(Translation)

Consolidated Financial Results for the Fiscal Year Ended March 31, 2009

May 29, 2009

Listing name: ASAHI TEC CORPORATION (the "Company") Listing: The Tokyo Stock Exchange, 1st section

Code number: 5606 URL: http://www.asahitec.co.jp/

Representative: Shoichiro IRIMAJIRI (President, Representative Executive Officer, and Co-CEO)

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Date of the shareholders' meeting: June 26, 2009

Date of filing Yukashoken Houkokusho: June 26, 2009

Date of dividend payment: –

(Amounts are rounded to the nearest million yen except for per share information)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2009 (April 1, 2008 ~ March 31, 2009)

(1) Consolidated operating results (% of change from previous year)

	Net sales (In ¥ million)	%	Operating income (loss) (In ¥ million)	%	Ordinary loss (In ¥ million)	%	Net loss (In ¥ million)	%
Year ended March 31, 2009	218,806	(30.7)	(3,145)	-	(12,200)	-	(23,251)	-
Year ended March 31, 2008	315,885	116.8	3,340	1.9	(8,602)	-	(34,818)	-

	Basic net loss per share (In ¥)	Diluted net income per share (In ¥)	ROE (Net loss/Shareholders' equity)	Ratio of ordinary loss to total assets	Ratio of operating income (loss) to net sales
Year ended March 31, 2009	(71.60)	-	(74.7%)	(6.2%)	(1.4%)
Year ended March 31, 2008	(137.91)	-	(58.4%)	(3.1%)	1.1%

For reference: Equity income from affiliates

	(In ¥ million)
Year ended March 31, 2009	407
Year ended March 31, 2008	206

(2) Consolidated financial position

	Total assets (In ¥ million)	Net assets (In ¥ million)	Equity ratio (%)	Net assets per share (In ¥)
Year ended March 31, 2009	150,410	17,613	10.8	2.51
Year ended March 31, 2008	242,886	47,692	18.9	81.94

For reference: Equity capital

	(In ¥ million)
Year ended March 31, 2009	16,179
Year ended March 31, 2008	46,073

(3) Consolidated cash flow results (In ¥ million)

	Net cash (used in) provided by operating activities	Net cash (used in) investing activities	Net cash provided by Financing activities	Cash and cash equivalents at end of year
Year ended March 31, 2009	(670)	(7,737)	7,449	5,350
Year ended March 31, 2008	9,771	(14,815)	3,234	6,529

2. Dividend Information

	Cash dividend per share (In ¥)					Total dividend payment amount (In ¥ million)	Dividend payout ratio (consolidated) %	Ratio of total amount of dividend to net assets (consolidated) %
	First quarter	Second quarter	Third quarter	Year end	Total			
Year ended March 31, 2008	-	-	-	-	-	-	-	-
Year ended March 31, 2009	-	-	-	-	-	-	-	-
Year ending March 31, 2010 (forecast)	-	-	-	-	-	-	-	-

3. Forecast of Consolidated Operating Results for the Fiscal Year Ending March 31, 2010 (April 1, 2009 ~ March 31, 2010) (% of change from previous year for annual forecast and from previous six months for half-year forecast)

	Net sales (In ¥ million)	%	Operating loss (In ¥ million)	%
Six months ending September 30, 2009	24,800	(82.0)	(2,000)	-
Year ending March 31, 2010	60,200	(72.5)	(300)	-

	Ordinary loss (In ¥ million)	%	Net loss (In ¥ million)	%	Net loss per share (In ¥)
Six months ending September 30, 2009	(2,700)	-	(2,700)	-	(6.76)
Year ending March 31, 2010	(1,300)	-	(1,400)	-	(4.53)

4. Other

(1) Change in the scope of consolidation: None

(2) Change of accounting principles/methods and presentation in preparing consolidated financial statements

Change by newly issued accounting pronouncements: Yes

Changes other than above: None

Note: For more details, please refer to "significant accounting policies" on page 19.

(3) Number of shares issued (common stock)

	As of March 31, 2009	As of March 31, 2008
	Shares	Shares
Number of shares issued as of year end (including treasury stock)	437,446,163	259,907,537
Number of treasury stock as of year end	452,406	415,335

Note: Please refer to "earnings per share" on page 52 for the number of shares used to calculate "net income per share (consolidated)".

For reference: Non-consolidated Financial Highlights

(Amounts are rounded to the nearest million yen except for per share information)

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2009 (April 1, 2008 ~ March 31, 2009)

(1) Non-consolidated operating results (% of change from previous year)

	Net sales (In ¥ million)	%	Operating income (In ¥ million)	%	Ordinary income (In ¥ million)	%	Net loss (In ¥ million)	%
Year ended March 31, 2009	40,238	(28.9)	1,763	(13.2)	1,131	(28.9)	(31,783)	-
Year ended March 31, 2008	56,609	14.3	2,032	19.7	1,589	38.7	(31,393)	-

	Net loss per share (In ¥)	Diluted net income per share (In ¥)
Year ended March 31, 2009	(97.28)	-
Year ended March 31, 2008	(124.71)	-

(2) Non-consolidated financial position

	Total assets (In ¥ million)	Net assets (In ¥ million)	Equity ratio (%)	Net assets per share (In ¥)
Year ended March 31, 2009	45,945	16,061	34.4	1.69
Year ended March 31, 2008	79,629	40,100	50.1	57.93

For reference: Equity capital

	(In ¥ million)
Year ended March 31, 2009	15,817
Year ended March 31, 2008	39,844

2. Forecast of Non-consolidated Operating Results for the Fiscal Year Ending March 31, 2010 (April 1, 2009 ~ March 31, 2010) (% of change from previous year for annual forecast and from previous six months for half-year forecast)

	Net sales (In ¥ million)	%	Operating income (loss) (In ¥ million)	%
Six months ending September 30, 2009	12,300	(50.4)	(50)	-
Year ending March 31, 2010	27,500	(31.7)	600	(66.0)

	Ordinary income (loss) (In ¥ million)	%	Net income (loss) (In ¥ million)	%	Net loss per share (In ¥)
Six months ending September 30, 2009	(300)	-	(350)	-	(1.38)
Year ending March 31, 2010	200	(82.3)	300	-	(0.64)

All forecasts were made based on the data available to the Company as of the date this report was filed. Therefore, the actual outcome may differ from the forecast due to various factors.

1. Business Results

(1) Overview of Business Results

The Japan economy has drastically slowed down for the fiscal year ended March 31, 2009 ("current year"), as seen in the decrease of consumer and capital spending resulting from the global financial crisis spreading to the real economy and in the decrease of demand especially in Japan's export industry which is impacted by a sharp appreciation of the yen versus major currencies.

In this world economic environment with its uncertain future, consolidated sales for the fiscal year ended March 31, 2009 amounted to ¥218,806 million, down 30.7% from the prior year, due primarily to the worldwide decline in the automotive industry that brought a decrease in exports of motorcycles to emerging countries and domestic demand for automobiles and trucks, further impacted by a decrease in demand for automobiles in North America, Europe, and Asia, the impact of foreign currency translation, and a decline in orders due to customers' inventory adjustments despite the increase in exports of parts for construction machines and the demand for electric power transmission equipment.

Operating loss amounted to ¥3,145 million (down ¥6,485 million compared to an operating income of ¥3,340 million for the prior year) due to an increase in material prices and a sharp decline in sales that started in the third quarter ended December 31, 2008 and the deterioration of the global automotive market that outweighed the efforts to improve profitability through the planned closedown of plants, even though there were significant price revisions and cost reductions resulting from the planned sales and closure of certain plants in North America and from the sale of a subsidiary in Europe, and a reduction of selling, general and administrative expenses. Ordinary loss amounted to ¥12,200 million (down ¥3,598 million compared to an ordinary loss of ¥8,602 million for the prior year) due to interest expense of ¥8,604 million and foreign exchange losses.

In addition, a gain on the redemption of bonds of ¥30,552 million resulting from the successful completion of a bond tender offer by Metaldyne Corporation ("Metaldyne), a wholly-owned U.S. subsidiary of the Company, a gain on forgiveness of debt of ¥3,133 million, and a curtailment gain of ¥1,537 million were recorded as extraordinary gains. These extraordinary gains were offset by an impairment loss of ¥40,793 million that was recorded as an extraordinary loss related mainly to the planned sale and closure of certain plants in North America and impairment of goodwill and long-term assets triggered by the deterioration of profitability, and by volume variances of ¥2,582 million resulting from the continuing low production level, a loss on disposal of noncurrent assets of ¥817 million, a loss associated with idled leased assets of ¥815 million, and restructuring expense for severance of ¥542 million that were also recorded as extraordinary losses. Based on the above, the net loss for the fiscal year ended March 31, 2009 amounted to ¥23,251 million (a decrease of ¥11,567 million compared to the net loss of ¥34,818 million for the prior year).

On May 27, 2009 (U.S. time), Metaldyne and 30 of its subsidiaries filed a petition with the U.S. Bankruptcy Court for the Southern District of New York for reorganization proceedings under Chapter 11 of the U.S. Bankruptcy Code ("Chapter 11").

It is expected that the reorganization proceedings will commence promptly after the filing, which will result in Metaldyne being deconsolidated from the consolidated financial statements of the Company at the moment of the filing, since, during the reorganization proceedings, Metaldyne expects to sell certain businesses and assets to new buyers, and the Company will lose its effective control over Metaldyne. Accordingly, all the relevant losses were recognized for the fiscal year ended March 31, 2009.

The financing of the Asahi Tec group excluding Metaldyne is arranged completely separately and independently from that of Metaldyne using bank loans and bonds. Therefore, Metaldyne's filing will have no impact on the bank loans of the Asahi Tec group excluding Metaldyne.

Pursuant to the proceedings as set forth in Chapter 11, Metaldyne will proceed with its restructuring under the U.S.

Bankruptcy Code. Metaldyne has already entered into an agreement with new sponsors regarding DIP financing. Therefore, it is expected that Metaldyne's production, sales and other corporate activities will continue as usual. The Company will not become a sponsor in the restructuring process, or inject any new funds or capital into Metaldyne. Considering these results, the Company does not plan to pay a dividend for the fiscal year ended March 31, 2009.

Segment Information

(Sales by segment include inter-segment sales, and operating income (loss) includes non-allocable expenses.)

a) Information by business segment

[General casting and forging parts]

Consolidated sales amounted to ¥208,257 million, down 32.0% from the prior year, due to the decrease in domestic demand for automobile parts exported to emerging countries, further impacted by a decrease in demand for automobiles in North America, Europe, and Asia. Consolidated operating loss amounted to ¥3,484 million, down ¥7,128 million from the prior year, due to the worldwide decline in the automotive industry and specifically the deterioration of the automobile market in North America.

[Devices and equipment]

Consolidated sales amounted to ¥10,610 million, up 11.0% from the prior year, due to a higher demand for power distribution equipment and early delivery of products for Tohoku-Electric Power Co., Inc.'s large project. Consolidated operating income amounted to ¥1,500 million, up 55.2% from the prior year.

b) Information by geographical segment

[Japan]

Consolidated domestic sales amounted to ¥76,205 million, down 17.6% from the prior year, due to the decrease of exports of trucks and construction machines to emerging countries. Consolidated operating income amounted to ¥3,540 million, down 27.7% from the prior year, due to the decrease in sales of major customers and the deterioration of profitability.

[Asia]

Consolidated sales in Asia amounted to ¥16,684 million, down 39.0% from the prior year, due to the downturn of the Thai automotive industry. Consolidated operating income amounted to ¥652 million, down 46.0% from the prior year, due to the decrease in sales in Asia and the deterioration of profitability caused by temporary closedown of plants.

[United States and Europe]

Consolidated sale of the United States and Europe where Metaldyne's major businesses are operated amounted to ¥81,636 million, down 41.4% from the prior year, and ¥40,048 million, down 27.9% from the prior year, respectively. Operating loss of the United States amounted to ¥8,069 million, up ¥453 million from the prior year, due to the slowdown of North American market, and operating income of Europe amounted to ¥1,792 million, down 70.5% from the prior year, due to the decrease in demand impacted by the deteriorated automobile market.

Forecast of consolidated financial results for the year ending March 31, 2010 is as follows: net sales of ¥60.2 billion, down 72.5 % from the previous fiscal year, operating loss of ¥0.3 billion, up ¥2.8 billion from the previous fiscal year, ordinary loss of ¥1.3 billion, up ¥10.9 billion from the previous fiscal year, and net loss of ¥1.4 billion, up ¥21.8 billion from the previous fiscal year.

(2) Financial Position

a) Assets, liabilities, and net assets

Total assets amounted to ¥150,410 million, down ¥92,475 million from the prior year-end, due to the goodwill impairment loss recorded by Metaldyne and impact from foreign currency translation of foreign subsidiaries.

Total liabilities amounted to ¥132,797 million, down ¥62,397 million from the prior year-end, due to the decrease of notes and accounts payable, extinguishment of long-term debt and the redemption of bonds resulting from the successful completion of a bond tender offer, and the decrease in a foreign subsidiary's liabilities impacted by foreign currency translation.

Net assets amounted to ¥17,613 million, down ¥30,078 million from the prior year-end, due to an increase in capital stock and capital surplus by issuance of new stocks, offset by the decrease of a foreign subsidiary's translation adjustments impacted by foreign currency translation and a net loss of ¥23,251 million for the fiscal year ended March 31, 2009.

b) Cash flows

Cash and cash equivalents for the current year were ¥5,350 million, down ¥1,179 million from the prior year-end.

