

Consolidated Financial Summary for the Six Months
Ended September 30, 2014 (Unaudited)

(Japan Basis)



November 07 2014

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 13, 2014
Scheduled date of commencement of dividend payments: —

1. Consolidated business results for the six months ended September 30, 2014 (April 1, 2014 – September 30, 2014)

(Amounts less than one million yen, except for per share amounts, are omitted.)
 (%: Change from the same period of the previous year)

(1) Consolidated financial results

	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, 2014	223,640	5.5	16,812	2.8	18,492	3.6	12,199	4.0
Six months ended September 30, 2013	211,885	9.6	16,356	44.5	17,853	44.7	11,733	101.2

(Notes) Comprehensive income: Six months ended September 30, 2014 14,126 million yen (14.9) % Six months ended September 30, 2013 16,601 million yen 243.7 %

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Six months ended September 30, 2014	41.22	—
Six months ended September 30, 2013	39.65	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of September 30, 2014	376,931	175,199	44.2
As of March 31, 2014	358,717	166,987	44.1

(Reference) Shareholders' equity: As of September 30, 2014: 166,467 million yen As of March 31, 2014: 158,253 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, 2014	Yen —	Yen —	Yen —	Yen 15.00	Yen 15.00
Fiscal year ending March 31, 2015	—	—	—	—	—
Fiscal year ending March 31, 2015 (forecast)	—	—	—	15.00	15.00

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

3. Forecast consolidated results for the fiscal year ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(%: 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	470,000	5.9	36,500	14.8	38,000	8.4	25,000	7.2	84.48

(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, 2014)	As of end of second quarter (September 30, 2014)
Assets		
Current assets		
Cash and deposits	5,857	7,457
Notes and accounts receivable - trade	71,838	73,035
Merchandise and finished goods	21,570	24,019
Work in process	4,983	6,064
Raw materials and supplies	51,218	63,073
Deferred tax assets	4,713	4,562
Other	13,893	10,291
Allowance for doubtful accounts	(77)	(71)
Total current assets	173,998	188,432
Non-current assets		
Property, plant and equipment		
Buildings and structures	100,611	103,532
Accumulated depreciation	(56,956)	(58,570)
Buildings and structures, net	43,655	44,961
Machinery, equipment and vehicles	210,312	212,522
Accumulated depreciation	(180,230)	(182,995)
Machinery, equipment and vehicles, net	30,082	29,527
Land	22,680	23,091
Construction in progress	4,477	6,080
Other	13,048	13,674
Accumulated depreciation	(10,052)	(10,350)
Other, net	2,995	3,324
Total property, plant and equipment	103,890	106,984
Intangible assets		
Goodwill	6,997	6,820
Other	4,843	4,549
Total intangible assets	11,841	11,369
Investments and other assets		
Investment securities	61,612	62,669
Long-term loans receivable	879	907
Deferred tax assets	3,527	3,637
Other	3,108	3,067
Allowance for doubtful accounts	(139)	(138)
Total investments and other assets	68,987	70,144
Total non-current assets	184,719	188,499
Total assets	358,717	376,931

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	As of end of previous fiscal year (March 31, 2014)	As of end of second quarter (September 30, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	34,502	32,505
Short-term loans payable	41,521	47,571
Commercial papers	10,000	20,000
Current portion of bonds	10,000	10,000
Income taxes payable	7,630	4,256
Accrued consumption taxes	1,297	3,550
Provision		
Provision for bonuses	3,435	3,436
Provision for directors' bonuses	200	80
Total provisions	3,636	3,517
Other	23,216	25,319
Total current liabilities	131,803	146,720
Non-current liabilities		
Long-term loans payable	38,142	30,725
Deferred tax liabilities	2,940	3,332
Provision		
Provision for directors' retirement benefits	595	658
Other provision	543	513
Total provisions	1,138	1,171
Net defined benefit liability	12,230	14,328
Other	5,475	5,452
Total non-current liabilities	59,927	55,010
Total liabilities	191,730	201,731
Net assets		
Shareholders' equity		
Capital stock	36,437	36,437
Capital surplus	26,362	26,362
Retained earnings	87,806	94,029
Treasury shares	(5,695)	(5,697)
Total shareholders' equity	144,910	151,131
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,947	13,231
Deferred gains or losses on hedges	315	169
Foreign currency translation adjustment	2,604	2,373
Remeasurements of defined benefit plans	(523)	(439)
Total accumulated other comprehensive income	13,343	15,335
Minority interests	8,733	8,732
Total net assets	166,987	175,199
Total liabilities and net assets	358,717	376,931

Note: Amounts less than one million yen are omitted.

(2) Consolidated Statements of Income (Unaudited)

(Millions of Yen)

	Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)	Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)
Net sales	211,885	223,640
Cost of sales	180,698	190,844
Gross profit	31,187	32,795
Selling, general and administrative expenses		
Freightage related expenses	1,621	1,788
Sales commission	283	269
Directors' compensations	683	652
Salaries and allowances	2,502	2,637
Welfare expenses	825	927
Provision for bonuses	896	932
Retirement benefit expenses	316	358
Provision for directors' retirement benefits	84	95
Rent expenses	350	377
Taxes and dues	407	462
Traveling and transportation expenses	732	731
Depreciation	336	560
Development and research expenses	2,496	2,490
Amortization of goodwill	258	245
Other	3,036	3,455
Total selling, general and administrative expenses	14,831	15,983
Operating income	16,356	16,812
Non-operating income		
Interest income	62	73
Dividend income	304	346
Foreign exchange gains	296	200
Share of profit of entities accounted for using equity method	930	1,053
Other	1,328	1,376
Total non-operating income	2,922	3,050
Non-operating expenses		
Interest expenses	761	588
Environmental expenses	288	250
Other	374	530
Total non-operating expenses	1,425	1,370
Ordinary income	17,853	18,492

