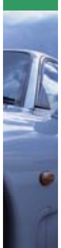
Casting Our Eyes on the Future



Ahresty

ANNUAL REPORT 2007

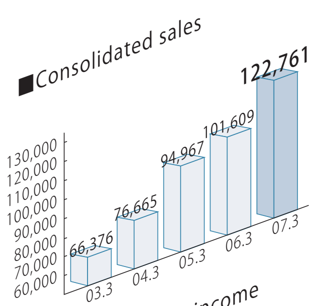
For The Year Ended March 31 2007

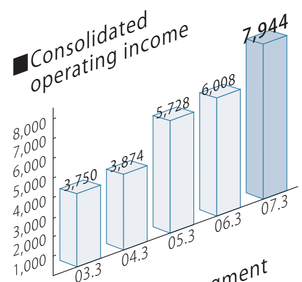
Profile

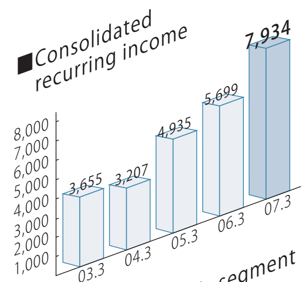
Committed to research, service and technology

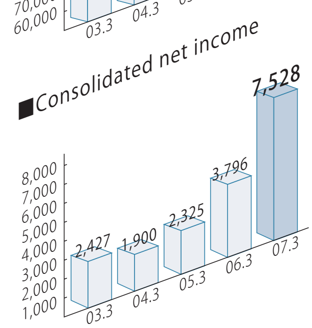
Ahresty is a phonetic representation of the three letters, *RST*, signifying the integration of Research, Service and Technology. "R" signifies research and development as well as the resolve to create and explore which enables us to better serve our customers; "S" goes beyond the quality of our products and after-service to encompass every facet of interaction with our customers, while "T" stands for the knowledge and technology that provide the foundation for "R" and "S." True to our aspirations of serving society through our broad range of products, Ahresty remains committed to the pursuit of ever-higher standards of Research, Service and Technology.

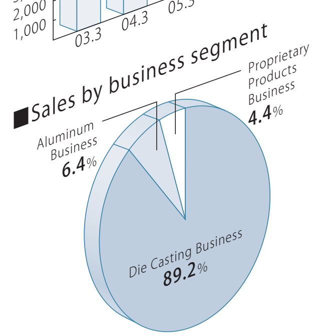
Financial Highlights (Unit: rounded down to the nearest million yen)

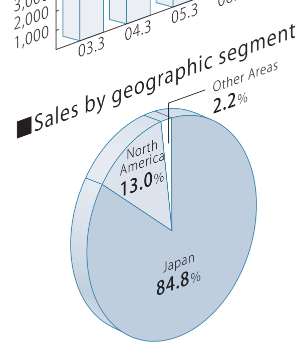












Contents

Business Overview

Tokai Seiko becomes subsidiary

The Company had previously maintained a connection with Tokai Seiko. In June 2007, the Company made Tokai Seiko a wholly owned subsidiary through share exchange. In the Die Casting Business, orders for items including not only as cast parts but also machining and assembly are increasing, and it is becoming increasingly important to improve machining and casting technologies. The Company consequently aims to bolster its business efficiency and competitiveness through superior quality and cost performance achieved by strengthening ties with Tokai Seiko and making it a subsidiary.

Technical Center established

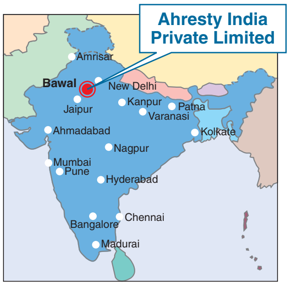
The Company established a Technical Center in Toyahashi, Aichi Prefecture in September 2006. By consolidating the engineering departments of different facilities, the Company intends to standardize technologies and improve its ability to design parts and functions. Moreover, the Company will improve its laboratory facilities and its ability to ensure the functions of parts and pioneer new technologies.

Mexico plant to begin operating soon

The construction of Ahresty Mexicana, S.A. de C.V. in Guadalupe, Zacatecas is in the final stages if preparing for the start of operations in September 2007. With many automobile production bases in Mexico serving the North American market, we expect the plant in that country to experience considerable growth.

India plant to be built

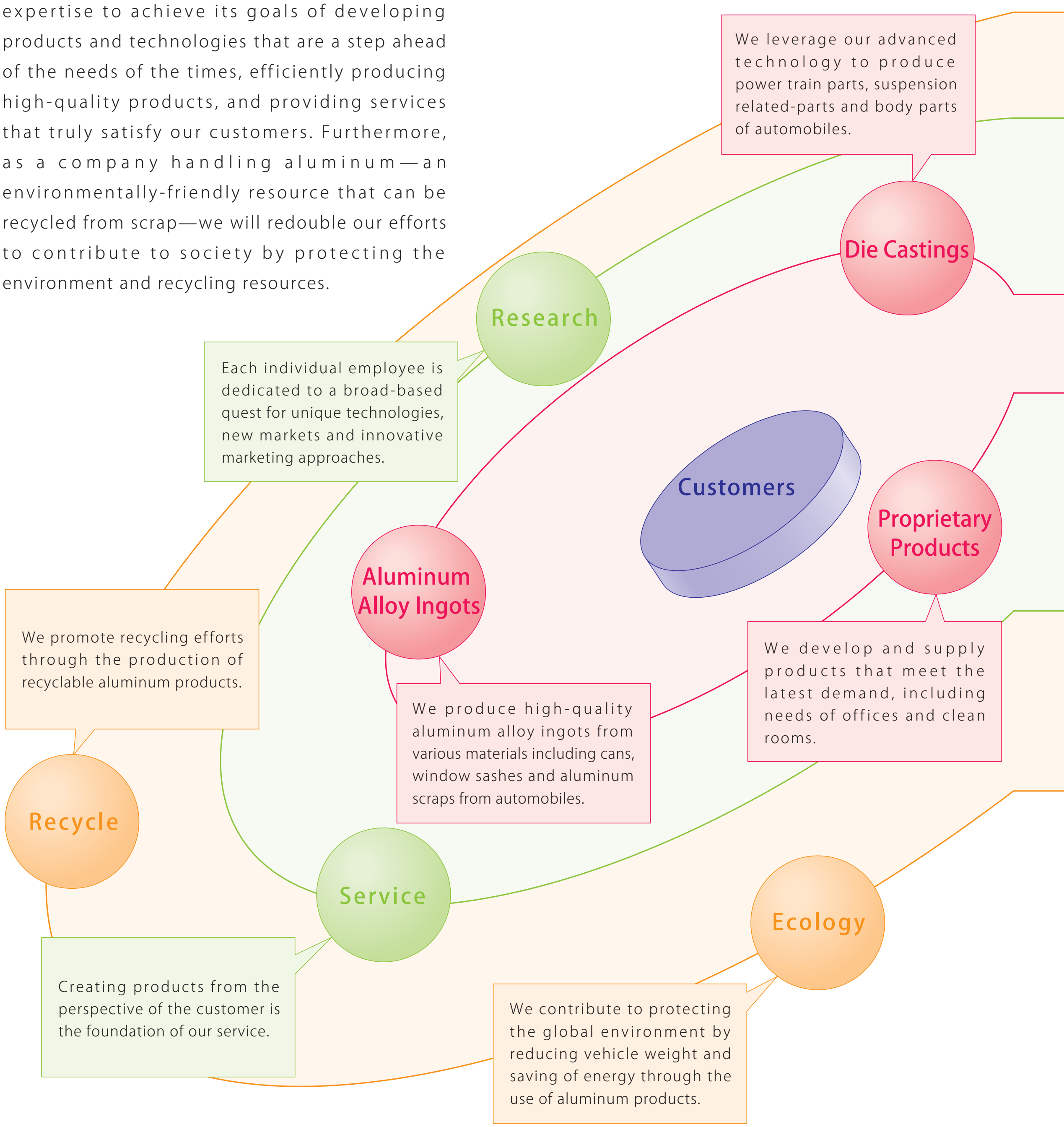
The Company has decided to build a presence in the Indian market, to give it the ability to respond flexibly to onsite production by Japanese auto manufacturers, which are major customers of the Company, and to expand and bolster its Die Casting Business in the Asian market. The Company is now preparing to start production in the India plant in the autumn of 2008.



This is RS

Our Business

Under the three principles of Research, Service and Technology represented in our corporate name, Ahresty takes full advantage of its industry-leading technology and wealth of expertise to achieve its goals of developing products and technologies that are a step ahead of the needs of the times, efficiently producing high-quality products, and providing services that truly satisfy our customers. Furthermore, as a company handling aluminum—an environmentally-friendly resource that can be recycled from scrap—we will redouble our efforts to contribute to society by protecting the environment and recycling resources.



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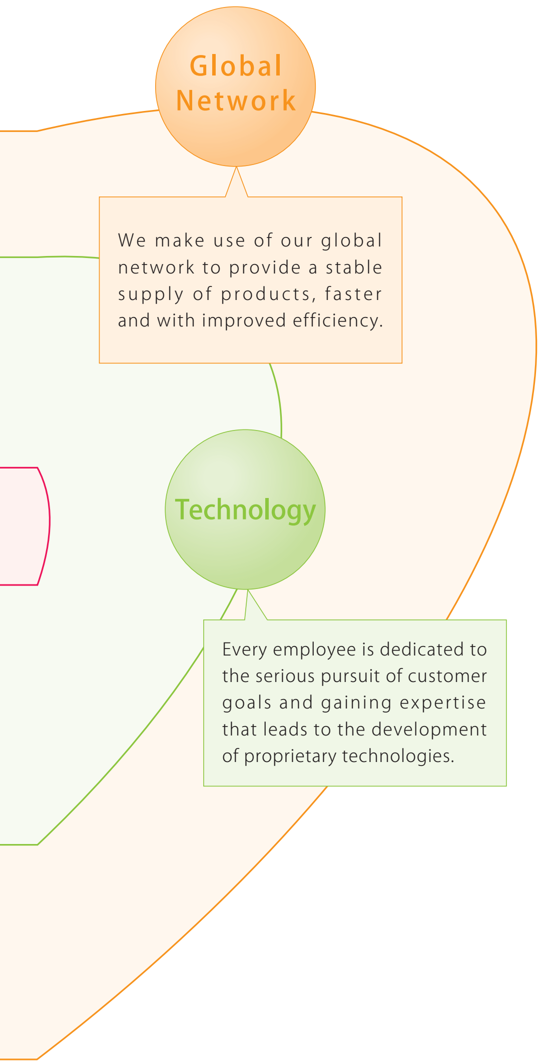


