

Financial Results for the First Quarter ended June 30, 2010

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

August 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: August 13, 2010

1. Consolidated financial results for the first quarter ended June 30, 2010

(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, 2010	330,075	30.8	4,544	61.4	5,829	195.3	3,168	249.7
ended June 30, 2009	252,435	(42.5)	2,815	(76.8)	1,974	(82.4)	906	(85.9)

	Net income per share	Net income per share(diluted)
	(yen)	(yen)
For the first quarter ended June 30, 2010	15.29	—
ended June 30, 2009	4.33	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
June 30, 2010	474,604	106,383	22.3	509.84
March 31, 2010	443,444	106,855	24.0	512.16

Note: Shareholders' equity

As of June 30, 2010

105,685 million yen

As of March 31, 2010

106,168 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, 2010	—	6.00	—	6.00	12.00
Year ending March 31, 2011 (estimated)	—	6.00	—	6.00	12.00

3. Forecast of consolidated financial results for fiscal year ending March 31, 2011

(% 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)
Interim	631,000	18.6	8,200	43.7	7,500	45.9	4,500	76.5	21.71
Annual	1,319,000	18.1	16,000	40.1	14,000	48.7	8,400	(27.5)	40.52

* 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 First Quarter ended June 30, 2010

《Consolidated Balance Sheets》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	March 31, 2010	June 30, 2010	Increase(Decrease)
Assets			
Current assets;			
Cash and deposits	24,669	26,800	2,131
Trade notes and accounts receivable	214,416	233,690	19,274
Inventories	72,352	82,421	10,069
Others	22,620	30,388	7,768
Allowance for doubtful receivables	(892)	(951)	(59)
Total current assets	333,166	372,349	39,183
Fixed assets;			
Property and equipment;			
Land	28,293	28,302	9
Others	18,005	17,514	(491)
Total property and equipment	46,299	45,816	(483)
Intangible assets	753	717	(36)
Investments and other assets;			
Investment securities	40,401	35,636	(4,765)
Others	25,798	22,851	(2,947)
Allowance for doubtful receivables	(2,974)	(2,767)	207
Total investments and other assets	63,225	55,721	(7,504)
Total fixed assets	110,278	102,254	(8,024)
Total assets	443,444	474,604	31,160
Liabilities;			
Current liabilities;			
Trade notes and accounts payable	134,800	141,702	6,902
Short-term loans payable	49,725	67,950	18,225
Commercial paper	1,000	3,000	2,000
Current portion of bonds payable	10,000	10,000	—
Income taxes payable	233	319	86
Accrued bonuses	1,855	920	(935)
Others	17,475	21,776	4,301
Total current liabilities	215,089	245,670	30,581
Long-term liabilities;			
Long-term loans payable	114,355	115,275	920
Employees' retirement benefits	18	20	2
Others	7,125	7,254	129
Total long-term liabilities	121,499	122,550	1,051
Total liabilities	336,589	368,220	31,631
Net assets;			
Shareholders' equity;			
Common stock	45,651	45,651	—
Capital surplus	4	4	—
Retained earnings	64,301	66,304	2,003
Treasury stock	(1,415)	(1,416)	(1)
Total shareholders' equity	108,542	110,544	2,002
Valuation and translation adjustments;			
Net unrealized holding gains on securities	889	(3,220)	(4,109)
Deferred hedge profit and loss	(771)	674	1,445
Land revaluation difference	(183)	(183)	—
Foreign currency translation adjustments	(2,308)	(2,130)	178
Total valuation and translation adjustments	(2,373)	(4,859)	(2,486)
Minority interests	686	698	12
Total net assets	106,855	106,383	(472)
Total liabilities and net assets	443,444	474,604	31,160

Financial Results for the First Quarter ended June 30, 2010

《Consolidated Statements of Income》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	First quarter ended June 30, 2009	First quarter ended June 30, 2010	Increase(Decrease)
Net sales	252,435	330,075	77,640
Cost of sales	242,527	318,256	75,729
Gross profit	9,907	11,818	1,911
Selling, general and administrative expenses	7,091	7,274	183
Operating income	2,815	4,544	1,729
Other income;			
Interest income	133	153	20
Dividend income	273	197	(76)
Foreign exchange gain	—	1,331	1,331
Others	204	571	367
Total other income	610	2,253	1,643
Other expenses;			
Interest expenses	913	706	(207)
Others	539	262	(277)
Total other expenses	1,452	969	(483)
Ordinary income	1,974	5,829	3,855
Extraordinary loss;			
Loss on impairment of long-lived assets	—	429	429
Loss on devaluation of investments securities	—	131	131
Total extraordinary loss	—	561	561
Income before income taxes and minority interest	1,974	5,268	3,294
Income taxes	1,084	2,090	1,006
Income before minority interest	—	3,177	—
Minority interest in net income	△ 16	8	24
Net income	906	3,168	2,262

