

# ***FINANCIAL RESULTS***

*for the Fiscal Year ended March 31, 2010*

***May 19, 2010***

***HANWA CO., LTD.***

## ***Overviews of Financial Results***

- Due to depressed market price and demands, our sales amount for the fiscal year ended March 31, 2010 was 1,116.62 billion yen, showing 27.5% decrease over the previous year, in which we had good return due to rising market and demand. On profit side, the net income was 11.5 billion yen, over 93.1% from the last year because impairment losses and other losses which posted in previous years on the transferred assets in FY2009 are included in deductible expenses.*
- We plan the year-end dividend payment of 6 yen. As a result, the planned annual dividend for FY2009 (year ended March 31, 2010) will be 12 yen per share.  
As for Fiscal Year ending March 31, 2011, the interim dividend of 6 yen and the year-end dividend of 6 yen, thus totally 12 yen per share for the year are planned.*
- Although we missed sales amount and earnings target of the mid-term business plan ended in March 2010, due to dramatic changes in the global economic environment, we pursued our business strategy.*

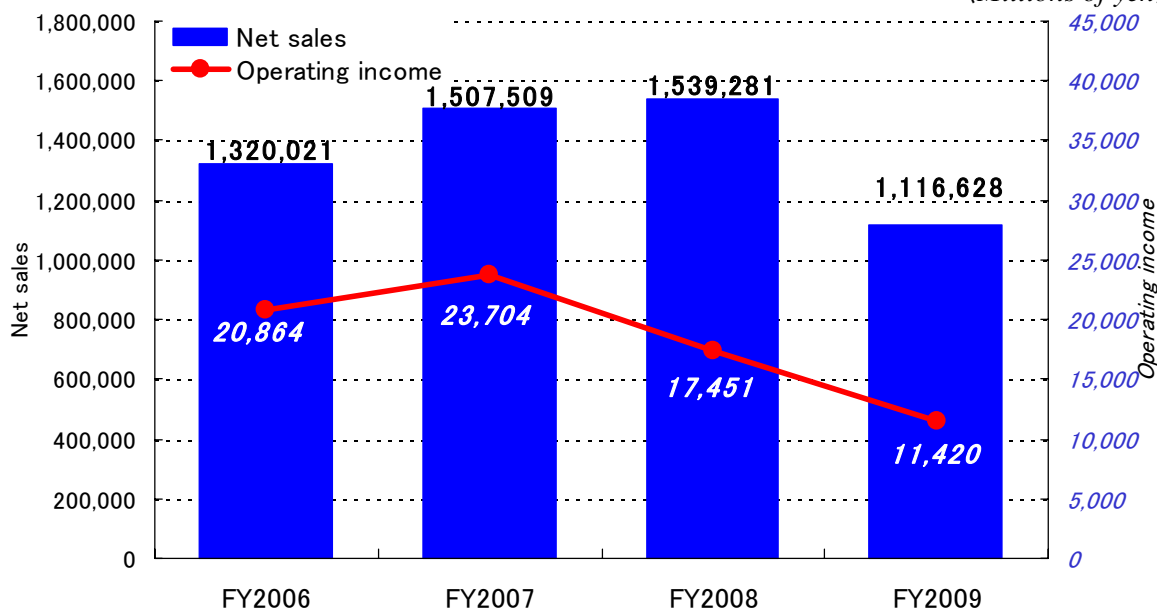
(Millions of yen)

	<b>FY2009</b> (year ended March 31, 2010)	<b>FY2008</b> (year ended March 31, 2009)	<b>Rate of change</b>
<i>Net sales</i>	<b>1,116,628</b>	<b>1,539,281</b>	<b>-27.5%</b>
<i>Operating income</i>	<b>11,420</b>	<b>17,451</b>	<b>-34.6%</b>
<i>Ordinary income</i>	<b>9,412</b>	<b>15,007</b>	<b>-37.3%</b>
<i>Net income</i>	<b>11,579</b>	<b>5,997</b>	<b>+93.1%</b>

