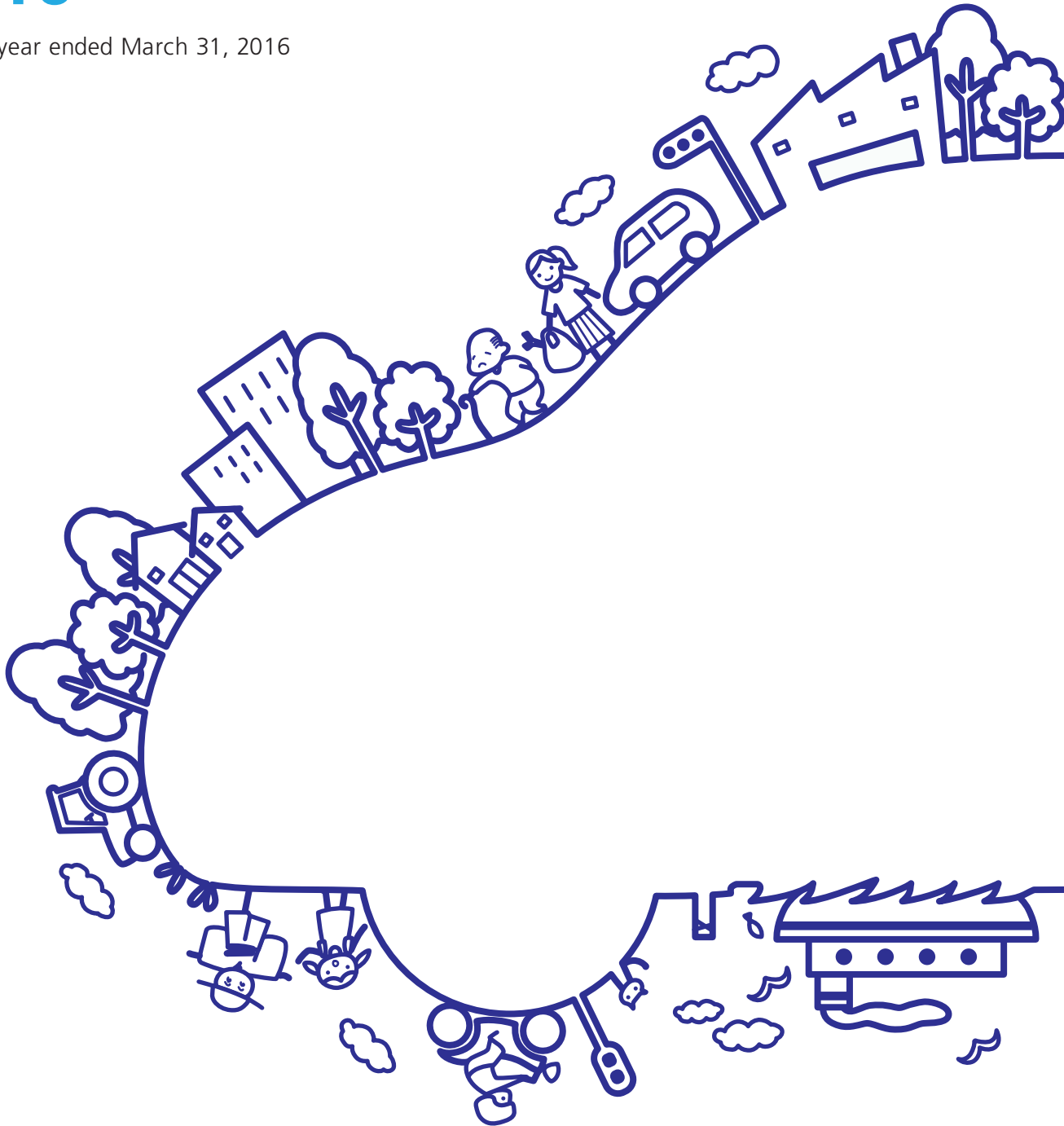
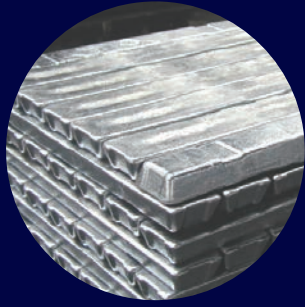


Ahresty Report 2016

For the year ended March 31, 2016



Ahresty



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.

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Winning Absolute Customers' Trust 2025

In fiscal 2015, Ahresty achieved record net sales of 144.5 billion yen, helped in part by the weaker yen. Unfortunately, however, global production declined slightly, reflecting the significant adverse effect of a fall attributable to uneven trends in auto sales by model in China. On the profit front, the U.S. plant moved into the black, thanks to an improvement in productivity. Profitability rose at our plant in Mexico. Losses were reduced at our plant in India due to an increase in sales. These results more than offset a decline in earnings in China, and operating income more than doubled from a year ago, to 5.4 billion yen (2.5 billion yen in FY2014). However, the ratio of operating income to sales was low, at 3.7%. We are determined to improve the ratio, aiming to achieve 5.5%, our target for FY2018.

FY2015 was the final year of the 1315 Plan, our medium-term management plan. During the period, we pursued initiatives to achieve the targets and produced results. Some challenges, however, are still being undertaken. We reflect those challenges in our 1618 Plan, which we are executing from FY2016, and will make improvements.

Our achievements in the 1315 Plan include an improvement in the production of new products through better preparations

for production and globalization, a reduction in quality faults and failures through improvements in manufacturing conditions and the quality assurance system, a reduction in flowing stock, including in-process inventory, education for technicians and engineers, upskilling of our human resources through improvement sharing and other activities, and an improvement in the practice of the RST Way.

In environmental conservation, Ahresty set a target of a 4% reduction in the basic CO₂ emission unit compared with FY2011 at its domestic plants and actually achieved a reduction of around 10%, or 844.4 kg-CO₂/t. At the Mexico plant, purchases of molten metal began in the second half of FY2015, which has started to result in a reduction in CO₂ emissions. At 10 of our 12 domestic sites, the amount of waste declined from FY2014. From FY2016, we will focus also on the recycling rate. In its social contribution activities, Ahresty aimed for a domestic employee participation rate of 62% or more, and achieved the target at all domestic sites. Ahresty has contributed to society through activities around its sites and in forest development.

From FY2016, Ahresty is executing its 1618 Plan, a medium-term management plan, under its 10-Year Vision "Winning



absolute customers' trust 2025." The plan has five pillars, as follows:

- ① Become the most reliable supplier of large products requiring high precision, in the eyes of our customers
- ② Pursue MONOZUKURI
- ③ Build up a Corporation taking pride in our work
- ④ Enhance profitability
- ⑤ Pursue comprehensive risk management

Under the plan, Ahresty will strive to achieve sustainable growth.

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

Arata Takahashi
President, CEO

Corporate Philosophy

**Let us take pride in our work,
respect theory and experimentation,
value originality and invention
and offer superior products and service
to our customers.**

10-Year Vision and 1618 3-year Ahresty Plan

In FY2015, the Company started to implement its new 10-year vision “Winning customers’ absolute trust 2025,” aiming to enhance corporate value in the medium to long term by adapting to the rising demand for automobiles in emerging countries, the trend towards reduced-weight automobiles in advanced countries, and the global expansion of demand for environmentally-friendly aluminum die casting products.

In the “Ahresty 10-Year Vision,” establishing the basic policy of

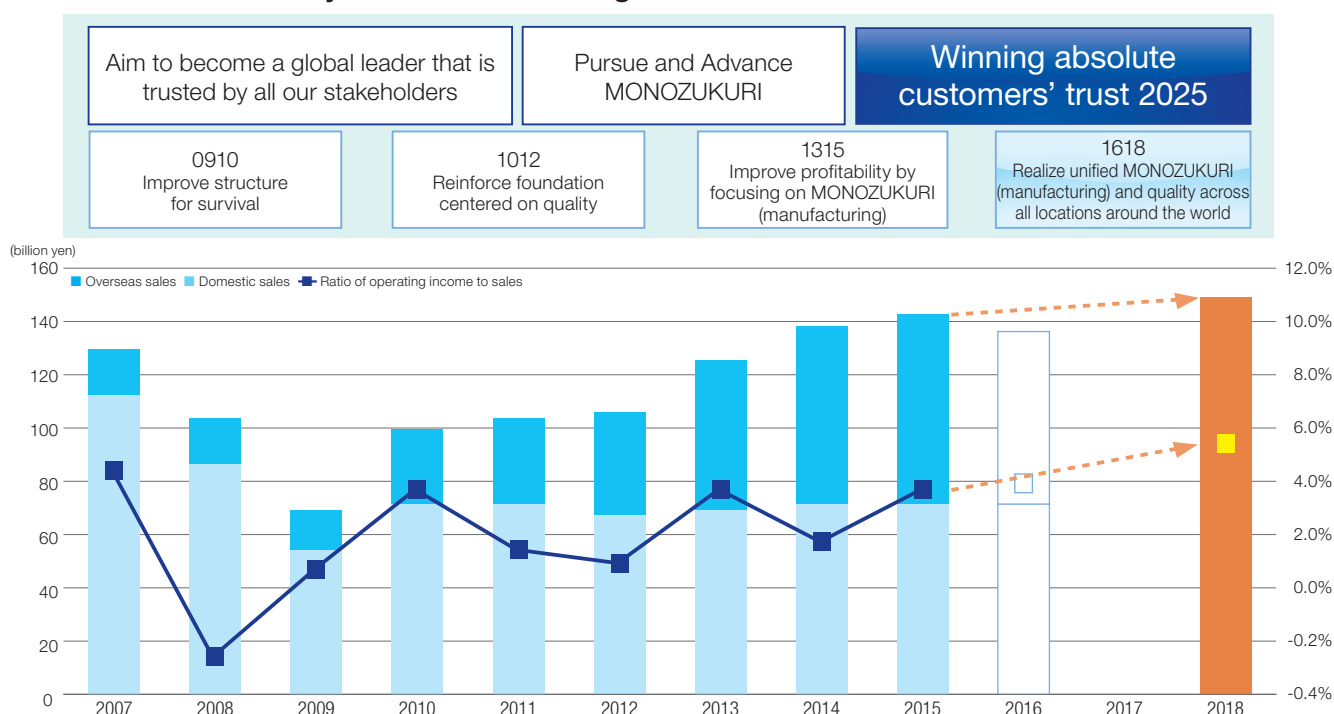
“Winning customers’ absolute trust 2025,” we have defined what we need to be as “Become the most reliable supplier in the eyes of our customers,” “Contribute to the weight reduction of automobiles on a global basis” and “Achieve a sales target exceeding 200 billion yen,” setting down the basic strategies for winning the absolute trust of customers and achieving sustainable growth in a stable manner through categorization into business strategy, functional strategy and management initiatives.

Basic Policy of the 1618 3-year Ahresty Plan



The basic policy of the 1618 Plan, the medium-term management plan that the Company put into motion in FY2016, is to pursue and advance MONOZUKURI (manufacturing) and establish the Ahresty production way. The Company will dedicate all its strength to achieving the plan, with its all employees pursuing the five pillars of the plan.

10-year vision and changes in our Medium-Term Plan

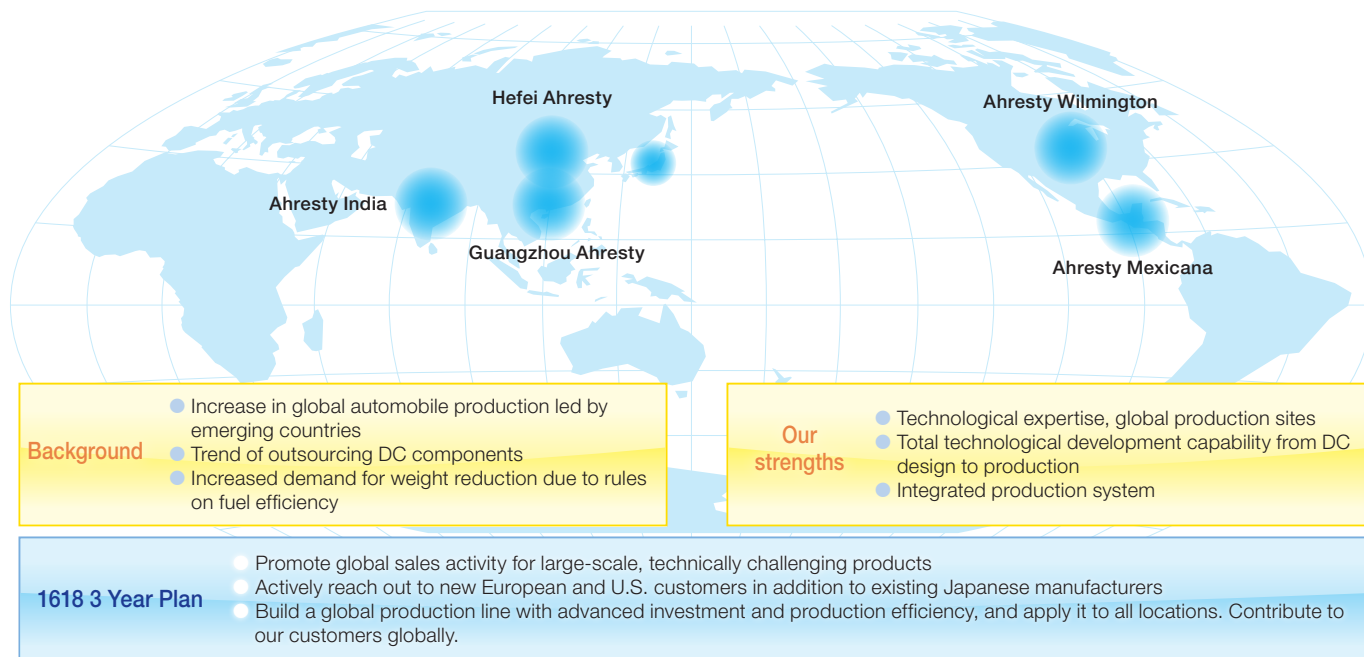


1

Become the most reliable supplier of large products requiring high precision, in the eyes of our customers

Aim to attain first place in customer ratings by improving QCD for large products requiring high precision

The demand for aluminum die casting auto parts is expected to expand not only in Japan but also around the world as auto parts are expected to become lighter and more environmentally-friendly. In the medium-term management plan, the Company will develop global operations, making the most of the expertise that it has developed.



2

Pursue MONOZUKURI

Unify the organized structure globally, and realize MONOZUKURI and Quality by the same level

In three years up to FY2015, we worked to rebuild manufacturing by integrating actual sites with design. As a result, a number of initiatives for improvement in die casting and processing made progress. We took steps to develop technologies utilized on the MONOZUKURI shop-floor through initiatives based on a technological road map, and have accumulated technologies for improving productivity and reducing the weight of automobiles. In the medium-term management plan from FY2016, we will pursue MONOZUKURI by standardizing mechanisms and

achieving the same level of MONOZUKURI and quality on a global scale, applying the technologies and improvement measures that we have developed. The project members, who are front-line engineers engaged in die casting, processing, die molds, and design at bases in Japan and other countries, cooperate and compete with each other in the promotion of initiatives. We have established a system where the best plant in terms of quality and productivity is used as the benchmark for pursuing higher standards.

Reform and standardization of global operations

Build a globally unified process and system for increasing added value based on the objective/goal of the business (product, service) or function (Q, C, D, etc.)

Establishing a process for MONOZUKURI (manufacturing) based on global standards

Create a globally unified system through constant actions for improving productivity based on analysis of manufacturing conditions, and apply the results to other locations.

Providing a quality guarantee to gain ultimate trust from customers

Build a system to enable each division and production process to ensure high quality. Constantly carry out actions to improve quality.

Realizing the technological roadmap

Resolve technological issues based on the technological roadmap, and apply the results to other products and locations.

Thorough implementation of production cost reduction activities

Reduce production costs by further improving productivity and reducing the basic manufacturing unit through increased efficiency and streamlining.

