

**Asahi Industries
Group Report
2018**



ASAHI INDUSTRIES CO., LTD.

A scenic landscape at sunrise or sunset. The sun is low on the horizon, casting a warm, golden glow across the sky and the foreground. The sky is filled with soft, wispy clouds, some of which are illuminated by the sun, creating a mix of orange, yellow, and blue tones. In the foreground, a row of trees stands on a grassy field. The trees are silhouetted against the bright light, and their leaves are tinged with the warm colors of the sun. The overall mood is peaceful and hopeful.

The Earth is moving.

Asahi Industries is

creating tomorrow, again today.



What we are working towards.

The realization of a plentiful society that organically ties the past to the present and the present to the future through resource recycling.

Our role in that society is to be a driver sitting at the center of that cycle, using our technical expertise to seek out, utilize and restore resources so that Earth's wealth becomes the riches of tomorrow.

The steel and agriculture sectors that we work in are paving the way for a new future for society.

The Earth is moving, and a new tomorrow is coming.

We will continue to be a company that is always at the forefront of creating new possibilities for resources.

Management Principles

Being honest, fair, and respected by all, both now and for generations to come
 Continuing to provide products and services of high quality and value while contributing to the global environment

CSR Guidelines

Focusing on appreciating and contributing to the community

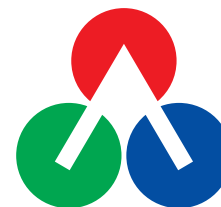
Environmental Guidelines

Contributing to the environment by decreasing environmental impacts, preventing global warming and achieving zero emissions



Corporate Icon

With the “A” of Asahi Industries at its center connecting circles that symbolize “Sun”, “Nature” and “Earth”, our corporate icon expresses our management vision of contributing to the global environment.



TOP MESSAGE	4
The Asahi Industries Story	6
Medium-term Management Plan, Financial Results for FY*2017	7
Medium-term Management Plan (FY2016-2018)	8
Financial Results for FY2017	11
Business Summary	13
Steel Business	15
Crushed Stone and Material Recycling Business (Jobu Co., Ltd.)	19
Agribusiness	21
The Environment, Governance & Social Responsibility	27
Environment	28
Governance	33
CSR Activities	36
Financial Data, Corporate Information, Investors Information	37
Financial Data	38
Corporate Information	41
Investors Information	42

* FY:Fiscal year ended March 31

TOP MESSAGE

For over 80 years since it was founded, the Asahi Industries Group has built a proud record of “contributing to the global environment and local communities”, honoring its commitment to being “a company that is respected by everyone”.

Our goal as a Group is to help realize a sustainable society through our operations, from recycling steel scrap into solid steel reinforcing for buildings, bridges and expressways through to producing safe, high-quality organic fertilizers* from livestock manure and waste products such as poultry feathers, oil cake and the wastewater from food and beverage plants.

Our group has overcome the demanding business environment created by the Great East Japan Earthquake and trying conditions that resulted from the stoppage of steel-making operations due to the snow disaster of 2014 and consequently secured earnings in the black for 3 consecutive terms starting in FY2014, which shows a v-shaped performance recovery. Looking forward to our Group vision for 2020, we have formulated our medium-term management plan for the FY2016 to 2018 period, “ASAHI 2018 Project” (medium-term plan) which clarifies our new direction.

ASAHI 2018 Project

- Ambition** ... With great **ambition**,
- Speciality** ... to be a leader in **speciality** areas,
- Action** ... we take immediate **action**.
- High quality** ... Pursuing **high** quality,
- Innovation** ... we put steady effort into **innovation**.

Amid such conditions, we are in the FY2017 at the midpoint of our medium-term plan, with the Steel Division having experienced lowered profits that we have been unable to cover with profits from other divisions. The lowered profits were a result of continued stagnation due to rises in costs of both main and secondary raw materials, which have failed to keep pace with product pricing. This has resulted in less than favorable results.

The business environment in which we are operating is changing on a large scale, and in the Steel Division, we are aware that a change in structuring has already started involving a shift in construction method from RC (rebar) construction to S (steel frame) construction, due to a factor being shortened construction period driven by worker shortages. Also in the Agricultural Division, grade sorting down and competitive bidding on fertilizer accompanying ZEN-NOH** reform has started, and change in structuring has now started.

To cope with these kinds of large structuring changes, we will move at full speed in shifting to the specialty areas given in our medium-term plan, that is, in the Steel Division, a shift to high-strength/threaded deformed bars and additionally, enhanced structural steel including special steel, and in the Agricultural Division, a greater shift to organic fertilizer.

We look forward to your continuing support.

* Organic fertilizer in this report refers to fertilizer containing 20% or more organic materials.

** National Federation of Agricultural Cooperative Associations



July 2018

President

Masanori Murakami

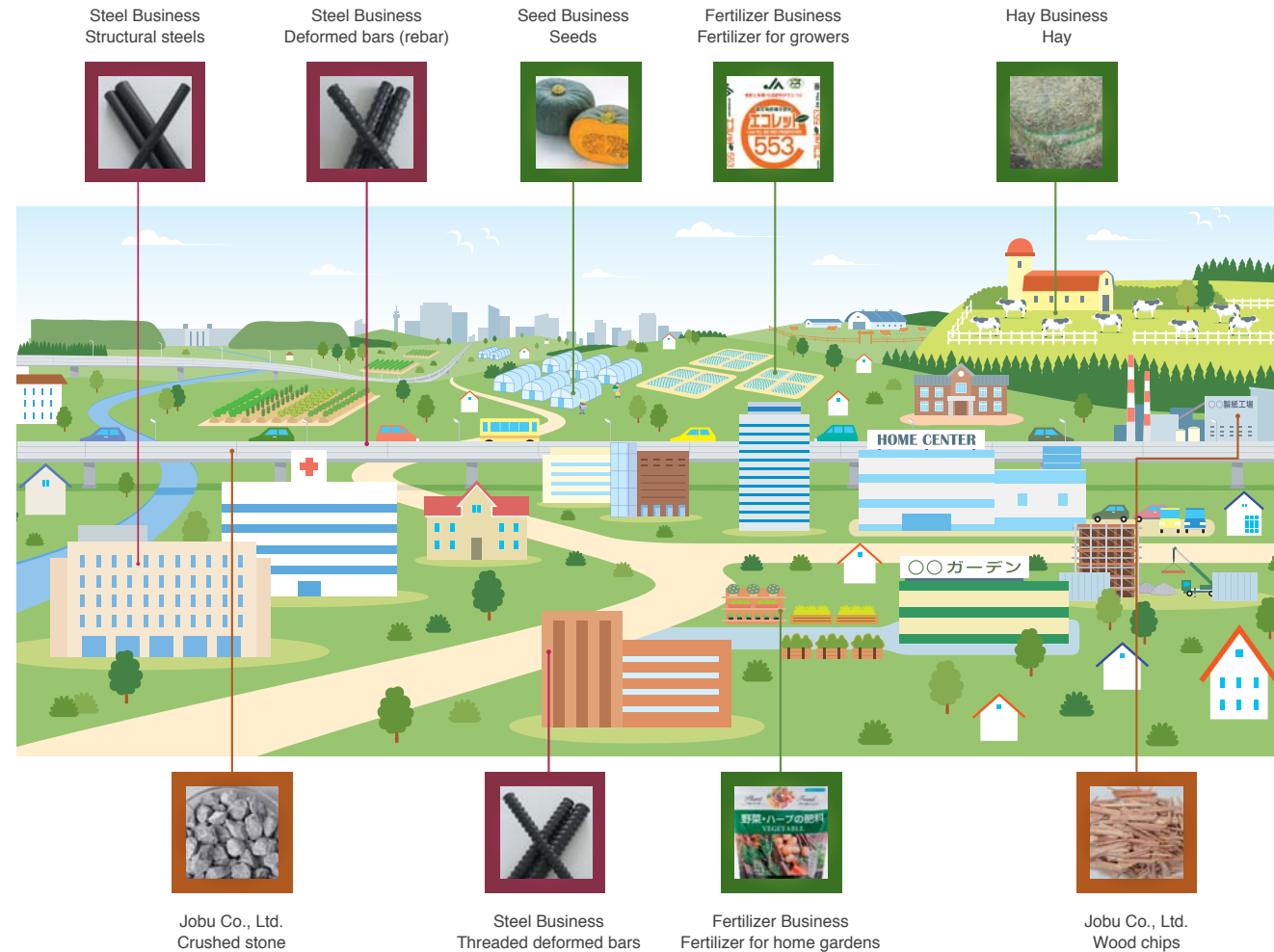
村上政徳

To create a truly sustainable society

The efforts that the Asahi Industries Group is making to build a sustainable society are actually already part and parcel of everyone's daily lives.

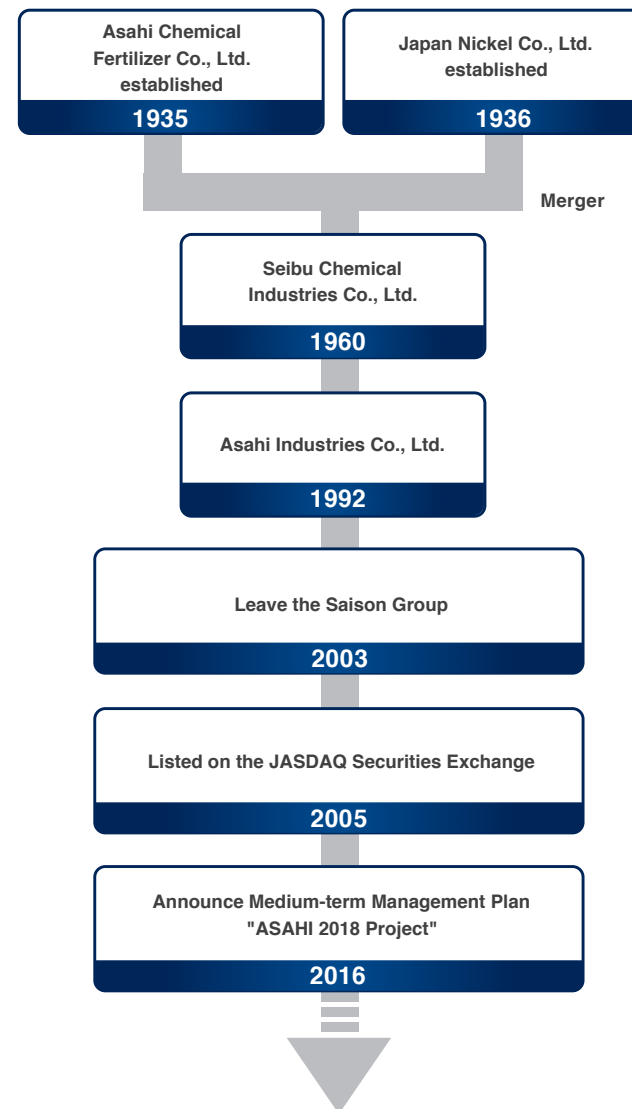
Our activities now cover a broad spectrum through our Steel Business, Crushed Stone and Material Recycling Business and Agribusiness.

In the future, our work recycling valuable resources will inevitably become even more wide-ranging.



The Asahi Industries Story

- 1935 Asahi Chemical Fertilizer Co., Ltd. is established.
Predecessor of the fertilizer business
(Amagasaki-shi, Hyogo Prefecture)
- 1936 Japan Nickel Co., Ltd. is established.
Predecessor of the steel business
(Kodama-gun, Saitama Prefecture)
- 1960 Asahi Chemical Fertilizer Co., Ltd. takes over the steel division
of Japan Nickel Co., Ltd. and the company name is changed to Seibu
Chemical Industries Co., Ltd.
Gives rise to an integrated business model : “steel and fertilizer”.
- 1992 The current Asahi Industries Co., Ltd. is established.
- 1995 Johnson Asahi Pty. Ltd. is established as a joint venture. (Victoria,
Australia)
- 2003 Asahi Industries leaves the Saison Group.
- 2005 The company is listed on the JASDAQ Securities Exchange.
(Currently JASDAQ on the Tokyo Stock Exchange, Inc.)
- 2011 Laiyang Longda Asahi Agricultural Technology Co., Ltd. is established
as a joint venture.
(Shandong Province, China)
- 2016 Medium-term Management Plan is announced.
"ASAHI 2018 Project"



MEDIUM-TERM MANAGEMENT PLAN FINANCIAL RESULTS FOR FY2017

**Medium-term Management Plan, Financial Results
for FY2017**

Medium-term Management Plan (FY2016-2018)

In April 2016, the Asahi Industries Group launched its medium-term management plan (medium-term plan), “ASAHI 2018 Project” (FY2016 to 2018).

