Consolidated Financial Results for the Fiscal Year Ended March 31, 2018
Asahi Holdings, Inc. [IFRS]

May 8, 2018

Stock code:	5857
Shares listed:	Tokyo Stock Exchange (First Section)
URL:	http://www.asahiholdings.com
Representative:	Mitsuharu Terayama, Chairman & CEO
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The Ordinary General Meeting of Shareholders:	June 19, 2018
Filing date of financial statement:	June 20, 2018
Start of dividend payment:	May 30, 2018
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 fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

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

	Revenue		Operating income		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
The fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2018	115,797	8.4	13,791	576.6	13,410	665.6	9,453	−	9,416	−	9,576	−
March 31, 2017	106,828	(10.5)	2,038	(66.3)	1,751	(70.2)	(1,086)	−	(1,213)	−	(2,217)	−

	Basic earning per share	Diluted earning per share	Profit to equity attributable to owners of parent	Profit before tax to total assets	Operating income to revenue
The fiscal year ended	Yen	Yen	%	%	%
March 31, 2018	270.77	269.90	17.3	12.2	11.9
March 31, 2017	(37.24)	−	(2.6)	1.8	1.9

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent ratio	Equity per share attributable to owners of parent
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2018	131,484	64,435	64,435	49.0	1,627.20
March 31, 2017	88,976	44,827	44,303	49.8	1,359.02

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the fiscal year
The fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2018	(13,397)	(2,829)	29,776	24,140
March 31, 2017	3,319	(2,442)	(6,630)	10,798

2. Dividend payments

	Dividends per share					Total dividend payment (annual)	Payout ratio (consolidated)	Dividend to equity attributable to owners of parent (consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2017	–	30.00	–	30.00	60.00	1,969	–	4.2
Year ended March 31, 2018	–	30.00	–	33.00	63.00	2,298	23.3	4.2
Year ending March 31, 2019 (Forecast)	–	37.00	–	37.00	74.00		30.8	

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

3. Forecast (From April 1, 2018 to March 31, 2019) (Percentage: Changes relative to corresponding previous period)

	Revenue		Operating income		Profit before tax		Profit attributable to owners of parent		Basic earning per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2018	60,000	4.4	6,500	1.8	6,400	2.9	4,400	2.7	111.11
Year ending March 31, 2019	120,000	3.6	14,000	1.5	13,800	2.9	9,500	0.9	239.90

* Notes

(1) Changes in significant subsidiaries during the current fiscal year: 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 end of year (including treasury shares)

As of March 31, 2018	39,854,344 shares
As of March 31, 2017	36,254,344 shares

(ii) Number of treasury shares at the end of year

As of March 31, 2018	255,287 shares
As of March 31, 2017	3,654,987 shares

(iii) Averaged number of shares during the period

Year ended March 31, 2018	34,775,417 shares
Year ended March 31, 2017	32,599,539 shares

(Reference) Summary of Nonconsolidated Results

1. Nonconsolidated Results of the Year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

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

	Net sales		Operating income		Ordinary income		Net income	
The fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2018	7,903	27.8	6,810	40.5	6,930	36.4	6,806	–
March 31, 2017	6,183	(9.9)	4,846	(13.5)	5,079	(11.9)	(11,711)	–

	Net income per share	Diluted net income per share
The fiscal year ended	Yen	Yen
March 31, 2018	195.73	195.10
March 31, 2017	(359.25)	–

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2018	72,818	52,241	71.7	1,319.27
March 31, 2017	55,321	34,533	62.4	1,059.32

(Reference)
Shareholders' equity As of March 31, 2018: 52,241million yen As of March 31, 2017: 34,533 million yen

*This report is not subject to audit procedures

*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, there might be cases in which actual results materially differ from forecasts of this report. Please refer to page 2 "1. Overview of Consolidated Operating Results (1) Consolidated Business Performance for the Year ended March 31, 2018" for the assumptions used and other notes.

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1. Overview of Consolidated Operating Results

(1) Consolidated Business Performance for the Year ended March 31, 2018

① Operating results

During the consolidated accounting period under review, moderate recovery continued in the Japanese economy on the back of resurgence in exports and improvements in domestic demand despite sluggish growth in personal consumption. Meanwhile, prospects of the overall economy remained opaque due to the appreciation of yen, protectionist policies of the U.S. and other factors. Under these conditions, the group's results in each business segment were as follows:

<u>Precious metals business</u>

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 about the same as the previous year level. In the jewelry sector, the volume of collection of gold and platinum expanded from the same period in the preceding year. In the catalyst sector, the volume of collection of palladium and platinum grew from the same period in the previous year. As for gold and silver refining business in North America, the volume of gold commissioned for refining increased from the same period in the previous year, while that of silver decreased during the same period. 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.

