

(Translation)

## Consolidated Financial Results for the Second Quarter Ended September 30, 2010 [JGAAP]

November 12, 2010

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

&lt;Tokyo Stock Exchange\_First Section&gt;

Code number: 5606

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Scheduled date of filing of quarterly report: November 12, 2010

Scheduled date for dividend payment: -

Quarterly earnings supplementary explanatory documents: -

Quarterly earnings presentation: -

(Amounts less than one million yen are rounded off)

**1. Consolidated results for FY2010 Second Quarter (April 1, 2010 through September 30, 2010)****(1) Consolidated operating results for the six months ended September 30**

(% of change from second quarter of previous year)

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
FY2010 second quarter	38,071	62.1	1,403	-	1,016	-
FY2009 second quarter	23,483	(82.9)	(2,173)	-	(2,459)	-

	Net income		Basic net income per share		Diluted net income per share	
	Million yen	%	Yen		Yen	
FY2010 second quarter	488	-	0.69		-	
FY2009 second quarter	(2,578)	-	(6.23)		-	

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2010 second quarter	58,149	17,614	28.3	11.06
FY2009	56,368	17,470	28.8	2.85

Note: Equity for reference: As of September 30, 2010: 16,471 million yen As of March 31, 2010: 16,218 million yen

**2. Dividend information**

	Cash dividend per share				
	First quarter	Second quarter	Third quarter	at fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
FY2009	-	0.00	-	0.00	0.00
FY2010	-	0.00	-	-	-
FY2010 Forecast	-	-	-	0.00	0.00

Note: Revision of dividends forecast in the second quarter: None

**3. Forecast of consolidated operating results for FY2010 (April 1, 2010 through March 31, 2011)**

(% of changes from corresponding figures for the previous period)

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
FY2010	74,000	27.0	2,350	-	1,650	-

	Net income		Basic net income per share	
	Million yen	%	Yen	
FY2010	50	-	(0.16)	

Note: Revision of forecast of consolidated operating result in the second quarter: Yes

**4. Others** (Note: see attached [2.Others] for details)

(1) Significant changes in scope of consolidation during the period: No

(2) Adoption of simplified and special accounting policies for quarterly financial statements: Yes

Note: Application of simplified and special accounting for quarterly consolidated financial statements.

(3) Change in accounting policies, procedures, and disclosures

a. Changes due to changes in accounting standards: Yes

b. Changes by other than (3)-a : Yes

(4) Number of shares issued (common stock)

		Shares		Shares
a. Number of shares issued including treasury stock	As of September 30, 2010	458,013,675	As of March 31, 2010-	437,446,163
b. Number of treasury stock	As of September 30, 2010	446,680	As of March 31, 2010-	445,249
c. Weighted average number of shares	As of September 30, 2010	584,917,868	As of September 30, 2009	436,993,750

Note: Weighted average number of shares as of September 30, 2010 is included the assumption of Series A preferred stock converted.

Indication of quarterly report review procedure implementation status

This quarterly report summary is exempt from quarterly review procedure based upon the Financial Instruments and Exchange Act. The review has been completed at the time of disclosure of this report.

Explanation for Appropriate Use of Forecasts and Other Notes

All forecasts were made based on the available data to the Company as of the filing date of this notice. Therefore, other factors may cause the Company's actual results to be different from forecast results.

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## 1. Qualitative Information and Financial Statements

### 1. Qualitative information on consolidated operating results

The Japanese economy is slowly recovering due to increase in exports and also consumer spending picking up due to emergency economic package. However, the economic circumstances are still unclear because of an appreciation of the yen and ending of a car subsidy program. On the other hand, the Chinese and Thailand's economy expanded.

Consolidated net sales for the six months ended September 30, 2010 were 38,071 million yen, increased by 62.1% from the same period of the previous year mainly due to increasing demand for construction machineries, trucks and cars in China and other emerging countries. In Japan, demand for trucks and cars increased due to tax reduction and subsidies.

Operating income increased by 3,577 million yen from the same period of the previous year to 1,403 million yen. This was mainly due to a sales increase, improving profit by inventory management and continuous cost reduction. Although currency exchange loss was recorded, ordinary income increased by 3,476 million yen from the same period of the previous year to 1,016 million yen.

