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

May 16,2007

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 Managing Director of Accounting Dept.

TEL 81 - 3 - 3544 - 2190

The date of Shareholders' Meeting: June 28, 2007 The date of payout of dividend: June 29, 2007

The date of issue of audited financial statements: June 29, 2007

(Rounded down to millions of yen)

1. Consolidated financial results for the fiscal year ended March 31, 2007

(1) Consolidated operating results

(% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Year ended March 31, 2007	1,320,021	20.3	20,864	6.0	19,170	4.9	11,423	8.8
Year ended March 31, 2006	1,097,706	17.5	19,690	(10.9)	18,271	(15.1)	10,503	(23.4)

	Net income	Net income	Ratio of net income to	Ratio of ordinary	Ratio of operating
	per share	per share(diluted)	shareholders' equity	income to total assets	income to net sales
	(yen)	(yen)	(%)	(%)	(%)
Year ended March 31, 2007	54.03	_	12.4	4.3	1.6
Year ended March 31, 2006	48.96	_	13.2	4.6	1.8

Note: Equity in earnings of unconsolidated subsidiaries and affiliates Year ended March 31, 2007 — million yen Year ended March 31, 2006 — million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
March 31, 2007	476,178	98,254	20.5	461.21
March 31, 2006	413,020	86,145	20.9	406.68

Note: Shareholders' equity

As of March 31, 2007

As of March 31, 2006

97,485 million yen

— million yen

(3) Consolidated cash flows situation

	Cash flows from	Cash flows from	Cash flows from	Cash and cash
	Operating activities	Investing activities	Financing activities	equivalents at end of year
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Year ended March 31, 2007	(36,192)	(5,955)	34,325	10,228
Year ended March 31, 2006	22,299	(14,079)	(7,497)	18,985

2. Cash dividends

	Cash dividends per share			Dividend payout ratio	Dividend on shareholders' equity (Consolidated)	
(effective date)	Interim	Year-end	Annual	dividend (Annual)	vidend(Annual) (Consolidated)	
	(yen)	(yen)	(yen)	(Millions of yen)	(%)	(%)
Year ended March 31, 2006	5.00	5.00	10.00	2,114	20.4	2.7
Year ended March 31, 2007	5.00	7.00	12.00	2,536	22.2	2.8
Year ending March 31, 2008 (estimated)	6.00	6.00	12.00		21.1	

Note: 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

					(% of chan	ge 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	674,000	8.3	10,800 6.7	10,000 4.	8 6,000 5.0	28.39
Annual	1,376,000	4.2	22,400 7.4	20,000 4.	3 12,000 5.1	56.77

^{*} 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.

