

To our shareholders

Interim Business Report for FY2017

April 1, 2017 ▶ September 30, 2017

Asahi Holdings, Inc.

Stock Code : 5857

Tokyo Stock Exchange (First Section)

To Our Shareholders

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

In the Japanese economy during the second quarter of the current fiscal year (April 1, 2017 through September 30, 2017), corporate earnings and employment situation began to improve on the back of the government's economic policies and the Bank of Japan's monetary easing policies. Although signs of recovery were observed in personal consumption, the outlook remains opaque due to the insecure global situation and other factors. Under these economic conditions, the group's results in each business segment were as follows.

Precious metal business

Volume of collection in the precious metals except silver increased from the same period in the previous year. Regarding the average prices of precious metals, the average prices of gold and palladium rose from the same period in the previous year, while those for silver and platinum fell during the same period.

Environmental preservation business

With the volume of industrial waste discharged in Japan on a downward trend in general, the volume of waste handled by the group registered a decrease from the same period in the previous year for some items. The group launched an effort to develop new customers and obtain contracts by capitalizing on their characteristics. Consequently, the revenue and operating income exceeded the levels in the same period in the preceding year.

Life & health business

In the health care equipment sectors, sales revenue saw an increase from the same period in the previous year, thanks to the launching of a new, large-size massage chair and stepped-up marketing to promote the mail order sales of massage.

As a result of the above, revenue during the second cumulative quarter of the current fiscal year was 57,489 million yen, a year-on-year increase of 5,797 million yen (+11.2 percent). Operating income was 6,383 million yen, an increase of 686 million yen (+12.1 percent) year-on-year. Profit attributable to owners of parent for the period was therefore 4,283 million yen, an increase of 301 million yen (+7.6 percent) year-on-year.

We announced "Notice Regarding Revision of Consolidated Financial Results Forecast and Year-End Dividend Forecast for Fiscal Year Ending March 2018" on October 26, 2017. We have revised the consolidated financial results forecast, owing to precious metal prices exceeding our initial estimates, and collection volume of precious metals is expected to exceed the initial plan. Please refer to the following table for details.

In March 2017, the Company celebrated the 15th anniversary of its listing on the first section of the Tokyo Stock Exchange. To express thanks to shareholders for their constant support, the Company decided to pay a commemorative dividend of 3 yen per share in addition to an ordinary dividend as its Year-End dividend for the FY2017. Therefore the total annual dividends forecast is revised from 60 to 63 yen.

| Consolidated financial results forecast ending March 31, 2018 | (billion yen) | | |
|---|---------------|---------|-----------|
| | Previous | Revised | Change(%) |
| Revenue | 120.0 | 120.0 | — |
| Operating Income | 11.5 | 12.5 | +8.7% |
| Profit before tax | 11.3 | 12.3 | +8.8% |
| Profit attributable to owners of parent | 7.6 | 8.3 | +9.2% |

*The above forecasts have been prepared based on the information available at the time of issuance of this announcement. Actual results may differ from the aforementioned forecasts.

We would like to 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".

15th Anniversary Commemorative Dividend

In March 2017, Asahi Holdings, Inc. celebrated the 15th anniversary of its listing on the first section of the Tokyo Stock Exchange. To express thanks to shareholders for their constant support, the Company decided to pay a commemorative dividend of 3 yen per share in addition to an ordinary dividend as its Year-End dividend for the fiscal year ending March 31, 2018.

FUJIIRYOKI and INTER CENTRAL Received Good Design Award 2017

FUJIIRYOKI(FUJI MEDICAL INSTRUMENTS MFG. Co., Ltd.)

“Cyber Relax AS-1100” and “Relax Solution SKS-6900” prized Good Design Award 2017, which were designed as a high-end model with luxury and beauty. In addition to higher quality and function, they were praised for their comfortable design matching the mood and other furniture in the living room or bed room.

INTER CENTRAL, Inc.

Two models of My Heat Seraphy “MHS-900A” and “MHS-700” (new model) also prized Good Design Award 2017. The concept of products is “coziness and simplicity fitting to any space” and “regularly usable heater for a long time”. They were highly evaluated the calm and simple design which make user not bored and is considered safety.



