



Fiscal 2008 3rd Quarter Business Results

February 10, 2009

Dowa Holdings Co., Ltd.

The results forecasts and other forward-looking statements included in this document are based on information available to the Company as of the date of the announcement and certain assumptions that the Company has judged to be reasonable. Actual results may differ materially from the statements in the document, due to various factors.

Operating Results

Fiscal 2008 3rd Quarter Results

Income Statements

Million yen

	FY 2007			FY 2008			Change		
	1st half	3rd Quarter	Accumulated total	1st half	3rd Quarter	Accumulated total	1st half	3rd Quarter	Accumulated total
Net Sales	237,212	115,503	352,715	215,193	75,542	290,736	- 22,018	- 39,961	- 61,979
Cost of Sales	195,213	100,574	295,788	189,949	85,516	275,465	- 5,264	- 15,058	- 20,323
(Of the above, market price/book price difference, lower cost basis loss)	- 290	5,320	5,030	8,330	17,660	25,990	8,620	12,340	20,960
Gross Profit	41,998	14,928	56,927	25,244	- 9,974	15,270	- 16,753	- 24,903	- 41,656
Selling, General and Administrative Expenses	14,637	8,202	22,839	13,678	6,557	20,236	- 959	- 1,644	- 2,603
Operating Income / Loss	27,360	6,726	34,087	11,566	- 16,531	- 4,965	- 15,794	- 23,258	- 39,052
Other Income	3,158	1,557	4,716	2,351	1,062	3,332	- 807	- 495	- 1,384
(Interest and dividend income)	(785)	(408)	(1,194)	(791)	(385)	(1,177)	(5)	(- 22)	(- 17)
(Equity in earnings of affiliates)	(1,470)	(340)	(1,810)	(80)	(0)	(0)	(- 1,389)	(- 340)	(- 1,810)
(Other income)	(902)	(808)	(1,711)	(1,478)	(676)	(2,155)	(575)	(- 132)	(443)
Other Expenses	3,073	1,215	4,288	2,620	3,738	6,278	- 452	2,523	1,990
(Interest expenses paid)	(988)	(575)	(1,563)	(1,188)	(619)	(1,808)	(200)	(44)	(244)
(Equity method investment loss)	(0)	(0)	(0)	(0)	(470)	(389)	(0)	(470)	(389)
(Exchange loss)	(251)	(83)	(335)	(23)	(1,988)	(2,011)	(- 228)	(1,905)	(1,676)
(Other expenses)	(1,833)	(556)	(2,389)	(1,408)	(659)	(2,068)	(- 424)	(103)	(- 321)
Ordinary Income / Loss	27,446	7,069	34,515	11,297	- 19,208	- 7,911	- 16,149	- 26,277	- 42,427
Extraordinary Profits	82	466	549	131	68	199	48	- 398	- 349
(Gain on sale of property, plant and equipment)	(4)	(59)	(63)	(14)	(8)	(22)	(9)	(- 51)	(- 41)
(Gain on sale of investment securities)	(4)	(0)	(4)	(15)	(5)	(20)	(10)	(5)	(16)
(Others)	(73)	(407)	(481)	(102)	(54)	(156)	(28)	(- 353)	(- 324)
Extraordinary Losses	2,637	372	3,010	837	8,856	9,694	- 1,800	8,484	6,684
(Loss on retirement of fixed assets)	(144)	(291)	(436)	(350)	(140)	(490)	(206)	(- 151)	(54)
(Loss on appraisal of investment securities)	(0)	(0)	(0)	(17)	(8,649)	(8,666)	(17)	(8,649)	(8,666)
(Loss on impairment of property, plant and equipment)	(266)	(0)	(266)	(157)	(0)	(157)	(- 109)	(0)	(- 109)
(Loss due to impairment)	(1,676)	(36)	(1,713)	(0)	(0)	(0)	(- 1,676)	(- 36)	(- 1,713)
(Others)	(550)	(43)	(594)	(312)	(67)	(379)	(- 238)	(23)	(- 214)
Income Before Income Taxes and Minority Interests	24,891	7,163	32,054	10,591	- 27,997	- 17,405	- 14,299	- 35,160	- 49,460
Income tax, etc.	12,002	1,721	13,724	4,688	- 5,834	- 1,145	- 7,314	- 7,555	- 14,869
Minority Interests in Income	770	244	1,014	614	- 164	450	- 155	- 408	- 564
Net Income / Loss	12,118	5,198	17,316	5,287	- 21,998	- 16,710	- 6,830	- 27,196	- 34,026

Year-over-year increase / decrease by segment

Billion yen

	1st half			3rd Quarter			Accumulated total		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Nonferrous Metals	-37.1	-14.7	-15.2	-26.5	-16.6	-19.2	-63.6	-31.3	-34.5
Environmental Management & Recycling	2.6	-0.1	0.1	-4.1	-1.0	-1.1	-1.5	-1.2	-1.0
Electronic Materials	3.7	-0.3	-0.2	-4.5	-0.6	-0.6	-0.8	-0.9	-0.9
Metal Processing	8.7	-1.1	-0.6	-10.5	-3.8	-3.9	-1.7	-4.9	-4.6
Heat Treatment	0.6	0.4	0.4	-1.9	-0.6	-0.6	-1.2	-0.2	-0.2
Other/Elimination	-0.6	0.1	-0.4	7.7	-0.4	-0.5	7.0	-0.3	-1.0
Total	-22.0	-15.7	-16.1	-39.9	-23.2	-26.2	-61.9	-39.0	-42.4