Net cash used in operating activities was ¥670 million, down ¥10,442 million from the prior year mainly due to the reduction of notes and accounts payable-trade.

Net cash used in investing activities was ¥7,737 million, up ¥7,077 million from the prior year due to the purchase of property, plant and equipment which more than offset the proceeds from sales of investments in subsidiaries.

Net cash provided by financing activities was ¥7,449 million, up ¥4,215 million from the prior year due to proceeds from issuance of common stock despite the payments made for redemption of bonds.

Reference: Trend of cash flow indicators

	Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009
Equity ratio (%)	25.4	21.1	24.1	18.9	10.8
Equity ratio on a market value basis (%)	41.0	43.5	20.4	12.8	11.9
Interest bearing debt / cash flow ratio (%)	5.5	8.2	39.6	9.5	-
Interest coverage ratio (times)	4.2	4.0	2.4	1.0	-

Equity ratio: Equity／Total assets

Equity ratio on a market value basis: Market capitalization／Total assets

Interest bearing debt / cash flow ratio: Interest bearing debt／Operating cash flow

Interest coverage ratio: Operating cash flow／Interest expense

1. Each indicator is calculated based on the consolidated amounts.
2. Market capitalization was calculated as follows: Closing market price of shares at balance sheet date multiplied by the number of shares issued and outstanding at balance sheet date (excluding treasury stocks). The number of shares issued and outstanding at balance sheet date includes the number of preferred stocks convertible to common shares.
3. The operating cash flow represents the cash flow from operating activities in the consolidated statement of cash flows. However, for the fiscal years ended March 31, 2006, 2007, 2008, and 2009, nonrecurring and unusual cash items were excluded from the operating cash flow for calculation. Such expenses were "M&A advisory fee and refinance costs paid", "payments for director's retirement benefits", and "payment of restructuring expense – severance".
4. Interest bearing debt represents liabilities with interest payments recognized in the consolidated financial

statements. The interest expense represents the total amount of interest expense disclosed in the consolidated statement of cash flows.

(3) Basic Policy on the Distribution of Earnings and Plan of Current and Next Fiscal Year Dividend

It is the basic policy of Asahi Tec group companies including Metaldyne (collectively, the "Group") to return appropriate profits to its shareholders by continuously increasing shareholder value, along with distributing dividends. As for the retained earnings, the Group will utilize them, from a medium-and-long-term perspective, to make essential investment to meet future growth, including R&D for new products or global business expansion, in order to strengthen the Group's competitiveness.

During the fiscal year ended March 31, 2009, a gain on the redemption of bonds resulting from the successful completion of a bond tender offer was recorded by Metaldyne. However, such gain was offset by decreased sales due primarily to the worldwide decline in the automotive industry, an impairment loss that was recorded as an extraordinary loss related mainly to the planned sale and closure of certain plants in North America, and a valuation loss on investment in Metaldyne by reflecting the results of the revaluation of Metaldyne's assets such as goodwill caused by the deterioration of Metaldyne's profitability. Based on the above, the net loss of the Company for the fiscal year ended March 31, 2009 amounted to ¥31,783 million. Therefore, a dividend payment is not planned for the fiscal year ended March 31, 2009.

(4) Risk Factors

The business results and the financial position of the Group (including the Company's share price) will be potentially affected by certain risks as described below. The Group will implement measures to mitigate the effects. The risk information described below is based on information available at the end of the current fiscal year and does not cover all risks that may affect the Group's operating results.

a) Transactions with major customers

For the general casting and forging parts business, the Group's major customers are automobile manufacturers. Among these are Mitsubishi Fuso Truck and Bus Corporation ("Mitsubishi Fuso"), Suzuki Motor Corporation, Chrysler, Ford Motor Company and General Motors Corporation upon which the Group's dependence for sales revenue is significant. Therefore, their business and/or operating decisions may adversely impact the Group's operating results.

b) Raw material purchase risk

As the purchase price of certain raw materials (iron scrap, aluminum metal, coke, and etc.) is linked to worldwide supply and demand trends, prices may fluctuate dramatically. Especially, the increase of raw material prices in current year was remarkable. The Group continues efforts to recoup any increase in material costs where possible, by increasing the selling prices of its finished products to its customers, but the Group's operating results may be adversely affected by such risk if the pass through of these costs increases is not successful.

c) Syndicated loans and subordinated loans

Of all loans and borrowings of the Group, syndicated loans and subordinated loans are subject to restrictive financial covenants. Failure to achieve a specified level of performance will result in an infringement of the terms of the loan agreements, in which case, the Group may be required to immediately repay the full outstanding balance of the principal and/or accrued interest. If the Group is not able to make necessary capital expenditures due to the high degree of leverage, the Group's operating results may be adversely affected.

d) Risk associated with requests for discount from customers

Due to fierce low-cost competition in the automobile industry, the Group is subject to constant pressure from automobile manufacturers (i.e. customers) to lower its prices and improve quality. To meet such demands, the Group continues to improve productivity and to reduce purchase costs and defects. However, if these efforts are insufficient to cover discounts given to customers, this may have an adverse impact on the Group's operating results.

e) Risk associated with improving profitability and productivity

To improve profitability, the Group is taking the following measures; 1) Improve its production control system to enhance productivity, 2) reduce purchase costs, 3) reduce defective products and returns from customers by improving quality, and 4) shift production bases to lower cost countries such as Thailand, China, and to Eastern Europe.

The Group may lose cost competitiveness, which will adversely affect its operating results, if the abovementioned measures are not taken quickly enough, or the total investment for cost reduction exceeds its budget, or the cost reduction by shifting production overseas does not meet its expectation due to failures to execute plans effectively.

f) Parent company

RHJ International SA/NV ("RHJI") owns 60.1% of voting rights of the Company, which makes it a parent company of the Company by holding a majority of voting rights. As of March 31, 2009, the Company does not have material transactions with RHJI. However, RHJI may have an impact on the Group's financial positions and operating results by exercising its voting rights at the Company's shareholders' meetings.

g) Acquisition of Techno-Metal Co., Ltd.

In order to expand its business and to improve its operational efficiency, the Group entered into a contract with Mitsubishi Fuso on February 28, 2006, to acquire 128,000 shares (66%) of Techno-Metal Co., Ltd. (formally known as Mitsubishi Fuso Techno-Metal Co., Ltd.), a wholly-owned subsidiary of Mitsubishi Fuso. On August 29, 2007, the Company acquired from Mitsubishi Fuso the remaining 66,000 shares of Techno-Metal Co., Ltd..

The Group will drive synergies from the acquisition of Techno-Metal Co., Ltd. for the following purposes; 1) Enter the field of automobile engine manufacturing, 2) propose manufacturing techniques that meet customer needs, 3) increase the manufacture of high-value added products, 4) improve efficiency in development and production areas, and 5) improve profit margin through cost reductions.

However, if the planned synergies to be derived from the above acquisition are not successful, the Group's operating results may be adversely affected.

h) Interest rate fluctuation

As the Group has consolidated loans payable of ¥71,625 million, fluctuations in interest rates may adversely affect the Group's operating results.

i) Exchange rate fluctuation

As the Group has foreign currency transactions related to exporting products and importing raw materials, and also has assets and liabilities denominated in foreign currencies, fluctuations in foreign exchange rates may adversely affect the Group's operating results.

j) Dividend and redemption of preferred stocks

The Group issued Series A preferred stock for 28,572,000 shares, Series B preferred stock for 10,526,316 shares, and Series C preferred stock for 179,179 shares. When the Group needs to pay any accumulated unpaid dividend, that amount could be material. Consequently, the Group's financial positions may be adversely affected. The Company received 97,098 shares of Series C preferred stock without consideration from Chrysler LLC during the fiscal year ended March 31, 2009.

k) Natural disaster

The Group's operating results may be adversely affected by work stoppage due to the unexpected natural disaster.

2. Group Information

This section has been omitted because there were no material changes from the "Organizational Structure (Business Description)" or the "Overview of Related Parties" in the most recent Yukashoken Houkokusho (filed on June 27, 2008).

3. Management Policy

(1) Basic Management Policy

The Group, supporting the fundamentals of manufacturing for about a century since its foundation, is looking ahead to the next century. As the globalization of political, economic, and social fields expands, the Group will aim to ensure long term stability and growth by increasing shareholder value through the achievement of reasonable profitability and healthy financial conditions. The most important base of achieving it is "people" and the Group will emphasize the development of people of the Group by strengthening and vitalizing the Group's organizational structure. In addition, it will meet its corporate social responsibility in all its business activities through working to preserve ethics and improve the environment, and maintaining social harmony such as paying attention to global environmental issues.

(2) Medium-and-Long-Term Management Strategy and Future Objectives

For the Group to obtain a competitive advantage over other automotive components manufacturers while auto and construction machine makers are expanding their globalization and increasing the outsourcing of production of high value-added automotive parts, it is imperative that the Group execute strategies to respond to this dynamic business environment. In addition, tackling global environmental issues, especially the reduction of emissions of carbon dioxide to stop global warming, is making auto makers pursue lightweight components to improve fuel efficiency and higher-performance powertrain products, which will lead to the opportunity of the casting and forging businesses of the Group to grow. However, in reality, domestic production level has gone down due to the global financial crisis and economic downturn and we also see the sharp decline in demand for passenger cars, motorcycles, trucks, and construction machines worldwide.

Consequently, the Group has re-established the organizational structure to set up the manufacturing capacity commensurate with the amount of customer orders under the tough business environment anticipated. Light alloy business group in charge of aluminum business and aluminum wheel business was newly created to strengthen the pursuit of lightweight components and commodity technologies, and so was iron casting and forging business group in charge of ductile business, Techno-Metal Co., Ltd., and Asahi Tec Metals (Thailand) Co., Ltd. to take advantage of the existing business locations and achieve the integration of business. At the same time, the Group has been working on the establishment of management structure and maintenance of production capacity. In addition, total quality management has been implemented to improve the quality of work because it is considered as a prime task to strengthen and improve quality, technology, and marketing skills to survive the restructuring of automotive parts business by changing how to do work and how to think about things. For example, we will continue to come back to the analysis and try things if expected outcome cannot be driven based on the measures taken based on the analysis of facts we have.

The Company's environmental systems and equipment business and electric power equipment business have sophisticated technologies and products to answer the needs for infrastructure such as efficient rehabilitation of old environmental infrastructure in cities, supply of environmental infrastructure to local areas, and power supply in case of earthquake. The Company believes that contribution to society using those technologies is the Company's mission.

a) Technological innovation

The Group will expedite technological development by making the most of its technology, know-how, and human resources with the right focus and concentration. As mentioned above, the trend of weight reduction in automobiles accelerates the shift to lighter materials, and the Company will try to expand the customers and increase customer orders by utilizing the aluminum or magnesium casting and forging technologies both developed for applying lighter weight materials. It will also provide attractive new products that will meet future customer needs in the field of environmental systems and equipment as well as electric power transmission equipment.

b) Thorough control of quality and delivery of products

In order to be one of the most reliable companies and to satisfy its customers, the Group encourages all employees to put a priority on working together to create high-quality products, and to deliver products in a timely manner. In addition, the Group will pay more attention to improving quality of product which will lead to the Group's operating results.

c) Stable supply of product to customers

As the customers' businesses expand, it is expected that supply of casting and forging products to customers will be tight from middle and long-term perspective, which could hinder customers' business. The Group will try to meet the customers' needs by ensuring stable supply of products through necessary capital investments and improvement of the productivity of existing plants.

d) Improvement of financial positions and growth under improved profitability

The non-manufacturing department of the Group has been doing intensive cost reductions under the worldwide recession. At the same time, the manufacturing department of the Group has been working on the improvement of financial position and profitability to prepare for the time when the economy picks up by taking the time of production reductions as an opportunity to act. In addition, the Company's environmental systems and equipment business and electric power equipment business will aim for the maximization of profit by taking advantage of their distinctive technologies and competitive products.

e) Intensive manpower development

The Company believes that each individual's ability and strong will contribute to the vitality of the organization which is key to the Company's development. To meet the challenges of ongoing globalization, the

Group will upgrade its human resource development systems. By improving training courses, and by supporting employees' education and official certifications, it can improve the skills of each employee. Also, it will introduce an evaluation system that rewards each employee according to their individual ability and contribution.

With these measures, the Group will promote sales expansion and cost reduction, and finally contribute to the society while also continuing the Group's growth and increasing the Group's profitability.