Our History

Jun. 1938	Founding of Ahresty's predecessor Shimura Aluminum Co., Ltd. Start of production for aluminum alloy ingots, die casting products and aluminum sand mold castings
Nov. 1943	Establishment of Fuso Light Alloys Co., Ltd. Start of production for die casting products and aluminum sand mold castings
Apr. 1954	Establishment of Tenryu Metal Industry Co., Ltd.
Mar. 1960	Establishment of Japan Precision Die Mold Mfg. Co., Ltd. (currently Ahresty Die Mold Hamamatsu Corporation)
Jul.	Start of operations of Fuso Light Alloys Co., Ltd. Hamamatsu Plant
Oct. 1961	Listing of Fuso Light Alloys Co., Ltd. stock on the Second Section of the Tokyo Stock Exchange and the Osaka Securities Exchange
Mar. 1963	Start of operations of Kyoto Die Casting Co., Ltd. Toyohashi Plant (currently Toyohashi Plant)
Jan. 1964	Completion of Research and Development Center of Fuso Light Alloys Co., Ltd.
Aug. 1967	Establishment of Taiwan General Tool & Die Corporation (currently Ahresty Taiwan Die Mold Corporation)
Apr. 1971	Establishment of Tochigi Fuso Co., Ltd. (currently Ahresty Tochigi Corporation)
Mar. 1972	Establishment of Ditec Co., Ltd. (currently Ahresty Die Mold Corporation)
Apr. 1977	Establishment of Kumamoto Fuso Co., Ltd. (currently Ahresty Kumamoto Corporation)
Aug. 1982	Establishment of Hamamatsu Mecatec Corporation
Dec.	Establishment of Kyoto Light Metal Corporation (currently Ahresty Light Metal Corporation)
Apr. 1984	Establishment of CS Fuso Co., Ltd.
Jul.	Start of operations of Fuso Light Alloys Co., Ltd. Kumagaya Plant
Aug.	Start of operations of Fuso Light Alloys Co., Ltd. Higashimatsuyama Plant
May 1985	Establishment of Pascal Trading Co., Ltd. (currently Ahresty Techno Service Corporation)
Oct.	Establishment of Fuso R&D Co., Ltd.
Dec. 1987	Establishment of CSE Co., Ltd. (currently Ahresty Casting Support Corporation)
May 1988	Establishment of Ahresty Wilmington Corporation
Oct.	Corporate name changed from Fuso Light Alloys Co., Ltd. to Ahresty Corporation
Oct. 1989	Ahresty Corporation awarded Deming Prize for the year 1989 (Small and Mid-range Industries)
Feb. 1997	Ahresty Corporation obtains ISO9001 certification (Lawn Mower, Grass Cutter) Establishment of Thai Ahresty Die Co., Ltd.
Mar.	Ahresty Corporation obtains ISO9001 certification (Free Access Floor) Ahresty Corporation obtains ISO9002 certification (Die Castings, Aluminum Ingots)
Mar. 2001	Ahresty Corporation obtains ISO14001 certification
Jul.	Establishment of Thai Ahresty Engineering Co., Ltd.
Aug. 2003	Establishment of Guangzhou Ahresty Casting Co., Ltd.
Oct.	Merger of Kyoto Die Casting Co., Ltd. and Ahresty Corporation
Nov.	Ahresty Corporation awarded the Minister of Economy, Trade and Industry Award of the 20th Materials Process Technology Commendation
Mar. 2005	Establishment of Ahresty Precision Die Mold (Guangzhou) Co., Ltd.
Apr.	Merger of Pascal Industry Co., Ltd. and Sugahara Precision Industry Co., Ltd. into Ahresty Yamagata Corporation
Jun.	Head Office moved to Chuo, Nakano-ku, Tokyo
Jun. 2006	Establishment of Ahresty Mexicana, S.A. de C.V.
Sep.	Establishment of Technical Center
Jan. 2007	Establishment of Ahresty India Private Limited

Interview with the P

Ahresty leaps into a new stage of global growth propelled by heightened demand and customer expectations

Arata Takahashi
President, CEO

resident

Earning trust with a solid track record as a supplier of automotive components, with die casting parts at the core

The Japanese automobile industry was strong during the fiscal year ended March 2007 in terms of global performance, enabling Ahresty, in turn, to enjoy favorable performance centered on our mainstay Aluminum Die Casting business. Furthermore, global environmental concerns and high oil prices heightened the demand for lighter weight vehicles. With the shift in raw materials from steel to aluminum, Ahresty has attracted attention for our track record in providing a stable supply of value-added products, and expectations are high for our new product and technology development. Automotive parts currently comprise approximately 70% of Ahresty's products, and in fiscal 2005 we demonstrated extraordinary strength as a company led by its management vision as a supplier of automotive components with the production of die casting parts as a core business.

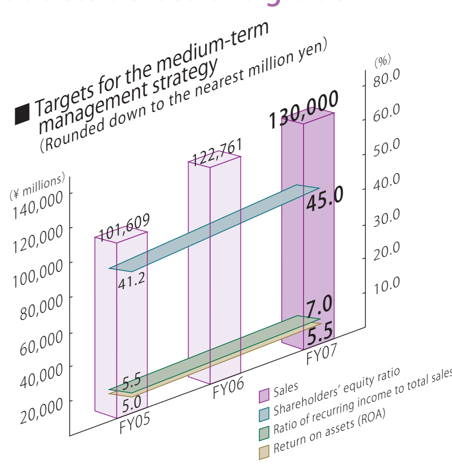
On the other hand, growing demand is pushing our production bases toward full capacity. We intend to remain a step ahead in enhancing our facilities by pursuing the critical task of expanding and improving capacity and establishing new production bases in Japan, while responding to the needs of overseas markets that are undergoing rapid motorization by adding a base in India along with existing facilities in U.S.A., China and Mexico, toward our goal of entering a new stage of growth.

Ahresty aspires to attain sound growth as the most trusted company by our shareholders, customers, investors, business partners and society at large. We seek your continued support for Ahresty as we pursue further expansion and success in Japan and abroad.

Outline of our Medium-Term Strategy

The key to future growth lies in securing production capacity for providing a stable supply of quality products across the globe.

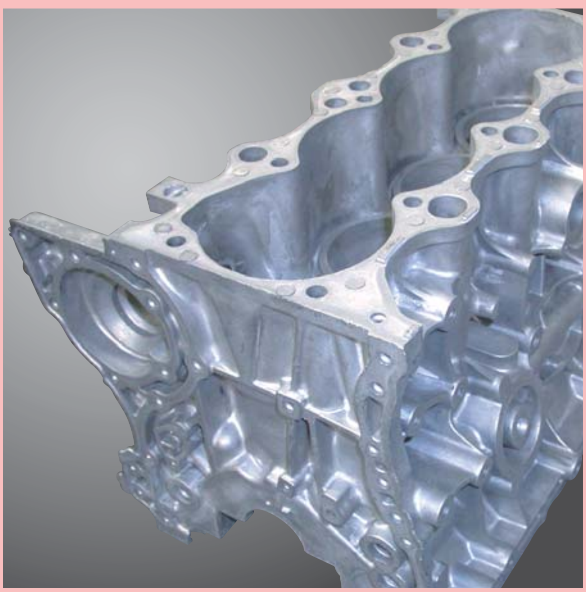
The automobile industry is facing urgent demand for lighter weight vehicles. Ahresty will expand its conventional lineup of engine and transmission parts by developing aluminum die casting parts for the automobile underbodies and bodies and develop them into new mainstay products. In response to growing demand, we have acquired land adjacent to the Toyohashi Plant in Aichi Prefecture in an effort to expand capacity. In September 2007, a new plant in Mexico will start production that will serve as a collaborative base for our plant in North America. Moreover, we are planning overseas operations to start-up in India in the autumn of 2008.



Segment

Die Casting Business

The most respected name in the die casting industry for consistently pioneering the development of innovative technologies

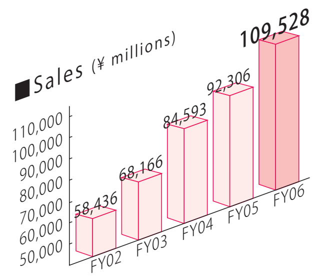


The core business of Ahresty is aluminum die casting, and the company has expanded in both size and sales volume with the growth of the automotive industry. Ahresty meets diversifying demand even as it continues to pioneer in the development of innovative solutions that resolve the technical barriers to the application of die casting technologies. The company's respected position in the industry is maintained by our ability to introduce die casting into the manufacture of products that traditionally depended on other processes, while also improving quality and efficiency. Future innovations will focus on environmentally sound technology that reduces product weight and promotes product recycling throughout the aluminum and magnesium die casting businesses.

Review

Fiscal 2006 Results

In the Die Casting Business, sales reached ¥109,528 million (up 18.7% year on year) backed by strong auto exports and an increase in on-site production. Other positive factors were the addition of consolidated subsidiaries, including Tokai Seiko (an increase of ¥5,133 million) and the impact of rising costs of ingots (a rise of about ¥8 billion). 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.



Fiscal 2007 Outlook

To quickly and flexibly respond to intensifying global competition, we will endeavor to become a company that anticipates the needs of its customers in every respect, including quality, cost, delivery and development. In concrete terms, we will promote quality enhancement measures to maintain world-class quality and pursue cost reduction measures to attain global cost competitiveness through innovative production efficiency. We are also planning and developing a global supply system and pursuing proposal-oriented product development based on market research technologies to create new demand.

At the Cutting Edge of Technology, R&D, and Marketing

Standardizing technologies for development overseas

In the fiscal year ended March 31, 2007, we took steps to step up the ratio of standardized domestic technologies, thereby bolstering our global response capabilities. The standardization of Ahresty's innovative techniques and their English translation are now almost complete, and we have managed to achieve a toehold for the overseas development of our differentiated technologies. We will develop a mechanism that will facilitate the global development of our existing technologies.

Shinji Sannakanishi
Dr.
Executive Officer,
General Manager of
Engineering Dept.

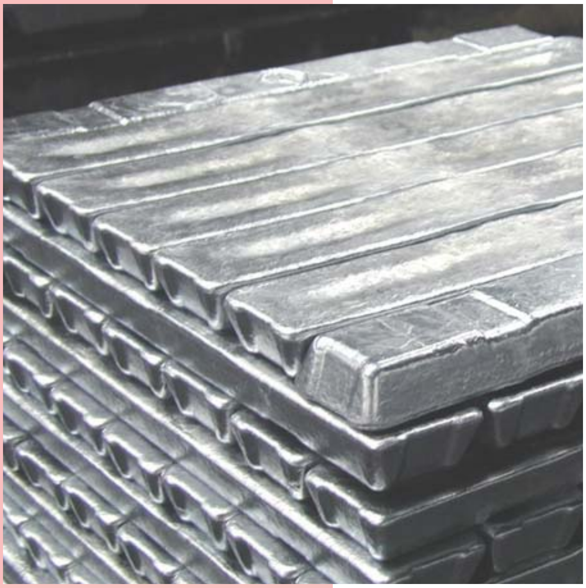
Completing a marketing system in Japan and abroad

The goal of our marketing system is for Ahresty to be wherever customers need us, under the key automotive industry concept of simultaneous global launch. We plan to add Mexico and India to our system, which consists of Japan with the parent functions and North America and China as overseas bases. We will step up overseas development in response to global demand.

Akira Ogi
Senior Managing Executive Officer,
Director of Sales Division

Aluminum Business

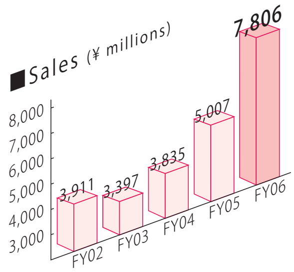
High-quality products from various materials using top-class facilities and expertise



Ahresty's Kumagaya Plant became the first in the industry to obtain JIS (Japan Industrial Standard) accreditation in 1958, and the first in Japan to obtain accreditation from the Ministry of International Trade and Industry as an aluminum can recycling facility under the revised Private Participation Promotion Law in 1997. The plant produces aluminum alloy ingots with excellent mechanical properties from various materials, including aluminum cans, window sashes and automobile scraps. These industrial-purpose ingots are produced by Ahresty's state-of-the-art facilities and outstanding recycling expertise. We boast a monthly production capacity of 3,000 tons for aluminum alloy ingots, and our products, shipped nationwide, have earned the trust of our customers.

Fiscal 2006 Results

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.



Fiscal 2007 Outlook

To realize Ahresty's vision of being a company that advances hand-in-hand with society, this Segment is proud of the role it plays in creating a recycling-oriented society, and intends to fulfill its social responsibility through its aluminum recycling operations, which are set to grow even further toward achieving expansion and enhanced profitability for the aluminum recycling business with an eye on establishing overseas bases.

