

Highlights of Consolidated Financial Results for the FY2011

HANWA Co., Ltd.

(Unit: billion yen, rounded down to 0.1 billions of yen)

Outline of Financial Results for the FY2011

As for this fiscal year, net sales has reached to 1,564.2 billion yen, increased by 12%, thanks to steady business outcome from our steel and petroleum/chemical businesses. However, net income was 4.6 billion yen, decreased by 20% from the previous year, mainly due to impairment losses on investment securities. We paid 6 yen as interim dividend and additional 6 yen will be paid as the end of this fiscal year dividend.
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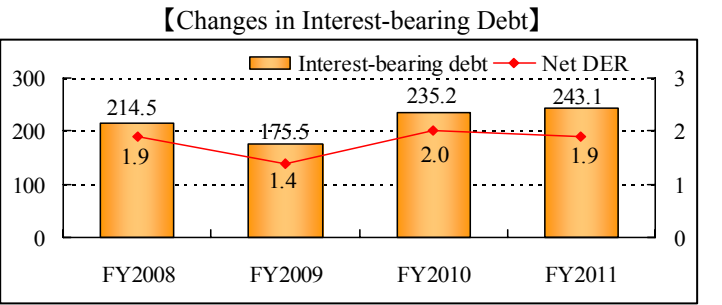
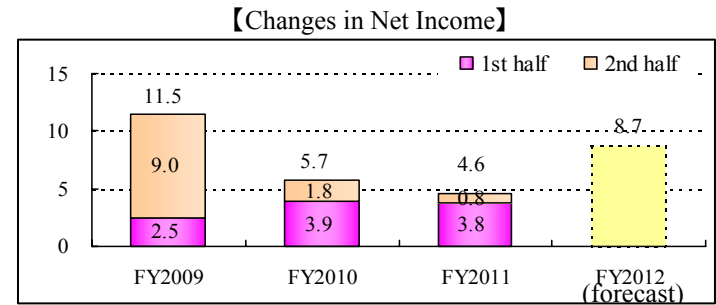
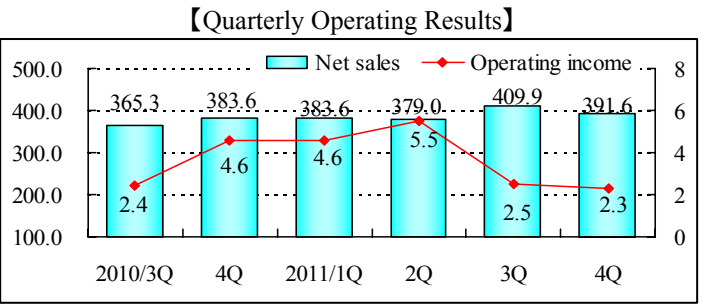
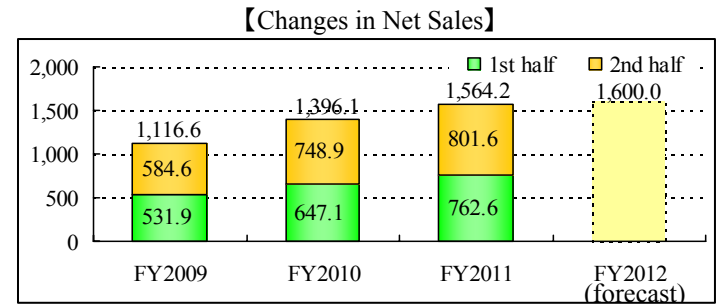
Operating Results	FY2011	FY2010	Year-on-year		Main Factors
			Change	rate	
Net sales	1,564.2	1,396.1	168.1	12%	(Net sales) Net sales amount has increased by 12% from the previous year. Business activities recovered after economic stagnation by the Great East Japan Earthquake. With this trend, our steel and petroleum/chemical businesses showed steady progress. In addition, number of consolidated subsidiaries increased.
Gross profit	46.3	43.7	2.6	6%	
SG&A expenses	31.3	29.8	1.5	5%	
Operating income	14.9	13.8	1.1	8%	(SG&A expenses) New additions of consolidated subsidiaries and increased number of total employees pushed up our employment cost by 1.0 billion yen. Large bad debts did not occur.
Non-operating income	3.0	4.1	-1.1	-27%	
Non-operating expenses	4.8	4.4	0.4	8%	
Ordinary income	13.1	13.4	-0.3	-3%	(Non-operating income/expenses) Non-operating income has decreased by 27% from the last year, mainly due to decrease of foreign exchange gains. On the other hand, increase in interest expense has a negative effect on non-operating expenses, a 8% increase over the previous year.
Extraordinary gain	—	—	—	—	
Extraordinary loss	4.6	3.4	1.2	34%	
Income before income taxes and others	8.4	10.0	-1.6	-16%	(Extraordinary gain/loss) Due to declining stock markets, 3.5 billion yen were posted as impairment losses on investment securities. In addition, we posted a loss on sales of investment securities of 1.0 billion yen .
Income taxes	3.7	4.1	-0.4	-11%	
Minority interests(loss)	0.1	0.0	0.1	82%	
Net income	4.6	5.7	-1.1	-20%	
EPS (yen)	22.35	27.95	(5.60)	-20%	
Comprehensive income	6.2	6.1	0.1	2%	

