(Translation)

Condensed Consolidated Financial Statements for the Year Ended March 31, 2006

May 25, 2006

Listing name: ASAHI TEC CORPORATION (hereinafter referred to as "the Company")

Code number: 5606

Listing: Tokyo Stock Exchange, 1st section

Head office: Shizuoka Prefecture

(URL http://www.asahitec.co.jp/)

Representative: Akira NAKAMURA (President and CEO)

Contact: Takao YOSHIDA (Senior Executive Officer)

Telephone number: +81-537-36 - 3112

Date of board of directors' meeting to approve the consolidated financial statements: May 24, 2006

Name of the parent company: RHJ International SA/NV

Percentage of voting rights owned by the parent company: 63.10%

U.S.A. Accounting Standards: Not adopted

1. Financial Results for the Year Ended March 31, 2006

(1) Consolidated operating results

(Amounts are rounded down to the nearest Y1 million.)

	Net sales (In Y million)	Percent change	Operating income (In Y million)	Percent change	Ordinary income (In Y million)	Percent change
Year ended March 31, 2006	57,994	0.7%	2,013	220.5%	1,447	-
Year ended March 31, 2005	57,574	8.9%	628	98.2%	107	-

	Net income (In Y million)	Percent change	Net income per share (in Y)	Diluted net income per share (in Y)	Net income to equity	Ordinary income to total assets	Ordinary income to sales
Year ended March 31, 2006	(282)	-	(3.18)	-	(2.0%)	2.4%	2.5%
Year ended March 31, 2005	(1,294)	-	(14.58)	-	(9.7%)	0.2%	0.2%

Notes:

1) Earnings (loss) under the equity method:

Year ended March 31, 2006: Y74 million

Year ended March 31, 2005 (Y1) million

2) Weighted average number of shares: Please refer to page 3.

3) Change in accounting policies: None

4) Percent changes in net sales, operating income, ordinary income, and net income in the tables represent increase or (decrease) from the previous fiscal year.

5) Net income per share was calculated based on the assumption that the preferred shares of Series A and B were converted to common shares.

(2) Consolidated financial position

	Total assets (in Y million)	Equity (in Y million)	Equity to total assets	Equity per share (in Y)
As of March 31, 2006	72,593	15,332	21.1%	161.69
As of March 31, 2005	49,558	12,580	25.4%	171.60

Note:

1) Number of shares issued and outstanding at year-end (consolidated): Please refer to page 3.

2) In order to calculate the equity per share, the Company divided a portion of year-end equity attributable to common shares, by the number of common shares issued and outstanding at the year-end. The portion of year-end equity attributable to common shares was calculated by deducting a liquidation preference portion attributable to preferred shares and preferred dividends, from the whole applicable year-end equity.

(3) Consolidated cash flow results

	Cash flow generated from operating activities	Cash flow used for investing activities	Cash flow generated from (used for) financing activities	Year-end balance of cash and cash equivalents
As of March 31, 2006	2,772	(6,831)	4,366	4,119
As of March 31, 2005	2,972	(2,104)	(574)	3,716

(4) Scope of consolidation and equity method

Number of consolidated subsidiaries: Seven (7)

Number of nonconsolidated subsidiaries under the equity method: None

Number of affiliated companies under the equity method: Two (2)

(5) Change in scope of consolidation and equity method

Number of newly consolidated subsidiaries: Four (4)

Number of subsidiaries excluded from consolidation: None

Number of new affiliated companies under the equity method: None

Number of affiliated companies excluded from the equity method: None

2. Projected Consolidated Financial Results for the Year Ending March 31, 2007

(In Y million)

	Net sales	Ordinary income	Net income
Six months ending September 30, 2006	41,200	300	(100)
Year ending March 31, 2007	87,000	2,300	1,500

For reference: Projected annual net income per share: Y 15.11

All predictions were made based on the data available to the Company as of the date this report was disclosed. Therefore discrepancies may occur between the actual and the predicted outcomes for various factors. For the above predictions, please refer to "(2) Outlook for the next fiscal year" on page 11.

(Note) The projected annual net income per share for the year ending March 31, 2007 was calculated on the assumption that the preferred shares of Series A and B were converted to common shares.

Weighted average number of shares (consolidated)

	As of March 31, 2005	As of March 31, 2006
	shares	shares
Common share	60,175,394	60,196,458
Preferred share		
Series A preferred share	28,572,000	28,572,000
Series B preferred share	-	115,357

Number of shares issued and outstanding at year-end (consolidated)

	Year ended March 31, 2005	Year ended March 31, 2006
	shares	shares
Common share	60,202,547	60,194,973
Preferred share		
Series A preferred share	28,572,000	28,572,000
Series B preferred share	-	10,526,316

Note: Changes in number of issued and outstanding shares during this fiscal year were as follows:

	Class of share	Number of shares issued and outstanding	Issue price	Capitalized
Private placement for capital increase (March 28, 2006)	Series B preferred share	10,526,316 shares	Y285 per share	Y1,505,263,188
Stock option	Common share	7,500 shares	Y145 per share	Y547,500

1. Formulas to calculate the performance indicators for the year ended March 31, 2006

- Net income per share
  Portion of net income attributable to common shares／[Weighted average number of common shares for the year (consolidated) + Increased number of common shares based on the assumption that all existing convertible participating shares are converted]

- Equity per share
  Portion of year-end equity attributable to common shares／Number of common shares issued and outstanding at year-end (consolidated)

2. Formula to calculate the performance indicators for the year Ending March 31, 2007

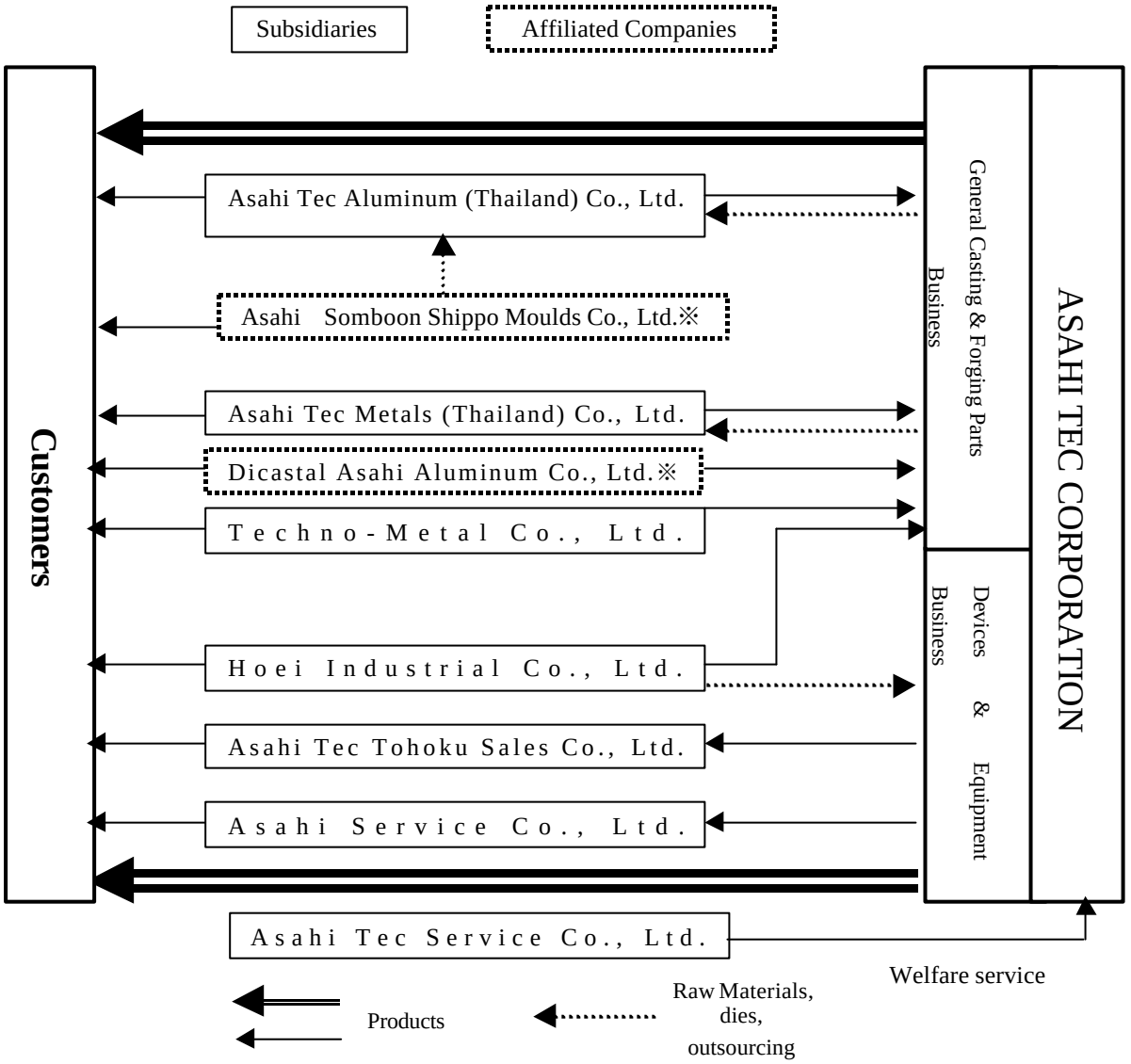
- Projected annual net income per share
  Portion of projected net income attributable to common shares／[Number of common shares issued and outstanding at year-end (consolidated) + Increased number of common shares based on the assumption that all existing convertible participating shares are converted]

Group Information

The Group consists of the Company, seven (7) subsidiaries, and two (2) affiliated companies, and mainly engages in manufacture and sales of general casting and forging parts, and devices and equipment. Its main operations, operating status, and business segments are as follows:

Business segment	Product line and services	Principal companies
General casting and forging parts	General components for vehicles	Hoei Industrial Co., Ltd. Techno-Metal Co., Ltd. Asahi Tec Aluminum (Thailand) Co., Ltd. Asahi Tec Metals (Thailand) Co., Ltd. Asahi Somboon Shippo Moulds Co., Ltd.
	Aluminum wheels	Asahi Tec Aluminum(Thailand) Co., Ltd. Dicastal Asahi Aluminum Co., Ltd.
	Parts for industrial construction machinery	Asahi Tec Metals (Thailand) Co., Ltd.
Devices and equipment	Overhead line fittings	Asahi Tec Tohoku Sales Co., Ltd.
	Environmental systems and equipment, and construction of water treatment facilities	Asahi Service Co., Ltd.
Other operations	Welfare services	Asahi Tec Service Co., Ltd.

