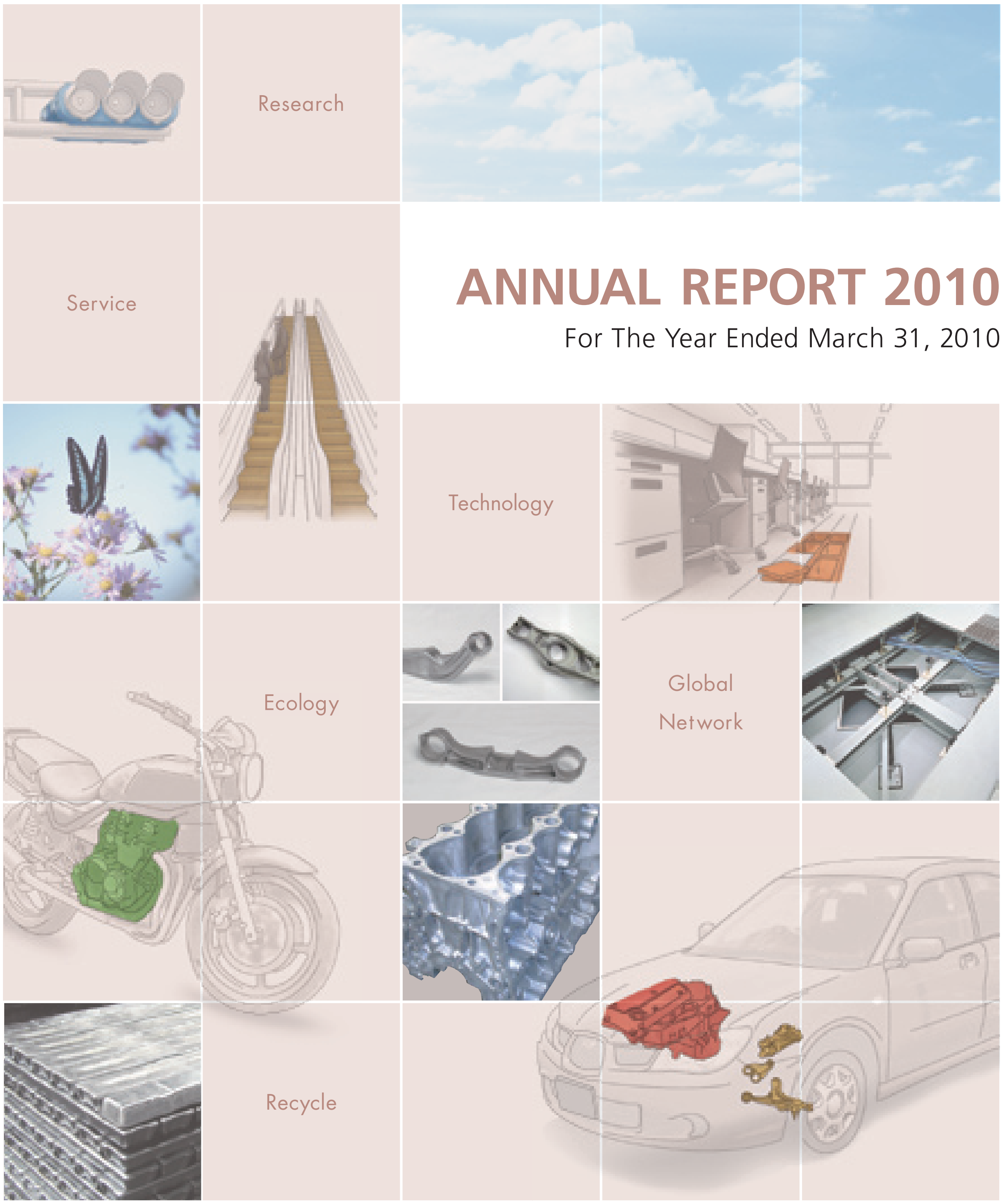
Casting Our Eyes on the Future

ANNUAL REPORT 2010

For The Year Ended March 31, 2010

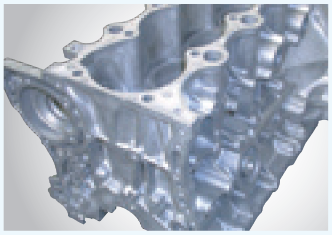


Ahresty

Committed to
Research, Service, Technology

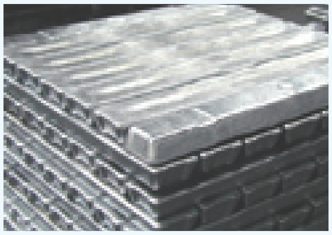
Ahresty is a phonetic representation of the three letters, RST, signifying the integration of Research, Service and Technology. "R" signifies research and development as well as the resolve to create and explore which enables us to better serve our customers; "S" goes beyond the quality of our products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

Our Business



Die Castings

We leverage our advanced technology to produce powertrain parts, suspension-related parts and body parts of automobiles.



Aluminum Alloy Ingots

We produce high-quality aluminum alloy ingots from various materials including cans, window sashes and aluminum scraps from automobiles.

Proprietary Products

We develop and supply products that meet the latest demand, including needs of computer rooms and clean rooms.

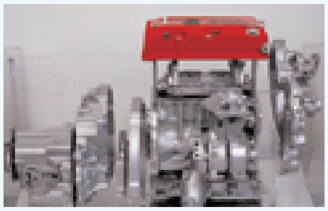
Contents

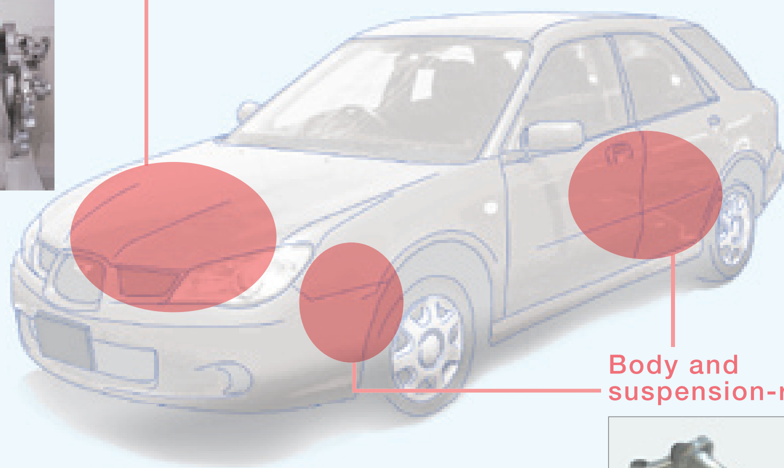
Ahresty is a leading company in the die casting industry.

Ahresty produces a broad lineup of die casting products, particularly automobile engines and transmissions. Following the downsizing of automobiles in recent years, Ahresty has been actively promoting the use of body parts and suspension-related parts that are produced using die-cast products.

Powertrain

- Engine
- Transmission





Body and suspension-related parts

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. (currently Ahresty Pretech Corporation)
Mar. 1963	Start of operations of Kyoto Die Casting Co., Ltd. Toyohashi Plant (currently Toyohashi Plant)
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)
Sep. 1976	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)
Jul. 1984	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)
Jun. 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. 2002	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

Topics

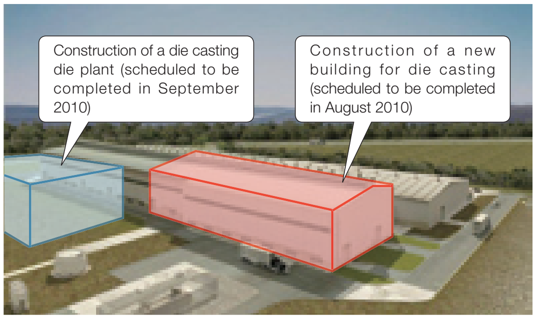
New processing plant established with die production plant to be relocated in Guangzhou

Following the expansion of the plant buildings and their facilities, the existing site of Guangzhou Ahresty reached the limit of its construction capacity. Consequently, a second plant has been built as a new processing plant on a nearby site. The new plant commenced operations in November 2009. As a result of this development, Guangzhou Ahresty has become a die casting production base that is as large as the main plant in Japan. In addition, to meet an anticipated increase in demand, Ahresty Precision Die Mold (Guangzhou) Co., Ltd., which has operated on the premises of Guangzhou Ahresty, is building a new plant in the Yonghe district. It is expected to relocate there in July 2010.

New plant of Ahresty Precision Die Mold (Guangzhou) Co., Ltd., construction of which has been completed

Expansion of Ahresty Mexicana, S.A. de C.V. and construction of new die casting die plant

Ahresty Mexicana, S.A. de C.V. will construct a new building for die casting and a new warehouse building as its fourth construction project to accommodate new orders and to strengthen its cost competitiveness. It is also constructing a new die casting die plant as part of its efforts to manufacture die casting die locally.



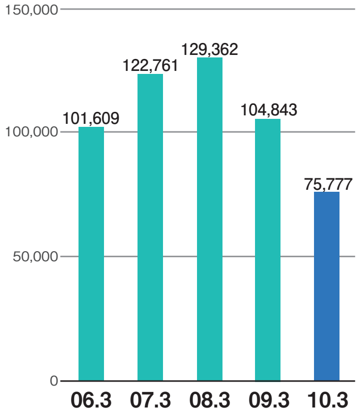
Second base of operations established in China

To further strengthen and expand its die casting business in the Asian market, Ahresty has decided to develop a second base of operations in China. At present, Ahresty deals with global demand for die casting mainly from Japanese automakers and parts manufacturers through its die casting production and sales bases in Japan, the United States, Mexico, China, and India. By flexibly responding to robust demand in the Chinese market, Ahresty is resolved to contribute to the benefits of its customers and strengthen its global competitiveness.

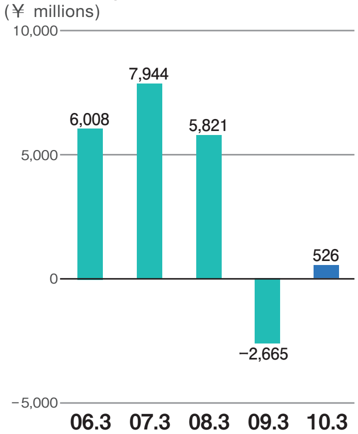
Summary
Hefei Ahresty Corporation (Provisional name)
Hefei Economic & Technological Development District Anhui China
Paid-in capital: 2 billion yen (projection)
Business content: Manufacturing and selling of die castings
Start of production: July, 2010 (estimated)

Consolidated Financial Highlights

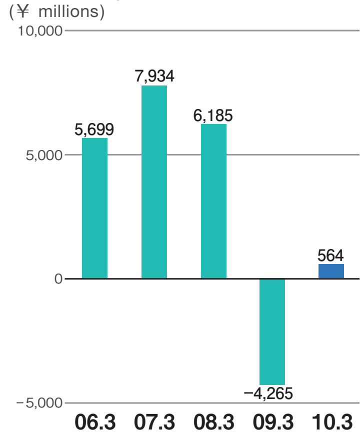
Sales
(¥ millions)



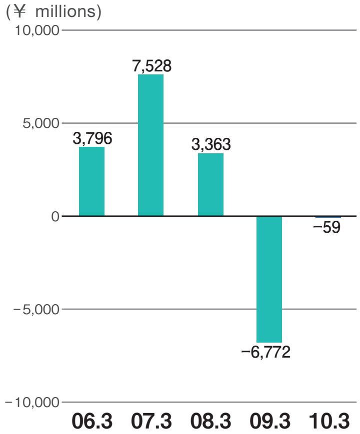
Operating income (loss)
(¥ millions)



