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Asahi Holdings, Inc.
(Stock code: 5857)

Notice of the 6th Annual General Meeting of Shareholders

Date and time:

10:30 a.m. on Tuesday, June 16, 2015

Venue:

KOBE PORTOPIA HOTEL

10-1, Minatojima Nakamachi 6-chome, Chuo-ku, Kobe, Hyogo

“Kairaku-no-ma,” basement floor, Main Building

(Please refer to the place of the meeting shown at the end of this notice.)

Proposals:

Proposal 1: Partial Amendments to the Articles of Incorporation

Proposal 2: Election of Five (5) Directors (Excluding Directors Serving as the Audit Committee Members)

Proposal 3: Election of Four (4) Directors Serving as the Audit Committee Members

Proposal 4: Determination of Amounts of Remuneration for Directors and Audit Committee Members

Proposal 5: Determination of Amounts and the Content of the Performance-Based Stock Compensation Plan for Directors

Time limit for the exercise of voting rights using documents:

Documents must arrive before noon on Monday, June, 15, 2015.

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Dear Shareholders:

(Stock code: 5857)

May 28, 2015

4-4-17 Kano-cho, Chuo-ku, Kobe, Japan
Asahi Holdings, Inc.
Mitsuharu Terayama, President & CEO

Notice of the 6th Annual General Meeting of Shareholders

This is to inform you that the 6th Annual General Meeting of Shareholders will be held at the following time and place and to cordially request your presence.

If you are unable to be present, you are entitled to exercise your voting rights in writing. In such a case, you are kindly requested to read the attached reference documents and return the enclosed “Voting Right Exercise Form” by noon on Monday, June 15, 2015, after indicating your approval or disapproval of each agenda item and affixing your signature and/or seal thereon.

Details of the meeting

- 1. Date and time:** 10:30 a.m. on Tuesday, June 16, 2015
- 2. Venue:** KOBE PORTOPIA HOTEL
10-1, Minatojima Nakamachi 6-chome, Chuo-ku, Kobe, Hyogo
“Kairaku-no-ma,” basement floor, Main Building
(Please refer to the place of the meeting shown at the end of this notice.)

Please note that the gifts will not be distributed to attending shareholders from this meeting.

3. Meeting Agenda

- Items to be reported:**
- 1) Business Report, the consolidated financial statements and the results of audits of the consolidated financial statements by the Accounting Auditor and the Board of Corporate Auditors for the 6th fiscal term (April 1, 2014, through March 31, 2015)
 - 2) Report on non-consolidated financial statements for the 6th fiscal term (April 1, 2014, through March 31, 2015)

Items to be resolved:

- Proposal 1: Partial Amendments to the Articles of Incorporation
- Proposal 2: Election of Five (5) Directors (Excluding Directors Serving as the Audit Committee Members)
- Proposal 3: Election of Four (4) Directors Serving as the Audit Committee Members
- Proposal 4: Determination of Amounts of Remuneration for Directors and Audit Committee Members
- Proposal 5: Determination of Amounts and the Content of the Performance-Based Stock Compensation Plan for Directors

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If you attend the meeting, please submit the “Voting Right Exercise Form” at the reception desk upon arrival.

Please note that any modifications to the business report, the financial statements and/or the reference documents will be posted on our Web site (<http://www.asahiholdings.com/>).

1. Current Status of the Group

(1) Status of business for the fiscal year

1) Circumstances and results of business

In the Japanese economy during the fiscal year ended March 31, 2015, although falling crude oil prices and the weakened yen had positive effects on corporate activities, sluggish export growth and other factors pressured inventory adjustment, forcing a slowdown. While some believe the worst is now behind us, especially for manufacturing industries, with the exception of some industries, the recovery remains moderate. As for personal consumption, the downturn after the consumption tax increase lasted longer than expected.

Under these economic conditions, the Asahi Holdings Group (the “Group”)’s results in each business segment were as follows.

Precious metal recycling business

In the electronics sector, the Japanese market continues to contract as customers shift operations overseas, but because the Group worked to expand its E-scrap and precision cleaning businesses, the collection volume of gold and silver increased from that of the same period a year earlier. In the dental sector, we worked to secure collection volume even as the volume of precious metals used for domestic dental treatment materials continued its gradual decline. In the jewelry sector, the sluggish market continued, and the collection volume of gold and silver decreased compared with the same period a year before. However, the collection volume of platinum and palladium increased year-on-year. In the automotive catalyst sector, work on new customer development led to an increased collection volume of palladium compared with the same period a year earlier.

The average sales price of gold and silver was lower than that of the same period a year before. The average sales price of palladium was much higher than it was during the same period a year earlier. The average sales price of platinum was virtually unchanged from that of the same period last year.

Environmental preservation business

Although there were some signs of recovery in corporate production activity, overall it cannot be considered vigorous, and the emission amount of industrial waste are on the decline. Our corporate customers' rising awareness of "reduce, reuse, and recycle" requires diversity in processing and processing cost reductions. Under these circumstances, Group companies have made sales efforts such as advancing one-stop processing solutions and the development of new customers. Volume handled, especially effluent and sludge, grew year-on-year.

Life & health business

In the construction-related market, rising prices for construction materials and tight supply and demand of construction-related workers led to delays in commencements and completions of construction works, and also activities such as reductions in construction

budgets. This affected the air conditioning design and installation sector and electric heaters sector. In the health equipment sector, the downturn after the consumption tax increase lasted long and the recovery of personal consumption remained very moderate. Moreover, the weakening yen since the beginning of the third quarter has raised the cost of procurements from overseas. Group companies in these sectors worked on countermeasures against the increased procurement cost.

As a result of the above, as consolidated results of operations for the fiscal year, we recorded consolidated net sales of 111,417 million yen, operating income of 10,480 million yen, ordinary income of 10,561 million yen, and net income of 5,774 million yen.

Compared with the previous fiscal year, net sales increased by 17,162 million yen, operating income increased by 848 million yen, ordinary income increased by 572 million yen, and net income decreased by 196 million yen.

By segment, sales in the precious metal recycling business were 77,080 million yen, sales in the environmental preservation business were 15,415 million yen, and sales in the life & health business were 18,920 million yen.

Net sales were composed of the following:

<Breakdown of net sales>

Category	Net sales (millions of yen)	Ratio (%)	YOY change (%)
Gold metals	38,867	34.9	103.7
Silver metals	4,941	4.4	71.3
Palladium	17,517	15.7	139.4
Platinum	8,701	7.8	107.3
Indium	131	0.1	17.0
Disposal revenues	17,706	15.9	103.6
Other	23,550	21.0	208.4
Total	111,417	100.0	118.2

2) Capital expenditure

Capital investment made in the fiscal year totaled 1,518 million yen. Main expenditure was an investment in the in-house information system.

3) Financing

Not applicable for the fiscal year

4) Assignment, absorption-type split and incorporation-type split of business

Not applicable for the fiscal year

5) Acquisition of the business of other companies

Not applicable for the fiscal year

6) Succession of rights and obligations pertaining to the business of other corporations, etc. through an absorption-type merger or an absorption-type split

As of October 1, 2014, Usuda Manufacturing Co., Ltd., and Asahi Pretec Corp. conducted an absorption-type merger with Asahi Pretec Corp. as the surviving company.

7) Acquisition or disposal of shares or other equity or share options of other companies

As of July 1, 2014, FUJI MEDICAL INSTRUMENTS MFG. CO., LTD. became a consolidated subsidiary of Japan Waste Corporation, a consolidated subsidiary of Asahi Holdings, Inc. (the "Company").

As of December 5, 2014, Asahi Americas Holdings, Inc., was newly established and became a subsidiary of the Company.

As of March 5, 2015, Asahi Refining Holdings UK Limited and its two subsidiaries, Asahi Refining USA Inc. and Asahi Refining Canada Ltd., became subsidiaries of Asahi Americas Holdings, Inc., a subsidiary of the Company.

(2) Property and profit/loss

Category		3 rd term April 1, 2011 through March 31, 2012	4 th term April 1, 2012 through March 31, 2013	5 th term April 1, 2013 through March 31, 2014	6 th term April 1, 2014 through March 31, 2015 (Current fiscal year)
Net sales	(Millions of yen)	151,094	96,368	94,254	111,417
Ordinary income	(Millions of yen)	11,130	7,794	9,989	10,561
Net income	(Millions of yen)	5,926	4,518	5,971	5,774
Net income per share	(Yen)	183.20	139.24	183.50	176.89
Total assets	(Millions of yen)	58,315	62,260	66,112	104,877
Net assets	(Millions of yen)	38,902	42,012	46,491	50,958
Net assets per share	(Yen)	1,198.77	1,288.56	1,422.51	1,542.82

Note: The figures for the 5th term reflect the retrospective application of the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ PITF No. 30, March 26, 2015).

(3) Significant parent company and subsidiaries**1) Relationship with parent company**

Not applicable

2) Significant subsidiaries

Company name	Capital	Our voting right ratio	Major business
Asahi Pretec Corp.	4,480 million yen	100.0%	Precious metal recycling business and environmental preservation business
Japan Waste Corporation	400 million yen	100.0%	Environmental preservation business
Asahi Americas Holdings, Inc.	10 million yen	100.0%	Precious metal refining business

Note: Asahi Americas Holdings, Inc. was established as of December 5, 2014.

(4) Challenges to be addressed**1) Precious metal recycling business segment**

As it is the Group’s core business, the competitiveness of each Japanese domestic business shall be enhanced. Along with working to expand the business base in North America, we shall work on expansion of new fields in Asian markets. Along with raising awareness of the “Asahi Refining” brand, we shall expand processing volumes of recycling raw materials in the global market.

2) Environmental preservation business segment

As it is a stable growth business of the Group, profitability shall be emphasized, and active capital expenditure shall be performed. M&A of companies that can contribute to growth will continue.

3) Life & health business segment

Through new business development, the opening of new sales channels, and the building of a unique business model, it shall be set on the path of business growth as the Group's third business pillar.

(5) Principal businesses (as of March 31, 2015)

The Group is mainly engaged in the precious metal recycling business, the environmental preservation business and the life & health business.

1) Precious metal recycling business

- Collection/reproduction and processing of precious metals and other metals (gold, silver, palladium, platinum, indium, etc.) and refining of precious metals
- Purchase and sales of precious metals and other metals
- Sales of precious metal products

2) Environmental preservation business

3) Life & health business

(6) Major sales offices and plants (as of March 31, 2015)

1) The Company

Main office	4-4-17 Kano-cho, Chuo-ku, Kobe
Head offices	Kobe Head Office: 4-4-17 Kano-cho, Chuo-ku, Kobe Tokyo Head Office: 1-7-12 Marunouchi, Chiyoda-ku, Tokyo

2) Major subsidiaries' business offices

(a) Asahi Pretec Corp.

Main office	21, Uozakihamamachi, Higashinada-ku, Kobe
Head offices	Kobe Head Office: 4-4-17 Kano-cho, Chuo-ku, Kobe Tokyo Head Office: 1-7-12 Marunouchi, Chiyoda-ku, Tokyo
Research laboratory	The Technical Research Center (Kobe-shi)
Business offices	Kitakanto (Kitakatsushika-gun, Saitama Pref.), Nagano (Tomi-shi, Nagano Pref.), Hanshin (Amagasaki-shi, Hyogo Pref.), Kobe (Kobe-shi), Shikoku (Saijo-shi, Ehime Pref.), Kitakyushu (Kitakyushu-shi)
Sales offices	Sapporo (Kitahiroshima-shi, Hokkaido), Aomori (Aomori-shi), Sendai (Miyagi-gun, Miyagi Pref.), Niigata (Sanjo-shi, Niigata Pref.), Kitakanto (Kitakatsushika-gun, Saitama Pref.), Kanto (Kawaguchi-shi, Saitama Pref.), Yokohama (Yokohama-shi), Kofu (Chuo-shi, Yamanashi Pref.), Shizuoka (Yaizu-shi, Shizuoka Pref.), Nagoya (Komaki-shi, Aichi Pref.), Hokuriku (Toyama-shi), Hanshin (Amagasaki-shi, Hyogo Pref.), Kobe (Kobe-shi), Okayama (Okayama-shi), Hiroshima (Hiroshima-shi), Shikoku (Saijo-shi, Ehime Pref.), Fukuoka (Koga-shi, Fukuoka Pref.), Kagoshima (Kagoshima-shi), Okinawa (Itoman -shi, Okinawa Pref.)

Plants Saitama (Kitakatsushika-gun, Saitama Pref.), Saitama Recycling Center (Kasukabe-shi, Saitama Pref.), Amagasaki (Amagasaki-shi, Hyogo Pref.), Amagasaki Recycling Center (Amagasaki-shi, Hyogo Pref.), Kobe (Kobe-shi), Ehime (Saijo-shi, Ehime Pref.), Kitakyushu (Kitakyushu-shi), Kitakyushu Hibiki (Kitakyushu-shi), Fukuoka (Koga-shi, Fukuoka Pref.)

Note: As of October 1, 2014, Asahi Pretec Corp. absorbed its wholly owned subsidiary Usuda Manufacturing Co., Ltd., and made it Nagano Business Office.

(b) Japan Waste Corporation

Main office 4-4-17 Kano-cho, Chuo-ku, Kobe
 Head offices Kobe Head Office: 4-4-17 Kano-cho, Chuo-ku, Kobe
 Tokyo Head Office: 1-7-12 Marunouchi, Chiyoda-ku, Tokyo
 Business office Yokohama (Yokohama-shi)
 Plants Ogimachi Center (Kawasaki-shi), Aikawa Center (Aiko-gun, Kanagawa Pref.)

