

(Translation)

Consolidated Financial Results for the Third Quarter Ended December 31, 2010 [JGAAP]

February 10, 2011

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

<Tokyo Stock Exchange First Section>

Code number: 5606

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Scheduled date of filing of quarterly report: February 10, 2011

Scheduled date for dividend payment: -

Quarterly earnings supplementary explanatory documents: -

Quarterly earnings presentation: -

(Amounts less than one million yen are omitted)

1. Consolidated results for FY2010 Third Quarter (April 1, 2010 through December 31, 2010)**(1) Consolidated operating results for the nine months ended December 31**

(Percentages are shown as year-on-year changes)

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
FY2010 third quarter	55,784	44.2	1,860	-	1,251	-
FY2009 third quarter	38,684	(79.3)	(1,656)	-	(2,073)	-

	Net income		Basic net income per share	Diluted net income per share
	Million yen	%	Yen	Yen
FY2010 third quarter	249	-	0.32	-
FY2009 third quarter	(1,665)	-	(4.31)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2010 third quarter	52,602	17,256	30.6	20.39
FY2009	56,368	17,470	28.8	2.85

Note: Equity for reference: As of December 31, 2010: 16,118 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	-	0.00	-	-	-
FY2010 Forecast	-	-	-	0.00	0.00

Note: Revision of forecasts on the dividends: None

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

(Percentages are shown as year-on-year changes)

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
FY2010	74,000	27.0	2,350	-	1,650	-

	Net income		Basic net income per share
	Million yen	%	Yen
FY2010	50	-	(0.16)

Note: Revision of forecasts on the consolidated operating results: No

4. Others (Note: see [Attachment - 2.Others] for details)

(1) Significant changes in scope of consolidation during the period: Yes

Consolidation-1 Asahi Tec TDM Co., Ltd.

Deconsolidation-1 Asahi Tec Environmental Solutions Corporation

(2) Application of simple accounting methods or special accounting methods: Yes

Note: Application of simple accounting methods or special accounting methods for preparation for the consolidated financial statements

(3) Changes in accounting principles, procedures, and disclosures etc:

a. Changes due to revisions in accounting standards: Yes

b. Changes other than above (3)-a : Yes

Note: Changes in accounting principles, procedures and disclosures etc., used in the presentation of Quarterly report or Annual Report.

(4) Number of shares issued (common stock)

		Shares		Shares
a. Number of shares issued including treasury stock	As of December 31, 2010	486,741,519	As of March 31, 2010-	437,446,163
b. Number of treasury stock	As of December 31, 2010	794	As of March 31, 2010-	445,249
c. Weighted average number of shares	As of December 31, 2010	598,434,043	As of December 31, 2009	436,997,471

Note: Weighted average number of shares as of December 31, 2010 are included the assumption of Series A preferred stock converted.

Implementation status of quarterly review procedure

This quarterly summary report is not subject to quarterly review procedure based on Financial Instruments and Exchange Act and the review procedures for the quarterly consolidated financial statements were completed when this report was disclosed.

Note to forecasts on the consolidated operating results and other items

The forecast figures are estimated based on the information which the Company is able to obtain at the present point and it is included uncertain factors. Therefore, actual results may be different due to various factors.

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1. Qualitative Information and Financial Statements

1. Qualitative information on consolidated operating results

The recovery of Japanese economy was observed by increasing in exports for emerging countries and also consumer spending picking up due to emergency economic package. However, it seems to be pausing by an appreciation of the yen and the ending of a car subsidy program. On the other hand, the Chinese and Thailand's economy expanded.

Consolidated net sales have been impacted by the deconsolidation of Asahi Tec Environmental Solutions Corporation since the beginning of third quarter FY2010 and decrease in the number of orders for the electric lines construction in the electric power equipment business. However, consolidated net sales for the nine months ended December 31, 2010 were 55,784 million yen, increased by 44.2% from the same period of the previous year mainly due to increasing demand for construction machinery, trucks and cars in China and other emerging countries and also new customer deal. In Japan, demand increased by a car subsidy program and application of new emission standards.

Operating income increased by 3,516 million yen from the same period of the previous year to 1,860 million yen. This was mainly due to a sales increase, improving profit by inventory management and continuous cost reduction, and sales price adjusted by rising raw materials prices. Although 358 million yen of currency exchange loss was recorded, ordinary income increased by 3,324 million yen from the same period of the previous year to 1,251 million yen.

667 million yen of "loss on adjustment for changes of accounting standard for asset retirement obligations" and 388 million yen of Loss on sales of Asahi Tec Environmental Solutions Corporation was recorded as extraordinary loss. As a result, net profits were 249 million yen (improved 1,914 million yen from the same period of the previous year).

2. Qualitative information on consolidated financial position

Total assets as of December 31, 2010 were 52,602 million yen, decreasing 3,766 million yen from the end of the fiscal 2009. This was mainly due to deconsolidation of subsidiary and decreasing fixed assets by recording depreciation.

Total liabilities as of December 31, 2010 were 35,345 million yen, decreasing 3,552 million yen from the end of the fiscal 2009. This was mainly due to deconsolidation of subsidiary, asset retirement obligations and repayment of loan.

Net assets decreased 214 million yen from the end of the fiscal 2009, to 17,256 million yen mainly due to foreign currency translation adjustment though the net profit recorded.

3. Qualitative information on consolidated operating results forecast

The forecast of the consolidated operating results for the FY2010 will continue what our previous announcement on November 12, 2010.

