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JAPAN

SUM

ANNUAL REPORT 2001

HANWA CO., LTD.

For the year ended March 31, 2001

阪和興業株式会社

Corporate Profile

Since its establishment in 1947, Hanwa has contributed to the development of the Japanese economy as a trading company handling industrial materials, such as steel — the company's leading product — and nonferrous metals, food products, lumber, machinery, petroleum, chemical products, and cement. Our steel division in particular is equipped with quay and warehouse transportation facilities as well as complete processing sites that enable us to both handle large quantities purchased from major steel manufacturers and to cater to the special needs of our customers. This is why we have long been known in Japan as a "steel trading company."

Recently, with the changes and diversification of the domestic market, we have demonstrated new capabilities as a trading company by handling seafood products, rides for amusement parks, and nonferrous metal recycling. We have created numerous businesses in these fields that command the top market share. The basic strategies underlying such success are internationalization, business diversification, and value enhancement.

Hanwa's ideal function as a trading company is to be more than just a distributor. Based on our insight of the international market and information-gathering capabilities, we aim to develop new products, as well as coordinate ventures among businesses. As a trading company with such operating skills at our disposal, we will continue to develop new unique businesses.

About the Cover

The Chinese character for the syllable *wa* of Hanwa's name has four meanings in Japanese: Japan, harmony, sum (as in addition) and peace.

These key words capture the essence of Hanwa's ideals: to trade products that meet the needs of customers through a business relationship with the countries of the world, incorporating new ideas into the products to bring peace and harmony to people's lives.

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HANWA CO., LTD., AND CONSOLIDATED SUBSIDIARIES

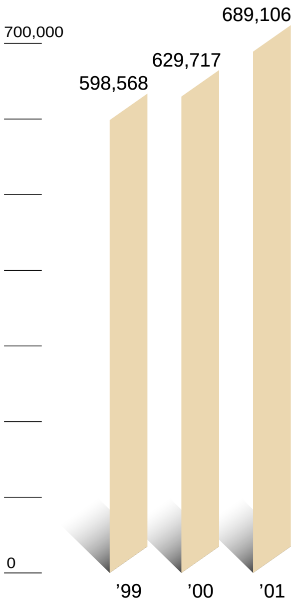
Financial Highlights

For the years ended March 31, 2001 and 2000

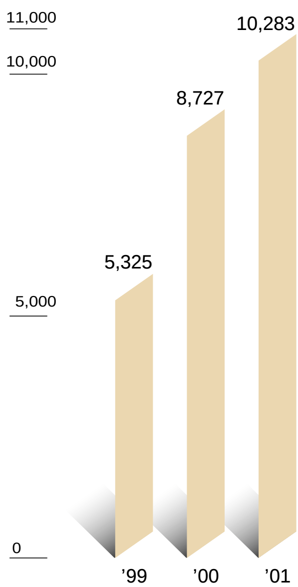
	Millions of yen		Thousands of U.S. dollars	
	2001	2000	**2001**	2000
Net sales	**¥689,106**	¥629,717	**$5,561,792**	$5,082,462
Operating income	**10,283**	8,727	**82,994**	70,436
Net income	**1,945**	595	**15,698**	4,802

Note: The U.S. dollar amounts represent translations, for convenience only, of yen amounts at the rate of ¥123.90=$1.00.

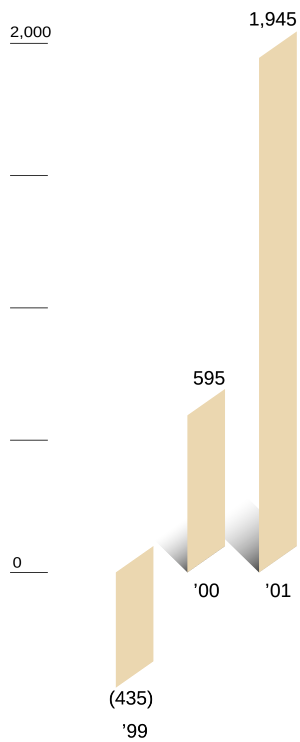
Net sales
(Millions of yen)



Operating income
(Millions of yen)



Net income (loss)
(Millions of yen)



The company's fiscal year begins on April 1 and ends on March 31 of the following year.

For example,
fiscal year 2000 began on April 1, 1999 and ended on March 31, 2000; and
fiscal year 2001 began on April 1, 2000 and ended on March 31, 2001.

President's Message

At the beginning of our fiscal year 2001 ended March 31, 2001, Japan's economy was expected to make a rebound for better as there were some signs of significant increase in the private investments and export sectors. Brisk investments in the IT industries and the increased export of raw materials and the semi-finished products to the industrializing countries could have boosted our economy. As the year went by, however, consumer spending started to decline for fear of reduced income and possible unemployment as a result of corporate restructurings widely undertaken in Japan. Toward the end of the fiscal year 2001, the slowing down of U.S. economy affected the Japanese stock market, recording its historic low. This has led the world to believe that the Japanese depressed economy will take longer time to recover.

Despite the adverse circumstances, Hanwa Co., Ltd. and its consolidated subsidiaries achieved the sales of ¥689,106 million, up by 9.4% from the previous year. This has been brought about by concentrating its capital and human resources on the development of new businesses and new customers while prudently avoiding credit risks. This achievement, however, could not have been possible without the strengthened relationships with our old clients and suppliers.

We have had our transactions reviewed continuously during the year in an effort to maximize profit margins and cost reductions. As a result, the operating income of Hanwa Co., Ltd. and its consolidated subsidiaries has recorded ¥10,283 million, an increase by 17.8% over the previous year. Profit of ¥4,315 million from the sale of the land in Sakurajima contributed to the gain of other income.

However, in compliance with the new Japanese accounting standard, the followings were entered as other losses:

¥2,100 million for Provision for doubtful receivables, ¥1,525 million for loss on loans receivable, ¥1,755 million for loss on sale and write-down of securities, etc. and ¥495 million for net transition obligation of retirement plans.

Consequently, the net income for the fiscal year 2001 was ¥1,945 million, a remarkable increase of 227.4% over the previous year.

The performance in each segment of our business is stated below:.

The Steel Division's sales were ¥372,443 million, up 3.6% from the previous year, with an operating income of ¥6,143 million, up 4.6% from the previous year. Although the steel market in general weakened toward the end of the fiscal year due to swollen inventories, the domestic markets of structural bars, beams and plates stood firm and export to the Asian market was comparatively busy especially in the first half of the fiscal year.

In the Non-ferrous Division, the promotion of our recycling business for materials including aluminum cans, combined with the world-wide price hike of nickel and other precious metals helped push up the sales to ¥63,235 million, an increase of 22.5% over the previous year, with an operating income amounting to ¥1,822 million, up 23.2% from the previous year.

In the Food Division, the consumers' choice for comparatively low priced foods affected its sales volume, resulting in the 4.0% decrease to ¥100,019 million. Despite the slightly decreased sales, the efforts to reduce cost of sales resulted in an operating income of ¥2,223 million, up by 12.5% from the previous year.

In the Petroleum and Chemicals Division, sales jumped to ¥109,009 million, an increase of 44.8% over the previous year, with its operating income almost doubled to ¥1,182 million, up 91.1% from the previous year. In addition to the world-wide price hike of crude oil, the development of relationships with new clients contributed to the remarkable operating income increase.

Sales for other divisions amounted to ¥44,400 million, up 13.4% from the previous year, and the operating income was ¥2,964 million, up 14.2% from the previous year. Among other things, an increasing demand for machine-dried lumber coupled with the Lumber Division's timely diversification of supply sources contributed to the increase.

Given the increasing trend toward a global and borderless economy, our Group companies wish to take action appropriate to our status as a major influence in the distribution sector. We are determined to achieve this by strengthening our force in offices and distribution and processing systems on top of developing new and peripheral ventures.

To strengthen our competitiveness, we will accelerate the decision-making process and corporate activities, and will establish a corporate structure that makes use of "checks-and-balances." Moreover, we will operate the business with an emphasis on maximized profit to improve the return on equity.

In order to pursue the maximum efficiency in overall business including capital and human resources and also ensure our shareholders the resumption of dividend payments in the coming fiscal year, we have worked out the "Medium-Term Business Plan." The first step is the rationalization and the reinforcement of our steel distribution systems which were in operation at Tokyo, Osaka and Nagoya as a 100% owned subsidiary of Hanwa Co., Ltd., namely, Hanwa Ryutsu Center Co., Ltd. We merged this company with Hanwa Co., Ltd. on April 1, 2001 and its assets and liabilities have been absorbed. In turn, we established three new subsidiaries wholly owned by Hanwa Co., Ltd., namely, Hanwa Logistics Tokyo, Co., Ltd., Hanwa Logistics Osaka Co., Ltd. and Hanwa Logistics Nagoya Co., Ltd., respectively. The operations and the facilities of Hanwa Ryutsu Center Co., Ltd. were transferred to the respective new companies. These measures were taken for the purpose of improving their financial strength and have them grow into an independent major influence at their respective locations.

We will further improve the quality of e-commerce trading system which was successfully employed in this fiscal year. We will also strive to strengthen our client relationships, expand our customer base, and create new value-added products. As a result, we are convinced that, by the end of the "Medium-Term Business Plan," we will have achieved the status as a major influence in the distribution sector with a financial strength incomparable with other firms of the same trade.

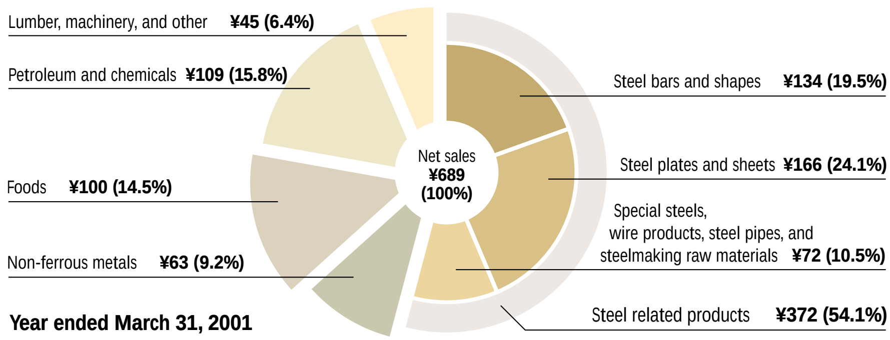
If the reduction of paid-in capital and the write-off of undisposed deficit from the consolidated balance sheet is approved at the general stockholder's meeting on June 28, 2001, we feel confident that Hanwa Co., Ltd. and its consolidated subsidiaries would become a financially slim, but strong group of companies and could resume the dividend payment in the end of the fiscal year 2002 ending March 31, 2002.

