

Consolidated Financial Results for the Second Quarter Ended September 30, 2017

Asahi Holdings, Inc. [IFRS]

October 26, 2017

Stock code: 5857
 Shares listed: Tokyo Stock Exchange (First Section)
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 Filing date of Quarterly Report: November 13, 2017
 Start of dividend payment: November 27, 2017
 Supplementary materials for the financial results: Yes
 Investor conference for the financial results: Yes (for institutional investors, analysts)

(Rounded down to the nearest million yen)

1. Results of the six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)

(1) Results of operations (cumulative) (Percentage: Changes relative to corresponding previous period)

| | Revenue | | Operating income | | Profit before tax | | Profit | | Profit attributable to owners of parent | | Total comprehensive income | |
|---|-----------------|--------|------------------|------|-------------------|-------|-----------------|-----|---|-----|----------------------------|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| The six months ended September 30, 2017 | 57,489 | 11.2 | 6,383 | 12.1 | 6,220 | 13.1 | 4,321 | 7.1 | 4,283 | 7.6 | 4,052 | 186.1 |
| September 30, 2016 | 51,691 | (17.7) | 5,696 | 0.1 | 5,499 | (1.9) | 4,034 | 6.5 | 3,981 | 7.0 | 1,416 | (58.1) |

| | Basic earnings per share | Diluted earnings per share |
|---|--------------------------|----------------------------|
| The six months ended September 30, 2017 | Yen 131.39 | Yen - |
| September 30, 2016 | 122.13 | - |

(2) Financial Position

| | Total assets | Total equity | Equity attributable to owners of parent | Equity attributable to owners of parent ratio |
|--------------------|-----------------|-----------------|---|---|
| As of | Millions of yen | Millions of yen | Millions of yen | % |
| September 30, 2017 | 96,047 | 47,048 | 47,023 | 49.0 |
| March 31, 2017 | 88,976 | 44,827 | 44,303 | 49.8 |

2. Dividend payments

| | Dividends per share | | | | |
|---------------------------------------|---------------------|----------------|---------------|----------|--------|
| | First quarter | Second quarter | Third quarter | Year-end | Annual |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended March 31, 2017 | - | 30.00 | - | 30.00 | 60.00 |
| Year ending March 31, 2018 | - | 30.00 | - | - | - |
| Year ending March 31, 2018 (Forecast) | - | - | - | 33.00 | 63.00 |

(Note) Revisions in dividend forecast in the current quarter: Yes

Year-end dividends per share for the fiscal year ending March 31, 2018 (Forecast) include a commemorative dividend of 3 yen per share and an ordinary dividend of 30 yen per share.

For details, please refer to "Notice Regarding Revision of Consolidated Financial Results Forecast and Year-End Dividend Forecast for Fiscal Year Ending March 2018" made public on October 26, 2017.

3. Forecast (From April 1, 2017 to March 31, 2018) (Percentage: Changes relative to corresponding previous period)

| | Revenue | | Operating income | | Profit before tax | | Profit attributable to owners of parent | | Basic earnings per share |
|----------------------------|-----------------|------|------------------|-------|-------------------|-------|---|---|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Year ending March 31, 2018 | 120,000 | 12.3 | 12,500 | 513.2 | 12,300 | 602.3 | 8,300 | - | 254.61 |

(Note) Revisions in forecast in the current quarter: Yes

For details, please refer to “Notice Regarding Revision of Consolidated Financial Results Forecast and Year-End Dividend Forecast for Fiscal Year Ending March 2018” made public on October 26, 2017.

* Notes

(1) Changes in significant subsidiaries during the current quarter: No

(2) Changes in accounting policies and accounting estimates

(i) Changes in accounting policies required by IFRS: No

(ii) Changes other than (i) above: No

(iii) Changes in accounting estimates: No

(3) Number of issued shares (common stock)

(i) Number of issued shares at the quarter end (including treasury shares)

| | |
|--------------------------|-------------------|
| As of September 30, 2017 | 36,254,344 shares |
| As of March 31, 2017 | 36,254,344 shares |

(ii) Number of treasury shares at the quarter end

| | |
|--------------------------|------------------|
| As of September 30, 2017 | 3,655,137 shares |
| As of March 31, 2017 | 3,654,987 shares |

(iii) Averaged number of shares during the period (quarterly cumulative period)

| | |
|-------------------------------------|-------------------|
| Six months ended September 30, 2017 | 32,599,271 shares |
| Six months ended September 30, 2016 | 32,599,608 shares |

*The quarterly financial statements are not subject to quarterly reviews.