<u>Environmental preservation business</u>

Although the volume of industrial wastes discharged in Japan has been on a downward trend in general, the group's sales revenue and operating income exceeded the levels in the same period in the preceding year. These achievements were materialized through conscientious efforts to develop new customers and obtain contracts by capitalizing on collaboration among group companies and extensive networks built by group companies to meet the needs of waste generating companies for appropriate disposal.

<u>Life & health business</u>

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. Also, businesses involving fire-fighting equipment and radiant heating and cooling systems continued to grow steadily against the backdrop of high-level construction demands primarily in the metropolitan area.

As a result of the above, in terms of the performance for this consolidated fiscal year, revenue was 115,797 million yen, a year-on-year increase of 8,969 million yen (+8.4 percent). Operating income was 13,791 million yen, an increase of 11,752 million yen (+576.6 percent) year-on-year. Profit before tax was 13,410 million yen, a year-on-year increase of 11,658 million yen (+665.6 percent).Profit was 9,453 million yen (loss was 1,086 million yen in the previous fiscal year). Profit attributable to owners of parent was 9,416 million yen (loss was 1,213 million yen in the previous fiscal year). By segment, revenue in the precious metals business was 74,593 million yen, a year-on-year increase of 7,598 million yen (+11.3 percent). In the environmental preservation business, revenue was 16,235 million yen, an increase of 292 million yen (+1.8 percent) year-on-year. Revenue in the life & health business was 25,036 million yen, an increase of 1,068 million yen (+4.5 percent) year-on-year.

② Outlook

The group will continue to launch dedicated efforts to expand revenue and enhance its corporate value.

Business forecast for the next period is as follows: 120,000 million yen in sales revenue, 14,000 million yen in operating income, 13,800 million yen in income before taxes and 9,500 million yen in profit attributable to owners of the parent.

(2) Consolidated Financial Position and Cash Flows for the Year ended March 31, 2018

As of this fiscal year ended March 31, 2018, total assets amounted to 131,484 million yen, up 42,508 million yen from the previous fiscal year end. This was due mainly to the increase of 13,341 million yen in cash and cash equivalents, the increase of 21,415 million yen in trade and other receivables and the increase of 5,110 million yen in inventories.

Total liabilities amounted to 67,049 million yen, up 22,900 million yen from the previous fiscal year end. This was due mainly to the increase of 18,200 million yen in loans payable.

Total equity amounted to 64,435 million yen, up 19,607 million yen from the previous fiscal year end. This was due mainly to increase of 3,309 million yen in capital stock, 4,254 million yen in capital surplus and 9,576 million yen in comprehensive income, coupled with a decrease of 4,984 million yen in treasury stock deducted from equity.

Net cash used in operating activities amounted to 13,397 million yen due mainly to 13,410 million yen of profit before tax, 2,267 million yen of depreciation and amortization, increase in trade and other receivables, increase in inventories, and income taxes paid.

Net cash used in investing activities amounted to 2,829 million yen due mainly to 2,762 million yen of purchase of property, plant and equipment.

Net cash provided by financial activities amounted to 29,776 million yen due mainly to 19,822 million yen of net increase in loans payable, and 6,619 million yen of increase in proceeds from issuance of common stock, 6,252 million yen of increase in proceeds from sales of treasury stock.

As a result, cash and cash equivalents as of March 31, 2018 increased 13,341 million yen from March 31, 2017, to 24,140 million yen.

(3) Dividends

We consider it is of utmost importance to return profits to our shareholders. Accordingly, we have made it our basic policy to pay dividends of 30 percent and above of our consolidated net profits, irrespective of any short-term fluctuations in business results, on a stable and continuous basis. Commemorating that March 2017 marked the 15th anniversary of our listing on the First Section of the Tokyo Stock Exchange, we declare, as a year-end dividend for the year ended March 31, 2018, a commemorative dividend of 3 yen per share in addition to the ordinary dividend of 30 yen per share. Further, for the next term, we will be increasing the interim dividend to 37 yen and year-end dividend to 37 yen (i.e. annual dividend of 74 yen).

(4) Business and other risks

Major risks that could affect the Group's operating results and financial condition include the following. We believe these matters could have a significant impact on investor decisions, but the categories below are limited to those that the Group is currently aware of; and not necessarily all risks are covered here.