(c) Asahi Americas Holdings, Inc.

Main office 1-7-12 Marunouchi, Chiyoda-ku, Tokyo
 Head office 1-7-12 Marunouchi, Chiyoda-ku, Tokyo

3) Other subsidiaries

Japan Nihon Chemitech Co., Ltd. (Kawaguchi-shi, Saitama Pref.), JW Logistics, Co., Ltd. (Yokohama-shi), Taiyo Chemical Co., Ltd. (Kagoshima-shi), Iyotec Co., Ltd. (Akashi-shi, Hyogo Pref.), Fuji Rozai Co., Ltd. (Ota-ku, Tokyo), JW Glass Recycling Co., Ltd. (Koto-ku, Tokyo), Ecomax Incorporated (Koza-gun, Kanagawa Pref.), Kyodo Chemical Co., Ltd. (Tomakomai-shi, Hokkaido), INTER CENTRAL, INC. (Takizawa-shi, Iwate Pref.), KOEIKOGYO CO., LTD. (Yokohama-shi), FUJI MEDICAL INSTRUMENTS MFG CO., LTD. (Osaka-shi), and other
 Overseas ASAHI G&S Sdn. Bhd. (Malaysia), Shanghai Asahi Pretec Co., Ltd. (China), Asahi Pretec Korea Co., Ltd. (Seoul Special City), Asahi Pretec Taiwan Co., Ltd. (Taiwan), Asahi Shih Her Technologies Co., Ltd. (Taiwan), Asahi Refining Holdings UK Limited (United Kingdom), Asahi Refining USA Inc. (USA) and Asahi Refining Canada Ltd. (Canada)

(7) Employees (as of March 31, 2015)

1) Employees of the Group

Number of employees	Change from the end of previous fiscal year
2,080 (970)	+720 (up 727)

Notes: 1. The number of employees refers to the number of workers (excluding the staff seconded from the Group to companies outside the Group but including staff

seconded from companies outside the Group to the Group) and for the number of part-timers and fixed-term employees, annual average number of persons are shown separately in brackets.

2. The increase of 720 employees compared with the previous year-end was because FUJI MEDICAL INSTRUMENTS MFG. CO., LTD. became a subsidiary of Japan Waste Corporation, which is a subsidiary of the Company, as of July 1, 2014, and Asahi Refining Holdings UK Limited and its two subsidiaries, Asahi Refining USA Inc. and Asahi Refining Canada Ltd., became subsidiaries of Asahi Americas Holdings, Inc., which is a subsidiary of the Company, as of March 5, 2015.

2) Employees of the Company

Number of employees	Change from the end of previous fiscal year	Average age	Average length of service
41 (-)	+1 (-)	38 years and three months	Three years and one month

(Note) The number of employees refers to the number of workers (excluding the staff seconded from the Company to companies outside the Company but including staff seconded from companies outside the Company to the Company) and for the number of part-timers and fixed-term employees, annual average number of persons are shown separately in brackets.

(8) Major financial institutions with loans to the Company (as of March 31, 2015)

Financial institutions	Loan amount
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	23,271 million yen
Sumitomo Mitsui Banking Corporation	5,249 million yen
Resona Bank, Limited	3,050 million yen
The Minato Bank, Ltd.	1,100 million yen
Mizuho Bank, Ltd.	100 million yen
The Chugoku Bank, Ltd.	100 million yen

(9) Other important matters relating to the current state of the Group

Not applicable

2. Current state of the Company

(1) Shares (as of March 31, 2015)

- 1) **Number of shares authorized:** 129,000,000 shares
2) **Number of shares issued:** 36,254,344 shares
3) **Number of shareholders:** 9,321
4) **Major shareholders (top 10 shareholders)**

Shareholders	Number of shares held (Thousands of shares)	Percentage of shares held (%)
Japan Trustee Services Bank, Ltd. (Trust account)	1,739	5.31
TERA ENTERPRISES Co., Ltd.	1,350	4.12
Mitsuharu Terayama	882	2.70
The Master Trust Bank of Japan, Ltd. (Trust account)	865	2.64
Masamichi Terayama	802	2.45
K&M Co., Ltd.	700	2.14
Asahi Employee Stock Ownership Plan	681	2.08
STATE STREET BANK AND TRUST COMPANY 505025	535	1.63
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	527	1.61
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	450	1.37

- (Notes) 1. The Company holds treasury stock of 3,519,057 shares, which is excluded from the above major shareholders.
2. Percentage of shares held is calculated by excluding treasury stocks.

(2) Stock options, etc.**Stock options granted to and held by the Company's board members as consideration of the execution of their duties (as of March 31, 2015)**

		The first series of stock options	The second series of stock options
Resolution date of issue		June 16, 2010	June 16, 2010
Number of stock options		800 units	1,220 units
Type and number of shares subject to stock options		Common shares: 80,000 shares (100 shares per stock option)	Common shares: 122,000 shares (100 shares per stock option)
Amount to be paid in for stock options		Not required to be paid in in exchange for stock options	Not required to be paid in in exchange for stock options
The value of the property to be contributed when stock options are exercised		193,500 yen per stock option (1,935 yen per share)	193,500 yen per stock option (1,935 yen per share)
Exercise period of stock options		July 10, 2012 to July 9, 2015	July 10, 2012 to July 9, 2015
Conditions for the exercise of stock options		(See Note.)	(See Note.)
Stock options held by board members	Director (excluding Outside Directors)	Number of stock options: 400 units	Number of stock options: 300 units
		Number of shares subject to stock options: 40,000 shares	Number of shares subject to stock options: 30,000 shares
		Number of persons holding stock options: 2 persons	Number of persons holding stock options: 2 persons
	Outside Director	Number of stock options: –	Number of stock options: –
		Number of shares subject to stock options: –	Number of shares subject to stock options: –
		Number of persons holding stock options: –	Number of persons holding stock options: –
	Corporate Auditor	Number of stock options: 200 units	Number of stock options: –
		Number of shares subject to stock options: 20,000 shares	Number of shares subject to stock options: –
		Number of persons holding stock options: 1 person	Number of persons holding stock options: –

(Note) The person who is allotted stock options should be a Director, a Corporate Auditor, an employee of the Company or the Company's subsidiary or affiliate at the time of the exercise of stock options. However, this shall not apply in cases where the Board of Directors of the Company exceptionally allows, for example the Director or the Corporate Auditor of the Company or the Company's subsidiary or affiliate have resigned due to the expiration of the term of office or retires due to the mandatory retirement age.

(3) Board members and corporate officers**1) Directors and Corporate Auditors (as of March 31, 2015)**

Position	Name	Responsibility and important concurrent assignment
Representative Director, President and CEO	Mitsuharu Terayama	Chairman and Director Asahi Pretec Corp.
Director	Yoshikatsu Takeuchi	Representative Director and President, Japan Waste Corporation
Director	Tomoya Higashiura	Representative Director and President, Asahi Pretec Corp.
Director	Masaki Hirano	Director, Japan Waste Corporation
Director	Keitaro Shigemasa	General Manager of Information Technology Department and General Manager of Human Resources Department Representative Director and President, Asahi Americas Holdings, Inc.
Director	Kazuo Kawabata	Director, Asahi Pretec Corp. Director, Asahi Americas Holdings, Inc.
Director	Shoji Morii	
Full-time Corporate Auditor	Yukio Tanabe	
Corporate Auditor	Kazuhiko Tokumine	Lawyer
Corporate Auditor	Junzo Kojima	

- (Notes)
1. Director Shoji Morii is an Outside Director.
 2. Corporate Auditor Kazuhiko Tokumine and Corporate Auditor Junzo Kojima are Outside Corporate Auditors.
 3. Full-time Corporate Auditor Yukio Tanabe has longtime experience of accounting of the Company and possesses extensive expertise in finance and accounting related matters.
 4. The Company designated Director Shoji Morii, Corporate Auditor Kazuhiko Tokumine and Corporate Auditor Junzo Kojima as independent board members under the provisions of the Tokyo Stock Exchange, and filed such status with the exchange.

2) Directors and Corporate Auditors who resigned during the fiscal year

Not applicable

3) Compensation, etc., for Directors and Corporate Auditors

Total compensations, etc. for the fiscal year

Category	Number of persons subject to payment	Payment amount
Director	8	118 million yen
(Outside Directors)	(1)	(6)
Corporate Auditor	3	28 million yen
(Outside Corporate Auditors)	(2)	(10)
Total	11	146 million yen
(Outside board members)	(3)	(16)

- (Notes) 1. The amount to be paid to Directors does not include the employee salaries of Directors who serve concurrently as employees.
2. The limit of compensation to be paid to Directors was up to an annual 200,000 thousand yen (not including the portion of salary of employee), which was resolved at the 1st Annual General Meeting of Shareholders held on June 16, 2010.
3. The limit of compensation to be paid to Corporate Auditors was up to an annual 30,000 thousand yen, which was resolved at the 1st Annual General Meeting of Shareholders held on June 16, 2010.

4) Matters related to outside board members

- (a) Important concurrent assignment as a person executing business of other corporations, etc. and relationship between our company and the other corporations, etc.
Not applicable
- (b) Important concurrent assignment as a board member of other corporations, etc. and relationship between our company and the other corporations, etc.
Not applicable

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(c) Main activities in the fiscal year

Category	Name	Activities
Director	Shoji Morii	He attended all Board of Directors' meetings held during the fiscal year. He has expertise and experience related to management, including finance, and has been submitting advice / recommendations to ensure the validity and appropriateness of making decisions on deliberations of agenda and other matters.
Corporate Auditor	Kazuhiko Tokumine	He attended all Board of Directors' meetings and Board of Corporate Auditors' meetings held during the fiscal year. He has been submitting advice / recommendations to ensure the validity and appropriateness of making decisions on deliberations of agenda and other matters from the highly professional viewpoint for laws as a lawyer.
Corporate Auditor	Junzo Kojima	He attended all Board of Directors' meetings and Board of Corporate Auditors' meetings held during the fiscal year. He has been submitting advice / recommendations to ensure the validity and appropriateness of making decisions on deliberations of agenda and other matters using his long-held extensive experience.

(d) Outline of contents of a contract for limitation of liability

The Company and an Outside Director and Outside Corporate Auditors signed a contract that limits the liability for compensation for damage set forth in Article 423, Paragraph 1 of the Companies Act under provisions set forth Article 427, Paragraph 1 of the same Act. The limit amount of the liability for compensation for damage under such a contract is determined to be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.

(4) Accounting Auditor

1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

2) Amount of compensation, etc. for the Accounting Auditor

	Amount of compensation, etc.
(a) Amount to be paid by the Company	30,300 thousand yen
(b) Total amount of money to be paid by the Company and the Company’s subsidiaries and other benefits on property	51,600 thousand yen

(Note) In the agreement between the Company and the Accounting Auditor, the amount of compensation, etc. for audit under the Companies Act and the amount of compensation, etc. for audit under the Financial Instruments and Exchange Act are not separated and may not be separated actually. Therefore, the total of those amounts is stated for the amount in (a) above.

3) Non-audit services

We pay Ernst & Young ShinNihon LLC consideration for non-audit services—“issue of certification for overseas income laws” and “advisory service concerning the International Financial Reporting Standards”—other than the services set forth in Article 2, Paragraph 1, of the Certified Public Accountants Act.

4) Policy for determining the dismissal or the refusal of reappointment of the Accounting Auditor

When the Board of Directors finds it necessary in cases where the Accounting Auditor has difficulty executing its duties, the Board of Directors will deal with the dismissal or the refusal of reappointment of the Accounting Auditor as a purpose of the General Meeting of Shareholders based on the request of the Board of Corporate Auditors.

When it is found that the Accounting Auditor falls under the items set forth in any of items of Article 340, Paragraph 1 of the Companies Act, the Board of Corporate Auditors will dismiss the Accounting Auditor in accordance with the consent of all Corporate Auditors. In this case, the Corporate Auditor appointed by the Board of Corporate Auditors will report the fact of the dismissal of the Accounting Auditor and reasons for the dismissal at the General Meeting of Shareholders convened for the first time after the dismissal.

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(5) Structure to ensure the appropriateness of business

Decisions on a structure to ensure that the execution of duties by Directors conforms to the laws and regulations and the Articles of Incorporation, and other structures to ensure the appropriateness of the business of the company are as follows:

1) Structure to ensure that the execution of duties by Directors and employees conforms to the laws and regulations and the Articles of Incorporation

- (a) To ensure that laws and regulations and the Articles of Incorporation are thoroughly followed, we compile and improve our regulations and manuals related to compliance while continuing to make well known to employees the existence of an in-house reporting hotline responding to the case where behaviors violating laws and regulations and the Articles of Incorporation are detected.
- (b) If a situation that infringes compliance occurs, we maintain a structure where the details of such situation and a countermeasure therefor are reported immediately to Directors and Corporate Auditors.

2) Structure related to preservation and management of information regarding the execution of duties by Directors

- (a) Information and documents (information on the execution of duties) regarding the execution of duties by Directors are preserved and managed appropriately in accordance with in-house regulations and management manuals related thereto while the state of operation is examined and regulations and other rules are reviewed when necessary.

