

(Translation)

## Consolidated Financial Results for the First Quarter Ended June 30, 2010 [JGAAP]

August 6, 2010

Company name: ASAHI TEC CORPORATION (the "Company")

&lt;Tokyo Stock Exchange\_First Section&gt;

Code number: 5606

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Scheduled date of filing of quarterly report: August 6, 2010

Scheduled date for dividend payment: -

Quarterly earnings supplementary explanatory documents: -

Quarterly earnings presentation: -

(Amounts less than one million yen are rounded off)

**1. Consolidated results for FY2010 First Quarter (April 1, 2010 through June 30, 2010)****(1) Consolidated operating results for the three months ended June 30** (% of change from first quarter of previous year)

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
FY2010 first quarter	18,358	70.2	759	-	499	-
FY2009 first quarter	10,787	(85.3)	(1,090)	-	(1,143)	-

	Net income		Basic net income per share		Diluted net income per share	
	Million yen	%	Yen		Yen	
FY2010 first quarter	(15)	-	(0.20)		-	
FY2009 first quarter	(1,127)	-	(2.75)		-	

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2010 first quarter	58,041	17,110	27.5	2.05
FY2009	56,368	17,470	28.8	2.85

Note: Equity for reference: As of June 30, 2010: 15,943 million yen As of March 31, 2010: 16,218 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
FY2009	-	0.00	-	0.00	0.00
FY2010	-	-	-	-	-
FY2010 Forecast	-	0.00	-	0.00	0.00

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

**3. Forecast of consolidated operating results for FY2010 (April 1, 2010 through March 31, 2011)**

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

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
FY2010 second quarter	37,900	61.4	1,300	-	800	-
FY2010	67,200	15.4	2,000	-	1,600	-

	Net income		Basic net income per share	
	Million yen	%	Yen	
FY2010 second quarter	200	-	0.09	
FY2010	550	-	0.48	

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

**4. Others** (Note: see attached [2.Others] for details)

- (1) Significant changes in scope of consolidation during the period: No
- (2) Adoption of simplified and special accounting policies for quarterly financial statements: Yes
- (3) Change in accounting policies, procedures, and disclosures
- a. Changes due to changes in accounting standards: Yes
  - b. Changes by other than (3)-a : Yes

(4) Number of shares issued (common stock)

	As of June 30, 2010	As of June 30, 2009	As of March 31, 2010
	Shares	Shares	Shares
a. Number of shares issued including treasury stock	437,446,163	-	437,446,163
b. Number of treasury stock	445,699	-	445,249
c. Weighted average number of shares	437,000,737	436,991,732	-

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

The Japanese economy is slowly starting to recover although economic conditions as a whole remain severe. Positive signs can be seen from improvement of the employment situation, and consumer spending picking up due to emergency economic package and also capital spending had stopped declining.

Consolidated net sales for the three months ended June 30, 2010 were 18,358 million yen, increased by 70.2% from the same period of the previous year mainly due to increasing demand by subsidies for car & trucks in Japan, export growth to emerging market, demand for construction machinery in China and cars in Thailand also increased.

Operating income increased by 1,850 million yen from the same period of the previous year to 759 million yen. This was mainly due to a sales increase, improving profit by inventory management and continuous cost reduction. Although currency exchange loss was recorded due to stronger yen, ordinary income increased by 1,643 million yen from the same period of the previous year to 499 million yen.

667 million yen of "loss on adjustment for changes of accounting standard for asset retirement obligations" are recorded as extraordinary loss. As a result, net losses were 15 million yen (improved 1,112 million yen from the same period of the previous year).

### 2. Qualitative information on consolidated financial position

Total assets as of June 30, 2010 were 58,041 million yen, increasing 1,673 million yen from the end of the fiscal 2009. This is mainly due to increase in Cash and deposits and account payable-trade. These were partly offset by the decrease in account receivable-trade and the decrease of noncurrent assets due to reduction capital expenditure.

