

Financial Results for the Second Quarter ended September 30, 2012

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

November 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: November 14, 2012 The date of payout of dividend: December 5, 2012
(Rounded down to millions of yen)

1. Consolidated financial results for the second quarter ended September 30, 2012

(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 second quarter ended September 30, 2012	735,573	(3.6)	5,032	(50.2)	4,206	(58.4)	(87)	-
ended September 30, 2011	762,648	17.8	10,109	49.8	10,109	37.4	3,822	(2.8)

Note: Comprehensive income For the second quarter ended September 30, 2012 (1,833) million yen - %
For the second quarter ended September 30, 2011 3,556 million yen 329.0 %

	Net income per share	Net income per share(diluted)
	(yen)	(yen)
For the first quarter ended September 30, 2012	(0.42)	-
ended September 30, 2011	18.44	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
September 30, 2012	538,217	113,077	20.6	534.55
March 31, 2012	582,404	115,956	19.5	548.22

Note: Shareholders' equity As of September 30, 2012 110,793 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)	-	4.00	-	6.00	10.00

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	1,486,000	(5.0)	12,300	(17.9)	10,600	(19.2)	3,900	(15.8)	18.82

* 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 Second Quarter ended September 30, 2012

《Consolidated Balance Sheets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	March 31, 2012	September 30, 2012	Increase(Decrease)
Assets			
Current assets;			
Cash and deposits	23,548	19,456	(4,092)
Trade notes and accounts receivable	301,035	289,071	(11,964)
Inventories	110,908	91,419	(19,489)
Others	33,423	29,690	(3,733)
Allowance for doubtful receivables	(934)	(855)	79
Total current assets	467,982	428,782	(39,200)
Fixed assets;			
Property and equipment;			
Land	30,483	30,490	7
Others	25,903	25,709	(194)
Total property and equipment	56,387	56,200	(187)
Intangible assets	629	628	(1)
Investments and other assets;			
Investment securities	36,765	32,108	(4,657)
Others	22,987	22,925	(62)
Allowance for doubtful receivables	(2,347)	(2,427)	(80)
Total investments and other assets	57,405	52,605	(4,800)
Total fixed assets	114,422	109,434	(4,988)
Total assets	582,404	538,217	(44,187)
Liabilities;			
Current liabilities;			
Trade notes and accounts payable	186,810	156,379	(30,431)
Short-term loans payable	90,412	70,951	(19,461)
Commercial paper	15,000	11,000	(4,000)
Current portion of bonds payable	35	10,000	9,965
Income taxes payable	1,666	424	(1,242)
Accrued bonuses	1,916	1,575	(341)
Others	23,896	24,689	793
Total current liabilities	319,735	275,020	(44,715)
Long-term liabilities;			
Bonds payable	20,050	20,050	—
Long-term loans payable	116,738	120,267	3,529
Employees' retirement benefits	191	201	10
Others	9,732	9,601	(131)
Total long-term liabilities	146,712	150,120	3,408
Total liabilities	466,448	425,140	(41,308)
Net assets;			
Shareholders' equity;			
Common stock	45,651	45,651	—
Capital surplus	4	4	—
Retained earnings	69,978	68,887	(1,091)
Treasury stock	(1,425)	(1,425)	—
Total shareholders' equity	114,209	113,117	(1,092)
Accumulated other comprehensive income			
Net unrealized holding gains on securities	2,084	1,189	(895)
Deferred hedge profit and loss	353	(404)	(757)
Land revaluation difference	149	149	—
Foreign currency translation adjustments	(3,168)	(3,259)	(91)
Total accumulated other comprehensive income	(580)	(2,324)	(1,744)
Minority interests	2,326	2,283	(43)
Total net assets	115,956	113,077	(2,879)
Total liabilities and net assets	582,404	538,217	(44,187)

Financial Results for the Second Quarter ended September 30, 2012

《Consolidated Statements of Income and Comprehensive Income》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Second quarter ended September 30, 2011	Second quarter ended September 30, 2012	Increase(Decrease)
Net sales	762,648	735,573	(27,075)
Cost of sales	736,811	714,907	(21,904)
Gross profit	25,837	20,665	(5,172)
Selling, general and administrative expenses	15,727	15,633	(94)
Operating income	10,109	5,032	(5,077)
Other income;			
Interest income	401	402	1
Dividend income	263	286	23
Foreign exchange gain	850	125	(725)
Others	619	481	(138)
Total other income	2,134	1,296	(838)
Other expenses;			
Interest expenses	1,468	1,468	—
Others	666	653	(13)
Total other expenses	2,134	2,121	(13)
Ordinary income	10,109	4,206	(5,903)
Extraordinary loss;			
Loss on impairment of long-lived assets	—	255	255
Loss on devaluation of investments securities	3,307	4,102	795
Total extraordinary loss	3,307	4,358	1,051
Income before income taxes and minority interest	6,802	(151)	(6,953)
Income taxes	2,859	(54)	(2,913)
Income before minority interest	3,942	(97)	(4,039)
Minority interest in net income	120	(10)	(130)
Net income	3,822	(87)	(3,909)
Minority interest in net income	120	(10)	(130)
Income before minority interest	3,942	(97)	(4,039)
Other Comprehensive Income			
Net unrealized holding gains on securities	(672)	(895)	(223)
Deferred hedge profit and loss	630	(757)	(1,387)
Foreign currency translation adjustments	(344)	(83)	261
Total other comprehensive Income	(386)	(1,736)	(1,350)
Comprehensive Income	3,556	(1,833)	(5,389)
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	3,427	(1,831)	(5,258)
Comprehensive income attributable to minority interests	129	(2)	(131)

