

Asahi Pretec Corp. Flash Report (Consolidated Basis)

Asahi Pretec Corp. (Securities No. 5855, Tokyo Stock Exchange first section)
(URL <http://www.asahipretec.com>)

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1. Consolidated results for the first half of the fiscal year ending March 31, 2008

(From April 1, 2007 to September 30, 2007)

(1) Consolidated operating results

(Rounded off to millions of yen)

	The six months ended September 30, 2007		The six months ended September 30, 2006		The fiscal year ended March 31, 2007
	(Millions of yen)	(%)	(Millions of yen)	(%)	Millions of yen
Net Sales	54,392	(20.7)	45,070	(68.5)	97,623
Operating income	4,998	(11.8)	4,469	(104.0)	9,577
Ordinary income	5,040	(12.7)	4,473	(106.6)	9,573
Net income for the first half	2,960	(11.5)	2,654	(100.8)	5,720
Net income per share for the first half	¥82.07		¥111.32		¥159.91
Diluted net income per share for the first half	¥82.00		¥111.15		¥159.69

- Note:
- Equity in earnings of unconsolidated subsidiaries and affiliates: None
 - Asahi Pretec Corporation (“the Company”) carried out a 1.5-to-1 stock split with effect on October 1, 2006. The per share information for the fiscal year ended in March, 2007 reflects the stock split assuming that the above stock split was exercised on the beginning of the previous fiscal year ended in March, 2007. The per share information for the first half of the fiscal year ended in March, 2007 was calculated based on the number of shares before the stock split.

(2) Changes in the consolidated financial position

	As of September 30, 2007	As of September 30, 2006	As of March 31, 2007
Total assets (Millions of yen)	44,470	39,709	41,746
Net assets (Millions of yen)	35,281	29,633	31,994
Equity ratio	79.3%	74.6%	76.6%
Net assets per share	¥974.19	¥1,241.22	¥893.27

- Note:
- Equity capital (millions of yen)
First half of the fiscal year ending in March, 2008: 35,250
First half of the fiscal year ended in March, 2007: 29,606
Fiscal year ended in March, 2007: 31,964
 - The Company carried out a 1.5-to-1 stock split with effect on October 1, 2006. The per share information for the fiscal year ended in March, 2007 reflects the stock split assuming that the above stock split was exercised on the beginning of the previous fiscal year ended in March, 2007. The per share information for the first half of the fiscal year ended in March, 2007 was calculated based on the number of shares before the stock split.

(3) Consolidated cash flows

	The six months ended September 30, 2007	The six months ended September 30, 2006	The fiscal year ended March 31, 2007
	(Millions of yen)	(Millions of yen)	(Millions of yen)
Operating activities	2,367	627	4,281
Investing activities	1,068	973	3,325
Financing activities	1,208	1,177	1,052
Cash and cash equivalents at the end of fiscal year	1,784	1,160	1,491

2. Dividends

	the fiscal year ended March 31, 2007	the fiscal year ending March 31, 2008	the fiscal year ending March 31, 2008 [forecast]
Dividends per share			
-Interim dividend (Yen)	30.00	25.00	-
-Year-end dividend (Yen)	25.00	-	25.00
-Annual dividend (Yen)	55.00		50.00

Note: The Company carried out a 1.5-to-1 stock split with effect on October 1, 2006. The dividends per share for the fiscal year ended in March, 2007 should be ¥45 (¥20 at the interim period) assuming that the stock split was exercised on the beginning of the previous fiscal year ended in March, 2007.

3. Forecasts for the fiscal year ending March 31, 2008 (From April 1, 2007 to September 30, 2007)

	the fiscal year ending March 31, 2008	
Net sales (Millions of yen)	112,000	(14.7%)
Operating income (Millions of yen)	10,200	(6.5%)
Ordinary income (Millions of yen)	10,200	(6.5%)
Net income (Millions of yen)	6,000	(4.9%)
Forecasted net income per share (Yen)	165.82	

4. Others

(1) Significant changes in scope of consolidated for this half: None

(2) Changes in accounting policies

1. Change due to the modification in accounting methods: Yes

2. Any other changes: None

Note: Operating income, ordinary income and net income before tax and other adjustments during the first half of the fiscal year ending March 31, 2008 decreased by ¥162 million respectively reflecting above (2) 1. change.

