

# Consolidated Financial Results for the Second Quarter Ended September 30, 2011

## Asahi Holdings, Inc.

October 31, 2011

Stock code: 5857  
 Shares listed: Tokyo Stock Exchange (First Section)  
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 Scheduled date of start of dividend payment: November 30, 2011  
 Supplementary materials for the quarterly financial results: No  
 Investor conference for the quarterly financial results: Yes (for institutional investors, analysts)

(Rounded down to the nearest million yen)

### 1. Results of the six months ended September 30, 2011 (From April 1, 2011 to September 30, 2011)

(1) Results of operations (cumulative) (Percentage changes relative to previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
The six months ended September 30, 2011	72,748	38.6	5,974	6.7	6,034	10.2	3,488	9.0
September 30, 2010	52,486	46.4	5,597	105.6	5,475	103.5	3,202	104.4

(Note) Comprehensive income The six months ended September 30, 2011 5,059 million yen (66.3%)  
 The six months ended September 30, 2010 3,042 million yen (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
The six months ended September 30, 2011	107.93	—
September 30, 2010	99.32	—

### (2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2011	68,577	38,691	56.3
March 31, 2011	59,143	34,341	58.0

(Reference) Shareholders' equity As of September 30, 2011 38,643 million yen  
 As of March 31, 2011 34,313 million yen

### 2. Dividend payments

	Dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2011	—	25.00	—	25.00	50.00
Year ending March 31, 2012	—	30.00	—	—	—
Year ending March 31, 2012 (Forecast)	—	—	—	30.00	60.00

(Note) Revisions in dividend forecast in the current quarter : No

### 3. Forecast (From April 1, 2011 to March 31, 2012)

(Percentage changes relative to previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Year ending March 31, 2012	135,000	22.2	11,000	3.2	11,000	4.7	6,500	5.8	200.93

(Note) Revisions in forecast in the current quarter : No

#### 4. Other

- (1) Changes in important subsidiaries during the current quarter : No
- (2) Application of special accounting methods for quarterly consolidated financial statements : No
- (3) Changes in accounting policies, accounting estimates and restatement
  - (i) Changes in accounting policies resulting from the revision of the accounting standards and other regulations: No
  - (ii) Changes other than (i) above: No
  - (iii) Changes in accounting estimates: No
  - (iv) Restatement: No

#### (4) Number of issued shares (common stock)

##### (i) Number of issued shares at the quarter end (including treasury shares)

As of September 30, 2011	36,254,344 shares
As of March 31, 2011	36,254,344 shares

##### (ii) Number of treasury shares at the quarter end

As of September 30, 2011	3,906,289 shares
As of March 31, 2011	3,953,239 shares

##### (iii) Averaged number of shares during the period (quarterly cumulative period)

Six months ended September 30, 2011	32,325,519 shares
Six months ended September 30, 2010	32,239,530 shares

#### \*Indication regarding the situation of quarterly review procedures

These financial results are not subject to the quarterly review procedures pursuant to the Financial Instruments and Exchange Act. As of the disclosure of the financial results, the procedures for reviewing quarterly financial statements pursuant to the Financial Instruments and Exchange Act are in progress.

#### \*Statement regarding the proper use of financial forecasts and other special remarks

These forecast performance figures are based on the information currently available to the Company's management and certain assumptions judged rational. Accordingly, these might be cases in which actual results materially differ from forecasts of this report. Please refer to page 2 "(3) Qualitative Information on Consolidated Performance Forecasts" .

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## 1. Qualitative Information

### (1) Qualitative Information on Consolidated Business Performance

During the six months of the fiscal year under review (six months ending September 30, 2011), the Japanese economy remained in a severe situation, due to the influence of Great East Japan Earthquake, the global economic recession and the continuation of historically high level Japanese yen. The future outlook of the Japanese economy is expected to be unpredictable as well.

Under these circumstances, regarding precious metal recycling business, the volume of collected metals (gold, silver, palladium and platinum) and the average sales prices were higher than those of previous corresponding period, due to the market price of metals staying at high level and the efforts in acquiring new customers. We expeditiously performed hedge operations to secure stable revenues and profits during periods of volatile precious metal price fluctuation.

