

Consolidated Financial Results (Japanese Accounting Standards) for the First Quarter of the Fiscal Year Ending March 31, 2015

August 8, 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
Filing date of quarterly securities report	August 8, 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, 2014 through June 30, 2014)

(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, 2014	32,312	17.1	617	165.9	336	51.4
Three months ended June 30, 2013	27,593	6.4	232	(52.3)	222	(26.0)

(Note) Comprehensive income
 Three months ended June 30, 2014: -819 million yen (-%)
 Three months ended June 30, 2013: 2,619 million yen (836.1%)

	Net income		Net income per share	Fully diluted net income per share
	million yen	%	yen	yen
Three months ended June 30, 2014	374	98.6	14.52	14.45
Three months ended June 30, 2013	188	278.7	8.75	8.71

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of June 30, 2014	133,663	53,566	40.0
As of March 31, 2014	137,233	54,592	39.7

(For reference) Shareholders' equity
 53,487 million yen at June 30, 2014
 54,512 million yen at March 31, 2014

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, 2014	yen -	yen 8.00	yen -	yen 6.00	yen 14.00
Year ending March 31, 2015	yen -				
Year ending March 31, 2015 (projection)		6.00	-	6.00	12.00

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

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

3. Forecast of consolidated results 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

(Note) Revisions to consolidated results forecast published most recently: No

* 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.: | Yes |
| (ii) Changes in accounting principles other than (i): | None |
| (iii) Changes in accounting estimates: | None |
| (iv) Restatement: | None |

(Note) 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)

26,027,720 shares at June 30, 2014

26,027,720 shares at March 31, 2014

(ii) Number of treasury stock at end of period

203,284 shares at June 30, 2014

203,106 shares at March 31, 2014

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

25,824,576 shares at June 30, 2014

21,564,304 shares at June 30, 2013

* 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 was completed 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.

Accompanying Materials — Contents

1.	Qualitative Information on Consolidated Operating Results, etc. for the First Quarter	2
	(1) Qualitative Information Concerning Consolidated Operating Results.....	2
	(2) Qualitative Information Concerning Consolidated Financial Position	3
	(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 Quarter	6
	Quarterly Consolidated Statements of Comprehensive Income First Quarter	7
	(3) Notes on Going Concern Assumptions	8
	(4) Notes for Significant Change in the Amount of Shareholders' Equity.....	8
	(5) Segment Information	8

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 consolidated fiscal year under review, the Japanese economy remained on a gradual recovery trend, mainly reflecting an improvement in corporate earnings and rising stock prices, thanks to factors such as the positive effects of the government's economic policy and the monetary policy of the Bank of Japan. Nonetheless, there were certain areas of weakness, given the reaction to last-minute demand ahead of the consumption tax rate increase. Overseas, the U.S. economy was recovering, while in Asia, the Chinese economy began to slow and the Indian economy was weak, remaining at a sluggish level. Overall, although it remained stagnant in certain areas, the global economy staged a gradual recovery. In these circumstances, for the first quarter of the consolidated fiscal year under review, the Company recorded net sales of ¥32,312 million (up 17.1% year on year), operating income of ¥ 617 million (rising 165.9% year on year), recurring income of ¥336 million (an increase of 51.4% year on year), and net income of ¥374 million (up 98.6% year on year).

Operating results by segment are as follows:

(i) Die Casting Business: Japan

In Japan, domestic sales of automakers, the Company's main customers, declined in April and May, given the effects of the consumption tax rate increase. However, light vehicles performed strongly, recording higher sales year on year, and sales of vehicles for markets in North America and China also remained steady. Reflecting these developments, although orders were almost on a par with those for the same period of the previous fiscal year, net sales reached ¥15,005 million (up 5.4% year on year), mainly due to a surge in market prices of ingots. With profits remaining almost unchanged from the same period of the previous fiscal year, the segment recorded profits of ¥621 million (up 0.3% year on year).

(ii) Die Casting Business: North America

In North America, mainly reflecting an increase in orders on the back of strong auto sales in the United States, and the launch of new parts, net sales for the segment amounted to ¥9,486 million (up 32.2% year on year). The segment recorded a loss of ¥43 million (compared with segment profits of 73 million in the same period of the previous fiscal year), chiefly reflecting a delay in response to the sharp production increase in the United States.