Total liabilities as of June 30, 2010 were 40,931 million yen, increasing 2,033 million yen from the end of the fiscal 2009. This is mainly due to increase of accounts payable and asset retirement obligations.

Net assets decreased 360 million yen from the end of the fiscal 2009, to 17,110 million yen mainly due to foreign currency translation adjustment.

### 3. Qualitative information consolidated operating results forecast

In regard to the forecasts of the consolidated operating results for the second quarter of FY2010 has revised. Please refer to "Revision of Financial Results Forecasts and Recognition of Extraordinary Loss on adjustment for changes of accounting standard for asset retirement obligations" which announced today. However, the forecasts for the full year remain unchanged as presented on May 20, 2010.

## 2. Others

### 1. Significant changes in scope of consolidation during the period: None

### 2. Adoption of simplified and special accounting policies for quarterly financial statements

#### a. Simplified accounting

#### 1. Calculation method of accounts receivable allowance

Since the actual write-off rate as of the first quarter ended June 30, 2010 was not significantly different from the end of the fiscal 2009, Therefore, the accounts receivable allowance is calculated using by the write-off rate as of the end of fiscal 2009.

#### 2. Calculation method of accounting for inventory

Inventory calculation at the first quarter ended June 30, 2010 based on the physical stocktaking made at the end of fiscal 2009.

#### 3. Calculation method of depreciation expense

Depreciation of Fixed assets to which the declining method is applied is calculated dividing the depreciation expense for the consolidated fiscal year proportionally over the period.

#### 4. Calculation method of corporate income taxes

Only important tax adjustments and tax credits are applied to income taxes calculation for the Company and some of its consolidated subsidiaries.

#### 5. Netting of receivables, payables and transactions among consolidated entities

Netting of receivables and payables: In case where there are differences between receivables and payables, are netted without making adjustments.

Netting of transactions: In case where there are differences in transaction amounts and these are not significant, are netted and eliminated by matching amounts with those of the parent company.

b. Accounting treatment specific to quarterly closing: None

### 3. Change in accounting policies, procedures, and disclosures

#### a. Change in accounting standard:

##### 1. “Accounting Standard for Asset Retirement Obligations”

From the first quarter of the fiscal year ending March 31, 2011, the Company and its subsidiaries adopted the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18 of March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21 of March 31, 2008).

Both Operating income & Ordinary income decreased 9 million yen and loss before income taxes and minority interests increased 676 million yen.

##### 2. “Accounting Standard for Equity Method of Accounting for Investment” and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”

From the first quarter of the fiscal year ending March 31, 2011, the Company and its subsidiaries adopted the “Accounting Standard for Equity Method of Accounting for Investment” (Accounting Standards Board of Japan [ASBJ] Statement No. 16 of March 10, 2008) and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ PITF No. 24 of March 10, 2008). Appropriate adjustment made on consolidated financial statements.

The adoption did not have a material impact on the consolidated operating result.

#### b. Change in others

Consolidated taxation system was introduced from the first quarter ended June 30, 2010.

#### c. Change in disclosures

Based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 of December 26, 2008), the Company and its subsidiaries adopted the “Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No.5, March 24, 2009). As a result, “Loss before minority interests” is included in the consolidated financial statements for the first quarter of the fiscal year ending March 31, 2011.

### 3. Consolidated Financial Statements

#### 1. Consolidated Balance Sheets

(In millions of Yen)

