

Consolidated Financial Results for Third Quarter Ended December 31, 2007

February 15, 2008

Listing name: ASAHI TEC CORPORATION (the “Company”)
 Code number: 5606
 Listing: The Tokyo Stock Exchange, 1st section
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1. Financial Results for the Nine Months Ended December 31, 2007

(1) Consolidated operating results

(Amounts are rounded to the nearest million yen except for per share information)

	Net sales		Operating income		Ordinary income (loss)	
	(In ¥ million)	%	(In ¥ million)	%	(In ¥ million)	%
Nine months ended December 31, 2007	240,235	254.2	2,449	7.5	(6,784)	-
Nine months ended December 31, 2006	67,831	64.2	2,279	57.2	1,928	89.6
Year ended March 31, 2007	145,702	151.2	3,276	62.7	(162)	-

	Net income (loss)		Basic net income (loss) per share (In ¥)	Diluted net income per share (In ¥)
	(In ¥ million)	%		
Nine months ended December 31, 2007	(7,503)	-	(31.57)	-
Nine months ended December 31, 2006	994	887.7	10.02	9.86
Year ended March 31, 2007	(665)	-	(6.40)	-

(2) Consolidated financial position

	Total assets (In ¥ million)	Net assets (In ¥ million)	Net assets to total assets (%)	Net assets per share (In ¥)
Nine months ended December 31, 2007	291,602	72,087	24.1	176.84
Nine months ended December 31, 2006	73,169	19,881	23.7	193.06
Year ended March 31, 2007	304,691	76,082	24.1	190.39

2. Dividend Information

The Company omitted disclosure of dividend information since dividend payment is not made on a quarterly basis.

3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2008 [For reference]

	Net sales (In ¥ million)	%	Operating income (In ¥ million)	%
Year ending March 31, 2008	327,000	124.4	5,400	64.8

	Ordinary income (In ¥ million)	%	Net income (In ¥ million)	%	Net income per share (In ¥)
Year ending March 31, 2008	(7,000)	-	(8,000)	-	(34.56)

4. Other

- (1) Change in the scope of consolidation: No
- (2) Application of simplified methods for accounting treatment: Yes
- (3) Change in accounting principles and procedures since fiscal year ended March 31, 2007: Yes
(Note) Please refer to “4. Other” on page 3 for detail.

※ About utilization of forecast

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.

1. Consolidated operating results

Consolidated sales for the nine months ended December 31, 2007 were ¥240,235 million, up 254.2% from the prior nine-month period, due to sales contributed by Metaldyne Corporation (“Metaldyne”) acquired on January 11, 2007, introduction of new aluminum wheel products to the market, increased demand for automobile parts triggered by model changes, and increased exports of truck components.

Operating income was ¥2,449 million, up 7.5% from the prior nine-month period, due to the overall sales increase and improved profitability supported by cost reduction activities in procurement and manufacturing, offset by the increase in material cost and amortization of goodwill associated with the acquisition of Metaldyne.

Ordinary loss was ¥6,784 million, down ¥8,712 million from the prior nine-month period, and net loss was ¥7,503 million, down ¥8,498 million from the prior nine-month period, due to the increase in interest expense and corporate income tax expense incurred by Metaldyne.

2. Consolidated financial position

Total assets were ¥291,602 million, down ¥13,089 million from the prior year-end, mainly due to decrease of ¥4,281 million in trade notes and accounts receivable as a result of lower sales of Metaldyne and that of ¥8,471 million in fixed assets as a result of amortization of goodwill and impact from foreign currency translation. Total liabilities were ¥219,514 million, down ¥9,094 million from the prior year-end, as a result of decrease in trade notes and accounts payable, the payment of accrued interest expense and tax expense, and impact from foreign currency translation. Net assets were ¥72,087 million, down ¥3,994 million from the prior year-end.

3. Forecast of consolidated financial results

There is no change to the forecast of the consolidated financial results which we announced on November 15, 2007.

4. Other

(1) Change in the scope of consolidation: No

(2) Application of simplified methods for accounting treatment

- A physical inventory count was omitted.
- The allowance for doubtful accounts related to general receivables was calculated based on the actual rate of write-offs of the prior fiscal year.
- The allowance for loss on sales was not reevaluated.
- 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 the income tax calculation.

(3) Change in accounting principles and procedures since fiscal year ended March 31, 2007

Depreciation method has been modified for the assets acquired after April 1, 2007 in accordance with the revision of Japanese corporate tax laws issued in March 2007. Impact on the consolidated operating results by this change appeared immaterial.

