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

November 9, 2010

Company Name	Ahresty Corporation	Stock Exchange Listing	Tokyo
Code Number	5852	URL http://www.ahresty.co.jp	
Representative	President & CEO	Arata Takahashi	
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Filing date of quarterly securities report	November 11, 2010
Planned date for start of dividend payments	December 3, 2010
Supplementary documents for quarterly results	Yes
Quarterly results briefing	Yes (for institutional investors and securities analysts)

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

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

(1) Consolidated results of operations (For the six months ended September 30) (% shows change from previous first half)

	Net sales		Operating income		Recurring income	
	million yen	%	million yen	%	million yen	%
Six months ended September 30, 2010	49,146	51.9	2,304	–	2,159	–
Six months ended September 30, 2009	32,346	(46.8)	(1,376)	–	(1,426)	–

	Net income		Net income per share	Fully diluted net income per share
	million yen	%	yen	yen
Six months ended September 30, 2010	1,755	–	81.49	81.22
Six months ended September 30, 2009	(1,312)	–	(60.94)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of September 30, 2010	92,825	35,472	38.1	1,643.08
As of March 31, 2010	87,977	35,249	40.0	1,633.33

(For reference) Shareholders' equity 35,391 million yen at September 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	–	6.00			
Year ending March 31, 2011 (projection)			–	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 change from previous fiscal year)

	Sales		Operating income		Recurring income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	99,000	30.6	4,400	735.0	4,100	626.6	2,000	–	92.85

(Notes) Change in the current quarter to consolidated results forecast: Yes

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: Yes

New: 1 company (Hefei Ahresty Casting Co., Ltd.)

Exception: –

(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 September 30, 2010

21,778,220 shares at March 31, 2010

(ii) Number of treasury stock at end of period

238,340 shares at September 30, 2010

238,253 shares at March 31, 2010

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

21,539,919 shares at September 30, 2010

21,540,376 shares at September 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 Half

(1) Qualitative Information Concerning Consolidated Operating Results

During the first half (six months) of the fiscal year under review, the Japanese economy continued to achieve a gradual recovery. However, the pace of recovery slowed, primarily reflecting the appreciation of the yen, a slowdown in exports to struggling overseas economies, and a decline in industrial output since June. Many overseas economies did achieve a moderate rebound, despite apparent risks such as persistently high unemployment and sluggish private consumption in the United States. The economies in China and India grew, driven mainly by domestic demand.

In these circumstances, the Company recorded higher sales and profits for the first half of the fiscal year under review, with sales of ¥49,146 million (up 51.9% from the previous fiscal year), an operating income of ¥2,304 million (compared with an operating loss of ¥1,376 million in the previous fiscal year), a recurring income of ¥2,159 million (compared with a recurring loss of ¥1,426 million in the previous fiscal year), and a net income of ¥1,755 million (compared with a net loss of ¥1,312 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, sales of new cars were strong, reflecting the impact of the government's stimulus measures, such as tax credits for eco-friendly cars and other subsidies. Exports to emerging economies and North America also remained steady. In this environment, orders received by the Company also increased. As a result, sales reached ¥33,556 million. Income from this segment amounted to ¥1,146 million, reflecting the Company's efforts to cut costs, in addition to the effects of higher sales and production.

(ii) Die Casting Business: North America

In North America, as sales of automobiles remained on a recovery track, orders from major customers also increased. With the commencement of the supply of components to new customers in Mexico, sales stood at ¥7,760 million. Income from this segment amounted to ¥740 million, reflecting the Company's efforts to cut costs, 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 also remained strong. In India, orders received by the Company also increased, and the supply of components to new customers began. Consequently, sales reached ¥5,146 million. Income from this segment amounted to ¥477 million, reflecting the effects of higher sales and production.

(iv) Aluminum Business

In the Aluminum Business, sales were ¥1,792 million, with a 6.2% year-on-year increase in the shipment of secondary alloy ingots. Income from this segment amounted to ¥8 million, reflecting the Company's efforts to cut costs, despite the fact that sales weight remained at a low level, some 60% of peak sales, and the surge in prices of raw materials.

