Casting Our Eyes on the Future

Ahresty

ANNUAL REPORT 2008

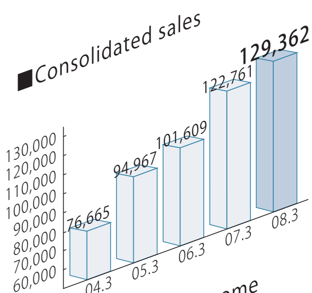
For The Year Ended March 31 2008

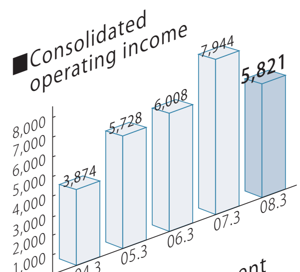
Profile

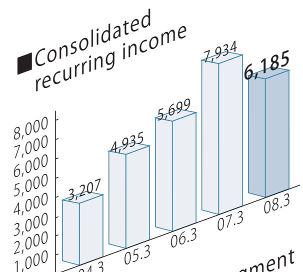
Committed to research, service and technology

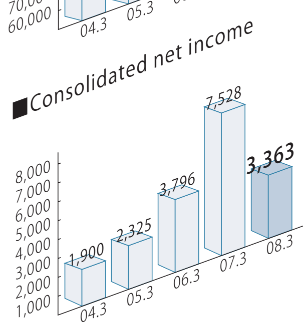
Ahresty is a phonetic representation of the three letters, *RST*, signifying the integration of Research, Service and Technology. “R” signifies research and development as well as the resolve to create and explore which enables us to better serve our customers; “S” goes beyond the quality of our products 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.

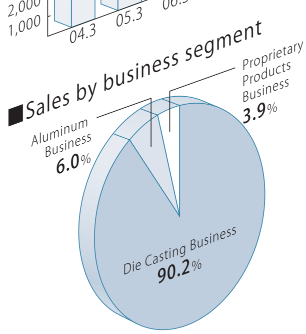
Financial Highlights (Unit: rounded down to the nearest million yen)

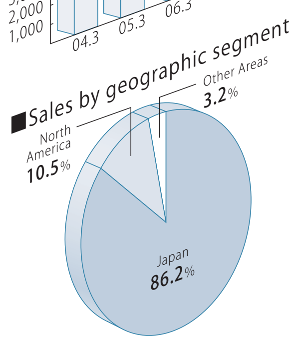












Contents

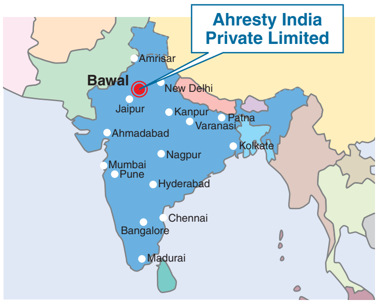
Business Overview

Ahresty Mexicana begins mass production

Ahresty Mexicana began quantity production in August 2007, a month ahead of plan. Japanese auto-parts manufacturers are the customers in the initial plan, and the subsidiary has accepted orders also from auto manufacturers and is expanding its business operations. Growth is steady with many inquiries from foreign companies in the auto industry, despite widespread competition, for instance with local die-cast manufacturers.

Construction of Ahresty India starts

The Company started building the plant of Ahresty India, its fourth die-cast production base following the facility in Mexico, in October 2007. We also began installing die-cast machines to coincide with the construction of the plant, aiming to start production in the autumn of 2008.



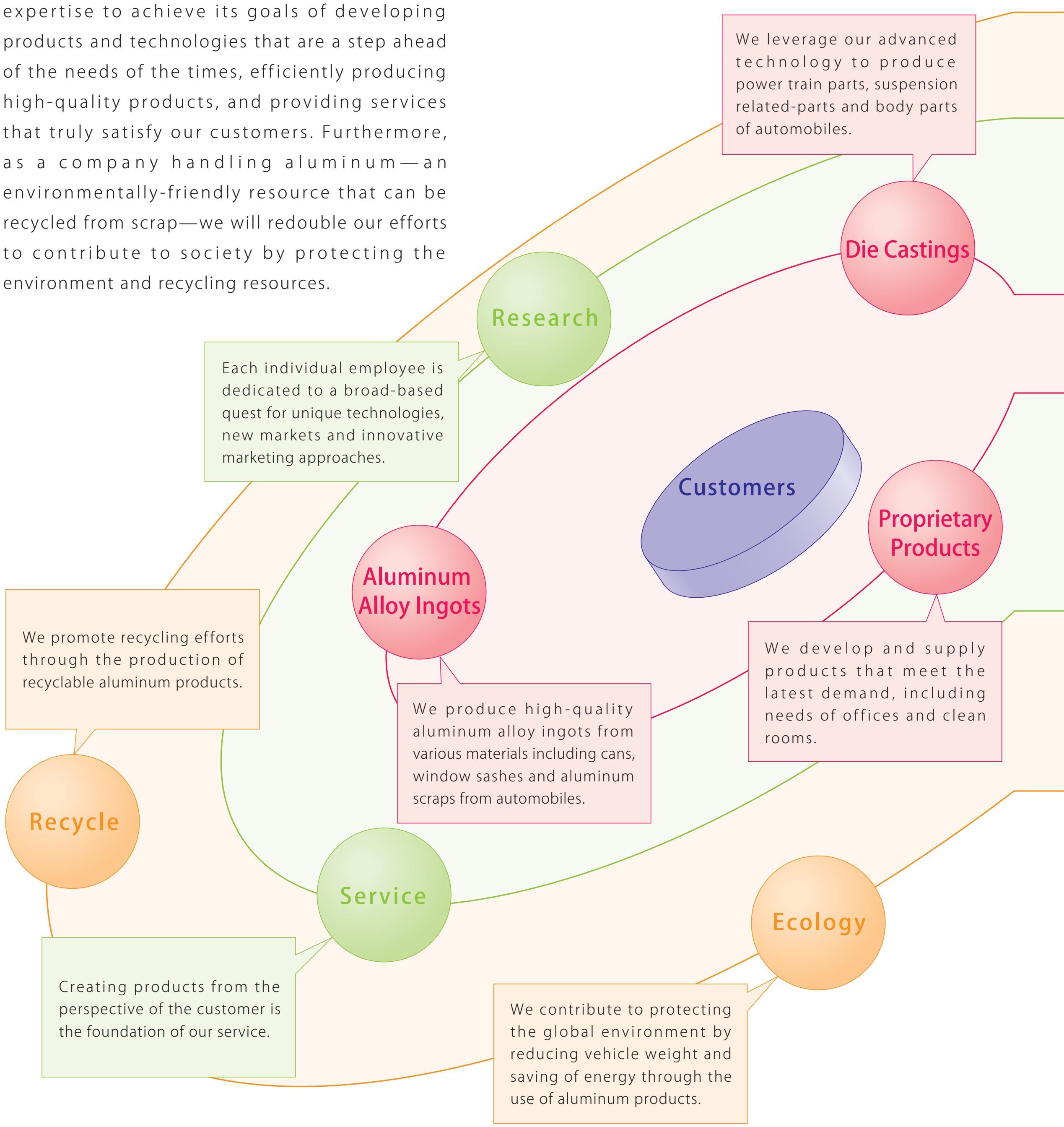
Restructuring the production system

The Company will transfer all production of small and medium-sized common castings in the Higashimatsuyama plant to Ahresty Yamagata in fiscal 2008 which will be expected. The Company will also transfer the NI casting production line in the Hamamatsu plant to the Higashimatsuyama plant, so the Higashimatsuyama plant specializes in high-end die castings. The Company will thereby bolster the production system for high-end die castings.

