

Securities Code **5857**

# Interim Business Report for FY2011

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From April 1, 2011 to September 30, 2011



## To Our Shareholders

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I would like to express my cordial appreciation for your continuing support and loyal patronage.

During the third interim term (April to September 2011), the Japanese economy remained in a severe situation due to the influence of the Great East Japan Earthquake, the global economic stagnation and the Yen's entrenched appreciation which recorded a historical high. The outlook for the Japanese economy remains unpredictable.

Under such economic situations, our group started new plant operations for recycling precious metals both in Amagasaki City, Hyogo Prefecture and Chungju City, Korea.

We also reinforced and improved our business base enjoying synergy effects by means of M&A activities such as with Usuda Manufacturing Co., Ltd.

In the our precious metal recycling business, the collection volume of gold, silver, palladium and platinum was higher than the one in the previous corresponding period due to efforts to acquire new customers and the continuing high market prices of the metals. We flexibly offset the risk by hedging in response to price fluctuations on the metal market to ensure our stable revenues.

In the environmental protection business, though the influence of the earthquake disaster remained, the trading volumes of waste oil, waste fluid and medical-related wastes continued to grow steadily and surpassed those of the previous corresponding period owing to the recovery of domestic production and demand for reconstruction except for the volume of photo-related waste fluid which continues to decrease due to digitization.

Based on the performance described above, our operating results in the interim term exceeded our initial projection, with consolidated net sales of 72,748 million yen, operating income 5,974 million yen, ordinary income 6,034 million yen, and net income 3,488 million yen. The company has decided to pay an interim dividend of 30 yen per share, 5 yen higher than the previous term.

We would appreciate your continued understanding and support for the business activities of our group companies.



CEO & COO

Handwritten signature of Mitsuharu Terajima in black ink.

## TOPICS

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### **Usuda Manufacturing Co., Ltd. has been incorporated within our Group**



In June 2011, Usuda Manufacturing Co., Ltd. (Tomi City, Nagano Prefecture) became a wholly owned subsidiary of our company's consolidated subsidiary, Asahi Pretec Corp. Usuda Manufacturing engages in the precious cleaning business of devices such as internal jigs for sputtering, dry etchers and ion doping chambers of semiconductors/FPD manufacturing equipment components, and enjoys a high reputation in the electronic semiconductor industry.

Electronic semiconductors are one of Asahi Pretec's main markets. Asahi Pretec and Usuda Manufacturing plan to further expand our mutual operations by developing business in an integrated manner and exerting synergistic effects.

### **Kyodo Chemical Co., Ltd. has been incorporated within our Group**

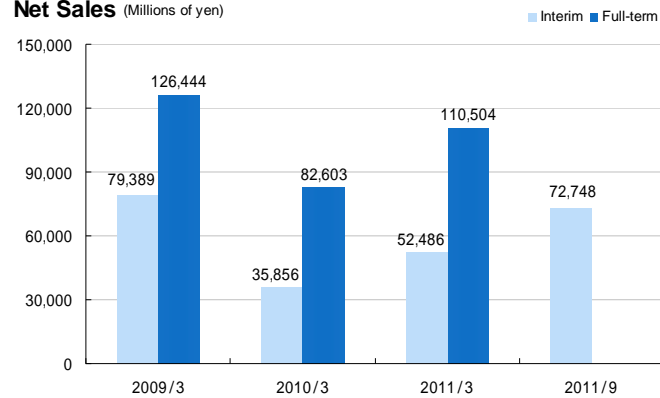
In August 2011, Kyodo Chemical Co., Ltd. (Tomakomai City, Hokkaido) became a wholly owned subsidiary of our company's consolidated subsidiary, Japan Waste Corporation. Kyodo Chemical is engaged in the photosensitive materials business and the collection, transportation and intermediate treatment of industrial waste.

We will collaborate with the Sapporo sales office of Asahi Pretec to enhance our services in the environmental protection business and the photosensitive materials businesses in the Hokkaido area and to raise the efficiency of our business operations.

