

Financial Results for the Second Quarter ended September 30, 2008

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

November 6, 2008

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

Listed stock exchange: Tokyo, Osaka

Stock exchange code: 8078

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

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The date of issue of audited financial statements: November 14, 2008 The date of payout of dividend: December 3, 2008

1. Consolidated financial results for the second quarter ended September 30, 2008 (Rounded down to millions of yen)

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

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
For the second quarter ended September 30, 2008	911,263	23.8	19,819	65.4	19,340	71.8	10,216	43.7
ended September 30, 2007	736,050	18.3	11,981	18.4	11,255	18.0	7,108	24.4

	Net income per share	Net income per share(diluted)
	(yen)	(yen)
For the second quarter ended September 30, 2008	48.34	—
ended September 30, 2007	33.63	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
September 30, 2008	578,539	105,576	18.1	495.72
March 31, 2008	482,014	100,926	20.7	473.70

Note: Shareholders' equity As of September 30, 2008 104,747 million yen
As of March 31, 2008 100,111 million yen

2. Cash dividends

(effective date)	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	(yen)	(yen)	(yen)	(yen)	(yen)
Year ended March 31, 2008	—	6.00	—	6.00	12.00
Year ending March 31, 2009	—	6.00	—	—	—
(estimated)	—	—	—	6.00	12.00

3. Forecast of consolidated financial results for fiscal year ending March 31, 2009 (% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(yen)
Annual	1,710,000	13.4	29,900	26.1	27,400	28.8	15,100	15.1	71.46

* The above forecasts reflect assumptions and prospects based on the information currently available. They are subject to a number of risks and uncertainties that could cause actual results to differ materially from this information.

Financial Results for the Second Quarter ended September 30, 2008

《Consolidated Balance Sheets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	March 31, 2008	September 30, 2008	Increase(Decrease)
Assets			
Current assets;			
Cash and deposits	14,191	19,762	5,571
Trade notes and accounts receivable	263,192	324,089	60,897
Inventories	92,982	115,265	22,283
Others	21,297	24,420	3,123
Allowance for doubtful receivables	(891)	(1,066)	(175)
Total current assets	390,772	482,471	91,699
Fixed assets;			
Property and equipment;			
Land	24,453	25,282	829
Others	18,288	18,865	577
Total property and equipment	42,741	44,148	1,407
Intangible assets	808	787	(21)
Investments and other assets;			
Investment securities	31,443	34,309	2,866
Others	17,005	17,702	697
Allowance for doubtful receivables	(756)	(879)	(123)
Total investments and other assets	47,692	51,132	3,440
Total fixed assets	91,242	96,068	4,826
Total assets	482,014	578,539	96,525
Liabilities;			
Current liabilities;			
Trade notes and accounts payable	168,287	213,293	45,006
Short-term loans payable	49,738	89,714	39,976
Commercial paper	17,000	24,000	7,000
Current portion of bonds payable	10,000	10,000	—
Income taxes payable	4,813	7,405	2,592
Accrued bonuses	1,763	2,316	553
Others	29,416	31,498	2,082
Total current liabilities	281,019	378,227	97,208
Long-term liabilities;			
Bonds payable	10,000	10,000	—
Long-term loans payable	79,325	77,070	(2,255)
Employees' retirement benefits	8	26	18
Others	10,735	7,638	(3,097)
Total long-term liabilities	100,068	94,735	(5,333)
Total liabilities	381,088	472,963	91,875
Net assets;			
Shareholders' equity;			
Common stock	45,651	45,651	—
Capital surplus	4	5	1
Retained earnings	51,028	59,973	8,945
Treasury stock	(130)	(150)	(20)
Total shareholders' equity	96,554	105,480	8,926
Valuation and translation adjustments;			
Net unrealized holding gains on securities	5,397	232	(5,165)
Deferred hedge profit and loss	143	(182)	(325)
Land revaluation difference	(16)	(16)	—
Foreign currency translation adjustments	(1,966)	(765)	1,201
Total valuation and translation adjustments	3,557	(732)	(4,289)
Minority interests	814	828	14
Total net assets	100,926	105,576	4,650
Total liabilities and net assets	482,014	578,539	96,525