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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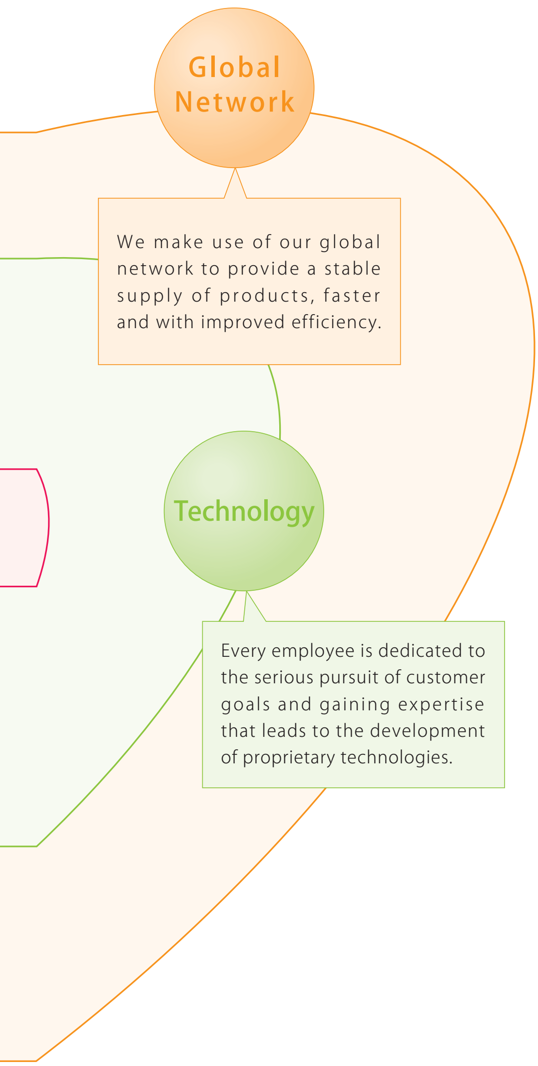


Our History

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
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
Apr. 1962	Establishment of Tokai Seiko Co., Ltd.
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 Tochigi Corporation)
Apr. 1977	Establishment of Kumamoto Fuso Co., Ltd. (currently Ahresty Kumamoto Corporation)
Mar. 1981	Start of operations of Ditec Co., Ltd., Kumamoto Plant (currently Ahresty Die Mold Kumamoto 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)
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	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

Springing to a global level, based on the trust of our stakeholders

Ahresty posted record sales in FY2007, for the sixth consecutive year. Sales were approximately 66 billion yen in FY2002, which means they have almost doubled in five years. This growth is a reflection of the trust we enjoy from our customers in Japan and overseas. Other favorable factors include an increase in the global production of automobiles and efforts to reduce vehicle weight for better fuel economy. In contrast, earnings have fallen because of a rise in depreciation resulting from a change in the tax system, in addition to intensifying competition and the deterioration of earnings in certain plants.

We continued to promote overseas operations in fiscal 2007. By starting production in the Mexico plant, products that used to be carried from the U.S. factory all the way to Mexico are now manufactured in Mexico, and we must be able to provide better services to customers in Mexico. Production at the U.S. plant fell temporarily with the transfer of production, and earnings in the U.S. plant also declined. We are seeking to sell new parts in America and to secure sales. We added to the plant in Guangzhou and installed additional equipment. As a result, both sales and profits increased at the Guangzhou plant. Since the expansion of the Guangzhou will soon reach its limit, we are planning to build a branch plant in the Guangzhou area. We are building a plant in India, which has been attracting attention in recent years, so that we will be able to start

Arata Takahashi
President, CEO

r e s i d e n t

production within the year.

In domestic operations, we consolidated and expanded subsidiaries to improve efficiency in the use of the management resources of the Ahresty Group and to focus on the Die Casting Business, our core business. We dissolved Ahresty Casting Support Corporation, merged Tenryu Metal Industry Co., Ltd., CS Fuso Co., Ltd., and Ahresty Techno Service Corporation, split up Ahresty Die Mold Corporation into Ahresty Die Mold Tochigi Corporation and Ahresty Die Mold Kumamoto Corporation, had Tokai Seiko Co., Ltd. absorb Hamamatsu Mecatec Corporation, and had the Toyohashi plant absorb Ahresty Light Metal Corporation. As a result, the number of subsidiaries fell by four. In fiscal 2008, Ahresty Yamagata consolidated the production of small and midsize die castings in Higashimatsuyama plant to improve efficiency. NI casting (special high-quality casting) at the Hamamatsu plant was transferred to the Higashimatsuyama plant so that the Company can establish a base for accelerating growth in special casting and develop infrastructure to facilitate integrated common die casting production in the Hamamatsu plant.

With these initiatives, the Company will be transformed into an auto-parts supplier, which a core business of aluminum die casting that benefits from the trust of customers around the globe. We will respond to growing demand for automobiles in the medium to long terms and for weight saving automobile parts, overcoming temporary demand uncertainty associated with the sub-prime mortgage crisis.

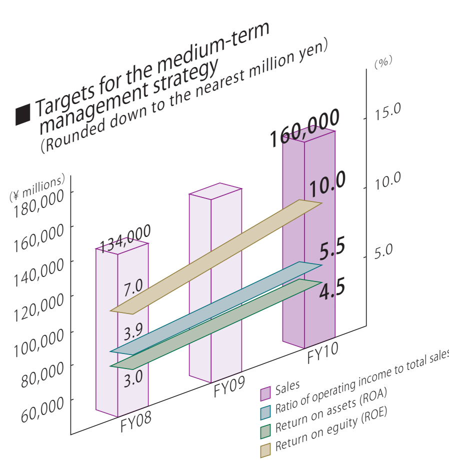
We must unfortunately report a serious accident at Ahresty Tochigi, a subsidiary, in March 2008. The Company's growth and very existence depends on safety, and the Group is united in its commitment to pursuing safety.

Ahresty will achieve sound growth as a company trusted by its shareholders, investors, customers, business partners, employees, and community. We are, in short, committed to meeting your expectations.

Outline of our Medium-Term Strategy

Securing uniform and high-level productivity by developing systems and hiring and cultivating human resources globally

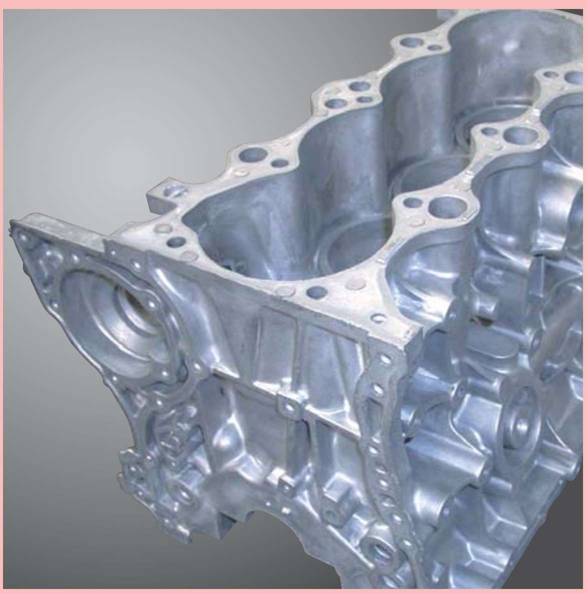
We have developed two major medium-term policies: evolving as a global company and enhancing the capabilities of our plants. The Group manufactures die-cast products in the United States, China, Mexico, and India. We expect overseas production to account for a growing percentage of our overall output. To achieve further growth and evolution, we aim to bolster our global corporate structure by developing our business, our design and development, and our quality systems around the world and by recruiting and training the human resources we need to support these systems. We will build an optimal production system that will give each plant the same high level of productivity.



