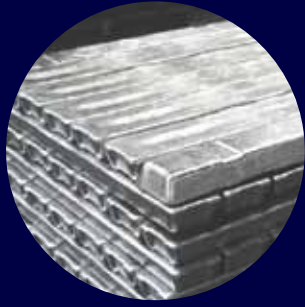


Ahresty Report 2017

For the year ended March 31, 2017





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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For Shareholders & Investors



Striving for Steady Growth – Achievements of FY 2016 and Prospects for the Future

Looking back at FY 2016, we see that, while our domestic production has increased, the decline in aluminum ingot market together with strengthening of yen have caused decrease in sales. At Tochigi Plant we have put into operation two large casting machines that were added in order to respond to increase in demand of one of our major customers. Domestic demand for large die casting components remains strong, keeping Tokai Plant with its large casting machines constantly busy as well.

In North America the sales remain steady, with our plant in Mexico showing improvement in terms of profit along with stabilization of productivity. Our plant in the US, although

having been working on improvement of productivity since FY 2014, did not succeed in ensuring expected profit and continues working diligently on improvement.

As for our business sites in Asia, in China our profits have improved significantly as a result of steady increase of production at our Hefei plant as well as recovery of demand at casting plant at Guangzhou after more than two years of stagnation. Our plant in India that has been facing difficulties from the time of its establishment is showing improvement, too.

As for aluminum alloy ingot production plant in Kumagaya, despite the decline in market prices, both sales and earnings

exceeded the forecast made at the beginning of the term due to increase in domestic demand followed by increase of production volume and improvement of productivity.

Regarding Free Access Floor business including production, sale and installation of aluminum free access floors for clean rooms and data centers, production is performed mainly at Hefei plant and sales activities – in Japan and in China. Expansion of share in domestic aluminum free access floors and securing orders for large-scale property in China have also contributed to overall profit of the Ahresty Group.

In FY 2016, the 1618 3-Year Ahresty Plan has started. Striving for “Winning absolute customers’ trust 2025” as main goal of our 10-Year Vision, in the 1618 3-Year Ahresty Plan we pursue improvement activities with emphasis on quality and productivity. And while this effort does lead to increase in productivity and decrease in the number of quality-related complaints with each year, the speed of improvement vary from facility to facility. In order to connect improvement levels and improvement activities in all facilities, we hold improvement activities evaluation meetings – from FY 2011, quarterly meetings in Japan; from FY 2016 regional meetings at facilities overseas – encouraging each other and learning from each other by such means as sharing good results within the same region. We are also promoting establishment of infrastructure to ensure the same productivity and quality at all facilities, and it has already brought the results. In addition to that, we continue to work systematically on standardization and on training human resources at all Ahresty locations worldwide.

We are actively engaged in environment improvement and social contribution activities. As for the environment, we work on reduction of amount of CO₂ emission and have achieved our target of kilograms of CO₂ per ton of basic unit of production at seven out of eleven domestic business sites, thus achieving overall target for all domestic business sites. Target amount of waste produced was achieved at nine business sites out of eleven; and target amount of water consumption has been achieved at five out of seven business sites that water consumption target applies to. Ahresty Eco License that raises ecological awareness was acquired by almost 80% of employees.

As for social contribution, our business sites organize nature preservation projects, neighborhood cleaning and other activities, with many employees (from 60% to more than 90% depending on the business site) actively participating in them.

Finally, as for the environment that surrounds main area of our company – die casting industry, world demand for automobiles is expected to continue to increase, with emerging economies being the main source of demand. On the other hand, it is also expected that tightening of environment regulations in various countries and regions will lead to increase in hybrid vehicles and plug-in hybrid vehicles and even a shift to electric vehicles and fuel cell vehicles – that is, vehicles that do not use internal combustion engine at all. With numerous issues that electric vehicles have in addition to price – such as improvement of power accumulating capacity, size and cost of electrical batteries, provision of time and infrastructure to charge the batteries as well as establishment of infrastructure of hydrogen stations – for the time being internal combustion engine will continue to be the mainstream. However, in the long-term outlook, the shift of energy to electricity is considered inevitable. We at Ahresty believe that lightweight aluminum die casting with outstanding recyclability as well as outstanding flexibility of design and productivity can make its contribution to reduction of weight of the vehicles. In order to respond to the needs for reduction of weight of not only of engine and transmission, but also of body, suspension and other parts of the vehicle, in January this year we have launched a specialized unit and started sales activity and market research. We continue our preparations for the future shift in the structure of demand by understanding what parts will be subject to weight reduction required by each company and what functions they will be required to have, which will allow us to strengthen our *monozukuri* power to respond to those requirements.

Hoping for your continuous understanding and support.



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.**

1618 3-year Ahresty Plan

Industry Environment

Growth in global vehicle production and tendency toward outsourcing

Global vehicle production is expected to grow, driven by China and emerging economies, and looks set to reach 100 million units by 2020, an increase of around 12 million units from 2015. The market is projected to continue expanding at a similar pace in the future (IHS survey). According to IEA projections, vehicle production will top 200 million units by 2050.

Faced with such robust demand, vehicle manufacturers are having to invest in a variety of areas such as compliance with fuel economy regulations, EVs, HVs, PHVs and autonomous driving and, given the relative order of priority of equipment investments, manufacturers are likely to lean toward outsourcing for the production of die cast products.

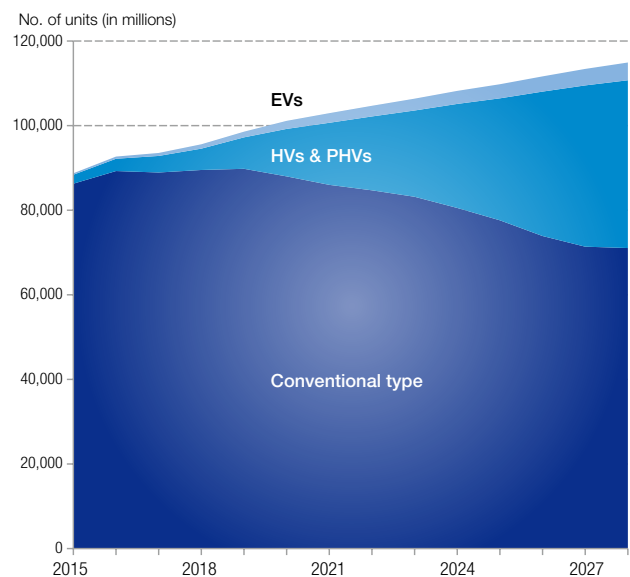
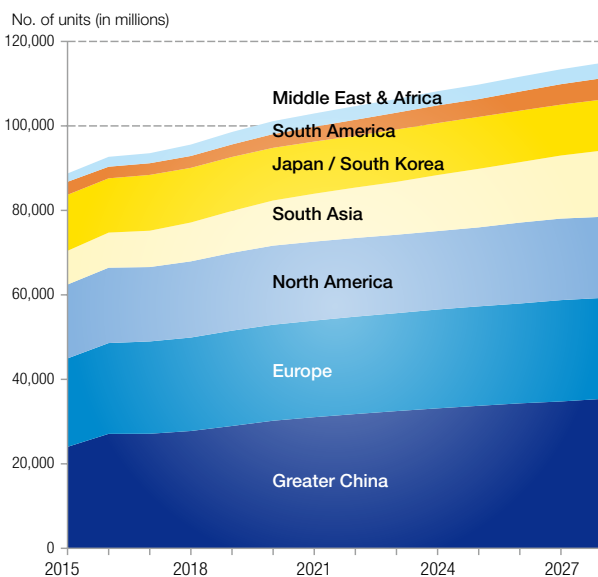
Growing need for weight reduction due to tighter fuel economy regulations

While vehicle fuel economy regulations are becoming increasingly tight, the weight of vehicles is trended upward due to safety components and various in-vehicle components designed to improve safety and comfort. To meet weight reduction needs, manufacturers are making parts more compact, changing the car body construction and also switching to lighter weight materials. This represents a huge business opportunity for light-weight aluminum die cast parts which offer design flexibility and can help reduce vehicle weight.

Action on EVs, HVs, PHVs, etc.

According to the IHS forecast, demand for conventional vehicles and vehicles with internal combustion engines such as HVs and PHVs will continue to expand at least until around 2028, and the impact (of electric vehicles) on the production of engine and transmission system parts is expected to be limited.

Nonetheless, Ahresty established a car body part specialist team in January 2017 to address the future expansion of the EV market, and is preparing to expand areas in which we will be able to contribute in the future.



Forecast of global production volume of light vehicles ©2017 IHS Inc. All rights reserved.

Progress of the 1618 3-year Ahresty Plan

The basic policy of the 1618 3-year Ahresty Plan that the Company put into motion in FY 2016, is to pursue and advance MONOZUKURI (manufacturing) and establish the Ahresty production way, and all employees are actively pursuing the five pillars of the plan.

Front-line engineers engaged in die casting, processing, die molds, ingots, and design, as well as members of Sales Command and General Administrative Command check and implement the PDCA cycle at policy evaluation meetings held on a regular basis both in Japan and overseas. In FY 2016, meetings were held four times in Japan (every quarter) and nine times overseas (three times in each of North America, China, India/Thailand), and activities to promote the policy were undertaken on a global basis.



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

In line with the 1618 3-year Ahresty Plan, Ahresty has conducted sales activities on a global basis. In FY 2016, we sought to strengthen the sales structure, with expansion of sales personnel in North America and China and the opening of a North America sales office, and the effect of these efforts has emerged in areas

such as the expansion of orders received in China.

Aiming to roll out production lines with high investment and production efficiency (Ahresty standard lines) globally, we have also started up an engine block production line at our Tochigi Plant.



2 Pursue MONOZUKURI (manufacturing)

We have sought the reform and standardization of global operations, focusing on (i) establishing a process for MONOZUKURI (manufacturing) based on global standards, (ii) providing a quality guarantee to gain ultimate trust from customers, (iii) realizing the technological roadmap, and (iv) thorough implementation of production cost reduction activities. In FY 2016, we monitored and managed optimum manufacturing conditions for die casting and processing, established a quality guarantee system through “rank-up” activities, solved issues and accumulated technologies based on the technological roadmap, and pursued cost reductions

through the reduction of defects and waste and basic unit management.

Regarding quality guarantee, the sharing among plants of effective initiatives at each plant has helped raise quality levels, including reducing the number of claims. We are also working to improve infrastructure and maintenance capabilities to ensure identical productivity and quality at all plants, and our efforts have produced results. We will continue implementing measures to standardize mechanisms and achieve the same level of MONOZUKURI (manufacturing) and quality on a global scale.

3 Build up a Corporation taking pride in our work

We believe that cultivating people who always aim high is essential to pursue MONOZUKURI (manufacturing). Ahresty is pursuing the creation of a corporate culture for all employees to practice the RST Way standards of behavior and Ahresty HITOZUKURI (the development of human resources), developing human resources that excel in MONOZUKURI (manufacturing). In FY2016, we rolled

out RST Gakuen, an education system previously rolled out in Japan, at our overseas sites, launching the system under the name “Global RST Learning”. We also established the Ahresty Awards to reward sections and employees for their tremendous achievements both inside and outside the company, creating a corporate culture where employees can work with vitality.

