

To our shareholders

## **Business Report for FY2016**

April 1, 2016 ▶ March 31, 2017

Figures stated in these financial results are presented on the basis of IFRS. Figures for the six months ended September 30, 2015 and the full-year figures for the previous fiscal year have been presented on the basis of IFRS through the reclassification of JGAAP-based figures disclosed in the previous fiscal year.

# 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 31, 2017, moderate recovery continued, as exhibited by signs of improvement in corporate earnings and employment environment, on the back of the government's economic policies and the Bank of Japan's monetary easing policies, despite lackluster personal consumption figures. The political changes have had a significant impact on the currency exchange and commodity market conditions.

Under these economic conditions, the group's results in each business segment were as follows.

## Precious metal business

Volume of collection in the precious metals recycling business was as follows. In the electronics sector, the volume of collection of gold was at the same level as in the same period a year earlier despite the continued contraction of the domestic market, thanks to the sustenance of current customers and development of new customers in the E-scrap and precision cleaning businesses. In the dental sector, amidst the amount of precious metals used for dental materials declining, the volume of collection of gold and palladium remained at the same level as in the same period last year. In the jewelry sector, the volume of collection of platinum was larger than in the same period a year before, although the year-on-year volume of collection of gold was lower due to continued drop in the volume of distribution in the purchasing market. In the automotive catalyst sector, vigorous marketing efforts led to a higher volume of collection of palladium and platinum than in the same period a year earlier despite the continued decline in the number of domestic scrapped vehicles. Regarding the average price of precious metals, the average price for silver was higher than in the same period a year before, while the average prices for gold, palladium and platinum were lower than in the same period last year.

As for gold and silver refining business in North America, the unit price for commissioned refining business remained at a low level due to continued slowdown of related industries. This affected revenue of the business, and as a result of a careful review of the future recoverability of goodwill generated on the acquisition of Asahi Refining, an impairment loss of 7,512 million yen was recorded. As a result of this, the outstanding balance of goodwill for Asahi Refining decreased to zero.

## Environmental preservation business

Although the volume of industrial waste discharged in Japan is on a downward trend in general, the overall volume handled by the group remained stable as group companies focused on developing new customers and obtaining contracts by capitalizing on their characteristics and inter-company collaboration.

## Life & health business

In the health care equipment sectors, overall sales of large-size massage chairs as the core item and other products remained sluggish amidst weak personal consumption and other factors despite efforts to expand the sales of low-style massage chairs, small-sized massage devices, and electrolytic hydrogen water ionizers, among others. As for fire-fighting equipment, business remained strong thanks in part to an increase in building construction projects in the metropolitan area.

As a result of the above, in terms of the performance for this consolidated fiscal year, revenue was 106,828 million yen. Operating income was 2,038 million yen. Loss attributable to owners of parent was 1,213 million yen.

Further, for the year ending March 31, 2018, 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 "Mr. Terayama".

# Topics

## Our Annual Activities (April 2016- May 2017)

2016

2017

Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
	<ul style="list-style-type: none"> <li>Financial results for fiscal year (May. 10)</li> </ul>			<ul style="list-style-type: none"> <li>Financial results for 1Q (Jul. 28)</li> </ul>			<ul style="list-style-type: none"> <li>Financial results for 2Q (Oct. 28)</li> </ul>			<ul style="list-style-type: none"> <li>Financial results for 3Q (Feb. 1)</li> </ul>	

- Transition to IFRS (Apr.)
  - 8<sup>th</sup> Shareholders meeting (Jun.14)
- Added special content to Asahi Holdings, Inc. website (Apr.)
- Renovated Fukuoka Office (Sep.)  
Asahi Pretec

- Selected as a component issue for the JPX-Nikkei Mid and Small Cap Index (Nov.)



