

Fiscal Year Ended December 2006 Financial Results (Non-consolidated)

February 19, 2007

Corporate Name: AIRTECH JAPAN, LTD.

Stock Exchange Listing: Tokyo Stock Exchange

Stock Code: 6291

Head Office: Tokyo

 (URL <http://www.airtech.co.jp>)

Representative: Chairman & CEO

Kosuke Hirasawa

Contact: Director and General Manager, Administrative Department

Tadashi Kurihara TEL: (03)-3872-6611

Date of Board of Directors' Meeting for Approval of Financial Results: February 19, 2007

Scheduled Dividend Payment Date: March 30, 2007

Shareholders' General Meeting: March 29, 2007

Unit Stock System: Applicable (1 unit: 100 shares)

1. Financial Results for the Year Ended December 2006 (January 1 to December 31, 2006)
(1) Results of Operations

(*) Amounts rounded down to million yen

	Net Sales		Operating Income		Ordinary Income	
	million yen	%	million yen	%	million yen	%
Year ended December 2006	9,589	9.5	846	10.2	923	7.2
Year ended December 2005	8,759	(9.1)	768	(40.4)	861	(34.8)

	Net Income		Net Income per Share (Basic)	Net Income per Share (Diluted)	Return on Equity	Ratio of Ordinary Income to Total Assets	Ratio of Ordinary Income to Net Sales
	million yen	%	yen	yen	%	%	%
Year ended December 2006	559	10.1	62.17	62.16	6.6	7.1	9.6
Year ended December 2005	507	(30.0)	55.04	54.98	6.2	6.7	9.8

Notes: 1. Equity in earnings (losses) of affiliated companies:

Year ended December 2006: 30 million yen Year ended December 2005: 31 million yen

2. Average number of shares outstanding:

Year ended December 2006: 8,996,301 shares Year ended December 2005: 8,986,879 shares

3. Changes in accounting principles applied:

None

4. The percentages shown next to net sales, operating income, ordinary income and net income represent year-on-year changes.

(2) Financial Position

(*) Amounts rounded down to million yen

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	million yen	million yen	%	yen
Year ended December 2006	13,288	8,654	65.1	961.91
Year ended December 2005	12,713	8,297	65.3	921.23

Notes: 1. Number of shares issued and outstanding at end of fiscal year:

Year ended December 2006: 8,996,964 Year ended December 2005: 8,993,044

2. Number of treasury stock at end of fiscal year:

Year ended December 2006: 12,536 Year ended December 2005: 12,456

(3) Cash Flows

(*) Amounts rounded down to million yen

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of the Year
	million yen	million yen	million yen	million yen
Year ended December 2006	492	(369)	(237)	4,392
Year ended December 2005	455	(365)	(22)	4,507

2. Forecasts for the Fiscal Year Ending December 2007 (January 1 to December 31, 2007)

	Net Sales	Ordinary Income	Net Income
	million yen	million yen	million yen
Interim term	5,500	670	398
Annual	11,000	1,300	773

(Reference): Net income per share (forecast) for fiscal year ending December 2007: 85.92 yen

3. Dividends

(*) Amounts rounded down to million yen

Cash Dividends	Annual Dividends per Share				Total Dividends Paid (annual)	Dividend Payout Ratio	Ratio of Dividend to Shareholders' Equity
	1 Q	Interim	3Q	Year End			
	Yen	Yen	Yen	Yen	million yen	%	%
Year ended December 2005	-	-	-	20.0	179	36.3	2.2
Year ended December 2006	-	-	-	20.0	179	32.2	2.1
Year ending December 2007(forecast)	-	-	-	20.0			

(Note): Breakdown of year-end dividend for the year ended December 2006:

Commemorative dividend: - yen Special dividend: - yen

* Forecasts are based on the information available to management at the time they are made and may include uncertain factors. Actual results may differ materially from forecasts for a number of reasons, including but not limited to, changes in business conditions.

Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

Items	FY2005 (As of December 31, 2005)		FY2006 (As of December 31, 2006)		
	Amount (Thousand Yen)	Composition Ratio (%)	Amount (Thousand Yen)	Composition Ratio (%)	
Assets					
Current assets					
Cash and deposits		4,915,677		4,903,247	
Notes receivable – trade		1,736,602		1,613,172	
Accounts receivable – trade		2,365,856		2,604,098	
Marketable securities		93,769		93,877	
Merchandise		9,474		12,215	
Products		340,907		541,704	
Partially-finished products		11,408		14,594	
Raw and processed materials		127,469		180,677	
Work in progress		304,834		316,668	
Stored items		2,555		1,748	
Prepaid expenses		6,817		4,497	
Deferred tax assets		41,151		57,489	
Others		4,774		3,760	
Allowance for doubtful accounts		(1,851)		(1,818)	
Total current assets		9,959,446	78.3	10,345,933	77.9
Fixed assets					
Property and equipment					
Buildings	1,353,761		1,661,338		
Accumulated depreciation	772,930	580,831	823,353	837,985	
Structures	27,035		52,837		
Accumulated depreciation	21,189	5,846	24,332	28,504	
Machinery and equipment	127,116		166,032		
Accumulated depreciation	95,038	32,077	101,813	64,219	
Vehicles and delivery equipment	10,206		10,206		
Accumulated depreciation	5,940	4,266	7,207	2,998	
Tools, furniture and fixtures	248,368		244,159		
Accumulated depreciation	220,793	27,574	223,397	20,762	
Land		1,644,834		1,644,834	
Construction in progress		89,250		-	
Total fixed assets		2,384,680	18.8	2,599,304	19.5
Intangible assets					
Software		7,532		5,342	
Telephone subscription rights		3,471		3,471	
Total intangible assets		11,003	0.1	8,814	0.1

Items	FY2005 (As of December 31, 2005)		FY2006 (As of December 31, 2006)	
	Amount (Thousand Yen)	Composition Ratio (%)	Amount (Thousand Yen)	Composition Ratio (%)
Investments and other assets				
Investment securities	119,110		80,721	
Investments	2,698		2,698	
Investment in affiliates	50,242		50,242	
Receivables from companies in bankruptcy and reorganization	21,206		23,039	
Long-term prepaid expenses	972		599	
Deferred tax assets	171,809		188,672	
Others	13,730		12,358	
Allowance for doubtful accounts	(21,681)		(23,529)	
Total investments and other assets	358,087	2.8	334,802	2.5
Total fixed assets	2,753,772	21.7	2,942,921	22.1
Total assets	12,713,218	100.0	13,288,854	100.0

Items	FY2005 (As of December 31, 2005)		FY2006 (As of December 31, 2006)	
	Amount (Thousand Yen)	Composition Ratio (%)	Amount (Thousand Yen)	Composition Ratio (%)
(Liabilities)				
Current liabilities				
Notes payable - trade	2,181,787		2,288,898	
Accounts payable - trade	337,860		340,742	
Short-term borrowings	370,000		370,000	
Long-term debt due within a year	60,476		51,286	
Bonds payable due within a year	100,000		-	
Accounts payable	243,174		246,146	
Accrued expenses	120,813		130,507	
Accrued corporate taxes	179,898		268,315	
Advances received	7,439		26,987	
Deposits received	39,440		51,404	
Accrued bonuses	54,182		62,203	
Allowance for loss on orders received	-		11,123	
Total current liabilities	3,695,072	29.0	3,847,615	29.0
Long-term liabilities				
Bonds	100,000		200,000	
Long-term debt	184,920		133,634	
Accrued pension and severance costs	325,191		361,972	
Allowance for directors' retirement benefits	90,143		71,338	
Guarantee deposits received	20,000		20,000	
Total long-term liabilities	720,254	5.7	786,944	5.9
Total liabilities	4,415,327	34.7	4,634,560	34.9
(Shareholders' equity)				
Capital stock	1,479,907	11.6	-	-
Capital surplus				
Capital reserves	1,487,331		-	
Total capital surplus	1,487,331	11.7	-	-
Retained earnings				
Legal reserves	132,600		-	
Voluntary reserves				
Special reserves	303,000		-	
Unappropriated retained earnings	4,873,741		-	
Total retained earnings	5,309,341	41.8	-	-
Unrealized gain on other securities	28,497	0.2	-	-
Treasury stock	(7,185)	(0.0)	-	-
Total shareholders' equity	8,297,891	65.3	-	-
Total liabilities and shareholders' equity	12,713,218	100.0	-	-

