

Financial Results for the First Quarter ended June 30, 2009

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

August 4, 2009

Company name: **HANWA Co.,Ltd.** Listed stock exchange: Tokyo, Osaka
 Stock exchange code: 8078 (URL <http://www.hanwa.co.jp>)
 Representative: Shuji Kita President
 Enquiries: Tetsuro Akimoto Senior Managing Director of Accounting Dept.
 TEL 81 - 3 - 3544 - 2190

The date of issue of audited financial statements: August 14, 2009

1. Consolidated financial results for the first quarter ended June 30, 2009

(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 first quarter ended June 30, 2009	252,435	(42.5)	2,815	(76.8)	1,974	(82.4)	906	(85.9)
ended June 30, 2008	438,664	15.7	12,117	71.5	11,227	66.2	6,429	43.4

	Net income per share	Net income per share(diluted)
	(yen)	(yen)
For the first quarter ended June 30, 2009	4.33	—
ended June 30, 2008	30.42	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
June 30, 2009	450,146	100,545	22.1	476.79
March 31, 2009	479,379	94,912	19.7	450.05

Note: Shareholders' equity As of June 30, 2009 99,792 million yen
 As of March 31, 2009 94,197 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, 2009	—	6.00	—	6.00	12.00
Year ending March 31, 2010 (estimated)	—	6.00	—	6.00	12.00

3. Forecast of consolidated financial results for fiscal year ending March 31, 2010

(% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(yen)
Interim	537,000	(41.1)	5,900	(70.2)	4,500	(76.7)	2,700	(73.6)	12.90
Annual	1,106,000	(28.1)	14,800	(15.2)	12,000	(20.0)	7,200	20.1	34.40

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

Financial Results for the First Quarter ended June 30, 2009

《Consolidated Balance Sheets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	March 31, 2009	June 30, 2009	Increase(Decrease)
Assets			
Current assets;			
Cash and deposits	35,200	31,126	(4,074)
Trade notes and accounts receivable	233,282	208,698	(24,584)
Inventories	90,765	83,616	(7,149)
Others	27,085	25,002	(2,083)
Allowance for doubtful receivables	(781)	(623)	158
Total current assets	385,552	347,820	(37,732)
Fixed assets;			
Property and equipment;			
Land	27,966	28,176	210
Others	18,440	19,777	1,337
Total property and equipment	46,407	47,953	1,546
Intangible assets	733	797	64
Investments and other assets;			
Investment securities	28,022	35,475	7,453
Others	21,849	21,577	(272)
Allowance for doubtful receivables	(3,186)	(3,476)	(290)
Total investments and other assets	46,686	53,576	6,890
Total fixed assets	93,826	102,326	8,500
Total assets	479,379	450,146	(29,233)
Liabilities;			
Current liabilities;			
Trade notes and accounts payable	130,720	122,196	(8,524)
Short-term loans payable	89,362	54,184	(35,178)
Commercial paper	—	1,000	1,000
Current portion of bonds payable	—	—	—
Income taxes payable	189	1,214	1,025
Accrued bonuses	1,789	912	(877)
Others	30,426	35,175	4,749
Total current liabilities	252,487	214,682	(37,805)
Long-term liabilities;			
Bonds payable	10,000	10,000	—
Long-term loans payable	115,150	115,739	589
Employees' retirement benefits	25	28	3
Others	6,802	9,150	2,348
Total long-term liabilities	131,978	134,918	2,940
Total liabilities	384,466	349,601	(34,865)
Net assets;			
Shareholders' equity;			
Common stock	45,651	45,651	—
Capital surplus	4	4	—
Retained earnings	54,650	54,884	234
Treasury stock	(755)	(756)	(1)
Total shareholders' equity	99,550	99,783	233
Valuation and translation adjustments;			
Net unrealized holding gains on securities	(3,213)	2,056	5,269
Deferred hedge profit and loss	(248)	(52)	196
Land revaluation difference	(180)	(180)	—
Foreign currency translation adjustments	(1,710)	(1,814)	(104)
Total valuation and translation adjustments	(5,353)	9	5,362
Minority interests	715	752	37
Total net assets	94,912	100,545	5,633
Total liabilities and net assets	479,379	450,146	(29,233)

