May 13, 2011

Highlights of Consolidated Financial Results for the FY2010

HANWA Co., Ltd.

Outline of Financial Results for the FY2010

(Unit: 100 million yen, rounded down to 100 millions of yen)

As for this year, net sales amounted 1,396.1 billion yen, increased by 25% due to economic recovery. On profit side, net income was 5.7 billion yen, decreased by 50% for the previous year, due to extraordinary losses from impairment losses on investment securities, and reduction of income taxes by posted deferred tax asset from transfer of fixed assets in FY2009.
About the dividend, we plan to pay a year-end dividend payment of 6 yen. As a result, the planned annual dividend for FY2010 will be 12 yen per share.

Operating Results	FY2010	FY2009	Year-on-year Change	Year-on-year rate
Net sales	**13,961**	**11,166**	**2,795**	**25%**
Gross profit	**437**	**405**	**32**	**8%**
SG&A expenses	298	291	7	2%
Operating income	**138**	**114**	**24**	**21%**
Non-operating income	41	30	11	36%
Non-operating expenses	44	50	(6)	11%
Ordinary income	**134**	**94**	**40**	**43%**
Extraordinary gain	—	—	—	—
Extraordinary loss	34	32	2	6%
Income before income taxes and others	**100**	**61**	**39**	**63%**
Income taxes	41	(54)	95	—
Minority interests(loss)	0	0	0	—
Net income	**57**	**115**	**(58)**	**-50%**
EPS (yen)	27.95	55.46	(27.51)	-50%
Comprehensive income	61	145	(84)	-58%

Main Factors

(Net sales)
Transaction volume increased, because the operational status of users had improved due to economic recovery. Net sales increased by 25% for the previous year.

(SG&A expenses)
Employment costs stayed about the same. Although office rental incereased, bad debts didn't occur. Therefore total amount of SG&A generally edged up slightly.

(Non-operating income/expenses)
Non-operating income rose on 36% for the previous year, due to mainly exchange gain.
Non-operating expenses was down 11% from the previous year because of decline in interest rates.

(Extraordinary gain/loss)
Impairment losses on investment securities due to transfer contract were posted of 2.7 billion yen.
Losses on inventories damaged by the Great East Japan Earthquake were posted of 200 million yen..
Impairment losses on long-lived assets in destribution center were posted of 400 million yen.

Segment Information	FY2010 Net sales	FY2010 Segment income
Steel	6,930	94
Metals & alloys	1,240	22
Non-ferrous metals	600	7
Foods	800	17
Petroleum & chemicals	3,700	21
Total for reportable segments	13,272	163
Other	1,244	7
Total	**14,516**	**171**
Adjustment	(555)	(36)
Consolidated	**13,961**	**134**

Main Factors

(Steel business)
Although manufacturers' demand was healthy, market price was vulnerable. It was not easy in spot trade to make a profit.

(Metals & alloys business)
Although stainless steel production was reduced at one time, demand of raw materials was strong due to recovery of steel production..

(Non-ferrous metals business)
Although earning from recycling business decreased due to rising scrap prices, demand remained strongly.

(Foods business)
Decline of fish catches and small inventories achieved balance in supply and demand. Thus market prices remained steadily.

(Petroleum & chemicals business)
Although crude oil price varied enormously, it was difficult to pass higher cost. Sales in banker oil, kerosene and gas was expanded.

(cf.) FY2009	Net sales	Operating income
Steel	6,062	97
Metals & alloys	860	25
Non-ferrous metals	528	8
Foods	725	9
Petroleum & chemicals	2,558	15
Other business	430	15
Total	**11,166**	**172**
Corporate	—	(58)
Consolidated	**11,166**	**114**

＊ 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) .

Topics

・We opened offices in Osaka-Nanko on Sep-2010, Mito, Atsugi and Hachinohe on Apr-2011.

Financial Position	Mar. 2011	Mar. 2010	Comparison with Mar. 2010 Change	Comparison with Mar. 2010 rate
Total assets	**5,327**	**4,434**	**893**	**20%**
(Current assets)	4,232	3,331	901	27%
(Fixed assets)	1,095	1,102	(7)	-1%
Total liabilities	**4,223**	**3,365**	**858**	**25%**
(Interest-bearing debt)	2,352	1,755	597	34%
(Net interest-bearing debt)	2,144	1,509	635	42%
Net DER	200%	142%	58pt	—
Total net assets	**1,104**	**1,068**	**36**	**3%**
(Equity capital)	1,118	1,085	33	3%
(Accumulated other comprehensive income)	(20)	(23)	3	-13%
(Minority interests)	6	6	0	-1%
BPS (yen)	529.65	512.16	17.49	3%
Shareholders' equity	1,097	1,061	36	3%
Shareholders' equity ratio	20.6%	24.0%	-3.4pt	—

Main Factors

(Total Assets)
Total assets increased by 20% from end of the previous year, due to increase in trade receivables and inventories with increase in sales.
Inventories 101.3 billion yen (+40%)

(Liabilities)
Liabilities increased by 25% from end of the previous year, due to increase in trade payables from the recovery of sales and interest-bearing debt from the increasing working capital. Net debt-equity ratio rose to 200%.