(4) Business Combinations

Purchase price allocation for certain assets and liabilities of Metaldyne are estimates and as such are subject to subsequent revisions after the nine months ended December 31, 2007.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	As of December 31, 2006		As of December 31, 2007		As of March 31, 2007		Increase (decrease)
	Million yen	%	Million yen	%	Million yen	%	Million yen
Assets:							
Current Assets							
Cash and bank deposits	¥4,561		¥8,285		¥8,803		(¥518)
Trade notes and accounts receivable	16,883		38,017		42,298		(4,281)
Inventories	9,649		24,634		22,009		2,625
Other current assets	1,592		6,769		9,104		(2,334)
Total current assets	32,687	44.7%	77,706	26.6	82,215	27.0%	(4,508)
Non-Current Assets							
Property, plant, and equipment	37,785	51.6	102,509	35.2	107,824	35.4	(5,314)
Intangible fixed assets	706	1.0	106,247	36.4	109,953	36.1	(3,705)
Investments and other non-current assets	1,990	2.7	4,832	1.7	4,283	1.4	549
Total non-current assets	40,482	55.3	213,589	73.3	222,060	72.9	(8,471)
Deferred Assets	-	-	305	0.1	415	0.1	(109)
Total Assets	73,169	100.0	291,602	100.0	304,691	100.0	(13,089)
Liabilities:							
Current Liabilities							
Trade notes and accounts payable	14,245		42,133		43,421		(1,287)
Short-term loans and borrowings	3,617		5,086		5,423		(337)
Provision for bonuses	582		1,128		2,078		(950)
Other provisions	395		1,733		2,648		(914)
Other current liabilities	5,660		15,575		19,966		(4,390)
Total current liabilities	24,501	33.5	65,658	22.5	73,539	24.1	(7,880)
Non-Current Liabilities							
Debentures	-		46,601		47,977		(1,375)
Long-term loans and borrowings	18,226		70,089		66,292		3,796
Provision for employees' retirement benefits	4,699		16,833		18,621		(1,787)
Other provisions	151		948		497		450
Other non-current liabilities	5,708		19,382		21,681		(2,298)
Total non-current liabilities	28,786	39.3	153,856	52.8	155,070	50.9	(1,213)
Total liabilities	¥53,287	72.8%	¥219,514	75.3%	¥228,609	75.0%	(¥9,094)

(Continued)

	As of December 31, 2006		As of December 31, 2007		As of March 31, 2007		Increase (decrease)
	Million yen	%	Million yen	%	Million yen	%	Million yen
Net Assets:							
Shareholders' Equity:							
Capital	¥7,221	9.9%	¥34,384	11.8	¥34,384	11.3%	¥0
Additional paid-in capital	8,146	11.1	35,309	12.1	35,308	11.6	0
Retained earnings (accumulated deficit)	(2,392)	(3.3)	(10,871)	(3.7)	(3,449)	(1.1)	(7,422)
Treasury stock	(16)	(0.0)	(19)	(0.0)	(17)	(0.0)	(2)
Total shareholders' equity	12,958	17.7	58,803	20.2	66,226	21.8	(7,423)
Valuation and Translation Adjustments:							
Net unrealized gain on available-for-sale securities	58	0.1	39	0.0	70	0.0	(30)
Unrealized gain (loss) on hedging arrangement	306	0.4	(62)	(0.0)	-	-	(62)
Land revaluation surplus	3,047	4.2	3,044	1.0	3,044	1.0	-
Foreign currency translation adjustments	919	1.3	8,596	2.9	3,907	1.3	4,688
Total valuation and translation adjustments	4,332	6.0	11,618	3.9	7,022	2.3	4,596
Stock Option	15	0.0	329	0.1	108	0.0	220
Minority Interest	2,576	3.5	1,336	0.5	2,724	0.9	(1,387)
Total net assets	19,881	27.2	72,087	24.7	76,082	25.0	(3,994)
Total Liabilities and Net Assets	¥73,169	100.0%	¥291,602	100.0%	¥304,691	100.0%	(¥13,089)

(Concluded)

(2) Consolidated Income Statements

	Nine months ended December 31, 2006		Nine months ended December 31, 2007		Increase (decrease) Million yen	Year ended March 31, 2007	
	Million yen	%	Million yen	%		Million yen	%
Net Sales	¥67,831	100.0%	¥240,235	100.0%	¥172,403	¥145,702	100.0%
Cost of Sales	60,249	88.8	220,217	91.7	159,968	130,224	89.3
Reversal of provision for loss on sales	(362)	(0.5)	(360)	(0.2)	2	(336)	(0.2)
Gross Profit	7,944	11.7	20,377	8.5	12,432	15,814	10.9
Selling, General and Administrative Expenses	5,664	8.3	17,927	7.5	12,262	12,538	8.6
Operating Income	2,279	3.4	2,449	1.0	170	3,276	2.3
Non-Operating Income:							
Interest and dividend income	9		62		53	25	
Other non-operating income	383		482		98	503	
Total non-operating income	392	0.6	544	0.2	152	529	0.3
Non-Operating Expenses:							
Interest expense	651		9,217		8,566	3,605	
Other non-operating expenses	92		561		468	362	
Total non-operating expenses	743	1.1	9,778	4.0	9,034	3,967	2.7
Ordinary Income (Loss)	1,928	2.9	(6,784)	(2.8)	(8,712)	(162)	(0.1)
Extraordinary Gains:							
Curtailment gain	-		620		620	-	
Reversal of provision for employees' bonus	-		330		330	-	
Reversal of provision for legal proceedings	-		137		137	-	
Gain on sale of fixed assets	11		141		130	35	
Return of insurance premium at maturity	-		146		146	-	
Other extraordinary gains	18		12		(6)	143	
Total extraordinary gains	29	0.0	1,387	0.6	1,357	178	0.1
Extraordinary Losses:							
Provision for directors' retirement benefit	21		-		(21)	21	
Loss on disposal of fixed assets	196		411		214	370	
Impairment loss	8		67		59	23	
Restructuring expense	-		184		184	-	
Provision for environmental obligations	146		-		(146)	282	
Other extraordinary losses	17		13		(4)	5	
Total extraordinary losses	391	0.6	677	0.3	285	704	0.5
Income (Loss) before Income Taxes	1,566	2.3	(6,074)	(2.5)	(7,640)	(687)	(0.5)
Corporate and deferred income tax	377	0.5	1,203	0.5	826	(270)	(0.2)
Minority Interest	194	0.3	225	0.1	31	248	0.2
Net Income (Loss)	¥994	1.5%	(¥7,503)	(3.1%)	(¥8,498)	(¥665)	(0.5%)