

(Translation)

Consolidated Condensed Semiannual Financial Statements for the Year Ending March 31, 2005

November 22, 2004

Listing Name: ASAHI TEC CORPORATION
Code Number: 5606
Listing: The Tokyo Stock Exchange, 1st section
Head Office: Shizuoka Prefecture
(URL <http://www.asahitec.co.jp/>)
Representative: Hisaomi Sasaki
President and CEO
Contact: Takao Yoshida
Senior Executive Officer
Telephone Number: (0537) 36 - 3112

Date of board of directors' meeting to approve the consolidated semiannual financial statements: November 22, 2004

U.S.A. Accounting Standards: Not adopted

1. Financial results for the six months ended September 30, 2004

(1) Consolidated operating results (Amounts less than ¥1 million have been omitted.)

(In ¥ million)

	Net sales	Percent change	Operating income (loss)	Percent change	Ordinary income (loss)	Percent change
Six months ended September 30, 2004	23,803	2.3	(326)	-	(598)	-
Six months ended September 30, 2003	23,277	7.1	(768)	-	(1,012)	-
Year ended March 31, 2004	52,884	3.4	316	-	(195)	-

	Net income (In ¥ million)	Percent change	Net income per share (in ¥)	Diluted net income per share (in ¥)
Six months ended September 30, 2004	(259)	-	(2.93)	-
Six months ended September 30, 2003	(6,507)	-	(88.18)	-
Year ended March 31, 2004	(6,151)	-	(75.74)	-

Notes:

Equity in income (losses) of affiliated companies :

Six months ended September 30, 2004 – (¥3 million)

Six months ended September 30, 2003 – ¥11 million

Year ended March 31, 2004 – ¥21million

Weighted average number of shares: Please refer to page 4.

Change in accounting policies: None

Percent changes in Net sales, Operating income, Ordinary income and Net income in the tables represent increase or (decrease) compared to the corresponding period of the respective previous year.

Net income per share was calculated based on the assumption that the Series A preferred stock is converted to common stock.

(2) Consolidated financial position

	Total assets (in ¥ million)	Shareholders' equity (in ¥ million)	Ratio of shareholders' equity to total assets (%)	Shareholders' equity per share (in ¥)
Six months ended September 30, 2004	48,181	13,486	28.0	187.03
Six months ended September 30, 2003	49,447	13,730	27.8	195.77
Year ended March 31, 2004	50,135	14,053	28.0	211.69

Note:

With respect to the number of shares issued and outstanding at year-end (consolidated), please refer to page 3.

In order to obtain the shareholders' equity per share, the portion of period-end shareholders' equity per share attributable to the shareholders of common shares was divided by the number of issued and outstanding shares existing at the respective six months or year-end. The portion of period-end shareholders' equity attributable to the shareholders of common stock was calculated by subtracting a portion of period-end shareholders' equity attributable to the preferred stock from applicable period-end shareholders' equity.

(3) Consolidated cash flow results

	Cash flow generated from operating activities (in ¥ million)	Cash flow generated from (used for) investing activities (in ¥ million)	Cash flow generated from (used for) financing activities (in ¥ million)	Ending balance of cash & cash equivalents (in ¥ million)
Six months ended September 30, 2004	¥1,521	¥2	(¥796)	¥4,107
Six months ended September 30, 2003	229	(1,921)	3,718	4,064
Year ended March 31, 2004	1,698	(3,586)	3,204	3,411

(4) Scope of consolidation and the application of the equity method

Three subsidiaries were consolidated.

Two associated companies were accounted for using the equity method.

(5) Change in the scope of consolidation and the application of the equity method

One associated company was newly accounted for using the equity method.

2. Projected consolidated financial results for the year ending March 31, 2005

(In ¥ million)

	Net sales	Ordinary income	Net income
Year ending March 31, 2005	¥55,600	¥920	¥1,000

For reference: Projected annual net income per share: ¥11.26

All predictions have been made considering data currently available to our company. Therefore, discrepancies may occur between the actual and predicted outcomes. As for the predictions for the year ending March 31, 2005, please refer to page 10, Item Number 3. Outlook of Business Results for the Full Year". Beginning with the year ending March 31, 2005, the year-end of Asahi Somboon Aluminium Co., Ltd. and Asahi Somboon Metals Co., Ltd., consolidated subsidiaries will be changed from December 31 to March 31, and these two subsidiaries' financial statements will disclose operating and financial results for the total fifteen months ending March 31, 2005. Accordingly, the projected consolidated financial results for the year ending March 31, 2005 presented above

include the two subsidiaries' applicable projections for the three months (net sales of ¥1,800 million, ordinary income of ¥140 million and net income of ¥110 million).

The projected net income per share for the year ending March 31, 2005 was calculated on the assumption that the Series A preferred stock is converted to common stock.

Weighted Average Number of Shares (consolidated)

	Six months ended September 30, 2003	Six months ended September 30, 2004	Year ended March 31, 2004
	shares	shares	
Common stock	59,795,754	60,144,942	59,792,114
Preferred stock			
Series A preferred stock	14,286,000	28,572,000	21,429,000

Number of shares issued and outstanding at year-end (consolidated)

	As of September 30, 2003	As of September 30, 2004	As of March 31, 2004
	shares	shares	
Common stock	59,793,211	60,213,299	59,784,519
Preferred stock			
Series A preferred stock	28,572,000	28,572,000	28,572,000

1. Formulas to Calculate the Performance Indicators for the Six Months Ended September 30, 2004

- Net Income Per Share

Portion of net income attributable to shareholders of common shares / [number of weighted average number of shares of common stock for the period (consolidated) + increased number in common shares based on the assumption that all of existing convertible participating shares are converted]

- Shareholders' Equity per Share

Portion of period-end shareholders' equity attributable to shareholders of common shares / number of issued and outstanding shares at period-end (consolidated)

2. Formulas to Calculate the Performance Indicators for the Year Ending March 31, 2005

- Projected net income Per Share (for a full year)

