

FINANCIAL RESULTS

for the Fiscal Year ended March 31, 2013

May 17, 2013

HANWA CO., LTD.

- *Net sales*

Compared with the last year, our net sales has decreased by 3.4% and reached 1,511.3 billion yen, due to decline in steel and metal prices.

- *Net income*

Ordinary income was down because of lower proceeds caused by a drop in sales prices and a foreign exchange loss due to the yen's decline during the fiscal year. But a smaller extraordinary loss and other factors resulted in a 1.9% increase in net income to 4,720 million yen.

- *Dividends*

We plan to pay 8 yen as the end of this fiscal year dividend.

As a result, the planned annual dividend for FY2012 will be 12 yen per share.

Operating Results (consolidated)

(Millions of yen)

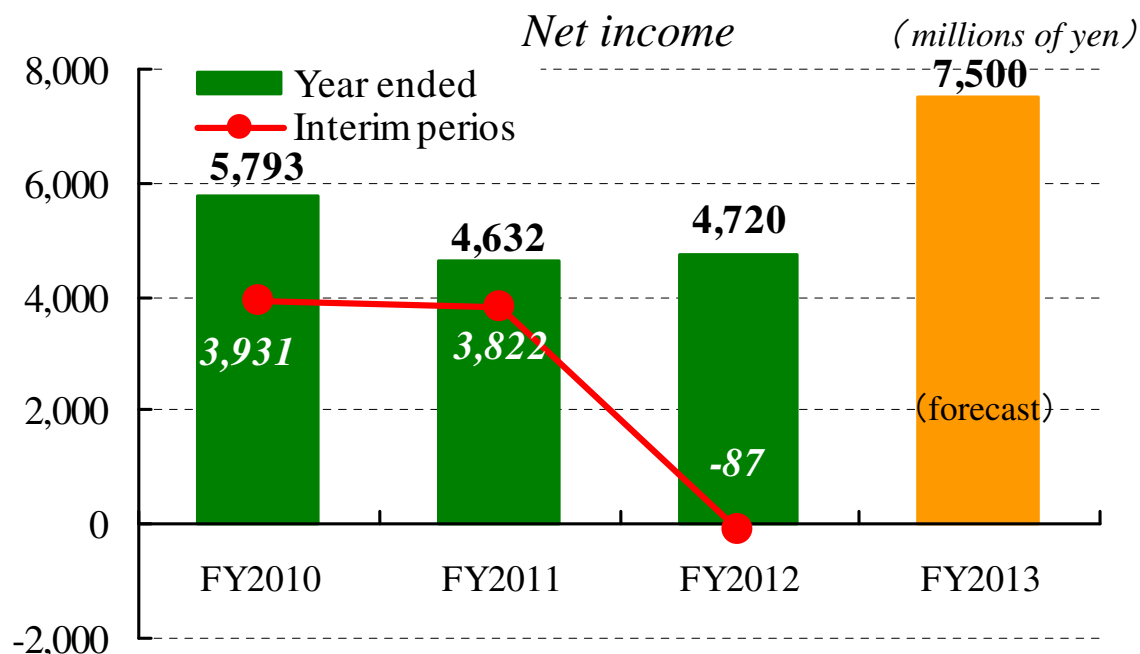
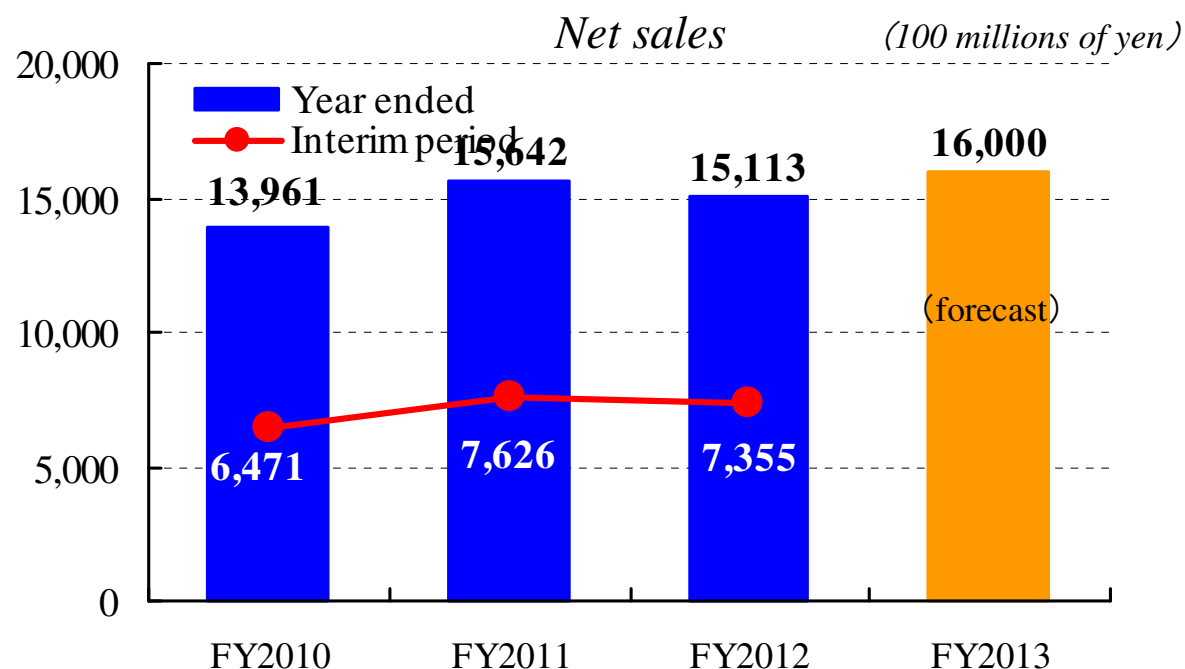
	FY2012	FY2011	Rate of changes
Net sales	1,511,324	1,564,250	-3.4 %
Gross profit	44,762	46,346	-3.4 %
SG&A expenses	32,271	31,369	+2.9 %
Operating income	12,491	14,976	-16.6 %
Non-operating income/expenses	(3,620)	(1,860)	+94.6 %
Ordinary income	8,871	13,116	-32.4 %
Extraordinary gain/loss	(2,053)	(4,670)	-56.0 %
Income before income taxes and others	6,817	8,445	-19.3 %
Income taxes	2,033	3,710	-45.2 %
Minority interests/loss	62	102	-39.2 %
Net income	4,720	4,632	+1.9 %
Comprehensive income	6,600	6,214	+6.2 %

- Net sales amount has decreased by 3.4% from the previous year. In Steel, metals/alloys and non-ferrous metals businesses, sales prices dropped.
- Operating and ordinary income decreased, due to contraction of profit margins from price decline and exchange loss
 Operating income -16.6%
 Ordinary income -32.4%
- The net income increased by 1.9%, mainly due to decline in extraordinary loss and income taxes.
- EPS was 22.78 yen (+0.43 yen)

Changes in Business results (consolidated)

The pace of the global economic recovery slowed as the fiscal year began because of recurring financial instability in Europe and lackluster growth in China. In Japan, demand was relatively solid but prices continued to fall in many sectors.

Sales decreased year-on-year. Although net income increased due to a smaller extraordinary loss and decline in taxes, earnings to the ordinary income level were down because of lower operating revenue and a foreign exchange loss.



Financial Position (consolidated)

(Millions of yen)

	FY2012	FY2011	Rate of change
Total assets	552,908	582,404	-5.1 %
Current assets	435,301	467,982	-7.0 %
Fixed assets	117,607	114,422	+2.8 %
Total liabilities	432,233	466,448	-7.3 %
Net interest-bearing debt	212,883	219,594	-3.1 %
Net assets	120,674	115,956	+4.1 %
Equity capital	117,088	114,209	+2.5 %
Accumulated other comprehensive income	1,143	(580)	-
Minority interests	2,442	2,326	+5.0 %

- Total assets decreased by 5.1% from end of the previous year, due to decrease in trade receivables and inventories.
- Interest-bearing debt decreased by 3.1%. Net debt-equity ratio has improved a little and became 180%.
- Total net assets increased by 4.1% from end of the previous year, due to increase in retained earnings and foreign currency translation adjustments. Shareholders' equity ratio was 21.4%.
- BPS was 570.50 yen. (+22.28 yen)

Cash Flows Situation (consolidated)

(Millions of yen)

	FY2012	FY2011	change
Cash flows from Operating activities	19,380	11,970	+7,410
Cash flows from Investing activities	(5,106)	(12,009)	+6,903
Cash flows from Financing activities	(16,363)	1,596	-17,959
Cash and cash equivalents at end of the period	23,198	23,411	-213

Net cash provided by operation was 19.3 billion yen due to decrease in trade receivables and inventories.

Net cash used in investment was 5.1 billion yen due to payment for purchase of fixed assets and investment securities.

Net cash used in financing was 16.3 billion yen due to decrease in short term loans.

