

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

August 8, 2013

Company Name	Ahresty Corporation	Stock Exchange Listing	Tokyo
Code Number	5852	URL	<a href="http://www.ahresty.co.jp">http://www.ahresty.co.jp</a>
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Filing date of quarterly securities report	August 9, 2013		
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 June 30, 2013)

### (1) Consolidated results of operations (For the three months ended June 30)

(% shows change from previous first quarter)

	Net sales		Operating income		Recurring income	
	million yen	%	million yen	%	million yen	%
Three months ended June 30, 2013	27,593	6.4	232	(52.3)	222	(26.0)
Three months ended June 30, 2012	25,937	19.7	487	–	300	–

(Note) Comprehensive income  
 Three months ended June 30, 2013: 2,619 million yen (836.1%)  
 Three months ended June 30, 2012: 279 million yen (127.4%)

	Net income		Net income per share	Fully diluted net income per share
	million yen	%	yen	yen
Three months ended June 30, 2013	188	278.7	8.75	8.71
Three months ended June 30, 2012	49	–	2.31	2.30

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of June 30, 2013	118,472	41,955	35.4
As of March 31, 2013	110,752	39,335	35.5

(For reference) Shareholders' equity  
 41,890 million yen at June 30, 2013  
 39,262 million yen at March 31, 2013

## 2. Dividend payments

	Dividend per share				
(Date of record)	End of first quarter	End of second quarter	End of third quarter	Year-end	For the year
	yen	yen	yen	yen	yen
Year ended March 31, 2013	–	3.00	–	0.00	3.00
Year ending March 31, 2014	–				
Year ending March 31, 2014 (projection)		8.00	–	6.00	14.00

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

(Notes) 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)

	Sales		Operating income		Recurring income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Interim	57,950	11.2	850	129.3	600	–	2,250	–	104.30
Full year	122,300	15.5	3,050	205.8	2,400	237.3	3,950	–	183.10

(Notes) 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 June 30, 2013

21,778,220 shares at March 31, 2013

(ii) Number of treasury stock at end of period

202,450 shares at June 30, 2013

213,847 shares at March 31, 2013

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

21,564,304 shares at June 30, 2013

21,564,444 shares at June 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 Quarter (3) Qualitative Information Concerning Consolidated Earnings Forecasts" on page 3 of the accompanying materials.

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

### (1) Qualitative Information Concerning Consolidated Operating Results

During the first quarter of the fiscal year under review, the Japanese economy staged a gradual recovery in exports and production, reflecting the effects of economic and monetary policies adopted by the government, and corporate performance showed signs of improvement. The overseas economy remained steady, although the pace of the recovery was lethargic. The U.S. economy was on a gradual recovery trend, and in Asia, the pace of the economic expansion in China improved slightly, although the Indian economy gradually slowed.

In these circumstances, the Company recorded gains in sales and profits for the first quarter of the fiscal year under review, with sales of ¥27,593 million (up 6.4% year on year), operating income of ¥ 232 million (down 52.3% year on year), recurring income of ¥222 million (down 26.0% year on year), and net income of ¥188 million (up 278.7% year on year).

Operating results by segment are as follows:

#### (i) Die Casting Business: Japan

In Japan, domestic automakers, our main customers, recorded strong sales of light vehicles in the domestic market and strong exports to North America. However, domestic production declined, mainly reflecting a reaction to the termination of eco-car subsidies and a decline in the production of automobiles for China. Reflecting these developments, the Company recorded net sales of ¥14,238 million (down 8.5% year on year). It posted segment profits of ¥619 million (up 505.0% year on year), primarily due to the effects of the change in the depreciation method and cost cutting initiatives.

#### (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 ¥7,174 million (up 34.4% year on year). The segment recorded a profit of ¥73 million (down 80.8% from a year ago), primarily reflecting the impact of a decline in added value per product in Mexico and an increase in fixed costs from capital spending.

