

INTERIM RESULTS

for the Year Ending March 2014

November 19, 2013

HANWA CO., LTD.

- *As for the interim result for this fiscal year, net sales has reached to 790.7 billion yen, increased by 7.5%, due to increase in petroleum/chemicals and steel businesses, as well as increased number of newly joined consolidated subsidiaries.*
- *On profit side, the interim net income was 3.7billion yen, mainly due to becoming profitable from upturn in market prices and decrease in extraordinary loss.*
- *Annual earnings forecast :*

<i>Net sales</i>	<i>1,660 billion yen</i>	<i>(60.0 billion yen higher than predicted)</i>
<i>Operating income</i>	<i>15.8 billion yen</i>	<i>(1.1 billion yen higher than predicted)</i>
<i>Ordinary income</i>	<i>14.0 billion yen</i>	<i>(1.5 billion yen higher than predicted)</i>
<i>Net income</i>	<i>8.2 billion yen</i>	<i>(0.7 billion yen higher than predicted)</i>
- *We pay 6 yen as interim dividend and plan to pay additional 6 yen as the end of this fiscal year dividend.*

Operating Results (consolidated)

(Millions of yen)

	2013/9	2012/9	Rate of changes
Net sales	790,724	735,573	+7.5%
Gross profit	24,345	20,665	+17.8%
SG&A expenses	17,321	15,633	+10.8%
Operating income	7,023	5,032	+39.6%
Non-operating income/expenses	(272)	(825)	+67.0%
Ordinary income	6,751	4,206	+60.5%
Extraordinary gain/loss	(283)	(4,358)	+93.5%
Income before income taxes and others	6,467	(151)	-
Income taxes	2,658	(54)	-
Minority interests/loss	17	(10)	-
Net income	3,792	(87)	-
Comprehensive income	12,771	(1,833)	-

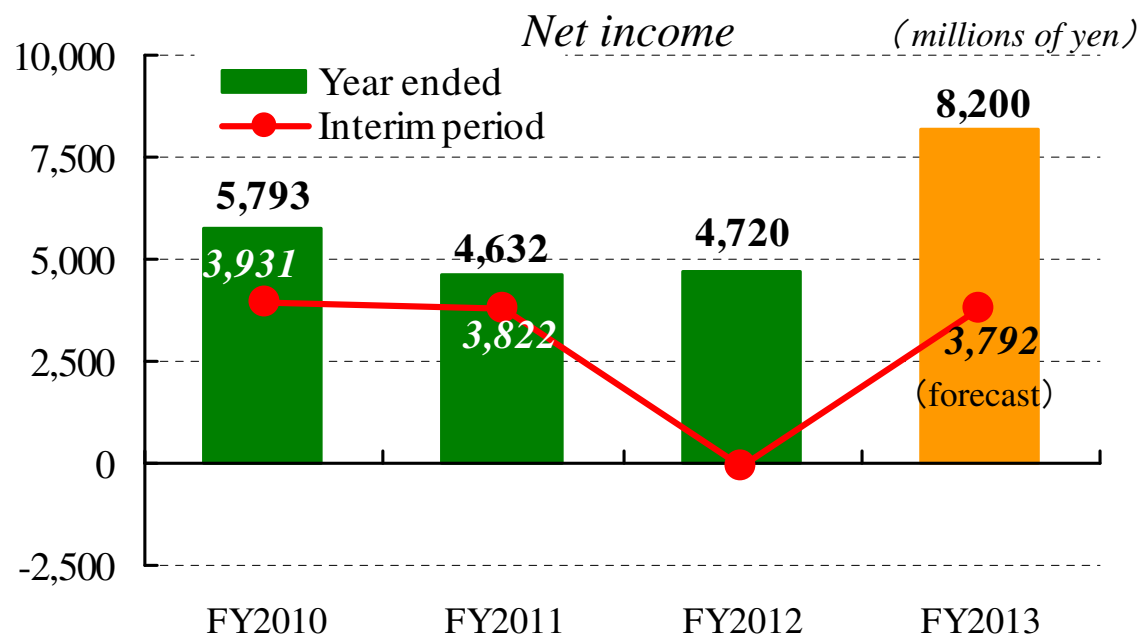
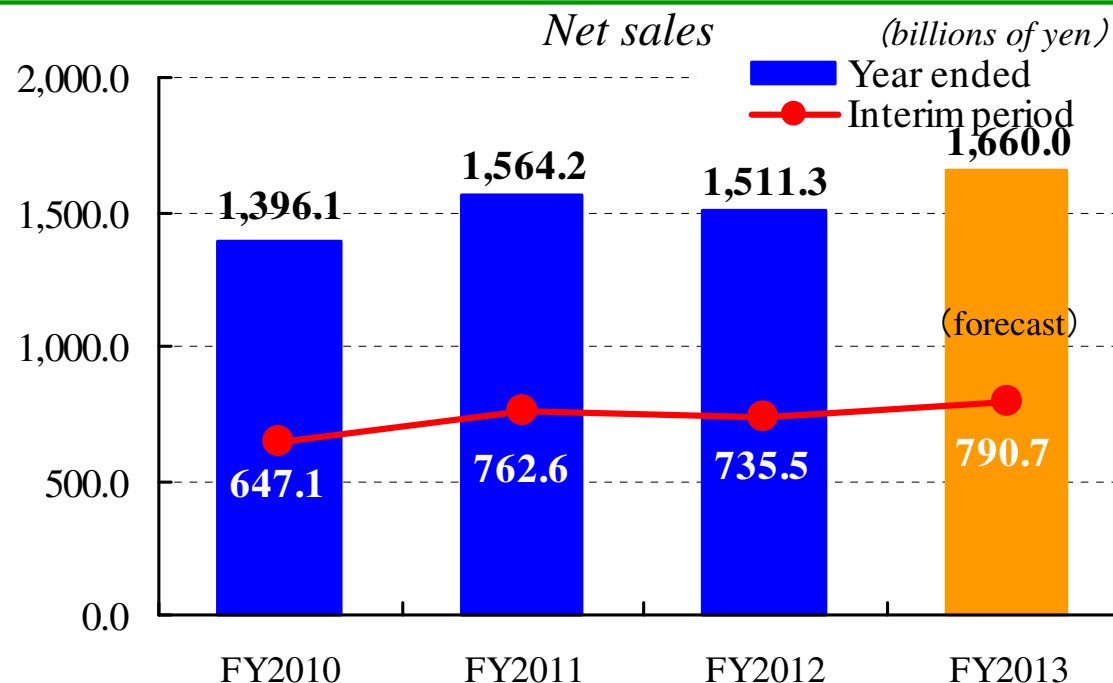
- Net sales has increased by 7.5% for the same period of previous year, due to revenue growth in petroleum/chemicals and steel businesses. In addition, number of consolidated subsidiaries has increased.
- SG & A expenses increased by 10.8% for the same period of previous year, including 2.7% of newly consolidated subsidiaries. Our employment cost increased by 0.8 billion yen. 0.3 billion yen of provision of allowance for bad debt was posted.
- 0.2 billion yen were posted as impairment losses on investment securities in overseas subsidiaries and affiliates
- EPS was 18.30 yen (+18.72 yen)

Changes in Business results (consolidated)

The U.S. economy was healthy, there was no economic turmoil in Europe, but economic growth was flat in China and emerging countries.

In Japan, domestic demand increased because of strength in the manufacturing sector along with higher construction demand.

First half sales were higher than one year earlier for the first time in two years. Earnings also recovered because of an improvement in profitability caused by a rebound in market prices and a decline in extraordinary losses. However, operating income and ordinary income were still below first half earnings two years ago.



Financial Position (consolidated)

(Millions of yen)

	2013/9	2013/3	Rate of change
Total assets	576,438	552,908	+4.3%
Current assets	444,052	435,301	+2.0%
Fixed assets	132,385	117,607	+12.6%
Total liabilities	446,129	432,233	+3.2%
Interest-bearing debt	246,831	236,169	+4.5%
Net assets	130,308	120,674	+8.0%
Equity capital	117,783	117,088	+0.6%
Accumulated other comprehensive income	9,974	1,143	+772.6%
Minority interests	2,549	2,442	+4.4%

- Total assets increased by 4.3% from end of the previous year, due to the rise in listed investment securities price and increase in inventories which newly consolidated subsidiaries held.
- Interest-bearing debt increased by 4.5%. Net debt-equity ratio decreased by 172%.
- Total net assets increased by 8.0% from end of the previous year, due to increase in net unrealized holding gains on securities and foreign currency translation adjustments. Shareholders' equity ratio was 22.1%.(+0.7 pts.)
- BPS was 616.51 yen. (+46.01 yen)

Cash Flows Situation (consolidated)

(Millions of yen)

	2013/9	2012/9	change
<i>Cash flows from Operating activities</i>	3,423	13,834	(10,411)
<i>Cash flows from Investing activities</i>	(3,739)	(2,557)	(1,182)
<i>Cash flows from Financing activities</i>	2,261	(15,557)	+17,818
<i>Cash and cash equivalents at end of the period</i>	27,097	19,317	+7,780

Net cash provided by operation was 3.4 billion yen as cash provided by business operations more than offset a small increase in demand for working capital.

Net cash used in investment was 3.7 billion yen due to payment for purchase of investment securities.

Net cash provided by financing was 2.2 billion yen due to increase in short term loans.

