

Fiscal Year Ended December 2007 Financial Results (Non-consolidated)

February 18, 2008

Corporate Name: AIRTECH JAPAN, LTD.

Stock Exchange Listing: Tokyo Stock Exchange

Stock Code: 6291

URL: http://www.airtech.co.jp

Representative: Chairman & CEO

Kosuke Hirasawa

Contact: Director and General Manager, Administrative Department Tadashi Kurihara

TEL: (03)-3872-6611

Scheduled Shareholders' General Meeting: March 28, 2008

Scheduled Dividend Payment Date: March 31, 2008

Scheduled Date to File Securities Report: March 28, 2008

1. Financial Results for the Year Ended December 2007 (January 1 to December 31, 2007)
(1) Results of Operations

(*) Amounts rounded down to million yen

(% represents year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended December 2007	9,612	0.2	511	(39.5)	609	(34.0)	408	(27.0)
Year ended December 2006	9,589	9.5	846	10.2	923	7.2	559	10.1

	Net Income per Share (Basic)	Net Income per Share (Diluted)	Return on Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Net Sales
	yen	yen	%	%	%
Year ended December 2007	45.41	-	4.7	4.6	5.3
Year ended December 2006	62.17	62.16	6.6	7.1	8.8

(Reference): Equity in earnings (losses) of affiliated companies:

Year ended December 2007: 28 million yen

Year ended December 2006: 30 million yen

(2) Financial Position

(*) Amounts rounded down to million yen

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	million yen	million yen	%	yen
Year ended December 2007	13,329	8,855	66.4	986.48
Year ended December 2006	13,288	8,654	65.1	961.91

(Reference): Equity

Year ended December 2007: 8,855 million yen

Year ended December 2006: 8,654 million yen

(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 2007	506	5	(250)	4,655
Year ended December 2006	492	(369)	(237)	4,392

2. Dividends

(*) Amounts rounded down to million yen

Cash Dividends	Annual Dividends per Share			Total Dividends Paid (annual)	Dividend Payout Ratio	Ratio of Dividend to Net Assets
	Interim	Year End	Annual			
	Yen	Yen	Yen	million yen	%	%
Year ended December 2006	-	20.0	20.0	179	32.2	2.1
Year ended December 2007	-	20.0	20.0	179	44.0	2.0
Year ending December 2008 (forecast)	-	20.0	20.0	-	37.4	-

3. Forecasts for the Fiscal Year Ending December 2008 (January 1 to December 31, 2008)

(% represents year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Interim term	4,850	(7.0)	371	(8.5)	410	(16.7)	244	(28.9)	27.18
Annual	9,700	0.9	742	44.9	807	32.4	480	17.6	53.47

4. Other
(1) Significant Changes in Accounting Principles

a. Changes due to the revision of accounting standards: Yes

b. Any other changes other than a. above: None

(2) Number of shares issued and outstanding (common stock)

a. Number of shares issued and outstanding at end of fiscal year (including treasury stock):

Year ended December 2007: 8,980,500 Year ended December 2006: 9,009,500

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

Year ended December 2007: 4,126 Year ended December 2006: 12,536

*Proper Use of Business Results Forecasts and Other Notes

The above 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 condition.

4. Financial Statements

(1) Balance Sheets

Items	FY2006 (As of December 31, 2006)		FY2007 (As of December 31, 2007)			
	Amount (Thousand Yen)		Composition Ratio (%)	Amount (Thousand Yen)		Composition Ratio (%)
Assets						
Current assets						
Cash and deposits		4,903,247			5,166,316	
Notes receivable – trade		1,613,172			1,673,387	
Accounts receivable – trade		2,604,098			2,378,989	
Marketable securities		93,877			94,221	
Merchandise		12,215			9,850	
Products		541,704			398,312	
Partially-finished products		14,594			22,034	
Raw and processed materials		180,677			211,747	
Work in progress		316,668			376,005	
Stored items		1,748			1,416	
Prepaid expenses		4,497			7,069	
Deferred tax assets		57,489			52,387	
Others		3,760			5,342	
Allowance for doubtful accounts		(1,818)			(756)	
Total current assets		10,345,933	77.9		10,396,324	78.0
Fixed assets						
Property and equipment						
Buildings	1,661,338			1,652,790		
Accumulated depreciation	823,353	837,985		863,086	789,704	
Structures	52,837			59,727		
Accumulated depreciation	24,332	28,504		28,988	30,739	
Machinery and equipment	166,032			180,614		
Accumulated depreciation	101,813	64,219		114,507	66,107	
Vehicles and delivery equipment	10,206			9,042		
Accumulated depreciation	7,207	2,998		6,962	2,080	
Tools, furniture and fixtures	244,159			246,347		
Accumulated depreciation	223,397	20,762		228,375	17,971	
Land		1,644,834			1,644,834	
Total fixed assets		2,599,304	19.5		2,551,437	19.1
Intangible assets						
Software		5,342			3,341	
Telephone subscription rights		3,471			3,471	
Total intangible assets		8,814	0.1		6,813	0.1

