

Securities Code **5857**

## **Business Report for FY2011**

---

From April 1,2011 to March 31,2012



## To Our Shareholders

---

Thank you for your ongoing support. It has now been 60 years since our founding as Asahi Chemical Laboratory. On this occasion, all the employees of the Asahi Holdings Group are united in cooperation to pursue the further development of the Group.

During the 3rd business term (April 2011 through March 2012), conditions remained harsh for the Japanese economy due to factors such as the Great East Japan Earthquake, the European debt crisis, and the high yen.

Even under these circumstances, the Asahi Holdings Group proceeded with business expansion in Japan and abroad. At the same time, it worked to secure profits through marketing efforts and cost reductions. This enabled the Group to achieve record sales, operating profit, and ordinary profit.

In the precious metal recycling business, efforts to acquire new customers and to expand overseas, along with continued high market prices for the metals we handle, led to higher year-on-year volumes of collection for gold, silver, and palladium.

In the environmental preservation business, even with the impact of the slowdown in domestic production activities, the volume of waste oil, waste fluid, medical-related waste, and so on increased compared to the previous year.

Consequently, operating results for the current fiscal year were as follows: consolidated sales 151,094 million yen, operating profit 11,217 million yen, ordinary profit 11,130 million yen, and current net income 5,926 million yen.

Based on the above operating results, the year-end dividend for the term was 30 yen per share. Combined with the interim dividend, the annual dividend per share was 60 yen.

In April 2012, the Asahi Holdings Group launched its 6th Mid-Term Business Plan. Reflecting the harshness of the current business environment, projections for the next fiscal year are sales of 105,000 million yen and operating profit of 9,000 million yen. In the precious metal recycling business, because we will switch a part of the sales transaction business to fee-based processing business beginning in FY 2012, sales will decrease compared to the existing sales transaction under which we have purchased precious metal materials. During the final fiscal year (April 2014 through March 2015) the targets are sales of 130,000 million yen and operating profit of 11,500 million yen.

As for dividends during the coming fiscal year, in view of the stability of return, we plan on an interim dividend of 30 yen per share and a year-end dividend of 30 yen per share, for a total annual dividend of 60 yen per share.

We ask all our shareholders for their continued understanding and support of the activities of the Asahi Holdings Group.



CEO

# The 6th Mid-Term Business Plan (FY 2012–2014)

**Slogan : ACTⅢ, with Asahi Way**

The Asahi Holdings Group positions the period from its founding until its public stock offering as Act I of its history. Act II was the period from the stock offering through the 5th Medium-Term Business Plan. Act III will be the 6th Mid-Term Business Plan, which will further develop the Group’s international business. The spirit that has been passed down since our founding and must be preserved has been expressed shortly and simply and translated into multiple languages as the “Asahi Way.”

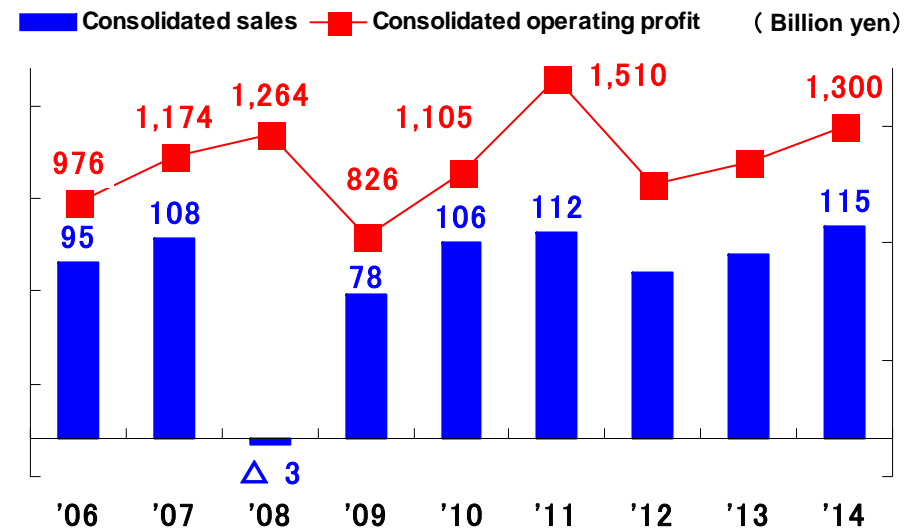
**With the Asahi Way as our anchor,  
we will open “Act III” with a spirit of “Innovation and Challenge”.**