① Precious metals prices and currency exchange rates

The precious metals and rare metals that are the main products of the Group's precious metals business are traded on international markets. Their prices fluctuate based on global elements such as political and economic trends in supply countries and demand countries, currency exchange rates, and so on. The Group therefore hedges through forward transactions, etc., in order to reduce risk, although the size of fluctuation in precious metals prices and currency exchange rates can affect the Group's operating results and financial condition.

② Laws and regulations

In the countries and regions where the Group operates business, various laws and regulations apply regarding matters such as permission to do business, rules for import/export/transport, commercial transactions, labor, taxation, intellectual property rights, and environmental preservation. Taking the stance that compliance is important, the Group carefully follows laws, regulations, and social rules. However, in the unlikely event that laws, regulations, and social rules could not be followed, or if they change such that business is restricted, it could affect the Group's operating results and financial condition.

In the environmental preservation business in particular, the Group engages in the collection, transport and treatment of various types of industrial waste as an enterprise under the Waste Management and Public Cleansing Act. In addition to that law, the business is regulated by laws such as the Water Pollution Control Act, the Air Pollution Control Act, and the Sewerage Act. Furthermore, the Group has a license for the collection and transport of industrial waste in every prefecture and ordinance-designated city, for its disposal in 13 prefectures and 9 ordinance-designated cities and core cities, and for the collection and transport of specially-controlled industrial waste in every prefecture and ordinance-designated city, for its disposal in 11 prefectures and 8 ordinance-designated cities and core cities. Obtaining such licenses is predicated on strict compliance with regulations at the regional level, including each prefectural and municipal ordinance and rule.

With society's interest in environmental issues rising, such legal regulations are tending to tighten. Not only capital investments as countermeasures to those trends but also the construction, relocation, and renovation of disposal facilities require construction permits and permission to change. On such occasions, the consent of nearby residents may also be necessary, which could be difficult to obtain in some cases. Therefore, such legal regulations and social trends could affect the Group's operating results and financial condition.

③ Economic fluctuation

Manufacturing industries are among the primary demand industries for the Group's precious metals business and environmental preservation business. Demand trends in each sector within these industries are affected by economic conditions in various countries and regions. When demand from such industries declines due to recession and so on, it can affect the Group's operating results and financial condition. Moreover, large reductions in construction-related demand or falls in personal consumption can affect the life & health business, in turn affecting the Group's operating results and financial condition.

④ Business environment

All three of the Group's business segments, the precious metals business, the environmental preservation business, and the life & health business, face the possibility of major changes in customer needs due to changes in laws, regulations, and permits that concern a sector or faster-than-expected shifts overseas by corporate customers. Furthermore, industry reorganization and other major changes in the business environment are possible. The results could affect the Group's operating results and financial condition.

⑤ Intensified competition

All three of the Group's business segments, the precious metals business, the environmental preservation business, and the life & health business, face competition from various companies. The Group continues to make efforts to overcome the competition in each sector by accurately meeting customer needs through sales efforts and initiatives on technology, products, and cost responsiveness. Intensified competition from competitor companies, however, can force the Group's products and services into harsh price competition. The results could affect the Group's operating results and financial condition.

⑥ Overseas business deployment

The Group carries out business in countries and regions in North America, Asia, etc. Political or economic phenomena unfavorable to business, labor disputes due to differences in labor environment, uncertainty in finding suitable local personnel, conflicts, terrorism, and other social disturbances, and unfair intervention by authorities due to underdeveloped business infrastructure in a country or region are inherent risks. If such situations occur, it could affect the Group's operating results and financial condition.

⑦ Corporate acquisition, etc.

The Group has worked to expand its lines of business and business scale through corporate acquisition and expects to take a forward-looking approach to attractive cases in the future. In order to maximize the integration effect with target businesses and companies, the Group will attempt to integrate and unify them with its business strategy and operations. However, it is possible that the expected integration and unification effects will not be realized. Furthermore, target businesses and companies not achieving the business results initially expected and posting markedly worse operating results could lead to impairment of goodwill. The results could affect the Group's operating results and financial condition.

⑧ Natural disasters, accidents, etc.

Natural disasters such as large earthquakes or typhoons could cause serious damage to the Group's production, distribution, sales, and information management facilities. That could affect the Group's operating results and financial condition. Moreover, although the Group works to strengthen its safety management system and regularly carries out disaster/accident prevention activities in order to eliminate occupational and facilities accidents, there is no guarantee that they can be completely prevented or mitigated. Therefore, if a serious occupational or facilities accident should occur it could affect the Group's operating results and financial condition.