In the 2 years through FY2017, we rolled out our policies promptly with regard to our management fundamentals enhancement strategy and our business strategy for affiliated companies, and were able to smoothly carry out the structures and systems that were introduced. On the other hand, our main businesses, steel and agriculture, both had results that were not able to reach goals as they faced structuring changes.

In FY2018, the last year of our medium-term plan, we will go forward strongly and shift to the “specialty areas” given in our medium-term plan and solidly cope with the structuring changes. To continue as a group with a felt presence even after the 2020 Tokyo Olympics and Paralympics, we will keep innovation and willingness to challenge at the forefront, thereby raising our corporate value.

Basic Policies

A company with “Specialities (clear strengths)” as supporters of a sustainable society

Our goal is to be a leader in “Speciality areas (areas of particular strength)”, committed to excellence and to further enhancing our technological and developmental capabilities.

Key Strategies

Business strategy

- Focus resources on manufacturing and selling products backed by technical and developmental expertise and enhance our “speciality areas (areas where we are strong)”
- Strive for real cost reductions through measures such as lowering specific power consumption and improving productivity

Management fundamentals enhancement strategy

- Reform our corporate governance regime through measures such as reorganizing, transitioning to a company with an audit and supervisory committee, and reviewing our committee structures
- Broaden our “human resources” base through measures such as introducing an executive officer system and reforming our human resources systems

Financial strategy

- Reduce interest-bearing debt through stable profits

Results for FY2016-2017 Business strategy

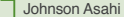
[Steel Business]

Special steel production restarted

[Crushed Stone Business]

Obtained new mining site and developed roads for raw stone transport

[Agribusiness]

- (Fertilizer) Secured share in Kanto and Tohoku through concentrated purchases by ZEN-NOH
- (Seed) Concluded an exclusive sales contract with Shanghai Wells Seed Co., Ltd.
Concluded an exclusive partnership contract with Nacos Co., Ltd.
- (Hay) Reached 100-thousand ton sales quantity
Obtained land and constructed storehouses 

Management fundamentals enhancement strategy

- Transitioned to a company with an audit and supervisory committee
- Introduced an executive officer system
- Introduced a new human resources system
- Asahi Business Support Co., Ltd. established to take on management tasks of Asahi Industries
- Promoted diversity (Employment of persons with physical challenges, acceptance of foreign staff)
- Unified systems within the group (human resources system, accounting system)
- Withdrew from the Environmental Solutions Business

Financial strategy

Promote fund procurement at long-term fixed interest rates with a view to hedging risk from rising interest rates

Management Indices	FY2016 results	FY2017 results	FY2018 projected (Released May 2018)
Ordinary income rate (%)	3.4	△0.2	2.6
ROE (%)	10.2	-	9.2
Net interest-bearing debt* (Billions of yen)	73	71	79
Long-term fixed interest rate procurement ratio (%)	27.3	60.9	78.9

* Net interest-bearing debt = Interest-bearing debt - cash and equivalents

Plan for FY2018 Accelerated Change

Change to portfolio of steel types in anticipation of rebar demand shrinkage

- Special steel production in full momentum
- Promotion of OEM

Increases in sales prices

(Fertilizer) Change to revenue structuring so as to remain amid manufacturer consolidation and acquisition

- Acceleration of shift to organic fertilizer
- Business expansion through cooperation with other companies
- Cost reductions exceeding industry standards

(Seed) Turnaround to profitability

(Hay) Consolidation of Johnson Asahi operations

Formulation of new medium-term plan

Business Portfolio

Crushed Stone and Material Recycling Business (Jobu Co., Ltd.)

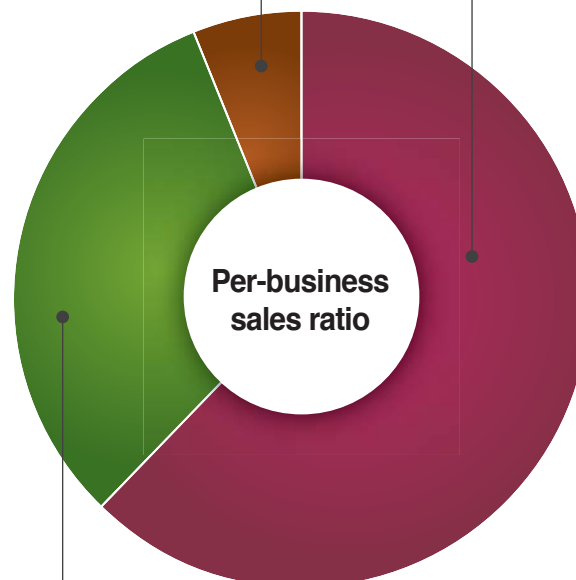
Maintain its position as the top crushed stone manufacturer in Saitama prefecture

Expand market share by securing new mining sites

Segment net sales and income (Millions of yen)

Crushed Stone and Material Recycling Business	FY2016 results	FY2017 results	FY2018 projected
Net sales	2,095	2,364	2,500
Segment income	127	139	150

Key Business



Agribusiness

Grow as a fertilizer manufacturer that specializes in seed and hay

Fertilizer Business

Key Business

Expand granular organic fertilizer production and sales
Make production more efficient through integrated management of 3 plants

Seed Business

Rise-to-the-Challenge Business

Develop our own products and increase domestic and overseas sales

Hay Business

Profitable Business

Perform integrated management with Johnson Asahi Pty. Ltd.

Steel Business

Key Business

Retain and hold our position in the leading group for light bar production and sales volumes in the Kanto region

Shift to high-strength and/or large-diameter deformed bars and threaded deformed bars

Reduce specific power consumption

Improve productivity by reviewing our product portfolio

Segment net sales and income (Millions of yen)

Steel Business	FY2016 results	FY2017 results	FY2018 projected
Net sales	17,452	20,995	26,500
Segment income	1,318	85	1,150

Segment net sales and income (Millions of yen)

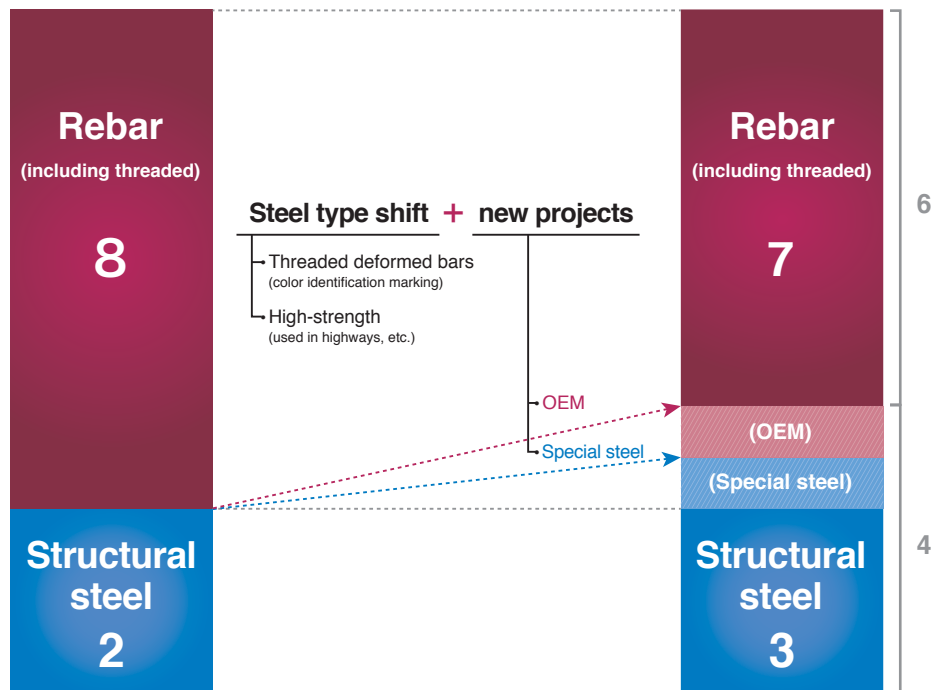
Agribusiness	FY2016 results	FY2017 results	FY2018 projected
Net sales	12,723	12,464	13,500
Segment income*	740	808	900

* Including income from Asahi in Australia, which is subject to the equity method

Business strategy

Steel Business

Change to portfolio of steel types in anticipation of rebar demand shrinkage



Agribusiness (Fertilizer)

Change to revenue structuring so as to remain amid manufacturer consolidation and acquisitioning



(Figures indexed with current quantity of organic fertilizer sales at 100)

* Our strategic organic fertilizer that is derived from animal manure

Financial Results for FY2017

Consolidated results

Figures in red for first time in four terms, as a result of inability to cover non-profitability of main steel business with other businesses

(Millions of yen)

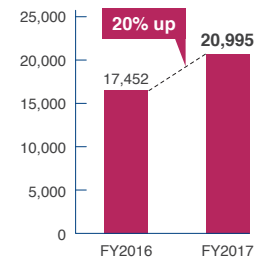
	FY2016	FY2017
Net Sales	32,354	35,878
Operating income	1,200	△64
Ordinary income	1,115	△74
Net income	820	△362
Total assets	27,507	30,514
Net assets	8,404	7,872
Ratio of equity to total assets (%)	30.6	25.8
Ordinary income rate (%)	3.4	△0.2
ROE (%)	10.2	—
Net interest-bearing debt *1 (Billions of yen)	73	71
Dividend (yen)	30	10

*1 Net interest-bearing debt = Interest-bearing debt - cash and equivalents

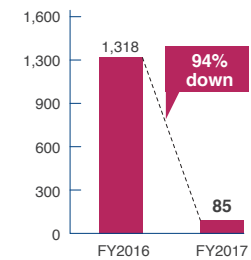
Performance by Segment

Steel Business

Segment net sales <millions of yen>



Segment income <millions of yen>

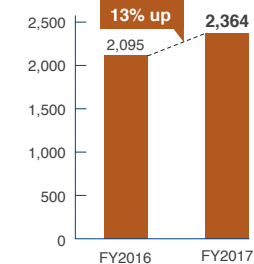


Reasons for changes

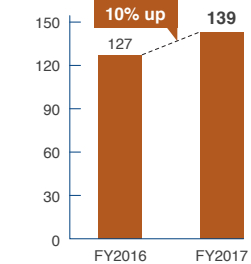
- Increased net sales with rise in sales prices
- Substantially reduced income due to increased costs accompanying rise in pricing of both main and secondary raw materials

Crushed Stone and Material Recycling Business

Segment net sales <millions of yen>



Segment income <millions of yen>

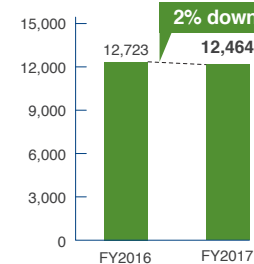


Reasons for changes

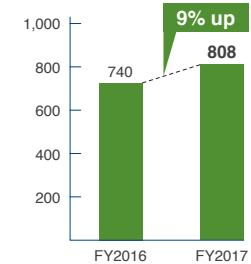
- Increased net sales and income from expanded sales venues and increased productivity