Items	FY2006 (As of December 31, 2006)		FY2007 (As of December 31, 2007)	
	Amount (Thousand Yen)	Composition Ratio (%)	Amount (Thousand Yen)	Composition Ratio (%)
Investments and other assets				
Investment securities	80,721		106,119	
Investments	2,698		2,698	
Investment in affiliates	50,242		50,242	
Receivables from companies in bankruptcy and reorganization	23,039		20,460	
Long-term prepaid expenses	599		224	
Deferred tax assets	188,672		203,577	
Others	12,358		12,017	
Allowance for doubtful accounts	(23,529)		(20,460)	
Total investments and other assets	334,802	2.5	374,879	2.8
Total fixed assets	2,942,921	22.1	2,933,130	22.0
Total assets	13,288,854	100.0	13,329,455	100.0

Items	FY2006 (As of December 31, 2006)		FY2007 (As of December 31, 2007)	
	Amount (Thousand Yen)	Composition Ratio (%)	Amount (Thousand Yen)	Composition Ratio (%)
(Liabilities)				
Current liabilities				
Notes payable - trade	2,288,898		2,273,686	
Accounts payable - trade	340,742		349,535	
Short-term borrowings	370,000		370,000	
Long-term debt due within a year	51,286		35,584	
Accounts payable	246,146		272,215	
Accrued expenses	130,507		128,850	
Accrued corporate taxes	268,315		93,736	
Advances received	26,987		58,837	
Deposits received	51,404		44,290	
Accrued bonuses	62,203		59,551	
Allowance for loss on orders received	11,123		3,612	
Total current liabilities	3,847,615	29.0	3,689,899	27.7
Long-term liabilities				
Bonds	200,000		200,000	
Long-term debt	133,634		98,050	
Accrued pension and severance costs	361,972		392,432	
Allowance for directors' retirement benefits	71,338		74,043	
Guarantee deposits received	20,000		20,000	
Total long-term liabilities	786,944	5.9	784,526	5.9
Total liabilities	4,634,560	34.9	4,474,425	33.6

Items	FY2006 (As of December 31, 2006)		FY2007 (As of December 31, 2007)		
	Amount (Thousand Yen)	Composition Ratio (%)	Amount (Thousand Yen)	Composition Ratio (%)	
(Net assets)					
Owners' equity					
Capital stock		1,481,191	11.1	1,481,191	11.1
Capital surplus					
Capital reserves	1,488,611		1,488,611		
Total capital surplus		1,488,611	11.2	1,488,611	11.2
Retained earnings					
Legal reserve	132,600		132,600		
Other retained earnings					
Special reserves	303,000		303,000		
Retained earnings carry forwarded	5,240,015		5,445,065		
Total retained earnings		5,675,615	42.7	5,880,665	44.1
Treasury stock		(7,289)	(0.0)	(3,311)	(0.0)
Total owners' equity		8,638,128	65.0	8,847,156	66.4
Valuation & translation adjustments					
Unrealized gain on other securities		16,166	0.1	7,873	0.0
Total valuation & translation adjustments		16,166	0.1	7,873	0.0
Total net assets		8,654,294	65.1	8,855,029	66.4
Total liabilities and net assets		13,288,854	100.0	13,329,455	100.0

