

Consolidated Financial Results (Japanese Accounting Standards) for the First Half of the Fiscal Year Ending March 31, 2014

November 11, 2013

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 03-5332-6001
Filing date of quarterly securities report	November 13, 2013		
Planned date for start of dividend payments	December 5, 2013		
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, 2013 through September 30, 2013)

(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, 2013	58,111	11.5	855	130.7	779	-
Six months ended September 30, 2012	52,094	9.5	370	-	(67)	-

(Note) Comprehensive income
 Six months ended September 30, 2013: 6,191 million yen (-%)
 Six months ended September 30, 2012: -1,468 million yen (-%)

	Net income		Net income per share	Fully diluted net income per share
	million yen	%	yen	yen
Six months ended September 30, 2013	2,428	-	112.57	111.93
Six months ended September 30, 2012	(524)	-	(24.33)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of September 30, 2013	122,436	45,540	37.1
As of March 31, 2013	110,752	39,335	35.5

(For reference) Shareholders' equity
 45,461 million yen at September 30, 2013
 39,262 million yen at March 31, 2013

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, 2013	yen -	yen 3.00	yen -	yen 0.00	yen 3.00
Year ending March 31, 2014	-	8.00			
Year ending March 31, 2014 (projection)			-	6.00	14.00

(Note) Revisions to dividend projection published most recently: No

(Note) Breakdown of dividends for the first half of the fiscal year ending March 2014: Common dividend: ¥3.00; Commemorative dividend: ¥5.00

3. Forecast of consolidated results for year ending March 2014 (April 1, 2013 – March 31, 2014)

(% 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
Full year	123,500	16.6	3,550	255.9	2,750	286.5	4,100	-	190.05

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

* Notes

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

(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): Yes

(iii) Changes in accounting estimates: Yes

(iv) Restatement: None

(Note) These are subject to Article 10-5 of the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Financial Statements. For more detailed information, please see "(3) Changes in Accounting Principles and Changes or Restatement of Accounting Estimates" in section 2. Matters Relating to Summary Information (Notes) on page 3 of the accompanying material.

(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, 2013

21,778,220 shares at March 31, 2013

(ii) Number of treasury stock at end of period

202,590 shares at September 30, 2013

213,847 shares at March 31, 2013

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

21,570,056 shares at September 30, 2013

21,564,437 shares at September 30, 2012

* Status of a quarterly review

These quarterly financial results are not subject to quarterly review procedures under the Financial Instruments and Exchange Act. 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 "1. Qualitative Information on Consolidated Operating Results, etc. for the First Half (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 (Notes)	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) Notes for Significant Change in the Amount of Shareholders' Equity.....	9
	(6) Segment Information	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 exhibited a solid, though gradual, upturn toward a recovery phase, reflecting the effects of the economic and monetary policies adopted by the government. Corporate performance improved, chiefly in the manufacturing sector. From a global perspective, the U.S. economy indicated a modest recovery trend, and will likely maintain this momentum. In Asia, the pace of economic expansion was moderate, with some signs of a slowdown, such as in India, where the economy began to decelerate and the potential for growth in the near future is believed to be limited.

In this environment, for the first half of the fiscal year under review, the Company recorded sales of ¥58,111 million (up 11.5% year on year), operating income of ¥855 million (up 130.7% year on year), and recurring income of ¥779 million (compared with a recurring loss of ¥67 million a year ago). Net income came to ¥2,428 million (compared with a net loss of ¥524 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 segment are as follows:

(i) Die Casting Business: Japan

In Japan, positive factors were seen, such as strong sales of light vehicles in the domestic market by domestic automakers, our main customers, and the frontloading of orders before the consumption tax increase. Domestic production declined, however, mainly due to the termination of eco-car subsidies. Reflecting these developments, the Company recorded net sales of ¥29,383 million (down 4.5% year on year), and segment profits of ¥1,353 million (up 1,160.5% year on year), primarily due to the effects of a change in the depreciation method and increased productivity.

(ii) Die Casting Business: North America

In North America, orders increased, given strong auto sales in the United States. Reflecting this factor and the effects of the weakening yen in the foreign exchange market, net sales were ¥15,336 million (up 43.3% year on year). The segment recorded a loss of ¥25 million (compared with a profit of ¥496 million a year ago), primarily reflecting the effects of an increase in fixed costs from capital spending.

