

Consolidated Financial Summary for the Three Months
Ended June 30, 2018 (Unaudited)

(Japan Basis)



August 08 2018

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: Akira Sekiguchi, President and Representative Director

Scheduled date of filing quarterly securities report: August 09, 2018
 Scheduled date of commencement of dividend payments: —

1. Consolidated business results for the three months ended June 30, 2018 (April 1, 2018 – June 30, 2018)

(Amounts less than one million yen, except for per share amounts, are omitted.)

(1) Consolidated financial result

	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, 2018	115,152	4.6	6,908	Δ16.1	8,599	Δ5.3	6,022	Δ2.4
Three months ended June 30, 2017	110,127	17.5	8,230	8.0	9,084	33.5	6,173	24.2

(Note) Comprehensive income: Three months ended June 30, 2018 3,053 million yen Δ47.8 % Three months ended June 30, 2017 5,851 million yen 480.5 %

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Three months ended June 30, 2018	101.76	—
Three months ended June 30, 2017	104.31	—

(Note) 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 June 30, 2018	465,930	244,280	50.5
As of March 31, 2018	456,530	247,762	52.3

(Reference) Shareholders' equity: As of June 30, 2018 235,162 million yen As of March 31, 2018 238,815 million yen

(Note) We apply ASBJ Statement No. 28, "Partial Amendments to Accounting Standard for Tax Effect Accounting" from FY2018. This accounting standard is retroactively applied to the amount of the consolidated financial position as of March 31, 2018.

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, 2018	Yen —	Yen —	Yen —	Yen 90.00	Yen 90.00
Fiscal year ending March 31, 2019	—	—	—	—	—
Fiscal year ending March 31, 2019 (forecast)	—	—	—	90.00	90.00

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

3. Forecast consolidated results for the fiscal year ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(%: 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	229,000	4.4	14,500	Δ1.2	17,500	1.4	12,500	6.5	211.20
Full year	475,000	4.5	32,000	3.4	38,000	4.5	26,500	7.3	447.75

(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, 2018)	As of end of first quarter (June 30, 2018)
Assets		
Current assets		
Cash and deposits	16,935	17,948
Notes and accounts receivable - trade	87,615	88,043
Merchandise and finished goods	27,550	29,448
Work in process	5,663	6,609
Raw materials and supplies	73,127	80,419
Other	17,634	14,154
Allowance for doubtful accounts	(191)	(178)
Total current assets	228,334	236,445
Non-current assets		
Property, plant and equipment		
Buildings and structures	119,288	123,285
Accumulated depreciation	(70,028)	(70,592)
Buildings and structures, net	49,260	52,692
Machinery, equipment and vehicles	242,390	246,334
Accumulated depreciation	(204,016)	(206,353)
Machinery, equipment and vehicles, net	38,373	39,980
Land	24,638	24,932
Construction in progress	8,491	8,755
Other	16,602	16,845
Accumulated depreciation	(13,041)	(13,227)
Other, net	3,560	3,618
Total property, plant and equipment	124,324	129,980
Intangible assets		
Goodwill	5,250	5,091
Other	3,759	3,564
Total intangible assets	9,010	8,655
Investments and other assets		
Investment securities	75,067	68,898
Long-term loans receivable	9,908	10,116
Deferred tax assets	6,430	6,118
Other	3,554	5,817
Allowance for doubtful accounts	(100)	(100)
Total investments and other assets	94,860	90,849
Total non-current assets	228,196	229,485
Total assets	456,530	465,930

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	As of end of previous fiscal year (March 31, 2018)	As of end of first quarter (June 30, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	37,338	36,753
Short-term loans payable	44,402	42,298
Commercial papers	25,000	34,000
Income taxes payable	2,680	1,607
Accrued consumption taxes	1,446	1,200
Provision		
Provision for bonuses	4,050	1,961
Provision for directors' bonuses	232	—
Total provisions	4,282	1,961
Other	27,649	36,211
Total current liabilities	142,800	154,033
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	30,424	31,999
Deferred tax liabilities	2,666	2,786
Provision		
Provision for directors' retirement benefits	719	530
Other provision	446	427
Total provisions	1,166	958
Net defined benefit liability	17,411	17,556
Other	4,298	4,315
Total non-current liabilities	65,967	67,616
Total liabilities	208,767	221,649
Net assets		
Shareholders' equity		
Capital stock	36,437	36,437
Capital surplus	26,222	26,044
Retained earnings	165,029	164,647
Treasury shares	(5,708)	(5,708)
Total shareholders' equity	221,980	221,420
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,164	13,790
Deferred gains or losses on hedges	1,199	38
Foreign currency translation adjustment	2,124	502
Remeasurements of defined benefit plans	(653)	(589)
Total accumulated other comprehensive income	16,835	13,742
Non-controlling interests	8,946	9,118
Total net assets	247,762	244,280
Total liabilities and net assets	456,530	465,930

