akanehama, Narashino, Chiba Prefecture )	18,846	6,389	Distribution warehouse

After the transfer, Hanwa will lease back these assets as the distribution warehouse for the immediate future and gradually reduce capacity to an appropriate scale during leasing period.

3. Overview of the buyer

Identity will not be disclosed. However, there is no capital, personal, or transactional relationship with Hanwa. In addition, the buyer is not a Hanwa-related party.

4. Scheduled date of the transfer

February 23, 2016  
Early March

Resolution at the Board of Directors meeting  
Conclusion of the transfer agreement (provisional)  
Transfer of the assets (provisional)

## 5. Forecasts

In the FY2015, Hanwa plans to recognize gain on sale of fixed assets from land (12,721 million yen) as extraordinary gain. On the other hand, Hanwa will post loss on sale of fixed assets from buildings (264 million yen) as extraordinary loss.

By the transfer of fixed assets, income taxes are expected to decrease about 5,000 million yen since impairment losses and other losses which posted in previous years are included in deductible expenses.

The forecast of financial results for the FY2015, ending March 31, 2016 is currently being examined and will be announced when the outlook becomes clearer.

(Reference) Outline of the land for building a new distribution center

- |                                    |  |   |
|------------------------------------|--|---|
| (1) Outline of assets              | Land : 26,700.00m <sup>2</sup> : Isezaki-Miyago Industrial Park) |   |
| (2) Location                       | Higashi-Kaminomiyamachi and Tanakamachi, Isezaki City, Gunma     |   |
| (3) Seller                         | Gunma Prefecture   |   |
| (4) Scheduled date of the purchase | The end of March   | Acquisition of the assets (provisional) |

###