Hanwa Co., Ltd.

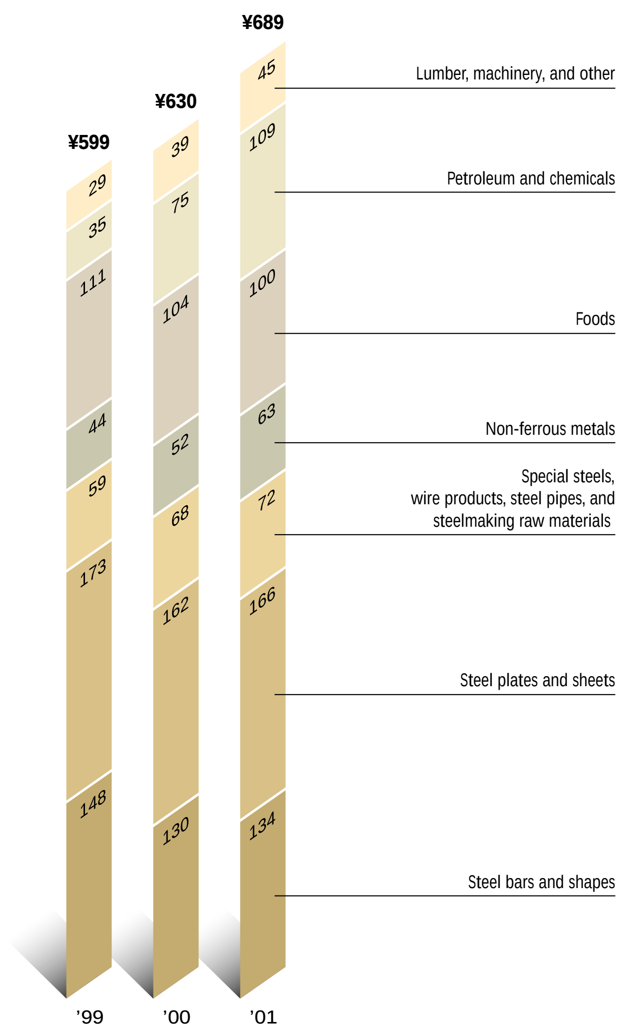
北　修爾
取締役社長
阪和興業株式会社

Review of Operations

Net Sales by Product (Billions of yen)



Year ended March 31, 2001



Steel (Domestic)

Review of the fiscal year 2001:
In the fiscal year 2001, the total steel production in Japan increased by approximately 8% over the previous year. In parallel with this, the Division's handling volume was also up by 2% over the previous year. The sales value showed an increase of 3% over the previous year thanks to the slight recovery of domestic demands.

Steel Bars and Shapes
Demands from public-works projects bolstered the steel bar market. Construction businesses in the private sector were active because of brisk investments in the IT industries as well as the housing development. All in all, we enjoyed comparatively good sale of bar and shape products.

Sheet Products and Special Steel
The automobile industry and electric appliance industry remained firm. Our sales to the manufacturers were better than to the distributors, resulting in a mutually profitable relationship with manufacturers.

Outlook for the fiscal year 2002:
In the fiscal year 2002, we expect that the Domestic Steel Division will maintain its sales at the same level. Prices of steel bars will remain unchanged, but sheet products other than steel plates will see a decline in prices. The automobile and shipbuilding industries are expected to be active, while the electric home appliances and construction material sectors may see some decline. The over-capacity of Japanese blast furnace mills overshadows the steel market in general. We see no impending sign of upturn in the Japanese economy in the coming fiscal year.

Logistics systems based on our distribution network and processing capability are our stronghold. We will upgrade them in both capacity and efficiency. We will further build up our e-commerce, "hanwa-steel.com," which was successfully introduced in the previous year. While maintaining the basic steel businesses that are already in place, we will diversify into new items such as steel houses, steel pallets, leasing business of steel construction materials.

Steel (Overseas)

Review of the fiscal year 2001:
In the fiscal year 2001, the Division exported 738,688 tons of steel, 3% decrease in volume from the previous year. The export of steel to China was very brisk in the first half of the FY 2001, but suddenly plummeted in the second half of the year, following China's imposition of Anti-Dumping Import Duties together with the change in her import licensing policy. A huge volume of steel products was directed from the Anti-Dumping-guarded U.S. Market to the Asian Markets. This in turn led the buyers to taking a wait-and-see attitude. The sales, however, went up by 3% in amount to ¥50,307 million. The worldwide price increase of steel products started in 1999 and reached its peak in the first half of the FY 2001. The weaker Japanese yen helped push up the sales amount.

Outlook for the fiscal year 2002:
We will focus on China and the ASEAN markets. China's import restriction on ordinary steel products may continue. We will diversify into more value-added products, such as stainless steel, alloy steel and surface-treated steel sheets, and semi-finished products.

We will reinforce our staff in the overseas offices, particularly in China, Thailand and Vietnam.

Non-ferrous Metals

Review of the fiscal year 2001:

In the first half of the fiscal year 2001, we enjoyed comparatively good business thanks to the brisk demand from the IT industries, but the demand shrunk abruptly in the second half. The Division attained its annual sale of ¥63,203 million. Both aluminum scrap and copper scrap showed an increase of 10% in volume and 15% in value, respectively. Aluminum beverage-can recycling has grown into one of the Division's main businesses as well as copper scrap, precious metals scrap and stainless steel scrap.

Outlook for the fiscal year 2002:

The Division has set a modest sales target for the fiscal year 2002. Amid the worldwide economic slowdown, we will intensify our international business network and build up a more integrated recycling system of non-ferrous metals and stainless steel. By the end of the coming fiscal year 2002, we will have put two additional lines of business into our major operations, namely, aluminum sash recycling and silicon materials for photovoltaic industries.

Food Products

Review of the fiscal year 2001:

The total national import of seafood to Japan in the calendar year 2000 went up by 4% to 3.54 million tons, the second highest after 3.58 million tons recorded in 1995. The import showed an increase in volume for the second consecutive year, but a slight decrease in value to ¥1,733.8 billion, down by 0.3% from the previous year.

Our sales volume in the fiscal year 2001 also showed an increase by 1% over the previous year to 184,000 tons, but the value decreased by 4% to ¥100,019 million due to the declined market prices. Salmons, flounders, herrings and other processed seafood contributed to the increased sales, whereas sales of octopuses, squids, pollack roe, horse mackerels and eels were down.

Outlook for the fiscal year 2002:

Personal consumption will remain depressed for the coming FY 2002. Consumer's choice for lower priced foods will continue. In addition to the sales promotion of raw materials to the large processors and wholesalers, we will try to expand our business to the retailers by offering the foodstuff already processed or finished in China and Thailand. We will maintain the same level of sales for the FY 2002 as the FY 2001.

Petroleum and Chemicals

Review of the fiscal year 2001:

Throughout the fiscal year 2001, prices of petroleum and its downstream products kept on rising as the crude oil price was sustained at a very high level until the OPEC's announcement of its new policy to increase the oil supply at the end of the year 2000. Despite the adverse economic circumstances, we achieved the highest sales in the Division's history, a 14% increase to 4.14 million KL in volume, and a 45% hike to ¥109,008 million in value over the previous year, respectively.

Outlook for the fiscal year 2002:

We intend to maintain the sales of more than 4 million KL in volume and at least ¥92,000 million in value for the coming fiscal year, given the possible stabilization of crude oil price in the second half of the coming year.

Lumber

Review of the fiscal year 2001:

The sales of Lumber in the FY 2001 were ¥29,197 million, up by 18% over the previous year. The volume of 750,000 cubic meters exceeded our forecast and showed an increase of 26% over the previous year. The Indonesian veneer business started in April 1998 reached a successful expansion in its 3rd year, faster than expected. Sales of Russian and Chinese lumber also increased. Sales of U.S. lumber and Scandinavian lumber showed a slight increase in value thanks to the volume increase by 9% and 5% respectively over previous year despite the overall price drop by about 5%. Besides, we were not subjected to any customer bankruptcies.

Outlook for the fiscal year 2002:

Japanese new housing starts for the FY 2002 are expected to be 1.05 to 1.10 million, a drop by 10% from the previous year. We will overcome the adverse circumstances and aim to achieve a sale of over ¥30,000 million by aggressive penetration into the new market while prudently avoiding credit risks.

Machinery

Review of the fiscal year 2001:

Sales of amusement rides plummeted and declined by 50% over the previous year. But the highlight of sales was an electro decorated 100M Ferris wheel to Space World, Inc. Most minor amusement parks were tentative in new investments, and took a wait-and-see attitude facing the opening of the major parks, such as Universal Studios, Japan, which opened in March 2001 and Disney Sea, which will open in September 2001.

Amid the prevailing postponement and cancellation of capital investment in the heavy industries, sales of industrial machinery maintained the same level of ¥1,700 million as previous year. Among the major items sold were a Direct Diode Laser to Toyota Motor Co., pipe cutting machines to pipe manufacturers, crushers and press machines to environmental industries, steel processing equipment to steel distributors and fabricators, and diesel marine engines and pumps for export.

Outlook for the fiscal year 2002:

We expect to achieve ¥1,000 million in the sales of amusement rides, especially water rides, to the financially stronger amusement parks in the Kanto and Chubu Districts of Japan. Sales of industrial machinery for the FY 2002 will be targeted at ¥2,000 million, with the combined sale of machinery for the environmental industries, steel mills, and steel processing industries.

Topics

1. Medium-term business plan

We had worked out and posted in January 2001 the "Medium-Term Business Plan" for the next 3 years beginning from April 2001 and ending in March 2004.

