

Date: April 20, 2009

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Notice Concerning Revaluation Losses on Inventories, Reversal of Impairment Losses on Investment Securities & Investment in Affiliates and Amendments to the Forecasts for FY2008

Hanwa Co., Ltd. (“Hanwa”) announces that it needs to recognize revaluation losses on certain inventories as of March 31, 2009, and reversal of impairment losses on investment securities & investment in affiliates in the fourth quarter of FY2008 (April 1, 2008 through March 31, 2009). In addition, based on recent business performance, Hanwa hereby announces the following amendments to the forecasts of financial results for FY2008, previously announced on February 6, 2009, as follows:

1. Fact and Reason of the Revaluation Losses on Inventories

Although commodity prices had kept rising in the first half of FY2008, in second half, the prices plunged by the global recessionary phase. In this situation, Hanwa undercut the book price of our inventories to market value. Thus Hanwa needs to post revaluation losses ¥11,925 million yen (consolidated) and ¥11,584 million yen (non-consolidated) on inventories in cost of sales.

2. Reversal of Impairment Losses on Investment Securities and Investment in Affiliates

Hanwa needs to recognize impairment losses on certain investment securities and investment in affiliates as of March 31, 2009, since their fair market value has declined significantly and is unlikely to recover in the future.

Hanwa adopts the reversal method for the quarterly closing for the impairment loss on investment securities at the end of the quarterly accounting periods, thus Hanwa needs to recognize reversal of impairment losses in the fourth quarter of FY2008.

Total estimated amount of impairment losses on investment securities and investment in affiliates as of March 31, 2009

(Millions of yen)

	Consolidated	Non - Consolidated
(A) Total estimated amount of impairment losses on investment securities and investment in affiliates in the fourth quarter (January 1, 2009 - March 31, 2009)(= a - b)	(7,227)	(7,227)
(a) Total estimated amount of impairment losses on investment securities and investment in affiliates as of March 31, 2009	2,506	2,506
(b) Total estimated amount of impairment losses on investment securities and investment in affiliates as of December 31, 2008	9,733	9,733

- (Ref.) 1. Hanwa has adopted the reversal method for the quarterly closing for the impairment loss on investment securities at the end of the quarterly accounting periods.
2. Hanwa's fiscal year ends on March 31.

○ Ratio for Net assets, Ordinary income and Net incomes

(Millions of yen)

	Consolidated	Non - Consolidated
(B) Net assets as of March 31, 2008	100,926	98,262
(A / B × 100)	-7.2%	-7.4%
(a / B × 100)	2.5%	2.6%
(C) Ordinary income for the year ended March 31, 2008	21,267	20,584
(A / C × 100)	-34.0%	-35.1%
(a / C × 100)	11.8%	12.2%
(D) Net income for the year ended March 31, 2008	13,117	12,620
(A / D × 100)	-55.1%	-57.3%
(a / D × 100)	19.1%	19.9%

3. Amendments to the Forecasts for FY2008

- (1) Amendments to the forecasts of consolidated financial results for FY2008 (April 1, 2008 through March 31, 2009).

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Previous forecasts (A)	1,550,000	20,500	20,100	2,500	11.94
New forecasts (B)	1,534,000	17,400	14,900	5,900	28.01
Amount changed (B - A)	(16,000)	(3,100)	(5,200)	3,400	—
% of change	-1.0	-15.1	-25.9	136.0	—
(Reference)					
Actual results for FY2007	1,507,509	23,704	21,267	13,117	62.07

(2) Amendments to the forecasts of unconsolidated financial results for FY2008 (April 1, 2008 through March 31, 2009).

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Previous forecasts (A)	1,527,000	19,200	19,200	2,000	9.56
New forecasts (B)	1,510,000	16,400	14,200	5,500	26.11
Amount changed (B - A)	(17,000)	(2,800)	(5,000)	3,500	—
% of change	-1.1	-14.6	-26.0	175.0	—
(Reference)					
Actual results for FY2007	1,472,411	22,665	20,584	12,620	59.72

(3) Reasons for the Amendments

By the global recessionary phase, there occurred drastic decreases in demand and plunge in commodity prices. On business of Hanwa, sales revenue decreased due to reduction of transaction volume and downslide of sales prices. In addition, we estimate to post the larger-than-expected revaluation losses on inventories. Thus we anticipate that operating income and ordinary income fall short of profit forecasts. On the other hand, net income is expected to exceed profit forecast due to the lower-than-expected impairment losses on investment securities. (ref. “1. Fact and Reason of the Revaluation Losses on Inventories” & “2. Reversal of Impairment Losses on Investment Securities and Investment in Affiliates”)

Reflecting this situation, Hanwa amends the forecasts of financial results for FY2008, previously announced on February 6, 2009.

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.

About the year-end dividend, we plan to pay cash dividend of 6 yen per share, previously announced on February 6, 2009.

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