(3) Number of shares issued as of the first half of the fiscal year ending in March, 2008 (Common stock)

1. Number of shares issued (including treasury stock):

First half of the fiscal year ending March 31, 2008: 36,254,344 shares

First half of the fiscal year ended March 31, 2007: 24,169,563 shares

Fiscal year ended March 31, 2007: 36,254,344 shares

2. Number of treasury stock:

First half of the fiscal year ending March 31, 2008: 69,897 shares

First half of the fiscal year ended March 31, 2007: 317,062 shares

Fiscal year ended March 31, 2007: 470,097 shares

1. Non-consolidated results for the first half of the fiscal year ending March 31, 2008

(From April 1, 2007 to September 30, 2007)

(1) Non-consolidated operating results

	The six months ended September 30, 2007		The six months ended September 30, 2006		The fiscal year ended March 31, 2007
	(Millions of yen)	(%)	(Millions of yen)	(%)	Millions of yen
Net Sales	50,974	(21.8)	41,862	(71.6)	90,867
Operating income	4,610	(10.2)	4,185	(116.5)	8,890
Ordinary income	4,624	(10.2)	4,196	(120.6)	8,892
Net income for the first half	2,733	(12.8)	2,423	(116.5)	5,131
Net income per share for the first half	¥75.77		¥101.65		¥143.46

Note: The Company carried out a 1.5-to-1 stock split with effect on October 1, 2006. The per share information for the fiscal year ended in March, 2007 reflects the stock split assuming that the above stock split was exercised on the beginning of the previous fiscal year ended in March, 2007. The per share information for the first half of the fiscal year ended in March, 2007 was calculated based on the number of shares before the stock split.

(2) Changes in the non-consolidated financial position

	The six months ended September 30, 2007	The six months ended September 30, 2006	The fiscal year ended March 31, 2007
Total assets (Millions of yen)	42,015	37,826	39,625
Net assets (Millions of yen)	33,528	28,520	30,505
Equity ratio	79.8%	75.4%	77.0%
Net assets per share	¥926.61	¥1,195.68	¥852.48

Note: 1. Equity capital (millions of yen):

First half of the fiscal year ending in March, 2008: 33,528

First half of the fiscal year ended in March, 2007: 28,520

Fiscal year ended in March, 2007: 30,505

2. The Company carried out a 1.5-to-1 stock split with effect on October 1, 2006. The per share information for the fiscal year ended in March, 2007 reflects the stock split assuming that the above stock split was exercised on the beginning of the previous fiscal year ended in March, 2007. The per share information for the first half of the fiscal year ended in March, 2007 was calculated based on the number of shares before the stock split.

2. Non-consolidated financial forecasts for the fiscal year ending March 31, 2008

(From April 1, 2007 to September 30, 2007)

The non-consolidated financial forecasts are omitted because there is a shade of difference between the non-consolidated and the consolidated financial forecasts, and they are considered to be less important for the investment information.

The financial forecasts stated above are based on currently available information and may change depending on the fluctuation of the price of the precious metal and other factors.

CONSOLIDATED BALANCE SHEET (SUMMARY)

