

Consolidated Financial Results for First Quarter Ended June 30, 2007

August 10, 2007

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 Three Months Ended June 30, 2007

(1) Consolidated operating results

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

	Net sales (In ¥ million)	Percent change	Operating income (In ¥ million)	Percent change	Ordinary income/(loss) (In ¥ million)	Percent change
Three months ended June 30, 2007	85,297	303.4%	2,989	692.9%	122	(47.6%)
Three months ended June 30, 2006	21,144	67.0%	376	197.5%	233	-
Year ended March 31, 2007	145,702	151.2%	3,276	62.7%	(162)	-

	Net income/(loss) (In ¥ million)	Percent change	Basic net income/(loss) per share (in ¥)	Diluted net income per share (in ¥)
Three months ended June 30, 2007	(679)	-	(2.80)	-
Three months ended June 30, 2006	47	-	0.48	0.47
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 ¥)
Three months ended June 30, 2007	309,535	76,943	23.9%	192.24
Three months ended June 30, 2006	70,499	17,737	21.8%	161.89
Year ended March 31, 2007	304,691	76,082	24.0%	190.39

2. Dividend Information

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

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

	Net sales (In ¥ million)	Percent Change	Operating income (In ¥ million)	Percent Change
Six months ending September 30, 2007	159,920	263.0%	4,040	215.7%
Year ending March 31, 2008	329,200	125.9%	10,520	221.3%

	Ordinary income (In ¥ million)	Percent change	Net income (In ¥ million)	Percent change	Net income per share (in ¥)
Six months ending September 30, 2007	(1,780)	-	(2,680)	-	(10.01)
Year ending March 31, 2008	(510)	-	(2,800)	-	(11.98)

4. Other

- (1) Change in the scope of consolidation: None
- (2) Application or non-application of simplified methods for accounting treatment: Applied
- (3) Change in accounting methods from the prior fiscal year: None

(Note) Please also see 「4. Other」 on page 3 for detail.

※ About utilization of forecast

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

1. Consolidated operating results

Consolidated sales for the first quarter ended June 30, 2007 amounted to ¥85,297 million, up 303.4% compared to the same period of the prior year, mainly due to sales contributed by Metaldyne Corporation (“Metaldyne”), a wholly-owned subsidiary, acquired on January 11, 2007, increased sales of new automobile parts, increase demand for parts used in construction machinery, sales contributed by back-log of orders from the prior fiscal year in the environmental systems and equipment business, increased orders of disaster prevention products in electric power equipment business, and a continuing high demand for automobile parts in Thailand.

Consolidated operating income amounted to ¥2,989 million, up 692.9% compared to the same period of the prior year, mainly due to operating income contributed by Metaldyne, the impact of the overall sales increase, and cost reduction activities in manufacturing and the procurement department.

However, ordinary income amounted to ¥122 million, down 47.6% compared to the same period of the prior year, and net loss for the first quarter ended June 30, 2007 amounted to ¥679 million (an increase in net loss of ¥726 million compared to the same period of the prior year) due to increases in interest expense and corporate income tax expense incurred by Metaldyne.

2. Consolidated financial position

Total assets amounted to ¥309,535 million, up by ¥4,843 million from the prior year-end, mainly due to increases in inventory and fixed assets of ¥1,727 million and ¥4,229 million respectively, offset by a decrease in cash and cash equivalents of ¥1,216 million. Total liabilities amounted to ¥232,591 million, up by ¥3,981 million from the prior year-end. Net assets amounted to ¥76,943 million, up by ¥861 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 May 23, 2007.

4. Other

(1) Change in the scope of consolidation

None

(2) Application or non-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-off 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 income tax calculation.

(3) Change in accounting methods from the prior fiscal year

None

(4) Business Combinations

Since purchase price allocation for Metaldyne acquired during the fiscal year ended March 31, 2007 is based on preliminary estimates of fair value available as of June 30, 2007, asset and liability balances are still subject to revision.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	As of June 30, 2006		As of June 30, 2007		As of March 31, 2007		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	¥3,870		¥7,587		¥8,803		(¥1,216)
Trade notes and accounts receivable	16,306		42,546		42,298		247
Inventories	9,869		23,736		22,009		1,727
Other current assets	964		8,995		9,104		(108)
Total current assets	31,011	44.0%	82,865	26.8%	82,215	27.0%	649
Non-Current Assets							
Property, plant, and equipment	36,867	52.3	109,240	35.3	107,824	35.4	1,415
Intangible fixed assets	759	1.1	112,673	36.4	109,953	36.1	2,720
Investments and other non-current assets	1,860	2.6	4,377	1.4	4,283	1.4	94
Total non-current assets	39,487	56.0	226,290	73.1	222,060	72.9	4,229
Deferred Assets							
Stock issuance cost	-		378		415		(36)
Total deferred assets	-	-	378	0.1	415	0.1	(36)
Total Assets	70,499	100.0	309,535	100.0	304,691	100.0	4,843
Liabilities:							
Current Liabilities							
Trade notes and accounts payable	13,691		45,276		43,421		1,855
Short-term loans and borrowings	4,572		2,791		5,423		(2,632)
Provision for bonuses	487		1,980		2,078		(98)
Provision for plant closure cost	-		998		1,140		(141)
Provision for loss on sales	698		766		1,312		(545)
Other current liabilities	4,559		18,008		20,162		(2,153)
Total current liabilities	24,008	34.0	69,822	22.5	73,539	24.1	(3,717)
Non-Current Liabilities							
Debentures	-		50,167		47,977		2,190
Long-term loans and borrowings	18,626		69,375		66,292		3,082
Provision for employees' retirement benefits	4,678		19,109		18,621		488
Other non-current liabilities	5,447		24,116		22,179		1,937
Total non-current liabilities	28,752	40.8	162,769	52.6	155,070	50.9	7,698
Total liabilities	¥52,761	74.8%	¥232,591	75.1%	¥228,609	75.0%	¥3,981

