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For Immediate Release

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Notice of Discovery of Error with Consolidated Financial Statements in Past Fiscal Years

It has recently been discovered that there are some errors with the consolidated financial statements announced by Ahresty Corporation ("the Company") in the past fiscal years. Internal initiatives are currently underway in an effort to amend the summary of financial results (*Kessan Tanshin*), securities reports (*Yuka Shoken Hokokusho*), and other documents for the past fiscal years. Set out below is a description of the facts that the Company is aware of at this time:

1. Background to Discovery of the Prior Period Errors

Financial results achieved by our consolidated subsidiary, Ahresty Mexicana, S.A. de C.V., for the second quarter of the fiscal year ending March 31, 2018 (period ended June 30, 2017) have been reviewed by (Galaz, Yamazaki, Ruiz, Urquiza, S.C.) belonging to the group of Deloitte Touche Tohmatsu LLC, the Company's auditor. The audit performed for the second quarter has confirmed that there was no material matter to be reported regarding the financial results for the period.

However, it was revealed during the course of the audit performed by Deloitte Touche Tohmatsu LLC with respect to the consolidated financial statements for the second quarter of the fiscal year ending March 31, 2018 that Ahresty Mexicana, S.A. de C.V., our consolidated subsidiary, had experienced a certain abnormality with tax expenses. Based on the findings during the audit, we checked with the subsidiary about the situation in detail and the reasons for the abnormality related to the tax expenses. Our investigation revealed that deferred taxes had been misrepresented in the financial statements of the subsidiary in the past financial years, including the second quarter of the fiscal year ending March 31, 2018.

The subsidiary individually prepares its financial statements in accordance with the international accounting standards as part of the steps to prepare consolidated financial statements for the Company. The functional currency used by the subsidiary is the U.S. dollar. Tax returns for the subsidiary are prepared in terms of Mexican peso, the local currency in Mexico. International Accounting Standard (IAS) 12 – Paragraph 41 must apply to the temporary differences resulting in taxable income translated from the home currency to the functional currency for the subsidiary in Mexico. It has been confirmed that the IAS rule was misapplied when posting the deferred taxes for the subsidiary.

Adjustments have been made retroactively to the Mexican subsidiary's financial statements in order to ensure the accuracy of the relevant data. Based on the retroactive adjustments that have been made to date, it is believed that the beginning balance of consolidated retained earnings for the second quarter of fiscal year ending March 31, 2018 should have been 2.7 billion yen less than was previously reported (i.e., the ending balance as at the end of March 2017 should have been 37.3 billion yen, not 40.0 billion yen). Accordingly, net income attributable to the owners of parent during the

quarter should have been 0.8 billion yen higher (i.e., the cumulative corresponding profit for the first six months of fiscal year ending March 31, 2018 should have been 1.35 billion yen, not 0.55 billion yen.)

2. Corrective measures to be taken

The Company is currently having the accounting error and its background further scrutinized for data verification, seeking to restate the relevant accounting data for consolidated financial statements in the prior years as quickly as possible. The Company plans to apply to the Kanto Local Finance Bureau for an extension in the submission of its earnings statement because it seems likely the Company will miss the statutory submission deadline (November 14, 2017) for the second quarter financial results due to the restatement work.

Should the application be accepted, the Company will release revised versions for the summary of financial results and securities reports (both on a quarterly and annual basis) including the Consolidated Financial Results for the first Half of the Fiscal Year Ending March 31, 2018 previously announced as of November 8, 2017 as soon as the restatement work is completed.

We take this opportunity again to sincerely apologize to our shareholders, customers, and other stakeholders for the considerable inconvenience and concerns caused.

End

* Quarterly financial results are disclosed in Japanese only.