

DOWA

***Fiscal 2010
Supplementary Information***

May 17, 2011

Dowa Holdings Co., Ltd.

Overview of Operating Results

Billion yen

	FY2009 Results			FY2010 Results			Change		
	H1	H2	Full Year	H1	H2	Full Year	H1	H2	Full year
Net Sales	129.6	177.8	307.4	181.0	198.7	379.8	51.4	20.9	72.3
Operating Income	5.3	8.4	13.7	14.0	8.8	22.9	8.7	0.4	9.2
Ordinary Income	4.8	9.0	13.8	14.5	8.7	23.3	9.8	(0.2)	9.5
Net Income	1.9	2.4	4.3	7.5	0.9	8.5	5.6	(1.5)	4.1

- An increase in sales and income from the previous fiscal year was achieved. Net sales were up 24%, to 379.8 billion yen, ordinary income rose 69%, to 23.3 billion yen, and net income nearly doubled, to 8.5 billion yen.
- In the first half, income jumped considerably after rallying demand in the IT-related and automobile sectors.
- In the second half, ordinary income remained equivalent to the level a year earlier. Despite some factors adverse to earnings such as the Great East Japan Earthquake and shrinking operation of Akita Zinc, demand stayed brisk.
- The adverse impact of the earthquake on income before taxes was 3.6 billion yen. In addition to 1.9 billion yen worth of impact on ordinary income due to a sales decline and a loss suffered by equity method affiliate Onahama Smelting & Refining, an extraordinary loss of 1.7 billion yen was posted in the wake of the disaster by transferring fixed costs during the period of non-operation of the equipment.

Major Products: Production Volume/ Treatment Volume Results

		FY2010 Results				
		Q1	Q2	Q3	Q4	Full Year
Environmental Management & Recycling	Waste processing volume	109	107	116	107	110
	Soil remediation volume at Hanaoka	54	47	94	75	68
	Home electric appliance recycling volume	133	154	172	146	151
Nonferrous Metals	Copper production amount (Kosaka, Onahama)	117	111	102	92	106
	Zinc production amount (Akita)	140	80	112	96	107
Electronic Materials	Compound semiconductor	141	145	139	113	134
	LED	135	136	143	139	138
	Silver powder	130	147	148	131	139
Metal Processing	Copper strip products	109	103	101	105	104
Heat Treatment	Heat treatment	118	125	131	126	125

Indexes (100 for average of FY 2009)

