

Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending December 31, 2017 [Japanese GAAP]



August 10, 2017

Company name: **AUCNET INC.**

Stock exchange listing: Tokyo Stock Exchange

Code number: 3964

URL: <http://www.aucnet.co.jp/>

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Scheduled date of filing quarterly report: August 10, 2017

Scheduled date of commencing dividend payments: September 1, 2017

Preparation of supplementary explanatory materials: Yes

Quarterly financial results meeting: Yes (for institutional investors)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Results for the Second Quarter of the Fiscal Year Ending December 31, 2017 (January 1, 2017 - June 30, 2017)

(1) Consolidated Operating Results (cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
June 30, 2017	10,029	(0.8)	1,874	(11.1)	1,923	(8.6)	1,047	(0.6)
June 30, 2016	10,106	—	2,108	—	2,104	—	1,053	—

(Note) Comprehensive income: Six months ended June 30, 2017: ¥1,113 million [14.2%]

Six months ended June 30, 2016: ¥974 million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
June 30, 2017	41.09	39.74
June 30, 2016	43.81	—

- (Notes)
- Regarding the results for the six months ended June 30, 2016, the Company did not compile quarterly financial statements under the Financial Instruments and Exchange Act of Japan, but figures for the results as of the end of the said quarter, along with percentage changes in comparison with the results for the six months ended June 30, 2017, have been indicated above for reference purposes.
 - On July 31, 2016, the Company carried out a 20-for-1 stock split of its common shares. “Basic earnings per share” is calculated assuming that the stock split had occurred at the beginning of the fiscal year ended December 31, 2016 (consolidated).
 - Regarding “Diluted earnings per share,” the Company reports that there were potential shares in the second quarter of the fiscal year ended December 31, 2016, but these were not reported because it is impossible to have a clear idea of the average share price during the period as the Company's shares were not listed then. Furthermore, because the shares of the Company were listed on the First Section of the Tokyo Stock Exchange on March 29, 2017, calculations for the second quarter of the fiscal year ending December 31, 2017 are based on the average share price during the cumulative period between the day of listing and March 31, 2017, the last day of the second quarter of the fiscal year ending December 31, 2017 (consolidated).

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2017	27,901	16,243	57.7
As of December 31, 2016	25,446	12,139	47.2

(Reference) Equity: As of June 30, 2017: ¥16,087 million

As of December 31, 2016: ¥12,006 million

2. Cash Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2016	–	0.00	–	0.00	0.00
Year ending December 31, 2017	–	13.00			
Year ending December 31, 2017 (Forecast)			–	13.00	26.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Forecast of Consolidated Results for the Fiscal Year Ending December 31, 2017 (January 1, 2017 - December 31, 2017)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	21,346	6.8	4,044	0.1	4,114	(0.0)	2,309	5.8	87.98

(Note) Revision to the forecast of consolidated results announced most recently: None

*** Notes:**

- (1) Changes in significant subsidiaries during the period under review: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
New: – Excluded: –
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Total number of issued and outstanding shares (common shares)
- 1) Total number of issued and outstanding shares at the end of the period (including treasury shares):

June 30, 2017:	26,992,000 shares
December 31, 2016:	25,569,000 shares
 - 2) Total number of treasury shares at the end of the period:

June 30, 2017:	– shares
December 31, 2016:	1,500,000 shares
 - 3) Average number of shares during the period:

Six months ended June 30, 2017:	25,491,326 shares
Six months ended June 30, 2016:	24,042,626 shares
- (Note) On July 31, 2016, the Company carried out a 20-for-1 stock split of common shares. The total number of issued and outstanding shares (common shares) is calculated assuming that the stock split had occurred at the beginning of the previous fiscal year (consolidated).

* These quarterly consolidated financial results are outside the scope of quarterly review

* Explanation of the proper use of performance forecast and other notes

The earnings forecast and other forward-looking statements herein are based on the information currently available and certain assumptions deemed reasonable by the Company, and the Company does not guarantee their achievement. In addition, actual results may differ significantly from these forecasts due to a wide range of factors. For cautionary notes on assumptions that form the basis of the performance forecast and the use of performance forecast, please see “1. Qualitative Information on Quarterly Financial Results (3) Explanation of Consolidated Performance Forecast and Other Forward-looking Information” on page 4 of the attachments.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the six months ended June 30, 2017, the Japanese economy showed modest recovery, including continuing improvement in corporate earnings and in the employment and income picture, against a backdrop of the government's economic policies, the monetary easing policies of the Bank of Japan, and other factors. However, economic trends remained unclear, and it is necessary to pay close attention to uncertainty in economic prospects overseas, the effects of fluctuations in financial and capital markets, and other factors.

