

(Translation)

Consolidated Financial Results for the First Quarter Ended June 30, 2008

August 8, 2008

Listing name: ASAHI TEC CORPORATION (the "Company")

Listing: The Tokyo Stock Exchange, 1st section

Code number: 5606

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(Rounded to the nearest million yen except for per share information)

1. Consolidated Financial Results for the Three Months Ended June 30, 2008 (April 1, 2008 ~ June 30, 2008)

(1) Consolidated operating results

	Net sales (In ¥ million)	%	Operating income (In ¥ million)	%	Ordinary income (loss) (In ¥ million)	%
Three months ended June 30, 2008	73,331	-	1,640	-	(1,079)	-
Three months ended June 30, 2007	85,297	303.4	2,989	692.9	122	(47.6)

	Net loss (In ¥ million)	%	Basic net loss per share (In ¥)	Diluted net income per share (In ¥)
Three months ended June 30, 2008	(1,148)	-	(5.40)	-
Three months ended June 30, 2007	(679)	-	(3.53)	-

(2) Consolidated financial position

	Total assets (In ¥ million)	Net assets (In ¥ million)	Equity ratio (%)	Net assets per share (In ¥)
Three months ended June 30, 2008	249,751	46,543	18.0	77.07
Year ended March 31, 2008	242,886	47,692	18.9	81.94

For reference: Equity capital (In ¥ million)

Three months ended June 30, 2008	45,063
Year ended March 31, 2008	46,073

2. Dividend Information

	Cash dividend per share (In ¥)				
	Q1	Q2	Q3	Year-end	Total
Year ended March 31, 2008	-	-	-	-	-
Year ending March 31, 2009	-	-	-	-	-
Year ending March 31, 2009 (forecast)	-	-	-	-	-

(Note) Revision of dividend forecast in Q1: No

3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2009 (April 1, 2008 ~ March 31, 2009)

	Net sales (In ¥ million)	%	Operating income (In ¥ million)	%	Ordinary loss (In ¥ million)	%
Six months ending September 30, 2008	146,700	-	1,400	-	(4,300)	-
Year ending March 31, 2009	299,000	(5.3)	5,600	67.7	(5,800)	-

	Net loss (In ¥ million)	%	Basic net loss per share (In ¥)
Six months ending September 30, 2008	(5,700)	-	(23.94)
Year ending March 31, 2009	(8,600)	-	(37.16)

(Note) Revision of forecast of consolidated financial results in Q1: No

4. Other

(1) Change in the scope of consolidation: None

(2) Adoption of simplified methods and accounting treatment specific to the quarterly closing: Yes

(Note) Please refer to “4. Other” on page 3 for detail.

(3) Change of accounting principles/methods and presentation in preparing quarterly consolidated financial statements

Change by amendments of accounting pronouncements: Yes

Changes other than above: None

(Note) Please refer to “4. Other” on page 3 for detail.

(4) Number of shares issued and outstanding (common stock)

(In shares)

	As of June 30, 2008	As of June 30, 2007	As of March 31, 2008
Number of shares issued and outstanding (including treasury stock)	259,907,537	-	259,907,537
Number of treasury stock	419,919	-	415,335
Weighted average number of shares	259,489,274	259,500,700	-

Accounting Standards Board of Japan (“ASBJ”) Statement No. 12 *Accounting Standard for Quarterly Financial Reporting* and ASBJ Guidance No. 14 *Guidance on Accounting Standard for Quarterly Financial Reporting* were newly adopted for the fiscal year ending March 31, 2009. In addition, quarterly consolidated financial statements are prepared in accordance with *Rules for Quarterly Financial Reporting*.

All forecasts were made based on the data available to the Company as of the date this report was disclosed. Therefore, the actual outcome may differ from the forecast due to various factors.

[Discussion and Analysis of Consolidated Financial Statements]

1. Consolidated operating results

The Japanese economy has been weakening due to an increase in material prices and oil price continuing from the last fiscal year, and a slowdown of the U.S. economy affected by the subprime mortgage financial crisis.

In this economic environment, consolidated sales for the three months ended June 30, 2008 amounted to ¥73,331 million due to an increase in domestic demand, supported by the growing exports of trucks and construction machines to emerging countries and the steadily growing sales of aluminum wheel products, offset by a decrease in North American demand.

Cost of sales amounted to ¥66,908 million (91.2% of consolidated sales) and selling, general and administrative expenses amounted to ¥4,924 million (6.7% of consolidated sales). The businesses in Japan, Asia (excluding Japan), and Europe have been successful, and Metaldyne Corporation has been improving its profitability and implementing cost reductions as planned. However, operating income amounted to ¥1,640 million because the impact of the weakening North American economy has been significant, and ordinary loss amounted to ¥1,079 million due to the recording of interest expense of ¥2,588 million.

