

Financial Results for the Second Quarter ended September 30, 2013

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

November 7, 2013

Company name: **HANWA Co.,Ltd.** Listed stock exchange: Tokyo
 Stock exchange code: 8078 (URL <http://www.hanwa.co.jp>)
 Representative: Hironari Furukawa President
 Enquiries: Atsuhiko Moriguchi Director, Managing Executive Officer
 TEL 81 - 3 - 3544 - 2197

The date of issue of audited financial statements: November 14, 2013 The date of payout of dividend: December 4, 2013
 (Rounded down to millions of yen)

1. Consolidated financial results for the second quarter ended September 30, 2013

(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, 2013	790,724	7.5	7,023	39.6	6,751	60.5	3,792	-
ended September 30, 2012	735,573	(3.6)	5,032	(50.2)	4,206	(58.4)	(87)	-

Note: Comprehensive income For the second quarter ended September 30, 2013 12,771 million yen - %
 For the second quarter ended September 30, 2012 (1,833) million yen - %

	Net income per share	Net income per share(diluted)
	(yen)	(yen)
For the first quarter ended September 30, 2013	18.30	-
ended September 30, 2012	(0.42)	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
September 30, 2013	576,438	130,308	22.1	616.51
March 31, 2013	552,908	120,674	21.4	570.50

Note: Shareholders' equity As of September 30, 2013 127,758 million yen
 As of March 31, 2013 118,232 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, 2013	-	4.00	-	8.00	12.00
Year ending March 31, 2014 (estimated)	-	6.00	-	6.00	12.00

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	1,660,000	9.8	15,800	26.5	14,000	57.8	8,200	73.7	39.57

* 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, 2013

《Consolidated Balance Sheets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	March 31, 2013	September 30, 2013	Increase(Decrease)
Assets			
Current assets;			
Cash and deposits	23,285	27,185	3,900
Trade notes and accounts receivable	293,752	290,850	(2,902)
Inventories	96,609	105,544	8,935
Others	22,505	21,281	(1,224)
Allowance for doubtful receivables	(852)	(808)	44
Total current assets	435,301	444,052	8,751
Fixed assets;			
Property and equipment;			
Land	29,582	30,238	656
Others	25,485	28,612	3,127
Total property and equipment	55,067	58,850	3,783
Intangible assets	736	1,365	629
Investments and other assets;			
Investment securities	39,317	51,852	12,535
Others	25,565	23,710	(1,855)
Allowance for doubtful receivables	(3,080)	(3,393)	(313)
Total investments and other assets	61,802	72,169	10,367
Total fixed assets	117,607	132,385	14,778
Total assets	552,908	576,438	23,530
Liabilities;			
Current liabilities;			
Trade notes and accounts payable	164,301	163,115	(1,186)
Short-term loans payable	113,500	140,336	26,836
Commercial paper	11,000	9,000	(2,000)
Current portion of bonds payable	10,050	10,060	10
Income taxes payable	2,971	432	(2,539)
Accrued bonuses	1,891	1,944	53
Others	18,247	20,732	2,485
Total current liabilities	321,962	345,622	23,660
Long-term liabilities;			
Bonds payable	20,000	20,000	—
Long-term loans payable	80,625	66,486	(14,139)
Employees' retirement benefits	220	250	30
Others	9,425	13,770	4,345
Total long-term liabilities	110,270	100,507	(9,763)
Total liabilities	432,233	446,129	13,896
Net assets;			
Shareholders' equity;			
Common stock	45,651	45,651	—
Capital surplus	4	4	—
Retained earnings	72,867	73,567	700
Treasury stock	(1,434)	(1,439)	(5)
Total shareholders' equity	117,088	117,783	695
Accumulated other comprehensive income			
Net unrealized holding gains on securities	2,667	10,163	7,496
Deferred hedge profit and loss	120	59	(61)
Land revaluation difference	116	116	—
Foreign currency translation adjustments	(1,761)	(364)	1,397
Total accumulated other comprehensive income	1,143	9,974	8,831
Minority interests	2,442	2,549	107
Total net assets	120,674	130,308	9,634
Total liabilities and net assets	552,908	576,438	23,530