3) Regulation and other structures regarding a risk of loss

- (a) In a bid to appropriately control risks involved in a business execution process and a business structure of our group, we establish a structure to understand/assess risks in business activities and implement a measure, thereby improving a structure to prevent the materialization of risks while ensuring compliance.
- (b) We compliment efforts for compliance and risk management and conduct internal audits to deter a risk of loss without omission. If behaviors with a risk of loss are found, they are reported to the Board of Directors and related divisions immediately.

4) Structure to ensure effective execution of Directors' duties

- (a) A management plan is drawn up and the Board of Directors examines the details thereof and makes decisions thereon. In addition, periodical reports on whether the management plan is implemented as scheduled are made from subsidiaries and business execution lines.
- (b) Regarding the supervision of the business execution, the Board of Directors examines and makes decisions on the matters set forth in the rules for the Board of Directors and the matters to be discussed that fall under the criteria thereon. Particularly important matters are examined at the group strategy meeting to enhance such examination related to decision-making.

5) Structure to ensure the appropriateness of business at the business group of the Company

- (a) To understand management information at subsidiaries and affiliates, appropriate business reports are submitted on a quarterly basis. Through these reports, if a risk of loss on subsidiaries, etc. has been found or a potential risk of loss may be found, reports are submitted immediately to the Board of Directors regarding the details of the risk of loss, the degree of loss that may occur, and its impacts, etc. on the Company.

- (b) We implement periodical inspections to understand safety and health for the execution of business by our subsidiaries and affiliates and provide continued guidance to prevent the occurrence of a risk of loss on safety and health.
- (c) To prevent inappropriate transactions or accounting methods between our company and subsidiaries, etc., adequate exchange of information is carried out with the audit division of subsidiaries, etc. or the division equivalent thereto.
- 6) Matters for appointment of employees to assist Corporate Auditors**
- (a) Employees to assist the duties of Corporate Auditors are appointed when necessary.
- 7) Matters related to the independence of employees to assist duties of Corporate Auditors from Directors**
- (a) Appointment and transfer of employees to assist Corporate Auditors requires the consent of the Board of Corporate Auditors
- (b) In evaluating the performance of employees to assist Corporate Auditors, Corporate Auditors' opinions are obtained.
- 8) Structure for Directors and employees to report to Corporate Auditors and other structures for reports to Corporate Auditors, as well as a structure to ensure the effective conduct of audits by Corporate Auditors**
- (a) Directors and employees provide necessary reports and information upon request of Corporate Auditors in accordance with the determination of the Board of Corporate Auditors.
- (b) Reports and information in the preceding paragraph should mainly be as follows:
- Status of activities of divisions involved in the creation of our internal control system
 - Status of activities of Corporate Auditors and internal audits of our subsidiaries, etc.
 - Our significant accounting policy and accounting standards and changes thereof
 - Details of announcement of financial results and forecast
 - Operations of in-house reporting system and details of the reports
 - Making it obligatory to circularize in-house *ringisho* (collective decision-making sheet) and the minutes of meetings required by Corporate Auditors
- (c) When recognizing that laws and regulations and the Articles of Incorporation are or may be violated even for items other than those set forth in the preceding paragraphs above, the Board of Directors and employees report to that effect to the Board of Corporate Auditors immediately.
- (d) The Board of Directors and employees should fully respect Corporate Auditors' opinions on ensuring the effectiveness of audit.

(6) Policy to determine the distribution, etc. of surplus
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The Articles of Incorporation stipulates that the Company may carry out the distribution, etc. of surplus pursuant to the resolutions of the Board of Directors, instead of the resolutions of the General Meeting of Shareholders. In addition, we believe that it is also important to seek to improve our corporate value through ongoing stable profitability and further growth, and to enhance retained earnings to prepare for investments in growth fields and the development of new businesses, with a basic policy to respond to expectations of shareholders through stable dividends.

Under this policy, regarding the distribution, etc. of surplus, we will further strengthen consolidated and nonconsolidated results for each fiscal year and our financial structure, with giving comprehensive consideration to the future management strategy, etc. of our group. After then, we will return earnings to shareholders.

(Note) The amount and the number of shares stated in this report are rounded down to the nearest unit. The percentage is rounded to the nearest unit.

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Consolidated Balance Sheets (as of March 31, 2015)

Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	48,556,537	Current liabilities	45,603,338
Cash and deposits	11,046,611	Notes and accounts payable-trade	6,161,691
Notes and accounts receivable-trade	15,146,387	Short-term loans payable	26,171,659
Merchandise and finished goods	4,855,470	Current portion of long-term loans payable	270,000
Work in process	9,141,400	Accounts payable-other	3,473,216
Raw materials and supplies	1,633,326	Income taxes payable	2,111,596
Deferred tax assets	854,166	Provision for bonuses	747,911
Other	5,919,420	Provision for directors' bonuses	36,600
Allowance for doubtful accounts	(40,246)	Provision for repairs	106,680
		Provision for product warranties	85,731
		Provision for sales rebates	371,981
		Provision for sales returns	13,200
Noncurrent assets	56,321,376	Deferred tax liabilities	776,754
Property, plant and equipment	32,334,096	Other	5,276,316
Buildings and structures	12,298,087	Noncurrent liabilities	8,316,547
Machinery, equipment and vehicles	5,013,916	Long-term loans payable	6,550,000
Land	14,568,241	Deferred tax liabilities	1,567,562
Construction in progress	38,220	Net defined benefit liability	126,555
Other	415,630	Other	72,430
		Total liabilities	53,919,886
		NET ASSETS	
		Shareholders' equity	49,819,392
Intangible assets	22,643,627	Capital stock	4,480,817
Goodwill	21,737,557	Capital surplus	6,038,759
Other	906,069	Retained earnings	44,459,425
		Treasury stock	(5,159,609)
		Accumulated other comprehensive income	685,274
Investments and other assets	1,343,653	Valuation difference on available-for-sale securities	33,107
Investment securities	168,994	Deferred gains or losses on hedges	313,451
Deferred tax assets	368,867	Foreign currency translation adjustment	338,715
Net defined benefit asset	154,207	Subscription rights to shares	77,908
Other	676,113	Minority interests	375,452
Allowance for doubtful accounts	(24,528)	TOTAL NET ASSETS	50,958,027
Total assets	104,877,914	TOTAL LIABILITIES AND NET ASSETS	104,877,914

(Note) Amounts less than one thousand yen are omitted.

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Consolidated Statements of Income (April 1, 2014 to March 31, 2015) (Thousands of yen)

Account	Amount	
Net sales		111,417,067
Cost of sales		88,340,760
Gross profit		23,076,307
Selling, general and administrative expenses		12,595,945
Operating income		10,480,362
Non-operating income		
Interest income and dividends	39,911	
Gains on foreign exchange	37,805	
Subsidy income	36,468	
Other	68,999	183,185
Non-operating expenses		
Interest expenses	54,004	
Other	48,022	102,026
Ordinary income		10,561,520
Extraordinary income		
Gains on sale of noncurrent assets	9,360	
Gains on sale of investment securities	10,120	19,480
Extraordinary loss		
Loss on retirement and sale of noncurrent assets	69,301	
Impairment losses	57,405	
Additional tax on value-added tax	736,816	863,523
Income before income taxes and minority interests		9,717,477
Income taxes-current	3,916,099	
Income taxes-deferred	(40,697)	3,875,401
Income before minority interests		5,842,076
Minority interests in loss		67,130
Net income		5,774,946

(Note) Amounts less than one thousand yen are omitted.

Consolidated Statements of Changes in Net Assets (April 1, 2014 to March 31, 2015)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2014	4,480,817	6,108,187	40,715,629	(5,384,309)	45,920,324
Cumulative effects of changes in accounting policies		(69,428)	(67,008)	4,597	(131,839)
Restated balance at April 1, 2014	4,480,817	6,038,759	40,648,620	(5,379,712)	45,788,485
Changes during the period					
Dividends from surplus			(1,964,141)		(1,964,141)
Net income			5,774,946		5,774,946
Purchase of treasury stock				(897)	(897)
Disposal of treasury stock				221,000	221,000
Net changes in items other than shareholders' equity during the period					
Total changes during the period	—	—	3,810,804	220,102	4,030,907
Balance at March 31, 2015	4,480,817	6,038,759	44,459,425	(5,159,609)	49,819,392

	Accumulated other comprehensive income				Subscription rights to shares	Minority interest	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at April 1, 2014	15,205	(121,332)	665,549	559,421	77,908	66,103	46,623,757
Cumulative effects of changes in accounting policies							(131,839)
Restated balance at April 1, 2014	15,205	(121,332)	665,549	559,421	77,908	66,103	46,491,918
Changes during the period							
Dividends from surplus							(1,964,141)
Net income							5,774,946
Purchase of treasury stock							(897)
Disposal of treasury stock							221,000
Net changes in items other than shareholders' equity during the period	17,902	434,784	(326,833)	125,852	—	309,349	435,201
Total changes during the period	17,902	434,784	(326,833)	125,852	—	309,349	4,466,109
Balance at March 31, 2015	33,107	313,451	338,715	685,274	77,908	375,452	50,958,027

(Note) Amounts less than one thousand yen are omitted.

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Notes to consolidated financial statements
(Basis of preparing consolidated financial statements)

1. Scope of consolidation

Number of consolidated subsidiaries	24
Major consolidated subsidiaries	Asahi Pretec Corp. Japan Waste Corporation Nihon Chemitech Co., Ltd. JW Logistics, Co., Ltd. Taiyo Chemical Co., Ltd. Iyotec Co., Ltd. Fuji Rozai Co., Ltd. JW Glass Recycling Co., Ltd. Ecomax Incorporated Kyodo Chemical Co., Ltd. INTER CENTRAL, INC. KOEIKOGYO CO., LTD. FUJI MEDICAL INSTRUMENTS MFG. CO., LTD. Asahi G&S SDN. BHD. Shanghai Asahi Pretec Co., Ltd. Asahi Pretec Korea Co., Ltd. Asahi Pretec Taiwan Co., Ltd. Asahi Shih Her Technologies Co., Ltd. Asahi Americas Holdings, Inc. Asahi Refining Holdings UK Limited Asahi Refining USA Inc. Asahi Refining Canada Ltd. and 2 other companies

FUJI MEDICAL INSTRUMENTS MFG. CO., LTD. is included in the scope of consolidation due to its stock acquisition on July 1, 2014.

Asahi Americas Holdings, Inc. is included in the scope of consolidation as it was newly established on December 5, 2014.

Asahi Refining Holdings UK Limited and its two subsidiaries (Asahi Refining USA Inc., Asahi Refining Canada Ltd.) are included in the scope of consolidation as all shares of Asahi Refining Holdings UK Limited were acquired on March 5, 2015.

Additionally, Usuda Manufacturing Co., Ltd. has been excluded from scope of consolidation due to its merger with Asahi Pretec Corp on October 1, 2014.

Nonconsolidated subsidiaries	None
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2. Equity method affiliate

Equity method affiliates	None
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Jiangmen Asahi Pretec Kanfort Environmental Managemant Co., Ltd. has been excluded

from equity method affiliate due to sale of its stock during the fiscal year ended March 31, 2015.

3. Fiscal year of consolidated subsidiaries

Among consolidated subsidiaries, the fiscal year end of Asahi G&S Sdn. Bhd., Shanghai Asahi Pretec Co., Ltd., Asahi Pretec Korea Co., Ltd., Asahi Pretec Taiwan Co., Ltd. and Asahi Shih Her Technologies Co., Ltd. is December 31 of each year. For the preparation of consolidated financial statements, the Company uses financial statements as of December 31 and makes adjustments as necessary for consolidation in relation to significant transactions during their year-end date and the consolidated year-end date.

4. Accounting policies

(1) Valuation standards and methods for major assets

1) Securities

Other securities

Other securities for which market quotations are available : Stated at fair value prevailing at the balance sheet date with unrealized gains and losses, directly included in net assets. The cost of securities sold is determined by the moving-average method.

Other securities for which market quotations are not available : Cost mainly determined by the moving-average method.

2) Derivative

: Market price method

3) Inventories

Merchandise and finished goods, work in process, raw materials and supplies : Stated at cost. Cost is determined mainly by the moving-average method (the method of write-downs based on the decrease in profitability is applied in order to calculate the inventory value on the balance sheet).

(A part of merchandise and finished goods is determined by individual cost method based on the actual cost method.)

(2) Depreciation and amortization for major assets

1) Property, plant and equipment other than leased assets : The Company and domestic consolidated subsidiaries: declining-balance method Note: Buildings acquired on or after April 1, 1998 other than equipment: straight-line method Foreign consolidated subsidiaries: mainly straight-line method based on accounting standards of local country.

2) Intangible assets other than leased assets : The Company and domestic consolidated subsidiaries: straight line method Foreign consolidated subsidiaries: straight-line

method based on accounting standards of local country.

Software for internal use is amortized under the straight-line method based on the period for which the Company can use such software (5 years or less).

- 3) Leased assets : Leased assets related to financial leases that do not transfer ownership rights to the lessees are amortized under the straight-line method based on the lease term as the useful life and residual value of zero. Finance leases whose starting date of lease transactions that do not transfer ownership rights to the lessees before the start of the applied first fiscal year are continuously subject to accounting in accordance with methods used for an ordinary lease transaction.

