

# Consolidated Financial Results for the Third Quarter Ended December 31, 2012

## Asahi Holdings, Inc.

February 1, 2013

Stock code: 5857  
 Shares listed: Tokyo Stock Exchange (First Section)  
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 Scheduled date of start of dividend payment: —  
 Supplementary materials for the quarterly financial results: No  
 Investor conference for the quarterly financial results: No

(Rounded down to the nearest million yen)

### 1. Results of the nine months ended December 31, 2012 (From April 1, 2012 to December 31, 2012)

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

	Net sales		Operating income		Ordinary income		Net income	
The nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2012	72,203	(36.2)	5,000	(39.9)	5,087	(36.8)	2,854	(35.7)
December 31, 2011	113,116	41.5	8,321	5.7	8,053	3.5	4,438	(2.0)

(Note) Comprehensive income The nine months ended December 31, 2012 2,667 million yen (48.1%)  
 The nine months ended December 31, 2011 5,136 million yen 21.6%

	Net income per share	Diluted net income per share
The nine months ended	Yen	Yen
December 31, 2012	87.99	—
December 31, 2011	137.27	—

#### (2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2012	59,991	39,756	66.1
March 31, 2012	58,315	38,902	66.6

(Reference) Shareholders' equity As of December 31, 2012 39,678 million yen  
 As of March 31, 2012 38,835 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, 2012	—	30.00	—	30.00	60.00
Year ending March 31, 2013	—	30.00	—		
Year ending March 31, 2013 (Forecast)				30.00	60.00

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

### 3. Forecast (From April 1, 2012 to March 31, 2013)

(Percentage changes relative to previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
Year ending March 31, 2013	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
	96,000	(36.5)	7,400	(34.0)	7,700	(30.8)	4,500	(24.1)	138.67

(Note) Revisions in forecast in the current quarter : Yes

For details, please refer to "Notice of Revision of Financial Results Forecast" made public on February 1, 2013.

#### 4. Notes

- (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: Yes
  - (ii) Changes other than (i) above: No
  - (iii) Changes in accounting estimates: Yes
  - (iv) Restatement: No

Changes subject to Article 10(5) of the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements. For details, please refer to “(3) Changes in Accounting Policies, accounting estimates and restatement” under “2. Notes Regarding Summary Information” on page 3.

- (4) Number of issued shares (common stock)
- (i) Number of issued shares at the quarter end (including treasury shares)

As of December 31, 2012	36,254,344 shares
As of March 31, 2012	36,254,344 shares

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

As of December 31, 2012	3,773,239 shares
As of March 31, 2012	3,858,589 shares

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

Nine months ended December 31, 2012	32,435,410 shares
Nine months ended December 31, 2011	32,337,065 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, there 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 nine months of the fiscal year under review (nine months ending December 31, 2012), the Japanese economy had been in a severe situation as a whole, due to the stagnation of domestic production activities.

Under these circumstances, regarding precious metal recycling business, the volumes of collected gold, silver, platinum, palladium and others were lower than the previous corresponding period. Also, the average sales prices of silver, platinum palladium were lower than the previous period, though the average sales price of gold was higher than the previous corresponding period. In part of our transactions, net sales amount declined compared to the previous period due to switching contracts to the “fee-based processing” model.

Regarding environmental protection business, the transaction volumes of waste oil, sludge, and medical-related wastes were higher than the previous corresponding period. The performance of INTER CENTRAL, INC. which became a wholly owned subsidiary on July 2012 continued strong through the period.

As a result of the above, as consolidated results for the nine-month period, we recorded net sales of 72,203 million yen, down 40,912 million yen (-36.2%) year-on-year; operating income of 5,000 million yen, down 3,320 million yen (-39.9%) year-on-year; ordinary income of 5,087 million yen, down 2,966 million yen (-36.8%) year-on-year; and net income of 2,854 million yen, down 1,584 million yen (-35.7%) year-on-year.

Looked at by segment, sales in the precious metal recycling business were 60,342 million yen, down 42,055 million yen (-41.1%) year-on-year; and sales in the environmental protection business were 11,861 million yen, up 1,143 million yen (+10.7%) year-on-year.