(2) Statements of Income

Items	FY2006 (from January 1 to December 31, 2006)		FY2007 (from January 1 to December 31, 2007)	
	Amount (Thousand Yen)	%	Amount (Thousand Yen)	%
Net sales				
Revenue from products	9,196,689		9,271,119	
Revenue from merchandise	392,724	9,589,414	341,472	9,612,591
Cost of sales				
Inventory of products and partially-finished products at beginning of the year	352,315		556,298	
Inventory of merchandise at beginning of the year	9,474		12,215	
Cost of production	7,181,805		7,362,904	
Amount of merchandise purchased	303,310		258,571	
Total	7,846,905		8,189,989	
Inventory of products and partially-finished products at end of the year	556,298		420,346	
Inventory of merchandise at end of the year	12,215	7,278,391	9,850	7,759,792
Reversal of allowance for loss on orders received		-		11,123
Provisions of allowance for loss on orders received		11,123		3,612
Gross profits		2,299,899		1,860,309
Selling, general and administrative expenses				
Packing and freight	273,825		246,269	
Cost of travel and transportation	73,455		68,777	
Transfer to allowance for doubtful accounts	1,893		-	
Bad debts expenses	-		1,396	
Directors' remuneration	125,519		124,355	
Salary wages	385,888		385,750	
Bonuses	118,310		93,612	
Provision for accrued bonuses	18,447		16,889	
Cost of severance payment	20,633		19,834	
Provision for directors' retirement benefit	3,428		2,705	
Legal welfare expense	75,497		71,417	
Depreciation expenses	10,458		9,383	
Rents	32,246		32,810	
Research and development expenses	128,572		124,054	
Others	185,453	1,453,631	151,092	1,348,350
Operating income		846,268		511,958

Items	FY2006 (from January 1 to December 31, 2006)		FY2007 (from January 1 to December 31, 2007)	
	Amount (Thousand Yen)	%	Amount (Thousand Yen)	%
Non-operating income				
Interest income	1,586		8,682	
Dividend income	68,310		72,293	
Others	21,635	91,532	27,116	108,091
Non-operating expenses				
Interest expenses	6,190		6,769	
Interest paid on bonds	1,848		1,950	
Bond issuing expenses	2,009		-	
Valuation loss on investment securities	2,876		-	
Others	1,595	14,520	2,004	10,723
Ordinary income		923,279		609,327
Extraordinary income				
Gain on sales of investment securities	22,484		83,461	
Reversal of allowance for doubtful accounts	-	22,484	2,767	86,228
Extraordinary loss				
Loss on retirement of fixed assets	-		6,830	
Loss on sales of investment securities	-	-	216	7,046
Income before income taxes		945,764		688,509
Income taxes - current	411,223		284,410	
Income taxes – deferred	(24,793)	386,429	(4,148)	280,261
Net income		559,334		408,247

Manufacturing Statement

Items	FY2006 (from January 1 to December 31, 2006)		FY2007 (from January 1 to December 31, 2007)	
	Amount (Thousand Yen)	%	Amount (Thousand Yen)	%
Material cost	4,005,115	55.7	3,993,749	53.8
Labor cost	1,333,793	18.5	1,328,627	17.9
Expenses (processing costs arising from outside manufacture)	1,854,730 (1,621,026)	25.8 (22.5)	2,099,864 (1,873,640)	28.3 (25.2)
Total manufacturing cost	7,193,639	100.0	7,422,241	100.0
Work in progress at beginning of year	304,834		316,668	
Sub total	7,498,473		7,738,910	
Work in progress at end of year	316,668		376,005	
Production cost	7,181,805		7,362,904	

(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 Stock	Capital surplus		Legal reserves	Retained earnings			Treasury stock	Total owners' equity
		Capital reserves	Total capital surplus		Other retained earnings		Total retained earnings		
					Special reserves	Retained earnings carry 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
Dividends from 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 assets
	Unrealized gain on other securities	Total valuation & translation adjustments	
Balance as of December 31, 2005	28,497	28,497	8,297,891
Variable amount during fiscal year			
Issuance of new shares	-	-	2,564
Dividends from retained earnings	-	-	(179,860)
Appropriation of directors' bonus	-	-	(13,200)
Net income	-	-	559,334
Acquisition of treasury stock	-	-	(103)
Variable amount of items other than owners' equity	(12,331)	(12,331)	(12,331)
Total variable amount during fiscal year	(12,331)	(12,331)	356,402
Balance as of December 31, 2006	16,166	16,166	8,654,294

FY2007 (From January 1 to December 31, 2007)

(thousand yen)

