

Financial Results for the Third Quarter ended December 31, 2013

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

February 13, 2014

Company name: **HANWA Co.,Ltd.** Listed stock exchange: Tokyo
 Stock exchange code: 8078 (URL <http://www.hanwa.co.jp>)
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The date of issue of audited financial statements: February 14, 2014 The date of payout of dividend: —
 (Rounded down to millions of yen)

1. Consolidated financial results for the third quarter ended December 31, 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 third quarter ended December 31, 2013	1,227,678	10.1	11,475	38.0	10,797	82.3	5,922	79.0
ended December 31, 2012	1,115,413	(4.9)	8,316	(34.2)	5,922	(49.0)	3,309	32.8

Note: Comprehensive income For the third quarter ended December 31, 2013 14,694 million yen 650.5 %
 For the third quarter ended December 31, 2012 1,958 million yen (46.5) %

	Net income per share	Net income per share(diluted)
	(yen)	(yen)
For the third quarter ended December 31, 2013	28.58	—
ended December 31, 2012	15.97	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
December 31, 2013	612,352	130,994	21.0	619.36
March 31, 2013	552,908	120,674	21.4	570.50

Note: Shareholders' equity As of December 31, 2013 128,345 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 Third Quarter ended December 31, 2013

《Consolidated Balance Sheets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	March 31, 2013	December 31, 2013	Increase(Decrease)
Assets			
Current assets;			
Cash and deposits	23,285	20,890	(2,395)
Trade notes and accounts receivable	293,752	325,696	31,944
Marketable securities	—	2,000	2,000
Inventories	96,609	109,035	12,426
Others	22,505	21,670	(835)
Allowance for doubtful receivables	(852)	(946)	(94)
Total current assets	435,301	478,346	43,045
Fixed assets;			
Property and equipment;			
Land	29,582	32,780	3,198
Others	25,485	28,574	3,089
Total property and equipment	55,067	61,354	6,287
Intangible assets	736	1,864	1,128
Investments and other assets;			
Investment securities	39,317	50,445	11,128
Others	25,565	21,913	(3,652)
Allowance for doubtful receivables	(3,080)	(1,572)	1,508
Total investments and other assets	61,802	70,787	8,985
Total fixed assets	117,607	134,006	16,399
Total assets	552,908	612,352	59,444
Liabilities;			
Current liabilities;			
Trade notes and accounts payable	164,301	184,351	20,050
Short-term loans payable	113,500	126,245	12,745
Commercial paper	11,000	8,000	(3,000)
Current portion of bonds payable	10,050	10,050	—
Income taxes payable	2,971	546	(2,425)
Accrued bonuses	1,891	1,168	(723)
Others	18,247	23,837	5,590
Total current liabilities	321,962	354,200	32,238
Long-term liabilities;			
Bonds payable	20,000	30,000	10,000
Long-term loans payable	80,625	82,782	2,157
Employees' retirement benefits	220	333	113
Others	9,425	14,042	4,617
Total long-term liabilities	110,270	127,158	16,888
Total liabilities	432,233	481,358	49,125
Net assets;			
Shareholders' equity;			
Common stock	45,651	45,651	—
Capital surplus	4	4	—
Retained earnings	72,867	74,428	1,561
Treasury stock	(1,434)	(1,441)	(7)
Total shareholders' equity	117,088	118,643	1,555
Accumulated other comprehensive income			
Net unrealized holding gains on securities	2,667	9,937	7,270
Deferred hedge profit and loss	120	49	(71)
Land revaluation difference	116	116	—
Foreign currency translation adjustments	(1,761)	(400)	1,361
Total accumulated other comprehensive income	1,143	9,702	8,559
Minority interests	2,442	2,648	206
Total net assets	120,674	130,994	10,320
Total liabilities and net assets	552,908	612,352	59,444

Financial Results for the Third Quarter ended December 31, 2013

《Consolidated Statements of Income and Comprehensive Income》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Third quarter ended December 31, 2012	Third quarter ended December 31, 2013	Increase(Decrease)
Net sales	1,115,413	1,227,678	112,265
Cost of sales	1,083,199	1,189,787	106,588
Gross profit	32,213	37,891	5,678
Selling, general and administrative expenses	23,896	26,415	2,519
Operating income	8,316	11,475	3,159
Other income;			
Interest income	599	618	19
Dividend income	368	460	92
Foreign exchange gain	—	636	636
Others	566	722	156
Total other income	1,533	2,438	905
Other expenses;			
Interest expenses	2,188	2,199	11
Foreign exchange loss	506	—	(506)
Others	1,233	917	(316)
Total other expenses	3,928	3,116	(812)
Ordinary income	5,922	10,797	4,875
Extraordinary income			
Gain on sales of investment securities	—	185	185
Total extraordinary income	—	185	185
Extraordinary loss;			
Loss on impairment of long-lived assets	255	—	(255)
Loss on devaluation of investments securities	729	569	(160)
Loss on disposal of property and equipment	255	—	(255)
Total extraordinary loss	1,240	569	(671)
Income before income taxes and minority interest	4,682	10,412	5,730
Income taxes	1,389	4,404	3,015
Income before minority interest	3,292	6,008	2,716
Minority interest in net income	(16)	85	101
Net income	3,309	5,922	2,613
Minority interest in net income	(16)	85	101
Income before minority interest	3,292	6,008	2,716
Other Comprehensive Income			
Net unrealized holding gains on securities	(1,194)	7,271	8,465
Deferred hedge profit and loss	(293)	(71)	222
Land revaluation difference	—	—	—
Foreign currency translation adjustments	153	1,485	1,332
Total other comprehensive Income	(1,334)	8,686	10,020
Comprehensive Income	1,958	14,694	12,736
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	1,974	14,482	12,508
Comprehensive income attributable to minority interests	(16)	211	227

Financial Results for the Third Quarter ended December 31, 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 third quarter ended December 31, 2012 and 2013, is as follows:

(Rounded down to millions of yen)

Third quarter ended December 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	516,418	69,887	51,024	68,435	315,950	1,021,716	93,696	1,115,413	—	1,115,413
Inter-segment	13,166	1,834	1,354	591	4,514	21,461	31,421	52,883	(52,883)	—
Total	529,584	71,721	52,379	69,027	320,465	1,043,178	125,118	1,168,296	(52,883)	1,115,413
Segment income(loss)	6,544	247	(146)	536	1,185	8,366	971	9,338	(3,416)	5,922

Third quarter ended December 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	577,387	68,687	55,790	61,703	351,895	1,115,464	112,214	1,227,678	—	1,227,678
Inter-segment	14,900	2,821	1,229	1,072	6,083	26,108	37,280	63,388	(63,388)	—
Total	592,287	71,509	57,019	62,775	357,979	1,141,572	149,494	1,291,067	(63,388)	1,227,678
Segment income(loss)	9,924	990	343	1,408	1,339	14,007	(77)	13,929	(3,132)	10,797

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.