Consolidated Financial Results (Japanese Accounting Standards) for the First Quarter of the Fiscal Year Ending March 31, 2011

August 5, 2010

Company Name	Ahresty Corporation	Stock Exchange Listing	Tokyo
Code Number	5852	URL http://www.ahresty.co.jp	
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Filing date of quarterly securities report		August 6, 2010	
Planned date for start of dividend payments		-	
Supplementary documents for quarterly results		No	
Quarterly results briefing		No	

(Amounts of less than 1 million yen are rounded off)

1. Business performance (April 1, 2010 through June 30, 2010)

(1) Consolidated results of operations (For the three months ended June 30) (% shows change from previous first quarter)

	Net sales		Operating income		Recurring income	
	million yen	%	million yen	%	million yen	%
Three months ended June 30, 2010	23,698	61.2	962	–	994	–
Three months ended June 30, 2009	14,698	(50.6)	(1,021)	–	(1,039)	–

	Net income		Net income per share	Fully diluted net income per share
	million yen	%	yen	yen
Three months ended June 30, 2010	733	–	34.06	33.96
Three months ended June 30, 2009	(967)	–	(44.89)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of June 30, 2010	89,991	35,524	39.4	1,646.13
As of March 31, 2010	87,977	35,249	40.0	1,633.33

(For reference) Shareholders' equity 35,457 million yen at June 30, 2010
35,181 million yen at March 31, 2010

2. Dividend payments

	Dividend per share				
(Date of record)	End of first quarter	End of second quarter	End of third quarter	Year-end	For the year
	yen	yen	yen	yen	yen
Year ended March 31, 2010	–	0.00	–	5.00	5.00
Year ending March 31, 2011	–				
Year ending March 31, 2011 (projection)		6.00	–	6.00	12.00

(Notes) Change in the current quarter to dividend forecast: None

3. Forecast of consolidated results for year ending March 2011 (April 1, 2010 – March 31, 2011)

(% shows the year–on–year change)

	Sales		Operating income		Recurring income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Midterm	46,000	42.2	1,900	–	1,900	–	1,550	–	71.96
Full year	90,500	19.4	3,200	508.4	3,050	440.8	2,500	–	116.06

(Notes) Change in the current quarter to consolidated results forecast: None

4. Others (For details, please refer to "Other Information" on page 4 of the accompanying materials.)

(1) Significant changes to subsidiaries during the current term: None

(Note) Any changes for a specified subsidiary accompanying a change in the scope of consolidation

(2) Application of simplified accounting method and specific accounting treatment: Yes

(Note) Adoption of simplified accounting methods or accounting methods unique to the preparation of quarterly consolidated financial statements

(3) Changes in accounting principles, procedures, presentations, etc.

(i) Changes associated with revision of accounting standards, etc.: Yes

(ii) Changes other than (i): None

(Note) Changes to be stated in changes in significant matters that are fundamental to preparation of quarterly consolidated financial statements

(4) Number of shares outstanding (Common stock)

(i) Number of shares outstanding at end of period (including treasury stock)

21,778,220 shares at June 30, 2010

21,778,220 shares at March 31, 2010

(ii) Number of treasury stock at end of period

238,307 shares at June 30, 2010

238,253 shares at March 31, 2010

(iii) Average number of shares (Quarterly cumulative period)

21,539,947 shares at June 30, 2010

21,540,416 shares at June 30, 2009

* Status of a quarterly review

These quarterly financial results are not subject to quarterly review procedures under the Financial Instruments and Exchange Law. The quarterly review on the quarterly financial statements is underway at the time of the disclosure of these financial results.

* Explanation for appropriate use of financial forecasts and other special remarks

This material contains forward-looking statements based on information obtained by the management as of the day of publication, as well as certain assumptions that the management believes to be reasonable. A number of factors could cause actual results to differ materially from expectations. For notes on the use of the results forecasts and assumptions as the basis for the results forecasts, please see "(3) Qualitative Information Concerning Consolidated Earnings Forecasts" on page 3 of the accompanying materials.

