

Consolidated Financial Results for Third Quarter Ended December 31, 2006

February 8, 2007

Listing name: ASAHI TEC CORPORATION (“the Company”)
 (URL <http://www.asahitec.co.jp/>)
 Code Number: 5606
 Listing: The Tokyo Stock Exchange, 1st section
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1. Notes on the Quarterly Consolidated Financial Results

- (1) Application or non-application of simplified methods for accounting procedures: Applied
- A physical inventory count was omitted.
 - The allowance for doubtful accounts related to general receivables was calculated based on the actual rate of write-off of the prior fiscal year.
 - The allowance for loss on sales was not adjusted.
 - The liability for employee retirement benefits for this quarter was recorded on a pro rata basis, based on the projected liability at the end of the year.
 - The simplified method was applied for income tax calculation.
- (2) Change in accounting methods from the prior fiscal year: None
- (3) Change in the scope of consolidation and the application of the equity method: Yes
- Consolidated subsidiaries: addition - two entities, exclusion - none
 Equity method: addition - none, exclusion - none

2. Consolidated Financial Results for the Nine Months Ended December 31, 2006

(1) Consolidated operating results (Amounts are rounded down to the nearest ¥1 million.)

	Net sales		Operating income		Ordinary income	
	In ¥ million	%	In ¥ million	%	In ¥ million	%
Nine months ended December 31, 2006	67,831	64.2	2,279	57.2	1,928	89.6
Nine months ended December 31, 2005	41,308	9.6	1,449	-	1,016	-
Year ended March 31, 2006	57,994	0.7	2,013	220.5	1,447	-

	Net income		Net income per share	Net income per share (diluted)
	In ¥ million	%	In ¥	In ¥
Nine months ended December 31, 2006	994	887.7	10.02	9.86
Nine months ended December 31, 2005	100	-	1.13	1.12
Year ended March 31, 2006	(282)	-	(3.18)	-

- Notes: 1) Percent changes in net sales, operating income, ordinary income and net income in the tables are based on the comparison to the nine months ended December 31, 2005.
- 2) Operating results for the nine months ended December 31, 2006 reflect financial results of Techno-Metal Co., Ltd. which was acquired on February 28, 2006.
- 3) Net income per share was calculated based on the assumption that the preferred shares of Series A and B were converted to common shares.

[Qualitative information related to the changes in consolidated operating results]

Consolidated net sales for the nine months ended December 31, 2006 were ¥67,831 million, up by 64.2% from the same prior year period, due to the increase in domestic demand for truck parts, order of new parts for automobile and motor cycles, and demand for automobile parts in Thailand, and also to the newly consolidation of net sales of Techno-Metal Co., Ltd.

As to operating profit for the nine months ended December 31, 2006, consolidated operating income was ¥2,279 million, consolidated ordinary profit was ¥1,928 million, and consolidated net income was ¥994 million, due to the sales increase, the cost reduction through the shift of production function to subsidiaries in Thailand, and the profit contributed by Techno-Metal Co., Ltd.

(2) Consolidated financial position

(Amounts are rounded down to the nearest ¥1 million.)

	Total assets (In ¥ million)	Net assets (In ¥ million)	Net assets to total assets (%)	Net assets per share (In ¥)
Nine months ended December 31, 2006	73,169	19,881	23.6	193.06
Nine months ended December 31, 2005	49,224	12,979	26.4	177.84
Year ended March 31, 2006	72,593	15,332	21.1	161.69

- Notes: 1) Starting December 31, 2006, “equity”, “equity to total assets”, and “equity per share” data as of December 31, 2005 and March 31, 2006 are disclosed under “net assets”, “net assets to total assets”, and “net assets per share”, respectively.
- 2) Financial position as of December 31, 2006 and March 31, 2006 reflects financial position of Techno-Metal Co., Ltd. which was acquired on February 28, 2006.
- 3) In order to calculate the net assets per share, the Company divided a portion of period-end net assets attributable to common shares by the number of common shares issued and outstanding at the period-end. The portion of period-end net assets used for this calculation excludes a liquidation preference portion attributable to preferred shares and preferred dividends.