Analysis of Factors in Growth and Decline in Ordinary Income

Billion yen

	1st half	3rd Quarter	Accumulated total
Total effects from fluctuations in exchange rate and metal market prices	-15.3	-18.6	-33.9
Total operating rate difference and factors for higher costs	-4.1	-6.4	-10.6
Future effects of investments, total	-2.6	-0.3	-3.1
Other (Equity method income or loss, Resale of unfinished products, etc.)	1.8	-1.3	0.4
Subtotal	-20.2	-26.6	-47.2
Productivity increases, cost reductions, etc.	4.2	0.7	5.0
Total	-16.1	-26.2	-42.4

Analysis of Factors in Growth and Decline in Ordinary Income

(by segment, year-over-year comparison, 3rd Quarter)

Billion yen

FY 2008 3rd Quarter - FY 2007 3rd Quarter	Nonferrous Metals	Environmental Management & Recycling	Electronic Materials	Metal Processing	Heat Treatment	Other	Total
Effects of changes in exchange rate, metal prices, and concentrate purchase agreement	-4.0		-0.1	-0.1			-4.2
Differences in market and book prices for raw material payments due to metal price fluctuations	-0.6	-0.5		-1.4			-2.5
Actual sales difference (price difference)	-2.0						-2.0
Inventory appraisal loss due to lowest cost basis	-8.5			-1.4			-9.9
Total effects from fluctuations in exchange rate and metal market prices	-15.1	-0.5	-0.1	-2.9	0.0	0.0	-18.6
Actual sales difference (volume difference)	-2.2						-2.2
Decrease in orders with worsening business environment, etc.	-0.1	-0.7	-0.6	-1.3	-1.0		-3.7
Factors for higher costs, such as electricity and materials	-0.5						-0.5
Total operating rate difference and factors for higher costs	-2.8	-0.7	-0.6	-1.3	-1.0	0.0	-6.4
Increase in depreciation due to capital investment	-0.6	-0.1	0.0	-0.2	-0.1	0.1	-0.9
(of which effects of revision to tax system)	-0.3	-0.1		-0.2			-0.6
Research & development expenses (Excluding depreciation)	0.6						0.6
Future effects of investments, total	0.0	-0.1	0.0	-0.2	-0.1	0.1	-0.3
Equity method income or loss	-0.6			-0.1		-0.1	-0.8
Resale of unfinished products, etc.						-0.5	-0.5
Subtotal	-18.5	-1.3	-0.7	-4.5	-1.1	-0.5	-26.6
Productivity increases, cost reductions, etc.	-0.7	0.2	0.1	0.6	0.5		0.7
Total	-19.2	-1.1	-0.6	-3.9	-0.6	-0.5	-26.2

Analysis of Factors in Growth and Decline in Ordinary Income

(by segment, year-over-year comparison, nine-month period ended December 31)

Billion yen

FY2008 first three quarters - FY2007 first three quarters	Nonferrous Metals	Environmental Management & Recycling	Electronic Materials	Metal Processing	Heat Treatment	Other	Total
Effects of changes in exchange rate, metal prices, and concentrate purchase agreement	-8.8		-0.1	-0.2			-9.1
Differences in market and book prices for raw material payments due to metal price fluctuations	-7.7	-0.5		-2.0			-10.2
Actual sales difference (price difference)	-3.5						-3.5
Inventory appraisal loss due to lowest cost basis	-9.7			-1.4			-11.1
Total effects from fluctuations in exchange rate and metal market prices	-29.7	-0.5	-0.1	-3.6	0.0	0.0	-33.9
Actual sales difference (volume difference)	-3.5						-3.5
Decrease in orders with worsening business environment, etc.	-0.1	-1.2	-1.4	-1.5	-1.1		-5.3
Factors for higher costs, such as electricity and materials	-1.1	-0.1	-0.3	-0.2	-0.1		-1.8
Total operating rate difference and factors for higher costs	-4.7	-1.3	-1.7	-1.7	-1.2	0.0	-10.6
Increase in depreciation due to capital investment	-2.7	-0.4	-0.1	-1.0	-0.2	0.4	-4.0
(of which effects of revision to tax system)	-0.9	-0.2	-0.1	-0.7			-1.9
Research & development expenses (Excluding depreciation)	0.9						0.9
Future effects of investments, total	-1.8	-0.4	-0.1	-1.0	-0.2	0.4	-3.1
Equity method income or loss	-1.7	0.2		-0.1		-0.6	-2.2
Resale of unfinished products, etc.	3.4					-0.8	2.6
Subtotal	-34.5	-2.0	-1.9	-6.4	-1.4	-1.0	-47.2
Productivity increases, cost reductions, etc.		1.0	1.0	1.8	1.2		5.0
Total	-34.5	-1.0	-0.9	-4.6	-0.2	-1.0	-42.4

Consolidated Results (3rd Quarter by segment)