The plan includes the following programs:

(1) A resumption of dividend payment:
By the merger of the old distribution subsidiary and the write-off of undisposed deficit from the consolidated balance sheet with the reduction of paid-in capital, Hanwa Co., Ltd., and its consolidated subsidiaries would become a financially slim but strong group of companies who are potential to resume the payment of dividend in the end of the fiscal year 2002 ending March 31, 2002.

(2) A rationalization of steel distribution and processing systems:
The rationalization of our steel distribution subsidiaries and the employment of a unique electronic commerce system known as "hanwa-steel.com" would definitely enhance the efficiency and competitiveness of our distribution systems.

(3) A diversification of business lines:
We will diversify our business into more consumer-oriented goods such as finished chemical products, processed foodstuff and machine dried lumbers etc. Environment-related business in line with the ISO14001 Certificate, which we were granted in last year, is another target we aim at. That includes recycling business of non-ferrous and precious metals.

(4) An enhancement of office efficiency:
We will keep on upgrading the expertise of our sales persons and office staffs through our personnel education and evaluation program. We will also pursue the maximum efficiency of office and administration by letting a part of routine jobs out to less costly outside sources.

By putting all the above programs into practice, we will have achieved the sales of ¥740,000 million and a net profit of ¥6,800 million in the end of the Term, March 2004.

2. Rationalization of steel distribution and processing systems

We established three new distribution subsidiaries wholly owned by Hanwa Co., Ltd., namely, Hanwa Logistics Tokyo Co., Ltd., Hanwa Logistics Osaka Co., Ltd., and Hanwa Logistics Nagoya Co., Ltd., respectively. We had our own steel distribution company, Hanwa Ryutsu Center Co. Ltd., also a 100% owned subsidiary of Hanwa Co., Ltd., which was in operation at Tokyo, Osaka and Nagoya. Hanwa Ryutsu Center Co., Ltd. was merged to Hanwa Co., Ltd. on April 1, 2001 and its operations was transferred to the respective new companies. These measures were taken for the purpose of improving the new companies' financial strength and have them grow into an independent major influence at their respective locations.


Hanwa Logistics Tokyo Co., Ltd.


Hanwa Logistics Osaka Co., Ltd.

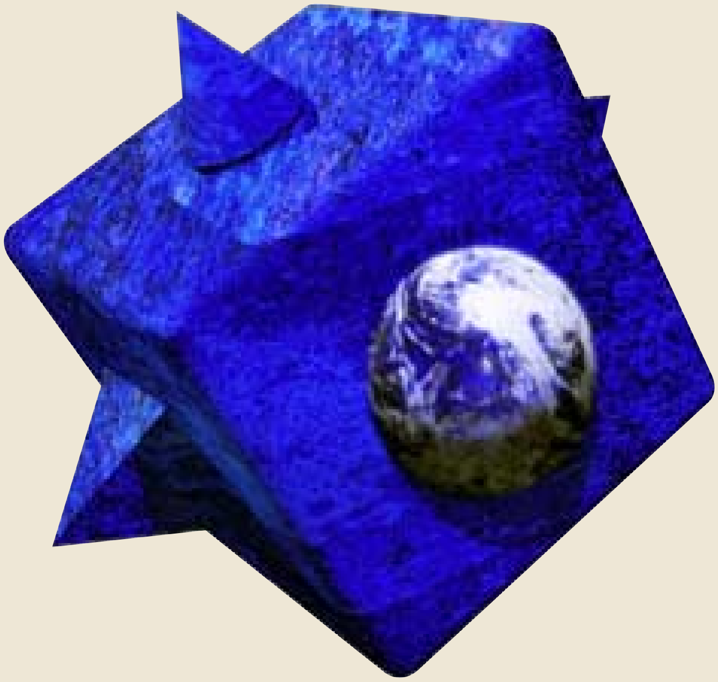

Hanwa Logistics Nagoya Co., Ltd.

3. "hanwa-steel.com"

We employed a unique system of electronic commerce known as "hanwa-steel.com" in October 2000 and it successfully penetrated the market in the Capital City Area and Northern part of Japan. We expanded its service areas of "hanwa-steel.com" to Mid Japan in March 2001. We are further planning to expand the service to Kansai and Western part of Japan in June 2001. This Internet website will handle every aspect of sales, from receipt of orders to distribution by means of e-commerce using our abundant inventory and superlative distribution system. The new website will offer such functions as one-stop shopping for steel materials, 24-hour order acceptance, and next-day delivery. We will also provide a variety of information services relating to steel materials. We have transacted over 65,000 tons through "hanwa-steel.com" by the end of May 2001, faster than expected.

In addition, we have newly organized a Logistics Team whose function is to co-ordinate between related divisions and set-up a new distribution model.

Financial Section



Contents

Consolidated Balance Sheets

As at March 31, 2001 and 2000

	Millions of yen		Thousands of U.S. dollars (Note 1)	
Assets	**2001**	2000	**2001**	2000
Current assets:				
Cash and cash equivalents	**¥ 27,701**	¥ 34,435	**$ 223,575**	$ 277,926
Marketable securities (Notes 4 and 6)	**6,185**	41,350	**49,919**	333,737
Receivables:				
Trade notes and accounts:				
Unconsolidated subsidiaries and affiliates	**2,542**	1,715	**20,517**	13,842
Other	**148,608**	136,661	**1,199,419**	1,102,994
Loans:				
Unconsolidated subsidiaries and affiliates	**1,735**	1,950	**14,003**	15,738
Other	**66**	75	**533**	605
Allowance for doubtful receivables	**(479)**	(511)	**(3,866)**	(4,124)
Inventories (Note 3)	**33,819**	34,546	**272,954**	278,821
Deferred income taxes (Note 9)	**37**	37	**299**	299
Other current assets (Note 6)	**13,811**	17,162	**111,469**	138,515
Total current assets	**234,025**	267,420	**1,888,822**	2,158,353
Investments and non-current receivables:				
Investment securities (Notes 4 and 6):				
Unconsolidated subsidiaries and affiliates	**1,527**	1,697	**12,324**	13,696
Other	**12,277**	10,922	**99,088**	88,152
Loans receivable:				
Unconsolidated subsidiaries and affiliates	**191**	866	**1,542**	6,990
Other	**1,274**	5,546	**10,282**	44,762
Other investments and non-current receivables	**13,765**	15,511	**111,098**	125,190
Allowance for doubtful receivables	**(3,855)**	(4,306)	**(31,114)**	(34,754)
Total investments and non-current receivables	**25,179**	30,236	**203,220**	244,036
Property and equipment (Note 6):				
Land	**13,898**	13,977	**112,171**	112,809
Buildings and structures	**22,165**	22,743	**178,894**	183,559
Other	**5,882**	8,502	**47,474**	68,620
Accumulated depreciation	**(13,332)**	(15,547)	**(107,603)**	(125,480)
Total property and equipment	**28,613**	29,675	**230,936**	239,508
Deferred income taxes — noncurrent (Note 9)	**8**	50	**65**	404
Intangibles and other assets	**350**	139	**2,825**	1,122
Foreign currency translation adjustments	**—**	4,652	**—**	37,546
Total	**¥288,175**	¥332,172	**$2,325,868**	$2,680,969

See accompanying Notes to Consolidated Financial Statements.

Liabilities and Stockholders' Equity	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2001	2000	**2001**	2000
Current liabilities:				
Bank loans (Note 7)	**¥108,545**	¥120,749	**$ 876,069**	$ 974,568
Long-term debt due within one year (Note 7)	**4,769**	75,178	**38,491**	606,764
Trade notes and accounts payable:				
Unconsolidated subsidiaries and affiliates	**311**	221	**2,510**	1,784
Other	**101,099**	95,353	**815,973**	769,597
Accrued bonuses to employees	**1,247**	1,174	**10,065**	9,475
Income taxes payable	**269**	834	**2,171**	6,731
Deferred income taxes (Note 9)	**—**	28	**—**	226
Other current liabilities	**9,836**	6,677	**79,386**	53,890
Total current liabilities	**226,076**	300,214	**1,824,665**	2,423,035
Non-current liabilities:				
Long-term debt due after one year (Note 7)	**34,315**	3,792	**276,957**	30,605
Employees' retirement benefits (Note 8)	**759**	4	**6,126**	32
Directors' retirement benefits	**314**	272	**2,534**	2,196
Deferred income taxes (Note 9)	**34**	—	**275**	—
Other non-current liabilities	**1,229**	799	**9,919**	6,449
Total non-current liabilities	**36,651**	4,867	**295,811**	39,282
Minority interest	**—**	55	**—**	444
Contingent liabilities (Note 13)				
Stockholders' equity (Note 10)**:**				
Common stock, par value ¥50 per share				
Authorized: 570,000,000 shares				
Issued: 211,663,200 shares	**82,646**	82,646	**667,038**	667,038
Additional paid-in capital	**19,227**	19,227	**155,182**	155,182
Undisposed deficit	**(72,892)**	(74,837)	**(588,314)**	(604,012)
Foreign currency translation adjustments	**(3,533)**	—	**(28,514)**	—
Less treasury stock, at cost: 3,723 shares (434 in 2000)	**—**	—	**—**	—
Total stockholders' equity	**25,448**	27,036	**205,392**	218,208
Total	**¥288,175**	¥332,172	**$2,325,868**	$2,680,969