Financial Results for the First Quarter ended June 30, 2009

《Consolidated Statements of Income》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	First quarter ended June 30, 2008	First quarter ended June 30, 2009	Increase(Decrease)
Net sales	438,664	252,435	(186,229)
Cost of sales	419,101	242,527	(176,574)
Gross profit	19,562	9,907	(9,655)
Selling, general and administrative expenses	7,445	7,091	(354)
Operating income	12,117	2,815	(9,302)
Other income;			
Interest income	274	133	(141)
Dividend income	475	273	(202)
Others	142	204	62
Total other income	892	610	(282)
Other expenses;			
Interest expenses	1,174	913	(261)
Others	608	539	(69)
Total other expenses	1,783	1,452	(331)
Ordinary income	11,227	1,974	(9,253)
Income before income taxes and minority interest	11,227	1,974	(9,253)
Income taxes	4,823	1,084	(3,739)
Minority interest in net income	△ 25	△ 16	9
Net income	6,429	906	(5,523)

Financial Results for the First Quarter ended June 30, 2009

《Consolidated Statements of Cash Flows》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	First quarter ended June 30, 2008	First quarter ended June 30, 2009	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	11,227	1,974	(9,253)
Depreciation and amortization	527	622	95
Increase(decrease) in allowance for doubtful receivables	66	143	77
Interest and dividend income	(749)	(406)	343
Interest expense	1,174	913	(261)
(Increase)decrease in trade receivables	(48,690)	20,219	68,909
(Increase)decrease in inventories	(8,044)	12,251	20,295
Increase(decrease) in trade notes and accounts payable	22,669	(8,700)	(31,369)
Increase(decrease) in deposits received	(770)	3,703	4,473
Other, net	2,415	2,175	(240)
Sub total	(20,176)	32,896	53,072
Interest and dividends received	707	419	(288)
Interest paid	(882)	(783)	99
Income taxes paid	(4,883)	(17)	4,866
Net cash provided by (used in) operating activities	(25,235)	32,514	57,749
Cash flows from investing activities:			
Payment for time deposits	(212)	(162)	50
Proceeds from refund of time deposits	—	143	143
Payment for purchase of property and equipment	(914)	(786)	128
Proceeds from sale of property and equipment	308	26	(282)
Payment for purchase of investment securities	(12,767)	(1)	12,766
Proceeds from sale of investment securities	2,060	157	(1,903)
(Increase)decrease in short – term loans receivable, net	96	(149)	(245)
Increase in long – term loans receivable	(10)	(3)	7
Collection of long-term loans receivable	28	20	(8)
Other, net	221	(67)	(288)
Net cash used in investing activities	(11,189)	(822)	10,367
Cash flows from financing activities:			
Increase(decrease) in short-term loans, net	27,430	(36,661)	(64,091)
Increase(decrease) in commercial paper, net	13,000	1,000	(12,000)
Proceeds from long-term debt	—	562	562
Repayments of long-term debt	(3,012)	—	3,012
Payment for cash dividends	(959)	(976)	(17)
Other, net	(9)	(29)	(20)
Net cash provided by (used in) financing activities	36,448	(36,104)	(72,552)
Effect of exchange rate changes on cash and cash equivalents	46	176	130
Net increase(decrease) in cash and cash equivalents	69	(4,236)	(4,305)
Cash and cash equivalents at beginning of year	14,178	35,046	20,868
Cash and cash equivalents from newly consolidated subsidiaries	—	142	142
Cash and cash equivalents at end of period	14,248	30,952	16,704

Financial Results for the First Quarter ended June 30, 2009

《Segment information》

Business segment information

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

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

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

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

Foods: Frozen seafoods and meat products

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

Other business: Lumber, machinery, and others

Segment information by business category for the first quarter ended June 30, 2008 and 2009, is as follows:
(Rounded down to millions of yen)

First quarter ended June 30, 2008	<i>Millions of yen</i>							Total	Corporate	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Other business				
Net sales	237,808	53,759	18,923	22,825	91,716	13,631	438,664	—	438,664	
Operating income	8,103	2,580	476	724	873	785	13,545	(1,427)	12,117	

First quarter ended June 30, 2009	<i>Millions of yen</i>							Total	Corporate	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Other business				
Net sales	145,910	19,692	8,889	17,683	48,464	11,795	252,435	—	252,435	
Operating income	2,542	649	186	407	(405)	858	4,239	(1,423)	2,815	