Accompanying Materials — Contents

1. Qualitative Information on Consolidated Operating Results, etc. for the First Quarter

(1) Qualitative Information Concerning Consolidated Operating Results

During the first quarter of the fiscal year under review, the Japanese economy continued to recover, chiefly reflecting an increase in industrial output, in addition to continued robust exports to Asia, centering in China. Although the employment environment remained severe, private consumption stayed firm, helped by the government's stimulus packages. In this environment, corporate earnings started to improve, and capital investment appeared to turn around.

Overseas, the U.S. economy gradually recovered, although there were some risk factors, including persistently high unemployment rates and a slowdown in the growth of private consumption. The economies of China and India expanded, driven principally by domestic demand.

In this environment, the Company achieved growth in both sales and profits for the first quarter of the consolidated fiscal year under review, with sales of ¥23,698 million (up 61.2% from the previous fiscal year), operating income of ¥962 million (compared with an operating loss of ¥1,021 million in the previous fiscal year), recurring income of ¥994 million (compared with a recurring loss of ¥1,039 million in the previous fiscal year), and net income of ¥733 million (compared with a net loss of ¥967 million in the previous fiscal year).

Operating results by business segment are as follows:

(i) Die Casting Business: Japan

In the domestic automobile industry, the Company's mainstay business sector, demand remained strong, reflecting the impact of the government's stimulus measures, such as tax credits for eco-friendly cars and other subsidies. Exports also remained steady, given a recovery in exports for North America, in addition to improving shipments to emerging economies. In this environment, orders received by the Company also increased. As a result, sales reached ¥16,446 million. Income from this segment amounted to ¥495 million, reflecting the impact of the Company's initiatives to improve earnings, which started in the previous fiscal year, in addition to the effects of higher sales and production.

(ii) Die Casting Business: North America

In North America, as sales of automobiles continued to recover, orders from existing customers also increased. With the commencement of the supply of components to new customers in Mexico, sales stood at ¥3,616 million. Income from this segment amounted to ¥301 million, mainly reflecting the Company's cost-cutting initiatives, in addition to the effects of higher sales and production.

(iii) Die Casting Business: Asia

In China, sales among automobile manufacturers, the Company's major customers, were robust, mainly reflecting the government's stimulus packages, including the provision of subsidies for the purchase of cars. As a result, orders received by the Company remained strong. In India, orders also increased, and the supply of components to new customers commenced. Consequently, sales reached ¥2,332 million. Income from this segment amounted to ¥183 million, reflecting the effects of higher sales and production.

(iv) Aluminum Business

In the Aluminum Business, sales were ¥945 million, with a 22.9% year-on-year increase in shipments of secondary alloy ingots. Income from this segment amounted to ¥8 million, reflecting the Company's continued efforts to cut manufacturing costs, including a reduction in labor costs, which offset the fact that sales remained at just 70% of peak sales as well as a surge in prices of raw materials.

(v) Proprietary Products Business

In the Proprietary Products Business, sales amounted to ¥358 million, reflecting the fact that although capital investments by semiconductor manufacturers, the Company's major clients, started to recover following an end to the severe restraint on such investments, the level of investments remained low. The loss from this segment amounted to ¥11 million, reflecting a sluggish recovery in sales, despite a cut in sales costs.

(2) Qualitative Information Concerning Consolidated Financial Position

The Company's assets at the end of the consolidated first quarter under review increased ¥2,013 million from the end of the previous fiscal year, to ¥89,991 million. The main factors included an increase of ¥1,115 million in trade notes and accounts receivable, and an increase of ¥833 million in inventories.

Liabilities at the end of the consolidated first quarter under review climbed ¥1,737 million from the end of the previous fiscal year, to ¥54,466 million. The main factors included a rise of ¥1,666 million in notes and accounts payable.

