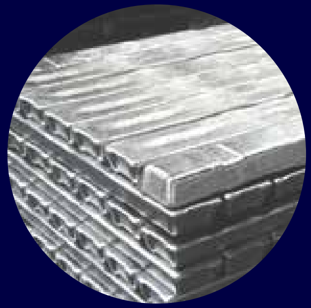
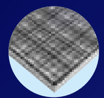
Ahresty Report 2019

For the year ended March 31, 2019

Ahresty





Committed to Research, Service, Technology

Ahresty is a phonetic representation of the three letters, RST, signifying the integration of Research, Service and Technology. “R” signifies research and development as well as the resolve to create and explore which enables us to better serve our customers; “S” goes beyond the quality of our products and after-service to encompass every facet of interaction with our customers, while “T” stands for the knowledge and technology that provide the foundation for “R” and “S.” True to our aspirations of serving society through our broad range of products, Ahresty remains committed to the pursuit of ever-higher standards of Research, Service and Technology.

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For Shareholders & Investors

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.

Medium Term Management Plan and Our Efforts for Continuous Growth

From FY 2016 through FY 2018 we have been implementing the 1618 Medium Term Management Plan aiming at our 10-Year Vision: “Winning Absolute Customers’ Trust 2025”.
In our activities aiming at becoming the most reliable supplier in the eyes of our customers, we have succeeded in reducing the total number of quality complaints at die casting plants by 56% in comparison with FY 2015. As a result, we have received quality-related awards from several of our major customers; customers are trusting us more.
As for our activities for contribution to the weight reduction of automobiles globally, active development of sales activities aiming at increase of sales in FY 2021 resulted in obtaining of orders not only for engine and transmission, but also for parts for electric vehicles. Despite the uncertainty of the future of world economy, in FY 2021 we are expecting sales growth of at least 10% in comparison with FY 2018.
As for fostering of human resources, we have completed the revision of the education system and textbooks in order to improve and unify the level of education and training at all Plants, and we are now in the process of transition to new education and training with level unified at all Ahresty sites around the world. We have also unified the level of work area supervisors’ education both in Japan and overseas, and a lot of employees have already completed the courses.
However, in terms of profit, with discounts for products, increase of labor, fuel and other expenses, there was a decrease. Particularly because productivity improvement at the US plant took time, and sales decrease is expected to last from FY 2019 through FY 2020, in the final year – FY 2018 – we had to record impairment loss. We apologize for the worries and the inconvenience caused to our shareholders. As a result of improvement activities at the US plant, quality complaints were reduced by 70% in comparison with FY 2015, production has stabilized and productivity improved. We continue our preparations to be able to respond to the orders for new products that we have obtained that will bring sales increase in FY 2021.

The 1921 Medium Term Management Plan that started from FY 2019 was developed upon analysis of the 1618 Medium Term Management Plan, with focus on addressing business environment where electrification progresses at extremely fast pace and competition with the companies in the same industry overseas is becoming severe.
With expansion of HV and PHV, the demand for electric parts around the world is on the rise. Along with order-obtaining activities, we are also accelerating our activities aiming at development of automobile body components and obtaining orders for them. In terms of quality, we are pursuing further strengthening of quality system and advancement of our technological strength and continue deepening the relationship of trust with our clients. We are working on improvement of productivity and construction of lean production system, with particular emphasis on cost reduction for transformation to the earning state. Fostering of human resources to promote these actions will be sustained by creation of an environment easy to work in and by education and training that aim at expansion of skills of each employee.

The basis of Corporate Philosophy of Ahresty is creation of environment that would allow each person to take pride in their work. To realize this, in the 1921 Medium Term Management Plan, too, we will be carrying out work environment improvement activities with focus on production work areas. We are also carrying out such measures to address diversification of work style as introduction of new human resources system, expansion of forms of flexible work, increasingly strict control of overtime and other work outside regular hours, efforts towards diversity, actions to improve employee satisfaction. In organizational governance, we have established Nomination and Compensation Committee and introduced stock compensation plan. We are also deepening the connections between all our production sites located in 6 countries by distributing information in several languages and conducting improvement activities among the departments with same functions, and through sharing of information about case of work area improvements, exchanges at Global QC Conventions and other activities we keep working on creation of an environment in which each person in the Ahresty Group could take pride in their work together.

We are counting on your understanding and support.

Arata Takahashi
President, CEO

Business Environment and Medium-Term Management Plan

Review of 1618 Medium-Term Management Plan

The Company proceeded with the 1618 Medium-Term Management Plan in the three years from 2016 under the basic policy for establishing the Ahresty production way, by pursuing and advancing MONOZUKURI (manufacturing) based on the Ahresty 10-Year Vision, which shows the long-term management direction of the Company.

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

We received orders for components for electric vehicles, as well as large products requiring high precision such as engine blocks and transmissions. Sales stood at 145.4 billion yen due to the rise in the value of the yen. However, if the exchange rate as of the date of preparation of the plan is applied, the amount is 151.3 billion yen, which exceeds the target. Aggressive sales activities in Japan and other countries have produced results in the form of an increase in orders received, and sales are expected to increase by more than 10% in FY2021.

Pursue MONOZUKURI

We unified mechanisms globally and made progress towards the realization of uniform MONOZUKURI and quality. Above all, in terms of quality, we reduced the number of complaints regarding quality by 56% from the FY2015 level, thereby enhancing customer trust in us. We received quality-related awards from our main customers. (See page 16.)

Build up a Corporation taking pride in our work

We focused on activities for spreading the RST Way and deepening its practice and made progress in the creation of an environment that enables the provision of the same level of education and training on a global basis. We therefore moved forward in the creation of a corporate culture and the development of human resources that support MONOZUKURI.

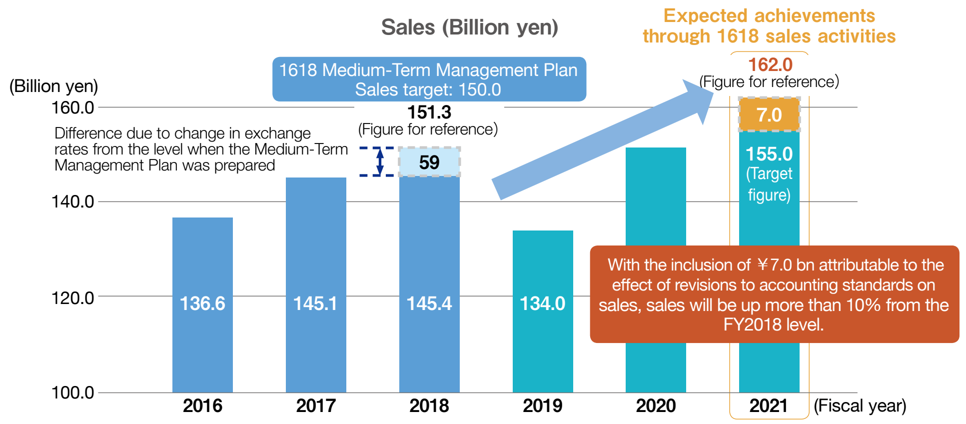
Enhance profitability

We promoted measures to enhance profitability by improving the investment efficiency and capital efficiency of each group company and plant, as well as measures for pursuing MONOZUKURI such as cost reductions and productivity improvements. However, issues remain in terms of significantly improving the overall level.

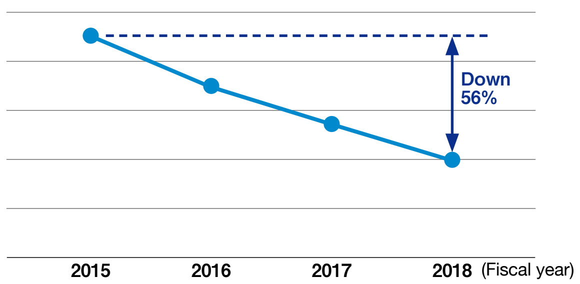
Pursue comprehensive risk management

We improved our ability to continue business through efforts such as BCP drills by involving our business partners as well. We also assumed risks, formulated BCPs, and conducted drills in ways that are appropriate for each country or region.

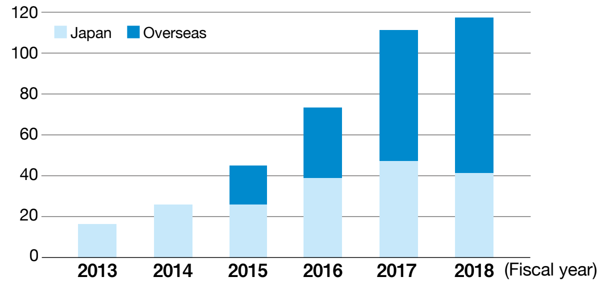
Sales (Billion yen)



Number of complaints



Changes in the number of on-site managers and supervisors who underwent training programs



Ahresty's Risks and Opportunities Reflecting the Business Environment

Business Environment in 2050 – Important Social Events Affecting Our Business –

Global warming, growing demand for automobiles in emerging countries, international trade and commerce environment, declining birthrate and aging population in Japan, tighter automotive fuel economy regulations, and revolution in the automotive industry (CASE)

RISK

Impact of electrification of vehicles on internal combustion engines

Demand for vehicles with internal combustion engines, such as HVs and PHVs, as well as conventional vehicles, will continue to increase for the time being. In the long term, however, demand for such vehicles is likely to decline due to electrification. To prepare for future risks, we are focusing determinedly on the development of electric components and structural members and sales initiatives for receiving orders for them.

Competition with automobile parts materials other than aluminum

It is expected that the use of multiple materials for automobile parts will be encouraged, partly reflecting the growing demand for lighter weight automobiles. Because this will have a significant impact on manufacturing processes, costs, and other elements, automotive manufacturers are currently discussing which materials to use. We will keep an eye on their movements.

Competition with local die casting manufacturers

It is expected that competition with local die casting manufacturers will increase with the expansion of automotive markets in China, India, and other countries. Under the 1921 Medium-Term Management Plan, we will improve customer trust with quality and technologies and will also increase our competitiveness by improving productivity.

CHANCE

Globally increasing demand for vehicles

There are only a few die casting manufacturers in the world that operate in five or more countries. We would like to respond to the growth in the global vehicle production volume, including the growing demand for HVs and PHVs, by making contributions with large products requiring high precision around engines, at which we excel.

Tendency toward outsourcing for the production of die cast products

Vehicle manufacturers are having to invest in a variety of areas such as compliance with fuel economy regulations and autonomous driving. Manufacturers are likely to lean toward outsourcing for the production of die cast products to specialized manufacturers like us. We therefore believe that opportunities to receive more orders will increase.

Growing need for weight reduction due to tighter fuel economy regulations

To meet weight reduction needs, manufacturers are making parts more compact, changing the car body construction and also switching to lighter weight materials. We believe that this represents a huge business opportunity for aluminum die cast parts which can help reduce vehicle weight, although there are a number of competitive materials.

1921 Medium-Term Management Plan

The automotive industry is said to be undergoing a major transformation on a once-in-a-century scale. We believe that to achieve sustainable growth in this industry by winning absolute customers' trust, we need to fulfill three important management tasks – that is, implementing business strategies with an eye on the future automotive market, enhancing our earnings strength by improving productivity and quality, and developing human resources that underpin the growth of Ahresty. We position these three tasks as the pillars of the 1921 Medium-Term Management Plan, which started in FY2019, and make a full, group-wide effort to work rapidly on these tasks.

Ahresty 10-Year Vision

Winning absolute customers' trust 2025

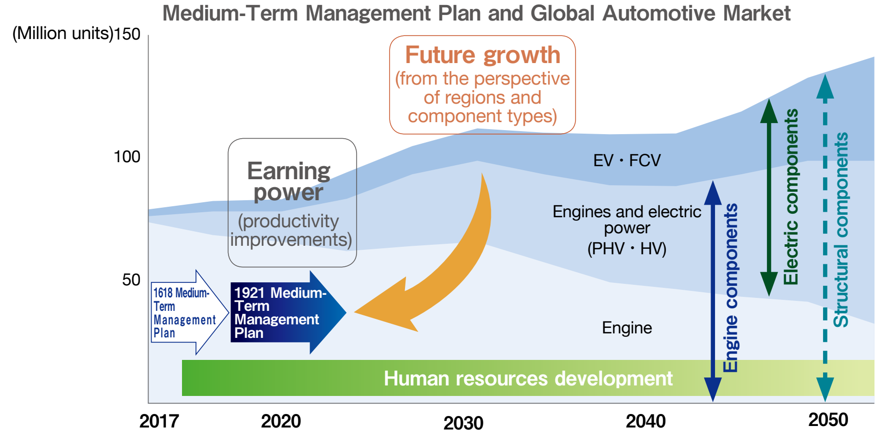
Our aspirations

- Become the most reliable supplier in the eyes of our customers
- Contribute to the weight reduction of automobiles globally
- Achieve sales target over 200 billion yen

Basic Policy for 1921 Medium-Term Management Plan

- Implement business strategies with an eye on the future automotive market
- Enhance earnings strength by improving productivity and quality
- Develop human resources that underpin corporate growth

Medium-Term Management Plan and Global Automotive Market



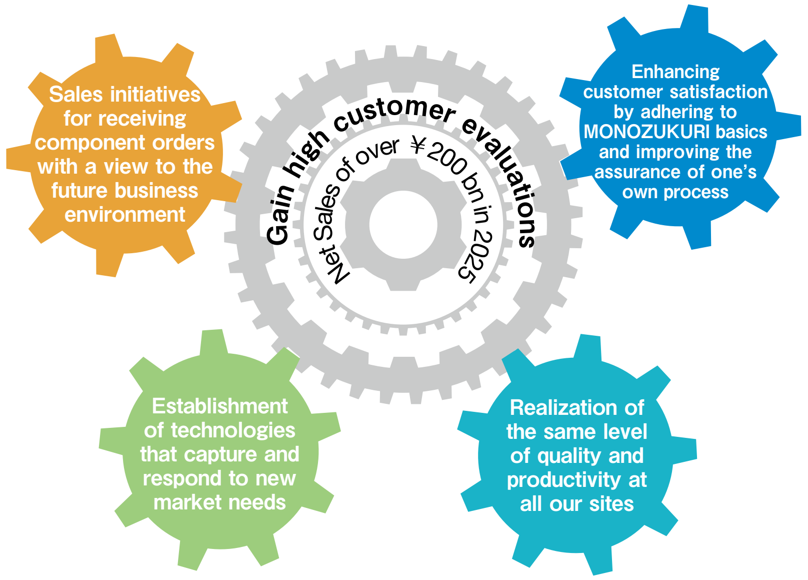
(Prepared based on IEA "ETP (Energy Technology Perspectives) 2017")

Business Environment and Medium-Term Management Plan

Implement business strategies with an eye on the future automotive market

KGI
- Gain high customer evaluations
- Clear sales targets and achieve sales of over ¥200 bn. in 2025

With a view to the future automotive market, we will develop components that will cater to needs on a region-to-region basis, and we will implement sales initiatives for receiving orders for these components. We will also focus our efforts on the development and sales of structural members, in addition to conventional engine blocks, transmissions, and other parts for vehicles with internal combustion engines so as to cater to customer needs regarding the weight reduction of automobiles and tighter fuel economy regulations. We will focus on improved technologies for manufacturing processes including casting, processing, molding, and alloying, which support the abovementioned development efforts, as well as the improvement and operation of standards. We will thus achieve higher quality and productivity at all our sites with the aim of enhancing customer trust in the Ahresty Group.