(iii) Die Casting Business: Asia

In China, reflecting the recovery of auto production at Japanese automakers, the Group's main customers, after a decline attributable to the deteriorating relationship between Japan and China, and the effects of the weakening yen, the Company saw an increase in net sales. As a result, net sales in Asia reached ¥6,199 million (up 33.2% year on year). The segment recorded a profit of ¥58 million (compared with a segment loss of ¥355 million in the same period of the previous fiscal year), due mainly to an increase in profit associated with net sales increase.

(iv) Aluminum Business

In the Aluminum business, although orders fell 3.8% year on year, net sales stood at ¥1,129 million (rising 1.8% year on year), given higher sales prices. The segment recorded a loss of ¥0 million (compared with a segment profit of ¥12 million in the same period of the previous fiscal year), primarily reflecting a surge in the prices of raw materials used.

(v) Proprietary Products Business

In the Proprietary Products business, net sales amounted to ¥491 million (up 18.2% year on year), due primarily to an increase in orders from semiconductor manufacturers, the Group's main customers, and orders for data centers received from telecommunications companies. The segment recorded a loss of ¥19 million (compared with a segment loss of ¥13 million in the same period of the previous fiscal year), mainly reflecting intensified price competition.

(2) Qualitative Information Concerning Consolidated Financial Position

The Company's assets at the end of the consolidated first quarter under review decreased ¥3,570 million from the end of the previous fiscal year, to ¥133,663 million. Major factors were a decrease of ¥2,677 million in cash and time deposits and a fall of ¥1,673 million in trade notes and accounts receivable.

Liabilities at the end of the consolidated first quarter under review fell ¥2,545 million from the end of the previous fiscal year, to ¥80,096 million. Principal factors were a decrease of ¥2,556 million in loans.

Net assets at the end of the consolidated first quarter under review decreased ¥1,025 million from the end of the previous fiscal year, to ¥53,566 million. Major factors were a decrease of ¥1,337 million in foreign currency translation adjustments and the recording of net income of ¥374 million. As a result, the equity ratio rose from 39.7% at the end of the previous consolidated fiscal year, to 40.0%.

(3) Qualitative Information Concerning Consolidated Earnings Forecasts

Consolidated earnings forecasts for the interim and full-year periods of the fiscal year under review remain unchanged from those announced on May 9, 2014.

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

(Application of accounting standards for employees' retirement benefits)

Effective from the first quarter of the consolidated fiscal year under review, the Ahresty Group has adopted 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") for 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). As a result, the Group reviewed the method to calculate retirement benefit obligations and current service costs, and it has changed the method of attributing expected retirement benefits to periods from the straight-line basis to the benefit formula basis. The Group has also changed the method to determine the discount rate from the method that uses the discount rate based on the period of remaining working lives to the method that uses the single weighted average discount rate that reflects the estimated period of retirement benefits payment and the amount for each estimated period of retirement benefits payment.

As for the application of the Accounting Standard for Retirement Benefits, etc., in accordance with the transitional handling as provided in Item 37 of the Accounting Standard for Retirement Benefits, at the beginning of the first quarter of the consolidated fiscal year under review, the Group adjusted its retained earnings by taking into account the amount affected by the change of the method to calculate retirement benefit obligations and current service costs.

As a result, liabilities related to retirement benefits at the beginning of the first quarter of the consolidated fiscal year under review rose ¥72 million, and retained earnings fell ¥50 million. The impact on operating income, recurring income and income before income taxes and others for the first quarter of the consolidated fiscal year under review was negligible.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

