

Consolidated Financial Summary
for the year ended March 31, 2018 (Unaudited)



May 11 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: Masao Yamada, President and Representative Director

Scheduled date of general meeting of stockholders: June 26, 2018
Scheduled date of submission: June 26, 2018
Scheduled date of commencement of dividend payments: June 05, 2018

1. Consolidated business results for the year ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(Amounts less than one million yen, except for per share amounts, are omitted.)
(%: Change from the previous year)

(1) Consolidated financial results

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended March 31, 2018	454,754	10.8	30,948	(8.9)	36,355	(0.4)	24,693	(5.6)
Year ended March 31, 2017	410,503	1.0	33,990	(3.1)	36,504	4.1	26,169	19.9

(Notes) Comprehensive income: Year ended March 31, 2018 25,555 million yen (15.2) % Year ended March 31, 2017 30,137 million yen 132.6 %

	Net income per share	Net income per share (fully diluted)	Net Income on Shareholder's equity	Return on Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
Year ended March 31, 2018	417.21	—	10.8	8.4	6.8
Year ended March 31, 2017	442.16	—	12.6	9.5	8.3

(Reference) Gain on investment securities: Year ended March 31, 2018 3,723 million yen Year ended March 31, 2017 2,029 million yen

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	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of March 31, 2018	457,841	247,762	52.2	4,035.06
As of March 31, 2017	404,604	227,821	54.2	3,705.31

(Reference) Shareholders' equity: As of March 31, 2018 238,815 million yen As of March 31, 2017 219,303 million yen

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

(3) Consolidated Statements of Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Year ended March 31, 2018	11,125	(34,010)	24,087	16,472
Year ended March 31, 2017	29,389	(25,954)	(7,155)	15,126

2. Dividends

(Record date)	Dividends per share					Total Amount (Annual)	Dividend pay out (Consolidated)	Dividend Rate (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
Fiscal year ended March 31, 2017	—	—	—	18.00	18.00	5,409	20.4	2.6
Fiscal year ended March 31, 2018	—	—	—	90.00	90.00	5,409	21.6	2.3
Fiscal year ending March 31, 2019 (forecast)	—	—	—	90.00	90.00		20.1	

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 and 2019 (forecast) is considered the effect of the share consolidation.

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	(1.2)	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

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 current fiscal year (March 31, 2018)
Assets		
Current assets		
Cash and deposits	15,589	16,935
Notes and accounts receivable - trade	80,169	87,615
Merchandise and finished goods	23,336	27,550
Work in process	4,799	5,663
Raw materials and supplies	53,664	73,127
Deferred tax assets	3,953	3,957
Other	13,419	17,634
Allowance for doubtful accounts	(109)	(191)
Total current assets	194,824	232,291
Non-current assets		
Property, plant and equipment		
Buildings and structures	115,930	119,288
Accumulated depreciation	(67,380)	(70,028)
Buildings and structures, net	48,549	49,260
Machinery, equipment and vehicles	233,452	242,390
Accumulated depreciation	(198,085)	(204,016)
Machinery, equipment and vehicles, net	35,367	38,373
Land	23,483	24,638
Construction in progress	7,615	8,491
Other	15,657	16,602
Accumulated depreciation	(12,120)	(13,041)
Other, net	3,536	3,560
Total property, plant and equipment	118,553	124,324
Intangible assets		
Goodwill	5,706	5,250
Other	4,243	3,759
Total intangible assets	9,950	9,010
Investments and other assets		
Investment securities	71,940	75,067
Long-term loans receivable	2,494	9,908
Deferred tax assets	3,723	3,783
Other	3,215	3,554
Allowance for doubtful accounts	(98)	(100)
Total investments and other assets	81,275	92,214
Total non-current assets	209,780	225,549
Total assets	404,604	457,841