Segment Information (consolidated)

Net sales

	<i>FY2012</i>	<i>FY2011</i>	<i>Rate of change</i>
<i>Steel</i>	<i>718,170</i>	<i>745,031</i>	<i>-3.6%</i>
<i>Metal & alloys</i>	<i>94,766</i>	<i>126,279</i>	<i>-25.0%</i>
<i>Non-ferrous metals</i>	<i>73,273</i>	<i>62,054</i>	<i>+18.1%</i>
<i>Foods</i>	<i>83,800</i>	<i>91,709</i>	<i>-8.6%</i>
<i>Petroleum & chemicals</i>	<i>444,280</i>	<i>457,578</i>	<i>-2.9%</i>
<i>Total for reportable segments</i>	<i>1,414,291</i>	<i>1,482,653</i>	<i>-4.6%</i>
<i>Other</i>	<i>167,494</i>	<i>139,818</i>	<i>+19.8%</i>
<i>Total</i>	<i>1,581,786</i>	<i>1,622,472</i>	<i>-2.5 %</i>
<i>Adjustment</i>	<i>(70,461)</i>	<i>(58,221)</i>	<i>-21.0%</i>
<i>Consolidated</i>	<i>1,511,324</i>	<i>1,564,250</i>	<i>-3.4%</i>

Segment income

(Millions of yen)

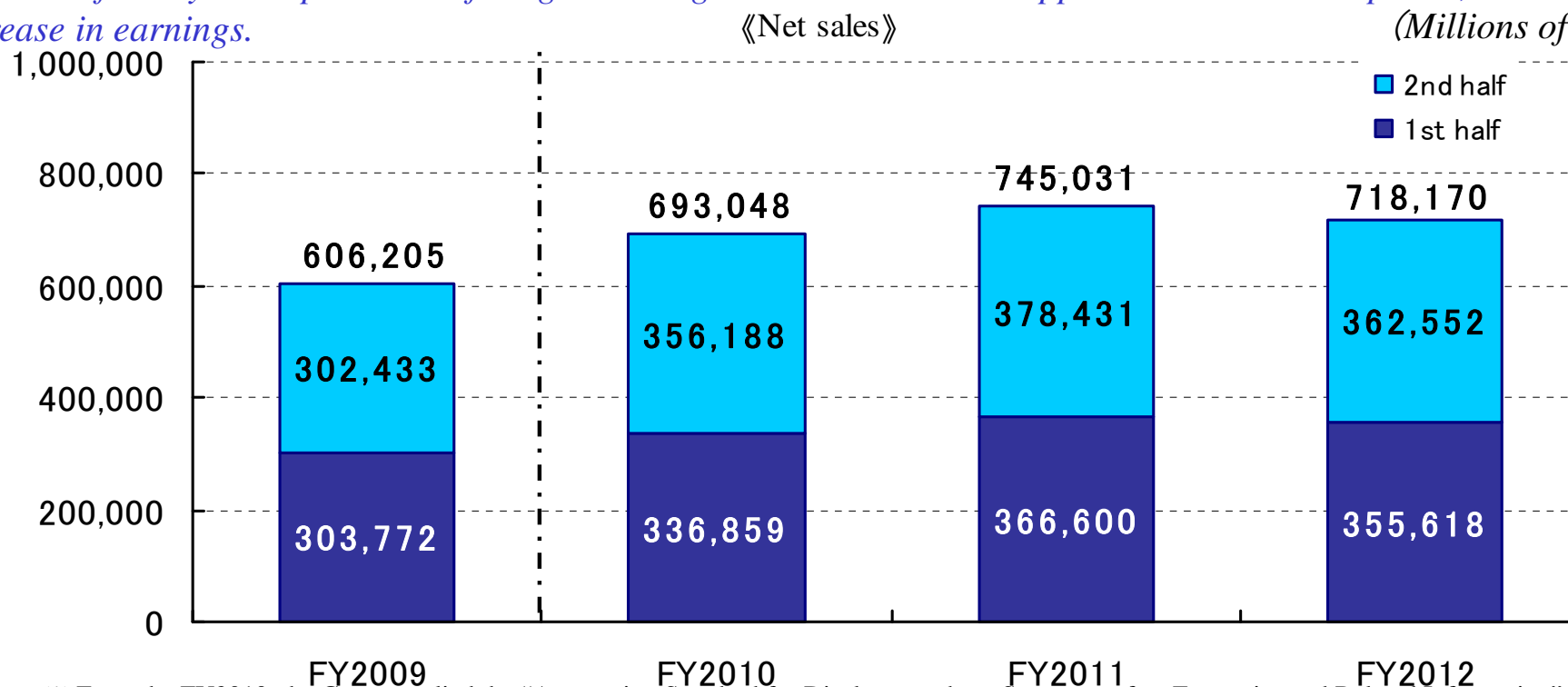
	<i>FY2012</i>	<i>FY2011</i>	<i>Rate of change</i>
<i>Steel</i>	<i>9,598</i>	<i>9,349</i>	<i>+2.7%</i>
<i>Metal & alloys</i>	<i>320</i>	<i>1,286</i>	<i>-75.1%</i>
<i>Non-ferrous metals</i>	<i>686</i>	<i>851</i>	<i>-19.4%</i>
<i>Foods</i>	<i>747</i>	<i>1,180</i>	<i>-36.7%</i>
<i>Petroleum & chemicals</i>	<i>1,673</i>	<i>2,671</i>	<i>-37.4%</i>
<i>Total for reportable segments</i>	<i>13,026</i>	<i>15,340</i>	<i>-15.1%</i>
<i>Other</i>	<i>1,222</i>	<i>1,689</i>	<i>-27.6%</i>
<i>Total</i>	<i>14,248</i>	<i>17,030</i>	<i>-16.3%</i>
<i>Adjustment</i>	<i>(5,377)</i>	<i>(3,913)</i>	<i>-37.4%</i>
<i>Consolidated</i>	<i>8,871</i>	<i>13,116</i>	<i>-32.4%</i>

(Millions of yen)

	<i>Net sales</i>	<i>Segment income</i>	<i>Profit ratio</i>
FY2012	718,170	9,598	1.3%
FY2011	745,031	9,349	1.3%

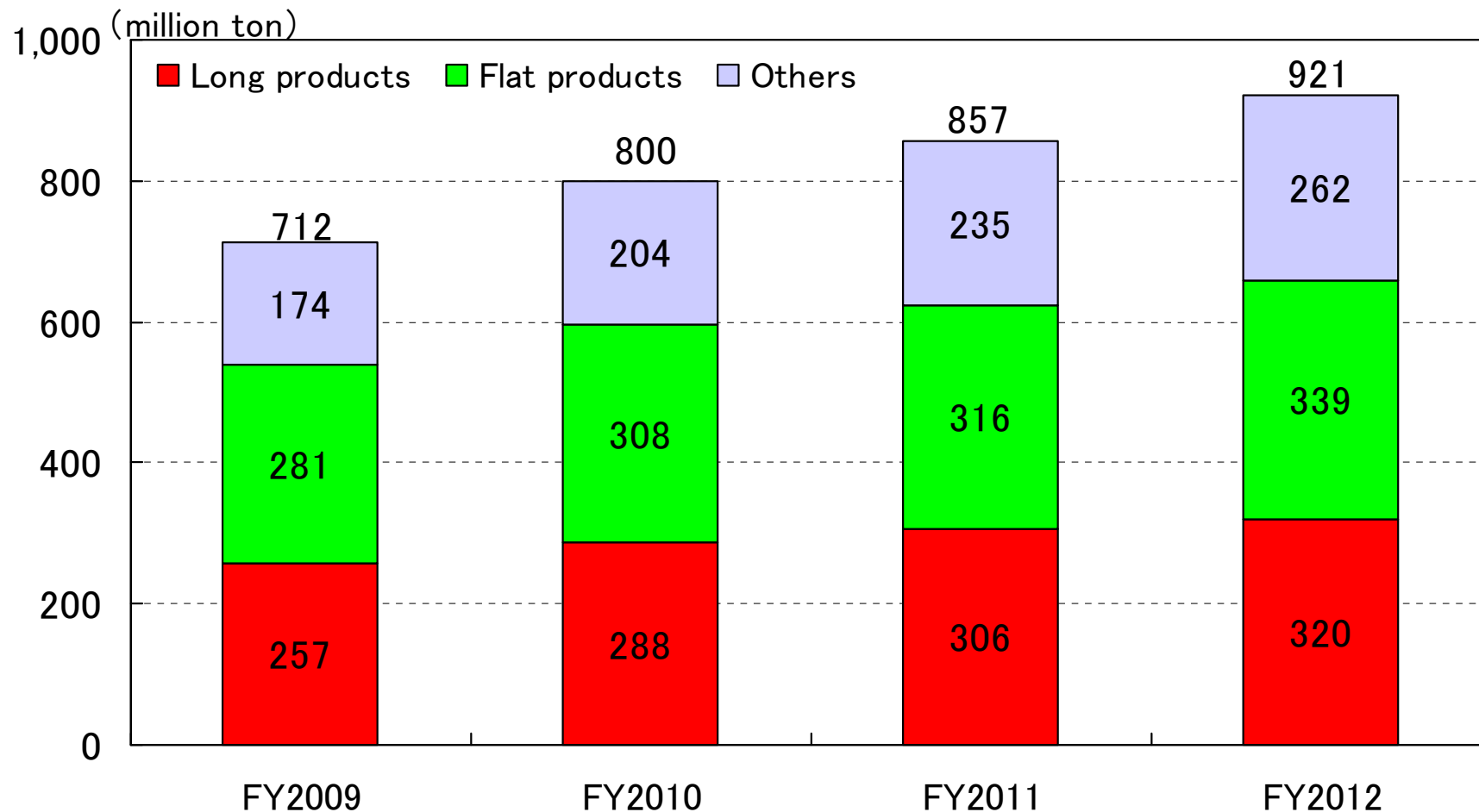
In the construction sector, full-scale demand associated with earthquake reconstruction projects did not emerge. But demand was underpinned by civil engineering and small/midsize building projects. In the manufacturing sector as well, operating rates were generally strong.

Market prices continued to fall until the middle of the second half, making it difficult to earn profits. But the yen's decline late in the fiscal year improved the foreign exchange environment and stopped the downturn in prices, resulting in a small increase in earnings.



※ From the FY2010, the Group applied the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No.17, March 27, 2009) .