《Consolidated Balance Sheets》

Assets	, , , , , , , , , , , , , , , , , , ,		Millions of yen	•
		March 31, 2006	March 31, 2007	Increase(Decrease)
Gash and deposits 16,979 10,245 50,532 51,144 Irvade notes and accounts receivable 208,225 25,932 51,146 Irvade notes and accounts receivable 76,053 88,220 12,167 Deferred tax asset 1,355 1,096 25,950 Others 25,467 24,247 (1,220 Allowance for doubtful receivables 27,346 382,271 50,925 Fred assets 37,746 32,734 32,271 50,925 Fred assets 38,207 11,437 11,277 14,445 24,453 14,321 14,327 14,451 14,327 14,451 14,327 14,451 14,327 14,451 14,327 14,451 14,327 14,451 14,327 14,451 14,327 14,451 14,327 14,451 12,457 14,451 14,327 14,451 14,327 14,451 14,327 14,451 14,327 14,451 14,327 14,451 14,327 14,451 14,327 14,451 14,327 14,451 14,322				
Trade notes and accounts receivable 288,225 51,147 Deferred tax asset 1,355 1,096 (259 Others 25,467 24,247 (1,220 Allowance for doubtful receivables (7)36 (3)11 (1)75 Total current assets 327,346 322,271 54,952 Fixed assets,	·	16.979	10.245	(6.734)
Deferred tax asset	•			51,147
Others	Inventories			12,167
Allowance for doubtful receivables 136 381 1175 54 925 Fixed assets 11.376 11.277 (148	Deferred tax asset	1,355	1,096	
Total current assets 327,346 382,271 54,925 Property and equipment: 24,450 24,453 3 3 3 3 3 5 3 3 3		1 .		
Property and equipment; Buildings and Structures				
Property and equipment		327,346	382,271	54,925
Buildings and Structures				
Land		11 276	11 227	(140)
Others 3,373 5,150 1,777 Total property and equipment 39,200 40,831 1,631 Investments and other assets; 649 701 52 Investments securities 33,805 38,167 4,382 Long-term loans receivable 443 327 (111 Deferred tax asset 41 9 (32) Allowance for doubtful receivables (1,118) (749) 389 Total investments and other assets 45,824 52,373 6,549 Total investments and other assets 45,824 52,373 6,549 Total fixed assets 45,673 9,396 8,233 Total assets 410,078 160,429 20,351 Stoties; Current liabilities; 160,429 20,351 Current liabilities; 17,500 17,500 17,500 Income taxes payable 140,078 160,429 20,351 Income taxes payable 140,078 40,649 20,351 Income taxes payable 170,000 10,000	<u> </u>			
Total property and equipment 39,200 40,831 1,631 Intragiple assets 649 701 752 Investments and other assets; Investment securities 33,805 38,167 4,382 Long-term leans receivable 438 327 (111) 1,967 1,968 1,961 1,9657 14,618 1,961				-
Intragible assets				
Investment securities				
Long-term loans receivable	Investments and other assets;			
Deferred tax asset		33,805		4,362
Chers				, ,
Allowance for doubtful receivables			=	
Total investments and other assets		•		
Total fixed assets				
Total assets		,		, , , , , , , , , , , , , , , , , , ,
Liabilities; Current liabilities; Trade notes and accounts payable 140,078 160,429 20,351 Short-term loans payable 51,045 43,141 (7,904 Commercial paper — 17,500 17,500 Income taxes payable 3,708 4,050 342 Accrued bonuses 1,666 1,693 2.7 Others 30,825 24,280 6,545 Total current liabilities 27,323 25,1095 23,772 Long-term loans payable 10,000 10,000 — Others 40,640 3,001 (163 Total lack libities 3,342 2,788 <td< td=""><td></td><td></td><td></td><td></td></td<>				
Current liabilities; 140,078 160,429 20,351 Short-term loans payable 51,045 43,141 (7,904 Commercial paper - 17,500 17,500 Income taxes payable 3,0825 24,280 6,545 Others 30,825 24,280 (6,545 Total current liabilities 227,323 251,095 23,772 Long-term liabilities; 80,200 10,000 - Bonds payable 10,000 10,000 - Long-term loans payable 10,000 10,1950 27,050 Deferred tax liabilities by land revaluation 2,798 2,798 - Others 4,064 3,901 (163 Total long-term liabilities 326,066 377,924 51,858 Minority interests 808 - - - Net assets; Shareholders' equity; - 45,651 - Common stock - 45,651 - - Capital surplus - 40,660 -		+10,020	470,170	00,100
Trade notes and accounts payable 140,078 160,429 20,351 Short-term loans payable 51,045 43,141 (7,904 Commercial paper − 17,500 17,500 Income taxes payable 3,708 4,050 342 Accrued bonuses 1,666 1,693 27 Others 30,825 24,280 (6,545 Total current liabilities 227,323 251,095 23,772 Long-term liabilities; 808 25,095 27,055 Bonds payable 10,000 10,000 − Long-term loans payable 74,900 101,950 27,055 Deferred tax liabilities by land revaluation 2,798 2,798 − Others 98,742 126,828 28,086 Total labilities 326,066 377,924 51,858 Minority interests 808 − − Net assets; 100 − 100 − Cammon stock − 45,651 − −				
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Commercial paper	· -	· ·	· ·	,
Income taxes payable	and the second s	51,045	,	
Accrued bonuses	·	2 709		
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Total valuation and translation adjustments — 11,280 — Minority interests — 768 — Total net assets — 98,254 — Total liabilities and net assets — 476,178 — Shareholders' equity; — — — Common stock 45,651 — — — Capital surplus 2 — — — Retained earnings 31,288 — — — Land revaluation difference (16) — — — Net unrealized holding gains on securities 10,445 — — — Foreign currency translation adjustments (1,159) — — — Treasury stock (67) — — — Total shareholders' equity; 86,145 — —	9 .	_		_
Minority interests - 768 - Total net assets - 98,254 - Total liabilities and net assets - 476,178 - Shareholders' equity; - - 476,178 - Common stock 45,651 - - - Capital surplus 2 - - - Retained earnings 31,288 - - - Land revaluation difference (16) - - - Net unrealized holding gains on securities 10,445 - - - Foreign currency translation adjustments (1,159) - - - Treasury stock (67) - - - Total shareholders' equity; 86,145 - -	Foreign currency translation adjustments	_	(947)	_
Total net assets − 98,254 − Total liabilities and net assets − 476,178 − Shareholders' equity; Common stock 45,651 − − Capital surplus 2 − − Retained earnings 31,288 − − Land revaluation difference (16) − − Net unrealized holding gains on securities 10,445 − − Foreign currency translation adjustments (1,159) − − Treasury stock (67) − − Total shareholders' equity; 86,145 − −	Total valuation and translation adjustments	_		_
Total liabilities and net assets − 476,178 − Shareholders' equity; Common stock 45,651 − − Capital surplus 2 − − Retained earnings 31,288 − − Land revaluation difference (16) − − Net unrealized holding gains on securities 10,445 − − Foreign currency translation adjustments (1,159) − − Treasury stock (67) − − Total shareholders' equity; 86,145 − −				
Shareholders' equity; Common stock 45,651 — — Capital surplus 2 — — Retained earnings 31,288 — — Land revaluation difference (16) — — Net unrealized holding gains on securities 10,445 — — Foreign currency translation adjustments (1,159) — — Treasury stock (67) — — Total shareholders' equity; 86,145 — —				_
Common stock 45,651 — — Capital surplus 2 — — Retained earnings 31,288 — — Land revaluation difference (16) — — Net unrealized holding gains on securities 10,445 — — Foreign currency translation adjustments (1,159) — — Treasury stock (67) — — Total shareholders' equity; 86,145 — —			476,178	_
Capital surplus 2 — — Retained earnings 31,288 — — Land revaluation difference (16) — — Net unrealized holding gains on securities 10,445 — — Foreign currency translation adjustments (1,159) — — Treasury stock (67) — — Total shareholders' equity; 86,145 — —	· ·	45.054		
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Land revaluation difference (16) — — Net unrealized holding gains on securities 10,445 — — Foreign currency translation adjustments (1,159) — — Treasury stock (67) — — Total shareholders' equity; 86,145 — —	·			_
Net unrealized holding gains on securities 10,445 — — Foreign currency translation adjustments (1,159) — — Treasury stock (67) — — Total shareholders' equity; 86,145 — —		·	_	_
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Treasury stock (67) — — Total shareholders' equity; 86,145 — —	= =		_	_
Total shareholders' equity; 86,145			_	_
			_	_
	Total liabilities ,minority interests and shareholders' equity		_	_