3

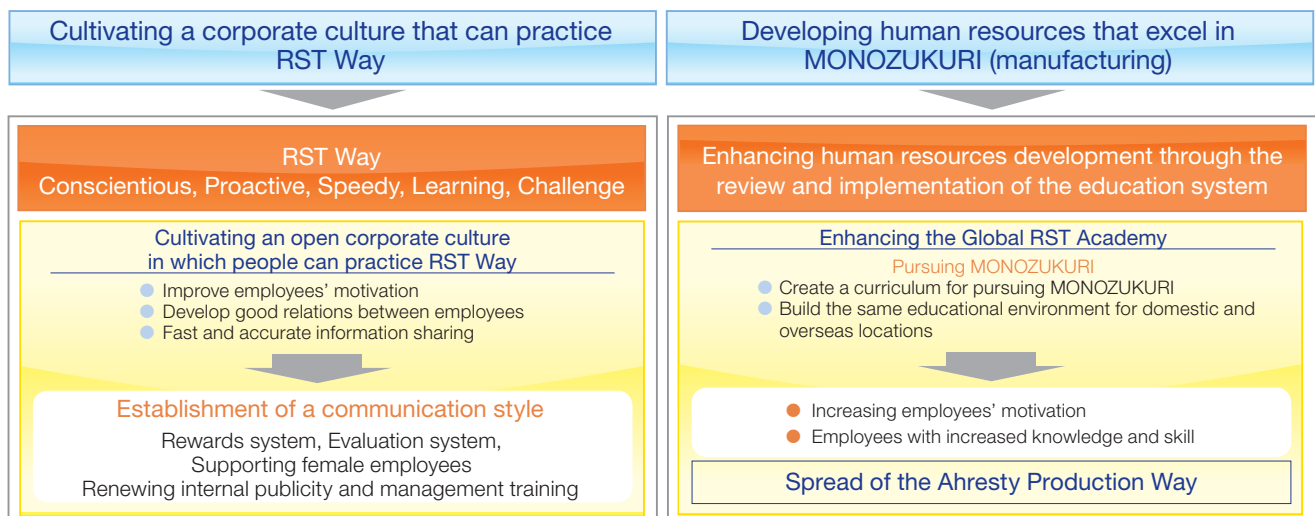
Build up a Corporation taking pride in our work

Create a corporate culture for all employees to practice RST Way and cultivate human resources

We have been taking steps to cultivate people with skills backed by practical experience and technologists who can take action based on the principle of five gens (genba for on site, genbutsu for actual thing, genjitsu for reality, genri for theory and gensoku for rule), including lectures based on a professional education system, practical education for improvement, and meetings for

technologists in Japan and overseas. Technologists have been cultivated in Japan and overseas.

We continue to create a corporate culture for all employees to practice RST Way, "Conscientious", "Proactive", "Speedy", "Learning", "Challenge", and cultivate human resources.



4

Enhance profitability

Reduce the cost of manufacturing through initiative to enhance MONOZUKURI and enhance the quality of earnings management

Profitability has been improving through MONOZUKURI and earnings management initiatives.

In the medium-term management plan from FY2016, we will enhance profitability by taking steps to pursue MONOZUKURI and improve investment efficiency and capital efficiency at the Group companies to live up to the expectations of our shareholders and investors.

Management goals for the 1618 3 Year Ahresty Plan

Sales 150.0 billion yen	Ratio of operating income to sales 5.5%
ROA 3.0%	ROE 7.0%

Enhance our financial footing and management foundation for medium- to long-term development and growth

Fair return of profit

5

Pursue comprehensive risk management

Enhance business continuity capabilities in case of assumed risk through BCP training, among other initiatives

The Group will prepare for, and will have its business connections prepare for, disaster risks, including the risk of big earthquakes, to enhance the Company's business continuity capabilities. The Group has entered markets in North America and Asia, and it is

becoming more global with each year. The Group will develop business continuity plans and conduct BCP training, taking into account the risks of each country and region.

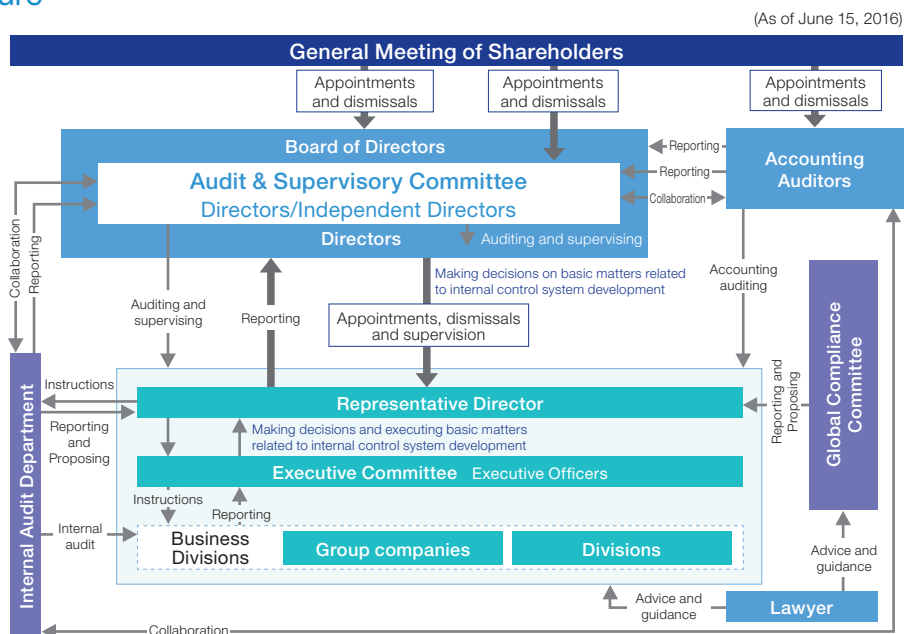
Corporate Governance

To fulfill its management responsibility and accountability to its shareholders and other stakeholders, Ahresty has established a management system that is highly transparent and allows for prompt decision-making.

Corporate Governance Structure

Ahresty changed to a company with an Audit & Supervisory Committee in June 2015, believing that strengthening the Board of Directors' supervisory functions and developing a system for aggressive management decisions will boost the productivity of management and capital. To improve the productivity of management, the Board of Directors has delegated some authority to the executive directors and individuals in management, and focuses on making decisions on important management matters.

In FY2015, the Board of Directors held 13 meetings and engaged in lively discussions on management strategies, including the medium-term management plan, corporate governance, and Group management, taking into consideration the opinions of the Independent Directors.



Initiatives for Compliance

The Group distributed the Ahresty Handbook to its executives and employees to make sure they are fully aware of the Compliance Principles and the Ahresty Group's Code of Conduct, and to ensure thorough compliance with business ethics. The Global Compliance Committee chaired by the president of the Company holds two regular meetings a year to discuss the compliance issues the entire Group faces and how to address them.

Ahresty Group's Code of Conduct

We have set up "Ahresty Group's Code of Conduct" which defines fundamental matters that we should comply with in daily business.

- ① Compliance with laws (Provisions for intent of norms and responsibility of compliance)
- ② Relationship with clients and partners (Provisions for open competition and for trade)
- ③ Relationship with shareholders and investors (Provisions for corporate information and insiders trading)
- ④ Relationship with employees (Provisions for respect human right and privacy protection)
- ⑤ Management of corporate assets and information (Provisions for trade secrets and intellectual property)
- ⑥ Relationship with society (Provisions for endowment acts and political contributions)
- ⑦ Operating procedures

Active IR Activities

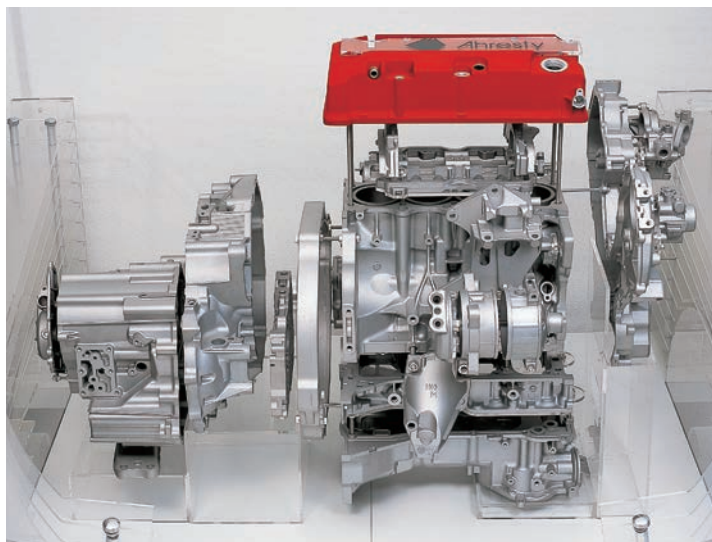
Ahresty believes that it is important to maintain good relations with shareholders and investors by holding constructive communication with them. In FY2015, we worked with them to deepen their understanding of our management policy and strategy and the business environment through results briefings, management policy meetings, and plant visits. Management is receptive to the opinions of shareholders and investors, and reflects this feedback to improve corporate value.



Segment Review

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, 90% 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 is a leading company of the Die Castings.

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.

Engine 《The Heart of an Automobile》

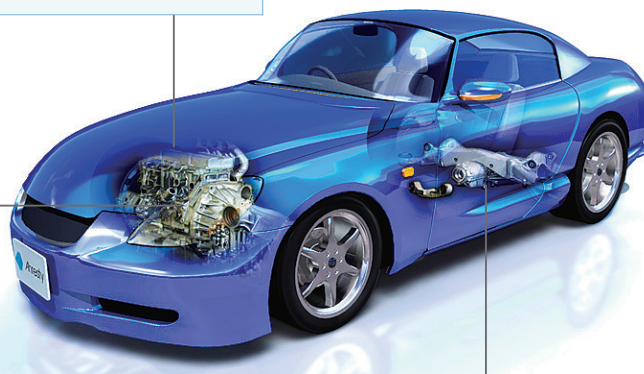
An engine, the heart of an automobile, uses a large number of die-cast products. Responding to demand for engine parts with higher quality and reduced weight following advances in the functionality of automobiles, cylinder head covers, cam brackets, cylinder blocks, ladder frames, oil pans, chain cases and other parts of engines and other vehicle parts, such as a range of brackets, are made by die casting.

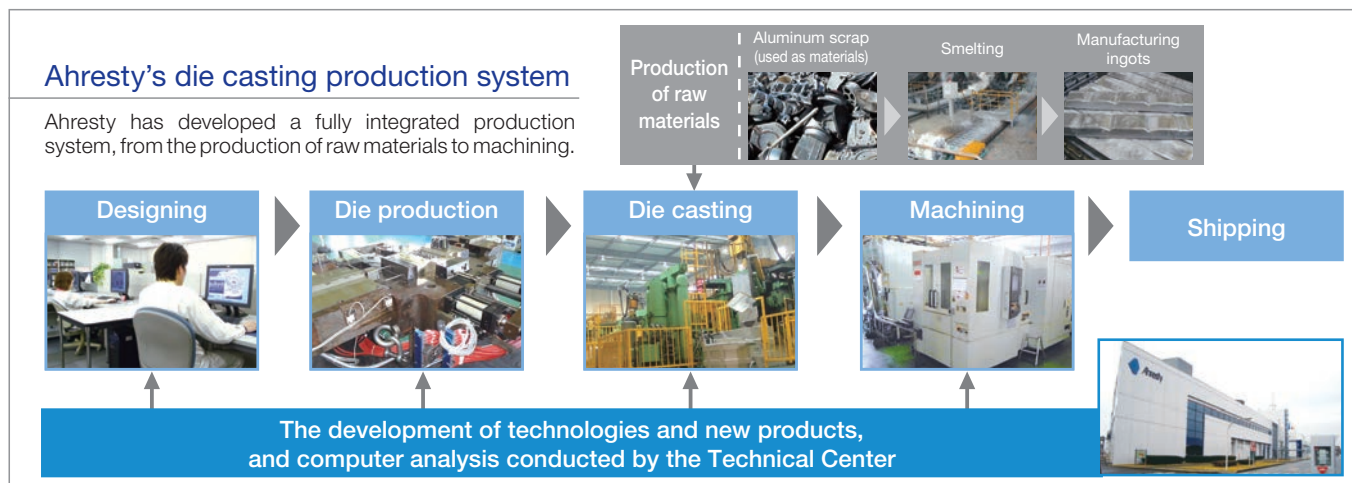
Transmission 《The key parts of a power transmission》

Transmissions are systems that convert the power generated by engines to suitable revolutions. Transmissions are made in large, thin and complex shapes, and they certainly require great strength, high dimensional accuracy and high quality in their external appearance. Therefore, products, such as transmission cases, clutch cases, housing converters and the valve bodies essential for controlling the hydraulic circuits of automatic transmissions, are made by die casting.

Suspension 《Affecting driving stability and comfort》

Reducing the weight of suspension-related parts can deliver significant gains in driving stability and comfort. As a result, automakers are rapidly seeking to reduce weight, especially for luxury automobiles. Because suspension-related parts require stiffness, strength, toughness, corrosion resistance and other features, they are manufactured using new die-casting methods, such as the NI process and the MFT process. Die-cast products manufactured using these methods include a variety of parts, such as differential members and steering knuckles.





Fiscal 2015 Results

Die Casting Business: Japan

In Japan, automakers, the Company's main customers, continued to experience sluggish sales following the consumption tax hike and a slowdown in domestic sales due to the light motor vehicle tax hike. Meanwhile, exports, mainly for the North American market, remained strong. In this environment, orders received by the Company were roughly on a par with the year-ago level. Net sales came to ¥63,583 million (up 0.6% year on year). The segment recorded a profit of ¥2,769 million (down 14.3% year on year), primarily due to an increase in depreciation expenses.

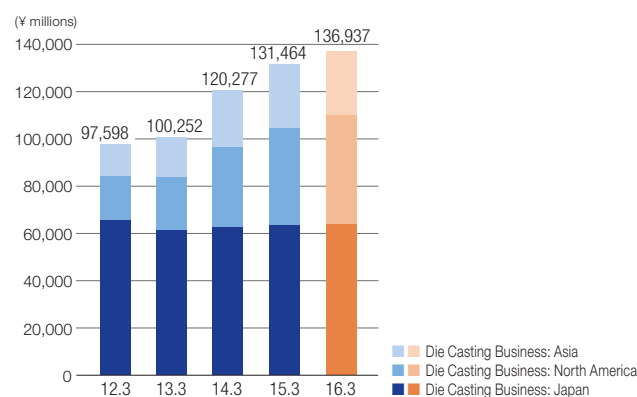
Die Casting Business: North America

In North America, net sales amounted to ¥45,760 million (up 12.6% year on year), mainly reflecting an increase in orders due to record-high auto sales, the launch of new parts, and the impact on foreign currency translation from the weakening yen. The segment recorded a profit of ¥1,521 million (compared with a segment loss of ¥1,295 million in the previous fiscal year), mainly reflecting an improvement in earnings in the plants in the United States and Mexico chiefly due to initiatives to improve productivity.

Die Casting Business: Asia

In China, orders from Japanese automakers, the Company's main customers, fell, chiefly reflecting their situation of model-based sales. In India, sales increased with the start of mass production of new parts. Given those factors and the impact of the weaker yen on foreign currency translation, net sales in Asia reached ¥27,594 million (compared with net sales of ¥27,584 million in the previous fiscal year). The segment recorded a profit of ¥573 million (down 13.5% year on year), mainly due to the significant impact from the decline in orders received in China, only partly offset by an improvement in earnings at the India Plant and positive effects of cost reduction activities in China.

Sales



Fiscal 2016 Outlook

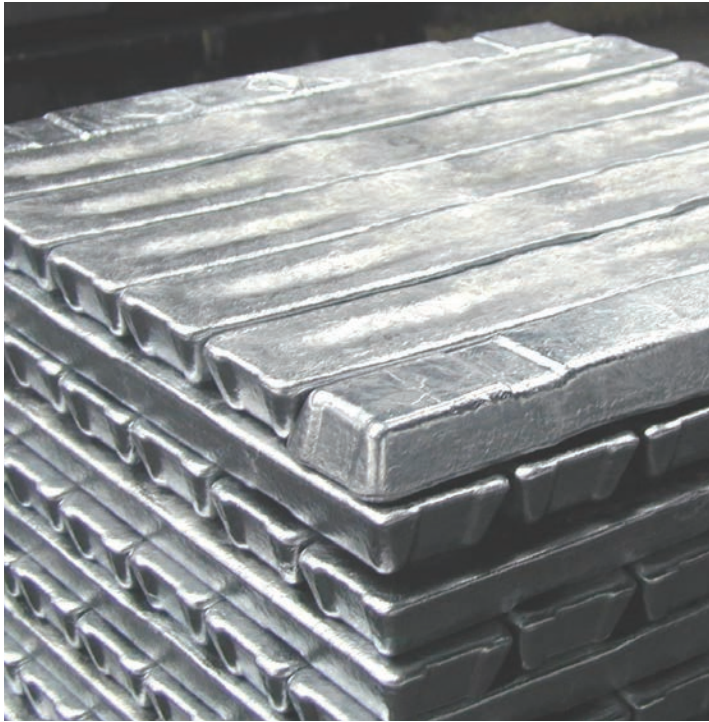
With respect to the economic outlook going forward, the domestic market environment is expected to remain severe due to the recent situations of domestic auto sales and the effect of the stronger yen, while the Japanese economy is expected to continue its moderate recovery backed by factors such as economic measures taken by the Japanese government and the continued improvement of employment and income conditions. Advanced economies, including the U.S. economy, are expected to recover moderately, but uncertainties are expected to remain, including the effect of the

normalization of the monetary policy of the United States, the trends of emerging economies in Asia, including China, and the effect of falling oil prices.

