

# Consolidated Financial Results for the First Quarter Ended June 30, 2013

## Asahi Holdings, Inc.

July 29, 2013

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

(Rounded down to the nearest million yen)

### 1. Results of the three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)

#### (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, 2013	24,720	(6.4)	2,661	121.7	2,784	107.0	1,771	192.1
June 30, 2012	26,412	(24.6)	1,200	(62.9)	1,345	(59.5)	606	(68.7)

(Note) Comprehensive income  
 The three months ended June 30, 2013 3,168 million yen 156.4%  
 The three months ended June 30, 2012 1,235 million yen (50.7%)

	Net income per share	Diluted net income per share
The three months ended	Yen	Yen
June 30, 2013	54.49	—
June 30, 2012	18.71	—

#### (2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2013	60,164	44,250	73.3
March 31, 2013	62,260	42,012	67.3

(Reference) Shareholders' equity  
 As of June 30, 2013 44,112 million yen  
 As of March 31, 2013 41,875 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, 2013	—	30.00	—	30.00	60.00
Year ending March 31, 2014	—				
Year ending March 31, 2014 (Forecast)		30.00	—	30.00	60.00

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

### 3. Forecast (From April 1, 2013 to March 31, 2014)

(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, 2014	49,000	(0.7)	4,800	65.7	4,900	65.8	3,000	92.9	92.25
Year ending March 31, 2014	93,000	(3.5)	9,000	20.1	9,100	16.7	5,400	19.5	165.92

(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 29, 2013.

\* 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: No

(ii) Changes other than (i) above: No

(iii) Changes in accounting estimates: No

(iv) Restatement: No

(4) Number of issued shares (common stock)

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

As of June 30, 2013	36,254,344 shares
As of March 31, 2013	36,254,344 shares

(ii) Number of treasury shares at the quarter end

As of June 30, 2013	3,731,622 shares
As of March 31, 2013	3,756,439 shares

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

Three months ended June 30, 2013	32,507,497 shares
Three months ended June 30, 2012	32,408,093 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) Consolidated Performance Forecasts" .

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## 1. Qualitative Information

### (1) Consolidated Business Performance

During the first quarter of the current fiscal year (April 1, 2013 through June 30, 2013), the Japanese economy showed some signs of recovery, such as correction of the high yen and a favorable turn in share prices due to confidence in the economic policies of the new Government. The impact on the real economy, however, is still unclear. Moreover, there are still concerns about Europe and emerging economies, so the future remains opaque.

Under these economic conditions, in the precious metal recycling business, the collection volumes of gold, palladium, and so on surpassed those of the corresponding term the year before. In addition, the average sales prices of gold, silver, platinum, and palladium were higher than they were in the corresponding term the year before.

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 corresponding term the year before. In part because of the contributions of INTER CENTRAL, INC., which became a wholly-owned subsidiary in July 2012, first-quarter sales during the current fiscal year increased compared to the corresponding term the year before.

As a result of the above, as consolidated results for the three-month period, we recorded net sales of 24,720 million yen, down 1,691 million yen (-6.4%) year-on-year; operating income of 2,661 million yen, up 1,461 million yen (+121.7%) year-on-year; ordinary income of 2,784 million yen, up 1,439 million yen (+107.0%) year-on-year; and net income of 1,771 million yen, up 1,164 million yen (+192.1%) year-on-year.

Looked at by segment, sales in the precious metal recycling business were 21,009 million yen, down 2,024 million yen (-8.8%) year-on-year; and sales in the environmental preservation business were 3,711 million yen, up 332 million yen (+9.8%) year-on-year.

### (2) Consolidated Financial Position

As of June 30, 2013, total assets amounted to 60,164 million yen, down 2,096 million yen from the previous fiscal year end. This was due mainly to a decrease of 3,003 million yen in notes and accounts receivable-trade, an increase of 755 million yen in inventories.

Total liabilities amounted to 15,914 million yen, down 4,333 million yen from the previous fiscal year end. This was due mainly to decrease of 3,750 million yen in loans payable.

Net assets totaled 44,250 million yen up 2,237 million yen from the previous fiscal year end. This was due mainly to the increase in retained earnings resulting from the recording of 1,771 million yen in net income.

As a result, the shareholders' equity ratio changed to 73.3%, from 67.3% at the end of the previous fiscal year.

### (3) Consolidated Performance Forecasts

As for the forecasts, during the first quarter, average unit sales prices of precious metals were higher than initial projections, while collection volume in the precious metal recycling business remained in line with the forecast overall. Consequently, the Company's consolidated net sales, operating income, ordinary income as well as net income for the first half of the consolidated fiscal year ending September 30, 2013 is expected to exceed those previously forecasted. Precious metal market prices have also fluctuated widely compared to initial projections and the Company has revised full-year forecasts reflecting the current market price levels.

#### Revision of the first half period consolidated results forecast (April 1, 2013 to September 30, 2013) (Millions of YEN, %)

	Net Sales	Operating Income	Ordinary Income	Net Income 2Q FY2013	Net Income per Share 2Q FY2013
Previous Forecast (A) (Announced on May 10, 2013)	44,000	4,000	4,000	2,400	74.02
Revised Forecast (B)	49,000	4,800	4,900	3,000	92.25
Change (B-A)	5,000	800	900	600	—
Change (%)	11.4	20.0	22.5	25.0	—
(Ref.) 2QFY2012 ended September 30, 2012	49,324	2,896	2,955	1,555	47.97

Revision of consolidated results forecast for the fiscal year ending March 2014

(April 1, 2013 to March 31, 2014)

(Millions of YEN, %)

