

Securities Code **5857**

Interim Business Report for FY2012

From April 1, 2012 to September 30, 2012



To Our Shareholders

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

During the forth interim term (April to September 2012), the Japanese economy remained in a severe condition, against a backdrop of decelerating global economy triggered by European sovereign-debt crisis, in addition to the prolonged Yen's appreciation.

Under such economic situations, in the precious metal recycling business, the collection volume of gold, silver, palladium, platinum and indium was lower than the previous corresponding period greatly due to domestic production shrinkage in the industry of electronics and Flat Panel Display. Precious metal prices were higher for gold and lower for silver, platinum, and palladium compared to 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.

In the environmental protection business, despite of the influence of the slow domestic production activities, the trading volumes of waste oil, sludge and medical-related wastes were higher than those of the previous corresponding period.

We have actively pursued our strategic focus outlined in the 6th mid-term business plan; "Business expansion in Asia", "Broadening business domain through M&A", and "Streamlining of group-wide management".

Consequently, our operating results in the interim term were as follows: consolidated net sales 49,324 million yen, operating profit 2,896 million yen, ordinary income 2,955 million yen, and net income 1,555 million yen.

The company maintained an interim dividend of 30 yen per share, along our stable dividend policy.

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

Incorporation of INTER CENTRAL, INC. into our Group



Radiant air-conditioning system

In July 2012, INTER CENTRAL, INC. became a wholly owned subsidiary of our company's consolidated subsidiary, Japan Waste Corporation. INTER CENTRAL engages in manufacturing and selling of heating equipments and also designs and constructs radiant air-conditioning systems. INTER CENTRAL provides a variety of energy efficient products such as electric storage heating equipments using night power and radiant cooling/heating equipments, which have been adopted by schools, hospitals, cultural institutions, commercial facilities, and general homes.

The acquisition of INTER CENTRAL is part of our strategy to broaden our business domain. We will continue to pursue synergistic effects among the Asahi Holdings group companies, and enhance the growth potential and profitability of the environmental preservation business segment.

Selected "ESG Theme Issues" by Tokyo Stock Exchange (TSE) Group, Inc.

"ESG" stands for Environmental, Social, and Governance. It is expected that appropriate evaluation for companies' attitudes toward ESG issues and its incorporation into investment decision will contribute to solving and improving environmental problems and social issues, as well as developing a sound capital market. Companies, which give consideration to ESG issues, are regarded to hold promise of sustainable growth, which shall lead to improved investment performance.

ESG issues selection was conducted as part of Japan Economy Support Project, "+YOU", targeting over 1,600 listing companies at TSE 1st section. Asahi Holdings, Inc. were evaluated and selected as one of 15 companies.

Asahi Holdings will contribute to form a sustainable society through growth of our business activities reflecting on our Credo, "To preserve the environment and protect earth's natural resources, entrusted to us by future generations, by using unique technology and expertise".

Reference:

Tokyo Stock Exchange Group

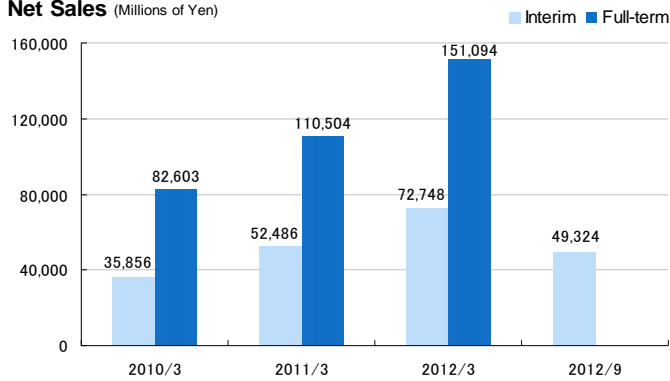
"Looking at Companies Through an ESG Lens"

[http://www.tse.or.jp/english/news/31/b7gje60000013hep-att/ESG\(E\).pdf](http://www.tse.or.jp/english/news/31/b7gje60000013hep-att/ESG(E).pdf)

