

**DOWA**

***Fiscal 2011 First Half  
Supplementary Information***

***November 9, 2011***

**Dowa Holdings Co., Ltd.**

# Overview of Operating Results

Billion yen

|                  | FY2010 Results |                   | FY2011 Forecasts |                     | Change |       |           |      |
|------------------|----------------|-------------------|------------------|---------------------|--------|-------|-----------|------|
|                  | H1 Results     | Full Year Results | H1 Results       | Full Year Forecasts | H1     |       | Full Year |      |
| Net Sales        | 181.0          | 379.8             | 188.9            | 390.0               | 7.9    | 4%    | 10.2      | 3%   |
| Operating Income | 14.0           | 22.9              | 10.8             | 22.0                | (3.2)  | (23%) | (0.9)     | (4%) |
| Ordinary Income  | 14.5           | 23.3              | 9.8              | 22.0                | (4.7)  | (32%) | (1.3)     | (6%) |
| Net Income       | 7.5            | 8.5               | 4.7              | 11.0                | (2.8)  | (37%) | 2.5       | 29%  |

- Production at smelters and other facilities in the Tohoku region was adversely affected by the Great East Japan Earthquake. Kosaka Smelting & Refining and Akita Zinc resumed operation in April, and Onahama Smelting & Refining resumed operation in July. However, ingot production was down from a year ago.
- Because of the earthquake, orders and income from volume differences declined, and equity method income or loss worsened in association with the shutdown of Onahama Smelting & Refining in the first half. As a result, ordinary income fell 3.1 billion yen. In addition, an extraordinary loss of 0.7 billion yen was posted. We estimate that the adverse impact of the earthquake is a fall of 3.8 billion yen in income before income taxes and minority interests.
- Operating income and ordinary income decreased from a year ago, reflecting a temporary profit from sales of semi-finished products and other factors in the previous fiscal year.
- The performance of automotive products, which declined in the first quarter, recovered in the second quarter to a level exceeding that before the earthquake.
- The electronic materials business appeared to be declining in the second half. The market environment is challenging. The yen is strong (77 yen against the dollar). Considering declining ingot prices, we forecast that ordinary income will be 22 billion yen, roughly on a par with the year-ago level, for the full year.

## *Major Products: Production Volume/Sales Volume Results*

|   |   | FY2010 Results |     |     |     | FY2011 H1 Results |     |
|---|---|----------------|-----|-----|-----|-------------------|-----|
|   |   | Q1             | Q2  | Q3  | Q4  | Q1                | Q2  |
| <b>Environmental Management &amp; Recycling</b> | <b>Waste processing volume</b>                    | 100            | 98  | 107 | 98  | 106               | 99  |
|   | <b>Soil remediation volume at Hanaoka</b>         | 100            | 87  | 174 | 139 | 99                | 90  |
|   | <b>Home electric appliance recycling volume</b>   | 100            | 116 | 130 | 110 | 89                | 93  |
| <b>Nonferrous Metals</b>                        | <b>Copper production amount (Kosaka, Onahama)</b> | 100            | 95  | 88  | 79  | 9                 | 67  |
|   | <b>Zinc production amount (Akita)</b>             | 100            | 57  | 80  | 68  | 85                | 66  |
| <b>Electronic Materials</b>                     | <b>Compound semiconductor</b>                     | 100            | 103 | 98  | 80  | 76                | 95  |
|   | <b>LED</b>  | 100            | 101 | 106 | 102 | 121               | 120 |
|   | <b>Silver powder</b>                              | 100            | 113 | 114 | 101 | 122               | 99  |
| <b>Metal Processing</b>                         | <b>Copper strip products</b>                      | 100            | 94  | 93  | 97  | 80                | 97  |
| <b>Heat Treatment</b>                           | <b>Heat treatment</b>                             | 100            | 106 | 110 | 107 | 90                | 114 |

Indexes (100 for Q1 of FY2010)

