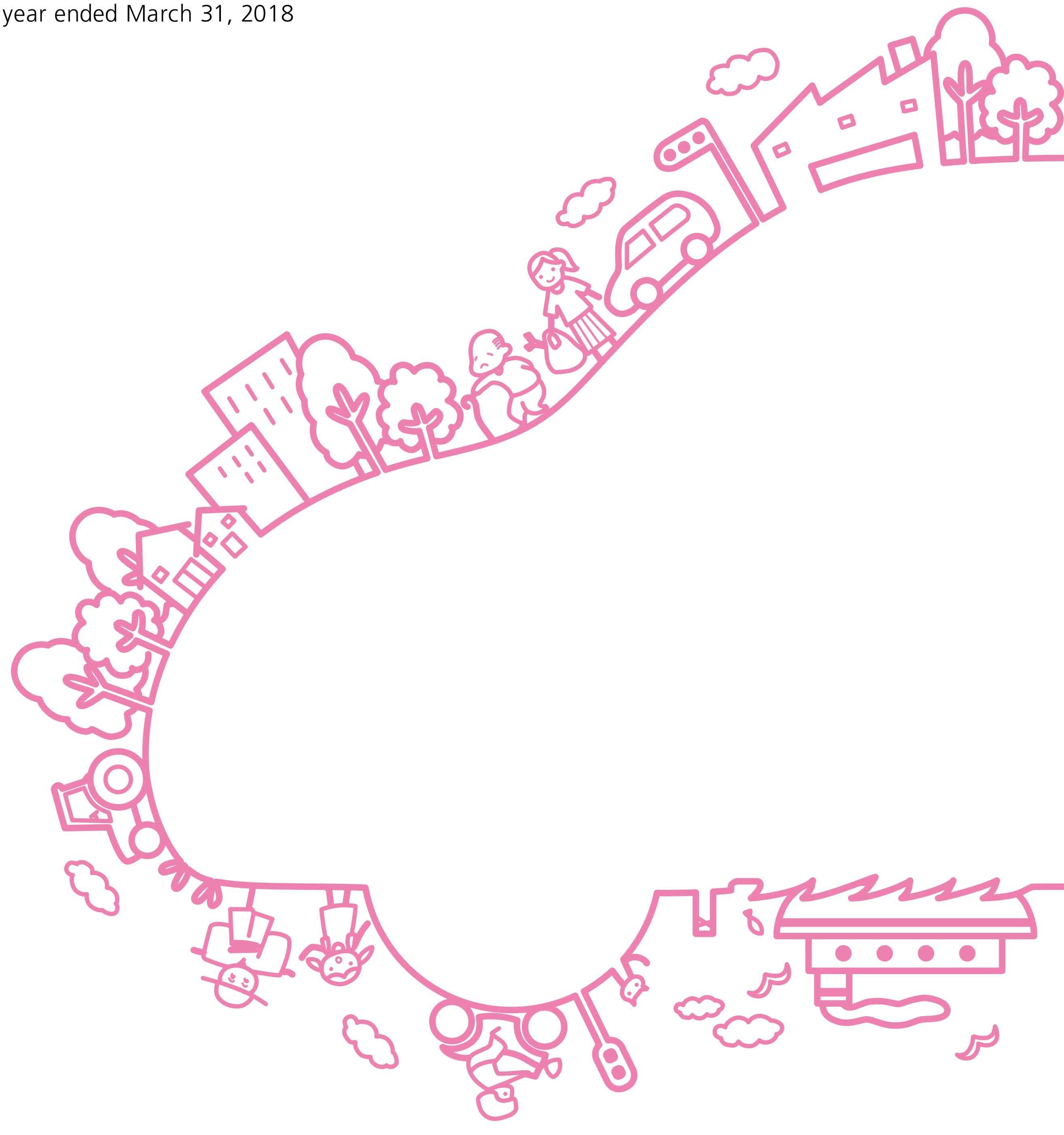
Ahresty Report
2018

For the year ended March 31, 2018



Ahresty

since 1938

Celebrated the 80th anniversary of our founding in 2018.
We will continue to pursue
Research, Service and Technology.

Our corporate name of “AHRESTY” is a phonetic representation of the letters R, S and T, standing for 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-sales service to encompass every facet of interactions 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.

June 1938 Founded

Our original company Shimura Aluminum Corporation established
Manufacturing of aluminum alloy ingots, die casting products and aluminum sand mold castings began

November 1943
Fuso Light Alloys Co., Ltd. established

1988 Celebrated the 50th anniversary of our founding

(Unit: 100 million yen)
Net Sales
1,600
1,400
1,200
1,000
800
600
400
200
0

1988
Ahresty Wilmington Corporation, the first overseas die casting manufacturing base, established

Company name changed to Ahresty Corporation from Fuso Light Alloys Co., Ltd.

1997
Thai Ahresty Die Co., Ltd., a die manufacturing base, established

2002
Thai Ahresty Engineering Co., Ltd., a design base, established

2003
Guangzhou Ahresty Casting Co.,Ltd. established in China

Merged Kyoto Die Casting Co., Ltd.

2005
Ahresty Precision Die Mold (Guangzhou) Co., Ltd., a die manufacturing base, established

2006
Ahresty Mexicana, S.A de C.V. established

Technical Center, the core facility for the development of our technologies, established in Toyohashi, Aichi

2007
Ahresty India Private Limited established

2010
Hefei Ahresty Casting Co., Ltd., the second die casting production plant in China, established

2014
The listing of the shares changed from the Second Section to the First Section of the Tokyo Stock Exchange

In Japan the die casting production volume in the entire die casting industry remained unchanged after the Second World War, amounting to 2,102 tons (aluminum 1,326 tons) in 1951, but increased dramatically after that, reaching 647,000 tons (aluminum 588,000 tons) in 1988. Currently, the die casting production volume is 1,043,000 tons (aluminum 1,019,000 tons).

Present Ahresty

Comparison of 1988, when we celebrated the 50th anniversary of our founding, with the present

Consolidated Net Sales

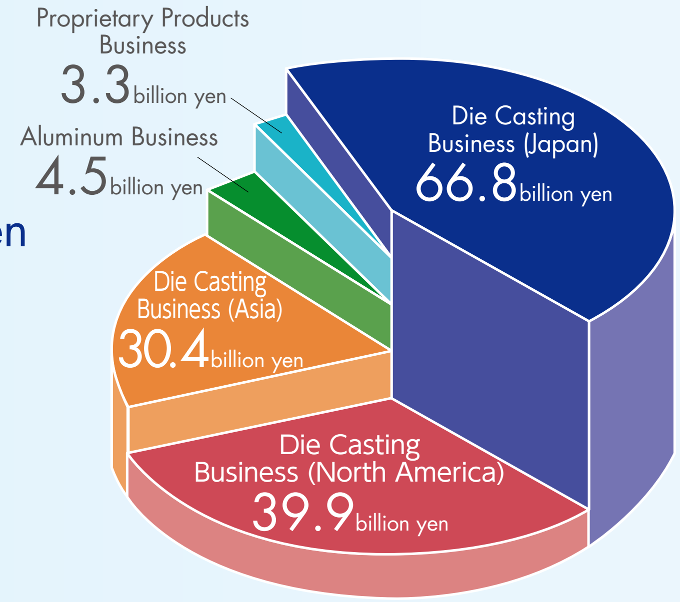
Over the past 30 years, the net sales of the entire Group have more than doubled. The sales composition ratio of Japan and overseas is about 50:50.
In the Die Casting Business, which accounts for more than 90% of sales, we have built a solid customer base through transactions over many years with SUBARU Corporation, Nissan Motor Co., Ltd., Honda Motor Co., Ltd., Suzuki Motor Corporation, Toyota Motor Corporation, Mitsubishi Motors Corporation, General Motors Company, LLC and Shanghai Volkswagen Automotive Co., Ltd., etc. as Tier 1 customers. We are also developing activities to expand our customers to vehicle manufacturers in Europe and the United States.

Fiscal 2017

145.1 billion yen

Fiscal 1988

54.5 billion yen



Company Name

In October 1988, the company name was changed to Ahresty Corporation from Fuso Light Alloys Co., Ltd.
The company name was changed to Ahresty Corporation that grows globally, focusing on its corporate philosophy, from Fuso Light Alloys representing a company that deals with light alloy metals in Japan, using Fuso, which means Japan, as its name.

Ahresty

【Ahresty Corporation】

Σちいさな知恵──ゆたかな生活

フソー

扶桑軽合金株式会社

【Fuso Light Alloys Co., Ltd.】

Global Development

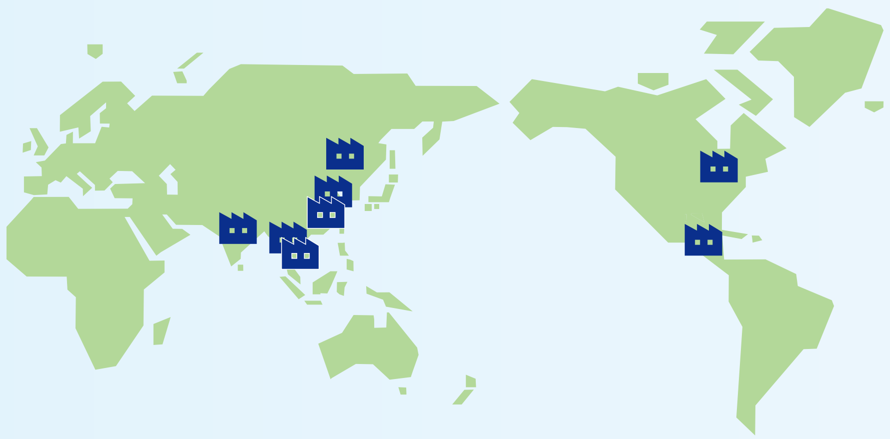
We established our first overseas die casting manufacturing base in Ohio, the United States in 1988.
We are currently developing our corporate activities globally in the United States, Mexico, China, India and Thailand, in addition to Japan.
Globally, only about five die casting manufacturers are able to supply products of the same quality in five countries or more in the world. Ahresty is one of them.

Fiscal 2017

8 bases in 5 countries

Fiscal 1988

1 base in 1 country



Corporate Philosophy

Our corporate philosophy has remained the same for 80 years since our founding.
The company name of Ahresty, which focuses on our corporate philosophy, represents our resolve to create and explore that enables us to better serve our customers, interaction with our customers that we prize every day, and the knowledge and technology that provide the foundation for the elements above.

Research
Service
Technology

CONTENTS

For Shareholders & Investors 6
About Ahresty
Vision and Policy Structure 8
Corporate Governance 8
10-Year Vision and the Medium-Term Management Plan 9
Consolidated Financial Highlights 12
Segment Review
Die Casting Business 13
Aluminum Business 15
Proprietary Products Business 16
Management Resources that Support Growth
Technical Center, the core facility for the development of our technologies 17
HITOZUKURI (the development of human resources) that supports MONOZUKURI (manufacturing) 18
Create a working environment where we can take pride in our work 19
For Sustainable Growth
Initiatives for safety and sanitation 20
Quality Control Activities 21
Environmental Activities 22
Environmental Targets and Achievements 23
Material Flows 24
Together with the Community 25
Corporate Information
Information on business locations 26
Corporate Profile and Stock Information 27

Review of 2017 and outlook for the future

In 2017, 10 years since its establishment, our plant in India has achieved profitability which has been a long-pending issue. Good sales of Maruti Suzuki, their principal customer, became a particularly favorable factor. They have also received high recognition and were awarded with the Overall Excellence Award by Maruti Suzuki.
However, the profit of our plant in the US has worsened due improvement of productivity not having been achieved on the one hand and the decrease of sales caused by part of the products having been discontinued by the customer – on the other. From the beginning of 2018 the plant in US is promoting an improvement project, and we have also dispatched engineers from Japan to support local staff.
The profit of Tochigi Plant in Japan has been affected by the delay in introduction of an automated line that was meant to respond to the strong demand, but the automated equipment has already been installed and the productivity keeps improving.
In China, the expansion of die casting plant in Hefei planned as a measure of response to the increase of the orders has been completed. The expansion of machining plant is also in progress and is scheduled to be completed this autumn.

In order to constantly evolve as a company, we are promoting the 1618 Medium Term Management Plan on the basis of 10-Year Vision “Winning absolute customers' trust 2025”. With safety as our basic principle, we are strengthening our sales capabilities in North America and China and are gradually acquiring new clients. We promote *monozukuri* by organizing regular evaluation meetings etc. in three regions – Japan, North America and Asia – aiming at improvement of quality and productivity.
In addition to that, as environmental burden reduction activities based on ISO 14001, we promote activities that reduce CO_2 emission, waste and consumption of water resources. Our sites are also engaged in contribution to local societies and promote participation in restoration and sustaining of woodlands and local cleaning activities.

With the impact made on internal combustion engine by electrification of the vehicles, the environment of our industry will change greatly. Electrification will cause significant decrease of engines and transmissions, which are our principal die casting products, but we also think that, in addition to the demand for engines and transmissions of existing models that will remain for some time, the demand for hybrid and plug-in hybrid vehicles with internal combustion engine will increase. It is also considered that current demand of more than 90million vehicles per year will exceed 100million vehicles in several years. Following these increases of demand, the demand for engines and transmissions that use die casting will increase, too. In addition to that, we can expect an increase in demand for aluminum die casting caused by the needs for reduction of vehicle weight following environmental response and electrification. With its light weight and outstanding productivity and recyclability, aluminum die casting is expected to grow even in the era of electrification, even in the markets other than engines and transmissions. In 2018 Ahresty celebrates its 80th anniversary; and, with our eyes on our 100th anniversary, we are preparing ourselves to be able to respond to those changes in the demand.

We count on your continuous cooperation 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.

About Ahresty

Vision and Policy Structure

We believe that promoting the day-to-day management activities of each employee will lead to the realization of our medium-term management plan, 10-Year Vision and corporate philosophy as well as the affluent society that Ahresty is aiming for.

Corporate Governance

Corporate governance system

When it shifted to a company with an audit and supervisory committee, Ahresty delegated the authority for work-related executive functions to the executive directors, etc. for the purpose of improving management efficiency so that the Board of Directors now makes decisions on important work-related executive matters. In FY2017, the Board of Directors held 14 meetings (excluding one meeting with resolutions in writing) and engaged in lively discussions on management strategies, including the medium-term management plan, corporate governance and Group management, listening to the various opinions of the Independent Directors. In addition, to ensure the appropriateness of the Group's business operations, the Company manages them in accordance with the Management Planning Control Rules and the Affiliated Company Management Rules and monitors the management at the Plant General Manager Meetings that are held once a month.

Directors (Excluding the directors who are Audit and Supervisory Committee members)	6 Directors
Directors who are Audit and Supervisory Committee members	5 Directors (including 4 Independent Directors)

Revision of the officers' compensation system

With a view to achieving the 10-Year Vision and the medium-term management plan, the Company has introduced the restricted stock compensation plan with the aims of (i) providing officers with an incentive to continuously improve the enterprise value of the Company, (ii) facilitating their sense of sharing value with shareholders and (iii) establishing greater linkage with medium- to long-term performance goals. The restricted stock compensation plan consists of work-continuation-linked shares with transfer restrictions subject to continuous service as Directors of the Company over a certain period of time and performance-linked shares with transfer restrictions subject to the achievement of the Company's medium- to long-term performance goals. Under the restricted stock compensation plan, part of the amount of the restricted stock is designed to reflect the degree of attainment of the medium-term management plans, performance results and other factors. The Company will strive to enhance its performance results and promote further value sharing with shareholders from a medium- to long-term perspective.

