



May 17, 2013

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2013

[Japanese GAAP]

Company name: ALCONIX CORPORATION

Listing: Tokyo Stock Exchange, First Section

Stock code: 3036

URL: <http://www.alconix.com>

Representative: Eiitsu Masaki, President and CEO

Contact: Yasushi Miyazaki, Director, Managing Executive Officer, Finance & Account Div.

Tel: +81-3-3596-7400

Scheduled date of Annual General Meeting of Shareholders: June 25, 2013

Scheduled date of filing of Annual Securities Report: June 26, 2013

Scheduled date of payment of dividend: June 26, 2013

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for institutional investors and analysts)

Note: The original disclosure in Japanese was released on May 17, 2013 at 12:30 (GMT +9).

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (Apr. 1, 2012 – Mar. 31, 2013)

(1) Consolidated results of operations (Percentages shown for net sales and incomes represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2013	164,769	(25.3)	3,286	(29.9)	2,892	(35.7)	1,430	(41.6)
Fiscal year ended Mar. 31, 2012	220,703	39.7	4,687	52.3	4,499	51.8	2,450	28.8

Note: Comprehensive income (million yen): Fiscal year ended Mar. 31, 2013: 1,966 (down 15.8%)

Fiscal year ended Mar. 31, 2012: 2,334 (up 33.1%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income on total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2013	225.16	224.28	9.9	4.2	2.0
Fiscal year ended Mar. 31, 2012	385.71	383.31	19.2	6.8	2.1

Reference: Equity in earnings of affiliates (million yen): Fiscal year ended Mar. 31, 2013: 123 Fiscal year ended Mar. 31, 2012: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2013	70,382	15,818	21.8	2,414.98
As of Mar. 31, 2012	68,600	14,020	19.8	2,143.39

Reference: Shareholders' equity (million yen) As of Mar. 31, 2013: 15,347 As of Mar. 31, 2012: 13,617

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2013	7,056	(9,376)	2,589	11,042
Fiscal year ended Mar. 31, 2012	5,797	(710)	(2,759)	10,502

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2012	-	25.00	-	35.00	60.00	381	15.6	3.0
Fiscal year ended Mar. 31, 2013	-	30.00	-	30.00	60.00	381	26.6	2.6
Fiscal year ending Mar. 31, 2014 (forecast)	-	30.00	-	30.00	60.00		16.9	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2014 (Apr. 1, 2013 – Mar. 31, 2014)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	94,000	6.2	1,800	4.6	1,650	(18.1)	1,150	13.3	180.96
Full year	192,000	16.5	3,600	9.5	3,300	14.1	2,250	57.3	354.05

* Notes

(1) Changes in significant subsidiaries during the period (changes in scope of consolidation): Yes

Newly added: 1 (UNIVERTICAL HOLDINGS INC.) Excluded: -

Note: Please refer to “4. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements (Significant Accounting Policies in the Preparation of Consolidated Financial Statements)” on page 19 for further information.

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: Yes

4) Restatements: None

Note: Please refer to “4. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements (Changes in Accounting-based Estimates)” on page 22 for further information.

(3) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of period (including treasury stock)

As of Mar. 31, 2013: 6,355,200 shares As of Mar. 31, 2012: 6,353,200 shares

2) Number of treasury stock shares at the end of period

As of Mar. 31, 2013: 114 shares As of Mar. 31, 2012: 87 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2013: 6,353,393 shares Fiscal year ended Mar. 31, 2012: 6,352,068 shares

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (Apr. 1, 2012 – Mar. 31, 2013)

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2013	111,141	(16.6)	1,278	(21.3)	1,157	(31.5)	483	(40.4)
Fiscal year ended Mar. 31, 2012	133,263	12.6	1,625	64.0	1,690	61.0	812	36.6

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2013	76.17	76.17
Fiscal year ended Mar. 31, 2012	127.84	127.56

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2013	48,793	7,994	16.3	1,251.24
As of Mar. 31, 2012	43,681	7,801	17.8	1,221.13

Reference: Shareholders' equity (million yen): As of Mar. 31, 2013: 7,951 As of Mar. 31, 2012: 7,757

* Indication of audit procedure implementation status

At the time when this summary report was released, the audit procedures for financial statements based on the Financial Instruments and Exchange Act have not been completed.

* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared. Actual results may differ significantly from these forecasts for a number of reasons.

Contents of Attachments

1. Analysis of Results of Operations and Financial Position	2
(1) Analysis of Results of Operations	2
(2) Analysis of Financial Position	4
(3) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years	5
2. Corporate Group	6
3. Management Policies	8
(1) Basic Management Policy	8
(2) Performance Targets	8
(3) Medium- and Long-term Business Plan	8
(4) Challenges	8
(5) Other Important Management Items	10
4. Consolidated Financial Statements	11
(1) Consolidated Balance Sheets	11
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	13
Consolidated Statements of Income	13
Consolidated Statements of Comprehensive Income	14
(3) Consolidated Statements of Changes in Net Assets	15
(4) Consolidated Statements of Cash Flows	17
(5) Notes to Consolidated Financial Statements	19
Going Concern Assumption	19
Significant Accounting Policies in the Preparation of Consolidated Financial Statements	19
Changes in Accounting-based Estimates	22
Reclassifications	22
Segment and Other Information	23
Per-share Information	26
Subsequent Events	27
5. Non-consolidated Financial Statements	29
(1) Balance Sheets	29
(2) Statements of Income	31
(3) Statements of Changes in Net Assets	32
6. Others	34
(1) Changes in Directors	34
(2) Others	34

1. Analysis of Results of Operations and Financial Position

(1) Analysis of Results of Operations

In the current fiscal year, the US economy continued to gradually recover, but Europe's economy remained in recession and China, the driver of the global economy, saw its economy slow due to weak exports and monetary tightening.

