

To our shareholders

## **Business Report for FY2015**

April 1, 2015 ▶ March 31, 2016

## To Our Shareholders

I would like to express our cordial appreciation for your continuous support and loyal patronage.

In the Japanese economy during the consolidated fiscal year ended March 2016, while the domestic economy had a trend toward moderate recovery, the business environment for our company was harsh due to influence from slumping precious metals prices and slowdown in global resource-related industries starting in the fall. Under such circumstances, the group's results in each segment were as follows.

### **Precious metal business**

In the electronics sector, the contraction of the domestic market continues, but by expanding market share in the E-scrap business and the precision cleaning businesses, the group increased the volume of collection of gold from corresponding figures for the previous fiscal year. In the dental sector, with the amount of precious metals used for dental materials declining, the volume of collection of gold and palladium decreased from the previous fiscal year. In the jewelry sector, increasing transactions with customers in jewelry purchasing business led to a higher year-on-year volume of collection of gold and platinum. In the automotive catalyst sector, due to a continuing trend toward a decreasing number of domestic scrapped vehicles, the year-on-year volume of collection of palladium and platinum decreased.

In the gold and silver refining business in North America, amidst stagnant precious metals prices and a slowdown in global mining activities, both processing volume and unit price continued to decline. Under such circumstances, while endeavoring toward company-wide cost reductions by integrating technology of Asahi Refining and Asahi Pretec, Asahi Refining continues to work on vigorous marketing activities to enhance awareness of "Asahi" brand.

### **Environmental preservation business**

Reflecting the state of production activities of domestic businesses, a decreasing trend continues for the volume of industrial waste emissions. Under these circumstances, as the result of putting efforts into new contract development by leveraging each group company's characteristics and expanding sales channels by collaboration among group companies while working toward stable plant operations, the performance was solid as a whole.

### **Life & health business**

Amidst lacking recovery of personal consumption, Fujiiryoki is focusing on measures to expand sales including the introduction of new products for women and a full model change of the massage chair lineup, on top of cost reduction. As a result, performance was robust in terms of profits. The harsh business environment continues for Inter Central, the main products of which are heaters, but in addition to reducing fixed costs, it is working on promotion of replacement purchases by existing customers, launching new products such as far-infrared heaters, and so on.

As a result of the above, in terms of the performance for this consolidated fiscal year, sales were 118,473 million yen. Operating income was 8,705 million yen. Ordinary income was 8,510 million yen. Current profit attributable to owners of parent net were 5,031 million yen. Further, for the year ending March 31, 2017, we are planning to pay out 30 yen per share for both interim and year-end dividend, making the full year amount 60 yen per share.

We ask all our shareholders for their continuous understanding and support of the activities of the Asahi Holdings Group.



President & CEO

A handwritten signature in black ink, appearing to read "M. Terayama". The signature is fluid and cursive, written over a white background.

## Topics (1/2)

### Advancement of corporate governance

#### □ Establishment of “Asahi Holdings Corporate Governance Policies”

From the point of sustainable growth and mid-to long-term enhancement of Corporate value, we have established “Asahi Holdings Corporate Governance Policies” at Board of Directors meeting held November 17. Based on this policies, we will endeavor to enhance corporate governance by implementing the policies.

#### [Chapter of Corporate Governance Policies]

- Chapter- I General Provisions
- Chapter- II Relation with Shareholders and others
- Chapter-III Proper Disclosure
- Chapter-IV Stakeholder relationships
- Chapter- V Corporate Governance Structure

We have disclosed this policies on our website  
Both in English and Japanese.

English <http://www.asahiholdings.com/english/ir/library/governance/>  
Japanese <http://www.asahiholdings.com/ir/library/governance/>

#### □ Disclosure of Evaluation Results Concerning Effectiveness of the Entire Board of Directors

As one of the efforts to enhance corporate governance, we have started evaluation from FY2015 and disclosed the results through our website. The evaluation was conducted from the 6 points below.

\*For details of the results, please refer to our website.

#### **[Evaluation categories in questionnaire]**

- (a) Discussion of corporate strategies and other broad directions
- (b) Environmental development supporting appropriate risk-taking
- (c) Fulfillment of highly effective supervision
- (d) Appropriate communication with shareholders, etc.
- (e) Composition of the Board of Directors
- (f) Operation of the Board of Directors meetings

#### Chapter-I: General Provision

- 1. Asahi Way
- 2. Basic Policies for Corporate Governance
- 3. Establishment, Revision and Abolishment

#### Chapter-II: Relations with Shareholders and others

- 1. Securing the Rights of Shareholders
- 2. General Shareholders Meeting
- 3. Dialogue with Shareholders
- 4. Basic Strategy for Capital Policy
- 5. Prevention of Related Party Transactions
- 6. Cross-Shareholding Strategy
- 7. Anti-Takeover Measures

