

Consolidated Financial Summary for the Fiscal Year Ended March 2009



May 11, 2009

Company name: Dowa Holdings Co., Ltd.

Exchange: First Section of Tokyo Stock Exchange,
First Section of Osaka Securities Exchange, First Section of
Nagoya Stock Exchange, Fukuoka Stock Exchange, and
Sapporo Securities Exchange

Stock code: 5714

URL: <http://www.dowa.co.jp/>

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Scheduled date of ordinary general meeting of shareholders: June 24, 2009

Scheduled date of commencement of dividend payments: June 25, 2009

Scheduled date of submission of annual securities report: June 24, 2009

(Rounded down to nearest million yen)

1. Consolidated business results for the fiscal year ended March 2009

(April 1, 2008 – March 31, 2009)

(1) Consolidated business results

(%: Change from previous year)

	Net Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2009	346,885	-27.1	-8,497	—	-13,350	—	-28,138	—
Fiscal year ended March 2008	475,826	3.7	44,319	-9.1	44,888	-9.7	24,520	-6.9

	Net income per share	Net income per share (fully diluted)	Return on equity	Ratio of ordinary income to total assets	Operating income margin
	Yen	Yen	%	%	%
Fiscal year ended March 2009	-94.36	—	-23.2	-3.8	-2.4
Fiscal year ended March 2008	81.86	77.91	17.5	12.5	9.3

(Reference) Equity in net income of affiliates

Year ended March 31, 2009: -1,836 million yen

Year ended March 31, 2008: 2,059 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2009	343,208	103,830	28.7	339.93
As of March 31, 2008	367,931	150,281	39.2	481.85

(Reference) Shareholders' equity:

As of March 31, 2009: 98,566 million yen

As of March 31, 2008: 144,202 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of term
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 2009	33,593	-36,477	49,303	50,681
Fiscal year ended March 2008	40,398	-39,138	-1,820	4,294

2. Dividends

(Record date)	Dividends per share					Total amount of dividends (annual)	Payout ratio (consolidated)	Dividends on equity (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
Fiscal year ended March 2008	—	—	—	20.00	20.00	6,075	24.4	4.3
Fiscal year ended March 2009	—	—	—	10.00	10.00	2,944	—	2.4
Fiscal year ending March 2010 (forecast)	—	—	—	—	—	—	—	—

(Note) Forecast of dividends has yet to be determined.

3. Forecast consolidated results for the fiscal year ending March 2010 (April 1, 2009 – March 31, 2010)

(%: Change from the same period of the previous year)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	105,000	-51.2	-1,000	—	-2,000	—	-2,000	—	-6.90
Full year	240,000	-30.8	5,000	—	3,000	—	1,000	—	3.45

4. Other information

(1) Significant changes in subsidiaries during the term (change in scope of consolidation): None

New: — companies (company name:)

Exception: — companies (company name:)

(2) Changes in the accounting principles, procedures and presentation related to the preparation of the quarterly consolidated financial statements

(those that are described in changes in the basis of the quarterly consolidated financial statements)

(i) Changes due to amendments to accounting standards: Yes

(ii) Changes due to other reasons than item (i): Yes

(3) Number of outstanding shares (common shares)

(i) Number of outstanding shares (including treasury stock) at the end of the period

As of March 2009: 303,790,809 shares

As of March 2008: 303,790,809 shares

(ii) Number of shares of treasury stock at the end of the period

As of March 2009: 13,828,559 shares

As of March 2008: 4,522,038 shares

1. Operating Results

(1) Analysis of operating results

(i) Operating results in the fiscal year under review

During the first half of the fiscal year under review, the Japanese economy was supported by solid exports despite the effects of a stronger yen and high oil prices. However, a credit crunch that spread rapidly from the United States in the middle of the fiscal year affected real economies worldwide. The Japanese economy consequently experienced a severe contraction.

Looking at the business environment for Nonferrous Metals, market prices of gold, silver, and copper were generally high in the first half of the fiscal year but plunged from their peak in July because of the withdrawal of speculative funds and declining actual demand. In the second half of the year, prices were low. Prices of zinc and lead continued to decline virtually throughout the fiscal year, although they recovered slightly during certain periods. In Metal Processing, exports of automobile and construction machinery components were favorable, and sales of electronic components for IT products and office automation equipment were strong in the first half. In the second half, however, production declined in almost all industries. In Environmental Management & Recycling, the distribution of waste and recycled materials plummeted as both production and consumption fell. The domestic soil remediation business contracted.