#### (iii) Die Casting Business: Asia

In China, Japanese automakers, our main customers, failed to bring their auto production to the level it had attained before it started to decline as a result of the deteriorating relationship between Japan and China, although orders for Chinese domestic automobiles increased. Orders also increased in India, given the commencement of the full commercial production of new products. Reflecting these factors, as well as the effects of the weakening yen exchange rates, net sales in Asia reached ¥4,655 million (up 18.8% year on year). A loss of ¥355 million was recorded in this segment (compared with a segment loss of ¥2 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 ¥1,109 million (up 19.8% year on year), chiefly attributable to an increase in shipments of secondary alloy ingots of 10.6% 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 ¥12 million (down 40.6% 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 ¥415 million (up 112.5% year on year), given increases in orders from semiconductor manufacturers, the company's main customers, and orders from telecommunications companies for data centers. A loss of ¥13 million was recorded in this segment (compared with a loss of ¥34 million a year ago), largely due to the impact of the escalating price competition, even though net sales were higher.

### (2) Qualitative Information Concerning Consolidated Financial Position

The Company's assets at the end of the consolidated first quarter under review increased ¥7,719 million from the end of the previous fiscal year, to ¥118,472 million. Major factors were an increase of ¥4,616 million in tangible fixed assets and a rise of ¥1,393 million in trade notes and accounts receivable.

Liabilities at the end of the first quarter under review rose ¥5,100 million from the end of the previous fiscal year, to ¥76,517 million. Principal factors were an increase of ¥2,989 million in loans, a rise of ¥656 million in notes and accounts payable, and a hike of ¥650 million in bonus allowances.

Net assets at the end of the consolidated first quarter under review increased ¥2,619 million from the end of the previous fiscal year, to ¥41,955 million. Major factors were an increase of ¥2,036 million in foreign currency translation adjustments. As a result, the equity ratio fell from 35.5% at the end of the previous consolidated fiscal year, to 35.4%.

### (3) Qualitative Information Concerning Consolidated Earnings Forecasts

Sales in Japan are expected to exceed our initial forecasts, reflecting an increase in production in the automobile industry, where our major customers operate. Despite a decline in sales in North America and Asia on a local currency basis as well as other individual adverse factors, given higher sales in North America as a result of a change in internal exchange rates, consolidated net sales are likely to exceed our initial forecasts. Income on both a consolidated and nonconsolidated basis is also expected to exceed our initial forecasts, mainly reflecting the effects of higher sales in Japan and the fact that the effects of cost cutting initiatives are likely to exceed the original forecast, despite the effects of lower overseas sales on a local currency basis.

Against this background, the Company revised the consolidated business results forecast for the fiscal year ending March 2014 announced on May 13, 2013 as follows.

	Net sales	Operating income	Recurring income	Net income	Net income per share
	million yen	million yen	million yen	million yen	yen
Previous Forecasts (A)	67,000	1,000	1,000	2,650	122.89
Revised Forecasts (B)	68,800	1,200	1,450	3,700	171.51
Changes (B-A)	1,800	200	450	1,050	-
Change Ratio (%)	2.7	20.0	45.0	39.6	-
(Reference) Results for the Previous Fiscal Year	69,100	437	1,110	1,105	51.28

#### Reference (Revised Forecasts)

		Net sales	Operating income
		million yen	million yen
Die Casting Business	Japan	59,100	2,350
	North America	33,000	800
	Asia	23,900	(250)
Aluminum Business		4,400	100
Proprietary Products Business		1,900	50

Currency rate assumption (second quarter and onward): 98.0yen to 1 USD, 15.3yen to 1RMB, and 1.75yen to 1 INR

(Previous forecasts): 92yen to 1 USD, 14.5yen to 1 RMB, and 1.7yen to 1 INR

## 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 under review, 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 under review.

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 quarter under review rose ¥269 million, and recurring income and income before income taxes and others increased ¥268 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 June 30, 2013
	Amount (million yen)	Amount (million yen)
(Assets)		
Current assets		
Cash and time deposits	6,087	5,819
Trade notes and accounts receivable	18,620	20,014
Merchandise and products	2,777	2,637
Partly finished goods	3,999	4,388
Raw materials and inventories	2,641	2,961
Others	3,028	3,206
Allowance for doubtful accounts	(1)	(1)
Total current assets	37,153	39,026
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	11,749	12,047
Machinery and delivery equipment, net	30,171	32,624
Land	5,743	5,743
Construction in progress	12,289	13,845
Others, net	5,197	5,505
Total tangible fixed assets	65,150	69,766
Intangible fixed assets	984	1,215
Investments and other assets		
Investments in securities	5,956	6,536
Others	1,509	1,927
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	7,464	8,463
Total fixed assets	73,599	79,445
Total assets	110,752	118,472