Cyber Relax Massage Chair AS-1100



My Heat Seraphy MHS-700

Consolidated Financial Highlights (1/2)

(Millions of yen)

Condensed Consolidated Statements of Financial Position

| | As of March 31,2017 | As of September 30,2017 |
|--|---------------------------|-------------------------------|
| ASSETS | | |
| Current assets | 46,056 | 52,216 |
| Noncurrent assets | 42,920 | 43,830 |
| Property, plant and equipment | 31,987 | 32,723 |
| Intangible assets | 9,156 | 9,240 |
| Other assets | 1,776 | 1,866 |
| Total assets | 88,976 | 96,047 |
| LIABILITIES | | |
| Current liabilities | 20,787 | 25,706 |
| Noncurrent liabilities | 23,361 | 23,293 |
| Total liabilities | 44,148 | 48,999 |
| EQUITY | | |
| Capital stock | 4,480 | 4,480 |
| Capital surplus | 6,126 | 5,810 |
| Treasury stock | (5,371) | (5,372) |
| Retained earnings | 42,783 | 46,120 |
| Other components of equity | (3,716) | (4,016) |
| Total equity attributable to owners of Parent | 44,303 | 47,023 |
| Non-controlling interests | 524 | 24 |
| Total equity | 44,827 | 47,048 |
| Total liabilities and equity | 88,976 | 96,047 |

Notes: Amounts above are rounded down to unit of display

(Millions of yen)

Condensed Consolidated Statements of Income

| | The six month ended September 30, 2016 | The six month ended September 30, 2017 |
|---|---|---|
| Revenue | 51,691 | 57,489 |
| Cost of sales | 39,105 | 44,117 |
| Gross profit | 12,586 | 13,372 |
| Selling, general and administrative expenses | 7,483 | 7,142 |
| Other operating income | 629 | 184 |
| Other operating expenses | 35 | 30 |
| Operating income | 5,696 | 6,383 |
| Finance income | 8 | 47 |
| Finance cost | 206 | 210 |
| Profit before tax | 5,499 | 6,220 |
| Income tax expenses | 1,464 | 1,899 |
| Profit | 4,034 | 4,321 |
| Profit attributable to owners of parent | 3,981 | 4,283 |
| Profit attributable to non-controlling interests | 52 | 37 |
| Profit | 4,034 | 4,321 |

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 six month ended September 30, 2016 | The six month ended September 30, 2017 |
|---|--|--|
| Profit | 4,034 | 4,321 |
| Other comprehensive income, net of tax | (2,617) | (269) |
| Comprehensive income | 1,416 | 4,052 |

Notes: Amounts above are rounded down to unit of display

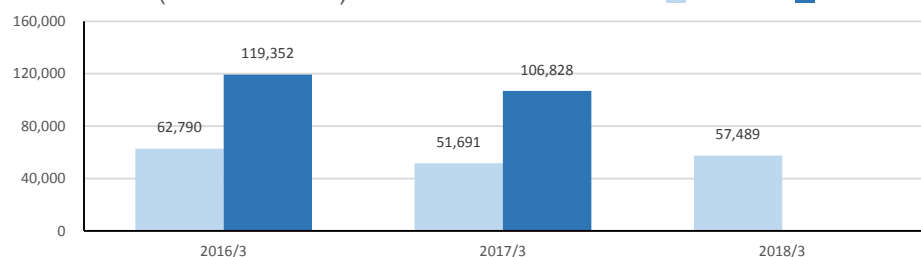
(Millions of yen)

Condensed Consolidated Statements of Cash Flows

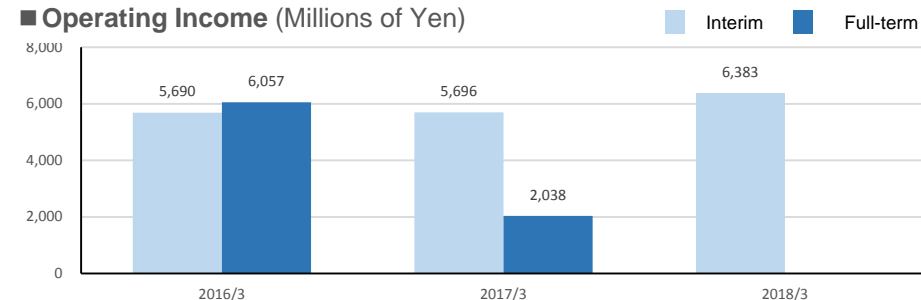
| | The six month ended September 30, 2016 | The six month ended September 30, 2017 |
|--|--|--|
| Net cash provided by (used in) operating activities | 741 | 4,366 |
| Net cash provided by (used in) investing activities | (1,803) | (1,573) |
| Net cash provided by (used in) financing activities | (5,264) | (2,194) |
| Effect of exchange rate change on cash and cash equivalents | (296) | (109) |
| Net increase (decrease) in cash and cash equivalents | (6,622) | 489 |
| Cash and cash equivalents at beginning of period | 16,564 | 10,798 |
| Cash and cash equivalents at the end of period | 9,942 | 11,287 |