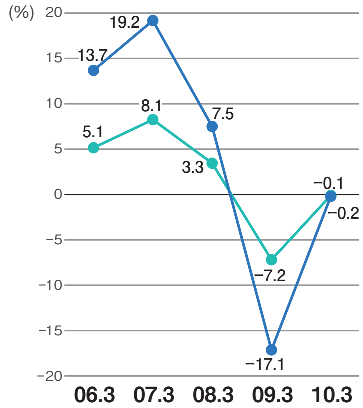
Recurring income (loss)
(¥ millions)



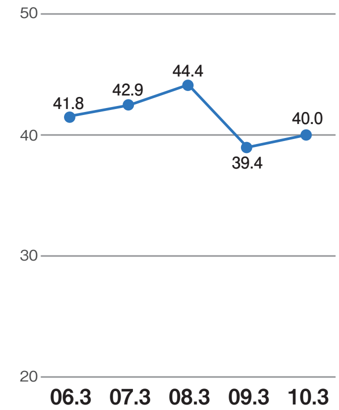
Net income (loss)
(¥ millions)



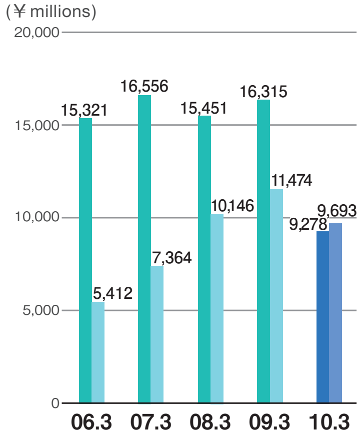
Return on equity (ROE)
Return on assets (ROA)



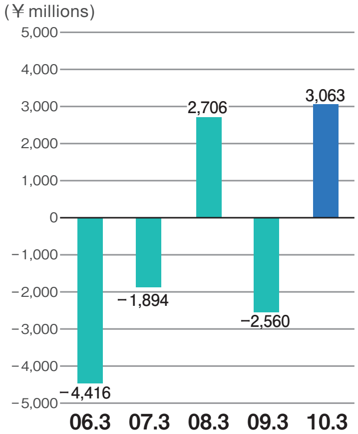
Equity ratio
(%)



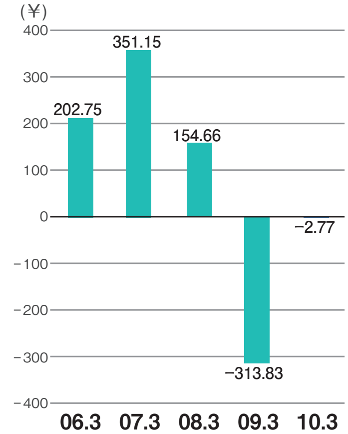
Capital expenditures*1
Depreciation*1
(¥ millions)



Free cash flow*2
(¥ millions)



Net income (loss) per share
(¥)



*1 Including expense of die mold
*2 Free cash flow = Cash flows from operating activities − Capital expenditures (excluding expense of die mold)

Becoming a Reliable Global Partner for Our Customers

In fiscal 2009, despite the weak economic environment that prevailed at the outset of the year, global production began to gradually rise from the second half, aided by stimulus packages adopted by governments around the world. However, Japanese production only just managed to surpass 70% of the peak level achieved in fiscal 2007. In this environment, we executed the emergency measures we have had in place since fiscal 2008. Principally because of these measures, we finally achieved operating income from the second half of the fiscal year. I would like to take this opportunity to express our gratitude to our stakeholders for the support and confidence you have shown in Ahresty.

Sweeping changes are now taking place in the demand structure. The developed economies of Europe and North America, previously the main sources of demand, have recently been struggling, while emerging economies such as China and India are enjoying significant growth. This new demand is characteristically different, and is focused mainly on compact cars, with price ranges that also differ from those of Western markets. In this environment, facing increasingly severe global competition, automakers have been accelerating their efforts to develop new production bases in emerging markets. Demand for automotive parts to improve their global competitiveness has also been rising. In the wake of the collapse of Lehman Brothers, the structure of demand in the automotive industry has been changing.

To respond to these changes in the operating environment, Ahresty minimized its capital outlays in Japan, while investing actively in China, Mexico, and India. As a result, production in China almost doubled in the second half of the fiscal year under review. Output in Mexico is also expected to surge approximately 90% in fiscal 2010, compared with the level of fiscal 2009. Meanwhile, production in India, where local production commenced in the second half of fiscal 2008, is set to more than double in fiscal 2010, compared with the fiscal 2009 level.

As demand in Japan is unlikely to grow significantly, we will continue to develop overseas facilities in locations where demand is likely to remain strong.

The key driving force for the Ahresty Group as it expands overseas is manufacturing. By bolstering the quality of all production processes in its facilities in Japan and elsewhere, the Group is determined to strengthen its capabilities to effectively produce products of high quality.

To achieve this goal, we have reviewed the management strategies that we established during the economic crisis in 2009, progressively replacing them with new three-year strategies that commence from fiscal 2010. Under these new strategies, we will focus on four main areas: (i) Strengthening our quality foundations; (ii) Developing our human resources; (iii) Establishing global operational standards; and (iv) Managing risk. While more time is likely to be required before the world economy returns to steady growth, we will aim to become a reliable global partner for our customers by developing our business foundations under these three-year management strategies.

As we pursue this approach, we hope that we can continue to count on the support and understanding of our stakeholders.

Arata Takahashi
President, CEO

10-12 Medium-Term Strategy

The quality-focused improvement of our business platform for a further leap forward

Based on the “Ahresty 10-Year Vision,” which set out our long-term management direction, we will establish an efficient production system in anticipation of expansion of Die Casting Business overseas especially in China and Mexico to meet growing global demand and contraction of domestic demand, and we will also make maximum use of our management resources to achieve the policy of quality-focused improvement of our business platform for a further leap forward included in the “10-12 3-year Ahresty Policy”. All our employees will take positive action and apply themselves 100 percent to attaining projections.

1 Quality-focused improvement of business platform for global leap forward

As a company that anticipates its customers’ needs, we aim to produce high quality products that are worthy of our customers’ trust and meet their expectations. To this end, we will take steps to improve quality control technologies and proprietary technologies to prevent the production and distribution of defective products in every process from design to shipment, and we will improve our business platform, making quality an integral part of all the processes with the aim of improving quality systems and increasing customer satisfaction.

2 Creation of professional development environment and autonomous growth

In a challenging age of intensifying global competition, we will create an environment in which all employees can develop as professionals, maintaining our Company’s high standards and contributing to the growth of our Company, and we will provide quality training and other skills-based training.

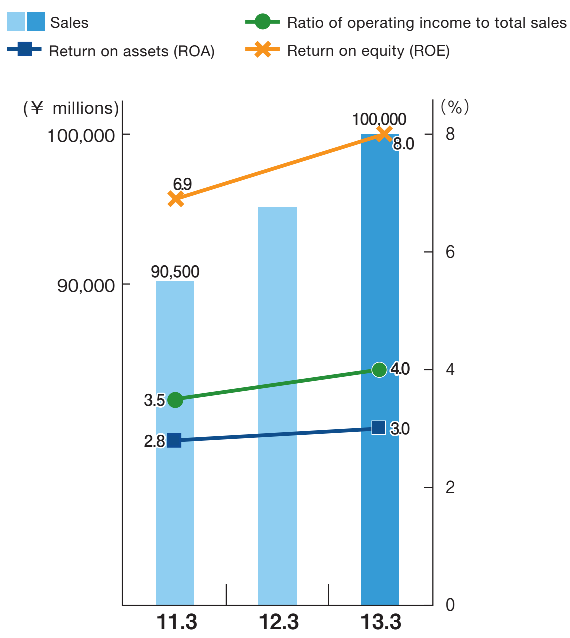
3 Development of global business standards

We will adopt measures such as the development of global standards to improve the efficiency of our organization and capability.

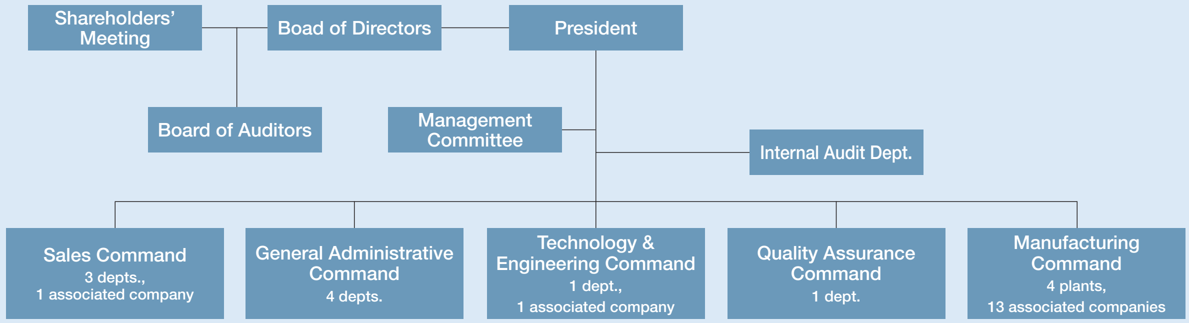
4 Risk management

We will introduce business continuity management and formulate and implement a business continuity plan.

■Target for the 10-12 Medium-Term Strategy



The Ahresty Group has adopted a “five commands” system comprising the Sales Command, the General Administrative Command, the Technology & Engineering Command, the Quality Assurance Command, and the Manufacturing Command.



Under the slogan of “Quality-focused improvement of the business platform for rapid worldwide progress,” Ahresty pursues to develop a manufacturing environment in which it can halve the occurrence of post-processing defects

Teiichi Hayashi

Director, Managing Executive Officer,
General Manager of Manufacturing Command

In the wake of a sharp drop in domestic production from the second half of fiscal 2008, the Ahresty Group sought to take up challenges by establishing a lean production system that can resist changes in the business environment. Meanwhile, the Group has developed a number of new order products in overseas plants, expanding its operations as per its plan. Through this rapid global development, the Group did however identify certain issues related to pre-production activities to ensure the optimal production and training of local employees. Consequently, the Group is now focusing on these issues as areas to be addressed from fiscal 2010 onwards. Faced with this challenging development, in fiscal 2009, Ahresty identified the issue of improving its manufacturing quality as a critical future task. Under the slogan of “Quality-focused improvement of business platform for rapid worldwide progress,” set out in its three-year strategy beginning in fiscal 2010, Ahresty is developing a manufacturing environment in which it can halve the occurrence of post processing defects by considering customers as part of the post-processing. Moreover, it will strive to bolster the production operations of overseas plants, not only by extending support for the development of individual products, but also by reinforcing their day-to-day operational systems and providing training to local employees.

Anticipating global expansion, Ahresty will establish a steady business foundation by developing human resources, promoting standardization, strengthening its financial conditions, and adopting sound risk management

Shigeru Furuya

Director, Managing Executive Officer,
General Manager of General Administrative Command

In fiscal 2009, faced with a significant fall in demand, Ahresty took steps to cut overall expenses. It also reviewed and significantly curbed the Group’ overall capital investments to respond to a deterioration in its cash flows. At the same time, Ahresty was actively investing overseas, in areas where demand is likely to grow strongly in the future, in proportion to the degree of the economic recovery in each area. The Company also pursued a range of initiatives, such as adopting standardization within the Group, developing global human resources, strengthening internal control related to financing, and bolstering the effectiveness of indirect operations. The impact of these initiatives was not as strong as the Group anticipated, as it placed the priority on making its operations profitable. However, issues to address have become apparent.