(Notes on forward looking statements, etc.)

These forecast performance figures are based on the information currently available to the company's management and certain assumptions judged rational. Accordingly, these might be cases in which actual results materially differ from forecasts of this report. Please refer to page 3 “1. Qualitative Information (3) Consolidated Performance Forecasts” for the assumptions used and other notes.

Explanatory materials for quarterly financial result will be posted on our website.

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1. Qualitative Information

(1) Consolidated Business Performance

In the Japanese economy during the second quarter of the current fiscal year (April 1, 2017 through September 30, 2017), corporate earnings and employment situation began to improve on the back of the government's economic policies and the Bank of Japan's monetary easing policies. Although signs of recovery were observed in personal consumption, the outlook remains opaque due to the insecure global situation and other factors.

Under these economic conditions, the group's results in each business segment were as follows.

Precious metal business

The condition the precious metal business according to sectors was as follows. In the electronics sector, the volume of collection of gold was larger than in the same period a year earlier. In the dental sector, the volume of collection of gold and palladium remained at the same level as in the previous year. In the jewelry sector, the volume of collection of gold and platinum expanded from the same period a year before. In the automotive catalyst sector, the volume of collection of palladium and platinum increased from the same period in the previous year. As for gold and silver refining business in North America, although the volume of gold commissioned for refining expanded from the same period a year earlier, revenue from refining business decreased from the previous-year level owing in part to the lowering of unit price of transactions due to competition.

Regarding the average prices of precious metals, the average prices of gold and palladium rose from the same period in the previous year, while those for silver and platinum fell during the same period.

Environmental preservation business

With the volume of industrial waste discharged in Japan on a downward trend in general, the volume of waste handled by the group registered a decrease from the same period in the previous year for some items. The group launched conscientious efforts to meet the needs of waste generating companies for appropriate disposal, develop new customers and obtain contracts by capitalizing on their characteristics and inter-company collaboration. Consequently, the group's sales revenue and operating income exceeded the levels in the same period in the preceding year.

Life & health business

In the health care equipment sectors, sales revenue saw an increase from the same period in the previous year, thanks to the launching of a new, large-size massage chair and stepped-up marketing to promote the mail order sales of massage chairs. As for fire-fighting equipment, the number of contracted works remained at the same level as in the previous year due to the high construction demand that has continued primarily in the metropolitan area.

As a result of the above, revenue during the second cumulative quarter of the current fiscal year was 57,489 million yen, a year-on-year increase of 5,797 million yen (+11.2 percent). Operating income was 6,383 million yen, an increase of 686 million yen (+12.1 percent) year-on-year. Profit before tax was 6,220 million yen, a year-on-year increase of 721 million yen (+13.1 percent). Profit was 4,321 million yen, a year-on-year increase of 286 million yen (+7.1 percent). Profit attributable to owners of parent for the period was therefore 4,283 million yen, an increase of 301 million yen (+7.6 percent) year-on-year. By segment, revenue in the precious metal business was 37,448 million yen, a year-on-year increase of 4,801 million yen (+14.7 percent). In the environmental preservation business, revenue was 7,843 million yen, and increase of 35 million yen (+0.4 percent) year-on-year. Revenue in the life & health business was 12,242 million yen, up 956 million yen (+8.5 percent) year-on-year.

(2) Consolidated Financial Position and Cash Flows for the six months ended September 30, 2017

As of September 30, 2017, total assets amounted to 96,047 million yen, up 7,070 million yen from the previous fiscal year end. This was due mainly to the increase of 4,159 million yen in inventories.