Conditions in the Japanese economy were harsh overall as the export environment deteriorated due to the Chinese market's cooling and the yen's record elevation, and because real demand in major domestic industries such as autos, semiconductors, and IT slumped. Towards the end of the fiscal year, policy changes following the change in administration prompted the yen to sharply depreciate and share prices to recover, but the impact on the real economy was limited during the fiscal year.

In the non-ferrous metals industry in which the ALCONIX Group operates, demand from the auto industry slumped from autumn due to the conclusion of eco-car subsidies, and demand from the semiconductor and IT industries remained weak throughout the fiscal year.

In this economic environment, the Group saw an increase in sales of electronic materials for smartphones and tablet PCs, and an increase in sales of copper scrap, but sales of copper products to the consumer electronics and IT industries declined, as did sales of titanium and nickel products and other advanced materials, and recycled aluminum ingots to the auto parts industry. Also, sales of minor metals and rare earths dropped sharply on a year-on-year basis due to significant decline in market prices, a slump in real demand, as well as the impact of ongoing inventory corrections at customers throughout the fiscal year. Meanwhile, profits declined sharply due to lower sales, a decline in earnings at domestic consolidated subsidiaries, and the booking of valuation losses for listed stock as an extraordinary loss, and other factors.

For the current fiscal year, ALCONIX reported consolidated net sales of 164,769 million yen (down 25.3% year on year), operating income of 3,286 million yen (down 29.9%), ordinary income of 2,892 million yen (down 35.7%) and net income of 1,430 million yen (down 41.6%).

Results by business segment were as follows.

- Light metals and copper products

Sales of aluminum and copper products, and exports in particular, declined year-on-year due to a confluence of negative factors including the ongoing slump in the domestic consumer electronics, IT, semiconductor, and motorcycle industries, the slowdown of China's economy, and the negative impact on the auto industry and our China business of Japan's deteriorating relationship with China over the Senkaku Islands.

However, sales of copper products to construction industry rose year-on-year due to solid demand throughout the fiscal year from the domestic construction industry which appears to be moving off a bottom. Nevertheless, sales and profits in the light metals and copper products segment declined weighed down by a decline in earnings from domestic consolidated subsidiaries.

As a result, the segment recorded sales of 62,918 million yen (down 5.9% year on year) and segments profit of 735 million yen (down 22.6%).

- Electronic and advanced materials

Strong demand for smartphones and tablet PCs drove a sharp increase in sales of electronic materials for these products, but sales of battery materials for cars and consumer electronics, which had been comparatively firm in early in the fiscal year, fell sharply from the second half. Exports of titanium and nickel products to Europe were weak due to fallout from Europe's protracted economic slump and the yen's appreciation. Moreover, exports of titanium products for power generation plants in China, which were firm in the previous fiscal year, dropped sharply due to suspensions and delays prompted by project safety reviews and the impact of cooling Sino-Japanese relations.

In the field of minor metals and rare earths, sales fell sharply due to the slump in auto-related demand following the expiration of eco-car subsidies, and weak demand from the consumer electronics and IT industries. In particular, sales

and profits of rare earths, which contributed remarkably last fiscal year, fell significantly year on year due to a decline in demand for magnetic materials, a sharp drop in market prices, and ongoing inventory corrections at major domestic customers throughout the fiscal year.

As a result, the segment recorded sales of 70,637 million yen (down 41.7% year on year) and segment profit of 1,908 million yen (down 43.0%).

- Non-ferrous materials

Sales of the segment's mainstay products of aluminum import alloy, metal silicon, and virgin aluminum ingot alloys declined due to the ongoing shift of auto and autoparts production overseas. Metal silicon used in chemical products saw prices slump due to the dramatic slowdown of the Chinese economy from the second quarter, and due to protracted inventory corrections at customers, sales declined.

However, sales rose of copper scrap and zinc ingot used in copper refining, as did sales of aluminum deoxidizer materials used in steel mills, and magnesium bullion used in light metal rolls. Still, this was not enough to offset lower sales of the segment's mainstay products. As a result, sales and profits in the non-ferrous materials segment declined.

As a result, the segment recorded sales of 25,813 million yen (down 1.9% year on year) and segment profit of 97 million yen (down 36.5%).

- Construction and industrial materials

Domestic sales volumes of construction materials and piping equipment declined due to the winding down of the temporary demand surge after the Great East Japan Earthquake, delays in post-quake reconstruction and restoration, and inventory corrections and discounting pressures resulting from weak real demand due to the slump in private sector capital investment. Also, exports were weak of piping equipment and copper alloy materials to Thailand, Hong Kong, and Middle Eastern countries, as were imports of industrial materials such as bulk tanks and forge/foundry materials.

On the profit side, restructuring of the formerly loss-making Chinese die cast business into a joint venture contributed to profits.

As a result, the segment recorded sales of 11,913 million yen (down 9.6% year on year) and segment profit of 148 million yen (up 162.4%).

Forecasts for the new fiscal year

In the new fiscal year, ALCONIX expects demand for smartphones and tablet PCs, whose markets have expanded rapidly, to continue growing particularly in emerging economies. It also expects continued improvement in the auto and other export industries as the monetary policies launched by the new administration from late last year have reversed the yen's appreciation. In this context, ALCONIX forecasts demand for materials from these industries will increase. That said, the slump in Europe's economy due to financial worries, and the slowdown in the enormous Chinese economy which has grown strongly to date as well as other emerging economies, could impact the future outlook for the world economy. For these reasons, ALCONIX expects a mixed picture for corporate investment and production, as well as for domestic personal consumption.

