

# Financial Results for the Third Quarter ended December 31, 2011

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

February 9, 2012

Company name: **HANWA Co.,Ltd.**

Listed stock exchange: Tokyo, Osaka

Stock exchange code: 8078

(URL <http://www.hanwa.co.jp>)

Representative: Hironari Furukawa President

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The date of issue of audited financial statements: February 14, 2012 The date of payout of dividend: —

(Rounded down to millions of yen)

## 1. Consolidated financial results for the third quarter ended December 31, 2011

### (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 third quarter ended December 31, 2011	1,172,635	15.8	12,634	37.1	11,608	16.8	2,491	(53.8)
ended December 31, 2010	1,012,477	22.6	9,213	12.4	9,941	52.7	5,392	(49.6)

Note: Comprehensive income For the third quarter ended December 31, 2011 3,663 million yen 56.0 %  
For the third quarter ended December 31, 2010 2,348 million yen - %

	Net income per share	Net income per share(diluted)
	(yen)	(yen)
For the third quarter ended December 31, 2011	12.02	—
ended December 31, 2010	26.01	—

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
December 31, 2011	580,723	113,405	19.1	536.00
March 31, 2011	532,797	110,458	20.6	529.65

Note: Shareholders' equity As of December 31, 2011 111,097 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)
Annual	1,485,000	6.4	17,400	25.6	15,000	11.2	5,000	(13.7)	24.12

\* 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 Third Quarter ended December 31, 2011

## 《Consolidated Balance Sheets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	March 31, 2011	December 31, 2011	Increase(Decrease)
<b>Assets</b>			
<b>Current assets;</b>			
Cash and deposits	20,707	23,045	2,338
Trade notes and accounts receivable	274,348	316,523	42,175
Inventories	101,350	104,008	2,658
Others	27,868	33,868	6,000
Allowance for doubtful receivables	(1,071)	(1,277)	(206)
<b>Total current assets</b>	<b>423,204</b>	<b>476,167</b>	<b>52,963</b>
<b>Fixed assets;</b>			
<b>Property and equipment;</b>			
Land	29,248	30,484	1,236
Others	17,792	22,262	4,470
<b>Total property and equipment</b>	<b>47,041</b>	<b>52,747</b>	<b>5,706</b>
<b>Intangible assets</b>	<b>684</b>	<b>602</b>	<b>(82)</b>
<b>Investments and other assets;</b>			
Investment securities	41,533	30,692	(10,841)
Others	23,010	22,943	(67)
Allowance for doubtful receivables	(2,677)	(2,430)	247
<b>Total investments and other assets</b>	<b>61,867</b>	<b>51,205</b>	<b>(10,662)</b>
<b>Total fixed assets</b>	<b>109,593</b>	<b>104,555</b>	<b>(5,038)</b>
<b>Total assets</b>	<b>532,797</b>	<b>580,723</b>	<b>47,926</b>
<b>Liabilities;</b>			
<b>Current liabilities;</b>			
Trade notes and accounts payable	156,546	191,551	35,005
Short-term loans payable	90,942	79,673	(11,269)
Commercial paper	18,000	20,000	2,000
Current portion of bonds payable	250	68	(182)
Income taxes payable	442	491	49
Accrued bonuses	1,766	1,005	(761)
Others	20,125	24,615	4,490
<b>Total current liabilities</b>	<b>288,073</b>	<b>317,405</b>	<b>29,332</b>
<b>Long-term liabilities;</b>			
Bonds payable	10,000	20,050	10,050
Long-term loans payable	115,075	120,057	4,982
Employees' retirement benefits	133	175	42
Others	9,056	9,630	574
<b>Total long-term liabilities</b>	<b>134,265</b>	<b>149,912</b>	<b>15,647</b>
<b>Total liabilities</b>	<b>422,338</b>	<b>467,317</b>	<b>44,979</b>
<b>Net assets;</b>			
<b>Shareholders' equity;</b>			
Common stock	45,651	45,651	—
Capital surplus	4	4	—
Retained earnings	67,608	67,837	229
Treasury stock	(1,423)	(1,424)	(1)
<b>Total shareholders' equity</b>	<b>111,840</b>	<b>112,068</b>	<b>228</b>
<b>Accumulated other comprehensive income</b>			
Net unrealized holding gains on securities	952	2,095	1,143
Deferred hedge profit and loss	106	187	81
Land revaluation difference	(183)	149	332
Foreign currency translation adjustments	(2,935)	(3,403)	(468)
<b>Total accumulated other comprehensive income</b>	<b>(2,058)</b>	<b>(971)</b>	<b>1,087</b>
<b>Minority interests</b>	<b>677</b>	<b>2,308</b>	<b>1,631</b>
<b>Total net assets</b>	<b>110,458</b>	<b>113,405</b>	<b>2,947</b>
<b>Total liabilities and net assets</b>	<b>532,797</b>	<b>580,723</b>	<b>47,926</b>

