

Financial Results for the First Quarter ended June 30, 2007

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

August 9, 2007

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 Stock exchange code: 8078 (URL <http://www.hanwa.co.jp>)
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1. Consolidated financial results for the first quarter ended June 30, 2007 (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, 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)
	(yen)	(yen)
For the first quarter 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

	Cash flows from Operating activities	Cash flows from Investing activities	Cash flows from Financing activities	Cash and cash equivalents at end of year
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
For the first quarter 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

(effective date)	Cash dividends per share		
	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

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

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

Financial Results for the First Quarter ended June 30, 2007

《Consolidated Balance Sheets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	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	259,372	292,325	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;			
Land	24,453	24,453	—
Others	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
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;			
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;			
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;			
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;			
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
Total liabilities and net assets	476,178	525,280	49,102

Financial Results for the First Quarter ended June 30, 2007

《Consolidated Statements of Income》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	First quarter ended June 30, 2006	First quarter ended 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

Financial Results for the First Quarter ended June 30, 2007

《Consolidated Statements of Cash Flows》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	First quarter ended June 30, 2006	First quarter ended June 30, 2007	Increase (Decrease)
Cash flows from operating activities:			
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	—	(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)
Cash flows from investing activities:			
Payment for purchase of property and equipment	(552)	(621)	(69)
Proceeds from sale of property and equipment	3	5	2
Payment for purchase of investment securities	(528)	(220)	308
Proceeds from sale of investment securities	2,778	369	(2,409)
Decrease in short – term loans receivable, net	(253)	(124)	129
Increase in long – term loans receivable	—	—	—
Collection of long–term loans receivable	42	154	112
Other, net	(67)	99	166
Net cash used in investing activities	1,421	(336)	(1,757)
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
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

Financial Results for the First Quarter ended June 30, 2007

《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	<i>Millions of yen</i>							Corporate	Consolidated
	Steel	Metal and Non-ferrous alloys metals		Foods	Petroleum & chemicals	Other business	Total		
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	<i>Millions of yen</i>							Corporate	Consolidated
	Steel	Metal and Non-ferrous alloys metals		Foods	Petroleum & chemicals	Other business	Total		
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 depart