

(Translation)

## Consolidated Financial Results for the First Quarter Ended June 30, 2011 [JGAAP]

August 10, 2011

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 10, 2011

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 FY2011 First Quarter (April 1, 2011 through June 30, 2011)****(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	%
FY2011 first quarter	17,027	(7.3)	161	(78.7)	240	(51.8)
FY2010 first quarter	18,358	70.2	759	-	499	-

Note: Comprehensive Income: As of June 30, 2011: (108) million yen (%) As of June, 2010: (282) million yen (%)

	Net income		Basic net income per share		Diluted net income per share	
	Million yen	%	Yen		Yen	
FY2011 first quarter	86	-	0.10		-	
FY2010 first quarter	(15)	-	(0.20)		-	

**(2) Consolidated financial position**

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
FY2011 first quarter	53,382		16,868		29.8	
FY2010	53,254		16,971		30.2	

Note: Equity for reference: As of June 30, 2011: 15,923 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	-	-	-	-	-
FY2011 Forecast	-	0.00	-	0.00	0.00

Note: Revision of dividends forecast in the first quarter: No

**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	
	Million yen	%	Million yen	%	Million yen	%
FY2011 second quarter	37,000	(2.8)	600	(57.2)	500	(50.8)
FY2011	77,000	5.4	2,350	0.6	2,000	13.3

	Net income		Basic net income per share	
	Million yen	%	Yen	
FY2011 second quarter	220	(54.9)	0.26	
FY2011	1,500	867.7	2.00	

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

**4. Others** (Note: See attached [2. Summary Information (Others)] for details)

- (1) Significant changes in scope of consolidation during the period: No
- (2) Application of accounting methods which are exceptional for quarterly consolidated financial statement: No
- (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: No
  - 2) Changes other than 1) in accounting policies: No
  - 3) Changes in accounting estimates: No
  - 4) Restatement of corrections: No

(4) Number of shares issued (common stock)

	As of June 30, 2011	As of June 30, 2010	As of March 31, 2011
	Shares	Shares	Shares
a. Number of shares issued including treasury stock	606,717,074	-	486,741,519
b. Number of treasury stock	3,571	-	2,816
c. Weighted average number of shares	669,414,424	437,000,737	-

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

During the consolidated cumulative period of the first quarter, the economy of Japan continued to experience harsh conditions in production, employment situation, and personal consumption due to the Great East Japan Earthquake, but at the end of the consolidated quarter, trends toward economic recovery were visible in the recovery of personal consumption as well as from the quick pace of manufacturer supply chain recovery, which outpaced expectations. Overseas, internal demand continued to increase in emerging markets such as China while developed countries showed signs of a slowdown in the economic recovery.

Within this business climate during the consolidated cumulative period of the first quarter, the Company's Group's sales saw continuing increases in demand for construction equipment, trucks, and automobiles in the emerging markets, such as China. However, net sales decreased by 7.3% from the same period of the previous year, to ¥17,027 million due to the sale of the fully-owned subsidiary, Asahi Tec Environmental Solutions Corporation during the previous fiscal year as well as reductions in demand due to the end of construction of large-scale trunk power lines, and reduced demand for automobile and truck related parts due to considerable supply chain limitations which occurred in Japan due to the Great East Japan Earthquake.

While positive factors were seen such as efforts to improve productivity, profit performance by reducing costs, the and removal of the capacity utilization variance from cost of goods due to the continued large-scale drop in production caused by the Great East Japan Earthquake, operating income during the consolidated cumulative period of the first quarter decreased by 78.7% from the same period of the previous year, to ¥161 million due to increases in raw materials prices, falling sales prices, and falling profits accompanied by decreased sales.

For ordinary income, while investment profits of ¥420 million according to the equity method were posted due to negative goodwill that occurred due to additional investments made along with capital increase in Wheelhorse Asahi Aluminium Company, an equity method affiliate in China, reduction in operating income caused ordinary income to fall 51.8% from the same period of the previous year, to ¥240 million. Additionally, net profit was ¥86 million (an improvement of ¥102 million from the same period of the previous year) due to the posting of capacity utilization variance accompanied by the Great East Japan Earthquake as an extraordinary loss of ¥136 million.

### 2. Qualitative information on consolidated financial position

Total assets as of June 30, 2011 were 53,283 million yen, increasing 127 million yen from the end of the fiscal 2010. This was due to an increase in investments and other assets (investments in affiliates) due to increased investment profits according to the equity method, increased notes and accounts receivable-trade due to recovery from the effects of the Great East Japan Earthquake, and increased cash and deposits, while there were negative factors such as reduced noncurrent assets due to the progression of depreciation, reduced inventory due to a recovery in sales along with the recovery from the effects of the Great East Japan Earthquake, and reduction in converted value to Yen for assets of overseas subsidiaries by strong yen.

Total liabilities as of June 30, 2011 were 36,514 million yen, increasing 230 million yen from the end of the fiscal 2010. This was due to an increase in notes and accounts payable-trade due to recovery from the effects of the Great East Japan Earthquake, while there were decreases due to repayment of loans and reduction in converted value to Yen for liabilities of overseas subsidiaries by strong yen.

Net assets decreased 102 million yen from the end of the fiscal 2010, to 16,868 million yen. This was due to a decrease in total net assets because of a reduction in foreign currency translation adjustment due to the strong yen, despite an increase in retained earnings due to the posting of a net profit in the fourth quarter.

### 3. Qualitative information consolidated operating results forecast

In regard to the forecast of the consolidated operating results for FY2011, the forecast announced in June 28, 2011 has been revised. Please refer to "Revision of Financial Results Forecast" which announced today.