The Group's schematic diagram is as follows:



Consolidated subsidiaries and affiliated companies are as follows:

Seven (7) subsidiaries

Houei Industries Co., Ltd.	Manufacture and sales of aluminum forging products Machining and assembly of various machines and parts
Techno-Metals Co., Ltd.	Manufacture and sales of ductile iron casting products, gray iron casting products, iron forging, and aluminum diecast components Machining process, subassembly
Asahi Tec Aluminum(Thailand) Co., Ltd.	Manufacture and sales of aluminum alloy casting products, and aluminum wheels
Asahi Tec Metals (Thailand) Co., Ltd.	Manufacture and sales of ductile iron casting products, and gray iron casting products
Asahi Tec Touhoku Sales Co., Ltd.	Consigned sales of overhead line fittings
Asahi Service Co., Ltd.	Sales of environmental equipment, and construction of water treatment facilities
Asahi Tec Service Co., Ltd.	Welfare service

Two (2) affiliated companies

Asahi Somboon Shippo Moulds Co., Ltd.※	Manufacture and sales of dies for casing

Dicastal Asahi Aluminum Co., Ltd.※	Manufacture and sales of aluminum wheels

1. The marks ※ indicate that these companies were accounted for under the equity method.
2. Techno-Metal Co., Ltd. that newly became one of the Company's subsidiaries on February 28, 2006, got involved in the scope of consolidation in this fiscal year. The Company consolidated only its balance sheet, but not its income statement (instead just making some adjustments for consolidating journal entries), as the deemed acquisition date for Techno-Metal was the last day of this fiscal year.

Management Policy

1. Basic Management Policy

The Group, supporting the basis of manufacturing for about a century since its foundation, is looking ahead to the new next century. It will emphasize re-formation of staff consciousness, and have a transparent management in order to create its culture and system that support its perpetuity, and to ensure reasonable profitability. Employee principles are:

*Let's bring about breakthrough without fearing change.

*Let's assert ourselves without fearing making waves.

*Let's tackle the unknown without fearing failure.

*Let's take immediate action without fearing difficulty.

Consequently, it will create a new progressive corporate value, and have a business chance worldwide. It thinks that these consequences will result in increasing its shareholder value.

In addition, it will meet its corporate social responsibility in all its business activities through working to preserve the environment, and maintaining social harmony such as paying ongoing attention to the global environmental issues.

2. Profit Distribution – Basic Policy

It is the basic policy of the Group to return appropriate profits to its shareholders by continuously increasing its corporate value, along with proactively distributing dividends.

Although it had a good performance in the ductile iron business and the electric power equipment business during this fiscal year, its performance in the environmental equipment business fell short of its initial expectations. In December 2005, it has held up domestic production of aluminum wheels, and completed the whole production shift to its Thai subsidiary. As the start of production after this shift fell behind the initial schedule till the last process, it suffered a knock to its bottom line.

Furthermore on February 28, 2006, it acquired 66% of shares of Mitsubishi Fuso Techno-Metal Co., Ltd. (currently named Techno-Metal Co., Ltd.), a wholly-owned subsidiary of Mitsubishi Fuso Truck and Bus Corporation. Consequently it obtained Techno-Metal as its subsidiary, and recorded the M&A advisory fee and refinance costs for this acquisition as a temporary loss.

For the forgoing reasons, the payment of dividends was withdrawn. Your understanding would be sincerely appreciated.

As for the retained earnings, it will allocate them, from a medium-and-long-term perspective, to new product development or global business expansion that are essential to its future growth, in order to strengthen its competitiveness.

In this fiscal year, following the previous year, it gave stock options to its directors, executive officers, employees, and some directors of its subsidiaries, in order to increase their desire to improve its business performance, and to boost their morale.

3. Medium-and-Long Term Management Strategy and Future Tasks to Tackle

The Group has been challenged by an intense competition along with the ongoing globalization of the economy, while the engagement in environment conservation and safety has been emphasized, and the technological

renovation has been accelerated. Under these business circumstances, it will devote itself to take the following measures in order to provide new technology and competitive products that satisfy its customer needs on a timely basis, and to enforce company quality to create stable profitability.

(1) Technological innovation

The Group will accelerate its speed in technology development by making full use of its technology seeds, know-how, and human resources with adequate choice and concentration. The domestic companies will go further in providing technical support to overseas bases in Thailand and China. 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 equipment.

(2) Thorough control on quality and availability

In order to be one of the most reliable company and to satisfy its customers, the Group encourages all employees to make a priority of working together to create high-quality products, and to make a timely delivery. To realize this mission systematically, it will continuously provide reliable products of light alloy and cast iron, seeking for high quality and cost competitiveness.

(3) Growth strategy

On February 28, 2006, the Group acquired 66% of shares of Mitsubishi Fuso Techno-Metal Co., Ltd. (currently named Techno-Metal Co., Ltd.), a wholly-owned subsidiary of Mitsubishi Fuso Truck and Bus Corporation, consequently obtaining Techno-Metal as its subsidiary. Having Techno-Metal in the Group, it will make full use of this synergy effect for the following purposes:

1. Start operating in the automobile engine field
2. Promote proposals on manufacturing process to meet customer needs
3. Expand its range of high-value added products
4. Improve efficiency of development and production
5. Improve profitability by cost reduction

As for the aluminum wheel business, it has held up domestic production in December 2005, and completed the whole production shift to its Thai subsidiary, Asahi Tec Aluminum (Thailand) Co., Ltd. Although it had some initial problems in productivity and production process soon after the shift, it is now on the way to solution, and going to increase profit from now on.

Furthermore, it is trying to establish its production base, and expand its business in China to promote its global business expansion, as well as positioning Thailand as the most important production base.

It aims to develop the environmental system and equipment business, and the electric power equipment business to be independent business units through maximizing their profits.

(4) Intensive manpower development

To meet the challenges of ongoing globalization, and to be a proposing-oriented enterprise, the Group will upgrade its human resources development system essential to its corporate strategy. By improving training courses, or supporting employees to acquire official certifications, it can improve the skills of each employee. Also, it will introduce an evaluation system that allocates compensation and benefits package according to each employee's ability and accomplishment.

With these measures, the Group will promote sales expansion and cost reduction to increase its profitability.

4. Parent Company Information

(1) Name etc. of the parent company

Name	RHJ International SA/NV
Status	Parent company
Percentage of voting rights owned by the parent company, etc.	63.1%
Stock exchange on which the parent company is listed	Euronext, Brussels Stock Exchange, 1st section

(2) The Company's position in the parent company group, and the relation between the Company and the parent

RHJ International SA/NV is a holdings company that invests, as its business, to seven (7) companies including the Company. Therefore the Company belongs to a conglomerate centered around RHJ International.

Of eleven (11) directors of the Company, six (6) of them are RHJI members. This is mainly intended for mere exchange of managerial information, so it is the Company that is responsible for important managerial matters, and executes operations.

Although RHJI holds a majority of outstanding shares of the Company, it does not force the Company, as a parent company, to obtain its approval for some business operations. When the Company receives advice from RHJI on M&A matters, it enters a separate consulting agreement with RHJI that does not include exclusive clause, and is set at a standard fee in the line of business.

In some regards, RHJI enhances the Company's credibility as a stable major shareholder. The Company recognizes that it remains independent for its business operations, while maintaining a foregoing close cooperative relationship with its parent company.

(3) Transactions with the parent company

For information on transactions with the parent company, please refer to "Related party transactions".

Business Results and Financial Position

1. Business Results

(1) Overview of business results

During this fiscal year, the Japanese economy showed a slow recovery trend, such as improved corporate profitability, increased investments in plant and equipment, and a recovery in individual consumption, in spite of some anxious factors such as soaring price of raw materials and crude oil.

Looking abroad, the world economy also showed a steady trend in the United States, Asia, and so on.

Under these circumstances, the consolidated sales for this fiscal year amounted to Y57,994 million, up 0.7% from the previous year, due to the increased production of truck parts triggered by the new long-term Exhaust Gas Emission Regulations, the increased demand for industrial construction machinery, two-wheel vehicle parts, and accident-prevention fittings for overhead line fittings, and the ongoing boom in the Thai automobile industry.

(For the previous fiscal year, fifteen (15) month results of the Thai subsidiaries were consolidated due to the change in accounting period)

As for the ductile iron business, the aluminum business, and the electric power equipment business, the consolidated income was considerably improved for this fiscal year, due to the increased sales and the improved productivity. However the profit declined for the environmental systems and equipment business, and also for the aluminum wheel business, due to the delay in whole production shift to Thai subsidiary, Asahi Tec Aluminum (Thailand) Co., Ltd., and to the sharp increase in the price of aluminum bullion.

As a result, consolidated operating income amounted to Y2,013 million (increased by Y1,385 million from the previous year), and consolidated ordinary profit amounted to Y1,447 million (increased by Y1,340 million from the previous year). Consolidated net loss amounted to Y282 million (improved by Y1,011 million from the previous year), due to the impairment loss (Y621 million) arising from the adoption of asset-impairment accounting, and the nonrecurring expenses (Y646 million) for refinancing and acquisition of Techno-Metal, etc.