In this operating environment, the Group aims to achieve sustainable growth by implementing initiatives, primarily for evolving MONOZUKURI and establishing an Ahresty production way, based on the basic policy "Winning customers' absolute trust 2025" of the "Ahresty 10-Year Vision," which sets out our long-term management direction.

Aluminum Business

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

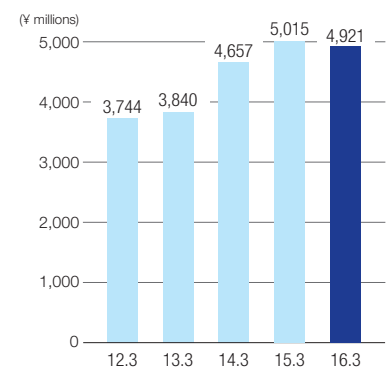


Ahresty produces approximately 40 types of aluminum alloy ingots, including alloy ingots for die casting, alloy ingots for casts, and alloy ingots for special uses. Ahresty manufactures aluminum alloy ingots from materials collected from all over the country, including aluminum cans, window sashes and automobile scraps, as well as virgin aluminum ingots and add-in materials. Ahresty provides high-quality, industrial-purpose ingots under strict control, making the most of its analytical equipment and expertise.

Ahresty's Kumagaya Plant in the Aluminum business 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 at the time as an aluminum can recycling facility under the revised Private Participation Promotion Law in 1997. The plant's current monthly production capacity is 3,000 tons. The manufactured ingots are shipped nationwide and have earned the trust of our customers.



Sales



Fiscal 2015 Results

In the Aluminum Business, net sales stood at ¥4,921 million (down 1.9% year on year), reflecting a slight decline in orders from a year ago. The segment recorded a profit of ¥338 million (compared with a segment profit of ¥5 million in the previous fiscal year), mainly reflecting the effects of changes in the market prices of raw materials and cost reduction activities.

Fiscal 2016 Outlook

Although domestic sales at auto manufacturers, our main customers, remain weak, production is expected to recover primarily for exports to North America and China and other emerging economies in Asia, where auto sales continue to expand.

The economic environment that surrounds this business is

becoming more challenging, given fluctuations in foreign exchange rates and raw material markets and the rise in imported ingots that appear to be lower-priced. In this business environment, Ahresty will seek to achieve a leaner corporate structure that is less susceptible to exchange rates and market conditions by cutting costs further and improving productivity.

Proprietary Products Business

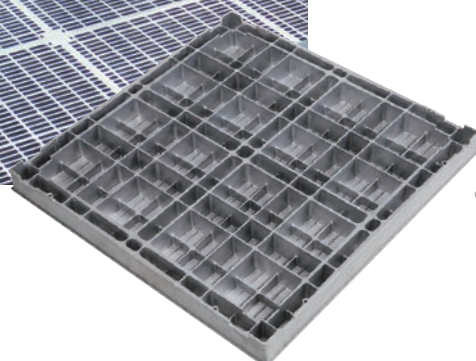
Developing new free access floor products to keep pace with expanding opportunities



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.

With the pride of a manufacturer that specializes in aluminum die casting and its high technological capabilities, Ahresty has commercialized the lightest free-access floor panels. The product is made solely via aluminum die casting and is fully recyclable. It is also expected to reduce CO₂ emissions in transportation with its lighter volume and to contribute to the extension of the lifetimes of building structures with its lighter weight.

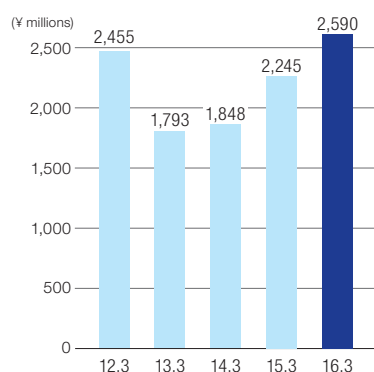


MOVAFLOR L60N



MOVAFLOR L60S

Sales



Fiscal 2015 Results

In the Proprietary Products business, net sales amounted to ¥2,590 million (up 15.4% year on year), due primarily to orders for data centers and clean rooms from telecommunications companies and semiconductor manufacturers, the Group's main customers. The segment recorded a profit of ¥212 million (up 153.3% year on year), mainly due to the effect of increased profit on the back of the net sales increase.

Fiscal 2016 Outlook

In FY2015, Ahresty posted its highest sales for the past five years, thanks to the expansion of the domestic clean room and computer market. While the market is expected to decline slightly in FY2016, Ahresty will strive to contribute to society by

making further corporate efforts to strengthen competitiveness and selling MOVAFLOR. Overseas, Ahresty will work to build up its business by expanding sales primarily in China.

Topics

2015

- January** All the die casting and machining plants in Japan and overseas completed acquisition of the ISO/TS16949 certificate
- March** Ahresty Tochigi plans to begin expansion work of the casting plant
- June** Ahresty Wilmington plans to complete the expansion work
- September** Ahresty Tochigi plans to complete the expansion work of the casting plant

Expansion of Ahresty Tochigi's sixth plant, with certain operations now underway

Ahresty Tochigi, a subsidiary of the Company, has expanded its sixth plant to increase its capacity in response to the rise of orders (the building was completed in September 2015). Equipment work is now underway.

The installation of die casting machinery has been completed, and the machinery is now operating. The equipment work is scheduled to be completed in November 2016.

After increasing the capacity, the production capacity will rise 6% to 3000 tons per month. Through the expansion of the sixth plant, Ahresty Tochigi plans to pursue the ideal concepts on the production line, which include process synchronization, labor saving, reduction in inventory, and manufacturing condition control. Ahresty Tochigi will work to realize these concepts and constantly provide high-quality die casting products to serve customers better.



Tochigi plant

72nd World Foundry Congress (WFC2016) exhibition

The World Foundry Congress (WFC2016) exhibition was held at Portmesse Nagoya for three days from May 22, 2016.

This is the first time in 26 years that the World Foundry Congress was held in Japan. This year's exhibition was held on a large scale.

The Company displayed die casting products and demonstrated special manufacturing techniques. The Company's booth attracted a large number of visitors.



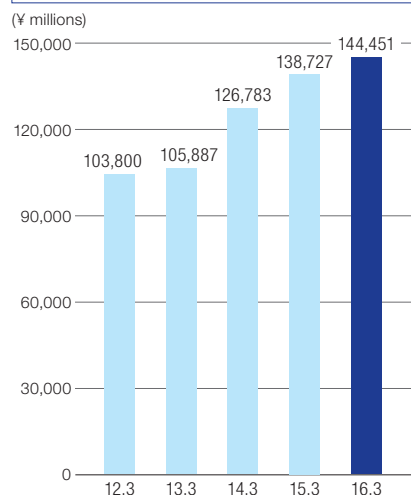
Launch of Closed Jet Cool System

In November 2015, the Group began selling the Closed Jet Cool System, a new product that uses cooling water that circulates in a closed circuit. While the functions of the conventional Jet Cool System have not been changed, the Closed Jet Cool System can be used at locations where the water environment is not good, helping to reduce water costs.

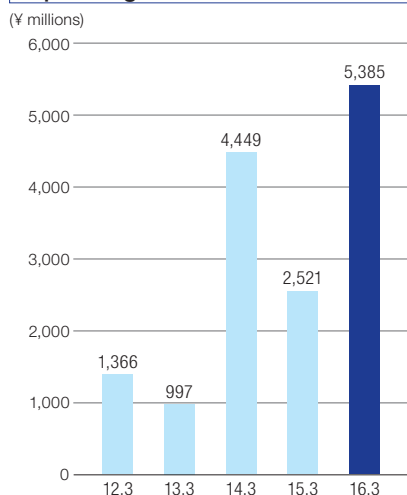


Consolidated Financial Highlights

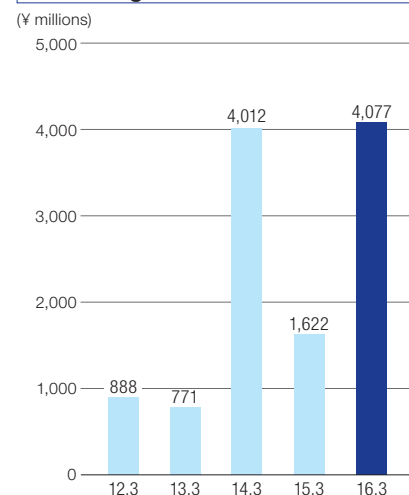
Sales



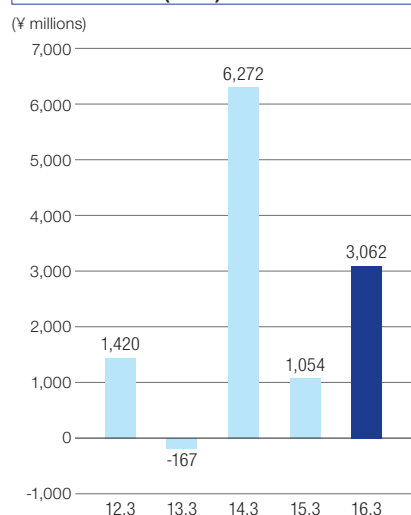
Operating income



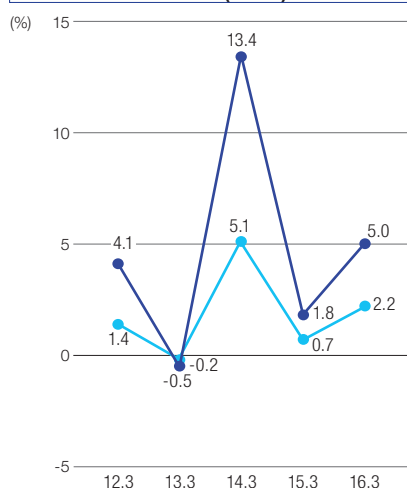
Recurring income



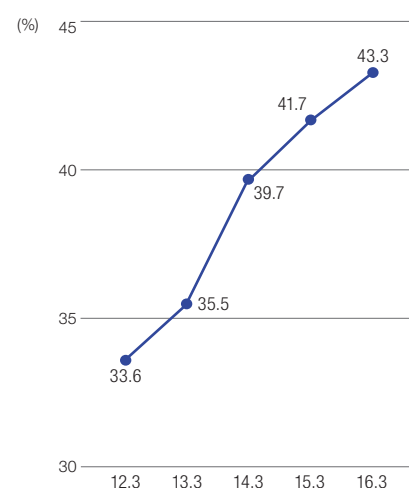
Net income (loss)



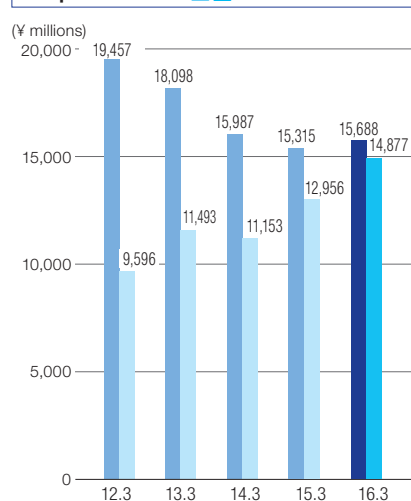
Return on equity (ROE) Return on assets (ROA)



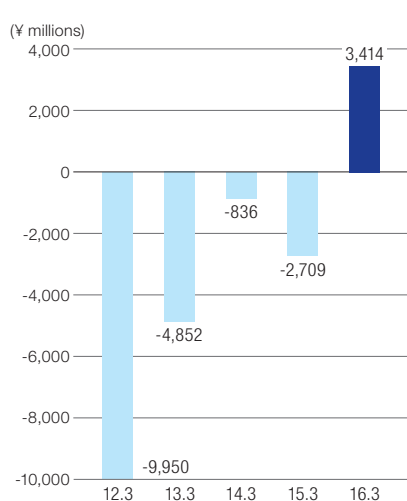
Equity ratio



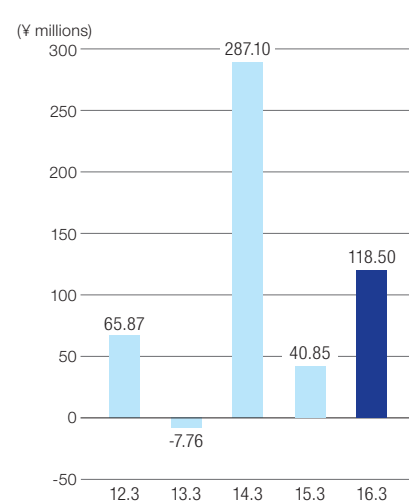
Capital expenditure*1 Depreciation*1



Free cash flow*2



Net income (loss) per share



*1 Including expense of die mold

*2 Free cash flow = Cash flows from operating activities - Cash flows from investing activities

Environmental Activities

Ahresty takes the initiative in reducing the negative impact caused by its production activities on the global environment mainly by engaging in pollution prevention activities and energy and resources conservation activities.

Environmental Policy

1. We will remain constantly aware that our activities, including development, production, sale, and disposal, are closely connected with and affect the global environment. We will develop environmental objectives, targets, and plans, will review them as needed, and will improve environmental preservation activities continuously.
2. We will comply with the requirements of the national government, local governments, stakeholders, etc., including environmental rules, regulations, and agreements, develop voluntary standards as far as possible technically and economically, and thereby bolster our contributions to environmental preservation.
3. We will prioritize the following activities, thereby contributing to environmental preservation and contamination prevention:
 - ① Thoroughly managing and improving the facilities and processes relating to air pollution and water contamination
 - ② Consistently recycling 100% of waste products
 - ③ Contributing to a recycling society by reducing the total amount of waste generation and expanding aluminum recycling operations
 - ④ Curbing CO₂ emissions, considering the prevention of global warming
 - ⑤ Developing and designing environmentally friendly products
4. We will provide continual education and awareness programs for employees so that each employee is able to increase environmental awareness.
5. We will strive to protect the environment of local communities and coexist with them as a good corporate citizen.

We will announce our environmental policy both internally and externally.

April 18, 2005 Rev.2

Arata Takahashi
President, CEO

Overseas affiliated company shall specify its environmental policy based on these principles; executives and employees will adhere to its policy.

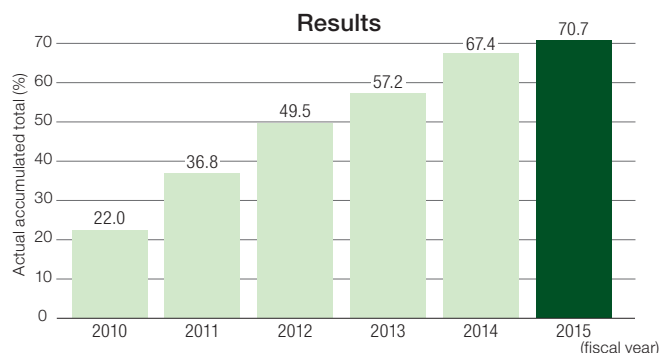
Ahresty eco License

Ahresty has established the Ahresty eco License, a unique internal examination system, to improve its employees' awareness of the environment. The examination is offered several times every year. More than 70% of the employees have passed the examination to date, and they undertake their daily business activities with a higher level of environmental awareness.

Ahresty Green Convention

Ahresty Green Convention is an assembly for reporting on actual environmental improvement activities, and the 13th convention was held in fiscal year 2015.

Because it was determined that the effective activities that were reported in the Convention were required to be introduced to other business offices in a horizontal manner, in the previous fiscal year, the Ahresty Group in Japan promoted energy saving activities in each business office.



Location	Theme
Tokai Plant	Reduction in usage amount of die preheating burner gas
Ahresty Pretech Corporation	Reduction in air loss
Higashimatsuyama Plant	Exchanging water tanks and planting trees to protect against summer sunlight
Kumagaya Plant	Reduction in gas consumption rate in the chip drying furnace
Ahresty Tochigi Corporation	Reduction in industrial waste sludge from water treatment
Ahresty Die Mold Tochigi Corporation	Reduction in disposal amount of general garbage
Ahresty Yamagata Corporation	Reduction in water content of dewatered sludge
Ahresty Kumamoto Corporation	Reduction in usage of LPG from rises in the temperature of the holding furnace

Environmental Targets and Achievements

Through its unique internal environmental qualification and social contribution activities, Ahresty is also striving to produce positive achievements in preventing pollution and other common hazards and reducing CO₂ emissions in accordance with recent requirements.