In this environment, the Group bolstered its existing businesses through acquisitions and made improvements to its production facilities. The Group also invested actively in growth fields in the fiscal year under review, the final year of its three-year medium-term business plan, Business Structure Reform Plan III—Jump Up to the New Stage. Meanwhile, in response to the deteriorating business environment, the Group took action to improve earnings and engaged in vigorous cost cutting. However, the Group posted a large loss from sharp declines in the selling prices of products associated with plummeting metal prices.

On a consolidated basis, sales in the fiscal year under review amounted to ¥346,885 million, down 27% year on year. The Group posted an operating loss of ¥8,497 million, falling ¥52,816 million from operating income recorded a year ago. The ordinary loss was ¥13,350 million, a decrease of ¥58,239 million from ordinary income posted a year ago. In addition to the operating loss, the ordinary loss reflected a drop of in earnings of the equity method affiliates and an exchange loss in relation to claims in foreign currency because of a stronger yen in non-operating expenses. The Group posted a net loss of ¥28,138 million, a fall of ¥52,658 million from net income a year ago, attributable to the withdrawal from underperforming operations and the posting of expenses for structural reform, including the consolidation of plants and a loss on revaluation of investments in securities in extraordinary losses.

On a non-consolidated basis, sales amounted to ¥16,052 million, up 10% year on year. Operating income stood at ¥9,255 million, rising 12%, and ordinary income was ¥9,411 million, increasing 4%. Net income was ¥1,798 million, down 79%, reflecting the posting of a loss on revaluation of investments in securities associated with the sharp falls in the stock market.

The Group acquired all shares outstanding of Modern Asia Environmental Holdings Inc., which is developing a waste treatment business at four facilities in three countries in Southeast Asia, and made it a consolidated subsidiary in the fiscal year under review (February 2009). However, since the Group consolidated only the balance sheet, the consolidation had no impact on the Group's earnings for the fiscal year under review.

The results in each major segment are as follows:

Nonferrous Metals

The domestic prices of metals, both precious metals such as gold and silver, and major metals including copper, reflected overseas market prices and foreign exchanges. The copper price recorded a record high in July but declined well below half the price at the beginning of the year, reflecting falling overseas market prices and the appreciation of the yen. Prices of zinc and lead continued to fall although they recovered slightly in certain periods. The price of gold, which is considered to be a safe asset, was stable. Prices of silver and platinum group metals declined significantly from the beginning of the fiscal year, although they recovered gradually from the fall. Sales volumes of gold fell sharply as production volumes declined. Sales volumes of major metals, silver, and platinum group metals, demand for which in industry declined, also plunged. As a consequence, consolidated sales in the segment fell 36% year on year, to ¥173,636 million.

The Group posted an operating loss of ¥14,114 million, down ¥36,602 million from operating income recorded a year ago. This result was attributable to a fall in sales due to rapid declines in selling prices, the low operating rate of new smelting facilities of Kosaka Smelting & Refining Co., and an increase in the depreciation burden, which offset efforts by the Group to cut production, sales, and distribution costs.

Environmental Management & Recycling

In waste treatment, the Group took steps to increase the transaction volume of refractory waste treatment, which is technically difficult to treat and high priced. Although the quantity of waste materials from customers decreased sharply because of the economic downturn in the second half of the fiscal year, the Group managed to keep sales on a par with the year-ago level by taking action in the collection waste materials, including a reduction in unit treatment costs. In the soil remediation business, sales declined, reflecting falls in real estate transactions owing to declining land prices and customer's reviews of environment-related budgets in association with weaker earnings. The metal recycling business performed well in the first half of the fiscal year thanks to greater quantities of recycled materials collected in relation to soaring metal prices, the expansion of the market, and rising rates of recovery of valuable resources in home appliance recycling. However, sales were influenced by a steep decline in the production of IT products in the latter half, and annual sales were down. As a result, consolidated sales in the segment declined 18% year on year, to ¥69,701 million.

Although the Group endeavored to make a profit by increasing the number of treatment items and reducing

intermediate treatment and distribution costs, it was not able to offset the decline in sales. Consequently, consolidated operating income in the segment fell 39% year on year, to ¥4,905 million.

