

Consolidated Financial Results for the Second Quarter Ended September 30, 2012

Asahi Holdings, Inc.

October 31, 2012

Stock code: 5857
 Shares listed: Tokyo Stock Exchange (First Section)
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 Supplementary materials for the quarterly financial results: No

Investor conference for the quarterly financial results: Yes (for institutional investors, analysts)

(Rounded down to the nearest million yen)

1. Results of the six months ended September 30, 2012 (From April 1, 2012 to September 30, 2012)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
The six months ended September 30, 2012	49,324	(32.2)	2,896	(51.5)	2,955	(51.0)	1,555	(55.4)
September 30, 2011	72,748	38.6	5,974	6.7	6,034	10.2	3,488	9.0

(Note) Comprehensive income
 The six months ended September 30, 2012 1,328 million yen (73.8%)
 The six months ended September 30, 2011 5,059 million yen 66.3%

	Net income per share	Diluted net income per share
	Yen	Yen
The six months ended September 30, 2012	47.97	—
September 30, 2011	107.93	—

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2012	56,852	39,345	69.1
March 31, 2012	58,315	38,902	66.6

(Reference) Shareholders' equity
 As of September 30, 2012 39,267 million yen
 As of March 31, 2012 38,835 million yen

2. Dividend payments

	Dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2012	—	30.00	—	30.00	60.00
Year ending March 31, 2013	—	30.00	—	30.00	60.00
Year ending March 31, 2013 (Forecast)	—	—	—	30.00	60.00

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

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

(Percentage changes relative to previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Year ending March 31, 2013	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 : No

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 2.

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

As of September 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 September 30, 2012	3,806,039 shares
As of March 31, 2012	3,858,589 shares

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

Six months ended September 30, 2012	32,422,126 shares
Six months ended September 30, 2011	32,325,519 shares

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

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

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

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

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1. Qualitative Information

(1) Qualitative Information on Consolidated Business Performance

During the six months of the fiscal year under review (six months ending September 30, 2012), the Japanese economy had been in a severe situation due to the continued appreciation of Japanese yen and deceleration of the global economy.

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

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

As a result of the above, as consolidated results for the six-month period, we recorded net sales of 49,324 million yen, down 23,423 million yen (-32.2%) year-on-year; operating income of 2,896 million yen, down 3,078 million yen (-51.5%) year-on-year; ordinary income of 2,955 million yen, down 3,078 million yen (-51.0%) year-on-year; and net income of 1,555 million yen, down 1,933 million yen (-55.4%) year-on-year.

Looked at by segment, sales in the precious metal recycling business were 41,880 million yen, down 24,105 million yen (-36.5%) year-on-year; and sales in the environmental protection business were 7,444 million yen, up 682 million yen (+10.1%) year-on-year.

(2) Qualitative Information on Consolidated Financial Position

As of September 30, 2012, total assets amounted to 56,852 million yen, down 1,463 million yen from the previous fiscal year end. This was due mainly to a decrease of 2,827 million yen in inventories.

Total liabilities amounted to 17,507 million yen, down 1,905 million yen from the previous fiscal year end. This was due mainly to decrease of 2,305 million yen in income taxes payable.

Net assets totaled 39,345 million yen up 442 million yen from the previous fiscal year end. This was due mainly to the increase in retained earnings resulting from the recording of 1,555 million yen in net income. As a result, the shareholders' equity ratio changed to 69.1%, from 66.6% at the end of the previous fiscal year.

Net cash provided in operating activities amounted to 1,007 million yen due mainly to 2,621 million yen of income before income taxes, 1,022 million yen of depreciation and amortization, 3,221 million yen of decrease in inventories, 1,578 million yen of increase in notes and accounts receivable-trade, and 4,251 million yen of income taxes paid.

Net cash used in investing activities amounted to 1,551 million yen due mainly to 387 million yen in payments for purchase of property, plant and equipment and 1,081 million yen for stock acquisition of subsidiaries and affiliates.

Net cash provided by financial activities amounted to 235 million yen due mainly to 1,252 million yen increase of loans payable and 971 million yen in payments for cash dividends paid.

As a result, Cash and cash equivalents as of September 30, 2012, decreased 258 million yen from March 31, 2012, to 3,269 million yen.

(3) Qualitative Information on Consolidated Performance Forecasts

Consolidated performance forecast for the fiscal year has not changed from the forecast announced on July 30, 2012.