Consolidated Statements of Income

For the years ended March 31, 2001 and 2000

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2001	2000	**2001**	2000
Net sales	**¥689,106**	¥629,717	**$5,561,792**	$5,082,462
Cost of sales	**659,044**	601,590	**5,319,161**	4,855,448
Gross profit	**30,062**	28,127	**242,631**	227,014
Selling, general and administrative expenses	**19,779**	19,400	**159,637**	156,578
Operating income	**10,283**	8,727	**82,994**	70,436
Other income (expenses):				
Interest and dividend income	**2,931**	3,694	**23,656**	29,814
Interest expense	**(7,428)**	(6,948)	**(59,952)**	(56,078)
Foreign exchange gains	**2,179**	—	**17,587**	—
Loss on write-down of marketable securities	**—**	(1,748)	**—**	(14,108)
Loss on currency swaps	**(2,267)**	—	**(18,297)**	—
Bad debts recovered	**—**	1,542	**—**	12,445
Reversal of allowance for retirement benefits	**—**	871	**—**	7,030
Gain on sale of land	**4,315**	—	**34,826**	—
Provision for doubtful receivables	**(2,100)**	(2,632)	**(16,949)**	(21,243)
Loss on loans receivable	**(1,525)**	—	**(12,308)**	—
Loss on write-down of investment securities	**(836)**	—	**(6,747)**	—
Loss on sale of investment securities	**(591)**	(157)	**(4,770)**	(1,267)
Loss on write-down of investment	**(115)**	—	**(928)**	—
Loss on write-down of golf club memberships	**(163)**	(1,639)	**(1,316)**	(13,228)
Loss on sale of golf club memberships	**(50)**	—	**(403)**	—
Net transition obligation of retirement plans (Note 8)	**(495)**	—	**(3,995)**	—
Other, net	**(1,808)**	(327)	**(14,593)**	(2,639)
Income before income taxes	**2,330**	1,383	**18,805**	11,162
Income taxes (Note 9)				
Current	**338**	661	**2,728**	5,335
Deferred	**47**	139	**379**	1,122
	385	800	**3,107**	6,457
Minority interest in loss of consolidated subsidiaries	**—**	12	**—**	97
Net income	**¥ 1,945**	¥ 595	**$ 15,698**	$ 4,802

	Yen		U.S. dollars (Note 1)	
	2001	2000	**2001**	2000
Net income per share	**¥ 9.19**	¥ 2.48	**$ 0.074**	$ 0.020

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Stockholders' Equity

For the years ended March 31, 2001 and 2000

	Thousands	Millions of yen				
	Number of share of common stock	Common stock	Additional paid-in capital	Undisposed deficit	Foreign currency translation adjustments	Less treasury stock
Balance at March 31, 1999	291,663	¥ 113,883	¥ 3,590	¥ (76,054)	¥ —	¥ —
Shares purchased and retired (Note 10)	(80,000)	(31,237)	—	—	—	—
Gain on shares purchased and retired (Note 10)	—	—	15,637	—	—	—
Cumulative effect of adopting deferred income tax accounting	—	—	—	197	—	—
Effect of subsidiaries newly consolidated	—	—	—	425	—	—
Net income	—	—	—	595	—	—
Less treasury stock	—	—	—	—	—	—
Balance at March 31, 2000	**211,663**	**82,646**	**19,227**	**(74,837)**	**—**	**—**
Net income	**—**	**—**	**—**	**1,945**	**—**	**—**
Adjustments from translation of foreign currency financial statements	**—**	**—**	**—**	**—**	**(3,533)**	**—**
Less treasury stock	**—**	**—**	**—**	**—**	**—**	**—**
Balance at March 31, 2001	**211,663**	**¥ 82,646**	**¥ 19,227**	**¥ (72,892)**	**¥ (3,533)**	**¥ —**

	Thousands of U.S. dollars (Note 1)				
	Common stock	Additional paid-in capital	Undisposed deficit	Foreign currency translation adjustments	Less treasury stock
Balance at March 31, 1999	$ 919,153	$ 28,975	$ (613,834)	$ —	$ —
Shares purchased and retired	(252,115)	—	—	—	—
Gain on shares purchased and retired	—	126,207	—	—	—
Cumulative effect of adopting deferred income tax accounting	—	—	1,590	—	—
Effect of subsidiaries newly consolidated	—	—	3,430	—	—
Net income	—	—	4,802	—	—
Less treasury stock	—	—	—	—	—
Balance at March 31, 2000	**667,038**	**155,182**	**(604,012)**	**—**	**—**
Net income	**—**	**—**	**15,698**	**—**	**—**
Adjustments from translation of foreign currency financial statements	**—**	**—**	**—**	**(28,514)**	**—**
Less treasury stock	**—**	**—**	**—**	**—**	**—**
Balance at March 31, 2001	**$ 667,038**	**$ 155,182**	**$ (588,314)**	**$ (28,514)**	**$ —**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

For the years ended March 31, 2001 and 2000

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2001	2000	**2001**	2000
Cash flows from operating activities:				
Income before income taxes	**¥ 2,330**	¥ 1,383	**$ 18,805**	$ 11,162
Adjustments to reconcile income before income taxes to net cash provided by operating activities				
Depreciation	**1,547**	1,514	**12,486**	12,220
Increase (decrease) in allowance for doubtful receivables	**(604)**	2,819	**(4,875)**	22,752
Reversal of allowance for retirement benefits	**—**	(871)	**—**	(7,030)
Interest and dividend income	**(2,931)**	(3,694)	**(23,656)**	(29,814)
Interest expense	**7,428**	6,948	**59,952**	56,078
Foreign exchange gains	**(2,179)**	—	**(17,587)**	—
Loss on currency swaps	**2,267**	—	**18,297**	—
Loss on write-down of marketable securities	**—**	1,748	**—**	14,108
Gain on sale of land	**(4,315)**	—	**(34,826)**	—
Bad debts recovered	**—**	(1,542)	**—**	(12,445)
Loss on loans receivable	**1,525**	—	**12,308**	—
Loss on write-down of investment securities	**836**	—	**6,747**	—
Loss on sale of investment securities	**591**	157	**4,770**	1,267
Loss on write-down of investment	**115**	—	**928**	—
Loss on write-down of golf culb memberships	**163**	1,639	**1,316**	13,228
Loss on sale of golf culb memberships	**50**	—	**403**	—
Net transition obligation of retirement plans	**495**	—	**3,995**	—
Increase in trade receivables	**(13,150)**	(7,560)	**(106,134)**	(61,017)
Decrease (increase) in inventories	**727**	(3,052)	**5,868**	(24,633)
Increase (decrease) in trade notes and accounts payable	**5,975**	(7,751)	**48,225**	(62,558)
Other, net	**7,760**	1,724	**62,631**	13,914
Sub total	**8,630**	(6,538)	**69,653**	(52,768)
Cash flows during the year for:				
Interest and dividends received	**2,887**	4,069	**23,301**	32,841
Interest paid	**(7,883)**	(6,935)	**(63,624)**	(55,973)
Income taxes paid	**(903)**	(311)	**(7,288)**	(2,510)
Net cash provided (used in) by operating activities	**2,731**	(9,715)	**22,042**	(78,410)
Cash flows from investing activities:				
Additions to securities	**(9,688)**	(1,023)	**(78,192)**	(8,257)
Proceeds from redemption and sale of securities	**39,531**	1,996	**319,055**	16,110
Additions to property and equipment	**(836)**	(747)	**(6,747)**	(6,029)
Proceeds from sale of property and equipment	**4,950**	606	**39,951**	4,891
Additions to investment securities	**(2,186)**	(1,016)	**(17,643)**	(8,200)
Proceeds from redemption and sale of investment securities	**6,447**	16,461	**52,034**	132,857
Additions to loans receivable	**(1,388)**	(637)	**(11,203)**	(5,141)
Repayment of loans receivable	**6,276**	4,633	**50,654**	37,393
Other, net	**(1,471)**	2,516	**(11,872)**	20,307
Net cash provided by investing activities	**41,635**	22,789	**336,037**	183,931
Cash flows from financing activities:				
Increase (decrease) in bank loans, net	**(12,321)**	385	**(99,443)**	3,107
Proceeds from long-term debt	**49,400**	598	**398,709**	4,826
Repayments of long-term debt	**(89,287)**	(5,765)	**(720,638)**	(46,529)
Common stock purchased and retired	**—**	(15,600)	**—**	(125,908)
Net cash used in financing activities	**(52,208)**	(20,382)	**(421,372)**	(164,504)
Effect of exchange rate changes on cash and cash equivalents	**1,108**	(1,386)	**8,942**	(11,186)
Net decrease in cash and cash equivalents	**(6,734)**	(8,694)	**(54,351)**	(70,169)
Cash and cash equivalents at beginning of year	**34,435**	43,129	**277,926**	348,095
Cash and cash equivalents at end of year	**¥ 27,701**	¥ 34,435	**$ 223,575**	$ 277,926

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Basis of presenting consolidated financial statements

Hanwa Co.,Ltd. (the "Company") and its consolidated domestic subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Japanese Commercial Code and the Securities and Exchange Law and in conformity with accounting principles and practices generally accepted in Japan ("Japanese GAAP"), which are different from the accounting and disclosure requirements of International Accounting Standards. The accounts of overseas consolidated subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles and practices prevailing in the respective countries of domicile.

The accompanying consolidated financial statements are a translation of the audited consolidated financial statements of the Company which were prepared in accordance with Japanese GAAP and were filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. The consolidated statements of stockholders' equity for 2001 and 2000 have been prepared for the purpose of inclusion in the accompanying consolidated financial statements, although such statements were not required for domestic purposes and were not filed with the regulatory authorities.

The translation of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers, using the prevailing exchange rate at March 31, 2001, which was ¥123.90 to U.S.$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Significant accounting policies

Consolidation — The Company prepared the consolidated financial statements for the years ended March 31, 2001 and 2000 in accordance with the revised Accounting Principles for Consolidated Financial Statements effective from the year ended March 31, 2000. The consolidated financial statements include the accounts of the Company and its nine (six in 2000) significant subsidiaries. The accounts of three foreign subsidiaries are included at their respective fiscal years ending the last day of February. Necessary adjustments for significant transactions occurring between the last day of February and March 31 have been made in the preparation of the consolidated financial statements.

Intercompany transactions and accounts have been eliminated. The Company doesn't apply the equity method, because non-consolidated subsidiaries and affiliated companies are immaterial.

Consolidated Statements of Cash Flows — In preparing the consolidated statements of cash flows, cash on hand, readily-available deposits and short-term highly liquid investments with maturities of not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

Allowance for doubtful receivables — The allowance for doubtful receivables is provided to cover possible losses on collection. With respect to normal trade accounts receivable, it is stated at an amount based on the actual rate of historical bad debts, and for certain doubtful receivables, the uncollectible amount has been individually estimated.

