

Consolidated Financial Results for the Second Quarter Ended September 30, 2020

Asahi Holdings, Inc. [IFRS]

October 28, 2020

Stock code:	5857
Shares listed:	Tokyo Stock Exchange (First Section)
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Start of dividend payment:	November 20, 2020
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, 2020 (From April 1, 2020 to September 30, 2020)

(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
The six months ended September 30, 2020	Millions of yen 79,126	Millions of yen 29.7	Millions of yen 11,828	Millions of yen 70.5	Millions of yen 11,876	Millions of yen 76.1
September 30, 2019	60,985	–	6,937	–	6,744	–

	Basic earnings per share	Diluted earnings per share
The six months ended September 30, 2020	Yen 209.24	Yen 207.83
September 30, 2019	114.53	114.14

- (Notes)
1. Since the Company transferred 60% of all shares in Fuji Medical Instruments MFG. Co., Ltd. in the fiscal year ended March 31, 2020, this business was classified as discontinued operations with the amounts of revenue, operating income and profit before tax reclassified and presented as amounts for only the continuing operations excluding such business.
 2. Due to the retrospective application of the changes in accounting policies, the figures shown for the six months ended September 30, 2019 are the figures after retrospective application.

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent ratio
As of September 30, 2020	Millions of yen 238,119	Millions of yen 73,071	Millions of yen 73,071	% 30.7
March 31, 2020	229,958	69,174	69,174	30.1

2. Dividend payments

	Dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
Year ended March 31, 2020	Yen –	Yen 60.00	Yen –	Yen 70.00	Yen 130.00
Year ending March 31, 2021	–	80.00	–	–	–
Year ending March 31, 2021 (Forecast)	–	–	–	80.00	160.00

(Note) Revisions in dividend forecast in the current quarter: No

3. Forecast (From April 1, 2020 to March 31, 2021) (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		% Year ending March 31, 2021		Millions of yen		Millions of yen		Millions of yen	
Year ending March 31, 2021	165,000	21.7	21,000	16.6	20,800	17.8	14,000	42.2	355.79	

(Note) Revisions in forecast in the current quarter: No

* 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: Yes
- (iii) Changes in accounting estimates: No

For details, please refer to page 12 “2. Condensed Consolidated Financial Statements (7) Notes on Condensed Consolidated Financial Statements (3. Changes in accounting policies).”

(3) Number of issued shares (common stock)

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

As of September 30, 2020	39,854,344 shares
As of March 31, 2020	39,854,344 shares

(ii) Number of treasury stock at the quarter end

As of September 30, 2020	505,837 shares
As of March 31, 2020	505,637 shares

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

Six months ended September 30, 2020	39,348,635 shares
Six months ended September 30, 2019	39,348,857 shares

* The quarterly financial statements are not subject to quarterly reviews by accounting auditors.

* Statement regarding the proper use of financial forecasts and other special remarks
(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, they are not meant to be a commitment by the Company. There 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.

【Appendix】

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1. Qualitative Information

(1) Consolidated Business Performance

The Japanese economy was in an extremely difficult situation during the six months ended September 30, 2020 as a result of the impact of the global spread of the novel coronavirus disease (COVID-19), and the stagnation of socio-economic activity. Despite personal consumption and a portion of companies' production activities showing signs of recovery as a result of economic measures by the Japanese government after the lifting of the state of emergency, the outlook continues to remain opaque as there is no outlook for when the outbreak will be under control. Under these conditions, the Group's results in each business segment were as follows.

Precious Metals business

Revenue and operating income in precious metal recycling business in Japan and other countries increased from the same period in the previous year thanks to an increase in the volume of precious metal collection and the rise in precious metal prices. Also, revenue and operating income in precious metal refining business in North America expanded from the same period a year before thanks to increases in product processing and sales as well as financial transactions. As a result, revenue and operating income in the Precious Metals business increased from the same period in the previous year.

Environmental Preservation business

Because of a decrease in the volume of industrial waste disposed due to the stagnation of industrial activities, such as in the automotive industry, revenue and operating income in the Environmental Preservation business decreased from the same period in the previous year.

