Consolidated Financial Results (Japanese Accounting Standards) for the Fiscal Year Ended March 31, 2014

May 9, 2014

Company Name	Ahresty Corporation	Stock Exchange Listing	Tokyo
Code Number	5852	URL	http://www.ahresty.co.jp
Representative	President & CEO Arata Takahashi		
Contact for inquiries	Director, General Manager of Administrative Command	Hiroshi Ishimaru	TEL 03-6369–8660
Planned date for regular general meeting of shareholders		June 19, 2014	
Planned date for start of dividend payment		June 4, 2014	
Planned date for submission of securities report		June 19, 2014	
Supplementary documents for financial results		Yes	
Financial results briefing		Yes (for securities analysts and institutional investors)	

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

1. Consolidated performance for year ended March 2014 (April 1, 2013 – March 31, 2014)

(1) Consolidated operating results (% shows change from previous term)

	Net sales		Operating income		Recurring income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 2014	126,783	19.7	4,449	346.1	4,012	464.0	6,272	–
Year ended March 2013	105,887	2.0	997	(27.0)	711	(20.0)	(167)	–

(Note) Comprehensive income
Year ended March 2014: 12,312 million yen (204.4%) Year ended March 2013: 4,045 million yen (264.5%)

	Net income per share	Fully diluted net income per share	Return on equity	Return on total asset	Operating profit on sales
	yen	yen	%	%	%
Year ended March 2014	287.10	285.59	13.4	3.2	3.5
Year ended March 2013	(7.76)	–	(0.5)	0.7	0.9

(For reference) Investment gain or loss under equity method
Year ended March 2014: – million yen Year ended March 2013: – million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2014	137,233	54,592	39.7	2,110.89
Year ended March 2013	110,752	39,335	35.5	1,820.70

(For reference) Shareholders' equity
Year ended March 2014: 54,512 million yen Year ended March 2013: 39,262 million yen

(3) State of consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Term-end balance of cash and cash equivalents
	million yen	million yen	million yen	million yen
Year ended March 2014	11,835	(12,671)	3,012	8,791
Year ended March 2013	13,696	(18,548)	3,715	6,087

2. Dividend payments

	Dividend per share					Total dividend (for year)	Dividend payout ratio (consolidated)	Dividend ratio to net asset (consolidated)
(Date of record)	End of first quarter	End of second quarter	End of third quarter	End of year	For the year			
	yen	yen	yen	yen	yen	million yen	%	%
Year ended March 2013	–	3.00	–	0.00	3.00	64	–	0.2
Year ended March 2014	–	8.00	–	6.00	14.00	327	4.9	0.7
Year ending March 2015 (projection)	–	6.00	–	6.00	12.00		12.4	

3. Consolidated forecasts for year ending March 2015 (April 1, 2014 – March 31, 2015) (% shows the year-on-year change)

	Net sales		Operating income		Recurring income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Interim	65,500	12.7	1,700	98.7	1,300	66.7	850	(65.0)	32.91
Full year	135,300	6.7	4,800	7.9	4,000	(0.3)	2,500	(60.1)	96.81

* Notes

(1) Significant changes to subsidiaries during the current term (changes for a specified subsidiary accompanying a change in the scope of consolidation): None

New: –

Exception: –

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

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

(ii) Changes in accounting principles other than (i): Yes

(iii) Changes in accounting estimates: Yes

(iv) Restatement: None

(Note) Items (ii) and (iii) above are subject to Article 14-7 (changes to accounting policies that are difficult differentiating from changes to accounting estimates) of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements. For more detailed information, please see “(5) Notes (Changes in Accounting Principles)” in section 3. Consolidated Financial Statements on page 15 of the accompanying material.

(3) Number of shares outstanding (common stock)

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

Year ended March 2014: 26,027,720 shares Year ended March 2013: 21,778,220 shares

(ii) Number of treasury stock at end of year

Year ended March 2014: 203,106 shares Year ended March 2013: 213,847 shares

(iii) Average number of shares

Year ended March 2014: 21,848,046 shares Year ended March 2013: 21,564,406 shares

(For reference) Outline of non-consolidated performance

1. Non-consolidated performance for year ended March 2014 (April 1, 2013 - March 31, 2014)

(1) Non-consolidated operating results (% shows change from previous term)

	Net sales		Operating income		Recurring income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 2014	71,439	3.4	1,962	348.1	2,487	124.2	4,583	314.5
Year ended March 2013	69,100	(7.3)	437	334.7	1,110	329.4	1,105	(12.1)

	Net income per share	Fully diluted net income per share
	yen	yen
Year ended March 2014	209.81	208.71
Year ended March 2013	51.28	51.04

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2014	82,464	39,853	48.2	1,540.18
Year ended March 2013	76,303	31,687	41.4	1,466.05

(For reference) Shareholders’ equity

Year ended March 2014: 39,774 million yen Year ended March 2013: 31,614 million yen

2. Non-consolidated forecasts for year ending March 2015 (April 1, 2014 – March 31, 2015) (% shows the year-on-year change)

	Net sales		Operating income		Recurring income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Interim	34,300	0.5	750	11.6	1,050	10.4	750	(63.4)	29.04
Full year	71,700	0.4	2,000	1.9	2,300	(7.5)	1,500	(67.3)	58.08

* Presentation of status of audit procedures

These consolidated financial results are not subject to the audit procedures under the Financial Instruments and Exchange Act, and the audit procedures on consolidated and non-consolidated financial statements were underway at the time of disclosing these consolidated 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 “1. Analysis of Operating Results and Financial Position (1) Analysis of Operating Results (Outlook for fiscal year ending March 2015)” on page 3 of the accompanying materials.