(v) Proprietary Products Business

In the Proprietary Products Business, sales amounted to ¥891 million, principally reflecting orders for the data center of a telecommunication company, despite the continued sluggishness of capital investments by semiconductor manufacturers, the Company's major clients. Income from this segment amounted to ¥27 million, reflecting the effects of higher sales.

(2) Qualitative Information Concerning Consolidated Financial Position

The Company's assets at the end of the consolidated first half under review increased ¥4,847 million from the end of the previous fiscal year, to ¥92,825 million. The main factors included a rise of ¥1,615 million in cash and time deposits, an increase of ¥2,339 million in trade notes and accounts receivable, and an increase of ¥741 million in inventories.

Liabilities at the end of the consolidated first half under review climbed ¥4,623 million from the end of the previous fiscal year, to ¥57,352 million. The main factors included a rise of ¥2,951 million in notes and accounts payable.

Net assets at the end of the consolidated first half under review increased ¥223 million from the end of the previous fiscal year, to ¥35,472 million. The main factors included a net income of ¥1,755 million, a decline of ¥1,093 million in foreign currency translation adjustments, and a decrease of ¥343 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 38.1%.

(3) Qualitative Information Concerning Consolidated Earnings Forecasts

With respect to earnings forecasts for the fiscal year ending March 2011, the outlook of the business environment is likely to continue to be challenging, reflecting a slowdown in demand, following the termination of official subsidies for the purchase of eco-friendly cars, a decline in demand in the wake of the peaking of the robust demand driven by the government's stimulus packages, the progress of deflation, and the recent sharp appreciation of the yen. Although sales in Japan for the second half of the fiscal year under review are likely to fall from the level of the first half, they are not expected to fall as much as originally expected. With overseas sales likely to remain steady, consolidated sales are expected to exceed the previous forecasts. Operating income and recurring income are also likely to exceed the previous forecasts, chiefly reflecting the effects of higher sales, the Company's efforts to cut costs, and the streamlining of productivity. Meanwhile, given the expectation of extraordinary losses of ¥1.3 billion from the integration and consolidation of Hamamatsu plant and Toyohashi plant into Tokai plant—expected to be completed in the fiscal year ending March 2013—net income is likely to fall below the previous forecasts.

The above integration and consolidation of Hamamatsu plant and Toyohashi plant are designed to enhance the Company's business performance by bolstering its productivity and its competitiveness.

In its consolidated forecast, the Company assumes exchange rates of 82.0 yen to 1 USD, 12.3 yen to 1 RMB, and 6.7 yen to 1 peso for the second half of the fiscal year under review.

Revisions of the consolidated full-year earnings forecasts announced on September 27, 2010 are as follows:

	Net sales	Operating income	Recurring income	Net income	Net income per share
	million yen	million yen	million yen	million yen	yen
Previous Forecasts (A)	93,500	3,600	3,300	2,750	127.67
Revised Forecasts (B)	99,000	4,400	4,100	2,000	92.85
Changes (B-A)	5,500	800	800	(750)	–
Change Ratio (%)	5.9	22.2	24.2	(27.3)	–
Results for the Previous Fiscal Year	75,777	526	564	(59)	(2.77)

Reference (Revised Forecasts)

		Net sales	Operating income
		million yen	million yen
Die Casting Business	Japan	65,500	2,000
	North America	15,800	1,300
	Asia	11,400	1,010
Aluminum Business		3,500	40
Proprietary Products Business		2,800	100

(Note) The elimination of intersegment transactions in operating income is ¥50 million.

2. Other Information

(1) Significant Changes to Subsidiaries

The Company has newly established Hefei Ahresty Casting Co., Ltd., and it included Hefei Ahresty in its consolidated subsidiaries from the second quarter of the consolidated fiscal year under review.

(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 half 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.

(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 for certain consolidated subsidiaries, only important items for addition/subtraction and tax deduction are considered.

In addition, with regard to determining the possibilities for collecting deferred tax assets at certain consolidated subsidiaries, 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 of the consolidated fiscal year under review.