	Performance-linked shares with transfer restrictions	Work-continuation-linked shares with transfer restrictions
Transfer restriction period	Three years, in principle, to match the period of the medium-term management plans (one year for FY2018)	30 years
Conditions for lifting transfer restrictions	Work conditions Work performance conditions	Work conditions

10-Year Vision and the Medium-Term Management Plan

Industry Environment

Growth in global vehicle production volume and tendency toward outsourcing

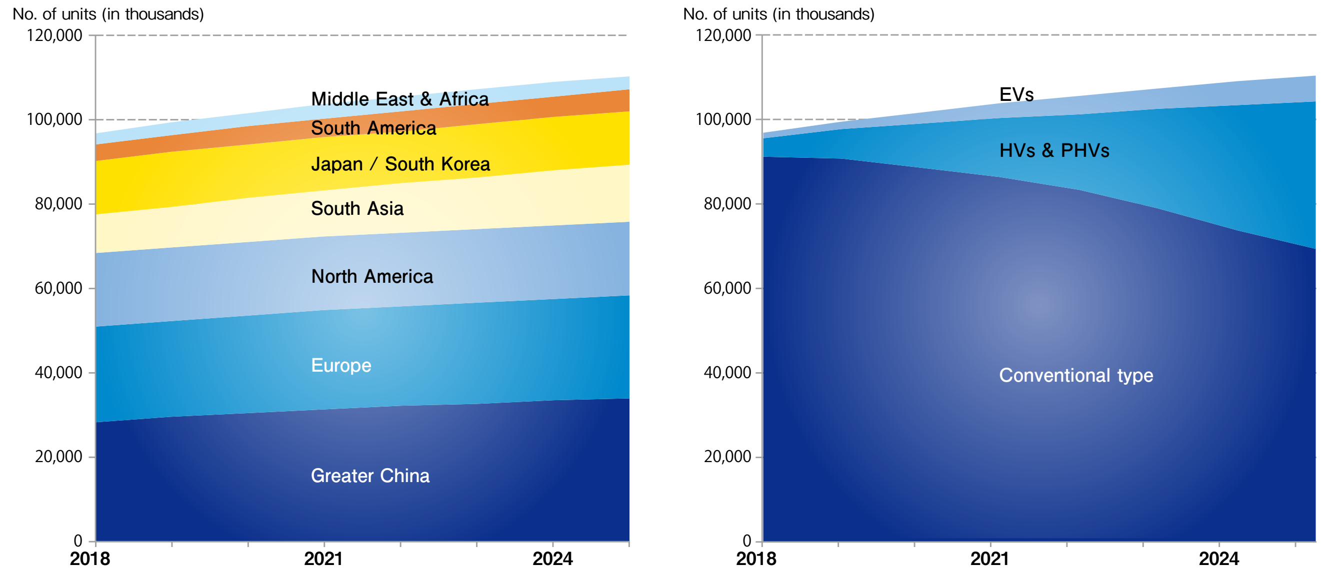
Global vehicle production is expected to grow, driven by China and emerging economies, and it reached approximately 97 million units in 2017. It looks set to exceed 100 million units in 2020, and the market is projected to continue expanding in the future (IHS survey). Faced with continued robust demand, 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 until around 2030, 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 the areas in which we will be able to contribute in the future.



Forecast of global production volume of light vehicles

10-Year Vision and the Medium-Term Management Plan

In FY2015, the Company launched its 10-Year Vision with "Winning absolute customers' trust 2025" as the main goal to enhance its enterprise value over the medium to long term by responding to increasing demand for vehicles in emerging countries, the need for the reduction of vehicle weights in developed countries and expanding demand for aluminum die casting for environmental conservation efforts globally.

Based on our aspirations to "become the most reliable supplier in the eyes of our customers," "contribute to the weight reduction of automobiles globally" and "achieve the sales target of over 200 billion yen," we have established basic strategies to win absolute customers' trust and grow stably and sustainably as business strategies, functional strategies and management efforts.

Basic Policy of the 1618 3-year Ahresty Plan

To promote the 1618 3-year Ahresty Plan, a group of team members from the departments of manufacturing, technology, sales and administration has been undertaking activities to promote the policy globally by holding policy evaluation meetings four times (quarterly) in Japan and 11 times overseas (North America (jointly once in the US and Mexico and twice in both countries) and three times in both China and India). In FY2018, the final year of the 3-year Ahresty Plan, all the employees will be fully committed as one to addressing the basic policy for establishing the Ahresty production way and the five pillars of the plan by pursuing and advancing MONOZUKURI (manufacturing).

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 FY2017, we sought to strengthen the sales structure and actively implemented sales activities to new customers and local customers overseas in addition to existing customers such as Japanese manufacturers, and these efforts have produced results.

Of automobile parts, which account for more than 90% of our die casting production, parts such as engine blocks, transmission cases and clutch housing are characterized by the advanced functions required by customers and a large and complex structure. These are products that require high precision. In particular, engine blocks are the core parts of engine automobiles, and the in-house production rate is high for vehicle manufacturers. Under these circumstances, we received new orders for engine blocks from several large local vehicle manufacturers in China in FY2017. Associated with this, we are building an extension at our Hefei plant. We think that receiving new orders for products requiring high precision as just described is a testament to the fact that Ahresty is trusted and valued by customers. We will continue to promote our activities to further expand our business by earning the trust of more customers.

Director, Managing Executive Officer, Chief, Sales Command Naoyuki Kaneta

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 the ultimate trust of customers, (iii) achieving the technological roadmap, and (iv) thorough implementation of production cost reduction activities.
In FY2017, we promoted the monitoring of the optimum manufacturing conditions for target products in die casting and processing and worked to solve issues based on the technological roadmap. We are also working to improve infrastructure, operation standards 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 for the pursuit of 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 FY2017, we actively promoted education activities for human resources in both Japan and overseas by providing "Global RST Learning" at five die casting production plants overseas to ensure that all employees were able to receive education at the same level globally. We are also working to improve the motivation of employees by establishing the Communication Committee at each base to promote two-way communication through a round-table conference, etc.

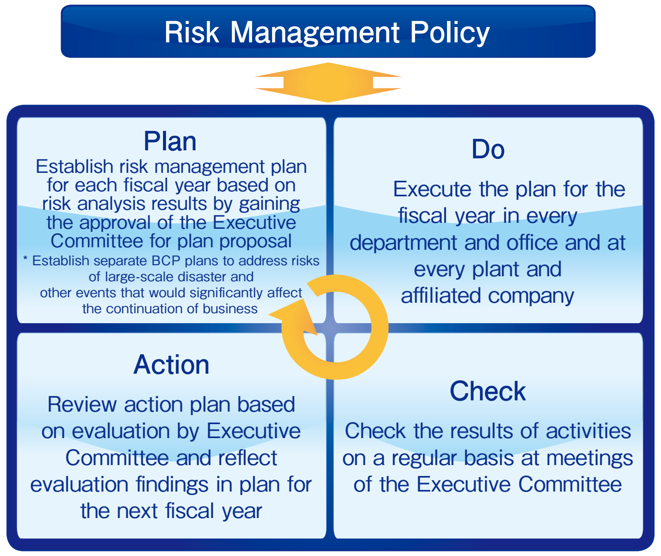
4 Enhance profitability

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 FY2017, we also endeavored to improve our financial strength by effectively utilizing excess cash through cash procurement and dividends between group companies. In North America, we launched an improvement project in January 2018 to strengthen the organization management system and provide education to workers and engineers. We are working to enhance profitability by improving and stabilizing productivity.

5 Pursue comprehensive risk management

We maintain efforts to improve our ability to continue business in the face of assumed risks through BCP drills and risk management.
In FY2017, we conducted BCP drills at plants both in Japan and overseas. Taking advantage of the situation where not only the plants at which the drill is conducted, but also other plants participate in it, we are carrying out improvements in BCP by identifying the issues at each plant.

BCP drill

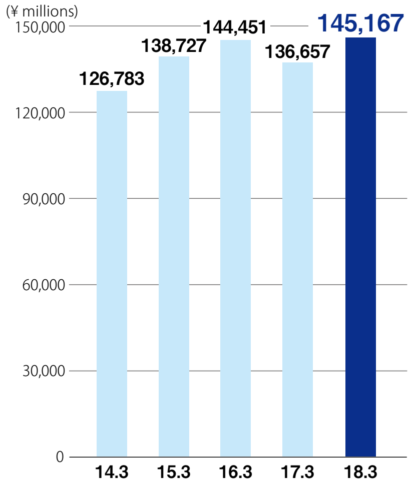


Cycle of Risk Management Activities

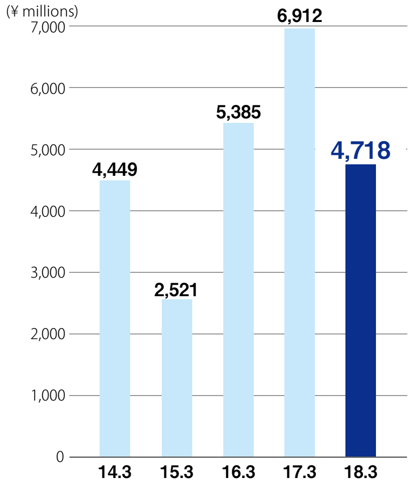
About Ahresty

Consolidated Financial Highlights

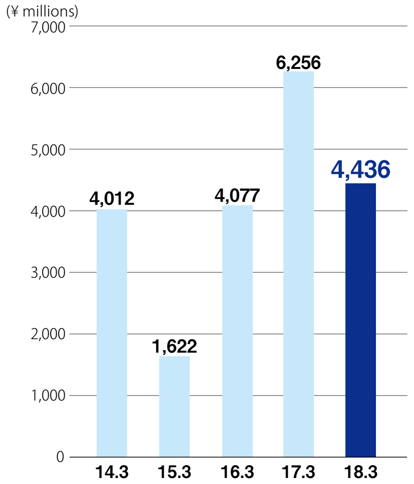
Sales



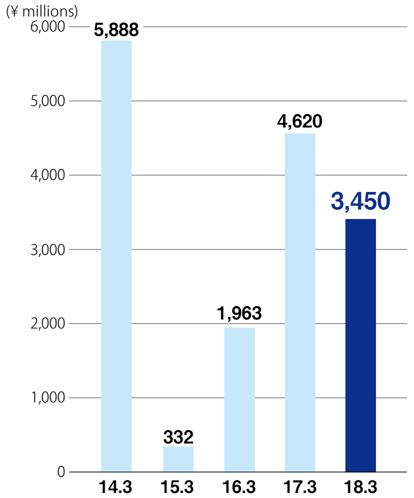
Operating income



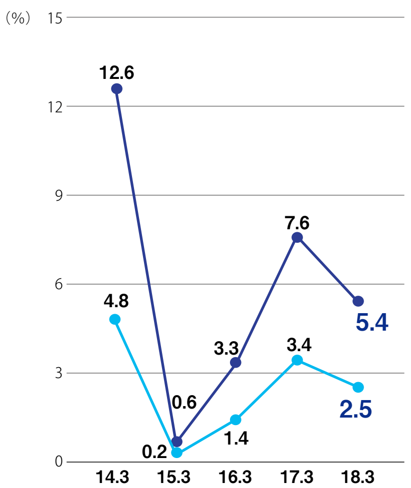
Recurring income



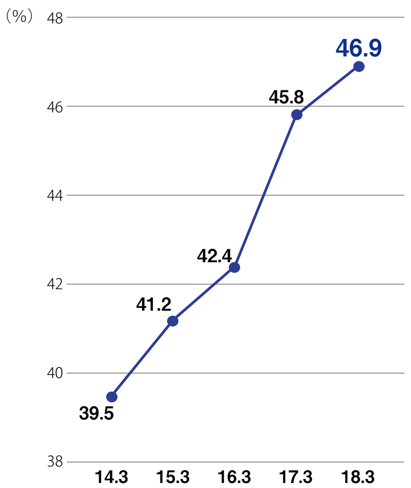
Net income *1



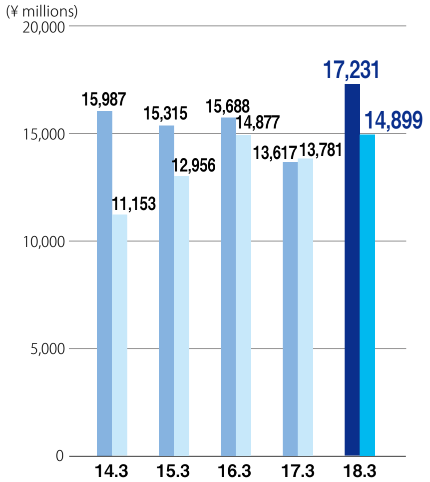
Return on equity (ROE) *1
Return on assets (ROA) *1



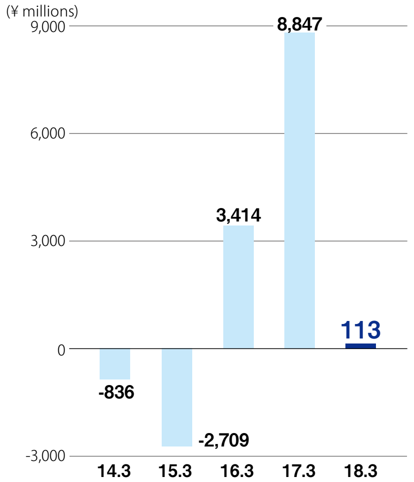
Equity ratio *1



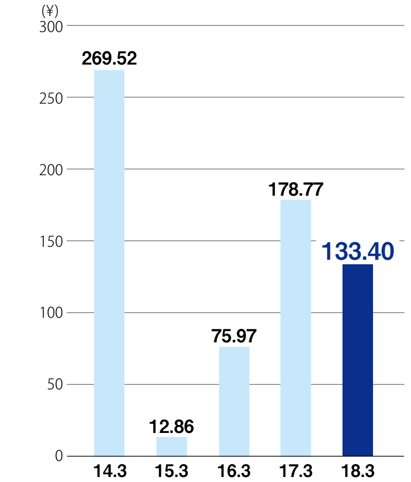
Capital expenditure*2
Depreciation*2



Free cash flow*3



Net income per share*1

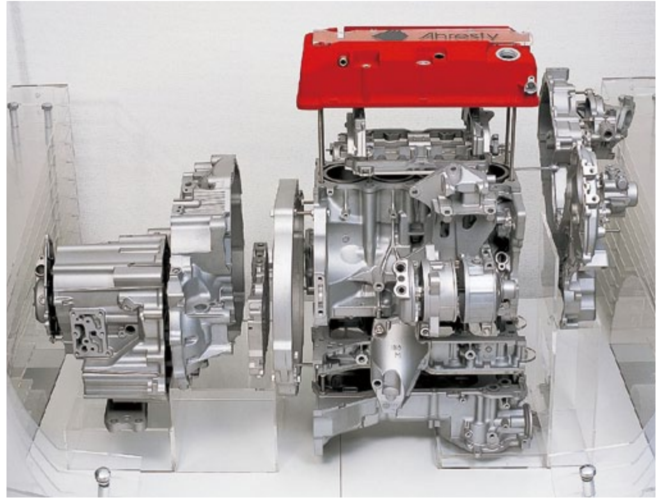


*1 Because accounting errors were identified in the financial results for prior fiscal years, the figures after revising the errors are stated.
*2 Including expense of die mold
*3 Free cash flow = Cash flows from operating activities – Cash flows from investing activities

Segment Review

Die Casting Business

Build a solid customer base in response to diverse needs
Expand the business globally



The core business of Ahresty is aluminum die casting, and the Company has expanded in terms of both size and sales volume with the growth of the automotive industry.
While meeting diverse needs, Ahresty has continued 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 technology that will contribute to the automotive industry through reduced product weight, etc. throughout the aluminum 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
- 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》

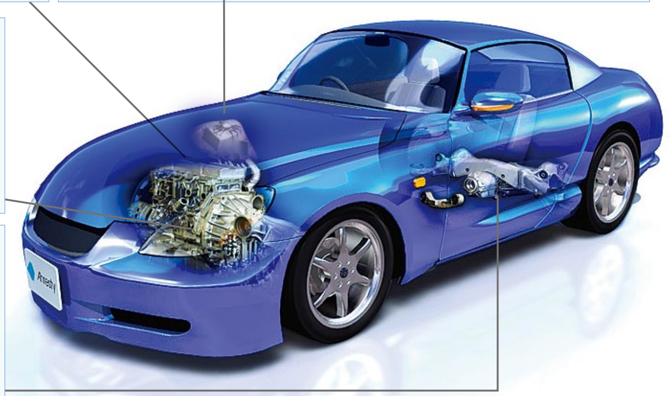
An engine, the heart of an automobile, uses a large number of die-cast products. Responding to demand for engine parts with higher quality and reduced weight following advances in the functionality of automobiles, cylinder head covers, cam brackets, cylinder blocks, ladder frames, oil pans, chain cases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



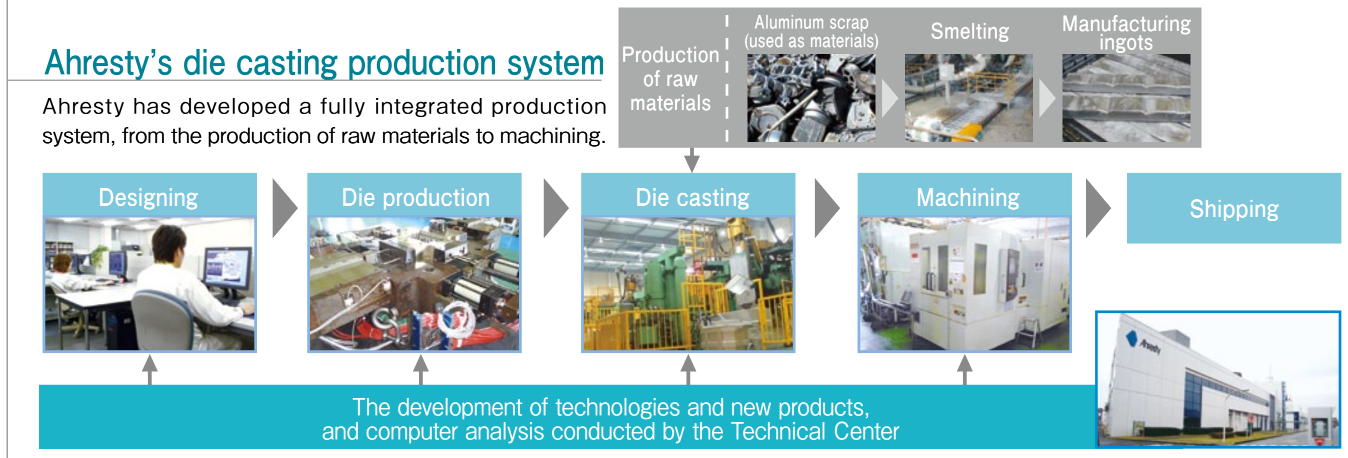
Suspension《Affecting driving stability and comfort》

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.