Total liabilities amounted to 48,999 million yen, up 4,850 million yen from the previous fiscal year end. This was due mainly to the increase of 2,188 million yen in trade and other payables.

Total equity amounted to 47,048 million yen, up 2,220 million yen from the previous fiscal year end. This

was due mainly to comprehensive income of 4,052 million yen.

As a result, the equity attributable to owners of parent ratio changed to 49.0%, from 49.8% at the end of the previous fiscal year.

Net cash provided by operating activities amounted to 4,366 million yen due mainly to 6,220 million yen of profit before tax, 1,117 million yen of depreciation and amortization, 4,148 million yen of increase in inventories, 2,149 million yen of increase in trade and other payables, and 1,912 million yen of income taxes paid.

Net cash used in investing activities amounted to 1,573 million yen due mainly to 1,592 million yen of purchase of property, plant and equipment.

Net cash used in financial activities amounted to 2,194 million yen due mainly to 874 million yen of payment to acquire interests in subsidiaries from non-controlling interests and 977 million yen of cash dividends paid.

As a result, cash and cash equivalents as of September 30, 2017 increased 489 million yen from March 31, 2017, to 11,287 million yen.

(3) Consolidated Performance Forecasts

Asahi Holdings, Inc. (hereinafter the "Company") has revised the consolidated financial results forecast, owing to precious metal prices exceeding our initial estimates, and collection volume of precious metals is expected to exceed the initial plan.

The revised forecast of operating income, profit before tax and profit attributable to owner of parent are expected to stand at record-high.

Accordingly, in March 2017, the Company celebrated the 15th anniversary of its listing on the first section of the Tokyo Stock Exchange. To express thanks to shareholders for their constant support, the Company decided to pay a commemorative dividend of 3 yen per share in addition to an ordinary dividend of 30 yen per share as its end-of-year dividend for the fiscal year ending March 31, 2018.

For details, please refer to "Notice Regarding Revision of Consolidated Financial Results Forecast and Year-End Dividend Forecast for Fiscal Year Ending March 2018" made public on October 26, 2017.

Revision of consolidated financial results forecast for fiscal year ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen, %)

| | Revenue | Operating income | Profit before tax | Profit attributable to owners of parent | Basic earnings per share (yen) |
|---|---------|------------------|-------------------|---|--------------------------------|
| Previous Forecast (A) (Announced on May 10, 2017) | 120,000 | 11,500 | 11,300 | 7,600 | 233.13 |
| Revised Forecast (B) | 120,000 | 12,500 | 12,300 | 8,300 | 254.61 |
| Change (B - A) | - | 1,000 | 1,000 | 700 | - |
| Change (%) | - | 8.7 | 8.8 | 9.2 | - |
| (Ref.) Results for the fiscal year ended March 31, 2017 | 106,828 | 2,038 | 1,751 | (1,213) | (37.24) |

2. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statements of Financial Position

| | As of March 31, 2017 | As of September 30, 2017 |
|-------------------------------|----------------------------|--------------------------------|
| | Millions of yen | Millions of yen |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 10,798 | 11,287 |
| Trade and other receivables | 15,557 | 17,559 |
| Inventories | 17,356 | 21,515 |
| Income tax receivables | 1,574 | 730 |
| Other financial assets | 103 | 12 |
| Other current assets | 664 | 1,111 |
| Total current assets | 46,056 | 52,216 |
| Non-current assets | | |
| Property, plant and equipment | 31,987 | 32,723 |
| Goodwill | 8,238 | 8,238 |
| Intangible assets | 918 | 1,002 |
| Deferred tax assets | 1,167 | 1,238 |
| Net defined benefit asset | 64 | 84 |
| Financial assets | 528 | 529 |
| Other non-current assets | 15 | 14 |
| Total non-current assets | 42,920 | 43,830 |
| Total assets | 88,976 | 96,047 |