# Income Statements

Million yen

|  | FY2010 H1     |               |                | FY2011 H1     |               |                | Change         |              |                |
|--|---------------|---------------|----------------|---------------|---------------|----------------|----------------|--------------|----------------|
|  | Q1            | Q2            | H1             | Q1            | Q2            | H1             | Q1             | Q2           | H1             |
| <b>Net Sales</b>   | <b>94,603</b> | <b>86,446</b> | <b>181,049</b> | <b>93,270</b> | <b>95,637</b> | <b>188,907</b> | <b>(1,332)</b> | <b>9,190</b> | <b>7,857</b>   |
| Cost of Sales  | 77,859        | 75,926        | 153,785        | 81,682        | 82,859        | 164,542        | 3,823          | 6,932        | 10,756         |
| <b>Gross Profit</b>  | <b>16,743</b> | <b>10,520</b> | <b>27,264</b>  | <b>11,587</b> | <b>12,778</b> | <b>24,365</b>  | <b>(5,156)</b> | <b>2,257</b> | <b>(2,898)</b> |
| Selling, General, and Administrative Expenses,<br>R&D Expenses | 6,662         | 6,565         | 13,227         | 6,696         | 6,840         | 13,536         | 33             | 274          | 308            |
| <b>Operating Income</b>  | <b>10,081</b> | <b>3,954</b>  | <b>14,036</b>  | <b>4,891</b>  | <b>5,937</b>  | <b>10,829</b>  | <b>(5,190)</b> | <b>1,983</b> | <b>(3,207)</b> |
| Other Income   | 1,646         | 1,153         | 2,799          | 911           | 700           | 1,611          | (734)          | (453)        | (1,187)        |
| Interest and dividend income                                   | 415           | 38            | 454            | 352           | 34            | 386            | (63)           | (4)          | (67)           |
| Equity in earnings of affiliates                               | 725           | 586           | 1,311          | 0             | 0             | 0              | (725)          | (586)        | (1,311)        |
| Other income   | 505           | 528           | 1,033          | 559           | 665           | 1,225          | 54             | 137          | 191            |
| Other Expenses   | 1,095         | 1,162         | 2,257          | 1,874         | 731           | 2,606          | 779            | (431)        | 348            |
| Interest expenses paid   | 596           | 560           | 1,157          | 510           | 493           | 1,004          | (85)           | (66)         | (152)          |
| Equity in losses of affiliates                                 | 0             | 0             | 0              | 911           | (214)         | 696            | 911            | (214)        | 696            |
| Other expenses   | 499           | 601           | 1,100          | 453           | 451           | 905            | (45)           | (149)        | (195)          |
| <b>Ordinary Income</b>   | <b>10,632</b> | <b>3,945</b>  | <b>14,578</b>  | <b>3,928</b>  | <b>5,906</b>  | <b>9,834</b>   | <b>(6,704)</b> | <b>1,960</b> | <b>(4,743)</b> |
| Extraordinary Profits  | 86            | 38            | 124            | 391           | 88            | 480            | 305            | 50           | 355            |
| Gain on sale of property, plant and<br>equipment               | 3             | 10            | 14             | 6             | 11            | 17             | 3              | 0            | 3              |
| Gain on sale of investment securities                          | 38            | 0             | 38             | 0             | 0             | 0              | (38)           | 0            | (38)           |
| Subsidy  | 0             | 0             | 0              | 342           | 0             | 342            | 342            | 0            | 342            |
| Other profits  | 44            | 27            | 71             | 42            | 77            | 119            | (2)            | 49           | 47             |
| Extraordinary Losses   | 235           | 1,440         | 1,676          | 1,084         | 538           | 1,623          | 849            | (902)        | (53)           |
| Loss on disposal of property, plant and<br>equipment           | 53            | 92            | 145            | 166           | 78            | 245            | 113            | (13)         | 99             |
| Loss on valuation of investment securities                     | 0             | 1,107         | 1,107          | 0             | 250           | 250            | 0              | (857)        | (857)          |
| Impairment loss  | 0             | 59            | 59             | 25            | 79            | 104            | 25             | 19           | 45             |
| Loss on disaster   | 0             | 0             | 0              | 607           | 4             | 611            | 607            | 4            | 611            |
| Other  | 182           | 181           | 363            | 285           | 125           | 410            | 102            | (55)         | 46             |
| <b>Income Before Income Taxes and Minority<br/>Interests</b>   | <b>10,483</b> | <b>2,543</b>  | <b>13,026</b>  | <b>3,235</b>  | <b>5,456</b>  | <b>8,691</b>   | <b>(7,248)</b> | <b>2,913</b> | <b>(4,334)</b> |
| Income Taxes   | 3,172         | 1,189         | 4,361          | 1,763         | 1,900         | 3,663          | (1,409)        | 710          | (698)          |
| Minority Interests in Income                                   | 787           | 306           | 1,094          | 123           | 137           | 261            | (664)          | (168)        | (832)          |
| <b>Net Income</b>  | <b>6,522</b>  | <b>1,047</b>  | <b>7,570</b>   | <b>1,347</b>  | <b>3,418</b>  | <b>4,766</b>   | <b>(5,174)</b> | <b>2,371</b> | <b>(2,803)</b> |