In line with our brand statement, "Shaping the Future of Commerce," the Company worked to further improve its social and economic value, by (1) thoroughly upgrading services for greater convenience, (2) increasing the speed of transactions (distribution and settlements) and (3) ensuring competitive service usage fees and other reforms.

Although there are signs of a recovery in the Automobile Business, in the Digital Product Business, the Company was unable to secure the same distribution volumes for used smart phones as the same period of the previous fiscal year, when there were strong replacement demand levels. As a result, for the six months ended June 30, 2017, net sales were ¥10,029,255 thousand (down 0.8% from the same period of the previous year), operating income was ¥1,874,784 thousand (down 11.1% from the same period of the previous year), ordinary income was ¥1,923,735 thousand (down 8.6% from the same period of the previous year), and profit attributable to owners of parent was ¥1,047,459 thousand (down 0.6% from the same period of the previous year).

Performance results by business segment are as follows.

1) Automobile Business

The Automobile Business comprises mainstay used vehicle TV auctions (*1), a shared inventory market (*2), live linked auction (*3), the proxy bidding service (*4) and vehicle inspection service (*5).

In the automotive sector, which has close connections with our business, the total of new-vehicle registrations (*6) rose 9.2% year-on-year to 2.78 million units in the six months ended June 30, 2017. The total number of used-vehicle registrations (*7) rose 2.3% year-on-year to 3.67 million units and the number of vehicles exhibited (*8) at used-vehicle auctions around Japan rose 5.1% year-on-year to 3.97 million units. The total number of vehicles for which contracts (*8) were completed rose 5.4% year-on-year to 2.46 million units. In each category, results were up year-on-year. In addition to this pickup in market trends, the contract completion rate for used vehicle TV auctions increased, owing to successful attempts to encourage dealers, rental and leasing firms, large car buyers, etc., to list vehicles, while in vehicle inspection services, the number of vehicles contracted for inspection increased from physical auction sites and large used car information magazines. As a result, for the six months ended June 30, 2017, net sales were ¥5,778,086 thousand (up 5.6% from the same period of the previous year), and operating income was ¥1,727,541 thousand (up 5.9% from the same period of the previous year).

(*1) Used vehicle TV auctions are real-time used vehicle auctions for members held online by the Company.

(*2) A shared inventory market is a market that facilitates transactions by utilizing the members' network to share information about members' used vehicle store inventories between members.

(*3) A live linked auction is a service for broadcasting used vehicle auctions held at physical auction sites, through tie-ups between the Company and physical auction sites for transactions between used vehicle business operators.

(*4) The proxy bidding service is an agency service provided by i-Auc, Inc. for bidding, vehicle listing, settlement, and transportation of used vehicles exhibited at physical auction sites, etc., for transactions between used vehicle business operators.

(*5) The vehicle inspection service is a service provided by AIS Inc. for used vehicle inspections and related inspection skills training.

- (*6) Based on statistics compiled by Japan Automobile Dealers Association
- (*7) Based on statistics compiled by Japan Automobile Dealers Association and Japan Light Motor Vehicle and Motorcycle Association
- (*8) Based on U-Car Full Data Book

2) Digital Product Business

The Digital Product Business comprises auctions of used digital equipment including used smart phones and used PCs, and services pertaining to distribution. Distribution volumes did not reach the same level as the same period of the previous fiscal year, owing to strong replacement demand levels in the three months ended March 31, 2016, but in general, acquisitions of new overseas buyers and distribution volumes of used smart phones are trending well. Transactions in the used smart phone business exceeded the same period of the previous fiscal year, as various measures to secure units for distribution were successful, but the main smartphone devices in distribution transitioned to high-price next-generation units, and many good quality devices were distributed, meaning that transaction commission rates declined. As a result, for the six months ended June 30, 2017, net sales were ¥2,362,480 thousand (down 13.7% from the same period of the previous year), and operating income was ¥1,285,567 thousand (down 14.9% from the same period of the previous year).

3) Other Information Distribution Business

The Other Information Distribution Business comprises used motorcycles, flowers (cut and potted), used luxury brand item auctions, and services pertaining to distribution. For used motorcycles, we strengthened measures to encourage members to list items, mainly for major members and those in regional cities. For flowers (cut and potted), we took measures to strengthen distribution services to match the needs of member customers. For luxury brand items, we promoted measures to encourage participation from franchise member stores, and expanded the number of items bought and sold. As a result, for the six months ended June 30, 2017, net sales were ¥1,276,454 thousand (down 2.2% from the same period of the previous year), and operating income was ¥371,479 thousand (up 17.1% from the same period of the previous year).