(3) Significant allowances

- 1) Allowances for doubtful account : To prepare for losses from doubtful receivables, general allowance of the Company and domestic consolidated subsidiaries is recorded based on the actual bad debt ratio, and specific allowance is recorded based on the amount deemed to the uncollectible considering the collectibility. As for foreign consolidated subsidiaries, specific credits are based on estimated uncollectible amount.
- 2) Provision for bonuses : To allow for the payment of bonuses to employees, the standard for estimated amounts of bonuses to be paid is recorded.
- 3) Provision for director's bonuses : To allow for the payment of bonuses to directors, the standard for estimated amounts of bonuses to be paid is recorded.
- 4) Provision for repairs : To allow our payment of periodic maintenance of production equipment, the Company records the amount of estimated cost to be paid during this fiscal year.
- 5) Provision for product warranties : To allow for cost of after-sales service, the Company records the actual cost of the past to be paid.
- 6) Provision for sales rebates : To allow for sales rebates, some consolidated subsidiaries record the cost of this fiscal year's portion of the estimated sales rebate.
- 7) Provision for sales returns : To allow for sales returns, some consolidated

subsidiaries record the estimated sales returns losses at the year - end of this fiscal year.

(4) Other important items for preparing consolidated financial statements

1) Hedge accounting

Hedge accounting methods : The Company accounts for hedging activities under deferral hedge accounting. *Furiate-shori* (accounting method in which the current and forward rate difference is allocated by period length for the calculation at the accounting period) is applied to forward foreign exchange contracts which conform to the requirements of such hedge accounting.

Hedging instruments and targets

Hedging instruments : Derivative transaction and exchange contracts

Hedged targets : Precious metal products and monetary assets and liabilities denominated in foreign currencies

Hedge policy

: To reduce the precious metal market price risk and to improve income and expenditure balance, the company hedges price fluctuation risk based on internal rules.

Methods for valuation of appropriateness for hedging

: During the start of hedging to the judgment of appropriateness, accumulated rate fluctuations in hedge targets and hedge items are compared and then valuation is made on the basis of the amount of changes in hedge targets and hedge item. For foreign exchange contracts subject to *furiate-shori*, the valuation of appropriateness is omitted.

2) Accounting method for consumption taxes

: Consumption taxes are accounted for using the net method of reporting.

3) Translation of foreign currency-denominated assets or liabilities into Japanese yen

: All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the fiscal closing date. Resulting gains and losses are included in net profit or loss for the period.

All assets and liabilities as well as revenues and expenses of foreign subsidiaries and affiliated companies are translated into Japanese yen at the spot exchange rates prevailing at the fiscal closing date of such subsidiaries and affiliates, and translation adjustments are included in

- “Foreign currency translation adjustments of
“Net assets.”
- 4) Amortization of goodwill : By judging respective case, goodwill is amortized under the straight-line method within a period of 20 years.
- 5) Accounting for net defined benefit liability
- Method of attributing expected benefit to periods : When calculating retirement benefit obligations, benefit formula is used for attributing expected retirement benefits to periods through March 31, 2015.
- Amortization of actual gain or loss, prior service cost and others : Prior service costs are expensed in a lump sum in the fiscal year in which they arise. Actuarial differences are expensed in a lump sum in the fiscal year in which they arise.
- Simplified method for small companies : Some domestic consolidated subsidiaries use the simplified method to calculate defined benefit liabilities and related costs.

(Notes to changes in accounting policies)

(1) Change in valuation method for inventories

Our method for valuation of inventories has been mainly the weighted-average method (the method of write-downs based on the decrease in profitability in order to calculate the inventory value on the balance sheet). Beginning with the current fiscal year, we changed to mainly the moving-average method (the method of write-downs based on the decrease in profitability in order to calculate the inventory value on the balance sheet).

The aims of this change are to respond to fluctuations in metals prices, carry out management of inventories by item and by process precisely and on time, value inventories, and perform periodic accounting of profit and loss more accurately. It accompanies the introduction of a new IT system.

Because we did not preserve the inventory receipts and payments records that would be needed in order to calculate unit costs with the moving-average method for past fiscal years, it is impossible to retroactively apply this accounting policy to determine cumulative effects. Therefore, the book values of inventories at the end of the previous fiscal year were carried over as initial balances for the current fiscal year, with the moving-average method being used from the beginning of this term.

Compared to the past method, it decreases operating income, ordinary income, and income before income taxes and minority interests by 122,899 thousand yen each, and net income by 79,098 thousand yen for the fiscal year.

(2) Application of the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc., through Trusts”

We began applying the "Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts" (ASBJ PITF No. 30, March 26, 2015) during the current

fiscal year. When we deliver treasury stock to the trust, we recognize the disposal balance. Profit or loss related to sales of shares by the trust to the employee stock ownership plan, dividends paid by us on shares held by the trust, and net charges related to the trust are included by us as liabilities. This change in accounting policy was applied retrospectively to past fiscal years, and the cumulative effects of this change have been reflected in the book value of net assets at the beginning of the fiscal year under review.

Consequently, compared with figures before this retroactive application, as of the beginning of the fiscal year under review, capital surplus decreased by 69,428 thousand yen, retained earnings decreased by 67,008 thousand yen, and treasury stock decreased by 4,597 thousand yen.

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(Notes to consolidated balance sheet)

1. Assets pledged as collateral and obligations related to collateral

(1) Assets pledged as collateral

Buildings and structures	79,087 thousand yen
Land	158,932 thousand yen
Total	238,019 thousand yen

(2) Obligations related to collateral

Short-term loans payable	50,000 thousand yen
Total	50,000 thousand yen

2. Accumulated depreciation of property, plant and equipment

30,080,330 thousand yen

3. Notes receivable endorsed

74,009 thousand yen

(Notes to consolidated statements of changes in net assets)

1. Class and number of issued shares and treasury shares

	Number of shares at the beginning of this consolidated accounting period (Thousands of shares)	Number of shares increased during this consolidated accounting period (Thousands of shares)	Number of shares decreased during this consolidated accounting period (Thousands of shares)	Number of shares at the end of this consolidated accounting period (Thousands of shares)
Issued shares				
Common stock	36,254	-	-	36,254
Total	36,254	-	-	36,254
Treasury shares				
Common stock	3,672	0	153	3,519
Total	3,672	0	153	3,519

(Notes) 1. The increase of 0 thousand shares in treasury shares of common stock was due to the purchase of shares less than one unit.

2. The decrease of 153 thousand shares in treasury shares of common stock was mainly due to the sale of those shares to the employee shareholding association from the trust account of the employee shareholding association.

2. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends	Dividends per share	Record date	Effective date
May 12, 2014 Board of Directors' Meeting	Common stock	982,073 thousand yen	30.00 yen	March 31, 2014	May 30, 2014
October 29, 2014 Board of Directors' Meeting	Common stock	982,067 thousand yen	30.00 yen	September 30, 2014	November 26, 2014

(Note) Total dividends resolved by the Board of Directors' Meeting held on May 12, 2014, include dividends of 4,617 thousand yen paid to the trust account of the employee shareholding association. Total dividends resolved by the Board of Directors' Meeting held on October 29, 2014, include dividends of 3,387 thousand yen paid to the trust account of the employee shareholding association.

(2) Among dividends whose record date within this consolidated accounting period, those having an effective date within the following consolidated accounting period (scheduled)

Resolution	Class of shares	Total dividends	Source of dividends	Dividends per share	Record date	Effective date
May 11, 2015 Board of Directors' Meeting	Common stock	982,058 thousand yen	Retained earnings	30.00 yen	March 31, 2015	May 29, 2015

3. Share options at the end of this accounting period

	2010 share options
Class of shares subject to the share options	Common stocks
Number of shares subject to the share options	202,000 shares
Balance of share options	77,908 thousand yen

(Notes to financial instruments)

1. Status of financial instruments

As for fund investments, the Group limits to short-term deposits, etc. and procures funds through loans provided by financial institutions, such as banks.

The credit risk involved in notes receivable and trade accounts receivable are reduced in accordance with the credit control regulations. Investment securities mainly consist of shares, and market prices of listed shares are evaluated on a regular basis.

Loans payable are used for working funds, capital investment. Derivative transactions are made within the scope of actual demand pursuant to the internal management regulations.

2. Market value, etc. of financial instruments

The amount, market value, and their difference reported on the consolidated balance sheet on March 31, 2015 (consolidated fiscal closing date for the current fiscal year), are as follows:

(Thousands of yen)

	Amount on consolidated financial statements (*1)	Market value (*1)	Difference
(1) Cash and cash equivalents	11,046,611	11,046,611	—
(2) Notes receivable and accounts receivable-trade	15,146,387	15,146,387	—
(3) Investment securities			
Other securities	153,159	153,159	—
(4) Notes payable and accounts payable-trade	(6,161,691)	(6,161,691)	—
(5) Short-term loans payable	(26,171,659)	(26,171,659)	—
(6) Accounts payable-other	(3,473,216)	(3,473,216)	—
(7) Income taxes payable	(2,111,596)	(2,111,596)	—
(8) Long-term loans payable (including current portion of long-term loans payable)	(6,820,000)	(6,820,093)	93
(9) Derivative transactions Those subject to hedge accounting (*2)	468,536	468,536	—

(*1) Those included in liabilities are shown in parentheses.

(*2) Net receivables and payables resulting from derivative transactions are shown at net amount, and items which become net payables in total are shown in parentheses.

(Notes) 1. Methods for calculating market values of financial instruments, as well as securities and

derivative transactions

- (1) Cash and cash equivalents, as well as (2) Notes receivable and accounts receivable-trade

These items are settled in a short term and market values thereof are almost equivalent to their book values. Therefore, these are stated at their book values.

- (3) Investment securities and other securities

Market values of these items are stated at prices of stock exchanges, and investment trusts are stated at prices presented by financial institutions we have transactions with.

- (4) Notes payable and accounts payable-trade, (5) Short-term loans payable, (6) Accounts payable-other, and (7) Income taxes payable

These items are settled in a short term and market values thereof are almost equivalent to their book values. Therefore, these are stated at their book values.

- (8) Long-term loans payable (including current portion of long-term loans payable)

Market values of Long-term loans payable (including current portion of long-term loans payable) are stated in accordance with a method where the total amount of the principal and interest is discounted at an interest rate assumed in case new loans of a similar nature are provided.

- (9) Derivative transactions

- 1) Those which are not subject to hedge accounting

Not applicable

- 2) Those which are subject to hedge accounting

The contract amount, etc. on consolidated fiscal closing date by hedge accounting method are as follows:

(Thousands of yen)

Hedge accounting methods	Types, etc. of derivative transactions	Major hedged targets	Contract amount, etc.		Market values	Methods for calculating such market values
				More than one year		
Principle processing methods	Forward contracts Selling contracts	Precious metal products	14,636,970	–	14,168,433	Stated at the price presented by trade partners

(Note) 2. Unlisted shares (15,834 thousand yen on the consolidated balance sheet) have no market prices and their future cash flows cannot be estimated. Because of this, we consider it is very difficult to know market values and therefore, such shares are not included in “(3) Investment securities.”

(Notes to lease real estate)

Not stated because of its relative unimportance

(Notes to information per share)

Net assets per share 1,542.82 yen
Net income per share 176.89 yen

(Notes to significant subsequent events)

Not applicable

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Balance sheet (as of March 31, 2015)

		(Thousands of yen)	
Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	16,206,882	Current liabilities	559,077
Cash and deposits	1,327,039	Short-term loans payable	400,000
Deferred tax assets	11,914	Current portion of long-term loans payable	20,000
Short-term loans to affiliated companies	13,753,704	Accounts payable-other	107,186
Income taxes receivable	1,114,185	Accrued expenses	4,159
Other	37	Provision for directors' bonuses	24,300
		Other	3,431
Noncurrent assets	34,128,444	Noncurrent liabilities	5,050,000
Property, plant and equipment	6,576,589	Long-term loans payable	5,050,000
Buildings	3,161,886	Total liabilities	5,609,077
Tools, equipment and fixtures	151	NET ASSETS	
Land	3,414,552	Shareholders' equity	44,648,341
Intangible assets	7,367	Capital stock	4,480,817
Software	7,367	Capital surplus	23,012,557
Investments and other assets	27,544,487	Capital reserve	6,054,118
Shares of affiliated companies	27,519,040	Other capital surplus	16,958,438
Deferred tax assets	25,446	Retained earnings	22,314,576
		Other retained earnings	22,314,576
Total assets	50,335,327	Retained earnings carried forward	22,314,576
		Treasury stock	(5,159,609)
		Subscription rights to shares	77,908
		TOTAL NET ASSETS	44,726,249
		TOTAL LIABILITIES AND NET ASSETS	50,335,327

(Note) Amounts less than one thousand yen are omitted.

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Statements of income (April 1, 2014 to March 31, 2015)

(Thousands of yen)

Account	Amount	
Operating income		6,690,223
Operating expenses		1,111,195
Operating income		5,579,028
Non-operating income		
Interest income	79,146	
Rent income	2,155	
Gains on sale of derivatives	61,464	
Other	5,814	148,581
Non-operating expenses		
Interest expenses	21,400	
Foreign exchange losses	177	
Depreciation expenses for assets lent	2,216	
Other	758	24,554
Ordinary income		5,703,054
Extraordinary loss		
Losses on retirement of noncurrent assets	145	
Impairment losses	32,654	32,800
Net income before income taxes		5,670,254
Income taxes-current	2,500	
Income taxes-deferred	(7,110)	(4,610)
Net income		5,674,865

(Note) Amounts less than one thousand yen are omitted.

