

# Consolidated Financial Results for the First Quarter Ended June 30, 2012

## Asahi Holdings, Inc.

July 30, 2012

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: Tomoya Higashiura, Director  
 (Phone) +81-3-6270-1833  
 Filing date of Quarterly Report: August 10, 2012  
 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 three months ended June 30, 2012 (From April 1, 2012 to June 30, 2012)

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

|                        | Net sales       |        | Operating income |        | Ordinary income |        | Net income      |        |
|------------------------|-----------------|--------|------------------|--------|-----------------|--------|-----------------|--------|
| The three months ended | Millions of yen | %      | Millions of yen  | %      | Millions of yen | %      | Millions of yen | %      |
| June 30, 2012          | 26,412          | (24.6) | 1,200            | (62.9) | 1,345           | (59.5) | 606             | (68.7) |
| June 30, 2011          | 35,036          | 31.8   | 3,232            | (2.3)  | 3,326           | (1.1)  | 1,940           | (4.5)  |

(Note) Comprehensive income The three months ended June 30, 2012 1,235 million yen (50.7%)  
 The three months ended June 30, 2011 2,504 million yen 4.0%

|                        | Net income per share | Diluted net income per share |
|------------------------|----------------------|------------------------------|
| The three months ended | Yen                  | Yen                          |
| June 30, 2012          | 18.71                | —                            |
| June 30, 2011          | 60.04                | —                            |

### (2) Financial Position

|                | Total assets    | Net assets      | Shareholders' equity ratio |
|----------------|-----------------|-----------------|----------------------------|
| As of          | Millions of yen | Millions of yen | %                          |
| June 30, 2012  | 55,599          | 39,222          | 70.4                       |
| March 31, 2012 | 58,315          | 38,902          | 66.6                       |

(Reference) Shareholders' equity As of June 30, 2012 39,145 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            | —                   |                |               |          |        |
| Year ending March 31, 2013 (Forecast) |                     | 30.00          | —             | 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 |
|----------------------------|-----------------|--------|------------------|--------|-----------------|--------|-----------------|--------|----------------------|
| 1st half                   | Millions of Yen | %      | Millions of Yen  | %      | Millions of Yen | %      | Millions of Yen | %      | Yen                  |
| Year ending March 31, 2013 | 48,000          | (34.0) | 2,400            | (59.8) | 2,400           | (60.2) | 1,200           | (65.6) | 37.01                |
| Year ending March 31, 2012 | 96,000          | (36.5) | 5,100            | (54.5) | 5,100           | (54.2) | 2,800           | (52.8) | 86.30                |

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

For details, please refer to "Notice of Revision of Financial Results Forecast" made public on July 30, 2012.

#### 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 June 30, 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 June 30, 2012  | 3,827,139 shares |
| As of March 31, 2012 | 3,858,589 shares |

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

|                                  |                   |
|----------------------------------|-------------------|
| Three months ended June 30, 2012 | 32,408,093 shares |
| Three months ended June 30, 2011 | 32,312,630 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” .

Table of contents of the appendix

|   |   |
|---|---|
| 1. Qualitative Information .....  | 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. Notes Regarding Summary Information .....  | 3 |
| (1) Changes in important subsidiaries during the current quarter .....                              | 3 |
| (2) Application of special accounting methods for quarterly consolidated financial statements ..... | 3 |
| (3) Changes in accounting policies, accounting estimates and restatement .....                      | 3 |
| 3. Consolidated Financial Statements.....   | 4 |
| (1) Consolidated Balance Sheets .....   | 4 |
| (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income....       | 5 |
| Consolidated Statements of Income for the three months ended June 30, 2012 .....                    | 5 |
| Consolidated Statements of Comprehensive Income for the three months ended June 30, 2012.....       | 5 |
| (3) Notes on Assumptions for Going Concern.....   | 6 |
| (4) Notes in case of Significant Changes to Shareholders' Equity .....                              | 6 |
| (5) Segment Information, etc.....   | 6 |

## 1. Qualitative Information

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

During the three months of the fiscal year under review (three months ending June 30, 2012), the Japanese economy had been in a severe situation due to protracted European Sovereign Debt Crisis and the continued appreciation of Japanese yen, while there is some indication of recovery on the back of demand for reconstruction.

