

(Translation)

Consolidated Financial Results for the Third Quarter Ended December 31, 2011 [JGAAP]

February 10, 2012

Company name: ASAHI TEC CORPORATION (the "Company") <Tokyo Stock Exchange_First Section>
 Code number: 5606 URL: <http://www.asahitec.co.jp/>
 Representative: Shoichiro Irimajiri, President, Representative Executive Officer and CEO
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 Scheduled date of filing of quarterly report: February 10, 2012 Scheduled date for dividend payment: -
 Quarterly earnings supplementary explanatory documents: None
 Quarterly earnings presentation: None

(Amounts less than one million yen are rounded off)

1. Consolidated results for FY2011 Third Quarter (April 1, 2011 through December 31, 2011)

(1) Consolidated operating results for the nine months ended December 31

(% of change from third quarter of previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2011 third quarter	59,115	6.0	2,429	30.6	1,810	44.7	1,175	372.1
FY2010 third quarter	55,784	44.2	1,860	-	1,251	-	249	-

Note: Comprehensive Income: FY2011 third quarter: 742 million yen (- %)
 FY2010 third quarter: (147) million yen (- %)

	Basic net income per share	Diluted net income per share
	Yen	Yen
FY2011 third quarter	1.56	-
FY2010 third quarter	0.32	-

(Note) Diluted net income per share is not presented due to class A and class B preferred shares being calculated using the "if converted" method.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
FY2011 third quarter	55,131	17,702	30.5
FY2010	53,254	16,971	30.2

Note: Equity for reference: As of December 31, 2011: 16,813 million yen
 As of March 31, 2011: 16,057 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
FY2010	-	0.00	-	0.00	0.00
FY2011	-	0.00	-		
FY2011 Forecast				0.00	0.00

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

3. Forecast of consolidated operating results for FY2011 (April 1, 2011 through March 31, 2012)

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

	Net sales		Operating income		Ordinary income		Net income		Basic net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2011	80,000	9.6	3,300	41.2	2,700	52.9	500	322.6	0.58

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

4. Others

- (1) Significant changes in scope of consolidation during the period: None
- (2) Application of accounting methods which are exceptional for quarterly consolidated financial statement: None
- (3) Changes in accounting policies, accounting estimates and restatement of corrections
 - 1) Changes in accounting policies resulting from the revision of the accounting standard and other regulations: None
 - 2) Changes other than 1) in accounting policies: None
 - 3) Changes in accounting estimates: None
 - 4) Restatement of corrections: None

(4) Number of shares issued (common stock)

	As of December 31, 2011	As of December 31, 2010	As of March 31, 2011
	Shares	Shares	Shares
a. Number of shares issued including treasury stock	691,272,907	-	486,741,519
b. Number of treasury stock	5,257	-	2,816
c. Weighted average number of shares	716,399,128	598,434,043	-

Indication of quarterly review procedure implementation status

This quarterly earnings report 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.

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1. Qualitative Information and Financial Statements

1. Qualitative information on consolidated operating results

Despite the Japanese economy remaining grim during the consolidated cumulative period of the third quarter, visible signs of recovery from the Great East Japan Earthquake can now be seen. Internationally, the historical strength of the yen, the financial instability in Europe precipitated by the Greek debt crisis, as well as fears of economic slowdown in developing nations like China and India all make the future uncertain. However, the demand for cars and construction equipment in developing nations continues to show strength.

In this economic environment, the Company's Group's sales saw the demand of construction machinery, trucks, and passenger cars continue to increase in developing nations in the consolidated cumulative period of the third quarter of the current fiscal year. Furthermore, domestically, the supply chain rapidly recovered from the effects of the Great East Japan Earthquake, and as a result, demand for passenger cars and trucks also increased 6.0% to ¥ 59,115 million as compared to the same period last year.

Operating income for the consolidated cumulative period of the third quarter was ¥ 2,429 million, an increase of 30.6% from the same period of the previous year. The increase in operating income can be attributed to the increased profitability due to improved productivity and cost cutting, as well as excluding the operations variance due to the effects of the earthquake and flooding in Thailand from the sales cost, etc.

