

Consolidated Financial Results (Japanese Accounting Standards) for the First Quarter of the Fiscal Year Ending March 31, 2017

August 8, 2016

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 9, 2016		
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, 2016 through June 30, 2016)

(1) Consolidated operating results (For the three months ended June 30)

(% shows change from previous first quarter)

	Net sales		Operating income		Recurring income		Net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended June 30, 2016	34,258	(2.7)	2,340	150.1	2,090	232.0	1,368	165.9
Three months ended June 30, 2015	35,217	9.0	936	51.7	629	87.1	514	37.3

(Note) Comprehensive income Three months ended June 30, 2016: -2,254 million yen (-%)

Three months ended June 30, 2015: 1,124 million yen (-%)

	Net income per share		Fully diluted net income per share	
	yen		yen	
Three months ended June 30, 2016	52.94		52.54	
Three months ended June 30, 2015	19.93		19.80	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	million yen		million yen		%	
As of June 30, 2016	132,538		58,998		44.4	
As of March 31, 2016	141,694		61,460		43.3	

(For reference) Shareholders' equity 58,867 million yen at June 30, 2016

61,329 million yen at March 31, 2016

2. Dividend payments

(Date of record)	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of year	For the year
Year ended March 31, 2016	-	6.00	-	8.00	14.00
Year ending March 31, 2017	-	-	-	-	-
Year ending March 31, 2017 (projection)	-	6.00	-	8.00	16.00

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

3. Forecast of consolidated results for year ending March 2017 (April 1, 2016 – March 31, 2017)

(% shows the year-on-year change)

	Net sales		Operating income		Recurring income		Net income attributable to owners of parent		Net income per share	
	million yen	%	million yen	%	million yen	%	million yen	%	yen	
Interim	66,200	(8.3)	3,050	67.7	2,650	114.4	1,650	89.1	63.84	
Full year	134,400	(7.0)	6,000	11.4	5,200	27.5	3,750	22.5	145.09	

(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): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(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, 2016

26,027,720 shares at March 31, 2016

(ii) Number of treasury stock at end of period

181,758 shares at June 30, 2016

181,586 shares at March 31, 2016

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

25,846,078 shares at June 30, 2016

25,826,677 shares at June 30, 2015

* 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.

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 staged a gradual recovery, mainly reflecting an improvement in the employment environment on the back of the effects of the government's fiscal and monetary policies. However, the outlook remained uncertain given unpredictable fluctuations in the stock and foreign exchange markets, mainly reflecting a slowdown in emerging economies, centered in China, and the issue of the UK's exit from the EU. Overseas, the U.S. economy recently saw the acceleration of personal consumption amid the emerging uncertainty over the future outlook of the labor market. In Asia, with the continued slowdown of the Chinese economy, although it is possible to anticipate that personal consumption will remain strong, it is unlikely that the economy will bottom out. The Indian economy remained steady, centered on domestic demand.

In this environment, in accordance with its medium-term management plan (2016-2018), the Company took measures by focusing on manufacturing on a global scale.

For the first quarter of the consolidated fiscal year under review, the Company recorded net sales of ¥34,258 million (down 2.7% year on year), operating income of ¥2,340 million (rising 150.1% year on year), recurring income of ¥2,090 million (an increase of 232.0% year on year), and net income attributable to owners of parent of ¥1,368 million (up 165.9% year on year).

Operating results by segment are as follows:

(i) Die Casting Business: Japan

In Japan, automakers, the Company's main customers, maintained strong exports mainly to the North American market. In this environment, orders received by the Company were roughly on a par with the same period of the previous year. Net sales came to ¥14,835 million (down 2.4% year on year), mainly reflecting a drop in the market prices of aluminum ingots. Primarily reflecting the effects of productivity improvement, the segment recorded a profit of ¥725 million (up 21.9% year on year).

(ii) Die Casting Business: North America

In North America, automakers, the Company's main customers, maintained strong sales centered on light truck type vehicles. The Company also received orders for the related parts. However, chiefly reflecting a decline in orders as a result of the termination of production, a drop in the market prices of aluminum ingots and the impact on foreign currency translation from the appreciation of the yen, net sales amounted to ¥11,035 million (down 8.1% year on year). The segment recorded a profit of ¥1,029 million (up 199.2% year on year), mainly reflecting the effects of improved productivity.