At the Cutting Edge of Technology, R&D, and Marketing

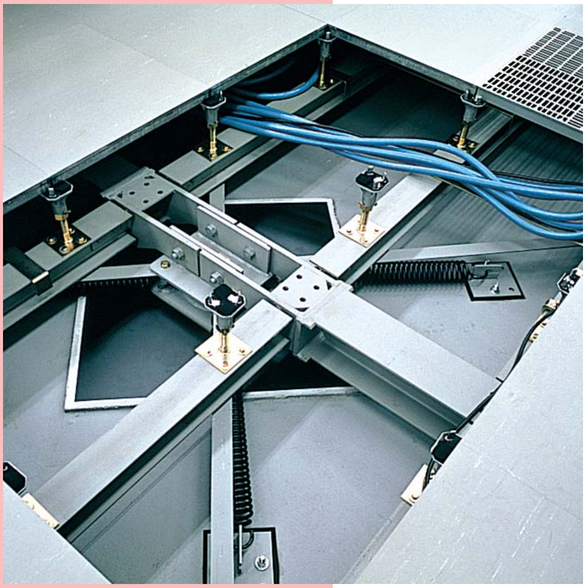
Securing a Stable Supply in Volume, Quality and Price

On and after the fiscal year ended March 2006, this Segment won approximately 20 new customers. Since fiscal 2004 we have been seeking to develop a business structure that is less susceptible to changes in foreign exchange rates and raw materials markets, and the addition of new customers constitutes a major means for hedging such risks. One factor behind our success in winning new customers is the high acclaim we receive as the only company that owns plants for both recycling and die casting. We also enjoy a competitive edge in our engineers, who possess expert knowledge on the properties of casts, plasma emission spectrophotometer and other chemical analysis equipment as well as in our professional ability for offering suggestions to customers. We plan to increase our annual volume from 30,000 tons to 33,000 tons, toward achieving 36,000 tons by 2008. While it is imperative that we provide a stable supply of ingots in the quantity required by customers, we also seek to ensure stable quality and pricing, which together constitute the genuine meaning of stable supply.

Kazuyuki Sakai
Executive Officer,
Kumagaya Plant Manager

Proprietary Products Business

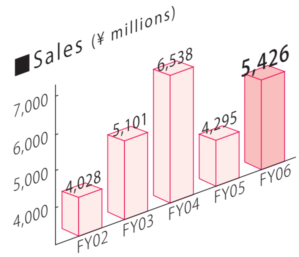
Developing new free access floor products to keep pace with expanding opportunities



In 1962, Ahresty was the first to develop aluminum die cast-based free access floors, and since that time we have been consistently developing innovative products. In response to the needs of time, a free access floor is raised flooring that can accommodate otherwise obstructive wiring in locations such as computer rooms and broadcasting studios that require a considerable amount of hard-wiring. Recently, general offices, hospitals, clean rooms and newly constructed intelligent buildings have all come to incorporate this raised flooring approach. Ahresty's MOVAFLOR, free access floors have been used in such major projects as the Tokyo Metropolitan Government building (Shinjuku, Tokyo), Century Tower (Suidobashi, Tokyo), Landmark Tower (Minato Mirai 21, Yokohama), Kansai International Airport (Osaka) and Toshiba Corporation's Yokkaichi Plant (Mie prefecture).

Fiscal 2006 Results

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.



Fiscal 2007 Outlook

Amid intensifying competition with domestic and international rivals in the proprietary products business, we sought to lower costs by integrating the production of aluminum die cast flooring MOVAFLOR for clean rooms and promoting high-margin operating activities. In addition, we will strive to expand our business and enhance profitability with the intention of boosting overseas sales through utilization of our overseas bases.

At the Cutting Edge of Technology, R&D, and Marketing

Aiming for a Turnaround on the Power of Products that Meet Customer Needs

Demand from semiconductor companies etc. is recovering, and sales in our department are good. The major appeal of MOVAFLOR and other Ahresty products has been their outstanding quality. However, they are also more expensive on a per-unit basis in price competition with overseas makers. Therefore reducing manufacturing costs will be a challenge. From a marketing perspective, sales of flat-screen TVs and automobiles are currently doing well, leading to expectations for increased demand associated with the construction of clean rooms led by major manufacturers. In overseas efforts, we intend to expand our market share in China, Taiwan, South Korea and Southeast Asia by utilizing our Guangzhou Plant in China. This Segment seeks to accomplish a turnaround by meeting our target of 5% annual growth starting fiscal 2006.

Yoichi Tsutsumi
General Manager of
General Merchandise Sales Dept.

Network

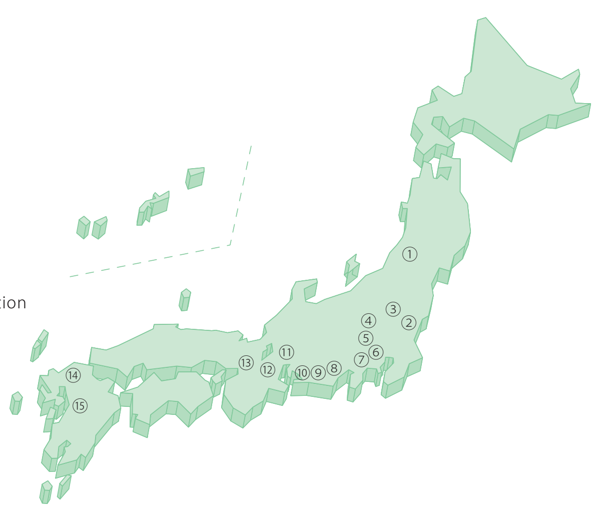
Actively pursuing global development to respond to the needs of customers worldwide

Ahresty is actively promoting its overseas operations to quickly and efficiently deliver a stable supply of products to customers around the world. In addition to our U.S. plant in Wilmington, Ohio, we established a die casting plant in Guangzhou, China and have been steadily expanding production. We plan to begin operation of a die casting plant in Mexico in September 2007 and one in India in the autumn of 2008. We fully apply our accumulated technology and expertise to manufacture and market high-quality products. We have also established a mutually complementary system that includes our die casting die production bases in Taiwan, Thailand and Guangzhou, encompassing our entire business line from materials and die casting die to die casting, toward complete optimization across the Group and around the world.

Domestic Network

Ahresty Group

① Ahresty Yamagata Corporation
② ATC Tsukuba Corporation
③ Tochigi Sales Office
Ahresty Tochigi Corporation
Ahresty Die Mold Corporation
④ Kumagaya Plant
Ahresty Casting Support Corporation
⑤ Higashimatsuyama Plant
⑥ Head Office
Kanto Sales Office
Ahresty Techno Service Corporation
⑦ Atsugi Sales Office
⑧ Tenryu Metal Industry Co., Ltd.
CS Fuso Co., Ltd.



⑨ Hamamatsu Sales Office
Hamamatsu Plant
Ahresty Die Mold Hamamatsu Corporation
Hamamatsu Mecatec Corporation
Ahresty Techno Service Corporation
Hamamatsu Center
Tokai Seiko Co., Ltd.
⑩ Toyohashi Plant
Technical Center
Ahresty Light Metal Corporation
⑪ Nagoya Sales Office
⑫ Suzuka Sales Representative Office
⑬ Osaka Administration Center
Osaka Sales Office
Kansai Sales Office
⑭ Fukuoka Sales Office
⑮ Kumamoto Sales Office
Ahresty Kumamoto Corporation
Ahresty Die Mold Corporation
Kumamoto Plant

As of March 31, 2007

Ahresty Wilmington Corporation

Functions as our base in North America, where sales continue to grow; involved in the production of die casting products, machining and parts assembly. Monthly production capacity: 1,500 tons.

2627 S. South Street, Wilmington, Ohio 45177, U.S.A.

Guangzhou Ahresty Casting Co., Ltd.

Began operations in fiscal 2004; involved in the production of die casting products, machining and parts assembly, and supplies companies affiliated with Japanese businesses. Monthly production capacity: 650 tons.

No.7 Xinfeng St., Yonghe Economic District, Guangzhou Economic & Technological Development District, P.R. China

Ahresty Mexicana, S.A. de C.V.

The plant will commence operations in September 2007. To complement the production of Ahresty Wilmington Corporation, the plant will produce die casting products, perform machining, and assemble parts.

Calle Industria Automotriz #20
Complejo de Naves Industriales la Zacatecana
Guadalupe, Zacatecas C.P.98600

Higashimatsuyama Plant

25-27 Oaza Miyako, Namegawa-machi, Hiki-gun, Saitama Prefecture 355-0812
TEL. +81-493-56-4421

Kumagaya Plant

284-11 Miizugahara, Kumagaya-shi, Saitama Prefecture 360-8543
TEL. +81-48-533-5161

Hamamatsu Plant

4-14-1 Azukimochi, Naka-ku, Hamamatsu-shi, Shizuoka Prefecture 433-8520
TEL. +81-53-436-2111

Toyohashi Plant

80 Aza Higashimukaiyama, Futagawa-chou, Toyohashi-shi, Aichi Prefecture 441-3153
TEL. +81-532-41-0511

Ahresty Yamagata Corporation

65 Oaza Arato, Shirataka-machi, Nishiokitama-gun, Yamagata Prefecture 992-0832
TEL. +81-238-85-5233

Ahresty Tochigi Corporation

4060 Oaza Mibu Otsu, Mibu-machi, Shimotsuga-gun, Tochigi Prefecture 321-0215
TEL. +81-282-82-5111

Ahresty Kumamoto Corporation

36 Urakawachi, Matsubase-machi, Uki-shi, Kumamoto Prefecture 869-0521
TEL. +81-964-33-3111

Technical Center

1-2 Nakahara, Mitsuya-cho, Toyohashi-shi, Aichi Prefecture 441-3114
TEL. +81-532-65-2170

Corporate Social

Social Responsibility

Consistently striving to contribute to society

Ahresty is not only committed to contributing to the business expansion of our customers, but is also actively engaged in fulfilling our social responsibilities as a corporate citizen. In addition to company-wide efforts for environmental preservation, we have formulated the “Ahresty Compliance Basic Policy” covering rules that govern the actions of all employees, and the “Ahresty Group Standards of Behavior” encompassing basic rules for the execution of daily operations. We have established a Compliance Committee Secretariat to strengthen our system of compliance with laws related to our corporate activities, corporate ethics and in-house regulations.

Ahresty Group Standards of Behavior

1. Compliance with laws
(purpose of the code, rules related to compliance responsibility)
2. Relationship with customers and business partners
(rules related to free competition, fair transactions and other issues)
3. Relationship with shareholders and investors
(rules related to corporate information, insider trading and other issues)
4. Relationship with employees
(rules related to human rights, protection of privacy and other issues)
5. Management of corporate assets and information
(rules related to trade secrets, intellectual property and other issues)
6. Relationship with society
(rules related to donations, political contributions and other issues)
7. Rules related to implementation

Employee Education

To continually provide higher levels of technology and services for our customers, we consistently strive to enhance the level of our technology and responsiveness through the positive promotion of QC circle activity.

Hosting Ahresty Plant Tours

We actively host plant tours as part of our effort to communicate with the local community and increase stakeholders’ understanding of our environmental efforts.

Responsibility

For Environment

Becoming an environmentally-friendly company by consistently working to reduce environmental load

Ahresty seeks to protect the earth's beautiful environment by applying our technology to pursue an ongoing series of environmental preservation measures and making products that fully consider environmental load. Aluminum, which can be recycled using only 3% of the energy required to produce products from raw material, is considered the model for recycling, and is an environmentally-friendly metal that contributes to reducing CO_2 by making vehicles that are lighter in weight. Ahresty intends to become an environmentally-friendly company by actively developing our recycling business to promote the creation of a recycling-oriented society, and by participating in zero-waste activities, energy and resource conservation and LCA (Life Cycle Assessment).

ISO14001 Certification

JAB
EMS Accreditation
RE014

JUSE
REGISTERED FIRM
EMS Registration
JUSE-EG-048

ISO14001:2004 certification

Obtained by Head Office,
Hamamatsu Plant,
Higashimatsuyama Plant,
Kumagaya Plant,
Toyohashi Plant,
Ahresty Tochigi Corporation,
Ahresty Kumamoto Corporation
Ahresty Yamagata Corporation

Ahresty contributes to the protection of the global environment by obtaining ISO14001:2004 certification for our operational bases, as listed at left.

