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Disclosure through the Internet regarding Notice of the 9th Annual General Meeting of Shareholders

The items above are provided to our shareholders by posting our website (http://www.asahiholdings.com/) in accordance with laws and regulations, and Article 14 of the Articles of Incorporation of Asahi Holdings, Inc.

Asahi Holdings, Inc.

Structure to ensure the appropriateness of business

Decisions on a framework to ensure that the performance of duties by the directors is consistent with the laws and the Articles of Incorporation and a framework to secure the appropriateness of the businesses of the Company are as follows:

1) Framework to ensure that the performance of duties by the directors, corporate officers and employees of the Company and our subsidiaries is consistent with the laws and the Articles of Incorporation

(a) The Board of Directors will establish "Asahi Way" and "Code of Ethics" for the directors and employees in order for the directors, corporate officers and employees to comply with the laws, Articles of Incorporation and internal rules and to fulfill their duties.

(b) We will distribute "Asahi Way" to the directors and employees so as to keep them informed of legal compliance. The internal audit division will make improvements and give guidance through the business audit.

(c) We will establish the "internal control promotion meeting" consisting of responsible persons of various divisions as an organization that controls the entire compliance in order to promote the construction, maintenance and improvement of the internal control system.

(d) To promote compliance, the actual situation of compliance will be audited.

(e) In order to respond appropriately to any legal violation or other doubtful act under laws which may be discovered by a director or an employee, we will develop and operate a whistle-blowing system.

(f) We will never have any relationship, including business relationships, with anti-social forces which threaten the social order and sound corporate activities. In the event of an illegal request, we will take a firm attitude and respond to it organizationally in accordance with the law and internal rules.

2) Framework for storage and management of information relating to business operations by the directors and a framework for report to the Company about the matters relating to the performance of duties by the directors and employees of our subsidiaries

(a) We will appropriately control the manner of storing, disposing of and otherwise managing the records and documents relating to the performance of duties and decision-making of the directors and will review the relevant rules from time to time when needed.

(b) The directors, Audit and Supervisory Committee Members and Accounting Auditor will always have access to these information and documents.

(c) We will manage our subsidiaries and they will report important matters to us.

3) Rules and other frameworks for management for risk of loss in the Company and our subsidiaries

(a) We will establish the risk management rules and build a risk management system in accordance with such rules.

(b) In the event of an unexpected event, we will discuss and make decisions at the management meeting, etc., and the responsible manager will inform such decisions to each division and plant. Each division and plant will take prompt actions to prevent damage from expanding and will arrange a system to minimize the damage.

4) Framework to secure the efficient performance of duties by the directors of the Company and our subsidiaries

(a) The Board of Directors will hold a meeting regularly no less than once every three months and from time to time when needed in order to determine the management policies and other important matters relating to the business strategies and to supervise the situation of business operations by the directors.

(b) In order to enhance the functions of the Board of Directors and improve management efficiency, the Board of Directors will hold an extraordinary meeting from time to time when needed in order to expeditiously make decisions on basic matters and important matters relating to the business operations.

(c) The Board of Directors will draft a mid-term business plan and a budget for each fiscal year to set the business target and will supervise the progress.

(d) Regarding the business operations according to decisions made by the Board of Directors, we will establish the responsibility of the directors for performance of duties and the procedures for performance so as to ensure the efficient performance of duties. Each provision will be reviewed from time to time when needed.

5) Framework to secure the appropriateness of business of the corporate group consisting of the Company and our subsidiaries

(a) We will build a system to manage our subsidiaries and will develop a system to report their business results, business activities and the like to our board of directors on a regular basis.

(b) A manager of the Company will serve as an officer of our subsidiary and will develop a system to observe the appropriateness of such subsidiary's business.

(c) The internal audit division of the Company will conduct the internal audit regularly or when needed and will develop a system to report the result of audit to the representative director and president, the Audit and Supervisory Committee and the relevant divisions of the Company.