#### Chapter-III: Proper Disclosure

- 1. Basic Policies for Information Disclosure
- 2. Enhancement of Disclosure in English
- 3. Supervision by Board of Directors for Proper Disclosure

#### Chapter-IV: Stakeholder Relationships

- 1. Corporate Ethics
- 2. Relationships with Communities and Activities on Environment
- 3. Relationships with Customers and Trading Partners
- 4. Relationships with Employees
- 5. Whistle-blowing System

#### Chapter-V: Corporate Governance Structure

- 1. Organization Design and Basic Framework
- 2. Board of Directors – Roles -
- 3. Board of Directors – Composition -
- 4. Board of Directors – Operation and Securing Effectiveness -
- 5. Audit and Supervisory Committee
- 6. Directors and Outside Directors
- 7. Securing Proper Audit by Accounting Auditors
- 8. Procedure of Nomination and Dismissing of Directors
- 9. Determining Procedure of Compensation for Directors
- 10. Support for Directors
- 11. Policies of Training for Directors

## Topics (2/2)

### Our Annual Activities(March 2015-March 2016)

2015

2016

Apr. May. Jun. Jul. Aug. Sep. Oct. Nov. Dec. Jan. Feb. Mar.

> Financial results for fiscal year(May 11) > Financial results for 2Q(Oct. 28)

> Financial results for 1Q (Jul. 28)

> Financial results for 3Q(Feb.1)

> Announcement of 7th mid-term business plan (Mar. 25) > Establishment of Nominating committee, Compensation committee (Oct. 1)

> 6th Shareholders meeting (Jun. 16)

Transition to a company with  
Audit and Supervisory committee

> Establishment of  
corporate governance policies (Nov. 17)

> Acquisition of Asahi Refining(Mar.)



**ASAHI**  
REFINING

> Renewal of website  
(Nov.)



#### Group's new products

> **mashua** (Apr.)

Fujiiryoki  
Foot air massager



> **AS-1000** (Nov.)

Fujiiryoki  
Massage chair

> **My relax** (Dec.)

Fujiiryoki  
Seat massager



> **Seraphy** (Nov.)

Inter central  
Far- infrared heater

# Consolidated Financial Highlights (1/2)

(Millions of yen)

## Consolidated Balance Sheet

	As of March 31,2015	As of March 31,2016
<b>ASSETS</b>		
Current assets	48,556	<b>51,570</b>
Noncurrent assets	56,321	<b>52,019</b>
Property, plant and equipment	32,334	<b>30,791</b>
Intangible assets	22,643	<b>20,105</b>
Investments and other assets	1,343	<b>1,121</b>
<b>Total assets</b>	<b>104,877</b>	<b>103,589</b>
<b>LIABILITIES</b>		
Current liabilities	45,603	<b>28,442</b>
Noncurrent liabilities	8,316	<b>23,806</b>
<b>Total liabilities</b>	<b>53,919</b>	<b>52,288</b>
<b>NET ASSETS</b>		
Shareholders' equity	49,819	<b>52,747</b>
Capital stock	4,480	<b>4,480</b>
Capital surplus	6,038	<b>6,112</b>
Retained earnings	44,459	<b>47,524</b>
Treasury stock	(5,159)	<b>(5,371)</b>
Total accumulated other comprehensive income	685	<b>(1,884)</b>
Subscription rights to shares	77	-
Non-controlling interests	375	<b>438</b>
<b>Total net assets</b>	<b>50,958</b>	<b>51,300</b>
<b>Total liabilities and net assets</b>	<b>104,877</b>	<b>103,589</b>

Notes: Amounts above are rounded down to unit of display

(Millions of yen)

## Consolidated Statements of Income

	The Fiscal Year ended March 31, 2015	The Fiscal Year Ended March 31, 2016
Net sales	111,417	118,473
Cost of sales	88,340	92,719
Gross profit	23,076	25,753
Selling, general and administrative expenses	12,595	17,048
<b>Operating income</b>	<b>10,480</b>	<b>8,705</b>
Non-operating income	183	89
Non-operating expenses	102	284
<b>Ordinary income</b>	<b>10,561</b>	<b>8,510</b>
Extraordinary income	19	109
Extraordinary loss	863	512
<b>Income before income taxes</b>	<b>9,717</b>	<b>8,106</b>
Income taxes-current	3,916	3,153
Income taxes-deferred	(40)	(179)
Profit attributable to non-controlling	67	100
<b>Profit attributable to owners of parent</b>	<b>5,774</b>	<b>5,031</b>

Notes: Amounts above are rounded down to unit of display

# Consolidated Financial Highlights (2/2)

(Millions of yen)