2. Notes Regarding Summary Information

(1) Changes in important subsidiaries during the current quarter

Not applicable

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

Not applicable

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

(Changes in the depreciation method)

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

3. Consolidated Financial Statements
(1) Consolidated Balance Sheets

	As of March 31, 2012 Millions of yen	As of September 30, 2012 Millions of yen	As of September 30, 2012 Thousands of U.S.dollars
ASSETS			
Current assets			
Cash and deposits	3,527	3,269	42,137
Notes and accounts receivable-trade	9,480	11,329	145,994
Merchandise and finished goods	2,123	1,917	24,710
Work in process	10,727	7,887	101,645
Raw materials and supplies	618	836	10,784
Other	2,833	1,841	23,729
Allowance for doubtful accounts	(11)	(9)	(119)
Total current assets	29,301	27,072	348,879
Noncurrent assets			
Property, plant and equipment			
Buildings and structures, net	9,495	9,429	121,520
Land	12,910	12,999	167,516
Other, net	3,356	3,001	38,684
Total property, plant and equipment	25,763	25,431	327,720
Intangible assets			
Goodwill	1,970	2,573	33,170
Other	519	751	9,686
Total intangible assets	2,490	3,325	42,856
Investments and other assets	760	1,022	13,183
Total noncurrent assets	29,014	29,779	383,759
Total assets	58,315	56,852	732,637
LIABILITIES			
Current liabilities			
Notes and accounts payable-trade	3,253	2,635	33,957
Short-term loans payable	4,545	6,495	83,700
Current portion of long-term loans payable	1,000	1,011	13,028
Income taxes payable	3,267	962	12,399
Provision for bonuses	659	622	8,019
Provision for directors' bonuses	30	6	87
Provision for repairs	100	41	533
Provision for product warranties	—	32	422
Other	3,275	2,931	37,778
Total current liabilities	16,130	14,737	189,922
Noncurrent liabilities			
Long-term loans payable	1,500	1,000	12,887
Provision for retirement benefits	65	99	1,278
Provision for directors' retirement benefits	—	19	252
Other	1,716	1,650	21,272
Total noncurrent liabilities	3,282	2,769	35,689
Total liabilities	19,413	17,507	225,611
NET ASSETS			
Shareholders' equity			
Capital stock	4,480	4,480	57,742
Capital surplus	6,087	6,086	78,439
Retained earnings	34,124	34,708	447,274
Treasury stock	(5,656)	(5,579)	(71,905)
Total shareholders' equity	39,036	39,696	511,550
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	18	13	170
Deferred gains or losses on hedges	(111)	(356)	(4,593)
Foreign currency translation adjustment	(108)	(85)	(1,105)
Total accumulated other comprehensive income	(201)	(428)	(5,528)
Subscription rights to shares	67	77	1,004
TOTAL NET ASSETS	38,902	39,345	507,026
TOTAL LIABILITIES AND NET ASSETS	58,315	56,852	732,637

U.S. dollar amounts represent translations using the approximate exchange rate on September 28, 2012 of Yen77.60=US\$1, and are included solely for the convenience of readers.

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

Consolidated Statements of Income for the six months ended September 30, 2012

	The six months ended September 30, 2011	The six months ended September 30, 2012	The six months ended September 30, 2012
	Millions of yen	Millions of yen	Thousands of U.S.dollars
Net sales	72,748	49,324	635,631
Cost of sales	64,356	43,818	564,672
Gross profit	8,392	5,506	70,959
Selling, general and administrative expenses	2,417	2,610	33,636
Operating income	5,974	2,896	37,323
Non-operating income	85	84	1,087
Non-operating expenses	26	24	320
Ordinary income	6,034	2,955	38,090
Extraordinary income	159	4	64
Extraordinary loss	78	338	4,366
Income before income taxes and minority interests	6,115	2,621	33,788
Income taxes-current	2,484	799	10,309
Income taxes-deferred	142	266	3,435
Total income taxes	2,626	1,066	13,744
Income before minority interests	3,488	1,555	20,043
Net income	3,488	1,555	20,043

Consolidated Statements of Comprehensive Income for the six months ended September 30, 2012

