

## Consolidated Financial Results (Japanese Accounting Standards) for the First Quarter of the Fiscal Year Ending March 31, 2018

August 8, 2017

Company Name	Ahresty Corporation	Stock Exchange Listing	Tokyo
Code Number	5852	URL	<a href="http://www.ahresty.co.jp">http://www.ahresty.co.jp</a>
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Filing date of quarterly securities report	August 9, 2017		
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, 2017 through June 30, 2017)

#### (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, 2017	35,494	3.6	1,255	(46.4)	1,222	(41.5)	423	(69.1)
Three months ended June 30, 2016	34,258	(2.7)	2,340	150.1	2,090	232.0	1,368	165.9

(Note) Comprehensive income Three months ended June 30, 2017: -578 million yen (-%)

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

	Net income per share		Fully diluted net income per share	
	yen		yen	
Three months ended June 30, 2017	16.38		16.22	
Three months ended June 30, 2016	52.94		52.54	

#### (2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	million yen		million yen		%	
As of June 30, 2017	135,596		63,890		47.0	
As of March 31, 2017	136,928		64,778		47.2	

(For reference) Shareholders' equity 63,737 million yen at June 30, 2017

64,613 million yen at March 31, 2017

### 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, 2017	-	8.00	-	12.00	20.00
Year ending March 31, 2018	-	-	-	-	-
Year ending March 31, 2018 (projection)	-	12.00	-	14.00	26.00

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

### 3. Forecast of consolidated results for year ending March 2018 (April 1, 2017 – March 31, 2018)

(% 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	69,800	4.2	3,300	(0.8)	3,000	5.0	2,100	(0.6)	81.25	
Full year	142,000	3.9	7,000	1.3	6,400	2.3	4,400	(11.9)	170.24	

(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 June 30, 2017

26,027,720 shares at March 31, 2017

(ii) Number of treasury stock at end of period

159,952 shares at June 30, 2017

182,502 shares at March 31, 2017

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

25,848,678 shares at June 30, 2017

25,846,078 shares at June 30, 2016

\* This financial summary is not subject to the statutory quarterly review.

\* 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.

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## 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 fiscal year under review, the Japanese economy remained on a gradual recovery path as consumer spending and capital expenditure picked up and corporate earnings and the employment situation improved. The global economy, in general, has slowly been recovering. The U.S. economy, for instance, continued its steady recovery, and in Asia, the Chinese economy improved thanks partly to the government's policies and the Indian economy indicated a moderate recovery mainly on the strength of domestic demand.

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

For the first quarter of the fiscal year under review, the Group recorded consolidated net sales of ¥35,494 million (up 3.6% year on year), consolidated operating income of ¥1,255 million (down 46.4% year on year), recurring income of ¥1,222 million (down 41.5% year on year), and net income attributable to owners of parent of ¥423 million (down 69.1% year on year).

Operating results by segment are as follows:

#### (i) Die Casting Business: Japan

In Japan, orders received by the Company increased primarily as a result of a rebound from the reduced production at automakers, the Company's main customers, caused by the 2016 Kumamoto earthquakes and strong exports to the North American market, and net sales rose by 13.6% year on year, to ¥16,852 million. The segment profit was reduced by 44.3% year on year, to ¥404 million, largely due to the impact of revised product prices and a rise in depreciation and labor expenses despite the increase in orders received.

#### (ii) Die Casting Business: North America

In the North American automotive market, automakers, the Company's key customers, have indicated a slowdown in sales, which had been strong for several years. The Company has continued to work on increasing its productivity in response to factors such as a decline in orders received due to downsizing, in addition to this slowdown in the U.S. market. Meanwhile, in Mexico, orders received from key customers have continued to grow. Consequently, in the North American segment, net sales decreased 5.4% year on year, to ¥10,443 million, and profit fell by 63.0% year on year, to ¥381 million yen, primarily as a result of reduced orders received in the U.S.

#### (iii) Die Casting Business: Asia

In China, sales of SUVs made by Japanese automakers, the Company's main customers, increased, offsetting a slowdown in sales of compact vehicles caused by a reduction in tax benefits for compact vehicles at the end of 2016, and orders of related parts received by the Company rose. In India, the volume of orders received by the Company has begun to pick up on the back of the ongoing strong performance of the automotive market. In this environment, net sales in Asia climbed to ¥6,655 million (up 3.5% year on year) despite the impact of foreign currency translation and other factors, while the segment profit fell to ¥364 million (down 4.7%).

#### (iv) Aluminum Business

In the Aluminum business, while the volume of sales increased year on year, selling prices fell due to changes in the state of the aluminum market; consequently, net sales declined 1.5%, to ¥1,107 million. The segment recorded a profit of ¥56 million (down 37.2% year on year), mainly reflecting the impact of rising fuel expenses despite the Company's cost reduction efforts.

#### (v) Proprietary Products Business

In the Proprietary Products business, net sales amounted to ¥435 million (down 47.7% year on year), which was largely attributable to a year-on-year decrease in orders received for clean rooms from semiconductor-related companies, the Company's main customers, and for data centers from telecommunications companies. The segment profit fell to ¥53 million (down 11.5% year on year), mainly as a result of reduced net sales.

## (2) Qualitative Information Concerning Consolidated Financial Position

Assets at the end of the consolidated first quarter under review decreased ¥1,331 million from the end of the previous consolidated fiscal year, to ¥135,596 million. Major factors were a decrease of ¥510 million in trade notes and accounts receivable and a fall of ¥1,363 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 ¥442 million from the end of the previous consolidated fiscal year, to ¥71,706 million. Principal factors contributing to this result included a decrease of ¥2,546 million in loans, an increase of ¥368 million in accrued income taxes, and a rise of ¥745 million in bonus allowances.

