

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

February 10, 2014

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	February 12, 2014		
Planned date for start of dividend payments	-		
Supplementary documents for quarterly results	Yes		
Quarterly results briefing	None		

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

1. Business performance (April 1, 2013 through December 31, 2013)

(1) Consolidated results of operations (For the nine months ended December 31) (% shows change from previous first three quarters)

	Net sales		Operating income		Recurring income	
	million yen	%	million yen	%	million yen	%
Nine months ended December 31, 2013	91,348	16.3	2,368	804.3	2,266	-
Nine months ended December 31, 2012	78,569	4.8	261	138.6	(65)	-

(Note) Comprehensive income Nine months ended December 31, 2013: 8,319 million yen (-%)

Nine months ended December 31, 2012: -300 million yen (-%)

	Net income		Net income per share	Fully diluted net income per share
	million yen	%	yen	yen
Nine months ended December 31, 2013	3,887	-	180.19	179.16
Nine months ended December 31, 2012	(780)	-	(36.21)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of December 31, 2013	127,409	47,495	37.2
As of March 31, 2013	110,752	39,335	35.5

(For reference) Shareholders' equity 47,416 million yen at December 31, 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	-	3.00	-	0.00	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	126,500	19.5	4,250	326.1	3,950	455.2	5,000	-	231.77

(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 December 31, 2013

21,778,220 shares at March 31, 2013

(ii) Number of treasury stock at end of period

202,889 shares at December 31, 2013

213,847 shares at March 31, 2013

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

21,571,892 shares at December 31, 2013

21,564,416 shares at December 31, 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 Three Quarters (3) Qualitative Information Concerning Consolidated Earnings Forecasts" on page 3 of the accompanying materials.

From February 17, 2014, the contact telephone number will be 03-6369-8660.

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

(1) Qualitative Information Concerning Consolidated Operating Results

During the first three quarters of the fiscal year under review, the Japanese economy exhibited a solid upturn, and production increased, reflecting the effects of the economic and monetary policies adopted by the government. Corporate performance improved, chiefly at large companies. Overseas, the U.S. economy maintained a modest upturn, and its recovery is expected to accelerate. In China, the pace of economic expansion will likely stabilize, and the economy is expected to continue expanding moderately. In India, there were signs that the economy is bottoming out, but growth is expected to be sluggish.

In this environment, for the first three quarters of the fiscal year under review, the Company recorded sales of ¥91,348 million (up 16.3% year on year), operating income of ¥2,368 million (up 804.3% year on year), and recurring income of ¥2,266 million (compared with a recurring loss of ¥65 million a year ago). Net income came to ¥3,887 million (compared with a net loss of ¥780 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, although production declined at automakers, our main customers, mainly because of the termination of eco-car subsidies, there were factors that boosted production, including the frontloading of orders before the consumption tax increase and a recovery in production for the strong North American market and in production for the Chinese market, which had declined due to the deteriorating relationship between Japan and China. Reflecting these developments, the Company recorded net sales of ¥45,936 million (up 0.2% year on year), and segment profits of ¥2,568 million (up 3,804.3% 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 ¥24,431 million (up 51.7% year on year). The segment recorded a profit of ¥245 million (down 59.6% year on year), 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 ¥16,113 million (up 25.9% year on year). A loss of ¥493 million was recorded in this segment (compared with a segment loss of ¥423 million a year ago), largely because of 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 ¥3,438 million (up 23.8% year on year), chiefly attributable to an increase in shipments of secondary alloy ingots of 10.3% 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 ¥3 million (down 93.7% year on year), mainly reflecting a surge in the prices of raw materials used and an increase in energy costs due to rises in the prices of heavy oil, electricity, and gas.

(v) Proprietary Products Business

In the Proprietary Products business, net sales amounted to ¥1,427 million (up 37.4% 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 ¥39 million (compared with a loss of ¥35 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 three quarters under review increased ¥16,657 million from the end of the previous fiscal year, to ¥127,409 million. Major factors were an increase of ¥9,040 million in tangible fixed assets and a rise of ¥4,527 million in trade notes and accounts receivable.