Accompanying Materials — Contents

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

(Operating results)

During the consolidated fiscal year under review, the Japanese economy remained on the road to recovery. Personal consumption recovered, with factors such as the positive effects of economic and monetary policies in the background. In addition, last-minute growth in demand ahead of the consumption tax rate increase was observed in certain sectors. Moreover, companies centered on large enterprises improved their business performance, backed by increased production. Overseas, the U.S. economy maintained a modest upturn, and its recovery is expected to accelerate, although possibilities such as the adverse effects of reduced monetary relaxation require attention. In China, the economy expanded at a moderate pace, and this trend is anticipated to continue, even though the risk of an economic downturn attributable to factors such as exports and financial market trends remains a matter of concern. In India, the economy crawled along the bottom, and its growth is expected to remain low.

In this environment, to meet the increase in global die cast demand, the Ahresty Group has upgraded and expanded its production capacity in North America and Asia.

For the consolidated fiscal year under review, the Company recorded net sales of ¥126,783 million (up 19.7% year on year), operating income of ¥4,449 million (up 346.1% year on year) and recurring income of ¥4,012 million (up 464.0% year on year). Net income came to ¥6,272 million (compared with a net loss of ¥167 million a year ago), partially attributable to the posting of extraordinary profit from the sale of the site of the old Hamamatsu plant.

Operating results by business segment are as follows:

(i) Die Casting Business: Japan

In Japan, production declined at automakers, the Group's main customers, due mainly to the termination of eco-car subsidies. However, there were positive developments on a full-year basis, including the frontloading of orders ahead of the consumption tax increase, production for the strong North American market and a recovery in production for the Chinese market, which had fallen due to the deteriorating relationship between Japan and China. Under their effects, the Company recorded net sales of ¥62,228 million (up 2.6% year on year) and segment profits of ¥3,656 million (up 507.9% year on year), primarily reflecting the effects of a change in the depreciation method and increased productivity.

(ii) Die Casting Business: North America

In North America, orders increased on the back of strong auto sales in the United States. Mainly reflecting the order growth and the effects of foreign exchange, net sales for the segment amounted to ¥33,906 million (up 48.1% year on year). The segment recorded a profit of ¥509 million (down 31.7% year on year), primarily due to the effects of an increase in fixed costs attributable to capital spending.

(iii) Die Casting Business: Asia

In China, auto production began to pick up at Japanese automakers, the Group's main customers, after a decline caused by the deteriorating relationship between Japan and China. The Company saw an increase in orders as a result. Orders also grew in India, given the full-fledged mass production of new products. Reflecting these factors and the effects of foreign exchange caused by the yen's depreciation, net sales for the region reached ¥24,143 million (up 44.3% year on year). The segment recorded a profit of ¥180 million (compared with a segment loss of ¥521 million a year ago), due mainly to an increase in profit associated with net sales increase, despite the impact of changes in royalty rates in China and increased fixed costs resulting from prior investment in India and China.

(iv) Aluminum Business

In the Aluminum business, net sales reached ¥4,657 million (up 21.3% year on year), chiefly attributable to firm orders throughout the year. The segment recorded a loss of ¥6 million (compared with a segment profit of ¥50 million a year ago), mainly reflecting the inability of selling prices to follow the surging prices of raw materials, in addition to a rise in energy costs due to the increased prices of heavy oil, electricity and gas.

(v) Proprietary Products Business

In the Propriety Products business, net sales amounted to ¥1,848 million (up 3.1% year on year), due primarily to orders from semiconductor manufacturers, the Group's main customers, and orders for data centers received from telecommunications companies. The segment recorded a profit of ¥66 million (down 14.7% year on year), reflecting intensified price competition.

(Outlook for fiscal year ending March 2015)

With respect to the economic outlook going forward, the Japanese economy is expected to continue its recovery without falling into a recessionary phase, backed by factors such as economic measures taken by the Japanese government, capital spending growth from export expansion and its repercussions on domestic demand that will accompany economic recoveries overseas and the yen's depreciation, and rises in employment and wages, even though a decline in demand in reaction to the last-minute demand ahead of the consumption tax rate hike is a matter of concern. Overseas economies are also anticipated to recover moderately, given factors such as a certain prospect for the resolution of the debt ceiling crisis in the United States and the settlement of a business slowdown and the steady growth of the middle income class forecast in China.

In this operating environment, the Group will continue advancing activities for improving profitability and cutting costs while expanding its overseas die casting business in regions centered on China and North America. We set out below the consolidated business results forecast for the next fiscal year.

The consolidated business results forecast assumes foreign exchange rates of 100.0 yen to 1 USD, 16.5 yen to 1 RMB, and 1.65 yen to 1 INR.

