

Financial Results for the First Quarter ended June 30, 2011

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

August 5, 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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1. Consolidated financial results for the first quarter ended June 30, 2011

(Rounded down to millions of yen)

(1) Consolidated operating results

(% of change from the same period of previous year)

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
For the first quarter ended June 30, 2011	383,605	16.2	4,607	1.4	4,502	(22.8)	2,494	(21.3)
ended June 30, 2010	330,075	30.8	4,544	61.4	5,829	195.3	3,168	249.7

Note: Comprehensive income For the first quarter ended June 30, 2011 2,112 million yen 202.1 %
For the first quarter ended June 30, 2010 699 million yen - %

	Net income per share	Net income per share(diluted)
	(yen)	(yen)
For the first quarter ended June 30, 2011	12.03	—
ended June 30, 2010	15.29	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
June 30, 2011	547,243	113,093	20.3	534.55
March 31, 2011	532,797	110,458	20.6	529.65

Note: Shareholders' equity As of June 30, 2011 110,758 million yen
As of March 31, 2011 109,781 million yen

2. Cash dividends

(effective date)	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	(yen)	(yen)	(yen)	(yen)	(yen)
Year ended March 31, 2011	—	6.00	—	6.00	12.00
Year ending March 31, 2012 (estimated)	—	6.00	—	6.00	12.00

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 First Quarter ended June 30, 2011

《Consolidated Balance Sheets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	March 31, 2011	June 30, 2011	Increase(Decrease)
Assets			
Current assets;			
Cash and deposits	20,707	20,133	(574)
Trade notes and accounts receivable	274,348	279,993	5,645
Inventories	101,350	109,287	7,937
Others	27,868	27,841	(27)
Allowance for doubtful receivables	(1,071)	(1,059)	12
Total current assets	423,204	436,196	12,992
Fixed assets;			
Property and equipment;			
Land	29,248	30,602	1,354
Others	17,792	20,167	2,375
Total property and equipment	47,041	50,770	3,729
Intangible assets	684	686	2
Investments and other assets;			
Investment securities	41,533	39,391	(2,142)
Others	23,010	22,779	(231)
Allowance for doubtful receivables	(2,677)	(2,581)	96
Total investments and other assets	61,867	59,589	(2,278)
Total fixed assets	109,593	111,046	1,453
Total assets	532,797	547,243	14,446
Liabilities;			
Current liabilities;			
Trade notes and accounts payable	156,546	164,683	8,137
Short-term loans payable	90,942	91,010	68
Commercial paper	18,000	18,000	—
Current portion of bonds payable	250	316	66
Income taxes payable	442	523	81
Accrued bonuses	1,766	1,024	(742)
Others	20,125	23,992	3,867
Total current liabilities	288,073	299,550	11,477
Long-term liabilities;			
Bonds payable	10,000	10,085	85
Long-term loans payable	115,075	115,089	14
Employees' retirement benefits	133	163	30
Others	9,056	9,263	207
Total long-term liabilities	134,265	134,600	335
Total liabilities	422,338	434,150	11,812
Net assets;			
Shareholders' equity;			
Common stock	45,651	45,651	—
Capital surplus	4	4	—
Retained earnings	67,608	69,079	1,471
Treasury stock	(1,423)	(1,423)	—
Total shareholders' equity	111,840	113,311	1,471
Accumulated other comprehensive income			
Net unrealized holding gains on securities	952	324	(628)
Deferred hedge profit and loss	106	191	85
Land revaluation difference	(183)	(183)	—
Foreign currency translation adjustments	(2,935)	(2,886)	49
Total accumulated other comprehensive income	(2,058)	(2,552)	(494)
Minority interests	677	2,334	1,657
Total net assets	110,458	113,093	2,635
Total liabilities and net assets	532,797	547,243	14,446

Financial Results for the First Quarter ended June 30, 2011

《Consolidated Statements of Income and Comprehensive Income》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	First quarter ended June 30, 2010	First quarter ended June 30, 2011	Increase(Decrease)
Net sales	330,075	383,605	53,530
Cost of sales	318,256	371,089	52,833
Gross profit	11,818	12,515	697
Selling, general and administrative expenses	7,274	7,908	634
Operating income	4,544	4,607	63
Other income;			
Interest income	153	195	42
Dividend income	197	240	43
Foreign exchange gain	1,331	175	(1,156)
Others	571	268	(303)
Total other income	2,253	879	(1,374)
Other expenses;			
Interest expenses	706	739	33
Others	262	245	(17)
Total other expenses	969	985	16
Ordinary income	5,829	4,502	(1,327)
Extraordinary loss;			
Loss on impairment of long-lived assets	429	—	(429)
Loss on devaluation of investments securities	131	—	(131)
Total extraordinary loss	561	—	(561)
Income before income taxes and minority interest	5,268	4,502	(766)
Income taxes	2,090	1,915	(175)
Income before minority interest	3,177	2,586	(591)
Minority interest in net income	8	92	84
Net income	3,168	2,494	(674)
Minority interest in net income	8	92	84
Income before minority interest	3,177	2,586	△ 591
Other Comprehensive Income			
Net unrealized holding gains on securities	(4,110)	(628)	3,482
Deferred hedge profit and loss	1,446	85	(1,361)
Foreign currency translation adjustments	185	69	(116)
Total other comprehensive Income	(2,478)	(474)	2,004
Comprehensive Income	699	2,112	1,413
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	683	1,999	1316
Comprehensive income attributable to minority interests	16	112	96

Financial Results for the First Quarter ended June 30, 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 first quarter ended June 30, 2010 and 2011, is as follows:

(Rounded down to millions of yen)

First quarter ended June 30, 2010

Millions of yen

	Reportable segment						Other	Total	Adjustment	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Sub-total				
Net sales										
Customers	164,482	31,005	15,019	20,471	79,032	310,011	20,063	330,075	—	330,075
Inter-segment	4,626	508	576	99	119	5,930	7,842	13,773	(13,773)	—
Total	169,108	31,514	15,596	20,571	79,151	315,942	27,906	343,848	(13,773)	330,075
Segment income(loss)	2,594	1,758	1,160	730	478	6,721	11	6,732	(903)	5,829

First quarter ended June 30, 2011

Millions of yen

	Reportable segment						Other	Total	Adjustment	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Sub-total				
Net sales										
Customers	176,545	36,374	17,664	23,807	101,011	355,402	28,202	383,605	—	383,605
Inter-segment	5,783	395	553	100	91	6,923	10,396	17,319	(17,319)	—
Total	182,328	36,769	18,217	23,908	101,102	362,326	38,598	400,925	(17,319)	383,605
Segment income(loss)	2,092	904	912	627	862	5,399	395	5,794	(1,292)	4,502