As for ordinary income, despite interest paid and foreign exchange loss, there was an increased return on investments on equity method and increased sales which resulted in an increase of 44.7% to ¥ 1,810 million from the same period of the previous year.

In addition, ¥ 178 million of the operations variance from the disaster, ¥ 186 million of litigation expenses, and ¥174 million of expenses related to the change in equity shareholders were appropriated as extraordinary losses, resulting in a net income for the quarter of ¥ 1,175 million, an increase of 372.1% from the same period of the previous year.

2. Qualitative information on consolidated financial position

Total assets as of December 31, 2011 were ¥ 55,131 million, an increase of ¥ 1,876 million compared to the end of the previous fiscal year. While there were decreasing factors such as the strong yen causing the value of assets held by foreign subsidiaries to go down when converted to yen, as well as ongoing depreciation of noncurrent assets, the increase is a result of increased cash and deposits and increased notes and accounts receivable-trade due to recovery from the influence of the disaster.

Total liabilities as of December 31, 2011 were ¥ 37,428 million, an increase of ¥ 1,144 million compared to the end of the previous fiscal year. This was due to the fact that, while there were decrease in the amount of liabilities of foreign subsidiaries, when converted to yen due to the strong yen, reduction in deferred tax liability due to a lowered effective corporate tax rate, and decrease in loan payable because of repayment, there was an increase in notes and accounts payable-trade due to the effects of earthquake-recovery efforts.

Net assets were ¥ 17,702 million, an increase of ¥ 731 million compared to the end of the previous fiscal year. This is because there was an increase in retained earnings from the declared quarterly net income, even though the foreign currency translation adjustment decreased due to the strong yen.

3. Qualitative information consolidated operating results forecast

The operating results forecast for the fiscal year ending March 2012 released on December 19, 2011 have been revised. For details, please refer to the "Notice Regarding Revision to Financial Results Forecasts and Recognition of Extraordinary loss" announced today.

2. Consolidated Financial Statements

1. Consolidated Balance Sheets

(In millions of Yen)

	As of March 31, 2011	As of December 31, 2011
Assets		
Current assets		
Cash and deposits	2,958	4,369
Notes and accounts receivable-trade	9,686	10,509
Merchandise and finished goods	2,941	3,433
Work in process	2,304	2,501
Raw materials and supplies	2,100	1,977
Other	1,078	968
Allowance for doubtful accounts	(1)	(1)
Total current assets	21,067	23,757
Noncurrent Assets		
Property, plant and equipment		
Buildings and structures, net	7,034	6,578
Machinery, equipment and vehicles, net	7,186	6,549
Land	11,904	11,828
Other	2,957	3,250
Total property, plant and equipment	29,082	28,207
Intangible assets	275	226
Investments and other assets	2,829	2,939
Total noncurrent assets	32,187	31,373
Total assets	53,254	55,131
Liabilities		
Current liabilities		
Notes and accounts payable-trade	8,778	11,955
Short-term loans payable	4,353	4,375
Provision for bonuses	1,013	483
Other provision	332	385
Other	3,893	4,261
Total current liabilities	18,371	21,461
Noncurrent liabilities		
Long-term loans payable	8,978	7,630
Provision for retirement benefits	3,968	3,969
Other provision	797	679
Asset retirement obligations	705	707
Other	3,462	2,979
Total noncurrent liabilities	17,912	15,967
Total liabilities	36,283	37,428

(Continued)

	As of March 31, 2011	As of December 31, 2011
Net assets		
Shareholders' equity		
Capital stock	13,703	13,703
Retained earnings	633	1,840
Treasury stock	(0)	(0)
Total shareholders' equity	14,366	15,543
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11	1
Revaluation reserve for land	2,278	2,560
Foreign currency translation adjustment	(600)	(1,291)
Total accumulated other comprehensive income	1,690	1,269
Subscription rights to shares	7	-
Minority interests	906	889
Total net assets	16,971	17,702
Total liabilities and net assets	53,254	55,131

(Concluded)

2. Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated Statement of Income
Nine months ended December 31, 2011

(In millions of Yen)