As a result of the above, revenue during the six months ended September 30, 2020 was 79,126 million yen, a year-on-year increase of 18,140 million yen (+29.7 percent). Operating income was 11,828 million yen, a year-on-year increase of 4,891 million yen (+70.5 percent). Profit before tax was 11,876 million yen, a year-on-year increase of 5,131 million yen (+76.1 percent). Profit was 8,233 million yen, a year-on-year increase of 3,726 million yen (+82.7 percent). Profit attributable to owners of parent was therefore 8,233 million yen, an increase of 3,726 million yen (+82.7 percent) year-on-year. By segment, revenue in the Precious Metals business was 70,019 million yen, a year-on-year increase of 20,107 million yen (+40.3 percent). In the Environmental Preservation business, revenue was 9,106 million yen, a year-on-year decrease of 903 million yen (-9.0 percent).

(2) Consolidated Financial Position and Cash Flows for the Second Quarter of the Fiscal Year Ending March 31, 2021

As of September 30, 2020, total assets amounted to 238,119 million yen, up 8,160 million yen from the previous fiscal year end. This was due mainly to a decrease of 18,615 million yen in cash and cash equivalents, an increase of 13,373 million yen in trade and other receivables and an increase of 9,740 million yen in inventories.

Total liabilities amounted to 165,048 million yen, up 4,264 million yen from the previous fiscal year end. This was due mainly to a decrease of 8,179 million yen in bonds and loans payable, a decrease of 2,133 million yen in other current liabilities and an increase of 15,144 million yen in trade and other payables.

Total equity amounted to 73,071 million yen, up 3,896 million yen from the previous fiscal year end. This was due mainly to an increase of 6,548 million yen in comprehensive income and a decrease of 2,754 million yen used for dividends.

As a result, the equity attributable to owners of parent ratio changed to 30.7%, from 30.1% at the end of the previous fiscal year.

Net cash used in operating activities amounted to 3,607 million yen due mainly to 11,876 million yen of profit before tax, 1,221 million yen of depreciation and amortization, 9,748 million yen of increase in inventories, 9,950 million yen of increase in trade and other receivables, 10,593 million yen of increase in trade, loans and other payables and 6,513 million yen of income taxes paid.

Net cash used in investing activities amounted to 1,356 million yen due mainly to 1,280 million yen of purchase of property, plant and equipment.

Net cash used in financial activities amounted to 13,427 million yen due mainly to 10,451 million yen of net

decrease in long-and short-term loans payable and 2,754 million yen of cash dividends paid.

As a result, cash and cash equivalents as of September 30, 2020 decreased 18,615 million yen from March 31, 2020, to 4,292 million yen.

(3) Consolidated Performance Forecasts

No changes have been made to the forecasts going forward as they are in line with the financial forecast for the fiscal year ending March 31, 2021 announced in the “Consolidated Financial Results for the First Quarter Ended June 30, 2020” made public on July 29, 2020.

2. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statements of Financial Position

	As of March 31, 2020	As of September 30, 2020
	Millions of yen	Millions of yen
ASSETS		
Current assets		
Cash and cash equivalents	22,908	4,292
Trade and other receivables	119,754	133,128
Inventories	37,748	47,488
Income tax receivables	2,029	162
Other financial assets	93	89
Other current assets	<u>5,069</u>	<u>8,272</u>
Total current assets	187,604	193,434
Non-current assets		
Property, plant and equipment	34,953	37,003
Goodwill	1,604	1,604
Intangible assets	529	550
Investments accounted for using equity method	3,254	3,373
Deferred tax assets	1,132	1,327
Net defined benefit asset	155	–
Financial assets	683	778
Other non-current assets	<u>42</u>	<u>46</u>
Total non-current assets	42,354	44,685
Total assets	<u>229,958</u>	<u>238,119</u>