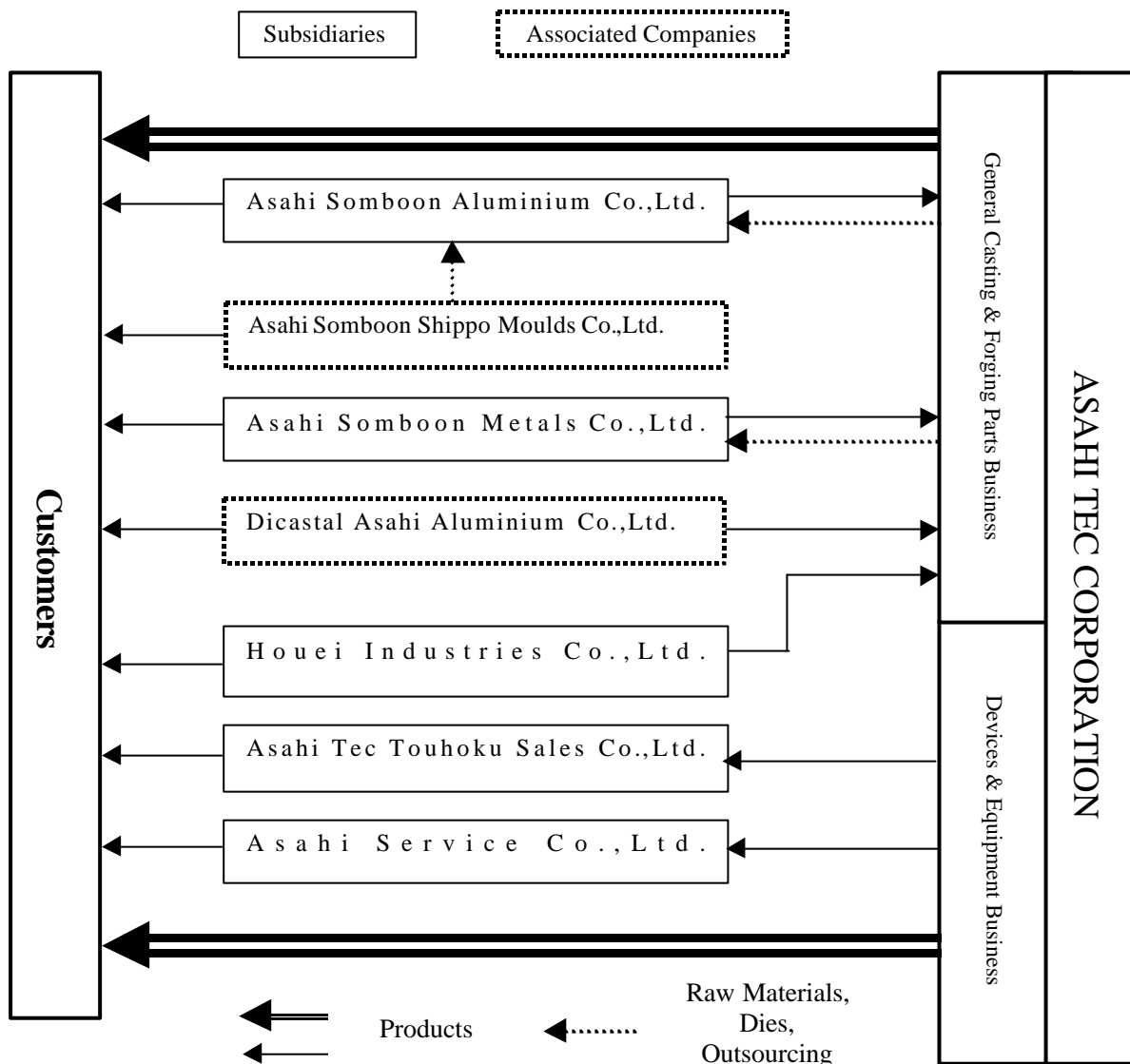
Portion of projected net income attributable to shareholders of common shares / [number of issued and outstanding shares existing at the six months-end (consolidated) + increased number in common shares based on the assumption that all of existing convertible participating shares are converted]

Group Information

The Group consists of the Company, six subsidiaries and two associated companies and mainly engages in the manufacture and sales of general casting and forging parts, and devices and equipment. Principal operations, operating status and business segments within the Group are as follows:

Business Segment	Product Line and Services	Principal Associated Company
General casting and forging parts	General components for vehicles	Houei Industries Co., Ltd. Asahi Somboon Aluminium Co., Ltd. Asahi Somboon Metals Co., Ltd. Asahi Somboon Shippo Moulds Co., Ltd.
	Aluminum wheels	Asahi Somboon Aluminium Co., Ltd. Dicastal Asahi Aluminium Co., Ltd.
	Ductile iron casting products and gray iron casting products	Asahi Somboon Metals Co., Ltd.
Devices and equipment	Overhead line fittings	Asahi Tec Touhoku Sales Co., Ltd.
	Environmental systems and equipment and construction of water treatment facilities	Asahi Service Co., Ltd.
Other operations	Welfare services	Asahi Tec Service Co., Ltd.

The Group's schematic diagram is displayed below:



Consolidated and non-consolidated subsidiaries and associated companies are as follows:

Consolidated subsidiaries (three)

- | | |
|-----------------------------------|--|
| Houei Industries Co., Ltd. | Manufacture and sales of aluminum forging products, machining and assemble of various machinery and parts. |
| Asahi Somboon Aluminium Co., Ltd. | Manufacture and sales of aluminum casting products and aluminum wheels. |
| Asahi Somboon Metals Co., Ltd. | Manufacture and sales of ductile iron casting products and gray iron casting products. |

Non-consolidated subsidiaries (three)

- | | |
|-----------------------------------|--|
| Asahi Tec Touhoku Sales Co., Ltd. | Distributor for overhead line fittings. |
| Asahi Service Co., Ltd. | Sales of environmental equipment and construction of water treatment facilities. |
| Asahi Tec Service Co., Ltd. | Welfare service. |

Associated companies (two)

- | | |
|---------------------------------------|---|
| Asahi Somboon Shippo Moulds Co., Ltd. | Manufacture and sales of dies for casing. |
| Dicastal Asahi Aluminum Co., Ltd. | Manufacture and sales of aluminum wheels. |

The companies were accounted for using the equity method.

Management Policy

1. Basic Management Policy

ASAHI TECH CORPORATION and its consolidated subsidiaries (together, “the Group”) share a corporate philosophy that the Group will be evaluated as one of the leading companies in terms of safety, quality, availability, cost efficiency, employee morale and profit, in each of these respective fields: ductile iron casting, aluminum wheels, aluminum materials, die-casting, environmental systems and equipment and electrical equipment. In addition, the Group will be able to make various contributions to our shareholders, customers, partner companies, local community and employees. The Group has adopted an environmental controls system for all of our business activities beginning with the development process, planning, manufacturing and sales activities to ensure an effective role in preserving our environment. The Group wants to stay in harmony with society and to meet their corporate social responsibility through continued attention to global environmental issues.

2. Profit Distribution – Basic Policy

It is the basic policy of the Group to return appropriate profits to our shareholders through continual effort and dedication to increase corporate value and proactively distribute profits resulting from enhanced corporate value. For the six months ended September 30, 2004, the Company recorded a net loss. The payment of interim dividends was withdrawn for the prior year ended March 31, 2004. We request that our shareholders understand this decision. We believe that retained earnings should be used to grow our operations from a medium-and-long term standpoint. The retained earnings will be directed to the development of new products and global market participation or expansion activities in order to strengthen our corporate competitiveness.

