

Financial Results for the Fiscal Year ended March 31, 2011

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

May 13, 2011

Company name: **HANWA Co.,Ltd.**
 Listed stock exchange: Tokyo, Osaka
 Stock exchange code: 8078 (URL <http://www.hanwa.co.jp>)
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The date of Shareholders' Meeting: June 29, 2011 The date of payout of dividend: June 30, 2011
 The date of issue of audited financial statements: June 30, 2011

(Rounded down to millions of yen)

1. Consolidated financial results for the fiscal year ended March 31, 2011

(1) Consolidated operating results (% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Year ended March 31, 2011	1,396,103	25.0	13,853	21.3	13,490	43.3	5,793	(50.0)
Year ended March 31, 2010	1,116,628	(27.5)	11,420	(34.6)	9,412	(37.3)	11,579	93.1

Note: Comprehensive income Year ended March 31, 2011 6,104 million yen -58.0%
 Year ended March 31, 2010 14,537 million yen - %

	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, 2011	27.95	—	5.4	2.8	1.0
Year ended March 31, 2010	55.46	—	11.6	2.0	1.0

Note: Equity in earnings of unconsolidated subsidiaries and affiliates Year ended March 31, 2011 — million yen
 Year ended March 31, 2010 — million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
March 31, 2011	532,797	110,458	20.6	529.65
March 31, 2010	443,444	106,855	24.0	512.16

Note: Shareholders' equity As of March 31, 2011 109,781 million yen
 As of March 31, 2010 106,168 million yen

(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, 2011	(46,948)	(7,610)	51,271	20,586
Year ended March 31, 2010	46,250	(12,991)	(43,669)	24,514

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)			
Year ended March 31, 2010	—	6.00	—	6.00	12.00	2,499	21.6	2.5
Year ended March 31, 2011	—	6.00	—	6.00	12.00	2,487	42.9	2.3
Year ending March 31, 2012 (estimated)	—	6.00	—	6.00	12.00		27.6	

3. Forecast of consolidated financial results for fiscal year ending March 31, 2012 (% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(yen)
Interim	714,000	10.3	7,700	14.1	6,800	(7.6)	4,100	4.3	19.78
Annual	1,485,000	6.4	17,400	25.6	15,000	11.2	9,000	55.4	43.42

* 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, 2011

《Consolidated Balance Sheets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	March 31, 2010	March 31, 2011	Increase(Decrease)
Assets			
Current assets;			
Cash and deposits	24,669	20,707	(3,962)
Trade notes and accounts receivable	214,416	274,348	59,932
Inventories	72,352	101,350	28,998
Deferred tax asset	3,357	3,154	(203)
Others	19,263	24,714	5,451
Allowance for doubtful receivables	(892)	(1,071)	(179)
Total current assets	333,166	423,204	90,038
Fixed assets;			
Property and equipment;			
Buildings and structures	12,013	11,336	(677)
Land	28,293	29,248	955
Others	5,992	6,456	464
Total property and equipment	46,299	47,041	742
Intangible assets	753	684	(69)
Investments and other assets;			
Investment securities	40,401	41,533	1,132
Long-term loans receivable	256	188	(68)
Deferred tax asset	2,652	91	(2,561)
Others	22,888	22,731	(157)
Allowance for doubtful receivables	(2,974)	(2,677)	297
Total investments and other assets	63,225	61,867	(1,358)
Total fixed assets	110,278	109,593	(685)
Total assets	443,444	532,797	89,353
Liabilities;			
Current liabilities;			
Trade notes and accounts payable	134,800	156,546	21,746
Short-term loans payable	49,725	90,942	41,217
Commercial paper	1,000	18,000	17,000
Current portion of bonds payable	10,000	250	(9,750)
Income taxes payable	233	442	209
Accrued bonuses	1,855	1,766	(89)
Others	17,475	20,125	2,650
Total current liabilities	215,089	288,073	72,984
Long-term liabilities;			
Bonds payable	—	10,000	10,000
Long-term loans payable	114,355	115,075	720
Deferred tax liabilities	—	1,803	1,803
Deferred tax liabilities by land revaluation	2,684	2,684	—
Allowance for retirement benefits	18	133	115
Others	4,441	4,568	127
Total long-term liabilities	121,499	134,265	12,766
Total liabilities	336,589	422,338	85,749
Net assets;			
Shareholders' equity;			
Common stock	45,651	45,651	—
Capital surplus	4	4	—
Retained earnings	64,301	67,608	3,307
Treasury stock	(1,415)	(1,423)	(8)
Total shareholders' equity	108,542	111,840	3,298
Accumulated other comprehensive income			
Net unrealized holding gains on securities	889	952	63
Deferred hedge profit and loss	(771)	106	877
Land revaluation difference	(183)	(183)	—
Foreign currency translation adjustments	(2,308)	(2,935)	(627)
Total accumulated other comprehensive income	(2,373)	(2,058)	315
Minority interests	686	677	(9)
Total net assets	106,855	110,458	3,603
Total liabilities and net assets	443,444	532,797	89,353