《Consolidated Statements of Income》

	Millions of yen						
	Year ended March 31, 2006	Year ended March 31, 2007	Increase(Decrease)				
Net sales	1,097,706	1,320,021	222,315				
Cost of sales	1,053,919	1,272,532	218,613				
Gross profit	43,787	47,489	3,702				
Selling, general and administrative expenses	24,096	26,624	2,528				
Operating income	19,690	20,864	1,174				
Other income;							
Interest and dividend income	1,826	1,633	(193)				
Others	561	1,199	638				
Total other income	2,387	2,832	445				
Other expenses;							
Interest expenses	2,542	3,233	691				
Others	1,263	1,294	31				
Total other expenses	3,806	4,527	721				
Ordinary income	18,271	19,170	899				
Extraordinary losses							
Loss on impairment of long-lived assets	450	_	(450)				
Total extraordinary losses	450	_	(450)				
Income before income taxes and minority interest	17,821	19,170	1,349				
Income, inhabitant & business tax - current	6,530	7,398	868				
Income tax expense-deferred	736	270	(466)				
Minority interest in net income	50	77	27				
Net income	10,503	11,423	920				

《Consolidated Statements of Changes in Net Assets》

-		Sh	Millions of yen areholders' equit	Ey .	
-	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2006	45,651	2	31,288	(67)	76,874
Increase (decrease) during the term: Cash dividends paid Bonuses to directors			(2,114) (150)		(2,114) (150)
Staff and workers' bonuses and welfare fund Net income			(1) 11,423		(1) 11,423
Purchase of treasury stocks			11,420	(43)	(43)
Deposition of treasury stocks Effect from change in scope of consolidated subsidiaries Net increase (decrease) during the term, except for items under shareholders' equity		0	214	1	1 214
Total increase (decrease)	_	0	9,372	(42)	9,330
Balance at March 31, 2007	45,651	3	40,660	(109)	86,205

				Millions of			
	Va	luation and	translatio	n adjustme			
	Net unrealized holding gains on securities	Deferred hedge profit and loss	Land revaluation difference	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
Balance at March 31, 2006	10,445	_	(16)	(1,159)	9,270	808	86,954
Increase (decrease) during the term:							
Cash dividends paid							(2,114)
Bonuses to directors							(150)
Staff and workers' bonuses and welfare							(1)
fund Net income							11,423
Purchase of treasury stocks							(43)
Deposition of treasury stocks							1
Effect from change in scope of consolidated subsidiaries							214
Net increase (decrease) during the term, except for items under shareholders' equity	959	838	_	211	2,009	(40)	1,969
Total increase (decrease)	959	838	_	211	2,009	(40)	11,300
Balance at March 31, 2007	11,405	838	(16)	(947)	11,280	768	98,254