Electronic Materials

Sales of iron powders rose slightly, as imports from China declined. A modest increase was also recorded for sales of carrier powders for copiers, benefiting from the introduction of new products. In contrast, sales of high-purity gallium and indium, gallium arsenide wafers, LEDs, and ferrite powders slipped more than 30% year on year. Sales of metal powders for magnetic recording applications, silver oxide powders for button cells, silver and copper powders for paste for digital components, and zinc powders for alkaline batteries also declined. Consolidated sales in the segment decreased 17% year on year, to ¥50,811 million.

As sales declined sharply, consolidated operating income fell 40% year on year, to ¥3,755 million, although the Group endeavored to streamline production processes, boost yield, and cut costs.

Metal Processing

Sales of copper alloy strips used for terminals and connectors of automobiles and other products rose, backed by strong demand for automobiles in the first half of the fiscal year, but declined rapidly in the second half, reflecting plunges in production in the auto industry both in Japan and abroad, sluggish sales of strips for electronic components, and sharp declines in the prices of copper and nickel. Sales of processed goods such as brass rods also declined on weak demand for goods for mainstay LP gas valves and housing. Sales of precious metal plating fell with the effect of falling production of automobiles and mobile phones in the latter half of the fiscal year. Sales of metal-ceramic substrates for industrial machinery invertors rose in the first half of the period, but were affected by a sharp decline in the production of industrial machinery in the second half. Annual sales were close to the year-ago level. As a result, consolidated sales in the segment fell 22% year on year, to ¥71,220 million.

The Group sought to cut costs by reducing inventory levels and energy consumption, but the posting of an inventory valuation loss and an increase in the depreciation burden had major consequences. As a result, the Group posted an operating loss of ¥5,771 million, a fall of ¥8,813 million from operating income recorded a year ago.

Heat Treatment

In the first half of the fiscal year, our mainstay auto and construction machinery parts sold well in Asia. However, production plunged in the second half, and sales of carburization, PVD processing, and aluminum ware processing plummeted. Sales from maintenance work for industrial furnaces were almost on a par with the year-ago level, but sales of industrial furnaces declined following a spate of freezes and cancellations of capital expenditure plans by customers. Consequently, consolidated sales in the segment fell 20% year on year, to ¥22,942 million.

Consolidated operating income dropped 55% year on year, to ¥1,616 million, because of depreciation for new plants and other factors, although the Group took steps to achieve a certain level of income by reducing manufacturing costs, including outsourcing costs and contract manufacturing costs.

(ii) Progress of mid-term business plan

The following are the major initiatives implemented in the fiscal year under review in relation to Business Structure Reform Plan III—Jump Up to the New Stage.

Nonferrous Metals

- Dowa Metal Mine Co., Ltd. improved operational performance through the modification of the new smelting facilities for treating recyclable materials introduced to Kosaka Smelting & Refining Co. and other initiatives.
- Dowa Metal Mine Co., Ltd. reduced fixed costs including personnel costs in the zinc and other businesses as the markets for automobiles and building materials deteriorated.
- Dowa Metal Mine Co., Ltd. beefed up platinum group metal (PGM) sampling equipments, which allowed it to handle small lots and bolster its sales force.

Environmental Management & Recycling

- One of the largest rotary kiln waste incinerators was completed at Eco-System Chiba Co., Ltd. (March 2009).
- Dowa Eco-System Co., Ltd. acquired Modern Asia Environmental Holdings Inc., a waste treatment company in Southeast Asia (February 2009).
- The Group established Bio Diesel Okayama Co., Ltd., which engages in the production of bio diesel fuel from used cooking oil, in Okayama jointly with the Okayama municipal government (July 2008).
- The Group established IDES Corporation, which promotes the CDM business (emission rights business) that collects methane gas from swine farms, in the Philippines jointly with ITOCHU Corporation (May 2008).

Electronic Materials

- Dowa Electronics Materials Co., Ltd. acquired the exclusive right to sell in Japan and Asia conductive ink based on nano silver powder developed by PChem Associates, Inc. of the United States (April 2008).
- Dowa Electronics Materials Co., Ltd. succeeded in developing deep ultraviolet LED chips featuring the world's highest-level output by combining its own technology and technology introduced from Palo Alto Research Center Inc. (PARC) in the United States, and began testing for mass-production (May 2008).
- Dowa Electronics Materials Co., Ltd. raised its equity stake in Kyoto Elex Co., Ltd., a conductive paste manufacturer, to 50% to develop the Electronic Materials business in the field of materials for solar cells

and other fields (February 2009).

- Dowa Electronics Materials Co., Ltd. decided to withdraw from a ferrite production base in Singapore and to concentrate the production of ferrite in Japan (February 2009).