In fiscal 2010, the first year of the three-year strategy, to respond to the rapid globalization that has been taking place in the automotive industry since the collapse of Lehman Brothers, Ahresty will strive to establish and promote a system to train all personnel in different positions—recognizing that people are the foundation of its manufacturing—methodically promote global standardization, develop a risk management approach that responds to changes in the business environment, and strengthen its financial conditions.

Expand to become a global company by strengthening the foundations of all processes, particularly quality

Hiroshi Ishimaru
Director, Executive Officer,
General Manager of Quality Assurance Command

I was appointed Director of the Quality Assurance Command in April 2010. As I was stationed in Guangzhou, China for the six and a half years to April 2010, I directly witnessed the development of the Chinese economy. Although the global economy has been recovering from the depths of the financial crisis, both the Japanese and North American economies appear to remain weak. In contrast, the Chinese economy grew strongly, almost overheating, reflecting the introduction of aggressive official stimulus packages. As a result, sales of our plant in Guangzhou jumped 80% in fiscal 2009 compared with the level of the previous fiscal year. However, against this rapid expansion, the plant failed to appropriately train the people who are the foundation of manufacturing. Nor was it able to stabilize its production processing. As a result, serious quality problems arose. In response, we set the period from 2010 to 2012 as a time for strengthening our quality foundations, including those of our overseas bases. During this period, we will aim to strengthen the foundations of all processes, particularly quality, to improve our quality system and bolster customer satisfaction. I would like to make 2010 the year when we take our first step towards becoming a global company.

Focusing on training overseas technicians, and developing technologies and products related to growth sectors such as HEVs and EVs

Shinji Sannakanishi
Executive Officer,
General Manager of Technology & Engineering Command

In fiscal 2009, our department had to work hard to gear up for globalization. We undertook a number of specific measures to improve our basic operations, including the addition of the English language to drawings and administrative forms, making adjustments in documents and the introduction of English to deal with global standards, the localization of supplementary documents (in English, Chinese and Spanish), the introduction of non-Japanese characters (English sentences, symbols and charts) in the search systems, and the localization of training curriculums and documents for technicians. While we will continue to focus on the globalization of our operations in fiscal 2010, we believe that training overseas technicians and improving their capabilities are particularly important challenges for us. We experienced an adverse period of technological development in fiscal 2008 and 2009, but the business environment appears to have begun to improve recently. Targeting growth sectors such as HEVs and EVs, we will continue with technological development, focusing on the consolidation of necessary functions and components, and the development of new technologies and products.

Aiming to become a top global company that is trusted by its customers and can meet customers' requirements by focusing on die casting as its core business

Naoyuki Kaneta
Executive Officer,
General Manager of Sales Command

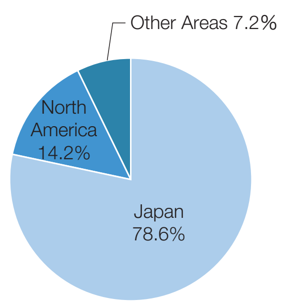
Fiscal 2009 was also an extremely difficult year for sales activities. However, mainly as a result of the economic policies adopted by governments around the world to stimulate demand for automobiles, we started to see modest signs of a recovery in sales in the second half of the fiscal year. It should be noted that a number of countries ended scrap incentives, which were the main drivers for the recovery in sales of automobiles, at the end of fiscal 2009. These incentives will end in the first half of 2010 in Japan, and by the end of 2010 in China. With China now the world's largest market for vehicle sales, our challenges are also beginning. Targeting the growth markets of emerging countries, automakers have started building new plants and making capital investments again to bolster their productivity. To respond to changes in the markets of developed countries, mainly associated with the introduction of stricter environmental regulations, manufacturers have also started to invest in products that are likely to find greater demand in the future, such as electric vehicles and hybrid vehicles.

Aiming to become a top global company that is trusted by its customers and that can meet customers' requirements by focusing on the die casting business as its core business, Ahresty will seek to accurately understand the needs of its customers, and operate a global player.

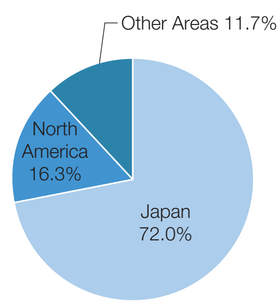
Actively pursuing global development to respond to the needs of customers worldwide

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, Mexico and India, and have been steadily expanding production. 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 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.

Sales by geographic segment

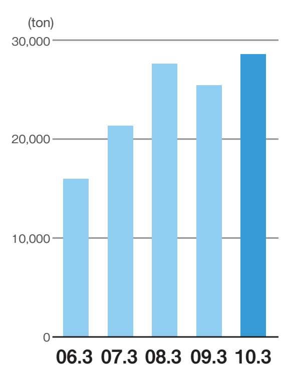


Production volume by geographic segment

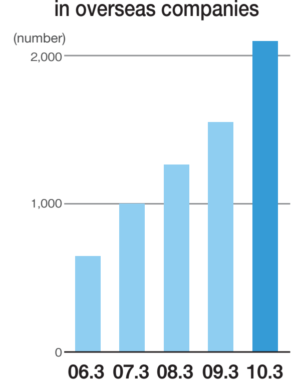


*North America: US and Mexico
Other Areas: China, India and Thailand

Overseas sales volume



The number of employees in overseas companies



●Ahresty Wilmington Corporation

Functions as our base in North America from 1989; 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. Monthly production capacity: 1,500 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 fiscal 2007. To complement the production of Ahresty Wilmington Corporation, the plant produces die casting products, perform machining, and assemble parts. Monthly production capacity: 1,000 tons.

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

●Ahresty India Private Limited

The plant started operations in fiscal 2008. The plant produces die casting products, perform machining as the forth overseas operations. Monthly production capacitiy: 300 tons.

Plot No. 194, Sector 4, Phase-II Growth Centre, Bawal, Rewari, Haryana, India

Domestic major facilities

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

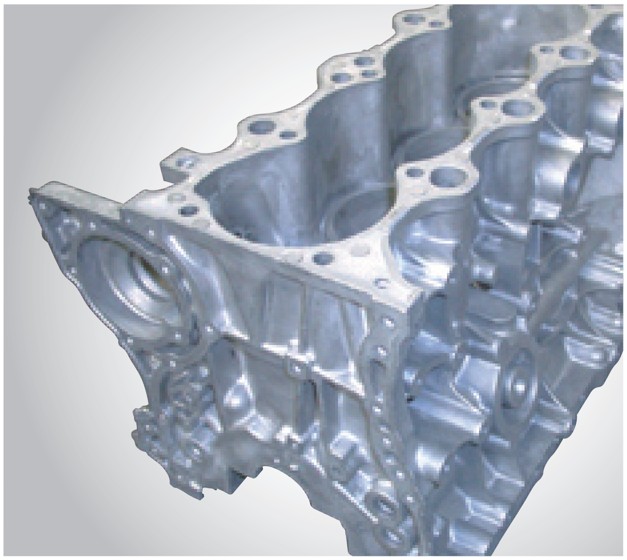
36 Urakawachi, Matsubase-machi,
Uki-shi, Kumamoto Prefecture
869-0521
TEL. +81-964-33-3111

Technical Center

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

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.

Main die-cast products

Of the die cast products produced in Ahresty, 70% are parts for four-wheeled automobiles. In addition, we produce parts for motorcycles, generators and outboard engines.

- Aluminum die cast products
  - Engine parts
  - Transmission parts
  - Suspension-related parts
- Magnesium die cast products
- Gravity die cast products

Others

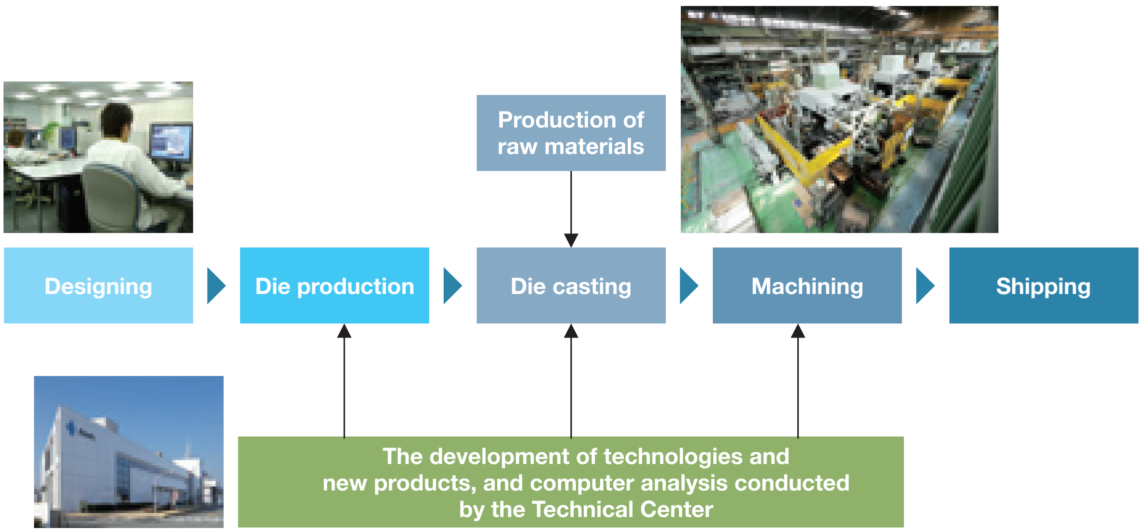
- Die mold for die casting
- Peripheral equipment for die casting
- Used die cast machine sales

Die cast product characteristics

"Die cast," in a general sense, represents a cast at high speed and high pressure using a die or its production method. Die-cast products are characterized by their high productivity, superior measurement precision and beautiful casting surface. An advantage die-cast products offer is that they can be produced to have smooth surfaces, requiring only a few subsequent processing treatments. Due to these characteristics, die-cast products are used for a wide variety of items, including automobile parts, which need to be mass-produced under complex structures.

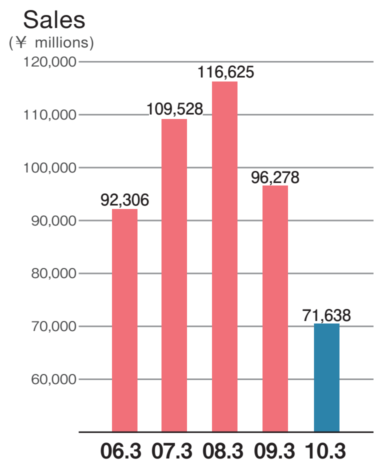
Ahresty's die casting production system

Ahresty meets all customer needs through a fully integrated production system that includes the production of raw materials, die production, casting, and machining.



Fiscal 2009 Results

In the Die Casting Business, sales reached ¥71,638 million (down 25.6% year on year). Financial support measures to encourage new car purchases adopted by governments worldwide and other factors have halted the decline in sales of automakers, who are our major customers, and demand for die-cast components is picking up gently. On emerging markets, car production volume is increasing to meet strong domestic demand and, as a result, our orders are also on the rise. Meanwhile, orders on advanced markets, including Japan, are heading upward but still at a low level. Operating income amounted to ¥608 million (as compared with an operating loss of ¥2,825 million the previous fiscal year), reflecting our efforts to cut costs, scale back capital investment and review staffing in line with orders.

