

Highlights of Consolidated Financial Results for the FY2012

HANWA Co., Ltd.

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

Outline of Financial Results for the FY2012

As for this fiscal year, net sales has reached to 1,511.3 billion yen, decreased by 3%, due to decline in steel and metal prices. However, net income was 4.7 billion yen, increased by 2% from the previous year, mainly due to decrease in impairment losses on investment securities. We paid 4 yen as interim dividend and additional 8 yen will be paid as the end of this fiscal year dividend.

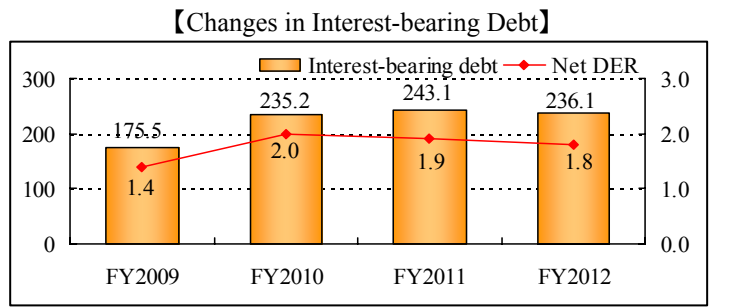
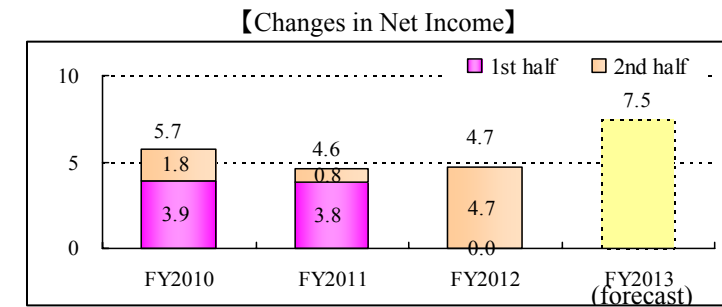
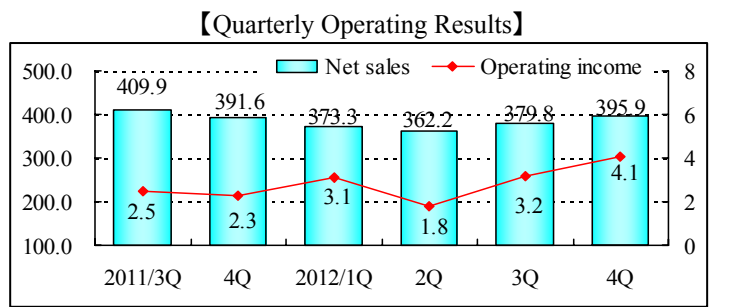
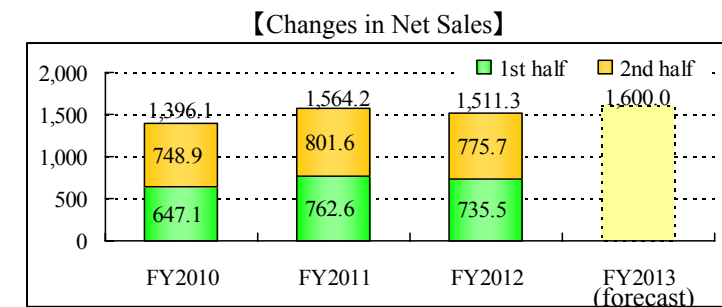
Operating Results	FY2012	FY2011	Year-on-year		Main Factors
			Change	rate	
Net sales	1,511.3	1,564.2	-52.9	-3%	(Net sales) Net sales amount has decreased by 3% from the previous year. Steel and non-ferrous metals businesses extended sales, however, sales prices dropped.
Gross profit	44.7	46.3	-1.6	-3%	
SG&A expenses	32.2	31.3	0.9	3%	(SG&A expenses) SG & A expenses increased by 3% from the previous year. Our personnel expenses increased by 0.5 billion yen due to increase in cost of providing pension benefits. Even without large amount of bad debts, 0.5 billion yen of provision of allowance for bad debt was posted for liquidation of the subsidiary in 2013.
Operating income	12.4	14.9	-2.5	-17%	
Non-operating income	2.1	3.0	-0.9	-30%	(Non-operating income/expenses) Non-operating income has decreased by 30% from the last year, mainly due to decrease of foreign exchange gain. On the other hand, non-operating expenses increased by 18% from increase of foreign exchange loss.
Non-operating expenses	5.7	4.8	0.9	18%	
Ordinary income	8.8	13.1	-4.3	-32%	(Extraordinary gain/loss) Due to declining stock markets, 1.2 billion yen were posted as impairment losses on investment securities. In addition, loss of 0.6 billion yen on impairment of long-lived assets was posted, associated with relocation of Osaka head office.
Extraordinary gain	—	—	—	—	
Extraordinary loss	2.0	4.6	-2.6	-56%	
Income before income taxes and others	6.8	8.4	-1.6	-19%	
Income taxes	2.0	3.7	-1.7	-45%	
Minority interests(loss)	0.0	0.1	-0.1	-39%	
Net income	4.7	4.6	0.1	2%	
EPS (yen)	22.78	22.35	0.43	2%	
Comprehensive income	6.6	6.2	0.4	6%	

