

Consolidated Financial Results for the Fiscal Year Ended March 31, 2014

Asahi Holdings, Inc. [Japan GAAP]

May 12, 2014

Stock code: 5857
 Shares listed: Tokyo Stock Exchange (First Section)
 U R L: <http://www.asahiholdings.com>
 Representative: Mitsuharu Terayama, Chairman, CEO
 For further information please contact: Keitaro Shigemasa, Director
 (Phone) +81-3-6270-1833

The Ordinary General Meeting of Shareholders: June 17, 2014
 Filing date of financial statement: June 18, 2014
 Start of dividend payment: May 30, 2014
 Supplementary materials for the financial results: No
 Investor conference for the financial results: Yes (for institutional investors, analysts)

(Rounded down to the nearest million yen)

1. Results of the fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

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

	Net sales		Operating income		Ordinary income		Net income	
The fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2014	94,254	(2.2)	9,629	28.5	9,985	28.1	5,969	32.1
March 31, 2013	96,368	(36.2)	7,495	(33.2)	7,794	(30.0)	4,518	(23.8)

(Note) Comprehensive income: The fiscal year ended March 31, 2014 6,418 million yen : 32.7%
 The fiscal year ended March 31, 2013 4,836 million yen : (21.3)%

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
The fiscal year ended	Yen	Yen	%	%	%
March 31, 2014	183.43	—	13.5	15.6	10.2
March 31, 2013	139.24	—	11.2	12.9	7.8

(Note) Equity in earnings of affiliates: March 31, 2014 : — million yen March 31, 2013 : — million yen

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2014	66,119	46,623	70.3	1,426.55
March 31, 2013	62,260	42,012	67.3	1,288.56

(Reference) Shareholders' equity: As of March 31, 2014 46,479 million yen
 As of March 31, 2013 41,875 million yen

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the fiscal year
The fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2014	14,045	(1,090)	(8,008)	9,470
March 31, 2013	(419)	(2,064)	2,603	4,141

2. Dividend payments

	Dividends per share					Total Dividend Payment (Annual)	Payout Ratio (Consolidated)	Dividend to Net Assets (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual			
The fiscal Year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2013	—	30.00	—	30.00	60.00	1,948	43.1	4.8
March 31, 2014	—	30.00	—	30.00	60.00	1,953	32.7	4.4
Year ending March 31, 2015 (Forecast)	—	30.00	—	30.00	60.00		31.1	

3. Forecast (From April 1, 2014 to March 31, 2015) (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
Six months ending September 30, 2014	46,000	(3.9)	4,500	(14.4)	4,500	(16.6)	2,800	(14.5)	85.88
Year ending March 31, 2015	96,000	1.9	10,000	3.8	10,000	0.1	6,300	5.5	193.11

* Notes

(1) Changes in important subsidiaries during the current fiscal year : No

(2) 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

(3) Number of issued shares (common stock)

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

As of March 31, 2014	36,254,344 shares
As of March 31, 2013	36,254,344 shares

(ii) Number of treasury shares at the end of year

As of March 31, 2014	3,672,457 shares
As of March 31, 2013	3,756,439 shares

(iii) Averaged number of shares during the period

Year ended March 31, 2014	32,540,417 shares
Year ended March 31, 2013	32,448,647 shares

(Reference) Summary of Nonconsolidated Results

1. Nonconsolidated Results of the Year ended March 31, 2014(From April 1, 2013 to March 31, 2014)

(1) Results of operations (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 fiscal year ended								
March 31, 2014	8,189	68.2	7,086	91.8	7,116	91.3	7,007	100.0
March 31, 2013	4,868	(19.6)	3,695	(26.2)	3,719	(25.7)	3,503	(28.7)

	Net income per share	Diluted net income per share
The fiscal year ended	Yen	Yen
March 31, 2014	215.34	—
March 31, 2013	107.96	—

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2014	46,517	40,927	87.8	1,253.74
March 31, 2013	47,473	35,727	75.1	1,096.97

(Reference)

Shareholders' equity

As of March 31, 2014 : 40,849 million yen

As of March 31, 2013 : 35,649 million yen

*Indication regarding the situation of audit procedures

These financial results are not subject to the audit procedures pursuant to the Financial Instruments and Exchange Act. As of the disclosure of the financial results, the procedures for auditing 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 "1. Information Regarding Consolidated Performance (3) Forecast of Consolidated Performance for the Year ending March 31, 2015" for the assumptions used and other notes.

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1. Information Regarding Consolidated Performance

(1) Consolidated Operating Results for the Year ended March 31, 2014

During the consolidated fiscal year ended March 31, 2014, as the yen fell and share prices rose against the backdrop of the Government's economic policies and monetary easing, the Japanese economy showed a tone of gentle recovery, including improved corporate profits and rebounding consumer spending.

