

Highlights of Consolidated Financial Results for the FY2013

HANWA Co., Ltd.

Outline of Financial Results for the FY2013

As for this fiscal year, net sales has reached to 1,682.5 billion yen, increased by 11% compared with last fiscal year, thanks to the increased sales of our steel and petroleum/chemical businesses. On profit side, net income was 7.8 billion yen, mainly due to revising the profit upward by the recovered market price and diminishing the extraordinary loss.

We paid 6 yen as interim dividend and also we will pay additional 6 yen as the end of this fiscal year dividend.

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

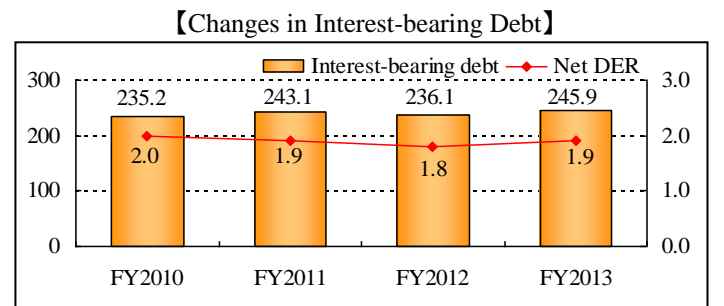
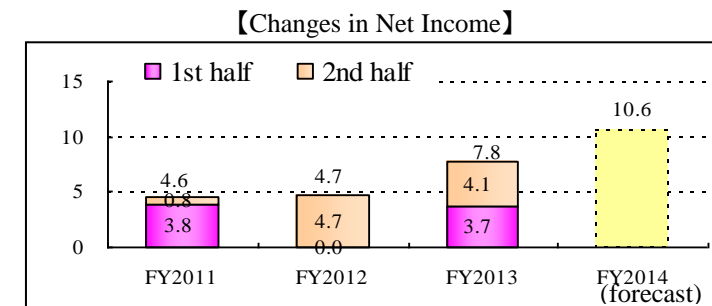
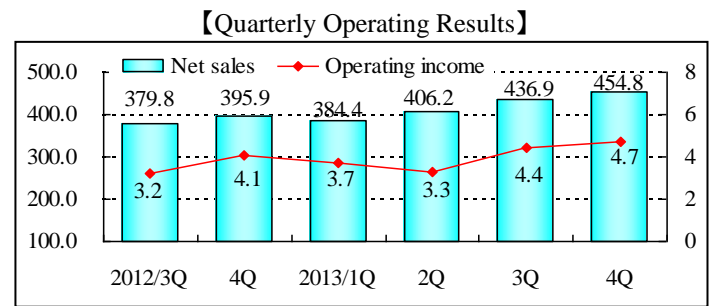
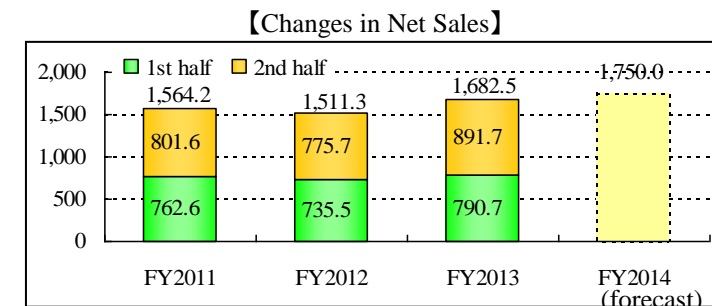
| Operating Results | FY2013 | FY2012 | Year-on-year | | Main Factors |
|--|----------------|----------------|--------------|-------------|---|
| | | | Change | rate | |
| Net sales | 1,682.5 | 1,511.3 | 171.2 | 11% | (Net sales) Net sales has increased by 11% from the previous year, benefited from the recovery of market prices and the increase of transaction volume in petroleum/chemicals and steel businesses. |
| Gross profit | 51.3 | 44.7 | 6.6 | 15% | |
| SG&A expenses | 35.1 | 32.2 | 2.9 | 9% | (SG&A expenses) SG & A expenses increased by 9%, 2.9 billion yen from the previous year, including 1.3 billion yen of newly consolidated subsidiaries. Our employment expenditure increased by 1.8 billion yen, including 0.8 billion yen of newly consolidated subsidiaries. Bad debts was insignificant. |
| Operating income | 16.2 | 12.4 | 3.8 | 30% | |
| Non-operating income | 2.7 | 2.1 | 0.6 | 31% | (Non-operating income/expenses) Compared with the last year, non-operating income has increased by 31%, mainly due to the increase of foreign exchange gains. On the other hand, non-operating expenses decreased by 25% helped by diminished foreign exchange loss. |
| Non-operating expenses | 4.3 | 5.7 | -1.4 | -25% | |
| Ordinary income | 14.6 | 8.8 | 5.8 | 66% | (Extraordinary gain/loss) 0.7 billion yen were posted as impairment losses on investment securities in overseas subsidiaries and affiliates. |
| Extraordinary gain | 0.1 | — | 0.1 | — | |
| Extraordinary loss | 0.8 | 2.0 | -1.2 | -56% | (Net assets) Total net assets increased by 4% from end of the previous year, due to the increase of retained earnings, net unrealized holding gains on securities, and foreign currency translation adjustments. Shareholders' equity ratio was 20.6%, which is a 0.8 percentage points lower. |
| Income before income taxes and others | 13.9 | 6.8 | 7.1 | 105% | |
| Income taxes | 5.9 | 2.0 | 3.9 | 194% | (Total Assets) Total assets increased by 7% from the end of the previous year. One factor is the increase of trade receivables and inventories increased with the increased sales volume. The other factor is the valuation profit from our investment securities price. Inventories 114.6 billion yen (+19%) |
| Minority interests(loss) | 0.1 | 0.0 | 0.1 | 69% | |
| Net income | 7.8 | 4.7 | 3.1 | 67% | (Liabilities) Total liabilities increased by 8% from the end of the previous year, due to the increase of trade payables, short term loans and bonds caused by the increase of sales volume. Interest-bearing debt increased by 4%. Net debt-equity ratio increased by 188%. |
| EPS (yen) | 38.11 | 22.78 | 15.33 | 67% | |
| Comprehensive income | 14.6 | 6.6 | 8.0 | 122% | |