While operating income and recurring income for the first half 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 September 30, 2010	As of March 31, 2010
	Amount (million yen)	Amount (million yen)
(Assets)		
Current assets		
Cash and time deposits	6,882	5,267
Trade notes and accounts receivable	22,586	20,246
Merchandise and products	2,109	1,732
Partly finished goods	2,801	2,792
Raw materials and inventories	2,709	2,353
Others	1,816	2,083
Allowance for doubtful accounts	(4)	(3)
Total current assets	38,901	34,472
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	9,555	10,047
Machinery and delivery equipment, net	21,776	20,714
Land	5,779	5,803
Construction in progress	6,443	6,098
Others, net	3,614	3,564
Total tangible fixed assets	47,169	46,228
Intangible fixed assets	576	620
Investments and other assets		
Investments in securities	5,714	6,131
Others	464	526
Allowance for doubtful accounts	(1)	(2)
Total investments and other assets	6,178	6,656
Total fixed assets	53,924	53,505
Total assets	92,825	87,977

	As of September 30, 2010	As of March 31, 2010
	Amount (million yen)	Amount (million yen)
(Liabilities)		
Current liabilities		
Notes and accounts payable	18,010	15,059
Short-term loans	3,298	2,942
Current portion of long-term loans	6,115	6,045
Accrued income taxes	348	98
Bonus allowances	1,310	1,147
Directors' bonus allowances	1	1
Others	7,761	4,356
Total current liabilities	36,845	29,650
Long-term liabilities		
Long-term loans	13,248	15,424
Allowances for employees' retirement benefits	3,485	3,485
Allowances for directors' retirement benefits	122	122
Negative goodwill	109	165
Others	3,541	3,879
Total long-term liabilities	20,506	23,077
Total liabilities	57,352	52,728
(Net assets)		
Shareholders' equity		
Common stock	5,117	5,117
Additional paid-in capital	8,363	8,363
Retained earnings	25,346	23,698
Treasury stock	(358)	(358)
Total shareholders' equity	38,469	36,822
Revaluation / Translation differences		
Difference on revaluation of other marketable securities	1,451	1,795
Foreign currency translation adjustments	(4,529)	(3,435)
Total revaluation / translation differences	(3,078)	(1,640)
Share warrants	81	67
Total net assets	35,472	35,249
Total liabilities and net assets	92,825	87,977

(2) Quarterly Consolidated Statement of Income

(Amount: million yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
Sales	32,346	49,146
Cost of goods sold	29,820	42,324
Gross profit	2,526	6,821
Selling, general and administrative expenses	3,902	4,517
Operating income (loss)	(1,376)	2,304
Non-operating income		
Interest income	6	5
Dividends received	36	45
Amortization of negative goodwill	151	55
Others	95	145
Total non-operating income	289	251
Non-operating expenses		
Interest expenses	234	251
Foreign currency exchange loss	62	112
Others	41	32
Total non-operating expenses	339	395
Recurring income (loss)	(1,426)	2,159
Extraordinary gains		
Gain on the sale of fixed assets	0	2
Reversal of allowance for doubtful accounts	2	–
Gain on revision of retirement benefit plan	–	141
Total extraordinary gains	2	143
Extraordinary losses		
Loss on the sale of fixed assets	46	51
Compensation payments	26	–
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	48
Others	0	–
Total extraordinary losses	74	100
Income (loss) before income taxes and others	(1,497)	2,202
Income taxes and enterprise taxes	60	420
Deferred income taxes	(245)	26
Total income taxes	(185)	446
Income before minority interests	–	1,755
Net income (loss)	(1,312)	1,755