On February 28, 2006, the Group acquired 66% of shares of Mitsubishi Fuso Techno-Metal Co., Ltd. (currently named Techno-Metal Co., Ltd.), a wholly-owned subsidiary of Mitsubishi Fuso Truck and Bus Corporation, consequently obtaining Techno-Metal as its subsidiary. However the performance of this Techno-Metal was excluded from the Group's consolidated performance, as the deemed acquisition date was March 31, 2006.

For the forgoing performances, the payment of dividends was withdrawn. Your understanding would be sincerely appreciated.

Segment information

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

1) Information by business segment

[General casting and forging parts]

Sales of general casting and forging parts increased due to the increased production of truck parts triggered by the new

long-term Exhaust Gas Emission Regulations, and the continuing high demand for automobile parts in Thai market, etc. Consequently, consolidated sales for this segment amounted to Y50,081 million, up 0.3% from the previous year. Consolidated operating income amounted to Y2,593 million, up 128.9% from the previous year, due to the improved productivity, and the cost reduction for purchase, etc.

[Devices and equipment]
Consolidated sales for the devices and equipment segment amounted to Y8,000 million, up 4.7% from the previous year, due to the increased demand for accident-prevention fittings for overhead line fittings, etc. Consolidated operating income amounted to Y719 million, down 0.7% from the previous year.

2) Information by geographical segment
[Japan]
Consolidated domestic sales amounted to Y49,288 million, up 3.4% from the previous year, due to the increased production of truck parts triggered by the new long-term Exhaust Gas Emission Regulations, and the increased demand for accident-prevention fittings for overhead line fittings, etc. Consolidated operating income amounted to Y3,213 million, up 283.1% from the previous year, due to the improved sales and productivity, etc.

[Asia]
Although they have an ongoing boom in Thai automobile industry, consolidated sales in Asia amounted to Y13,873 million, down 1.5% from the previous year, due to the fifteen (15) month result of the two (2) Thai subsidiaries for the previous year arising from the change in accounting period. Consolidated operating income amounted to Y50 million, down 94.8% from the previous year, due to the escalating price of raw materials, and the deteriorated proportion of defective products, etc.

(2) Outlook for the next fiscal year
In the fiscal year 2006, the Group is going to improve its profitability through the following measures:
I Reduce cost by promoting production shift (of aluminum, aluminum wheel, ductile) to Thailand and China.
II Expand sales with new products, new technology, and to new customers.
III Improve profitability of unprofitable products, or discontinue their production.
IV Improve OEE (Overall Equipment Efficiency) and productivity.
V Reduce extraordinary or wasteful expenses.

In addition on February 28, 2006, the Group acquired 66% of shares of Mitsubishi Fuso Techno-Metal Co., Ltd. (currently named Techno-Metal Co., Ltd.), a wholly-owned subsidiary of Mitsubishi Fuso Truck and Bus Corporation, consequently obtaining Techno-Metal as its subsidiary. Having Techno-Metal in the Group, it will make full use of this synergy effect for the following purposes:

1. Start operating in the automobile engine field
2. Promote proposals on manufacturing process to meet customer needs
3. Expand its range of high-value added products
4. Improve efficiency of development and production
5. Improve profitability by cost reduction

As a result of these measures, it expected sales of Y87,000 million, ordinary income of Y2,300 million, and net income

of Y1,500 million for the next fiscal year.

2. Financial Position

(1) Assets, liabilities, and equity

Total consolidated assets increased by Y23,035 million compared to the previous year-end, due to the acquisition of Techno-Metal as a new subsidiary, etc.

Total consolidated liabilities increased by Y18,768 million compared to the previous year-end, due to the acquisition of Techno-Metal as a new subsidiary, and the increase in loans and borrowings, etc.

Total equity increased by Y2,752 million compared to the previous year-end, due to the increase in issued capital and share premiumarising from the issuance of Series B preferred shares.

(2) Cash flows

Consolidated cash and cash equivalents at this fiscal year-end was Y4,119 million, an increase of Y402 million from the previous year-end.

Although operating income was considerably improved, consolidated net cash inflow from operating activities was Y2,772 million, a decrease of Y200 million from the previous year, due to the decreased operating fund arising from purchase of inventories, etc., the increased payment of interest and income tax, etc., and the increased advisory fee and refinance costs for acquisition of Techno-Metal shares, etc.

Consolidated net cash outflow to investing activities was Y6,831 million, due to the acquisition of Techno-Metal shares, and fixed assets.

Consolidated net cash inflow from financing activities was Y4,366 million, due to the increased loans and borrowings, the issuance of Series B preferred shares, and the proceeds fromsale and lease back.

(3) Trend of cash flow indicators

	Year ended March 2003	Year ended March 2004	Year ended March 2005	Year ended March 2006
Equity ratio	34.9%	28.0%	25.4%	21.1%
Equity ratio on a market value basis	12.0%	38.1%	41.0%	43.5%
Unexpired years of obligations	3.5 years	5.8 years	5.5 years	8.2 years
Interest coverage ratio	13.4 times	5.0 times	4.2 times	4.0 times

(Note)

Equity ratio: Equity／Total assets

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

Unexpired years of obligations: Interest-bearing liabilities／Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities／Interest expense

1. Each indicator is calculated based on the consolidated amounts.
2. Market capitalization was calculated by the following formula: Closing quotation of company shares at year-end X Number of shares issued and outstanding at year-end (excluding treasury shares). The number of shares issued and outstanding at year-end included the number of preferred shares, which can be converted to common shares.
3. The operating cash flow was based on the cash flow from operating activities in the consolidated statement of cash flows. For the year ended 31 March 2006 and 2004, the advisory

service fee and refinance costs, which were nonrecurring and unusual, were excluded from the cash flow calculation. The interest-bearing liabilities represented all interest-bearing liabilities included in the liabilities presented in the consolidated balance sheet. The interest expense represented the total amount of interest expense presented in the consolidated statement of cash flows.

3. Risk Information

The business results and the financial position (the Company's share price as well) of the Group may be potentially affected by certain risks as described below. It will pay due attention to the possible occurrence of any risks, implement measures to prevent their occurrence, and deal with them, if they occur. The risk information described below is from its management assumptions based on information available at the end of this fiscal year, and do not cover all risks that may affect the Group's operations.

(1) Transactions with major customers

For the general casting and forging parts business, the Group's major customers are automobile manufacturers. Among them there are Mitsubishi Fuso Truck & Bus Corporation, Suzuki Motor Corporation, Mitsubishi Motors, and Honda Motor Co., Ltd., on which the Group's dependence (share of sales to these customers) is significant. Therefore, these customers' business and/or operating policies may affect the Group's operations or business results.

(2) Raw material purchase risk

As a purchase price of raw materials (iron chip, aluminum metal, and coke, etc.) is significantly linked to the worldwide supply and demand trends, it may drastically fluctuate. The Group tries to recover the increased portion of purchase price as much as possible by passing it on to a sales price of products, but the Group's performance may be affected by such risk that cannot be adjusted or absorbed.

(3) Disproportionate results in the second half year

The Group principally engages in manufacture and sales of general casting and forging parts, and of device and equipment parts. Of those, for its businesses of two-wheel bike parts and of environmental systems and equipment for public authorities, orders tend to flock particularly to the second half year. Therefore sales and profits for these businesses also tend to be disproportionately large in the second half year.

(4) Senior loans and subordinated loans

Of all loans and borrowings of the Group, senior loans and subordinated loans are subject to restrictive financial covenants. Failure to achieve a specified level of performance for these loans will infringe the acceleration clause, and result in a breach of contract. Therefore in that case, the Group will lose the acceleration interest in those loans, and be immediately required to pay the full outstanding balance of the principal and/or incurred interest.

(5) Restructuring of aluminumwheel business

In September 2004, the Group's plants in Japan started production of some new standard products of aluminum by a new production method, ATREX, which had been jointly developed in cooperation with the Group's customers. As the process yield was not improved, the Group was compelled to experience a significant raise in

related costs to meet customers' delivery requirements, and to secure plentiful supply. Under these circumstances, it decided to engage in the following large-scaled restructuring in the aluminum business.

1) Change from ATREX to ANC manufacturing method

With the approval of its customers, the Group has discontinued the production by ATREX method in September 2005 as planned, and shifted to ANC manufacturing method, a current mainstream technology.

2) Production shift to the Thai subsidiary

By the end of 2005, the Group has completed, as planned, the production shift to its Thai subsidiary, Asahi Tec Aluminum (Thailand) Co., Ltd. This shift has reduced the consolidated costs through manufacturing in Thailand and importing to Japan.

3) Discontinuance of production in Japan

The aluminum wheel business in Japan has held up domestic production in December 2005, as planned. Upon completion of the whole shift of production to the Thai subsidiary, the functions of sales, R&D, quality assurance, preparation/arrangements for production, and designing remained in Japan.

(6) Risk of discount request from its customers

In a fierce low-cost competition in the automobile industry, automobile manufacturers, main customers of the Group, constantly seek for low price and high quality for its products. To cope with such demands, it is making a continuing effort to improve productivity, and to reduce cost of goods purchased and defective products. However if these efforts fall below the requests for discount, its performance may be affected.

(7) Risk of attempt to improve profitability and productivity

To improve productivity, the Group is taking the following measures;

1. Improve its production control system for higher productivity
2. Reduce cost of goods purchased
3. Reduce defective products and returned parts from customers by improving quality
4. Shift production base to Thailand and China for cost reduction

It may loose the cost competitiveness, which will affect its performance, if the promptness of these measures falls inadequate, or the investment amount for cost reduction exceeds its expectation, or the cost reduction by shifting production to overseas does not fulfill its expectation due to the failure in personnel training or facility shift.

