

Consolidated Financial Summary for the Six Months
Ended September 30, 2015 (Unaudited)

(Japan Basis)



November 06 2015

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 12, 2015
 Scheduled date of commencement of dividend payments: —

1. Consolidated business results for the six months ended September 30, 2015 (April 1, 2015 – September 30, 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	%
Six months ended September 30, 2015	208,272	(6.9)	20,251	20.5	20,607	11.4	12,061	(1.1)
Six months ended September 30, 2014	223,640	5.5	16,812	2.8	18,492	3.6	12,199	4.0
(Notes) Comprehensive income:	Six months ended September 30, 2015		11,547 million yen (18.3) %		Six months ended September 30, 2014		14,126 million yen (14.9) %	

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Six months ended September 30, 2015	40.76	—
Six months ended September 30, 2014	41.22	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of September 30, 2015	387,583	201,963	49.8
As of March 31, 2015	379,193	195,649	49.3

(Reference) Shareholders' equity: As of September 30, 2015: 193,153 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	418,000	(10.0)	38,500	(1.5)	38,500	(8.4)	22,500	(15.2)	76.03	

(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 second quarter (September 30, 2015)
Assets		
Current assets		
Cash and deposits	8,517	8,805
Notes and accounts receivable - trade	73,126	66,578
Merchandise and finished goods	22,306	23,186
Work in process	4,750	5,414
Raw materials and supplies	54,540	61,656
Deferred tax assets	5,248	3,610
Other	11,888	18,093
Allowance for doubtful accounts	(163)	(138)
Total current assets	180,215	187,205
Non-current assets		
Property, plant and equipment		
Buildings and structures	105,728	106,740
Accumulated depreciation	(61,101)	(62,872)
Buildings and structures, net	44,627	43,867
Machinery, equipment and vehicles	216,606	220,065
Accumulated depreciation	(187,294)	(190,486)
Machinery, equipment and vehicles, net	29,312	29,579
Land	23,666	23,546
Construction in progress	6,644	9,625
Other	14,154	14,954
Accumulated depreciation	(10,730)	(11,223)
Other, net	3,424	3,730
Total property, plant and equipment	107,675	110,349
Intangible assets		
Goodwill	6,970	6,604
Other	4,019	4,033
Total intangible assets	10,990	10,638
Investments and other assets		
Investment securities	70,764	70,274
Long-term loans receivable	1,457	1,696
Deferred tax assets	3,372	3,256
Other	4,852	4,290
Allowance for doubtful accounts	(134)	(129)
Total investments and other assets	80,312	79,389
Total non-current assets	198,978	200,377
Total assets	379,193	387,583

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 second quarter (September 30, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	31,041	27,932
Short-term loans payable	30,459	42,142
Commercial papers	18,000	25,000
Income taxes payable	8,623	3,019
Accrued consumption taxes	4,934	947
Accrued consumption taxes	—	90
Provision		
Provision for bonuses	3,702	3,671
Provision for directors' bonuses	235	81
Total provisions	3,937	3,752
Other	21,821	18,133
Total current liabilities	118,817	121,018
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	28,208	27,381
Deferred tax liabilities	4,420	4,372
Provision		
Provision for directors' retirement benefits	691	792
Other provision	444	435
Total provisions	1,135	1,227
Net defined benefit liability	14,508	14,931
Other	6,453	6,687
Total non-current liabilities	64,725	64,600
Total liabilities	183,543	185,619
Net assets		
Shareholders' equity		
Capital stock	36,437	36,437
Capital surplus	26,362	26,426
Retained earnings	108,630	115,282
Treasury shares	(5,699)	(5,700)
Total shareholders' equity	165,731	172,446
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,801	14,871
Deferred gains or losses on hedges	(197)	1,137
Foreign currency translation adjustment	6,167	5,003
Remeasurements of defined benefit plans	(381)	(306)
Total accumulated other comprehensive income	21,390	20,707
Non-controlling interests	8,528	8,810
Total net assets	195,649	201,963
Total liabilities and net assets	379,193	387,583

Note: Amounts less than one million yen are omitted.

(2) Consolidated Statements of Income (Unaudited)

(Millions of Yen)

	Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)
Net sales	223,640	208,272
Cost of sales	190,844	171,021
Gross profit	32,795	37,251
Selling, general and administrative expenses		
Freightage related expenses	1,788	1,890
Sales commission	269	305
Directors' compensations	652	713
Salaries and allowances	2,637	2,746
Welfare expenses	927	1,003
Provision for bonuses	932	961
Retirement benefit expenses	358	318
Provision for directors' retirement benefits	95	98
Rent expenses	377	412
Taxes and dues	462	662
Traveling and transportation expenses	731	797
Depreciation	560	594
Development and research expenses	2,490	2,676
Amortization of goodwill	245	299
Other	3,455	3,519
Total selling, general and administrative expenses	15,983	17,000
Operating income	16,812	20,251
Non-operating income		
Interest income	73	98
Dividend income	346	387
Foreign exchange gains	200	—
Share of profit of entities accounted for using equity method	1,053	316
Royalty income	378	499
Other	998	620
Total non-operating income		
Non-operating expenses		
Interest expenses	588	458
Foreign exchange losses	—	546
Other	781	562
Total non-operating expenses	1,370	1,567
Ordinary income	18,492	20,607

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)
Extraordinary income		
Gain on sales of investment securities	87	79
Insurance income	11	48
Gain on sales of non-current assets	17	38
Subsidy income	4	23
Other	5	—
Total extraordinary income	125	189
Extraordinary losses		
Loss on valuation of investment securities	—	1,680
Environmental expenses	6	330
Loss on retirement of non-current assets	130	251
Impairment loss	44	45
Loss on disaster	226	30
Other	21	0
Total extraordinary losses	429	2,339
Income before income taxes	18,188	18,457
Income taxes - current	5,799	5,176
Income taxes - deferred	199	1,041
Total income taxes	5,999	6,217
Profit	12,189	12,240
Profit (loss) attributable to non-controlling interests	(10)	178
Profit attributable to owners of parent	12,199	12,061

Note: Amounts less than one million yen are omitted.

