

Consolidated Financial Summary for the Three Months
Ended June 30, 2017 (Unaudited)

(Japan Basis)



August 09 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: August 10, 2017
 Scheduled date of commencement of dividend payments: —

1. Consolidated business results for the three months ended June 30, 2017 (April 1, 2017 – June 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	%
Three months ended June 30, 2017	110,127	17.5	8,230	8.0	9,084	33.5	6,173	24.2
Three months ended June 30, 2016	93,750	(13.0)	7,620	(34.2)	6,803	(43.3)	4,968	(19.9)
(Notes) Comprehensive income:	Three months ended June 30, 2017		5,851 million yen 480.5 %		Three months ended June 30, 2016		1,007 million yen (89.7) %	

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Three months ended June 30, 2017	20.86	—
Three months ended June 30, 2016	16.79	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2017	414,107	228,059	53.0
As of March 31, 2017	404,604	227,821	54.2
(Reference) Shareholders' equity:	As of June 30, 2017 219,560 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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	—	—	—	18.00	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 plan to consolidate 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	
First half	208,000	12.6	15,000	12.5	16,000	17.8	11,500	16.4	38.86	
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 first quarter (June 30, 2017)
Assets		
Current assets		
Cash and deposits	15,589	16,169
Notes and accounts receivable - trade	80,169	79,416
Merchandise and finished goods	23,336	25,396
Work in process	4,799	5,643
Raw materials and supplies	53,664	58,601
Deferred tax assets	3,953	3,026
Other	13,419	15,638
Allowance for doubtful accounts	(109)	(103)
Total current assets	194,824	203,788
Non-current assets		
Property, plant and equipment		
Buildings and structures	115,930	116,153
Accumulated depreciation	(67,380)	(68,065)
Buildings and structures, net	48,549	48,087
Machinery, equipment and vehicles	233,452	234,754
Accumulated depreciation	(198,085)	(199,503)
Machinery, equipment and vehicles, net	35,367	35,250
Land	23,483	23,505
Construction in progress	7,615	8,907
Other	15,657	15,851
Accumulated depreciation	(12,120)	(12,359)
Other, net	3,536	3,492
Total property, plant and equipment	118,553	119,243
Intangible assets		
Goodwill	5,706	5,728
Other	4,243	4,089
Total intangible assets	9,950	9,817
Investments and other assets		
Investment securities	71,940	72,103
Long-term loans receivable	2,494	2,553
Deferred tax assets	3,723	3,671
Other	3,215	3,027
Allowance for doubtful accounts	(98)	(98)
Total investments and other assets	81,275	81,257
Total non-current assets	209,780	210,319
Total assets	404,604	414,107

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 first quarter (June 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	34,268	32,772
Short-term loans payable	38,956	40,216
Commercial papers	12,000	24,000
Income taxes payable	5,871	1,570
Accrued consumption taxes	1,816	1,106
Provision		
Provision for bonuses	3,777	1,882
Provision for directors' bonuses	208	—
Total provisions	3,985	1,882
Other	24,215	29,937
Total current liabilities	121,114	131,486
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	18,926	17,504
Deferred tax liabilities	3,293	3,562
Provision		
Provision for directors' retirement benefits	753	602
Other provision	523	523
Total provisions	1,277	1,125
Net defined benefit liability	16,428	16,691
Other	5,741	5,677
Total non-current liabilities	55,667	54,562
Total liabilities	176,782	186,048
Net assets		
Shareholders' equity		
Capital stock	36,437	36,437
Capital surplus	26,350	26,222
Retained earnings	145,809	146,509
Treasury shares	(5,703)	(5,703)
Total shareholders' equity	202,894	203,465
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,466	14,569
Deferred gains or losses on hedges	139	(360)
Foreign currency translation adjustment	2,516	2,547
Remeasurements of defined benefit plans	(713)	(662)
Total accumulated other comprehensive income	16,408	16,094
Non-controlling interests	8,518	8,499
Total net assets	227,821	228,059
Total liabilities and net assets	404,604	414,107

Note: Amounts less than one million yen are omitted.

(2) Consolidated Statements of Income (Unaudited)

(Millions of Yen)

	Three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)	Three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)
Net sales	93,750	110,127
Cost of sales	77,621	93,087
Gross profit	16,128	17,040
Selling, general and administrative expenses		
Freightage related expenses	1,030	1,003
Sales commission	142	133
Directors' compensations	360	358
Salaries and allowances	1,394	1,435
Welfare expenses	458	527
Provision for bonuses	454	535
Retirement benefit expenses	209	151
Provision for directors' retirement benefits	49	46
Rent expenses	202	225
Taxes and dues	373	359
Traveling and transportation expenses	370	405
Depreciation	305	338
Development and research expenses	1,291	1,298
Amortization of goodwill	120	132
Other	1,743	1,856
Total selling, general and administrative expenses	8,508	8,809
Operating profit	7,620	8,230
Non-operating income		
Interest income	65	73
Dividend income	294	336
Foreign exchange gains	—	126
Share of profit of entities accounted for using equity method	—	176
Royalty income	41	255
Other	274	332
Total non-operating income	676	1,301
Non-operating expenses		
Interest expenses	178	144
Foreign exchange losses	502	—
Share of loss of entities accounted for using equity method	527	—
Environmental expenses	126	126
Other	159	176
Total non-operating expenses	1,493	447
Ordinary profit	6,803	9,084

Note: Amounts less than one million yen are omitted.

	(Millions of Yen)	
	Three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)	Three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)
Extraordinary income		
Subsidy income	8	23
Gain on sales of investment securities	368	—
Gain on sales of non-current assets	43	—
Other	—	5
Total extraordinary income	421	28
Extraordinary losses		
Loss on retirement of non-current assets	98	114
Loss on sales of non-current assets	6	—
Other	11	3
Total extraordinary losses	115	118
Profit before income taxes	7,109	8,994
Income taxes - current	1,384	1,594
Income taxes - deferred	739	1,214
Total income taxes	2,123	2,808
Profit	4,985	6,186
Profit attributable to non-controlling interests	16	12
Profit attributable to owners of parent	4,968	6,173

Note: Amounts less than one million yen are omitted.

(3) Consolidated Statement of Comprehensive Income (Unaudited)

(Millions of Yen)

	Three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)	Three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)
Profit	4,985	6,186
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,706)	112
Deferred gains or losses on hedges	85	(478)
Foreign currency translation adjustment	(1,778)	(322)
Remeasurements of defined benefit plans, net of tax	109	43
Share of other comprehensive income of entities accounted for using equity method	(687)	310
Total other comprehensive income	(3,977)	(335)
Comprehensive income	1,007	5,851
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,073	5,859
Comprehensive income attributable to non-controlling	(65)	(8)

Note: Amounts less than one million yen are omitted.

5. Segment Information

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

For the year ended June 30, 2016(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

For the year ended June 30, 2017(From April 1, 2017 to June 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	14,646	45,055	22,692	21,046	5,937	109,377	749	110,127	-	110,127
(2) Intersegment	9,663	5,072	595	13	0	15,345	2,122	17,468	(17,468)	-
Total	24,309	50,128	23,288	21,060	5,937	124,723	2,872	127,595	(17,468)	110,127
Segment income (note 2)	1,689	2,933	1,440	1,537	314	7,915	181	8,097	133	8,230

(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.