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 current fiscal year (March 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	34,268	37,338
Short-term loans payable	38,956	44,402
Commercial papers	12,000	25,000
Income taxes payable	5,871	2,680
Accrued consumption taxes	1,816	1,446
Provision		
Provision for bonuses	3,777	4,050
Provision for directors' bonuses	208	232
Total provisions	3,985	4,282
Other	24,215	27,805
Total current liabilities	121,114	142,956
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	18,926	30,424
Deferred tax liabilities	3,293	3,821
Provision		
Provision for directors' retirement benefits	753	719
Other provision	523	446
Total provisions	1,277	1,166
Net defined benefit liability	16,428	17,411
Other	5,741	4,298
Total non-current liabilities	55,667	67,122
Total liabilities	176,782	210,078
Net assets		
Shareholders' equity		
Capital stock	36,437	36,437
Capital surplus	26,350	26,222
Retained earnings	145,809	165,029
Treasury shares	(5,703)	(5,708)
Total shareholders' equity	202,894	221,980
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,466	14,164
Deferred gains or losses on hedges	139	1,199
Foreign currency translation adjustment	2,516	2,124
Remeasurements of defined benefit plans	(713)	(653)
Total accumulated other comprehensive income	16,408	16,835
Non-controlling interests	8,518	8,946
Total net assets	227,821	247,762
Total liabilities and net assets	404,604	457,841

Note: Amounts less than one million yen are omitted.

(2) Consolidated Statements of 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)
Net sales	410,503	454,754
Cost of sales	341,177	387,831
Gross profit	69,325	66,923
Selling, general and administrative expenses		
Freightage related expenses	4,170	4,266
Sales commission	584	546
Directors' compensations	1,456	1,434
Salaries and allowances	6,405	6,711
Welfare expenses	1,987	2,093
Provision for bonuses	888	954
Retirement benefit expenses	766	669
Provision for directors' retirement benefits	201	187
Rent expenses	826	883
Taxes and dues	1,431	1,447
Traveling and transportation expenses	1,515	1,620
Depreciation	1,293	1,404
Development and research expenses	5,670	5,380
Amortization of goodwill	501	528
Other	7,634	7,846
Total selling, general and administrative expenses	35,335	35,975
Operating profit	33,990	30,948
Non-operating income		
Interest income	284	447
Dividend income	563	701
Share of profit of entities accounted for using equity method	2,029	3,723
Royalty income	1,066	1,074
Other	1,569	1,753
Total non-operating income	5,512	7,700
Non-operating expenses		
Interest expenses	808	578
Foreign exchange losses	306	159
Environmental expenses	556	466
Loss on disposal of non-current assets	549	1
Other	778	1,085
Total non-operating expenses	2,999	2,293
Ordinary profit	36,504	36,355

Note: Amounts less than one million yen are omitted.

(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)
Extraordinary income		
Insurance income	—	148
Gain on sales of non-current assets	1,404	106
Gain on sales of investment securities	406	96
Subsidy income	—	25
Other	56	4
Total extraordinary income	1,867	381
Extraordinary losses		
Loss on retirement of non-current assets	1,047	792
Compensation of loss	—	409
Impairment loss	377	270
Loss on disaster	—	165
Loss on sales of non-current assets	65	—
Other	145	125
Total extraordinary losses	1,636	1,762
Profit before income taxes	36,735	34,974
Income taxes - current	10,468	9,329
Income taxes - deferred	(207)	381
Total income taxes	10,260	9,710
Profit	26,474	25,264
Profit attributable to non-controlling interests	304	570
Profit attributable to owners of parent	26,169	24,693

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	26,474	25,264
Other comprehensive income		
Valuation difference on available-for-sale securities	4,219	(449)
Deferred gains or losses on hedges	359	1,122
Foreign currency translation adjustment	(370)	(604)
Remeasurements of defined benefit plans, net of tax	331	40
Share of other comprehensive income of entities accounted for using equity method	(876)	182
Total other comprehensive income	3,663	291
Comprehensive income	30,137	25,555
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	29,869	25,119
Comprehensive income attributable to non-controlling	267	435

Note: Amounts less than one million yen are omitted.