667 million yen of "loss on adjustment for changes of accounting standard for asset retirement obligations" are recorded as extraordinary loss. As a result, net profits were 488 million yen (improved 3,066 million yen from the same period of the previous year).

### 2. Qualitative information on consolidated financial position

Total assets as of September 30, 2010 were 58,149 million yen, increasing 1,781 million yen from the end of the fiscal 2009. This is mainly due to increase in cash flow from operating activities although fixed assets decreased due to progress in depreciation.

Total liabilities as of September 30, 2010 were 40,535 million yen, increasing 1,637 million yen from the end of the fiscal 2009. This is mainly due to increase of accounts payable and asset retirement obligations while payable loan decreased.

Net assets were 17,614 million yen, increasing 144 million yen from the end of the fiscal 2009 mainly due to net profit and foreign currency translation adjustment.

### 3. Qualitative information consolidated operating results forecast

In regard to the forecasts of the consolidated operating results for the FY2010 has revised. Please refer to "Difference of Financial Results Forecast, Revision of Financial Results Forecasts and Recognition of Extraordinary Loss" which announced today.

## 2. Others

### 1. Significant changes in scope of consolidation during the period

None

### 2. Adoption of simplified and special accounting policies for quarterly financial statements

#### a. Simplified accounting

##### 1. Calculation method of accounts receivable allowance

Since the actual write-off rate as of the second quarter ended September 30, 2010 was not significantly different from the end of the fiscal 2009, Therefore, the accounts receivable allowance is calculated using by the write-off rate as of the end of fiscal 2009.

##### 2. Calculation method of depreciation expense

Depreciation of Fixed assets to which the declining method is applied is calculated dividing the depreciation expense for the consolidated fiscal year proportionally over the period.

##### 3. Calculation method of corporate income taxes

Only important tax adjustments and tax credits are applied to income taxes calculation for the Company and some of its

consolidated subsidiaries. Judgments about recoverability of deferred tax assets are made based on the forecast at the end of the previous fiscal year and tax planning with respect to items where there have been no significant changes in the operating environment following the end of the previous fiscal year.

4. Netting of receivables, payables and transactions among consolidated entities

Netting of receivables and payables: In case where there are differences between receivables and payables, are netted without making adjustments if there are no significant differences.

Netting of transactions: In case where there are differences in transaction amounts and these are not significant, are netted and eliminated by matching amounts with those of the parent company.

b. Accounting treatment specific to quarterly closing: None

3. Change in accounting policies, procedures, and disclosures

a. Change in accounting standard:

1. “Accounting Standard for Asset Retirement Obligations”

From the first quarter of the fiscal year ending March 31, 2011, the Company and its subsidiaries adopted the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18 of March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21 of March 31, 2008).

Both Operating income & Ordinary income decreased 17 million yen and loss before income taxes and minority interests increased 684 million yen.

2. “Accounting Standard for Equity Method of Accounting for Investment” and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”

From the first quarter of the fiscal year ending March 31, 2011, the Company and its subsidiaries adopted the “Accounting Standard for Equity Method of Accounting for Investment” (Accounting Standards Board of Japan [ASBJ] Statement No. 16 of March 10, 2008) and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ PITF No. 24 of March 10, 2008). Appropriate adjustment made on consolidated financial statements.

The adoption did not have a material impact on the consolidated operating result.

b. Change in others

Consolidated taxation system was introduced from the first quarter ended June 30, 2010.

c. Change in disclosures

Based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 of December 26, 2008), the Company and its subsidiaries adopted the “Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No.5, March 24, 2009). As a result, “Income before minority interests” is included in the consolidated financial statements for the second quarter of the fiscal year ending March 31, 2011.