4 Enhance profitability

Alongside reducing manufacturing costs and raising productivity through our measures for pursuing MONOZUKURI (manufacturing), we are improving the quality of profit management and enhancing profitability, to strengthen our financial position and management base for the development of business and corporate growth in the medium- and long-term. In FY2016, we also endeavored to improve our financial strength by encouraging fund procurement between group companies and investment. Although net sales fell due to the effect of changes in foreign exchange rates and the metal market conditions, production continued to expand and we also made steady progress toward achieving our management goals under the medium-term management plan such as the ratio of operating income to sales.

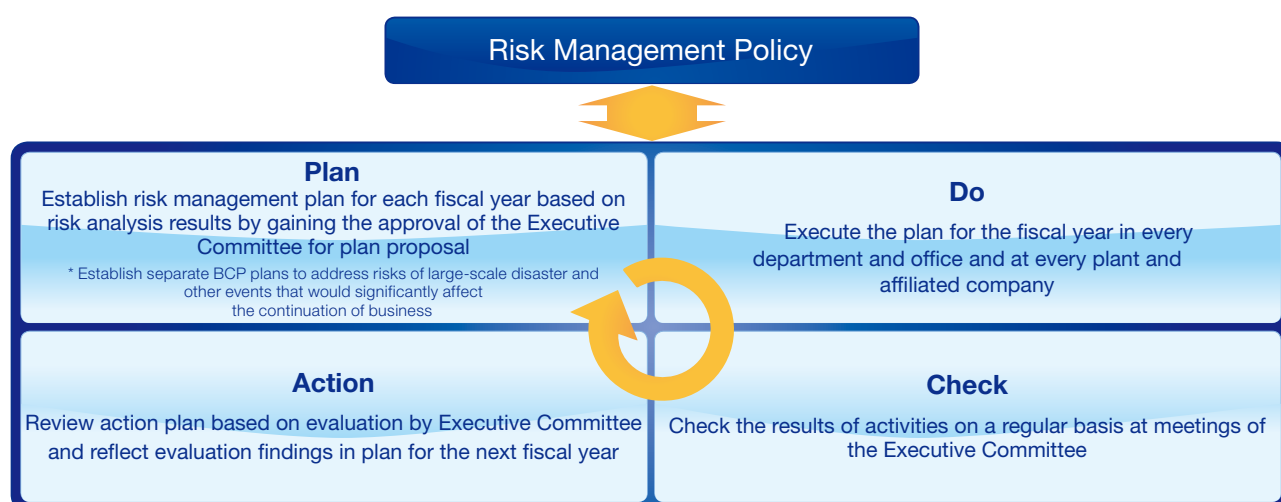
1618 Plan Targets and Results

	FY2015 (Result)	FY2016 (Result)	1618 Plan (Target)
Net sales	1,445	1,366	1,500
Ratio of operating income to sales	3.7%	5.1%	5.5%
Return on assets	2.1%	3.6%	3.0%
Return on equity	5.0%	7.9%	7.0%

5 Pursue comprehensive risk management

We maintained efforts to improve our ability to continue business in face of assumed risks through BCP drills and risk management. In the Kumamoto Earthquake in April 2016, our Kumamoto Plant was also affected. However, with group-wide support, we carried out reconstruction activities and quickly resumed production. As a part of the car manufacturer’s supply chain, it is important for us to restore operations in the event of disaster.

In light of the lessons learned from the Kumamoto Earthquake, we held BCP drills at all our plants in Japan. Our overseas plants are also establishing BCP plans according to the risks in each country or region. In the area of risk management, we are focusing on assessing various risks based on the Risk Management Regulations, as well as on avoiding the materialization of risk and minimizing the impact in the event of disaster.



Cycle of Risk Management Activities

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, to strengthen the Board of Directors' supervisory functions and develop a system for aggressive management decisions.

In FY2016, 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. The Board listened to the various opinions of Independent Directors, who shared information on the environment surrounding overseas production bases and offered advice on the Company's growth strategies, and it used these opinions in the Company's management. In September 2016, Ahresty conducted an evaluation of the Board of Directors in accordance with each of the principles of Japan's Corporate Governance Code, and also held discussions on the company's governance structure and officers' compensation system.

Activities to spread the RST Way globally

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 January 2017, we revised the affirmations of these five criteria for action to make them concise and easy for everyone to understand, and we decided that each employee should make a declaration on their own way of thinking and action. In FY2016, Ahresty presented 111 employees with awards in recognition of their excellent practice of the RST Way, and awarded a total 3,000 prize cards to employees who demonstrate model behavior in their day-to-day duties.

Renewal of the Ahresty Handbook

We renewed the Ahresty Handbook, which includes information about the RST Way, to make sure that all employees around the world are fully aware of the revised RST Way. The handbook is issued in six countries, in Japanese, English, Chinese, Spanish, Hindi and Thai, and is distributed to employees in each of the six countries. Besides the RST Way, the Handbook sets out other basic policies to be upheld by Ahresty employees, including Ahresty Safety Awareness, Compliance Principles, and the Code of Conduct of the Ahresty Group, 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.



RST Way Affirmations	
Conscientious	We earnestly and sincerely make efforts for our customers and all stakeholders. We strive to understand diverse opinions, thoughts and values, listening to them with open minds.
Proactive	We are self-driven and enthusiastically strive for success. Each of us takes the initiative so that our actions lead to significant improvements.
Speedy	We act quickly, sensing changes in social needs and the global market. We consistently strive to enhance and reform our work methods and our technologies.
Learning	We constantly evolve to reach our goals. We advance ourselves by having inquiring minds to achieve expectations.
Challenge	We work unflinchingly on aggressive targets to achieve them. We consistently challenge ourselves through theories and experiments without fear of failure, respecting originality and invention.

Active IR Activities

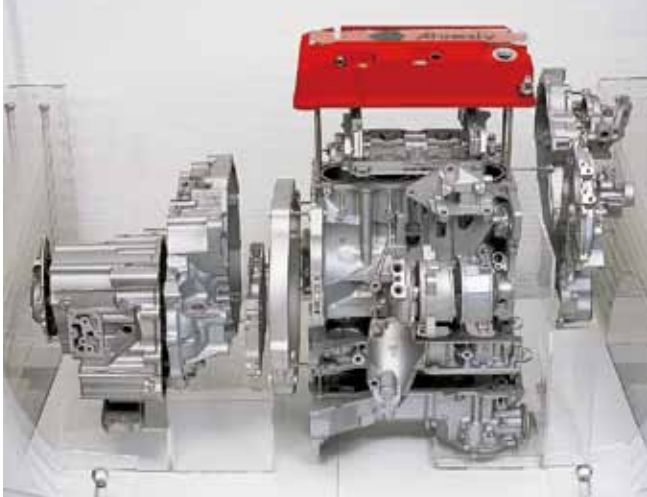
Ahresty believes that it is important to maintain good relations with shareholders and investors by holding constructive communication with them. In FY2016, we worked with them to deepen their understanding of our management policy and strategy and the business environment by holding the usual results briefings, management policy meetings, and plant visits, as well as small meetings consisting mainly of Q&A. 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.

Body 《Contributing to reducing product weight》

Ahresty's proprietary HiGF method achieves a higher degree of vacuum within a cavity than previous low pressure die casting methods and can, therefore, be applied to higher quality, large thin-walled products. We believe that we can help reduce product weight by using the HiGF method to develop aluminum die casting body parts.

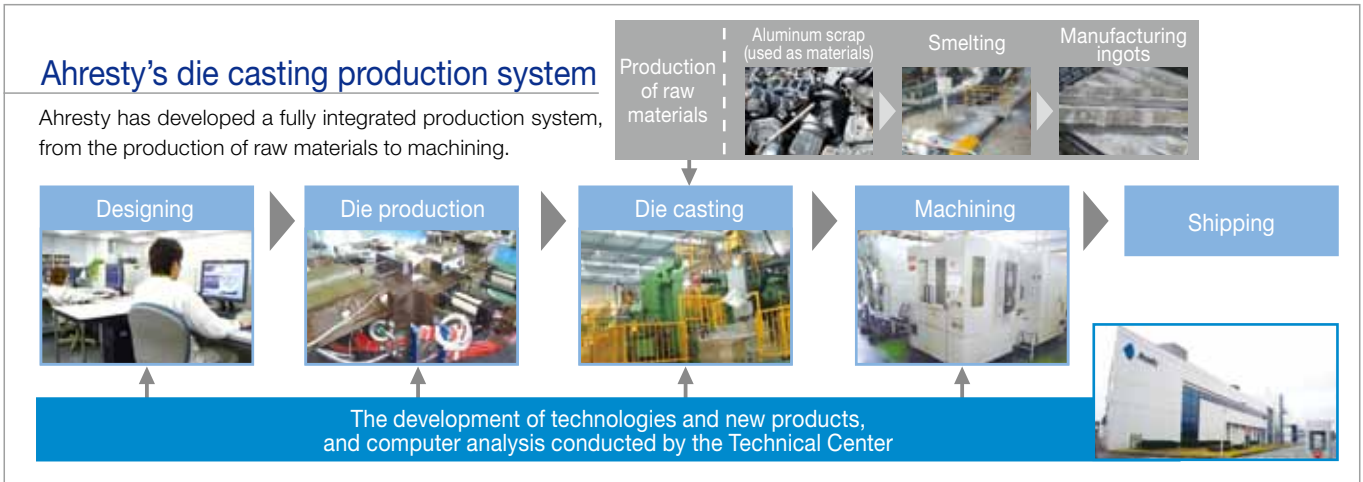
Transmission 《The key parts of a power transmission》

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. Die-cast products manufactured using the method include a variety of parts, such as differential members and steering knuckles.





Fiscal 2016 Results

Die Casting Business: Japan

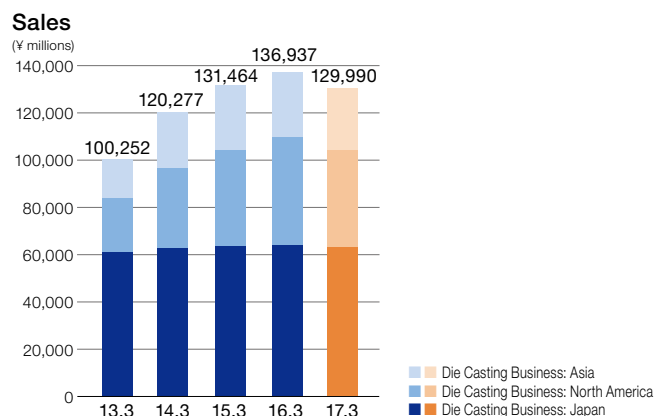
In Japan, automakers, the Company's main customers, maintained strong exports mainly to the North American market. In this environment, orders received by the Company increased slightly. Net sales, however, declined 0.9% year on year, to ¥63,008 million, mainly reflecting a significant drop in the market prices of aluminum ingots. The segment recorded a profit of ¥2,519 million (down 9.0% year on year), primarily due to an increase in depreciation and labor expenses.

Die Casting Business: North America

In North America, automakers, the Company's main customers, maintained strong sales centered on light truck type vehicles. The Company also received orders for the related parts. However, chiefly reflecting a decline in orders as a result of the termination of production, a drop in the market prices of aluminum ingots and the impact on foreign currency translation, net sales amounted to ¥40,854 million (down 10.7% year on year). The segment recorded a profit of ¥2,163 million (up 42.2% year on year), mainly reflecting the effects of improved productivity of the plant in Mexico.