Billion yen										
	FY 2007 3rd Quarter			FY 2008 3rd Quarter			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	
Nonferrous Metals	61.4	1.3	1.8	34.9	-15.2	-17.4	-26.5	-16.6	-19.2	Balance of the copper and zinc businesses worsened because of the appreciation of the Japanese yen, a significant decrease in metal prices and the technical difficulties at a newer-type smelting facility. In addition, the profit decline widened due to a 9.3 billion yen appraisal loss according to the lower-cost basis of inventory assets, reflecting a rapid fall in copper and zinc prices immediately prior to the end date of the third quarter.
Environmental Management & Recycling	20.2	1.9	1.9	16.1	0.8	0.7	-4.1	-1.0	-1.1	The decline in demand for soil treatment business continued, while collection and processing of shredder dust dropped in the recycling business. In addition, profits of the consumer electronics recycling fell due to the dwindling amount of collection and the decrease in the processing unit price.
Electronic Materials	15.7	1.6	1.6	11.1	1.0	0.9	-4.5	-0.6	-0.6	Due to the sluggish performance of semiconductor sales, the volume of sales for high-purity gallium and gallium arsenic wafer declined. In addition, sales volume for LED chips for infrared cell phone communications dropped due to the falling overseas demand. With respect to the function material business, sales of silver powder for PDP use, carrier powder for photocopy machines, and iron powder started to decrease in the latter half of the third quarter.
Metal Processing	26.8	0.1	0.1	16.3	-3.6	-3.7	-10.5	-3.8	-3.9	Because of a sudden plunge in sales of products for automobiles that started in the second quarter, the volume of sales for copper alloy strips for terminals and connector uses and tin plated strips declined, while sales for products for electronic components and semiconductors remained sluggish. Sales of precious metal plating for automobiles and cell phones also dropped. Moreover, the margin of profit decline widened as a 1.9 billion yen appraisal loss for inventory was incurred in the face of falling copper and nickel prices.
Heat Treatment	6.8	0.8	0.7	4.8	0.1	0.1	-1.9	-0.6	-0.6	Profit remained largely unchanged on a year-on-year basis for industrial furnaces, but in heat processing, profit declined as the decrease in orders could not be fully offset through comprehensive cost-cutting to counter the drop in demand in the automobile industry.
Other/ Elimination	-15.6	0.7	0.7	-7.9	0.3	0.2	7.7	-0.4	-0.5	Income declined because of the elimination of unrealized profits generated by transactions among different segments (sales of raw materials from the environment/recycling segment to the smelting segment) and reduced income at equity method affiliates.
Total	115.5	6.7	7.0	75.5	-16.5	-19.2	-39.9	-23.2	-26.2	

Consolidated Results

(nine-month period ended December 31 by segment)

Billion yen

	FY 2007 Nine-month period ended December 31			FY 2008 Nine-month period ended December 31			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							
Nonferrous Metals	207.4	18.6	19.2	143.8	-12.7	-15.2	-63.6	-31.3	-34.5	Operating income Year-on-year comparison Billion yen						
											Difference	Exchange/condition	Market price/ book value difference	Lower cost basis	Others	Total
										Copper	-5.0	-2.7	-9.3	-8.5	3.2	-22.3
										Rare metals	-2.0	0.0	0.0	-0.4	-0.6	-3.0
										Zinc	0.0	-4.4	1.6	-0.8	-2.3	-5.9
										Total	-7.0	-7.1	-7.7	-9.7	0.3	-31.3
Environmental Management & Recycling	59.1	5.3	5.2	57.6	4.1	4.2	-1.5	-1.2	-1.0	Despite the falling volume of waste, sales of waste treatment remained almost at the same level from a year earlier mostly due to the efforts to increase general waste collection and processing volume. Meanwhile, sales of soil treatment decreased by 600 million yen and income also declined 700 million yen due to the falling demand. In addition, in the recycling business, too, sales dropped by 1.2 billion yen and income shrank 400 million yen due to the decrease in collection and processing of shredder dust and consumer electronics recycling.						
Electronic Materials	45.3	5.0	4.9	44.5	4.1	3.9	-0.8	-0.9	-0.9	Although sales of the function material business increased by 2.2 billion yen and income rose by 500 million yen due to the expanding sales of silver powder for PDP use, metal powders, and iron powders, sales of gallium, wafers, and LEDs decreased by 3.0 billion yen, and income dropped by 1.5 billion yen due to the sluggish sales of semiconductors which began in the second half of the previous fiscal year. As a result, income for the segment total declined.						
Metal Processing	67.6	1.8	1.7	65.8	-3.0	-2.8	-1.7	-4.9	-4.6	In addition to the decline in demand for products for automobile connectors and semiconductors, the negative effects of falling copper and nickel prices (-3.6 billion yen), sales of rolled copper dropped by 1.2 billion yen and income shrank 4.4 billion yen. Also, sales of precious metal plating dropped by 900 million yen and income declined 400 million yen because of the falling demand for products for automobiles and cell phones.						
Heat Treatment	20.0	2.1	2.0	18.7	1.8	1.8	-1.2	-0.2	-0.2	Despite increased sales of industrial furnaces by 500 million yen and increased income by 400 million yen, heat processing sales dropped by 2.1 billion yen and income declined by 700 million yen due to the rapid fall in demand in the automobile industry.						
Other/ Elimination	-46.9	1.0	1.2	-39.8	0.7	0.1	7.0	-0.3	-1.0	Sales declined due to the withdrawal from the civil engineering and construction/geothermal business in the previous fiscal year. Ordinary income also decreased due to the sluggish performance of an equity method affiliate.						
Total	352.7	34.0	34.5	290.7	-4.9	-7.9	-61.9	-39.0	-42.4							