**Changes in Net sales (consolidated)**

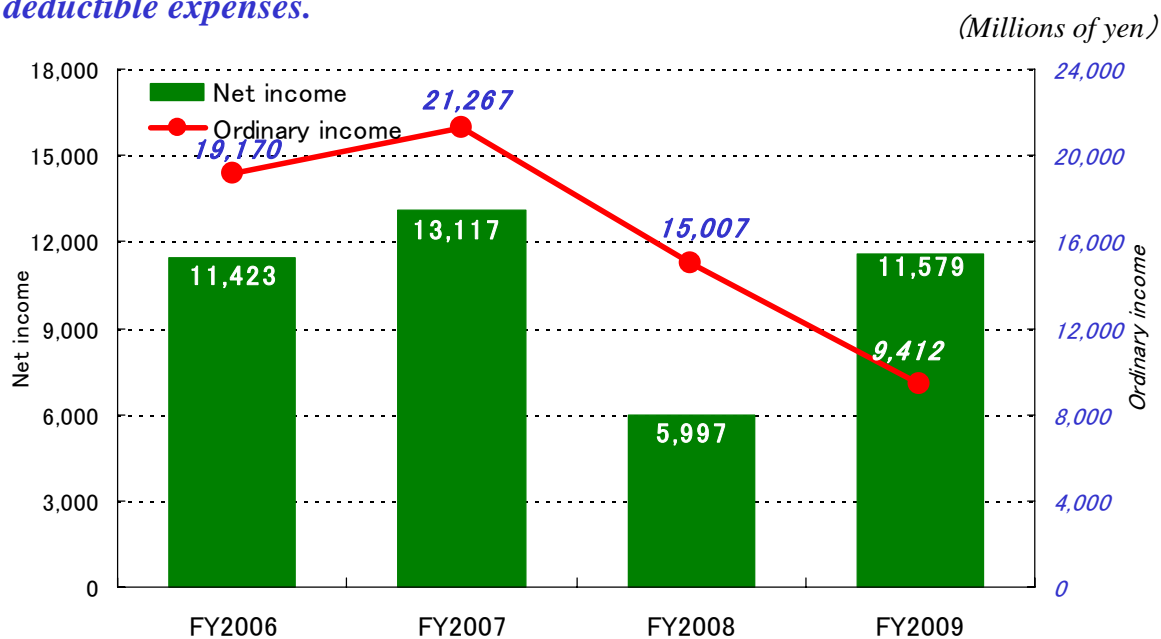
*Based on the booming global economy, in recent years, our net sales developed, due to increase amounts of sales and rise of the market price. In FY2009, net sales decreased by reduction of demand since the second half of the previous year.*

(Millions of yen)



## Changes in Net income (consolidated)

Although ordinary income decreased by depressed market and demand, the net income increased because impairment losses and other losses which posted in previous years on the transferred assets in FY2009 are included in deductible expenses.



## Financial Position (consolidated)

(Millions of yen)

	<b>FY2009</b> (March 31, 2010)	<b>FY2008</b> (March 31, 2009)	<b>Rate of change</b>
<b>Total assets</b>	<b>443,444</b>	<b>479,379</b>	<b>-7.5%</b>
<b>Total liabilities</b>	<b>336,589</b>	<b>384,466</b>	<b>-12.5%</b>
<b>Shareholders' equity</b>	<b>106,855</b>	<b>94,912</b>	<b>+12.6%</b>
<b>Shareholders' equity ratio</b>	<b>24.0%</b>	<b>19.7%</b>	<b>+4.3pt</b>
<b>Shareholders' equity per share(yen)</b>	<b>512.16</b>	<b>450.05</b>	<b>+13.8%</b>
<b>Net debt/equity ratio</b>	<b>142.1%</b>	<b>190.4%</b>	<b>-25.3%</b>

(Millions of yen)

	<b>FY2009</b> (year ended March 31, 2010)	<b>FY2008</b> (year ended March 31, 2009)	<b>Increase</b> (decrease)
Cash flows from Operating activities	<b>46,250</b>	<b>(5,742)</b>	<b>+51,992</b>
Cash flows from Investing activities	<b>(12,991)</b>	<b>(19,535)</b>	<b>+6,544</b>
Cash flows from Financing activities	<b>(43,669)</b>	<b>46,591</b>	<b>-90,260</b>
Cash and cash equivalents at end of year	<b>24,514</b>	<b>35,046</b>	<b>-10,532</b>