(iii) Die Casting Business: Asia

In China, auto production by Japanese automakers, our main customers, started to pick up after a decline due to the deteriorating relationship between Japan and China. The Company saw an increase in orders as a result. Orders also increased in India, given the full-fledged mass production of new products. Reflecting these factors, as well as the effects of the weakening yen exchange rates, net sales in Asia reached ¥10,166 million (up 25.7% year on year). A loss of ¥496 million was recorded in this segment (compared with a segment loss of ¥263 million a year ago), largely because of the impact of increased fixed costs resulting from prior investment in India and China.

(iv) Aluminum Business

In the Aluminum business, net sales reached ¥2,228 million (up 21.5% year on year), chiefly attributable to an increase in shipments of secondary alloy ingots of 9.2% year on year and a rise in sales unit prices due to the effects of changes in foreign exchange rates. The segment recorded a profit of ¥22 million (down 50.0% year on year), mainly reflecting a surge in the prices of raw materials used.

(v) Proprietary Products Business

In the Proprietary Products business, net sales amounted to ¥995 million (up 43.5% year on year), primarily attributable to orders from semiconductor manufacturers, the Company's main customers, and orders from telecommunications companies for data centers. The segment recorded a profit of ¥13 million (compared with a loss of ¥32 million a year ago), due to the impact of the increase in revenues.

(2) Qualitative Information Concerning Consolidated Financial Position

The Company's assets at the end of the consolidated first half under review increased ¥11,683 million from the end of the previous fiscal year, to ¥122,436 million. Major factors were an increase of ¥7,391 million in tangible fixed assets and a rise of ¥3,282 million in trade notes and accounts receivable.

Liabilities at the end of the first half under review rose ¥5,478 million from the end of the previous fiscal year, to ¥76,895 million. Principal factors were an increase of ¥2,047 million in loans, and a rise of ¥1,077 million in notes and accounts

payable.

Net assets at the end of the consolidated first half under review increased ¥6,205 million from the end of the previous fiscal year, to ¥45,540 million. Major factors included net income of ¥2,428 million and an increase of ¥3,205 million in foreign currency translation adjustments. As a result, the equity ratio rose to 37.1% from 35.5% at the end of the previous consolidated fiscal year.

(3) Qualitative Information Concerning Consolidated Earnings Forecasts

The Company revised the results forecasts that it announced on August 8, 2013. For details, please refer to the “Notice of Revisions to Results Forecasts and Dividend Projection” announced on November 11, 2013.

2. Matters Relating to Summary Information (Notes)

(1) Significant Changes to Subsidiaries during the Current Term

Not applicable.

(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

Changes in Accounting Principles

(Change in the depreciation method and useful lives)

In the Ahresty Group, the Company and its domestic subsidiaries previously utilized the declining-balance method, and its overseas subsidiaries utilized the straight-line method for tangible fixed assets. However, from the consolidated first quarter of this fiscal year, the depreciation method was changed and the Company and its domestic subsidiaries have adopted the straight-line method for tangible fixed assets other than die casts that are included in tools, furniture and fixtures, while the Company, its domestic subsidiaries and its overseas subsidiaries have adopted the production output method mainly for die casts that are included in tools, furniture and fixtures.

The Group has specified the strengthening of earnings management as the key initiative under its medium-term management plan that commenced in fiscal 2013. Accordingly, the Group discussed the necessity of the selection and concentration of investments on a global scale and continued to make investments in overseas operating bases. In Japan, new investments have been curbed and a majority of investments has been made to improve the production systems or maintain and update the existing facilities. Considering these changes in the business environment, the Group investigated the actual situation of the use of its main tangible fixed assets.

As a result, it has become apparent that in Japan, because tangible fixed assets tend to be intensively used immediately after the commencement of operations, they are likely to be used in a steady manner over their useful lives. Consequently, because it is believed that the economic benefit of the tangible fixed assets will be steadily consumed, the Group has decided to change the depreciation method to the straight-line method, whereby costs are evenly recorded over the period of the useful lives, from the consolidated first quarter of this fiscal year.

