

Consolidated Financial Summary for the Six Months
Ended September 30, 2016 (Unaudited)

(Japan Basis)



November 07 2016

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: November 11, 2016
 Scheduled date of commencement of dividend payments: —

1. Consolidated business results for the six months ended September 30, 2016 (April 1, 2016 – September 30, 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	%
Six months ended September 30, 2016	184,758	(11.3)	13,333	(34.2)	13,586	(34.1)	9,879	(18.1)
Six months ended September 30, 2015	208,272	(6.9)	20,251	20.5	20,607	11.4	12,061	(1.1)
(Notes) Comprehensive income:	Six months ended September 30, 2016		4,388 million yen (62.0) %		Six months ended September 30, 2015		11,547 million yen (18.3) %	

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Six months ended September 30, 2016	33.39	—
Six months ended September 30, 2015	40.76	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of September 30, 2016	364,900	202,202	53.2
As of March 31, 2016	364,420	203,370	53.5
(Reference) Shareholders' equity:	As of September 30, 2016 194,054 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 second quarter (September 30, 2016)
Assets		
Current assets		
Cash and deposits	19,364	16,261
Notes and accounts receivable - trade	62,202	60,433
Merchandise and finished goods	21,586	21,244
Work in process	4,186	5,844
Raw materials and supplies	43,504	47,011
Deferred tax assets	4,171	3,833
Other	13,819	13,904
Allowance for doubtful accounts	(174)	(151)
Total current assets	168,662	168,381
Non-current assets		
Property, plant and equipment		
Buildings and structures	109,156	110,754
Accumulated depreciation	(64,491)	(65,352)
Buildings and structures, net	44,665	45,402
Machinery, equipment and vehicles	220,668	224,102
Accumulated depreciation	(192,847)	(194,979)
Machinery, equipment and vehicles, net	27,820	29,122
Land	23,390	23,433
Construction in progress	11,036	11,254
Other	15,207	15,444
Accumulated depreciation	(11,514)	(11,731)
Other, net	3,693	3,713
Total property, plant and equipment	110,607	112,925
Intangible assets		
Goodwill	6,179	5,764
Other	4,116	4,118
Total intangible assets	10,296	9,882
Investments and other assets		
Investment securities	64,773	64,527
Long-term loans receivable	1,993	2,074
Deferred tax assets	3,939	4,280
Other	4,248	2,925
Allowance for doubtful accounts	(99)	(97)
Total investments and other assets	74,855	73,711
Total non-current assets	195,758	196,519
Total assets	364,420	364,900

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 second quarter (September 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,720	25,789
Short-term loans payable	32,407	37,122
Commercial papers	14,000	17,000
Income taxes payable	2,506	2,395
Accrued consumption taxes	1,471	913
Provision		
Provision for bonuses	3,905	3,665
Provision for directors' bonuses	250	77
Total provisions	4,155	3,743
Other	17,384	19,290
Total current liabilities	100,646	106,254
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	24,727	21,183
Deferred tax liabilities	2,072	1,999
Provision		
Provision for directors' retirement benefits	841	729
Other provision	770	702
Total provisions	1,611	1,431
Net defined benefit liability	15,880	16,194
Other	6,111	5,634
Total non-current liabilities	60,403	56,444
Total liabilities	161,049	162,698
Net assets		
Shareholders' equity		
Capital stock	36,437	36,437
Capital surplus	26,426	26,343
Retained earnings	125,049	129,519
Treasury shares	(5,701)	(5,702)
Total shareholders' equity	182,211	186,598
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,649	9,602
Deferred gains or losses on hedges	(227)	(33)
Foreign currency translation adjustment	3,378	(1,226)
Remeasurements of defined benefit plans	(1,091)	(886)
Total accumulated other comprehensive income	12,709	7,455
Non-controlling interests	8,449	8,147
Total net assets	203,370	202,202
Total liabilities and net assets	364,420	364,900

Note: Amounts less than one million yen are omitted.

(2) Consolidated Statements of Income (Unaudited)

(Millions of Yen)

	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)	Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)
Net sales	208,272	184,758
Cost of sales	171,021	154,537
Gross profit	37,251	30,221
Selling, general and administrative expenses		
Freightage related expenses	1,890	1,998
Sales commission	305	283
Directors' compensations	713	720
Salaries and allowances	2,746	2,729
Welfare expenses	1,003	937
Provision for bonuses	961	895
Retirement benefit expenses	318	367
Provision for directors' retirement benefits	98	98
Rent expenses	412	397
Taxes and dues	662	690
Traveling and transportation expenses	797	744
Depreciation	594	610
Development and research expenses	2,676	2,701
Amortization of goodwill	299	241
Other	3,519	3,470
Total selling, general and administrative expenses	17,000	16,887
Operating income	20,251	13,333
Non-operating income		
Interest income	98	117
Dividend income	387	309
Share of profit of entities accounted for using equity method	316	663
Royalty income	499	97
Other	620	725
Total non-operating income	1,923	1,914
Non-operating expenses		
Interest expenses	458	346
Foreign exchange losses	546	746
Other	562	568
Total non-operating expenses	1,567	1,661
Ordinary income	20,607	13,586

