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

August 9,2007

HANWA Co.,Ltd. Company name:

Listed stock exchange: Tokyo, Osaka

Stock exchange code: 8078 (URL http://www.hanwa.co.jp)

Representative: Shuji Kita President

Tetsuro Akimoto Managing Director of Accounting Dept. Enquiries: TEL 81 - 3 - 3544 - 2190

(Rounded down to millions of yen)

1. Consolidated financial results for the first quarter ended June 30, 2007

(1) Consolidated operating results (% of change from the same period of previous year)

	Net sales		Operating income		Ordinary income		Net income	
For the first quarter	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
ended June 30, 2007	379,274	27.7	7,065	38.9	6,757	25.4	4,484	41.7
ended June 30, 2006	296,966	13.0	5,088	(8.2)	5,389	(3.6)	3,164	(6.3)
Year ended March 31, 2007	1,320,021		20,864		19,170		11,423	

	Net income per share	Net income per share(diluted)
For the first quarter	(yen)	(yen)
ended June 30, 2007	21.22	_
ended June 30, 2006	14.96	
Year ended March 31, 2007	54.03	_

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
June 30, 2007	525,280	102,914	19.5	483.22
June 30, 2006	424,730	86,500	20.2	405.23
March 31, 2007	476,178	98,254	20.5	461.21

(3) Consolidated cash flows situation

(0) Corroditation oddin	110110 Olcadololl			
	Cash flows from	Cash flows from	Cash flows from	Cash and cash
	Operating activities	Investing activities	Financing activities	equivalents at end of year
For the first quarter	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
ended June 30, 2007	(29,725)	(336)	39,846	20,517
ended June 30, 2006	(23,915)	1,421	18,839	14,918
Year ended March 31, 2007	(36,192)	(5,955)	34,325	10,228

### 2. Cash dividends

	Cash dividends per share						
(effective date)	Interim	Year-end	Annual				
	(yen)	(yen)	(yen)				
Year ended March 31, 2007	5.00	7.00	12.00				
Year ending March 31, 2008 (estimated)	6.00	6.00	12.00				

Breakdown of the year-end dividend of the year ended March 31, 2007

the ordinary dividend of 5 yen the commemorative dividend of 2 yen

3. Forecast of consolidated financial results for fiscal year ending March 31, 2008

No change from the forecast of consolidated financial results announced on May 16, 2007.

# 《Consolidated Balance Sheets》

(Rounded down to millions of yen)