	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Net sales	55,784	59,115
Cost of sales	49,109	52,065
Gross profit	6,675	7,050
Selling, general and administrative expenses	4,814	4,620
Operating income	1,860	2,429
Non-operating income		
Equity in earnings of affiliates	124	210
Other	181	227
Total non-operating income	305	437
Non-operating expenses		
Interest expenses	481	623
Foreign exchange losses	358	328
Other	74	104
Total non-operating expenses	914	1,056
Ordinary income	1,251	1,810
Extraordinary income		
Gain on sales of noncurrent assets	14	110
Gain on reversal of subscription rights to shares	86	7
Other	21	10
Total extraordinary income	122	128
Extraordinary loss		
Loss on adjustment for changes of accounting standard for asset retirement obligations	667	-
Cost related shareholder change	-	174
Loss on sales of subsidiaries' stocks	388	-
Litigation cost	-	186
Capacity utilization variance due to the disaster	-	178
Other	228	155
Total extraordinary losses	1,284	695
Income before income taxes and minority interests	89	1,244
Income taxes – current	66	206
Income taxes – deferred	(184)	(125)
Total income taxes	(117)	81
Income before minority interests	207	1,162
Minority interests in loss	(41)	(12)
Net income	249	1,175

Consolidated Statements of Comprehensive Income
 Nine months ended December 31, 2011

(In millions of Yen)

	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Income before minority interests	207	1,162
Other comprehensive income		
Valuation difference on available-for-sale securities	(7)	(10)
Deferred gains or losses on hedges	65	-
Revaluation reserve for land	-	284
Foreign currency translation adjustment	(302)	(621)
Share of other comprehensive income of associates accounting for using method	(110)	(71)
Total other comprehensive income	(355)	(420)
Comprehensive income	(147)	742
(Comprehensive income attributable to)		
Comprehensive income attributable to parent company	(99)	757
Comprehensive income attributable to minority interests	(47)	(14)

3. Note to going concern

None

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

None

5. Important Subsequent Events

① Concerning the Tender Offer Bid for Shares of Asahi Tec Corporation

Asahi Tec Corporation (the "Company") hereby announces that it resolved, at the meeting of its board of directors held on December 28, 2011, to express its support for the tender offer bid by ATC HOLDINGS II Co., Ltd. (the "Bidder"), all shares of which are held by a certain investment fund belonging to Unison Capital Group for the shares of the Company (the "Tender Offer Bid"); to reserve its opinion on the appropriateness of the purchase price of the Tender Offer Bid and to let its shareholders decide whether or not to tender in the Tender Offer Bid. Further, according to the Bidder, the Bidder plans to initiate another tender offer (the "Second TOB") after the settlement of the Tender Offer Bid with a purchase price of 33 yen which is higher than that of Tender Offer Bid. The board resolved accordingly that it currently consider that it should support the Second TOB and recommend shareholders to tender therein, and that it is also reasonable to conduct the procedure to make the Company a 100% affiliate company of Unison Capital Group (the "Squeeze-Out". The Tender Offer Bid, the Second TOB and the Squeeze-Out are collectively referred to as the "Transaction"). The board also submitted a position statement on January 10th, 2012 in accordance with Article 27, Section 10 of the Financial Instruments and Exchange Act. Furthermore, the Bidder has expressed their intention to acquire all of the Company's issued shares. ATC HOLDINGS I Co., Ltd., who hold all issued shares of the Bidder, will acquire from RHJ International, S.A. all 7,429,000 of the Company's class A preferred shares and 10,526,316 class B preferred shares as well as 3,712,000 class B preferred shares from Tokio Marine & Nichido Fire Insurance Co., Ltd. on January 4th, 2012, before the Tender Offer Bid.

Please note that the resolution by the board of directors of the Company was adopted on the premise that the shares of the Company will be delisted.