In this environment, ALCONIX expects buying demand for minor metals and rare earths, which contributed significantly to the Group's business results last fiscal year, to remain weak even as inventory corrections at some customers begin to ease. Still, ALCONIX forecasts sales and profits will rise due to full-year contributions from the consolidation of US-based plating materials manufacturer UNIVERTICAL CORPORATION and other group companies whose stock ALCONIX acquired in December 2012, and from OHBA SEIKEN Co., Ltd., a domestic precision grinding parts manufacturer whose stock ALCONIX acquired in April 2013.

The ALCONIX Group forecasts FY3/14 consolidated net sales of 192,000 million yen (up 16.5% year on year), operating income of 3,600 million yen (up 9.5%), ordinary income of 3,300 million yen (up 14.1%), and net income of 2,250 million yen (up 57.3%).

(2) Analysis of Financial Position

1) Financial position

Changes in financial position in the consolidated fiscal year under review are described as below.

In the assets category, the main factors of increase were the 716 million yen increase in property, plant and equipment due to the acquisition of stocks in a plating manufacturer UNIVERTICAL CORPORATION and other group companies in the current fiscal year which added the company's production equipment and other property to the Group, the 5,757 million yen increase in intangible assets, including goodwill, due to the consolidation of the aforementioned company, the 2,392 million yen increase in investments and other assets from the acquisition of stock in an equity-method affiliate, and the 475 million yen increase in cash and deposits. The main factors of decrease were the 1,723 million yen decline in notes and accounts receivable-trade due to lower transactions and the 6,256 million yen decline in inventories. The net result was the 1,781 million yen increase in assets over the end of the previous fiscal year to 70,382 million yen.

In the liabilities category, the main factors of increase were the 6,494 million yen increase in the shift to long-term loans payable of short-term loans payable originally procured to acquire shares in UNIVERTICAL CORPORATION and other group companies, the 400 million yen increase in issuance of bond and the 1,352 million yen increase in deferred tax liabilities. The main factors of decrease were the 3,652 million yen decline in notes and accounts payable-trade due to lower transactions, the 2,881 million yen decline in short-term loans payable due to the shift to long-term loans payable, the 1,251 million yen decline in income taxes payable, and the 434 million yen decline in current portion of long-term loans payable due to repayment. The net result was the 16 million yen decrease in liabilities over the end of the previous fiscal year to 54,564 million yen.

In the net assets category, the main factors of increase were 1 million yen increases in each of capital stock and capital surplus due to the exercise of subscription rights to shares, the 1,017 million yen increase in retained earnings, the 124 million yen increase in valuation difference on available-for-sale securities related to the market value of listed stock, and the 579 million yen increase in foreign currency translation adjustment. As a result, net assets increased 1,797 million yen over the end of the previous fiscal year to 15,818 million yen.

2) Cash flows

Cash and cash equivalents (hereinafter, "Cash") at the end of the current fiscal year increased 540 million yen from the end of the previous fiscal year to 11,042 million yen.

The main changes in cash flow from operating, investing, and financing activities are described as below.

	Description
Cash flows from operating activities	Net cash provided by operating activities was 7,056 million yen. Main positive factors include income before income taxes and minority interests of 2,594 million yen, the 3,045 million yen decrease in notes and accounts receivable-trade due to lower transactions, the 7,380 million yen decrease in inventories, and depreciation and amortization of 407 million yen. Meanwhile, major negative factors include the 4,237 million yen decrease in notes and accounts payable-trade, and income taxes paid of 2,469 million yen.
Cash flows from investing activities	Net cash used in investing activities was 9,376 million yen. Main negative factors include payments of 6,737 million yen for purchase of investments in subsidiaries resulting in change in scope of consolidation due to the acquisition of stock in UNIVERTICAL CORPORATION, etc., and 2,430 million yen for the purchase of investment securities from the acquisition of stock in an equity-method affiliate.
Cash flows from financing activities	Net cash provided by financing activities was 2,589 million yen. Main positive factors include net increase in long-term loans payable of 6,033 million yen, proceeds from issuance of bonds of 1,000 million yen. Meanwhile, major negative factors include the net decrease in short-term loans payable of 3,624 million yen, redemption of bonds of 400 million yen, and cash dividends paid of 408 million yen.

Reference: Cash flow indicators

	FY3/12	FY3/13
Shareholders' equity ratio (%)	19.8	21.8
Shareholders' equity ratio based on market value (%)	18.5	17.2
Ratio of interest-bearing debt to cash flows (%)	4.0	3.8
Interest coverage ratio (times)	21.1	30.3

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio based on market value: Market capitalization based on closing share price at period end/ Total assets

Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payments

* All indicators are calculated based on consolidated figures.

* Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of shares outstanding at the end of the period, excluding treasury stock.

* Operating cash flow and interest payments are taken from "Net cash provided by (used in) operating activities" and "Interest expenses paid" on the consolidated statements of cash flows, respectively.

* Interest-bearing debt includes all debt on the consolidated balance sheets that incur interest.

(3) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years

ALCONIX's basic policy regarding dividends is to continuously provide stable dividends while securing adequate internal reserves for future business development and the bolstering of the management structure.

Regarding internal reserves, ALCONIX will strengthen its business structure to meet the needs of the market as the business environment changes, will pursue M&A and business investment, and will invest in the development of its overseas strategy.

ALCONIX paid an interim dividend of 30 yen per share in the second quarter, and plans to pay a year-end dividend of 30 yen per share, for an annual dividend of 60 yen per share.

