

Consolidated Financial Summary for the First Quarter  
of the Fiscal Year Ending March 31, 2011 (Unaudited) (Japan Basis)



July 30 2010

**Company name:** Dowa Holdings Co., Ltd. URL: <http://www.dowa.co.jp/>  
**Exchange:** First Section of Tokyo Stock Exchange, First Section of Osaka Securities 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, 2010  
**Scheduled date of commencement of dividend payments:** —

1. Consolidated business results for the first quarter of the fiscal year ending March 31, 2011 (April 1, 2010 – June 30, 2011)  
 (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	%
Quarter ended June 30, 2010	94,603	49.8	10,081	135.0	10,632	201.1	6,522	299.3
Quarter ended June 30, 2009	63,139	(44.7)	4,290	(63.9)	3,530	(71.9)	1,633	(78.3)

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Quarter ended June 30, 2010	22.05	—
Quarter ended June 30, 2009	5.63	5.35

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of June 30, 2010	327,357	114,323	33.0	365.15
As of March 31, 2010	330,720	111,667	32.1	358.33

(Reference) Shareholders' equity: As of June 30, 2010: 108,020 million yen As of March 31, 2010: 106,003 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, 2010	Yen —	Yen —	Yen —	Yen 10.00	Yen 10.00
Fiscal year ending March 31, 2011	—	—	—	—	—
Fiscal year ending March 31, 2011 (forecast)	—	—	—	10.00	10.00

(Note) Revisions of expected dividends in the first quarter: None

3. Forecast consolidated results for the fiscal year ending March 31, 2011 (April 1, 2010 – March 31, 2011)

(%: 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	180,000	38.9	12,500	136.8	13,000	172.1	6,500	245.8	21.97
Full year	360,000	17.1	22,500	64.2	23,000	66.6	11,500	163.8	38.87

(Note) Revisions of estimated consolidated results in the first quarter: Have

#### 4. Quarterly Consolidated Financial Statements

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

(Millions of Yen)

	As of end of First quarter (June 30, 2010)	As of end of previous fiscal year (March 31, 2010)
<b>Assets</b>		
Current assets		
Cash and deposits	23,792	27,390
Notes and accounts receivable-trade	49,199	50,954
Merchandise and finished goods	19,082	19,357
Work in process	4,415	3,558
Raw materials and supplies	36,368	33,815
Deferred tax assets	3,584	4,602
Other	9,368	9,287
Allowance for doubtful accounts	△269	△267
Total current assets	145,543	148,700
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	86,812	85,779
Accumulated depreciation	△46,249	△45,376
Buildings and structures, net	40,562	40,403
Machinery, equipment and vehicles	179,646	179,340
Accumulated depreciation	△143,963	△141,490
Machinery, equipment and vehicles, net	35,682	37,850
Land	22,280	22,228
Construction in progress	6,100	3,295
Other	11,446	11,302
Accumulated depreciation	△9,687	△9,483
Other, net	1,759	1,818
Total property, plant and equipment	106,386	105,597
Intangible assets		
Goodwill	6,905	7,038
Other	1,771	1,839
Total intangible assets	8,676	8,877
Investments and other assets		
Investment securities	55,103	56,424
Long-term loans receivable	350	383
Deferred tax assets	8,790	8,140
Other	2,734	2,856
Allowance for doubtful accounts	△227	△260
Total investments and other assets	66,751	67,544
Total noncurrent assets	181,814	182,020
Total assets	327,357	330,720