	As of March 31, 2020	As of September 30, 2020
	Millions of yen	Millions of yen
<u>LIABILITIES and EQUITY</u>		
Liabilities		
Current liabilities		
Trade and other payables	13,710	28,854
Loans payable	121,873	113,687
Income tax payable	4,624	3,706
Other financial liabilities	6,991	7,523
Provisions	1,293	1,149
Other current liabilities	<u>4,643</u>	<u>2,510</u>
Total current liabilities	153,137	157,432
Non-current liabilities		
Bonds and loans payable	4,928	4,935
Deferred tax liabilities	1,453	1,497
Net defined benefit liability	172	187
Other financial liabilities	1,066	901
Other non-current liabilities	<u>24</u>	<u>93</u>
Total non-current liabilities	<u>7,645</u>	<u>7,615</u>
Total liabilities	160,783	165,048
Equity		
Capital stock	7,790	7,790
Capital surplus	10,755	10,858
Treasury stock	(956)	(956)
Retained earnings	60,797	66,149
Other components of equity	<u>(9,212)</u>	<u>(10,770)</u>
Total equity attributable to owners of parent	<u>69,174</u>	<u>73,071</u>
Total equity	<u>69,174</u>	<u>73,071</u>
Total liabilities and equity	<u>229,958</u>	<u>238,119</u>

(2) Condensed Consolidated Statements of Income for the Six Months Ended September 30, 2020

	The six months ended September 30, 2019	The six months ended September 30, 2020
	Millions of yen	Millions of yen
Continuing operations		
Revenue	60,985	79,126
Cost of sales	<u>(50,781)</u>	<u>(64,104)</u>
Gross profit	10,203	15,021
Selling, general and administrative expenses	<u>(3,279)</u>	<u>(3,271)</u>
Other operating income	87	57
Other operating expenses	<u>(73)</u>	<u>(95)</u>
Share of profit (loss) of investments accounted for using equity method	—	116
Operating income	6,937	11,828
Finance income	7	98
Finance cost	<u>(136)</u>	<u>(46)</u>
Other non-operating income	77	—
Other non-operating expenses	<u>(140)</u>	<u>(3)</u>
Profit before tax	6,744	11,876
Income tax expenses	<u>(2,556)</u>	<u>(3,643)</u>
Profit from continuing operations	4,187	8,233
Discontinued operations		
Profit from discontinued operations	318	—
Profit	<u>4,506</u>	<u>8,233</u>
Profit attributable to:		
Owners of parent	4,506	8,233
Non-controlling interests	—	—
Profit	<u>4,506</u>	<u>8,233</u>
Earnings per share		
Basic earnings per share (Yen)		
Continuing operations	106.43	209.24
Discontinued operations	<u>8.11</u>	<u>—</u>
Total	<u>114.53</u>	<u>209.24</u>
Diluted earnings per share (Yen)		
Continuing operations	106.06	207.83
Discontinued operations	<u>8.08</u>	<u>—</u>
Total	<u>114.14</u>	<u>207.83</u>

(3) Condensed Consolidated Statements of Comprehensive Income for the Six Months Ended September 30, 2020

	The six months ended September 30, 2019	The six months ended September 30, 2020
	Millions of yen	Millions of yen
Profit	4,506	8,233
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(3)	1
Remeasurements of defined benefit plans	(34)	(126)
Share of other comprehensive income of investments accounted for using equity method	–	2
Total items that will not be reclassified to profit or loss	<u>(38)</u>	<u>(122)</u>
Items that will be reclassified to profit or loss		
Cash flow hedges	(754)	(1,694)
Translation adjustments of foreign operations	<u>(156)</u>	<u>132</u>
Total items that will be reclassified to profit or loss	<u>(910)</u>	<u>(1,562)</u>
Other comprehensive income, net of tax	<u>(948)</u>	<u>(1,684)</u>
Comprehensive income	<u><u>3,557</u></u>	<u><u>6,548</u></u>
Comprehensive income attributable to:		
Owners of parent	3,557	6,548
Non-controlling interests	–	–
Comprehensive income	<u><u>3,557</u></u>	<u><u>6,548</u></u>

(4) Condensed Consolidated Statements of Changes in Equity

(Millions of yen)