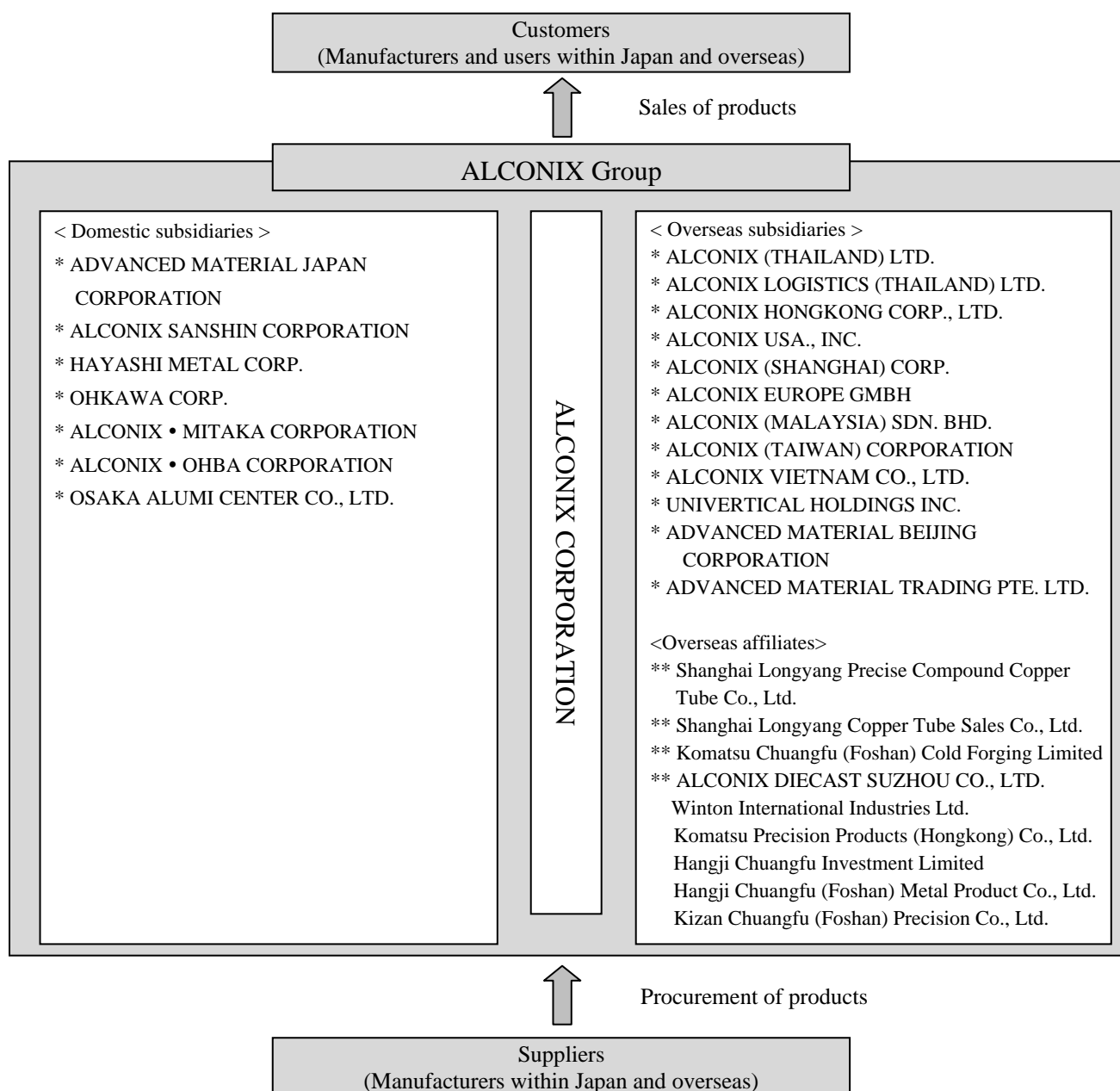
2. Corporate Group

The ALCONIX Group comprises of the Company (ALCONIX CORPORATION), 26 consolidated subsidiaries, and nine affiliates (including four non-equity method affiliates.) We are a trading group that specializes in non-ferrous metals, and our mainstay operations are the export, import, and domestic sale of products and raw materials of aluminum, copper, nickel, and minor metals (titanium, tungsten, molybdenum, and rare earths).

The following table shows the Group's business content, mainstay items, and the positioning of the Company and its related companies in each business segment.

Business segments	Major products	Main group companies
Light metals and copper products	<ul style="list-style-type: none"> - Aluminum products for consumer electronics, aircraft, and autos (rolling products, extruded materials, forged and cast products, and other fabricated products and parts) - Aluminum plate materials for beverage cans, foil, and printing plates - Copper products (sheets, strips, rods, and other fabricated products and parts) 	ALCONIX (THAILAND) LTD. ALCONIX LOGISTICS (THAILAND) LTD. ALCONIX (SHANGHAI) CORP. ALCONIX (MALAYSIA) SDN. BHD. ALCONIX VIETNAM CO., LTD. ALCONIX SANSIN CORPORATION HAYASHI METAL CORP. OHKAWA CORP. ALCONIX • MITAKA CORPORATION ALCONIX • OHBA CORPORATION
Electronic and advanced materials	<ul style="list-style-type: none"> - Semiconductors and electronics-related materials such as compound semiconductors - Printed wire boards, electronic materials for batteries - Titanium products used in power generation equipment and chemical industrial equipment - Steel additives, nickel products for secondary batteries - Minor metals such as titanium, tungsten, molybdenum, gallium, indium, and rare earths - Plating materials and chemicals used in plating processes 	ALCONIX USA., INC. ALCONIX EUROPE GMBH ADVANCED MATERIAL JAPAN CORPORATION ALCONIX (TAIWAN) CORPORATION UNIVERTICAL HOLDINGS INC. ADVANCED MATERIAL BEIJING CORPORATION ADVANCED MATERIAL TRADING PTE. LTD.
Non-ferrous materials	<ul style="list-style-type: none"> - Secondary aluminum alloy ingots - Non-ferrous metal scrap, special metal scrap, used home electronics scrap - Metal silicon, zinc alloy ingots and magnesium ingots 	OSAKA ALUMI CENTER CO., LTD.
Construction and industrial materials	<ul style="list-style-type: none"> - Various piping equipment and parts such as joint valves and flange gauges - Copper alloy materials - Aluminum die cast products, metal molds and cast metals - Metal fitting works, renovation of commercial and residential building - Vacuum sprinkler system 	ALCONIX HONGKONG CORP., LTD.

