

Consolidated Financial Summary for the Six Months  
Ended September 30, 2013 (Unaudited)

(Japan Basis)



November 08 2013

**Company name:** Dowa Holdings Co., Ltd. URL: <http://www.dowa.co.jp>  
**Exchange:** First Section of Tokyo Stock Exchange, First Section of Nagoya Stock Exchange  
 Fukuoka Stock Exchange, and Sapporo Securities Exchange  
**Stock code:** 5714  
**Representative:** Masao Yamada, President and Representative Director

**Scheduled date of submission:** November 14, 2013  
**Scheduled date of commencement of dividend payment:** —

1. Consolidated business results for the six months ended September 30, 2013 (April 1, 2013 – September 30, 2013)

(Amounts less than one million yen, except for per share amounts, are omitted)

(1) Consolidated financial results (%: Change from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Six months ended September 30, 2013:	211,885	9.6	16,356	44.5	17,853	44.7	11,733	101.2
Six months ended September 30, 2012:	193,242	2.3	11,318	4.5	12,338	25.5	5,831	22.4
(Notes) Comprehensive income	Six months ended September 30, 2013		16,601 million yen 243.7 %		Six months ended September 30, 2012		4,830 million yen (25.3) %	

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Six months ended September 30, 2013:	39.65	—
Six months ended September 30, 2012:	19.70	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of September 30, 2013	354,218	155,131	41.3
As of March 31, 2013	349,787	142,400	38.2

(Reference) Shareholders' equity As of September 30, 2013: 146,208 million yen As of March 31, 2013: 133,593 million yen

2. Dividends

(Record date)	Annual Dividends				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
Fiscal year ended March 31, 2013	—	—	—	12.00	12.00
Fiscal year ending March 31, 2014	—	—	—	12.00	12.00
Fiscal year ending March 31, 2014 (forecast)	—	—	—	12.00	12.00

(Note) Revisions of expected dividends in the current period: None

3. Forecast consolidated results for the fiscal year ending March 31, 2014 (April 1, 2013 – March 31, 2014)

(%: Change from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full year	426,000	1.6	30,500	24.2	33,000	21.0	19,000	24.9	64.20

(Note) Revisions of estimated consolidated results in the current period: None

#### 4. Consolidated Financial Statements

##### (1) Consolidated Balance Sheets (Unaudited)

(Millions of Yen)

	As of end of previous fiscal year (March 31, 2013)	As of end of second quarter (September 30, 2013)
<b>Assets</b>		
Current assets		
Cash and deposits	6,163	5,575
Notes and accounts receivable-trade	71,829	65,920
Merchandise and finished goods	20,900	21,177
Work in process	4,294	5,226
Raw materials and supplies	55,087	61,667
Deferred tax assets	3,287	3,108
Other	9,783	9,270
Allowance for doubtful accounts	(59)	(56)
Total current assets	171,287	171,890
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	96,511	98,357
Accumulated depreciation	(53,650)	(55,453)
Buildings and structures, net	42,861	42,903
Machinery, equipment and vehicles	203,780	207,743
Accumulated depreciation	(172,605)	(176,572)
Machinery, equipment and vehicles, net	31,174	31,171
Land	22,577	22,453
Construction in progress	4,528	4,285
Other	12,020	12,589
Accumulated depreciation	(9,516)	(9,772)
Other, net	2,504	2,816
Total property, plant and equipment	103,647	103,630
Intangible assets		
Goodwill	7,325	7,082
Other	3,891	4,319
Total intangible assets	11,217	11,401
Investments and other assets		
Investment securities	56,187	60,707
Long-term loans receivable	491	601
Deferred tax assets	3,976	3,031
Other	3,147	3,120
Allowance for doubtful accounts	(165)	(164)
Total investments and other assets	63,636	67,296
Total noncurrent assets	178,500	182,327
Total assets	349,787	354,218

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	As of end of previous fiscal year (March 31, 2013)	As of end of second quarter (September 30, 2013)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	42,403	35,945
Short-term loans payable	52,514	58,878
Commercial papers	—	10,000
Income taxes payable	5,353	4,607
Accrued consumption taxes	1,748	644
Provision		
Provision for bonuses	3,088	3,214
Provision for directors' bonuses	169	69
Total provisions	3,258	3,283
Other	27,847	18,247
Total current liabilities	133,125	131,606
Noncurrent liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	44,623	36,427
Deferred tax liabilities	2,969	3,984
Provision		
Provision for retirement benefits	10,990	11,348
Provision for directors' retirement benefits	613	573
Other provision	435	416
Total provisions	12,039	12,339
Other	4,627	4,729
Total noncurrent liabilities	74,260	67,480
Total liabilities	207,386	199,086
Net assets		
Shareholders' equity		
Capital stock	36,437	36,437
Capital surplus	26,362	26,362
Retained earnings	68,180	76,230
Treasury stock	(5,688)	(5,692)
Total shareholders' equity	125,291	133,338
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,990	11,256
Deferred gains or losses on hedges	89	408
Foreign currency translation adjustment	(777)	1,204
Total accumulated other comprehensive income	8,302	12,869
Minority interests	8,807	8,923
Total net assets	142,400	155,131
Total liabilities and net assets	349,787	354,218

Note: Amounts less than one million yen are omitted.