Segment Information (consolidated)

Net sales

	2013/9	2012/9	Rate of change
Steel	379,153	355,618	+6.6%
Metal & alloys	46,969	50,622	-7.2%
Non-ferrous metals	37,330	32,779	+13.9%
Foods	39,361	46,109	-14.6%
Petroleum & chemicals	230,911	204,236	+13.1%
Total for reportable segments	733,726	689,366	+6.4%
Other	98,826	82,676	+19.5%
Total	832,552	772,043	+7.8%
Adjustment	(41,827)	(36,469)	-14.7%
Consolidated	790,724	735,573	+7.5%

Segment income

(Millions of yen)

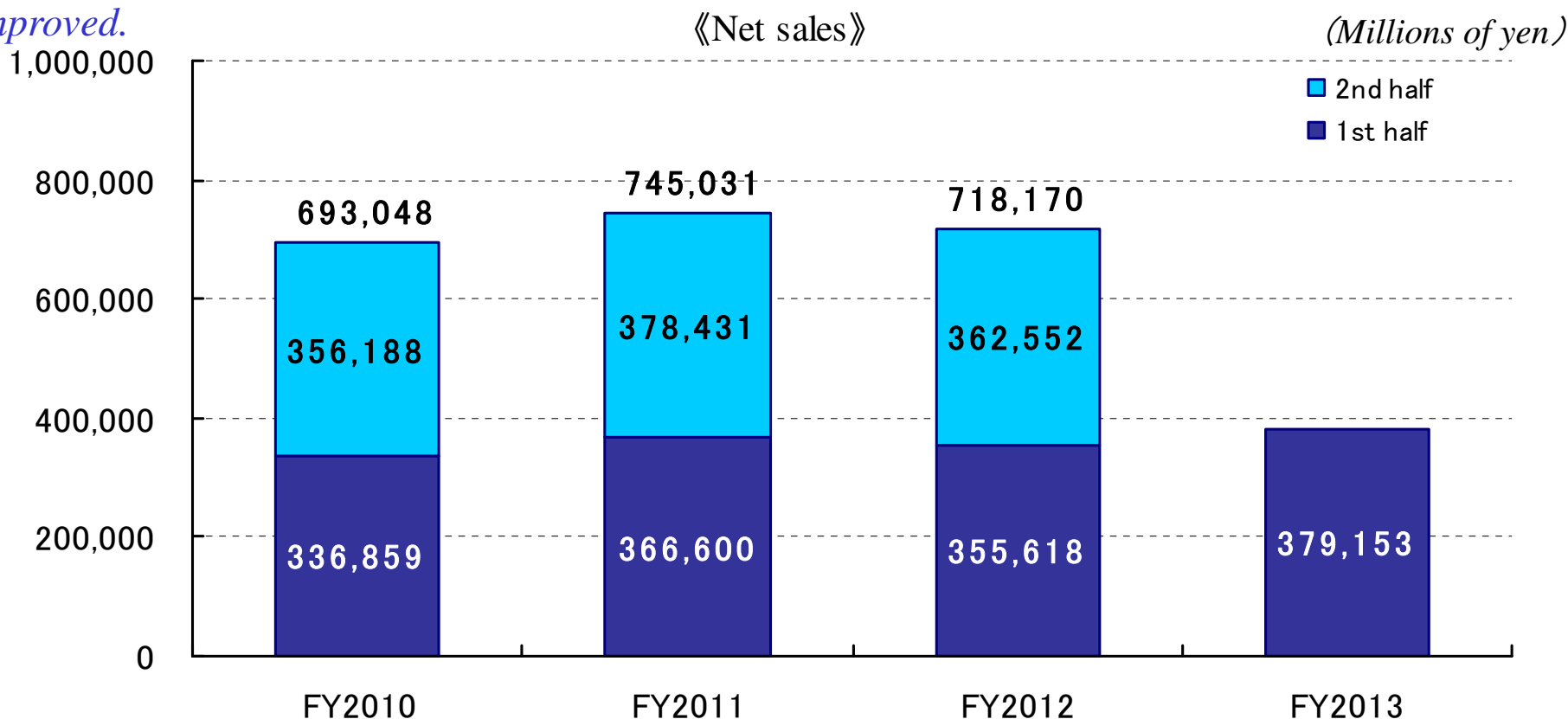
	2013/9	2012/9	Rate of change
Steel	6,061	3,941	+53.8%
Metal & alloys	1,140	1,248	-8.7%
Non-ferrous metals	682	389	-75.3%
Foods	793	401	-97.8%
Petroleum & chemicals	811	319	+154.2%
Total for reportable segments	9,490	6,300	+50.6%
Other	(188)	673	-127.9%
Total	9,301	6,974	+33.4%
Adjustment	(2,549)	(2,767)	+7.9%
Consolidated	6,751	4,206	+60.5%

(Millions of yen)

	<i>Net sales</i>	<i>Segment income</i>	<i>Profit ratio</i>
2013/9	379,153	6,061	1.6%
2012/9	355,618	3,941	1.1%

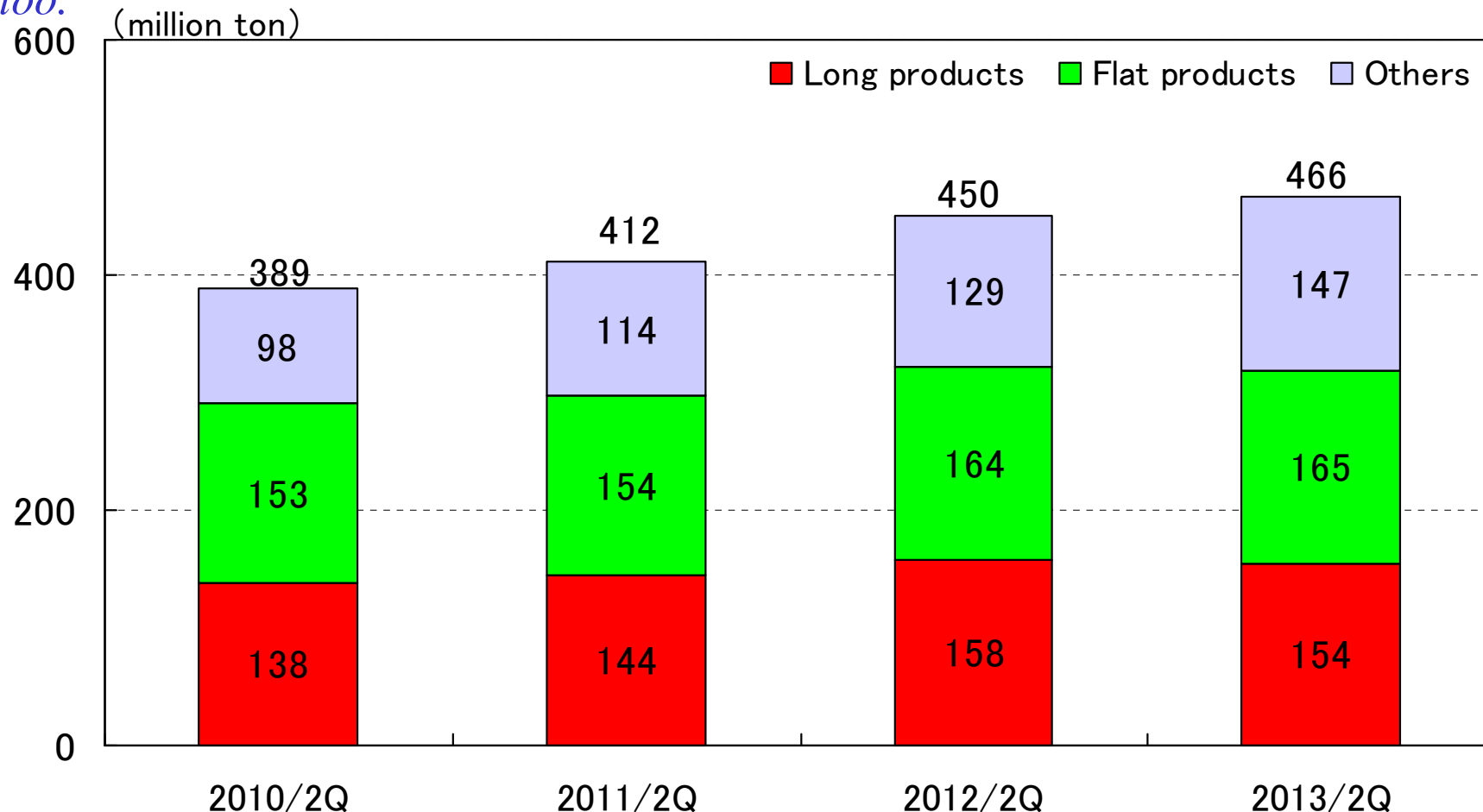
There was strong demand for steel among manufacturers. Construction demand was higher as well because of private-sector logistics and retail projects, earthquake reconstruction activity and other infrastructure projects.

Steel prices started to climb again in the second quarter and profitability from inventory sales improved.



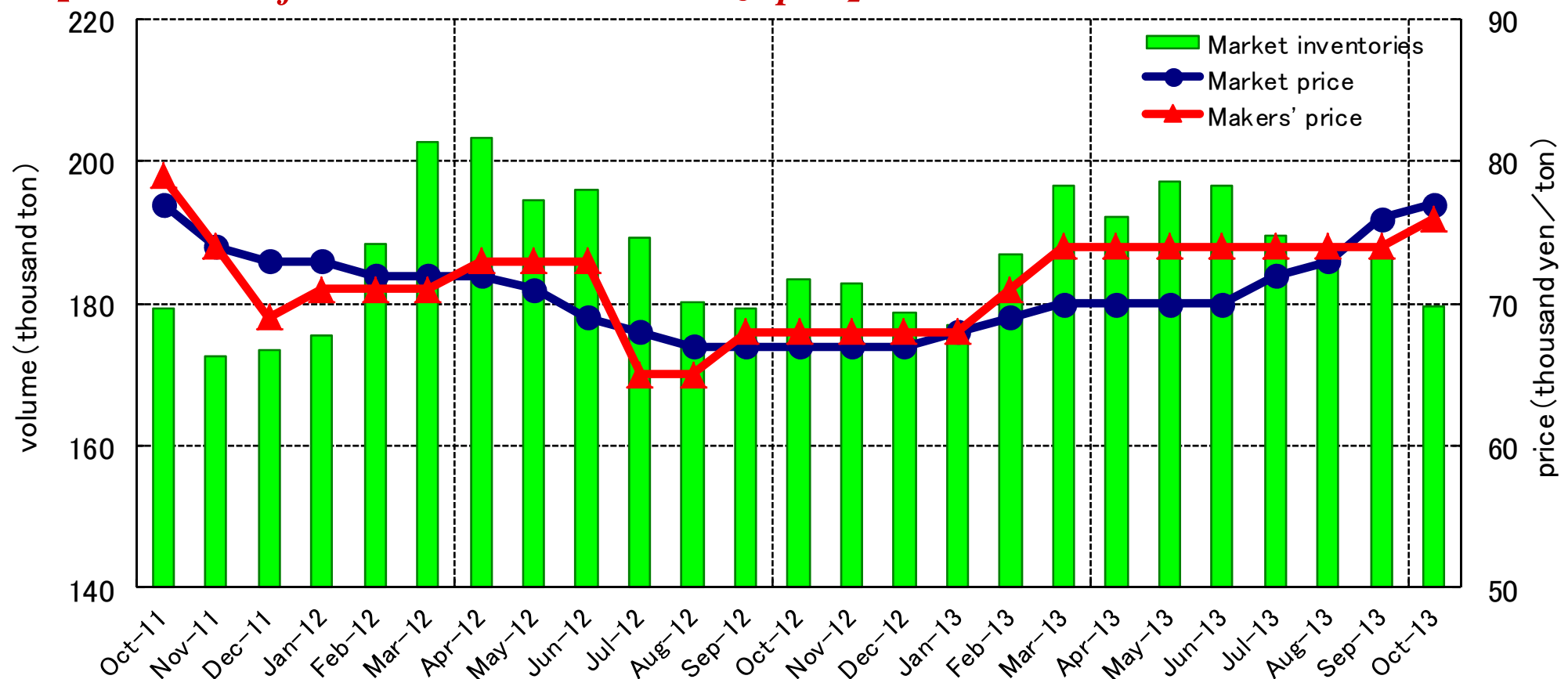
Transaction volume for export was decreased 28% due to soft overseas market prices and the decision by Japanese steelmakers to focus on domestic sales. But transaction volume in Japan increased 10% mainly because of increases for long as well as flat products.