# Consolidated Results: Year-on-Year Comparison (by Segment for 1st Half)

Billion yen

|   | FY2010 H1            |                                  |                                       | FY2011 H1              |                               |                 | Change       |                  |                 | Breakdown of Sales, Operating Income   |  |                      |                                  |                                       |                        |                               |       |       |        |     |       |     |     |       |     |     |             |       |  |  |       |  |       |       |      |       |       |     |       |       |       |       |        |  |  |  |  |  |     |     |                         |              |              |            |            |              |              |              |
|---|----------------------|----------------------------------|---------------------------------------|------------------------|-------------------------------|-----------------|--------------|------------------|-----------------|--|--|----------------------|----------------------------------|---------------------------------------|------------------------|-------------------------------|-------|-------|--------|-----|-------|-----|-----|-------|-----|-----|-------------|-------|--|--|-------|--|-------|-------|------|-------|-------|-----|-------|-------|-------|-------|--------|--|--|--|--|--|-----|-----|-------------------------|--------------|--------------|------------|------------|--------------|--------------|--------------|
|   | Net Sales            | Operating Income                 | Ordinary Income                       | Net Sales              | Operating Income              | Ordinary Income | Net Sales    | Operating Income | Ordinary Income |  |  |                      |                                  |                                       |                        |                               |       |       |        |     |       |     |     |       |     |     |             |       |  |  |       |  |       |       |      |       |       |     |       |       |       |       |        |  |  |  |  |  |     |     |                         |              |              |            |            |              |              |              |
| <b>Environmental Management &amp; Recycling</b> | 37.0                 | 1.2                              | 1.2                                   | 44.2                   | 1.3                           | 1.0             | 7.1          | 0.1              | (0.1)           | In the intermediate waste treatment business, sales rose 0.3 billion yen, and income increased 0.1 billion yen with increases in treatment volumes at Eco-System Sanyo and Eco-System Akita. Although the real estate market was sluggish, the business posted a sales rise of 0.3 billion yen and an income rise of 0.1 billion yen in soil remediation, focusing on onsite treatment. The recycling business recorded results on a par with the year-ago level with the recycling of home appliances continuing to perform well.   |  |                      |                                  |                                       |                        |                               |       |       |        |     |       |     |     |       |     |     |             |       |  |  |       |  |       |       |      |       |       |     |       |       |       |       |        |  |  |  |  |  |     |     |                         |              |              |            |            |              |              |              |
| <b>Nonferrous Metals</b>                        | 90.4                 | 5.2                              | 6.4                                   | 76.6                   | 2.7                           | 2.4             | (13.7)       | (2.4)            | (3.9)           | <p>Ratio of operating income to that of previous term</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Difference in volume</th> <th>Currency exchange and conditions</th> <th>Differences in market and book prices</th> <th>Estimated market price</th> <th>Resale of unfinished products</th> <th>Other</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Copper</td> <td>0.1</td> <td>(0.2)</td> <td>0.2</td> <td>1.6</td> <td>(1.4)</td> <td>0.3</td> <td>0.6</td> </tr> <tr> <td>Rare metals</td> <td>(1.1)</td> <td></td> <td></td> <td>(0.1)</td> <td></td> <td>(0.1)</td> <td>(1.2)</td> </tr> <tr> <td>Zinc</td> <td>(0.5)</td> <td>(0.2)</td> <td>0.3</td> <td>(0.8)</td> <td>(0.2)</td> <td>(0.6)</td> <td>(1.9)</td> </tr> <tr> <td>Common</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>0.1</td> <td>0.1</td> </tr> <tr style="background-color: #FFFF00;"> <td><b>Operating income</b></td> <td><b>(1.5)</b></td> <td><b>(0.4)</b></td> <td><b>0.5</b></td> <td><b>0.8</b></td> <td><b>(1.6)</b></td> <td><b>(0.2)</b></td> <td><b>(2.4)</b></td> </tr> </tbody> </table> |  | Difference in volume | Currency exchange and conditions | Differences in market and book prices | Estimated market price | Resale of unfinished products | Other | Total | Copper | 0.1 | (0.2) | 0.2 | 1.6 | (1.4) | 0.3 | 0.6 | Rare metals | (1.1) |  |  | (0.1) |  | (0.1) | (1.2) | Zinc | (0.5) | (0.2) | 0.3 | (0.8) | (0.2) | (0.6) | (1.9) | Common |  |  |  |  |  | 0.1 | 0.1 | <b>Operating income</b> | <b>(1.5)</b> | <b>(0.4)</b> | <b>0.5</b> | <b>0.8</b> | <b>(1.6)</b> | <b>(0.2)</b> | <b>(2.4)</b> |
|   | Difference in volume | Currency exchange and conditions | Differences in market and book prices | Estimated market price | Resale of unfinished products | Other           | Total        |                  |                 |  |  |                      |                                  |                                       |                        |                               |       |       |        |     |       |     |     |       |     |     |             |       |  |  |       |  |       |       |      |       |       |     |       |       |       |       |        |  |  |  |  |  |     |     |                         |              |              |            |            |              |              |              |
| Copper  | 0.1                  | (0.2)                            | 0.2                                   | 1.6                    | (1.4)                         | 0.3             | 0.6          |                  |                 |  |  |                      |                                  |                                       |                        |                               |       |       |        |     |       |     |     |       |     |     |             |       |  |  |       |  |       |       |      |       |       |     |       |       |       |       |        |  |  |  |  |  |     |     |                         |              |              |            |            |              |              |              |
| Rare metals                                     | (1.1)                |                                  |                                       | (0.1)                  |                               | (0.1)           | (1.2)        |                  |                 |  |  |                      |                                  |                                       |                        |                               |       |       |        |     |       |     |     |       |     |     |             |       |  |  |       |  |       |       |      |       |       |     |       |       |       |       |        |  |  |  |  |  |     |     |                         |              |              |            |            |              |              |              |