In addition, ASBJ Statement No. 9 *Accounting Standard for Measurement of Inventories* was newly adopted for the first quarter ended June 30, 2008. As a result of this adoption, an extraordinary loss of ¥366 million was recorded during the first quarter to adjust the beginning balance of inventory.

Based on the above, the net loss for the three months ended June 30, 2008 amounted to ¥1,148 million.

2. Consolidated financial position

Total assets amounted to ¥249,751 million, up ¥6,864 million from the prior year-end, due to the increase of tangible and intangible assets impacted by foreign currency translation of a foreign subsidiary.

Total liabilities amounted to ¥203,207 million, up ¥8,012 million from the prior year-end, due to the foreign currency translation impact on a foreign subsidiary's bonds payable and long-term loans payable, and an increase of a foreign subsidiary's long-term loans payable to meet its increased working capital needs.

Net assets amounted to ¥46,543 million, down ¥1,148 million from the prior year-end, due to the net loss of ¥1,148 million for the three months ended June 30, 2008.

3. Forecast of consolidated financial results

There is no change to the forecast of the consolidated financial results for the year ending March 31, 2009 which we announced on May 23, 2008.

4. Other

(1) Change in the scope of consolidation: None

(2) Adoption of simplified methods and accounting treatment specific to the quarterly closing

1) Simplified methods

1. Calculation method of allowance for accounts receivable – Since the actual write-off ratio as of June 30, 2008 was not significantly different from one as of March 31, 2008, allowance for accounts receivable for this quarter is calculated using the write-off ratio as of March 30, 2008.
2. Valuation of inventories – The inventory balance as of June 30, 2008 is calculated using the reasonable method based on the inventory balance as of March 30, 2008, and inventory observation is also omitted.
3. Calculation method of depreciation expense – Depreciation expense for fixed assets under the declining method is recorded by prorating the annual depreciation expense to be recorded during this fiscal year.
4. Calculation method of corporate and deferred taxes – The calculation of corporate tax expense for the Company and some of the consolidated subsidiaries is performed considering only material additive/subtractive items and tax credits. The valuation of deferred tax assets for this quarter is performed

using the future projections or tax planning used for the year ended March 30, 2008, because the economic environment has not significantly changed and also there has been no material change in temporary differences since March 31, 2008.

5. Elimination of assets and liabilities and transactions among consolidated entities – Elimination of assets and liabilities is performed without making adjustments when the difference between assets and liabilities is considered immaterial. Elimination of transactions is performed by using the Company's amount when the difference is considered immaterial.

2) Accounting treatment specific to quarterly closing

Calculation of tax expense – Some of the consolidated subsidiaries calculated tax expense by multiplying loss before income taxes by the estimated effective tax rate which was determined using the estimate of annual income before taxes and that of annual tax expense adjusted for permanent differences. Deferred tax expense of these subsidiaries is included in current tax expense for the presentation of the consolidated statement of operations.

- (3) Change of accounting principles/methods and presentation in preparing quarterly consolidated financial statements
 1. ASBJ Statement No. 12 *Accounting Standard for Quarterly Financial Reporting* and ASBJ Guidance No. 14 *Guidance on Accounting Standard for Quarterly Financial Reporting* were newly adopted for the fiscal year ending March 31, 2009. In addition, quarterly consolidated financial statements are prepared in accordance with *Rules for Quarterly Financial Reporting*.
 2. ASBJ Statement No. 9 *Accounting Standard for Measurement of Inventories* was newly adopted for the first quarter ended June 30, 2008. As a result of this adoption, operating income decreased by ¥67 million, ordinary loss and loss before income taxes increased by ¥67 million and ¥434 million, respectively.
 3. ASBJ Practical Issues Task Force (PITF) No. 18 *Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements* was newly adopted for the first quarter ended June 30, 2008, and necessary consolidating adjustments are made accordingly. The adoption of this new pronouncement did not affect the consolidated operating results.
 4. ASBJ Statement No. 13 *Accounting Standard for Lease Transactions* and ASBJ Guidance No. 16 *Guidance on Accounting Standard for Lease Transactions* were early adopted for the first quarter ended June 30, 2008. The adoption of these new pronouncements did not materially affect consolidated financial position and consolidated operating results.