At September 30, 2007 and 2006

	2007		2006		2007
	Millions of yen	%	Millions of yen	%	Thousands of U.S.dollars
ASSETS					
Current assets					
Cash and cash equivalents	1,786		1,160		15,473
Notes and accounts receivable	3,990		3,361		34,572
Inventories	14,725		13,971		127,568
Deferred income tax	564		427		4,895
Other	561		296		4,867
Less: allowance for doubtful accounts	(5)		(5)		(46)
Total current assets	21,623	48.6	19,212	48.4	187,329
Fixed assets					
Tangible assets					
Building and structures	6,739		6,306		58,385
Machinery and carriers	4,154		3,299		35,989
Land	9,518		9,106		82,457
Construction in progress	206		696		1,792
Other tangible assets	547		352		4,747
Total tangible assets	21,166		19,760		183,368
Intangible assets					
Intangible assets	1,069		353		9,269
Investment and other assets					
Investment securities	141		13		1,225
Deferred tax assets	81		45		702
Other investment and other assets	400		333		3,473
Less: allowance for doubtful accounts	(12)		(9)		(108)
Total investment and other assets	610		383		5,291
Total fixed assets	22,846	51.4	20,496	51.6	197,928
Total assets	44,470	100.0	39,709	100.0	385,258
LIABILITIES					
Current liabilities					
Notes and accounts payable	2,804		2,339		24,292
Short-term loans	2,200		3,550		19,059
Current portion of long-term debt	17		215		150
Accrued income taxes	2,028		1,725		17,577
Accrued bonus	682		588		5,911
Accrued directors' bonus	20		12		173
Other current liabilities	1,132		1,321		9,810
Total current liabilities	8,884	20.0	9,752	24.6	76,973
Long-term liabilities					
Long-term debt	17		35		155
Accrued retirement benefit	88		81		770
Deferred tax liabilities	110		126		960
Negative goodwill	-		80		-
Other long-term liabilities	85		-		743
Total long-term liabilities	303	0.7	322	0.8	2,628
Total liabilities	9,188	20.7	10,075	25.4	79,601
NET ASSETS					
Common stock	4,480	10.1	4,480	11.3	38,818
Capital surplus	6,876	15.4	6,054	15.2	59,577
Retained earnings	23,910	53.8	19,496	49.1	207,144
Less: Treasury stock	(56)	(0.1)	(411)	(1.1)	(488)
Shareholders' equity	35,212	79.2	29,619	74.5	305,051
Unrealized gain on securities	2	0.0	3	0.0	18
Deferred losses on hedges	-	-	(2)	(0.0)	-
Foreign currency translation adjustments	36	0.1	(14)	(0.0)	317
Valuation and translation adjustments	38	0.1	(13)	(0.0)	335
MINORITY INTERESTS	31	0.0	27	0.1	270
TOTAL NET ASSETS	35,281	79.3	29,633	74.6	305,656
TOTAL LIABILITIES AND NET ASSETS	44,470	100.0	39,709	100.0	385,258

U.S. dollar amounts represent translations using the approximate exchange rate on September 30, 2007 of

115.43yen=US\$1, and are included solely for the convenience of readers.

CONSOLIDATED STATEMENTS OF INCOME(SUMMARY)

Six months ended September 30, 2007 and 2006

	2007		2006		2007
	Millions of yen	%	Millions of yen	%	Thousands of U.S.dollars
Net sales	54,392	100.0	45,070	100.0	471,219
Cost of sales	47,403	87.1	38,967	86.5	410,668
Gross profit	6,989	12.9	6,102	13.5	60,551
Selling, general and administrative expenses	1,991	3.7	1,633	3.6	17,250
Operating Income	4,998	9.2	4,469	9.9	43,301
Non-operating profits	71	0.1	17	0.0	622
Non-operating expenses	29	0.0	13	0.0	258
Ordinary income	5,040	9.3	4,473	9.9	43,664
Special gains	13	0.0	11	0.0	120
Special losses	126	0.2	101	0.2	1,096
Net income before tax and other adjustments	4,927	9.1	4,384	9.7	42,689
Income taxes	1,989	3.7	1,662	3.7	17,239
Deferred tax	(23)	(0.0)	64	0.1	(207)
Minority interests in earnings of consolidated subsidiaries	1	0.0	2	0.0	11
Net income	2,960	5.4	2,654	5.9	25,646

U.S. dollar amounts represent translations using the approximate exchange rate on September 30, 2007 of 115.43yen=US\$1, and are included solely for the convenience of readers.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
Current Interim Period (from April 1, 2007 to September 30, 2007)