(iii) Die Casting Business: Asia

In China, sales of Japanese automakers, the Company's main customers, continued to exceed those for the same period of the previous fiscal year, reflecting the effects of tax reductions for compact vehicles that began last year. As a result, with the additional impact of the commencement of the production of new related auto parts, the Company recorded higher orders. On the other hand, orders declined in India, partly due to a fall in parts for diesel vehicles as a result of the changed needs in the market. In this environment, despite a drop in the market prices of aluminum ingots in both regions and the impact of the appreciation of the yen on foreign currency translation and other factors, given the strong effects of higher sales in China, net sales in Asia reached ¥6,432 million (up 3.2% year on year). The segment recorded a profit of ¥382 million (compared with a segment loss of ¥132 million in the same period of the previous fiscal year), mainly reflecting the effects of higher profit from higher sales.

(iv) Aluminum Business

In the Aluminum business, although orders increased year on year, selling prices fell due to changes in the aluminum market situation. Consequently, net sales stood at ¥1,123 million (falling 11.7% year on year). The segment recorded a profit of ¥90 million (up 21.0% year on year), mainly reflecting falls in the prices of raw materials as a result of a change in the aluminum market situation and the effects of cost reduction activities.

(v) Proprietary Products Business

In the Proprietary Products business, net sales amounted to ¥831 million (up 65.0% year on year) due to the receipt of orders primarily for clean rooms and computer rooms from semiconductor manufacturers, the Group's main customers. The segment recorded a profit of ¥59 million (up 77.5% year on year), mainly due to the effect of increased profit on the back of the net sales increase.

(2) Qualitative Information Concerning Consolidated Financial Position

Assets at the end of the consolidated first quarter under review decreased ¥9,155 million from the end of the previous consolidated fiscal year, to ¥132,538 million. Major factors were a decrease of ¥2,795 million in trade notes and accounts receivable and a fall of ¥5,171 million in tangible fixed assets due to the impact of foreign currency translation from the rising yen.

Liabilities at the end of the consolidated first quarter under review fell ¥6,694 million from the end of the previous consolidated fiscal year, to ¥73,539 million. Principal factors included a decrease of ¥5,152 million in loans and a fall of ¥1,275 million in notes and accounts payable.

Net assets at the end of the consolidated first quarter under review decreased ¥2,461 million from the end of the previous consolidated fiscal year, to ¥58,998 million. Major factors included a decrease of ¥3,112 million in foreign currency translation adjustment as a result of the appreciation of the yen and a rise of ¥1,161 million in retained earnings, mainly reflecting net income attributable to owners of parent. As a result, the equity ratio was up from 43.3% at the end of the previous consolidated fiscal year to 44.4%.

(3) Qualitative Information Concerning Consolidated Earnings Forecasts

The Company has revised its results forecasts that were announced May 9, 2016. For details, please refer to the [“Notice Concerning Revision of Results Forecasts”](#) announced on August 8, 2016.

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

Not applicable.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

	As of March 31, 2016	As of June 30, 2016
	Amount (million yen)	Amount (million yen)
(Assets)		
Current assets		
Cash and time deposits	4,505	5,228
Trade notes and accounts receivable	24,055	21,172
Electronically recorded monetary claims - operating	2,021	2,108
Merchandise and products	2,999	2,695
Partly finished goods	4,006	4,163
Raw materials and inventories	3,351	3,106
Others	3,242	2,962
Allowance for doubtful accounts	(1)	(1)
Total current assets	44,181	41,435
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	16,434	15,604
Machinery and delivery equipment, net	48,376	45,165
Land	5,268	5,247
Construction in progress	7,724	7,036
Others, net	8,002	7,581
Total tangible fixed assets	85,806	80,635
Intangible fixed assets	1,628	1,604
Investments and other assets		
Investments in securities	6,201	5,438
Others	3,875	3,424
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	10,077	8,863
Total fixed assets	97,512	91,102
Total assets	141,694	132,538