Under these circumstances, regarding precious metal recycling business, the volumes of collected gold, silver, platinum, palladium and indium were lower than the previous corresponding period. Also, the average sales prices of silver, platinum palladium and indium were lower than the previous period, though the average sales price of gold was higher than the previous corresponding period. In addition, net sales was lower than the previous corresponding period, because we changed a part of precious metal recycling business transactions from purchase and sale contracts to fee-based processing contracts.

Regarding environmental protection business, the transaction volumes of waste oil, sludge, and medical-related wastes were higher than the previous corresponding period. In addition, as of July 2, 2012, we made Intercentral Co. Ltd. a wholly owned subsidiary which is engaged in manufacturing and selling business of energy saving heating equipments and radiant air-conditioning systems.

As a result of the above, as consolidated results for the three-month period, we recorded net sales of 26,412 million yen, down 8,624 million yen (-24.6%) year-on-year; operating income of 1,200 million yen, down 2,032 million yen (-62.9%) year-on-year; ordinary income of 1,345 million yen, down 1,980 million yen (-59.5%) year-on-year; and net income of 606 million yen, down 1,333 million yen (-68.7%) year-on-year.

Looked at by segment, sales in the precious metal recycling business were 23,033 million yen, down 8,721 million yen (-27.5%) year-on-year; and sales in the environmental protection business were 3,379 million yen, up 97 million yen (+3.0%) year-on-year.

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

As of June 30, 2012, total assets amounted to 55,599 million yen, down 2,715 million yen from the previous fiscal year end. This was due mainly to a decrease of 1,200 million yen in notes and accounts receivable-trade, a decrease of 2,627 million yen in inventories.

Total liabilities amounted to 16,376 million yen, down 3,036 million yen from the previous fiscal year end. This was due mainly to decrease of 3,076 million yen in income taxes payable.

Net assets totaled 39,222 million yen up 320 million yen from the previous fiscal year end. This was due mainly to the increase in retained earnings resulting from the recording of 606 million yen in net income.

As a result, the shareholders' equity ratio changed to 70.4%, from 66.6% at the end of the previous fiscal year.

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

As for the forecasts, associated with the sluggish domestic production activity in the electronics industry and other industries, collection volumes of metals have been less than the initial forecasts in the precious metal recycling business. Additionally, average unit sales prices of metals are expected to remain lower than those assumed initially. Consequently, we have revised forecasts for the first half and full-year financial results in the fiscal year 2012, as stated below.

Revision of the first half period consolidated results forecast (April 1, 2012 to September 30, 2012)  
(Millions of YEN, %)

|  | Net Sales | Operating Income | Ordinary Income | Net Income 2Q FY2012 | Net Income per Share 2Q FY2012 |
|--|-----------|------------------|-----------------|----------------------|--------------------------------|
| Previous Forecast (A)<br>(Announced on May 11, 2011) | 48,000    | 4,000            | 4,000           | 2,200                | 67.86                          |
| Revised Forecast (B)                                 | 48,000    | 2,400            | 2,400           | 1,200                | 37.01                          |
| Change (B-A)   | —         | (1,600)          | (1,600)         | (1,000)              | —                              |
| Change (%)   | —         | (40.0%)          | (40.0%)         | (45.5%)              | —                              |
| (Ref.) 2QFY2011 ended<br>September 30, 2011          | 72,748    | 5,974            | 6,034           | 3,488                | 107.93                         |