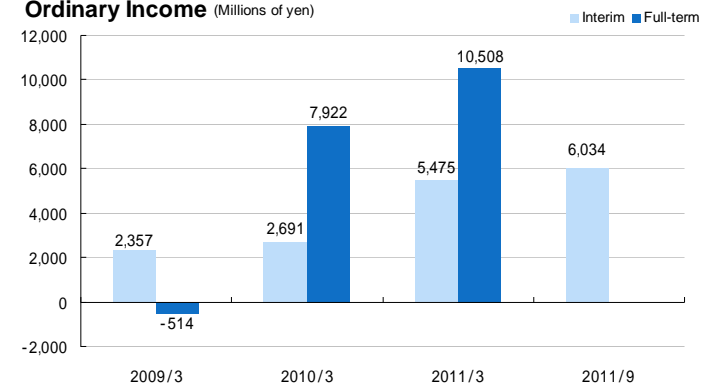


# Consolidated Financial Highlights

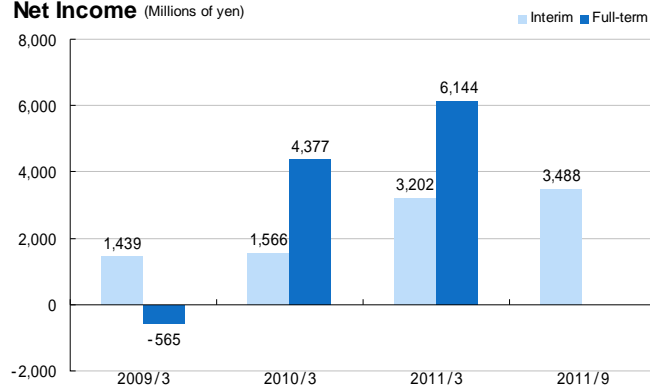
**Net Sales** (Millions of yen)



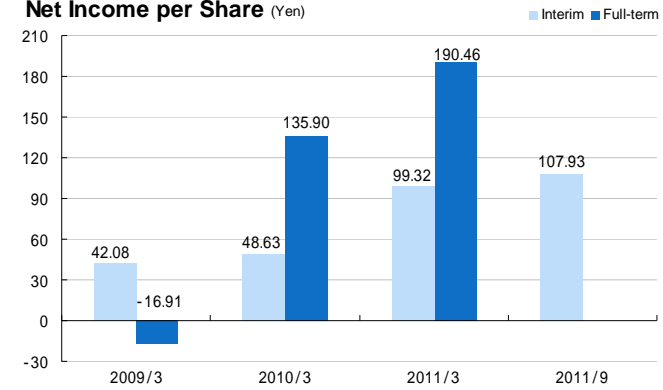
**Ordinary Income** (Millions of yen)



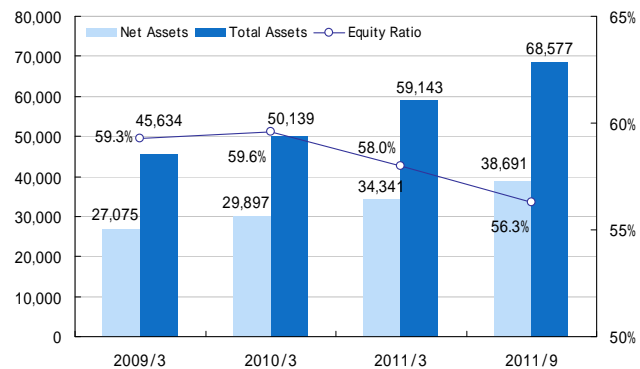
**Net Income** (Millions of yen)



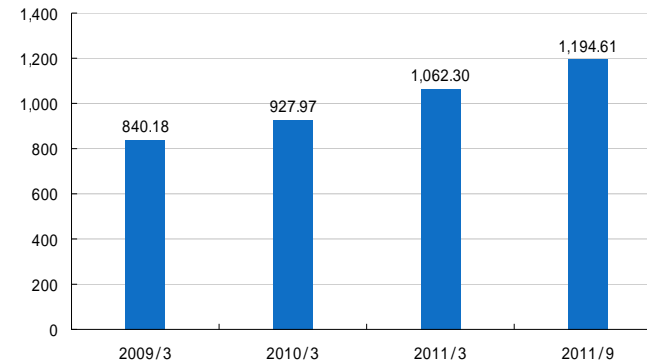
**Net Income per Share** (Yen)



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



**Net Assets per Share** (Yen)



# Consolidated Financial Statements

## Balance Sheet

(Millions of yen)

	As of September 30, 2011	As of March 31, 2011
<b>ASSETS</b>		
<b>Current assets</b>	<b>38,569</b>	<b>29,332</b>
Cash and deposits	3,023	2,321
Notes and accounts receivable-trade	7,243	4,754
Merchandise and finished goods	6,912	5,914
Work in process	16,217	12,509
Raw materials and supplies	450	530
Other	4,730	3,312
Allowance for doubtful accounts	(8)	(10)
<b>Noncurrent assets</b>	<b>30,007</b>	<b>29,811</b>
<b>Property, plant and equipment</b>	<b>26,403</b>	<b>26,557</b>
Buildings and structures, net	9,798	9,349
Land	12,748	12,563
Other, net	3,856	4,644
<b>Intangible assets</b>	<b>2,666</b>	<b>2,556</b>
Goodwill	2,128	2,036
Other	538	519
<b>Investments and other assets</b>	<b>938</b>	<b>697</b>
<b>Total assets</b>	<b>68,577</b>	<b>59,143</b>