The discussion above can be illustrated by the following business diagram.



Notes:

1. * Consolidated subsidiaries ** Equity method affiliates
2. The Company's consolidated subsidiary ADVANCED MATERIAL JAPAN CORPORATION established ADVANCED MATERIAL TRADING PTE. LTD. on January 14, 2013 and included as the Group's consolidated subsidiary
3. UNIVERTICAL HOLDINGS INC. was established on November 30, 2012 as a wholly owned consolidated subsidiary of the Company. This company was established as a holding company to have overall control and management function of following companies and to acquire all the outstanding shares in these companies: UNIVERTICAL CORPORATION, UNIVERTICAL CHEMICAL COMPANY, UNIVERTICAL SEMICONDUCTOR PRODUCTS INC. and WALKER INVESTMENTS LLC.; UNIVERTICAL CORPORATION's subsidiary UNIVERTICAL INTERNATIONAL (MAURITIUS) INC. and this company's subsidiaries UNIVERTICAL INTERNATIONAL (SUZHOU) CO., LTD. and UNIVERTICAL INTERNATIONAL (HONGKONG) CO., LTD.
4. ALCONIX DIECAST SUZHOU CO., LTD. became an equity-method affiliate as the percentage of voting rights held by the Company decreased due to the partial transfer of shares.
5. ALCONIX • OHBA CORPORATION was established on March 15, 2013 as an intermediate holding company to acquire the stock of OHBA SEIKEN Co., Ltd. on April 24, 2013.
6. OSAKA ALUMI CENTER CO., LTD. was established on March 18, 2013 as a business succeeded company to acquire operations of the Osaka Aluminum center of ALUMINUM RECYCLE CORPORATION on April 1, 2013.
7. The Company acquired the equity stake in Shanghai Longyang Precise Compound Copper Tube Co., Ltd., Shanghai Longyang Copper Tube Sales Co., Ltd. and Komatsu Chuangfu (Foshan) Cold Forging Limited, and made these companies equity-method affiliates in the current fiscal year.

3. Management Policies

(1) Basic Management Policy

The ALCONIX Group's corporate philosophy is "to contribute to society by creating new value through non-ferrous metal trading," and its motto is to challenge "new materials" "new markets" "new services" and "new business fields." The Group conducts honest, fair, and transparent operations in compliance with laws, regulations, and business ethics, and maintains favorable relationships with shareholders, customers, employees, and the local community. The Group aims to be trusted by not just local communities but the whole world.

(2) Performance Targets

1) Profit targets

Consolidated ordinary income:	Over 5,000 million yen (FY3/16)
Consolidated net income:	Over 3,000 million yen (FY3/16)

2) Management benchmarks

Return on equity (ROE):	Around 13 – 15%
Net debt equity (DE) ratio:	Around 1.0 – 1.3x

3) Investment plans

3,000-4,000 million yen over three years. M&A investments will be considered separately.

(3) Medium- and Long-term Business Plan

The ALCONIX Group adopts a "rolling-style" business plan that it updates once a year to quickly respond to changes in the business environment surrounding the Group.

This fiscal year the Group formulated a new medium-term business plan covering the three year period FY3/14-FY3/16 as detailed in "(4) Challenges" below.

(4) Challenges

The ALCONIX Group positions as its overall strategy the following management policies in its medium-term business plan and aims for greater corporate value and sustainable growth on a consolidated basis. To achieve these goals, it has established concrete numerical management targets as described in "(2) Performance Targets" and will aggressively and boldly implement the five-point action plan discussed below.

Management policies

- 1) Promote upstream to midstream and downstream M&A to expand the business, and explore and promote new business investment opportunities.
- 2) Strengthen further the rapidly growing minor metals and electronic and advanced materials businesses.
- 3) Expand trading in aluminum and copper - the core business of the ALCONIX Group.
- 4) Bolster the recycling business for environmental protection.
- 5) Maximize trading firm capabilities to further expand the overseas network to meet client needs, and increase local and trilateral transactions.

Action plan

1) Strengthen operating revenue

- ALCONIX will strengthen its efforts in the fields of crystal materials, metal powder, LCD and battery materials, semiconductor-related materials, and advanced materials and other electronic materials. It will also work to strengthen its trading foundation for minor metals including titanium sponges, tungsten, and molybdenum, and rare earths for mostly magnetic materials applications, in order to become a major force in the industry offering raw materials (minor metals, rare earths) through products (electronic and advanced materials).
- ALCONIX will strength businesses and investment in fields related to environmental problems. It will expand its trading of various materials for solar cells, fuel cells, electric vehicles, hybrid vehicles, and eco-diesel engines, as well as LED materials for energy-saving applications. It will also build a recycling business that is not limited to non-ferrous materials, and a recycling model for consumer electronics and autos centered in Japan and China.
- ALCONIX will aim for greater consolidated earnings by expanding local transactions with Japanese companies and Chinese companies operating in China through its joint venture company. It will also leverage its overseas network to develop new procurement sources from Russia, China, and the US, and expand its trilateral business. ALCONIX also plans to examine the establishment of overseas bases, centered on Asian countries, to bolster its overseas network.
- ALCONIX will aim for greater consolidated earnings globally by expanding local transactions with Japanese companies and foreign companies through its overseas subsidiaries and joint ventures, and by expanding trilateral business transactions. It will also aim to establish overseas bases in Indonesia, India, Central and South America, and other regions to bolster its overseas network.

