

(Translation)

February 10, 2011

Name of company: Asahi Tec Corporation  
Representative: Shoichiro Irimajiri (President, Representative Executive Officer)  
Code Number: 5606 (Tokyo Stock Exchange 1st Section)  
Contact: Akira Kamiya (Executive Officer & General Manager, Corporate Planning Department)  
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## **Announcement of Absorption type Corporate Spli (Kani Kyushu Bunkatsu)**

The Board of Directors of Asahi Tec Corporation ( " ATC") has resolved as of this day to split up Electric Power Equipment Business ( " EPE ") for Asahi Tec TDM Co. Ltd ( " TDM " ), ATC wholly owned subsidiary to succeed EPE business targeting on April 1<sup>st</sup> of 2011. Please note that the relevant formation is partially abbreviated due to EPE business is succeeded our 100% owned subsidiary (Kanni Kyushu Bunkatsu).

### **1. Background and reasons**

Electric Power Equipment ( "EPE") Division operates differently from ATC's core businesses which are represented by general casting and forging parts in Automotive, Truck and Construction machinery fields. In order for EPE to flexibly seek their own growth scenario, EPE needs to have their own grip on their business operation as well as management structure independently from ATC's. While ATC puts great emphasis on emerging countries' needs on automobile and its related business fields, Corporate split of EPE division would enable both ATC and EPE to accelerate the study on the best scenario for both sides, which becomes the first phase to include future potential M&A options for EPE if best decided. Thus, ATC has decided to split up Electric Power Equipment Business ( " EPE ") for TDM (ATC wholly owned subsidiary, established on December 24, 2010) to succeed EPE business.

### **2. Corporate Split Summary**

#### 1) Schedule

Approval at Board of Directors' Meeting: February 10, 2011

Signing Agreement between ATC and TDM February 10, 2011

Effective date of Corporate Split April 1, 2011

Approval of shareholders' meeting is omitted pursuant to Article 784-3 in Companies Act

#### 2) Split Scheme

Absorption type Corporate Split ( "Split") with ATC as Split Company, and TDM as Succeeding Company (Kanni Kyushu Bunkatsu)

3) Allotment

One common stock will be allotted to ATC in association of this Split.

4) Capital reduced with this Split: Noe

5) Stock Option Plan of ATC: No change.

6) Rights and Obligations succeeded to Succeeding company

Status, rights and obligations under agreements belonging to the business to be succeeded except items stated in agreement if any.

7) Execution of liabilities

Any liabilities belonging to ATC and TDM after effective date of this Split will be executed.

**3. Overview of Split company and Succeeding company**

	Split company ( March 31, 2010 )	Succeeding company ( December 31, 2010 )
( 1 ) Name	Asahi Tec Corporation	Asahi Tec TDM Co. Ltd.
( 2 ) Address	Horinouchi 547-1, Kikugawa city, Shizuoka	Honohara 2-10, Toyokawa city, Aichi
( 3 ) Representative	Representative executive officer and President: Shoichiro Irimajiri	Representative director and President Kyo Kato
( 4 ) Business	Manufacturing and sale of Iron and Non-iron casting products, machined products and assembly.	Engineering, manufacturing and sale of Hardware for transmission lines and distribution lines, etc.
( 5 ) Capital	38,282 million yen	100 million yen
( 6 ) Establishment	August 8, 1938	December 24, 2010
( 7 ) # of share issued	476,626,560	2,000
( 8 ) End of Fiscal year	March 31	March 31
( 9 ) Major shareholder and its holding ratio	RHJ International SA/NV 60.07% Mitsui & Co. 11.93%	Asahi Tec Corporation 100%
( 10 ) Financial status in the most recent fiscal year (unit: million yen except share info.)		
	Split company ( consolidated )	Succeeding company
Net asset	17,470	( Note )
Total asset	56,368	
Net asset per share	2.85	
Sales	58,241	
Operating profit	121	
Ordinary profit	-392	
Net profit	-421	

Net profit per share	-1.63
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( Note ) Succeeding company has just established on December 24, 2010 and has no financial information to disclose.

#### 4. Overview of Electric Power Equipment Business Division (“the division”)to be split

1) Business of the division

Engineering, manufacturing and sale of Hardware for transmission lines and distribution lines, etc.

2) Financial performance of the division

Sales of 5,322 million yen (Fiscal Year ending March 31, 2010)

3) Assets and Liabilities to be split (million yen)

Asset ( Standalone )		Liabilities(Standalone)	
Account	Amount booked	Account	Amount booked
Current asset	0	Current liabilities	-
Fixed asset	222	Non-current liabilities	127
Total	223	Total	127

Note: above figure are forecasted at present time

#### 5. Status after Corporate Split

1) Split Company: No change

2) Succeeding company

	Succeeding company (April 1, 2011)
( 1 ) Name	Asahi Tec TDM Co. Ltd
( 2 ) Address	Honohara 2-10, Toyokawa city, Aichi
( 3 ) Representative	Representative director and President Kyo Kato
( 4 ) Business	Engineering, manufacturing and sale of Hardware for transmission lines and distribution lines, etc.
( 5 ) Capital	100 million yen
( 6 ) End of fiscal year	March 31
( 7 ) # of shares issues	2,001

#### 6. Any impacts foreseen in the Future

No impacts are foreseen since the split will be made with ATC 100% owned company..

( Reference )

Consolidated Business Results Forecast for FY2011 (announced on November 12, 2010)

(Million yen)

	Sales	Operating Profit	Ordinary profit	Net profit
Forecast ( FY2010 ending March 31, 2010 )	74,000	2,350	1,650	50
Prior Year	58,241	121	-392	-421

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