**(2) Consolidated Statements of Income (Unaudited)**

(Millions of Yen)

	Six months ended September 30, 2012 (From April 1, 2012 to September 30, 2012)	Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)
Net sales	193,242	211,885
Cost of sales	167,652	180,698
Gross profit	25,590	31,187
Selling, general and administrative expenses		
Freightage related expenses	1,699	1,621
Sales commission	307	283
Directors' compensations	641	683
Salaries and allowances	2,470	2,502
Welfare expenses	806	825
Provision for bonuses	800	896
Retirement benefit expenses	303	316
Provision for directors' retirement benefits	84	84
Rent expenses	338	350
Taxes and dues	327	407
Traveling and transportation expenses	705	732
Depreciation	348	336
Development and research expenses	2,262	2,496
Amortization of goodwill	249	258
Other	2,926	3,036
Total selling, general and administrative expenses	14,272	14,831
Operating income	11,318	16,356
Non-operating income		
Interest income	50	62
Dividends income	276	304
Foreign exchange gains	—	296
Equity in earnings of affiliates	1,189	930
Other	1,316	1,328
Total non-operating income	2,833	2,922
Non-operating expenses		
Interest expenses	866	761
Foreign exchange losses	207	—
Environmental expenses	322	288
Other	416	374
Total non-operating expenses	1,812	1,425
Ordinary income	12,338	17,853

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Six months ended September 30, 2012 (From April 1, 2012 to September 30, 2012)	Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)
<b>Extraordinary income</b>		
Compensation income	262	83
Gain on sales of investment securities	—	55
Gain on sales of noncurrent assets	88	29
Insurance income	48	18
Subsidy income	10	—
Other	1	9
Total extraordinary income	412	195
<b>Extraordinary loss</b>		
Loss on disaster	147	246
Loss on retirement of noncurrent assets	226	142
Impairment loss	58	48
Loss on valuation of investment securities	2,552	—
Environmental expenses	100	—
Loss on sales of noncurrent assets	10	—
Other	62	19
Total extraordinary losses	3,157	457
Income before income taxes and minority interests	9,592	17,592
Income taxes-current	2,805	5,489
Income taxes-deferred	843	199
Total income taxes	3,649	5,688
Income before minority interests	5,943	11,903
Minority interests in income	111	169
Net income	5,831	11,733

Note: Amounts less than one million yen are omitted.

**(3) Consolidated Statement of Comprehensive Income (Unaudited)**

(Millions of Yen)

	Six months ended September 30, 2012 (From April 1, 2012 to September 30, 2012)	Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)
Income before minority interests	5,943	11,903
Other comprehensive income		
Valuation difference on available-for-sale securities	(643)	1,970
Deferred gains or losses on hedges	(629)	89
Foreign currency translation adjustment	(147)	1,036
Share of other comprehensive income of associates accounted for using equity method	307	1,602
Total other comprehensive income	(1,113)	4,698
Comprehensive income	4,830	16,601
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,726	16,301
Comprehensive income attributable to minority interests	104	300

**(4) Consolidated Statements of Cash Flows (Unaudited)**

(Millions of Yen)

	Six months ended September 30, 2012 (From April 1, 2012 to September 30, 2012)	Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	9,592	17,592
Depreciation and amortization	7,996	7,684
Impairment loss	58	48
Amortization of goodwill	249	258
Increase (decrease) in allowance for doubtful accounts	5	6
Increase (decrease) in other provision	443	324
Interest and dividends income	(326)	(366)
Interest expenses	866	761
Foreign exchange losses (gains)	44	8
Equity in (earnings) losses of affiliates	(1,189)	(930)
Loss (gain) on sales of noncurrent assets	(77)	(28)
Loss on retirement of noncurrent assets	226	142
Loss (gain) on sales of investment securities	—	(55)
Loss (gain) on valuation of investment securities	2,552	—
Decrease (increase) in notes and accounts receivable-trade	249	6,422
Decrease (increase) in inventories	4,310	(7,453)
Increase (decrease) in notes and accounts payable-trade	(1,382)	(6,853)
Increase (decrease) in accrued consumption taxes	(198)	(1,119)
Other, net	(2,583)	(8,817)
Subtotal	20,836	7,623
Interest and dividends income received	1,762	2,631
Interest expenses paid	(898)	(789)
Income taxes (paid) refund	(2,094)	(6,170)
Net cash provided by (used in) operating	19,606	3,296

