

(Translation)

Consolidated Financial Results for the Third Quarter Ended December 31, 2008

February 13, 2009

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 Nine Months Ended December 31, 2008 (April 1, 2008 ~ December 31, 2008)

(1) Consolidated operating results

	Net sales (In ¥ million)	%	Operating income (loss) (In ¥ million)	%	Ordinary loss (In ¥ million)	%
Nine months ended December 31, 2008	186,853	-	(905)	-	(8,535)	-
Nine months ended December 31, 2007	240,235	254.2	2,449	7.5	(6,784)	-

	Net income (loss) (In ¥ million)	%	Basic net income (loss) per share (In ¥)	Diluted net income per share (In ¥)
Nine months ended December 31, 2008	14,779	-	40.90	39.73
Nine months ended December 31, 2007	(7,503)	-	(31.57)	-

(2) Consolidated financial position

	Total assets (In ¥ million)	Net assets (In ¥ million)	Equity ratio (%)	Net assets per share (In ¥)
Nine months ended December 31, 2008	189,594	57,578	29.6	94.04
Year ended March 31, 2008	242,886	47,692	18.9	81.94

For reference: Equity capital

	(In ¥ million)
Nine months ended December 31, 2008	56,040
Year ended March 31, 2008	46,073

2. Dividend Information

	Cash dividend per share (In ¥)				
	First quarter	Second quarter	Third quarter	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 the third quarter: No

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

	Net sales (In ¥ million)	%	Operating loss (In ¥ million)	%	Ordinary loss (In ¥ million)	%
Year ending March 31, 2009	218,500	(30.8)	(6,700)	-	(15,900)	-

	Net loss (In ¥ million)	%	Basic net loss per share (In ¥)
Year ending March 31, 2009	(280)	-	(2.48)

(Note) Revision of forecast of consolidated operating results in the third quarter: Yes

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 5 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 5 for detail.

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

(In shares)

	As of December 31, 2008	As of December 31, 2007	As of March 31, 2008
Number of shares issued and outstanding (including treasury stock)	437,446,163	-	259,907,537
Number of treasury stock	429,403	-	415,335
Weighted average number of shares	353,744,310	259,499,419	-

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, the 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 filed. 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 economy has been troubled for the nine months ended December 31, 2008, as seen in the decrease of consumer and capital spending resulting from the global financial crisis spreading to the real economy and in the decrease of demand especially in Japan's export industry which is impacted by a sharp appreciation of the yen versus major currencies.

In this economic environment, consolidated sales for the nine months ended December 31, 2008 amounted to ¥186,853 million, down 22.2% from the prior year nine-month period. This is due primarily to the worldwide decline in the automotive industry that brought a decrease in exports of motorcycles to emerging countries and domestic demand for automobiles and trucks, further impacted by a decrease in demand for automobiles in North America, Europe, and Asia and the impact of foreign currency translation. The impact was exacerbated by a decline in orders due to customers' inventory adjustments. These decreases far outweighed an increase in domestic demand resulting from the exports of parts for construction equipment and electric power transmission equipment.

Operating loss amounted to ¥905 million (down ¥3,355 million compared to an operating income of ¥2,449 million during the prior year nine-month period) due to an increase in material prices and a sharp decline in sales, starting in the third quarter ended December 31, 2008, despite efforts to reduce costs, even though there were significant price revisions and cost reductions resulting from the planned sales and closure of certain plants in North America and from the sale of a subsidiary in Europe, and a reduction of selling, general and administrative expenses. Ordinary loss amounted to ¥8,535 million (down ¥1,751 million compared to an ordinary loss of ¥6,784 million during the prior year nine-month period) due to interest expense of ¥7,184 million and foreign exchange losses.

In addition, a gain on the redemption of bonds of ¥31,120 million resulting from the successful completion of a bond tender offer, a gain on forgiveness of debt of ¥3,191 million, and a curtailment gain of ¥1,565 million were recorded as extraordinary gains. These extraordinary gains were offset by an impairment loss of ¥9,258 million that was recorded as an extraordinary loss related mainly to the planned sale and closure of certain plants in North America and goodwill impairment, a loss on disposal of noncurrent assets of ¥740 million and a loss associated with idled leased assets of ¥830 million that were also recorded as extraordinary losses. Based on the above, the net income for the nine months ended December 31, 2008 amounted to ¥14,779 million (an increase of ¥22,283 million compared to the net loss of ¥7,503 million during the prior year nine-month period).