Fiscal 2008 Consolidated Earnings Forecasts

Billion yen

	FY 2007 Actual (A)	FY 2008 Previous forecast	FY 2008 Estimate (B)	Change (B)-(A)	Ratio of increase or decrease
Net Sales	475.8	400.0	345.0	-130.8	- 27.5%
Operating Income	44.3	22.0	-8.0	-52.3	-
Ordinary Income	44.8	22.0	-10.0	-54.8	-
Net Income	24.5	12.0	-18.0	-42.5	-

Exchange rate and metal prices

	FY 2007 average		FY 2008 average		
	1st half	2nd half	1st half	3rd Quarter	4th Quarter forecast
Exchange rate (¥/\$)	119.3	109.2	106.1	96.3	90.0
Copper (\$/t)	7,676	7,492	8,061	3,904	3,200
Zinc (\$/t)	3,445	2,527	1,942	1,185	1,200
Indium (\$/kg)	676	502	581	419	350

Fiscal 2008 4th Quarter Assumptions and Sensitivities
(operating income / three-month period)









Million yen

	Assumptions	Fluctuation	Sensitivity	
			Difference/ raw material terms	Issued raw material/ inventory
¥/\$	¥90.0 /\$	±¥1 /\$	70	120
Copper	3,200 \$/t	±100 \$/t	20	80
Zinc	1,200 \$/t	±100 \$/t	150	10
Indium	350 \$/kg	±100 \$/kg	160	-

Forecasts of Consolidated Results

Comparison with Previous Fiscal Year (by Segment)

Billion yen

	FY 2007 (actual)			FY 2008 (estimate)			Change		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
 Nonferrous Metals	272.2	22.4	23.5	170.0	-14.4	-16.1	-102.2	-36.8	-39.6
 Environmental Management & Recycling	84.5	8.0	7.9	73.0	5.2	5.1	-11.5	-2.8	-2.8
 Electronic Materials	61.4	6.3	6.1	52.0	4.0	3.9	-9.4	-2.3	-2.2
 Metal Processing	91.7	3.0	2.6	74.0	-4.7	-4.7	-17.7	-7.7	-7.3
 Heat Treatment	28.8	3.5	3.5	23.0	1.9	1.8	-5.8	-1.6	-1.7
Other/Elimination	-62.8	0.8	1.1	-47.0	0.0	0.0	15.8	-0.8	-1.1
Total	475.8	44.3	44.8	345.0	-8.0	-10.0	-130.8	-52.3	-54.8
 Environmental Management & Recycling, Electronic Materials, Heat Treatment   Total	174.7	17.9	17.5	148.0	11.1	10.8	-26.7	-6.8	-6.7

Balance Sheets (Consolidated Results)

Million yen

Accounts	March 31, 2008	December 31, 2008	Change	Accounts	March 31, 2008	December 31, 2008	Change
Assets				Liabilities			
Current Assets	177,422	172,101	- 5,320	Current Liabilities	113,695	145,017	31,321
Cash and time deposits	4,316	27,885	23,568	Notes and accounts payable	45,306	22,833	- 22,473
Notes and accounts receivable	77,171	57,260	- 19,910	Short-term borrowings	38,661	80,055	41,393
Inventories	82,236	56,118	- 26,118	Corporate bonds due within one year	7	10,007	10,000
Deferred tax assets	4,156	12,363	8,207	Accrued income taxes, etc.	13,189	289	- 12,899
Other current assets	9,587	18,493	8,905	Other current liabilities	16,530	31,832	15,301
Allowance for doubtful accounts	- 46	- 19	26				
Fixed Assets	190,508	182,602	- 7,906	Long-term Liabilities	103,954	93,988	- 9,966
Tangible fixed assets	111,340	116,836	5,496	Corporate bonds due within one year	10,014	7	- 10,007
Intangible fixed assets	2,229	2,032	- 196	Long-term debt	72,270	74,989	2,719
Investments in securities	68,293	54,943	- 13,349	Reserve for employees' retirement benefits	12,626	12,673	46
Deferred tax assets	6,777	6,669	- 107	Deferred tax liabilities	2,933	1,281	- 1,652
Other investments	2,050	2,307	257	Other long-term liabilities	6,109	5,036	- 1,073
Allowance for doubtful accounts	- 182	- 187	- 5	Total Liabilities	217,649	239,005	21,355
Deferred Assets	-	-	-	Net Assets			
				Shareholder's Equity	135,649	112,869	- 22,780
				Common stock	36,436	36,436	-
				Additional paid-in capital	26,367	26,361	- 6
				Retained earnings	75,469	52,688	- 22,780
				Treasury stock, at cost	- 2,624	- 2,617	6
				Adjustments for Valuation Foreign Currency Translation and Others	8,553	- 2,731	- 11,284
				Unrealized gains on available-for-sale securities	7,854	4,848	- 3,005
				Net deferred hedge income	1,047	- 6,668	- 7,716
				Foreign currency translation adjustments	- 348	- 910	- 562
				Minority Interests	6,078	5,560	- 517
Total Assets	367,931	354,704	- 13,226	Total Net Assets	150,281	115,698	- 34,582
				Total Liabilities and Net Assets	367,931	354,704	- 13,226