Regarding environmental protection business, though the influence from the earthquake disaster were still remained, due to the recovery of domestic production activities and demand for the stricken area, the transaction volume of waste liquid, waste oil, and medical-related wastes were stable and the treatment volume of them were higher than the previous corresponding period, except for the volume of photographic effluent which continues to decrease because of photo-digitalization.

As a result of the above, as consolidated results for the six-month period, we recorded net sales of 72,748 million yen, up 20,261 million yen (+38.6%) year-on-year; operating income of 5,974 million yen, up 377 million yen (+6.7%) year-on-year; ordinary income of 6,034 million yen, up 558 million yen (+10.2%) year-on-year; and net income of 3,488 million yen, up 286 million yen (+9.0%) year-on-year.

Looked at by segment, sales in the precious metal recycling business were 65,985 million yen, up 20,226 million yen (+44.2%) year-on-year; and sales in the environmental protection business were 6,762 million yen, up 35 million yen (+0.5%) year-on-year.

### (2) Qualitative Information on Consolidated Financial Position

As of September 30, 2011, total assets amounted to 68,577 million yen, up 9,434 million yen from the previous fiscal year end. This was due mainly to an increase of 2,489 million yen in notes and accounts receivable-trade, an increase of 4,626 million yen in inventories.

Total liabilities amounted to 29,886 million yen, up 5,084 million yen from the previous fiscal year end. This was due mainly to an increase of 5,900 million yen in short-term loans payable.

Net assets increased 4,349 million yen from the end of the previous fiscal year, to 38,691 million yen. This was due mainly to the increase in retained earnings resulting from the recording of 3,488 million yen in quarterly net income.

As a result, the shareholders' equity ratio changed to 56.3%, from 58.0% at the end of the previous fiscal year.

Net cash used in operating activities amounted to 2,475 million yen due mainly to 6,115 million yen of income before income taxes and minority interests, 1,129 million yen of depreciation and amortization, 4,606 million yen of increase in inventories, 2,331 million yen of increase in notes and accounts receivable-trade, and 2,493 million yen of income taxes paid.

Net cash used in investing activities amounted to 1,374 million yen due mainly to 671 million yen in payments for purchase of property, plant and equipment.

Net cash provided by financing activities amounted to 4,522 million yen due mainly to 5,276 million yen increase of loans payable and 807 million yen in payments for cash dividends paid.

As a result, Cash and cash equivalents as of September 30, 2011, increased 698 million yen from March 31, 2011, to 2,948 million yen.

### (3) Qualitative Information on Consolidated Performance Forecasts

Forecasts for full-year performance in the fiscal year 2011 (ending March 2012) remain unchanged from forecasts announced in the Notification of an upward revision of the Medium-Term Management Plan released October 27, 2011.