Environmental Targets and Achievements for fiscal year 2015

Domestic Targets and Achievements

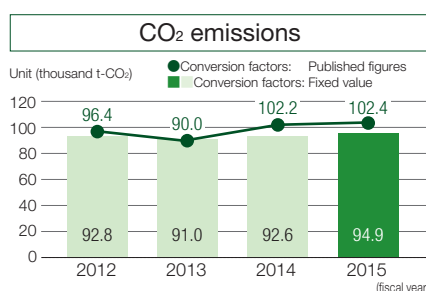
Environmental Category	Medium-term Targets and Measures	Targets for fiscal year 2015	Achievements in fiscal year 2015	Evaluation*	Targets for fiscal year 2016
Atmosphere, water quality, noise, etc.	Prevent the occurrence of environmental problems such as atmospheric pollution, water contamination and noise pollution.	Eliminate non-conforming external leaks and external complaints.	2. Each business office received complaints about external leaks, noise and vibrations.	1	Eliminate non-conforming external leaks and external complaints.
Waste materials	Reduce the total amount of waste materials.	Reduce the total amount of waste materials. ● Ahresty Tochigi Corporation : 20% reduction compared with fiscal year 2013 ● Ahresty Pretech Corporation : 10% reduction compared with fiscal year 2010 ● Tokai Plant : 20% reduction compared with fiscal year 2013	The three business offices that produced the largest volume of the total amount of waste materials set targets. Tokai plant achieved the targets, and two business offices, Ahresty Tochigi Corporation and Ahresty Pretech Corporation failed to achieve the targets.	2	Reduce the amount of final disposal waste (landfill) and achieve a recycling rate of 100% (excluding residue in thermal recycling etc.). Reduce total waste in basic units 1% or more from the previous fiscal year.
Energy and natural resources saving	Reduce CO ₂ emissions as a measure to counter global warming.	Reduce CO ₂ in basic units by 4% compared with fiscal year 2011. * A 1% reduction compared with the previous fiscal year for the business offices that have already achieved the target. In addition, reduce electricity demand based on a uniform measure in basic units by 1% compared with fiscal year 2014.	The target for the total CO ₂ at the six major plants has been achieved (844kg-CO ₂ /t vs. 903kg-CO ₂ /t). By business office, seven offices achieved their targets, and four offices fell short. * The power coefficient is fixed.	3	● Reduce CO ₂ in basic units by 4% compared with fiscal year 2012. * A 1% reduction compared with the previous fiscal year for the business offices that have already achieved the target. ● In addition, reduce electricity demand based on a uniform measure in basic units by 2% compared with fiscal year 2014.
	Reduce the consumption of water used in processing.	Carry out activities to reduce water consumption in basic units by 7% compared with fiscal year 2011.	Of the five targeted business offices, three business offices achieved the target.	3	Carry out activities to reduce water consumption in basic units by 1% compared with fiscal year 2015.
Other	Enhance awareness of the environment.	Require each business office to ensure that more than 57% of its full-time employees gain the Ahresty eco License. Establish individual targets for the business offices that have already achieved the above target.	All the business offices achieved their targets. * Total number of successful employees: 1,470 (70.7%)	5	Require each business office to ensure that more than 64% of its fulltime employees gain the Ahresty eco License. Establish individual targets for the business offices that have already achieved the above target.
	Promote social contribution activities.	Achieve a participation rate of more than 62% and an average number of eco points obtained per person per annum of more than 140 points.	The targets were achieved with a participation rate of 81.1% and an average number of eco points obtained per person per annum of 161.5 points.	5	Achieve a participation rate of more than 63% and an average number of eco points obtained per person per annum of more than 140 points.

* Target achievement level 5 (Achieved) 1 (Unachieved)

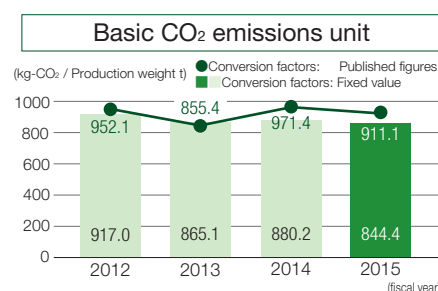
Ahresty has also set out environmental targets at overseas plants, such as the reduction of CO₂ and water consumption, with the same target categories as those adopted in Japan to carry out global environmental management.

Annual Changes

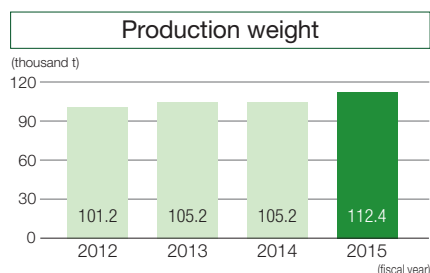
To evaluate the effects of CO₂ emission reduction activities, CO₂ conversion factors are calculated based on the past fixed value. Partly due to reduction activities, the amount of discharged materials has been further reduced from the previous fiscal year.



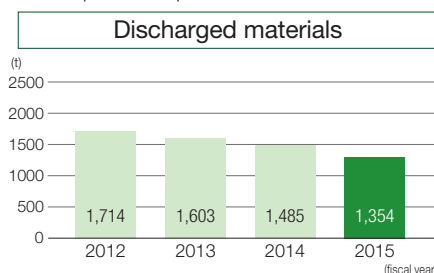
The figures show the consumption of fuel and electric power by conversion to CO₂ emissions. The line graph shows the CO₂ emissions calculated based on the conversion factors published by the electric power companies.



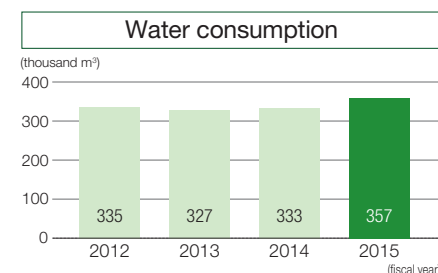
The basic CO₂ emissions unit is the figures calculated by dividing the CO₂ emissions by the production weight, and it shows the amount of CO₂ emitted in the production of 1t.



The production weight shows the weight of the products manufactured by Ahresty. The energy consumption is proportional to the production weight.



Discharged materials are all the materials discharged from business offices, excluding steel and aluminum, and they include waste and valuable materials.



Water consumption is the amount of clean water and groundwater consumption. Ahresty has included the target of reducing the use of water resources since fiscal year 2011.

* The figures are based only on the six main plants in Japan that have maintained annual data.

Material Flows

Ahresty manufactures products by using a variety of energy and materials and paying the necessary costs.

INPUT (consumption)



Fuels
(heavy oil,
kerosene, etc.)
15,381 kℓ



Electricity
119,264,000 kWh



Gas
4,149 t



Aluminum alloy
ingots
194,101 t



Clean water
128,664 m³



Groundwater
250,937 m³



Chemical materials
(materials subject
to internal reporting)
18,835 kg



Aluminum
resources
34,943 t



Ahresty

Reporting period: From April 1, 2015 to March 31, 2016
(Unit: thousand yen)

Categories and main initiatives		Environmental conservation costs	
		Investments	Expenses
Costs incurred by the business office areas			
Types of costs	● Pollution prevention costs Management, updating and introduction of wastewater treatment facilities, maintenance and management of waste gas treatment and dust collection equipment and noise control measures	27,715	88,111
	● Global environmental conservation costs Energy (electricity and heavy oil) saving activities, the introduction of energy saving facilities, the greening of the plant environment and the monitoring of electric power consumption	11,631	11,663
	● Resources recycling costs Recycling of water, treatment (separation and disposal) of waste, and use of recycled oil	3,750	233,803
	Subtotal	43,096	333,576
● Upstream and downstream costs Purchasing of green materials Sales of valuable materials (income is stated in the expenses column)		—	23,160 37,130
● Management activities costs Environmental Committee, internal auditing, measuring of the levels of smoke, dioxin, exhaust gas and noise, internal education and training and maintenance of ISO14001 certification		—	13,307
● Research and development costs Alloy association (environmental conservation theme) and examinations of substances contained in ingots that have a negative environmental impact		—	6
● Social activities costs Holding of plant tours, community cleaning activities, community communication activities, volunteer activities and NPO donations		—	780
● Environmental damage countermeasure costs Pollution load charges		—	1,217
Subtotal		—	38,470
Total income		—	37,130
Total		43,096	372,047

*Investments are those made in fixed assets, such as facilities, and expenses are those incurred with regard to other matters.

*The latest figure published by the electric power companies (the figure for fiscal year 2014) is used as the CO₂ conversion factor of electric power.

*The figures of Material Flows are based only on the operating bases in Japan.

OUTPUT (production and emissions)



Product production
volume
79,310 t



Aluminum alloy ingots
Production volume
[Kumagaya Plant]
33,067 t



CO₂
113,059 t-CO₂



Discharged
water
78,999 m³



Waste
(recycling)
2,121 t



Waste
(final disposal)
38 t



Die production volume
(including components)
[Die group]
163

Safety and Sanitation

Ahresty carries out production activities based on the principle of prioritizing safety first. Accordingly, by carrying out a variety of safety and sanitation activities, Ahresty as a whole aims to develop a safe working environment.

Ahresty Safety Awareness

Ahresty has established Ahresty Safety Awareness to describe the meaning behind the oft-used phrase "safety first," and to consolidate a firm safety culture. The Safety Awareness is observed all around the world.

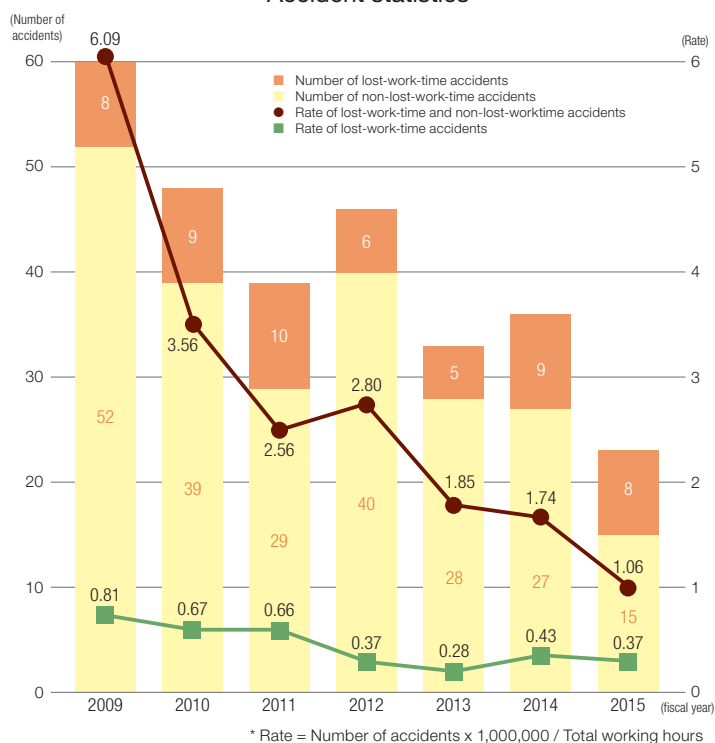
Ahresty Safety Awareness

1. Safety must be prioritized than any other work.
2. Safety is more important than any other work.
3. Safety is always more important than efficiency of production.
4. Safety starts with arrangement, orderliness and cleaning.
5. Ahresty does not need Associate who cannot prioritize safety.

Basic safety and sanitation policies

"Risk attached to non-regular work!
Study KY, make our rules,
and let's create a work environment where
promises ZERO ACCIDENTS."

Accident statistics



Results of key activities for fiscal year 2015

- Improvement in the safety of the workplace through the effective use of risk assessments
- Development of instructors who can teach risk assessments in business offices
- Realization of a workplace that complies with rules through safety awareness improvement activities that focus on the development of human resources and corporate culture
- Implementation of safety awareness improvement activities by holding safety awareness enhancement months
- Implementation of safety awareness improvement activities by setting out KY key themes

Evaluation of "Safety Person"

The Evaluation of "Safety Person" is intended to encourage managers and supervisors and workers to acquire knowledge about safety that is consistent with their respective positions, and cultivate Safety Persons who perform day-to-day operations safely. There are more than ten evaluation items. We conduct follow-up evaluations to ensure that managers, supervisors, and workers acquire the proper safety awareness and the ability to perform safe operations.

Example for Team Leader Class

Item
I always strictly adhere to rules, and carry out actions to be a role model for subordinates such as pointing and calling during times such as walking, dynamic lift off and operating equipment.
I always talk about safety (injuries at other plants or companies, precautions in my workplace from this information, precautions from HHK meetings, newly established rules, etc.) at morning and afternoon meetings.
I create provisions and internal inspection plans for areas such as safety related equipment and prepare items such as necessary inspection recording lists.
When safety rules or standards are established or reformed, I inform the items in which adherence is necessary at our workplace immediately to the necessary employees.
I thoroughly inform employees to "stop, call someone and wait" when they carry out work which has no standards. I also carry this out myself when necessary.
Standards and safety points in the Standard Work Manual regarding necessary safety at our workplace are taught to the employees.
I patrol the workplace everyday and give strict guidance when I discover unsafe actions.
I instruct on wearing necessary protective gear (including items listed in the Standard Work Manual) and carry out work environment improvements based on the results of work environment measurements.

Monthly Theme Enhancement Activities

To reduce the risk of serious accidents and prevent the recurrence of accidents that previously occurred, Ahresty believes that it is required to rectify a shortage in equipment safety and a lack of safety awareness. Accordingly, it will continue to carry out risk assessments on a global scale, develop common equipment safety specifications, ensure the implementation of work place patrols by determining monthly themes, and carry out activities that focus on surprising and shocking or worrying incidents and KY activities.



Building a Proud Corporate Citizen

Together with the Community

Ahresty has been making continued efforts to ensure that its plants become rooted in the local communities and develop human resources that can initiate leadership in contributing to society. Ahresty is committed to growth together with the local communities.

Active Contribution to Conservation Activities

Ahresty has helped to reduce the weight of automobiles and provide support for environmental conservation efforts through the manufacturing of aluminum die casting products. The Company is actively involved in conservation activities, responding to input from employees who desire to aid

conservation efforts outside work.

Since 2007, employees at the Higashimatsuyama Plant, Kumagaya Plant, and the Tokyo head office have jointly planted trees in Ahresty's forest in Ogose, Saitama Prefecture, and have worked together to thin the underbrush in the forest.



Examples of activities

- Ahresty's forest development (local forest development)
- Volunteer activities in the Iwaya Ryokuchi
- Cleaning of the Flower Road and Adopta-River activities
- Voluntary cleaning of nursing homes
- Red Cross Blood Center Voluntary blood donation
- Cleaning campaign at Lake Hamana
- Meeting for appreciating the nature of the Arakawa River and Kumagaya
- Tenryu River cleaning campaign
- Umeda River community cleaning campaign

and other activities totaling approximately 80 events



Communication with the Local Communities

Ahresty takes measures to eradicate the sources of problems, including noise generated in the manufacturing process and delivery vehicles at its plants. We visit houses, residents' associations, and companies located near the plants to speak with the people regularly, using this report. We also take part in crime prevention patrols in communities.

As a Global Corporate Citizen

Ahresty established a U.S. company in 1988. Since then, the Company has established production bases in five countries. In global operations, the Company actively interacts with communities as a community-based company.



Cultivation of Human Resources at Ahresty

Ahresty aims to create workplaces where each employee can grow through work and take pride in the job they do.

RST Way, “Conscientious”, “Proactive”, “Speedy”, “Learning”, “Challenge”

The initial phrase of Ahresty’s Corporate Philosophy is “Let us take pride in our work.” The RST Way’s five criteria for action—conscientious, proactive, speedy, learning, and challenge—are the basis of each employee’s way of thinking and action to realize the Corporate Philosophy. In FY2015, the domestic Group companies held a competition to choose the best slogans for day-to-day actions in accordance with RST Way.

The RST Way has taken root at overseas bases as Ahresty’s criteria for action.



Poster: The Best Slogans



Global Human Resources Development

Ahresty emphasizes the cultivation of human resources for each employee’s growth. It has developed a training system that provides three major programs through which its employees can undergo training in a systematic manner. There is common training that is offered to all employees, management training for managers, and professional training that provides expertise in a wide range of specialized technologies. Since FY2015, Ahresty has run a program at plants overseas to cultivate on-site instructors who teach skills, working to introduce KAIZEN globally.



Active Communication

Teamwork begins with good day-to-day communication. At Ahresty, people actively communicate with each other in sports and events as well as business operations.



Corporate Information

Global Development

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

Main Global Business Offices



Ahresty India Private Limited

Business Content:
Die Castings, Machining, Part Assembling
Monthly Production Capacity: 1,100 t
Site Area: 58,500 m²

Ahresty Precision Die Mold (Guangzhou) Co., Ltd.

Business Content: Die Casting Die
Site Area: 8,748 m²



Guangzhou Ahresty Casting Co., Ltd.