《Consolidated Statements of Cash Flows》

		Millions of yen	
	Year ended	Year ended	Increase
	March 31, 2006	March 31, 2007	(Decrease)
Cash flows from operating activities:			
Income before income taxes	17,821	19,170	1,349
Depreciation and amortization	1,969	1,991	22
Loss on impairment of long-lived assets	450	_	(450)
Decrease in allowance for doubtful receivables	(297)	(189)	108
Interest and dividend income	(1,826)	(1,633)	193
Interest expense	2,542	3,233	691
Increase in trade receivables	(3,185)	(50,718)	(47,533)
Increase in inventories	(11,778)	(11,408)	370
Increase in trade notes and accounts payable	21,239	20,211	(1,028)
Other, net	4,953	(8,304)	(13,257)
Sub total	31,888	(27,649)	(59,537)
Interest and dividends received	1,660	1,795	135
Interest paid	(2,477)	(3,236)	(759)
Income taxes paid	(8,772)	(7,101)	1,671
Net cash provided by (used in) operating activities	22,299	(36,192)	(58,491)
Cash flows from investing activities:	(ECO)	(7)	F00
Payment for time deposits	(569)	(7)	562
Proceeds from refund of time deposits	260	309	49
Payment for purchase of property and equipment	(7,899)	(2,593)	5,306
Proceeds from sale of property and equipment	40 (5.070)	14	(26)
Payment for purchase of investment securities	(5,278)	(5,488)	(210)
Proceeds from sale of investment securities	89	2,778	2,689
Decrease in short – term loans receivable, net	_	194	_
Increase in long - term loans receivable	_	(20)	_
Collection of long-term loans receivable	(704)	138	_
Increase in loans receivable	(724)	_	_
Collection of loans receivable	1,554	(1 202)	
Other, net	(1,551) (14,079)	(1,282)	269
Net cash used in investing activities	(14,079)	(5,955)	8,124
Cash flows from financing activities:			
Increase(decrease) in short-term loans, net	(26,846)	18,359	45,205
Increase in commercial paper, net	(_0,0.10,	17,500	17,500
Proceeds from long-term debt	29,470	27,100	(2,370)
Repayments of long-term debt	(17,050)	(26,450)	(9,400)
Proceeds from issuance of bonds	9,950	(25),155 <i>)</i>	(9,950)
Payment for cash dividends	(2,955)	(2,116)	839
Cash dividends paid to minority interest in consolidated subsidiaries		(25)	24
Other, net	(16)	(42)	(26)
Net cash provided by (used in) financing activities	(7,497)	34,325	41,822
		·	
Effect of exchange rate changes on cash and cash equivalents	604	(943)	(1,547)
Net increase(decrease) in cash and cash equivalents	1,327	(8,765)	(10,092)
Cash and cash equivalents at beginning of year	17,658	18,985	1,327
Cash and cash equivalents from newly consolidated subsidiaries		8	8
Cash and cash equivalents at end of year	18,985	10,228	(8,757)

《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 years ended March 31, 2006 and 2007, is as follows:

(Rounded down to millions of yen)

Year ended March 31, 2006	Millions of yen								
		Non-ferrous		Petroleum	Other				
	Steel	metals	Foods	& chemicals	business	Total	Corporate	Consolidated	
Net sales	614,045	139,108	87,624	210,254	46,672	1,097,706	_	1,097,706	
Costs and expenses	599,574	133,750	86,874	207,745	44,906	1,072,850	5,165	1,078,016	
Operating income	14,470	5,358	749	2,509	1,766	24,855	(5,165)	19,690	
Assets	217,013	39,470	37,440	36,041	13,092	343,058	69,961	413,020	
Depreciation	1,334	74	32	19	420	1,881	87	1,969	
Loss on impairment long-lived assets	433	10	_		_	443	6	450	
Capital expenditure	3,131	58	31	230	587	4,039	67	4,107	

Year ended March 31, 2007	Millions of yen							
		Non-ferrous		Petroleum	Other			
	Steel	metals	Foods	& chemicals	business	Total	Corporate (<u>Consolidated</u>
Net sales	689,187	242,952	91,953	237,342	58,585	1,320,021	_	1,320,021
Costs and expenses	674,851	235,708	91,362	235,110	56,543	1,293,577	5,579	1,299,157
Operating income	14,335	7,243	591	2,232	2,041	26,444	(5,579)	20,864
Assets	253,362	64,282	37,830	34,647	18,903	409,026	67,152	476,178
Depreciation	1,379	67	29	28	404	1,909	82	1,991
Capital expenditure	1,765	190	29	36	347	2,368	44	2,412

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 departments.