Consolidated Financial Statements

(1) Consolidated Balance Sheets (In ¥ million)

	As of March 31, 2008	As of March 31, 2009
Assets		
Current assets		
Cash and deposits	¥6,529	¥5,350
Notes and accounts receivable-trade	36,395	17,886
Inventories	21,176	-
Merchandise and finished goods	-	6,032
Work in process	-	2,389
Raw materials and supplies	-	6,088
Deferred tax assets	1,217	1,031
Other	3,882	2,980
Allowance for doubtful accounts	(213)	(191)
Total current assets	68,987	41,568
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	16,534	13,648
Machinery, equipment and vehicles, net	49,813	35,396
Tools, furniture and fixtures, net	4,545	3,293
Land	16,763	16,123
Lease assets, net	-	1,055
Construction in progress	4,903	4,094
Total property, plant and equipment	92,560	73,611
Intangible assets		
Goodwill	26,000	118
Patent right	28,219	15,124
Customer contracts	21,766	12,446
Other	840	3,612
Total intangible assets	76,827	31,301
Investments and other assets		
Investment securities	643	486
Deferred tax assets	344	333
Other	3,480	3,347
Allowance for doubtful accounts	(226)	(297)
Total investments and other assets	4,242	3,869
Total noncurrent assets	173,629	108,782
Deferred assets		
Stock issuance cost	269	59
Total deferred assets	269	59
Total assets	¥242,886	¥150,410

(Continued)

(In ¥ million)

	As of March 31, 2008	As of March 31, 2009
Liabilities		
Current liabilities		
Notes and accounts payable-trade	¥38,104	¥18,919
Short-term loans payable	8,394	6,657
Income taxes payable	1,104	261
Provision for bonuses	1,918	686
Notes payable-facilities	310	482
Other provision	1,488	843
Other	13,928	9,061
Total current liabilities	65,249	36,912
Noncurrent liabilities		
Bonds payable	40,644	2,908
Long-term loans payable	58,235	64,968
Deferred tax liabilities	10,288	7,939
Deferred tax liabilities for land revaluation	2,816	2,815
Provision for retirement benefits	12,742	12,876
Other provision	933	885
Negative goodwill	34	145
Other	4,249	3,345
Total noncurrent liabilities	129,944	95,884
Total liabilities	195,194	132,797
Net assets		
Shareholders' equity		
Capital stock	34,384	38,282
Capital surplus	35,309	39,180
Retained earnings	(36,607)	(63,464)
Treasury stock	(20)	(21)
Total shareholders' equity	33,067	13,976
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	25	14
Deferred losses on hedges	(143)	(165)
Revaluation reserve for land	3,044	3,045
Foreign currency translation adjustment	10,078	(690)
Total valuation and translation adjustments	13,005	2,203
Subscription rights to shares	255	244
Minority interests	1,363	1,189
Total net assets	47,692	17,613
Total liabilities and net assets	¥242,886	¥150,410

(Concluded)

(2) Consolidated Statements of Operations (In ¥ million)

	Year ended March 31, 2008	Year ended March 31, 2009
Net sales	¥315,885	¥218,806
Cost of sales	291,180	205,488
Reversal of loss on sales	(499)	(378)
Gross profit	25,203	13,696
Selling, general and administrative expenses	21,863	16,841
Operating income (loss)	3,340	(3,145)
Non-operating income		
Interest income	114	35
Dividends income	4	4
Amortization of negative goodwill	11	32
Equity in earnings of affiliates	206	407
Subsidy income	206	172
Miscellaneous income	113	159
Total non-operating income	656	811
Non-operating expenses		
Interest expenses	11,856	8,604
Miscellaneous expenses	742	1,262
Total non-operating expenses	12,598	9,867
Ordinary loss	(8,602)	(12,200)
Extraordinary income		
Reversal of provision for retirement benefits	602	1,537
Reversal of provision for bonuses	320	-
Reversal of provision for legal proceedings	137	-
Gain on sales of noncurrent assets	165	299
Gain on forgiveness of debts	-	3,133
Gain on redemption of bonds	-	30,552
Reimbursement of insurance	146	-
Other	87	539
Total extraordinary income	1,459	36,062
Extraordinary loss		
Loss on disposal of noncurrent assets	1,315	817
Impairment loss	21,637	40,793
Loss on adjustment for changes of accounting standard for measurement of inventories	-	366
Volume variances	-	2,582
Directors’ retirement benefits	770	-
Restructuring expense – severance	675	542
Other	37	1,029
Total extraordinary losses	24,437	46,131
Loss before income taxes and minority interests	(31,579)	(22,270)
Income taxes – current	2,805	1,328
Income taxes – deferred	179	(394)
Total income taxes	2,984	934
Minority interests in income	254	46
Net loss	(¥34,818)	(¥23,251)

(3) Consolidated Statements of Changes in Net Assets (In ¥ million)

	Year ended March 31, 2008	Year ended March 31, 2009
Shareholders' equity		
Capital stock		
Balance at the end of previous period	¥34,384	¥34,384
Changes of items during the period		
Issuance of new shares	0	3,897
Total changes of items during the period	0	3,897
Balance at the end of current period	34,384	38,282
Capital surplus		
Balance at the end of previous period	35,308	35,309
Changes of items during the period		
Issuance of new shares	0	3,871
Total changes of items during the period	0	3,871
Balance at the end of current period	35,309	39,180
Retained earnings		
Balance at the end of previous period	(3,449)	(36,607)
Changes of items during the period		
Net loss	(34,818)	(23,251)
Pension and postretirement benefit plans of foreign subsidiary	1,660	(3,606)
Total changes of items during the period	(33,158)	(26,857)
Balance at the end of current period	(36,607)	(63,464)
Treasury stock		
Balance at the end of previous period	(17)	(20)
Changes of items during the period		
Purchase of treasury stock	(2)	(1)
Total changes of items during the period	(2)	(1)
Balance at the end of current period	(20)	(21)
Total shareholders' equity		
Balance at the end of previous period	66,226	33,067
Changes of items during the period		
Issuance of new shares	0	7,768
Net loss	(34,818)	(23,251)
Pension and postretirement benefit plans of foreign subsidiary	1,660	(3,606)
Purchase of treasury stock	(2)	(1)
Total changes of items during the period	(33,159)	(19,090)
Balance at the end of current period	33,067	13,976
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	70	25
Changes of items during the period		
Net changes of items other than shareholders' equity	(44)	(11)
Total changes of items during the period	(44)	(11)
Balance at the end of current period	¥25	¥14

(Continued)

(In ¥ million)

	Year ended March 31, 2008	Year ended March 31, 2009
Deferred losses on hedges		
Balance at the end of previous period	¥-	(¥143)
Changes of items during the period		
Net changes of items other than shareholders' equity	(143)	(22)
Total changes of items during the period	(143)	(22)
Balance at the end of current period	(143)	(165)
Revaluation reserve for land		
Balance at the end of previous period	3,044	3,044
Changes of items during the period		
Net changes of items other than shareholders' equity	-	0
Total changes of items during the period	-	0
Balance at the end of current period	3,044	3,045
Foreign currency translation adjustment		
Balance at the end of previous period	3,907	10,078
Changes of items during the period		
Net changes of items other than shareholders' equity	6,171	(10,769)
Total changes of items during the period	6,171	(10,769)
Balance at the end of current period	10,078	(690)
Total valuation and translation adjustments		
Balance at the end of previous period	7,022	13,005
Changes of items during the period		
Net changes of items other than shareholders' equity	5,983	(10,802)
Total changes of items during the period	5,983	(10,802)
Balance at the end of current period	13,005	2,203
Subscription rights to shares		
Balance at the end of previous period	108	255
Changes of items during the period		
Net changes of items other than shareholders' equity	146	(11)
Total changes of items during the period	146	(11)
Balance at the end of current period	255	244
Minority interests		
Balance at the end of previous period	2,724	1,363
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,361)	(173)
Total changes of items during the period	(1,361)	(173)
Balance at the end of current period	1,363	1,189
Total net assets		
Balance at the end of previous period	76,082	47,692
Changes of items during the period		
Issuance of new shares	0	7,768
Net loss	(34,818)	(23,251)
Pension and postretirement benefit plans of foreign subsidiary	1,660	(3,606)
Purchase of treasury stock	(2)	(1)
Net changes of items other than shareholders' equity	4,769	(10,987)
Total changes of items during the period	(28,390)	(30,078)
Balance at the end of current period	¥47,692	¥17,613

(Concluded)

(4) Consolidated Statements of Cash Flows (In ¥ million)

	Year ended March 31, 2008	Year ended March 31, 2009
Cash flows from operating activities		
Loss before income taxes and minority interests	(¥31,579)	(¥22,270)
Depreciation and amortization	20,678	17,823
Impairment loss	21,637	40,793
Amortization of goodwill	2,523	1,216
Amortization of negative goodwill	(11)	(32)
Decrease in provision for bonuses	-	(1,223)
Reversal of provision for retirement benefits	-	(1,537)
Gain on forgiveness of debt	-	(3,133)
Gain on extinguishment of bonds	-	(30,552)
Directors' retirement benefits	770	-
Restructuring expense – severance	675	542
Decrease in allowance for doubtful accounts	(234)	(25)
Decrease in provision for retirement benefits	(3,262)	(1,406)
Loss on sales and retirement of noncurrent assets	1,150	551
Interest and dividends income	(119)	(39)
Interest expenses	11,856	8,604
Foreign exchange losses	129	279
Equity in earnings of affiliates	(206)	(407)
Decrease in notes and accounts receivable-trade	3,193	16,851
(Increase) decrease in inventories	(737)	4,651
Decrease in notes and accounts payable-trade	(3,531)	(19,826)
Other, net	2,883	(1,447)
Sub-total	25,816	9,411
Interest and dividends income received	119	39
Interest expenses paid	(11,583)	(7,512)
Income taxes paid	(2,943)	(2,417)
Income taxes refund	92	407
Payments for directors' retirement benefits	(725)	-
Payment of restructuring expense – severance	(1,003)	(599)
Net cash provided by (used in) operating activities	9,771	(670)
Cash flows from investing activities		
Payments into time deposits	(50)	-
Proceeds from withdrawal of time deposits	118	-
Purchase of property, plant and equipment	(13,420)	(9,186)
Proceeds from sales of property, plant and equipment	200	469
Purchase of intangible assets	(13)	(7)
Purchase of investments in subsidiaries	(1,670)	(36)
Proceeds from sales of investments in subsidiaries	-	1,051
Other, net	21	(28)
Net cash used in investing activities	(¥14,815)	(¥7,737)

(Continued)

(In ¥ million)

	Year ended March 31, 2008	Year ended March 31, 2009
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	¥3,907	(¥1,022)
Proceeds from long-term loans payable	16,768	22,032
Repayment of long-term loans payable	(17,168)	(14,586)
Redemption of bonds	-	(6,203)
Proceeds from issuance of common stock	0	7,737
Proceeds from sale-leaseback transactions	478	381
Repayments of finance lease obligations	(778)	(860)
Cash dividends paid to minority shareholders	(7)	(7)
Proceeds from stock issuance to minority shareholders	46	-
Other, net	(14)	(21)
Net cash provided by financing activities	3,234	7,449
Effect of exchange rate change on cash and cash equivalents	(397)	(220)
Net decrease in cash and cash equivalents	(2,206)	(1,179)
Cash and cash equivalents at beginning of period	8,735	6,529
Cash and cash equivalents at end of period	¥6,529	¥5,350

(Concluded)

Note to Going-Concern Assumption

This section is not applicable to the fiscal year ended March 31, 2009.

Significant Accounting Policies

1. Scope of Consolidation

(1) Consolidated subsidiaries – the following seventy five (75) subsidiaries were consolidated:

Hoei Industrial Co., Ltd., Techno-Metal Co., Ltd., Metaldyne Holdings LLC and its sixty five (65) subsidiaries, Asahi Tec Aluminum (Thailand) Co., Ltd., Asahi Tec Metals (Thailand) Co., Ltd., Guangzhou Asahi Dongling Research & Development Co., Ltd., Asahi Tec Tohoku Sales Co., Ltd., Asahi Service Co., Ltd., Asahi Tec Environmental Solutions Corporation ("ATES"), and Asahi Tec Service Co., Ltd.

MRFC, Inc. and GLO S.r.l., consolidated subsidiaries of Metaldyne Holdings LLC, were liquidated and sold, respectively, during the current fiscal year and excluded from the scope of consolidation. MD Products Corp., a subsidiary of Metaldyne Holdings LLC, is newly included in the scope of consolidation starting the fiscal year ended March 31, 2009.

2. Matters Related to Equity Method

(1) Non-consolidated companies accounted for under the equity method – three (3) companies

Shippo Asahi Moulds (Thailand) Co., Ltd., Dicastal Asahi Aluminum Co., Ltd., and Wheelhorse Asahi Aluminum Co., Ltd.

(2) Since the statutory fiscal year-end of above entities is different from that of the Company, they are accounted for by using their financial results reported as of their respective statutory fiscal year end.

3. Closing Date of Consolidated Subsidiaries

The names of entity whose statutory fiscal year end is different from that of the Company are as follows:

(1) Sunday nearest to March 31

Metaldyne and thirty one (31) of its subsidiaries - financial reporting date for those entities was the Sunday nearest to March 31, 2009, and material transactions during intervening period, if any, are reflected in the consolidated financial statements.

Fourteen (14) subsidiaries of Metaldyne – the statutory closing date for those entities is March 31 and the financial statements closed Sunday nearest March 31 are reported to Metaldyne for the consolidated financial statements, and material transactions during intervening period, if any, are reflected in the consolidated financial statements.

(2) December 31

Nineteen (19) subsidiaries of Metaldyne - financial reporting date for those entities was the Sunday nearest to March 31, 2009.

Guangzhou Asahi Dongling Research & Development Co., Ltd. – the Company used its financial statements as of December 31, 2008, and material transactions during intervening period, if any, are reflected in the consolidated financial statements.

4. Accounting Policies

(1) Evaluation standards and methods for significant assets

Securities

Available-for-sale securities – Available-for-sale securities with readily determinable market prices are stated at fair value as of the balance sheet date, with unrealized gains and losses, net of applicable taxes, reported as a separate component of net assets. The cost of securities sold was calculated by the moving-average method. Available-for-sale securities without readily determinable market prices were stated at cost determined by the moving-average method.