| Segment Information | Net sales | | | Segment income | | | Main Factors |
|-------------------------------|----------------|----------------|------------|----------------|-------------|------------|---|
| | FY2013 | FY2012 | rate | FY2013 | FY2012 | rate | |
| Steel | 811.0 | 718.1 | 13% | 13.8 | 9.5 | 45% | (Steel business) Demands from manufacturing industry remained steady. In addition, construction industry became active and the prices of steel products went upward. Consequently, our sales for the intermediators bounced back. |
| Metals & alloys | 97.9 | 94.7 | 3% | 1.7 | 0.3 | 449% | |
| Non-ferrous metals | 77.5 | 73.2 | 6% | 0.8 | 0.6 | 22% | (Metals & alloys business) Although sales of raw materials for stainless steel was sluggish, the increase in sales of ferroalloys and nikkel compounds and the decrease in foreign exchange loss pushed profit up. |
| Foods | 78.6 | 83.8 | -6% | 1.5 | 0.7 | 113% | |
| Petroleum & chemicals | 499.0 | 444.2 | 12% | 1.9 | 1.6 | 15% | (Non-ferrous metals business) Although the market remained downward trend, prices in yen were steady because of weak yen. Our revenue increased with the assistance of both the increase of trading noble metal scrap and the decrease of exchange loss. |
| Total for reportable segments | 1,564.3 | 1,414.2 | 11% | 19.9 | 13.0 | 53% | |
| Other | 200.9 | 167.4 | 20% | (0.2) | 1.2 | — | (Foods business) Domestic demand remained low. Weak yen drove market prices of farmed salmon and shrimp to go upward, which improved our performance. |
| Total | 1,765.2 | 1,581.7 | 12% | 19.7 | 14.2 | 38% | |
| Adjustment | (82.7) | (70.4) | -17% | (5.0) | (5.3) | 7% | (Petroleum & chemicals business) Sales of industrial fuel and synthetic resin products was unprofitable. However, expanded sales of bunker fuel contributed to the increase of revenue. |
| Consolidated | 1,682.5 | 1,511.3 | 11% | 14.6 | 8.8 | 66% | |

