Financial Results for Year Ended March 31, 2007

May 14, 2007

Company Name	Ahresty Corporation	Stock Exchange Listing	TSE Second Section
Code Number	5852	URL http://www.ahresty.co.jp	
Representative	President & CEO	Arata Takahashi	
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Planned date for regular general meeting of shareholders June 22, 2007
Planned date for start of dividend payments June 25, 2007
Planned date for Submission of securities report June 22, 2007

(Amounts of less than 1 million yen are rounded off)

1. Consolidated performance for year ended March 2007 (April 1, 2006 - March 31, 2007)

(1) Consolidated operating results (% shows change from previous term.)

	Sales		Operating income		Recurring income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 2007	122,761	20.8	7,944	32.2	7,934	39.2	7,528	98.3
Year ended March 2006	101,609	7.0	6,008	4.9	5,699	15.5	3,796	63.3

	Net income per share	Fully diluted net income per share	Return on equity	Return on total asset	Operating profit on sales
	yen	yen	%	%	%
Year ended March 2007	351.15	351.11	19.2	8.6	6.5
Year ended March 2006	202.75	–	13.7	7.7	5.9

(For reference) Investment gain or loss under equity method

Year ended March 2007: 146 million yen Year ended March 2006: 182 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2007	103,974	44,596	42.9	2,049.46
Year ended March 2006	81,111	33,900	41.8	1,644.96

(For reference) Shareholders' equity

Year ended March 2007: 44,567 million yen Year ended March 2006: - million yen

(Note) Minority interests are not included in net assets for the year ended March 2006.

(3) State of consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Term-end balance of cash and cash equivalents
	million yen	million yen	million yen	million yen
Year ended March 2007	10,497	(8,878)	(1,600)	4,185
Year ended March 2006	9,174	(14,178)	5,131	2,754

2. Dividend payments

	Dividend per share			Total dividend (for year)	Dividend payout ratio (consolidated)	Dividend ratio to net asset (consolidated)
(Date of record)	End of midterm	End of year	For the year			
	yen	yen	yen	million yen	%	%
Year ended March 2006	–	18.00	18.00	371	8.9	1.3
Year ended March 2007	9.00	14.00	23.00	500	6.5	1.2
Year ending March 2008 (projection)	9.00	14.00	23.00	–	11.6	–

3. Consolidated forecasts for year ending March 2008 (April 1, 2007 – March 31, 2008)

(% shows change from previous year and from previous interim term.)

	Sales		Operating income		Recurring income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Midterm	62,500	10.5	3,500	- 4.0	3,450	- 5.1	2,050	1.6	94.27
Full year	130,000	5.9	7,300	- 8.1	7,200	- 9.3	4,300	- 42.9	197.74

4. Other matters

(1) Significant changes to subsidiaries during the current term (changes for a specified subsidiary accompanying a change in the scope of consolidation): Yes

New subsidiaries: 3 companies

(Guangzhou Ahresty Casting Co., Ltd., Tokai Seiko Co., Ltd., and Ahresty Mexicana, S.A. de C.V.)

(Note) For more details, please refer to “Overview of Corporate Group” on page 6.

(2) Change in accounting principles, procedures, or statement methods, etc. pertaining to the presentation of consolidated financial statements (matters reported under the heading of “Changes to the basis of presenting consolidated financial statements”)

(i) Changes accompanying revision to accounting standards, etc.: Yes

(ii) Changes other than (i) above: None

(3) Number of shares outstanding (common stock)

(i) Number of shares outstanding at end of year (including treasury stock)

Year ended March 2007: 21,778,220 shares   Year ended March 2006: 20,660,670 shares

(ii) Number of treasury stock at end of year

Year ended March 2007: 32,313 shares   Year ended March 2006: 75,287 shares

(For reference) Outline of non-consolidated performance

1. Non-consolidated performance for year ended March 2007 (April 1, 2006 – March 31, 2007)

(1) Non-consolidated operating results (% shows change from previous term.)

	Sales		Operating income		Recurring income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 2007	101,870	16.6	3,945	38.5	4,988	89.3	6,529	229.0
Year ended March 2006	87,355	5.4	2,848	9.0	2,635	21.4	1,984	10.0

	Net income per share	Fully diluted net income per share
	yen	yen
Year ended March 2007	304.19	304.15
Year ended March 2006	105.24	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2007	80,660	33,041	40.9	1,518.06
Year ended March 2006	63,057	23,603	37.4	1,142.63

(For reference) Shareholders’ equity

Year ended March 2007: 33,011 million yen   Year ended March 2006: - million yen

2. Non-consolidated forecasts for year ending March 2008 (April 1, 2007 – March 31, 2008)

(% shows change from previous year and from previous interim term.)

	Sales		Operating income		Recurring income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Midterm	50,500	4.0	1,700	(10.6)	1,500	(15.2)	1,250	28.6	57.48
Full year	106,000	4.1	3,650	(7.5)	3,350	(32.8)	2,300	(64.8)	105.77

The above forecasts are established based on information available at the time of creating the document and include uncertain factors. Actual business results may differ from the forecasts due to changes in business conditions, etc.

1. Results of Operations

(1) Analysis of operating results

(Operating results)

In the fiscal year under review, the Japanese economy staged a modest recovery, attributable to rising capital expenditure and an improvement in employment conditions backed by stronger corporate earnings and a pick-up in personal spending. The U.S. economy was steady, despite concerns over housing construction and capital expenditure. In Asia, the Chinese economy continues to expand. In particular, investment in fixed assets grew significantly. The economies of Thailand and Taiwan expanded modestly.

In this situation, our Group has continued to vigorously increase sales and enhance plant equipment at our plants both in Japan and abroad.

Therefore, operational results for this fiscal year were sales of ¥122,761 million (up 20.8% from the previous fiscal year), operating income of ¥7,944 million (up 32.2% from the previous fiscal year), and recurring income of ¥7,934 million (up 39.2% from the previous fiscal year), and net income of ¥7,528 million (up 98.3% from the previous fiscal year).

Operating results by business segment are as follows:

In the Die Casting Business, sales amounted to ¥109,528 million (up 18.7% year on year) as a result of the influences of new consolidated subsidiaries including Tokai Seiko (an increase of ¥5,133 million), changes in the accounting periods of subsidiaries (previous accounting periods) (rising ¥669 million), and surges in metal material costs (increasing ¥8,000 million).

Operating income was ¥7,183 million (up 30.4%) thanks to efforts to reduce manufacturing costs and other cost cutting measures, operational streamlining, efficiency improvements, and other factors.

