

Financial Results for the Third Quarter ended December 31, 2009

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

February 5, 2010

Company name: **HANWA Co.,Ltd.** Listed stock exchange: Tokyo, Osaka
 Stock exchange code: 8078 (URL <http://www.hanwa.co.jp>)

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The date of issue of audited financial statements: February 12, 2010 The date of payout of dividend: -

1. Consolidated financial results for the third quarter ended December 31, 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 third quarter ended December 31, 2009	825,946	(35.1)	8,194	(63.1)	6,510	(71.5)	10,707	160.1
ended December 31, 2008	1,272,659	13.3	22,211	23.5	22,805	33.8	4,116	(60.9)

	Net income per share	Net income per share(diluted)
	(yen)	(yen)
For the third quarter ended December 31, 2009	51.16	-
ended December 31, 2008	19.50	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
December 31, 2009	444,236	106,586	23.8	510.96
March 31, 2009	479,379	94,912	19.7	450.05

Note: Shareholders' equity As of December 31, 2009 105,923 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)	14,100	135.1	67.37

* 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 Third Quarter ended December 31, 2009

《Consolidated Balance Sheets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	March 31, 2009	December 31, 2009	Increase(Decrease)
Assets			
Current assets;			
Cash and deposits	35,200	26,024	(9,176)
Trade notes and accounts receivable	233,282	219,335	(13,947)
Inventories	90,765	69,675	(21,090)
Others	27,085	24,312	(2,773)
Allowance for doubtful receivables	(781)	(933)	(152)
Total current assets	385,552	338,414	(47,138)
Fixed assets;			
Property and equipment;			
Land	27,966	25,316	(2,650)
Others	18,440	19,788	1,348
Total property and equipment	46,407	45,105	(1,302)
Intangible assets	733	736	3
Investments and other assets;			
Investment securities	28,022	39,595	11,573
Others	21,849	23,755	1,906
Allowance for doubtful receivables	(3,186)	(3,370)	(184)
Total investments and other assets	46,686	59,980	13,294
Total fixed assets	93,826	105,822	11,996
Total assets	479,379	444,236	(35,143)
Liabilities;			
Current liabilities;			
Trade notes and accounts payable	130,720	133,151	2,431
Short-term loans payable	89,362	67,620	(21,742)
Commercial paper	—	1,000	1,000
Current portion of bonds payable	—	10,000	10,000
Income taxes payable	189	94	(95)
Accrued bonuses	1,789	966	(823)
Others	30,426	18,848	(11,578)
Total current liabilities	252,487	231,681	(20,806)
Long-term liabilities;			
Bonds payable	10,000	—	(10,000)
Long-term loans payable	115,150	98,855	(16,295)
Employees' retirement benefits	25	17	(8)
Others	6,802	7,095	293
Total long-term liabilities	131,978	105,968	(26,010)
Total liabilities	384,466	337,650	(46,816)
Net assets;			
Shareholders' equity;			
Common stock	45,651	45,651	—
Capital surplus	4	4	—
Retained earnings	54,650	63,427	8,777
Treasury stock	(755)	(1,413)	(658)
Total shareholders' equity	99,550	107,670	8,120
Valuation and translation adjustments;			
Net unrealized holding gains on securities	(3,213)	652	3,865
Deferred hedge profit and loss	(248)	301	549
Land revaluation difference	(180)	(180)	—
Foreign currency translation adjustments	(1,710)	(2,520)	(810)
Total valuation and translation adjustments	(5,353)	(1,747)	3,606
Minority interests	715	663	(52)
Total net assets	94,912	106,586	11,674
Total liabilities and net assets	479,379	444,236	(35,143)

Financial Results for the Third Quarter ended December 31, 2009

《Consolidated Statements of Income》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Third quarter ended December 31, 2008	Third quarter ended December 31, 2009	Increase(Decrease)
Net sales	1,272,659	825,946	(446,713)
Cost of sales	1,228,241	795,987	(432,254)
Gross profit	44,417	29,959	(14,458)
Selling, general and administrative expenses	22,205	21,764	(441)
Operating income	22,211	8,194	(14,017)
Other income;			
Interest income	807	390	(417)
Dividend income	740	442	(298)
Foreign exchange gain	3,723	1,077	(2,646)
Others	397	434	37
Total other income	5,668	2,344	(3,324)
Other expenses;			
Interest expenses	3,325	2,493	(832)
Others	1,749	1,536	(213)
Total other expenses	5,074	4,029	(1,045)
Ordinary income	22,805	6,510	(16,295)
Extraordinary loss;			
Loss on impairment of long-lived assets	—	3,055	3,055
Loss on devaluation of investments securities	212	—	(212)
Loss on devaluation of investments securities	9,733	—	(9,733)
Foreign exchange loss on common stock reduction of consolidated subsidiary	908	—	(908)
Total extraordinary loss	10,854	3,055	(7,799)
Income before income taxes and minority interest	11,951	3,454	(8,497)
Income taxes	7,763	△ 7,211	(14,974)
Minority interest in net income	71	(42)	(113)
Net income	4,116	10,707	6,591