Moreover, the Group has decided to change the depreciation method mainly to the production output method, based on numeration management, an indicator for the level of the consumption of die casts, for die casts that are included in tools, furniture and fixtures, to reflect the actual situation of the consumption in different production systems and production lots in Japan and overseas in a more appropriate manner.

In addition, in light of the progress of the global operations of the Ahresty Group, the useful lives of certain tangible fixed assets were changed in accordance with the results of the investigation into the actual situation of the main tangible fixed assets that were used under the same situation and conditions.

As a result of these changes, operating income for the consolidated first half under review rose ¥858 million, and recurring income and income before income taxes and others increased ¥856 million each from their levels under the previous method.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

	As of March 31, 2013	As of September 30, 2013
	Amount (million yen)	Amount (million yen)
(Assets)		
Current assets		
Cash and time deposits	6,087	4,684
Trade notes and accounts receivable	18,620	21,903
Merchandise and products	2,777	2,778
Partly finished goods	3,999	4,123
Raw materials and inventories	2,641	3,002
Others	3,028	2,862
Allowance for doubtful accounts	(1)	(1)
Total current assets	37,153	39,353
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	11,749	13,749
Machinery and delivery equipment, net	30,171	36,956
Land	5,743	5,216
Construction in progress	12,289	10,691
Others, net	5,197	5,927
Total tangible fixed assets	65,150	72,541
Intangible fixed assets	984	1,269
Investments and other assets		
Investments in securities	5,956	6,792
Others	1,509	2,479
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	7,464	9,271
Total fixed assets	73,599	83,082
Total assets	110,752	122,436

	As of March 31, 2013	As of September 30, 2013
	Amount (million yen)	Amount (million yen)
(Liabilities)		
Current liabilities		
Notes and accounts payable	12,418	12,983
Electronically recorded obligations-operating	3,583	4,095
Short-term loans	6,315	8,043
Current portion of long-term loans	9,406	9,512
Accrued income taxes	270	396
Bonus allowances	930	1,117
Provision for product warranties	189	380
Others	7,028	7,918
Total current liabilities	40,143	44,448
Long-term liabilities		
Long-term loans	22,941	23,155
Allowances for employees' retirement benefits	3,919	4,033
Others	4,413	5,257
Total long-term liabilities	31,273	32,446
Total liabilities	71,416	76,895
(Net assets)		
Shareholders' equity		
Common stock	5,117	5,117
Additional paid-in capital	8,359	8,359
Retained earnings	25,944	28,363
Treasury stock	(320)	(303)
Total shareholders' equity	39,100	41,536
Other accumulated comprehensive income		
Difference on revaluation of other marketable securities	2,365	2,922
Foreign currency translation adjustments	(2,203)	1,002
Total other accumulated comprehensive income	161	3,925
Share warrants	73	79
Total net assets	39,335	45,540
Total liabilities and net assets	110,752	122,436

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

	Six months ended September 30, 2012	Six months ended September 30, 2013
	Amount (million yen)	Amount (million yen)
Sales	52,094	58,111
Cost of goods sold	47,072	52,571
Gross Profit	5,022	5,539
Selling, general and administrative expenses	4,651	4,684
Operating income (loss)	370	855
Non-operating income		
Interest income	12	6
Dividends received	56	65
Foreign currency exchange gain	–	250
Gain on sales of scraps	36	49
Others	65	71
Total non-operating income	170	442
Non-operating expenses		
Interest expenses	377	504
Foreign currency exchange loss	169	–
Others	63	13
Total non-operating expenses	609	518
Recurring income (loss)	(67)	779
Extraordinary gains		
Gain on the sale of fixed assets	3	2,286
Subsidy income	168	19
Total extraordinary gains	171	2,306
Extraordinary losses		
Loss on the sale of fixed assets	96	53
Loss on sales of investment securities	–	9
Total extraordinary losses	96	63
Income before income taxes and others	7	3,022
Income taxes and enterprise taxes	645	527
Deferred income taxes	(112)	67
Total income taxes	532	594
Income (loss) before minority interests	(524)	2,428
Net income (loss)	(524)	2,428