Metal Processing

- Dowa Metaltech Co., Ltd. consolidated metal processing bases into one in Hamamatsu, Shizuoka to streamline rolled copper products operations (May 2008).
- Dowa Hightech Co., Ltd. started to collect nickel and tin from plating waste to reduce costs.
- TD Power Material Co., Ltd., a joint venture between Dowa Metaltech Co., Ltd. (holding 35% of the stock) and Tokuyama Corporation, started production of aluminum nitride sheets, which are material of metal-ceramic substrates (May 2008).
- Dowa Power Device Co., Ltd. improved productivity by adding a plating line and an etching line to a new plant building and reviewing the arrangement of the existing equipment there.

Heat Treatment

- Dowa Thermo Engineering Co., Ltd. commenced operation of a new plant in Ota, Gunma (May 2008).
- Dowa Thermotech (Thailand) Co., Ltd. started contract die and mold surface treatment (TD) in May 2008 and contract carburization in January 2009 after beginning after-sales service for heat treat furnaces.
- Dowa Thermotech Co., Ltd. placed a sales function in Nagoya and a head office function in Tokyo and Nagoya to streamline the organization.

Other

- Dowa Technology Co., Ltd. established an Engineering Center in Akita to bolster the engineering division (July 2008).
- The Company signed a comprehensive cooperation agreement with Tsinghua University in China in the fields of the environment, materials, and resources (November 2008). In Japan the Company concluded a comprehensive cooperation agreement with Gunma University (December 2008).
- The Company endowed a new course at Akita University to encourage the development of resources recycling technology and to contribute to the community in relation to the environment (April 2009).

(iii) Forecast for next fiscal year

(Million yen)

	Net sales	Operating income (loss)	Ordinary income (loss)	Net income (loss)
Fiscal year ending March 31, 2010	240,000	5,000	3,000	1,000
Fiscal year ending March 31, 2009	346,885	(8,497)	(13,350)	(28,138)
Change	(106,885)	(13,497)	16,350	29,138
(Percentage change)	(-30.8%)	(-%)	(-%)	(-%)

2. Analysis of Financial Position

(1) Analysis of assets, liabilities, and net assets

Total assets at the end of the fiscal year under review fell ¥24,722 million from the end of the previous fiscal year, to ¥343,208 million. Current assets declined ¥25,312 million, and fixed assets rose ¥590 million.

In current assets, the Group deliberately increased cash and time deposits in preparation for unforeseen circumstances, considering the current financial situation. In contrast, notes and accounts receivable fell ¥42,586 million, reflecting declines in metal prices and a decrease in sales associated with the economic slump, and inventories dropped ¥29,074 million. The reasons for the decline in inventories include a drastic reduction of inventory and falls in metal prices. The rise in fixed assets reflects the fact that a decline in investments in securities of ¥19,327 million, attributable to an impairment loss on shares owned because of the stock market slump, was more than offset by a rise in property, plant and equipment of ¥4,691 million associated with capital expenditure to expand operations, mainly in the Environmental Management & Recycling division.

Liabilities increased ¥21,729 million, with a decrease in trade payables of ¥26,796 million and a fall in accrued income taxes of ¥12,600 million countered by an increase of ¥59,543 million in interest-bearing debt to provide funds for a rise in cash and time deposits, tax payments, and the payment of dividends.

Net assets declined ¥46,451 million. The primary factors for the decrease were a net loss of ¥28,138 million, a fall of ¥37,207 million in shareholders' equity because of cash dividends paid and other factors, and a slip of ¥8,429 million in adjustments for valuation, foreign currency translation and others due to the estimated fair value of derivative transactions at the end of the period. As a result, the equity ratio fell 10.5% from the end of the previous fiscal year, to 28.7%.

(2) Analysis of cash flows

Consolidated cash and cash equivalents ("cash") rose ¥46,387 million from the end of the previous fiscal year to ¥50,681 million at the end of the fiscal year under review.

Net cash provided by operating activities was ¥33,593 million (down ¥6,804 million year on year) with a loss before income taxes and minority interests of ¥30,608 million (down ¥71,738 million) and other losses more than offset by adjustments of non-financial expenses, including depreciation and amortization of ¥18,612 million, a loss on the evaluation of investment securities of ¥9,295 million, a loss on the liquidation of business and an impairment loss, and a decrease in inventories of ¥29,719 million, among other factors.