6) Framework to appoint an employee who assists the duties of the Audit and Supervisory Committee of the Company, and the matters relating to the independence of such employee from the directors (except those who are Audit and Supervisory Committee Members) and the matters relating to the assurance of effective instructions given by the Audit and Supervisory Committee to such employee

(a) We will assign an employee who assists the duties of the Audit and Supervisory Committee in the Audit and Supervisory Committee Secretariat.

(b) Appointment and relocation of the Audit and Supervisory Committee Secretariat staff that assists such committee in performing its duties requires prior consent of such committee.

(c) The Audit and Supervisory Committee shall have the right to direct and order the Audit and Supervisory Committee Secretariat staff who assists the committee in performing its duties to perform his/her duties.

7) **Framework where the directors (except those who are Audit and Supervisory Committee Members) and employees of the Company and the directors, corporate officers, employees and auditors of our subsidiaries or parties who receives a report from aforementioned persons report to the Audit and Supervisory Committee of the Company, and other matters relating to reporting to the Audit and Supervisory Committee**

(a) The directors (except those who are Audit and Supervisory Committee Members) and employees of the Company and the directors, corporate officers, employees and auditors of our subsidiaries or parties who receive a report from aforementioned persons will promptly report the important matters relating to, without limitation, the management, the accounting division and division in charge of compliance and awards and penalties to the Audit and Supervisory Committee of the Company, in addition to the matters which conflict with the laws and Articles of Incorporation and the matters which may remarkably damage the Company and our subsidiaries.

(b) In order to grasp the important decision-making process and the situation of its business operations, the Audit and Supervisory Committee Members may attend important meetings in addition to the meeting of the Board of Directors, access important documents relating to the business operations and request a director or an employee to explain the situation when needed.

8) **Framework to ensure that no person who reported to the Audit and Supervisory Committee of the Company is treated disadvantageously by reason of the report**

We will not treat any officer or employee of the Company and our subsidiaries who reported to the Audit and Supervisory Committee disadvantageously by reason of such report.

9) **Matters relating to the policies for settlement of expenses or debts associated with the procedures for prepayment or reimbursement of expenses incurred for the performance of duties by the Audit and Supervisory Committee Members of the Company (limited to the performance of duties of the Audit and Supervisory Committee) and the performance of other duties**

The Audit and Supervisory Committee Members may request the company to repay the expenses required for the performance of their duties (limited to the performance of duties of the Audit and Supervisory Committee).

10) **Other framework to ensure that the Audit and Supervisory Committee of the Company conducts audits effectively**

The Audit and Supervisory Committee, Accounting Auditor and Audit and Supervisory Committee Secretariat will cooperate with each other in audit tasks and the director and employees will assist them in conducting audits efficiently.

Status of operation of structure to ensure the appropriateness of business

As of June 16, 2015, the Company made a transition to the Board with Audit and Supervisory Committee to promote efforts to ensure transparency and improve the efficiency of corporate management by reinforcing the supervisory function of the Board of Directors and utilizing Outside Directors. The Company's Board of Directors discusses management risks and reviews the Company's internal organizations, operations and regulations accordingly to enhance their effectiveness.

The status of operation of structure to ensure the appropriateness of business operations is as follows.

1) **Status of efforts to enhance the appropriateness and efficiency of business execution**
   (a) The Board of Directors consists of five (5) Directors with executive authority over operations and four (4) Directors serving as Audit and Supervisory Committee Members (including three (3) Outside Directors) and has held active discussions.
   (b) During the fiscal year under review, the Board of Directors held nine (9) meetings where the status of business execution was supervised by deliberating proposals and receiving reports on the status of important business execution.
   (c) The Board of Directors entrusts the authority over some important business execution to Directors to ensure efficient decision making and business execution.
   (d) To secure the transparency in decisions on nomination and compensation for Directors and Group companies, the Nominating Committee and the Compensation Committee, each of which consists of one Representative Director and two (2) Outside Directors serving as Audit and Supervisory Committee Members, were established as voluntary committees, and have provided advice and suggestions to the Board of Directors.
2) **Status of efforts regarding compliance and risk management**
   (a) Continuous efforts to ensure compliance with laws, regulations and the Articles of Incorporation have been made by providing employees with compliance education through in-house trainings and meetings and announcing the content of laws and their revisions on the internal portal site or with other means.
   (b) To counter an act that violates laws, regulations and the Articles of Incorporation, the whistle-blowing system has been reinforced to monitor such an act, thereby strengthening legal compliance and risk management.
   (c) The internal control promotion meeting engages in identification and control of internal risks, and improves the internal organizations, facilities and equipment, information systems and internal regulations accordingly.
3) **Status of execution of duties of the Audit and Supervisory Committee**
   (a) Directors serving as Audit and Supervisory Committee Members join the discussion and resolution of proposals and receive reports on the status of business execution at the meetings of the Board of Directors and attend the Group Subsidiaries Management Meeting and other meetings to enhance the effectiveness of audits.
   (b) To ensure the effectiveness of audits by Directors serving as Audit and Supervisory Committee Members, the full-time support staff for the Audit and Supervisory Committee Members are placed in the Audit and Supervisory Committee Secretariat,