(Million yen)

	Net sales	Operating income	Recurring income	Net income
Fiscal year ending March 2015 forecast	135,300	4,800	4,000	2,500
Fiscal year ended March 2014 actual	126,783	4,449	4,012	6,272
Changes	8,517	351	(12)	(3,772)
Change Ratio (%)	6.7	7.9	(0.3)	(60.1)

Business segment	Net sales		Segment profit	
	Fiscal Year ended March 2014	Fiscal Year ending March 2015	Fiscal Year ended March 2014	Fiscal Year ending March 2015
Die Casting Business: Japan	62,228	63,300	3,656	2,930
Die Casting Business: North America	33,906	36,400	509	850
Die Casting Business: Asia	24,143	29,300	180	950
Aluminum Business	4,657	4,700	(6)	50
Proprietary Products Business	1,848	1,600	66	20

(2) Analysis of Financial Position

(i) Assets, liabilities and net assets

Assets increased ¥26,481 million from the previous fiscal year, to ¥137,233 million. Major factors were an increase of ¥13,058 million in tangible fixed assets, an increase of ¥7,303 million in trade notes and accounts receivable, and an increase of ¥2,704 million in cash and time deposits.

Liabilities increased ¥11,224 million, to ¥82,641 million. Principal factors were an increase of ¥4,351 million in loans and an increase of ¥3,712 million in notes and accounts payable.

Net assets increased ¥15,256 million, to ¥54,592 million. Major factors were a net income of ¥6,272 million, an increase of ¥5,864 million in foreign currency translation adjustments and an increase of ¥3,643 million in common stock and additional paid-in capital attributable to capital increase. As a result, the equity ratio was up from 35.5% to 39.7%.

(ii) Cash flows

(Cash flows from operating activities)

Net cash provided from operating activities decreased ¥1,860 million from the previous consolidated fiscal year, to ¥11,835 million. This result was mainly due to income before income taxes and others of ¥7,007 million (up ¥6,279 million from the previous consolidated fiscal year), a decrease in notes and accounts receivable of ¥5,803 million (down ¥12,441 million from the previous consolidated fiscal year) and an increase in notes and accounts payable of ¥2,845 million (up ¥6,058 million from the previous consolidated fiscal year).

(Cash flows from investing activities)

Net cash used for investing activities decreased ¥5,876 million from the previous consolidated fiscal year, to ¥12,671 million. The main factors for this result were expenditure of ¥16,204 million for the acquisition of tangible fixed assets (down ¥2,939 million from the previous consolidated fiscal year) and proceeds of ¥2,684 million from the sale of tangible fixed assets, including the site of the old Hamamatsu plant (down ¥2,663 million from the previous consolidated fiscal year).

(Cash flows from financing activities)

Net cash provided from financing activities declined ¥702 million from the previous consolidated fiscal year, to ¥3,012 million. Major causes of this result were a decrease in interest-bearing debt, including loans of ¥3,523 million, and proceeds from issuance of common shares of ¥3,643 million.

As a consequence, cash and cash equivalents at the end of the fiscal year became ¥8,791 million.

Transition of index related to cash flows

	Fiscal year ended March 2010	Fiscal year ended March 2011	Fiscal year ended March 2012	Fiscal year ended March 2013	Fiscal year ended March 2014
Equity Ratio (%)	40.0	36.6	33.6	35.5	39.7
Market Capitalization Equity Ratio (%)	23.8	16.2	14.7	9.5	16.2
Liabilities with Interest to Cash Flows (%)	267.9	183.9	504.5	282.3	363.4
Interest Coverage Ratio	19.7	27.2	10.3	17.2	11.4

Equity ratio: Shareholders' equity / Total assets

Market value-based equity ratio: Market capitalization / Total assets

Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest paid

(Note) 1. Each indicator is calculated based on consolidated figures.

2. Market capitalization is calculated based on the number of shares issued excluding treasury stock.
3. Cash flows mean cash provided by cash provided from operating activities.
4. Interest-bearing debt denotes all liabilities bearing interest recorded in the consolidated balance sheet.

(3) Basic Policy on Profit Distribution

The Company views the continuing increase of corporate value as the most important return to shareholders. The Company's basic policy on dividends is to provide appropriate returns while bolstering the financial structure and the management base for business development in the medium and long terms. We pay dividends, taking into consideration the amount of investment necessary for medium- and long-term growth, the payout ratio, and consolidated results.

In principle, we pay a dividend twice a year (interim dividend and year-end dividend). The Board of Directors determines a dividend.

Based on the above policy, the Company decided to pay dividends of ¥14 per share (including an interim dividend of ¥8 per share) for the fiscal year under review.

The Company's Articles of Incorporation stipulate that the Company can pay an interim dividend (the record date is September 30) under Article 454, paragraph 5 of the Corporate Code and that the Board of Directors can determine a dividend by resolution under Article 459, paragraph 1. In giving the Board of Directors the authority to determine a dividend, the Company intends to adopt a flexible approach to distributing profits to shareholders.

Dividends from surplus for the fiscal year under review are as follows:

Date of resolution	Total dividend (million yen)	Dividend per share (yen)
Board of Directors meeting on November 11, 2013	172	8
Board of Directors meeting on May 9, 2014	154	6

Further, regarding dividends in the next fiscal year, they are scheduled to be ¥12 per share (¥6 at the end of the interim period and ¥6 at the end of the fiscal year).

