

# Financial Results for the Fiscal Year ended March 31, 2009

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

May 14, 2009

Company name: **HANWA Co.,Ltd.**  
 Listed stock exchange: Tokyo, Osaka  
 Stock exchange code: 8078 (URL <http://www.hanwa.co.jp>)  
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The date of Shareholders' Meeting: June 26, 2009 The date of payout of dividend: June 29, 2009  
 The date of issue of audited financial statements: June 29, 2009

(Rounded down to millions of yen)

## 1. Consolidated financial results for the fiscal year ended March 31, 2009

### (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, 2009	1,539,281	2.1	17,451	(26.4)	15,007	(29.4)	5,997	(54.3)
Year ended March 31, 2008	1,507,509	14.2	23,704	13.6	21,267	10.9	13,117	14.8

	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, 2009	28.47	—	6.2	3.1	1.1
Year ended March 31, 2008	62.07	—	13.3	4.4	1.6

Note: Equity in earnings of unconsolidated subsidiaries and affiliates Year ended March 31, 2009 — million yen  
 Year ended March 31, 2008 — 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, 2009	479,379	94,912	19.7	450.05
March 31, 2008	482,014	100,926	20.7	473.70

Note: Shareholders' equity As of March 31, 2009 94,197 million yen  
 As of March 31, 2008 100,111 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, 2009	(5,742)	(19,535)	46,591	35,046
Year ended March 31, 2008	21,430	(8,443)	(9,144)	14,178

## 2. Cash dividends

(effective date)	Cash dividends per share					Total amount of dividend (Annual)	Dividend payout ratio (Consolidated)	Dividend on shareholders' equity (Consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Annual			
Year ended March 31, 2008	—	6.00	—	6.00	12.00	2,536	19.3	2.6
Year ended March 31, 2009	—	6.00	—	6.00	12.00	2,523	42.1	2.6
Year ending March 31, 2010 (estimated)	—	6.00	—	6.00	12.00		34.9	

## 3. Forecast of consolidated financial results for fiscal year ending March 31, 2010 (% 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	537,000	(41.1)	5,900	(70.2)	4,500	(76.7)	2,700	(73.6)	12.90
Annual	1,106,000	(28.1)	14,800	(15.2)	12,000	(20.0)	7,200	20.1	34.40

\* 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, 2009

## 《Consolidated Balance Sheets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	March 31, 2008	March 31, 2009	Increase(Decrease)
<b>Assets</b>			
<b>Current assets;</b>			
Cash and deposits	14,191	35,200	21,009
Trade notes and accounts receivable	263,192	233,282	(29,910)
Inventories	92,982	90,765	(2,217)
Deferred tax asset	1,823	1,560	(263)
Others	19,474	25,524	6,050
Allowance for doubtful receivables	(891)	(781)	110
<b>Total current assets</b>	<b>390,772</b>	<b>385,552</b>	<b>(5,220)</b>
<b>Fixed assets;</b>			
<b>Property and equipment;</b>			
Buildings and structures	11,635	12,331	696
Land	24,453	27,966	3,513
Others	6,652	6,109	(543)
<b>Total property and equipment</b>	<b>42,741</b>	<b>46,407</b>	<b>3,666</b>
<b>Intangible assets</b>	<b>808</b>	<b>733</b>	<b>(75)</b>
<b>Investments and other assets;</b>			
Investment securities	31,443	28,022	(3,421)
Long-term loans receivable	262	219	(43)
Deferred tax asset	69	883	814
Others	16,673	20,746	4,073
Allowance for doubtful receivables	(756)	(3,186)	(2,430)
<b>Total investments and other assets</b>	<b>47,692</b>	<b>46,686</b>	<b>(1,006)</b>
<b>Total fixed assets</b>	<b>91,242</b>	<b>93,826</b>	<b>2,584</b>
<b>Total assets</b>	<b>482,014</b>	<b>479,379</b>	<b>(2,635)</b>
<b>Liabilities;</b>			
<b>Current liabilities;</b>			
Trade notes and accounts payable	168,287	130,720	(37,567)
Short-term loans payable	49,738	89,362	39,624
Commercial paper	17,000	—	(17,000)
Current portion of bonds payable	10,000	—	(10,000)
Income taxes payable	4,813	189	(4,624)
Accrued bonuses	1,763	1,789	26
Others	29,416	30,426	1,010
<b>Total current liabilities</b>	<b>281,019</b>	<b>252,487</b>	<b>(28,532)</b>
<b>Long-term liabilities;</b>			
Bonds payable	10,000	10,000	—
Long-term loans payable	79,325	115,150	35,825
Deferred tax liabilities	4,001	—	(4,001)
Deferred tax liabilities by land revaluation	2,798	2,686	(112)
Others	3,943	4,142	199
<b>Total long-term liabilities</b>	<b>100,068</b>	<b>131,978</b>	<b>31,910</b>
<b>Total liabilities</b>	<b>381,088</b>	<b>384,466</b>	<b>3,378</b>
<b>Net assets;</b>			
<b>Shareholders' equity;</b>			
Common stock	45,651	45,651	—
Capital surplus	4	4	—
Retained earnings	51,028	54,650	3,622
Treasury stock	(130)	(755)	(625)
<b>Total shareholders' equity</b>	<b>96,554</b>	<b>99,550</b>	<b>2,996</b>
<b>Valuation and translation adjustments;</b>			
Net unrealized holding gains on securities	5,397	(3,213)	(8,610)
Deferred hedge profit and loss	143	(248)	(391)
Land revaluation difference	(16)	(180)	(164)
Foreign currency translation adjustments	(1,966)	(1,710)	256
<b>Total valuation and translation adjustments</b>	<b>3,557</b>	<b>(5,353)</b>	<b>(8,910)</b>
<b>Minority interests</b>	<b>814</b>	<b>715</b>	<b>(99)</b>
<b>Total net assets</b>	<b>100,926</b>	<b>94,912</b>	<b>(6,014)</b>
<b>Total liabilities and net assets</b>	<b>482,014</b>	<b>479,379</b>	<b>(2,635)</b>