We have introduced a stock option plan (stock acquisition rights) for the Company’s officers and certain employees in order to raise their motivation or morale.

3. Business Target

The Group will continuously strive to enhance quality, productivity and cost reduction as well as to expand sales by introducing new products and technologies and exploring new customers and global markets, ultimately to bring betterment in earnings and return on equity (ROE).

4. Medium-and-Long Term Management Strategy and Future Tasks to Tackle

The automobile industry has been challenged by an intense competition in connection with the ongoing globalization of the economy, while engagements in environment conservation and safety have been emphasized and technological renovation has been accelerated. Under these business conditions, we will devote ourselves to promote the following measures in order to provide new technology and competitive products that satisfy our customer needs on a timely basis, and to enforce company quality to create stable profitability:

(1) Technological Innovation

We will be actively involved with technological innovation in the fields of hyper ductile and aluminum casting and forging, including ATREX M&F, ultra lightweight aluminum wheel production technology which contribute to environmental issues by providing weight saving and performance gain in automobile development. The domestic companies will take leading roles in providing technical support to overseas subsidiaries. We will provide attractive new products based on future customer needs in the field of environmental systems and equipment as well as electric power equipment.

(2) Thorough Quality and Availability Control

In order to be a reliable company and to satisfy our customers, the Group encourages all employees to make a priority of working together to create quality products and to deliver products on a timely basis. We have adopted the following systems in both Japan and Thailand to systematically support this desire: Overall Equipment Efficiency (OEE) in the field of light alloy and cast iron manufacturing and Asahi Tec Manufacturing Management System (AMM). We will begin with the worldwide implementation of these systems in other countries.

(3) Growth Strategy

We will focus on the ATREX M&F for large-caliber ultra lightweight aluminum wheels and ductile business for trucks, construction machineries and forklifts. We will expand our sales activities globally with newly developed products that contribute to weight saving and enhanced performance of automobiles, while developing an integrated production system to efficiently support the process related to technical development, materials, processing and assembling. We will reinforce high-value added business globally by positioning both of the Japanese and Thai subsidiaries as important manufacturing centers, while also expanding our business in the Chinese market. We aim to develop the environmental systems, equipment and electric power equipment businesses to be independent business units by maximizing their profit.

(4) Intensive Manpower Development

To meet the challenges of ongoing globalization and be a top business enterprise, we will upgrade our support system to enable employees to acquire official certifications and establish a goal management system in order to improve individual and workforce productivity. We will also introduce a compensation and benefits package that will be earned based on an individual's ability and accomplishment. Through the above mentioned measures, we will promote sales expansion and cost reduction as well as increase our profit-earning capacity.

5. Basic Conception of Corporate Governance and Implementation of Required Measures

We have a basic policy to enhance our corporate value by expediting management's decision making and business administration while maintaining a transparent and fair management system. Following the approval of the general shareholders' meeting held on June 29, 2004, the "Company with Committees" system was introduced. At the Board of Directors' meeting held on the same day, the establishment of three committees, 1) an audit committee, 2) a compensation committee and 3) a nomination committee, all led mainly by outside directors, was approved, and 16 executive officers were appointed. By creating a new corporate structure, we believe, that the separation of managerial supervision and execution will clarify management responsibility and the delegation of certain powers to

the appointed executive officers will contribute to more timely decision making.

In order to execute the Board of Directors' resolutions more quickly, the president and other executive officers will hold weekly management meetings to discuss operating decisions and the related implementing measures determined by the Board of Directors as well as the current status of their execution and other ongoing projects. Compliance matters are addressed by consulting with attorneys and certified public accountants, whenever necessary, to pursue proper management.

Business Results and Financial Position

1. Business Results

(1) Overview of Business Results

During the six months ended September 30, 2004 (“current half year”), business results showed a recovery trend mainly in corporate performance including capital expenditure and export sales. However, the Japanese economy has yet to reach a full-fledge recovery which is hindered by inactive consumer spending due to ongoing severe unemployment. In Thailand, the economy remained steady and continued to expand.

Sales of truck parts decreased due to a decline in demand in the current half year, while the corresponding sales for the prior year had increased due to the purchase of trucks for replacement triggered by the introduction of the Exhaust Gas Emission Regulations. Meanwhile, demand for light motor vehicle parts and civil engineering and construction machinery extended and Thai automobile industries enjoyed a strong growth. Overall, the Company's consolidated sales for the current half year were ¥23,803 million, up 2.3% from the same time last year.

The profit status for the current half year significantly improved from the same time last year supported by increased sales and higher productivity, though the Company experienced rising raw material costs and lowering sales prices of its products. The consolidated operating loss was ¥326 million, which improved by ¥441 million from the same time last year. The consolidated ordinary loss was ¥598 million, which had improved by ¥414 million from the same time last year.

During the same time last year, management had reviewed corporate strategies, and disposed of part of nonperforming assets, started to accrue losses attributable to certain items, and reversed a portion of deferred tax assets. As a result of these measures, extraordinary losses and tax expense had significantly increased. For the current half year, after recording a gain on sale of investment securities of ¥576 million as extraordinary income, the Group's consolidated net loss was ¥259 million, which had improved by ¥6,247 million from the same time last year.

Segment Information

Sales by segment include inter-segment sales. Operating income (loss) includes non-allocable expenses.

a) Information by business segment

[General Casting and Forging Parts]

Sales of general casting and forging parts increased due to certain factors. There was an active demand for light motor vehicle parts and civil engineering and construction machinery parts in Japan while replacement demand for trucks decreased. Sales of automobile parts were strong in the Thai market. Overall, consolidated sales of this segment were ¥21,307 million, up 1.6% from the same time last year. Consolidated operating income was ¥301 million, increased by ¥283 million from the same time last year due to sales growth and higher productivity.

[Devices and Equipment]

As for the environmental equipment category, large-scaled orders for water treatment work increased in the current half year, and were accounted for on percentage of completion basis, the adoption of which started in the prior year. Also, there was a growing demand for overhead line fittings. As such, consolidated sales of this segment were ¥2,508 million, up 7.5% from the same term last year. Consolidated operating income of this

segment was ¥17 million, which increased by ¥124 million from the same time last year.

b) Information by geography

[Japan]

Track replacement slowed down in the current half year. Domestic sales for the current half year were ¥20,058 million, down 2.5% from the same time last year. Due to the decreased sales and raised raw material prices, an operating loss of ¥168 million was recorded for the current half year, which decreased by ¥9 million from the same time last year.

[Asia]

The Thai automobile industry continued to be brisk in the current half year, and sales in Asia were ¥5,110 million, up 24.7 % from the same time last year. Operating income soared to ¥450 million supported by a sales increase in Thailand, which was 4.5 times more than last year's result.