Quarterly Consolidated Statements of Comprehensive Income
 First Half

	Six months ended September 30, 2012	Six months ended September 30, 2013
	Amount (million yen)	Amount (million yen)
Income (loss) before minority interests	(524)	2,428
Other comprehensive income		
Difference on revaluation of other marketable securities	(678)	557
Foreign currency translation adjustments	(265)	3,205
Total other comprehensive income	(943)	3,763
Comprehensive income	(1,468)	6,191
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(1,468)	6,191
Comprehensive income attributable to minority interests	—	—

(3) Quarterly Consolidated Statement of Cash Flows

	Six months ended	Six months ended
	September 30, 2012	September 30, 2013
	Amount (million yen)	Amount (million yen)
Cash flows from operating activities		
Income before income taxes and others	7	3,022
Depreciation and amortization	5,398	5,426
Increase (decrease) in allowances for bonuses	(29)	186
Increase (decrease) in provision for product warranties	(244)	177
Increase (decrease) in allowances for employees' retirement benefits	77	113
Interest and dividend income	(68)	(71)
Interest expenses	377	504
Loss (gain) on sales and retirement of tangible fixed assets	92	(2,232)
Subsidy income	(168)	(19)
Decrease (increase) in notes and accounts receivable	4,099	(2,549)
Decrease (increase) in inventories	(548)	(44)
Increase (decrease) in notes and accounts payable	(1,345)	689
Increase (decrease) in accrued expenses	(171)	522
Increase (decrease) in accrued consumption taxes and others	293	604
Others	330	225
Subtotal	8,100	6,557
Interest and dividends received	69	71
Interest paid	(376)	(515)
Proceeds from subsidy	168	18
Income taxes paid	(537)	(469)
Income taxes refunded	348	51
Payments for loss on disaster	(50)	—
Net cash provided by (used in) operating activities	7,721	5,712
Cash flows from investing activities		
Proceeds from refund of time deposits	198	—
Expenditures from purchases of tangible fixed assets	(8,985)	(8,997)
Proceeds from sales of tangible fixed assets	12	2,526
Others	(45)	(170)
Net cash provided by (used in) investing activities	(8,820)	(6,641)
Cash flows from financing activities		
Proceeds from short-term loans	10,350	15,353
Repayment of short-term loans	(8,856)	(14,129)
Proceeds from long-term debt	4,963	3,308
Repayment of long-term debt	(6,172)	(5,172)
Dividends paid	(65)	(1)
Others	(13)	(94)
Net cash provided by (used in) financing activities	206	(736)
Effect of exchange rate changes on cash and cash equivalents	(117)	262
Net increase (decrease) in cash and cash equivalents	(1,010)	(1,403)
Cash and cash equivalents at beginning of year	6,688	6,087
Cash and cash equivalents at end of period	5,678	4,684

(4) Notes on Going Concern Assumptions

Not applicable.

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

Not applicable.

(6) Segment Information

I. Six months ended September 30, 2012 (from April 1, 2012 to September 30, 2012)

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	30,777	10,699	8,089	1,834	693	52,094
Intersegment	1,656	2	341	1,257	–	3,257
Total	32,433	10,701	8,431	3,092	693	55,352
Segment profit (loss)	107	496	(263)	45	(32)	353

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	353
Elimination of intersegment transactions	17
Operating income in the quarterly consolidated statement of income	370

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

Not applicable.

II. Six months ended September 30, 2013 (from April 1, 2013 to September 30, 2013)

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	29,383	15,336	10,166	2,228	995	58,111
Intersegment	1,752	20	522	1,284	0	3,579
Total	31,135	15,356	10,689	3,512	996	61,690
Segment profit (loss)	1,353	(25)	(496)	22	13	868

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	868
Elimination of intersegment transactions	(12)
Operating income in the quarterly consolidated statement of income	855

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

Not applicable.

4. Matters related to changes in reported segment, etc.

(Change in the depreciation method and useful lives)

As described in Changes in Accounting Principles, the depreciation method and useful lives for certain tangible fixed assets were changed.

The impact on segment profit and loss from these changes is as follows.

(Million yen)

	Reported segments					Total
	Die Casting Business			Aluminum Business	Proprietary Products Business	
	Japan	North America	Asia			
Segment profit (loss)	697	144	9	6	0	858