

# Consolidated Financial Results for the Third Quarter Ended December 31, 2010

## Asahi Holdings, Inc.

February 1, 2011

Stock code: 5857  
 Shares listed: Tokyo Stock Exchange (First Section)  
 U R L: <http://www.asahiholdings.com>  
 Representative: Mitsuharu Terayama, CEO&COO  
 For further information please contact: Yukio Tanabe, Director, Corporate Development & Administration Division  
 (Phone) +81-3-6270-1833  
 Filing date of Quarterly Report: February 10, 2011  
 Scheduled date of start of divided payment: -  
 Supplementary materials for the quarterly financial results: No  
 Investor conference for the quarterly financial results: No

### 1 . Results of the nine months ended December 31, 2010 (From April 1, 2010 to December 31, 2010)

( 1 ) Results of operations (cumulative) (Rounded down to the nearest million yen)  
(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, 2010	79,938	41.0	7,870	60.5	7,777	58.9	4,527	61.3
December 31, 2009	56,700	-	4,902	-	4,893	-	2,806	-

	Net income per share	Diluted net income per share
The nine months ended	Yen	Yen
December 31, 2010	140.38	-
December 31, 2009	87.11	-

### ( 2 ) Financial Position

	Total assets	Net assets	Shareholders equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2010	55,876	32,647	58.4	1,010.53
Mach 31, 2010	50,139	29,897	59.6	927.97

(Reference)

Shareholders equity As of December 31, 2010 : 32,628 million yen As of March 31, 2010 : 29,897 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, 2010	-	25.00	-	25.00	50.00
Year ending March 31, 2011	-	25.00	-		
Year ending March 31, 2011 (Forecast)				25.00	50.00

(Note) Revisions to dividend forecast in the current period : No

### 3 . Forecast (From April 1, 2010 to March 31, 2011)

(Percentage changes relative to previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
Year ending March 31, 2011	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
	110,000	33.2	10,400	31.8	10,400	31.3	6,000	37.1	186.00

(Note) Revisions to forecast in the current period : Yes

4 . Other (For details, please see “ Other information ” on page 3 of “ Appendix. ” )

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

Newly included: - companies (Company name: - ) , Removed: - companies (Company name: - )

(Note) This refers to changes in designated subsidiaries resulting from changes in the scope of consolidation during this quarter.

( 2 ) Application of simplified accounting methods and specific accounting methods: Yes

(Note) This refers to the application of simplified accounting and to special accounting used in the preparation of quarterly consolidated financial statements.

( 3 ) Changes in accounting policies, procedures, and presentation methods.

(i) Changes pursuant to revision of accounting policies: Yes

(ii) Other changes: No

(Note) This refers to changes in matters such as accounting principles, procedures and methods of representation related to the preparation of quarterly consolidated financial statements, as shown under "Important Changes to Bases for Preparing Quarterly Consolidated Financial Statements".

( 4 ) Number of issued shares (common stock)

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

Nine months ended December 31, 2010: 36,254,344 shares

Year ended March 31, 2010: 36,254,344 shares

(ii) Number of treasury shares at end of year

Nine months ended December 31, 2010: 3,965,839 shares

Year ended March 31, 2010: 4,036,267 shares

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

Nine months ended December 31, 2010: 32,249,572 shares

Nine months ended December 31, 2009: 32,215,482 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.

Table of contents of the appendix

1. Qualitative Information Regarding Consolidated Performance for the Current Quarter .....	2
(1) Qualitative Information on Consolidated Business Performance.....	2
(2) Qualitative Information on Consolidated Financial Position .....	2
(3) Qualitative Information on Consolidated Performance Forecasts.....	2
2. Other Information .....	3
(1) Outline of changes in important subsidiaries during the current quarter .....	3
(2) Outline of use of simplified accounting methods and specific accounting procedures .....	3
(3) Outline of changes in accounting policies, procedures, and presentation methods.....	3
3. Consolidated Financial Statements.....	4
(1) Consolidated Balance Sheets .....	4
(2) Consolidated Statements of Income.....	5
(3) Consolidated Statements of Cash Flows.....	6
(4) Notes on Assumptions for Going Concern .....	7
(5) Segment Information.....	7
(6) Notes in case significant changes were made to the amount of shareholders' equity .....	8

## 1. Qualitative Information Regarding Consolidated Performance for the Current Quarter

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

During the nine months of the fiscal year under review (nine months ended December 31, 2010), the Japanese economy made a moderate recovery in general. However, the employment and income situation remained severe, and the business fixed investment was still in a cautious attitude. The outlook of the economy has continued unpredictable, reflecting concerns about inflation in emerging economies, etc., though the global economy was expected to return to a recovery path in the late of the period.

