

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

February 13, 2018

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	February 14, 2018		
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 December 31, 2017)

#### (1) Consolidated operating results (For the nine months ended December 31) (% shows change from previous first three quarters)

	Net sales		Operating income		Recurring income		Net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended December 31, 2017	106,989	6.5	2,868	(36.9)	2,693	(32.2)	2,360	(19.5)
Nine months ended December 31, 2016	100,429	(6.2)	4,542	57.4	3,970	116.3	2,930	450.4

(Note) Comprehensive income Nine months ended December 31, 2017: 3,737 million yen (-%)

Nine months ended December 31, 2016: -1,744 million yen (-%)

	Net income per share		Fully diluted net income per share	
	yen		yen	
Nine months ended December 31, 2017	91.26		90.34	
Nine months ended December 31, 2016	113.40		112.43	

#### (2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	million yen		million yen		%	
As of December 31, 2017	137,721		65,205		47.2	
As of March 31, 2017	135,044		62,053		45.8	

(For reference) Shareholders' equity 65,017 million yen at December 31, 2017

61,888 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
	yen				
Year ended March 31, 2017	-	8.00	-	12.00	20.00
Year ending March 31, 2018	-	12.00	-		
Year ending March 31, 2018 (projection)				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	
Full year	144,700	5.9	4,100	(40.7)	3,850	(38.5)	2,900	(37.2)	112.13	

(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 December 31, 2017

26,027,720 shares at March 31, 2017

(ii) Number of treasury stock at end of period

160,217 shares at December 31, 2017

182,502 shares at March 31, 2017

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

25,861,367 shares at December 31, 2017

25,845,918 shares at December 31, 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 Three Quarters (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 Three Quarters

### (1) Qualitative Information Concerning Consolidated Operating Results

During the first three quarters 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 been recovering. The U.S. economy continued its steady improvement, and in Asia, the Chinese economy picked up thanks partly to the government's policies, while the Indian economy showed moderate growth mainly on the strength of domestic demand.

In this environment, while total net sales for the Group increased based on the growth of orders received, particularly in Japan and other Asian countries, total consolidated profit fell with a decline in earnings in Japan and the U.S., offsetting the profit added by a steady rise in orders received in Asia. The Group will continue to steadily institute measures under its medium-term management plan (2016-2018), which commenced in the last fiscal year, and will strive to improve its productivity and profitability.

For the first three quarters of the consolidated fiscal year under review, the Group recorded consolidated net sales of ¥106,989 million (up 6.5% year on year), consolidated operating income of ¥2,868 million (down 36.9% year on year), recurring income of ¥2,693 million (down 32.2% year on year), and net income attributable to owners of parent of ¥2,360 million (down 19.5% 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 growth in exports chiefly to the North American and European markets. In addition to the increased orders received, improvements in the condition of the aluminum market contributed to 8.3% year-on-year growth in net sales, which totaled ¥50,077 million. Segment profit was reduced by 43.5% year on year, to ¥1,049 million, largely due to manufacturing cost cutting at the Tochigi plant, which was less than the reduction in selling prices and an increase in fuel and other expenses.

#### (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. In the U.S., delays in the improvement of productivity contributed to a decrease in profit amid a decline in orders received due to downsizing, in addition to the slowdown in the market. Meanwhile in Mexico, orders received from key customers continue to grow. However, factors such as an increase in payments for employee profit sharing (PTU) resulted in a decline in profit. Consequently, in the North American segment, net sales decreased 2.0% year on year, to ¥30,158 million, and segment profit fell by 90.1% year on year, to ¥151 million.

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

In China, sales of SUVs made by Japanese automakers, the Company's main customers, continue to increase, which is offsetting a slowdown in sales of compact vehicles caused by a reduction in tax benefits, and orders of related parts received by the Company remained strong. In India, the volume of orders received by the Company rose on the back of the ongoing strong performance of the automotive market. Net sales in Asia climbed to ¥21,527 million (up 16.5% year on year) and the segment profit rose to ¥1,283 million (up 66.2% year on year), thanks chiefly to improvements in the condition of the aluminum market in China in addition to the steady increase in orders received.

#### (iv) Aluminum Business

In the Aluminum business, while the volume of sales increased only slightly year on year, the condition of the aluminum market improved and resulted in a 6.5% year-on-year increase in net sales, to ¥3,432 million. The segment recorded a profit of ¥173 million (down 12.5% year on year), reflecting the impact of the rising cost of raw materials and fuel expenses, which offset the Company's cost reduction efforts.

#### (v) Proprietary Products Business

In the Proprietary Products business, net sales amounted to ¥1,792 million (up 4.8% year on year), which was largely attributable to an increase 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 grew to ¥255 million (up 155.0% year on year) mainly as a result of profit growth generated by higher sales.

## (2) Qualitative Information Concerning Consolidated Financial Position

Assets at the end of the consolidated third quarter under review totaled ¥137,721 million, an increase of ¥2,676 million from the end of the previous fiscal year. Major factors included an increase of ¥1,088 million in tangible fixed assets and growth of ¥1,687 million in investment securities due to a rise in the value of shares held.

Liabilities at the end of the consolidated third quarter under review fell ¥474 million from the end of the previous consolidated fiscal year, to ¥72,516 million. Principal factors contributing to this result included a decrease of ¥1,584 million in loans payable, an increase of ¥1,665 million in notes and accounts payable, and a reduction of ¥1,034 million in deferred tax liabilities included in others in long-term liabilities.

Net assets at the end of the consolidated third quarter under review increased ¥3,151 million from the end of the previous consolidated fiscal year, to ¥65,205 million. Major factors included a rise of ¥1,718 million in retained earnings, mainly reflecting net income attributable to owners of parent, and growth of ¥1,153 million in difference on revaluation of other marketable securities. As a result, the equity ratio rose from 45.8% at the end of the previous consolidated fiscal year, to 47.2%.

