

Financial Results for the Fiscal Year ended March 31, 2012

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

May 11, 2012

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 28, 2012 The date of payout of dividend: June 29, 2012
 The date of issue of audited financial statements: June 29, 2012

(Rounded down to millions of yen)

1. Consolidated financial results for the fiscal year ended March 31, 2012

(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, 2012	1,564,250	12.0	14,976	8.1	13,116	(2.8)	4,632	(20.0)
Year ended March 31, 2011	1,396,103	25.0	13,853	21.3	13,490	43.3	5,793	(50.0)

Note: Comprehensive income Year ended March 31, 2012 6,214 million yen 1.8%
 Year ended March 31, 2011 6,104 million yen -58.0%

	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, 2012	22.35	—	4.1	2.4	1.0
Year ended March 31, 2011	27.95	—	5.4	2.8	1.0

Note: Equity in earnings of unconsolidated subsidiaries and affiliates Year ended March 31, 2012 — million yen
 Year ended March 31, 2011 — 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, 2012	582,404	115,956	19.5	548.22
March 31, 2011	532,797	110,458	20.6	529.65

Note: Shareholders' equity As of March 31, 2012 113,629 million yen
 As of March 31, 2011 109,781 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, 2012	11,970	(12,009)	1,596	23,411
Year ended March 31, 2011	(46,948)	(7,610)	51,271	20,586

2. Cash dividends

(effective date)	Cash dividends per share					Total amount of dividend (Annual)	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, 2011	—	6.00	—	6.00	12.00	2,487	42.9	2.3
Year ended March 31, 2012	—	6.00	—	6.00	12.00	2,487	53.7	2.2
Year ending March 31, 2013 (estimated)	—	6.00	—	6.00	12.00		28.6	

3. Forecast of consolidated financial results for fiscal year ending March 31, 2013 (% 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	1,600,000	2.3	18,000	20.2	15,000	14.4	8,700	87.8	41.97

* 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, 2012

《Consolidated Balance Sheets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	March 31, 2011	March 31, 2012	Increase(Decrease)
Assets			
Current assets;			
Cash and deposits	20,707	23,548	2,841
Trade notes and accounts receivable	274,348	301,035	26,687
Inventories	101,350	110,908	9,558
Deferred tax asset	3,154	1,196	(1,958)
Others	24,714	32,227	7,513
Allowance for doubtful receivables	(1,071)	(934)	137
Total current assets	423,204	467,982	44,778
Fixed assets;			
Property and equipment;			
Buildings and structures	11,336	18,660	7,324
Land	29,248	30,483	1,235
Others	6,456	7,243	787
Total property and equipment	47,041	56,387	9,346
Intangible assets	684	629	(55)
Investments and other assets;			
Investment securities	41,533	36,765	(4,768)
Long-term loans receivable	188	150	(38)
Deferred tax asset	91	234	143
Others	22,731	22,602	(129)
Allowance for doubtful receivables	(2,677)	(2,347)	330
Total investments and other assets	61,867	57,405	(4,462)
Total fixed assets	109,593	114,422	4,829
Total assets	532,797	582,404	49,607
Liabilities;			
Current liabilities;			
Trade notes and accounts payable	156,546	186,810	30,264
Short-term loans payable	90,942	90,412	(530)
Commercial paper	18,000	15,000	(3,000)
Current portion of bonds payable	250	35	(215)
Income taxes payable	442	1,666	1,224
Accrued bonuses	1,766	1,916	150
Others	20,125	23,896	3,771
Total current liabilities	288,073	319,735	31,662
Long-term liabilities;			
Bonds payable	10,000	20,050	10,050
Long-term loans payable	115,075	116,738	1,663
Deferred tax liabilities	1,803	2,634	831
Deferred tax liabilities by land revaluation	2,684	2,351	(333)
Allowance for retirement benefits	133	191	58
Others	4,568	4,745	177
Total long-term liabilities	134,265	146,712	12,447
Total liabilities	422,338	466,448	44,110
Net assets;			
Shareholders' equity;			
Common stock	45,651	45,651	—
Capital surplus	4	4	—
Retained earnings	67,608	69,978	2,370
Treasury stock	(1,423)	(1,425)	(2)
Total shareholders' equity	111,840	114,209	2,369
Accumulated other comprehensive income			
Net unrealized holding gains on securities	952	2,084	1,132
Deferred hedge profit and loss	106	353	247
Land revaluation difference	(183)	149	332
Foreign currency translation adjustments	(2,935)	(3,168)	(233)
Total accumulated other comprehensive income	(2,058)	(580)	1,478
Minority interests	677	2,326	1,649
Total net assets	110,458	115,956	5,498
Total liabilities and net assets	532,797	582,404	49,607