Income Statements

Million yen

	FY2009			FY2010			Change		
	H1	H2	Full Year	H1	H2	Full Year	H1	H2	Full Year
Net Sales	129,602	177,860	307,462	181,049	198,766	379,816	51,447	20,906	72,353
Cost of Sales	112,039	156,699	268,738	153,785	176,594	330,380	41,746	19,895	61,641
Gross Profit	17,563	21,160	38,724	27,264	22,171	49,436	9,700	1,011	10,711
Selling, General, and Administrative Expenses	12,284	12,738	25,022	13,227	13,284	26,511	943	546	1,489
Operating Income	5,279	8,422	13,701	14,036	8,887	22,924	8,757	464	9,222
Other Income	2,242	3,144	5,386	2,799	1,922	4,722	557	(1,221)	(664)
Interest and dividend income	515	199	715	454	284	739	(61)	84	23
Equity in earnings of affiliates	355	1,212	1,568	1,311	(82)	1,228	955	(1,295)	(339)
Other income	1,370	1,731	3,102	1,033	1,720	2,754	(336)	(10)	(347)
Other Expenses	2,744	2,534	5,279	2,257	2,017	4,275	(486)	(517)	(1,003)
Interest expenses paid	1,477	1,338	2,815	1,157	1,085	2,242	(319)	(252)	(572)
Other expenses	1,267	1,196	2,463	1,100	931	2,032	(166)	(264)	(431)
Ordinary Income	4,777	9,032	13,809	14,578	8,793	23,371	9,801	(239)	9,561
Extraordinary Profits	167	224	391	124	254	378	(42)	30	(12)
Gain on sale of property, plant and equipment	57	41	98	10	86	96	(47)	45	(1)
Gain on sale of investment securities	0	6	6	38	0	38	38	(6)	31
Other profits	109	176	285	75	168	243	(34)	(8)	(42)
Extraordinary Losses	1,468	3,008	4,477	1,676	4,854	6,530	208	1,845	2,053
Loss on disposal of property, plant and equipment	282	772	1,054	145	778	923	(136)	5	(130)
Loss on valuation of investment securities	26	211	238	1,107	900	2,007	1,081	688	1,769
Impairment loss	183	667	851	59	59	118	(124)	(608)	(732)
Loss on liquidation of business, cost of structural reforms	655	835	1,490	0	0	0	(655)	(835)	(1,490)
Loss on revision of retirement benefit plan	0	0	0	0	981	981	0	981	981
Loss on disaster	0	0	0	0	1,714	1,714	0	1,714	1,714
Other	320	521	841	363	420	784	43	(100)	(57)
Income Before Income Taxes and Minority Interests	3,475	6,247	9,723	13,026	4,192	17,219	9,550	(2,054)	7,495
Income Taxes	1,375	2,962	4,338	4,361	2,956	7,318	2,986	(6)	2,979
Minority Interests in Income	220	805	1,025	1,094	285	1,379	873	(519)	353
Net Income	1,879	2,479	4,359	7,570	951	8,521	5,690	(1,528)	4,162

Consolidated Results: Year-on-Year Comparison

(by Segment for Full Year)