The volume of steel scrap, which is included in specialty steel and others, increased, too.



Prices of steel products rose early in 2013 but this was caused by increased costs of raw materials and electricity. Since this upturn was not backed by higher demand, prices retreated in the fiscal year's first quarter. But prices started rebounding in the second quarter due to a tight steel production as construction activity increased.

[Transition of the H-Beams Markets in Japan]

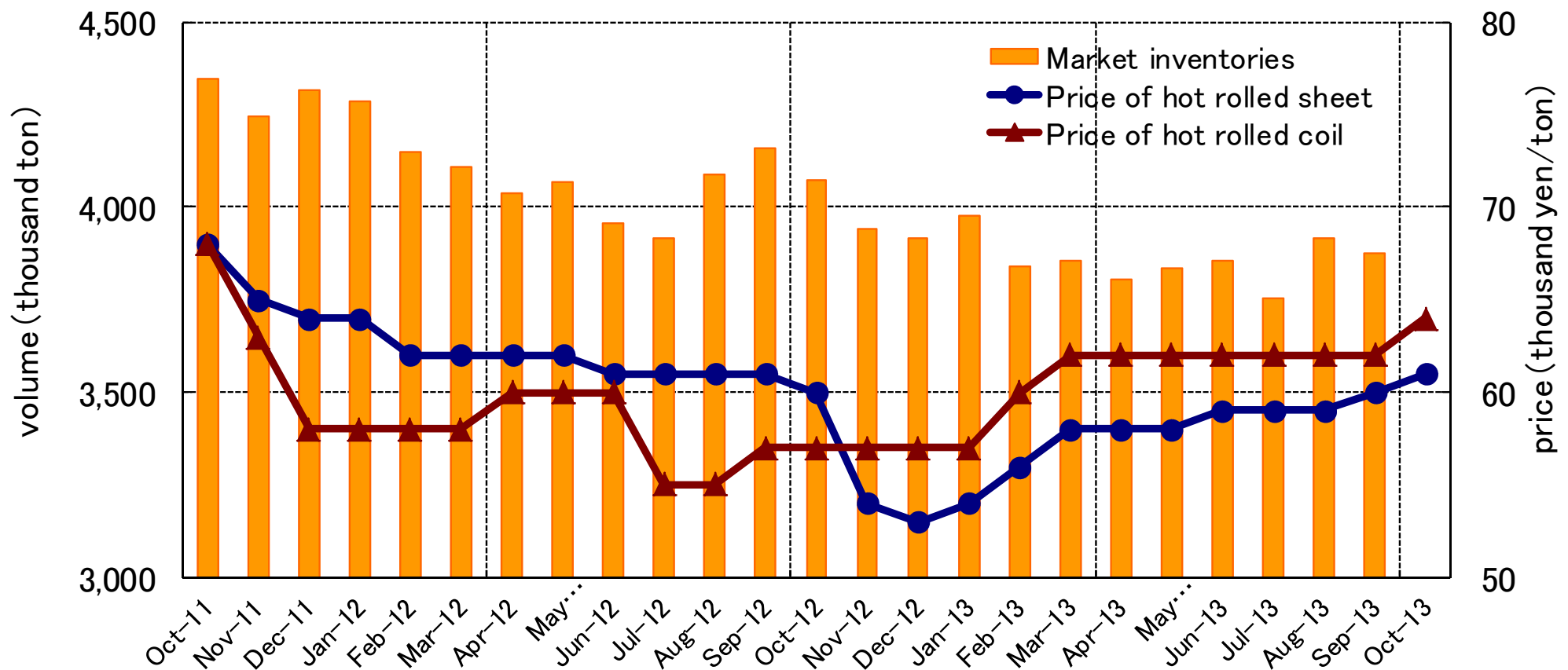


(Data source : Inventories _ Tokiwa-kai / Price _Japan metal daily)

Factory utilization rates were high but this had no effect on the spot market. As a result, the upturn in open market prices was weaker than for long products.

Currently, prices have finally risen because of an upward revision in first half conditional prices and the tight supply of steel products.

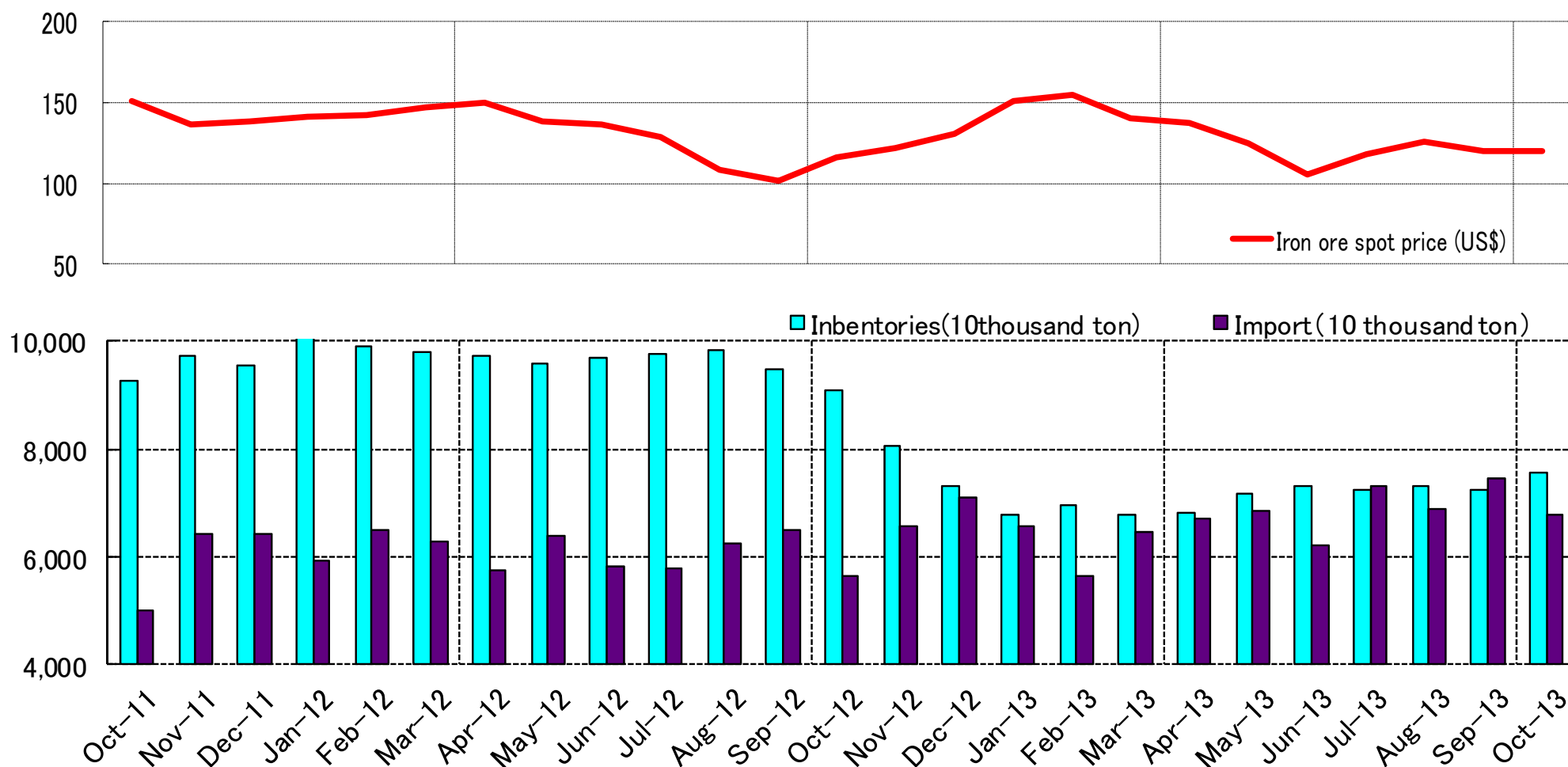
[Transition of Steel Sheets Markets in Japan]



(Data source : Inventories _ The Japan Iron and Steel Federation / Price _Japan metal daily)

The price of iron ore imported from China fell from the previous fiscal year. Although the price started rising in the summer of 2013 due to expectations for an economic upturn, the rebound did not last long. Inventories at ports are low and market participants are currently monitoring conditions while hoping for benefits of economic stimulus measures.

【Iron Ore Market in China】

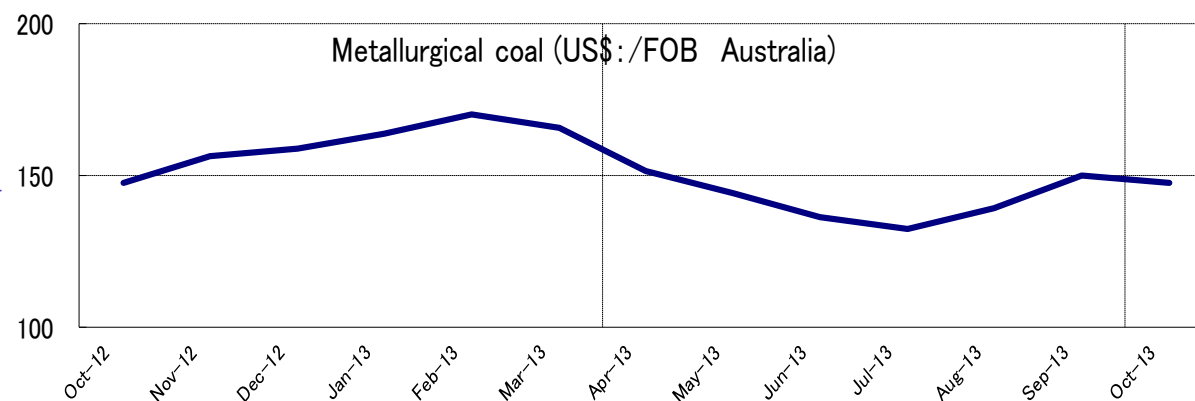


(data source : Interfax, China Customs)