## 2. Notes Regarding Summary Information

Not applicable

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

	As of March 31, 2011 Millions of yen	As of September 30, 2011 Millions of yen	As of September 30, 2011 Thousands of U.S.dollars
<b>ASSETS</b>			
Current assets			
Cash and deposits	2,321	3,023	39,447
Notes and accounts receivable-trade	4,754	7,243	94,503
Merchandise and finished goods	5,914	6,912	90,177
Work in process	12,509	16,217	211,582
Raw materials and supplies	530	450	5,877
Other	3,312	4,730	61,719
Allowance for doubtful accounts	(10)	(8)	(115)
Total current assets	29,332	38,569	503,191
Noncurrent assets			
Property, plant and equipment			
Buildings and structures, net	9,349	9,798	127,837
Land	12,563	12,748	166,325
Other, net	4,644	3,856	50,307
Total property, plant and equipment	26,557	26,403	344,469
Intangible assets			
Goodwill	2,036	2,128	27,766
Other	519	538	7,021
Total intangible assets	2,556	2,666	34,787
Investments and other assets	697	938	12,238
Total noncurrent assets	29,811	30,007	391,493
Total assets	59,143	68,577	894,684
<b>LIABILITIES</b>			
Current liabilities			
Notes and accounts payable-trade	3,405	4,131	53,895
Short-term loans payable	9,448	15,348	200,235
Current portion of long-term loans payable	1,000	1,000	13,046
Income taxes payable	2,512	2,531	33,023
Provision for bonuses	741	669	8,740
Provision for directors' bonuses	28	15	202
Provision for repairs	100	37	489
Provision for loss on disaster	59	20	273
Other	3,180	2,327	30,365
Total current liabilities	20,475	26,081	340,268
Noncurrent liabilities			
Long-term loans payable	2,500	2,000	26,093
Provision for retirement benefits	205	59	782
Other	1,620	1,744	22,764
Total noncurrent liabilities	4,325	3,804	49,638
Total liabilities	24,801	29,886	389,907
<b>NET ASSETS</b>			
Shareholders' equity			
Capital stock	4,480	4,480	58,458
Capital surplus	6,074	6,083	79,365
Retained earnings	29,976	32,657	426,062
Treasury stock	(5,795)	(5,726)	(74,714)
Total shareholders' equity	34,736	37,494	489,171
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	33	22	292
Deferred gains or losses on hedges	(374)	1,199	15,649
Foreign currency translation adjustment	(81)	(73)	(959)
Total accumulated other comprehensive income	(422)	1,148	14,982
Subscription rights to shares	28	47	623
<b>TOTAL NET ASSETS</b>	34,341	38,691	504,777
<b>TOTAL LIABILITIES AND NET ASSETS</b>	59,143	68,577	894,684

U.S. dollar amounts represent translations using the approximate exchange rate on September 30, 2011 of Yen76.65=US\$1, and are included solely for the convenience of readers.

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

## Consolidated Statements of Income for the six months ended September 30, 2011

	The six months ended September 30, 2010	The six months ended September 30, 2011	The six months ended September 30, 2011
	Millions of yen	Millions of yen	Thousands of U.S.dollars
Net sales	52,486	72,748	949,099
Cost of sales	44,633	64,356	839,610
Gross profit	7,853	8,392	109,489
Selling, general and administrative expenses	2,255	2,417	31,538
Operating income	5,597	5,974	77,951
Non-operating income	35	85	1,116
Non-operating expenses	156	26	342
Ordinary income	5,475	6,034	78,725
Extraordinary income	1	159	2,078
Extraordinary loss	8	78	1,020
Income before income taxes and minority interests	5,468	6,115	79,783
Income taxes-current	752	2,484	32,414
Income taxes-deferred	1,513	142	1,854
Total income taxes	2,265	2,626	34,268
Income before minority interests	3,202	3,488	45,515
Net income	3,202	3,488	45,515

## Consolidated Statements of Comprehensive Income for the six months ended September 30, 2011

	The six months ended September 30, 2010	The six months ended September 30, 2011	The six months ended September 30, 2011
	Millions of yen	Millions of yen	Thousands of U.S.dollars
Income before minority interests	3,202	3,488	45,515
Other comprehensive income			
Valuation difference on available-for-sale securities	1	(11)	(148)
Deferred gains or losses on hedges	(123)	1,574	20,536
Foreign currency translation adjustment	(34)	13	181
Share of other comprehensive income of associates accounted for using equity method	(2)	(5)	(75)
Total other comprehensive income	(159)	1,570	20,494
Comprehensive income	3,042	5,059	66,009
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	3,042	5,059	66,009
Comprehensive income attributable to minority interests	—	—	—

U.S. dollar amounts represent translations using the approximate exchange rate on September 30, 2011 of Yen76.65=US\$1, and are included solely for the convenience of readers.