## (3) Qualitative Information Concerning Consolidated Earnings Forecasts

The Company has revised the consolidated financial forecasts announced on October 25, 2017. For details, refer to the release, "Notice Concerning Revision of Results Forecasts," dated February 13, 2018.

## 2. Consolidated Quarterly Financial Statements and Key Notes

### (1) Quarterly Consolidated Balance Sheet

	As of March 31, 2017	As of December 31, 2017
	Amount (million yen)	Amount (million yen)
<b>(Assets)</b>		
Current assets		
Cash and time deposits	4,100	2,714
Trade notes and accounts receivable	23,015	22,657
Electronically recorded monetary claims - operating	2,158	2,532
Merchandise and products	2,801	3,628
Partly finished goods	3,994	4,293
Raw materials and inventories	3,344	3,321
Others	2,862	2,656
Allowance for doubtful accounts	(1)	(12)
Total current assets	42,275	41,791
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	15,455	15,073
Machinery and delivery equipment, net	45,480	44,391
Land	5,199	5,430
Construction in progress	8,051	10,079
Others, net	7,960	8,260
Total tangible fixed assets	82,146	83,235
Intangible fixed assets	1,535	1,696
Investments and other assets		
Investments in securities	7,363	9,051
Others	1,722	1,970
Allowance for doubtful accounts	(0)	(24)
Total investments and other assets	9,086	10,997
Total fixed assets	92,768	95,929
Total assets	135,044	137,721

	As of March 31, 2017	As of December 31, 2017
	Amount (million yen)	Amount (million yen)
<b>(Liabilities)</b>		
Current liabilities		
Notes and accounts payable	12,903	13,609
Electronically recorded obligations-operating	6,601	7,561
Short-term loans	837	3,276
Current portion of long-term loans	10,608	10,634
Accrued income taxes	899	1,104
Bonus allowances	1,644	1,355
Directors' bonus allowances	30	-
Provision for product warranties	73	88
Others	8,277	8,875
Total current liabilities	41,877	46,506
Long-term liabilities		
Long-term loans	21,359	17,309
Long-term accounts payable	1,066	1,028
Net defined benefit liability	2,919	2,927
Others	5,767	4,743
Total long-term liabilities	31,112	26,009
Total liabilities	72,990	72,516
<b>(Net assets)</b>		
Shareholders' equity		
Common stock	6,939	6,939
Additional paid-in capital	10,180	10,180
Retained earnings	37,463	39,182
Treasury stock	(272)	(238)
Total shareholders' equity	54,311	56,063
Other accumulated comprehensive income		
Difference on revaluation of other marketable securities	3,728	4,882
Foreign currency translation adjustments	4,327	4,508
Remeasurements of defined benefit plans	(479)	(437)
Total other accumulated comprehensive income	7,576	8,953
Share warrants	165	187
Total net assets	62,053	65,205
Total liabilities and net assets	135,044	137,721

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

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
	Amount (million yen)	Amount (million yen)
Sales	100,429	106,989
Cost of goods sold	87,745	95,282
Gross profit	12,684	11,707
Selling, general and administrative expenses	8,141	8,838
Operating income	4,542	2,868
Non-operating income		
Interest income	19	20
Dividends received	146	159
Foreign currency exchange gains	–	14
Gain on sales of scraps	107	83
Others	156	97
Total non-operating income	430	374
Non-operating expenses		
Interest expenses	676	492
Foreign currency exchange loss	248	–
Others	77	57
Total non-operating expenses	1,002	549
Recurring income	3,970	2,693
Extraordinary gains		
Gain on sales of fixed assets	274	10
Subsidy income	52	9
Gain on insurance adjustment	–	51
Total extraordinary gains	327	72
Extraordinary losses		
Loss on sales of fixed assets	78	90
Impairment loss	23	–
Special retirement expenses	–	55
Product warranty expenses	–	17
Total extraordinary losses	101	164
Income before income taxes and others	4,196	2,601
Income taxes and enterprise taxes	989	1,270
Deferred income taxes	275	(1,028)
Total income taxes	1,265	241
Net income	2,930	2,360
Net income attributable to owners of parent	2,930	2,360



Quarterly Consolidated Statements of Comprehensive Income  
 First Three Quarters

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
	Amount (million yen)	Amount (million yen)
Net income	2,930	2,360
Other comprehensive income		
Difference on revaluation of other marketable securities	824	1,153
Foreign currency translation adjustments	(5,552)	181
Remeasurements of defined benefit plans, net of tax	53	42
Total other comprehensive income	(4,675)	1,377
Comprehensive income	(1,744)	3,737
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,744)	3,737
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. Nine months ended December 31, 2016 (from April 1, 2016 to December 31, 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	46,222	30,789	18,484	3,222	1,710	100,429
Intersegment	2,717	9	1,670	2,985	0	7,383
Total	48,940	30,799	20,155	6,207	1,710	107,812
Segment profit	1,857	1,531	772	198	100	4,459

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	4,459
Elimination of intersegment transactions	82
Operating income in the quarterly consolidated statement of income	4,542

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 three quarters under review was ¥23 million.

II. Nine months ended December 31, 2017 (from April 1, 2017 to December 31, 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	50,077	30,158	21,527	3,432	1,792	106,989
Intersegment	3,249	1	1,337	3,522	11	8,122
Total	53,326	30,160	22,865	6,954	1,804	115,112
Segment profit	1,049	151	1,283	173	255	2,912

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	2,912
Elimination of intersegment transactions	(44)
Operating income in the quarterly consolidated statement of income	2,868

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

Not applicable.