Financial Results for the Second Quarter ended September 30, 2008

《Consolidated Statements of Income》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Second quarter ended September 30, 2007	Second quarter ended September 30, 2008	Increase(Decrease)
Net sales	736,050	911,263	175,213
Cost of sales	710,358	876,342	165,984
Gross profit	25,692	34,920	9,228
Selling, general and administrative expenses	13,710	15,100	1,390
Operating income	11,981	19,819	7,838
Other income;			
Interest income	604	560	(44)
Dividend income	521	479	(42)
Foreign exchange gain	531	1,341	810
Others	282	262	(20)
Total other income	1,940	2,643	703
Other expenses;			
Interest expenses	2,096	2,163	67
Others	569	959	390
Total other expenses	2,665	3,122	457
Ordinary income	11,255	19,340	8,085
Extraordinary income			
Gain on sales of investment securities	230	—	(230)
Total extraordinary income	230	—	(230)
Extraordinary loss;			
Loss on devaluation of investments securities	—	720	720
Foreign exchange loss on common stock reduction of consolidated subsidiary	—	908	908
Total other expenses	—	1,628	1,628
Income before income taxes and minority interest	11,485	17,711	6,226
Income taxes	4,347	7,470	3,123
Minority interest in net income	29	24	(5)
Net income	7,108	10,216	3,108

Financial Results for the Second Quarter ended September 30, 2008

《Consolidated Statements of Cash Flows》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Second quarter ended September 30, 2007	Second quarter ended September 30, 2008	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	11,485	17,711	6,226
Depreciation and amortization	999	1,129	130
Increase(decrease) in allowance for doubtful receivables	55	298	243
Interest and dividend income	(1,125)	(1,039)	86
Interest expense	2,096	2,163	67
Gain on sales of investment securities of unconsolidated subsidiaries	(230)	—	230
Loss on devaluation of investments securities	—	720	720
Foreign exchange loss on common stock reduction of consolidated subsidiary	—	908	908
(Increase)decrease in trade receivables	(4,706)	(60,968)	(56,262)
(Increase)decrease in inventories	(5,454)	(22,171)	(16,717)
Increase(decrease) in trade notes and accounts payable	10,677	44,933	34,256
Other, net	1,411	(1,776)	(3,187)
Sub total	15,209	(18,091)	(33,300)
Interest and dividends received	1,115	1,030	(85)
Interest paid	(2,036)	(2,153)	(117)
Income taxes paid	(4,052)	(4,720)	(668)
Net cash provided by (used in) operating activities	10,236	(23,934)	(34,170)
Cash flows from investing activities:			
Payment for time deposits	—	(187)	(187)
Payment for purchase of property and equipment	(1,613)	(2,806)	(1,193)
Proceeds from sale of property and equipment	17	323	306
Payment for purchase of investment securities	(1,572)	(14,167)	(12,595)
Proceeds from sale of investment securities	377	2,068	1,691
(Increase)decrease in short – term loans receivable, net	(953)	(27)	926
Increase in long – term loans receivable	(5)	(10)	(5)
Collection of long-term loans receivable	166	52	(114)
Other, net	(482)	40	522
Net cash used in investing activities	(4,064)	(14,713)	(10,649)
Cash flows from financing activities:			
Increase(decrease) in short-term loans, net	(18,611)	40,567	59,178
Increase(decrease) in commercial paper, net	2,500	7,000	4,500
Proceeds from long-term debt	—	5,000	5,000
Repayments of long-term debt	(25)	(7,625)	(7,600)
Proceeds from issuance of bonds	9,950	—	(9,950)
Payment for cash dividends	(1,481)	(1,270)	211
Cash dividends paid to minority interest in consolidated subsidiaries	(17)	(4)	13
Other, net	(14)	(31)	(17)
Net cash provided by (used in) financing activities	(7,700)	43,636	51,336
Effect of exchange rate changes on cash and cash equivalents	64	395	331
Net increase(decrease) in cash and cash equivalents	(1,463)	5,383	6,846
Cash and cash equivalents at beginning of year	10,228	14,178	3,950
Cash and cash equivalents at end of period	8,765	19,562	10,797

Financial Results for the Second Quarter ended September 30, 2008

《Segment information》

Business segment information

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

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

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

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

Foods: Frozen seafoods and meat products

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

Other business: Lumber, machinery, and others

Segment information by business category for the second quarter ended September 30, 2007 and 2008, is as follows:
(Rounded down to millions of yen)

Second quarter ended September 30, 2007	<i>Millions of yen</i>							Total	Corporate	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Other business				
Net sales	370,016	111,009	34,541	43,956	144,726	31,799	736,050	—	736,050	
Operating income	7,716	3,370	1,484	93	1,124	939	14,729	(2,748)	11,981	

Second quarter ended September 30, 2008	<i>Millions of yen</i>							Total	Corporate	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Other business				
Net sales	498,948	98,509	37,310	43,601	204,324	28,568	911,263	—	911,263	
Operating income	12,784	3,715	1,183	1,100	2,392	1,614	22,790	(2,971)	19,819	