Segment Information	Net sales			Segment income			Main Factors
	FY2012	FY2011	rate	FY2012	FY2011	rate	
Steel	718.1	745.0	-4%	9.5	9.3	3%	(Steel business) Although demands from manufacturing and construction sectors remained steady, the prices of steel products continued downward trend by third quarter. Therefore, our revenue decreased. On the other hand, segment income has slightly improved from exchange gain.
Metals & alloys	94.7	126.2	-25%	0.3	1.2	-75%	
Non-ferrous metals	73.2	62.0	18%	0.6	0.8	-19%	(Metals & alloys business) Markets of nikkel and ferroalloys in general has been soft, due to decrease in stainless steel demand. In addition, rising cost of scrap purchase and foreign exchange loss brought down on profit.
Foods	83.8	91.7	-9%	0.7	1.1	-37%	
Petroleum & chemicals	444.2	457.5	-3%	1.6	2.6	-37%	(Non-ferrous metals business) Although demand for metals was healthy, the prices remained downward trend. Our revenue increased due to increase in trade of noble metal scrap. However, profit decreased from exchange loss
Total for reportable segments	1,414.2	1,482.6	-5%	13.0	15.3	-15%	
Other	167.4	139.8	20%	1.2	1.6	-28%	(Foods business) Domestic demand remained low. Market price and demand have been in a sluggish, due to further decline in farmed salmon prices. The downturn in shrimp prices forced down our performance.
Total	1,581.7	1,622.4	-3%	14.2	17.0	-16%	
Adjustment	(70.4)	(58.2)	-21%	(5.3)	(3.9)	-37%	(Petroleum & chemicals business) International market of crude oil in general has been soft. Sales of industrial fuel and bunker fuel decreased by economic stagnation. In addition, profit was down, due to rising purchase costs.
Consolidated	1,511.3	1,564.2	-3%	8.8	13.1	-32%	

Topics	Nov.	Established a food distributor "Hanwa Foods Co., Ltd."
	Nov.	Established Hanwa Mexicana, S.A. DE C.V. in Mexico City.
	Feb.	Established a new joint venture "PT. Hanwa Royal Metals" as metal recycle processor in Indonesia.
	Feb.	Newly set up Myanmar branch office under Hanwa Thailand Co.,Ltd.
	Mar.	Reached an agreement to aquire 100% interest of San Ei Metal Co., Ltd.

Financial Position	Mar. 2013	Mar. 2012	Comparison with Mar. 2012		Main Factors
			Change	rate	
Total assets	552.9	582.4	(29.5)	-5%	(Total Assets) Total assets decreased by 5% from end of the previous year, due to decrease in trade receivables and inventories as a sales decrease. Inventories 96.6 billion yen (-13%)
(Current assets)	435.3	467.9	-32.6	-7%	
(Fixed assets)	117.6	114.4	3.2	3%	(Liabilities) Total liabilities decreased by 7% from end of the previous year, due to decrease in trade payables and short term loans with decrease in sales. Interest-bearing debt decreased by 3%. Net debt-equity ratio decreased by 180%.
Total liabilities	432.2	466.4	(34.2)	-7%	
(Interest-bearing debt)	236.1	243.1	-7.0	-3%	(Net assets) Total net assets increased by 4% from end of the previous year, due to increase in retained earnings and improvement in foreign currency translation adjustments. Shareholders' equity ratio was 21.4%.
(Net interest-bearing debt)	212.8	219.5	-6.7	-3%	
Net DER	180.1%	193.3%	-13pt	—	
Total net assets	120.6	115.9	4.7	4%	
(Equity capital)	117.0	114.2	2.8	3%	
(Accumulated other comprehensive income)	1.1	(0.5)	1.6	—	
(Minority interests)	2.4	2.3	0.1	5%	
BPS (yen)	570.50	548.22	22.28	4%	
Shareholders' equity	118.2	113.6	4.6	4%	
Shareholders' equity ratio	21.4%	19.5%	1.9pt	—	

Cash Flow	FY2012	FY2011	Year-on-year		Main Factors
			Change	rate	
Cash flows from operating activities	19.3	11.9	7.4	62%	(Operating cash flows) 19.3 billion yen Due to decrease in trade receivables and inventories.
Cash flows from investing activities	(5.1)	(12.0)	6.9	-57%	
Cash flows from financing activities	(16.3)	1.5	(17.8)	—	(Investment cash flows) (5.1) billion yen Due to purchase of fixed assets.
Cash and cash equivalents at end of period	23.1	23.4	(0.3)	-1%	(Financial cash flows) (16.3) billion yen Due to decrease in short term loans.



Forecast (Annual)	FY2013	FY2012		Cash Dividends	FY2011	FY2012	FY2013 (estimated)
			change				
Net sales	1,600.0	1,511.3	6%	Interim (yen)	6.00	4.00	6.00
Operating income	14.7	12.4	18%	Year-end (yen)	6.00	8.00	6.00
Ordinary income	12.5	8.8	41%	Annual (yen)	12.00	12.00	12.00
Net income	7.5	4.7	59%	Dividend payout ratio	54%	53%	33%