Major facility investments in FY2008

- Nonferrous Metals: Renovation of Akita smelting and sulfuric acid facilities
- Environment and recycling: New incinerator at Ecosystem Chiba
- Electronic materials: Ultraviolet LED development and testing facilities
- Metal processing: Additional production facilities for rolled copper products and circuit board substrates
- Heat treatment: Construction of Ohta Plant (a new plant)

Interest-bearing debt	120,953	165,059	44,105
Equity ratio	39.2%	31.1%	-8.1%
ROA	12.5%	-	-

Consolidated Statements of Cash Flows

Million yen

	FY 2007 cumulative	FY 2008 cumulative	Change
I. Cash Flows from Operating Activities			
Income before income taxes and minority interest	32,054	- 17,405	- 49,460
Adjustments (non-cash)			
Depreciation	9,980	13,868	3,887
Equity in (earnings) losses of affiliates	- 1,810	389	2,200
Loss due to restructuring	1,676	-	- 1,676
(Gain) loss due to sale or disposal of securities, property, plant and equipment	632	9,271	8,639
Increase in allowance for doubtful accounts	- 1,333	- 1,940	- 607
Interest income and expenses and dividends	923	239	- 683
Income taxes paid	- 21,024	- 17,222	3,801
Other, net	167	235	67
Total for profit/loss items	21,267	- 12,564	- 33,831
Increase/decrease in assets/liabilities			
Increase/decrease in trade receivable/payable	4,842	- 2,150	- 6,992
Increase/decrease in inventories	- 4,655	26,799	31,454
Other, net	- 1,693	- 7,023	- 5,329
Total for balance sheet items	- 1,506	17,625	19,132
Net cash provided by operating activities	19,760	5,061	- 14,699

Free cash flow

- 2,365 - 12,838 - 10,472

	FY 2007 cumulative	FY 2008 cumulative	Change
II. Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	- 22,126	- 17,899	4,226
Sale and acquisition of securities	- 11,066	- 657	10,408
Change in loans	68	61	- 7
Proceeds from disposal and sale of property, plant and equipment	239	118	- 120
Other, net	- 159	- 204	- 45
Net cash used in investment activities	- 33,044	- 18,581	14,463
III. Cash Flows from Financing Activities			
Change in borrowings and corporate bonds	19,392	44,171	24,779
Purchases of treasury stock and issuance of common stock	- 11	-	11
Cash dividends paid	- 6,213	- 7,025	- 811
Other, net	2	- 178	- 181
Net cash used in financing activities	13,169	36,967	23,797
Effect of Exchange Rate Changes on Cash and Cash Equivalents	16	- 116	- 132
Increase in cash, etc.	- 98	23,331	23,429
Cash and Cash Equivalents of Newly Consolidated	355	100	- 255
Cash and Cash Equivalents at Beginning of Year	4,792	4,294	- 498
Cash and Cash Equivalents at End of Year	5,050	27,725	22,674

(For reference)

Balance of interest-bearing debt 135,804 165,059 29,524

Major Product Changes in Output/Processed Amount (rate of increase/decrease)

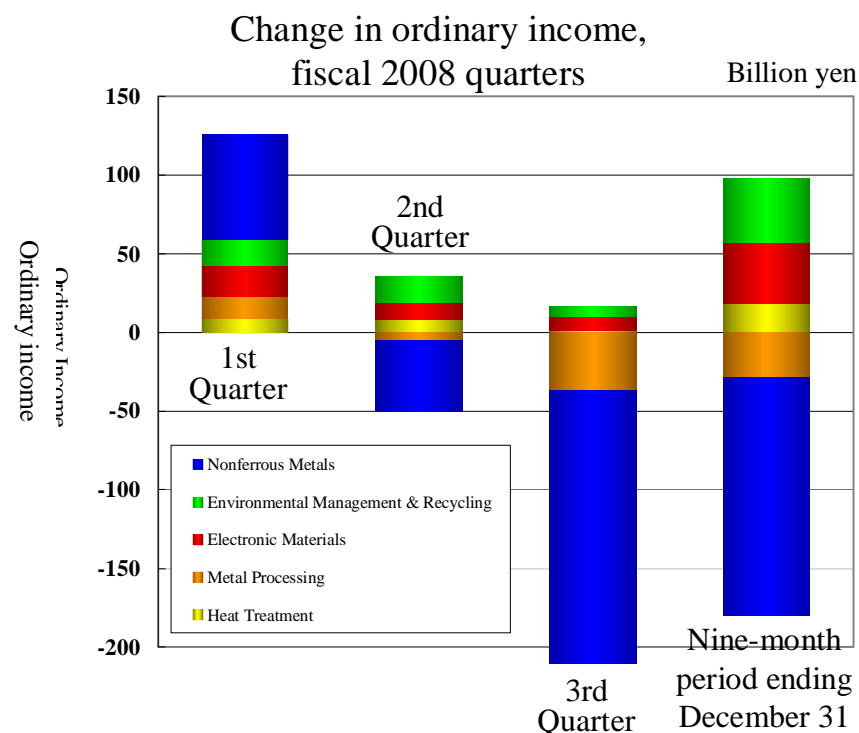
		Year-on-year comparison		
		1st Half actual	3rd Quarter actual	4th Quarter forecast
Nonferrous Metals	Gold	-66.4%	-28.9%	-32.0%
	Silver	-57.7%	-18.8%	10.8%
	Copper	-15.5%	15.7%	-19.2%
	Zinc	-5.1%	-16.5%	-0.3%
Environmental Management & Recycling	Amount of waste processing	-0.8%	-4.0%	-3.0%
	Amount of soil processing at Hanaoka	-16.7%	-25.9%	-17.5%
Electronic Materials	Compound semiconductor	-6.1%	-47.3%	-78.7%
	LED	-23.3%	-46.2%	-39.3%
	Silver powder	55.9%	-26.6%	-51.5%
Metal Processing	Rolled copper products	5.8%	-27.3%	-69.4%
Heat Treatment	Heat processing	-5.7%	-35.7%	-59.1%