(4) Consolidated Statements of Changes in Equity (Unaudited)
 Previous fiscal year (From April 1, 2016 to March 31, 2017)

(Millions of Yen)

	shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of current period	36,437	26,426	125,049	(5,701)	182,211
Changes of items during period					
Dividends of surplus	—	—	(5,409)	—	(5,409)
Profit attributable to owners of parent	—	—	26,169	—	26,169
Purchase of treasury shares	—	—	—	(2)	(2)
Increase due to sale of treasury stock of affiliates	—	—	0	—	0
Change of scope of consolidation	—	—	0	—	0
Change in the parent's ownership interest due to transactions with noncontrolling interests	—	(75)	—	—	(75)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during period	—	(75)	20,760	(2)	20,682
Balance at end of current period	36,437	26,350	145,809	(5,703)	202,894

	Valuation and translation adjustments				Valuation and translation adjustments	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans			
Balance at beginning of current period	10,649	(227)	3,378	(1,091)	12,709	8,449	203,370
Changes of items during period							
Dividends of surplus	—	—	—	—	—	—	(5,409)
Profit attributable to owners of parent	—	—	—	—	—	—	26,169
Purchase of treasury shares	—	—	—	—	—	—	(2)
Increase due to sale of treasury stock of affiliates	—	—	—	—	—	—	0
Change of scope of consolidation	—	—	—	—	—	—	0
Change in the parent's ownership interest due to transactions with noncontrolling interests	—	—	—	—	—	—	(75)
Net changes of items other than shareholders' equity	3,817	367	(861)	377	3,699	68	3,768
Total changes of items during period	3,817	367	(861)	377	3,699	68	24,451
Balance at end of current period	14,466	139	2,516	(713)	16,408	8,518	227,821

Note: Amounts less than one million yen are omitted.

Current fiscal year (From April 1, 2017 to March 31, 2018)

(Millions of Yen)

	shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of current period	36,437	26,350	145,809	(5,703)	202,894
Changes of items during period					
Dividends of surplus	—	—	(5,409)	—	(5,409)
Profit attributable to owners of parent	—	—	24,693	—	24,693
Purchase of treasury shares	—	—	—	(5)	(5)
Disposal of treasury shares	—	0	—	0	0
Change of scope of consolidation	—	—	(65)	—	(65)
Change in the parent's ownership interest due to transactions with noncontrolling interests	—	(128)	—	—	(128)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during period	—	(128)	19,219	(5)	19,085
Balance at end of current period	36,437	26,222	165,029	(5,708)	221,980

	Valuation and translation adjustments				Valuation and translation adjustments	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans			
Balance at beginning of current period	14,466	139	2,516	(713)	16,408	8,518	227,821
Changes of items during period							
Dividends of surplus	—	—	—	—	—	—	(5,409)
Profit attributable to owners of parent	—	—	—	—	—	—	24,693
Purchase of treasury shares	—	—	—	—	—	—	(5)
Disposal of treasury shares	—	—	—	—	—	—	0
Change of scope of consolidation	—	—	—	—	—	—	(65)
Change in the parent's ownership interest due to transactions with noncontrolling interests	—	—	—	—	—	—	(128)
Net changes of items other than shareholders' equity	(302)	1,060	(392)	60	426	428	854
Total changes of items during period	(302)	1,060	(392)	60	426	428	19,940
Balance at end of current period	14,164	1,199	2,124	(653)	16,835	8,946	247,762

Note: Amounts less than one million yen are omitted.

(5) Consolidated Statements of Cash Flows (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)
Cash flows from operating activities		
Profit before income taxes	36,735	34,974
Depreciation	15,796	17,212
Impairment loss	377	270
Amortization of goodwill	501	528
Increase (decrease) in allowance for doubtful accounts	(62)	86
Increase (decrease) in other provision	(208)	188
Increase (decrease) in net defined benefit liability	597	883
Interest and dividend income	(847)	(1,148)
Interest expenses	808	578
Foreign exchange losses (gains)	57	235
Share of loss (profit) of entities accounted for using equity method	(2,029)	(3,723)
Loss (gain) on sales of non-current assets	(1,338)	(106)
Loss on retirement of non-current assets	1,049	791
Loss (gain) on sales of investment securities	(383)	(96)
Decrease (increase) in notes and accounts receivable - trade	(18,222)	(7,308)
Decrease (increase) in inventories	(12,730)	(23,936)
Increase (decrease) in notes and accounts payable - trade	5,724	2,646
Increase (decrease) in accrued consumption taxes	498	(368)
Other, net	6,771	(1,159)
Subtotal	33,093	20,545
Interest and dividend income received	3,096	3,575
Interest expenses paid	(800)	(532)
Income taxes (paid) refund	(5,999)	(12,462)
Net cash provided by (used in) operating	29,389	11,125

Note: Amounts less than one million yen are omitted.

