

Consolidated Financial Summary for the Three Months
Ended June 30, 2016 (Unaudited)

(Japan Basis)



August 05 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: August 10, 2016
 Scheduled date of commencement of dividend payments: —

1. Consolidated business results for the three months ended June 30, 2016 (April 1, 2016 – June 30, 2016)

(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		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Three months ended June 30, 2016	93,750	(13.0)	7,620	(34.2)	6,803	(43.3)	4,968	(19.9)
Three months ended June 30, 2015	107,806	(1.7)	11,576	23.2	12,000	17.8	6,203	(11.8)
(Notes) Comprehensive income:	Three months ended June 30, 2016		1,007 million yen (89.7) %		Three months ended June 30, 2015		9,742 million yen 52.7 %	

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Three months ended June 30, 2016	16.79	—
Three months ended June 30, 2015	20.96	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2016	362,067	198,827	52.6
As of March 31, 2016	364,420	203,370	53.5

(Reference) Shareholders' equity: As of June 30, 2016 190,484 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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2016	—	—	—	18.00	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	%
First half	185,000	(11.2)	11,500	(43.2)	10,500	(49.0)	7,500	(37.8)	25.34	—
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 first quarter (June 30, 2016)
Assets		
Current assets		
Cash and deposits	19,364	14,245
Notes and accounts receivable - trade	62,202	59,837
Merchandise and finished goods	21,586	21,882
Work in process	4,186	5,094
Raw materials and supplies	43,504	48,067
Deferred tax assets	4,171	3,318
Other	13,819	16,884
Allowance for doubtful accounts	(174)	(170)
Total current assets	168,662	169,160
Non-current assets		
Property, plant and equipment		
Buildings and structures	109,156	110,963
Accumulated depreciation	(64,491)	(65,017)
Buildings and structures, net	44,665	45,945
Machinery, equipment and vehicles	220,668	221,840
Accumulated depreciation	(192,847)	(193,729)
Machinery, equipment and vehicles, net	27,820	28,110
Land	23,390	23,453
Construction in progress	11,036	9,205
Other	15,207	15,500
Accumulated depreciation	(11,514)	(11,645)
Other, net	3,693	3,854
Total property, plant and equipment	110,607	110,569
Intangible assets		
Goodwill	6,179	5,894
Other	4,116	4,179
Total intangible assets	10,296	10,074
Investments and other assets		
Investment securities	64,773	63,065
Long-term loans receivable	1,993	1,821
Deferred tax assets	3,939	4,416
Other	4,248	3,056
Allowance for doubtful accounts	(99)	(96)
Total investments and other assets	74,855	72,262
Total non-current assets	195,758	192,906
Total assets	364,420	362,067

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 first quarter (June 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,720	26,385
Short-term loans payable	32,407	33,891
Commercial papers	14,000	18,000
Income taxes payable	2,506	1,473
Accrued consumption taxes	1,471	1,272
Provision		
Provision for bonuses	3,905	1,838
Provision for directors' bonuses	250	—
Total provisions	4,155	1,838
Other	17,384	22,099
Total current liabilities	100,646	104,961
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	24,727	22,999
Deferred tax liabilities	2,072	1,896
Provision		
Provision for directors' retirement benefits	841	680
Other provision	770	750
Total provisions	1,611	1,431
Net defined benefit liability	15,880	16,015
Other	6,111	5,936
Total non-current liabilities	60,403	58,279
Total liabilities	161,049	163,240
Net assets		
Shareholders' equity		
Capital stock	36,437	36,437
Capital surplus	26,426	26,326
Retained earnings	125,049	124,608
Treasury shares	(5,701)	(5,701)
Total shareholders' equity	182,211	181,671
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,649	8,799
Deferred gains or losses on hedges	(227)	(127)
Foreign currency translation adjustment	3,378	1,113
Remeasurements of defined benefit plans	(1,091)	(971)
Total accumulated other comprehensive income	12,709	8,813
Non-controlling interests	8,449	8,342
Total net assets	203,370	198,827
Total liabilities and net assets	364,420	362,067

Note: Amounts less than one million yen are omitted.