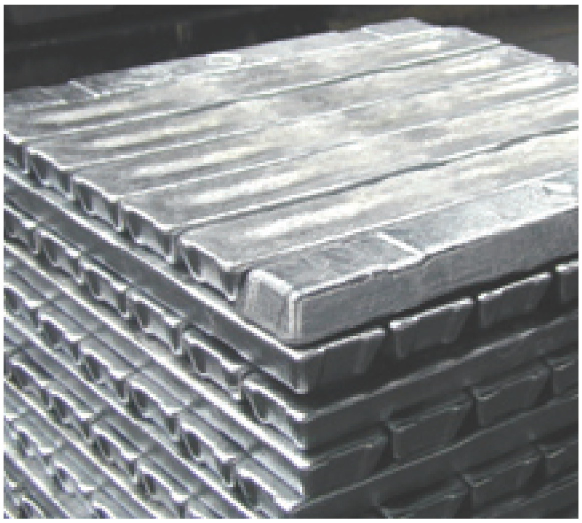


Fiscal 2010 Outlook

Domestic demand for die casting parts is expected to remain flat or decrease on factors such as a decline in domestic car sales reflecting Japan's falling birth rate and aging population and the expansion of overseas auto production to guard against the risk of currency fluctuations, among other things. In the medium-to-long term, global demand for die casting parts is expected to grow, as demand for cars expands in emerging nations, demand picks up in advanced nations, and increasing quantities of aluminum die casting parts are sold as weight saving parts.

Aluminum Business

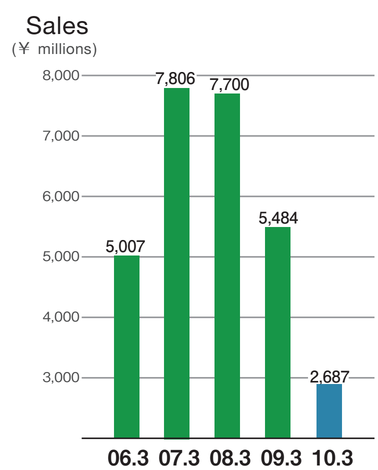
High-quality products from various materials using top-class facilities and expertise



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 2009 Results

In the Aluminum Business, sales were ¥2,687 million (falling 51.0%), amidst reduced demand for aluminum ingots due to the recession and plummeting ingot prices. Although we sought to reduce inventories and review our production system, we were unable to claw back losses made at the beginning of the year, resulting in an operating loss of ¥49 million (as compared with an operating loss of ¥88 million the previous fiscal year).



Fiscal 2010 Outlook

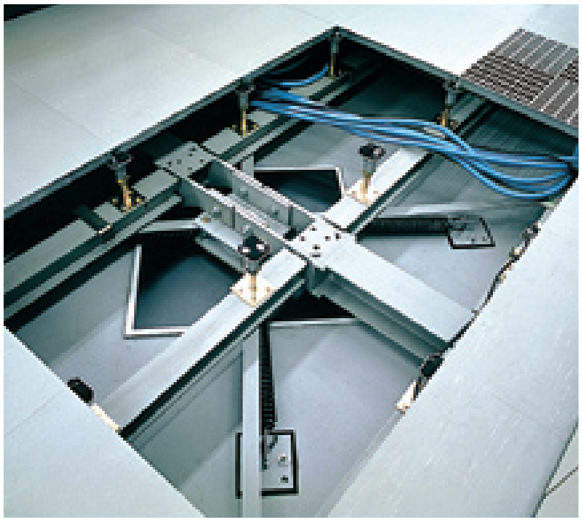
In the Aluminum Business, sales volumes have remained steady since the second half of last year. Given rising production at the Group's plants in Tochigi and Yamagata, we expect that sales for the first half will climb approximately 20% from the previous fiscal year.

However, as sales prices are likely to remain under pressure because of escalating price competition, we expect a difficult income environment. Looking at the second half of the year and onwards, given the end of subsidy systems as well as tax cuts for eco-friendly cars, a decline in demand for auto-related products to some extent is inevitable. Consequently, we have to anticipate that sales volumes of this business are likely to remain unchanged or fall by a small margin year on year.

Considering the above circumstances, in the Aluminum Business, we will take steps to improve our earnings by continuing to improve productivity and bolster operational efficiency.

Proprietary Products Business

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

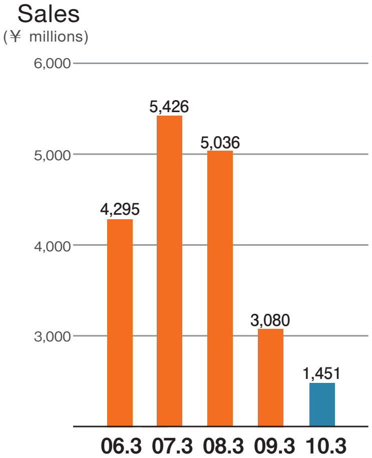


In 1962, Ahresty developed MOVAFLOR, the first aluminum die cast-based free access floor panel in Japan. A free access floor is raised flooring that can accommodate wiring and piping underneath.

While it is widely used among general offices and hospitals, Ahresty particularly focuses on floor panels for the clean rooms of semiconductor manufacturing plants, data centers and computer rooms.

Fiscal 2009 Results

In the Proprietary Products Business, sales amounted to ¥1,451 million (declining 52.9%), largely because semiconductor manufacturers who are our major clients either delayed or suspended capital investment. Our efforts to reduce selling costs through cutbacks failed to offset the decline in sales, resulting in an operating loss of ¥30 million (as compared with an operating income of ¥221 million the previous fiscal year).



Fiscal 2010 Outlook

In the same manner as last year, investments in the construction of data centers are expected to remain steady, reflecting the growing use of cloud computing. In contrast, the outlook in the clean room market remains uncertain, and companies still appear to be cautious about capital investments, with some exceptions. Meanwhile, plants producing liquid crystal displays mainly used for televisions in China and plants making semiconductor-related parts in South-east Asia are becoming a promising growth market, with investments in these facilities gathering momentum. Taking these circumstances into consideration, we will bolster sales in these markets, especially in Asia.

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

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

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

Environmental and Social Report 2010

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.

Eco Action 21

Eco-Action 21
reg No. 0003747

To further expand environmental initiatives, Group companies who have not adopted an environmental management system have been working to introduce Eco Action 21, which is relatively easy to introduce compared to ISO14001.

0003747
Ahresty Die Mold Hamamatsu Corporation

0003769
Ahresty Die Mold Tochigi Corporation

0003791
Ahresty Die Mold Kumamoto Corporation

0003801
Ahresty Techno Service Corporation
Head Office, Hamamatsu Factory

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

Wastewater treatment

Sludge

After quality improvement

Roadbed material, recycled sand

Consistently striving to contribute to society

To create a corporate culture in which all its employees recognize the importance of making a contribution to society, and to encourage participation in a range of activities, Ahresty supports its employees in their community activities. The Company values initiatives to beautify the areas surrounding plants and sales offices, activities to clean up nearby rivers, volunteer tree planting to improve forests through tree thinning and planting, and the planning and the promotion of forest development activities, as well as its own employees' welfare activities and blood donation through external organizations. To encourage these contributions, Ahresty presents and awards Ahresty Eco Points to employees who take part.

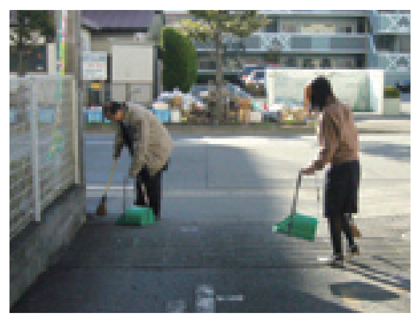
As a corporate citizen, Ahresty is committed to actively participating in social contribution activities, and supporting the revitalization of the local communities through close communications.

Activities to clean nearby rivers (Ahresty Techno Service Corporation)


Ahresty's initiatives to improve forests (Kanto area)

Acceptance of visitors to plant (Kumagaya Plant)


Volunteer welfare activities at nursing homes (Ahresty Yamagata Corporation)


Activities to clean areas surrounding the sales offices (Atsugi Sales Office)


Activities to clean areas surrounding the head office


Volunteer tree planting initiatives to improve forests (Toyohashi Plant)


Volunteer tree planting initiatives to improve forests (Ahresty Tochigi Corporation)

Corporate Governance Policies

Ahresty 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

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

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.

Compliance Principles

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.**

Ahresty Group Standards of Behavior

We have formulated the "Ahresty Group Standards of Behavior" encompassing basic rules for the execution of daily operations.

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

Financial Section

Contents

Results of Operations

The Japanese economy showed signs of a recovery during the fiscal year under review, buoyed by growth in exports and industrial output against a backdrop of progress in inventory adjustments both domestically and overseas and the recovery of overseas economies. While the employment and income situation remained severe, private consumption stayed firm, bolstered by government initiatives such as cash benefits and green tax incentives on environmentally friendly cars. Though the employment situation is still weak, there were some signs of improvement towards the end of the fiscal year.
Japanese corporate earnings declined steeply in the first half of the fiscal year, but tended to pick up in the second half due to the recovery in exports and the effect of lower material, labor and overhead costs. Capital expenditures showed a downward trend in the first half of the fiscal year, reflecting the slump in corporate earnings, but the recovery in corporate earnings halted the downward tendency in the second half.
Overseas, the U.S. economy remained mired in recession but began to register positive growth from the second quarter boosted by US government measures. In Asia, the Chinese economy exhibited domestic demand-led growth largely attributable to economic stimulus measures. Similarly, the Indian economy also showed signs of a domestic demand-led recovery attributable to economic stimulus measures.
In this environment, our orders were also affected by the production cuts of Japanese and overseas automakers and sales fell sharply for the second consecutive year. Profitability improved significantly from the previous fiscal year, reflecting continued efforts to shift to a production structure compatible with the decline in orders and reduce expenses.
Operational results for this fiscal year were sales of ¥75,777 million (down 27.7% from the previous fiscal year), an operating income of ¥526 million (as compared with an operating loss of ¥2,665 million the previous fiscal year), a recurring income of ¥564 million (as compared with a recurring loss of ¥4,265 million the previous fiscal year) and a net loss of ¥59 million (as compared with a net loss of ¥6,772 million the previous fiscal year).

Consolidated performance for year ended March 2010 (April 1, 2009–March 31, 2010)

(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 2010	75,777	(27.7)	526	–	564	–
Fiscal year ended March 2009	104,843	(19.0)	(2,665)	–	(4,265)	–

	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 2010	(59)	–	(2.77)	–	(0.2)	0.6	0.7
Fiscal year ended March 2009	(6,772)	–	(313.83)	–	(17.1)	(4.5)	(2.5)

Note : % shows change from previous term

For reference : Investment gain or loss under equity method
Year ended March 2010 : – million yen
Year ended March 2009 : – 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 2010	87,977	35,249	40.0	1,633.33
Fiscal year ended March 2009	86,560	34,175	39.4	1,583.83

For reference : Shareholders' equity
Year ended March 2010 : 35,181 million yen
Year ended March 2009 : 34,116 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 2010	9,112	(10,341)	(232)	5,267
Fiscal year ended March 2009	9,404	(15,476)	9,841	7,274

Outlook for Fiscal 2010

The global economy is expected to continue to improve at a moderate pace, led by growth in China and other Asian economies. However, factors such as a deterioration in the financial sector and the employment situation give cause for concern, and Japan, Western Europe and other advanced economies face many uncertainties such as a dip in sales as a result of the withdrawal or winding down of new car incentive schemes and the high price of oil, and our operating environment is expected to remain challenging.

In this environment, the Group will continue to invest in its operations overseas especially in China and Mexico, while at the same time seeking to improve profit margins through activities aimed at raising productivity and reducing costs. Consolidated forecasts for the fiscal year ending March 2011 are as follows.