Die Casting Business: Asia

In China, sales of Japanese automakers, the Company's main customers, continued to exceed those for the same period of the previous fiscal year, reflecting the effects of tax reductions for compact vehicles that began the year before last. As a result, with the additional impact of the commencement of the production of new related auto parts, the Company recorded increased orders. In contrast, orders declined in India, partly due to a fall in parts for diesel vehicles as a result of changing needs. In this environment, given a drop in the market prices of aluminum ingots in both regions and the impact of foreign currency translation and other factors, net sales in Asia reached ¥26,128 million (down 5.3% year on year). The segment recorded a profit of ¥1,758 million (up 206.6% year on year), mainly reflecting an increase in production in China.



Fiscal 2017 Outlook

With respect to the economic outlook going forward, 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. However, 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 political uncertainty.

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

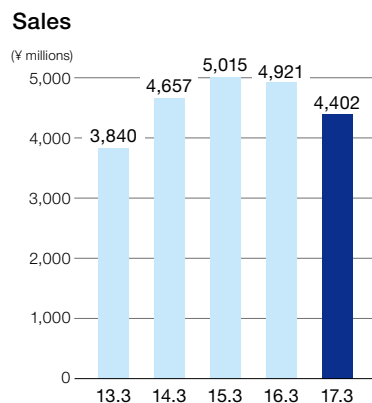


Ahresty produces approximately 40 types of aluminum alloy ingots, including alloy ingots for die casting, alloy ingots for casts, and alloy ingots for special uses. Ahresty manufactures aluminum alloy ingots from materials collected from all over the country, including aluminum cans, window sashes and 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.

Fiscal 2016 Results

In the Aluminum business, although the volume of sales increased year on year, selling prices fell due to changes in the market prices of aluminum ingots. Consequently, net sales stood at ¥4,402 million (falling 10.5% year on year). The segment recorded a profit of ¥274 million (down 18.9%), mainly reflecting the negative effects of a fall in selling prices, which were partly offset by the effects of cost cutting initiatives.



Fiscal 2017 Outlook

In FY2016, total demand for aluminum products increased for the first time in two years thanks to higher demand for rolled products, castings and die cast products on the back of growing vehicle demand. Ahresty also posted an increase in the volume of orders received partly due to increased production by its main customers.

However, the economic environment that surrounds this business is becoming more challenging, given fluctuations in foreign exchange rates which result in the rise of imported ingots that appear to be lower-priced and the volatility of raw materials markets. 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

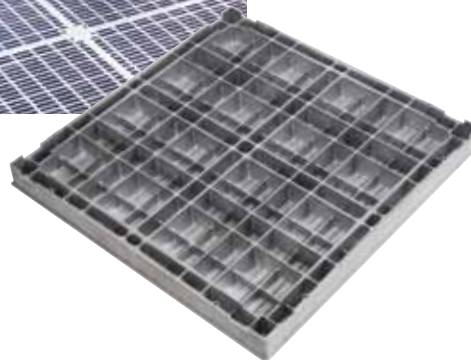
Developing new free access floor products to keep pace with expanding opportunities



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.



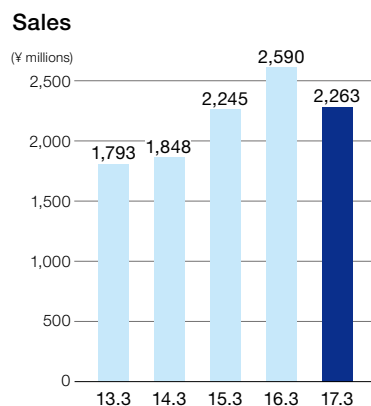
MOVAFLOR L60N



MOVAFLOR L60S

Fiscal 2016 Results

In the Proprietary Products business, net sales amounted to ¥2,263 million (down 12.6% year on year), due primarily to a decrease in orders for data centers from telecommunications companies and clean rooms from semiconductor manufacturers, the Group's main customers from the previous year. The segment recorded a profit of ¥155 million (down 26.7% year on year), mainly due to the effect of the net sales decrease.



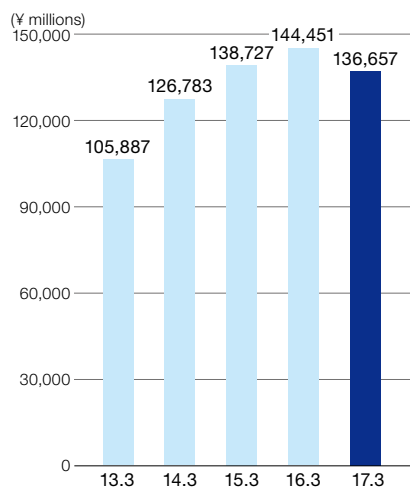
Fiscal 2017 Outlook

In FY2016, the aluminum free access floor market shrank 22% from the previous fiscal year. However, Ahresty was able to limit the decline to 13% thanks to sales and marketing activities in the market for its light-weight free access floor products.

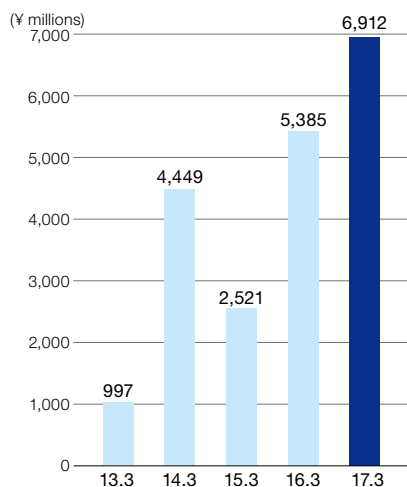
In FY2017, we forecast a similar market to FY2016 and we will make further corporate efforts to strengthen our competitiveness. Overseas, Ahresty will work to build up its business by expanding sales primarily in China.

Consolidated Financial Highlights

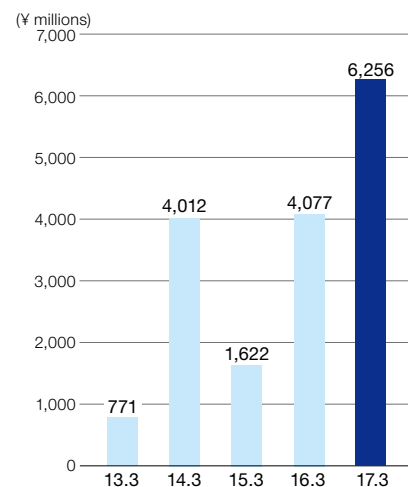
Sales



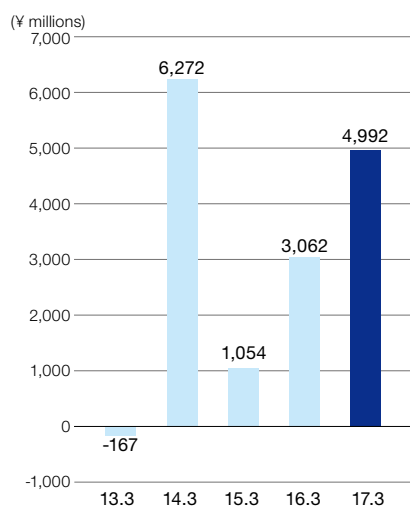
Operating income



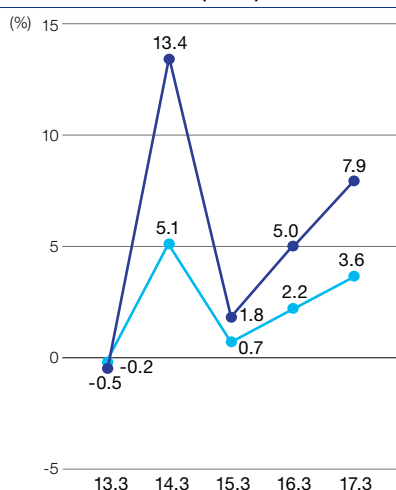
Recurring income



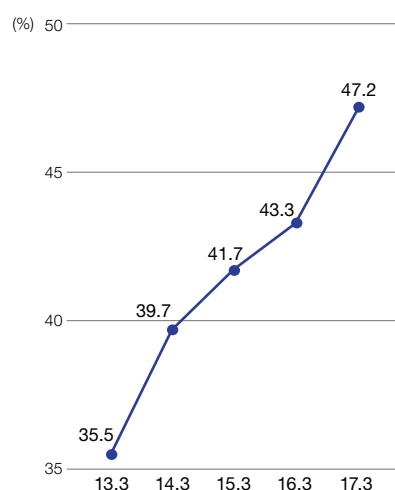
Net income (loss)



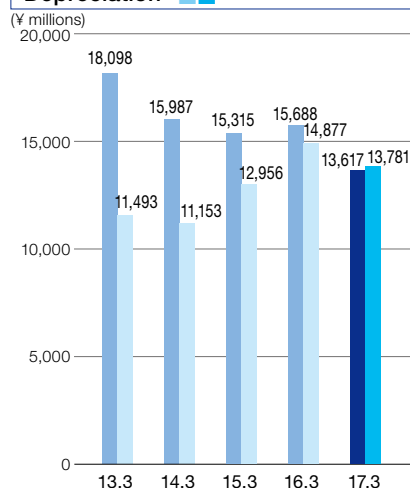
Return on equity (ROE) Return on assets (ROA)



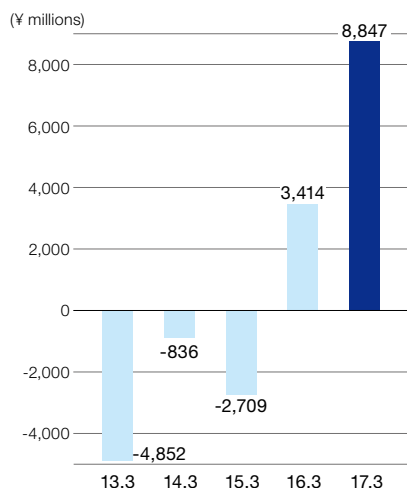
Equity ratio



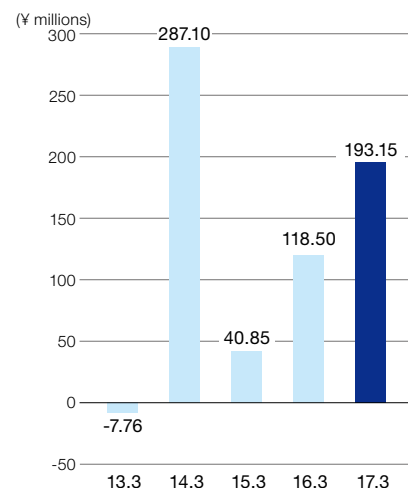
Capital expenditure*1 Depreciation*1



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 conducts a variety of environmental activities, ranging from pollution prevention activities to Ahresty's unique internal environmental qualification and social contribution activities.

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. Almost 80% 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 14th convention was held in fiscal year 2016.

Effective activities reported in the Convention are introduced to other business offices in a horizontal manner, and the Convention also serves as a useful opportunity for communication.