Segment Review

Ahresty's die casting production system

Ahresty has developed a fully integrated production system, from the production of raw materials to machining.



Fiscal 2017 Results

Die Casting Business: Japan

The production at automakers, the Company's main customers, increased from the previous year, in which the 2016 Kumamoto earthquakes occurred. Strong exports, particularly to the North American and Asian markets, also contributed to an increase in orders received by the Company. In addition to the increase in orders received, improvements in the aluminum market situation contributed to 6.0% year-on-year growth in net sales, which totaled ¥66,818 million. Segment profit was reduced by 42.1% year on year, to ¥1,458 million, largely due to manufacturing cost-cutting at the Tochigi plant, which was less than the reduction in selling prices, and an increase in fuel and other expenses.

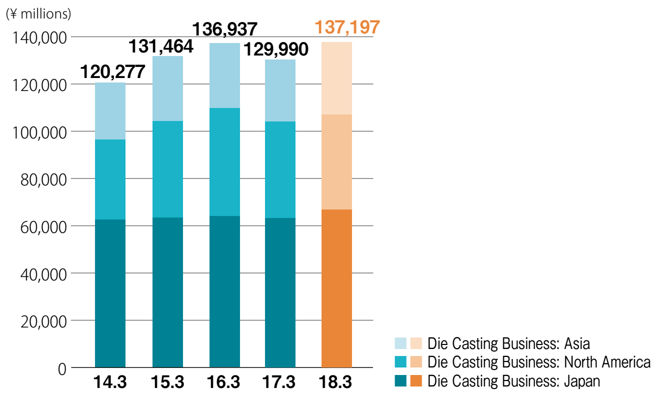
Die Casting Business: North America

In the North American automotive market, automakers, the Company's key customers, have indicated a slowdown in sales, which had been strong for several years. In addition to this slowdown in the market, delays in the improvement of productivity at the Company's U.S. plant contributed to a decrease in profit amid a decline in orders received due to engine downsizing. The Company initiated an improvement project in January 2018 and has been striving to increase the productivity of its U.S. plant at an early stage. Meanwhile, in Mexico, orders received have been growing thanks to the launch of new components and full-scale mass production. However, factors such as an increase in payments for employee profit sharing (PTU) resulted in a decline in profit. Consequently, in the North American segment, net sales decreased 2.2% year on year, to ¥39,937 million, and segment profit fell by 86.5% year on year, to ¥291 million.

Die Casting Business: Asia

Sales of SUVs made by Japanese automakers, the Company's main customers, continue to increase, which is offsetting a slowdown in sales of compact vehicles caused by a reduction in tax benefits, and orders of related parts received by the Company remained strong. In India, the volume of orders received by the Company rose on the back of the ongoing strong performance of the automotive market. In addition to this steady increase in orders received, improvements in the condition of the aluminum market, particularly in China, resulted in net sales in Asia climbing to 30,442 million (up 16.5% year on year) and the segment profit rising to ¥2,378 million (up 35.2% year on year).

Sales



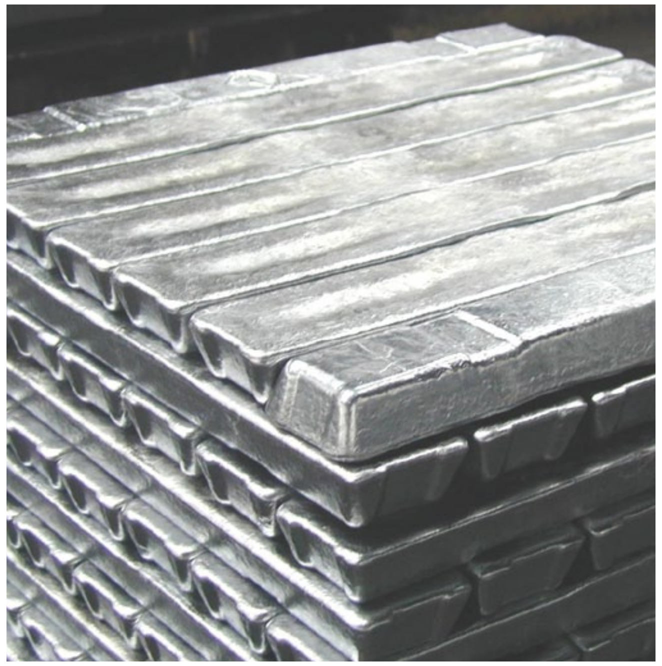
Fiscal 2018 Outlook

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.

Aluminum Business

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



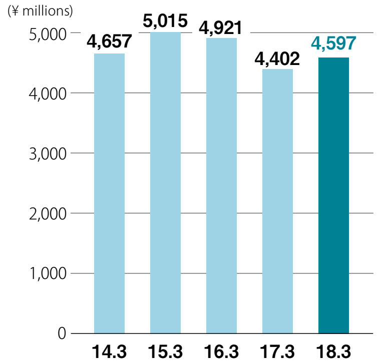
Ahresty produces approximately 40 types of aluminum alloy ingots, including alloy ingots for die casting, alloy ingots for casts, and alloy ingots for special uses. Ahresty manufactures aluminum alloy ingots from materials collected from all over the country, including aluminum cans, window sashes and 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 2017 Results

While the sales volume decreased year on year, the condition of the aluminum market helped increase net sales by 4.4% year on year, to ¥4,597 million. The segment recorded a profit of ¥213 million (down 22.2% year on year), reflecting the impact of the rising cost of raw materials and fuel expenses, which offset the Company's cost reduction efforts.

Sales



Fiscal 2018 Outlook

In FY2017, reflecting strong demand for die casting products in Japan including greater demand for rolled products, castings and die cast products due to increasing demand for automobiles, Ahresty posted an increase in the volume of sales almost as planned.

However, market conditions were volatile due to fluctuations in foreign exchange rates and environmental regulations in China, and this frequently had an impact on the market conditions in Japan. The economic environment that surrounds this business is becoming more challenging, given an increase in imported ingots that appear to be lower-priced and a response to the volatile domestic market conditions.

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.

Segment Review

Proprietary Products Business

Increasing adoption of free access floor products in various quarters

Achieved the No.1 share of free access floor products for clean rooms in Japan

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 focuses particularly on floor panels for the clean rooms of semiconductor manufacturing plants, data centers and computer rooms, and has the largest market share of more than 70% of free access floor panels for clean rooms in Japan.

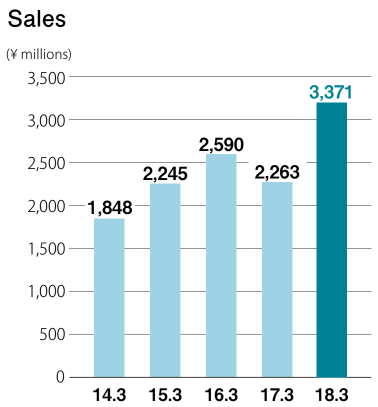
With the pride of a manufacturer that specializes in aluminum die casting and its high technological capabilities, Ahresty has commercialized the lightest free-access floor panels. The product is made solely via aluminum die casting and is fully recyclable. It is also expected to reduce CO_2 emissions 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 2017 Results

Net sales amounted to ¥3,371 million (up 49.0% year on year), which was largely attributable to an increase in orders received for clean rooms from semiconductor-related companies, the Company's main customers, and for data centers from telecommunications companies. The segment profit grew to ¥392 million (up 151.6% year on year), mainly as a result of profit growth generated by a larger volume of orders received.



Fiscal 2018 Outlook

In FY2017, the aluminum free access floor market in Japan expanded 43% from the previous fiscal year. Ahresty increased sales by 49%, almost the same as the market expansion.

In FY2018, we expect that the market will shrink from the previous fiscal year and that the market competition will be increasingly intensified. For this reason, we will make further corporate efforts to strengthen our competitiveness. Sales are expanding overseas, particularly in China, and we will continue to aim for the further expansion of sales channels by understanding customer needs.

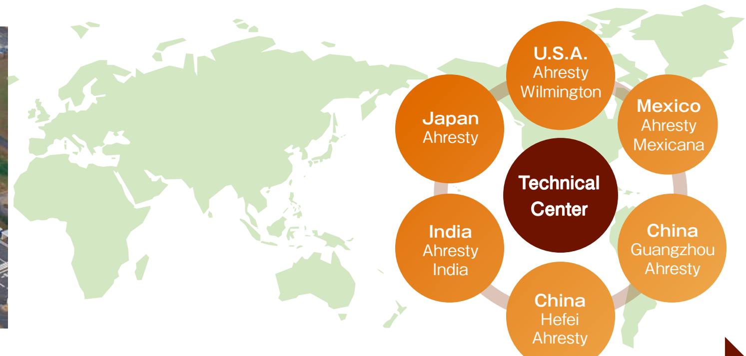
Management Resources that Support Growth

Technical Center, the core facility for the development of our technologies

The Technical Center engages in the research and development of new materials and manufacturing methods to create and provide new value to society and customers through aluminum die casting in the diversifying automobile society. In addition, to achieve identical quality and productivity at all production bases around the world, the Technical Center conducts promotion activities to improve the production base and pursue Optimal Process Condition Control (OPCC). While pursuing MONOZUKURI (manufacturing), we are also focusing on HITOZUKURI, or the development of human resources, to support these activities. We promote education on Kaizen, in which Japanese have strength, and implement it not only in Japan but globally. We will continue to lead the sustainable growth of the Company by enhancing the functions of the Technical Center.

Director, Managing Executive Officer,
Chief, Manufacturing Command
Junji Ito

Technical Center



Support identical quality and production on a global basis

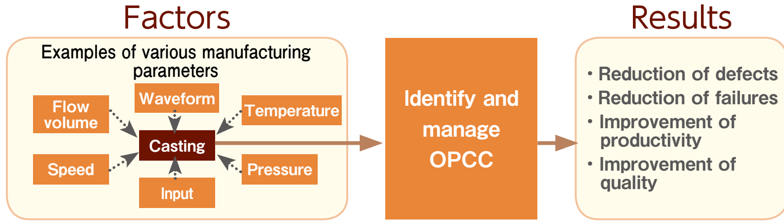
Dispatch of resources	Various kinds of CAE	Manufacturability proposals	Material design	Mold plan and structure design
Die casting design	Machining process design	Support for start-up of products	Management of technology standards	IT management
Development of manufacturing methods and materials	Basic research on die casting	Test casting	Product evaluation and testing	Intellectual property operations

Activities to pursue OPCC*

* OPCC: Abbreviation of Optimal Process Condition Control

Ahresty engages in OPCC activities that aim to establish a manufacturing process that will not generate defects by breaking away from quality guarantees based on inspection and controlling quality by capturing casual relationships between various manufacturing parameters and quality.

Image of OPCC in casting process



Utilize IoT as part of the improvement of production bases

As introduced on the website of the Ministry of Economy, Trade and Industry, Ahresty's Higashimatsuyama Plant conducts quality guarantees based on a traceability system using IoT. A two-dimensional barcode and an identification number are impressed on each product in the casting process, and casting data (mold temperature, pressurizing waveform, etc.) and quality data in each process are managed individually by reading the barcode in each process. The defect rate has been reduced to one seventieth in some products by identifying OPCC based on the analysis of the manufacturing process of defective products.

Ahresty is promoting these activities by establishing an IoT study group in March 2017 to promote optimization at manufacturing sites through work support, quality control and process improvement using IoT in a cross-sectoral manner in the Group, instead of doing so at each plant on its own.

Reading of the two-dimensional barcode

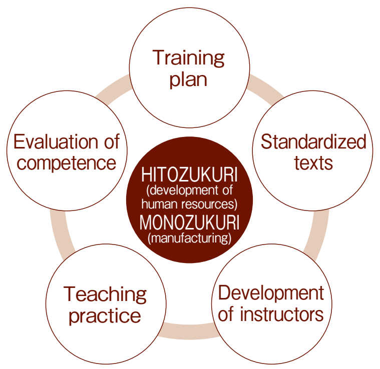
Management Resources that Support Growth

HITOZUKURI (the development of human resources) that supports MONOZUKURI (manufacturing)

Even on a production site characterized by the increasing use of 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 can receive the same level of systematic training categorized into common training and professional training across all business locations in Japan and overseas, which provides expertise in a wide range of specialized technologies.

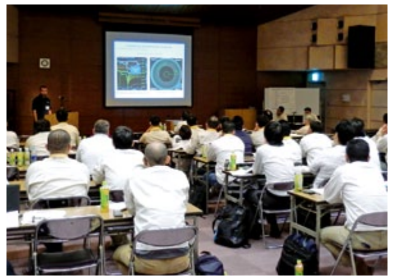
Global RST Learning

From FY2016 we rolled out RST Gakuen (academy) 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. In 2017, a total of 2,654 overseas associates attended the training. 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 once a year to solve problems through the presentation of case studies and discussions and to continuously implement initiatives for the future.
In FY2017, we held the Meeting under the theme of "establishing casting OPCC" in October, and 57 engineers participated in it from business locations in Japan and overseas.


Case presentation


Group discussion

G/E Trainer Development

We can improve the quality and productivity of our manufacturing processes through a steady and continuous process of kaizen (improvement).
We train the leaders in these manufacturing processes as G/E Trainers, enabling them to acquire the abilities necessary to analyze the current situation and find concrete solutions to problems, and to offer guidance and instruction to their subordinates. Training periods of three years for G Trainers and one year for E Trainers are required, and a total of 164 G/E Trainers have been certified in Japan and overseas since the commencement in FY2013. A cumulative total of 392 Trainers are expected to be certified by the end of FY2018.

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 and technical centers in Japan and overseas, passing on Ahresty MONOZUKURI to the next generation.

Create a working environment where we can take pride in our work

To win and strengthen the confidence of all stakeholders including shareholders, investors, employees, suppliers, outsourcing contractors, customers and society, it is essential for us to display our maximum abilities as a team where each employee exercises his/her own strengths and compensates for weaknesses. For this purpose, we think that a working environment where we can take pride in our work is important, as stated at the beginning of the corporate philosophy of Ahresty. We always aim to establish a working environment where each employee can develop themselves and work energetically, taking pride in their work, by promoting the RST Way. We will foster a corporate culture where these aims are practiced on a routine basis.