The consolidated forecasts are calculated based on the following exchange rates: ¥90 against the US dollar, ¥13.5 against the renminbi and ¥6.5 against the peso.

(Millions of Yen)

	Sales	Operating Income	Recurring Income	Net Income
For the year ended March 2011	90,500	3,200	3,050	2,500
For the year ended March 2010	75,777	526	564	(59)
Increase/decrease	14,723	2,674	2,486	2,559
Rate of increase/decrease	19.4%	508.4%	440.8%	–

(Millions of Yen)

	Sales		Operating Income	
Segment	Current fiscal year	Next fiscal year	Current fiscal year	Next fiscal year
Die Casting	71,638	84,400	608	2,950
Aluminum	2,687	3,700	(49)	200
Proprietary Products	1,451	2,400	(30)	50

Consolidated Balance Sheets

(Assets)		Millions of yen Fiscal year ended March 31 2009	2010	Thousands of U.S. dollars Fiscal year ended March 31 2010
Current Assets				
Cash and time deposits		¥ 7,444	**¥ 5,267**	**$ 56,620**
Trade notes and accounts receivable		17,118	**20,246**	**217,637**
Merchandise and products		1,575	**1,732**	**18,623**
Partly finished goods		3,080	**2,792**	**30,017**
Raw materials and inventories		1,965	**2,353**	**25,294**
Deferred tax assets		616	**736**	**7,913**
Others		1,595	**1,347**	**14,486**
Allowance for doubtful accounts		(6)	**(3)**	**(39)**
Total Current Assets		33,391	**34,472**	**370,555**
Fixed Assets				
Tangible fixed assets				
Buildings and structures	*2	19,700	**20,561**	**221,018**
Accumulated depreciation and impairment loss		(10,039)	**(10,513)**	**(113,015)**
Buildings and structures, net	*2	9,660	**10,047**	**108,002**
Machinery and delivery equipment		64,440	**68,446**	**735,750**
Accumulated depreciation and impairment loss		(44,290)	**(47,732)**	**(513,087)**
Machinery and delivery equipment, net		20,150	**20,714**	**222,662**
Tools, furniture and fixtures		25,981	**27,986**	**300,831**
Accumulated depreciation		(22,209)	**(24,477)**	**(263,118)**
Tools, furniture and fixtures, net		3,772	**3,508**	**37,713**
Land	*2	5,951	**5,803**	**62,381**
Lease assets		11	**66**	**719**
Accumulated depreciation		(0)	**(10)**	**(115)**
Lease assets, net		11	**56**	**603**
Construction in progress		7,692	**6,098**	**65,551**
Total Tangible Fixed Assets		47,238	**46,228**	**496,915**
Intangible fixed assets				
Goodwill		138	**–**	**–**
Others		692	**620**	**6,672**
Total Intangible Fixed Assets		830	**620**	**6,672**
Investments and other assets				
Investments in securities	*1,2	4,531	**6,131**	**65,912**
Deferred tax assets		264	**182**	**1,966**
Others		312	**343**	**3,694**
Allowance for doubtful accounts		(8)	**(2)**	**(22)**
Total Investments and Other Assets		5,100	**6,656**	**71,550**
Total Fixed Assets		53,169	**53,505**	**575,138**
Total Assets		¥86,560	**¥87,977**	**$945,694**

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 ¥93.03 to $1.00, the average exchange rate during period. U.S. dollar figures less than a thousand dollars are rounded down to the nearest thousand dollars.

		Millions of yen		Thousands of U.S. dollars
		Fiscal year ended March 31		Fiscal year ended March 31
(Liabilities)		2009	2010	2010
Current Liabilities				
Notes and accounts payable		¥13,161	**¥15,059**	**$161,872**
Short-term loans		2,219	**2,942**	**31,634**
Current portion of long-term loans	＊2	5,574	**6,045**	**64,985**
Accrued income taxes		211	**98**	**1,060**
Bonus allowances		907	**1,147**	**12,335**
Directors' bonus allowances		2	**1**	**10**
Others		6,055	**4,356**	**46,825**
Total Current Liabilities		28,132	**29,650**	**318,725**
Long-term Liabilities				
Long-term loans	＊2	16,934	**15,424**	**165,805**
Deferred tax liabilities		3,331	**3,732**	**40,118**
Allowances for employees' retirement benefits		3,281	**3,485**	**37,470**
Allowances for directors' retirement benefits		161	**122**	**1,316**
Negative goodwill		444	**165**	**1,774**
Others		98	**147**	**1,580**
Total Long-term Liabilities		24,253	**23,077**	**248,066**
Total Liabilities		52,385	**52,728**	**566,791**
(Net Assets)				
Shareholders' Equity				
Common stock		5,117	**5,117**	**55,010**
Additional paid-in capital		8,363	**8,363**	**89,902**
Retained earnings		23,758	**23,698**	**254,745**
Treasury stock		(357)	**(358)**	**(3,848)**
Total Shareholders' Equity		36,882	**36,822**	**395,809**
Revaluation/Translation Differences				
Difference on revaluation of other marketable securities		954	**1,795**	**19,296**
Foreign currency translation adjustments		(3,720)	**(3,435)**	**(36,929)**
Total Revaluation/Translation Differences		(2,765)	**(1,640)**	**(17,633)**
Share Warrants		58	**67**	**726**
Total Net Assets		34,175	**35,249**	**378,902**
Total Liabilities and Net Assets		¥86,560	**¥87,977**	**$945,694**

Consolidated Income Statements

		Millions of yen		Thousands of U.S. dollars
		April 1, 2008 through March 31, 2009	April 1, 2009 through March 31, 2010	April 1, 2009 through March 31, 2010
Sales		¥104,843	**¥75,777**	**$814,546**
Cost of Goods Sold	＊1	98,172	**67,090**	**721,173**
Gross Profit		6,671	**8,686**	**93,373**
Selling, General and Administrative Expenses				
Transportation expenses		2,114	**1,665**	**17,897**
Salaries and bonuses		2,247	**2,133**	**22,933**
Retirement and severance expenses		242	**248**	**2,672**
Provision for bonuses		186	**251**	**2,700**
Provision for bonuses for directors		2	**1**	**10**
Allowance for depreciation		165	**148**	**1,593**
Research and development expenses	＊2	1,095	**875**	**9,414**
Provision for allowance for doubtful accounts		8	**2**	**23**
Other expenses		3,273	**2,834**	**30,463**
Total Selling, General and Administrative Expenses		9,337	**8,159**	**87,708**
Operating Income (Loss)		(2,665)	**526**	**5,664**
Non-operating Income				
Interest income		18	**12**	**136**
Dividends received		115	**60**	**646**
Amortization of negative goodwill		456	**279**	**3,004**
Foreign currency exchange gain		–	**78**	**840**
Others		225	**194**	**2,087**
Total Non-operating Income		816	**624**	**6,714**
Non-operating Expenses				
Interest expenses		312	**459**	**4,939**
Foreign currency exchange loss		2,045	**–**	**–**
Others		59	**127**	**1,374**
Total Non-operating Expenses		2,416	**587**	**6,313**
Recurring Income (Loss)		(4,265)	**564**	**6,065**
Extraordinary Gains				
Gain on the sale of fixed assets	＊3	8	**177**	**1,906**
Gain on liquidation of affiliates		100	**–**	**–**
Reversal of allowance for doubtful accounts		–	**6**	**65**
Others		11	**–**	**–**
Total Extraordinary Gains		121	**183**	**1,971**
Extraordinary Losses				
Loss on the sale of fixed assets	＊4	230	**173**	**1,870**
Impairment loss		711	**–**	**–**
Early extra retirement payments		350	**–**	**–**
Loss on liquidation of affiliate		–	**167**	**1,799**
Special severance payments		–	**43**	**462**
Product compensation cost		–	**420**	**4,515**
Compensation payments		–	**16**	**177**
Others		54	**9**	**98**
Total Extraordinary Losses		1,346	**830**	**8,922**
Income (Loss) before Income Taxes and Others		(5,491)	**(82)**	**(885)**
Income taxes and enterprise taxes		603	**146**	**1,574**
Income tax refund		(399)	**–**	**–**
Deferred income taxes		1,076	**(169)**	**(1,819)**
Total Income Taxes		1,280	**(22)**	**(244)**
Net Income (Loss)		¥ (6,772)	**¥ (59)**	**$ (641)**

Consolidated Statement of Changes in Net Assets

	Millions of yen		Thousands of U.S. dollars
	April 1, 2008 through March 31, 2009	April 1, 2009 through March 31, 2010	April 1, 2009 through March 31, 2010
Shareholders' Equity			
Common Stock			
Balance at end of previous fiscal year	¥ 5,117	**¥ 5,117**	**$ 55,010**
Changes			
Total Changes	–	**–**	**–**
Balance at End of Current Fiscal Year	5,117	**5,117**	**55,010**
Capital Surplus			
Balance at end of previous fiscal year	8,361	**8,363**	**89,902**
Changes			
Sales of own shares	1	**–**	**–**
Total Changes	1	**–**	**–**
Balance at End of Current Fiscal Year	8,363	**8,363**	**89,902**
Retained Earnings			
Balance at end of previous fiscal year	31,072	**23,758**	**255,386**
Changes			
Cash dividend from retained earnings	(541)	**–**	**–**
Net income (loss)	(6,772)	**(59)**	**(641)**
Total Changes	(7,313)	**(59)**	**(641)**
Balance at End of Current Fiscal Year	23,758	**23,698**	**254,745**
Treasury Stock			
Balance at end of previous fiscal year	(57)	**(357)**	**(3,845)**
Changes			
Purchase of own shares	(302)	**(0)**	**(3)**
Sales of own shares	2	**–**	**–**
Total Changes	(300)	**(0)**	**(3)**
Balance at End of Current Fiscal Year	(357)	**(358)**	**(3,848)**
Total Shareholders' Equity			
Balance at end of previous fiscal year	44,494	**36,882**	**396,453**
Changes			
Cash dividend from retained earnings	(541)	**–**	**–**
Net income (loss)	(6,772)	**(59)**	**(641)**
Purchase of own shares	(302)	**(0)**	**(3)**
Sales of own shares	4	**–**	**–**
Total Changes	(7,612)	**(59)**	**(644)**
Balance at End of Current Fiscal Year	36,882	**36,822**	**395,809**
Revaluation/Translation Differences			
Difference on Revaluation of Other Marketable Securities			
Balance at end of previous fiscal year	1,883	**954**	**10,259**
Changes			
Changes (net) in non-shareholders' equity items	(928)	**840**	**9,036**
Total Changes	(928)	**840**	**9,036**
Balance at End of Current Fiscal Year	954	**1,795**	**19,296**
Foreign Currency Translation Adjustments			
Balance at end of previous fiscal year	(1,126)	**(3,720)**	**(39,988)**
Changes			
Changes (net) in non-shareholders' equity items	(2,593)	**284**	**3,058**
Total Changes	(2,593)	**284**	**3,058**
Balance at End of Current Fiscal Year	(3,720)	**(3,435)**	**(36,929)**
Total Revaluation/Translation Differences			
Balance at end of previous fiscal year	756	**(2,765)**	**(29,728)**
Changes			
Changes (net) in non-shareholders' equity items	(3,522)	**1,125**	**12,095**
Total Changes	(3,522)	**1,125**	**12,095**
Balance at End of Current Fiscal Year	(2,765)	**(1,640)**	**(17,633)**
Share Warrants			
Balance at end of previous fiscal year	49	**58**	**630**
Changes			
Changes (net) in non-shareholders' equity items	9	**8**	**95**
Total Changes	9	**8**	**95**
Balance at End of Current Fiscal Year	58	**67**	**726**
Total Net Assets			
Balance at end of previous fiscal year	45,299	**34,175**	**367,356**
Changes			
Cash dividend from retained earnings	(541)	**–**	**–**
Net income (loss)	(6,772)	**(59)**	**(641)**
Purchase of own shares	(302)	**(0)**	**(3)**
Sales of own shares	4	**–**	**–**
Changes (net) in non-shareholders' equity items	(3,512)	**1,134**	**12,190**
Total Changes	(11,124)	**1,074**	**11,546**
Balance at End of Current Fiscal Year	¥34,175	**¥35,249**	**$378,902**

