

Interim Business Report for FY2014

From April 1, 2014 to September 30, 2014

To Our Shareholders

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

During the first two quarters of the current fiscal year (April 1, 2014 through September 30, 2014), although personal consumption fell after surging prior to the consumption tax increase, and corporate production activity and capital investment showed some weakness, the Japanese economy as a whole continued its trend of gentle recovery. Under these economic conditions, in the precious metal recycling business, the volume of collection in the catalyst sector increased, so the volume of collection of platinum and palladium was higher than it was for the corresponding period a year earlier. The average sales prices for platinum and palladium were higher than they were a year earlier. The volume of collection of gold fell, however, mainly due to a lower volume of collection in the jewelry sector, while a decrease in the volume of collection in the photographic sensitive material sector led to a lower volume of collection of silver compared to the previous year. The average sales prices for gold and silver were lower than they were during the corresponding period a year earlier. In the environmental preservation business, the volumes of waste liquid, medical-related waste, recycled glass, and so on collected surpassed those of the same term one year earlier.

Our Group have focused on execution of our growth strategies that we have outlined in the 6th mid-term business plan; “Business expansion in the Asian markets”, “Broadening business domain through M&A”, and “Streamlining group management structure”.

As part of the strategies, FUJI MEDICAL INSTRUMENTS MFG. CO.,LTD., became subsidiary of our group through M&A in July 2014.

With the addition of FUJI MEDICAL INSTRUMENTS MFG. CO.,LTD., to our group, we have started a new "life and health business" segment comprising that company and two others, INTER CENTRAL, INC. and KOEIKOGYO CO., LTD. This new field is also performing steadily.

As a result of the above, the results of operations for the first half of the current fiscal year recorded consolidated net sales 51,632 million yen, operating income 4,674 million yen, ordinary income 4,713 million yen, and net income 2,909 million yen.

The company maintained an interim dividend of 30 yen per share.

We would appreciate your continued understanding and support for the business activities of our group companies.



President & CEO

A handwritten signature in black ink that reads "Mitsuharu Terajima". The signature is written in a cursive style.

Topics

Fujiiryoki becomes a Group company

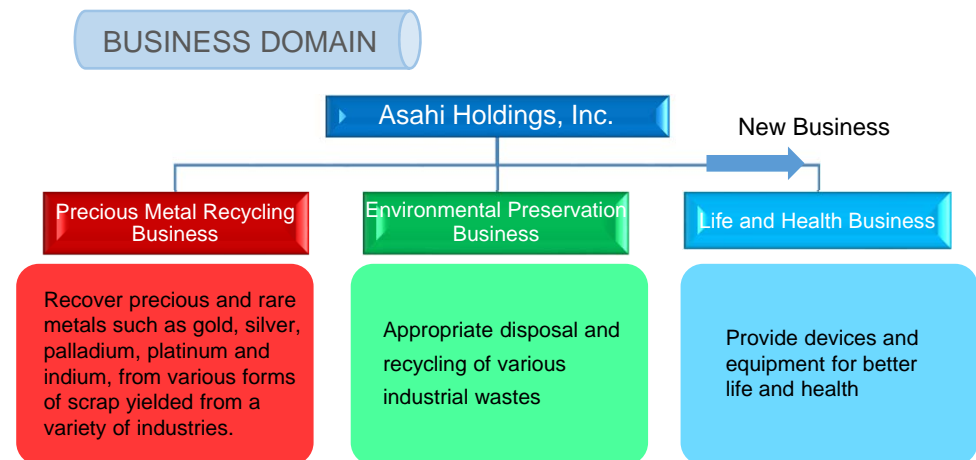
In July 2014, FUJI MEDICAL INSTRUMENTS MFG. CO., LTD. (Fujiiryoki) became a group company. Fujiiryoki is engaged in the manufacture and sale of massagers, hearing aids, electric therapy apparatus for household use, and other health equipment. In massage chairs, they are Japan's biggest company and possess excellent product development ability and brand strength. Their hearing aids, electric therapy apparatus for household use, and so on are highly specialized products with outstanding quality. As "The Health & Beauty Manufacturer," they provide various products approved under the Pharmaceutical Affairs Act. In addition, the company's Fuji Automatic Massage Machine, which became the world's first mass-produced massage chair in 1954, was certified as a Mechanical Engineering Heritage in August 2014