Financial Results for the Fiscal Year ended March 31, 2012

《Consolidated Statements of Income and Comprehensive Income》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Year ended March 31, 2011	Year ended March 31, 2012	Increase (Decrease)
Net sales	1,396,103	1,564,250	168,147
Cost of sales	1,352,359	1,517,904	165,545
Gross profit	43,744	46,346	2,602
Selling, general and administrative expenses	29,890	31,369	1,479
Operating income	13,853	14,976	1,123
Other income;			
Interest income	672	787	115
Dividend income	524	389	(135)
Foreign exchange gain	1,526	725	(801)
Others	1,406	1,099	(307)
Total other income	4,130	3,002	(1,128)
Other expenses;			
Interest expenses	2,821	3,043	222
Others	1,672	1,819	147
Total other expenses	4,493	4,862	369
Ordinary income	13,490	13,116	(374)
Extraordinary loss;			
Loss on impairment of long-lived assets	429	—	(429)
Loss on disaster	264	—	(264)
Loss on sale of investments securities	—	1,071	1,071
Loss on devaluation of investments securities	2,791	3,598	807
Total extraordinary loss	3,485	4,670	1,185
Income before income taxes and minority interest	10,005	8,445	(1,560)
Income, inhabitant & business tax – current	407	1,893	1,486
Income tax expense–deferred	3,747	1,816	(1,931)
Total extraordinary loss	4,154	3,710	(444)
Income before minority interest	5,850	4,735	(1,115)
Minority interest in net income	56	102	46
Net income	5,793	4,632	(1,161)
Minority interest in net income	56	102	46
Income before minority interest	5,850	4,735	(1,115)
Other Comprehensive Income			
Net unrealized holding gains on securities	63	1,132	1,069
Deferred hedge profit and loss	878	246	(632)
Land revaluation difference	—	333	333
Foreign currency translation adjustments	(688)	(232)	456
Total other comprehensive Income	253	1,479	1,226
Comprehensive Income	6,104	6,214	110
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	6,108	6,111	3
Comprehensive income attributable to minority interests	(4)	103	107

Financial Results for the Fiscal Year ended March 31, 2012

《Consolidated Statements of Changes in Net Assets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>					<i>Millions of yen</i>					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

	<i>Millions of yen</i>					<i>Millions of yen</i>					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, 2011	45,651	4	67,608	(1,423)	111,840	952	106	(183)	(2,935)	(2,058)	677	110,458
Increase (decrease) during the term:												
Cash dividends paid			(2,487)		(2,487)							(2,487)
Net income			4,632		4,632							4,632
Purchase of treasury stocks				(1)	(1)							(1)
Deposition of treasury stocks		0		0	0							0
Effect from change in scope of consolidated subsidiaries			225		225							225
Net increase (decrease) during the term, except for items under shareholders' equity						1,132	246	333	(233)	1,478	1,649	3,128
Total increase (decrease)	-	0	2,370	(1)	2,369	1,132	246	333	(233)	1,478	1,649	5,497
Balance at March 31, 2012	45,651	4	69,978	(1,425)	114,209	2,084	353	149	(3,168)	(580)	2,326	115,956