Liabilities at the end of the first three quarters under review rose ¥8,496 million from the end of the previous fiscal year, to

¥79,913 million. Principal factors were an increase of ¥2,939 million in loans, and a rise of ¥2,896 million in notes and accounts payable.

Net assets at the end of the consolidated first three quarters under review increased ¥8,160 million from the end of the previous fiscal year, to ¥47,495 million. Major factors included an increase of ¥3,855 million in foreign currency translation adjustments and net income of ¥3,887 million. As a result, the equity ratio rose to 37.2% 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 November 11, 2013, based on a review of the recent trends in its operating performance during the nine months from the beginning of the consolidated fiscal year. Sales are expected to exceed the previously announced forecast, mainly because an increase in the output of the automotive industry, the Company's major customer in Japan, will likely surpass expectations, and because the Company revised the estimated exchange rate due to the underlying weaker yen trend. Profits are expected to exceed the Company's previous forecast, both on a consolidated and non-consolidated basis, primarily attributable to the impact of increasing domestic sales and improving earnings in the Company's business in Asia, offsetting lower profits compared to the previous forecast expected in North America caused by a temporary rise in costs associated with the response to increased production.

Revised forecast of consolidated results for the fiscal year ending March 31, 2014 (April 1, 2013 to March 31, 2014)

	Net sales	Operating income	Recurring income	Net income	Net income per share
	million yen	million yen	million yen	million yen	yen
Previously announced forecast (A)	123,500	3,550	2,750	4,100	190.05
Forecast announced today (B)	126,500	4,250	3,950	5,000	231.77
Change (amount): B-A	3,000	700	1,200	900	
Change (%)	2.4	19.7	43.6	22.0	
(For reference) Actual results for the fiscal year ended March 31, 2013	105,887	997	711	(167)	(7.76)

Supplementary Materials for Financial Results Forecast

Full-year consolidated financial results forecast by segment

Segment	Net sales (million yen)			Segment income (million yen)		
	Previous forecast	Current forecast	Change	Previous forecast	Current forecast	Change
Die Casting Business: Japan	60,900	62,000	1,100	2,900	3,450	550
Die Casting Business: North America	33,000	34,000	1,000	900	700	(200)
Die Casting Business: Asia	23,300	24,100	800	350	50	400
Aluminum Business	4,400	4,650	250	△ 50	10	(40)
Proprietary Products Business	1,900	1,750	(150)	50	40	(10)

Assumed exchange rates (average full year exchange rates): 98.58 yen to 1 US dollar, 15.8 yen to 1 Chinese Yuan Renminbi, and 1.67 yen to 1 Indian Rupee.

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 three quarters under review rose ¥1,425 million, and recurring income and income before income taxes and others increased ¥1,421 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 December 31, 2013
	Amount (million yen)	Amount (million yen)
(Assets)		
Current assets		
Cash and time deposits	6,087	6,507
Trade notes and accounts receivable	18,620	23,148
Merchandise and products	2,777	3,131
Partly finished goods	3,999	4,002
Raw materials and inventories	2,641	3,067
Others	3,028	2,998
Allowance for doubtful accounts	(1)	(1)
Total current assets	37,153	42,854
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	11,749	13,857
Machinery and delivery equipment, net	30,171	38,990
Land	5,743	5,249
Construction in progress	12,289	9,575
Others, net	5,197	6,517
Total tangible fixed assets	65,150	74,190
Intangible fixed assets	984	1,268
Investments and other assets		
Investments in securities	5,956	6,581
Others	1,509	2,515
Allowance for doubtful accounts	(1)	(0)
Total investments and other assets	7,464	9,095
Total fixed assets	73,599	84,554
Total assets	110,752	127,409

