

# Financial Results for the Fiscal Year ended March 31, 2008

(Consolidated financial results have been prepared in accordance with accounting principles generally accepted in Japan)

May 15, 2008

Company name: **HANWA Co.,Ltd.**

Listed stock exchange: Tokyo, Osaka  
Stock exchange code: 8078

(URL <http://www.hanwa.co.jp>)

Representative: Shuji Kita President  
Enquiries: Tetsuro Akimoto Senior Managing Director of Accounting Dept.  
TEL 81 - 3 - 3544 - 2190

The date of Shareholders' Meeting: June 27, 2008 The date of payout of dividend: June 30, 2008

The date of issue of audited financial statements: June 30, 2008

(Rounded down to millions of yen)

## 1. Consolidated financial results for the fiscal year ended March 31, 2008

### (1) Consolidated operating results

(% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Year ended March 31, 2008	1,507,509	14.2	23,704	13.6	21,267	10.9	13,117	14.8
Year ended March 31, 2007	1,320,021	20.3	20,864	6.0	19,170	4.9	11,423	8.8

	Net income per share	Net income per share(diluted)	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	(yen)	(yen)	(%)	(%)	(%)
Year ended March 31, 2008	62.07	—	13.3	4.4	1.6
Year ended March 31, 2007	54.03	—	12.4	4.3	1.6

Note: Equity in earnings of unconsolidated subsidiaries and affiliates  
Year ended March 31, 2008 — million yen  
Year ended March 31, 2007 — million yen

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
March 31, 2008	482,014	100,926	20.7	473.70
March 31, 2007	476,178	98,254	20.5	461.21

Note: Shareholders' equity  
As of March 31, 2008 100,111 million yen  
As of March 31, 2007 97,485 million yen

### (3) Consolidated cash flows situation

	Cash flows from Operating activities	Cash flows from Investing activities	Cash flows from Financing activities	Cash and cash equivalents at end of year
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Year ended March 31, 2008	21,430	(8,443)	(9,144)	14,178
Year ended March 31, 2007	(36,192)	(5,955)	34,325	10,228

## 2. Cash dividends

(effective date)	Cash dividends per share			Total amount of dividend (Annual)	Dividend payout ratio (Consolidated)	Dividend on shareholders' equity (Consolidated)
	Interim	Year-end	Annual			
Year ended March 31, 2007	5.00	7.00	12.00	2,536	22.2	2.8
Year ended March 31, 2008	6.00	6.00	12.00	2,536	19.3	2.6
Year ending March 31, 2009 (estimated)	6.00	6.00	12.00		18.2	

Note: Breakdown of the year-end dividend of the year ended March 31, 2007 the ordinary dividend of 5 yen the commemorative dividend of 2 yen

## 3. Forecast of consolidated financial results for fiscal year ending March 31, 2009

(% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(yen)
Interim	808,000	9.8	14,500	21.0	11,900	5.7	7,300	2.7	34.54
Annual	1,655,000	9.8	27,100	14.3	22,900	7.7	13,900	6.0	65.77

\* 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.