(Additional Information)

As a result of changes in the tax law, the Company and some of the domestic subsidiaries revised the depreciation terms of major machinery from 4 to 12 years to 4 to 9 years starting the first quarter ended June 30, 2008, after reviewing the economic life of assets. Such change in depreciation terms did not materially affect consolidated operating results.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In ¥ million)

	As of June 30, 2008	As of March 31, 2008
Assets		
Current assets		
Cash and deposits	¥8,207	¥6,529
Notes and accounts receivable-trade	35,139	36,395
Merchandise and finished goods	7,909	7,700
Work in process	5,808	4,771
Raw materials and supplies	8,773	8,704
Other	4,938	5,099
Allowance for doubtful accounts	(190)	(213)
Total current assets	70,587	68,987
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	16,888	16,534
Machinery, equipment and vehicles, net	49,341	49,813
Tools, furniture and fixtures, net	4,417	4,545
Land	16,994	16,763
Construction in progress	5,820	4,903
Other, net	1,934	-
Total property, plant and equipment	95,398	92,560
Intangible assets		
Goodwill	25,654	26,000
Other	53,756	50,826
Total intangible assets	79,410	76,827
Investments and other assets	4,121	4,242
Total noncurrent assets	178,930	173,629
Deferred assets	232	269
Total assets	249,751	242,886
Liabilities		
Current liabilities		
Notes and accounts payable-trade	39,832	38,104
Short-term loans payable	5,169	8,394
Income taxes payable	867	1,104
Provision for bonuses	1,307	1,918
Other provision	1,276	1,488
Other	13,396	14,238
Total current liabilities	61,851	65,249
Noncurrent liabilities		
Bonds payable	43,808	40,644
Long-term loans payable	66,297	58,235
Provision for retirement benefits	11,995	12,742
Other provision	928	933
Negative goodwill	175	34
Other	18,150	17,354
Total noncurrent liabilities	141,356	129,944
Total liabilities	¥203,207	¥195,194

(Continued)

(In ¥ million)

	As of June 30, 2008	As of March 31, 2008
Net assets		
Shareholders' equity		
Capital stock	¥34,384	¥34,384
Capital surplus	35,309	35,309
Accumulated deficit	(37,587)	(36,607)
Treasury stock	(20)	(20)
Total shareholders' equity	32,086	33,067
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	29	25
Deferred losses on hedges	(76)	(143)
Revaluation reserve for land	3,044	3,044
Foreign currency translation adjustment	9,978	10,078
Total valuation and translation adjustments	12,976	13,005
Subscription rights to shares	298	255
Minority interests	1,182	1,363
Total net assets	46,543	47,692
Total liabilities and net assets	¥249,751	¥242,886

(Concluded)

(2) Consolidated Statement of Operations

(In ¥ million)

	Three months ended June 30, 2008
Net sales	¥73,331
Cost of sales	66,908
Reversal of provision for loss on sales	(141)
Gross profit	6,564
Selling, general and administrative expenses	4,924
Operating income	1,640
Non-operating income	
Interest income	13
Dividends income	2
Amortization of negative goodwill	2
Equity in earnings of affiliates	78
Subsidy income	66
Miscellaneous income	55
Total non-operating income	218
Non-operating expenses	
Interest expenses	2,588
Miscellaneous expenses	349
Total non-operating expenses	2,937
Ordinary loss	(1,079)
Extraordinary income	
Reversal of provision for retirement benefits	1,044
Gain on sales of noncurrent assets	61
Other	16
Total extraordinary income	1,121
Extraordinary loss	
Loss on disposal of noncurrent assets	150
Impairment loss	10
Loss on valuation of inventories	366
Restructuring expense – severance	44
Other	108
Total extraordinary losses	680
Loss before income taxes and minority interests	(638)
Income taxes – current	430
Income taxes – deferred	59
Total income taxes	490
Minority interests in loss	20
Net loss	(¥1,148)

(3) Note to going concern

This section is not applicable to the first quarter ended June 30, 2008.

(4) Material change in shareholders' equity

This section is not applicable to the first quarter ended June 30, 2008.

[Supplementary Information]

Consolidated Statement of Operations

(In ¥ million)

	Three months ended June 30, 2007
Net sales	¥85,297
Cost of sales	76,568
Reversal of provision for loss on sales	(150)
Gross profit	8,879
Selling, general and administrative expenses	5,890
Operating income	2,989
Non-operating income	
Interest and dividends income	22
Miscellaneous income	453
Total non-operating income	476
Non-operating expenses	
Interest expense	3,134
Miscellaneous expenses	208
Total non-operating expenses	3,343
Ordinary income	122
Extraordinary income	
Gain on sales of noncurrent assets	9
Reversal of allowance for doubtful accounts	10
Other	14
Total extraordinary income	34
Extraordinary loss	
Loss on disposal of noncurrent assets	42
Special retirement expenses	77
Other	5
Total extraordinary losses	126
Income before income taxes and minority interests	30
Corporate and deferred income taxes	644
Minority interests in loss	65
Net loss	(¥679)