

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



February 08 2011

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: February 14, 2011
 Scheduled date of commencement of dividend payments: —

1. Consolidated business results for the Third quarter of the fiscal year ending March 31, 2011 (April 1, 2010 – December 31, 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 December 31, 2010	279,458	32.6	18,933	102.0	19,785	116.6	9,795	153.8
Quarter ended December 31, 2009	210,784	(27.5)	9,374	—	9,135	—	3,860	—

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Quarter ended December 31, 2010	33.11	—
Quarter ended December 31, 2009	13.31	13.06

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of December 31, 2010	340,030	116,153	32.1	368.89
As of March 31, 2010	330,720	111,667	32.1	358.33

(Reference) Shareholders' equity: As of December 31, 2010: 109,125 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 Third 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 Third quarter: None

4. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets (Unaudited)

(Millions of Yen)

	As of end of third quarter (December 31, 2010)	As of end of previous fiscal year (March 31, 2010)
Assets		
Current assets		
Cash and deposits	10,724	27,390
Notes and accounts receivable-trade	53,006	50,954
Merchandise and finished goods	20,184	19,357
Work in process	5,092	3,558
Raw materials and supplies	58,998	33,815
Deferred tax assets	5,356	4,602
Other	8,540	9,287
Allowance for doubtful accounts	(435)	(267)
Total current assets	161,468	148,700
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	88,326	85,779
Accumulated depreciation	(46,893)	(45,376)
Buildings and structures, net	41,433	40,403
Machinery, equipment and vehicles	183,998	179,340
Accumulated depreciation	(148,251)	(141,490)
Machinery, equipment and vehicles, net	35,747	37,850
Land	22,239	22,228
Construction in progress	5,210	3,295
Other	11,778	11,302
Accumulated depreciation	(9,844)	(9,483)
Other, net	1,933	1,818
Total property, plant and equipment	106,563	105,597
Intangible assets		
Goodwill	6,639	7,038
Other	1,913	1,839
Total intangible assets	8,553	8,877
Investments and other assets		
Investment securities	54,325	56,424
Long-term loans receivable	222	383
Deferred tax assets	6,463	8,140
Other	2,642	2,856
Allowance for doubtful accounts	(208)	(260)
Total investments and other assets	63,445	67,544
Total noncurrent assets	178,561	182,020
Total assets	340,030	330,720

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	As of end of third quarter (December 31, 2010)	As of end of previous fiscal year (March 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	42,153	28,712
Short-term loans payable	51,100	65,724
Current portion of bonds	—	7
Income taxes payable	1,915	1,729
Accrued consumption taxes	1,722	3,352
Deferred tax liabilities	1	2
Provision		
Provision for bonuses	1,430	2,628
Provision for directors' bonuses	108	141
Total provisions	1,539	2,770
Other	25,568	14,350
Total current liabilities	124,001	116,648
Noncurrent liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	71,290	73,639
Deferred tax liabilities	1,553	1,213
Provision		
Provision for retirement benefits	11,024	11,964
Provision for directors' retirement benefits	648	557
Other provision	512	1,842
Total provisions	12,185	14,364
Other	4,845	3,187
Total noncurrent liabilities	99,876	102,404
Total liabilities	223,877	219,053
Net assets		
Shareholders' equity		
Capital stock	36,437	36,437
Capital surplus	26,362	26,362
Retained earnings	49,426	42,791
Treasury stock	(5,763)	(5,759)
Total shareholders' equity	106,463	99,830
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	5,628	7,533
Deferred gains or losses on hedges	(477)	160
Foreign currency translation adjustment	(2,488)	(1,521)
Total valuation and translation adjustments	2,662	6,173
Minority interests	7,027	5,663
Total net assets	116,153	111,667
Total liabilities and net assets	340,030	330,720

Note: Amounts less than one million yen are omitted.

(2) Quarterly Consolidated Statements of Income (Unaudited)

Third Quarter

(Millions of Yen)

	Third quarter of the current fiscal year (From April 1, 2009 to December 31, 2009)	Third quarter of the current fiscal year (From April 1, 2010 to December 31, 2010)
Net sales	210,784	279,458
Cost of sales	182,944	240,716
Gross profit	27,840	38,742
Selling, general and administrative expenses		
Freightage related expenses	2,079	2,465
Sales commission	362	412
Directors' compensations	825	1,026
Salaries and allowances	3,990	4,075
Welfare expenses	1,012	1,092
Provision for bonuses	293	314
Retirement benefit expenses	211	318
Provision for directors' retirement benefits	139	136
Rent expenses	534	539
Taxes and dues	586	603
Traveling and transportation expenses	814	957
Depreciation	579	528
Development and research expenses	3,059	3,186
Amortization of goodwill	441	398
Other	3,534	3,751
Total selling, general and administrative expenses	18,465	19,808
Operating income	9,374	18,933
Non-operating income		
Interest income	180	100
Dividends income	489	599
Foreign exchange gains	70	409
Equity in earnings of affiliates	1,008	1,529
Other	1,979	1,417
Total non-operating income	3,727	4,055
Non-operating expenses		
Interest expenses	2,146	1,692
Other	1,821	1,511
Total non-operating expenses	3,967	3,203
Ordinary income	9,135	19,785