## Financial Results for the Third Quarter ended December 31, 2011

## 《Consolidated Statements of Income and Comprehensive Income》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Third quarter ended December 31, 2010	Third quarter ended December 31, 2011	Increase(Decrease)
<b>Net sales</b>	1,012,477	1,172,635	160,158
Cost of sales	981,022	1,136,675	155,653
<b>Gross profit</b>	31,454	35,960	4,506
Selling, general and administrative expenses	22,241	23,325	1,084
<b>Operating income</b>	9,213	12,634	3,421
<b>Other income;</b>			
Interest income	502	588	86
Dividend income	327	383	56
Foreign exchange gain	1,878	1,002	(876)
Others	1,256	659	(597)
Total other income	3,964	2,634	(1,330)
<b>Other expenses;</b>			
Interest expenses	2,089	2,230	141
Others	1,146	1,429	283
Total other expenses	3,236	3,659	423
<b>Ordinary income</b>	9,941	11,608	1,667
<b>Extraordinary loss;</b>			
Loss on impairment of long-lived assets	429	—	(429)
Loss on sale of investments securities	—	1,071	1,071
Loss on devaluation of investments securities	337	6,287	5,950
Total extraordinary loss	767	7,359	6,592
<b>Income before income taxes and minority interest</b>	9,174	4,249	(4,925)
Income taxes	3,724	1,655	(2,069)
<b>Income before minority interest</b>	5,449	2,594	(2,855)
Minority interest in net income	56	103	47
<b>Net income</b>	5,392	2,491	(2,901)
Minority interest in net income	56	103	47
<b>Income before minority interest</b>	5,449	2,594	(2,855)
<b>Other Comprehensive Income</b>			
Net unrealized holding gains on securities	(3,261)	1,142	4,403
Deferred hedge profit and loss	651	80	(571)
Land revaluation difference	—	333	333
Foreign currency translation adjustments	(490)	(487)	3
Total other comprehensive Income	(3,100)	1,068	4,168
<b>Comprehensive Income</b>	2,348	3,663	1,315
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	2,343	3,578	1,235
Comprehensive income attributable to minority interests	5	84	79

## Financial Results for the Third Quarter ended December 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 third quarter ended December 31, 2010 and 2011, is as follows:  
(Rounded down to millions of yen)

## Third quarter ended December 31, 2010

Millions of yen

	Reportable segment						Other	Total	Adjustment	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Sub-total				
Net sales										
Customers	494,856	89,358	42,185	63,517	252,232	942,150	70,326	1,012,477	—	1,012,477
Inter-segment	14,398	1,658	1,067	432	405	17,963	23,080	41,043	(41,043)	—
Total	509,255	91,017	43,253	63,949	252,638	960,114	93,406	1,053,520	(41,043)	1,012,477
Segment income(loss)	6,536	2,264	313	1,618	1,164	11,897	672	12,569	(2,628)	9,941

## Third quarter ended December 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	547,273	95,672	45,546	71,686	328,854	1,089,033	83,602	1,172,635	—	1,172,635
Inter-segment	12,907	1,710	1,342	537	595	17,093	27,889	44,982	(44,982)	—
Total	560,180	97,382	46,889	72,224	329,450	1,106,126	111,491	1,217,618	(44,982)	1,172,635
Segment income(loss)	6,499	1,582	996	1,408	2,019	12,506	1,629	14,136	(2,527)	11,608