## ■ Management goals (FY 2014)

|                                      |                            |
|--------------------------------------|----------------------------|
| <b>Consolidated sales</b>            | <b>130,000 million yen</b> |
| <b>Consolidated operating profit</b> | <b>11,500 million yen</b>  |

## ■ Dividend policy

Targeting 30 - 35% of current net income



In the precious metal recycling business, because we will switch a part of the sales transaction business to fee-based processing business beginning in FY 2012, sales will decrease compared to the existing sales transaction under which we have purchased precious metal materials.

# The 6th Mid-Term Business Plan (Strategic Focus: Three Acts)

---

In the period of the 6th Mid-Term Business Plan, we focus on the following three Actions:

## 1) Expanding business in Asia

The Group will build partnerships with major local companies in South Korea, China, and other rapidly growing Asian markets.

## 2) Broadening business domains through M&A

The Group will aggressively pursue M&A with high potential returns.

## 3) Streamlining of the management of the Group

Management functions of each company will be concentrated in the holding company, and management costs will be reduced on a consolidated basis.

In addition, the Group will improve its internal information systems to achieve quick and efficient operations.

## TOPICS

---

### ● Operations begin at precious metals recycling plant in Guangdong, China

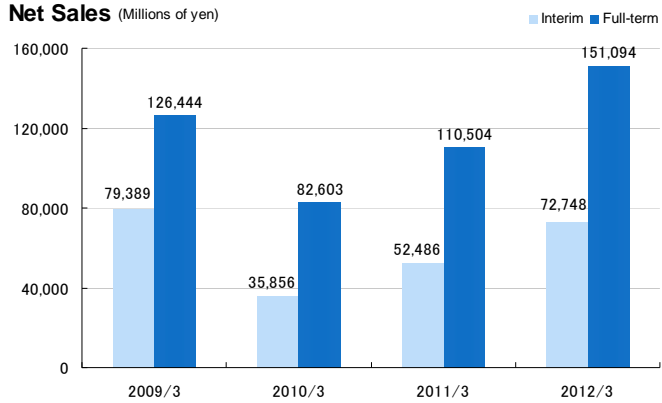
The joint venture corporation Jiangmen Asahi Pretec Kanfort Environmental Management, established in March 2010 by Asahi Pretec's Chinese subsidiary Shanghai Asahi and the major Chinese precious metals recycling company Kanfort Industrial, has completed construction of a precious metals recycling plant in Jiangmen, Guangdong. Final preparations are underway for the scheduled commencement of full operations in August.

Guangdong is a leading automobile manufacturing area in China. Demand for precious metals recycling in the catalysts field is expected.

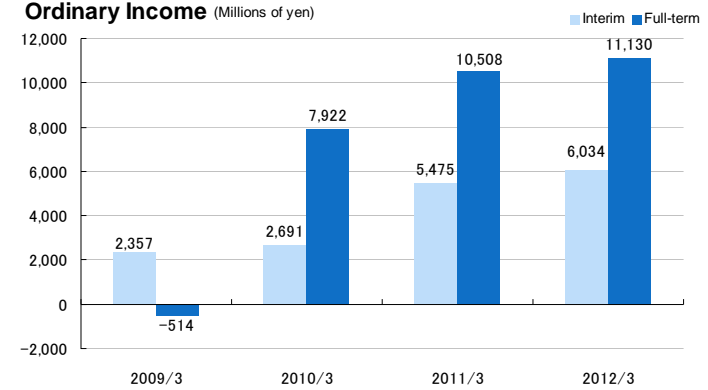


# Consolidated Financial Highlights

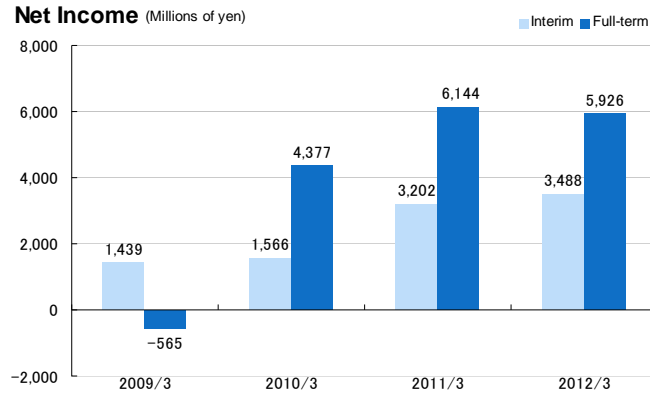
**Net Sales** (Millions of yen)