Consolidated Statements of Cash Flows

	Millions of yen		Thousands of U.S. dollars
	April 1, 2008 through March 31, 2009	April 1, 2009 through March 31, 2010	April 1, 2009 through March 31, 2010
Cash Flows from Operating Activities			
Income (loss) before income taxes	¥ (5,491)	**¥ (82)**	**$ (885)**
Depreciation and amortization	11,474	**9,693**	**104,195**
Impairment loss	711	**–**	**0**
Amortization of goodwill	157	**135**	**1,452**
Amortization of negative goodwill	(456)	**(279)**	**(3,004)**
Increase/(decrease) in allowances for doubtful accounts	(19)	**(9)**	**(98)**
Increase/(decrease) in allowances for bonuses	(566)	**239**	**2,576**
Increase/(decrease) in allowances for directors' bonuses	(39)	**(1)**	**(16)**
Increase/(decrease) in allowances for employees' retirement benefits	113	**204**	**2,195**
Increase/(decrease) in allowances for directors' retirement benefits	(34)	**(39)**	**(420)**
Increase/(decrease) in prepaid pension expenses	58	**1**	**19**
Interest and dividend income	(133)	**(72)**	**(782)**
Interest expenses	312	**459**	**4,939**
(Gain)/loss on sales of tangible fixed assets	220	**(9)**	**(103)**
(Gain)/loss on sales of investment securities	(0)	**–**	**0**
(Gain)/loss from revaluation of investment securities	2	**–**	**–**
(Gain)/loss on liquidation of affiliate	(100)	**167**	**1,799**
Special severance payments	–	**43**	**468**
Product compensation cost	–	**420**	**4,515**
(Increase)/decrease in notes and accounts receivable	12,872	**(3,219)**	**(34,604)**
(Increase)/decrease in inventories	4,008	**(113)**	**(1,224)**
Increase/(decrease) in notes and accounts payable	(13,585)	**1,921**	**20,649**
Increase/(decrease) in accrued expenses	2,392	**(284)**	**(3,055)**
Increase/(decrease) in accrued consumption taxes and others	(395)	**87**	**944**
Others	(578)	**642**	**6,904**
Subtotal	10,920	**9,904**	**106,464**
Interest and dividends received	134	**72**	**782**
Interest paid	(307)	**(461)**	**(4,961)**
Income taxes paid	(1,710)	**(388)**	**(4,174)**
Income taxes refunded	367	**544**	**5,857**
Special severance payments paid	–	**(506)**	**(5,446)**
Compensation payments paid	–	**(52)**	**(564)**
Net Cash Provided by Operating Activities	9,404	**9,112**	**97,956**
Cash Flows from Investing Activities			
Payment into time deposits	(120)	**(90)**	**(967)**
Proceeds from refund of time deposits	132	**260**	**2,794**
Expenditures from purchases of investment securities	(28)	**(21)**	**(229)**
Proceeds from sales of marketable securities	0	**–**	**0**
Expenditures from purchases of affiliate shares	(50)	**(240)**	**(2,579)**
Proceeds from liquidation of affiliate	106	**–**	**0**
Expenditures from purchases of tangible fixed assets	(15,446)	**(10,715)**	**(115,178)**
Proceeds from sales of tangible fixed assets	26	**530**	**5,704**
Expenditures from loans	(1)	**(5)**	**(57)**
Proceeds from collection of loans	3	**6**	**67**
Others	(99)	**(66)**	**(715)**
Net Cash Used in Investing Activities	(15,476)	**(10,341)**	**(111,161)**
Cash Flows from Financing Activities			
Proceeds from short-term loans	79,490	**29,211**	**314,000**
Repayment of short-term loans	(82,376)	**(28,537)**	**(306,751)**
Proceeds from long-term debt	18,605	**5,288**	**56,852**
Repayment of long-term debt	(4,298)	**(6,150)**	**(66,110)**
Redemption of corporate bonds	(700)	**–**	**0**
Proceeds from sale of treasury stock	0	**–**	**0**
Payments for purchase of treasury stock	(302)	**(0)**	**(3)**
Dividends paid	(539)	**(1)**	**(16)**
Others	(36)	**(44)**	**(473)**
Net Cash Used in Financing Activities	9,841	**(232)**	**(2,501)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(372)	**(39)**	**(419)**
Net Increase/(Decrease) in Cash and Cash Equivalents	3,397	**(1,500)**	**(16,126)**
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	–	**(507)**	**(5,451)**
Cash and Cash Equivalents at Beginning of Year	3,877	**7,274**	**78,199**
Cash and Cash Equivalents at End of Period ＊1	¥ 7,274	**¥ 5,267**	**$ 56,620**

Notes to Consolidated Financial Statements

1. Scope of consolidation

・Previous consolidated fiscal year (April 1, 2008 to March 31, 2009)
Consolidated subsidiaries consist of 14 companies: Ahresty Tochigi Corporation, Ahresty Kumamoto Corporation, Ahresty Wilmington Corporation, Ahresty Yamagata Corporation, Ahresty Die Mold Hamamatsu Corporation, Ahresty Die Mold Tochigi Corporation, Ahresty Die Mold Kumamoto Corporation, Ahresty Taiwan Die Mold Corporation, Thai Ahresty Die Co., Ltd., Ahresty Techno Service Corporation, Guangzhou Ahresty Casting Co., Ltd., Tokai Seiko Co., Ltd., Ahresty Mexicana, S.A. de C.V. and Ahresty India Private Limited.
Tenryu Metal Industry Co., Ltd. and CS Fuso Co., Ltd. were merged with Ahresty Techno Service Corporation on January 1, 2008, and were therefore excluded from the scope of consolidation.
Ahresty Die Mold Corporation was split up on January 4, 2008, and Ahresty Die Mold Kumamoto Corporation was spun off. Ahresty Die Mold Corporation was renamed Ahresty Die Mold Tochigi Corporation on the date of the spin off. As a result, newly established Ahresty Die Mold Kumamoto Corporation is included in the scope of consolidation.
Three unconsolidated subsidiaries included Ahresty Precision Die Mold (Guangzhou) Co., Ltd. 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, 2009 to March 31, 2010)
Consolidated subsidiaries consist of 13 companies: Ahresty Tochigi Corporation, Ahresty Kumamoto Corporation, Ahresty Wilmington Corporation, Ahresty Yamagata Corporation, Ahresty Die Mold Hamamatsu Corporation, Ahresty Die Mold Tochigi Corporation, Ahresty Die Mold Kumamoto Corporation, Thai Ahresty Die Co., Ltd., Ahresty Techno Service Corporation, Guangzhou Ahresty Casting Co., Ltd., Ahresty Pretech Corporation, Ahresty Mexicana, S.A. de C.V. and Ahresty India Private Limited.
Ahresty Taiwan Die Mold Corporation was excluded from the scope of consolidation with the completion of liquidation on February 9, 2010.
Tokai Seiko Co., Ltd. changed its name to Ahresty Pretech Corporation with effect April 1, 2009.
Three unconsolidated subsidiaries included Ahresty Precision Die Mold (Guangzhou) Co., Ltd. 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, 2008 to March 31, 2009)
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 three companies, including Ahresty Precision Die Mold (Guangzhou) Co., Ltd. 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, 2009 to March 31, 2010)
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 three companies, including Ahresty Precision Die Mold (Guangzhou) Co., Ltd. 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, 2008 to March 31, 2009)
The closing date for consolidated subsidiaries was December 31 for Ahresty Techno Service Corporation, Ahresty Die Mold Hamamatsu Corporation, Ahresty Die Mold Tochigi Corporation, Ahresty Die Mold Kumamoto Corporation, Ahresty Taiwan Die Mold Corporation, Thai Ahresty Die 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.

· Current consolidated fiscal year (April 1, 2009 to March 31, 2010)

The closing date for consolidated subsidiaries was December 31 for Ahresty Techno Service Corporation, Ahresty Die Mold Hamamatsu Corporation, Ahresty Die Mold Tochigi Corporation, Ahresty Die Mold Kumamoto Corporation, Thai Ahresty Die Co., Ltd., Guangzhou Ahresty Casting Co., Ltd., Ahresty Pretech Corporation 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.

Ahresty Taiwan Die Mold Corporation was excluded from the scope of consolidation due to the completion of liquidation on February 9, 2010, but consolidated results reflect the income statements and cash flow statements of Ahresty Taiwan Die Mold Corporation for the fourteen months prior to completion of liquidation.

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 primarily on the gross average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins), 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 (excluding lease 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 — 2 to 50 years

Machinery and delivery equipment — 2 to 15 years

Tools, furniture and fixtures — 2 to 20 years

(b) Intangible fixed assets (excluding lease assets) — straight-line method

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

(c) Lease assets

Depreciation is computed using the straight-line method based on the assumption that the useful life equals the lease term and the residual value equals zero.

Finance lease transactions not involving transfer of ownership commencing on or before March 31, 2008 are accounted for based on methods applicable to ordinary rental transactions.

(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 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.

(d) Allowances for employees' retirement benefits

The Company and consolidated subsidiaries report this allowance to appropriate retirement benefit obligations and projected pension assets at the end of the current fiscal year. Some 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.

(Change of accounting policies)

Starting the fiscal year under review, the Company adopts "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (Accounting Standards Board of Japan Standard No. 19 issued on July 31, 2008). The application of this policy had no impact on operating income, recurring income or loss before income taxes and others.

(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) Standard for recognizing revenue and expenses

Standard for recognizing revenue and costs associated with construction contracts

(a) Construction contracts for which benefits can be ascertained in relation to the completed portion at the end of the fiscal year under review:

Percentage-of-completion method (percentage of completion based on cost incurred compared to the estimated total cost)

(b) Other construction:

Completed contract method

(Change of accounting policies)

Previously, the Company used the completed contract method as a standard for recognizing earnings related to construction contracts. However, from the first quarter of the fiscal year ended March 2010, the Company adopted the Accounting Standard for Construction Contracts (ASBJ Statement No. 15, December 27, 2007) and the Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No. 18, December 27, 2007). Accordingly, the Company applied the percentage-of-completion method (percentage of completion based on cost incurred compared to the estimated total cost) for construction contracts that began from in first quarter of the fiscal year ended March 2010 and for which benefits could be ascertained in relation to the completed portion at the end of the fiscal year under review and applied the completed contract method for other construction.

This change has minimal effect on sales and income in the fiscal year under review.

(6) 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 and liabilities of consolidated subsidiaries overseas are converted into yen based on the spot exchange rate on the consolidated closing date. Income and expenses are converted into yen based on the average exchange rate during period, and the exchange difference is included in the net assets of the foreign currency translation adjustment.

(7) Hedge accounting

(a) Hedge accounting methods

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

(b) Hedge measures and hedge targets

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

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

(c) Hedge policies

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

(d) Methods for evaluating hedge effectiveness

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

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

Accounting procedures for consumption tax, etc.
Consumption tax and local consumption tax are treated by the tax exclusive method.

