

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



November 11 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: November 12, 2010
 Scheduled date of commencement of dividend payments: —

1. Consolidated business results for the Second quarter of the fiscal year ending March 31, 2011 (April 1, 2010 – September 30, 2010)
 (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 September 30, 2010	181,049	39.7	14,036	165.9	14,578	205.2	7,570	302.7
Quarter ended September 30, 2009	129,602	(39.8)	5,279	(54.4)	4,777	(57.7)	1,879	(64.5)

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Quarter ended September 30, 2010	25.59	—
Quarter ended September 30, 2009	6.48	6.16

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of September 30, 2010	318,770	113,553	33.5	361.43
As of March 31, 2010	330,720	111,667	32.1	358.33

(Reference) Shareholders' equity: As of September 30, 2010: 106,921 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	—	—	—	10.00	10.00
Fiscal year ending March 31, 2011 (forecast)	—	—	—	10.00	10.00

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

4. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets (Unaudited)

(Millions of Yen)

	As of end of second quarter (September 30, 2010)	As of end of previous fiscal year (March 31, 2010)
Assets		
Current assets		
Cash and deposits	15,473	27,390
Notes and accounts receivable-trade	48,741	50,954
Merchandise and finished goods	17,104	19,357
Work in process	4,457	3,558
Raw materials and supplies	41,415	33,815
Deferred tax assets	5,240	4,602
Other	8,603	9,287
Allowance for doubtful accounts	(378)	(267)
Total current assets	140,657	148,700
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	86,715	85,779
Accumulated depreciation	(46,813)	(45,376)
Buildings and structures, net	39,901	40,403
Machinery, equipment and vehicles	180,291	179,340
Accumulated depreciation	(146,233)	(141,490)
Machinery, equipment and vehicles, net	34,057	37,850
Land	22,221	22,228
Construction in progress	8,271	3,295
Other	11,580	11,302
Accumulated depreciation	(9,792)	(9,483)
Other, net	1,788	1,818
Total property, plant and equipment	106,240	105,597
Intangible assets		
Goodwill	6,772	7,038
Other	1,696	1,839
Total intangible assets	8,469	8,877
Investments and other assets		
Investment securities	53,024	56,424
Long-term loans receivable	240	383
Deferred tax assets	7,675	8,140
Other	2,682	2,856
Allowance for doubtful accounts	(219)	(260)
Total investments and other assets	63,403	67,544
Total noncurrent assets	178,113	182,020
Total assets	318,770	330,720

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	As of end of second quarter (September 30, 2010)	As of end of previous fiscal year (March 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	32,408	28,712
Short-term loans payable	62,249	65,724
Current portion of bonds	—	7
Income taxes payable	2,307	1,729
Accrued consumption taxes	1,108	3,352
Deferred tax liabilities	—	2
Provision		
Provision for bonuses	2,728	2,628
Provision for directors' bonuses	56	141
Total provisions	2,785	2,770
Other	14,481	14,350
Total current liabilities	115,339	116,648
Noncurrent liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	62,087	73,639
Deferred tax liabilities	1,432	1,213
Provision		
Provision for retirement benefits	10,287	11,964
Provision for directors' retirement benefits	599	557
Other provision	512	1,842
Total provisions	11,400	14,364
Other	4,957	3,187
Total noncurrent liabilities	89,877	102,404
Total liabilities	205,217	219,053
Net assets		
Shareholders' equity		
Capital stock	36,437	36,437
Capital surplus	26,362	26,362
Retained earnings	47,201	42,791
Treasury stock	(5,761)	(5,759)
Total shareholders' equity	104,239	99,830
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,869	7,533
Deferred gains or losses on hedges	(146)	160
Foreign currency translation adjustment	(2,039)	(1,521)
Total valuation and translation adjustments	2,682	6,173
Minority interests	6,631	5,663
Total net assets	113,553	111,667
Total liabilities and net assets	318,770	330,720

Note: Amounts less than one million yen are omitted.

(2) Quarterly Consolidated Statements of Income (Unaudited)

Second Quarter

(Millions of Yen)

	Second quarter of the previous fiscal year (From April 1, 2009 to September 30, 2009)	Second quarter of the current fiscal year (From April 1, 2010 to September 30, 2010)
Net sales	129,602	181,049
Cost of sales	112,039	153,785
Gross profit	17,563	27,264
Selling, general and administrative expenses		
Freightage related expenses	1,258	1,650
Sales commission	239	274
Directors' compensations	550	688
Salaries and allowances	2,270	2,218
Welfare expenses	690	742
Provision for bonuses	615	744
Retirement benefit expenses	139	209
Provision for directors' retirement benefits	96	94
Rent expenses	347	349
Taxes and dues	403	422
Traveling and transportation expenses	537	634
Depreciation	387	347
Development and research expenses	2,071	2,140
Amortization of goodwill	294	265
Other	2,381	2,444
Total selling, general and administrative expenses	12,284	13,227
Operating income	5,279	14,036
Non-operating income		
Interest income	137	66
Dividends income	378	387
Foreign exchange gains	—	96
Equity in earnings of affiliates	355	1,311
Other	1,370	937
Total non-operating income	2,242	2,799
Non-operating expenses		
Interest expenses	1,477	1,157
Foreign exchange losses	4	—
Other	1,262	1,100
Total non-operating expenses	2,744	2,257
Ordinary income	4,777	14,578

