



Fiscal 2008

Business Results

May 12, 2009

Dowa Holdings Co., Ltd.

* Forward-looking statements made in this document, such as business forecasts, are based on the information available at this time and on certain premises that the Company assumes to be reasonable. Actual performance may differ materially from such forecasts due to a variety of factors.

Operating Results

Fiscal 2008

Income Statements

Million yen

	FY2007			FY2008					Change		
	1H	2H	Full year	1H	Q3	Q4	2H	Full year	1H	2H	Full year
Net Sales	237,212	238,614	475,826	215,193	75,542	56,149	131,691	346,885	(22,018)	(106,922)	(128,940)
Cost of Sales	195,213	204,688	399,901	189,949	85,516	53,874	139,391	329,340	(5,264)	(65,296)	(70,561)
(Of these, differences in market and book prices and loss on a lower cost basis)	(290)	5,295	5,005	8,330	17,660	(2,520)	15,140	23,470	8,620	9,845	18,465
Gross Profit	41,998	33,926	75,924	25,244	(9,974)	2,274	(7,699)	17,545	(16,753)	(41,625)	(58,379)
Selling, General, and Administrative Expenses	14,637	16,967	31,605	13,678	6,557	5,806	12,364	26,042	(959)	(4,602)	(5,562)
Operating Income	27,360	16,958	44,319	11,566	(16,531)	(3,532)	(20,064)	(8,497)	(15,794)	(37,022)	(52,816)
Other Income	3,158	2,652	5,811	2,351	1,062	621	1,683	4,034	(807)	(968)	(1,776)
Interest and dividend income	785	614	1,400	791	385	283	669	1,461	5	54	60
Equity in earnings of affiliates	1,470	589	2,059	80	0	(80)	(80)	0	(1,389)	(670)	(2,059)
Other income	902	1,448	2,351	1,478	676	418	1,094	2,573	575	(353)	222
Other Expenses	3,073	2,168	5,241	2,620	3,738	2,528	6,266	8,887	(452)	4,098	3,645
Interest expenses paid	988	1,179	2,167	1,188	619	711	1,331	2,520	200	152	353
(Investment loss on equity method)	0	0	0	0	470	1,365	1,836	1,836	0	1,836	1,836
(Exchange loss)	251	49	301	23	1,988	(245)	1,743	1,766	(228)	1,693	1,464
Other expenses	1,833	939	2,772	1,408	659	695	1,355	2,764	(424)	416	(8)
Ordinary Income	27,446	17,442	44,888	11,297	(19,208)	(5,439)	(24,647)	(13,350)	(16,149)	(42,089)	(58,239)
Extraordinary Profits	82	2,745	2,827	131	68	184	252	383	48	(2,493)	(2,444)
Gain on sale of property, plant and equipment	4	519	523	14	8	1	9	24	9	(509)	(499)
Gain on sale of investment securities	4	1,710	1,714	15	5	0	5	20	10	(1,704)	(1,693)
Other profits	73	516	589	102	54	182	236	339	28	(279)	(250)
Extraordinary Losses	2,637	3,949	6,587	837	8,856	7,948	16,805	17,642	(1,800)	12,855	11,055
Loss on disposal of property, plant and equipment	144	353	497	350	140	389	529	880	206	176	382
(Loss on valuation of investment securities)	0	618	618	17	8,649	629	9,278	9,295	17	8,660	8,677
(Impairment loss)	266	0	266	157	0	2,132	2,132	2,290	(109)	2,132	2,023
(Loss on liquidation of business, cost of structural reforms)	1,676	1,158	2,835	0	0	4,166	4,166	4,166	(1,676)	3,007	1,331
(Other)	550	1,818	2,369	312	67	630	697	1,009	(238)	(1,121)	(1,359)
Income Before Income Taxes and Minority Interests	24,891	16,238	41,129	10,591	(27,997)	(13,203)	(41,200)	(30,608)	(14,299)	(57,438)	(71,738)
Income Taxes	12,002	3,443	15,446	4,688	(5,834)	(1,494)	(7,328)	(2,639)	(7,314)	(10,771)	(18,086)
Minority Interests in Income	770	392	1,162	614	(164)	(281)	(445)	168	(155)	(838)	(993)
Net Income	12,118	12,402	24,520	5,287	(21,998)	(11,427)	(33,426)	(28,138)	(6,830)	(45,828)	(52,658)

Major Products: Production Volume/ Treatment Volume Results (increase/decrease)

FY 2008 Results			Y-on-y comparison			Ratio to first half of FY 2008	
			First half result	Q3 result	Q4 result	Q3 result	Q4 result
	Environmental Management & Recycling	Waste treatment volume	(0.8%)	(4.0%)	(19.0%)	(1.0%)	(16.4%)
		Soil remediation volume at Hanaoka	(16.7%)	(25.9%)	(42.8%)	32.5%	5.2%
	Nonferrous Metals	Gold	(66.4%)	(28.9%)	(58.3%)	24.5%	(5.2%)
		Silver	(57.7%)	(18.8%)	(31.4%)	11.4%	0.0%
		Copper	(15.5%)	15.7%	(30.4%)	(4.1%)	(10.1%)
		Zinc	(5.1%)	(16.5%)	3.0%	(8.3%)	10.0%
	Electronic Materials	Compound semiconductor	(6.1%)	(47.3%)	(74.4%)	(46.1%)	(74.1%)
		LED	(23.3%)	(46.2%)	(45.9%)	(29.8%)	(44.5%)
		Silver powder	55.9%	(26.6%)	(48.8%)	(26.4%)	(49.8%)
	Metal Processing	Copper strip products	5.8%	(27.3%)	(82.8%)	(26.3%)	(82.5%)
	Heat Treatment	Heat treatment	(5.7%)	(35.7%)	(68.2%)	(23.4%)	(61.3%)

* Percentages in the Nonferrous Metals segment are compared with those for the first quarter of fiscal 2008.

Increase/Decrease by Segment Over Corresponding Period of Previous Year

FY2008 - FY2007	1H			2H			Total annual accumulations		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	2.6	(0.1)	0.1	(17.4)	(2.9)	(3.6)	(14.8)	(3.1)	(3.5)
Nonferrous Metals	(37.1)	(14.7)	(15.2)	(61.4)	(21.8)	(26.1)	(98.5)	(36.6)	(41.4)
Electronic Materials	3.7	(0.3)	(0.2)	(14.3)	(2.2)	(2.1)	(10.6)	(2.5)	(2.4)
Metal Processing	8.7	(1.1)	(0.6)	(29.2)	(7.6)	(7.5)	(20.4)	(8.8)	(8.2)
Heat Treatment	0.6	0.4	0.4	(6.5)	(2.3)	(2.3)	(5.8)	(1.9)	(1.9)
Elimination	(0.6)	0.1	(0.4)	22.0	0.0	(0.1)	21.4	0.2	(0.5)
Total	(22.0)	(15.7)	(16.1)	(106.9)	(37.0)	(42.0)	(128.9)	(52.8)	(58.2)

Factors in Growth and Decline in Ordinary Income

FY2008 - FY2007	Billion yen		
	1H	2H	Total annual accumulations
Effects of changes in exchange rates and metal price fluctuations	(15.3)	(19.6)	(34.9)
Factors in sales decline and cost increase	(4.1)	(18.7)	(22.8)
Future effects of investments	(3.1)	(1.5)	(4.6)
Other (profit and gain on equity method, resale of semi-finished products, etc.)	2.1	(3.2)	(1.1)
Subtotal	(20.4)	(43.0)	(63.4)
Productivity increases, cost reductions, etc.	4.2	1.2	5.3
Total	(16.1)	(42.0)	(58.2)

Consolidated Results Comparison with Previous Fiscal Year

(by Segment for 2nd Half)