Net assets at the end of the consolidated first quarter under review increased ¥275 million from the end of the previous fiscal year, to ¥35,524 million. The main factors included a net income of ¥733 million, and a decrease of ¥506 million in the revaluation difference of other marketable securities. As a result, the equity ratio fell from 40.0% at the end of the previous consolidated fiscal year to 39.4%.

(3) Qualitative Information Concerning Consolidated Earnings Forecasts

Consolidated financial results for the first quarter of the fiscal year under review have been largely in line with expectations. Orders from emerging economies, mainly from China, are expected to grow in the future, but the outlook nonetheless remains uncertain, given factors such as the termination of the government's support measures in Japan for the purchase of automobiles, including tax credits for eco-friendly cars, concerns about an economic downturn, mainly in Europe, and fluctuations in foreign exchange rates. Because the business environment is, at present, likely to remain within the scope of the forecasts it originally made, the Company has kept its consolidated earnings forecasts for the first half and the full-year of the fiscal year under review unchanged from the original forecasts announced on May 13, 2010.

2. Other Information

(1) Significant Changes to Subsidiaries

Not applicable.

(2) Simplified Accounting Method and Specific Accounting Treatment

(Calculation method for loan-loss reserve for general receivables)

Because the Company has determined that the loan-loss ratio during the consolidated first quarter under review has not changed significantly from the figure at the end of the previous consolidated fiscal year, it uses the loan-loss ratio calculated in the settlement of the previous consolidated fiscal year to calculate the loan-loss reserve for general receivables.

(Valuation methods for inventories)

In calculating inventories as at the end of the first quarter of the fiscal year under review, the Company has adopted a reasonable method based on the physical inventories that were taken in the previous fiscal year, and did not take inventory during the quarter under review.

(Calculation method for corporate and other taxes, deferred tax assets, and deferred tax liabilities)

In terms of calculating the payment amount of corporate and other taxes, only important items for addition/subtraction and tax deduction are considered.

In addition, with regard to determining the possibilities for collecting deferred tax assets, the Company has established that there has been no substantial change in the management environment since the end of the previous consolidated fiscal year, and that the occurrence of temporary and other differences has not changed significantly. For this reason, the future business forecasts and tax planning used in the previous consolidated fiscal year continue to be utilized.

(3) Changes in Accounting Principles, Procedures, Presentations, etc.

- Application of the Accounting Standards for Asset Retirement Obligations

The Accounting Standards for Asset Retirement Obligations (Accounting Standards Board of Japan (ASBJ) Statement No. 18 on March 31, 2008) and the Guidance on Accounting Standards for Asset Retirement Obligations (ASBJ Guidance No. 21 on March 31, 2008) were applied from the first quarter under review.

While operating income and recurring income for the first quarter of the consolidated fiscal year under review were not affected by the application of the above Accounting Standards, income before income taxes and others declined ¥48 million. Meanwhile, changes in asset retirement obligations that resulted from the commencement of the application of the Accounting Standards was ¥48 million.

(4) Overview of Key Events Regarding the Premise of Going Concern

Not applicable.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

	As of June 30, 2010	As of March 31, 2010
	Amount (million yen)	Amount (million yen)
(Assets)		
Current assets		
Cash and time deposits	5,764	5,267
Trade notes and accounts receivable	21,362	20,246
Merchandise and products	2,064	1,732
Partly finished goods	2,935	2,792
Raw materials and inventories	2,711	2,353
Others	2,202	2,083
Allowance for doubtful accounts	(3)	(3)
Total current assets	37,037	34,472
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	9,901	10,047
Machinery and delivery equipment, net	21,259	20,714
Land	5,789	5,803
Construction in progress	6,012	6,098
Others, net	3,559	3,564
Total tangible fixed assets	46,523	46,228
Intangible fixed assets	599	620
Investments and other assets		
Investments in securities	5,345	6,131
Others	487	526
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	5,831	6,656
Total assets	89,991	87,977