## Consolidated Statements of Comprehensive Income

	The Fiscal Year ended March 31, 2015	The Fiscal Year Ended March 31, 2016
Profit	5,842	5,132
Total other comprehensive income	131	(2,577)
Comprehensive income	5,973	2,554

Notes: Amounts above are rounded down to unit of display

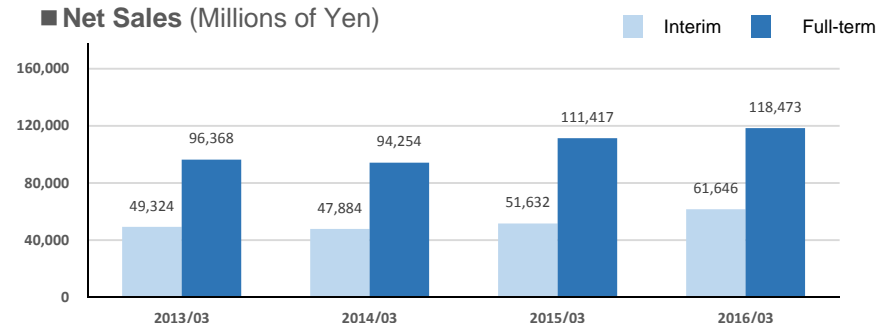
(Millions of yen)

## Consolidated Statements of Cash Flows

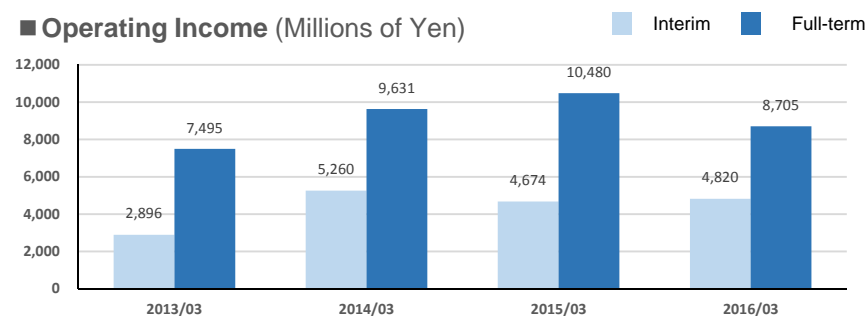
	The Fiscal Year ended March 31, 2015	The Fiscal Year Ended March 31, 2016
Net cash provided by (used in) operating activities	9,419	14,289
Net cash provided by (used in) investing activities	(29,633)	(1,900)
Net cash provided by (used in) financing activities	21,442	(6,473)
Effect of exchange rate change on cash and cash equivalents	143	(191)
Net increase (decrease) in cash and cash equivalents	1,371	5,723
Cash and cash equivalents at beginning of period	9,470	10,841
Cash and cash equivalents at the end of period	10,841	16,564

Notes: Amounts above are rounded down to unit of display

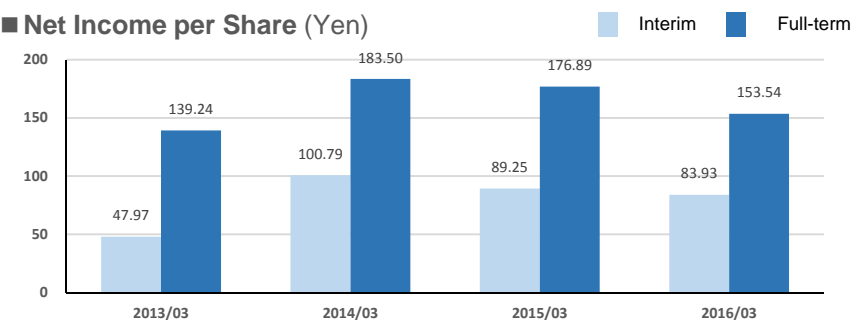
## Net Sales (Millions of Yen)



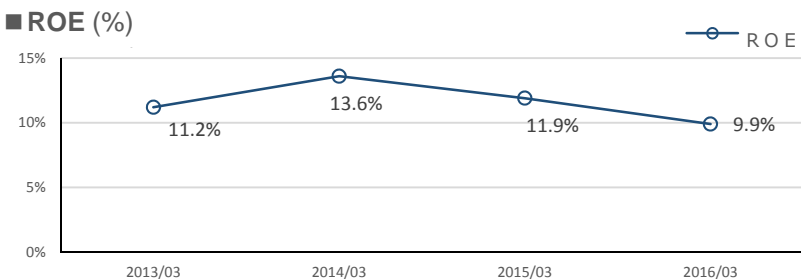
## Operating Income (Millions of Yen)