⑨ New product development

The Group's life & health business aims to provide devices and equipment that are "people-friendly, for better life and health." We develop attractive products by accurately assessing customer needs and optimally applying the Company's technology. However, if we are unable to respond accurately to market and industry needs and carry out timely product development, it could lessen future growth and profits, affecting the Group's operating results and financial condition.

⑩ Key intellectual property rights

In order to protect intellectual property rights important to business deployment, the Group carries out appropriate management. However, unforeseen leaks to outside parties can occur, and complete protection of intellectual property rights may be impossible in certain regions. Therefore, it may not be possible to effectively prevent third parties from using the Group's intellectual property rights to manufacture and sell similar products and services. The results could affect the Group's operating results and financial condition.

⑪ Product quality assurance and product liability

The Group makes every effort with its product quality assurance system, but if a product produced by the Group causes damages, it could affect the Group's operating results and financial condition.

⑫ Environmental protection

Based on its Environmental Policies, the Group carries out various initiatives to protect the global environment. However, there is no guarantee that all pollution and other environmental risk can be completely prevented or mitigated, so if the Group should cause serious pollution of the environment, it could affect the Group's operating results and financial condition.

⑬ Lawsuits and other legal procedures

As the Group carries out business in Japan and overseas, it could be subjected to lawsuits and other legal procedures. If the Group becomes a party to such action, it might have to pay large damages, etc. The results could affect the Group's operating results and financial condition.

2. Our Group

Our Group comprises of the holdings company “Asahi Holdings, Inc.”, “Asahi Pretec Corp.”, “Japan Waste Corporation”, “Asahi Americas Holdings, Inc.”, and 18 other subsidiaries. Our main businesses are precious metals business, environmental preservation business and life & health business. The details are as follows:

(1) Precious metals business

In the precious metals business, we sell precious/rare metal products such as gold, silver, platinum, and palladium by recycling scrap containing rare metals, etc.

In Japan, Asahi Pretec Corp. collects scraps containing precious/rare metals from the electronics, dentistry, jewelry manufacturing and distribution, and automotive catalyst sectors. At factories around the country, it collects, separates and refines the scrap and sells high-purity metals to trading companies, semiconductor/electronic component makers, film manufacturers, etc. also engages in precision cleaning and precious metal delamination of manufacturing equipment parts from semiconductor/electronic component makers.

Overseas, Asahi G&S Sdn. Bhd. in the Malaysia/Singapore region, Shanghai Asahi Pretec Co., Ltd. in China, Asahi Pretec Korea Co., Ltd. in South Korea and Asahi Pretec Taiwan Co., Ltd. in Taiwan are engaged in the precious metals recycling business. Additionally, Asahi Refining USA Inc. and Asahi Refining Canada Ltd. carry out the refining and processing of gold, silver, and other precious metals in the United States and Canada respectively.