	Net Sales	Operating Income	Ordinary Income	Net Income FY2013	Net Income per Share FY2013
Previous Forecast (A) (Announced on May 10, 2013)	90,000	8,500	8,500	5,000	154.09
Revised Forecast (B)	93,000	9,000	9,100	5,400	165.92
Change (B-A)	3,000	500	600	400	—
Change (%)	3.3	5.9	7.1	8.0	—
(Ref.) the fiscal year ended March 31, 2013	96,368	7,495	7,794	4,518	139.24

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

Not applicable

3. Consolidated Financial Statements  
(1) Consolidated Balance Sheets

	As of March 31, 2013 Millions of yen	As of June 30, 2013 Millions of yen	As of June 30, 2013 Thousands of U.S.dollars
<b>ASSETS</b>			
Current assets			
Cash and deposits	4,141	2,882	29,237
Notes and accounts receivable-trade	12,539	9,535	96,720
Merchandise and finished goods	5,067	6,024	61,108
Work in process	8,114	7,791	79,032
Raw materials and supplies	1,077	1,199	12,162
Other	2,367	4,112	41,712
Allowance for doubtful accounts	(9)	(8)	(82)
Total current assets	33,298	31,537	319,888
Noncurrent assets			
Property, plant and equipment			
Buildings and structures, net	9,281	9,208	93,402
Land	13,031	13,043	132,302
Other, net	2,647	2,520	25,570
Total property, plant and equipment	24,959	24,773	251,274
Intangible assets			
Goodwill	2,380	2,283	23,158
Other	797	759	7,703
Total intangible assets	3,177	3,042	30,861
Investments and other assets	824	811	8,229
Total noncurrent assets	28,962	28,627	290,364
Total assets	62,260	60,164	610,252
<b>LIABILITIES</b>			
Current liabilities			
Notes and accounts payable-trade	2,463	2,366	23,999
Short-term loans payable	10,245	1,645	16,691
Current portion of long-term loans payable	1,500	1,270	12,882
Income taxes payable	349	822	8,343
Provision for bonuses	597	289	2,934
Provision for directors' bonuses	8	-	-
Provision for repairs	113	50	515
Provision for product warranties	21	16	168
Other	3,253	2,688	27,274
Total current liabilities	18,553	9,149	92,804
Noncurrent liabilities			
Long-term loans payable	-	5,080	51,527
Provision for retirement benefits	107	112	1,145
Other	1,587	1,572	15,946
Total noncurrent liabilities	1,694	6,765	68,618
Total liabilities	20,248	15,914	161,422
<b>NET ASSETS</b>			
Shareholders' equity			
Capital stock	4,480	4,480	45,449
Capital surplus	6,087	6,094	61,819
Retained earnings	36,697	37,494	380,303
Treasury stock	(5,507)	(5,470)	(55,492)
Total shareholders' equity	41,758	42,598	432,079
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	19	19	196
Deferred gains or losses on hedges	(41)	1,221	12,391
Foreign currency translation adjustment	139	272	2,767
Total accumulated other comprehensive income	116	1,513	15,354
Subscription rights to shares	77	77	790
Minority interests	59	59	607
<b>TOTAL NET ASSETS</b>	42,012	44,250	448,830
<b>TOTAL LIABILITIES AND NET ASSETS</b>	62,260	60,164	610,252

U.S. dollar amounts represent translations using the approximate exchange rate on June 30, 2013 of Yen98.59=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, 2013

	The three months ended June 30, 2012	The three months ended June 30, 2013	The three months ended June 30, 2013
	Millions of yen	Millions of yen	Thousands of U.S.dollars
Net sales	26,412	24,720	250,745
Cost of sales	23,913	20,724	210,212
Gross profit	2,498	3,996	40,534
Selling, general and administrative expenses	1,297	1,334	13,535
Operating income	1,200	2,661	26,998
Non-operating income	152	132	1,346
Non-operating expenses	7	9	98
Ordinary income	1,345	2,784	28,245
Extraordinary income	4	1	20
Extraordinary loss	312	5	56
Income before income taxes and minority interests	1,037	2,781	28,210
Income taxes-current	153	862	8,748
Income taxes-deferred	277	147	1,495
Total income taxes	430	1,009	10,244
Income before minority interests	606	1,771	17,966
Net income	606	1,771	17,966

Consolidated Statements of Comprehensive Income for the three months ended June 30, 2013

	The three months ended June 30, 2012	The three months ended June 30, 2013	The three months ended June 30, 2013
	Millions of yen	Millions of yen	Thousands of U.S.dollars
Income before minority interests	606	1,771	17,966
Other comprehensive income			
Valuation difference on available-for-sale securities	(2)	0	3
Deferred gains or losses on hedges	524	1,263	12,811
Foreign currency translation adjustment	103	125	1,278
Share of other comprehensive income of associates accounted for using equity method	4	8	82
Total other comprehensive income	629	1,397	14,174
Comprehensive income	1,235	3,168	32,140
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of the parent	1,235	3,168	32,134
Comprehensive income attributable to minority interests	-	0	6

U.S. dollar amounts represent translations using the approximate exchange rate on June 30, 2013 of Yen98.59=US\$1, and are included solely for the convenience of readers.

(3) Notes on Consolidated Financial Statements

(Notes on Assumptions for Going Concern)

Not applicable

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

Not applicable

(Segment Information, etc.)

[Segment information]

I 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 recycling business	Environmental preservation 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 preservation segment.

II For the three months ended June 30, 2013(From April 1, 2013 to June 30, 2013)

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

(Millions of Yen)

	Precious metal recycling business	Environmental preservation business	Total
Net sales			
1) Customers	21,009	3,711	24,720
2) Intersegment	—	—	—
Total	21,009	3,711	24,720
Segment income	2,332	329	2,661

(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