Segment

Die Casting Business

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

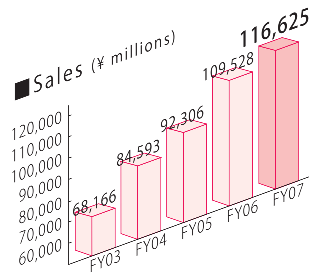


The core business of Ahresty is aluminum die casting, and the company has expanded in both size and sales volume with the growth of the automotive industry. Ahresty meets diversifying demand even as it continues to pioneer in the development of innovative solutions that resolve the technical barriers 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 2007 Results

In the Die Casting Business, sales reached ¥116,625 million (up 6.5% year on year), backed by an increase in exports to emerging countries, offsetting a decline in automobile unit sales associated with weaker domestic sales by automakers, our main customers, and the effect of the sub-prime mortgage crisis in North America. Operating income was ¥5,019 million (down 30.1%), primarily attributable to a rise in depreciation expenses following amendments to taxation legislation, which outweighed our efforts to cut selling expenses and other costs.



Fiscal 2008 Outlook

Uncertainties remain given concerns affecting Japanese and overseas economies, including trends in crude oil prices and raw material costs, as well as exchange rate fluctuations. In this environment, we expect demand from auto manufacturers and automotive parts manufacturers, our main customers, to rise globally, although the rate of growth will slow. In profit terms, we were forced to post lower profits on a rise in depreciation expense in association with the tax revision. In response, we will develop global standards, secure and cultivate human resources, and build a global production system under the slogans "evolving as a global company" and "bolstering capability in fields."

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

Promoting product development using new techniques

The greatest challenge of the Engineer Department is to establish standardized techniques that will be used worldwide. In the fiscal year ending March 2008, we collected and organized all operation standards and procedure documents that existed in Japan and identified better operation standards and procedures. We also identified the know-how and methods of veterans that should be documented. In the fiscal year ending March 2009, we aim to standardize not only parts and procedures but also attitudes, taking importance and urgency into account. We are pursuing product development using new technologies of Ahresty and aim to develop technologies for simultaneous launches across the world.

Shinji Sannakanishi
Executive Officer,
Executive Director of Technology & Engineering Command

Proving Ahresty's merits in the new environment-responsive market

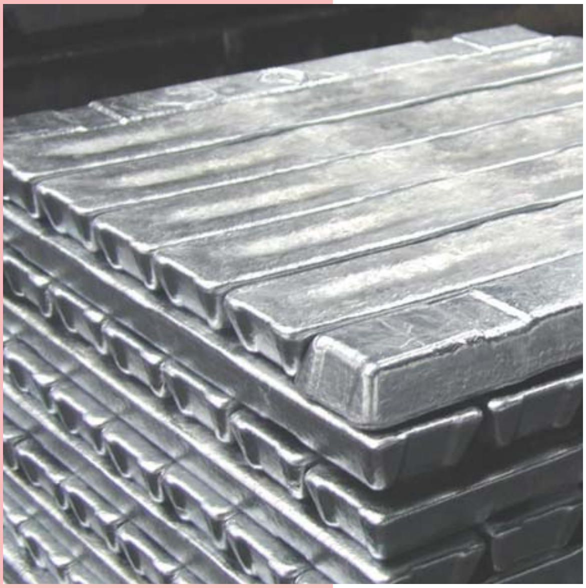
We expect the fiscal year ending March 2009, the first year of the new three-year plan, to become a very difficult year. The domestic and North American markets will continue to scale down. However, total global production of automobiles is increasing. The business environment will therefore change dramatically, depending on how many of our parts will be used in engines and transmissions to meet the needs of the market. We pay close attention to the market of environmentally friendly vehicles, where the development race will intensify. With the emerging market, I believe our value will be put to the test this fiscal year.

Naoyuki Kaneta
Executive Officer,
Executive Director of Sales Command

Segment Review

Aluminum Business

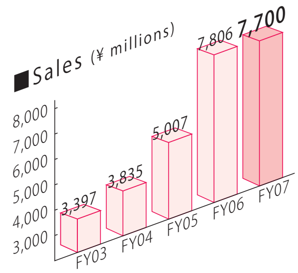
High-quality products from various materials using top-class facilities and expertise



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 2007 Results

In the Aluminum Business, sales were ¥7,700 million (falling 1.4%). Although shipments of secondary alloy ingots to the key auto industry were solid, shipments to the non-auto sector registered sluggish growth from the third quarter, reflecting inventory adjustments and weaker demand. Operating income was ¥395 million (declining 9.4%), as reductions in manufacturing costs attributable to improve productivity were more than offset by rises in heavy oil and raw material costs.



Fiscal 2008 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 Marketing

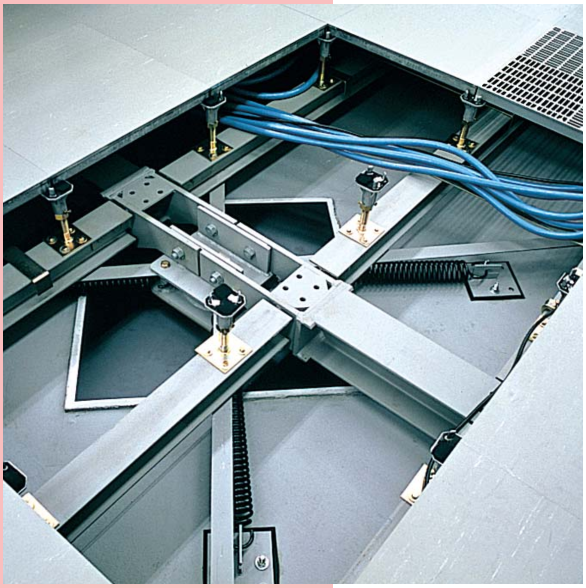
Bolstering the production system and enhancing the work environment

We posted total sales of 10,144 million yen, up 9.2% year on year, by increasing inter-segment sales 64.7% in the fiscal year under review. The annual transaction volume amounted to 36,678 tons, exceeding the target of 36,000 tons, in association with the rise in sales. In the fiscal year ending March 2009, we will sort out the dispersion across production processes and will assess the moves and functions of workers and goods, thereby bolstering the production system. We will also identify the risks in work across the plant and will improve the work environment, emphasizing safety. With respect to sales operations, we aim to expand total transaction volume by focusing on bolstering inter-segment sales. Since crude oil prices will likely continue to rise rapidly, and reducing CO_2 emissions is a necessary action against global warming, we position the current fiscal year as the first year for the shift from crude oil to city gas.

Kazuyuki Sakai
Executive Officer,
Kumagaya Plant Manager

Proprietary Products Business

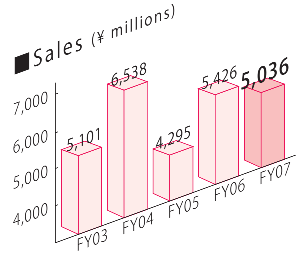
Developing new free access floor products to keep pace with expanding opportunities



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 2007 Results

In the Proprietary Products Business, sales fell to ¥5,036 million (down 7.2%). New building starts were delayed following the amendment to the Building Standards Law in June last year. Capital expenditure in the semiconductor segment failed to grow as expected. Operating income was ¥409 million (falling 13.5%), partly because of the effect of intensifying price competition, which offset the management of profit ratios.



Fiscal 2008 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 Marketing

Enhancing price competitiveness and expanding sales both at home and overseas

The total shipping volume in the free access floor industry in the fiscal year ending March 2008 was 5,654,000 m^2, about the same level as in the previous year. On the other hand, the shipping volume of aluminum panels fell sharply to 256,000 m^2 (down 71.5% year on year). The major factors were a slowdown in semiconductor-related capital expenditure and the prolonged slump in the construction industry. In the circumstances, we experienced a difficult period attributable to soaring raw material prices and price competition with competitors both at home and abroad. As a result, we posted decreases both in sales and profit, although we aimed to expand sales. The business environment in the fiscal year ending March 2009 is likely to remain difficult. However, we expect a recovery in semiconductor-related capital expenditure and demand for aluminum panels. In this environment, we will bolster the production system in the Guangzhou plant and improve our price competitiveness, and will endeavor to expand sales both in Japan and overseas.