Note: Amounts less than one million yen are omitted.

(2) Consolidated Statements of Income (Unaudited)

(Millions of Yen)

	Three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)	Three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)
Net sales	110,127	115,152
Cost of sales	93,087	98,666
Gross profit	17,040	16,485
Selling, general and administrative expenses		
Freightage related expenses	1,003	1,103
Sales commission	133	131
Directors' compensations	358	362
Salaries and allowances	1,435	1,513
Welfare expenses	527	548
Provision for bonuses	535	494
Retirement benefit expenses	151	163
Provision for directors' retirement benefits	46	48
Rent expenses	225	230
Taxes and dues	359	397
Traveling and transportation expenses	405	411
Depreciation	338	362
Development and research expenses	1,298	1,622
Amortization of goodwill	132	130
Other	1,856	2,053
Total selling, general and administrative expenses	8,809	9,577
Operating profit	8,230	6,908
Non-operating income		
Interest income	73	192
Dividend income	336	418
Share of profit of entities accounted for using equity method	176	612
Foreign exchange gains	126	238
Royalty income	255	312
Other	332	444
Total non-operating income	1,301	2,218
Non-operating expenses		
Interest expenses	144	163
Environmental expenses	126	129
Other	176	234
Total non-operating expenses	447	527
Ordinary profit	9,084	8,599

Note: Amounts less than one million yen are omitted.

(Millions of Yen)

	Three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)	Three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)
Extraordinary income		
Subsidy income	23	139
Gain on sales of investment securities	—	127
Insurance income	—	90
Other	5	44
Total extraordinary income	28	401
Extraordinary losses		
Settlement package	—	135
Loss on retirement of non-current assets	114	101
Other	3	2
Total extraordinary losses	118	239
Profit before income taxes	8,994	8,761
Income taxes - current	1,594	1,582
Income taxes - deferred	1,214	990
Total income taxes	2,808	2,573
Profit	6,186	6,187
Profit attributable to non-controlling interests	12	165
Profit attributable to owners of parent	6,173	6,022

Note: Amounts less than one million yen are omitted.

(3) Consolidated Statement of Comprehensive Income (Unaudited)

(Millions of Yen)

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Profit	6,186	6,187
Other comprehensive income		
Valuation difference on available-for-sale securities	112	(231)
Deferred gains or losses on hedges	(478)	(1,197)
Foreign currency translation adjustment	(322)	(1,456)
Remeasurements of defined benefit plans, net of tax	43	51
Share of other comprehensive income of entities accounted for using equity method	310	(299)
Total other comprehensive income	(335)	(3,134)
Comprehensive income	5,851	3,053
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,859	2,929
Comprehensive income attributable to non-controlling	(8)	124

Note: Amounts less than one million yen are omitted.

5. Segment Information

Segment information by business type as of June 30, 2017 and 2018 is summarized as follows :
(Amounts less than one million yen are omitted.)

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)	1,735	3,865	1,599	1,600	290	9,091	188	9,279	(195)	9,084

For the year ended June 30, 2018(From April 1, 2018 to June 30, 2018)

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	15,513	52,880	17,159	23,036	6,367	114,956	196	115,152	-	115,152
(2) Intersegment	10,861	5,849	640	20	0	17,371	2,091	19,462	(19,462)	-
Total	26,374	58,729	17,799	23,056	6,367	132,327	2,287	134,614	(19,462)	115,152
Segment income (note 2)	1,926	2,855	1,399	1,722	537	8,441	157	8,598	1	8,599

(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 ordinary income.