In the Aluminum Business, sales increased to ¥7,806 million (an increase 55.9%). Sales of aluminum ingots by volume rose 12.0% year on year in association with an increase in demand in the booming automobile industry. Selling prices also climbed, due to surging ingot prices, and sales of high-end products expanded. Operating income was ¥436 million (a rise of 86.5%). The improvement of productivity more than offset rising heavy oil prices and surging material costs.

In the Proprietary Products Business, sales were ¥5,426 million (up 26.3%) thanks to an increase in orders for large clean rooms in association with the expansion of capital expenditure for semiconductors. Operating income was ¥473 million (an increase of 77.7%) as a result of attaching importance to profit ratio in receiving orders.

Operating results by geographic segment are as follows:

(i) Japan

In the mainstay Die Casting Business, exports increased as automotive manufacturers, the main customers, expanded production overseas, and consequently sales of parts for four-wheel vehicles, the Company’s flagship, rose even as domestic sales of automobiles fell. As a consequence, sales in this segment reached ¥104,136 million (up 20.1% year on year). Operating income was ¥6,622 million (a rise of 62.6%).

(ii) North America

Sales were ¥15,913 million (an increase of 16.1%) backed by the robust performance of Japanese auto manufacturers in the US market. However, as the request for cutting prices became stronger with a change in the competitive environment, operating income fell to ¥1,448 million (down 8.1%).

(iii) Other areas

Sales rose to ¥2,711 million (climbing 128.2%), thanks to the influence of the new subsidiary in China and robust sales in Thailand and Taiwan. However, operating income declined to ¥131 million (down 14.0%), on anticipatory investment associated with the expansion of production capacity.

(Out look for Fiscal 2008)

Consolidated basis (Millions of Yen)

	Sales	Operating Income	Recurring Income	Net Income
For the year ended March 2008	130,000	7,300	7,200	4,300
For the year ended March 2007	122,761	7,944	7,934	7,528
Increase/decrease	7,238	(644)	(734)	(3,228)
Rate of increase/decrease	5.9%	(8.1%)	(9.3%)	(42.9%)

The Japanese and world economies are both expected to remain robust. Although there is uncertainty given factors with the potential to affect domestic and overseas economies, including oil price and material cost trends, strong demand from auto manufacturers and auto parts manufacturers, the Company's main customers, is expected. Nonetheless, an increase in depreciation expenses associated with a tax revision is having a deleterious impact in earnings.

In this environment, sales are projected to be ¥130,000 million (up 5.9% year on year). Sales in the Die Casting Business and Aluminum Business will rise as favorable conditions in the auto industry, the main source of demand, are expected to continue in the next fiscal year. The performance of the Proprietary Products Business will also be good. Sales in the Die Casting Business are affected by material (ingot) costs. We estimate the influence will decrease ¥2,000 million from the previous year.

Operating income and recurring income are expected to become ¥7,300 million (down 8.1%) and ¥7,200 million (down 9.3%) respectively. Positive factors including a production increase associated with a rise in orders in the Die Casting Business and manufacturing cost reduction activities will be more than offset by an increase in depreciation expenses (¥1,200 million) following a tax revision. As a consequence, net income is expected to fall to ¥4,300 million (down 42.9%). (In the previous fiscal year, an extraordinary gain of ¥4,637 million including a gain from the sale of land was recorded.)

The consolidated forecasts are calculated based on the following exchange rates: ¥115 against the US dollar and ¥14 against the renminbi.

(2) Analysis of financial position

(i) Assets, liabilities and net assets

Assets rose ¥22,862 million from the previous fiscal year, to ¥103,974 million. Major increases included ¥11,835 million due to new consolidated subsidiaries, ¥7,015 million in notes and accounts receivable as a result of a sales increase, and ¥5,176 million in tangible fixed assets due to capital expenditure mainly in die casting plants in Japan. The main decrease was ¥2,379 million in shares of affiliates as a result of an increase consolidated subsidiaries.

Liabilities rose ¥12,268 million to ¥59,377 million. Principal increases included ¥3,926 million due to new consolidated subsidiaries, ¥5,039 million in notes and accounts payable as a result of a rise in sales and the term end falling on a holiday, ¥1,710 million in deferred tax liabilities. The major fall was ¥1,929 million due to the repayment of interest-bearing debt including loans.

Net assets including minority interests increased ¥10,594 million to ¥44,596 million. The main rises were net income of ¥7,528 million and the issuing of new shares worth ¥3,235 associated with share exchanges. The principal decrease was dividends paid of ¥567 million.

(ii) Cash flows

(Cash flows from operating activities)

Net cash provided from operating activities rose ¥1,323 million from the previous fiscal year, to ¥10,497 million. The main factors were income before taxes of ¥12,274 million and depreciation of ¥7,364 million.

(Cash flows from investing activities)

Net cash used for investing activities fell ¥5,299 million to ¥8,878 million. Revenues including ¥5,218 million on the sale of tangible fixed assets were more than offset by expenses, including ¥14,676 million for the acquisition of tangible fixed assets.

(Cash flows from financing activities)

Net cash used for financing activities were ¥1,600 million. While the Company increased capital in the previous fiscal year, it repaid loans (net amount was ¥1,098 million) in the fiscal year under review. Dividend payments including those for minority interests were ¥564 million.

As a consequence, cash and cash equivalents at the end of the fiscal year became ¥4,185 million including ¥1,315 million provided by new consolidated subsidiary.

Transition of index related to cash flows

	Fiscal year ended March 2003	Fiscal year ended March 2004	Fiscal year ended March 2005	Fiscal year ended March 2006	Fiscal year ended March 2007
Equity Ratio (%)	29.6	30.7	32.2	41.8	42.9
Market Capitalization Equity Ratio (%)	14.6	26.5	49.9	76.6	66.7
Liabilities with Interest to Cash Flows (%)	265.8	206.6	154.5	140.4	112.0
Interest Coverage Ratio	18.2	23.9	30.5	37.3	29.3

Equity ratio: Shareholders' equity / Total assets

Market value-based equity ratio: Market capitalization / Total assets

Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Cash flows.

Interest coverage ratio: Cash flows / Interest paid.

(Note) 1. Each indicator is calculated based on consolidated figures.

2. Market capitalization is calculated based on the number of shares issued excluding treasury stock.

3. Cash flows mean cash provided by cash provided from operating activities.

4. Interest-bearing debt denotes all liabilities bearing interest recorded in the consolidated balance sheet.

(3) Basic policy on profit distribution

The Company views the continuing increase of corporate value as the most important return to shareholders. The Company's basic policy on dividends is to provide appropriate returns while bolstering the financial structure and the management base for business development in the medium and long terms. We pay dividends, taking into consideration the amount of investment necessary for medium- and long-term growth, the payout ratio, and consolidated results.