Financial Results for the First Quarter ended June 30, 2010

《Consolidated Statements of Cash Flows》

(Rounded down to millions of yen)

	<i>Millions of yen</i>		
	First quarter ended June 30, 2009	First quarter ended June 30, 2010	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	1,974	5,268	3,294
Depreciation and amortization	622	641	19
Loss on impairment of long-lived assets	—	429	429
Increase(decrease) in allowance for doubtful receivables	143	(148)	(291)
Interest and dividend income	(406)	(350)	56
Interest expense	913	706	(207)
Loss on devaluation of investments securities	—	131	131
(Increase)decrease in trade receivables	20,219	(19,052)	(39,271)
(Increase)decrease in inventories	12,251	(9,834)	(22,085)
Increase(decrease) in trade notes and accounts payable	(8,700)	6,469	15,169
Increase(decrease) in deposits received	3,703	3,830	127
Other, net	2,175	(2,546)	(4,721)
Sub total	32,896	(14,454)	(47,350)
Interest and dividends received	419	330	(89)
Interest paid	(783)	(499)	284
Income taxes paid	(17)	(56)	(39)
Net cash provided by (used in) operating activities	32,514	(14,680)	(47,194)
Cash flows from investing activities:			
Payment for time deposits	(162)	(145)	17
Proceeds from refund of time deposits	143	145	2
Payment for purchase of property and equipment	(786)	(445)	341
Proceeds from sale of property and equipment	26	23	(3)
Payment for purchase of investment securities	(1)	(1,978)	(1,977)
Proceeds from sale of investment securities	157	142	(15)
(Increase)decrease in short - term loans receivable, net	(149)	(725)	(576)
Increase in long - term loans receivable	(3)	—	3
Collection of long-term loans receivable	20	36	16
Other, net	(67)	(50)	17
Net cash used in investing activities	(822)	(2,996)	(2,174)
Cash flows from financing activities:			
Increase(decrease) in short-term loans, net	(36,661)	18,103	54,764
Increase(decrease) in commercial paper, net	1,000	2,000	1,000
Proceeds from long-term debt	562	920	358
Payment for cash dividends	(976)	(999)	(23)
Cash dividends paid to minority interest in consolidated subsidiaries	—	(4)	(4)
Other, net	(29)	(48)	(19)
Net cash provided by (used in) financing activities	(36,104)	19,971	56,075
Effect of exchange rate changes on cash and cash equivalents	176	(156)	(332)
Net increase(decrease) in cash and cash equivalents	(4,236)	2,138	6,374
Cash and cash equivalents at beginning of year	35,046	24,514	(10,532)
Cash and cash equivalents from newly consolidated subsidiaries	142	—	(142)
Cash and cash equivalents at end of period	30,952	26,653	(4,299)

Financial Results for the First Quarter ended June 30, 2010

《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

Segment information by business category for the first quarter ended June 30, 2009 and 2010, is as follows:

(Rounded down to millions of yen)

First quarter ended June 30, 2009

Millions of yen

	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Other business	Total	Corporate	Consolidated
Net sales									
Customers	145,910	19,692	8,889	17,683	48,464	11,795	252,435	—	252,435
Inter-segment	—	—	—	—	—	—	—	(—)	—
Total	145,910	19,692	8,889	17,683	48,464	11,795	252,435	—	252,435
Operating income(loss)	2,542	649	186	407	(405)	858	4,239	(1,423)	2,815

First quarter ended June 30, 2010

Millions of yen

	Reportable segment						Other	Total	Adjustment	Consolidated
	Steel	Metals & alloys	Non-ferrous metals	Foods	Petroleum & chemicals	Sub-total				
Net sales										
Customers	164,482	31,005	15,019	20,471	79,032	310,011	20,063	330,075	—	330,075
Inter-segment	4,626	508	576	99	119	5,930	7,842	13,773	(13,773)	—
Total	169,108	31,514	15,596	20,571	79,151	315,942	27,906	343,848	(13,773)	330,075
Segment income(loss)	2,594	1,758	1,160	730	478	6,721	11	6,732	(903)	5,829