

Dowa Group Consolidates Ferrite Manufacturing Withdraws from Singapore and consolidates manufacturing in Japan

TOKYO, February 9, 2009 - Dowa Holdings Co., Ltd. (Address: 4-14-1 Sotokanda, Chiyoda-ku, Tokyo; capital: 36.4 billion yen; President: Masaki Kohno) has announced that Group company Dowa Electronics Materials Co., Ltd. (Address: same as above; capital: 1 billion yen; President: Akira Otsuka) is withdrawing from Singapore, home to its ferrite manufacturing facility, and will consolidate its operations in Japan.

Ferrite is a magnetic material consisting mainly of iron oxide, and is used with air conditioners, automotive motors, and office automation equipment such as printers and copiers. The Dowa Group has supplied the material both within Japan and abroad from its two manufacturing plants in Singapore and Okayama.

The Group established a presence into Singapore in 1987, and gradually expanded production capacity to meet growth in demand. In 2004, the facilities were expanded to achieve a monthly production capacity of 800 tons. Introducing its expertise in control and quality management, backed by an impressive track record, the Dowa Group has manufactured excellent ferrite powder to respond to the needs of users. In recent years, however, market growth has stalled, and with the rapid emergence of products made in China, the business environment has become much more difficult. Sales have also declined significantly in the current global downturn, and it is now difficult to foresee a recovery in demand, especially for product brands manufactured in Singapore. Dowa Electronics Materials determined that it would be difficult to maintain the two manufacturing bases, and elected to withdraw from Singapore.

The timing for the termination of operations in Singapore will be determined taking into consideration the timing of supply to users, among other factors. The withdrawal is expected to produce a loss of about 800 million yen, but this has already been factored into the estimated financial results for the term.