Inventories

The Company and its domestic subsidiaries stated inventories at cost determined by the period average method. Foreign subsidiaries stated inventories at the lower of cost or net realizable value, with cost determined by use of the first-in, first-out method.

(Change in accounting principle)

ASBJ Statement No. 9 *Accounting Standard for Measurement of Inventories* was newly adopted for the first quarter ended June 30, 2008. As a result of this adoption, operating loss and ordinary loss increased by ¥47 million, respectively, and loss before income taxes increased by ¥413 million for the fiscal year ended March 31, 2009. Impact on segment information is separately disclosed in this report.

Derivatives

The fair value method was applied.

(2) Depreciation methods for significant fixed assets

Property, plant and equipment (excluding lease assets)

Buildings other than fixtures - the straight-line method was applied.

Moulds included in tools, furniture and fixtures - the Company, Techno-Metal Co., Ltd., and foreign subsidiaries applied the straight-line method. The domestic subsidiaries applied the declining-balance method.

Other tangible fixed assets - the Company and its domestic subsidiaries other than Techno-Metal Co., Ltd. applied the declining-balance method. Techno-Metal Co., Ltd. and the foreign subsidiaries applied the straight-line method. The useful lives of the major tangible fixed assets are as follows:

Buildings and structures:	10 to 60 years
Machinery, equipment, and vehicles:	4 to 15 years
Tools, furniture and fixtures:	2 to 7 years

(Additional information)

As a result of tax law changes, the Company and some of the domestic subsidiaries revised the depreciation terms of major machinery from 4 to 12 years to 4 to 9 years starting the first quarter ended June 30, 2008, after reviewing the economic lives of assets. As a result of this adoption, loss before income taxes increased by ¥180 million for the fiscal year ended March 31, 2009.

Intangible assets (excluding lease assets)

Software (internal use) - the straight-line method was applied using the useful life of three (3) to five (5) years.

Patent right - the straight-line method was applied using the useful life of mainly twenty (20) years.

Customer contracts - the straight-line method was applied using the useful life of mainly fifteen (15) years.
Other intangible assets - the straight-line method was applied.

Lease assets

Finance lease transactions that transfer ownership – depreciation expense is calculated based on the same way as it is applied to the assets owned by the lessee.

Finance lease transactions that do not transfer ownership – deprecation expense is calculated based on the assumption that the useful life equals the lease term and the residual value is zero. Finance lease transactions that do not transfer ownership which consummated before March 31, 2008 have been accounted for as operating lease transactions.

(3) Deferred asset

Stock issuance cost – the straight-line method is applied and amortized over three (3) years on a monthly basis.

(4) Accounting method for significant provisions

Allowance for doubtful accounts

The Company and its domestic subsidiaries recorded allowance for doubtful accounts at amounts considered to be the Company’s and its domestic subsidiaries’ best estimates after considering their past credit losses for existing non doubtful accounts and individual collectibility for specific doubtful accounts. The foreign subsidiaries recorded allowance for doubtful accounts considering individual collectibility for specific doubtful accounts.

Provision for bonuses

The Company recorded provision for bonuses for the estimated amount to be paid to employees.

Provision for retirement benefits

The Company and its subsidiaries have retirement benefit plans and record provision for retirement benefits based on projected benefit obligations and a fair value of plan assets at the balance sheet date. Unrecognized actuarial gains or losses start to be amortized, in the following fiscal year, by the straight-line method over a period of ten (10) to fifteen (15) years, which represents the employees’ average remaining service period at the time the actuarial gains or losses are incurred.

Among foreign subsidiaries, Metaldyne and its subsidiaries are amortizing on the straight-line basis unrecognized actuarial gains or losses related to defined pension plans for the portion exceeding 10% of the greater of the projected benefit obligation or the market value of plan assets over a period determined based on the employees’ average remaining period of employment. In addition, a subsidiary in the United States has postretirement benefits other than pensions, using the same method for amortizing unrecognized actuarial gains or losses in accordance with generally accepted accounting principles in the United States.

(5) Translation of assets and liabilities denominated in foreign currency into Japanese Yen

Financial assets and liabilities denominated in foreign currencies were translated into Japanese Yen at spot exchange rates on the balance sheet date, and unrealized foreign exchange gains and losses were charged to the income statements. As for the foreign subsidiaries’ financial statements, assets and liabilities were translated into Japanese Yen at spot exchange rates on the balance sheet date, and revenues and expenses were translated at the average exchange rates for the year. Any foreign exchange impact arising from such translation was charged to foreign currency translation adjustment in net assets.

(6) Accounting for derivative instruments

Accounting – Hedge accounting is applied.

Hedging activity and hedged item:

Hedging activity – Foreign currency contract

Hedged item – Forecasted transactions involving foreign currencies

Policy related to transactions – Foreign currency risk associated with hedged items is hedged within a certain level based on the internal rules where authorization of derivative transactions and limit on transaction amount are defined.

Assessment of hedge effectiveness – Assessment of hedge effectiveness for foreign currency contracts was omitted since those transactions meet prerequisites allowing for omission of the assessment of hedge effectiveness.

(7) Other significant matters for the preparation of consolidated financial statements

Accounting for sales taxes

Sales taxes were excluded from the amounts of all related accounts in this report.

Revenue recognition of long-term construction contract

Revenue recognition of long-term construction contracts by ATES, in principle, is recorded by completed contract method. However, revenue for contracts exceeding ¥100 million in contract amount and one (1) year in construction period is recorded by the percentage-of-completion method. For the current year, revenue recorded under the percentage-of-completion method amounted to ¥2,144 million.

Accounting for investments and other assets

Other assets – foreign subsidiaries monthly amortize finance costs over the term of loans using straight-line method in accordance with their local GAAP.

5. Valuation method of assets and liabilities of consolidated subsidiaries

All assets and liabilities of consolidated subsidiaries are evaluated at fair value.

6. Goodwill and negative goodwill

The Company amortizes goodwill and negative goodwill by the straight-line method over a period not exceeding twenty (20) years. When the amount of goodwill is deemed to be immaterial, all goodwill is charged to the income statement in the year when it’s incurred.

7. Cash and cash equivalents

Cash and cash equivalents on the consolidated statement of cash flows consists of cash on hand, deposits immediately available for withdrawal, and short-term and highly liquid investments with original maturities of three (3) months or less that were readily convertible to known amounts of cash and so near their maturity that they present insignificant risks of change in value resulting from changes in interest rates.

Change in Accounting Principles

(Accounting standard for lease transactions)

ASBJ Statement No. 13 *Accounting Standard for Lease Transactions* and ASBJ Guidance No. 16 *Guidance on Accounting Standard for Lease Transactions* were early adopted for the first quarter ended June 30, 2008.

Finance lease transactions that do not transfer ownership which consummated before March 31, 2008 have been accounted for as operating lease transactions. The adoption of these new pronouncements did not materially affect the consolidated operating results for the fiscal year ended March 31, 2009. Impact on segment information is separately disclosed in this report.

(Accounting policies applied to foreign subsidiaries)

ASBJ Practical Issues Task Force (PITF) No. 18 *Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements* was newly adopted for the first quarter ended June 30, 2008, and necessary consolidating adjustments are made accordingly. The adoption of this new pronouncement did not affect the consolidated operating results for the fiscal year ended March 31, 2009.

Change in Presentation of Consolidated Financial Statements

(Consolidated Balance Sheets)

1. Financial Services Agency issued a partial amendment of regulations for financial reporting (Regulations No. 50 issued on August 7, 2008). Amount disclosed under “Inventories” as of March 31, 2008 is presented under “Merchandise and finished goods”, “Work in process”, or “Raw materials and supplies” as of March 31, 2009. “Merchandise and finished goods”, “Work in process”, and “Raw materials and supplies” as of March 31, 2008 were ¥7,700 million, ¥4,771 million, and ¥8,704 million, respectively.
2. The balance sheet account called “Trademarks and Technologies” that was used for the previous fiscal year is now revised to “Patent right” for the current fiscal year to improve the comparability on the balance sheet upon introduction of XBRL to EDINET. “Patent right” also includes unpatented technologies. In addition, trademarks included in “Trademarks and Technologies” for the previous fiscal year are reclassified to “Other” under intangible assets for the current fiscal year. The amount of trademarks included in “Trademarks and Technologies” for the previous year was ¥5,889 million.

(Consolidated Statements of Cash Flows)

“Increase (decrease) in provision for bonuses” that was included in “Other, net” under operating cash flows for the previous fiscal year is separately disclosed under operating cash flows for the current fiscal year due to the increase in materiality of this account. The amount of “decrease in provision for bonuses” for the previous fiscal year was ¥54 million.

Notes to the Consolidated Financial Statements

Notes to the Consolidated Balance Sheets

	Year ended March 31, 2008	Year ended March 31, 2009
	Million yen	Million yen
1. Accumulated depreciation of property, plant, and equipment	99,221	106,905
2. Pledged assets and obligations guaranteed		
Amount of pledged assets:		
Cash and deposits	3,024	2,252
Notes and accounts receivable-trade	17,778	9,649
Inventories	14,880	10,725
Deferred tax assets	907	842
Short-term loans receivable	9	10
Accounts receivable-other	185	186
Prepaid expenses and other current assets	830	678
Buildings and structures	12,313	10,399
Machinery, equipment, and vehicles	30,967	22,012
Tools, furniture and fixtures	2,120	1,480
Land	13,977	13,740
Construction in progress	1,992	998
Software	345	144
Goodwill	10,596	-
Patent right and customer contracts	22,710	15,527
Other intangible assets	12	8
Investment securities	619	467
Long-term prepaid expenses	967	836
Long-term loans receivable	12	14
Other non-current assets	1,077	857
Total	135,329	90,835
Pledged assets of entire plants included in the above list		
Buildings and structures	3,167	2,961
Machinery, equipment, and vehicles	3,821	3,342
Land	3,463	3,463
Total	10,452	9,767
Liabilities corresponding to the pledged assets above:		
Short-term loans payable	3,955	2,960
Current portion of long-term loans payable	1,403	1,320
Long-term loans payable	58,235	59,053
Bonds payable	40,644	-
Total	104,239	63,333

Assets pledged disclosed in the above table include ones collateralized for operating lease obligations of ¥3,336 million for the fiscal year ended March 31, 2009.

	Year ended March 31, 2008	Year ended March 31, 2009
	Million yen	Million yen
Liabilities related to the pledged assets of entire plants listed above:		
Short-term loans payable	3,955	2,960
Current portion of long-term loans payable	1,300	1,320
Long-term loans payable	16,789	15,131
Total	22,045	19,411

3. Land revaluation

Under the “Law of Land Revaluation” (No. 34 issued on March 31, 1998) and the “Law Partially Revising the Law of Land Revaluation” (No. 19 issued on March 31, 2001), the Company revalued its land for business use, and recorded the amount equal to taxes to be imposed on the unrealized gain on land as deferred tax liabilities for land revaluation, and the remaining excess as a revaluation reserve for land, a component of net assets.

- Revaluation method: The value of land was determined through reasonable adjustment based on the value used for property tax purpose as prescribed in Article 2 (3) of Enforcement Regulations Regarding Land Revaluation (Promulgated Government Ordinance No. 119 issued on March 31, 1998).
- Date of revaluation: March 31, 2002
- Difference between (1) the year-end total market value of land for business use revalued according to Article 10 of “Law of Land Revaluation” and (2) the year-end total book value of land for business use after revaluation was ¥1,923 million for the year ended March 31, 2008 and ¥1,990 million for the fiscal year ended March 31, 2009.

4. Bank overdraft agreement, loan commitment, and outstanding balance

	Year ended March 31, 2008	Year ended March 31, 2009
	Million yen	Million yen
Limit of bank overdraft and loan commitment	68,361	65,158
Actual committed balance	45,877	47,224
Outstanding balance	22,483	17,934

5. Restrictive financial covenants on loans payable

(1) Of all loans payable of the Group, the senior loans from Aozora Bank, Ltd., Sumitomo Mitsui Banking Corporation, the Tokyo Star Bank, Ltd., and Mizuho Corporate Bank, Ltd. and the subordinated loans from Aozora Bank, Ltd. are subject to restrictive financial covenants based upon consolidated cash flows and consolidated profit levels. Failure to achieve certain specified levels of performance will result in a breach of the terms and conditions of the loan agreements, in which case, the Group will be required to accelerate repayment of the loans, including principal and accrued interest, upon receipt of notice from Aozora Bank, Ltd. Compliance with financial covenants shall be evaluated based upon the financial results of the Group excluding Metaldyne.

Metaldyne’s credit facilities also contain financial covenants that require Metaldyne and its subsidiaries to maintain certain financial ratios.

(2) Payment of dividend and directors' bonuses by the Company should not infringe on the aforementioned covenants after the payment, and should be made only when there is no existing or potential cause for default of obligation (excluding minor and potential causes that are reasonably expected to be recovered within the recovery period stipulated separately), and such payments will not generate such causes.