	As of March 31, 2013	As of June 30, 2013
	Amount (million yen)	Amount (million yen)
(Liabilities)		
Current liabilities		
Notes and accounts payable	12,418	12,908
Electronically recorded obligations-operating	3,583	3,749
Short-term loans	6,315	8,601
Current portion of long-term loans	9,406	9,751
Accrued income taxes	270	277
Bonus allowances	930	1,581
Provision for business structure improvement	196	118
Provision for product warranties	189	174
Others	6,831	7,469
Total current liabilities	40,143	44,632
Long-term liabilities		
Long-term loans	22,941	23,300
Allowances for employees' retirement benefits	3,919	3,963
Others	4,413	4,621
Total long-term liabilities	31,273	31,885
Total liabilities	71,416	76,517
(Net assets)		
Shareholders' equity		
Common stock	5,117	5,117
Additional paid-in capital	8,359	8,359
Retained earnings	25,944	26,124
Treasury stock	(320)	(303)
Total shareholders' equity	39,100	39,297
Other accumulated comprehensive income		
Difference on revaluation of other marketable securities	2,365	2,759
Foreign currency translation adjustments	(2,203)	(166)
Total other accumulated comprehensive income	161	2,592
Share warrants	73	65
Total net assets	39,335	41,955
Total liabilities and net assets	110,752	118,472



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

First Quarter

	Three months ended June 30, 2012	Three months ended June 30, 2013
	Amount (million yen)	Amount (million yen)
Sales	25,937	27,593
Cost of goods sold	23,080	25,130
Gross Profit	2,856	2,462
Selling, general and administrative expenses	2,369	2,230
Operating income (loss)	487	232
Non-operating income		
Interest income	5	5
Dividends received	37	44
Foreign currency exchange gain	—	144
Gain on sales of scraps	19	21
Others	12	22
Total non-operating income	75	238
Non-operating expenses		
Interest expenses	180	244
Foreign currency exchange loss	55	—
Others	26	3
Total non-operating expenses	261	248
Recurring income	300	222
Extraordinary gains		
Gain on the sale of fixed assets	1	2
Subsidy income	168	14
Total extraordinary gains	170	17
Extraordinary losses		
Loss on the sale of fixed assets	34	13
Loss on sales of investment securities	—	9
Total extraordinary losses	34	23
Income before income taxes and others	436	215
Income taxes and enterprise taxes	369	369
Deferred income taxes	17	(342)
Total income taxes	386	27
Income before minority interests	49	188
Net income	49	188

Quarterly Consolidated Statements of Comprehensive Income

First Quarter

	Three months ended June 30, 2012	Three months ended June 30, 2013
	Amount (million yen)	Amount (million yen)
Income before minority interests	49	188
Other comprehensive income		
Difference on revaluation of other marketable securities	(372)	393
Foreign currency translation adjustments	602	2,036
Total other comprehensive income	229	2,430
Comprehensive income	279	2,619
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	279	2,619
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. Three months ended June 30, 2012 (from April 1, 2012 to June 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	15,560	5,336	3,918	925	195	25,937
Intersegment	668	2	155	697	—	1,522
Total	16,228	5,338	4,073	1,623	195	27,459
Segment profit (loss)	102	382	(2)	20	(34)	468

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	468
Elimination of intersegment transactions	18
Operating income in the quarterly consolidated statement of income	487

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

Not applicable.

II. Three months ended June 30, 2013 (from April 1, 2013 to June 30, 2013)

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

(Million yen)

(million yen)

	Reported segments					Total
	Die Casting Business			Aluminum Business	Proprietary Products Business	
	Japan	North America	Asia			
Sales						
Customers	14,238	7,174	4,655	1,109	415	27,593
Intersegment	1,040	8	236	632	—	1,917
Total	15,278	7,183	4,892	1,741	415	29,511
Segment profit (loss)	619	73	(355)	12	(13)	336

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	336
Elimination of intersegment transactions	(104)
Operating income in the quarterly consolidated statement of income	232

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)	290	24	(48)	3	0	269