2. Management Policies

(1) Basic Management Policies

Our corporate name of “AHRESTY” is a phonetic representation of the letters R, S and T which stand for Research, Service and Technology. Research means continuous development and research into new technologies, markets and sales approaches. Service means careful, satisfying service rendered through warm personal interaction. Technology means the technology to produce hardware and software which are truly useful and beneficial to society. These three concepts have intricate links between each other in which they depend on each other and become refined and improved through interaction. We have incorporated the sum total of Research, Service and Technology (abbreviation “RST”) into our corporate philosophy and have named our company "Ahresty Corporation".

In the “Ahresty 10-Year Vision”, which set out our long-term management direction, setting the basic policy of becoming “the global top company with die casts as its core products,” we have defined what we need to be, with “Pursue and Advance MONOZUKURI (manufacturing)” as our slogan, and have set down our policies as specific guidelines and methods.

In our Medium-Term Management Policy based on this new 10-Year Vision, we devised more specific measures and goals and expanded this to department policy, to pursue Company-wide policy management activities.

(2) Target Management Indicators

Our company’s long-term management direction is indicated in “Ahresty 10-Year Vision”, and concrete targets for management indicators are defined in medium-term management policies. In order to become a company with investing value, we defined target values for sales, the ratio of operating income to sales, return on assets (ROA) and return on equity (ROE). (These values for 2016 to sales: ¥143 billion, the ratio of operating income to sales: 5%, ROA: 3%, ROE: 7%.)

(3) Medium- to Long-Term Management Strategies and Operational Issues

In our core Die Casting Business, in the medium-to-long term, global demand for die casting parts is expected to grow, as demand for cars expands in emerging nations, demand picks up in advanced nations, and increasing quantities of aluminum die casting parts are sold as weight saving parts. Meanwhile, domestic demand for die casting parts is expected to decrease on factors such as a decline in domestic car sales reflecting Japan’s falling birth rate and aging population and the expansion of overseas auto production to guard against the risk of currency fluctuations, among other things. Also in the Aluminum Business, demand comes primarily from the same industry and is expected to follow a similar pattern. In the Proprietary Products Business, domestic demand cannot be expected to increase significantly, but overseas demand is expected to grow.

In this environment, based on the “Ahresty 10-Year Vision,” which set out our long-term management direction, we have been establishing an efficient production system in anticipation of expansion of Die Casting Business overseas, especially in China and North America, to respond to both growing global demand and the contraction of domestic demand. We have also adopted a policy of focusing on manufacturing as the “1315 3-year Ahresty Policy.” With the following four initiatives as the pillars for the policy, all of our employees take positive action and apply themselves 100 percent to achieving the projections:

1) Pursuit and sharing of the best MONOZUKURI (manufacturing)
2) Development of technologies utilized on the MONOZUKURI shop-floor
3) Development of human resources to support MONOZUKURI
4) Pursuit of Healthy Profit

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Amount: million yen)

	Previous consolidated fiscal year (March 31, 2013)	Current consolidated fiscal year (March 31, 2014)
(Assets)		
Current assets		
Cash and time deposits	6,087	8,791
Trade notes and accounts receivable	18,620	25,924
Merchandise and products	2,777	3,303
Partly finished goods	3,999	4,062
Raw materials and inventories	2,641	3,171
Deferred tax assets	1,255	1,423
Others	1,772	2,243
Allowance for doubtful accounts	(1)	(1)
Total current assets	37,153	48,920
Fixed assets		
Tangible fixed assets		
Buildings and structures	24,429	25,199
Accumulated depreciation and impairment loss	(12,679)	(10,488)
Buildings and structures, net	11,749	14,710
Machinery and delivery equipment	87,884	103,120
Accumulated depreciation and impairment loss	(57,712)	(62,307)
Machinery and delivery equipment, net	30,171	40,813
Tools, furniture and fixtures	36,665	42,600
Accumulated depreciation	(32,149)	(35,839)
Tools, furniture and fixtures, net	4,515	6,760
Land	5,743	5,252
Lease assets	784	1,027
Accumulated depreciation	(102)	(219)
Lease assets, net	681	807
Construction in progress	12,289	9,862
Total tangible fixed assets	65,150	78,208
Intangible fixed assets	984	1,340
Investments and other assets		
Investments in securities	5,956	5,964
Deferred tax assets	1,258	2,145
Others	251	655
Allowance for doubtful accounts	(1)	(0)
Total investments and other assets	7,464	8,764
Total fixed assets	73,599	88,313
Total assets	110,752	137,233

(Amount: million yen)