(Millions of yen)

	Owner's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total owners' equity
Balance at March 31,2007	4,480	6,054	21,844	(419)	31,960
Dividends from retained earnings			(894)		(894)
Net income			2,960		2,960
Purchase of treasury stock				(9)	(9)
Gain on sales of treasury stock		822		373	1,196
Decrease of items during the period except those included in owner's equity					
Total increase (decrease) of the above Items during the period	-	822	2,065	363	3,251
Balance at September 30, 2007	4,480	6,876	23,910	(56)	35,212

	Valuation and translation adjustments			Minority interests	Total net assets
	Net unrealized gain on available-for-sale securities	Cumulative translation adjustments	Total valuation and translation adjustments		
Balance at March 31,2007	3	0	4	29	31,994
Dividends from retained earnings					(894)
Net income					2,960
Purchase of treasury stock					(9)
Gain on sales of treasury stock					1,196
Decrease of items during the period except those included in owner's equity	(1)	35	33	1	35
Total increase (decrease) of the above Items during the period	(1)	35	33	1	3,287
Balance at September 30, 2007	2	36	38	31	35,281

CONSOLIDATED STATEMENTS OF CASH FLOWS

Six months ended September 30, 2007 and 2006

	2007	2006	2007
	Millions of yen	Millions of yen	Thousands of U.S.dollars
Cash flow from operating activities			
Net income before tax and other adjustments	4,927	4,384	42,689
Depreciation and amortization	867	732	7,515
Net loss on disposal or sales of fixed assets	113	93	980
Goodwill amortization	56	16	487
Negative goodwill amortization	(26)	-	(232)
Provision of accrued retirement benefits	26	25	227
Interest and dividend income	(3)	(1)	(27)
Loss (gain) on sales of investment securities, net	-	(3)	-
Interest expenses	16	6	146
(Increase) decrease in notes and accounts receivable	(514)	369	(4,455)
Increase in inventories	(484)	(3,843)	(4,194)
Increase (decrease) in notes and accounts payable	451	(660)	3,913
Increase in tax and other liabilities	(78)	(139)	(682)
Other	(339)	(84)	(2,938)
Sub-total	<u>5,012</u>	<u>896</u>	<u>43,428</u>
Interest and dividends received	3	1	29
Interest paid	(16)	(7)	(146)
Income taxes paid	<u>(2,632)</u>	<u>(1,517)</u>	<u>(22,802)</u>
Net cash provided by operating activities	2,367	(627)	20,510
Cash flow from investing activities			
Repayment of deposits	38	9	338
Additions to tangible assets	(1,136)	(918)	(9,845)
Proceeds from sales of fixed assets	71	12	618
Additions to intangible assets	(12)	(71)	(107)
Other payments	(32)	(17)	(279)
Other receipt	1	10	16
Net cash used in investing activities	<u>(1,068)</u>	<u>(973)</u>	<u>(9,259)</u>
Cash flow from financing activities			
Increase (decrease) in short-term debt	(50)	1,900	(433)
Repayment of long-term debt	(257)	(263)	(2,231)
Purchase of treasury stock	(9)	-	(86)
Proceeds from sales of treasury stock upon exercise of stock options	1	16	12
Dividends paid	<u>(892)</u>	<u>(475)</u>	<u>(7,731)</u>
Net cash used in financing activities	(1,208)	1,177	(10,470)
Effect of exchange rate changes on cash and cash equivalents	19	(0)	170
Increase (decrease) in cash and cash equivalents	<u>109</u>	<u>(424)</u>	<u>951</u>
Cash and cash equivalents at the beginning of year	<u>1,491</u>	<u>1,584</u>	<u>12,925</u>
Increase in cash and cash equivalents by inclusion in consolidation group	182	-	1,584
Cash and cash equivalents at the end of year	<u><u>1,784</u></u>	<u><u>1,160</u></u>	<u><u>15,460</u></u>

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