Director, Managing Executive Officer,
Chief, General Administrative Command **Shinichi Takahashi**

Promotion of RST Way

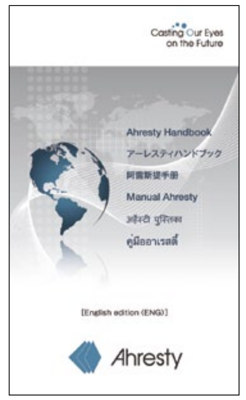
The RST Way's five criteria for action—conscientious, proactive, speedy, learning, and challenge—are the basis of each employee's way of thinking and action to realize the Corporate Philosophy.
The RST Way Prize Card is given to those employees who have embodied the RST Way in their daily operations and take actions that can serve as a model. More than 3,200 RST Way Prize Cards were issued in FY2017, suggesting that the RST Way Prize Card contributes to fostering the corporate culture.

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.

Renewal of the Ahresty Handbook

The Ahresty Handbook sets out basic policies to be upheld by Ahresty employees, including the RST Way, our Vision, the Code of Conduct of the Ahresty Group and Compliance Principles. In FY2017, the Ahresty Handbook was renewed to enhance its content by adding new chapters on safety, quality and the environment.
The Handbook is issued in six languages – Japanese, English, Chinese, Spanish, Hindi and Thai – and is distributed to employees in all of the Group's global locations. We are working to fully enforce and comply with corporate ethics by always having it with us while at work.



Activities of the Communication Committee

We have established the Communication Committee at each business location since FY2016 to improve communication among employees and increase their motivation by planning and implementing various small and large events. In FY2017, the average participation rate was nearly 80%.

Initiatives for 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

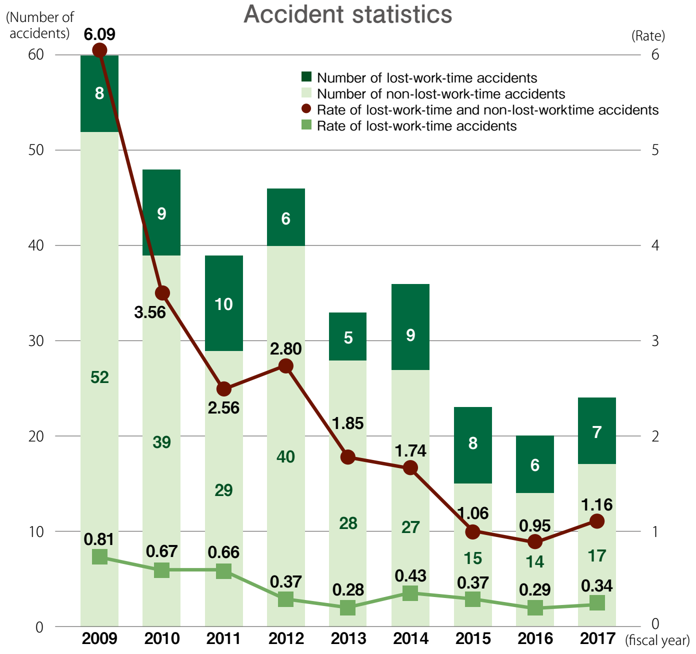
1. Safety must be prioritized more than any other aspect.
2. Safety is more important than any other aspect.
3. Safety is always more important than efficiency of production.
4. Safety starts with arrangement, orderliness and cleaning.
5. Ahresty does not need Associates who cannot prioritize safety.

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 2017

- Activities to improve the KY (hazard prediction) ability and enforce compliance with the rules (implementation of vocal KY, utilization of display board of irregular works) at irregular works in order to eliminate accidents due to irregular works.
- Observation of sites of irregular works by managers, supervisors and safety managers and the improvement of their leadership
- Further promotion of the safety of equipment and machines by setting up a safety model machine
- Promotion of “Safety Person”



* Rate = Number of accidents x 1,000,000 / Total working hours

Evaluation of “Safety Person”

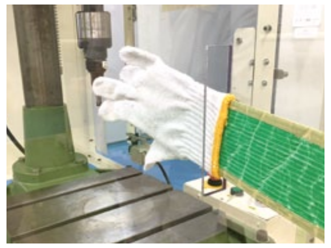
The Evaluation of “Safety Person” is intended to encourage managers and supervisors and workers to acquire knowledge about safety that is consistent with their respective positions, and cultivate Safety Persons who perform day-to-day operations safely.
In FY2018, we will set more specific work rules as evaluation items and use them for the analysis of weaknesses of the business offices as a whole by conducting a test and a questionnaire to ascertain the degree of understanding.

Example of evaluation items for Safety Person in fiscal year 2018

Irregular works
When I carry out work that I have not been taught based on the standards or work that has no standards, I carry out “stop, call someone and wait.”
I enter facilities with the power source turned off.
I enter facilities either carrying the operation power key with me or storing it in a predetermined location. I lock the facility after entering.
I enter facilities by attaching a tag or an individual KY card in the designated location.
I practice vocal KY before work

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 potential risks, and the safety sense training is carried out at each business office. We will further enhance the training by continuing to expand the subjects.



Safety and sanitation audit (ASES)

We implement a safety and sanitation audit (ASES) once a year to improve safety and sanitation at all business offices.
ASES stands for Ahresty Safety Evaluation System, and we have implemented it continuously since 2013 as an audit to quantitatively evaluate the compliance situation with matters to follow at production sites. We promote the building of a safer work environment by conducting an audit using ASES to see whether there are any unsafe locations or behaviors at production sites.

Quality Control Activities

Ahresty develops business in Japan, the US, Mexico, China, India and Thailand. “Ahresty makes the same high quality products regardless of the site, and all their sites maintain good productivity.” For Ahresty, which engages in MONOZUKURI (manufacturing), it causes supreme happiness to receive such a comment. To achieve it, we are working to build the Ahresty Standards and promote the unification of mechanisms and standards on a global basis. At the same time, daily Kaizen at production sites is essential for high quality and productivity. We will continue to make efforts to achieve identical quality and productivity on a global basis with the development of mechanisms and ongoing Kaizen activities on site as two axes.

Managing Executive Officer,
Chief, Quality Assurance Command,
and General Manager, Quality Management Department **Koji Arai**

QC Circle Activities

Originating from the first internal competition in Tokyo and Hamamatsu in 1971, the 70th competition was held in FY2017. Since FY2015, it has been held as the Global QC Circle Competition in which overseas business offices have also participated. Now, with all 21 business offices in Japan and overseas participating, it provides an opportunity for QC circles around the world to improve their activities through friendly competition. QC circle activities help the employees of Ahresty increase their awareness of problems and improvements and improve their individual job skills by mastering QC methods.
In recent years, our QC circle activities have also participated actively in external competitions and produced results such as receiving awards.

Quality Awareness Proposals

For MONOZUKURI (manufacturing), daily Kaizen on site is essential. The source of Kaizen is daily awareness. For the purpose of increasing daily awareness power, focusing on quality in particular, Ahresty has been implementing Quality Awareness Proposals since FY2012 to maintain and improve quality. In quality month, which is November every year, excellent cases among Quality Awareness Proposals in which quality improvement is aware of, proposed and made are commended. In FY2017, there were 1,393 individual proposals and 149 group proposals, and excellent proposals of five persons and one group were commended.

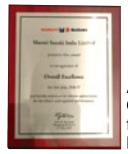
Main Prizes and Awards in FY2017

2017

Mar.
Ahresty received a Quality Achievement Award from Isuzu Motors Limited.

Apr.
Ahresty India received a Quality Award, a Delivery Target Achievement Award and the ZERO PPM Award from Toyota Kirloskar Auto Parts Pvt. Ltd.

May
Ahresty India received Overall Excellence from Maruti Suzuki India Limited.



Jul.
Ahresty received a Global Special Award from JATCO Ltd. for its contribution to stable supply based on global complement.

Nov.
Ahresty Mexicana received the BEST QUALITY SUPPLIER from Nissan Mexicana, S.A. de C.V.

Dec.
Hefei Ahresty Casting received a Quality Contribution Award from Shenyang Aerospace Mitsubishi Motors Engine Manufacturing Co., Ltd.

Ahresty received a letter of gratitude in three areas of quality control activities, cost reduction activities and VA activities from Toyota Motor Corporation.

Ahresty received an Excellent Quality Control Award and an Excellent Cost Improvement Award form Hino Motors, Ltd.

2018

Feb.
Ahresty received the Supplier Award (Cost Department) for 2018 from Honda Motor Co., Ltd.

Mar.
Hefei Ahresty Casting received the FY2017 Parts Cost Effort Award from Toyota Motor (Changshu) Auto Parts Co., Ltd.

Ahresty received the FY2017 Special Award (Quality) from Toyota Industries Corporation.

For Sustainable Growth

Environmental Activities

Ahresty conducts activities to raise awareness of the environment and communication activities on its own, in addition to pollution prevention activities and efforts to save energy and resources.

Environmental Policy

1. We will remain constantly aware that our activities, including development, production, sale, and disposal, are closely connected with and affect the global environment. We will develop environmental objectives, targets, and plans, will review them as needed, and will improve environmental preservation activities continuously.
2. We will comply with the requirements of the national government, local governments, stakeholders, etc., including environmental rules, regulations, and agreements, develop voluntary standards as far as possible technically and economically, and thereby bolster our contributions to environmental preservation.
3. We will prioritize the following activities, thereby contributing to environmental preservation and contamination prevention:
   ① Thoroughly managing and improving the facilities and processes relating to air pollution and water contamination
   ② Consistently recycling 100% of waste products
   ③ Contributing to a recycling society by reducing the total amount of waste generation and expanding aluminum recycling operations
   ④ Curbing CO_2 emissions, considering the prevention of global warming
   ⑤ Developing and designing environmentally friendly products
4. We will provide continual education and awareness programs for employees so that each employee is able to increase environmental awareness.
5. We will strive to protect the environment of local communities and coexist with them as a good corporate citizen.

We will announce our environmental policy both internally and externally.

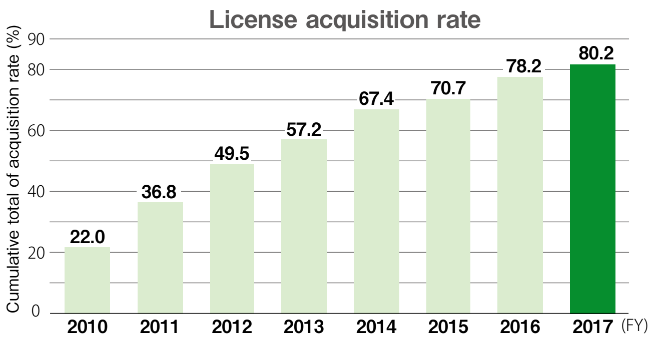
April 18, 2005 Rev.2

Arata Takahashi
President, CEO

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

Ahresty eco License

Ahresty has established the Ahresty eco License, a unique internal examination system, to improve its employees' awareness of the environment. The examination is offered several times every year. Over 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 15th convention was held in fiscal year 2017.
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.

Location	Theme
Tokai Plant	Reduction of waste by water treatment of total impregnation wastewater
Ahresty Pretech Corporation	Efforts to reduce energy use
Higashimatsuyama Plant	Reduction of energy use through automatic stopping of T6 heat treatment furnace
Kumagaya Plant	Improvement of heavy oil in basic units for melting furnace
Ahresty Tochigi Corporation	Energy and natural resources saving activities
Ahresty Die Mold Tochigi Corporation	Reduction of CO_2 through mold VA proposals and defect reduction activities
Ahresty Yamagata Corporation	Elimination of sudden influx into water treatment facilities
Ahresty Kumamoto Corporation	Report on activities for improve basic units of 5 ton forehearth

Active Contribution to Conservation Activities

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 FY2017, more than 80 plans were implemented on a company-wide basis.

Environmental Targets and Achievements

Environmental Targets and Achievements for fiscal year 2017

Domestic Targets and Achievements

* Target achievement level 1 Unachieved — 5 Achieved

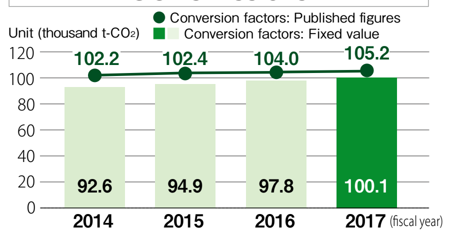
Environmental Category	Medium-term Targets	Targets for fiscal year 2017	Achievements in fiscal year 2017	Evaluation*	Targets for fiscal year 2018
Atmosphere, water quality, noise, etc.	Prevent the occurrence of environmental problems such as atmospheric pollution, water contamination and noise pollution.	Eliminate non-conforming external leaks and external complaints.	Non-conforming external leaks and external complaints were eliminated.	5	Eliminate external leaks and complaints.
Waste Materials	Reduce the total amount of waste materials.	Eliminate the final disposal amount of waste (landfill) and achieve a recycling rate of 100% (excluding tailings and other rubble and refractory materials, and residue after processing). Reduce total waste in basic units by 1% or more from the previous fiscal year.	The target for the resource recycling rate was achieved in 10 out of the 11 targeted business offices. The target for reducing total waste in basic units was achieved in eight out of the 11 targeted business offices.	4	Eliminate the final disposal amount of waste (landfill) and achieve a recycling rate of 100% (excluding tailings and other rubble and refractory materials, and residue after processing). Reduce total waste in basic units by 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 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 the fiscal year that 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.	The target for the total CO_2 at the seven major plants has been achieved (824kg-CO_2/t vs. 831kg- CO_2/t). By business office, six business offices out of the 11 targeted business offices achieved the target. *The power coefficient is fixed.	3	Reduce CO_2 in basic units by 4% compared with fiscal year 2014 (a 1% reduction compared with the previous fiscal year for the business offices that have already achieved the target). Alternatively, determine the target in consultation with the secretariat for all companies. In addition, reduce electricity demand based on a uniform measure in basic units by 4% compared with fiscal year 2014.
	Reduce the consumption of water used in processing.	Reduce water consumption in basic units. *Target to be determined by each business office.	Of the six targeted business offices, three 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 70% of its fulltime 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. The total number of successful employees was 1,735 (82.3%).	5	Require each business office to ensure that at least 77% of its fulltime employees gain the Ahresty eco License. Establish individual targets for the business offices that have already achieved the above target.
	Promote social contribution activities.	Set a target for the number of times each business office must organize social contribution activities related to the environment.	All the business offices achieved their targets. More than 80 plans were held in all companies.	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 CO_2 and water consumption, with the same target categories as those adopted in Japan to carry out global environmental management.

Annual Changes

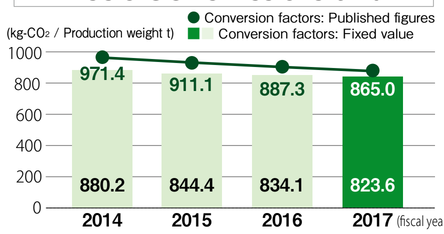
To evaluate the effects of CO_2 emission reduction activities, CO_2 conversion factors are calculated based on the past fixed value. Partly due to reduction activities, the basic CO_2 emissions unit and water consumption have been reduced from the previous fiscal year.

CO_2 emissions



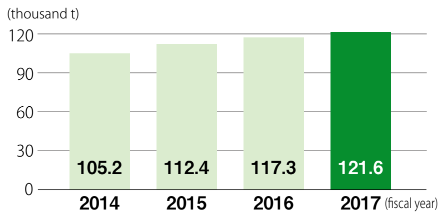
The figures show the consumption of fuel and electric power by conversion to CO_2 emissions. The line graph shows the CO_2 emissions calculated based on the conversion factors published by the electric power companies.

Basic CO_2 emissions unit



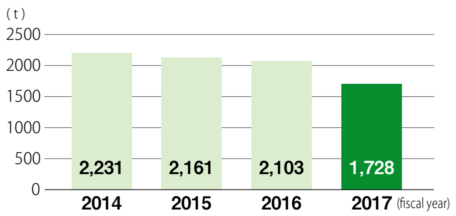
The basic CO_2 emissions unit is the figures calculated by dividing the CO_2 emissions by the production weight, and it shows the amount of CO_2 emitted in the production of 1t.