## Financial Results for the Fiscal Year ended March 31, 2009

## 《Consolidated Statements of Income》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		Increase(Decrease)
	Year ended March 31, 2008	Year ended March 31, 2009	
<b>Net sales</b>	1,507,509	<b>1,539,281</b>	31,772
Cost of sales	1,456,627	<b>1,491,569</b>	34,942
<b>Gross profit</b>	50,881	<b>47,712</b>	(3,169)
Selling, general and administrative expenses	27,176	<b>30,260</b>	3,084
<b>Operating income</b>	23,704	<b>17,451</b>	(6,253)
<b>Other income;</b>			
Interest and dividend income	1,920	<b>1,990</b>	70
Foreign exchange gain	507	<b>1,747</b>	1,240
Others	508	<b>526</b>	18
Total other income	2,936	<b>4,264</b>	1,328
<b>Other expenses;</b>			
Interest expenses	4,163	<b>4,336</b>	173
Others	1,209	<b>2,371</b>	1,162
Total other expenses	5,373	<b>6,707</b>	1,334
<b>Ordinary income</b>	21,267	<b>15,007</b>	(6,260)
<b>Extraordinary income;</b>			
Gain on sales of investment securities	527	—	(527)
Total extraordinary income	527	—	(527)
<b>Extraordinary loss;</b>			
Loss on sale of property and equipment	—	211	211
Loss on devaluation of investments securities	—	<b>2,506</b>	2,506
Foreign exchange loss on common stock reduction of consolidated subsidiary	—	<b>908</b>	908
Total extraordinary loss	—	<b>3,626</b>	3,626
<b>Income before income taxes and minority interest</b>	21,795	<b>11,381</b>	(10,414)
Income, inhabitant & business tax – current	8,633	<b>3,998</b>	(4,635)
Income tax expense-deferred	5	<b>1,356</b>	1,351
Minority interest in net income	39	<b>28</b>	(11)
<b>Net income</b>	13,117	<b>5,997</b>	(7,120)

## Financial Results for the Fiscal Year ended March 31, 2009

## 《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, 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

	<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, 2008</b>	45,651	4	51,028	(130)	96,554	5,397	143	(16)	(1,966)	3,557	814	100,926
Increase (decrease) during the term:												
Cash dividends paid			(2,535)		(2,535)							(2,535)
Staff and workers' bonuses and welfare fund			(3)		(3)							(3)
Reversal of land revaluation difference			163		163							163
Net income			5,997		5,997							5,997
Purchase of treasury stocks				(632)	(632)							(632)
Deposition of treasury stocks		(0)		6	6							6
Effect from change in scope of consolidated subsidiaries												
Net increase (decrease) during the term, except for items under shareholders' equity						(8,610)	(392)	(163)	255	(8,910)	(99)	(9,009)
<b>Total increase (decrease)</b>	—	(0)	3,622	(625)	2,996	(8,610)	(392)	(163)	255	(8,910)	(99)	(6,013)
<b>Balance at March 31, 2009</b>	45,651	4	54,650	(755)	99,550	(3,213)	(248)	(180)	(1,710)	(5,353)	715	94,912