which is independent of orders from Directors with authority over operations.

4) Status of the internal audits system

(a) An internal audit division for conducting audits on a Group-wide basis has been in place for enhancement of the internal audits system.

(b) The internal audit division conducts audits on overall business operations and reports to the Representative Director and Directors. The division also cooperates with the Audit and Supervisory Committee Members and the Accounting Auditor to enhance the effectiveness of audits.

Notes to consolidated financial statements
(Basis of preparing consolidated financial statements)

1. Standards for preparing the consolidated financial statements

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") under the provision of Article 120, Paragraph 1 of the Rules of Corporate Accounting. Certain disclosures required by IFRS have been omitted from these consolidated financial statements under the provision set forth in the second sentence of said Paragraph.

2. Scope of consolidation

Number of consolidated subsidiaries	21
Major consolidated subsidiaries	Asahi Pretec Corp. Japan Waste Corporation JW Chemitech Co., Ltd. JW Logistics, Co., Ltd. Taiyo Chemical Co., Ltd. Iyotec Co., Ltd. Fuji Rozai Co., Ltd. JW Glass Recycling Co., Ltd. ECOMAX INCORPORATED INTER CENTRAL, INC. KOEIKOGYO CO., LTD. FUJI MEDICAL INSTRUMENTS MFG. CO., LTD. Asahi G&S Sdn. Bhd. Shanghai Asahi Pretec Co., Ltd. Asahi Pretec Korea Co., Ltd. Asahi Pretec Taiwan Co., Ltd. Asahi Americas Holdings, Inc. Asahi Refining USA Inc. Asahi Refining Canada Ltd. and 2 other companies

3. Equity method affiliate

Equity method affiliates	None

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.

5. Accounting policies

(1) Valuation standards and methods for major assets

1) Financial assets other than derivatives

(i) Initial recognition and measurement

The Group recognizes financial assets when it becomes a party to the contract clauses of financial instruments and classifies the financial assets into financial assets measured at fair value through profit or loss or other comprehensive income and financial assets measured at amortized cost.

All financial assets, unless they are classified into those measured at fair value through profit or loss, are measured at fair value plus transaction costs.

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model for which the objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets other than those measured at amortized cost are classified as financial assets measured at fair value.

For financial assets measured at fair value, except equity instruments that are held for trading and must be measured at fair value through profit or loss, a designation is made of individual equity instruments as those measured at fair value through profit or loss or those measured at fair value through other comprehensive income, and such designation is applied consistently.

(ii) Subsequent measurement

After initial recognition, financial assets are measured based on the classification as follows.

a) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured using the amortized cost based on the effective interest method.

b) Financial assets measured at fair value

Changes in the fair value of financial assets measured at fair value are recognized in profit or loss. However, for equity instruments designated as those measured at fair value through other comprehensive income, changes in the fair value are recognized in other comprehensive income. Said amounts recognized in other comprehensive income are not subsequently reclassified into profit or loss. In cases where such financial assets are derecognized, the other comprehensive income previously recognized is directly transferred to retained earnings. Dividends relating to such financial assets are recognized as part of finance income and in profit or loss for the fiscal year under review.

