

Explanation of Revisions of Financial Forecasts

Dowa Holdings Co., Ltd. has revised its consolidated forecasts for the first half of fiscal 2011 (April 1, 2011 to September 30, 2011) and its full-year consolidated financial forecasts for fiscal 2011 (April 1, 2011 to March 31, 2012), both of which were announced on May 17, 2011, in light of the recent performance. Details are as follows:

1. Revisions of Consolidated Financial Forecasts

(1) Fiscal 2011 First Half (April 1, 2011 to September 30, 2011)

(Million yen)

| | Net Sales | Operating Income | Ordinary Income | Net Income |
|--|-----------|------------------|-----------------|------------|
| Previous Forecast (A) (Announced on May 17, 2011) | 160,000 | 5,700 | 5,000 | 2,000 |
| Revised Forecast (B) | 188,000 | 11,000 | 10,000 | 4,800 |
| Difference (B-A) | +28,000 | +5,300 | +5,000 | +2,800 |
| Percentage Change (%) | +17.5% | +93.0% | +100.0% | +140.0% |
| (Ref.) Previous Fiscal Year First Half Results (Six Months Ended September 30, 2010) | 181,049 | 14,036 | 14,578 | 7,570 |

(2) Revisions to Consolidated Forecasts for Fiscal 2011 (April 1, 2011 to March 31, 2012)

(Million yen)

| | Net Sales | Operating Income | Ordinary Income | Net Income |
|--|-----------|------------------|-----------------|------------|
| Previous Forecast (A) (Announced on May 17, 2011) | 360,000 | 19,000 | 20,000 | 10,000 |
| Revised Forecast (B) | 390,000 | 22,000 | 22,000 | 11,000 |
| Difference (B-A) | +30,000 | +3,000 | +2,000 | +1,000 |
| Percentage Change (%) | +8.3% | +15.8% | +10.0% | +10.0% |
| (Ref.) Previous Fiscal Year Results (Year Ended March 31, 2011) | 379,816 | 22,924 | 23,371 | 8,521 |

2. Reasons for the Revisions

The business environment of the Dowa Group in the first half of the fiscal year ending March 2012 was such that demand for products used in automobiles recovered more quickly than anticipated, and prices of nonferrous metals generally remained high. In addition, the Group's operations proceeded smoothly, as production facilities that had been damaged by the Great East Japan Earthquake were restored in line with plans, and concerns after the earthquake over electricity shortages in the summer were overcome by altering the production structure. As a result,

the Group now expects that operating income in the Environmental Management & Recycling segment, the Nonferrous Metals segment, the Electronic Materials segment, the Metal Processing segment, and the Heat Treatment segment will exceed initial forecasts.

Meanwhile, the Group revised the previous forecasts for the second half of the fiscal year under review, recognizing that prices of nonferrous metals have recently fallen significantly, the yen has remained strong over a long period, and the economic outlook remains uncertain in the context of a deteriorating global financial situation. Based on this, the Group is now projecting net sales of ¥188.0 billion for the first half of fiscal 2011, an increase of ¥28.0 billion from the previous forecast, which was announced on May 17, 2011. Operating income for the first half is now projected at ¥11.0 billion, up ¥5.3 billion from the previous forecast, while the forecast for ordinary income has been raised by ¥5.0 billion, to ¥10.0 billion. Net income for the first half is now projected at ¥4.8 billion, a rise of ¥2.8 billion from the previous forecast. For the full year, the forecast for net sales has been revised upward by ¥30.0 billion, to ¥390.0 billion. Full-year operating income is now projected at ¥22.0 billion, up ¥3.0 billion from the previous forecast. Ordinary income is forecast at ¥22.0 billion, an increase of ¥2.0 billion from the previous forecast, and the forecast for net income for the full year has been revised upward by ¥1.0 billion, to ¥11.0 billion.

Assumptions on which the financial forecasts were based were as follows:

| | Previous Forecast (Announced on May 17, 2011) | First Half Average | Revised Forecast (Assumptions for the Second Half) |
|---------------------------|---|--------------------|--|
| Exchange Rates (Yen/US\$) | 80.0 | 79.8 | 77.0 |
| Copper (US\$ per ton) | 8,500 | 9,072 | 7,000 |
| Zinc (US\$ per ton) | 2,100 | 2,240 | 1,900 |
| Indium (US\$ per kg) | 650 | 732 | 650 |

2. Segment Profit (Loss) Forecasts

(1) Segment Profit (Loss) Forecasts for Fiscal 2011 First Half (April 1, 2011 to September 30, 2011)