## Financial Results for the Fiscal Year ended March 31, 2009

## 《Consolidated Statements of Cash Flows》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Year ended March 31, 2008	Year ended March 31, 2009	Increase (Decrease)
<b>Cash flows from operating activities:</b>			
Income before income taxes	21,795	11,381	(10,414)
Depreciation and amortization	2,055	2,358	303
Increase(decrease) in allowance for doubtful receivables	(10)	2,322	2,332
Interest and dividend income	(1,920)	(1,990)	(70)
Interest expense	4,163	4,336	173
Gain on sales of investment securities	(527)	—	527
Loss on sale of property and equipment	—	211	211
Loss on devaluation of investments securities	—	2,506	2,506
Foreign exchange loss on common stock reduction of consolidated subsidiary	—	908	908
(Increase)decrease in trade receivables	(4,642)	28,537	33,179
(Increase)decrease in inventories	(5,030)	1,163	6,193
Increase(decrease) in trade notes and accounts payable	8,392	(36,465)	(44,857)
Increase(decrease) in deposits received	9,416	(8,360)	(17,776)
Other, net	(2,202)	(1,270)	932
<b>Sub total</b>	<b>31,489</b>	<b>5,639</b>	<b>(25,850)</b>
Interest and dividends received	1,915	1,958	43
Interest paid	(4,106)	(4,175)	(69)
Income taxes paid	(7,868)	(9,164)	(1,296)
<b>Net cash provided by (used in) operating activities</b>	<b>21,430</b>	<b>(5,742)</b>	<b>(27,172)</b>
<b>Cash flows from investing activities:</b>			
Payment for time deposits	—	(353)	(353)
Proceeds from refund of time deposits	4	212	208
Payment for purchase of property and equipment	(3,992)	(6,512)	(2,520)
Proceeds from sale of property and equipment	33	509	476
Payment for purchase of investment securities	(5,118)	(15,555)	(10,437)
Proceeds from sale of investment securities	1,811	2,131	320
(Increase)decrease in short – term loans receivable, net	(247)	117	364
Increase in long – term loans receivable	(14)	(31)	(17)
Collection of long–term loans receivable	205	79	(126)
Other, net	(1,125)	(132)	993
<b>Net cash used in investing activities</b>	<b>(8,443)</b>	<b>(19,535)</b>	<b>(11,092)</b>
<b>Cash flows from financing activities:</b>			
Increase(decrease) in short–term loans, net	(15,760)	39,933	55,693
Increase(decrease) in commercial paper, net	(500)	(17,000)	(16,500)
Proceeds from long–term debt	—	60,675	60,675
Repayments of long–term debt	(50)	(23,800)	(23,750)
Proceeds from issuance of bonds	9,950	—	(9,950)
Redemption of issuance of bonds	—	(10,000)	(10,000)
Payment for cash dividends	(2,747)	(2,540)	207
Cash dividends paid to minority interest in consolidated subsidiaries	(17)	(4)	13
Other, net	(19)	(670)	(651)
<b>Net cash provided by (used in) financing activities</b>	<b>(9,144)</b>	<b>46,591</b>	<b>55,735</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>107</b>	<b>(446)</b>	<b>(553)</b>
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>3,949</b>	<b>20,867</b>	<b>16,918</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>10,228</b>	<b>14,178</b>	<b>3,950</b>
<b>Cash and cash equivalents at end of year</b>	<b>14,178</b>	<b>35,046</b>	<b>20,867</b>

## Financial Results for the Fiscal Year ended March 31, 2009

## 《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, 2008 and 2009 is as follows:

(Rounded down to millions of yen)

Year ended March 31, 2008	<i>Millions of yen</i>							Total	Corporate	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Other business				
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	

Year ended March 31, 2009	<i>Millions of yen</i>							Total	Corporate	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Other business				
Net sales	877,755	155,841	51,859	82,218	320,816	50,789	1,539,281	—	1,539,281	
Costs and expenses	867,521	153,749	50,791	80,572	316,014	47,407	1,516,056	5,774	1,521,830	
Operating income	10,234	2,092	1,068	1,645	4,801	3,382	23,225	(5,774)	17,451	
Assets	289,944	34,628	6,093	28,046	23,600	15,277	397,591	81,788	479,379	
Depreciation	1,648	30	72	25	36	455	2,268	89	2,358	
Capital expenditure	4,739	110	354	304	242	752	6,503	776	7,279	

## 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.