Billion yen

Billion yen

	FY2007 2H			FY2008 2H			Change			Breakdown of Sales, Operating Income and Ordinary Income																																										
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income																																											
Environmental Management & Recycling	45.6	4.5	4.5	28.2	1.6	0.8	(17.4)	(2.9)	(3.6)	Demand in the soil remediation business continued to decline (2.4 billion yen decrease in sales and 1 billion yen decrease in income). In addition, the waste treatment volume for the 4th quarter also decreased by 19% over the previous term (1.2 billion yen decrease in sales and 700 million yen decrease in income). The recycling business experienced a decrease in collections and treatment volumes of shredder residue and recycling home electric appliances (12.7 billion yen decrease in sales and 1.4 billion yen decrease in income).																																										
Nonferrous Metals	126.1	5.2	6.1	64.7	(16.6)	(20.0)	(61.4)	(21.8)	(26.1)	<table><tr><th colspan="4">Ratio of operating income to that of previous term</th><th colspan="3">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>Increase in cost</th><th>Other</th><th>Total</th></tr><tr><td>Copper</td><td>(3.9)</td><td>(1.4)</td><td>(6.5)</td><td>(0.3)</td><td>(0.7)</td><td>(12.8)</td></tr><tr><td>Rare metals</td><td>(3.7)</td><td></td><td>(0.1)</td><td></td><td>(0.6)</td><td>(4.4)</td></tr><tr><td>Zinc</td><td>(1.2)</td><td>(2.8)</td><td>1.2</td><td>(1.1)</td><td>(0.7)</td><td>(4.6)</td></tr><tr><td>Operating income</td><td>(8.8)</td><td>(4.2)</td><td>(5.4)</td><td>(1.4)</td><td>(2.0)</td><td>(21.8)</td></tr></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	Increase in cost	Other	Total	Copper	(3.9)	(1.4)	(6.5)	(0.3)	(0.7)	(12.8)	Rare metals	(3.7)		(0.1)		(0.6)	(4.4)	Zinc	(1.2)	(2.8)	1.2	(1.1)	(0.7)	(4.6)	Operating income	(8.8)	(4.2)	(5.4)	(1.4)	(2.0)	(21.8)
Ratio of operating income to that of previous term				Billion yen																																																
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Copper	(3.9)	(1.4)	(6.5)	(0.3)	(0.7)	(12.8)																																														
Rare metals	(3.7)		(0.1)		(0.6)	(4.4)																																														
Zinc	(1.2)	(2.8)	1.2	(1.1)	(0.7)	(4.6)																																														
Operating income	(8.8)	(4.2)	(5.4)	(1.4)	(2.0)	(21.8)																																														
Electronic Materials	31.8	2.9	2.7	17.4	0.7	0.5	(14.3)	(2.2)	(2.1)	Sales of compound semiconductors for the 4th quarter decreased by 74% over the previous term, while sales of LEDs also fell by 46% over the previous term. As a result, sales of semiconductors decreased by 3.3 billion yen, while income dropped by 1.3 billion yen over the previous term. Sales of functional materials also declined by 11 billion yen, while income fell by 1 billion yen, due to sluggish demand for IT and home electrical appliances.																																										
Metal Processing	50.9	1.2	1.0	21.6	(6.3)	(6.5)	(29.2)	(7.6)	(7.5)	Demand for automobiles continued to decline rapidly from the 2nd quarter onward. Specifically, production volumes of tin plated products and copper alloy strip products for use in automotive terminals and connectors fell by 83%. In addition, falls in copper and nickel prices brought about a loss of 3.8 billion yen, a substantial reduction in income. Sales of copper strip products fell by 26.7 billion yen, while income fell by 6.6 billion yen.																																										
Heat Treatment	15.5	2.2	2.2	9.0	(0.1)	(0.1)	(6.5)	(2.3)	(2.3)	Sales of heat treatment continued to decline due to reduced demand in the automobile industry. The heat treatment volume fell by 68% in the 4th quarter. Sales of heat treatment and income fell by 4.8 billion yen and 2.2 billion yen, respectively.																																										
Other/ Elimination	(31.5)	0.6	0.7	(9.5)	0.7	0.5	22.0	0.0	(0.1)																																											
Total	238.6	16.9	17.4	131.6	(20.0)	(24.6)	(106.9)	(37.0)	(42.0)																																											

Analysis of Factors in Growth and Decline in Ordinary Income (Comparison By Segment for 2nd Half of FY2007 and FY2008)

Billion yen

FY08 2H - FY07 2H	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		(6.1)					(6.1)
Differences in market and book prices for raw material payments and loss on valuation of inventory on a lower cost basis	(0.5)	(5.4)	(0.2)	(3.7)			(9.8)
Actual sales difference (price difference)		(3.7)					(3.7)
Total effects from fluctuations in exchange rate and metal market prices	(0.5)	(15.2)	(0.2)	(3.7)	0.0	0.0	(19.6)
Actual sales difference (volume difference)		(5.1)					(5.1)
Decrease in orders with worsening business environment, etc.	(2.7)	(0.3)	(2.2)	(3.7)	(3.2)		(12.1)
Factors for higher costs, such as electricity and materials		(1.4)					(1.4)
Total operating rate difference and factors for higher costs	(2.7)	(6.8)	(2.2)	(3.7)	(3.2)	0.0	(18.7)
Increase in depreciation due to capital investment	(0.1)	(0.5)	(0.1)	(0.7)	(0.1)		(1.5)
(of which effects of revision to tax system)	(0.2)	(0.7)	(0.1)	(0.5)	0.0		(1.5)
Equity method income or loss	(0.5)	(1.7)		(0.1)		(0.2)	(2.5)
Other		(0.7)					(0.7)
Subtotal	(3.8)	(24.9)	(2.5)	(8.2)	(3.3)	(0.2)	(43.0)
Productivity increases, cost reductions, etc.	0.2	(1.2)	0.4	0.7	1.0	0.1	1.2
Total	(3.6)	(26.1)	(2.1)	(7.5)	(2.3)	(0.1)	(42.0)

Consolidated Results: Year-on-Year Comparison (by segment and full year)

Billion yen

Billion yen

	FY2007 2H			FY2008 2H			Change			Breakdown of Sales, Operating Income and Ordinary Income																																																																
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income																																																																	
Environmental Management & Recycling	84.5	8.0	7.9	69.7	4.9	4.3	(14.8)	(3.1)	(3.5)	Sales of waste treatment and income declined by 300 million yen and 800 million yen, respectively, due to decreases in discharge volumes, although we sought to boost collections and treatment volumes of municipal waste and increase treatment volumes at Green Fill Kosaka. Sales of soil treatment and income also fell by 3.5 billion yen and 1.5 billion yen, respectively. Sales and income from the recycling business were down 9.7 billion yen and one billion yen, respectively, with a reduction in the collection and treatment of shredder residue and recycling home electrical appliances.																																																																
Nonferrous Metals	272.2	22.4	23.5	173.6	(14.1)	(17.8)	(98.5)	(36.6)	(41.4)	<table><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>Increase in cost</th><th>Other</th><th>Total</th><th colspan="4"></th></tr><tr><td>Copper</td><td>(62)</td><td>(34)</td><td>(146)</td><td>(3)</td><td>20</td><td>(225)</td><td colspan="4"></td></tr><tr><td>Rare metals</td><td>(50)</td><td></td><td>(1)</td><td></td><td>(11)</td><td>(62)</td><td colspan="4"></td></tr><tr><td>Zinc</td><td>(6)</td><td>(56)</td><td>13</td><td>(17)</td><td>(13)</td><td>(79)</td><td colspan="4"></td></tr><tr><td>Operating income</td><td>(118)</td><td>(90)</td><td>(134)</td><td>(20)</td><td>(4)</td><td>(366)</td><td colspan="4"></td></tr></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	Increase in cost	Other	Total					Copper	(62)	(34)	(146)	(3)	20	(225)					Rare metals	(50)		(1)		(11)	(62)					Zinc	(6)	(56)	13	(17)	(13)	(79)					Operating income	(118)	(90)	(134)	(20)	(4)	(366)				
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Operating income	(118)	(90)	(134)	(20)	(4)	(366)																																																																				
Electronic Materials	61.4	6.3	6.1	50.8	3.7	3.6	(10.6)	(2.5)	(2.4)	Sales of semiconductors and income declined by 5 billion yen and 2.2 billion yen, respectively, due to reduced sales of gallium, compounds, and LEDs, stemming from sluggish demand for semiconductors. Although sales of PDP-use silver powder and carrier powder remained almost on a par with the previous year, sales of metal powder and ferrite powder declined. Sales of functional materials and income declined by 5.5 billion yen and 500 million yen, respectively.																																																																
Metal Processing	91.7	3.0	2.6	71.2	(5.7)	(5.5)	(20.4)	(8.8)	(8.2)	In addition to falling demand for use in automotive connectors and semiconductors, the impact of falling prices of copper and nickel (-4.5 billion yen) led to an 18.2 billion yen decrease in sales of copper strip products and a 7.6 billion yen decrease in income. In addition, sales of precious metal electroplated products and income fell by 2.6 billion yen and 900 million yen, respectively, due to reduced demand for automobiles and cell phones.																																																																
Heat Treatment	28.8	3.5	3.5	22.9	1.6	1.6	(5.8)	(1.9)	(1.9)	Although industrial furnaces performed almost on a par with the previous year, sales of heat treatment and income fell by 5.2 billion yen and 2.3 billion yen, respectively, due to a sharp drop in demand in the automotive industry.																																																																
Other/ Elimination	(62.8)	0.8	1.1	(41.4)	1.1	0.5	21.4	0.2	(0.5)																																																																	
Total	475.8	44.3	44.8	346.8	(8.4)	(13.3)	(128.9)	(52.8)	(58.2)																																																																	

Analysis of Factors in Growth and Decline in Ordinary Income

(Year-on-year comparison by segment and full year)

Billion yen

FY2008 - FY2007	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		(10.9)					(10.9)
Differences in market and book prices for raw material payments and loss on valuation of inventory on a lower cost basis	(0.5)	(13.4)	(0.2)	(4.4)			(18.5)
Actual sales difference (price difference)		(5.5)					(5.5)
Total effects from fluctuations in exchange rate and metal market prices	(0.5)	(29.8)	(0.2)	(4.4)	0.0	0.0	(34.9)
Actual sales difference (volume difference)		(6.3)					(6.3)
Decrease in orders with worsening business environment, etc.	(3.2)	(0.3)	(3.0)	(3.9)	(3.3)		(13.7)
Factors for higher costs, such as electricity and materials	(0.1)	(2.0)	(0.3)	(0.2)			(2.6)
Total operating rate difference and factors for higher costs	(3.3)	(8.6)	(3.3)	(4.1)	(3.3)	0.0	(22.8)
Increase in depreciation due to capital investment	(0.4)	(2.6)	(0.1)	(1.5)	(0.3)	0.3	(4.6)
(of which effects of revision to tax system)	(0.3)	(1.3)	(0.2)	(0.9)	0.0		(27.0)
Equity method income or loss	(0.3)	(2.9)		(0.1)		(0.6)	(3.9)
Resale of unfinished products, etc.		3.0				(0.2)	2.8
Subtotal	(4.5)	(40.9)	(3.6)	(10.1)	(3.6)	(0.5)	(63.4)
Productivity increases, cost reductions, etc.	1.0	(0.5)	1.2	1.9	1.7		5.3
Total	(3.5)	(41.4)	(2.4)	(8.2)	(1.9)	(0.5)	(58.2)