| Zinc  | (0.5)                | (0.2)                            | 0.3                                   | (0.8)                  | (0.2)                         | (0.6)           | (1.9)        |                  |                 |  |  |                      |                                  |                                       |                        |                               |       |       |        |     |       |     |     |       |     |     |             |       |  |  |       |  |       |       |      |       |       |     |       |       |       |       |        |  |  |  |  |  |     |     |                         |              |              |            |            |              |              |              |
| Common  |                      |                                  |                                       |                        |                               | 0.1             | 0.1          |                  |                 |  |  |                      |                                  |                                       |                        |                               |       |       |        |     |       |     |     |       |     |     |             |       |  |  |       |  |       |       |      |       |       |     |       |       |       |       |        |  |  |  |  |  |     |     |                         |              |              |            |            |              |              |              |
| <b>Operating income</b>                         | <b>(1.5)</b>         | <b>(0.4)</b>                     | <b>0.5</b>                            | <b>0.8</b>             | <b>(1.6)</b>                  | <b>(0.2)</b>    | <b>(2.4)</b> |                  |                 |  |  |                      |                                  |                                       |                        |                               |       |       |        |     |       |     |     |       |     |     |             |       |  |  |       |  |       |       |      |       |       |     |       |       |       |       |        |  |  |  |  |  |     |     |                         |              |              |            |            |              |              |              |
| <b>Electronic Materials</b>                     | 33.8                 | 3.9                              | 4.0                                   | 48.0                   | 2.9                           | 3.2             | 14.2         | (0.9)            | (0.7)           | Demand for LD, LED, and other semiconductor products declined slightly, and sales of gallium and indium materials and compound semiconductors declined. As a result, sales and profit in the semiconductor business fell 0.6 billion yen and 0.2 billion yen, respectively. The electronic materials business saw sales rise sharply, climbing 14.8 billion yen, reflecting a hike in sales quantities of silver powder for solar cells and other appliances and rising silver quotations. However, income dropped because of increases in depreciation costs and research expenses. In functional materials, income remained roughly unchanged from a year ago despite the effect on users of disruptions in the supply chain caused by the earthquake.   |  |                      |                                  |                                       |                        |                               |       |       |        |     |       |     |     |       |     |     |             |       |  |  |       |  |       |       |      |       |       |     |       |       |       |       |        |  |  |  |  |  |     |     |                         |              |              |            |            |              |              |              |
| <b>Metal Processing</b>                         | 37.3                 | 2.6                              | 2.6                                   | 39.0                   | 2.2                           | 2.3             | 1.7          | (0.4)            | (0.2)           | In metal processing, sales quantities of rolled copper products declined with a fall in automobile production and a decrease in demand for semiconductors in association with the earthquake. Sales rose 1.3 billion yen, reflecting rises in copper quotations, but income dropped 0.4 billion yen because of a decrease in sales quantities. The electroplating business achieved profit that was on a par with the year-ago level by expanding market share. The thermal device (metal-ceramic substrate) business enjoyed solid domestic and overseas demand for industrial machinery and electric railways, and steps to increase yields and productivity produced a 0.2 billion rise in sales and 0.05 billion yen increase in profit.   |  |                      |                                  |                                       |                        |                               |       |       |        |     |       |     |     |       |     |     |             |       |  |  |       |  |       |       |      |       |       |     |       |       |       |       |        |  |  |  |  |  |     |     |                         |              |              |            |            |              |              |              |
| <b>Heat Treatment</b>                           | 7.7                  | 0.5                              | 0.5                                   | 9.2                    | 0.9                           | 0.8             | 1.4          | 0.3              | 0.3             | The heat treatment business saw a 0.3 billion yen fall in sales and a 0.3 billion yen decrease in profit, attributable to a decline in the volume of treatment associated with lower automobile production due to the earthquake. The industrial furnace business was solid, chiefly backed by foreign demand and certain projects that were brought forward. Sales climbed 1.7 billion yen, and income rose 0.6 billion yen.  |  |                      |                                  |                                       |                        |                               |       |       |        |     |       |     |     |       |     |     |             |       |  |  |       |  |       |       |      |       |       |     |       |       |       |       |        |  |  |  |  |  |     |     |                         |              |              |            |            |              |              |              |
| <b>Other/<br/>Elimination</b>                   | (25.3)               | 0.3                              | (0.2)                                 | (28.3)                 | 0.5                           | (0.2)           | (2.9)        | 0.1              | 0.0             |  |  |                      |                                  |                                       |                        |                               |       |       |        |     |       |     |     |       |     |     |             |       |  |  |       |  |       |       |      |       |       |     |       |       |       |       |        |  |  |  |  |  |     |     |                         |              |              |            |            |              |              |              |
| <b>Total</b>                                    | <b>181.0</b>         | <b>14.0</b>                      | <b>14.5</b>                           | <b>188.9</b>           | <b>10.8</b>                   | <b>9.8</b>      | <b>7.8</b>   | <b>(3.2)</b>     | <b>(4.7)</b>    |  |  |                      |                                  |                                       |                        |                               |       |       |        |     |       |     |     |       |     |     |             |       |  |  |       |  |       |       |      |       |       |     |       |       |       |       |        |  |  |  |  |  |     |     |                         |              |              |            |            |              |              |              |