Active Contribution to Conservation Activities

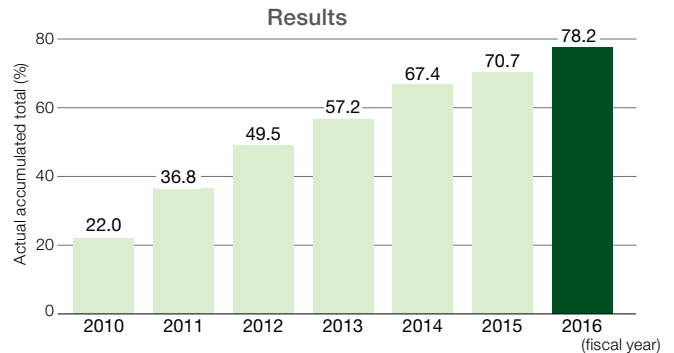
Ahresty has helped to reduce the weight of automobiles and provide support for environmental conservation efforts through the manufacturing of aluminum die casting products. The Company is actively involved in conservation activities, responding to input from employees who desire to aid conservation 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. Ahresty has promoted a wide range of activities, including community clean-up activities and the creation of "satoyama" landscapes to conserve biodiversity. In FY2016, nearly 90% of all employees took part in such activities.

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



Location	Theme
Tokai Plant	Reduction of waste sludge from water treatment
Ahresty Pretech Corporation	Initiatives to reduce energy use
Higashimatsuyama Plant	Initiatives to reduce CO ₂ emissions related to melting
Kumagaya Plant	Improvement of heavy oil in basic units for melting
Ahresty Tochigi Corporation	Reduction of glass wool waste
Ahresty Die Mold Tochigi Corporation	Reduction of CO ₂ through processing improvements
Ahresty Yamagata Corporation	Stabilization of volume of wastewater from processing
Ahresty Kumamoto Corporation	Reduction of tap water use



Environmental Targets and Achievements

Ahresty works to reduce the negative impact caused by its production activities on the global environment through initiatives ranging from pollution prevention activities to energy and resource conservation activities aimed at preventing global warming and the depletion of natural resources.

Environmental Targets and Achievements for fiscal year 2016

Domestic Targets and Achievements

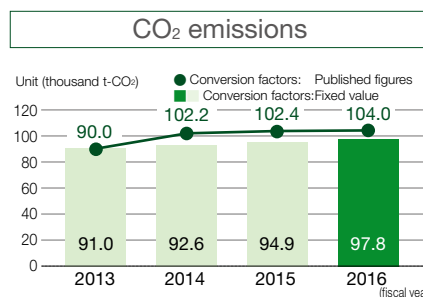


Environmental Category	Medium-term Targets	Targets for fiscal year 2016	Achievements in fiscal year 2016	Evaluation*	Targets for fiscal year 2017
Atmosphere, water quality, noise, etc.	Prevent the occurrence of environmental problems such as atmospheric pollution, water contamination and noise pollution.	Eliminate non-conforming external leaks and external complaints.	An external leak related to wastewater occurred at one business office.	1	Eliminate external leaks and complaints.
Waste Materials	Reduce the total amount of waste materials.	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.	The target for resource recycling rate was achieved at seven out of 11 business offices. At all business offices that failed to achieve the target, the cause was rubble containing aluminum which is difficult to recycle. The target for reducing total waste in basic units was achieved at nine out of 11 business offices.	3	Reduce the amount of final disposal waste (landfill) and achieve a recycling rate of 100% (excluding tailings and other rubble and refractory material, and residue after processing). 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 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.	The target for the total CO ₂ at the seven major plants has been achieved (834kg-CO ₂ /t vs. 881kg-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 2013 (a 1% reduction compared with the previous fiscal year for the business offices that have already achieved the target). Alternatively, reduce by 1% compared with fiscal year which was the best result after fiscal year 2013. In addition, reduce electricity demand based on a uniform measure in basic units by 3% compared with fiscal year 2014.
	Reduce the consumption of water used in processing.	Reduce water consumption in basic units by 1% compared with fiscal year 2015.	Of the seven targeted business offices, five business offices achieved the target.	3	Reduce water consumption in basic units. *Target to be determined by each business office.
Other	Enhance awareness of the environment.	Require each business office to ensure that at least 64% 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: 1,627 (78.2%)	5	Require each business office to ensure that at least 70% of its full-time 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 at least 63% and an average number of eco points obtained per person per annum of 140 points or more.	All the business offices achieved the target participation rate. All the business offices except one achieved the target for eco points. On aggregate, the participation rate was 87.8% and the average number of eco points obtained per person per annum was 173 points.	5	Set a target for the number of times each business office must organize social contribution activities related to the environment.

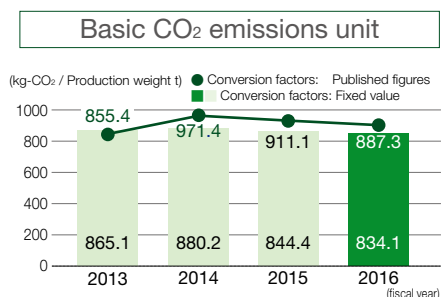
Ahresty has also set out environmental targets at overseas plants, such as the reduction of CO₂ and water consumption, with the same target categories as those adopted in Japan to carry out global environmental management.

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 basic CO₂ emissions unit and water consumption have been 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.

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.)
16,074 kl



Electricity
123,721,000 kWh



Gas
3,977 t



Aluminum alloy
ingots
201,798 t



Clean water
123,319 m³



Groundwater
247,978 m³



Chemical materials
(materials subject
to internal reporting)
15,283 kg



Aluminum
resources
35,597 t



Reporting period: From April 1, 2016 to March 31, 2017
(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	21,369	73,478
	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	31,556	14,286
	Resources recycling costs	Recycling of water, treatment (separation and disposal) of waste, and use of recycled oil	6,685	172,615
Subtotal			59,610	260,379
Upstream and downstream costs	Purchasing of green materials		—	23,271
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		—	15,718
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		—	228
Environmental damage countermeasure costs	Pollution load charges		—	1,966
Subtotal			—	41,188
Total			59,610	301,567
(Income) Upstream and downstream cost	Sales of valuable materials (steel scrap, waste plastic, shell, waste oil, waste paper, etc.)		—	119,090

* 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 2015) 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
117,263 t



Aluminum alloy ingots
Production volume
[Kumagaya Plant]
33,711 t



CO₂
114,646 t-CO₂



Discharged
water
94,079 m³



Waste
(recycling)
2,074 t

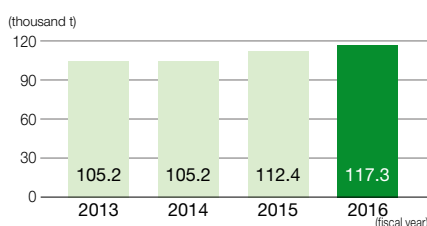


Waste
(final disposal)
29 t



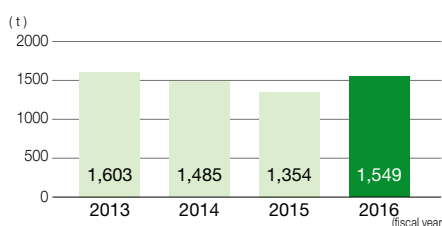
Die production volume
(including components)
[Die group]
164

Production weight



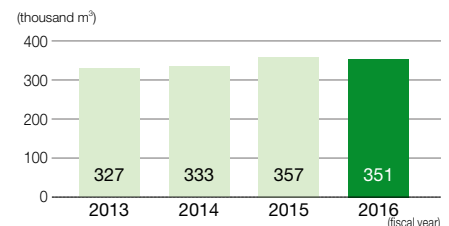
The production weight shows the weight of the products manufactured by Ahresty. The energy consumption is proportional to the production weight.

Discharged materials



Discharged materials are all the materials discharged from business offices, excluding steel and aluminum.

Water consumption



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 on the six main plants in Japan that have maintained annual data.

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 more than any other aspect.
2. Safety is more important than any other aspect.
3. Safety is always more important than efficiency of production.
4. Safety starts with arrangement, orderliness and cleaning.
5. Ahresty does not need Associates 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.”

Results of key activities for fiscal year 2016

- Activities to enforce “Stop, Call, Wait” and rules for entering facilities and to enforce KY (hazard prediction) before irregular works to eliminate accidents due to irregular works
- Observation of irregular works by managers, supervisors and safety managers
- Promotion of measures to address weaknesses learned from past accidents (measures to address weaknesses of facilities and equipment and measures in each area/workplace where there have been many accidents in the past)
- Promotion of “Safety Person”

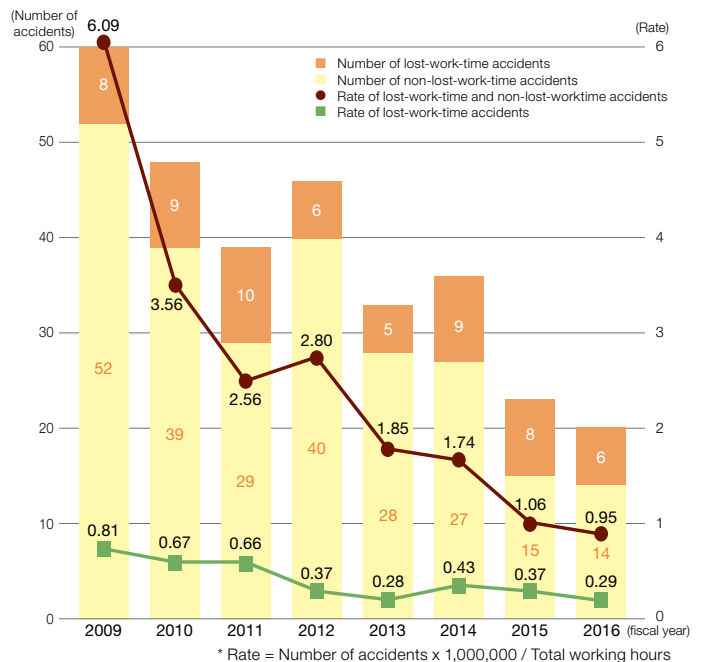
Safety Sense Training

Ahresty provides training called Safety Sense Training designed to increase employees’ hazard perception by demonstrating to them the various hazards that exist in the workplace and helping them to perceive the hazards intuitively through the basic human functions of “looking, listening, and feeling”.

The subjects covered are determined based on serious accidents that have occurred at Ahresty in the past and inherent risks, and a “Safety Dojo” is set up at each business office for the training.



Accident statistics



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.
When patrolling, I observe works, especially irregular works, and check whether the work is done in strict compliance with the safety procedures and provide any necessary guidance. I also check the implementation status of work observations.
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.

Topics

2016 Japan Die Casting Exposition

We participated in the 2016 Japan Die Casting Exposition, which was held over three days from November 24, 2016 at Pacifico Yokohama. Based on the concept of “Pursuing Quality”, “Pursuing Technology” and “Pursuing Trust,” our exhibition highlighted Ahresty’s special manufacturing methods such as the HiGF method and the NI method, and also showcased our die casting products for EVs, FCVs and other applications. Attracting around 23,000 visitors, the exposition was a huge success, and we welcomed a large number of people to our booth.



Kumamoto Earthquake

In the FY2016 Kumamoto Earthquake, Ahresty Kumamoto was also affected.