	Previous consolidated fiscal year (March 31, 2013)	Current consolidated fiscal year (March 31, 2014)
(Liabilities)		
Current liabilities		
Notes and accounts payable	12,418	15,140
Electronically recorded obligations-operating	3,583	4,574
Short-term loans	6,315	6,676
Current portion of long-term loans	9,406	9,848
Accrued income taxes	270	1,526
Bonus allowances	930	1,254
Directors' bonus allowances	–	28
Provision for business structure improvement	196	–
Provision for product warranties	189	180
Others	6,831	7,612
Total current liabilities	40,143	46,841
Long-term liabilities		
Long-term loans	22,941	26,490
Deferred tax liabilities	3,428	3,197
Allowances for employees' retirement benefits	3,919	–
Net defined benefit liability	–	4,913
Others	984	1,199
Total long-term liabilities	31,273	35,800
Total liabilities	71,416	82,641
(Net assets)		
Shareholders' equity		
Common stock	5,117	6,939
Additional paid-in capital	8,359	10,180
Retained earnings	25,944	32,035
Treasury stock	(320)	(304)
Total shareholders' equity	39,100	48,851
Other accumulated comprehensive income		
Difference on revaluation of other marketable securities	2,365	2,540
Foreign currency translation adjustments	(2,203)	3,660
Remeasurements of defined benefit plans	–	(539)
Total other accumulated comprehensive income	161	5,661
Share warrants	73	79
Total net assets	39,335	54,592
Total liabilities and net assets	110,752	137,233

(2) Consolidated Income Statements and Statements of Comprehensive Income

(Consolidated Income Statements)

(Amount: million yen)

	Year ended March 31, 2013	Year ended March 31, 2014
Sales	105,887	126,783
Cost of goods sold	95,533	112,562
Gross profit	10,354	14,220
Selling, general and administrative expenses		
Transportation expenses	2,000	1,830
Salaries and bonuses	2,726	2,848
Retirement and severance expenses	276	276
Provision for bonuses	222	267
Provision for bonuses for directors	–	28
Allowance for depreciation	149	143
Research and development expenses	489	457
Other expenses	3,491	3,918
Total Selling, general and administrative expenses	9,356	9,771
Operating income	997	4,449
Non-operating income		
Interest income	24	10
Dividends received	107	120
Gain on sales of scraps	76	102
Foreign currency exchange gain	351	474
Others	133	82
Total non-operating income	693	790
Non-operating expenses		
Interest expenses	812	1,054
Others	167	173
Total non-operating expenses	979	1,227
Recurring income	711	4,012
Extraordinary gains		
Gain on sales of fixed assets	4	2,288
Gain on sales of investment securities	–	838
Subsidy income	171	35
Total extraordinary gains	175	3,161
Extraordinary losses		
Loss on sales and retirement of fixed assets	158	156
Loss on sales of investment securities	–	9
Total extraordinary losses	158	166
Income before income taxes and others	728	7,007
Income taxes and enterprise taxes	857	1,650
Deferred income taxes	37	(915)
Total income taxes	895	735
Income (loss) before minority interests	(167)	6,272
Net income (loss)	(167)	6,272

(Consolidated Statements of Comprehensive Income)

(Amount: million yen)

	Year ended March 31, 2013	Year ended March 31, 2014
Income (loss) before minority interests	(167)	6,272
Other comprehensive income		
Difference on revaluation of other marketable securities	518	175
Foreign currency translation adjustments	3,694	5,864
Total other comprehensive income	4,212	6,039
Comprehensive income	4,045	12,312
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,045	12,312
Comprehensive income attributable to minority interests	–	–

(3) Consolidated Statement of Changes in Net Assets

Previous consolidated fiscal year (April 1, 2012 through March 31, 2013) (Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current fiscal year	5,117	8,359	26,240	(320)	39,397
Changes					
Cash dividend from retained earnings			(129)		(129)
Net income (loss)			(167)		(167)
Purchase of own shares				(0)	(0)
Changes (net) in non-shareholders' equity items					
Total changes	–	–	(296)	(0)	(296)
Balance at end of current fiscal year	5,117	8,359	25,944	(320)	39,100

	Other comprehensive income				Share warrants	Total net assets
	Difference on revaluation of other marketable securities	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total other comprehensive income		
Balance at beginning of current fiscal year	1,846	(5,897)	–	(4,050)	67	35,414
Changes						
Cash dividend from retained earnings						(129)
Net income (loss)						(167)
Purchase of own shares						(0)
Changes (net) in non-shareholders' equity items	518	3,694	–	4,212	5	4,218
Total changes	518	3,694	–	4,212	5	3,921
Balance at end of current fiscal year	2,365	(2,203)	–	161	73	39,335

Current consolidated fiscal year (April 1, 2013 through March 31, 2014) (Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current fiscal year	5,117	8,359	25,944	(320)	39,100
Changes					
Issuance of new shares	1,821	1,821			3,643
Cash dividend from retained earnings			(172)		(172)
Net income (loss)			6,272		6,272
Purchase of own shares				(0)	(0)
Disposal of treasury stock			(8)	17	8
Changes (net) in non-shareholders' equity items					
Total changes	1,821	1,821	6,090	16	9,750
Balance at end of current fiscal year	6,939	10,180	32,035	(304)	48,851

	Other comprehensive income				Share warrants	Total net assets
	Difference on revaluation of other marketable securities	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total other comprehensive income		
Balance at beginning of current fiscal year	2,365	(2,203)	–	161	73	39,335
Changes						
Issuance of new shares						3,643
Cash dividend from retained earnings						(172)
Net income (loss)						6,272
Purchase of own shares						(0)
Disposal of treasury stock						8
Changes (net) in non-shareholders' equity items	175	5,864	(539)	5,500	5	5,505
Total changes	175	5,864	(539)	5,500	5	15,256
Balance at end of current fiscal year	2,540	3,660	(539)	5,661	79	54,592