# *Analysis of Factors in Growth and Decline in Ordinary Income*

*(Year-on-Year Comparison by Segment for 1st Half)*

Billion yen

| FY2011 H1 Results - FY2010 H1 Results   | Environmental<br>Management<br>& Recycling | Nonferrous<br>Metals | Electronic<br>Materials | Metal<br>Processing | Heat<br>Treatment | Other | Total        |
|---|--|----------------------|-------------------------|---------------------|-------------------|-------|--------------|
| Effects of changes in exchange rate, metal prices, and concentrate purchasing terms                                 |  | (0.4)                |                         |                     |                   |       | (0.4)        |
| A gain or loss on raw material payments (including a gain or loss on hedging instruments and on a lower cost basis) |  | 0.8                  |                         | 0.2                 |                   |       | 1.0          |
| Free metal income difference (price difference)   |  | 0.4                  |                         |                     |                   |       | 0.4          |
| <b>Total effects from fluctuations in exchange rate and metal market prices</b>                                     |  | <b>0.8</b>           |                         | <b>0.2</b>          |                   |       | <b>1.0</b>   |
| Free metal income difference (volume difference)  |  | (1.9)                |                         |                     |                   |       | (1.9)        |
| Change in orders following change in demand, etc.   | 0.2  |                      | (0.4)                   | (0.6)               | 0.3               |       | (0.6)        |
| <b>Total changes associated with changes in business environment</b>  | <b>0.2</b>                                 | <b>(1.9)</b>         | <b>(0.4)</b>            | <b>(0.6)</b>        | <b>0.3</b>        |       | <b>(2.4)</b> |
| Changes in depreciation   | 0.2  | 0.1                  | (0.3)                   | 0.1                 |                   |       | 0.2          |
| Other (change in fixed costs)   | (0.2)                                      | 0.1                  | (0.1)                   |                     |                   |       | (0.2)        |
| Other (resale of unfinished products, etc.)   |  | (1.7)                | 0.0                     |                     |                   | 0.3   | (1.3)        |
| Equity method income or loss  | (0.3)                                      | (1.4)                | (0.1)                   |                     |                   | (0.2) | (2.0)        |
| <b>Others total</b>   | <b>(0.3)</b>                               | <b>(2.9)</b>         | <b>(0.4)</b>            | <b>0.1</b>          |                   |       | <b>(3.3)</b> |
| <b>Total</b>  | <b>(0.2)</b>                               | <b>(4.0)</b>         | <b>(0.8)</b>            | <b>(0.2)</b>        | <b>0.3</b>        |       | <b>(4.7)</b> |

# *Fiscal 2011 Consolidated Earnings Forecasts*

**Billion yen**

|                         | <b>FY2010<br/>Results</b> | <b>FY2011<br/>Forecasts</b> | <b>Change</b> |
|-------------------------|---------------------------|-----------------------------|---------------|
| <b>Net Sales</b>        | <b>379.8</b>              | <b>390.0</b>                | <b>10.2</b>   |
| <b>Operating Income</b> | <b>22.9</b>               | <b>22.0</b>                 | <b>(0.9)</b>  |
| <b>Ordinary Income</b>  | <b>23.3</b>               | <b>22.0</b>                 | <b>(1.3)</b>  |
| <b>Net Income</b>       | <b>8.5</b>                | <b>11.0</b>                 | <b>2.5</b>    |

## **Exchange rate and metal prices**

|                              | <b>FY2010</b>     |                   | <b>FY2011</b>     |               | <b>(Reference) Nearest</b> |
|------------------------------|-------------------|-------------------|-------------------|---------------|----------------------------|
|                              | <b>H1 average</b> | <b>H2 average</b> | <b>H1 average</b> | <b>for H2</b> | <b>October average</b>     |
| <b>Exchange rate: (¥/\$)</b> | <b>89.0</b>       | <b>82.5</b>       | <b>79.8</b>       | <b>77.0</b>   | <b>76.7</b>                |
| <b>Copper: (\$/t)</b>        | <b>7,135</b>      | <b>9,144</b>      | <b>9,072</b>      | <b>7,000</b>  | <b>7,348</b>               |
| <b>Zinc: (\$/t)</b>          | <b>2,020</b>      | <b>2,355</b>      | <b>2,240</b>      | <b>1,900</b>  | <b>1,859</b>               |
| <b>Indium: (\$/kg)</b>       | <b>547</b>        | <b>545</b>        | <b>732</b>        | <b>650</b>    | <b>620</b>                 |