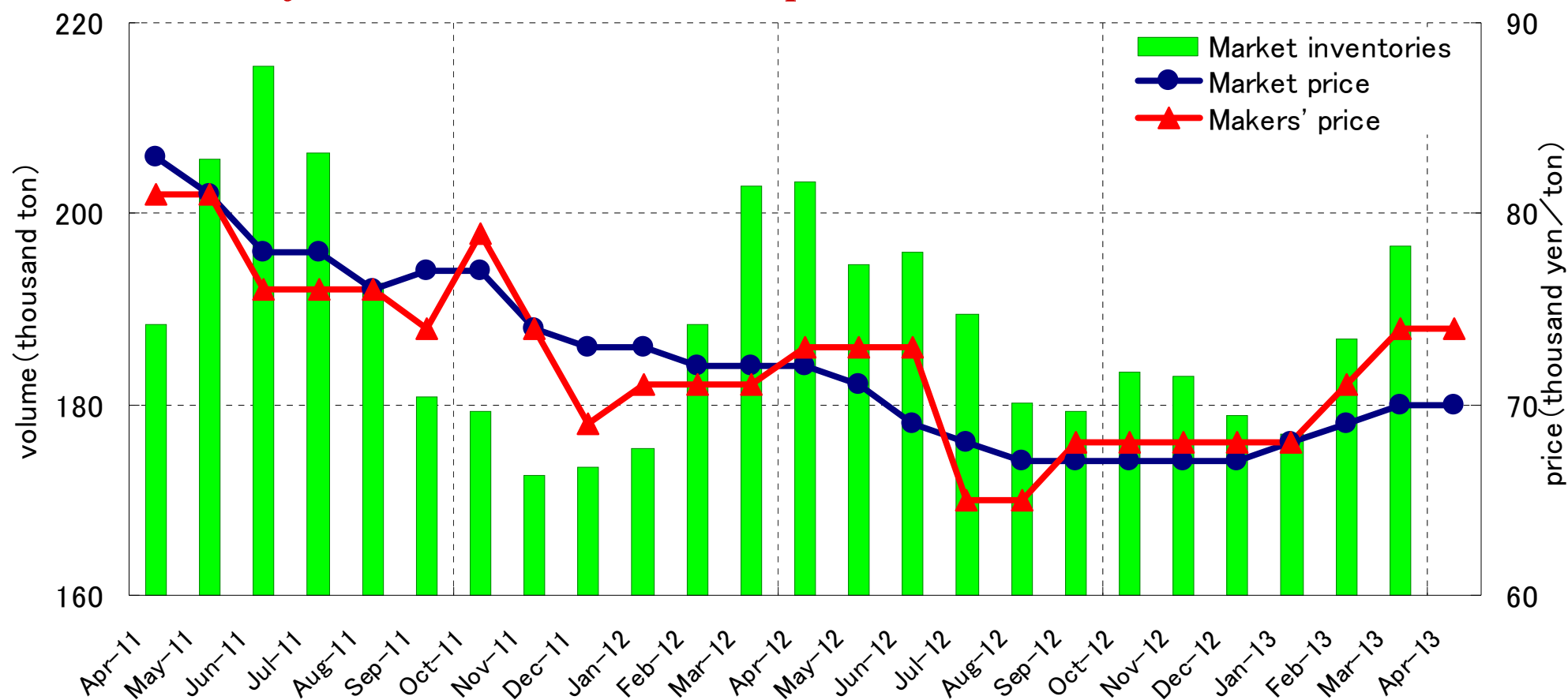
Although the operating environment was challenging because of weakness in the spot market and slumping prices overseas, volume increased for both long products and sheets and coils. Steel scrap, included in specialty steel and others, increased, too.



At first, inventories increased as output climbed on expectations of earthquake reconstruction demand. But there was no significant rise in demand in the spot market, thus market prices declined steadily until the third quarter.

In 2013, business confidence improved due to higher prices of raw materials and expectations concerning government economic and monetary initiatives. Despite hopes for an end to the price decline, there is currently no growth in real demand and business confidence may have peaked.

[Transition of the H-Beams Markets in Japan]

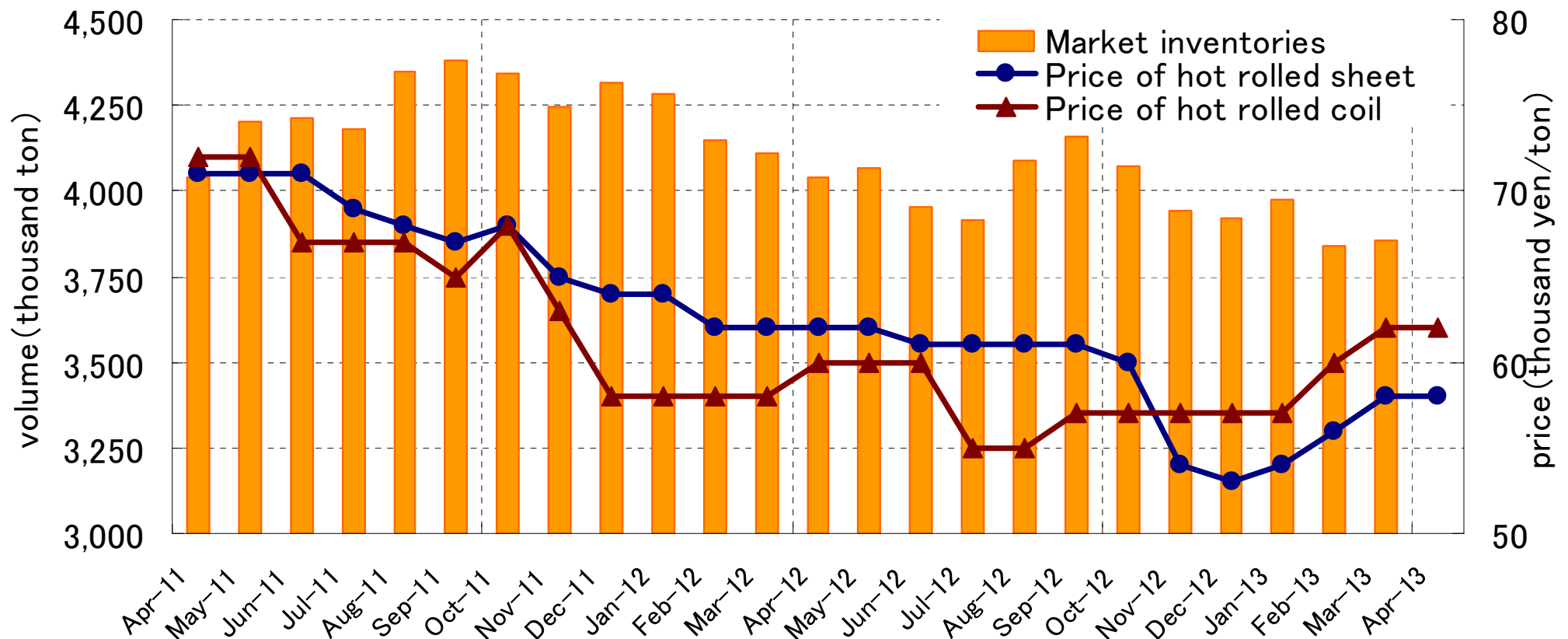


(Data source : Inventories _ Tokiwa-kai / Price _Japan metal daily)

Factory utilization rates were strong, but sluggish spot demand resulted in weak open market prices.

Prices stopped falling in the second half because of the higher cost of raw materials and expectations for an economic recovery. But real demand growth has been lackluster and is currently slowing.

[Transition of Steel Sheets Markets in Japan]

