

**Summarized Financial and Operational Results for the First Quarter (Consolidated)
Year Ending March 31, 2007**

August 4, 2006

Listed Company Name: ASAHI TEC CORPORATION (hereinafter referred to as “the Company”)

(URL <http://www.asahitec.co.jp/>)

Code Number: 5606

Listed Exchange: The Tokyo Stock Exchange - 1st section

Representative: Akira Nakamura
President and CEO

Contact: Takao Yoshida
Managing Executive Officer and CFO

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1. Notes on Presentation of the Quarterly Financial Information

(1) Application or non-application of simplified methods for accounting procedures: Applied

(Contents)

- A physical inventory count was omitted.
- The allowance for doubtful accounts related to general receivables was calculated based on the actual loss experience of the prior fiscal year.
- The allowance for loss on sales was not reversed.
- 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 as the standard for recording income taxes.

(2) Existence of changes in accounting methods from the prior fiscal year: None

(3) Existence of changes in the scope of consolidation and the application of the equity method: None

2. Summarized Operational and Financial Results for the Three Months Ended June 30, 2006

(1) Results of consolidated operations (Amounts less than ¥1 million have been rounded downward.)

	Net sales		Operating income		Ordinary income	
	¥ million	%	¥ million	%	¥ million	%
Three months ended June 30, 2006	21,144	67.0	376	197.5	233	-
Three months ended June 30, 2005	12,663	9.4	126	-	(92)	-
[Reference] Year ended March 31, 2006	57,574	0.7	2,013	220.5	1,447	-

	Net income		Net income per share	Diluted net income per share
	¥ million	%	¥	¥
Three months ended June 30, 2006	47	-	0.52	0.50
Three months ended June 30, 2005	(338)	-	(3.81)	-
[Reference] Year ended March 31, 2006	(282)	-	(3.18)	-

- Notes:
- 1) The percent changes in net sales and operating income represent rates of increases or decreases from the previous fiscal year.
 - 2) In the three months ended June 30, 2006, the Company started to consolidate the operational results of Techno-Metal Co., Ltd. acquired on February 28, 2006.
 - 3) Net income per share was calculated 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 operational results]

Consolidated net sales for this three months ended June 30, 2006 amounted to ¥21,144, up 67.0% from the same period last year, due to the increased domestic demand for truck parts and construction machinery parts, the increased Thai demand for automobile parts, and the newly consolidated sales of Techno-Metal Co., Ltd.

As for incomes, consolidated operating income amounted to ¥376 million, consolidated ordinary profit ¥233 million, and consolidated net income ¥47 million, due to the sales increase, the cost reduction through the profitability improvement in departments of production and purchase and through the production shift to the Thai subsidiary, etc., and the newly consolidated profit of Techno-Metal Co., Ltd.

The sales and income for the Company usually tend to be disproportionately large in the second half year, as the orders tend to flock particularly to the second half year for water treatment large constructions for the environmental systems and equipment business, and for parts, etc. for the two-wheel bike business.

(2) Consolidated financial position

	Total assets (In ¥ million)	Net assets (in ¥ million)	Equity ratio (%)	Net assets per share (in ¥)
As of June 30, 2006	70,499	17,737	25.2	161.89
As of June 30, 2005	47,324	12,165	25.7	165.54
[Reference] As of March 31, 2006	72,593	15,332	21.1	161.69

- Notes:
- 1) For June 30, 2005 and March 31, 2006, the figures for the former Shareholder's equity and Shareholder's equity per share were used for Net assets and Net assets per share, respectively.
 - 2) In the year ended March 31, 2006, the Company started to consolidate the assets, liabilities, and net assets of Techno-Metal Co., Ltd. acquired on February 28, 2006.
 - 3) Net assets per share were computed by dividing shareholders' equity attributable to common shares at period-end (or shareholders' equity excluding distribution of residual property attributable to preferred shares and preferred dividends at period-end) by the number of issued and outstanding common shares.

