

Consolidated Financial Results (Japanese Accounting Standards) for the First Half of the Fiscal Year Ending March 31, 2012

November 9, 2011

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	November 11, 2011		
Planned date for start of dividend payments	December 5, 2011		
Supplementary documents for quarterly results	Yes		
Quarterly results briefing	Yes (for securities analysts and institutional investors)		

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

1. Business performance (April 1, 2011 through September 30, 2011)

(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, 2011	47,577	(3.2)	(421)	–	(470)	–
Six months ended September 30, 2010	49,146	51.9	2,304	–	2,159	–

(Note) Comprehensive income
 First half ended September 2011: 1,532 million yen (–%)
 First half ended September 2010: 317 million yen (–%)

	Net income		Net income per share	Fully diluted net income per share
	million yen	%	yen	yen
Six months ended September 30, 2011	(547)	–	(25.39)	–
Six months ended September 30, 2010	1,755	–	81.49	81.22

(2) Consolidated financial position

	Total assets		Net assets	Equity ratio
	million yen		million yen	%
As of September 30, 2011	96,828		32,837	33.8
As of March 31, 2011	93,799		34,407	36.6

(For reference) Shareholders' equity
 32,769 million yen at September 30, 2011
 34,326 million yen at March 31, 2011

2. Dividend payments

(Date of record)	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	For the year
Year ended March 31, 2011	–	6.00	–	6.00	12.00
Year ending March 31, 2012	–	3.00	–	–	–
Year ending March 31, 2012 (projection)	–	–	–	–	–

(Notes) Revisions to dividend projection published most recently: Yes

For revisions to dividend projections, please refer to the "Notice of Dividends from Surplus and Revisions to Dividend Projection" published on November 9, 2011. At the time of disclosure, the expected amount of year-end dividends has not yet been determined.

3. Forecast of consolidated results for year ending March 2012 (April 1, 2011 – March 31, 2012)

(% 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
Full year	105,700	6.7	1,450	(61.5)	1,300	(63.5)	900	(39.2)	41.75

(Notes) Revisions to consolidated results forecast published most recently: Yes

4. Others

(1) Significant changes to subsidiaries during the current term

(changes for a specified subsidiary accompanying a change in the scope of consolidation): Yes

New: 1 company (Ahresty Precision Die Mold (Guangzhou))

Exception: –

(Note) For details, please see “(1) Significant Changes to Subsidiaries during the Current Term” in “2. Matters Relating to Summary Information (Other)” on page 3 of the accompanying materials.

(2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting principles and changes or restatement of accounting estimates

(i) Changes in accounting principles associated with revision of accounting standards, etc.: None

(ii) Changes in accounting principles other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(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, 2011

21,778,220 shares at March 31, 2011

(ii) Number of treasury stock at end of period

213,715 shares at September 30, 2011

238,709 shares at March 31, 2011

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

21,552,049 shares at September 30, 2011

21,539,919 shares at September 30, 2010

* 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	2
	(1) Qualitative Information Concerning Consolidated Operating Results	2
	(2) Qualitative Information Concerning Consolidated Financial Position	2
	(3) Qualitative Information Concerning Consolidated Earnings Forecasts	3
2.	Matters Relating to Summary Information (Other)	3
	(1) Significant Changes to Subsidiaries during the Current Term	3
	(2) Application of Specific Accounting Treatment to the Preparation of Quarterly Consolidated Financial Statements	3
	(3) Changes in Accounting Principles and Changes or Restatement of Accounting Estimates	3
3.	Quarterly Consolidated Financial Statements	4
	(1) Quarterly Consolidated Balance Sheet	4
	(2) Quarterly Consolidated Income Statements and Quarterly Consolidated Statements of Comprehensive Income	6
	Quarterly Consolidated Income Statements First Half	6
	Quarterly Consolidated Statements of Comprehensive Income First Half	7
	(3) Quarterly Consolidated Statement of Cash Flows	8
	(4) Notes on Going Concern Assumptions	9
	(5) Segment Information	9
	(6) Notes for Significant Change in the Amount of Shareholders' Equity	9

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

(1) Qualitative Information Concerning Consolidated Operating Results

During the first half of the fiscal year under review, the Japanese economy continued to grapple with the challenges created in the aftermath of the Great East Japan Earthquake. However, the economy was improving, against a backdrop of rebuilt supply chains and the effect of various policies. Nonetheless, concerns of an economic downturn lingered, given constraints to electric power supply and the impact of the nuclear power accident, as well as the risk of underperforming overseas economies and fluctuations in exchange rates.

