

Consolidated Financial Summary for the Three Months
Ended June 30, 2014 (Unaudited)

(Japan Basis)



August 08 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: August 13, 2014
Scheduled date of commencement of dividend payments: —

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

(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	%
Three months ended June 30, 2014	109,671	0.9	9,398	2.7	10,183	(5.5)	7,030	(6.9)
Three months ended June 30, 2013	108,658	10.4	9,152	11.4	10,775	23.9	7,548	34.9

(Note) Comprehensive income: Three months ended June 30, 2014: 6,379 million yen (44.2) % Three months ended June 30, 2013: 11,430 million yen 130.7 %

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Three months ended June 30, 2014	23.76	—
Three months ended June 30, 2013	25.50	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2014	359,527	167,052	44.1
As of March 31, 2014	358,717	166,987	44.1

(Reference) Shareholders' equity: As of June 30, 2014: 158,421 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
First half	225,000	6.2	16,500	0.9	17,000	(4.8)	11,000	(6.3)	37.17
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 First quarter (June 30, 2014)
Assets		
Current assets		
Cash and deposits	5,857	7,469
Notes and accounts receivable - trade	71,838	70,257
Merchandise and finished goods	21,570	24,491
Work in process	4,983	6,491
Raw materials and supplies	51,218	50,952
Deferred tax assets	4,713	4,136
Other	13,893	11,411
Allowance for doubtful accounts	(77)	(66)
Total current assets	173,998	175,143
Non-current assets		
Property, plant and equipment		
Buildings and structures	100,611	102,315
Accumulated depreciation	(56,956)	(57,758)
Buildings and structures, net	43,655	44,556
Machinery, equipment and vehicles	210,312	211,670
Accumulated depreciation	(180,230)	(182,021)
Machinery, equipment and vehicles, net	30,082	29,648
Land	22,680	23,003
Construction in progress	4,477	4,777
Other	13,048	13,392
Accumulated depreciation	(10,052)	(10,169)
Other, net	2,995	3,222
Total property, plant and equipment	103,890	105,209
Intangible assets		
Goodwill	6,997	6,846
Other	4,843	4,711
Total intangible assets	11,841	11,557
Investments and other assets		
Investment securities	61,612	60,198
Long-term loans receivable	879	888
Deferred tax assets	3,527	3,606
Other	3,108	3,062
Allowance for doubtful accounts	(139)	(139)
Total investments and other assets	68,987	67,616
Total non-current assets	184,719	184,383
Total assets	358,717	359,527

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 First quarter (June 30, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	34,502	31,198
Short-term loans payable	41,521	42,741
Commercial papers	10,000	20,000
Current portion of bonds	10,000	10,000
Income taxes payable	7,630	1,606
Accrued consumption taxes	1,297	2,904
Provision		
Provision for bonuses	3,435	1,757
Provision for directors' bonuses	200	3
Total provisions	3,636	1,761
Other	23,216	22,928
Total current liabilities	131,803	133,140
Non-current liabilities		
Long-term loans payable	38,142	35,749
Deferred tax liabilities	2,940	2,815
Provision		
Provision for directors' retirement benefits	595	607
Other provision	543	543
Total provisions	1,138	1,150
Net defined benefit liability	12,230	14,185
Other	5,475	5,433
Total non-current liabilities	59,927	59,333
Total liabilities	191,730	192,474
Net assets		
Shareholders' equity		
Capital stock	36,437	36,437
Capital surplus	26,362	26,362
Retained earnings	87,806	88,665
Treasury shares	(5,695)	(5,695)
Total shareholders' equity	144,910	145,769
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,947	11,848
Deferred gains or losses on hedges	315	(536)
Foreign currency translation adjustment	2,604	1,822
Remeasurements of defined benefit plans	(523)	(482)
Total accumulated other comprehensive income	13,343	12,652
Minority interests	8,733	8,630
Total net assets	166,987	167,052
Total liabilities and net assets	358,717	359,527

Note: Amounts less than one million yen are omitted.