**Segment Information (consolidated)**

**Net sales**

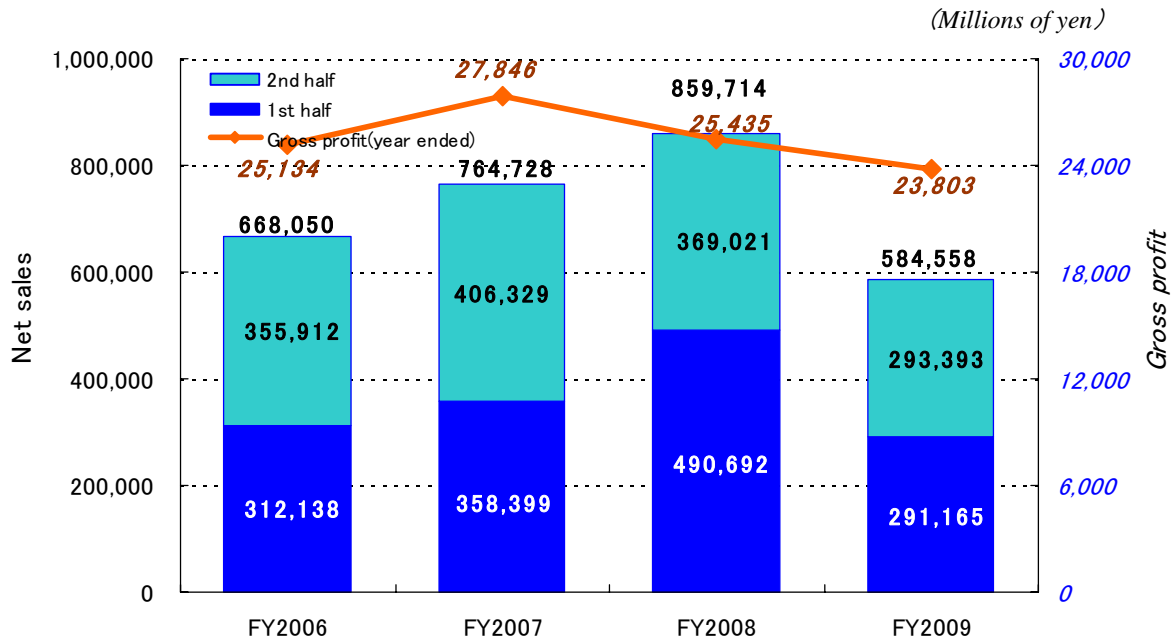
**Operating income**

(Millions of yen)

	<b>FY2009</b>	<b>FY2008</b>	<b>Rate of change</b>
<b>Steel</b>	<b>606,205</b>	<b>877,755</b>	<b>-30.9%</b>
Metals & alloys	<b>86,081</b>	<b>155,841</b>	<b>-44.8%</b>
Non-ferrous metals	<b>52,823</b>	<b>51,859</b>	<b>+1.9%</b>
Foods	<b>72,557</b>	<b>82,218</b>	<b>-11.8%</b>
Petroleum & chemicals	<b>255,867</b>	<b>320,816</b>	<b>-20.2%</b>
Others	<b>43,092</b>	<b>50,789</b>	<b>-15.2%</b>
<b>Total</b>	<b>1,116,628</b>	<b>1,539,281</b>	<b>-27.5%</b>
Corporate	—	—	—
<b>Consolidated</b>	<b>1,116,628</b>	<b>1,539,281</b>	<b>-27.5%</b>