	As of June 30, 2010	As of March 31, 2010
	Amount (million yen)	Amount (million yen)
(Liabilities)		
Current liabilities		
Notes and accounts payable	16,725	15,059
Short-term loans	3,315	2,942
Current portion of long-term loans	6,000	6,045
Accrued income taxes	188	98
Bonus allowances	1,848	1,147
Directors' bonus allowances	–	1
Others	5,384	4,356
Total current liabilities	33,463	29,650
Long-term liabilities		
Long-term loans	13,757	15,424
Allowances for employees' retirement benefits	3,513	3,485
Allowances for directors' retirement benefits	122	122
Negative goodwill	137	165
Others	3,472	3,879
Total long-term liabilities	21,003	23,077
Total liabilities	54,466	52,728
(Net assets)		
Shareholders' equity		
Common stock	5,117	5,117
Additional paid-in capital	8,363	8,363
Retained earnings	24,324	23,698
Treasury stock	(358)	(358)
Total shareholders' equity	37,448	36,822
Revaluation / Translation differences		
Difference on revaluation of other marketable securities	1,288	1,795
Foreign currency translation adjustments	(3,279)	(3,435)
Total revaluation / translation differences	(1,990)	(1,640)
Share warrants	67	67
Total net assets	35,524	35,249
Total liabilities and net assets	89,991	87,977

(2) Quarterly Consolidated Statement of Income

(Amount: million yen)

	Three months ended June 30, 2009	Three months ended June 30, 2010
Sales	14,698	23,698
Cost of goods sold	13,755	20,523
Gross profit	943	3,175
Selling, general and administrative expenses	1,965	2,212
Operating income (loss)	(1,021)	962
Non-operating income		
Interest income	2	1
Dividends received	29	30
Amortization of negative goodwill	75	27
Foreign currency exchange gain	–	59
Others	47	68
Total non-operating income	155	189
Non-operating expenses		
Interest expenses	111	144
Foreign currency exchange loss	43	–
Others	17	12
Total non-operating expenses	172	157
Recurring income (loss)	(1,039)	994
Extraordinary gains		
Gain on the sale of fixed assets	0	–
Gain on the sale of investment securities	–	0
Reversal of allowance for doubtful accounts	2	–
Total extraordinary gains	2	0
Extraordinary losses		
Loss on the sale of fixed assets	8	32
Compensation payments	26	–
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	48
Others	0	–
Total extraordinary losses	35	81
Income (loss) before income taxes and others	(1,072)	912
Income taxes and enterprise taxes	37	212
Deferred income taxes	(142)	(33)
Total income taxes	(105)	179
Income before minority interests	–	733
Net income (loss)	(967)	733

(3) Quarterly Consolidated Statement of Cash Flows

(Amount: million yen)

	Three months ended June 30, 2009	Three months ended June 30, 2010
Cash flows from operating activities		
Income (loss) before income taxes	(1,072)	912
Depreciation and amortization	2,450	2,186
Amortization of goodwill	33	–
Amortization of negative goodwill	(75)	(27)
Increase (decrease) in allowances for doubtful accounts	(1)	0
Increase (decrease) in allowances for bonuses	556	700
Increase (decrease) in allowances for directors' bonuses	(2)	(1)
Increase (decrease) in allowances for employees' retirement benefits	69	28
Decrease (increase) in prepaid pension expenses	10	13
Interest and dividend income	(31)	(32)
Interest expenses	111	144
Loss (gain) on sales of tangible fixed assets	8	32
Decrease (increase) in notes and accounts receivable	3,295	(1,050)
Decrease (increase) in inventories	130	(827)
Increase (decrease) in notes and accounts payable	(3,680)	1,591
Increase (decrease) in accrued expenses	(589)	(70)
Increase (decrease) in accrued consumption taxes and others	149	26
Others	250	201
Subtotal	1,611	3,829
Interest and dividends received	31	32
Interest paid	(95)	(128)
Income taxes paid	(233)	(99)
Income taxes refunded	9	1
Special severance payments paid	(298)	–
Compensation payments paid	(52)	–
Net cash provided by (used in) operating activities	973	3,635

