



# **Fiscal 2015 First Quarter Supplementary Information**

**August 7, 2015**

**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.

# Overview of Operating Results

Billion yen

	FY2014 Results		FY2015		Change			
	1Q	Full Year	1Q Results	Full Year Forecasts	1Q		Full Year	
<b>Net Sales</b>	<b>109.6</b>	<b>464.2</b>	<b>107.8</b>	<b>445.0</b>	<b>(1.8)</b>	<b>-2%</b>	<b>(19.2)</b>	<b>-4%</b>
<b>Operating Income</b>	<b>9.3</b>	<b>39.0</b>	<b>11.5</b>	<b>42.5</b>	<b>2.1</b>	<b>23%</b>	<b>3.4</b>	<b>9%</b>
<b>Ordinary Income</b>	<b>10.1</b>	<b>42.0</b>	<b>12.0</b>	<b>42.5</b>	<b>1.8</b>	<b>18%</b>	<b>0.4</b>	<b>1%</b>
<b>Net Income</b>	<b>7.0</b>	<b>26.5</b>	<b>6.2</b>	<b>27.0</b>	<b>(0.8)</b>	<b>-12%</b>	<b>0.4</b>	<b>2%</b>

## Exchange rate and metal prices

	FY2014		FY2015		(Ref.) July 2015 average
	1Q average	Full Year average	1Q average	Assumption for full year	
Exchange Rate: (¥/\$)	102.2	109.9	121.4	115.0	123.2
Copper: (\$/t)	6,787	6,554	6,054	6,000	5,457
Zinc: (\$/t)	2,073	2,175	2,195	2,200	2,002
Indium: (\$/kg)	706	650	445	500	343

# Trends in Major Products

Indexes (100 for Q1 of FY2014)

		FY2014				FY2015
		1Q	2Q	3Q	4Q	1Q
<b>Environmental Management &amp; Recycling</b>	Intermediate waste processing volume in Japan	100	86	100	96	<b>104</b>
	Recycling materials collection volume (Kosaka)	100	90	86	65	<b>81</b>
	Waste processing amount in South East Asia	100	95	88	96	<b>82</b>
<b>Nonferrous Metals</b>	Silver production (Kosaka)	100	99	116	110	<b>91</b>
	Zinc production (Akita)	100	65	91	97	<b>96</b>
<b>Electronic Materials</b>	Compound semiconductor materials sales volume	100	77	75	86	<b>101</b>
	LED sales volume	100	82	91	97	<b>96</b>
	Silver powder sales volume	100	91	79	83	<b>101</b>
<b>Metal Processing</b>	Copper alloy strip products sales volume	100	94	98	93	<b>93</b>
<b>Heat Treatment</b>	Heat treatment processing volume	100	104	104	103	<b>102</b>

# Consolidated Results by Segment (1st Quarter)

Billion Yen

	FY2014 1Q Results			FY2015 1Q Results			Change		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	23.8	1.5	1.6	<b>25.4</b>	<b>1.8</b>	<b>1.8</b>	1.5	0.2	0.1
Nonferrous Metals	55.7	3.3	4.2	<b>58.1</b>	<b>5.2</b>	<b>5.7</b>	2.4	1.8	1.4
Electronic Materials	20.2	2.3	2.4	<b>13.1</b>	<b>2.3</b>	<b>2.5</b>	(7.0)	0.0	0.1
Metal Processing	21.1	1.4	1.5	<b>20.5</b>	<b>1.5</b>	<b>1.6</b>	(0.6)	0.1	0.0
Heat Treatment	6.3	0.4	0.4	<b>6.5</b>	<b>0.3</b>	<b>0.3</b>	0.1	(0.1)	(0.0)
Other/ Elimination	(17.6)	0.1	(0.1)	<b>(16.0)</b>	<b>0.1</b>	<b>(0.1)</b>	1.6	0.0	0.0
Total	109.6	9.3	10.1	<b>107.8</b>	<b>11.5</b>	<b>12.0</b>	(1.8)	2.1	1.8