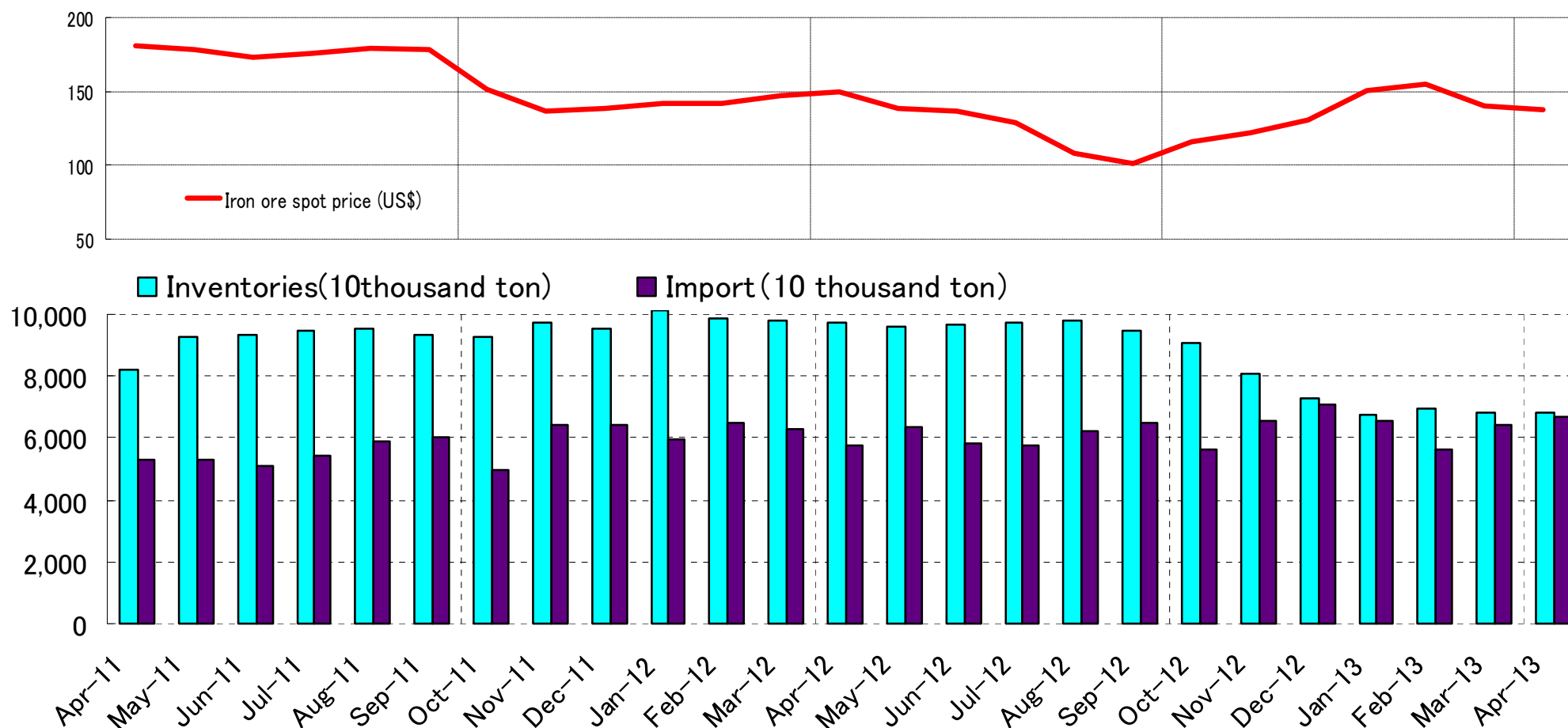


(Data source : Inventories _ The Japan Iron and Steel Federation / Price _Japan metal daily)

Market Trend of Steel Raw Materials

The price of iron ore imported by China generally declined in the first half because of flat demand for exports to Europe and lower steel prices in China. After the second half, the price increased due to hopes for economic stimulus measures and lower inventories at ports. But the price is currently weak again due to the lack of government policy benefits and lackluster steel demand.

【Iron Ore Market in China】

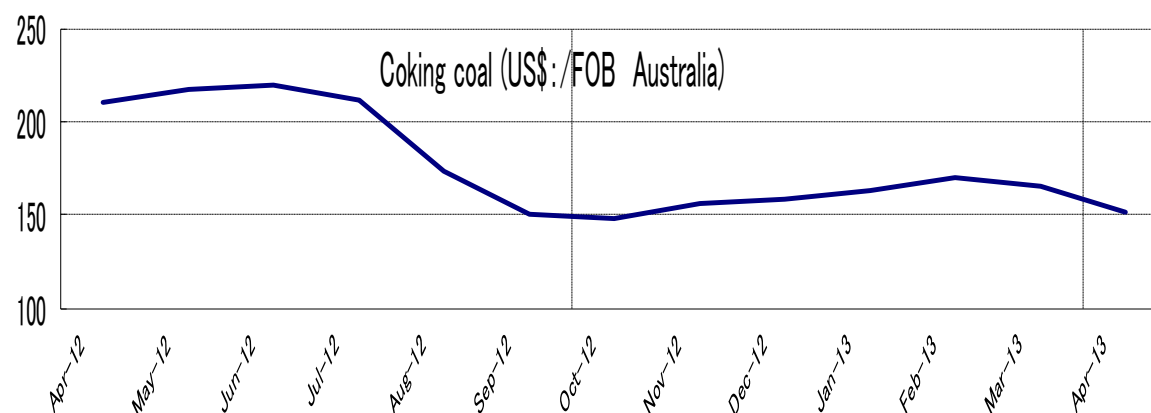


(data source : Interfax、China Customs)

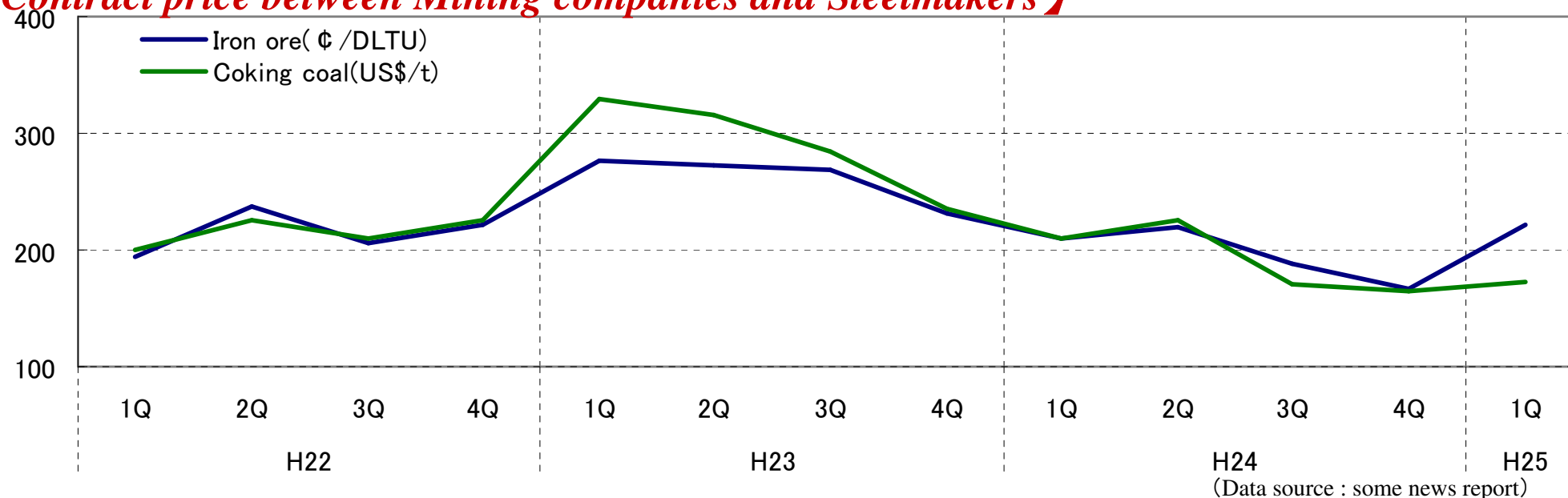
The price of coking coal decreased until the middle of the fiscal year as demand was weak in China. The price then increased on hopes for rising demand after the Chinese New Year but is now falling again.

Contractual prices with mining companies increased slightly in the second quarter and then declined. But a second half upturn in the spot market caused contractual prices to increase in the first quarter of the current fiscal year.

【Coking coal price】



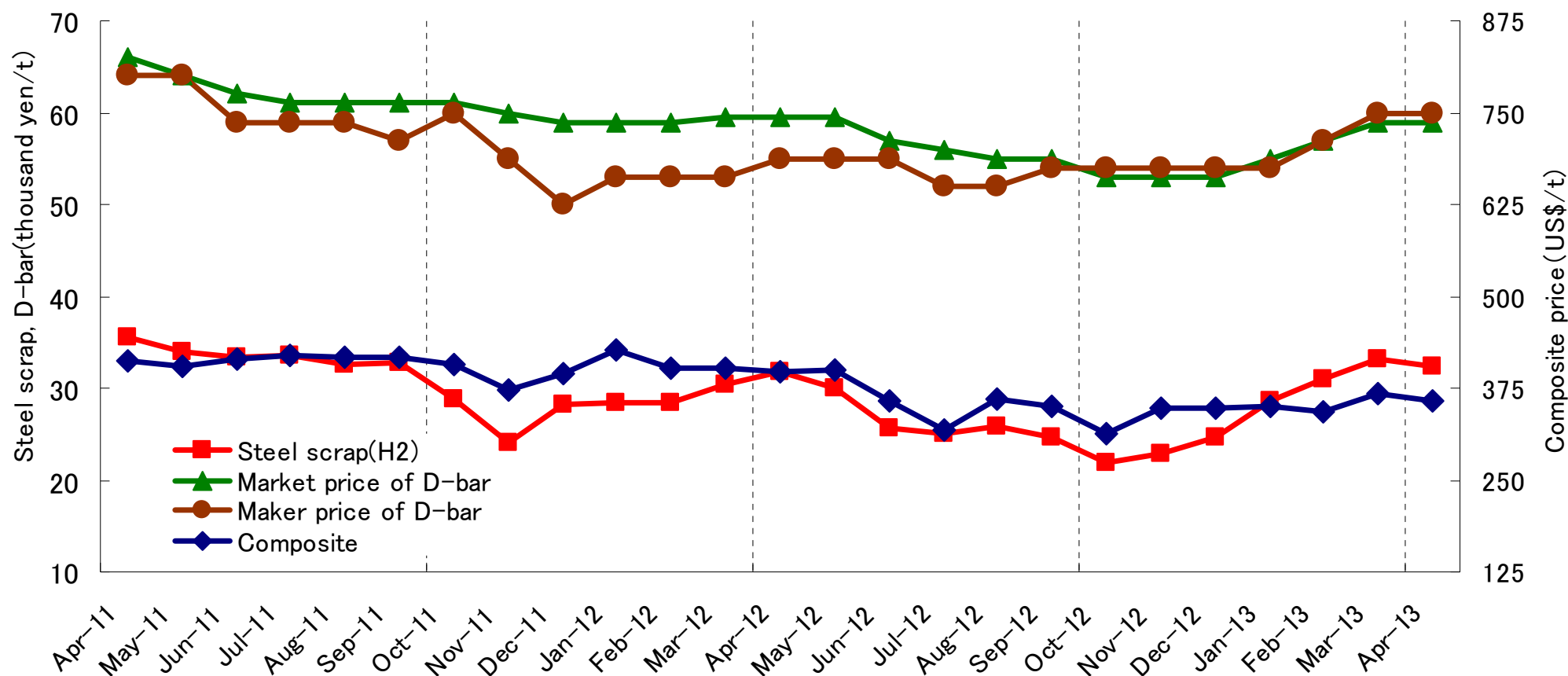
【Contract price between Mining companies and Steelmakers】



Steel scrap prices were soft until the end of 2012 because of the small volume of purchases by Turkey, Korea, China and other countries. In 2013, prices improved as the weaker yen made the cost of Japanese scrap more competitive for exports. Japanese EAF steelmakers raised their scrap purchase prices, too.