Under these circumstances, regarding precious metal recycling business of the Company, the volume and average sales price of collected metals of all kinds were higher than those of the previous corresponding period, due mainly to the market price of metals kept in high level and the Company's efforts in acquiring new customers.

Regarding environmental protection business, the volume of sludge, waste oil, waste reagents, medical-related wastes, etc. handled by the Company remained favorable. In addition, the volume of refractory disposal resulted in much higher than the previous corresponding period. The business of Ecomax Inc., which became a consolidated subsidiary in August 2010, has been growing steadily.

As a result of the business results and management circumstances described above, consolidated net sales for the period totaled ¥79,938 million. Looked at by segment, sales in the precious metal recycling business were ¥69,523 million and sales in the environmental protection business were ¥10,415 million. Operating income amounted ¥7,870 million, ordinary income was ¥7,777 million, and net income totaled ¥4,527 million.

Compared with the previous corresponding period, Net sales increased ¥23,237 million, operating income increased ¥2,967 million, ordinary income increased ¥2,883 million, and net income increased 1,720 million.

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

As of December 31, 2010, total assets mounted ¥55,876 million, up ¥5,737 million from the previous fiscal year end. This was due mainly to an increase of ¥1,930 million in notes and accounts receivable-trade, an increase of ¥2,172 million in inventories, and an increase of ¥1,525 million in tangible fixed assets.

Net assets totaled ¥32,647 million, shareholders' equity ratio is 58.4%.

#### (Cash flows status)

Net cash provided by operating activities amounted ¥4,201 million. This was due mainly to income before income taxes and minority interests amounted ¥7,766 million, increases in notes and accounts receivable-trade and inventories.

Net cash used in investing activities amounted ¥2,875 million, due mainly to expenditure of ¥2,361 million for the acquisition of fixed assets, including expansion of Amagasaki Plant, relocation of Yokohama Office, and construction of a new plant of Asahipretec Korea Co., Ltd.

Net cash used in financing activities amounted ¥281 million, due mainly to a net increase in value of ¥1,219 million in short and long-term borrowings, expenditure of ¥1,608 million for the payment of dividends.

As a result of the above, the term-end balance of cash and cash equivalents was ¥2,724 million.

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

The Company's consolidated net sales, operating income, ordinary income and net income for the full-term of the fiscal year ending March 2011 are expected to exceed those previously forecasted, assisted by metals' collection volumes of the Company's turning on a recovery trend in the precious metal recycling business, prospects that the average unit sales prices of all metals are estimated to continue to be higher than initial projections and progress of company-wide activities to reduce costs. Consequently, the Company has revised the forecasts, as stated below.

There is no change in the forecast for dividend payment per share (term's end dividend: ¥25 per share).

#### Forecast (From April 1, 2010 to March 31, 2011)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Million of yen	Million of yen	Million of yen	Million of yen	Yen
Previous Forecast (A) (Announced on September 29, 2010)	104,000	10,000	10,000	5,800	180.00
<b>Revised Forecast (B)</b>	<b>110,000</b>	<b>10,400</b>	<b>10,400</b>	<b>6,000</b>	<b>186.00</b>
Change (B-A)	+6,000	+400	+400	+200	-
Change (%)	5.8%	4.0%	4.0%	3.4%	-

## 2. Other Information

### (1) Outline of changes in important subsidiaries during the current quarter

Not applicable

### (2) Outline of use of simplified accounting methods and specific accounting procedures

#### 1) Simplified accounting

Method for calculating income taxes, deferred tax assets and deferred tax liabilities

When computing the amount to be paid as income taxes, taxable addition and subtraction items and/or tax credits to be included are limited to important items.

