

Financial Results for the Fiscal Year ended March 31, 2013

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

May 13, 2013

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 Shareholders' Meeting: June 27, 2013 The date of payout of dividend: June 28, 2013
 The date of issue of audited financial statements: June 28, 2013

(Rounded down to millions of yen)

1. Consolidated financial results for the fiscal year ended March 31, 2013

(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, 2013	1,511,324	(3.4)	12,491	(16.6)	8,871	(32.4)	4,720	1.9
Year ended March 31, 2012	1,564,250	12.0	14,976	8.1	13,116	(2.8)	4,632	(20.0)

Note: Comprehensive income Year ended March 31, 2013 6,600 million yen 6.2%
 Year ended March 31, 2012 6,214 million yen 1.8%

	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, 2013	22.78	—	4.1	1.6	0.8
Year ended March 31, 2012	22.35	—	4.1	2.4	1.0

Note: Equity in earnings of unconsolidated subsidiaries and affiliates Year ended March 31, 2013 — million yen
 Year ended March 31, 2012 — 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, 2013	552,908	120,674	21.4	570.50
March 31, 2012	582,404	115,956	19.5	548.22

Note: Shareholders' equity As of March 31, 2013 118,232 million yen
 As of March 31, 2012 113,629 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, 2013	19,380	(5,106)	(16,363)	23,198
Year ended March 31, 2012	11,970	(12,009)	1,596	23,411

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, 2012	—	6.00	—	6.00	12.00	2,487	53.7	2.2
Year ended March 31, 2013	—	4.00	—	8.00	12.00	2,486	52.7	2.1
Year ending March 31, 2014 (estimated)	—	6.00	—	6.00	12.00		33.2	

3. Forecast of consolidated financial results for fiscal year ending March 31, 2014 (% 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	5.9	14,700	17.7	12,500	40.9	7,500	58.9	36.19

* 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, 2013

《Consolidated Balance Sheets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	March 31, 2012	March 31, 2013	Increase(Decrease)
Assets			
Current assets;			
Cash and deposits	23,548	23,285	(263)
Trade notes and accounts receivable	301,035	293,752	(7,283)
Inventories	110,908	96,609	(14,299)
Deferred tax asset	1,196	2,164	968
Others	32,227	20,340	(11,887)
Allowance for doubtful receivables	(934)	(852)	82
Total current assets	467,982	435,301	(32,681)
Fixed assets;			
Property and equipment;			
Buildings and structures	18,660	17,771	(889)
Land	30,483	29,582	(901)
Others	7,243	7,713	470
Total property and equipment	56,387	55,067	(1,320)
Intangible assets	629	736	107
Investments and other assets;			
Investment securities	36,765	39,317	2,552
Long-term loans receivable	150	129	(21)
Deferred tax asset	234	300	66
Others	22,602	25,135	2,533
Allowance for doubtful receivables	(2,347)	(3,080)	(733)
Total investments and other assets	57,405	61,802	4,397
Total fixed assets	114,422	117,607	3,185
Total assets	582,404	552,908	(29,496)
Liabilities;			
Current liabilities;			
Trade notes and accounts payable	186,810	164,301	(22,509)
Short-term loans payable	90,412	113,500	23,088
Commercial paper	15,000	11,000	(4,000)
Current portion of bonds payable	35	10,050	10,015
Income taxes payable	1,666	2,971	1,305
Accrued bonuses	1,916	1,891	(25)
Others	23,896	18,247	(5,649)
Total current liabilities	319,735	321,962	2,227
Long-term liabilities;			
Bonds payable	20,050	20,000	(50)
Long-term loans payable	116,738	80,625	(36,113)
Deferred tax liabilities	2,634	2,178	(456)
Deferred tax liabilities by land revaluation	2,351	2,384	33
Allowance for retirement benefits	191	220	29
Others	4,745	4,862	117
Total long-term liabilities	146,712	110,270	(36,442)
Total liabilities	466,448	432,233	(34,215)
Net assets;			
Shareholders' equity;			
Common stock	45,651	45,651	—
Capital surplus	4	4	—
Retained earnings	69,978	72,867	2,889
Treasury stock	(1,425)	(1,434)	(9)
Total shareholders' equity	114,209	117,088	2,879
Accumulated other comprehensive income			
Net unrealized holding gains on securities	2,084	2,667	583
Deferred hedge profit and loss	353	120	(233)
Land revaluation difference	149	116	(33)
Foreign currency translation adjustments	(3,168)	(1,761)	1,407
Total accumulated other comprehensive income	(580)	1,143	1,723
Minority interests	2,326	2,442	116
Total net assets	115,956	120,674	4,718
Total liabilities and net assets	582,404	552,908	(29,496)