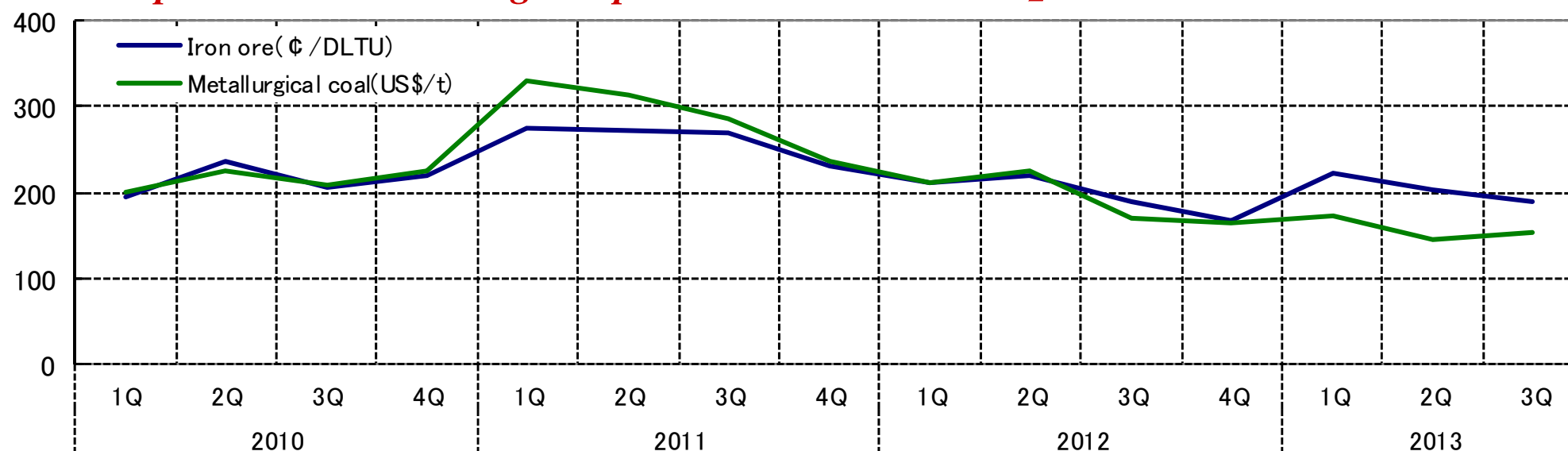
The price of coking coal has been falling along with a downturn in demand but then started climbing because of expectations for an economic stimulus measures. The price started moving down again as there were no significant stimulus measures.

Contractual prices with mining companies rose in the first quarter but then fell along with the drop in the spot market.

【Metallurgical coal price】



【Contract price between Mining companies and Steelmakers】



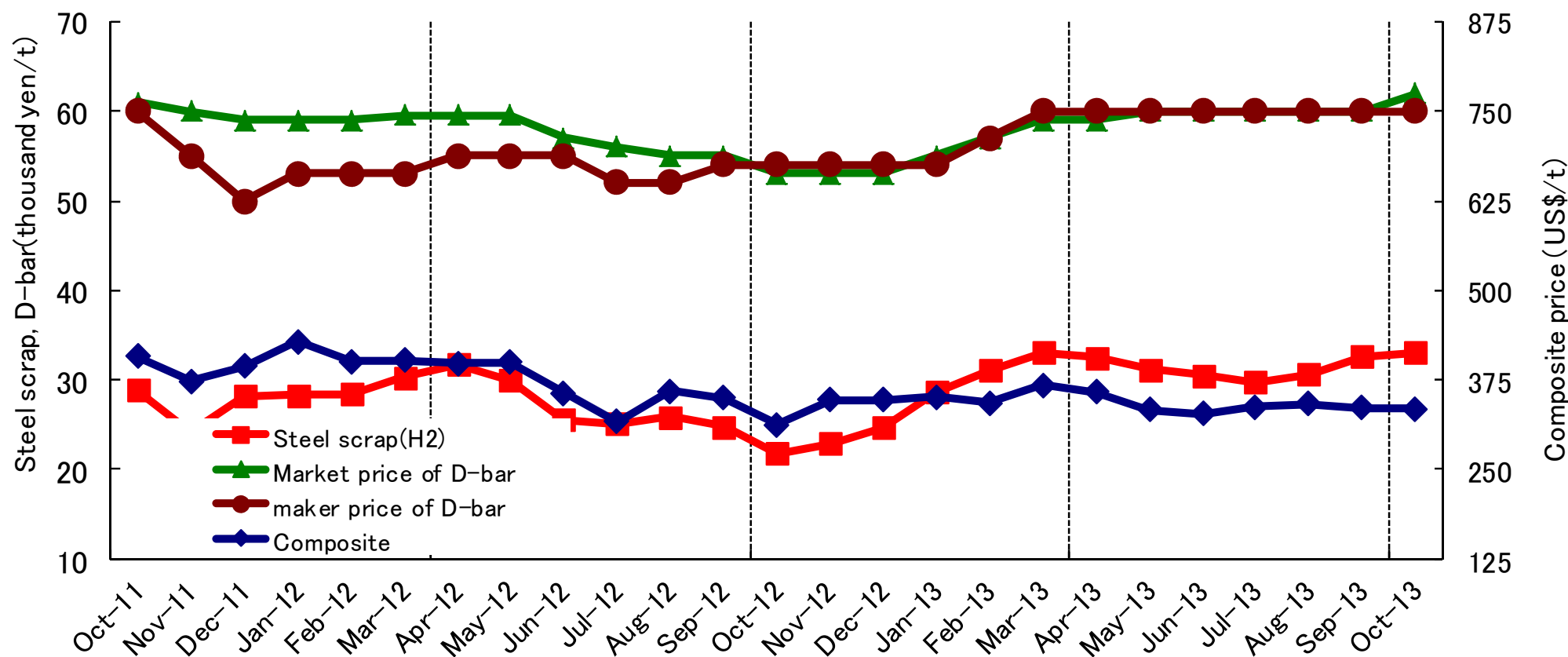
(Data source : some news report)

Markets Trend of Steel Scrap

Although prices rose late in the prior fiscal year, prices were flat for both rebar and scrap because of a lull in sales to general contractors. Overseas demand for steel scrap is also soft as there was no significant buying by Turkey, Korea and China.

Prices are currently firm because of solid construction demand and the small volume of scrap produced in Japan.

【Steel scrap and D-bar Market Price】

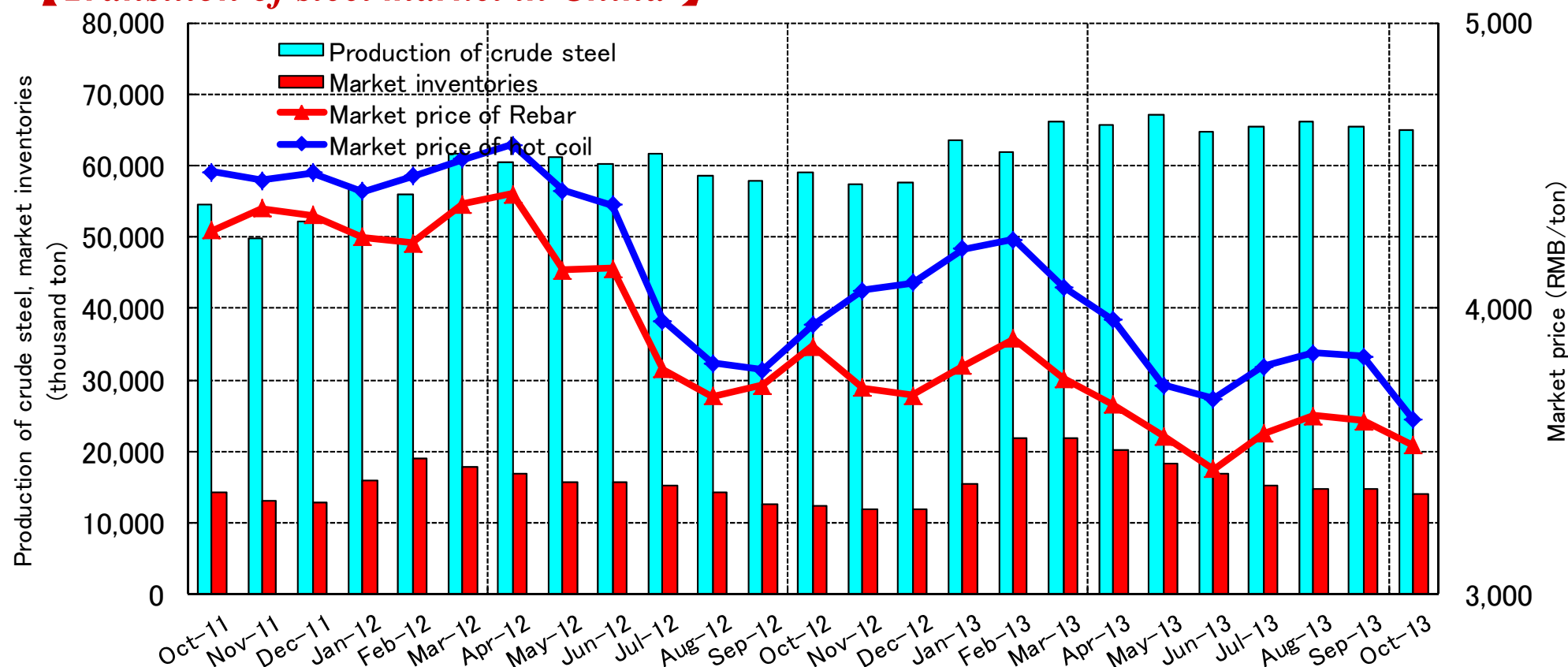


(Data source: The Japan ferrous raw materials association, Japan metal daily)

Prices rose for a while in response to expectations about government economic stimulus measures and increasing demand in the year's second half. But steel prices are lackluster again due to the lack of any substantial increase in demand.

Crude steel output remains high and there is no progress with production adjustment.