The allowance for doubtful receivables of overseas consolidated subsidiaries is determined by estimates of management.

Securities — Prior to April 1, 2000, marketable equity securities were stated at the lower of moving average cost or market value. Other securities were stated at moving average cost.

Effective April 1, 2000, the Company and its consolidated subsidiaries adopted the new Japanese accounting standard for financial instruments ("Opinion Concerning Establishment of Accounting Standard for Financial Instruments" issued by the Business Accounting Deliberation Council on January 22, 1999).

Upon applying the new accounting standard, all companies are required to examine the intent of holding each security and classify those securities as (a) securities held for trading purposes (hereafter, "trading securities"), (b) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies, and (d) for all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities").

The Company and its consolidated subsidiaries do not hold trading securities and held-to-maturity debt securities. Equity securities issued by subsidiaries and affiliated companies are not consolidated or accounted for using the equity method are stated at moving-average cost. Available-for-sale securities with available fair market values are to be stated at fair market value. Unrealized gains and unrealized losses on these securities are to be reported, net of applicable income taxes, as a separate component of stockholders' equity. Realized gains on sale of such securities are computed using moving-average cost.

However, available-for-sale securities with available fair market values are not stated at fair market value as the new standard allows one year grace period for implementation provided the following information is disclosed. Book value, fair value, net unrealized holding losses and deferred tax assets for these securities on March 31, 2001 were as follows:

	Millions of yen	Thousands of U.S. dollars
Book value	¥17,400	$140,436
Fair value	16,674	134,576
Net unrealized holding losses on securities, net of tax	700	5,650
Deferred tax assets	26	210

As a result of adopting the new accounting standard for financial instruments, operating income increased by ¥2,014 million ($16,255 thousand) and income before income taxes decreased by ¥1,247 million ($10,065 thousand), including the effect of the new accounting policy for derivative transactions and golf club memberships.

And upon applying the new standard, the Company and its consolidated subsidiaries examined the intent of holding each security at the beginning of the period and classified available-for-sale securities with maturities of one year or less as marketable securities and the other securities as investment securities. As a result, securities included in the current assets decreased by ¥5,085 million ($41,041 thousand) and investment securities increased by the same amount.

Inventories — Inventories are principally stated at the lower of cost or market value. Cost is determined by the moving average cost method or the specific identification cost method.

Property and equipment — Property and equipment are carried at cost. Depreciation is principally provided on the declining balance method over estimated useful lives. Major renewals and improvements are capitalized. Maintenance, repairs and minor renewals are expensed as incurred.

Software costs — The Company and its consolidated subsidiaries account for software, in accordance with the provisional rule of the JICPA's Accounting Committee Report No.12 "Practical Guidance for Accounting for Research and Development Costs, etc." (the "Report"). Pursuant to the Report, the Company and its consolidated subsidiaries included software in intangible and other assets in 2001 and 2000, and depreciated it using the straight-line method over the estimated useful lives (five years).

Bonuses — The Company and its domestic consolidated subsidiaries follow the Japanese practice of paying bonuses to employees in June and December. As at the balance sheet date, the bonus liabilities are estimated and accounted for on an accrual basis.

Bonuses to directors and statutory auditors, which are subject to approval at the stockholders' meeting, are accounted for as an appropriation of retained earnings.

Income taxes — The Company and its consolidated subsidiaries provided income taxes at the amounts currently payable for the years ended March 31, 1999. Effective April 1, 1999, the Company and its consolidated subsidiaries adopted the new accounting standard, which recognizes tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The amount of deferred income taxes attributable to the net tax effects of the temporary differences at April 1, 1999, is reflected as an adjustment to the retained earnings brought forward from the previous year.

The cumulative effect of adopting the new accounting standard is ¥197 million ($1,590 thousand), which is directly subtracted from the undisposed deficit brought forward from March 31, 1999. The effect for the year ended March 31, 2000, was to decrease net income by ¥139 million ($1,122 thousand).

Retirement benefits — Substantially all employees of the Company and its consolidated subsidiaries are covered by qualified funded pension plans. The amount of the retirement benefit is, in general, based on length of service, base salary at the time of retirement, and cause of retirement. Annual contributions, which consist of normal cost and amortization of prior service cost are charged to income when paid.

Effective April 1, 2000, the Company and its consolidated subsidiaries adopted the new accounting standard, "Opinion on Setting Accounting Standard for Employees' Severance and Pension Benefits," issued by the Business Accounting Deliberation Council on June 16,1998 (the "New Accounting Standard").

Under the New Accounting Standard, the liabilities and expenses for severance and retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

The Company and its consolidated subsidiaries provided for employees' severance and retirement benefits at March 31,2001 based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at that date.

The net transition obligation at the adoption of the new accounting standards amounting ¥495 million ($3,995 thousand), which mainly consisted of the actuarial losses for the prior year, was fully expensed for the year ended of March 31, 2001.

As a result of the adopting the new accounting standard, in the year ended March 31,2001,severance and retirement benefit expenses decreased by ¥101 million ($815 thousand), operating income increased by the same amount and income before income taxes decreased by ¥394 million ($3,180 thousand) compared with what would have been recorded under the previous accounting standard.

Directors and statutory auditors are not covered by these plans. However, the liability for retirement benefits represents management's estimate of the amounts payable to them at the balance sheet date if they retired at that date. Amounts payable to directors and statutory auditors upon retirement are subject to the approval of stockholders.

Translation of foreign currencies — Short-term receivables and payables denominated in foreign currencies are translated into Japanese yen at the year-end rates. Prior to April 1, 2000, long-term receivables and payables denominated in foreign currencies were translated at historical rates.

Effective April 1, 2000, the Company and its consolidated subsidiaries adopted the revised accounting standard for foreign currency translation, "Opinion Concerning Revision of Accounting Standard for Foreign Currency Translation," issued by the Business Accounting Deliberation Council on October 22, 1999 (the "Revised Accounting Standard"). Under the Revised Accounting Standard, long-term receivables and payables denominated in foreign currencies are also translated into Japanese yen at the year-end rate.

As a result of adopting the revised accounting standard, operating income decreased by ¥1,505 million ($12,147 thousand) and income before income taxes decreased by ¥574 million ($4,633 thousand).

Balance sheets of consolidated overseas subsidiaries are translated into Japanese yen at the year-end rates except for stockholders' equity accounts, which are translated at the historical rates. Income statements of consolidated overseas subsidiaries are translated at average rates except for transactions with the Company, which are translated at the rates used by the Company.

Due to the adoption of the Revised Accounting Standard, the Company and its domestic subsidiaries report foreign currency translation adjustments in the stockholders' equity. The prior year's amount, which is included in assets, has not been reclassified.

Finance leases — Finance leases which do not transfer ownership and do not have bargain purchase provisions are accounted for in the same manner as operating leases in accordance with generally accepted accounting principles in Japan.

Derivative transactions and hedge accounting — The new accounting standard for financial instruments, effective April 1, 2000, requires the Company to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company defers recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

Also, if interest rate swap agreements are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap agreement is added to or deducted from the interest on the assets or liabilities for which the swap agreement was executed.

Net income per share — Computations of net income per share of common stock are based on the weighted average number of shares outstanding during each period.

3. Change in accounting policy

Inventories

Inventories are principally stated at the lower of cost or market value. Effective April 1, 1999, the Company changed the method of accounting for inventories from the last-in, first-out cost method to the moving average cost method or the specific identification cost method. This change was made to more appropriately state current costs of inventory of steel on the moving average cost method and foods, lumber and scrap, etc., on the identification cost method. The effect of this change for the year ended March 31, 2000 was to increase inventories, operating income, and income before income taxes by ¥642 million ($5,182 thousand).

4. Securities

The following table summarizes book values of securities whose fair values are not determinable as of March 31, 2001:

Available-for-sale securities

	Millions of yen	Thousands of U.S. dollars
	Book value	Book value
Unlisted stocks (excluding over-the-counter securities)	¥ 1,046	$ 8,442
Other	16	129
Total	**¥ 1,062**	**$ 8,571**

Available-for-sale securities with maturities will mature as follows:

	Millions of yen			Thousands of U.S. dollars		
	Within one year	Over one year but within five years	Over five years but within ten years	Within one year	Over one year but within five years	Over five years but within ten years
Government and municipal bonds	¥ 1,607	¥ 1,959	¥ 1,714	$ 12,970	$ 15,811	$ 13,834
Corporate bonds	4,713	1,667	595	38,039	13,454	4,802
Other	338	—	—	2,728	—	—
Total	**¥ 6,658**	**¥ 3,626**	**¥ 2,309**	**$ 53,737**	**$ 29,265**	**$ 18,636**

Total sales of available-for-sale securities sold in the year ended March 31,2001 amounted to ¥6,906 million ($55,738 thousand) and the net losses amounted to ¥416 million ($3,358 thousand).

5. Derivatives

The Company enters into foreign exchange forward contracts, in its normal business, to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies. The Company enters into foreign exchange forward contracts, foreign currency swap agreements, and interest rate swap agreements as hedges against bonds and loans denominated in foreign currencies. And the Company enters into commodity futures contracts as a means of hedging risks associated with certain inventories and commitments.

It is the Company's policy to use derivatives only for the purpose of reducing market risks associated with assets and liabilities.

Derivatives are subject to market risk and credit risk. Since the purpose of using derivatives is to reduce market risks associated with assets and liabilities, market risks of the derivatives are effectively offset. And, as the counterparties to those derivatives are limited to major financial institutions, the Company does not anticipate any losses arising from credit risk.

Derivatives transactions entered into by the Company have been made in accordance with internal policies which regulate the authorization and credit limit amount. Each derivative transaction is periodically reported to the management, where evaluation and analysis of derivatives are made.

The contracts or notional amounts of derivatives which are shown in the following table do not represent the amounts exchanged by the parties and do not measure the Company's exposure to credit or market risks.

The following summarizes hedging derivative financial instruments used by the Company and items hedged:

Hedging instruments:
- Interest rate swap agreements
- Commodity futures contracts

Hedged items:
- Interest expense on borrowings
- Inventories and commitments

The Company evaluates hedge effectiveness by comparing the cumulative changes in cash flows or the changes in fair value of hedged items and the corresponding changes in the hedging derivative instruments.