[Qualitative information related to the changes in consolidated financial position]

The total assets as of December 31, 2006 amounted to ¥73,169 million, up by ¥575 million compared to the balance as of March 31, 2006. This was due to the acquisition of fixed assets in Thai subsidiary even though the balance of trade notes and accounts receivable decreased for a seasonal reason.

The balance of liabilities was down to ¥53,287 million, down by ¥1,585 million compared to the balance as of March 31, 2006. The balance went down due to repayment of loans and decrease in trade notes and accounts payable for a seasonal reason.

Net assets amounted to ¥19,881 million, up by ¥4,549 million compared to the balance as of March 31, 2006. This is mainly due to the inclusion of “minority interest” as a component of net assets driven by the change in presentation guideline and also to the increase of net income. The increase of net assets is ¥2,161 million if the comparison is made by making prior year balance comparative to the one as of December 31, 2006.

3. Forecast of the Consolidated Financial Results for the Year Ending March 31, 2007

(In ¥ million)

	Net sales	Ordinary income	Net income
Year ending March 31, 2007	150,720	1,640	120

[Qualitative information related to forecast of the consolidated financial results]

There is no change to the forecast of the consolidated financial results since its announcement on January 12, 2007.

Note: The Company based the above forecast on certain data and information available as of the date of announcement. Therefore, actual outcomes may differ from the above forecast due to various factors.

Supplementary documents:

- Consolidated Balance Sheets as of December 31, 2006
- Consolidated Statements of Operations for the Nine Months Ended December 31, 2006

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Amounts are rounded down to the nearest ¥1 million.)

	December 31, 2005		December 31, 2006		March 31, 2006		Increase/ (Decrease)
	Millions of yen	Composition Ratio (%)	Millions of yen	Composition Ratio (%)	Millions of yen	Composition Ratio (%)	Millions of yen
Assets:							
Current Assets							
Cash and bank deposits	¥3,221		¥4,561		¥4,148		¥413
Trade notes and accounts receivable	12,258		16,883		18,181		(1,298)
Inventories	6,940		9,649		9,758		(109)
Other current assets	680		1,592		944		648
Total current assets	23,101	46.9%	32,687	44.7	33,032	45.5%	(345)
Non-Current Assets							
Property, plant, and equipment	24,241	49.2	37,785	51.6	36,899	50.8	886
Intangible fixed assets	222	0.5	706	1.0	799	1.1	(93)
Investments and other non-current assets	1,658	3.4	1,990	2.7	1,862	2.6	128
Total non-current assets	26,123	53.1	40,482	55.3	39,560	54.5	921
Total Assets	¥49,224	100.0%	¥73,169	100.0%	¥72,593	100.0%	¥575

(Amounts are rounded down to the nearest ¥1 million.)