Fiscal 2008 Consolidated Earnings Forecasts

Billion yen

	FY2008 Actual (A)	FY2009 Estimate (B)	Change (B)-(A)
Net Sales	346.8	240.0	(106.8)
Operating Income	(8.4)	5.0	13.4
Ordinary Income	(13.3)	3.0	16.3
Net Income	(28.1)	1.0	29.1

Exchange rate and metal prices

	FY2008 average		FY2009 estimate	(Ref.) Nearest
	1st half	2nd half	Full year	April results
Exchange rate: (¥/\$)	106.1	95.0	95.0	99.1
Copper: (\$/t)	8,060	3,665	4,200	4,407
Zinc: (\$/t)	1,942	1,179	1,350	1,379
Indium: (\$/kg)	581	376	350	310

Assumed Conditions for Fiscal 2009 and Sensitivity (Operating income/year)

Million yen

	Fiscal 2009 (estimate)	Fluctuation	Sensitivity (Volume differences and raw material conditions)	Risk of fall in market price for inventory held as of March 31
\/\$	\95.0 /\$	±\1 /\$	150	220
Copper	4,200 \$/t	±100 \$/t	40	110
Zinc	1,350 \$/t	±100 \$/t	370	250
Indium	350 \$/kg	±100 \$/kg	160	--

Forecasts of Consolidated Results

Comparison with Previous Fiscal Year (by Segment)

Billion yen

	FY2008 (actual)			FY2009 (estimate)			Change		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	69.7	4.9	4.3	63.0	3.3	2.9	(6.7)	(1.6)	(1.4)
Nonferrous Metals	173.6	(14.1)	(17.8)	114.0	(1.2)	(2.6)	(59.6)	12.9	15.2
Electronic Materials	50.8	3.7	3.6	31.0	2.0	2.0	(19.8)	(1.7)	(1.6)
Metal Processing	71.2	(5.7)	(5.5)	37.0	(0.4)	0.0	(34.2)	5.3	5.5
Heat Treatment	22.9	1.6	1.6	14.0	0.8	0.7	(8.9)	(0.8)	(0.9)
Other/ Elimination	(41.4)	1.1	0.5	(19.0)	0.5	0.0	22.4	(0.6)	(0.5)
Total	346.8	(8.4)	(13.3)	240.0	5.0	3.0	(106.8)	13.4	16.3

Balance Sheets (Consolidated Results)

Million yen

Accounts	March 31, 2008	March 31, 2009	Change	Accounts	March 31, 2008	March 31, 2009	Change
Assets				Liabilities			
Current Assets	177,422	152,110	(25,312)	Current Liabilities	113,695	121,956	8,261
Cash and time deposits	4,316	50,824	46,508	Notes and accounts payable	45,306	18,509	(26,796)
Notes and accounts receivable	77,171	34,584	(42,586)	Short-term borrowings	38,661	72,192	33,531
Inventories	82,236	53,162	(29,074)	Corporate bonds due within one year	7	10,007	10,000
Deferred tax assets	4,156	2,678	(1,477)	Accrued income taxes, etc.	13,189	588	(12,600)
Other current assets	9,588	10,998	1,410	Other current liabilities	16,530	20,658	4,127
Allowance for doubtful accounts	(46)	(138)	(92)				
				Long-term Liabilities	103,954	117,422	13,467
Fixed Assets	190,508	191,098	590	Corporate bonds due within one year	10,014	7	(10,007)
Tangible fixed assets	111,340	116,031	4,691	Long-term debt	72,270	98,289	26,019
				Reserve for employees' retirement benefits	12,626	12,588	(38)
Intangible fixed assets	2,229	8,578	6,349	Deferred tax liabilities	2,933	1,243	(1,689)
Investments in securities	68,293	48,966	(19,327)	Other long-term liabilities	6,109	5,293	(816)
Deferred tax assets	6,777	15,325	8,547				
Other investments	2,050	2,401	351	Total Liabilities	217,649	239,378	21,729
Allowance for doubtful accounts	(182)	(204)	(21)	Net Assets			
				Shareholders' Equity	135,649	98,442	(37,207)
Deferred Assets	-	-	-	Common stock	36,436	36,436	-
				Additional paid-in capital	26,367	26,361	(6)
				Retained earnings	75,469	41,262	(34,206)
				Treasury stock, at cost	(2,624)	(5,618)	(2,994)
				Adjustments for Valuation Foreign Currency Translation and Others	8,553	124	(8,429)
				Unrealized gains on available-for-sale securities	7,854	4,238	(3,615)
				Net deferred hedge income	1,047	(2,542)	(3,589)
				Foreign currency translation adjustments	(348)	(1,571)	(1,223)
				Minority Interests	6,078	5,263	(815)
				Total Net Assets	150,281	103,830	(46,451)
Total Assets	367,931	343,208	(24,722)	Total Liabilities and Net Assets	367,931	343,208	(24,722)
				Interests-bearing debt	120,953	180,496	59,543
				Equity ratio	39.2%	28.7%	-10.5%
				ROA	12.5%	-	-

Consolidated Statements of Cash Flows

Million yen

	FY2007	FY2008	Change
I. Cash Flows from Operating Activities			
Income before income taxes and minority interest	41,129	(30,608)	(71,738)
Adjustments (non-cash)			
Depreciation	14,305	18,984	4,679
Equity in (earnings) losses of affiliates	(2,059)	1,836	3,896
Change and consolidation of business, and impairment loss	1,883	6,456	4,572
(Gain) loss due to sale or disposal of securities, property, plant and equipment	(1,322)	888	2,211
Loss on valuation of investment securities	618	9,295	8,677
Increase in allowance for doubtful accounts	1,351	(1,433)	(2,784)
Interest income and expenses and dividends	1,001	180	(821)
Income taxes paid	(20,837)	(17,397)	3,440
Other, net	125	(708)	(834)
Total for profit/loss items	36,196	(12,505)	(48,701)
Increase/decrease in assets/liabilities			
Increase/decrease in trade receivable/payable	3,658	16,994	13,335
Increase/decrease in inventories	3,376	29,719	26,343
Other, net	(2,832)	(614)	2,217
Total for balance sheet items	4,202	46,099	41,896
Net cash provided by operating activities	40,398	33,593	(6,804)

Free cash flow

12,565 8,604 (3,960)

	FY2007	FY2008	Change
II. Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	(27,833)	(24,989)	2,844
Sale and acquisition of securities	(13,936)	(10,487)	3,448
Change in loans	111	(969)	(1,080)
Proceeds from disposal and sale of property, plant and equipment	2,576	176	(2,400)
Other, net	(57)	(207)	(150)
Net cash used in investing activities	(39,138)	(36,477)	2,661
III. Cash Flows from Financing Activities			
Change in borrowings and corporate bonds	4,471	59,561	55,090
Purchases of treasury stock and issuance of common stock	(11)	(3,000)	(2,989)
Cash dividends paid	(6,216)	(7,029)	(813)
Other, net	(63)	(227)	(163)
Net cash used in financing activities	(1,820)	49,303	51,123
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(14)	(132)	(117)
Net Decrease in Cash and Cash Equivalents	(575)	46,287	46,863

Cash and Cash Equivalents of Newly Consolidated Subsidiaries

76 100 23

Cash and Cash Equivalents at Beginning of Year

4,792 4,294 (498)

Cash and Cash Equivalents at End of Year

4,294 50,681 46,387

(For reference)

Balance of interest-bearing debt

120,953 180,496 59,543

Changes in Investment and Depreciation

Billion yen

	FY2006 (actual)			FY2007 (actual)			FY2008 (actual)			FY2009 (estimate)		
	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	2.5	0.5	3.0	4.6	0.5	5.2	17.0	0.6	17.6	4.9	0.5	5.4
Nonferrous Metals	6.5	0.7	7.3	13.2	4.0	17.3	9.4	0.9	10.3	4.6	0.7	5.3
Electronic Materials	4.3	2.7	7.0	1.6	2.5	4.1	2.6	2.5	5.2	0.4	2.3	2.8
Metal Processing	5.3	0.4	5.7	8.0	0.4	8.4	2.7	0.4	3.2	0.5	0.3	0.8
Heat Treatment	5.8	0.2	6.0	2.8	0.3	3.2	25.0	0.3	2.9	4.0	0.3	0.7
Companywide, Other	0.6	0.0	0.6	1.0	0.0	1.0	0.8	0.0	0.8	0.0	0.0	0.0
Total	25.3	4.6	29.9	31.4	7.9	39.4	35.3	4.9	40.3	11.0	4.3	15.3

Depreciation Expenses

Billion yen

	FY2006	FY2007	FY2008	FY2009
Environmental Management & Recycling	2.2	2.3	2.8	5.1
Nonferrous Metals	2.4	4.8	7.4	7.2
Electronic Materials	1.7	2.2	2.3	2.0
Metal Processing	1.3	2.3	3.7	3.3
Heat Treatment	1.0	1.3	1.6	1.5
Companywide, Other	1.0	0.8	0.5	0.5
Total	9.8	13.9	18.6	20.0

Major capital investments during fiscal 2008

- Environmental Management & Recycling: New Incinerator at Eco-System Chiba
- Nonferrous Metals: Renewal of sulfuric acid facility at Akita Sheltering
- Electronic Materials: Ultraviolet LED development, testing equipment
- Metal Processing: Facilities to increase production of copper strip products and circuit substrates
- Heat Treatment: Construction of Ota plant (new)