Overseas, the economic recovery in the United States was extremely weak, and downside risks to its economy remained. The Chinese and Indian economies are expected to continue to grow, driven by domestic demand.

In these circumstances, the Company recorded lower sales and profits for the first half of the fiscal year under review, with sales of ¥47,577 million (down 3.2% year on year), an operating loss of ¥421 million (compared with an operating income of ¥2,304 million in the same half of the previous fiscal year), a recurring loss of ¥470 million (compared with a recurring income of ¥2,159 million a year ago), and a net loss of ¥547 million (compared with a net income of ¥1,755 million a year ago).

Operating results by segment are as follows:

(i) Die Casting Business: Japan

In Japan, auto production declined significantly in the automobile industry, our main customer, given the effect of the Great East Japan Earthquake. Subsequently, the industry sought to restore the production system and recover production promptly, but demand and production decreased. Given the circumstances, the Company received fewer orders. As a result, net sales stood at ¥30,090 million (down 10.3% year on year). Income from this segment amounted to ¥299 million (down 73.8% year on year) owing chiefly to the effects of lower orders.

(ii) Die Casting Business: North America

In North America, orders from major customers fell, reflecting the effect of the Great East Japan Earthquake. However, as orders improved later in the first half of the fiscal year under review, sales came to ¥8,419 million (rising 8.5% from a year ago). The segment recorded a loss of ¥425 million (compared with segment income of ¥740 million in the same half of the previous fiscal year), attributable to a decline in orders received in the United States and expenses outlaid to make up for a delay in responding to an increase in orders in Mexico.

(iii) Die Casting Business: Asia

In China, orders received by the Company remained high, reflecting continued strength in car sales and the start of the supply of new products by the Company. In India, orders increased with the start-up of new products, despite weak auto sales due to high gasoline prices and the effect of production cutback because of the Great East Japan Earthquake. As a result, net sales in Asia amounted to ¥6,325 million (increasing 22.9% year on year). With a rise in labor costs in China and the effect of operations in India, which are still in the developing stage, the segment recorded a loss of ¥312 million (compared with segment income of ¥477 million a year ago).

(iv) Aluminum Business

In the Aluminum Business, sales were ¥1,758 million (declining 1.9% from the same half of the previous fiscal year) with a 3.9% year-on-year decrease in the shipment of secondary alloy ingots. This segment posted a loss of ¥23 million (compared with segment income of ¥8 million in the same half of the previous fiscal year) because of higher raw material prices, despite continued cost-cutting activities.

(v) Proprietary Products Business

In the Proprietary Products Business, sales amounted to ¥983 million (up 10.4% year on year), reflecting renovation orders from semiconductor manufacturers, the Company's major clients, and orders for data centers of telecommunications companies. Reflecting intensified cost competition, the segment recorded income of ¥19 million (down 29.1% year on year).

(2) Qualitative Information Concerning Consolidated Financial Position

The Company's assets at the end of the consolidated first half under review rose ¥3,028 million from the end of the previous fiscal year, to ¥96,828 million. The main factors included a decrease of ¥3,461 million in cash and time deposits, an increase of ¥2,236 million in trade notes and accounts receivable, and a rise of ¥4,599 million in tangible fixed assets.

Liabilities at the end of the consolidated first half under review climbed ¥4,599 million from the end of the previous fiscal year, to ¥63,990 million. The main factors included an increase of ¥4,118 million in loans.

Net assets at the end of the consolidated first half under review decreased ¥1,570 million from the end of the previous fiscal year, to ¥32,837 million. The main factors included a net loss of ¥547 million, a decrease of ¥566 million in difference on revaluation of other marketable securities, and a decline of ¥435 million in foreign currency translation adjustments. As a result, the equity ratio fell from 36.6% at the end of the previous consolidated fiscal year, to 33.8%.

(3) Qualitative Information Concerning Consolidated Earnings Forecasts

With respect to earnings forecasts for the fiscal year ending March 2012, consolidated sales are expected to fall below previous forecasts, as overseas sales are likely to be short of expectations, although sales in Japan are expected to remain almost in line with the initial projection. Operating income, recurring income, and net income are likely to fall short of the previous forecasts, with the shortfall in overseas sales and the effects of prior investments associated with expansion overseas and a delay in earnings improvement in some regions.

The impact of flood damage in Thailand that occurred in October 2011 on performance is not included in the earnings forecasts this time, as it is difficult at present to make a reasonable calculation.

In its consolidated forecast, the Company assumes exchange rates of 78.0 yen to 1 USD, and 12.1 yen to 1 RMB for the second half of the fiscal year under review.