Agribusiness

Segment net sales <millions of yen>



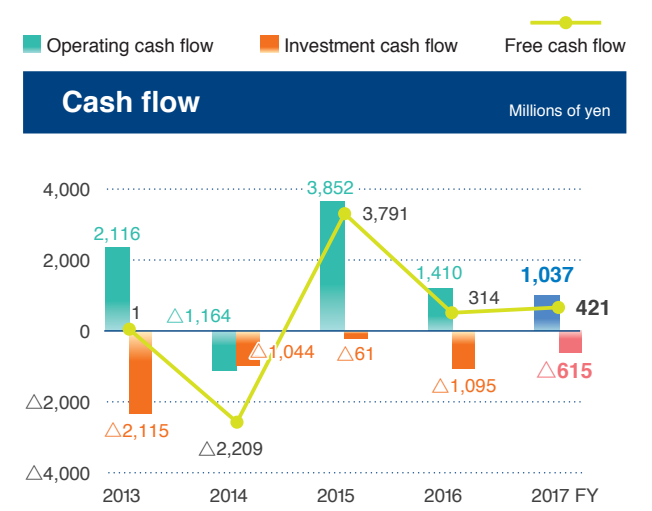
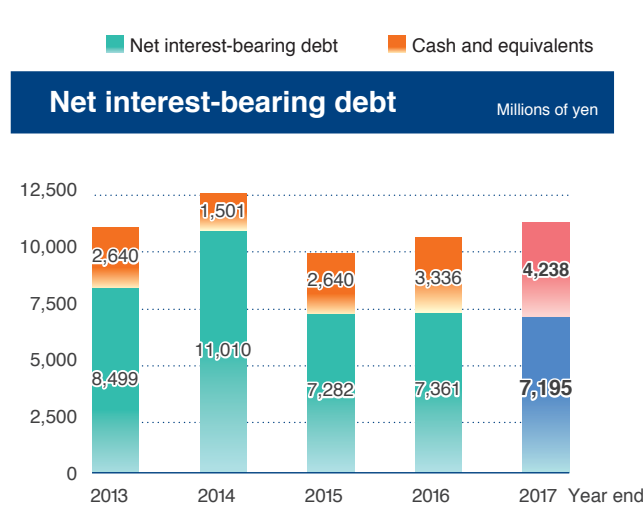
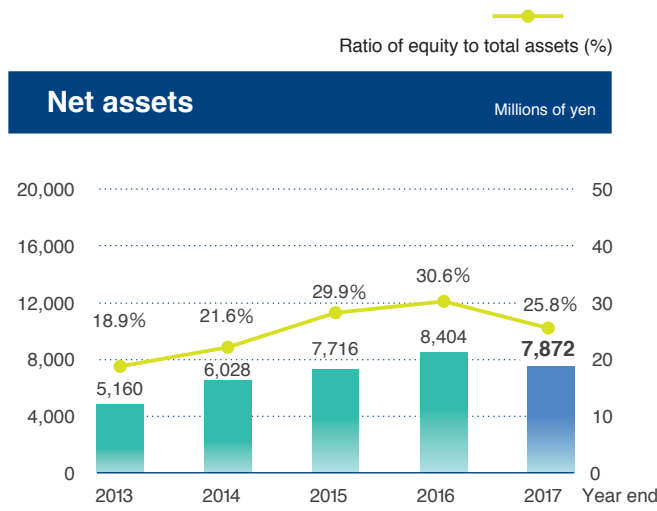
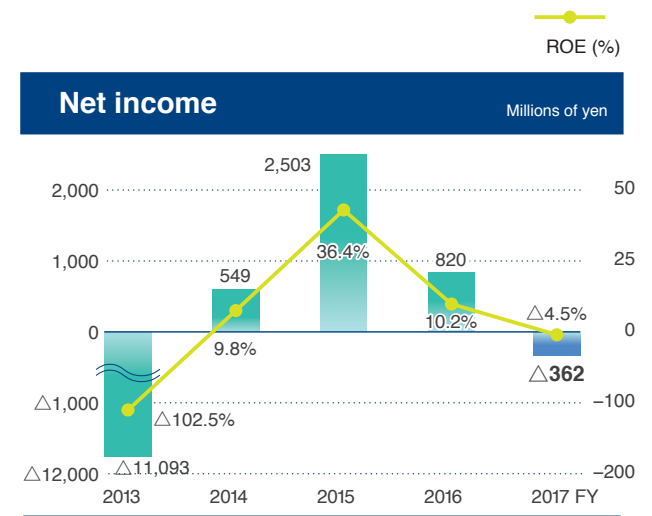
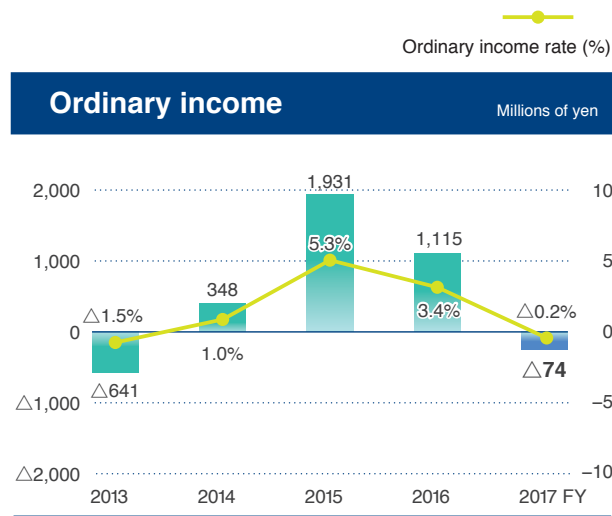
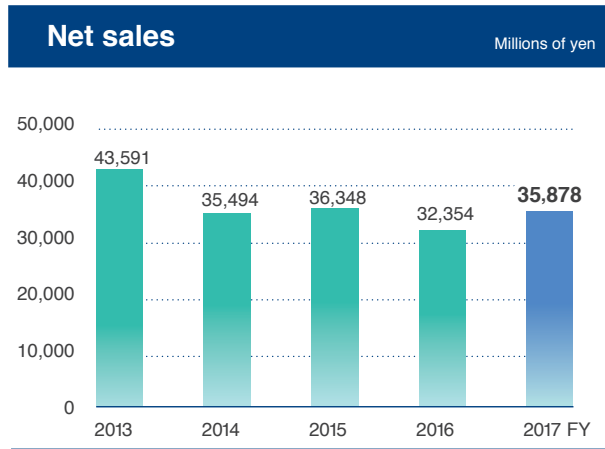
Segment income <millions of yen>



Reasons for changes

- Net sales decreased slightly as a result of decrease in production orders despite Ecolet sales expansion
- Increased income due to increase in sales quantities to China, etc. in Australian hay business

Financial Highlights (Consolidated)



OUR BUSINESS

Business Summary



Jobu Co., Ltd.



Saitama Office



Chiba Plant



Kansai Plant (Shiga prefecture)



Johnson Asahi Pty.Ltd.



Laiyang Longda Asahi Agricultural Technology Co., Ltd.



Steel Business

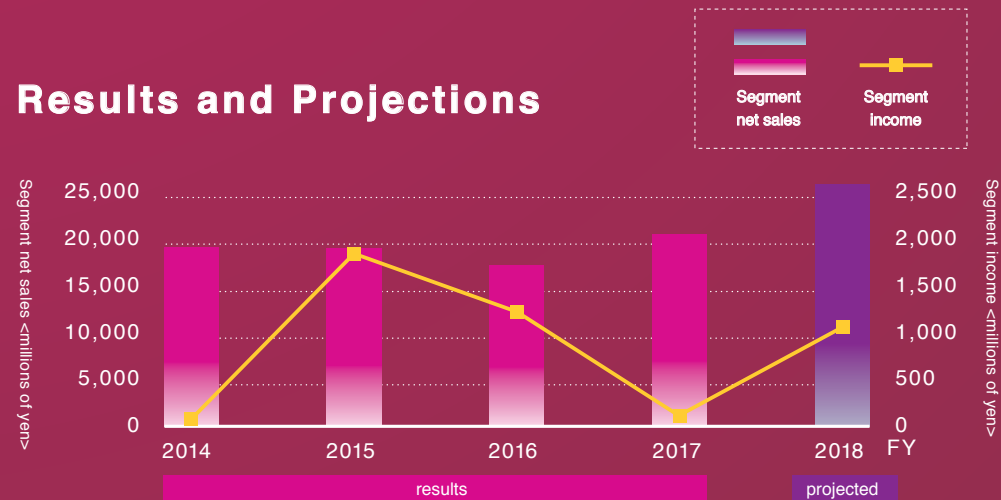
Shifting to specialty areas, coping with structuring changes

Asahi Industries manufactures rebars/threaded deformed bars and structural steels from steel scrap with an electric arc furnace. Our products are produced in environmentally friendly manufacturing facilities with strict quality control. Our rebars/threaded deformed bars are used in the construction and engineering work that underpins our lifestyle, and our structural steels are used in products such as construction and engineering materials and machining components.

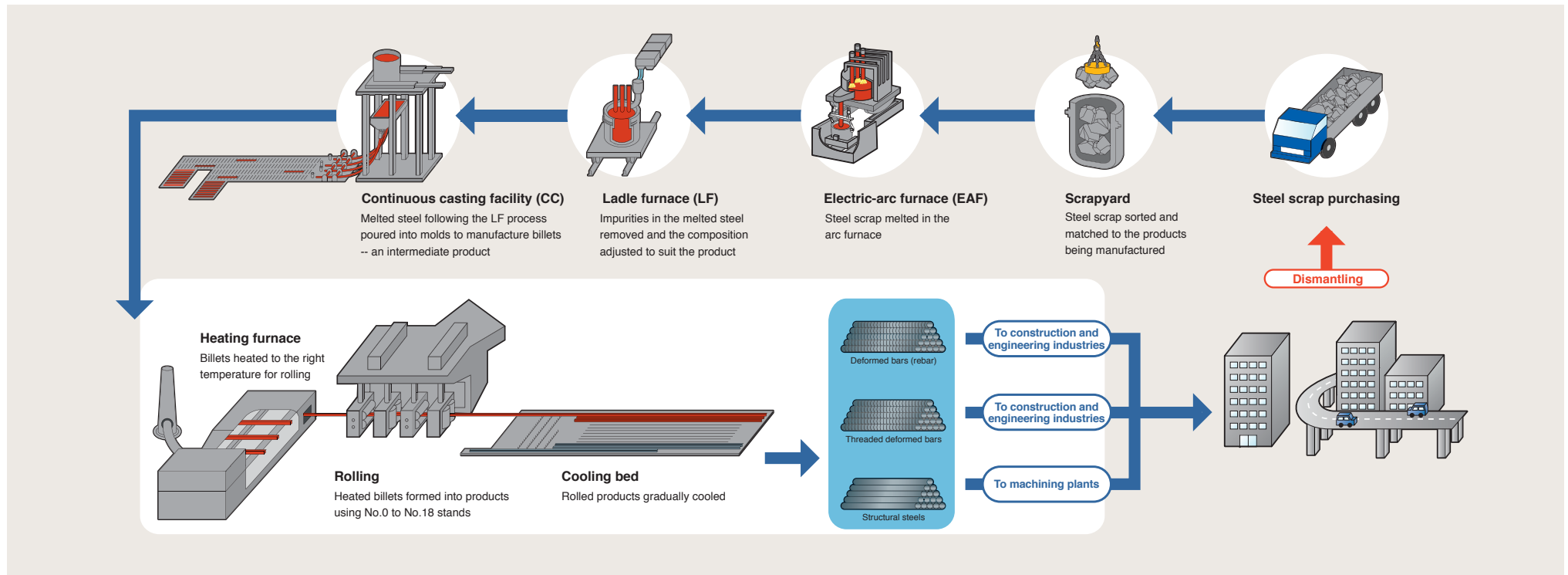
To continue as a manufacturer always in demand by our customers, we will deliver products that meet market needs while taking the initiative toward realizing a sustainable society.