2) Promote investment activities

ALCONIX will promote, as an important policy in Japan and Asian countries centered on China, M&A which is effective for short-term business expansion, investment in metals fabrication and sales to develop new trade channels, and investment in recycling and other projects to secure natural resources.

(To be implemented in FY3/14)

- Expansion of overseas production sites of UNIVERTICAL CORPORATION and other group companies
- Establish a company in China for the manufacture and sale of metal silicon
- Expand non-ferrous metals recycle business from acquisition of business rights
- Invest in minor metal and rare earth mines overseas, and refining businesses
- Invest in and make loans to minor metal trading companies overseas
- Establish aluminum coil slit center in China
- Promote other M&A (upstream: manufacturers and recycle centers; midstream: trading firms; downstream: wholesalers and retailers)

(To be implemented in FY3/15 onward)

- Invest in overseas minor metal and rare earth mines, and refining businesses
- Promote other M&A (upstream: manufacturers and recycle centers; midstream: trading firms; downstream: wholesalers and retailers)

3) Reinforce the financial backbone

- Aim to improve the shareholders' equity ratio and other financial ratios by bolstering profitability
- Further diversify fundraising channels while securing sufficient liquidity with stable and efficient fundraising
- Strive to optimize working capital and move free cash flow into the black

4) Train human resources

- As a listed company, pro-actively work to hire talented human resources, and improve labor productivity by appropriately positioning employees and bolstering internal training
- Aim to train “professional,” “challenging,” and “cooperative” human resources based on the revised personnel system, in line with the Company’s personnel policy

5) Strengthen corporate infrastructure and internal governance

- Aim for more speedy management and a stronger internal governance system through more effective use of the new mission-critical system
- Upgrade and improve the Group’s accounting system in preparation for the introduction of international financial reporting standards (IFRS)
- Strengthen administrative framework to prepare for increase and diversification of subsidiaries and affiliates
- Promote internal training more broadly to enhance timely disclosure

(5) Other Important Management Items

Not applicable.

4. Consolidated Financial Statements**(1) Consolidated Balance Sheets**

	(Millions of yen)	
	FY3/12	FY3/13
	(As of Mar. 31, 2012)	(As of Mar. 31, 2013)
Assets		
Current assets		
Cash and deposits	10,607	11,082
Notes and accounts receivable-trade	31,778	30,055
Merchandise and finished goods	18,617	11,727
Work in process	57	388
Raw materials and supplies	19	321
Deferred tax assets	646	447
Other	970	1,677
Allowance for doubtful accounts	(256)	(345)
Total current assets	62,440	55,355
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	1,231	1,882
Accumulated depreciation	(729)	(931)
Buildings and structures, net	501	951
Machinery, equipment and vehicles	1,834	2,991
Accumulated depreciation	(1,498)	(2,370)
Machinery, equipment and vehicles, net	335	621
Tools, furniture and fixtures	254	343
Accumulated depreciation	(178)	(251)
Tools, furniture and fixtures, net	75	92
Land	2,248	2,265
Construction in progress	62	10
Total property, plant and equipment	3,224	3,940
Intangible assets		
Goodwill	14	2,528
Software	280	174
Other	6	3,356
Total intangible assets	301	6,059
Investments and other assets		
Investment securities	1,898	4,450
Long-term loans receivable	59	34
Deferred tax assets	131	103
Other	583	486
Allowance for doubtful accounts	(39)	(47)
Total investments and other assets	2,634	5,026
Total noncurrent assets	6,160	15,027
Total assets	68,600	70,382

	(Millions of yen)	
	FY3/12	FY3/13
	(As of Mar. 31, 2012)	(As of Mar. 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	26,896	23,243
Short-term loans payable	15,132	12,250
Current portion of long-term loans payable	2,412	1,978
Current portion of bonds	400	600
Income taxes payable	1,352	101
Provision for bonuses	596	406
Deferred tax liabilities	-	85
Other	1,707	1,430
Total current liabilities	48,498	40,097
Noncurrent liabilities		
Bonds payable	1,400	1,800
Long-term loans payable	3,803	10,297
Deferred tax liabilities	455	1,807
Provision for retirement benefits	238	271
Provision for directors' retirement benefits	124	166
Long-term accounts payable-other	60	73
Other	-	50
Total noncurrent liabilities	6,082	14,467
Total liabilities	54,580	54,564
Net assets		
Shareholders' equity		
Capital stock	2,830	2,832
Capital surplus	1,872	1,874
Retained earnings	9,208	10,226
Treasury stock	(0)	(0)
Total shareholders' equity	13,912	14,932
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(41)	83
Deferred gains or losses on hedges	(41)	(36)
Foreign currency translation adjustment	(211)	367
Total accumulated other comprehensive income	(294)	414
Subscription rights to shares	43	42
Minority interests	359	427
Total net assets	14,020	15,818
Total liabilities and net assets	68,600	70,382