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

The total assets as of June 30, 2006 amounted to ¥70,499 million, decreased by ¥2,093 million compared to the last fiscal year-end, March 31, 2006. This was mainly attributable to the decrease in notes and trade accounts receivable/payable, arising from the large amount of receivable collection and payable payment in the first quarter, which followed the annual peak balance of receivables and payables at the end of March. The original cause is that the sales usually flock to the end of March due to the seasonal factor.

Net assets as of June 30, 2006 amounted to ¥17,737 million includes "minority shareholders' interest" ¥2,389 million and Net assets in prior year did not include it.

3. Projected Consolidated Operational Results for the Year Ending March 31, 2007

(In ¥ million)

	Net sales	Ordinary income	Net income
Six months ending September 30, 2006	43,000	600	70
Year ending March 31, 2007	87,000	2,300	1,500

For reference: Projected annual net income per share: ¥ 15.11

Note: The projected net income per share for the year ending March 31, 2007 was calculated on the assumption that the preferred shares of Series A and B were converted to common shares.

[Qualitative information related to the consolidated financial forecasts]

We have revised consolidated and non-consolidated interim financial forecasts for the six month ending September 30, 2006 first announced on May 25, 2006.

For more information regarding these changes, please refer to the separately released "Notice of revised business result forecast".

Note: The Company based the above forecasts on certain data and information obtainable as of the date of announcement. Accordingly, actual financial results may differ from these forecasts due to various factors.

Attached documents:

- Summary of Consolidated Balance Sheets (as of June 30, 2006)
- Summary of Consolidated Statements of Operations (for the three months ended June 30, 2006)

Consolidated Financial Statements

(1) Summary of Consolidated Balance Sheets

(Amounts are rounded down to million yen)

	June 30, 2005		June 30, 2006		Increase/ (Decrease)	March 31, 2006	
	Millions of yen	Composition Ratio (%)	Millions of yen	Composition Ratio (%)	Millions of yen	Millions of yen	Composition Ratio (%)
Assets:							
Current Assets							
Cash and bank deposits	¥3,261		¥3,870		609	¥4,148	
Notes and trade accounts receivable	11,604		16,306		4,702	18,181	
Inventories	6,312		9,869		3,557	9,758	
Other	551		964		413	944	
Total current assets	21,729	45.9%	31,011	44.0%	9,282	33,032	45.5%
Non-Current Assets:							
Property, plant and equipment	23,651	50.0	36,867	52.3	13,216	36,899	50.8
Intangible fixed assets	348	0.7	759	1.1	410	799	1.1
Investments and other	1,595	3.4	1,860	2.6	265	1,862	2.6
Total non-current assets	25,595	54.1	39,487	56.0	13,892	39,560	54.5
Total Assets	¥47,324	100.0%	¥70,499	100.0%	23,175	¥72,593	100.0%

(Amounts are rounded down to million yen)