Environmental Report 2007

Ahresty publishes an annual Environment Report and strives to provide information on the environmental preservation measures implemented across our business operations to increase stakeholders' understanding.

Environmental Preservation Measures

Ahresty engages in recycling waste toward establishing zero-waste plants. For example, the company reuses sludge formally disposed of in landfills to produce roadbed material and recycled sand.

Ex. : recycled materials

Cleanup Programs in Local Communities

Ahresty places priority on activities that encourage coexistence with the local community. As part of our local contribution, the company actively participates in cleanup programs centered on the areas surrounding its plants.

Corporate Governance

Corporate Governance Policies

Ahresty has worked to develop new business areas that utilize the light-weight property of aluminum based on our own R&D and technological capabilities. At the same time, we seek to differentiate ourselves by reducing costs and achieving high levels of quality. The company recognizes the importance of constantly enhancing our corporate value to achieve our goal of becoming the most trusted company by all stakeholders, including customers, shareholders and investors, employees, business partners and society at large. Therefore, we seek to improve our corporate governance on a foundation of strengthened competitiveness and sound, transparent management, while establishing an organizational structure that can quickly respond to changes in the management environment.

Compliance Principles

Ahresty Corporation established these basic principles as the foundation for compliance. Executives and employees will adhere to the principles in their individual actions and operational execution.

1. We will uphold customer satisfaction and trust as our goals and pay due consideration to quality and safety in providing excellent products and meticulous service.
2. We will be mindful of customer reassurance and trust, comply with all relevant regulations and act with the highest standards of ethics and responsibility.
3. We will establish fair and transparent business relationships and undertake sound operations.
4. We will seek to consistently enhance corporate value and strive to become an attractive company.
5. We will respect each other's individuality and values to create healthy and safe working environments.
6. We will protect corporate assets and handle them in an appropriate manner.
7. We will maintain and establish sound relationships to avoid causing any stakeholder to lose trust.
8. We recognize consideration for the earth's environment as a priority concern, and actively take part in activities to protect the environment at our own initiative.
9. We will maintain a global perspective respect local cultures and practices, and actively contribute to society.
10. We will endeavor to broadly communicate with society at large, cooperate in activities for local development and comfortable, safe living toward our goal of coexisting with local communities.

Financial Section

CONTENTS

Overview of Business Performance

Results of Operations

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).

Consolidated performance for year ended March 2007

(April 1, 2006 – March 31, 2007)
(Amounts of less than 1 million yen are rounded off)

(1) Consolidated Operating Results

	Sales		Operating Income		Recurring Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Fiscal year ended March 2007	122,761	20.8	7,944	32.2	7,934	39.2
Fiscal year ended March 2006	101,609	7.0	6,008	4.9	5,699	15.5

	Net Income		Net Income per Share	Fully Diluted Net Income per Share	Return on Equity	Return on Total Asset	Operating Profit on Sales
	Millions of Yen	%	Yen	Yen	%	%	%
Fiscal year ended March 2007	7,528	98.3	351.15	351.11	19.2	8.6	6.5
Fiscal year ended March 2006	3,796	63.3	202.75	–	13.7	7.7	5.9

Note: % shows change from previous term
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
	Millions of Yen	Millions of Yen	%	Yen
Fiscal year ended March 2007	103,974	44,596	42.9	2,049.46
Fiscal 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
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Fiscal year ended March 2007	10,497	(8,878)	(1,600)	4,185
Fiscal year ended March 2006	9,174	(14,178)	5,131	2,754

Outlook for Fiscal 2008

Consolidated Basis

	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%)

(Millions of Yen)

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.

Consolidated Balance Sheets

(Assets)	Millions of yen Fiscal year ended March 31 2006		Millions of yen Fiscal year ended March 31 2007		Thousands of U.S. dollars Fiscal year ended March 31 2007
Current Assets					
Cash and time deposits		¥ 3,128		¥ 4,451	$ 37,700
Trade notes and accounts receivable ＊4		24,130		32,684	276,774
Merchandise		22		28	239
Products		1,864		2,930	24,819
Raw materials		1,933		2,393	20,268
Partly finished goods		3,988		4,669	39,545
Inventories		437		651	5,517
Advances		31		47	402
Pre-paid expenses		145		147	1,246
Deferred tax assets		961		1,077	9,120
Short-term loans		2		2	17
Accounts receivable		716		550	4,664
Income taxes and other taxes receivable		23		147	1,247
Consumption tax receivable		57		176	1,493
Other current assets		120		138	1,172
Allowance for doubtful accounts		(3)		(9)	(83)
Total Current Assets		37,560		50,087	424,147
Fixed Assets					
Tangible fixed assets ＊2					
Buildings and structures	15,469		18,086		153,161
Accumulated depreciation	8,674	6,795	9,283	8,803	(78,614)
Machinery and delivery equipment ＊5	42,742		58,352		494,134
Accumulated depreciation	30,245	12,496	38,549	19,802	(326,440)
Tools, equipment, and furniture	16,546		20,533		173,879
Accumulated depreciation	13,897	2,648	16,135	4,398	(136,634)
Land		5,364		6,367	53,920
Construction in progress		4,311		4,410	37,346
Total Tangible Fixed Assets		31,617		43,782	370,751
Intangible fixed assets					
Consolidated adjustment account		600		—	—
Goodwill		—		455	3,853
Other		397		566	4,800
Total Intangible Fixed Assets		998		1,021	8,653
Investments and other assets					
Investments in securities ＊1,2		9,924		7,974	67,528
Long-term loans		1		2	17
Capital investments		0		0	3
Long-term prepaid loans		28		24	211
Deferred tax assets		412		305	2,582
Other		573		795	6,734
Allowance for doubtful accounts		(5)		(19)	(163)
Total Investments and Other Assets		10,934		9,082	76,914
Total Fixed Assets		43,550		53,886	456,319
Total Assets		¥ 81,111		¥103,974	$ 880,466

Note: The translations of yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥118.09 to $1.00, the exchange rate prevailing at March 31, 2007. U.S. dollar figures less than a thousand dollars are rounded down to the nearest thousand dollars.

		Millions of yen Fiscal year ended March 31		Thousands of U.S. dollars Fiscal year ended March 31
(Liabilities)		2006	2007	2007
Current Liabilities				
Notes and accounts payable	＊4	¥ 22,196	¥ 28,321	$ 239,826
Short-term loans	＊2	4,405	4,299	36,406
Current portion of long-term loans	＊2	1,210	3,846	32,569
Current portion of bonds	＊2	—	300	2,540
Accrued expenses		1,246	1,800	15,247
Accrued income taxes		1,167	1,796	15,211
Accrued consumption taxes		133	173	1,469
Bonus allowances		1,208	1,316	11,147
Directors' bonus allowances		—	52	446
Facilities-related bills payable	＊4	1,069	2,661	22,537
Other current liabilities		1,279	2,955	25,028
Total Current Liabilities		33,918	47,523	402,431
Long-term Liabilities				
Corporate bonds		1,000	700	5,927
Long-term loans	＊2	6,264	2,612	22,126
Deferred tax liabilities		2,153	4,290	36,335
Allowances for employees' retirement benefits		2,279	2,552	21,615
Allowances for directors' retirement benefits		198	219	1,859
Long-term accrued payments		6	36	305
Consolidated adjustment account		1,194	—	—
Negative goodwill		—	1,351	11,443
Other long-term liabilities		92	91	773
Total Long-Term Liabilities		13,191	11,854	100,385
Total Liabilities		47,109	59,377	502,816
(Minority Interests)				
Minority Interests		101	—	—
(Shareholders' Equity)				
Common Stock	＊3	5,117	—	—
Additional Paid-in Capital		5,065	—	—
Retained Earnings		21,477	—	—
Net Unrealized Gains on Securities		2,725	—	—
Foreign Currency Translation Adjustments		(432)	—	—
Treasury Stock	＊4	(54)	—	—
Total Shareholders' Equity		33,900	—	—
Total Liabilities, Minority Interests, and Shareholders' Equity		81,111	—	—
(Net Assets)				
Shareholders' Equity		—		
Common stock		—	5,117	43,336
Additional paid-in capital		—	8,359	70,788
Retained earnings		—	28,208	238,877
Treasury stock		—	(53)	(449)
Total Shareholders' Equity		—	41,632	352,552
Revaluation / Translation Differences				
Difference on revaluation of other marketable securities		—	3,045	25,790
Foreign currency translation adjustments		—	(111)	(942)
Total Revaluation / Translation Differences		—	2,934	24,848
Share Warrants		—	29	248
Total Net Assets		—	44,596	377,650
Total Liabilities and Net Assets		¥ —	¥ 103,974	$ 880,466

Consolidated Income Statements

		Millions of yen				Thousands of U.S. dollars
		April 1, 2005 through March 31, 2006		April 1, 2006 through March 31, 2007		April 1, 2006 through March 31, 2007
Sales			¥ 101,609		**¥ 122,761**	**$ 1,039,558**
Cost of Goods Sold			87,596		**105,648**	**894,645**
Gross Profit			14,013		**17,112**	**144,912**
Selling, General and Administrative Expenses						
Transportation expenses		1,903		**2,065**		**17,488**
Salaries and bonuses		1,758		**2,161**		**18,303**
Retirement and severance expenses		175		**272**		**2,311**
Provision for bonuses		477		**245**		**2,075**
Provision for bonuses for directors		—		**52**		**446**
Provision for retirement benefits for directors		30		**2**		**20**
Allowance for depreciation		134		**115**		**980**
Research and development expenses	＊1	—		**1,154**		**9,776**
Provision for allowance for doubtful accounts		—		**23**		**198**
Other expenses	＊1	3,526	8,005	**3,074**	**9,168**	**26,034**
Operating Income			6,008		**7,944**	**67,276**
Non-operating Income						
Interest income		11		**16**		**143**
Dividends received		71		**229**		**1,944**
Amortization of consolidated adjustment account		339		**—**		**—**
Amortization of negative goodwill		—		**398**		**3,377**
Income on investments in equity method affiliates		182		**146**		**1,237**
Rental income		61		**50**		**423**
Compensation for dies		176		**89**		**753**
Other		259	1,101	**196**	**1,126**	**1,660**
Non-operating Expenses						
Interest expenses		247		**308**		**2,616**
Expenses from processing returned goods due to manufacturing defects		446		**351**		**2,977**
Loss on disposal of inventories		169		**203**		**1,723**
Inventory loss		175		**—**		**—**
Other		370	1,410	**272**	**1,137**	**2,311**
Recurring Income			5,699		**7,934**	**67,188**
Extraordinary Gains						
Gain on the sale of fixed assets	＊2	18		**4,339**		**36,751**
Gain on the sale of investments in securities		668		**0**		**3**
Gain of the sale of stock of affiliates		—		**297**		**2,515**
Revenue of government subsidies		—		**24**		**209**
Gain on insurance adjustment		5		**—**		**—**
Gain on the transfer of goodwill		9		**—**		**—**
Reversal of allowance for doubtful accounts		5		**—**		**—**
Other		—	707	**8**	**4,670**	**71**
Extraordinary Losses						
Loss on the sale of fixed assets	＊3	269		**203**		**1,724**
Loss from the write-down of securities		2		**—**		**—**
Loss on the sale of investments in securities		0		**—**		**—**
Retirement and severance benefits		74		**4**		**41**
Provision for retirement benefits reserve for directors in the previous period		80		**—**		**—**
Impairment loss	＊4	—		**104**		**881**
Advanced depreciation deduction of fixed assets		—		**18**		**156**
Other		5	432	**—**	**331**	**—**
Income before Income Taxes and Others			5,974		**12,274**	**103,938**

(Continued)

	Millions of yen				Thousands of U.S. dollars
	April 1, 2005 through March 31, 2006		April 1, 2006 through March 31, 2007		April 1, 2006 through March 31, 2007
Income taxes and enterprise taxes	2,213		**3,053**		**25,858**
Deferred income taxes	(58)	2,155	**1,612**	**4,666**	**13,656**
Gain (loss) on minority interests in consolidated subsidiaries		21		**79**	**673**
Net Income		¥ 3,796		**¥ 7,528**	**$ 63,749**

