

Financial Results for the Third Quarter ended December 31, 2007

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

February 14, 2008

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

1. Consolidated financial results for the third quarter ended December 31, 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 third quarter ended December 31, 2007	1,123,253	15.1	17,987	7.3	17,050	7.3	10,527	10.8
ended December 31, 2006	975,737	21.4	16,757	(2.3)	15,883	(1.0)	9,504	(0.4)
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 third quarter ended December 31, 2007	49.81	—
ended December 31, 2006	44.95	—
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)
December 31, 2007	502,303	101,033	19.9	474.25
December 31, 2006	489,668	93,566	18.9	438.67
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 third quarter ended December 31, 2007	758	(5,450)	4,479	10,009
ended December 31, 2006	(56,000)	(1,820)	52,070	12,485
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	6.00		12.00
Year ending March 31, 2008 (estimated)		6.00	

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 November 14, 2007.

Financial Results for the Third Quarter ended December 31, 2007

《Consolidated Balance Sheets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	March 31, 2007	December 31, 2007	Increase(Decrease)
Assets			
Current assets;			
Cash and deposits	10,245	10,022	(223)
Trade notes and accounts receivable	259,372	284,022	24,650
Inventories	88,220	88,482	262
Others	25,344	28,098	2,754
Allowance for doubtful receivables	(911)	(956)	(45)
Total current assets	382,271	409,668	27,397
Fixed assets;			
Property and equipment;			
Land	24,453	24,453	—
Others	16,378	17,539	1,161
Total property and equipment	40,831	41,992	1,161
Intangible assets	701	836	135
Investments and other assets;			
Investment securities	38,167	34,234	(3,933)
Others	14,955	16,314	1,359
Allowance for doubtful receivables	(749)	(743)	6
Total investments and other assets	52,373	49,806	(2,567)
Total fixed assets	93,906	92,634	(1,272)
Total assets	476,178	502,303	26,125
Liabilities;			
Current liabilities;			
Trade notes and accounts payable	160,429	177,251	16,822
Short-term loans payable	43,141	58,443	15,302
Commercial paper	17,500	12,000	(5,500)
Current portion of bonds payable	—	10,000	10,000
Accrued bonuses	1,693	1,329	(364)
Others	28,330	30,529	2,199
Total current liabilities	251,095	289,553	38,458
Long-term liabilities;			
Bonds payable	10,000	10,000	—
Long-term loans payable	101,950	89,325	(12,625)
Others	14,878	12,391	(2,487)
Total long-term liabilities	126,828	111,716	(15,112)
Total liabilities	377,924	401,270	23,346
Net assets;			
Shareholders' equity;			
Common stock	45,651	45,651	—
Capital surplus	3	4	1
Retained earnings	40,660	48,438	7,778
Treasury stock	(109)	(129)	(20)
Total shareholders' equity	86,205	93,965	7,760
Valuation and translation adjustments;			
Net unrealized holding gains on securities	11,405	7,842	(3,563)
Deferred hedge profit and loss	838	22	(816)
Land revaluation difference	(16)	(16)	—
Foreign currency translation adjustments	(947)	(1,584)	(637)
Total valuation and translation adjustments	11,280	6,263	(5,017)
Minority interests	768	805	37
Total net assets	98,254	101,033	2,779
Total liabilities and net assets	476,178	502,303	26,125

Financial Results for the Third Quarter ended December 31, 2007

《Consolidated Statements of Income》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		Increase(Decrease)
	Third quarter ended December 31, 2006	Third quarter ended December 31, 2007	
Net sales	975,737	1,123,253	147,516
Cost of sales	939,547	1,084,716	145,169
Gross profit	36,190	38,536	2,346
Selling, general and administrative expenses	19,433	20,549	1,116
Operating income	16,757	17,987	1,230
Other income;			
Interest and dividend income	1,352	1,638	286
Others	879	1,567	688
Total other income	2,231	3,205	974
Other expenses;			
Interest expenses	2,493	3,289	796
Others	612	853	241
Total other expenses	3,105	4,143	1,038
Ordinary income	15,883	17,050	1,167
Extraordinary income			
Gain on sales of investment securities of unconsolidated subsidiaries	—	316	316
Total extraordinary income	—	316	316
Income before income taxes and minority interest	15,883	17,367	1,484
Income, inhabitant & business tax – current	5,842	6,370	528
Income tax expense–deferred	495	425	(70)
Minority interest in net income	40	43	3
Net income	9,504	10,527	1,023