Expansion of Plants in Response to Increased Orders

We are expanding our plants in response to new orders for electric components and other products in addition to increased orders for conventional engine parts

Hefei Ahresty Casting


External view of new casting plant

New casting plant Completion: March 2018 Area: 5,103 m²
New processing plant Completion: September 2018 Area: 12,856 m²
Administration building Completion: October 2018 Area: 3,509 m²

Ahresty Yamagata

First processing plant Completion: January 2019 Area: 1,250 m²
Melting furnaces Expected completion: September 2019 Area: 650 m²

Ahresty Pretech (Toyohashi plant)

Fourth processing plant
Expected completion: September 2019 Area: 4,575 m²

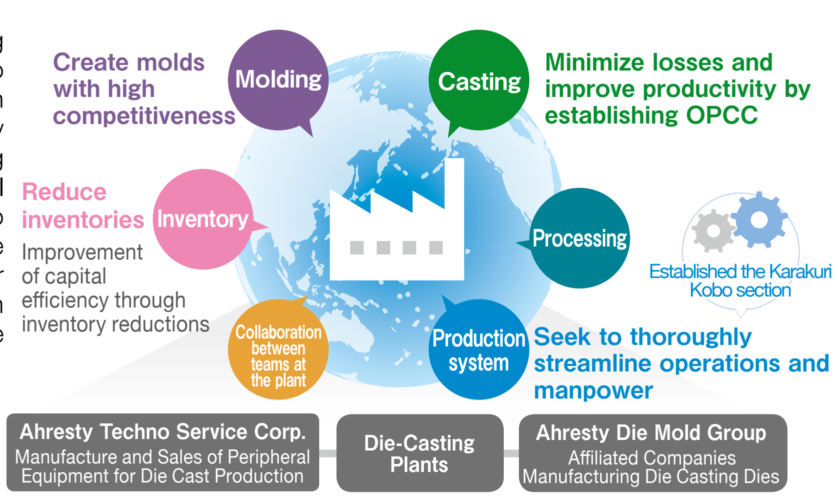
While the automotive industry is said to be undergoing a transformation, our competitors are also changing rapidly. On the other hand, in the field of electric vehicles represented by CASE, the electrification of vehicles is in progress and demand for aluminum die cast products is also growing globally due to the growth of demand for vehicles requiring internal combustion engines such as HVs and PHVs.
Aluminum die cast products are characterized by their light weight, superior recyclability, and high measurement precision. We believe that given the demand for vehicle bodies with lighter weight resulting from tighter environmental regulations, there will also be growing demand for aluminum die cast products for different parts than in the past, such as the body and chassis. We will propose large- and medium-sized parts, which are characterized by advanced functions required by customers and which require high precision, to OEMs and Tier 1 manufacturers all over the world, thereby promoting activities that fulfill market expectations.

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

Enhance earnings strength by improving productivity and quality

KGI
- Target consolidated operating income margin: 5.0%

For winning absolute customers' trust, contributing to society, and growing sustainably, it is important to enhance earnings strength. To earn profits through MONOZUKURI, we will promote productivity improvement and the reduction of manufacturing costs by achieving MONOZUKURI with Optimal Process Condition Control (OPCC). We will also promote streamlining and manpower savings in the production system, inventory reductions, and other initiatives with a full, group-wide effort with the aim of improving price competitiveness through the initiatives.



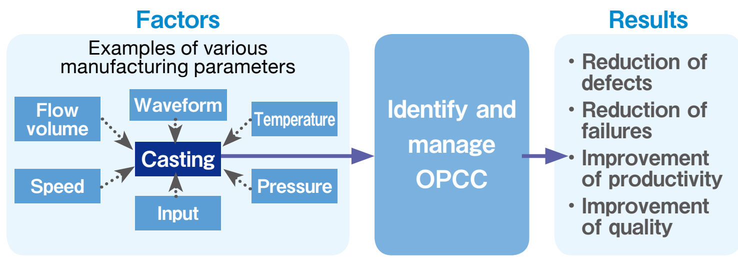
Promote these with a full, group-wide effort.

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 causal relationships between various manufacturing parameters and quality.

Image of OPCC in casting process



Established the Karakuri Kobo section

In April 2019, we established the Karakuri Kobo section in the Manufacturing Command. Ancillary work such as the setting and transportation of items between processes that are dependent on manpower is likely to generate time loss and involve individual differences. We have applied a Karakuri mechanism, which does not require a power source, in our manufacturing processes, with the aim of reducing investment and improving production efficiency without relying on equipment with running costs, including electric power costs.

We will thoroughly eliminate waste through MONOZUKURI and strive to improve productivity and reduce manufacturing costs. We will have the following key measures promoted jointly by a cross-functional team beyond the boundaries between departments, divisions, and group companies.
- Reducing takt time by reviewing process design and equipment conditions
- Establishing a manufacturing process that will not generate defects by pursuing and expanding optimal manufacturing conditions in all processes
- Designing equipment and molds that are break-proof and do not stop easily, and strengthening their preventive maintenance
- Automation, utilization of Karakuri, and saving of manpower with shortened traffic lines, which are aimed at creating a lean production line, and inventory reductions
- Reform of mold design and production processes

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

Business Environment and Medium-Term Management Plan

Develop human resources that underpin corporate growth

KGI
- Create workplaces where employees can work safely and comfortably in a healthy mental and physical state.
- Develop a corporate culture in which employees can take pride in their work and find their work rewarding

Human resources underpin corporate growth. We will develop a corporate culture in which every single employee can take pride in their work and find their work rewarding. We will continuously develop globally competitive human resources with the aim of being a company that enables employees to grow together with the company while finding their work rewarding and taking pride in it. At the same time, we will improve the working conditions to create workplaces where no work-related accidents or injuries occur and where employees can work safely and comfortably in a healthy mental and physical state.

Initiatives for creating workplaces that are safe and employee-friendly

Priority initiatives

- Create workplaces where workload levels are low (with ergonomics)
- Develop comfortable working conditions
- Eliminate work-related accidents and injuries

Three pillars of safety

Promotion of "Safety Person"
Raising safety awareness

Creating safe equipment
Improving safety functions of equipment

System for ensuring safety
- Safety and sanitation audit (ASES)
- Conducting safety system audits
- Evaluation of "Safety Person"

Examples of improvement into comfortable working conditions

Countermeasures against heat in the casting work area (Tokai Plant)
- Jet fans were installed on the ceiling, which has made it possible to prevent the retention of warm air near the ceiling.
- Spot cooling systems were replaced with air conditioners as a countermeasure against the hot air discharged from spot cooling systems.

Countermeasures against heat in all work areas (all sites)
Work clothing was reviewed in all work areas, including those for casting, processing, melting, and testing, and the introduction of polo shirts was planned. By introducing uniforms with a unified design at all the sites around the world, we aim to build a sense of unity in the group in addition to enabling workers to feel cooler in their workplaces.
(The polo shirts are planned to be introduced in the summer of 2019.)

Strategic recruitment and development of necessary human resources

2018 | 2019 | 2021 | 2025

1921 Medium-Term Management Plan

Current human resources portfolio → Human resources roadmap: Strategic recruitment/development; Ordinary recruitment/promotion/training → Development of a human resources portfolio with a view to 2025
- Change of external environments
- Expansion of business size
- Change of business models

The business environment surrounding us is undergoing a major transformation on a once-in-a-century scale, and the global competition is expected to grow increasingly fierce. I think that measures as extensions of the previous ones are insufficient for developing human resources that will underpin the sustainable development of the Company in this business environment.
We are in the second year of the three-year plan, which is aimed at achieving the Ahresty 10-Year Vision of winning absolute customers' trust 2025. In this plan, we will take measures to develop a corporate culture in which every single employee can always take pride in their personal development, and find their work rewarding in safe, comfortable working conditions. We will take the measures with a focus on human resources development based on the strategic human resources development plan (human resources roadmap) that is in accordance with the medium- to long-term business strategies, while maintaining the achievements from the measures taken in the first year.

Executive Officer,
Chief, General Administrative Command
Tsuruo Tsuji

Targets of 1921 Medium-Term Management Plan

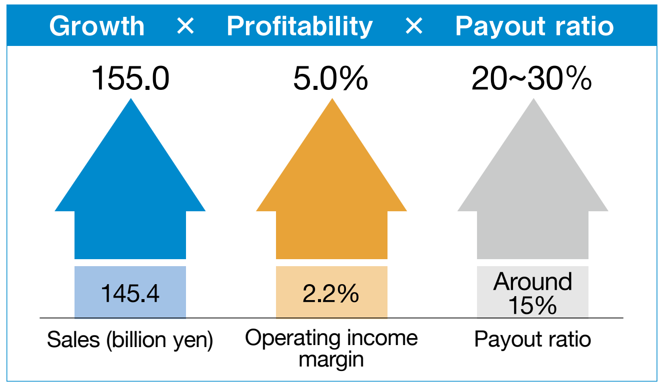
	FY2018 (Result)	FY2019 (Plan)	1921 Medium-Term Management Plan (Targets)
Sales	¥145.4 bn.	¥134.0 bn.	¥155.0 bn.
Operating income margin	2.2%	2.0%	5.0%
Return on assets (ROA)	0.3%	—	3.5%
Return on equity (ROE)	0.7%	—	8.0%

Strengthen financial conditions and management bases for medium- to long-term business development and corporate growth

Implement the fair return of profit

Delivery of a fair return of profit

We will continue to implement the fair return of profit by securing sales and improving the operating income margin with business strategies.



- We will strive to improve our profit structure while keeping in mind the goal of increasing sales by approximately 10% over the FY2018 level and achieving an operating income margin of 5.0% over the three-year period.
- We will achieve growth by enhancing profitability to simultaneously maintain sound financial conditions and improve investment efficiency.
- We will enhance shareholder returns by increasing the payout ratio, which had been 15% conventionally.

Corporate governance as the foundation of business activities

We will continue to enhance corporate governance as the foundation for business activities for the sustainable improvement of our corporate value.

FY2015 | FY2016 | FY2017 | FY2018 | FY2019

- Strengthening the function of supervising directors / Making and implementing decisions promptly
- Reinforcing the interrelations with medium- to long-term performance goals and sharing value with shareholders
- Appointments and dismissals of directors / Securing the transparency and objectivity of compensations

Company with an audit and supervisory board → Company with an audit and supervisory committee

Introduction of a restricted stock compensation plan

Establishment of the Nomination and Compensation Committee

		FY2015	FY2016	FY2017	FY2018	FY2019
Number of Directors	Internal Directors	6	6	7	7	7
	Independent Directors	3	3	4	4	4
Ratio of Independent Directors		33.3%	33.3%	36.4%	36.4%	36.4%

Taking actions for further enhancing corporate governance

*The number of directors was obtained after the General Meeting of Shareholders in each fiscal year.

For Sustainable Growth

At Ahresty, we believe that addressing issues related to the environment, society, and governance (ESG) through business activities is important for fulfilling our corporate social responsibility and growing sustainably together with society.
In the medium-term management plan, we work on initiatives such as contributing to automotive weight reductions by increasing the applications of lightweight, recyclable aluminum die cast products as parts and by reducing CO_2 emissions intensity, water consumption, and others, which we will achieve through improved productivity. We also focus our efforts on the following themes through our daily business activities.

Initiatives of focus

Fields	Themes of focus		Main relevant SDGs
Governance	Establishment of a management system that enables us to maintain a high level of transparency and make decisions promptly	· Enhancement of corporate governance	16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 17 PARTNERSHIPS FOR THE GOALS
		· Pursuing comprehensive risk management	
		· Ensuring thorough compliance	
		· Constructive dialogue with shareholders and investors	
Society	Development of a corporate culture in which employees can observe their personal development and find their work rewarding	· Securing safe, comfortable workplaces	4 QUALITY EDUCATION; 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
		· Response to diversification of work styles	
		· Ensuring high quality and productivity	
		· HITOZUKURI (the development of human resources) that supports MONOZUKURI	
		· Together with the Community	
The environment	Becoming an environmentally-friendly company	· Contribution to automotive weight reductions with aluminum die cast products	3 GOOD HEALTH AND WELL-BEING; 6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
		· Manufacturing ingots from aluminum scrap	
		· Reduction of environmental impact in manufacturing processes	

What are Sustainable Development Goals (SDGs)?

Sustainable Development Goals (SDGs) are international goals listed in the 2030 Agenda for Sustainable Development that was adopted at the UN Sustainable Development Summit in September 2015.
They are 17 major goals with 169 specific targets, which are to be achieved by 2030 by all countries, including both developing and developed countries, to realize a sustainable world.

Governance Initiatives

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 system

Ahresty shifted to a company with an audit and supervisory committee to improve its management efficiency by delegating the authority for work-related executive functions to the executive directors, etc. and to establish a system where the Board of Directors makes decisions mostly on important work-related executive matters. In FY2018, the Board of Directors held 13 meetings and engaged in lively discussions on management strategies, including the medium-term management plan, corporate governance and Group management, listening to the various opinions of the Independent Directors. For the evaluation of the effectiveness of the Board of Directors, a self-evaluation questionnaire was introduced in FY2018 for the purpose of improving the operation and other aspects of the Board of 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)

Officers' compensation under the restricted stock compensation plan

With a view to achieving the 10-Year Vision and the medium-term management plan, the Company introduced the restricted stock compensation plan in FY2018 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 performance-linked shares with transfer restrictions, which are subject to the achievement of the Company's medium- to long-term performance goals, and work-continuation-linked shares with transfer restrictions subject to continuous service as directors of the Company over a certain period of time. 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	30 years
Conditions for lifting transfer restrictions	Work conditions Work performance conditions *Work performance conditions: Evaluated based on the management indicators specified in the 1921 Medium-Term Management Plan (sales, operating income margin, return on assets (ROA), and return on equity (ROE))	Work conditions

Establishment of the Nomination and Compensation Committee

In January 2019, the Company established the Nomination and Compensation Committee as a voluntary advisory body to the Board of Directors for the purpose of enhancing the fairness, transparency, and objectivity of the procedures concerning nominations of directors and decisions on their compensation, thereby enhancing corporate governance. The Nomination and Compensation Committee consists of at least three members, and the majority of them are Independent Directors. This committee meets as necessary to deliberate on appointments, dismissals, and other matters regarding directors before a meeting of the Board of Directors takes place.

Duties of the Nomination and Compensation Committee

The Nomination and Compensation Committee deliberates on matters including the following in response to requests for advice from the Board of Directors and submits reports to the Board of Directors.

- Matters related to appointments and dismissals of directors (matters to be resolved at a general meeting of shareholders)
- Matters related to appointments and dismissals of representative directors
- Matters related to compensation, etc. for directors (excluding members of the Audit and Supervisory Committee)
- Matters related to the upper limit on the amount of compensation for directors (who are also members of the Audit and Supervisory Committee) (matters to be resolved at a general meeting of shareholders)
- Matters related to director succession planning (including the development of successors)
- Other important management matters that are deemed necessary by the Board of Directors

Pursuing 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 FY2018, we conducted BCP drills at all the plants in Japan and overseas. We also provided the members of the Head Office Emergency Action Center, which is established in the event of an emergency, with training on understanding the actions to be taken by the Head Office Emergency Action Center, recognizing its roles, and identifying its issues.

Cycle of Risk Management Activities

A BCP drill

Ensuring thorough compliance

The Ahresty Handbook sets out the basic policies to be upheld by Ahresty employees, including the Compliance Principles and the Code of Conduct of the Ahresty Group. The Handbook is issued in six languages – Japanese, English, Chinese, Spanish, Hindi and Thai. We are working to fully enforce and comply with corporate ethics by always having it with us while at work. In addition, we hold regular meetings of the Global Compliance Committee, which is chaired by the president of the Company, twice year to discuss compliance issues of the overall group and our response to them.