(2) Environmental preservation business

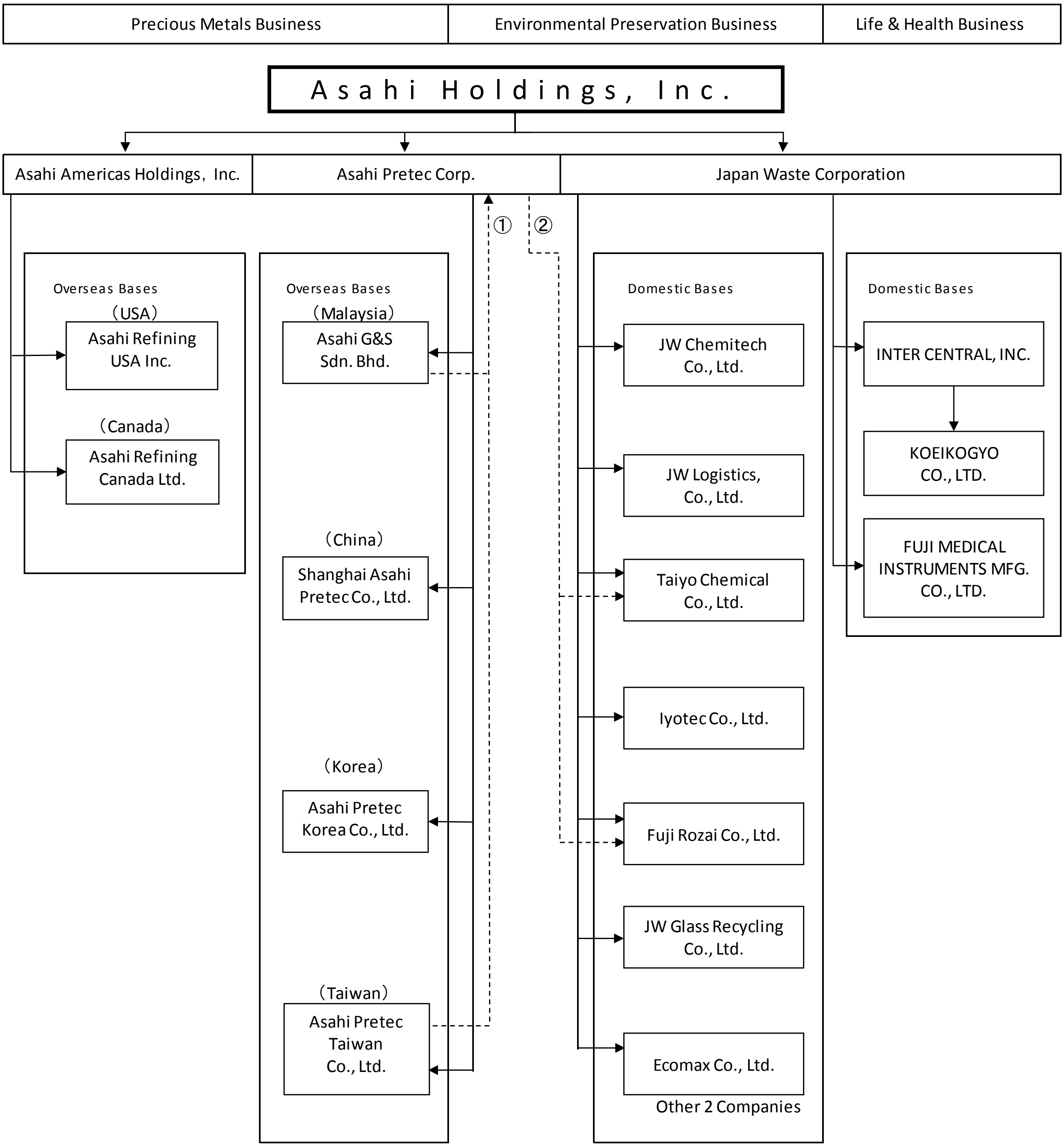
The main line of our environmental preservation business is the collection, transport, and intermediate treatment of industrial waste.

Asahi Pretec Corp. treats and detoxifies waste acid, waste alkali, waste oil, sludge, waste drugs, and medical-related waste generated by sites in various industries, such as factories, printing presses, hospitals, schools, and research institutes. Additionally, Japan Waste Corporation is engaged in the collection, transportation, intermediate processing and recycling of various industrial wastes. JW Chemitech Co., Ltd. and JW Logistics, Co., Ltd. mainly perform the collection, transport, and intermediate treatment of industrial waste generated by factories. Iyotec Co., Ltd. engages in business such as dispatch of personnel to manufacturers and collaborates on the treatment of waste from industrial sites. Taiyo Chemical Co., Ltd. processes medical-related waste and industrial effluent from companies in the IT, electronics, and petrochemical businesses. Fuji Rozai Co., Ltd. processes specially controlled industrial waste including dioxin and heavy metals at local governments' incinerators. It engages in repair, demolition, and waste brick processing of smelting furnaces for glass manufacturing. It removes firebricks from smelting furnaces and performs materials recycling and hazardous materials handling. JW Glass Recycling Co., Ltd. collects sheet glass and glass bottles, separates them for crushing, and recycles them into high-quality glass cullet, which it sells. Ecomax Co., Ltd. is engaged in businesses commissioned by the Environment Conservation Center, Tohoku University.

(3) Life & health business

In the life & health business, the main operation is the manufacture and sale of massagers, hearing aids, and other health equipment, the manufacture and sale of electric heaters, the design and installation of radiant heating and air conditioning systems, and the design and installation of disaster prevention equipment.

As "The Health and Beauty Manufacturer," FUJI MEDICAL INSTRUMENTS MFG. CO., LTD. provides various products approved under the Pharmaceutical Affairs Act, such as massage chairs, hearing aids, and electric therapy apparatus for household use, to electronics store, JA (Japan Agricultural Cooperatives) channel, regional consumer electronics dealers, mail-order companies, and so on. INTER CENTRAL, INC., manufactures and sells electric heaters and designs and installs radiant heating and air conditioning systems. They offer products such as electric heaters that provide warmth efficiently and flexibly and radiant heating and air conditioning equipment that achieves comfortable, clean, and quiet environments. Their products are used in offices, schools, hospitals, cultural facilities, commercial facilities, and ordinary homes. KOEIKOGYO CO., LTD., designs and installs disaster prevention, air conditioning, and sanitation equipment. They have successfully installed equipment in many public facilities, hospitals, cultural facilities, and commercial facilities.



