

# Financial Results for the Second Quarter ended September 30, 2009

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

November 5, 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: November 13, 2009 The date of payout of dividend: December 3, 2009

## 1. Consolidated financial results for the second quarter ended September 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 second quarter ended September 30, 2009	531,946	(41.6)	5,708	(71.2)	5,139	(73.4)	2,550	(75.0)
ended September 30, 2008	911,263	23.8	19,819	65.4	19,340	71.8	10,216	43.7

	Net income per share	Net income per share(diluted)
	(yen)	(yen)
For the second quarter ended September 30, 2009	12.19	—
ended September 30, 2008	48.34	—

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
September 30, 2009	436,511	99,817	22.7	473.86
March 31, 2009	479,379	94,912	19.7	450.05

Note: Shareholders' equity

As of September 30, 2009

99,179 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	—	6.00	—	—	—
(estimated)	—	—	—	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)
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 Second Quarter ended September 30, 2009

## 《Consolidated Balance Sheets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	March 31, 2009	September 30, 2009	Increase(Decrease)
<b>Assets</b>			
<b>Current assets;</b>			
Cash and deposits	35,200	34,764	(436)
Trade notes and accounts receivable	233,282	199,892	(33,390)
Inventories	90,765	76,582	(14,183)
Others	27,085	21,345	(5,740)
Allowance for doubtful receivables	(781)	(846)	(65)
<b>Total current assets</b>	<b>385,552</b>	<b>331,739</b>	<b>(53,813)</b>
<b>Fixed assets;</b>			
<b>Property and equipment;</b>			
Land	27,966	28,180	214
Others	18,440	19,271	831
<b>Total property and equipment</b>	<b>46,407</b>	<b>47,451</b>	<b>1,044</b>
<b>Intangible assets</b>	<b>733</b>	<b>775</b>	<b>42</b>
<b>Investments and other assets;</b>			
Investment securities	28,022	37,948	9,926
Others	21,849	22,256	407
Allowance for doubtful receivables	(3,186)	(3,659)	(473)
<b>Total investments and other assets</b>	<b>46,686</b>	<b>56,545</b>	<b>9,859</b>
<b>Total fixed assets</b>	<b>93,826</b>	<b>104,772</b>	<b>10,946</b>
<b>Total assets</b>	<b>479,379</b>	<b>436,511</b>	<b>(42,868)</b>
<b>Liabilities;</b>			
<b>Current liabilities;</b>			
Trade notes and accounts payable	130,720	120,939	(9,781)
Short-term loans payable	89,362	67,629	(21,733)
Commercial paper	—	1,000	1,000
Current portion of bonds payable	—	10,000	10,000
Income taxes payable	189	2,703	2,514
Accrued bonuses	1,789	1,790	1
Others	30,426	21,900	(8,526)
<b>Total current liabilities</b>	<b>252,487</b>	<b>225,963</b>	<b>(26,524)</b>
<b>Long-term liabilities;</b>			
Bonds payable	10,000	—	(10,000)
Long-term loans payable	115,150	102,705	(12,445)
Employees' retirement benefits	25	28	3
Others	6,802	7,996	1,194
<b>Total long-term liabilities</b>	<b>131,978</b>	<b>110,730</b>	<b>(21,248)</b>
<b>Total liabilities</b>	<b>384,466</b>	<b>336,693</b>	<b>(47,773)</b>
<b>Net assets;</b>			
<b>Shareholders' equity;</b>			
Common stock	45,651	45,651	—
Capital surplus	4	4	—
Retained earnings	54,650	56,525	1,875
Treasury stock	(755)	(757)	(2)
<b>Total shareholders' equity</b>	<b>99,550</b>	<b>101,423</b>	<b>1,873</b>
<b>Valuation and translation adjustments;</b>			
Net unrealized holding gains on securities	(3,213)	(278)	2,935
Deferred hedge profit and loss	(248)	238	486
Land revaluation difference	(180)	(180)	—
Foreign currency translation adjustments	(1,710)	(2,024)	(314)
<b>Total valuation and translation adjustments</b>	<b>(5,353)</b>	<b>(2,244)</b>	<b>3,109</b>
<b>Minority interests</b>	<b>715</b>	<b>638</b>	<b>(77)</b>
<b>Total net assets</b>	<b>94,912</b>	<b>99,817</b>	<b>4,905</b>
<b>Total liabilities and net assets</b>	<b>479,379</b>	<b>436,511</b>	<b>(42,868)</b>