Constructive dialogue with shareholders and investors

We believe that it is important to have constructive dialogue, and establish and maintain the sound relationship with shareholders and investors for enhancing sustained growth and medium- to long-term corporate value. We hold an explanatory session of financial results, briefing of management directives, and other sessions to proactively disclose information, including information whose disclosure is not required by laws or regulations. We feed back the opinions obtained through the dialogue to the management to use them for improving our corporate value.

Development of a corporate culture in which employees can observe their personal development and find their work rewarding

Securing safe, comfortable workplaces

Ahresty has established Ahresty Safety Awareness based on the principle of prioritizing safety first and carries out production activities under Safety Awareness. 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

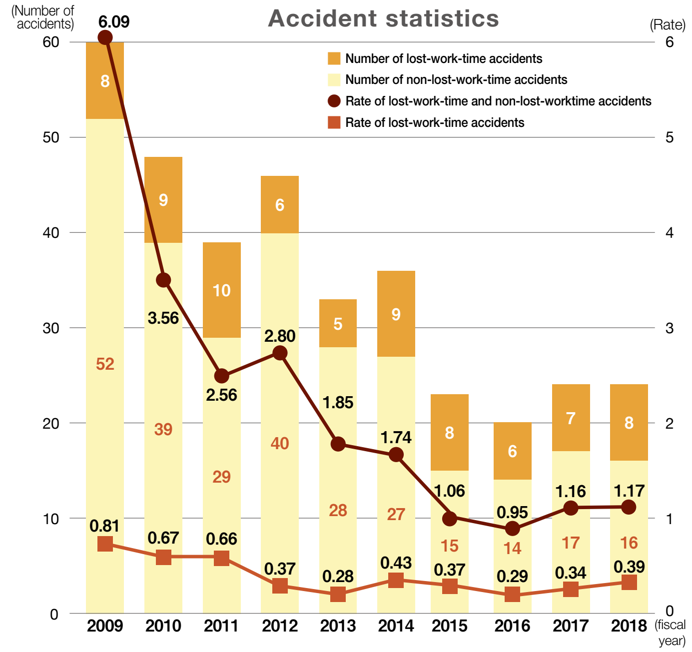
1. Safety must be prioritized more than any other aspect.
2. Safety is more important than any other aspect.
3. Safety is always more important than efficiency of production.
4. Safety starts with arrangement, orderliness and cleaning.
5. Ahresty does not need Associates who cannot prioritize safety.

Basic safety and sanitation policies (FY2019 to FY2021)

"Find potential hazards in your workplace!
Think and act safely by observing the rules!"

Results of key activities for fiscal year 2018

- 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 machine
- Promotion of "Safety Person"



* Rate = Number of accidents x 1,000,000 / Total working hours
* Starting from FY2017, the number or accidents related to ergonomics is also included.
* Starting from FY2018, the number of accidents on our premises involving contracted construction workers is also included.

Promotion 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 set more specific rules for each task as evaluation items and used them for conducting a test to ascertain the degree of understanding and a questionnaire survey to check the extent to which safe operations were performed. We thus analyzed the weaknesses of each workplace.

Safety Sense Training

At Ahresty, we provide training that is 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 sites.

A model hand being caught in a drilling machine during the safety sense training

Blind spots from a forklift being confirmed during the safety sense training

Response to diversification of work styles

In April 2019, a new personnel system was introduced to Ahresty Corporation for responding to the diversification of work styles and enabling the personal development of every single employee. The new personnel system features a Course System that allows each employee to select a way of working according to their lifestyle, career vision, or other personal reasons. We also revised the job class, salary, bonus, and evaluation systems and introduced a Class System, in which the domains of job duties are divided into expert duties and management duties and employees are sorted into performance-based classes in a role-based hierarchy. We have also taken initiatives for work style reform, including the introduction of allowances for fulfilling the principle of equal pay for equal work, the revision of the leave system, and a teleworking program for enhancing the flexibility of work styles.

Ensuring high quality and productivity

We will provide high-quality products stably at all times to earn the trust of customers. We also believe that high customer evaluations lead every single Ahresty employee to take pride in MONOZUKURI and find it rewarding.

Quality Awareness Proposals

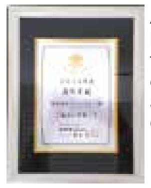
For MONOZUKURI, daily Kaizen on site is essential. The source of Kaizen is daily awareness. For the purpose of increasing daily awareness power, focusing on quality in particular, Ahresty has been implementing Quality Awareness Proposals since FY2012 to maintain and improve quality. In the quality month, which is November every year, excellent cases among Quality Awareness Proposals in which quality improvement is aware of, proposed and made are commended. In FY2018, there were 1,414 individual proposals and 190 group proposals, and excellent proposals of five persons and one group were commended.

QC Circle Activities

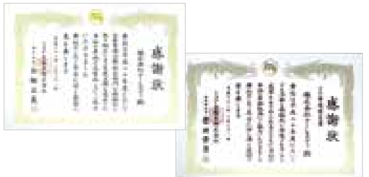
The internal competition of QC circles has been held since 1971. Since FY2015, it has been held as the Global QC Circle, with all 21 business sites in Japan and overseas participating. Our QC circle activities have also participated actively in external competitions and produced results such as receiving awards. In India, our QC circle participated in the National Convention on Quality Concepts and was selected as the winner of the Excellent Award, which is the second highest award, from among around 2,000 participating teams. The Ahresty QC circle in India thus qualified for the international competition to be held in Tokyo.

Main Prizes and Awards in FY2018

Ahresty received a Production Cooperation Award from Univance Corporation in recognition of its early launch of the mass production of transfers for front-engine, front-drive systems in North America.



Ahresty received a letter of gratitude in the area of overseas contributions from Suzuki Motor Corporation.



Ahresty received a letter of gratitude in two areas of quality control activities and VA activities from Toyota Motor Corporation for the second consecutive year.

May | January | February

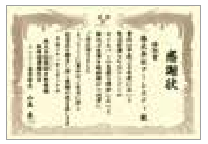
2018 | 2019

June | December | March

Ahresty India received Overall Performance from Maruti Suzuki India Limited for the second consecutive year.

Ahresty Mexicana received the Best Performance Award from JATCO Mexico, S.A. de C.V. in recognition of its flexible response to increased production.

Hefei Ahresty Casting received a Quality Contribution Award from Shenyang Aerospace Mitsubishi Motors Engine Manufacturing Co., Ltd. for the second consecutive year.



Ahresty received the Special Award from Toyota Industries Corporation in recognition of its rapid production preparations for machine processing and assembly processes for oil pans.

At Ahresty, we are working to establish the Ahresty Standards with the aim of ensuring identical quality and productivity at all our sites worldwide. I think that for this purpose, it is important to keep the basics of MONOZUKURI in mind and improve the level of our own process completion. For new products, we will further strengthen our cooperation with the design team to further improve the quality of our production preparations, aiming to ensure stable quality and improve productivity in mass production. For mass production, we will reduce the variation in quality in manufacturing processes by examining the process quality control sheet and actual operations, thereby improving each process. It is important to keep following the basics until the end. We will create systems for this purpose and carry out daily improvement activities to ensure that the basics are followed in our MONOZUKURI. We will continue to undertake improvement activities for greater customer satisfaction and the enhanced trust of customers.

Executive Officer,
Chief, Quality Assurance Command,
and General Manager, Quality Management Department
Takanori Mabuchi

HITOZUKURI (the development of human resources) that supports MONOZUKURI

Ahresty believes that the cultivation of human resources who always aim high is essential for pursuing technology and quality and meeting the expectations of customers and society.
We have developed a structure through which employees can receive the same level of systematic training across all business sites in Japan and overseas. Under this structure, we are promoting the development of human resources that support MONOZUKURI.

Global RST Learning

From FY2016 we rolled out RST Gakuen (academy) which passes on knowhow about MONOZUKURI 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 FY2018, the training was made available at one additional overseas location, or at six overseas locations in total, and a total of 2,008 overseas associates attended the training. We recommend that training for experiencing the importance of standards should be made available to any employee.

Global Kaizen Meeting

The Global Kaizen Meeting is held for the purpose of improving technical skills and the level of technology at all bases worldwide. Engineers from all bases gather together once a year and pursue solutions to problems by exchanging technologies and learning from each other through the presentation of case studies and discussions. Thus, the engineers continuously implement initiatives for the future.
In FY2018, the meeting was held under the theme of "casting OPCC," and 46 engineers from business sites in Japan and overseas participated in it. They had discussions and gave presentations on key points in monitoring vacuum infrastructure specifications and vacuum waveforms and other subjects.

Together with the Community

We believe that for the sustainable growth of a company, the development of local communities and the achievement of growth together with society are important.
We will contribute to the development of local communities through initiatives including the creation of employment, the provision of educational opportunities, and exchanges with local communities.

Ahresty India certified as a Japan-India Institute for Manufacturing by the Ministry of Economy, Trade and Industry of Japan

We participate in the Manufacturing Skill Transfer Promotion Programme that is promoted by the governments of Japan and India. In July 2018, we opened a Japan-India Institute for Manufacturing (JIM) called Ahresty JIM at Ahresty India. A total of 43 students were enrolled at Ahresty JIM in the first year. It is the sixth institution certified as JIM, following those of Suzuki Motor Corporation, Toyota Motor Corporation, Daikin Industries, Ltd., Yamaha Motor Co., Ltd., and Hitachi Construction Machinery Co., Ltd. Ahresty JIM provides a one-year course, including lectures on general education and other required subjects, language study (English), and practical training in each process, such as casting, processing, handling of dies and equipment, quality management, casting techniques, production management, and new promotional activities. Ahresty JIM aims to develop human resources who will be responsible as core operators at the manufacturing sites of Japanese companies by learning Japanese-style MONOZUKURI (manufacturing) skills.

Ahresty JIM students in the first year

Japan-India Institute for Manufacturing (JIM)
JIM is aimed at training human resources for the development of the manufacturing industry in India. This project is implemented based on the Manufacturing Skill Transfer Promotion Programme, which was signed by the Ministry of Economy, Trade and Industry of Japan and the Ministry of Skill Development and Entrepreneurship of India (MSDE) in November 2016.

Becoming an environmentally-friendly company

Reduction of environmental impact in manufacturing processes

To be an environmentally-friendly company, Ahresty carries out activities for raising its employees' environmental awareness and reducing the environmental impact of its manufacturing processes. Specifically, we implement our unique environmental education campaign and environmental communication activities in addition to initiatives for preventing pollution and saving energy and resources.

Environmental Policy

1. We are aware that our activities of development, production, sales, and disposal are related to and influence the global environment, and we establish the environmental purpose, goal, and implementation plan, revise them as necessary, and constantly strive for improvement in our environmental conservation activities.
2. We observe environmental regulations, regulations, and agreements of federal and local governments, stakeholders etc., and establish our own standards within feasible technical and economical range, and strive for further environmental protection.
3. We give special priority to the following aspects and make effort to protect the environment and prevent pollution.
   ① We thoroughly manage and constantly improve the facilities and processes related to air pollution and water contamination.
   ② We maintain a 100% recycle rate in regard to waste materials.
   ③ We promote the reduction of the total amount of waste materials, the expansion of aluminum recycling business, and contribute to recycling-oriented society.
   ④ We aim to reduce CO_2 emission, and are conscious of global warming.
   ⑤ We aim to develop and design environmentally friendly products and commodities.
4. We constantly stimulate awareness for environmental issues among our employees with respect to environmental protection by means of providing training as well as internally communicating the policy.
5. We enhance a harmonious relationship with society by striving toward environmental conservation of the local community.

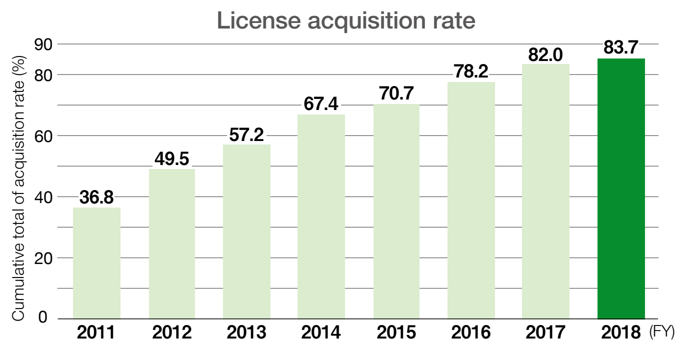
We disclose this environmental policy both internally and externally.

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 16th convention was held in fiscal year 2018.

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

Location	Theme
Tokai Plant	Efforts to reduce CO_2 emissions intensity
Ahresty Pretech	Reduction of power consumption
Ahresty Yamagata	Stabilization of BOD through optimization of sludge management and disposal amount
Kumagaya Plant	Reduction of power consumption
Ahresty Tochigi	Internal greening activities as part of social contribution activities
Ahresty Die Mold Kumamoto	Improvement of reuse operations
Higashimatsuyama Plant	Introduction of energy-saving activities conducted in 2018
Ahresty Kumamoto	FY2018 environmental initiatives Activities of the Environmental Secretariat
Ahresty Techno Service	Review of greening of its premises

Active Contribution to Conservation Activities

Through the manufacture of aluminum die cast products, Ahresty has been contributing to automotive weight reductions and the development of environmentally-friendly vehicles. Our employees also wish to contribute to environmental protection outside our workplaces. In response, we are promoting activities for protecting the natural environment, including the clean-up of neighboring areas, and activities for preserving biodiversity, such as the protection of Socio-Ecological Production Landscapes (Satochi-satoyama).

Environmental Targets and Achievements for fiscal year 2018

To reduce the environmental impact of our manufacturing processes, we have set specific environmental targets for our production activities.

Domestic Targets and Achievements

*Target achievement level 1 Unachieved — 5 Achieved

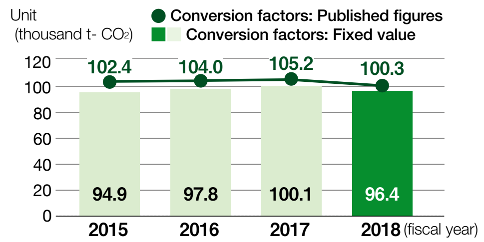
Environmental Category	Medium-term Targets	Targets for fiscal year 2018	Achievements in fiscal year 2018	Evaluation*	Targets for fiscal year 2019
Atmosphere, water quality, noise, etc.	Prevent the occurrence of environmental problems such as atmospheric pollution, water contamination and noise pollution.	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 generation rate 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 sites. The target for reducing total waste generation rate was achieved in six out of the 11 targeted business sites.	4	Reduce total waste generation rate by 1% or more from the previous fiscal year. *Continue monitoring and implementing the necessary remedial activities for the recycling rate as well.
Energy and natural resources saving	Reduce CO_2 emissions as a measure to counter global warming.	Reduce CO_2 emissions intensity by 4% compared with fiscal year 2014 (a 1% reduction compared with the previous fiscal year for the business sites that have already achieved the target). Alternatively, determine the target in consultation with the secretariat for all companies. In addition, reduce energy consumption rate calculated by positively evaluating actions to reduce peak demand electricity by 4% compared with fiscal year 2014.	The target for the total CO_2 at the seven major plants has been achieved (829kg-CO_2/t vs. 845kg-CO_2/t). By business site, six business sites out of the 11 targeted business sites achieved the target. *The power coefficient is fixed.	3	Reduce CO_2 emissions intensity by 4% compared with fiscal year 2015 (a 1% reduction compared with the previous fiscal year for the business sites that have already achieved the target). Alternatively, determine the target in consultation with the secretariat for all companies. *Continue monitoring and implementing the necessary remedial activities for the energy consumption rate calculated by positively evaluating actions to reduce peak demand electricity.
	Reduce the consumption of water used in processing.	Reduce water consumption per ton of production. *Target to be determined by each business site.	Of the six targeted business sites, three business sites achieved the target.	3	Reduce water consumption per ton of production. *Target to be determined by each business site.
Other	Enhance awareness of the environment.	Require each business site to ensure that at least 77% of its fulltime employees gain the Ahresty eco License. Establish individual targets for the business sites that have already achieved the above target.	Eleven of the 13 business sites achieved their targets. The total number of successful employees was 1,801 (83.7%).	4	Continue to promote Ahresty eco License activities, and from FY2019 onward, work on greening activities with an awareness of landscapes.
	Promote social contribution activities.	Set a target for the number of times each business site must organize social contribution activities related to the environment.	Eleven of the 13 business sites achieved their targets. More than 80 plans were held in all companies.	4	Set a target for the number of times each business site 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

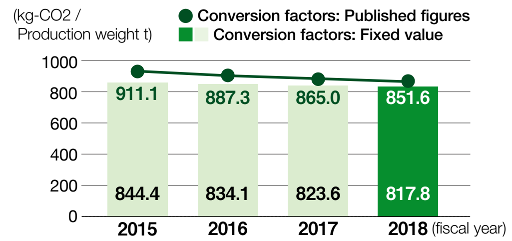
To evaluate the effects of CO_2 emission reduction activities, CO_2 conversion factors are calculated based on the past fixed value. Partly due to reduction activities, unit CO_2 emissions and discharged materials have been reduced from the previous fiscal year, although the production weight changed.