Net cash used in investing activities was ¥36,477 million (up ¥2,661 million), primarily reflecting capital expenditures of ¥24,989 million, mainly in the Environmental Management & Recycling business and purchases of shares of ¥10,561 million for expanding operations.

Net cash provided by financial activities was ¥49,303 million (up ¥51,123 million) with cash dividends paid of ¥7,029 million and the purchase of treasury stock of ¥3,003 million, among other factors more than offset by the rise in interest-bearing debt.

(For reference) Cash flow-related indicator trends

	Fiscal year ending March 31, 2005	Fiscal year ending March 31, 2006	Fiscal year ending March 31, 2007	Fiscal year ending March 31, 2008	Fiscal year ending March 31, 2009
Equity ratio	36.2	37.9	38.8	39.2	28.7
Market price based equity ratio	82.9	136.2	102.0	48.1	31.0
Interest-bearing debt-to-cash flow ratio	5.6	5.6	8.4	3.0	5.4
Interest coverage ratio	12.2	13.6	8.6	19.5	14.0

(Notes) 1. Equity ratio: shareholders' equity/total assets

Market price based equity ratio: market capitalization/total assets

Interest-bearing debt-to-cash flow ratio: interest bearing debt/cash flows

Interest coverage ratio: cash flows/total interest paid

2. Each ratio is calculated on a consolidated basis.

3. Market capitalization is calculated based on the number of outstanding shares excluding treasury stock.

4. Cash flows are the cash flows from operating activities on the consolidated statements of cash flows.

5. Interest-bearing debt includes all liabilities bearing interest posted on the consolidated balance sheets. The total interest paid is the interest expenses paid on the consolidated statements of cash flows.

(3) Basic dividend policy and dividends for the fiscal year under review and next fiscal year

The Company views the payment of dividends to shareholders as a key management issue. The Company's policy is to pay a dividend commensurate with performance, having appropriated sufficient retained earnings to bolster the Group's business position and support future business development.

As previously stated, the Group posted a net loss. The loss is linked with temporary factors such as sharply falling metal prices, asset impairment, a loss on the liquidation of business, and expenses for structural reform. Given this, the Company will pay a dividend per share of ¥10 for the fiscal year under review, as already announced.

The dividend for the next term has yet to be determined. This is to allow the Company more time to consider its likely results and financial position, given great uncertainty about future demand.

3. Management Policy

(1) The Company's basic management policy

The Company operates to provide safe and high-quality products and services, based on its corporate philosophy of "Contributing society and enriching people's lives by remaining an active player in the global community with the efficient use of management resources." To ensure that its corporate activities are compatible with the environment, the Company is striving to reduce its environmental footprint.

We plan continue to increase our corporate value and fulfill our responsibility to our stakeholders, while respecting compliance and contributions to society.

(2) Management strategies and challenges in the medium to long term

Because of the global economic slowdown, the outlook for demand remains uncertain. In fiscal 2009, the Company will lower its break-even point through structural reforms in each business segment and will create a strong business structure that is able to generate profits even if demand is weak.

Specific action planned for each business segment is described below:

Nonferrous Metals

In the precious metals and copper business, we will continue to focus on improving the operations of Kosaka Smelting & Refining Co., Ltd. We will enhance profitability by improving the operation rate of the new smelting facilities for treating recyclable materials and by processing higher value-added materials. In the zinc business, we will bolster the business structure by combining the investments required for stable operations with significant cost-cutting initiatives. In the rare metal business, we will optimize operations to respond to the difficult conditions in the collection of catalysts.

Environmental Management & Recycling

In the waste treatment business, we aim to ensure that the new incinerator completed at Eco-System Chiba in March this year makes a strong start. We will also take steps to bolster the operations and earning power of Modern Asia Environmental Holdings Inc., a waste treatment company in Southeast Asia. In the soil remediation business, we seek to strengthen on-site treatment and overseas operations and expand sales channels to strengthen competitiveness in preparation for the amendments to the Soil Contamination Countermeasures Act expected in fiscal 2010. In the metal recycling business, we will focus our sales force on priority areas to attract new customers and overcome the extreme difficulties associated with the collection of materials.

Electronic Materials

In the Electronic Materials division, we will continue our efforts to develop new products. We will introduce next-generation, high-performance materials, including nano silver powders and automotive catalysts as soon as possible and will strive to bolster and expand operations for future growth.