	Owners' Equity								
	Capital Stock	Capital surplus		Legal reserves	Retained earnings			Treasury stock	Total owners' equity
		Capital reserves	Total capital surplus		Other retained earnings		Total retained earnings		
					Special reserves	Retained earnings carry forwarded			
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
Variable amount during fiscal year									
Dividends from retained earnings	-	-	-	-	-	(179,939)	(179,939)	-	(179,939)
Net income	-	-	-	-	-	408,247	408,247	-	408,247
Acquisition of treasury stock	-	-	-	-	-	-	-	(19,280)	(19,280)
Retirement of treasury stock	-	-	-	-	-	(23,258)	(23,258)	23,258	-
Variable amount of items other than owners' equity	-	-	-	-	-	-	-	-	-
Total variable amount during fiscal year	-	-	-	-	-	205,050	205,050	3,977	209,028
Balance as of December 31, 2007	1,481,191	1,488,611	1,488,611	132,600	303,000	5,445,065	5,880,665	(3,311)	8,847,156

FY2007 (From January 1 to December 31, 2007)

(thousand yen)

	Valuation & translation adjustments		Total net assets
	Unrealized gain on other securities	Total valuation & translation adjustments	
Balance as of December 31, 2006	16,166	16,166	8,654,294
Variable amount during fiscal year			
Dividend from retained earnings	-	-	(179,939)
Net income	-	-	408,247
Acquisition of treasury stock	-	-	(19,280)
Retirement of treasury stock	-	-	-
Variable net amount of items other than owners' equity	(8,292)	(8,292)	(8,292)
Total variable amount during fiscal year	(8,292)	(8,292)	200,735
Balance as of December 31, 2007	7,873	7,873	8,855,029

(4) Statements of Cash Flows

	FY2006 (from January 1 to December 31, 2006)	FY2007 (from January 1 to December 31, 2007)
Items	Amount (Thousand Yen)	Amount (Thousand Yen)
Cash flows from operating activities		
Net income before income taxes	945,764	688,509
Depreciation	76,995	80,240
Gain on sale of investment securities	(22,484)	(83,461)
Increase (decrease) in allowance for doubtful accounts	1,814	(3,718)
Increase (decrease) in accrued bonuses	8,021	(2,651)
Increase (decrease) in accrued pension and severance costs	36,781	30,459
Increase (decrease) in allowance for directors' retirement benefits	(18,805)	2,705
Allowance for loss on orders received	11,123	(7,510)
Interest and dividend income	(70,049)	(81,427)
Interest expenses	8,038	8,719
Foreign exchange losses (gains)	(772)	(19)
Decrease (increase) in notes and accounts receivable - trade	(114,812)	164,894
Decrease (increase) in inventories	(270,958)	48,240
Increase (decrease) in trade notes and accounts payable	109,992	(6,419)
Increase (decrease) in accounts payable	19,448	26,120
Increase (decrease) in accrued expenses	8,916	(2,247)
Others	25,087	28,786
Subtotal	754,099	891,219
Interest and dividend income received	69,581	80,426
Interest expenses paid	(7,460)	(8,281)
Corporate taxes paid	(324,032)	(456,684)
Net cash provided by operating activities	492,187	506,679

	FY2006 (from January 1 to December 31, 2006)	FY2007 (from January 1 to December 31, 2007)
Items	Amount (Thousand Yen)	Amount (Thousand Yen)
Cash flows from investing activities		
Increase in time deposits	(694,679)	(695,739)
Decrease in time deposits	592,623	694,758
Purchases of property and equipment	(306,826)	(35,427)
Purchases of investment securities	(1,566)	(52,230)
Gain on sale of investment securities	38,895	96,046
Others	1,996	(1,471)
Net cash provided by (used in) investing activities	(369,556)	5,935
Cash flows from financing activities		
Increase in short-term borrowings	470,000	470,000
Repayment of short-term borrowings	(470,000)	(470,000)
Repayment of long-term debt	(60,476)	(51,286)
Proceeds from bonds issuance	100,000	-
Bonds redemption	(100,000)	-
Proceeds from new share issuance	2,564	-
Dividends paid	(179,766)	(179,991)
Others	(103)	(19,280)
Net cash used in financing activities	(237,781)	(250,557)
Effect of exchange rate changes on cash and cash equivalents	772	375
Increase (decrease) in cash and cash equivalents	(114,378)	262,433
Cash and cash equivalents at the beginning of the year	4,507,016	4,392,638
Cash and cash equivalents at the end of the year	4,392,638	4,655,071