After the earthquake which struck on April 14, we gradually started to rebuild our production facilities and resume production. However, we suspended production again due to the mainshock which struck before dawn on April 16. We then took action to restore production, while at the same time endeavoring to ensure safety, and we gradually resumed production from April 18. The action we took to restore production as early as possible and make deliveries promptly was recognized, and we received a letter of thanks from Yanmar Co., Ltd.



Ahresty celebrated its tenth anniversary in 2016.



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



Sep. Technical Center

Main Prizes and Awards Received in FY2016



Ahresty received a Contribution Award from Daihatsu Motor Co., Ltd.

May



Ahresty India Private Limited received a total of seven awards from the Quality Circle Forum of India, including a Gold Award, a Silver Award and other special awards.

Jul.



The Quality Control Department of Hefei Ahresty Casting Co., Ltd. received the FY2016 Outstanding Supplier award from Shenyang Aerospace Mitsubishi Motors Engine Manufacturing Co., Ltd.

Dec.

Ahresty received a letter of thanks from Yanmar Co., Ltd.



Ahresty received a letter of thanks from Toyota Motor Corporation.



Feb.

Ahresty Tochigi received an award from the Minister of Health, Labour and Welfare for its contribution to skills testing.



Mr. Hiroyuki Fukuda from the Casting Section at Ahresty Tochigi received an award as an outstanding employee from the Sokeizai Center.

Nov.

Mr. Hisayoshi Miyajima from the Die Section of Ahresty Kumamoto received the Takahashi Memorial Prize from the Japan Institute of Light Metals.



Ahresty received the Quality Control Excellence Award from Hino Motors, Ltd.



Mar.

Ahresty received the Overall Excellence award from Maruti Suzuki India Limited.



May

Building a Proud Corporate Citizen

Cultivation of Human Resources at Ahresty

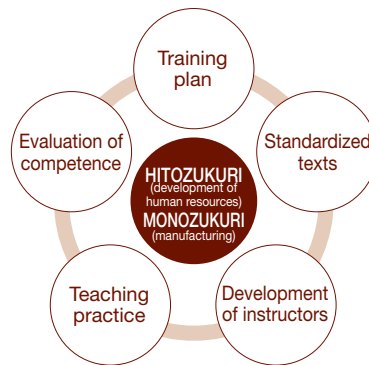
Ahresty aims to create workplaces where each employee can grow through work and take pride in the job they do.

Global Human Resources Development

Even on production shop floors characterized by increasing use of the IoT and automation, Ahresty believes that the cultivation of human resources who always aim high is essential for pursuing technology and quality. We have developed a structure through which employees undergo systematic training categorized into common training and professional training, which provides expertise in a wide range of specialized technologies.

Global RST Learning

From FY2016 we rolled out RST Gakuen which passes on knowhow about MONOZUKURI (manufacturing) built up since Ahresty's foundation, thus developing a training structure under which all our employees can receive the same level of training globally. We recommend training through which employees experience the importance of standards.



Global Kaizen Meeting

The Global Kaizen Meeting is held for the purpose of improving technical skills and the level of technology at all bases. Engineers from all bases gather together to solve problems through the presentation of case studies and discussions and to continuously implement initiatives for the future.

All our bases are working together to realize the creation of high quality products with high productivity.



MONOZUKURI JUKU

The MONOZUKURI JUKU (manufacturing cram school) was launched in 2012 as a way of nurturing the next generation of potential managers who will be responsible for Ahresty. During the induction period which lasts around one year, potential managers pursue the essence of MONOZUKURI by identifying issues and problems and making decisions to resolve them from management perspective, while deepening their technical knowledge and skills. Today, graduates of MONOZUKURI JUKU work as senior management and leaders at plants in Japan and overseas and technical center, passing on Ahresty MONOZUKURI to the next generation.

QC Circle Activities

Originating from the first internal competition in Tokyo and Hamamatsu in 1971, QC circle activities have become widespread throughout the entire Ahresty Group as its business has expanded in Japan and overseas. The Global QC Circle Competition held once a year is attended by all of the 21 business offices in Japan and overseas and provides an opportunity for our QC circles around the world to improve their activities. Especially in recent years, overseas QC circle activities have also increased and developed to the extent that they also receive awards in external competitions.



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.



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.

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.



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: 1,000 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: 81,691 m²



Ahresty Wilmington Corporation

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

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

Thai Ahresty Die Co., Ltd.

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

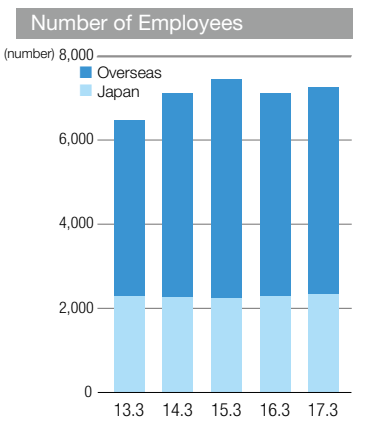
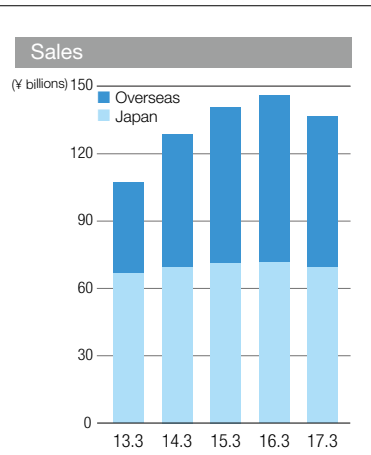
Thai Ahresty Engineering Co., Ltd.

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



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

Business Content:
Die Castings, Machining, Part Assembling, Die Casting Die
Monthly Production Capacity: 2,600 t
Site Area: 136,216 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: 103,098 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: 400 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 Kumamoto Corporation

Business Content:
Die Castings, Machining, Part Assembling
Monthly Production Capacity: 500 t
Site Area: 34,044 m²

Ahresty Die Mold Kumamoto Corporation

Business Content:
Die Casting Die
Site Area: 12,863 m²

Tokai Plant

Business Content:
Die Castings
Monthly Production Capacity: 3,200 t
Site Area: 62,414 m²

Head Office and Technical Center

Business Content:
Product Design, Research and Development
Site Area: 90,333 m²

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 Prettech Corporation

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

Corporate Data

Corporate Profile (As of March 31, 2017)

Company name:
Ahresty Corporation
 Date of establishment :
November 2, 1943
 Paid-in capital :
¥6,939.09 million
 Number of employees :
(Consolidated) 7,215
(Non-Consolidated) 919

Management (As of June 15, 2017)

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

Stock Information (As of March 31, 2017)

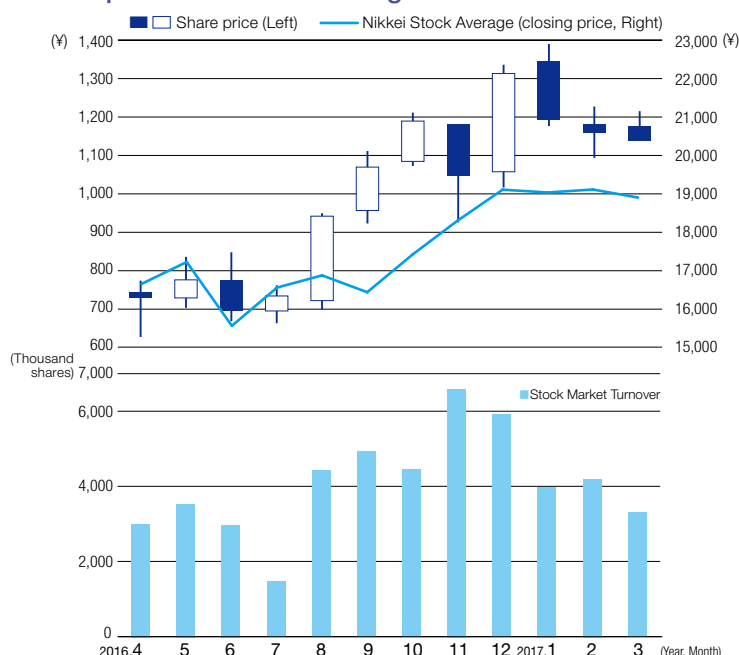
Number of Shares and Shareholders

Authorized shares: 60,000,000 shares
 Issued shares: 26,027,720 shares
 Shareholders: 4,044

Distribution by Type of Shareholder



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)
- Mar. 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 Statements of Cash Flows	33
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Overview of Business Performance

Results of Operations

During the consolidated fiscal year under review, the Japanese economy remained on a gradual recovery path as consumer spending and capital expenditures picked up and corporate earnings and employment situation improved. Overseas, the U.S. economy continued to recover, aided by a positive employment situation. In Asia, the Chinese economy improved, backed by increased public investment, and the Indian economy recovered, mainly on the strength of domestic demand. Despite some weaknesses, the global economy overall is slowly recovering.

In this environment, the Group steadily pursued initiatives under its medium-term management plan (2016-2018).

For the consolidated fiscal year under review, the Company recorded net sales of ¥136,657 million (down 5.4% year on year), operating income of ¥6,912 million (rising 28.4% year on year), recurring income of ¥6,256 million (an increase of 53.5% year on year), and net income attributable to owners of parent of ¥4,992 million (up 63.0% year on year).

Consolidated performance for year ended March 2017 (April 1, 2016–March 31, 2017) (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 2017	136,657	(5.4)	6,912	28.4	6,256	53.5
Fiscal year ended March 2016	144,451	4.1	5,385	113.6	4,077	151.4

	Net Income		Net Income per Share	Fully Diluted Net Income per Share	Return on Equity	Return on Total Asset	Operating Profit on Sales
	Millions of Yen	%	Yen	Yen	%	%	%
Fiscal year ended March 2017	4,992	63.0	193.15	191.44	7.9	4.5	5.1
Fiscal year ended March 2016	3,062	190.3	118.50	117.67	5.0	2.8	3.7

Note: Comprehensive income

Year ended March 2017: 3,698 million yen (-%)

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

For reference: Investment gain or loss under equity method

Year ended March 2017: - million yen

Year ended March 2016: - 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 2017	136,928	64,778	47.2	2,500.02
Fiscal year ended March 2016	141,694	61,460	43.3	2,372.85

For reference: Shareholders' equity
Year ended March 2017: 64,613 million yen
Year ended March 2016: 61,329 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 2017	21,779	(12,932)	(9,004)	4,100
Fiscal year ended March 2016	18,062	(14,648)	(4,372)	4,505

Outlook for fiscal year ending March 2018

With respect to the economic outlook going forward, 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, uncertainties are likely to remain, including the effect of the normalization of the monetary policy of the United States, trends in emerging economies in Asia, including China, and the effect of policy uncertainty.

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, the outlook is as described below.

The consolidated business results forecast assumes foreign exchange rates of 110.0 yen to 1 USD, 16.0 yen to 1 RMB, and 1.6 yen to 1 INR. In addition, with the change of the fiscal year-end of the five domestic consolidated subsidiaries (Ahresty Pretech Corporation, Ahresty Techno Service Corporation, Ahresty Die Mold Hamamatsu Corporation, Ahresty Die Mold Tochigi Corporation, Ahresty Die Mold Kumamoto Corporation) from December to March, the results of these five domestic consolidated subsidiaries for fifteen months from January 2017 to March 2018 will be included in the consolidated financial statements for the following consolidated fiscal year. The impact of this change of the fiscal year-end of the subsidiaries on the consolidated results forecasts for the following fiscal year is insignificant.