Business Content:
Die Castings, Machining, Part Assembling
Monthly Production Capacity: 2,700 t
Site Area: 81,825 m²



Ahresty Wilmington Corporation

Business Content:
Die Castings, Machining, Part Assembling
Monthly Production Capacity: 1,900 t
Site Area: 170,000 m²

Thai Ahresty Die Co., Ltd.

Business Content:
Die Casting Die
Site Area: 16,940 m²

Thai Ahresty Engineering Co., Ltd.

Business Content:
Design of Die Castings and Die Casting Die, and 3D Modeling

Ahresty Corporation



Hefei Ahresty Casting Co., Ltd.

Business Content:
Die Castings, Machining, Part Assembling, Free Access Floor Production
Monthly Production Capacity: 1,300 t
Site Area: 50,500 m²



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

Business Content:
Die Castings, Machining, Part Assembling, Die Casting Die
Monthly Production Capacity: 2,600 t
Site Area: 100,000 m²

Main Business Offices in Japan

Ahresty Tochigi Corporation

Business Content:
Die Castings, Machining, Part Assembling, Free Access Floor Production
Monthly Production Capacity: 3,000 t
Site Area: 97,844 m²

Ahresty Die Mold Tochigi Corporation

Business Content:
Die Casting Die
Site Area: 6,612 m²

Kumagaya Plant

Business Content:
Aluminum Alloy Ingots Production
Monthly Production Capacity: 3,000 t
Site Area: 47,105 m²

Ahresty Yamagata Corporation

Business Content:
Die Castings, Machining, Part Assembling
Monthly Production Capacity: 500 t
Site Area: 35,156 m²

Higashimatsuyama Plant

Business Content:
Die Castings, Machining, Part Assembling, Free Access Floor Production
Monthly Production Capacity: 300 t
Site Area: 22,781 m²

Tokyo Head Office

Ahresty Die Mold Hamamatsu Corporation

Business Content: Die Casting Die
Site Area: 13,320 m²

Ahresty Techno Service Corporation

Business Content:
Manufacture, Sales and Repairs of Peripheral Equipment for Die Casting Machine
Site Area: 9,241 m²

Ahresty Pretech Corporation

Business Content:
Machining of Principal Component Parts for Automobile, Motorcycle and General-purpose Machine
Site Area: 23,616 m²

Tokai Plant

Business Content:
Die Castings
Monthly Production Capacity: 3,200 t
Site Area: 70,994 m²

Head Office and Technical Center

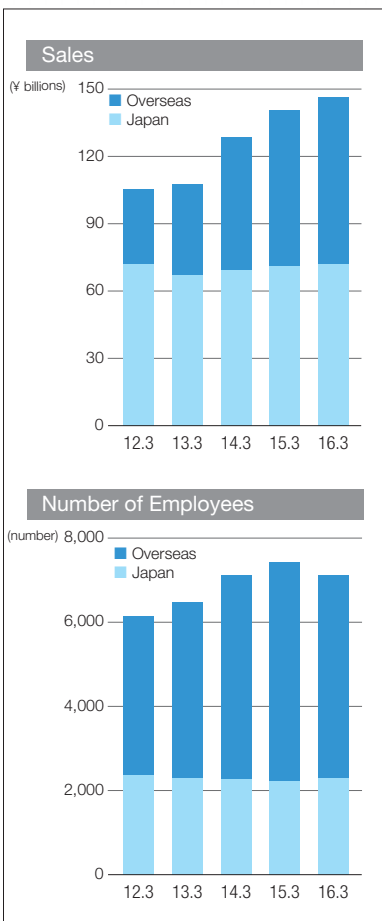
Business Content:
Product Design, Research and Development
Site Area: 18,067 m²

Ahresty Kumamoto Corporation

Business Content:
Die Castings, Machining, Part Assembling
Monthly Production Capacity: 500 t
Site Area: 34,342 m²

Ahresty Die Mold Kumamoto Corporation

Business Content:
Die Casting Die
Site Area: 12,987 m²



Corporate Data

Corporate Profile (As of March 31, 2016)

Company name:
Ahresty Corporation
Date of establishment :
November 2, 1943
Paid-in capital :
¥6,939.09 million
Number of employees :
(Consolidated) 7,055
(Non-Consolidated) 883

Management (As of June 15, 2016)

President, CEO **Arata Takahashi**
Director,
Senior Managing
Executive Officer **Kenichi Nonaka**
Director,
Senior Managing
Executive Officer **Hiroshi Ishimaru**
Director,
Managing
Executive Officer **Shinichi Gamou**
Director,
Managing Executive
Officer **Naoyuki Kaneta**
Director
(Audit & Supervisory
Committee member) **Yasuo Kenmoku**
Independent Director
(Audit & Supervisory
Committee member) **Tadao Saotome**
Independent Director
(Audit & Supervisory
Committee member) **Akihiko Shido**
Independent Director
(Audit & Supervisory
Committee member) **Shozo Hamamura**

Stock Information (As of March 31, 2016)

Number of Shares and Shareholders

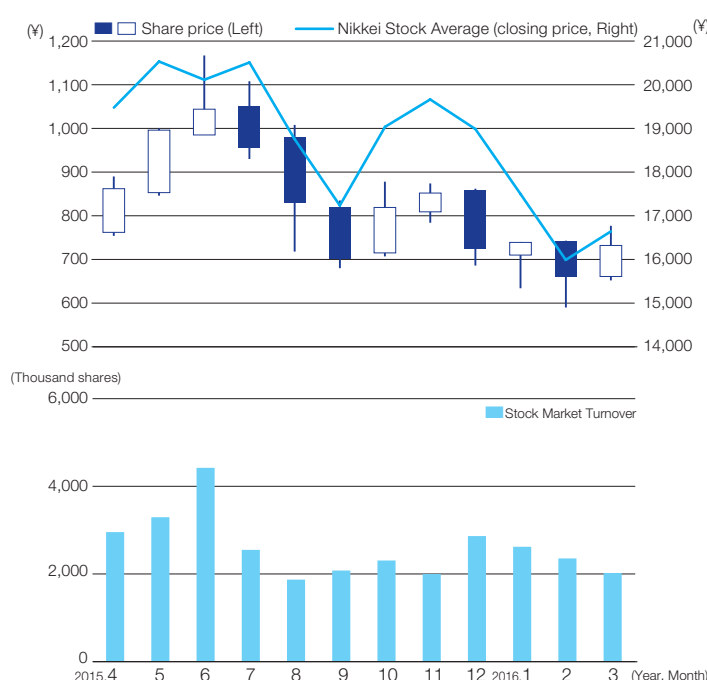
Authorized shares: 60,000,000 shares
Issued shares: 26,027,720 shares
Shareholders: 4,231

Distribution by Type of Shareholder

Financial institutions	Individuals and others	Foreign institutions and others	Other institutions
29.7%	27.7%	25.7%	15.1%

Financial instruments firms 1.8%

Share price and Stock Trading Volume



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 Tokai 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)
- May 1988 • Establishment of Ahresty Wilmington Corporation
- Oct. • Corporate name changed from Fuso Light Alloys Co., Ltd. to Ahresty Corporation
- Oct. 1989 • Ahresty Corporation awarded Deming Prize for the year 1989 (Small and Mid-range Industries)
- Feb. 1997 • Establishment of Thai Ahresty Die Co., Ltd.
- Mar. • Ahresty Corporation obtains ISO9001 certification (Free Access Floor)
- Ahresty Corporation obtains ISO9002 certification (Die Castings, Aluminum Ingots)
- Mar. 2001 • Ahresty Corporation obtains ISO14001 certification
- Jul. 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
- Aug. 2010 • Establishment of Hefei Ahresty Casting Co., Ltd.
- Apr. 2011 • Consolidated organizations into Tokai Plant ahead of the planned integration of Hamamatsu Plant and Toyohashi Plant.
- Oct. 2013 • Head office/headquarters moved to Toyohashi City, Aichi Prefecture (former head office becomes the Tokyo head office)
- Feb. 2014 • Tokyo head office moved to Honcho, Nakano-ku, Tokyo
- Mar. • Change in listing of the shares from the Second Section to the First Section of the Tokyo Stock Exchange
- Nov. • Ahresty Corporation Higashimatsuyama Plant obtains ISO/TS16949 certification
- Jan. 2015 • Ahresty Corporation Tokai Plant obtains ISO/TS16949 certification

Financial Section

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Consolidated Statement of Changes in Net Assets	32
Consolidated Statements of Cash Flows	34
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Overview of Business Performance

Results of Operations

During the consolidated fiscal year under review, the Japanese economy maintained a gradual recovery path as consumer spending remained firm and corporate earnings improved. Overseas, the U.S. economy continued to recover. In Asia, the Chinese economy slowed moderately. Despite weaknesses, the global economy overall is slowly recovering.

In this environment, the Ahresty Group expanded its production capacity, primarily in North America, and implemented initiatives focusing on MONOZUKURI, pursuing its basic policy of winning customers' absolute trust.

For the consolidated fiscal year under review, the Ahresty Group recorded net sales of ¥144,451 million (up 4.1% year on year), operating income of ¥5,385 million (rising 113.6% year on year), recurring income of ¥4,077 million (up 151.4% year on year), and net income attributable to owners of parent of ¥3,062 million (up 190.3% year on year).

Consolidated performance for year ended March 2016 (April 1, 2015–March 31, 2016) (Amounts of less than 1 million yen are rounded off)

(1) Consolidated Operating Results

(% shows change from previous term)

	Sales		Operating Income		Ordinary Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Fiscal year ended March 2016	144,451	4.1	5,385	113.6	4,077	151.4
Fiscal year ended March 2015	138,727	9.4	2,521	(43.3)	1,622	(59.6)

	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	%					
Fiscal year ended March 2016	3,062	190.3	118.50	117.67	5.0	2.8	3.7
Fiscal year ended March 2015	1,054	(83.2)	40.85	40.61	1.8	1.1	1.8

Note: Comprehensive income

Year ended March 2016: -366 million yen (-%)

Year ended March 2015: 7,839 million yen (-36.3%)

For reference: Investment gain or loss under equity method

Year ended March 2016: - million yen

Year ended March 2015: - 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 2016	141,694	61,460	43.3	2,372.85
Fiscal year ended March 2015	148,831	62,103	41.7	2,400.55

For reference: Shareholders' equity
 Year ended March 2016: 61,329 million yen
 Year ended March 2015: 61,991 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 2016	18,062	(14,648)	(4,372)	4,505
Fiscal year ended March 2015	12,502	(15,211)	(538)	5,789

Outlook for fiscal year ending March 2017

With respect to the economic outlook going forward, the domestic market environment is expected to remain severe due to the recent situations of domestic auto sales and the effect of the stronger yen, while the Japanese economy is expected to continue its moderate recovery backed by factors such as economic measures taken by the Japanese government and the continued improvement of employment and income conditions. Advanced economies, including the U.S. economy, are expected to recover moderately, but uncertainties are expected to remain, including the effect of the normalization of the monetary policy of the United States, the trends of emerging economies in Asia, including China, and the effect of falling oil prices.

In this operating environment, the Group aims to achieve sustainable growth by implementing initiatives, primarily for evolving MONOZUKURI and establishing an Ahresty production way, based on the basic policy "Winning customers' absolute trust 2025" of the "Ahresty 10-Year Vision," which sets out our long-term management direction. In the next fiscal year, we forecast a decline in net sales due to the effects of the market situation of ingots and a stronger yen, but an improvement in earnings, chiefly overseas.

The consolidated business results forecast assumes foreign exchange rates of 110.0 yen to 1 USD, 17.0 yen to 1 RMB, and 1.7 yen to 1 INR.

	Sales	Operating Income	Ordinary Income	Net Income
For the year ending March 2017 forecast	136,000	5,500	4,700	3,100
For the year ended March 2016 actual	144,451	5,385	4,077	3,062
Changes	(8,451)	114	622	37
Change ratio (%)	(5.9)	2.1	15.3	1.2

	Sales		Segment Income	
Segment	Current fiscal year	Next fiscal year	Current fiscal year	Next fiscal year
Die Casting Business: Japan	63,583	63,900	2,769	2,300
Die Casting Business: North America	45,760	39,400	1,521	2,200
Die Casting Business: Asia	27,594	26,200	573	700
Aluminum Business	4,921	4,300	338	200
Proprietary Products Business	2,590	2,200	212	100
Elimination of intersegment transactions	-	-	(30)	-

Consolidated Balance Sheets

(Assets)	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended March 31		Fiscal year ended March 31
	2015	2016	2016
Current Assets			
Cash and time deposits	¥ 5,885	¥ 4,505	\$ 37,542
Trade notes and accounts receivable	24,229	24,055	200,443
Electronically recorded monetary claims - operating	1,450	2,021	16,842
Merchandise and products	4,166	2,999	24,996
Work-In-Process	4,549	4,006	33,388
Raw materials and supplies	3,887	3,351	27,929
Deferred tax assets	828	1,091	9,096
Other current assets	3,468	2,150	17,923
Allowance for doubtful accounts	(1)	(1)	(11)
Total Current Assets	48,464	44,181	368,151
Fixed Assets			
Tangible fixed assets			
Buildings and structures	28,538	29,000	241,649
Accumulated depreciation and impairment loss	(11,800)	(12,566)	(104,708)
Buildings and structures, net	16,737	16,434	136,940
Machinery and delivery equipment	119,684	123,145	1,026,124
Accumulated depreciation and impairment loss	(70,114)	(74,768)	(623,018)
Machinery and delivery equipment, net	49,570	48,376	403,105
Tools, furniture and fixtures	46,274	47,066	392,188
Accumulated depreciation	(38,146)	(39,771)	(331,399)
Tools, furniture and fixtures, net	8,127	7,295	60,788
Land	5,294	5,268	43,903
Lease assets	1,113	1,092	9,100
Accumulated depreciation	(301)	(385)	(3,208)
Lease assets, net	811	707	5,892
Construction in progress	7,591	7,724	64,363
Total Tangible Fixed Assets	88,133	85,806	714,993
Intangible Fixed Assets	1,541	1,628	13,570
Investments and other assets			
Investments in securities * 1	7,160	6,201	51,675
Deferred tax assets	3,077	3,499	29,158
Other assets	454	376	3,135
Allowance for doubtful accounts	(0)	(0)	0
Total Investments and Other Assets	10,692	10,077	83,969
Total Fixed Assets	100,367	97,512	812,533
Total Assets	¥148,831	¥141,694	\$1,180,685

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 ¥120.01 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.