Under these economic conditions, in the precious metal recycling business, factors such as an increased collection volume of electronic parts led to a greater volume of collection of gold compared to the previous year. However, because the collection volume of flat panel displays decreased, the collection volume of silver, etc., was lower than that of the same term last year. Although the average sales prices for gold, platinum, palladium, and others were higher than they were during the corresponding period a year earlier, the average sales price for silver was lower.

In the environmental preservation business, even though domestic production activity was sluggish, the collection volumes of medical-related waste, recycled glass, and so on surpassed those of the same term one year earlier. As of March 31, 2014, KOEIKOGYO CO., LTD. which designs and constructs disaster prevention facilities and installs air conditioning and sanitation equipment, became a wholly owned subsidiary of our group.

As a result of the above, as consolidated results for the fiscal year, we recorded net sales of 94,254 million yen, down 2,114 million yen (-2.2%) year-on-year; operating income of 9,629 million yen, up 2,134 million yen (+28.5%) year-on-year; ordinary income of 9,985 million yen, up 2,191 million yen (+28.1%) year-on-year; and net income of 5,969 million yen, up 1,450 million yen (+32.1%) year-on-year.

Looked at by segment, sales in the precious metal recycling business were 77,212 million yen, down 2,964 million yen (-3.7%) year-on-year; and sales in the environmental preservation business were 17,041 million yen, up 850 million yen (+5.3%) year-on-year.

(2) Consolidated Financial Position and Cash Flows for the Year ended March 31, 2014

As of this fiscal year ended March 31, 2014, total assets amounted to 66,119 million yen, up 3,858 million yen from the previous fiscal year end. This was due mainly to increase of 5,499 million yen in cash and deposits, decrease of 1,220 million yen in notes and accounts receivable-trade.

Total liabilities amounted to 19,496 million yen, down 752 million yen from the previous fiscal year end. This was due mainly to decrease of 5,687 million yen in loans payable, increase of 2,285 million yen in income taxes payable, increase of 1,180 million yen in notes and accounts payable-trade.

Net assets totaled 46,623 million yen up 4,611 million yen from the previous fiscal year end.

Net cash provided in operating activities amounted to 14,045 million yen due mainly to 9,896 million yen of income before income taxes and minority interests, 1,842 million yen of depreciation and amortization, decrease in inventories, decrease in notes and accounts receivable-trade, increase in notes and accounts payable-trade, and income tax paid.

Net cash used in investing activities amounted to 1,090 million yen due mainly to 886 million yen in payments for purchase of fixed assets.

Net cash used in financial activities amounted to 8,008 million yen due mainly to 6,160 million yen decrease of loans payable, expenditure of 1,951 million yen for the payment of dividends.

As a result, Cash and cash equivalents as of March 31, 2014, increased 5,328 million yen from March 31, 2013, to 9,470 million yen.

(3) Forecast of Consolidated Performance for the Year ending March 31, 2015

The tone of economic recovery against the backdrop of the Government's economic policies and so on is expected to continue, but because of matters of concern such as the faltering global economy and of the increase in Japan's consumption tax, the future remains opaque. Under these conditions, our group will continue working to expand revenue and profit.

Consequently, for the next fiscal year performance, we forecast net sales of 96,000 million yen (+1.9%), operating income of 10,000 million yen (+3.8%), ordinary income of 10,000 million yen (+0.1%) and net income of 6,300 million yen (+5.5%).

(4) Dividends

Our basic policy is to improve corporate value continuously by maintaining stable profitability and achieving further growth, and to meet shareholders' expectations by continuous stable dividends. We also consider it important to fulfill internal reserves for strategic investment to enhance existing business and develop new business.

Under this basic policy, the fiscal year's end dividend will be 30 yen per share, consequently, the annual dividend per share for the fiscal year ended March 31, 2014 will be totaled 60 yen including the interim dividend of 30 yen per share.

Further, for the year ending March 31, 2015, we are planning to pay out 30 yen per share for both interim and year end dividend, making the full year amount 60 yen per share.

(5) Business risks

Here are the main risk factors which could affect our financial condition and results of operations. Please note that the following is not an exhaustive discussion of all risk factors that should be considered before investing in the shares of the company.

① Influence of fluctuations in precious metal market prices and the exchange rate

Precious metals, our major products of precious metal recycling business, are traded at the

international commodity markets, and the prices are affected by many factors around the world such as social and economic movement of supply and demand country or exchange rate etc.

Therefore, our group's performance could be affected by precious metal market price changes. We are making efforts to reduce risks by hedging through forward exchange dealing.

② Legal restrictions

We are operating industrial waste related business under "Waste Disposal and Public Cleansing Act". Also we are subject to "Water Pollution Control Law", "Air Pollution Control Law" and "Sewerage Law" etc.

In addition we have local government approvals of collecting, transporting and disposing industrial waste, and to obtain these approvals we have to observe regulations in local administration level.