(iii) Impairment of financial assets

The Group recognizes impairment of financial assets based on whether the credit risk on the financial asset or financial asset group measured at amortized cost at each end of the reporting periods has increased significantly since initial recognition. Specifically, if the credit risk has not increased significantly since initial recognition, a loss allowance is recognized based on 12-month expected credit losses. On the other hand, if the credit risk has increased significantly since initial recognition, a loss allowance is recognized based on expected credit losses through the remaining life of the financial asset. Whether the credit risk has increased significantly is determined based on changes in the risk of default. Whether there are changes in the risk of default is determined by taking into account any significant changes in the external credit ratings of the financial asset, unfavorable changes in the status of business operations or financial position, any events of overdue payments and other information. For trade receivables, however, lifetime expected credit losses are recognized from when the instruments are first recognized.

Expected credit losses are measured based on the discounted present value of differences between contractual amounts to be received and amounts expected to be received.

(iv) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when the Group transfers substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains control over the transferred asset, the Group recognizes the asset and related liability to the extent of its continuing involvement.

2) Derivatives

The Group utilizes derivatives, including foreign exchange forward contracts, interest rate swaps and commodity forward contracts, to hedge, respectively, foreign exchange, interest rate and commodity price risks. These derivative instruments are initially measured at fair value when the contract is entered into and are subsequently remeasured at fair value.

3) Inventories

Inventories are measured at the lower of cost and net realizable value. The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is determined mainly by the moving-average method and includes the cost of purchase, cost of conversion and all other costs incurred in bringing the inventories to their present location and condition.

(2) Depreciation and amortization for major assets

1) Property, plant and equipment other than leased assets : Assets other than land and construction in progress are depreciated using the straight-line method over their estimated useful lives as follows.

- Buildings and structures: 2–50 years
- Machinery, equipment and vehicles: 2–17 years

Estimated useful lives, residual values and depreciation methods are reviewed at each fiscal year-end, and any changes are applied prospectively as changes in accounting estimates.

2) Intangible assets other than leased assets : Intangible assets, except those for which the useful life is not determined, are amortized using the straight-line method over their estimated useful lives as follows.

- Software: 5 years

Estimated useful lives, residual values and amortization methods are reviewed at each fiscal year-end, and any changes are applied prospectively as changes in accounting estimates.

3) Leased assets : Leased assets under finance leases are depreciated using the accounting method that is applied for said assets over their estimated useful lives or lease terms, whichever is shorter.

(3) Recognition criteria for significant provisions

Provisions are recognized when the Group has present legal or constructive obligations as a result of past events and it is probable that outflows of resources embodying economic benefits will be required to settle the obligations and reliable estimates can be made of the amount of the obligations. When the effect of the time value of money is material, the amount of a provision is measured by discounting the estimated future cash flows at the discount rate, which is a pretax rate that reflects the time value of money and the risks specific to the liability. The unwinding of the discount due to the passage of time is recognized as finance cost.

(4) Other important items for preparing consolidated financial statements

1) Hedge accounting:

At the inception of a hedge, the Group formally provides a hedge designation and documentation relating to the hedging relationship to which hedge accounting will be applied, as well as the risk management objective and strategy in carrying out the hedge. Said documentation includes specific hedging instruments, hedged items or transactions, the nature of hedged risks and the method for assessing the effectiveness of a hedging relationship. These hedges are assessed on an ongoing basis to determine whether they were actually effective for all financial reporting periods when they were designated as hedges. Specifically, a hedge is judged as effective if all of the following requirements are fulfilled.

- There is an economic relationship that provides an offset between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of hedged items and the quantity of hedging instruments that the Company actually uses.

The Company uses the following hedge accounting method if the requirements for hedge accounting are met.

Cash flow hedges

The effective portion of gains or losses on hedging instruments is recognized as other comprehensive income, while the ineffective portion is recognized immediately in profit or loss in the consolidated statement of income.

Amounts relating to hedging instruments recognized as other comprehensive income are reclassified to profit or loss when hedged transactions affect profit or loss.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio, but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship so that it meets the qualifying criteria again (this is referred to as "rebalancing" hereinafter). After rebalancing, if a hedge becomes no longer qualified for hedge accounting or a hedging instrument expires, or is sold, terminated or executed, hedge accounting is discontinued prospectively.