Statements of changes in net assets (April 1, 2014 to March 31, 2015)

(Thousands of yen)

	Shareholders' equity					
	Capital stock	Capital surplus		Retained earnings	Treasury stock	Total shareholders' equity
		Capital reserve	Other capital surplus	Other retained earnings Retained earnings carried forward		
Balance at April 1, 2014	4,480,817	6,054,118	17,027,866	18,670,861	(5,384,309)	40,849,354
Cumulative effects of changes in accounting policies			(69,428)	(67,008)	4,597	(131,839)
Restated balance at April 1, 2014	4,480,817	6,054,118	16,958,438	18,603,852	(5,379,712)	40,717,515
Changes during the period						
Dividends from surplus				(1,964,141)		(1,964,141)
Net income				5,674,865		5,674,865
Purchase of treasury stock					(897)	(897)
Disposal of treasury stock					221,000	221,000
Net changes in items other than shareholders' equity during the period						
Total changes during the period	-	-	-	3,710,723	220,102	3,930,826
Balance at March 31, 2015	4,480,817	6,054,118	16,958,438	22,314,576	(5,159,609)	44,648,341

	Subscription rights to shares	Total net assets
Balance at April 1, 2014	77,908	40,927,262
Cumulative effects of changes in accounting policies		(131,839)
Restated balance at April 1, 2014	77,908	40,795,423
Changes during the period		
Dividends from surplus		(1,964,141)
Net income		5,674,865
Purchase of treasury stock		(897)
Disposal of treasury stock		221,000
Net changes in items other than shareholders' equity during the period	-	-
Total changes during the period	-	3,930,826
Balance at March 31, 2015	77,908	44,726,249

(Note) Amounts less than one thousand yen are omitted.

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Notes to non-consolidated financial statements
(Notes to significant accounting policies)

1. Valuation standards and valuation methods for assets

Securities

Shares of subsidiaries : Cost mainly determined by the moving-average method.

2. Depreciation methods for noncurrent asset

Property, plant and equipment : Declining-balance method (Straight-line method for buildings (excluding structures annexed to buildings))
Assets with acquisition amount of 100 thousand yen or more to less than 200 thousand yen are depreciated for three years using the straight-line method.

Intangible assets : Straight-line method
Software for internal use is amortized under the straight-line method based on the period for which our company can use such software (5 years or less).

3. Accounting standards for provisions

Provision for director's bonuses : To allow for the payment of bonuses to directors, subsidiaries records the standard for estimated amounts of bonuses to be paid.

4. Other important items for preparing financial statements

Accounting method for consumption taxes : Consumption taxes are accounted for using the net method of reporting.

(Changes in accounting policies following the revision, etc., of accounting standards, etc.)

Application of the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc., through Trusts"

1. Details of and reasons for the accounting policy change

We began applying the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ PITF No. 30, March 26, 2015) during the current fiscal year. When we deliver treasury stock to the trust, we recognize the disposal balance. Profit or loss related to sales of shares by the trust to the employee stock ownership plan, dividends paid by us on shares held by the trust, and net charges related to the trust are included by us as liabilities.

This change in accounting policy was applied retrospectively to past fiscal years.

2. Effects on the beginning balance of net assets

Consequently, compared with figures before this retroactive application, as of the beginning of

the fiscal year under review, other capital surplus decreased by 69,428 thousand yen, retained earnings carried forward decreased by 67,008 thousand yen, and treasury stock decreased by 4,597 thousand yen.

(Notes to balance sheet)

1. Accumulated depreciation of property, plant and equipment 1,327,394 thousand yen

2. Guarantee liabilities

Guarantees are provided for the bank loans of the following companies.

Asahi Americas Holdings, Inc.	22,900,000 thousand yen
Asahi Refining Canada Ltd.	1,181,585 thousand yen
<u>Asahi Pretec Korea Co., Ltd.</u>	<u>521,659 thousand yen</u>
Total	24,603,245 thousand yen

3. Monetary claims and monetary obligations related to affiliated companies

Short-term monetary claims	13,753,704 thousand yen
Short-term monetary obligations	62,518 thousand yen

(Notes to statements of income)

Amount of transaction with affiliated companies

Amount of operating transactions with affiliated companies

Operating income	6,690,223 thousand yen
Amount of other operating transactions	86,706 thousand yen
Amount of transactions other than operating transactions	81,291 thousand yen

(Notes to statements of changes in net assets)

Class and number of treasury stocks

Class of shares	Number of shares at the beginning of this fiscal year (Thousands of shares)	Number of shares increased during this fiscal year (Thousands of shares)	Number of shares decreased during this fiscal year (Thousands of shares)	Number of shares at the end of this fiscal year (Thousands of shares)
Common stocks	3,672	0	153	3,519
Total	3,672	0	153	3,519

(Notes) 1. The increase of 0 thousand shares in treasury shares of common stock was due to the purchase of shares less than one unit.

2. The decrease of 153 thousand shares in treasury shares of common stock was due to the sale of those shares to the employee shareholding association from the trust account of the employee shareholding association.

(Notes to tax effect accounting)**Breakdowns of main items causing deferred tax assets and deferred tax liabilities**

Deferred tax assets	
Losses carried-forward for tax purposes	25,446 thousand yen
Business tax	2,193 thousand yen
Provision for directors' bonuses	8,043 thousand yen
Other	1,678 thousand yen
Total deferred tax assets	37,361 thousand yen
Net deferred tax assets	37,361 thousand yen

(Notes to transactions with related parties)**Subsidiaries and affiliated companies, etc.**

Category	Name of companies	Voting rights (%)	Relationship with related parties	Details of transaction	Amount of transaction (Thousands of yen)	Account	Term-end balance (Thousands of yen)
Subsidiary	Asahi Americas Holdings, Inc.	Owned Direct 100%	Debt guarantee	Debt guarantee	22,900,000	-	-
Subsidiary	Asahi Refining Canada Ltd.	Owned Indirect 100%	Debt guarantee	Debt guarantee	1,181,585	-	-
Subsidiary	Asahi Pretec Korea Co., Ltd.	Owned Indirect 100%	Debt guarantee	Debt guarantee	521,659	-	-
Subsidiary	Asahi Pretec Corp.	Owned Direct 100%	Debt guarantee provided	Debt guarantee provided for bank loans to the Company	100,000	-	-
			Support of funds	Collection of loaned funds	9,890,652	Short-term loans to affiliated companies	13,753,704
				Loan of funds (Note 1)	13,753,704		
			Management guidance	Management guidance (Note 2)	732,499	-	-
			Receipt of dividends	Receipt of dividends	5,500,000	-	-

Transaction terms and conditions and policy, etc., to determine terms and conditions for transactions

(Note 1) As for loans of funds, we reasonably determine interest rates taking into consideration market interest rates.

(Note 2) We determine prices and other terms and conditions for transactions by reference to prevailing market interest rates, etc.

(Notes to information per share)

Net assets per share	1,363.92 yen
Net income per share	173.83 yen

(Notes to significant subsequent events)

Not applicable

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Transcript of accounting auditor's audit report on consolidated financial statements

Independent Auditor's Report

May 7, 2015

To the Board of Directors of
Asahi Holdings, Inc.

Ernst & Young ShinNihon LLC

Designated and
Engagement Partner, Certified Public Accountant Mitsuo Cho

Designated and
Engagement Partner, Certified Public Accountant Ken Tarui

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the consolidated financial statements, namely the consolidated balance sheet, the consolidated statement of income, and the consolidated statement of changes in net assets of Asahi Holdings, Inc. for the consolidated fiscal year from April 1, 2014 to March 31, 2015, including notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in conformity with corporate accounting principles generally accepted in Japan. This includes the improvement and application of the internal control that management deemed necessary to prepare and fairly present consolidated financial statements that are free from material misstatements caused by fraud or error.

Auditors' Responsibility

Our responsibility is to express independent opinions on consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we draw up a plan and perform the audit pursuant to the plan to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. Audit procedures are selected and applied depending on auditor judgment on the basis of the assessment of the risks of material misstatements of the consolidated financial statements arising from fraud or error. The purpose of the audit of the consolidated financial statements is not to express an opinion on the validity of internal control, but in assessing the risks, the auditors consider internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the accounting policies adopted by management, application methods therefor and estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to the above present fairly, in all

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material respects, the assets as well as income and losses in the period pertaining to consolidated financial statements of the corporate group which consists of Asahi Holdings, Inc. and its consolidated subsidiaries in conformity with corporate accounting principles generally accepted in Japan.

Interests

There are no interests between the Company and us or engagement partners, which should be stated in compliance with the Certified Public Accountants Act.

Transcript of accounting auditor's audit report

Independent Auditor's Report

May 7, 2015

To the Board of Directors of
Asahi Holdings, Inc.

Ernst & Young ShinNihon LLC

Designated and
Engagement Partner, Certified Public Accountant Mitsuo Cho

Designated and
Engagement Partner, Certified Public Accountant Ken Tarui

Pursuant to Article 436, paragraph 2, item 1 of the Companies Act, we have audited the financial statements, namely the balance sheet, the statements of income, and the statements of changes in net assets of Asahi Holdings, Inc. for the 6th fiscal year from April 1, 2014 to March 31, 2015, including notes to non-consolidated financial statements and supplementary schedules thereto.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements and supplementary schedules thereto in conformity with corporate accounting principles generally accepted in Japan. This includes the improvement and application of the internal control that management deemed necessary to prepare and fairly present financial statements and supplementary schedules thereto that are free from material misstatements caused by fraud or error.

Auditors' Responsibility

Our responsibility is to express independent opinions on financial statements and supplementary schedules thereto based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we draw up a plan and perform the audit pursuant to the plan to obtain reasonable assurance about whether the financial statements and the supplementary schedules thereto are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules thereto. Audit procedures are selected and applied depending on auditors' judgment on the basis of the assessment of the risks of material misstatements of the financial statements and the supplementary schedules thereto arising from fraud or error. The purpose of the audit of the financial statements and the supplementary schedules thereto is not to express an opinion on the validity of internal control, but in assessing the risks, the auditors consider internal control relevant to the preparation and fair presentation of the financial statements and the supplementary schedules thereto in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the accounting policies adopted by management, application methods therefor and estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the financial statements and the supplementary schedules thereto referred to the above present fairly, in all material respects, the assets as well as income and losses in the period

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pertaining to such financial statements and the supplementary schedules thereto in conformity with corporate accounting principles generally accepted in Japan.

Interests

There are no interests between the Company and us or engagement partners, which should be stated in compliance with the Certified Public Accountants Act.

Transcript of Board of Corporate Auditors' audit report

Audit Report

With respect to the directors' performance of their duties during the 6th fiscal year (from April 1, 2014 to March 31, 2015), the Board of Corporate Auditors, with a consensus of opinion of all corporate auditors, has prepared this audit report after deliberations based on the audit reports prepared by each corporate auditor, and hereby report as follows:

1. Method and Contents of Audit by Corporate Auditors and the Board of Corporate Auditors

The Board of Corporate Auditors has established the audit policies, assignment of duties, etc. and received a report from each corporate auditor regarding the status of implementation of their audits and results thereof. In addition, the Board of Corporate Auditors has received reports from the directors, etc. and the accounting auditor regarding the status of performance of their duties, and requested explanations as necessary.

In conformity with the corporate auditors auditing standards established by the Board of Corporate Auditors, and in accordance with the audit policies and assignment of duties, etc., each corporate auditor endeavored to facilitate a mutual understanding with the directors, the internal audit division and other employees, etc., endeavored to collect information and maintain and improve the audit environment, has attended the meetings of the board of directors and other important meetings, received reports on the status of performance of duties from the directors and other employees and requested explanations as necessary, examined important approval/decision documents, and inspected the status of the corporate affairs and assets at the head office and other principal business locations. Also, each auditor periodically reported by directors and employees about the establishment and application of the details of board of directors' resolutions and the system established based on such resolutions (internal control system) in connection with the system to ensure that the exercise of duties by directors complies with laws and the Article of Incorporation as described in the business report and the establishment of a system as set forth in Article 100 paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act as being necessary for ensuring the appropriateness of the corporate affairs of a joint stock company (kabushiki kaisha), and then each auditor requested explanations as necessary and expressed opinions. With respect to the subsidiaries, each corporate auditor endeavored to facilitate a mutual understanding and exchanged information with the directors and corporate auditors, etc. of each subsidiary and received from subsidiaries reports on their respective business as necessary. Based on the above-described methods, each corporate auditor examined the business report and supplementary schedules thereto for the fiscal year under consideration.

In addition, each corporate auditor monitored and verified whether the accounting auditor maintained its independence and properly conducted its audit, received a report from the accounting auditor on the status of its performance of duties, and requested explanations as necessary. Each Corporate auditor was notified by the accounting auditor that it had established a "system to ensure that the performance of duties of the accounting auditor was properly conducted" (the matters listed in the items of Article 131 of the Company Accounting Regulations) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council on October 28, 2005), and requested explanations as necessary. Based on the above-

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described methods, each corporate auditor examined the financial statements (balance sheet, statements of income, statements of changes in net assets, and notes to financial statements) and the supplementary schedules thereto, as well as the consolidated financial statements (consolidated balance sheet, consolidated statements of income, consolidated statements of changes in net assets, and notes to consolidated financial statements), for the fiscal year under consideration.

2. Results of Audit

(1) Results of audit of business report, etc.

- (i) We acknowledge that the business report and the supplementary schedules thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the articles of incorporation of the company.
- (ii) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the articles of incorporation of the company was found with respect to the directors' performance of their duties.
- (iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the directors' performance of their duties concerning the internal control systems.