In the semiconductor business, we aim to accurately identify market needs and changes, while mass-producing and gaining market share in ultraviolet LED and other products. In the electronic and functional materials business, we plan to achieve earnings targets by cutting the costs of mainstay products, including metal powders, carrier powders, and silver powders, while improving their features.

Metal Processing

In the metal processing business, we will rebuild the production system to achieve optimal production as demand for metal for automotive parts and semiconductors falls. In the precious metal plating business, we will consolidate and eliminate plating lines and will cut costs to offset declining demand for products for automobiles and mobile phones. In the metal-ceramic substrate business, we aim to increase market share and hold the line on sales volumes by developing operations for electric train.

Heat Treatment

Demand for heat treatment is declining in the auto industry. In these difficult circumstances, we will take steps to improve efficiency, for instance by amalgamating plants, and will aim to build an operating base that can generate profit even when demand is weak.

We will concentrate our investments in competitive operations and will pursue structural reforms, including comprehensive cost cutting, to return to profitability.

Based on these policies, we will continue to refine our focus and strengthen the foundations for growth and development.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	Previous fiscal year (March 31, 2008)	Fiscal year under review (March 31, 2009)
(Assets)		
Current assets		
Cash and time deposits	4,316	50,824
Notes and accounts receivable	77,171	34,584
Merchandise and finished goods	26,676	16,715
Work in progress	7,365	3,938
Raw materials and stores	48,195	32,508
Deferred tax assets	4,156	2,678
Other current assets	9,588	10,998
Allowance for doubtful accounts	(46)	(138)
Total current assets	177,422	152,110
Fixed assets		
Property, plant and equipment		
Buildings and structures	75,121	82,635
Accumulated depreciation	(38,197)	(42,802)
Buildings and structures (net)	36,923	39,832
Machinery and equipment	161,174	171,185
Accumulated depreciation	(119,849)	(134,565)
Machinery and equipment (net)	41,325	36,619
Land	23,044	22,760
Construction in progress	7,934	14,573
Other fixed assets	10,860	11,518
Accumulated depreciation	(8,747)	(9,273)
Other fixed assets (net)	2,113	2,245
Total property, plant and equipment	111,340	116,031
Intangible fixed assets		
Goodwill	860	7,174
Other intangible fixed assets	1,368	1,404
Total intangible fixed assets	2,229	8,578
Investments and other assets		
Investments in securities	68,293	48,966
Long-term loans	29	23
Deferred tax assets	6,777	15,325
Other investments and assets	2,020	2,378
Allowance for doubtful accounts	(182)	(204)
Total investments and other assets	76,938	66,488
Total fixed assets	190,508	191,098
Total assets	367,931	343,208

(Million yen)

	Previous fiscal year (March 31, 2008)	Fiscal year under review (March 31, 2009)
(Liabilities)		
Current liabilities		
Notes and accounts payable	45,306	18,509
Short-term borrowings	38,661	72,192
Corporate bonds due within one year	7	10,007
Accrued income taxes	13,189	588
Accrued consumption taxes	25	559
Deferred tax liabilities	288	2
Accrued bonus	3,563	2,579
Accrued directors' bonus	477	162
Other current liabilities	12,175	17,354
Total current liabilities	113,695	121,956
Long-term liabilities		
Corporate bonds	10,014	7
Long-term debt	72,270	98,289
Deferred tax liabilities	2,933	1,243
Reserves		
Reserve for employees' retirement benefits	12,626	12,588
Reserve for directors' and corporate auditors' retirement benefits	723	651
Other reserves	1,107	1,598
Total reserves	14,458	14,839
Other long-term liabilities	4,278	3,042
Total long-term liabilities	103,954	117,422
Total liabilities	217,649	239,378
(Net assets)		
Shareholders' equity		
Common stock	36,436	36,436
Additional paid-in capital	26,367	26,361
Retained earnings	75,469	41,262
Treasury stock, at cost	(2,624)	(5,618)
Total shareholders' equity	135,649	98,442
Adjustment for valuation, foreign currency translation and others		
Unrealized gain on securities available for sale	7,854	4,238
Deferred gain (loss) on derivatives under hedge accounting	1,047	(2,542)
Foreign currency translation adjustments	(348)	(1,571)
Total adjustment for valuation, foreign currency translation and others	8,553	124
Minority interests	6,078	5,263
Total net assets	150,281	103,830
Total liabilities and net assets	367,931	343,208

(2) Consolidated Statements of Income

(Million yen)