In principle, we pay a dividend twice a year (interim dividend and year-end dividend). The Board of Directors determines a dividend.

Based on the above policy, we decided to pay ¥23 per share (including an interim dividend of ¥9) for the fiscal year.

The Company's Articles of Incorporation stipulate that the Company can pay an interim dividend (the record date is September 30) under Article 454, paragraph 5 of the Corporate Code and that the Board of Directors can determine a dividend by resolution under Article 459, paragraph 1.

For the next term, we plan to pay an annual dividend of ¥23 (an interim dividend of ¥9 and a year-end dividend of ¥14).

2. Overview of Corporate Group

The Group consists of the Company and 21 subsidiaries and engages in three businesses: the Die Casting Business, Aluminum Business and Proprietary Products Business.

The overview of each business and the positions of the Company and subsidiaries in each business are described below.

Note that the three businesses listed below are classified the same as in the section on information by business segment listed in the notes to “4. Consolidated Financial Statements”.

(1) Die Casting Business

Primary products include die castings, permanent mold castings, sand mold castings and die casting dies, primarily for automobiles and motorcycles.

Die cast products progress through a number of steps before reaching the customer, from product design (including melt filling and strength analyses), die production to trial and mass production (die casting, machining, etc). Most affiliated group companies are involved with the Die Casting Business, either handling a part of the die cast manufacturing process or providing the equipment used in this process.

(i) Die Castings

Domestically, our company manufactures and sells die castings, and subsidiaries including Ahresty Tochigi, Ahresty Kumamoto, Ahresty Yamagata and one other subsidiary manufacture die castings. Outside of Japan, Ahresty Wilmington Corporation in the US and Guangzhou Ahresty Casting Co., Ltd. in China manufacture and sell die castings. Ahresty Mexicana, S.A. de C.V., a subsidiary in Mexico, and Ahresty India Private Limited, a subsidiary in India, are planned to begin to manufacture and sell die castings in autumn 2007 and autumn 2008 respectively. Our company outsources the machining and assembly of die castings to the aforesaid companies as well as to subsidiary Tokai Seiko Co., Ltd and Hamamatsu Mecatec Corporation.

(ii) Permanent Mold Castings and Sand Mold Castings

Subsidiary Ahresty Light Metal Corporation manufactures permanent mold castings. Subsidiary Tenryu Metal Industry Co., Ltd. manufactures sand mold castings. Our company handles the sales of products manufactured by both companies.

(iii) Die Casting Dies

In addition to our company handling die design and sales, domestic subsidiaries including Ahresty Die Mold Hamamatsu Corporation and Ahresty Die Mold Corporation manufacture die casting dies. Outside of Japan, Thai Ahresty Engineering Co., Ltd. handles a part of die design. Thai Ahresty Die Co., Ltd., Ahresty Taiwan Die Mold Corporation, and Ahresty Precision Die Mold (Guangzhou) Co., Ltd. manufacture and sell die casting dies.

(iv) Die Cast Peripherals

CS Fuso Co., Ltd. and Ahresty Casting Support Corporation manufacture die cooling parts and such, and Ahresty Techno Service Corporation handles sales.

(2) Aluminum Business

Primary products include aluminum alloy ingots for die casting and aluminum alloy ingots for casting.

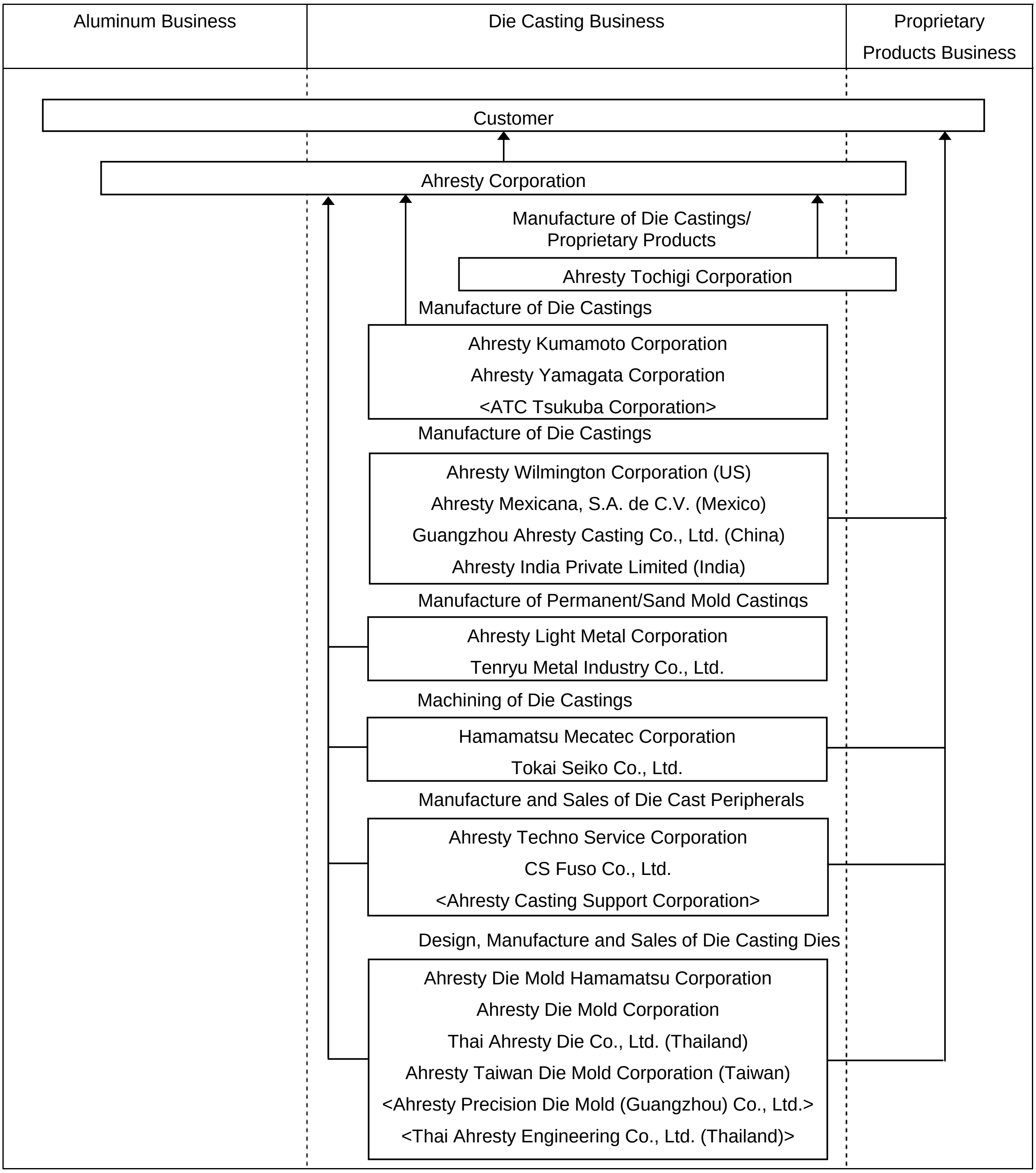
Our company handles manufacturing and sales activities.