4) Other Business

Other Business comprises online sales of automotive accessories, system development and provision, communications and operation and maintenance service provision, used medical equipment auctions and overseas businesses.

For the six months ended June 30, 2017, net sales were ¥977,876 thousand (down 4.1% from the same period of the previous year), and operating loss was ¥38,410 thousand (the same period of the previous year was ¥72,733 thousand of operating income).

(2) Explanation of Financial Position

1) Status of Assets, Liabilities, and Net Assets

Total assets as of the end of the second quarter of the fiscal year under review amounted to ¥27,901,932 thousand, an increase of ¥2,455,865 thousand from the end of the previous fiscal year. This is mainly attributable to a ¥62,904 thousand decrease in property, plant and equipment and a ¥314,029 thousand decrease in intangible assets, despite a ¥2,202,736 thousand increase in cash and deposits, a ¥535,415 thousand increase in due from auction members, and a ¥169,945 thousand increase in investments and other assets.

Total liabilities amounted to ¥11,658,813 thousand, a decrease of ¥1,647,736 thousand from the end of the previous fiscal year. This is mainly attributable to a ¥1,400,000 thousand decrease in short-term loans payable, a ¥163,351 thousand decrease in income taxes payable, and a ¥12,874 thousand decrease in other provision, despite a ¥160,709 thousand increase in accounts payable - trade, a ¥117,613 thousand increase in due to auction members, and a ¥60,133 thousand increase in net defined benefit liability.

Total net assets amounted to ¥16,243,118 thousand, an increase of ¥4,103,602 thousand from the end of

the previous fiscal year. This is mainly attributable to a ¥515,032 thousand decrease in treasury shares, despite a ¥1,047,459 thousand increase in retained earnings, a ¥1,455,729 thousand increase in capital stock, a ¥1,019,467 thousand increase in capital surplus, a ¥50,050 thousand increase in valuation difference on available-for-sale securities, and a ¥22,415 thousand increase in non-controlling interests.

2) Status of Cash Flows

Cash and cash equivalents at the end of the second quarter of the fiscal year under review amounted to ¥14,776,604 thousand, an increase of ¥2,315,767 thousand from the end of the previous fiscal year.

The status of cash flows by activity in the six months ended June 30, 2017, and the main factors affecting cash flows are as follows.

(Cash flows from operating activities)

Cash provided by operating activities amounted to ¥1,090,116 thousand. As a main breakdown of inflows, profit before income taxes was ¥1,899,860 thousand, depreciation was ¥240,844 thousand, amortization of goodwill was ¥480,776 thousand, increase in notes and accounts payable - trade was ¥160,709 thousand, increase in due to auction members to ¥117,613 thousand, and income taxes refund was ¥104,514 thousand. As a main breakdown of outflows, increase in due from auction members was ¥535,415 thousand, and income taxes paid was ¥992,177 thousand.

(Cash flows from investing activities)

Cash used in investing activities amounted to ¥328,036 thousand. This was mainly attributable to proceeds from withdrawal of time deposits of ¥413,030 thousand, payments into time deposits of ¥300,000 thousand, and purchase of intangible assets of ¥315,016 thousand.

(Cash flows from financing activities)

Cash provided by financing activities amounted to ¥1,557,560 thousand. This was mainly attributable to proceeds from issuance of common shares of ¥1,455,729 thousand, proceeds from sales of treasury shares of ¥1,534,500 thousand, and net decrease in short-term loans payable of ¥1,400,000 thousand.

(3) Explanation of Consolidated Performance Forecast and Other Forward-looking Information

There are no changes to the performance forecast announced on March 29, 2017.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of December 31, 2016	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	13,333,868	15,536,604
Accounts receivable - trade	854,244	846,726
Due from auction members	3,355,597	3,891,013
Other	1,491,868	1,419,577
Allowance for doubtful accounts	(40,848)	(36,338)
Total current assets	18,994,729	21,657,583
Non-current assets		
Property, plant and equipment	1,336,736	1,273,832
Intangible assets		
Goodwill	1,442,330	961,553
Other	870,362	1,037,109
Total intangible assets	2,312,692	1,998,663
Investments and other assets	2,801,907	2,971,852
Total non-current assets	6,451,336	6,244,348
Total assets	25,446,066	27,901,932
Liabilities		
Current liabilities		
Accounts payable - trade	474,965	635,675
Due to auction members	6,487,612	6,605,225
Short-term loans payable	1,400,000	-
Income taxes payable	988,974	825,622
Other provision	222,132	209,257
Other	1,304,793	1,043,935
Total current liabilities	10,878,478	9,319,717
Non-current liabilities		
Net defined benefit liability	1,498,192	1,558,325
Other	929,878	780,770
Total non-current liabilities	2,428,071	2,339,096
Total liabilities	13,306,549	11,658,813
Net assets		
Shareholders' equity		
Capital stock	138,788	1,594,517
Capital surplus	5,665,384	6,684,852
Retained earnings	6,397,559	7,445,018
Treasury shares	(515,032)	-
Total shareholders' equity	11,686,700	15,724,388
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	318,595	368,646
Foreign currency translation adjustment	31,549	21,944
Remeasurements of defined benefit plans	(30,596)	(27,542)
Total accumulated other comprehensive income	319,548	363,047
Non-controlling interests	133,267	155,682
Total net assets	12,139,516	16,243,118
Total liabilities and net assets	25,446,066	27,901,932