March 31, 2007     June 30, 2007     Increase(Decrease)       Assets       Current assets;     Cash and deposits     10,245     20,534     10,289       Trade notes and accounts receivable Inventories     259,372     292,325     32,953       Inventories     88,220     91,586     3,366       Others     25,344     24,633     (711)		Millions of yen				
Current assets:		March 31, 2007		Increase(Decrease)		
Cash and deposits         10,245         20,534         10,289           Trade notes and accounts receivable         259,372         292,225         32,953           Inventories         88,220         91,586         3,366           Others         25,344         24,633         (711)           Allowance for doubtful receivables         (911)         (965)         (54)           Total current assets         382,271         428,114         45,843           Fixed assets;         Property and equipment         24,453         —           Chres         16,378         16,633         255           Total property and equipment         40,831         41,096         255           Investments and other assets:         701         685         (16)           Investments securities         38,167         40,841         26,453           Investments and other assets:         14,955         15,264         309           Allowance for doubtful receivables         (749)         (713)         36           Total investments and other assets         52,373         55,393         3,020           Total fixed assets         93,906         97,165         3,259           Total expert liabilities;         160,429         1	Assets					
Cash and deposits         10,245         20,534         10,289           Trade notes and accounts receivable         259,372         292,225         32,953           Inventories         88,220         91,586         3,366           Others         25,344         24,633         (711)           Allowance for doubtful receivables         (911)         (965)         (54)           Total current assets         382,271         428,114         45,843           Fixed assets;         Property and equipment         24,453         —           Chres         16,378         16,633         255           Total property and equipment         40,831         41,096         255           Investments and other assets:         701         685         (16)           Investments securities         38,167         40,841         26,453           Investments and other assets:         14,955         15,264         309           Allowance for doubtful receivables         (749)         (713)         36           Total investments and other assets         52,373         55,393         3,020           Total fixed assets         93,906         97,165         3,259           Total expert liabilities;         160,429         1	Current assets:					
Trade notes and accounts receivable   259.372   292.325   32.953   Inventories   88.220   91.586   3.366   Cthers   25.344   24.633   (711)   (965)   (55.44)   Total current assets   362.71   428.114   45.843   Total current assets   362.71   428.114   45.843   Total current assets   Total current and other assets;   Total current and other assets   Total current accounts and accounts assets   Total current accounts accounts payable   Total current accounts ac		10,245	20,534	10,289		
Investment search   1,245	Trade notes and accounts receivable			32.953		
Others         25,344         24,833         (711)           Allowance for doubtful receivables         (911)         (965)         (54)           Total current assets         382,271         428,114         45,843           Fixed assets;           Property and equipment           Land         24,453         24,453         —           Others         16,378         16,633         —           Total property and equipment         40,831         41,086         —           Investments and other assets;         701         685         (16)           Investments and other assets;         38,167         40,841         2,674           Others         14,955         15,264         309           Allowance for doubtful receivables         (749)         7(13)         36           Total investments and other assets         52,373         55,393         3,020           Total investments and other assets         52,373         55,393         3,020           Total investments and other assets         40,181         64,611         2,470           Total investments and other assets         52,373         55,393         3,020           Total investments and other assets         160,429	Inventories	•	91,586	3,366		
Allowance for doubtful receivables   382,71   428,114   45,843   45,843   45,843   45,843   45,843   45,843   45,843   45,843   45,843   45,843   45,843   45,843   45,843   45,843   45,843   45,843   45,843   45,843   45,843   45,845   45,851	Others	•				
Total current assets   382,271   428,114   45,843   Fixed assets;   Property and equipment;   Land   24,453   24,453   — Gothers   16,378   16,633   255   Total property and equipment   40,831   41,086   255   Intangible assets   701   685   (16)   Investments and other assets;   Investment securities   38,167   40,841   2,674   20,674   309   Allowance for doubtful receivables   (749)   (713)   36   36   36   36   36   36   36	Allowance for doubtful receivables					
Property and equipment;	Total current assets		428,114	45,843		
Property and equipment;	Fixed exects:					
Land						
Others         16,378         16,633         255           Total property and equipment         40,831         41,086         255           Intragible assets         701         685         (16)           Investments and other assets;         38,167         40,841         2,674           Others         14,955         15,264         309           Allowance for doubtful receivables         (749)         (713)         36           Total investments and other assets         52,973         55,933         3,020           Total fixed assets         93,906         97,165         3,259           Total assets         476,178         525,280         49,102           Liabilities;         Current liabilities;         Trade notes and accounts payable         160,429         166,357         5,928           Trade notes and accounts payable         160,429         166,357         5,928           Short-term loans payable         43,141         64,611         21,470           Commercial paper         17,500         40,000         22,500           Accrued bonuses         1,693         872         (821)           Others         28,330         26,039         (2,291)           Total current liabilities;		24.452	24.452			