## Financial Results for the Fiscal Year ended March 31, 2008

## 《Consolidated Balance Sheets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	March 31, 2007	March 31, 2008	Increase(Decrease)
<b>Assets</b>			
<b>Current assets;</b>			
Cash and deposits	10,245	14,191	3,946
Trade notes and accounts receivable	259,372	263,192	3,820
Inventories	88,220	92,982	4,762
Deferred tax asset	1,096	1,823	727
Others	24,247	19,474	(4,773)
Allowance for doubtful receivables	(911)	(891)	20
<b>Total current assets</b>	<b>382,271</b>	<b>390,772</b>	<b>8,501</b>
<b>Fixed assets;</b>			
<b>Property and equipment;</b>			
Buildings and structures	11,227	11,635	408
Land	24,453	24,453	—
Others	5,150	6,652	1,502
<b>Total property and equipment</b>	<b>40,831</b>	<b>42,741</b>	<b>1,910</b>
<b>Intangible assets</b>	<b>701</b>	<b>808</b>	<b>107</b>
<b>Investments and other assets;</b>			
Investment securities	38,167	31,443	(6,724)
Long-term loans receivable	327	262	(65)
Deferred tax asset	9	69	60
Others	14,618	16,673	2,055
Allowance for doubtful receivables	(749)	(756)	(7)
<b>Total investments and other assets</b>	<b>52,373</b>	<b>47,692</b>	<b>(4,681)</b>
<b>Total fixed assets</b>	<b>93,906</b>	<b>91,242</b>	<b>(2,664)</b>
<b>Total assets</b>	<b>476,178</b>	<b>482,014</b>	<b>5,836</b>
<b>Liabilities;</b>			
<b>Current liabilities;</b>			
Trade notes and accounts payable	160,429	168,287	7,858
Short-term loans payable	43,141	49,738	6,597
Commercial paper	17,500	17,000	(500)
Current portion of bonds payable	—	10,000	10,000
Income taxes payable	4,050	4,813	763
Accrued bonuses	1,693	1,763	70
Others	24,280	29,416	5,136
<b>Total current liabilities</b>	<b>251,095</b>	<b>281,019</b>	<b>29,924</b>
<b>Long-term liabilities;</b>			
Bonds payable	10,000	10,000	—
Long-term loans payable	101,950	79,325	(22,625)
Deferred tax liabilities	8,179	4,001	(4,178)
Deferred tax liabilities by land revaluation	2,798	2,798	—
Others	3,901	3,943	42
<b>Total long-term liabilities</b>	<b>126,828</b>	<b>100,068</b>	<b>(26,760)</b>
<b>Total liabilities</b>	<b>377,924</b>	<b>381,088</b>	<b>3,164</b>
<b>Net assets;</b>			
<b>Shareholders' equity;</b>			
Common stock	45,651	45,651	—
Capital surplus	3	4	1
Retained earnings	40,660	51,028	10,367
Treasury stock	(109)	(130)	(21)
<b>Total shareholders' equity</b>	<b>86,205</b>	<b>96,554</b>	<b>10,348</b>
<b>Valuation and translation adjustments;</b>			
Net unrealized holding gains on securities	11,405	5,397	(6,008)
Deferred hedge profit and loss	838	143	(694)
Land revaluation difference	(16)	(16)	—
Foreign currency translation adjustments	(947)	(1,966)	(1,019)
<b>Total valuation and translation adjustments</b>	<b>11,280</b>	<b>3,557</b>	<b>(7,722)</b>
<b>Minority interests</b>	<b>768</b>	<b>814</b>	<b>46</b>
<b>Total net assets</b>	<b>98,254</b>	<b>100,926</b>	<b>2,671</b>
<b>Total liabilities and net assets</b>	<b>476,178</b>	<b>482,014</b>	<b>5,836</b>

## Financial Results for the Fiscal Year ended March 31, 2008

## 《Consolidated Statements of Income》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Year ended March 31, 2007	Year ended March 31, 2008	Increase(Decrease)
<b>Net sales</b>	1,320,021	<b>1,507,509</b>	187,488
Cost of sales	1,272,532	<b>1,456,627</b>	184,095
<b>Gross profit</b>	47,489	<b>50,881</b>	3,392
Selling, general and administrative expenses	26,624	<b>27,176</b>	552
<b>Operating income</b>	20,864	<b>23,704</b>	2,840
<b>Other income;</b>			
Interest and dividend income	1,633	<b>1,920</b>	287
Others	1,199	<b>1,016</b>	(183)
<b>Total other income</b>	2,832	<b>2,936</b>	104
<b>Other expenses;</b>			
Interest expenses	3,233	<b>4,163</b>	930
Others	1,294	<b>1,209</b>	(85)
<b>Total other expenses</b>	4,527	<b>5,373</b>	846
<b>Ordinary income</b>	19,170	<b>21,267</b>	2,097
<b>Extraordinary income</b>			
Gain on sales of investment securities	—	<b>527</b>	527
<b>Total extraordinary income</b>	—	<b>527</b>	527
<b>Income before income taxes and minority interest</b>	19,170	<b>21,795</b>	2,625
Income, inhabitant & business tax – current	7,398	<b>8,633</b>	1,235
Income tax expense–deferred	270	<b>5</b>	(265)
Minority interest in net income	77	<b>39</b>	(38)
<b>Net income</b>	11,423	<b>13,117</b>	1,694