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Six Months Ended June 30, 2016 and 2017

(Thousand yen)

	For the six months ended June 30, 2016	For the six months ended June 30, 2017
Net sales	10,106,044	10,029,255
Cost of sales	3,565,691	3,601,858
Gross profit	6,540,353	6,427,397
Selling, general and administrative expenses	4,431,984	4,552,613
Operating income	2,108,368	1,874,784
Non-operating income		
Interest income	8,298	3,899
Dividend income	16,272	27,707
Share of profit of entities accounted for using equity method	28,585	39,501
Reversal of allowance for doubtful accounts	63,935	–
Other	12,422	19,063
Total non-operating income	129,514	90,172
Non-operating expenses		
Interest expenses	27,004	2,859
Foreign exchange losses	106,603	36,556
Other	172	1,805
Total non-operating expenses	133,780	41,220
Ordinary income	2,104,102	1,923,735
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	386	–
Other	22	–
Total extraordinary income	408	–
Extraordinary losses		
Loss on sales and retirement of non-current assets	5,973	21,287
Other	94,181	2,586
Total extraordinary losses	100,155	23,874
Profit before income taxes	2,004,356	1,899,860
Income taxes	944,916	829,986
Profit	1,059,439	1,069,874
Profit attributable to non-controlling interests	6,021	22,415
Profit attributable to owners of parent	1,053,418	1,047,459

Quarterly Consolidated Statements of Comprehensive Income
Six Months Ended June 30, 2016 and 2017

(Thousand yen)

	For the six months ended June 30, 2016	For the six months ended June 30, 2017
Profit	1,059,439	1,069,874
Other comprehensive income		
Valuation difference on available-for-sale securities	(72,523)	50,050
Foreign currency translation adjustment	(12,155)	(9,605)
Remeasurements of defined benefit plans, net of tax	–	3,053
Total other comprehensive income	(84,679)	43,499
Comprehensive income	974,760	1,113,373
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	968,738	1,090,958
Comprehensive income attributable to non-controlling interests	6,021	22,415

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended June 30, 2016	For the six months ended June 30, 2017
Cash flows from operating activities		
Profit before income taxes	2,004,356	1,899,860
Depreciation	207,950	240,844
Amortization of goodwill	480,776	480,776
Increase (decrease) in allowance for doubtful accounts	(59,331)	(2,692)
Interest and dividend income	(24,571)	(31,607)
Interest expenses	27,004	2,859
Share of (profit) loss of entities accounted for using equity method	(28,585)	(39,501)
Decrease (increase) in notes and accounts receivable - trade	(11,632)	6,317
Decrease (increase) in due from auction members	(643,072)	(535,415)
Increase (decrease) in notes and accounts payable - trade	233,218	160,709
Increase (decrease) in due to auction members	(282,276)	117,613
Other, net	405,351	(350,825)
Subtotal	2,309,187	1,948,940
Interest and dividend income received	25,292	31,609
Interest expenses paid	(31,635)	(2,769)
Income taxes paid	(1,040,487)	(992,177)
Income taxes refund	381,232	104,514
Net cash provided by (used in) operating activities	1,643,589	1,090,116
Cash flows from investing activities		
Payments into time deposits	(600,000)	(300,000)
Proceeds from withdrawal of time deposits	50,000	413,030
Purchase of property, plant and equipment	(18,386)	(17,289)
Purchase of intangible assets	(164,763)	(315,016)
Other, net	(192,032)	(108,761)
Net cash provided by (used in) investing activities	(925,182)	(328,036)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	–	(1,400,000)
Repayments of long-term loans payable	(538,000)	–
Proceeds from issuance of common shares	77,577	1,455,729
Proceeds from sales of treasury shares	–	1,534,500
Other, net	(32,263)	(32,668)
Net cash provided by (used in) financing activities	(492,685)	1,557,560
Effect of exchange rate change on cash and cash equivalents	(14,691)	(3,873)
Net increase (decrease) in cash and cash equivalents	211,030	2,315,767
Cash and cash equivalents at beginning of period	9,664,737	12,460,837
Increase in cash and cash equivalents resulting from merger	20,096	–
Cash and cash equivalents at end of period	9,895,864	14,776,604