2. Consolidated financial position

Total assets amounted to ¥189,594 million, down ¥53,292 million from the prior year-end, due to a decrease of notes and accounts receivables resulting from collections and from a decline in sales, impairment of noncurrent assets, such as fixed assets and goodwill, due to the planned sales and closure of certain plants in North America and a decline in profitability, along with the continuing recognition of depreciation expense, and the decrease in a foreign subsidiary's assets impacted by foreign currency translation.

Total liabilities amounted to ¥132,015 million, down ¥63,178 million from the prior year-end, due to the decrease of notes and accounts payable, extinguishment of long-term debt and the redemption of bonds resulting from the successful completion of a bond tender offer, and the decrease in a foreign subsidiary's liabilities impacted by foreign currency translation.

Net assets amounted to ¥57,578 million, up ¥9,886 million from the prior year-end, due to an increase in capital stock and capital surplus by issuance of new stocks and a net income of ¥14,779 million for the nine months ended December 31, 2008, offset by the decrease of a foreign subsidiary's translation adjustments impacted by foreign currency translation.

3. Forecast of consolidated operating results

The consolidated business forecast for sales, operating income, and ordinary income is expected to fall short of the previously announced forecast due to a decrease in production volumes of the entire auto industry, especially of major customers, resulting from the global financial crisis. However, net income is expected to exceed the previously announced forecast considering the extraordinary gains and losses recognized during the nine months ended December 31, 2008 and those to be recorded in the fourth quarter ending March 31, 2009 as shown below (refer to “Announcement of Revised Business Result Forecast” released on February 13, 2009).

(In ¥ billion)

	Nine months ended December 31, 2008 (actual)	Fourth quarter ending March 31, 2009 (forecast)	Total (forecast)
Extraordinary income			
Gain on forgiveness of debts	3.1		3.1
Reversal of provision for retirement benefits	1.5		1.5
Gain on redemption of bonds (Note 1)	31.1		31.1
Other	0.3		0.3
Total extraordinary income	36.1		36.1
Extraordinary loss			
Impairment loss	9.2		9.2
Loss on disposal of noncurrent and idled leased assets	1.5		1.5
Restructuring related costs (Note 2)	0.3	6.9	7.2
Other	0.5		0.5
Total extraordinary loss	11.7	6.9	18.6

Note:

1. A gain on redemption of bonds of ¥31.6 billion was expected to be recorded during the third quarter when the announcement was made on November 26, 2008, but it came down to ¥31.1 billion due to the impact of foreign currency translation.
2. An extraordinary loss of ¥6.9 billion, related to Metaldyne’s restructuring activities, is anticipated to be recorded during the fourth quarter. The total restructuring related costs was estimated to be ¥11.5 billion when the announcement was made on November 26, 2008, but it is estimated to be ¥7.2 billion despite a severance cost of ¥0.3 billion recorded during the third quarter because the loss associated with the consolidation of production lines and closing of plants is expected to be smaller than the original estimate.

The revised forecast of the consolidated operating results for the year ending March 31, 2009 is as follows.

	Net sales (In ¥ million)	Operating loss (In ¥ million)	Ordinary loss (In ¥ million)	Net loss (In ¥ million)	Basic net loss per share (In ¥)
Previous Forecast (A) (announced on November 26, 2008)	258,900	(3,700)	(13,200)	(600)	(4.94)
Revised Forecast (B)	218,500	(6,700)	(15,900)	(280)	(2.48)
Difference (B – A)	(40,400)	(3,000)	(2,700)	320	2.46
Difference ratio	-15.6%	-	-	-	-
Previous fiscal year actual results	315,885	3,340	(8,602)	(34,818)	(137.91)