Notes: Amounts above are rounded down to unit of display

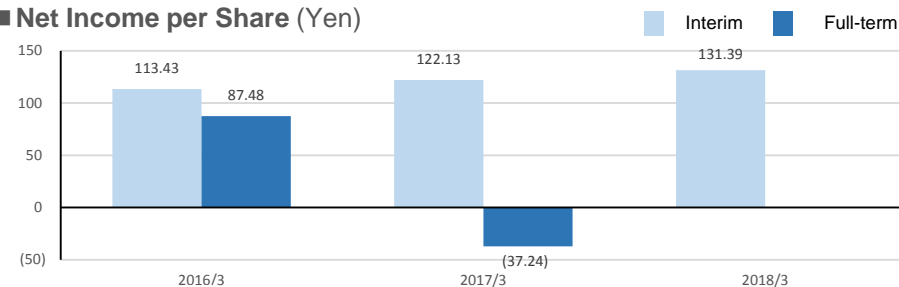
Revenue (Millions of Yen)



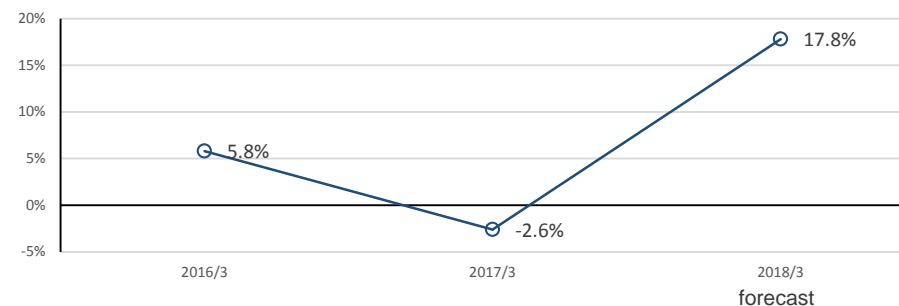
Operating Income (Millions of Yen)



Net Income per Share (Yen)



ROE (%)



Stock Information / Corporate Profile

| | |
|------------------------------------|----------------------------|
| ■ Stock Information | (As of September 30, 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 | 8,192 Person |

■ Principal shareholders

| Name of Shareholders | Number of Shares-Held (Thousand Shares) | Ratio of Share-Holding (%) |
|---|--|----------------------------|
| Japan Trustee Services Bank, Ltd. (Trust account) | 2,158 | 5.95 |
| The Master Trust Bank of Japan, Ltd. (Trust account) | 1,479 | 4.08 |
| TERA ENTERPRISES Co., Ltd. | 1,150 | 3.17 |
| Mitsuharu Terayama | 882 | 2.43 |
| BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) | 869 | 2.40 |
| GOVERNMENT OF NORWAY | 837 | 2.31 |
| Masamichi Terayama | 802 | 2.21 |
| Asahi Employee Stock Ownership Plan | 706 | 1.95 |
| K&M Co., Ltd. | 700 | 1.93 |
| REFUND 107-CLIENT AC | 600 | 1.65 |

※Total Number of Treasury Shares (3,433,137 shares) are excluding from the above.

| | |
|---------------------|--|
| ■ Corporate Profile | (As of September 30, 2017) |
| Corporate name | Asahi Holdings, Inc. |
| Establishment | April 2009 |
| Foundation | July 1952 |
| Capital | ¥4,480 million |
| Number of employees | 1,928 (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 | Iyotec Co., Ltd. |
| JW Logistics Co., Ltd. | FUJI MEDICAL INSTRUMENTS MFG. Co., Ltd. |
| JW Chemitech Co., Ltd. | INTER CENTRAL, INC. |
| Fuji Rozai Co., Ltd. | KOEIKOGYO CO., LTD. |
| Ecomax Incorporated | |

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 | | Yuji Kimura ^{*1 *2} |
| | Kazuo Kawabata | | Kyoko Kanazawa ^{*1 *2} |
| | Amane Kojima | | |

^{*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

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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/>