(8) Acquisition of Techno-Metal

In order to expand its business field and to improve its operational efficiency, the Group concluded a contract with Mitsubishi Fuso Truck and Bus Corporation on February 28, 2006, and acquired 128,000 shares (66%) of Techno-Metal Co., Ltd. (previously named Mitsubishi Fuso Techno-Metal Co., Ltd.), a wholly-owned subsidiary of Mitsubishi Fuso. That contract includes share acquisition terms that the Company will additionally acquire the rest of the Techno-Metal shares currently owned by Mitsubishi Fuso Truck and Bus Corporation, at a fixed price (by cash or share exchange), between the 18th month and the 36th month after the conclusion of the contract.

Having Techno-Metal in the Group, it will make full use of this synergy effect for the following purposes.

1) Start operating in the automobile engine field
2) Promote proposals on manufacturing process to meet customer needs
3) Expand its range of high-value added products
4) Improve efficiency of development and production
5) Improve productivity by cost reduction

However in case that this effect does not provide adequate benefits, its performance may be affected.

(9) Fluctuations in interest rates

As the Group has loans and borrowings of Y23,044 million as a consolidated balance, fluctuations in interest rates may affect its performance.

(10) Fluctuations in exchange rates

As the Group has foreign currency transactions for exporting products and importing raw materials, and also has assets and liabilities in foreign currencies, fluctuations in exchange rates may affect its performance.

(11) Lawsuit with Vantec Corporation

On December 26, 2005, a distributor of the Company, Vantec Corporation filed a lawsuit against the Company for Y295 million claim for distributor's commission.

In response to this, the Company filed a countersuit for Y548 million against that claim, and is going to fight this lawsuit for its legality.

Consolidated Financial Statements

1) Consolidated Balance Sheet

	As of March 31, 2005		As of March 31, 2006		Increase / (Decrease)
	(In Y million)	Composition Ratio (%)	(In Y million)	Composition Ratio (%)	(In Y million)
Assets:					
I. Current Assets					
1. Cash and cash equivalents	Y3,810		Y4,148		Y338
2. Trade notes and accounts receivable	13,463		18,181		4,717
3. Inventories	5,799		9,758		3,959
4. Deferred tax assets	43		241		197
5. Other current assets	596		772		176
Provision for doubtful accounts	(38)		(69)		(30)
Total current assets	23,675	47.8%	33,032	45.5%	9,357

II. Non-Current Assets:					
1. Property, plant, and equipment					
(1) Buildings and structures	4,753		8,694		3,941
(2) Machinery, equipment, and vehicles	6,089		10,739		4,650
(3) Tools, furniture and fixtures	1,912		2,858		946
(4) Land	10,203		13,519		3,315
(5) Construction in progress	1,095		1,087		(8)
Total property, plant, and equipment	24,054	48.5	36,899	50.8	12,845
2. Intangible fixed assets					
(1) Software	68		625		557
(2) Other intangible fixed assets	126		174		48
Total intangible fixed assets	194	0.4	799	1.1	605
3. Investments and other non-current assets					
(1) Investment securities	467		500		32
(2) Deferred tax assets	130		237		106
(3) Other investments	1,236		1,330		93
Provision for doubtful accounts	(201)		(206)		(4)
Total investments and other non-current assets	1,634	3.3	1,862	2.6	227
Total non-current Assets	25,882	52.2	39,560	54.5	13,678
Total Assets	**Y49,558**	**100%**	**Y72,593**	**100%**	**23,035**

	As of March 31, 2005		As of March 31, 2006		Increase / (Decrease)
	(In Y million)	Composition Ratio (%)	(In Y million)	Composition Ratio (%)	(In Y million)
Liabilities:					
I. Current Liabilities:					
1. Trade notes and accounts payable	Y9,724		Y14,963		Y5,238
2. Short-term loans and borrowings	2,387		4,418		2,030
3. Income taxes payable	124		253		129
4. Provision for bonuses	505		988		482
5. Provision for loss on sales	1,142		698		(443)
6. Provision for product warranty	20		25		5
7. Provision for completed construction warranty	29		47		18
8. Notes payable for equipment	582		550		(31)
9. Other current liabilities	2,442		4,107		1,664
Total current liabilities	16,959	34.2%	26,053	35.9%	9,094
II. Non-Current Liabilities:					
1. Long-term loans and borrowings	13,990		18,626		4,636
2. Deferred tax liabilities	17		1,070		1,052
3. Deferred tax liabilities from land revaluation	2,496		2,822		326
4. Provision for employees' retirement benefits	1,864		4,657		2,793
5. Provision for directors' retirement benefits	95		96		1
6. Other non-current liabilities	682		1,545		863
Total non-current liabilities	19,145	38.6	28,819	39.7	9,674
Total liabilities	36,105	72.8	54,873	75.6	18,768
Minority Interest:					
Minority interest	872	1.8	2,387	3.3	1,515
Equity:					
I Issued capital	5,712	11.5	7,218	9.9	1,505
II Share premium	6,647	13.4	8,142	11.2	1,495
III Retained earnings	(3,393)	(6.8)	(3,392)	(4.7)	0
IV Land revaluation surplus	3,783	7.6	3,052	4.2	(730)
V Net unrealized gain on available-for-sale securities	28	0.0	43	0.1	14
VI Foreign currency translation reserve	(188)	(0.3)	282	0.4	470
VII. Treasury shares	(10)	(0.0)	(14)	(0.0)	(4)
Total equity	12,580	25.4	15,332	21.1	2,752
Total Liabilities, Minority Interest, and Equity	**Y49,558**	**100%**	**Y72,593**	**100%**	**Y23,035**

2) Consolidated Income Statement

		Year ended March 31, 2005		Year ended March 31, 2006		Increase / (Decrease)
		(In Y million)	Percentage to sales (%)	(In Y million)	Percentage to sales (%)	(In Y million)
I	**Net Sales**	Y57,574	100%	Y57,994	100%	Y420
II	**Cost of Sales**	50,687	88.1	50,468	87.0	(219)
III	**Provision for / (Reversal of) Loss on Sales**	305	0.5	(455)	(0.8)	(761)
	Gross profit	6,581	11.4	7,982	13.8	1,400
IV	**Selling, General and Administrative Expenses**	5,953	10.3	5,969	10.3	15
	Operating income	628	1.1	2,013	3.5	1,385
V	**Non-Operating income:**					
	1. Interest income	2		26		
	2. Dividend income	18		4		
	3. Gain on investment under the equity method	-		74		
	4. Gain on sales of scrap	6		4		
	5. Incentive received for promotion of export sales	100		123		
	6. Gain on foreign currency exchange	47		48		
	7. Gain on revaluation of derivatives	28		-		
	8. Other non-operating income	50		50		
	Total non-operating income	254	0.4	333	0.6	78
VI	**Non-Operating Expenses:**					
	1. Interest expense	678		676		
	2. Other non-operating expenses	97		221		
	Total non-operating expenses	776	1.3	898	1.6	122
	Ordinary income/ (loss)	107	0.2	1,447	2.5	1,340
VII	**Extraordinary Gains :**					
	1. Release of provision for doubtful accounts	-		11		
	2. Release of provision for directors' retirement benefits	-		9		
	3. Gain on sales of fixed assets	65		22		
	4. Gain on sales of investment securities	576		-		
	5. Gain on sales of golf club membership	25		-		
	6. Gain on recording leased assets	170		-		
	7. Other extraordinary gains	12		-		
	Total extraordinary gains	850	1.5	43	0.1	(806)
VIII	**Extraordinary Losses:**					
	1. Loss on disposal of fixed assets	337		206		
	2. Impairment loss	-		621		
	3. Loss on disposal of inventories	193		-		
	4. M&A advisory fee and refinance costs	-		646		
	5. Nonrecurring depreciation of fixed assets	1,321		-		
	6. Other extraordinary losses	101		28		
	Total extraordinary losses	1,953	3.4	1,503	2.6	(450)

	Year ended March 31, 2005		Year ended March 31, 2006		Increase / (Decrease)
	(In Y million)	Percentage to sales (%)	(In Y million)	Percentage to sales (%)	(In Y million)
Income before taxes	(996)	(1.7)	12	(0.0)	(984)
Income Taxes:					
Corporate income, inhabitant and enterprise taxes - current	236		296		
Corporate income, inhabitant and enterprise taxes – deferred	(8)		(159)		
Total income taxes	228	0.4	137	0.3	(91)
Minority Interest in Net Income	69	0.1	133	0.2	63
Net Income (Loss) for the Period	**(Y1,294)**	**(2.2%)**	**Y282**	**(0.5%)**	**Y1,011**

3) Consolidated Statement of Surplus

(In Y million)

Year / Description	Year ended March 31, 2005	Year ended March 31, 2006
(Share Premium)		
I. Beginning balance of share premium	Y6,604	Y6,647
II. Increase in share premium		
1. Capital increase due to the issuance of new shares	43	1,494
2. Capital increase due to the execution of stock options	-	0
III. Ending balance of share premium	6,647	8,142
(Retained Earnings)		
I. Beginning balance of retained earnings	(2,115)	(3,393)
II. Increase in retained earnings		
Increase in number of consolidated subsidiaries	-	38
Reversal of land revaluation surplus	16	243
III. Decrease in retained earnings		
Net income (loss)	(1,294)	(282)
IV. Ending balance of retained earnings (deficit)	(Y3,393)	(Y3,442)

4) Consolidated Statement of Cash Flows

(In Y million)