Financial Results for the Third Quarter ended December 31, 2009

《Consolidated Statements of Cash Flows》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	Third quarter ended December 31, 2008	Third quarter ended December 31, 2009	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	11,951	3,454	(8,497)
Depreciation and amortization	1,737	1,881	144
Loss on impairment of long-lived assets	—	3,055	3,055
Increase(decrease) in allowance for doubtful receivables	720	349	(371)
Interest and dividend income	(1,548)	(832)	716
Interest expense	3,325	2,493	(832)
Loss on sale of property and equipment	212	—	(212)
Loss on devaluation of investments securities	9,733	—	(9,733)
Foreign exchange loss on common stock reduction of consolidated subsidiary	908	—	(908)
(Increase)decrease in trade receivables	(28,322)	8,708	37,030
(Increase)decrease in inventories	(18,968)	25,537	44,505
Increase(decrease) in trade notes and accounts payable	24,765	2,921	(21,844)
Increase(decrease) in deposits received	(8,584)	—	8,584
Other, net	(4,804)	(2,417)	2,387
Sub total	(8,872)	45,151	54,023
Interest and dividends received	1,488	789	(699)
Interest paid	(2,890)	(2,395)	495
Income taxes paid	(9,080)	(1,696)	7,384
Net cash provided by (used in) operating activities	(19,355)	41,849	61,204
Cash flows from investing activities:			
Payment for time deposits	(344)	(292)	52
Proceeds from refund of time deposits	212	292	80
Payment for purchase of property and equipment	(6,005)	(2,498)	3,507
Proceeds from sale of property and equipment	511	54	(457)
Payment for purchase of investment securities	(14,706)	(6,121)	8,585
Proceeds from sale and redemption of investment securities	2,076	186	(1,890)
(Increase)decrease in short – term loans receivable, net	40	(1,062)	(1,102)
Increase in long – term loans receivable	(10)	(9)	1
Collection of long-term loans receivable	71	50	(21)
Other, net	(94)	(521)	(427)
Net cash used in investing activities	(18,248)	(9,922)	8,326
Cash flows from financing activities:			
Increase(decrease) in short-term loans, net	62,766	(33,093)	(95,859)
Increase(decrease) in commercial paper, net	(17,000)	1,000	18,000
Proceeds from long-term debt	48,455	573	(47,882)
Repayments of long-term debt	(13,580)	(6,200)	7,380
Redemption of issuance of bonds	(10,000)	—	10,000
Payment for cash dividends	(2,526)	(2,493)	33
Cash dividends paid to minority interest in consolidated subsidiaries	(4)	(4)	—
Other, net	(640)	(749)	(109)
Net cash provided by (used in) financing activities	67,469	(40,967)	(108,436)
Effect of exchange rate changes on cash and cash equivalents	(97)	(284)	(187)
Net increase(decrease) in cash and cash equivalents	29,767	(9,325)	(39,092)
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	43,946	25,864	(18,082)

Financial Results for the Third Quarter ended December 31, 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 third quarter ended December 31, 2008 and 2009, is as follows:
(Rounded down to millions of yen)

Third quarter ended December 31, 2008	<i>Millions of yen</i>							Total	Corporate	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Other business				
Net sales	711,143	137,125	46,963	66,829	270,464	40,132	1,272,659	—	1,272,659	
Operating income	15,597	1,456	1,186	1,719	3,940	2,658	26,558	(4,346)	22,211	

Third quarter ended December 31, 2009	<i>Millions of yen</i>							Total	Corporate	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Other business				
Net sales	456,789	63,296	35,606	56,623	181,142	32,489	825,946	—	825,946	
Operating income	6,878	1,668	309	1,236	1,100	1,250	12,444	(4,249)	8,194	