

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

November 12, 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	November 13, 2014		
Planned date for start of dividend payments	December 5, 2014		
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, 2014 through September 30, 2014)

(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, 2014	65,606	12.9	478	(44.1)	45	(94.2)
Six months ended September 30, 2013	58,111	11.5	855	130.7	779	–

(Note) Comprehensive income
 Six months ended September 30, 2014: -398 million yen (–%)
 Six months ended September 30, 2013: 6,191 million yen (–%)

	Net income		Net income per share	Fully diluted net income per share
	million yen	%	yen	yen
Six months ended September 30, 2014	(107)	–	(4.18)	–
Six months ended September 30, 2013	2,428	–	112.57	111.93

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of September 30, 2014	136,050	54,020	39.6
As of March 31, 2014	137,233	54,592	39.7

(For reference) Shareholders' equity
 53,909 million yen at September 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	–	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 September 30, 2014

26,027,720 shares at March 31, 2014

(ii) Number of treasury stock at end of period

203,336 shares at September 30, 2014

203,106 shares at March 31, 2014

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

25,824,492 shares at September 30, 2014

21,570,056 shares at September 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 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	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 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, etc.	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 consolidated fiscal year under review, the Japanese economy continued to follow a modest recovery trend overall, while consumer spending and production activities declined due to the reaction to a last-minute leap in demand ahead of the consumption tax increase. Overseas, the economy recovered in the United States. In Asia, the pace of the expansion of the Chinese economy slowed. The Indian economy experienced a rebound from its stagnant position. The world economy recovered moderately, despite weakness in the economies of certain countries.

In these circumstances, for the first half of the consolidated fiscal year under review, the Company recorded net sales of ¥65,606 million (up 12.9% year on year), operating income of ¥478 million (down 44.1% year on year), recurring income of ¥45 million (down 94.2% year on year), and net loss of ¥107 million (net income of ¥2,428 million for the first half of the previous consolidated fiscal year).

Operating results by segment are as follows:

(i) Die Casting Business: Japan

In Japan, automakers, the Company's main customers, were affected by the consumption tax increase in the domestic sales market. However, automakers' exports continued to boom, centered on those to the North American market. 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 ¥30,348 million (up 3.3% year on year), mainly due to a surge in market prices of ingots. The segment recorded a profit of ¥1,120 million (down 17.2% year on year) due to an increase in depreciation expenses and a rise in labor costs attributable to wage increases, despite the reduction of variable manufacturing costs.

(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 effects of the weakening yen, net sales for the segment amounted to ¥19,063 million (up 24.3% year on year). The segment recorded a loss of ¥608 million (compared with a segment loss of ¥25 million in the same period of the previous fiscal year) due to the effect of a decline in productivity attributable to a delay in response to a rapid rise in production from the third quarter of the previous year in the United States.

(iii) Die Casting Business: Asia

In China, reflecting the recovery of auto production by Japanese automakers, the Group's main customers, after a decline attributable to the deteriorating relationship between Japan and China, and the impact of the weakening yen, the Company saw an increase in net sales, albeit less than the fourth quarter of the previous fiscal year. As a result, net sales in Asia reached ¥12,979 million (up 27.7% year on year). The segment recorded a profit of ¥67 million (compared with a segment loss of ¥496 million in the same period of the previous fiscal year), due mainly to an increase in profit attributable to the Hefei Plant in China, which moved into the black, and 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 ¥2,345 million (up 5.2% year on year) thanks to a rise in selling prices. The segment recorded a loss of ¥33 million (compared with a segment profit of ¥22 million a year ago), primarily reflecting a surge in the prices of raw materials used.

(v) Proprietary Products Business

In the Propriety Products business, net sales amounted to ¥869 million (down 12.7% year on year), due primarily to a decrease 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 ¥12 million (compared with a segment profit of ¥13 million in the same period of the previous fiscal 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 half under review decreased ¥1,183 million from the end of the previous fiscal year, to ¥136,050 million. Major factors were a decrease of ¥2,198 million in cash and time deposits, which was attributable to payments for capital investment, and an increase of ¥926 million in investments in securities, reflecting a rise in the stock prices of holding stocks.