Financial Results for the Fiscal Year ended March 31, 2011

《Consolidated Statements of Income and Comprehensive Income》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Year ended March 31, 2010	Year ended March 31, 2011	Increase(Decrease)
Net sales	1,116,628	1,396,103	279,475
Cost of sales	1,076,039	1,352,359	276,320
Gross profit	40,589	43,744	3,155
Selling, general and administrative expenses	29,169	29,890	721
Operating income	11,420	13,853	2,433
Other income;			
Interest income	547	672	125
Dividend income	448	524	76
Foreign exchange gain	1,450	1,526	76
Others	597	1,406	809
Total other income	3,043	4,130	1,087
Other expenses;			
Interest expenses	3,215	2,821	(394)
Others	1,835	1,672	(163)
Total other expenses	5,050	4,493	(557)
Ordinary income	9,412	13,490	4,078
Extraordinary loss;			
Loss on impairment of long-lived assets	3,270	429	(2,841)
Loss on disaster	—	264	264
Loss on devaluation of investments securities	—	2,791	2,791
Total extraordinary loss	3,270	3,485	215
Income before income taxes and minority interest	6,142	10,005	3,863
Income, inhabitant & business tax – current	390	407	17
Income tax expense–deferred	(5,794)	3,747	9,541
Total extraordinary loss	(5,404)	4,154	9,558
Income before minority interest	—	5,850	—
Minority interest in net income	(32)	56	88
Net income	11,579	5,793	(5,786)
Minority interest in net income	—	56	—
Income before minority interest	—	5,850	—
Other Comprehensive Income			
Net unrealized holding gains on securities	—	63	—
Deferred hedge profit and loss	—	878	—
Foreign currency translation adjustments	—	(688)	—
Total other comprehensive Income	—	253	—
Comprehensive Income	—	6,104	—

Financial Results for the Fiscal Year ended March 31, 2011

《Consolidated Statements of Changes in Net Assets》

(Rounded down to millions of yen)

	Millions of yen											Minority interests	Total net assets
	Shareholders' equity					Accumulated other comprehensive income							
	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	Total valuation and translation adjustments			
Balance at March 31, 2009	45,651	4	54,650	(755)	99,550	(3,213)	(248)	(180)	(1,710)	(5,353)	715	94,912	
Increase (decrease) during the term:													
Cash dividends paid			(2,511)		(2,511)							(2,511)	
Staff and workers' bonuses and welfare fund			(1)		(1)							(1)	
Reversal of land revaluation difference			2		2							2	
Net income			11,579		11,579							11,579	
Purchase of treasury stocks				(659)	(659)							(659)	
Deposition of treasury stocks		(0)		0	0							0	
Effect from change in scope of consolidated subsidiaries			582		582							582	
Net increase (decrease) during the term, except for items under shareholders' equity						4,102	(523)	(2)	(597)	2,979	(28)	2,950	
Total increase (decrease)	—	(0)	9,651	(659)	8,991	4,102	(523)	(2)	(597)	2,979	(28)	11,942	
Balance at March 31, 2010	45,651	4	64,301	(1,415)	108,542	889	(771)	(183)	(2,308)	(2,373)	686	106,855	

	Millions of yen											Minority interests	Total net assets
	Shareholders' equity					Accumulated other comprehensive income							
	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	Total valuation and translation adjustments			
Balance at March 31, 2010	45,651	4	64,301	(1,415)	108,542	889	(771)	(183)	(2,308)	(2,373)	686	106,855	
Increase (decrease) during the term:													
Cash dividends paid			(2,487)		(2,487)							(2,487)	
Net income			5,793		5,793							5,793	
Purchase of treasury stocks				(9)	(9)							(9)	
Deposition of treasury stocks		(0)		0	0							0	
Net increase (decrease) during the term, except for items under shareholders' equity						63	878	—	(627)	314	(9)	305	
Total increase (decrease)	—	(0)	3,306	(8)	3,297	63	878	—	(627)	314	(9)	3,603	
Balance at March 31, 2011	45,651	4	67,608	(1,423)	111,840	952	106	(183)	(2,935)	(2,058)	677	110,458	