Forecasts of future business performance and tax planning used in the previous consolidated fiscal year are used to assess the recoverability of deferred tax assets if no significant changes are deemed to have occurred in business or related conditions, or in the occurrence state of temporary differences since the end of the previous consolidated fiscal year.

### (3) Outline of changes in accounting policies, procedures, and presentation methods

#### 1) Application of Accounting Standard for Asset Retirement Obligations

"Accounting Standard for Asset Retirement Obligations"(ASBJ Statement No.18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations"(ASBJ Guidance No.21, March 31, 2008) have been applied from the first quarter of the year under review.

The influence on the operating income, ordinary income and income before income taxes and minority interests to this revision was negligible.

#### 2) Application of "Accounting Standard for Equity Method of Accounting for Investments" and "Practical Solution of Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method"

"Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No.16, March 10, 2008) and "Practical Solution of Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method"(PITF No.24, March 10, 2008) have been applied from the first quarter of the year under review.

There was no effect on the income and loss due to this.

#### 3) Application of Accounting Standard for Business Combinations, etc.

The following standards have been applied from the first quarter of the year under review: "Accounting Standard for Business Combinations"(ASBJ Statement No.21, December 26, 2008), "Accounting Standard for Consolidated Financial Statements"(ASBJ Statement No.22, December 26, 2008), "Partial Amendments to Accounting Standard for R&D Expenses, etc."(ASBJ Statement No.23, December 26, 2008), "Accounting Standard for Business Divestitures"(ASBJ Statement No.7, December 26, 2008), "Accounting Standard for Application of Equity Method"(ASBJ Statement No.16, announced December 26, 2008), and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures"(ASBJ Guidance No.10, December 26, 2008).

3. Consolidated Financial Statements  
(1) Consolidated Balance Sheets

	At December 31, 2010		At March 31, 2010		At December 31, 2010
	Millions of yen	%	Millions of yen	%	Thousands of U.S.dollars
<b>ASSETS</b>					
Current assets					
Cash and deposits	2,798		2,263		34,340
Notes and accounts receivable-trade	5,968		4,037		73,238
Merchandise and finished goods	3,637		4,250		44,640
Work in process	11,168		8,327		137,056
Raw materials and supplies	560		616		6,875
Other	1,876		2,867		23,028
Allowance for doubtful accounts	(11)		(8)		(136)
Total current assets	25,998	46.5	22,354	44.6	319,043
Noncurrent assets					
Property, plant and equipment					
Buildings and structures, net	8,697		8,751		106,728
Land	12,585		12,440		154,447
Other, net	5,399		3,964		66,261
Total property, plant and equipment	26,682	47.7	25,156	50.2	327,435
Intangible assets					
Goodwill	2,111		1,571		25,908
Other	491		567		6,036
Total intangible assets	2,603	4.7	2,139	4.2	31,944
Investments and other assets	592	1.1	489	1.0	7,268
Total noncurrent assets	29,878	53.5	27,784	55.4	366,647
Total assets	55,876	100.0	50,139	100.0	685,690
<b>LIABILITIES</b>					
Current liabilities					
Notes and accounts payable-trade	3,040		2,161		37,312
Short-term loans payable	10,049		12,449		123,327
Current portion of long-term loans payable	1,000		-		12,271
Income taxes payable	978		2,304		12,007
Provision for bonuses	396		721		4,865
Provision for directors' bonuses	11		15		138
Provision for repairs	73		124		905
Other	3,171		2,048		38,924
Total current liabilities	18,722	33.5	19,825	39.6	229,750
Noncurrent liabilities					
Long-term loans payable	2,750		-		33,746
Provision for retirement benefits	179		179		2,202
Other	1,577		237		19,363
Total noncurrent liabilities	4,507	8.1	416	0.8	55,311
Total liabilities	23,229	41.6	20,241	40.4	285,060
<b>NET ASSETS</b>					
Shareholders' equity					
Capital stock	4,480	8.0	4,480	8.9	54,986
Capital surplus	6,071	10.9	6,054	12.1	74,501
Retained earnings	28,359	50.7	25,444	50.7	348,011
Treasury stock	(5,814)	(10.4)	(5,917)	(11.8)	(71,347)
Total shareholders' equity	33,097	59.2	30,061	59.9	406,151
Valuation and translation adjustments					
Valuation difference on available-for-sale securities	19	0.0	14	0.0	238
Deferred gains or losses on hedges	(422)	(0.7)	(152)	(0.3)	(5,182)
Foreign currency translation adjustment	(65)	(0.1)	(26)	(0.0)	(807)
Total valuation and translation adjustments	(468)	(0.8)	(164)	(0.3)	(5,751)
Subscription rights to shares	18	0.0	-	-	230
<b>TOTAL NET ASSETS</b>	<b>32,647</b>	<b>58.4</b>	<b>29,897</b>	<b>59.6</b>	<b>400,630</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>55,876</b>	<b>100.0</b>	<b>50,139</b>	<b>100.0</b>	<b>685,690</b>