Liabilities at the end of the consolidated first half under review fell ¥612 million from the end of the previous fiscal year, to ¥82,029 million. Principal factors were a decline of ¥1,142 million in accrued income taxes, a decrease of ¥434 million in notes and accounts payable, and an increase of ¥943 million in loans.

Net assets at the end of the consolidated first half under review decreased ¥571 million from the end of the previous fiscal year, to ¥54,020 million. Major factors were a decrease of ¥922 million in foreign currency translation adjustments, a decline of ¥313 million in retained earnings reflecting the recording of a net loss and the payment of dividends, and an increase of ¥590 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 fell from 39.7% at the end of the previous consolidated fiscal year, to 39.6%.

The funds obtained through the capital increase in March 2014 were appropriated for the capital investment of overseas subsidiaries.

(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 half 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 half 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 half 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 September 30, 2014
	Amount (million yen)	Amount (million yen)
(Assets)		
Current assets		
Cash and time deposits	8,791	6,593
Trade notes and accounts receivable	25,924	24,829
Merchandise and products	3,303	3,021
Partly finished goods	4,062	4,458
Raw materials and inventories	3,171	3,525
Others	3,666	4,042
Allowance for doubtful accounts	(1)	(1)
Total current assets	48,920	46,469
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	14,710	14,617
Machinery and delivery equipment, net	40,813	43,754
Land	5,252	5,259
Construction in progress	9,862	7,116
Others, net	7,568	7,812
Total tangible fixed assets	78,208	78,561
Intangible fixed assets	1,340	1,354
Investments and other assets		
Investments in securities	5,964	6,891
Others	2,800	2,774
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	8,764	9,664
Total fixed assets	88,313	89,580
Total assets	137,233	136,050

	As of March 31, 2014	As of September 30, 2014
	Amount (million yen)	Amount (million yen)
(Liabilities)		
Current liabilities		
Notes and accounts payable	15,140	14,705
Electronically recorded obligations-operating	4,574	4,406
Short-term loans	6,676	6,199
Current portion of long-term loans	9,848	9,962
Accrued income taxes	1,526	383
Bonus allowances	1,254	1,217
Directors' bonus allowances	28	-
Provision for product warranties	180	156
Others	7,612	7,681
Total current liabilities	46,841	44,713
Long-term liabilities		
Long-term loans	26,490	27,796
Net defined benefit liability	4,913	5,029
Others	4,396	4,489
Total long-term liabilities	35,800	37,315
Total liabilities	82,641	82,029
(Net assets)		
Shareholders' equity		
Common stock	6,939	6,939
Additional paid-in capital	10,180	10,180
Retained earnings	32,035	31,722
Treasury stock	(304)	(304)
Total shareholders' equity	48,851	48,537
Other accumulated comprehensive income		
Difference on revaluation of other marketable securities	2,540	3,131
Foreign currency translation adjustments	3,660	2,738
Remeasurements of defined benefit plans	(539)	(498)
Total other accumulated comprehensive income	5,661	5,371
Share warrants	79	111
Total net assets	54,592	54,020
Total liabilities and net assets	137,233	136,050

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

	Six months ended September 30, 2013	Six months ended September 30, 2014
	Amount (million yen)	Amount (million yen)
Sales	58,111	65,606
Cost of goods sold	52,571	60,078
Gross Profit	5,539	5,527
Selling, general and administrative expenses	4,684	5,048
Operating income (loss)	855	478
Non-operating income		
Interest income	6	10
Dividends received	65	70
Foreign currency exchange gain	250	0
Gain on sales of scraps	49	69
Others	71	83
Total non-operating income	442	234
Non-operating expenses		
Interest expenses	504	598
Others	13	68
Total non-operating expenses	518	667
Recurring income	779	45
Extraordinary gains		
Gain on the sale of fixed assets	2,286	6
Subsidy income	19	14
Total extraordinary gains	2,306	20
Extraordinary losses		
Loss on the sale of fixed assets	53	62
Loss on sales of investment securities	9	–
Total extraordinary losses	63	62
Income before income taxes and others	3,022	3
Income taxes and enterprise taxes	527	700
Deferred income taxes	67	(588)
Total income taxes	594	111
Income (loss) before minority interests	2,428	(107)
Net income (loss)	2,428	(107)