(Notes) capital relationship ⟶ business relationship - - - - ->

① Selling recycling scrap containing precious / rare metals
② Entrustment of industrial waste treatment

* All companies except for parent company (Asahi Holdings, Inc.) are consolidated subsidiaries

3. Basic Concept Regarding Selection of Accounting Standards

We have applied International Financial Reporting Standards (IFRS) with the objectives of enhancing our management base for global business development and enabling easier international comparison of financial information in capital markets from the first quarter of fiscal year ended March 31, 2017.

4. Consolidated Financial Statements

(1) Consolidated Statements of Financial Position

	As of March 31, 2017	As of March 31, 2018
	Millions of yen	Millions of yen
ASSETS		
Current assets		
Cash and cash equivalents	10,798	24,140
Trade and other receivables	15,557	36,973
Inventories	17,356	22,466
Income tax receivables	1,574	1,474
Other financial assets	103	660
Other current assets	664	2,380
Total current assets	46,056	88,096
Non-current assets		
Property, plant and equipment	31,987	32,870
Goodwill	8,238	8,243
Intangible assets	918	740
Deferred tax assets	1,167	853
Net defined benefit asset	64	124
Financial assets	528	537
Other non-current assets	15	18
Total non-current assets	42,920	43,388
Total assets	88,976	131,484

	As of March 31, 2017	As of March 31, 2018
	Millions of yen	Millions of yen
LIABILITIES and EQUITY		
Liabilities		
Current liabilities		
Trade and other payables	12,710	14,179
Loans payable	2,720	22,515
Income tax payable	1,061	3,012
Other financial liabilities	191	506
Provisions	1,490	1,484
Other current liabilities	2,613	3,400
Total current liabilities	20,787	45,099
Non-current liabilities		
Loans payable	20,195	18,600
Deferred tax liabilities	1,790	1,440
Net defined benefit liability	143	153
Other financial liabilities	1,221	1,754
Other non-current liabilities	10	—
Total non-current liabilities	23,361	21,949
Total liabilities	44,148	67,049
Equity		
Capital stock	4,480	7,790
Capital surplus	6,126	10,381
Treasury stock	(5,371)	(386)
Retained earnings	42,783	50,282
Other components of equity	(3,716)	(3,632)
Total equity attributable to owners of parent	44,303	64,435
Non-controlling interests	524	—
Total equity	44,827	64,435
Total liabilities and equity	88,976	131,484

(2) Consolidated Statements of Income

	The fiscal year ended March 31, 2017	The fiscal year ended March 31, 2018
	Millions of yen	Millions of yen
Revenue	106,828	115,797
Cost of sales	(82,520)	(87,500)
Gross profit	24,307	28,296
Selling, general and administrative expenses	(15,215)	(14,403)
Other operating income	729	244
Other operating expenses	(7,784)	(346)
Operating income	2,038	13,791
Finance income	17	16
Finance cost	(304)	(397)
Profit before tax	1,751	13,410
Income tax expenses	(2,837)	(3,956)
Profit (loss)	(1,086)	9,453
Profit attributable to:		
Owners of parent	(1,213)	9,416
Non-controlling interests	127	37
Profit (loss)	(1,086)	9,453
Earning (loss) per share		
Basic earning per share (Yen)	(37.24)	270.77
Diluted earning per share (Yen)	(37.24)	269.90

(3) Consolidated Statements of Comprehensive Income

	The fiscal year ended March 31, 2017	The fiscal year ended March 31, 2018
	Millions of yen	Millions of yen
Profit (loss)	(1,086)	9,453
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(1)	19
Remeasurements of defined benefit plans	87	38
Total items that will not be reclassified to profit or loss	86	57
Items that will be reclassified to profit or loss		
Cash flow hedges	275	69
Translation adjustments of foreign operations	(1,493)	(4)
Total items that will be reclassified to profit or loss	(1,217)	65
Other comprehensive income, net of tax	(1,130)	122
Comprehensive income	(2,217)	9,576
Comprehensive income attributable to:		
Owners of parent	(2,345)	9,535
Non-controlling interests	128	41
Comprehensive income	(2,217)	9,576