Summary of Business Results and Our Focus for the Future

Summary of Fiscal 2008

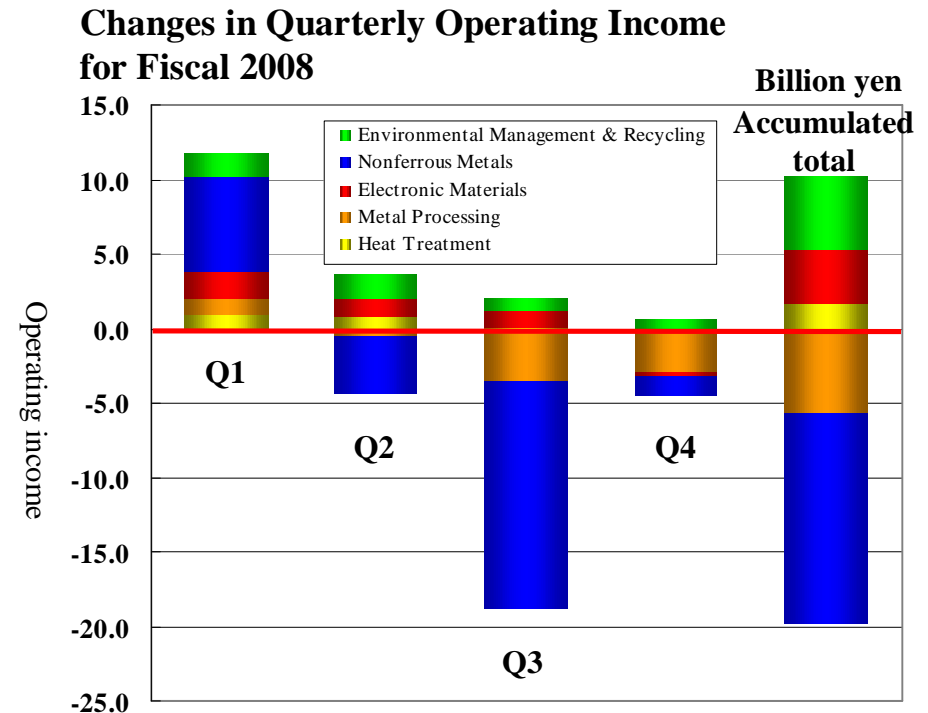
■ Impact of metal prices and exchange rates

- ◆ Prices of all metals fell in the second and third quarters. The annual differences in market and book prices and the loss on valuation of inventory assets on a lower cost basis, including the impact of exchange rates, totalled 23.5 billion yen.
- ◆ Demand fell more sharply than expected in almost all business segments in the second to fourth quarters. In particular, automotive-related demand dropped significantly with the impact of substantial inventory adjustments.

The impact of lower sales and production for the full year was 13.7 billion yen.

■ Problems for the Company

- ◆ Liability for deprecation increased significantly due to aggressive investment over the past three years (Fiscal 2005: 9.3 billion yen → Fiscal 2008: 18.6 billion yen).
Meanwhile, a delay in start-up after construction, etc. led to a delayed return on investment against the plan.
- ◆ Repair and personnel expenses remained high owing to unfulfilled cost reduction.

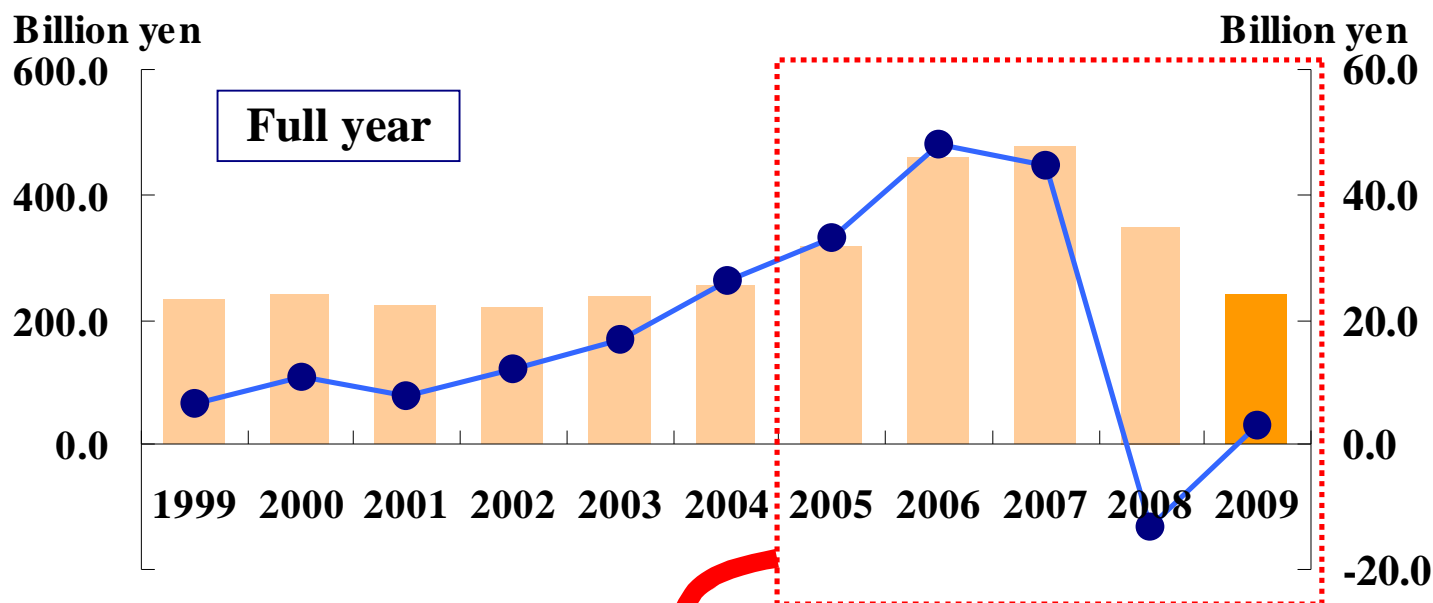


Outlook for Fiscal 2009

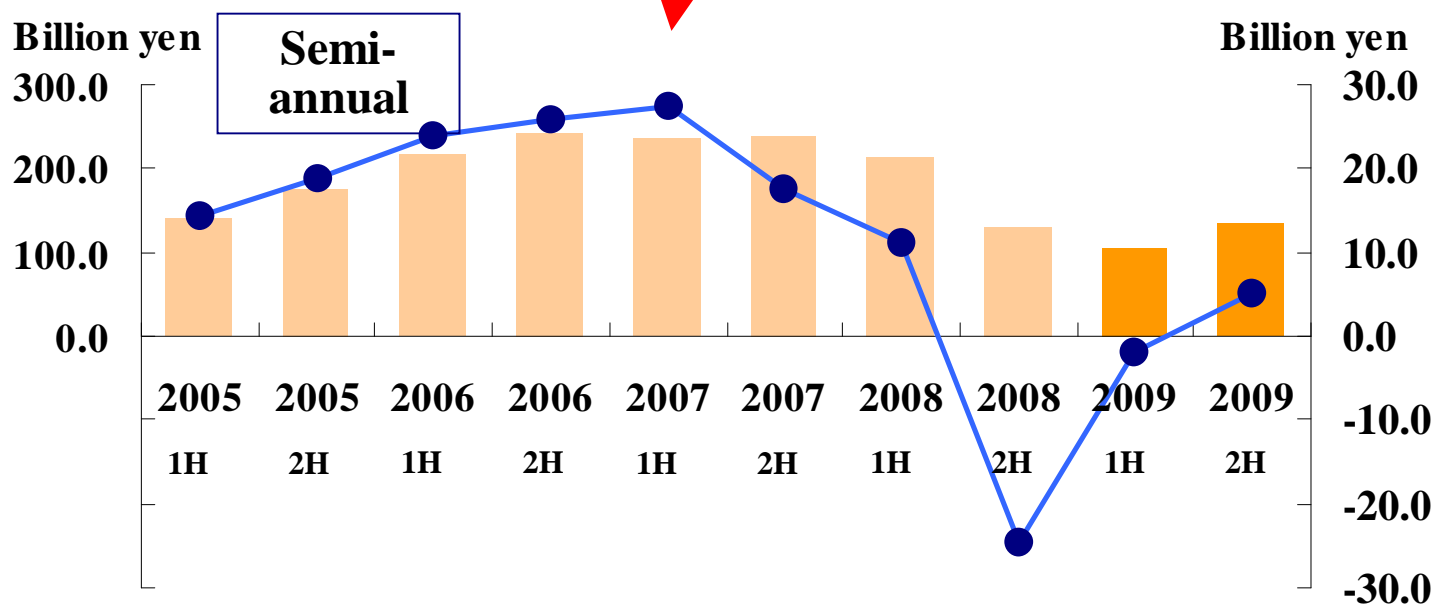
Industry	Outlook and Businesses Related to DOWA
Automotive	<p>Global automobiles production in fiscal 2009 is expected to decline by 15% from the year-ago level. The initial stage of inventory adjustment will be completed in the first half of the year. However, a moderate recovery is likely in the second half with government measures to encourage replacement and rising demand, mainly in new emerging countries. Capital investment will be reduced significantly throughout the year, however, leading to a greater impact on related industries.</p> <p>Heat treatment, industrial furnaces, copper strip products, electroplating, copper, zinc, PGM</p>
IT & Semiconductor	<p>Sales of semiconductors are expected to decline by 20% year on year with a global drop in demand. Demand bottomed out in the 4th quarter of fiscal 2008 and is currently on the upturn. However, the recovery is not substantial. Many elements remain uncertain in terms of trends for the second half.</p> <p>Semiconductors, copper strip products, electroplating, functional materials, rare metals, metal recycling</p>
Environment Related	<p>The overall waste volume to be discharged is expected to decrease 20% year on year, following declining production at factories and plants. We anticipate a recovery in the second half.</p> <p style="text-align: right;"><Waste treatment></p> <p>The soil remediation market contracted 15% year on year. The need for low-cost on-site processing is expected to increase. We expect the market to expand following the revision of the Soil Contamination Countermeasures Act (scheduled to be enacted in 2010)</p> <p style="text-align: right;"><Soil remediation></p>
Other	<p>Demand for industrial machinery halved on a year-on-year basis as companies cut capital spending.</p> <p style="text-align: right;"><Metal-ceramic substrate></p> <p>Demand for magnetic recording tapes declined 30% year on year, reflecting cost cutting.</p> <p style="text-align: right;"><Metal powder></p>