【Transition of steel market in China】



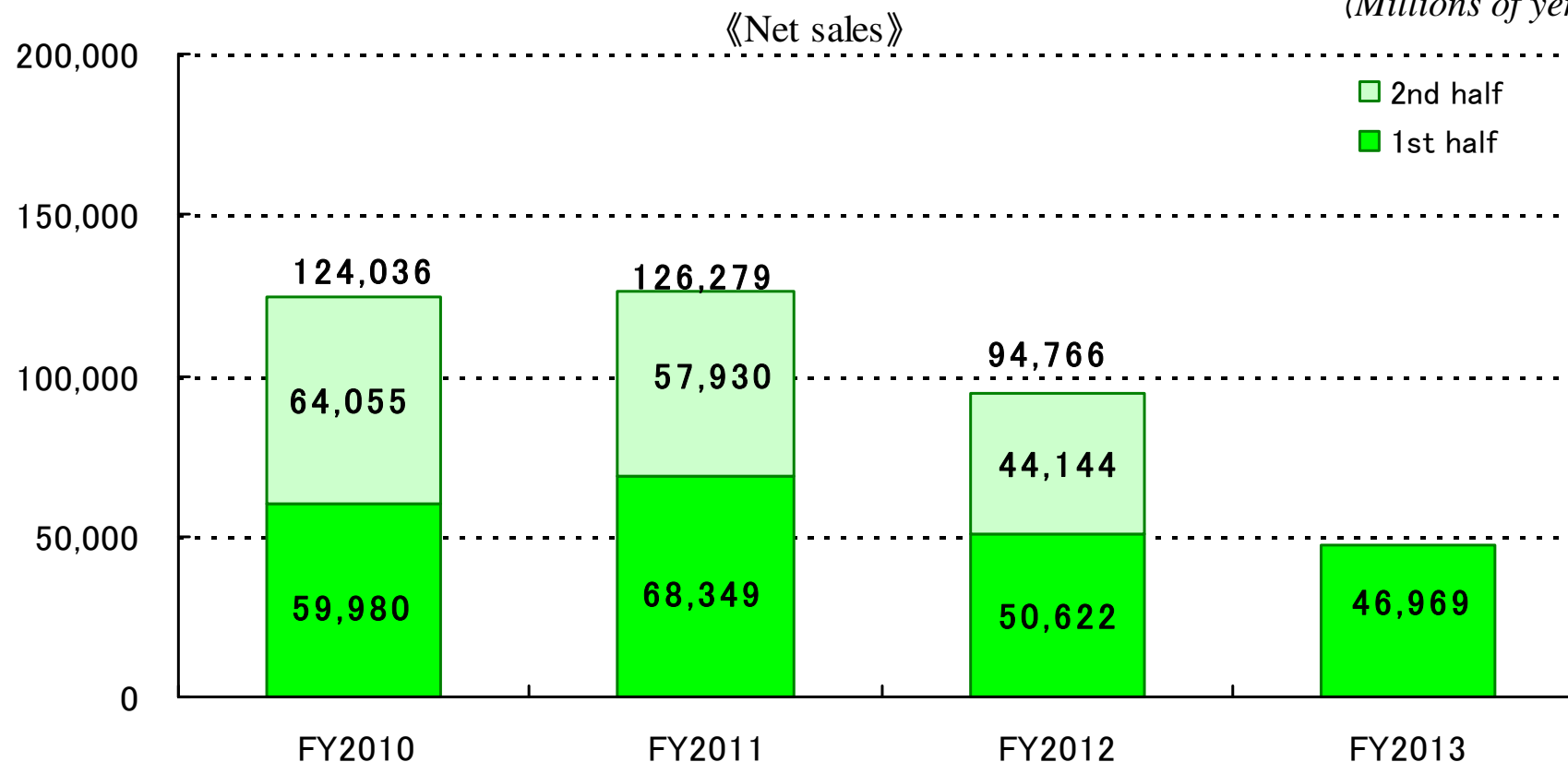
(Data source : The Japan Iron and Steel Federation)

(Millions of yen)

	<i>Net sales</i>	<i>Segment income</i>	<i>Profit ratio</i>
2013/9	46,969	1,140	2.4%
2012/9	50,622	1,248	2.5%

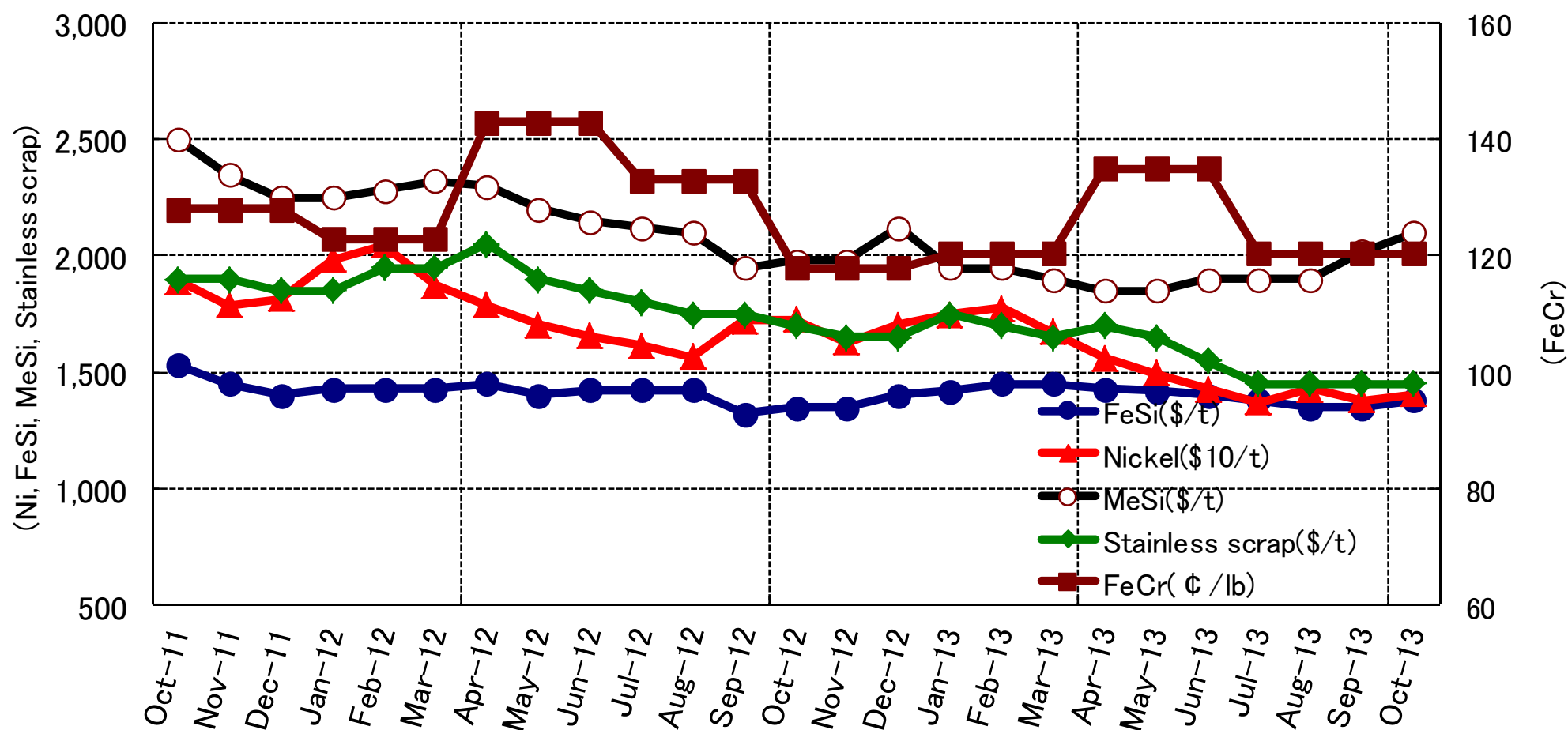
Production of stainless steel continues to decline because of soft demand worldwide. Market prices are declining along with demand and earnings are down, too. A smaller foreign exchange gain caused by the weaker yen further reduced earnings.

(Millions of yen)



Soft stainless steel demand lowered demand for raw materials, resulting in a downturn in prices of nickel, stainless steel scrap and other stainless steel raw materials.

Nickel prices will probably remain soft for a long time because of an oversupply.

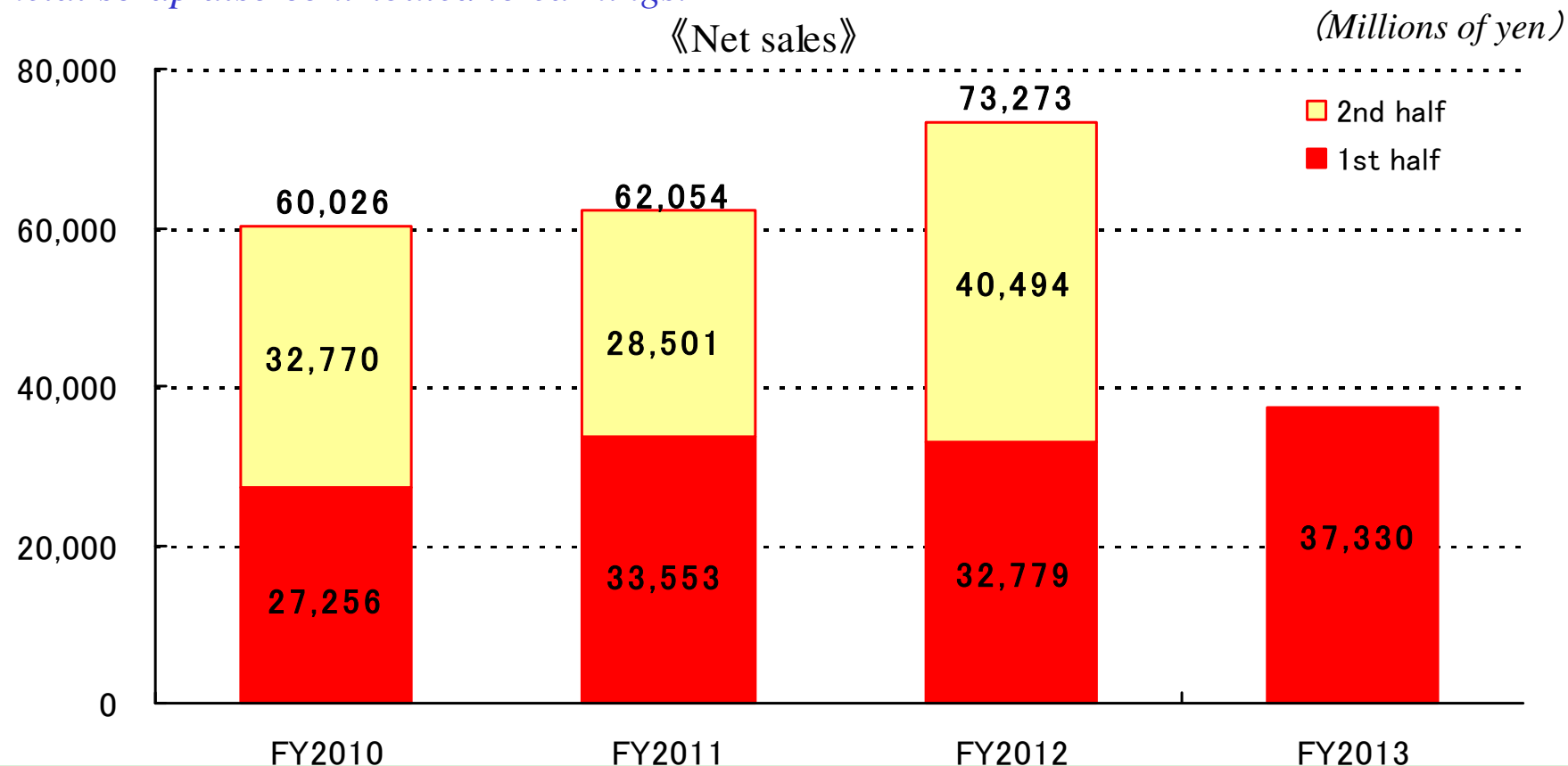


Non-ferrous Metals Business Segment

(Millions of yen)