| | As of March 31, 2017 | As of September 30, 2017 |
|---|----------------------------|--------------------------------|
| | Millions of yen | Millions of yen |
| <u>LIABILITIES and EQUITY</u> | | |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 12,710 | 14,898 |
| Loans payable | 2,720 | 2,520 |
| Income tax payable | 1,061 | 2,085 |
| Other financial liabilities | 191 | 1,031 |
| Provisions | 1,490 | 1,515 |
| Other current liabilities | 2,613 | 3,655 |
| Total current liabilities | <u>20,787</u> | <u>25,706</u> |
| Non-current liabilities | | |
| Loans payable | 20,195 | 20,119 |
| Deferred tax liabilities | 1,790 | 1,844 |
| Net defined benefit liability | 143 | 146 |
| Other financial liabilities | 1,221 | 1,184 |
| Other non-current liabilities | 10 | - |
| Total non-current liabilities | <u>23,361</u> | <u>23,293</u> |
| Total liabilities | 44,148 | 48,999 |
| Equity | | |
| Capital stock | 4,480 | 4,480 |
| Capital surplus | 6,126 | 5,810 |
| Treasury stock | (5,371) | (5,372) |
| Retained earnings | 42,783 | 46,120 |
| Other components of equity | (3,716) | (4,016) |
| Total equity attributable to owners of parent | <u>44,303</u> | <u>47,023</u> |
| Non-controlling interests | 524 | 24 |
| Total equity | <u>44,827</u> | <u>47,048</u> |
| Total liabilities and equity | <u><u>88,976</u></u> | <u><u>96,047</u></u> |

(2) Condensed Consolidated Statements of Income for the six months ended September 30, 2017

| | The six months ended September 30, 2016 | The six months ended September 30, 2017 |
|--|---|---|
| | Millions of yen | Millions of yen |
| Revenue | 51,691 | 57,489 |
| Cost of sales | (39,105) | (44,117) |
| Gross profit | 12,586 | 13,372 |
| Selling, general and administrative expenses | (7,483) | (7,142) |
| Other operating income | 629 | 184 |
| Other operating expenses | (35) | (30) |
| Operating income | 5,696 | 6,383 |
| Finance income | 8 | 47 |
| Finance cost | (206) | (210) |
| Profit before tax | 5,499 | 6,220 |
| Income tax expenses | (1,464) | (1,899) |
| Profit | 4,034 | 4,321 |
| Profit attributable to: | | |
| Owners of parent | 3,981 | 4,283 |
| Non-controlling interests | 52 | 37 |
| Profit | 4,034 | 4,321 |
| Earnings per share | | |
| Basic earnings per share (Yen) | 122.13 | 131.39 |

(3) Condensed Consolidated Statements of Comprehensive Income for the six months ended
September 30, 2017

| | The six months ended September 30, 2016 | The six months ended September 30, 2017 |
|---|---|---|
| | Millions of yen | Millions of yen |
| Profit | 4,034 | 4,321 |
| Other comprehensive income | | |
| Items that will not be reclassified to profit or loss | | |
| Financial assets measured at fair value through other comprehensive income | (11) | 16 |
| Remeasurements of defined benefit plans | (48) | 32 |
| Total items that will not be reclassified to profit or loss | (60) | 48 |
| Items that will be reclassified to profit or loss | | |
| Cash flow hedges | 228 | (777) |
| Translation adjustments of foreign operations | (2,786) | 459 |
| Total items that will be reclassified to profit or loss | (2,557) | (317) |
| Other comprehensive income, net of tax | (2,617) | (269) |
| Comprehensive income | 1,416 | 4,052 |
| Comprehensive income attributable to: | | |
| Owners of parent | 1,366 | 4,011 |
| Non-controlling interests | 49 | 40 |
| Comprehensive income | 1,416 | 4,052 |