## Net Income per Share (Yen)



## ROE (%)



## Stock Information / Corporate Profile

### ■ Stock Information

(As of March 31, 2016)

Total number of authorized shares	129,000,000 Shares
Total number of shares outstanding	36,254,344 Shares
Number of shares per trading unit	100 Shares
Number of shareholders	11,129 Person

### ■ Principal shareholders

Name of Shareholders	Number of Shares-Held (Thousand Shares)	Ratio of Share-Holding (%)
Japan Trustee Services Bank, Ltd. (Trust account)	2,007	5.54
TERA ENTERPRISES Co., Ltd.	1,350	3.72
The Master Trust Bank of Japan, Ltd. (Trust account)	923	2.55
Mitsuharu Terayama	882	2.43
Masamichi Terayama	802	2.21
K&M Co., Ltd.	700	1.93
Asahi Employee Stock Ownership Plan	698	1.93
Japan Trustee Services Bank, Ltd. (Trust account 9)	531	1.47
CBNY-GOVERNMENT OF NORWAY	529	1.46
STATE STREET BANK AND TRUST COMPANY 505025	519	1.43

※Total Number of Treasury Shares (3,432,607 shares) are excluding from the above.

### ■ Corporate Profile

(As of March 31, 2016)

Corporate name	<b>Asahi Holdings, Inc.</b>
Establishment	April 2009
Foundation	July 1952
Capital	¥4,480 million
Number of employees	2,005 (Consolidated)
Business lines	Recycling, refining and sales of precious metals Industrial waste treatment (Industrial waste treatment and other environmental preservation business) Manufacturing and sales, construction of life and healthcare related equipment

### ■ Subsidiaries

Asahi Pretec Corp.	JW Glass Recycling Co., Ltd.
Japan Waste Corporation	Taiyo Chemical Co., Ltd.
Asahi Americas Holdings, Inc	Kyodo Chemical Co., Ltd.
JW Logistics Co., Ltd.	Iyotec Co., Ltd.
Nihon Chemitec Co., Ltd.	FUJI MEDICAL INSTRUMENTS MFG. Co., Ltd.
Fuji Rozai Co., Ltd.	INTER CENTRAL, INC.
Ecomax Incorporated	KOEIKOGYO CO., LTD.

### ■ Overseas subsidiaries

Asahi G&S SDN. BHD. (Malaysia)  
Shanghai Asahi Pretec Co., Ltd. (China)  
Asahi Pretec Korea Co., Ltd. (Korea)  
Asahi Pretec Taiwan Co., Ltd. (Taiwan)  
Asahi Shih Her Technologies Co., Ltd. (Taiwan)  
Asahi Refining USA Inc. (USA)  
Asahi Refining Canada Ltd. (Canada)

### ■ Board of Directors

President & CEO: Mitsuharu Terayama	Directors: Shoji Morii <sup>*1 *2</sup>
Directors: Yoshikatsu Takeuchi	Yukio Tanabe <sup>*1</sup>
Tomoya Higashiura	Kazuhiko Tokumine <sup>*1 *2</sup>
Keitaro Shigemasa	Hiroharu Okubo <sup>*1 *2</sup>
Kazuo Kawabata	

<sup>\*1</sup> Audit and Supervisory Committee member

<sup>\*2</sup> Outside officers pursuant to Article 2, paragraph (3) item (v) of Ordinance for Enforcement of the Companies Act.

## Head Offices

Asahi Holdings Group operates the business in three segments: the precious metal business, the environmental preservation business, and the life & health business under Asahi Holdings, Inc. which is the pure holding company.

### ■ Head Offices

#### KOBE

Nissei Sannomiya Bldg., 4-4-17 Kano-cho, Chuo-ku, Kobe, 650-0001, Japan  
Tel. +81-78-333-5633 (Pilot number) Facsimile +81-78-333-5681

#### TOKYO

Sapia Tower, 1-7-12 Marunouchi, Chiyoda-ku, Tokyo, 100-0005, Japan  
Tel. +81-3-6270-1833 (Pilot number) Facsimile +81-3-6270-1859

## General Information

- Business Term April 1 - March 31
- Record Date March 31
- Fixed Date of Dividend Paid March 31
- Fixed date of Interim Dividend Paid September 30
- Shareholder Registry Administrator Mitsubishi UFJ Trust and Banking Corporation
- Transfer Agent Mitsubishi UFJ Trust and Banking Corporation
- Contact of the Agent 3-6-3 Fushimi-cho, Chuo-ku, Osaka City, Osaka 541-8502 JAPAN  
Mitsubishi UFJ Trust and Banking Corporation Osaka Stock Transfer Agent Dept.
- Public Notice Electronic public notice <http://www.asahiholdings.com/>