Trends in Net Sales and Ordinary Income

Net Sales (bar graph)



Ordinary Income (line plot)



Summary of Structural Reform (1)

Profitable system even in low operation

■ Base restructuring

- *Electronic Materials: Closing down our ferrite powder plant in Singapore
→ Concentrating on the domestic plants*
- *Metal Processing: Building an optimal production system by unifying the operations of two plants of copper strip products*
- *Heat Treatment: Integration into highly-efficient Handa Works and Ota plant*

■ Personnel plan

End of March 2008
5,600 employees ➡ *End of March 2009*
5,000 employees ➡ *End of March 2010*
4,700 employees

** Not including MAEH employees*

■ Cost reductions

- *Personnel expenses: Salary reductions, performance-related bonuses,
no overtime payments, etc. 3.5 billion yen*
- *Cost-cutting: Reduction in commodities costs, revision of
business trip regulations, etc. 1 billion yen*
- *Operational improvement: Reductions in energy and repair expenses, etc.
3 billion yen*

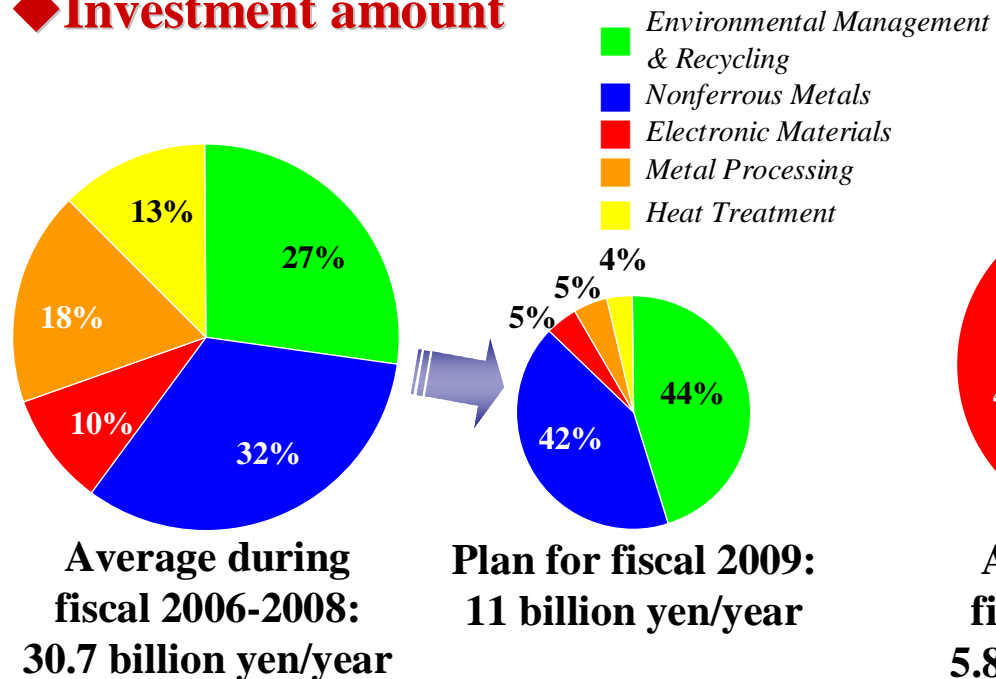
Summary of Structural Reform (2)

Profitable system even in low operation

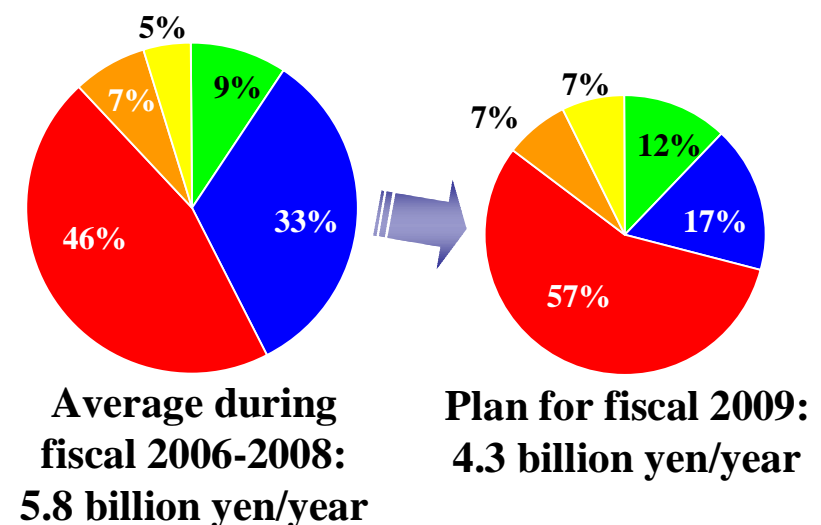
■ Investment and Research & Development

- Screening capital investment projects and concentrating on environment related projects
- Continuing research and development of Electronics Materials for the future
- Depreciation will peak at 20 billion yen in fiscal 2009 and then decline.

◆ Investment amount



◆ Research & development



Challenges in Our Business and Focus for the Future

■ Actions for past three years

1. Waste treatment: Leading company in Wastec business

- Low-concentration PCB incineration demonstration tests commissioned by the Ministry of the Environment (2006 to 2008)
- Completing the construction of a new incinerator at Eco-System Chiba (2008)
- Acquiring Modern Asia Environmental Holdings Inc. (MAEH) (2008)



New incinerator at Eco-System Chiba

2. Soil remediation: Building reliability No. 1 technology of research, consulting, and treatment

- Introducing a local cleansing facility (mobile plant): Strengthening local treatment technology (2006)
- Opening the Kansai Soil Logistics Center: Reinforcing pre-processing and selectioning (2008)



Local cleansing facility
(mobile plant)

3. Recycling: Global support and upgrading the Kosaka-Centered Network

- Acquiring Act-B Recycling (2006)
- Building the North Japan Plant of Eco-System Recycling (2007)
- Building a home electrical appliance recycling plant in Dowa Suzhou (2008)

4. New businesses (Clean Technology)

- Starting up BDF production business (2008) and working on CDM business in Philippines (2008)



North Japan Plant of
Eco-System Recycling
(cleansing facility)

■ Remaining challenges

- Waste treatment: Recovery from delayed start-up of a new incinerator at Eco-System Chiba
- Soil remediation: Strengthening sales power and treatment technology
- Recycling: Expanding collection and treatment bases overseas (Asia)

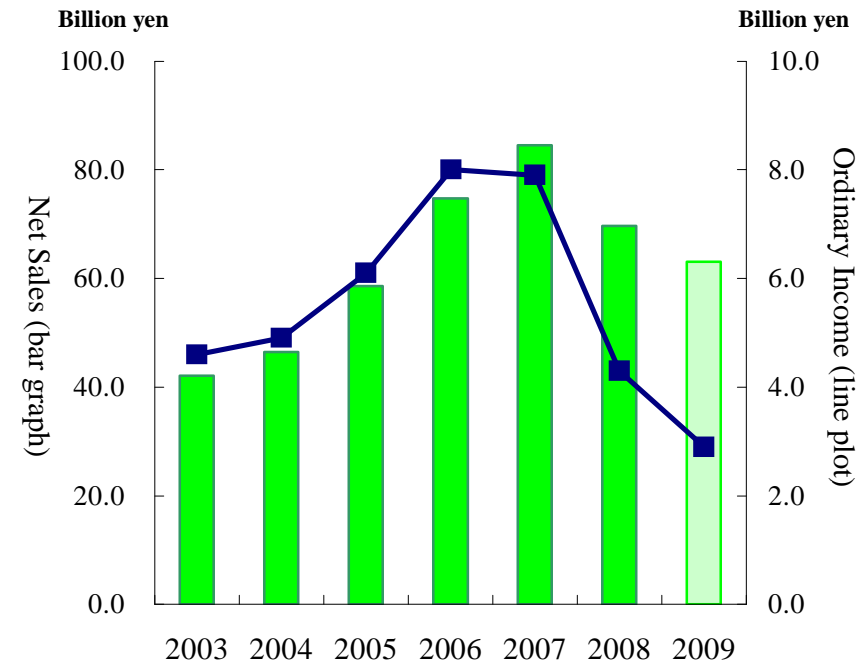
Assumptions for fiscal 2009

<Projected sales compared to those of the 1st half of the previous fiscal year>

- ◆ **Waste treatment: 1st half: 100% 2nd half: 110%**
(Offsetting 40%-reduced market with new incinerator effects and will increase volume of municipal waste)
- ◆ **Soil remediation: 1st half: 75% 2nd half: 125%**
(Although the market shrinks by 15%, research activities will expand in anticipation of legal revision)
- ◆ **Recycling: 1st half: 50% 2nd half: 60%**
(Recovery is unlikely due to a reduced operation rate at clients and increasing competition)

Major Actions for Fiscal 2009

- **Waste treatment**
 - Establishing stable operation of the new incinerator of Eco-System Chiba
 - Early arrangement for entering the low-concentration PCB treatment market
- **Soil remediation**
 - Expanding local treatment: Developing a new engineering method: Placing on the market and improving existing engineering methods
 - Expanding overseas businesses: Research and market tapping in cooperation with MAEH
- **Recycling**
 - Automobile/home electrical appliance recycling: Reinforcing collection and support capabilities for raw materials other than ASR and home electrical appliances
 - Dowa Suzhou: Early start-up of home electrical appliance recycling business



