

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

February 10, 2015

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	February 12, 2015		
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 December 31, 2014)

(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, 2014	100,448	10.0	833	(64.8)	311	(86.3)
Nine months ended December 31, 2013	91,348	16.3	2,368	804.3	2,266	-

(Note) Comprehensive income
 Nine months ended December 31, 2014: 3,448 million yen (-58.6%)
 Nine months ended December 31, 2013: 8,319 million yen (-%)

	Net income		Net income per share	Fully diluted net income per share
	million yen	%	yen	yen
Nine months ended December 31, 2014	155	(96.0)	6.02	5.99
Nine months ended December 31, 2013	3,887	-	180.19	179.16

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of December 31, 2014	143,300	57,712	40.2
As of March 31, 2014	137,233	54,592	39.7

(For reference) Shareholders' equity
 57,600 million yen at December 31, 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	-	8.00	-	6.00	14.00
Year ending March 31, 2015	-	6.00	-		
Year ending March 31, 2015 (projection)				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
Full year	135,900	7.2	1,800	(59.5)	700	(82.6)	400	(93.6)	15.49

(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 December 31, 2014

26,027,720 shares at March 31, 2014

(ii) Number of treasury stock at end of period

203,561 shares at December 31, 2014

203,106 shares at March 31, 2014

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

25,824,448 shares at December 31, 2014

21,571,892 shares at December 31, 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 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.

Accompanying Materials — Contents

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

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 consolidated fiscal year under review, the Japanese economy continued to follow a modest recovery trend overall, while consumer spending and production activities remained weak following the consumption tax increase. Overseas, the economy recovered in the United States. In Asia, although the pace of the expansion of the Chinese economy slowed, the Indian economy experienced a rebound, showing a modest recovery of the world economy, albeit with weakness in the economies of certain countries.

In these circumstances, for the first three quarters of the consolidated fiscal year under review, the Company recorded net sales of ¥100,448 million (up 10.0% year on year), operating income of ¥833 million (down 64.8% year on year), recurring income of ¥311 million (down 86.3% year on year), and net income of ¥155 million (down 96.0% year on year).

Operating results by segment are as follows:

(i) Die Casting Business: Japan

In Japan, sales of automakers, the Company's main customers, continued to decline due to the impact of the consumption tax increase. However, automakers' production and exports continued to boom, centered on those to the North American market, against the backdrop of the weakening yen. Reflecting these developments, although orders were almost on a par with those for the same period of the previous fiscal year, net sales stood at ¥46,473 million (up 1.2% year on year), mainly due to a surge in the market prices of ingots. The segment recorded a profit of ¥2,041 million (down 20.5% year on year), mainly due to an increase in depreciation expenses and a rise in labor costs attributable to wage increases.

(ii) Die Casting Business: North America

In North America, mainly reflecting an increase in orders due to brisk auto sales in the United States, the launch of new parts, and the impact of the weakening yen, net sales amounted to ¥29,058 million (up 18.9% year on year). The segment recorded a loss of ¥1,302 million (compared with a segment profit of ¥245 million in the same period of the previous fiscal year), mainly due to the effect of a decline in productivity in the plants in the United States.

Meanwhile, the measures that are being implemented in the United States to improve business performance, such as productivity improvement programs, are progressing almost as planned.

(iii) Die Casting Business: Asia

In China, Japanese automakers, the Group's main customers, saw a decline in sales, which was mainly attributable to demand change in the market and also affected the Company to some extent. However, the Company saw an increase in net sales, mainly reflecting the full-scale mass production of new parts and the impact of the weakening yen. As a result, net sales in Asia reached ¥19,878 million (up 23.4% year on year). The segment recorded a profit of ¥208 million (compared with a segment loss of ¥493 million in the same period of the previous fiscal year), mainly due to profitable operations at the Hefei Plant in China, reflecting the effect of increased profit on the back of the net sales increase.

(iv) Aluminum Business

In the Aluminum business, although orders were almost on a par with those for the same period of the previous fiscal year, net sales stood at ¥3,742 million (up 8.8% year on year) thanks to a rise in selling prices. The segment recorded a loss of ¥27 million (compared with a segment profit of ¥3 million a year ago), primarily reflecting a surge in the prices of raw materials used.

(v) Proprietary Products Business

In the Proprietary Products business, net sales amounted to ¥1,295 million (down 9.3% year on year), due primarily to a decrease in orders for data centers from telecommunications companies, the Group's main customers, and orders for clean rooms from semiconductor manufacturers. The segment recorded a profit of ¥17 million (down 56.5% year on year), mainly reflecting the effects of a decline in net sales despite progress in cost reductions.

(2) Qualitative Information Concerning Consolidated Financial Position

The Company's assets at the end of the consolidated first three quarters under review increased ¥6,066 million from the end of the previous consolidated fiscal year, to ¥143,300 million. Major factors were an increase of ¥4,837 million in tangible fixed assets, an increase of ¥1,074 million in investments in securities, reflecting a rise in the stock prices of holding stocks, and the impact of the weakening yen.

Liabilities at the end of the consolidated first three quarters under review rose ¥2,946 million from the end of the previous consolidated fiscal year, to ¥85,588 million. Principal factors were a decline of ¥1,230 million in accrued income taxes, an increase of ¥3,170 million in loans, and the impact of the weakening yen.

