

Securities Code **5857**

Business Report for FY2010

From April 1,2010 to March 31,2011



To Our Shareholders

I would like to express my thanks for your continuing support and loyal patronage. I would also like to extend my sincerest sympathy to all who were affected by the Great East Japan Earthquake, and I wish for the safety of all evacuees and the earliest possible restoration of the affected areas.

During the second business term (April of 2010 through March of 2011), Japanese economy gradually recovered, but there is lingering uncertainty due to the steady appreciation of yen and the disaster in eastern Japan.

Under such economic conditions, we expanded business with new plants in Japan and overseas and actively engaged in M&A in accordance with the 5th Medium-Term Management Plan (April of 2009 through March of 2012), striving to generate earnings by reducing costs as well as promoting sales.

Performance by segment is as follows:

In the precious metal business, the volume of metal collection and the average unit sales prices of all metals we deal in surpassed those of the previous year in the background of our efforts to win new customers and the higher metal market prices.

In the environmental protection business, the trading volume of sludge, waste oil, waste reagents, and medical-related waste surpassed the volume of the previous year. And also, Ecomax Incorporated, which was acquired as a subsidiary in August 2010, continued to grow steadily.

Based on the performance results above, our operating results in the period are; consolidated net sales - 110,504 million yen, operating income - 10,661 million yen, ordinary income - 10,508 million yen, and net income - 6,144 million yen.

In the light of these operating figures, the company has decided to distribute a dividend of 25 yen per share at the end of the period. Accordingly, in addition to the interim dividend, the total annual dividend is 50 yen per share.

Our objective in the business plans for the next period is to set new highs in net sales, operating income, ordinary income, and net income and to achieve an interim and end-period dividend of 30 yen totaling an annual dividend of 60 yen per share.

We appreciate your continuing understanding and support in the business activities of our Group companies.



CEO & COO

TOPICS : The precious metal recycling business

Each of our domestic and overseas plants, which will lead the precious metal recycling business, has become fully operational.



(1) Completion ceremony held at the Chungju plant in Korea

On December 3, 2010, we held a large completion ceremony at the new plant of Asahi Pretec Korea Co., Ltd. in Chungju City, Korea (photo on left). Approximately one hundred guests attended, including the mayor of Chungju City and people from major semiconductor companies, and the local TV stations and newspapers reported on the ceremony. Thus, our recycling technologies are eagerly awaited and attracting much attention. The plant has been in operation since January as a recycling base to expand our electronics business and dental materials business in Korea.

(2) A tour of the New Amagasaki Plant

Our new Amagasaki Plant has been operating since spring 2011, and is a critical base that will lead our growth in the electronic materials business as a recycling plant exclusively for “E-scrap” including used personal computers and mobile phones, which are sometimes dubbed an “urban mine”. On February 18, we held a tour of the plant, which was attended by customers from some 50 major companies (photo on right). We will meet growing expectations by strengthening our analytical skills.



(3) ISO 27001 Certification

In March 2011, the information security management systems at the IT device (PC, etc.) recycling facilities in Amagasaki and Saitama acquired certification under ISO 27001, an international standard (photo on left). This certification proves our reliability and stability as a company for handling devices that store personal and confidential information.

NEWS Participation in the “TOOTH FAIRY” project

The Nippon Foundation and Japan Dental Association work together to promote the “TOOTH FAIRY” social project and to support children in Japan and overseas by recycling metals used for medical treatment and disposed of at dental clinics all over the country. We are helping to manage this project as a partner metal recycling firm. On February 22, the gold bullion manufactured by us was featured in interviews following the establishment of Japan’s first children’s hospice in Kanagawa Prefecture, and a medical actively specializing in children’s cancer in Hyogo Prefecture supported by “TOOTH FAIRY children’s cancer program”.



TOPICS : The environmental protection business

Japan Waste Corporation is starting a new business based in the Yokohama office.

(1) Opening of the Yokohama office

On January 5, 2011, Japan Waste Corporation, a Group subsidiary involved in the environmental protection business, opened its Yokohama Office in Tsurumi, Yokohama. This office is involved in turning sludge into crude material for cement and waste oil into fuel. We will meet the recycling needs of our customers by effectively using industrial waste as a resource and properly disposing of waste to minimize environmental impacts.



(2) Business expansion with Asahi Pretec Corp. and our subsidiaries



With the opening of Japan Waste Corporation's Yokohama office, the Group now owns a new disposal facility in the Kanto area.