5. Evaluation of assets and expenses of consolidated subsidiaries

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

6. Depreciation of goodwill and negative goodwill

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

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

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

Notes on Consolidated Balance Sheets

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

	As of March 31, 2009	As of March 31, 2010
Investments in securities (share)	¥656 million	¥817 million

∗2. Pledged assets

As of March 31, 2009, 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 ¥15,013 million (including ¥63 million for factory foundations). As of March 31, 2010, they are held in pledge for long-term loans (including long-term loans to be repaid within one year) of ¥11,481 million.

	As of March 31, 2009	As of March 31, 2010
Buildings and structures	¥757 million	¥587 million
Machinery and delivery equipment	¥661 million	–
Land	¥2,707 million	¥2,598 million
Investments in securities	¥2,625 million	¥3,603 million
Total	¥6,752 million	¥6,789 million

Notes on Consolidated Income Statements

*1. Amount after write-down of year-end inventory to reflect the effect of lower profit margins. The write-down of inventory shown below is included in cost of goods sold.

	As of March 31, 2009	As of March 31, 2010
Write-down of inventory	¥481 million	¥198 million

*2. Research and development expenses included in the administrative expenses were ¥1,095 million as of March 31, 2009, and ¥875 million as of March 31, 2010. No research and development expenses were included in the manufacturing costs incurred for either period.

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

	As of March 31, 2009
Machinery and delivery equipment	¥0 million
Tools, furniture and fixtures	¥7 million
Land	¥0 million
Total	¥8 million

	As of March 31, 2010
Machinery and delivery equipment	¥13 million
Tools, furniture and fixtures	¥4 million
Land	¥159 million
Total	¥177 million

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

	As of March 31, 2009
Building and structures	¥56 million
Machinery and delivery equipment	¥140 million
Tools, furniture and fixtures	¥31 million
Others	¥2 million
Total	¥230 million

	As of March 31, 2010
Building and structures	¥22 million
Machinery and delivery equipment	¥121 million
Tools, furniture and fixtures	¥18 million
Others	¥11 million
Total	¥173 million

Notes on Consolidated Statement of Changes in Net Assets

Fiscal year under review (from April 1, 2008 to March 31, 2009)

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	21,778,220	–	–	21,778,220
Total	21,778,220	–	–	21,778,220
Treasury stock				
Common stock (Notes 1 and 2)	33,558	205,664	1,500	237,722
Total	33,558	205,664	1,500	237,722

Notes: 1. The increase in treasury stock was attributable to the acquisition of treasury stock based on the resolution of the Board of Directors meeting held on May 14, 2008 (200,000 shares) and the purchase of shares constituting less than one unit.
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	–	–	–	–	–	58
Total		–	–	–	–	–	58

3. Dividends

(1) Dividend payments

(Resolution)	Type of shares	Amount of dividend (millions of yen)	Dividend per share (yen)	Record date	Effective date
Meeting of the Board of Directors on May 14, 2008	Common share	304	14	March 31, 2008	June 9, 2008
Meeting of the Board of Directors on November 10, 2008	Common share	236	11	September 30, 2008	December 11, 2008

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

N/A

Fiscal year under review (from April 1, 2009 to March 31, 2010)

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	21,778,220	–	–	21,778,220
Total	21,778,220	–	–	21,778,220
Treasury stock				
Common stock (Note)	237,722	531	–	238,253
Total	237,722	531	–	238,253

Note: The number of shares of treasury stock increased as a result of fractional share repurchases.

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	–	–	–	–	–	67
Total		–	–	–	–	–	67

3. Dividends

(1) Dividend payments

N/A

(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 13, 2010	Common share	107	Retained earnings	5	March 31, 2010	June 8, 2010

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, 2009	As of March 31, 2010
Cash on hand and with banks	¥7,444 million	¥5,267 million
Fixed-term deposits over 3 months	(¥170 million)	–
Cash and cash equivalents	¥7,274 million	¥5,267 million

Notes on Lease Transactions

The Company has omitted notes for lease transactions because the Company believes there is no significant need in this report for such disclosure.

Financial Instruments

Fiscal year under review (from April 1, 2009 to March 31, 2010)

1. Information about use of financial instruments

(1) Policy on use of financial instruments

The Group raises necessary capital (mainly bank loans), in light of its capital investment plan. It invests temporarily surplus funds primarily in financial assets that are highly liquid and raises short-term working capital by obtaining bank loans. The Group uses derivatives to guard against the following risks but does not engage in speculative transactions.

(2) Types of financial instruments and risks arising from these financial instruments

The Group is exposed to credit risk through its trade notes and accounts receivable from customers, in other words, its operating receivables. It is also exposed to foreign currency fluctuation risk through foreign currency denominated operating receivables that arise when conducting business overseas.

The Group's investment securities are mainly shares in firms with which the Group has a strategic business relationship, and the Group is exposed to share price risk.

Trade notes and accounts payable, in other words, operating payables, are mostly due within one year. The Group is exposed to foreign currency fluctuation risk on certain foreign currency denominated payables.

The Group obtains loans mainly for the purpose of raising capital for capital investment. The Group is exposed to interest rate risk on certain loans but uses derivative transactions to guard against this risk (interest rate swap transactions).

The derivatives used by the Group are foreign currency futures contracts to hedge against foreign currency fluctuation risk arising from foreign currency denominated operating receivables and payables, and interest rate swap transactions to guard against the risk of changes in interest payments on loans.

For further information on hedge accounting including our hedging methods and hedged transactions, hedging policy and method for assessing hedge effectiveness, please refer to "(7) Hedge accounting" of "4. Summary of Significant Accounting Policies" of "Notes to Consolidated Financial Statements."

(3) System for managing risks arising from financial instruments

(a) Managing credit risk

The Group's sales division periodically monitors the status of operating receivables from major customers and manages due dates and outstanding balances for individual customers with the aim of early identification and mitigation of concerns over recovery arising as a result of deterioration in financial position, etc.

The Group understands that it has hardly any credit exposure on derivative transactions, as it deals only with financial institutions that have high ratings.

(b) Managing market risk

The Group uses interest rate swap transactions to mitigate the risk of changes in interest payments on its loans.

The Group periodically monitors market risk in relation to its investment securities including monitoring fair value and the financial position of the issuing body (partner company), and, except in the case of held-to-maturity bonds, constantly reviews its stockholding in the light of market conditions and its relationship with the partner company.

The division responsible for executing and managing derivative transactions engages in derivative transactions with the approval of the person with decision-making authority, in accordance with management regulations which specify trading authority, trading limit and other trading procedure. The division reports monthly trading figures to the director with jurisdiction.

(c) Managing liquidity risk arising from fund procurement

The division in charge prepares and updates a fund procurement plan in a timely manner based on reports from each division and manages liquidity risk by means such as ensuring on-hand liquidity.

No liquidity risk management is carried out in relation to domestic consolidated subsidiaries as they are linked into a cash management system (CMS) and obtain loans via the parent company.

(4) Supplementary explanation about fair value of financial instruments

The fair value of financial instruments may be their value based on market price or a rationally estimated value in cases where no market price exists. Since variables are taken into consideration when estimating fair value, fair value may fluctuate due to the adoption of different assumptions, etc.

2. Fair value of financial instruments

Carrying amounts in the consolidated balance sheets, fair values and differences between carrying amounts and fair values as at March 31, 2010 are as follows.

	Carrying amount in the consolidated balance sheets	Fair value	Difference
	(¥ millions)	(¥ millions)	(¥ millions)
(1) Cash and time deposits	5,267	5,267	–
(2) Trade notes and accounts receivable	20,246	20,246	–
(3) Investment securities	5,119	5,119	–
Total assets	30,634	30,634	–
(1) Trade notes and accounts payable	15,059	15,059	–
(2) Short-term loans	2,942	2,942	–
(3) Long-term loans	21,470	21,655	185
Total liabilities	39,472	39,657	185

Notes : 1. Methods for estimating fair value of financial instruments and trading in securities and derivatives

Assets

(1) Cash and time deposits, (2) Trade notes and accounts receivable

Recognized at their carrying amounts, as carrying amounts approximate fair value because of the short-term maturity of these instruments.

(3) Investment securities

Shares, etc. are measured at value quoted on the stock exchange. See “Notes on Marketable Securities” for information about securities held for different purposes.

Liabilities

(1) Trade notes and accounts payable, (2) Short-term loans

Recognized at their carrying amounts, as carrying amounts approximate fair value because of the short-term maturity of these instruments.

(3) Long-term loans

For the fair values of long-term loans payable at fixed interest rates, the total amount of the principal and interest is discounted using a rate that is assumed to be applied when a similar loan is newly borrowed. For the fair values of long-term loans payable at variable interest rates that are subject to the special treatment of interest rate swaps, the total amount of the principal and interest that were accounted for as a single item with the relevant interest rate swap is discounted with a rate that is assumed to be applied when a new, similar loan is taken out.

2. Financial instruments with no reliable fair value measurement

	Carrying amount in the consolidated balance sheets
	(¥ millions)
Unlisted shares	194
Shares of non-consolidated subsidiaries	817

These instruments are not included in “(3) Investment securities” because they do not have market values and it is considered extremely difficult to calculate their fair values.

3. The amount of monetary claims and securities with maturity to be redeemed after the consolidated closing date

	Within one year	More than one year, within five years	More than five years, within ten years	More than 10 years
	(¥ millions)	(¥ millions)	(¥ millions)	(¥ millions)
Cash and time deposits	5,267	–	–	–
Trade notes and accounts receivable	20,246	–	–	–
Total	25,514	–	–	–

4. The amount of long-term loans payable to be repaid after the consolidated closing date

The Company has omitted details for the amount of long-term loans payable because the Company believes there is no significant need in this report for such disclosure.

(Additional information)

Starting the fiscal year under review, the Company adopts Accounting Standards for Financial Instruments (Accounting Standards Board of Japan Standard No. 10 issued March 10, 2008) and Guidance on Disclosures about Fair Value, etc. of Financial Instruments (ASBJ Guidance No. 19 issued March 10, 2008).

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, 2009)

	Type	Acquisition Cost	Consolidated Balance Sheet Amount	Difference
		(¥ millions)	(¥ millions)	(¥ millions)
Consolidated balance sheet amount is above acquisition cost	1. Share	1,581	3,480	1,898
	2. Bonds	–	–	–
	3. Other	–	–	–
	Subtotal	1,581	3,480	1,898
	Type	Acquisition Cost	Consolidated Balance Sheet Amount	Difference
		(¥ millions)	(¥ millions)	(¥ millions)
Consolidated balance sheet amount is below acquisition cost	1. Share	295	199	(94)
	2. Bonds	–	–	–
	3. Other	–	–	–
	Subtotal	295	199	(94)
	Total	1,877	3,680	1,804

Note : The Company wrote down 2 million yen in investment securities (2 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.

Current consolidated fiscal year (March 31, 2010)

	Type	Acquisition Cost	Consolidated Balance Sheet Amount	Difference
		(¥ millions)	(¥ millions)	(¥ millions)
Consolidated balance sheet amount is above acquisition cost	1. Share	4,948	1,715	3,232
	2. Bonds	–	–	–
	3. Other	–	–	–
	Subtotal	4,948	1,715	3,232
	Type	Acquisition Cost	Consolidated Balance Sheet Amount	Difference
		(¥ millions)	(¥ millions)	(¥ millions)
Consolidated balance sheet amount is below acquisition cost	1. Share	171	181	(9)
	2. Bonds	–	–	–
	3. Other	–	–	–
	Subtotal	171	181	(9)
	Total	5,119	1,896	3,222

Note : Unlisted shares (carrying amount in the consolidated balance sheets of 1.94 million yen) are not included in “Other securities” in the above table because they do not have market values and it is considered extremely difficult to calculate their fair values.