From rising society's concern over environmental problem, these law restrictions are in the direction of being strengthened. To prepare for this situation, further capital investment could be required. At the time of establishing, relocating or replacing processing facilities, we will have to acquire appropriate permission. In such case, it could be needed to obtain neighbors' consent which could be difficult.

In consequence, these legal restriction and social movement could affect our financial condition and results of operations.

2. Our Group

Our Group comprises of the holdings company "Asahi Holdings, Inc.", "Asahi Pretec Corp.", "Japan Waste Corporation", 18 other subsidiaries and 2 affiliates. Our main businesses are precious metal recycling business and environmental preservation business. The details are as follows.

(1) Precious metal recycling business

In the precious metal recycling business, we sell precious/rare metal products such as gold, silver, platinum, palladium, and indium by recycling scrap containing rare metals, etc.

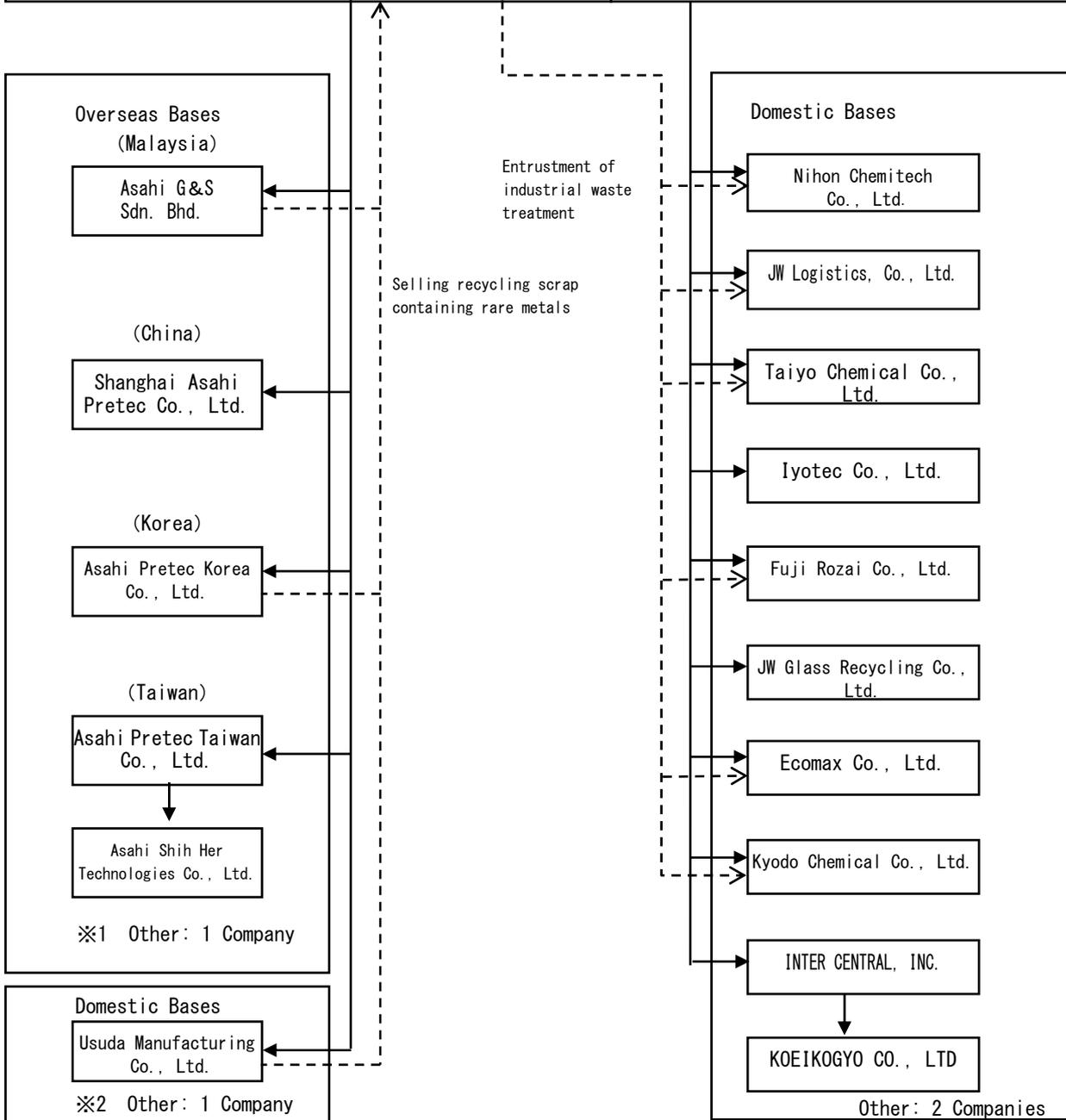
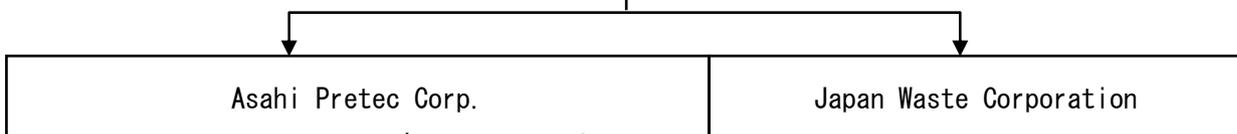
In Japan, Asahi Pretec Corp. collects scraps containing precious/rare metals from the electronics, dentistry, jewelry manufacturing and distribution, and automotive catalyst sectors. At factories around the country, it collects, separates and refines the scrap and sells high-purity metals to trading companies, semiconductor/electronic component makers, film manufacturers, etc. Usuda Manufacturing Co., Ltd. engages in precision cleaning and precious metal delamination of manufacturing equipment parts semiconductor/electronic component makers.