■ Actions for past three years

1. Zinc: Strengthening our business base through operational improvement

● Akita Zinc:

- Improving the residue treatment process → Cutting valuable metal loss (2006: Increasing the residue filtration capacity from 3,000t to 4,500t/month)
- Increasing production of indium from remaining zinc residue
- Working on the reform of our facility maintenance system (2008) and renewing our sulfuric acid plant → Scheduled to complete the shift in July 2009

2. Precious metals and copper: Reinforcing recycling capability

● Kosaka Smelting & Refining: New smelting & refining facilities completed (2007)

→ Start-up and significant operation from April 2008 and improving the operating rate

● Onahama Smelting & Refining: Construction of a new furnace (S furnace) completed (2007)

→ Commissioning the Mitsubishi Materials group to increase our copper production (60,000t→100,000t/year)



New smelting & refining facilities of Kosaka Smelting & Refining

3. Rare metals: Reinforcing the base and supporting recycling capability

● Indium: Collecting from used ITO targets 100 → 150t/year system (2006, Akita Rare Metals)

● Platinum group metals: Reinforcing sampling facilities in Japan and the United States and strengthening catalysts collations

■ Remaining challenges

- | | |
|------------------------------|--|
| - Zinc | Reinforcing our financial position through drastic improvements in cost reductions, etc. |
| - Precious metals and copper | Improving Kosaka Smelting & Refining |
| - Rare metals | Strengthening our overseas catalysts collection network |

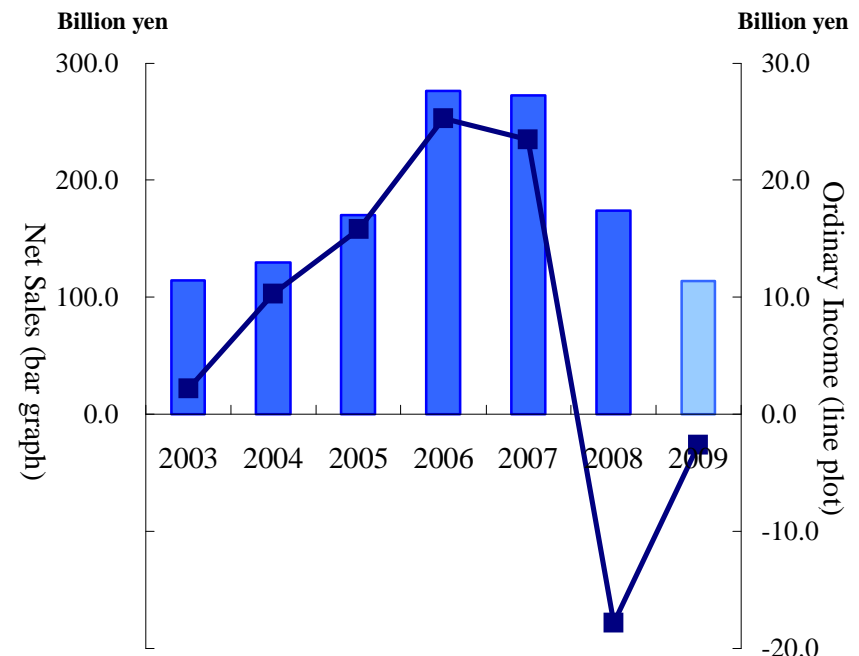
Assumptions for fiscal 2009

<Projected sales compared to those of the 1st half of the previous fiscal year>

- ◆ **Zinc: Domestic sales volume:**
70% for 1st half and 80% for 2nd half
 (Sales of zinc for steel sheet plating hit the bottom in Q4 of fiscal 2008 and then recover.)
- ◆ **Copper: Domestic sales volume:**
60% for 1st half and 75% for 2nd half
 (Domestic demand for both wires and copper strip products will decrease.)
- ◆ **PGM: Catalysts collection volume:**
45% for 1st and 45% for 2nd half
 (Collections of catalysts used for automobiles in the United States will decline significantly.)

Major Actions for Fiscal 2009

- **Zinc**
 - Variable costs: Commodity costs (heavy oil, additives, auxiliary materials), power costs, etc.
 - Fixed costs: Trimming personnel and personnel expenses and cutting repair costs (unit price and number of works), etc.
 ⇒ Thoroughly reviewing the current situation and performing cost reductions
- **Precious metals and copper**
 - Improving the operating rate of the TSL furnace: Reducing impurity loads, etc.
 - Cost reductions: coal usage volume, heavy oil basic unit, power costs, repair costs, etc.
 - Intermediate products from difficult treatment and smelting:
 Achieving increased treatment volumes by reducing reaction time, etc.
- **PGM**
 - Planning to expand into Europe and enforcing our catalysts collection system in the United States



■ Actions for past three years

1. Semiconductors: Expanding sales of LEDs and aggressive investment in and development of new businesses

- LED: Applications to transmission use are slumping due to reduced mounting rates for cell phones.
 - Focusing on application to sensors for medication and security
- Nitride semiconductors: New plant completed (2006)
 - Mass-producing nitride-system HEMT and promoting deep ultraviolet LEDs for commercialization



HEMT substrates
(From left: 3-inch, 4-inch, and 6-inch substrates)

2. Electronic materials, magnetic materials: Focusing on key products and expanding business

- Silver powder: Main targets are for PDP and solar batteries. Expanding sales by improving quality to win new users
- Metal powder: Smooth start-up of 4th generation magnetic tape (LTO4), and growing in the market
 - Development of next generation (LTO5) completed and substantial start of support for subsequent generations
- Carrier powder: Reinforcing production capacity to boost sales in the growing POD market. (2006)

3. New development: Placing new products on the market and early start-up of new businesses

- Setting up the New Business Promotion Dept. : Strengthening development efforts, acceleration, and emphasizing early commercialization of new subjects for business
 - Development of metal nano-powders and catalysts for automobiles, etc.

■ Remaining challenges

- | | |
|------------------------|---|
| - Semiconductors | Mass production of ultraviolet LEDs and winning a share in the market |
| - Electronic materials | } Cost reductions in major products and boosting sales by improving qualities |
| - Magnetic materials | |
| - New development | |
| | Early commercialization for business |



Nano Ag powder (dry)

Assumptions for fiscal 2009

<Projected sales compared to those of the 1st half of the previous fiscal year>

◆ Semiconductors:

Net sales: 40% for 1st half and 50% for 2nd half

(Sales are on the upturn after hitting the bottom in Q4 of fiscal 2008. Opto will grow to 70% by the end of fiscal 2009.)

◆ Electronic materials: Sales volume of silver powder: 65% for 1st half and 90% for 2nd half

(PDP panel growth rate fell by 15% year on year)

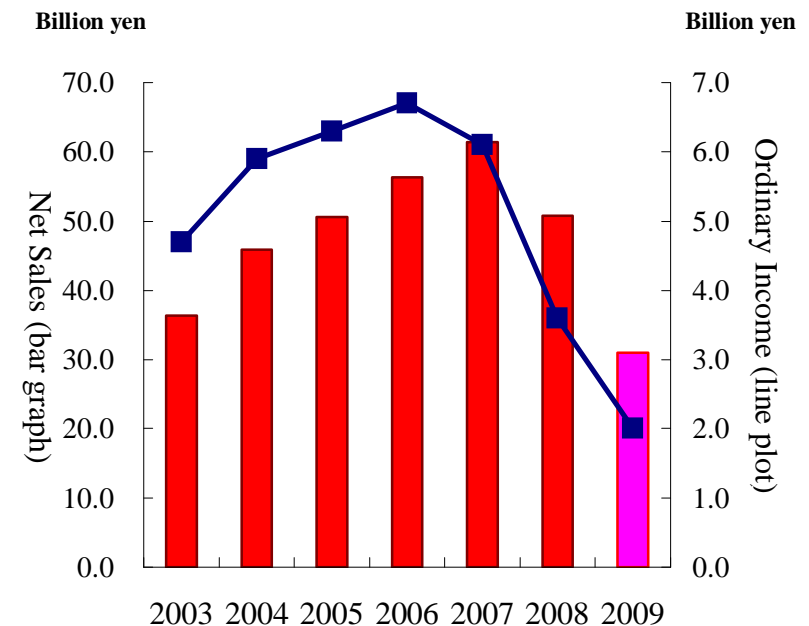
◆ Magnetic materials: Sales volume of metal powder: 60% for 1st half and 70% for 2nd half

(Demand for tapes for data and broadcast use will decline due to users' efforts toward cost reductions, etc.)