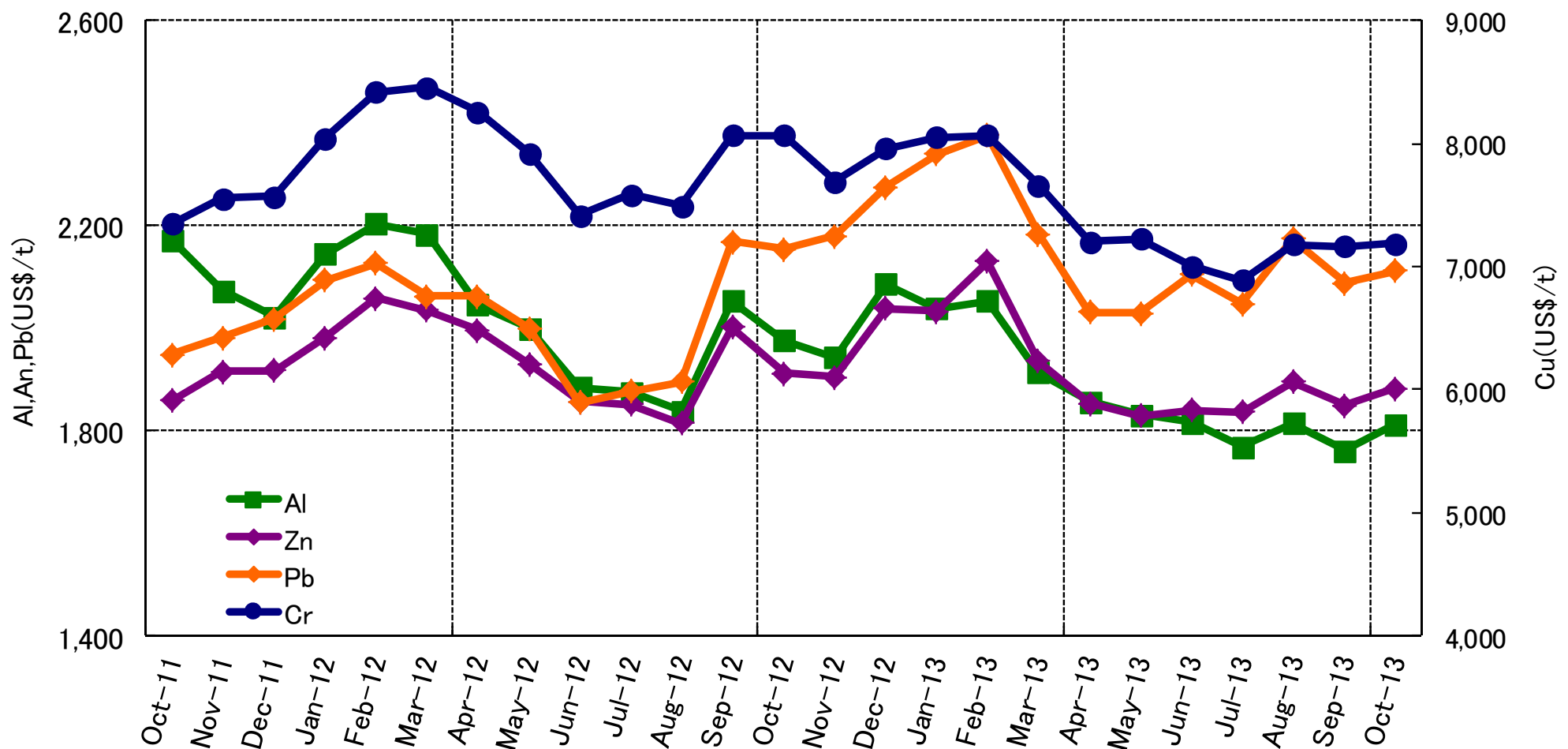
	<i>Net sales</i>	<i>Segment income</i>	<i>Profit ratio</i>
2013/9	37,330	682	1.8%
2012/9	32,779	389	1.2%

Although LME prices were weak, the yen's decline raised yen-converted prices. Pressure on earnings continued as the smaller volume of scrap pushed up the cost of collecting scrap. Profitability on sales of aluminum improved briefly in the first half. The higher volume of precious metal scrap also contributed to earnings.



LME prices were up and down in response to economic news but were generally soft.

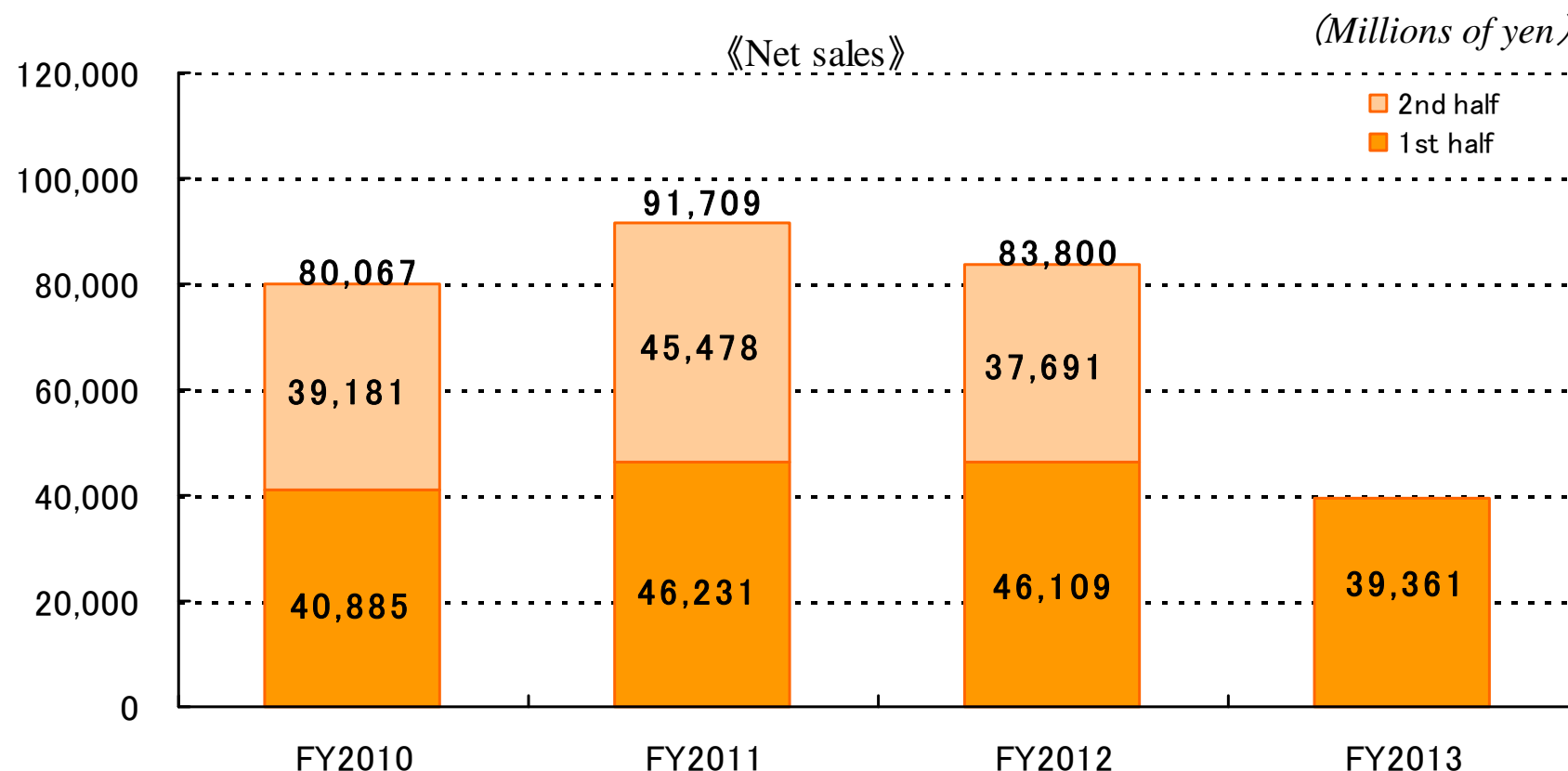
Currently, prices are moving back and forth as market participants focus on the U.S. debt ceiling problem, the timing of a tapering of quantitative easing, the direction of the Chinese economy and other events.