# Factor Analysis of Ordinary Income (1st Quarter)

Billion yen

FY2015 1Q Results - FY2014 1Q Results	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Other	Total
Effect of various measures, increase/ decrease in sales, etc.	0.4	0.5	(0.0)	0.1	(0.1)	0.0	0.9
Of the above, free metal income difference (volume difference)	—	0.8	—	—	—	—	0.8
Free metal income difference (price difference)	—	0.2	—	—	—	—	0.2
Conditions of raw material (changes in exchange rate and base conditions)	—	0.8	—	—	—	—	0.8
Difference between the market value and book value at sale, and between market value and valuation prices at end of period	—	0.1	—	—	—	—	0.1
Electricity charges, etc.	—	—	—	—	—	—	—
Depreciation	(0.1)	0.1	0.1	0.0	(0.1)	(0.0)	0.0
Increase/decrease in operating income	0.2	1.8	0.0	0.1	(0.1)	0.0	2.1
Effect of non-operating income/expenses	—	—	—	—	—	—	—
- Equity method income or loss	(0.1)	(0.3)	0.0	(0.0)	—	(0.3)	(0.6)
- Other	(0.1)	(0.1)	0.1	0.0	0.1	0.2	0.2
Increase/decrease in ordinary income	0.1	1.4	0.1	0.0	(0.0)	0.0	1.8

# (Ref.) Consolidated Income Statements

Million yen

	FY2014 1Q	FY2015 1Q	Change 1Q
<b>Net Sales</b>	109,671	107,806	△ 1,865
Cost of Sales	92,268	87,721	△ 4,547
<b>Gross Profit</b>	17,403	20,084	2,681
Selling, General, and Administrative Expenses, R&D Expenses	8,004	8,508	504
<b>Operating Income</b>	9,398	11,576	2,177
Other Income	1,515	1,067	△ 447
Interest and dividend income	( 370)	( 428)	( 58)
Share of profit of entities accounted for using equity method	( 486)	( -)	(△ 486)
Other income	( 658)	( 639)	(△ 19)
Other Expenses	729	643	△ 86
Interest expenses	( 297)	( 209)	(△ 87)
Share of loss of entities accounted for using equity method	( -)	( 155)	( 155)
Other expenses	( 432)	( 278)	(△ 154)
<b>Ordinary Income</b>	10,183	12,000	1,816
Extraordinary income	20	37	16
Gain on sales of noncurrent assets	( 10)	( 32)	( 21)
Compensation income	( 3)	( -)	(△ 3)
Insurance income	( 4)	( -)	(△ 4)
Other	( 1)	( 4)	( 2)
Extraordinary loss	45	1,715	1,669
Loss on retirement of non-current assets	( 25)	( 63)	( 37)
Loss on valuation of investment securities	( -)	( 1,624)	( 1,624)
Loss on disaster	( -)	( 27)	( 27)
Other	( 20)	( 0)	(△ 20)
<b>Income Before Income Taxes</b>	10,158	10,321	162
Total income taxes	3,038	3,829	791
Profit attributable to non-controlling interests	89	288	199
<b>Profit attributable to owners of parent</b>	7,030	6,203	△ 827
<b>Depreciation</b>	3,543	3,571	△ 189

# (Ref.) Consolidated Balance Sheets

Million yen

Accounts	March 31, 2015	June 30, 2015	Change	Accounts	March 31, 2015	June 30, 2015	Change
<b>Assets</b>				<b>Liabilities</b>			
<b>Current assets</b>	180,215	202,590	22,375	<b>Current Liabilities</b>	118,817	139,692	20,874
Cash and deposits	8,517	8,880	363	Notes and accounts payable-trade	31,041	35,642	4,600
Notes and accounts receivable-trade	73,126	71,416	(1,710)	Short-term loans payable	30,459	51,716	21,257
Inventories	81,597	103,566	21,968	Commercial papers	18,000	25,000	7,000
Deferred tax assets	5,248	3,167	(2,080)	Current portion of bonds			—
Other	11,888	15,704	3,815	Income taxes payable	8,623	1,929	(6,694)
Allowance for doubtful accounts	(163)	(144)	19	Ingot leasing liabilities	4,910	1,338	(3,571)
				Other	25,782	24,065	(1,717)
<b>Noncurrent Assets</b>	198,978	201,174	2,195	<b>Noncurrent Liabilities</b>	64,725	64,231	(494)
Property, plant and equipment	107,675	107,790	114	Bonds payable	10,000	10,000	—
Intangible assets	10,990	10,724	(265)	Long-term loans payable	28,208	26,233	(1,975)
Investment securities	70,764	73,515	2,751	Net defined benefit liability	14,508	14,709	200
Deferred tax assets	3,372	3,395	23	Deferred tax liabilities	4,420	5,748	1,328
Other	6,310	5,882	(427)	Other	7,588	7,540	(48)
Allowance for doubtful accounts	(134)	(134)	—	<b>Total Liabilities</b>	<b>183,543</b>	<b>203,923</b>	20,380
				<b>Net Assets</b>			
				<b>Shareholders' Equity</b>	165,731	166,425	694
				Capital stock	36,437	36,437	—
				Capital surplus	26,362	26,263	(99)
				Retained earnings	108,630	109,424	793
				Treasury stock	(5,699)	(5,699)	(0)
				<b>Accumulated Other Comprehensive Income</b>	21,390	24,637	3,246
				Valuation difference on available-for-sale securities	15,801	18,613	2,811
				Deferred gains or losses on hedges	(197)	719	917
				Foreign currency translation adjustment	6,167	5,646	(520)
				Remeasurements of defined benefit plans	(381)	(342)	38
				<b>Non-controlling interests</b>	8,528	8,778	250
				<b>Total Net Assets</b>	<b>195,649</b>	<b>199,840</b>	4,191
<b>Total Assets</b>	<b>379,193</b>	<b>403,764</b>	24,571	<b>Total Liabilities and Net Assets</b>	<b>379,193</b>	<b>403,764</b>	24,571
				Interest-bearing debt	86,668	112,949	26,281
				Cash and deposits	8,517	8,880	363
				Actual balance	78,151	104,069	25,918
				Equity ratio	49.3%	47.3%	-2.0%
				ROA	11.4%	12.3%	0.9%

