

DOWA

- Supplementary -

Fiscal 2009

1st Quarter Business Results

July 30, 2009

Dowa Holdings Co., Ltd.

Summary of 1st Quarter of Fiscal 2009

Impact of metal prices and exchange rates

		'08-Q4 result	'09-Q1 result	'09 assumption
Exchange rate	yen/\$	93.7	97.3	95.0
Copper	\$/t	3,426	4,660	4,200
Zinc	\$/t	1,173	1,473	1,350
Indium	\$/kg	333	309	350

- ◆ *Metal prices and exchange rates were generally more favorable than the assumptions. The impact of differences in market and book prices in the first quarter, lower cost accounting, and exchange rates totaled 1.8 billion yen.*

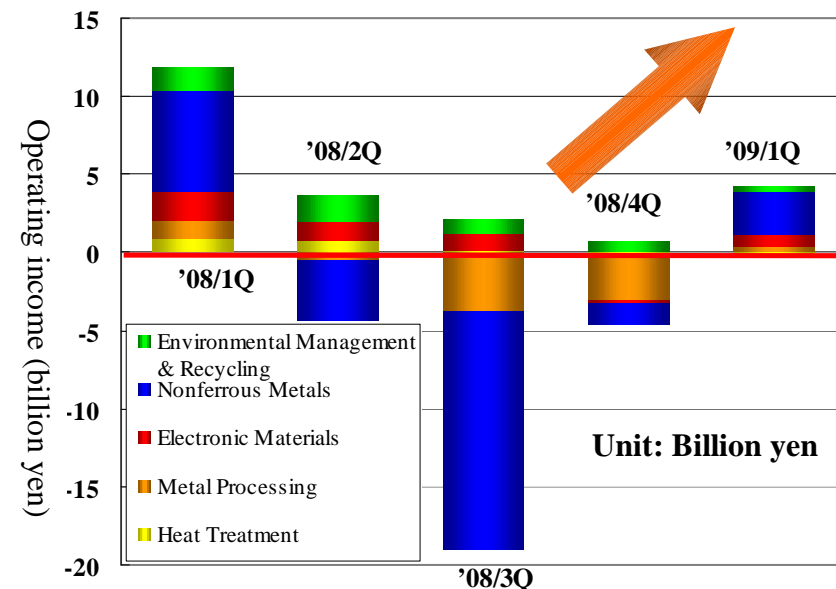
Market conditions

- ◆ *Demand for products related to electronics and car- electronics components bottomed out in the fourth quarter of the previous fiscal year and then recovered sharply. The production level recovered in June to 70-80% of the level of the first half of the previous fiscal year. The production volume of silver powder hit a record high, partly because of an increase in sales for solar cells.*
- ◆ *In contrast, the recovery of production related to capital expenditure for the environment business and industrial furnaces was slow.*

Cost reduction

- ◆ *We steadily proceed with our planned initiatives. As a result, we achieved cost savings of 3 billion yen in the first quarter, compared with our plan to reduce costs by 10 billion yen in the full year.*

Changes in Quarterly Operating Income for FY 2008 and FY 2009



Progress of Structural Reform

Profitable system even at low operating levels

■ Base restructuring

- *Electronic Materials: Consolidation of ferrite powder production bases*
à The withdrawal from Singapore was completed in June. Production was concentrated in domestic plants.
- *Metal Processing: Building an optimal production system by unifying the operations of two plants of copper strip products*
à The development and manufacturing technology divisions were integrated. Part of the casting and finish rolling of copper alloy was transferred.
- *Heat Treatment: Integration into highly-efficient plants*
à Processing in Yokohama Works was on the way to be transferred to Ota plant. Industrial furnace production bases will be consolidated to one from three.

■ Personnel plan (entire Dowo Group)

End of March 2008
5,600 employees



End of March 2009
5,000 employees



End of June 2009
4,880 employees



End of March 2010
4,700 employees

**Not including MAEH employees*

■ Cost reductions

		<i>Full-year plan</i>	<i>Q1 result</i>
• <i>Personnel expenses:</i>	<i>Salary reductions, performance-related bonuses</i>	<i>6.0 billion yen</i>	<i>1.5 billion yen</i>
• <i>Cost-cutting:</i>	<i>Reduction in commodities costs, revision of business travel regulations</i>	<i>1.0 billion yen</i>	<i>0.6 billion yen</i>
• <i>Operational improvement:</i>	<i>Reductions in energy and repair expenses</i>	<i>3.0 billion yen</i>	<i>0.9 billion yen</i>

Major Products: Production Volume/ Treatment Volume Results (increase/decrease)

		Y-on-y comparison			Ratio to first half of FY 2008			Ratio to Q4 of FY 2008
		FY 2008			FY 2008		FY 2009	FY 2009
		First half result	Q3 result	Q4 result	Q3 result	Q4 result	Q1 result	Q1 result
Environmental Management & Recycling	Waste treatment volume	(0.8%)	(4.0%)	(19.0%)	(1.0%)	(16.4%)	(9.1%)	+8.8%
	Soil remediation volume at Hanaoka	(16.7%)	(25.9%)	(42.8%)	+32.5%	+5.2%	(11.1%)	(15.5%)
Nonferrous Metals	Gold	(66.4%)	(28.9%)	(58.3%)	+24.5%	(5.2%)	+84.8%	+94.9%
	Silver	(57.7%)	(18.8%)	(31.4%)	+11.4%	+0.0%	+31.4%	+31.4%
	Copper	(15.5%)	+15.7%	(30.4%)	(4.1%)	(10.1%)	(35.2%)	(28.0%)
	Zinc	(5.1%)	(16.5%)	+3.0%	(8.3%)	+10.0%	(0.2%)	(9.3%)
Electronic Materials	Compound semiconductor	(6.1%)	(47.3%)	(74.4%)	(46.1%)	(74.1%)	(48.7%)	+97.8%
	LED	(23.3%)	(46.2%)	(45.9%)	(29.8%)	(44.5%)	(27.4%)	+30.8%
	Silver powder	+55.9%	(26.6%)	(48.8%)	(26.4%)	(49.8%)	+5.6%	2.3 times
Metal Processing	Copper strip products	+5.8%	(27.3%)	(82.8%)	(26.3%)	(82.5%)	(47.5%)	3.0 times
Heat Treatment	Heat treatment	(5.7%)	(35.7%)	(68.2%)	(23.4%)	(61.3%)	(52.0%)	+24.1%

*Percentages in the Nonferrous Metals segment are compared with those for the first quarter of fiscal 2008.