(Liabilities)	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended March 31		Fiscal year ended March 31
	2015	2016	2016
Current Liabilities			
Notes and accounts payable	¥ 14,388	¥ 12,065	\$ 100,539
Electronically recorded obligations-operating	6,548	6,053	50,445
Short-term loans	6,187	4,536	37,797
Current portion of long-term loans	11,806	10,850	90,417
Accrued income taxes	777	475	3,959
Bonus allowances	1,532	1,568	13,072
Directors' bonus allowances	13	20	166
Provision for product warranties	196	121	1,011
Other current liabilities	7,051	8,612	71,765
Total Current Liabilities	48,502	44,304	369,173
Long-term Liabilities			
Long-term loans	28,845	27,062	225,503
Long-term accounts payable	137	1,671	13,931
Deferred tax liabilities	3,502	3,553	29,612
Net defined benefit liability	4,816	2,985	24,875
Other long-term liabilities	923	655	5,461
Total Long-term Liabilities	38,225	35,929	299,385
Total Liabilities	86,728	80,233	668,559
(Net Assets)			
Shareholders' Equity			
Common stock	6,939	6,939	57,820
Additional paid-in capital	10,180	10,180	84,834
Retained earnings	32,730	35,462	295,497
Treasury stock, at cost	(304)	(271)	(2,259)
Total Shareholders' Equity	49,545	52,311	435,894
Other Accumulated Comprehensive Income			
Unrealized holding gain (loss) on marketable securities	3,468	2,875	23,958
Foreign currency translation adjustments	9,301	6,772	56,429
Remeasurements of defined benefit plans	(324)	(629)	(5,249)
Total Other Accumulated Comprehensive Income	12,446	9,017	75,138
Share Warrants	111	131	1,094
Total Net Assets	62,103	61,460	512,126
Total Liabilities and Net Assets	¥148,831	¥141,694	\$1,180,685

Consolidated Statements of Income and Statements of Comprehensive Income

(Consolidated Statements of Income)

		Millions of yen		Thousands of U.S. dollars
		April 1, 2014 through March 31, 2015	April 1, 2015 through March 31, 2016	April 1, 2015 through March 31, 2016
Sales		¥138,727	¥144,451	\$1,203,660
Cost of Goods Sold	* 1	125,865	128,271	1,068,836
Gross Profit		12,861	16,180	134,823
Selling, General and Administrative Expenses				
Transportation expenses		1,771	1,813	15,111
Salaries and bonuses		3,051	3,238	26,987
Retirement and severance expenses		249	223	1,858
Provision for bonuses		305	322	2,689
Provision for bonuses for directors		13	20	166
Depreciation		180	239	1,992
Research and development expenses	* 2	448	493	4,110
Other expenses		4,321	4,444	37,034
Total Selling, General and Administrative Expenses		10,340	10,795	89,951
Operating Income		2,521	5,385	44,872
Non-operating Income				
Interest income		18	17	147
Dividends received		127	153	1,281
Gain on sales of scraps		141	115	964
Others		184	195	1,626
Total Non-operating Income		471	482	4,020
Non-operating Expenses				
Interest expenses		1,254	1,260	10,504
Foreign currency exchange losses		50	448	3,739
Others		66	81	675
Total Non-operating Expenses		1,370	1,790	14,919
Ordinary Income		1,622	4,077	33,973
Extraordinary Gains				
Gain on the sale of fixed assets	* 3	51	15	128
Subsidy income		99	65	545
Total Extraordinary Gains		150	80	673
Extraordinary Losses				
Loss on sales and retirement of fixed assets	* 4	121	140	1,170
Loss on sales of investment securities		–	257	2,144
Total Extraordinary Losses		121	397	3,314
Income before Income Taxes		1,651	3,760	31,332
Income taxes and enterprise taxes		812	862	7,189
Deferred income taxes		(215)	(164)	(1,373)
Total Income Taxes		596	698	5,816
Income before Minority Interests		1,054	3,062	25,516
Net Income		¥ 1,054	¥ 3,062	\$ 25,516

(Consolidated Statements of Comprehensive Income)

	Millions of yen		Thousands of U.S. dollars
	April 1, 2014 through March 31, 2015	April 1, 2015 through March 31, 2016	April 1, 2015 through March 31, 2016
Income before Minority Interests	¥ 1,054	¥ 3,062	\$ 25,516
Other Comprehensive Income			
Difference on revaluation of other marketable securities	928	(593)	(4,946)
Foreign currency translation adjustments	5,640	(2,529)	(21,079)
Remeasurements of defined benefit plans, net of tax	215	(305)	(2,546)
Total Other Comprehensive Income	*	(3,429)	(28,572)
Comprehensive Income	7,839	(366)	(3,056)
Comprehensive income attributable to owners of the parent	7,839	(366)	(3,056)
Comprehensive income attributable to minority interests	¥ –	¥ –	\$ –

Consolidated Statement of Changes in Net Assets

Previous consolidated fiscal year (April 1, 2014 through March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current fiscal year	¥6,939	¥10,180	¥32,035	¥(304)	¥48,851
Cumulative effects of changes in accounting policies			(50)		(50)
Restated balance	6,939	10,180	31,984	(304)	48,800
Changes					
Cash dividend from retained earnings			(309)		(309)
Net income			1,054		1,054
Purchase of own shares				(0)	(0)
Changes (net) in non-shareholders' equity items					
Total changes	–	–	745	(0)	744
Balance at end of current fiscal year	¥6,939	¥10,180	¥32,730	¥(304)	¥49,545

(Millions of yen)

	Other comprehensive income				Share warrants	Total net assets
	Unrealized holding gain (loss) on marketable securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other comprehensive income		
Balance at beginning of current fiscal year	¥2,540	¥3,660	¥(539)	¥ 5,661	¥ 79	¥54,592
Cumulative effects of changes in accounting policies						(50)
Restated balance	2,540	3,660	(539)	5,661	79	54,541
Changes						
Cash dividend from retained earnings						(309)
Net income						1,054
Purchase of own shares						(0)
Changes (net) in non-shareholders' equity items	928	5,640	215	6,784	32	6,816
Total changes	928	5,640	215	6,784	32	7,561
Balance at end of current fiscal year	¥3,468	¥9,301	¥(324)	¥12,446	¥111	¥62,103

Current consolidated fiscal year (April 1, 2015 through March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current fiscal year	¥6,939	¥10,180	¥32,730	¥(304)	¥49,545
Changes					
Cash dividend from retained earnings			(310)		(310)
Net income (loss) attributable to owners of parent			3,062		3,062
Purchase of own shares				(0)	(0)
Disposal of treasury stock			(19)	34	14
Changes (net) in non-shareholders' equity items					
Total changes	–	–	2,732	33	2,766
Balance at end of current fiscal year	¥6,939	¥10,180	¥35,462	¥(271)	¥52,311

(Millions of yen)

	Other accumulated comprehensive income				Share warrants	Total net assets
	Unrealized holding gain (loss) on marketable securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other accumulated comprehensive income		
Balance at beginning of current fiscal year	¥3,468	¥9,301	¥(324)	¥12,446	¥111	¥62,103
Changes						
Cash dividend from retained earnings						(310)
Net income (loss) attributable to owners of parent						3,062
Purchase of own shares						(0)
Disposal of treasury stock						14
Changes (net) in non-shareholders' equity items	(593)	(2,529)	(305)	(3,429)	19	(3,409)
Total changes	(593)	(2,529)	(305)	(3,429)	19	(643)
Balance at end of current fiscal year	¥2,875	¥6,772	¥(629)	¥9,017	¥131	¥61,460

Current consolidated fiscal year (April 1, 2015 through March 31, 2016)

(Thousands of U.S. dollars)

	Shareholders' equity				Total shareholders' equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	
Balance at beginning of current fiscal year	\$57,820	\$84,834	\$272,727	\$ (2,538)	\$412,844
Changes					
Cash dividend from retained earnings			(2,583)		(2,583)
Net income (loss) attributable to owners of parent			25,516		25,516
Purchase of own shares				(4)	(4)
Disposal of treasury stock			(162)	283	121
Changes (net) in non-shareholders' equity items					
Total changes	—	—	22,770	279	23,049
Balance at end of current fiscal year	\$57,820	\$84,834	\$295,497	\$ (2,259)	\$435,894

(Thousands of U.S. dollars)

	Other accumulated comprehensive income				Share warrants	Total net assets
	Unrealized holding gain (loss) on marketable securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other accumulated comprehensive income		
Balance at beginning of current fiscal year	\$28,905	\$77,508	\$(2,702)	\$103,711	\$ 928	\$517,484
Changes						
Cash dividend from retained earnings						(2,583)
Net income (loss) attributable to owners of parent						25,516
Purchase of own shares						(4)
Disposal of treasury stock						121
Changes (net) in non-shareholders' equity items	(4,946)	(21,079)	(2,546)	(28,572)	165	(28,407)
Total changes	(4,946)	(21,079)	(2,546)	(28,572)	165	(5,358)
Balance at end of current fiscal year	\$23,958	\$56,429	\$(5,249)	\$75,138	\$1,094	\$512,126

Consolidated Statements of Cash Flows

	Millions of yen		Thousands of U.S. dollars
	April 1, 2014 through March 31, 2015	April 1, 2015 through March 31, 2016	April 1, 2015 through March 31, 2016
Cash Flows from Operating Activities			
Income before income taxes	¥ 1,651	¥ 3,760	\$ 31,332
Depreciation and amortization	12,956	14,877	123,964
Increase (decrease) in allowances for bonuses	244	53	446
Increase (decrease) in provision for product warranties	8	(72)	(600)
Increase (decrease) in liabilities for retirement benefits	167	(2,196)	(18,299)
Interest and dividend income	(145)	(171)	(1,429)
Interest expenses	1,254	1,260	10,504
Loss (gain) on sales and disposal of tangible fixed assets	68	125	1,042
Subsidy income	(99)	(65)	(545)
Decrease (increase) in notes and accounts receivable	1,555	(927)	(7,725)
Decrease (increase) in inventories	(1,143)	2,162	18,016
Increase (decrease) in notes and accounts payable	428	(2,496)	(20,803)
Increase (decrease) in accrued expenses	(49)	533	4,447
Increase (decrease) in accrued consumption taxes and others	(252)	649	5,411
Increase (decrease) in long-term accounts payable - other	1	1,533	12,781
Others	(1,242)	940	7,835
Subtotal	15,402	19,967	166,380
Interest and dividends received	145	171	1,429
Interest paid	(1,230)	(1,252)	(10,433)
Proceeds from subsidy income	89	55	458
Income taxes paid	(2,144)	(1,201)	(10,012)
Refund of income taxes for prior periods	239	322	2,690
Net Cash Provided by Operating Activities	12,502	18,062	150,512
Cash Flows from Investing Activities			
Payments into time deposits	(86)	(38)	(320)
Proceeds from withdrawal of time deposits	—	134	1,120
Expenditures from purchases of tangible fixed assets	(15,143)	(14,480)	(120,664)
Proceeds from sales of tangible fixed assets	205	22	189
Others	(187)	(286)	(2,383)
Net Cash Used in Investing Activities	(15,211)	(14,648)	(122,057)
Cash Flows from Financing Activities			
Proceeds from short-term loans	31,053	31,792	264,915
Repayment of short-term loans	(32,295)	(33,346)	(277,865)
Proceeds from long-term debt	10,958	10,698	89,150
Repayment of long-term debt	(9,725)	(12,959)	(107,983)
Dividends paid	(308)	(311)	(2,595)
Others	(220)	(246)	(2,055)
Net Cash Provided by Financing Activities	(538)	(4,372)	(36,434)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	245	(326)	(2,717)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,002)	(1,283)	(10,696)
Cash and Cash Equivalents at Beginning of Year	8,791	5,789	48,239
Cash and Cash Equivalents at End of Period	* ¥ 5,789	¥ 4,505	\$ 37,542

Notes to Consolidated Financial Statements

1. Scope of consolidation

- (1) Consolidated subsidiaries consist of 15 companies: Ahresty Tochigi Corporation, Ahresty Kumamoto Corporation, Ahresty Yamagata Corporation, Ahresty Wilmington Corporation, 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, Ahresty Mexicana, S.A. de C.V., Ahresty India Private Limited, Hefei Ahresty Casting Co., Ltd. and Ahresty Precision Die Mold (Guangzhou) Co., Ltd.
- (2) The main non-consolidated subsidiary: Thai Ahresty Engineering Co., Ltd.
It has been excluded from the scope of consolidation as they have no significant impact on the Consolidated Financial Statements in terms of total assets, sales, current term net profit or loss (in accordance to their equity), and retained earnings (in accordance to their equity).

2. Equity method affiliates

There are no main non-consolidated subsidiaries accounted for using the equity method. There are no affiliates. The equity method is not applied to investments in Thai Ahresty Engineering Co., Ltd. among the non-consolidated subsidiaries, because the 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

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, Ahresty Mexicana, S.A. de C.V., Hefei Ahresty Casting Co., Ltd. and Ahresty Precision Die Mold (Guangzhou) Co., Ltd.
In order to prepare the Consolidated Financial Statements, the financial statements used for these subsidiaries were as of their closing dates, except for important transactions that took place in the period before the consolidated closing date, which were adjusted as necessary for consolidation.

4. Summary of Significant Accounting Policies

(1) Evaluation standards and evaluation methods for key assets

- (a) Marketable securities
Other marketable securities
Securities with market value
Market value method based on the market price on the closing date (variance of estimate is treated with the total net assets input method and the cost of such securities sold is determined by the moving average method)
Securities without market value
Moving average cost method
- (b) Derivatives — market value method
- (c) Inventories
The Company and consolidated some subsidiaries evaluate according to cost method based primarily on the average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins), while other consolidated subsidiaries 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)
Tangible fixed assets other than die casting mold that are included in tools, furniture and fixtures: Straight-line method
Die casting mold that are included in tools, furniture and fixtures: Mainly the production output method
Main useful lives are as follows:
Buildings and structures: Between 2 years and 50 years
Machinery and delivery equipment: Between 2 years and 20 years

Notes to Consolidated Financial Statements

Tools, furniture and fixtures (excluding die casting mold for which the production output method is adopted): Between 2 years and 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.

(3) 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) Allowance for product warranties

In preparation for expenses for charge-free repairs, the Company and its consolidated subsidiaries record the provision based on estimates of different kinds of repairs and the ratio of the expenses to sales in the past.

(4) Accounting method for employees' retirement benefits

(a) Period approximation method for the estimated amount of employees' retirement benefits

For the calculation of employees' retirement benefit liabilities, the Group has adopted fixed amount standards as a method of approximating the estimated amount of employees' retirement benefits to the period up to the end of the consolidated fiscal year under review.

(b) Amortization methods for actuarial difference and prior service costs

Prior service costs are amortized based on the straight-line method over a specified period (10 years) within the average remaining service period of employees at the time when such costs are incurred.

Actuarial difference is amortized based on the straight-line method over a specified period (15 years) within the average remaining service period of employees at the time of its occurrence in each consolidated fiscal year, and it is allocated proportionately from the fiscal year following the respective fiscal year of its occurrence.

(Additional information)

The Company employed a defined benefit corporate pension plan and a retirement lump-sum grants system, but in January 2016 transferred the retirement lump-sum grants system to a defined contribution pension plan.

In association with this transfer, the Company is applying the Accounting for Transfers between Retirement Benefit Plans (Financial Accounting Standards Implementation Guidance No. 1; January 31, 2002) and the Practical Solution on Accounting for Transfers between Retirement Benefit Plans (ASBJ Practical Issues Task Force No. 2; February 7, 2007).

The effect of the transfer is an extraordinary loss of 257 million yen.

(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

(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 avoid the risk of variable interest rates. 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) Depreciation method and period of goodwill

Goodwill is depreciated by straight-line method over a period of five years. 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.

(9) 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.

(10) 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.

Change in Accounting Policy

(Application of the Accounting Standard for Business Combinations, etc.)

Beginning in the fiscal year under review, the Company is now applying the Accounting Standard for Business Combinations (ASBJ Statement No. 21; September 13, 2013) and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7; September 13, 2013). Expenses related to acquisitions are posted as expenses in the fiscal year in which they are incurred.

These accounting standards are applied from the beginning of the fiscal year under review onward, in accordance with the transitional treatment set out in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations and in Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. The application of these standards has no effect on the Company's profits and losses.

(Unapplied accounting standards, etc.)

Details were omitted because of their insignificance.

(Changes in presentation methods)

(Consolidated balance sheets)

Long-term accounts payable, which was included in "Others" in "Long-term liabilities" up until the previous fiscal year, is now posted as a separate item for the fiscal year under review due to the increase in its importance. To reflect this change in presentation, the financial statements for the previous fiscal year have been reclassified.

The amount of "Others" in "Long-term liabilities" on the balance sheets for the previous fiscal year, 174 million yen, has been reclassified into long-term accounts payable of 128 million yen and "Others" of 46 million yen.

Notes to Consolidated Financial Statements

(Consolidated statements of cash flows)

Increase (decrease) in long-term accounts payable – other, which was included in “Others” in “Cash flows from operating activities” up until the previous fiscal year, is posted as a separate item for the fiscal year under review due to the increase in its importance. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

The amount of “Others” in “Cash flows from operating activities” on the consolidated statements of cash flows for the previous fiscal year, -1,241 million yen, has been reclassified as an increase (decrease) in long-term accounts payable – other of 1 million yen and “Others” of -1,242 million yen.

Notes on Consolidated Balance Sheets

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

	As of March 31, 2015	As of March 31, 2016
Investments in securities (share)	¥36 million	¥36 million

* 2. Notes receivable transfer by endorsement

	As of March 31, 2015	As of March 31, 2016
Notes receivable transfer by endorsement	¥1,112 million	¥616 million

Notes on Consolidated Statements of Income

* 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, 2015	As of March 31, 2016
	¥230 million	¥229 million

* 2. Research and development expenses included in the administrative expenses

	As of March 31, 2015	As of March 31, 2016
	¥448 million	¥493 million

No research and development expenses were included in the manufacturing costs incurred for the current period.