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Six months ended September 30, 2012 (From April 1, 2012 to September 30, 2012)	Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(6,981)	(6,999)
Proceeds from sales of property, plant and equipment	611	39
Purchase of intangible assets	(147)	(270)
Purchase of investment securities	(22)	(22)
Proceeds from sales of investment securities	—	79
Purchase of stocks of subsidiaries and affiliates	(971)	(608)
Proceeds from subsidy	297	—
Payments of loans receivable	(348)	(389)
Collection of loans receivable	391	253
Other, net	(121)	50
Net cash provided by (used in) investing activities	(7,292)	(7,866)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	3,429	10,497
Proceeds from long-term loans payable	3,711	—
Repayment of long-term loans payable	(14,894)	(12,835)
Proceeds from stock issuance to minority shareholders	44	—
Purchase of treasury stock	(1)	(3)
Proceeds from sales of treasury stock	0	—
Net increase (decrease) in commercial papers	—	10,000
Cash dividends paid	(3,005)	(3,601)
Cash dividends paid to minority shareholders	(153)	(142)
Proceeds from sale and leaseback	32	—
Repayments of lease obligations	(216)	(249)
Net cash provided by (used in) financing activities	(11,053)	3,664
Effect of exchange rate change on cash and cash equivalents	4	215
Net increase (decrease) in cash and cash equivalents	1,264	(690)
Cash and cash equivalents at beginning of period	4,788	6,129
Increase in cash and cash equivalents from newly consolidated subsidiary	446	102
Cash and cash equivalents at end of period	6,499	5,541

Note: Amounts less than one million yen are omitted.



## 5. Segment Information

Segment information by business type as of September 30, 2013 and 2012 is summarized as follows :

(Amounts less than one million yen and one thousand USD are omitted.)

For the six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)

Millions of Yen

	Reporting Segments						Others	Total	Eliminations & Company- wide	Consolidated
	Environmental Management & recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Sub Total				
Net sales										
(1) Outside customers	30,360	88,827	40,134	39,838	11,609	210,769	1,115	211,885	-	211,885
(2) Intersegment	17,830	14,017	876	6	0	32,731	3,310	36,042	(36,042)	-
Total	48,190	102,845	41,010	39,844	11,609	243,500	4,426	247,927	(36,042)	211,885
Segment income (note 2)	4,633	4,578	3,241	2,630	931	16,014	4	16,019	336	16,356

For the six months ended September 30, 2012 (From April 1, 2012 to September 30, 2012)

Millions of Yen

	Reporting Segments						Others	Total	Eliminations & Company- wide	Consolidated
	Environmental Management & recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Sub Total				
Net sales										
(1) Outside customers	29,099	80,240	34,298	37,119	11,670	192,427	815	193,242	-	193,242
(2) Intersegment	17,944	11,277	1,035	7	0	30,265	3,586	33,851	(33,851)	-
Total	47,043	91,517	35,334	37,126	11,670	222,693	4,401	227,094	(33,851)	193,242
Segment income (note 2)	2,526	1,265	3,810	2,481	838	10,922	11	10,933	384	11,318

For the six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)

Thousands of USD (Note 3)

	Reporting Segments						Others	Total	Eliminations & Company- wide	Consolidated
	Environmental Management & recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Sub Total				
Net sales										
(1) Outside customers	310,589	908,722	410,583	407,552	118,765	2,156,212	11,416	2,167,629	-	2,167,629
(2) Intersegment	182,410	143,402	8,965	66	-	334,845	33,870	368,716	(368,716)	-
Total	492,999	1,052,125	419,548	407,619	118,765	2,491,058	45,287	2,536,345	(368,716)	2,167,629
Segment income (note 2)	47,401	46,839	33,160	26,906	9,524	163,832	50	163,883	3,446	167,329

(Note 1) The classification of businesses for the segment information by business type is based on the classification adopted by the internal management system.

- (1) Environmental Management & Recycling : Waste treatment, controlled landfilling, soil remediation, metal recycling, household appliances recycling, automobile recycling, consulting on environmental matters, and logistics
- (2) Nonferrous Metals : Production and sale of copper, zinc, lead, gold, silver, zinc alloy, platinum, palladium, rhodium, indium, sulfuric acids, tin, antimony, and other materials
- (3) Electronic Materials : Production and sale of high-purity gallium, indium, compound semiconductor wafers, LEDs, silver powders, copper powders, silver oxide powders, metal powders, carrier powders, and ferrite powders
- (4) Metal Processing : Production and sale of copper, brass, copper alloy strips, nickel alloy strips, reflow tin plated stripes, brass rods, forged brass products, electroplated products, and metal-ceramic substrates
- (5) Heat Treatment : Various types of heat treatment, various types of surface treatment, design, manufacture, marketing, and maintenance of various types of industrial furnaces and ancillary equipment
- (6) Others : Construction, rental business and others

(Note 2) Segment income is based on operating income.

(Note 3) Converted at ¥97.75=US\$1, the prevailing exchange rate as of September 30, 2013 is used.