Financial Results for the Fiscal Year ended March 31, 2013

《Consolidated Statements of Income and Comprehensive Income》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Year ended March 31, 2012	Year ended March 31, 2013	Increase (Decrease)
Net sales	1,564,250	1,511,324	(52,926)
Cost of sales	1,517,904	1,466,562	(51,342)
Gross profit	46,346	44,762	(1,584)
Selling, general and administrative expenses	31,369	32,271	902
Operating income	14,976	12,491	(2,485)
Other income;			
Interest income	787	777	(10)
Dividend income	389	564	175
Foreign exchange gain	725	—	(725)
Others	1,099	774	(325)
Total other income	3,002	2,116	(886)
Other expenses;			
Interest expenses	3,043	2,908	(135)
Foreign exchange loss	—	1,239	1,239
Others	1,819	1,587	(232)
Total other expenses	4,862	5,736	874
Ordinary income	13,116	8,871	(4,245)
Extraordinary loss;			
Loss on impairment of long-lived assets	—	255	255
Loss on sale of investments securities	1,071	—	(1,071)
Loss on devaluation of investments securities	3,598	1,295	(2,303)
Loss on devaluation of investment in limited liability company and partnership	—	127	127
Loss on disposal of property and equipment	—	375	375
Total extraordinary loss	4,670	2,053	(2,617)
Income before income taxes and minority interest	8,445	6,817	(1,628)
Income, inhabitant & business tax – current	1,893	3,683	1,790
Income tax expense—deferred	1,816	(1,649)	(3,465)
Total extraordinary loss	3,710	2,033	(1,677)
Income before minority interest	4,735	4,783	48
Minority interest in net income	102	62	(40)
Net income	4,632	4,720	88
Minority interest in net income	102	62	(40)
Income before minority interest	4,735	4,783	48
Other Comprehensive Income			
Net unrealized holding gains on securities	1,132	582	(550)
Deferred hedge profit and loss	246	(232)	(478)
Land revaluation difference	333	(33)	(366)
Foreign currency translation adjustments	(232)	1,500	1,732
Total other comprehensive Income	1,479	1,816	337
Comprehensive Income	6,214	6,600	386
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	6,111	6,444	333
Comprehensive income attributable to minority interests	103	156	53

Financial Results for the Fiscal Year ended March 31, 2013

《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, 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

	<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, 2012	45,651	4	69,978	(1,425)	114,209	2,084	353	149	(3,168)	(580)	2,326	115,956
Increase (decrease) during the term:												
Cash dividends paid			(2,072)		(2,072)							(2,072)
Net income			4,720		4,720							4,720
Purchase of treasury stocks				(10)	(10)							(10)
Deposition of treasury stocks		0		0	0							0
Effect from change in scope of consolidated subsidiaries			241		241							241
Net increase (decrease) during the term, except for items under shareholders' equity						582	(232)	(33)	1,407	1,723	115	1,838
Total increase (decrease)	—	0	2,889	(9)	2,879	582	(232)	(33)	1,407	1,723	115	4,718
Balance at March 31, 2013	45,651	4	72,867	(1,434)	117,088	2,667	120	116	(1,761)	1,143	2,442	120,674