Notes to Consolidated Operations of Income

1. Adjustment to inventories owned for trading purposes based on the measurement at the lower of cost or market

	Year ended March 31, 2008 Million yen	Year ended March 31, 2009 Million yen
Cost of sales	-	47
Extraordinary loss	-	366

2. Major items and amounts included in selling, general and administrative expenses:

	Year ended March 31, 2008 Million yen	Year ended March 31, 2009 Million yen
Packing and freightage expenses	2,685	1,780
Salaries and bonuses	6,256	4,945
Provision for bonuses	310	208
Retirement benefit costs	806	505
Provision for directors' retirement benefits	76	81
Provision of allowance for doubtful accounts	3	115
Amortization of goodwill	2,521	1,216

3. Curtailment gain recorded under extraordinary gain

In conjunction with settlement of collective bargaining agreements, Metaldyne discontinued postretirement medical benefits for employees at one of its facilities and elected to freeze benefits under a defined benefit pension plan at another facility which resulted in a curtailment gain.

4. Gain on forgiveness of debts under extraordinary gain

This gain resulted from the extinguishment of the notes issued by Metaldyne to Chrysler LLC.

5. Gain on redemption of bonds recorded under extraordinary gain

This gain resulted from the successful completion of a bond tender offer by Metaldyne.

6. Impairment loss

For the fiscal year ended March 31, 2009, the Group recorded impairment losses for the following assets. The Group categorizes its assets by management accounting unit or by location. For purposes of goodwill impairment testing, the Company's reporting units are the operating divisions which are the minimum independent cash flow generating unit.

Type	Category of assets	Location	Impairment loss (Million yen)
Idle asset	Buildings and structures, Machinery, equipment and vehicles, and Tools, furniture and fixtures	Kikugawa, Shizuoka	20
	Machinery, equipment and vehicles, and Tools, furniture and fixtures	Chonburi, Thailand Samutprakarn, Thailand	112
Idle asset and assets in use	Buildings and structures, Machinery, equipment and vehicles, Land, Patent right, Customer contracts, and Other intangible assets	Plymouth, MI U.S.A.	7,687
	Machinery, equipment and vehicles, Patent right, Customer contracts, and Other intangible assets	Mexico City, Mexico, and other locations	266
Discontinued operations	Property, plant, and equipment, and Intangible assets (excluding goodwill)	Middleville, MI U.S.A. Niles, IL U.S.A.	3,482
Other	Goodwill	-	24,146
	Patent right, Customer contracts, and Other intangible assets	-	5,077
		Total	40,793

The Group recorded an impairment loss of "idle assets" as an extraordinary loss since there is no future intended use for these assets. The Group evaluated the net realizable value of idle assets based on the estimated sales price less the expected costs to sell.

Impairment losses recorded for "assets in use" represent losses recognized by Metaldyne by reducing the book value of assets down to the fair value in accordance with SFAS No. 144 and 142, which is disclosed under extraordinary loss.

Regarding "discontinued operations", during the second quarter ended September 30, 2008, Metaldyne recorded an impairment loss as an extraordinary loss for the difference between book value of tangible and intangible assets and fair value less costs to sell for the Middleville and Niles operations that were determined to qualify for the assets held for sale treatment in accordance with USGAAP.

Regarding "other (goodwill and intangible assets)", the Group recorded a goodwill impairment loss as an extraordinary loss due to a decline in profitability of Metaldyne.

Below is the breakdown of impairment loss by category of asset:

	Million yen
Buildings and structures	798
Machinery, equipment, and vehicles	2,562
Tools, furniture and fixtures	111
Land	85
Goodwill	24,146
Patent right	3,037
Customer contracts	2,967
Other intangible assets	3,600
Property, plant, and equipment, and Intangible assets of Powertrain business (excluding goodwill)	3,482
Total	40,793

7. Volume variances

The Group recorded manufacturing costs as an extraordinary loss that were incurred at the level running below the normal production level due to the reduction of customer orders and production volume of the Group impacted by the worldwide decline in demands for automobiles and construction machines.

Notes to Consolidated Statements of Changes in Net Assets

Year ended March 31, 2008

1. Information of shares issued (In thousand shares)

Type	Number of shares issued as of March 31, 2007	Increase	Decrease	Number of shares issued as of March 31, 2008
Common stock (Note 1)	259,901	6	-	259,907
Series A preferred stock	28,572	-	-	28,572
Series B preferred stock	10,526	-	-	10,526
Series C preferred stock (Note 2)	179	-	-	179
Total	299,179	6	-	299,185

Notes:

1. Common stock increased by 6 thousand shares. An increase of 6 thousand shares was through the exercise of stock options.
2. The interest expense equivalent portion (dividend and accretion) of Series C preferred stock (with redemption option) which is based on the estimated future cash flow is ¥843 million and liability is ¥10,526 million (short-term portion - ¥ - million) for the year ended March 31, 2008. The Company used effective interest rate method for calculation.

2. Information of treasury stock (In thousand shares)

Type	Number of shares as of March 31, 2007	Increase	Decrease	Number of shares as of March 31, 2008
Common stock (Note 1)	399	15	-	415

Note:

1. The increase of treasury stock (common stock) for 15 thousand shares was as a result of buying up odd lot shares.

3. Information of stock option

Company name	Description	Type	Number of shares to be subscribed (In thousand shares)				Total (In ¥ million)
			Number of shares as of March 31, 2007	Increase	Decrease	Number of shares as of March 31, 2008	
Asahi Tec Corporation	Share subscription rights as stock option	-	-	-	-	-	255
		Total	-	-	-	-	255

4. Dividend information

This section is not applicable for the fiscal year ended March 31, 2008.

Year ended March 31, 2009

1. Information of shares issued (In thousand shares)

Type	Number of shares issued as of March 31, 2008	Increase	Decrease	Number of shares issued as of March 31, 2009
Common stock (Note 1)	259,907	177,538	-	437,446
Series A preferred stock	28,572	-	-	28,572
Series B preferred stock	10,526	-	-	10,526
Series C preferred stock (Note 2)	179	-	-	179
Total	299,185	177,538	-	476,723

Notes:

1. Common stock increased by 177,538 thousand shares through a third-party allotment.
2. The interest expense equivalent portion (dividend and accretion) of Series C preferred stock (with redemption option) which is based on the estimated future cash flow is ¥420 million and liability is ¥5,242 million (short-term portion - ¥ - million) for the fiscal year ended March 31, 2009. The Company used effective interest rate method for calculation. The amount of interest expense equivalent portion and the balance of liability of the current fiscal year significantly decreased compared to those of previous fiscal year because of the return of preferred stocks without consideration from Chrysler LLC during the fiscal year ended March 31, 2009.

2. Information of treasury stock (In thousand shares)

Type	Number of shares as of March 31, 2008	Increase	Decrease	Number of shares as of March 31, 2009
Common stock (Note 1)	415	37	-	452
Series C preferred stock (Note 2)	-	97	-	97

Notes:

1. The increase of treasury stock (common stock) for 37 thousand shares was as a result of buying up odd lot shares (18 thousand shares) and the acquisition of common stocks through the execution of security right by the Company (18 thousand shares).
2. The increase of treasury stock (preferred stock) for 97 thousand shares was as a result of the return of shares without consideration from Chrysler LLC.

3. Information of stock option

Company name	Description	Type	Number of shares to be subscribed (In thousand shares)				Total (In ¥ million)
			Number of shares as of March 31, 2008	Increase	Decrease	Number of shares as of March 31, 2009	
Asahi Tec Corporation	Share subscription rights as stock option	-	-	-	-	-	244
Total			-	-	-	-	244

4. Dividend information

This section is not applicable for the fiscal year ended March 31, 2009.

Notes to Consolidated Statements of Cash Flows

1. Ending balance of cash and cash equivalents consists of the following:

	Year ended March 31, 2008	Year ended March 31, 2009
	Million yen	Million yen
Cash and bank deposits	6,529	5,350
Time deposits whose terms are over 3 months	-	-
Ending balance of cash and cash equivalents	6,529	5,350

Leases

1. Finance lease transactions

[Lessee]

(1) Finance lease transactions that transfer ownership

Description of lease assets

Property, plant, and equipment - Tools, furniture, and fixtures used under corporate

Intangible assets – Software used under corporate

Depreciation method - depreciation expense is calculated based on the same way as it is applied to the assets owned by the lessee.

(2) Finance lease transactions that do not transfer ownership

Description of lease assets

Property, plant, and equipment - Machinery, equipment, and vehicles used mainly under general casting and forging parts business

Intangible assets – Software

Depreciation method – deprecation expense is calculated based on the assumption that the useful life equals to the lease term and the residual value is zero.

Finance lease transactions that do not transfer ownership which consummated before March 31, 2008 have been accounted for as operating lease transactions and related information of such lease transactions is as follows;

[Lessee]

(1) Estimated acquisition cost, accumulated depreciation, accumulated impairment loss, and balance of leased assets at year end:

<table>
<tr><th rowspan="3"></th><th colspan="4">Year ended
March 31, 2008
Million yen</th><th colspan="4">Year ended
March 31, 2009
Million yen</th></tr>
<tr><th colspan="2">Property, plant, and equipment</th><th>Intangible Asset</th><th rowspan="2">Total</th><th colspan="2">Property, plant, and equipment</th><th>Intangible Asset</th><th rowspan="2">Total</th></tr>
<tr><th>Machinery, equipment, and vehicles</th><th>Tools, furniture, and fixtures</th><th>Software</th><th>Machinery, equipment, and vehicles</th><th>Tools, furniture, and fixtures</th><th>Software</th></tr>
<tr><td>Acquisition cost</td><td>801</td><td>639</td><td>69</td><td>1,510</td><td>801</td><td>360</td><td>38</td><td>1,200</td></tr>
<tr><td>Accumulated depreciation</td><td>223</td><td>371</td><td>47</td><td>642</td><td>326</td><td>223</td><td>27</td><td>578</td></tr>
<tr><td>Ending balance</td><td>578</td><td>267</td><td>21</td><td>867</td><td>474</td><td>137</td><td>10</td><td>622</td></tr>
</table>

(2) Future lease payments

	Year ended March 31, 2008 Million yen	Year ended March 31, 2009 Million yen
Amounts due within one year	245	291
Amounts due after one year	622	331
Total	867	622

(3) Lease and estimated depreciation expenses

	Year ended March 31, 2008 Million yen	Year ended March 31, 2009 Million yen
Lease expense	254	220
Estimated depreciation expense	254	220

(4) Calculation method of estimated depreciation expense

Straight-line method is used over the lease term with no residual value.

2. Operating lease transactions

	Year ended March 31, 2008 Million yen		Year ended March 31, 2009 Million yen	
	Lessor	Lessee	Lessor	Lessee
Amounts due/receivable within one year	141	4,420	140	4,050
Amounts due/receivable over one year	1,128	18,567	1,090	14,286
Total	1,269	22,987	1,230	18,338

(Impairment loss)

There was no impairment loss allocated to leased assets for the fiscal years ended March 31, 2008 and 2009, respectively.

Derivatives

1. Description of derivative transactions

Years ended March 31, 2008 and 2009

(1) Nature and purpose of transactions

The Group is engaged in foreign currency contracts to minimize the risks associated with fluctuation in foreign currency exchange rates.

(2) Policy related to transactions

The purpose of transactions is to avoid any negative impacts resulting from foreign currency fluctuations. The Group does not engage in any speculative transactions.

(3) Risk associated with derivative transactions

The Group believes that the risks associated with aforementioned transactions are minimal.

(4) Risk control

Transactions are executed in accordance with the Group's policy.

(5) Supplementary information about valuation method

Information about contracts is based on the amounts when contracts are entered into or notional amounts. Therefore, such contract amounts are not equivalent to the market or credit risk associated with the transactions themselves.

2. Fair value information

Year ended March 31, 2008

(1) Foreign currency related transaction (In ¥ million)

Classification	Type	Contract amount	Contract over one year	Fair market value	Gain (loss)
Transaction outside of the market	Foreign currency contract Buy – Baht Sell – Yen	825	-	904	(79)
	Foreign currency contract Buy – Yen Sell – Baht	193	-	199	5
Total		-	-	-	(73)

Notes:

1. Fair market value is based on the information obtained from financial institutions.
2. Derivatives accounted for by hedge accounting are excluded.
3. Above gain or loss was incurred when netting the intercompany transactions.

Year ended March 31, 2009

(1) Foreign currency related transaction (In ¥ million)

Classification	Type	Contract amount	Contract over one year	Fair market value	Gain (loss)
Transaction outside of the market	Foreign currency contract Buy – Baht Sell – Yen	1,382	-	1,582	(200)
	Foreign currency contract Buy – Czech Koruna Sell – Euro	275	-	276	(0)
Total		-	-	-	(201)

Notes:

1. Fair market value is based on the information obtained from financial institutions.
2. Derivatives accounted for by hedge accounting are excluded.
3. Above gain or loss was incurred when netting the intercompany transactions.

Retirement Benefits

1. Adopted Retirement Benefit Plans

The Company and Techno-Metal Co., Ltd. adopted 1) a lump-sum retirement benefit payment plan and 2) a tax-qualified pension plan both as their defined benefit plans. Hoei Industries Co., Ltd. adopted a lump-sum retirement benefit payment plan as its defined benefit plan and another plan as its defined contribution plan. Other domestic subsidiaries adopted lump-sum retirement benefit payment plans. Some foreign subsidiaries adopted defined benefit plans and/or defined contribution plans. One foreign subsidiary in the United States also provides postretirement medical and life insurance benefit plans at a limited number of operating facilities.