(Net assets)
Although total net assets increased by 3% from end of the previous year due to increase in retained earnings. Shareholders' equity ratio was 20.6%, which is a 3.4 percentage points lower.

Cash Flow	FY2010	FY2009	Year-on-year Change	Year-on-year rate
Cash flows from operating activities	(469)	462	(931)	—
Cash flows from investing activities	(76)	(129)	53	-41%
Cash flows from financing activities	512	(436)	948	—
Cash and cash equivalents at end of period	205	245	(40)	-16%

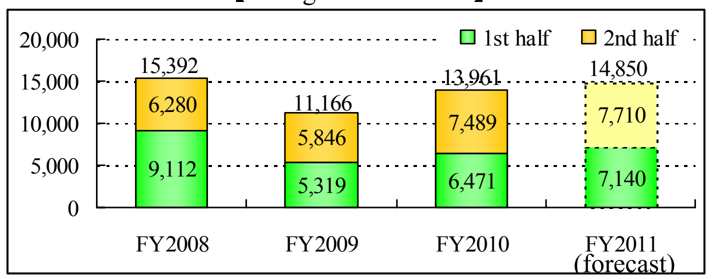
Main Factors

(Operating cash flows) (46.9) billion yen
It was due to increase in trade receivables and inventories.

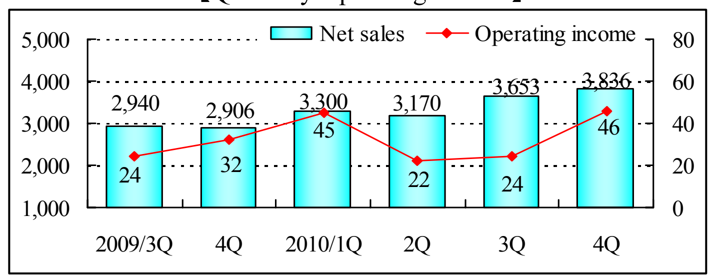
(Investment cash flows) (7.6) billion yen
It was due to payment for purchase of fixed assets and investment securities.

(Financial cash flows) 51.2 billion yen
It was due to increase in short term loans and CP.

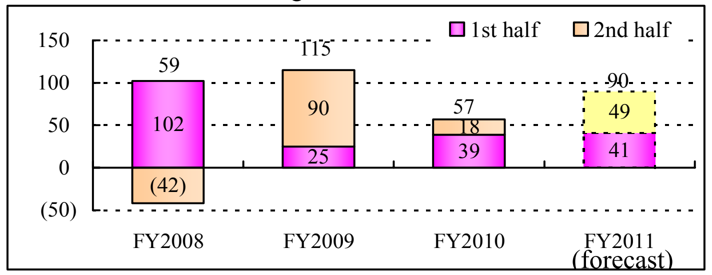
【Changes in Net Sales】



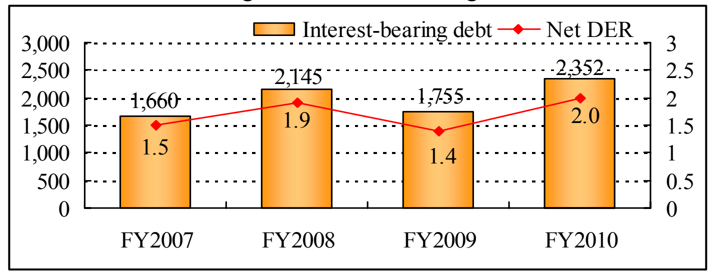
【Quarterly Operating Results】



【Changes in Net Income】



【Changes in Interest-bearing Debt】



Forecast (Annual)	FY2011	FY2010	change
Net sales	14,850	13,961	6%
Operating income	174	138	26%
Ordinary income	150	134	11%
Net income	90	57	55%

Cash Dividends	FY2009	FY2010	FY2011 (estimated)
Interim (yen)	6.00	6.00	6.00
Year-end (yen)	6.00	6.00	6.00
Annual (yen)	12.00	12.00	12.00
Dividend payout ratio	22%	43%	28%