The Yokohama sales office of Asahi Pretec Corp., which mainly engages in recycling precious metals, has moved to the same premise. The sales offices of Asahi Pretec and subsidiaries of Japan Waste Corporation will work closer together to offer overall environmental solutions. In April 2011, Japan Waste Corporation also took over the main business including the Ogi-machi intermediate disposal facility, Aikawa office and the sales division from Sansho Co.,Ltd., one of its subsidiaries, to streamline the business operation of the Group.

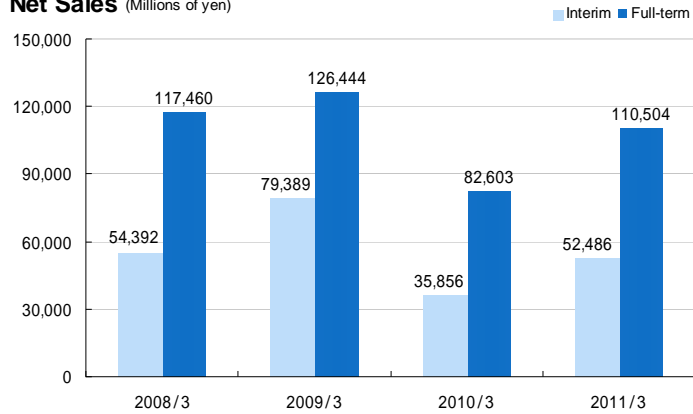
NEWS Revised Waste Management and Public Cleansing Law

Laws governing waste management and cleansing were amended and brought into force on April 1, 2011, the first major revision for 7 years since 2003. The key points of the amendment are: stronger measures to ensure appropriate disposal by business operators who dispose of industrial waste; stronger operation and maintenance measures for waste disposal facilities; promotion of accredited industry waste business; and promotion of incineration heat recovery. In addition, the revised government ordinance, as a "streamlining collection and transportation business permit", is now in effect.

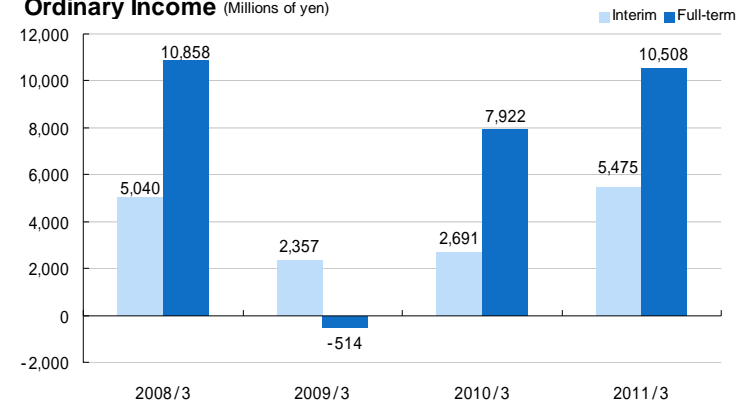
Asahi Holdings Group is currently working on measures for the law revision mentioned above and especially conforming to an accreditation system for accredited industrial waste disposal contractors. Given the increased interest in environmental issues, there is a social trend toward selecting reliable companies. We seek to build further public trust in our Group companies by complying with the laws and regulations, and understanding their background and spirit, as well as to actively work on related measures.

Consolidated Financial Highlights

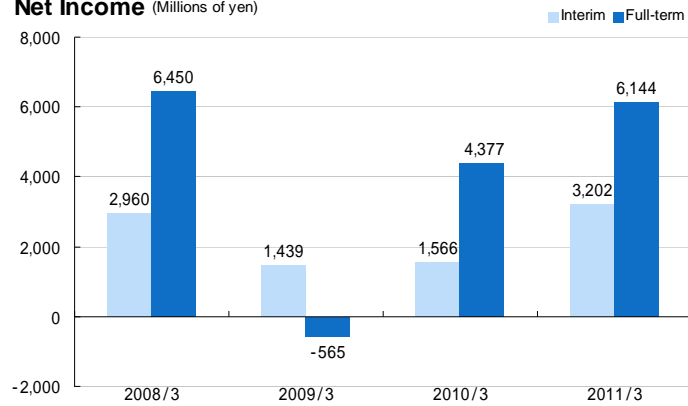
Net Sales (Millions of yen)