The massage chair first unit

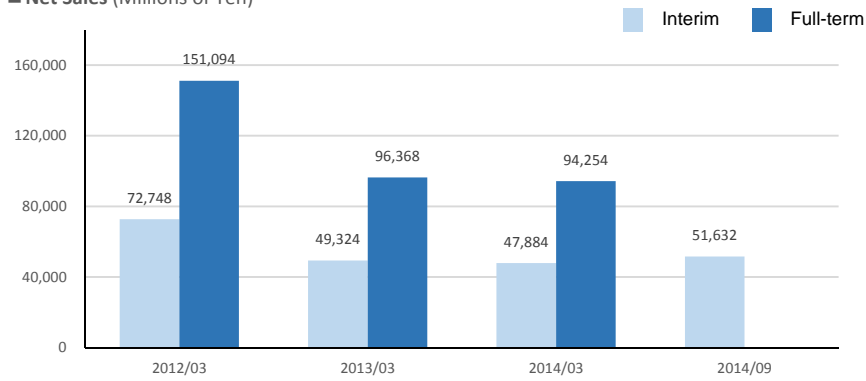
Launch of the Life and Health Business

"Broadening business domains through M&A" is one of the major initiatives of the 6th mid-term business plan. As part of that, we have launched the new "Life and Health Business" in addition to our existing Precious Metal Recycling Business and Environmental Preservation Business. It comprises three companies, INTER CENTRAL, INC. which pursues comfort and energy savings through the design and installation of radiant heating and air conditioning systems, KOEIKOGYO CO., LTD. and FUJI MEDICAL INSTRUMENTS MFG. CO., LTD.. With health-consciousness rising and society aging, high growth is expected in the Japanese healthcare market into the future

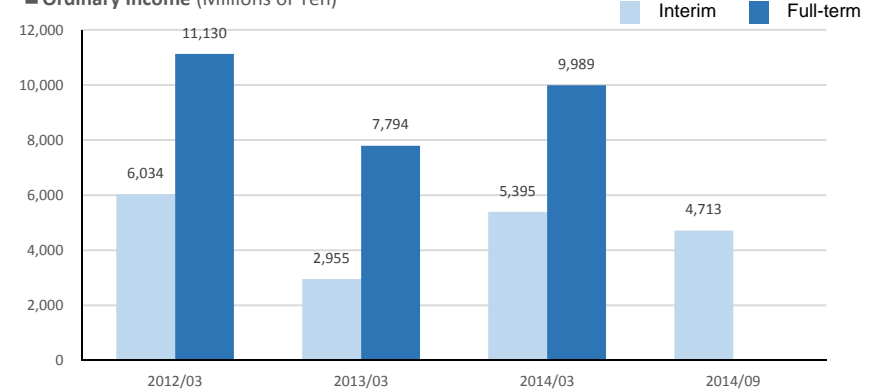


Consolidated Financial Highlights

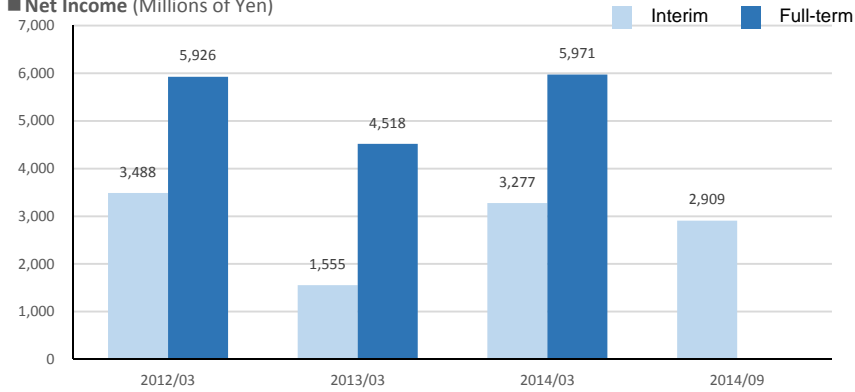
■ Net Sales (Millions of Yen)



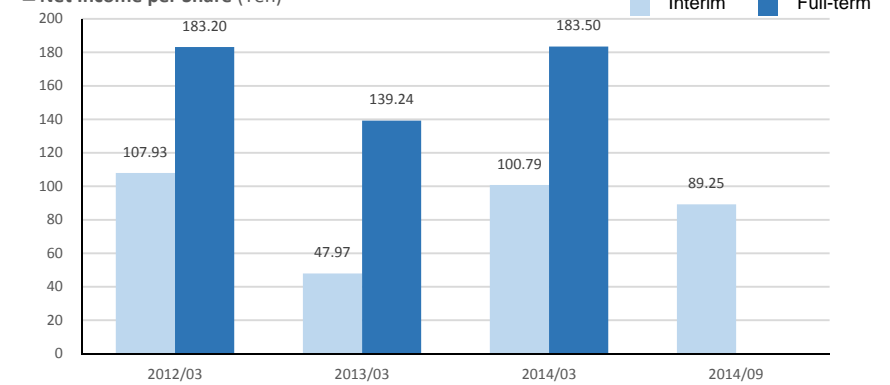
■ Ordinary Income (Millions of Yen)