CO_2 emissions



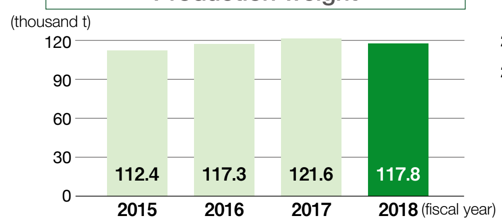
The figures show the consumption of fuel and electric power by conversion to CO_2 emissions. The line graph shows the CO_2 emissions calculated based on the conversion factors published by the electric power companies.

unit CO_2 emissions



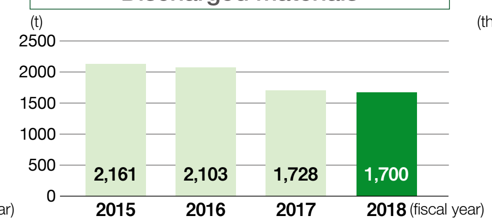
The basic CO_2 emissions unit is the figures calculated by dividing the CO_2 emissions by the production weight, and it shows the amount of CO_2 emitted in the production of 1t.

Production weight



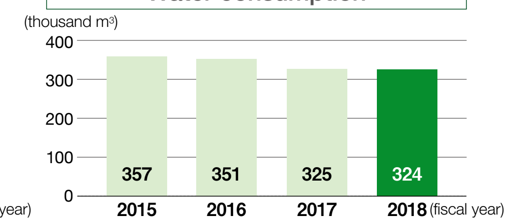
The production weight shows the weight of the products manufactured by Ahresty. The energy consumption is proportional to the production weight.

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

Production activities require energy and materials and involve emissions.
Ahresty allocates costs to measures to reduce the environmental impact in its manufacturing processes, including the introduction of equipment for reducing the impact.

INPUT (consumption)

Fuels (heavy oil, kerosene, etc.)	Electricity	Gas	Aluminum alloy ingots	Clean water	Groundwater	Chemical materials (materials subject to internal reporting)	Aluminum resources
15,537 kℓ	131,299 kWh	3,413 t	174,334 t	172,900 m³	151,435 m³	11,984 kg	34,290 t

Ahresty

Reporting period: From April 1, 2018 to March 31, 2019
(Unit: thousand yen)

Categories and main initiatives			Environmental conservation costs: Investments	Environmental conservation costs: Expenses
Costs incurred by the business site 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	106,387	50,069
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	72,729	15,925
Types of costs	Resources recycling costs	Recycling of water, treatment (separation and disposal) of waste, and use of recycled oil	8,575	229,402
Subtotal			187,691	295,396
Upstream and downstream costs		Purchasing of green materials	2,500	79,850
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	0	20,001
Research and development costs		Alloy association (environmental conservation theme) and examinations of substances contained in ingots that have a negative environmental impact	0	0
Social activities costs		Holding of plant tours, community cleaning activities, community communication activities, volunteer activities and NPO donations	0	240
Environmental damage countermeasure costs		Pollution load charges	0	2,742
Subtotal			2,500	102,832
(Income) Upstream and downstream cost		Sales of valuable materials (steel scrap, waste plastic, shell, waste oil, waste paper, etc.)	0	133,456
Total			**190,191**	**398,228**

*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 2017) 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.

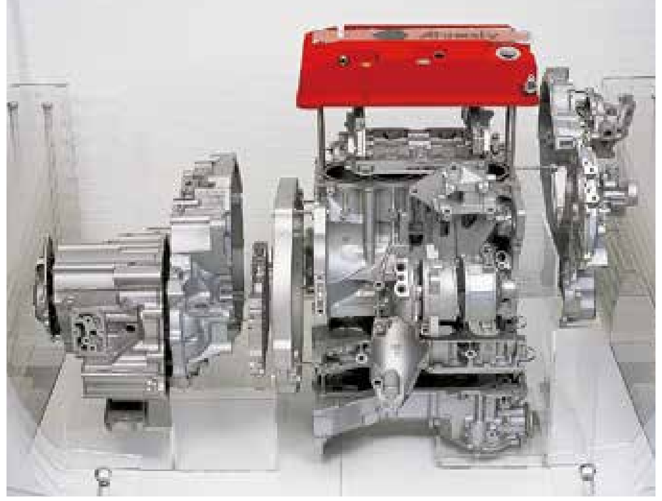
OUTPUT (production and emissions)

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]
85,527 t	32,296 t	112,044 t-CO_2	79,862 m³	1,627 t	27 t	137

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.

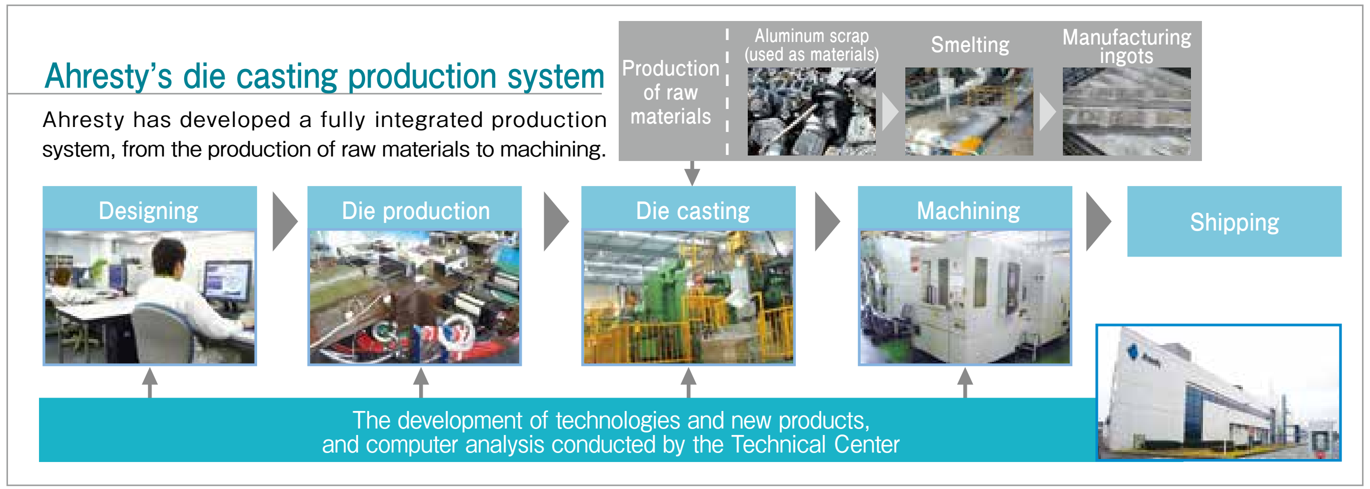
Suspension《Affecting driving stability and comfort》

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

Aluminum Business

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



Fiscal 2018 Results

Die Casting Business: Japan

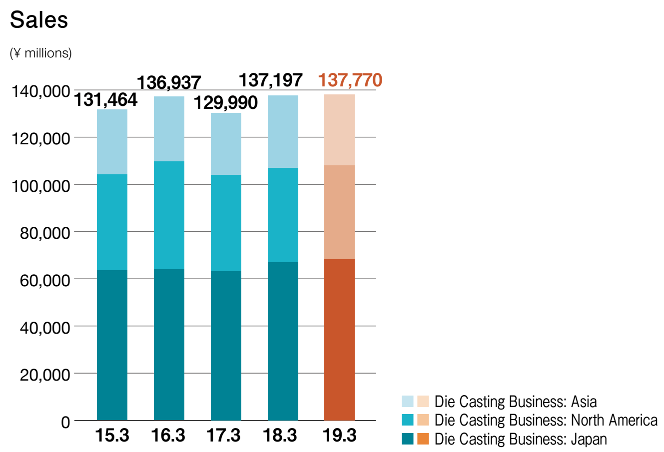
In the Japanese automobile market, both domestic sales and production for exports remained at almost the same levels as the previous year. Orders received remained almost unchanged from the year-ago level until the third quarter but declined year on year on a full-year basis, reflecting the impact of production adjustments made by some customers. Improved conditions in the aluminum market and an increase in die sales contributed to year-on-year growth of 1.8% in net sales, which totaled ¥67,998 million. Segment profit decreased by 40.3% year on year, to ¥871 million, mainly due to the impact of rising fuel expenses and increased depreciation expenses.

Die Casting Business: North America

In the North American automobile market, car manufacturers as the Company's major customers saw their sales peak out. While the sales share of regular passenger cars fell, that of small trucks and SUV continued to rise. The Company's plant in the United States received steady orders for components for small trucks and SUV, which offset the impact of the termination of the production of some components in the previous year, resulting in the same level of orders as in the previous year. Meanwhile, at the plant in Mexico, orders decreased due to the impact of sales of car manufacturers, the Company's main customers, in the North American market, despite an increase in orders after the mass production of new components commenced on a full-scale basis. Consequently, net sales in the North American segment reached ¥39,801 million, down 0.3% year on year. The segment recorded profit of ¥123 million (down 57.5% year on year), mainly reflecting a temporary increase in depreciation and amortization and the delayed contribution of the improvement project at the United States plant to revenues.

Die Casting Business: Asia

In China, sales at car manufacturers, the Company's main customers, made a downturn in the second half, and this had an impact on orders received by the Company. In India, orders received by the Company increased, primarily thanks to the full-scale mass production of new components, although car sales, which had been strong, began to decline slightly. Partly due to the impact of the appreciation of the yen against the Indian rupee, despite the increase in orders and the rise in the aluminum market, Asian sales declined 1.5% year on year, to ¥29,971 million. Segment profit decreased 22.6% year on year, to ¥1,841 million, mainly due to the impact of rising labor costs in China.



Fiscal 2019 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, due in part to the impact of the global trade conflicts, trends in emerging economies in Asia, including China, and the effect of policy uncertainty.

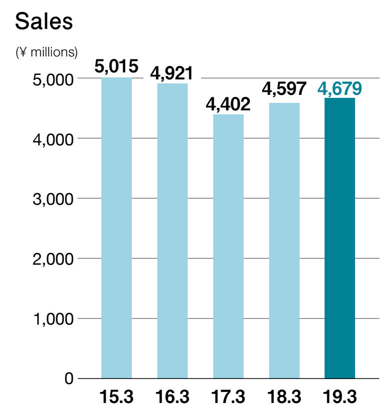
In this operating environment, the Group aims to achieve sustainable growth by implementing initiatives, primarily for evolving MONOZUKURI and establishing an Ahresty production way, based on the basic policy "Winning customers' absolute trust 2025" of the "Ahresty 10-Year Vision," which sets out our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

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 2018 Results

In the Aluminum business, while the sales volume decreased year on year, net sales increased by 1.8% year on year, to ¥4,679 million, chiefly because of a higher unit sales price than in the previous fiscal year. The segment recorded a profit of ¥112 million (down 47.5% year on year), principally due to the effect of raw material prices resulting from the market price of aluminum, which remained high.



Fiscal 2019 Outlook

In FY2018, reflecting strong demand in Japan for rolled products, castings, die cast products, and other products from export industries including the automotive industry, Ahresty posted sales almost as planned. However, market conditions were volatile due to fluctuations in foreign exchange rates, concern regarding U.S. sanctions on Russian companies, and the impact of the U.S.-China trade war, and this frequently had an impact on the market conditions in Japan.

In addition, the quantity of imported ingots that appear to be low in price has been increasing, including those imported from countries other than China as well. With these and other trends, the economic environment that surrounds this business is becoming more challenging.

In this business environment, Ahresty will seek to achieve a leaner corporate structure that is less susceptible to exchange rates and market conditions, by increasing price competitiveness through cost reductions and promoting activities for improving productivity.

Segment Review

Proprietary Products Business

Increasing adoption of Raised Floor System in various quarters
Achieved the No.1 share of Raised Floor System for clean rooms in Japan

In 1962, Ahresty developed MOVAFLOR, the first aluminum die cast-based Raised Floor System in Japan. A Raised Floor System 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 the Raised Floor System for clean rooms in Japan.

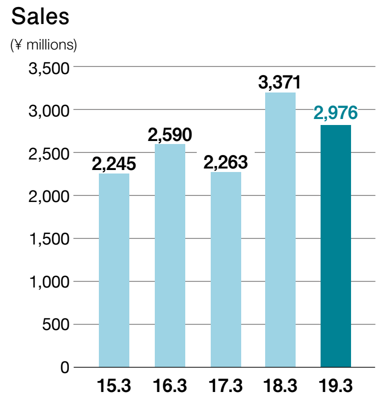
With the pride of a manufacturer that specializes in aluminum die casting and its high technological capabilities, Ahresty has commercialized the lightest raised floor panels. The product is made solely via aluminum die casting and is fully recyclable. It is also expected to reduce CO_2 emissions in 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 2018 Results

In the Proprietary Products business, net sales amounted to ¥2,976 million (down 11.7% year on year), which was largely attributable to a decrease 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 declined to ¥314 million (down 19.8% year on year), mainly as a result of decreased orders.



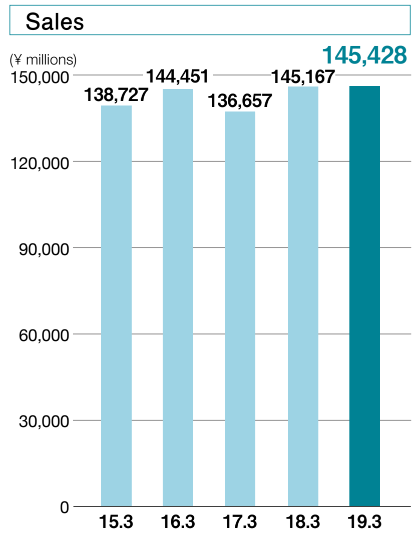
Fiscal 2019 Outlook

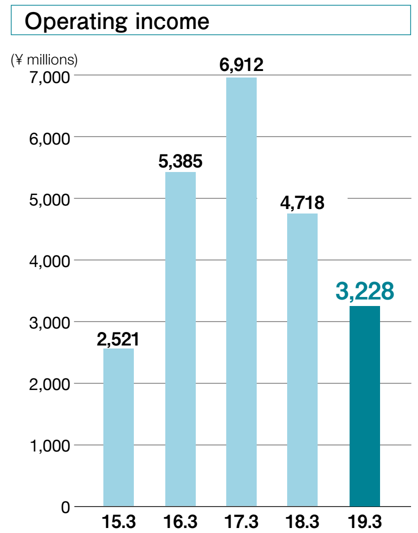
In FY2018, Ahresty secured sales that exceeded the plan by 9%. However, the amount of sales decreased from the previous fiscal year, partly reflecting the increasingly fierce competition, especially in Japan.