Accounts	Year ended March 31, 2005	Year ended March 31, 2006
I Cash Flows from Operating Activities		
1. Income (loss) before taxes	(Y996)	(Y12)
2. Depreciation expense	3,516	3,030
3. Impairment loss	-	621
4. Increase/(decrease) in provision for doubtful accounts	67	(12)
5. Increase/(decrease) in provision for employees' retirement benefits	165	(31)
6. Increase/(decrease) in provision for directors' retirement benefits	6	(12)
7. Gain on sale or retirement of property, plant, and equipment	272	183
8. Increase/(decrease) in provision for loss on sales	305	(455)
9. Gain/(loss) on sales of investment securities	(486)	-
10. Interest and dividend income	(21)	(30)
11. Interest expense	678	676
12. Loss (gain) on foreign currency exchange	(1)	(18)
13. Loss (gain) on investment under the equity method	1	(74)
14. M&A advisory fee and refinance costs	-	646
15. Gain on recording leased assets	(170)	-
16. Nonrecurring depreciation for property, plant, and equipment	1,321	-
17. (Increase)/decrease in trade accounts receivable	(324)	(270)
18. (Increase)/decrease in inventories	(535)	(1,088)
19. Increase/(decrease) in trade accounts payable	660	925
20. Others	(675)	(193)
Sub-total	3,783	3,885
21. Interest and dividend received	21	45
22. Interest expense	(702)	(750)
23. Income taxes paid	(129)	(188)
24. M&A advisory fee and refinance costs paid	-	(219)
Cash Flows from Operating Activities	**2,972**	**2,772**
II Cash Flows from Investment Activities		
1. Transfer to time deposits	-	(18)
2. Withdrawals of time deposits	71	83
3. Payment for acquisition of tangible fixed assets	(3,332)	(3,745)
4. Proceeds from sale of tangible fixed assets	117	179
5. Payment for acquisition of intangible fixed assets	(79)	(551)
6. Proceeds from sale of investment securities	1,002	-
7. Payment for acquisition of newly consolidated subsidiary	-	(2,738)
8. Payment for additional acquisition of subsidiaries' shares	-	(21)
9. Others	115	(19)
Cash Flows Used for Investment Activities	**(2,104)**	**(6,831)**
III Cash Flows from Financing Activities		
1. Increase/(decrease) in short-term loans and borrowings - net	1,048	1,780
2. Proceeds from long-term loans and borrowings	-	20,885
3. Repayment of long-term loans and borrowings	(1,496)	(22,082)
4. Proceeds from issuance of shares	85	3,001
5. Proceeds from sale and lease back	-	1,134
6. Repayments of finance lease obligations	(204)	(344)
7. Dividends to minority shareholders	(4)	(4)
8. Others	(3)	(4)
Cash Flows from (Used for) Financing Activities	**(574)**	**4,366**
IV Exchange Gain (Loss) on Cash and Cash Equivalents	12	37
V Increase/(Decease) in Cash and Cash Equivalents	305	344
VI Beginning Balance of Cash and Cash Equivalents of newly consolidated subsidiary	-	57
VII Beginning Balance of Cash and Cash Equivalents	3,411	3,716
VIII Ending Balance of Cash and Cash Equivalents	Y3,716	Y4,119

Basic Matters to Prepare the Consolidated Financial Statements

1. Scope of Consolidation

Subsidiaries – the following seven (7) subsidiaries were consolidated:
Hoei Industrial Co., Ltd.
Techno-Metal Co., Ltd.
Asahi Tec Aluminum (Thailand) Co., Ltd.
Asahi Tec Metals (Thailand) Co., Ltd.
Asahi Tec Tohoku Sales Co., Ltd.
Asahi Service Co., Ltd.
Asahi Tec Service Co., Ltd.

Asahi Tec Tohoku Sales Co., Ltd., Asahi Service Co., Ltd., and Asahi Tec Service Co., Ltd. started to be consolidated in this fiscal year, due to their increased importance.
Techno-Metal Co., Ltd. that newly became one of the Group's subsidiaries on February 28, 2006, got involved in the scope of consolidation in this fiscal year. The Group consolidated only its balance sheet but not its income statement (instead just making some adjustments for consolidation journal entries), as the deemed acquisition date for Techno-Metal was the last day of this fiscal year.

2. Matters Related to Equity Method

(1) Non-consolidated companies under the equity method – two (2) companies
Asahi Somboon Shippo Moulds Co., Ltd.
Dicastal Asahi Aluminum Co., Ltd.

(2) These companies were included through equity method at their closing balance as of December 31, 2005, which is different from the consolidated closing date.

3. Closing Date of Subsidiaries

The closing date of the subsidiaries is the same as the consolidated closing date.

4. Accounting Policies

(1) Evaluation standards and methods for significant assets

1) Securities

Available-for-sale securities

Available-for-sale securities with readily determinable market price were stated at fair value as of the balance sheet date, with unrealized gains and losses, net of applicable taxes, and reported in a separate component of equity. The cost of securities sold was calculated by the moving-average method.

Non-marketable available-for-sale securities were stated at cost determined by the moving-average method.

2) Inventories

Inventories were mainly stated at cost determined by the period average method.

3) Derivatives

The market value method was applied.

(2) Depreciation methods for significant fixed assets

1) Tangible fixed assets

Buildings other than fixtures: The straight-line method was applied.

Casting included in tools, furniture and fixtures:

The Company, Techno-Metal Co., Ltd., and the overseas subsidiaries applied the straight-line method. The domestic subsidiaries other than Techno-Metal Co., Ltd. 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 overseas 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 12 years
Tools, furniture and fixtures:	2 to 6 years

2) Intangible fixed assets

Software:

The Company and its domestic subsidiaries applied the straight-line method, based on the useful life of five (5) years determined by the Company.

Other intangible fixed assets:

The straight-line method was applied.

(3) Accounting method for deferred assets

New share issuing expense: All amounts were recorded as an expense when they were paid.

(4) Accounting method for significant provisions

1) Provision for doubtful accounts

The Company and its domestic subsidiaries recorded provision for doubtful accounts at the amount considered to be appropriate, based on their past credit loss experience for normal accounts, and on an evaluation of potential losses in outstanding receivables for particularly doubtful accounts. The overseas subsidiaries recorded provision for doubtful accounts, mainly based on their estimate on uncollectable amount for each receivable.

2) Provision for bonuses

The Company recorded accrued bonuses based on the estimated amount of future bonus payments to employees earned in this fiscal year.

3) Provision for loss on sales

The Company and its overseas subsidiaries provided for anticipated loss on sales in the future for consecutively sold type of products that result in a loss. In order to calculate that loss, the Company estimated the total production volume of each car model during the following year based on a projection by a research company outside of the Group, and multiplied that volume by the actual loss on sales per vehicle for each car model at the end of this fiscal year.

4) Provision for product warranty

The Company and its overseas subsidiaries provided for product warranty based on their past experience, in order to deal with future complaints about sold products.

5) Provision for completed construction warranty

The Company and its domestic subsidiaries recorded warranty expenses for completed construction based on their past experience, in order to reasonably provide for future warranty expenses.

6) Provision for employees' retirement benefits

The Company and its subsidiaries have a retirement benefit plan, and recorded period expenses for provision for employees' retirement benefits based on projected benefit obligations and a fair value of plan assets at the end of this fiscal year.

Unrecognized actuarial gains or losses start to be amortized, in the following fiscal year, by the straight-line method over a certain period between ten (10) and fifteen (15) years, which is within the employees' average remaining service period at the time the gains or losses accrue.

7) Provision for directors' retirement benefits

The Company and its domestic subsidiaries recorded a retirement provision for directors, at 100% of the amounts that would have been payable to directors at the end of this fiscal year, in accordance with their company regulations.

(5) Translation of significant foreign currency quoted assets and liabilities into Japanese currency

Foreign currency receivables and payables were translated into Japanese yen at the spot exchange rates as of the balance sheet date, and foreign exchange gains and losses arising from that translation were recognized in the income statement. As for the overseas subsidiaries, assets and liabilities were translated into Japanese yen at the spot exchange rates on the balance sheet date, and revenues and expenses were translated at the average exchange rate for this fiscal year. Foreign exchange differences arising from such translation were recorded as a foreign currency translation reserve in minority interest, and in equity.

(6) Accounting for significant leases

The Company and its domestic subsidiaries accounted for financing leases as operating leases, except for financing leases under which the title to the leased asset was deemed to be transferred to the lessee. The overseas subsidiaries accounted for financing leases as assets, if the leases met the requirement of local accounting standards.

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

1) Accounting for consumption taxes

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

2) Accounting for sales

Long-term construction contracts exceeding Y100 million in contract amount and one (1) year in construction period were recorded by the percentage of completion method. Other contracts were recorded by the completed contract method. For this fiscal year, completed constructions to which the percentage of completion method applied amounted to Y789 million.

5. Evaluation of assets and liabilities of the subsidiaries

Assets and liabilities of the subsidiaries were all evaluated at fair value.

6. Amortization of consolidated goodwill

The Company amortizes its consolidated goodwill by the straight-line method over a certain period within twenty (20) years according to each source.

As for the consolidated goodwill arising from the new consolidated subsidiary, Techno-Metal Co., Ltd. whose shares were acquired by the Company during this fiscal year, the Company will start to amortize it in the following year by the straight-line method over twenty (20) years. The Company will benefit from this goodwill for a long period of time exceeding twenty (20) years, as the business of Techno-Metal is closely related to the Group's business, and will help the Group enter into the field of automobile engine parts, promote proposals for manufacture process that meets customer needs, and expand the Group's range of high-value added products. Therefore the Company decided to amortize that goodwill over twenty (20) years, the longest period stipulated in the Principles for Consolidated Financial Statements.

As for other existing goodwill, the Company has amortized it over five (5) years that is the same as before.

7. Appropriation of surplus

Consolidated statement of surplus is based on the Group's appropriation of surplus determined during this fiscal year.