Financial Results for the Second Quarter ended September 30, 2012

《Consolidated Statements of Cash Flows》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Second quarter ended September 30, 2011	Second quarter ended September 30, 2012	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	6,802	(151)	(6,953)
Depreciation and amortization	1,313	1,575	262
Loss on impairment of long-lived assets	—	255	255
Increase(decrease) in allowance for doubtful receivables	(289)	(148)	141
Interest and dividend income	(664)	(688)	(24)
Interest expense	1,468	1,468	—
Loss on devaluation of investments securities	3,307	4,102	—
(Increase)decrease in trade receivables	(5,264)	16,011	21,275
(Increase)decrease in inventories	(5,396)	21,296	26,692
Increase(decrease) in trade notes and accounts payable	4,599	(32,150)	(36,749)
Other, net	(1,170)	4,495	5,665
Sub total	4,705	16,066	11,361
Interest and dividends received	655	646	(9)
Interest paid	(1,421)	(1,488)	(67)
Income taxes paid	(202)	(1,389)	(1,187)
Net cash provided by (used in) operating activities	3,736	13,834	10,098
Cash flows from investing activities:			
Payment for time deposits	(86)	(267)	(181)
Proceeds from refund of time deposits	204	265	61
Payment for purchase of property and equipment	(3,873)	(2,765)	1,108
Proceeds from sale of property and equipment	141	26	(115)
Payment for purchase of investment securities	(2,175)	(1,041)	1,134
Proceeds from sale and redemption of investment securities	20	2,507	2,487
(Increase)decrease in short – term loans receivable, net	(433)	(893)	(460)
Increase in long – term loans receivable	(0)	(1)	(1)
Collection of long-term loans receivable	—	19	19
Other, net	24	(408)	(432)
Net cash used in investing activities	(6,178)	(2,557)	3,621
Cash flows from financing activities:			
Increase(decrease) in short-term loans, net	(10,701)	(24,279)	(13,578)
Increase(decrease) in commercial paper, net	—	(4,000)	(4,000)
Proceeds from long-term debt	2,500	11,100	8,600
Repayments of long-term debt	(97)	(6,831)	(6,734)
Proceeds from issuance of bonds	9,955	9,955	—
Payment for redemption of bonds	(283)	(35)	248
Payment for cash dividends	(1,244)	(1,244)	—
Cash dividends paid to minority interest in consolidated subsidiaries	(47)	(40)	7
Other, net	(190)	(182)	8
Net cash provided by (used in) financing activities	(110)	(15,557)	(15,447)
Effect of exchange rate changes on cash and cash equivalents	(506)	(261)	245
Net increase(decrease) in cash and cash equivalents	(3,058)	(4,541)	(1,483)
Cash and cash equivalents at beginning of year	20,586	23,411	2,825
Cash and cash equivalents from newly consolidated subsidiaries	1,440	420	(1,020)
Increase in cash and cash equivalents resulting from mergers with unconsolidated subsidiaries	—	28	28
Cash and cash equivalents at end of period	18,968	19,317	349

Financial Results for the Second Quarter ended September 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 second quarter ended September 30, 2011 and 2012, is as follows:
(Rounded down to millions of yen)

Second quarter ended September 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	356,387	67,736	32,419	45,848	203,170	705,563	57,085	762,648	—	762,648
Inter-segment	10,212	612	1,134	382	177	12,519	19,959	32,479	(32,479)	—
Total	366,600	68,349	33,553	46,231	203,348	718,082	77,044	795,127	(32,479)	762,648
Segment income(loss)	4,366	2,305	1,587	949	1,328	10,537	1,422	11,960	(1,850)	10,109

Second quarter ended September 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	346,305	49,408	31,882	45,782	201,368	674,746	60,827	735,573	—	735,573
Inter-segment	9,313	1,213	897	326	2,868	14,619	21,849	36,469	(36,469)	—
Total	355,618	50,622	32,779	46,109	204,236	689,366	82,676	772,043	(36,469)	735,573
Segment income(loss)	3,941	1,248	389	401	319	6,300	673	6,974	(2,767)	4,206