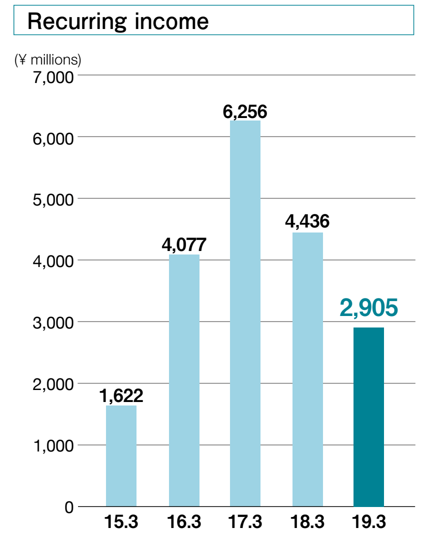
In FY2019, we will focus further efforts on improving our capability of making suggestions, the development of new sales channels, and other initiatives for winning the market competition.

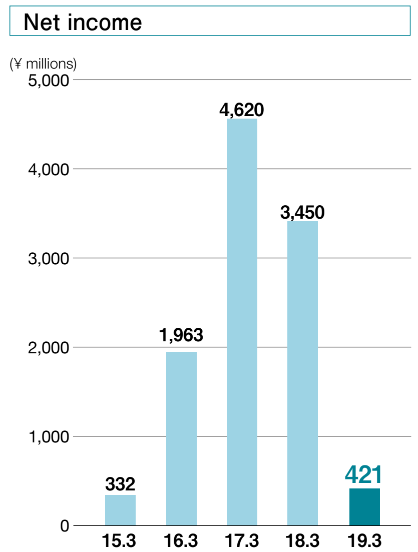
Overseas, markets are expected to expand in the medium to long term, mainly in China, and we will continue to aim for the further expansion of sales channels by understanding customer needs and launching new products into the market.

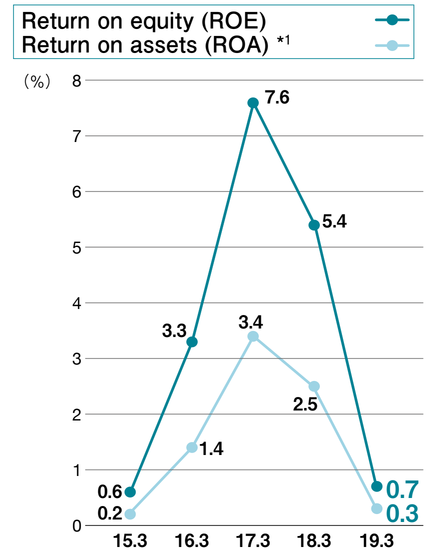
Consolidated Financial Highlights

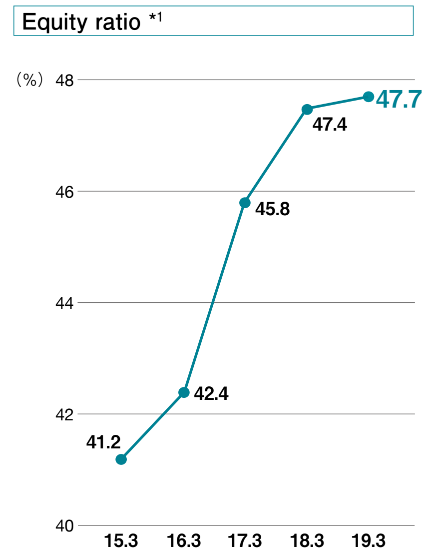


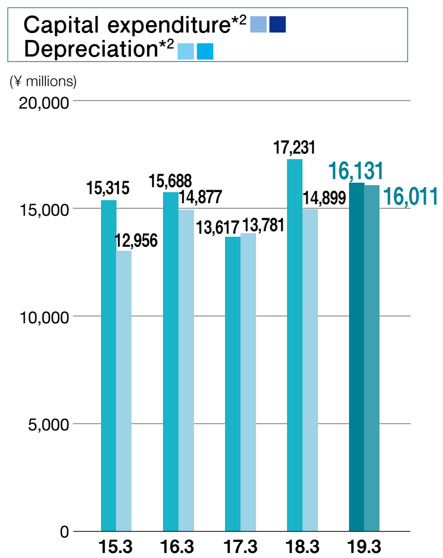


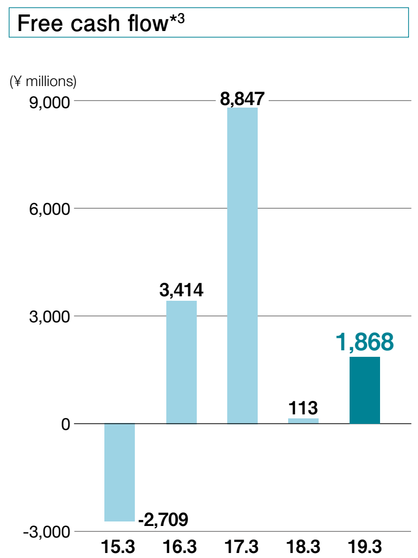


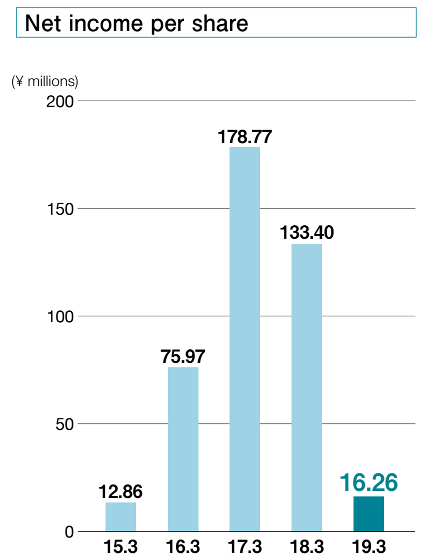












*1 The Partial Amendments to Accounting Standard for Tax Effect Accounting and relevant Guidances have been applied from the beginning of the fiscal year ended March 31, 2019. These accounting standards have been retroactively applied to the figures for the fiscal year ended March 31, 2018.
*2 Including expense of die mold
*3 Free cash flow = Cash flows from operating activities – Cash flows from investing activities

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
Site Area: 58,500 m²

Ahresty Precision Die Mold (Guangzhou) Co., Ltd.
Business Content: Die Casting Dies
Site Area: 8,748 m²

Guangzhou Ahresty Casting Co., Ltd.
Business Content:
Die Castings, Machining, Part Assembling
Site Area: 81,825 m²

Ahresty Wilmington Corporation
Business Content:
Die Castings, Machining, Part Assembling
Site Area: 170,000 m²

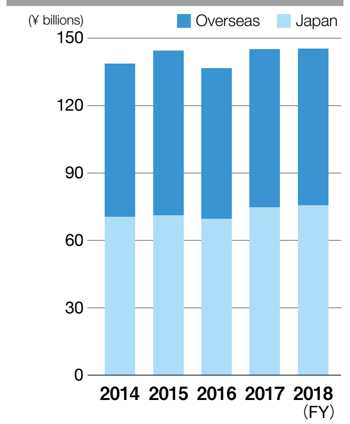
Ahresty Corporation

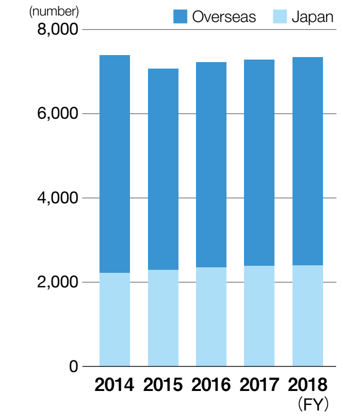
Thai Ahresty Die Co., Ltd.
Business Content:
Die Casting Dies
Site Area: 16,940 m²

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

Hefei Ahresty Casting Co., Ltd.
Business Content:
Die Castings, Machining, Part Assembling, Raised Floor Production
Site Area: 67,182 m²

Ahresty Mexicana, S.A. de C.V.
Business Content:
Die Castings, Machining, Part Assembling, Die Casting Dies
Site Area: 137,881 m²





*As of the end of March

Main Business Offices in Japan

Ahresty Tochigi Corporation
Business Content:
Die Castings, Machining, Part Assembling
Site Area: 103,098 m²

Ahresty Yamagata Corporation
Business Content:
Die Castings, Machining, Part Assembling
Site Area: 35,746 m²

Ahresty Die Mold Tochigi Corporation
Business Content:
Die Casting Dies
Site Area: 6,612 m²

Kumagaya Plant
Business Content:
Aluminum Alloy Ingots Production
Site Area: 47,105 m²

Higashimatsuyama Plant
Business Content:
Die Castings, Machining, Part Assembling, Raised Floor Production
Site Area: 22,781 m²

Tokyo Head Office

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

Ahresty Kumamoto Corporation
Business Content:
Die Castings, Machining, Part Assembling
Site Area: 34,044 m²

Tokai Plant
Business Content:
Die Castings
Site Area: 62,414 m²

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

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

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

Ahresty Pretech Corporation
Business Content:
Machining and Part Assembling of Die Cast Products
Site Area: 23,616 m²

Corporate Profile and Stock Information

Corporate Profile (As of March 31, 2019)

Company name:
Ahresty Corporation
Date of establishment :
November 2, 1943
Paid-in capital :
¥6,964 million
Number of employees :
(Consolidated) 7,337
(Non-Consolidated) 946

Management (As of June 19, 2019)

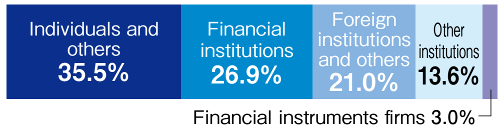
President, CEO	Arata Takahashi
Representative Director, Senior Managing Executive Officer	Junji Ito
Representative Director, Senior Managing Executive Officer	Shinichi Takahashi
Director, Senior Managing Executive Officer	Naoyuki Kaneta
Director, Managing Executive Officer	Shinichi Gamo
Director, Executive Officer	Kenichi Nonaka
Director (Audit & Supervisory Committee member)	Hiroshi Ishimaru
Independent Director (Audit & Supervisory Committee member)	Akihiko Shido
Independent Director (Audit & Supervisory Committee member)	Shuhei Shiozawa
Independent Director (Audit & Supervisory Committee member)	Masahito Saotome
Independent Director (Audit & Supervisory Committee member)	Akiyoshi Mori

Stock Information (As of March 31, 2019)

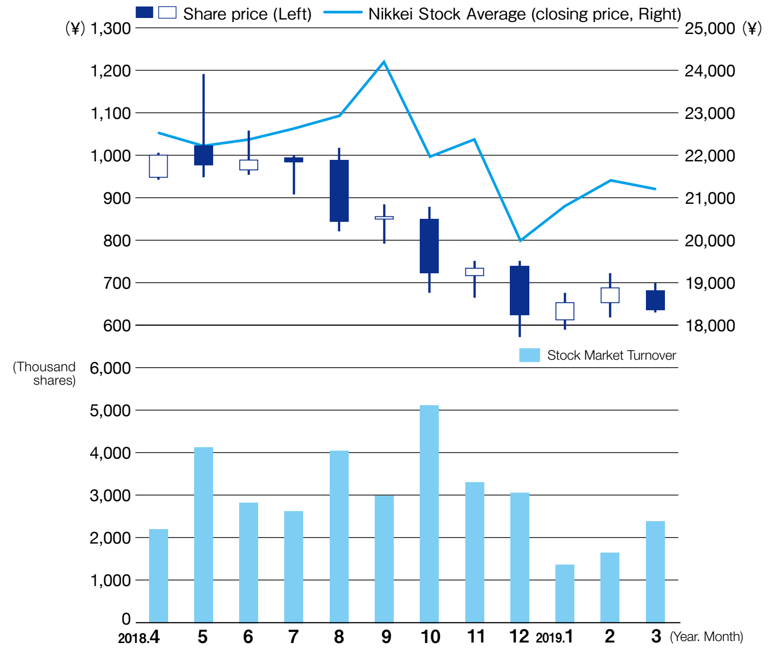
Number of Shares and Shareholders

Authorized shares: 60,000,000 shares
Issued shares: 26,076,717 shares
Shareholders: 5,971

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

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. Overseas, the U.S. economy continued its solid performance. In Asia, although the Chinese economy slowed, the Indian economy remained strong overall. Nonetheless, economic prospects continue to be uncertain due to concerns over rising fuel prices, damage caused by a string of natural disasters in Japan, the impact of US trade issues on the global economy, and other factors.

In this environment, while net sales increased based largely on an increase in orders received, particularly in the Asian segment, profit was reduced by cost growth factors such as a rise in fuel prices and an increase in depreciation and amortization. In addition, the plant in the United States has been undertaking an improvement project since 2018 and its productivity is shows signs of increasing; however, slow income growth and other factors have caused a decrease in profit.

The Group steadily executed measures under the medium-term management plan (2016-2018), which commenced in fiscal 2016, and endeavored to increase its productivity and profitability. As a result, the Group recorded consolidated net sales of ¥145,428 million (up 0.2% year on year), consolidated operating income of ¥3,228 million (down 31.6% year on year), recurring income of ¥2,905 million (down 34.5% year on year), and net income attributable to owners of parent of ¥421 million (down 87.8% year on year) for the fiscal year under review.