(2) Results of audit of financial statements and supplementary schedules thereto

We acknowledge that the methods and results of audit performed by the accounting auditor, Ernst & Young ShinNihon LLC, are appropriate.

(3) Results of audit of consolidated financial statements

We acknowledge that the methods and results of audit performed by the accounting auditor, Ernst & Young ShinNihon LLC, are appropriate.

May 11, 2015

Board of Corporate Auditors, Asahi Holdings, Inc.
Full-time Corporate Auditor : Yukio Tanabe
Corporate Auditor : Kazuhiko Tokumine
Corporate Auditor : Junzo Kojima

(Note) Corporate Auditor Kazuhiko Tokumine and Junzo Kojima are outside auditors set forth in Article 2, item 16 and Article 335, paragraph 3 of the Companies Act.

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Proposal 1 Partial Amendments to the Articles of Incorporation

1. Reason for proposal
 - (1) From the viewpoint of enhancing corporate governance by reinforcing the audit and supervisory functions of the Board of Directors, the Company plans to make a transition to a company with a Board with Audit Committee, which was newly established pursuant to the Act for Partial Revision of the Companies Act enforced on May 1, 2015, to leverage the function of non-executive Outside Directors without executive authority over operations. To this end, we propose that provisions regarding the Board with Audit Committee and audit committee members be newly established and provisions regarding corporate auditors and the Board of Corporate Auditors be deleted from the current Articles of Incorporation of the Company.
 - (2) Pursuant to the revised Companies Act, it has become possible for the Company to enter into limited liability agreements with non-executive directors based on the provisions of the Articles of Incorporation. We therefore propose that the scope of directors, etc., who can enter into a limited liability agreement be amended to ensure that directors without executive authority over operations may sufficiently fulfill the role expected of them through the conclusion of limited liability agreements. Note that consent has been received from each corporate auditor with regard to the amendments to Article 31 (Exemption from Liability of Directors).
 - (3) In addition to the above, we propose that the numbering of articles, etc., be changed to reflect each of the aforementioned changes.
2. Details of amendments

We propose that the current articles be partly amended as described in the draft below. The proposed partial amendments to the Articles of Incorporation shall take effect upon the conclusion of this Annual General Meeting of Shareholders.

(Amended portions are underlined)

Current Articles of Incorporation	Draft of Amended Articles of Incorporation
<p>CHAPTER 1. GENERAL PROVISIONS</p> <p>Articles 1 to 3 <Omitted></p> <p>(Organizations)</p> <p>Article 4: In addition to the general meeting of shareholders and directors, the Company shall have the following organizations.</p> <ol style="list-style-type: none"> 1. Board of Directors; 2. <u>Corporate Auditors</u>; 3. <u>Board of Corporate Auditors</u>; and 4. Accounting Auditor 	<p>CHAPTER 1. GENERAL PROVISIONS</p> <p>Articles 1 to 3 <Same as the present></p> <p>(Organizations)</p> <p>Article 4: In addition to the general meeting of shareholders and directors, the Company shall have the following organizations.</p> <ol style="list-style-type: none"> 1. Board of Directors; 2. <u>Board with Audit Committee</u>; and <p><Deleted></p> <ol style="list-style-type: none"> 3. Accounting Auditor

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Current Articles of Incorporation	Draft of Amended Articles of Incorporation
<p>Articles 5 to 16 <Omitted></p> <p style="text-align: center;">CHAPTER 4. DIRECTORS AND BOARD OF DIRECTORS</p> <p>(Number of Directors) Article 17: The number of the directors of the Company shall not exceed ten (10).</p> <p style="text-align: center;"><Newly established></p> <p>(Method of Electing Directors) Article 18: A director <u>of the Company</u> shall be elected at a general meeting of shareholders.</p> <p>2. <Omitted></p> <p>3. <Omitted></p> <p>(Term of Office of Directors) Article 19: The term of office of a director shall expire at the close of the annual general meeting of shareholders pertaining to the last business year ending within one (1) year after his/her election.</p> <p style="text-align: center;"><Newly established></p>	<p>Articles 5 to 16 <Same as the present></p> <p style="text-align: center;">CHAPTER 4. DIRECTORS AND BOARD OF DIRECTORS, <u>AS WELL AS BOARD WITH AUDIT COMMITTEE</u></p> <p>(Number of Directors) Article 17: The number of the directors of the Company shall not exceed ten (10) <u>(excluding directors concurrently serving as the Audit Committee Members)</u>.</p> <p><u>2. The directors concurrently serving as the Audit Committee Members shall be not more than six (6).</u></p> <p>(Method of Electing Directors) Article 18: A director shall be elected at a general meeting of shareholders <u>while making a distinction between directors concurrently serving as the Audit Committee Members and other directors.</u></p> <p>2. <Same as the present></p> <p>3. <Same as the present></p> <p>(Term of Office of Directors) Article 19: The term of office of a director <u>(excluding a director serving as the Audit Committee Member)</u> shall expire at the close of the annual general meeting of shareholders pertaining to the last business year ending within one (1) year after his/her election.</p> <p><u>2. The term of office of a director serving as the Audit Committee Member shall expire at the close of the annual general meeting of shareholders pertaining to the last business year ending within two (2) years after his/her election.</u></p>

Current Articles of Incorporation	Draft of Amended Articles of Incorporation
<p style="text-align: center;"><Newly established></p> <p>Article 20: <Omitted> (Convener and Chairman of the Meeting)</p> <p>Article 21: <Omitted> (Convocation <u>Procedure</u> Regarding Meeting of the Board of Directors)</p> <p>Article 22: Convocation notice regarding a meeting of the Board of Directors shall be dispatched at least three (3) days prior to the date of such meeting; provided, however, that such period may be shortened in the case of urgent necessity.</p> <p>2. A meeting of the Board of Directors may be held without carrying out the convocation procedures upon the consent of all the directors <u>and corporate auditors</u>.</p> <p style="text-align: center;"><Newly established></p>	<p><u>3. The term of office of a director serving as the Audit Committee Member elected to fill a vacancy created by the retirement of a director serving as the Audit Committee Member before the expiration of his/her term of office shall expire at the expiration of the term of office of the retired director serving as the Audit Committee Member.</u></p> <p>Article 20: <Same as the present> (Convener and Chairman of the Meeting)</p> <p>Article 21: <Same as the present> (Convocation <u>Notice</u> Regarding Meeting of the Board of Directors)</p> <p>Article 22: Convocation notice regarding a meeting of the Board of Directors shall be dispatched <u>to each director</u> at least three (3) days prior to the date of such meeting; provided, however, that such period may be shortened in the case of urgent necessity.</p> <p>2. A meeting of the Board of Directors may be held without carrying out the convocation procedures upon the consent of all the directors.</p> <p><u>(Convocation Notice Regarding Meeting of the Board with Audit Committee)</u></p> <p>Article 23: <u>1. A convocation notice regarding a meeting of the Board with Audit Committee shall be issued to each audit committee member at least three (3) days prior to the date of such meeting; provided, however, that such period may be shortened in the case of urgent necessity.</u></p>

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<p style="text-align: center;"><Newly established></p> <p>Article <u>23</u>: <Omitted></p> <p style="text-align: center;"><Newly established></p> <p>Article <u>24</u>: <Omitted></p> <p style="text-align: center;"><Newly established></p> <p>(Omission of the Procedure for Adopting Resolutions of the Board of Directors)</p> <p>Article <u>25</u>: When all directors agree, in writing or by electromagnetic records, on all matters to be resolved at the Board of Directors, the resolutions of the Board of Directors of the Company shall be deemed to have been adopted; <u>provided, however, that this provision shall not apply in case where a corporate auditor raises objection thereto.</u></p>	<p><u>2. A meeting of the Board with Audit Committee may be held without carrying out the convocation procedures upon the consent of all the audit committee members.</u></p> <p>Article <u>24</u>: <Same as the present></p> <p><u>(Board with Audit Committee Regulations)</u></p> <p><u>Article 25: In addition to laws and regulations and these Articles of Incorporation, matters regarding a meeting of the Board with Audit Committee shall be provided in the Board with Audit Committee Regulations to be prescribed by the Board with Audit Committee.</u></p> <p>Article <u>26</u>: <Same as the present></p> <p><u>(Method of Adopting Resolutions of the Board with Audit Committee)</u></p> <p><u>Article 27: Resolutions of the Board with Audit Committee shall be adopted by a majority of the audit committee members being present at the relevant meeting, and a majority vote of such audit committee members in attendance.</u></p> <p>(Omission of the Procedure for Adopting Resolutions of the Board of Directors)</p> <p>Article <u>28</u>: When all directors agree, in writing or by electromagnetic records, on all matters to be resolved at the Board of Directors, the resolutions of the Board of Directors of the Company shall be deemed to have been adopted.</p>

Current Articles of Incorporation	Draft of Amended Articles of Incorporation
<p data-bbox="421 331 660 367"><Newly established></p> <p data-bbox="421 667 660 703"><Newly established></p> <p data-bbox="274 1084 724 1120">(Exemption from Liability of Directors)</p> <p data-bbox="274 1137 395 1173">Article <u>26</u>:</p> <p data-bbox="274 1178 395 1214"><Omitted></p> <p data-bbox="274 1236 810 1585">2. Pursuant to the provision of Article 427, Paragraph 1, of the Companies Act, the Company may enter into agreements with <u>Outside</u> Directors to the effect that their liability for damages arising from their failure to perform their duties shall be limited; provided, however, that the limit of the liability under such agreements shall be the amount prescribed by laws and regulations.</p>	<p data-bbox="833 331 1257 367"><u>(Delegation of Decision to Directors)</u></p> <p data-bbox="833 371 1369 645">Article 29: Pursuant to the provision of Article 399-13, Paragraph 6, of the Companies Act, the Company may delegate a decision regarding important duties (excluding matters set forth in items of Article 399-13, Paragraph 5, of the Companies Act) to a director by resolution of the Board of Directors.</p> <p data-bbox="833 667 1225 703"><u>(Remuneration, etc., for Directors)</u></p> <p data-bbox="833 707 1369 1061">Article 30: Remuneration, bonus and other property benefits to be provided by the Company as consideration for execution of duties of directors shall be determined by resolution of a general meeting of shareholders, while making a distinction between directors concurrently serving as the <u>Audit Committee Members and other directors.</u></p> <p data-bbox="833 1084 1283 1120">(Exemption from Liability of Directors)</p> <p data-bbox="833 1137 954 1173">Article <u>31</u>:</p> <p data-bbox="833 1178 1091 1214"><Same as the present></p> <p data-bbox="833 1236 1369 1621">2. Pursuant to the provision of Article 427, Paragraph 1, of the Companies Act, the Company may enter into agreements with directors (<u>excluding directors with executive authority over operations, etc.</u>) to the effect that their liability for damages arising from their failure to perform their duties shall be limited; provided, however, that the limit of the liability under such agreements shall be the amount prescribed by laws and regulations.</p>

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Current Articles of Incorporation	Draft of Amended Articles of Incorporation
<p style="text-align: center;"><u>CHAPTER 5.</u> <u>CORPORATE AUDITORS AND BOARD</u> <u>OF CORPORATE AUDITORS</u></p> <p><u>(Number of Corporate Auditors)</u> <u>Article 27: The number of the corporate auditors of the Company shall not exceed four (4).</u></p> <p><u>(Method of Electing Corporate Auditors)</u> <u>Article 28: A corporate auditor of the Company shall be elected at a general meeting of shareholders.</u></p> <p><u>2. Election of a corporate auditor shall be made by a quorum of shareholders holding one-third (1/3) or more of the voting rights held by all the shareholders entitled to exercise their voting rights being present at the relevant general meeting of shareholders, and by the resolution of a majority vote of the voting rights of such attending shareholders.</u></p> <p><u>(Term of Office of Corporate Auditors)</u> <u>Article 29:</u> <u>The term of office of a corporate auditor shall expire at the close of the annual general meeting of shareholders pertaining to the last business year ending within four (4) years after his/her election.</u></p> <p><u>2. The term of office of a corporate auditor elected as a replacement of another corporate auditor shall be the same as the remaining period of the predecessor's term of office.</u></p>	<p style="text-align: center;"><Deleted></p>

Current Articles of Incorporation	Draft of Amended Articles of Incorporation
<p><u>(Full-Time Corporate Auditors)</u> <u>Article 30: The Board of Corporate Auditors shall by resolution select full-time corporate auditors.</u></p>	<p><Deleted></p>
<p><u>(Convocation Procedure Regarding Meetings of the Board of Corporate Auditors)</u> <u>Article 31: Convocation notice regarding a meeting of the Board of Corporate Auditors shall be dispatched at least three (3) days prior to the date of such meeting; provided, however, that such period may be shortened in the case of urgent necessity.</u></p>	<p><Deleted></p>
<p><u>2. A meeting of the Board of Corporate Auditors may be held without carrying out the convocation procedure upon the consent of all the corporate auditors.</u></p>	<p><Deleted></p>
<p><u>(Board of Corporate Auditors Regulations)</u> <u>Article 32: In addition to laws and regulations and these Articles of Incorporation, matters regarding a meeting of the Board of Corporate Auditors shall be provided in the Board of Corporate Auditors Regulations to be prescribed by the Board of Corporate Auditors.</u></p>	<p><Deleted></p>

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Current Articles of Incorporation	Draft of Amended Articles of Incorporation
<p><u>(Method of Adopting Resolutions of the Board of Corporate Auditors)</u> <u>Article 33: Resolutions of the Board of Corporate Auditors shall be adopted by a majority vote of the Board of Corporate Auditors except as otherwise provided by laws and regulations.</u></p>	<p><Deleted></p>
<p><u>(Exemption from Liability of Corporate Auditors)</u> <u>Article 34:</u> <u>Pursuant to the provision of Article 426, Paragraph 1, of the Companies Act, the Company may, by resolution of the Board of Directors, exempt corporate auditors (including former corporate auditors) from their liability for damages arising from their failure to perform their duties to the extent prescribed by laws and regulations.</u></p>	<p><Deleted></p>
<p><u>2. Pursuant to the provision of Article 427, Paragraph 1, of the Companies Act, the Company may enter into agreements with outside corporate auditors to the effect that their liability for damages arising from their failure to perform their duties shall be limited; provided, however, that the limit of the liability under such agreements shall be the amount prescribed by laws and regulations.</u></p>	<p><Deleted></p>
<p>CHAPTER 6. ACCOUNTING AUDITOR</p>	<p>CHAPTER 5. ACCOUNTING AUDITOR</p>
<p>Articles <u>35</u> and <u>36</u> <Omitted></p>	<p>Articles <u>32</u> and <u>33</u> <Same as the present></p>
<p>CHAPTER 7. ACCOUNTING</p>	<p>CHAPTER 6. ACCOUNTING</p>
<p>Articles <u>37</u> to <u>39</u> <Omitted></p>	<p>Articles <u>34</u> to <u>36</u> <Same as the present></p>

Proposal 2 Election of Five (5) Directors (Excluding Directors Serving as the Audit Committee Members)

The Company plans to make the transition to a Company with a Board with Audit Committee on the condition that Proposal 1 “Partial Amendments to the Articles of Incorporation” is approved at this Meeting. In addition, the terms of office all seven (7) Directors will expire.