Billion yen

	FY2009 Results			FY2010 Results			Change			Breakdown of Sales and Operating Income																																																															
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income																																																																
Environmental Management & Recycling	64.8	2.1	2.3	79.7	2.8	2.8	14.8	0.7	0.5	Solid collection of home electric appliances and electronic components enabled the recycling business to enjoy a sales rise of 15.6 billion yen, with profit increasing 1.4 billion yen. In the intermediate waste treatment business, an income decline of 0.6 billion yen was posted because of higher depreciation costs (0.6 billion yen), despite a sales rise of 1.4 billion yen achieved with the introduction of a new furnace at Eco-System Chiba and other efforts to increase collection and treatment volumes.																																																															
Nonferrous Metals	155.5	3.0	3.3	188.8	5.1	6.2	33.2	2.1	2.9	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="7">Ratio of operating income to that of previous term</th> <th colspan="2">Billion yen</th> </tr> <tr> <th></th> <th>Difference in volume</th> <th>Currency exchange and conditions</th> <th>Differences in market and book prices</th> <th>Unfinished products</th> <th>Other</th> <th>Total</th> <th colspan="2"></th> </tr> </thead> <tbody> <tr> <td>Copper</td> <td>(0.2)</td> <td>(0.4)</td> <td>0.3</td> <td>1.1</td> <td>1.2</td> <td>2.0</td> <td colspan="2"></td> </tr> <tr> <td>Rare metals</td> <td>1.8</td> <td></td> <td></td> <td></td> <td></td> <td>1.8</td> <td colspan="2"></td> </tr> <tr> <td>Zinc</td> <td>0.3</td> <td>0.5</td> <td>(0.7)</td> <td></td> <td>(2.0)</td> <td>(2.0)</td> <td colspan="2"></td> </tr> <tr> <td>Other</td> <td></td> <td></td> <td></td> <td></td> <td>0.3</td> <td>0.3</td> <td colspan="2"></td> </tr> <tr> <td>Operating income</td> <td>1.9</td> <td>0.1</td> <td>(0.5)</td> <td>1.1</td> <td>(0.5)</td> <td>2.1</td> <td colspan="2"></td> </tr> </tbody> </table>	Ratio of operating income to that of previous term							Billion yen			Difference in volume	Currency exchange and conditions	Differences in market and book prices	Unfinished products	Other	Total			Copper	(0.2)	(0.4)	0.3	1.1	1.2	2.0			Rare metals	1.8					1.8			Zinc	0.3	0.5	(0.7)		(2.0)	(2.0)			Other					0.3	0.3			Operating income	1.9	0.1	(0.5)	1.1	(0.5)	2.1		
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Electronic Materials	50.2	4.8	4.9	70.5	7.1	7.4	20.2	2.3	2.4	Sales and income rose by 3.8 billion yen and 1.1 billion yen, respectively, in semiconductors, with strong sales of LED chips, wafers and indium and sales expansion of wafers for power semiconductors (HEMT). In electronic materials, higher production capacity of silver powder for solar cells led to sales growth and resulted in a 15.6 billion yen rise in sales and a 0.5 billion yen surge in income. In functional materials, carrier powder for copiers attained healthy sales and productivity improved. Sales and income were up 0.8 billion yen each.																																																															
Metal Processing	60.4	3.2	3.8	75.8	5.4	5.3	15.4	2.1	1.5	In metal processing, sales and income climbed 12.5 billion yen and 1.3 billion yen, respectively, as rolled copper products for automotive terminals and connectors attained sales growth. In plating, sales increased 1.1 billion yen and income rose 0.3 billion yen, as a result of a turnaround in demand for PC and mobile phone applications and efforts to obtain new customers. In thermal devices (circuit substrates), efforts to expand sales of energy-saving industrial machinery and to improve yields and productivity resulted in a sales rise of 1.4 billion yen and income growth of 0.5 billion yen.																																																															
Heat Treatment	13.4	0.1	0.1	16.9	1.4	1.3	3.4	1.2	1.2	In heat treatment, sales rose 1.9 billion yen and income was up 0.4 billion yen, following actions aimed at winning orders in line with the recovery of demand for parts for automobiles and construction machinery and at shifting production to plants with higher production efficiency. In equipment, sales and income grew by 1.6 billion yen and 0.8 billion yen, respectively, after obtaining maintenance orders in Japan and overseas, sales expansion of new furnaces and reduction of costs of purchased components.																																																															
Other/ Elimination	(37.1)	0.3	(0.7)	(51.9)	0.8	0.0	(14.8)	0.5	0.8	A rise in revenues of constructors and supporting firms, consolidation adjustment and other factors																																																															
Total	307.4	13.7	13.8	379.8	22.9	23.3	72.3	9.2	9.5																																																																

Analysis of Factors in Increase/Decrease in Ordinary Income

(Year-on-Year Comparison by Segment for Full Year)

Billion yen

FY2010 - FY2009	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Other	Total
Effects of changes in exchange rate, metal prices, and mine purchase agreement		0.1					0.1
A gain or loss on raw material payments (including a gain or loss on hedging instruments and on a lower cost basis)		(0.5)		0.2			(0.3)
Actual sales difference (price difference)		1.7					1.7
Total effects from fluctuations in exchange rate and metal market prices		1.3		0.2			1.4
Actual sales difference (volume difference)		0.2					0.2
Change in orders following change in demand, etc.	2.3		2.6	1.4	1.4		7.8
Total changes associated with changes in business environment	2.3	0.2	2.6	1.4	1.4		8.0
Changes in depreciation	(0.5)	0.5	0.1	0.6	0.0	0.1	0.8
Equity method income or loss	(0.2)	0.2	(0.1)	(0.0)		(0.2)	(0.3)
Other (change in fixed costs, resale of unfinished products, etc.)	(1.1)	0.7	(0.1)	(0.6)	(0.2)	1.1	(0.3)
Others total	(1.8)	1.4	(0.2)	(0.1)	(0.2)	1.0	0.1
Total	0.5	2.9	2.5	1.5	1.2	1.0	9.5