Overseas, Asahi G&S Sdn. Bhd. in the Malaysia/Singapore region, Shanghai Asahi Pretec Co., Ltd. in China, Asahi Pretec Korea Co., Ltd. in South Korea, and Asahi Pretec Taiwan Co., Ltd. in Taiwan are engaged in the precious metal recycling business. Additionally, Asahi Shih Her Technologies Co., Ltd. is engaged in the precision cleaning business in Taiwan.

(2) Environmental preservation business

The main line of our environmental preservation business is the collection, transport, and intermediate treatment of industrial waste.

Asahi Pretec Corp. treats and detoxifies waste acid, waste alkali, waste oil, sludge, waste drugs, and medical-related waste generated by sites in various industries, such as factories, photo labs, printing presses, hospitals, schools, and research institutes. Additionally, a group of companies with Japan Waste Corporation as their parent firm is engaged in the environmental preservation business as follows. Nihon Chemitech Co., Ltd. and JW Logistics, Co., Ltd. mainly perform the collection, transport, and intermediate treatment of industrial waste generated by factories. Iyotec Co., Ltd. engages in business such as dispatch of personnel to manufacturers and collaborates on the treatment of waste from industrial sites. Taiyo Chemical Co., Ltd. processes medical-related waste and industrial effluent from companies in the IT, electronics, and petrochemical businesses. Fuji Rozai Co., Ltd. processes specially controlled industrial waste including dioxin and heavy metals at local governments' incinerators. It engages in repair, demolition, and waste brick processing of smelting furnaces for glass manufacturing. It removes firebricks from smelting furnaces and performs materials recycling and hazardous materials handling. JW Glass Recycling Co., Ltd. collects sheet glass and glass bottles, separates them for crushing, and recycles them into high-quality glass cullet, which it sells. Ecomax Co., Ltd. performs detoxification (concrete solidification) treatment of combustion residue, sludge, soot, and dust produced by incineration facilities. Kyodo Chemical Co., Ltd. carries out collection, transport, and intermediate treatment of industrial waste and engages in the photographic materials business. INTER CENTRAL, INC. manufactures and sells heating equipment and designs and installs radiant heating and cooling equipment. KOEIKOGYO CO., LTD. designs and constructs disaster prevention facilities and installs air conditioning and sanitation equipment.



(Note) 1. capital relationship \longrightarrow 2. business relationship \dashrightarrow

No mark consolidated subsidiaries
 ※1 Affiliated companies accounted for by equity method
 ※2 Affiliated companies not accounted for by equity method

3. Management Policy

(1) Basic management policy

We aim to pursue continuous growth by expanding precious metal recycling business and environmental preservation business, and contribute to the material-cycle society. In the process above, we put emphasis on the balance between stable profit and continuous growth. Our basic management policy is to heighten corporate value through these activities and to respond to the expectations of all stakeholders, including customers, shareholders and employees over a long period of time.

(2) Medium to long-term strategies

In accordance with the 6th Mid-Term Business Plan (April 2012 through March 2015), the Group aims to pursue these actions: "Expanding business in Asian markets," "Broadening business domains through M&A," and "Streamlining group management" while utilizing existing management resources. As part of these strategies, we established a subsidiary and a joint venture subsidiary with a strong local company in Taiwan. Through M&A action, we also turned KOEIKOGYO CO., LTD. into a wholly owned subsidiary.

Also, the consolidated performance goal in the last fiscal year of the 6th Mid-Term Business Plan is as follows.

As for dividends, we are going to decide dividend amount per share putting emphasis on stable returning profits to shareholders and taking medium to long-term dividend payout ratio into consideration.

The consolidated performance goal in the last fiscal year of the 6th Mid-Term Business Plan

Sales ¥ 96.0 billion

Operating Income ¥ 10.0 billion

(3) Challenge to be addressed

① Expanding business in Asian markets

In South Korea, we will further expand business in the electronics and dental fields, and in Taiwan, we will expand business in electronics. We aim to expand the amount of precious metal collected from Asian and other foreign markets by developing new customers through building cooperative relationships with local firms.