Revisions of the consolidated full-year earnings forecasts announced on July 20, 2011 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)	107,500	2,300	2,200	1,800	83.49
Revised Forecasts (B)	105,700	1,450	1,300	900	41.75
Changes (B-A)	(1,800)	(850)	(900)	(900)	-
Change Ratio (%)	(1.7)	(37.0)	(40.9)	(50.0)	-
Results for the Previous Fiscal Year	99,022	3,765	3,557	1,481	68.80

Reference (Revised Forecasts)

		Net sales	Operating income
		million yen	million yen
Die Casting Business	Japan	67,000	1,850
	North America	18,100	50
	Asia	14,100	(550)
Aluminum Business		3,800	0
Proprietary Products Business		2,700	100

2. Matters Relating to Summary Information (Other)

(1) Significant Changes to Subsidiaries during the Current Term

Since the importance of Ahresty Precision Die Mold (Guangzhou) increased, it is included in the scope of consolidation from the first quarter of the fiscal year under review.

(2) Application of Specific Accounting Treatment to the Preparation of Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes in Accounting Principles and Changes or Restatement of Accounting Estimates

Not applicable.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

	As of March 31, 2011	As of September 30, 2011
	Amount (million yen)	Amount (million yen)
(Assets)		
Current assets		
Cash and time deposits	9,179	5,718
Trade notes and accounts receivable	20,254	22,491
Merchandise and products	2,717	3,023
Partly finished goods	3,542	3,763
Raw materials and inventories	2,903	2,894
Others	1,933	2,619
Allowance for doubtful accounts	(1)	(1)
Total current assets	40,530	40,508
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	9,486	9,741
Machinery and delivery equipment, net	21,318	22,863
Land	5,746	5,715
Construction in progress	6,333	8,845
Others, net	3,399	3,717
Total tangible fixed assets	46,284	50,884
Intangible fixed assets	543	756
Investments and other assets		
Investments in securities	6,052	4,175
Others	388	504
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	6,440	4,679
Total fixed assets	53,268	56,319
Total assets	93,799	96,828

	As of March 31, 2011	As of September 30, 2011
	Amount (million yen)	Amount (million yen)
(Liabilities)		
Current liabilities		
Notes and accounts payable	18,571	17,219
Short-term loans	3,910	5,147
Current portion of long-term loans	6,990	8,146
Accrued income taxes	364	295
Bonus allowances	1,225	1,232
Others	4,713	7,111
Total current liabilities	35,775	39,152
Long-term liabilities		
Long-term loans	14,950	16,675
Allowances for employees' retirement benefits	3,587	3,722
Provision for business structure improvement	1,220	1,120
Negative goodwill	54	-
Others	3,803	3,318
Total long-term liabilities	23,616	24,838
Total liabilities	59,391	63,990
(Net assets)		
Shareholders' equity		
Common stock	5,117	5,117
Additional paid-in capital	8,363	8,359
Retained earnings	24,943	24,338
Treasury stock	(358)	(320)
Total shareholders' equity	38,066	37,494
Other accumulated comprehensive income		
Difference on revaluation of other marketable securities	1,680	1,114
Deferred gains or losses on hedges	(16)	-
Foreign currency translation adjustments	(5,404)	(5,839)
Total other accumulated comprehensive income	(3,740)	(4,725)
Share warrants	81	67
Total net assets	34,407	32,837
Total liabilities and net assets	93,799	96,828

(2) Quarterly Consolidated Income Statements and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Income Statements

First Half

	Six months ended September 30, 2010	Six months ended September 30, 2011
	Amount (million yen)	Amount (million yen)
Sales	49,146	47,577
Cost of goods sold	42,324	43,105
Gross Profit	6,821	4,471
Selling, general and administrative expenses	4,517	4,892
Operating income (loss)	2,304	(421)
Non-operating income		
Interest income	5	21
Dividends received	45	53
Amortization of negative goodwill	55	54
Foreign currency exchange gain	–	82
Others	145	98
Total non-operating income	251	311
Non-operating expenses		
Interest expenses	251	312
Foreign currency exchange loss	112	–
Others	32	47
Total non-operating expenses	395	360
Recurring income (loss)	2,159	(470)
Extraordinary gains		
Gain on the sale of fixed assets	2	2
Gain on revision of retirement benefit plan	141	–
Total extraordinary gains	143	2
Extraordinary losses		
Loss on sales and retirement of fixed assets	51	57
Loss on adjustment for changes of accounting standard for asset retirement obligations	48	–
Loss on revision of retirement benefit plan	–	22
Others	–	10
Total extraordinary losses	100	89
Income (loss) before income taxes and others	2,202	(558)
Income taxes and enterprise taxes	420	451
Deferred income taxes	26	(462)
Total income taxes	446	(10)
Income (loss) before minority interests	1,755	(547)
Net income (loss)	1,755	(547)