Results and Projections



Manufacturing Process



Quality Control

Highly accurate electron microscopes are used in extremely precise quality control processes to ensure that our product assurance system is flawless. In 1994, we were the first manufacturer of ordinary steel using an electric-arc furnace to be ISO-certified for quality. In April of 2018, we completed transition to the latest standard for quality, ISO 9001: 2015, and solidified customer trust.



Microscope



Tension testing



Pickling

Products

Deformed bars (rebar)

Deformed bars are very widely used in construction projects such as apartment blocks and office buildings, as well as expressways and Shinkansen bridge piers.

Asahi Industries is one of the few manufacturers who produce and sell deformed bars in a wide range of diameters. Our products have been used in projects such as Tokyo Station and Tokyo metropolitan expressways.



“Neji-A-Con” threaded deformed bars

Threaded deformed bars are rebars formed with a screw thread so that they can be joined together using mechanical couplers. The benefits of using these bars include shorter working times and the fact that they can be assembled in any sort of weather. Ability to use a screw plate method (mechanical fastening) avoids them becoming over-concentrated for more streamlined construction. Joining with mechanical couplers and mechanical fastening can be completed with only simple instruction, and demand for this product is growing.

The USD590A, USD590B, USD685A, USD685B and USD980 Neji-A-Con that are high-strength products have been granted Ministry certification.



Method for fastening rebar in place offers an alternative to fastening rebar by bending the ends over. Our screw plate method has been certified by the Building Center of Japan (BCJ).

Color identification marking (facilities introduced in 2018)

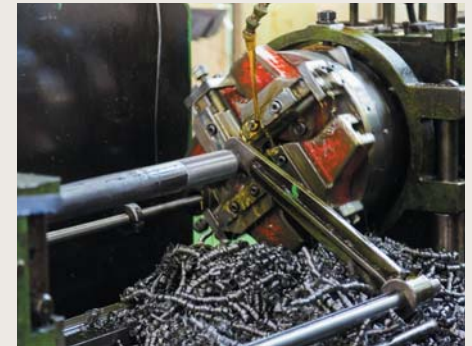
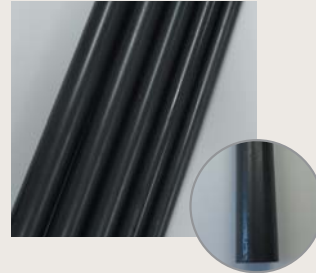


*This photo is for illustrative purposes only.

Workers on site can easily discern steel types and sizes of threaded deformed bars, which prevents mistaken placement of bars.

Structural steels

Structural steel is processed into a variety of products ranging from mechanical components through to materials for construction and engineering. It is used as reinforcing material for airport runways, and in the foundations for major shopping centers, and structures such as warehouses and prefab.



Threading

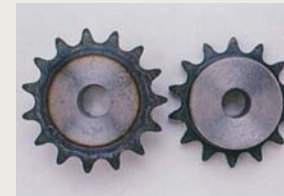
Special steels

Special steel has its characteristics such as rigidity, strength, toughness, and wear resistance increased by addition of elements such as nickel and chrome, and is used in many different fields such as parts and work tools for automobiles and construction/production machinery.

While production was suspended in FY2014, it was recommenced in FY2017, and we are planning to expand quantities with facilities enhancement in FY2018.



Work tools



Gears (sprockets)



Hooks



**Crushed Stone and
Material Recycling Business
(Jobu Co., Ltd.)**

**Helping provide infrastructure
and recycling waste materials
for a sustainable society**

Crushed Stone Business

Jobu Co., Ltd. owns mining claims in Saitama prefecture, 1 million m² in Minano-machi and 300 thousand m² in Kamikawa-machi, and the crushed stone and sand from the mine is used as a raw material for buildings, bridges, roads and other construction projects. The transport road for raw stone from the new mining site was completed in the first half of 2017. This allowed us to increase both productivity and quality and thereby meet a wide range of needs, enabling us to get a firm grasp of the number one market share in Saitama prefecture, and we are making efforts in further expanding our sales channels.

**Maintain
No.1 share in Saitama
prefecture**

**Secure a new site for
operations that will be
the start for
a new generation**



Main products

- Crushed stone for concrete
 - Material for ready-mixed concrete
 - Material for secondary concrete products
- Crushed sand
 - Material for ready-mixed concrete
 - Material for secondary concrete products
 - Material for asphalt mixture
- Crushed stone for roads
 - Material for asphalt mixture
 - Gardening material



Material Recycling Business

We contribute to the building of a sustainable society by recycling the concrete rubble from leveled buildings into subgrade material and processing wood scraps from torn-down housing and cut-down trees into wood chips.

■ Recycled roadbed material

- Civil engineering and construction material

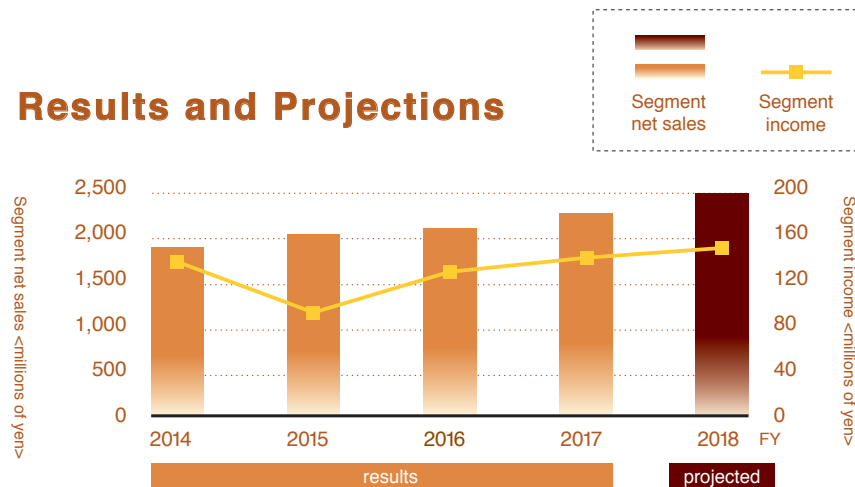


■ Wood chips

- Material for pulp
- Fuel



Results and Projections





Agribusiness

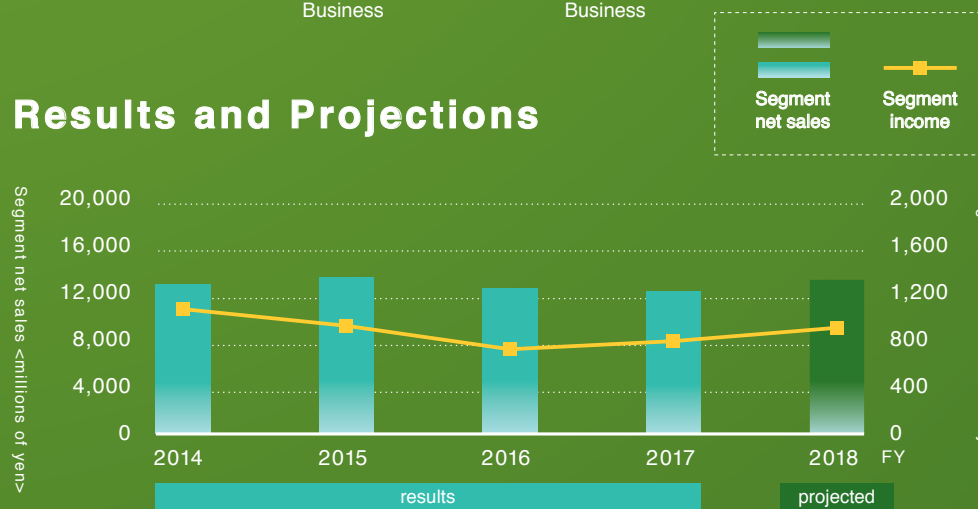
Continuing our presence as a unique fertilizer manufacturer dealing with seeds and hay

Fulfilling our mission to make agriculture sustainable and competitive

As structuring change progresses in the agricultural field, innovation in business models is sought. We will make the most of our strengths in each of our fertilizer, seed, and hay businesses and at the same time maximizing a synergy to venture into new possibilities in agriculture while continuing with innovation and creation.



Results and Projections



Fertilizer Business

Driven by accelerating agricultural change, the climate that constrains the fertilizer industry has become even more demanding, as a result of further grade sorting down, expanded lowering of prices, etc. In order to win out amid manufacturer consolidation, acquisition and selection that are gaining full momentum, Asahi Industries will go the full nine yards in the specialty field gripping its strengths in organic materials development capabilities and granulation technology. Seeing change as chance, we will boldly take on the challenges of new problems and proposals, striving to be a group that is able to flexibly cope with any change.



Environmentally Friendly Manufacturing

Asahi Industries produces many different fertilizers, mainly granular organic fertilizer, with methods and facilities that take into account impact on neighboring residents, employees, and the global environment.

- Odors**
 - Electrostatic precipitators, exhaust gas scrubbers, soil deodorizing equipment, regenerative thermal deodorizers
 - Sealed plant buildings
- Waste-water**
 - Factory wastewater recycled inside the plant using closed systems (Chiba and Kansai plants)
- Exhaust gases**
 - Exhaust gas scrubbers, electrostatic precipitators



Soil deodorizer Regenerative thermal deodorizer Exhaust gas scrubber

Laiyang Longda Asahi Agricultural Technology Co., Ltd.

- Established in 2011 as a joint venture with Toyota Tsusho Corporation and Longda Foodstuffs Group Co., Ltd.
- Located in Shandong Province, China's largest agricultural production region, the company uses environmentally friendly facilities such as exhaust gas scrubbing and industrial wastewater recycling equipment to manufacture high-quality granular organic fertilizers with technical guidance from Asahi Industries
- Compliance with more stringent environmental standards completed January 2018 (Installation of gas furnace, bag filter, etc.)



Joint R&D of Microbial Materials

In order to respond to the needs of growers and enhance R&D of fertilizers and their materials to accommodate consumers' orientation toward safety, we are moving ahead with research in many different areas, mainly development of microbial materials, in conjunction with public and private research organizations, universities, and prefectural governments. In 2018, several new products are scheduled to be introduced.



Joint R&D with Tokyo University of Agriculture and Technology and others



Joint R&D with National Center for Genetic Engineering and Biotechnology in Thailand

Materials Development and Manufacturing Techniques for Organic Fertilizers

Asahi Industries' granular organic fertilizer is created using organic materials developed independently, as well as other materials. Our unique granulation technology allows us to create granules that have excellent hardness and sphericity characteristics, and are optimal for mechanical fertilizing. Increasing the proportion used of such organic materials also contributes to cost reductions.



Pig manure



Dried sludge*

* Organic material generated during waste-water treatment processes at food processing plants, etc.

Together with growers

We always stand in the shoes of the grower as we go forward with product development and marketing. One of our activities in which we put full effort into as part of our services to our customers is soil diagnosis and fertilizing consultation. Providing advice on fertilization that is appropriate for the nature of the soil leads to increased yield, lower required effort, and reduced costs. Numbers of consultations increase yearly, with about 3,000 consultations in FY2017.