## **2. Summary Information (Others)**

1. Changes to accounting policies, changes to accounting estimates, and restatement of figures  
(Application of the Accounting Standard for Accounting Changes and Error Corrections and related guidelines)

The Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No.24 December 4, 2009) and Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No.24 December 4, 2009) have been applied to the correction of past errors and accounting changes conducted after the beginning of the first quarter consolidated accounting period.

### 3. Consolidated Financial Statements

#### 1. Consolidated Balance Sheets

(In millions of Yen)

	As of March 31, 2011	As of June 30, 2011
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	2,958	3,433
Notes and accounts receivable-trade	9,686	10,139
Merchandise and finished goods	2,941	2,499
Work in process	2,304	2,369
Raw materials and supplies	2,100	1,910
Other	1,078	833
Allowance for doubtful accounts	(1)	(1)
<b>Total current assets</b>	<b>21,067</b>	<b>21,184</b>
<b>Noncurrent Assets</b>		
Property, plant and equipment		
Buildings and structures, net	7,034	6,863
Machinery, equipment and vehicles, net	7,186	6,919
Land	11,904	11,869
Other	2,957	2,875
Total property, plant and equipment	29,082	28,528
Intangible assets	275	239
Investments and other assets	2,829	3,430
<b>Total noncurrent assets</b>	<b>32,187</b>	<b>32,198</b>
<b>Total assets</b>	<b>53,254</b>	<b>53,382</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	8,778	9,662
Short-term loans payable	4,353	4,625
Provision for bonuses	1,013	628
Other provision	332	299
Other	3,893	4,324
<b>Total current liabilities</b>	<b>18,371</b>	<b>19,541</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	8,978	8,114
Provision for retirement benefits	3,968	4,002
Other provision	797	656
Asset retirement obligations	705	706
Other	3,462	3,492
<b>Total noncurrent liabilities</b>	<b>17,912</b>	<b>16,972</b>
<b>Total liabilities</b>	<b>36,283</b>	<b>36,514</b>

(Continued)

	As of March 31, 2011	As of June 30, 2011
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	13,703	13,703
Retained earnings	633	751
Treasury stock	(0)	(0)
<b>Total shareholders' equity</b>	<b>14,366</b>	<b>14,455</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	11	6
Revaluation reserve for land	2,278	2,276
Foreign currency translation adjustment	(600)	(814)
<b>Total accumulated other comprehensive income</b>	<b>1,690</b>	<b>1,468</b>
<b>Subscription rights to shares</b>	<b>7</b>	<b>7</b>
<b>Minority interests</b>	<b>609</b>	<b>937</b>
<b>Total net assets</b>	<b>16,971</b>	<b>16,868</b>
<b>Total liabilities and net assets</b>	<b>53,254</b>	<b>53,382</b>

(Concluded)

2. Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

Three months ended June 30, 2011

(In millions of Yen)

	Three months ended June 30, 2010	Three months ended June 30, 2011
<b>Net sales</b>	18,358	17,027
<b>Cost of sales</b>	16,023	15,438
<b>Gross profit</b>	2,335	1,589
<b>Selling, general and administrative expenses</b>	1,575	1,427
<b>Operating income</b>	<b>759</b>	<b>161</b>
<b>Non-operating income</b>		
Gain on allotment of investment securities	36	-
Equity in earnings of affiliates	29	420
Other	41	59
Total non-operating income	107	479
<b>Non-operating expenses</b>		
Interest expenses	160	217
Foreign exchange losses	178	157
Other	28	25
<b>Total non-operating expenses</b>	<b>367</b>	<b>400</b>
<b>Ordinary income</b>	<b>499</b>	<b>240</b>
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	7	89
Gain on reversal of subscription rights to shares	78	-
Other	13	7
<b>Total extraordinary income</b>	<b>99</b>	<b>97</b>
<b>Extraordinary loss</b>		
Loss on adjustment for changes of accounting standard for asset retirement obligations	667	-
Litigation cost	-	69
Capacity utilization variance due to the earthquake	-	136
Other	3	88
<b>Total extraordinary losses</b>	<b>670</b>	<b>293</b>
<b>Income (loss) before income taxes and minority interests</b>	<b>(72)</b>	<b>44</b>
Income taxes – current	28	54
Income taxes – deferred	(76)	(122)
<b>Total income taxes</b>	<b>(48)</b>	<b>(67)</b>
<b>Income (loss) before minority interests</b>	<b>(24)</b>	<b>112</b>
<b>Minority interests in income (loss)</b>	<b>(8)</b>	<b>25</b>
<b>Net income (loss)</b>	<b>(15)</b>	<b>86</b>



Consolidated Statements of Comprehensive Income  
 Three months ended June 30, 2011

(In millions of Yen)

	Three months ended June 30, 2010	Three months ended June 30, 2011
<b>Income (loss) before minority interests</b>	<b>(24)</b>	<b>112</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(3)	(5)
Deferred gains or losses on hedges	(7)	-
Foreign currency translation adjustment	(275)	(246)
Share of other comprehensive income of associates accounting for using method	28	31
<b>Total other comprehensive income</b>	<b>(258)</b>	<b>(220)</b>
<b>Comprehensive income</b>	<b>(282)</b>	<b>(108)</b>
(Comprehensive income attributable to)		
Comprehensive income attributable to parent company	(274)	(139)
Comprehensive income attributable to minority interests	(7)	30

3. Note to going concern

None

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

None

5. Note other

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 release 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.