	Equity attributable to owners of parent				Other components of equity	
	Capital stock	Capital surplus	Treasury stock	Retained earnings	Translation adjustments of foreign operations	Cash flow hedges
Balance at April 1, 2019	7,790	10,353	(955)	55,547	(3,737)	(1,203)
Profit	–	–	–	4,506	–	–
Other comprehensive income	–	–	–	–	(156)	(754)
Total comprehensive income	–	–	–	4,506	(156)	(754)
Dividends	–	–	–	(2,360)	–	–
Reclassified from other components of equity to retained earnings	–	–	–	(30)	–	–
Share-based payment transactions	–	35	–	–	–	–
Total transactions with owners	–	35	–	(2,391)	–	–
Balance at September 30, 2019	7,790	10,388	(955)	57,662	(3,893)	(1,957)

(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	Total equity
Balance at April 1, 2019	8	–	(4,931)	67,804	67,804
Profit	–	–	–	4,506	4,506
Other comprehensive income	(3)	(34)	(948)	(948)	(948)
Total comprehensive income	(3)	(34)	(948)	3,557	3,557
Dividends	–	–	–	(2,360)	(2,360)
Reclassified from other components of equity to retained earnings	(3)	34	30	–	–
Share-based payment transactions	–	–	–	35	35
Total transactions with owners	(3)	34	30	(2,325)	(2,325)
Balance at September 30, 2019	1	–	(5,849)	69,036	69,036

(Millions of yen)

	Equity attributable to owners of parent				Other components of equity	
	Capital stock	Capital surplus	Treasury stock	Retained earnings	Translation adjustments of foreign operations	Cash flow hedges
Balance at April 1, 2020	7,790	10,755	(956)	60,797	(4,198)	(5,008)
Profit	—	—	—	8,233	—	—
Other comprehensive income	—	—	—	—	132	(1,694)
Total comprehensive income	—	—	—	8,233	132	(1,694)
Purchase of treasury stock	—	—	(0)	—	—	—
Dividends	—	—	—	(2,754)	—	—
Reclassified from other components of equity to retained earnings	—	—	—	(126)	—	—
Share-based payment transactions	—	103	—	—	—	—
Total transactions with owners	—	103	(0)	(2,880)	—	—
Balance at September 30, 2020	7,790	10,858	(956)	66,149	(4,066)	(6,702)

(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	Total equity
Balance at April 1, 2020	(5)	—	(9,212)	69,174	69,174
Profit	—	—	—	8,233	8,233
Other comprehensive income	3	(126)	(1,684)	(1,684)	(1,684)
Total comprehensive income	3	(126)	(1,684)	6,548	6,548
Purchase of treasury stock	—	—	—	(0)	(0)
Dividends	—	—	—	(2,754)	(2,754)
Reclassified from other components of equity to retained earnings	—	126	126	—	—
Share-based payment transactions	—	—	—	103	103
Total transactions with owners	—	126	126	(2,651)	(2,651)
Balance at September 30, 2020	(1)	—	(10,770)	73,071	73,071

(5) Condensed Consolidated Statements of Cash Flows

	The six months ended September 30, 2019	The six months ended September 30, 2020
	Millions of yen	Millions of yen
Cash provided by (used in) operating activities		
Profit before tax	6,744	11,876
Profit (loss) before tax from discontinued operations	480	–
Depreciation and amortization	1,448	1,221
Impairment loss	0	64
Finance income and finance cost	116	42
Other non-operating income and expenses	63	3
Share of loss (profit) of investments accounted for using equity method	–	(116)
Decrease (increase) in inventories	(5,889)	(9,748)
Decrease (increase) in trade and other receivables	(47,704)	(9,950)
Increase (decrease) in trade, loans and other payables	48,818	10,593
Other, net	<u>(1,498)</u>	<u>(2,992)</u>
Subtotal	2,579	995
Interest and dividends income received	8	4
Interest expenses paid	(22)	(41)
Income taxes paid	(3,780)	(6,513)
Income taxes refund	<u>1,394</u>	<u>1,948</u>
Net cash provided by (used in) operating activities	179	(3,607)
Cash provided by (used in) investing activities		
Payments into time deposits	(95)	(88)
Proceeds from withdrawal of time deposits	–	88
Purchase of property, plant and equipment	(1,352)	(1,280)
Proceeds from sales of property, plant and equipment	95	15
Purchase of intangible assets	(107)	(130)
Proceeds from sales of shares of subsidiaries	–	162
Proceeds from sales and redemption of investments	216	–
Other, net	<u>110</u>	<u>(122)</u>
Net cash provided by (used in) investing activities	(1,134)	(1,356)
Cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	202	9,853
Repayment of long-term loans payable	–	(20,304)
Purchase of treasury stock	–	(0)
Cash dividends paid	(2,354)	(2,754)
Other, net	<u>(254)</u>	<u>(220)</u>
Net cash provided by (used in) financing activities	(2,406)	(13,427)
Effect of exchange rate change on cash and cash equivalents	(163)	(225)
Net increase (decrease) in cash and cash equivalents	(3,525)	(18,615)
Cash and cash equivalents at beginning of period	16,297	22,908
Cash and cash equivalents at end of period	<u>12,772</u>	<u>4,292</u>