## Financial Results for the Fiscal Year ended March 31, 2008

## 《Consolidated Statements of Changes in Net Assets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>											
	Shareholders' equity					Valuation and translation adjustments					Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred hedge profit and loss	Land revaluation difference	Foreign currency translation adjustments	Total valuation and translation adjustments		
<b>Balance at March 31, 2006</b>	45,651	2	31,288	(67)	76,874	10,445	—	(16)	(1,159)	9,270	808	86,954
Increase (decrease) during the term:												
Cash dividends paid			(2,114)		(2,114)							(2,114)
Bonuses to directors			(150)		(150)							(150)
Staff and workers' bonuses and welfare fund			(1)		(1)							(1)
Net income			11,423		11,423							11,423
Purchase of treasury stocks				(43)	(43)							(43)
Deposition of treasury stocks		0		1	1							1
Effect from change in scope of consolidated subsidiaries			214		214							214
Net increase (decrease) during the term, except for items under shareholders' equity						959	838	—	211	2,009	(40)	1,969
<b>Total increase (decrease)</b>	—	0	9,372	(42)	9,330	959	838	—	211	2,009	(40)	11,300
<b>Balance at March 31, 2007</b>	45,651	3	40,660	(109)	86,205	11,405	838	(16)	(947)	11,280	768	98,254

	<i>Millions of yen</i>											
	Shareholders' equity					Valuation and translation adjustments					Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred hedge profit and loss	Land revaluation difference	Foreign currency translation adjustments	Total valuation and translation adjustments		
<b>Balance at March 31, 2007</b>	45,651	3	40,660	(109)	86,205	11,405	838	(16)	(947)	11,280	768	98,254
Increase (decrease) during the term:												
Cash dividends paid			(2,747)		(2,747)							(2,747)
Staff and workers' bonuses and welfare fund			(2)		(2)							(2)
Net income			13,117		13,117							13,117
Purchase of treasury stocks				(26)	(26)							(26)
Deposition of treasury stocks		1		5	7							7
Net increase (decrease) during the term, except for items under shareholders' equity						(6,008)	(694)	—	(1,019)	(7,722)	46	(7,676)
<b>Total increase (decrease)</b>	—	1	10,367	(21)	10,348	(6,008)	(694)	—	(1,019)	(7,722)	46	2,671
<b>Balance at March 31, 2008</b>	45,651	4	51,028	(130)	96,554	5,397	143	(16)	(1,966)	3,557	814	100,926