② Broadening business domains through M&A

We will continue to promote M&A with a high investment return, and not only expand the existing business such as the environmental preservation business but also aim to enter new business fields.

③ Streamlining group management

We will reduce administrative costs on a consolidated basis by consolidating the group management functions in the holding company. And on the other hand, we will strengthen the in-house information system and achieve speedy and efficient operations.

(4) The state of internal control system

① The state of fundamental opinion and policy about corporate governance

The relevant matter is stated at corporate governance information.

② Attempt to enhance internal control system through this fiscal year

We are continuously acting to strengthen internal control system, checking and evaluating the usages of the rule for internal control by in-house organization "Internal controls promotion committee".

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets

	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
	Millions of yen	Millions of yen	Thousands of U.S. dollars
ASSETS			
Current assets			
Cash and deposits	4,141	9,640	93,673
Notes and accounts receivable-trade	12,539	11,319	109,981
Merchandise and finished goods	5,067	4,094	39,785
Work in process	8,114	8,596	83,525
Raw materials and supplies	1,077	1,107	10,756
Deferred tax assets	493	695	6,754
Other	1,873	2,191	21,292
Allowance for doubtful accounts	(9)	(120)	(1,172)
Total current assets	33,298	37,524	364,594
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	17,918	18,219	177,027
Accumulated depreciation	(8,637)	(9,239)	(89,776)
Buildings and structures, net	9,281	8,979	87,252
Machinery, equipment and vehicles	13,443	13,305	129,279
Accumulated depreciation	(11,246)	(11,493)	(111,676)
Machinery, equipment and vehicles, net	2,197	1,811	17,602
Land	13,031	13,122	127,506
Construction in progress	140	226	2,201
Other	2,462	2,486	24,160
Accumulated depreciation	(2,153)	(2,220)	(21,571)
Other, net	309	266	2,588
Total property, plant and equipment	24,959	24,407	237,150
Intangible assets			
Goodwill	2,380	2,021	19,640
Other	797	835	8,115
Total intangible assets	3,177	2,856	27,755
Investments and other assets			
Investment securities	110	171	1,664
Deferred tax assets	162	123	1,202
Other	558	1,042	10,130
Allowance for doubt for accounts	(6)	(5)	(55)
Investment and other assets	824	1,331	12,940
Total noncurrent assets	28,962	28,595	277,845
Total assets	62,260	66,119	642,439

U.S. dollar amounts represent translations using the approximate exchange rate on March 31, 2014 of Yen102.92=US\$1, and are included solely for the convenience of readers.

	As of March 31, 2013	As of March 31, 2014	As of March 31, 2014
	Millions of yen	Millions of yen	Thousands of U.S. dollars
<u>LIABILITIES</u>			
Current liabilities			
Notes and accounts payable-trade	2,463	3,643	35,402
Short-term loans payable	10,245	495	4,813
Current portion of long-term loans payable	1,500	143	1,390
Accounts payable-other	1,388	1,516	14,739
Income taxes payable	349	2,635	25,603
Provision for bonuses	597	600	5,835
Provision for directors' bonuses	8	39	379
Provision for repairs	113	101	986
Provision for product warranties	21	16	156
Other	1,864	3,026	29,408
Total current liabilities	<u>18,553</u>	<u>12,217</u>	<u>118,712</u>
Noncurrent liabilities			
Long-term loans payable	—	5,419	52,661
Deferred tax liabilities	1,541	1,697	16,497
Provision for retirement benefits	107	—	—
Net defined benefit liability	—	122	1,187
Other	45	38	372
Total noncurrent liabilities	<u>1,694</u>	<u>7,278</u>	<u>70,717</u>
Total liabilities	<u>20,248</u>	<u>19,496</u>	<u>189,429</u>
<u>NET ASSETS</u>			
Shareholders' equity			
Capital stock	4,480	4,480	43,537
Capital surplus	6,087	6,108	59,349
Retained earnings	36,697	40,715	395,605
Treasury stock	(5,507)	(5,384)	(52,315)
Total shareholders' equity	<u>41,758</u>	<u>45,920</u>	<u>446,175</u>
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	19	15	148
Deferred gains or losses on hedges	(41)	(121)	(1,179)
Foreign currency translation adjustment	139	665	6,467
Total accumulated other comprehensive income	<u>116</u>	<u>559</u>	<u>5,435</u>
Subscription rights to shares	77	77	757
Minority interests	59	66	642
<u>TOTAL NET ASSETS</u>	<u>42,012</u>	<u>46,623</u>	<u>453,010</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>62,260</u>	<u>66,119</u>	<u>642,439</u>

U.S. dollar amounts represent translations using the approximate exchange rate on March 31, 2014 of Yen102.92=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 fiscal year ended March 31, 2014 and 2013

