

DOWA

***Fiscal 2010 First Half
Supplementary Information***

November 11, 2010

Dowa Holdings Co., Ltd.

Overview of Operating Results

Billion yen

	FY2009 Results		FY2010 Forecasts		Change			
	1st Half	Full Year	1st Half Results	Full-Year Forecasts	1st Half		Full Year	
Net Sales	129.6	307.4	181.0	360.0	51.4	40%	52.6	17%
Operating Income	5.2	13.7	14.0	22.5	8.8	169%	8.8	64%
Ordinary Income	4.7	13.8	14.5	23.0	9.8	209%	9.2	67%
Net Income	1.8	4.3	7.5	11.5	5.7	317%	7.2	167%

- In the first half, the Company achieved a 40% sales increase and more than tripled its ordinary income from the same period a year earlier.
- Sales and income both climbed in all businesses after a rally in demand for automotive and IT-related products.
- Structural reforms executed in the wake of the Lehman Brothers crisis has given the Company the ability to capitalize on opportunities arising from the demand turnaround.
- There are signs of a slowdown in some products and an exchange rate of 80 yen against the dollar is presumed for the second half. The Company maintains its full-year sales forecast revised upward in the first quarter and expects to achieve a year-on-year rise in sales and profit on a full-year basis.

Major Products: Sales Volume/Treatment Volume Results and Forecasts

<Expressed in index values, with the average results for the first half of fiscal 2008 set at 100>

FY2009/FY2010 1st half results and 2nd half forecasts		FY2009				FY2010			
		Q1 Results	Q2 Results	Q3 Results	Q4 Results	Q1 Results	Q2 Results	Q3 Forecasts	Q4 Forecasts
Environmental Management & Recycling	Waste processing volume	91	105	122	122	120	117	138	136
	Soil remediation volume at Hanaoka	89	61	77	74	41	36	96	81
Nonferrous Metals	Gold	201	131	159	227	170	105	216	253
	Silver	164	119	144	150	154	89	142	129
	Copper	95	96	111	123	116	114	121	122
	Zinc	72	85	94	85	91	92	89	97
Electronic Materials	Compound semiconductor	51	68	89	87	100	104	82	78
	LED	73	77	82	83	99	96	90	94
	Silver powder	119	173	195	204	225	254	276	271
Metal Processing	Copper strip products	65	90	106	106	100	94	90	91
Heat Treatment	Heat treatment	48	57	67	72	71	74	72	73

Income Statements

Million yen

	FY2009 1st half			FY2010 1st half			Change		
	Q1	Q2	H1	Q1	Q2	H1	Q1	Q2	H1
Net Sales	63,139	66,463	129,602	94,603	86,446	181,049	31,463	19,983	51,447
Cost of Sales	52,634	59,404	112,039	77,859	75,926	153,785	25,225	16,521	41,746
Gross Profit	10,505	7,058	17,563	16,743	10,520	27,264	6,238	3,461	9,700
Selling, General, and Administrative Expenses, R&D Expenses	6,214	6,069	12,284	6,662	6,565	13,227	447	495	943
Operating Income	4,290	988	5,279	10,081	3,954	14,036	5,791	2,966	8,757
Other Income	875	1,366	2,242	1,646	1,158	2,804	770	(208)	561
Interest and dividend income	439	76	515	415	38	454	(23)	(37)	(61)
Equity in earnings of affiliates	(219)	575	355	725	586	1,311	944	11	955
Other income	656	714	1,370	505	533	1,038	(150)	(181)	(332)
Other Expenses	1,635	1,108	2,744	1,095	1,167	2,262	(540)	58	(481)
Interest expenses paid	767	709	1,477	596	560	1,157	(171)	(148)	(319)
Other expenses	868	399	1,267	499	606	1,105	(368)	207	(161)
Ordinary Income	3,530	1,246	4,777	10,632	3,945	14,578	7,101	2,699	9,801
Extraordinary Profits	75	91	167	86	38	124	10	(53)	(42)
Gain on sale of property, plant and equipment	42	14	57	3	7	10	(39)	(7)	(47)
Gain on sale of investment securities	0	0	0	38	0	38	38	0	38
Other profits	32	76	109	44	31	75	11	(45)	(34)
Extraordinary Losses	461	1,007	1,468	235	1,440	1,676	(225)	433	208
Loss on disposal of property, plant and equipment	129	152	282	53	83	136	(76)	(68)	(145)
Loss on valuation of investment securities	17	9	26	14	1,093	1,107	(2)	1,083	1,081
Impairment loss	0	183	183	0	59	59	0	(124)	(124)
Loss on liquidation of business, cost of structural reforms	184	470	655	0	0	0	(184)	(470)	(655)
Other	129	190	320	168	204	372	38	13	51
Income Before Income Taxes and Minority Interests	3,145	330	3,475	10,483	2,543	13,026	7,338	2,212	9,550
Income Taxes	1,332	42	1,375	3,172	1,189	4,361	1,839	1,146	2,986
Minority Interests in Income	178	41	220	787	306	1,094	609	264	873
Net Income	1,633	246	1,879	6,522	1,047	7,570	4,889	801	5,690

