

Consolidated Financial Summary for the Nine Months
Ended December 31, 2016 (Unaudited)

(Japan Basis)



February 06 2017

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: February 13, 2017
 Scheduled date of commencement of dividend payments: —

1. Consolidated business results for the nine months ended December 31, 2016 (April 1, 2016 – December 31, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Nine months ended December 31, 2016	287,697	(7.4)	20,683	(26.4)	22,734	(19.5)	16,297	(4.1)
Nine months ended December 31, 2015	310,626	(10.1)	28,113	2.4	28,232	(7.9)	16,987	(16.9)
(Notes) Comprehensive income:	Nine months ended December 31, 2016		14,568 million yen (4.1) %		Nine months ended December 31, 2015		15,187 million yen (38.8) %	

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Nine months ended December 31, 2016	55.07	—
Nine months ended December 31, 2015	57.40	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of December 31, 2016	391,575	212,375	52.1
As of March 31, 2016	364,420	203,370	53.5
(Reference) Shareholders' equity:	As of December 31, 2016 204,041 million yen		As of March 31, 2016 194,921 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, 2016	Yen —	Yen —	Yen —	Yen 18.00	Yen 18.00
Fiscal year ending March 31, 2017	—	—	—	—	—
Fiscal year ending March 31, 2017 (forecast)				18.00	18.00

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

3. Forecast consolidated results for the fiscal year ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(%: Change from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen	%
Full year	385,000	(5.3)	29,000	(17.3)	29,000	(17.3)	20,000	(8.4)	67.58	

(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, 2016)	As of end of third quarter (December 31, 2016)
Assets		
Current assets		
Cash and deposits	19,364	16,397
Notes and accounts receivable - trade	62,202	70,494
Merchandise and finished goods	21,586	22,041
Work in process	4,186	6,839
Raw materials and supplies	43,504	56,289
Deferred tax assets	4,171	3,457
Other	13,819	12,557
Allowance for doubtful accounts	(174)	(110)
Total current assets	168,662	187,966
Non-current assets		
Property, plant and equipment		
Buildings and structures	109,156	113,447
Accumulated depreciation	(64,491)	(66,030)
Buildings and structures, net	44,665	47,416
Machinery, equipment and vehicles	220,668	231,064
Accumulated depreciation	(192,847)	(197,315)
Machinery, equipment and vehicles, net	27,820	33,749
Land	23,390	23,635
Construction in progress	11,036	8,643
Other	15,207	15,605
Accumulated depreciation	(11,514)	(11,979)
Other, net	3,693	3,626
Total property, plant and equipment	110,607	117,070
Intangible assets		
Goodwill	6,179	5,823
Other	4,116	4,076
Total intangible assets	10,296	9,899
Investments and other assets		
Investment securities	64,773	67,447
Long-term loans receivable	1,993	2,568
Deferred tax assets	3,939	3,707
Other	4,248	3,013
Allowance for doubtful accounts	(99)	(96)
Total investments and other assets	74,855	76,639
Total non-current assets	195,758	203,609
Total assets	364,420	391,575

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	As of end of previous fiscal year (March 31, 2016)	As of end of third quarter (December 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,720	31,242
Short-term loans payable	32,407	37,402
Commercial papers	14,000	18,000
Income taxes payable	2,506	1,240
Accrued consumption taxes	1,471	1,256
Provision		
Provision for bonuses	3,905	1,943
Provision for directors' bonuses	250	154
Total provisions	4,155	2,097
Other	17,384	31,569
Total current liabilities	100,646	122,810
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	24,727	20,236
Deferred tax liabilities	2,072	2,735
Provision		
Provision for directors' retirement benefits	841	777
Other provision	770	587
Total provisions	1,611	1,365
Net defined benefit liability	15,880	16,379
Other	6,111	5,674
Total non-current liabilities	60,403	56,389
Total liabilities	161,049	179,199
Net assets		
Shareholders' equity		
Capital stock	36,437	36,437
Capital surplus	26,426	26,350
Retained earnings	125,049	135,937
Treasury shares	(5,701)	(5,702)
Total shareholders' equity	182,211	193,023
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,649	12,864
Deferred gains or losses on hedges	(227)	(1,097)
Foreign currency translation adjustment	3,378	58
Remeasurements of defined benefit plans	(1,091)	(807)
Total accumulated other comprehensive income	12,709	11,018
Non-controlling interests	8,449	8,334
Total net assets	203,370	212,375
Total liabilities and net assets	364,420	391,575

Note: Amounts less than one million yen are omitted.