Consolidated performance for year ended March 2019 (April 1, 2018–March 31, 2019)

(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 2019	145,428	0.2	3,228	(31.6)	2,905	(34.5)
Fiscal year ended March 2018	145,167	6.2	4,718	(31.7)	4,436	(29.1)

	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 2019	421	(87.8)	16.26	16.07	0.7	2.2	2.2
Fiscal year ended March 2018	3,450	(25.3)	133.40	131.94	5.4	3.3	3.3

Note: Comprehensive income

Year ended March 2019: –3,574 million yen (–%)
Year ended March 2018: 3,971 million yen (25.2%)

For reference: EBITDA
Year ended March 31, 2019: 19,239 million yen (-1.9%)
Year ended March 31, 2018: 19,617 million yen (-5.2%)

* EBITDA = operating income + depreciation and amortization

Investment gain or loss under equity method
Year ended March 2019: – million yen
Year ended March 2018: – 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 2019	128,222	61,293	47.7	2,357.98
Fiscal year ended March 2018	137,751	65,439	47.4	2,522.55

For reference: Shareholders' equity
Year ended March 2019: 61,105 million yen
Year ended March 2018: 65,251 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 2019	16,018	(14,150)	(1,392)	2,901
Fiscal year ended March 2018	16,908	(16,795)	(1,391)	2,630

Outlook for fiscal year ending March 2020

With respect to the economic outlook going forward, while the Japanese economy is expected to continue its moderate recovery backed by economic measures taken by the Japanese government and the continued improvement of employment and income conditions, uncertainties are likely to remain, including the impact of prolonged trade friction due to the trade 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 107.0 yen to 1 USD, 16.0 yen to 1 RMB, 1.50 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 2020 forecast	134,000	2,700	2,500	1,700
For the year ended March 2019 actual	145,428	3,228	2,905	421
Changes	(11,428)	(528)	(405)	1,278
Change ratio (%)	(7.9)	(16.4)	(13.9)	303.7

(Millions of Yen)

	Sales		Segment Income	
Segment	Current fiscal year	Next fiscal year	Current fiscal year	Next fiscal year
Die Casting Business: Japan	67,998	64,600	871	200
Die Casting Business: North America	39,801	34,000	123	1,000
Die Casting Business: Asia	29,971	28,500	1,841	1,200
Aluminum Business	4,679	4,400	112	200
Proprietary Products Business	2,976	2,500	314	100
Elimination of intersegment transactions	–	–	(35)	–

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 ¥110.72 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)		2018	2019	2019
Current Assets				
Cash and time deposits		¥ 2,630	¥ 4,028	$ 36,381
Trade notes and accounts receivable	＊3	24,783	22,382	202,155
Electronically recorded monetary claims - operating		2,902	3,249	29,349
Merchandise and products		3,232	3,463	31,281
Partly finished goods		4,890	4,760	42,994
Raw materials and inventories		3,208	3,070	27,729
Others		1,090	1,363	12,319
Allowance for doubtful accounts		(13)	(50)	(457)
Total Current Assets		42,724	42,267	381,753
Fixed Assets				
Tangible fixed assets				
Buildings and structures		29,023	30,624	276,597
Accumulated depreciation and impairment loss		(14,218)	(15,808)	(142,780)
Buildings and structures, net		14,805	14,816	133,816
Machinery and delivery equipment		127,659	130,943	1,182,655
Accumulated depreciation and impairment loss		(83,880)	(91,512)	(826,525)
Machinery and delivery equipment, net		43,778	39,430	356,130
Tools, furniture and fixtures		48,808	49,981	451,425
Accumulated depreciation and impairment loss		(40,662)	(41,573)	(375,478)
Tools, furniture and fixtures, net		8,145	8,408	75,946
Land		5,425	5,461	49,328
Lease assets		288	421	3,805
Accumulated depreciation and impairment loss		(117)	(121)	(1,093)
Lease assets, net		171	300	2,712
Construction in progress		10,556	8,982	81,124
Total Tangible Fixed Assets		82,882	77,399	699,059
Intangible Fixed Assets		1,786	2,067	18,675
Investments and other assets				
Investments in securities	＊1	8,266	4,232	38,227
Deferred tax assets		1,784	1,762	15,917
Others		330	515	4,658
Allowance for doubtful accounts		(24)	(24)	(218)
Total Investments and Other Assets		10,357	6,486	58,585
Total Fixed Assets		95,026	85,954	776,320
Total Assets		¥137,751	¥128,222	$1,158,074

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended March 31		Fiscal year ended March 31
(Liabilities)	2018	2019	2019
Current Liabilities			
Notes and accounts payable	¥ 13,413	¥ 11,162	$ 100,812
Electronically recorded obligations-operating	7,882	7,522	67,942
Short-term loans	5,307	5,740	51,850
Current portion of long-term loans	10,109	10,199	92,118
Accrued income taxes	1,032	872	7,884
Bonus allowances	2,157	2,143	19,355
Directors' bonus allowances	15	–	–
Provision for product warranties	87	70	635
Others	8,971	8,779	79,293
Total Current Liabilities	48,976	46,490	419,893
Long-term Liabilities			
Long-term loans	16,136	14,798	133,658
Long-term accounts payable	589	154	1,395
Deferred tax liabilities	3,269	1,872	16,912
Net defined benefit liability	2,867	2,949	26,638
Others	473	663	5,990
Total Long-term Liabilities	23,336	20,438	184,594
Total Liabilities	72,312	66,928	604,487
(Net Assets)			
Shareholders' Equity			
Common stock	6,939	6,964	62,899
Additional paid-in capital	10,180	10,206	92,178
Retained earnings	40,272	40,071	361,921
Treasury stock	(238)	(239)	(2,160)
Total Shareholders' Equity	57,153	57,002	514,838
Other Accumulated Comprehensive Income			
Difference on revaluation of other marketable securities	4,335	2,015	18,201
Foreign currency translation adjustments	4,168	2,484	22,440
Remeasurements of defined benefit plans	(406)	(397)	(3,588)
Total Other Accumulated Comprehensive Income	8,098	4,102	37,053
Share Warrants	187	187	1,694
Total Net Assets	65,439	61,293	553,586
Total Liabilities and Net Assets	¥137,751	¥128,222	$1,158,074

Consolidated Statements of Income and Statements of Comprehensive Income

(Consolidated Statements of Income)

		Millions of yen		Thousands of U.S. dollars
		April 1, 2017 through March 31, 2018	April 1, 2018 through March 31, 2019	April 1, 2018 through March 31, 2019
Sales		¥145,167	¥145,428	$1,313,481
Cost of Goods Sold	＊1	128,811	130,613	1,179,678
Gross Profit		16,356	14,814	133,803
Selling, General and Administrative Expenses				
Transportation expenses		2,013	1,948	17,601
Salaries and bonuses		3,414	3,290	29,722
Retirement and severance expenses		210	199	1,802
Provision for bonuses		348	354	3,201
Provision for bonuses for directors		15	–	–
Depreciation		303	312	2,820
Research and development expenses	＊2	501	561	5,068
Other expenses		4,830	4,918	44,427
Total Selling, General and Administrative Expenses		11,637	11,586	104,644
Operating Income		4,718	3,228	29,158
Non-operating Income				
Interest income		36	102	925
Dividends received		179	205	1,851
Gain on sales of scraps		115	156	1,412
Others		143	107	974
Total Non-operating Income		475	571	5,163
Non-operating Expenses				
Interest expenses		642	531	4,798
Foreign currency exchange loss		37	292	2,642
Others		78	71	641
Total Non-operating Expenses		757	894	8,083
Ordinary Income		4,436	2,905	26,239
Extraordinary Gains				
Gain on sale of fixed assets	＊3	17	64	579
Gain on sales of investment securities		–	2,194	19,819
Subsidy income		24	134	1,213
Gain on insurance adjustment		51	207	1,877
Total Extraordinary Gains		94	2,600	23,490
Extraordinary Losses				
Loss on sale of fixed assets	＊4	304	311	2,815
Impairment loss	＊5	–	3,293	29,748
Special retirement expenses		55	–	–
Product warranty expenses		16	–	–
Expenses for advance loan repayments		–	154	1,398
Total Extraordinary Losses		376	3,760	33,962
Income before Income Taxes		4,153	1,745	15,767
Income taxes and enterprise taxes		2,039	1,722	15,553
Deferred income taxes		(1,335)	(397)	(3,589)
Total Income Taxes		703	1,324	11,964
Net income		3,450	421	3,803
Net income attributable to owners of parent		¥ 3,450	¥ 421	$ 3,803

(Consolidated Statements of Comprehensive Income)

		Millions of yen		Thousands of U.S. dollars
		April 1, 2017 through March 31, 2018	April 1, 2018 through March 31, 2019	April 1, 2018 through March 31, 2019
Net Income		¥ 3,450	¥ 421	$ 3,803
Other Comprehensive Income				
Difference on revaluation of other marketable securities		607	(2,320)	(20,957)
Foreign currency translation adjustments		(158)	(1,684)	(15,210)
Remeasurements of defined benefit plans, net of tax		73	8	78
Total Other Comprehensive Income	＊	521	(3,995)	(36,089)
Comprehensive Income		3,971	(3,574)	(32,286)
Comprehensive income attributable to owners of the parent		3,971	(3,574)	(32,286)
Comprehensive income attributable to non-controlling interests		¥ –	¥ –	$ –

Consolidated Statement of Changes in Net Assets

Previous 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 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	¥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, 2018 through March 31, 2019)

(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	¥40,272	¥(238)	¥57,153
Changes					
Issuance of new shares	**25**	**25**			**50**
Cash dividend from retained earnings			**(621)**		**(621)**
Net income attributable to owners of parent			**421**		**421**
Purchase of own shares				**(0)**	**(0)**
Changes (net) in non-shareholders' equity items					
Total changes	**25**	**25**	**(200)**	**(0)**	**(150)**
Balance at end of current fiscal year	**¥6,964**	**¥10,206**	**¥40,071**	**¥(239)**	**¥57,002**

(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	¥4,335	¥4,168	¥(406)	¥8,098	¥187	¥65,439
Changes						
Issuance of new shares						**50**
Cash dividend from retained earnings						**(621)**
Net income attributable to owners of parent						**421**
Purchase of own shares						**(0)**
Changes (net) in non-shareholders' equity items	**(2,320)**	**(1,684)**	**8**	**(3,995)**		**(3,995)**
Total changes	**(2,320)**	**(1,684)**	**8**	**(3,995)**	**–**	**(4,146)**
Balance at end of current fiscal year	**¥2,015**	**¥2,484**	**¥(397)**	**¥4,102**	**¥187**	**¥61,293**

Current consolidated fiscal year (April 1, 2018 through March 31, 2019)

(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	$62,672	$91,952	$363,729	$(2,157)	$516,197
Changes					
Issuance of new shares	**226**	**226**			**453**
Cash dividend from retained earnings			**(5,611)**		**(5,611)**
Net income attributable to owners of parent			**3,803**		**3,803**
Purchase of own shares				**(3)**	**(3)**
Changes (net) in non-shareholders' equity items					
Total changes	**226**	**226**	**(1,807)**	**(3)**	**(1,358)**
Balance at end of current fiscal year	**$62,899**	**$92,178**	**$361,921**	**$(2,160)**	**$514,838**

(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	$39,159	$37,650	$(3,667)	$73,143	$1,694	$591,035
Changes						
Issuance of new shares						**453**
Cash dividend from retained earnings						**(5,611)**
Net income attributable to owners of parent						**3,803**
Purchase of own shares						**(3)**
Changes (net) in non-shareholders' equity items	**(20,957)**	**(15,210)**	**78**	**(36,089)**		**(36,089)**
Total changes	**(20,957)**	**(15,210)**	**78**	**(36,089)**	**–**	**(37,448)**
Balance at end of current fiscal year	**$18,201**	**$22,440**	**$(3,588)**	**$37,053**	**$1,694**	**$553,586**

Consolidated Statements of Cash Flows

	Millions of yen		Thousands of U.S. dollars
	April 1, 2017 through March 31, 2018	April 1, 2018 through March 31, 2019	April 1, 2018 through March 31, 2019
Cash Flows from Operating Activities			
Income before income taxes and others	¥ 4,153	¥ 1,745	$ 15,767
Depreciation and amortization	14,899	16,011	144,609
Impairment loss	–	3,293	29,748
Increase (decrease) in allowances for bonuses	499	18	164
Increase (decrease) in provision for product warranties	16	(17)	(155)
Increase (decrease) in net defined benefit liability	63	91	830
Interest and dividend income	(216)	(307)	(2,777)
Interest expenses	642	531	4,798
Loss (gain) on sales and disposal of tangible fixed assets	283	247	2,236
Loss (gain) on sales of investment securities	–	(2,194)	(19,819)
Subsidy income	(24)	(134)	(1,213)
Gain on insurance adjustment	(51)	(207)	(1,877)
Expenses for advance loan repayments	–	154	1,398
Special retirement expenses	55	–	–
Decrease (increase) in notes and accounts receivable	(2,391)	1,586	14,331
Decrease (increase) in inventories	(1,043)	(17)	(153)
Increase (decrease) in notes and accounts payable	1,729	(2,382)	(21,521)
Increase (decrease) in accrued expenses	(90)	(33)	(300)
Increase (decrease) in accrued consumption taxes and others	171	292	2,640
Increase (decrease) in long-term accounts payable - other	(477)	(434)	(3,927)
Others	966	287	2,597
Subtotal	19,187	18,531	167,374
Interest and dividends received	216	256	2,318
Interest paid	(650)	(544)	(4,918)
Income taxes paid	(1,871)	(2,594)	(23,435)
Income taxes refund	18	76	689
Extra retirement payments	(55)	–	–
Expenses for advance loan repayments paid	–	(154)	(1,398)
Proceeds from subsidy income	12	214	1,934
Proceeds from insurance income	51	233	2,109
Net Cash used in Operating Activities	16,908	16,018	144,673
Cash Flows from Investing Activities			
Payments into time deposits	–	(1,113)	(10,052)
Expenditures from purchases of tangible fixed assets	(16,554)	(15,490)	(139,909)
Proceeds from sales of tangible fixed assets	216	107	969
Proceeds from sales of investment securities	–	2,901	26,208
Others	(456)	(555)	(5,017)
Net Cash Used in Investing Activities	(16,795)	(14,150)	(127,802)
Cash Flows from Financing Activities			
Proceeds from short-term loans	20,705	60,861	549,689
Repayment of short-term loans	(16,226)	(60,380)	(545,340)
Proceeds from long-term debt	6,000	14,318	129,322
Repayment of long-term debt	(11,056)	(15,510)	(140,086)
Dividends paid	(620)	(619)	(5,595)
Others	(194)	(62)	(562)
Net Cash Used in Financing Activities	(1,391)	(1,392)	(12,573)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(191)	(205)	(1,855)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,469)	270	2,442
Cash and Cash Equivalents at Beginning of Year	4,100	2,630	23,760
Cash and Cash Equivalents at End of Period *	¥ 2,630	¥ 2,901	$ 26,202

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.

4. Summary of Significant Accounting Policies

(1) Evaluation standards and evaluation methods for key assets

(a) Marketable securities
Other marketable securities
Securities with market value
Market value method based on the market price on the closing date (variance of estimate is treated with the total net assets input method and the cost of such securities sold is determined by the moving average method)
Securities without market value
Moving average cost method
(b) Derivatives — market value method
(c) Inventories
The Company and consolidated some subsidiaries evaluate according to cost method based primarily on the average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins), while other consolidated subsidiaries evaluate according to lower of cost method based on the first-in, first-out (FIFO) method.

(2) Depreciation methods for important depreciable assets

(a) Tangible fixed assets (excluding lease assets)
Tangible fixed assets other than die casting mold that are included in tools, furniture and fixtures: Straight-line method
Die casting mold that are included in tools, furniture and fixtures: Mainly the production output method
Main useful lives are as follows:
Buildings and structures: Between 2 years and 50 years
Machinery and delivery equipment: Between 2 years and 20 years

Notes to Consolidated Financial Statements

Tools, furniture and fixtures (excluding die casting mold for which the production output method is adopted): Between 2 years and 20 years

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

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

(c) Lease assets

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

(3) Standards for important allowances

(a) Allowances for doubtful accounts

To provide against doubtful accounts, the estimated amount of unrecoverable accounts is reported by employing the loan loss ratio for regular bonds. Recovery rates are calculated individually for specific doubtful accounts and bonds.

(b) Bonus allowances

In order to appropriate bonus payments for employees for the current fiscal year, the parent company and consolidated subsidiaries report this allowance based on projected payment figures.

(c) Allowance for directors' bonuses

To prepare for the actual payments of bonuses to directors, the estimated bonuses for the fiscal year are recorded.

(d) Allowance for product warranties

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

(4) Accounting method for employees' retirement benefits

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

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

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

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

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

(5) Standard for recognizing revenue and expenses

Standard for recognizing revenue and costs associated with construction contracts

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

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

(b) Other construction:

Completed contract method

(6) Currency conversion standards for key total assets or liabilities in foreign currencies

Cash, assets and liabilities in foreign currencies are converted into yen based on the spot exchange rate on the consolidated closing date, and the exchange difference is treated as profit or loss. Total assets and liabilities of consolidated subsidiaries overseas are converted into yen based on the spot exchange rate on the consolidated closing date. Income and expenses are converted into yen based on the average exchange rate during period, and the exchange difference is included in the net assets of the foreign currency translation adjustment.

(7) Hedge accounting

(a) Hedge accounting methods

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

(b) Hedge measures and hedge targets

a. Hedge measures — interest rate swap

Hedge targets — long-term loans paid by variable interest rates

b. Hedge measures — foreign exchange contracts

Hedge targets — debts and credits in foreign currencies

(c) Hedge policies

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

(d) Methods for evaluating hedge effectiveness

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

(8) Depreciation method and period of 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.

1. The Company and its Consolidated Subsidiaries in Japan

"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.