(2) Consolidated Statements of Income (Unaudited)

(Millions of Yen)

	Three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)	Three months ended June 30, 2014 (From April 1, 2014 to June 30, 2014)
Net sales	108,658	109,671
Cost of sales	92,071	92,268
Gross profit	16,587	17,403
Selling, general and administrative expenses		
Freightage related expenses	831	842
Sales commission	130	132
Directors' compensations	371	319
Salaries and allowances	1,260	1,338
Welfare expenses	370	464
Provision for bonuses	505	524
Retirement benefit expenses	155	177
Provision for directors' retirement benefits	41	48
Rent expenses	192	196
Taxes and dues	226	244
Traveling and transportation expenses	361	352
Depreciation	156	273
Development and research expenses	1,242	1,187
Amortization of goodwill	131	120
Other	1,456	1,784
Total selling, general and administrative expenses	7,434	8,004
Operating income	9,152	9,398
Non-operating income		
Interest income	32	35
Dividend income	294	334
Foreign exchange gains	348	—
Share of profit of entities accounted for using equity method	810	486
Other	819	658
Total non-operating income	2,305	1,515
Non-operating expenses		
Interest expenses	395	297
Foreign exchange losses	—	24
Other	287	408
Total non-operating expenses	683	729
Ordinary income	10,775	10,183

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)	Three months ended June 30, 2014 (From April 1, 2014 to June 30, 2014)
Extraordinary income		
Gain on sales of non-current assets	22	10
Insurance income	21	4
Compensation income	—	3
Gain on sales of investment securities	11	—
Other	9	1
Total extraordinary income	65	20
Extraordinary losses		
Loss on retirement of non-current assets	42	25
Loss on disaster	1	—
Other	4	20
Total extraordinary losses	48	45
Income before income taxes and minority interests	10,792	10,158
Income taxes - current	2,714	2,154
Income taxes - deferred	386	884
Total income taxes	3,101	3,038
Income before minority interests	7,691	7,120
Minority interests in income	143	89
Net income	7,548	7,030

Note: Amounts less than one million yen are omitted.

(3) Consolidated Statement of Comprehensive Income (Unaudited)

(Millions of Yen)

	Three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)	Three months ended June 30, 2014 (From April 1, 2014 to June 30, 2014)
Income before minority interests	7,691	7,120
Other comprehensive income		
Valuation difference on available-for-sale securities	662	873
Deferred gains or losses on hedges	1,164	(897)
Foreign currency translation adjustment	670	(558)
Remeasurements of defined benefit plans	—	37
Share of other comprehensive income of entities accounted for using equity method	1,241	(196)
Total other comprehensive income	3,739	(741)
Comprehensive income	11,430	6,379
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,218	6,340
Comprehensive income attributable to minority interests	211	38

Note: Amounts less than one million yen are omitted.

5. Segment Information

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

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

For the three months ended June 30, 2014(From April 1, 2014 to June 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	13,896	48,296	19,713	21,152	6,366	109,424	246	109,671	-	109,671
(2) Intersegment	9,944	7,442	501	4	0	17,894	1,601	19,495	(19,495)	-
Total	23,841	55,739	20,215	21,156	6,366	127,318	1,847	129,166	(19,495)	109,671
Segment income (note 2)	1,537	3,398	2,351	1,494	446	9,229	(45)	9,183	215	9,398

For the year ended June 30, 2013(From April 1, 2013 to June 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	15,024	45,784	21,826	20,070	5,568	108,274	383	108,658	-	108,658
(2) Intersegment	9,671	7,551	428	3	0	17,654	1,578	19,232	(19,232)	-
Total	24,696	53,335	22,254	20,073	5,568	125,928	1,962	127,891	(19,232)	108,658
Segment income (note 2)	2,202	3,266	1,597	1,534	468	9,069	(27)	9,041	111	9,152

For the three months ended June 30, 2014(From April 1, 2014 to June 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	137,097	476,482	194,488	208,686	62,810	1,079,566	2,434	1,082,000	-	1,082,000
(2) Intersegment	98,115	73,429	4,950	42	0	176,539	15,795	192,335	(192,335)	-
Total	235,212	549,912	199,439	208,729	62,811	1,256,105	18,230	1,274,335	(192,335)	1,082,000
Segment income (note 2)	15,169	33,530	23,203	14,745	4,405	91,054	(452)	90,602	2,123	92,725

(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 powdres, 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 ¥101.36=US\$1, the prevailing exchange rate as of June 30, 2014 is used.