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					
	Difference on revaluation of other marketable securities	Foreign currency translation adjustments	Total revaluation / translation differences	Share warrants	Minority interest in consolidated subsidiaries	Total net assets
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

Consolidated Statements of Cash Flows

	Millions of yen		Thousands of U.S. dollars
	April 1, 2005 through March 31, 2006	April 1, 2006 through March 31, 2007	April 1, 2006 through March 31, 2007
Cash Flows from Operating Activities			
Income before income taxes	¥ 5,974	¥ 12,274	$ 103,938
Depreciation and amortization	5,412	7,364	62,366
Impairment losses	–	104	881
Amortization of consolidated adjustment account	(170)	–	–
Amortization of goodwill and negative goodwill	–	(242)	(2,051)
Increase/(decrease) in allowances for doubtful accounts	(7)	20	174
Increase/(decrease) in allowances for bonuses	56	(70)	(595)
Increase/(decrease) in allowances for directors' bonuses	–	52	446
Increase/(decrease) in allowances for employees' retirement benefits	(24)	(3)	(27)
Increase/(decrease) in allowances for directors' retirement benefits	55	(29)	(252)
Increase/(decrease) in prepaid pension expenses	(61)	(61)	(517)
Interest and dividend income	(82)	(246)	(2,088)
Interest expenses	247	308	2,616
Income from investments in equity method affiliates	(182)	(146)	(1,237)
Proceeds from sales of tangible fixed assets	(17)	(4,339)	(36,751)
Proceeds from sales of investment securities	(668)	(0)	(3)
Gain of the sale of stock of affiliates	–	(297)	(2,515)
Revenue of government subsidies	–	(24)	(209)
Losses from sales of tangible fixed assets	269	203	1,723
Advanced depreciation deduction of tangible fixed assets	–	18	156
Losses from revaluation of investment securities	2	–	–
(Increase)/decrease in notes and accounts receivable	(1,169)	(6,572)	(55,659)
(Increase)/decrease in inventories	(418)	(1,689)	(14,308)
Increase/(decrease) in notes and accounts payable	2,908	5,354	45,343
Increase/(decrease) in accrued consumption taxes and others	(57)	(47)	(402)
Bonus paid to directors	(38)	(35)	(302)
Other	296	1,503	12,733
Subtotal	12,325	13,398	113,456
Interest and dividends received	87	249	2,111
Interest paid	(246)	(358)	(3,035)
Income taxes paid	(3,010)	(2,820)	(23,881)
Income taxes refunded	17	28	242
Cash Flows from Operating Activities	9,174	10,497	88,892
Cash Flows from Investing Activities			
Payment into time deposits	(618)	(232)	(1,971)
Proceeds from refund of time deposits	280	407	3,454
Expenditures from purchases of investment securities	(67)	(23)	(195)
Proceeds from sales of marketable securities	892	0	4
Expenditures from purchases of subsidiary shares	(2,109)	(401)	(3,399)
Proceeds from the acquisition of a subsidiary's stock accompanied by a change in the scope of consolidation	–	364	3,087
Expenditures from purchases of tangible fixed assets	(13,114)	(13,939)	(118,044)
Proceeds from sales of tangible fixed assets	594	4,481	37,951
Expenditures from loans	–	(1)	(14)
Proceeds from collection of loans	44	4	38
Other	(80)	460	3,902
Cash Flows from Investing Activities	(14,178)	(8,878)	(75,186)
Cash Flows from Financing Activities			
Proceeds from short-term loans	18,270	15,357	130,048
Repayment of short-term loans	(17,939)	(15,219)	(128,877)
Proceeds from long-term debt	800	175	1,481
Repayment of long-term debt	(2,543)	(1,411)	(11,954)
Proceeds from issuance of bonds	6,850	–	–
Proceeds from sale of treasury stock	–	107	906
Payments for purchase of treasury stock	(8)	(8)	(73)
Dividends paid	(248)	(564)	(4,783)
Cash dividends paid to minority shareholders	(13)	–	–
Other	(37)	(35)	(302)
Cash Flows from Financing Activities	5,131	(1,600)	(13,553)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	57	98	830
Net Increase/(Decrease) in Cash and Cash Equivalents	185	116	983
Cash and Cash Equivalents at Beginning of Year	2,568	2,754	23,324
Increase in Cash and Cash Equivalents at Consolidated Subsidiaries	–	1,315	11,139
Cash and Cash Equivalents at End of Period ＊1	¥ 2,754	¥ 4,185	$ 35,446

Notes to Consolidated Financial Statements

1. Scope of consolidation

• Previous consolidated fiscal year (April 1, 2005 to March 31, 2006)

Consolidated subsidiaries consist of 13 companies: Ahresty Tochigi Corporation, Ahresty Kumamoto Corporation, Ahresty Wilmington Corporation, Tenryu Metal Industry Co., Ltd., Ahresty Yamagata Corporation, Hamamatsu Mecatec Corporation, Ahresty Die Mold Hamamatsu Corporation, Ahresty Die Mold Corporation, Ahresty Taiwan Die Mold Corporation, Thai Ahresty Die Co., Ltd., Ahresty Techno Service Corporation, Ahresty Light Metal Corporation and CS Fuso Co., Ltd.

Sugahara Precision Industry Co., Ltd. and Pascal Industry Co., Ltd. were merged as of April 1, 2005 under the name Ahresty Yamagata Corporation.

Five unconsolidated subsidiaries including Ahresty Casting Support Corporation have been excluded from the scope of consolidation as they have no significant impact on the Consolidated Financial Statements in terms of total assets, sales, current term net profit or loss (in accordance to their equity), and retained earnings (in accordance to their equity).

• Current consolidated fiscal year (April 1, 2006 to March 31, 2007)

Consolidated subsidiaries consist of 17 companies: Ahresty Tochigi Corporation, Ahresty Kumamoto Corporation, Ahresty Wilmington Corporation, Tenryu Metal Industry Co., Ltd., Ahresty Yamagata Corporation, Hamamatsu Mecatec Corporation, Ahresty Die Mold Hamamatsu Corporation, Ahresty Die Mold Corporation, Ahresty Taiwan Die Mold Corporation, Thai Ahresty Die Co., Ltd., Ahresty Techno Service Corporation, Ahresty Light Metal Corporation, CS Fuso Co., Ltd., Guangzhou Ahresty Casting Co., Ltd., Tokai Seiko Co., Ltd., Ahresty Mexicana S.A. de C.V. and Ahresty India Private Limited. Of the above, Guangzhou Ahresty Casting Co., Ltd. has been included in the scope of consolidation, a reflection of its increasing importance.

Since Ahresty Mexicana S.A. de C.V. and Ahresty India Private Limited were established in the fiscal year under review, they are also included in the scope of consolidation.

Tokai Seiko Co., Ltd. is also included in the scope of consolidation, as the Company acquired additional stock in Tokai Seiko Co., Ltd. through a share exchange during the fiscal year.

Four unconsolidated subsidiaries including Ahresty Casting Support Corporation have been excluded from the scope of consolidation as they have no significant impact on the Consolidated Financial Statements in terms of total assets, sales, current term net profit or less (in accordance to their equity), and retained earnings (in accordance to their equity).

2. Equity method affiliates

• Previous consolidated fiscal year (April 1, 2005 to March 31, 2006)

Two affiliates, Fukuoka Alumi Co., Ltd. and Tokai Seiko Co., Ltd. were accounted for under the equity method.

Tokai Seiko Co., Ltd. was included as an affiliate accounted for under the equity method starting this consolidated fiscal year as there was an additional acquisition of their share.

The investments of five unconsolidated subsidiaries including Ahresty Casting Support Corporation and the affiliate New Kyoto Precision Die Corporation were not accounted for under the equity method as their influence on our current term net profit or loss and retained earnings was small and had no overall significance.

The closing dates for Fukuoka Alumi Co., Ltd. and Tokai Seiko Co., Ltd., the affiliates accounted for using the equity method, are May 31 and December 31, respectively. In order to prepare the Consolidated Financial Statements, the financial statements as of these two closing dates were used for these affiliates, except for important transactions that took place in the period before the consolidated closing dates, which were adjusted as necessary for consolidation.

• Current consolidated fiscal year (April 1, 2006 to March 31, 2007)

There is no equity method affiliate.

Tokai Seiko Co., Ltd., which was an equity method affiliate in the previous fiscal year, has been included in the scope of consolidation and excluded from the scope of application of the equity method, since the Company acquired additional stock in Tokai Seiko Co., Ltd. through a share exchange during the fiscal year.

Fukuoka Alumi Co., Ltd. has been excluded from the scope of application of the equity method because the Company has sold its stock.

The equity method applies to the above two companies for the periods before the exclusion.

The equity method is not applied to investments in four companies, including Ahresty Casting Support Corporation among the non-consolidated subsidiaries, because these investments had only a slight influence on net income/loss (an amount in accordance with equity), retained earnings (an amount in accordance with equity), etc. and did not have sufficient importance overall.

3. Business years of consolidated subsidiaries

• Previous consolidated fiscal year (April 1, 2005 to March 31, 2006)

The closing date for consolidated subsidiaries was December 31 for Tenryu Metal Industry Co., Ltd., Hamamatsu Mecatec Corporation, Ahresty Techno Service Corporation, Ahresty Die Mold Hamamatsu Corporation, Ahresty Die Mold Corporation, Ahresty Taiwan Die Mold Corporation, Thai Ahresty Die Co., Ltd., CS Fuso Co., Ltd. and Ahresty Light Metal Corporation.

Of these nine consolidated subsidiaries, seven excluding Ahresty Taiwan Die Mold Corporation and Thai Ahresty Die Co., Ltd. changed their closing dates to December 31 starting this fiscal year. In order to prepare the Consolidated Financial Statements, the financial statements used for these subsidiaries were as of their closing dates, except for important transactions that took place in the period before the consolidated closing date, which were adjusted as necessary for consolidation.

• Current consolidated fiscal year (April 1, 2006 to March 31, 2007)

The closing date for consolidated subsidiaries was December 31 for Tenryu Metal Industry Co., Ltd., Hamamatsu Mecatec Corporation, Ahresty Techno Service Corporation, Ahresty Die Mold Hamamatsu Corporation, Ahresty Die Mold Corporation,

Notes to Consolidated Financial Statements

Ahresty Taiwan Die Mold Corporation, Thai Ahresty Die Co., Ltd., CS Fuso Co., Ltd., Ahresty Light Metal Corporation, Guangzhou Ahresty Casting Co., Ltd., Tokai Seiko Co., Ltd. and Ahresty Mexicana S.A. de C.V.
In order to prepare the Consolidated Financial Statements, the financial statements used for these subsidiaries were as of their closing dates, except for important transactions that took place in the period before the consolidated closing date, which were adjusted as necessary for consolidation.

4. Summary of Significant Accounting Policies

(1) Evaluation standards and evaluation methods for key assets

(a) Marketable securities

Other marketable securities

Securities with market value

Market value method based on the market price on the closing date (variance of estimate is treated with the total net assets input method and cost of products sold are estimated using the moving average method)

Securities without market value

Moving average cost method

(b) Derivatives — market value method

(c) Inventories

Parent company and consolidated subsidiaries in Japan evaluate according to cost method based on the gross average method, while consolidated subsidiaries overseas evaluate according to lower of cost method based on the first-in, first out (FIFO) method.

(2) Depreciation methods for important depreciable assets

(a) Tangible fixed assets

Parent company and consolidated subsidiaries in Japan — declining balance method

However, the straight-line method is employed for buildings (excluding attached structures) acquired on or after April 1, 1998.

Consolidated subsidiaries overseas — straight-line method

Period of depreciation are as follows:

Buildings and structures — 3 to 47 years

Machinery and delivery equipment — 3 to 15 years

Tools, equipment, and furniture — 2 to 20 years

(b) Intangible fixed assets — straight-line method

The straight-line method is employed for software used in-house, based on the availability period of five years.