Sales volume of carrier powder:

90% for 1st half and 100% for 2nd half

(Demand for copiers is uncertain and expected to decline in the 1st half)

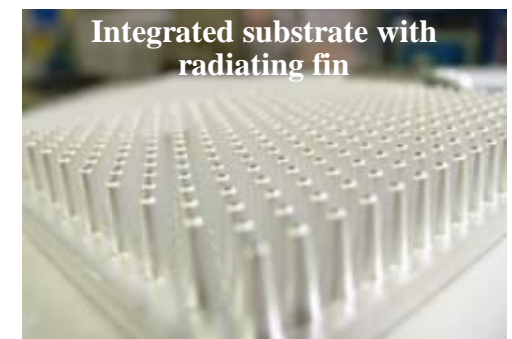


Major Actions for Fiscal 2009

- Semiconductors
 - Opto: Expanding sales of high-power products for body sensing and automotive parts, and ensuring income
 - HEMT: Improving the yield rate and productivity and supporting 6-inch substrates
 - Cutting raw material and commodity costs
- Electronic materials, magnetic materials
 - Silver powder: Expanding sales for solar batteries and electronic components
 - Metal powder: Supporting the development of magnetic powder for subsequent generations
 - Improving yield rates (carrier power, silver powder) and cutting commodity costs for zinc powders and metal powder
- New development
 - Accelerating the development of nano-powders, deep ultraviolet LEDs and catalysts

■ Actions for past three years

- 1. Metal processing: Leading supplier of copper strip for automotive parts with global manufacturing and marketing bases**
 - Dowa Metal strengthened its facilities
Heating furnace renewed, tin-plating (2006), copper alloy casting furnace (2007)
 - Shares of a copper strip product company acquired from Yamaha (2007)
 - Copper strip product processing and marketing company in Thailand began operation (2007)
- 2. Electroplating: Expanding business by reinforcing competitiveness and diversifying processing bases**
 - Five high-performance plating lines constructed in Dowa Hightech (2006-2007)
 - Silver plating lines constructed in Thailand (2007)
- 3. Metal-ceramic substrate: World-class leading maker of all ceramic substrates**
 - Tokuyama-Dowa Power Materials began manufacturing aluminum nitride substrates (2008)
 - Dowa Power Device completed its expansion (2008)



■ Remaining challenges

- | | |
|----------------------------|--|
| - Metal processing | Enlarging coil sizes and delay in deployment in Southeast Asian market |
| - Electroplating | Utilizing new lines and winning orders |
| - Metal-ceramic substrates | Boosting share of the domestic market |
| - Common | Improving the yield rate and cutting costs |

Assumptions for fiscal 2009

<Projected sales compared to those of the 1st half of the previous fiscal year>

◆ Metal processing:

Sales volume: 60% for 1st half and 70% for 2nd half

(Sales for automobiles bottomed out in Q4 of fiscal 2008 and will recover to 70% by the end of fiscal 2009)

◆ Electroplating: Processing sales:

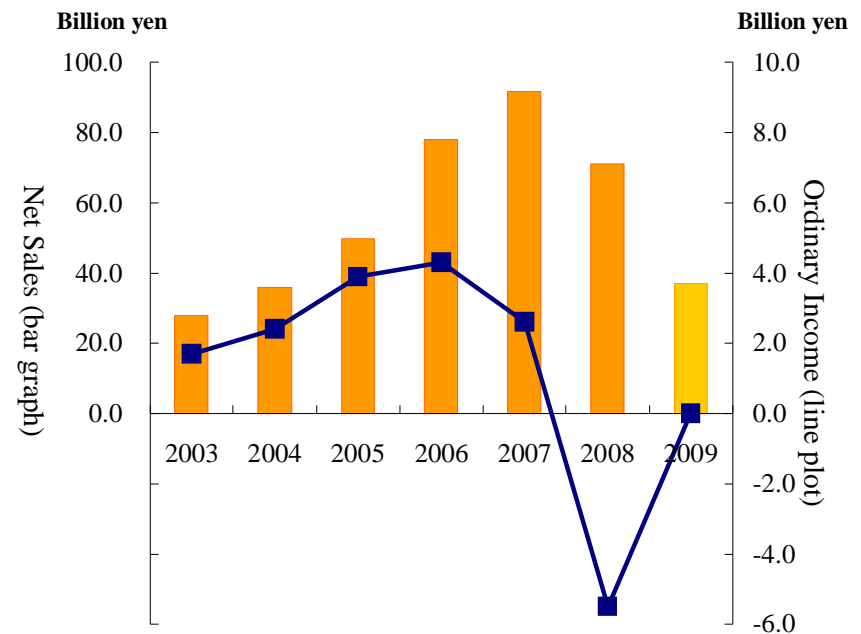
50% for 1st half and 80% for 2nd half

(Sales for automotive parts, cell phones, and electronics will recover to 60-65%, in addition to sales of new products)

◆ Metal-ceramic substrates:

Net sales: 50% for 1st half and 80% for 2nd half

(Sales for industrial machinery will decline by half but increase for electric train and new energy)



Major Actions for Fiscal 2009

■ Metal processing

- Carrying out manufacturing integration between Dowa Metals and Dowa Metanix
- Increasing share in the field of vehicle-mounted metals and expanding sales in the household field

■ Electroplating

- Disposing of old plating lines and reducing 25 lines to 13 lines
⇒ Narrowing down the number of treatment items and increasing the share for strong items with our cost strategy

- Enhancing plating precision and cutting costs by improving the yield rate

■ Metal-ceramic substrates

- Increasing sales share in electric train for stable demand and advancing into the European market
- Implementing cost reductions (such as cutting silver powder use volume, revising compositions, and improving the yield rate)

■ Actions for past three years

1. Heat Treatment: Solidifying position by strengthening business practices and expanding market share through aggressive investments

- Cemm, a heat treatment and industrial furnace maker at Nagoya, acquired (2006)
- A new plant was established at Ota City, Gunma Prefecture, and began operation (2008)
- Our new company in Thailand started carburizing and die and mold surface processing on commission (2008)

2. Industrial Furnaces: Consolidating overseas operation system (new furnaces and maintenance) and upgrading product merchantability

- U-TKM (continuous furnace) developed and introduced into Handa Works (2006)
- Furnace maintenance business commenced with a new company in Thailand (2007)
- A new die and mold surface treatment facility developed and introduced into Ota Plant (2008)
- Cutting costs through reduction of the manufacturing lead-time

■ Remaining challenges

- | | |
|-----------------------|--|
| - Heat treatment | Reinforcing competitiveness by enhancing efficiency at production bases |
| - Industrial furnaces | Modifying furnaces for customers and capturing more maintenance demand
Narrowing down number of key products and increasing sales |
| - Common | Comprehensive cost-cutting to address declining order numbers |



Assumptions for fiscal 2009

<Projected sales compared to those of the 1st half of the previous fiscal year>

◆ Heat treatment:

Net sales: 50% for 1st half and 70% for 2nd half

(Sales will settle in the 1st half owing to inventory adjustment and make a moderate recovery in the 2nd half.)

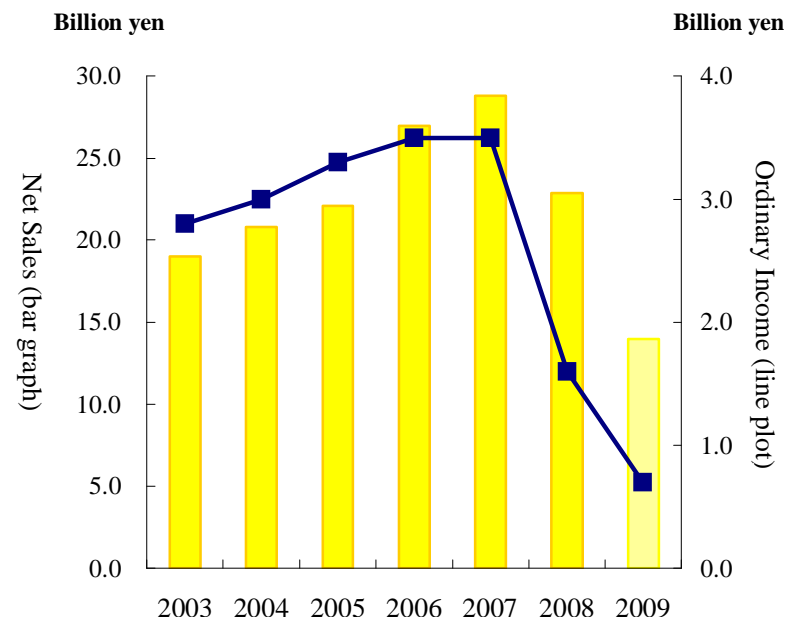
◆ Industrial furnaces:

Net sales: 30% for 1st half and 35% for 2nd half

(The number of new furnace sales will fall significantly; maintenance demand will be associated with operating rates of automotive related plants; sales will make a moderate recovery in the 2nd half.)

Major Actions for Fiscal 2009

- Heat treatment
 - Enhancing productivity through plant scrap-and-build and cutting costs (Kanto and Chukyo regions)
⇒ Boosting share in the Kanto and Chukyo regions by reinforcing competitiveness
 - Expanding aggressive sales to customers other than automotive makers (agro machines, etc.)
- Industrial furnaces
 - Reducing CO₂ emissions and focusing on small furnaces for low-cost high-mix low-volume manufacturing
 - Capturing demand for furnace modification and maintenance by strengthening customer support
- Common
 - Revising and correcting personnel assignments to meet business sizes
 - Undertaking industry-academia-government collaboration (utilizing comprehensive collaboration agreement with Gunma University)



Topic (1) Reinforcing our domestic waste treatment business



New incinerator

■ New Incinerator at Eco-System Chiba

March 2009: Construction of facilities completed

Present: Trial operation continuing (smooth step-by-step increase in loads is underway)

Marketing: Working on increasing cargo collections
Schedule to shift to substantial operation around summer

<Features>

- In the largest class of industrial incineration capacities (600t/day) in Japan
- Thermal recycling by power generation on waste (utilizing waste heat and boiler steam capacity: 4,000kW) = Significant energy savings
- Supporting treatment of diverse industrial waste items
- Resource recycling support facility such as ash material recycling = Meeting customer desire for zero emissions

Creating a Group-wide waste treatment system
handling approx. one million tons per year



Pillar transformer



OF cables

■ Low-concentration PCB

July 2002

Some of the electrical equipment that allegedly used no PCB was identified as containing insulation oil which contained PCB of tens of ppm.

- Equipment weight: Transformer and OF cables: approx. 400,000 tons
- Market size: 100 to 150 billion yen

⇒ Treatment guidelines determined after demonstration tests at the Ministry of the Environment (treatment facilities and business operators are required to obtain approval from the Minister of the Environment)

2006 and onward

Demonstration tests conducted at Eco-System Akita and Kosaka, etc.