Fiscal 2011 Consolidated Earnings Forecasts

Billion yen

	FY2010	FY2011			Change
	Results	H1 Estimate	H2 Estimate	Full Year Estimate	
Net Sales	379.8	160.0	200.0	360.0	(19.8)
Operating Income	22.9	5.7	13.3	19.0	(3.9)
Ordinary Income	23.3	5.0	15.0	20.0	(3.3)
Net Income	8.5	2.0	8.0	10.0	1.4

Exchange rate and metal prices

	FY2010		FY2011 estimate	(Reference) Nearest
	H1 Average	H2 Average	Full year	April average
Exchange rate: (¥/\$)	89.0	82.5	80.0	83.4
Copper: (\$/t)	7,135	9,144	8,500	9,483
Zinc: (\$/t)	2,020	2,355	2,100	2,372
Indium: (\$/kg)	547	545	650	696

Assumed Conditions for Fiscal 2011 and Sensitivity
(Operating Income/Year)

Million yen

	Fiscal 2011 (estimate)	Fluctuation	Sensitivity (Volume differences and raw material conditions)
¥/\$	80.0 /\$	±¥1 /\$	250
Copper	8,500 \$/t	±100 \$/t	30
Zinc	2,100 \$/t	±100 \$/t	300
Indium	650 \$/kg	±100 \$/kg	400

Sensitivity is based on assumptions that the Company assumes to be reasonable at the time of publication. Actual effects may differ materially due to a variety of factors.

Forecasts of Consolidated Results

Year-on-Year Comparison (by Segment)

Billion yen

	FY2010 Results			FY2011 Forecasts			Change		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	79.7	2.8	2.8	85.0	4.7	5.5	5.3	1.8	2.6
Nonferrous Metals	188.8	5.1	6.2	160.0	2.5	3.3	(28.8)	(2.6)	(2.9)
Electronic Materials	70.5	7.1	7.4	75.0	6.2	6.8	4.4	(0.9)	(0.6)
Metal Processing	75.8	5.4	5.3	70.0	4.4	4.5	(5.8)	(1.0)	(0.8)
Heat Treatment	16.9	1.4	1.3	16.0	1.0	1.0	(0.9)	(0.4)	(0.3)
Other/ Elimination	(51.9)	0.8	0.0	(46.0)	0.2	(1.1)	5.9	(0.6)	(1.1)
Total	379.8	22.9	23.3	360.0	19.0	20.0	(19.8)	(3.9)	(3.3)

Balance Sheets (Consolidated Results)

Million yen

Accounts	March 31, 2010	March 31, 2011	Change	Accounts	March 31, 2010	March 31, 2011	Change
Assets				Liabilities			
Current Assets	148,700	167,453	18,752	Current Liabilities	116,648	124,232	7,583
Cash and time deposits	27,390	17,231	(10,158)	Notes and accounts payable	28,712	33,367	4,654
Notes and accounts receivable	50,954	55,484	4,529	Short-term borrowings	65,724	54,290	(11,434)
Inventories	56,732	79,791	23,059	Corporate bonds due within one year	7	-	(7)
Deferred tax assets	4,602	6,605	2,003	Accrued income taxes, etc.	1,729	2,728	999
Other current assets	9,287	8,755	(531)	Ingot leasing liabilities	645	11,986	11,340
Allowance for doubtful accounts	(267)	(416)	(149)	Other current liabilities	19,828	21,859	2,030
				Long-Term Liabilities	102,404	102,143	(260)
Fixed Assets	182,020	172,708	(9,312)	Corporate bonds due within one year	10,000	10,000	-
Tangible fixed assets	105,597	104,101	(1,495)	Long-term debt	73,639	73,829	189
Intangible fixed assets	8,877	8,099	(778)	Reserve for employees' retirement benefits	11,964	10,637	(1,327)
Investments in securities	56,424	52,315	(4,108)	Deferred tax liabilities	1,213	1,888	675
Deferred tax assets	8,140	5,542	(2,598)	Other long-term liabilities	5,587	5,788	201
Other investments	3,240	2,852	(387)	Total Liabilities	219,053	226,376	7,323
Allowance for doubtful accounts	(260)	(204)	56	Net Assets			
				Shareholders' Equity	99,830	105,188	5,357
				Common stock	36,437	36,437	-
				Additional paid-in capital	26,362	26,362	-
				Retained earnings	42,791	48,152	5,361
				Treasury stock, at cost	(5,759)	(5,763)	(3)
				Adjustments for Valuation Foreign Currency Translation and Others	6,173	1,654	(4,519)
				Unrealized gains on available-for-sale securities	7,533	5,024	(2,509)
				Net deferred hedge income	160	(865)	(1,026)
				Foreign currency translation adjustments	(1,521)	(2,504)	(983)
				Minority Interests	5,663	6,942	1,279
				Total Net Assets	111,667	113,785	2,117
Total Assets	330,720	340,161	9,440	Total Liabilities and Net Assets	330,720	340,161	9,440
				Interests-bearing debt	149,371	138,119	(11,251)
				Cash and time deposits	27,390	17,231	(10,158)
				Actual balance	121,981	120,888	(1,093)
				Equity ratio	32.1%	31.4%	-0.6%
				ROA	4.1%	7.0%	2.8%