8. Working capital in the consolidated statement of cash flows

Working capital (cash and cash equivalents) in the consolidated statement of cash flows consisted of cash on hand, deposits available to withdraw at any time, and short-term investments that were easily convertible to cash and not subject to value fluctuations, and would be redeemed within three (3) months after acquisition.

Change in Basic Matters to Prepare the Consolidated Financial Statements

(Accounting Standards for Impairment Loss of Fixed Assets)

In this fiscal year, the Company started to adopt "Accounting Standards for Impairment Loss of Fixed Assets" ("Opinion for Regulating Accounting Standards for Impairment Loss of Fixed Assets" (by Business Accounting Council, August 9, 2002)), and "Guidelines for Implementing Accounting Standards for Impairment Loss of Fixed Assets" (Accounting Standard Guideline No.6 by Accounting Standard Committee, October 31, 2003). This increased both the operating income and the ordinary income by Y147 million, and the loss before taxes by Y444 million.

The amounts of accumulated impairment loss were directly deducted from the amounts of each asset, based on the revised Regulations for Consolidated Financial Statements.

Explanatory Notes to the Consolidated Financial Statements

(Notes to the Consolidated Balance Sheet)

(In Y million)

	Year ended March 31, 2005	Year ended March 31, 2006
1. Accumulated depreciation of property, plant, and equipment	36,352	84,201
2. Investments and equity investments in non-consolidated subsidiaries and affiliated companies		
Investment securities (shares)	302	309
Other investments and other assets (equity investments)	112	175
3. Pledged assets and obligations guaranteed		
Amount of pledged assets (book value):		
Cash and cash equivalents	2,210	2,948
Trade notes and accounts receivable	2,099	3,343
Inventories	4,862	6,856
Accounts receivable - others	-	10
Buildings and structures	4,401	8,007
Machinery and equipment, and vehicles	3,344	6,799
Tools, furniture and fixtures	202	321
Land	10,109	10,631
Investment securities	322	269
Total	27,553	39,188
Liabilities corresponding to the pledged assets above		
Short-term loans and borrowings	1,298	3,902
Current portion of long-term loans and borrowings	739	400
Long-term loans and borrowings	11,990	18,626
Total	14,029	22,929

4. 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 revaluation, and the remaining excess as a land revaluation surplus, a component of equity.

Revaluation method: The value of land was determined through reasonable adjustment based on the amount of property taxes 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) and (2)

(1) The year-end total market value of land for business use revalued according to Article 10 of "Law of Land Revaluation"

(2) The year-end total book value of land for business use after revaluation

March 31, 2005: Y1,195 million

March 31, 2006: Y1,479 million

(In Y million)

	March 31, 2005	March 31, 2006
5. Contingent liabilities		
(1) Guarantees of liabilities of others	3	0

(2) Additional acquisition of Techno-Metal shares

In order to expand its business field and to improve its operational efficiency, the Group concluded a contract with Mitsubishi Fuso Truck and Bus Corporation on February 28, 2006, and acquired 128,000 shares (66%) of Techno-Metal Co., Ltd. (previously named Mitsubishi Fuso Techno-Metal Co., Ltd.), a wholly-owned subsidiary of Mitsubishi Fuso. That contract includes share acquisition terms that the Company will additionally acquire the rest of the Techno-Metal shares currently owned by Mitsubishi Fuso Truck and Bus Corporation, at a fixed price (by cash or share exchange), between the 18th month and the 36th month after the conclusion of the contract.

(3) Lawsuit with Vantec Corporation

On December 26, 2005, a distributor of the Company, Vantec Corporation filed a lawsuit against the Company for Y295 million claim for distributor's commission.

In response to this, the Company filed a countersuit for Y548 million against that claim, and is going to fight this lawsuit for its legality.

(In Y million)

	March 31, 2005	March 31, 2006
6. Discounted notes receivable	4	-
7. Overdraft agreement and its uncommitted balance		
Limit of overdraft	3,008	8,226
Actual committed balance	1,348	3,950
Uncommitted balance	1,660	4,276
8. The Company's issued and outstanding shares are as follows:		
Common share	60,270,313 shares	60,277,813 shares
Series A preferred share	28,572,000 shares	28,572,000 shares
Series B preferred share	- shares	10,526,316 shares
9. Treasury shares		
Common share	67,766 shares	82,840 shares

10. Restrictive financial covenants on loans and borrowings

(1) Of all loans and borrowings of the Group, the senior loans from Aozora Bank, Ltd. and Sumitomo Mitsui Banking Corporation, and the subordinated loans from Aozora Bank, Ltd. are subject to restrictive financial covenants for cash flow and profitability. Failure to achieve a specified level of performance for these loans will result in a breach of contract. Therefore in that case, the Group will lose the acceleration interest in those loans following the formal demand from Aozora, and be immediately required to pay the full outstanding balance of the principal and/or incurred interest.

(2) Payment of dividends and directors' bonuses should not infringe on the foregoing 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 is reasonably expected to be recovered within the recovery period stipulated separately), and the payment never generate such cause.

(Notes to the Consolidated Income Statement)

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

(In Y million)

	Year ended March 31, 2005	Year ended March 31, 2006
Packing cost and freight	2,000	1,970
Salaries and bonuses	1,312	1,261
Provision for bonuses	130	147
Retirement benefits cost	92	97
Provision for directors' retirement benefits	30	36

2. Research and development expenses included in general and administrative expenses and production costs

(In Y million)

	Year ended March 31, 2005	Year ended March 31, 2006
Research and development costs	701	537

3. Gain on sales of fixed assets

(In Y million)

	Year ended March 31, 2005	Year ended March 31, 2006
Gain on sales of machinery and equipment	4	5
Gain on sales of land	0	16
Gain on sales of intangible fixed assets	55	-
Gain on sales of other fixed assets	5	0
Total	65	22

4. Loss on disposal of fixed assets

(In Y million)

	Year ended March 31, 2005	Year ended March 31, 2006
Loss on disposal of buildings and structures	1	2
Loss on disposal of machinery and equipment, and vehicles	68	150
Loss on disposal of tools, furniture and fixtures	246	23
Loss on disposal of other fixed assets	0	11
Loss on sales of other fixed assets	6	8
Cost of destruction of fixed assets	14	9
Total	337	206

5. Impairment loss

For this fiscal year, the Group recorded impairment loss for the following asset group.

(In Y million)

User	Asset type	Location	Amount of impairment loss
Aluminum wheel business	Buildings and structures , machinery, equipment, and vehicles , tools, furniture, and fixtures , land	Kikugawa, Shizuoka prefecture	191
Idle assets	Machinery, equipment, and vehicles , land	Kikugawa, Shizuoka prefecture	383
Ductile business	Machinery, equipment, and vehicles , tools, furniture, and fixtures	Sriracha, Chonburi Thailand	29
Other businesses	Patent	Inabe, Mie prefecture	16
Total			621

The Group categorizes its assets by management accounting unit, or by site.

For the aluminum wheel business, the impairment loss was recorded as an extraordinary loss, since the collectable amount for domestic production facilities devalued due to the discontinuation of domestic production as a part of the business reorganization. For the idle assets, the impairment loss was also recorded as an extraordinary loss, since their future use has not yet determined.

And for the ductile business, the impairment loss was also recorded as an extraordinary loss, since the future use of a part of machinery, and of tools, furniture, and fixtures for discontinued production has not yet determined.

The overseas subsidiaries that possessed impaired assets for ductile business had been applying, for a while, local accounting standards that corresponded to "Accounting Standards for Impairment Loss of Fixed Assets". Such subsidiaries recorded the impairment loss, since they had events that resulted in impairment loss during this fiscal year. Therefore, the impairment loss for these subsidiaries was not included in the effect indicated in "Change in Basic Matters to Prepare the Consolidated Financial Statements" (Accounting standards for impairment loss of fixed assets).

The collectable amounts of foregoing assets were presented at net sale value, which was calculated by deducting the estimated disposal expenses from appraised value or expected disposal amount.

As for other businesses, the domestic subsidiary recorded impairment loss on its patent for discontinuing business.

The collectable amounts of each type of assets are as follows;

Buildings and structures	Y3 million
Machinery, equipment, and vehicles	197
Tools, furniture and fixtures	36
Land	367
Patent	16
Total	621

(Notes to the Consolidated Statement of Cash Flows)

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

(In Y million)

	Year ended March 31, 2004	Year ended March 31, 2005
Cash and bank deposits	3,810	4,148
Time deposits whose terms are over 3 months	(94)	(29)
Ending balance of cash and cash equivalents	3,716	4,119

2. Rough breakdown of assets and liabilities of the new consolidated subsidiary

As for Techno-Metal Co., Ltd. that newly became one of the consolidated subsidiaries of the Company through share acquisition, its assets and liabilities at the commencement of consolidation, an acquisition price for Techno-Metal shares, and a net disbursement for the acquisition are as follows:

(In Y million)

	Year ended March 31, 2005
Current assets	7,192
Non-current assets	12,452
Consolidated goodwill	139
Current liabilities	(6,627)
Non-current liabilities	(8,729)
Minority interest	(1,458)
Acquisition price for shares of Techno-Metal Co., Ltd.	2,969
Cash and cash equivalents of Techno-Metal Co., Ltd.	230
Net disbursement for acquiring Techno-Metal Co., Ltd.	2,738

3. Significant non-cash transactions

(In Y million)

	Year ended March 31, 2005	Year ended March 31, 2006
Amount of assets and liabilities related to financing leases newly recorded in this fiscal year	468	115

Leases

Information on lease transactions will be disclosed via EDINET, and is omitted herein.

Securities

I Year Ended March 31, 2005

1. Available-for-sale securities with market value (as of March 31, 2005) (Amounts are rounded down to the nearest Y1 million.)

