

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

November 8, 2016

Company Name	Ahresty Corporation	Stock Exchange Listing	Tokyo
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Filing date of quarterly securities report	November 9, 2016		
Planned date for start of dividend payments	December 5, 2016		
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, 2016 through September 30, 2016)

(1) Consolidated operating results (For the six months ended September 30) (% shows change from previous first half)

	Net sales		Operating income		Recurring income		Net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended September 30, 2016	66,976	(7.2)	3,326	82.9	2,857	131.2	2,112	142.2
Six months ended September 30, 2015	72,206	10.1	1,819	280.4	1,236	–	872	–

(Note) Comprehensive income Six months ended September 30, 2016: -4,673 million yen (–%)

Six months ended September 30, 2015: 1,187 million yen (–%)

	Net income per share		Fully diluted net income per share	
	yen		yen	
Six months ended September 30, 2016	81.75		81.09	
Six months ended September 30, 2015	33.77		33.50	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	million yen		million yen		%	
As of September 30, 2016	126,489		56,613		44.6	
As of March 31, 2016	141,694		61,460		43.3	

(For reference) Shareholders' equity 56,448 million yen at September 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
	yen				
Year ended March 31, 2016	–	6.00	–	8.00	14.00
Year ending March 31, 2017	–	8.00	–	8.00	14.00
Year ending March 31, 2017 (projection)	–	8.00	–	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	
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: 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.: 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 September 30, 2016

26,027,720 shares at March 31, 2016

(ii) Number of treasury stock at end of period

181,928 shares at September 30, 2016

181,586 shares at March 31, 2016

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

25,845,981 shares at September 30, 2016

25,836,655 shares at September 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 Half (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 Half

(1) Qualitative Information Concerning Consolidated Operating Results

During the first half of the consolidated fiscal year under review, the employment and income environment in Japan was steady, while the yen remained strong. Meanwhile, personal consumption remained weak. Overseas, the impact of Brexit was limited, and advanced countries, in particular, staged a gradual recovery. In the United States, employment continued to increase steadily, and personal consumption grew strongly. The Chinese economy, which declined sharply, recovered chiefly due to tax breaks for compact vehicles. However, with no long-term economic measures settled, the Chinese economy continues to require attention. The Indian economy remained steady, centered on domestic demand.

In this environment, the Group steadily pursued initiatives under its medium-term management plan (2016-2018).

For the first half of the consolidated fiscal year under review, the Company recorded net sales of ¥66,976 million (down 7.2% year on year), operating income of ¥3,326 million (rising 82.9% year on year), recurring income of ¥2,857 million (an increase of 131.2% year on year), and net income attributable to owners of parent of ¥2,112 million (up 142.2% 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 increased slightly. Net sales, however, declined 3.9% year on year, to ¥29,940 million, mainly reflecting a significant drop in the market prices of aluminum ingots. Primarily reflecting the effects of productivity improvement, the segment recorded a profit of ¥1,121 million (up 6.2% 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 ¥21,091 million (down 11.3% year on year). The segment recorded a profit of ¥1,363 million (up 189.9% 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, due to 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, net sales in Asia reached ¥12,663 million (down 7.0% year on year). The segment recorded a profit of ¥577 million (up 443.8% year on year), mainly reflecting an increase in production in China.

(iv) Aluminum Business

In the Aluminum business, although the volume of sales increased year on year, selling prices fell due to changes in the aluminum market situation. Consequently, net sales stood at ¥2,143 million (falling 17.3% year on year). The segment recorded a profit of ¥148 million (down 0.9%), mainly reflecting the negative effects of a change in the aluminum market situation, which were partly offset by the effects of cost cutting initiatives.

(v) Proprietary Products Business

In the Proprietary Products business, net sales amounted to ¥1,138 million (up 7.0% 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 ¥68 million (up 64.9% 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 second quarter under review decreased ¥15,205 million from the end of the previous consolidated fiscal year, to ¥126,489 million. Major factors were a fall of ¥10,085 million in tangible fixed assets due to the impact of foreign currency translation from the rising yen and a decrease of ¥4,449 million in trade notes and accounts receivable.