The following tables summarize market value information as of March 31, 2001 and 2000, of derivative transaction for which hedge accounting has not been applied:

Year ended March 31, 2001

Currency related

	Millions of yen			Thousands of U.S. dollars		
	Contract or notional amount	Fair value	Net recognized gains (losses)	Contract or notional amount	Fair value	Net recognized gains (losses)
Forward exchange contracts:						
Selling						
U.S. dollars	¥ 19,855	¥ 22,286	¥ (2,431)	$ 160,250	$ 179,871	$ (19,621)
Other currencies	12	12	—	97	97	—
Buying						
U.S. dollars	43,516	47,527	4,011	351,219	383,592	32,373
Other currencies	2,804	2,862	58	22,631	23,099	468
Currency swap agreements:						
Japanese yen received for U.S. dollars	14,162	(2,267)	(2,267)	114,302	(18,297)	(18,297)
Total			¥ (629)			$ (5,077)

Commodity related

	Millions of yen			Thousands of U.S. dollars		
	Contract or notional amount	Fair value	Net recognized gains (losses)	Contract or notional amount	Fair value	Net recognized gains (losses)
Futures:						
Petroleum						
Selling	¥ 966	¥ 977	¥ (11)	$ 7,797	$ 7,886	$ (89)
Buying	1,002	1,112	110	8,087	8,975	888
Total			¥ 99			$ 799

Year ended March 31, 2000

Currency related

	Millions of yen			Thousands of U.S. dollars		
	Contract or notional amount	Fair value	Net unrealized gains (losses)	Contract or notional amount	Fair value	Net unrealized gains (losses)
Forward exchange contracts:						
Selling						
U.S. dollars	¥ 25,890	¥ 24,684	¥ 1,206	$ 208,959	$ 199,225	$ 9,734
Other currencies	13	14	(1)	105	113	(8)
Buying						
U.S. dollars	49,757	49,857	100	401,590	402,397	807
Other currencies	1,671	1,609	(62)	13,486	12,986	(500)
Currency swap agreements:						
Selling						
U.S. dollars	8,500	7,903	597	68,603	63,785	4,818
Total			¥ 1,840			$ 14,851

Foreign currency contracts which are used to hedge associated assets and liabilities and reflected on the balance sheet at year-end rates are not disclosed above.

Interest rate related

	Millions of yen			Thousands of U.S. dollars		
	Contract or notional amount	Fair value	Net unrealized losses	Contract or notional amount	Fair value	Net unrealized losses
Interest rate swaps:						
Floating rate received for floating rate	¥ 60,406	¥ (817)	¥ (817)	$ 487,538	$ (6,594)	$ (6,594)
Fixed rate received for floating rate	2,395	(296)	(296)	19,330	(2,389)	(2,389)
Floating rate received for fixed rate	9,300	(60)	(60)	75,061	(484)	(484)
Swaption:						
Buying						
Floating rate received for fixed rate	4,000			32,284		
Option premium	67	1	(66)	541	8	(533)
Total			¥ (1,239)			$ (10,000)

Commodity related

	Millions of yen			Thousands of U.S. dollars		
	Contract or notional amount	Fair value	Net unrealized gains (losses)	Contract or notional amount	Fair value	Net unrealized gains (losses)
Futures:						
Non-ferrous Metals						
Selling	¥ 4,157	¥ 4,271	¥ (114)	$ 33,551	$ 34,471	$ (920)
Buying	249	249	—	2,010	2,010	—
Petroleum						
Selling	33	33	—	266	266	—
Buying	408	422	14	3,293	3,406	113
Total			¥ (100)			$ (807)

6. Assets pledged as collateral

At March 31, 2001 and 2000, assets pledged as collateral for long-term bank loans of ¥25,000 million ($201,776 thousand) and ¥38,637 million ($311,840 thousand) respectively, and guarantees were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2001	2000	**2001**	2000
Marketable securities	**¥ —**	¥ 4,818	**$ —**	$ 38,886
Other current assets	**10**	10	**81**	81
Investment securities	**1,356**	—	**10,944**	—
Property and equipment, net of accumulated depreciation	**11,097**	13,196	**89,564**	106,505
	¥ 12,463	¥ 18,024	**$ 100,589**	$ 145,472

7. Bank loans and long-term debt

Bank loans at March 31, 2001 and 2000, were represented principally by short-term notes bearing interest at rates from 0.72% to 6.33% and from 0.64% to 6.94%, respectively.

Long-term debt at March 31, 2001 and 2000, consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2001	2000	**2001**	2000
SFr. floating rate bonds due 2000	**¥ —**	¥ 13,112	**$ —**	$ 105,827
Loans from banks and insurance companies, bearing interest, at March 31, 2001 and 2000, from 0.73% to 1.76% and from 0.75% to 7.65%, respectively, maturing serially through 2006	**39,084**	65,858	**315,448**	531,542
	39,084	78,970	**315,448**	637,369
Less amounts due within one year	**4,769**	75,178	**38,491**	606,764
	¥ 34,315	¥ 3,792	**$ 276,957**	$ 30,605

The annual maturities of long-term debt outstanding at March 31, 2001, were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2002	¥ 4,769	$ 38,491
2003	2,337	18,862
2004	28,978	233,882
2005	1,000	8,071
2006	2,000	16,142
	¥ 39,084	$ 315,448

8. Employees' retirement benefits

As explained in Note 2. Significant accounting policies, effective April 1, 2000, the Company and its consolidated subsidiaries adopted the new accounting standard for employees' severance and retirement benefits, under which the liabilities and expenses for severance and retirement benefits are determined based on the amounts obtained by actuarial calculations.

The liabilities for severance and retirement benefits included in the liability section of the consolidated balance sheet as of March 31, 2001 consists of the following:

	Millions of yen	Thousands of U.S. dollars
Projected benefit obligation	¥ 16,874	$ 136,190
Less fair value of pension assets	(13,087)	(105,625)
Unrecognized actuarial differences	(3,387)	(27,336)
Prepaid pension cost	359	2,897
Liability for severance and retirement benefits	¥ 759	$ 6,126

Included in the consolidated statement of income for the year ended March 31, 2001 are severance and retirement benefit expenses comprised of the following:

	Millions of yen	Thousands of U.S. dollars
Service costs -benefits earned during the year	¥ 721	$ 5,819
Interest cost on projected benefit obligation	449	3,624
Expected return on plan assets	(651)	(5,254)
Net transition obligation of retirement plans	495	3,995
Premium retirement benefit	176	1,421
Severance and retirement benefit expenses	¥ 1,190	$ 9,605

The discount rate and the rate of expected return on plan assets used by the Company and its consolidated subsidiaries are 3.0% and 4.5%,respectively. The estimated amount of all retirement benefits to be paid at the future retirement dates is allocated equally to each service year using the estimated number of total service years.

Actuarial losses are recognized in income statement using the straight-line method over 14 years.

9. Income taxes

The Company is subject to a number of taxes based on income, which, in the aggregate, indicate statutory rates in Japan of approximately 42.1% for the years ended March 31, 2001 and 2000.

The following table summarizes the significant differences between the statutory tax rate and the Company's effective tax rates for financial statement purposes for the years ended March 31, 2001 and 2000:

	2001	2000
Statutory tax rate	**42.1%**	42.1%
Tax effect of permanent differences	**7.9**	12.5
Valuation allowance recognized for deferred tax assets	**(26.7)**	14.4
Tax effect of unrealized intercompany profit	**(4.3)**	(8.0)
Difference of tax rates for consolidated subsidiaries	**(2.7)**	(4.4)
Other	**0.2**	1.3
Effective tax rate	**16.5%**	57.9%

Significant components of the Company's and its consolidated subsidiaries' deferred tax assets and liabilities as of March 31, 2001 and 2000 are as follows:

	Millions of yen		Thousands of U.S. dollars	
	2001	2000	**2001**	2000
Deferred tax assets:				
Net operating loss carryforwards	**¥ 47,357**	¥ 64,897	**$ 382,220**	$ 523,786
Loss on loans receivable	**4,228**	8,769	**34,124**	70,775
Temporary differences pertaining to investments in consolidated companies	**25,469**	1,133	**205,561**	9,145
Loss on write-down of golf club memberships	**451**	691	**3,640**	5,577
Other	**1,309**	859	**10,565**	6,933
Total deferred tax assets	**78,814**	76,349	**636,110**	616,216
Valuation allowance	**(78,761)**	(76,212)	**(635,682)**	(615,109)
Net deferred tax assets	**53**	137	**428**	1,107
Deferred tax liabilities	**42**	78	**339**	630
Net deferred tax assets	**¥ 11**	¥ 59	**$ 89**	$ 477

10. Stockholders' equity

Common stock — The Company reduced its capital by ¥31,237 million ($252,115 thousand) by purchasing and retiring 80 million shares of common stock of the Company on August 7, 1999 for ¥15,600 million ($125,908 thousand). The difference between the capital reduction amount and cost was credited to additional paid-in capital. The capital reduction was approved at an ordinary general meeting of shareholders of the Company held on June 29, 1999.

Additional paid-in capital — The Commercial Code of Japan provides that the entire issue price of shares must be credited to common stock, provided that, by resolution of the Board of Directors, up to one-half of such issue price may be credited to additional paid-in capital so long as the common stock is equal to at least the aggregate par value of the shares issued. The additional paid-in capital may be used to reduce a deficit by resolution of the stockholders or may be transferred to common stock by resolution of the Board of Directors, but is not available for distribution as dividends.