Net assets at the end of the consolidated first quarter under review decreased ¥888 million from the end of the previous consolidated fiscal year, to ¥63,890 million. Major factors included a decrease of ¥1,125 million in foreign currency translation adjustment as a result of the appreciation of the yen, a rise of ¥92 million in retained earnings, mainly reflecting net income attributable to owners of parent, and growth of ¥109 million in valuation difference on available-for-sale securities. As a result, the equity ratio was down from 47.2% at the end of the previous consolidated fiscal year to 47.0%.

## (3) Qualitative Information Concerning Consolidated Earnings Forecasts

No change has been made to the consolidated financial forecasts announced on May 11, 2017 for the first half of the fiscal year ending March 31, 2018 or the consolidated full-year forecasts for the fiscal year ending March 31, 2018.

## 2. Consolidated Quarterly Financial Statements and Key Notes

### (1) Quarterly Consolidated Balance Sheet

	As of	As of
	March 31, 2017	June 30, 2017
	Amount (million yen)	Amount (million yen)
<b>(Assets)</b>		
Current assets		
Cash and time deposits	4,100	3,574
Trade notes and accounts receivable	23,015	22,426
Electronically recorded monetary claims - operating	2,158	2,236
Merchandise and products	2,801	2,874
Partly finished goods	3,994	4,011
Raw materials and inventories	3,344	3,421
Others	2,862	3,495
Allowance for doubtful accounts	(1)	(27)
Total current assets	42,275	42,012
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	15,455	15,035
Machinery and delivery equipment, net	45,480	44,578
Land	5,199	5,199
Construction in progress	8,051	7,737
Others, net	7,960	8,233
Total tangible fixed assets	82,146	80,783
Intangible fixed assets	1,535	1,580
Investments and other assets		
Investments in securities	7,363	7,521
Others	3,606	3,724
Allowance for doubtful accounts	(0)	(25)
Total investments and other assets	10,970	11,220
Total fixed assets	94,652	93,584
Total assets	136,928	135,596

	As of March 31, 2017	As of June 30, 2017
	Amount (million yen)	Amount (million yen)
<b>(Liabilities)</b>		
Current liabilities		
Notes and accounts payable	12,903	12,644
Electronically recorded obligations-operating	6,601	6,877
Short-term loans	837	513
Current portion of long-term loans	10,608	10,369
Accrued income taxes	899	1,268
Bonus allowances	1,644	2,390
Directors' bonus allowances	30	-
Provision for product warranties	73	233
Others	8,277	9,043
Total current liabilities	41,877	43,340
Long-term liabilities		
Long-term loans	21,359	19,376
Long-term accounts payable	1,066	1,064
Net defined benefit liability	2,919	2,953
Others	4,926	4,971
Total long-term liabilities	30,271	28,365
Total liabilities	72,149	71,706
<b>(Net assets)</b>		
Shareholders' equity		
Common stock	6,939	6,939
Additional paid-in capital	10,180	10,180
Retained earnings	40,041	40,133
Treasury stock	(272)	(238)
Total shareholders' equity	56,889	57,015
Other accumulated comprehensive income		
Difference on revaluation of other marketable securities	3,728	3,838
Foreign currency translation adjustments	4,474	3,349
Remeasurements of defined benefit plans	(479)	(465)
Total other accumulated comprehensive income	7,724	6,722
Share warrants	165	152
Total net assets	64,778	63,890
Total liabilities and net assets	136,928	135,596

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

	Three months ended June 30, 2016	Three months ended June 30, 2017
	Amount (million yen)	Amount (million yen)
Sales	34,258	35,494
Cost of goods sold	29,218	31,129
Gross profit	5,040	4,365
Selling, general and administrative expenses	2,699	3,110
Operating income	2,340	1,255
Non-operating income		
Interest income	5	5
Dividends received	59	61
Foreign currency exchange gains	–	30
Gain on sales of scraps	23	26
Others	78	33
Total non-operating income	166	156
Non-operating expenses		
Interest expenses	250	177
Foreign currency exchange loss	122	–
Others	42	12
Total non-operating expenses	416	189
Recurring income	2,090	1,222
Extraordinary gains		
Gain on sales of fixed assets	2	3
Subsidy income	19	5
Gain on insurance adjustment	–	48
Total extraordinary gains	21	57
Extraordinary losses		
Loss on sales of fixed assets	37	42
Product warranty expenses	–	162
Total extraordinary losses	37	204
Income before income taxes and others	2,075	1,075
Income taxes and enterprise taxes	737	1,168
Deferred income taxes	(30)	(516)
Total income taxes	707	651
Net income	1,368	423
Net income attributable to owners of parent	1,368	423



Quarterly Consolidated Statements of Comprehensive Income  
 First Quarter

	Three months ended June 30, 2016	Three months ended June 30, 2017
	Amount (million yen)	Amount (million yen)
Net income	1,368	423
Other comprehensive income		
Difference on revaluation of other marketable securities	(528)	109
Foreign currency translation adjustments	(3,112)	(1,125)
Remeasurements of defined benefit plans, net of tax	17	14
Total other comprehensive income	(3,622)	(1,001)
Comprehensive income	(2,254)	(578)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,254)	(578)
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, 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.

II. Three months ended June 30, 2017 (from April 1, 2017 to June 30, 2017)

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	16,852	10,443	6,655	1,107	435	35,494
Intersegment	1,246	–	365	1,109	7	2,728
Total	18,099	10,443	7,021	2,216	442	38,222
Segment profit	404	381	364	56	53	1,259

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	1,259
Elimination of intersegment transactions	(4)
Operating income in the quarterly consolidated statement of income	1,255

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

Not applicable.