Yoichi Tsutsumi
General Manager of
General Merchandise Sales
Dept.

N e t w o r k

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 Mexico, and have been steadily expanding production. We plan to begin operation of a die casting plant 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.

Ahresty India Private Limited

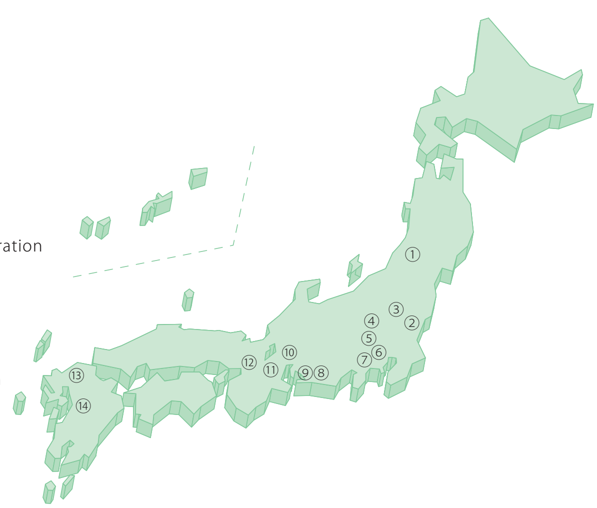
The plant will commence operations in the autumn of 2008. The plant will produce die casting products, perform machining as the forth overseas operations.

Plot No. 194, Sector 4, Growth Centre,
Bawal, Dist. Rewari, Haryana, India

Domestic Network

Ahresty Group

① Ahresty Yamagata Corporation
② ATC Tsukuba Corporation
③ Tochigi Sales Office
  Ahresty Tochigi Corporation
  Ahresty Die Mold Tochigi Corporation
④ Kumagaya Plant
⑤ Higashimatsuyama Plant
⑥ Head Office
  Kanto Sales Office
  Ahresty Techno Service Corporation
⑦ Atsugi Sales Office



⑧ Hamamatsu Sales Office
  Hamamatsu Plant
  Ahresty Die Mold Hamamatsu Corporation
  Tokai Seiko Co., Ltd.
⑨ Toyohashi Plant
  Technical Center
⑩ Nagoya Sales Office
⑪ Suzuka Sales Representative Office
⑫ Osaka Administration Center
  Osaka Sales Office
  Kansai Sales Office
⑬ Fukuoka Sales Office
⑭ Kumamoto Sales Office
  Ahresty Kumamoto Corporation
  Ahresty Die Mold Kumamoto Corporation

As of May 31, 2008

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: 700 tons.

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

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

Began operations in September 2007. To complement the production of Ahresty Wilmington Corporation, the plant produces die casting products, perform machining, and assemble parts. Monthly production capacity : 300 tons.

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

ISO14001:2004 certification

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

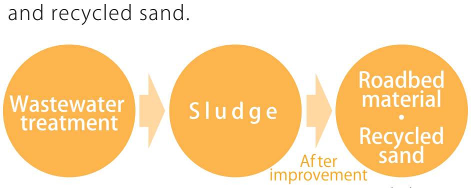
Ahresty contributes to the protection of the global environment by obtaining ISO14001:2004 certification for our operational bases, as listed at left.

Environmental and Social Report 2008

Ahresty publishes an annual Environmental and Social 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 its tree planting efforts.

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

The Japanese economy sustained its recovery during the fiscal year under review, backed by strong exports, especially to emerging economies that continued to enjoy robust growth. However, with narrowing profit ratios associated with soaring raw material prices, corporate earnings began to fall, and capital expenditure slowed. Employment conditions continued to improve, but the improvement was halted in the second half of the fiscal year. Although personal spending increased modestly, the environment surrounding consumption became difficult. The U.S. economy slowed because of the expansion of the sub-prime mortgage crisis. Asian economies, led by China, continued to expand.

In this environment, the Group increased domestic and overseas sales, and bolstered facilities in Japan and in other countries.

Therefore, operational results for this fiscal year were sales of ¥129,362 million (up 5.4% from the previous fiscal year), operating income of ¥5,821 million (down 26.7% from the previous fiscal year), recurring income of ¥6,185 million (down 22.0% from the previous fiscal year), and net income of ¥3,363 million (down 55.3% from the previous fiscal year).

Consolidated performance for year ended March 2008

(April 1, 2007 – March 31, 2008)
(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 2008	129,362	5.4	5,821	(26.7)	6,185	(22.0)
Fiscal year ended March 2007	122,761	20.8	7,944	32.2	7,934	39.2

	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 2008	3,363	(55.3)	154.66	154.56	7.5	6.0	4.5
Fiscal year ended March 2007	7,528	98.3	351.15	351.11	19.2	8.6	6.5

Note: % shows change from previous term
For reference: Investment gain or loss under equity method
Year ended March 2008: – million yen
Year ended March 2007: 146 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 2008	101,894	45,299	44.4	2,081.01
Fiscal year ended March 2007	103,974	44,596	42.9	2,049.46

For reference: Shareholders' equity
Year ended March 2008: 45,250 million yen
Year ended March 2007: 44,567 million yen

(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 2008	13,004	(15,655)	2,565	3,877
Fiscal year ended March 2007	10,497	(8,878)	(1,600)	4,185

Outlook for Fiscal 2009

Consolidated Basis

	Sales	Operating Income	Recurring Income	Net Income
For the year ended March 2009	134,000	5,200	5,500	3,300
For the year ended March 2008	129,362	5,821	6,185	3,363
Increase / (decrease)	4,637	(621)	(685)	(63)
Rate of increase / (decrease)	3.6%	(10.7%)	(11.1%)	(1.9%)

(Millions of Yen)

Overall, uncertainties remain given concerns affecting Japanese and overseas economies, including trends in crude oil prices and raw material costs, as well as exchange rate fluctuations. In this environment, we expect demand from auto manufacturers and automotive parts manufacturers, our main customers, to rise globally, although the rate of growth will slow. In contrast, income will be reduced by higher depreciation expenses associated with the tax amendments.

In the environment, sales are projected to be ¥134,000 million (up 3.6% year on year). We expect sales in the Aluminum Business and Proprietary Products Business to remain level, while sales in the Die Casting Business will continue to rise. 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 ¥5,200 million (down 10.7%) and ¥5,500 million (down 11.1%) 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 (¥700 million) following a tax revision. As a consequence, net income is expected to fall to ¥3,300 million (down 1.9%).

The consolidated forecasts are calculated based on the following exchange rates: ¥105 against the US dollar, ¥14.5 against the renminbi and ¥10 against the peso.

Consolidated Balance Sheets

(Assets)		Millions of yen Fiscal year ended March 31 2007		2008		Thousands of U.S. dollars Fiscal year ended March 31 2008
Current Assets						
Cash and time deposits			¥ 4,451		¥ 3,962	$ 39,546
Trade notes and accounts receivable			32,684		30,174	301,146
Merchandise			28		21	211
Products			2,930		3,290	32,839
Raw materials			2,393		2,645	26,403
Partly finished goods			4,669		4,452	44,437
Inventories			651		696	6,949
Advances			47		39	394
Pre-paid expenses			147		92	925
Deferred tax assets			1,077		903	9,017
Short-term loans			2		1	18
Accounts receivable			550		315	3,150
Income taxes and other taxes receivable			147		280	2,799
Consumption tax receivable			176		230	2,297
Other current assets			138		297	2,972
Allowance for doubtful accounts			(9)		(14)	(141)
Total Current Assets			50,087		47,391	472,968
Fixed Assets						
Tangible fixed assets	＊2					
Buildings and structures		18,086		18,695		186,586
Accumulated depreciation		9,283	8,803	9,550	9,145	(95,311)
Machinery and delivery equipment		58,352		60,904		607,828
Accumulated depreciation		38,549	19,802	40,329	20,574	(402,491)
Tools, equipment, and furniture		20,533		24,001		239,536
Accumulated depreciation		16,135	4,398	19,295	4,705	(192,573)
Land			6,367		6,078	60,663
Construction in progress			4,410		6,264	62,516
Total Tangible Fixed Assets			43,782		46,768	466,753
Intangible fixed assets						
Goodwill			455		297	2,965
Other			566		579	5,787
Total Intangible Fixed Assets			1,021		877	8,752
Investments and other assets						
Investments in securities	＊1,2		7,974		6,034	60,229
Long-term loans			2		1	17
Capital investments			0		0	3
Long-term prepaid loans			24		14	147
Deferred tax assets			305		351	3,510
Other			795		474	4,734
Allowance for doubtful accounts			(19)		(20)	(206)
Total Investments and Other Assets			9,082		6,857	68,436
Total Fixed Assets			53,886		54,503	543,943
Total Assets			¥103,974		¥101,894	$1,016,911