(4) Condensed Consolidated Statements of Changes in Equity

(Millions of yen)

| | Equity attributable to owners of parent | | | | | |
|---|---|-----------------|----------------|-------------------|---|------------------|
| | Capital stock | Capital surplus | Treasury stock | Retained earnings | Other components of equity | |
| | | | | | Translation adjustments of foreign operations | Cash flow hedges |
| Balance at April 1, 2016 | 4,480 | 6,112 | (5,371) | 45,845 | (2,125) | (380) |
| Profit | - | - | - | 3,981 | - | - |
| Other comprehensive income | - | - | - | - | (2,783) | 228 |
| Total comprehensive income | - | - | - | 3,981 | (2,783) | 228 |
| Purchase of treasury stock | - | - | (0) | - | - | - |
| Dividends | - | - | - | (984) | - | - |
| Reclassified from other components of equity to retained earnings | - | - | - | (28) | - | - |
| Share-based payment transactions | - | 7 | - | - | - | - |
| Total transactions with owners | - | 7 | (0) | (1,013) | - | - |
| Balance at September 30, 2016 | 4,480 | 6,119 | (5,371) | 48,813 | (4,909) | (151) |

(Millions of yen)

| | Equity attributable to owners of parent | | | | | |
|---|--|---|---------|---------|---------------------------|---------|
| | Other components of equity | | | | | |
| | Financial assets measured at fair value through other comprehensive income | Remeasurements of defined benefit plans | Total | Total | Non-controlling interests | Total |
| Balance at April 1, 2016 | 29 | - | (2,476) | 48,591 | 396 | 48,988 |
| Profit | - | - | - | 3,981 | 52 | 4,034 |
| Other comprehensive income | (11) | (48) | (2,614) | (2,614) | (3) | (2,617) |
| Total comprehensive income | (11) | (48) | (2,614) | 1,366 | 49 | 1,416 |
| Purchase of treasury stock | - | - | - | (0) | - | (0) |
| Dividends | - | - | - | (984) | - | (984) |
| Reclassified from other components of equity to retained earnings | (19) | 48 | 28 | - | - | - |
| Share-based payment transactions | - | - | - | 7 | - | 7 |
| Total transactions with owners | (19) | 48 | 28 | (977) | - | (977) |
| Balance at September 30, 2016 | (1) | - | (5,062) | 48,980 | 445 | 49,426 |

(Millions of yen)

Equity attributable to owners of parent

| | Capital stock | Capital surplus | Treasury stock | Retained earnings | Other components of equity | |
|--|---------------|-----------------|----------------|-------------------|---|------------------|
| | | | | | Translation adjustments of foreign operations | Cash flow hedges |
| Balance at April 1, 2017 | 4,480 | 6,126 | (5,371) | 42,783 | (3,618) | (104) |
| Profit | - | - | - | 4,283 | - | - |
| Other comprehensive income | - | - | - | - | 459 | (777) |
| Total comprehensive income | - | - | - | 4,283 | 459 | (777) |
| Purchase of treasury stock | - | - | (0) | - | - | - |
| Dividends | - | - | - | (977) | - | - |
| Changes in ownership interests in subsidiaries that do not result in loss of control | - | (337) | - | - | - | - |
| Reclassified from other components of equity to retained earnings | - | - | - | 32 | - | - |
| Share-based payment transactions | - | 21 | - | - | - | - |
| Total transactions with owners | - | (315) | (0) | (945) | - | - |
| Balance at September 30, 2017 | 4,480 | 5,810 | (5,372) | 46,120 | (3,159) | (882) |

(Millions of yen)

Equity attributable to owners of parent

| | Other components of equity | | | | | |
|--|--|---|---------|---------|---------------------------|---------|
| | Financial assets measured at fair value through other comprehensive income | Remeasurements of defined benefit plans | Total | Total | Non-controlling interests | Total |
| Balance at April 1, 2017 | 7 | - | (3,716) | 44,303 | 524 | 44,827 |
| Profit | - | - | - | 4,283 | 37 | 4,321 |
| Other comprehensive income | 14 | 32 | (271) | (271) | 2 | (269) |
| Total comprehensive income | 14 | 32 | (271) | 4,011 | 40 | 4,052 |
| Purchase of treasury stock | - | - | - | (0) | - | (0) |
| Dividends | - | - | - | (977) | - | (977) |
| Changes in ownership interests in subsidiaries that do not result in loss of control | 3 | - | 3 | (333) | (540) | (874) |
| Reclassified from other components of equity to retained earnings | - | (32) | (32) | - | - | - |
| Share-based payment transactions | - | - | - | 21 | - | 21 |
| Total transactions with owners | 3 | (32) | (28) | (1,290) | (540) | (1,831) |
| Balance at September 30, 2017 | 24 | - | (4,016) | 47,023 | 24 | 47,048 |