Liabilities at the end of the consolidated second quarter under review fell ¥10,358 million from the end of the previous consolidated fiscal year, to ¥69,875 million. Principal factors included a decrease of ¥8,279 million in loans and a fall of ¥585 million in notes and accounts payable.

Net assets at the end of the consolidated second quarter under review decreased ¥4,846 million from the end of the previous consolidated fiscal year, to ¥56,613 million. Major factors included a rise of ¥1,906 million in retained earnings, mainly reflecting net income attributable to owners of parent of ¥2,112 million, and a decrease of ¥6,738 million in foreign currency translation adjustment as a result of the appreciation of the yen. As a result, the equity ratio was up from 43.3% at the end of the previous consolidated fiscal year to 44.6%.

(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 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 September 30, 2016
	Amount (million yen)	Amount (million yen)
(Assets)		
Current assets		
Cash and time deposits	4,505	5,253
Trade notes and accounts receivable	24,055	19,657
Electronically recorded monetary claims - operating	2,021	1,968
Merchandise and products	2,999	2,832
Partly finished goods	4,006	4,135
Raw materials and inventories	3,351	3,244
Others	3,242	2,784
Allowance for doubtful accounts	(1)	(1)
Total current assets	44,181	39,876
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	16,434	14,731
Machinery and delivery equipment, net	48,376	41,488
Land	5,268	5,213
Construction in progress	7,724	6,774
Others, net	8,002	7,512
Total tangible fixed assets	85,806	75,720
Intangible fixed assets	1,628	1,475
Investments and other assets		
Investments in securities	6,201	6,085
Others	3,875	3,331
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	10,077	9,416
Total fixed assets	97,512	86,612
Total assets	141,694	126,489

	As of March 31, 2016	As of September 30, 2016
	Amount (million yen)	Amount (million yen)
(Liabilities)		
Current liabilities		
Notes and accounts payable	12,065	11,280
Electronically recorded obligations-operating	6,053	6,252
Short-term loans	4,536	3,109
Current portion of long-term loans	10,850	9,414
Accrued income taxes	475	696
Bonus allowances	1,568	1,429
Directors' bonus allowances	20	-
Provision for product warranties	121	101
Others	8,612	7,548
Total current liabilities	44,304	39,833
Long-term liabilities		
Long-term loans	27,062	21,646
Long-term accounts payable	1,671	1,661
Net defined benefit liability	2,985	3,017
Others	4,209	3,715
Total long-term liabilities	35,929	30,041
Total liabilities	80,233	69,875
(Net assets)		
Shareholders' equity		
Common stock	6,939	6,939
Additional paid-in capital	10,180	10,180
Retained earnings	35,462	37,368
Treasury stock	(271)	(271)
Total shareholders' equity	52,311	54,217
Other accumulated comprehensive income		
Difference on revaluation of other marketable securities	2,875	2,792
Foreign currency translation adjustments	6,772	33
Remeasurements of defined benefit plans	(629)	(594)
Total other accumulated comprehensive income	9,017	2,230
Share warrants	131	165
Total net assets	61,460	56,613
Total liabilities and net assets	141,694	126,489

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

	Six months ended September 30, 2015	Six months ended September 30, 2016
	Amount (million yen)	Amount (million yen)
Sales	72,206	66,976
Cost of goods sold	64,947	58,230
Gross profit	7,259	8,745
Selling, general and administrative expenses	5,440	5,419
Operating income	1,819	3,326
Non-operating income		
Interest income	9	14
Dividends received	77	86
Gain on sales of scraps	72	73
Others	83	105
Total non-operating income	243	279
Non-operating expenses		
Interest expenses	665	473
Foreign currency exchange loss	139	225
Others	21	49
Total non-operating expenses	826	748
Recurring income	1,236	2,857
Extraordinary gains		
Gain on sales of fixed assets	5	3
Subsidy income	55	49
Total extraordinary gains	60	53
Extraordinary losses		
Loss on sales of fixed assets	68	61
Impairment loss	–	23
Total extraordinary losses	68	84
Income before income taxes and others	1,228	2,826
Income taxes and enterprise taxes	610	802
Deferred income taxes	(253)	(89)
Total income taxes	356	713
Net income	872	2,112
Net income attributable to owners of parent	872	2,112