(3) Proprietary Products Business

Primary products include free access floors (duplex floor for building).

Our company handles installation and sales of products while Ahresty Tochigi Corporation handles manufacturing of floor panels and its accessories.

A business flowchart is shown below.



Notes

1. Companies in < > are unconsolidated subsidiaries and affiliates not under the equity method; all other companies are consolidated subsidiaries.
2. Companies not in ( ) are domestic companies.
3. Arrows in the diagram indicate main products and labor flow.

3. Management Policies

(1) Basic management policies

Our corporate name of "AHRESTY" is a phonetic representation of the letters R, S and T which stand for Research, Service and Technology. Research means continuous development and research into new technologies, markets and sales approaches. Service means careful, satisfying service rendered through warm personal interaction. Technology means the technology to produce hardware and software which are truly useful and beneficial to society. These three concepts have intricate links between each other in which they depend on each other and become refined and improved through interaction. We have incorporated the sum total of Research, Service and Technology (abbreviation "RST") into our corporate philosophy and have named our company "Ahresty Corporation".

The "Ahresty Ten Year Vision" devised anew in 2005 is founded on the goal of "We aim to be "the most trusted company in the industry" by our stakeholders". To become "a company that is trusted" by the five elements that form an interlocking relationship – customers, shareholders/investors, employees, business partners and society – we devised concrete guidelines and methods to define our policies. Based on this 10-year vision, we devised more concrete measures and goals in our Medium-Term Management Policy (0507 3-Year Ahresty Policy), and expanded this to department policy. In this way, we are pursuing company-wide policy management activities. In 2007, we revised the 10-year vision and renamed it as the Ahresty Ten Year Vision 2007 Version. In the revision we did not alter the direction of the vision but changed specific targets due to progress and changes in the environment. We also modified the 0507 3-Year Ahresty Policy, to prepare for the next three years (2008 through 2010).

(2) Target management indicators

Our company's long-term management direction is indicated in "Ahresty 10-Year Vision", and concrete targets for management indicators are defined in medium-term management policies. In order to become a company with investing value, we have defined target values for sales, return on assets (ROA), the shareholders' equity ratio and the ratio of recurring income to sales to attempt to increase corporate value on a continual basis. (In view of the status of activities in 2005, we have revised these values for 2007 to sales: ¥120 billion, ROA: 5.5%, shareholders' equity ratio: 45%, the ratio of recurring income to sales: 7 %.) We achieved the sales target in fiscal 2006, and sales for fiscal 2007 are expected to become ¥130 billion.

(3) Medium-To-Long-Term Management Strategies

The Die Casting Business, our company's main business, is expected to continue to strengthen into next year, with the increased car production and the need for weight reduction among our main customers in the automobile manufacturing industry. The Aluminum Business is also expected to be stronger next year, as the primary demand comes from the same industry as the Die Casting Business. The Proprietary Products Business is expected to experience greater demand next year compared to this year, due to an expected renewal in semiconductor-related infrastructure investment. Each business is expected to strengthen, but competition in terms of quality and cost is expected to continue. To achieve our company's "10-Year Vision" and "0507 3-Year Ahresty Policy", we will continue to apply our management resources in technology, sales and organization to their maximum potential, and will work together as a company to achieve our goals.

(Die Casting Business)

Competition is expected to grow in intensity in terms of quality and cost in the automobile manufacturing industry, which is our major customer of this business. In order to flexibly and rapidly respond to global competition, our company aims to become "a company that anticipates the needs of its customers" in terms of quality, cost, delivery and development. Specifically, we are promoting quality improvement activities to achieve quality that can face competition on a global level, activities to reduce costs by innovative improvements in productivity aimed at improving global price competitiveness, study and deployment of global distribution system, proposal-type product development based on market research, and technological development that will lead to the creation of new demand. We aim to become "a company with investing value" by continually improving corporate value through more efficient management.

World-Level Quality

Customers continue to become more demanding, resulting in vastly higher quality requirements. Faced with this situation, our company has devised measures to guarantee quality in each of our processes by using a process-based approach that encompasses every section including suppliers and contractors.

Global Competitive Strength

In addition to cost reduction activities, for some time we have been pursuing improved productivity, we have also pursued overall optimization in all processes from die production to casting to machining to distribution, reducing costs at the source with technological initiatives on the production floor.

Study and Deployment of Global Distribution System

As our second die cast production plant overseas, in 2004 operation began at a die casting plant in China (Guangzhou). The die casting plants in China and Ohio have further expanded capacity. We established subsidiaries in Mexico (with operations to begin in fiscal 2007) and in India (with operations starting in fiscal 2008) as the third and forth die cast production plants. We examine supply to other major die casting demand areas in the medium-term plan.

Technology Development and Product Development

We have promoted proposal-style product development based on market research and technological research that will lead to the creation of new demand, in order to not only meet new user needs but to stay one step ahead of user needs in product development. Furthermore, we aim to create new die casting demand and expand sales through development and by implementing new methods, technologies and materials for manufacturing parts as die casting methods, such as Ahresty’s proprietary NI casting technology and magnesium die casting technology.

To provide a powerful boost to our technology and product development, we concentrated our engineering departments at the site and building that we purchased near our Toyohashi Plant and established an R&D platform, including organization and equipment. The site was formally launched as our Technical Center in September 2006.

To lend a powerful boost to our technology and product development, we concentrated technical departments in the land and facilities acquired in the neighborhood of the Toyohashi Plant, developed a research and development system including an organizational structure and facilities, and began to operate the facilities as a Technical Center from September 2006.

(Aluminum Business)

To become “a company walking hand-in-hand with society”, this business feels obligated to take part in building a recycling-based society. As demand for aluminum continues to increase, by fulfilling our duty to society through our recycling business, we aim to expand the aluminum recycling business and increase revenue, and are considering the addition of overseas production sites.

(Proprietary Products Business)

In the proprietary products business, as price competition continues to increase among both domestic and foreign rival manufacturers, we are not only pursuing cost reduction through the integrated production of an aluminum die cast floor (MOVAFLOR), but are also pursuing management activities with a focus on profitability. Furthermore, to increase foreign sales, we aim to expand business and improve earnings, and are considering using foreign production sites.

(4) Operational issues

The following issues are being addressed by the company.