# (Ref.) Consolidated Statements of Cash Flows

Million yen

	FY2014 1Q Results	FY2015 1Q Results	Change		FY2014 1Q Results	FY2015 1Q Results	Change
<b>I. Cash Flows from Operating Activities</b>				<b>II. Cash Flows from Investing Activities</b>			
Income before income taxes and minority interests	10,158	10,321	162	Acquisition of property, plant and equipment	(2,691)	(4,174)	(1,483)
Adjustments (non-cash)				Sale and acquisition of securities	(1)	(55)	(54)
Depreciation	3,664	3,746	81	Change in loans	81	67	(13)
Equity in (earnings) losses of affiliates	(486)	155	642	Proceeds from disposal and sale of noncurrent assets	28	56	28
Change of business, impairment loss	–	–	–	Other, net	(60)	(830)	(770)
(Gain) loss due to sale or disposal of securities, property, plant and equipment	14	30	15	<b>Net cash used in investing activities</b>	<b>(2,643)</b>	<b>(4,936)</b>	<b>(2,293)</b>
Loss on valuation of investment securities	–	1,624	1,624	<b>III. Cash Flows from Financing Activities</b>			
Increase in allowance for doubtful accounts	(1,688)	(1,875)	(187)	Change in borrowings and corporate bonds	8,931	26,323	17,391
Interest income and expenses and dividends	53	37	(15)	Purchases of treasury stock and issuance of common stock	(0)	(0)	(0)
Income taxes paid	(8,972)	(10,981)	(2,008)	Cash dividends paid	(4,559)	(5,462)	(903)
Other, net	321	(90)	(412)	Other, net	(77)	(203)	(125)
<b>Total for profit/loss items</b>	<b>3,064</b>	<b>2,968</b>	<b>(95)</b>	<b>Net cash used in financing activities</b>	<b>4,294</b>	<b>20,656</b>	<b>16,362</b>
Increase/decrease in assets/liabilities				Effect of Exchange Rate Changes on Cash and Cash Equivalents	(159)	(34)	124
Increase/decrease in trade receivable/payable	(1,882)	6,386	8,268	<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,286</b>	<b>363</b>	<b>(923)</b>
Increase/decrease in inventories	(4,078)	(21,625)	(17,547)	Cash and Cash Equivalents of Newly Consolidated Subsidiaries	450	–	(450)
Other, net	2,690	(3,052)	(5,743)	Cash and Cash Equivalents at Beginning of Term	5,823	8,044	2,221
<b>Total for balance sheet items</b>	<b>(3,269)</b>	<b>(18,291)</b>	<b>(15,021)</b>	Cash and Cash Equivalents at End of Term	7,560	8,407	847
<b>Net cash provided by operating activities</b>	<b>(205)</b>	<b>(15,323)</b>	<b>(15,117)</b>				
Free cash flow	(2,896)	(19,497)	(16,601)	(For reference)			
				Balance of interest-bearing debt	108,491	112,949	4,458