	December 31, 2005		December 31, 2006		March 31, 2006		Increase/ (Decrease)
	Millions of yen	Composition Ratio (%)	Millions of yen	Composition Ratio (%)	Millions of yen	Composition Ratio (%)	Millions of yen
Liabilities:							
Current Liabilities							
Trade notes and accounts payable	¥11,022		¥14,245		¥14,963		(¥717)
Short-term loans and borrowings	1,443		3,617		4,418		(800)
Provision for bonuses	259		582		988		(405)
Provision for loss on sales	583		346		698		(352)
Other current liabilities	3,294		5,709		4,985		724
Total current liabilities	16,603	33.7%	24,501	33.5%	26,053	35.9%	(1,551)
Non-current Liabilities							
Long-term loans and borrowings	13,779		18,226		18,626		(400)
Provision for employees' retirement benefits	1,844		4,699		4,657		42
Other non-current liabilities	3,050		5,859		5,535		324
Total non-current liabilities	18,674	37.9	28,786	39.3	28,819	39.7	(33)
Total liabilities	35,278	71.6	53,287	72.8	54,873	75.6	(1,585)
Minority Interest:							
Minority interest	966	2.0	-	-	2,387	3.3	-
Equity:							
Capital	5,712	11.6	-	-	7,218	9.9	-
Additional paid-in capital	6,647	13.5	-	-	8,142	11.2	-
Accumulated deficit	(3,012)	(6.1)	-	-	(3,392)	(4.7)	-
Land revaluation surplus	3,542	7.2	-	-	3,052	4.2	-
Net unrealized gain on available-for-sale securities	40	0.1	-	-	43	0.1	-
Foreign currency translation adjustments	65	0.1	-	-	282	0.4	-
Treasury stock	(16)	(0.0)	-	-	(14)	(0.0)	-
Total equity	12,979	26.4	-	-	15,332	21.1	-
Total Liabilities, Minority Interest and Equity	¥49,224	100.0%	-	-	¥72,593	100.0%	-
Net Assets:							
Shareholders' Equity:							
Capital	-		7,221		-		-
Additional paid-in capital	-		8,146		-		-
Accumulated deficit	-		(2,392)		-		-
Treasury stock	-		(16)		-		-
Total shareholders' equity	-	-	12,958	17.7	-	-	-
Valuation and Translation Adjustments:							
Net unrealized gain on available-for-sale securities	-		58		-		-
Unrealized gain on hedging arrangement	-		306		-		-
Land revaluation surplus	-		3,047		-		-
Foreign currency translation adjustments	-		919		-		-
Total valuation and translation adjustments	-	-	4,332	6.0	-	-	-
Stock Option	-	-	15	0.0	-	-	-
Minority Interest	-	-	2,576	3.5	-	-	-
Total net assets	-	-	19,881	27.2	-	-	-
Total Liabilities and Net Assets	-	-	¥73,169	100.0%	-	-	-

(2) Consolidated Statements of Operations

(Amounts are rounded down to the nearest ¥1 million.)

	Nine months ended December 31, 2005		Nine months ended December 31, 2006		Increase/ (Decrease) Millions of yen	Year ended March 31, 2006	
	Millions of yen	Percentage	Millions of yen	Percentage		Millions of yen	Percentage
Net Sales	¥41,308	100.0%	¥67,831	100.0%	¥26,523	¥57,994	100.0%
Cost of Sales	35,969	87.1	60,249	88.8	24,279	50,468	87.0
Reversal of provision for loss on sales	(561)	(1.4)	(362)	(0.5)	198	(455)	(0.8)
Gross Profit	5,899	14.3	7,944	11.7	2,044	7,982	13.8
Selling, General and Administrative Expenses	4,449	10.8	5,664	8.3	1,215	5,969	10.3
Operating Income	1,449	3.5	2,279	3.4	829	2,013	3.5
Non-Operating Income:							
Interest and dividend income	8		9		1	30	
Other non-operating income	233		383		149	302	
Total non-operating income	241	0.6	392	0.6	150	333	0.6
Non-operating Expenses:							
Interest expense	497		651		153	676	
Other non-operating expenses	176		92		(83)	221	
Total non-operating expenses	674	1.6	743	1.1	69	898	1.6
Ordinary Income	1,016	2.5	1,928	2.9	911	1,447	2.5
Extraordinary Gains:							
Gain on sale of fixed assets	17		11		(6)	22	
Other extraordinary gains	20		18		(1)	20	
Total extraordinary gains	37	0.1	29	0.0	(8)	43	0.1
Extraordinary Losses:							
Loss on prior year adjustment – provision for directors' retirement benefit	-		21		21	-	
Loss on disposal of fixed assets	200		196		(4)	206	
Impairment loss	607		8		(599)	621	
Loss on disposal of inventories	-		-		-	13	
Provision for environmental obligations	-		146		146	-	
M&A advisory fee and refinance costs	-		-		-	646	
Other extraordinary losses	2		17		15	15	
Total extraordinary losses	811	2.0	391	0.6	(419)	1,503	2.6
Income (Loss) before Income Taxes	243	0.6	1,566	2.3	1,322	(12)	(0.0)
Corporate income, inhabitant and enterprise taxes	46	0.1	377	0.5	330	137	0.3
Minority Interest in Net Income (Loss)	95	0.2	194	0.3	98	133	0.2
Net Income (Loss)	¥100	0.3%	¥994	1.5%	¥894	(¥282)	(0.5 %)