# *Second Half of Fiscal 2011 Assumptions and Sensitivities (Operating Income/Interim Period)*

Million yen/Interim Period

|               | <b>Assumptions</b> | <b>Fluctuation</b> | <b>Sensitivity</b><br>(Volume differences and raw material conditions) |
|---------------|--------------------|--------------------|--|
| <b>¥/\$</b>   | <b>¥77.0 /\$</b>   | <b>±¥1 /\$</b>     | <b>170</b>   |
| <b>Copper</b> | <b>7,000 \$/t</b>  | <b>±100 \$/t</b>   | <b>20</b>  |
| <b>Zinc</b>   | <b>1,900 \$/t</b>  | <b>±100 \$/t</b>   | <b>150</b>   |
| <b>Indium</b> | <b>650 \$/kg</b>   | <b>±100 \$/kg</b>  | <b>200</b>   |

\* 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*

## *Comparison with Previous Fiscal Year (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             | 88.0             | 4.9              | 5.5             | 8.3         | 2.0              | 2.6             |
| Nonferrous Metals                    | 188.8          | 5.1              | 6.2             | 165.0            | 3.4              | 3.8             | (23.8)      | (1.7)            | (2.4)           |
| Electronic Materials                 | 70.5           | 7.1              | 7.4             | 93.0             | 6.0              | 6.3             | 22.4        | (1.1)            | (1.1)           |
| Metal Processing                     | 75.8           | 5.4              | 5.3             | 77.0             | 5.0              | 5.1             | 1.1         | (0.4)            | (0.2)           |
| Heat Treatment                       | 16.9           | 1.4              | 1.3             | 19.3             | 1.9              | 1.8             | 2.3         | 0.4              | 0.4             |
| Other/<br>Elimination                | (51.9)         | 0.9              | 0.1             | (52.3)           | 0.8              | (0.5)           | (0.3)       | (0.1)            | (0.6)           |
| <b>Total</b>                         | <b>379.8</b>   | <b>22.9</b>      | <b>23.3</b>     | <b>390.0</b>     | <b>22.0</b>      | <b>22.0</b>     | <b>10.1</b> | <b>(0.9)</b>     | <b>(1.3)</b>    |

# Balance Sheets (Consolidated Results)

Million yen

| Accounts                        | March 31,<br>2011 | September<br>30, 2011 | Change         | Accounts   | March 31,<br>2011 | September<br>30, 2011 | Change         |
|---------------------------------|-------------------|-----------------------|----------------|--|-------------------|-----------------------|----------------|
| <b>Assets</b>                   |                   |                       |                | <b>Liabilities</b>   |                   |                       |                |
| <b>Current Assets</b>           | <b>167,453</b>    | <b>166,841</b>        | <b>(611)</b>   | <b>Current Liabilities</b>   | <b>124,232</b>    | <b>123,851</b>        | <b>(381)</b>   |
| Cash and time deposits          | 17,231            | 5,990                 | (11,241)       | Notes and accounts payable   | 33,367            | 32,013                | (1,354)        |
| Notes and accounts receivable   | 55,484            | 51,844                | (3,640)        | Short-term borrowings  | 54,290            | 63,647                | 9,356          |
| Inventories                     | 79,791            | 89,094                | 9,302          | Corporate bonds due within one year  | —                 | —                     | —              |
| Deferred tax assets             | 6,605             | 4,133                 | (2,472)        | Accrued income taxes, etc.   | 2,732             | 1,794                 | (937)          |
| Other current assets            | 8,755             | 15,877                | 7,121          | Ingot leasing liabilities  | 11,986            | 8,988                 | (2,997)        |
| Allowance for doubtful accounts | (416)             | (97)                  | 318            | Other current liabilities  | 21,855            | 17,408                | (4,447)        |
|                                 |                   |                       |                | <b>Long-Term Liabilities</b>   | <b>102,143</b>    | <b>95,697</b>         | <b>(6,446)</b> |
| <b>Fixed Assets</b>             | <b>172,708</b>    | <b>170,270</b>        | <b>(2,437)</b> | Corporate bonds  | 10,000            | 10,000                | —              |
| Tangible fixed assets           | 104,101           | 104,420               | 318            | Long-term debt   | 73,829            | 66,860                | (6,969)        |
| Intangible fixed assets         | 8,099             | 8,200                 | 101            | Reserve for employees' retirement benefits                                   | 10,637            | 10,444                | (192)          |
| Investments in securities       | 52,315            | 49,497                | (2,818)        | Deferred tax liabilities   | 1,888             | 2,015                 | 126            |
| Deferred tax assets             | 5,542             | 5,596                 | 53             | Other long-term liabilities  | 5,788             | 6,377                 | 588            |
| Other investments               | 2,852             | 2,681                 | (171)          | <b>Total Liabilities</b>   | <b>226,376</b>    | <b>219,548</b>        | <b>(6,827)</b> |
| Allowance for doubtful accounts | (204)             | (126)                 | 77             | <b>Net Assets</b>  |                   |                       |                |
|                                 |                   |                       |                | <b>Shareholders' Equity</b>  | <b>105,188</b>    | <b>106,927</b>        | <b>1,739</b>   |
|                                 |                   |                       |                | Common stock   | 36,437            | 36,437                | —              |
|                                 |                   |                       |                | Additional paid-in capital   | 26,362            | 26,362                | —              |
|                                 |                   |                       |                | Retained earnings  | 48,152            | 49,893                | 1,740          |
|                                 |                   |                       |                | Treasury stock, at cost  | (5,763)           | (5,765)               | (1)            |
|                                 |                   |                       |                | <b>Adjustments for Valuation Foreign<br/>Currency Translation and Others</b> | <b>1,654</b>      | <b>3,133</b>          | <b>1,478</b>   |
|                                 |                   |                       |                | Unrealized gains on available-for-sale securities                            | 5,024             | 2,846                 | (2,178)        |
|                                 |                   |                       |                | Net deferred hedge income  | (865)             | 2,708                 | 3,574          |
|                                 |                   |                       |                | Foreign currency translation adjustments                                     | (2,504)           | (2,421)               | 82             |
|                                 |                   |                       |                | <b>Minority Interests</b>  | <b>6,942</b>      | <b>7,502</b>          | <b>559</b>     |
|                                 |                   |                       |                | <b>Total Net Assets</b>  | <b>113,785</b>    | <b>117,563</b>        | <b>3,778</b>   |
| <b>Total Assets</b>             | <b>340,161</b>    | <b>337,111</b>        | <b>(3,049)</b> | <b>Total Liabilities and Net Assets</b>                                      | <b>340,161</b>    | <b>337,111</b>        | <b>(3,049)</b> |
|                                 |                   |                       |                | Interests-bearing debt   | 138,119           | 140,507               | 2,387          |
|                                 |                   |                       |                | Cash and time deposits   | 17,231            | 5,990                 | (11,241)       |
|                                 |                   |                       |                | Actual balance   | 120,888           | 134,517               | 13,628         |
|                                 |                   |                       |                | Equity ratio   | 31.4%             | 32.6%                 | 1.2%           |
|                                 |                   |                       |                | ROA  | 7.0%              | 5.8%                  | (1.2%)         |