	June 30, 2005		June 30, 2006		Increase/ (Decrease)	March 31, 2006	
	Millions of yen	Composition Ratio (%)	Millions of yen	Composition Ratio (%)	Millions of yen	Millions of yen	Composition Ratio (%)
Current Liabilities:							
Notes and trade accounts payable	¥8,616		¥13,691		5,075	¥14,963	
Short-term loans payable	1,879		4,572		2,692	4,418	
Allowance for bonuses	272		487		214	988	
Allowance for loss on sales	1,141		698		(442)	698	
Other	3,206		4,559		1,352	4,985	
Total current liabilities	15,116	31.9%	24,008	34.0%	8,892	26,053	35.9%
Non-current Liabilities:							
Long-term debts	14,018		18,626		4,608	18,626	
Liability for employee retirement benefits	1,854		4,678		2,823	4,657	
Other	3,278		5,447		2,168	5,535	
Total non-current liabilities	19,152	40.5	28,752	40.8	9,600	28,819	39.7
Total liabilities	34,269	72.4	52,761	74.8	18,492	54,873	75.6
Minority Shareholders' Interest:							
Minority shareholders' interest	889	1.9	-	-	-	2,387	3.3
Shareholders' Equity:							
Capital	5,712	12.1	-	-	-	7,218	9.9
Capital surplus	6,647	14.0	-	-	-	8,142	11.2
Retained earnings	(3,731)	(7.9)	-	-	-	(3,392)	(4.7)
Land revaluation surplus	3,783	8.0	-	-	-	3,052	4.2
Net unrealized gain on available-for-sale security	29	0.1	-	-	-	43	0.1
Foreign currency translation adjustments	(266)	(0.6)	-	-	-	282	0.4
Treasury stock	(10)	(0.0)	-	-	-	(14)	(0.0)
Total shareholders' equity	12,165	25.7	-	-	-	15,332	21.1
Total Liabilities, Minority Shareholders' Interest and Shareholders' Equity	¥47,324	100.0%	-	-	-	¥72,593	100.0%
Net Assets:							
Shareholders' Equity:							
Capital	-		7,220		-	-	
Capital surplus	-		8,144		-	-	
Retained earnings	-		(3,345)		-	-	
Treasury stock	-		(14)		-	-	
Total shareholders' equity	-	-	12,004	17.0	-	-	-
Valuation and translation adjustments:							
Land revaluation surplus	-		3,052		-	-	
Net unrealized gain on available-for-sale security	-		45		-	-	
Foreign currency translation adjustments	-		245		-	-	
Total valuation and translation adjustments	-	-	3,343	4.8	-	-	-
Minority Shareholders' Interest:	-	-	2,389	3.4	-	-	-
Total net assets	-	-	17,737	25.2	-	-	-
Total Liabilities and Net Assets	-	-	¥70,499	100.0%	-	-	-

(2) Summary of Consolidated Statements of Operations

(Amounts are rounded down to million yen)

	Three months ended June 30, 2005		Three months ended June 30, 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	¥12,663	100.0%	¥21,144	100.0%	8,481	¥57,994	100.0%
Cost of Sales	11,280	89.1	18,961	89.7	7,681	50,468	87.0
Provision for loss on sales							
Reversal of allowance for loss on sales	-	-	-	-	-	(455)	(0.8)
Gross Profit	1,382	10.9	2,182	10.3	799	7,982	13.8
Selling, General and Administrative Expenses	1,256	9.9	1,805	8.5	549	5,969	10.3
Operating Income	126	1.0	376	1.8	250	2,013	3.5
Non-Operating Income:							
Interest and dividend income	3		3		0	30	
Miscellaneous income	74		91		17	302	
Total non-operating income	77	0.6	95	0.4	17	333	0.6
Non-operating Expenses:							
Interest expense	160		201		40	676	
Miscellaneous loss	135		37		(98)	221	
Total non-operating expenses	296	2.3	238	1.1	(57)	898	1.6
Ordinary Income (Loss)	(92)	(0.7)	233	1.1	325	1,447	2.5
Extraordinary Gains:							
Release of provision for doubtful accounts	7		6		(1)	11	
Other	1		12		10	31	
Total special income	9	0.0	18	0.1	8	43	0.1
Extraordinary Losses:							
Loss on disposal of fixed assets	22		38		16	206	
Loss on impairment	170		-		(170)	621	
Loss on disposal of inventories	-		-		-	13	
M&A advisory fee and refinance costs	-		-		-	646	
Other	1		-		(1)	15	
Total special loss	194	1.5	38	0.2	(155)	1,503	2.6
Income (Loss) before taxes	(277)	(2.2)	212	1.0	489	(12)	(0.0)
Corporate income, inhabitant and enterprise taxes	38	0.3	113	0.5	74	137	0.3
Minority Shareholders' Interest	21	0.2	51	0.3	29	133	0.2
Net Income (Loss)	(¥338)	(2.7%)	¥47	0.2%	¥385	(¥282)	(0.5 %)