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	As of end of First quarter (June 30, 2010)	As of end of previous fiscal year (March 31, 2010)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	29,111	28,712
Short-term loans payable	63,329	65,724
Current portion of bonds	—	7
Income taxes payable	1,466	1,729
Accrued consumption taxes	1,228	3,352
Deferred tax liabilities	—	2
Provision		
Provision for bonuses	1,426	2,628
Provision for directors' bonuses	2	141
Total provisions	1,428	2,770
Other	17,194	14,350
Total current liabilities	113,757	116,648
Noncurrent liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	69,722	73,639
Deferred tax liabilities	1,443	1,213
Provision		
Provision for retirement benefits	11,988	11,964
Provision for directors' retirement benefits	556	557
Other provision	515	1,842
Total provisions	13,060	14,364
Other	5,049	3,187
Total noncurrent liabilities	99,275	102,404
Total liabilities	213,033	219,053
<b>Net assets</b>		
Shareholders' equity		
Capital stock	36,437	36,437
Capital surplus	26,362	26,362
Retained earnings	46,153	42,791
Treasury stock	△5,760	△5,759
Total shareholders' equity	103,192	99,830
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	6,175	7,533
Deferred gains or losses on hedges	18	160
Foreign currency translation adjustment	△1,366	△1,521
Total valuation and translation adjustments	4,828	6,173
Minority interests	6,302	5,663
Total net assets	114,323	111,667
Total liabilities and net assets	327,357	330,720

Note: Amounts less than one million yen are omitted.

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

First Quarter

(Millions of Yen)

	First quarter of the previous fiscal year (From April 1, 2009 to June 30, 2009)	First quarter of the current fiscal year (From April 1, 2010 to June 30, 2010)
Net sales	63,139	94,603
Cost of sales	52,634	77,859
Gross profit	10,505	16,743
Selling, general and administrative expenses		
Freightage related expenses	640	794
Sales commission	134	137
Directors' compensations	299	374
Salaries and allowances	1,141	1,108
Welfare expenses	344	391
Provision for bonuses	312	421
Retirement benefit expenses	65	106
Provision for directors' retirement benefits	50	48
Rent expenses	181	180
Taxes and dues	216	240
Traveling and transportation expenses	271	317
Depreciation	194	171
Development and research expenses	1,053	1,057
Amortization of goodwill	147	132
Other	1,160	1,180
Total selling, general and administrative expenses	6,214	6,662
Operating income	4,290	10,081
Non-operating income		
Interest income	66	35
Dividends income	372	379
Equity in earnings of affiliates	—	725
Other	656	505
Total non-operating income	1,095	1,646
Non-operating expenses		
Interest expenses	767	596
Foreign exchange losses	146	4
Equity in losses of affiliates	219	—
Other	721	494
Total non-operating expenses	1,854	1,095

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	First quarter of the previous fiscal year (From April 1, 2009 to June 30, 2009)	First quarter of the current fiscal year (From April 1, 2010 to June 30, 2010)
Ordinary income	3,530	10,632
Extraordinary income		
Gain on sales of investment securities	—	38
Reversal of allowance for doubtful accounts	—	32
Gain on sales of noncurrent assets	42	3
Other	32	11
Total extraordinary income	75	86
Extraordinary loss		
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	80
Loss on retirement of noncurrent assets	129	53
Loss on valuation of investment securities	17	14
Provision of allowance for doubtful accounts	113	4
Business structure improvement expenses	184	—
Other	16	83
Total extraordinary losses	461	235
Income before income taxes and minority interests	3,145	10,483
Income taxes-current	480	1,232
Income taxes-deferred	852	1,940
Total income taxes	1,332	3,172
Income before minority interests	—	7,310
Minority interests in income	178	787
Net income	1,633	6,522

Note: Amounts less than one million yen are omitted.

**(3) Quarterly Consolidated Statements of Cash Flows (Unaudited)**

First Quarter

(Millions of Yen)