(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 to Consolidated Financial Statements

2. Overseas Consolidated Subsidiaries

"Leases" (IFRS 16)
"Leases" (FASB Topic 842)

(1) Overview
These accounting standards demand that a lessee record all leases as assets and liabilities on its balance sheet, in principle. There is no material change in the accounting of the lessor.
(2) Scheduled date of application
IFRS 16 will be applied from the beginning of the fiscal year ending March 31, 2020. FASB Topic 842 is to be applied from the beginning of the fiscal year ending March 31, 2021.
(3) Impact of applying these accounting standards
The impact of applying these accounting standards on the Company's consolidated financial statements is currently under evaluation.

(Changes in presentation methods)
(Changes associated with the application of the Partial Amendments to Accounting Standards for Tax Effect Accounting)
The Partial Amendments to Accounting Standards for Tax Effect Accounting (Statement No. 28 issued by the Accounting Standards Board of Japan on February 16, 2018) were applied from the beginning of the consolidated fiscal year under review, and the presentation methods have been changed so that deferred tax assets are stated in the category of investments and other assets, while deferred tax liabilities are stated in the category of long-term liabilities. The notes on tax effect accounting have also been changed.
The consolidated balance sheet for the previous consolidated fiscal year therefore displays deferred tax assets and deferred tax liabilities in such a manner that those of the same taxpayer are offset against each other. As a result, deferred tax assets in investments and other assets rose ¥251 million, while deferred tax assets in current assets and deferred tax liabilities in long-term liabilities decreased by ¥1,498 million and ¥1,246 million, respectively. For these reasons, total assets declined by ¥1,246 million.
In the notes on tax effect accounting, the contents written in (Note 8) (excluding the total amount of valuation reserves) and (Note 9) of "Accounting Standards for Tax Effect Accounting" set forth in Paragraph 3 through Paragraph 5 of the Partial Amendments to Accounting Standards for Tax Effect Accounting were added. Of the above contents, however, the contents pertaining to the previous consolidated fiscal year are not stated according to the transitional handling set forth in Paragraph 7 of the Partial Amendments to Accounting Standards for Tax Effect Accounting.

Notes on Consolidated Balance Sheets

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

	As of March 31, 2018	As of March 31, 2019
Investments in securities (share)	¥36 million	¥36 million

*2. Notes receivable transfer by endorsement

	As of March 31, 2018	As of March 31, 2019
Notes receivable transfer by endorsement	¥1,250 million	¥629 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, 2018	As of March 31, 2019
Trade notes receivable	¥96 million	¥68 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, 2018	As of March 31, 2019
¥256 million	¥297 million

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

As of March 31, 2018	As of March 31, 2019
¥501 million	¥561 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, 2018	As of March 31, 2019
Building and structures	–	¥0 million
Machinery and delivery equipment	¥11 million	¥24 million
Tools, furniture and fixtures	¥5 million	¥4 million
Land	¥0 million	¥33 million
Others	–	¥0 million
Total	¥17 million	¥64 million

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

	As of March 31, 2018	As of March 31, 2019
Building and structures	¥29 million	¥21 million
Machinery and delivery equipment	¥264 million	¥256 million
Tools, furniture and fixtures, others	¥11 million	¥33 million
Total	¥304 million	¥311 million

*5. Impairment loss
The Group posted impairment losses for the asset groups below.

Previous consolidated fiscal year under review (from April 1, 2017 to March 31, 2018)
N/A

Current consolidated fiscal year under review (from April 1, 2018 to March 31, 2019)
(1)Assets for which an impairment loss was recognized

Location	Use	Type	Impairment loss (million yen)
Ahresty Wilmington Corp. (Ohio, U.S.A.)	Business assets	Building and structures	612
		Machinery and delivery equipment	1,988
		Tools, furniture and fixtures	132
		Land	15
		Lease assets	7
		Construction in progress	256
Ahresty Corp. Higashimatsuyama Plant (Namegawa-machi, Hiki-gun, Saitama)	Business assets	Building and structures	44
		Machinery and delivery equipment	216
		Tools, furniture and fixtures	15
		Intangible fixed assets	3
	Total		3,293

Notes to Consolidated Financial Statements

(2) Grouping method

The Ahresty Group conducts the grouping of business assets by business unit whose income and expenditures are figured out continuously, and conducts the grouping of idle assets and assets to be disposed of individually.

(3) Background of how the Group came to recognize an impairment loss and the calculation of a recoverable value

Ahresty Wilmington Corp. conducted an impairment test based on the U.S. Generally Accepted Accounting Principles because of a delay in improving its profitability. As a result, the company reduced the book value of its business assets to their recoverable values and posted the amount of the reduction as an impairment loss. The recoverable value is measured by the value in use and calculated by discounting future cash flows by 11.5%.

Higashimatsuyama Plant reduced the book value for some of its business assets from which the initially anticipated revenues became no longer able to be expected due to a fall in the utilization rate to their recoverable values and posted the reductions as an impairment loss. For the recoverable value, the net realizable value based on the real estate appraisal value is used.

Notes on Consolidated Statements of Comprehensive Income

∗ Recycling and tax effect relating to other comprehensive income

	As of March 31, 2018	As of March 31, 2019
Valuation difference on available-for-sale securities:		
Amount arising during fiscal year under review	¥1,009 million	¥(1,597 million)
Recycling	–	¥(1,893 million)
Before tax effect adjustment	¥1,009 million	¥(3,490 million)
Tax effect	¥(402 million)	¥1,170 million
Valuation difference on available-for-sale securities	¥607 million	¥(2,320 million)
Foreign currency translation adjustment:		
Amount arising during fiscal year under review	¥(158 million)	¥(1,684 million)
Remeasurements of defined benefit plans, net of tax:		
Amount for the current term	¥42 million	¥(51 million)
Reclassification remeasurements	¥70 million	¥59 million
Before tax-effect adjustment	¥112 million	¥8 million
Tax-effect	¥(39 million)	¥0 million
Remeasurements of defined benefit plans, net of tax	¥73 million	¥8 million
Total other comprehensive income	¥521 million	¥(3,995 million)

Notes on Consolidated Statement of Changes in Net Assets

Previous 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): End of previous fiscal year	Increase during fiscal year	Decrease during fiscal year	Number at end of fiscal year	Balance at end of fiscal year (millions of yen)
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 to Consolidated Financial Statements

Current consolidated fiscal year under review (from April 1, 2018 to March 31, 2019)

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 (Note 1)	26,027,720	48,997	–	26,076,717
Total	26,027,720	48,997	–	26,076,717
Treasury stock				
Common stock (Note 2)	160,364	1,983	–	162,347
Total	160,364	1,983	–	162,347

Notes: 1. 48,997 shares, an increase in the total number of shares outstanding of common stock, represent an increase due to the issuance of new shares as the restricted stock compensation.

2. 1,983 shares, an increase in treasury shares of common stock, represent an increase due to the purchase of shares constituting less than one unit and the free acquisition of some of the common stock allotted as the restricted stock compensation.

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, 2018	Common share	362	Retained earnings	14	March 31, 2018	Jure 4, 2018
Meeting of the Board of Directors on November 14, 2018	Common share	259	Retained earnings	10	September 30, 2018	December 3, 2018

(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 15, 2019	Common share	310	Retained earnings	12	March 31, 2019	June 3, 2019

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, 2018	As of March 31, 2019
Cash on hand and with banks	¥2,630 million	¥4,028 million
Time deposits with a deposit term of more than 3 months	–	¥(1,127 million)
Cash and cash equivalents	¥2,630 million	¥2,901 million

Notes on Lease Transactions

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

Notes on Financial Instruments

1. Information about use of financial instruments

(1) Policy on use of financial instruments

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

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

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

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

Trade notes and accounts payable, in other words, operating payables, and electronically recorded debt 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

Notes to Consolidated Financial Statements

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, 2018)

	Carrying amount in the consolidated balance sheets	Fair value	Difference
	(¥ millions)	(¥ millions)	(¥ 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) Electronically recorded debt	7,882	7,882	–
(3) Short-term loans	5,307	5,307	–
(4) Long-term loans	26,245	26,443	198
Total liabilities	52,849	53,047	198
Derivative transactions	–	–	–

Current consolidated fiscal year (March 31, 2019)

	Carrying amount in the consolidated balance sheets	Fair value	Difference
	(¥ millions)	(¥ millions)	(¥ millions)
(1) Cash and time deposits	4,028	4,028	–
(2) Trade notes and accounts receivable	22,382	22,382	–
(3) Investments in securities	4,190	4,190	–
Total assets	30,600	30,600	–
(1) Trade notes and accounts payable	11,162	11,162	–
(2) Electronically recorded debt	7,522	7,522	
(3) Short-term loans	5,740	5,740	–
(4) Long-term loans	24,997	24,978	(19)
Total liabilities	49,423	49,404	(19)
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) Electronically recorded debt, (3) Short-term loans

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

(3) Long-term loans

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

Derivative transactions

See "Notes on Derivative Transactions".

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

	As of March 31, 2018	As of March 31, 2019
	(¥ millions)	(¥ millions)
Shares of unlisted shares	9	5
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, 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	–	–	–

Current consolidated fiscal year (March 31, 2019)

	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	4,028	–	–	–
Trade notes and accounts receivable	22,382	–	–	–
Total	26,410	–	–	–

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

Previous 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	–

Current consolidated fiscal year (March 31, 2019)

	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	5,740	–	–	–	–	–
Long-term loans	10,199	6,663	4,336	2,026	1,772	–
Total	15,940	6,663	4,336	2,026	1,772	–

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

Notes to Consolidated Financial Statements

Previous consolidated fiscal year (March 31, 2018)

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

Current consolidated fiscal year (March 31, 2019)

	Type	Consolidated Balance Sheet Amount (¥ millions)	Acquisition Cost (¥ millions)	Difference (¥ millions)
Consolidated balance sheet amount is above acquisition cost	1. Share	4,148	1,064	3,084
	2. Bonds	–	–	–
	3. Other	–	–	–
	Subtotal	4,148	1,064	3,084

	Type	Consolidated Balance Sheet Amount (¥ millions)	Acquisition Cost (¥ millions)	Difference (¥ millions)
Consolidated balance sheet amount is below acquisition cost	1. Share	41	60	(19)
	2. Bonds	–	–	–
	3. Other	–	–	–
	Subtotal	41	60	(19)
	Total	4,190	1,125	3,064

Note: Unlisted stocks (5 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, 2017 through March 31, 2018)

N/A

Current consolidated fiscal year (April 1, 2018 through March 31, 2019)

	Sales amount (million yen)	Total gain on sales (million yen)	Total loss on sales (million yen)
(1) Stock	2,901	2,194	–
(2) Bond			
(i) Government bond, local government bond, etc.	–	–	–
(ii) Corporate bond	–	–	–
(iii) Other	–	–	–
(3) Other	–	–	–
Total	2,901	2,194	–

Notes on Derivative Transactions

1. Derivative transactions to which hedge accounting is not applied

(1) Currency-related transactions

Previous consolidated fiscal year (March 31, 2018)

N/A

Current consolidated fiscal year (March 31, 2019)

N/A

(2) Interest rate

Previous consolidated fiscal year (March 31, 2018)

N/A

Current consolidated fiscal year (March 31, 2019)

N/A

2. Derivative transactions to which hedge accounting is applied

Interest rate

Previous consolidated fiscal year (March 31, 2018)

Hedge accounting method	Type of transaction	Main hedge target	Value of contracts (¥ millions)	Value of contracts for longer than a year (¥ millions)	Market value (¥ 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 the interest rate swaps is therefore included in the market value of the long-term loans payable.

Current consolidated fiscal year (March 31, 2019)

Hedge accounting method	Type of transaction	Main hedge target	Value of contracts (¥ millions)	Value of contracts for longer than a year (¥ millions)	Market value (¥ millions)
Special accounting methods for interest rate swaps	Interest rate swap, receipt of floating rates, payment of fixed rates	Long-term loans payable	206	75	(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, 2017 to March 31, 2018)	Current consolidated fiscal year (From April 1, 2018 to March 31, 2019)
Balance of retirement benefit liabilities at the beginning of the current fiscal year	3,920	3,892
Service cost	258	252
Interest expenses	12	11
Actuarial difference	(16)	10
Retirement benefits payments	(281)	(187)
Others	(1)	(0)
Balance of retirement benefit liabilities at the end of the current fiscal year	3,892	3,978

Notes to Consolidated Financial Statements

(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, 2017 to March 31, 2018)	Current consolidated fiscal year (From April 1, 2018 to March 31, 2019)
Balance of pension assets at the beginning of the current fiscal year	1,920	1,955
Expected return on pension plan assets	55	38
Actuarial difference	32	(14)
Contributions from the business owner	232	220
Retirement benefits payments	(284)	(181)
Balance of pension assets at the end of the current fiscal year	1,955	2,018

(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, 2017 to March 31, 2018)	Current consolidated fiscal year (From April 1, 2018 to March 31, 2019)
Balance of net defined benefit liability at the beginning of the current fiscal year	919	930
Retirement benefit expenses	178	154
Retirement benefits payments	(144)	(95)
Contribution to the system	(23)	–
Balance of net defined benefit liability at the end of the current fiscal year	930	989

(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, 2018)	Current consolidated fiscal year (March 31, 2019)
Retirement benefit liabilities of the funded pension	3,006	3,055
Pension assets	(1,955)	(2,018)
	1,050	1,037
Retirement benefit liabilities of the unfunded pension	1,816	1,911
Net liabilities and assets recorded on the consolidated balance sheet	2,867	2,949
Net defined benefit liability	2,867	2,949
Net liabilities and assets recorded on the consolidated balance sheet	2,867	2,949

(5) Retirement benefit expenses and their breakdown

(¥ millions)	Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)	Current consolidated fiscal year (From April 1, 2018 to March 31, 2019)
Service cost	258	252
Interest expenses	12	11
Expected return on pension plan assets	(55)	(38)
Recognized actuarial difference	62	31
Recognized prior service cost	2	2
Retirement benefit expenses calculated by the simple method	178	157
Others	18	50
Retirement benefit expenses related to the defined benefit system	477	466

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

(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, 2017 to March 31, 2018)	Current consolidated fiscal year (From April 1, 2018 to March 31, 2019)
Prior service cost	2	2
Actuarial difference	110	5
Total	112	8

(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, 2018)	Current consolidated fiscal year (March 31, 2019)
Unrecognized prior service cost	(5)	(2)
Unrecognized actuarial difference	(483)	(477)
Total	(488)	(480)

(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, 2018)	Current consolidated fiscal year (March 31, 2019)
Bonds	25%	25%
Shares	34%	33%
Insurance assets (general account)	38%	39%
Others	3%	3%
Total	100%	100%

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

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

(9) Matters related to the actuarial calculation basis

The main actuarial calculation basis

	Previous consolidated fiscal year (March 31, 2018)	Current consolidated fiscal year (March 31, 2019)
Discount rate	Primarily 0.2%	Primarily 0.2%
Expected rate of increase	Primarily 3.6%	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 ¥395 million as the previous consolidated fiscal year and ¥390 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, 2017 to March 31, 2018)	Current consolidated fiscal year (From April 1, 2018 to March 31, 2019)
Charges for stock compensation in general and administrative expenses	34	–

2. Description and scale of stock options and changes

(1) Description of stock options

Notes to Consolidated Financial Statements

	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)

	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)

Notes to Consolidated Financial Statements

	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)

	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 to Consolidated Financial Statements

Notes: 1. Converted to the number of shares

2. Information on the last day of the fiscal year under review (March 31, 2019) is stated. Because there is no change in the information to be stated as of the end of the previous month (May 31, 2019), 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 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, 2019). 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	10,900	9,800	10,800	16,300	16,300	20,000	41,600	41,700	53,300	52,600
Granted	–	–	–	–	–	–	–	–	–	–	–	–
Expired	–	–	–	–	–	–	–	–	–	–	–	–
Vested	–	–	–	–	–	–	–	–	–	–	–	–
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	–	–	–	–	–	–	–	–	–	–	–	–
Exercise of rights	–	–	–	–	–	–	–	–	–	–	–	–
Expired	–	–	–	–	–	–	–	–	–	–	–	–
Unexercised	–	–	–	–	–	–	–	–	–	–	–	–

b. Unit price information

	2006 stock options	2007 stock options	2008 stock options	2009 stock options	2010 stock options	2011 stock options	2012 stock options	2013 stock options	2014 stock options	2015 stock options	2016 stock options	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

There were no new stock options granted in the current consolidated fiscal year.