Consolidated Results: Year-on-Year Comparison

(by Segment for 1st Half)

Billion yen

	FY2009 H1			FY2010 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																																																	
Environmental Management & Recycling	27.5	0.9	0.7	37.0	1.2	1.2	9.4	0.2	0.4	Solid collection of home electric appliances and electronic components enabled the recycling business to enjoy a sales rise of 8.5 billion yen, with profit increasing 0.9 billion yen. In the intermediate waste treatment business, an income decline of 0.6 billion yen was posted because of higher depreciation costs, 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	66.1	1.5	1.7	90.4	5.2	6.4	24.2	3.7	4.6	<p style="text-align: center;">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>(0.1)</td> <td>(0.7)</td> <td>(0.7)</td> <td>1.1</td> <td>0.7</td> <td>0.3</td> </tr> <tr> <td>Rare metals</td> <td>2.8</td> <td></td> <td></td> <td>0.0</td> <td></td> <td>(0.1)</td> <td>1.6</td> </tr> <tr> <td>Zinc</td> <td>0.6</td> <td>1.0</td> <td>(0.3)</td> <td>0.4</td> <td>0.2</td> <td>(1.3)</td> <td>1.6</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>Operating income</td> <td>3.4</td> <td>0.9</td> <td>(1.0)</td> <td>(0.3)</td> <td>1.3</td> <td>(0.5)</td> <td>3.7</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	(0.1)	(0.7)	(0.7)	1.1	0.7	0.3	Rare metals	2.8			0.0		(0.1)	1.6	Zinc	0.6	1.0	(0.3)	0.4	0.2	(1.3)	1.6	Common						0.1	0.1	Operating income	3.4	0.9	(1.0)	(0.3)	1.3	(0.5)	3.7
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Operating income	3.4	0.9	(1.0)	(0.3)	1.3	(0.5)	3.7																																																			
Electronic Materials	21.7	1.7	1.7	33.8	3.9	4.0	12.0	2.1	2.2	Rallying demand for semiconductors led to a sales increase in gallium, indium and compound semiconductors. Profitability was secured in nitride semiconductors. The semiconductor business attained growth in sales (of 3.5 billion yen) and profit (of 1.0 billion yen). The electronic materials business saw sales and income rise by 7.7 billion yen and by 0.5 billion yen, respectively, following a 64% hike in sales quantities of silver powers for solar cells and other applications. Sales in the functional materials business also rose, climbing 0.7 billion yen, with income up 0.6 billion yen, after a turnaround in sales volumes of iron powders, carrier powders, ferrite powders and other products, in addition to improved productivity.																																																
Metal Processing	23.5	1.4	1.7	37.3	2.6	2.6	13.7	1.2	0.8	The metal processing business benefited from a 25% rise in copper strip product sales following the recovery of automotive and semiconductor markets, to achieve an income rise of 9.9 billion yen and profit growth of 0.4 billion yen. In the electroplating business, sales were up 0.9 billion yen and profit rose 0.2 billion yen, with rallying demand for processing for PCs and mobile phones and the acquisition of new customers. The thermal device (metal-ceramic substrate) business enjoyed a recovery in domestic and overseas demand for industrial machinery and electric railways and endeavored to increase yields and productivity to attain a 0.9 billion yen rise in sales and a 0.3 billion yen rise in profit.																																																
Heat Treatment	6.2	(0.2)	(0.2)	7.7	0.5	0.5	1.5	0.8	0.7	As the car industry began to recover, the heat treatment business saw a 42% increase in orders, boosting sales by 1.5 billion yen and profit by 0.6 billion yen. Industrial furnace sales reached the year-ago level but produced income growth of 0.2 billion yen thanks to better profit margins.																																																
Other/ Elimination	(15.6)	(0.1)	(0.9)	(25.3)	0.3	(0.2)	(9.7)	0.5	0.7	A rise in revenues of supporting firms, consolidation adjustment and other factors																																																
Total	129.6	5.2	4.7	181.0	14.0	14.5	51.4	8.7	9.8																																																	