2. Financial Position

(1) Assets, Liabilities and Shareholders' Equity

Total assets decreased by ¥1,953 million compared to the prior year-end, though cash and bank deposits increased compared to prior year-end. Particularly, notes and accounts receivable decreased in the current half year since many water treatment work contracts related to environmental equipment are scheduled to be completed in the second half of the year. Investment securities decreased due to the sales of the securities. Total liabilities as of September 30, 2004 decreased by ¥1,415 million compared to the prior year-end, which was mostly attributable to a decrease in notes and accounts payable and the repayment of long-term debt. With respect to shareholders' equity, while capital and capital surplus increased with the issuance of new common stock compared to the prior year-end, shareholders' equity decreased by ¥566 million from the prior year-end, which mainly resulted from a decrease in earned surplus due to the recording of net loss for the current half year and in net unrealized gain on available-for-sale securities due to the sale of the securities.

(2) Cash Flows

Cash and cash equivalents for the current half year was ¥4,107 million, an increase of ¥696 million from the same time last year. Net cash inflow from operating activities was ¥1,521 million, mainly supported by the collection of trade receivables. Net cash inflow from investment activities was ¥2 million, mainly supported by restrained acquisition of fixed assets and the proceedings of investment securities sold. Consequently, net cash inflow was ¥1,524 million. Net cash outflow from financial activities was ¥796 million due to the repayment of long-term debt.

(3) Trend of Cash Flow Indicators

	Six months ended September 30, 2003	Six months ended September 30, 2004	Year ended March 31, 2004
Equity ratio	27.8%	28.0%	28.0%
Equity ratio on a market value basis	39.9%	35.4%	38.1%
Unexpired years of obligations	6.4 years	5.3 years	5.8 years
Interest coverage ratio	5.9 times	4.3 times	5.0 times

Note: Equity ratio: equity / total assets

Equity ratio on a market value basis: market capitalization / total assets

Unexpired years of obligations: interest-bearing liabilities / cash flow from operating activities

Interest coverage ratio: cash flow from operating activities / interest paid

1. Each indicator was calculated based on the consolidated amounts.
2. Market capitalization was calculated by the following formula: closing quotation of company share at year-end x number of shares issued and outstanding at year-end (excluding treasury stock). Preferred stock can be converted to common shares, and preferred stock is included in the number of common shares issued and outstanding at year-end.
3. The operating cash flow is based on the cash flow from operating activities in the consolidated cash flow statements. In the prior year, advisory service fee and refinance costs, one time and unusual expense, were excluded. The interest-bearing liabilities represent all interest-bearing liabilities included in liabilities which are reported in the consolidated balance sheets. The interest paid represents the total amount of interest paid presented in the consolidated cash flow statements.

3. Outlook of Business Results for the Full Year

Sales are expected to grow from the following: (1) with respect to the aluminum wheel products, demand for motor cycle components will be most active in the second half of the year, (2) demand for industrial and construction vehicles-related products will continue to be strong in the second half year, (3) the environment systems and equipment-related products will have the busiest season in the second half of the year, and (4) consolidated subsidiaries, Asahi Somboon Aluminum Co., Ltd. and Asahi Somboon Metals Co., Ltd., changed their year-end from December 31 to March 31, and accordingly, the two subsidiaries' operating results will reflect the 15 months results (including net sales of ¥1,800 million, ordinary income of ¥140 million, and net profit of ¥110 million for the added three months). The business environment is expected to remain severe, affected by sales price reduction caused by the global distribution of components of vehicles by our competitors and raised sales price of raw materials.

Given this business environment, we, the Group, will utilize our technology development power, one of our strengths, as a key source to generate operating profits. We will make timely use of economic changes or trends as business opportunities, including the trimming of automobile weight, globalized location of our customers and market restructures. Eventually, we hope that the Group will turn into a stable, profit-earning enterprise through these efforts.

With respect to the Group's projections for the year ending March 31, 2005, net sales will be ¥55,600 million, operating income ¥1,630 million, ordinary income ¥920 million and net income ¥1,000 million.

Consolidated Financial Statements

Consolidated Balance Sheets

(In ¥ million)

	September 30, 2003		September 30, 2004		March 31, 2004	
	Millions of yen	Composition Ratio (%)	Millions of yen	Composition Ratio (%)	Millions of yen	Composition Ratio (%)
Assets:						
Current Assets						
Cash and bank deposits	¥4,460		¥4,221		¥3,576	
Notes receivable and accounts receivable-trade	10,437		10,799		13,120	
Inventories	5,421		5,553		5,256	
Deferred tax assets	37		40		39	
Other current assets	469		597		398	
Allowance for doubtful accounts	(8)		(17)		(14)	
Total current assets	20,816	42.1%	21,194	44.0%	22,376	44.6%
Non-Current Assets:						
Property, Plants and Equipment						
Buildings and structures	5,314		4,983		5,155	
Machinery, equipment and transportation equipment	6,492		6,468		6,299	
Tools, appliances and fixtures	2,363		2,225		2,397	
Land	10,131		10,222		10,233	
Construction in progress	1,650		1,444		1,002	
Total property, plants and equipment	25,952	52.5	25,343	52.6	25,087	50.0
Intangible Fixed Assets						
Software	116		86		99	
Other intangible fixed assets	50		60		41	
Total intangible assets	166	0.3	146	0.3	141	0.3
Investments and Other Noncurrent Assets						
Investment securities	1,323		499		1,462	
Deferred tax assets	132		136		137	
Other investments	1,230		1,014		1,088	
Allowance for doubtful accounts	(175)		(153)		(157)	
Total investments and other noncurrent assets	2,511	5.1	1,497	3.1	2,531	5.1
Total Noncurrent Assets	28,630	57.9	26,987	56.0	27,759	55.4
Total Assets	¥49,447	100%	¥48,181	100%	¥50,135	100%

(In ¥ million)

