

Consolidated Financial Summary for the Nine Months  
Ended December 31, 2015 (Unaudited)

(Japan Basis)



February 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:** February 12, 2016  
**Scheduled date of commencement of dividend payments:** —

1. Consolidated business results for the nine months ended December 31, 2015 (April 1, 2015 – December 31, 2015)

(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	%
Nine months ended December 31, 2015	310,626	(10.1)	28,113	2.4	28,232	(7.9)	16,987	(16.9)
Nine months ended December 31, 2014	345,670	5.2	27,461	18.8	30,640	19.2	20,440	20.6

(Notes) Comprehensive income: Nine months ended December 31, 2015 15,187 million yen (38.8) % Nine months ended December 31, 2014 24,835 million yen 8.2 %

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Nine months ended December 31, 2015	57.40	—
Nine months ended December 31, 2014	69.07	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of December 31, 2015	378,340	205,598	52.0
As of March 31, 2015	379,193	195,649	49.3

(Reference) Shareholders' equity: As of December 31, 2015 196,907 million yen As of March 31, 2015 187,121 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, 2015	—	—	—	18.00	18.00
Fiscal year ending March 31, 2016	—	—	—	—	—
Fiscal year ending March 31, 2016 (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, 2016 (April 1, 2015 – March 31, 2016)

(%: 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	410,000	(11.7)	35,500	(9.2)	35,000	(16.7)	21,000	(20.9)	70.96

(Note) Revisions of estimated consolidated results in the current period: Yes

#### 4. Consolidated Financial Statements

##### (1) Consolidated Balance Sheets (Unaudited)

(Millions of Yen)

	As of end of previous fiscal year (March 31, 2015)	As of end of third quarter (December 31, 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	8,517	9,505
Notes and accounts receivable - trade	73,126	64,517
Merchandise and finished goods	22,306	19,044
Work in process	4,750	6,359
Raw materials and supplies	54,540	53,873
Deferred tax assets	5,248	2,917
Other	11,888	19,831
Allowance for doubtful accounts	(163)	(129)
<b>Total current assets</b>	<b>180,215</b>	<b>175,918</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	105,728	108,491
Accumulated depreciation	(61,101)	(63,377)
Buildings and structures, net	44,627	45,114
Machinery, equipment and vehicles	216,606	219,719
Accumulated depreciation	(187,294)	(190,832)
Machinery, equipment and vehicles, net	29,312	28,887
Land	23,666	23,569
Construction in progress	6,644	10,523
Other	14,154	14,948
Accumulated depreciation	(10,730)	(11,319)
Other, net	3,424	3,628
<b>Total property, plant and equipment</b>	<b>107,675</b>	<b>111,722</b>
Intangible assets		
Goodwill	6,970	6,466
Other	4,019	3,984
<b>Total intangible assets</b>	<b>10,990</b>	<b>10,451</b>
Investments and other assets		
Investment securities	70,764	71,238
Long-term loans receivable	1,457	1,649
Deferred tax assets	3,372	3,240
Other	4,852	4,248
Allowance for doubtful accounts	(134)	(129)
<b>Total investments and other assets</b>	<b>80,312</b>	<b>80,247</b>
<b>Total non-current assets</b>	<b>198,978</b>	<b>202,421</b>
<b>Total assets</b>	<b>379,193</b>	<b>378,340</b>

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	As of end of previous fiscal year (March 31, 2015)	As of end of third quarter (December 31, 2015)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	31,041	26,059
Short-term loans payable	30,459	38,519
Commercial papers	18,000	24,000
Income taxes payable	8,623	2,083
Accrued consumption taxes	4,934	1,286
Deferred tax liabilities	—	40
Provision		
Provision for bonuses	3,702	2,051
Provision for directors' bonuses	235	163
Total provisions	3,937	2,214
Other	21,821	15,798
Total current liabilities	118,817	110,002
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	28,208	25,112
Deferred tax liabilities	4,420	4,592
Provision		
Provision for directors' retirement benefits	691	840
Other provision	444	400
Total provisions	1,135	1,241
Net defined benefit liability	14,508	15,042
Other	6,453	6,751
Total non-current liabilities	64,725	62,739
Total liabilities	183,543	172,742
<b>Net assets</b>		
Shareholders' equity		
Capital stock	36,437	36,437
Capital surplus	26,362	26,426
Retained earnings	108,630	120,208
Treasury shares	(5,699)	(5,700)
Total shareholders' equity	165,731	177,372
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,801	15,307
Deferred gains or losses on hedges	(197)	500
Foreign currency translation adjustment	6,167	3,996
Remeasurements of defined benefit plans	(381)	(268)
Total accumulated other comprehensive income	21,390	19,535
Non-controlling interests	8,528	8,690
Total net assets	195,649	205,598
Total liabilities and net assets	379,193	378,340

Note: Amounts less than one million yen are omitted.