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 rate as of December 31, 2008 was not significantly different from one as of March 31, 2008, the allowance for accounts receivable for this quarter is calculated using the write-off rate as of March 31, 2008.
 2. Valuation of inventories – The inventory balance as of December 31, 2008 is calculated using the reasonable method based on the inventory balance as of September 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 income taxes – The calculation of corporate income tax expense for the Company and some of its consolidated subsidiaries is performed considering only material additive/subtractive items and tax credits.
 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: None

- (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 loss and ordinary loss increased by ¥118 million, respectively, and income before income taxes decreased by ¥484 million for the nine months ended December 31, 2008.
 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 for the nine months ended December 31, 2008.
 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 the consolidated operating results for the nine months ended December 31, 2008.

[Additional Information]

(Change in depreciation terms of property, plant and equipment)

As a result of tax law changes, 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 lives of assets. Such change in depreciation terms did not materially affect the consolidated operating results for the nine months ended December 31, 2008.

(Accounting treatment of discontinued operations)

During the second quarter ended September 30, 2008, Metaldyne Corporation (“Metaldyne”), a wholly-owned subsidiary of the Company, decided to seek to divest its Middleville, Mich., and Niles, Ill., facilities and entered into an agreement to divest its GLO S.r.L. operation in Italy as part of the strategic focus developed under its “Plan to Win” program. The Middleville, Niles, and GLO operations were determined to qualify for the assets held for sale treatment in accordance with USGAAP.

During the third quarter ended December 31, 2008, the Middleville and GLO operations continued to qualify for the assets held for sale treatment under USGAAP; however, the Niles operation ceased to qualify for the assets held for sale treatment due to a change in Metaldyne’s original plan to divest the facility.

Therefore, the operating results of the Middleville operation for the current and prior periods have been reported as discontinued operations. The assets and liabilities of the Middleville operation have been reclassified as assets and liabilities of discontinued operations in Metaldyne’s consolidated balance sheets at December 28, 2008 and March 30, 2008.

The divestiture of the GLO operation was completed during the third quarter ended December 31, 2008, and the operating results of the GLO operation for the current and prior periods have been reported as discontinued operations. The assets and liabilities of the GLO operation have been reclassified as assets and liabilities of discontinued operations in Metaldyne’s consolidated balance sheets at March 30, 2008.

The assets and liabilities of discontinued operations amounted to ¥1,311 million and ¥796 million, respectively, net sales of discontinued operations were ¥7,348 million and the total expenses and losses of discontinued operations amounted to ¥11,153 million for the nine months ended December 31, 2008.

However, the assets, liabilities, and the operating results of discontinued operations are not separately presented from continuing operations in the Company’s consolidated financial statements for the nine months ended December 31, 2008.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In ¥ million)

	As of December 31, 2008	As of March 31, 2008
Assets		
Current assets		
Cash and deposits	¥10,162	¥6,529
Notes and accounts receivable-trade	19,446	36,395
Merchandise and finished goods	7,753	7,700
Work in process	3,592	4,771
Raw materials and supplies	7,339	8,704
Other	3,978	5,099
Allowance for doubtful accounts	(122)	(213)
Total current assets	52,150	68,987
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	14,323	16,534
Machinery, equipment and vehicles, net	37,442	49,813
Tools, furniture and fixtures, net	3,211	4,545
Land	16,014	16,763
Construction in progress	3,555	4,903
Other, net	1,109	-
Total property, plant and equipment	75,657	92,560
Intangible assets		
Goodwill	18,673	26,000
Other	38,888	50,826
Total intangible assets	57,561	76,827
Investments and other assets	4,065	4,242
Total noncurrent assets	137,283	173,629
Deferred assets	160	269
Total assets	189,594	242,886
Liabilities		
Current liabilities		
Notes and accounts payable-trade	24,668	38,104
Short-term loans payable	4,971	8,394
Income taxes payable	249	1,104
Provision for bonuses	545	1,918
Other provision	1,039	1,488
Other	11,435	14,238
Total current liabilities	42,909	65,249
Noncurrent liabilities		
Bonds payable	2,677	40,644
Long-term loans payable	61,560	58,235
Provision for retirement benefits	9,487	12,742
Other provision	867	933
Negative goodwill	155	34
Other	14,356	17,354
Total noncurrent liabilities	89,105	129,944
Total liabilities	¥132,015	¥195,194