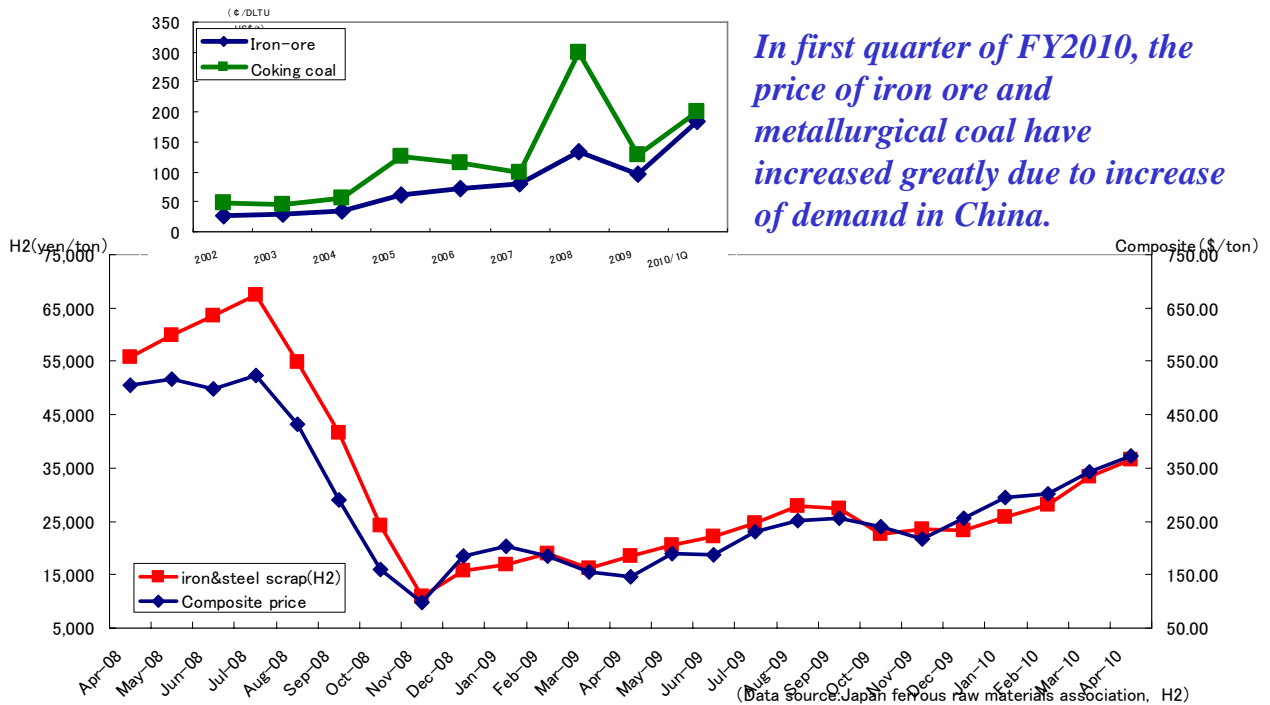
	<b>FY2009</b>	<b>FY2008</b>	<b>Rate of change</b>
<b>Steel</b>	<b>9,769</b>	<b>10,234</b>	<b>-4.5%</b>
Metals & alloys	<b>2,554</b>	<b>2,092</b>	<b>+22.1%</b>
Non-ferrous metals	<b>817</b>	<b>1,068</b>	<b>-23.5%</b>
Foods	<b>947</b>	<b>1,645</b>	<b>-42.4%</b>
Petroleum & chemicals	<b>1,590</b>	<b>4,801</b>	<b>-66.9%</b>
Others	<b>1,576</b>	<b>3,382</b>	<b>-53.4%</b>
<b>Total</b>	<b>17,255</b>	<b>23,225</b>	<b>-25.7%</b>
Corporate	<b>(5,835)</b>	<b>(5,774)</b>	<b>+1.1%</b>
<b>Consolidated</b>	<b>11,420</b>	<b>17,451</b>	<b>-34.6%</b>

*Net sales and gross profit decreased due to reduction of demand and down of the steel market price since the second half of the previous year.*



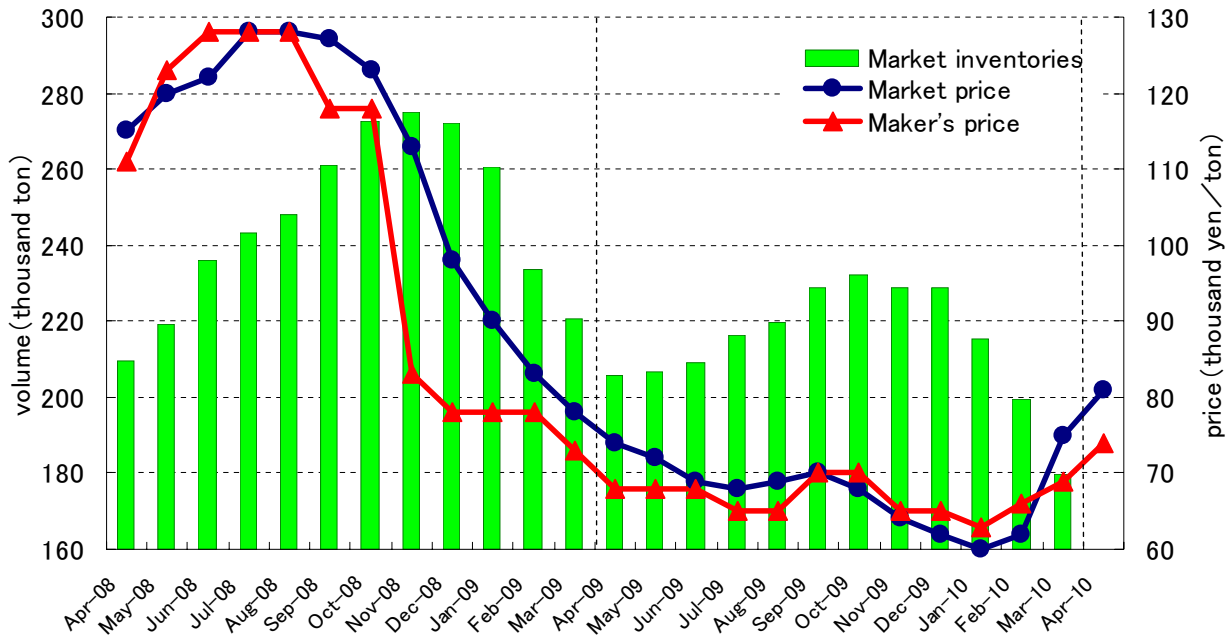
**Transition of Iron & Steel Scrap, Iron Ore, Coking Coal Markets**