Production weight



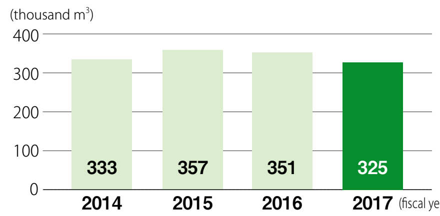
The production weight shows the weight of the products manufactured by Ahresty. The energy consumption is proportional to the production weight.

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

For Sustainable Growth

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.)	Electricity	Gas	Aluminum alloy ingots	Clean water	Groundwater	Chemical materials (materials subject to internal reporting)	Aluminum resources
16,005 kℓ	129,288 kWh	3,977 t	210,138 t	137,654 m³	187,317 m³	15,881 kg	35,597 t

Ahresty

Reporting period: From April 1, 2017 to March 31, 2018
(Unit: thousand yen)

Categories and main initiatives			Environmental conservation costs: Investments	Environmental conservation costs: 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	26,316	74,913
Types of costs	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	8,901	42,883
Types of costs	Resources recycling costs	Recycling of water, treatment (separation and disposal) of waste, and use of recycled oil	—	235,262
Subtotal			35,217	353,058
Upstream and downstream costs		Purchasing of green materials	—	29,365
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	—	8,851
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	—	226
Environmental damage countermeasure costs		Pollution load charges	—	1,913
Subtotal			0	40,361
(Income) Upstream and downstream cost		Sales of valuable materials (steel scrap, waste plastic, shell, waste oil, waste paper, etc.)	0	191,588
Total			**35,217**	**393,419**

*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 2016) is used as the CO_2 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	Aluminum alloy ingots Production volume [Kumagaya Plant]	CO_2	Discharged water	Waste (recycling)	Waste (final disposal)	Die production volume (including components) [Die group]
88,179 t	33,398 t	116,780 t-CO_2	92,758 m³	1,664 t	66 t	134

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.





Kids Safety Day

Ahresty Wilmington Corporation in the US holds the Kids Safety Day every year for the safety awareness of local children. Voluntary staff from among the employees run it, and more than 600 people including neighborhood residents participated in it in 2017. Events such as an origami (paper folding) class, hoopla and a climbing wall for children were held, and various safety awareness demonstrations were provided. Vehicles on which produced parts were loaded were also displayed. The Kids Safety Day provides a good opportunity for interacting with local communities and inviting the family members of employees to the plant.

Corporate Information

Information on business locations

Ahresty is actively developing business globally in response to customer needs.

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: 2,600 t
Site Area: 81,825 m²

Ahresty Wilmington Corporation
Business Content:
Die Castings, Machining, Part Assembling
Monthly Production Capacity: 2,000 t
Site Area: 170,000 m²

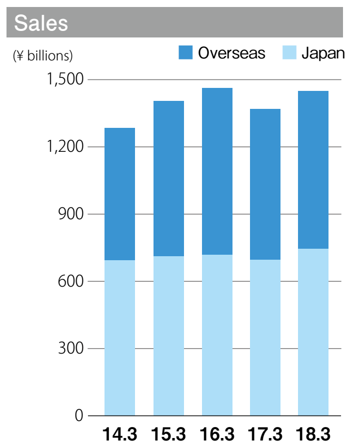
Ahresty Corporation

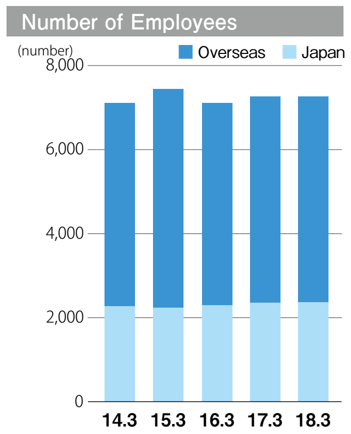
Thai Ahresty Die Co., Ltd.
Business Content:
Die Casting Die
Site Area: 16,940 m²

Thai Ahresty Engineering Co., Ltd.
Business Content:
Design of Die Castings and Die Casting Die, and 3D Modeling

Hefei Ahresty Casting Co., Ltd.
Business Content:
Die Castings, Machining, Part Assembling, Free Access Floor Production
Monthly Production Capacity: 1,400 t
Site Area: 67,182 m²

Ahresty Mexicana, S.A. de C.V.
Business Content:
Die Castings, Machining, Part Assembling, Die Casting Die
Monthly Production Capacity: 2,600 t
Site Area: 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: 3,100 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 Kumamoto Corporation
Business Content:
Die Castings, Machining, Part Assembling
Monthly Production Capacity: 400 t
Site Area: 34,044 m²

Ahresty Die Mold Kumamoto Corporation
Business Content:
Die Casting Die
Site Area: 12,863 m²

Ahresty Yamagata Corporation
Business Content:
Die Castings, Machining, Part Assembling
Monthly Production Capacity: 400 t
Site Area: 35,156 m²

Tokai Plant
Business Content:
Die Castings
Monthly Production Capacity: 3,400 t
Site Area: 62,414 m²

Head Office and Technical Center
Business Content:
Product Design, Research and Development
Site Area: 90,333 m²

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

Tokyo Head Office

Ahresty Die Mold Hamamatsu Corporation
Business Content: Die Casting Die
Site Area: 13,320 m²

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

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

Corporate Profile and Stock Information

Corporate Profile (As of March 31, 2018)

Company name:
Ahresty Corporation
Date of establishment :
November 2, 1943
Paid-in capital :
¥6,939.09 million
Number of employees :
(Consolidated) 7,268
(Non-Consolidated) 928

Management (As of June 20, 2018)

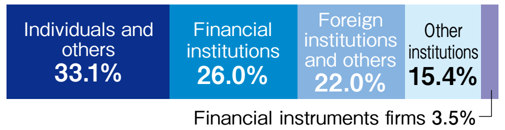
President, CEO	Arata Takahashi
Director, Managing Executive Officer	Shinichi Gamo
Director, Managing Executive Officer	Naoyuki Kaneta
Director, Managing Executive Officer	Junji Ito
Director, Managing Executive Officer	Shinichi Takahashi
Director, Executive Officer	Kenichi Nonaka
Director (Audit & Supervisory 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)	Shuhei Shiozawa
Independent Director (Audit & Supervisory Committee member)	Masahito Saotome

Stock Information (As of March 31, 2018)

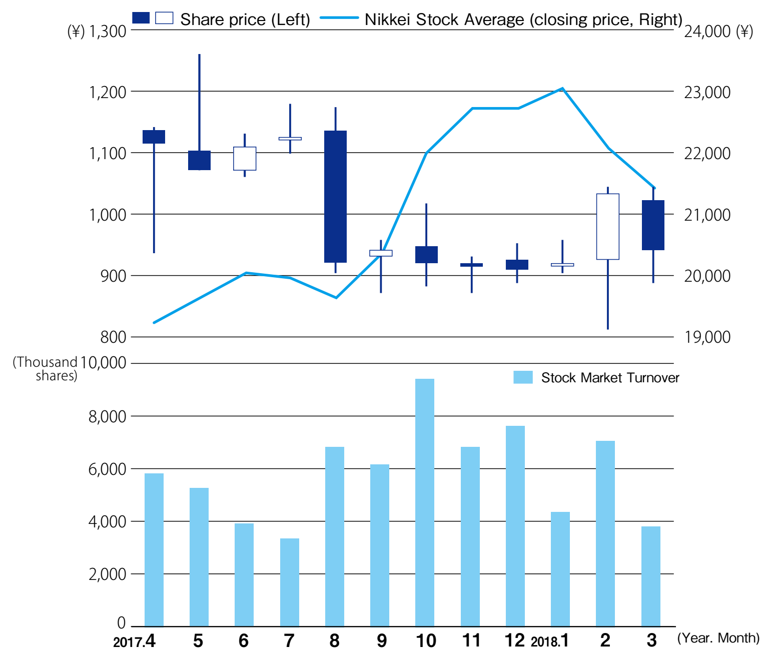
Number of Shares and Shareholders

Authorized shares: 60,000,000 shares
Issued shares: 26,027,720 shares
Shareholders: 5,904

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. 1997	Ahresty Corporation obtains ISO9001 certification (Free Access Floor) Ahresty Corporation obtains ISO9002 certification (Die Castings, Aluminum Ingots)
Mar. 2001	Ahresty Corporation obtains ISO14001 certification
Jul. 2002	Establishment of Thai Ahresty Engineering Co., Ltd.
Aug. 2003	Establishment of Guangzhou Ahresty Casting Co., Ltd.
Oct.	Merger of Kyoto Die Casting Co., Ltd. and Ahresty Corporation
Nov.	Ahresty Corporation awarded the Minister of Economy, Trade and Industry Award of the 20th Materials Process Technology Commendation
Mar. 2005	Establishment of Ahresty Precision Die Mold (Guangzhou) Co., Ltd.
Apr.	Merger of Pascal Industry Co., Ltd. and Sugahara Precision Industry Co., Ltd. into Ahresty Yamagata Corporation
Jun.	Head Office moved to Chuo, Nakano-ku, Tokyo
Jun. 2006	Establishment of Ahresty Mexicana, S.A. de C.V.
Sep.	Establishment of Technical Center
Jan. 2007	Establishment of Ahresty India Private Limited
Aug. 2010	Establishment of Hefei Ahresty Casting Co., Ltd.
Apr. 2011	Consolidated organizations into Tokai Plant ahead of the planned integration of Hamamatsu Plant and Toyohashi Plant.
Oct. 2013	Head office/headquarters moved to Toyohashi City, Aichi Prefecture (former head office becomes the Tokyo head office)
Feb. 2014	Tokyo head office moved to Honcho, Nakano-ku, Tokyo
Mar.	Change in listing of the shares from the Second Section to the First Section of the Tokyo Stock Exchange
Nov. 2017	Seven die casting plants in Japan obtained IATF16949 certification. (Tokai Plant, Higashimatsuyama Plant, Ahresty Tochigi Corporation, Ahresty Kumamoto Corporation, Ahresty Yamagata Corporation, Ahresty Pretech Corporation Head Plant / Toyohashi Plant)

Financial Section

Contents

Overview of Business Performance	**29**
Consolidated Balance Sheets	**31**
Consolidated Statements of Income and Statements of Comprehensive Income	**33**
Consolidated Statement of Changes in Net Assets	**35**
Consolidated Statements of Cash Flows	**37**
Notes to Consolidated Financial Statements	**38**

Overview of Business Performance

Results of Operations

During the fiscal year under review, the Japanese economy remained on a gradual recovery path as consumer spending picked up, capital expenditure increased moderately, and corporate earnings and the employment situation improved. The global economy has been gradually recovering overall. The U.S. economy continued its steady improvement, and in Asia, the Chinese economy picked up while the Indian economy showed moderate growth, mainly on the strength of domestic demand.

In this environment, while total net sales for the Group increased based on the growth of orders received, particularly in Japan and other Asian countries, total consolidated profit fell with a decline in earnings in the Japanese and U.S. segments, offsetting the additional profit as a result of a steady rise in orders received in Asia. The decline in net income attributable to owners of parent was smaller than that in recurring income due to a decrease in deferred income taxes in the U.S. and Mexico. The Group will continue to steadily implement measures under its medium-term management plan (2016-2018), which commenced in fiscal year 2016, and will strive to improve its productivity and profitability.

For the fiscal year under review, the Group recorded consolidated net sales of ¥145,167 million (up 6.2% year on year), consolidated operating income of ¥4,718 million (down 31.7% year on year), recurring income of ¥4,436 million (down 29.1% year on year), and net income attributable to owners of parent of ¥3,450 million (down 25.3% year on year).

Consolidated performance for year ended March 2018 (April 1, 2017–March 31, 2018)

(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 2018	145,167	6.2	4,718	(31.7)	4,436	(29.1)
Fiscal year ended March 2017	136,657	(5.4)	6,912	28.4	6,256	53.5

	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 2018	3,450	(25.3)	133.40	131.94	5.4	3.2	3.3
Fiscal year ended March 2017	4,620	135.3	178.77	177.18	7.6	4.6	5.1

Note: Comprehensive income
Year ended March 2018: 3,971 million yen (25.2%)
Year ended March 2017: 3,171 million yen (–%)

For reference: EBITDA
Year ended March 31, 2018: 19,617 million yen (-5.2%)
Year ended March 31, 2017: 20,693 million yen (2.1%)
* EBITDA = operating income + depreciation and amortization

Investment gain or loss under equity method
Year ended March 2018: – million yen
Year ended March 2017: – 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 2018	138,998	65,439	46.9	2,522.55
Fiscal year ended March 2017	135,044	62,053	45.8	2,394.58

For reference: Shareholders' equity
Year ended March 2018: 65,251 million yen
Year ended March 2017: 61,888 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 2018	16,908	(16,795)	(1,391)	2,630
Fiscal year ended March 2017	21,779	(12,932)	(9,004)	4,100

Outlook for fiscal year ending March 2019

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 financial forecasts assume foreign exchange rates of 110.0 yen to 1 USD, 16.0 yen to 1 RMB, 1.75 yen to 1 INR and 19.0 MXN to 1 USD.*

*Although the Company's consolidated subsidiary in Mexico uses U.S. dollars as a functional currency, its tax expenses and other amounts are calculated in Mexican pesos, which are therefore affected by the MXN/USD exchange rate.

(Millions of Yen)

	Sales	Operating Income	Ordinary Income	Net Income
For the year ending March 2019 forecast	152,000	5,800	5,300	3,600
For the year ended March 2018 actual	145,167	4,718	4,436	3,450
Changes	6,832	1,081	863	149
Change ratio (%)	4.7	22.9	19.5	4.3

(Millions of Yen)

	Sales		Segment Income	
Segment	Current fiscal year	Next fiscal year	Current fiscal year	Next fiscal year
Die Casting Business: Japan	66,818	69,800	1,458	2,150
Die Casting Business: North America	39,937	41,000	291	1,470
Die Casting Business: Asia	30,442	33,000	2,378	1,900
Aluminum Business	4,597	5,000	213	110
Proprietary Products Business	3,371	3,200	392	170
Elimination of intersegment transactions	–	–	(15)	–

Consolidated Balance Sheets

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 ¥110.83 to $1.00, the average exchange rate during period. U.S. dollar figures less than a thousand dollars are rounded down to the nearest thousand dollars.

