

## Supplementary Explanation of Revisions of Financial Forecasts

Dowa Holdings Co., Ltd. has revised its consolidated forecasts for the first half of fiscal 2010 (April 1, 2010 to September 30, 2010) and its full-year consolidated financial forecasts for fiscal 2010 (April 1, 2010 to March 31, 2011), both of which were announced on May 13, 2010, in light of recent performance. Details are as follows.

### 1. Revisions of Consolidated Financial Forecasts

#### (1) Fiscal 2010 First Half (April 1, 2010 to September 30, 2010)

(Millions of Yen)

	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)	Net Income (Loss)
Previous Forecast (A) (May 13, 2010)	160,000	8,000	8,000	4,000
Revised Forecast (B)	180,000	12,500	13,000	6,500
Difference (B-A)	20,000	4,500	5,000	2,500
Percentage Change (%)	12.5%	56.3%	62.5%	62.5%
(Ref.) Previous Fiscal Year First Half Results (Six Months Ended September 30, 2009)	129,602	5,279	4,777	1,879

#### (2) Revisions to Consolidated Forecasts for Fiscal 2010 (April 1, 2010 to March 31, 2011)

(Millions of Yen)

	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)	Net Income (Loss)
Previous Forecast (A) (May 13, 2010)	340,000	18,000	18,000	9,000
Revised Forecast (B)	360,000	22,500	23,000	11,500
Difference (B-A)	20,000	4,500	5,000	2,500
Percentage Change (%)	+5.9%	+25.0%	+27.8%	+27.8%
(Ref.) Previous Fiscal Year Results (Year Ended March 31, 2010)	307,462	13,701	13,809	4,359

Demand in the automotive and IT sectors is proving better than expected, with

operations in both sectors also progressing smoothly. In light of this trend, the Dowa Holdings Group now expects first-half profits in the Environmental Management & Recycling segment, the Nonferrous Metals segment, the Electronic Materials segment, the Metal Processing segment, and the Heat Treatment segment to exceed initial forecasts. In the second half of the year, however, the Group expects to see profits on a par with the same period in the previous year, in light of concerns about deteriorating market conditions due to factors such as the end of tax breaks on environmentally friendly vehicles and other government subsidy programs, the economic recession in Europe and the United States, and an economic slowdown in China.

Based on this, the Group is now projecting net sales of ¥180.0 billion, ¥20.0 billion higher than previously forecast for the first half of fiscal 2010. Operating income for the first half is now projected at ¥12.5 billion, ¥4.5 billion higher than previously forecast, while the forecast for ordinary income has been raised by ¥5.0 billion to ¥13.0 billion. Net income for the first half is now projected at ¥6.5 billion, ¥2.5 billion higher than previously forecast. For the full year, the forecast for net sales has been revised upward by ¥20.0 billion to ¥360.0 billion. Full-year operating income is now projected at ¥22.5 billion, ¥4.5 billion higher than previously forecast. Ordinary income is forecast at ¥23.0 billion, ¥5.0 billion higher than previously forecast, and the forecast for net income for the full year has been revised upward by ¥2.5 billion to ¥11.5 billion.

## 2. Segment Profit (Loss) Forecasts (April 1, 2010 to March 31, 2011)

(1) Segment Profit (Loss) Forecasts for Fiscal 2010 First Half (April 1, 2010 to September 30, 2010)

(Billions of Yen)

	Previous Forecast			Revised Forecast			Difference		
	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)
Environmental Management & Recycling	36.0	1.2	1.0	38.0	1.2	1.2	2.0	0	0.2
Nonferrous Metals	83.0	1.6	1.8	87.0	4.4	5.2	4.0	2.8	3.4
Electronic Materials	26.0	2.8	3.0	33.0	3.8	3.9	7.0	1.0	0.9
Metal Processing	34.0	2.4	2.3	36.0	2.8	2.8	2.0	0.4	0.5
Heat Treatment	6.8	0.2	0.1	7.7	0.4	0.4	0.9	0.2	0.3
Other/Eliminations	(25.8)	(0.2)	(0.2)	(21.7)	(0.1)	(0.5)	4.1	0.1	(0.3)
Total	160.0	8.0	8.0	180.0	12.5	13.0	20.0	4.5	5.0

(2) Revisions to Consolidated Forecasts for Fiscal 2010 (April 1, 2010 to March 31, 2011)

(Billions of Yen)

	Previous Forecast			Revised Forecast			Difference		
	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)
Environmental Management & Recycling	76.0	3.0	2.7	78.0	3.0	2.9	2.0	0	0.2
Nonferrous Metals	170.0	3.0	3.6	174.0	5.8	7.0	4.0	2.8	3.4
Electronic Materials	55.0	5.8	6.2	62.0	6.8	7.1	7.0	1.0	0.9
Metal Processing	69.0	4.9	4.7	71.0	5.3	5.2	2.0	0.4	0.5
Heat Treatment	14.2	1.0	0.8	15.1	1.2	1.1	0.9	0.2	0.3
Other/Eliminations	(44.2)	0.3	0	(40.1)	0.4	(0.3)	4.1	0.1	(0.3)
Total	340.0	18.0	18.0	360.0	22.5	23.0	20.0	4.5	5.0

### Environmental Management & Recycling Segment

Although conditions in the waste treatment market remain severe, with the volume of waste generated yet to achieve a full recovery, the Company is working to expand treatment volume, including by increasing the types of items that can be collected. Meanwhile the home appliances recycling business is performing favorably, and full-year operating income is expected to meet the previous forecast of ¥3.0 billion.

### Nonferrous Metals Segment

Both production and sales are performing strongly, with temporary factors such as greater than expected revenues contributing to higher income in the first quarter. In light of current market conditions, the Company now expects to see full-year operating income of ¥5.8 billion, ¥2.8 billion higher than previously forecast.

### Electronic Materials Segment

In the semiconductor, electronic materials, and functional materials businesses, sales for all products have exceeded initial targets. Silver powder in particular is expected to see further growth in sales for solar power generation applications. Consequently, the Company has raised its full-year operating income forecast in this segment by ¥1.0 billion to ¥6.8 billion.

### Metal Processing Segment

Sales of copper and brass and precious metal plating are exceeding targets in both the automotive and IT industries.

However, there is uncertainty about the future of the automotive industry as tax breaks on environmentally friendly vehicles and other stimulus measures end. Still, the Company now expects to see full-year operating income of ¥5.3 billion, ¥0.4 billion higher than previously forecast.

### **Heat Treatment Segment**

Sales volumes for construction machinery and production machinery are growing, particularly in China and other Asian markets. Although uncertainties about automotive sector demand in the second half of the year remain, the Company now expects to see full-year operating income of ¥1.2 billion, ¥0.2 billion higher than previously forecast.