(Billion 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 | 40.0 | 1.1 | 1.2 | 44.0 | 1.4 | 1.1 | 4.0 | 0.3 | (0.1) |
| Nonferrous Metals | 65.0 | 0.3 | (0.3) | 76.0 | 2.8 | 2.5 | 11.0 | 2.5 | (2.8) |
| Electronic Materials | 39.0 | 2.6 | 2.9 | 48.0 | 2.9 | 3.2 | 9.0 | 0.3 | (0.3) |
| Metal Processing | 33.0 | 1.6 | 1.6 | 39.0 | 2.2 | 2.3 | 6.0 | 0.6 | (0.7) |
| Heat Treatment | 7.0 | 0.0 | 0.0 | 9.3 | 0.9 | 0.8 | 2.3 | 0.9 | (0.8) |
| Other Elimination / | (24.0) | 0.1 | (0.4) | (28.3) | 0.8 | 0.1 | (4.3) | 0.7 | (0.5) |
| Total | 160.0 | 5.7 | 5.0 | 188.0 | 11.0 | 10.0 | 28.0 | 5.3 | 5.0 |

(2) Revisions to Consolidated Forecasts for Fiscal 2011 (April 1, 2011 to March 31, 2012)

(Billion 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 | 85.0 | 4.7 | 5.5 | 88.0 | 4.9 | 5.5 | 3.0 | 0.2 | 0.0 |
| Nonferrous Metals | 160.0 | 2.5 | 3.3 | 165.0 | 3.4 | 3.8 | 5.0 | 0.9 | 0.5 |
| Electronic Materials | 75.0 | 6.2 | 6.8 | 93.0 | 6.0 | 6.3 | 18.0 | (0.2) | (0.5) |
| Metal Processing | 70.0 | 4.4 | 4.5 | 77.0 | 5.0 | 5.1 | 7.0 | 0.6 | 0.6 |
| Heat Treatment | 16.0 | 1.0 | 1.0 | 19.3 | 1.9 | 1.8 | 3.3 | 0.9 | 0.8 |
| Other Elimination / | (46.0) | 0.2 | (1.1) | (52.3) | 0.8 | (0.5) | (6.3) | 0.6 | 0.6 |
| Total | 360.0 | 19.0 | 20.0 | 390.0 | 22.0 | 22.0 | 30.0 | 3.0 | 2.0 |

Environmental Management & Recycling Segment

The intermediate waste treatment and soil remediation businesses continue to face severe demand conditions. However, the businesses are performing largely in line with plans, given the effects of an increase in items for treatment. The recycling business recorded stronger profits, reflecting a rise in prices of precious metals in the first half of the fiscal year under review, and an increase in the volume of home appliances recycling. As a result, full-year operating income is expected to rise ¥0.2 billion from the previous forecast, to ¥4.9 billion.

Nonferrous Metals Segment

Both production and sales have recovered from the effects of the Great East Japan Earthquake and are performing strongly in the first half of the fiscal year under review. In addition, prices of nonferrous metals remained at a high level. As a result, the Company expects that operating income for the first half will rise ¥2.5 billion from the previous forecast, to ¥2.8 billion. Meanwhile, given the recent fall in the prices of nonferrous metals, full-year operating income is likely to increase ¥0.9 billion from the previous forecast, to ¥3.4 billion.

Electronic Materials Segment

The segment performed strongly in the first half of the fiscal year under review, reflecting steady demand from emerging economies. Operating income is likely to rise ¥0.3 billion from the previous forecast, to ¥2.9 billion. Meanwhile, demand for products related to semiconductors, in particular, is expected to slow in the second half of the fiscal year under review. Consequently, full-year operating income is likely to fall ¥0.2 billion from the previous forecast, to ¥6.0 billion.

Metal Processing Segment

Sales of copper and brass and precious metal plating, particularly those related to automobiles, were strong in the first half of the fiscal year under review, exceeding the plan.

As a result, operating income for the first half of the fiscal year under review is expected to rise ¥0.6 billion, to

¥2.2 billion. Full-year operating income is also expected to increase ¥0.6 billion, to ¥5.0 billion.

Heat Treatment Segment

In addition to robust sales from the automotive sector, which exceeded the plan, sales volumes of construction machinery and production machinery grew strongly, principally in China and other parts of Asia. As a result, operating income for the first half of the fiscal year under review is expected to increase ¥0.9 billion, to ¥0.9 billion. Full-year operating income should also increase ¥0.9 billion, to ¥1.9 billion.

(Notes) The above forecasts are made based on information available at the time of the announcement and certain assumptions that the Company considers reasonable. Actual performance and other results may differ significantly from the forecasts, due to a variety of factors.