(Risk management)

Under a Basic Policy on Internal Control System Improvement adopted at a meeting of the Board of Directors held on May 11, 2006, we reviewed and improved the Group’s overall compliance system as the basis for our internal control system and developed a basic framework for risk management based on the identification and evaluation of risks. To continue to improve the effectiveness of the Group’s internal control system, we will develop the control environment, assess risks continuously based on the basic framework of risk management, avoid the occurrence of risks, and minimize the effects of risks if they occur.

(Group optimization)

To achieve the Company’s long-term vision, we put growing weight on global development. Our challenges in promoting global development are to review the systems for supporting the establishment of production bases in terms of quality, cost, delivery and development (not only domestic support systems but also systems for support from existing production bases), cooperation among existing bases, the domestic production system and other areas, and to optimize the entire Group. To address these challenges, we made the transition from the three-division system to the six-division system and to the global executive

committee system in the fiscal year under review. We will continue to take measures based on the Group optimization policy.
We made the following progress in respect of the challenges we had been addressing from the previous fiscal year: the training and acquisition of personnel and the rebuilding of Toyohashi Plant.

(Training and acquisition of personnel)
We understand that it is necessary to secure and develop human resources, especially engineers, to successfully execute our medium-to-long-term business strategies. To address this challenge and bolster our human resources, the Human Resource Department, established in October 2005, took the lead in developing human resources and in active recruiting. As a consequence, we achieved some good results. We almost attained our graduate recruitment goal for fiscal 2007 and received positive indications that we would reach our targets for fiscal 2008. In training, we developed programs linked to a personnel evaluation system and reviewed our understanding of the importance of education across the board. We position the training and acquisition of personnel as part of Group optimization (human resource optimization) and will continue to focus on this area.

(Rebuilding the Toyohashi Plant)
The Toyohashi Plant was the primary plant of Kyoto Die Casting Co., Ltd. before the company was acquired in October 2003. Its productivity was low, and our challenge has been to improve it. In the previous fiscal year, we took measures in terms of equipment, management and sales. As a consequence, productivity improved, and the cost to sales ratio rose 3.6 percentage points year on year. In the fiscal year under review, we purchased land and buildings in the neighboring area in February 2006 and used the facilities as a machining plant and distribution center. At the same time, we expanded and remodeled the casting plant and introduced new equipment to improve production efficiency. As a consequence, cost to sales ratio increased 2.3 percentage points year on year.
The plant’s productivity is still below the level of the other plants of the Company, although we have improved it significantly from the level at the time of acquisition. However, the plant is now able to improve its productivity by itself, and in that sense we believe we have completed the rebuilding phase. We will continue to improve its productivity and profitability.

４. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Previous consolidated fiscal year (March 31, 2006)			Current consolidated fiscal year (March 31, 2007)		
Classification	Amount (¥ millions)		(%)	Amount (¥ millions)		(%)
(Assets)						
Ⅰ Current Assets						
１. Cash and time deposits		3,128			4,451	
２. Trade notes and accounts receivable		24,130			32,684	
３. Merchandise		22			28	
４. Products		1,864			2,930	
５. Raw materials		1,933			2,393	
６. Partly finished goods		3,988			4,669	
７. Inventories		437			651	
８. Advances		31			47	
９. Pre-paid expenses		145			147	
10. Deferred tax assets		961			1,077	
11. Short-term loans		2			2	
12. Accounts receivable		716			550	
13. Income taxes and other taxes receivable		23			147	
14. Consumption tax receivable		57			176	
15. Other current assets		120			138	
Allowance for doubtful accounts		(3)			(9)	
Total current assets		37,560	46.3		50,087	48.2

	Previous consolidated fiscal year (March 31, 2006)			Current consolidated fiscal year (March 31, 2007)		
Classification	Amount (¥ millions)		(%)	Amount (¥ millions)		(%)
Ⅱ Fixed assets						
1. Tangible fixed assets						
(1) Buildings and structures	15,469			18,086		
Accumulated depreciation	8,674	6,795		9,283	8,803	
(2) Machinery and delivery equipment	42,742			58,352		
Accumulated depreciation	30,245	12,496		38,549	19,802	
(3) Tools, equipment, and furniture	16,546			20,533		
Accumulated depreciation	13,897	2,648		16,135	4,398	
(4) Land		5,364			6,367	
(5) Construction in progress		4,311			4,410	
Total tangible fixed assets		31,617	39.0		43,782	42.1
2. Intangible fixed assets						
(1) Consolidated adjustment account		600			—	
(2) Goodwill		—			455	
(3) Other		397			566	
Total intangible fixed assets		998	1.2		1,021	1.0
3. Investments and other assets						
(1) Investments in securities		9,924			7,974	
(2) Long-term loans		1			2	
(3) Capital investments		0			0	
(4) Long-term prepaid loans		28			24	
(5) Deferred tax assets		412			305	
(6) Other		573			795	
Allowance for doubtful accounts		(5)			(19)	
Total Investments and Other Assets		10,934	13.5		9,082	8.7
Total Fixed Assets		43,550	53.7		53,886	51.8
Total Assets		81,111	100.0		103,974	100.0

Classification	Previous consolidated fiscal year (March 31, 2006) Amount (¥ millions)	(%)	Current consolidated fiscal year (March 31, 2007) Amount (¥ millions)	(%)
(Liabilities)				
Ⅰ Current liabilities				
1. Notes and accounts payable	22,196		28,321	
2. Short-term loans	4,405		4,299	
3. Current portion of long-term loans	1,210		3,846	
4. Current portion of bonds	—		300	
5. Accrued expenses	1,246		1,800	
6. Accrued income taxes	1,167		1,796	
7. Accrued consumption taxes	133		173	
8. Bonus allowances	1,208		1,316	
9. Directors' bonus allowances	—		52	
10. Facilities-related bills payable	1,069		2,661	
11. Other current liabilities	1,279		2,955	
Total Current Liabilities	33,918	41.8	47,523	45.7
Ⅱ Long-term liabilities				
1. Corporate bonds	1,000		700	
2. Long-term loans	6,264		2,612	
3. Deferred tax liabilities	2,153		4,290	
4. Allowances for employees' retirement benefits	2,279		2,552	
5. Allowances for directors' retirement benefits	198		219	
6. Long-term accrued payments	6		36	
7. Consolidated adjustment account	1,194		—	
8. Negative goodwill	—		1,351	
9. Other long-term liabilities	92		91	
Total Long-Term Liabilities	13,191	16.3	11,854	11.4
Total Liabilities	47,109	58.1	59,377	57.1
(Minority Interests)				
Minority interests	101	0.1	—	—