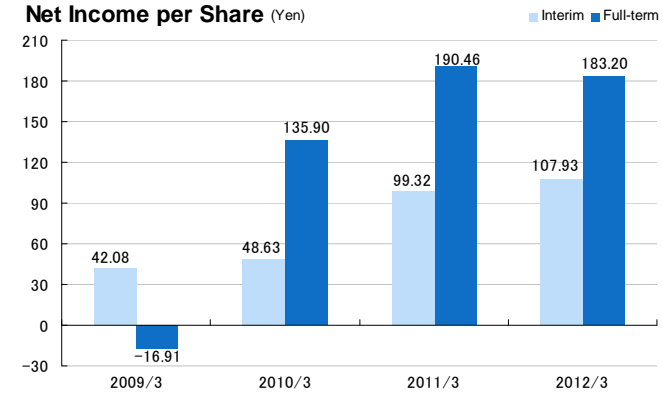
**Ordinary Income** (Millions of yen)



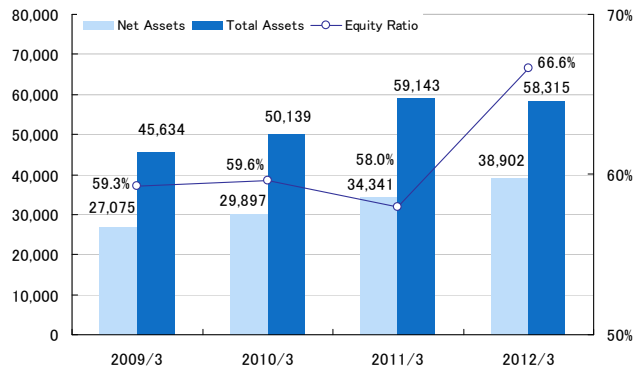
**Net Income** (Millions of yen)



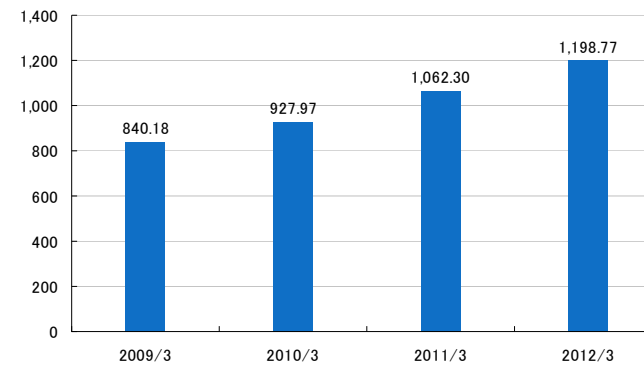
**Net Income per Share** (Yen)



**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,<br>2011 | As of March 31,<br>2012 |
|--------------------------------------|-------------------------|-------------------------|
| <b>ASSETS</b>                        |                         |                         |
| <b>Current assets</b>                | <b>29,332</b>           | <b>29,301</b>           |
| Cash and deposits                    | 2,321                   | 3,527                   |
| Notes and accounts receivable-trade  | 4,754                   | 9,480                   |
| Merchandise and finished goods       | 5,914                   | 2,123                   |
| Work in process                      | 12,509                  | 10,727                  |
| Raw materials and supplies           | 530                     | 618                     |
| Other                                | 3,312                   | 2,833                   |
| Allowance for doubtful accounts      | (10)                    | (11)                    |
| <b>Noncurrent assets</b>             | <b>29,811</b>           | <b>29,014</b>           |
| <b>Property, plant and equipment</b> | <b>26,557</b>           | <b>25,763</b>           |
| Buildings and structures, net        | 9,349                   | 9,495                   |
| Land                                 | 12,563                  | 12,910                  |
| Other, net                           | 4,644                   | 3,356                   |
| <b>Intangible assets</b>             | <b>2,556</b>            | <b>2,490</b>            |
| Goodwill                             | 2,036                   | 1,970                   |
| Other                                | 519                     | 519                     |
| <b>Investments and other assets</b>  | <b>697</b>              | <b>760</b>              |
| <b>Total assets</b>                  | <b>59,143</b>           | <b>58,315</b>           |