(3) Accounting procedure for deferred assets

Stock delivery expense

All amounts are accounted for as expenses at the time they are incurred.

(4) Reporting standards for important allowances

(a) Allowances for doubtful accounts

To provide against doubtful accounts, the estimated amount of unrecoverable accounts is reported by employing the loan loss ratio for regular bonds. Recovery rates are calculated individually for specific doubtful accounts and bonds.

(b) Bonus allowances

In order to appropriate bonus payments for employees for the current fiscal year, the parent company and consolidated subsidiaries in Japan report this allowance based on projected payment figures.

(c) Allowance for directors' bonuses

To prepare for the actual payments of bonuses to directors, the estimated bonuses for the fiscal year are recorded.

(Change of accounting policies)

From the current Fiscal year, the Company has adopted the method of charging bonuses to directors and corporate auditors to expense as incurred in accordance with the Accounting Standard No. 4, Accounting Standard for Directors' Bonus (issued by the Accounting Standards Board of Japan on November 29, 2005).

As a result, operating income, recurring income, and income before income taxes and others each declined ¥52 million.

Influence on segment information is described in the segment information section.

(d) Allowances for employees' retirement benefits

Parent company and consolidated subsidiaries in Japan report this allowance to appropriate retirement benefit obligations and projected pension assets at the end of the current fiscal year. Consolidated subsidiaries overseas employ defined contribution retirement benefits.

As for mathematical differences, the amount calculated with the straight-line method over a certain number of years (fifteen years) within the average remaining work period at the time they occurred in their respective fiscal years will be settled starting with the next fiscal year.

Past service cost is accounted for as an expense using the fixed-amount method for certain years (10 years), within the employees' average remaining period of service at the time of occurrence.

(Additional information)

The parent company reviewed the retirement benefit scheme and decided to revise the scheme by introducing a point system and a cash balance plan. The revised scheme was put into force in August 2006.

(e) Allowances for directors' retirement benefits

Parent company reports the amount necessary at term end according to the Company's bylaws to prepare for the payment of retirement and severance benefits to its directors.

A resolution was passed at the parent company's 84th annual meeting of shareholders held on June 24, 2005, to abolish the retirement and severance benefits system and to issue retirement and severance benefits to all board members and auditors at the time of their retirement based on their incumbency up to the date the system was abolished. The parent company has not reported allowances for directors' retirement benefits after this date.

Main consolidated subsidiaries in Japan have also passed resolutions to issue retirement and severance benefits to all board members and auditors at the time of their retirement based on their incumbency, and to abolish the allowance for directors' retirement benefits. Allowances for directors' retirement benefits were reported while at the same time these benefits were abolished.

(5) Currency conversion standards for key total assets or liabilities in foreign currencies

Cash, assets and liabilities in foreign currencies are converted into yen based on the spot exchange rate on the consolidated closing date, and the exchange difference is treated as profit or loss. Total assets, liabilities, income and expenses of consolidated subsidiaries overseas are converted into yen based on the spot exchange rate on the consolidated closing date, and the exchange difference is included in the net assets of the foreign currency translation adjustment.

(6) Lease transactions

The parent company and its consolidated subsidiaries in Japan treat financial lease transactions according to accounting procedures based on methods for normal lease transactions, except when ownership of the leased property is transferred to the borrower. The consolidated subsidiaries overseas treat lease transactions according to accounting procedures based on normal sales transactions.

(7) Hedge accounting

(a) Hedge accounting methods

The deferral hedge accounting method is applied. Foreign exchange contracts are appropriated when they meet the requirements for this method, and interest rate swaps are treated as exceptions when they meet the requirements for this method.

(b) Hedge measures and hedge targets

a. Hedge measures — interest rate swap
Hedge targets — long-term loans paid by variable interest rates

b. Hedge measures — foreign exchange contracts
Hedge targets — debts and credits in foreign currencies

(c) Hedge policies

For long-term loans paid at variable interest rates, derivatives trading is used to lower the loan spread. The interest rate swap provides against the risk of fluctuations in exchange rates at the time of import and export. The company's accounting department conducts internal reviews in employing hedge methods.

(d) Methods for evaluating hedge effectiveness

The effectiveness of hedge transactions is evaluated by the degree of variability between the cumulative amount of either the hedge target market fluctuation or cash flow fluctuation and the cumulative amount of either the hedge means market fluctuation or cash flow fluctuation. However, the evaluation of effectiveness is omitted for interest rate swaps treated as exceptions.

(8) Other key considerations for creating the Consolidated Financial Statements

Accounting procedures for consumption tax, etc.

Consumption tax and local consumption tax are treated by the tax exclusive method.

5. Evaluation of assets and expenses of consolidated subsidiaries

The assets and expenses of consolidated subsidiaries are evaluated by the total market value method.

6. Depreciation of goodwill and negative goodwill

Goodwill and negative goodwill are depreciated by straight-line method over a period of five years from the consolidated fiscal year including the date of accrual. If the difference to be eliminated is minor, it is depreciated as a lump sum in the consolidated fiscal year including the date of accrual.

7. Scope of funds in the Consolidated Statements of Cash Flows

Cash on hand, deposits that can be withdrawn as necessary, and short-term investments that are easily convertible, have low risk of value fluctuation and are due for redemption within three months of the date of acquisition are included in the scope of funds.

Change of Accounting Treatment

(Accounting standard for presentation of net assets in the balance sheet, etc.)

Beginning the fiscal year under review, the Accounting Standard for Presentation of Net Assets in the Balance Sheet (the Accounting Standards Board of Japan Statement No. 5 issued on December 9, 2005) and the Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8 issued on December 9, 2005) are applied.

The amount corresponding to the total shareholders' equity in the previous accounting standard was ¥44,567 million.

The consolidated financial statements are prepared under revised regulations concerning consolidated financial statements.

Notes to Consolidated Financial Statements

(Accounting standard for acquisition, etc.)
Starting the fiscal year under review, the Accounting Standard for Business Combinations (issued by the Business Accounting Deliberation Council on October 31, 2003), Accounting Standard for Business Divestitures (ASBJ Statement No. 7 issued on December 27, 2005) and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10 issued on December 27, 2005) are applied.
As a result of a revision of the regulations concerning consolidated financial statements, the presentation of financial statements has changed, as follows:
(Consolidated balance sheets)
The consolidated adjustment account recorded under liabilities is presented as negative goodwill for the term under review.
(Consolidated income statements)
The amortization of consolidated adjustment account recorded under non-operating income is presented as amortization of negative goodwill for the term under review.
(Consolidated statements of cash flows, etc.)
The amortization of consolidated adjustment account is presented as the amortization of goodwill and negative goodwill for the term under review.

(Accounting standard and guidance for stock options)
Starting the fiscal year under review, the Accounting Standard for stock options (ASBJ Statement No. 8 issued on December 27, 2005) and the Guidance on Accounting Standard for stock options (ASBJ Guidance No. 11 issued on May 31, 2006) are applied.
As a result of the change, operating income, recurring income and income before income taxes and others each declined ¥29 million.
The influence on segment information is described in the segment information section.

Change of Presentation

(Consolidated income statements)
Research and development expenses under selling, general and administrative expenses were included in other expenses for the previous fiscal year. However, since the expenses exceeded 10% of selling, general and administrative expenses for the fiscal year under review, they are presented as a separate item.
Research and development expenses for the previous fiscal year were ¥663 million.
The transfer to the allowance for doubtful accounts under selling, general and administrative expenses were included in other expenses for the previous fiscal year. However, since the importance of the transfer increased, it is presented as a separate item for the fiscal year under review.
The transfer to the allowance for doubtful accounts for the previous fiscal year was ¥7 million.

Notes on Consolidated Balance Sheets

＊1. Figures related to unconsolidated subsidiaries and affiliates are as follows.

	As of March 31, 2006	As of March 31, 2007
Investments in securities (share)	¥3,423 million	**¥616 million**

＊2. Pledged assets
As of March 31, 2006, in regard to tangible fixed assets and marketable securities, the following assets are held in pledge for short-term loans of ¥400 million and long-term loans (including long-term loans to be repaid within one year) of ¥5,259 million (including ¥71 million for factory foundations). As of March 31, 2007, they are held in pledge for long-term loans (including long-term loans to be repaid within one year) of ¥4,479 million (including ¥83 million for factory foundations) and current portion of bonds of ¥300 million (including ¥300 million for factory foundations).

	As of March 31, 2006	As of March 31, 2007
Buildings and structures	¥478 million	¥435 million
Machinery and delivery equipment	¥618 million	¥274 million
Tools, equipment, and furniture	¥7 million	¥3 million
Land	¥502 million	¥502 million
Investments in securities	¥2,339 million	¥1,056 million
Total	¥3,946 million	¥2,271 million

Of the above tangible fixed assets, assets that are held in mortgage for factory foundations:

Buildings and structures	¥478 million	¥435 million
Machinery and delivery equipment	¥618 million	¥274 million
Tools, equipment, and furniture	¥7 million	¥3 million
Land	¥502 million	¥502 million
Total	¥1,606 million	¥1,215 million

＊3. Bills receivable endorsement transfer: ¥4 million
＊4. Matured bills at the end of the consolidated fiscal year
Matured bills at the end of the consolidated fiscal year are settled on the bill clearing dates. Since the last day of the consolidated fiscal year under review was a bank holiday, the following matured bills at the end of the consolidated fiscal year are included in the balances at the end of the fiscal year:

Bills receivable	¥354 million
Bills payable	¥2,229 million
Bills payable—equipment	¥544 million

*5. Advanced depreciation of ¥18 million was recorded for machinery and delivery equipment in association with the receipt of government subsidies.

Notes on Consolidated Income Statements

*1. Research and development expenses included in the administrative expenses were ¥663 million as of March 31, 2006, and ¥1,154 million as of March 31, 2007. No research and development expenses were included in the manufacturing costs incurred for either period.

*2. Breakdown of gains on the sale of fixed assets

	As of March 31, 2006
Machinery	¥16 million
Vehicles	¥1 million
Total	¥18 million

	As of March 31, 2007
Machinery and delivery equipment	¥2 million
Tools,equipment,and furniture	¥2 million
Land	¥4,335 million
Total	¥4,339 million

*3. Breakdown of losses on the sale of fixed assets

	As of March 31, 2006
Machinery	¥221 million
Tools, equipment, and furniture	¥26 million
Vehicles	¥7 million
Buildings	¥14 million
Total	¥269 million

	As of March 31, 2007
Building and structures	¥42 million
Machinery and delivery equipment	¥119 million
Tools, equipment, and furniture	¥24 million
Others	¥16 million
Total	¥203 million

*4. For the fiscal year, the Company recorded an impairment loss for the following asset:

(a) Outline

Use	Idle asset
Type	Office etc.
Location	Itabashi-ku, Tokyo

(b) Breakdown by property type

Buildings	¥91 million
Structures	¥6 million
Machinery and equipment	¥1 million
Tools, equipment, and furniture	¥4 million
Total	¥104 million

(c) Background
The total book value of the idle asset after office relocation was recorded as an impairment loss under extraordinary losses.

(d) Method for calculating a recoverable amount
A recoverable amount is valued using a net sale value and based on anticipated sale proceeds.

Notes on Statement of Changes in Consolidated Shareholders' Equity

Fiscal year under review (from April 1, 2006 to March 31, 2007)

1. Type and number of issued shares, and the type and number of shares of treasury stock

	Number of shares at end of previous fiscal year	Increase in number of shares in fiscal year	Decrease in number of shares in fiscal year	Number of shares at end of fiscal year
Issued shares				
Common stock (Note 1)	20,660,670	1,117,550	—	21,778,220
Total	20,660,670	1,117,550	—	21,778,220
Treasury stock				
Common stock (Notes 2 and 3)	75,287	36,871	79,845	32,313
Total	75,287	36,871	79,845	32,313

Notes: 1. The total number of common shares issued increased 1,117,550 with the issuing of new shares associated with the share exchange.