***Overview of Management
Performance and Tasks
for the Near Future***

Overall Evaluation for Fiscal 2008 3rd Quarter

Conditions in 1st half

- 1st quarter business results relatively steady, exceeding the initial forecast
- In the 2nd quarter, IT-related and semiconductor segments declined, in addition to drop in demand for metals for automobiles, which had maintained steady performance
- An appraisal loss of 6.1 billion yen in inventory assets incurred on September 30 due to falling metal prices



Conditions in 3rd quarter

- Orders for automobile-related segments dropped dramatically due to continued output reduction by automakers, compounded with inventory adjustment by automotive component manufacturers.
- Business environment worsened not only in decrease of sales, but also in amount of recycled material and waste collection.
- Since October, profits in smelting segment worsened due to deeper and sharper decline in metal prices and appreciation of the yen.
- 17.7 billion yen appraisal loss in inventory assets also posted for the difference between market price and book price for raw material payment, mostly in smelting and metal processing, and adoption of lower cost basis on December 31, 2008.

Outlook for 4th Quarter Collection and Sales (1)

■ **Nonferrous Metals**

- Copper: Domestic sales declined 30%-40% compared to 1st half
- Zinc: Sales dropped 40% compared with 1st half – long-term sluggishness of demand for construction materials, and rapid worsening of demand for zinc-plated steel sheets since fall 2008
- PGM: Material collection decreased 30%-40% compared to 1st half, serious difficulties in collection in North America
- Indium: ITO target manufacturers implemented inventory adjustment; demand for virgin metals further dropped

■ **Environmental Management & Recycling**

- Waste: Sales dropped 10% compared with 1st half due to production cut at sources
Large-scale reduction of production by major clients, such as electronic materials and chemical industry
- Soil remediation: Processed amount decreased 20% year-on-year due to successive postponements and suspensions of remediation construction
- Metal recycling: Sales dropped 20% from 1st half, mostly in scrapping and shredder dust, due to worsening market situations

Outlook for 4th Quarter Collection and Sales (2)

■ **Electronic materials**

- Sales in semiconductor segment, such as for gallium, compounds, and LED, dropped 50% compared to the 1st half due to falling sales in semiconductor market
- Amount of silver powder sold declined 50% from 1st half due to sluggish market for thin-type TVs
- Metal powders, which had been relatively steady, dropped 50% , and ferrite also sagged 50%

■ **Metal processing**

- Amount of rolled copper products and plated products sold dropped 50%-70% compared to 1st half due to rapid inventory adjustment induced by reduced automobile production
- Orders for circuit board substrates for industrial equipment also fell 50% from 1st half due to lowered capital investment

■ **Heat treatment**

- Heat treatment: Dropped about 40% compared to 1st half mainly due to the drastic decline in output of automobiles
- Industrial furnace: Declined about 30% compared with 1st half due to lowered capital investment in industrial furnaces and cuts in maintenance spending

Fiscal 2008 Countermeasures

To respond to the emergency situation, the following countermeasures have been launched:

■ Labor cost reduction

- Salary reduction (starting in December, manager class and up, and starting in February, salary reduced for regular raise portion and for union members)
- Review of number of non-regular employees in order to adjust to production environment
- Elimination of overtime work, implementation of layoffs, operation schedule adjustment, etc.

■ Review of investment

- Freeze of capital investment

■ Reduction of manufacturing cost through on-site reforms

- Reduction of repair cost through strengthened engineering system
- Material cost-cutting via comprehensive management of orders

■ Reduction of other cost

- Review of travel expense regulations

■ Increase in cash and deposit

- Targeting 25-30 billion yen level
- Renewal of commitment line to same size

Near Future Initiatives

In fiscal 2009, currently implemented countermeasures will be maintained and strengthened, in addition to new implementation of the following:

■ **Rebuilding manufacturing and marketing**

- Strengthening of production cuts
- Measures for recovery of sales

■ **Elimination and consolidation of production and sales bases**

- Electronic materials: Ferrite plant in Singapore will be closed to be integrated into domestic plants
- Metal processing: Operations of the two rolled copper plants will be integrated; the new and old production lines for precious metal plating will also be integrated.