### 3. Consolidated Financial Statements

#### 1. Consolidated Balance Sheets

(In millions of Yen)

	As of September 30, 2010	As of March 31, 2010
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	5,607	2,806
Notes and accounts receivable-trade	12,478	12,769
Merchandise and finished goods	2,510	2,618
Work in process	2,165	1,738
Raw materials and supplies	2,513	2,437
Other	907	850
Allowance for doubtful accounts	(3)	(5)
<b>Total current assets</b>	<b>26,179</b>	<b>23,215</b>
<b>Noncurrent Assets</b>		
Property, plant and equipment		
Buildings and structures, net	7,267	7,506
Machinery, equipment and vehicles, net	7,016	7,684
Tools, furniture and fixtures, net	1,405	1,637
Land	12,067	12,093
Construction in progress	949	840
Other, net	563	550
Total property, plant and equipment	29,269	30,313
Intangible assets		
Goodwill	108	111
Other	132	188
Total intangible assets	240	299
Investments and other assets	2,460	2,540
<b>Total noncurrent assets</b>	<b>31,970</b>	<b>33,152</b>
<b>Total assets</b>	<b>58,149</b>	<b>56,368</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	10,769	8,831
Short-term loans payable	16,057	13,253
Income taxes payable	130	142
Provision for bonuses	1,088	775
Other provision	167	268
Other	2,813	2,901
<b>Total current liabilities</b>	<b>31,026</b>	<b>26,173</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	-	4,000
Provision for retirement benefits	4,256	4,214
Other provision	846	794
Asset retirement obligations	745	-
Negative goodwill	85	105
Other	3,575	3,610
<b>Total noncurrent liabilities</b>	<b>9,508</b>	<b>12,724</b>
<b>Total liabilities</b>	<b>40,535</b>	<b>38,897</b>

(Continued)

	As of September 30, 2010	As of March 31, 2010
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	38,282	38,282
Capital surplus	39,180	39,180
Retained earnings	(62,740)	(63,229)
Treasury stock	(21)	(21)
<b>Total shareholders' equity</b>	<b>14,700</b>	<b>14,211</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	13	20
Deferred gains or losses on hedges	(37)	(72)
Revaluation reserve for land	2,278	2,278
Foreign currency translation adjustment	(483)	(220)
<b>Total valuation and translation adjustments</b>	<b>1,771</b>	<b>2,006</b>
<b>Subscription rights to shares</b>	<b>156</b>	<b>241</b>
<b>Minority interests</b>	<b>987</b>	<b>1,010</b>
<b>Total net assets</b>	<b>17,614</b>	<b>17,470</b>
<b>Total liabilities and net assets</b>	<b>58,149</b>	<b>56,368</b>

(Concluded)

## 2. Consolidated Statements of Income

(In millions of Yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
<b>Net sales</b>	23,483	38,071
<b>Cost of sales</b>	22,843	33,456
<b>Provision for (reversal of) loss on sales</b>	165	(103)
<b>Gross profit</b>	474	4,719
<b>Selling, general and administrative expenses</b>	2,648	3,315
<b>Operating income (loss)</b>	<b>(2,173)</b>	<b>1,403</b>
<b>Non-operating income</b>		
Interest income	1	5
Dividends income	2	1
Amortization of negative goodwill	20	20
Equity in earnings of affiliates	44	72
Subsidy income	59	42
Miscellaneous income	30	54
Total non-operating income	158	198
<b>Non-operating expenses</b>		
Interest expenses	313	326
Foreign exchange losses	-	206
Miscellaneous expenses	130	52
Total non-operating expenses	444	585
<b>Ordinary income (loss)</b>	<b>(2,459)</b>	<b>1,016</b>
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	3	10
Reversal of provision for directors' bonuses	17	-
Gain on reversal of subscription rights to shares	11	85
Other	3	19
Total extraordinary income	35	115
<b>Extraordinary loss</b>		
Loss on disposal of noncurrent assets	43	36
Impairment loss	51	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	667
Amortization of stock issuance cost	59	-
Other	3	48
Total extraordinary losses	158	752
<b>Income (loss) before income taxes and minority interests</b>	<b>(2,581)</b>	<b>379</b>
<b>Income taxes – current</b>	64	51
<b>Income taxes – deferred</b>	(14)	(140)
<b>Total income taxes</b>	49	(88)
<b>Income before minority interests</b>	-	467
<b>Minority interests in loss</b>	(53)	(21)
<b>Net Income (loss)</b>	<b>(2,578)</b>	<b>488</b>

## 3. Note to going concern

None

## 4. Note regarding significant changes in the amount of shareholders' equity

None