(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, 2020 comprise the Company and its subsidiaries (hereinafter the “Group”) as well as the interests in its affiliated companies.

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.

3. Changes in 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, 2020, with the exception of the change described below.

The income tax for the six months ended September 30, 2020 was calculated based on the estimated average annual effective tax rate.

(Change in the classification for recording interest expenses corresponding to Advanced Trading for precious metal products)

Each Asahi Refining company, consolidated subsidiaries of the Company, undertakes Advanced Trading of precious metal products as an added value service incidental to the precious metal refining business. Commission income obtained from customers in accordance with the forward period is recorded as revenue.

The interest expenses corresponding to such Advanced Trading of precious metal products were previously recorded as finance cost, but the method was changed from the first quarter of the fiscal year ending March 31, 2021 to be recorded as cost of sales.

Furthermore, due to these changes, the “increase (decrease) in trade and other payables” has been changed to “increase (decrease) in trade, loans and other payables” in the Condensed Consolidated Statements of Cash Flows. Furthermore, the change in loans payable procured for such Advanced Trading is included in “increase (decrease) in trade, loans and other payables” in the Condensed Consolidated Statements of Cash Flows.

This change is attributed to the change in the funds management system due to the aim to expand Advanced Trading of precious metal products as a measure to increase income at each Asahi Refining company and in consideration of the increase in the financial importance of interest expenses corresponding to this income and the forecast for future increases.

Accordingly, compared to the previous method, cost of sales rose 470 million yen and operating income fell 470 million yen, but there was no impact on profit before tax, profit, and profit attributable to owners of parent.

The Condensed Consolidated Statements of Cash Flows during the six months ended September 30, 2020 show an increase of 2,241 million yen in net increase (decrease) in short-term loans payable and respective declines of 2,287 million yen in increase (decrease) in trade, loans and other payables, 470 million yen in finance income and finance cost, and 516 million yen in interest expenses paid.

There is no impact on basic earnings per share and diluted earnings per share during the six months ended September 30, 2020.

Such changes in accounting policies are applied retrospectively, and the Consolidated Financial Statements restate the figures for the quarters in the previous fiscal year and for the previous fiscal year following retrospective application.

As a result, compared to before the retrospective application, the Condensed Consolidated Statements of Income for the six months ended September 30, 2019, show an increase of 1,090 million yen in cost of sales and a decline of 1,090 million yen in operating income, but there is no impact on profit before tax, profit, and profit attributable to owners of parent.

The Condensed Consolidated Statements of Cash Flows for the six months ended September 30, 2019 show an increase of 47,848 million yen in increase (decrease) in trade, loans and other payables and respective declines of 47,803 million yen in net increase (decrease) in short-term loans payable, 1,090 million yen in finance income and finance cost and 1,045 million yen in interest expenses paid.

There is no impact on basic earnings per share and diluted earnings per share for the six months ended September 30, 2019.

4. Significant accounting estimates and associated judgements

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, 2020.

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.

Therefore, the Group is composed of product and service segments based on business sectors. The two reporting segments are the Precious Metals business and the Environmental Preservation business. Meanwhile, these reporting segments are not 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 the Environmental Preservation business is the collection, transport and intermediate processing of industrial waste, and the manufacture and sale of electric heaters.