Steel scrap prices are currently declining partly due to a pause in buying from overseas.

【Steel scrap and D-bar Market Price】

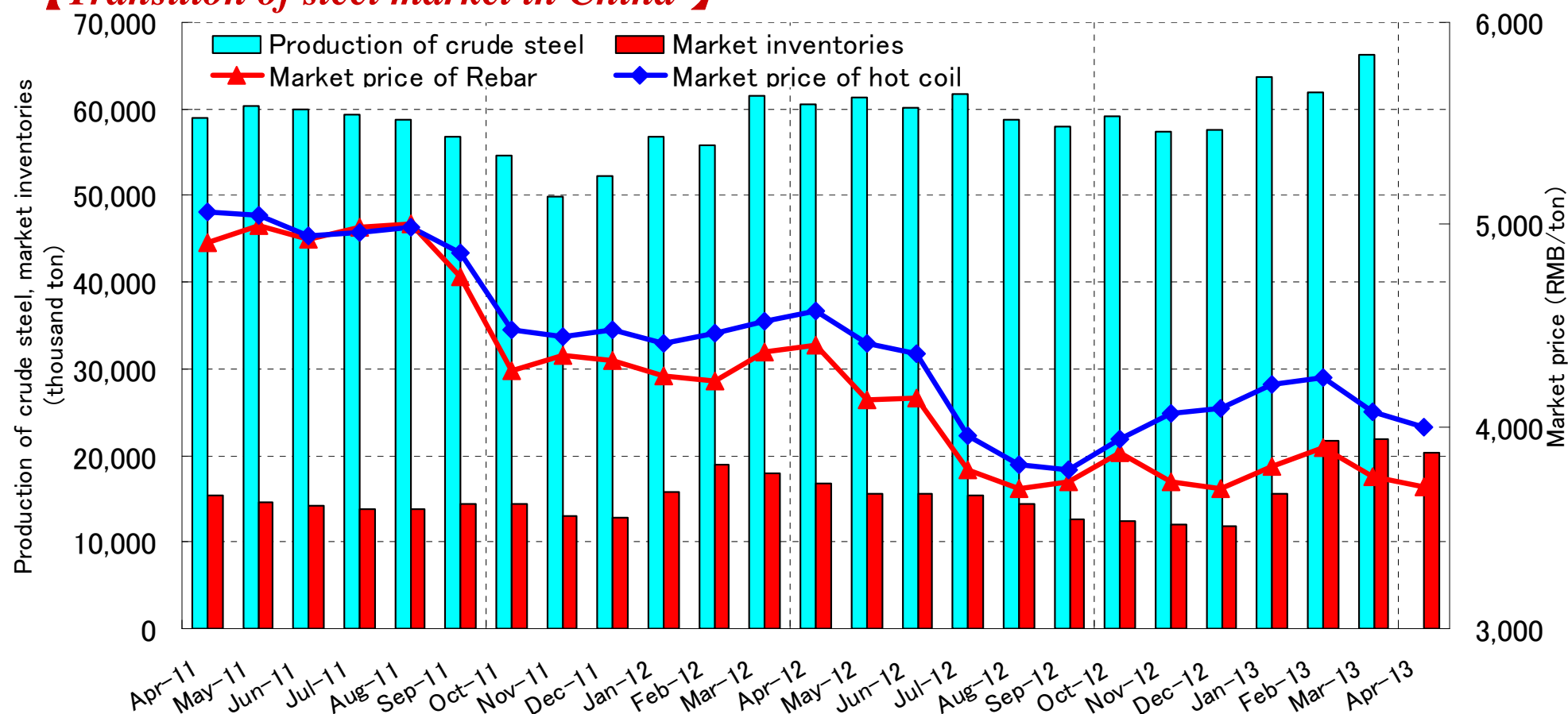


(Data source: The Japan ferrous raw materials association, Japan metal daily)

Crude steel production remains high even though weak demand is holding prices of steel products down.

Prices increased briefly in the second half because of hopes for a recovery in demand following China's National Day and Chinese New Year. But prices are currently falling again as there was no significant upturn in demand.

【Transition of steel market in China】

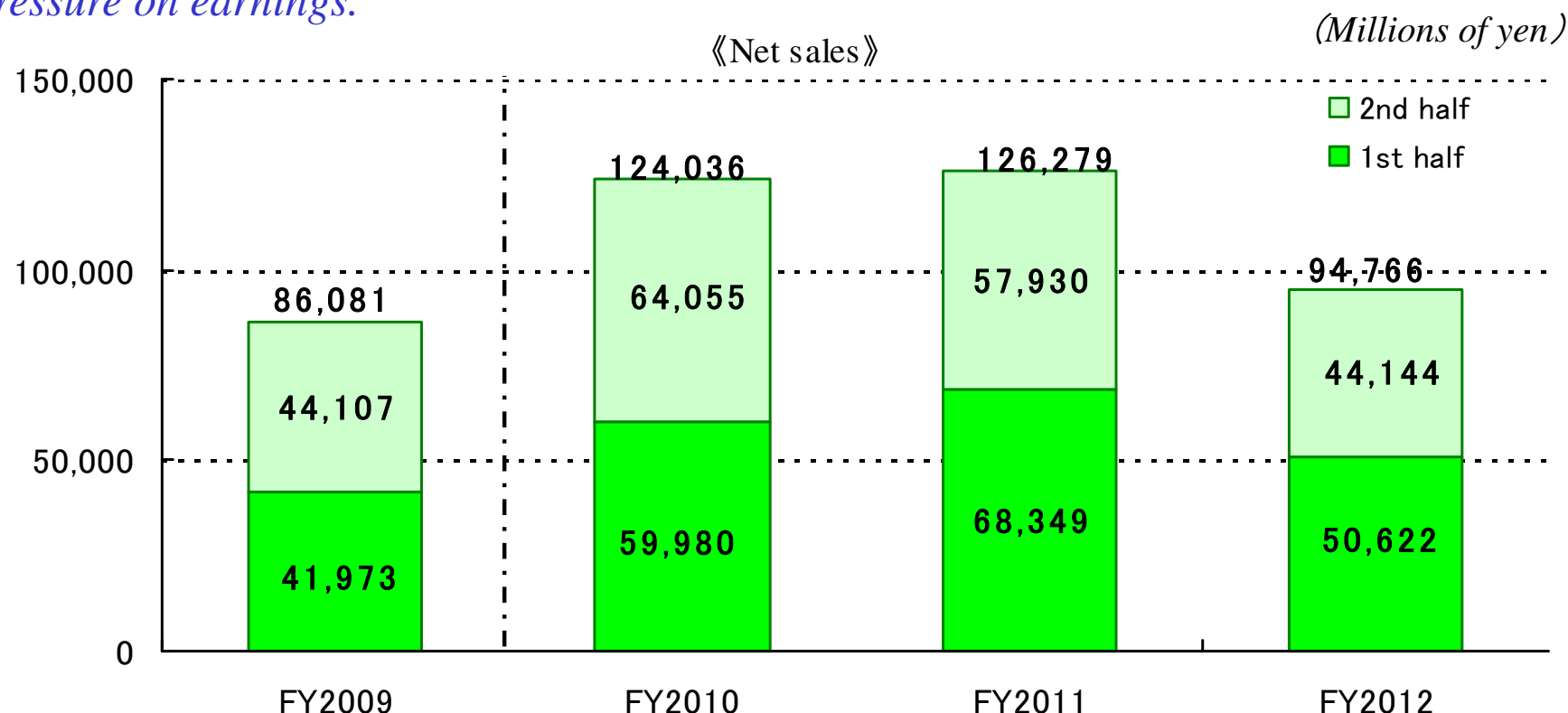


(Data source : The Japan Iron and Steel Federation)

(Millions of yen)

	<i>Net sales</i>	<i>Segment income</i>	<i>Profit ratio</i>
FY2012	94,766	320	0.3%
FY2011	126,279	1,286	1.0%