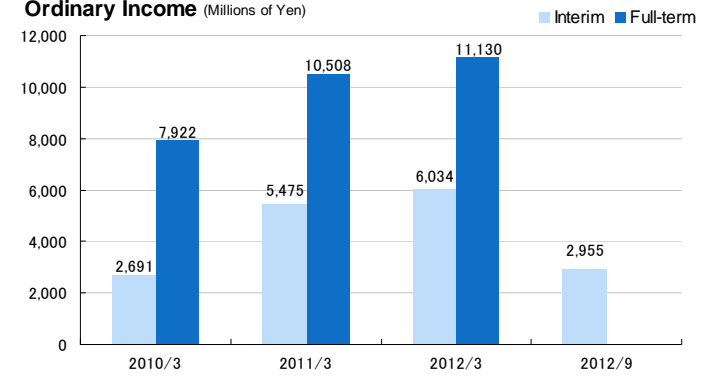


Consolidated Financial Highlights

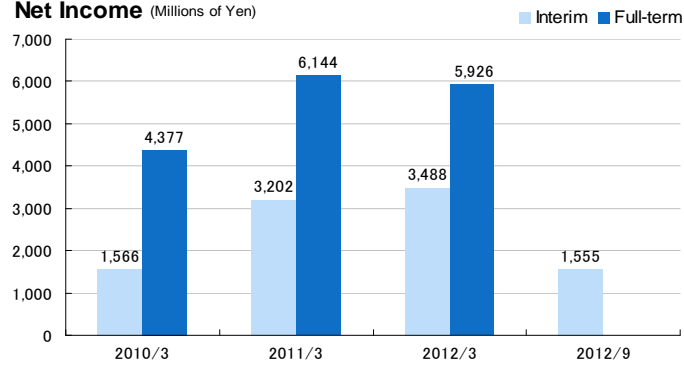
Net Sales (Millions of Yen)



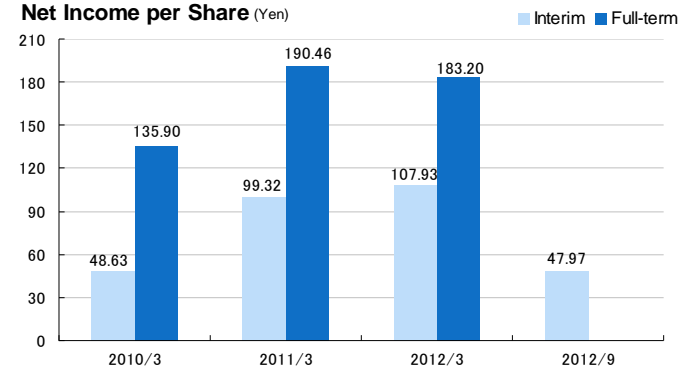
Ordinary Income (Millions of Yen)



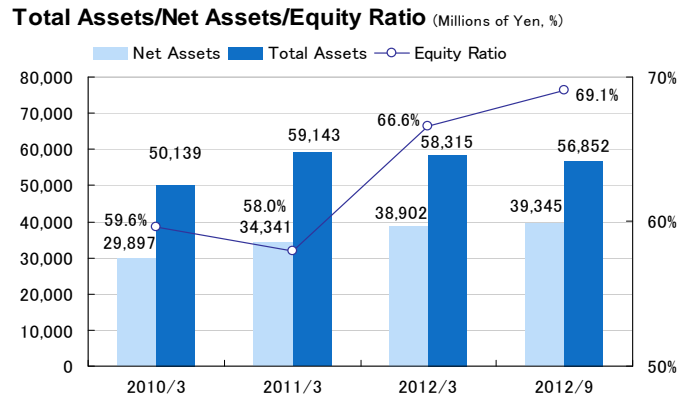
Net Income (Millions of Yen)



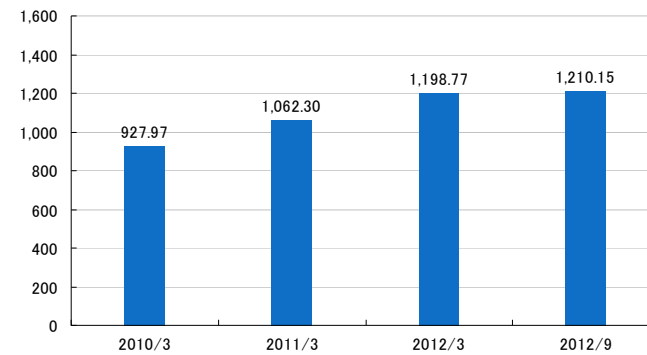
Net Income per Share (Yen)



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, 2012	As of September 30, 2012
ASSETS		
Current assets	29,301	27,072
Cash and deposits	3,527	3,269
Notes and accounts receivable-trade	9,480	11,329
Merchandise and finished goods	2,123	1,917
Work in process	10,727	7,887
Raw materials and supplies	618	836
Other	2,833	1,841
Allowance for doubtful accounts	(11)	(9)
Noncurrent assets	29,014	29,779
Property, plant and equipment	25,763	25,431
Buildings and structures, net	9,495	9,429
Land	12,910	12,999
Other, net	3,356	3,001
Intangible assets	2,490	3,325
Goodwill	1,907	2,573
Other	519	751
Investments and other assets	760	1,022
Total assets	58,315	

Notes: Amounts above are rounded down to unit of display.