# Consolidated Statements of Cash Flows

Million yen

|  | FY2010<br>H1   | FY2011<br>H1    | Change          |
|--|----------------|-----------------|-----------------|
| <b>I. Cash Flows from Operating Activities</b>                                   |                |                 |                 |
| Income before income taxes and minority interest                                 | 13,026         | 8,691           | (4,334)         |
| Adjustments (non-cash)   |                |                 |                 |
| Depreciation   | 8,796          | 8,703           | (92)            |
| Equity in (earnings) losses of affiliates  | (1,311)        | 696             | 2,008           |
| Change of business, impairment loss  | –              | –               | –               |
| (Gain) loss due to sale or disposal of securities, property, plant and equipment | 194            | 335             | 141             |
| Loss on valuation of investment securities                                       | 1,069          | 250             | (818)           |
| Increase in allowance for doubtful accounts                                      | (1,632)        | (310)           | 1,321           |
| Interest income and expenses and dividends                                       | 54             | 1,602           | 1,548           |
| Income taxes paid  | (1,481)        | (2,777)         | (1,296)         |
| Other, net   | 436            | (1,704)         | (2,140)         |
| <b>Total for profit/loss items</b>   | <b>19,152</b>  | <b>15,489</b>   | <b>(3,662)</b>  |
| Increase/decrease in assets/liabilities  |                |                 |                 |
| Increase/decrease in trade receivable/payable                                    | 5,701          | 1,977           | (3,724)         |
| Increase/decrease in inventories   | (6,243)        | (8,998)         | (2,754)         |
| Other, net   | (3,502)        | (8,602)         | (5,099)         |
| <b>Total for balance sheet items</b>   | <b>(4,045)</b> | <b>(15,623)</b> | <b>(11,578)</b> |
| <b>Net cash provided by (used in) operating activities</b>                       | <b>15,107</b>  | <b>(133)</b>    | <b>(15,240)</b> |
| <b>Free cash flow</b>  | <b>7,712</b>   | <b>(9,138)</b>  | <b>(16,851)</b> |