(Continued)

(In ¥ million)

	As of December 31, 2008	As of March 31, 2008
Net assets		
Shareholders' equity		
Capital stock	¥38,282	¥34,384
Capital surplus	39,180	35,309
Retained earnings	(22,120)	(36,607)
Treasury stock	(20)	(20)
Total shareholders' equity	55,321	33,067
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	27	25
Deferred losses on hedges	(417)	(143)
Revaluation reserve for land	3,044	3,044
Foreign currency translation adjustment	(1,935)	10,078
Total valuation and translation adjustments	719	13,005
Subscription rights to shares	317	255
Minority interests	1,220	1,363
Total net assets	57,578	47,692
Total liabilities and net assets	¥189,594	¥242,886

(Concluded)

(2) Consolidated Statement of Income

(In ¥ million)

	Nine months ended December 31, 2008
Net sales	¥186,853
Cost of sales	174,469
Reversal of provision for loss on sales	(351)
Gross profit	12,736
Selling, general and administrative expenses	13,641
Operating loss	(905)
Non-operating income	
Interest income	28
Dividends income	4
Amortization of negative goodwill	22
Equity in earnings of affiliates	284
Subsidy income	147
Miscellaneous income	130
Total non-operating income	618
Non-operating expenses	
Interest expenses	7,184
Miscellaneous expenses	1,063
Total non-operating expenses	8,248
Ordinary loss	(8,535)
Extraordinary income	
Reversal of provision for retirement benefits	1,565
Gain on sales of noncurrent assets	270
Gain on forgiveness of debts	3,191
Gain on redemption of bonds	31,120
Other	45
Total extraordinary income	36,195
Extraordinary loss	
Loss on disposal of noncurrent assets	740
Impairment loss	9,258
Loss on valuation of inventories	366
Restructuring expense – severance	386
Other	965
Total extraordinary losses	11,718
Income before income taxes and minority interests	15,941
Income taxes – current	1,153
Income taxes – deferred	(52)
Total income taxes	1,101
Minority interests in income	60
Net income	¥14,779

(3) Note to going-concern assumption

This section is not applicable to the nine months ended December 31, 2008.

(4) Material change in shareholders' equity during the nine months ended December 31, 2008

The Company received payments from RHJI International SA/NV for the issuance of stock (common stock) of the Company by means of third party allotment on July 15, 2008, October 15, 2008, and November 25, 2008. As a result, capital stock and capital surplus increased by ¥3,897 million and ¥3,871 million, respectively, and capital stock and capital surplus amounted to ¥38,282 million and ¥39,180 million, respectively, for the nine months ended December 31, 2008.

[Supplementary Information]

Consolidated Statement of Operations

	Nine months ended December 31, 2007	
	Million yen	%
Net sales	¥240,235	100.0
Cost of sales	220,217	91.7
Reversal of provision for loss on sales	(360)	(0.2)
Gross profit	20,377	8.5
Selling, general and administrative expenses	17,927	7.5
Operating income	2,449	1.0
Non-operating income		
Interest and dividends income	62	
Miscellaneous income	482	
Total non-operating income	544	0.2
Non-operating expenses		
Interest expense	9,217	
Miscellaneous expenses	561	
Total non-operating expenses	9,778	4.0
Ordinary loss	(6,784)	(2.8)
Extraordinary income		
Reversal of provision for retirement benefits	620	
Reversal of provision for bonuses	330	
Reversal of provision for legal proceedings	137	
Gain on sales of noncurrent assets	141	
Return of insurance premium at maturity	146	
Other	12	
Total extraordinary income	1,387	0.6
Extraordinary loss		
Loss on disposal of noncurrent assets	411	
Impairment loss	67	
Restructuring expense – severance	184	
Other	13	
Total extraordinary losses	677	0.3
Loss before income taxes and minority interests	(6,074)	(2.5)
Current and deferred income taxes	1,203	0.5
Minority interests in income	225	0.1
Net loss	(¥7,503)	(3.1)