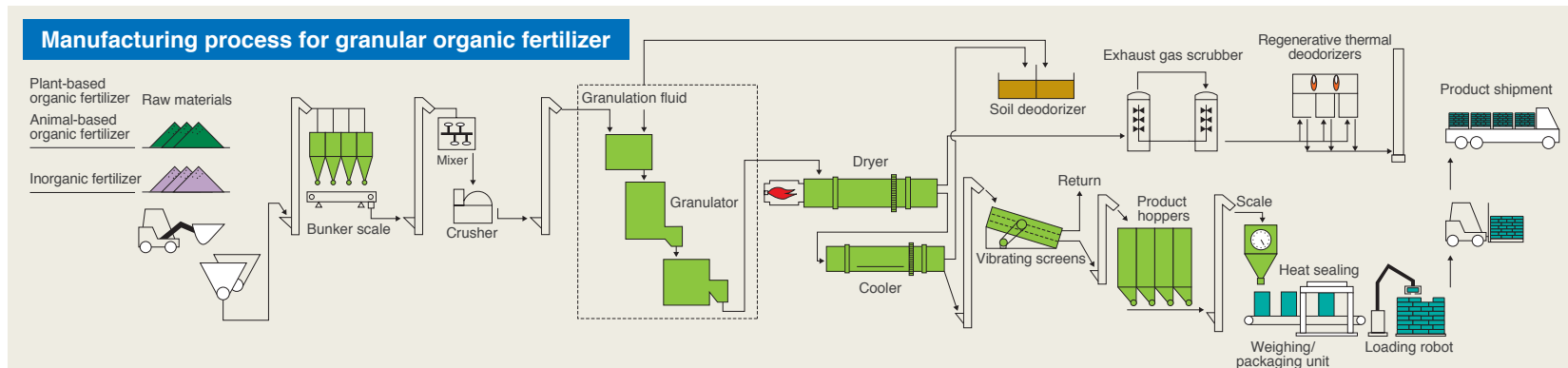
We will continue to directly lend an ear to growers through our soil diagnosis and deliver high-quality fertilizer.



Taking soil samples



Fertilization consultation



Organic fertilizer granules

Fertilizer for growers



Fertilizer for home gardens



Vege*Garden
ベジガーデン

Available from our Vege Garden website
<http://www.vege-garden.com/>

Seed Business

To respond to the needs of both growers and consumers, Asahi Industries is putting effort into R&D of vegetable varieties with a focus on resistance to diseases, high yield, ease of cultivation, as well as delectability. During open farm days held twice a year in spring and fall, we show varieties developed independently and jointly in this way and selected from domestic and international markets to growers, market participants, and the mass media, which can lead to sales.

We will progress with expansion of the range of our own varieties, enhancement of selection from joint development with partners, and building of new sales channels such as agricultural corporations in striving for profitability improvements.



While a research station where R&D, cultivation testing, and selection of vegetable varieties is conducted, it also serves as demonstration farm for presenting varieties to participants.



Seed Production and Quality Management

Seed production and quality management are extremely important processes in the seed business. Since large-scale seed production is almost entirely carried out overseas (Asia, etc.), we are building good relationships with trusted foreign seed growers that allows quality seeds to be produced stably. Having passed purity testing (DNA marker), germination testing (selection), pathological testing (DNA marker, chromatographic strip test), and other testing, only items that are biologically certain in quality are supplied to growers.



Seed production (China)



Purity testing using DNA markers

Main Products

Start of sales of broccoli seeds

In October 2017, we entered into an exclusive domestic distributorship contract with Nacos Co., Ltd., which has strengths in development of broccoli varieties and stable supply of their seeds.

Starting with Saitama prefecture, a major production area of broccoli and a location for Asahi Industries fertilizer business, we make use of our national agriculture business sales network in developing our sales activities.

Hay Business

We import mainly oaten hay from Australia for stable supply of quality hay to the Japanese market. Johnson Asahi Pty. Ltd., located in Australia, is a location important to our hay business. In 2017, driven by expanding demand for hay in China, we have steadily increased sales quantities, and have achieved 100 thousand tons (yearly sales quantity) that has been a goal since first establishment.

Promote joint marketing with leading domestic partners

Meet Asian demand (Johnson Asahi)

Products

Oaten hay (Australia)

Our main product and a highly palatable variety due to its high sugar content



Johnson Asahi Pty.Ltd.

- 1995, established joint venture with J.T. Johnson & Sons Pty. Ltd., a major Australian hay processor and exporter
- Production of high-quality hay in Horsham, Victoria by thorough quality management
- Hay exported to Japan, China, Korea, Taiwan, and other destinations



Hay processing facilities

Leaping forward

Taking into consideration an expected increase in global demand for hay, we obtained 20 ha of land in Dooen, 10 km north of Horsham, in order to achieve enhanced production capability and improved shipping convenience. We constructed 3 storehouses in March of 2018, and we are also planning relocating production in the future.

As we strive to increase sales quantities, we will also work towards development of products that are according to market needs and towards further improved quality management, so as to respond to demand in the Asian region.



New storehouses (Dooen)

ENVIRONMENT SOCIAL GOVERNANCE

**The Environment,
Governance & Social Responsibility**

Environmental Management

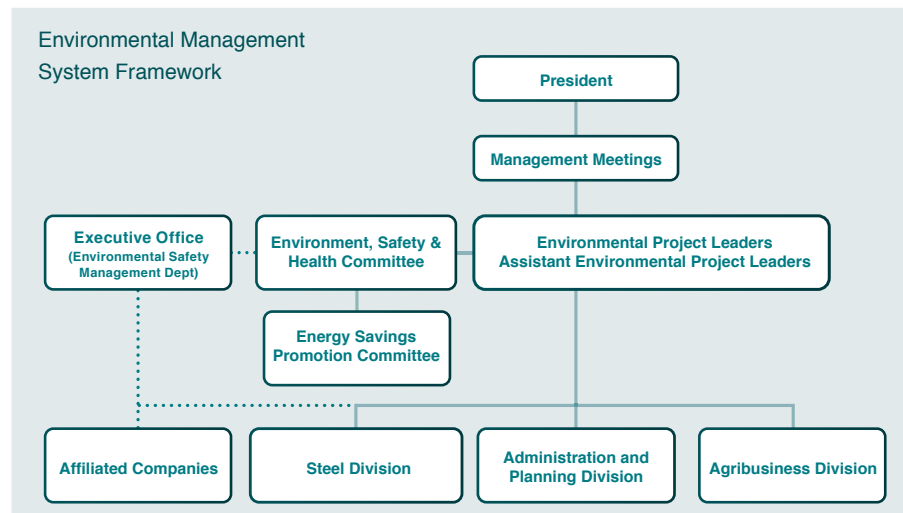
The Asahi Industries Group endeavors above all to “contribute to the global environment and local communities”, honoring its commitment to being “a company that is respected by everyone”.

Asahi Industries Group Environmental Guidelines

Contributing to the environment by decreasing environmental impacts, preventing global warming and achieving zero emissions

Environmental Management System

Working to build an environmental management system that encompasses the entire Asahi Industries Group and forcefully promoting ongoing environmental activities



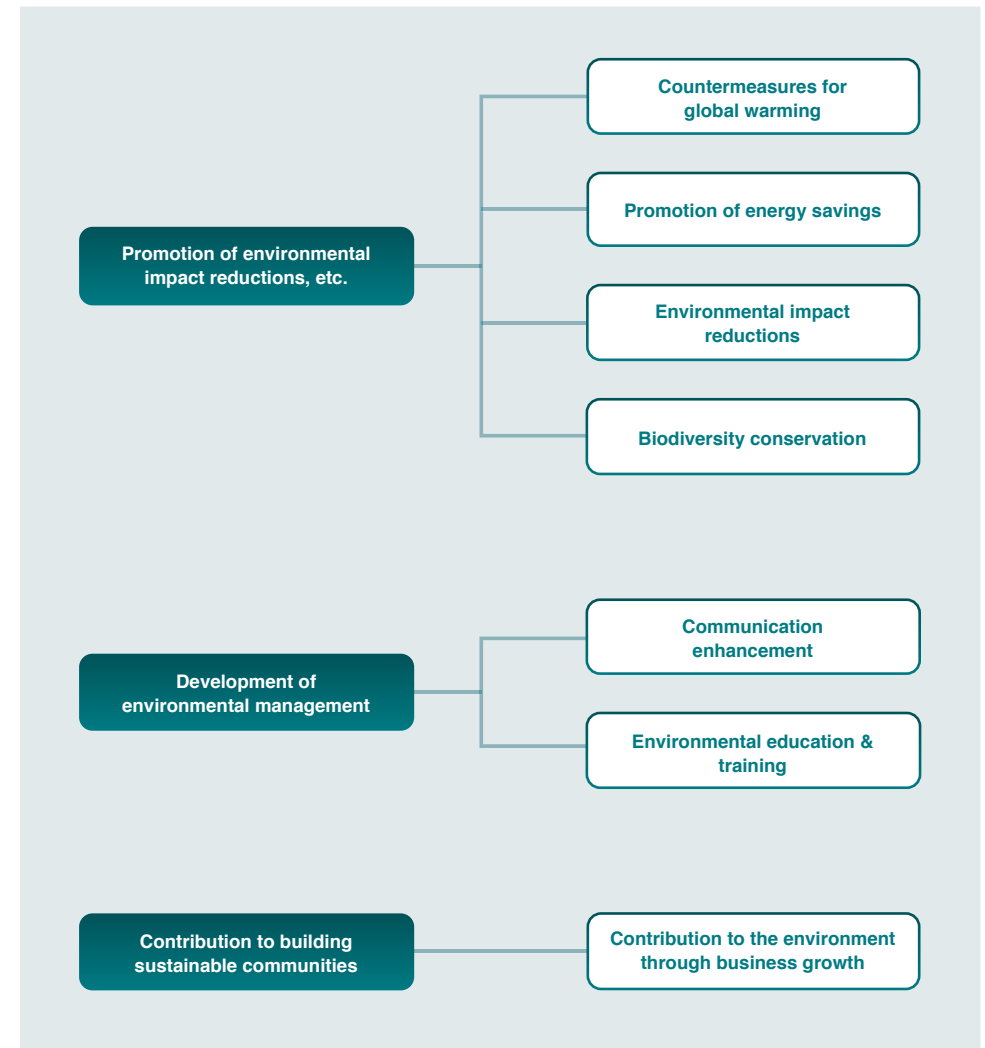
Environment Management System

Asahi Industries steel plant (Saitama Plant) and fertilizer plants (Kanto Plant, Chiba Plant, Kansai Plant), and Jobu Co., Ltd. are certified with ISO 14001 (environmental ISO standard) for their environment management systems.

Environmental ISO activities are centered around environmental management committees at each plant, which establish goals every year, toward which efforts are made in each workplace.

Fourth Medium-term Environmental Action Plan

The Asahi Industries Group has formulated its “Fourth Medium-term Environmental Action Plan” (FY2015-2018) and has been undertaking activities based on that plan.



Promotion of environmental impact reductions, etc.

Countermeasures for global warming

We are actively engaged in efforts to reduce our CO₂ emissions as a countermeasure against global warming. The conversion of the fuels used in our main facilities (to natural gas) between FY2009 and FY2012 has since helped to significantly reduce CO₂ emissions.

— Main activities in FY2017 —

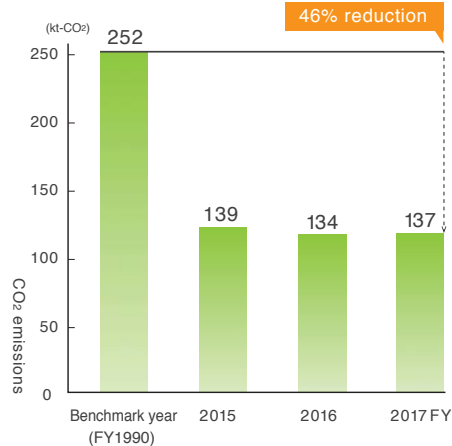
- Decreased power/fuel due to facilities maintenance and operational improvement
- Saved energy thoroughly in plants/offices
- Introduced hybrid and EV fleet vehicles
- Utilized Saitama prefecture emissions trading system and sold excess reductions of CO₂ from our locations in the prefecture

Targets	Results	Assessment
<ul style="list-style-type: none"> • CO₂ emissions 25% reduction on FY1990 levels 5% reduction on FY2005 levels 	<ul style="list-style-type: none"> • 46% reduced FY1990 levels • 22% reduced FY2005 levels 	◎

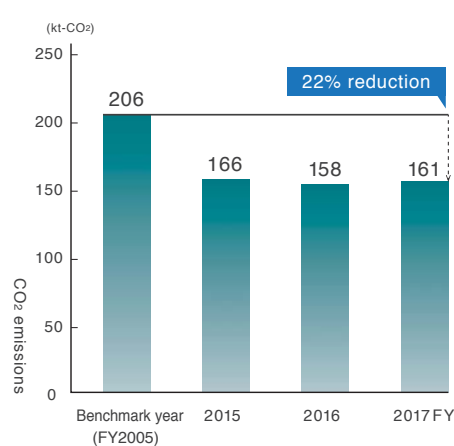
Assessment ◎: 100% achieved ○: 70% achieved △: Less than 70% achieved, improvement required

Changes in CO₂ emissions

● On FY1990 levels



● On FY2005 levels



* Results for each year calculated using the energy coefficient for FY1990

* Results calculated using the energy coefficient for each year

Promotion of energy savings

The Asahi Industries Group is working to reduce its energy usage as a key measure. The Steel Division is a particularly heavy user of energy and manages its energy consumption very carefully.