(2) Consolidated Statements of Income (Unaudited)

(Millions of Yen)

	Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)	Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)
Net sales	310,626	287,697
Cost of sales	256,863	241,209
Gross profit	53,762	46,487
Selling, general and administrative expenses		
Freightage related expenses	2,913	3,068
Sales commission	477	430
Directors' compensations	1,077	1,089
Salaries and allowances	5,047	4,994
Welfare expenses	1,502	1,453
Provision for bonuses	481	455
Retirement benefit expenses	466	508
Provision for directors' retirement benefits	148	145
Rent expenses	617	614
Taxes and dues	900	989
Traveling and transportation expenses	1,177	1,125
Depreciation	905	935
Development and research expenses	4,350	4,253
Amortization of goodwill	426	375
Other	5,158	5,364
Total selling, general and administrative expenses	25,648	25,804
Operating income	28,113	20,683
Non-operating income		
Interest income	166	197
Dividend income	705	543
Share of profit of entities accounted for using equity method	—	772
Royalty income	1,223	1,043
Other	670	1,148
Total non-operating income	2,766	3,705
Non-operating expenses		
Interest expenses	687	560
Foreign exchange losses	917	181
Share of loss of entities accounted for using equity method	418	—
Environmental expenses	372	376
Other	252	536
Total non-operating expenses	2,647	1,654
Ordinary income	28,232	22,734

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)	Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)
Extraordinary income		
Gain on sales of investment securities	79	405
Gain on sales of non-current assets	16	56
Subsidy income	252	15
Insurance income	45	1
Other	—	7
Total extraordinary income	393	487
Extraordinary losses		
Loss on retirement of non-current assets	471	527
Impairment loss	45	182
Loss on sales of investment securities	—	22
Loss on sales of non-current assets	—	7
Loss on valuation of investment securities	1,678	—
Environmental expenses	311	—
Loss on disaster	16	—
Other	11	37
Total extraordinary losses	2,534	778
Profit before income taxes	26,091	22,443
Income taxes - current	6,950	5,215
Income taxes - deferred	2,052	843
Total income taxes	9,003	6,058
Profit	17,088	16,384
Profit attributable to non-controlling interests	101	87
Profit attributable to owners of parent	16,987	16,297

Note: Amounts less than one million yen are omitted.

(3) Consolidated Statement of Comprehensive Income (Unaudited)

(Millions of Yen)

	Six months ended September 30, 2015 (From April 1, 2015 to December 31, 2015)	Six months ended September 30, 2016 (From April 1, 2016 to December 31, 2016)
Profit	17,088	16,384
Other comprehensive income		
Valuation difference on available-for-sale securities	(830)	2,739
Deferred gains or losses on hedges	685	(851)
Foreign currency translation adjustment	(1,071)	(1,817)
Remeasurements of defined benefit plans, net of tax	117	250
Share of other comprehensive income of entities accounted for using equity method	(802)	(2,138)
Total other comprehensive income	(1,901)	(1,816)
Comprehensive income	15,187	14,568
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,132	14,606
Comprehensive income attributable to non-controlling	54	(38)

Note: Amounts less than one million yen are omitted.

5. Segment Information

Segment information by business type as of March 31, 2016 and 2017 is summarized as follows :

(Amounts less than one million yen are omitted.)

For the year ended March 31, 2016 (From April 1, 2015 to December 31, 2015)

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	46,069	150,388	35,642	59,487	18,192	309,781	844	310,626	-	310,626
(2) Intersegment	27,200	15,832	1,528	9	0	44,571	6,855	51,427	(51,427)	-
Total	73,270	166,221	37,171	59,496	18,193	354,353	7,700	362,053	(51,427)	310,626
Segment income (note 2)	4,409	11,320	6,859	3,942	889	27,422	285	27,707	406	28,113

For the year ended March 31, 2017 (From April 1, 2016 to December 31, 2016)

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	40,667	131,944	42,367	53,993	17,856	286,828	869	287,697	-	287,697
(2) Intersegment	28,139	14,857	1,817	11	0	44,825	7,507	52,333	(52,333)	-
Total	68,806	146,801	44,185	54,004	17,856	331,654	8,376	340,031	(52,333)	287,697
Segment income (note 2)	4,559	4,608	4,333	4,962	1,347	19,811	607	20,419	263	20,683

(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 gold, silver, copper, zinc alloy, lead, platinum, palladium, indium, gallium, germanium, tin, antimony, nickel, bismuth, tellurium, sulfuric acid, and other metals
- (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.