*In the second half of the previous year, scrap price had dropped drastically. In 2009, the price has shown an upward tendency due to increase in purchase from China and Korea and low level scrap generation.*



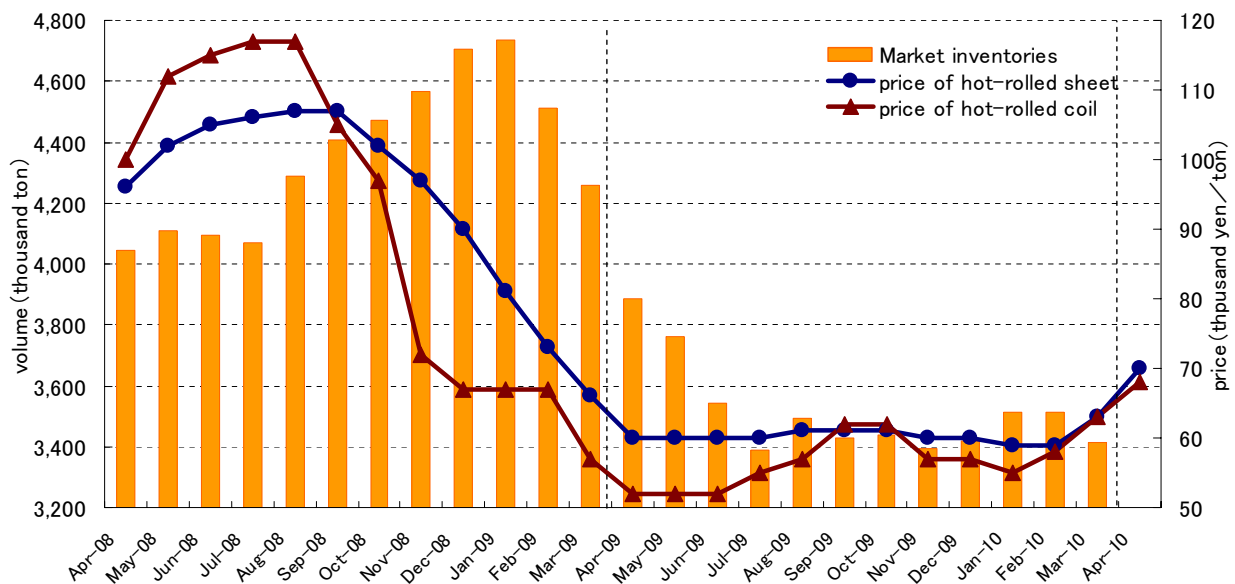
## Transition of the H-Beams Markets in Japan

Although in first half, the volume of market inventories increased and the market price decreased due to slumping construction demand, in second half inventory adjustment has progressed. Recently the market price rises sharply in expectation of a further rise due to the price increase in steel raw materials.