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 ¥100.20 to $1.00, the exchange rate prevailing at March 31, 2008. 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)		2007	2008	2008
Current Liabilities				
Notes and accounts payable		¥ 28,321	¥ 26,977	$ 269,232
Short-term loans		4,299	5,514	55,031
Current portion of long-term loans	＊2	3,846	3,411	34,050
Current portion of bonds	＊2	300	700	6,986
Accrued expenses		1,800	1,589	15,867
Accrued income taxes		1,796	1,113	11,113
Accrued consumption taxes		173	384	3,834
Bonus allowances		1,316	1,474	14,714
Directors' bonus allowances		52	42	419
Facilities-related bills payable		2,661	821	8,203
Other current liabilities		2,955	2,259	22,550
Total Current Liabilities		47,523	44,288	442,002
Long-term Liabilities				
Corporate bonds		700	—	—
Long-term loans	＊2	2,612	4,818	48,085
Deferred tax liabilities		4,290	3,132	31,265
Allowances for employees' retirement benefits		2,552	3,168	31,623
Allowances for directors' retirement benefits		219	196	1,956
Long-term accrued payments		36	34	343
Negative goodwill		1,351	903	9,013
Other long-term liabilities		91	52	528
Total Long-Term Liabilities		11,854	12,306	122,814
Total Liabilities		59,377	56,594	564,817
(Net Assets)				
Shareholders' Equity				
Common stock		5,117	5,117	51,073
Additional paid-in capital		8,359	8,361	83,452
Retained earnings		28,208	31,072	310,100
Treasury stock		(53)	(57)	(570)
Total Shareholders' Equity		41,632	44,494	444,055
Revaluation / Translation Differences				
Difference on revaluation of other marketable securities		3,045	1,883	18,794
Foreign currency translation adjustments		(111)	(1,126)	(11,245)
Total Revaluation / Translation Differences		2,934	756	7,548
Share Warrants		29	49	489
Total Net Assets		44,596	45,299	452,093
Total Liabilities and Net Assets		¥103,974	¥ 101,894	$1,016,911

Consolidated Income Statements

	Millions of yen				Thousands of U.S. dollars
	April 1, 2006 through March 31, 2007		April 1, 2007 through March 31, 2008		April 1, 2007 through March 31, 2008
Sales		¥ 122,761		¥ 129,362	$ 1,291,040
Cost of Goods Sold		105,648		113,165	1,129,396
Gross Profit		17,112		16,196	161,643
Selling, General and Administrative Expenses					
Transportation expenses	2,065		2,486		24,811
Salaries and bonuses	2,161		2,312		23,077
Retirement and severance expenses	272		263		2,625
Provision for bonuses	245		304		3,034
Provision for bonuses for directors	52		42		422
Provision for retirement benefits for directors	2		4		42
Allowance for depreciation	115		187		1,872
Research and development expenses ∗1	1,154		1,271		12,687
Provision for allowance for doubtful accounts	23		19		189
Other expenses	3,074	9,168	3,484	10,375	34,778
Operating Income		7,944		5,821	58,100
Non-operating Income					
Interest income	16		24		243
Dividends received	229		179		1,793
Amortization of negative goodwill	398		448		4,473
Income on investments in equity method affiliates	146		—		—
Rental income	50		59		590
Compensation for dies	89		—		—
Other	196	1,126	217	928	2,166
Non-operating Expenses					
Interest expenses	308		332		3,315
Expenses from processing returned goods due to manufacturing defects	351		—		—
Loss on disposal of inventories	203		143		1,433
Other	272	1,137	89	564	888
Recurring Income		7,934		6,185	61,729
Extraordinary Gains					
Gain on the sale of fixed assets ∗2	4,339		596		5,949
Gain on the sale of investments in securities	0		12		126
Gain of the sale of stock of affiliates	297		59		597
Revenue of government subsidies	24		—		—
Gain on insurance adjustment	—		0		1
Other	8	4,670	0	669	2
Extraordinary Losses					
Loss on the sale of fixed assets ∗3	203		218		2,182
Loss from the write-down of securities	—		0		2
Retirement and severance benefits	4		1		17
Impairment loss ∗4	104		14		145
Advanced depreciation deduction of fixed assets	18		—		—
Product compensation cost ∗5	—		600		5,994
Accident benefits	—		165		1,655
Other	—	331	60	1,061	598
Income before Income Taxes and Others		12,274		5,792	57,810
Income taxes and enterprise taxes	3,053		2,557		25,522
Deferred income taxes	1,612	4,666	(127)	2,429	(1,276)
Gain (loss) on minority interests in consolidated subsidiaries		79		—	—
Net Income		¥ 7,528		¥ 3,363	$ 33,564

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

For the consolidated fiscal year under review (April 1, 2007 through March 31, 2008) (Millions of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balances at March 31, 2007	5,117	8,359	28,208	(53)	41,632
Changes					
Dividends paid			(500)		(500)
Net income			3,363		3,363
Purchase of Treasury stock				(6)	(6)
Disposal of Treasury stock		2		2	4
Changes (net) in non-shareholders' equity item					
Total changes	**—**	**2**	**2,863**	**(4)**	**2,861**
Balances at March 31, 2008	**5,117**	**8,361**	**31,072**	**(57)**	**44,494**

	Revaluation / translation differences				
	Difference on revaluation of other marketable securities	Foreign currency translation adjustments	Total revaluation / translation differences	Share warrants	Total net assets
Balances at March 31, 2007	3,045	(111)	2,934	29	44,596
Changes					
Dividends paid					(500)
Net income					3,363
Purchase of Treasury stock					(6)
Disposal of Treasury stock					4
Changes (net) in non-shareholders' equity item	**(1,162)**	**(1,015)**	**(2,177)**	**19**	**(2,158)**
Total changes	**(1,162)**	**(1,015)**	**(2,177)**	**19**	**703**
Balances at March 31, 2008	**1,883**	**(1,126)**	**756**	**49**	**45,299**