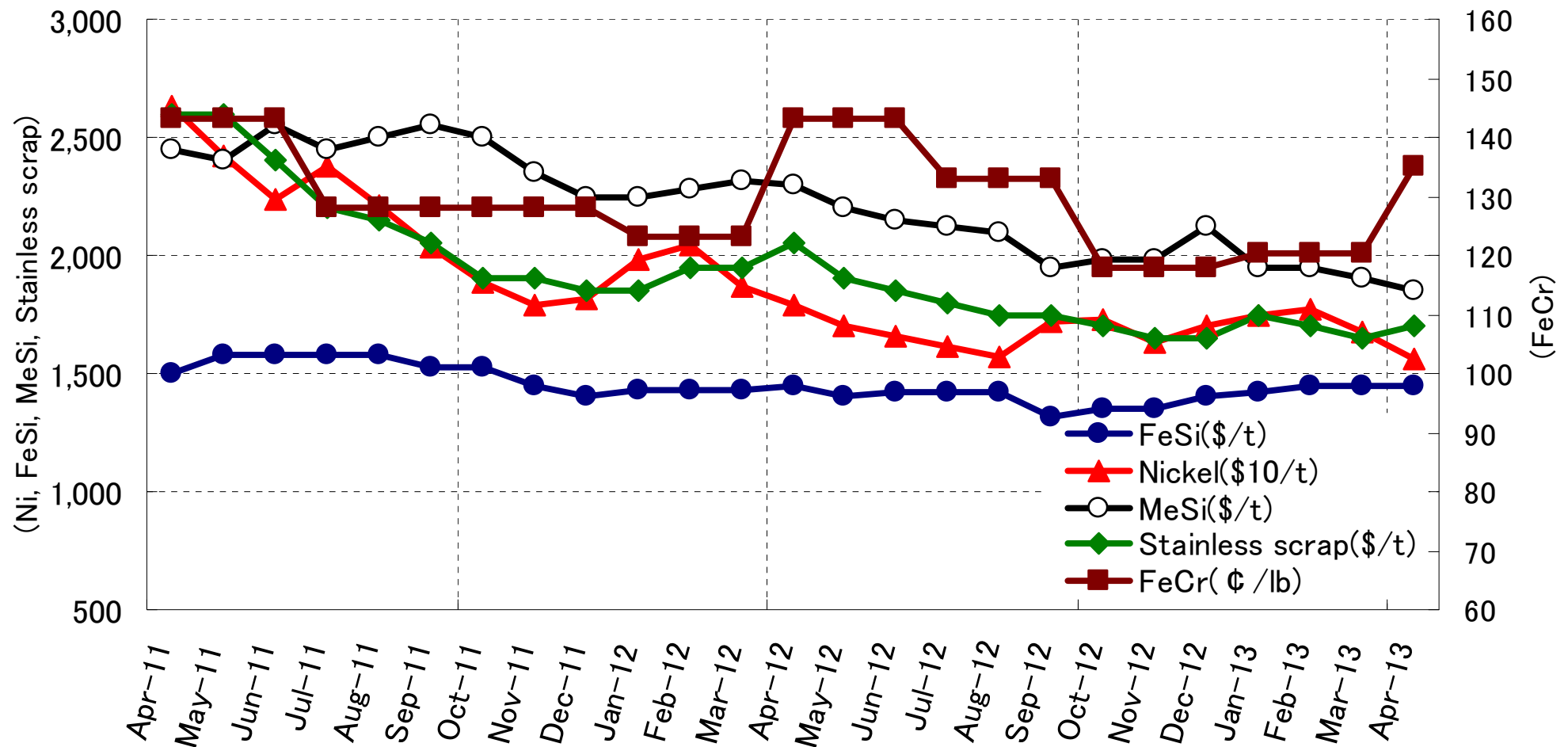
Production continues to decline because of soft stainless steel demand worldwide. Prices of raw materials are lower as demand falls. The cost of scrap rose as the supply of scrap declined and the weaker yen caused a foreign exchange loss. The result was downward pressure on earnings.



※ From the FY2010, the Group applied the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No.17, March 27, 2009) .

Prices of nickel, ferroalloys and other stainless steel raw materials were weak as soft stainless steel demand brought down demand for raw materials.

Prices rebounded slightly in the second half but are currently weak.



Non-ferrous Metals Business Segment

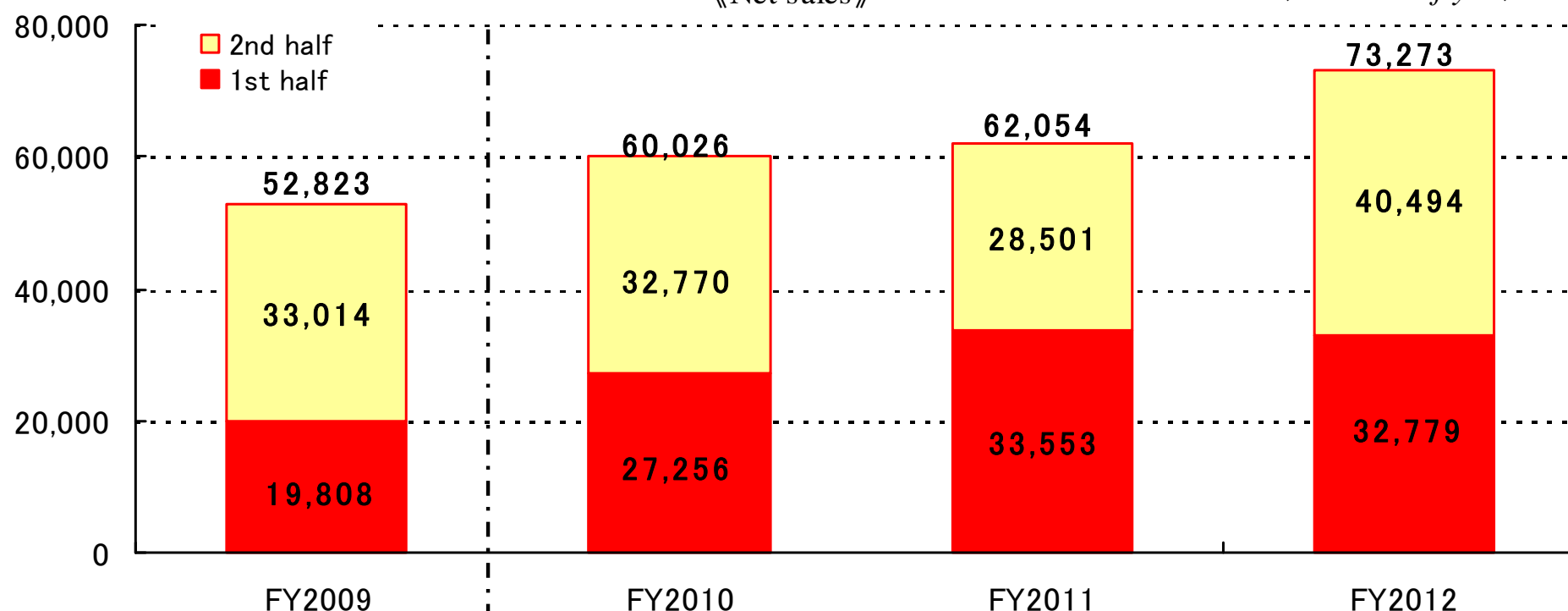
(Millions of yen)

	Net sales	Segment income	Profit ratio
FY2012	73,273	686	0.9%
FY2011	62,054	851	1.4%

Although the sales volume of base metal scrap increased, earnings were lower because of the drop in global market prices and increased procurement cost due to the smaller volume of scrap. Higher transaction volume for precious metal scrap contributed to earnings, but total earnings were down because of a foreign exchange loss caused by the yen's decline.

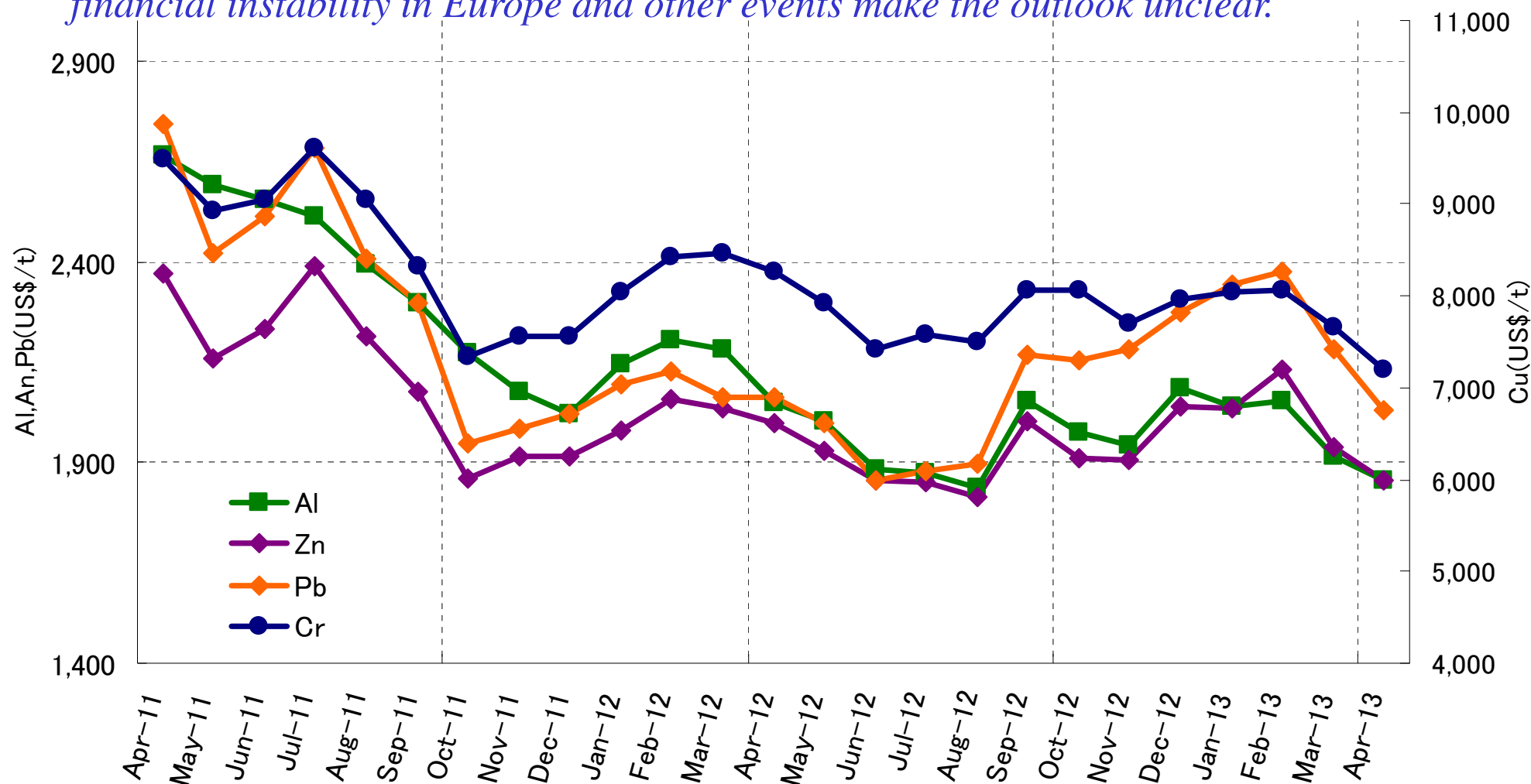
《Net sales》

(Millions of yen)