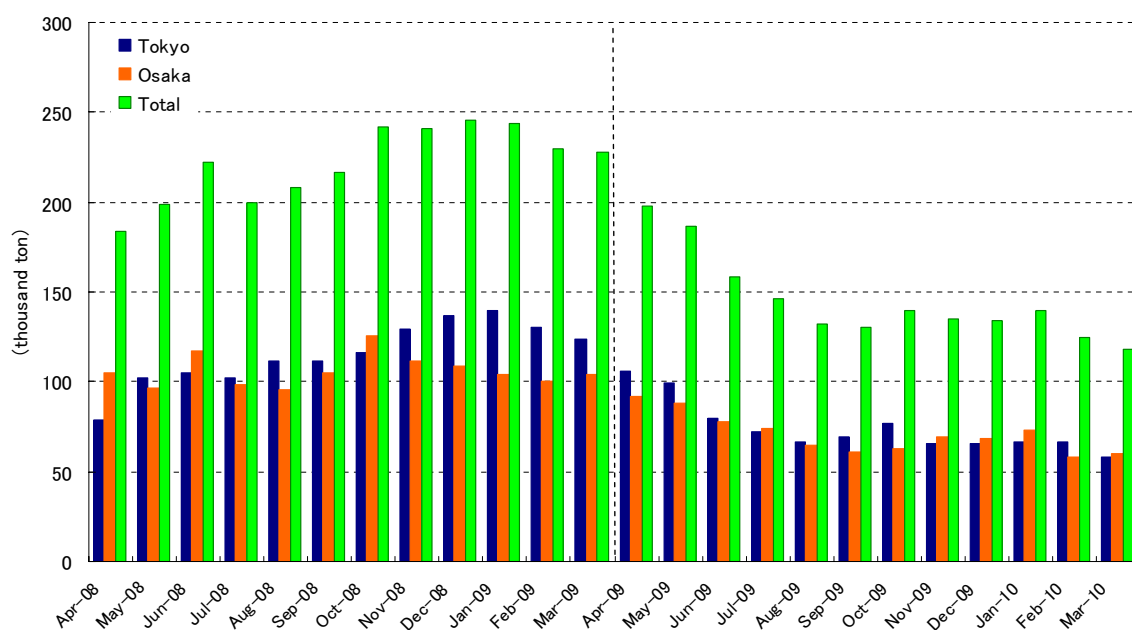
## Transition of Steel Sheets Markets in Japan

Although the volume of market inventories is at the lowest level, the market price stayed about the same due to slumping demand in spot market. Recently the market price rises as well as H-beams.



## Transition of Imported Steel-coils Inventory in pier warehouses in Japan

The steel demand in Japan decreased, so the inventory of imported steel-coils in pier warehouses gradually decreasing.



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## Segment Information (consolidated)



### Net sales

	FY2009	FY2008	Rate of change
Steel	606,205	877,755	-30.9%
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### Operating income