11. Leases

Finance leases

As lessee

Total lease payments, including financing charges, under finance leases that do not transfer ownership of the leased property to the Company and its consolidated subsidiaries for the years ended March 31, 2001 and 2000, were ¥630 million ($5,085 thousand) and ¥666 million ($5,375 thousand), respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense and interest expense of finance leases that do not transfer ownership of the leased property to the leasee on an "as if capitalized" basis for the year ended March 31, 2001, were as follows:

	Millions of yen			Thousands of U.S. dollars		
	Acquisition cost	Accumulated depreciation	Net leased property	Acquisition cost	Accumulated depreciation	Net leased property
Other property and equipment	**¥ 2,767**	**¥ 1,653**	**¥ 1,114**	**$ 22,333**	**$ 13,342**	**$ 8,991**
Other investments	**103**	**61**	**42**	**831**	**492**	**339**
Total	**¥ 2,870**	**¥ 1,714**	**¥ 1,156**	**$ 23,164**	**$ 13,834**	**$ 9,330**

Depreciation expense, which is not reflected in the accompanying statements of income, computed by the straight-line method was ¥566 million ($4,568 thousand) and ¥575 million ($4,641 thousand) for the years ended of March 31, 2001 and 2000, respectively.

Obligations, excluding financing charges, under such non-capitalized finance leases as of March 31, 2001 and 2000, were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2001	2000	**2001**	2000
Due within one year	**¥ 372**	¥ 530	**$ 3,003**	$ 4,278
Due after one year	**836**	1,004	**6,747**	8,103
Total	**¥ 1,208**	¥ 1,534	**$ 9,750**	$ 12,381

As lessor

Lease payments, excluding financing charges, to be received under finance leases as of March 31, 2001 and 2000, were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2001	2000	**2001**	2000
Due within one year	**¥ 14**	¥ 39	**$ 113**	$ 315
Due after one year	**42**	120	**339**	968
Total	**¥ 56**	¥ 159	**$ 452**	$ 1,283

Operating leases

As Lessee

Obligations under operating leases as of March 31, 2001 and 2000, were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2001	2000	**2001**	2000
Due within one year	**¥ 36**	¥ 36	**$ 291**	$ 291
Due after one year	**117**	137	**944**	1,105
Total	**¥ 153**	¥ 173	**$ 1,235**	$ 1,396

12. Segment information

Industry segment information

The Company's and its subsidiaries' operations are classified into five industry segments as follows:

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

Non-ferrous metals: Nickel, copper, aluminium, lead, zinc, tin, antimony, and other alloys

Foods: Frozen seafoods and meat products

Petroleum and chemicals: Petroleum products, chemical products, and other

Other business: Machinery, lumber, and other.

Segment information by business category for the years ended March 31, 2001 and 2000, is as follows:

Year ended March 31, 2001

	Millions of yen							
	Steel	Non-ferrous metals	Foods	Petroleum and chemicals	Other business	Total	Corporate	Consolidated
Net sales	¥ 372,443	¥ 63,235	¥ 100,019	¥ 109,009	¥ 44,400	¥ 689,106	¥ —	¥ 689,106
Costs and expenses	366,300	61,413	97,796	107,827	41,436	674,772	4,051	678,823
Operating income	¥ 6,143	¥ 1,822	¥ 2,223	¥ 1,182	¥ 2,964	¥ 14,334	¥ (4,051)	¥ 10,283
Assets	¥ 141,239	¥ 14,891	¥ 28,986	¥ 18,985	¥ 17,585	¥ 221,686	¥ 66,489	¥ 288,175
Depreciation	1,087	75	39	22	242	1,465	82	1,547
Capital expenditure	569	40	74	24	263	970	108	1,078

Year ended March 31, 2001

	Thousands of U.S. dollars							
	Steel	Non-ferrous metals	Foods	Petroleum and chemicals	Other business	Total	Corporate	Consolidated
Net sales	$ 3,005,997	$ 510,371	$ 807,256	$ 879,814	$ 358,354	$ 5,561,792	$ —	$ 5,561,792
Costs and expenses	2,956,417	495,666	789,314	870,274	334,431	5,446,102	32,696	5,478,798
Operating income	$ 49,580	$ 14,705	$ 17,942	$ 9,540	$ 23,923	$ 115,690	$ (32,696)	$ 82,994
Assets	$ 1,139,944	$ 120,186	$ 233,947	$ 153,228	$ 141,929	$ 1,789,234	$ 536,634	$ 2,325,868
Depreciation	8,773	605	315	178	1,953	11,824	662	12,486
Capital expenditure	4,592	323	597	194	2,123	7,829	872	8,701

Year ended March 31, 2000

	Millions of yen							
	Steel	Non-ferrous metals	Foods	Petroleum and chemicals	Other business	Total	Corporate	Consolidated
Net sales	¥ 359,444	¥ 51,616	¥ 104,229	¥ 75,269	¥ 39,159	¥ 629,717	¥ —	¥ 629,717
Costs and expenses	353,573	50,137	102,253	74,651	36,563	617,177	3,813	620,990
Operating income	¥ 5,871	¥ 1,479	¥ 1,976	¥ 618	¥ 2,596	¥ 12,540	¥ (3,813)	¥ 8,727
Assets	¥ 139,746	¥ 16,005	¥ 26,804	¥ 13,773	¥ 13,931	¥ 210,259	¥ 121,913	¥ 332,172
Depreciation	1,115	71	34	20	199	1,439	75	1,514
Capital expenditure	219	50	13	5	472	759	41	800

Year ended March 31, 2000

	Thousands of U.S. dollars							
	Steel	Non-ferrous metals	Foods	Petroleum and chemicals	Other business	Total	Corporate	Consolidated
Net sales	$ 2,901,082	$ 416,594	$ 841,235	$ 607,498	$ 316,053	$ 5,082,462	$ —	$ 5,082,462
Costs and expenses	2,853,697	404,657	825,287	602,510	295,100	4,981,251	30,775	5,012,026
Operating income	$ 47,385	$ 11,937	$ 15,948	$ 4,988	$ 20,953	$ 101,211	$ (30,775)	$ 70,436
Assets	$ 1,127,893	$ 129,177	$ 216,336	$ 111,162	$ 112,438	$ 1,697,006	$ 983,963	$ 2,680,969
Depreciation	8,999	573	275	161	1,606	11,614	606	12,220
Capital expenditure	1,768	403	105	40	3,810	6,126	331	6,457

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

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

As explained in Note 2, effective April 1, 2000, the Company and its consolidated subsidiaries adopted the new accounting standards for employees' retirement benefits. As a result of the new accounting standard, operating income increased by ¥58 million ($468 thousand) in steel, ¥6 million ($48 thousand) in non-ferrous metals, ¥8 million ($65 thousand) in foods, ¥5 million ($40 thousand) in petroleum and chemicals, ¥7 million ($57 thousand) in other business and ¥17 million ($137 thousand) in corporate. Assets increased by ¥359 million ($2,897 thousand) in corporate.

As explained in Note 2, effective April 1, 2000, the Company and its consolidated subsidiaries adopted the new accounting standards for financial instruments. As a result of the new accounting standard, operating income increased by ¥12 million ($97 thousand) in steel, ¥1 million ($8 thousand) in non-ferrous metals, ¥1,859 million ($15,004 thousand) in foods, ¥103 million ($831 thousand) in petroleum and chemicals and ¥39 million ($315 thousand) in other business. Assets increased by ¥13 million ($105 thousand) in steel, ¥41 million ($331 thousand) in non-ferrous metals, ¥1,859 million ($15,004 thousand) in foods, ¥103 million ($831 thousand) in petroleum and chemicals and ¥39 million ($315 thousand) in other business, decreased by ¥649 million ($5,238 thousand) in corporate.

As explained in Note 2, effective April 1, 2000, the Company and its consolidated subsidiaries adopted the revised accounting standards for foreign currency translation. As a result of the revised accounting standard, operating income decreased by ¥9 million ($73 thousand) in steel, ¥1,495 million ($12,066 thousand) in foods, ¥2 million ($16 thousand) in other business. Assets increased by ¥969 million ($7,821 thousand) in corporate.

Overseas net sales

Overseas net sales include exports and offshore sales by the Company and its consolidated subsidiaries, excluding sales by foreign subsidiaries to Japan.

Overseas net sales of the Companies are as follows:

Year ended March 31, 2001	Millions of yen			Thousands of U.S. dollars		
	Asia	Other areas	Total	Asia	Other areas	Total
Overseas net sales	**¥ 77,729**	**¥ 10,786**	**¥ 88,515**	**$ 627,353**	**$ 87,054**	**$ 714,407**
Percentage of consolidated net sales	**11.3%**	**1.5%**	**12.8%**			

Year ended March 31, 2000	Millions of yen			Thousands of U.S. dollars		
	Asia	Other areas	Total	Asia	Other areas	Total
Overseas net sales	¥ 67,215	¥ 11,170	¥ 78,385	$ 542,494	$ 90,153	$ 632,647
Percentage of consolidated net sales	10.7%	1.8%	12.5%			

"Asia" consists principally of sales to China, South Korea and Thailand.
"Other areas" consist principally of sales to U.S.A. and Saudi Arabia.

13. Contingent liabilities

At March 31, 2001 and 2000, the Company and its consolidated subsidiaries were contingently liable as follows:

	Millions of yen		Thousands of U.S. dollars	
	2001	2000	**2001**	2000
As endorsers of export letters of credit and notes discounted	**¥ 4,498**	¥ 4,079	**$ 36,303**	$ 32,922
As guarantors of indebtedness	**1,295**	1,497	**10,452**	12,082

14. Subsequent events

1. Merger

On January 26, 2001, the Company entered into an agreement to merge with Hanwa Ryutsu Center Co., Ltd., a wholly owned consolidated subsidiary of the Company. The merger was effective April 1, 2001. Hanwa Ryutsu Center Co., Ltd. was adsorbed into the Company and dissolved. There was no issuance of shares or increase in common stock due to the merger. The Company took over all rights and duties of Hanwa Ryutsu Center Co., Ltd.

The assets and liabilities of Hanwa Ryutsu Center Co., Ltd. which the Company took over at April 1, 2001, were as follows:

	Millions of yen	Thousands of U.S. dollars
Assets	**¥ 30,995**	**$ 250,162**
Liabilities	**30,748**	**248,168**
Net assets	**¥ 247**	**$ 1,994**

2. Common stock reduction

The Company reduced the amount of common stock by ¥36,995 million ($298,588 thousand). The capital reduction amount was credited to additional paid-in capital. At the ordinary general meeting of stockholders of the Company held on June 28, 2001, stockholders approved the capital reduction and the use of additional paid-in capital to reduce the undisposed deficit.