| Topics | FY2013 | | FY2014 (estimated) |
|---|--------|---|--------------------|
| | Oct. | Nov. | |
| Started up Hanwa Steel Service Mexicana, S.A. DE C.V. | Oct. | Acquired San Ei Metal Co., Ltd., wholesale steel distributor. | |
| | Nov. | Acquired Hokuriku Column Co.,Ltd, steel column processor and distributor. | |
| | Jan. | Established Hanwa Chile Ltda in Santiago, chile. | |
| | Feb. | Newly set up Chicago branch office under Hanwa American Corp. | |

| Financial Position | Mar. 2014 | Mar. 2013 | Comparison with Mar. 2013 | | Main Factors |
|--|--------------|--------------|---------------------------|-----------|---|
| | | | Change | rate | |
| Total assets | 593.3 | 552.9 | 40.4 | 7% | (Total Assets) Total assets increased by 7% from the end of the previous year. One factor is the increase of trade receivables and inventories increased with the increased sales volume. The other factor is the valuation profit from our investment securities price. Inventories 114.6 billion yen (+19%) |
| (Current assets) | 468.3 | 435.3 | 33.0 | 8% | |
| (Fixed assets) | 125.0 | 117.6 | 7.4 | 6% | (Liabilities) Total liabilities increased by 8% from the end of the previous year, due to the increase of trade payables, short term loans and bonds caused by the increase of sales volume. Interest-bearing debt increased by 4%. Net debt-equity ratio increased by 188%. |
| Total liabilities | 467.9 | 432.2 | 35.7 | 8% | |
| (Interest-bearing debt) | 245.9 | 236.1 | 9.8 | 4% | (Net assets) Total net assets increased by 4% from end of the previous year, due to the increase of retained earnings, net unrealized holding gains on securities, and foreign currency translation adjustments. Shareholders' equity ratio was 20.6%, which is a 0.8 percentage points lower. |
| (Net interest-bearing debt) | 229.8 | 212.8 | 17.0 | 8% | |
| Net DER | 188.1% | 180.1% | 8.0pt | — | (Shareholders' equity) Shareholders' equity ratio was 20.6%, which is a 0.8 percentage points lower. |
| Total net assets | 125.3 | 120.6 | 4.7 | 4% | |
| (Equity capital) | 120.7 | 117.0 | 3.7 | 3% | (Minority interests) |
| (Accumulated other comprehensive income) | 1.8 | 1.1 | 0.7 | 64% | |
| (Minority interests) | 2.7 | 2.4 | 0.3 | 13% | (Shareholders' equity ratio) |
| BPS (yen) | 591.68 | 570.50 | 21.18 | 4% | |
| Shareholders' equity | 122.6 | 118.2 | 4.4 | 4% | (Shareholders' equity ratio) |
| Shareholders' equity ratio | 20.6% | 21.4% | -0.8pt | — | |

| Cash Flow | FY2013 | FY2012 | Year-on-year | | Main Factors |
|--|--------|--------|--------------|------|---|
| | | | Change | rate | |
| Cash flows from operating activities | 0.3 | 19.3 | (19.0) | -98% | (Operating cash flows) 0.3 billion yen Due to the increase of capital requirement in spite of the increase of operating revenue. |
| Cash flows from investing activities | (5.2) | (5.1) | (0.1) | 3% | |
| Cash flows from financing activities | (4.9) | (16.3) | 11.4 | -70% | (Investment cash flows) (5.2) billion yen Due to purchase of investment securities. |
| Cash and cash equivalents at end of period | 15.9 | 23.1 | (7.2) | -31% | |
| | | | | | (Financial cash flows) (4.9) billion yen Due to repayment of interest-bearing debt and payment for dividends. |



| Forecast (Annual) | FY2014 | FY2013 | | Cash Dividends | FY2012 | FY2013 | FY2014 (estimated) |
|-------------------|---------|---------|--------|-----------------------|--------|--------|--------------------|
| | | | change | | | | |
| Net sales | 1,750.0 | 1,682.5 | 4% | Interim (yen) | 4.00 | 6.00 | 6.00 |
| Operating income | 19.8 | 16.2 | 22% | Year-end (yen) | 8.00 | 6.00 | 6.00 |
| Ordinary income | 17.5 | 14.6 | 19% | Annual (yen) | 12.00 | 12.00 | 12.00 |
| Net income | 10.6 | 7.8 | 34% | Dividend payout ratio | 53% | 32% | 24% |