		Millions of yen		Thousands of U.S. dollars
		Fiscal year ended March 31		Fiscal year ended March 31
(Assets)		2017	2018	2018
Current Assets				
Cash and time deposits		¥ 4,100	¥ 2,630	$ 23,736
Trade notes and accounts receivable	＊3	23,015	24,783	223,614
Electronically recorded monetary claims - operating		2,158	2,902	26,185
Merchandise and products		2,801	3,232	29,164
Partly finished goods		3,994	4,890	44,127
Raw materials and inventories		3,344	3,208	28,948
Deferred tax assets		1,342	1,498	13,517
Others		1,520	1,090	9,841
Allowance for doubtful accounts		(1)	(13)	(120)
Total Current Assets		42,275	44,223	399,016
Fixed Assets				
Tangible fixed assets				
Buildings and structures		28,808	29,023	261,870
Accumulated depreciation and impairment loss		(13,352)	(14,218)	(128,286)
Buildings and structures, net		15,455	14,805	133,583
Machinery and delivery equipment		124,699	127,659	1,151,848
Accumulated depreciation and impairment loss		(79,219)	(83,880)	(756,840)
Machinery and delivery equipment, net		45,480	43,778	395,008
Tools, furniture and fixtures		46,062	48,808	440,386
Accumulated depreciation		(38,694)	(40,662)	(366,886)
Tools, furniture and fixtures, net		7,367	8,145	73,499
Land		5,199	5,425	48,953
Lease assets		1,043	288	2,604
Accumulated depreciation		(450)	(117)	(1,059)
Lease assets, net		592	171	1,544
Construction in progress		8,051	10,556	95,246
Total Tangible Fixed Assets		82,146	82,882	747,836
Intangible Fixed Assets		1,535	1,786	16,119
Investments and other assets				
Investments in securities	＊1	7,363	8,266	74,586
Deferred tax assets		1,385	1,533	13,834
Others		337	330	2,983
Allowance for doubtful accounts		(0)	(24)	(218)
Total Investments and Other Assets		9,086	10,106	91,185
Total Fixed Assets		92,768	94,775	855,140
Total Assets		¥135,044	¥138,998	$1,254,157

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended March 31		Fiscal year ended March 31
(Liabilities)	2017	2018	2018
Current Liabilities			
Notes and accounts payable	¥ 12,903	¥ 13,413	$ 121,031
Electronically recorded obligations-operating	6,601	7,882	71,118
Short-term loans	837	5,307	47,891
Current portion of long-term loans	10,608	10,109	91,212
Accrued income taxes	899	1,032	9,312
Bonus allowances	1,644	2,157	19,464
Directors' bonus allowances	30	15	136
Provision for product warranties	73	87	785
Others	8,277	8,971	80,949
Total Current Liabilities	41,877	48,976	441,902
Long-term Liabilities			
Long-term loans	21,359	16,136	145,598
Long-term accounts payable	1,066	589	5,317
Deferred tax liabilities	5,321	4,515	40,745
Net defined benefit liability	2,919	2,867	25,868
Others	446	473	4,276
Total Long-term Liabilities	31,112	24,582	221,806
Total Liabilities	72,990	73,558	663,709
(Net Assets)			
Shareholders' Equity			
Common stock	6,939	6,939	62,610
Additional paid-in capital	10,180	10,180	91,861
Retained earnings	37,463	40,272	363,368
Treasury stock	(272)	(238)	(2,155)
Total Shareholders' Equity	54,311	57,153	515,684
Other Accumulated Comprehensive Income			
Difference on revaluation of other marketable securities	3,728	4,335	39,120
Foreign currency translation adjustments	4,327	4,168	37,613
Remeasurements of defined benefit plans	(479)	(406)	(3,663)
Total Other Accumulated Comprehensive Income	7,576	8,098	73,070
Share Warrants	165	187	1,692
Total Net Assets	62,053	65,439	590,448
Total Liabilities and Net Assets	¥135,044	¥138,998	$1,254,157

Consolidated Statements of Income and Statements of Comprehensive Income

(Consolidated Statements of Income)

		Millions of yen		Thousands of U.S. dollars
		April 1, 2016 through March 31, 2017	April 1, 2017 through March 31, 2018	April 1, 2017 through March 31, 2018
Sales		¥136,657	**¥145,167**	**$1,309,822**
Cost of Goods Sold	*1	118,774	**128,811**	**1,162,242**
Gross Profit		17,882	**16,356**	**147,580**
Selling, General and Administrative Expenses				
Transportation expenses		1,896	**2,013**	**18,169**
Salaries and bonuses		3,266	**3,414**	**30,806**
Retirement and severance expenses		208	**210**	**1,902**
Provision for bonuses		334	**348**	**3,142**
Provision for bonuses for directors		30	**15**	**136**
Depreciation		266	**303**	**2,741**
Research and development expenses	*2	451	**501**	**4,523**
Other expenses		4,516	**4,830**	**43,583**
Total Selling, General and Administrative Expenses		10,970	**11,637**	**105,006**
Operating Income		6,912	**4,718**	**42,573**
Non-operating Income				
Interest income		24	**36**	**331**
Dividends received		165	**179**	**1,619**
Gain on sales of scraps		160	**115**	**1,044**
Others		256	**143**	**1,295**
Total Non-operating Income		607	**475**	**4,290**
Non-operating Expenses				
Interest expenses		872	**642**	**5,794**
Foreign currency exchange loss		193	**37**	**334**
Others		198	**78**	**705**
Total Non-operating Expenses		1,263	**757**	**6,834**
Ordinary Income		6,256	**4,436**	**40,029**
Extraordinary Gains				
Gain on sale of fixed assets	*3	318	**17**	**161**
Gain on sales of investment securities		380	**–**	**–**
Subsidy income		55	**24**	**221**
Gain on insurance adjustment		–	**51**	**466**
Total Extraordinary Gains		754	**94**	**849**
Extraordinary Losses				
Loss on sale of fixed assets	*4	151	**304**	**2,749**
Impairment loss	*5	80	**–**	**–**
Special retirement expenses		–	**55**	**500**
Product warranty expenses		–	**16**	**148**
Total Extraordinary Losses		232	**376**	**3,399**
Income before Income Taxes		6,778	**4,153**	**37,479**
Income taxes and enterprise taxes		1,441	**2,039**	**18,398**
Deferred income taxes		716	**(1,335)**	**(12,047)**
Total Income Taxes		2,158	**703**	**6,350**
Net income		4,620	**3,450**	**31,128**
Net income attributable to owners of parent		¥ 4,620	**¥ 3,450**	**$ 31,128**

(Consolidated Statements of Comprehensive Income)

		Millions of yen		Thousands of U.S. dollars
		April 1, 2016 through March 31, 2017	April 1, 2017 through March 31, 2018	April 1, 2017 through March 31, 2018
Net Income		¥ 4,620	**¥ 3,450**	**$ 31,128**
Other Comprehensive Income				
Difference on revaluation of other marketable securities		853	**607**	**5,476**
Foreign currency translation adjustments		(2,453)	**(158)**	**(1,430)**
Remeasurements of defined benefit plans, net of tax		150	**73**	**662**
Total Other Comprehensive Income	*	(1,449)	**521**	**4,708**
Comprehensive Income		3,171	**3,971**	**35,837**
Comprehensive income attributable to owners of the parent		3,171	**3,971**	**35,837**
Comprehensive income attributable to non-controlling interests		¥ –	**¥ –**	**$ –**

Consolidated Statement of Changes in Net Assets

Previous 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	¥33,256	¥(271)	¥50,105
Changes					
Cash dividend from retained earnings			(413)		(413)
Net income attributable to owners of parent			4,620		4,620
Purchase of own shares				(0)	(0)
Changes (net) in non-shareholders' equity items					
Total changes	–	–	4,206	(0)	4,205
Balance at end of current fiscal year	¥6,939	¥10,180	¥37,463	¥(272)	¥54,311

(Millions of yen)

	Other comprehensive income					
	Difference on revaluation of other marketable securities	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total other accumulated comprehensive income	Share warrants	Total net assets
Balance at beginning of current fiscal year	¥2,875	¥6,780	¥(629)	¥9,025	¥131	¥59,262
Changes						
Cash dividend from retained earnings						(413)
Net income attributable to owners of parent						4,620
Purchase of own shares						(0)
Changes (net) in non-shareholders' equity items	853	(2,453)	150	(1,449)	34	(1,414)
Total changes	853	(2,453)	150	(1,449)	34	2,790
Balance at end of current fiscal year	¥3,728	¥4,327	¥(479)	¥ 7,576	¥165	¥62,053

Current consolidated fiscal year (April 1, 2017 through March 31, 2018)

(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	¥37,463	¥(272)	¥54,311
Changes					
Cash dividend from retained earnings			(620)		(620)
Net income attributable to owners of parent			3,450		3,450
Purchase of own shares				(0)	(0)
Disposal of treasury stock			(21)	33	12
Changes (net) in non-shareholders' equity items					
Total changes	–	–	2,808	33	2,841
Balance at end of current fiscal year	¥6,939	¥10,180	¥40,272	¥(238)	¥57,153

(Millions of yen)

	Other accumulated comprehensive income					
	Difference on revaluation of other marketable securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other accumulated comprehensive income	Share warrants	Total net assets
Balance at beginning of current fiscal year	¥3,728	¥4,327	¥(479)	¥7,576	¥165	¥62,053
Changes						
Cash dividend from retained earnings						(620)
Net income attributable to owners of parent						3,450
Purchase of own shares						(0)
Disposal of treasury stock						12
Changes (net) in non-shareholders' equity items	607	(158)	73	521	22	543
Total changes	607	(158)	73	521	22	3,385
Balance at end of current fiscal year	¥4,335	¥4,168	¥(406)	¥8,098	¥187	¥65,439

Current consolidated fiscal year (April 1, 2017 through March 31, 2018)

(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	$62,610	$91,861	$338,029	$(2,454)	$490,045
Changes					
Cash dividend from retained earnings			(5,599)		(5,599)
Net income attributable to owners of parent			31,128		31,128
Purchase of own shares				(4)	(4)
Disposal of treasury stock			(190)	303	113
Changes (net) in non-shareholders' equity items					
Total changes			25,339	299	25,639
Balance at end of current fiscal year	$62,610	$91,861	$363,368	$(2,155)	$515,684

(Thousands of U.S. dollars)

	Other accumulated comprehensive income					
	Difference on revaluation of other marketable securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other accumulated comprehensive income	Share warrants	Total net assets
Balance at beginning of current fiscal year	$33,643	$39,044	$(4,325)	$68,362	$1,493	$559,901
Changes						
Cash dividend from retained earnings						(5,599)
Net income attributable to owners of parent						31,128
Purchase of own shares						(4)
Disposal of treasury stock						113
Changes (net) in non-shareholders' equity items	5,476	(1,430)	662	4,708	199	4,908
Total changes	5,476	(1,430)	662	4,708	199	30,547
Balance at end of current fiscal year	$39,120	$37,613	$(3,663)	$73,070	$1,692	$590,448

Consolidated Statements of Cash Flows

	Millions of yen		Thousands of U.S. dollars
	April 1, 2016 through March 31, 2017	April 1, 2017 through March 31, 2018	April 1, 2017 through March 31, 2018
Cash Flows from Operating Activities			
Income before income taxes and others	¥ 6,778	¥ 4,153	$ 37,479
Depreciation and amortization	13,781	14,899	134,435
Impairment loss	80	–	–
Increase (decrease) in allowances for bonuses	99	499	4,510
Increase (decrease) in provision for product warranties	(47)	16	145
Increase (decrease) in net defined benefit liability	127	63	575
Interest and dividend income	(190)	(216)	(1,950)
Interest expenses	872	642	5,794
Loss (gain) on sales and disposal of tangible fixed assets	(166)	283	2,556
Loss (gain) on sales of investment securities	(380)	–	–
Subsidy income	(55)	(24)	(221)
Gain on insurance adjustment	–	(51)	(466)
Special retirement expenses	–	55	500
Decrease (increase) in notes and accounts receivable	607	(2,391)	(21,574)
Decrease (increase) in inventories	196	(1,043)	(9,413)
Increase (decrease) in notes and accounts payable	1,604	1,729	15,606
Increase (decrease) in accrued expenses	52	(90)	(815)
Increase (decrease) in accrued consumption taxes and others	364	171	1,550
Increase (decrease) in long-term accounts payable - other	(605)	(477)	(4,304)
Others	120	966	8,718
Subtotal	23,240	19,187	173,127
Interest and dividends received	190	216	1,950
Interest paid	(870)	(650)	(5,866)
Income taxes paid	(1,146)	(1,871)	(16,887)
Income taxes refund	320	18	169
Extra retirement payments	–	(55)	(500)
Proceeds from subsidy income	46	12	108
Proceeds from insurance income	–	51	466
Net Cash used in Operating Activities	21,779	16,908	152,566
Cash Flows from Investing Activities			
Expenditures from purchases of tangible fixed assets	(13,669)	(16,554)	(149,371)
Proceeds from sales of tangible fixed assets	439	216	1,950
Proceeds from sales of investment securities	461	–	–
Others	(164)	(456)	(4,121)
Net Cash Used in Investing Activities	(12,932)	(16,795)	(151,542)
Cash Flows from Financing Activities			
Proceeds from short-term loans	12,052	20,705	186,819
Repayment of short-term loans	(15,391)	(16,226)	(146,408)
Proceeds from long-term debt	6,022	6,000	54,136
Repayment of long-term debt	(11,050)	(11,056)	(99,760)
Dividends paid	(413)	(620)	(5,595)
Others	(223)	(194)	(1,752)
Net Cash Used in Financing Activities	(9,004)	(1,391)	(12,559)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(246)	(191)	(1,726)
Net Increase (Decrease) in Cash and Cash Equivalents	(404)	(1,469)	(13,262)
Cash and Cash Equivalents at Beginning of Year	4,505	4,100	36,998
Cash and Cash Equivalents at End of Period *	¥ 4,100	¥ 2,630	$ 23,736

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 Thai Ahresty Die Co., Ltd., Guangzhou Ahresty Casting Co., Ltd., 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.
The fiscal year end of five consolidated subsidiaries (Ahresty Pretech Corporation, Ahresty Techno Service Corporation, Ahresty Die Mold Hamamatsu Corporation, Ahresty Die Mold Tochigi Corporation and Ahresty Die Mold Kumamoto Corporation), which was December 31 in the past, has been changed to March 31 from the fiscal year under review. As a result, the five consolidated subsidiaries are consolidated for 15 months from January 1, 2017 to March 31, 2018, and adjustments are made through the consolidated income statement.
Sales of the five consolidated subsidiaries from January 1, 2017 to March 31, 2017 were ¥465 million, operating income was ¥164 million, recurring income was ¥186 million, and net income attributable to owners of parent was ¥180 million.

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.

Notes to Consolidated Financial Statements

(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

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 goodwilll

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.)

Of the accounting standards that were published before the end of the fiscal year under review, those which are not applied to the Group are as described below. A note on insignificant accounting standards is omitted.

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29 on March 30, 2018, Accounting Standards Board of Japan)

"Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30 on March 30, 2018, Accounting Standards Board of Japan)

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States have jointly developed comprehensive accounting standards for revenue recognition and published "Revenue from Contracts with Customers" (IFRS 15 in IASB and Topic 606 in FASB) in May 2014. Given that IFRS 15 and Topic 606 are applied from the fiscal year that begins on or after January 1, 2018 and the fiscal year that begins on or after December 15, 2017, respectively, the Accounting Standards Board of Japan (ASBJ) has developed comprehensive accounting standards for revenue recognition and published them along with the implementation guidance.

The basic policy of the ASBJ on its development of accounting standards for revenue recognition is said to be to establish accounting standards, with the incorporation of basic principles of IFRS 15 as a starting point, from the standpoint of comparability between financial statements, which is one of the benefits of promoting consistency with IFRS 15, and to add alternative treatments to the extent to which comparability is not damaged if there is an item in which consideration should be given to practices conducted in Japan thus far.

Notes to Consolidated Financial Statements

(2) Scheduled date of application

We plan to apply the accounting standards from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of the application of the accounting standards, etc.

The amount of impact of applying the Accounting Standard for Revenue Recognition, etc. on the financial statements of the Company is currently under review.

Notes on Consolidated Balance Sheets

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

	As of March 31, 2017	As of March 31, 2018
Investments in securities (share)	¥36 million	¥36 million

*2. Notes receivable transfer by endorsement

	As of March 31, 2017	As of March 31, 2018
Notes receivable transfer by endorsement	¥809 million	¥1,250 million

*3. Matured notes on the last day of a fiscal year

Matured notes on the last day of a fiscal year are accounted for on the assumption that they are settled on the clearance date. Because the last day of the fiscal year under review was a non-business day of financial institutions, matured notes on the next fiscal year end are included in the ending balance.

	As of March 31, 2017	As of March 31, 2018
Trade notes receivable	¥– million	¥96 million

Notes on Consolidated Statements of Income

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

As of March 31, 2017	As of March 31, 2018
¥236 million	¥256 million

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

As of March 31, 2017	As of March 31, 2018
¥451 million	¥501 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, 2017	As of March 31, 2018
Machinery and delivery equipment	¥33 million	¥11 million
Tools, furniture and fixtures	¥14 million	¥5 million
Land	¥270 million	¥0 million
Total	¥318 million	¥17 million

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

	As of March 31, 2017	As of March 31, 2018
Building and structures	¥10 million	¥29 million
Machinery and delivery equipment	¥98 million	¥264 million
Tools, furniture and fixtures, others	¥42 million	¥11 million
Total	¥151 million	¥304 million

*5. Impairment loss

The Group posted impairment losses for the asset groups below.

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

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.