Fukuoka Office outside shot

## Group's New Products



Low style massage chair H AS-LS1



MyHeat Seraphy MHS-900A

- MyHeat Seraphy MHS-900A (Sep.)  
Far infrared heater / Inter Central

- My relax MRL-1100 (Nov.)  
Seat massager / Fujjiyoki



Auto core training FF-100

- Low style massage chair H AS-LS1 (Dec.)  
Massage chair / Fujjiyoki
- Auto core training FF-100 (Dec.)  
Fitness machine / Fujjiyoki

# Consolidated Financial Highlights (1/2)

(Millions of yen)

## Condensed Consolidated Statements of Financial Position

	As of March 31,2016	As of March 31,2017
<b>ASSETS</b>		
Current assets	49,737	46,056
Noncurrent assets	51,861	42,920
Property, plant and equipment	31,788	31,987
Intangible assets	17,892	9,156
Other assets	2,180	1,776
<b>Total assets</b>	<b>101,599</b>	<b>88,976</b>
<b>LIABILITIES</b>		
Current liabilities	28,917	20,787
Noncurrent liabilities	23,693	23,361
<b>Total liabilities</b>	<b>52,610</b>	<b>44,148</b>
<b>EQUITY</b>		
Capital stock	4,480	4,480
Capital surplus	6,112	6,126
Treasury stock	(5,371)	(5,371)
Retained earnings	45,845	42,783
Other components of equity	(2,476)	(3,716)
<b>Total equity attributable to owners of Parent</b>	<b>48,591</b>	<b>44,303</b>
Non-controlling interests	396	524
<b>Total equity</b>	<b>48,988</b>	<b>44,827</b>
<b>Total liabilities and equity</b>	<b>101,599</b>	<b>88,976</b>

Notes: Amounts above are rounded down to unit of display

(Millions of yen)

## Condensed Consolidated Statements of Income

	The Fiscal Year ended March 31, 2016	The Fiscal Year ended March 31, 2017
Revenue	119,352	106,828
Cost of sales	93,394	82,520
Gross profit	25,958	24,307
Selling, general and administrative expenses	15,699	15,215
Other operating income	109	729
Other operating expenses	4,310	7,784
<b>Operating income</b>	<b>6,057</b>	<b>2,038</b>
Finance income	39	17
Finance cost	227	304
<b>Profit before tax</b>	<b>5,868</b>	<b>1,751</b>
Income tax expenses	2,883	2,837
<b>Profit</b>	<b>2,985</b>	<b>(4,034)</b>
Profit attributable to owners of parent	2,867	(1,213)
Profit attributable to non-controlling interests	118	127
<b>Profit</b>	<b>2,985</b>	<b>(1,086)</b>

Notes: Amounts above are rounded down to unit of display

# Consolidated Financial Highlights (2/2)

(Millions of yen)

## Condensed Consolidated Statements of Comprehensive Income

	The Fiscal Year ended March 31, 2016	The Fiscal Year ended March 31, 2017
Profit	2,985	(1,086)
Other comprehensive income, net of tax	(2,929)	(2,617)
Comprehensive income	56	(2,217)

Notes: Amounts above are rounded down to unit of display

(Millions of yen)

## Condensed Consolidated Statements of Cash Flows

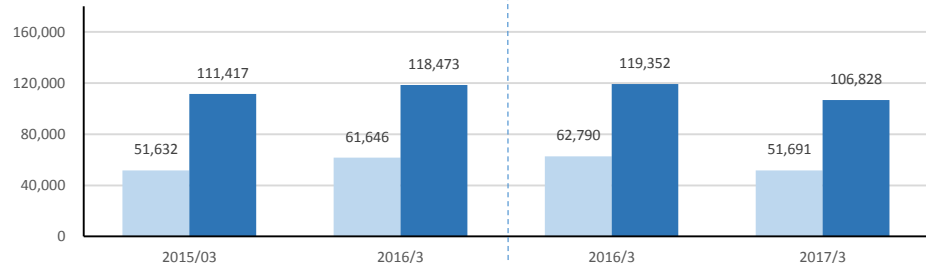
	The Fiscal Year ended March 31, 2016	The Fiscal Year ended March 31, 2017
Net cash provided by (used in) operating activities	14,321	3,319
Net cash provided by (used in) investing activities	(1,936)	(2,442)
Net cash provided by (used in) financing activities	(6,473)	(6,630)
Effect of exchange rate change on cash and cash equivalents	(187)	(13)
Net increase (decrease) in cash and cash equivalents	5,723	(5,766)
Cash and cash equivalents at beginning of period	10,841	16,564
Cash and cash equivalents at the end of period	16,564	10,798