(4) 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, 2016	4,480	6,112	(5,371)	45,845	(2,125)	(380)
Profit(loss)	—	—	—	(1,213)	—	—
Other comprehensive income	—	—	—	—	(1,492)	275
Total comprehensive income	—	—	—	(1,213)	(1,492)	275
Purchase of treasury stock	—	—	(0)	—	—	—
Dividends	—	—	—	(1,955)	—	—
Reclassified from other components of equity to retained earnings	—	—	—	107	—	—
Share-based payment transactions	—	13	—	—	—	—
Total transactions with owners	—	13	(0)	(1,848)	—	—
Balance at March 31, 2017	4,480	6,126	(5,371)	42,783	(3,618)	(104)

(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(loss)	—	—	—	(1,213)	127	(1,086)
Other comprehensive income	(2)	87	(1,131)	(1,131)	0	(1,130)
Total comprehensive income	(2)	87	(1,131)	(2,345)	128	(2,217)
Purchase of treasury stock	—	—	—	(0)	—	(0)
Dividends	—	—	—	(1,955)	—	(1,955)
Reclassified from other components of equity to retained earnings	(19)	(87)	(107)	—	—	—
Share-based payment transactions	—	—	—	13	—	13
Total transactions with owners	(19)	(87)	(107)	(1,943)	—	(1,943)
Balance at March 31, 2017	7	—	(3,716)	44,303	524	44,827

(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, 2017	4,480	6,126	(5,371)	42,783	(3,618)	(104)
Profit	−	−	−	9,416	−	−
Other comprehensive income	−	−	−	−	(5)	69
Total comprehensive income	−	−	−	9,416	(5)	69
Issuance of new shares	3,309	3,282	−	−	−	−
Purchase of treasury stock	−	−	(0)	−	−	−
Disposal of treasury stock	−	1,266	4,985	−	−	−
Dividends	−	−	−	(1,955)	−	−
Changes in ownership interests in subsidiaries that do not result in loss of control	−	(337)	−	−	−	−
Disposal of subsidiaries	−	−	−	−	−	−
Reclassified from other components of equity to retained earnings	−	−	−	38	−	−
Share-based payment transactions	−	42	−	−	−	−
Total transactions with owners	3,309	4,254	4,984	(1,917)	−	−
Balance at March 31, 2018	7,790	10,381	(386)	50,282	(3,624)	(34)

(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	−	−	−	9,416	37	9,453
Other comprehensive income	17	38	119	119	3	122
Total comprehensive income	17	38	119	9,535	41	9,576
Issuance of new shares	−	−	−	6,592	−	6,592
Purchase of treasury stock	−	−	−	(0)	−	(0)
Disposal of treasury stock	−	−	−	6,252	−	6,252
Dividends	−	−	−	(1,955)	−	(1,955)
Changes in ownership interests in subsidiaries that do not result in loss of control	3	−	3	(333)	(540)	(874)
Disposal of subsidiaries	−	−	−	−	(24)	(24)
Reclassified from other components of equity to retained earnings	0	(38)	(38)	−	−	−
Share-based payment transactions	−	−	−	42	−	42
Total transactions with owners	3	(38)	(35)	10,596	(565)	10,030
Balance at March 31, 2018	27	−	(3,632)	64,435	−	64,435

(5) Consolidated Statements of Cash Flows

	The fiscal year ended March 31, 2017	The fiscal year ended March 31, 2018
	Millions of yen	Millions of yen
Net cash provided by (used in) operating activities		
Profit before tax	1,751	13,410
Depreciation and amortization	2,340	2,267
Impairment loss	7,653	120
Finance income and finance cost	251	368
Decrease (increase) in inventories	(2,271)	(5,112)
Decrease (increase) in trade and other receivables	(989)	(21,421)
Increase (decrease) in trade and other payables	(2,390)	1,317
Other, net	954	(2,110)
Subtotal	7,299	(11,161)
Interest and dividends income received	15	17
Interest expenses paid	(242)	(366)
Income taxes paid	(5,888)	(3,243)
Income taxes refund	2,134	1,355
Net cash provided by (used in) operating activities	3,319	(13,397)
Net cash provided by (used in) investing activities		
Payments into time deposits	(205)	－
Proceeds from withdrawal of time deposits	291	11
Purchase of property, plant and equipment	(2,676)	(2,762)
Proceeds from sales of property, plant and equipment	378	181
Purchase of intangible assets	(270)	(185)
Proceeds from sales and redemption of investments	71	5
Cash disposed on loss of control of subsidiary	－	(23)
Other, net	(30)	(55)
Net cash provided by (used in) investing activities	(2,442)	(2,829)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	633	20,092
Repayment of long-term loans payable	(5,270)	(270)
Proceeds from issuance of common stock	－	6,619
Proceeds from sales of treasury stock	－	6,252
Purchase of treasury stock	(0)	(0)
Payment to acquire interests in subsidiaries from non-controlling interests	－	(874)
Cash dividends paid	(1,956)	(1,956)
Other, net	(36)	(86)
Net cash provided by (used in) financing activities	(6,630)	29,776
Effect of exchange rate change on cash and cash equivalents	(13)	(208)
Net increase (decrease) in cash and cash equivalents	(5,766)	13,341
Cash and cash equivalents at beginning of period	16,564	10,798
Cash and cash equivalents at end of period	10,798	24,140