## Financial Results for the Fiscal Year ended March 31, 2008

## 《Consolidated Statements of Cash Flows》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Year ended March 31, 2007	Year ended March 31, 2008	Increase (Decrease)
<b>Cash flows from operating activities:</b>			
Income before income taxes	19,170	21,795	2,625
Depreciation and amortization	1,991	2,055	64
Decrease in allowance for doubtful receivables	(189)	(10)	179
Interest and dividend income	(1,633)	(1,920)	(287)
Interest expense	3,233	4,163	930
Gain on sales of investment securities	—	(527)	(527)
Increase in trade receivables	(50,718)	(4,642)	46,076
Increase in inventories	(11,408)	(5,030)	6,378
Increase in trade notes and accounts payable	20,211	8,392	(11,819)
Increase(decrease) in deposits received	(7,570)	9,416	16,986
Other, net	(734)	(2,202)	(1,468)
<b>Sub total</b>	<b>(27,649)</b>	<b>31,489</b>	<b>59,138</b>
Interest and dividends received	1,795	1,915	120
Interest paid	(3,236)	(4,106)	(870)
Income taxes paid	(7,101)	(7,868)	(767)
<b>Net cash provided by (used in) operating activities</b>	<b>(36,192)</b>	<b>21,430</b>	<b>57,622</b>
<b>Cash flows from investing activities:</b>			
Payment for time deposits	(7)	—	7
Proceeds from refund of time deposits	309	4	(305)
Payment for purchase of property and equipment	(2,593)	(3,992)	(1,399)
Proceeds from sale of property and equipment	14	33	19
Payment for purchase of investment securities	(5,488)	(5,118)	370
Proceeds from sale of investment securities	2,778	1,811	(967)
Decrease in short – term loans receivable, net	194	(247)	(441)
Increase in long – term loans receivable	(20)	(14)	6
Collection of long-term loans receivable	138	205	67
Other, net	(1,282)	(1,125)	157
<b>Net cash used in investing activities</b>	<b>(5,955)</b>	<b>(8,443)</b>	<b>(2,488)</b>
<b>Cash flows from financing activities:</b>			
Increase(decrease) in short-term loans, net	18,359	(15,760)	(34,119)
Increase(decrease) in commercial paper, net	17,500	(500)	(18,000)
Proceeds from long-term debt	27,100	—	(27,100)
Repayments of long-term debt	(26,450)	(50)	26,400
Proceeds from issuance of bonds	—	9,950	9,950
Payment for cash dividends	(2,116)	(2,747)	(631)
Cash dividends paid to minority interest in consolidated subsidiaries	(25)	(17)	8
Other, net	(42)	(19)	23
<b>Net cash provided by (used in) financing activities</b>	<b>34,325</b>	<b>(9,144)</b>	<b>(43,469)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(943)</b>	<b>107</b>	<b>1,050</b>
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>(8,765)</b>	<b>3,949</b>	<b>12,714</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>18,985</b>	<b>10,228</b>	<b>(8,757)</b>
<b>Cash and cash equivalents from newly consolidated subsidiaries</b>	<b>8</b>	<b>—</b>	<b>(8)</b>
<b>Cash and cash equivalents at end of year</b>	<b>10,228</b>	<b>14,178</b>	<b>3,949</b>

## Financial Results for the Fiscal Year ended March 31, 2008

## 《Segment information》

## Business segment information

The Companies' operations are classified into five business segments as follows:

Steel : Steel bars and shapes, steel plates and sheets, special steels, wire products, steel pipes, and steelmaking raw materials

Metals and alloys : Nickel, chromium, stainless scrap and solar cell-related materials and products

Non-ferrous metals : Copper, aluminium, lead, zinc, tin, antimony and other metals

Foods : Frozen seafoods and meat products

Petroleum and chemicals : Petroleum products, chemical products, and cement

Other business : Lumber, machinery, and others

Segment information by business category for the years ended March 31, 2007 and 2008 is as follows:

(Rounded down to millions of yen)

Year ended March 31, 2007	Millions of yen									
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Other business	Total	Corporate	Consolidated	
Net sales	689,187	177,554	65,398	91,953	237,342	58,585	1,320,021	—	1,320,021	
Costs and expenses	674,851	172,554	63,154	91,362	235,110	56,543	1,293,577	5,579	1,299,157	
Operating income	14,335	5,000	2,243	591	2,232	2,041	26,444	(5,579)	20,864	
Assets	253,362	45,196	19,085	37,830	34,647	18,903	409,026	67,152	476,178	
Depreciation	1,379	22	45	29	28	404	1,909	82	1,991	
Capital expenditure	1,765	12	177	29	36	347	2,368	44	2,412	

Year ended March 31, 2008	Millions of yen									
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Other business	Total	Corporate	Consolidated	
Net sales	790,340	202,019	65,344	84,671	311,480	53,652	1,507,509	—	1,507,509	
Costs and expenses	774,465	195,399	63,329	83,894	308,935	52,227	1,478,252	5,552	1,483,804	
Operating income	15,874	6,619	2,014	776	2,545	1,424	29,256	(5,552)	23,704	
Assets	274,802	47,867	14,762	31,166	35,380	12,758	416,737	65,276	482,014	
Depreciation	1,408	24	50	28	30	431	1,974	81	2,055	
Capital expenditure	3,795	47	44	31	36	375	4,329	67	4,396	

## Notes:

Corporate costs and expenses mainly consist of expenses of administrative departments.

Corporate assets mainly consist of cash and equivalents, investment securities and assets of administrative departments.