2. Provision for Retirement Benefits

	Year ended March 31, 2008 Million yen	Year ended March 31, 2009 Million yen
(a) Projected benefit obligation	(42,861)	(37,132)
(b) Fair value of plan assets	29,331	22,635
(c) Funded status [(a)+(b)]	(13,530)	(14,496)
(d) Unrecognized actuarial gain	835	1,675
(e) Net liabilities on consolidated balance sheets [(c)+(d)]	(12,694)	(12,821)
(f) Prepaid pension cost	334	249
(g) Benefits expected to be paid within next fiscal year	(286)	(194)
(h) Provision for retirement benefits [(e)+(f)-(g)]	(12,742)	(12,876)

Note: Some subsidiaries adopted a simplified method for calculating their provision for retirement benefits.

3. Components of Net Periodic Benefit Cost

	Year ended March 31, 2008 Million yen	Year ended March 31, 2009 Million yen
(a) Service cost	882	637
(b) Interest cost	2,623	2,321
(c) Expected return on plan assets	(2,563)	(2,243)
(d) Amortization of unrecognized actuarial gain/loss	69	134
(e) Defined contribution benefits and additional retirement benefits	1,796	1,672
(f) Net periodic benefit cost [(a)+(b)+(c)+(d)+(e)]	2,808	2,521

Note: Net periodic benefit cost of the subsidiaries using the simplified method is included in “(a) Service cost”.

4. Assumptions

	Year ended March 31, 2008	Year ended March 31, 2009
a. Discount rate	1.8% ~ 6.9%	1.8% ~ 6.9%
b. Expected rate of return on plan assets	2.9% ~ 8.5%	2.9% ~ 8.5%
c. Allocation method of retirement benefits expected to be paid at the retirement date	Straight-line method	Straight-line method
d. Number of years for amortizing unrecognized actuarial gain/loss	10 ~ 15 years	10 ~ 15 years

Note: Unrecognized actuarial gain or loss start to be amortized in the following fiscal year using the straight-line method over a certain number of years related to the applicable employees' average remaining service period.

Stock Option

Year ended March 31, 2008

1. Financial information - Cost of sales: ¥5 million and Selling, general and administrative expenses: ¥141 million

2. Detail description of stock option, size and movement schedule

(1) Detail description of stock option

Year 2004 stock option plan 1	
Type of eligible employee and the number of eligible Employee	Director of the Company: 8 Officer of the Company: 11 Employee of the Company: 90 Director of the subsidiary: 1
The number of stock option granted by type of share	Common stock – 2,781,773 shares
Grant date	July 1, 2004
Terms and conditions	After the first vesting date (July 1, 2005) until the last vesting date (March 31, 2009), one sixteenth (1/16) of stock option becomes vested every quarter as long as employees remain with the Group at the vesting date. However, below terms and conditions are also set respectively: After the first vesting date (July 1, 2005) until the last vesting date (March 31, 2009), one sixteenth (1/16) of stock option becomes vested every quarter as long as employees remain with the Group at the vesting date. At retirement, all options become vested. After the first vesting date (July 1, 2006) until the last vesting date (March 31, 2011), one twentieth (1/20) of stock option becomes vested every quarter as long as employees remain with the Group at the vesting date. After the first vesting date (July 1, 2007) until the last vesting date (March 31, 2012), one twentieth (1/20) of stock option becomes vested every quarter as long as employees remain with the Group at the vesting date.
Requisite service period	Requisite service period until the first vesting date is 1 year (from July 1, 2004 to June 30, 2005). Thereafter, requisite service period is extended every quarter, and the requisite service period until the last vesting date is 4 years and 9 months (from July 1, 2004 to March 31, 2009). However, below requisite service periods are also set respectively: Requisite service period until the first vesting date is 1 year (from July 1, 2004 to June 30, 2005). Thereafter, requisite service period is extended every quarter, and the requisite service period until the last vesting date is 4 years and 9 months. At retirement, all options become vested. Requisite service period until the first vesting date is 2 years (from July 1, 2004 to June 30, 2006). Thereafter, requisite service period is extended every quarter, and the requisite service period until the last vesting date is 6 years and 9 months. Requisite service period until the first vesting date is 3 years (from July 1, 2004 to June 30, 2007). Thereafter,

	requisite service period is extended every quarter, and the requisite service period until the last vesting date is 7 years and 9 months.
Exercise period	From July 1, 2005 to June 30, 2014

Year 2005 stock option plan 1	
Type of eligible employee and the number of eligible Employee	Director of the Company: 2 Officer of the Company: 1
The number of stock option granted by type of share	Common stock – 85,000 shares
Grant date	July 1, 2005
Terms and conditions	After the first vesting date (July 1, 2006) until the last vesting date (March 31, 2011), one twentieth (1/20) of stock option becomes vested every quarter as long as employees remain with the Group at the vesting date.
Requisite service period	Requisite service period until the first vesting date is 1 year (from July 1, 2005 to June 30, 2006). Thereafter, requisite service period is extended every quarter, and the requisite service period until the last vesting date is 5 years and 9 months (from July 1, 2005 to March 31, 2011).
Exercise period	From July 1, 2006 to June 30, 2015

Year 2005 stock option plan 2	
Type of eligible employee and the number of eligible Employee	Director of the Company: 2 Officer of the Company: 7 Employee of the Company: 97 Director of the subsidiary: 1
The number of stock option granted by type of share	Common stock – 1,299,000 shares
Grant date	July 1, 2005
Terms and conditions	After the first vesting date (July 1, 2007) until the last vesting date (March 31, 2011), one sixteenth (1/16) of stock option becomes vested every quarter as long as employees remain with the Group at the vesting date. However, below terms and conditions are also for one of the two directors of the Company: After the first vesting date (January 1, 2008) until the last vesting date (September 30, 2012), one twentieth (1/20) of stock option becomes vested every quarter as long as employees remain with the Group at the vesting date.
Requisite service period	Requisite service period until the first vesting date is 2 years (from July 1, 2005 to June 30, 2007). Thereafter, requisite service period is extended every quarter, and the requisite service period until the last vesting date is 5 years and 9 months (from July 1, 2005 to March 31, 2011). However, below requisite service period is also set for one of the two directors of the Company: Requisite service period until the first vesting date is 2 years and 6 months (from July 1, 2005 to December 31, 2007). Thereafter, requisite service period is extended every quarter, and the requisite service period until the last vesting date is 7 years and 3 months (from July 1, 2005 to September 30, 2012).
Exercise period	From June 29, 2007 to June 28, 2015

Year 2006 stock option plan 1	
Type of eligible employee and the number of eligible Employee	Officer of the Company: 1 Employee of the Company: 1
The number of stock option granted by type of share	Common stock – 180,000 shares

Grant date	July 1, 2006
Terms and conditions	After the first vesting date (July 1, 2008) until the last vesting date (March 31, 2013), one twentieth (1/20) of stock option becomes vested every quarter as long as employees remain with the Group at the vesting date.
Requisite service period	Requisite service period until the first vesting date is 2 years (from July 1, 2006 to June 30, 2008). Thereafter, requisite service period is extended every quarter, and the requisite service period until the last vesting date is 6 years and 9 months (from July 1, 2006 to March 31, 2013).
Exercise period	From July 1, 2008 to June 28, 2016

Year 2006 stock option plan 1-2	
Type of eligible employee and the number of eligible Employee	Director of the subsidiary: 1 Employee of the subsidiary: 2
The number of stock option granted by type of share	Common stock – 240,000 shares
Grant date	July 1, 2006
Terms and conditions	After the first vesting date (July 1, 2009) until the last vesting date (March 31, 2014), one twentieth (1/20) of stock option becomes vested every quarter as long as employees remain with the Group at the vesting date.
Requisite service period	Requisite service period until the first vesting date is 3 years (from July 1, 2006 to June 30, 2009). Thereafter, requisite service period is extended every quarter, and the requisite service period until the last vesting date is 7 years and 9 months (from July 1, 2006 to March 31, 2014).
Exercise period	From July 1, 2009 to June 28, 2016

Year 2006 stock option plan 2	
Type of eligible employee and the number of eligible Employee	Officer of the Company: 7 Employee of the Company: 92 Director of the subsidiary: 1 Employee of the subsidiary: 38
The number of stock option granted by type of share	Common stock – 1,201,000 shares
Grant date	July 1, 2006
Terms and conditions	After the first vesting date (July 1, 2008) until the last vesting date (March 31, 2012), one sixteenth (1/16) of stock option becomes vested every quarter as long as employees remain with the Group at the vesting date.
Requisite service period	Requisite service period until the first vesting date is 2 years (from July 1, 2006 to June 30, 2008). Thereafter, requisite service period is extended every quarter, and the requisite service period until the last vesting date is 5 years and 9 months (from July 1, 2006 to March 31, 2012).
Exercise period	From July 1, 2008 to June 28, 2016

Year 2007 stock option plan	
Type of eligible employee and the number of eligible Employee	Director of the Company: 1 Director and Executive Officer of the subsidiary: 7 Employee of the subsidiary: 15
The number of stock option granted by type of share	Common stock – 3,031,835 shares
Grant date	January 11, 2007
Terms and conditions	After the first vesting date (January 11, 2008) until the last vesting date (January 11, 2010), one third (1/3) of stock option becomes vested every year as long as employees remain with the Group at the vesting date.
Requisite service period	Requisite service period until the first vesting date is 1 year (from January 12, 2007 to January 10, 2008). Thereafter, requisite service period is extended every year, and the requisite service period until the last vesting date is

	3 years (from January 12, 2007 to January 10, 2010).
Exercise period	From January 11, 2008 to January 11, 2017

(2) Size and movement schedule

Stock options that existed during this fiscal year are described below, and the number of stock options is converted to the number of shares in the below table.

a) Number of stock options (In shares)

	Year 2004 stock option plan 1	Year 2005 stock option plan 1	Year 2005 stock option plan 2	Year 2006 stock option plan 1	Year 2006 stock option plan 1-2	Year 2006 stock option plan 2	Year 2007 stock option Plan
Non-vested:							
Balance as of March 31, 2007	1,458,140	68,000	850,000	180,000	240,000	1,177,000	3,031,835
Granted	-	-	-	-	-	-	-
Forfeited	9,500	-	15,500	60,000	65,000	18,000	1,589,972
Vested	519,770	17,000	209,000	-	-	-	812,864
Balance as of March 31, 2008	928,870	51,000	625,500	120,000	175,000	1,159,000	628,999
Vested:							
Balance as of March 31, 2007	831,739	17,000	-	-	-	-	-
Vested	519,770	17,000	209,000	-	-	-	812,864
Exercised	6,000	-	-	-	-	-	-
Forfeited	4,500	-	500	-	-	-	-
Balance as of March 31, 2008	1,341,009	34,000	208,500	-	-	-	812,864

b) Price information (In ¥)

	Year 2004 stock option plan 1	Year 2005 stock option plan 1	Year 2005 stock option plan 2	Year 2006 stock option plan 1	Year 2006 stock option plan 1-2	Year 2006 stock option plan 2	Year 2007 stock option plan
Exercise price	145	145	261	251	251	251	313
Average stock price on exercise	184	-	-	-	-	-	-
Fair value on grant date	-	-	-	145	151	141	209

3. Valuation method

This section is not applicable for the year ended March 31, 2008.

4. Estimation of the number of stock options vested

In principle, forfeiture rate is estimated based on the actual retirement rate. For the Year 2007 stock option plan, the Company reflected the actual forfeiture rate to calculate the number of vested stock options since future forfeiture rate is not reasonably estimable.