	First quarter of the previous fiscal year (From April 1, 2009 to June 30, 2009)	First quarter of the current fiscal year (From April 1, 2010 to June 30, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes and minority	3,145	10,483
Depreciation and amortization	4,053	4,201
Amortization of goodwill	147	132
Increase (decrease) in allowance for doubtful accounts	109	△30
Increase (decrease) in other provision	△1,854	△1,431
Interest and dividends income	△439	△415
Interest expenses	767	596
Foreign exchange losses (gains)	△4	28
Equity in (earnings) losses of affiliates	219	△725
Loss (gain) on sales of noncurrent assets	△38	△3
Loss on retirement of noncurrent assets	129	53
Loss (gain) on sales of investment securities	—	△38
Loss (gain) on valuation of investment securities	17	14
Business structure improvement expenses	184	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	80
Decrease (increase) in notes and accounts receivable-trade	2,302	1,899
Decrease (increase) in inventories	2,536	△3,106
Increase (decrease) in notes and accounts payable-trade	△6	40
Increase (decrease) in accrued consumption taxes	406	△2,178
Other, net	475	1,608
Subtotal	12,150	11,209
Interest and dividends income received	564	454
Interest expenses paid	△718	△472
Income taxes paid	△1,091	△1,936
Net cash provided by (used in) operating	10,905	9,254

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	First quarter of the previous fiscal year (From April 1, 2009 to June 30, 2009)	First quarter of the current fiscal year (From April 1, 2010 to June 30, 2010)
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plant and equipment	△2,091	△3,162
Proceeds from sales of property, plant and	45	32
Purchase of investment securities	△30	△1
Proceeds from sales of investment securities	—	55
Purchase of stocks of subsidiaries and affiliates	△458	△535
Payments of loans receivable	△545	△179
Collection of loans receivable	201	408
Other, net	△39	4
Net cash provided by (used in) investing activities	△2,918	△3,378
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans	△4,095	△2,423
Proceeds from long-term loans payable	122	—
Repayment of long-term loans payable	△3,639	△4,193
Redemption of bonds	△7	△7
Purchase of treasury stock	△0	△1
Proceeds from sales of treasury stock	—	0
Cash dividends paid	△2,588	△2,711
Cash dividends paid to minority shareholders	△621	△145
Proceeds from sale and leaseback	649	4
Repayments of lease obligations	△82	△85
Net cash provided by (used in) financing	△10,263	△9,562
Effect of exchange rate change on cash and cash equivalents	60	△42
Net increase (decrease) in cash and cash equivalents	△2,215	△3,728
Cash and cash equivalents at beginning of period	50,681	27,115
Increase in cash and cash equivalents from newly consolidated subsidiary	—	164
Cash and cash equivalents at end of period	48,466	23,551

Note: Amounts less than one million yen are omitted.

## 5. Segment Information

Segment information by business type as of June 30, 2010 and 2009 is summarized as follows :

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

First quarter of the previous fiscal year (From April 1, 2009 to June 30, 2009)

Millions of Yen

	Environmental Management & recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Others	Total	Eliminations	Consolidated
I. Net sales									
(1) Outside customers	9,264	31,420	9,694	9,490	2,961	306	63,139	—	63,139
(2) Intersegment	4,050	3,515	243	3	—	1,860	9,674	(9,674)	—
Total	13,315	34,936	9,938	9,494	2,961	2,167	72,814	(9,674)	63,139
Operating income (loss)	472	2,930	883	256	(247)	(99)	4,196	93	4,290

First quarter of the current fiscal year (From April 1, 2010 to June 30, 2010)

Millions of Yen

	Environmental Management & recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Others	Total	Eliminations	Consolidated
I. Net sales									
(1) Outside customers	11,254	43,026	17,032	19,166	3,715	408	94,603	—	94,603
(2) Intersegment	6,866	6,778	453	11	0	2,052	16,162	(16,162)	—
Total	18,120	49,804	17,485	19,178	3,715	2,461	110,765	(16,162)	94,603
Operating income (loss)	730	4,902	2,062	1,924	270	79	9,969	111	10,081

(Note) 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, soil remediation, metal recycling, and freight transport
- (2) Nonferrous Metals : Production and sale of copper, zinc, lead, gold, and silver
- (3) Electronic Materials : Magnetic materials, semiconductor materials, inorganic materials, chemical products
- (4) Metal Processing : Copper strips, brass strips, copper alloy strips, brass bars, and precision processed products
- (5) Heat Treatment : Heat treatment, surface treatment, and surface modification treatment, and the design, manufacture, sale and maintenance of facilities for heat treatment
- (6) Others : Construction, rental business and others