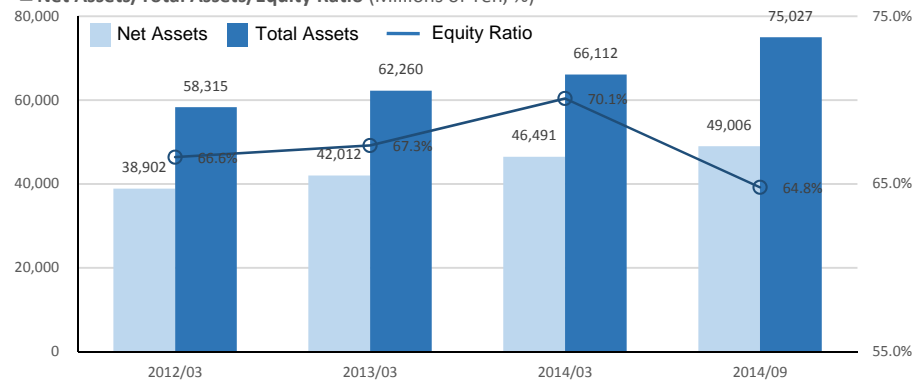
■ Net Income (Millions of Yen)



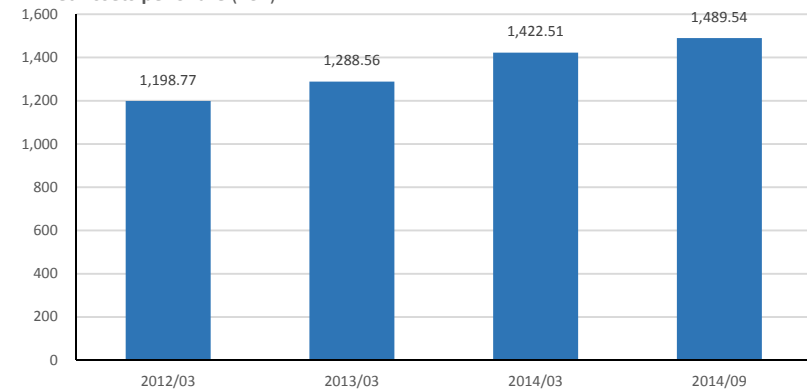
■ Net Income per Share (Yen)



■ Net Assets/Total Assets/Equity Ratio (Millions of Yen, %)



■ Net Assets per Share (Yen)



Consolidated Financial Statements

Consolidated Balance Sheet

(Millions of yen)

| | As of March 31, 2014 | As of September 30, 2014 | | As of March 31, 2014 | As of September 30, 2014 |
|---------------------------------------|-------------------------|-----------------------------|---|-------------------------|-----------------------------|
| ASSETS | | | LIABILITIES | | |
| Current assets | 37,517 | 32,674 | Current liabilities | 12,342 | 17,355 |
| Cash and deposits | 9,640 | 5,567 | Notes and accounts payable-trade | 3,643 | 6,942 |
| Notes and accounts receivable - trade | 11,319 | 14,193 | Short-term loans payable | 495 | 2,995 |
| Merchandise and finished goods | 4,094 | 4,613 | Current portion of long-term loans payable | 143 | 324 |
| Work in process | 8,596 | 9,350 | Income taxes payable | 2,632 | 1,736 |
| Raw materials and supplies | 1,107 | 1,955 | Other | 5,425 | 5,355 |
| Total noncurrent assets | 28,595 | 37,589 | Total noncurrent liabilities | 7,278 | 8,665 |
| Property, plant and equipment | 24,407 | 26,699 | Long-term loans payable | 5,419 | 6,820 |
| Buildings and structures, net | 8,979 | 9,716 | Other | 1,858 | 1,844 |
| Land | 13,122 | 14,512 | Total liabilities | 19,621 | 26,021 |
| Other | 2,304 | 2,470 | NET ASSETS | | |
| Intangible assets | 2,856 | 9,438 | Shareholders' equity | 45,788 | 47,774 |
| Goodwill | 2,021 | 8,590 | Capital stock | 4,480 | 4,480 |
| Other | 835 | 847 | Capital surplus | 6,038 | 6,038 |
| Investments and other assets | 1,331 | 1,451 | Retained earnings | 40,648 | 42,576 |
| | | | Treasury stock | (5,379) | (5,321) |
| | | | Total accumulated other comprehensive income | 559 | 817 |
| | | | Subscription rights to shares | 77 | 77 |
| | | | Minority Interests | 66 | 335 |
| | | | Total net assets | 46,491 | 49,006 |
| Total assets | 66,112 | 75,027 | Total liabilities and net assets | 66,112 | 75,027 |

Notes: Amounts above are rounded down to unit of display.