Classification		Acquisition cost	Balance sheet carrying value	Increase (decrease)
Balance sheet carrying value exceeding acquisition cost	Stocks	76	124	48
	Sub-total	76	124	48
Balance sheet carrying value not exceeding acquisition cost	Stocks	-	-	-
	Sub-total	-	-	-
Total		76	124	48

2. Sales of available-for-sale securities (Amounts are rounded down to the nearest Y1 million.)

Proceeds from sales	Total gain on sales	Total loss on sales
1,002	576	89

3. Information on major non-marketable (Amounts are rounded down to the nearest Y1 million.)

	Balance sheet carrying value
Available-for-sale securities Unlisted shares (excluding counter shares)	40

II Year Ended March 31, 2006

1. Available-for-sale securities with market value (as of March 31, 2006) (Amounts are rounded down to the nearest Y1 million.)

Classification		Acquisition cost	Balance sheet carrying value	Increase (decrease)
Balance sheet carrying value exceeding acquisition cost	Stocks	76	151	74
	Sub-total	76	151	74
Balance sheet carrying value not exceeding acquisition cost	Stocks	-	-	-
	Sub-total	-	-	-
Total		76	151	74

2. Sales of available-for-sale securities

Not applicable.

3. Information on major non-marketable (Amounts are rounded down to the nearest Y1 million.)

	Balance sheet carrying value
Available-for-sale securities Unlisted shares (excluding counter shares)	40

Derivatives

Information on derivative transactions will be disclosed via EDINET, and is omitted herein.

Notes to Employees' Retirement Benefits

1. Description of Adopted Retirement Benefit Plans

The Company, Houei Industries Co., Ltd., and Techno-Metals Co., Ltd. have adopted two (2) defined pension plans; a lump-sum retirement benefits payment plan, and a qualified pension plan. Other domestic subsidiaries and overseas consolidated subsidiaries have adopted a lump-sum retirement benefits payment plan. They may pay additional retirement benefits to retiring employees, which are not classified as provision for employees' retirement benefits covered by the actuarial method based on the accounting standard for retirement benefits.

2. Provision for Employees' Retirement Benefits

(In Y million)

	March 31, 2005	March 31, 2006
(a) Projected benefit obligations	(6,894)	(10,408)
(b) Fair value of plan assets	4,547	6,027
(c) Unprovided benefit obligations [(a)+(b)]	(2,347)	(4,380)
(d) Unrecognized actuarial gain	1,107	387
(e) Net liability in balance sheet [(c)+(d)]	(1,239)	(3,993)
(f) Prepaid pension cost	624	664
(g) Provision for employees' retirement benefits [(e)-(f)]	(1,864)	(4,657)

Some subsidiaries adopted a simplified method for calculating their provision for employees' retirement benefits.

3. Components of Net Periodic Benefit Costs

(In Y million)

	Year ended March 31, 2005	Year ended March 31, 2006
(a) Service cost	242	282
(b) Interest cost	132	132
(c) Expected return on plan assets	(132)	(133)
(d) Amortization of unrecognized actuarial loss	136	156
(e) Additional retirement benefits	40	-
(f) Net periodic benefit costs [(a)+(b)+(c)+(d)+(e)]	418	438

Note: Net periodic benefit costs of the subsidiaries under the simplified method are included in "(a) Service cost".

4. Assumptions for Calculating Employees' Retirement Benefits

	March 31, 2005	March 31, 2006
a. Discount rate	2.0%	Between 1.8% and 2.0%
b. Expected rate of return on plan assets	3.0%	Between 2.9% and 3.0%
c. Allocation method of retirement benefits expected to be paid at the retirement date	Straight-line method based on years of service	Straight-line method based on years of service
d. Number of years for amortizing unrecognized actuarial gain/loss (Unrecognized actuarial gains or losses start to be amortized in the following fiscal year by the straight-line method over a certain number of years within the employees' average remaining service period at year-end..)	10 years	Between 10 and 15 years

Notes to Tax Effect Accounting

(1) Deferred tax assets and liabilities were comprised of the following:

(In Y millio

n)

Accounts	March 31, 2005	March 31, 2006
Deferred tax assets:		
Provision for bonuses	201	412
Depreciation	576	152
Disposal of casting	210	219
Unrealized gain on fixed assets	42	25
Provision for doubtful accounts	63	75
Provision for retirement benefits	436	1,441
M&A advisory fee and refinance costs	297	220
Provision for loss on sales	450	263
Loss on retirement of leased assets (machinery & equipment)	213	180
Tax loss carried forward	2,314	2,817
Others	564	973
Sub-total deferred tax assets	5,371	6,782
Valuation allowance	(5,195)	(6,301)
Total deferred tax assets	176	481
Deferred tax liabilities:		
Unrealized loss on available-for-sale securities	(19)	(29)
Revaluation difference for land through consolidation	-	(1,043)
Total deferred tax liabilities	(19)	(1,073)
Net deferred tax assets	156	-
Net deferred tax liabilities	-	591
Deferred tax assets for land revaluation	-	487
Valuation allowance	-	(487)
Deferred tax liabilities for land revaluation	(2,496)	(2,822)

(2) Reconciliation between normal statutory tax rates and actual effective tax rates was as follows:

	March 31, 2005		March 31, 2006	
Normal effective statutory tax rate for companies	39.75	%	39.75	%
Increase (decrease) in tax rate resulting from:				
Permanently non-deductible expenses (entertainment expenses, etc.)	(1.79)		(127.31)	
Permanently non-taxable income (dividend income, etc.)	0.71		5.10	
Inhabitant taxation on per capita basis	(1.67)		(145.23)	
Valuation allowance, etc.	(68.10)		(923.88)	
Tax rate difference from subsidiaries	7.73		16.60	
Others	0.47		0.18	
Actual effective tax rate after adopting tax effect accounting	(22.90)	%	(1,134.79)	%

Segment Information

1. Information by Business Segment

Year ended March 31, 2005

(Amounts are rounded down to the nearest Y1 million.)

	General casting & forging parts	Devices & equipment	Total	Eliminated or adjusted	Consolidated
I Sales and operating income					
(1) Sales to external customers	Y49,929	Y7,644	Y57,574	-	Y57,574
(2) Inter-segment sales or transfers	1	-	1	(Y1)	-
Total	49,930	7,644	57,575	(1)	57,574
Operating expenses	48,797	6,920	55,718	1,227	56,946
Operating income (loss)	1,133	724	1,857	(1,229)	628
II Assets, depreciation, and capital expenditures					
Assets	35,738	6,910	42,648	6,909	49,558
Depreciation	3,320	138	3,458	57	3,516
Capital expenditures	3,414	38	3,453	209	3,662

Year ended March 31, 2006

(Amounts are rounded down to the nearest Y1 million.)

	General casting & forging parts	Devices & equipment	Total	Eliminated or adjusted	Consolidated
I Sales and operating income					
(1) Sales to external customers	Y50,020	Y7,974	Y57,994	-	Y57,994
(2) Inter-segment sales or transfers	60	25	86	(86)	-
Total	50,081	8,000	58,081	(86)	57,994
Operating expenses	47,487	7,281	54,768	1,212	55,981
Operating income (loss)	2,593	719	3,312	(1,299)	2,013
II Assets, depreciation, and capital expenditures					
Assets	58,855	6,599	65,454	7,138	72,593
Depreciation	2,803	110	2,914	115	3,030
Impairment loss	285	-	285	336	621
Capital expenditures	3,547	78	3,625	929	4,555

Notes:

1. The business segments in the above table were categorized in accordance with the Company's administrative policies.
2. Major products for each business segment
   (1) General casting & forging parts include general parts for vehicles (including aluminum wheels), parts for industrial machinery, etc.
   (2) Devices & equipment include overhead wire casting, environmental systems and equipment.
3. As for "operating expenses", the amount of non-allocable operating expenses included in "eliminated or adjusted" was Y1,229 million for the year ended March 31, 2005, and Y1,229 million for the year ended March 31, 2006,

and both of which were mainly related to administrative sections such as the general affairs department in the head office of the Company.

4. General corporate assets included in "eliminated or adjusted" were Y6,909 million for the year ended March 31, 2005, and Y7,138 million for the year ended March 31, 2006, and most of which consisted of excess funds (cash and securities), long-term investment funds (investment securities), and assets for administrative sections.

5. As described in "Change in Basic Matters to Prepare the Consolidated Financial Statements", the Company started to adopt, in this fiscal year, "Accounting Standards for Impairment Loss of Fixed Assets" ("Opinion for Regulating Accounting Standards for Impairment Loss of Fixed Assets" (by Business Accounting Council, August 9, 2002)), and "Guidelines for Implementing Accounting Standards for Impairment Loss of Fixed Assets" (Accounting Standard Guideline No.6 by Accounting Standard Committee, October 31, 2003). As a result of this change, operating expenses for the general casting & forging parts business decreased by Y147 million, and operating income increased by the same amount for this fiscal year compared to the results by the conventional method.

2. Information by Geographical Segment

Year ended March 31, 2005

(Amounts are rounded down to the nearest Y1 million.)

	Japan	Asia	Total	Eliminated or Adjusted	Consolidated
I Sales and operating income					
(1) Sales to external customers	Y47,025	Y10,549	Y57,574	-	Y57,574
(2) Inter-segment sales or transfers	641	3,533	4,175	(4,175)	-
Total	47,667	14,082	61,749	(4,175)	57,574
Operating expenses	46,828	13,127	59,955	(3,008)	56,946
Operating income	838	955	1,794	(1,166)	628
II Assets	34,767	9,623	44,390	5,167	49,558

Year ended March 31, 2006

(Amounts are rounded down to the nearest Y1 million.)