1) Outline of the Bidder

- | | |
|-----------------------------|---|
| (1) Corporate Name | ATC Holdings II Co., Ltd. |
| (2) Location | 4-1, Kioicho, Chiyoda-ku, Tokyo |
| (3) Name of Representative | Kiyoto Matsuda |
| (4) Description of Business | The Bidder's principal business is to acquire and hold the Share Certificates, etc. of the Company and to control and manage the Company's business after the Tender Offer. |
| (5) Paid-in Capital | JPY 6,070 million |

2) Change of Controlling Company

As a result of the Tender Offer Bid, RHJ International, S.A. is no longer the controlling company or principle shareholder of the Company. Please see "Notification regarding a change in controlling company and principle shareholder" that the Company released on February 4th, 2012 for more information on the change.

A. Company names of the major shareholders involved in the change

- (i) No longer controlling company or principle shareholder
RHJ International, S.A.
- (ii) New controlling company and principle shareholder
ATC HOLDINGS II Co., Ltd.

B. Number and percentage of voting rights possessed by the principle shareholders before and after the change.

- (i) RHJ International, S.A.

	Number of voting rights held by principle shareholder	Percentage of total voting rights (%)
Before change	432,553 shares	60.70
After change	—	—

(ii) ATC HOLDINGS II Co., Ltd.

	Number of voting rights held by principle shareholder	Percentage of total voting rights (%)
Before change	—	—
After change	440,747 shares	61.85

* Number of non-voting shares deducted from total issued and outstanding shares: 380,327 shares (as of September 30, 2011)

Total issued and outstanding shares as of December 31, 2011: 712,940,223 shares

3) Costs related to change in shareholders

With the change in controlling company, costs related to the change in major shareholders and refinance of ¥1,133 million are expected in the fourth quarter. This cost is a prediction using information currently at hand and is not a fixed amount.

② Syndicate Loan Agreement

The purpose of the Syndicate Loan Agreement is to refinance the existing syndicate loan agreement (a loan agreement and a subordinated loan agreement) which we executed on February 24, 2006. On February 22, 2011, we executed a Syndicate Loan Agreement with Aozora Bank, Ltd., as the agent. The loan of ¥16,273 million with an unexecuted commitment line agreement occurred on February 24, 2011.

With the completion of the Tender Offer Bid in the above section (1), the Bidder raised a total amount of ¥13,300 million (including unexecuted commitment line) using capital raised from financial institutions and an intercompany loan to pay back the syndicate loan in full.

[Loans which tender offeror borrowed by financial institutions have a constant financial covenant. In the event the given level cannot be reached, at the lender's request, the borrower shall forfeit the benefit of time in relation to the debt obligations and must immediately settle the amount.]

6. Note other

① Litigation

The Pension Benefit Guaranty Corporation ("PBGC") has filed a lawsuit against the Company in federal court in the U.S. on November 12, 2010. The PBGC is a U.S. entity that administers and enforces the pension plan termination insurance program under the U.S. Employee Retirement Income Security Act of 1974 (ERISA) and its complaint relates to the pension plan of Metaldyne Corporation, which was the Company's U.S. subsidiary and filed a petition for reorganization proceedings under Chapter 11 of the U.S. Bankruptcy Code in May 2009.

② Possibility of Extraordinary Losses Due to a Breach of Representations and Warranties Given in Connection with the Sale of Our Consolidated Subsidiary

As disclosed in the press release entitled "Announcement of Transfer of Shares in Our Consolidated Subsidiary" dated October 19, 2010 and in the press release entitled "Announcement of Completion of Transfer of Shares in Our Consolidated Subsidiary" dated November 19, 2010, Asahi Tec Corporation (the "Company") sold all shares held by the Company in Asahi Tec Environmental Solutions Corporation ("ATES"; currently named Aquaintec Corporation), which was a consolidated subsidiary of the Company, to the special purpose company (NMC Fund 15 Corporation) wholly owned by NMC2007 Investment Limited Partnership which Nippon Mirai Capital Co., Ltd. is managing. (Thereafter, NMC Fund 15 Corporation and Aquaintec Corporation merged.)

The Company has recently received a request for indemnification for an amount of ¥457 million in total from Aquaintec Corporation alleging that the Company breached certain representations and warranties under the relevant share purchase agreement (i.e., incorrectness of certain representations and warranties that the treatment of construction expenses and inventory of assets at ATES is proper and accurate).