Year ended March 31, 2009

1. Financial information - Cost of sales: ¥9 million and Selling, general and administrative expenses: ¥83 million

2. Gain recognized for unexercised options due to forfeiture - Gain on reversal of subscription rights to shares: ¥104 million

3. Detail description of stock option, size and movement schedule

(1) Detail description of stock option

Year 2004 stock option plan 1	
Type of eligible employee and the number of eligible Employee	Director of the Company: 8 Officer of the Company: 11 Employee of the Company: 90 Director of the subsidiary: 1
The number of stock option granted by type of share	Common stock – 2,781,773 shares
Grant date	July 1, 2004
Terms and conditions	After the first vesting date (July 1, 2005) until the last vesting date (March 31, 2009), one sixteenth (1/16) of stock option becomes vested every quarter as long as employees remain with the Group at the vesting date. However, below terms and conditions are also set respectively: After the first vesting date (July 1, 2005) until the last vesting date (March 31, 2009), one sixteenth (1/16) of stock option becomes vested every quarter as long as employees remain with the Group at the vesting date. At retirement, all options become vested. After the first vesting date (July 1, 2006) until the last vesting date (March 31, 2011), one twentieth (1/20) of stock option becomes vested every quarter as long as employees remain with the Group at the vesting date. After the first vesting date (July 1, 2007) until the last vesting date (March 31, 2012), one twentieth (1/20) of stock option becomes vested every quarter as long as employees remain with the Group at the vesting date.
Requisite service period	Requisite service period until the first vesting date is 1 year (from July 1, 2004 to June 30, 2005). Thereafter, requisite service period is extended every quarter, and the requisite service period until the last vesting date is 4 years and 9 months (from July 1, 2004 to March 31, 2009). However, below requisite service periods are also set respectively: Requisite service period until the first vesting date is 1 year (from July 1, 2004 to June 30, 2005). Thereafter, requisite service period is extended every quarter, and the requisite service period until the last vesting date is 4 years and 9 months. At retirement, all options become vested. Requisite service period until the first vesting date is 2 years (from July 1, 2004 to June 30, 2006). Thereafter, requisite service period is extended every quarter, and the requisite service period until the last vesting date is 6 years and 9 months. Requisite service period until the first vesting date is 3

	years (from July 1, 2004 to June 30, 2007). Thereafter, requisite service period is extended every quarter, and the requisite service period until the last vesting date is 7 years and 9 months.
Exercise period	From July 1, 2005 to June 30, 2014

Year 2005 stock option plan 1	
Type of eligible employee and the number of eligible Employee	Director of the Company: 2 Officer of the Company: 1
The number of stock option granted by type of share	Common stock – 85,000 shares
Grant date	July 1, 2005
Terms and conditions	After the first vesting date (July 1, 2006) until the last vesting date (March 31, 2011), one twentieth (1/20) of stock option becomes vested every quarter as long as employees remain with the Group at the vesting date.
Requisite service period	Requisite service period until the first vesting date is 1 year (from July 1, 2005 to June 30, 2006). Thereafter, requisite service period is extended every quarter, and the requisite service period until the last vesting date is 5 years and 9 months (from July 1, 2005 to March 31, 2011).
Exercise period	From July 1, 2006 to June 30, 2015

Year 2005 stock option plan 2	
Type of eligible employee and the number of eligible Employee	Director of the Company: 2 Officer of the Company: 7 Employee of the Company: 97 Director of the subsidiary: 1
The number of stock option granted by type of share	Common stock – 1,299,000 shares
Grant date	July 1, 2005
Terms and conditions	After the first vesting date (July 1, 2007) until the last vesting date (March 31, 2011), one sixteenth (1/16) of stock option becomes vested every quarter as long as employees remain with the Group at the vesting date. However, below terms and conditions are also for one of the two directors of the Company: After the first vesting date (January 1, 2008) until the last vesting date (September 30, 2012), one twentieth (1/20) of stock option becomes vested every quarter as long as employees remain with the Group at the vesting date.
Requisite service period	Requisite service period until the first vesting date is 2 years (from July 1, 2005 to June 30, 2007). Thereafter, requisite service period is extended every quarter, and the requisite service period until the last vesting date is 5 years and 9 months (from July 1, 2005 to March 31, 2011). However, below requisite service period is also set for one of the two directors of the Company: Requisite service period until the first vesting date is 2 years and 6 months (from July 1, 2005 to December 31, 2007). Thereafter, requisite service period is extended every quarter, and the requisite service period until the last vesting date is 7 years and 3 months (from July 1, 2005 to September 30, 2012).
Exercise period	From June 29, 2007 to June 28, 2015

Year 2006 stock option plan 1	
Type of eligible employee and the number of eligible Employee	Officer of the Company: 1 Employee of the Company: 1

The number of stock option granted by type of share	Common stock – 180,000 shares
Grant date	July 1, 2006
Terms and conditions	After the first vesting date (July 1, 2008) until the last vesting date (March 31, 2013), one twentieth (1/20) of stock option becomes vested every quarter as long as employees remain with the Group at the vesting date.
Requisite service period	Requisite service period until the first vesting date is 2 years (from July 1, 2006 to June 30, 2008). Thereafter, requisite service period is extended every quarter, and the requisite service period until the last vesting date is 6 years and 9 months (from July 1, 2006 to March 31, 2013).
Exercise period	From July 1, 2008 to June 28, 2016

Year 2006 stock option plan 1-2	
Type of eligible employee and the number of eligible Employee	Director of the subsidiary: 1 Employee of the subsidiary: 2
The number of stock option granted by type of share	Common stock – 240,000 shares
Grant date	July 1, 2006
Terms and conditions	After the first vesting date (July 1, 2009) until the last vesting date (March 31, 2014), one twentieth (1/20) of stock option becomes vested every quarter as long as employees remain with the Group at the vesting date.
Requisite service period	Requisite service period until the first vesting date is 3 years (from July 1, 2006 to June 30, 2009). Thereafter, requisite service period is extended every quarter, and the requisite service period until the last vesting date is 7 years and 9 months (from July 1, 2006 to March 31, 2014).
Exercise period	From July 1, 2009 to June 28, 2016

Year 2006 stock option plan 2	
Type of eligible employee and the number of eligible Employee	Officer of the Company: 7 Employee of the Company: 92 Director of the subsidiary: 1 Employee of the subsidiary: 38
The number of stock option granted by type of share	Common stock – 1,201,000 shares
Grant date	July 1, 2006
Terms and conditions	After the first vesting date (July 1, 2008) until the last vesting date (March 31, 2012), one sixteenth (1/16) of stock option becomes vested every quarter as long as employees remain with the Group at the vesting date.
Requisite service period	Requisite service period until the first vesting date is 2 years (from July 1, 2006 to June 30, 2008). Thereafter, requisite service period is extended every quarter, and the requisite service period until the last vesting date is 5 years and 9 months (from July 1, 2006 to March 31, 2012).
Exercise period	From July 1, 2008 to June 28, 2016

Year 2007 stock option plan	
Type of eligible employee and the number of eligible Employee	Director of the Company: 1 Director and Executive Officer of the subsidiary: 7 Employee of the subsidiary: 15
The number of stock option granted by type of share	Common stock – 3,031,835 shares
Grant date	January 11, 2007
Terms and conditions	After the first vesting date (January 11, 2008) until the last vesting date (January 11, 2010), one third (1/3) of stock option becomes vested every year as long as employees remain with the Group at the vesting date.
Requisite service period	Requisite service period until the first vesting date is 1 year (from January 12, 2007 to January 10, 2008). Thereafter, requisite service period is extended every year,

	and the requisite service period until the last vesting date is 3 years (from January 12, 2007 to January 10, 2010).
Exercise period	From January 11, 2008 to January 11, 2017

(2) Size and movement schedule

Stock options that existed during this fiscal year are described below, and the number of stock options is converted to the number of shares in the below table.

a) Number of stock options (In shares)

	Year 2004 stock option plan 1	Year 2005 stock option plan 1	Year 2005 stock option plan 2	Year 2006 stock option plan 1	Year 2006 stock option plan 1-2	Year 2006 stock option plan 2	Year 2007 stock option Plan
Non-vested:							
Balance as of March 31, 2008	928,870	51,000	625,500	120,000	175,000	1,159,000	628,999
Granted	-	-	-	-	-	-	-
Forfeited	114,306	12,000	16,750	-	-	27,250	219,379
Vested	491,364	14,600	205,750	24,000	-	286,490	204,810
Balance as of March 31, 2009	323,200	24,400	403,000	96,000	175,000	845,260	204,810
Vested:							
Balance as of March 31, 2008	1,341,009	34,000	208,500	-	-	-	812,864
Vested	491,364	14,600	205,750	24,000	-	286,490	204,810
Exercised	-	-	-	-	-	-	-
Forfeited	145,141	12,000	6,000	-	-	2,500	498,365
Balance as of March 31, 2009	1,687,232	36,600	408,250	24,000	-	283,990	519,309

b) Price information (In ¥)

	Year 2004 stock option plan 1	Year 2005 stock option plan 1	Year 2005 stock option plan 2	Year 2006 stock option plan 1	Year 2006 stock option plan 1-2	Year 2006 stock option plan 2	Year 2007 stock option plan
Exercise price	145	145	261	251	251	251	313
Average stock price on exercise	184	-	-	-	-	-	-
Fair value on grant date	-	-	-	145	151	141	209

3. Valuation method

This section is not applicable for the fiscal year ended March 31, 2009.

4. Estimation of the number of stock options vested

In principle, forfeiture rate is estimated based on the actual retirement rate. For the Year 2007 stock option plan, the Company reflected the actual forfeiture rate to calculate the number of vested stock options since future forfeiture rate is not reasonably estimable.

Income Taxes

(1) Components of deferred tax assets and liabilities

	Year ended March 31, 2008 Million yen	Year ended March 31, 2009 Million yen
Deferred tax assets:		
Provision for bonuses	576	234
Depreciation	404	328
Loss on write-down of mold	188	140
Unrealized gain on fixed assets	17	11
Provision of allowance for doubtful accounts	69	51
Provision for retirement benefits	5,356	3,473
Loss on valuation of investments in capital of subsidiaries	-	24,472
M&A advisory fee and refinance costs	127	37
Provision for loss on sales	98	78
Loss on retirement of lease assets (machinery and equipment)	115	82
Net operating losses	18,633	15,608
Other	3,202	4,784
Sub-total	28,788	49,304
Valuation allowance	(15,823)	(41,715)
Total deferred tax assets	12,964	7,588
Deferred tax liabilities:		
Valuation difference under consolidation	(21,450)	(13,883)
Unrealized loss on available-for-sale securities	(17)	(9)
Other	(223)	(269)
Total deferred tax liabilities	(21,691)	(14,163)
Net deferred tax liabilities	(8,726)	(6,574)
Deferred tax assets/liabilities associated with land revaluation:		
Deferred tax assets	486	486
Valuation allowance	(486)	(486)
Deferred tax liabilities	(2,816)	(2,815)
Net deferred tax liabilities associated with land valuation	(2,816)	(2,815)

(2) Reconciliation of statutory tax rate to effective tax rate

The table of reconciliation of statutory tax rates to effective tax rates is omitted here since the Group had consolidated net loss for the fiscal years ended March 31, 2008 and 2009.

Segment Information

1. Information by Business Segment

Year ended March 31, 2008 (In ¥ million)

	General casting and forging parts	Devices and equipment	Total	Elimination or Corporate	Consolidated
I. Sales					
(1) Sales to external customers	306,326	9,559	315,885	-	315,885
(2) Inter-segment sales or transfers	35	-	35	(35)	-
Total	306,362	9,559	315,921	(35)	315,885
Operating expenses	302,718	8,592	311,310	1,234	312,545
Operating income	3,643	966	4,610	(1,270)	3,340
II. Assets, deprecation, impairment loss and capital expenditures					
Assets	228,471	7,994	236,466	6,419	242,886
Depreciation	22,891	110	23,002	190	23,192
Impairment loss	21,637	-	21,637	-	21,637
Capital expenditures	13,388	84	13,473	27	13,500

Year ended March 31, 2009 (In ¥ million)

	General casting and forging parts	Devices and equipment	Total	Elimination or Corporate	Consolidated
I. Sales					
(1) Sales to external customers	208,206	10,599	218,806	-	218,806
(2) Inter-segment sales or transfers	50	10	61	(61)	-
Total	208,257	10,610	218,868	(61)	218,806
Operating expenses	211,742	9,110	220,852	1,099	221,951
Operating income	(3,484)	1,500	(1,984)	(1,161)	(3,145)
II. Assets, deprecation, impairment loss and capital expenditures					
Assets	133,566	12,625	146,191	4,219	150,410
Depreciation	18,766	95	18,861	177	19,039
Impairment loss	40,793	-	40,793	-	40,793
Capital expenditures	8,006	114	8,120	29	8,150

Notes:

1. The business segments in the above table were categorized based on the Company’s administrative policies.
2. Major products included in business segments
   (1) General casting and forging parts: general parts for vehicles (including aluminum wheels), parts for industrial machinery.
   (2) Devices and equipment: overhead wire casting, environmental systems and electric power transmission equipment.
3. For “operating expenses”, the amount of non-allocable operating expenses included in “Elimination or

Corporate” for the fiscal years ended March 31, 2008 and 2009 was ¥1,264 million and ¥1,171 million, respectively, which mainly relates to administrative sections, such as the general affairs department in the headquarters of the Company.

4. Assets included in “Elimination or Corporate” for the fiscal years ended March 31, 2008 and 2009 were ¥6,515 million and ¥4,900 million, respectively. These amounts mostly consisted of excess funds (cash and securities), long-term investment funds (investment securities), and assets used by administrative sections.
5. Change in accounting principle

(Year ended March 31, 2008)

Depreciation method has been modified for the assets acquired after April 1, 2007 in accordance with the revision of Japanese corporate tax laws issued in March 2007. Impact on the above segment information due to this change appeared immaterial.

For the assets acquired before March 31, 2007, the difference between 5% of acquisition cost and residual value begins to be depreciated by straight-line method over 5 years from the next fiscal year when the acquisition cost of assets reaches 5% under the depreciation method applied before the revision of Japanese corporate tax laws issued in March 2007. As a result of this change, operating expense of “general casting and forging parts”, “devices and equipments” and “elimination or corporate” increased by ¥512 million, ¥7 million, and ¥2 million, respectively, and operating income decreased for the same amount accordingly for the year ended March 30, 2008.

(Year ended March 31, 2009)

a) ASBJ Statement No. 9 *Accounting Standard for Measurement of Inventories* was newly adopted for the first quarter ended June 30, 2008. As a result of this adoption, operating expense of “general casting and forging parts” and “devices and equipments” increased by ¥37 million and ¥9 million, respectively, and operating income decreased by the same amount accordingly for the fiscal year ended March 31, 2009.
b) ASBJ Statement No. 13 *Accounting Standard for Lease Transactions* and ASBJ Guidance No. 16 *Guidance on Accounting Standard for Lease Transactions* were early adopted for the first quarter ended June 30, 2008. Finance lease transactions that do not transfer ownership which consummated before March 31, 2008 have been accounted for as operating lease transactions. The adoption of these new pronouncements did not materially affect the above segment information for the fiscal year ended March 31, 2009.
c) ASBJ Practical Issues Task Force (PITF) No. 18 *Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements* was newly adopted for the first quarter ended June 30, 2008, and necessary consolidating adjustments are made accordingly. The adoption of this new pronouncement did not affect the above segment information for the fiscal year ended March 31, 2009.