2. The increase of 36,871 shares in the number of common shares of treasury stock consists of an increase of 2,636 shares through fractional share repurchase, an increase of 1,400 shares of treasury stock (the Company's stock) acquired by a consolidated subsidiary in association with the change of an equity method affiliate into a wholly owned subsidiary through share exchange, an addition of 29,187 shares associated with an increase in the equity ratio of treasury stock (the Company's stock) held by an equity method affiliate, and an increase of 3,648 shares in treasury stock (the Company's stock) acquired by an equity method affiliate.

3. The decrease of 79,845 shares in the number of common shares of treasury stock consists of a decrease of 38,012 shares through disposal and a decrease of 41,833 shares with the exclusion of shares of an equity method affiliate from the scope of application of the equity method in association with the sale of shares by the Company.

Notes to Consolidated Financial Statements

2. Share warrants and own share warrants

Classification	Share warrant type	Type of shares underlying share warrants	Number of shares underlying share warrants (number of share)				Balance at end of fiscal year (millions of yen)
			End of previous fiscal year	Increase during fiscal year	Decrease during fiscal year	Number at end of fiscal year	
Submitting company (parent company)	Share warrants as stock options	–	–	–	–	–	29
Total		–	–	–	–	–	29

3. Dividends
(1) Dividend payments

(Resolution)	Type of shares	Amount of dividend (millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary general shareholders' meeting on June 23, 2006	Common share	371	18	March 31, 2006	June 26, 2006
Meeting of the Board of Directors on November 15, 2006	Common share	195	9	September 30, 2006	December 15, 2006

(2) Dividends with record date falling in the fiscal year under review and with an effective date belonging to the following fiscal year

(Resolution)	Type of shares	Amount of dividend (millions of yen)	Source of dividend	Dividend per share (yen)	Record date	Effective date
Meeting of the Board of Directors on May 14, 2007	Common share	304	Retained earnings	14	March 31, 2007	June 25, 2007

Notes on Consolidated Statements of Cash Flows

＊1. Relationship between the final balance of cash and cash equivalents and the account amounts listed in the consolidated balance sheets

	As of March 31, 2006	As of March 31, 2007
Cash on hand and with banks	¥3,128 million	¥4,451 million
Fixed-term deposits over 3 months	(¥374 million)	(¥266 million)
Cash and cash equivalents	¥2,754 million	¥4,185 million

2. Breakdown of the assets and liabilities of a new consolidated subsidiary through share exchange
The table below shows a breakdown of the assets and liabilities of Tokai Seiko Co., Ltd. when it began to be consolidated through share exchange. No expense was incurred as a result of the share exchange.

Current assets	¥3,773 million	Current liabilities	¥2,023 million
Fixed assets	¥3,276 million	Long-term liabilities	¥859 million
Total assets	¥7,050 million	Total liabilities	¥2,883 million

3. Significant non-fund transactions
An increase in the capital surplus as a result of the share exchange: ¥3,235 million

Notes on Lease Transactions

Text is abbreviated as information is to be disclosed with EDINET.

Notes on Marketable Securities

1. Marketable securities for trading
N/A
2. Securities held to maturity that have market value
N/A

3. Other securities that have market value

Previous consolidated fiscal year (March 31, 2006)

	Type	Acquisition Cost (¥ millions)	Consolidated Balance Sheet Amount (¥ millions)	Difference (¥ millions)
Consolidated balance sheet amount is above acquisition cost	1. Share	1,626	6,220	4,593
	2. Bonds	—	—	—
	3. Other	—	—	—
	Subtotal	1,626	6,220	4,593

	Type	Acquisition Cost (¥ millions)	Consolidated Balance Sheet Amount (¥ millions)	Difference (¥ millions)
Consolidated balance sheet amount is below acquisition cost	1. Share	7	7	(0)
	2. Bonds	—	—	—
	3. Other	—	—	—
	Subtotal	7	7	(0)
	Total	1,634	6,227	4,593

Current consolidated fiscal year (March 31, 2007)

	Type	Acquisition Cost (¥ millions)	Consolidated Balance Sheet Amount (¥ millions)	Difference (¥ millions)
Consolidated balance sheet amount is above acquisition cost	1. Share	1,814	7,147	5,333
	2. Bonds	—	—	—
	3. Other	—	—	—
	Subtotal	1,814	7,147	5,333

	Type	Acquisition Cost (¥ millions)	Consolidated Balance Sheet Amount (¥ millions)	Difference (¥ millions)
Consolidated balance sheet amount is below acquisition cost	1. Share	8	7	(0)
	2. Bonds	—	—	—
	3. Other	—	—	—
	Subtotal	8	7	(0)
	Total	1,822	7,155	5,332

4. Other marketable securities sold within the consolidated fiscal year

	Previous consolidated fiscal year (From April 1, 2005 to March 31, 2006)	Current consolidated fiscal year (From April 1, 2006 to March 31, 2007)
Sold amount (¥ millions)	892	0
Total profit on sales (¥ millions)	668	0
Total loss on sales (¥ millions)	0	—

5. Principal marketable securities that have not been evaluated for their market value

	Consolidated balance sheet amount (¥ millions)	
	As of March 31, 2006	As of March 31, 2007
Other marketable securities		
Unlisted stock	266	195
Other	6	6

6. Expected redemption for marketable securities that have maturity dates and bonds held to maturity

N/A

Notes on Derivative Transactions

Text is abbreviated as information will be disclosed with EDINET.

Notes on Employees' Retirement Benefits

1. Overview of retirement benefit scheme

The company and its consolidated subsidiaries in Japan have established an approved retirement annuity system and a termination allowance plan as our defined benefit systems. The company and some of its subsidiaries in Japan also have employees' pension funds. Overseas subsidiaries have defined contribution retirement benefit schemes. Upon the retirement of employees, there are instances where premium severance payments not covered in the retirement benefit liabilities are made.

2. Retirement benefit liabilities and breakdown

(¥ millions)	Previous consolidated fiscal year (March 31, 2006)	Current consolidated fiscal year (March 31, 2007)
(1) Retirement benefit liabilities	(5,313)	(6,046)
(2) Pension assets	2,188	2,237
(3) Non-reserved retirement benefit liabilities (1)+(2)	(3,124)	(3,809)
(4) Outstanding difference that arose at the time of changes in the accounting standards	—	—
(5) Unrecognized mathematical difference	644	566
(6) Unrecognized past service liabilities (reduction in liabilities)	321	815
(7) Net consolidated balance sheet amount (3)+(4)+(5)+(6)	(2,159)	(2,427)
(8) Prepaid pension cost	120	124
(9) Allowances for employees' retirement benefits (7)−(8)	(2,279)	(2,552)

Note: Consolidated subsidiaries in Japan employ the compendium method in calculating their retirement benefit liabilities.

3. Breakdown of retirement and severance expenses

(¥ millions)	Previous consolidated fiscal year (From April 1, 2005 to March 31, 2006)	Current consolidated fiscal year (From April 1, 2006 to March 31, 2007)
(1) Business expenses	633	688
(2) Interest expenses	77	88
(3) Expected interest income	(208)	(155)
(4) Treatment of difference at the time of changes in accounting standards	—	—
(5) Provisional premium severance pay	14	28
(6) Treatment of mathematical difference	73	78
(7) Treatment of past service liabilities	43	90
Total	633	818

Notes: 1. The retirement and severance expenses of consolidated subsidiaries that employ the compendium method are included in "(1) Business expenses."
2. The amount of contributions (¥64 million for the previous consolidated fiscal year, ¥67 million for the current consolidated fiscal year) recognized as expenses in the defined contribution retirement benefit schemes of overseas consolidated subsidiaries are included in "(1) Business expenses."
3. As the employees' pension funds joined by the company and some of its consolidated subsidiaries in Japan are an integrated pension system, the amount of pension funds for contribution cannot be calculated rationally. Therefore the amount to be contributed to this pension fund (¥191 million for the previous consolidated fiscal year, ¥272 million for the current consolidated fiscal year) is treated as retirement and severance expenses. The balance of the pension fund calculated according to the premium contribution rate was ¥5,047 million for the previous consolidated fiscal year, and ¥5,136 million for the current consolidated fiscal year.

4. Calculation basis for retirement and severance liabilities

	Previous consolidated fiscal year (March 31, 2006)	Current consolidated fiscal year (March 31, 2007)
(1) Allocation method for expected amounts of retirement benefits	Flat-rate standard for the period	Flat-rate standard for the period
(2) Discount rate	Beginning of the term 2.1% End of the term 2.1%	Beginning of the term 2.1% End of the term 2.1%
(3) Expected rate of interest income	3.5%	3.5%
(4) Period for the amount of past service liabilities	10 years	10 years
(5) Period for the difference that arose at the time of changes in the accounting standards	5 years	5 years
(6) Period for mathematical difference	15 years	15 years

Notes on Stock Option

Fiscal year under review (from April 1, 2006 to March 31, 2007)

1. The amount and account of expenses related to stock options for the fiscal year under review
   Selling, general and administrative expenses: ¥29 million
2. Description and scale of stock options and changes
   (1) Description of stock options

	2006 stock options
Position and number of persons granted stock options	Directors of the Company: Five persons Corporate auditors of the Company: Two persons
Number of stock options by share type (Note)	Common shares: 8,600 shares
Grant date	November 30, 2006
Vesting conditions	Losing the positions of director and corporate auditor of the Company
Target length of service	No condition has been set with respect to length service.
Period for exercising rights	From December 1, 2006 To November 30, 2036

Note: Converted to the number of shares

(2) Scale of stock options and changes
Stock options existed in the fiscal year under review (ended March 31, 2007). The number of stock options is converted to the number of shares.

a. Number of stock options

	2006 stock options
Before vesting date (number of share)	
At end of previous fiscal year	—
Granted	8,600
Expired	—
Vested	—
Not yet vested	8,600
After vesting date (number of share)	
At end of previous fiscal year	—
Vested	—
Exercise of rights	—
Expired	—
Unexercised	—

b. Unit price information

	2006 stock options
Exercise price (yen)	1
Average stock price at time of exercise (yen)	—
Fair unit value on grant date (yen)	3,418

3. Method for estimating the fair unit value of stock options

The method for estimating the fair unit value of 2006 stock options granted in the fiscal year under review is as follows:

(1) Valuation techniques used: Black-Scholes Model

(2) Main basic figures and estimation methods

	2006 stock options
Stock price volatility (Note 1)	50%
Estimated remaining period (Note 2)	15 years

	2006 stock options
Projected dividend (Note 3)	18 yen / share
Risk-free interest rate (Note 4)	1.96%

Notes: 1. The weekly historical volatility calculated based on weekly stock prices for the period corresponding to the estimated remaining period on the calculation date is used.
2. Since it is difficult to make a reasonable estimate, the remaining period is estimated based on the assumption that stock options are exercised between the point of calculation and the midpoint of the exercise period.
3. The dividend is projected based on the results of dividends for the term ended March 31, 2006.
4. The Company used the average of compound interest yields of bonds with redemption dates falling within three months before or within three months after the estimated remaining period based on the reference statistics of interest-bearing, long-term government bonds announced by the Japan Securities Dealers Association.

4. Method for estimating the number of vested stock options

Since it is inherently difficult to estimate the number of stock options expected to expire, only the actual number of stock options that have expired is reflected.