Accordingly, we propose the election of five (5) Directors (excluding Directors serving as the Audit Committee Members; the same applies hereinafter in this proposal).

The candidates for Director to be elected are as follows.

Candidate No.	Name (Date of birth)	Career, Position and Duties at Asahi Holdings (Important concurrent assignment)	Ownership of Shares
1	Mitsuharu Terayama (March 10, 1940) <u>To be Reelected</u>	<p>October 1973: Senior Managing Director of Asahi Pretec Corp.</p> <p>May 1981: Appointed as Representative Director and President of Asahi Pretec Corp.</p> <p>April 2009: Appointed as Representative Director and President of Asahi Holdings, Inc.</p> <p>April 2011: Appointed as CEO & COO of Asahi Holdings, Inc.</p> <p>April 2011: Appointed as Chairman and Director of Asahi Pretec Corp. (to present)</p> <p>June 2012: Appointed as CEO of Asahi Holdings, Inc.</p> <p>June 2014: Appointed as President & CEO of Asahi Holdings, Inc. (to present)</p> <p>[Significant concurrent duties] Appointed as Chairman and Director of Asahi Pretec Corp.</p>	882,345 shares

Candidate No.	Name (Date of birth)	Career, Position and Duties at Asahi Holdings (Important concurrent assignment)	Ownership of Shares	
2	Yoshikatsu Takeuchi (January 1, 1956) <u>To be Reelected</u>	<p>April 1999: Joined Asahi Pretec Corp.</p> <p>June 2001: Appointed as Director and General Manager of General Affairs Department of Asahi Pretec Corp.</p> <p>April 2004: Appointed as Director and General Manager of Environmental Business Division and concurrently serving as General Manager of Business Coordination Division of Asahi Pretec Corp.</p> <p>March 2006: Appointed as Director and General Manager of Environmental Recycling Business Division of Asahi Pretec Corp.</p> <p>May 2008: Appointed as Representative Director and President of Japan Waste Corporation (to present)</p> <p>April 2009: Appointed as Director of Asahi Holdings, Inc. (to present)</p> <p>[Significant concurrent duties] Representative Director and President of Japan Waste</p>	5,050 shares	<p>Convocation Notice</p> <p>Business Reports</p> <p>Consolidated Financial Statements</p> <p>Financial Statements</p> <p>Audit Report</p>

Candidate No.	Name (Date of birth)	Career, Position and Duties at Asahi Holdings (Important concurrent assignment)	Ownership of Shares
3	Tomoya Higashiura (January 26, 1961) <u>To be Reelected</u>	<p>February 2001: Joined Asahi Pretec Corp.</p> <p>June 2006: Appointed as Director and General Manager of Administration Division of Asahi Pretec Corp.</p> <p>May 2007: Appointed as President of Taiyo Kagaku Co., Ltd.</p> <p>April 2009: Appointed as Director and General Manager of Corporate Development & Administration Division of Asahi Holdings, Inc.</p> <p>June 2010: Appointed as Director and General Manager of Precious Metal Recycling Business Division of Asahi Pretec Corp.</p> <p>April 2011: Appointed as Director of Asahi Holdings, Inc. (to present)</p> <p>January 2012: Appointed as Director of Asahi Pretec Corp.</p> <p>June 2014: Appointed as Representative Director & President of Asahi Pretec Corp. (to present)</p> <p>[Significant concurrent duties] Representative Director & President of Asahi Pretec Corp.</p>	1,500 shares

Candidate No.	Name (Date of birth)	Career, Position and Duties at Asahi Holdings (Important concurrent assignment)	Ownership of Shares	
4	Keitaro Shigemasa (February 15, 1965) <u>To be Reelected</u>	<p>June 2011: Joined Asahi Pretec Corp. Appointed as General Manager of Information Technology Department of Asahi Pretec Corp. Appointed as Chief Information Officer of Asahi Holdings group</p> <p>April 2012: Appointed as General Manager of Information Technology Department of Asahi Holdings, Inc.</p> <p>June 2013: Appointed as Director and General Manager of Information Technology Department and concurrently serving as General Manager of Planning & Communication Department of Asahi Holdings, Inc.</p> <p>July 2014: Appointed as Director and General Manager of Information Technology Department and concurrently serving as General Manager of Human Resources Department of Asahi Holdings, Inc. (to present)</p> <p>December 2014: Appointed as Representative Director & President of Asahi Americas Holdings, Inc. (to present)</p> <p>[Significant concurrent duties] Representative Director & President of Asahi Americas Holdings, Inc.</p>	1,000 shares	<p>Convocation Notice</p> <p>Business Reports</p> <p>Consolidated Financial Statements</p> <p>Financial Statements</p> <p>Audit Report</p>

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Candidate No.	Name (Date of birth)	Career, Position and Duties at Asahi Holdings (Important concurrent assignment)	Ownership of Shares
5	Kazuo Kawabata (April 20, 1957) <u>To be Reelected</u>	<p>July 2008: Joined Asahi Pretec Corp.</p> <p>October 2008: Appointed as Deputy Head of Technology Support & Production Management Division of Asahi Pretec Corp.</p> <p>April 2012: Appointed as General Manager of Techno Center of Asahi Pretec Corp.</p> <p>April 2013: Appointed as Director and General Manager of Techno Center of Asahi Pretec Corp. (to present)</p> <p>June 2014: Appointed as Director of Asahi Holdings, Inc. (to present)</p> <p>December 2014: Appointed as Director of Asahi Americas Holdings, Inc. (to present)</p> <p>[Significant concurrent duties] Director of Asahi Pretec Corp. Director of Asahi Americas Holdings, Inc.</p>	4,000 shares

Note: There are no special interests between each candidate and the Company.

Proposal 3 Election of Four (4) Directors Serving as the Audit Committee Members

The Company plans to make the transition to a Company with a Board with Audit Committee on the condition that Proposal 1 “Partial Amendments to the Articles of Incorporation” is approved at this Meeting.

Accordingly, we propose the election of four (4) Directors serving as the Audit Committee Members.

Consent of the Board of Corporate Auditors has been obtained in advance with regard to this proposal. The candidates for Director serving as the Audit Committee Member are as follows.

Candidate No.	Name (Date of birth)	Career, Position and Duties at Asahi Holdings (Important concurrent assignment)	Ownership of Shares
1	Shoji Morii (February 12, 1948) Newly Elected	<p>April 1972: Joined Sumitomo Trust and Banking Co., Ltd.</p> <p>June 2001: Appointed as Corporate Officer and General Manager of Kyoto Branch of Sumitomo Trust and Banking Co., Ltd.</p> <p>June 2003: Appointed as Representative Director and President of Kobe Airport Terminal Co., Ltd.</p> <p>June 2006: Representative Director and President of Kaijo Access Co., Ltd.</p> <p>June 2009: Appointed as Outside Director of Asahi Pretec Corp.</p> <p>June 2010: Appointed as Outside Director of Asahi Holdings, Inc. (to present)</p>	1,000 shares
2	Yukio Tanabe (December 27, 1958) Newly Elected	<p>September 2004: Joined Asahi Pretec Corp.</p> <p>June 2008: Appointed as Deputy General Manager of Corporate Development Division of Asahi Pretec Corp.</p> <p>April 2009: Appointed as Director and General Manager of Management Division of Asahi Pretec Corp.</p> <p>April 2009: Appointed as Director of Asahi Holdings, Inc.</p> <p>April 2010: Appointed as Director and General Manager of Corporate Development & Administration Division of Asahi Holdings, Inc.</p> <p>June 2011: Appointed as Full-Time Corporate Auditor of Asahi Holdings, Inc. (to present)</p>	1,000 shares

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Candidate No.	Name (Date of birth)	Career, Position and Duties at Asahi Holdings (Important concurrent assignment)	Ownership of Shares
3	Kazuhiko Tokumine (January 11, 1958) <u>Newly Elected</u>	<p>April 1993: Registered as lawyer (to present)</p> <p>December 2001: Appointed as Provisional Audit Committee Member of Asahi Pretec Corp.</p> <p>June 2002: Appointed as Audit Committee Member of Asahi Pretec Corp.</p> <p>April 2009: Appointed as Corporate Auditor of Asahi Holdings, Inc. (to present)</p> <p>[Significant concurrent duties] Lawyer</p>	6,000 shares
4	Hiroharu Ohkubo (November 3, 1952) <u>Newly Elected</u>	<p>April 1975: Joined Bank of Japan</p> <p>November 1997: Appointed as General Manager of Hakodate Branch, Bank of Japan</p> <p>April 2001: Appointed as General Manager of Kobe Branch, Bank of Japan</p> <p>April 2004: Appointed as Professor, Graduate School of Economics, Kobe University</p> <p>April 2007: Appointed as Advisor to Senshu Ikeda Bank, Ltd. (to present)</p> <p>Appointed as President & Representative Director, Shizen Soken Co., Ltd. (to present)</p> <p>April 2014: Appointed as a part-time lecturer at Faculty of Economics, Osaka University of Economics (to present)</p> <p>[Significant concurrent duties] Advisor of Senshu Ikeda Bank, Ltd. President & Representative Director, Shizen Soken Co., Ltd.</p>	—

- Notes:
1. There are no special interests between each candidate and the Company.
 2. Shoji Morii, Kazuhiko Tokumine and Hiroharu Okubo are candidates for Outside Director.
 3. Shoji Morii has professional expertise and experience in management including finance and financial affairs. We ask shareholders to elect him as an Outside Director for his expected useful opinions. His term of office as Outside Director will be five years at the close of this Annual General Meeting of Shareholders.
 4. We ask shareholders to elect Kazuhiko Tokumine as an Outside Director for his expected useful opinions on the validity and appropriateness of making decisions on deliberations of the agenda and other matters from his highly professional viewpoint as

a lawyer. He is currently an Outside Corporate Auditor of the Company and his term of office as Outside Corporate Auditor will be six years at the close of this Annual General Meeting of Shareholders. Although he has no experience of being directly engaged in corporate management, we anticipate that he will be capable of appropriately performing his duties as an Outside Director for the aforementioned reason.

5. Hiroharu Okubo has a wealth of expertise and experience in the financial field. We ask shareholders to elect him as an Outside Director for his expected useful opinions.
6. The Company has entered into a contract with Shoji Morii and Kazuhiko Tokumine that limits their liability for compensation for damages set forth in Article 423, Paragraph 1, of the Companies Act under provisions set forth in Article 427, Paragraph 1, of the same Act. The limit amount of the liability for compensation for damages under such a contract is determined to be the minimum liability amount stipulated in Article 425, Paragraph 1, of the Companies Act. If Shoji Morii, Yukio Tanabe, Kazuhiko Tokumine and Hiroharu Okubo are elected, the Company intends to enter into the same contract with each of them to limit their liability for compensation for damages.
7. The Company has notified the Tokyo Stock Exchange that Shoji Morii and Kazuhiko Tokumine are independent board members as per the provisions of the Tokyo Stock Exchange, and they will continue to be independent board members if this proposal is approved and assume the position of Outside Director. Hiroharu Okubo satisfies the requirements of an independent board member as per the provisions of the Tokyo Stock Exchange. Accordingly, if this proposal is approved and he assumes the position of Outside Director, the Company intends to newly notify the Tokyo Stock Exchange that he is an independent board member.