Segment Information	Net sales			Segment income			Main Factors
	FY2011	FY2010	rate	FY2011	FY2010	rate	
Steel	745.0	693.0	8%	9.3	9.4	-1%	(Steel business) Although demand from manufacturing industry recovered and construction sector remained steady, volatile overseas market situation and weak demand in domestic market weakened steel market prices.
Metals & alloys	126.2	124.0	2%	1.2	2.2	-43%	
Non-ferrous metals	62.0	60.0	3%	0.8	0.7	19%	
Foods	91.7	80.0	15%	1.1	1.7	-34%	(Metals & alloys business) Adjustment of stainless steel and electric furnace steel production continued. In addition, blast furnace steel production turned slow due to decrease in exports. International market of metals and alloys in general has been soft.
Petroleum & chemicals	457.5	370.0	24%	2.6	2.1	22%	
Total for reportable segments	1,482.6	1,327.2	12%	15.3	16.3	-6%	
Other	139.8	124.4	12%	1.6	0.7	121%	(Non-ferrous metals business) Although international market has been soft, demand remained strong mainly in automotive production, due to recovery from earthquake and flood in Thailand.
Total	1,622.4	1,451.6	12%	17.0	17.1	-1%	
Adjustment	(58.2)	(55.5)	-5%	(3.9)	(3.6)	-7%	
Consolidated	1,564.2	1,396.1	12%	13.1	13.4	-3%	(Foods business) Domestic demand for foodstuff remained steady because of low level inventories and decrease in domestic production in fisheries. Market price has been sustained high level, however, prices of some products like farmed salmon went down.
							(Petroleum & chemicals business) Market price went up due to raise the price of crude oil despite low demand. Meanwhile, demand for thermal power plants as an alternative to nuclear power generation and increase of light oil sales contributed to our profit.

Topics	<ul style="list-style-type: none">Oct.. We took a stake in ELIYY Power Co., Ltd.Jan. We acquired Subaru Steel Co., Ltd., which is steel products distributor.Mar. We took a stake and purchased convertible bonds in OM Holdings Limited.Apr. We opened Sakai Logistics Center, Kyushu Logistics Center and Okayama Branch Office.
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Financial Position	Mar. 2012	Mar. 2011	Comparison with Mar. 2011		Main Factors
			Change	rate	
Total assets	582.4	532.7	49.7	9%	(Total Assets) Total assets increased by 9% from end of the previous year, due to increase in trade receivables and inventories as a sales increase. Inventories 110.9 billion yen (+9%)
(Current assets)	467.9	423.2	44.7	11%	
(Fixed assets)	114.4	109.5	4.9	4%	
Total liabilities	466.4	422.3	44.1	10%	(Liabilities) Total liabilities increased by 10% from end of the previous year, due to issuance of bonds and increase in trade payables with sales growth. Interest-bearing debt slightly increased, however, net debt-equity ratio decreased to 190%.
(Interest-bearing debt)	243.1	235.2	7.9	3%	
(Net interest-bearing debt)	219.5	214.4	5.1	2%	
Net DER	190%	200%	-10pt	—	(Net assets) Total net assets increased by 5% from end of the previous year, due to carryover of retained earnings, net unrealized holding gains on securities and minority interests. Shareholders' equity ratio was 19.5%.
Total net assets	115.9	110.4	5.5	5%	
(Equity capital)	114.2	111.8	2.4	2%	
(Accumulated other comprehensive income)	(0.5)	(2.0)	1.5	-72%	
(Minority interests)	2.3	0.6	1.7	244%	
BPS (yen)	548.22	529.65	18.57	4%	
Shareholders' equity	113.6	109.7	3.9	4%	
Shareholders' equity ratio	19.5%	20.6%	-1.1pt	—	

Cash Flow	FY2011	FY2010	Year-on-year		Main Factors
			Change	rate	
Cash flows from operating activities	11.9	(46.9)	58.8	—	(Operating cash flows) 11.9 billion yen Mainly due to slowed down in needs of working capital.
Cash flows from investing activities	(12.0)	(7.6)	(4.4)	58%	
Cash flows from financing activities	1.5	51.2	(49.7)	-97%	
Cash and cash equivalents at end of period	23.4	20.5	2.9	14%	(Investment cash flows) (12.0) billion yen Mainly due to purchase of fixed assets and investment securities. (Financial cash flows) 1.5 billion yen Mainly due to issuance of company bonds.



Forecast (Annual)	FY2012	FY2011		Cash Dividends	FY2010	FY2011	FY2012 (estimated)
			change				
Net sales	1,600.0	1,564.2	2%	Interim (yen)	6.00	6.00	6.00
Operating income	18.0	14.9	20%	Year-end (yen)	6.00	6.00	6.00
Ordinary income	15.0	13.1	14%	Annual (yen)	12.00	12.00	12.00
Net income	8.7	4.6	88%	Dividend payout ratio	43%	54%	29%