### (3) Consolidated Statements of Cash Flows

	The six months ended September 30, 2010	The six months ended September 30, 2011	The six months ended September 30, 2011
	Millions of yen	Millions of yen	Thousands of U.S.dollars
Net cash provided by (used in) operating activities			
Income before income taxes and minority interests	5,468	6,115	79,783
Depreciation and amortization	949	1,129	14,732
Amortization of goodwill	126	148	1,937
Increase (decrease) in provision for retirement benefits	54	(157)	(2,055)
Interest and dividends income	(12)	(10)	(131)
Interest expenses	19	20	267
Loss (gain) on sales and retirement of noncurrent assets	6	39	516
Loss (gain) on valuation of investment securities	0	38	502
Decrease (increase) in notes and accounts receivable-trade	(1,139)	(2,331)	(30,423)
Decrease (increase) in inventories	191	(4,606)	(60,097)
Increase (decrease) in notes and accounts payable-trade	1,301	673	8,786
Increase (decrease) in accounts payable-other	150	(400)	(5,230)
Other, net	(510)	(1,405)	(18,341)
Subtotal	6,605	(747)	(9,753)
Interest and dividends income received	15	8	114
Interest expenses paid	(17)	(21)	(275)
Income taxes paid	(2,237)	(2,493)	(32,525)
Income taxes refund	1,619	776	10,136
Net cash provided by (used in) operating activities	5,984	(2,475)	(32,302)
Net cash provided by (used in) investing activities			
Payments into time deposits	(786)	—	—
Proceeds from withdrawal of time deposits	1,001	23	300
Proceeds from collection of guarantee deposits	25	13	175
Purchase of property, plant and equipment	(1,335)	(671)	(8,765)
Proceeds from sales of property, plant and equipment	7	0	3
Purchase of intangible assets	(23)	(100)	(1,315)
Purchase of stocks of subsidiaries and affiliates	(933)	(471)	(6,145)
Other, net	(56)	(167)	(2,185)
Net cash provided by (used in) investing activities	(2,102)	(1,374)	(17,932)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	(5,598)	5,853	76,367
Proceeds from long-term loans payable	3,000	—	—
Repayment of long-term loans payable	(0)	(576)	(7,527)
Repayments of finance lease obligations	(6)	(24)	(316)
Purchase of treasury stock	(0)	(0)	(5)
Proceeds from sales of treasury stock	70	78	1,019
Cash dividends paid	(805)	(807)	(10,533)
Net cash provided by (used in) financing activities	(3,341)	4,522	59,004
Effect of exchange rate change on cash and cash equivalents	(40)	26	343
Net increase (decrease) in cash and cash equivalents	501	698	9,113
Cash and cash equivalents at beginning of period	1,711	2,250	29,357
Cash and cash equivalents at end of period	2,212	2,948	38,470

U.S. dollar amounts represent translations using the approximate exchange rate on September 30, 2011 of Yen76.65=US\$1, and are included solely for the convenience of readers.

(4) Notes on Assumptions for Going Concern  
Not applicable

(5) Segment Information, etc.

[Segment information]

I For the six months ended September 30, 2010(From April 1, 2010 to September 30, 2010)

1. Information on sales and income (loss) by reporting segment

(Millions of Yen)

	Precious metal recycling business	Environmental protection business	Total
Net sales			
1) Customers	45,759	6,726	52,486
2) Intersegment	—	—	—
Total	45,759	6,726	52,486
Segment income	4,803	794	5,597

(Note) Total segment income matches operating income recorded on the consolidated statements of income.

2. Impairment losses on noncurrent assets, goodwill, etc. by reporting segment  
Not applicable

II For the six months ended September 30, 2011(From April 1, 2011 to September 30, 2011)

1. Information on sales and income (loss) by reporting segment

(Millions of Yen)

	Precious metal recycling business	Environmental protection business	Total
Net sales			
1) Customers	65,985	6,762	72,748
2) Intersegment	—	—	—
Total	65,985	6,762	72,748
Segment income	5,221	753	5,974

(Note) Total segment income matches operating income recorded on the consolidated statements of income.

2. Impairment losses on noncurrent assets, goodwill, etc. by reporting segment  
Not applicable

(6) Notes in case of Significant Changes to Shareholders' Equity  
Not applicable