Items	FY2005 (As of December 31, 2005)		FY2006 (As of December 31, 2006)	
	Amount (Thousand Yen)	Composition Ratio (%)	Amount (Thousand Yen)	Composition Ratio (%)
(Net assets)				
Shareholders' equity				
Capital stock	-	-	1,481,191	11.1
Capital surplus				
Capital reserves	-	-	1,488,611	
Total capital surplus	-	-	1,488,611	11.2
Retained earnings				
Legal reserve	-	-	132,600	
Other retained earnings	-	-	5,543,015	
Special reserves	-	-	303,000	
Retained earnings carry forwarded	-	-	5,240,015	
Total retained earnings	-	-	5,675,615	42.7
Treasury stock	-	-	(7,289)	(0.0)
Total shareholder' equity	-	-	8,638,128	65.0
Valuation & translation adjustments				
Unrealized gain on other securities	-	-	16,166	0.1
Total net assets	-	-	8,654,294	65.1
Total liabilities and net assets	-	-	13,288,854	100.0

Items	FY2005 (from January 1 to December 31, 2005)		FY2006 (from January 1 to December 31, 2006)	
	Amount (Thousand Yen)	%	Amount (Thousand Yen)	%
Non-operating income				
Interest income	502		1,586	
Dividend income	76,201		68,310	
Others	24,811	101,515	21,635	91,532
Non-operating expenses				
Interest expenses	5,150		6,190	
Interest paid on bonds	1,350		1,848	
Bond issuing expenses	1,550		2,009	
Valuation loss on investment securities	-		2,876	
Others	45	8,095	1,595	14,520
Ordinary income		861,430		923,279
Extraordinary income				
Gain on sale of investment securities	7,573	7,573	22,484	22,484
Income before income taxes		869,003		945,764
Income taxes - current	340,945		411,223	
Income taxes – deferred	20,262	361,207	(24,793)	386,429
Net income		507,795		559,334
Unappropriated retained earnings brought forward		4,365,945		-
Unappropriated retained earnings for the year		4,873,741		-

Manufacturing Statement

Items	FY2005 (from January 1 to December 31, 2005)		FY2006 (from January 1 to December 31, 2006)	
	Amount (Thousand Yen)	%	Amount (Thousand Yen)	%
Material cost	3,247,037	52.1	4,005,115	55.7
Labor cost	1,190,604	19.1	1,333,793	18.5
Expenses (processing costs arising from outside manufacture)	1,795,120	28.8	1,854,730	25.8
	(1,584,693)	(25.4)	(1,621,026)	(22.5)
Total manufacturing cost	6,232,762	100.0	7,193,639	100.0
Work in progress at beginning of year	332,532		304,834	
Sub total	6,565,294		7,498,473	
Work in progress at end of year	304,834		316,668	
Production cost	6,260,460		7,181,805	

(Note) Cost accounting method is governed by production order cost accounting.

(3) Statements of Owners' Equity

FY2006 (From January 1 to December 31, 2006)

(thousand yen)

	Owners' Equity								
	Capital	Capital surplus		Capital reserves	Retained earnings			Treasury stock	Total owners' equity
		Capital reserves	Total capital surplus		Income reserve		Total income reserve		
					Other reserve	Earned surplus forwarded			
Balance as of December 31, 2005	1,479,907	1,487,331	1,487,331	132,600	303,000	4,873,741	5,309,341	(7,185)	8,269,393
Variable amount during fiscal year									
Issuance of new shares	1,284	1,280	1,280	-	-	-	-	-	2,564
Dividend on retained earnings	-	-	-	-	-	(179,860)	(179,860)	-	(179,860)
Appropriation of directors' bonus	-	-	-	-	-	(13,200)	(13,200)	-	(13,200)
Net income	-	-	-	-	-	559,334	559,334	-	559,334
Acquisition of treasury stock	-	-	-	-	-	-	-	(103)	(103)
Variable amount of items other than owners' equity	-	-	-	-	-	-	-	-	-
Total variable amount during fiscal year	1,284	1,280	1,280	-	-	366,273	366,273	(103)	368,734
Balance as of December 31, 2006	1,481,191	1,488,611	1,488,611	132,600	303,000	5,240,015	5,675,615	(7,289)	8,638,128