When hedge accounting is discontinued, the balance of cash flow hedges already recognized in other comprehensive income remain in equity if the hedged future cash flows are still expected to occur, whereas such balance is reclassified immediately to profit or loss if the hedged future cash flows are no longer expected to occur.

2) Accounting method for consumption taxes : Consumption taxes are accounted for using the net method of reporting.

3) Foreign currency translation : A foreign currency transaction is translated into the functional currency of each Group company at the rate of exchange at the date of the transaction.

Foreign currency monetary assets and liabilities at the end of the reporting period are translated into the functional currency at the rate of exchange at the end of the reporting period.

Foreign currency non-monetary assets and liabilities measured at fair value are translated into the functional currency at the rate of exchange at the date when said fair value is determined.

Differences arising from translation or settlement are recognized in profit or loss, except that differences arising from financial assets measured at fair value through other comprehensive income and cash flow hedges are recognized in other comprehensive income.

The assets and liabilities of foreign operations are translated into Japanese yen at the rate of exchange at the end of the reporting period, while the income and expenses of foreign operations are translated into Japanese yen at the average exchange rate for the period, unless exchange rates do not fluctuate significantly during the period. Exchange differences arising from the translation of the financial statements of foreign operations are recognized in other comprehensive income. On the disposal of a foreign operation, the exchange differences relating to that foreign operation are recognized in profit or loss during the period when said disposal was made.

4) Treatment of goodwill	:	Goodwill is not amortized but is subject to an impairment testing annually and whenever an indication of impairment exists. Impairment losses relating to goodwill are recognized in the consolidated statement of income, and subsequent reversals of the losses are not conducted.
5) Employee benefits	:	The Group adopts defined benefit pension plans and defined contribution pension plans as post-employment benefits for employees. The Group determines the present value of defined benefit obligations and related current service cost and past service cost using the projected unit credit method. The discount rate is determined by reference to market yields on high-quality corporate bonds at the end of the reporting period corresponding to the discount period, which is established to reflect the period until the estimated timing of benefit payments in each fiscal year in the future. Liabilities or assets pertaining to defined benefit pension plans are calculated by deducting the fair value of plan assets from the present value of defined benefit obligations. Remeasurements of defined benefit pension plans are collectively recognized in other comprehensive income for the period when they are incurred and are immediately transferred from other components of equity to retained earnings. Past service cost is amortized as profit or loss for the period when it is incurred. Cost relating to defined contribution pension plans is recognized as an expense at the time of contribution.
6) Presentation of amounts	:	Amounts less than one million yen are truncated.

(Notes to the consolidated statement of financial position)

1. Assets pledged as collateral and obligations related to collateral

(1) Assets pledged as collateral

Property, plant and equipment	
Buildings and structures	62 million yen
Land	160 million yen
Total	223 million yen

(2) Obligations related to collateral

Loans payable (current)	50 million yen
Total	50 million yen

2. Allowance for doubtful accounts directly deducted from assets

Trade and other receivables	16 million yen
Financial assets (non-current)	18 million yen

3. Accumulated depreciation of property, plant and equipment

30,562 million yen

(Notes to the consolidated statement of changes in equity)

1. Class and number of issued shares and treasury shares

	Number of shares at the beginning of this consolidated accounting period (Thousands of shares)	Number of shares increased during this consolidated accounting period (Thousands of shares)	Number of shares decreased during this consolidated accounting period (Thousands of shares)	Number of shares at the end of this consolidated accounting period (Thousands of shares)
Issued shares Common stock	36,254	3,600	-	39,854
Total	36,254	3,600	-	39,854
Treasury shares Common stock	3,654	0	3,400	255
Total	3,654	0	3,400	255

(Notes)
1. The increase of 3,600 thousand shares in issued shares of common stock was due to the issuance of new shares.
2. The increase of 0 thousand shares in treasury shares of common stock was due to the purchase of shares less than one unit.
3. The decrease of 3,400 thousand shares in treasury shares of common stock was due to the disposal of treasury stock.
4. The treasury shares include 145 thousand shares held by the ESOP trust and 76 thousand shares held by the BIP trust.

2. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends	Dividends per share	Record date	Effective date
May 10, 2017 Board of Directors' Meeting	Common stock	984 million yen	30.00 yen	March 31, 2017	May 31, 2017
October 26, 2017 Board of Directors' Meeting	Common stock	984 million yen	30.00 yen	September 30, 2017	November 27, 2017

(Notes) 1. Total dividends according to the resolution at the Board of Directors' meeting on May 10, 2017 include dividends of 6 million yen relating to the Company's shares held by the ESOP trust and the BIP trust.

2. Total dividends according to the resolution at the Board of Directors' meeting on October 26, 2017 include dividends of 6 million yen relating to the Company's shares held by the ESOP trust and the BIP trust.

(2) Among dividends whose record date within this consolidated accounting period, those having an effective date within the following consolidated accounting period (scheduled)

Resolution	Class of shares	Total dividends	Source of dividends	Dividends per share	Record date	Effective date
May 8, 2018 Board of Directors' Meeting	Common stock	1,314 million yen	Retained earnings	33.00 yen	March 31, 2018	May 30, 2018

(Note) Total dividends according to the resolution at the Board of Directors' meeting on May 8, 2018 include dividends of 7 million yen relating to the Company's shares held by the ESOP trust and the BIP trust.

(Notes to financial instruments)

1. Status of financial instruments

In the course of business activities, the Group is exposed to financial risks, such as credit risks, liquidity risks, currency risks, interest rate risks and market price fluctuation risks, and performs risk management activities to reduce said financial risks.

The Group also uses derivative financial instruments, such as foreign exchange forward contracts and interest rate swaps, to hedge against market risks and makes it a policy not to enter into derivative transactions for speculative purposes.

1) Credit risk

A credit risk refers to a risk of customers going into default on contractual debts, causing financial losses to the Group.

The Group manages the credit risk in accordance with its credit control regulations, using the credit limits set for its business partners.

The Group's receivables consist of receivables from many customers operating in a wide range of industries and regions, and are not subject to risks excessively concentrated on a single customer or the group to which said customer belongs.

The carrying amount of financial assets, net of accumulated impairment loss, presented in the consolidated statement of financial position represents the maximum exposure of the Group's financial assets to credit risks without taking into account the value of the collateral obtained.

Regarding the exposure to these credit risks, there are no properties held as collateral and other credit enhancements.

2) Liquidity risk

A liquidity risk refers to a risk of the Group becoming not able to repay the financial liability for debts on the due date.

The Group manages liquidity risk by preparing adequate amount of funds for repayment, while securing from financial institutions a line of credit to which it is accessible as needed and monitoring the plans and results of cash flows on a continuous basis.

3) Currency risk

The Group operates globally and is exposed to currency risks related to foreign currency transactions. For certain foreign currency transactions for which the amounts are significant and that are individually identifiable, the Group uses hedging instruments to hedge against currency risks relating to the hedged items within a certain range in accordance with its internal regulations.

Accordingly, the exposure to currency risks is insignificant and is judged as immaterial to the Group.

4) Interest rate risk

An interest rate risk is defined as a risk of the fair value of financial instruments or the future cash flows from financial instruments fluctuating due to fluctuations in market interest rates. The Group's exposure to interest rate risks mainly relates to payables, such as loans payable, and receivables, such as interest-bearing deposits. Because the amount of interest is subject to fluctuations in market interest rates, the Group is exposed to interest rate risks that cause fluctuations in future cash flows of interest.

The Group uses interest rate swaps to mitigate the risk of fluctuations in interest payable relating to loans payable, thereby stabilizing cash flows.

Accordingly, the impact of fluctuations in the amount of interest payments due to interest-rate fluctuations on the Group is insignificant, and interest rate risks are judged as immaterial to the Group.

5) Market price fluctuation risk

Precious metals and rare metals, the core products of the Group's precious metal business, are traded in international markets, and the prices thereof are exposed to commodity price risks due to the political and economic trends of supplier and consumer countries, as well as foreign exchange rates.