	The fiscal year ended March 31, 2013	The fiscal year ended March 31, 2014	The fiscal year ended March 31, 2014
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Net sales	96,368	94,254	915,803
Cost of sales	83,557	79,018	767,768
Gross profit	12,811	15,235	148,035
Selling, general and administrative expenses	5,316	5,606	54,473
Operating income	7,495	9,629	93,562
Non-operating income	363	392	3,818
Non-operating expenses	64	36	356
Ordinary income	7,794	9,985	97,025
Extraordinary income	14	46	454
Extraordinary loss	459	136	1,326
Income before income taxes and minority interests	7,349	9,896	96,153
Income taxes-current	2,525	3,942	38,306
Income taxes-deferred	305	(14)	(144)
Total income taxes	2,831	3,927	38,162
Income before minority interests	4,518	5,968	57,991
Minority interests in loss	—	(0)	(6)
Net income	4,518	5,969	57,997

Consolidated Statements of Comprehensive Income for the fiscal year ended March 31, 2014 and 2013

	The fiscal year ended March 31, 2013	The fiscal year ended March 31, 2014	The fiscal year ended March 31, 2014
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Income before minority interests	4,518	5,968	57,991
Other comprehensive income			
Valuation difference on available-for-sale securities	0	(3)	(37)
Deferred gains or losses on hedges	70	(79)	(776)
Foreign currency translation adjustment	239	511	4,974
Share of other comprehensive income of associates accounted for using equity method	8	21	211
Total other comprehensive income	318	449	4,372
Comprehensive income	4,836	6,418	62,363
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of the parent	4,836	6,411	62,296
Comprehensive income attributable to minority interests	—	6	66

U.S. dollar amounts represent translations using the approximate exchange rate on March 31, 2014 of Yen102.92=US\$1, and are included solely for the convenience of readers.

(3) Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2013

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2012	4,480	6,087	34,124	(5,656)	39,036
Changes of items during the period					
Dividends from surplus			(1,945)		(1,945)
Net income			4,518		4,518
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		(0)		149	149
Net changes of items other than shareholders' equity					
Total Changes of items during the period	—	(0)	2,572	149	2,721
Balance at March 31, 2013	4,480	6,087	36,697	(5,507)	41,758

(Millions of yen)

	Accumulated other comprehensive income				Subscription rights to shares	Minority interest	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at April 1, 2012	18	(111)	(108)	(201)	67	—	38,902
Changes of items during the period							
Dividends from surplus							(1,945)
Net income							4,518
Purchase of treasury stock							(0)
Disposal of treasury stock							149
Net changes of items other than shareholders' equity	0	70	247	318	10	59	388
Total Changes of items during the period	0	70	247	318	10	59	3,110
Balance at March 31, 2013	19	(41)	139	116	77	59	42,012

For the year ended March 31, 2014

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2013	4,480	6,087	36,697	(5,507)	41,758
Changes of items during the period					
Dividends from surplus			(1,951)		(1,951)
Net income			5,969		5,969
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock		21		124	145
Net changes of items other than shareholders' equity					
Total Changes of items during the period	—	21	4,017	122	4,161
Balance at March 31, 2014	4,480	6,108	40,715	(5,384)	45,920

(Millions of yen)

	Accumulated other comprehensive income				Subscription rights to shares	Minority interest	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at April 1, 2013	19	(41)	139	116	77	59	42,012
Changes of items during the period							
Dividends from surplus							(1,951)
Net income							5,969
Purchase of treasury stock							(1)
Disposal of treasury stock							145
Net changes of items other than shareholders' equity	(3)	(79)	526	442	—	6	449
Total Changes of items during the period	(3)	(79)	526	442	—	6	4,611
Balance at March 31, 2014	15	(121)	665	559	77	66	46,623