Net assets at the end of the consolidated first three quarters under review increased ¥3,120 million from the end of the previous consolidated fiscal year, to ¥57,712 million. Major factors were an increase of ¥2,547 million in foreign currency translation adjustments, and an increase of ¥683 million in the difference on revaluation of other marketable securities attributable to a rise in the stock prices of holding stocks. As a result, the equity ratio rose from 39.7% at the end of the previous consolidated fiscal year, to 40.2%.

(3) Qualitative Information Concerning Consolidated Earnings Forecasts

Consolidated earnings forecasts for the full-year periods of the fiscal year under review remain unchanged from those announced on October 29, 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 this consolidated fiscal year, 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 three quarters 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 three quarters 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 three quarters 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 December 31, 2014
	Amount (million yen)	Amount (million yen)
(Assets)		
Current assets		
Cash and time deposits	8,791	7,403
Trade notes and accounts receivable	25,924	24,534
Merchandise and products	3,303	3,746
Partly finished goods	4,062	4,837
Raw materials and inventories	3,171	3,843
Others	3,666	4,412
Allowance for doubtful accounts	(1)	(1)
Total current assets	48,920	48,775
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	14,710	15,443
Machinery and delivery equipment, net	40,813	46,501
Land	5,252	5,283
Construction in progress	9,862	7,598
Others, net	7,568	8,219
Total tangible fixed assets	78,208	83,045
Intangible fixed assets	1,340	1,431
Investments and other assets		
Investments in securities	5,964	7,039
Others	2,800	3,008
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	8,764	10,047
Total fixed assets	88,313	94,524
Total assets	137,233	143,300

	As of March 31, 2014	As of December 31, 2014
	Amount (million yen)	Amount (million yen)
(Liabilities)		
Current liabilities		
Notes and accounts payable	15,140	15,683
Electronically recorded obligations-operating	4,574	5,284
Short-term loans	6,676	6,595
Current portion of long-term loans	9,848	11,249
Accrued income taxes	1,526	296
Bonus allowances	1,254	1,088
Directors' bonus allowances	28	-
Provision for product warranties	180	157
Others	7,612	7,154
Total current liabilities	46,841	47,508
Long-term liabilities		
Long-term loans	26,490	28,340
Net defined benefit liability	4,913	5,066
Others	4,396	4,671
Total long-term liabilities	35,800	38,079
Total liabilities	82,641	85,588
(Net assets)		
Shareholders' equity		
Common stock	6,939	6,939
Additional paid-in capital	10,180	10,180
Retained earnings	32,035	31,830
Treasury stock	(304)	(304)
Total shareholders' equity	48,851	48,646
Other accumulated comprehensive income		
Difference on revaluation of other marketable securities	2,540	3,223
Foreign currency translation adjustments	3,660	6,208
Remeasurements of defined benefit plans	(539)	(477)
Total other accumulated comprehensive income	5,661	8,954
Share warrants	79	111
Total net assets	54,592	57,712
Total liabilities and net assets	137,233	143,300

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

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
	Amount (million yen)	Amount (million yen)
Sales	91,348	100,448
Cost of goods sold	81,841	91,973
Gross Profit	9,506	8,475
Selling, general and administrative expenses	7,138	7,641
Operating income (loss)	2,368	833
Non-operating income		
Interest income	8	13
Dividends received	105	110
Foreign currency exchange gain	402	51
Gain on sales of scraps	71	99
Others	106	139
Total non-operating income	695	414
Non-operating expenses		
Interest expenses	775	902
Others	21	34
Total non-operating expenses	797	937
Recurring income	2,266	311
Extraordinary gains		
Gain on the sale of fixed assets	2,287	7
Gain on sales of investment securities	838	–
Subsidy income	20	69
Total extraordinary gains	3,145	77
Extraordinary losses		
Loss on the sale of fixed assets	91	88
Loss on sales of investment securities	9	–
Total extraordinary losses	100	88
Income before income taxes and others	5,311	300
Income taxes and enterprise taxes	1,178	813
Deferred income taxes	246	(668)
Total income taxes	1,424	144
Income before minority interests	3,887	155
Net income	3,887	155

Quarterly Consolidated Statements of Comprehensive Income
 First Three Quarters

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
	Amount (million yen)	Amount (million yen)
Income before minority interests	3,887	155
Other comprehensive income		
Difference on revaluation of other marketable securities	576	683
Foreign currency translation adjustments	3,855	2,547
Remeasurements of defined benefit plans, net of tax	-	62
Total other comprehensive income	4,432	3,292
Comprehensive income	8,319	3,448
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	8,319	3,448
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, etc.

Segment Information

I. 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.

II. Nine months ended December 31, 2014 (from April 1, 2014 to December 31, 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	46,473	29,058	19,878	3,742	1,295	100,448
Intersegment	3,105	12	698	2,388	0	6,205
Total	49,578	29,071	20,577	6,131	1,295	106,653
Segment profit (loss)	2,041	(1,320)	208	(27)	17	919

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	919
Elimination of intersegment transactions	(85)
Operating income in the quarterly consolidated statement of income	833

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

Not applicable.