The Energy Savings Promotion Committee is made up of energy managers from each plant and manages the progress of energy saving measures throughout the company while also rolling out energy saving campaigns.

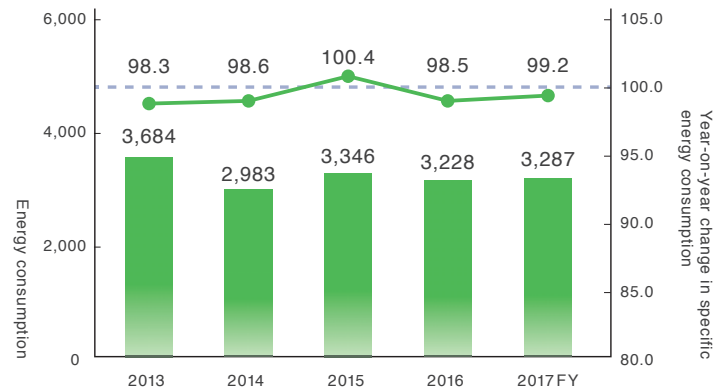
— Main activities in FY2017 —

- Reduced energy usage and improved specific power consumption by appropriate operational management of electric-arc furnace in the Steel Division and by improved productivity in the Fertilizer Division
- Actively inspected AC, lighting, PC, etc. in an energy conservation checkpoint, with a checkpoint theme being decided on monthly

Targets	Results	Assessment
<ul style="list-style-type: none"> • 1% reduction in specific energy consumption on a 5-year average 	<ul style="list-style-type: none"> • 0.8% reduced yearly average from FY2013 to FY2017 	○

Changes in energy consumption

(Terajoules: amount of heat)



* Year-on-year change in specific energy consumption of less than 100% deemed as improvement over previous fiscal year

Environmental impact reduction

In order to conserve the environment and biodiversity, we are setting and administering our own voluntary management targets for exhaust gas and wastewater emissions from our plants that are stricter than the standards stipulated by law.

As well as lowering our emissions, we are also making more effective use of our waste products through in-house recycling and the re-use of valuable materials.

— Main activities in FY2017 (exhaust gases and wastewater management) —

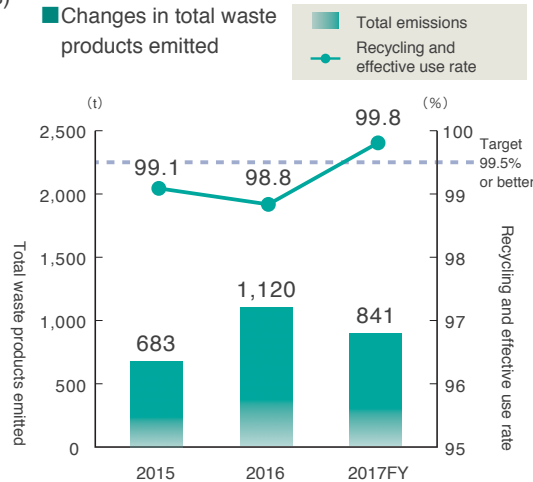
- Thoroughly implemented appropriate operation management and maintenance for exhaust gas and wastewater treatment equipment
- Enhanced water quality monitoring during summer months (to cope with unusual climate, etc.)
- Conducted continual monitoring by oil film detectors and monitors (to prevent river outflow)

Targets	Results	Assessment
<ul style="list-style-type: none"> • Exhaust gases: 1/2 or less of stipulated standard value 	<ul style="list-style-type: none"> • Fully achieved 	◎
<ul style="list-style-type: none"> • Wastewater: 1/10 or less of stipulated standard value 	<ul style="list-style-type: none"> • All items achieved 	◎

- Main activities in FY2017 (waste products)-

- Recycled all soot and smoke emissions from steelmaking processes at Asahi Industries recycling facilities
- Started to sell waste wooden pallets

* Recycling and effective use rate: Calculated from the ratio of the amount for final disposal relative to standard emissions (7,223 tons in FY2003)



Targets	Results	Assessment
<ul style="list-style-type: none"> • Zero waste product emissions Recycling and effective use rate of 99.5% or better 	<ul style="list-style-type: none"> • Recycling and effective use rate: 99.8% • Reduced emissions due to recycling of all soot and smoke 	◎

Biodiversity conservation

Each of the Asahi Industries Group plants is surrounded by abundant natural beauty. Our environmental protection efforts include participating in local volunteer programs and conducting clean-up programs in the plant surrounds. In our Seed Business, we have also developed disease-resistant varieties that can be cultivated with low levels of chemicals, helping us to maintain biodiversity with products that customers prefer us to use.

Targets	Results	Assessment
<ul style="list-style-type: none"> • Promotion of the development and adoption of disease resistant vegetable varieties 	<ul style="list-style-type: none"> • Developed disease-resistant varieties (tomato, cucumber, spinach, rootstock) 	◎
<ul style="list-style-type: none"> • Conservation activities at offices and plants 	<ul style="list-style-type: none"> • Carried out workplace 5S programs and regular patrols of the surroundings • Carried out environmental monitoring at points around land boundaries 	◎
<ul style="list-style-type: none"> • Participation in programs aimed at preserving water sources and planting trees 	<ul style="list-style-type: none"> • Continued to undertake volunteer activities • Maintained the Asahi Flower Garden • Conserved at corporate-owned forest 	◎



Lakefront cleanup volunteers

Asahi Industries possesses about 40 hectares of corporate-owned forest in Gunma prefecture.

Japanese cypress and cedar grow here, and thinning and planting are carried out regularly to maintain them.

Forest conservation leads to protection of the species of inhabitant organisms and ecology.

It is conservation of biodiversity, and brings about many different benefits in our living. Additionally, maintained forest absorbs CO₂ and contributes to prevention of global warming.

The amount of CO₂ absorbed as calculated for Asahi Industries-owned forest was about 200 t-CO₂* for FY2007 to FY2017.

We will continue maintenance of forests to keep natural forests.

* Calculated referring to the calculation method of the certification system for CO₂ absorption by forests in Gunma prefecture



Forest conservation at corporate-owned forest (thinning)

Development of environmental management

Communication enhancement

“Environmental Communication” seminars are held each year for regional residents to increase community awareness of environmental activities by the Asahi Industries Group. Plant visits and discussions serve as an opportunity to exchange views and give people a better understanding of Asahi Industries.

Targets	Results	Assessment
<ul style="list-style-type: none"> Dissemination of environmental information and participation in regional discourse 	<ul style="list-style-type: none"> Explained business activities and state of efforts in environmental activities, and conducted tours mainly of steel plant for those in the region. 	◎

Environmental education & training

The Asahi Industries Group conducts a range of educational and other programs to increase environmental awareness among its employees. By raising awareness of the environment among individual employees, we aim to grow our business as a contributor to a sustainable society.

Targets	Results	Assessment
<ul style="list-style-type: none"> Hosting of in-house environmental seminars 	<ul style="list-style-type: none"> Held environmental seminars tailored to work content 	◎
<ul style="list-style-type: none"> Encouragement to acquire certifications 	<ul style="list-style-type: none"> 14 persons took tests including Eco Test* (about 330 persons, accumulative) 	◎



In-company environment seminar



Certificate of Eco Test

* Certification Test for Environmental Specialists

Contribution to building sustainable communities

The main businesses of the Asahi Industries Group are helping to build a sustainable society.

Business growth is linked to helping the environment and the company is united in its efforts.

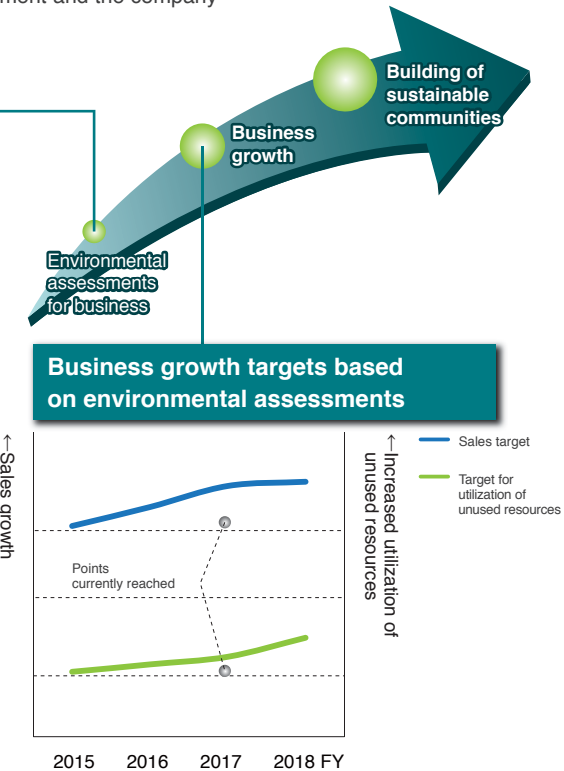
Contribution to building sustainable communities

Contribution through increased sales

- Steel Business re-using steel scrap
- Material Recycling Business re-using waste products
- Fertilizer and Seed Business helping to reduce our environmental impacts

Contribution through increased use of unused resources

- Use of fertilizer raw materials that utilize unused resources



Topics

Environmental Management Survey Achieved 1st Place 2 Years in a Row, Steel Industry

In the environmental management survey of companies conducted by the Nikkei newspaper, Asahi Industries placed 1st in the steel industry for 2 years in a row. In this survey, companies are highly evaluated that are able to achieve both environmental measures and management. In particular, we received high evaluation for our environmentally friendly products and our efforts toward biodiversity.

Material Balance

INPUT

Raw materials	Steel	382 kt	Energy	Electricity	224MkWh
	Fertilizers	157 kt		Natural gas	17Mm ³ N
	Crushed stone	1,856 kt		Heavy oil	3,000 kl
	Material recycling	47 kt		Other fuels	4,000 kl
Water	Water	1,624 km ³			

* Raw materials for crushed stone production consist of the raw stone used.
Raw materials for material recycling consist of the industrial waste received.



Production

Production volumes	Steel	340 kt	Crushed stone	1,597 kt
	Fertilizers	137 kt	Material recycling	58 kt



OUTPUT

Atmospheric exhaust	CO ₂	161 kt	Waste and byproducts	Total amount generated	58 kt
	NO _x	40 t		Amount recycled	58 kt
	SO _x	12 t		Within the Group	8 kt
Wastewater	Water	1,469 km ³		On consignment	50 kt
				Amount treated on	0.8 kt
				consignment	
				Amount for final disposal	0.01 kt

Environmental Accounting

Environmental accounting is a mechanism for ascertaining as quantifiably as possible the costs of environmental impacts and environmental conservation (environmental conservation cost) and its effects (economic impact). The goal is to effectively and efficiently promote environmental conservation activities so that growth is sustainable.