(2) Consolidated Statements of Income (Unaudited)

(Millions of Yen)

	Three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)	Three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)
Net sales	107,806	93,750
Cost of sales	87,721	77,621
Gross profit	20,084	16,128
Selling, general and administrative expenses		
Freightage related expenses	961	1,030
Sales commission	144	142
Directors' compensations	352	360
Salaries and allowances	1,391	1,394
Welfare expenses	500	458
Provision for bonuses	498	454
Retirement benefit expenses	164	209
Provision for directors' retirement benefits	48	49
Rent expenses	205	202
Taxes and dues	332	373
Traveling and transportation expenses	399	370
Depreciation	291	305
Development and research expenses	1,255	1,291
Amortization of goodwill	174	120
Other	1,787	1,743
Total selling, general and administrative expenses	8,508	8,508
Operating income	11,576	7,620
Non-operating income		
Interest income	52	65
Dividend income	376	294
Royalty income	244	41
Other	394	274
Total non-operating income	1,067	676
Non-operating expenses		
Interest expenses	209	178
Foreign exchange losses	3	502
Share of loss of entities accounted for using equity method	155	527
Environmental expenses	126	126
Other	148	159
Total non-operating expenses	643	1,493
Ordinary income	12,000	6,803

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)	Three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)
Extraordinary income		
Gain on sales of investment securities	—	368
Gain on sales of non-current assets	32	43
Subsidy income	—	8
Other	4	—
Total extraordinary income	37	421
Extraordinary losses		
Loss on retirement of non-current assets	63	98
Loss on sales of non-current assets	—	6
Loss on valuation of investment securities	1,624	—
Loss on disaster	27	—
Other	0	11
Total extraordinary losses	1,715	115
Profit before income taxes	10,321	7,109
Income taxes - current	2,358	1,384
Income taxes - deferred	1,471	739
Total income taxes	3,829	2,123
Profit	6,491	4,985
Profit attributable to non-controlling interests	288	16
Profit attributable to owners of parent	6,203	4,968

Note: Amounts less than one million yen are omitted.

(3) Consolidated Statement of Comprehensive Income (Unaudited)

(Millions of Yen)

	Three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)	Three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)
Profit	6,491	4,985
Other comprehensive income		
Valuation difference on available-for-sale securities	2,550	(1,706)
Deferred gains or losses on hedges	899	85
Foreign currency translation adjustment	(80)	(1,778)
Remeasurements of defined benefit plans, net of tax	40	109
Share of other comprehensive income of entities accounted for using equity method	(159)	(687)
Total other comprehensive income	3,251	(3,977)
Comprehensive income	9,742	1,007
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,450	1,073
Comprehensive income attributable to non-controlling	292	(65)

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 June 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	15,744	52,127	12,634	20,551	6,519	107,578	227	107,806	-	107,806
(2) Intersegment	9,665	6,069	493	2	0	16,232	1,816	18,048	(18,048)	-
Total	25,410	58,197	13,128	20,554	6,520	123,810	2,044	125,855	(18,048)	107,806
Segment income (note 2)	1,828	5,228	2,391	1,595	336	11,379	3	11,383	192	11,576

For the year ended March 31, 2017 (From April 1, 2016 to June 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	13,037	44,939	12,562	17,501	5,527	93,568	181	93,750	-	93,750
(2) Intersegment	8,817	4,823	541	1	0	14,184	2,156	16,340	(16,340)	-
Total	21,855	49,763	13,103	17,503	5,527	107,753	2,337	110,090	(16,340)	93,750
Segment income (note 2)	1,014	2,903	1,437	1,589	430	7,375	115	7,490	130	7,620

(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.