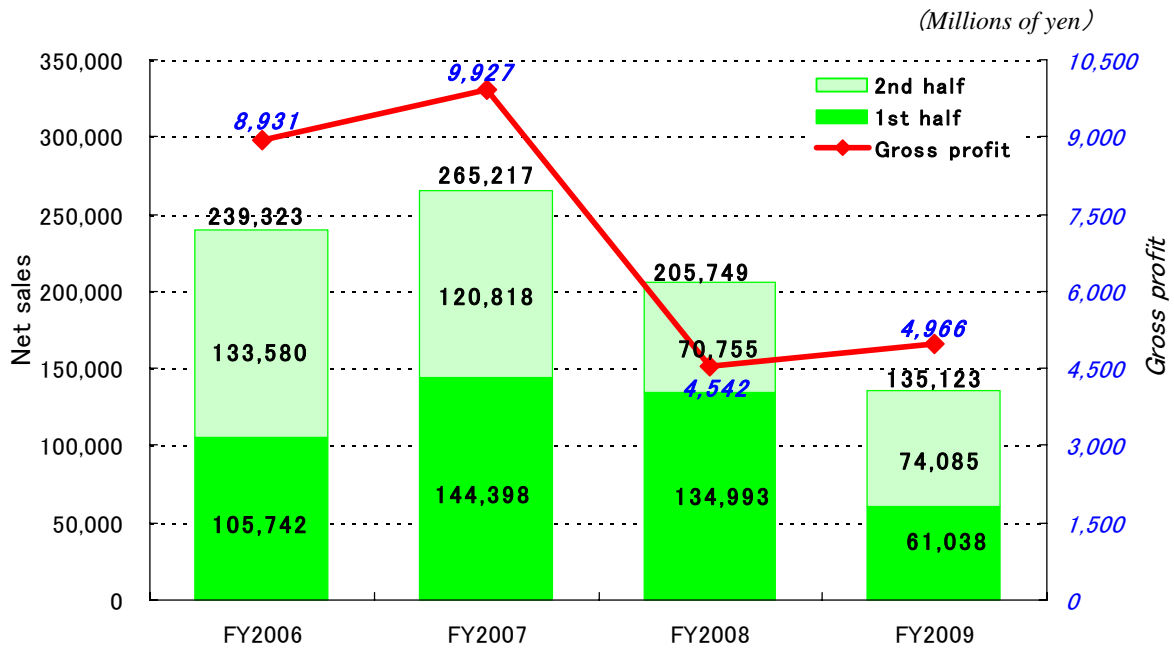
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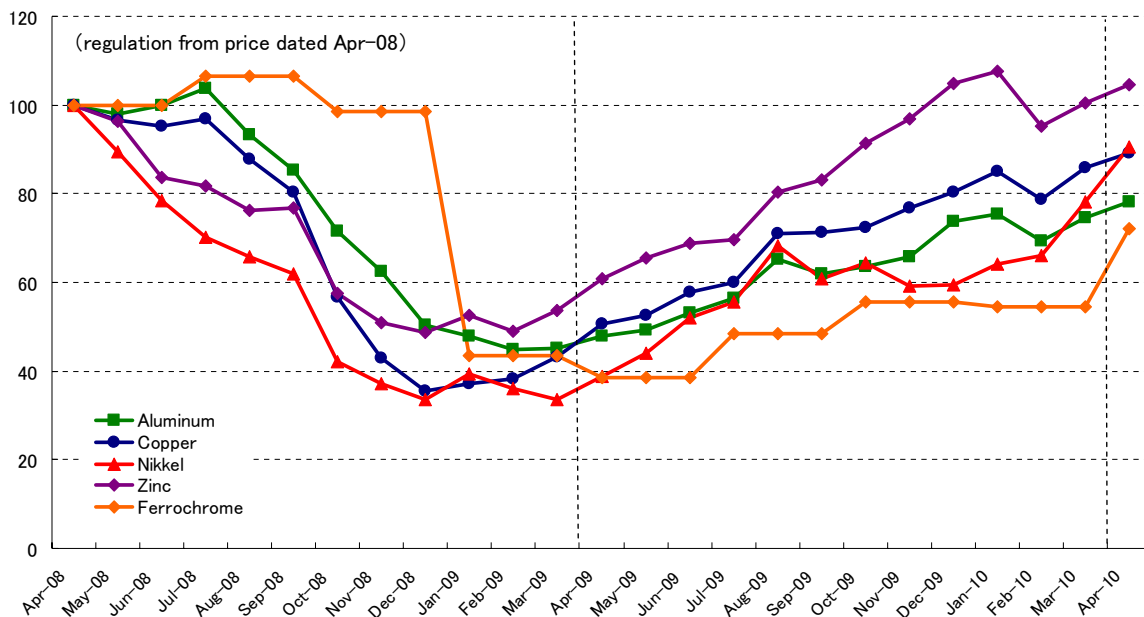
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Net sales decreased due to reduction of demand and down of the steel market price. Gross profit increased slightly compared with the last year posted large revaluation losses on inventories .



Transition of Non-ferrous Metals Markets 

The market price rose due to increase of demand in China and has recovered to almost price level before Lehman Shock.



## Segment Information (consolidated)



### Net sales

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Metals & alloys	86,081	155,841	-44.8%
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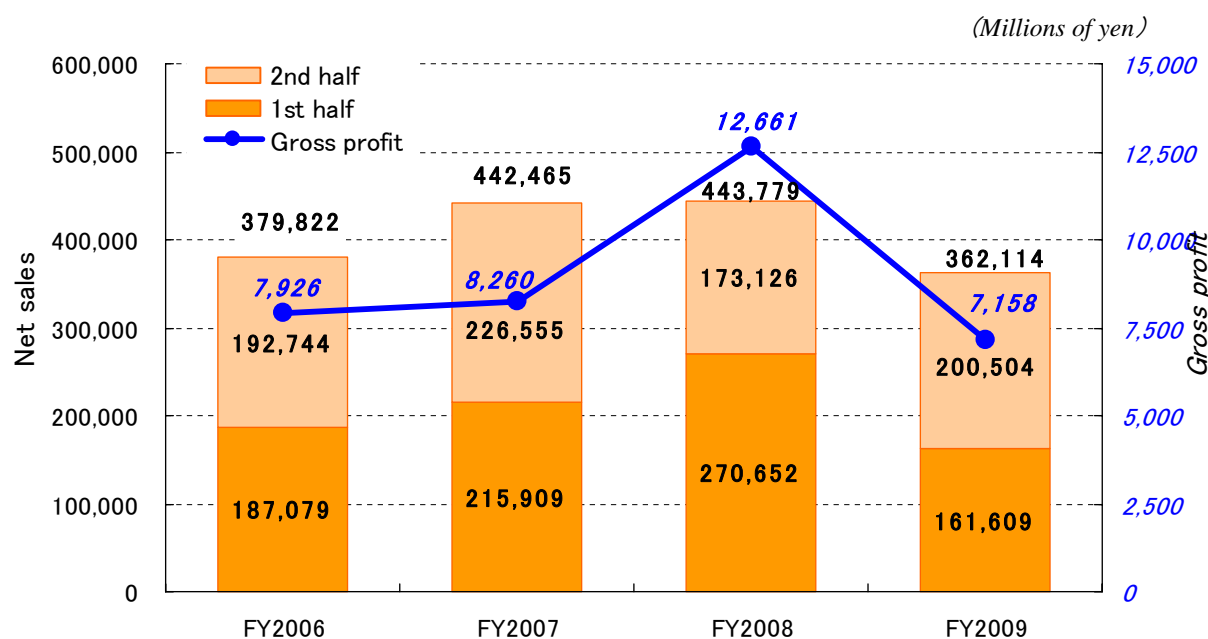
### Operating income