	As of June 30, 2010	As of March 31, 2010
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	6,271	2,806
Notes and accounts receivable-trade	11,954	12,769
Merchandise and finished goods	2,337	2,618
Work in process	1,947	1,738
Raw materials and supplies	2,440	2,437
Other	784	850
Allowance for doubtful accounts	(3)	(5)
<b>Total current assets</b>	<b>25,733</b>	<b>23,215</b>
<b>Noncurrent Assets</b>		
Property, plant and equipment		
Buildings and structures, net	7,379	7,506
Machinery, equipment and vehicles, net	7,166	7,684
Tools, furniture and fixtures, net	1,475	1,637
Land	12,057	12,093
Construction in progress	763	840
Other, net	603	550
Total property, plant and equipment	29,445	30,313
Intangible assets		
Goodwill	109	111
Other	149	188
Total intangible assets	259	299
Investments and other assets	2,603	2,540
<b>Total noncurrent assets</b>	<b>32,308</b>	<b>33,152</b>
<b>Total assets</b>	<b>58,041</b>	<b>56,368</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	10,210	8,831
Short-term loans payable	13,132	13,253
Income taxes payable	46	142
Provision for bonuses	590	775
Other provision	173	268
Other	3,272	2,901
<b>Total current liabilities</b>	<b>27,426</b>	<b>26,173</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	4,000	4,000
Provision for retirement benefits	4,210	4,214
Other provision	800	794
Asset retirement obligations	744	-
Negative goodwill	95	105
Other	3,654	3,610
<b>Total noncurrent liabilities</b>	<b>13,504</b>	<b>12,724</b>
<b>Total liabilities</b>	<b>40,931</b>	<b>38,897</b>

(Continued)

	As of June 30, 2010	As of March 31, 2010
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	38,282	38,282
Capital surplus	39,180	39,180
Retained earnings	(63,245)	(63,229)
Treasury stock	(21)	(21)
<b>Total shareholders' equity</b>	<b>14,196</b>	<b>14,211</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	16	20
Deferred gains or losses on hedges	(79)	(72)
Revaluation reserve for land	2,278	2,278
Foreign currency translation adjustment	(468)	(220)
<b>Total valuation and translation adjustments</b>	<b>1,747</b>	<b>2,006</b>
<b>Subscription rights to shares</b>	<b>163</b>	<b>241</b>
<b>Minority interests</b>	<b>1,003</b>	<b>1,010</b>
<b>Total net assets</b>	<b>17,110</b>	<b>17,470</b>
<b>Total liabilities and net assets</b>	<b>58,041</b>	<b>56,368</b>

(Concluded)

## 2. Consolidated Statement of Income

(In millions of Yen)

	Three months ended June 30, 2009	Three months ended June 30, 2010
<b>Net sales</b>	10,787	18,358
<b>Cost of sales</b>	10,490	16,110
<b>Provision for (reversal of) loss on sales</b>	24	(87)
<b>Gross profit</b>	272	2,335
<b>Selling, general and administrative expenses</b>	1,363	1,575
<b>Operating income (loss)</b>	<b>(1,090)</b>	<b>759</b>
<b>Non-operating income</b>		
Interest income	0	0
Dividends income	2	1
Gain on allotment of investment securities	-	36
Amortization of negative goodwill	10	10
Equity in earnings of affiliates	21	29
Foreign exchange gains	67	-
Subsidy income	4	19
Miscellaneous income	21	9
Total non-operating income	127	107
<b>Non-operating expenses</b>		
Interest expenses	158	160
Foreign exchange losses	-	178
Miscellaneous expenses	22	28
Total non-operating expenses	180	367
<b>Ordinary income (loss)</b>	<b>(1,143)</b>	<b>499</b>
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	0	7
Reversal of provision for directors' bonuses	15	-
Gain on reversal of subscription rights to shares	4	78
Other	3	13
Total extraordinary income	23	99
<b>Extraordinary loss</b>		
Loss on disposal of noncurrent assets	19	2
Impairment loss	9	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	667
Amortization of stock issuance cost	59	-
Other	1	1
Total extraordinary losses	90	670
<b>Loss before income taxes and minority interests</b>	<b>(1,210)</b>	<b>(72)</b>
<b>Income taxes – current</b>	51	28
<b>Income taxes – deferred</b>	(98)	(76)
<b>Total income taxes</b>	(46)	(48)
<b>Loss before minority interests</b>	-	(24)
<b>Minority interests in loss</b>	(35)	(8)
<b>Net loss</b>	<b>(1,127)</b>	<b>(15)</b>



3. Note to going concern

None

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

None