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statements of Income**

(Millions of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Net sales	220,703	164,769
Cost of sales	210,060	156,010
Gross profit	10,642	8,759
Selling, general and administrative expenses	5,955	5,473
Operating income	4,687	3,286
Non-operating income		
Interest income	8	20
Purchase discounts	25	21
Dividends income	42	40
Foreign exchange gains	63	-
Fiduciary obligation fee	15	8
Equity in earnings of affiliates	-	123
Rent income of real estate	48	42
Other	52	67
Total non-operating income	256	324
Non-operating expenses		
Interest expenses	282	244
Sales discounts	23	10
Foreign exchange losses	-	299
Loss on sales of notes receivable-trade	53	48
Rent cost of real estate	14	26
Other	71	89
Total non-operating expenses	444	718
Ordinary income	4,499	2,892
Extraordinary income		
Gain on sales of noncurrent assets	1	5
Subsidy income	-	72
Other	1	6
Total extraordinary income	2	83
Extraordinary loss		
Loss on valuation of investment securities	-	270
Contribution on withdrawal from employees' pension fund	-	73
Other	47	36
Total extraordinary losses	47	380
Income before income taxes and minority interests	4,453	2,594
Income taxes-current	2,141	916
Income taxes-deferred	(251)	186
Total income taxes	1,890	1,103
Income before minority interests	2,563	1,491
Minority interests in income	113	61
Net income	2,450	1,430

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Income before minority interests	2,563	1,491
Other comprehensive income		
Valuation difference on available-for-sale securities	(119)	124
Deferred gains or losses on hedges	(78)	4
Foreign currency translation adjustment	(30)	142
Share of other comprehensive income of associates accounted for using equity method	-	203
Total other comprehensive income	(228)	474
Comprehensive income	2,334	1,966
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,227	1,898
Comprehensive income attributable to minority interests	107	67

(3) Consolidated Statements of Changes in Net Assets

	(Millions of yen)	
	FY3/12	FY3/13
	(Apr. 1, 2011 – Mar. 31, 2012)	(Apr. 1, 2012 – Mar. 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	2,826	2,830
Changes of items during the period		
Issuance of new shares	4	1
Total changes of items during the period	4	1
Balance at the end of current period	2,830	2,832
Capital surplus		
Balance at the beginning of current period	1,868	1,872
Changes of items during the period		
Issuance of new shares	4	1
Total changes of items during the period	4	1
Balance at the end of current period	1,872	1,874
Retained earnings		
Balance at the beginning of current period	7,234	9,208
Changes of items during the period		
Dividends from surplus	(476)	(412)
Net income	2,450	1,430
Total changes of items during the period	1,973	1,017
Balance at the end of current period	9,208	10,226
Treasury stock		
Balance at the beginning of current period	(0)	(0)
Changes of items during the period		
Purchase of treasury stock	-	(0)
Total changes of items during the period	-	(0)
Balance at the end of current period	(0)	(0)
Total shareholders' equity		
Balance at the beginning of current period	11,929	13,912
Changes of items during the period		
Issuance of new shares	8	3
Dividends from surplus	(476)	(412)
Net income	2,450	1,430
Purchase of treasury stock	-	(0)
Total changes of items during the period	1,982	1,020
Balance at the end of current period	13,912	14,932
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	78	(41)
Changes of items during the period		
Net changes of items other than shareholders' equity	(119)	124
Total changes of items during the period	(119)	124
Balance at the end of current period	(41)	83

(Millions of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Deferred gains or losses on hedges		
Balance at the beginning of current period	34	(41)
Changes of items during the period		
Net changes of items other than shareholders' equity	(76)	5
Total changes of items during the period	(76)	5
Balance at the end of current period	(41)	(36)
Foreign currency translation adjustment		
Balance at the beginning of current period	(184)	(211)
Changes of items during the period		
Net changes of items other than shareholders' equity	(26)	579
Total changes of items during the period	(26)	579
Balance at the end of current period	(211)	367
Total accumulated other comprehensive income		
Balance at the beginning of current period	(71)	(294)
Changes of items during the period		
Net changes of items other than shareholders' equity	(222)	709
Total changes of items during the period	(222)	709
Balance at the end of current period	(294)	414
Subscription rights to shares		
Balance at the beginning of current period	44	43
Changes of items during the period		
Net changes of items other than shareholders' equity	(1)	(0)
Total changes of items during the period	(1)	(0)
Balance at the end of current period	43	42
Minority interests		
Balance at the beginning of current period	242	359
Changes of items during the period		
Net changes of items other than shareholders' equity	117	68
Total changes of items during the period	117	68
Balance at the end of current period	359	427
Total net assets		
Balance at the beginning of current period	12,144	14,020
Changes of items during the period		
Issuance of new shares	8	3
Dividends from surplus	(476)	(412)
Net income	2,450	1,430
Purchase of treasury stock	-	(0)
Net changes of items other than shareholders' equity	(106)	776
Total changes of items during the period	1,875	1,797
Balance at the end of current period	14,020	15,818

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	FY3/12	FY3/13
	(Apr. 1, 2011 – Mar. 31, 2012)	(Apr. 1, 2012 – Mar. 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	4,453	2,594
Depreciation and amortization	389	407
Amortization of goodwill	12	12
Increase (decrease) in allowance for doubtful accounts	76	97
Increase (decrease) in provision for bonuses	208	(191)
Increase (decrease) in provision for retirement benefits	18	33
Increase (decrease) in provision for directors' retirement benefits	26	41
Interest and dividends income	(50)	(60)
Interest expenses	282	244
Loss on valuation of investment securities	-	270
Equity in (earnings) losses of affiliates	-	(123)
Decrease (increase) in notes and accounts receivable-trade	(4,760)	3,045
Decrease (increase) in inventories	1,329	7,380
Increase (decrease) in notes and accounts payable-trade	4,516	(4,237)
Decrease (increase) in consumption taxes refund receivable	451	(384)
Increase (decrease) in income taxes payable-the factor based tax	(0)	(6)
Decrease (increase) in advance payments	1,001	139
Decrease (increase) in accounts receivable-other	642	(179)
Increase (decrease) in accounts payable-other	(311)	16
Increase (decrease) in advances received	(581)	87
Other, net	319	508
Subtotal	8,023	9,698
Interest and dividends income received	50	60
Interest expenses paid	(274)	(232)
Income taxes paid	(2,002)	(2,469)
Net cash provided by (used in) operating activities	5,797	7,056
Net cash provided by (used in) investing activities		
Payments into time deposits	(100)	(54)
Proceeds from withdrawal of time deposits	146	120
Purchase of property, plant and equipment	(546)	(311)
Purchase of intangible assets	(15)	(129)
Purchase of investment securities	(58)	(2,430)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(6,737)
Payments of loans receivable	(30)	(55)
Collection of loans receivable	24	67
Purchase of insurance funds	(10)	(10)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	-	(60)
Other, net	(118)	225
Net cash provided by (used in) investing activities	(710)	(9,376)