(Millions of yen)

|   | As of March 31,<br>2011 | As of March 31,<br>2012 |
|---|-------------------------|-------------------------|
| <b>LIABILITIES</b>                                    |                         |                         |
| <b>Current liabilities</b>                            | <b>20,475</b>           | <b>16,130</b>           |
| Notes and accounts payable-trade                      | 3,405                   | 3,253                   |
| Short-term loans payable                              | 9,448                   | 4,545                   |
| Current portion of long-term loans payable            | 1,000                   | 1,000                   |
| Income taxes payable                                  | 2,512                   | 3,267                   |
| Provision for bonuses                                 | 741                     | 659                     |
| Provision for repairs                                 | 100                     | 100                     |
| Provision for loss on disaster                        | 59                      | -                       |
| Other   | 3,208                   | 3,306                   |
| <b>Noncurrent liabilities</b>                         | <b>4,325</b>            | <b>3,282</b>            |
| Long-term loans payable                               | 2,500                   | 1,500                   |
| Provision for retirement benefits                     | 205                     | 65                      |
| Other   | 1,620                   | 1,716                   |
| <b>Total liabilities</b>                              | <b>24,801</b>           | <b>19,413</b>           |
| <b>NET ASSETS</b>                                     |                         |                         |
| <b>Shareholders' equity</b>                           | <b>34,736</b>           | <b>39,036</b>           |
| Capital stock   | 4,480                   | 4,480                   |
| Capital surplus                                       | 6,074                   | 6,087                   |
| Retained earnings                                     | 29,976                  | 34,124                  |
| Treasury stock  | (5,795)                 | (5,656)                 |
| <b>Accumulated other comprehensive income</b>         | <b>(422)</b>            | <b>(201)</b>            |
| Valuation difference on available-for-sale securities | 33                      | 18                      |
| Deferred gains or losses on hedges                    | (374)                   | (111)                   |
| Foreign currency translation adjustment               | (81)                    | (108)                   |
| <b>Subscription rights to shares</b>                  | <b>28</b>               | <b>67</b>               |
| <b>Total net assets</b>                               | <b>34,341</b>           | <b>38,902</b>           |
| <b>Total liabilities and net assets</b>               | <b>59,143</b>           | <b>58,315</b>           |

# Consolidated Financial Statements

## Statements of Income

(Millions of yen)

|   | The twelve months ended March 31, 2011 | The twelve months ended March 31, 2012 |
|---|--|--|
| Net sales   | 110,504                                | 151,094                                |
| Cost of sales                                     | 95,079                                 | 135,003                                |
| Gross profit                                      | 15,425                                 | 16,091                                 |
| Selling, general and administrative expenses      | 4,763                                  | 4,873                                  |
| Operating income                                  | 10,661                                 | 11,217                                 |
| Non-operating income                              | 63                                     | 117                                    |
| Non-operating expenses                            | 216                                    | 204                                    |
| Ordinary income                                   | 10,508                                 | 11,130                                 |
| Extraordinary income                              | 154                                    | 170                                    |
| Extraordinary loss                                | 122                                    | 489                                    |
| Income before income taxes and minority interests | 10,539                                 | 10,810                                 |
| Income taxes-current                              | 3,080                                  | 4,706                                  |
| Income taxes-deferred                             | 1,315                                  | 178                                    |
| Income before minority interests                  | 6,144                                  | 5,926                                  |
| Net income  | 6,144                                  | 5,926                                  |

## Statements of Cash Flows

(Millions of yen)

|   | The twelve months ended March 31, 2011 | The twelve months ended March 31, 2012 |
|---|--|--|
| Net cash provided by (used in) operating activities         | 5,457                                  | 11,297                                 |
| Net cash provided by (used in) investing activities         | (3,743)                                | (2,278)                                |
| Net cash provided by (used in) financing activities         | (1,129)                                | (7,705)                                |
| Effect of exchange rate change on cash and cash equivalents | (46)                                   | (36)                                   |
| Net increase in cash and cash equivalents                   | 539                                    | 1,277                                  |
| Cash and cash equivalents at beginning of period            | 1,711                                  | 2,250                                  |
| Cash and cash equivalents at the end of period              | 2,250                                  | 3,527                                  |