	Japan	Asia	Total	Eliminated or Adjusted	Consolidated
I Sales					
(1) Sales to external customers	Y48,813	Y9,181	Y57,994	-	Y57,994
(2) Inter-segment sales or transfers	474	4,692	5,167	(5,167)	-
Total	49,288	13,873	63,162	(5,167)	57,994
Operating expenses	46,074	13,823	59,898	(3,916)	55,981
Operating income	3,213	50	3,264	(1,250)	2,013
II Assets	55,363	13,165	68,528	*4,064*	72,593

Notes:

1. Policies for geographical division, and countries included in Asia

(1) The geographical divisions are based on geographical closeness of countries.

(2) Asia implies Thailand.

2. As for "operating expenses", the amount of non-allocable operating expenses included in "eliminated or adjusted" was the same as one indicated in the note 3 for "1. Information by Business Segment".
3. General corporate assets included in "eliminated or adjusted" was the same as one indicated in the note 4 for "1. Information by Business Segment".
4. As described in "Change in Basic Matters to Prepare the Consolidated Financial Statements", the Company started to adopt, in this fiscal year, "Accounting Standards for Impairment Loss of Fixed Assets" ("Opinion for Regulating Accounting Standards for Impairment Loss of Fixed Assets" (by Business Accounting Council, August 9, 2002)), and "Guidelines for Implementing Accounting Standards for Impairment Loss of Fixed Assets" (Accounting Standard Guideline No.6 by Accounting Standard Committee, October 31, 2003). As a result of this change, operating expenses for Japan decreased by Y147 million, and operating income increased by the same amount for this fiscal year compared to the results by the conventional method.

3. Overseas Sales

Year ended March 31, 2005

(Amounts are rounded down to the nearest Y1 million.)

		Asia	Other Area	Total
I	Overseas sales	9,447	845	10,293
II	Consolidated sales			57,574
III	Ratio of overseas sales to the whole consolidated sales	16.4%	1.5%	17.9%

Year ended March 31, 2006

(Amounts are rounded down to the nearest Y1 million.)

		Asia	Other Area	Total
I	Overseas sales	8,997	460	9,458
II	Consolidated sales			57,994
III	Ratio of overseas sales to the whole consolidated sales	15.5%	0.8%	16.3%

Notes:

1. Geographical divisions are based on the geographical closeness of countries.
2. Each geographical division mainly consists of the following countries:
   Asia Thailand, Malaysia, China, and Korea, etc.
   Other Area Australia, Europe, and the United States, etc.
3. Overseas sales represent the Company's and the subsidiaries' sales in countries or areas other than Japan.

Related Party Transactions

Year Ended March 31, 2005

(1) Parent company and major corporate shareholders

(Amounts are rounded down to the nearest¥1 million.)

Status	Parent company
Name	RHJ International SA/NV
Location	Brussels, Belgium

Capital		740 million Euro
Description of business or occupation		Holding company
Percentage of voting rights held		Directly owned 58.7%
Connections	Interlocking directors	--
	Business connections	--
Description of transactions		Provision of collateral (Note 1)
Amount of transactions		Y12,029 (Note 2)
Account		--
Ending balance		--

Notes:

1. The securities for collateral secured bank loans of the Group.
2. "Amount of transactions" represents the amount of bank loans.

(2) Directors and major individual shareholders

(Amounts are rounded down to the nearest ¥1 million.)

Status		Company (including its subsidiaries) of which directors and/or the directors' close relatives hold a majority of voting rights
Name		Irimajiri Shouichiro, Co.
Location		Koganei, Tokyo
Capital		Y3
Description of business or occupation		Management consulting
Percentage of voting rights held		--
Connections	Interlocking directors	One (1) director
	Business connections	--
Description of transaction		Labor costs for loan employee
Amount of transactions		Y4
Account		--
Ending balance		--

Notes:

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

(3) Non-consolidated subsidiaries, etc.

(Amounts are rounded down to the nearest¥1 million.)

Status		Non-consolidated subsidiaries		
Name		Asahi Tec Tohoku Sales Co., Ltd.	Asahi Service Co., Ltd.	Asahi Tec Service Co., Ltd.
Location		Sendai, Miyagi	Minato-ku, Tokyo	Kikugawa, Shizuoka
Capital		Y10	Y20	Y10
Description of business or occupation		Sales of electric power equipment	Water treatment	Agency for welfare-related clerical work
Percentage of voting rights held		100.0% owned	100.0% owned	100.0% owned
Connections	Interlocking directors	One (1) director	One (1) director	--
	Business connections	Sales of electric power equipment	Subcontract for water treatment construction work	Provision of welfare-related clerical work

Description of transaction	Guaranty of liabilities (Note 3)	Guaranty of liabilities (Note 3)	Guaranty of liabilities (Note 3)
Amount of transactions	Y14,029 (Note 1)	Y14,029 (Note 1)	Y14,029 (Note 1)
Account	--	--	--
Ending balance	--	--	--

Notes:

These non-consolidated subsidiaries guaranteed bank loans of the Company. No guarantee fee was paid.

Year Ended March 31, 2006

(1) Parent company

(Amounts are rounded down to the nearest¥1 million.)

Status		Parent company
Name		RHJ International SA/NV
Location		Brussels, Belgium
Capital		1,610 million Euro
Description of business or occupation		Holding company
Percentage of voting rights held		Directly owned 63.1%
Connections	Interlocking directors	One (1) director
	Business connections	--
Description and amount of transactions (Note 2)		Provision of collateral (Note 1): Y22,929 Loans to the Company: Y3,000 Acquisition of the Company's shares: Y3,000 M&A advisory fee and refinance costs : Y262
Ending balance		Unpaid portion of M&A advisory fee and refinance costs : Y262 (recorded as accrued expense)

Notes:

1. The securities for collateral secured bank loans of the Group.
2. The amount of transactions is net of consumption taxes, and the ending balance is inclusive of consumption taxes.
3. Terms and conditions of transactions, and their determining policy:
   The Company determined the terms and conditions of transactions in each negotiation, based on the market trend and the desire of the above company.

(2) Directors and major individual shareholders

(Amounts are rounded down to the nearest ¥1 million.)

Status		Company (including its subsidiaries) of which directors and/or the directors' close relatives hold a majority of voting rights
Name		Irimajiri Shouichiro, Co.
Location		Koganei, Tokyo
Capital		Y3
Description of business or occupation		Management consulting
Percentage of voting rights held		--
Connections	Interlocking directors	One (1) director
	Business connections	--
Description of transaction		Labor costs for loan employee
Amount of transactions		Y4
Account		--
Ending balance		--

Notes:

1. The amount of transactions is net of consumption taxes, and the ending balance is inclusive of consumption taxes.
2. Terms and conditions of transactions, and their determining policy:

   The Company determined the terms and conditions of transactions in each negotiation, based on the market trend and the desire of the above company.

(3) Subsidiaries, etc.

(Amounts are rounded down to the nearest¥1 million.)

Status		Subsidiary
Name		Techno-Metals Co., Ltd.
Location		Nihonmatsu, Fukushima
Capital		Y1,940
Description of business or occupation		Manufacture and sales of ductile iron casting products, gray iron casting products, iron forging, and aluminum diecast components. Machining process, subassembly.
Percentage of voting rights held		Directly owned 66.0%
Connections	Interlocking directors	Five (5) directors
	Business connections	--
Description and amount of transactions (Note 2)		Interest income: Y13 M&A advisory fee and refinance costs: Y202
Ending balance		--

Notes:

1. The amount of transactions is net of consumption taxes, and the ending balance is inclusive of consumption taxes.
2. Terms and conditions of transactions, and their determining policy:

   The Company determined the terms and conditions of transactions in each negotiation, based on the market trend and the desire of the above company.
3. As for Techno-Metals Co., Ltd., the above chart includes only profit-and-loss transactions that were not offset through consolidation, as only its balance sheet was consolidated for this fiscal year.

Significant Subsequent Events

Year Ended March 31, 2005

Not applicable.

Year Ended March 31, 2006

Not applicable.

Production, Orders & Sales

1. Production

(Amounts are rounded down to the nearest Y1 million.)

Period / Business segment	Year ended March 31, 2005		Year ended March 31, 2006	
	Amount of production	Percentage	Amount of production	Percentage
General casting and forging parts	50,602	86.9%	50,435	86.1%
Machinery and equipment	7,599	13.1%	8,120	13.9%
Total	58,201	100.0%	58,556	100.0%

Notes: 1. The amounts are stated at a sales price, and exclude inter-segment transfers.

2. The amounts are net of consumption taxes.

3. The amounts of production for the year ended March 31, 2005 included the fifteen-month results of Thai subsidiaries.

2. Orders

(Amounts are rounded down to the nearest Y1 million.)

Period / Business segment	Year ended March 31, 2005		Year ended March 31, 2006	
	Orders accepted	Balance undelivered	Orders accepted	Balance undelivered
General casting and forging parts	50,240	1,638	50,137	1,755
Machinery and equipment	7,079	1,193	7,893	1,111
Total	57,320	2,831	58,030	2,867

Notes: 1. The amounts of accepted orders and undelivered balance exclude inter-segment transfers.

2. The amounts are net of consumption taxes.

3. The amount of accepted orders for the year ended March 31, 2005 included the fifteen-month results of Thai subsidiaries.

3. Sales

(Amounts are rounded down to the nearest Y1 million.)

Period / Business segment	Year ended March 31, 2005		Year ended March 31, 2006	
	Amount	Percentage	Amount	Percentage
General casting and forging parts	49,929	86.7%	50,020	86.2%
Machinery and equipment	7,644	13.3%	7,974	13.8%
Total	57,574	100.0%	57,994	100.0%

Notes: 1. The amounts exclude inter-segment transfers.

2. The amounts are net of consumption taxes.

3. The amount of sales for the year ended March 31, 2005 included the fifteen-month results of Thai subsidiaries.