(Amount: million yen)

	Three months ended June 30, 2009	Three months ended June 30, 2010
Cash flows from investing activities		
Payment into time deposits	(30)	–
Expenditures from purchases of investment securities	(5)	(79)
Expenditures from purchases of tangible fixed assets	(3,049)	(1,603)
Proceeds from sales of tangible fixed assets	0	0
Expenditures from loans	(3)	–
Proceeds from collection of loans	0	0
Others	(22)	5
Net cash provided by (used in) investing activities	(3,111)	(1,676)
Cash flows from financing activities		
Proceeds from short-term loans	4,145	5,089
Repayment of short-term loans	(3,604)	(4,739)
Proceeds from long-term debt	2,451	–
Repayment of long-term debt	(1,758)	(1,653)
Payments for purchase of treasury stock	(0)	(0)
Dividends paid	(0)	(89)
Others	(8)	(6)
Net cash provided by (used in) financing activities	1,225	(1,400)
Effect of exchange rate changes on cash and cash equivalents	133	(61)
Net increase (decrease) in cash and cash equivalents	(778)	497
Cash and cash equivalents at beginning of year	7,274	5,267
Cash and cash equivalents at end of period	6,496	5,764

(4) Notes on Going Concern Assumptions

Not applicable.

(5) Segment Information

[Business Segment Information]

Three months ended June 30, 2009 (Million yen)

	Die Casting Business	Aluminum Business	Proprietary Products Business	Total	Eliminations and Corporate	Consolidated
Sales						
(1) Customers	13,987	440	270	14,698	–	14,698
(2) Intersegment	1	396	–	397	(397)	–
Total	13,989	836	270	15,096	(397)	14,698
Operating income (loss)	(896)	(81)	(44)	(1,022)	1	(1,021)

[Geographic Segment Information]

Three months ended June 30, 2009 (Million yen)

	Japan	North America	Other Areas	Total	Eliminations and Corporate	Consolidated
Sales						
(1) Customers	11,720	2,065	912	14,698	–	14,698
(2) Intersegment	297	–	97	395	(395)	–
Total	12,018	2,065	1,009	15,093	(395)	14,698
Operating income (loss)	(1,037)	(17)	23	(1,032)	10	(1,021)

[Overseas sales]

Three months ended June 30, 2009 (Million yen)

	North America	Other Areas	Total
1. Overseas sales	2,073	920	2,994
2. Total sales			14,698
3. Overseas sales on total sales	14.1%	6.3%	20.4%

[Segment Information]

1. Overview of reported segments

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

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

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

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

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

2. Information on sales and profits or losses by reported segment

Three months ended June 30, 2010 (Million yen)

	Reported segments					Total
	Die Casting Business			Aluminum Business	Proprietary Products Business	
	Japan	North America	Asia			
Sales						
(1) Customers	16,446	3,616	2,332	945	358	23,698
(2) Intersegment	436	4	81	654	–	1,176
Total	16,882	3,621	2,413	1,599	358	24,875
Operating income (loss)	495	301	183	8	(11)	977

3. Total profits or losses in reported segments, difference from the amount posted in quarterly consolidated statement of income and important details in the difference (Difference adjustment)

(Million yen)

Profit	Amount
Total profit in reported segments	977
Elimination of intersegment transactions	(14)
Operating income in the quarterly consolidated statement of income	962

4. Impairment losses in fixed assets or goodwill by reported segment

Not applicable.

(Additional Information)

The Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17 on March 27, 2009) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20 on March 21, 2008) were applied from the first quarter under review.

(6) Notes for Significant Change in the Amount of Shareholders’ Equity

Not applicable.