	September 30, 2003		September 30, 2004		March 31, 2004	
	Millions of yen	Composition Ratio (%)	Millions of yen	Composition Ratio (%)	Millions of yen	Composition Ratio (%)
Current Liabilities:						
Notes payable and accounts payable-trade	¥7,405		¥7,998		¥9,016	
Short-term loans payable	2,354		1,202		1,128	
Income taxes payable	21		74		47	
Allowance for bonuses	591		561		506	
Allowance for loss on sales	968		797		836	
Allowance for product warranty	29		13		15	
Allowance for completed construction warranty	16		24		22	
Other current liabilities	3,094		3,266		2,968	
Total current liabilities	14,482	29.3%	13,938	28.9%	14,542	29.0%
Long-Term Liabilities:						
Long-term debt	15,258		14,760		15,670	
Deferred tax liabilities from land revaluation	2,495		2,507		2,507	
Liability for employees' retirement benefits	1,744		1,687		1,698	
Retirement allowances for officers	81		68		88	
Other long-term liabilities	889		901		772	
Total long-term liabilities	20,468	41.4	19,925	41.4	20,737	41.4
Total liabilities	34,951	70.7	33,864	70.3	35,279	70.4
Minority Shareholders' Interest:						
Minority shareholders' interest	764	1.5	830	1.7	802	1.6
Shareholders' Equity:						
Capital	5,669	11.5	5,712	11.8	5,669	11.3
Capital surplus	6,604	13.4	6,647	13.8	6,604	13.1
Earned surplus	(2,473)	(5.0)	(2,374)	(4.9)	(2,115)	(4.2)
Land revaluation surplus	3,815	7.7	3,799	7.9	3,799	7.6
Net unrealized gain on available-for-sale security	217	0.4	6	0.0	311	0.6
Foreign currency translation adjustments	(97)	(0.2)	(297)	(0.6)	(210)	(0.4)
Treasury stock	(4)	(0.0)	(7)	(0.0)	(6)	(0.0)
Total shareholders' equity	13,730	27.8	13,486	28.0	14,053	28.0
Total Liabilities, Minority Shareholders' Interest and Shareholders' Equity	¥49,447	100%	¥48,181	100%	¥50,135	100%

Consolidated Income and Loss Statements

(In ¥ million)

	Six months ended September 30, 2003		Six months ended September 30, 2004		Year ended March 31, 2004	
	Millions of yen	Percentage	Millions of yen	Percentage	Millions of yen	Percentage
Net Sales	¥23,277	100%	¥23,803	100%	¥52,884	100%
Cost of Sales	21,336	91.6	21,367	89.8	47,066	89.0
Provision for loss on sales/ <i>Reversal from allowance for loss on sales</i>	39	0.2	38	0.2	92	0.2
Gross Profit	1,900	8.2	2,474	10.4	5,910	11.2
Selling, General and Administrative Expenses	2,669	11.5	2,801	11.8	5,593	10.6
Operating Income (Loss)	(768)	(3.3)	(326)	(1.4)	316	0.6
Non-Operating Income:						
Interest income	1		1		2	
Dividends income	16		13		24	
Gain on sales of scrap	37		3		114	
Export sales incentives	32		42		66	
Unrealized gain on derivatives	-		32		-	
Miscellaneous income	42		14		87	
Total non-operating income	130	0.5	107	0.5	296	0.6
Non-operating Expenses:						
Interest expense	264		325		618	
Miscellaneous non-operating expenses	110		53		190	
Total non-operating expenses	375	1.6	379	1.6	809	1.5
Ordinary Income (Loss)	(1,012)	(4.4)	(598)	(2.5)	(195)	(0.3)
Extraordinary Income:						
Gain on prior period's revenue adjustments	14		-		14	
Gain on sale of fixed assets	3		7		6	
Gain on sale of investment securities	-		576		25	
Reversal from allowance for doubtful accounts	5		1		-	
Gain on sale of golf course membership	7		25		7	
Others	0		8		2	
Total extraordinary income	30	0.1	619	2.6	56	0.1
Extraordinary Loss:						
Loss on disposal and sales of fixed assets	534		123		793	
Loss on retirement of leased assets (machinery)	701		-		701	
Loss on sale of investment securities	-		71		-	
Loss on disposal and sales of inventories	179		-		313	
Advisory fee and refinance costs	1,181		-		1,219	
Provision for loss on sales	928		-		928	
Others	58		3		54	
Total extraordinary loss	3,584	15.3	198	0.8	4,011	7.6
Income(Loss) before taxes	(4,566)	(19.6)	(177)	(0.7)	(4,150)	(7.8)
Corporate income, inhabitant and enterprise taxes:						
Current	21		53		87	
Deferred	1,909	8.3	0	0.2	1,865	3.7
Minority Shareholders' Interest	9	0.0	29	0.1	48	0.1
Net Income (Loss)	(¥6,507)	(27.9 %)	(¥259)	(1.0 %)	(¥6,151)	(11.6 %)

Comparative Consolidated Statement of Surpluses

(In ¥ million)

Year	Six months ended September 30, 2003	Six months ended September 30, 2004	Year ended March 31, 2004
Description			
(Capital Surplus)			
Beginning balance of capital surplus	¥5,604	¥6,604	¥5,604
Increase in capital surplus			
Issuance of new shares for capital increase	1,000	43	1,000
Ending balance of capital surplus	6,604	6,647	6,604
(Earned Surplus)			
Beginning balance of earned surplus	4,025	(2,115)	4,025
Increase in earned surplus			
Reversal from land revaluation surplus	8	-	10
Decrease in earned surplus			
Net income (loss)	(6,507)	(259)	(6,151)
Ending balance of earned surplus	(¥2,473)	(¥2,374)	(¥2,115)

Consolidated Cash Flow Statements

(In ¥ million)

Accounts	Six months ended September 30, 2003	Six months ended September 30, 2004	Year ended March 31, 2004
I Cash flows from operating activities			
Income (loss) before taxes and adjustments	(¥4,566)	(¥177)	(¥4,150)
Depreciation	1,683	1,595	3,436
Increase/(decrease) in allowance of doubtful accounts	(3)	5	33
Increase/(decrease) in liability for employees' retirement benefits	(79)	(10)	(125)
Increase/(decrease) in retirement allowances for officers	(66)	(19)	(58)
Loss on sale or retirement of fixed assets	531	115	786
Increase/(decrease) in allowance for loss of sales	968	(38)	836
Gain/(loss) on sales of investment securities	0	(504)	(25)
Interest and dividends income	(18)	(15)	(27)
Interest expense	264	325	618
Foreign exchange loss (gain)	76	27	(56)
Gain under the equity method	(11)	3	(21)
Advisory service fee and refinance costs	1,181	-	1,219
Loss on retirement of leased assets (machinery and equipment)	660	-	619
(Increase)/decrease in trade receivables	2,886	2,242	266
(Increase)/decrease in inventories	(130)	(319)	(4)
Increase/(decrease) in trade payables	(1,817)	(973)	(129)
Other	120	(371)	383
Sub-total	1,679	1,885	3,601
Interest and dividends received	24	14	33
Interest paid	(232)	(356)	(588)
Corporate income taxes paid	(88)	(22)	(131)
Payment for Advisory service fee and refinance costs	(1,152)	-	(1,217)
Cash flows from operating activities	229	1,521	1,698
II Cash flows from investment activities			
Payment for time deposits	(235)	-	(471)
Proceeds from withdrawals of time deposits	-	51	306
Proceeds from sale of investment securities	1	958	35
Acquisition of tangible fixed assets	(1,640)	(1,132)	(3,468)
Proceeds from sale of tangible fixed assets	117	69	189
Acquisition of intangible fixed assets	(13)	(5)	(23)
Other	(151)	61	(154)
Cash flows (used in) from investment activities	(1,921)	2	(3,586)
III Cash flows from financing activities			
Increase/ (decrease) in short-term borrowings-net	(3,332)	212	(4,277)
Proceeds from increased issuance of long-term debt	14,442	-	16,352
Repayment of long-term debt	(2,696)	(1,004)	(4,173)
Payments for redemption of convertible bonds	(6,682)	-	(6,682)
Proceeds from issuance of shares	1,992	85	1,992
Payment for dividends to minority shareholders	(4)	(4)	(4)
Other	(1)	(86)	(2)
Cash flows (used in) from financing activities	3,718	(796)	3,204
IV Exchange gain (loss) on cash and cash equivalents	(20)	(31)	36
V Increase in cash and cash equivalents	2,005	696	1,352
VI Beginning balance of cash and cash equivalents	2,058	3,411	2,058
VII Ending balance of cash and cash equivalents	¥4,064	¥4,107	¥3,411