	As of March 31, 2014	As of June 30, 2014
	Amount (million yen)	Amount (million yen)
(Assets)		
Current assets		
Cash and time deposits	8,791	6,113
Trade notes and accounts receivable	25,924	24,251
Merchandise and products	3,303	3,478
Partly finished goods	4,062	4,639
Raw materials and inventories	3,171	3,341
Others	3,666	4,062
Allowance for doubtful accounts	(1)	(1)
Total current assets	48,920	45,885
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	14,710	14,553
Machinery and delivery equipment, net	40,813	42,168
Land	5,252	5,247
Construction in progress	9,862	8,583
Others, net	7,568	7,071
Total tangible fixed assets	78,208	77,624
Intangible fixed assets	1,340	1,323
Investments and other assets		
Investments in securities	5,964	6,155
Others	2,800	2,673
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	8,764	8,828
Total fixed assets	88,313	87,777
Total assets	137,233	133,663

	As of March 31, 2014	As of June 30, 2014
	Amount (million yen)	Amount (million yen)
(Liabilities)		
Current liabilities		
Notes and accounts payable	15,140	14,549
Electronically recorded obligations-operating	4,574	4,635
Short-term loans	6,676	6,497
Current portion of long-term loans	9,848	9,211
Accrued income taxes	1,526	497
Bonus allowances	1,254	1,995
Directors' bonus allowances	28	-
Provision for product warranties	180	170
Others	7,612	8,555
Total current liabilities	46,841	46,110
Long-term liabilities		
Long-term loans	26,490	24,750
Net defined benefit liability	4,913	5,014
Others	4,396	4,221
Total long-term liabilities	35,800	33,985
Total liabilities	82,641	80,096
(Net assets)		
Shareholders' equity		
Common stock	6,939	6,939
Additional paid-in capital	10,180	10,180
Retained earnings	32,035	32,204
Treasury stock	(304)	(304)
Total shareholders' equity	48,851	49,020
Other accumulated comprehensive income		
Difference on revaluation of other marketable securities	2,540	2,662
Foreign currency translation adjustments	3,660	2,323
Remeasurements of defined benefit plans	(539)	(519)
Total other accumulated comprehensive income	5,661	4,467
Share warrants	79	79
Total net assets	54,592	53,566
Total liabilities and net assets	137,233	133,663

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

First Quarter

	Three months ended June 30, 2013	Three months ended June 30, 2014
	Amount (million yen)	Amount (million yen)
Sales	27,593	32,312
Cost of goods sold	25,130	29,221
Gross profit	2,462	3,090
Selling, general and administrative expenses	2,230	2,473
Operating income (loss)	232	617
Non-operating income		
Interest income	5	2
Dividends received	44	49
Foreign currency exchange gain	144	–
Gain on sales of scraps	21	28
Others	22	40
Total non-operating income	238	121
Non-operating expenses		
Interest expenses	244	294
Foreign currency exchange loss	–	80
Others	3	27
Total non-operating expenses	248	402
Recurring income	222	336
Extraordinary gains		
Gain on sales of fixed assets	2	5
Subsidy income	14	3
Total extraordinary gains	17	9
Extraordinary losses		
Loss on sales of fixed assets	13	20
Loss on sales of investment securities	9	–
Total extraordinary losses	23	20
Income before income taxes and others	215	325
Income taxes and enterprise taxes	369	450
Deferred income taxes	(342)	(499)
Total income taxes	27	(49)
Income before minority interests	188	374
Net income	188	374

Quarterly Consolidated Statements of Comprehensive Income

First Quarter

	Three months ended June 30, 2013	Three months ended June 30, 2014
	Amount (million yen)	Amount (million yen)
Income before minority interests	188	374
Other comprehensive income		
Difference on revaluation of other marketable securities	393	121
Foreign currency translation adjustments	2,036	(1,337)
Remeasurements of defined benefit plans, net of tax	–	20
Total other comprehensive income	2,430	(1,194)
Comprehensive income	2,619	(819)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,619	(819)
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

Segment information

I. 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)

	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.

II. Three months ended June 30, 2014 (from April 1, 2014 to June 30, 2014)

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	15,005	9,486	6,199	1,129	491	32,312
Intersegment	1,282	2	212	805	0	2,302
Total	16,288	9,489	6,411	1,934	491	34,615
Segment profit (loss)	621	(43)	58	(0)	(19)	617

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	617
Elimination of intersegment transactions	(0)
Operating income in the quarterly consolidated statement of income	617

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

Not applicable.