Quarterly Consolidated Statements of Comprehensive Income
 First Half

	Six months ended September 30, 2015	Six months ended September 30, 2016
	Amount (million yen)	Amount (million yen)
Net income	872	2,112
Other comprehensive income		
Difference on revaluation of other marketable securities	(83)	(82)
Foreign currency translation adjustments	355	(6,738)
Remeasurements of defined benefit plans, net of tax	43	35
Total other comprehensive income	314	(6,786)
Comprehensive income	1,187	(4,673)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,187	(4,673)
Comprehensive income attributable to non-controlling interests	—	—

(3) Quarterly Consolidated Statement of Cash Flows

	Six months ended September 30, 2015	Six months ended September 30, 2016
	Amount (million yen)	Amount (million yen)
Cash flows from operating activities		
Income before income taxes and others	1,228	2,826
Depreciation and amortization	7,520	6,876
Impairment loss	–	23
Increase (decrease) in allowances for bonuses	(87)	(102)
Increase (decrease) in provision for product warranties	(60)	(14)
Increase (decrease) in net defined benefit liability	99	85
Interest and dividend income	(87)	(101)
Interest expenses	665	473
Loss (gain) on sales and retirement of tangible fixed assets	62	57
Subsidy income	(55)	(49)
Decrease (increase) in notes and accounts receivable	285	3,175
Decrease (increase) in inventories	777	(447)
Increase (decrease) in notes and accounts payable	(1,139)	199
Increase (decrease) in accrued expenses	187	18
Increase (decrease) in accrued consumption taxes and others	237	343
Others	327	373
Subtotal	9,962	13,738
Interest and dividends received	87	101
Interest paid	(660)	(467)
Proceeds from subsidy	50	45
Income taxes paid	(836)	(655)
Income taxes refunded	293	314
Net cash provided by (used in) operating activities	8,897	13,075
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	96	–
Expenditures from purchases of tangible fixed assets	(7,783)	(6,691)
Proceeds from sales of tangible fixed assets	10	3
Others	(90)	(119)
Net cash provided by (used in) investing activities	(7,767)	(6,808)
Cash flows from financing activities		
Proceeds from short-term loans	17,540	11,716
Repayment of short-term loans	(17,209)	(12,786)
Proceeds from long-term debt	5,382	1,969
Repayment of long-term debt	(6,019)	(5,563)
Dividends paid	(156)	(206)
Others	(122)	(114)
Net cash provided by (used in) financing activities	(584)	(4,985)
Effect of exchange rate changes on cash and cash equivalents	3	(534)
Net increase (decrease) in cash and cash equivalents	548	747
Cash and cash equivalents at beginning of year	5,789	4,505
Cash and cash equivalents at end of period	6,337	5,253

(4) Notes on Going Concern Assumptions

Not applicable.

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

Not applicable.

(6) Segment Information

Segment information

I. Six months ended September 30, 2015 (from April 1, 2015 to September 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	31,157	23,776	13,618	2,590	1,063	72,206
Intersegment	2,160	0	901	2,407	0	5,470
Total	33,318	23,777	14,520	4,997	1,063	77,677
Segment profit	1,056	470	106	149	41	1,824

2. Total amount of 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)

Profit	Amount
Total profit in reported segments	1,824
Elimination of intersegment transactions	(5)
Operating income in the quarterly consolidated statement of income	1,819

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

Not applicable.

II. Six months ended September 30, 2016 (from April 1, 2016 to September 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	29,940	21,091	12,663	2,143	1,138	66,976
Intersegment	1,661	4	900	1,914	–	4,481
Total	31,601	21,095	13,564	4,058	1,138	71,458
Segment profit	1,121	1,363	577	148	68	3,280

2. Total amount of 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)

Profit	Amount
Total profit in reported segments	3,280
Elimination of intersegment transactions	46
Operating income in the quarterly consolidated statement of income	3,326

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

In Die Casting Business: Japan, the book value of assets to be disposed of was reduced to the recoverable value, and the reduction was posted as an impairment loss in extraordinary losses. The impairment loss in the first half under review was ¥23 million.