Total property and equipment	—			255		
Intensible assets   701   685   (16)     Investments and other assets;   1						
Investments and other assets;						
Investment securities		701	080	(10)		
Others         14,955         15,264         309           Allowance for doubtful receivables         (749)         (713)         36           Total investments and other assets         52,373         55,393         3,020           Total fixed assets         93,906         97,165         3,259           Total assets         476,178         525,280         49,102           Liabilities;         Current liabilities;           Current liabilities;         Trade notes and accounts payable         160,429         166,357         5,928           Short-term loans payable         43,141         64,611         21,470           Commercial paper         17,500         40,000         22,500           Accrued bonuses         1,693         372         (821)           Others         28,330         26,039         (2,291)           Total current liabilities;         28,330         26,039         (2,291)           Bonds payable         10,000         10,000         —           Long-term liabilities;         18,278         15,546         668           Total long-term liabilities         377,924         422,365         44,441           Net assets;           Shareholders' equity		00.107	40.041	0.674		
Allowance for doubtful receivables   749   713   36     Total investments and other assets   52,373   55,393   3,020     Total fixed assets   93,906   97,165   3,259     Total assets   476,178   525,280   49,102     Liabilities;						
Total investments and other assets   52,373   55,393   3,020     Total fixed assets   93,906   97,165   3,259     Total assets   476,178   525,280   49,102     Liabilities;						
Total fixed assets         93,906         97,165         3,259           Total assets         476,178         525,280         49,102           Liabilities;         Current liabilities;           Trade notes and accounts payable         160,429         166,357         5,928           Short—term loans payable         43,141         64,611         21,470           Commercial paper         17,500         40,000         22,500           Accrued bonuses         1,693         872         (821)           Others         28,330         26,039         (2,291)           Total current liabilities         251,095         297,880         46,785           Long-term liabilities;         10,000         10,000         —           Bonds payable         101,950         38,937         (3,013)           Others         14,878         15,546         668           Total long-term liabilities         126,828         124,484         (2,344)           Total long-term liabilities         126,828         124,484         (2,344)           Total long-term liabilities         37,924         422,365         44,411           Net assets;         Shareholders equity;         Common stock         45,651         45,651						
Total assets						
Liabilities;         Current liabilities;           Trade notes and accounts payable         160,429         166,357         5,928           Short-term loans payable         43,141         64,611         21,470           Commercial paper         17,500         40,000         22,500           Accrued bonuses         1,693         872         (821)           Others         28,330         26,039         (2,291)           Total current liabilities         251,095         297,830         46,785           Long-term liabilities;         8         297,830         46,785           Long-term loans payable         10,000         10,000         —           Long-term loans payable         101,950         98,937         (3,013)           Others         14,878         15,546         668           Total long-term liabilities         126,828         124,484         (2,344)           Total laing-term liabilities         377,924         422,365         44,441           Net assets;           Shareholders' equity;         3         3         —           Common stock         45,651         45,651         —           Capitals surplus         3         3         3						
Current liabilities;           Trade notes and accounts payable         160,429         166,357         5,928           Short-term loans payable         43,141         64,611         21,470           Commercial paper         17,500         40,000         22,500           Accrued bonuses         1,693         872         (821)           Others         28,330         26,039         (2,291)           Total current liabilities         251,095         297,880         46,785           Long-term liabilities;         8         87         29,7880         46,785           Long-term liabilities;         8         10,000         10,000         —           Long-term loans payable         101,950         98,937         (3,013)           Others         14,878         15,546         668           Total long-term liabilities         126,828         124,484         (2,344)           Total long-term liabilities         37,924         422,365         44,441           Net assets;           Shareholders' equity;         3         3         —           Common stock         45,651         45,651         —           Capital surplus         3         3         3	I otal assets	4/6,1/8	525,280	49,102		
Current liabilities;           Trade notes and accounts payable         160,429         166,357         5,928           Short-term loans payable         43,141         64,611         21,470           Commercial paper         17,500         40,000         22,500           Accrued bonuses         1,693         872         (821)           Others         28,330         26,039         (2,291)           Total current liabilities         251,095         297,880         46,785           Long-term liabilities;         8         87         29,7880         46,785           Long-term liabilities;         8         10,000         10,000         —           Long-term loans payable         101,950         98,937         (3,013)           Others         14,878         15,546         668           Total long-term liabilities         126,828         124,484         (2,344)           Total long-term liabilities         37,924         422,365         44,441           Net assets;           Shareholders' equity;         3         3         —           Common stock         45,651         45,651         —           Capital surplus         3         3         3	Liabilities:					