<Plans for future>

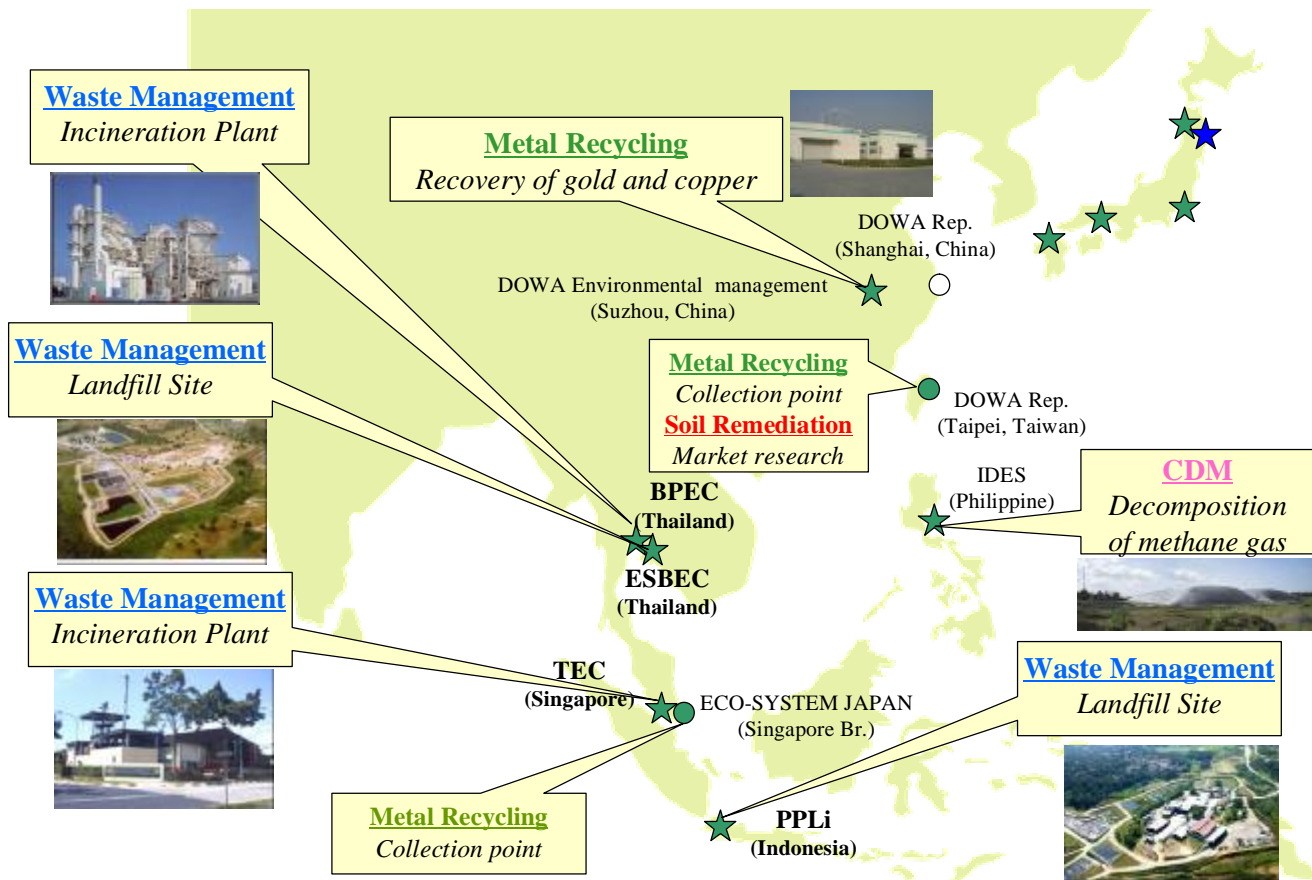
2009: Providing environmental access

2010: Obtaining treatment facility certificate

2011-: Commencing operation

(To be introduced step-by-step into Eco-System Akita, Sanyo, and Chiba)

Topic (2) : Expanding the Environmental and Recycling Business into Asia



Bangpoo Environmental Complex Co., Ltd. (Thailand)



PT Prasadha Pamunah Limbah Industri (Indonesia)

- Strengthen business in Southeast Asia and China: Development of a new recycling and CDM businesses
- Expanding business areas in Southeast Asia and China: Bolstering our international network through M&A, alliances, etc.
- Educating and training personnel in Southeast Asia: Supporting the education and training of personnel in environmental fields in cooperation with the Ministry of the Environment and the Ministry of Economy, Trade and Industry (with training sessions in Japan and overseas, among other initiatives)

Helping to improve the environmental in Southeast Asia and East Asia
⇒ The leader in the environmental and recycling business in Asia

Topic (3) Improving the Operation of New Smelting & refining Facilities

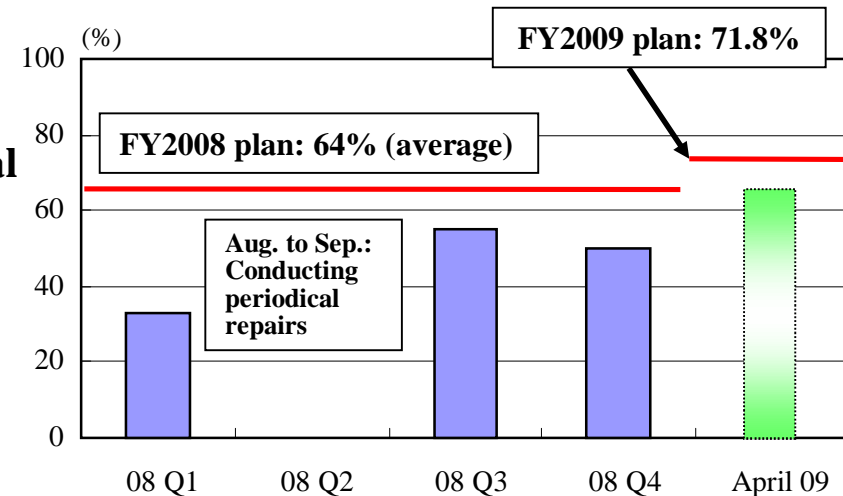
■ Changes in Operating Rate (TSL furnace)

◆ Operating rate for fiscal 2008: Approx. 40% (plan: 64%)

- The Q3 operating rate after periodical repair improved to 55% on average.
- Although the operating rate for Q4 reached the ceiling (average 50%), we conducted tests of mineral processing facilities to reduce loads
- Modifying operating patterns in April (shortening oxidation processes),

⇒ The operating rate for April improved to 63%

Changes in Operating Rate (TSL furnace)



■ Efforts for fiscal 2009

- ◆ Ceasing additional investments given the current economic situation
- ◆ Although promoting operating improvement, we will focus on reducing costs and semi-finished products.

⇒ 71.8% operating rate planned for fiscal 2009 (not including periodical repairs)

[Important actions for fiscal 2009]

- Strengthening pre-treatment and reducing loads of impurities ⇒ Utilizing coal dressing facilities
- Reinforcing waste gas treatment capacity ⇒ Further improvement of operating rate
- Promoting treatment of high-value-added residue
- Cutting coal and power consumption
- Studying new metal collection (Ni, Sn)

} Enhancing profitability

Topic (4) Development of Metal Nano Powders

■ Characteristics of Nano-Particles:

Metal melting points drop sharply with nano-particles

(For example, the melting point of silver is 962°C → changes to room temperature with nano-particles)

Incineration and metal connection are possible at low temperatures

Potential for printing, wiring, and connecting materials that were difficult to achieve with traditional electro-conductive practices

■ DOWA's Metal Nano Powder (development projects)



Metal nano powder

Developing technologies based on silver powder, metal powder, etc.
Developing and improving characteristics at the Electronics Materials Laboratory

Paste

Additional investments in Kyoto Elex Co., Ltd.
Joint research
<Applications>
Wiring for high performance solar batteries, PDP, etc.

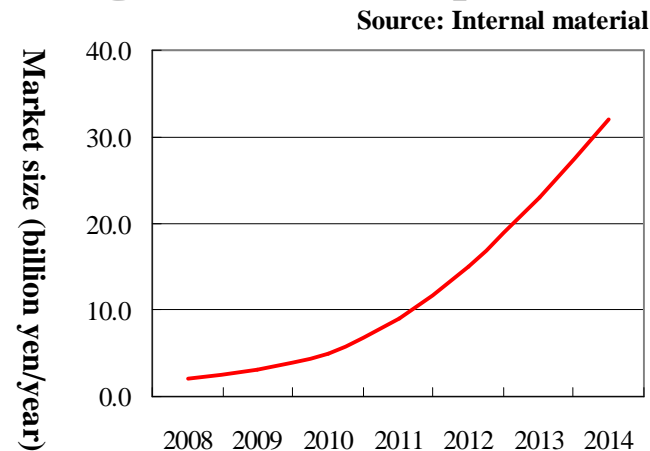
Ink

Joint research with PChem Associates in USA
Obtaining exclusive distributor rights for Japan and Asia
<Applications>
Screen printing, Photogravure, Ag ink for ink-jets, etc.

■ Expected applications

- Printing on flexible displays, etc.
- Producing printed electronic circuits

■ Image of Market Expansion



Growing to a 10 billion yen market in 2011 and a 30 billion yen market in 2014

Conclusion

- ◆ *Supporting a smaller market*
→ *Conducting structural reforms to build a structure that is profitable even at low operating levels*
- ◆ *Achieving investment impact without fail*
(*new smelting facility at Kosaka, new incinerator at Eco-System Chiba*)
- ◆ *As a growth strategy, boosting investments in the environmental and recycling businesses and making aggressive R&D investments in the electronic materials business*



Jump up to the New Stage