Financial Results for the Fiscal Year ended March 31, 2011

《Consolidated Statements of Cash Flows》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Year ended March 31, 2010	Year ended March 31, 2011	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	6,142	10,005	3,863
Depreciation and amortization	2,560	2,704	144
Loss on impairment of long-lived assets	3,270	429	(2,841)
Increase(decrease) in allowance for doubtful receivables	(89)	(132)	(43)
Interest and dividend income	(995)	(1,196)	(201)
Interest expense	3,215	2,821	(394)
Loss on disaster	—	264	264
Loss on devaluation of investments securities	—	2,791	2,791
(Increase)decrease in trade receivables	13,941	(55,819)	(69,760)
(Increase)decrease in inventories	23,010	(29,302)	(52,312)
Increase(decrease) in trade notes and accounts payable	4,393	19,264	14,871
Other, net	(5,200)	906	6,106
Sub total	50,248	(47,263)	(97,511)
Interest and dividends received	994	1,198	204
Interest paid	(3,346)	(2,836)	510
Income taxes paid	(1,647)	1,953	3,600
Net cash provided by (used in) operating activities	46,250	(46,948)	(93,198)
Cash flows from investing activities:			
Payment for time deposits	(303)	(262)	41
Proceeds from refund of time deposits	303	288	(15)
Payment for purchase of property and equipment	(7,734)	(3,227)	4,507
Proceeds from sale of property and equipment	3,596	26	(3,570)
Payment for purchase of investment securities	(6,719)	(3,056)	3,663
Proceeds from sale of investment securities	186	155	(31)
Net increase(decrease) from purchase of consolidated subsidiaries	—	1,283	1,283
(Increase)decrease in short – term loans receivable, net	(1,296)	(1,525)	(229)
Increase in long – term loans receivable	(13)	(6)	7
Collection of long-term loans receivable	60	90	30
Other, net	(1,070)	(1,377)	(307)
Net cash used in investing activities	(12,991)	(7,610)	5,381
Cash flows from financing activities:			
Increase(decrease) in short-term loans, net	(40,990)	50,831	91,821
Increase(decrease) in commercial paper, net	1,000	17,000	16,000
Proceeds from long-term debt	16,062	10,820	(5,242)
Repayments of long-term debt	(16,420)	(24,348)	(7,928)
Proceeds from issuance of bonds	—	9,954	9,954
Redemption of issuance of bonds	—	(10,210)	(10,210)
Payment for cash dividends	(2,511)	(2,489)	22
Cash dividends paid to minority interest in consolidated subsidiaries	(4)	(4)	—
Other, net	(804)	(282)	522
Net cash provided by (used in) financing activities	(43,669)	51,271	94,940
Effect of exchange rate changes on cash and cash equivalents	(263)	(640)	(377)
Net increase(decrease) in cash and cash equivalents	(10,674)	(3,928)	6,746
Cash and cash equivalents at beginning of year	35,046	24,514	(10,532)
Cash and cash equivalents from newly consolidated subsidiaries	142	—	(142)
Cash and cash equivalents at end of year	24,514	20,586	(3,928)

Financial Results for the Fiscal Year ended March 31, 2011

《Segment information》

Business segment information

The Companies' operations are classified into five business segments as follows:

Steel : Steel bars and shapes, steel plates and sheets, special steels, wire products, steel pipes, and steelmaking raw materials

Metals and alloys : Nickel, chromium, stainless scrap and solar cell-related materials and products

Non-ferrous metals : Copper, aluminium, lead, zinc, tin, antimony and other metals

Foods : Frozen seafoods and meat products

Petroleum and chemicals : Petroleum products, chemical products, and cement

Segment information by business category for the years ended March 31, 2010 and 2011 is as follows:

(Rounded down to millions of yen)

Year ended March 31, 2010

Millions of yen

	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Other business	Total	Corporate	Consolidated
Net sales									
Customers	606,205	86,081	52,823	72,557	255,867	43,092	1,116,628	—	1,116,628
Inter-segment	—	—	—	—	—	—	—	(—)	—
Total	606,205	86,081	52,823	72,557	255,867	43,092	1,116,628	—	1,116,628
Costs and expenses	596,436	83,526	52,006	71,609	254,277	41,516	1,099,372	5,835	1,105,208
Operating income	9,769	2,554	817	947	1,590	1,576	17,255	(5,835)	11,420
Assets	223,894	34,814	15,164	29,093	32,854	16,128	351,949	91,494	443,444
Depreciation	1,873	29	95	27	35	412	2,475	85	2,560
Loss on impairment long-lived assets	2,437	—	28	140	112	139	2,859	411	3,270
Capital expenditure	7,300	67	49	42	126	570	8,157	87	8,245

Year ended March 31, 2011

Millions of yen

	Reportable segment						Other	Total	Adjustment	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Sub-total				
Net sales										
Customers	674,300	121,784	57,941	79,585	369,423	1,303,034	93,068	1,396,103	—	1,396,103
Inter-segment	18,748	2,251	2,084	482	613	24,179	31,332	55,512	(55,512)	—
Total	693,048	124,036	60,026	80,067	370,036	1,327,214	124,400	1,451,615	(55,512)	1,396,103
Segment income(loss)	9,422	2,265	715	1,777	2,197	16,378	763	17,142	(3,651)	13,490
Segment assets	261,693	62,324	20,869	31,286	69,844	446,018	41,059	487,078	45,718	532,797
Other										
Depreciation	1,632	45	29	27	60	1,795	852	2,647	56	2704
Interest income	216	2	0	—	107	326	47	374	298	672
Interest expenses	1,413	592	160	76	314	2,558	395	2,954	(132)	2821
Property, plant and equipment and Intangible assets increase	2,480	224	63	18	204	2,991	759	3,751	94	3846

Notes:

Corporate costs and expenses mainly consist of expenses of administrative departments.

Corporate assets mainly consist of cash and equivalents, investment securities and assets of administrative departments.

* From the FY2010, the Group applied the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No.17, March 27, 2009). Thus segment information in FY2009 and FY2010 was not connected.