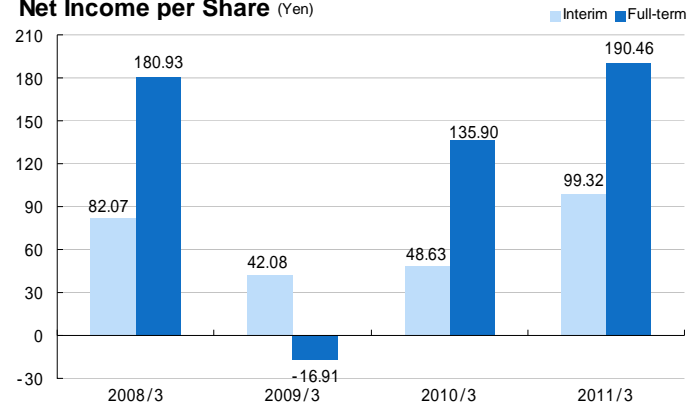
Ordinary Income (Millions of yen)



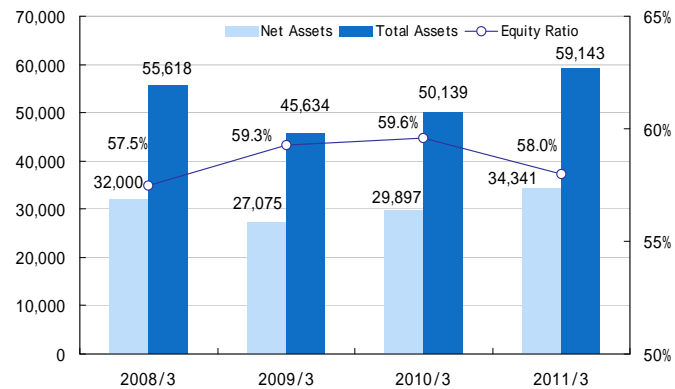
Net Income (Millions of yen)



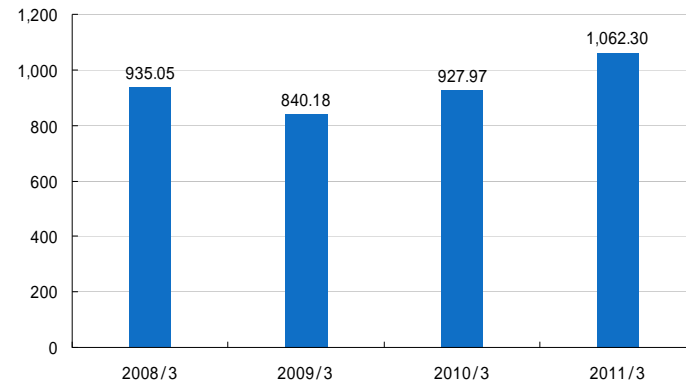
Net Income per Share (Yen)



Total Assets/Net Assets/Equity Ratio (Millions of yen, %)



Net Assets per Share (Yen)



Consolidated Financial Statements

Balance Sheet

(Millions of yen)

	As of March 31, 2011	As of March 31, 2010
ASSETS		
Current assets	29,332	22,354
Cash and deposits	2,321	2,263
Notes and accounts receivable-trade	4,754	4,037
Merchandise and finished goods	5,914	4,250
Work in process	12,509	8,327
Raw materials and supplies	530	616
Other	3,312	2,867
Allowance for doubtful accounts	(10)	(8)
Noncurrent assets	29,811	27,784
Property, plant and equipment	26,557	25,156
Buildings and structures, net	9,349	8,751
Land	12,563	12,440
Other, net	4,644	3,964
Intangible assets	2,556	2,139
Goodwill	2,036	1,571
Other	519	567
Investments and other assets	697	489
Total assets	59,143	50,139

(Millions of yen)

	As of March 31, 2011	As of March 31, 2010
LIABILITIES		
Current liabilities	20,475	19,825
Notes and accounts payable-trade	3,405	2,161
Short-term loans payable	9,448	12,449
Current portion of long-term loans payable	1,000	-
Income taxes payable	2,512	2,304
Provision for bonuses	741	721
Provision for repairs	100	124
Provision for loss on disaster	59	-
Other	3,208	2,063
Noncurrent liabilities	4,325	416
Long-term loans payable	2,500	-
Provision for retirement benefits	205	179
Other	1,620	237
Total liabilities	24,801	20,241
NET ASSETS		
Shareholders' equity	34,736	30,061
Capital stock	4,480	4,480
Capital surplus	6,074	6,054
Retained earnings	29,976	25,444
Treasury stock	(5,795)	(5,917)
Accumulated other comprehensive income	(422)	(164)
Valuation difference on available-for-sale securities	33	14
Deferred gains or losses on hedges	(374)	(152)
Foreign currency translation adjustment	(81)	(26)
Subscription rights to shares	28	-
Total net assets	34,341	29,897
Total liabilities and net assets	59,143	50,139

Consolidated Financial Statements

Statements of Income

(Millions of yen)