Classification	Previous consolidated fiscal year (March 31, 2006) Amount (¥ millions)		(%)	Current consolidated fiscal year (March 31, 2007) Amount (¥ millions)		(%)
(Shareholders' Equity)						
Ⅰ Common stock		5,117	6.3		—	—
Ⅱ Additional paid-in capital		5,065	6.2		—	—
Ⅲ Retained earnings		21,477	26.5		—	—
Ⅳ Net unrealized gains on securities		2,725	3.4		—	—
Ⅴ Foreign currency translation adjustments		(432)	(0.5)		—	—
Ⅵ Treasury stock		(54)	(0.1)		—	—
Total Shareholders' Equity		33,900	41.8		—	—
Total Liabilities, Minority Interests, and Shareholders' Equity		81,111	100.0		—	—
(Net Assets)						
Ⅰ Shareholders' equity		—	—			
1. Common stock		—	—		5,117	4.9
2. Additional paid-in capital		—	—		8,359	8.1
3. Retained earnings		—	—		28,208	27.1
4. Treasury stock		—	—		(53)	(0.0)
Total Shareholders' Equity		—	—		41,632	40.1
Ⅱ Revaluation / Translation differences						
1. Difference on revaluation of other marketable securities		—	—		3,045	2.9
2. Foreign currency translation adjustments		—	—		(111)	(0.1)
Total Revaluation / Translation differences		—	—		2,934	2.8
Ⅲ Share warrants		—	—		29	0.0
Total net assets		—	—		44,596	42.9
Total liabilities and net assets		—	—		103,974	100.0

(2) Consolidated Income Statements

	Previous consolidated fiscal year (April 1, 2005 through March 31, 2006)			Current consolidated fiscal year (April 1, 2006 through March 31, 2007)		
Classification	Amount (¥ millions)		(%)	Amount (¥ millions)		(%)
Ⅰ Sales		101,609	100.0		122,761	100.0
Ⅱ Cost of goods sold		87,596	86.2		105,648	86.1
Gross Profit		14,013	13.8		17,112	13.9
Ⅲ Selling, general and administrative expenses						
1. Transportation expenses	1,903			2,065		
2. Salaries and bonuses	1,758			2,161		
3. Retirement and severance expenses	175			272		
4. Provision for bonuses	477			245		
5. Provision for bonuses for directors	—			52		
6. Provision for retirement benefits for directors	30			2		
7. Allowance for depreciation	134			115		
8. Research and development expenses	—			1,154		
9. Provision for allowance for doubtful accounts	—			23		
10. Other expenses	3,526	8,005	7.9	3,074	9,168	7.4
Operating income		6,008	5.9		7,944	6.5
Ⅳ Non-operating income						
1. Interest income	11			16		
2. Dividends received	71			229		
3. Amortization of consolidated adjustment account	339			—		
4. Amortization of negative goodwill	—			398		
5. Income on investments in equity method affiliates	182			146		
6. Rental income	61			50		
7. Compensation for dies	176			89		
8. Other	259	1,101	1.1	196	1,126	0.9
Ⅴ Non-operating expenses						
1. Interest expenses	247			308		
2. Expenses from processing returned goods due to manufacturing defects	446			351		
3. Loss on disposal of inventories	169			203		
4. Inventory loss	175			—		
5. Other	370	1,410	1.4	272	1,137	0.9
Recurring Income		5,699	5.6		7,934	6.5

Classification	Previous consolidated fiscal year (April 1, 2005 through March 31, 2006) Amount (¥ millions)		(%)	Current consolidated fiscal year (April 1, 2006 through March 31, 2007) Amount (¥ millions)		(%)
Ⅵ Extraordinary gains						
1 . Gain on the sale of fixed assets	18			4,339		
2 . Gain on the sale of investments in securities	668			0		
3 . Gain of the sale of stock of affiliates	—			297		
4 . Revenue of government subsidies	—			24		
5 . Gain on insurance adjustment	5			—		
6 . Gain on the transfer of goodwill	9			—		
7 . Reversal of allowance for doubtful accounts	5			—		
8 . Other	—	707	0.7	8	4,670	3.8
Ⅶ Extraordinary losses						
1 . Loss on the sale of fixed assets	269			203		
2 . Loss from the write-down of securities	2			—		
3 . Loss on the sale of investments in securities	0			—		
4 . Retirement and severance benefits	74			4		
5 . Provision for retirement benefits reserve for directors in the previous period	80			—		
6 . Impairment loss	–			104		
7 . Advanced depreciation deduction of fixed assets	–			18		
8 . Other	5	432	0.4	—	331	0.3
Income before Income Taxes and Others		5,974	5.9		12,274	10.0
Income taxes and enterprise taxes	2,213			3,053		
Deferred income taxes	(58)	2,155	2.1	1,612	4,666	3.8
Gain (loss) on minority interests in consolidated subsidiaries		21	0.0		79	0.1
Net Income		3,796	3.7		7,528	6.1

(3) Consolidated Statements of Retained Earnings

	Year ended March 31, 2006	
Classification	Amount (¥ millions)	
(Additional Paid-in Capital)		
Ⅰ Additional paid-in capital balance at beginning of year		1,253
Ⅱ Increase in additional paid-in capital		
1 . Increase in capital due to new share issuance	3,424	
2 . Increase in additional paid-in capital due to merger(s)	387	3,812
Ⅲ Additional paid-in capital balance at end of year		5,065
(Retained Earnings)		
Ⅰ Retained earnings at beginning of year		17,968
Ⅱ Increase in retained earnings		
1 . Net income	3,796	3,796
Ⅲ Decrease in retained earnings		
1 . Dividends	248	
2 . Bonus to company executives	38	
(In-house auditor's share)	(2)	287
Ⅳ Retained earnings at end of year		21,477

(4) Statement of Changes in Consolidated Shareholders' Equity

For the consolidated fiscal year under review (April 1, 2006 through March 31, 2007) (Millions of Yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balances at March 31, 2006	5,117	5,065	21,477	(54)	31,606
Changes					
Increase in additional paid-in capital due to stock swap		3,235			3,235
Dividends paid (Note)			(371)		(371)
Dividends paid			(195)		(195)
Directors' bonus (Note)			(35)		(35)
Net income			7,528		7,528
Purchase of Treasury stock				(8)	(8)
Disposal of Treasury stock		58		8	66
Change in the scope of consolidation or accountability based on the equity method			(194)	1	(193)
Changes (net) in non-shareholders' equity item					
Total changes	―	3,293	6,731	0	10,026
Balances at March 31, 2007	5,117	8,359	28,208	(53)	41,632