To mitigate commodity price risks, the Group uses derivative instruments such as commodity forward contracts, as hedging instruments against commodity price risks mainly due to market price fluctuations.

Accordingly, the Group's exposure to commodity price fluctuation risks is insignificant and market price fluctuation risks are judged as immaterial to the Group.

2. Fair value, etc., of financial instruments

The carrying amounts reported in the consolidated statement of financial position on March 31, 2018 (consolidated fiscal closing date for the fiscal year under review), and the fair value of financial instruments are as follows:

(Millions of yen)

	Carrying amount in consolidated statement of financial position (*1)	Fair value (*1)
Financial assets		
Financial assets measured at amortized cost		
Cash and cash equivalents	24,140	24,140
Trade and other receivables	36,973	36,973
Other	427	427
Financial assets measured at fair value through other comprehensive income		
Other financial assets	110	110
Financial assets designated as hedging instruments		
Derivative instruments	659	659
Financial liabilities		
Financial liabilities measured at amortized cost		
Trade and other payables	14,179	14,179
Loans payable	41,115	41,175
Other	109	109
Financial liabilities designated as hedging instruments		
Derivative instruments	2,151	2,151

(*1) The methods used for determining the fair value of financial instruments are as follows.

Cash and cash equivalents, trade and other receivables and trade and other payables:

These are settled in a short term, and the carrying amount thereof is a reasonable approximation to the fair value thereof.

Other financial assets and other financial liabilities:

The fair value of listed shares is determined based on the market prices at the end of the reporting period.

The fair value of derivative instruments is determined mainly by reference to prices quoted by financial institutions.

Loans payable:

The fair value of loans payable is determined based on the present value, which is obtained by discounting future cash flows at an interest rate assumed to be applied if similar contracts were newly executed.

(Notes to information per share)

Equity attributable to owners of parent per share	1,627.20 yen
Basic profit per share	270.77 yen
Diluted profit per share	269.90 yen

(Notes to significant subsequent events)

Not applicable

Notes to non-consolidated financial statements
(Notes to significant accounting policies)

1. Valuation standards and valuation methods for assets

Securities

Shares of subsidiaries	:	Cost mainly determined by the moving-average method.

2. Depreciation methods for non-current assets

Property, plant and equipment	:	Straight-line method Assets with acquisition amount of 100 thousand yen or more to less than 200 thousand yen are equally depreciated for three years.
Intangible assets	:	Straight-line method Software for internal use is amortized under the straight-line method based on the period for which the Company can use such software (five years or less).

3. Accounting standards for provisions

Allowance for doubtful accounts	:	To provide for possible losses due to the uncollectibility of claims, an allowance for doubtful accounts is provided for specific claims with a higher probability of default at an uncollectible amount estimated by considering the collectability of individual claims.
Provision for bonuses	:	To allow for the payment of bonuses to employees, the standard for estimated amounts of bonuses to be paid is recorded.
Provision for director’s bonuses	:	To allow for the payment of bonuses to directors, the standard for estimated amounts of bonuses to be paid is recorded.
Provision for management board incentive plan trust	:	To allow for the granting of the Company shares to the Company’s Directors in accordance with the Regulations Concerning Stock Issuance, an amount of stock grant obligations estimated at the end of the fiscal year under review is recorded.
Provision for stocks payment	:	To allow for the granting of the Company shares to the Group employees in accordance with the Regulations Concerning Stock Issuance, an amount of stock grant obligations estimated at the end of the fiscal year under review is recorded.