Notes on Tax Accounting

1. Breakdown of major causes for deferred tax assets and liabilities

	Previous consolidated fiscal year (March 31, 2006) (¥ millions)	Current consolidated fiscal year (March 31, 2007) (¥ millions)
Deferred tax assets		
Accrued expenses	54	67
Excess deductible amount in allowances for employees' retirement benefits	919	1,016
Excess deductible amount in bonus allowances	490	534
Accrued enterprise tax	100	182
Unrealized profits for inventories	66	102
Unrealized profits for fixed assets	415	406
Impairment loss on land	310	315
Loss carried forward	212	60
Other	447	423
Deferred tax assets subtotal	3,017	3,108
Allowance account	(580)	(580)
Deferred tax assets total	2,509	2,528
Deferred tax liabilities		
Property replacement reserve	(486)	(1,614)
Payable assets special accounts reserve	—	(188)
Special depreciation reserve	(84)	(85)
Fixed assets reserve	(152)	(151)
Adjusted allowance for doubtful accounts	(0)	(1)
Net unrealized gains on securities	(1,869)	(2,171)
Prepaid pension expenses	(48)	(84)
Other	(647)	(1,139)
Deferred tax liabilities total	(3,289)	(5,437)
Net deferred tax assets (liabilities)	(780)	(2,908)

2. Breakdown by item of major causes for important differences between the burden rates of corporate tax at the statutory effective tax rate and after the application of deferred tax accounting

	Previous consolidated fiscal year (March 31, 2006) (%)	Current consolidated fiscal year (March 31, 2007) (%)
Statutory effective tax rate	40.7	40.7
(adjustments)		
Items that will never be included as losses, such as entertainment expenses	0.5	0.2
Items that will never be included as profits, such as dividend revenue	(0.2)	(1.5)
Per capita residential tax	0.3	0.3
Amortization of consolidated adjustment account	(1.2)	(0.8)
Income on investment in equity method affiliates	(1.3)	(0.5)
Tax deduction for experiment and research	(0.9)	(0.4)
Tax deduction for information and communication equipment	(0.2)	—
Tax deduction for education and training	(0.1)	(0)
Other	(1.5)	—
Burden ratio of corporate tax after application of deferred tax accounting	36.1	38.0

Overseas sales

	Previous consolidated fiscal year (From April 1, 2005 to March 31, 2006)			Current consolidated fiscal year (From April 1, 2006 to March 31, 2007)		
	North America	Other Areas	Total	North America	Other Areas	Total
I. Overseas sales (¥ millions)	13,723	1,432	15,156	15,913	2,907	18,820
II. Consolidated sales (¥ millions)			101,609			122,761
III. Ratio of overseas sales against consolidated sales (%)	13.5	1.4	14.9	13.0	2.4	15.3

Notes: 1. Segmentation by country or area is sectionalized according to geographic proximity.
2. Countries or areas included in the segmentations are as follows: North America – U.S.A., Mexico; Other Areas – Europe, Asia
3. Overseas sales mentioned here represent the amount of sales in countries or areas other than the Company and its consolidated subsidiaries in Japan.

Transactions with Related Parties

(1) Parent company and major corporate shareholders
N/A
(2) Board members and major private shareholders
N/A
(3) Subsidiaries
N/A

Mergers and Acquisitions

Fiscal year under review (from April 1, 2006 to March 31, 2007)

1. Name and business of company acquired, main reasons for acquisition, date of acquisition, legal form of acquisition, name of company after acquisition, and percentage of voting rights acquired

(1) Name and business of the acquired company
Tokai Seiko Co., Ltd. Light metal processing
(2) Main reasons for acquisition
To provide products of better quality and bolster cost competitiveness
(3) Date of acquisition
July 1, 2006
(4) Legal form of acquisition
Share exchange
(5) Name of the company after acquisition
Ahresty Corporation
(6) Share of voting rights acquired
100%

2. Period when the results of the acquired company are included in the consolidated financial statements
From July 1, 2006 to December 31, 2006

3. Breakdown of acquisition costs

Consideration for the acquisition	
Shares of Ahresty	¥3,235 million
Direct payments required for acquisition	
Compensation related to calculation of share exchange ratio, etc.	¥5 million
Acquisition costs	¥3,241 million

4. Exchange ratio by share type and method of calculation, and number and assessed value of shares delivered

(1) Type of shares and share exchange ratio

Common share Ahresty 1: Tokai Seiko 7

(2) Method for calculating the exchange ratio

The share exchange ratio was calculated based on a general consideration of valuations using market price methods (stock market average method for Ahresty and Guideline Public Company method for Tokai Seiko), adjusted net assets method, and the discounted cash flow method.

(3) Number and assessed value of shares delivered

1,117,550 shares ¥3,235 million

5. Amount of goodwill or negative goodwill generated, reason for goodwill/negative goodwill, method and period of amortization

(1) Negative goodwill	¥549 million
(2) Reason	The amount of negative goodwill is the net value of the assets and liabilities taken over from the acquired company calculated based on the market values on the acquisition date minus the costs of acquisition.
(3) Method and period of amortization	To be amortized equally over five years

6. Breakdown of assets and liabilities taken over on the acquisition date

(1) Assets

Accounts receivable	¥1,028 million
Machinery and equipment	¥1,369 million
Land	¥981 million
Bills receivable etc.	¥3,670 million
Total	¥7,050 million

(2) Liabilities

Bills payable	¥302 million
Accounts payable	¥586 million
Allowances for retirement benefits	¥247 million
Bills payable for equipment, etc.	¥1,747 million
Total	¥2,883 million

7. Estimated influence of acquisition on consolidated income statements for fiscal year under review assuming acquisition was completed on the first day of the fiscal year

Sales and earnings information	
Sales	¥3,669 million
Operating income	¥523 million
Recurring income	¥411 million
Income before income taxes and others	¥420 million
Net income	¥220 million
Net income per share	¥10.29

(Calculation method and important assumptions)

1.The differences between the sales and income statement figures calculated based on the assumption that the acquisition was completed on the first day of the fiscal year, and the sales and income statement figures on the income statement of the acquired company are calculated.

2.It is assumed that negative goodwill is amortized equally over five years from the first day of the fiscal year under review.

The information contained in this note has not been audited.

Per-Share Information

	Previous consolidated fiscal year (From April 1, 2005 to March 31, 2006)		Current consolidated fiscal year (From April 1, 2006 to March 31, 2007)
Net assets amount per share	1,644.96 yen	Net assets amount per share	2,049.46 yen
Current net income per share	202.75 yen	Current net income per share	351.15 yen
		Fully diluted net income per share	351.11 yen
The fully diluted net income per share is not reported as there were no residual securities after adjustment.		–	

Note: The basis for calculation of current term net income per share and fully diluted net income per share are as follows.

	Previous consolidated fiscal year (From April 1, 2005 to March 31, 2006)	Current consolidated fiscal year (From April 1, 2006 to March 31, 2007)
Current net income per share		
Current net income (¥ millions)	3,796	7,528
Amount not attributed to common shareholders (¥ millions)	38	–
(Of the above, directors' bonuses by profit distribution)	(38)	(–)
Net income from common stock (¥ millions)	3,758	7,528
Average number of outstanding shares (number of share)	18,537,185	21,438,430
Fully diluted net income per share		
Net income adjustment (¥ millions)	–	–
Increase in number of common shares (number of share)	–	2,874
(Of the above, share warrants)	–	(2,874)
Summary of potential shares of common stock not included in the calculation of diluted net income because they do not have a dilutive effect	–	–

Notes to Consolidated Financial Statements

Current status of production, orders received, and sales

(1) Production results

Production results by business segment for the current consolidated fiscal year are shown below.

Business segment	Previous consolidated fiscal year (From April 1, 2005 to March 31, 2006) Amount (¥ millions)	Current consolidated fiscal year (From April 1, 2006 to March 31, 2007) Amount (¥ millions)	Increase / (decrease) %
Die Casting Business	79,419	109,926	28.0
Aluminum Business	6,610	9,894	49.7
Proprietary Products Business	381	381	34.6
Total	86,313	120,202	29.5

Notes: 1. Amounts of money are based on sales price as available prior to internal transfers among segments.
2. Consumption tax is not included in these amounts.

(2) Results of orders received

A significant part or our businesses depends on make-to-stock production based on informal orders received from customers, which are delivered (and sales recorded) for formal orders received several days prior to the date of delivery. Therefore the listing of results on orders received has been omitted.

(3) Sales results

Sales results by business segment for the current consolidated fiscal year are shown below.

Business segment	Previous consolidated fiscal year (From April 1, 2005 to March 31, 2006) Amount (¥ millions)	Current consolidated fiscal year (From April 1, 2006 to March 31, 2007) Amount (¥ millions)	Increase / (decrease) %
Die Casting Business	92,306	109,528	18.7
Aluminum Business	5,007	7,806	55.9
Proprietary Products Business	4,295	5,426	26.3
Total	101,609	122,761	20.8

Notes: 1. Transactions among segments have been balanced out.
2. Sales results by major customers for the past two consolidated fiscal years and the ratio of their sales to overall sales are as follows.

Customer	Previous consolidated fiscal year (From April 1, 2005 to March 31, 2006)		Current consolidated fiscal year (From April 1, 2006 to March 31, 2007)	
	Amount (¥ millions)	%	Amount (¥ millions)	%
Honda Motor Co., Ltd.	13,656	13.4	19,147	15.6
Suzuki Motor Corporation	13,015	12.8	15,241	12.4

3. Consumption tax is not included in the above amounts.

Corporate Data

Corporate Profile (As of March 31, 2007)

Company name	Ahresty Corporation	Paid-in capital	¥5,117.59 million
Date of establishment	November 2, 1943	Number of employees	(Consolidated) 3,248 (Non-Consolidated) 978

Management

■ Board Directors and Auditors (As of June 22, 2007)

President, CEO	Arata Takahashi	Director, Executive Officer	Teiichi Hayashi	Corporate Auditor (full-time)	Nobuo Uno
Director, Senior Managing Executive Officer	Akira Ogi	Director, Executive Officer	Shigeru Furuya	Corporate Auditor (full-time)	Tsutomu Kumaki
				Corporate Auditor	Tadao Saotome
		Director	Tadakazu Miyauchi	Corporate Auditor	Akihiko Shindoo

Investor Infomation

Stock Information (As of March 31, 2007)

● Number of Shares and Shareholders

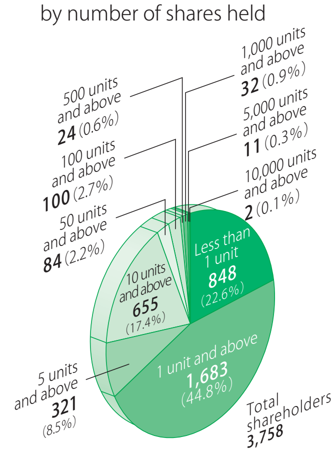
Authorized shares	60,000,000 shares
Issued shares	21,778,220 shares
Shareholders	3,758

● Major Shareholders (Top 10)

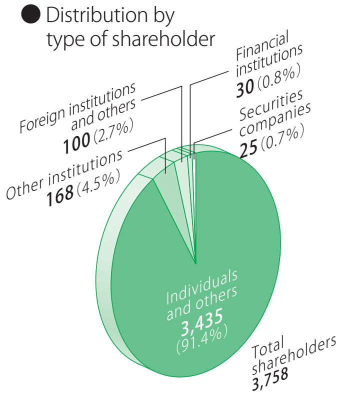
Name	Number of shares (Unit:1,000 shares)
Japan Trustee Services Bank. Ltd. Corporate Trust Account	1,494
Toshie Takahashi	1,075
State Street Bank and Trust Co.	776
Bank of Tokyo-Mitsubishi UFJ, Ltd.	765
The Master Trust Bank of Japan, Ltd. Corporate Trust Account	758
Honda Motor Co., Ltd.	672
Nippon Light Metal Co., Ltd.	657
Suzuki Motor Corporation	565
Mizuho Corporate Bank, Ltd.	544
Fuji Heavy Iudustries Ltd.	509

Stock Distribution

● Distribution by number of shares held



● Distribution by type of shareholder



Ahresty

Sumitomo-Nakanosakaue Bldg. 11th Floor,
1-38-1 Chuo, Nakano-ku,
Tokyo 164-0011, Japan
TEL.03-5332-6001
FAX.03-5332-6037
URL.http://www.ahresty.co.jp

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