	Revaluation / translation differences			Share warrants	Minority interest in consolidated subsidiaries	Total net assets
	Difference on revaluation of other marketable securities	Foreign currency translation adjustments	Total revaluation / translation differences			
Balances at March 31, 2006	2,725	(432)	2,293	―	101	34,002
Changes						
Increase in additional paid-in capital due to stock swap						3,235
Dividends paid (Note)						(371)
Dividends paid						(195)
Directors' bonus (Note)						(35)
Net income						7,528
Purchase of Treasury stock						(8)
Disposal of Treasury stock						66
Change in the scope of consolidation or accountability based on the equity method						(193)
Changes (net) in non-shareholders' equity item	319	321	640	29	(101)	568
Total changes	319	321	640	29	(101)	10,594
Balances at March 31, 2007	3,045	(111)	2,934	29	―	44,596

(Note) Appropriation of retained earnings at General shareholders' meeting

(5) Consolidated Statements of Cash Flows

	Previous consolidated fiscal year (April 1, 2005 through March 31, 2006)	Current consolidated fiscal year (April 1, 2006 through March 31, 2007)
Classification	Amount (¥ millions)	Amount (¥ millions)
I Cash flows from operating activities		
Income before income taxes	5,974	12,274
Depreciation and amortization	5,412	7,364
Impairment losses	–	104
Amortization of consolidated adjustment account	(170)	–
Amortization of goodwill and negative goodwill	–	(242)
Increase/(decrease) in allowances for doubtful accounts	(7)	20
Increase/(decrease) in allowances for bonuses	56	(70)
Increase/(decrease) in allowances for directors' bonuses	–	52
Increase/(decrease) in allowances for employees' retirement benefits	(24)	(3)
Increase/(decrease) in allowances for directors' retirement benefits	55	(29)
Increase/(decrease) in prepaid pension expenses	(61)	(61)
Interest and dividend income	(82)	(246)
Interest expenses	247	308
Income from investments in equity method affiliates	(182)	(146)
Proceeds from sales of tangible fixed assets	(17)	(4,339)
Proceeds from sales of investment securities	(668)	(0)
Gain of the sale of stock of affiliates	–	(297)
Revenue of government subsidies	–	(24)
Losses from sales of tangible fixed assets	269	203
Advanced depreciation deduction of tangible fixed assets	–	18
Losses from revaluation of investment securities	2	–
(Increase)/decrease in notes and accounts receivable	(1,169)	(6,572)
(Increase)/decrease in inventories	(418)	(1,689)
Increase/(decrease) in notes and accounts payable	2,908	5,354
Increase/(decrease) in accrued consumption taxes and others	(57)	(47)
Bonus paid to directors	(38)	(35)
Other	296	1,503
Subtotal	12,325	13,398

	Previous consolidated fiscal year (April 1, 2005 through March 31, 2006)	Current consolidated fiscal year (April 1, 2006 through March 31, 2007)
Classification	Amount (¥ millions)	Amount (¥ millions)
Interest and dividends received	87	249
Interest paid	(246)	(358)
Income taxes paid	(3,010)	(2,820)
Income taxes refunded	17	28
Cash Flows from Operating Activities	9,174	10,497
Ⅱ Cash flows from investing activities		
Payment into time deposits	(618)	(232)
Proceeds from refund of time deposits	280	407
Expenditures from purchases of investment securities	(67)	(23)
Proceeds from sales of marketable securities	892	0
Expenditures from purchases of subsidiary shares	(2,109)	(401)
Proceeds from the acquisition of a subsidiary's stock accompanied by a change in the scope of consolidation	–	364
Expenditures from purchases of tangible fixed assets	(13,114)	(14,676)
Proceeds from sales of tangible fixed assets	594	5,218
Expenditures from loans	–	(1)
Proceeds from collection of loans	44	4
Other	(80)	460
Cash Flows from Investing Activities	(14,178)	(8,878)

	Previous consolidated fiscal year (April 1, 2005 through March 31, 2006)	Current consolidated fiscal year (April 1, 2006 through March 31, 2007)
Classification	Amount (¥ millions)	Amount (¥ millions)
Ⅲ Cash flows from financing activities		
Proceeds from short-term loans	18,270	15,357
Repayment of short-term loans	(17,939)	(15,219)
Proceeds from long-term debt	800	175
Repayment of long-term debt	(2,543)	(1,411)
Proceeds from issuance of bonds	6,850	–
Proceeds from sale of treasury stock	–	107
Payments for purchase of treasury stock	(8)	(8)
Dividends paid	(248)	(564)
Cash dividends paid to minority shareholders	(13)	–
Other	(37)	(35)
Cash Flows from Financing Activities	5,131	(1,600)
Ⅳ Effect of exchange rate changes on cash and cash equivalents	57	98
Ⅴ Net increase/(decrease) in cash and cash equivalents	185	116
Ⅵ Cash and cash equivalents at beginning of year	2,568	2,754
Ⅶ Increase in cash and cash equivalents at consolidated subsidiaries	–	1,315
Ⅷ Cash and cash equivalents at end of period	2,754	4,185

Notes

(Segment Information)

a. Business Segment Information

A breakdown of sales by business segment for the two most recent consolidated fiscal years is shown below.

Previous consolidated fiscal year (April 1, 2005 through March 31, 2006) (¥ millions)

	Die Casting Business	Aluminum Business	Proprietary Products Business	Total	Eliminations and Corporate	Consolidated
Ⅰ Sales and Operating Income (Loss)						
Sales						
(1) Customers	92,306	5,007	4,295	101,609	–	101,609
(2) Inter-segment	–	1,123	1	1,125	(1,125)	–
Total	92,306	6,131	4,297	102,734	(1,125)	101,609
Operating expenses	86,797	5,897	4,030	96,725	(1,124)	95,601
Operating income	5,508	234	266	6,009	(1)	6,008
Ⅱ Total Assets, Depreciation and Amortization, Impairment Loss, and Capital Expenditures						
Total Assets	69,435	2,881	2,645	74,962	6,149	81,111
Depreciation and Amortization	5,296	65	49	5,412	–	5,412
Capital Expenditures	12,137	97	48	12,283	3,037	15,321

Notes: In the past, unallocatable administration costs consisted primarily of expenses related to the administrative departments of submitting companies. However, as a result of a re-evaluation of the relationship between costs associated with the administrative departments and the operations of each segment, we came to the conclusion that the operating profits/losses for each segment could be more appropriately expressed by having each segment handle the appropriate costs. Therefore, as of this fiscal year we have changed our segment allocation method. As a result of this change, operating income for this consolidated fiscal year has decreased from what it would have been using the previous method by ¥2,397 million in the Die Casting Business, ¥14 million in the Aluminum Business and ¥11 million in the Proprietary Products Business.