Trade notes and accounts payable         160,429         166,357         5,928           Short—term loans payable         43,141         64,611         21,470           Commercial paper         17,500         40,000         22,500           Accrued bonuses         1,693         872         (821)           Others         28,330         26,039         (2,291)           Total current liabilities         251,095         297,880         46,785           Long—term liabilities;         8         8         26,039         (2,291)           Bonds payable         10,000         10,000         —           Long—term loans payable         101,950         98,937         (3,013)           Others         14,878         15,546         668           Total long—term liabilities         126,828         124,484         (2,344)           Total long—term liabilities         377,924         422,365         44,441           Net assets;         Shareholders' equity;         Shareholders' equity;         —           Common stock         45,651         45,651         —           Capital surplus         3         3         —           Retained earnings         40,660         43,663         3,03						
Short-term loans payable         43,141         64,611         21,470           Commercial paper         17,500         40,000         22,500           Accrued bonuses         1,693         872         (821)           Others         28,330         26,039         (2,291)           Total current liabilities         251,095         297,880         46,785           Long-term liabilities;         8         8         89,37         (3,013)           Others         10,000         10,000         —           Long-term loans payable         101,950         98,937         (3,013)           Others         14,878         15,546         668           Total long-term liabilities         126,828         124,484         (2,344)           Total liabilities         377,924         422,365         44,441           Net assets;         Shareholders' equity;         86,281         45,651         —           Capital surplus         3         3         —           Retained earnings         40,660         43,663         3,003           Treasury stock         (109)         (113)         (4)           Total shareholders' equity         86,205         89,204         2,99		160 429	166 357	5 928		
Commercial paper         17,500         40,000         22,500           Accrued bonuses         1,693         872         (821)           Others         28,330         26,039         (2,291)           Total current liabilities         251,095         297,880         46,785           Long-term liabilities;         8         297,880         46,785           Long-term liabilities;         10,000         10,000         —           Long-term loans payable         101,950         98,937         (3,013)           Others         14,878         15,546         668           Total long-term liabilities         126,828         124,484         (2,344)           Total long-term liabilities         377,924         422,365         44,441           Net assets;         Shareholders' equity;         Shareholders' equity;         —           Common stock         45,651         45,651         —           Capital surplus         3         3         —           Capital surplus         3         3         3         —           Capital surplus         3         3         3         —           Capital surplus         3         3         3         —           <						
Accrued bonuses Others         1,693 28,330         872 26,039         (821) (2,291)           Total current liabilities         251,095         297,880         46,785           Long-term liabilities; Bonds payable         10,000         10,000         —           Long-term loans payable         101,950         98,937         (3,013)           Others         14,878         15,546         668           Total long-term liabilities         126,828         124,484         (2,344)           Total liabilities         377,924         422,365         44,441           Net assets; Shareholders' equity;         Sample of the company of the c						
Others         28,330         26,039         (2,291)           Total current liabilities         251,095         297,880         46,785           Long-term liabilities;         8         10,000         10,000         —           Long-term loans payable         101,950         98,937         (3,013)           Others         14,878         15,546         668           Total long-term liabilities         126,828         124,484         (2,344)           Total liabilities         377,924         422,365         44,441           Net assets;         Shareholders' equity;         Sommon stock         45,651         45,651         —           Capital surplus         3         3         —         —           Retained earnings         40,660         43,663         3,003         —           Treasury stock         (109)         (113)         (4)           Total shareholders' equity         86,205         89,204         2,999           Valuation and translation adjustments;         11,405         13,161         1,756           Deferred hedge profit and loss         838         485         (353)           Land revaluation difference         (16)         (16)         —						
Total current liabilities         251,095         297,880         46,785           Long-term liabilities;         Bonds payable         10,000         10,000         —           Long-term loans payable         101,950         98,937         (3,013)           Others         14,878         15,546         668           Total long-term liabilities         126,828         124,484         (2,344)           Total liabilities         377,924         422,365         44,441           Net assets;           Shareholders' equity;         Shareholders' equity;         3         3         —           Capital surplus         3         3         —         —           Capital surplus         3         3         —         —           Retained earnings         40,660         43,663         3,003         —           Treasury stock         (109)         (113)         (4)           Total shareholders' equity         86,205         89,204         2,999           Valuation and translation adjustments;         11,405         13,161         1,756           Deferred hedge profit and loss         838         485         (353)           Land revaluation difference         (16)						
