

Consolidated Financial Summary for the Six Months
Ended September 30, 2017 (Unaudited)

(Japan Basis)



November 10 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: November 13, 2017
Scheduled date of commencement of dividend payments: —

1. Consolidated business results for the six months ended September 30, 2017 (April 1, 2017 – September 30, 2017)

(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, 2017	219,302	18.7	14,672	10.0	17,258	27.0	11,733	18.8
Six months ended September 30, 2016	184,758	(11.3)	13,333	(34.2)	13,586	(34.1)	9,879	(18.1)
(Notes) Comprehensive income:	Six months ended September 30, 2017		11,907 million yen 171.3 %		Six months ended September 30, 2016		4,388 million yen (62.0) %	

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Six months ended September 30, 2017	198.24	—
Six months ended September 30, 2016	166.93	—

We consolidated common shares at the ratio of five shares to one share on October 1, 2017. The figures for the net income per share are amounts on the assumption that we consolidate common shares on the beginning of previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of September 30, 2017	432,080	234,124	52.2
As of March 31, 2017	404,604	227,821	54.2
(Reference) Shareholders' equity:	As of September 30, 2017 225,387 million yen		As of March 31, 2017 219,303 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, 2017	Yen —	Yen —	Yen —	Yen 18.00	Yen 18.00
Fiscal year ending March 31, 2018	—	—	—	—	—
Fiscal year ending March 31, 2018 (forecast)	—	—	—	90.00	90.00

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

Since we consolidated common shares at the ratio of five shares to one share on October 1, 2017, the year-end dividend per share for the fiscal year ending March 31, 2018 (forecast) is considered the effect of the share consolidation. The year-end dividend per share for the fiscal year ending March 31, 2018 (forecast) without considering the share consolidation is 18 yen.

3. Forecast consolidated results for the fiscal year ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(%: 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	434,000	5.7	34,000	0.0	36,500	(0.0)	26,000	(0.6)	439.29

(Note) Revisions of estimated consolidated results in the current period: None

Net income per share for the fiscal year ending March 31, 2018 (full year) is considered the effect of the above share consolidation. Net income per share for the fiscal year ending March 31, 2018 (full year) without considering the share consolidation is 87.86 yen.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets (Unaudited)

(Millions of Yen)

	As of end of previous fiscal year (March 31, 2017)	As of end of second quarter (September 30, 2017)
Assets		
Current assets		
Cash and deposits	15,589	13,165
Notes and accounts receivable - trade	80,169	83,207
Merchandise and finished goods	23,336	25,105
Work in process	4,799	6,183
Raw materials and supplies	53,664	72,328
Deferred tax assets	3,953	3,927
Other	13,419	12,759
Allowance for doubtful accounts	(109)	(100)
Total current assets	194,824	216,577
Non-current assets		
Property, plant and equipment		
Buildings and structures	115,930	117,192
Accumulated depreciation	(67,380)	(68,705)
Buildings and structures, net	48,549	48,487
Machinery, equipment and vehicles	233,452	237,712
Accumulated depreciation	(198,085)	(201,047)
Machinery, equipment and vehicles, net	35,367	36,664
Land	23,483	24,019
Construction in progress	7,615	8,676
Other	15,657	16,037
Accumulated depreciation	(12,120)	(12,576)
Other, net	3,536	3,461
Total property, plant and equipment	118,553	121,308
Intangible assets		
Goodwill	5,706	5,578
Other	4,243	3,947
Total intangible assets	9,950	9,526
Investments and other assets		
Investment securities	71,940	75,224
Long-term loans receivable	2,494	2,878
Deferred tax assets	3,723	3,649
Other	3,215	3,012
Allowance for doubtful accounts	(98)	(97)
Total investments and other assets	81,275	84,667
Total non-current assets	209,780	215,502
Total assets	404,604	432,080

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	As of end of previous fiscal year (March 31, 2017)	As of end of second quarter (September 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	34,268	38,044
Short-term loans payable	38,956	42,795
Commercial papers	12,000	25,000
Income taxes payable	5,871	2,722
Accrued consumption taxes	1,816	950
Provision		
Provision for bonuses	3,777	3,799
Provision for directors' bonuses	208	77
Total provisions	3,985	3,877
Other	24,215	30,444
Total current liabilities	121,114	143,835
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	18,926	16,851
Deferred tax liabilities	3,293	3,638
Provision		
Provision for directors' retirement benefits	753	647
Other provision	523	503
Total provisions	1,277	1,150
Net defined benefit liability	16,428	16,912
Other	5,741	5,567
Total non-current liabilities	55,667	54,120
Total liabilities	176,782	197,955
Net assets		
Shareholders' equity		
Capital stock	36,437	36,437
Capital surplus	26,350	26,222
Retained earnings	145,809	152,069
Treasury shares	(5,703)	(5,703)
Total shareholders' equity	202,894	209,025
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,466	15,259
Deferred gains or losses on hedges	139	(1,196)
Foreign currency translation adjustment	2,516	2,913
Remeasurements of defined benefit plans	(713)	(614)
Total accumulated other comprehensive income	16,408	16,362
Non-controlling interests	8,518	8,736
Total net assets	227,821	234,124
Total liabilities and net assets	404,604	432,080

Note: Amounts less than one million yen are omitted.