(4) Consolidated Statements of Cash Flows

(Amount: million yen)

	Year ended March 31, 2013	Year ended March 31, 2014
Cash flows from operating activities		
Income before income taxes	728	7,007
Depreciation and amortization	11,493	11,153
Increase (decrease) in allowances for bonuses	(161)	323
Increase (decrease) in allowances for employees' retirement benefits	128	(3,921)
Increase (decrease) in net defined benefit liability	–	4,142
Increase (decrease) in provision for product warranties	(266)	(17)
Increase (decrease) in provision for business structure improvement	(285)	(157)
Interest and dividend income	(132)	(131)
Interest expenses	812	1,054
Loss (gain) on sales and retirement of tangible fixed assets	154	(2,132)
Loss (gain) on sales of investment securities	–	(828)
Subsidy income	(171)	(35)
Decrease (increase) in notes and accounts receivable	6,638	(5,803)
Decrease (increase) in inventories	(196)	(281)
Increase (decrease) in notes and accounts payable	(3,212)	2,845
Increase (decrease) in accrued expenses	(611)	546
Increase (decrease) in accrued consumption taxes and others	114	517
Others	(108)	(861)
Subtotal	14,922	13,421
Interest and dividends received	132	131
Interest paid	(795)	(1,034)
Proceeds from subsidy income	168	20
Income taxes paid	(1,020)	(750)
Income taxes refunded	398	48
Payments for loss on disaster	(109)	–
Net cash provided by operating activities	13,696	11,835

(Amount: million yen)

	Year ended March 31, 2013	Year ended March 31, 2014
Cash flows from investing activities		
Proceeds from refund of time deposits	678	–
Expenditures from purchases of tangible fixed assets	(19,143)	(16,204)
Proceeds from sales of tangible fixed assets	20	2,684
Proceeds from sales of investment securities	–	1,101
Others	(104)	(253)
Net cash used in investing activities	(18,548)	(12,671)
Cash flows from financing activities		
Proceeds from short-term loans	22,680	27,302
Repayment of short-term loans	(21,389)	(27,920)
Proceeds from long-term debt	19,069	10,880
Repayment of long-term debt	(17,094)	(10,519)
Proceeds from issuance of common shares	–	3,643
Proceeds from sale and leaseback	634	–
Dividends paid	(130)	(174)
Others	(54)	(198)
Net cash provided by financing activities	3,715	3,012
Effect of exchange rate changes on cash and cash equivalents	535	526
Net increase (decrease) in cash and cash equivalents	(601)	2,704
Cash and cash equivalents at beginning of year	6,688	6,087
Cash and cash equivalents at end of period	6,087	8,791

(5) Notes

Notes on Going Concern Assumptions

Not applicable.

Changes in Accounting Principles

(Application of accounting standards for employees' retirement benefits)

The Ahresty Group applied the Accounting Standard for Retirement Benefits (ASBJ Standard No. 26 issued on May 17, 2012; "Accounting Standard for Retirement Benefits") and the Implementation Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25 issued on May 17, 2012; "Implementation Guidance on Retirement Benefits") to employees' retirement benefits from the end of the consolidated fiscal year under review (with the exceptions of the provisions in the text of Item 35 of the Accounting Standard for Retirement Benefits and the provisions in the text of Item 67 of the Implementation Guidance on Retirement Benefits). Accordingly, the Group switched to the method of posting the amount arrived at by deducting pension assets from retirement benefit obligations as liabilities related to retirement benefits, and posted the unrecognized actuarial difference and unrecognized prior service cost as liabilities related to retirement benefits.

The Group applied the Accounting Standard for Retirement Benefits and the like in accordance with the transitional handling prescribed in Item 37 of the Accounting Standard. The Group added the amount of effects caused by the changes concerned to, or subtracted the amount from, the accumulated amount of adjustment related to retirement benefits in other accumulated comprehensive income at the end of the consolidated fiscal year under review.

As a result, liabilities related to retirement benefits of ¥4,913 million were posted, and other accumulated comprehensive income decreased ¥539 million at the end of the consolidated fiscal year under review.

Reflecting these changes, net assets per share declined ¥20.91.

(Changes in the depreciation method and useful lives)

In the Ahresty Group, the Company and its domestic subsidiaries had mainly used the declining-balance method, while its overseas subsidiaries had primarily adopted the straight-line method for the depreciation of tangible fixed assets. However, from the consolidated fiscal year under review, the Company and its domestic subsidiaries adopted the straight-line method for the depreciation of tangible fixed assets other than die casts included in tools, furniture and fixtures, while the Company, its domestic subsidiaries and its overseas subsidiaries switched mainly to the production output method for the depreciation of die casts included in tools, furniture and fixtures.

The Group positioned the strengthening of earnings management as a key initiative in its medium-term management plan that commenced in fiscal 2013. Accordingly, the Group discussed the need to select targets and concentrate investments in them on a global scale, and chose to continue investments in overseas operating bases. In the meantime, the Group curbed new investments and began investing in numerous initiatives for improving production systems and maintaining and updating existing facilities in Japan. Considering these changes in the business environment, the Group investigated the actual situation regarding the use of its principal tangible fixed assets.