2. Information by Geographical Segment

Year ended March 31, 2008 (In ¥ million)

	Japan	Asia	United States	Europe	Other	Total	Elimination or Corporate	Consolidated
I. Sales and operating income								
(1) Sales to external customers	92,019	19,529	134,587	55,553	14,195	315,885	-	315,885
(2) Inter-segment sales or transfers	501	7,812	4,773	17	48	13,153	(13,153)	-
Total	92,521	27,341	139,361	55,570	14,243	329,038	(13,153)	315,885
Operating expenses	87,624	26,131	147,884	49,489	13,214	324,345	(11,799)	312,545
Operating income	4,896	1,209	(8,522)	6,080	1,029	4,693	(1,353)	3,340
II. Assets	57,005	26,216	94,361	45,978	15,494	239,055	3,830	242,886

Year ended March 31, 2009 (In ¥ million)

	Japan	Asia	United States	Europe	Other	Total	Elimination or Corporate	Consolidated
I. Sales and operating income								
(1) Sales to external customers	75,828	12,685	78,452	40,008	11,831	218,806	-	218,806
(2) Inter-segment sales or transfers	376	3,998	3,184	40	0	7,600	(7,600)	-
Total	76,205	16,684	81,636	40,048	11,831	226,407	(7,600)	218,806
Operating expenses	72,664	16,031	89,706	38,256	11,703	228,362	(6,410)	221,951
Operating income	3,540	652	(8,069)	1,792	128	(1,955)	(1,189)	(3,145)
II. Assets	43,287	20,202	43,676	30,586	8,508	146,261	4,149	150,410

Notes:

1. Policies for geographical segment, and countries included in each geographical segment:
   (1) The geographical segments are determined based on geographical closeness of countries.
   (2) Asia – Thailand, China, Korea, and India
   (3) United States – United States
   (4) Europe – Germany, France, United Kingdom, Italy, Czech Republic, and Luxembourg
2. For “operating expenses”, the amount of non-allocable operating expenses included in “Elimination or Corporate” was the same as one described in the Note 3 for “1. Information by Business Segment”.
3. Assets included in “Elimination or Corporate” are the same as those indicated in the Note 4 for “1. Information by Business Segment”.
4. Change in accounting principle

   (Year ended March 31, 2008)

   Depreciation method has been modified for the assets acquired after April 1, 2007 in accordance with the revision of Japanese corporate tax laws issued in March 2007. Impact on the above segment information due to this change appeared immaterial. For the assets acquired before March 31, 2007, the difference between 5% of the acquisition cost and the residual value begins to be depreciated using the straight-line method over 5 years from the next fiscal year when the acquisition cost of assets reaches 5% under the depreciation method applied before the revision of Japanese corporate tax laws issued in March 2007. As a result of this change, operating expense of “Japan” and “elimination or corporate” increased by ¥519 million and ¥2 million, respectively, and operating income decreased for the same amount accordingly for the year ended March 30, 2008.

(Year ended March 31, 2009)

a) ASBJ Statement No. 9 *Accounting Standard for Measurement of Inventories* was newly adopted for the first quarter ended June 30, 2008. As a result of this adoption, operating expense of “Japan” increased by ¥47 million and operating income decreased by the same amount accordingly for the fiscal year ended March 31, 2009.

b) ASBJ Statement No. 13 *Accounting Standard for Lease Transactions* and ASBJ Guidance No. 16 *Guidance on Accounting Standard for Lease Transactions* were early adopted for the first quarter ended June 30, 2008. Finance lease transactions that do not transfer ownership which consummated before March 31, 2008 have been accounted for as operating lease transactions. The adoption of these new pronouncements did not materially affect the above segment information for the fiscal year ended March 31, 2009.

c) ASBJ Practical Issues Task Force (PITF) No. 18 *Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements* was newly adopted for the first quarter ended June 30, 2008, and necessary consolidating adjustments are made accordingly. The adoption of this new pronouncement did not affect the above segment information for the fiscal year ended March 31, 2009.

3. Overseas Sales

Year ended March 31, 2008 (In ¥ million)

		Asia	United States	North America	Europe	Other Area	Total
I	Overseas sales	18,618	114,709	30,342	55,935	2,373	221,979
II	Consolidated sales						315,885
III	Ratio of overseas sales to the consolidated sales	5.9%	36.3%	9.6%	17.7%	0.7%	70.3%

Year ended March 31, 2009 (In ¥ million)

		Asia	United States	North America	Europe	Other Area	Total
I	Overseas sales	13,051	62,259	24,879	39,582	1,872	141,645
II	Consolidated sales						218,806
III	Ratio of overseas sales to the consolidated sales	6.0%	28.5%	11.4%	18.1%	0.9%	64.7%

Notes:

1. Geographical segments are based on geographical closeness of countries.
2. Geographical segments mainly consist of the following countries:

Asia:	Thailand, China, Korea, and other
United States:	United States
North America:	Canada and Mexico
Europe:	Germany, France, United Kingdom, and other
Other Area:	Middle East, Africa, and other

3. Overseas sales represent the Company’s and its consolidated subsidiaries’ sales in countries or areas other than Japan.

Related Party Transactions

Year ended March 31, 2008

(1) Related party and/or major corporate shareholder (In ¥ million)

Type		Related party
Name		RHJ International SA/NV ("RHJI")
Location		Brussels, Belgium
Capital		¥88,491
Description of business or occupation		Holding company
Percentage of voting rights held		Directly owned 36.9%
Relationship	Post of director	One (1) director
	Business relationship	--
Description and amount of transactions		Provision of collateral (Note): ¥19,787
Ending balance		--

Note: The securities owned by RHJI are provided as collateral for the Company's bank loans. The amount represents the loans of the Company.

(2) Directors and major individual shareholders (In ¥ million)

Type		Company (including its subsidiaries) of which directors and/or the directors' close relatives hold a majority of voting rights
Name		Irimajiri Shoichiro, Co.
Location		Koganei, Tokyo
Capital		¥3
Description of business or occupation		Management consulting
Percentage of voting rights held		--
Relationship	Post of director	One (1) director
	Business relationship	--
Description and amount of transactions		Labor costs for loan employee: ¥4 Rent expense: ¥8 Prepaid expense: ¥1
Ending balance		Accrued expense: ¥0

Notes:

1. The amount of transactions is net of consumption tax, and the ending balance is inclusive of consumption tax.
2. Terms and conditions of transactions including policy: The Company determined the terms and conditions of transactions in each negotiation, based on the market trend and the request of the above company.

Year ended March 31, 2009

(Additional information)

ASBJ Statement No. 11 *Accounting Standard for Related Party Disclosures* and ASBJ Guidance No. 13 *Guidance on Accounting Standard for Related Party Disclosures* were newly adopted for the fiscal year ended March 31, 2009. As a result of the adoption of these new pronouncements, consolidated subsidiary of the Company, parent company of the Company and/or major corporate shareholders were newly included in the scope of disclosure for the fiscal year ended March 31, 2009.

1. Related party transactions

(1) Parent company and/or major corporate shareholder (In ¥ million)

Type (Note 1)	Parent company
Name	RHJ International SA/NV (“RHJI”)
Location	Brussels, Belgium
Capital	¥88,491
Description of business or occupation	Holding company
Percentage of voting rights held	Directly owned 60.1%
Relationship	Post of director
Description and amount of transactions	Provision of collateral (Note 2): ¥19,411 Subscription of new shares:¥7,768 Foreign currency contract (Note 3): ¥4,869
Ending balance	--

Notes:

1. RHJI which was classified as a related party as of March 31, 2008 became a parent company as a result of increase in RHJI’s percentage of voting rights of the Company through a third party allotment executed on July 15, 2008.
2. The securities owned by RHJI are provided as collateral for the Company’s bank loans. The amount represents the loans of the Company.
3. The Company and RHJI executed a foreign currency contract for US$50 million. The contract rate was calculated based on the spot rate at the day of execution of the contract.

(2) Entity having the same parent company of the Company and/or affiliates of the Company and subsidiary of affiliates (In ¥ million)

Type	Entity having the same parent company of the Company
Name	RHJI Services SA
Location	Brussels, Belgium
Capital	¥8,224
Description of business or occupation	Advisory services
Percentage of voting rights held	--
Relationship	--
Description and amount of transactions	Interest expenses: ¥225 Borrowing of short-term loan: ¥227
Ending balance	Accrued interest expense: ¥13 Short-term loans payable: ¥2,007

2. Notes to parent company and/or affiliates considered material

(1) Information of parent company - RHJ International SA/NV (listed on NYSE-EURONEXT in Belgium)

(2) Summarized financial data of affiliates considered material – This section is not applicable.

Business Combinations

Year ended March 31, 2008

(Adoption of purchase accounting)

Detail of change in purchase price allocation and amount thereof

Purchase price allocation was performed based on preliminary estimates of fair value with the available data at the time of preparation of the consolidated financial statements issued March 31, 2007. Therefore, the value of assets and liabilities of Metaldyne were subject to subsequent revisions. Accordingly, during the current year, the carrying amount of goodwill was adjusted due to the change of purchase price allocation for the following items.

List of items adjusted:	Change in goodwill Million yen
Tangible fixed assets	1,317
Intangible assets	(216)
Deferred tax assets and liabilities	(273)
Tax contingencies	(416)
Other, net	(253)
Total	157

Year ended March 31, 2009

This section is not applicable for the fiscal year ended March 31, 2009.

Earnings Per Share

Year ended March 31, 2008 (In ¥)		Year ended March 31, 2009 (In ¥)	
Net assets per share	81.94	Net assets per share	2.51
Basic net loss per share	(137.91)	Basic net loss per share	(71.60)

Notes:

1. Diluted net income per share is not presented for the years ended March 31, 2008 and 2009 since the Group had a net loss even though the Company has dilutive shares.

2. Basis of calculation:

	Year ended March 31, 2008 Million yen	Year ended March 31, 2009 Million yen
Basic net loss per share:		
Net loss	(34,818)	(23,251)
Less amount that does not belong to common stock:	968	544
Series A preferred stock	50	50
Series B preferred stock	74	74
Series C preferred stock	843	420
Net loss that belongs to common stock	(35,786)	(23,796)
	Thousands shares	Thousands Shares
Weighted average number of shares – common stock	259,497	332,333
Weighted average number of shares – preferred stock and stock option	-	-
Weighted average number of shares for the purpose of diluted EPS	259,497	332,333
Stock options that are excluded from the calculation of diluted earnings per share as they are anti-dilutive:	---------------------	---------------------

Subsequent Events

1. Bankruptcy of subsidiary

On May 27, 2009 (U.S. time), Metaldyne Corporation ("Metaldyne") and 30 of its subsidiaries filed a petition with the U.S. Bankruptcy Court for the Southern District of New York for reorganization proceedings under Chapter 11 of the U.S. Bankruptcy Code ("Chapter 11").

(1) Reason for filing for reorganization proceedings

Under the current severe circumstances of automotive industry, Metaldyne's management and board of directors have determined that a Chapter 11 petition is necessary for Metaldyne to secure liquidity and proceed with its restructuring.

(2) Outline of Metaldyne

(a) Name of corporation: Metaldyne Corporation

(b) Location of head office: Plymouth, Michigan, U.S.A.

(c) Representative: Thomas A. Amato

(d) Description of business: development, design and assembly of automotive components, and manufacture and sale of module components (power train, chassis and vibration control components)

(e) Date of incorporation: March 1984

(f) Stated capital (including capital surplus): USD 505 million (as of March 31, 2009)

(g) % of ownership: 100% by the Company (indirect ownership)

(h) Sales: USD 1,322 million (fiscal year ended March 31, 2009)

(i) Number of employees: 4,350 (as of March 31, 2009)

(j) Total liabilities: USD 926 million (as of March 31, 2009)

(3) Possible impact of Chapter 11 filing to the financial results

Non-cash impairment loss of ¥31.5 billion was recorded for the fourth quarter ended March 31, 2009, by treating the value of net assets of Metaldyne as ¥1 yen. The consolidated net income decreases due to this impairment loss, but the consolidated net assets will not be negative as of March 31, 2009. The Asahi Tec group companies excluding Metaldyne ("Subsidiaries") will have no profit and loss impact in connection with the filing because there are no payables, receivables, and collateral or guarantee between the Subsidiaries and Metaldyne.

(4) Possible impact of Chapter 11 filing to the business operations

[Impact on the Company's financing]

The financing of the Asahi Tec group excluding Metaldyne is arranged completely separately and independently from that of Metaldyne using bank loans and bonds. Therefore, Metaldyne's filing will have no impact on the bank loans of the Asahi Tec group excluding Metaldyne.

2. Change in the scope of consolidation

As described above, on May 27, 2009 (U.S. time), Metaldyne and its subsidiaries filed a Chapter 11 of the U.S. Bankruptcy Code, and it is expected that the reorganization proceedings will commence promptly after the filing, which will result in Metaldyne being deconsolidated from the consolidated financial statements of the Company at the moment of the filing, since, during the reorganization proceedings, Metaldyne expects to sell certain businesses and assets to new buyers, and the Company will lose its effective control over Metaldyne.