FY2006 (From January 1 to December 31, 2006)

(thousand yen)

	Valuation & translation adjustments		Total net asset
	Unrealized gain on other securities	Valuation & translation adjustments	
Balance as of December 31, 2005	28,497	28,497	8,297,891
Variable amount during fiscal year (thousand yen)			
Issuance of new shares	-	-	2,564
Dividend from retained earnings	-	-	(179,860)
Appropriated directors' bonus	-	-	(13,200)
Net income	-	-	559,334
Acquisition of treasury stock	-	-	(103)
Variable net amount of items other than owners' equity	(12,331)	(12,331)	(12,331)
Total changes during fiscal year	(12,331)	(12,331)	356,402
Balance as of December 31, 2006	16,166	16,166	8,654,294

(4) Statements of Cash Flows

	FY2005 (from January 1 to December 31, 2005)	FY2006 (from January 1 to December 31, 2006)
Items	Amount (Thousand Yen)	Amount (Thousand Yen)
Cash flows from operating activities		
Net income before income taxes	869,003	945,764
Depreciation	67,539	76,995
Gain on sale of investment securities	(7,573)	(22,484)
Increase (decrease) in allowance for doubtful accounts	(6,490)	1,814
Increase (decrease) in accrued bonuses	(83)	8,021
Increase (decrease) in accrued pension and severance costs	34,499	36,781
Increase (decrease) in allowance for directors' retirement benefits	(15,601)	(18,805)
Allowance for loss on orders received	-	11,123
Interest and dividend income	(76,758)	(70,049)
Interest expenses	6,500	8,038
Foreign exchange losses (gains)	(578)	(772)
Decrease (increase) in notes and accounts receivable - trade	453,338	(114,812)
Decrease (increase) in inventories	81,030	(270,958)
Increase (decrease) in trade notes and accounts payable	(272,673)	109,992
Increase (decrease) in accounts payable	(82,761)	19,448
Increase (decrease) in accrued expenses	208	8,916
Others	(56,514)	25,087
Subtotal	993,084	754,099
Interest and dividend income received	76,758	69,581
Interest expenses paid	(6,664)	(7,460)
Corporate taxes paid	(607,257)	(324,032)
Net cash provided by operating activities	455,920	492,187

	FY2005 (from January 1 to December 31, 2005)	FY2006 (from January 1 to December 31, 2006)
Items	Amount (Thousand Yen)	Amount (Thousand Yen)
Cash flows from investing activities		
Increase in time deposits	(592,609)	(694,679)
Decrease in time deposits	592,495	592,623
Purchases of property and equipment	(373,090)	(306,826)
Purchases of investment securities	(1,990)	(1,566)
Gain on sale of investment securities	16,066	38,895
Increase in payment of investments	(4,349)	-
Others	(2,084)	1,996
Net cash used in investing activities	(365,561)	(369,556)
Cash flows from financing activities		
Increase in short-term borrowings	470,000	470,000
Repayment of short-term borrowings	(470,000)	(470,000)
Increase in long-term debt	200,000	-
Repayment of long-term debt	(54,590)	(60,476)
Proceeds from bonds issuance	100,000	100,000
Bonds redemption	(100,000)	(100,000)
Proceeds from new share issuance	12,058	2,564
Dividends paid	(179,594)	(179,766)
Others	(190)	(103)
Net cash provided by (used in) financing activities	(22,317)	(237,781)
Effect of exchange rate changes on cash and cash equivalents	571	772
Increase in cash and cash equivalents	68,613	(114,378)
Cash and cash equivalents at the beginning of the year	4,438,402	4,507,016
Cash and cash equivalents at the end of the year	4,507,016	4,392,638

(5) Appropriation Statement

		FY2005 (Approved by general meeting of shareholders on March 30, 2006)	
Items	note	Amount (thousand yen)	
Unappropriation of income			4,873,741
Appropriation of income			
Dividends		179,860	
Directors' bonus		13,200	
(Auditors' bonus)		(1,200)	193,060
Retained earnings carried forward			4,680,680