Analysis of Factors in Growth and Decline in Ordinary Income

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

Billion yen

FY2010 H1 Results - FY2009 H1 Results	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		0.9					0.9
A gain or loss on raw material payments (including a gain or loss on hedging instruments and on a lower cost basis)		(1.4)		(0.2)			(1.6)
Actual sales difference (price difference)		2.2					2.2
Total effects from fluctuations in exchange rate and metal market prices	0.0	1.7	0.0	(0.2)	0.0	0.0	1.5
Actual sales difference (volume difference)		1.2					1.2
Changes in orders associated with changes in business environment	1.7	0.1	2.3	1.2	0.9		6.2
Total changes associated with changes in business environment	1.7	1.3	2.3	1.2	0.9	0.0	7.4
Changes in depreciation	(0.8)	(0.1)	0.1	0.3			(0.5)
Equity method income or loss	0.2	0.8	(0.0)	0.0		(0.0)	0.9
Other (resale of unfinished products, etc.)	(0.6)	0.8	(0.1)	(0.4)	(0.2)	0.7	0.1
Others total	(1.3)	1.6	(0.1)	(0.2)	(0.2)	0.7	0.5
Total	0.4	4.6	2.2	0.8	0.7	0.7	9.8

Fiscal 2010 Consolidated Earnings Forecasts

Billion yen

	FY2009 Results	FY2010 Forecasts	Change
Net Sales	307.4	360.0	52.6
Operating Income	13.7	22.5	8.8
Ordinary Income	13.8	23.0	9.2
Net Income	4.3	11.5	7.2

Exchange rate and metal prices

	FY2009		FY2010		(Reference) Nearest
	H1 average	H2 average	H1 average	Assumption for H2	October average
Exchange rate: (¥/\$)	95.5	90.2	89.0	80.0	81.9
Copper: (\$/t)	5,260	6,940	7,135	7,200	8,292
Zinc: (\$/t)	1,617	2,251	2,020	2,000	2,372
Indium: (\$/kg)	332	480	547	500	563

*Second Half of Fiscal 2010
Assumptions and Sensitivities
(Operating Income/Interim Period)*

Million yen

	Assumptions	Fluctuation	Sensitivity (Volume differences and raw material conditions)
¥/\$	¥80.0 /\$	±¥1/\$	130
Copper	7,200 \$/t	±100 \$/t	20
Zinc	2,000 \$/t	±100 \$/t	160
Indium	500 \$/kg	±100 \$/kg	290

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

	FY2009 Results			FY2010 Forecasts			Change		
	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	76.0	3.0	2.9	11.1	0.8	0.5
Nonferrous Metals	155.5	3.0	3.3	179.0	6.1	7.6	23.4	3.0	4.2
Electronic Materials	50.2	4.8	4.9	65.0	6.8	7.1	14.7	1.9	2.1
Metal Processing	60.4	3.2	3.8	69.0	4.8	4.5	8.5	1.5	0.6
Heat Treatment	13.4	0.1	0.1	16.0	1.3	1.2	2.5	1.1	1.0
Other/ Elimination	(37.1)	0.3	(0.7)	(45.0)	0.5	(0.3)	(7.8)	0.1	0.4
Total	307.4	13.7	13.8	360.0	22.5	23.0	52.5	8.7	9.1