Notes on Derivative Transactions

The Company has omitted notes for derivative transactions because the Company believes there is no significant need in this report for such disclosure.

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, 2009)	Current consolidated fiscal year (March 31, 2010)
(1) Retirement benefit liabilities	(6,722)	(6,681)
(2) Pension assets	2,057	2,108
(3) Non-reserved retirement benefit liabilities (1)+(2)	(4,664)	(4,573)
(4) Unrecognized mathematical difference	789	594
(5) Unrecognized past service liabilities (reduction in liabilities)	610	508
(6) Net consolidated balance sheet amount (3)+(4)+(5)	(3,264)	(3,470)
(7) Prepaid pension cost	17	15
(8) Allowances for employees' retirement benefits (6)–(7)	(3,281)	(3,485)

Note: The domestic consolidated subsidiaries except Ahresty Tochigi applies a simple method for calculating retirement benefit liabilities.

3. Breakdown of retirement and severance expenses

(¥ millions)	Previous consolidated fiscal year (From April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)
(1) Business expenses	1,028	745
(2) Interest expenses	120	113
(3) Expected interest income	(55)	(36)
(4) Provisional premium severance pay	344	2
(5) Treatment of mathematical difference	97	105
(6) Treatment of past service liabilities	102	102
Total	1,636	1,032

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 (¥81 million for the previous consolidated fiscal year, ¥58 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 (¥345 million for the previous consolidated fiscal year, ¥289 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 ¥3,897 million for the previous consolidated fiscal year, and ¥4,692 million for the current consolidated fiscal year.

4. Calculation basis for retirement and severance liabilities

	Previous consolidated fiscal year (March 31, 2009)	Current consolidated fiscal year (March 31, 2010)
(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	3.5～4.4%	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, 2009 to March 31, 2010)

1. The amount and account of expenses related to stock options for the fiscal year under review

Selling, general and administrative expenses: ¥8 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

	2008 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: 24,000 shares
Grant date	August 18, 2008
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 19, 2008 To August 18, 2038

	2009 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: 24,000 shares
Grant date	August 17, 2009
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 18, 2009 To August 17, 2039

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, 2010). The number of stock options is converted to the number of shares.

a. Number of stock options

	2006 stock options	2007 stock options	2008 stock options	2009 stock options
Before vesting date (number of share)				
At end of previous fiscal year	6,600	10,100	24,000	–
Granted	–	–	–	24,000
Expired	–	–	–	–
Vested	–	–	–	–
Not yet vested	6,600	10,100	24,000	24,000
After vesting date (number of share)				
At end of previous fiscal year	–	–	–	–
Vested	–	–	–	–
Exercise of rights	–	–	–	–
Expired	–	–	–	–
Unexercised	–	–	–	–

b. Unit price information

	2006 stock options	2007 stock options	2008 stock options	2009 stock options
Exercise price (yen)	1	1	1	1
Average stock price at time of exercise (yen)	1,317	1,317	–	–
Fair unit value on grant date (yen)	3,418	2,219	572	369

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

The method for estimating the fair unit value of 2009 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

	2009 stock options
Stock price volatility (Note 1)	56%
Estimated remaining period (Note 2)	15 years

	2009 stock options
Projected dividend (Note 3)	18 yen/share
Risk-free interest rate (Note 4)	1.85%

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 past results of dividends.

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, 2009) (¥ millions)	Current consolidated fiscal year (March 31, 2010) (¥ millions)
Deferred tax assets		
Accrued expenses	48	65
Excess deductible amount in allowances for employees' retirement benefits	1,343	1,406
Excess deductible amount in bonus allowances	367	464
Accrued enterprise tax	25	15
Unrealized profits for inventories	70	2
Unrealized profits for fixed assets	256	306
Impairment loss	298	194
Loss carried forward	2,102	2,415
Other	590	336
Deferred tax assets subtotal	5,102	5,207
Allowance account	(3,900)	(4,086)
Deferred tax assets total	1,201	1,120
Deferred tax liabilities		
Property replacement reserve	(1,464)	(1,446)
Special depreciation reserve	(64)	(49)
Fixed assets reserve	(150)	(31)
Net unrealized gains on securities	(735)	(1,365)
Prepaid pension expenses	(6)	(6)
Allowance for depreciation of overseas consolidated subsidiaries	(607)	(615)
Other	(622)	(428)
Deferred tax liabilities total	(3,651)	(3,944)
Net deferred tax assets (liabilities)	(2,450)	(2,824)

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, 2009) (%)	Current consolidated fiscal year (March 31, 2010) (%)
Statutory effective tax rate	(40.7)	(40.7)
(adjustments)		
Items that will never be included as losses, such as entertainment expenses	0.5	21.3
Items that will never be included as profits, such as dividend revenue	(0.6)	(175.2)
Per capita residential tax	0.6	41.5
Amortization of goodwill and negative goodwill	(2.2)	(71.3)
Increase (decrease) in valuation allowance	58.2	310.2
Difference in statutory tax rates of consolidated subsidiaries	6.0	(150.0)
Exemptions of foreign consolidated subsidiaries	(0.5)	(81.4)
Retained earnings of foreign consolidated subsidiaries	2.0	(10.0)
Impact of liquidation of consolidated subsidiary	–	29.5
Non-deductible foreign withholding tax	–	97.3
Other	0.2	1.2
Burden ratio of corporate tax after application of deferred tax accounting	23.3	(27.6)

Overseas sales

	Previous consolidated fiscal year (From April 1, 2008 to March 31, 2009)			Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)		
	North America	Other Areas	Total	North America	Other Areas	Total
I. Overseas sales (¥ millions)	13,359	4,304	17,663	10,768	5,544	16,312
II. Consolidated sales (¥ millions)			104,843			75,777
III. Ratio of overseas sales against consolidated sales (%)	12.7	4.1	16.8	14.2	7.3	21.5

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

Fiscal year under review (from April 1, 2008 to March 31, 2009)
N/A
(Additional information)
Starting from the fiscal year under review, the Company applied the Accounting Standard for Disclosure of Transaction with Related Parties (ASBJ Standard No. 11 issued on October 17, 2006) and the Guidance on Accounting Standard for Related Party Disclosures (ASBJ Guidance No. 13 issued on October 17, 2006).
There is no change in the scope of disclosure as a result of application of this standard.
Fiscal year under review (from April 1, 2009 to March 31, 2010)
N/A

Per-Share Information

	Previous consolidated fiscal year (From April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)
Net assets amount per share	1,583.83 yen	1,633.33 yen
Current net income (loss) per share	(313.83) yen	(2.77) yen
Fully diluted net income per share	Although dilutive latent shares exist, diluted net income per share was not stated because a net loss was reported.	Although dilutive latent shares exist, diluted net income per share was not stated because a net loss was reported.

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

Notes to Consolidated Financial Statements

	Previous consolidated fiscal year (From April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)
Current net income per share		
Current net income (loss) (¥ millions)	(6,772)	(59)
Amount not attributed to common shareholders (¥ millions)	–	–
Net income (loss) from common stock (¥ millions)	(6,772)	(59)
Average number of outstanding shares (number of share)	21,578,355	21,540,224

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.

	Previous consolidated fiscal year (From April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)	Increase/(decrease)
Business segment	Amount (¥ millions)	Amount (¥ millions)	%
Die Casting Business	87,477	62,828	(28.2)
Aluminum Business	7,098	3,905	(45.0)
Proprietary Products Business	684	146	(78.5)
Total	95,260	66,881	(29.8)

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.

(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.

	Previous consolidated fiscal year (From April 1, 2008 to March 31, 2009)	Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)	Increase/(decrease)
Business segment	Amount (¥ millions)	Amount (¥ millions)	%
Die Casting Business	96,278	71,638	(25.6)
Aluminum Business	5,484	2,687	(51.0)
Proprietary Products Business	3,080	1,451	(52.9)
Total	104,843	75,777	(27.7)

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.

	Previous consolidated fiscal year (From April 1, 2008 to March 31, 2009)		Current consolidated fiscal year (From April 1, 2009 to March 31, 2010)	
Customer	Amount (¥ millions)	%	Amount (¥ millions)	%
Fuji Heavy Industries Ltd.	10,535	10.0	10,780	14.2
Honda Motor Co., Ltd.	16,790	16.0	9,972	13.2
Suzuki Motor Corporation	11,830	11.3	6,836	9.0

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

Corporate Data

Corporate Profile (As of March 31, 2010)

Company name : Ahresty Corporation
Date of establishment : November 2, 1943
Paid-in capital : ¥5,117.59 million
Number of employees : (Consolidated) 4,473 (Non-Consolidated) 995

Management

■Board Directors and Auditors (As of June 23, 2010)

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

Stock Information (As of March 31, 2010)

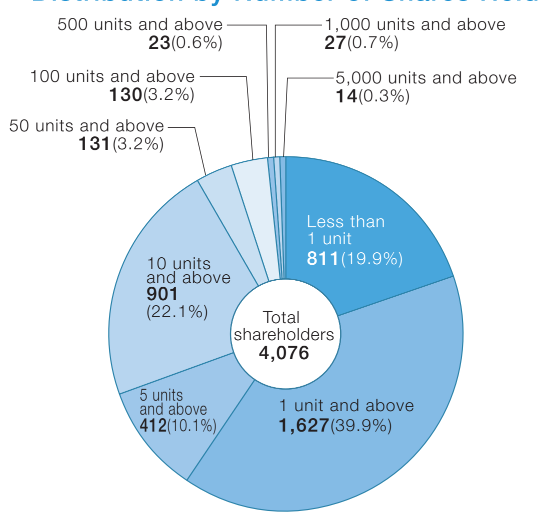
Number of Shares and Shareholders

Authorized shares : 60,000,000 shares
Issued shares : 21,778,220 shares
Shareholders : 4,076

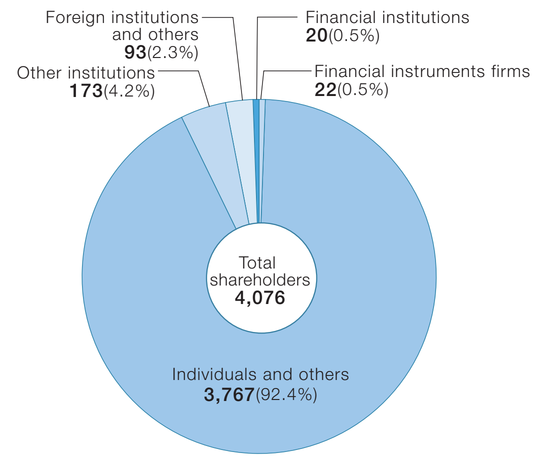
Major Shareholders (Top 10)

Name	Number of shares (Unit: 1,000 shares)
Arata Takahashi	915
Japan Trustee Services Bank. Ltd. Corporate Trust Account 9	860
Bank of Tokyo-Mitsubishi UFJ, Ltd.	765
Honda Motor Co., Ltd.	672
Nippon Light Metal Co., Ltd.	657
Morgan Stanley & Co., Inc.	638
Japan Trustee Services Bank. Ltd. Corporate Trust Account	618
HSBC Private Bank (Suisse) SA Hong Kong Branch – Client Account	597
Bank of NY Jasdic Non Treaty Account	589
Suzuki Motor Corporation	565

Distribution by Number of Shares Held



Distribution by Type of Shareholder



Ahresty

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