Financial Results for the Third Quarter ended December 31, 2007

《Consolidated Statements of Cash Flows》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Third quarter ended December 31, 2006	Third quarter ended December 31, 2007	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	15,883	17,367	1,484
Depreciation and amortization	1,490	1,515	25
Interest and dividend income	(1,352)	(1,638)	(286)
Interest expense	2,493	3,289	796
Gain on sales of investment securities of unconsolidated subsidiaries	—	(316)	(316)
Increase in trade receivables	(69,599)	(25,216)	44,383
Increase(decrease) in inventories	(8,408)	(456)	7,952
Increase(decrease) in trade notes and accounts payable	23,183	17,047	(6,136)
Other, net	(11,873)	(1,658)	10,215
Sub total	(48,184)	9,932	58,116
Interest and dividends received	1,436	1,550	114
Interest paid	(2,265)	(2,913)	(648)
Income taxes paid	(6,987)	(7,811)	(824)
Net cash provided by (used in) operating activities	(56,000)	758	56,758
Cash flows from investing activities:			
Payment for purchase of property and equipment	(1,660)	(2,549)	(889)
Proceeds from sale of property and equipment	11	32	21
Payment for purchase of investment securities	(2,611)	(2,665)	(54)
Proceeds from sale of investment securities	2,778	562	(2,216)
Decrease in short – term loans receivable, net	(59)	(812)	(753)
Increase in long – term loans receivable	—	(9)	(9)
Collection of long–term loans receivable	87	196	109
Other, net	(366)	(206)	160
Net cash used in investing activities	(1,820)	(5,450)	(3,630)
Cash flows from financing activities:			
Increase(decrease) in short–term loans, net	38,262	2,832	(35,430)
Increase in commercial paper, net	19,000	(5,500)	(24,500)
Repayments of long–term debt	(3,037)	(37)	3,000
Proceeds from bonds issue	—	9,950	9,950
Payment for cash dividends	(2,095)	(2,729)	(634)
Other, net	(59)	(36)	23
Net cash provided by (used in) financing activities	52,070	4,479	(47,591)
Effect of exchange rate changes on cash and cash equivalents	(758)	(6)	752
Net increase(decrease) in cash and cash equivalents	(6,508)	(219)	6,289
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	12,485	10,009	(2,476)

Financial Results for the Third Quarter ended December 31, 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

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 third quarter ended December 31, 2006 and 2007, is as follows:
(Rounded down to millions of yen)

Third quarter ended December 31, 2006	<i>Millions of yen</i>							Total	Corporate	Consolidated
	Steel	Metals and Non-ferrous alloys metals		Foods	Petroleum & chemicals	Other business				
Net sales	510,104	123,622	49,659	73,277	177,225	41,849	975,737	—	975,737	
Costs and expenses	499,417	119,395	47,718	72,899	175,158	40,394	954,983	3,996	958,980	
Operating income	10,686	4,226	1,940	377	2,066	1,454	20,753	(3,996)	16,757	

Third quarter ended December 31, 2007	<i>Millions of yen</i>							Total	Corporate	Consolidated
	Steel	Metal and Non-ferrous alloys metals		Foods	Petroleum & chemicals	Other business				
Net sales	570,091	159,172	50,319	68,448	231,795	43,426	1,123,253	—	1,123,253	
Costs and expenses	558,470	154,356	48,271	67,695	229,884	42,503	1,101,181	4,084	1,105,266	
Operating income	11,621	4,815	2,048	752	1,911	922	22,071	(4,084)	17,987	

Notes:

Corporate costs and expenses mainly consist of expenses of administrative departments.