(Millions of yen)

	Net sales	Segment income	Profit ratio
2013/9	39,361	793	2.0%
2012/9	46,109	401	0.9%

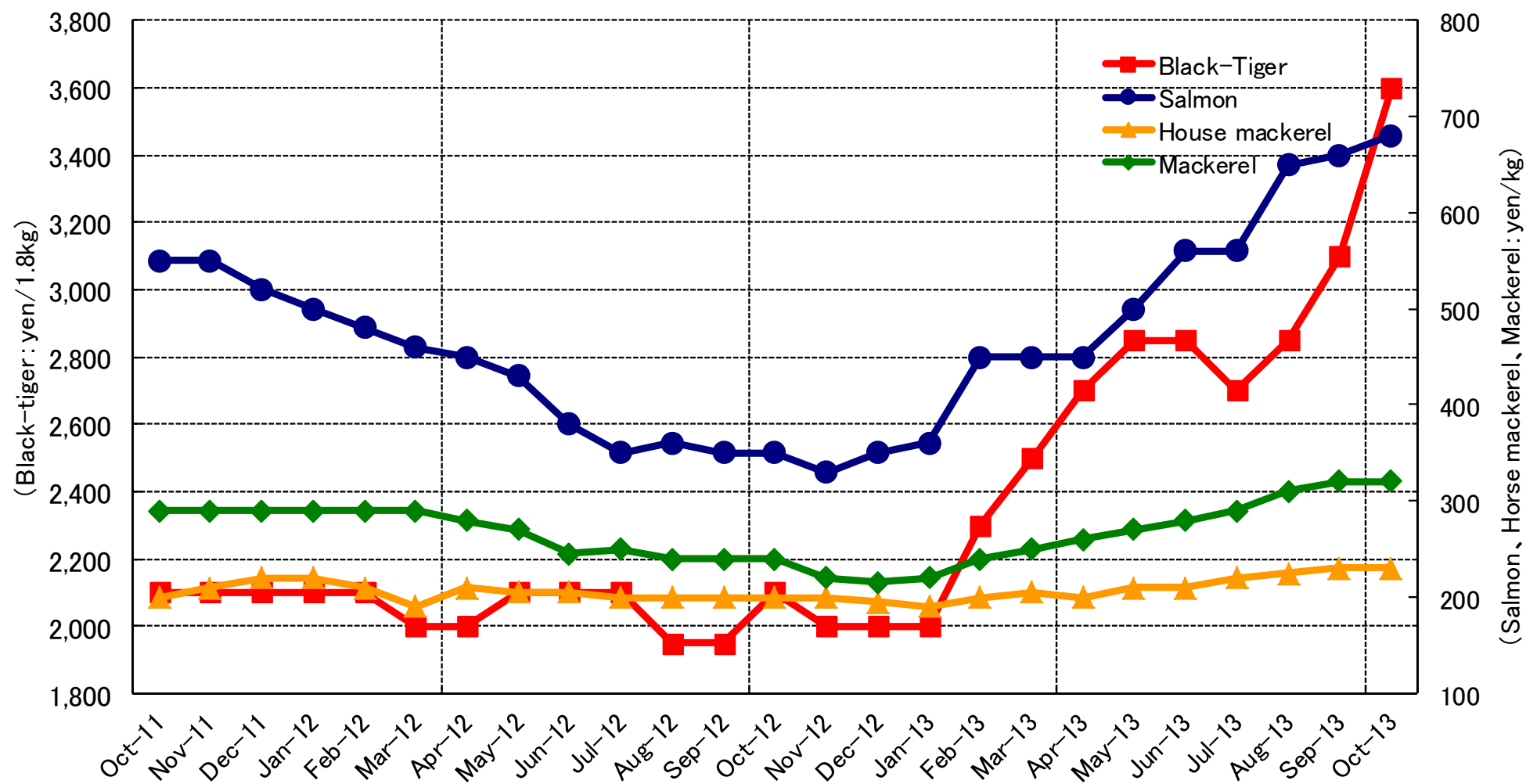
Demand in Japan was sluggish. But the yen's decline raised the price of farmed salmon, which had been falling rapidly, and the price of shrimp, which was low. Higher prices improved profitability and earnings also benefited from foreign exchange gains.



Market Trend of Frozen Marine Products

The price of farmed salmon rose sharply as the yen's decline pushed up the price of this salmon and there was a shortage of farmed salmon, too. The price has finally peaked because shipments of new produced salmon are starting to come in.

Shrimp prices, which had been low, are surging in response to the plunge in supply caused by an outbreak of a disease at shrimp farms in Southeast Asia.



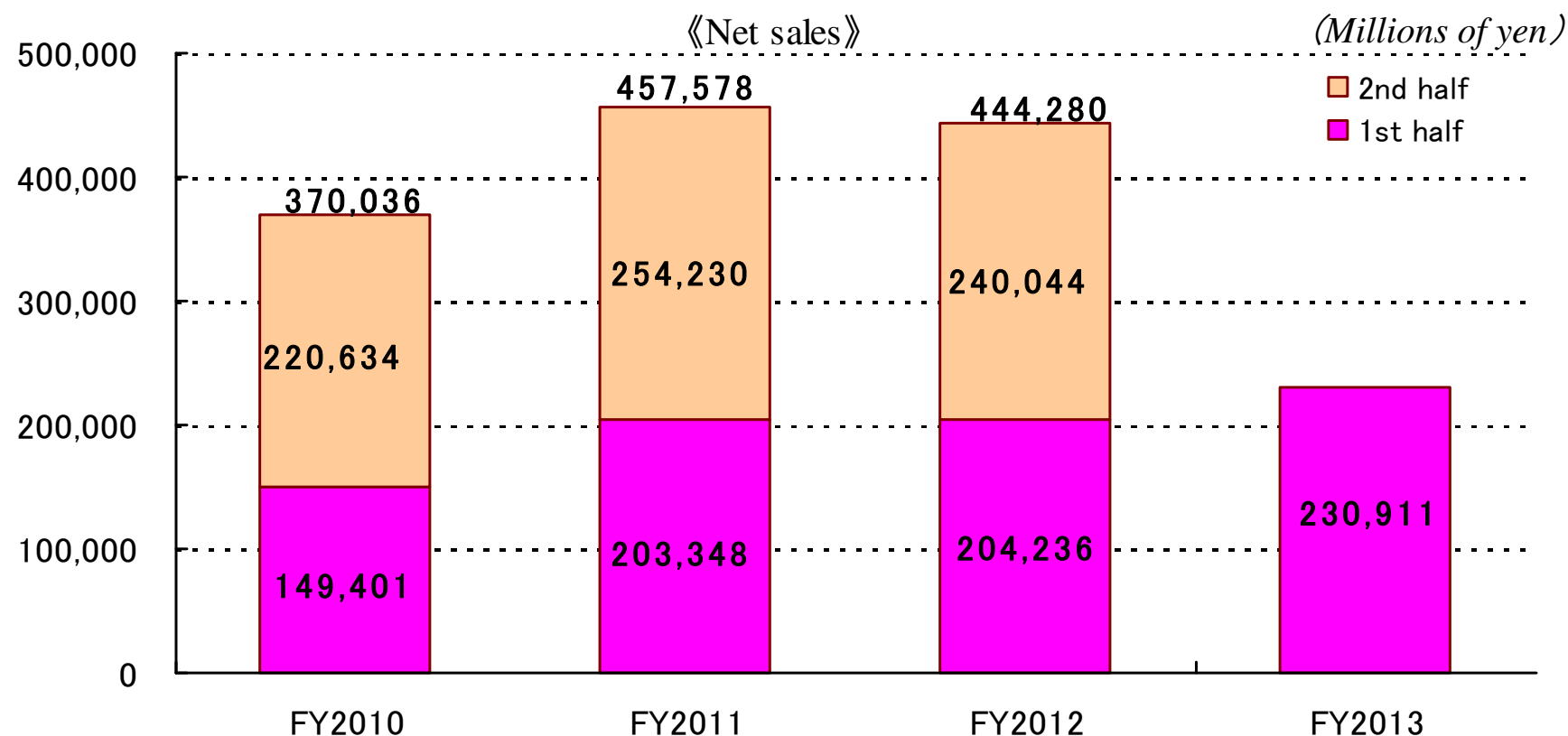
Petroleum & Chemicals Business Segment



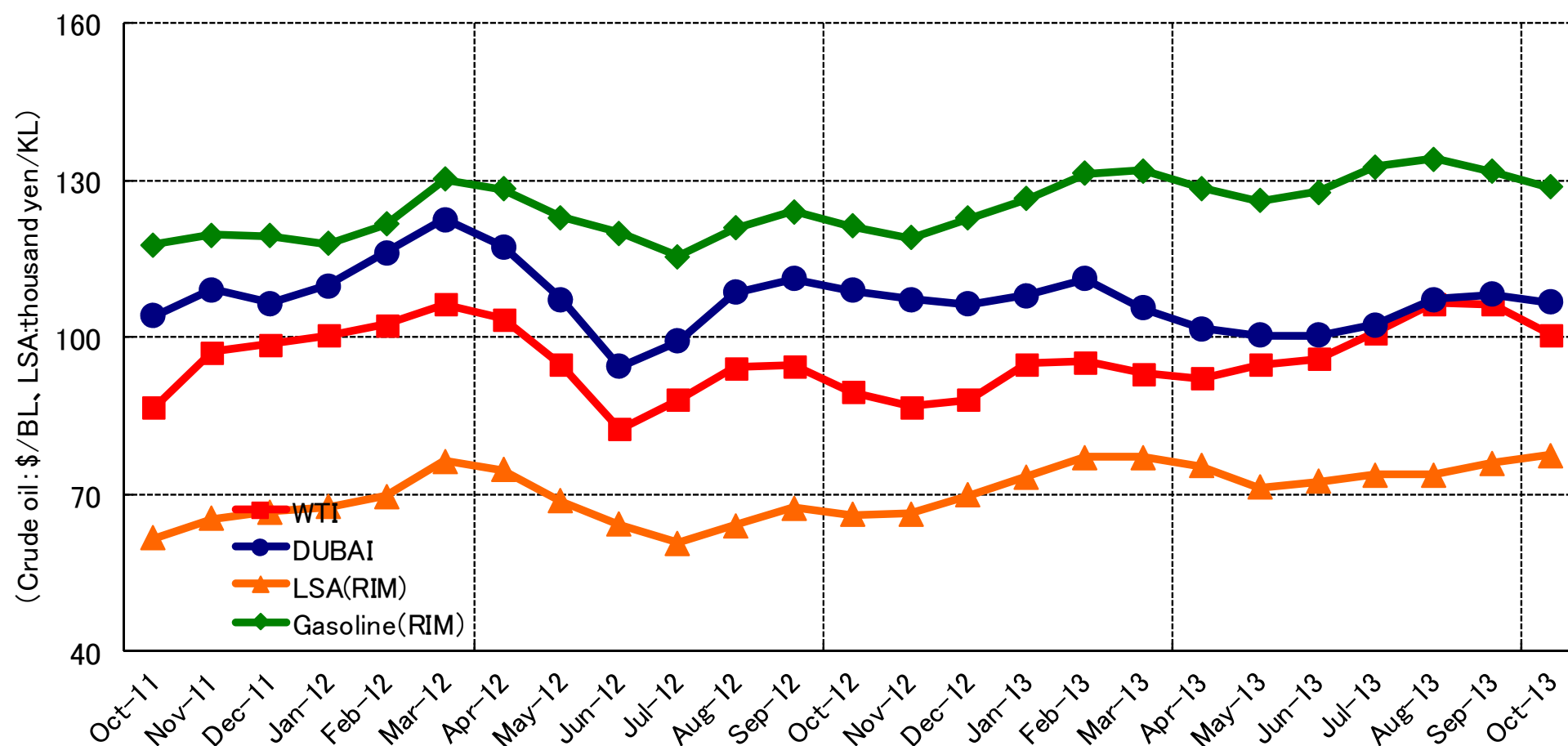
(Millions of yen)

	<i>Net sales</i>	<i>Segment income</i>	<i>Profit ratio</i>
2013/9	230,911	811	0.4%
2012/9	204,236	319	0.2%

Earning profits is difficult because of intense competition among sellers to end users as demand for industrial fuel remains sluggish. Delays in passing along the higher cost of synthetic resin products caused by the weaker yen further impacted earnings. But higher sales of bunker fuel in Russia, Korea and other countries outside Japan topped up the earnings.