(Continued)

	As of June 30, 2006		As of June 30, 2007		As of March 31, 2007		Increase (decrease)
	Millions of yen	Composition Ratio (%)	Millions of yen	Composition Ratio (%)	Millions of yen	Composition Ratio (%)	Millions of yen
Net Assets:							
Shareholders' Equity:							
Capital	¥7,220	10.2%	¥34,384	11.1%	¥34,384	11.3%	¥-
Additional paid-in capital	8,144	11.5	35,308	11.4	35,308	11.6	-
Retained earnings (accumulated deficit)	(3,345)	(4.7)	(4,019)	(1.3)	(3,449)	(1.1)	(570)
Treasury stock	(14)	(0.0)	(17)	(0.0)	(17)	(0.0)	(0)
Total shareholders' equity	12,004	17.0	65,655	21.2	66,226	21.8	(570)
Valuation and Translation Adjustments:							
Net unrealized gain on available-for-sale securities	45	0.1	55	0.0	70	0.0	(14)
Land revaluation surplus	3,052	4.3	3,044	1.0	3,044	1.0	-
Foreign currency translation adjustments	245	0.4	5,177	1.7	3,907	1.3	1,270
Total valuation and translation adjustments	3,343	4.8	8,277	2.7	7,022	2.3	1,255
Stock Option	-	-	198	0.1	108	0.0	90
Minority Interest	2,389	3.4	2,811	0.9	2,724	0.9	87
Total net assets	17,737	25.2	76,943	24.9	76,082	25.0	861
Total Liabilities and Net Assets	¥70,499	100.0%	¥309,535	100.0%	¥304,691	100.0%	¥4,843

(Concluded)

(2) Consolidated Income Statements

	Three months ended June 30, 2006		Three months ended June 30, 2007		Increase (decrease) Millions of yen	Year ended March 31, 2007	
	Millions of yen	%	Millions of yen	%		Millions of yen	%
Net Sales	¥21,144	100.0%	¥85,297	100.0%	¥64,153	¥145,702	100.0%
Cost of Sales	18,961	89.7	76,568	89.8	57,606	130,224	89.3
Reversal of provision for loss on sales	-	-	(150)	(0.2)	(150)	(336)	(0.2)
Gross Profit	2,182	10.3	8,879	10.4	6,696	15,814	10.9
Selling, General and Administrative Expenses	1,805	8.5	5,890	6.9	4,084	12,538	8.6
Operating Income	376	1.8	2,989	3.5	2,612	3,276	2.3
Non-Operating Income:							
Interest and dividend income	3		22		19	25	
Other non-operating income	91		453		361	503	
Total non-operating income	95	0.4	476	0.5	381	529	0.3
Non-Operating Expenses:							
Interest expense	201		3,134		2,933	3,605	
Other non-operating expenses	37		208		171	362	
Total non-operating expenses	238	1.1	3,343	3.9	3,104	3,967	2.7
Ordinary Income (Loss)	233	1.1	122	0.1	(111)	(162)	(0.1)
Extraordinary Gains:							
Gain on sale of fixed assets	2		9		7	35	
Reversal of provision for doubtful accounts	6		10		4	-	
Gain on reversal of stock option	-		6		6	-	
Other	10		8		(1)	143	
Total extraordinary gains	18	0.1	34	0.0	16	178	0.1
Extraordinary Losses:							
Loss on prior year adjustment – impairment loss	-		5		5	-	
Loss on disposal of fixed assets	38		42		3	370	
Special retirement expenses	-		77		77	-	
Provision for environmental obligations	-		-		-	282	
Other extraordinary losses	-		-		-	51	
Total extraordinary losses	38	0.2	126	0.1	87	704	0.5
Gain (Loss) before Income Taxes	212	1.0	30	0.0	(182)	(687)	(0.5)
Corporate and deferred income tax	113	0.5	644	0.7	530	(270)	(0.2)
Minority Interest in Net Income (Loss)	51	0.3	65	0.1	14	248	0.2
Net Income (Loss)	¥47	0.2%	(¥679)	(0.8%)	(¥726)	(¥665)	(0.5%)