

Consolidated Condensed Financial Statements for the Three Months Ended June 30, 2005

August 5, 2005

Listing Name: ASAHI TEC CORPORATION
 Code Number: 5606
 Listing: The Tokyo Stock Exchange, 1st section
 (URL <http://www.asahitec.co.jp/>)
 Representative: Akira Nakamura
 President and CEO
 Contact: Takao Yoshida
 Managing executive officer and CFO
 Telephone Number: (0537) 36 - 3112

1. Notes on Presentation of Quarterly Financial Results

(1) Simplified methods employed in accounting procedures : Yes

(contents)

- Physical count of inventories was not performed at the first quarter end.
- Allowance for doubtful accounts was calculated based on the past credit loss experience until the prior year.
- Reserve for loss contracts was not calculated at the first quarter end.
- Liability for employees' retirement benefits are recorded as pro rata basis based on the estimated projected benefit obligation and fair value of plan assets at the end of fiscal year.
- Simplified method is used for Income tax calculation.

(2) Change in accounting policies: None

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

2. Consolidated financial results for the three months ended June 30, 2005

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

(In ¥ million)

	Net sales	Percent change	Operating income (loss)	Percent change	Ordinary income (loss)	Percent change
Three months ended June 30, 2005	12,663	9.4	126	-	(92)	-
Three months ended June 30, 2004 *3	11,573	2.2	(70)	-	(192)	-
Year ended March 31, 2005 *4	57,574	-	628	-	107	-

	Net income (In ¥ million)	Percent change	Net income per share (In ¥)	Diluted net income per share (In ¥)
Three months ended June 30, 2005	(338)	-	(3.81)	-
Three months ended June 30, 2004 *3	282	-	3.19	-
Year ended March 31, 2005 *4	(1,294)	-	(14.58)	-

Notes:

- 1) The percent change in net sales represents change from the same period in the last year.
- 2) Net income per share was calculated based on the assumption that the Series A preferred stock is converted to common stock.
- 3) Three month ended June 30, 2004: Accounting results for our two consolidated subsidiaries, Asahi Tec Aluminum (Thailand) Co., Ltd. and Asahi Tec Metal (Thailand) Co., Ltd. reflect January 1st 2004 to March 31st 2004, because these companies changed their year-end closing from December to March on March 2005.
- 4) Year ended March 31, 2005: Accounting results for our consolidated subsidiaries, Asahi Tec Aluminum (Thailand) Co., Ltd. and Asahi Tec Metal (Thailand) Co., Ltd. reflect 15 month financial results which reflects the effect of three months results, because these companies changed their year-end closing from December to March on March 2005.

[Qualitative information about the progress situation of consolidated operating results]

The Group's consolidated net sales for the three-month period ended June 30, 2005 were ¥12,663 million, increased by 9.4% from the same period last year. This is mainly because demands for truck parts were strong due to the accelerated production before introduction of New Exhaust Gas Emission Regulation, and demand for automobiles increased as well. For profit, as the result of 1) increase of net sales and 2) cost-down activities such as shift of production to a subsidiary in Thailand, operating income was ¥126 million, ordinary loss was ¥92 million, net loss was ¥338 million.

Note: ¥170 million of impairment loss related aluminum wheel manufacturing transfer from Japan to Thailand by the end of 2005 is in extraordinary loss.

Asahi Tec's business results for the first three months tend to be soft because of seasonal reasons. For example most of water treatment work contracts of environmental business scheduled to be completed in the second half of the year.

(2) Consolidated financial position

	Total assets (In ¥ million)	Shareholders' equity (In ¥ million)	Equity ratio (%)	Shareholders' equity per share (in ¥)
Three months ended June 30, 2005	47,324	12,165	25.7	165.54
Three months ended June 30, 2004	48,117	14,060	29.2	196.96
Year ended March 31, 2005	49,558	12,580	25.4	171.60

Note: Shareholders' equity per share was computed by dividing the shareholders' equity attributable to common shareholders at period-end (shareholders' equity minus distribution of residual value to preferred shareholders and preferred dividends at period-end) by the issued number of common shares.

[Qualitative information related to consolidated financial position]

Total assets were ¥47,324 million, decreased by ¥2,234 million from March 31, 2005 due to seasonal reasons. The account receivable balance and account payable balance are peak on March end. The balances of account receivable and payable were decreasing during the three months ended June 30, 2005.

3. Projected consolidated financial results for the year ending March 31, 2006

	(In ¥ million)		
	Net sales	Ordinary income	Net income
Six months ended September 30, 2005	23,500	(700)	(1,200)
Year ending March 31, 2006	55,000	1,500	850

For reference: Projected annual net income per share: ¥9.58

Note: The projected net income per share for the year ending March 31, 2006 is calculated based on the assumption that the Series A preferred stock is converted to common stock.

[Reference projected consolidated financial results]

There are no changes in the projected consolidated financial results announced on May 31, 2005.

Note:

All predictions have been made considering data currently available to our company. Therefore, discrepancies may occur between the actual and predicted outcomes.