# Stock Information/Corporate Profile

(As of March 31, 2012)

- **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** 9,621
- **Principal shareholders**

| Name  | Number of shares held (thousands of shares) | Percentage of shares held (%) |
|---|---|-------------------------------|
| Japan Trustee Services Bank, Ltd. (Trust account)                             | 1,525                                       | 4.21                          |
| The Master Trust Bank of Japan, Ltd. (Trust account)                          | 1,485                                       | 4.10                          |
| TERA ENTERPRISES Co., Ltd.  | 1,350                                       | 3.72                          |
| Mitsuharu Terayama  | 1,082                                       | 2.99                          |
| State Street Bank and Trust Company 505103                                    | 988   | 2.73                          |
| K&M Co., Ltd.   | 900   | 2.48                          |
| Masamichi Terayama  | 802   | 2.21                          |
| Asahi Employee Stock Ownership Plan   | 640   | 1.77                          |
| Terra Corporation., Ltd.  | 600   | 1.65                          |
| RBC Dexia Investor Service Bank Account Luxembourg Non Resident Domestic Rate | 571   | 1.58                          |

## Corporate Profile

### Corporate name Founded

Asahi Holdings, Inc.  
April 2009  
(current Asahi Pretec Corp.  
Established in 1952)

### Capital Number of employees Business lines

¥4,480 million  
1,277 (Consolidated)  
Recycling and sales of precious & rare metals  
Industrial waste treatment

### Subsidiaries

Asahi Pretec Corp.  
Japan Waste Corporation  
Nihon Chemitec Co., Ltd.  
Sansho Co., Ltd.  
Shiouri Kenzai Co., Ltd.  
Taiyo Chemical Co., Ltd.  
Iyotec Co., Ltd.  
Fuji Rozai Co., Ltd.  
JW Glass Recycling Co., Ltd.  
Ecomax Incorporated  
Usuda Manufacturing Co., Ltd.  
Kyodo Chemical Co., Ltd.

### 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

(As of March 31, 2012)

### CEO Directors

Mitsuharu Terayama  
Tsutomu Sakurai  
Yoshikatsu Takeuchi  
Tomoya Higashiura  
Shoji Morii\*

### Standing Statutory Auditor Statutory Auditor

Yukio Tanabe  
Kazuhiko Tokumine\*  
Junzo Kojima\*

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



# Business Network

---

- **Head Offices** **KOBE** Nissei Sannomiya Bldg., 4-4-17 Kano-cho, Chuo-ku, Kobe, 650-0001, Japan  
Tel. +81-78-333-5633 (Pilot number) Facsimile +81-78-333-5681
  
  - TOKYO** Sapia Tower, 1-7-12 Marunouchi, Chiyoda-ku, Tokyo, 100-0005, Japan  
Tel. +81-3-6270-1833 (Pilot number) Facsimile +81-3-6270-1859  
<http://www.asahiholdings.com>
  
  - **Research Laboratory** Techno Center (Kobe)
  
  - **Plants** Saitama, Amagasaki, Kobe, Ehime, Kitakyushu, Kitakyushu Hibiki, Fukuoka [Asahi Pretec Corp.]  
Yokohama, Ougimachi (Kawasaki), Aikawa (Kanagawa) [Japan Waste Corporation]
  
  - **Recycling Centers** Saitama, Chiba, Amagasaki
  
  - **Offices** Sapporo, Aomori, Sendai, Niigata, Kitakanto, Kanto, Yokohama, Kofu, Shizuoka, Nagoya, Hokuriku, Kobe, Okayama, Hiroshima, Shikoku, Fukuoka, Kitakyushu, Kagoshima, Okinawa
  
  - **Bases with ISO 14001** Head office (Kobe), Techno Center, Sendai, Kitakanto, Yokohama, Nagoya, Hanshin, Kobe, Shikoku, Kitakyushu, Fukuoka
  
  - **Bases with ISO 9001** Techno Center, Saitama, Ehime, Fukuoka
  
  - **Bases with ISO 27001** Hanshin-Office Amagasaki Recycling Center, Saitama Recycling Center
  
  - **License for Collection and Transportation** All prefectures and government ordinance cities
  
  - **License for Disposal** 15 prefectures and 10 government ordinance cities
-