

Amplification for “Notice of Revision of Financial Results Forecast”

In light of the recent deterioration of business circumstances and the fall of metal prices , Dowa Holdings Co.,Ltd (President ; Masaki Kono ,Capitalstock:¥36.4billion, Address:14-1-4,sotokanda ,Chiyoda-ku,Tokyo) has revised the consolidated earning forecasts for the first half of the FY2008 (from April 1 to September 30,2008) and the consolidated earnings forecasts for FY2008(from April1,2008 to March31,2009) as below ,both of which were disclosed on May 14.

1.Revision to consolidated earnings forecasts for the first half of FY2008(from April 1 to September 30,2008)

(in millions of Yen)

	Net sales	Operating Income	Ordinary Income	Net Income
Previous forecast(A)	225,000	18,000	18,000	10,000
Revised forecast (B)	215,000	10,000	10,000	5,500
Change(B-A)	△10,000	△8,000	△8,000	△4,500
Rate of change(%)	△4.4%	△44.4%	△44.4%	△45.0%
(Ref.) Previous year Q2 results (Q2 of year ended March,2008)	237,212	27,360	27,446	12,118

As for the forecast of consolidated earnings for the first half of FY2008, every segment almost reached the estimates in the first quarter , but in the second quarter , sales and profit decreased rapidly due to the sluggish demand of automotive and IT industry, additionally nonferrous metals prices , copper and silver prices etc , fell rapidly at the end of second quarter, the appraisal loss of inventory turnover calculated by the lower of cost or market value method is expected to decrease the profit by ¥6.1billion.

Consequently the forecast of net sales revised downward to ¥215billion (△¥10billion) , operating income to ¥10billion (△¥8billion) , net income to ¥5.5billion (△¥4.5 billion) .

As for each segments, in Nonferrous Metals segment, operating performances are not far from the estimates , reflecting favorable PGM recycling business which almost offsets the profit decline in copper and zinc business, but the appraisal loss of ¥6.1billion of inventory turnover damaged the profit greatly .

In Environmental Management & Recycling segment, although sales in soil remediation is below the estimates because of sluggish demand of construction business caused by an amendment of “Construction Standard Act” , metal recycling is favorable by improving the recovery rate of valuables etc. As a result, the profit of whole segments is expected to almost accord to the previous estimates .

In Electronic Materials segment, although demand in semiconductors business has been declining since the latter half of FY2007 , earnings of silver powders, metal powders and iron powders remain so firm that the profit of whole segment is expected to almost meet to the

estimates.

In Metal Processing segment, net sales and operating income are expected to be below the previous forecasts by greatly unfavorable condition of automotive, IT and semiconductors industry. Especially profit is far behind due to the ¥0.7billion appraisal loss of inventory turnover brought by the fall of copper and nickel price at the end of the second quarter.

In Heat Treatment segment, although sales is affected by a slump in automotive industry, profit is expected to almost meet the estimates through the cost reduction efforts.

Revision of segmented earnings forecasts for the first half of FY2008 (from April 1 to September 30,2008) (in 100millions of Yen)

	Previous forecast			Revised forecast			Difference		
	Net sales	Operating income	Ordinary income	Net sales	Operating income	Ordinary income	Net sales	Operating income	Ordinary income
Nonferrous Metals	1,150	70	74	1,090	17	15	△60	△53	△59
Environmental Management & Recycling	430	35	35	410	33	34	△20	△2	△1
Electronic Materials	350	30	30	330	31	30	△20	1	0
Metal Processing	520	25	25	490	6	9	△30	△19	△16
Heat Treatment	140	17	16	140	16	16	0	△1	0
Elimination of intra-company transaction,etc	△340	3	0	△310	△3	△4	30	△6	△4
Total	2,250	180	180	2,150	100	100	△100	△80	△80

Valuation loss of inventory turnover in end of the second quarter (in 100millions of Yen)

	Nonferrous Metals	Metal Processing	Total
Previous forecasts of valuation loss of year-end inventory turnover reported at cost or market, whichever is lower	54	7	61

2.Revision to the consolidated earnings forecasts for the year ending March,2009 (from April 1,2008 to March 31,2009) (in millions of Yen)

	Net sales	Operating Income	Ordinary Income	Net Income
Previous forecast(A)	460,000	40,000	40,000	22,000
Revised forecast (B)	400,000	22,000	22,000	12,000
Change(B-A)	△60,000	△18,000	△18,000	△10,000
Rate of change(%)	△13.0%	△45.0%	△45.0%	△45.5%
(Ref.) Previous year results (Year ended March,2008)	475,826	44,319	44,888	24,520

The assumption of the exchange rate and metal prices in the latter six months is as follows.

	Average in Aug,2008	Average in Sep,2008	Previous forecast	Revised forecast
Exchange rate (yen/US\$)	109.3	106.8	95.0	100.0
Copper LME (\$/t)	7,635	6,991	8,400	6,000
Zink LME (\$/t)	1,723	1,735	2,400	1,600

In terms of the business environment, world-wide economic downturn seems to cause sluggish demand of automotive and IT industry. Moreover, metal prices continue falling.

As a result, the deterioration of business environment seems to drop profit in the latter six months by ¥6.0billion. Moreover, by altering the assumption of the exchange rate and metal prices in the latter six months reasonably, earnings are expected to be ¥5.0billion lower than that of previous estimates .

As business environment has gone from bad to worse rapidly, we'll take cost-cutting measures thoroughly in all business segments . And also each segments will deal with its own tasks to secure the profit like follows , Nonferrous Metals will improve the operating-rate of new furnace in Kosaka , Environmental Management & Recycling will increase the treatment volume of waste , Electronic Materials will promote the sales of metal powder, iron powder and some existing products , Metal Processing will promote the sales of new alloys , Heat Treatment will increase the order from machine tools or construction machinery manufacturers ,etc.

Despite the expected effects of these measures, serious damage caused by environmental changes cannot be avoided. As a result, as for revision of consolidated earnings forecasts for the fiscal year, net sales revised downward to ¥400billion (△¥60billion) , operating income to ¥22billion (△¥18billion) , net income to ¥12billion (△¥10 billion) .

The severe business environment seems to continue , so we'll try to ensure the profit with all our might by fulfilling these measures above .

Revision of segmented earnings forecasts for FY2008 (from April 1 ,2008 to March 31,2009)

(in 100millions of yen)

	Previous forecast			Revised forecast			Difference		
	Net sales	Operating income	Ordinary income	Net sales	Operating income	Ordinary income	Net sales	Operating income	Ordinary income
Nonferrous Metals	2,290	125	130	1,950	18	20	△340	△107	△110
Environmental Management & Recycling	880	84	84	820	70	74	△60	△14	△10
Electronic Materials	700	70	70	620	53	53	△80	△17	△17
Metal Processing	1,050	59	60	920	25	28	△130	△34	△32
Heat Treatment	300	52	51	290	47	46	△10	△5	△5
Elimination of intra-company transaction, etc	△620	10	5	△600	7	△1	20	△3	△6
合 計	4,600	400	400	4,000	220	220	△600	△180	△180

《Contact》 Dowa Holdings Co.,Ltd  
Narita and Sugawara, Accounting and finance section +81-3-6847-1150  
Nishimura and Kamakura, Strategic Planning and Public Relations section +81-3-6847-1106