Report of Independent Public Accountants

To the Stockholders and the Board of Directors of
Hanwa Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Hanwa Co., Ltd. (a Japanese corporation) and subsidiaries as of March 31, 2001 and 2000, and the related consolidated statements of income, stockholders' equity and cash flows for the years then ended, expressed in Japanese yen. Our audits were made in accordance with generally accepted auditing standards in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of Hanwa Co., Ltd. and subsidiaries as of March 31, 2001 and 2000, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan applied on a consistent basis during the periods, except for the new accounting policies and change in accounting policy, with which we concur, in the following paragraphs.

As explained in Note 2, in the year ended March 31, 2001, Hanwa Co., Ltd., and subsidiaries prospectively adopted new Japanese accounting standards for retirement benefits, financial insturuments and foreign currency translation.

As explained in Note 2, in the year ended March 31, 2000, Hanwa Co., Ltd., and subsidiaries prospectively adopted new Japanese accounting standards for consolidation, income taxes and software costs. Also, Hanwa Co., Ltd. changed the method of accounting for inventories, effective April 1, 1999, as referred to in Note 3.

Also, in our opinion, the U.S. dollar amounts in the accompanying consolidated financial statements have been translated from Japanese yen on the basis set forth in Note 1.

Asahi & Co.

Osaka, Japan
June 28, 2001

(A Member Firm of Arthur Andersen)

Statement on Accounting Principles and Auditing Standards

This statement is to remind users that accounting principles and auditing standards and their application in practice may vary among nations and therefore could affect, possibly materially, the reported financial position and results of operations. The accompanying financial statements are prepared based on accounting principles generally accepted in Japan, and the auditing standards and their application in practice are those generally accepted in Japan. Accordingly, the accompanying consolidated financial statements and the auditors' report presented above are for users familiar with Japanese accounting principles, auditing standards and their application in practice.

Network of Hanwa Co., Ltd.

Domestic Offices

OFFICE	ADDRESS	TELEPHONE	FAX
Osaka	Hanwa Bldg., 4-3-9 Fushimi-machi, Chuo-ku, Osaka 541-8585, Japan	06-6206-3270	06-6206-3371
Tokyo	New Hanwa Bldg., 1-13-10 Tsukiji, Chuo-ku, Tokyo 104-8429, Japan	03-3544-2171	03-3544-2351
Nagoya	Chunichi Bldg., 4-1-1 Sakae, Naka-ku, Nagoya 460-8441, Japan	052-262-2371	052-262-8819
Tohoku	Sendai Daiichi Seimei Tower Bldg., 4-6-1 Ichiban-cho, Aoba-ku, Sendai 980-0811, Japan	022-227-7981	022-227-7969
Kyushu	Nihon Seimei Hakataekimae 2nd Bldg., 4-1-1, Hakataekimae, Hakata-ku, Fukuoka 812-0011, Japan	092-471-7121	092-471-7060

Overseas Offices

OFFICE	ADDRESS	TELEPHONE	FAX
New York	Parker Plaza, 6th Floor, 400 Kelby Street, Fort Lee, New Jersey 07024, U.S.A.	1-201-363-4500	1-201-346-9890
Seattle	900 4th Avenue, Suite 1640, Seattle, Washington 98164, U.S.A.	1-206-622-2102	1-206-622-6464
Houston	Suite 515, 9800 Richmond Avenue, Houston, Texas 77042, U.S.A.	1-713-978-7904	1-713-978-7790
California	18300 Vonkarman Avenue, Suite 405, Irvine, California 92612, U.S.A.	1-949-955-2780/2781	1-949-955-2785
Vancouver	Suite 502, 1001 West Broadway Vancouver, British Columbia, V6H 4B1, Canada	1-604-876-1175	1-604-876-1085
Bogota	Carrera 11 No. 86-32, Oficina 604 Apartado Aereo No. 093260 Bogota, D.E. Colombia	57-1-218-3814/8406	57-1-256-0064
Seoul	Room 2501-1, Korea World Trade Center Bldg., 159-1, Samsung-Dong, Kangnam-ku, Seoul, 135-729, R.O.Korea	82-2-551-5387	82-2-551-5575
Beijing	Room 801, Beijing Fortune Building, 5 Dong San Huan Bei-lu, Chaoyang District, Beijing 100004, P.R.China	86-10-6590-8331~33	86-10-6590-8340
Qingdao	Room B309, Full Hope Plaza, 12 HongKong Middle Road, Qingdao, Shangdon Province 266071, P.R.China	86-532-5026141~45	86-532-5026013
Dalian	Senmao Bldg., 13F, 147 Zhongshan Street, Dalian, Liaoning Province 116011, P.R.China	86-411-368-6954	86-411-368-6934
Shanghai	Room 905/906, Aetna Tower,No.107 Zhunyi Road, Shanghai 200335, P.R.China	86-21-6237-5260/5265~7	86-21-6237-5268/5269
Fuzhou	Room 2501, Lippo Tianma Plaza, No.1 Wu Yi Road, Fuzhou City, Fujian Province, P.R. China	86-591-3354165	86-591-3345202
Guangzhou	Unit 3006-3007,30th Floor, Dong Shan Plaza, 69 Xian Lie Zhong Road, Guangzhou City, Guangdong Province 510095, P.R. China	86-20-8732-0451	86-20-8732-0402
Dongguan	Longxi Industrial Zone, Zhouxi Management Area, Huangcun District, Dongguan, Guangdong Province 511715 P.R.China	86-769-240-6428	86-769-240-6448
Zhongshan	Unit 1909-1910, 19th Floor, Bank Of China Tower, 18 Zhongshan 3rd Road, Zhongshan, Guangdong Province P.R.China	86-760-332-0706	86-760-332-0696
Hong Kong	Unit 3201-3 32nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong	852-25450110	852-25422544
Taipei	Room 303 3rd Floor. No. 79, Chung Shan North Road Sec.2, Taipei, Taiwan, R.O.C.	886-2-2560-2214~17	886-2-2571-0693
Kaohsiung	Room B, 15th Floor, No.7 Su-Wei 4th Road, Kaohsiung, Taiwan, R.O.C.	886-7-338-5508~10	886-7-338-5433
Bangkok	17th Floor, Vorawat Bldg., 849 Silom Road, Bangrak, Bangkok, 10500 Thailand	66-2-635-1230	66-2-635-1220/1221
Kuala Lumpur	Suite 8-12B-3, Level 14 (12B), Menara Olympia 8, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia	60-3-2078-2311	60-3-2078-2380
Singapore	20 Cecil Street, #11-02 SINGAPORE EXCHANGE, Singapore, 049705	65-536-7822	65-536-7855
Tawau	P.O. Box 1231 91037 Tawau, Sabah, Malaysia	60-89-750016~7	60-89-750019
Jakarta	Menara Cakrawala 5th Floor Jalan M.H. Thamrin 9, Jakarta, 10340 Indonesia	62-21-3902293	62-21-3902294
Mumbai	c/o M.D. Jagat A/5 Kamdar Building, Gokhale Road South, Dadar, Mumbai 400 028, India	91-22-4305083	91-22-4308531
Tehran	6th Floor, Building, No.10 8th Street, Mirzaye-Shirazi Avenue, Tehran 15967, Iran	98-21-890-3537	98-21-890-4723
Kuwait	c/o Al-Sabih Engineering & Trading Co. P.O. Box No. 1366, Safat 13014, Kuwait Room 24, 6th Floor, Danat Trading Center, Abdullah Al-Ahmad Street, Sharq, Kuwait	965-243-7259	965-243-7263
Riyadh	P.O. Box 68974, Riyadh 11537, Saudi Arabia	966-1-478-3022	966-1-479-2459
Jeddah	c/o Office No. 219, Kaki Center P.O. Box 1224, Jeddah 21431, Saudi Arabia	966-2-661-0796	966-2-661-0796
Las Palmas	C/Luis Morote, NO.6-3F , Edf. Catalunia 35007-Las Palmas De Gran Canaria, Spain	34-928-270894	34-928-275735
London	5th Floor, Finland House, 56 Haymarket, London, SW1Y 4RN. U.K.	44-20-7839-4448	44-20-7839-3994

Directors and Statutory Auditors

President and C.E.O.

Shuji Kita	北　修爾

Senior Managing Director

Mitsuyuki Nakabayashi	中林　満之

Managing Directors

Takayuki Kamoto	嘉本　隆行
Takashi Kyui	休井　匡
Shozaburo Bando	坂東祥三郎
Kunio Matsuda	松田　邦雄
Noriyuki Hanafusa	花房　伯行

Directors

Minoru Masuda	増田　実
Kazuo Yokota	横田　和夫
Masaomi Amao	天尾　正臣
Tatsuyuki Yamasaki	山崎　達之
Hiroshi Omoto	大本　博
Hironari Furukawa	古川　弘成
Shinsuke Kitamura	北村　信輔
Satoru Hara	原　悜
Tetsuro Akimoto	秋元　哲郎
Yoshifumi Nishi	西　吉史
Takuji Kita	北　卓治

Statutory Auditors

Minoru Kifuku	喜福　稔
Kazushi Higashida	東田　和四
Takao Ikematsu	池松　孝雄
Hironari Masago	真砂　博成

Investor Information

(As of March 31, 2001)

Company Name
Hanwa Co., Ltd.　阪和興業株式会社

Address
Hanwa Bldg., 4-3-9 Fushimi-machi,
Chuo-ku, Osaka 541-8585, Japan

Date of Establishment
April 1947

Stated Capital
¥82,646 million ($667,038 thousand)

Number of Shares of Common Stock Issued
211,663,200 shares

Number of Shareholders
26,137

Stock Exchange Listings
The First Section of the Tokyo Stock Exchange
The First Section of the Osaka Stock Exchange

Transfer Agent
The Sumitomo Trust and Banking Co., Ltd.

Auditor
Asahi & Co.

Number of Employees
865

HANWA CO., LTD.

http://www.hanwa.co.jp

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