(Millions of yen)

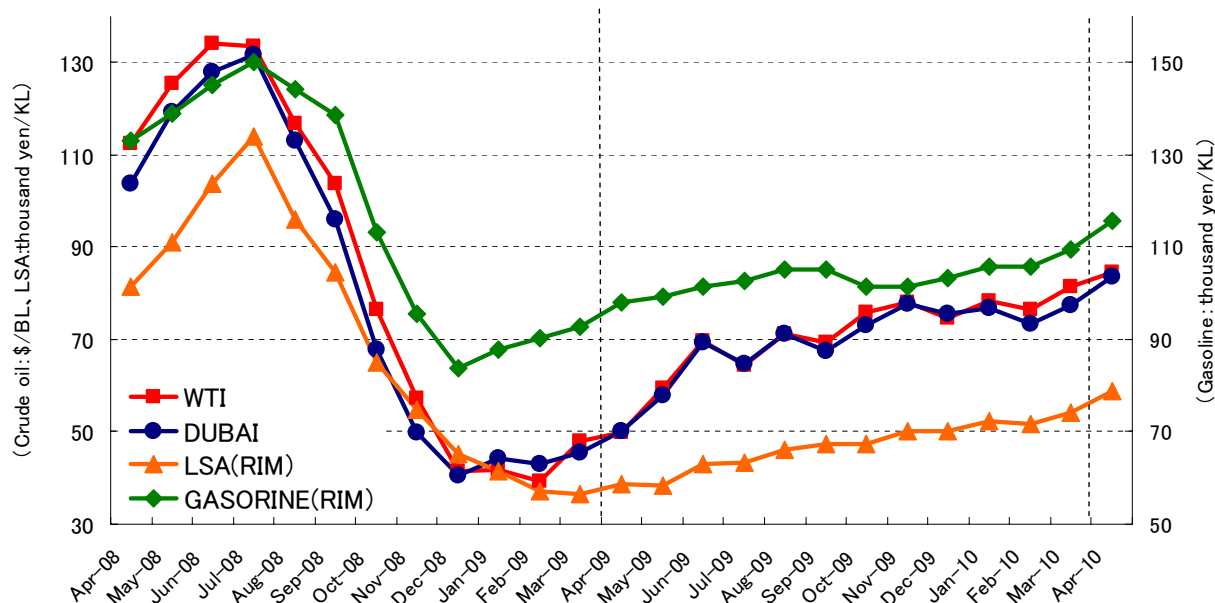
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Total	17,255	23,225	-25.7%
Corporate	(5,835)	(5,774)	+1.1%
Consolidated	11,420	17,451	-34.6%

## Sales and Profit by Foods, Petroleum & Chemicals, Others Segment (unconsolidated)

Last year, these segment continued increasing both in sales and profit. In FY2009, both decreased due to downturn in market price of petroleum and wood products.



The crude oil price had inverted from sharp drop in FY2008, and rebounded to about \$80. In contrast, the price of petroleum products is recovering at slower pace.



**Business Forecast FY2010 ( year ending March 31, 2011)** 

Although we cannot be optimistic, the economic environment is restored slowly. We expect 18.1% net sales and 48.7% ordinary income growth from the previous year.

About the dividend, we emphasize continuous dividend. The annual dividend of 12 yen are planned.

consolidated

(Millions of yen)

	Interim	FY2010	FY2009
Net sales	631,000	1,319,000	1,116,628
Operating income	8,200	16,000	11,420
Ordinary income	7,500	14,000	9,412
Net income	4,500	8,400	11,579

	Year	Interim	Year-end
Cash dividends (yen)	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.*