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

	As of March 31, 2015	As of March 31, 2016
Machinery and delivery equipment	¥7 million	¥12 million
Tools, furniture and fixtures	¥44 million	¥2 million
Total	¥51 million	¥15 million

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

	As of March 31, 2015	As of March 31, 2016
Building and structures	¥16 million	¥2 million
Machinery and delivery equipment	¥61 million	¥56 million
Tools, furniture and fixtures, others	¥43 million	¥81 million
Total	¥121 million	¥140 million

Notes on Consolidated Statements of Comprehensive Income

* Recycling and tax effect relating to other comprehensive income

	As of March 31, 2015	As of March 31, 2016
Valuation difference on available-for-sale securities:		
Amount arising during fiscal year under review	¥1,180 million	¥(976 million)
Recycling	–	–
Before tax effect adjustment	¥1,180 million	¥(976 million)
Tax effect	¥(252 million)	¥382 million
Valuation difference on available-for-sale securities	¥928 million	¥(593 million)
Foreign currency translation adjustment:		
Amount arising during fiscal year under review	¥5,640 million	¥(2,529 million)
Remeasurements of defined benefit plans, net of tax:		
Amount for the current term	¥214 million	¥(523 million)
Reclassification remeasurements	¥127 million	¥155 million
Before tax-effect adjustment	¥341 million	¥(367 million)
Tax-effect	¥(125 million)	¥61 million
Remeasurements of defined benefit plans, net of tax	¥215 million	¥(305 million)
Total other comprehensive income	¥6,784 million	¥(3,429 million)

Notes on Consolidated Statement of Changes in Net Assets

Previous consolidated fiscal year under review (from April 1, 2014 to March 31, 2015)

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	26,027,720	–	–	26,027,720
Total	26,027,720	–	–	26,027,720
Treasury stock				
Common stock (Note)	203,106	642	–	203,748
Total	203,106	642	–	203,748

Note: The number of shares of treasury stock increased 642 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	–	–	–	–	–	111
Total		–	–	–	–	–	111

Notes to Consolidated Financial Statements

3. Dividends

(1) Dividend payments

(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 9, 2014	Common share	154	Retained earnings	6	March 31, 2014	June 4, 2014
Meeting of the Board of Directors on November 12, 2014	Common share	154	Retained earnings	6	September 30, 2014	December 5, 2014

(2) Dividends with a 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 8, 2015	Common share	154	Retained earnings	6	March 31, 2015	June 3, 2015

Current consolidated fiscal year under review (from April 1, 2015 to March 31, 2016)

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	26,027,720	—	—	26,027,720
Total	26,027,720	—	—	26,027,720
Treasury stock				
Common stock (Notes 1, 2)	203,748	638	22,800	181,586
Total	203,748	638	22,800	181,586

Notes: 1. The number of shares of treasury stock increased 638 as a result of fractional share repurchases.

2. The number of shares of treasury stock decreased 22,800 as a result of 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	—	—	—	—	—	131
Total		—	—	—	—	—	131

3. Dividends

(1) Dividend payments

(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 8, 2015	Common share	154	Retained earnings	6	March 31, 2015	June 3, 2015
Meeting of the Board of Directors on November 10, 2015	Common share	155	Retained earnings	6	September 30, 2015	December 4, 2015

(2) Dividends with a 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 9, 2016	Common share	206	Retained earnings	8	March 31, 2016	May 30, 2016

Notes on Consolidated Statements of Cash Flows

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

	As of March 31, 2015	As of March 31, 2016
Cash on hand and with banks	¥5,885 million	¥4,505 million
Time deposits of over three months	¥(96 million)	–
Cash and cash equivalents	¥5,789 million	¥4,505 million

Notes on Lease Transactions

The Company has omitted notes for lease transactions because the Company believes there is a bit significant need in this report for such disclosure.

Notes on Financial Instruments

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.

Investments in securities are mostly the shares of companies that we have business relations with and that are subject to a risk of market price fluctuations.

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 mainly 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.

Notes to Consolidated Financial Statements

(b) Managing market risk

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

We review our investments in securities continuously, checking the market values of the securities and the financial situation of the issuers (business partners) regularly and taking market conditions and our relations with business partners into account.

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 are as follows.

Previous consolidated fiscal year (March 31, 2015)

	Carrying amount in the consolidated balance sheets	Fair value	Difference
	(¥ millions)	(¥ millions)	(¥ millions)
(1) Cash and time deposits	5,885	5,885	—
(2) Trade notes and accounts receivable	24,229	24,229	—
(3) Investments in securities	7,029	7,029	—
Total assets	37,145	37,145	—
(1) Trade notes and accounts payable	14,388	14,388	—
(2) Short-term loans	6,187	6,187	—
(3) Long-term loans	40,652	40,888	236
Total liabilities	61,228	61,464	236
Derivative transactions*	(5)	(5)	—

(*) Net assets and liabilities arising from derivatives transactions are stated in the net amount, and items that become net liabilities in total are stated in ().

Current consolidated fiscal year (March 31, 2016)

	Carrying amount in the consolidated balance sheets	Fair value	Difference
	(¥ millions)	(¥ millions)	(¥ millions)
(1) Cash and time deposits	4,505	4,505	—
(2) Trade notes and accounts receivable	24,055	24,055	—
(3) Investments in securities	6,074	6,074	—
Total assets	34,635	34,635	—
(1) Trade notes and accounts payable	12,065	12,065	—
(2) Short-term loans	4,536	4,536	—
(3) Long-term loans	37,913	38,303	389
Total liabilities	54,515	54,904	389
Derivative transactions*	2	2	—

(*) Net assets and liabilities arising from derivatives transactions are stated in the net amount, and items that become net liabilities in total are stated in ().

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) Investments in securities

The prices of shares on the stock exchange are considered the market values of the shares.

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.

Derivative transactions

See "Notes on Derivative Transactions".

2. Financial instruments whose market values are considered very difficult to determine

	As of March 31, 2015	As of March 31, 2016
	(¥ millions)	(¥ millions)
Shares of unlisted shares	93	90
Shares in non-consolidated subsidiaries	36	36

These securities do not have any market prices, and it is very difficult to determine their market values. They are not therefore included in (3) Investments in securities.

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

Previous consolidated fiscal year (March 31, 2015)

	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	5,885	—	—	—
Trade notes and accounts receivable	24,229	—	—	—
Total	30,115	—	—	—

Current consolidated fiscal year (March 31, 2016)

	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	4,505	—	—	—
Trade notes and accounts receivable	24,055	—	—	—
Total	28,560	—	—	—

4. Schedule of repayment of short-term loans and long-term loans after the consolidated account closing date

Previous consolidated fiscal year (March 31, 2015)

	Within one year	More than one year, within two years	More than two years, within three years	More than three years, within four years	More than four years, within five years	More than five years
	(¥ millions)	(¥ millions)	(¥ millions)	(¥ millions)	(¥ millions)	(¥ millions)
Short-term loans	6,187	—	—	—	—	—
Long-term loans	11,806	9,617	8,222	5,575	3,983	1,446
Total	17,994	9,617	8,222	5,575	3,983	1,446

Notes to Consolidated Financial Statements

Current consolidated fiscal year (March 31, 2016)

	Within one year	More than one year, within two years	More than two years, within three years	More than three years, within four years	More than four years, within five years	More than five years
	(¥ millions)	(¥ millions)	(¥ millions)	(¥ millions)	(¥ millions)	(¥ millions)
Short-term loans	4,536	–	–	–	–	–
Long-term loans	10,850	9,994	7,611	5,783	2,889	783
Total	15,387	9,994	7,611	5,783	2,889	783

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, 2015)

	Type	Consolidated Balance Sheet Amount	Acquisition Cost	Difference
		(¥ millions)	(¥ millions)	(¥ millions)
Consolidated balance sheet amount is above acquisition cost	1. Share	7,010	1,711	5,299
	2. Bonds	–	–	–
	3. Other	–	–	–
	Subtotal	7,010	1,711	5,299
	Type	Consolidated Balance Sheet Amount	Acquisition Cost	Difference
		(¥ millions)	(¥ millions)	(¥ millions)
Consolidated balance sheet amount is below acquisition cost	1. Share	18	21	(2)
	2. Bonds	–	–	–
	3. Other	–	–	–
	Subtotal	18	21	(2)
	Total	7,029	1,732	5,297

Current consolidated fiscal year (March 31, 2016)

	Type	Consolidated Balance Sheet Amount	Acquisition Cost	Difference
		(¥ millions)	(¥ millions)	(¥ millions)
Consolidated balance sheet amount is above acquisition cost	1. Share	5,944	1,616	4,327
	2. Bonds	–	–	–
	3. Other	–	–	–
	Subtotal	5,944	1,616	4,327
	Type	Consolidated Balance Sheet Amount	Acquisition Cost	Difference
		(¥ millions)	(¥ millions)	(¥ millions)
Consolidated balance sheet amount is below acquisition cost	1. Share	130	137	(6)
	2. Bonds	–	–	–
	3. Other	–	–	–
	Subtotal	130	137	(6)
	Total	6,074	1,754	4,320

4. Other marketable securities sold

N/A

Notes on Derivative Transactions

1. Derivative transactions to which hedge accounting is not applied

(1) Currency-related transactions

Previous consolidated fiscal year (March 31, 2015)

N/A

Current consolidated fiscal year (March 31, 2016)

Type of transaction		Value of contracts	Value of contracts for longer than a year	Market value	Appraisal profit or loss
		(¥ millions)	(¥ millions)	(¥ millions)	(¥ millions)
Transactions other than market transactions	Forward exchange contracts				
	Short position, US dollars	220	220	3	3
	Total	220	220	3	3

Note: Method of calculating market value

The market value is calculated based on prices offered by correspondent financial institutions.

(2) Interest rate

Previous consolidated fiscal year (March 31, 2015)

Type of transaction		Value of contracts	Value of contracts for longer than a year	Market value	Appraisal profit or loss
		(¥ millions)	(¥ millions)	(¥ millions)	(¥ millions)
Transactions other than market transactions	Interest rate swap, receipt of floating rates, payment of fixed rates	930	893	(5)	(5)
	Total	930	893	(5)	(5)

Note: Method of calculating market value

The market value is calculated based on prices offered by correspondent financial institutions.

Current consolidated fiscal year (March 31, 2016)

Type of transaction		Value of contracts	Value of contracts for longer than a year	Market value	Appraisal profit or loss
		(¥ millions)	(¥ millions)	(¥ millions)	(¥ millions)
Transactions other than market transactions	Interest rate swap, receipt of floating rates, payment of fixed rates	453	453	(1)	(1)
	Total	453	453	(1)	(1)

Note: Method of calculating market value

The market value is calculated based on prices offered by correspondent financial institutions.

2. Derivative transactions to which hedge accounting is applied

Interest rate

Previous consolidated fiscal year (March 31, 2015)

Hedge accounting method	Type of transaction	Main hedge target	Value of contracts	Value of contracts for longer than a year	Market value
			(¥ millions)	(¥ millions)	(¥ millions)
Special accounting methods for interest rate swaps	Interest rate swap, receipt of floating rates, payment of fixed rates	Long-term loans payable	3,676	3,151	(Note)

Note: Interest rate swaps accounted for by special accounting methods are accounted for with the hedge target, long-term loans payable.

The market value of the interest rate swaps is therefore included in the market value of the long-term loans payable.

Notes to Consolidated Financial Statements

Current consolidated fiscal year (March 31, 2016)

Hedge accounting method	Type of transaction	Main hedge target	Value of contracts	Value of contracts for longer than a year	Market value
			(¥ millions)	(¥ millions)	(¥ millions)
Special accounting methods for interest rate swaps	Interest rate swap, receipt of floating rates, payment of fixed rates	Long-term loans payable	2,512	1,572	(Note)

Note: Interest rate swaps accounted for by special accounting methods are accounted for with the hedge target, long-term loans payable. The market value of interest rate swaps is therefore included in the market value of long-term loans payable.

Notes on Employees' Retirement Benefits

1. Overview of retirement benefit scheme

The company and some of its consolidated subsidiaries have established an approved retirement annuity system and a termination allowance plan as our defined benefit systems. The company and some of its subsidiaries also 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. Some of its consolidated subsidiaries also adopt a simple method for calculating retirement benefit liabilities. The dissolution of the employees' pension fund scheme in which the Company and certain consolidated subsidiaries participate has been approved by the Minister of Health, Labour and Welfare. The procedures for this dissolution are now underway. The employees' pension fund system to which the Company and some of its consolidated subsidiaries belong is a multiemployer pension plan, and the portion of pension assets that they contribute cannot be calculated in a reasonable manner. As a result, the required contribution amount is recognized as retirement benefit expenses. In January 2016, the Company transferred its retirement lump-sum grants system to a defined-contribution pension plan.

2. Defined benefit system

(1) Adjustment statement of the balance of retirement benefit liabilities at the beginning and end of the current fiscal year (excluding systems that adopt the simplified method described in (3))

(¥ millions)	Previous consolidated fiscal year	Current consolidated fiscal year
	(From April 1, 2014 to March 31, 2015)	(From April 1, 2015 to March 31, 2016)
Balance of retirement benefit liabilities at the beginning of the current fiscal year	5,638	5,752
Cumulative effects of changes in accounting policies	72	—
Restated balance	5,711	5,752
Service cost	356	314
Interest expenses	75	69
Actuarial difference	(100)	464
Retirement benefits payments	(282)	(317)
Reduction associated with transition to defined contribution pension plan	—	(2,368)
Others	(7)	(6)
Balance of retirement benefit liabilities at the end of the current fiscal year	5,752	3,908

(2) Adjustment statement of the balance of pension assets at the beginning and end of the current fiscal year (excluding systems that adopt the simplified method described in (3))

(¥ millions)	Previous consolidated fiscal year	Current consolidated fiscal year
	(From April 1, 2014 to March 31, 2015)	(From April 1, 2015 to March 31, 2016)
Balance of pension assets at the beginning of the current fiscal year	1,531	1,786
Expected return on pension plan assets	50	43
Actuarial difference	109	(68)
Contributions from the business owner	226	224
Retirement benefits payments	(130)	(176)
Balance of pension assets at the end of the current fiscal year	1,786	1,810

(3) Adjustment statement of the balance of net defined benefit liability under the system whereby the simple method is adopted at the beginning and end of the current fiscal year

(¥ millions)	Previous consolidated fiscal year (From April 1, 2014 to March 31, 2015)	Current consolidated fiscal year (From April 1, 2015 to March 31, 2016)
Balance of net defined benefit liability at the beginning of the current fiscal year	805	850
Retirement benefit expenses	97	100
Retirement benefits payments	(52)	(64)
Balance of net defined benefit liability at the end of the current fiscal year	850	887

(4) Adjustment statement of the balance of retirement benefit liabilities and pension assets at the end of the current fiscal year and net defined benefit liabilities and assets related to employees' retirement benefits that are recorded on the consolidated balance sheet

(¥ millions)	Previous consolidated fiscal year (March 31, 2015)	Current consolidated fiscal year (March 31, 2016)
Retirement benefit liabilities of the funded pension	2,803	3,128
Pension assets	(1,786)	(1,810)
	1,016	1,318
Retirement benefit liabilities of the unfunded pension	3,799	1,666
Net liabilities and assets recorded on the consolidated balance sheet	4,816	2,985
Net defined benefit liability	4,816	2,985
Net liabilities and assets recorded on the consolidated balance sheet	4,816	2,985

(5) Retirement benefit expenses and their breakdown

(¥ millions)	Previous consolidated fiscal year (From April 1, 2014 to March 31, 2015)	Current consolidated fiscal year (From April 1, 2015 to March 31, 2016)
Service cost	356	314
Interest expenses	75	69
Expected return on pension plan assets	(50)	(43)
Recognized actuarial difference	71	73
Recognized prior service cost	60	49
Retirement benefit expenses calculated by the simple method	97	100
Others	(0)	7
Retirement benefit expenses related to the defined benefit system	610	571
Loss associated with transition to defined contribution pension plan (Note)	-	257

Note: The loss is posted in extraordinary losses.

(6) Remeasurements of defined benefit plans

The details of the items (before tax effects) that have been recorded in the remeasurements of defined benefit plans are as follows.

(¥ millions)	Previous consolidated fiscal year (From April 1, 2014 to March 31, 2015)	Current consolidated fiscal year (From April 1, 2015 to March 31, 2016)
Prior service cost	60	68
Actuarial difference	280	(436)
Total	341	(367)

(7) Remeasurements of defined benefit plans

The breakdown of items recorded in the remeasurements of defined benefit plans (before tax impact deduction) is as follows:

(¥ millions)	Previous consolidated fiscal year (March 31, 2015)	Current consolidated fiscal year (March 31, 2016)
Unrecognized prior service cost	(82)	(13)
Unrecognized actuarial difference	(346)	(782)
Total	(429)	(796)

Notes to Consolidated Financial Statements

(8) Matters related to pension assets

(i) Main breakdown of pension assets

The ratio of the main categories against the total pension assets is as follows:

	Previous consolidated fiscal year (March 31, 2015)	Current consolidated fiscal year (March 31, 2016)
Bonds	23%	24%
Shares	38%	35%
Insurance assets (general account)	36%	38%
Others	3%	3%
Total	100%	100%

(ii) Method for establishing the rate of the long-term expected return on pension plan assets

To determine the rate of the long-term expected return on pension plan assets, the current and expected allocation of pension assets and the current and expected future rate of long-term return from a variety of assets that constitute pension assets have been taken into account.