Until the previous fiscal year, assets, depreciation and capital expenditure related primarily to the administrative departments of the submitting company were allocated to unallocatable operating expenses. However, as a result of a review of the relationship between the expenses associated with the administrative departments and the operations of each segment, we have decided to distribute the assets, depreciation and capital expenditure from the term under review to present operating results more appropriately. Consequently, assets increased ¥9,508 million in the Die Casting Business, ¥27 million in the Aluminum Business, and ¥376 million in the Proprietary Products Business, compared with those calculated by the previous method. Depreciation rose ¥192 million in the Die Casting Business, ¥3 million in the Aluminum Business, and ¥2 million in the Proprietary Products Business. Capital expenditure was boosted ¥84 million in the Die Casting Business.

Current consolidated fiscal year (April 1, 2006 through March 31, 2007) (¥ millions)

	Die Casting Business	Aluminum Business	Proprietary Products Business	Total	Eliminations and Corporate	Consolidated
Ⅰ Sales and Operating Income(Loss)						
Sales						
(1) Customers	109,528	7,806	5,426	122,761	–	122,761
(2) Inter-segment	157	1,483	0	1,640	(1,640)	–
Total	109,686	9,289	5,426	124,402	(1,640)	122,761
Operating expenses	102,503	8,853	4,952	116,309	(1,492)	114,816
Operating income	7,183	436	473	8,093	(148)	7,944
Ⅱ Total Assets, Depreciation and Amortization, and Capital Expenditures						
Total Assets	94,477	4,066	2,820	101,363	2,610	103,974
Depreciation and Amortization	7,266	64	33	7,364	–	7,364
Impairment Loss	–	–	–	–	104	104
Capital Expenditures	16,374	145	36	16,556	–	16,556

(Notes) 1. Business segments are classified based on internal classification.

2. Main products in each segment:

(1) Die Casting Business Auto parts, general engine parts, industrial machinery parts, dies etc.

(2) Aluminum Business Aluminum alloy ingots

(3) Proprietary Products Business Access floors and its accessories

3. The following amounts and primary contents were incorporated into “Eliminations and Corporate”.

	Previous consolidated fiscal year (¥ millions)	Current consolidated fiscal year (¥ millions)	Main Content
Eliminations including company-wide unallocated operating expenses	1	–	Expenses related to parent company head office administration
Eliminations including company-wide assets	6,280	2,664	Assets related to parent company surplus capital (cash and marketable securities) and administration

4. Change in accounting policy (fiscal term under review)

(Accounting policy relating to directors’ bonuses)

The Company adopts the Accounting Standard for Directors’ Bonus (Accounting Standards Board of Japan Statement No. 4 issued on November 29, 2005) from the fiscal year under review. In association with the change, operating expenses increased ¥51 million in the Die Casting Business, ¥0 million in the Aluminum Business, and ¥0 million in the Proprietary Products Business, and operating income declined by the same amounts.

(Accounting policy pertaining to stock options etc.)

The Company applies the Accounting Standard for Share-based Payment (ASBJ Statement No.8 issued on December 27, 2005) and the Implementation Guidance on the Accounting Standard for Share-based Payment (ASBJ Guidance No. 11 issued on May 31, 2006) from the term under review. Following the change, operating expenses rose ¥28 million in the Die Casting Business, ¥0 million in the Aluminum Business, and ¥0 million in the Proprietary Products Business, and operating income decreased by the same amounts.

b. Geographic Segment Information

Previous consolidated fiscal year (April 1, 2005 through March 31, 2006) (¥ millions)

	Japan	North America	Other Areas	Total	Eliminations and Corporate	Consolidated
Ⅰ Sales and Operating Income (Loss)						
Sales						
(1) Customers	86,708	13,711	1,188	101,609	–	101,609
(2) Inter-segment	900	38	23	962	(962)	–
Total	87,609	13,750	1,211	102,571	(962)	101,609
Operating expenses	83,536	12,173	1,059	96,769	(1,167)	95,601
Operating income	4,073	1,576	152	5,802	205	6,008
Ⅱ Total Assets	62,246	11,483	1,806	75,536	5,575	81,111

Notes: In the past, unallocatable administration costs consisted primarily of expenses related to the administrative departments of submitting companies. However, as a result of a re-evaluation of the relationship between costs associated with the administrative departments and the operations of each segment, we came to the conclusion that the operating profits/losses for each segment could be more appropriately expressed by having each segment handle the appropriate costs. Therefore, as of this fiscal year we have changed our segment allocation method. As a result of this change, operating income for this consolidated fiscal year has decreased from what it would have been using the previous method by ¥2,353 million in Japan and ¥70 million in other areas.

Until the previous fiscal year, assets related primarily to the administrative departments of the submitting company were allocated to unallocatable operating expenses. However, as a result of a review of the relationship between the expenses associated with the administrative departments and the operations of each segment, we have decided to distribute the assets from the term under review to present operating results more appropriately. Consequently, assets increased ¥9,929 million in Japan and ¥5 million in North America, decreased ¥22 million in other areas, compared with those calculated by the previous method.

Current consolidated fiscal year (April 1, 2006 through March 31, 2007) (¥ millions)

	Japan	North America	Other Areas	Total	Eliminations and Corporate	Consolidated
Ⅰ Sales and Operating Income (Loss)						
Sales						
(1) Customers	104,136	15,913	2,711	122,761	–	122,761
(2) Inter-segment	1,111	25	383	1,521	(1,521)	–
Total	105,247	15,938	3,095	124,282	(1,521)	122,761
Operating expenses	98,625	14,490	2,964	116,080	(1,263)	114,816
Operating income	6,622	1,448	131	8,202	(257)	7,944
Ⅱ Total Assets	91,496	15,003	5,579	112,079	(8,104)	103,974

(Notes) 1. Countries and areas are classified according to geographic proximity.

2. Countries or areas in each main class: North America: USA and Mexico
Other areas: China, Taiwan, Thailand and India

3. Amounts and primary contents incorporated into "Eliminations and Corporate" are the same as those in Note 3 under “a. Business Segment Information”.

4. Change in accounting policy (fiscal term under review)

(Accounting policy relating to directors' bonuses)

The Company adopts the Accounting Standard for Directors' Bonus (Accounting Standards Board of Japan Statement No. 4 issued on November 29, 2005) from the fiscal year under review. In association with the change, operating expenses increased ¥52 million in Japan, and operating income declined by the same amounts.

(Accounting policy pertaining to stock options etc.)

The Company applies the Accounting Standard for Share-based Payment (ASBJ Statement No.8 issued on December 27, 2005) and the Implementation Guidance on the Accounting Standard for Share-based Payment (ASBJ Guidance No. 11 issued on May 31, 2006) from the term under review. Following the change, operating expenses rose ¥29 million in Japan, and operating income declined by the same amounts.