Financial Results for the Second Quarter ended September 30, 2013

《Consolidated Statements of Income and Comprehensive Income》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Second quarter ended September 30, 2012	Second quarter ended September 30, 2013	Increase(Decrease)
Net sales	735,573	790,724	55,151
Cost of sales	714,907	766,379	51,472
Gross profit	20,665	24,345	3,680
Selling, general and administrative expenses	15,633	17,321	1,688
Operating income	5,032	7,023	1,991
Other income;			
Interest income	402	388	(14)
Dividend income	286	345	59
Foreign exchange gain	125	474	349
Others	481	443	(38)
Total other income	1,296	1,651	355
Other expenses;			
Interest expenses	1,468	1,446	(22)
Others	653	476	(177)
Total other expenses	2,121	1,923	(198)
Ordinary income	4,206	6,751	2,545
Extraordinary loss;			
Loss on impairment of long-lived assets	255	—	(255)
Loss on devaluation of investments securities	4,102	283	(3,819)
Total extraordinary loss	4,358	283	(4,075)
Income before income taxes and minority interest	(151)	6,467	6,618
Income taxes	(54)	2,658	2,712
Income before minority interest	(97)	3,809	3,906
Minority interest in net income	(10)	17	27
Net income	(87)	3,792	3,879
Minority interest in net income	(10)	17	27
Income before minority interest	(97)	3,809	3,906
Other Comprehensive Income			
Net unrealized holding gains on securities	(895)	7,497	8,392
Deferred hedge profit and loss	(757)	(61)	696
Foreign currency translation adjustments	(83)	1,525	1,608
Total other comprehensive Income	(1,736)	8,962	10,698
Comprehensive Income	(1,833)	12,771	14,604
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	(1,831)	12,623	14,454
Comprehensive income attributable to minority interests	(2)	147	149

Financial Results for the Second Quarter ended September 30, 2013

《Consolidated Statements of Cash Flows》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Second quarter ended September 30, 2012	Second quarter ended September 30, 2013	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	(151)	6,467	6,618
Depreciation and amortization	1,575	1,779	204
Loss on impairment of long-lived assets	255	—	(255)
Increase(decrease) in allowance for doubtful receivables	(148)	247	395
Interest and dividend income	(688)	(733)	(45)
Interest expense	1,468	1,446	(22)
Loss on devaluation of investments securities	4,102	283	(3,819)
(Increase)decrease in trade receivables	16,011	7,997	(8,014)
(Increase)decrease in inventories	21,296	(3,691)	(24,987)
Increase(decrease) in trade notes and accounts payable	(32,150)	(6,010)	26,140
Other, net	4,495	(869)	(5,364)
Sub total	16,066	6,916	(9,150)
Interest and dividends received	646	614	(32)
Interest paid	(1,488)	(1,409)	79
Income taxes paid	(1,389)	(2,699)	(1,310)
Net cash provided by (used in) operating activities	13,834	3,423	(10,411)
Cash flows from investing activities:			
Payment for time deposits	(267)	(66)	201
Proceeds from refund of time deposits	265	66	(199)
Payment for purchase of property and equipment	(2,765)	(389)	2,376
Proceeds from sale of property and equipment	26	91	65
Payment for purchase of investment securities	(1,041)	(3,072)	(2,031)
Proceeds from sale and redemption of investment securities	2,507	7	(2,500)
(Increase)decrease in short – term loans receivable, net	(893)	(799)	94
Increase in long – term loans receivable	(1)	(4)	(3)
Collection of long-term loans receivable	19	16	(3)
Other, net	(408)	410	818
Net cash used in investing activities	(2,557)	(3,739)	(1,182)
Cash flows from financing activities:			
Increase(decrease) in short-term loans, net	(24,279)	7,370	31,649
Increase(decrease) in commercial paper, net	(4,000)	(2,000)	2,000
Proceeds from long-term debt	11,100	—	(11,100)
Repayments of long-term debt	(6,831)	(1,097)	5,734
Proceeds from issuance of bonds	9,955	9,948	(7)
Payment for redemption of bonds	(35)	(10,010)	(9,975)
Payment for cash dividends	(1,244)	(1,655)	(411)
Cash dividends paid to minority interest in consolidated subsidiaries	(40)	(38)	2
Other, net	(182)	(257)	(75)
Net cash provided by (used in) financing activities	(15,557)	2,261	17,818
Effect of exchange rate changes on cash and cash equivalents	(261)	891	1,152
Net increase(decrease) in cash and cash equivalents	(4,541)	2,835	7,376
Cash and cash equivalents at beginning of year	23,411	23,198	(213)
Cash and cash equivalents from newly consolidated subsidiaries	420	1,063	643
Increase in cash and cash equivalents resulting from mergers with unconsolidated subsidiaries	28	—	(28)
Cash and cash equivalents at end of period	19,317	27,097	7,780

Financial Results for the Second Quarter ended September 30, 2013

《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, 2012 and 2013, is as follows:
(Rounded down to millions of yen)

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

Second quarter ended September 30, 2013

Millions of yen

	Reportable segment						Other	Total	Adjustment	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Sub-total				
Net sales										
Customers	369,135	45,116	36,515	38,946	226,666	716,381	74,343	790,724	—	790,724
Inter-segment	10,017	1,852	815	414	4,244	17,345	24,482	41,827	(41,827)	—
Total	379,153	46,969	37,330	39,361	230,911	733,726	98,826	832,552	(41,827)	790,724
Segment income(loss)	6,061	1,140	682	793	811	9,490	(188)	9,301	(2,549)	6,751

Notes:

1. "Other" comprises businesses that are not included in reportable segments, such as lumber section, machinery section and overseas sales subsidiaries.
2. 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.