Bonds payable						
Bonds payable	Lawrentenna liebilities					
Long-term loans payable         101,950         98,937         (3,013)           Others         14,878         15,546         668           Total long-term liabilities         126,828         124,484         (2,344)           Total liabilities         377,924         422,365         44,441           Net assets;           Shareholders' equity;           Common stock         45,651         45,651         —           Capital surplus         3         3         —           Retained earnings         40,660         43,663         3,003           Treasury stock         (109)         (113)         (4)           Total shareholders' equity         86,205         89,204         2,999           Valuation and translation adjustments;         11,405         13,161         1,756           Deferred hedge profit and loss         838         485         (353)           Land revaluation difference         (16)         (16)         —           Foreign currency translation adjustments         (947)         (698)         249           Total valuation and translation adjustments         11,280         12,931         1,651           Minority interests         768         778		10,000	10,000			
Others         14,878         15,546         668           Total long-term liabilities         126,828         124,484         (2,344)           Total liabilities         377,924         422,365         44,441           Net assets;           Shareholders' equity;           Common stock         45,651         45,651         —           Capital surplus         3         3         —           Retained earnings         40,660         43,663         3,003           Treasury stock         (109)         (113)         (4)           Total shareholders' equity         86,205         89,204         2,999           Valuation and translation adjustments;         11,405         13,161         1,756           Deferred hedge profit and loss         838         485         (353)           Land revaluation difference         (16)         (16)         —           Foreign currency translation adjustments         (947)         (698)         249           Total valuation and translation adjustments         11,280         12,931         1,651           Minority interests         768         778         10           Total net assets         98,254         102,914         4,660				(0.010)		
Total long-term liabilities         126,828         124,484         (2,344)           Total liabilities         377,924         422,365         44,441           Net assets;         Shareholders' equity;           Common stock         45,651         45,651         —           Capital surplus         3         3         —           Retained earnings         40,660         43,663         3,003           Treasury stock         (109)         (113)         (4)           Total shareholders' equity         86,205         89,204         2,999           Valuation and translation adjustments;         11,405         13,161         1,756           Deferred hedge profit and loss         838         485         (353)           Land revaluation difference         (16)         (16)         —           Foreign currency translation adjustments         (947)         (698)         249           Total valuation and translation adjustments         11,280         12,931         1,651           Minority interests         768         778         10           Total net assets         98,254         102,914         4,660						
Total liabilities         377,924         422,365         44,441           Net assets;         Shareholders' equity;           Common stock         45,651         45,651         —           Capital surplus         3         3         —           Retained earnings         40,660         43,663         3,003           Treasury stock         (109)         (113)         (4)           Total shareholders' equity         86,205         89,204         2,999           Valuation and translation adjustments;         State of the state o						
Net assets;           Shareholders' equity;         45,651         45,651         —           Capital surplus         3         3         —           Retained earnings         40,660         43,663         3,003           Treasury stock         (109)         (113)         (4)           Total shareholders' equity         86,205         89,204         2,999           Valuation and translation adjustments;         838         485         (353)           Land revaluation difference         (16)         (16)         —           Foreign currency translation adjustments         (947)         (698)         249           Total valuation and translation adjustments         11,280         12,931         1,651           Minority interests         768         778         10           Total net assets         98,254         102,914         4,660						
Shareholders' equity;         45,651         45,651         —           Capital surplus         3         3         —           Retained earnings         40,660         43,663         3,003           Treasury stock         (109)         (113)         (4)           Total shareholders' equity         86,205         89,204         2,999           Valuation and translation adjustments;         86,205         89,204         2,999           Valuation and translation adjustments;         11,405         13,161         1,756           Deferred hedge profit and loss         838         485         (353)           Land revaluation difference         (16)         (16)         —           Foreign currency translation adjustments         (947)         (698)         249           Total valuation and translation adjustments         11,280         12,931         1,651           Minority interests         768         778         10           Total net assets         98,254         102,914         4,660	l otal liabilities	377,924	422,365	44,441		
Common stock       45,651       45,651       —         Capital surplus       3       3       —         Retained earnings       40,660       43,663       3,003         Treasury stock       (109)       (113)       (4)         Total shareholders' equity       86,205       89,204       2,999         Valuation and translation adjustments;       86,205       89,204       2,999         Valuation and translation adjustments;       11,405       13,161       1,756         Deferred hedge profit and loss       838       485       (353)         Land revaluation difference       (16)       (16)       —         Foreign currency translation adjustments       (947)       (698)       249         Total valuation and translation adjustments       11,280       12,931       1,651         Minority interests       768       778       10         Total net assets       98,254       102,914       4,660	Net assets;					