Quarterly Consolidated Statements of Comprehensive Income
 First Half

	Six months ended September 30, 2010	Six months ended September 30, 2011
	Amount (million yen)	Amount (million yen)
Income (loss) before minority interests	1,755	(547)
Other comprehensive income		
Difference on revaluation of other marketable securities	(343)	(566)
Deferred gains or losses on hedges	–	16
Foreign currency translation adjustments	(1,093)	(435)
Total other comprehensive income	(1,437)	(984)
Comprehensive income	317	(1,532)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	317	(1,532)
Comprehensive income attributable to minority interests	–	–

(3) Quarterly Consolidated Statement of Cash Flows

	Six months ended September 30, 2010	Six months ended September 30, 2011
	Amount (million yen)	Amount (million yen)
Cash flows from operating activities		
Income (loss) before income taxes	2,202	(558)
Depreciation and amortization	4,505	4,588
Amortization of negative goodwill	(55)	(54)
Increase (decrease) in allowances for bonuses	163	6
Increase (decrease) in allowances for employees' retirement benefits	(0)	135
Increase (decrease) in provision for business structure improvement	-	(99)
Interest and dividend income	(50)	(75)
Interest expenses	251	312
Loss (gain) on sales and retirement of tangible fixed assets	49	54
Gain on revision of retirement benefit plan	(141)	-
Loss on revision of retirement benefit plan	-	22
Decrease (increase) in notes and accounts receivable	(2,408)	(2,266)
Decrease (increase) in inventories	(878)	(377)
Increase (decrease) in notes and accounts payable	3,056	(1,374)
Increase (decrease) in accrued expenses	(67)	(171)
Increase (decrease) in accrued consumption taxes and others	(32)	(693)
Others	1,109	705
Subtotal	7,703	156
Interest and dividends received	50	75
Interest paid	(252)	(313)
Income taxes paid	(209)	(667)
Income taxes refunded	85	280
Net cash provided by (used in) operating activities	7,377	(468)
Cash flows from investing activities		
Payment into time deposits	-	(484)
Proceeds from refund of time deposits	-	87
Expenditures from purchases of affiliate shares	(160)	-
Proceeds from liquidation of affiliate	425	-
Expenditures from purchases of tangible fixed assets	(4,357)	(7,049)
Proceeds from sales of tangible fixed assets	9	111
Others	(32)	(175)
Net cash provided by (used in) investing activities	(4,115)	(7,509)
Cash flows from financing activities		
Proceeds from short-term loans	12,253	10,820
Repayment of short-term loans	(11,756)	(9,574)
Proceeds from long-term debt	1,482	6,670
Repayment of long-term debt	(3,329)	(3,662)
Dividends paid	(107)	(129)
Others	(14)	(13)
Net cash provided by (used in) financing activities	(1,472)	4,110
Effect of exchange rate changes on cash and cash equivalents	(174)	(189)
Net increase (decrease) in cash and cash equivalents	1,615	(4,057)
Cash and cash equivalents at beginning of year	5,267	9,179
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-	153
Cash and cash equivalents at end of period	6,882	5,275

(4) Notes on Going Concern Assumptions

Not applicable.

(5) Segment Information

I. Six months ended September 30, 2010 (from April 1, 2010 to September 30, 2010)

1. Information on sales and income or losses by reported segment

(Million yen)

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

2. Total income 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)

Income	Amount
Total income in reported segments	2,400
Elimination of intersegment transactions	(95)
Operating income in the quarterly consolidated statement of income	2,304

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

Not applicable.

II. Six months ended September 30, 2011 (from April 1, 2011 to September 30, 2011)

1. Information on sales and income or losses by reported segment

(Million yen)

	Reported segments					Total
	Die Casting Business			Aluminum Business	Proprietary Products Business	
	Japan	North America	Asia			
Sales						
Customers	30,090	8,419	6,325	1,758	983	47,577
Intersegment	2,080	9	251	987	1	3,331
Total	32,170	8,429	6,577	2,745	985	50,908
Segment income (loss)	299	(425)	(312)	(23)	19	(442)

2. Total income 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)

Income	Amount
Total income in reported segments	(442)
Elimination of intersegment transactions	20
Operating loss in the quarterly consolidated statement of income	(421)

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

Not applicable.

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

Not applicable.