■ **Labor cost reduction**

- Reduction of performance-based bonuses
- Review of personnel assignment in order to reflect production levels

■ **High-selectiveness in investment**

- Full-scale review of investment plan for next medium-term business plan

Structural Reform of Businesses with Issues

1. Nonferrous Metals

- Precious metals and copper business*
- Zinc business*

2. Metal Processing

- Rolled copper business*
- Plating business*

Effects of introduction of newer-type smelting facility

Issues prior to introduction

- Closure of mainstay overseas complex ore mine (Closure of Eskay Creek Mine in 2007)
- Disadvantaged due to its inland location and small size
 - ⇒ High manufacturing and transportation cost
 - ⇒ No competitiveness among clean ores

DOWA's strengths

- Technologies developed in complex ore processing and multi-element recovery
- Ability to process a variety of materials, and impurity processing technologies
- Collaboration among copper/lead smelting, zinc, rare metal, environment, and recycling businesses (industrial complex function)

In April 2008, flash furnace was discontinued in order to introduce Japan's first recycling-type smelting facility.

Expected effects

- Operation rate in first fiscal year: 68%
- Processing of high value-added recycling materials
- Copper: Changing outsourced plant to Onahama in order to improve profitability

Gap between forecast and actual situations

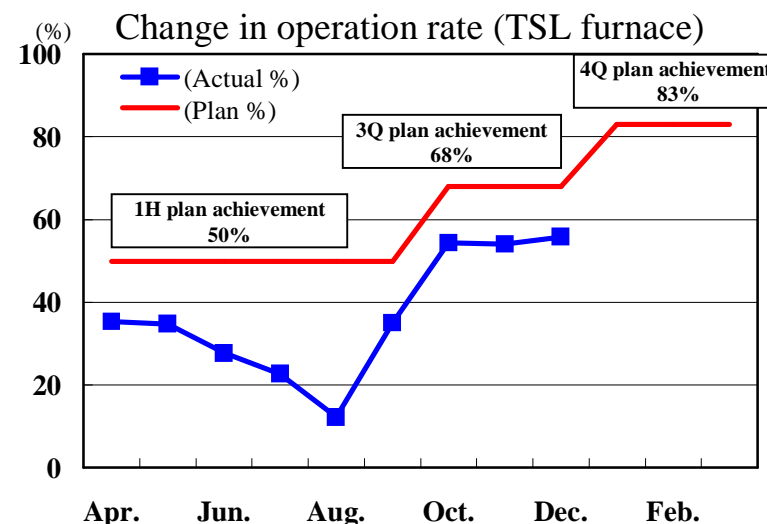
- ⇒ Operation rate not yet to reach 60%
- ⇒ Decrease in processed amount, increase in raw material inventories
Value-added declined due to falling metal prices
- ⇒ Increased cost due to worsening raw material purchase conditions and sluggish operations (decreased shredder dust processing)

Improvement of newer-type smelting facility operations

○ Change in operation rate (TSL furnace)

- 1st half of fiscal 2008 - Rate of plan achievement: 60% (operation rate 30%)
- 3rd quarter of fiscal 2008 - Rate of plan achievement: 81% (operation rate 55%)

Although the target operation rate was not fully achieved, the rate improved from a 1st half average of 30% to a 3rd quarter average of 55%.



○ Countermeasures

First, boosting operation rate in order to bring industrial complex into functionality

- Largest hindrance: Difficulties in separating Cu and other metals
- Responses: Mixed processing of all raw materials
⇒ Operation in experiment: Separation of Cu-family raw materials (mainly recycling materials) and high value-added residues
- Progress: Since late December, recycling raw material processing has been steady.
Since mid-January, high value-added residues have been processed.
⇒ (1) Review measures to strengthen exhaust gas processing
(2) Review measures to reduce load by preparatory processing (ex: Use of ore selection facility, etc.)

Operation rate target in fiscal 2009 1st half : 85%, 2nd half : 100%

Target figure for the 1st half of fiscal 2009 excludes regular repair.

Business environment

- Market: sales of zinc for construction materials and zinc-plated steel sheets worsened – a decrease of 40% compared to 1st half of fiscal 2008

- Exchange rate and zinc prices:

	FY 2008 1st Half Actual	FY 2008 3rd Quarter Actual	FY 2008 4th Quarter Forecast	Present: as of February 6, 2009
Exchange rate (yen/USD)	106.1	96.3	90.0	90.9
Zinc price (\$/t)	1,942	1,185	1,200	1,135

⇒ Business environment rapidly worsened due to negative market situations and falling zinc prices.

Through comprehensive streamlining, DOWA will strive for survival and reconstruction of zinc business.

■ **Renovating of sulfuric acid plant: Large-scale reduction in repair cost, strengthening of foundation of safe and stable operations**

(Negative effects on production due to troubles in facilities, etc.: '06 -10,000 Zn-t/year, '07 -11,000 Zn-t/year)

■ **Cost-cutting: Total of about 1.7 billion yen cost reduction**

- Accounting heading-specific cost-cutting is thoroughly implemented in labor cost, materials cost, repair cost, electricity cost, among others

■ **Reduced production: Production reduced upon changes in market conditions; a 25% cut in production is expected**

■ **Implementation of management reconstruction measures on Akita Smelting**

- Accepting voluntary resignation
- Revision of labor conditions

Rolled copper business

Business environment

Outlook for 4th quarter sales is a 50%-70% year-on-year decrease due to large impact of clients' inventory adjustments.

Level of amount of sales after inventory adjustment is expected to drop 40%.