(3) Quarterly Consolidated Statement of Cash Flows

(Amount: million yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
Cash flows from operating activities		
Income (loss) before income taxes	(1,497)	2,202
Depreciation and amortization	4,783	4,505
Amortization of goodwill	67	–
Amortization of negative goodwill	(151)	(55)
Increase (decrease) in allowances for doubtful accounts	(0)	–
Increase (decrease) in allowances for bonuses	3	163
Increase (decrease) in allowances for directors' bonuses	(2)	–
Increase (decrease) in allowances for employees' retirement benefits	91	(0)
Decrease (increase) in prepaid pension expenses	15	–
Interest and dividend income	(42)	(50)
Interest expenses	234	251
Loss (gain) on sales of tangible fixed assets	45	49
Gain on revision of retirement benefit plan	–	(141)
Decrease (increase) in notes and accounts receivable	2,050	(2,408)
Decrease (increase) in inventories	806	(878)
Increase (decrease) in notes and accounts payable	(2,675)	3,056
Increase (decrease) in accrued expenses	(395)	(67)
Increase (decrease) in accrued consumption taxes and others	174	(32)
Others	338	1,109
Subtotal	3,846	7,703
Interest and dividends received	42	50
Interest paid	(215)	(252)
Income taxes paid	(244)	(209)
Income taxes refunded	519	85
Special severance payments paid	(338)	–
Compensation payments paid	(52)	–
Net cash provided by (used in) operating activities	3,557	7,377

(Amount: million yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010
Cash flows from investing activities		
Payment into time deposits	(90)	–
Proceeds from refund of time deposits	110	–
Expenditures from purchases of investment securities	(10)	–
Expenditures from purchases of affiliate shares	(200)	(160)
Proceeds from liquidation of affiliate	–	425
Expenditures from purchases of tangible fixed assets	(4,966)	(4,357)
Proceeds from sales of tangible fixed assets	2	9
Expenditures from loans	(5)	–
Proceeds from collection of loans	0	–
Others	(26)	(32)
Net cash provided by (used in) investing activities	(5,185)	(4,115)
Cash flows from financing activities		
Proceeds from short-term loans	8,183	12,253
Repayment of short-term loans	(8,226)	(11,756)
Proceeds from long-term debt	3,875	1,482
Repayment of long-term debt	(2,904)	(3,329)
Payments for purchase of treasury stock	(0)	–
Dividends paid	(1)	(107)
Others	(18)	(14)
Net cash provided by (used in) financing activities	909	(1,472)
Effect of exchange rate changes on cash and cash equivalents	73	(174)
Net increase (decrease) in cash and cash equivalents	(643)	1,615
Cash and cash equivalents at beginning of year	7,274	5,267
Cash and cash equivalents at end of period	6,631	6,882

(4) Notes on Going Concern Assumptions

Not applicable.

(5) Segment Information

[Business Segment Information]

Six months ended September 30, 2009 (Million yen)

	Die Casting Business	Aluminum Business	Proprietary Products Business	Total	Eliminations and Corporate	Consolidated
Sales						
(1) Customers	30,547	1,088	711	32,346	–	32,346
(2) Intersegment	4	943	–	948	(948)	–
Total	30,551	2,032	711	33,295	(948)	32,346
Operating income (loss)	(1,260)	(82)	(34)	(1,377)	0	(1,376)

[Geographic Segment Information]

Six months ended September 30, 2009 (Million yen)

	Japan	North America	Other Areas	Total	Eliminations and Corporate	Consolidated
Sales						
(1) Customers	25,817	4,495	2,034	32,346	–	32,346
(2) Intersegment	522	–	168	691	(691)	–
Total	26,339	4,495	2,203	33,038	(691)	32,346
Operating income (loss)	(1,259)	57	(136)	(1,338)	(38)	(1,376)

[Overseas sales]

Six months ended September 30, 2009 (Million yen)

	North America	Other Areas	Total
1. Overseas sales	4,504	2,069	6,574
2. Total sales			32,346
3. Overseas sales on total sales	13.9%	6.4%	20.3%

[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

Six months ended September 30, 2010 (Million yen)

	Reported segments					Total
	Die Casting Business			Aluminum Business	Proprietary Products Business	
	Japan	North America	Asia			
Sales						
(1) Customers	33,556	7,760	5,146	1,792	891	49,146
(2) Intersegment	965	8	156	1,283	–	2,415
Total	34,521	7,769	5,303	3,075	891	51,561
Segment profits	1,146	740	477	8	27	2,400

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	2,400
Elimination of intersegment transactions	(95)
Operating income in the quarterly consolidated statement of income	2,304

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 of this fiscal year.

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

Not applicable.