Consolidated Financial Statements

Consolidated Statements of Income

(Millions of yen)

| | The six months ended September 30, 2013 | The six months ended September 30, 2014 |
|--|---|---|
| Net sales | 47,884 | 51,632 |
| Cost of sales | 39,981 | 41,810 |
| Gross profit | 7,902 | 9,822 |
| Selling, general and administrative expenses | 2,642 | 5,148 |
| Operating income | 5,260 | 4,674 |
| Non-operating income | 161 | 75 |
| Non-operating expenses | 25 | 36 |
| Ordinary income | 5,395 | 4,713 |
| Extraordinary income | 39 | 14 |
| Extraordinary loss | 113 | 27 |
| Income before income taxes and minority interests | 5,321 | 4,701 |
| Income taxes-current | 2,069 | 1,641 |
| Income taxes-deferred | (24) | 118 |
| Income before minority interests | 3,277 | 2,941 |
| Net income | 3,277 | 2,909 |

Consolidated Statements of Cash Flows

(Millions of yen)

| | The six months ended September 30, 2013 | The six months ended September 30, 2014 |
|--|---|---|
| Net cash provided by (used in) operating activities | 9,997 | 4,260 |
| Net cash provided by (used in) investing activities | (477) | (7,642) |
| Net cash provided by (used in) financing activities | (6,134) | (601) |
| Effect of exchange rate change on cash and cash equivalents | 174 | (8) |
| Net increase(decrease) in cash and cash equivalents | 3,560 | (3,991) |
| Cash and cash equivalents at beginning of period | 4,141 | 9,470 |
| Cash and cash equivalents at end of period | 7,701 | 5,478 |

Notes: Amounts above are rounded down to unit of display.

Stock Information/Corporate Profile

(As of September 30, 2014)

| | |
|--------------------------------------|--------------------|
| ■ 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 | 9,954 persons |
| ■ Principal shareholders | |

| Name of Shareholders | Number of Shares-Held (Thousand Shares) | Ratio of Share-Holding (%) |
|---|--|-------------------------------|
| TERA ENTERPRISES Co., Ltd. | 1,350 | 3.72 |
| Japan Trustee Services Bank, Ltd. (trust account) | 1,241 | 3.42 |
| The Master Trust Bank of Japan Ltd. (trust account) | 909 | 2.51 |
| Mitsuharu Terayama | 882 | 2.43 |
| Masamichi Terayama | 802 | 2.21 |
| K&M Co., Ltd. | 700 | 1.93 |
| Asahi Employee Stock Ownership Plan | 665 | 1.83 |
| State Street Bank and Trust Company 505025 | 469 | 1.30 |
| Mellon Bank, N.A as Agent for its Client Mellon Omnibus US Pension | 453 | 1.25 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd | 450 | 1.24 |

※Total Number of Treasury Shares (3,518,757 shares) are excluding from the above.

■ Corporate Profile

| | |
|---------------------|---|
| Corporate name | Asahi Holdings, Inc. |
| Establishment | April 2009 |
| Foundation | July 1952 (as Asahi Pretec Corp.) |
| Capital | ¥4,480 million |
| Number of employees | 1,726 (Consolidated) |
| Business lines | Recycling of precious & rare 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. | Taiyo Chemical Co., Ltd. |
| Japan Waste Corporation | 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. |
| JW Glass Recycling Co., Ltd. | Usuda Manufacturing 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)

■ Board of Directors and Corporate Auditors

| | | | |
|------------------|---------------------|----------------------------|--------------------|
| President & CEO: | Mitsuharu Terayama | Standing Statutory Auditor | Yukio Tanabe |
| Directors: | Yoshikatsu Takeuchi | | Kazuhiko Tokumine* |
| | Tomoya Higashiura | | Junzo Kojima* |
| | Masayuki Hirano | | |
| | Keitaro Shigemasa | | |
| | Kazuo Kawabata | | |
| | Shoji Morii* | | |

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

Head Offices

■ Head Offices

KOBE

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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
<http://www.asahiholdings.com>

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.
TEL (0120) 094 -777
- Public Notice Electronic public notice <http://www.asahiholdings.com/>