	The six months ended September 30, 2011	The six months ended September 30, 2012	The six months ended September 30, 2012
	Millions of yen	Millions of yen	Thousands of U.S.dollars
Income before minority interests	3,488	1,555	20,043
Other comprehensive income			
Valuation difference on available-for-sale securities	(11)	(5)	(71)
Deferred gains or losses on hedges	1,574	(244)	(3,151)
Foreign currency translation adjustment	13	21	276
Share of other comprehensive income of associates accounted for using equity method	(5)	1	17
Total other comprehensive income	1,570	(227)	(2,929)
Comprehensive income	5,059	1,328	17,114
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	5,059	1,328	17,114
Comprehensive income attributable to minority interests	—	—	—

U.S. dollar amounts represent translations using the approximate exchange rate on September 28, 2012 of Yen77.60=US\$1, and are included solely for the convenience of readers.

(3) Consolidated Statements of Cash Flows

	The six months ended September 30, 2011	The six months ended September 30, 2012	The six months ended September 30, 2012
	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	6,115	2,621	33,788
Depreciation and amortization	1,129	1,022	13,171
Impairment loss	—	231	2,981
Amortization of goodwill	148	174	2,248
Increase(decrease)in provision of retirement benefits	(157)	5	68
Interest and dividends income	(10)	(10)	(133)
Interest expenses	20	12	164
Loss (gain) on sales and retirement of noncurrent assets	39	75	972
Loss (gain) on valuation of investment securities	38	27	348
Decrease (increase) in notes and accounts receivable-trade	(2,331)	(1,578)	(20,345)
Decrease (increase) in inventories	(4,606)	3,221	41,512
Increase (decrease) in notes and accounts payable-trade	673	(937)	(12,084)
Increase (decrease) in accounts payable-other	(400)	(280)	(3,611)
Other, net	(1,405)	(454)	(5,855)
Subtotal	(747)	4,130	53,225
Interest and dividends income received	8	10	133
Interest expenses paid	(21)	(13)	(172)
Income taxes paid	(2,493)	(4,251)	(54,787)
Income taxes refund	776	1,131	14,586
Net cash provided by (used in) operating activities	(2,475)	1,007	12,985
Net cash provided by (used in) investing activities			
Proceeds from withdrawal of time deposits	23	—	—
Proceeds from collection of guarantee deposits	13	10	141
Purchase of property, plant and equipment	(671)	(387)	(4,988)
Proceeds from sales of property, plant and equipment	0	120	1,551
Purchase of intangible assets	(100)	(119)	(1,539)
Purchase of stocks of subsidiaries and affiliates	(471)	(1,081)	(13,933)
Other, net	(167)	(94)	(1,222)
Net cash provided by (used in) investing activities	(1,374)	(1,551)	(19,989)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	5,853	1,777	22,899
Repayment of long-term loans payable	(576)	(524)	(6,758)
Repayments of finance lease obligations	(24)	(30)	(396)
Purchase of treasury stock	(0)	(0)	(1)
Proceeds from sales of treasury stock	78	75	979
Cash dividends paid	(807)	(971)	(12,525)
Other,net	—	(90)	(1,160)
Net cash provided by (used in) financing activities	4,522	235	3,039
Effect of exchange rate change on cash and cash equivalents	26	49	640
Net increase (decrease) in cash and cash equivalents	698	(258)	(3,325)
Cash and cash equivalents at beginning of period	2,250	3,527	45,462
Cash and cash equivalents at end of period	2,948	3,269	42,137

U.S. dollar amounts represent translations using the approximate exchange rate on September 28, 2012 of Yen77.60=US\$1, and are included solely for the convenience of readers.

(4) Notes on Assumptions for Going Concern

Not applicable

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

Not applicable

(6) Segment Information, etc.

[Segment information]

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

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

(Millions of Yen)

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

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

2. Impairment losses on noncurrent assets, goodwill, etc. by reporting segment

Not applicable

II For the six months ended September 30, 2012(From April 1, 2012 to September 30, 2012)

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

(Millions of Yen)

	Precious metal recycling business	Environmental protection business	Total
Net sales			
1) Customers	41,880	7,444	49,324
2) Intersegment	—	—	—
Total	41,880	7,444	49,324
Segment income	2,013	882	2,896

(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

Goodwill of the environmental protection segment increased 777million yen due to the stock acquisition of Intercentral Co.,Ltd, which became consolidated subsidiary during the period.