## Financial Results for the Second Quarter ended September 30, 2009

## 《Consolidated Statements of Income》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Second quarter ended September 30, 2008	Second quarter ended September 30, 2009	Increase(Decrease)
<b>Net sales</b>	911,263	<b>531,946</b>	(379,317)
Cost of sales	876,342	<b>511,558</b>	(364,784)
<b>Gross profit</b>	<b>34,920</b>	<b>20,387</b>	(14,533)
Selling, general and administrative expenses	15,100	<b>14,679</b>	(421)
<b>Operating income</b>	<b>19,819</b>	<b>5,708</b>	(14,111)
<b>Other income;</b>			
Interest income	560	<b>256</b>	(304)
Dividend income	479	<b>338</b>	(141)
Foreign exchange gain	1,341	<b>982</b>	(359)
Others	262	<b>308</b>	46
Total other income	2,643	<b>1,885</b>	(758)
<b>Other expenses;</b>			
Interest expenses	2,163	<b>1,705</b>	(458)
Others	959	<b>749</b>	(210)
Total other expenses	3,122	<b>2,455</b>	(667)
<b>Ordinary income</b>	<b>19,340</b>	<b>5,139</b>	(14,201)
<b>Extraordinary loss;</b>			
Loss on devaluation of investments securities	720	—	(720)
Foreign exchange loss on common stock reduction of consolidated subsidiary	908	—	(908)
Total extraordinary loss	1,628	—	(1,628)
<b>Income before income taxes and minority interest</b>	<b>17,711</b>	<b>5,139</b>	(12,572)
Income taxes	7,470	<b>2,698</b>	(4,772)
Minority interest in net income	24	<b>(109)</b>	(133)
<b>Net income</b>	<b>10,216</b>	<b>2,550</b>	(7,666)

## Financial Results for the Second Quarter ended September 30, 2009

## 《Consolidated Statements of Cash Flows》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Second quarter ended September 30, 2008	Second quarter ended September 30, 2009	Increase (Decrease)
<b>Cash flows from operating activities:</b>			
Income before income taxes	17,711	5,139	(12,572)
Depreciation and amortization	1,129	1,251	122
Increase(decrease) in allowance for doubtful receivables	298	550	252
Interest and dividend income	(1,039)	(595)	444
Interest expense	2,163	1,705	(458)
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	(60,968)	28,767	89,735
(Increase)decrease in inventories	(22,171)	19,142	41,313
Increase(decrease) in trade notes and accounts payable	44,933	(9,775)	(54,708)
Other, net	(1,776)	(1,945)	(169)
<b>Sub total</b>	<b>(18,091)</b>	<b>44,240</b>	<b>62,331</b>
Interest and dividends received	1,030	593	(437)
Interest paid	(2,153)	(1,779)	374
Income taxes paid	(4,720)	292	5,012
<b>Net cash provided by (used in) operating activities</b>	<b>(23,934)</b>	<b>43,346</b>	<b>67,280</b>
<b>Cash flows from investing activities:</b>			
Payment for time deposits	(187)	(162)	25
Proceeds from refund of time deposits	—	143	143
Payment for purchase of property and equipment	(2,806)	(1,067)	1,739
Proceeds from sale of property and equipment	323	29	(294)
Payment for purchase of investment securities	(14,167)	(6,061)	8,106
Proceeds from sale of investment securities	2,068	181	(1,887)
(Increase)decrease in short – term loans receivable, net	(27)	(702)	(675)
Increase in long – term loans receivable	(10)	(3)	7
Collection of long-term loans receivable	52	28	(24)
Other, net	40	(495)	(535)
<b>Net cash used in investing activities</b>	<b>(14,713)</b>	<b>(8,111)</b>	<b>6,602</b>
<b>Cash flows from financing activities:</b>			
Increase(decrease) in short-term loans, net	40,567	(38,975)	(79,542)
Increase(decrease) in commercial paper, net	7,000	1,000	(6,000)
Proceeds from long-term debt	5,000	573	(4,427)
Repayments of long-term debt	(7,625)	—	7,625
Payment for cash dividends	(1,270)	(1,255)	15
Cash dividends paid to minority interest in consolidated subsidiaries	(4)	(4)	—
Other, net	(31)	(64)	(33)
<b>Net cash provided by (used in) financing activities</b>	<b>43,636</b>	<b>(35,727)</b>	<b>(79,363)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>395</b>	<b>(89)</b>	<b>(484)</b>
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>5,383</b>	<b>(582)</b>	<b>(5,965)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>14,178</b>	<b>35,046</b>	<b>20,868</b>
<b>Cash and cash equivalents from newly consolidated subsidiaries</b>	<b>—</b>	<b>142</b>	<b>142</b>
<b>Cash and cash equivalents at end of period</b>	<b>19,562</b>	<b>34,606</b>	<b>15,044</b>

## Financial Results for the Second Quarter ended September 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 second quarter ended September 30, 2008 and 2009, is as follows:  
(Rounded down to millions of yen)

Second quarter ended September 30, 2008	Millions of yen								
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Other business	Total	Corporate	Consolidated
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

Second quarter ended September 30, 2009	Millions of yen								
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Other business	Total	Corporate	Consolidated
Net sales	303,772	41,973	19,808	36,172	107,844	22,374	531,946		531,946
Operating income	4,525	1,136	483	672	563	1,156	8,538	(2,829)	5,708