

## 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 15<sup>th</sup> 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
<u>ASSETS</u>		
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
<b><u>LIABILITIES and EQUITY</u></b>		
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>88,976</u>	<u>96,047</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	<u>1,416</u>	<u>4,052</u>
Comprehensive income attributable to:		
Owners of parent	1,366	4,011
Non-controlling interests	49	40
Comprehensive income	<u><u>1,416</u></u>	<u><u>4,052</u></u>

## (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