The investigation made it clear that tangible fixed assets are likely to be used stably over their useful lives in Japan through the finding that such assets tend to be used intensively from immediately after the commencement of their operations. The Group decided to change the depreciation method to the straight-line method, whereby costs are evenly recorded over the period of the assets' useful lives, because the economic benefit of tangible fixed assets is assumed to be consumed stably from the consolidated fiscal year under review.

The Group also chose to change the depreciation method for die casts included in tools, furniture and fixtures mainly to the production output method based on numeration management, an indicator for the level of the consumption of die casts, to more appropriately reflect the actual state of consumption according to the differences in production systems and production lots in Japan and overseas.

Furthermore, the Group changed the useful lives of certain tangible fixed assets to reflect the results of its investigation into the actual state of principal tangible fixed asset use under the same situation and conditions, taking into consideration the progress of its global operations.

As a result of these changes, operating income for the consolidated fiscal year under review rose ¥2,171 million, and recurring income and income before income taxes and others grew ¥2,166 million from the figures calculated according to the previous methods.

Segment Information, Etc.

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. Methods for calculating net sales, profits or losses, assets, liabilities and amounts for other items by reported segment

Profits in the reported segments are figures based on operating income.

Intersegment sales and transfers are based on current market values.

(Changes in the depreciation method and useful lives)

As stated in Changes in Accounting Principles, the Group changed the depreciation method for certain of its tangible fixed assets and their useful lives.

The effects of these changes on segment profits or loss are as follows: (Million yen)

	Reported segments					Total
	Die Casting Business			Aluminum Business	Proprietary Products Business	
	Japan	North America	Asia			
Segment profits/loss	1,743	355	56	15	0	2,171

3. Information related to net sales, profits or losses, assets, liabilities and amounts for other items by reported segment

Previous consolidated fiscal year (April 1, 2012 through March 31, 2013) (Million yen)

	Reported segments					Total
	Die Casting Business			Aluminum Business	Proprietary Products Business	
	Japan	North America	Asia			
Sales						
Customers	60,630	22,886	16,736	3,840	1,793	105,887
Intersegment	3,701	3	867	2,198	1	6,772
Total	64,331	22,890	17,604	6,038	1,794	112,659
Segment profits/loss	601	744	(521)	50	78	953
Segment assets	44,284	32,707	32,293	2,278	1,325	112,889
Other items						
Depreciation and amortization	5,889	2,767	2,859	37	2	11,557
Increase in tangible fixed assets and intangible fixed assets	5,029	7,647	5,725	13	17	18,432

Current consolidated fiscal year (April 1, 2013 through March 31, 2014) (Million yen)

	Reported segments					Total
	Die Casting Business			Aluminum Business	Proprietary Products Business	
	Japan	North America	Asia			
Sales						
Customers	62,228	33,906	24,143	4,657	1,848	126,783
Intersegment	4,103	29	917	2,650	0	7,701
Total	66,332	33,936	25,060	7,308	1,848	134,485
Segment profits/loss	3,656	509	180	(6)	66	4,405
Segment assets	45,433	41,354	42,635	2,609	1,000	133,034
Other items						
Depreciation and amortization	3,399	4,355	3,446	13	1	11,216
Increase in tangible fixed assets and intangible fixed assets	4,530	6,532	5,067	21	4	16,156

4. Total amount in reported segments, difference from the amount posted in consolidated financial statement and important details in the difference (Difference adjustment)

(Million yen)

Net sales	Previous consolidated fiscal year	Current consolidated fiscal year
Total sales in reported segments	112,659	134,485
Elimination of intersegment transactions	(6,772)	(7,701)
Net sales in the consolidated financial statement	105,887	126,783

(Million yen)

Profit	Previous consolidated fiscal year	Current consolidated fiscal year
Total profit in reported segments	953	4,405
Elimination of intersegment transactions	43	43
Operating income in the consolidated financial statement	997	4,449

(Million yen)

Assets	Previous consolidated fiscal year	Current consolidated fiscal year
Total assets in reported segments	112,889	133,034
Elimination of intersegment transactions	(5,102)	(3,273)
Company-wide assets	2,966	7,473
Assets in the consolidated financial statement	110,752	137,233

(Million yen)

Other items	Total amount in reported segments		Adjustment		Amount recorded in consolidated financial statements	
	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year
Depreciation and amortization	11,557	11,216	(63)	(63)	11,493	11,153
Increase in tangible fixed assets and intangible fixed assets	18,432	16,156	(196)	(202)	18,236	15,954

Per Share Information (Yen)

	Year ended March 31, 2013	Year ended March 31, 2014
Net assets per share	1,820.70	2,110.89
Net income (loss) per share	(7.76)	287.10
Diluted net income per share	–	285.59

(Notes) 1. Although there are latent shares, diluted net income per share in the fiscal year ended March 31, 2013 is not stated, as a net loss per share is recorded.

2. The following shows the basis of calculation of net income (loss) per share and diluted net income per share.

	Year ended March 31, 2013	Year ended March 31, 2014
Net income (loss) per share		
Net income (loss) (million yen)	(167)	6,272
Amount that does not belong to ordinary shareholders (million yen)	–	–
Net income (loss) (related to common shares (million yen)	(167)	6,272
Average number of shares during the period	21,564,406	21,848,046
Diluted net income per share		
Net income adjustments (million yen)	–	–
Increase in number of common shares	–	115,308
Outline of latent shares without dilution effect not taken into account for calculation of diluted net income per share	————	————

Important Subsequent Events

Not applicable.

4. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Amount: million yen)

	Previous fiscal year (March 31, 2013)	Current fiscal year (March 31, 2014)
(Assets)		
Current assets		
Cash and time deposits	1,693	5,633
Trade notes receivable	1,853	2,142
Accounts receivable	11,361	13,142
Merchandise and products	799	800
Partly finished goods	1,273	1,215
Raw materials and inventories	869	896
Prepaid expenses	59	66
Deferred tax assets	1,029	442
Short-term loans receivable from subsidiaries and affiliates	594	–
Accounts receivable–other	3,255	1,829
Others	186	152
Allowance for doubtful accounts	(1)	(1)
Total current assets	22,974	26,321
Fixed assets		
Tangible fixed assets		
Buildings	7,677	5,359
Accumulated depreciation and impairment loss	(4,705)	(2,196)
Buildings, net	2,972	3,163
Structures	704	302
Accumulated depreciation and impairment loss	(642)	(236)
Structures, net	61	66
Machinery and equipment	14,330	13,429
Accumulated depreciation and impairment loss	(12,875)	(11,851)
Machinery and equipment, net	1,454	1,578
Delivery equipment	201	191
Accumulated depreciation	(184)	(171)
Delivery equipment, net	17	19
Tools, furniture and fixtures	14,241	14,996
Accumulated depreciation	(13,635)	(13,988)
Tools, furniture and fixtures, net	606	1,008
Land	3,580	3,530
Lease assets	24	12
Accumulated depreciation	(18)	(8)
Lease assets, net	5	3
Construction in progress	1,000	865
Total tangible fixed assets	9,699	10,236
Intangible fixed assets		
Software	57	84
Others	38	53
Total intangible fixed assets	95	138
Investments and other assets		
Investments in securities	5,587	5,476
Stocks of subsidiaries and affiliates	37,764	40,127
Others	182	165
Allowance for doubtful accounts	(1)	(0)
Total investments and other assets	43,534	45,768
Total fixed assets	53,329	56,143
Total assets	76,303	82,464

(Amount: million yen)

	Previous fiscal year (March 31, 2013)	Current fiscal year (March 31, 2014)
(Liabilities)		
Current liabilities		
Notes payable	2,745	2,711
Electronically recorded obligations-operating	3,320	2,811
Accounts payable	5,245	5,393
Short-term loans	1,800	–
Current portion of long-term loans	6,086	4,809
Accounts payable–other	1,075	829
Accrued expenses	254	291
Accrued income taxes	16	1,029
Advances received	282	9
Deposits received	7,426	8,444
Bonus allowances	502	690
Directors' bonus allowances	–	25
Provision for product warranties	79	94
Provision for business structure improvement	237	–
Others	255	268
Total current liabilities	29,329	27,409
Long-term liabilities		
Long-term loans	10,197	10,591
Deferred tax liabilities	2,237	1,550
Allowances for employees' retirement benefits	2,707	2,890
Others	144	169
Total long-term liabilities	15,286	15,202
Total liabilities	44,615	42,611
(Net assets)		
Shareholders' equity		
Common stock	5,117	6,939
Additional paid-in capital		
Legal capital surplus	8,177	9,999
Total additional paid-in capital	8,177	9,999
Retained earnings		
Legal retained earnings	393	393
Other retained earnings		
Reserve for dividends	120	120
Reserve for reduction entry of replaced property	1,678	2,248
Reserve for advanced depreciation of noncurrent assets	0	–
General reserve	13,240	13,240
Retained earnings brought forward	837	4,670
Total retained earnings	16,269	20,672
Treasury stock	(320)	(304)
Total shareholders' equity	29,244	37,306
Revaluation / Translation differences		
Difference on revaluation of other marketable securities	2,369	2,467
Total revaluation / translation differences	2,369	2,467
Share warrants	73	79
Total net assets	31,687	39,853
Total liabilities and net assets	76,303	82,464

(2) Non-Consolidated Income Statements

(Amount: million yen)

	Year ended March 31, 2013	Year ended March 31, 2014
Sales	69,100	71,439
Cost of goods sold	63,742	64,568
Gross profit	5,357	6,870
Selling, general and administrative expenses	4,919	4,908
Operating income	437	1,962
Non-operating income		
Interest income	2	2
Dividends received	299	196
Rent income	71	76
Foreign currency exchange gain	420	345
Others	143	118
Total non-operating income	938	738
Non-operating expenses		
Interest expenses	233	199
Others	32	13
Total non-operating expenses	265	213
Recurring income	1,110	2,487
Extraordinary gains		
Gain on sales of fixed assets	1	2,290
Gain on sales of investment securities	–	838
Total extraordinary gains	1	3,128
Extraordinary losses		
Loss on sales and retirement of fixed assets	7	22
Loss on sales of investment securities	–	9
Total extraordinary losses	7	32
Income before income taxes and others	1,104	5,583
Income taxes and enterprise taxes	91	1,151
Deferred income taxes	(92)	(152)
Total income taxes	(1)	999
Net income	1,105	4,583