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)	Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)
Extraordinary income		
Gain on sales of investment securities	79	368
Gain on sales of non-current assets	38	53
Subsidy income	23	10
Insurance income	48	2
Other	—	7
Total extraordinary income	189	442
Extraordinary losses		
Loss on retirement of non-current assets	251	298
Impairment loss	45	182
Loss on sales of non-current assets	—	6
Loss on valuation of investment securities	1,680	—
Environmental expenses	330	—
Loss on disaster	30	—
Other	0	28
Total extraordinary losses	2,339	516
Profit before income taxes	18,457	13,512
Income taxes - current	5,176	3,674
Income taxes - deferred	1,041	30
Total income taxes	6,217	3,704
Profit	12,240	9,807
Profit (loss) attributable to non-controlling interests	178	(72)
Profit attributable to owners of parent	12,061	9,879

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 September 30, 2015)	Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)
Profit	12,240	9,807
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,341)	(645)
Deferred gains or losses on hedges	1,294	194
Foreign currency translation adjustment	(781)	(3,210)
Remeasurements of defined benefit plans, net of tax	78	182
Share of other comprehensive income of entities accounted for using equity method	57	(1,939)
Total other comprehensive income	(692)	(5,418)
Comprehensive income	11,547	4,388
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,377	4,626
Comprehensive income attributable to non-controlling	169	(237)

Note: Amounts less than one million yen are omitted.

(4) Consolidated Statements of Cash Flows (Unaudited)

(Millions of Yen)

	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)	Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)
Cash flows from operating activities		
Profit before income taxes	18,457	13,512
Depreciation and amortization	7,268	7,117
Impairment loss	45	182
Amortization of goodwill	299	241
Increase (decrease) in allowance for doubtful accounts	(31)	(9)
Increase (decrease) in other provision	(93)	(600)
Increase (decrease) in net defined benefit liability	421	352
Interest and dividend income	(486)	(427)
Interest expenses	458	346
Foreign exchange losses (gains)	208	475
Share of (profit) loss of entities accounted for using equity method	(316)	(663)
Loss (gain) on sales of non-current assets	(38)	(46)
Loss on retirement of non-current assets	251	298
Loss (gain) on sales of investment securities	(79)	(368)
Loss (gain) on valuation of investment securities	1,680	—
Decrease (increase) in notes and accounts receivable-trade	6,522	676
Decrease (increase) in inventories	(8,421)	(5,618)
Increase (decrease) in notes and accounts payable-trade	(2,740)	(2,215)
Increase (decrease) in accrued consumption taxes	(3,980)	(404)
Other, net	(8,948)	91
Subtotal	10,477	12,938
Interest and dividend income received	485	780
Interest expenses paid	(426)	(343)
Income taxes (paid) refund	(10,550)	(2,636)
Net cash provided by (used in) operating activities	(13)	10,739

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)	Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,992)	(10,396)
Proceeds from sales of property, plant and equipment	64	76
Purchase of intangible assets	(149)	(368)
Purchase of investment securities	(5)	(3)
Proceeds from sales of investment securities	105	651
Purchase of shares of subsidiaries and associates	(1,423)	(1,739)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(46)	—
Proceeds from subsidy	399	37
Payments of loans receivable	(655)	(945)
Collection of loans receivable	360	667
Purchase of other investments	(843)	—
Other, net	(483)	134
Net cash provided by (used in) investing activities	(11,670)	(11,886)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	13,057	6,082
Net increase (decrease) in commercial papers	7,000	3,000
Proceeds from long-term loans payable	5,000	1,160
Repayments of long-term loans payable	(7,488)	(5,753)
Repayments of lease obligations	(243)	(199)
Proceeds from share issuance to non-controlling shareholders	320	370
Purchase of treasury shares	(1)	0
Cash dividends paid	(5,405)	(5,405)
Dividends paid to non-controlling interests	(143)	(141)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(375)
Net cash provided by (used in) financing activities	12,096	(1,262)
Effect of exchange rate change on cash and cash equivalents	(114)	(692)
Net increase (decrease) in cash and cash equivalents	298	(3,103)
Cash and cash equivalents at beginning of period	8,044	18,902
Cash and cash equivalents at end of period	8,342	15,798

Note: Amounts less than one million yen are omitted.

5. Segment Information

Segment information by business type as of September 30, 2015 and 2016 is summarized as follows :

(Amounts less than one million yen are omitted.)

For the year ended September 30, 2015 (From April 1, 2015 to September 30, 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	31,377	99,412	24,055	40,332	12,473	207,651	620	208,272	-	208,272
(2) Intersegment	18,328	10,991	1,049	6	0	30,376	4,631	35,007	(35,007)	-
Total	49,706	110,404	25,104	40,338	12,474	238,028	5,252	243,280	(35,007)	208,272
Segment income (note 2)	3,253	8,612	4,732	2,641	611	19,851	196	20,048	202	20,251

For the year ended September 30, 2016 (From April 1, 2016 to September 30, 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	26,873	85,011	25,882	35,052	11,526	184,346	412	184,758	-	184,758
(2) Intersegment	18,558	9,526	1,174	3	0	29,263	4,869	34,133	(34,133)	-
Total	45,432	94,538	27,056	35,056	11,526	213,610	5,281	218,891	(34,133)	184,758
Segment income (note 2)	2,633	3,231	2,870	3,205	879	12,820	319	13,140	193	13,333

(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.