	The twelve months ended March 31, 2011	The twelve months ended March 31, 2010
Net sales	110,504	82,603
Cost of sales	95,079	70,426
Gross profit	15,425	12,177
Selling, general and administrative expenses	4,763	4,289
Operating income	10,661	7,888
Non-operating income	63	160
Non-operating expenses	216	126
Ordinary income	10,508	7,922
Extraordinary income	154	8
Extraordinary loss	122	427
Income before income taxes and minority interests	10,539	7,503
Income taxes-current	3,080	2,319
Income taxes-deferred	1,315	805
Income before minority interests	6,144	-
Net income	6,144	4,377

Statements of Cash Flows

(Millions of yen)

	The twelve months ended March 31, 2011	The twelve months ended March 31, 2010
Net cash provided by (used in) operating activities	5,457	6,219
Net cash provided by (used in) investing activities	(3,743)	(3,880)
Net cash provided by (used in) financing activities	(1,129)	(2,478)
Effect of exchange rate change on cash and cash equivalents	(46)	25
Net increase in cash and cash equivalents	539	(113)
Cash and cash equivalents at beginning of period	1,711	1,824
Cash and cash equivalents at the end of period	2,250	1,711

Stock Information/Corporate Profile

(As of March 31, 2011)

Total number of authorized shares	129,000,000 shares
Total number of shares outstanding	36,254,344 shares
Number of shares per trading unit	100 shares
Number of shareholders	10,563
Principal shareholders	

Name	Number of shares held (thousands of shares)	Percentage of shares held (%)
Mitsuharu Terayama	1,452	4.01
Masamichi Terayama	1,402	3.87
TERA ENTERPRISES Co., Ltd.	1,350	3.72
Japan Trustee Services Bank, Ltd. (Trust account)	1,121	3.09
State Street Bank and Trust Company 505103	1,089	3.00
K&M Co., Ltd.	900	2.48
The Master Trust Bank of Japan, Ltd. (Trust account)	799	2.20
Sachiko Hanai	645	1.78
Junichi Mitsuzono	638	1.76
MS planning Co., Ltd.	600	1.65
Terra Corporation., Ltd.	600	1.65

Corporate Profile

Corporate name	Asahi Holdings, Inc.
Founded	April 2009 (current Asahi Pretec Corp. Established in 1952)
Capital	¥4,480 million
Number of employees	1,206 (Consolidated)
Business lines	Recycling and sales of precious & rare metals Industrial waste treatment
Subsidiaries	Asahi Pretec Corp. Japan Waste Corporation Sansho Co., Ltd. Nihon Chemitec Co., Ltd. Shioiri Kenzai Co., Ltd. Taiyo Chemical Co., Ltd. Iyotec Co., Ltd. Fuji Rozai Co., Ltd. JW Glass Recycling Co., Ltd. Ecomax Incorporated
Foreign subsidiaries	ASAHI G&S SDN. BHD. (Malaysia) Shanghai Asahi Pretec Co., Ltd. (China) Asahi Pretec Korea Co., Ltd. (Korea)

Board of Directors and Corporate Auditors

CEO&COO	Mitsuharu Terayama
Directors	Yoshikatsu Takeuchi Tomoya Higashiura Tutomu Sakurai Yukio Tanabe Shoji Morii*
Standing Statutory Auditor	Sumiaki Ariumi*
Statutory Auditor	Teigo Kobayashi* Kazuhiko Tokumine*

*Outside cooperate executives pursuant to Article 2 of the Companies Act.

Business Network

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<http://www.asahiholdings.com>

Research Laboratory Techno Center (Kobe)

Bases with ISO 14001 Head office (Kobe), Techno Center, Sendai, Kitakanto, Nagoya, Hanshin, Kobe, Shikoku, Kitakyushu, Fukuoka

P l a n t s Saitama, Amagasaki, Kobe, Ehime, Kitakyushu, Kitakyushu Hibiki, Fukuoka

Bases with ISO 9001 Techno Center, Saitama, Ehime, Fukuoka

Recycling Centers Saitama, Chiba, Amagasaki

Bases with ISO 27001 Hanshin-Office Amagasaki Recycling Center, Saitama Recycling Center

O f f i c e s Sapporo, Aomori, Sendai, Niigata, Kita-kanto, Kanto, Yokohama, Kofu, Shizuoka, Nagoya, Hokuriku, Kobe, Okayama, Hiroshima, Shikoku, Fukuoka, Kitakyushu, Kagoshima, Okinawa

Hauling Business Permission 47 prefectures and 62 government ordinance cities

Disposal Business Permission 15 prefectures and 10 government ordinance cities