Notes: Amounts above are rounded down to unit of display

## Revenue (Millions of Yen)

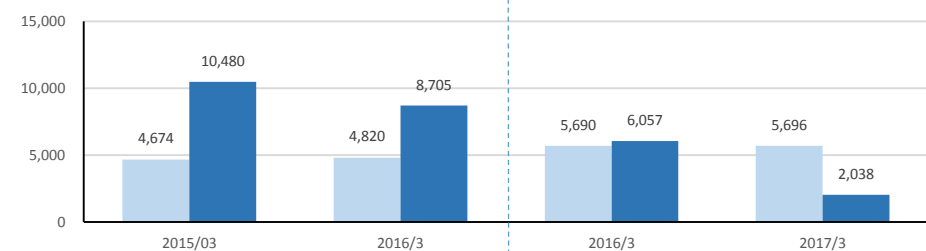
JGAAP ← → IFRS

■ Interim ■ Full-term



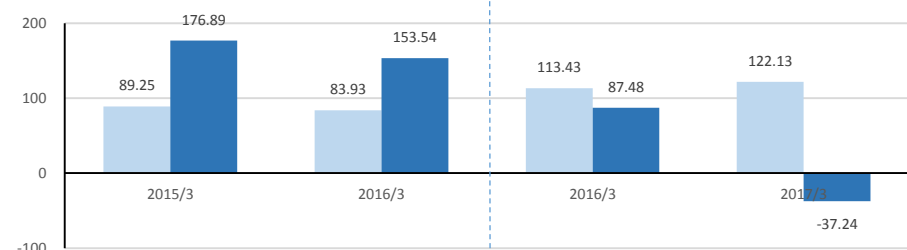
## Operating Income (Millions of Yen)

■ Interim ■ Full-term

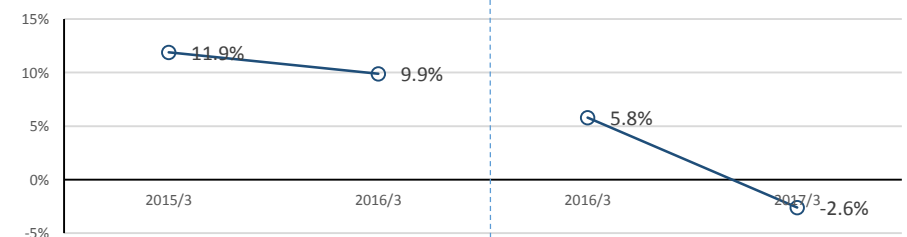


## Basic Earning per Share (Yen)

■ Interim ■ Full-term



## ROE (%)



\*Figures from March 2016 are presented on the basis of IFRS.

# Stock Information / Corporate Profile

## ■ Stock Information (As of March 31, 2017)

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	9,062 Person

## ■ Principal shareholders

Name of Shareholders	Number of Shares-Held (Thousand Shares)	Ratio of Share-Holding (%)
Japan Trustee Services Bank, Ltd. (Trust account)	2,195	6.06
The Master Trust Bank of Japan, Ltd. (Trust account)	1,406	3.88
TERA ENTERPRISES Co., Ltd.	1,150	3.17
Mitsuharu Terayama	882	2.43
Masamichi Terayama	802	2.21
Asahi Employee Stock Ownership Plan	714	1.97
K&M Co., Ltd.	700	1.93
CBNY-GOVERNMENT OF NORWAY	647	1.79
Japan Trustee Services Bank, Ltd. (Trust account 5)	579	1.60
STATE STREET BANK AND TRUST COMPANY 505025	567	1.56

※Total Number of Treasury Shares (3,432,787 shares) are excluding from the above.

## ■ Corporate Profile (As of March 31, 2017)

Corporate name	<b>Asahi Holdings, Inc.</b>
Establishment	April 2009
Foundation	July 1952
Capital	¥4,480 million
Number of employees	1,961(Consolidated)
Business lines	Recycling, refining and sales of precious metals Environmental preservation (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.

\*Nihon Chemitech Co., Ltd., was renamed JW Chemitech Co., Ltd., as of April 1, 2017.

\*Kyodo Chemical Co., Ltd., was absorbed into Asahi Pretec Corp. as of April 1, 2017.

### 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 *1 *2
Directors: Yoshikatsu Takeuchi	Yukio Tanabe *1
Tomoya Higashiura	Kazuhiko Tokumine *1 *2
Keitaro Shigemasa	Hiroharu Okubo *1 *2
Kazuo Kawabata	

\*Director Keitaro Shigemasa resigned as Director of the Company as of April 30, 2017.

\*1 Audit and Supervisory Committee member

\*2 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/>