U.S. dollar amounts represent translations using the approximate exchange rate on December 31, 2010 of yen81.49=US\$1, and are included solely for the convenience of readers.

(2) Consolidated Statements of Income  
For the nine months ended December 31, 2010 and 2009

	2010		2009		2010
	Millions of yen	%	Millions of yen	%	Thousands of U.S.dollars
Net sales	79,938	100.0	56,700	100.0	980,958
Cost of sales	68,668	85.9	48,657	85.8	842,662
Gross profit	11,269	14.1	8,042	14.2	138,296
Selling, general and administrative expenses	3,399	4.3	3,139	5.6	41,717
Operating income	7,870	9.8	4,902	8.6	96,579
Non-operating income	51	0.1	98	0.2	627
Non-operating expenses	143	0.2	107	0.2	1,766
Ordinary income	7,777	9.7	4,893	8.6	95,441
Extraordinary income	14	0.0	5	0.0	178
Extraordinary loss	25	0.0	67	0.1	313
Income before income taxes and minority interests	7,766	9.7	4,832	8.5	95,306
Income taxes-current	1,542	1.9	902	1.6	18,929
Income taxes-deferred	1,696	2.1	1,123	2.0	20,821
Total income taxes	3,239	4.0	2,026	3.6	39,750
Income before minority interests	4,527	5.7	-	-	55,556
Net income	4,527	5.7	2,806	4.9	55,556

U.S. dollar amounts represent translations using the approximate exchange rate on December 31, 2010 of yen81.49=US\$1, and are included solely for the convenience of readers.

(3) Consolidated Statements of Cash Flows  
For the nine months ended December 31, 2010 and 2009

	2010	2009	2010
	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	7,766	4,832	95,306
Depreciation and amortization	1,477	1,597	18,128
Impairment loss	-	7	-
Amortization of goodwill	201	165	2,478
Amortization of negative goodwill	-	(3)	-
Increase (decrease) in provision for retirement benefits	(0)	2	(0)
Interest and dividends income	(17)	(5)	(210)
Interest expenses	27	42	340
Loss (gain) on sales and retirement of noncurrent assets	10	53	135
Decrease (increase) in notes and accounts receivable-trade	(1,873)	669	(22,994)
Decrease (increase) in inventories	(2,171)	(4,327)	(26,647)
Increase (decrease) in notes and accounts payable-trade	953	715	11,707
Increase (decrease) in accounts payable-other	269	(476)	3,304
Other, net	(1,203)	151	(14,763)
Subtotal	5,442	3,425	66,784
Interest and dividends income received	19	5	243
Interest expenses paid	(24)	(39)	(302)
Income taxes paid	(2,858)	(698)	(35,075)
Income taxes refund	1,621	463	19,902
Net cash provided by (used in) operating activities	4,201	3,156	51,553
Net cash provided by (used in) investing activities			
Payments into time deposits	(883)	(382)	(10,838)
Proceeds from withdrawal of time deposits	1,324	-	16,257
Proceeds from collection of guarantee deposits	27	27	341
Purchase of property, plant and equipment	(2,325)	(1,005)	(28,534)
Proceeds from sales of property, plant and equipment	23	10	290
Purchase of intangible assets	(36)	(455)	(443)
Purchase of stocks of subsidiaries and affiliates	(933)	(45)	(11,460)
Payments for transfer of business	-	(1,363)	-
Purchase of investments in subsidiaries	-	(9)	-
Other, net	(73)	(80)	(897)
Net cash provided by (used in) investing activities	(2,875)	(3,303)	(35,282)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	(2,530)	2,000	(31,053)
Proceeds from long-term loans payable	4,000	-	49,086
Repayment of long-term loans payable	(250)	(10)	(3,074)
Repayments of finance lease obligations	(12)	(8)	(151)
Purchase of treasury stock	(0)	(0)	(8)
Proceeds from sales of treasury stock	120	-	1,482
Cash dividends paid	(1,608)	(1,603)	(19,738)
Net cash provided by (used in) financing activities	(281)	376	(3,457)
Effect of exchange rate change on cash and cash equivalents	(30)	12	(373)
Net increase (decrease) in cash and cash equivalents	1,013	241	12,441
Cash and cash equivalents at beginning of period	1,711	1,824	20,997
Cash and cash equivalents at end of period	2,724	2,065	33,437