	(Millions of Yen)			
	Sales	Operating Income	Ordinary Income	Net Income
For the year ending March 2018 forecast	142,000	7,000	6,400	4,400
For the year ended March 2017 actual	136,657	6,912	6,256	4,992
Changes	5,342	87	143	(592)
Change ratio (%)	3.9	1.3	2.3	(11.9)

Segment	(Millions of Yen)			
	Sales		Segment Income	
	Current fiscal year	Next fiscal year	Current fiscal year	Next fiscal year
Die Casting Business: Japan	63,008	66,900	2,519	2,900
Die Casting Business: North America	40,854	39,900	2,163	2,250
Die Casting Business: Asia	26,128	28,400	1,758	1,500
Aluminum Business	4,402	4,600	274	250
Proprietary Products Business	2,263	2,200	155	100
Elimination of intersegment transactions	-	-	40	-

Consolidated Balance Sheets

(Assets)	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended March 31		Fiscal year ended March 31
	2016	2017	2017
Current Assets			
Cash and time deposits	¥ 4,505	¥ 4,100	\$ 37,557
Trade notes and accounts receivable	24,055	23,015	210,801
Electronically recorded monetary claims - operating	2,021	2,158	19,766
Merchandise and products	2,999	2,801	25,662
Work-In-Process	4,006	3,994	36,585
Raw materials and supplies	3,351	3,344	30,630
Deferred tax assets	1,091	1,342	12,295
Other current assets	2,150	1,520	13,923
Allowance for doubtful accounts	(1)	(1)	(11)
Total Current Assets	44,181	42,275	387,211
Fixed Assets			
Tangible fixed assets			
Buildings and structures	29,000	28,808	263,860
Accumulated depreciation and impairment loss	(12,566)	(13,352)	(122,300)
Buildings and structures, net	16,434	15,455	141,560
Machinery and delivery equipment	123,145	124,699	1,142,144
Accumulated depreciation and impairment loss	(74,768)	(79,219)	(725,581)
Machinery and delivery equipment, net	48,376	45,480	416,562
Tools, furniture and fixtures	47,066	46,062	421,891
Accumulated depreciation	(39,771)	(38,694)	(354,408)
Tools, furniture and fixtures, net	7,295	7,367	67,483
Land	5,268	5,199	47,627
Lease assets	1,092	1,043	9,553
Accumulated depreciation	(385)	(450)	(4,129)
Lease assets, net	707	592	5,424
Construction in progress	7,724	8,051	73,740
Total Tangible Fixed Assets	85,806	82,146	752,399
Intangible Fixed Assets	1,628	1,535	14,061
Investments and other assets			
Investments in securities	* 1 6,201	7,363	67,447
Deferred tax assets	3,499	3,269	29,945
Other assets	376	337	3,088
Allowance for doubtful accounts	(0)	(0)	(2)
Total Investments and Other Assets	10,077	10,970	100,479
Total Fixed Assets	97,512	94,652	866,940
Total Assets	¥141,694	¥136,928	\$1,254,151

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 ¥109.18 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
	2016	2017	2017
Current Liabilities			
Notes and accounts payable	¥ 12,065	¥ 12,903	\$ 118,188
Electronically recorded obligations-operating	6,053	6,601	60,467
Short-term loans	4,536	837	7,667
Current portion of long-term loans	10,850	10,608	97,162
Accrued income taxes	475	899	8,243
Bonus allowances	1,568	1,644	15,063
Directors' bonus allowances	20	30	274
Provision for product warranties	121	73	677
Other current liabilities	8,612	8,277	75,818
Total Current Liabilities	44,304	41,877	383,564
Long-term Liabilities			
Long-term loans	27,062	21,359	195,639
Long-term accounts payable	1,671	1,066	9,767
Deferred tax liabilities	3,553	4,480	41,035
Net defined benefit liability	2,985	2,919	26,735
Other long-term liabilities	655	446	4,086
Total Long-term Liabilities	35,929	30,271	277,264
Total Liabilities	80,233	72,149	660,828
(Net Assets)			
Shareholders' Equity			
Common stock	6,939	6,939	63,556
Additional paid-in capital	10,180	10,180	93,249
Retained earnings	35,462	40,041	366,745
Treasury stock	(271)	(272)	(2,491)
Total Shareholders' Equity	52,311	56,889	521,059
Other Accumulated Comprehensive Income			
Difference on revaluation of other marketable securities	2,875	3,728	34,152
Foreign currency translation adjustments	6,772	4,474	40,985
Remeasurements of defined benefit plans	(629)	(479)	(4,390)
Total Other Accumulated Comprehensive Income	9,017	7,724	70,747
Share Warrants	131	165	1,515
Total Net Assets	61,460	64,778	593,322
Total Liabilities and Net Assets	¥141,694	¥136,928	\$1,254,151

Consolidated Statements of Income and Statements of Comprehensive Income

(Consolidated Statements of Income)

		Millions of yen		Thousands of U.S. dollars
		April 1, 2015 through March 31, 2016	April 1, 2016 through March 31, 2017	April 1, 2016 through March 31, 2017
Sales		¥144,451	¥136,657	\$1,251,674
Cost of Goods Sold	* 1	128,271	118,774	1,087,881
Gross Profit		16,180	17,882	163,793
Selling, General and Administrative Expenses				
Transportation expenses		1,813	1,896	17,373
Salaries and bonuses		3,238	3,266	29,914
Retirement and severance expenses		223	208	1,910
Provision for bonuses		322	334	3,060
Provision for bonuses for directors		20	30	274
Depreciation		239	266	2,442
Research and development expenses	* 2	493	451	4,136
Other expenses		4,444	4,516	41,367
Total Selling, General and Administrative Expenses		10,795	10,970	100,480
Operating Income		5,385	6,912	63,313
Non-operating Income				
Interest income		17	24	227
Dividends received		153	165	1,515
Gain on sales of scraps		115	160	1,473
Others		195	256	2,349
Total Non-operating Income		482	607	5,566
Non-operating Expenses				
Interest expenses		1,260	872	7,991
Foreign currency exchange losses		448	193	1,767
Others		81	198	1,814
Total Non-operating Expenses		1,790	1,263	11,573
Ordinary Income		4,077	6,256	57,306
Extraordinary Gains				
Gain on sale of fixed assets	* 3	15	318	2,914
Gain on sales of investment securities		–	380	3,486
Subsidy income		65	55	505
Total Extraordinary Gains		80	754	6,906
Extraordinary Losses				
Loss on sale of fixed assets	* 4	140	151	1,389
Impairment loss	* 5	–	80	735
Loss on revision of retirement benefit plan		257	–	–
Total Extraordinary Losses		397	232	2,125
Income before Income Taxes		3,760	6,778	62,088
Income taxes and enterprise taxes		862	1,441	13,201
Deferred income taxes		(164)	345	3,162
Total Income Taxes		698	1,786	16,364
Net income		3,062	4,992	45,723
Net income attributable to owners of parent		¥ 3,062	¥ 4,992	\$ 45,723

(Consolidated Statements of Comprehensive Income)

	Millions of yen		Thousands of U.S. dollars
	April 1, 2015 through March 31, 2016	April 1, 2016 through March 31, 2017	April 1, 2016 through March 31, 2017
Net Income	¥ 3,062	¥ 4,992	\$ 45,723
Other Comprehensive Income			
Difference on revaluation of other marketable securities	(593)	853	7,817
Foreign currency translation adjustments	(2,529)	(2,297)	(21,040)
Remeasurements of defined benefit plans, net of tax	(305)	150	1,379
Total Other Comprehensive Income	* (3,429)	(1,293)	(11,844)
Comprehensive Income	(366)	3,698	33,879
Comprehensive income attributable to owners of the parent	(366)	3,698	33,879
Comprehensive income attributable to non-controlling interests	¥ -	¥ -	\$ -

Consolidated Statement of Changes in Net Assets

Previous 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 comprehensive income					Total net assets
	Difference on revaluation of other marketable securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other accumulated comprehensive income	Share warrants	
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, 2016 through March 31, 2017)

(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	¥35,462	¥(271)	¥52,311
Changes					
Cash dividend from retained earnings			(413)		(413)
Net income (loss) attributable to owners of parent			4,992		4,992
Purchase of own shares				(0)	(0)
Changes (net) in non-shareholders' equity items					
Total changes	–	–	4,578	(0)	4,577
Balance at end of current fiscal year	¥6,939	¥10,180	¥40,041	¥(272)	¥56,889

(Millions of yen)

	Other accumulated comprehensive income				Share warrants	Total net assets
	Difference on revaluation of other marketable securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other accumulated comprehensive income		
Balance at beginning of current fiscal year	¥2,875	¥6,772	¥(629)	¥9,017	¥131	¥61,460
Changes						
Cash dividend from retained earnings						(413)
Net income (loss) attributable to owners of parent						4,992
Purchase of own shares						(0)
Changes (net) in non-shareholders' equity items	853	(2,297)	150	(1,293)	34	(1,258)
Total changes	853	(2,297)	150	(1,293)	34	3,318
Balance at end of current fiscal year	¥3,728	¥4,474	¥(479)	¥7,724	¥165	¥64,778

Current consolidated fiscal year (April 1, 2016 through March 31, 2017)

(Thousands of U.S. dollars)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current fiscal year	\$63,556	\$93,249	\$324,809	\$(2,483)	\$479,132
Changes					
Cash dividend from retained earnings			(3,787)		(3,787)
Net income (loss) attributable to owners of parent			45,723		45,723
Purchase of own shares				(8)	(8)
Changes (net) in non-shareholders' equity items					
Total changes			41,936	(8)	41,927
Balance at end of current fiscal year	\$63,556	\$93,249	\$366,745	\$(2,491)	\$521,059

(Thousands of U.S. dollars)

	Other accumulated comprehensive income				Share warrants	Total net assets
	Difference on revaluation of other marketable securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other accumulated comprehensive income		
Balance at beginning of current fiscal year	\$26,335	\$62,026	\$(5,770)	\$82,591	\$1,202	\$562,926
Changes						
Cash dividend from retained earnings						(3,787)
Net income (loss) attributable to owners of parent						45,723
Purchase of own shares						(8)
Changes (net) in non-shareholders' equity items	7,817	(21,040)	1,379	(11,844)	313	(11,531)
Total changes	7,817	(21,040)	1,379	(11,844)	313	30,396
Balance at end of current fiscal year	\$34,152	\$40,985	\$(4,390)	\$70,747	\$1,515	\$593,322