Capital surplus       3       3       —         Retained earnings       40,660       43,663       3,003         Treasury stock       (109)       (113)       (4)         Total shareholders' equity       86,205       89,204       2,999         Valuation and translation adjustments;       Net unrealized holding gains on securities       11,405       13,161       1,756         Deferred hedge profit and loss       838       485       (353)         Land revaluation difference       (16)       (16)       —         Foreign currency translation adjustments       (947)       (698)       249         Total valuation and translation adjustments       11,280       12,931       1,651         Minority interests       768       778       10         Total net assets       98,254       102,914       4,660	Shareholders' equity;					
Retained earnings       40,660       43,663       3,003         Treasury stock       (109)       (113)       (4)         Total shareholders' equity       86,205       89,204       2,999         Valuation and translation adjustments;       86,205       89,204       2,999         Net unrealized holding gains on securities       11,405       13,161       1,756         Deferred hedge profit and loss       838       485       (353)         Land revaluation difference       (16)       (16)       —         Foreign currency translation adjustments       (947)       (698)       249         Total valuation and translation adjustments       11,280       12,931       1,651         Minority interests       768       778       10         Total net assets       98,254       102,914       4,660	Common stock	45,651	45,651	_		
Treasury stock         (109)         (113)         (4)           Total shareholders' equity         86,205         89,204         2,999           Valuation and translation adjustments;         Net unrealized holding gains on securities         11,405         13,161         1,756           Deferred hedge profit and loss         838         485         (353)           Land revaluation difference         (16)         (16)         —           Foreign currency translation adjustments         (947)         (698)         249           Total valuation and translation adjustments         11,280         12,931         1,651           Minority interests         768         778         10           Total net assets         98,254         102,914         4,660	Capital surplus	3	3	_		
Treasury stock         (109)         (113)         (4)           Total shareholders' equity         86,205         89,204         2,999           Valuation and translation adjustments;         Net unrealized holding gains on securities         11,405         13,161         1,756           Deferred hedge profit and loss         838         485         (353)           Land revaluation difference         (16)         (16)         —           Foreign currency translation adjustments         (947)         (698)         249           Total valuation and translation adjustments         11,280         12,931         1,651           Minority interests         768         778         10           Total net assets         98,254         102,914         4,660		40,660	43,663	3,003		
Total shareholders' equity         86,205         89,204         2,999           Valuation and translation adjustments;         Net unrealized holding gains on securities         11,405         13,161         1,756           Deferred hedge profit and loss         838         485         (353)           Land revaluation difference         (16)         (16)         —           Foreign currency translation adjustments         (947)         (698)         249           Total valuation and translation adjustments         11,280         12,931         1,651           Minority interests         768         778         10           Total net assets         98,254         102,914         4,660	Treasury stock		(113)	(4)		
Valuation and translation adjustments;         Investment (a)         Investment (a)<		86,205	89,204			
Net unrealized holding gains on securities       11,405       13,161       1,756         Deferred hedge profit and loss       838       485       (353)         Land revaluation difference       (16)       (16)       —         Foreign currency translation adjustments       (947)       (698)       249         Total valuation and translation adjustments       11,280       12,931       1,651         Minority interests       768       778       10         Total net assets       98,254       102,914       4,660		,	·	, , , , , , , , , , , , , , , , , , ,		
Deferred hedge profit and loss       838       485       (353)         Land revaluation difference       (16)       (16)       —         Foreign currency translation adjustments       (947)       (698)       249         Total valuation and translation adjustments       11,280       12,931       1,651         Minority interests       768       778       10         Total net assets       98,254       102,914       4,660		11,405	13,161	1.756		
Land revaluation difference       (16)       (16)       —         Foreign currency translation adjustments       (947)       (698)       249         Total valuation and translation adjustments       11,280       12,931       1,651         Minority interests       768       778       10         Total net assets       98,254       102,914       4,660						
Foreign currency translation adjustments         (947)         (698)         249           Total valuation and translation adjustments         11,280         12,931         1,651           Minority interests         768         778         10           Total net assets         98,254         102,914         4,660						
Total valuation and translation adjustments         11,280         12,931         1,651           Minority interests         768         778         10           Total net assets         98,254         102,914         4,660						
Minority interests         768         778         10           Total net assets         98,254         102,914         4,660						
Total net assets         98,254         102,914         4,660						