	As of March 31, 2013	As of December 31, 2013
	Amount (million yen)	Amount (million yen)
(Liabilities)		
Current liabilities		
Notes and accounts payable	12,418	14,411
Electronically recorded obligations-operating	3,583	4,487
Short-term loans	6,315	5,365
Current portion of long-term loans	9,406	9,480
Accrued income taxes	270	864
Bonus allowances	930	824
Provision for product warranties	189	380
Others	7,028	7,814
Total current liabilities	40,143	43,629
Long-term liabilities		
Long-term loans	22,941	26,757
Allowances for employees' retirement benefits	3,919	4,078
Others	4,413	5,449
Total long-term liabilities	31,273	36,284
Total liabilities	71,416	79,913
(Net assets)		
Shareholders' equity		
Common stock	5,117	5,117
Additional paid-in capital	8,359	8,359
Retained earnings	25,944	29,649
Treasury stock	(320)	(303)
Total shareholders' equity	39,100	42,822
Other accumulated comprehensive income		
Difference on revaluation of other marketable securities	2,365	2,941
Foreign currency translation adjustments	(2,203)	1,652
Total other accumulated comprehensive income	161	4,594
Share warrants	73	79
Total net assets	39,335	47,495
Total liabilities and net assets	110,752	127,409

(2) Quarterly Consolidated Income Statements and Quarterly Consolidated Statements of Comprehensive Income
 Quarterly Consolidated Income Statements
 First Three Quarters

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
	Amount (million yen)	Amount (million yen)
Sales	78,569	91,348
Cost of goods sold	71,254	81,841
Gross Profit	7,314	9,506
Selling, general and administrative expenses	7,052	7,138
Operating income (loss)	261	2,368
Non-operating income		
Interest income	16	8
Dividends received	89	105
Foreign currency exchange gain	75	402
Gain on sales of scraps	53	71
Others	135	106
Total non-operating income	370	695
Non-operating expenses		
Interest expenses	593	775
Others	104	21
Total non-operating expenses	698	797
	65	
Recurring income (loss)	△	2,266
Extraordinary gains		
Gain on the sale of fixed assets	2	2,287
Gain on sales of investment securities	-	838
Subsidy income	168	20
Total extraordinary gains	171	3,145
Extraordinary losses		
Loss on the sales and retirement of fixed assets	134	91
Loss on sales of investment securities	-	9
Total extraordinary losses	134	100
Income (loss) before income taxes and others	(29)	5,311
Income taxes and enterprise taxes	702	1,178
Deferred income taxes	48	246
Total income taxes	750	1,424
Income (loss) before minority interests	(780)	3,887
Net income (loss)	(780)	3,887

Quarterly Consolidated Statements of Comprehensive Income
 First Three Quarters

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
	Amount (million yen)	Amount (million yen)
Income (loss) before minority interests	(780)	3,887
Other comprehensive income		
Difference on revaluation of other marketable securities	117	576
Foreign currency translation adjustments	362	3,855
Total other comprehensive income	480	4,432
Comprehensive income	(300)	8,319
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(300)	8,319
Comprehensive income attributable to minority interests	—	—

(3) Notes on Going Concern Assumptions

Not applicable.

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

Not applicable.

(5) Segment Information

I. Nine months ended December 31, 2012 (from April 1, 2012 to December 31, 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	45,848	16,102	12,802	2,776	1,039	78,569
Intersegment	2,797	2	390	1,781	0	4,972
Total	48,645	16,105	13,192	4,558	1,040	83,542
Segment profit (loss)	65	607	(423)	48	(35)	263

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	263
Elimination of intersegment transactions	(1)
Operating income in the quarterly consolidated statement of income	261

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

Not applicable.

II. Nine months ended December 31, 2013 (from April 1, 2013 to December 31, 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	45,936	24,431	16,113	3,438	1,427	91,348
Intersegment	2,850	26	707	1,999	0	5,584
Total	48,787	24,458	16,821	5,438	1,428	96,932
Segment profit (loss)	2,568	245	(493)	3	39	2,363

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	2,363
Elimination of intersegment transactions	4
Operating income in the quarterly consolidated statement of income	2,368

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)	1,170	231	10	12	0	1,425