(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)
Cash flows from investing activities		
Purchase of property, plant and equipment	(25,264)	(23,680)
Proceeds from sales of property, plant and	1,674	516
Purchase of intangible assets	(700)	(356)
Purchase of investment securities	(17)	(7)
Proceeds from sales of investment securities	675	35
Purchase of shares of subsidiaries and associates	(2,125)	(2,881)
Proceeds from sales of shares of subsidiaries and associates	157	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(171)
Proceeds from subsidy	946	448
Payments of loans receivable	(2,030)	(8,444)
Collection of loans receivable	880	825
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	14
Other, net	(150)	(309)
Net cash provided by (used in) investing activities	(25,954)	(34,010)
Cash flows from financing activities		
Net increase (decrease) in short-term loans	9,564	8,200
Net increase (decrease) in commercial papers	(2,000)	13,000
Proceeds from long-term loans payable	3,380	18,351
Repayments of long-term loans payable	(11,944)	(9,179)
Repayments of lease obligations	(453)	(723)
Proceeds from share issuance to non-controlling shareholders	370	—
Purchase of treasury shares	(2)	(5)
Cash dividends paid	(5,408)	(5,409)
Dividends paid to non-controlling interests	(146)	(146)
Proceeds from sales of treasury shares	—	0
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(498)	—
Other, net	(17)	—
Net cash provided by (used in) financing activities	(7,155)	24,087
Effect of exchange rate change on cash and cash equivalents	(54)	(115)
Net increase (decrease) in cash and cash equivalents	(3,775)	1,088
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	15,126	16,472

Note: Amounts less than one million yen are omitted.

5. Segment Information

Segment information by business type as of March 31, 2017 and 2018 is summarized as follows :
(Amounts less than one million yen are omitted.)

For the year ended March 31, 2017(From April 1, 2016 to March 31, 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	60,239	187,517	60,122	75,456	25,118	408,454	2,048	410,503	-	410,503
(2) Intersegment	36,707	20,260	2,460	25	0	59,454	10,159	69,614	(69,614)	-
Total	96,947	207,778	62,583	75,481	25,119	467,909	12,208	480,117	(69,614)	410,503
Operating expenses	90,317	197,722	56,003	68,514	22,741	435,298	11,264	446,563	(70,050)	376,512
Segment income (note 2)	6,629	10,055	6,579	6,966	2,378	32,610	944	33,554	436	33,990
Segment Assets	87,111	144,423	53,059	63,163	39,779	387,538	8,569	396,107	8,496	404,604
Other items										
Depreciation	4,586	3,859	2,398	2,038	1,998	14,881	203	15,085	711	15,796
Amortization of goodwill	348	-	-	-	152	501	-	501	-	501
Investments in affiliates accounted for by equity method	3,026	11,994	168	319	-	15,508	-	15,508	15,160	30,668
Increase in property, plant and equipment and intangible assets	5,582	8,125	3,781	3,273	3,338	24,101	310	24,411	2,115	26,526

For the year ended March 31, 2018(From April 1, 2017 to March 31, 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	60,256	197,370	75,441	90,486	28,208	451,764	2,990	454,754	-	454,754
(2) Intersegment	39,120	20,535	2,352	138	0	62,147	9,244	71,391	(71,391)	-
Total	99,377	217,905	77,794	90,624	28,208	513,911	12,234	526,145	(71,391)	454,754
Operating expenses	94,405	208,700	72,171	83,340	25,586	484,204	11,503	495,708	(71,902)	423,806
Segment income (note 2)	4,971	9,205	5,623	7,284	2,622	29,706	730	30,437	511	30,948
Segment Assets	91,901	180,585	58,584	73,814	42,919	447,805	8,809	456,614	1,226	457,841
Other items										
Depreciation	4,325	4,625	2,717	2,423	2,064	16,157	221	16,378	833	17,212
Amortization of goodwill	348	26	-	-	152	528	-	528	-	528
Investments in affiliates accounted for by equity method	3,221	14,238	249	375	-	18,085	-	18,085	15,656	33,742
Increase in property, plant and equipment and intangible assets	8,229	3,431	4,687	2,862	4,547	23,757	266	24,024	583	24,608

(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.