The interest expenses corresponding to the Advanced Trading of precious metal products at each Asahi Refining company, consolidated subsidiaries of the Company, were previously recorded as finance cost, but the method was changed from the first quarter of the fiscal year ending March 31, 2021 to be recorded as cost of sales.

In addition, the segment information for the six months ended September 30, 2019 also reflects such change.

As a result, compared to the figures prior to such change, the operating income by business segment for the Precious Metals business decreased by 1,090 million yen for the six months ended September 30, 2019, and decreased by 470 million yen for the six months ended September 30, 2020.

In the previous consolidated fiscal year, the Company transferred 60% of all shares of Fuji Medical Instruments MFG. Co., Ltd. (hereinafter "Fuji Medical Instruments") to Johnson Health Tech Co., Ltd., a company listed on the Taiwan Stock Exchange. Consequently, the Company classified the business of Fuji Medical Instruments under discontinuing operations, and the amounts presented for segment information for the six months ended September 30, 2019 are amounts from continuing operations from which discontinuing operations have been excluded. Please refer to Note "6. Discontinued Operations" for details on discontinued operations.

(2) Segment revenue and performance

Accounting policies of the reporting segments are the same as those of the Group stated in Note “3. Changes in accounting policies.”

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

For the six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

	Reporting segment				(Millions of yen)		
	Precious Metals Business	Environmental Preservation Business	Subtotal	Other	Total	Adjustment	Consolidated
Revenue							
External revenue	49,912	10,002	59,914	1,071	60,985	–	60,985
Intersegment revenue	–	7	7	–	7	(7)	–
Total	<u>49,912</u>	<u>10,009</u>	<u>59,921</u>	<u>1,071</u>	<u>60,993</u>	<u>(7)</u>	<u>60,985</u>
Operating income by business segment	6,150	1,824	7,975	110	8,085	(1,148)	6,937
Finance income						7	
Finance costs						(136)	
Other non-operating income						77	
Other non-operating expenses						(140)	
Profit before tax							<u>6,744</u>

(Notes) 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, 2020 (from April 1, 2020 to September 30, 2020)

	Reporting segment				(Millions of yen)		
	Precious Metals Business	Environmental Preservation Business	Subtotal	Other	Total	Adjustment	Consolidated
Revenue							
External revenue	70,019	9,106	79,126	–	79,126	–	79,126
Intersegment revenue	–	–	–	–	–	–	–
Total	<u>70,019</u>	<u>9,106</u>	<u>79,126</u>	<u>–</u>	<u>79,126</u>	<u>–</u>	<u>79,126</u>
Operating income by business segment	11,357	1,702	13,059	116	13,176	(1,347)	11,828
Finance income						98	
Finance costs						(46)	
Other non-operating income						(3)	
Profit before tax							<u>11,876</u>

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

6. Discontinued operations

(1) Outline of discontinued operations

The Company transferred 60% of all shares of Fuji Medical Instruments, which was a consolidated subsidiary of the Company, to Johnson Health Tech Co., Ltd., a company listed on the Taiwan Stock Exchange, in the previous fiscal year which was then excluded from the scope of consolidation. Consequently, profit and loss as well as cash flows relating to Fuji Medical Instruments and its subsidiaries were reclassified as discontinued operations with the discontinued operations concerned displayed in a separate category.

(2) Discontinued operations performance

	(Millions of yen)	
	The six months ended September 30, 2019	The six months ended September 30, 2020
Profit or loss of discontinued operations		
Revenue	9,173	—
Expense	(8,692)	—
Profit before tax from discontinued operations	480	—
Corporate income tax expense	(161)	—
Profit from discontinued operations	318	—

(3) Cash flow from discontinued operations

	(Millions of yen)	
	The six months ended September 30, 2019	The six months ended September 30, 2020
Cash flow from discontinued operations		
Net cash provided by (used in) operating activities	503	—
Net cash provided by (used in) investing activities	(2)	—
Net cash provided by (used in) financing activities	(791)	—
Total	(290)	—

7. Subsequent events

Not applicable