	Previous fiscal year (From April 1, 2007 to March 31, 2008)	Fiscal year under review (From April 1, 2008 to March 31, 2009)
Net sales	475,826	346,885
Cost of sales	399,901	329,340
Gross profit	75,924	17,545
Selling, general and administrative expenses		
Transport charges	2,774	2,619
Sales charges	618	564
Directors' compensation	1,322	1,186
Salary and benefits	5,540	5,397
Welfare expense	1,352	1,319
Provision for bonuses	820	408
Retirement benefit expense	570	498
Provision for directors' retirement allowances	207	185
Rent expense	648	662
Taxes and public charges	1,006	758
Travel expense	1,386	1,291
Depreciation and amortization	656	743
Research and development expenditure	7,996	4,980
Amortization of goodwill	717	371
Other selling, general and administrative expenses	5,985	5,055
Total selling, general and administrative expenses	31,605	26,042
Operating income (loss)	44,319	(8,497)
Non-operating income		
Interest income	498	412
Dividend income	901	1,048
Equity in earnings of affiliates	2,059	
Rental income	218	282
Other non-operating income	2,132	2,291
Total non-operating income	5,811	4,034
Non-operating expenses		
Interest expense	2,167	2,520
Exchange loss	301	1,766
Equity in losses of affiliates	—	1,836
Equipment rentals	472	577
Other non-operating expenses	2,300	2,186
Total non-operating expenses	5,241	8,887
Ordinary income (loss)	44,888	(13,350)

(Million yen)

	Previous fiscal year (From April 1, 2007 to March 31, 2008)	Fiscal year under review (From April 1, 2008 to March 31, 2009)
Extraordinary income		
Subsidies	—	37
Gain on sale of property, plant and equipment	523	24
Gain on sale of investment in securities	1,714	20
Insurance benefits received	356	—
Other extraordinary income	233	302
Total extraordinary income	2,827	383
Extraordinary expenses		
Loss on devaluation of investment securities	618	9,295
Business structural reform expenses	—	4,166
Loss on impairment of property, plant and equipment	266	2,290
Loss on disposal of marketable and fixed assets	497	880
Environmental expenditures	1,101	491
Loss on sale of investments in subsidiaries and affiliates	409	52
Loss on liquidation of business	1,746	—
Loss on change of business	1,088	—
Loss on sale of property, plant and equipment	8	—
Other extraordinary expenses	849	465
Total extraordinary expenses	6,587	17,642
Income (loss) before income taxes and minority interests	41,129	(30,608)
Income, inhabitants' and enterprise taxes	19,147	2,422
Deferred income taxes	(3,700)	(5,062)
Total income taxes	15,446	(2,639)
Minority interests	1,162	168
Net income (loss)	24,520	(28,138)

(3) Consolidated Statements of Cash Flows

(Million yen)

	Previous fiscal year (From April 1, 2007 to March 31, 2008)	Fiscal year under review (From April 1, 2008 to March 31, 2009)
Cash flows from operating activities:		
Loss before income taxes and minority interests	41,129	(30,608)
Depreciation and amortization	13,830	18,612
Loss on impairment of property, plant and equipment	266	2,290
Amortization of goodwill	—	371
Net amortization of goodwill	475	—
Increase (decrease) in allowance for doubtful accounts	45	75
Increase (decrease) in other allowances	1,306	(1,508)
Interest and dividend income	(1,400)	(1,461)
Interest expense	2,167	2,520
Foreign exchange (gain) loss	(2)	29
Equity in (earnings) losses of affiliates	(2,059)	1,836
Loss (gain) on sale of fixed assets	(515)	(24)
Loss on disposal of marketable and fixed assets	497	880
Loss (gain) on sale of investment in securities, net	(1,304)	32
Loss (gain) on evaluation of investment securities	—	9,295
Loss on liquidation of business	1,143	—
Business structural reform expenses	—	4,166
Loss on change of business	473	—
Decrease (increase) in trade receivables	212	43,172
Decrease (increase) in inventories	3,376	29,719
Increase (decrease) in trade payables	3,445	(26,177)
Increase (decrease) in accrued consumption taxes	(2,941)	496
Payment of bonuses for directors	(469)	—
Other	1,324	(1,849)
Subtotal	61,001	51,869
Interest and dividend income received	2,302	1,517
Interest expenses paid	(2,067)	(2,396)
Payment of corporate taxes	(20,837)	(17,397)
Net cash provided by operating activities	40,398	33,593

(Million yen)