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

As of December 31, 2012, total assets amounted to 59,991 million yen, up 1,676 million yen from the previous fiscal year end. This was due mainly to increase of 2,686 million yen in notes and accounts of receivable trade and decrease of 1,236 million yen in inventories.

Total liabilities amounted to 20,235 million yen, up 822 million yen from the previous fiscal year end. This was due mainly to increase of 4,800 million yen in loans payable and decrease of 3,154 million yen in income taxes payable.

Net assets totaled 39,756 million yen up 853 million yen from the previous fiscal year end. This was due mainly to the 2,854 million yen in net income.

As a result, the shareholders' equity ratio changed to 66.1%, from 66.6% at the end of the previous fiscal year.

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

The metal collection volume in the precious metal recycling business is still under difficult circumstances. However, market prices of all metals have maintained its high level, and the average sales prices of all metals are estimated to continue to be higher than projections. The Company has also made further efforts to improve profit generating power and to focus on profitability. Consequently, operating income, ordinary income, and net income are expected to be higher than previously forecasted.

Revision of consolidated results forecast for the fiscal year ending March 2013

(April 1, 2012 to March 31, 2013)

(Millions of Yen, %)

	Net Sales	Operating Income	Ordinary Income	Net Income FY2012	Net Income per Share FY2012
Previous Forecast (A) (Announced on July 30, 2012)	96,000	5,100	5,100	2,800	86.30
Revised Forecast (B)	96,000	7,400	7,700	4,500	138.67
Change (B-A)	0	2,300	2,600	1,700	—
Change (%)	0.0%	45.1%	51.0%	60.7%	—
(Ref.) the fiscal year ended March 31, 2012	151,094	11,217	11,130	5,926	183.20

## 2. Notes Regarding Summary Information

### (1) Changes in important subsidiaries during the current quarter

Not applicable

### (2) Application of special accounting methods for quarterly consolidated financial statements

Not applicable

### (3) Changes in accounting policies, accounting estimates and restatement

(Changes in the depreciation method)

In accordance with the amendment of the Corporation Tax Law, effective from the first quarter of fiscal year ending March 31, 2013, the company and its domestic consolidated subsidiaries have changed their depreciation method for those property and equipment acquired on or after April 1, 2012. The effect of this change on operating income, ordinary income and income before income taxes and minority interests for the current quarter is minimal.

3. Consolidated Financial Statements  
(1) Consolidated Balance Sheets

	As of March 31, 2012 Millions of yen	As of December 31, 2012 Millions of yen	As of December 31, 2012 Thousands of U.S.dollars
<b>ASSETS</b>			
Current assets			
Cash and deposits	3,527	3,281	37,906
Notes and accounts receivable-trade	9,480	12,167	140,530
Merchandise and finished goods	2,123	2,452	28,330
Work in process	10,727	8,768	101,271
Raw materials and supplies	618	1,012	11,693
Other	2,833	3,072	35,489
Allowance for doubtful accounts	(11)	(9)	(112)
Total current assets	29,301	30,745	355,107
Noncurrent assets			
Property, plant and equipment			
Buildings and structures, net	9,495	9,352	108,024
Land	12,910	13,001	150,172
Other, net	3,356	2,711	31,322
Total property, plant and equipment	25,763	25,066	289,518
Intangible assets			
Goodwill	1,970	2,477	28,610
Other	519	759	8,771
Total intangible assets	2,490	3,236	37,380
Investments and other assets	760	943	10,900
Total noncurrent assets	29,014	29,246	337,798
Total assets	58,315	59,991	692,905
<b>LIABILITIES</b>			
Current liabilities			
Notes and accounts payable-trade	3,253	3,116	35,990
Short-term loans payable	4,545	10,095	116,599
Current portion of long-term loans payable	1,000	1,750	20,213
Income taxes payable	3,267	113	1,309
Provision for bonuses	659	309	3,571
Provision for directors' bonuses	30	10	117
Provision for repairs	100	61	716
Provision for product warranties	—	30	349
Other	3,275	2,992	34,567
Total current liabilities	16,130	18,478	213,430
Noncurrent liabilities			
Long-term loans payable	1,500	—	—
Provision for retirement benefits	65	100	1,162
Provision for directors' retirement benefits	—	19	226
Other	1,716	1,636	18,901
Total noncurrent liabilities	3,282	1,756	20,288
Total liabilities	19,413	20,235	233,718
<b>NET ASSETS</b>			
Shareholders' equity			
Capital stock	4,480	4,480	51,753
Capital surplus	6,087	6,083	70,268
Retained earnings	34,124	35,033	404,640
Treasury stock	(5,656)	(5,531)	(63,892)
Total shareholders' equity	39,036	40,066	462,770
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	18	15	183
Deferred gains or losses on hedges	(111)	(322)	(3,721)
Foreign currency translation adjustment	(108)	(81)	(945)
Total accumulated other comprehensive income	(201)	(388)	(4,482)
Subscription rights to shares	67	77	900
<b>TOTAL NET ASSETS</b>	38,902	39,756	459,187
<b>TOTAL LIABILITIES AND NET ASSETS</b>	58,315	59,991	692,905