(5) Condensed Consolidated Statements of Cash Flows

| | The six months ended September 30,2016 | The six months ended September 30,2017 |
|---|--|--|
| | Millions of yen | Millions of yen |
| Net cash provided by (used in) operating activities | | |
| Profit before tax | 5,499 | 6,220 |
| Depreciation and amortization | 1,146 | 1,117 |
| Impairment loss | 1 | - |
| Finance income and finance cost | 144 | 186 |
| Decrease (increase) in inventories | (2,023) | (4,148) |
| Decrease (increase) in trade and other receivables | (1,223) | (1,827) |
| Increase (decrease) in trade and other payables | (1,325) | 2,149 |
| Other, net | (339) | 1,838 |
| Subtotal | 1,879 | 5,536 |
| Interest and dividends income received | 6 | 12 |
| Interest expenses paid | (96) | (220) |
| Income taxes paid | (3,075) | (1,912) |
| Income taxes refund | 2,028 | 951 |
| Net cash provided by (used in) operating activities | 741 | 4,366 |
| Net cash provided by (used in) investing activities | | |
| Payments into time deposits | (176) | - |
| Purchase of property, plant and equipment | (1,769) | (1,592) |
| Proceeds from sales of property, plant and equipment | 237 | 158 |
| Purchase of intangible assets | (167) | (149) |
| Proceeds from sales and redemption of investments | 71 | - |
| Other, net | 1 | 9 |
| Net cash provided by (used in) investing activities | (1,803) | (1,573) |
| Net cash provided by (used in) financing activities | | |
| Net increase (decrease) in short-term loans payable | 876 | (200) |
| Repayment of long-term loans payable | (5,135) | (135) |
| Purchase of treasury stock | (0) | (0) |
| Payment to acquire interests in subsidiaries from non-controlling interests | - | (874) |
| Cash dividends paid | (984) | (977) |
| Other, net | (20) | (6) |
| Net cash provided by (used in) financing activities | (5,264) | (2,194) |
| Effect of exchange rate change on cash and cash equivalents | (296) | (109) |
| Net increase (decrease) in cash and cash equivalents | (6,622) | 489 |
| Cash and cash equivalents at beginning of period | 16,564 | 10,798 |
| Cash and cash equivalents at end of period | 9,942 | 11,287 |

(6) Notes on Assumptions for Going Concern

Not applicable

(7) Notes on Condensed Consolidated Financial Statements

1. Reporting entity

Asahi Holdings, Inc. (hereinafter the “Company”) is a company located in Japan. The Company’s condensed consolidated financial statements for the six months ended September 30, 2017 comprise the financial statements of the Company as well as its subsidiaries (hereinafter the “Group”).

For the main activities of the Group, please refer to Note 5. “Segment information.”

2. Basis of preparation

(1) Statement of compliance with IFRS

The condensed consolidated financial statements of the Group have been prepared based on IAS 34 “Interim Financial Reporting.”

Having met the requirements for a Specified Company under the Designated International Accounting Standards, as prescribed in Article 1-2 of the Ordinance on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007), the Group adopts the provisions of Article 93 of the aforementioned rules.

(2) Basis of measurement

The condensed consolidated financial statements of the Group have been prepared based on costs of acquisition, except for the specified financial instruments that have been measured at fair value.

(3) Functional currency and presentation currency

The condensed consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency of the Company, and figures less than one million yen are rounded down to the nearest million yen.

(4) Early adoption of new standards

The Group has implemented an early adoption of IFRS 9 “Financial Instruments” (published in November 2009, and revised in July 2014), as from the date of transition to IFRS.

3. Significant accounting policies

The significant accounting policies adopted for the condensed consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended March 31, 2017.

The income tax for the six months ended September 30, 2017 was calculated based on the estimated average annual effective tax rate.