(3) Consolidated Statement of Comprehensive Income (Unaudited)

(Millions of Yen)

	Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)
Profit	12,189	12,240
Other comprehensive income		
Valuation difference on available-for-sale securities	2,092	(1,341)
Deferred gains or losses on hedges	(179)	1,294
Foreign currency translation adjustment	(27)	(781)
Remeasurements of defined benefit plans, net of tax	76	78
Share of other comprehensive income of entities accounted for using equity method	(24)	57
Total other comprehensive income	1,937	(692)
Comprehensive income	14,126	11,547
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,191	11,377
Comprehensive income attributable to non-controlling	(65)	169

Note: Amounts less than one million yen are omitted.

(4) Consolidated Statements of Cash Flows (Unaudited)

(Millions of Yen)

	Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	18,188	18,457
Depreciation	7,275	7,268
Impairment loss	44	45
Amortization of goodwill	245	299
Increase (decrease) in allowance for doubtful accounts	(5)	(31)
Increase (decrease) in other provision	(96)	(93)
Increase (decrease) in net defined benefit liability	268	421
Interest and dividend income	(419)	(486)
Interest expenses	588	458
Foreign exchange losses (gains)	40	208
Share of (profit) loss of entities accounted for using equity method	(1,053)	(316)
Loss (gain) on sales of non-current assets	(17)	(38)
Loss on retirement of non-current assets	130	251
Loss (gain) on sales of investment securities	(87)	(79)
Loss (gain) on valuation of investment securities	—	1,680
Decrease (increase) in notes and accounts receivable - trade	(1,504)	6,522
Decrease (increase) in inventories	(15,241)	(8,421)
Increase (decrease) in notes and accounts payable - trade	(1,827)	(2,740)
Increase (decrease) in accrued consumption taxes	2,227	(3,980)
Other, net	5,613	(8,948)
Subtotal	14,371	10,477
Interest and dividend income received	487	485
Interest expenses paid	(589)	(426)
Income taxes (paid) refund	(9,265)	(10,550)
Net cash provided by (used in) operating activities	5,004	(13)

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,797)	(8,992)
Proceeds from sales of property, plant and equipment	39	64
Purchase of intangible assets	(357)	(149)
Purchase of investment securities	(3)	(5)
Proceeds from sales of investment securities	118	105
Purchase of shares of subsidiaries and associates	(105)	(1,423)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(46)
Proceeds from subsidy	7	399
Payments of loans receivable	(237)	(655)
Collection of loans receivable	369	360
Purchase of other investments	—	(843)
Other, net	(110)	(483)
Net cash provided by (used in) investing activities	(8,078)	(11,670)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	6,855	13,057
Net increase (decrease) in commercial papers	10,000	7,000
Proceeds from long-term loans payable	—	5,000
Repayments of long-term loans payable	(8,240)	(7,488)
Proceeds from sales and leasebacks	80	—
Repayments of lease obligations	(167)	(243)
Proceeds from share issuance to non-controlling shareholders	400	320
Purchase of treasury shares	(2)	(1)
Cash dividends paid	(4,507)	(5,405)
Dividends paid to non-controlling interests	(142)	(143)
Net cash provided by (used in) financing activities	4,276	12,096
Effect of exchange rate change on cash and cash equivalents	(53)	(114)
Net increase (decrease) in cash and cash equivalents	1,148	298
Cash and cash equivalents at beginning of period	5,823	8,044
Increase in cash and cash equivalents from newly consolidated subsidiary	450	—
Cash and cash equivalents at end of period	7,422	8,342

Note: Amounts less than one million yen are omitted.

5.Segment Information

Segment information by business type as of September 30, 2015 and 2014 is summarized as follows :
(Amounts less than one million yen and one thousand USD are omitted.)

For the six months 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 six months ended September 30, 2014(From April 1, 2014 to September 30, 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	29,700	97,051	40,179	42,631	13,402	222,965	675	223,640	—	223,640
(2) Intersegment	19,798	13,668	1,067	8	0	34,543	3,791	38,335	(38,335)	—
Total	49,498	110,719	41,246	42,640	13,403	257,509	4,466	261,975	(38,335)	223,640
Segment income (note 2)	3,139	4,662	4,507	2,950	1,172	16,432	(14)	16,418	393	16,812

For the six months ended September 30, 2015(From April 1, 2015 to September 30, 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	261,565	828,716	200,531	336,212	103,982	1,731,008	5,175	1,736,184	—	1,736,184
(2) Intersegment	152,792	91,625	8,744	52	5	253,220	38,606	291,826	(291,826)	—
Total	414,357	920,341	209,276	336,264	103,988	1,984,228	43,781	2,028,010	(291,826)	1,736,184
Segment income (note 2)	27,122	71,792	39,452	22,021	5,095	165,484	1,641	167,126	1,690	168,816

(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 ¥119.96=US\$1, the prevailing exchange rate as of September 30, 2015 is used.