	As of March 31, 2016	As of June 30, 2016
	Amount (million yen)	Amount (million yen)
(Liabilities)		
Current liabilities		
Notes and accounts payable	12,065	10,596
Electronically recorded obligations-operating	6,053	6,248
Short-term loans	4,536	2,403
Current portion of long-term loans	10,850	9,909
Accrued income taxes	475	649
Bonus allowances	1,568	2,155
Directors' bonus allowances	20	—
Provision for product warranties	121	103
Others	8,612	8,071
Total current liabilities	44,304	40,138
Long-term liabilities		
Long-term loans	27,062	24,983
Long-term accounts payable	1,671	1,671
Net defined benefit liability	2,985	3,013
Others	4,209	3,733
Total long-term liabilities	35,929	33,401
Total liabilities	80,233	73,539
(Net assets)		
Shareholders' equity		
Common stock	6,939	6,939
Additional paid-in capital	10,180	10,180
Retained earnings	35,462	36,624
Treasury stock	(271)	(271)
Total shareholders' equity	52,311	53,473
Other accumulated comprehensive income		
Difference on revaluation of other marketable securities	2,875	2,346
Foreign currency translation adjustments	6,772	3,659
Remeasurements of defined benefit plans	(629)	(612)
Total other accumulated comprehensive income	9,017	5,394
Share warrants	131	131
Total net assets	61,460	58,998
Total liabilities and net assets	141,694	132,538

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

	Three months ended June 30, 2015	Three months ended June 30, 2016
	Amount (million yen)	Amount (million yen)
Sales	35,217	34,258
Cost of goods sold	31,644	29,218
Gross profit	3,572	5,040
Selling, general and administrative expenses	2,636	2,699
Operating income	936	2,340
Non-operating income		
Interest income	4	5
Dividends received	55	59
Gain on sales of scraps	39	23
Others	43	78
Total non-operating income	144	166
Non-operating expenses		
Interest expenses	334	250
Foreign currency exchange loss	110	122
Others	5	42
Total non-operating expenses	450	416
Recurring income	629	2,090
Extraordinary gains		
Gain on sales of fixed assets	1	2
Subsidy income	42	19
Total extraordinary gains	44	21
Extraordinary losses		
Loss on sales of fixed assets	32	37
Total extraordinary losses	32	37
Income before income taxes and others	641	2,075
Income taxes and enterprise taxes	475	737
Deferred income taxes	(348)	(30)
Total income taxes	126	707
Net income	514	1,368
Net income attributable to owners of parent	514	1,368

Quarterly Consolidated Statements of Comprehensive Income
 First Quarter

	Three months ended June 30, 2015	Three months ended June 30, 2016
	Amount (million yen)	Amount (million yen)
Net income	514	1,368
Other comprehensive income		
Difference on revaluation of other marketable securities	436	(528)
Foreign currency translation adjustments	151	(3,112)
Remeasurements of defined benefit plans, net of tax	21	17
Total other comprehensive income	610	(3,622)
Comprehensive income	1,124	(2,254)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,124	(2,254)
Comprehensive income attributable to non-controlling 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, 2015 (from April 1, 2015 to June 30, 2015)

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	15,196	12,010	6,233	1,272	503	35,217
Intersegment	1,173	0	343	1,192	–	2,710
Total	16,370	12,010	6,576	2,465	503	37,927
Segment profit (loss)	595	344	(132)	74	33	914

2. Total amount in reported segments, difference from the amount posted in quarterly consolidated statement of income and important details in the difference (Difference adjustment)

(Million yen)

Profit	Amount
Total profit in reported segments	914
Elimination of intersegment transactions	21
Operating income in the quarterly consolidated statement of income	936

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

Not applicable.

II. Three months ended June 30, 2016 (from April 1, 2016 to June 30, 2016)

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	14,835	11,035	6,432	1,123	831	34,258
Intersegment	815	2	351	1,080	–	2,250
Total	15,650	11,038	6,783	2,204	831	36,509
Segment profit	725	1,029	382	90	59	2,287

2. Total amount in reported segments, difference from the amount posted in quarterly consolidated statement of income and important details in the difference (Difference adjustment)

(Million yen)

Profit	Amount
Total profit in reported segments	2,287
Elimination of intersegment transactions	53
Operating income in the quarterly consolidated statement of income	2,340

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

Not applicable.