4. Significant accounting estimates and associated judgments

In preparing condensed consolidated financial statements, the management is required to make judgment, estimates and assumptions that affect the adoption of accounting policies and the amounts of assets, liabilities, revenues and expenses. Actual results may differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of a change in accounting estimates is recognized as the accounting period in which such change occurs as well as the accounting periods to be affected in the future.

The estimates and judgments made by the management that may have material impacts on the figures in the condensed consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended March 31, 2017.

5. Segment information

(1) Overview of reporting segments

The Group's reporting segments are those Group constituent units for which separate financial information is obtainable, and which the Board of Directors subjects to regular examination in order to decide the allocation of management resources and evaluate business results.

As a pure holding company, the Company is in charge of overall strategic function for the Group, whereas operating companies of the Group engage in the precious and rare metals recycling business and the refining and processing business, industrial waste management and other environmental preservation business, and life & health business including manufacturing and selling of health equipment.

Therefore, the Group is composed of product and service segments based on business sectors. The three reporting segments are the precious metal business, the environmental preservation business, and the life & health business. Meanwhile, these reporting segments are not be aggregated.

The precious metals business engages mainly in recycling and selling of precious and rare metals such as gold, silver, palladium, and platinum, as well as refining and processing of precious metals such as gold and silver. The main work of environmental preservation business is the collection, transport and intermediate processing of industrial waste. In the life & health business, the main work is the manufacture and sales of massagers, hearing aids, and other health equipment, the manufacture and sales of electric heaters, the design and installation of radiant heating and air conditioning systems, and the design and installation of disaster prevention equipment.

(2) Segment revenue and performance

Accounting policies of the reporting segments are the same as those for the consolidated financial statements for the fiscal year ended March 31, 2017.

Revenue and other performance of each reportable segment of the Group are as follows.

For the six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

(Millions of yen)

| | Reporting segment | | | Total | Adjustment | Consolidated |
|--------------------------------------|-------------------------|-------------------------------------|------------------------|---------------|----------------|---------------|
| | Precious metal business | Environmental preservation business | Life & health business | | | |
| Revenue | | | | | | |
| External revenue | 32,647 | 7,759 | 11,285 | 51,691 | - | 51,691 |
| Intersegment revenue | - | 48 | 0 | 48 | (48) | - |
| Total | <u>32,647</u> | <u>7,807</u> | <u>11,285</u> | <u>51,740</u> | <u>(48)</u> | <u>51,691</u> |
| Operating income by business segment | <u>4,842</u> | <u>1,526</u> | <u>542</u> | <u>6,910</u> | <u>(1,214)</u> | <u>5,696</u> |
| Finance income | | | | | | 8 |
| Finance costs | | | | | | (206) |
| Profit before tax | | | | | | <u>5,499</u> |

(Note) 1. Intersegment transactions are based on prevailing market prices.

2. Adjustments of operating income by business segment are mainly corporate expenses that are not allocated to each reporting segment.

For the six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

(Millions of yen)

| | Reporting segment | | | Total | Adjustment | Consolidated |
|--------------------------------------|-------------------------|-------------------------------------|------------------------|---------------|----------------|---------------|
| | Precious metal business | Environmental preservation business | Life & health business | | | |
| Revenue | | | | | | |
| External revenue | 37,448 | 7,799 | 12,242 | 57,489 | - | 57,489 |
| Intersegment revenue | - | 43 | 0 | 43 | (43) | - |
| Total | <u>37,448</u> | <u>7,843</u> | <u>12,242</u> | <u>57,533</u> | <u>(43)</u> | <u>57,489</u> |
| Operating income by business segment | <u>5,143</u> | <u>1,669</u> | <u>733</u> | <u>7,546</u> | <u>(1,162)</u> | <u>6,383</u> |
| Finance income | | | | | | 47 |
| Finance costs | | | | | | <u>(210)</u> |
| Profit before tax | | | | | | <u>6,220</u> |

(Note) 1. Intersegment transactions are based on prevailing market prices.

2. Adjustments of operating income by business segment are mainly corporate expenses that are not allocated to each reporting segment.

6. Subsequent events

Not applicable