Basic Matters to Prepare the Consolidated Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries – the following three subsidiaries were consolidated:

Houei Industries Co., Ltd.
Asahi Somboon Aluminium Co., Ltd.
Asahi Somboon Metals Co., Ltd.

(2) Non-consolidated subsidiaries – three subsidiaries

Asahi Tec Touhoku Sales Co., Ltd.
Asahi Service Co., Ltd.
Asahi Tec Service Co., Ltd.

These three subsidiaries are not material companies. Total assets, sales, net income (loss) (corresponding to the portion of equity interest) and earned surplus (corresponding to the portion of equity interest) of these three subsidiaries are insignificant and do not affect these consolidated financial statements substantially. Therefore, the three subsidiaries were excluded from the scope of consolidation.

2. Equity method related matters

(1) Associated company accounted for under the equity method:

Asahi Somboon Shippo Moulds Co., Ltd. and Dicastal Asahi Aluminium Co., Ltd.

The significance of Dicastal Asahi Aluminium Co., Ltd. in consolidation was gained in the six months ended September 30, 2004, and was accounted for under the equity method.

(2) Non-consolidated subsidiaries and associated companies not accounted for under the equity method:

Asahi Tec Touhoku Sales Co., Ltd., Asahi Service Co., Ltd. and Asahi Tec Service Co., Ltd.

(3) The three non-consolidated subsidiaries which were not accounted for under the equity method had an insignificant effect on the Group's net income (loss) (corresponding to the portion of equity interest) and earned surplus (corresponding to the portion of equity interest), respectively, and to the consolidated financial statements as a whole. Therefore, these companies were not consolidated nor accounted for using the equity method.

(4) Half year-ends of the companies which were accounted for under the equity method differ from the Company. In preparing these consolidated semiannual financial statements, the balances of these companies' accounts as of June 30 of the year were used.

3. Half year-end of consolidated subsidiaries

Half year-end of Houei Industries Co., Ltd. is the same as the half year-end for consolidation. Half year-end of Asahi Somboon Aluminium Co. Ltd. and Asahi Somboon Metals Co., Ltd. is June 30. The gap between the two companies' half year-end and the year-end for consolidation is not more than three months, and these companies' figures closed on June 30 were used for consolidation as is, except for significant changes which have occurred between June 30 and September 30.

4. Accounting policies

(1) Evaluation standards and method of significant assets

Marketable securities

Available-for-sale securities with readily determinable market price are reported at fair value on the balance sheet date, with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity. The cost of securities sold is determined based on the moving-average method.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

Derivatives

Derivatives were stated using the market value method.

Inventories

Inventories were stated at cost determined by the average method.

(2) Depreciation of significant fixed assets

Property, plants and equipment

Buildings excluding fixtures:

The straight-line method was applied.

Casting included in tools, furniture and fixtures:

The Company and overseas consolidated subsidiaries applied the straight-line method.

Domestic consolidated subsidiaries applied the declining-balance method.

Other tangible fixed assets:

The Company and domestic consolidated subsidiaries applied the declining-balance method.

Overseas consolidated subsidiaries applied the straight-line method. The useful lives of the major tangible fixed assets are as follows:

Buildings and structures:	10 to 50 years
Machinery and equipment:	4 to 12 years
Tools, furniture and fixtures:	2 to 6 years

Intangible assets

Software:

The Company and domestic consolidated subsidiaries mainly adopted the straight-line method.

The useful life used by the Company and the domestic consolidated subsidiaries is 5 years, determined by the Company.

Other intangible assets:

The Company and the domestic consolidated subsidiaries adopted the straight-line method.

(3) Accounting for significant allowances

1) Allowance for doubtful accounts

The Company and the domestic consolidated subsidiary accounted for allowance for doubtful accounts at the amount considered to be appropriate based on the companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding. The overseas consolidated subsidiaries accounted for allowance for bad debts based on the judgment on each debtor's financial condition.

2) Allowance for bonuses

The Company and the domestic consolidated subsidiary recorded accrued bonuses based on the estimated amount of future bonus payments to employees earned in the six months under review.

3) Allowance for loss of sales

The Company provided for anticipated loss of sales in the following year. In order to calculate the anticipated loss of sales, the Company estimated the total production volume of each car model based on the total production volume of each car model projected by a research company for the next 12 months. Next, the Company multiplied the total production volume of each car model estimated by the yearly actual loss of sales per vehicle by car model recorded at the end of the six months under review.

4) Allowance for product warranty

The Company and overseas consolidated subsidiaries provided for product warranty based on the past experiences in order to reasonably estimate warranty expenses and match sales and expenses.

5) Allowance for completed construction

The Company accrued warranty expenses for completed construction based on past experiences in order to reasonably estimate warranty expenses and match sales and expenses.

6) Liability for employees' retirement benefits

The Company and the domestic consolidated subsidiary have a retirement benefit plan. The Company and its domestic consolidated subsidiary accounted for the liability for employees' retirement benefits based on projected benefit obligations and fair value of plan assets at the end of the six months under review.

Unrecognized actuarial gains or losses are amortized by the straight-line method over 10 years (which is shorter than the employees' average remaining service years at year-end) beginning in the following fiscal year.

7) Retirement allowances for officers

The Company and the domestic consolidated subsidiary recorded retirement allowances for officers equal to 100% of the amounts which would have been payable to officers at the end of the six months under review in accordance with the Company's regulations.

(4) Translation of significant foreign currency quoted assets and liabilities into Japanese currency

Balances quoted in foreign currencies in the financial statements were translated into Japanese yen at the exchange rates as of the balance sheet date. Foreign exchange gains and losses from translation are recognized in the income and loss statements.