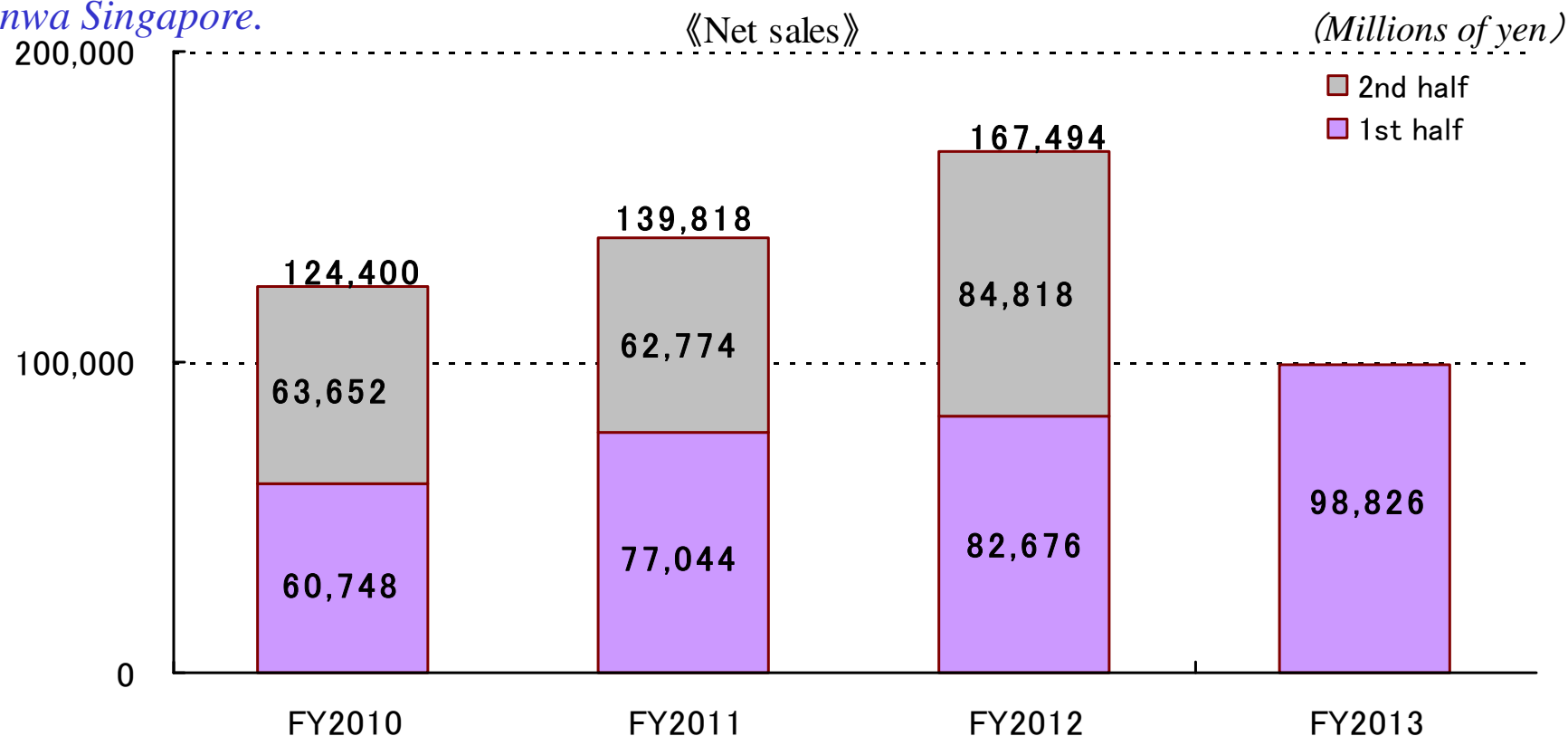
The price of crude oil rose slowly while responding to events in the Middle East, notably in Syria and Libya, the U.S. debt problem, and other factors. Currently, the price is declining somewhat as easing Middle East tension and the delay in the end of U.S. quantitative easing are causing the price to move in both directions.



(Millions of yen)

	<i>Net sales</i>	<i>Segment income</i>	<i>Profit ratio</i>
2013/9	98,826	(188)	(0.2%)
2012/9	82,676	673	0.8%

Sales in this segment increased as lumber prices rose in response to growing shipments to meet very strong housing demand. The weaker yen further raised lumber prices. However, earnings of this segment were lower because of leisure facilities generated earnings one year earlier but not this year and weak performances by overseas sales companies, including non-ferrous metals operations at Hanwa Singapore.



To reinforce the “So-Ko-Ka” Strategy, that targets fast deliveries, small transactions and processing activities, Hanwa is acquiring small and midsize steel wholesalers and processors that have valuable functions.

Taiyo kozai (Apr-2010)

Wholesale steel distributor

Daikoh Steel (Aug-2010)

Steel sheet shearing

Mie kogyo (Jul-2011)

Steel plate shearing

Subaru Steel (Jan-2012)

Steel wholesaler

Hirouchi Atsuen Kogyo Co., Ltd. (Aug-2012)

Steel processing, Steel wholesaler

Kaneki Co., Ltd. (Aug-2012)

Steel processing and steel wholesaler

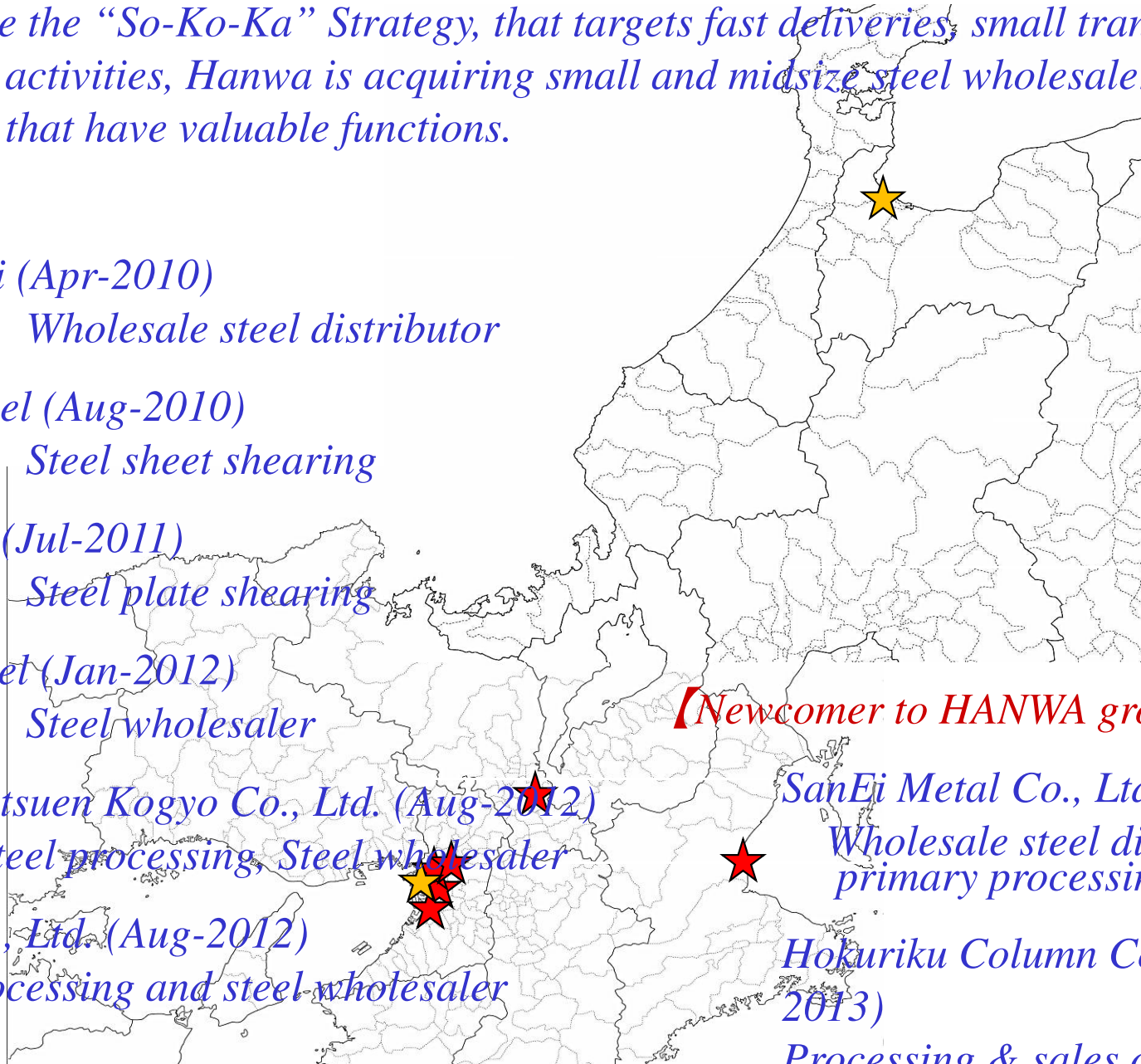
【Newcomer to HANWA group in FY2013】

SanEi Metal Co., Ltd.(Oct-2013)

Wholesale steel distributor and primary processing

Hokuriku Column Co., Ltd.(Nov-2013)

Processing & sales of steel column



The fiscal year forecast has been revised upwards because of good progress in the first half and the outlook for an increase in domestic demands in the second half.

We pay 6 yen as interim dividend and plan to pay additional 6 yen as the end of this fiscal year dividend.

(Millions of yen)

	<i>Interim</i>	<i>FY2013</i>	<i>FY2012</i>
<i>Net sales</i>	790,724	1,660,000	1,511,324
<i>Operating income</i>	7,023	15,800	12,491
<i>Ordinary income</i>	6,751	14,000	8,871
<i>Net income</i>	3,792	8,200	4,720
	<i>Year</i>	<i>Interim</i>	<i>Year-end</i>
<i>Cash dividends (yen)</i>	12.00	6.00	6.00

This material contains statements (including figures) regarding Hanwa Co.,Ltd.(“Hanwa”)’s corporate strategies, objectives, and views of future developments that are forward-looking in nature and are not simply reiterations of historical facts. These statements are presented to inform stakeholders of the Views of Hanwa’s management but should not be relied on solely in making investment and other decisions. Readers should not place undue reliance on forward-looking statements.