Consolidated Statements of Cash Flows

	Millions of yen		Thousands of U.S. dollars
	April 1, 2006 through March 31, 2007	April 1, 2007 through March 31, 2008	April 1, 2007 through March 31, 2008
Cash Flows from Operating Activities			
Income before income taxes	¥ 12,274	¥ 5,792	$ 57,810
Depreciation and amortization	7,364	10,146	101,258
Impairment losses	104	14	145
Amortization of goodwill and negative goodwill	(242)	(290)	(2,898)
Increase/(decrease) in allowances for doubtful accounts	20	5	57
Increase/(decrease) in allowances for bonuses	(70)	158	1,577
Increase/(decrease) in allowances for directors' bonuses	52	(10)	(107)
Increase/(decrease) in allowances for employees' retirement benefits	(3)	616	6,148
Increase/(decrease) in allowances for directors' retirement benefits	(29)	(23)	(235)
Increase/(decrease) in prepaid pension expenses	(61)	48	486
Interest and dividend income	(246)	(204)	(2,036)
Interest expenses	308	332	3,315
Income from investments in equity method affiliates	(146)	–	–
Proceeds from sales of tangible fixed assets	(4,339)	(596)	(5,949)
Proceeds from sales of investment securities	(0)	(12)	(126)
Gain of the sale of stock of affiliates	(297)	(59)	(597)
Revenue of government subsidies	(24)	–	–
Losses from sales of tangible fixed assets	203	216	2,158
Advanced depreciation deduction of tangible fixed assets	18	–	–
Losses from revaluation of investment securities	–	0	2
(Increase)/decrease in notes and accounts receivable	(6,572)	2,181	21,770
(Increase)/decrease in inventories	(1,689)	(560)	(5,594)
Increase/(decrease) in notes and accounts payable	5,354	(1,211)	(12,093)
Increase/(decrease) in accrued consumption taxes and others	(47)	156	1,564
Bonus paid to directors	(35)	–	–
Other	1,503	(332)	(3,314)
Subtotal	13,398	16,366	163,342
Interest and dividends received	249	212	2,116
Interest paid	(358)	(331)	(3,306)
Income taxes paid	(2,820)	(3,381)	(33,748)
Income taxes refunded	28	138	1,383
Cash Flows from Operating Activities	10,497	13,004	129,787
Cash Flows from Investing Activities			
Payment into time deposits	(232)	(185)	(1,856)
Proceeds from refund of time deposits	407	358	3,579
Expenditures from purchases of investment securities	(23)	(26)	(264)
Proceeds from sales of marketable securities	0	13	136
Expenditures from purchases of subsidiary shares	(401)	–	–
Proceeds from the acquisition of a subsidiary's stock accompanied by a change in the scope of consolidation	364	–	–
Expenditures from purchases of tangible fixed assets	(13,939)	(17,096)	(170,622)
Proceeds from sales of tangible fixed assets	4,481	1,369	13,663
Expenditures from loans	(1)	(54)	(538)
Proceeds from collection of loans	4	54	547
Other	460	(88)	(887)
Cash Flows from Investing Activities	(8,878)	(15,655)	(156,242)
Cash Flows from Financing Activities			
Proceeds from short-term loans	15,357	71,440	712,982
Repayment of short-term loans	(15,219)	(70,065)	(699,257)
Proceeds from long-term debt	175	6,451	64,381
Repayment of long-term debt	(1,411)	(4,408)	(43,992)
Redemption of corporate bonds	–	(300)	(2,994)
Proceeds from sale of treasury stock	107	0	0
Payments for purchase of treasury stock	(8)	(6)	(63)
Dividends paid	(564)	(498)	(4,978)
Other	(35)	(47)	(473)
Cash Flows from Financing Activities	(1,600)	2,565	25,604
Effect of Exchange Rate Changes on Cash and Cash Equivalents	98	(223)	(2,227)
Net Increase/(Decrease) in Cash and Cash Equivalents	116	(308)	(3,078)
Cash and Cash Equivalents at Beginning of Year	2,754	4,185	41,775
Increase in Cash and Cash Equivalents at Consolidated Subsidiaries	1,315	–	–
Cash and Cash Equivalents at End of Period	¥ 4,185	¥ 3,877	$ 38,697

Notes to Consolidated Financial Statements

1. Scope of consolidation

• Previous 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).

• Current consolidated fiscal year (April 1, 2007 to March 31, 2008)

Consolidated subsidiaries consist of 16 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, 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.

Ahresty Light Metal Corporation was merged with the Company and became a division of the Toyohashi Plant on October 1, 2007, and was therefore excluded from the scope of consolidation.

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, 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.

• Current consolidated fiscal year (April 1, 2007 to March 31, 2008)

There are no non-consolidated subsidiaries accounted for using the equity method. There are no affiliates.

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, 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, 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.

• Current consolidated fiscal year (April 1, 2007 to March 31, 2008)

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., 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.

Notes to Consolidated Financial Statements

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

The 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

The 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 50 years

Machinery and delivery equipment — 3 to 15 years

Tools, equipment, and furniture — 2 to 20 years

(Change of accounting policies)

Starting the fiscal year under review, the Company and its domestic consolidated subsidiaries depreciate tangible fixed assets acquired after April 1, 2007 under the revised Corporation Tax Law.

As a result of the change, operating income, recurring income, and income before income taxes and other items each fell ¥738 million.

The effects of the change on segment information are described in the segment information segment.

(Additional information)

In association with the revision of the Corporation Tax Law, the Company and its domestic consolidated subsidiaries depreciate equally over five years the difference between 5% of the acquisition cost and memorandum price of assets acquired before March 31, 2007 from the fiscal year, following the year in which the depreciated value reached 5% of the acquisition cost under the Corporation Tax Law prior to the revision.

As a result of the change, operating income, recurring income, and income before income taxes and other items each declined ¥211 million.

The effects of the change on segment information are described in the segment information segment.

(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

The 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)

Starting the fiscal year under review, retirement benefit obligations in Ahresty Tochigi Corp., which were previously calculated using a simplified method, are computed using a general rule.

As the number of employees in Ahresty Tochigi increased, a certain level of effectiveness was obtained in estimates of actuarial assumptions used for the calculation of retirement benefit obligations. As a result, the Company determined that calculations using the general rule are highly reliable.

In association with the change, a difference of ¥600 million between calculations using the simplified method and those using the general method was posted in extraordinary losses as retirement and severance expenses.

(e) Allowances for directors' retirement benefits

The 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 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.

Notes to Consolidated Financial Statements

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

(Practical guidelines for tax effect accounting in consolidated financial statements)
In association with the revision of the Practical Guidelines for Tax Effect Accounting in Consolidated Financial Statements (Japanese Institute of Certified Public Accountants Accounting System Committee Report No. 6) on March 29, 2007, the Company adopted the revised guidelines for the fiscal year under review. The Company reversed deferred tax assets related to the elimination of unrealized gains from the sale of shares in consolidated subsidiaries and posted them in adjustment for corporate and other taxes.
As a result of the change, net income for the fiscal year fell ¥74 million compared with that calculated under the guidelines prior to the revision.

Notes on Consolidated Balance Sheets

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

	As of March 31, 2007	As of March 31, 2008
Investments in securities (share)	¥616 million	¥612 million

＊2. Pledged assets

As of March 31, 2007, in regard to tangible fixed assets and marketable securities, the following assets 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, 2008, they are held in pledge for long-term loans (including long-term loans to be repaid within one year) of ¥5,793 million (including ¥123 million for factory foundations).

	As of March 31, 2007	As of March 31, 2008
Buildings and structures	¥435 million	¥131 million
Machinery and delivery equipment	¥274 million	¥495 million
Tools, equipment, and furniture	¥3 million	¥— million
Land	¥502 million	¥108 million
Investments in securities	¥1,056 million	¥1,869 million
Total	¥2,271 million	¥2,604 million

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

Buildings and structures	¥435 million	¥131 million
Machinery and delivery equipment	¥274 million	¥495 million
Tools, equipment, and furniture	¥3 million	¥— million
Land	¥502 million	¥108 million
Total	¥1,215 million	¥735 million

3. Bills receivable endorsement transfer were ¥4 million as of March 31,2007, and ¥3 million as of March 31, 2008.

Notes on Consolidated Income Statements

*1. Research and development expenses included in the administrative expenses were ¥1,154 million as of March 31, 2007, and ¥1,271 million as of March 31, 2008. 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, 2007
Machinery and delivery equipment	¥2 million
Tools, equipment, and furniture	¥2 million
Land	¥4,335 million
Total	¥4,339 million

	As of March 31, 2008
Machinery and delivery equipment	¥4 million
Tools, equipment, and furniture	¥0 million
Land	¥591 million
Total	¥596 million

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

	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

	As of March 31, 2008
Building and structures	¥59 million
Machinery and delivery equipment	¥134 million
Tools, equipment, and furniture	¥21 million
Others	¥2 million
Total	¥218 million

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

(a) Outline

Use	Factory (Unused foundation work)
Type	Construction in progress
Location	Nishi-ku,Hamamatsu-shi,Shizuoka

(b) Breakdown by property type

Construction in progress	¥14 million
Total	¥14 million

(c) Background

Foundation work in preparation for additions to a plant will not in fact be used in the future because of a shift of production to overseas production bases. The entire book value of the foundation work was therefore posted as an impairment loss in extraordinary loss.