U.S. dollar amounts represent translations using the approximate exchange rate on December 31, 2010 of yen81.49=US\$1, and are included solely for the convenience of readers.



#### (4) Notes on Assumptions for Going Concern

Not applicable

#### (5) Segment Information

[Business segment information]

For the nine months ended December 31, 2009(From April 1, 2009 to December 31, 2009) (Millions of Yen)

	Precious metal recycling business	Environmental protection business	Total	Elimination and Corporate	Consolidated
Net sales					
1) Customers	47,695	9,004	56,700	-	56,700
2) Intersegment	-	-	-	-	-
Total	47,695	9,004	56,700	-	56,700
Operating income(loss)	5,770	1,218	6,989	(2,086)	4,902

(Note) Business segment has been classified in term of products and services. Main products and services are as follows;

- (1) Precious Metal Recycling Business: Collection and recycling scraps containing precious and rare metals, etc.
- (2) Environmental Protection Business: Detoxification of various types of industrial waste, etc.

[Geographical segment information]

For the nine months ended December 31, 2009(From April 1, 2009 to December 31, 2009)

It is omitted to mention geographical segment information, because the ratio of net sales in Japan in total net sales are more than 90%.

[Overseas sales]

For the nine months ended December 31, 2009(From April 1, 2009 to December 31, 2009)

It is omitted to mention overseas sales under review, because the ratio of it in consolidated net sales are less than 10%.

[Segment information]

##### 1. Overview of reporting segment

The Company's reporting segments are composed of those individual business units for which separate information is available, about which the Board of Directors makes decisions regarding the allocation of management resources and for which operating performance can be evaluated, allowing them to be evaluated quantitatively.

The Company formulates comprehensive strategies to expand business as a holding company, and affiliated companies advance their business such as recycling precious and rare metals, appropriate disposal of various types of industrial waste, and other environmental protection business.

The Company thus comprises product and service segments built around operating divisions, and the following two are the reporting segments; Precious Metal Recycling Business and Environmental Protection Business.

Precious Metal Recycling Business is to collect and recycle scraps containing precious and rare metals such as gold, silver, palladium, platinum, indium, etc.

Environmental Protection Business is to collect and transport industrial waste, and to perform the intermediate treatment of it.

##### 2. Net sales and income or loss per reporting segment

For the nine months ended December 31, 2010(From April 1, 2010 to December 31, 2010)

(Millions of Yen)

	Precious metal recycling business	Environmental protection business	Total (Note)
Net sales			
1) Customers	69,523	10,415	79,938
2) Intersegment	-	-	-
Total	69,523	10,415	79,938
Segment income	6,539	1,330	7,870

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

##### 3. Impairment losses on fixed assets, goodwill, etc. by reporting segment

Not applicable

(Additional information)

"Accounting Standard for Disclosure of Segment Information"(ASBJ Statement No.17, March 27, 2009) and "Guidance on Accounting Standard for Disclosures of Segment Information "(ASBJ Guidance No.20, March 21, 2008) have been applied from the first quarter of the year.

(6) Notes in case significant changes were made to the amount of shareholders' equity  
Not applicable