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)	Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)
Extraordinary income		
Gain on sales of investment securities	55	87
Gain on sales of non-current assets	29	17
Insurance income	18	11
Subsidy income	—	4
Compensation income	83	3
Other	9	1
Total extraordinary income	195	125
Extraordinary losses		
Loss on disaster	246	226
Loss on retirement of non-current assets	142	130
Impairment loss	48	44
Environmental expenses	—	6
Other	19	21
Total extraordinary losses	457	429
Income before income taxes and minority interests	17,592	18,188
Income taxes - current	5,489	5,799
Income taxes - deferred	199	199
Total income taxes	5,688	5,999
Income before minority interests	11,903	12,189
Minority interests in income (loss)	169	(10)
Net income	11,733	12,199

Note: Amounts less than one million yen are omitted.

(3) Consolidated Statement of Comprehensive Income (Unaudited)

(Millions of Yen)

	Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)	Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)
Income before minority interests	11,903	12,189
Other comprehensive income		
Valuation difference on available-for-sale securities	1,970	2,092
Deferred gains or losses on hedges	89	(179)
Foreign currency translation adjustment	1,036	(27)
Remeasurements of defined benefit plans	—	76
Share of other comprehensive income of entities accounted for using equity method	1,602	(24)
Total other comprehensive income	4,698	1,937
Comprehensive income	16,601	14,126
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,301	14,191
Comprehensive income attributable to minority interests	300	(65)

Note: Amounts less than one million yen are omitted.

(4) Consolidated Statements of Cash Flows (Unaudited)

(Millions of Yen)

	Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)	Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	17,592	18,188
Depreciation and amortization	7,684	7,275
Impairment loss	48	44
Amortization of goodwill	258	245
Increase (decrease) in allowance for doubtful accounts	6	(5)
Increase (decrease) in other provision	324	(96)
Increase (decrease) in retirement benefits liabilities	—	268
Interest and dividend income	(366)	(419)
Interest expenses	761	588
Foreign exchange losses (gains)	8	40
Share of (profit) loss of entities accounted for using equity method	(930)	(1,053)
Loss (gain) on sales of non-current assets	(28)	(17)
Loss on retirement of non-current assets	142	130
Loss (gain) on sales of investment securities	(55)	(87)
Decrease (increase) in notes and accounts receivable-trade	6,422	(1,504)
Decrease (increase) in inventories	(7,453)	(15,241)
Increase (decrease) in notes and accounts payable-trade	(6,853)	(1,827)
Increase (decrease) in accrued consumption taxes	(1,119)	2,227
Other, net	(8,817)	5,613
Subtotal	7,623	14,371
Interest and dividend income received	2,631	487
Interest expenses paid	(789)	(589)
Income taxes (paid) refund	(6,170)	(9,265)
Net cash provided by (used in) operating activities	3,296	5,004

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)	Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,999)	(7,797)
Proceeds from sales of property, plant and equipment	39	39
Purchase of intangible assets	(270)	(357)
Purchase of investment securities	(22)	(3)
Proceeds from sales of investment securities	79	118
Purchase of shares of subsidiaries and associates	(608)	(105)
Proceeds from subsidy	—	7
Payments of loans receivable	(389)	(237)
Collection of loans receivable	253	369
Other, net	50	(110)
Net cash provided by (used in) investing activities	(7,866)	(8,078)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	10,497	6,855
Net increase (decrease) in commercial papers	10,000	10,000
Repayments of long-term loans payable	(12,835)	(8,240)
Proceeds from sales and leasebacks	—	80
Repayments of lease obligations	(249)	(167)
Proceeds from share issuance to minority shareholders	—	400
Purchase of treasury shares	(3)	(2)
Cash dividends paid	(3,601)	(4,507)
Cash dividends paid to minority shareholders	(142)	(142)
Net cash provided by (used in) financing activities	3,664	4,276
Effect of exchange rate change on cash and cash equivalents	215	(53)
Net increase (decrease) in cash and cash equivalents	(690)	1,148
Cash and cash equivalents at beginning of period	6,129	5,823
Increase in cash and cash equivalents from newly consolidated subsidiary	102	450
Cash and cash equivalents at end of period	5,541	7,422

Note: Amounts less than one million yen are omitted.

5. Segment Information

Segment information by business type as of September 30, 2014 and 2013 is summarized as follows :

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

For the six months ended September 30, 2014(From April 1, 2014 to September 30, 2014)

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	29,700	97,051	40,179	42,631	13,402	222,965	675	223,640	-	223,640
(2) Intersegment	19,798	13,668	1,067	8	0	34,543	3,791	38,335	(38,335)	-
Total	49,498	110,719	41,246	42,640	13,403	257,509	4,466	261,975	(38,335)	223,640
Segment income (note 2)	3,139	4,662	4,507	2,950	1,172	16,432	(14)	16,418	393	16,812

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, 2014(From April 1, 2014 to September 30, 2014)

Thousands of USD (Note3)

	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	271,357	886,718	367,099	389,510	122,454	2,037,140	6,172	2,043,313	-	2,043,313
(2) Intersegment	180,894	124,882	9,750	80	5	315,613	34,639	350,253	(350,253)	-
Total	452,252	1,011,600	376,850	389,591	122,460	2,352,754	40,812	2,393,567	(350,253)	2,043,313
Segment income (note 2)	28,684	42,601	41,180	26,959	10,714	150,141	(134)	150,006	3,597	153,604

(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 ¥109.45=US\$1, the prevailing exchange rate as of September 30, 2014 is used.