4. Other important items for preparing financial statements

1) Treatment of deferred assets		Share issuance cost is recognized as an expense when expended.
2) Hedge accounting		
Hedge accounting methods	:	The Company accounts for hedging activities under deferral hedge accounting. *Furiate-shori* (accounting method in which the current and forward rate difference is allocated by period length for the calculation at the accounting period) is applied to foreign exchange forward contracts which conform to the requirements of such hedge accounting. *Tokurei-shori* (an accounting method in which the net interest swap amount is treated by adjusting the interest on hedged items) is applied to interest rate swap contracts that conform to the requirement of such hedge accounting.
Hedging instruments and hedged items		
Hedging instruments	:	Currency swaps and interest rate swaps
Hedged items	:	Payment of principal and interest of long-term loans payable
Hedging policy	:	In accordance with internal regulations, the Company hedges risks associated with fluctuations in foreign currency exchange rates and interest rates.
Methods for assessing the effectiveness of hedging	:	During the inception of hedging to the judgment of effectiveness, accumulated rate fluctuations in hedged items and hedging instruments are compared and then assessment is made on the basis of the amount of these fluctuations. For currency swaps subject to *furiate-shori* and interest rate swaps subject to *tokurei-shori,* the assessment of effectiveness is omitted.
3) Accounting method for consumption taxes	:	Consumption taxes are accounted for using the net method of reporting.

(Notes to balance sheet)

1. Accumulated depreciation of property, plant and equipment 1,775 million yen

2. Guarantee liabilities

Guarantees are provided for the bank loans of the following company.

Asahi Refining Canada Ltd.	21,255 million yen
Total	21,255 million yen

3. Monetary claims and monetary obligations related to affiliated companies

Short-term monetary claims	41,686 million yen
Short-term monetary obligations	24 million yen

(Notes to statement of income)

Amount of transactions with affiliated companies

Amount of operating transactions with affiliated companies	
Operating revenue	7,903 million yen
Amount of other operating transactions	89 million yen
Amount of transactions other than operating transactions	244 million yen

(Notes to statement of changes in net assets)

Class and number of treasury stocks

Class of shares	Number of shares at the beginning of this fiscal year (Thousands of shares)	Number of shares increased during this fiscal year (Thousands of shares)	Number of shares decreased during this fiscal year (Thousands of shares)	Number of shares at the end of this fiscal year (Thousands of shares)
Common stocks	3,654	0	3,400	255
Total	3,654	0	3,400	255

(Notes) 1. The increase of 0 thousand shares in treasury shares of common stock was due to the purchase of shares less than one unit.

2. The decrease of 3,400 thousand shares in treasury shares of common stock was due to the disposal of treasury stock.

3. The treasury shares include 145 thousand shares held by the ESOP trust and 76 thousand shares held by the BIP trust.

(Notes to tax effect accounting)

Breakdowns of main items causing deferred tax assets and deferred tax liabilities

Deferred tax assets	
Provision for stocks payment	3 million yen
Impairment losses	13 million yen
Business tax	15 million yen
Provision for directors' bonuses	7 million yen
Allowance for doubtful accounts	5,116 million yen
Loss on valuation of shares of affiliated companies	3 million yen
Other	9 million yen
Subtotal	5,169 million yen
Valuation allowance	(5,119) million yen
Total deferred tax assets	49 million yen
Net deferred tax assets	49 million yen

(Notes to transactions with related parties)

Subsidiaries and affiliated companies, etc.

Category	Name of companies	Voting rights (%)	Relationship with related parties	Details of transaction	Amount of transaction (Millions of yen)	Account	Term-end balance (Millions of yen)
Subsidiary	Asahi Pretec Corp.	Owned Direct 100%	Support of funds	Collection of loaned funds	35,761	Short-term loans to affiliated companies (Note 3)	41,678
				Loan of funds (Note 1)	41,678		
				Receipt of interest (Note 1)	121	–	–
			Management guidance	Management guidance (Note 2)	698	–	–
			Receipt of dividends	Receipt of dividends	6,700	–	–

Transaction terms and conditions and policy, etc., to determine terms and conditions for transactions

(Note 1) As for loans of funds, we reasonably determine interest rates taking into consideration market interest rates.

(Note 2) We determine prices and other terms and conditions for transactions by reference to prevailing market interest rates, etc.

(Note 3) Allowance for doubtful accounts of 16,709 million yen is recognized to provide for claims with a higher probability of default.
In addition, provision of allowance for doubtful accounts of 55 million yen is recognized for the fiscal year under review.

(Notes to information per share)

Net assets per share	1,319.27 yen
Net profit per share	195.73 yen
Diluted net profit per share	195.10 yen

(Notes to significant subsequent events)

Not applicable