Building a system in which a balance of income and spending is maintained with about 40% less sales by lowering the break-even point

■ Optimizing production by integrally operating DOWA Metal and DOWA Metanix

⇒ Integrating production in each process in order to increase efficiency in personnel management

⇒ Increasing speed of technology development

■ Reduction of overheads by reviewing businesses and reducing variable cost by increasing yield

Plating business

Business environment

Sales forecast for fourth quarter is down about 60% from 1st half of fiscal 2008.

Trimming the production system to shape-up finances with integrated manufacturing that includes raw materials, press, and processing

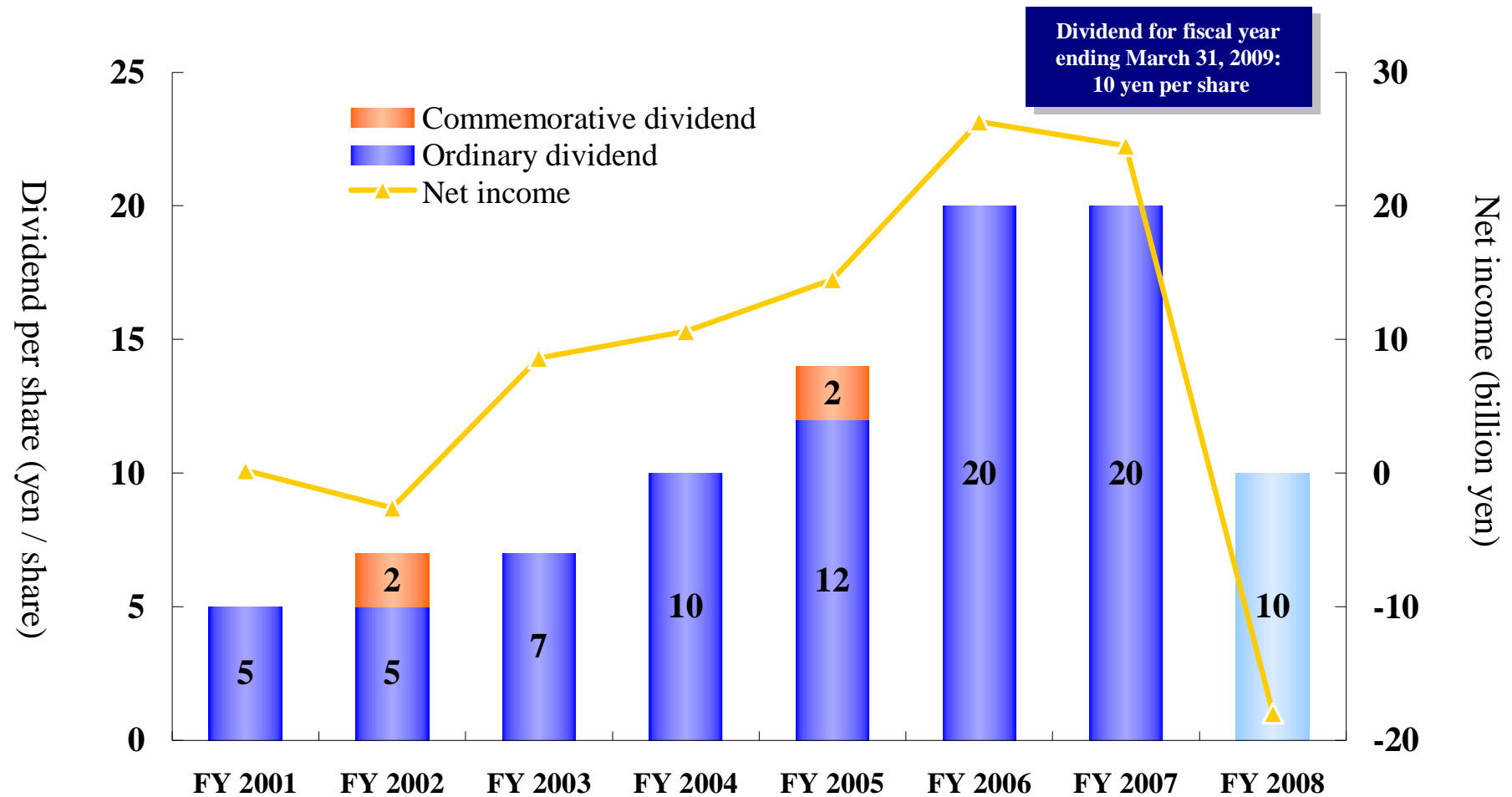
■ Plating line integrated into 15 from the original 24

⇒ Enhancement of productivity and optimization of personnel assignment

■ Winning demand for energy-saving products (EV/HEV, LED headlight, etc.)

Dividend Payment

Despite the forecast of overall deficit for fiscal 2008, the Company plans to pay to shareholders 30% of income that excludes temporary profit-reduction factors such as appraisal loss for metal inventory.



Conclusion

- ◆ *Minimize loss by flexibly responding to large-scale output reduction by major clients in the automobile, steel, electronics and other industries*
- ◆ *Businesses confronting issues will be rebuilt via structural reform.*
- ◆ *Remake the Company's corporate culture into a resilient one in which profits can be earned without waiting for recovery in demand by lowering the break-even point for each product*
- ◆ *Concentrate investment on particular areas, such as the environment and recycling, which are expected to drive the Group's growth*

“For the team ! By the team ! With the team !”

“Challenge the Uncharted Territory”