(9) Matters related to the actuarial calculation basis

The main actuarial calculation basis

	Previous consolidated fiscal year (March 31, 2015)	Current consolidated fiscal year (March 31, 2016)
Discount rate	Primarily 1.3%	Primarily 0.2%
Expected rate of increase	Primarily 3.4%	Primarily 3.4%
Rate of long-term expected return on pension plan assets	2.5%	2.5%

Note: The main discount rate used in the calculation for the beginning of the consolidated fiscal year under review was 1.3%. We reconsidered the discount rate for the end of the consolidated fiscal year, and determined that a revision to the discount rate will have a significant effect on projected benefit obligations. As a result, the main discount rate has been changed to 0.2%.

3. Defined contribution retirement benefit system

The required contribution amount of the company and some of the consolidated subsidiaries was ¥138 million as the previous consolidated fiscal year and ¥161 million as the current consolidated fiscal year.

4. Multiemployer pension plan

Contributions that are processed using the same accounting method as the defined contribution retirement benefit system and are required by the employees' pension fund system under the multiemployer pension plan are ¥291 million for the previous consolidated fiscal year and ¥138 million for the consolidated fiscal year under review.

Supplementary explanation

National Die Cast Industry Employees' Pension Fund

The dissolution of National Die Cast Industry Employees' Pension Fund, in which the Company and certain consolidated subsidiaries participate, was approved by the Minister of Health, Labour and Welfare on December 1, 2015.

No additional obligations are expected to occur as a result of dissolving the fund.

Shizuoka Prefecture Seibu Machinery Industry Employees' Pension Fund

The dissolution of Shizuoka Prefecture Seibu Machinery Industry Employees' Pension Fund, in which certain consolidated subsidiaries of the Company participate, was approved by the Minister of Health, Labour and Welfare on November 5, 2015.

The additional contributions of 11 million yen, which are expected to occur as a result of dissolving the funds, are posted in "Others" in non-operating expenses.

Notes on Stock Option

1. The amount and account of expenses related to stock options

	Previous consolidated fiscal year	Current consolidated fiscal year
(¥ millions)	(From April 1, 2014 to March 31, 2015)	(From April 1, 2015 to March 31, 2016)
Charges for stock compensation in general and administrative expenses	32	34

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: 4,200 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: 6,100 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: 15,200 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: 14,900 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

2010 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: 15,600 shares
Grant date	July 28, 2010
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 July 29, 2010 To July 28, 2040

Notes to Consolidated Financial Statements

2011 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: 22,000 shares
Grant date	August 8, 2011
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 9, 2011 To August 8, 2041

2012 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: 22,000 shares
Grant date	August 8, 2012
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 9, 2012 To August 8, 2042

2013 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 9, 2013
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 of service.
Period for exercising rights	From August 10, 2013 to August 9, 2043

2014 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: 48,600 shares
Grant date	August 19, 2014
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 of service.
Period for exercising rights	From August 20, 2014 to August 19, 2044

2015 stock options	
Position and number of persons granted stock options	Directors of the Company: Six persons (incl. One Director, who is Audit & Supervisory Committee member)
Number of stock options by share type (Note)	Common shares: 44,800 shares
Grant date	August 18, 2015
Vesting conditions	Losing the positions of director of the Company
Target length of service	No condition has been set with respect to length of service.
Period for exercising rights	From August 19, 2015 to August 18, 2045

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, 2015). 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	2010 stock options	2011 stock options	2012 stock options	2013 stock options	2014 stock options	2015 stock options
Before vesting date (number of share)										
At end of previous fiscal year	4,200	6,100	15,200	14,900	15,600	22,000	22,000	24,000	–	–
Granted	–	–	–	–	–	–	–	–	48,600	44,800
Expired	–	–	–	–	–	–	–	–	–	–
Vested	700	1,000	2,300	3,100	2,800	3,700	3,700	2,000	3,500	–
Not yet vested	3,500	5,100	12,900	11,800	12,800	18,300	18,300	22,000	45,100	44,800
After vesting date (number of share)										
At end of previous fiscal year	–	–	–	–	–	–	–	–	–	–
Vested	700	1,000	2,300	3,100	2,800	3,700	3,700	2,000	3,500	–
Exercise of rights	700	1,000	2,300	3,100	2,800	3,700	3,700	2,000	3,500	–
Expired	–	–	–	–	–	–	–	–	–	–
Unexercised	–	–	–	–	–	–	–	–	–	–

b. Unit price information

	2006 stock options	2007 stock options	2008 stock options	2009 stock options	2010 stock options	2011 stock options	2012 stock options	2013 stock options	2014 stock options	2015 stock options
Exercise price (yen)	1	1	1	1	1	1	1	1	1	1
Average stock price at time of exercise (yen)	1,022	1,022	1,022	1,022	1,022	1,022	1,022	1,022	1,022	–
Fair unit value on grant date (yen)	3,418	2,219	572	369	568	409	234	582	667	767

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

The method for estimating the fair unit value of 2015 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

2015 stock options	
Stock price volatility (Note 1)	53.8%
Estimated remaining period (Note 2)	15 years
Projected dividend (Note 3)	12 yen/share
Risk-free interest rate (Note 4)	0.78%

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 to Consolidated Financial Statements

Notes on Tax Accounting

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

	Previous consolidated fiscal year (March 31, 2015) (¥ millions)	Current consolidated fiscal year (March 31, 2016) (¥ millions)
Deferred tax assets		
Accrued expenses	220	85
Net defined benefit liability	1,560	912
Accounts payable – other (amount that has not been transferred to defined contribution pension plan)	–	140
Long-term accounts payable – other (amount that has not been transferred to defined contribution pension plan)	–	397
Excess deductible amount in bonus allowances	412	403
Unrealized profits for inventories	24	40
Unrealized profits for fixed assets	851	1,015
Loss carried forward	1,501	1,940
Over-depreciation	2,088	2,167
Provision for product warranties	34	14
Other	683	425
Deferred tax assets subtotal	7,377	7,541
Allowance account	(1,988)	(1,638)
Deferred tax assets total	5,388	5,902
Deferred tax liabilities		
Property replacement reserve	(1,078)	(970)
Special depreciation reserve	(13)	(11)
Fixed assets reserve	(147)	(131)
Net unrealized gains on securities	(1,712)	(1,329)
Allowance for depreciation of overseas consolidated subsidiaries	(1,261)	(1,458)
Other	(772)	(964)
Deferred tax liabilities total	(4,985)	(4,865)
Net deferred tax assets	402	1,037

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, 2015) (%)	Current consolidated fiscal year (March 31, 2016) (%)
Statutory effective tax rate	35.6	33.1
(adjustments)		
Items that will never be included as losses, such as entertainment expenses	2.7	2.3
Items that will never be included as profits, such as dividend revenue	(1.3)	(0.3)
Per capita residential tax	2.0	0.7
Tax credits for research and development expenses	(1.7)	(1.1)
Employees salary increase tax deduction, etc.	(3.6)	(1.0)
Increase (decrease) in valuation allowance	9.5	(4.7)
Difference in statutory tax rates of consolidated subsidiaries	(2.0)	(0.9)
Retained earnings of overseas consolidated subsidiaries	2.6	1.7
Foreign tax credit	(4.0)	(2.1)
Downward revision of deferred tax assets at the end of the term following changes to the tax rate	1.3	0.1
Other	(5.0)	(9.2)
Burden ratio of corporate tax after application of deferred tax accounting	36.1	18.6

3. Amendments to the amounts of deferred tax assets and deferred tax liabilities mainly as a result of changes in the rates of corporate taxes, etc.

The Act on Amendment of the Income Tax Act (Law No. 15 of 2016) and the Act on Amendment of the Local Tax Act (Law No. 13 of 2016) were enacted in the Diet session on March 29, 2016. As a result of these acts, corporate tax rates have been reduced in the consolidated fiscal year beginning on or after April 1, 2016. In association with this change, the normal effective statutory tax rate used in the calculation of deferred tax assets and deferred tax liabilities was changed from 32.3% to 30.9% for temporary differences expected to be eliminated in the fiscal year starting April 1,

2016 and the fiscal year starting April 1, 2017, and to 30.6% for temporary differences expected to be eliminated in the fiscal year starting April 1, 2018 or thereafter.

As a result of the changes in the tax rates, deferred tax liabilities (the amount in which deferred tax assets were deducted) declined ¥56 million, and deferred income taxes and remeasurements of defined benefit plans fell ¥4 million and ¥9 million respectively. The difference on the revaluation of other marketable securities increased ¥69 million.

(Notes on Business Combination)

Not applicable

(Notes on Asset Retirement Obligations)

The Company has omitted notes for asset retirement obligations because the Company believes there is a bit significant need in this report for such disclosure.

(Notes on Rental Properties)

The Company has omitted notes for rental properties because the Company believes there is a bit significant need in this report for such disclosure.

Segment Information

1. Overview of reported segments

The reported segments of the Company are those units for which separate financial information can be obtained among the constituent units of the Company and for which the Board of Directors of the Company regularly carries out examinations to determine the allocation of management resources and assess the business performance.

The Company manages the Die Casting Business, the Aluminum Business, and the Proprietary Products Business.

In the Die Casting Business, the Company develops comprehensive strategies by regions: Japan, North America, and Asia, and is engaged in business activities accordingly.

As a result, the Company has five reported segments: Die Casting Business: Japan, Die Casting Business: North America, Die Casting Business: Asia, Aluminum Business, and Proprietary Products Business.

In the Die Casting Business, the Company is mainly engaged in manufacturing and sales of auto parts, general engine parts, industrial machinery parts, and dies in Japan, North America and Asia. In the Aluminum Business, the Company is engaged in smelting and sales of aluminum alloy ingots. In the Proprietary Products Business, it sells access floors and its accessories.

2. Methods for calculating net sales, profits or losses, assets, liabilities and amounts for other items by reported segment

Profits in the reported segments are figures based on operating income.

Intersegment sales and transfers are based on current market values.

Notes to Consolidated Financial Statements

3. Information related to net sales, profits or losses, assets, liabilities and amounts for other items by reported segment

Previous consolidated fiscal year (April 1, 2014 through March 31, 2015)

(Millions of yen)

	Reported segments					Total
	Die Casting Business			Aluminum Business	Proprietary Products Business	
	Japan	North America	Asia			
Sales						
(1) Customers	63,226	40,654	27,584	5,015	2,245	138,727
(2) Intersegment	4,398	14	1,337	3,266	0	9,017
Total	67,625	40,669	28,922	8,282	2,245	147,744
Segment profits/loss	3,230	(1,295)	662	5	83	2,686
Segment assets	46,869	48,533	46,859	3,030	1,397	146,691
Other items						
Depreciation and amortization	3,304	5,522	4,256	15	2	13,101
Increase in tangible fixed assets and intangible fixed assets	5,153	6,609	3,791	109	0	15,664

Current consolidated fiscal year (April 1, 2015 through March 31, 2016)

(Millions of yen)

	Reported segments					Total
	Die Casting Business			Aluminum Business	Proprietary Products Business	
	Japan	North America	Asia			
Sales						
(1) Customers	63,583	45,760	27,594	4,921	2,590	144,451
(2) Intersegment	4,169	48	1,356	4,723	0	10,298
Total	67,753	45,809	28,950	9,644	2,590	154,749
Segment profits/loss	2,769	1,521	573	338	212	5,415
Segment assets	48,372	47,469	40,378	2,527	1,797	140,546
Other items						
Depreciation and amortization	4,047	6,303	4,683	28	3	15,066
Increase in tangible fixed assets and intangible fixed assets	7,025	5,812	3,050	48	6	15,945

4. Total amount in reported segments, difference from the amount posted in consolidated financial statement and important details in the difference (Difference adjustment)

Net sales	(Millions of yen)		Profit	(Millions of yen)	
	Previous consolidated fiscal year	Current consolidated fiscal year		Previous consolidated fiscal year	Current consolidated fiscal year
Total sales in reported segments	147,744	154,749	Total profit in reported segments	2,686	5,415
Elimination of intersegment transactions	(9,017)	(10,298)	Elimination of intersegment transactions	(165)	(30)
Net sales in the consolidated financial statement	138,727	144,451	Operating income in the consolidated financial statement	2,521	5,385

Assets	(Millions of yen)	
	Previous consolidated fiscal year	Current consolidated fiscal year
Total assets in reported segments	146,691	140,546
Elimination of intersegment transactions	(2,216)	(1,674)
Company-wide assets	4,356	2,821
Assets in the consolidated financial statement	148,831	141,694

Other items	Total amount in reported segments		Adjustment		Amount recorded in consolidated financial statements	
	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year
Depreciation and amortization	13,101	15,066	(145)	(189)	12,956	14,877
Increase in tangible fixed assets and intangible fixed assets	15,664	15,945	(330)	(172)	15,334	15,773

Related Information

Consolidated fiscal year under review (from April 1, 2015 to March 31, 2016)

1. Information by products and services

The statement is omitted because the same information is presented in segment information.

2. Information by regions

(1) Sales

				(Millions of yen)
Japan	North America	Asia	Other regions	Total
70,723	41,633	27,665	4,429	144,451

Note: Sales are presented in categories by countries or regions based on the addresses of customers

(2) Tangible fixed assets

				(Millions of yen)
Japan	North America	Asia		Total
23,674	34,346	27,785		85,806

3. Information by major customers

			(Millions of yen)
Name of customer	Sales	Titles of the related segments	
Fuji Heavy Industries Ltd.	18,850	Die casting business: Japan	

Per Share Information

	Previous consolidated fiscal year (From April 1, 2014 to March 31, 2015)	Current consolidated fiscal year (From April 1, 2015 to March 31, 2016)
Net assets per share	2,400.55 yen	2,372.85 yen
Net income per share	40.85 yen	118.50 yen
Diluted net income per share	40.61 yen	117.67 yen

Note: The following shows the basis of calculation of net income per share and diluted net income per share.

	Previous consolidated fiscal year (From April 1, 2014 to March 31, 2015)	Current consolidated fiscal year (From April 1, 2015 to March 31, 2016)
Net income per share		
Net income attributable to owners of parent (million yen)	1,054	3,062
Amount that does not belong to ordinary shareholders (million yen)	–	–
Net income attributable to owners of parent (related to common shares) (million yen)	1,054	3,062
Average number of shares during the period	25,824,355	25,841,489
Diluted net income per share		
Net income attributable to owners of parent (million yen)	–	–
Increase in number of common shares	153,759	182,347
Outline of latent shares without dilution effect not taken into account for calculation of diluted net income per share	–	–

Notes to Consolidated Financial Statements

Important Subsequent Events

Not applicable

Current status of production, orders received, and sales

(1) Production results

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

Segment	Previous consolidated fiscal year	Current consolidated fiscal year	Increase/(decrease)
	(From April 1, 2014 to March 31, 2015)	(From April 1, 2015 to March 31, 2016)	
	Amount (¥ millions)	Amount (¥ millions)	%
Die Casting Business: Japan	58,227	57,722	(0.9)
Die Casting Business: North America	40,694	42,415	4.2
Die Casting Business: Asia	26,339	25,546	(3.0)
Aluminum Business	7,141	7,901	10.6
Proprietary Products Business	782	1,062	35.8
Total	133,186	134,648	1.0

Notes: 1. Monetary amounts are based on manufacturing costs, as available prior to inter-segment eliminations.

2. Consumption tax is not included in these amounts.

(2) Results of orders received

A significant part of 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.

Segment	Previous consolidated fiscal year	Current consolidated fiscal year	Increase/(decrease)
	(From April 1, 2014 to March 31, 2015)	(From April 1, 2015 to March 31, 2016)	
	Amount (¥ millions)	Amount (¥ millions)	%
Die Casting Business: Japan	63,226	63,583	0.6
Die Casting Business: North America	40,654	45,760	12.6
Die Casting Business: Asia	27,584	27,594	0.0
Aluminum Business	5,015	4,921	(1.9)
Proprietary Products Business	2,245	2,590	15.4
Total	138,727	144,451	4.1

Notes: 1. Transactions among segments have been balanced out.

2. Sales results by major customers for the past two consolidated fiscal years and the ratio of their sales to overall sales are as follows.

Customer	Previous consolidated fiscal year		Current consolidated fiscal year	
	(From April 1, 2014 to March 31, 2015)		(From April 1, 2015 to March 31, 2016)	
	Amount (¥ millions)	%	Amount (¥ millions)	%
Fuji Heavy Industries Ltd.	17,837	12.9	18,850	13.0

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



Casting Our Eyes on the Future

The Tag line "Casting Our Eyes on the Future" embodies our business attitude of always moving forward by taking the initiative in Research and Development, Service and Technology and by keeping all of our attention here at Ahresty focused on our customers, the global environment and the future of Ahresty itself, to realize the corporate philosophy represented in our name.

The word "Casting" in the Tag line combines the meaning of "to throw one's gaze" with its other meaning of "to shape molten metal in a mold" which is our main line of business, die casting.



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