(d) Method for calculating a recoverable amount

A recoverable amount is valued using a net sale value and based on anticipated sale proceeds.

*5. Retirement and severance expenses

The amount of expense appropriated in association with a consolidated subsidiary (Ahresty Tochigi) changing the method of calculating retirement benefit liabilities from a simple method to the standard method.

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.

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

Fiscal year under review (from April 1, 2007 to March 31, 2008)

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)	21,778,220	–	–	21,778,220
Total	21,778,220	–	–	21,778,220
Treasury stock				
Common stock (Notes 2 and 3)	32,313	2,645	1,400	33,558
Total	32,313	2,645	1,400	33,558

Notes: 1. The number of shares of treasury stock increased as a result of fractional share repurchases.
2. The number of shares of treasury stock fell with the exercise of stock options.

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	–	–	–	–	–	49
Total		–	–	–	–	–	49

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 May 14, 2007	Common share	304	14	March 31, 2007	June 25, 2007
Meeting of the Board of Directors on November 14, 2007	Common share	195	9	September 30, 2007	December 14, 2007

(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, 2008	June 9, 2008

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, 2007	As of March 31, 2008
Cash on hand and with banks	¥4,451 million	¥3,962 million
Fixed-term deposits over 3 months	(¥266 million)	(¥85 million)
Cash and cash equivalents	¥4,185 million	¥3,877 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, 2007)

	Type	Acquisition Cost	Consolidated Balance Sheet Amount	Difference
		(¥ millions)	(¥ millions)	(¥ 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	Consolidated Balance Sheet Amount	Difference
		(¥ millions)	(¥ millions)	(¥ 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

Notes to Consolidated Financial Statements

Current consolidated fiscal year (March 31, 2008)

	Type	Acquisition Cost (¥ millions)	Consolidated Balance Sheet Amount (¥ millions)	Difference (¥ millions)
Consolidated balance sheet amount is above acquisition cost	1. Share	1,758	5,145	3,387
	2. Bonds	—	—	—
	3. Other	—	—	—
	Subtotal	1,758	5,145	3,387
	Type	**Acquisition Cost (¥ millions)**	**Consolidated Balance Sheet Amount (¥ millions)**	**Difference (¥ millions)**
Consolidated balance sheet amount is below acquisition cost	1. Share	91	75	(15)
	2. Bonds	—	—	—
	3. Other	—	—	—
	Subtotal	91	75	(15)
	Total	1,849	5,221	3,371

Notes : The Company wrote down 0 million yen in investment securities (0 million yen in other securities having market value) in the fiscal year under review.
In principle, the Company posts asset impairment when the market value at the end of the term fell 50% or more from the acquisition cost. If the market value declines 30-50%, the Company writes down the necessary amount, considering the possibility of restoration, among other factors.

4. Other marketable securities sold within the consolidated fiscal year

	Previous consolidated fiscal year (From April 1, 2006 to March 31, 2007)	Current consolidated fiscal year (From April 1, 2007 to March 31, 2008)
Sold amount (¥ millions)	0	13
Total profit on sales (¥ millions)	0	12
Total loss on sales (¥ millions)	—	—

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

	Consolidated balance sheet amount (¥ millions)	
	As of March 31, 2007	As of March 31, 2008
Other marketable securities		
Unlisted stock	195	194
Other	6	6

Note : The Company wrote down 0 million yen in investment securities (0 million yen in other securities having unlisted shares) in the fiscal year under review.

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. Some of its subsidiaries in Japan and 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, 2007)	Current consolidated fiscal year (March 31, 2008)
(1) Retirement benefit liabilities	(6,046)	(7,110)
(2) Pension assets	2,237	2,530
(3) Non-reserved retirement benefit liabilities (1)+(2)	(3,809)	(4,580)
(4) Unrecognized mathematical difference	550	774
(5) Unrecognized past service liabilities (reduction in liabilities)	815	712
(6) Net consolidated balance sheet amount (3)+(4)+(5)	(2,427)	(3,092)
(7) Prepaid pension cost	124	75
(8) Allowances for employees' retirement benefits (6)−(7)	(2,552)	(3,168)

Note: The domestic consolidated subsidiaries except Ahresty Tochigi applies a simple method for calculating retirement benefit liabilities. Ahresty Tochigi changed the simple method to the standard method in the fiscal year under review.

3. Breakdown of retirement and severance expenses

(¥ millions)	Previous consolidated fiscal year (From April 1, 2006 to March 31, 2007)	Current consolidated fiscal year (From April 1, 2007 to March 31, 2008)
(1) Business expenses	548	915
(2) Interest expenses	88	118
(3) Expected interest income	(43)	(62)
(4) Provisional premium severance pay	3	22
(5) Treatment of mathematical difference	78	80
(6) Treatment of past service liabilities	90	102
(7) Amount of expense appropriated in association with the change to the standard method	—	600
Total	765	1,777

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 (¥67 million for the previous consolidated fiscal year, ¥89 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 (¥272 million for the previous consolidated fiscal year, ¥358 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 ¥5,136 million for the previous consolidated fiscal year, and ¥5,846 million for the current consolidated fiscal year.
4. A domestic consolidated subsidiary (Ahresty Tochigi) changed the method of calculating retirement benefit liabilities from a simple method to the standard method in the fiscal year under review. The amount of expense appropriated in association with the change is posted in extraordinary loss (retirement and severance expenses).

4. Calculation basis for retirement and severance liabilities

	Previous consolidated fiscal year (March 31, 2007)	Current consolidated fiscal year (March 31, 2008)
(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%	3.5〜4.4%
(4) Period for the amount of past service liabilities	10 years	10 years
(5) Period for mathematical difference	15 years	15 years

Notes on Stock Option

Fiscal year under review (from April 1, 2007 to March 31, 2008)

1. The amount and account of expenses related to stock options for the fiscal year under review
   Selling, general and administrative expenses: ¥24 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

	2007 stock options
Position and number of persons granted stock options	Directors of the Company: four persons Corporate auditors of the Company: Two persons
Number of stock options by share type (Note)	Common shares: 11,000 shares
Grant date	August 10, 2007
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 August 11, 2007 To August 10, 2037

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, 2008). The number of stock options is converted to the number of shares.

a. Number of stock options

	2006 stock options	2007 stock options
Before vesting date (number of share)		
At end of previous fiscal year	8,600	—
Granted	—	11,000
Expired	—	—
Vested	1,400	—
Not yet vested	7,200	11,000
After vesting date (number of share)		
At end of previous fiscal year	—	—
Vested	1,400	—
Exercise of rights	1,400	—
Expired	—	—
Unexercised	—	—

b. Unit price information

	2006 stock options	2007 stock options
Exercise price (yen)	1	1
Average stock price at time of exercise (yen)	2,940	—
Fair unit value on grant date (yen)	3,418	2,219

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

The method for estimating the fair unit value of 2007 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

	2007 stock options
Stock price volatility (Note 1)	50%
Estimated remaining period (Note 2)	15 years

	2007 stock options
Projected dividend (Note 3)	23 yen / share
Risk-free interest rate (Note 4)	2.03%