(2) Consolidated Statements of Income (Unaudited)

(Millions of Yen)

	Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)	Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)
Net sales	184,758	219,302
Cost of sales	154,537	187,084
Gross profit	30,221	32,217
Selling, general and administrative expenses		
Freightage related expenses	1,998	1,996
Sales commission	283	275
Directors' compensations	720	717
Salaries and allowances	2,729	2,863
Welfare expenses	937	1,054
Provision for bonuses	895	1,012
Retirement benefit expenses	367	304
Provision for directors' retirement benefits	98	93
Rent expenses	397	435
Taxes and dues	690	706
Traveling and transportation expenses	744	800
Depreciation	610	681
Development and research expenses	2,701	2,589
Amortization of goodwill	241	264
Other	3,470	3,748
Total selling, general and administrative expenses	16,887	17,545
Operating profit	13,333	14,672
Non-operating income		
Interest income	117	171
Dividend income	309	355
Foreign exchange gains	—	343
Share of profit of entities accounted for using equity method	663	1,414
Royalty income	97	515
Other	725	704
Total non-operating income	1,914	3,504
Non-operating expenses		
Interest expenses	346	289
Foreign exchange losses	746	—
Environmental expenses	256	261
Other	311	368
Total non-operating expenses	1,661	918
Ordinary profit	13,586	17,258

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)	Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)
Extraordinary income		
Gain on sales of investment securities	368	95
Subsidy income	10	40
Gain on sales of non-current assets	53	—
Insurance income	2	—
Other	7	6
Total extraordinary income	442	142
Extraordinary losses		
Loss on retirement of non-current assets	298	296
Impairment loss	182	21
Loss on sales of non-current assets	6	—
Other	28	65
Total extraordinary losses	516	382
Profit before income taxes	13,512	17,018
Income taxes - current	3,674	4,275
Income taxes - deferred	30	753
Total income taxes	3,704	5,029
Profit	9,807	11,989
Profit (loss) attributable to non-controlling interests	(72)	255
Profit attributable to owners of parent	9,879	11,733

Note: Amounts less than one million yen are omitted.

(3) Consolidated Statement of Comprehensive Income (Unaudited)

(Millions of Yen)

	Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)	Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)
Profit	9,807	11,989
Other comprehensive income		
Valuation difference on available-for-sale securities	(645)	790
Deferred gains or losses on hedges	194	(1,316)
Foreign currency translation adjustment	(3,210)	(274)
Remeasurements of defined benefit plans, net of tax	182	82
Share of other comprehensive income of entities accounted for using equity method	(1,939)	636
Total other comprehensive income	(5,418)	(81)
Comprehensive income	4,388	11,907
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,626	11,686
Comprehensive income attributable to non-controlling	(237)	220

Note: Amounts less than one million yen are omitted.

(4) Consolidated Statements of Cash Flows (Unaudited)

(Millions of Yen)

	Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)	Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)
Cash flows from operating activities		
Profit before income taxes	13,512	17,018
Depreciation	7,117	8,127
Impairment loss	182	21
Amortization of goodwill	241	264
Increase (decrease) in allowance for doubtful accounts	(9)	(7)
Increase (decrease) in other provision	(600)	(261)
Increase (decrease) in net defined benefit liability	352	496
Interest and dividend income	(427)	(526)
Interest expenses	346	289
Foreign exchange losses (gains)	475	(162)
Share of (profit) loss of entities accounted for using equity method	(663)	(1,414)
Loss (gain) on sales of non-current assets	(46)	—
Loss on retirement of non-current assets	298	296
Loss (gain) on sales of investment securities	(368)	(95)
Decrease (increase) in notes and accounts receivable - trade	676	(3,004)
Decrease (increase) in inventories	(5,618)	(21,530)
Increase (decrease) in notes and accounts payable - trade	(2,215)	3,491
Increase (decrease) in accrued consumption taxes	(404)	(865)
Other, net	91	4,560
Subtotal	12,938	6,698
Interest and dividend income received	780	1,675
Interest expenses paid	(343)	(278)
Income taxes (paid) refund	(2,636)	(7,678)
Net cash provided by (used in) operating	10,739	416

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)	Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,396)	(10,606)
Proceeds from sales of property, plant and equipment	76	54
Purchase of intangible assets	(368)	(287)
Purchase of investment securities	(3)	(4)
Proceeds from sales of investment securities	651	29
Purchase of shares of subsidiaries and associates	(1,739)	(1,615)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	14
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(171)
Proceeds from subsidy	37	145
Payments of loans receivable	(945)	50
Collection of loans receivable	667	251
Other, net	134	(110)
Net cash provided by (used in) investing activities	(11,886)	(12,249)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	6,082	5,544
Net increase (decrease) in commercial papers	3,000	13,000
Proceeds from long-term loans payable	1,160	1,390
Repayments of long-term loans payable	(5,753)	(4,732)
Repayments of lease obligations	(199)	(464)
Proceeds from share issuance to non-controlling shareholders	370	—
Purchase of treasury shares	0	0
Cash dividends paid	(5,405)	(5,405)
Dividends paid to non-controlling interests	(141)	(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	(1,262)	9,191
Effect of exchange rate change on cash and cash equivalents	(692)	(40)
Net increase (decrease) in cash and cash equivalents	(3,103)	(2,681)
Cash and cash equivalents at beginning of period	18,902	15,126
Increase in cash and cash equivalents from newly consolidated subsidiary	—	257
Cash and cash equivalents at end of period	15,798	12,702

Note: Amounts less than one million yen are omitted.

5. Segment Information

Segment information by business type as of September 30, 2016 and 2017 is summarized as follows :
(Amounts less than one million yen are omitted.)

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

For the year ended September 30, 2017(From April 1, 2017 to September 30, 2017)

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	29,436	93,046	40,013	42,163	12,960	217,621	1,681	219,302	-	219,302
(2) Intersegment	18,857	9,317	1,060	68	0	29,305	4,408	33,713	(33,713)	-
Total	48,294	102,363	41,074	42,232	12,961	246,926	6,089	253,016	(33,713)	219,302
Segment income (note 2)	2,603	4,342	3,039	3,234	1,027	14,247	280	14,528	144	14,672

(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.