Quarterly Consolidated Statements of Comprehensive Income
 First Half

	Six months ended September 30, 2013	Six months ended September 30, 2014
	Amount (million yen)	Amount (million yen)
Income (loss) before minority interests	2,428	(107)
Other comprehensive income		
Difference on revaluation of other marketable securities	557	590
Foreign currency translation adjustments	3,205	(992)
Remeasurements of defined benefit plans, net of tax	–	41
Total other comprehensive income	3,763	(290)
Comprehensive income	6,191	(398)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	6,191	(398)
Comprehensive income attributable to minority interests	–	–

(3) Quarterly Consolidated Statement of Cash Flows

	Six months ended September 30, 2013	Six months ended September 30, 2014
	Amount (million yen)	Amount (million yen)
Cash flows from operating activities		
Income before income taxes and others	3,022	3
Depreciation and amortization	5,426	5,984
Increase (decrease) in allowances for bonuses	186	(38)
Increase (decrease) in provision for product warranties	177	(22)
Increase (decrease) in allowances for employees' retirement benefits	113	–
Increase (decrease) in net defined benefit liability	–	107
Interest and dividend income	(71)	(80)
Interest expenses	504	598
Loss (gain) on sales and retirement of tangible fixed assets	(2,232)	54
Subsidy income	(19)	(14)
Decrease (increase) in notes and accounts receivable	(2,549)	837
Decrease (increase) in inventories	(44)	(495)
Increase (decrease) in notes and accounts payable	689	(462)
Increase (decrease) in accrued expenses	522	170
Increase (decrease) in accrued consumption taxes and others	604	(320)
Others	225	(585)
Subtotal	6,557	5,736
Interest and dividends received	71	80
Interest paid	(515)	(561)
Proceeds from subsidy	18	14
Income taxes paid	(469)	(1,843)
Income taxes refunded	51	247
Net cash provided by (used in) operating activities	5,712	3,673
Cash flows from investing activities		
Expenditures from purchases of tangible fixed assets	(8,997)	(7,403)
Proceeds from sales of tangible fixed assets	2,526	45
Others	(170)	(54)
Net cash provided by (used in) investing activities	(6,641)	(7,412)
Cash flows from financing activities		
Proceeds from short-term loans	15,353	14,677
Repayment of short-term loans	(14,129)	(14,975)
Proceeds from long-term debt	3,308	6,858
Repayment of long-term debt	(5,172)	(4,626)
Dividends paid	(1)	(153)
Others	(94)	(108)
Net cash provided by (used in) financing activities	(736)	1,670
Effect of exchange rate changes on cash and cash equivalents	262	(129)
Net increase (decrease) in cash and cash equivalents	(1,403)	(2,198)
Cash and cash equivalents at beginning of year	6,087	8,791
Cash and cash equivalents at end of period	4,684	6,593

(4) Notes on Going Concern Assumptions

Not applicable.

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

Not applicable.

(6) Segment Information, etc.

Segment Information

I. 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.

II. Six months ended September 30, 2014 (from April 1, 2014 to September 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	30,348	19,063	12,979	2,345	869	65,606
Intersegment	2,220	5	454	1,482	0	4,162
Total	32,568	19,068	13,433	3,827	870	69,768
Segment profit (loss)	1,120	(608)	67	(33)	(12)	533

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	533
Elimination of intersegment transactions	(55)
Operating income in the quarterly consolidated statement of income	478

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

Not applicable.