(4) Consolidated Statements of Cash Flows

For the year ended March 31, 2014 and 2013

	The fiscal year ended March 31, 2013	The fiscal year ended March 31, 2014	The fiscal year ended March 31, 2014
	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	7,349	9,896	96,153
Depreciation and amortization	2,100	1,842	17,907
Impairment loss	327	102	997
Amortization of goodwill	368	387	3,768
Increase (decrease) in provision for retirement benefits	13	—	—
Increase (decrease) in net defined benefit liability	—	12	125
Interest and dividends income	(23)	(31)	(305)
Interest expenses	26	22	222
Loss (gain) on valuation of investment securities	20	—	—
Loss (gain) on sales and retirement of noncurrent assets	97	24	240
Decrease (increase) in notes and accounts receivable-trade	(2,780)	1,636	15,899
Decrease (increase) in inventories	(384)	1,152	11,203
Increase (decrease) in notes and accounts payable-trade	(1,110)	724	7,037
Increase (decrease) in accounts payable-other	(195)	(74)	(728)
Other, net	(799)	29	283
Subtotal	5,009	15,726	152,801
Interest and dividends income received	22	31	308
Interest expenses paid	(27)	(23)	(224)
Income taxes paid	(6,597)	(2,436)	(23,678)
Income taxes refund	1,172	747	7,264
Net cash provided by (used in) operating activities	(419)	14,045	136,472
Net cash provided by (used in) investing activities			
Payments into time deposits	—	(79)	(774)
Proceeds from collection of guarantee deposits	19	34	333
Purchase of property, plant and equipment	(804)	(679)	(6,601)
Proceeds from sales of property, plant and equipment	130	62	603
Purchase of intangible assets	(368)	(207)	(2,013)
Purchase of stocks of subsidiaries and affiliates	(1,081)	(156)	(1,522)
Other, net	39	(63)	(618)
Net cash provided by (used in) investing activities	(2,064)	(1,090)	(10,592)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	5,527	(9,750)	(94,736)
Proceeds from long-term loans payable	—	5,100	49,553
Repayment of long-term loans payable	(1,035)	(1,510)	(14,672)
Repayments of finance lease obligations	(60)	(40)	(398)
Purchase of treasury stock	(0)	(1)	(15)
Proceeds from sales of treasury stock	149	145	1,412
Proceeds from stock issuance to minority shareholders	59	—	—
Cash dividends paid	(1,946)	(1,951)	(18,957)
Other, net	(90)	—	—
Net cash provided by (used in) financing activities	2,603	(8,008)	(77,812)
Effect of exchange rate change on cash and cash equivalents	494	381	3,706
Net increase (decrease) in cash and cash equivalents	613	5,328	51,774
Cash and cash equivalents at beginning of period	3,527	4,141	40,240
Cash and cash equivalents at end of period	4,141	9,470	92,014

U.S. dollar amounts represent translations using the approximate exchange rate on March 31, 2014 of Yen102.92=US\$1, and are included solely for the convenience of readers.

(5) Notes on Consolidated Financial Statements

[Notes on Assumptions for Going Concern]

Not applicable

[Basis of Presenting Consolidated Financial Statements]

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 20

Major consolidated subsidiaries

Asahi Pretec Corp.
Japan Waste Corporation
Nihon Chemitech Co., Ltd.
JW Logistics, Co., Ltd.
Taiyo Chemical Co., Ltd.
Iyotec Co., Ltd.
Fuji Rozai Co., Ltd.
JW Glass Recycling Co., Ltd.
Ecomax Co., Ltd.
Usuda Manufacturing Co., Ltd.
Kyodo Chemical Co., Ltd.
INTER CENTRAL, INC.
KOEIKOGYO CO., LTD.
Asahi G&S Sdn. Bhd.
Shanghai Asahi Pretec Co., Ltd.
Asahi Pretec Korea Co., Ltd.
Asahi Pretec Taiwan Co., Ltd.
Asahi Shih Her Technologies Co., Ltd.
and 2 other companies

KOEIKOGYO CO., LTD. has become consolidated subsidiary on March 2014 by stock acquisition.

(2) Major unconsolidated subsidiaries

None

2. Equity method affiliate

(1) Number of equity method affiliate: 1

Major equity method affiliate

Jiangmen Asahi Pretec Kanfort Environmental Management Co., Ltd.

(2) Non equity method affiliate (Asahi • Broadlink, INC.) is not included within the scope of the equity method because it is insignificant and its net income and retained earning (the amounts equivalent to the company's interest in the companies) does not significantly affect consolidated financial statement.

3. Fiscal year of consolidated subsidiaries

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

4. Accounting policies

(1) Valuation standards and methods for major assets

a) Securities

Other securities

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

2): Other securities for which market quotations are not available are valued at cost mainly determined by the moving-average method.

b) Derivative

Market price method

c) Inventories

Merchandise and finished goods, work in process, raw materials and supplies

Stated at cost. Cost is determined by the weighted-average method (the method of write-downs based on the decrease in profitability is applied in order to calculate the inventory value on the balance sheet).

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

(2) Depreciation and amortization for major assets

(6) Amortization of goodwill

By judging respective case, goodwill is amortized under the straight-line method within a period of 20 years.

(7) Cash and cash equivalents in the consolidated cash flow statements

Cash and cash equivalents are composed of cash on hand, bank deposits able to be withdrawn on demand and short-term highly liquid investments with a maturity of three months or less at the time of purchase and which bear lower risks from fluctuations in value.

(8) Accounting method for consumption taxes

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

[Changes in Presentation]

“Provision for retirement benefits” under Noncurrent liabilities listed in the fiscal year ended March 31, 2013 has been included in “Net defined benefit liability” in accordance with the application of the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012) and the “Implementation Guidance for the Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012).

With regard to the application of the Accounting Standard for Retirement Benefits, in accordance with the provisions on transitional implementation indicated in Paragraph 37 of the Accounting Standard for Retirement Benefits, the consolidated financial statements have not been reclassified to reflect these changes in presentation.