|  | FY2010<br>H1    | FY2011<br>H1    | Change         |
|--|-----------------|-----------------|----------------|
| <b>II. Cash Flows from Investing Activities</b>                  |                 |                 |                |
| Acquisition of property, plant and equipment                     | (7,394)         | (9,004)         | (1,610)        |
| Sale and acquisition of securities                               | (1,261)         | (2,671)         | (1,409)        |
| Change in loans  | 157             | 20              | (137)          |
| Proceeds from disposal and sale of property, plant and equipment | 44              | 43              | –              |
| Other, net   | (58)            | 1,699           | 1,758          |
| <b>Net cash used in investing activities</b>                     | <b>(8,512)</b>  | <b>(9,913)</b>  | <b>(1,400)</b> |
| <b>III. Cash Flows from Financing Activities</b>                 |                 |                 |                |
| Change in borrowings and corporate bonds                         | (15,320)        | 2,458           | 17,778         |
| Purchases of treasury stock and issuance of common stock         | 25              | (1)             | (27)           |
| Cash dividends paid  | (3,149)         | (3,168)         | (19)           |
| Other, net   | (212)           | (234)           | (21)           |
| <b>Net cash used in financing activities</b>                     | <b>(18,656)</b> | <b>(945)</b>    | <b>17,710</b>  |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents     | (55)            | (73)            | (18)           |
| <b>Net Decrease in Cash and Cash Equivalents</b>                 | <b>(12,117)</b> | <b>(11,066)</b> | <b>1,050</b>   |
| Cash and Cash Equivalents of Newly Consolidated Subsidiaries     | 164             | 239             | 75             |
| Cash and Cash Equivalents at Beginning of Term                   | 27,115          | 16,741          | (10,373)       |
| Cash and Cash Equivalents at End of Term                         | 15,162          | 5,914           | (9,247)        |
| (For reference)  |                 |                 |                |
| <b>Balance of interest-bearing debt</b>                          | <b>134,336</b>  | <b>140,507</b>  | <b>6,170</b>   |

# Changes in Investment and Depreciation

Billion yen

|                                      | FY2009 (results)             |                |       | FY2010 (results)             |                |       | FY2011 H1 (results)          |                |       | FY2011 (forecasts)           |                |       |
|--------------------------------------|------------------------------|----------------|-------|------------------------------|----------------|-------|------------------------------|----------------|-------|------------------------------|----------------|-------|
|                                      | Capital and stock investment | R&D investment | Total | Capital and stock investment | R&D investment | Total | Capital and stock investment | R&D investment | Total | Capital and stock investment | R&D investment | Total |
| Environmental Management & Recycling | 3.7                          | 0.3            | 4.1   | 6.8                          | 0.3            | 7.1   | 3.5                          | 0.2            | 3.7   | 6.1                          | 0.6            | 6.7   |
| Nonferrous Metals                    | 7.6                          | 0.8            | 8.4   | 5.1                          | 0.8            | 5.9   | 1.4                          | 0.3            | 1.7   | 3.0                          | 0.7            | 3.8   |
| Electronic Materials                 | 0.7                          | 2.2            | 2.9   | 3.5                          | 2.4            | 6.0   | 2.0                          | 1.4            | 3.5   | 3.3                          | 3.0            | 6.3   |
| Metal Processing                     | 0.6                          | 0.3            | 1.0   | 1.1                          | 0.3            | 1.5   | 0.8                          | 0.1            | 1.0   | 3.6                          | 0.3            | 4.0   |
| Heat Treatment                       | 0.5                          | 0.2            | 0.8   | 2.2                          | 0.2            | 2.4   | 3.0                          | 0.1            | 3.1   | 3.8                          | 0.2            | 4.1   |
| Companywide, Other                   | 0.4                          | 0.0            | 0.4   | 0.1                          | 0.0            | 0.2   | 0.3                          | 0.0            | 0.3   | 0.5                          | 0.2            | 0.7   |
| Total                                | 13.9                         | 4.0            | 18.0  | 19.1                         | 4.2            | 23.4  | 11.3                         | 2.3            | 13.6  | 20.5                         | 5.2            | 25.8  |

## Depreciation Expenses

Billion yen

|                                      | FY2009 | FY2010 | FY2011     |              |                     |
|--------------------------------------|--------|--------|------------|--------------|---------------------|
|                                      |        |        | H1 results | H2 forecasts | Full year forecasts |
| Environmental Management & Recycling | 4.7    | 5.1    | 2.2        | 2.8          | 5.0                 |
| Nonferrous Metals                    | 7.1    | 6.5    | 2.9        | 3.0          | 5.9                 |
| Electronic Materials                 | 2.1    | 2.0    | 1.2        | 1.5          | 2.7                 |
| Metal Processing                     | 3.2    | 2.6    | 1.1        | 1.4          | 2.5                 |
| Heat Treatment                       | 1.5    | 1.5    | 0.7        | 0.9          | 1.6                 |
| Companywide, Other                   | 0.5    | 0.4    | 0.2        | 0.2          | 0.4                 |
| Total                                | 19.2   | 18.4   | 8.4        | 9.9          | 18.3                |

### Major capital and share investments during fiscal 2011

- Environmental Management & Recycling: Construction of minute amounts of PCB treatment facilities at Eco-System Sanyo
- Nonferrous Metals: Construction of tin and antimony collection facilities
- Electronic Materials: Increased production of carrier powder
- Metal Processing: Construction of an acid cleaning line at DOWA METANIX
- Heat Treatment: Acquisition of a controlling interest of Hightemp of India