**(2) Consolidated Statements of Income (Unaudited)**

(Millions of Yen)

	Nine months ended December 31, 2014 (From April 1, 2014 to December 31, 2014)	Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)
Net sales	345,670	310,626
Cost of sales	293,462	256,863
Gross profit	52,208	53,762
Selling, general and administrative expenses		
Freightage related expenses	2,761	2,913
Sales commission	424	477
Directors' compensations	983	1,077
Salaries and allowances	4,928	5,047
Welfare expenses	1,397	1,502
Provision for bonuses	408	481
Retirement benefit expenses	540	466
Provision for directors' retirement benefits	143	148
Rent expenses	608	617
Taxes and dues	662	900
Traveling and transportation expenses	1,139	1,177
Depreciation	864	905
Development and research expenses	4,160	4,350
Amortization of goodwill	374	426
Other	5,347	5,158
Total selling, general and administrative expenses	24,747	25,648
Operating income	27,461	28,113
Non-operating income		
Interest income	117	166
Dividend income	626	705
Foreign exchange gains	751	—
Share of profit of entities accounted for using equity method	1,468	—
Royalty income	702	1,223
Other	1,561	670
Total non-operating income		
Non-operating expenses		
Interest expenses	879	687
Foreign exchange losses	—	917
Share of loss of entities accounted for using equity method	—	418
Other	1,168	624
Total non-operating expenses	2,048	2,647
Ordinary income	30,640	28,232

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Nine months ended December 31, 2014 (From April 1, 2014 to December 31, 2014)	Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)
Extraordinary income		
Subsidy income	4	252
Gain on sales of investment securities	87	79
Insurance income	14	45
Gain on sales of non-current assets	23	16
Other	5	—
Total extraordinary income	134	393
Extraordinary losses		
Loss on valuation of investment securities	—	1,678
Loss on retirement of non-current assets	208	471
Environmental expenses	14	311
Impairment loss	44	45
Loss on disaster	214	16
Other	25	11
Total extraordinary losses	507	2,534
Income before income taxes	30,267	26,091
Income taxes - current	8,797	6,950
Income taxes - deferred	841	2,052
Total income taxes	9,638	9,003
Profit	20,629	17,088
Profit attributable to non-controlling interests	188	101
Profit attributable to owners of parent	20,440	16,987

Note: Amounts less than one million yen are omitted.

**(3) Consolidated Statement of Comprehensive Income (Unaudited)**

(Millions of Yen)

	Nine months ended December 31, 2014 (From April 1, 2014 to December 31, 2014)	Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)
Profit	20,629	17,088
Other comprehensive income		
Valuation difference on available-for-sale securities	2,788	(830)
Deferred gains or losses on hedges	(909)	685
Foreign currency translation adjustment	1,920	(1,071)
Remeasurements of defined benefit plans, net of tax	86	117
Share of other comprehensive income of entities accounted for using equity method	320	(802)
Total other comprehensive income	4,206	(1,901)
Comprehensive income	24,835	15,187
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	24,550	15,132
Comprehensive income attributable to non-controlling	285	54

Note: Amounts less than one million yen are omitted.

## 5.Segment Information

Segment information by business type as of December 31, 2015 and 2014 is summarized as follows :

(Amounts less than one million yen and one thousand USD are omitted.)

For the nine months ended December 31, 2015(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 nine months ended December 31, 2014(From April 1, 2014 to December 31, 2014)

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	46,306	152,675	60,121	65,423	20,124	344,652	1,018	345,670	—	345,670
(2) Intersegment	29,584	21,952	1,577	12	0	53,127	5,706	58,833	( 58,833)	—
Total	75,891	174,627	61,699	65,436	20,125	397,779	6,724	404,504	( 58,833)	345,670
Segment income (note 2)	5,033	8,792	6,714	4,604	1,678	26,824	56	26,881	579	27,461

For the nine months ended December 31, 2015(From April 1, 2015 to December 31, 2015)

Thousands of USD (Note3)

	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	381,974	1,246,899	295,521	493,222	150,836	2,568,456	7,003	2,575,459	—	2,575,459
(2) Intersegment	225,526	131,269	12,673	75	6	369,550	56,842	426,393	( 426,393)	—
Total	607,501	1,378,169	308,195	493,298	150,842	2,938,007	63,845	3,001,852	( 426,393)	2,575,459
Segment income (note 2)	36,560	93,860	56,877	32,689	7,374	227,362	2,363	229,725	3,367	233,093

(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.

(Note 3) Converted at ¥120.61=US\$1, the prevailing exchange rate as of December 31, 2015 is used.