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, 2018) (¥ millions)	Current consolidated fiscal year (March 31, 2019) (¥ millions)
Deferred tax assets		
Accrued expenses	73	73
Net defined benefit liability	792	836
Accounts payable – other (amount that has not been transferred to defined contribution pension plan)	138	130
Long-term accounts payable – other (amount that has not been transferred to defined contribution pension plan)	132	–
Excess deductible amount in bonus allowances	497	484
Unrealized profits for inventories	18	68
Unrealized profits for fixed assets	1,093	1,143
Loss carried forward (Note 2)	1,554	1,554
Over-depreciation	2,617	2,570
Provision for product warranties	18	31
Impairment loss	–	752
Other	656	480
Deferred tax assets subtotal	7,592	8,125
Valuation reserve pertaining to tax loss carried forward (Note 2)	–	(1,448)
Valuation reserve pertaining to the sum of deductible temporary differences	–	(1,671)
Subtotal of valuation reserves (Note 1)	(1,544)	(3,119)
Deferred tax assets total	6,048	5,005
Deferred tax liabilities		
Property replacement reserve	(890)	(861)
Special depreciation reserve	(28)	(28)
Fixed assets reserve	(121)	(270)
Net unrealized gains on securities	(1,965)	(925)
Allowance for depreciation of overseas consolidated subsidiaries	(1,038)	–
Exchange rate differences on non-monetary assets and liabilities of overseas consolidated subsidiaries	(2,214)	(1,669)
Other	(1,273)	(1,359)
Deferred tax liabilities total	(7,532)	(5,115)
Net deferred tax assets	(1,484)	(110)

Notes: 1. Valuation reserves increased ¥1,575 million from the previous consolidated fiscal year. The major factor for the increase was an increase in the valuation reserve pertaining to tax loss carried forward at the subsidiary in the United States.

2. Amounts of tax loss carried forward and deferred tax assets by the deadline for carrying forward

Consolidated fiscal year under review (March 31, 2019)

	Up to 1 year (million yen)	More than 1 year and up to 2 years (million yen)	More than 2 years and up to 3 years (million yen)	More than 3 years and up to 4 years (million yen)	More than 4 years and up to 5 years (million yen)	More than 5 years (million yen)	Total (million yen)
Tax loss carried forward (*1)	–	–	–	–	98	1,455	(*2) 1,554
Valuation reserve	–	–	–	–	(31)	(1,417)	(1,448)
Deferred tax assets	–	–	–	–	67	37	(*2) 105

(*1) The tax loss carried forward is an amount obtained by multiplying the effective statutory tax rate.

(*2) For the tax loss carried forward of ¥1,554 million (an amount obtained by multiplying the effective statutory tax rate), deferred tax assets of ¥105 million are posted. For this tax loss carried forward, valuation reserve is not recognized for the portion that is determined to be recoverable based on the expected future taxable income, etc.

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, 2018) (%)	Current consolidated fiscal year (March 31, 2019) (%)
Statutory effective tax rate	30.9	30.6
(adjustments)		
Items that will never be included as losses, such as entertainment expenses	1.5	6.3
Items that will never be included as profits, such as dividend revenue	(0.2)	(3.3)
Per capita residential tax	0.8	1.7
Tax credits for research and development expenses	(0.9)	(4.8)
Employees salary increase tax deduction, etc.	(0.4)	(0.1)
Increase (decrease) in valuation allowance	8.0	36.2
Difference in statutory tax rates of consolidated subsidiaries	(3.3)	17.8
Retained earnings of overseas consolidated subsidiaries	4.5	2.0
Foreign tax credit	(1.7)	(4.9)
Amount of impact of the enactment of the Tax Cuts and Jobs Act in the United States	(6.4)	(0.1)
Impact of exchange rate fluctuations at overseas consolidated subsidiaries	(11.0)	(5.8)
Other	(4.9)	0.3
Burden ratio of corporate tax after application of deferred tax accounting	16.9	75.9

(Notes on Business Combination)
Not applicable

(Notes on Asset Retirement Obligations)
The Company has omitted notes for asset retirement obligations because the Company believes there is a bit significant need in this report for such disclosure.

(Notes on Rental Properties)
The Company has omitted notes for rental properties because the Company believes there is a bit significant need in this report for such disclosure.

Segment Information

1. Overview of reported segments

The reported segments of the Company are those units for which separate financial information can be obtained among the constituent units of the Company and for which the Board of Directors of the Company regularly carries out examinations to determine the allocation of management resources and assess the business performance.
The Company manages the Die Casting Business, the Aluminum Business, and the Proprietary Products Business.
In the Die Casting Business, the Company develops comprehensive strategies by regions: Japan, North America, and Asia, and is engaged in business activities accordingly.
As a result, the Company has five reported segments: Die Casting Business: Japan, Die Casting Business: North America, Die Casting Business: Asia, Aluminum Business, and Proprietary Products Business.
In the Die Casting Business, the Company is mainly engaged in manufacturing and sales of auto parts, general engine parts, industrial machinery parts, and dies in Japan, North America and Asia. In the Aluminum Business, the Company is engaged in smelting and sales of aluminum alloy ingots. In the Proprietary Products Business, it sells access floors and its accessories.

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

Profits in the reported segments are figures based on operating income.
Intersegment sales and transfers are based on current market values.

Notes to Consolidated Financial Statements

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

Previous consolidated fiscal year (April 1, 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	54,525	38,173	39,271	3,344	1,997	137,313
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

Current consolidated fiscal year (April 1, 2018 through March 31, 2019)

(Millions of yen)

	Reported segments					
	Die Casting Business			Aluminum Business	Proprietary Products Business	Total
	Japan	North America	Asia			
Sales						
(1) Customers	67,998	39,801	29,971	4,679	2,976	145,428
(2) Intersegment	3,701	10	1,915	4,525	6	10,158
Total	71,699	39,811	31,887	9,204	2,982	155,587
Segment profits/loss	871	123	1,841	112	314	3,263
Segment assets	54,834	32,954	37,943	3,019	2,194	130,946
Other items						
Depreciation and amortization	5,925	6,052	4,183	44	4	16,209
Impairment loss	289	3,012	–	–	–	3,302
Increase in tangible fixed assets and intangible fixed assets	6,788	3,858	5,787	67	26	16,528

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	155,776	155,587
Elimination of intersegment transactions	(10,609)	(10,158)
Net sales in the consolidated financial statement	145,167	145,428

(Millions of yen)

Profit	Previous consolidated fiscal year	Current consolidated fiscal year
Total profit in reported segments	4,734	3,263
Elimination of intersegment transactions	(15)	(35)
Operating income in the consolidated financial statement	4,718	3,228

(Millions of yen)

Assets	Previous consolidated fiscal year	Current consolidated fiscal year
Total assets in reported segments	137,313	130,946
Elimination of intersegment transactions	(1,723)	(5,339)
Company-wide assets	2,161	2,615
Assets in the consolidated financial statement	137,751	128,222

(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	15,069	16,209	(169)	(198)	14,899	16,011
Impairment loss	–	3,302	–	(9)	–	3,293
Increase in tangible fixed assets and intangible fixed assets	17,609	16,528	(261)	(206)	17,348	16,322

Related Information

Consolidated fiscal year under review (from April 1, 2018 to March 31, 2019)

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
75,196	38,403	30,058	1,770	145,428

Notes: 1. Sales are presented in categories by countries or regions based on the addresses of customers
2. Net sales in North America and Asia include net sales of ¥21,622 million in the United States that make up 10% or more of net sales on the consolidated income statement, net sales of ¥16,780 million in Mexico and net sales of ¥24,614 million in China.

(2) Tangible fixed assets

(Millions of yen)

Japan	North America	Asia	Total
28,363	24,656	24,379	77,399

(Note) Tangible fixed assets in North America and Asia includes tangible fixed assets of ¥17,492 million in Mexico that makes up 10% or more of tangible fixed assets on the consolidated balance sheet and tangible fixed assets of ¥20,765 million in China.

3. Information by major customers

(Millions of yen)

Name of customer	Sales	Titles of the related segments
Subaru Corporation	19,406	Die casting business: Japan

[Related Party Information]
Transactions between the company submitting consolidated financial statements and related parties
Officers and major shareholders (limited to individuals) of the company submitting consolidated financial statements
Previous consolidated fiscal year (from April 1, 2017 to March 31, 2018)
Not applicable.

Consolidated fiscal year under review (from April 1, 2018 to March 31, 2019)

Type	Name	Capital or investments (million yen)	Business or occupation	Ownership of voting rights (owned) (%)	Relationship with the interested party	Transaction	Amount of transaction (million yen)	Item	Ending balance (million yen)
Officer	Arata Takahashi	–	President and CEO of the Company	(owned) Direct 3.5	–	In-kind contribution of monetary compensation claim	16	–	–

(Note) The in-kind contribution of monetary compensation claim is based on the restricted stock compensation plan (transfer restriction period: one year).

Per Share Information

	Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)	Current consolidated fiscal year (From April 1, 2018 to March 31, 2019)
Net assets per share	2,522.55 yen	2,357.98 yen
Net income per share	133.40 yen	16.26 yen
Diluted net income per share	131.94 yen	16.07 yen

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

Notes to Consolidated Financial Statements

	Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)	Current consolidated fiscal year (From April 1, 2018 to March 31, 2019)
Net income per share		
Net income attributable to owners of parent (million yen)	3,450	421
Amount that does not belong to ordinary shareholders (million yen)	–	–
Net income attributable to owners of parent (related to common shares) (million yen)	3,450	421
Average number of shares during the period	25,862,856	25,900,783
Diluted net income per share		
Net income attributable to owners of parent (million yen)	–	–
Increase in number of common shares	286,379	304,130
Outline of latent shares without dilution effect not taken into account for calculation of diluted net income per share	–	–

Important Subsequent Events

(Acquisition of own shares)

At its meeting held on May 27, 2019, the Board of Directors of the Company passed a resolution on the matters concerning the acquisition of own shares pursuant to the provisions of the Articles of Incorporation under Article 459, Paragraph 1 of the Companies Act as follows.

(1) Reason for acquiring own shares
The Company will acquire its own shares to improve its capital efficiency and promote profit distribution to shareholders by executing a flexible capital policy in response to changes in the business environment.

(2) Class of shares to be acquired
Common stock of the Company

(3) Total number of shares able to be acquired
580,000 shares (maximum)
(Ratio to the total number of shares outstanding (excluding treasury shares): 2.24%)

(4) Total amount of acquisition price of shares
¥300 million (maximum)

(5) Acquisition period
May 28, 2019 to August 31, 2019

(Disposition of treasury shares as stock compensation)

At its meeting held on June 19, 2019, the Board of Directors of the Company passed a resolution on the disposition of treasury shares (hereinafter the "Disposition of Treasury Shares") as stock compensation as follows.

1. Overview of the disposition

(1) Date of disposition July 5, 2019
(2) Class and number of shares to be disposed of 120,734 shares of the Company's common stock
(3) Disposition price ¥518 per share
(4) Total amount of disposition ¥62 million
(5) Persons subject to allotment and number thereof and number of shares to be allotted
Directors (excluding directors who are Audit and Supervisory Committee members):
Six persons; 107,436 shares
Directors who are Audit and Supervisory Committee members (excluding independent directors):
One person; 4,613 shares
Executive officers: Three persons; 8,685 shares
(6) Other
The Disposition of Treasury Shares is on the condition that the securities registration statement comes into effect based on the Financial Instruments and Exchange Act.

2. Purpose and reason for the disposition

At its meeting held on May 30, 2018, the Board of Directors of the Company resolved to introduce a restricted stock compensation plan (hereinafter the "Plan") as a new compensation plan for the directors (excluding independent directors, hereinafter the "Target Directors") and executive officers of the Company for the purpose of providing them with an incentive to work on the sustainable enhancement of the Company's corporate value, further promoting the sharing of value with shareholders, and further increasing the linkage with medium- to long-term performance targets.

At its meeting held on June 19, 2019, the Board of Directors of the Company passed the following resolution: Based on the plan, the Company will provide a monetary compensation claim to the Target Directors and executive officers, and the Target Directors and executive officers will pay all of the monetary compensation claims as in-kind contributions. The Company will then subscribe for its common shares to be allotted with the Disposition of Treasury Shares.

3. Overview of the Plan

The Target Directors and executive officers will pay all of the monetary compensation claims provided to them based on the Plan as in-kind contributions and will receive the issuance or disposition of the Company's common shares. The total number of common shares that the Company will issue or dispose of to the Target Directors based on the Plan will be 240,000 shares or less, and the amount to be paid in per share will be the closing price of the Company's common shares at the Tokyo Stock Exchange on the business day before the date of resolution at the Board of Directors' meeting (if the transaction is not closed on that day, the closing price on the transaction date immediately prior to that day).

For the issuance or disposition of the Company's common shares based on the Plan, the Company will enter into a restricted share allotment contract (hereinafter the "Allotment Contract") with the Target Directors and executive officers, and its content will include the following: (1) The Target Directors and executive officers may not transfer, hypothecate or otherwise dispose of the Company's common shares allotted to them under the Allotment Contract for a certain period of time; and (2) If a certain event occurs, the Company will acquire its common shares without compensation.

This time, the Company has decided to give the Target Directors and executive officers monetary compensation claims of ¥62 million in total and 120,734 shares of its common stock based on the resolution made at the Board of Directors meeting held on June 19, 2019 for the purpose of promoting talented human resources as an officer and further motivating each Target Director and executive officer, taking into consideration the purpose of the Plan, the business performance of the Company, the degree of contribution of each Target Director and executive officer, the scope of their work responsibilities, and various other circumstances.

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, 2017 to March 31, 2018) Amount (¥ millions)	Current consolidated fiscal year (From April 1, 2018 to March 31, 2019) Amount (¥ millions)	Increase/(decrease) %
Die Casting Business: Japan	62,511	63,705	1.9
Die Casting Business: North America	38,267	37,998	(0.7)
Die Casting Business: Asia	27,861	28,031	0.6
Aluminum Business	8,103	8,048	(0.7)
Proprietary Products Business	1,084	1,352	24.7
Total	137,828	139,136	0.9

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, 2017 to March 31, 2018) Amount (¥ millions)	Current consolidated fiscal year (From April 1, 2018 to March 31, 2019) Amount (¥ millions)	Increase/(decrease) %
Die Casting Business: Japan	66,818	67,998	1.8
Die Casting Business: North America	39,937	39,801	(0.3)
Die Casting Business: Asia	30,442	29,971	(1.5)
Aluminum Business	4,597	4,679	1.8
Proprietary Products Business	3,371	2,976	(11.7)
Total	145,167	145,428	0.2

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.

	Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)		Current consolidated fiscal year (From April 1, 2018 to March 31, 2019)	
Customer	Amount (¥ millions)	%	Amount (¥ millions)	%
Subaru Corporation	20,132	13.9	19,406	13.3

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

Casting Our Eyes on the Future

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

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