Financial Results for the Fiscal Year ended March 31, 2012

《Consolidated Statements of Cash Flows》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Year ended March 31, 2011	Year ended March 31, 2012	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	10,005	8,445	(1,560)
Depreciation and amortization	2,704	2,717	13
Loss on impairment of long-lived assets	429	—	(429)
Increase(decrease) in allowance for doubtful receivables	(132)	(467)	(335)
Interest and dividend income	(1,196)	(1,176)	20
Interest expense	2,821	3,043	222
Loss on disaster	264	—	(264)
Loss on sale of investments securities	—	1,071	1,071
Loss on devaluation of investments securities	2,791	3,598	807
(Increase)decrease in trade receivables	(55,819)	(24,719)	31,100
(Increase)decrease in inventories	(29,302)	(7,522)	21,780
Increase(decrease) in trade notes and accounts payable	19,264	30,289	11,025
Other, net	906	(816)	(1,722)
Sub total	(47,263)	14,465	61,728
Interest and dividends received	1,198	1,155	(43)
Interest paid	(2,836)	(2,996)	(160)
Income taxes paid	1,953	(653)	(2,606)
Net cash provided by (used in) operating activities	(46,948)	11,970	58,918
Cash flows from investing activities:			
Payment for time deposits	(262)	(447)	(185)
Proceeds from refund of time deposits	288	588	300
Payment for purchase of property and equipment	(3,227)	(9,063)	(5,836)
Proceeds from sale of property and equipment	26	151	125
Payment for purchase of investment securities	(3,056)	(6,419)	(3,363)
Proceeds from sale of investment securities	155	4,346	4,191
Net increase(decrease) from purchase of consolidated subsidiaries	1,283	—	(1,283)
(Increase)decrease in short – term loans receivable, net	(1,525)	(631)	894
Increase in long – term loans receivable	(6)	(4)	2
Collection of long-term loans receivable	90	56	(34)
Other, net	(1,377)	(586)	791
Net cash used in investing activities	(7,610)	(12,009)	(4,399)
Cash flows from financing activities:			
Increase(decrease) in short-term loans, net	50,831	(2,515)	(53,346)
Increase(decrease) in commercial paper, net	17,000	(3,000)	(20,000)
Proceeds from long-term debt	10,820	11,750	930
Repayments of long-term debt	(24,348)	(11,395)	12,953
Proceeds from issuance of bonds	9,954	9,955	1
Redemption of issuance of bonds	(10,210)	(316)	9,894
Payment for cash dividends	(2,489)	(2,489)	—
Cash dividends paid to minority interest in consolidated subsidiaries	(4)	(47)	(43)
Other, net	(282)	(344)	(62)
Net cash provided by (used in) financing activities	51,271	1,596	(49,675)
Effect of exchange rate changes on cash and cash equivalents	(640)	(172)	468
Net increase(decrease) in cash and cash equivalents	(3,928)	1,384	5,312
Cash and cash equivalents at beginning of year	24,514	20,586	(3,928)
Cash and cash equivalents from newly consolidated subsidiaries	—	1,440	1,440
Cash and cash equivalents at end of year	20,586	23,411	2,825

Financial Results for the Fiscal Year ended March 31, 2012

《Segment information》

Overview of the reportable segments

The Group's reportable segments are determined on the basis that separate financial information for such segments is available and examined periodically by the Board of Directors, which makes decisions regarding the allocation of management resources and assesses the business performances of such segments.

The Group's main business is buying and selling of various products with a focus on steel, and the business department, which is divided according to products handled or service contents, mainly carries out business activities. For this reason, the Group consists of business segments with the business department as the basis. The 5 reportable segments are "steel business," "metal and alloy business," "non-ferrous metal business," "food business," and "petroleum and chemical business."

The main products and services that fall under these reportable segments are listed below.

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

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

Non-ferrous metals: Aluminum, copper, and zinc (recycling business)

Foods: Sea foods

Petroleum and chemicals: Petroleum products, industrial chemicals, and chemicals

Sales, income/loss, assets, liability, and other amounts by reportable segment

(Rounded down to millions of yen)

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	2,704
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)	2,821
Property, plant and equipment and Intangible assets increase	2,480	224	63	18	204	2,991	759	3,751	94	3,846

Year ended March 31, 2012

Millions of yen

	Reportable segment						Other	Total	Adjustment	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Sub-total				
Net sales										
Customers	728,845	124,134	60,475	91,051	456,876	1,461,383	102,867	1,564,250	—	1,564,250
Inter-segment	16,185	2,145	1,578	658	702	21,270	36,950	58,221	(58,221)	—
Total	745,031	126,279	62,054	91,709	457,578	1,482,653	139,818	1,622,472	(58,221)	1,564,250
Segment income(loss)	9,349	1,286	851	1,180	2,671	15,340	1,689	17,030	(3,913)	13,116
Segment assets	309,805	57,253	18,286	41,979	72,601	499,927	47,718	547,645	34,758	582,404
Other										
Depreciation	1,725	128	38	29	95	2,018	627	2,645	72	2,717
Interest income	220	82	1	0	121	426	72	498	289	787
Interest expenses	1,689	702	175	118	465	3,151	481	3,633	(589)	3,043
Property, plant and equipment and Intangible assets increase	10,018	338	27	17	118	10,519	588	11,108	71	11,179

Notes:

1. "Other" comprises businesses that are not included in reportable segments, such as lumber section, machinery section and overseas sales subsidiaries.
2. Adjustments are as follows:
 - (1) Adjustments for segment income include intersegment elimination and Group costs that have not been distributed to reportable segments. These group costs consist mainly of expenses of administrative departments.
 - (2) Adjustments for segment assets include Group assets that have not been distributed to reportable segments. These group assets consist mainly of cash and cash equivalents, investment securities and assets of administrative departments.
 - (3) Adjustments for depreciation include mainly depreciation and amortization expenses of group assets.
 - (4) Adjustments for interest income and interest expenses include intersegment elimination, revenue and expense that have not been distributed to reportable segments.
 - (5) Adjustments for property, plant and equipment and intangible assets increase are increases in Group assets.

* 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).