Assets and liabilities of the overseas consolidated subsidiaries were translated into Japanese yen at the exchange rates as of the balance sheet date. Income and expenses of the overseas consolidated subsidiaries were translated into Japanese yen at the average exchange rate for the six months under review. Foreign exchange differences arising from the translation were recorded as “Foreign currency translation adjustments”, a component of Minority Shareholders’ Interest and Shareholders’ Equity.

(5) Accounting for significant leases

The Company accounts for financing leases as operating leases, except for financing leases under which the title to the leased asset is deemed to be transferred to the lessee.

(6) Accounting for significant hedge transactions

1) Hedge accounting

Interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not measured at fair market value but the differentials paid or received under the swap agreements are recognized and included in interest expense or income.

2) Hedging instruments and hedged items

<u>Hedging Instruments</u>	<u>Hedged Items</u>
Currency interest rate swaps	Borrowings and interest expense

3) Hedging policy

Derivative transactions have been executed to hedge the foreign exchange and interest fluctuations in accordance with the Company’s internal policies.

4) Evaluation of effectiveness of hedging

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not measured at fair market value but the differentials paid or received under the swap agreements are recognized and included in interest expense or income. Therefore, effectiveness of executed foreign currency forward contracts and interest currency swaps is high.

(7) Other significant matters for the preparation of the consolidated financial statements

Accounting for sales

Long-term construction costing not less than ¥100 million and scheduled to be completed by more than a year was determined by the percentage of completion method. Other contracts were determined by the completed-contract method. In the six months under review, completed construction to which the percentage of completion method applied amounted to ¥168 million.

Accounting for consumption taxes

Consumption taxes are excluded from the amounts of all related accounts in this report.

5. Working capital in the Consolidated Cash Flow Statements

Working capital (cash and cash equivalents) in the consolidated cash flow statements consists of cash on hand, deposits available to withdraw at any time, and short-term investments that are easily convertible to cash, not subject to value fluctuations, and are redeemed within three months after acquisition.

Notes to the Consolidated Balance Sheets

	Six months ended	Six months ended	Year ended
	September 30, 2003	September 30, 2004	March 31, 2004
	Millions of yen	Millions of yen	Millions of yen
1. Discounts of notes receivable	¥0	¥3	¥4
2. Accumulated depreciation of tangible fixed assets	32,945	33,917	33,374
3. Pledged assets and obligations guaranteed			
Amount of pledged assets (book value):			
Cash on hand and in banks	2,702	2,631	2,601
Notes receivable and accounts receivable-trade	1,019	782	1,663
Inventories	4,426	4,326	4,265
Buildings and structures	4,400	4,110	4,200
Machinery and equipment	4,261	3,430	3,786
Tools, appliances and furniture	324	211	293
Land	9,851	9,846	9,846
Investment securities	1,156	312	1,272
Total	28,144	25,650	27,929
Liabilities corresponding to the pledged assets above			
Short-term borrowings	-	979	386
Long-term debt	13,712	12,453	13,371
Total	13,712	13,433	13,757
4. Guarantees of indebtedness of others			
Guarantees of indebtedness of associated companies and employees payable to financial institutions			
Asahi Somboon Shippo Moulds Co., Ltd.	55	-	53
Employees	5	3	4
Total	60	3	58

Notes to Consolidated Income and Loss Statements

1. Major Items and Amounts Included in Selling, General and Administrative Expenses

	Six months ended September 30, 2003	Six months ended September 30, 2004	Year ended March 31, 2004
	Millions of yen	Millions of yen	Millions of yen
Packing cost and freight	¥769	¥815	¥1,662
Salaries and bonuses	583	614	1,353
Provision for bonuses	135	139	120
Retirement benefits cost	67	47	149
Provision for retirement allowances for officers	18	4	32
2. Gain on Sales of Fixed Assets			
Gain on sales of land	2	0	2
Gain on sales of other fixed assets	0	7	4
Total	3	7	6
3. Loss on Disposal of Fixed Assets			
Loss on disposal of buildings and structures	245	0	253
Loss on disposal of machinery/equipment and vehicles & transportation equipment	134	49	165
Loss on disposal of tools, appliances and furniture	108	65	224
Loss on disposal of other fixed assets	32	0	91
Loss on sales of other fixed assets	0	0	41
Cost of destruction of fixed assets	11	7	16
Total	534	123	793

(Notes to Consolidated Cash Flow Statements)

1. Ending balance of cash and cash equivalents consist of the followings:

Cash and bank deposits	¥4,460	¥4,221	¥3,576
Time deposits expiring more than 3 months	(235)	(114)	(165)
Pledged special deposits	(160)	-	-
Ending balance of cash and cash equivalents	4,064	4,107	3,411

Leases

Lease transaction-related information will be disclosed via EDINET, and has been omitted herein.

Marketable Securities

Six months ended September 30, 2003

1. Available-for-sale securities with market value (as of September 30, 2003)

(In ¥ million)

Classification	Acquisition Cost:(A)	Balance Sheet Carrying Value:(B)	Increase (Difference)
Stocks	530	926	395
Total	¥530	¥926	¥395

4. Information related to major marketable securities having no market value

(In ¥ million)

	Balance Sheet Carrying Value
Available-for-sale securities Unlisted stock (excluding counter shares)	¥95

Six months Ended September 30, 2004

1. Available-for-sale securities with market value (as of September 30, 2004)

(In ¥ million)

Classification	Acquisition Cost:(A)	Balance Sheet Carrying Value:(B)	Increase (Difference)
Stocks	76	113	37
Total	¥76	¥113	¥37

2. Information on major marketable securities without market value

(In ¥ million)

	Balance Sheet Carrying Value
Available-for-sale securities Unlisted stock (excluding counter shares)	¥86

Prior Year Ended March 31, 2004

1. Available-for-sale securities with market value (as of March 31, 2004)

(In ¥ million)

Classification	Acquisition Cost:(A)	Balance Sheet Carrying Value:(B)	Increase (Difference)
Stocks	530	1,078	547
Total	¥530	¥1,078	¥547

2. Information on major marketable securities without market value

(In ¥ million)

	Balance Sheet Carrying Value
Available-for-sale securities Unlisted stock (excluding counter shares)	¥84

Derivatives

Derivative transactions-related information is to be disclosed via EDINET, and was omitted herein.