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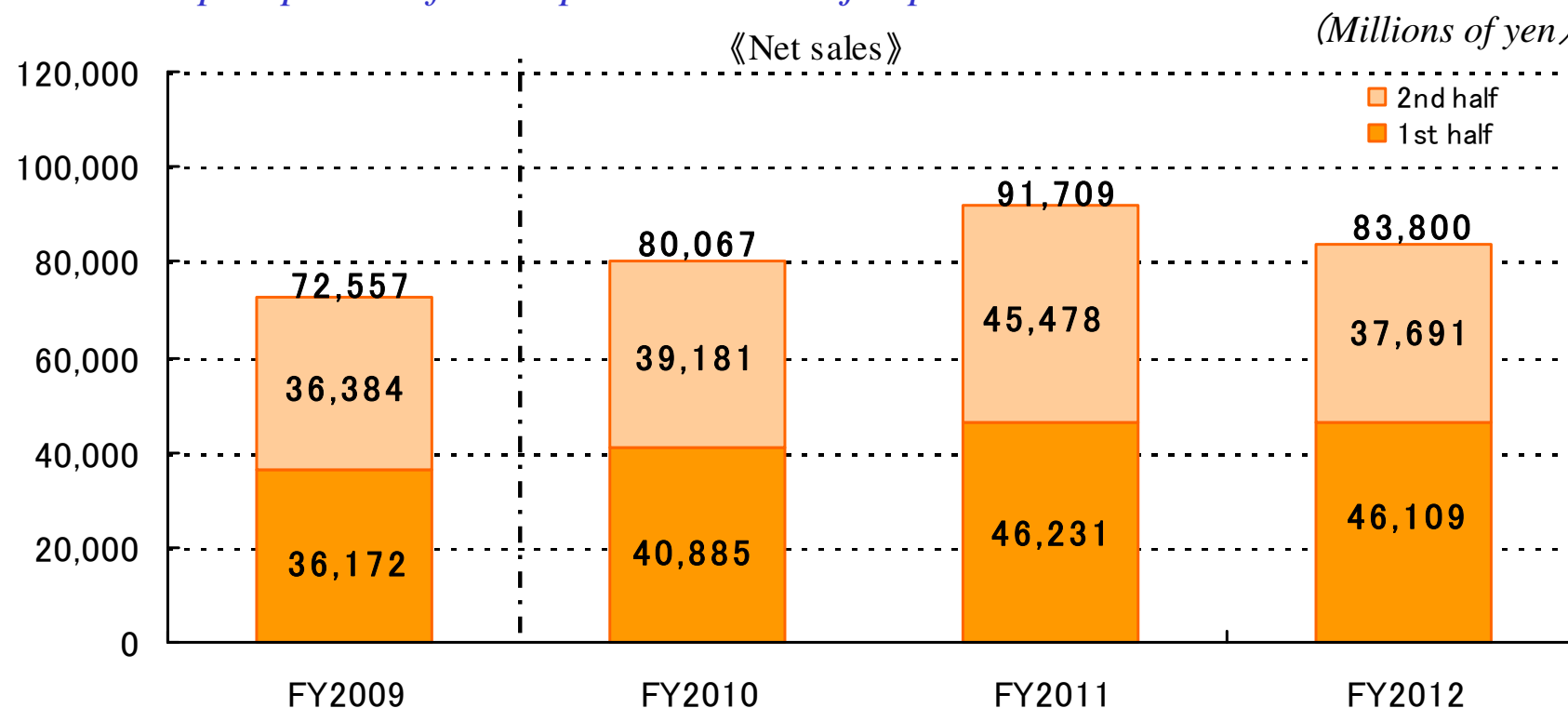
Having experienced some volatility in the financial environment, LME prices were generally lower than in the previous fiscal year. Prices started moving up after September due to expectations created by U.S. monetary easing and China's economic stimulus measures. But LME prices are currently weak again as recurring financial instability in Europe and other events make the outlook unclear.



(Millions of yen)

	Net sales	Segment income	Profit ratio
FY2012	83,800	747	0.9%
FY2011	91,709	1,180	1.3%

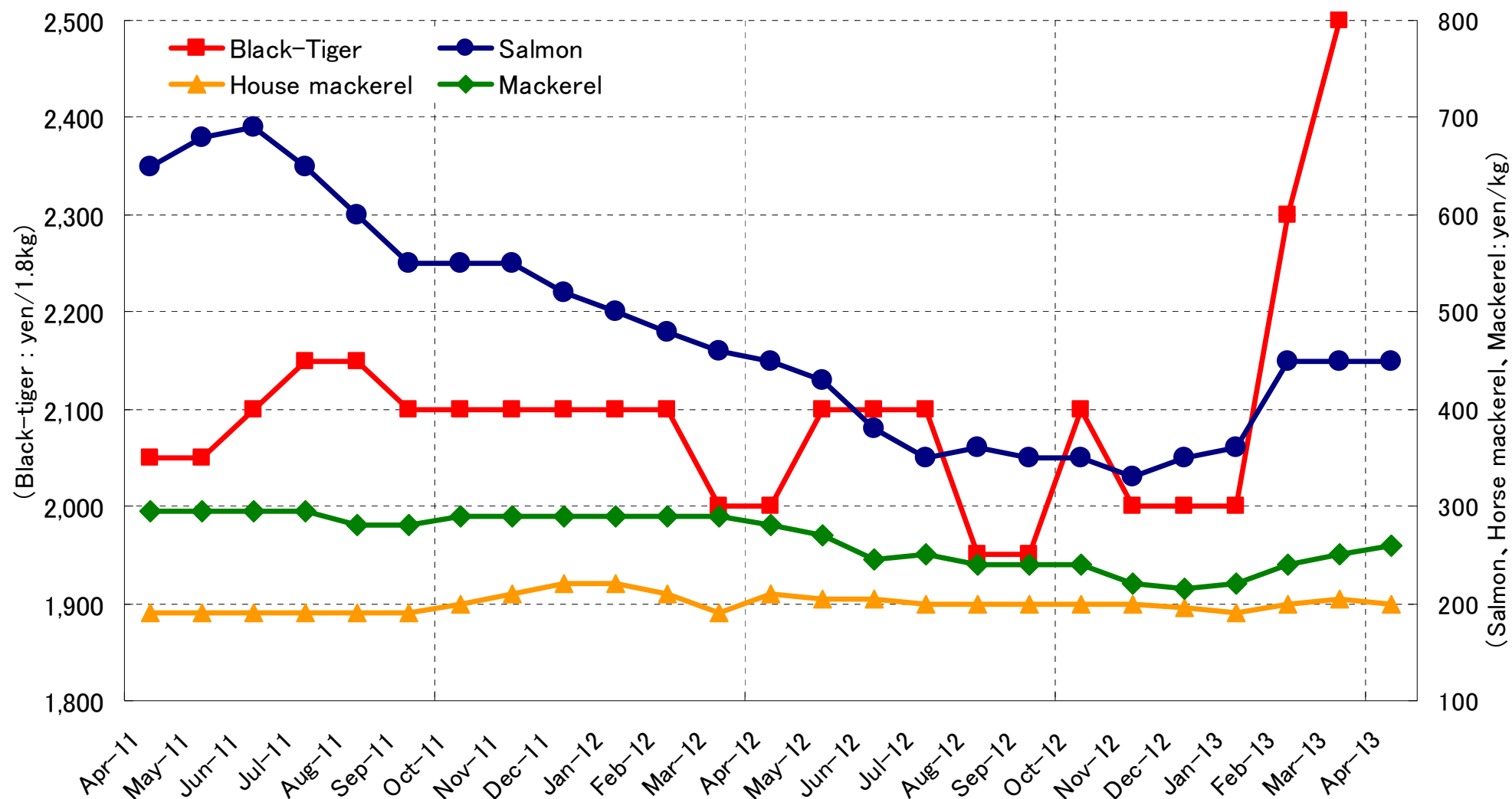
Demand in Japan was sluggish. There was a sharp drop in the farmed salmon price during the past fiscal year and the decline was continuing in the current fiscal year. This drop brought down prices and sales volumes for other types of fish, too. Earnings were also reduced by the extended slump in prices of shrimp and other major products.



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Market Trend of Frozen Marine Products

The price of farmed salmon is still declining in the current fiscal year. International shrimp prices were weak too because of the sluggish global economy. But yen's downturn that started in 2013 has caused prices to increase.