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in amount of shareholders' equity)

The Company increased capital through a public offering of 700,000 shares with March 28, 2017 as payment date, and disposal of 1,500,000 shares of treasury shares, and capital stock increased by ¥716,100 thousand, capital surplus increased by ¥1,019,467 thousand, and treasury shares decreased by ¥515,032 thousand. In addition, the Company issued 723,000 new shares by a paid-in capital increase through third-party allotment (capital increase through third-party allotment connected with a secondary offering by way of over-allotment) with payment date of April 25, 2017, and capital stock increased ¥739,629 thousand.

As a result, as of June 30, 2017, capital stock amounted to ¥1,594,517 thousand, capital surplus amounted to ¥6,684,852 thousand, and treasury shares amounted to ¥— thousand.

(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)

Tax expenses are calculated by making a reasonable estimate of the effective tax rate after application of tax-effect accounting to income before income taxes for the fiscal year (consolidated) including the second quarter of the fiscal year under review, with quarterly income before income taxes then multiplied by the estimated effective tax rate.

However, in the event that this tax expense calculation using estimated effective tax rate results in a significantly improbable figure, a method using the statutory effective tax rate may be adopted.

(Segment information, etc.)

[Segment information]

For the six months ended June 30, 2016 (from January 1, 2016 to June 30, 2016)

1. Information on net sales and income (loss) by reportable segment

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Automobile Business	Digital Product Business	Other Information Distribution Business	Total				
Net sales								
Net sales to outside customers	5,383,362	2,737,765	1,305,540	9,426,667	679,376	10,106,044	–	10,106,044
Inter-segment net sales or transfers	88,523	–	–	88,523	339,957	428,481	(428,481)	–
Total	5,471,885	2,737,765	1,305,540	9,515,191	1,019,334	10,534,525	(428,481)	10,106,044
Segment income (loss)	1,632,028	1,510,789	317,353	3,460,171	72,733	3,532,904	(1,424,535)	2,108,368

(Notes) 1. “Others” is the segment which is not included in reportable segments, including such businesses as online sales of automotive accessories, system development and provision, communications and operation and maintenance service provision, used medical equipment auctions and overseas businesses.

2. Adjustment of segment income (loss) of negative ¥1,424,535 thousand includes goodwill amortization of negative ¥480,776 thousand, and corporate expenses of negative ¥943,759 thousand not allocated to specific reportable segments. Corporate expenses chiefly comprise general and administrative expenses not allocated to specific reportable segments.

3. Adjustments are made to reconcile segment income (loss) with operating income reported on the quarterly consolidated statements of income.

2. Reporting segment-specific information on impairment loss on non-current assets and details of goodwill, etc.

Not applicable.

For the six months ended June 30, 2017 (from January 1, 2017 to June 30, 2017)

1. Information on net sales and income (loss) by reportable segment

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Automobile Business	Digital Product Business	Other Information Distribution Business	Total				
Net sales								
Net sales to outside customers	5,691,644	2,362,480	1,276,454	9,330,579	698,676	10,029,255	–	10,029,255
Inter-segment net sales or transfers	86,442	–	–	86,442	279,200	365,643	(365,643)	–
Total	5,778,086	2,362,480	1,276,454	9,417,022	977,876	10,394,898	(365,643)	10,029,255
Segment income (loss)	1,727,541	1,285,567	371,479	3,384,588	(38,410)	3,346,177	(1,471,393)	1,874,784

(Notes) 1. “Others” is the segment which is not included in reportable segments, including such businesses as online sales of automotive accessories, system development and provision, communications and operation and maintenance service provision, used medical equipment auctions and overseas businesses.

2. Adjustment of segment income (loss) of negative ¥1,471,393 thousand includes goodwill amortization of negative ¥480,776 thousand, and corporate expenses of negative ¥990,616 thousand not allocated to specific reportable segments. Corporate expenses chiefly comprise general and administrative expenses not allocated to specific reportable segments.

3. Adjustments are made to reconcile segment income (loss) with operating income reported on the quarterly consolidated statements of income.

2. Reporting segment-specific information on impairment loss on non-current assets and details of goodwill, etc.

Not applicable.