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<br>Income | Ordinary<br>Income | Net Income<br>FY2012 | Net Income per<br>Share FY2012 |
|---|-----------|---------------------|--------------------|----------------------|--------------------------------|
| Previous Forecast (A)<br>(Announced on May 11,<br>2012) | 105,000   | 9,000               | 9,000              | 5,000                | 154.11                         |
| Revised Forecast (B)                                    | 96,000    | 5,100               | 5,100              | 2,800                | 86.30                          |
| Change (B-A)  | (9,000)   | (3,900)             | (3,900)            | (2,200)              | —                              |
| Change (%)  | (8.6%)    | (43.3%)             | (43.3%)            | (44.0%)              | —                              |
| (Ref.) the fiscal year ended<br>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 the first quarter ended June 30, 2012, the Company and its domestic consolidated subsidiaries changed the depreciation method for tangible fixed assets acquired on or after April 1, 2012 in line with the revision of the Corporate Tax Act. 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<br>March 31,<br>2012 | As of<br>June 30,<br>2012 | As of<br>June 30,<br>2012   |
|---|----------------------------|---------------------------|-----------------------------|
|   | Millions of yen            | Millions of yen           | Thousands of<br>U.S.dollars |
| <b>ASSETS</b>   |                            |                           |                             |
| Current assets  |                            |                           |                             |
| Cash and deposits                                     | 3,527                      | 5,017                     | 63,269                      |
| Notes and accounts receivable-trade                   | 9,480                      | 8,280                     | 104,408                     |
| Merchandise and finished goods                        | 2,123                      | 1,977                     | 24,928                      |
| Work in process                                       | 10,727                     | 8,254                     | 104,073                     |
| Raw materials and supplies                            | 618                        | 610                       | 7,702                       |
| Other   | 2,833                      | 3,032                     | 38,238                      |
| Allowance for doubtful accounts                       | (11)                       | (9)                       | (117)                       |
| Total current assets                                  | 29,301                     | 27,163                    | 342,502                     |
| Noncurrent assets                                     |                            |                           |                             |
| Property, plant and equipment                         |                            |                           |                             |
| Buildings and structures, net                         | 9,495                      | 9,216                     | 116,209                     |
| Land  | 12,910                     | 12,754                    | 160,822                     |
| Other, net  | 3,356                      | 3,245                     | 40,923                      |
| Total property, plant and equipment                   | 25,763                     | 25,216                    | 317,954                     |
| Intangible assets                                     |                            |                           |                             |
| Goodwill  | 1,970                      | 1,892                     | 23,868                      |
| Other   | 519                        | 558                       | 7,044                       |
| Total intangible assets                               | 2,490                      | 2,451                     | 30,912                      |
| Investments and other assets                          | 760                        | 767                       | 9,675                       |
| Total noncurrent assets                               | 29,014                     | 28,435                    | 358,541                     |
| Total assets  | 58,315                     | 55,599                    | 701,043                     |
| <b>LIABILITIES</b>                                    |                            |                           |                             |
| Current liabilities                                   |                            |                           |                             |
| Notes and accounts payable-trade                      | 3,253                      | 2,194                     | 27,671                      |
| Short-term loans payable                              | 4,545                      | 7,445                     | 93,874                      |
| Current portion of long-term loans payable            | 1,000                      | 1,000                     | 12,609                      |
| Income taxes payable                                  | 3,267                      | 191                       | 2,411                       |
| Provision for bonuses                                 | 659                        | 308                       | 3,889                       |
| Provision for directors' bonuses                      | 30                         | 3                         | 43                          |
| Provision for repairs                                 | 100                        | 71                        | 907                         |
| Other   | 3,275                      | 2,173                     | 27,400                      |
| Total current liabilities                             | 16,130                     | 13,387                    | 168,803                     |
| Noncurrent liabilities                                |                            |                           |                             |
| Long-term loans payable                               | 1,500                      | 1,250                     | 15,761                      |
| Provision for retirement benefits                     | 65                         | 67                        | 854                         |
| Other   | 1,716                      | 1,671                     | 21,075                      |
| Total noncurrent liabilities                          | 3,282                      | 2,989                     | 37,689                      |
| Total liabilities                                     | 19,413                     | 16,376                    | 206,493                     |
| <b>NET ASSETS</b>                                     |                            |                           |                             |
| Shareholders' equity                                  |                            |                           |                             |
| Capital stock   | 4,480                      | 4,480                     | 56,498                      |
| Capital surplus                                       | 6,087                      | 6,088                     | 76,768                      |
| Retained earnings                                     | 34,124                     | 33,759                    | 425,665                     |
| Treasury stock  | (5,656)                    | (5,610)                   | (70,745)                    |
| Total shareholders' equity                            | 39,036                     | 38,717                    | 488,185                     |
| Accumulated other comprehensive income                |                            |                           |                             |
| Valuation difference on available-for-sale securities | 18                         | 16                        | 205                         |
| Deferred gains or losses on hedges                    | (111)                      | 412                       | 5,200                       |
| Foreign currency translation adjustment               | (108)                      | (0)                       | (11)                        |
| Total accumulated other comprehensive income          | (201)                      | 427                       | 5,395                       |
| Subscription rights to shares                         | 67                         | 76                        | 970                         |
| <b>TOTAL NET ASSETS</b>                               | 38,902                     | 39,222                    | 494,551                     |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>               | 58,315                     | 55,599                    | 701,043                     |