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Proposal 4 **Determination of Amounts of Remuneration for Directors and Audit Committee Members**

The limit of compensation to be paid to Directors was resolved to be a maximum annual amount of 200 million yen at the 1st Annual General Meeting of Shareholders held on June 16, 2010, and the resolution has been maintained up to now. The Company however will transition to a Company with a Board with Audit Committee if Proposal 1 “Partial Amendments to the Articles of Incorporation” is approved at this Annual General Meeting of Shareholders. Accordingly, on the condition that Proposal 1 “Partial Amendments to the Articles of Incorporation,” Proposal 2 “Election of Five (5) Directors (Excluding Directors Serving as the Audit Committee Members)” and Proposal 3 “Election of Four (4) Directors Serving as the Audit Committee Members” are approved at this Annual General Meeting of Shareholders, we propose the abolition of remuneration for Directors and ask shareholders to approve the proposed amounts of remuneration for Directors (excluding Directors serving as the Audit Committee Members) and Directors serving as the Audit Committee Members in place of the aforementioned provision.

We propose that the remuneration for Directors (excluding Directors serving as the Audit Committee Members) be a maximum annual amount of 200 million yen in view of the general circumstances including the economic situation. Said remuneration for Directors shall exclude the portion of salaries as employees to those Directors concurrently working as employees.

We propose that the remuneration for Directors serving as the Audit Committee Members be a maximum annual amount of 100 million yen by taking into account their duties and responsibilities.

Although there are currently seven (7) Directors, the number of Directors (excluding Directors serving as the Audit Committee Members) will be five (5) if Proposal 2 is approved as proposed. If Proposal 3 is approved, the number of Directors serving as the Audit Committee Members who would newly assume the position will be four (4).

Proposal 5 Determination of Amounts and the Content of the Performance-Based Stock Compensation Plan for Directors

1. Content of the Proposal and the purpose of introducing said compensation system

The compensation for Directors of the Company previously consisted of “basic remuneration” and “bonuses.” We ask shareholders the approval of the introduction of a new performance-based stock compensation plan (hereinafter, the “Compensation Plan”) for Directors (excluding Directors serving as the Audit Committee Members; the same applies hereinafter in this Proposal 5). The Compensation Plan, as described hereafter, is intended to integrally manage the remuneration for officers for the sake of Directors of the Company and its subsidiaries (hereinafter, the “Applicable Companies”). The purpose of introducing the Compensation Plan targeting Directors is to increase their awareness of contributing to further enhancing the Asahi Holdings Group’s business performance and corporate value.

If Proposal 4 “Determination of Amounts of Remuneration for Directors and Audit Committee Members” is approved, the remuneration for Directors will be a maximum annual amount of 200 million yen (excluding the portion of salaries as employees to those Directors concurrently working as employees). In addition to such a remuneration scheme, we ask shareholders the approval of this new stock compensation, based on their respective positions and achievement ratios in the medium-term management plan (3 years). The number of Directors covered by the Compensation Plan will be five (5) if Proposal 2 “Election of Five (5) Directors (Excluding Directors Serving as the Audit Committee Members)” is approved as proposed.

Furthermore, if this proposal is approved as proposed, the remuneration for Directors will consist of “basic remuneration,” “bonuses” and “stock compensation.”

2. Amounts and the content of the remuneration in the Compensation Plan

(1) Details of the Compensation Plan

The Compensation Plan is a stock compensation plan, in which a trust is established by using funds contributed by the Applicable Companies, and the Company’s shares are awarded to such Directors of the respective Applicable Companies corresponding to the number of points that Directors of the Applicable Companies have been awarded based on their respective achievement ratios and positions. The timing of issuing the Company’s shares shall be August 2018, in principle. The number of points to be awarded to the Directors of the respective Applicable Companies will be calculated after adjusting the number of points awarded every year to the Directors based on their positions using a coefficient that is determined according to achievement ratios in the medium-term management plan of the Company, which was released in March 2015.

(2) Maximum amount of funds to be contributed to the trust by the Company*

The Company will contribute funds, of which the maximum amount is 243 million yen, for the shares to be awarded as remuneration for Directors for each fiscal year ending between March 31, 2016, and March 31, 2018, an applicable period of three fiscal years (hereinafter, the “Applicable Period”), thereby establishing a trust (hereinafter, the “Trust”) of which the covered trust period is three years, in which Directors of the Applicable Companies who meet the criteria for beneficiaries shall be beneficiaries, together with the funds contributed as remuneration for their

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respective Directors by subsidiaries of the Company (the maximum amount of the total amount of said funds contributed by the subsidiaries of the Company shall be 270 million yen).

*Maximum amount of funds for contribution to the Trust is a total of the funds for stock acquisition and Trust expenses.

(3) Calculation method and upper limit of the Company's shares to be acquired by Directors

At the end of March every year during the trust period, the Directors will be awarded by the Applicable Company a certain number of points based on their positions. Provided, however, that the number of points will be adjusted in May 2018 by multiplying the coefficient that is determined based on the achievement ratio in the medium-term management plan during the Applicable Period by the number of accumulated points awarded for the Applicable Period. Specifically, the "Calculation method" below presents how the number of points are calculated. One point will equate to one share of the Company's shares.* The Company's shares will be issued to each Director in August 2018, according to the number of accumulated points after the aforementioned adjustment.

The upper limit of the total number of points that each Director of the Company may be awarded annually shall be 27,000 points. Meanwhile, the maximum number of Asahi Holdings' shares for acquisition that will be acquired by the Trust to issue them to Directors of the Company (hereinafter, the "Number of Shares Acquired") shall be 81,000 shares, which corresponds to the total number of points to be awarded to each Director per year (27,000 points) multiplied by the number of years of the trust period (3).

*Adjustment of points due to stock splits, mergers, etc., can be made if it is recognized that an adjustment in the number of points in any of the aforementioned cases during the trust period is fair and impartial.

(Calculation method)

Number of base points to be determined as described in 1) below × Performance-based coefficient set forth in 2) below

1) Number of base points for each Director

The number of base points granted to Directors during each fiscal year under evaluation is as shown below.

Table 1. Number of base points according to position

Position	Number of base points
Representative Director	3,200
Director	1,600

*In case of a change in position name and the like, the number of base points at an equivalent position shall apply.

2) Performance-based coefficient

The performance-based coefficient shall be as follows, according to the achievement ratio in the medium-term management plan (3 years), which was released in March 2015.

Table 2. Performance-based coefficient

Achievement ratio on performance	Performance-based coefficient
100% or more	1.0
70% or more	0.5
Below 70%	0.0

*Achievement ratio on performance (%) = Achievement ratio of consolidated operating income for the fiscal year ending March 31, 2018

(4) Method of acquiring the Company's shares for the Trust

The acquisition of the Company's shares by the Trust is planned to be from the stock market within the maximum amount of funds for contribution to the Trust and the maximum Number of Shares Acquired.

Furthermore, during the trust period, in the event that the number of shares in the Trust is insufficient for the number of accumulated points awarded to Directors of the Company, additional funds may be allocated to the Trust within the scope for the maximum amount of funds for contribution to the Trust and the maximum Number of Shares Acquired in order to additionally acquire the Company's shares.

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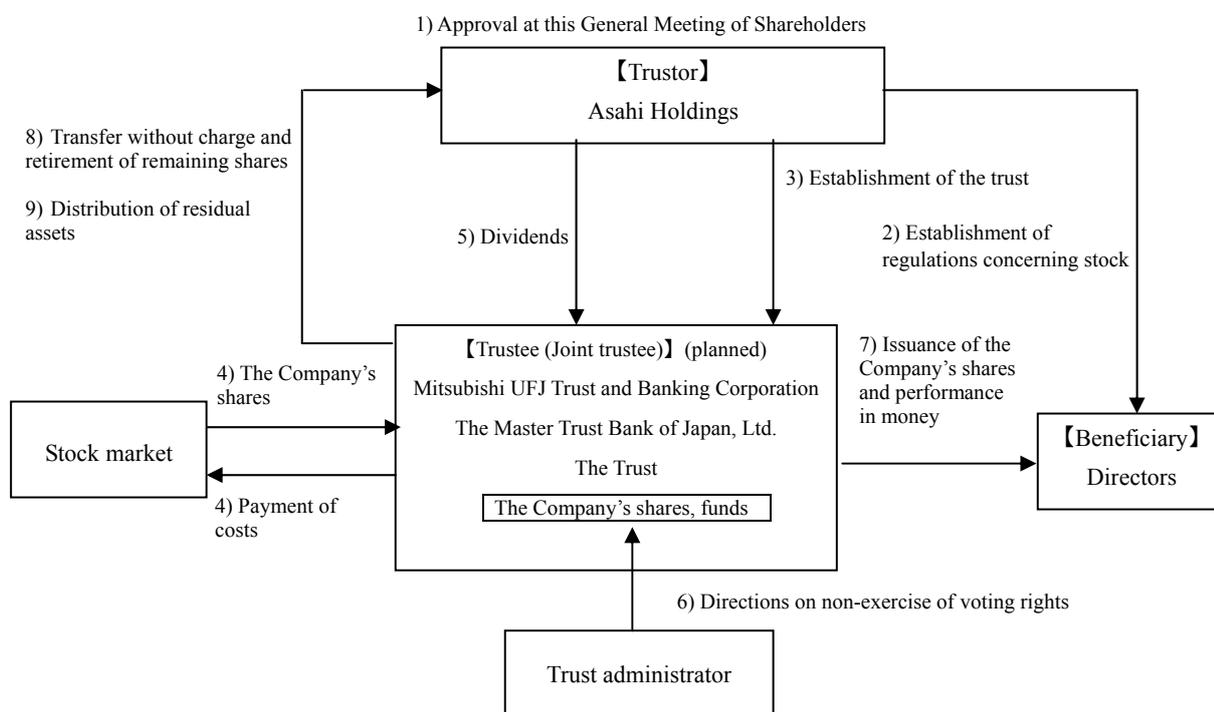
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Reference: Excerpt from the press release dated May 11, 2015

[Trust scheme to be initially established]



- 1) The Applicable Companies shall respectively receive approval on a resolution on remuneration for officers regarding the introduction of the Compensation Plan at this Annual General Meeting of Shareholders.
- 2) The Applicable Companies will, at a Board of Directors meeting thereof, respectively formulate the regulations concerning stock issuance relative to the introduction of the Compensation Plan.
- 3) The Applicable Companies will respectively contribute funds within the scope of this Annual General Meeting of Shareholders' approval as outlined in 1). The Company will, within the scope of this Annual General Meeting of Shareholders' approval as outlined in 1), establish a trust (the "Trust") to award the Company's shares to eligible Directors who meet the criteria for beneficiaries by adding the funds reserved for remuneration to the eligible Directors of the Company to the funds contributed from the respective applicable subsidiaries.
- 4) According to the directions of its trust administrator, the Trust will use the funds reserved in 3) to acquire the Company's shares on the stock market. The number of shares acquired by the Trust will be within the scope of the resolution approved at this Annual General Meeting of Shareholders. The Company's shares in the Trust will be managed at appropriately separated accounts depending on the amounts contributed by the respective Applicable Companies.
- 5) Dividends from the Company's shares in the Trust will be handled in the same way as with other shares.
- 6) Voting rights for the Company's shares in the Trust will not be exercised while those shares are held by the Trust.
- 7) During the trust period, points will be awarded to the eligible Directors based on their positions in each fiscal year. The number of points awarded to the eligible Directors will be adjusted based on the coefficient, which will be determined based on the achievement ratio in the medium-term management plan of the Company. The Company's shares corresponding to the number of post-adjustment points, which have been awarded to said eligible Directors, will be issued by the Trust in August 2018 to the eligible Directors who meet who meet the prescribed criteria for beneficiaries.
- 8) Should shares remain when the Trust expires due to failure to achieve performance targets of the medium-term management plan or for any other reason, it is planned that the remaining shares will be transferred without charge by the Trust as a grant to the Company and retired in accordance with a Board of Directors' resolution. Provided, however, that on the condition that a proposal regarding the continuation of the Trust is submitted for discussion and is approved at an annual general meeting of shareholders to be held after three years, the Trust may be continuously used as a new stock compensation plan by extending the Applicable Period and the trust period within the scope approved by resolution at said general meeting of shareholders.
- 9) It is planned that any assets remaining in the Trust after distribution to beneficiaries will be returned to the Company at the time of settlement of the Trust.

[Overview of trust agreement]

Type of trust	Monetary trust other than a specified solely administered monetary trust (Third Party Beneficiary Trust)
Purpose of trust	Providing incentives to the Directors of Asahi Holdings, Inc.
Trustor	Asahi Holdings, Inc.
Trustee	Mitsubishi UFJ Trust and Banking Corporation (planned) (Joint trustee: The Master Trust Bank of Japan, Ltd. (planned))
Beneficiary	Directors who meet the criteria for beneficiaries
Trust administrator	Third party that has no interest in Asahi Holdings (CPA)
Trust indenture date	February 2016 (planned)
Trust period	February 2016 (planned) to August 2018 (planned)
Plan launch date	February 2016 (planned) (awarding of points to start on March 31, 2016)
Exercise of voting rights	Not to be exercised
Type of stock acquired	Asahi Holdings' common shares
Maximum amount of funds for contribution	513 million yen (planned) (including Trust fees and Trust expenses)
Rights holder	Asahi Holdings, Inc.
Remaining assets	Asahi Holdings as the rights holder shall be entitled to receivable assets remaining after deductions for stock purchases from the funds within the scope of the fund reserved for expenses for trust assets.

[Overview of details of business associated with the Trust and stock]

Trust-related business	It is planned that Mitsubishi UFJ Trust and Banking Corporation and Master Trust Bank of Japan, Ltd., will be the trustees of the Trust to handle trust-related business.
Stock-related business	It is planned that Mitsubishi UFJ Morgan Stanley Securities will handle business related to transferring Asahi Holdings' shares to beneficiaries on an outsourcing agreement basis.

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