Environmental conservation cost: Amount of investment and costs incurred in efforts to reduce environmental impacts and provide infrastructure to conserve the environment

Economic impact: Results of implementing environmental conservation policies and economic benefit to profits

Environmental conservation costs

(Millions of yen)

Category	FY2015	FY2016	FY2017	Ratio (%)
Pollution prevention costs	560	458	502	47.2
Global environmental conservation costs	87	77	72	6.7
Recycling costs	318	302	352	33.1
Management costs	30	29	30	2.8
R&D costs	50	54	71	6.7
Social activity costs	24	31	32	3.0
Environmental damage remediation costs, etc.	5	5	5	0.5
Environmental conservation costs (total)	1,074	956	1,064	100.0

Economic Benefits

(Millions of yen)

Category	FY2015	FY2016	FY2017	Ratio (%)
In-house recycling benefit*	540	389	489	73.7
Waste disposal benefit	63	49	59	8.9
Product cost reduction benefit	51	41	29	4.4
Received industrial waste treatment benefit	96	95	86	13.0
Economic benefit (total)	750	574	663	100.0

* The decline in the effects of in-house recycling is primarily due to reduced recycling of soot and smoke emissions in the steel plant.

● Reporting of environmental activities
Our environmental activities are also described on the "Environmental Activities" page on the Asahi Industries website.
<http://www.asahi-kg.co.jp/csr/environment/> (Japanese)

Compliance

In the Asahi Industries Group, compliance activities are conducted across the entire Group. Based on a charter on ethical standards, a code of conduct and in compliance with the legislation, Asahi Industries makes every effort to abide by corporate ethics and social morality. Important guidelines and promotional planning relating to Group compliance are discussed and formulated by the Compliance Committee, an advisory body to the President of Asahi Industries that includes representatives from the labor unions in each workplace as members. The Committee reports either to a management committee or to the Board of Directors where final decisions are made.

Main activities in FY2017

Awareness and education activities

- Provided group officers/executive with training regarding harassment (2 times)
- Provided sales departments with training regarding display of products, advertising, etc.

Risk Management

In the Asahi Industries Group, risks are defined as “uncertain events that have an adverse impact on the organization”, and Group-wide risk management is promoted so as to continually improve our capacity to deal with and appropriately manage the various risks that could impact on the Group. To promote basic policies and develop systems for risk management, risk management issues, key policies and promotional planning, and important matters relating to risk management are discussed and formulated by the Risk Management Committee. This Committee is an advisory body to the President of Asahi Industries that includes representatives from each workplace as members and that reports either to a management committee or to the Board of Directors where final decisions are made.

Main activities in FY2017

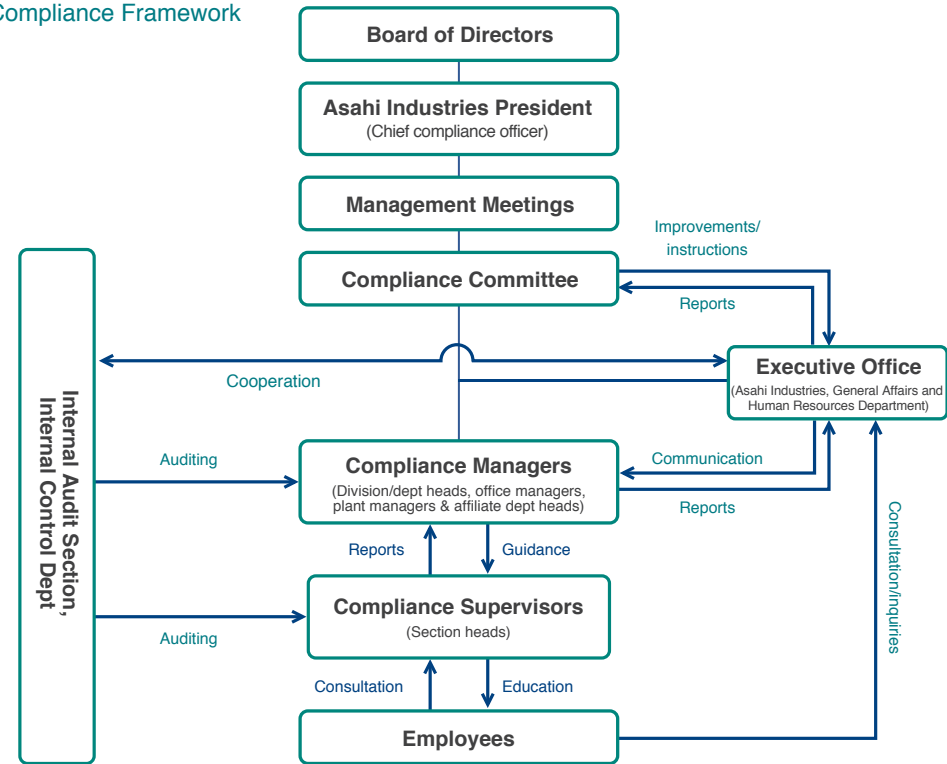
Business Continuity Plan (BCP)

- Implemented annual BCP training in case of large-scale earthquakes

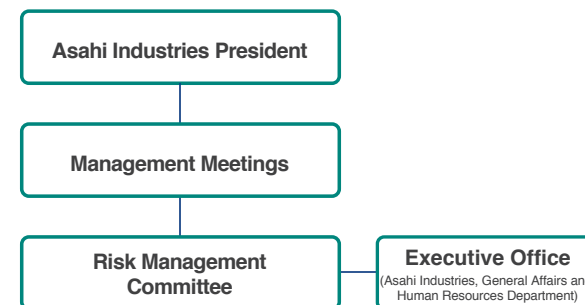
Revision of hazard management rules

- Dealt appropriately with J-Alert, in addition to complaints and incidents as well as large-scale disasters and accidents

Compliance Framework



Risk Management Committee Framework



Human Resources Management

For the Asahi Industries Group, staff are our most important management resource. We face such issues as labor shortages and an aging society and are making planned efforts in creating an appealing company and Human Resources development where people with a diversity of backgrounds can work actively in the group for a long time and contribute to society.

Human Resources Development

We are striving for a working environment where workers can share their joy of working with mutual respect, where differences in personality and values of many different people are overcome. We have in place a structure where each and every employee can be active with a sense that it is worthwhile and meet the challenges of next goals, and are ensuring that employees who have worked hard to achieve results are rewarded and are creating more opportunities for women to be active.

- Employment activities for persons with physical challenges
We actively employ persons with physical challenges so that they can live independently and with a sense of pride. As part of our support for those with physical challenges, we also participate in the employment preparation support program for persons for entering the workforce in Honjo in Saitama prefecture.
- Acceptance of foreign staff
We actively employ motivated foreign workers. They overcome their cultural differences and are active in manufacturing and technological fields.

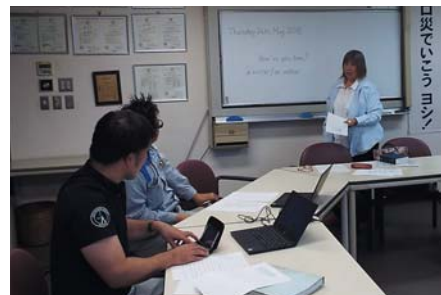
Enhanced Training System

At present, the training conducted by Asahi Industries consists of standard employee training and specialist skills training.

- Standard employee training
Inductee training, follow-up training (5th year), mid-level staff training, promotion (to manager/department head) before-and-after training, executive training
- Specialist skills training
Participation in training conducted by research facilities, such as instruction in DNA markers and blight certification, in-house manufacturing skills certification testing, production meister training, etc.



Executive staff training



In-house English classes



Inductee training

Self Study

We also support employees who study of their own volition to improve themselves and progress their knowledge and skills.

- Correspondence courses
Distance learning courses cover a wide range of areas such as sales, technology, finance/accounting, writing, PC, stress management, health management, and certification, so as to accommodate the broad span of employees, from younger staff to management.
- Learning languages
We have put in place English and Chinese courses to improve communication with overseas corporations including joint venture companies.

Health management efforts (worker care)

While physical health is important, we also put effort into mental health and a workplace with vitality, based on "Guidelines on Maintaining and Improving Mental Health of Workers*". We are progressing with creation of a workplace that is healthy and easy to work in, by making use of stress checks to grasp worker stress and promote awareness by the employee themselves, and enhancement of a support system where they can receive counseling with an industrial physician or industrial counselor.

Communication with employee families

So that employee families have a better understanding of the Asahi Industries Group, we started organizing family visits (visitor days for children) as of FY2017, based on the "Act on Advancement of Measures to Support Raising Next-Generation Children*". These events provide families with an opportunity to see the dynamic manufacturing processes and environmentally friendly product manufacturing at our steel plant and fertilizer plant, while at the same time strengthening employees' family bonds.



Family visit

* Issued by the Ministry of Health, Labour and Welfare

CSR Activities

The Asahi Industries Group undertakes a range of activities aimed at supporting children and regional communities.

By regularly volunteering to help clean up river banks, parks and roads, maintaining parks, holding festivals for local residents and supporting sporting events, we engage in active programs to beautify the natural environment and local neighborhoods for all the local residents.

We also support regional education programs in the hope of enriching the lives of local children through initiatives such as classes in growing vegetables, plant and farm tours and art classes (Asahi Kamikawa Gallery).

Engaging with local communities



Clean-up volunteers



Summer river festival for local residents



Asahi Flower Garden

Supporting regional education



Plant tour



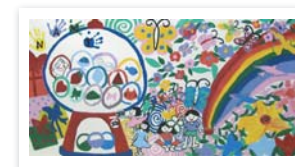
Seed sowing class at a local kindergarten



Asahi Photo News



Asahi Kamikawa Gallery



Elementary school judo competition

Every year since March 2008, the walls surrounding the Saitama Office have been used to exhibit artworks by children from local elementary and junior-high schools. In March 2018, 69 new artworks were added, bringing the total number exhibited so far to 515. This display of youthful energy puts a smile on everyone's face.

COMPANY INFORMATION

**Financial Data,
Corporate Information,
Investors Information**

Consolidated Balance Sheets

(Millions of yen)

	End FY2013	End FY2014	End FY2015	End FY2016	End FY2017
Assets					
Current assets					
Cash and deposits	2,640	1,501	2,640	3,336	4,238
Trade notes and accounts receivable	5,952	5,671	4,727	4,734	6,401
Merchandise inventory and finished goods	3,221	5,830	4,754	4,762	4,806
Raw materials and supplies	2,060	1,527	1,397	1,510	2,080
Other	293	321	328	514	431
Allowance for doubtful accounts	△5	△3	△1	△1	△1
Total current assets	14,162	14,849	13,845	14,856	17,956
Noncurrent assets					
Property, plant and equipment	10,652	10,620	10,116	10,611	10,935
Buildings and structures	3,139	3,344	3,134	3,046	3,070
Machinery, equipment and vehicles	4,053	3,817	3,509	3,745	3,963
Land	2,678	2,678	2,678	2,721	2,656
Other	780	779	792	1,098	1,245
Intangible assets	196	193	182	234	216
Investments and other assets	2,280	2,274	1,683	1,804	1,406
Total noncurrent assets	13,129	13,088	11,982	12,650	12,558
Total assets	27,292	27,938	25,828	27,507	30,514

(Millions of yen)

	End FY2013	End FY2014	End FY2015	End FY2016	End FY2017
Liabilities					
Current liabilities					
Trade notes and accounts payable	5,947	5,626	3,831	4,268	6,441
Electronic record debt					885
Short-term loans payable	5,915	7,245	4,950	4,700	4,000
Current portion of long-term loans payable/corporate bond	1,910	1,554	1,709	2,007	2,487
Other	3,076	2,213	2,858	2,616	2,429
Total current liabilities	16,848	16,638	13,348	13,592	16,242
Noncurrent liabilities					
Long-term loans payable and corporate bond	3,315	3,713	3,264	3,990	4,947
Net defined benefit liability	1,050	722	1,097	964	857
Other	918	835	400	555	594
Total noncurrent liabilities	5,284	5,271	4,762	5,510	6,399
Total liabilities	22,132	21,909	18,111	19,102	22,642
Net assets					
Shareholders' equity	4,729	5,361	7,864	8,334	7,762
Other comprehensive income, accumulated	430	667	△ 148	69	110
Total net assets	5,160	6,028	7,716	8,404	7,872
Total liabilities and net assets	27,292	27,938	25,828	27,507	30,514