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, 2007.
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, 2007) (¥ millions)	Current consolidated fiscal year (March 31, 2008) (¥ millions)
Deferred tax assets		
Accrued expenses	67	77
Excess deductible amount in allowances for employees' retirement benefits	1,016	1,295
Excess deductible amount in bonus allowances	534	598
Accrued enterprise tax	182	110
Unrealized profits for inventories	102	80
Unrealized profits for fixed assets	406	255
Impairment loss on land	315	12
Loss carried forward	60	334
Other	423	409
Deferred tax assets subtotal	3,108	3,175
Allowance account	(580)	(794)
Deferred tax assets total	2,528	2,381
Deferred tax liabilities		
Property replacement reserve	(1,614)	(1,643)
Payable assets special accounts reserve	(188)	—
Special depreciation reserve	(85)	(71)
Fixed assets reserve	(151)	(151)
Adjusted allowance for doubtful accounts	(1)	(2)
Net unrealized gains on securities	(2,171)	(1,373)
Prepaid pension experses	(84)	(56)
Other	(1,139)	(960)
Deferred tax liabilities total	(5,437)	(4,258)
Net deferred tax assets (liabilities)	(2,908)	(1,877)

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, 2007) (%)
Statutory effective tax rate	40.7
(adjustments)	
Items that will never be included as losses, such as entertainment expenses	0.2
Items that will never be included as profits, such as dividend revenue	(1.5)
Per capita residential tax	0.3
Amortization of goodwill and negative goodwill	(0.8)
Income on investment in equity method affiliates	(0.5)
Tax deduction for experiment and research	(0.4)
Tax deduction for information and communication equipment	—
Tax deduction for education and training	(0)
Other	—
Burden ratio of corporate tax after application of deferred tax accounting	38.0

Note : In the fiscal year under review (ending March 31, 2008), the difference between the statutory effective tax rate and the corporate tax burden rate after the application of deferred tax accounting was not more than 5% of the statutory effective tax rate. Notes are therefore omitted.

Overseas sales

	Previous consolidated fiscal year (From April 1, 2006 to March 31, 2007)			Current consolidated fiscal year (From April 1, 2007 to March 31, 2008)		
	North America	Other Areas	Total	North America	Other Areas	Total
I. Overseas sales (¥ millions)	15,913	2,907	18,820	13,629	4,302	17,931
II. Consolidated sales (¥ millions)			122,761			129,362
III. Ratio of overseas sales against consolidated sales (%)	13.0	2.4	15.3	10.5	3.3	13.9

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.

Fiscal year under review (from April 1, 2007 to March 31, 2008)

N/A

Per-Share Information

	Previous consolidated fiscal year (From April 1, 2006 to March 31, 2007)	Current consolidated fiscal year (From April 1, 2007 to March 31, 2008)
Net assets amount per share	2,049.46 yen	2,081.01 yen
Current net income per share	351.15 yen	154.66 yen
Fully diluted net income per share	351.11 yen	154.56 yen

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, 2006 to March 31, 2007)	Current consolidated fiscal year (From April 1, 2007 to March 31, 2008)
Current net income per share		
Current net income (¥ millions)	7,528	3,363
Amount not attributed to common shareholders (¥ millions)	–	–
Net income from common stock (¥ millions)	7,528	3,363
Average number of outstanding shares (number of share)	21,438,430	21,745,663
Fully diluted net income per share		
Net income adjustment (¥ millions)	–	–
Increase in number of common shares (number of share)	2,874	14,573
(Of the above, share warrants)	(2,874)	(14,573)
Summary of potential shares of common stock not included in the calculation of diluted net income because they do not have a dilutive effect	–	–

Important Subsequent Events

• Current consolidated fiscal year (April 1, 2007 to March 31, 2008)

(Acquisition of treasury stock)

To implement agile capital policy in response to changes in the business environment, the Company adopted at a Board of Directors meeting held on May 14, 2008 a resolution to acquire treasury stock and to specify an acquisition method.
Details of the Board of Directors resolution about the acquisition of treasury stock are as follows:

(i) Type of stock to be acquired
Common stock of the Company
(ii) Number of shares to be acquired
200,000 shares (maximum)
(iii) Period of acquisition
From May 15, 2008 to August 31, 2008
(iv) Total acquisition price
300 million yen (maximum)
(v) Acquisition method
Acquisition in the market

Notes to Consolidated Financial Statements

Current status of production, orders received, and sales

(1) Production results

Production results by business segment for the past two consolidated fiscal years are shown below.

Business segment	Previous consolidated fiscal year (From April 1, 2006 to March 31, 2007) Amount (¥ millions)	Current consolidated fiscal year (From April 1, 2007 to March 31, 2008) Amount (¥ millions)	Increase / (decrease) %
Die Casting Business	89,712	104,934	17.0
Aluminum Business	7,960	8,810	10.7
Proprietary Products Business	381	938	146.2
Total	98,054	114,683	17.0

Notes: 1. Monetary amounts are based on manufacturing costs, as available prior to inter-segment eliminations.
2. Consumption tax is not included in these amounts.
3. Production in the Proprietary Products Business rose sharply in the fiscal year under review primarily because Guangzhou Ahresty Casting began manufacturing floor panels.

(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 past two consolidated fiscal years are shown below.

Business segment	Previous consolidated fiscal year (From April 1, 2006 to March 31, 2007) Amount (¥ millions)	Current consolidated fiscal year (From April 1, 2007 to March 31, 2008) Amount (¥ millions)	Increase / (decrease) %
Die Casting Business	109,528	116,625	6.5
Aluminum Business	7,806	7,700	(1.4)
Proprietary Products Business	5,426	5,036	(7.2)
Total	122,761	129,362	5.4

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, 2006 to March 31, 2007)		Current consolidated fiscal year (From April 1, 2007 to March 31, 2008)	
	Amount (¥ millions)	%	Amount (¥ millions)	%
Honda Motor Co., Ltd.	19,147	15.6	21,817	16.9
Suzuki Motor Corporation	15,241	12.4	16,350	12.6

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

Corporate Data

Corporate Profile (As of March 31, 2008)

Company name	Ahresty Corporation	Paid-in capital	¥5,117.59 million
Date of establishment	November 2, 1943	Number of employees	(Consolidated) 3,628 (Non-Consolidated) 1,042

Management

■Board Directors and Auditors (As of June 24, 2008)

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

Investor Information

Stock Information (As of March 31, 2008)

●Number of Shares and Shareholders

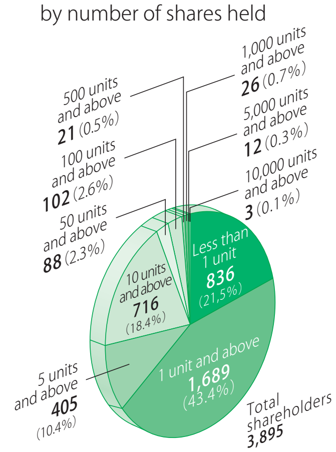
Authorized shares	60,000,000 shares
Issued shares	21,778,220 shares
Shareholders	3,895

●Major Shareholders (Top 10)

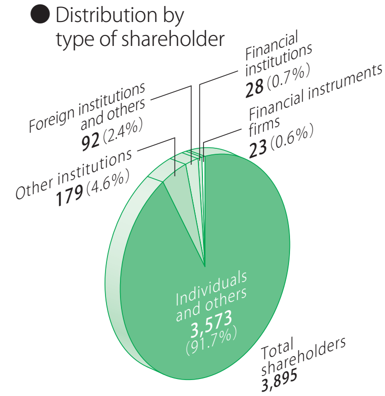
Name	Number of shares (Unit:1,000 shares)
Morgan Stanley & Co., Inc.	1,390
Japan Trustee Services Bank. Ltd. Corporate Trust Account	1,142
Toshie Takahashi	1,075
Morgan Stanley & Company International PLC	909
Bank of Tokyo-Mitsubishi UFJ, Ltd.	765
The Master Trust Bank of Japan, Ltd. Corporate Trust Account	734
Honda Motor Co., Ltd.	672
Nippon Light Metal Co., Ltd.	657
Suzuki Motor Corporation	565
Mizuho Corporate Bank, Ltd.	544

Stock Distribution

●Distribution by number of shares held



●Distribution by type of shareholder



Ahresty

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