# 《Consolidated Statements of Income》

(Rounded down to millions of yen)

	Millions of yen						
	First quarter ended	First quarter ended	Increase(Decrease)				
	June 30, 2006	June 30, 2007	Increase(Decrease)				
Net sales	296,966	379,274	82,308				
Cost of sales	285,644	365,587	79,943				
Gross profit	11,321	13,687	2,366				
Selling, general and administrative expenses	6,233	6,622	389				
Operating income	5,088	7,065	1,977				
Other income;							
Interest and dividend income	650	792	142				
Others	670	356	(314)				
Total other income	1,321	1,148	(173)				
Other expenses;							
Interest expenses	847	1,265	418				
Others	171	190	19				
Total other expenses	1,019	1,456	437				
Ordinary income	5,389	6,757	1,368				
Extraordinary income							
Gain on sales of investment securities of unconsolidated subsidiaries	_	230	230				
Total extraordinary income		230	230				
Income before income taxes and minority interest	5,389	6,987	1,598				
Income, inhabitant & business tax - current	1,593	2,141	548				
Income tax expense-deferred	627	340	(287)				
Minority interest in net income	3	20	17_				
Net income	3,164	4,484	1,320				

# 《Consolidated Statements of Cash Flows》

(Rounded down to millions of yen)

		Millions of yen	
	First quarter	First quarter	Increase
	ended	ended	(Decrease)
	June 30, 2006	June 30, 2007	,
Cash flows from operating activities:	F 000	0.007	4 500
Income before income taxes	5,389	6,987	1,598
Depreciation and amortization	524	486	(38)
Interest and dividend income	(650)	(792)	(142)
Interest expense	847	1,265	418
Gain on sales of investment securities of unconsolidated subsidiaries	(00.454)	(230)	(230)
Increase in trade receivables	(20,454)	(32,809)	(12,355)
Increase(decrease) in inventories	280	(3,299)	(3,579)
Increase(decrease) in trade notes and accounts payable	(1,839)	5,670	7,509
Other, net	(4,564)	(2,880)	1,684
Sub total	(20,467)	(25,601)	(5,134)
Interest and dividends received	741	728	(13)
Interest paid	(696)	(953)	(257)
Income taxes paid	(3,492)	(3,898)	(406)
Net cash provided by (used in) operating activities	(23,915)	(29,725)	(5,810)
Cook flows from investing activities			
Cash flows from investing activities:	(552)	(601)	(60)
Payment for purchase of property and equipment	(332)	(621) 5	(69)
Proceeds from sale of property and equipment	(528)	(220)	2 308
Payment for purchase of investment securities  Proceeds from sale of investment securities	2,778	369	(2.409)
Decrease in short - term loans receivable, net	(253)	(124)	(2, <del>4</del> 09) 129
,	(203)	(124)	129
Increase in long – term loans receivable	42	<u> </u>	112
Collection of long-term loans receivable	(67)	99	166
Other, net	1,421	(336)	(1,757)
Net cash used in investing activities	1,421	(330)	(1,737)
Cash flows from financing activities:			
Increase(decrease) in short-term loans, net	12,563	18,449	5,886
Increase in commercial paper, net	10,000	22,500	12,500
Proceeds from long-term debt			——————————————————————————————————————
Repayments of long-term debt	(3,012)	(12)	3.000
Payment for cash dividends	(708)	(1,069)	(361)
Other, net	(2)	(21)	(19)
Net cash provided by (used in) financing activities	18,839	39,846	21,007
Sacri provided by (accessing interioring decertation	10,000	55,515	21,007
Effect of exchange rate changes on cash and cash equivalents	(421)	503	924
Net increase(decrease) in cash and cash equivalents	(4,076)	10,288	14,364
Cash and cash equivalents at beginning of year	18,985	10,228	(8,757)
Cash and cash equivalents from newly consolidated subsidiaries	. 8	· —	(8)
Cash and cash equivalents at end of year	14,918	20,517	5,599

### 《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

Non-ferrous metals: Nickel, copper, aluminium, lead, zinc, tin, antimony, other metals, and solar cell-related

materials and products

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 first quarter ended June 30, 2006 and 2007, is as follows:

(Rounded down to millions of yen)

First quarter ended June 30, 2006	Millions of yen								
	Metal and Non-ferrous				Petroleum	Other			
	Steel	alloys	metals	Foods	& chemicals	business	Total	Corporate	Consolidated
Net sales	154,658	33,260	16,219	23,985	55,457	13,384	296,966	_	296,966
Costs and expenses	151,518	32,197	15,333	23,725	54,920	12,930	290,626	1,251	291,878
Operating income	3.140	1.063	886	260	536	453	6.339	(1.251)	5.088

First quarter ended June 30, 2007	Millions of yen								
	Metal and Non-ferrous				Petroleum Other				
	Steel	alloys	metals	Foods	& chemicals	business	Total	Corporate	Consolidated
Net sales	187,229	63,219	18,410	24,262	69,505	16,646	379,274	_	379,274
Costs and expenses	182,821	61,479	17,401	24,013	68,980	16,192	370,888	1,320	372,209
Operating income	4,407	1,740	1,009	248	525	453	8,385	(1,320)	7,065

### 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 departr