Financial Results for the Fiscal Year ended March 31, 2013

《Consolidated Statements of Cash Flows》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Year ended March 31, 2012	Year ended March 31, 2013	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	8,445	6,817	(1,628)
Depreciation and amortization	2,717	3,304	587
Loss on impairment of long-lived assets	—	255	255
Increase(decrease) in allowance for doubtful receivables	(467)	471	938
Interest and dividend income	(1,176)	(1,341)	(165)
Interest expense	3,043	2,908	(135)
Loss on sale of investments securities	1,071	—	(1,071)
Loss on devaluation of investments securities	3,598	1,295	(2,303)
Loss on devaluation of investment in limited liability company and partnership	—	127	127
Loss on disposal of property and equipment	—	375	375
(Increase)decrease in trade receivables	(24,719)	14,386	39,105
(Increase)decrease in inventories	(7,522)	18,093	25,615
Increase(decrease) in trade notes and accounts payable	30,289	(25,965)	(56,254)
Other, net	(816)	2,354	3,170
Sub total	14,465	23,083	8,618
Interest and dividends received	1,155	1,350	195
Interest paid	(2,996)	(2,916)	80
Income taxes paid	(653)	(2,137)	(1,484)
Net cash provided by (used in) operating activities	11,970	19,380	7,410
Cash flows from investing activities:			
Payment for time deposits	(447)	(396)	51
Proceeds from refund of time deposits	588	451	(137)
Payment for purchase of property and equipment	(9,063)	(4,028)	5,035
Proceeds from sale of property and equipment	151	923	772
Payment for purchase of investment securities	(6,419)	(2,831)	3,588
Proceeds from sale of investment securities	4,346	2,516	(1,830)
(Increase)decrease in short – term loans receivable, net	(631)	(566)	65
Increase in long – term loans receivable	(4)	(8)	(4)
Collection of long-term loans receivable	56	36	(20)
Other, net	(586)	(1,204)	(618)
Net cash used in investing activities	(12,009)	(5,106)	6,903
Cash flows from financing activities:			
Increase(decrease) in short-term loans, net	(2,515)	(26,360)	(23,845)
Increase(decrease) in commercial paper, net	(3,000)	(4,000)	(1,000)
Proceeds from long-term debt	11,750	35,500	23,750
Repayments of long-term debt	(11,395)	(28,896)	(17,501)
Proceeds from issuance of bonds	9,955	9,955	—
Redemption of issuance of bonds	(316)	(35)	281
Payment for cash dividends	(2,489)	(2,075)	414
Cash dividends paid to minority interest in consolidated subsidiaries	(47)	(40)	7
Other, net	(344)	(411)	(67)
Net cash provided by (used in) financing activities	1,596	(16,363)	(17,959)
Effect of exchange rate changes on cash and cash equivalents	(172)	1,428	1,600
Net increase(decrease) in cash and cash equivalents	1,384	(661)	(2,045)
Cash and cash equivalents at beginning of year	20,586	23,411	2,825
Increase in 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 year	23,411	23,198	(213)

Financial Results for the Fiscal Year ended March 31, 2013

《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, 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

Year ended March 31, 2013

Millions of yen

	Reportable segment						Other	Total	Adjustment	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Sub-total				
Net sales										
Customers	701,499	91,898	71,516	83,098	438,111	1,386,122	125,201	1,511,324	—	1,511,324
Inter-segment	16,671	2,867	1,757	702	6,169	28,168	42,292	70,461	(70,461)	—
Total	718,170	94,766	73,273	83,800	444,280	1,414,291	167,494	1,581,786	(70,461)	1,511,324
Segment income(loss)	9,598	320	686	747	1,673	13,026	1,222	14,248	(5,377)	8,871
Segment assets	289,773	48,920	19,304	30,668	68,870	457,537	52,494	510,031	42,876	552,908
Other										
Depreciation	2,238	166	36	29	89	2,560	676	3,236	68	3,304
Interest income	209	101	0	0	135	447	77	524	252	777
Interest expenses	1,768	533	156	157	405	3,022	494	3,516	(608)	2,908
Property, plant and equipment and Intangible assets increase	2,389	35	28	44	50	2,549	707	3,256	63	3,320

Notes:

- "Other" comprises businesses that are not included in reportable segments, such as lumber section, machinery section and overseas sales subsidiaries.
- Adjustments are as follows:
 - 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.
 - 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.
 - Adjustments for depreciation include mainly depreciation and amortization expenses of group assets.
 - Adjustments for interest income and interest expenses include intersegment elimination, revenue and expense that have not been distributed to reportable segments.
 - Adjustments for property, plant and equipment and intangible assets increase are increases in Group assets.