Segment Information

1. Information by Business Segment

Six months ended September 30, 2003

(In ¥ million)

	General Casting & Forging parts	Devices & Equipment	Total	Eliminated or Adjusted	Consolidated
Sales					
(1) Sales for external customers	¥20,943	¥2,333	¥23,277	-	¥23,277
(2) Inter-segment sales or transfers	18	-	18	(¥18)	-
Total	20,962	2,333	23,295	(18)	23,277
Operating expenses	20,943	2,440	23,383	661	24,045
Operating income (loss)	18	(106)	(87)	(680)	(768)

Six months ended September 30, 2004

(In ¥ million)

	General Casting & Forging parts	Devices & Equipment	Total	Eliminated or Adjusted	Consolidated
Sales					
(1) Sales for external customers	¥21,295	¥2,508	¥23,803	-	¥23,803
(2) Inter-segment sales or transfers	12	-	12	(¥12)	-
Total	21,307	2,508	23,815	(12)	23,803
Operating expenses	21,005	2,490	23,496	633	24,130
Operating income (loss)	301	17	319	(646)	(326)

Year ended March 31, 2004

(In ¥ million)

	General Casting & Forging parts	Devices & Equipment	Total	Eliminated or Adjusted	Consolidated
Sales					
(1) Sales for external customers	¥45,052	¥7,832	¥52,884	-	¥52,884
(2) Inter-segment sales or transfers	48	-	48	(¥48)	-
Total	45,101	7,832	52,933	(48)	52,884
Operating expenses	44,220	7,056	51,276	1,290	52,567
Operating income (loss)	880	776	1,656	(1,339)	316

Notes:

1. The business segments in the above table were categorized in accordance with our corporate administrative policies.
2. Major products consisting of each business segment
 - (1) General casting and forging parts include general parts of vehicles (including aluminum wheels), parts for industrial machinery and insulator casting.
 - (2) Devices and equipment include overhead wire casting, environmental systems and equipment and plants.
3. Non-allocable expenses included in the operating expenses of the "Eliminated or Adjusted" are ¥695 million for the six months ended September 30, 2003, ¥660 million for the six months ended September 30, 2004 and ¥1,340 million for the prior fiscal year ended March 31, 2004, which are principally related to the administrative operations of the General Affairs Department.

2. Information by Geography

Six months ended September 30, 2003

(In ¥ million)

	Japan	Asia	Total	Eliminated or Adjusted	Consolidated
.Sales					
(1) Sales for external customers	¥20,285	¥2,991	¥23,277	-	¥23,277
(2) Inter-segment sales or transfers	281	1,107	1,389	(¥1,389)	-
Total	20,567	4,098	24,666	(1,389)	23,277
Operating expenses	20,726	3,997	24,724	(678)	24,045
Operating income	(158)	101	(57)	(710)	(768)

Six months ended September 30, 2004

(In ¥ million)

	Japan	Asia	Total	Eliminated or Adjusted	Consolidated
.Sales					
(1) Sales for external customers	¥19,878	¥3,924	¥23,803	-	¥23,803
(2) Inter-segment sales or transfers	180	1,185	1,365	(¥1,365)	-
Total	20,058	5,110	25,169	(1,365)	23,803
Operating expenses	20,226	4,659	24,886	(756)	24,130
Operating income	(168)	450	282	(609)	(326)

Year ended March 31, 2004

(In ¥ million)

	Japan	Asia	Total	Eliminated or Adjusted	Consolidated
.Sales					
(1) Sales for external customers	¥46,783	¥6,100	¥52,884	-	¥52,884
(2) Inter-segment sales or transfers	602	2,612	3,214	(¥3,214)	-
Total	47,385	8,713	56,099	(3,214)	52,884
Operating expenses	46,021	8,401	54,423	(1,856)	52,567
Operating income	1,364	311	1,675	(1,358)	316

Notes:

- Policies for geographic division and country included in Asia
 - The geographic divisions are based on geographic closeness of the countries.
 - Asia includes Thailand.
- With respect to non-allocable expenses included in the operating expenses of the "Eliminated or Adjusted", refer to the description of the note (3) related to the Information by Business Segment. The amount for each of the applicable periods is equal to that given there.

3. Overseas Sales

Six months ended September 30, 2003

(In ¥ million)

		Asia	Other Area	Total
I	Overseas sales	¥2,908	¥42	¥2,951
II	Consolidated sales			¥23,277
III	Ratio of overseas sales to consolidated sales	12.5%	0.2%	12.7%

Six months ended September 30, 2004

(In ¥ million)

		Asia	Other Area	Total
I	Overseas sales	¥3,602	¥482	¥4,084
II	Consolidated sales	¥0	¥0	¥23,803
III	Ratio of overseas sales to consolidated sales	15.1%	2.0%	17.2%

Year ended March 31, 2004

(In ¥ million)

		Asia	Other Area	Total
I	Overseas sales	¥5,994	¥286	¥6,281
II	Consolidated sales			¥52,884
III	Ratio of overseas sales to consolidated sales	11.3%	0.5%	11.9%

Notes:

1. The geographical divisions are based on geographic closeness of the countries.
2. Each geographical division consists of the following countries:
Asia Thailand, Malaysia and China
Other Area Australia, Europe and the U.S.A.
3. Overseas sales represent the Company's and consolidated subsidiaries' sales in the countries or areas other than Japan.

Production, Orders & Sales

1. Production

(In ¥ million)

Business Segment \ Period	Six months ended September 30, 2003		Six months ended September 30, 2004		Fiscal year ended March 31, 2004	
	Amount of Production	Percentage	Amount of Production	Percentage	Amount of Production	Percentage
General casting and forging	¥21,031	89.9%	¥21,605	89.5%	¥44,924	85.2%
Machinery and equipment	2,355	10.1%	2,533	10.5%	7,783	14.8%
Total	¥23,387	100.0%	¥24,138	100.0%	¥52,708	100.0%

- Notes: 1. The amounts are based on sales prices.
2. The amounts are net of consumption taxes.

2. Order

(In ¥ million)

Business Segment \ Period	Six months ended September 30, 2003		Six months ended September 30, 2004		Fiscal year ended March 31, 2004	
	Orders Accepted	Balance Undelivered	Orders Accepted	Balance Undelivered	Orders Accepted	Balance Undelivered
General casting and forging	¥21,214	¥1,970	¥21,462	¥1,493	¥44,678	¥1,325
Machinery and equipment	2,409	919	2,297	1,547	8,747	1,758
Total	¥23,623	¥2,889	¥23,759	¥3,040	¥53,425	¥3,084

- Notes: 1. The Orders Accepted and the Balance Undelivered exclude inter-segment transfers.
2. The amounts are net of consumption taxes.

3. Sales

(In ¥ million)

Business Segment \ Period	Six months ended September 30, 2003		Six months ended September 30, 2004		Fiscal year ended March 31, 2004	
	Sales Amount	Percentage	Sales Amount	Percentage	Sales Amount	Percentage
General casting and forging	¥20,943	90.0%	¥21,295	89.5%	¥45,052	85.2%
Machinery and equipment	2,333	10.0%	2,508	10.5%	7,832	14.8%
Total	¥23,277	100.0%	¥23,803	100.0%	¥52,884	100.0%

- Notes: 1. The amounts exclude inter-segment transfers.
2. The amounts are net of consumption taxes.