(6) Notes on Assumptions for Going Concern

Not applicable

(7) Notes on Consolidated Financial Statements

1. Reporting entity

Asahi Holdings, Inc. (hereinafter the "Company") is a company located in Japan. The addresses of the Company's registered head office and principal offices are available on its website (http://www.asahiholdings.com). The Company's consolidated financial statements have a fiscal year-end date of March 31, 2018 and comprise the financial statements of the Company as well as its subsidiaries (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 consolidated financial statements of the Group have been prepared based on IFRS issued by the International Accounting Standards Board.

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 Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976; the "Ordinance on Consolidated Financial Statements"), the Group adopts the provisions of Article 93 of the aforementioned rules.

(2) Basis of measurement

The 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 as mentioned in Note 3. Significant accounting policies.

(3) Functional currency and presentation currency

The 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; "IFRS 9"), as from the date of transition to IFRS.

3. Significant accounting policies

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

4. Significant accounting estimates and associated judgements

In preparing 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 in 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 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 metals 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 of the Group stated in "Note 3. Significant accounting policies."

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

For the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reporting segment				Adjustment	Consolidated
	Precious metals business	Environmental preservation business	Life & health business	Total		
Revenue						
External revenue	66,994	15,867	23,966	106,828	–	106,828
Intersegment revenue	–	75	0	76	(76)	–
Total	66,994	15,942	23,967	106,905	(76)	106,828
Operating income (loss) by business segment	(61)	3,256	1,359	4,555	(2,516)	2,038
Finance income						17
Finance costs						(304)
Profit before tax						1,751
Others:						
Depreciation and amortization	1,045	511	177	1,735	605	2,340
Impairment loss	7,580	13	53	7,647	5	7,653

(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 fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reporting segment					
	Precious metals business	Environmental preservation business	Life & health business	Total	Adjustment	Consolidated
Revenue						
External revenue	74,593	16,168	25,035	115,797	−	115,797
Intersegment revenue	−	66	0	66	(66)	−
Total	74,593	16,235	25,036	115,864	(66)	115,797
Operating income by business segment	11,137	3,504	1,588	16,230	(2,439)	13,791
Finance income						16
Finance costs						(397)
Profit before tax						13,410
Others:						
Depreciation and amortization	1,020	479	194	1,694	572	2,267
Impairment loss	33	33	52	119	0	120

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

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

6. Per share information

The basis for calculating basic and diluted earning per share (attributable to ordinary shareholders) is as follows.

	Year ended March 31, 2017	Year ended March 31, 2018
Profit for the year attributable to ordinary shareholders of parent		
Profit (loss) attributable to owners of parent (Millions of yen)	(1,213)	9,416
Profit (loss) not attributable to ordinary shareholders of parent (Millions of yen)	–	–
Profit used for calculation of the basic earning (loss) per share (Millions of yen)	(1,213)	9,416
Weighted average number of shares during the year (shares)	32,599,539	34,775,417
Dilutive effect(shares)	–	112,800
Weighted average number of diluted shares during the year (shares)	32,599,539	34,888,217
Earning (loss) per share (Yen)		
Basic	(37.24)	270.77
Diluted	(37.24)	269.90

7. Subsequent events

Not applicable

5. Others

(1) Amounts of Sales

	Year ended March 31, 2017		Year ended March 31, 2018	
	Amount (Millions of yen)	Year-on-Year (%)	Amount (Millions of yen)	Year-on-Year (%)
Gold	32,762	84.0	31,649	96.6
Silver	4,454	103.1	4,816	108.1
Palladium	12,695	88.2	18,346	144.5
Platinum	5,271	69.2	6,417	121.7
Industrial waste treatment	18,018	100.5	18,242	101.2
Other	33,624	93.3	36,325	108.0
Total	106,828	89.5	115,797	108.4