Current consolidated fiscal year under review (from April 1, 2017 to March 31, 2018)

N/A

Notes on Consolidated Statements of Comprehensive Income

* Recycling and tax effect relating to other comprehensive income

	As of March 31, 2017	As of March 31, 2018
Valuation difference on available-for-sale securities:		
Amount arising during fiscal year under review	¥1,218 million	¥1,009 million
Recycling	–	–
Before tax effect adjustment	¥1,218 million	¥1,009 million
Tax effect	¥(364 million)	¥(402 million)
Valuation difference on available-for-sale securities	¥853 million	¥607 million
Foreign currency translation adjustment:		
Amount arising during fiscal year under review	¥(2,453 million)	¥(158 million)
Remeasurements of defined benefit plans, net of tax:		
Amount for the current term	¥101 million	¥42 million
Reclassification remeasurements	¥93 million	¥70 million
Before tax-effect adjustment	¥194 million	¥112 million
Tax-effect	¥(43 million)	¥(39 million)
Remeasurements of defined benefit plans, net of tax	¥150 million	¥73 million
Total other comprehensive income	¥(1,449 million)	¥521 million

Notes to Consolidated Financial Statements

Notes on Consolidated Statement of Changes in Net Assets

Previous 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

Current consolidated fiscal year under review (from April 1, 2017 to March 31, 2018)

1. Type and number of issued shares, and the type and number of shares of treasury stock

	Number of shares at end of previous fiscal year	Increase in number of shares in fiscal year	Decrease in number of shares in fiscal year	Number of shares at end of fiscal year
Issued shares				
Common stock	26,027,720	–	–	26,027,720
Total	26,027,720	–	–	26,027,720
Treasury stock				
Common stock (Notes 1,2)	182,502	462	22,600	160,364
Total	182,502	462	22,600	160,364

Notes: 1. The number of shares of treasury stock increased 462 as a result of fractional share repurchases.
2. The number of shares of treasury stock decreased 22,600 as a result of exercise of share warrants.

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	–	–	–	–	–	187
Total		–	–	–	–	–	187

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 11, 2017	Common share	310	Retained earnings	12	March 31, 2017	May 29, 2017
Meeting of the Board of Directors on November 8, 2017	Common share	310	Retained earnings	12	September 30, 2017	December 5, 2017

(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, 2018	Common share	362	Retained earnings	14	March 31, 2018	June 4, 2018

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, 2017	As of March 31, 2018
Cash on hand and with banks	¥4,100 million	¥2,630 million
Cash and cash equivalents	¥4,100 million	¥2,630 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 to Consolidated Financial Statements

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 is interest rate swap transactions to guard against the risk of changes in interest payments on loans.

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

(3) System for managing risks arising from financial instruments

(a) Managing credit risk

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

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

(b) Managing market risk

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

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, 2017)

	Carrying amount in the consolidated balance sheets (¥ millions)	Fair value (¥ millions)	Difference (¥ 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	–

(*) Net assets and liabilities arising from derivatives transactions are stated in the net amount.

Current consolidated fiscal year (March 31, 2018)

	Carrying amount in the consolidated balance sheets (¥ millions)	Fair value (¥ millions)	Difference (¥ millions)
(1) Cash and time deposits	2,630	2,630	–
(2) Trade notes and accounts receivable	24,783	24,783	–
(3) Investments in securities	8,220	8,220	–
Total assets	35,633	35,633	–
(1) Trade notes and accounts payable	13,413	13,413	–
(2) Short-term loans	5,307	5,307	–
(3) Long-term loans	26,245	26,443	198
Total liabilities	44,967	45,165	198
Derivative transactions	–	–	–

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".

Notes to Consolidated Financial Statements

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

	As of March 31, 2017	As of March 31, 2018
	(¥ millions)	(¥ millions)
Shares of unlisted shares	9	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, 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	–	–	–

Current consolidated fiscal year (March 31, 2018)

	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	2,630	–	–	–
Trade notes and accounts receivable	24,783	–	–	–
Total	27,413	–	–	–

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

Previous 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	–

Current consolidated fiscal year (March 31, 2018)

	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	5,307	–	–	–	–	–
Long-term loans	10,109	9,088	4,676	2,011	360	–
Total	15,416	9,088	4,676	2,011	360	–

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, 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

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

Current consolidated fiscal year (March 31, 2018)

	Type	Consolidated Balance Sheet Amount	Acquisition Cost	Difference
		(¥ millions)	(¥ millions)	(¥ millions)
Consolidated balance sheet amount is above acquisition cost	1. Share	8,201	1,781	6,419
	2. Bonds	–	–	–
	3. Other	–	–	–
	Subtotal	8,201	1,781	6,419

	Type	Consolidated Balance Sheet Amount	Acquisition Cost	Difference
		(¥ millions)	(¥ millions)	(¥ millions)
Consolidated balance sheet amount is below acquisition cost	1. Share	18	21	(2)
	2. Bonds	–	–	–
	3. Other	–	–	–
	Subtotal	18	21	(2)
	Total	8,220	1,803	6,416

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, 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	–

Current consolidated fiscal year (April 1, 2017 through March 31, 2018)

N/A

Notes to Consolidated Financial Statements

Notes on Derivative Transactions

1. Derivative transactions to which hedge accounting is not applied

(1) Currency-related transactions

Previous 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	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.

Current consolidated fiscal year (March 31, 2018)
N/A

(2) Interest rate

Previous 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.

Current consolidated fiscal year (March 31, 2018)
N/A

2. Derivative transactions to which hedge accounting is applied

Interest rate

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

Current consolidated fiscal year (March 31, 2018)

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	450	431	(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 (From April 1, 2016 to March 31, 2017)	Current consolidated fiscal year (From April 1, 2017 to March 31, 2018)
Balance of retirement benefit liabilities at the beginning of the current fiscal year	3,908	3,920
Service cost	257	258
Interest expenses	10	12
Actuarial difference	(70)	(16)
Retirement benefits payments	(181)	(281)
Others	(5)	(1)
Balance of retirement benefit liabilities at the end of the current fiscal year	3,920	3,892

(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 (From April 1, 2016 to March 31, 2017)	Current consolidated fiscal year (From April 1, 2017 to March 31, 2018)
Balance of pension assets at the beginning of the current fiscal year	1,810	1,920
Expected return on pension plan assets	35	55
Actuarial difference	22	32
Contributions from the business owner	223	232
Retirement benefits payments	(172)	(284)
Balance of pension assets at the end of the current fiscal year	1,920	1,955

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

(¥ millions)	Previous consolidated fiscal year (From April 1, 2016 to March 31, 2017)	Current consolidated fiscal year (From April 1, 2017 to March 31, 2018)
Balance of net defined benefit liability at the beginning of the current fiscal year	887	919
Retirement benefit expenses	125	178
Retirement benefits payments	(98)	(144)
Contribution to the system	–	(23)
Others	4	–
Balance of net defined benefit liability at the end of the current fiscal year	919	930

Notes to Consolidated Financial Statements

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

(¥ millions)	Previous consolidated fiscal year (March 31, 2017)	Current consolidated fiscal year (March 31, 2018)
Retirement benefit liabilities of the funded pension	3,118	3,006
Pension assets	(1,920)	(1,955)
	1,198	1,050
Retirement benefit liabilities of the unfunded pension	1,720	1,816
Net liabilities and assets recorded on the consolidated balance sheet	2,919	2,867
Net defined benefit liability	2,919	2,867
Net liabilities and assets recorded on the consolidated balance sheet	2,919	2,867

(5) Retirement benefit expenses and their breakdown

(¥ millions)	Previous consolidated fiscal year (From April 1, 2016 to March 31, 2017)	Current consolidated fiscal year (From April 1, 2017 to March 31, 2018)
Service cost	257	258
Interest expenses	10	12
Expected return on pension plan assets	(35)	(55)
Recognized actuarial difference	94	62
Recognized prior service cost	6	2
Retirement benefit expenses calculated by the simple method	125	178
Others	4	18
Retirement benefit expenses related to the defined benefit system	463	477

Note: Other than the retirement benefit expenses above, ¥55 million yen is posted in "special retirement expenses" under extraordinary losses for the fiscal year under review.

(6) Remeasurements of defined benefit plans

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

(¥ millions)	Previous consolidated fiscal year (From April 1, 2016 to March 31, 2017)	Current consolidated fiscal year (From April 1, 2017 to March 31, 2018)
Prior service cost	6	2
Actuarial difference	188	110
Total	194	112

(7) Remeasurements of defined benefit plans

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

(¥ millions)	Previous consolidated fiscal year (March 31, 2017)	Current consolidated fiscal year (March 31, 2018)
Unrecognized prior service cost	(7)	(5)
Unrecognized actuarial difference	(594)	(483)
Total	(601)	(488)

(8) Matters related to pension assets

(i) Main breakdown of pension assets

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

	Previous consolidated fiscal year (March 31, 2017)	Current consolidated fiscal year (March 31, 2018)
Bonds	26%	25%
Shares	32%	34%
Insurance assets (general account)	39%	38%
Others	3%	3%
Total	100%	100%

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

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

(9) Matters related to the actuarial calculation basis

The main actuarial calculation basis

	Previous consolidated fiscal year (March 31, 2017)	Current consolidated fiscal year (March 31, 2018)
Discount rate	Primarily 0.2%	Primarily 0.2%
Expected rate of increase	Primarily 3.4%	Primarily 3.6%
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 ¥372 million as the previous consolidated fiscal year and ¥395 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 (From April 1, 2016 to March 31, 2017)	Current consolidated fiscal year (From April 1, 2017 to March 31, 2018)
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
Date of resolution	November 15, 2006
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 1)	Common shares: 8,600 shares
Grant date	November 30, 2006
Vesting conditions	Losing the positions of director and corporate auditor of the Company
Target length of service	No condition has been set with respect to length service.
Period for exercising rights	From December 1, 2006 To November 30, 2036
Number of share warrants (warrants) (Note 2)	35
Class and number of shares subject to share warrants (Note 2)	Common stock 3,500 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 3,419 Amount of capitalization 1,710
Conditions for the exercise of share warrants (Note 2)	(Note 4)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

Notes to Consolidated Financial Statements

	2007 stock options
Date of resolution	July 26, 2007
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 1)	Common shares: 11,000 shares
Grant date	August 10, 2007
Vesting conditions	Losing the positions of director and corporate auditor of the Company
Target length of service	No condition has been set with respect to length service.
Period for exercising rights	From August 11, 2007 To August 10, 2037
Number of share warrants (warrants) (Note 2)	51
Class and number of shares subject to share warrants (Note 2)	Common stock 5,100 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 2,220 Amount of capitalization 1,110
Conditions for the exercise of share warrants (Note 2)	(Note 4)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

	2008 stock options
Date of resolution	July 25, 2008
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 1)	Common shares: 24,000 shares
Grant date	August 18, 2008
Vesting conditions	Losing the positions of director and corporate auditor of the Company
Target length of service	No condition has been set with respect to length service.
Period for exercising rights	From August 19, 2008 To August 18, 2038
Number of share warrants (warrants) (Note 2)	109
Class and number of shares subject to share warrants (Note 2)	Common stock 10,900 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 573 Amount of capitalization 287
Conditions for the exercise of share warrants (Note 2)	(Note 4)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

	2009 stock options
Date of resolution	July 24, 2009
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 1)	Common shares: 24,000 shares
Grant date	August 17, 2009
Vesting conditions	Losing the positions of director and corporate auditor of the Company
Target length of service	No condition has been set with respect to length service.
Period for exercising rights	From August 18, 2009 To August 17, 2039
Number of share warrants (warrants) (Note 2)	98
Class and number of shares subject to share warrants (Note 2)	Common stock 9,800 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 370 Amount of capitalization 185
Conditions for the exercise of share warrants (Note 2)	(Note 4)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

	2010 stock options
Date of resolution	July 12, 2010
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 1)	Common shares: 24,000 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
Number of share warrants (warrants) (Note 2)	108
Class and number of shares subject to share warrants (Note 2)	Common stock 10,800 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 569 Amount of capitalization 285
Conditions for the exercise of share warrants (Note 2)	(Note 4)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

	2011 stock options
Date of resolution	July 20, 2011
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 1)	Common shares: 24,000 shares
Grant date	August 8, 2011
Vesting conditions	Losing the positions of director and corporate auditor of the Company
Target length of service	No condition has been set with respect to length service.
Period for exercising rights	From August 9, 2011 To August 8, 2041
Number of share warrants (warrants) (Note 2)	163
Class and number of shares subject to share warrants (Note 2)	Common stock 16,300 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 410 Amount of capitalization 205
Conditions for the exercise of share warrants (Note 2)	(Note 4)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

	2012 stock options
Date of resolution	July 24, 2012
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 1)	Common shares: 24,000 shares
Grant date	August 8, 2012
Vesting conditions	Losing the positions of director and corporate auditor of the Company
Target length of service	No condition has been set with respect to length service.
Period for exercising rights	From August 9, 2012 To August 8, 2042
Number of share warrants (warrants) (Note 2)	163
Class and number of shares subject to share warrants (Note 2)	Common stock 16,300 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 235 Amount of capitalization 118
Conditions for the exercise of share warrants (Note 2)	(Note 4)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

Notes to Consolidated Financial Statements

	2013 stock options
Date of resolution	July 22, 2013
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 1)	Common shares: 24,000 shares
Grant date	August 9, 2013
Vesting conditions	Losing the positions of director and corporate auditor of the Company
Target length of service	No condition has been set with respect to length of service.
Period for exercising rights	From August 10, 2013 to August 9, 2043
Number of share warrants (warrants) (Note 2)	200
Class and number of shares subject to share warrants (Note 2)	Common stock 20,000 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 583 Amount of capitalization 292
Conditions for the exercise of share warrants (Note 2)	(Note 4)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

	2014 stock options
Date of resolution	July 28, 2014
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 1)	Common shares: 48,600 shares
Grant date	August 19, 2014
Vesting conditions	Losing the positions of director and corporate auditor of the Company
Target length of service	No condition has been set with respect to length of service.
Period for exercising rights	From August 20, 2014 to August 19, 2044
Number of share warrants (warrants) (Note 2)	416
Class and number of shares subject to share warrants (Note 2)	Common stock 41,600 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 668 Amount of capitalization 334
Conditions for the exercise of share warrants (Note 2)	(Note 4)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

	2015 stock options
Date of resolution	July 24, 2015
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 1)	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
Number of share warrants (warrants) (Note 2)	417
Class and number of shares subject to share warrants (Note 2)	Common stock 41,700 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 768 Amount of capitalization 384
Conditions for the exercise of share warrants (Note 2)	(Note 6)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

	2016 stock options
Date of resolution	July 25, 2016
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 1)	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
Number of share warrants (warrants) (Note 2)	533
Class and number of shares subject to share warrants (Note 2)	Common stock 53,300 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 598 Amount of capitalization 299
Conditions for the exercise of share warrants (Note 2)	(Note 6)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

	2017 stock options
Date of resolution	July 12, 2017
Position and number of persons granted stock options	Directors of the Company: Seven persons (incl. One Director, who is Audit & Supervisory Committee member)
Number of stock options by share type (Note 1)	Common shares: 52,600 shares
Grant date	August 10, 2017
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, 2017 to August 10, 2047
Number of share warrants (warrants) (Note 2)	526
Class and number of shares subject to share warrants (Note 2)	Common stock 52,600 shares
Amount to be paid for the exercise of share warrants (yen) (Note 2)	1 per share
Offer price and the amount of capitalization when shares are issued by the exercise of share warrants (yen) (Notes 2, 3)	Offer price 660 Amount of capitalization 330
Conditions for the exercise of share warrants (Note 2)	(Note 6)
Matters relating to the transfer of share warrants (Note 2)	The approval of the Board of Directors is required for the transfer of share warrants.
Matters relating to the delivery of share warrants associated with organization restructuring actions (Note 2)	(Note 5)

Notes: 1. Converted to the number of shares

2. Information on the last day of the fiscal year under review (March 31, 2018) is stated. Because there is no change in the information to be stated as of the end of the previous month (May 31, 2018), which is the date of submission, from the information on the last day of the fiscal year under review, the description of information as of the end of the previous month, the date of submission, is omitted.