	Previous fiscal year (From April 1, 2007 to March 31, 2008)	Fiscal year under review (From April 1, 2008 to March 31, 2009)
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(27833)	(24,989)
Proceeds from sale of property, plant and equipment	2,576	176
Acquisition of investments in securities	(6,095)	(404)
Proceeds from sale of investment in securities	2,239	16
Acquisition of investments in subsidiaries and affiliates	(6,539)	(540)
Proceeds from sale of investments in affiliates	99	57
Acquisition of investments in subsidiaries associated with change in scope of consolidation	(3,640)	(9,617)
Payment for loans	(552)	(1,269)
Proceeds from collection of loans	663	300
Other	(57)	(207)
Net cash used in investing activities	(39,138)	(36,477)
Cash flows from financing activities:		
Increase (decrease) in short-term bank loans, net	(20,781)	31,170
Proceeds from long-term debt	50,200	46,400
Repayment of long-term debt	(14,940)	(18,001)
Expenditure for redemption of corporate bonds	(10,007)	(7)
Purchase of treasury stock	(13)	(3,003)
Proceeds from sale of treasury stock	1	2
Cash dividends paid	(6,070)	(6,075)
Cash dividends paid to minority shareholders	(146)	(954)
Increase in finance lease obligations	198	—
Repayment of finance lease obligations	(262)	(227)
Net cash provided/used by financing activities	(1,820)	49,303
Foreign currency translation adjustment on cash and cash equivalents	(14)	(132)
Net Increase (decrease) in Cash and Cash Equivalents	(575)	46,287
Cash and Cash Equivalents at Beginning of Term	4,792	4,294
Cash and Cash Equivalents of Newly Consolidated Subsidiaries	420	100
Decrease in Cash and Cash Equivalents due to Exclusion of Subsidiaries from Scope of Consolidation	(343)	—
Cash and Cash Equivalents at End of Term	4,294	50,681

(Segment information)

Segment information by business type

The following shows segment information by business type for the past two fiscal years:

Previous fiscal year (April 1, 2007 to December 31, 2008)

(Million yen)

	Nonferrous Metals	Environmental Management & Recycling	Electronic Materials	Metal Processing	Heat Treatment	Other	Total	Eliminations or Company-wide	Consolidated
I Sales and operating expenses and income									
Sales									
(1) External customers	239,885	50,632	59,282	91,650	28,086	5,569	475,826	—	475,826
(2) Inter-segment	32,340	33,877	2,149	58	0	14,618	83,044	(83,044)	—
Total	272,226	84,510	61,432	91,708	28,806	20,187	558,870	(83,044)	475,826
Operating expenses	249,738	76,481	55,123	88,666	25,210	20,178	515,399	(83,891)	431,507
Operating income	22,487	8,028	6,308	3,042	3,596	8	43,471	847	44,319
II Assets, depreciation, and capital expenditures									
Assets	144,561	46,786	33,910	64,245	28,416	7,778	325,697	42,233	367,931
Depreciation	4,836	2,392	2,206	2,309	1,336	551	13,631	343	13,974
Capital expenditures	13,191	4,657	1,519	3,390	2,554	647	25,961	363	26,324

Fiscal year under review (April 1, 2008 to March 31, 2009)

(Million yen)

	Nonferrous Metals	Environmental Management & Recycling	Electronic Materials	Metal Processing	Heat Treatment	Other	Total	Eliminations or Company-wide	Consolidated
I Sales and operating expenses and income									
Sales									
(1) External customers	154,918	45,208	49,010	71,208	22,942	3,598	346,885	—	346,885
(2) Inter-segment	18,718	24,492	1,800	12	—	6,819	51,844	(51,844)	—
Total	173,636	69,701	50,811	71,220	22,942	10,417	398,729	(51,844)	346,885
Operating expenses	187,751	64,795	47,056	76,992	21,326	12,244	410,165	(54,782)	355,383
Operating income/loss	(14,114)	4,905	3,755	(5,771)	1,616	(1,827)	(11,436)	2,938	(8,497)
II Assets, depreciation, and capital expenditures									
Assets	101,191	53,827	28,849	41,451	23,373	7,264	255,958	87,250	343,208
Depreciation	7,479	2,827	2,310	3,794	1,612	176	18,201	411	18,612
Capital expenditures	9,409	6,649	1,935	2,756	2,598	230	23,579	633	24,213

(Note) Business classification is based on the classification adopted for the internal management system.