(Millions of yen)

	As of September 30, 2011	As of March 31, 2011
<b>LIABILITIES</b>		
<b>Current liabilities</b>	<b>26,081</b>	<b>20,475</b>
Notes and accounts payable-trade	4,131	3,405
Short-term loans payable	15,348	9,448
Current portion of long-term loans payable	1,000	1,000
Income taxes payable	2,531	2,512
Provision for bonuses	669	741
Provision for repairs	37	100
Provision for loss on disaster	20	59
Other	2,342	3,208
<b>Noncurrent liabilities</b>	<b>3,804</b>	<b>4,325</b>
Long-term loans payable	2,000	2,500
Provision for retirement benefits	59	205
Other	1,744	1,620
<b>Total liabilities</b>	<b>29,886</b>	<b>24,801</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>	<b>37,494</b>	<b>34,736</b>
Capital stock	4,480	4,480
Capital surplus	6,083	6,074
Retained earnings	32,657	29,976
Treasury stock	(5,726)	(5,795)
<b>Accumulated other comprehensive income</b>	<b>1,148</b>	<b>(422)</b>
Valuation difference on available -for-sale securities	22	33
Deferred gains or losses on hedges	1,199	(374)
Foreign currency translation adjustment	(73)	(81)
<b>Subscription rights to shares</b>	<b>47</b>	<b>28</b>
<b>Total net assets</b>	<b>38,691</b>	<b>34,341</b>
<b>Total liabilities and net assets</b>	<b>68,577</b>	<b>59,143</b>

# Consolidated Financial Statements

## Statements of Income

(Millions of yen)

	The six months ended September 30, 2011	The six months ended September 30, 2010
Net sales	72,748	52,486
Cost of sales	64,356	44,633
Gross profit	8,392	7,853
Selling, general and administrative expenses	2,417	2,255
Operating income	5,974	5,597
Non-operating income	85	35
Non-operating expenses	26	156
Ordinary income	6,034	5,475
Extraordinary income	159	1
Extraordinary loss	78	8
Income before income taxes and minority interests	6,115	5,468
Income taxes-current	2,484	752
Income taxes-deferred	142	1,513
Income before minority interests	3,488	3,202
Net income	3,488	3,202

## Statements of Cash Flows

(Millions of yen)

	The six months ended September 30, 2011	The six months ended September 30, 2010
Net cash provided by (used in) operating activities	(2,475)	5,984
Net cash provided by (used in) investing activities	(1,374)	(2,102)
Net cash provided by (used in) financing activities	4,522	(3,341)
Effect of exchange rate change on cash and cash equivalents	26	(40)
Net increase in cash and cash equivalents	698	501
Cash and cash equivalents at beginning of period	2,250	1,711
Cash and cash equivalents at the end of period	2,948	2,212

# Stock Information/Corporate Profile

(As of September 30, 2011)

<b>Total number of authorized shares</b>	129,000,000 shares
<b>Total number of shares outstanding</b>	36,254,344 shares
<b>Number of shares per trading unit</b>	100 shares
<b>Number of shareholders</b>	9,483
<b>Principal shareholders</b>	

Name	Number of shares held (thousands of shares)	Percentage of shares held (%)
Japan Trustee Services Bank, Ltd. (Trust account)	1,554	4.29
TERA ENTERPRISES Co., Ltd.	1,350	3.72
The Master Trust Bank of Japan, Ltd. (Trust account)	1,098	3.03
Mitsuharu Terayama	1,082	2.99
State Street Bank and Trust Company 505103	1,080	2.98
K&M Co., Ltd.	900	2.48
Masamichi Terayama	802	2.21
Asahi Employee Stock Ownership Plan	605	1.67
Terra Corporation., Ltd.	600	1.65
MS planning Co., Ltd.	570	1.57

## Corporate Profile

### Corporate name

Asahi Holdings, Inc.

### Founded

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

### Capital

¥4,480 million

### Number of employees

1,280 (Consolidated)

### Business lines

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

### CEO&COO 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

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**Head Offices K O B E** 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)

**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** All prefectures and government ordinance cities

**Disposal Business Permission** 15 prefectures and 10 government ordinance cities