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Second quarter of the previous fiscal year (From April 1, 2009 to September 30, 2009)	Second quarter of the current fiscal year (From April 1, 2010 to September 30, 2010)
Extraordinary income		
Reversal of allowance for doubtful accounts	—	41
Gain on sales of investment securities	—	38
Subsidy	6	14
Gain on sales of noncurrent assets	57	10
Other	102	19
Total extraordinary income	167	124
Extraordinary loss		
Loss on valuation of investment securities	—	1,107
Loss on retirement of noncurrent assets	282	136
Provision of allowance for doubtful accounts	171	116
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	80
Impairment loss	183	59
Business structure improvement expenses	655	—
Other	175	175
Total extraordinary losses	1,468	1,676
Income before income taxes and minority interests	3,475	13,026
Income taxes-current	824	2,376
Income taxes-deferred	551	1,985
Total income taxes	1,375	4,361
Income before minority interests	—	8,664
Minority interests in income	220	1,094
Net income	1,879	7,570

Note: Amounts less than one million yen are omitted.

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

Second Quarter

(Millions of Yen)

	Second quarter of the previous fiscal year (From April 1, 2009 to September 30, 2009)	Second quarter of the current fiscal year (From April 1, 2010 to September 30, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes and minority	3,475	13,026
Depreciation and amortization	8,141	8,530
Impairment loss	183	59
Amortization of goodwill	294	265
Increase (decrease) in allowance for doubtful accounts	190	71
Increase (decrease) in other provision	(932)	(1,703)
Interest and dividends income	(515)	(454)
Interest expenses	1,477	1,157
Foreign exchange losses (gains)	4	6
Equity in (earnings) losses of affiliates	(355)	(1,311)
Loss (gain) on sales of noncurrent assets	(46)	(10)
Loss on retirement of noncurrent assets	282	136
Loss (gain) on sales of investment securities	—	(38)
Loss (gain) on valuation of investment securities	—	1,107
Business structure improvement expenses	655	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	80
Decrease (increase) in notes and accounts receivable-trade	(2,652)	2,277
Decrease (increase) in inventories	(1,045)	(6,243)
Increase (decrease) in notes and accounts payable-trade	3,034	3,424
Increase (decrease) in accrued consumption taxes	933	(2,296)
Other, net	226	(848)
Subtotal	13,350	17,236
Interest and dividends income received	636	546
Interest expenses paid	(1,606)	(1,195)
Income taxes (paid) refund	3,156	(1,481)
Net cash provided by (used in) operating	15,538	15,107

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Second quarter of the previous fiscal year (From April 1, 2009 to September 30, 2009)	Second quarter of the current fiscal year (From April 1, 2010 to September 30, 2010)
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	(42)	(54)
Purchase of property, plant and equipment	(3,455)	(7,374)
Proceeds from sales of property, plant and equipment	74	44
Purchase of investment securities	(32)	(2)
Proceeds from sales of investment securities	0	55
Purchase of stocks of subsidiaries and affiliates	(465)	(1,314)
Proceeds from sales of stocks of subsidiaries and affiliates	9	—
Payments of loans receivable	(695)	(435)
Collection of loans receivable	407	593
Other, net	(43)	(24)
Net cash provided by (used in) investing activities	(4,243)	(8,512)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans	(8,420)	(2,616)
Proceeds from long-term loans payable	1,122	—
Repayment of long-term loans payable	(10,468)	(12,696)
Redemption of bonds	(7)	(7)
Proceeds from stock issuance to minority shareholders	—	27
Purchase of treasury stock	(0)	(1)
Proceeds from sales of treasury stock	0	0
Cash dividends paid	(2,912)	(3,004)
Cash dividends paid to minority shareholders	(621)	(145)
Increase in lease obligations	649	—
Proceeds from sale and leaseback	—	4
Repayments of lease obligations	(161)	(216)
Net cash provided by (used in) financing activities	(20,820)	(18,656)
Effect of exchange rate change on cash and cash equivalents	(7)	(55)
Net increase (decrease) in cash and cash equivalents	(9,532)	(12,117)
Cash and cash equivalents at beginning of period	50,681	27,115
Increase in cash and cash equivalents from newly consolidated subsidiary	—	164
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(35)	—
Cash and cash equivalents at end of period	41,113	15,162

Note: Amounts less than one million yen are omitted.

5. Segment Information

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

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

Second quarter of the previous fiscal year (From April 1, 2009 to September 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	19,143	58,671	21,065	23,546	6,232	942	129,602	—	129,602
(2) Intersegment	8,417	7,484	651	6	0	3,977	20,537	(20,537)	—
Total	27,561	66,155	21,717	23,553	6,232	4,920	150,140	(20,537)	129,602
Operating income (loss)	925	1,510	1,778	1,459	(242)	(156)	5,273	5	5,279

Second quarter of the current fiscal year (From April 1, 2010 to September 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	23,194	79,003	32,899	37,314	7,780	857	181,049	—	181,049
(2) Intersegment	13,829	11,409	916	20	0	4,485	30,662	(30,662)	—
Total	37,023	90,413	33,816	37,334	7,781	5,343	211,711	(30,662)	181,049
Operating income (loss)	1,205	5,227	3,949	2,697	579	97	13,756	280	14,036

(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