3. (1) The amount of stated capital to increase in cases where shares are issued by the exercise of share warrants shall be half of the maximum amount of increase in stated capital that is calculated in accordance with Article 17, Paragraph 1 of the Rules of Corporate Accounting, and fractions less than one yen arising from the calculation shall be rounded up.

(2) The amount of capital reserves to increase in cases where shares are issued by the exercise of share warrants shall be an amount obtained by reducing the amount of stated capital to increase provided for in (1) above from the maximum amount of increase in stated capital stated in (1) above.

4. (1) Share warrant holders may exercise share warrants only during the period from the day following the day when they have relinquished their position both as a director and a corporate auditor of the Company (hereinafter referred to as the "Exercise Commencement Date") to the day when 10 days have passed after the Exercise Commencement Date within the exercise period.

(2) Notwithstanding the statement in (1) above, the share warrant holders may exercise share warrants only during the period stipulated in ① or ② below in the case provided for in ① or ② (however, for ②, excluding cases where share warrants of the stock company listed in (a) through (e) in Article 236, Paragraph 1, (viii) of the Companies Act are issued).

① If the Exercise Commencement Date does not arrive before a year before the last day of the exercise period arrives, from a year before the last day of the exercise period to the last day of the exercise period

② If a proposal to approve a merger agreement by which the Company will become a disappearing company or a proposal to approve a share exchange agreement or a share transfer plan by which the Company will become a wholly owned

Notes to Consolidated Financial Statements

subsidiary is approved at a general meeting of shareholders of the Company (if a resolution is made by the Board of Directors of the Company in cases where the resolution of the general meeting of shareholders is unnecessary), for 15 days from the day following the date of approval

(3) The share warrant holders shall exercise all share warrants in a lump.

(4) If a share warrant holder has abandoned share warrants, he/she may not exercise such share warrants.

(5) Other conditions shall be established by a share warrant allotment agreement to be concluded between the Company and the share warrant holders based on a resolution of the Board of Directors.

5. Treatment when organization restructuring actions are taken

In cases where the Company conducts a merger (limited to cases where the Company will disappear as a result of the merger), an absorption-type company split, an incorporation-type company split, a share exchange or a share transfer (hereinafter collectively referred to as "Organization Restructuring Actions"), the Company shall deliver share warrants of the stock company listed in (a) through (e) in Article 236, Paragraph 1, (viii) of the Companies Act (hereinafter referred to as the "Company Subject to Reorganization") to the share warrant holders of the share warrants that remain when the Organization Restructuring Actions become effective (hereinafter referred to as the "Remaining Share Warrants") for each case. In this case, the Remaining Share Warrants shall disappear, and the Company Subject to Reorganization shall issue new share warrants. However, this shall be limited to cases where a provision to the effect that the share warrants of the Company Subject to Reorganization shall be delivered in accordance with the conditions below is set forth in the absorption-type merger agreement, the consolidation-type merger agreement, the absorption-type company split agreement, the incorporation-type company split agreement, the share exchange agreement or the share transfer plan.

(1) Number of share warrants of the Company Subject to Reorganization to be delivered

The same number as the number of share warrants held by the share warrant holders of the Remaining Share Warrants shall be delivered in each case.

(2) Class of shares of the Company Subject to Reorganization subject to share warrants

Common stock of the Company Subject to Reorganization

(3) Number of shares of the Company Subject to Reorganization subject to share warrants

It will be determined by taking into consideration the conditions, etc. of the Organization Restructuring Actions.

(4) Value of property to be contributed upon the exercise of share warrants

The value of property to be contributed upon the exercise of each share warrant to be delivered shall be an amount obtained by multiplying the amount to be paid after reorganization that is set forth below by the number of shares of the Company Subject to Reorganization subject to the each share warrant to be determined in accordance with (3) above. The amount to be paid after reorganization shall be 1 yen per share of the Company Subject to Reorganization that can be delivered upon the exercise of each share warrant to be delivered.

(5) Period when share warrants can be exercised

The period when share warrants can be exercised shall be from the date of commencement of the period when share warrants for subscription can be exercised, or the effective date of the Organization Restructuring Actions, whichever comes later, to the expiration date of the period when share warrants for subscription can be exercised.

(6) Matters relating to stated capital and capital reserves to increase in cases where shares are issued by the exercise of share warrants

①The amount of stated capital to increase in cases where shares are issued by the exercise of share warrants for subscription shall be half of the maximum amount of increase in stated capital that is calculated in accordance with Article 17, Paragraph 1 of the Rules of Corporate Accounting, and fractions less than one yen arising from the calculation shall be rounded up.

②The amount of capital reserves to increase in cases where shares are issued by the exercise of share warrants for subscription shall be an amount obtained by reducing the amount of stated capital to increase provided for in (1) above from the maximum amount of increase in stated capital stated in (1) above.

(7) Restrictions on the acquisition of share warrants by transfer

The acquisition of share warrants by transfer shall require the approval by the resolution of the Board of Director of the Company Subject to Reorganization.

6. (1) Share warrant holders may exercise share warrants only during the period from the day following the day when they have relinquished their position as a director of the Company (hereinafter referred to as the "Exercise Commencement Date") to the day when 10 days have passed after the Exercise Commencement Date within the exercise period.

(2) Same as (2) in (Note 4) above.

(3) Same as (3) in (Note 4) above.

(4) Same as (4) in (Note 4) above.

(5) Same as (5) in (Note 4) above.

(2) Scale of stock options and changes

Stock options existed in the fiscal year under review (ended March 31, 2018). 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	2017 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	57,300	–
Granted	–	–	–	–	–	–	–	–	–	–	–	52,600
Expired	–	–	–	–	–	–	–	–	–	–	–	–
Vested	–	–	2,000	2,000	2,000	2,000	2,000	2,000	3,500	3,100	4,000	–
Not yet vested	3,500	5,100	10,900	9,800	10,800	16,300	16,300	20,000	41,600	41,700	53,300	52,600
After vesting date (number of share)												
At end of previous fiscal year	–	–	–	–	–	–	–	–	–	–	–	–
Vested	–	–	2,000	2,000	2,000	2,000	2,000	2,000	3,500	3,100	4,000	–
Exercise of rights	–	–	2,000	2,000	2,000	2,000	2,000	2,000	3,500	3,100	4,000	–
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	2017 stock options
Exercise price (yen)	1	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	659

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

The method for estimating the fair unit value of 2017 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

	2017 stock options
Stock price volatility (Note 1)	53.0%
Estimated remaining period (Note 2)	15 years
Projected dividend (Note 3)	20 yen/share
Risk-free interest rate (Note 4)	0.03%

Notes: 1. The weekly historical volatility calculated based on weekly stock prices for the period corresponding to the estimated remaining period on the calculation date is used.

2. Since it is difficult to make a reasonable estimate, the remaining period is estimated based on the assumption that stock options are exercised between the point of calculation and the midpoint of the exercise period.

3. The dividend is projected based on the 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, 2017) (¥ millions)	Current consolidated fiscal year (March 31, 2018) (¥ millions)
Deferred tax assets		
Accrued expenses	67	73
Net defined benefit liability	822	792
Accounts payable – other (amount that has not been transferred to defined contribution pension plan)	140	138
Long-term accounts payable – other (amount that has not been transferred to defined contribution pension plan)	237	132
Excess deductible amount in bonus allowances	460	497
Unrealized profits for inventories	42	18
Unrealized profits for fixed assets	1,049	1,093
Loss carried forward	1,318	1,554
Over-depreciation	2,312	2,617
Provision for product warranties	14	18
Other	517	656
Deferred tax assets subtotal	6,981	7,592
Allowance account	(1,259)	(1,544)
Deferred tax assets total	5,722	6,048
Deferred tax liabilities		
Property replacement reserve	(929)	(890)
Special depreciation reserve	(24)	(28)
Fixed assets reserve	(125)	(121)
Net unrealized gains on securities	(1,694)	(1,965)
Allowance for depreciation of overseas consolidated subsidiaries	(1,691)	(1,038)
Exchange rate differences on non-monetary assets and liabilities of overseas consolidated subsidiaries	(2,760)	(2,214)
Other	(1,090)	(1,273)
Deferred tax liabilities total	(8,316)	(7,532)
Net deferred tax assets	(2,593)	(1,484)

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, 2017) (%)	Current consolidated fiscal year (March 31, 2018) (%)
Statutory effective tax rate	30.9	30.9
(adjustments)		
Items that will never be included as losses, such as entertainment expenses	0.9	1.5
Items that will never be included as profits, such as dividend revenue	(0.2)	(0.2)
Per capita residential tax	0.4	0.8
Tax credits for research and development expenses	(0.8)	(0.9)
Employees salary increase tax deduction, etc.	(1.2)	(0.4)
Increase (decrease) in valuation allowance	0.3	8.0
Difference in statutory tax rates of consolidated subsidiaries	(1.4)	(3.3)
Retained earnings of overseas consolidated subsidiaries	1.9	4.5
Foreign tax credit	(1.0)	(1.7)
Amount of impact of the enactment of the Tax Cuts and Jobs Act in the United States	–	(6.4)
Impact of exchange rate fluctuations at overseas consolidated subsidiaries	6.0	(11.0)
Other	(4.0)	(4.9)
Burden ratio of corporate tax after application of deferred tax accounting	31.8	16.9

3. Revision of the amount of deferred tax assets and differed tax liabilities due to changes in the rate of corporate income tax, etc.

As a result of the enactment of the Tax Cuts and Jobs Act in the United States on December 22, 2017, the rate of federal corporate income tax has been decided to be lowered from a consolidated fiscal year beginning on or after January 1, 2018. Associated with this, the statutory effective tax rate used for the calculation of deferred tax assets and differed tax liabilities relating to temporary differences that are expected to be eliminated in or after the consolidated fiscal year beginning on April 1, 2018 will be changed from 34.7% to 21.8% at Ahresty Wilmington Corporation, a consolidated subsidiary.

As a result of the change, deferred tax assets (current), differed tax liabilities (long-term) and foreign currency translation adjustments have decreased by ¥370 million, ¥626 million and ¥10 million, respectively, while deferred income taxes have increased ¥267 million.

(Notes on Business Combination)

Not applicable

(Notes on Asset Retirement Obligations)

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

(Notes on Rental Properties)

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

Segment Information

1. Overview of reported segments

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

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

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

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

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

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

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

Intersegment sales and transfers are based on current market values.

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, 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	41,409	36,995	2,773	1,213	134,006
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

Current consolidated fiscal year (April 1, 2017 through March 31, 2018)

(Millions of yen)

	Reported segments					
	Die Casting Business			Aluminum Business	Proprietary Products Business	Total
	Japan	North America	Asia			
Sales						
(1) Customers	66,818	39,937	30,442	4,597	3,371	145,167
(2) Intersegment	4,228	8	1,629	4,728	13	10,609
Total	71,047	39,945	32,072	9,325	3,385	155,776
Segment profits/loss	1,458	291	2,378	213	392	4,734
Segment assets	55,040	38,905	39,271	3,344	1,997	138,560
Other items						
Depreciation and amortization	5,434	5,640	3,948	41	4	15,069
Increase in tangible fixed assets and intangible fixed assets	7,685	4,896	4,959	67	–	17,609

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

(Millions of yen)

Net sales	Previous consolidated fiscal year	Current consolidated fiscal year
Total sales in reported segments	146,578	155,776
Elimination of intersegment transactions	(9,921)	(10,609)
Net sales in the consolidated financial statement	136,657	145,167

(Millions of yen)

Profit	Previous consolidated fiscal year	Current consolidated fiscal year
Total profit in reported segments	6,872	4,734
Elimination of intersegment transactions	40	(15)
Operating income in the consolidated financial statement	6,912	4,718

(Millions of yen)

Assets	Previous consolidated fiscal year	Current consolidated fiscal year
Total assets in reported segments	134,006	138,560
Elimination of intersegment transactions	(1,955)	(1,723)
Company-wide assets	2,992	2,161
Assets in the consolidated financial statement	135,044	138,998

(Millions of yen)

Other items	Total amount in reported segments		Adjustment		Amount recorded in consolidated financial statements	
	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year
Depreciation and amortization	13,940	15,069	(159)	(169)	13,781	14,899
Increase in tangible fixed assets and intangible fixed assets	13,838	17,609	(149)	(261)	13,688	17,348

Related Information

Consolidated fiscal year under review (from April 1, 2017 to March 31, 2018)

1. Information by products and services

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

2. Information by regions

(1) Sales

(Millions of yen)

Japan	North America	Asia	Other regions	Total
74,278	37,591	30,520	2,776	145,167

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

(2) Tangible fixed assets

(Millions of yen)

Japan	North America	Asia	Total
28,142	30,114	24,626	82,882

3. Information by major customers

(Millions of yen)

Name of customer	Sales	Titles of the related segments
Subaru Corporation	20,132	Die casting business: Japan

Per Share Information

	Previous consolidated fiscal year (From April 1, 2016 to March 31, 2017)	Current consolidated fiscal year (From April 1, 2017 to March 31, 2018)
Net assets per share	2,394.58 yen	2,522.55 yen
Net income per share	178.77 yen	133.40 yen
Diluted net income per share	177.18 yen	131.94 yen

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

	Previous consolidated fiscal year (From April 1, 2016 to March 31, 2017)	Current consolidated fiscal year (From April 1, 2017 to March 31, 2018)
Net income per share		
Net income attributable to owners of parent (million yen)	4,620	3,450
Amount that does not belong to ordinary shareholders (million yen)	–	–
Net income attributable to owners of parent (related to common shares) (million yen)	4,620	3,450
Average number of shares during the period	25,845,810	25,862,856
Diluted net income per share		
Net income attributable to owners of parent (million yen)	–	–
Increase in number of common shares	231,103	286,379
Outline of latent shares without dilution effect not taken into account for calculation of diluted net income per share	–	–

Important Subsequent Events

Not applicable

Notes to Consolidated Financial Statements

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 (From April 1, 2016 to March 31, 2017) Amount (¥ millions)	Current consolidated fiscal year (From April 1, 2017 to March 31, 2018) Amount (¥ millions)	Increase/(decrease) %
Die Casting Business: Japan	57,634	62,511	8.5
Die Casting Business: North America	37,180	38,267	2.9
Die Casting Business: Asia	24,862	27,861	12.1
Aluminum Business	7,032	8,103	15.2
Proprietary Products Business	674	1,084	60.9
Total	127,385	137,828	8.2

Notes: 1. Monetary amounts are based on manufacturing costs, as available prior to inter-segment eliminations.
2. Consumption tax is not included in these amounts.

(2) Results of orders received

A significant part or our businesses depends on make-to-stock production based on informal orders received from customers, which are delivered (and sales recorded) for formal orders received several days prior to the date of delivery. Therefore the listing of results on orders received has been omitted.

(3) Sales results

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

Segment	Previous consolidated fiscal year (From April 1, 2016 to March 31, 2017) Amount (¥ millions)	Current consolidated fiscal year (From April 1, 2017 to March 31, 2018) Amount (¥ millions)	Increase/(decrease) %
Die Casting Business: Japan	63,008	66,818	6.0
Die Casting Business: North America	40,854	39,937	(2.2)
Die Casting Business: Asia	26,128	30,442	16.5
Aluminum Business	4,402	4,597	4.4
Proprietary Products Business	2,263	3,371	49.0
Total	136,657	145,167	6.2

Notes: 1. Transactions among segments have been balanced out.
2. Sales results by major customers for the past two consolidated fiscal years and the ratio of their sales to overall sales are as follows.

Customer	Previous consolidated fiscal year (From April 1, 2016 to March 31, 2017)		Current consolidated fiscal year (From April 1, 2017 to March 31, 2018)	
	Amount (¥ millions)	%	Amount (¥ millions)	%
Subaru Corporation	19,819	14.5	20,132	13.9

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

Casting Our Eyes on the Future

The Tag line "Casting Our Eyes on the Future" embodies our business attitude of always moving forward by taking the initiative in Research and Development, Service and Technology and by keeping all of our attention here at Ahresty focused on our customers, the global environment and the future of Ahresty itself, to realize the corporate philosophy represented in our name.
The word "Casting" in the Tag line combines the meaning of "to throw one's gaze" with its other meaning of "to shape molten metal in a mold" which is our main line of business, die casting.

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

Issue: August, 2018