Consolidated Statements of Income

(Millions of yen)

	FY2013	FY2014	FY2015	FY2016	FY2017
Sales	43,591	35,494	36,348	32,354	35,878
Cost of sales	37,317	29,174	28,064	24,835	29,446
Gross profit	6,274	6,320	8,284	7,519	6,431
Selling, general and administrative expenses	6,836	5,911	6,369	6,318	6,496
Operating income (loss)	△562	409	1,915	1,200	△64
Non-operating income	174	197	280	149	246
Non-operating expenses	253	258	264	235	256
Ordinary income (loss)	△641	348	1,931	1,115	△74
Extraordinary gains	3	545	410	25	151
Extraordinary losses	9,337	263	118	177	124
Income (loss) before income taxes	△9,975	630	2,223	963	△47
Income taxes - current	104	114	246	73	108
Income taxes - deferred	1,013	△33	△527	69	206
Net income (loss)	△11,093	549	2,503	820	△362
Current net income (loss) returned to parent company shareholders	△11,093	549	2,503	820	△362

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2013	FY2014	FY2015	FY2016	FY2017
Net income (loss)	△11,093	549	2,503	820	△362
Other comprehensive income					
Net unrealized gains on available-for-sale securities	56	3	△327	133	△85
Foreign currency translation adjustments	18	28	△67	△28	25
Remeasurements of defined benefit plans	-	204	△420	113	99
Total other comprehensive income	74	236	△815	218	40
Comprehensive income	△11,018	785	1,688	1,038	△322
Comprehensive income attributed to parent company shareholders	△11,018	785	1,688	1,038	△322
Comprehensive income attributes to minority shareholders	-	-	-	-	-

Consolidated Statements of Cash Flow

(Millions of yen)

	FY2013	FY2014	FY2015	FY2016	FY2017
Operating activities	2,116	△1,164	3,852	1,410	1,037
Investment activities	△2,115	△1,044	△61	△1,095	△615
Financing activities	73	1,065	△2,639	388	476
Effect of exchange rate changes on cash and cash equivalents	3	4	△12	△7	4
Net increase (decrease) in cash and cash equivalents	78	△1,139	1,139	695	902
Cash and cash equivalents at the beginning of current period	2,561	2,640	1,501	2,640	3,336
Cash and cash equivalents at the end of current period	2,640	1,501	2,640	3,336	4,238

Consolidated Statements of Changes in Net Assets

April 1, 2017 through March 31, 2018

(Millions of yen)

	Shareholders' equity					Other comprehensive income, accumulated				Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available for sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other comprehensive income, accumulated	
Balance at the beginning of current period	2,190	1,802	4,636	△293	8,334	160	35	△125	69	8,404
Changes in items during the period										
Dividends from surplus			△210		△210					△210
Current net income (loss) returned to parent company shareholders			△362		△362					△362
Net changes in items other than shareholders' equity						△85	25	99	40	40
Total changes in items during the period	-	-	△572	-	△572	△85	25	99	40	△532
Balance at the end of current period	2,190	1,802	4,063	△293	7,762	75	60	△25	110	7,872

Performance by Segment*1

(Millions of yen)

	FY2013	FY2014	FY2015	FY2016	FY2017
Segment net sales					
Steel Business	26,242	19,860	19,853	17,452	20,995
Crushed Stone and Material Recycling Business	1,994	1,938	2,010	2,095	2,364
Agribusiness	14,628	13,018	13,821	12,723	12,464
Other*2	223	151	150	338	464
Adjustments*3	△221	△116	△108	△255	△410
Total	43,591	35,494	36,348	32,354	35,878

*1: Environmental Solutions Business sold in FY2016 not shown

*2: Other: Contracting business operations not categorized in the reporting segments

*3: Adjustments: Sales among segments

(Millions of yen)

	FY2013	FY2014	FY2015	FY2016	FY2017
Segment income*4					
Steel Business	△1,210	65	1,942	1,318	85
Crushed Stone and Material Recycling Business	146	151	89	127	139
Agribusiness	1,628	1,100	924	740	808
Other*2	△30	△20	△6	17	15
Adjustments*5	△1,114	△924	△1,071	△1,002	△1,114
Total	△562	409	1,915	1,200	△64

*4: Segment income: Includes investment profit/loss under the equity method, but investment profit/loss under the equity method is excluded in the adjustment amount when the operating profit/loss is adjusted

*5: Adjustments: Primarily general and administrative expenses in departments outside the reporting segments

Corporate Information

As of the end of June 2018

Corporate Information

Company Name	Asahi Industries Co., Ltd.
Head Office	Daiwa Higashi-Ikebukuro Building, 23-5, Higashi-Ikebukuro 3-chome, Toshima-ku, Tokyo 170-0013, Japan
TEL:	03-3987-2161
URL:	http://www.asahi-kg.co.jp/
Founded	August 16, 1935
Established	October 29, 1991
Common Stock	2,190 million yen
No. of Employees	428 (consolidated base: 489) As of the end of March 2018

Corporate Officers

President	Masanori Murakami
Senior Managing Director	Noriyuki Nakamura
Managing Directors	Kiyoshi Hirose, Susumu Inaba
Directors	Masaru Kusama, Masaru Sekine
Directors and Audit and Supervisory Committee Members	Akihiro Takahashi, Hiroyuki Harada
Directors and Audit and Supervisory Committee Members (Independent)	Shinichi Tajima, Hideki Hanaeda, Mitsuki Tsuchiya
Executive Officers	Toshio Sakamoto, Satoru Tanaka, Yoshiro Yamada

Offices

Saitama Office (Steel Business, Agribusiness)

222 Wataruse, Kamikawa-machi, Kodama-gun, Saitama 367-0394, Japan
TEL: 0274-52-2711

Osaka Office (Agribusiness)

Osaka JA Building, 2-5, Nishitenma 1-chome, Kita-ku, Osaka-shi, Osaka 530-0047, Japan
TEL: 06-6311-6215

[Steel Plant] Saitama Plant 222 Wataruse, Kamikawa-machi, Kodama-gun, Saitama 367-0394, Japan TEL: 0274-52-2713

[Fertilizer Plant] Kanto Plant 222 Wataruse, Kamikawa-machi, Kodama-gun, Saitama 367-0394, Japan TEL: 0274-52-2712

Chiba Plant 13, Sakuradai 1-chome, Asahi-shi, Chiba 289-0506, Japan TEL: 0479-68-1600

Kansai Plant 6776 Minakuchi, Minakuchi-cho, Koka-shi, Shiga 528-0005, Japan TEL: 0748-62-8171

[Farm] Kamikawa Research Station 863-2 Higashikitahara, Niisato, Kamikawamachi, Kodama-gun, Saitama 367-0232, Japan

Affiliated Companies

Jobu Co., Ltd. (Crushed Stone Production and Sales, Construction Waste materials etc. Recycling)

President: Atsushi Terai
3085-1 Kanezawa, Minano-machi, Chichibu-gun, Saitama 369-1601, Japan
TEL: 0494-62-1321

Asahi Business Support Co., Ltd. (Contracting, Temporary Staffing)

President: Makoto Sato
222 Wataruse, Kamikawa-machi, Kodama-gun, Saitama 367-0301, Japan
TEL: 0274-52-6411

Stock Information

As of the end of March 2018

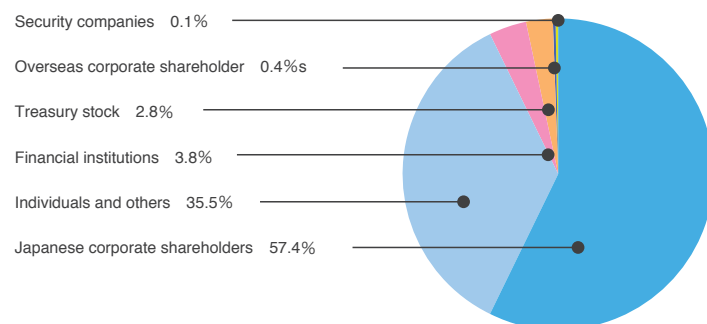
Stock listing	Tokyo Stock Exchange, JASDAQ
Securities identification code	5456
Stocks	Total shares authorized: 24,000,000 Total shares issued: 7,200,000
No. of shareholders	7,776

Major Shareholders

Name of shareholder	No. of shares held	Shareholding percentage (%)
Hanwa Co., Ltd.	600,000	8.6
Mitsui & Co., Ltd.	600,000	8.6
Asagami Corporation	522,000	7.5
Katakura & Co-op Agri Corporation	300,000	4.3
The Norinchukin Bank	210,000	3.0
Tokyo Tekko Co., Ltd.	200,000	2.9
Nihon Matai Co., Ltd.	181,000	2.6
Kanehira Steel Co., Ltd.	180,000	2.6
Marubeni Itochu Sumisho Techno Steel Inc.	180,000	2.6
Credit Saison Co., Ltd.	134,700	1.9

(Note) Shareholding percentage (%) is calculated exclusive of treasury stock (200,000 shares). Percentages are shown rounded off to the first decimal place.

Composition of Shareholders



Investors Information

As of the end of June 2018

Dividends

Our basic policy is to return profits to shareholders, fully taking into consideration our consolidated financial results, and the company's financial status and financial requirements, ensuring that stable profit distribution is continued. In FY2017, in addition to posting losses, in anticipation of business investment to increase our corporate value, we did not disburse dividends at the end of the term.

	FY2015	FY2016	FY2017
Interim	0yen	10yen	10yen
Year-end	40yen*	20yen	0yen
Full-year	40yen*	30yen	10yen

*Breakdown of FY2015 year-end dividend: Ordinary dividend: 30 yen; Commemorative dividend: 10 yen

Shareholder Benefit Program

Long-term Asahi Industries shareholders are eligible for additional benefits over and above the benefits awarded to normal shareholders.

No. of shares held	Benefits	
	Normal shareholder benefits	Long-term shareholders (shareholders who have owned shares for one year or more)*
100-199	Rice coupons (4)	500 yen Quo card (gift card)
200-299	Rice coupons (8)	1,000 yen Quo card (gift card)
300-499	Rice coupons (12)	1,500 yen Quo card (gift card)
500 or more	Rice coupons (16)	2,000 yen Quo card (gift card)

* Holdings where the shareholder number has changed are not regarded as continuous holdings (as in the following situations):
 ① Change in securities company (stockbroker) ② Repurchase after selling all shares held
 ③ Use of stock lending transactions ④ Change to registered owner due to inheritance, etc.

Shareholders' Facilities Tour

To provide our shareholders with an opportunity to gain a deeper understanding of Asahi Industries business, we began facilities tours in FY2016. These started with a semiannual (spring, fall) farm tour, and we additionally started steel and fertilizer plant tours in fall of FY2017. These events are venues for disseminating information and at the same time are venues for corporate officers and shareholders to freely exchange opinions, and we will continue to hold them regularly.





Compilation policy

This report was compiled so as to provide everyone with clear and straightforward account of the business activities and financial details of the Asahi Industries Group (Asahi Industries Co., Ltd. and its affiliated companies), together with its environmental and CSR activities.

Companies covered

Asahi Industries Co., Ltd.
Jobu Co., Ltd.
Asahi Business Support Co., Ltd.
Johnson Asahi Pty. Ltd.
Laiyang Longda Asahi Agricultural
Technology Co., Ltd.

Period covered

April 1, 2017 through March 31, 2018
(*Periods other than FY2017 are also partially covered.)
Publication date: July 2018
Previously published: July 2017
Planned next publication: July 2019

Reference guidelines

• GRI (Global Reporting Initiative)
“Sustainability Reporting Guidelines 4.0”
• Ministry of the Environment, Japan,
“Environmental Reporting Guidelines” (Fiscal Year 2012 Version)

Available on our website at:

<http://www.asahi-kg.co.jp/csr/> (Japanese)

Contact information

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TEL: 03-3987-0283 Email: ir@asahi-kg.co.jp