(Millions of Yen)

	As of March 31, 2012	As of September 30, 2012
LIABILITIES		
Current liabilities	16,130	14,737
Notes and accounts payable-trade	3,253	2,635
Short-term loans payable	4,545	6,495
Current portion of long-term loans payable	1,000	1,011
Income taxes payable	3,267	962
Provision for bonuses	659	622
Provision for director's bonuses	30	6
Provision for repairs	100	41
Provision for product warranties	-	32
Other	3,306	2,931
Noncurrent liabilities	3,282	2,769
Long-term loans payable	1,500	1,000
Provision for retirement benefits	65	99
Provision for directors' retirement benefits	-	19
Other	1,716	1,650
Total liabilities	19,413	17,507
NET ASSETS		
Shareholders' equity	39,036	39,696
Capital stock	4,480	4,480
Capital surplus	6,087	6,086
Retained earnings	34,124	34,708
Treasury stock	(5,656)	(5,579)
Accumulated other comprehensive income	(201)	(428)
Valuation difference on available-for-sale securities	18	13
Deferred gains or losses on hedges	(111)	(356)
Foreign currency translation adjustment	(108)	(85)
Subscription rights to shares	67	77
Total net assets	38,902	39,345
Total liabilities and net assets	58,315	56,852

Notes: Amounts above are rounded down to unit of display.

Consolidated Financial Statements

Statements of Income

(Millions of Yen)

	The six months ended September 30, 2011	The six months ended September 30, 2012
Net sales	72,748	49,324
Cost of sales	64,356	43,818
Gross profit	8,392	5,506
Selling, general and administrative expenses	2,417	2,610
Operating income	5,974	2,896
Non-operating income	85	84
Non-operating expenses	26	24
Ordinary income	6,034	2,955
Extraordinary income	159	4
Extraordinary loss	78	338
Income before income taxes and minority interests	6,115	2,621
Income taxes-current	2,484	799
Income taxes-deferred	142	266
Income before minority interests	3,488	1,555
Net income	3,488	1,555

Notes: Amounts above are rounded down to unit of display.

Statements of Cash Flows

(Millions of Yen)

	The six months ended September 30, 2011	The six months ended September 30, 2012
Net cash provided by (used in) operating activities	(2,457)	1,007
Net cash provided by (used in) investing activities	(1,374)	(1,551)
Net cash provided by (used in) financing activities	4,522	235
Effect of exchange rate change on cash and cash equivalents	26	49
Net increase in cash and cash equivalents	698	(258)
Cash and cash equivalents at beginning of period	2,250	3,527
Cash and cash equivalents at the end of period	2,948	3,269

Notes: Amounts above are rounded down to unit of display.

Stock Information/Corporate Profile

As of September 30, 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** 9,925
- **Principal shareholders**

Name of Shareholder	Number of Shares Held (thousands of shares)	Ratio of Share-Holding (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	1,670	4.61
TERA ENTERPRISES Co., Ltd.	1,350	3.72
Japan Trustee Services Bank, Ltd. (Trust account)	1,228	3.39
State Street Bank and Trust Company 505103	1,143	3.15
Mitsuharu Terayama	1,082	2.99
K&M Co., Ltd.	900	2.48
Masamichi Terayama	802	2.21
Asahi Employee Stock Ownership Plan	658	1.82
Terra Corporation., Ltd.	600	1.65
MS Planning Co., Ltd.	570	1.57

※Total Number of Treasury Shares (3.517million shares) is excluding from the above.

■ 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
1,333 (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.
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.
INTER CENTRAL, INC.

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 Mitsuharu Terayama
President Tsutomu Sakurai
Director Yoshikatsu Takeuchi
Director Tomoya Higashiura
Director Masaki Hirano
Director Shoji Morii *
Standing Statutory Auditor Yukio Tanabe
Statutory Auditor Kazuhiko Tokumine *
Statutory Auditor Junzo Kojima *

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

Head Offices

- **Head Offices**
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