Consolidated Statements of Cash Flows

	Millions of yen		Thousands of U.S. dollars
	April 1, 2015 through March 31, 2016	April 1, 2016 through March 31, 2017	April 1, 2016 through March 31, 2017
Cash Flows from Operating Activities			
Income before income taxes and others	¥ 3,760	¥ 6,778	\$ 62,088
Depreciation and amortization	14,877	13,781	126,225
Impairment loss	–	80	735
Increase (decrease) in allowances for bonuses	53	99	912
Increase (decrease) in provision for product warranties	(72)	(47)	(431)
Increase (decrease) in net defined benefit liability	(2,196)	127	1,170
Interest and dividend income	(171)	(190)	(1,743)
Interest expenses	1,260	872	7,991
Loss (gain) on sales and disposal of tangible fixed assets	125	(166)	(1,526)
Loss (gain) on sales of investment securities	–	(380)	(3,486)
Subsidy income	(65)	(55)	(505)
Decrease (increase) in notes and accounts receivable	(927)	607	5,566
Decrease (increase) in inventories	2,162	196	1,796
Increase (decrease) in notes and accounts payable	(2,496)	1,604	14,691
Increase (decrease) in accrued expenses	533	52	479
Increase (decrease) in accrued consumption taxes and others	649	364	3,342
Increase (decrease) in long-term accounts payable - other	1,533	(605)	(5,546)
Others	940	120	1,099
Subtotal	19,967	23,240	212,860
Interest and dividends received	171	190	1,743
Interest paid	(1,252)	(870)	(7,976)
Proceeds from subsidy income	55	46	422
Income taxes paid	(1,201)	(1,146)	(10,504)
Income taxes refunded	322	320	2,935
Net Cash Provided by Operating Activities	18,062	21,779	199,480
Cash Flows from Investing Activities			
Payments into time deposits	(38)	–	–
Proceeds from withdrawal of time deposits	134	–	–
Expenditures from purchases of tangible fixed assets	(14,480)	(13,669)	(125,200)
Proceeds from sales of tangible fixed assets	22	439	4,021
Proceeds from sales of investment securities	–	461	4,228
Others	(286)	(164)	(1,502)
Net Cash Used in Investing Activities	(14,648)	(12,932)	(118,453)
Cash Flows from Financing Activities			
Proceeds from short-term loans	31,792	12,052	110,387
Repayment of short-term loans	(33,346)	(15,391)	(140,976)
Proceeds from long-term debt	10,698	6,022	55,162
Repayment of long-term debt	(12,959)	(11,050)	(101,215)
Dividends paid	(311)	(413)	(3,786)
Others	(246)	(223)	(2,047)
Net Cash Provided by Financing Activities	(4,372)	(9,004)	(82,475)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(326)	(246)	(2,260)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,283)	(404)	(3,708)
Cash and Cash Equivalents at Beginning of Year	5,789	4,505	41,266
Cash and Cash Equivalents at End of Period	* ¥ 4,505	¥ 4,100	\$ 37,557

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.

(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.

(Unapplied accounting standards, etc.)

Details were omitted because of their insignificance.

(Additional information)

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company is applying the Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26; March 28, 2016) from the fiscal year under review.

Notes on Consolidated Balance Sheets

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

	As of March 31, 2016	As of March 31, 2017
Investments in securities (share)	¥36 million	¥36 million

* 2. Notes receivable transfer by endorsement

	As of March 31, 2016	As of March 31, 2017
Notes receivable transfer by endorsement	¥616 million	¥809 million

Notes to Consolidated Financial Statements

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, 2016	As of March 31, 2017
¥229 million	¥236 million

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

As of March 31, 2016	As of March 31, 2017
¥493 million	¥451 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, 2016	As of March 31, 2017
Machinery and delivery equipment	¥12 million	¥33 million
Tools, furniture and fixtures	¥2 million	¥14 million
Land	–	¥270 million
Total	¥15 million	¥318 million

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

	As of March 31, 2016	As of March 31, 2017
Building and structures	¥2 million	¥10 million
Machinery and delivery equipment	¥56 million	¥98 million
Tools, furniture and fixtures, others	¥81 million	¥42 million
Total	¥140 million	¥151 million

* 5. Impairment loss

In the consolidated fiscal year under review, the Group posted impairment losses for the asset groups below.

Location	Use	Type	Impairment loss (million yen)
Toyohashi, Aichi	Assets to be disposed of	Land	23
Haryana, India	Assets to be disposed of	Machinery and equipment	56

At the Group, business assets are basically grouped into minimal units that generate cash flows independently, and each property in idle assets and assets to be disposed of is a group.

The Group decided to dispose of the assets above and proceeds from the disposal were determined in the consolidated fiscal year under review. As a result, it became clear that losses would occur. The Group thus reduced the book values of the asset groups to recoverable amounts and posted impairment losses.

The recoverable amount is measured based on a net selling price, which is proceeds from disposal.

Notes on Consolidated Statements of Comprehensive Income

* Recycling and tax effect relating to other comprehensive income

	As of March 31, 2016	As of March 31, 2017
Valuation difference on available-for-sale securities:		
Amount arising during fiscal year under review	¥(976 million)	¥1,218 million
Recycling	–	–
Before tax effect adjustment	¥(976 million)	¥1,218 million
Tax effect	¥382 million	¥(364 million)
Valuation difference on available-for-sale securities	¥(593 million)	¥853 million
Foreign currency translation adjustment:		
Amount arising during fiscal year under review	¥(2,529 million)	¥(2,297 million)
Remeasurements of defined benefit plans, net of tax:		
Amount for the current term	¥(523 million)	¥101 million
Reclassification remeasurements	¥155 million	¥93 million
Before tax-effect adjustment	¥(367 million)	¥194 million
Tax-effect	¥61 million	¥(43 million)
Remeasurements of defined benefit plans, net of tax	¥(305 million)	¥150 million
Total other comprehensive income	¥(3,429 million)	¥(1,293 million)

Notes on Consolidated Statement of Changes in Net Assets

Previous 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 (Note)	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

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 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

Current consolidated fiscal year under review (from April 1, 2016 to March 31, 2017)

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)	181,586	916	–	182,502
Total	181,586	916	–	182,502

Note: The number of shares of treasury stock increased 916 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	–	–	–	–	–	165
Total		–	–	–	–	–	165

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, 2016	Common share	206	Retained earnings	8	March 31, 2016	May 30, 2016
Meeting of the Board of Directors on November 8, 2016	Common share	206	Retained earnings	8	September 30, 2016	December 5, 2016

(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 11, 2017	Common share	310	Retained earnings	12	March 31, 2017	May 29, 2017

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, 2016	As of March 31, 2017
Cash on hand and with banks	¥4,505 million	¥4,100 million
Cash and cash equivalents	¥4,505 million	¥4,100 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, 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	-

Current consolidated fiscal year (March 31, 2017)

	Carrying amount in the consolidated balance sheets	Fair value	Difference
	(¥ millions)	(¥ millions)	(¥ millions)
(1) Cash and time deposits	4,100	4,100	-
(2) Trade notes and accounts receivable	23,015	23,015	-
(3) Investments in securities	7,317	7,317	-
Total assets	34,433	34,433	-
(1) Trade notes and accounts payable	12,903	12,903	-
(2) Short-term loans	837	837	-
(3) Long-term loans	31,968	32,356	388
Total liabilities	45,709	46,097	388
Derivative transactions*	5	5	-

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, 2016	As of March 31, 2017
	(¥ millions)	(¥ millions)
Shares of unlisted shares	90	9
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, 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	-	-	-

Current consolidated fiscal year (March 31, 2017)

	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	4,100	-	-	-
Trade notes and accounts receivable	23,015	-	-	-
Total	27,115	-	-	-

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

Previous 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 to Consolidated Financial Statements

Current consolidated fiscal year (March 31, 2017)

	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	837	-	-	-	-	-
Long-term loans	10,608	8,996	8,031	3,449	882	-
Total	11,445	8,996	8,031	3,449	882	-

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, 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
	Total	6,074	1,754	4,320
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

Note: Unlisted stocks (90 million yen on the consolidated balance sheet) are not included in the table above because they have no market price and it is very difficult to determine their fair value.

Current consolidated fiscal year (March 31, 2017)

	Type	Consolidated Balance Sheet Amount	Acquisition Cost	Difference
		(¥ millions)	(¥ millions)	(¥ millions)
Consolidated balance sheet amount is above acquisition cost	1. Share	7,315	1,776	5,539
	2. Bonds	-	-	-
	3. Other	-	-	-
	Subtotal	7,315	1,776	5,539
	Total	7,317	1,778	5,538
Consolidated balance sheet amount is below acquisition cost	1. Share	1	2	(0)
	2. Bonds	-	-	-
	3. Other	-	-	-
	Subtotal	1	2	(0)
	Total	7,317	1,778	5,538

Note: Unlisted stocks (9 million yen on the consolidated balance sheet) are not included in the table above because they have no market price and it is very difficult to determine their fair value.

4. Other marketable securities sold

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

N/A

Current consolidated fiscal year (April 1, 2016 through March 31, 2017)

	Sales amount (million yen)	Total gain on sales (million yen)	Total loss on sales (million yen)
(1) Stock	461	380	-
(2) Bond			
(i) Government bond, local government bond, etc.	-	-	-
(ii) Corporate bond	-	-	-
(iii) Other	-	-	-
(3) Other	-	-	-
Total	461	380	-

Notes on Derivative Transactions**1. Derivative transactions to which hedge accounting is not applied**

(1) Currency-related transactions

Previous consolidated fiscal year (March 31, 2016)

Type of transaction	Value of contracts (¥ millions)	Value of contracts for longer than a year (¥ millions)	Market value (¥ millions)	Appraisal profit or loss (¥ 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.

Current consolidated fiscal year (March 31, 2017)

Type of transaction	Value of contracts (¥ millions)	Value of contracts for longer than a year (¥ millions)	Market value (¥ millions)	Appraisal profit or loss (¥ millions)
Transactions other than market transactions				
Forward exchange contracts Short position, US dollars	81	-	5	5
Total	81	-	5	5

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, 2016)

Type of transaction	Value of contracts (¥ millions)	Value of contracts for longer than a year (¥ millions)	Market value (¥ millions)	Appraisal profit or loss (¥ 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.

Notes to Consolidated Financial Statements

Current consolidated fiscal year (March 31, 2017)

	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	161	–	0	0
	Total	161	–	0	0

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

Current consolidated fiscal year (March 31, 2017)

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	986	836	(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.

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, 2015 to March 31, 2016)	(From April 1, 2016 to March 31, 2017)
Balance of retirement benefit liabilities at the beginning of the current fiscal year	5,752	3,908
Service cost	314	257
Interest expenses	69	10
Actuarial difference	464	(70)
Retirement benefits payments	(317)	(181)
Reduction associated with transition to defined contribution pension plan	(2,368)	–
Others	(6)	(5)
Balance of retirement benefit liabilities at the end of the current fiscal year	3,908	3,920

(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, 2015 to March 31, 2016)	(From April 1, 2016 to March 31, 2017)
Balance of pension assets at the beginning of the current fiscal year	1,786	1,810
Expected return on pension plan assets	43	35
Actuarial difference	(68)	22
Contributions from the business owner	224	223
Retirement benefits payments	(176)	(172)
Balance of pension assets at the end of the current fiscal year	1,810	1,920

(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	Current consolidated fiscal year
	(From April 1, 2015 to March 31, 2016)	(From April 1, 2016 to March 31, 2017)
Balance of net defined benefit liability at the beginning of the current fiscal year	850	887
Retirement benefit expenses	100	125
Retirement benefits payments	(64)	(98)
Others	-	4
Balance of net defined benefit liability at the end of the current fiscal year	887	919

(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	Current consolidated fiscal year
	(March 31, 2016)	(March 31, 2017)
Retirement benefit liabilities of the funded pension	3,128	3,118
Pension assets	(1,810)	(1,920)
	1,318	1,198
Retirement benefit liabilities of the unfunded pension	1,666	1,720
Net liabilities and assets recorded on the consolidated balance sheet	2,985	2,919
Net defined benefit liability	2,985	2,919
Net liabilities and assets recorded on the consolidated balance sheet	2,985	2,919

(5) Retirement benefit expenses and their breakdown

(¥ millions)	Previous consolidated fiscal year	Current consolidated fiscal year
	(From April 1, 2015 to March 31, 2016)	(From April 1, 2016 to March 31, 2017)
Service cost	314	257
Interest expenses	69	10
Expected return on pension plan assets	(43)	(35)
Recognized actuarial difference	73	94
Recognized prior service cost	49	6
Retirement benefit expenses calculated by the simple method	100	125
Others	7	4
Retirement benefit expenses related to the defined benefit system	571	463
Loss associated with transition to defined contribution pension plan (Note)	257	-

Note: The loss is posted in extraordinary losses.