2. Others

1. Significant changes in scope of consolidation during the period

Asahi Tec TDM Co., Ltd. was included in the scope of consolidation and the company deconsolidated Asahi Tec Environmental Solutions Corporation.

2. Application of simple accounting methods or special accounting methods for preparation for the consolidated financial statements

a. Simple accounting methods

1. Calculation method of accounts receivable allowance

Since the actual write-off rate as of the third quarter ended December 31, 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 third quarter ended based on the physical stocktaking made at the second quarter ended.

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. Judgments about recoverability of deferred tax assets are made based on the forecast at the end of the previous fiscal year and tax planning with respect to items where there have been no significant changes in the operating environment following the end of the previous fiscal year.

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 if there are no significant differences.

Netting of transactions: In case where there are differences in transaction amounts are netted and eliminated by matching amounts with those of the parent company if there are no significant differences.

b. Special accounting methods for preparation for the consolidated financial statements: None

3. Changes in accounting principles, procedures and disclosures etc., used in the presentation of Quarterly report

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 25 million yen and income before income taxes and minority interests decreased 692 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 December 31, 2010	As of March 31, 2010
Assets		
Current assets		
Cash and deposits	3,684	2,806
Notes and accounts receivable-trade	10,022	12,769
Merchandise and finished goods	2,674	2,618
Work in process	2,204	1,738
Raw materials and supplies	1,838	2,437
Other	697	850
Allowance for doubtful accounts	(1)	(5)
Total current assets	21,119	23,215
Noncurrent Assets		
Property, plant and equipment		
Buildings and structures, net	7,067	7,506
Machinery, equipment and vehicles, net	6,551	7,684
Tools, furniture and fixtures, net	1,338	1,637
Land	12,052	12,093
Construction in progress	1,271	840
Other, net	492	550
Total property, plant and equipment	28,774	30,313
Intangible assets		
Goodwill	106	111
Other	120	188
Total intangible assets	227	299
Investments and other assets	2,480	2,540
Total noncurrent assets	31,482	33,152
Total assets	52,602	56,368
Liabilities		
Current liabilities		
Notes and accounts payable-trade	8,533	8,831
Short-term loans payable	13,848	13,253
Income taxes payable	171	142
Provision for bonuses	426	775
Other provision	220	268
Other	2,818	2,901
Total current liabilities	26,020	26,173
Noncurrent liabilities		
Long-term loans payable	-	4,000
Provision for retirement benefits	4,163	4,214
Other provision	877	794
Asset retirement obligations	745	-
Negative goodwill	75	105
Other	3,464	3,610
Total noncurrent liabilities	9,325	12,724
Total liabilities	35,345	38,897

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	As of December 31, 2010	As of March 31, 2010
Net assets		
Shareholders' equity		
Capital stock	38,282	38,282
Capital surplus	39,180	39,180
Retained earnings	(63,001)	(63,229)
Treasury stock	(0)	(21)
Total shareholders' equity	14,460	14,211
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	13	20
Deferred gains or losses on hedges	(6)	(72)
Revaluation reserve for land	2,278	2,278
Foreign currency translation adjustment	(627)	(220)
Total valuation and translation adjustments	1,657	2,006
Subscription rights to shares	175	241
Minority interests	962	1,010
Total net assets	17,256	17,470
Total liabilities and net assets	52,602	56,368

(Concluded)

2. Consolidated Statement of Income

(In millions of Yen)

	Nine months ended December 31, 2009	Nine months ended December 31, 2010
Net sales	38,684	55,784
Cost of sales	36,150	49,188
Provision for (reversal of) loss on sales	152	(78)
Gross profit	2,381	6,675
Selling, general and administrative expenses	4,037	4,814
Operating income (loss)	(1,656)	1,860
Non-operating income		
Interest income	1	6
Dividends income	3	3
Amortization of negative goodwill	48	30
Equity in earnings of affiliates	77	124
Subsidy income	77	60
Miscellaneous income	42	80
Total non-operating income	252	305
Non-operating expenses		
Interest expenses	473	481
Foreign exchange losses	-	358
Miscellaneous expenses	195	74
Total non-operating expenses	669	914
Ordinary income (loss)	(2,073)	1,251
Extraordinary income		
Gain on sales of noncurrent assets	3	14
Gain on reversal of subscription rights to shares	32	86
Reversal of provision for directors' bonuses	15	-
Other	3	21
Total extraordinary income	55	122
Extraordinary loss		
Loss on disposal of noncurrent assets	93	51
Impairment loss	74	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	667
Loss on sales of subsidiaries' stocks	-	388
Amortization of stock issuance cost	59	-
Directors' retirement benefits	69	-
Other	3	176
Total extraordinary losses	300	1,284
Income (loss) before income taxes and minority interests	(2,318)	89
Income taxes – current	70	66
Income taxes – deferred	(665)	(184)
Total income taxes	(595)	(117)
Income before minority interests	-	207
Minority interests in loss	(57)	(41)
Net Income (loss)	(1,665)	249

3. Note to going concern

None

4. Significant changes in shareholders' equity

None

5. Other notes

The Pension Benefit Guaranty Corporation ("PBGC") has filed a lawsuit against the Company in federal court in the U.S. on November 12, 2010 (US eastern time zone). The PBGC is a US entity that administers and enforces the pension plan termination insurance program under the US Employee Retirement Income Security Act of 1974 and its complaint relates to the pension plan of Metaldyne Corporation ("Metaldyne"), 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.

End