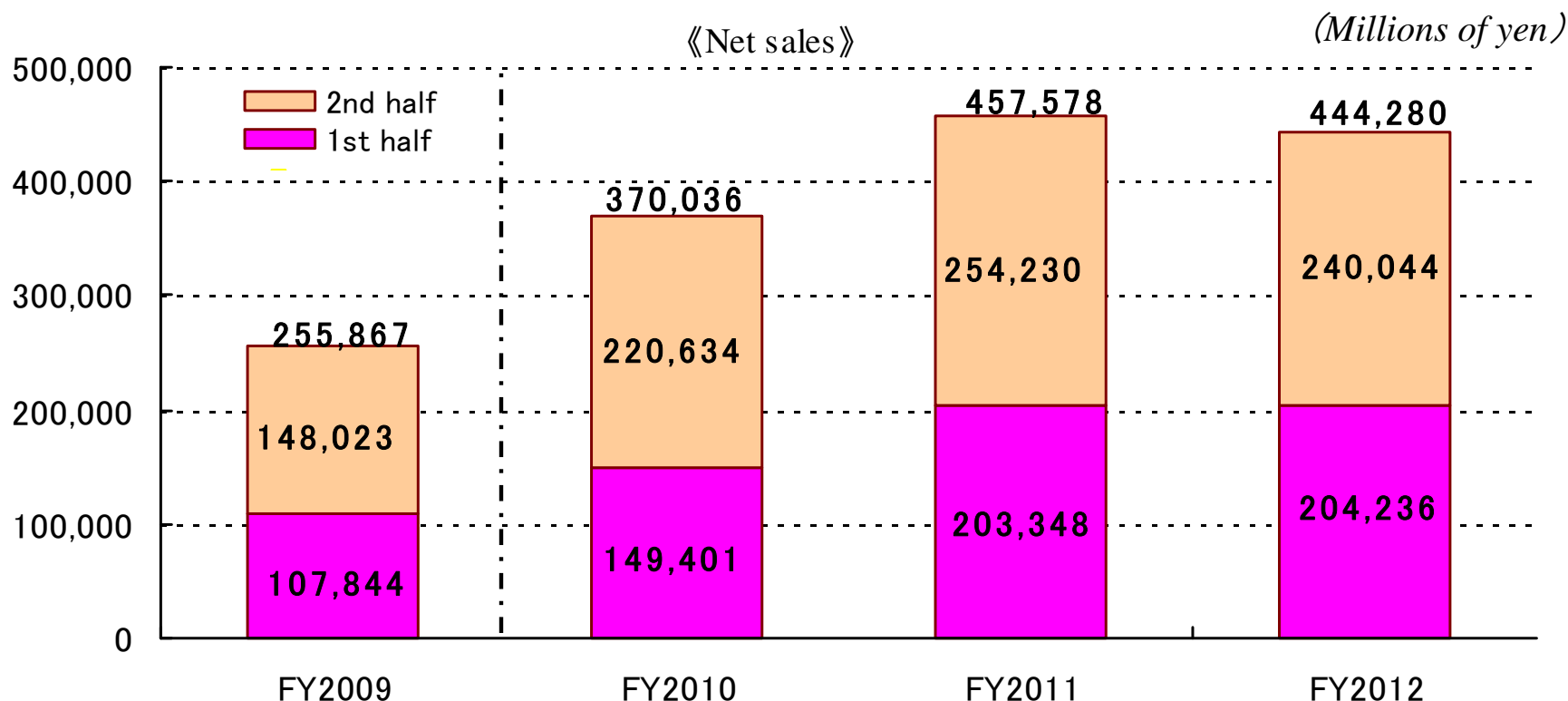
Petroleum & Chemicals Business Segment



(Millions of yen)

	Net sales	Segment income	Profit ratio
FY2012	444,280	1,673	0.4%
FY2011	457,578	2,671	0.6%

Demand for petroleum products was weak for both industrial and bunker fuel because of economic weakness and a stagnant marine transport. Intense competition among sellers to end users largely prevented passing on the higher cost of procuring petroleum products. The result was a difficult climate for earning profits.

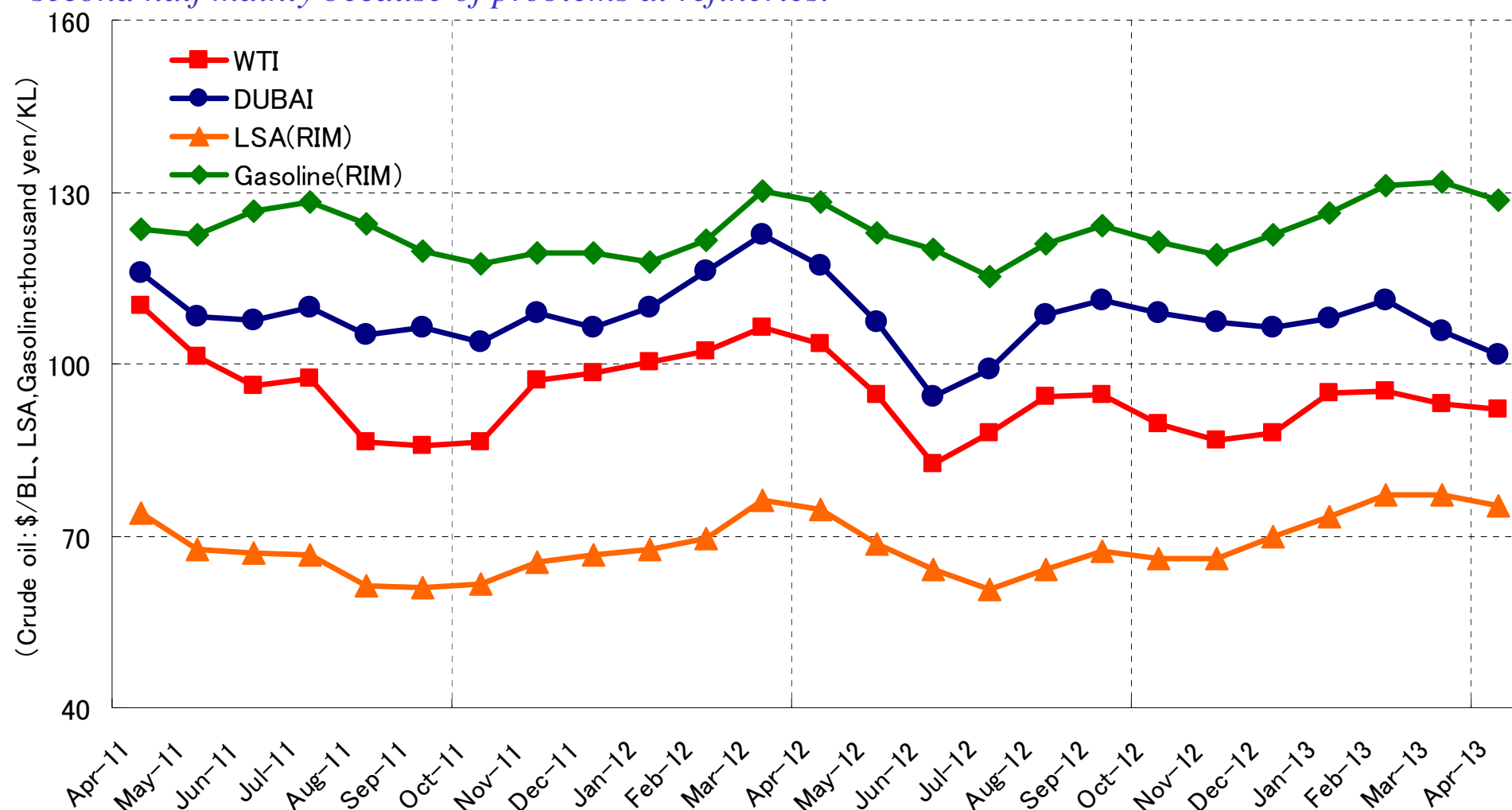


※ From the FY2010, the Group applied the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No.17, March 27, 2009) .

Market Trend of Crude Oil & Petroleum Products

The price of crude oil was generally weak, although there was some volatility associated with financial instability in Europe, slowing economic growth in China, high U.S. inventories and other events.

Real demand was lackluster too, but prices of petroleum products increased in the fiscal year's second half mainly because of problems at refineries.



【Strengthening of Domestic Business】

Expansion of domestic bases

Establishment of Okayama branch (Apr-2012)

Opening of Hanwa Logistics Sakai and Hanwa Logistics Kyushu (Apr-2012)

M&A for strengthening of function

Acquisition ownership of Kaneki Co., Ltd. (Aug-2012)

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

Established Hanwa Foods Co., Ltd. (Nov-2012)

Reached an agreement to acquire 100% stock of SanEi Metal Co., Ltd. (Mar-2013)

【Enhancement of Overseas Operation】

Expansion of overseas bases

Establishment of Tianjin office under Hanwa (Beijing) Co Ltd (Jun-2012)

Established Hanwa Mexicana, S.A. DE C.V. in Mexico City. (Nov-2012)

Promotion of business investment

Equity investment in SMC Trading in Vietnam (May-2012)

Signed a comprehensive tie-up agreement with Bohai Steel Group (Jul-2012)

Strengthening of processing function

Establishment of Hanwa Steel Service Mexicana (Nov-2012)

Established a new joint venture “ PT. Hanwa Royal Metals ” (Feb-2013)

The outlook for the business climate is still unclear because of numerous sources of uncertainty, including the health of the economies of Europe and China. But there are expectations for contributions to demand in Japan from the government's economic stimulus measures, full-scale emergence of earthquake reconstruction demand and other events. About the dividend, we plan the interim dividend of 6 yen and the year-end dividend of 6 yen.

(Millions of yen)

	<i>FY2013 (forecast)</i>	<i>FY2012</i>
<i>Net sales</i>	<i>1,600,000</i>	<i>1,511,324</i>
<i>Operating income</i>	<i>14,700</i>	<i>12,491</i>
<i>Ordinary income</i>	<i>12,500</i>	<i>8,871</i>
<i>Net income</i>	<i>7,500</i>	<i>4,720</i>

	<i>Year</i>	<i>Interim</i>	<i>Year-end</i>
<i>Cash dividends (yen)</i>	<i>12.00</i>	<i>6.00</i>	<i>6.00</i>

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.