[Segment Information]

Information on sales and income (loss), identifiable assets, and other items by reporting segment

For the fiscal year ended March 31, 2013(From April 1, 2012 to March 31, 2013)

(Millions of Yen)

	Precious metal recycling business	Environmental preservation business	Total
Net sales			
1) Customers	80,177	16,191	96,368
2) Intersegment	—	—	—
Total	80,177	16,191	96,368
Operating income by business segment	5,368	2,127	7,495
Identifiable asset by business segment	41,632	20,628	62,260
Other items			
Depreciation and amortization	1,230	870	2,100
Amortization of goodwill	15	352	367
Investment to equity-method affiliates	82	—	82
Increase of property, plant and equipment and intangible assets	770	488	1,258

(Note) 1. Total segment income matches operating income recorded on the consolidated statements of income.

2. Increase in depreciation, property and equipment, and intangible assets includes long-term prepaid expenses and amortization of that related to these expenses.

For the fiscal year ended March 31, 2014(From April 1, 2013 to March 31, 2014)

(Millions of Yen)

	Precious metal recycling business	Environmental preservation business	Total
Net sales			
1) Customers	77,212	17,041	94,254
2) Intersegment	—	—	—
Total	77,212	17,041	94,254
Operating income by business segment	7,436	2,193	9,629
Identifiable asset by business segment	41,868	24,251	66,119
Other items			
Depreciation and amortization	1,063	779	1,842
Amortization of goodwill	15	371	386
Investment to equity-method affiliates	103	—	103
Increase in property, plant and equipment and intangible assets	493	614	1,107

(Note) 1. Total segment income matches operating income recorded on the consolidated statements of income.

2. Increase in depreciation, property and equipment, and intangible assets includes long-term prepaid expenses and amortization of that related to these expenses.

[Per Share Information]

	Year ended March 31, 2013	Year ended March 31, 2014
Net assets per share (Yen)	1,288.56	1,426.55
Net income per share (Yen)	139.24	183.43
Diluted net income per share (Yen)	Not given as the company has no potential stocks with dilution effect	Not given as the company has no potential stocks with dilution effect

Note: The following shows the basis of calculating net income per share

	Year ended March 31, 2013	Year ended March 31, 2014
Net income per share		
Net income for the fiscal year (Millions of yen)	4,518	5,969
Monetary value not related to common stockholders (Millions of yen)	—	—
Net income related to common stock (Millions of yen)	4,518	5,969
Number of weighted average common shares outstanding during the fiscal year (Thousands of shares)	32,448	32,540
Overview of potential stock not included in calculation of diluted net income per share because the stock have no dilution effect	2010 Stock Option (common stock 202,000 shares)	2010 Stock Option (common stock 202,000 shares)

We regard the stock, owned by “Asahi employee stock ownership trustee” (238,700 shares for the previous fiscal year end and 153,900 shares for this fiscal year end) as treasury stock. Therefore, we deduct the number of the stock in order to calculate “Number of weighted average common shares” of this and previous fiscal year.

[Significant Subsequent Events]

Not applicable

5. Others

(1) Changes of Directors

① Change of the representative

Planned retirement of directors: Tsutomu Sakurai

② Other changes of directors

Candidate for new directors: Kazuo Kawabata

③ Date of inauguration and retirement

June 17, 2013

* For details, please refer to “Notification of Changes in Representative Directors and Executive Appointment” made public on May 12, 2014.

(2) Amounts of Production, Orders Received, Sales

① Production

(Amount: millions of yen)

	Year ended March 31, 2013		Year ended March 31, 2014	
	Amount	Year-on-Year	Amount	Year-on-Year
Gold	46,940	80.7%	46,697	99.5%
Silver	14,774	82.1%	5,661	38.3%
Palladium	8,909	94.1%	10,747	120.6%
Platinum	6,611	62.1%	7,007	106.0%
Indium	3,899	39.5%	6,720	172.4%
Industrial waste treatment	18,073	113.6%	19,369	107.2%
Total	99,208	81.3%	96,203	97.0%

(Notes) Amount is provided on the basis of their sales prices.

② Orders received

As we do production according to the amount of the collection, there is no applicable information.

③ Sales

(Amount: millions of yen)

	Year ended March 31, 2013		Year ended March 31, 2014	
	Amount	Year-on-Year	Amount	Year-on-Year
Gold	34,854	55.2%	37,480	107.5%
Silver	14,418	77.6%	6,935	48.1%
Palladium	10,112	75.6%	12,567	124.3%
Platinum	7,614	44.9%	8,108	106.5%
Indium	309	3.4%	771	248.8%
Industrial waste treatment	18,073	113.6%	19,369	107.2%
Other	10,986	78.1%	9,021	82.1%
Total	96,368	63.8%	94,254	97.8%