Attached material:

- (1) (Summary) Consolidated Balance Sheet (As of June 30, 2005)
- (2) (Summary) Consolidated Statement of Operations (For the Three-month period ended June 30, 2005)

Consolidated Financial Statements

(1) (Summary) Consolidated Balance Sheet

(Amounts are rounded down to million yen)

	June 30,2004		June 30,2005		March 31, 2005	
	Millions of yen	Composition Ratio (%)	Millions of yen	Composition Ratio (%)	Millions of yen	Composition Ratio (%)
Assets:						
Current Assets						
Cash and bank deposits	¥4,583		¥3,261		¥3,810	
Notes receivable and accounts receivable-trade	10,786		11,604		13,463	
Inventories	5,324		6,312		5,799	
Other current assets	1,023		551		603	
Total current assets	21,717	45.1%	21,729	45.9%	23,675	47.8%
Non-Current Assets:						
Property, Plants and Equipment	24,767	51.5	23,651	50.0	24,054	48.5
Intangible Fixed Assets	136	0.3	348	0.7	194	0.4
Investments and Other	1,495	3.1	1,595	3.4	1,634	3.3
Total Non-current Assets	26,399	54.9	25,595	54.1	25,882	52.2
Total Assets	¥48,117	100.0%	¥47,324	100.0%	¥49,558	100.0%

Current Liabilities:						
Notes payable and accounts payable-trade	¥8,241		¥8,616		¥9,724	
Short-term loans payable	945		1,879		2,387	
Allowance for bonuses	284		272		505	
Reserve for loss contracts	836		1,141		1,142	
Other current liabilities	2,717		3,206		3,201	
Total current liabilities	13,025	27.1%	15,116	31.9%	16,959	34.2%
Long-term Liabilities:						
Long-term debt	15,174		14,018		13,990	
Liability for employees' retirement benefits	1,691		1,854		1,864	
Other long-term liabilities	3,346		3,278		3,291	
Total long-term liabilities	20,211	42.0	19,152	40.5	19,145	38.6
Total liabilities	33,237	69.1	34,269	72.4	36,105	72.8
Minority Shareholders' Interest:						
Minority shareholders' interest	819	1.7	889	1.9	872	1.8
Shareholders' Equity:						
Capital	5,712	11.9	5,712	12.1	5,712	11.5
Capital surplus	6,647	13.8	6,647	14.0	6,647	13.4
Earned surplus	(1,832)	(3.8)	(3,731)	(7.9)	(3,393)	(6.8)
Land revaluation surplus	3,799	7.9	3,783	8.0	3,783	7.6
Net unrealized gain on available-for-sale security	12	0.0	29	0.1	28	0.0
Foreign currency translation adjustments	(273)	(0.6)	(266)	(0.6)	(188)	(0.3)
Treasury stock	(6)	(0.0)	(10)	(0.0)	(10)	(0.0)
Total shareholders' equity	14,060	29.2	12,165	25.7	12,580	25.4
Total Liabilities, Minority Shareholders' Interest and Shareholders' Equity	¥48,117	100.0%	¥47,324	100.0%	¥49,558	100.0%

(2) (Summary) Consolidated Statement of Operations

(In ¥ million)

	Three months ended June 30,2004		Three months ended June 30,2005		Year ended March 31, 2005	
	Millions of yen	Percentage	Millions of yen	Percentage	Millions of yen	Percentage
Net Sales	¥11,573	100.0%	¥12,663	100.0%	¥57,574	100.0%
Cost of Sales	10,330	89.3	11,280	89.1	50,687	88.1
Provision for loss on sales/ <i>Reversal of provision for loss on sales</i>	-	-	-	-	305	0.5
Gross Profit	1,242	10.7	1,382	10.9	6,581	11.4
Selling, General and Administrative Expenses	1,313	11.3	1,256	9.9	5,953	10.3
Operating Income (Loss)	(70)	(0.6)	126	1.0	628	1.1
Non-Operating Income:						
Interest income and Dividends income	13		3		21	
Miscellaneous income	59		74		233	
Total non-operating income	72	0.6	77	0.6	254	0.4
Non-operating Expenses:						
Interest expense	159		160		678	
Miscellaneous non-operating expenses	35		135		97	
Total non-operating expenses	194	1.7	296	2.3	776	1.3
Ordinary Income (Loss)	(192)	(1.7)	(92)	(0.7)	107	0.2
Extraordinary Income:						
Gain on sale of investment securities	575		-		576	
Gain on capitalization of leased assets	-		-		170	
Reversal of allowance for bad debts	12		7		-	
Others	10		1		104	
Total extraordinary income	597	5.2	9	0.0	850	1.5
Extraordinary Loss:						
Loss on disposal and sale of fixed assets	12		22		337	
Impairment loss	-		170		-	
Loss on disposal and sales of inventories	-		-		193	
Nonrecurring depreciation of fixed assets	-		-		1,321	
Loss on sale of investment securities	54		-		-	
Others	8		1		101	
Total extraordinary loss	76	0.7	194	1.5	1,953	3.4
Income (Loss) before taxes	329	2.8	(277)	(2.2)	(996)	(1.7)
Corporate income, inhabitant and enterprise taxes	24	0.2	38	0.3	228	0.4
Minority Shareholders' Interest	21	0.2	21	0.2	69	0.1
Net Income (Loss)	¥282	2.4%	(¥338)	(2.7%)	(¥1,294)	(2.2%)