Consolidated Statements of Cash Flows

Million yen

	FY2009	FY2010	Change		FY2009	FY2010	Change
I. Cash Flows from Operating Activities				II. Cash Flows from Investing Activities			
Income before income taxes and minority interest	9,723	17,219	7,495	Acquisition of property, plant and equipment	(10,062)	(17,307)	(7,245)
Adjustments (non-cash)				Sale and acquisition of securities	(3,236)	(1,575)	1,661
Depreciation	19,876	19,018	(858)	Change in loans	(1,027)	(188)	838
Equity in (earnings) losses of affiliates	(1,568)	(1,228)	339	Proceeds from disposal and sale of property, plant and equipment	114	86	(27)
Structural reform expenses, and impairment loss	2,342	199	(2,142)	Other, net	(391)	(272)	119
(Gain) loss due to sale or disposal of securities, property, plant and equipment	955	809	(146)	Net cash used in investing activities	(14,602)	(19,257)	(4,654)
Loss on valuation of investment securities	238	2,007	1,768	III. Cash Flows from Financing Activities			
Increase in allowance for doubtful accounts	(279)	(1,134)	(855)	Change in borrowings and corporate bonds	(31,081)	(11,532)	19,549
Interest income and expenses and dividends	1,124	309	(814)	Purchases of treasury stock and issuance of common stock	(33)	58	92
Income taxes paid	2,153	(2,750)	(4,903)	Cash dividends paid	(3,543)	(3,157)	385
Other, net	8	877	868	Other, net	769	(440)	(1,209)
Total for profit/loss items	34,573	35,325	751	Net cash used in financing activities	(33,888)	(15,070)	18,817
Increase/decrease in assets/liabilities				Effect of Exchange Rate Changes on Cash and Cash Equivalents	(51)	(165)	(113)
Increase/decrease in trade receivable/payable	(6,069)	100	6,170	Net Decrease in Cash and Cash Equivalents	(23,531)	(10,537)	12,993
Increase/decrease in inventories	(3,491)	(23,054)	(19,562)	Cash and Cash Equivalents of Newly Consolidated Subsidiaries	(35)	164	199
Other, net	-	11,583	11,584	Cash and Cash Equivalents at Beginning of Term	50,681	27,115	(23,566)
Total for balance sheet items	(9,562)	(11,369)	(1,807)	Cash and Cash Equivalents at End of Term	27,115	16,741	(10,373)
Net cash provided by operating activities	25,011	23,955	(1,055)				
Free cash flow	14,949	6,648	(8,300)	(For reference)			
				Balance of interest-bearing debt	149,371	138,119	(11,251)