U.S. dollar amounts represent translations using the approximate exchange rate on June 30, 2012 of Yen79.31=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 three months ended June 30, 2012

|   | The three months<br>ended June 30, 2011 | The three months<br>ended June 30, 2012 | The three months<br>ended June 30, 2012 |
|---|---|---|---|
|   | Millions of yen                         | Millions of yen                         | Thousands of<br>U.S.dollars             |
| Net sales   | 35,036                                  | 26,412                                  | 333,027                                 |
| Cost of sales                                     | 30,570                                  | 23,913                                  | 301,523                                 |
| Gross profit                                      | 4,465                                   | 2,498                                   | 31,504                                  |
| Selling, general and administrative expenses      | 1,232                                   | 1,297                                   | 16,366                                  |
| Operating income                                  | 3,232                                   | 1,200                                   | 15,138                                  |
| Non-operating income                              | 105                                     | 152                                     | 1,922                                   |
| Non-operating expenses                            | 11                                      | 7                                       | 94                                      |
| Ordinary income                                   | 3,326                                   | 1,345                                   | 16,966                                  |
| Extraordinary income                              | -                                       | 4                                       | 55                                      |
| Extraordinary loss                                | 24                                      | 312                                     | 3,945                                   |
| Income before income taxes and minority interests | 3,301                                   | 1,037                                   | 13,076                                  |
| Income taxes-current                              | 1,105                                   | 153                                     | 1,931                                   |
| Income taxes-deferred                             | 255                                     | 277                                     | 3,499                                   |
| Total income taxes                                | 1,361                                   | 430                                     | 5,430                                   |
| Income before minority interests                  | 1,940                                   | 606                                     | 7,645                                   |
| Net income  | 1,940                                   | 606                                     | 7,645                                   |

Consolidated Statements of Comprehensive Income for the three months ended June 30, 2012

|  | The three months<br>ended June 30, 2011 | The three months<br>ended June 30, 2012 | The three months<br>ended June 30, 2012 |
|--|---|---|---|
|  | Millions of yen                         | Millions of yen                         | Thousands of<br>U.S.dollars             |
| Income before minority interests   | 1,940                                   | 606                                     | 7,645                                   |
| Other comprehensive income   |   |   |   |
| Valuation difference on available-for-sale securities                                  | (14)                                    | (2)                                     | (31)                                    |
| Deferred gains or losses on hedges   | 557                                     | 524                                     | 6,612                                   |
| Foreign currency translation adjustment  | 26                                      | 103                                     | 1,304                                   |
| Share of other comprehensive income of associates<br>accounted for using equity method | (4)                                     | 4                                       | 54                                      |
| Total other comprehensive income   | 564                                     | 629                                     | 7,938                                   |
| Comprehensive income   | 2,504                                   | 1,235                                   | 15,584                                  |
| (Comprehensive income attributable to)   |   |   |   |
| Comprehensive income attributable to owners of the parent                              | 2,504                                   | 1,235                                   | 15,584                                  |
| Comprehensive income attributable to minority interests                                | -                                       | -                                       | -                                       |

U.S. dollar amounts represent translations using the approximate exchange rate on June 30, 2012 of Yen79.31=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]

For the three months ended June 30, 2011(From April 1, 2011 to June 30, 2011)

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

(Millions of Yen)

|                 | Precious metal<br>recycling business | Environmental<br>protection business | Total  |
|-----------------|--------------------------------------|--------------------------------------|--------|
| Net sales       |                                      |                                      |        |
| 1) Customers    | 31,754                               | 3,281                                | 35,036 |
| 2) Intersegment | —                                    | —                                    | —      |
| Total           | 31,754                               | 3,281                                | 35,036 |
| Segment income  | 2,944                                | 288                                  | 3,232  |

(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

For the three months ended June 30, 2012(From April 1, 2012 to June 30, 2012)

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

(Millions of Yen)

|                 | Precious metal<br>recycling business | Environmental<br>protection business | Total  |
|-----------------|--------------------------------------|--------------------------------------|--------|
| Net sales       |                                      |                                      |        |
| 1) Customers    | 23,033                               | 3,379                                | 26,412 |
| 2) Intersegment | —                                    | —                                    | —      |
| Total           | 23,033                               | 3,379                                | 26,412 |
| Segment income  | 854                                  | 345                                  | 1,200  |

(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

(Material impairment loss on noncurrent assets)

Resulting from the decision of dismantling a part of building and structures, their book value was reduced to a recoverable amount and the reduced amount with demolition cost were posted as impairment loss under extraordinary losses. In consequence, impairment losses were recognized in the amount of 71 million yen in precious metal recycling segment and 148million yen in environmental protection segment.