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Third quarter of the current fiscal year (From April 1, 2009 to December 31, 2009)	Third quarter of the current fiscal year (From April 1, 2010 to December 31, 2010)
Extraordinary income		
Gain on sales of noncurrent assets	68	88
Reversal of allowance for doubtful accounts	—	51
Gain on sales of investment securities	6	38
Subsidy	6	14
Insurance income	83	—
Other	150	67
Total extraordinary income	315	261
Extraordinary loss		
Loss on valuation of investment securities	80	1,114
Loss on revision of retirement benefit plan	—	832
Loss on retirement of noncurrent assets	321	275
Provision of allowance for doubtful accounts	234	171
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	80
Impairment loss	183	59
Loss on sales of noncurrent assets	12	2
Business structure improvement expenses	854	—
Environmental expenses	66	—
Other	216	216
Total extraordinary losses	1,968	2,752
Income before income taxes and minority interests	7,482	17,293
Income taxes-current	1,399	3,113
Income taxes-deferred	1,455	2,911
Total income taxes	2,854	6,024
Income before minority interests	—	11,268
Minority interests in income	767	1,473
Net income	3,860	9,795

Note: Amounts less than one million yen are omitted.

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

Third Quarter	(Millions of Yen)	
	Third quarter of the previous fiscal year (From April 1, 2009 to December 31, 2009)	Third quarter of the current fiscal year (From April 1, 2010 to December 31, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes and minority	7,482	17,293
Depreciation and amortization	13,483	13,339
Impairment loss	183	59
Amortization of goodwill	441	398
Increase (decrease) in allowance for doubtful accounts	253	120
Increase (decrease) in other provision	(1,966)	(2,159)
Interest and dividends income	(669)	(699)
Interest expenses	2,146	1,692
Foreign exchange losses (gains)	10	13
Equity in (earnings) losses of affiliates	(1,008)	(1,529)
Loss (gain) on sales of noncurrent assets	(56)	(86)
Loss on retirement of noncurrent assets	321	275
Loss (gain) on sales of investment securities	(6)	(38)
Loss (gain) on valuation of investment securities	80	1,114
Business structure improvement expenses	854	—
Environmental expenses	66	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	80
Decrease (increase) in notes and accounts receivable-trade	(9,930)	(2,098)
Decrease (increase) in inventories	(16,123)	(27,569)
Increase (decrease) in notes and accounts payable-trade	10,998	13,208
Increase (decrease) in accrued consumption taxes	1,578	(1,679)
Other, net	1,538	9,099
Subtotal	9,676	20,834
Interest and dividends income received	916	804
Interest expenses paid	(2,108)	(1,576)
Income taxes (paid) refund	2,140	(2,742)
Net cash provided by (used in) operating	10,625	17,319

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Third quarter of the previous fiscal year (From April 1, 2009 to December 31, 2009)	Third quarter of the current fiscal year (From April 1, 2010 to December 31, 2010)
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	(83)	(149)
Purchase of property, plant and equipment	(7,965)	(12,119)
Proceeds from sales of property, plant and equipment	90	71
Purchase of investment securities	(33)	(3)
Proceeds from sales of investment securities	8	55
Purchase of stocks of subsidiaries and affiliates	(465)	(1,333)
Proceeds from sales of stocks of subsidiaries and affiliates	9	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(546)	—
Payments of loans receivable	(1,183)	(653)
Collection of loans receivable	511	810
Other, net	(49)	(136)
Net cash provided by (used in) investing activities	(9,707)	(13,457)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans	(8,631)	(13,095)
Proceeds from long-term loans payable	1,122	12,400
Repayment of long-term loans payable	(14,244)	(16,551)
Redemption of bonds	(10,007)	(7)
Proceeds from issuance of bonds	10,000	—
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	0	—
Proceeds from stock issuance to minority shareholders	—	52
Purchase of treasury stock	(12)	(3)
Proceeds from sales of treasury stock	0	0
Cash dividends paid	(2,915)	(3,006)
Cash dividends paid to minority shareholders	(626)	(149)
Increase in lease obligations	1,118	—
Proceeds from sale and leaseback	—	4
Repayments of lease obligations	(252)	(336)
Net cash provided by (used in) financing	(24,447)	(20,692)
Effect of exchange rate change on cash and cash equivalents	(56)	(120)
Net increase (decrease) in cash and cash equivalents	(23,585)	(16,950)
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	27,061	10,328

Note: Amounts less than one million yen are omitted.

5. Segment Information

Segment information by business type as of December 31, 2010 and 2009 is summarized as follows :

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

Third quarter of the previous fiscal year (From April 1, 2009 to December 31, 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	29,870	94,155	34,571	41,431	9,420	1,334	210,784	—	210,784
(2) Intersegment	13,721	13,518	1,150	20	0	5,370	33,781	(33,781)	—
Total	43,592	107,673	35,722	41,451	9,421	6,704	244,565	(33,781)	210,784
Operating income (loss)	1,595	2,433	3,205	2,425	(141)	(281)	9,236	138	9,374

Third quarter of the current fiscal year (From April 1, 2010 to December 31, 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	36,505	123,494	50,233	55,967	12,085	1,171	279,458	—	279,458
(2) Intersegment	22,069	16,616	1,469	29	0	6,796	46,981	(46,981)	—
Total	58,575	140,111	51,702	55,996	12,085	7,968	326,440	(46,981)	279,458
Operating income (loss)	2,519	5,207	5,709	3,882	990	38	18,346	586	18,933

(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