Notes to Consolidated Financial Statements

(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	Current consolidated fiscal year
	(From April 1, 2015 to March 31, 2016)	(From April 1, 2016 to March 31, 2017)
Prior service cost	68	6
Actuarial difference	(436)	188
Total	(367)	194

(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	Current consolidated fiscal year
	(March 31, 2016)	(March 31, 2017)
Unrecognized prior service cost	(13)	(7)
Unrecognized actuarial difference	(782)	(594)
Total	(796)	(601)

(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	Current consolidated fiscal year
	(March 31, 2016)	(March 31, 2017)
Bonds	24%	26%
Shares	35%	32%
Insurance assets (general account)	38%	39%
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	Current consolidated fiscal year
	(March 31, 2016)	(March 31, 2017)
Discount rate	Primarily 0.2%	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%

3. Defined contribution retirement benefit system

The required contribution amount of the company and some of the consolidated subsidiaries was ¥220 million as the previous consolidated fiscal year and ¥372 million as the current consolidated fiscal year.

Notes on Stock Option

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

(¥ millions)	Previous consolidated fiscal year	Current consolidated fiscal year
	(From April 1, 2015 to March 31, 2016)	(From April 1, 2016 to March 31, 2017)
Charges for stock compensation in general and administrative expenses	34	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: 3,500 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: 5,100 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: 12,900 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: 11,800 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: 12,800 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

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: 18,300 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

Notes to Consolidated Financial Statements

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: 18,300 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: 22,000 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: 45,100 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

2016 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: 57,300 shares
Grant date	August 10, 2016
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 11, 2016 to August 10, 2046

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, 2017). 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	2016 stock options
Before vesting date (number of share)											
At end of previous fiscal year	3,500	5,100	12,900	11,800	12,800	18,300	18,300	22,000	45,100	44,800	-
Granted	-	-	-	-	-	-	-	-	-	-	57,300
Expired	-	-	-	-	-	-	-	-	-	-	-
Vested	-	-	-	-	-	-	-	-	-	-	-
Not yet vested	3,500	5,100	12,900	11,800	12,800	18,300	18,300	22,000	45,100	44,800	57,300
After vesting date (number of share)											
At end of previous fiscal year	-	-	-	-	-	-	-	-	-	-	-
Vested	-	-	-	-	-	-	-	-	-	-	-
Exercise of rights	-	-	-	-	-	-	-	-	-	-	-
Expired	-	-	-	-	-	-	-	-	-	-	-
Unexercised	-	-	-	-	-	-	-	-	-	-	-

b. Unit price information

	2006 stock options	2007 stock options	2008 stock options	2009 stock options	2010 stock options	2011 stock options	2012 stock options	2013 stock options	2014 stock options	2015 stock options	2016 stock options
Exercise price (yen)	1	1	1	1	1	1	1	1	1	1	1
Average stock price at time of exercise (yen)	-	-	-	-	-	-	-	-	-	-	-
Fair unit value on grant date (yen)	3,418	2,219	572	369	568	409	234	582	667	767	597

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

The method for estimating the fair unit value of 2016 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

2016 stock options	
Stock price volatility (Note 1)	52.9%
Estimated remaining period (Note 2)	15 years
Projected dividend (Note 3)	14 yen/share
Risk-free interest rate (Note 4)	0.09%

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, 2016) (¥ millions)	Current consolidated fiscal year (March 31, 2017) (¥ millions)
Deferred tax assets		
Accrued expenses	85	67
Net defined benefit liability	912	822
Accounts payable – other (amount that has not been transferred to defined contribution pension plan)	140	140
Long-term accounts payable – other (amount that has not been transferred to defined contribution pension plan)	397	237
Excess deductible amount in bonus allowances	403	460
Unrealized profits for inventories	40	42
Unrealized profits for fixed assets	1,015	1,049
Loss carried forward	1,940	1,318
Over-depreciation	2,167	2,312
Provision for product warranties	14	14
Other	425	517
Deferred tax assets subtotal	7,541	6,981
Allowance account	(1,638)	(1,259)
Deferred tax assets total	5,902	5,722
Deferred tax liabilities		
Property replacement reserve	(970)	(929)
Special depreciation reserve	(11)	(24)
Fixed assets reserve	(131)	(125)
Net unrealized gains on securities	(1,329)	(1,694)
Allowance for depreciation of overseas consolidated subsidiaries	(1,458)	(1,691)
Other	(964)	(1,125)
Deferred tax liabilities total	(4,865)	(5,591)
Net deferred tax assets	1,037	131

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, 2016) (%)	Current consolidated fiscal year (March 31, 2017) (%)
Statutory effective tax rate	33.1	30.9
(adjustments)		
Items that will never be included as losses, such as entertainment expenses	2.3	0.9
Items that will never be included as profits, such as dividend revenue	(0.3)	(0.2)
Per capita residential tax	0.7	0.4
Tax credits for research and development expenses	(1.1)	(0.8)
Employees salary increase tax deduction, etc.	(1.0)	(1.2)
Increase (decrease) in valuation allowance	(4.7)	0.3
Difference in statutory tax rates of consolidated subsidiaries	(0.9)	(1.4)
Retained earnings of overseas consolidated subsidiaries	1.7	2.5
Foreign tax credit	(2.1)	(1.0)
Other	(9.1)	(4.0)
Burden ratio of corporate tax after application of deferred tax accounting	18.6	26.4

(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.

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, 2015 through March 31, 2016)

(Millions of yen)

	Reported segments					
	Die Casting Business			Aluminum Business	Proprietary Products Business	Total
	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

Current consolidated fiscal year (April 1, 2016 through March 31, 2017)

(Millions of yen)

	Reported segments					
	Die Casting Business			Aluminum Business	Proprietary Products Business	Total
	Japan	North America	Asia			
Sales						
(1) Customers	63,008	40,854	26,128	4,402	2,263	136,657
(2) Intersegment	3,768	28	2,217	3,907	0	9,921
Total	66,776	40,882	28,345	8,310	2,263	146,578
Segment profits/loss	2,519	2,163	1,758	274	155	6,872
Segment assets	51,614	43,293	36,995	2,773	1,213	135,890
Other items						
Depreciation and amortization	4,465	5,471	3,967	29	5	13,940
Increase in tangible fixed assets and intangible fixed assets	7,295	4,471	2,003	68	0	13,838

Notes to Consolidated Financial Statements

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	154,749	146,578	Total profit in reported segments	5,415	6,872
Elimination of intersegment transactions	(10,298)	(9,921)	Elimination of intersegment transactions	(30)	40
Net sales in the consolidated financial statement	144,451	136,657	Operating income in the consolidated financial statement	5,385	6,912

Assets	(Millions of yen)	
	Previous consolidated fiscal year	Current consolidated fiscal year
Total assets in reported segments	140,546	135,890
Elimination of intersegment transactions	(1,674)	(1,955)
Company-wide assets	2,821	2,992
Assets in the consolidated financial statement	141,694	136,928

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	15,066	13,940	(189)	(159)	14,877	13,781
Increase in tangible fixed assets and intangible fixed assets	15,945	13,838	(172)	(149)	15,773	13,688

Related Information

Consolidated fiscal year under review (from April 1, 2016 to March 31, 2017)

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

Japan	North America	Asia	Other regions	Total
69,288	38,058	26,248	3,063	136,657

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

(2) Tangible fixed assets

Japan	North America	Asia	Total
26,262	32,437	23,446	82,146

3. Information by major customers

Name of customer	Sales	Titles of the related segments
Fuji Heavy Industries Ltd.	19,819	Die casting business: Japan

Note: The business name of Fuji Heavy Industries, Ltd. changed to Subaru Corporation on April 1, 2017.

Per Share Information

	Previous consolidated fiscal year	Current consolidated fiscal year
	(From April 1, 2015 to March 31, 2016)	(From April 1, 2016 to March 31, 2017)
Net assets per share	2,372.85 yen	2,500.02 yen
Net income per share	118.50 yen	193.15 yen
Diluted net income per share	117.67 yen	191.44 yen

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

	Previous consolidated fiscal year	Current consolidated fiscal year
	(From April 1, 2015 to March 31, 2016)	(From April 1, 2016 to March 31, 2017)
Net income per share		
Net income attributable to owners of parent (million yen)	3,062	4,992
Amount that does not belong to ordinary shareholders (million yen)	-	-
Net income attributable to owners of parent (related to common shares) (million yen)	3,062	4,992
Average number of shares during the period	25,841,489	25,845,810
Diluted net income per share		
Net income attributable to owners of parent (million yen)	-	-
Increase in number of common shares	182,347	231,103
Outline of latent shares without dilution effect not taken into account for calculation of diluted net income per share	-	-

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, 2015 to March 31, 2016)	(From April 1, 2016 to March 31, 2017)	
	Amount (¥ millions)	Amount (¥ millions)	%
Die Casting Business: Japan	57,722	57,634	(0.2)
Die Casting Business: North America	42,415	37,180	(12.3)
Die Casting Business: Asia	25,546	24,862	(2.7)
Aluminum Business	7,901	7,032	(11.0)
Proprietary Products Business	1,062	674	(36.6)
Total	134,648	127,385	(5.4)

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.

Notes to Consolidated Financial Statements

(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, 2015 to March 31, 2016)	(From April 1, 2016 to March 31, 2017)	
	Amount (¥ millions)	Amount (¥ millions)	
Die Casting Business: Japan	63,583	63,008	(0.9)
Die Casting Business: North America	45,760	40,854	(10.7)
Die Casting Business: Asia	27,594	26,128	(5.3)
Aluminum Business	4,921	4,402	(10.5)
Proprietary Products Business	2,590	2,263	(12.6)
Total	144,451	136,657	(5.4)

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

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

Customer	Previous consolidated fiscal year		Current consolidated fiscal year	
	(From April 1, 2015 to March 31, 2016)		(From April 1, 2016 to March 31, 2017)	
	Amount (¥ millions)	%	Amount (¥ millions)	%
Fuji Heavy Industries Ltd.	18,850	13.0	19,819	14.5

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

4. The business name of Fuji Heavy Industries, Ltd. changed to Subaru Corporation on April 1, 2017.



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.

Ahresty Corporation

Tokyo Head Office
Nakanosakaue Sunbright Twin 5F, 2-46-1 Honcho,
Nakano-ku, Tokyo, 164-0012, Japan
TEL. +81-3-6369-8660 FAX. +81-3-5358-5331

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