U.S. dollar amounts represent translations using the approximate exchange rate on December 28, 2012 of Yen86.58=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 nine months ended December 31, 2012

	The nine months ended December 31, 2011	The nine months ended December 31, 2012	The nine months ended December 31, 2012
	Millions of yen	Millions of yen	Thousands of U.S.dollars
Net sales	113,116	72,203	833,952
Cost of sales	101,169	63,258	730,636
Gross profit	11,947	8,945	103,316
Selling, general and administrative expenses	3,625	3,944	45,556
Operating income	8,321	5,000	57,759
Non-operating income	47	123	1,432
Non-operating expenses	315	37	432
Ordinary income	8,053	5,087	58,759
Extraordinary income	160	6	77
Extraordinary loss	264	362	4,182
Income before income taxes and minority interests	7,949	4,731	54,654
Income taxes-current	3,226	1,340	15,486
Income taxes-deferred	283	537	6,203
Total income taxes	3,510	1,877	21,689
Income before minority interests	4,438	2,854	32,964
Net income	4,438	2,854	32,964

Consolidated Statements of Comprehensive Income for the nine months ended December 31, 2012

	The nine months ended December 31, 2011	The nine months ended December 31, 2012	The nine months ended December 31, 2012
	Millions of yen	Millions of yen	Thousands of U.S.dollars
Income before minority interests	4,438	2,854	32,964
Other comprehensive income			
Valuation difference on available-for-sale securities	(14)	(2)	(34)
Deferred gains or losses on hedges	756	(210)	(2,428)
Foreign currency translation adjustment	(36)	27	315
Share of other comprehensive income of associates accounted for using equity method	(8)	(0)	(6)
Total other comprehensive income	697	(186)	(2,153)
Comprehensive income	5,136	2,667	30,811
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of the parent	5,136	2,667	30,811
Comprehensive income attributable to minority interests	—	—	—

U.S. dollar amounts represent translations using the approximate exchange rate on December 28, 2012 of Yen86.58=US\$1, and are included solely for the convenience of readers.

(3) Notes on Assumptions for Going Concern

Not applicable

(4) Notes in case of Significant Changes to Shareholders' Equity

Not applicable

(5) Segment Information, etc.

[Segment information]

I For the nine months ended December 31, 2011(From April 1, 2011 to December 31, 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	102,398	10,717	113,116
2) Intersegment	—	—	—
Total	102,398	10,717	113,116
Segment income	7,013	1,308	8,321

(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

Resulting from the decision of disposing a part of equipments, impairment losses were recognized in the amount of 171 million yen in precious metal recycling segment.

II For the nine months ended December 31, 2012(From April 1, 2012 to December 31, 2012)

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	60,342	11,861	72,203
2) Intersegment	—	—	—
Total	60,342	11,861	72,203
Segment income	3,464	1,535	5,000

(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