

Financial Results for the First Quarter ended June 30, 2012

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

August 7, 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: August 14, 2012

1. Consolidated financial results for the first quarter ended June 30, 2012

(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, 2012	373,322	(2.7)	3,185	(30.9)	2,891	(35.8)	-135	-
ended June 30, 2011	383,605	16.2	4,607	1.4	4,502	(22.8)	2,494	(21.3)

Note: Comprehensive income For the first quarter ended June 30, 2012 -221 million yen - %
For the first quarter ended June 30, 2011 2,112 million yen 202.1 %

	Net income per share	Net income per share(diluted)
	(yen)	(yen)
For the first quarter ended June 30, 2012	-0.65	-
ended June 30, 2011	12.03	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
June 30, 2012	553,487	114,735	20.3	542.28
March 31, 2012	582,404	115,956	19.5	548.22

Note: Shareholders' equity As of June 30, 2012 112,397 million yen
As of March 31, 2012 113,629 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, 2012	-	6.00	-	6.00	12.00
Year ending March 31, 2013 (estimated)	-	6.00	-	6.00	12.00

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 First Quarter ended June 30, 2012

《Consolidated Balance Sheets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	March 31, 2012	June 30, 2012	Increase(Decrease)
Assets			
Current assets;			
Cash and deposits	23,548	19,722	(3,826)
Trade notes and accounts receivable	301,035	290,823	(10,212)
Inventories	110,908	101,444	(9,464)
Others	33,423	31,222	(2,201)
Allowance for doubtful receivables	(934)	(1,021)	(87)
Total current assets	467,982	442,191	(25,791)
Fixed assets;			
Property and equipment;			
Land	30,483	30,500	17
Others	25,903	26,011	108
Total property and equipment	56,387	56,511	124
Intangible assets	629	622	(7)
Investments and other assets;			
Investment securities	36,765	33,419	(3,346)
Others	22,987	23,024	37
Allowance for doubtful receivables	(2,347)	(2,283)	64
Total investments and other assets	57,405	54,160	(3,245)
Total fixed assets	114,422	111,295	(3,127)
Total assets	582,404	553,487	(28,917)
Liabilities;			
Current liabilities;			
Trade notes and accounts payable	186,810	160,147	(26,663)
Short-term loans payable	90,412	85,990	(4,422)
Commercial paper	15,000	10,000	(5,000)
Current portion of bonds payable	35	35	—
Income taxes payable	1,666	374	(1,292)
Accrued bonuses	1,916	1,000	(916)
Others	23,896	24,253	357
Total current liabilities	319,735	281,801	(37,934)
Long-term liabilities;			
Bonds payable	20,050	30,050	10,000
Long-term loans payable	116,738	116,869	131
Employees' retirement benefits	191	206	15
Others	9,732	9,824	92
Total long-term liabilities	146,712	156,950	10,238
Total liabilities	466,448	438,752	(27,696)
Net assets;			
Shareholders' equity;			
Common stock	45,651	45,651	—
Capital surplus	4	4	—
Retained earnings	69,978	68,865	(1,113)
Treasury stock	(1,425)	(1,425)	—
Total shareholders' equity	114,209	113,096	(1,113)
Accumulated other comprehensive income			
Net unrealized holding gains on securities	2,084	1,930	(154)
Deferred hedge profit and loss	353	236	(117)
Land revaluation difference	149	149	—
Foreign currency translation adjustments	(3,168)	(3,015)	153
Total accumulated other comprehensive income	(580)	(698)	(118)
Minority interests	2,326	2,337	11
Total net assets	115,956	114,735	(1,221)
Total liabilities and net assets	582,404	553,487	(28,917)

Financial Results for the First Quarter ended June 30, 2012

《Consolidated Statements of Income and Comprehensive Income》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	First quarter ended June 30, 2011	First quarter ended June 30, 2012	Increase(Decrease)
Net sales	383,605	373,322	(10,283)
Cost of sales	371,089	362,253	(8,836)
Gross profit	12,515	11,068	(1,447)
Selling, general and administrative expenses	7,908	7,883	(25)
Operating income	4,607	3,185	(1,422)
Other income;			
Interest income	195	201	6
Dividend income	240	256	16
Foreign exchange gain	175	—	(175)
Others	268	323	55
Total other income	879	781	(98)
Other expenses;			
Interest expenses	739	757	18
Others	245	318	73
Total other expenses	985	1,075	90
Ordinary income	4,502	2,891	(1,611)
Extraordinary loss;			
Loss on devaluation of investments securities	—	3,174	3,174
Total extraordinary loss	—	3,174	3,174
Income before income taxes and minority interest	4,502	(283)	(4,785)
Income taxes	1,915	(139)	(2,054)
Income before minority interest	2,586	(143)	(2,729)
Minority interest in net income	92	(8)	(100)
Net income	2,494	(135)	(2,629)
Minority interest in net income	92	(8)	(100)
Income before minority interest	2,586	(143)	(2,729)
Other Comprehensive Income			
Net unrealized holding gains on securities	(628)	(154)	474
Deferred hedge profit and loss	85	(116)	(201)
Foreign currency translation adjustments	69	193	124
Total other comprehensive Income	(474)	(77)	397
Comprehensive Income	2,112	(221)	(2,333)
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	1,999	(253)	(2,252)
Comprehensive income attributable to minority interests	112	32	(80)

Financial Results for the First Quarter ended June 30, 2012

《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, 2011 and 2012, is as follows:

(Rounded down to millions of yen)

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

First quarter ended June 30, 2012

Millions of yen

	Reportable segment						Other	Total	Adjustment	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Sub-total				
Net sales										
Customers	174,151	27,891	15,999	22,145	100,835	341,023	32,298	373,322	—	373,322
Inter-segment	4,001	556	464	115	1,569	6,706	11,357	18,063	(18,063)	—
Total	178,152	28,448	16,463	22,260	102,404	347,730	43,655	391,386	(18,063)	373,322
Segment income(loss)	1,764	983	490	157	570	3,966	698	4,665	(1,773)	2,891