	(Millions of yen)	
	FY3/12	FY3/13
	(Apr. 1, 2011 – Mar. 31, 2012)	(Apr. 1, 2012 – Mar. 31, 2013)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(2,638)	(3,624)
Proceeds from long-term loans payable	1,900	8,517
Repayment of long-term loans payable	(2,180)	(2,484)
Proceeds from issuance of bonds	1,000	1,000
Redemption of bonds	(380)	(400)
Proceeds from issuance of common stock	8	3
Proceeds from issuance of common stock to minority shareholder	12	11
Cash dividends paid	(470)	(408)
Cash dividends paid to minority shareholders	(10)	(24)
Other, net	-	(0)
Net cash provided by (used in) financing activities	(2,759)	2,589
Effect of exchange rate change on cash and cash equivalents	(23)	272
Net increase (decrease) in cash and cash equivalents	2,304	540
Cash and cash equivalents at beginning of period	8,197	10,502
Cash and cash equivalents at end of period	10,502	11,042

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Accounting Policies in the Preparation of Consolidated Financial Statements**1. Scope of consolidation**

Number of consolidated subsidiaries: 26

Names of consolidated subsidiaries:

ADVANCED MATERIAL JAPAN CORPORATION

ALCONIX SANSIN CORPORATION

OHKAWA CORP.

ALCONIX (SHANGHAI) CORP.

ALCONIX EUROPE GMBH

ALCONIX VIETNAM CO., LTD. and four other companies were included in the consolidation from the current fiscal year due to their establishments. UNIVERTICAL CORPORATION and six other companies were also included in the consolidation due to the acquisition of these companies' shares by the Company. ALCONIX DIECAST SUZHOU CO., LTD. was excluded from the consolidation and included in the scope of application of the equity method as the percentage of voting rights held by the Company declined due to the partial transfer of shares of ALCONIX DIECAST SUZHOU.

2. Application of equity method

(1) Number of affiliates accounted for under the equity method: 4

Name of affiliate:

Shanghai Longyang Precise Compound Copper Tube Co., Ltd.

Shanghai Longyang Precise Compound Copper Tube Co., Ltd. and three other companies were included in the scope of application of the equity method due to the acquisition of these companies' shares by the Company and other factors.

(2) Number of affiliates not accounted for under the equity method: 5

Name of affiliate:

Wilton International Industries Ltd.

Kizan Chuangfu (Foshan) Precision Co., Ltd. was included as an affiliate from the current fiscal year due to stock acquisition.

These affiliates are not accounted for under the equity method, since they have a very minor effect on net income/loss (equity in earnings) and retained earnings (equity in earnings) and are relatively insignificant in the context of the consolidated financial statements.

3. Fiscal year of consolidated subsidiaries

The fiscal year end of the 19 overseas consolidated subsidiaries is December 31.

The consolidated financial statements include the financial statements of these consolidated subsidiaries as of December 31, and necessary adjustments have been made for the consolidation concerning material transactions arising between this date and the consolidated balance sheet date.

4. Accounting standards

(1) Valuation standards and methods for principal assets

1) Marketable securities

Available-for-sale securities

a. Securities with market quotations

Stated at fair value at the end of the fiscal year. (Unrealized gain or loss is included in net assets. Cost of securities sold is determined by the moving-average method.)

b. Securities without market quotations

Stated at cost determined by the moving-average method.

2) Derivatives

Stated at fair value.

3) Inventories

Merchandise, finished goods and work in process

Copper tubes, etc. for small-lot sales:

Stated at cost determined by the first-in first-out method and by the moving-average method. (The carrying value on the balance sheet is written down to reflect the effect of lower profit margins.)

Other inventories:

Mainly stated at cost determined by the specific identification method. (The carrying value on the balance sheet is written down to reflect the effect of lower profit margins.)

Raw materials and supplies:

Stated at cost determined by the moving-average method. (The carrying value on the balance sheet is written down to reflect the effect of lower profit margins.)

(2) Depreciation and amortization of significant depreciable assets

1) Property, plant and equipment

Depreciation of property, plant and equipment at the Company and its domestic consolidated subsidiaries is calculated by the declining-balance method, except for buildings acquired on or after April 1, 1998 (excluding attached structures) on which depreciation is calculated by the straight-line method.

Overseas consolidated subsidiaries mainly applied the straight-line method.

Useful life of principle assets is as follows:

Buildings and structures:	3-50 years
Machinery, equipment and vehicles:	3-39 years
Tools, furniture and fixtures:	2-20 years

2) Intangible assets

Depreciation of intangible assets is calculated by the straight-line method. Software for internal use is amortized over an expected useful life of five years by the straight-line method.

(3) Accounting for significant deferred assets

1) Stock issuance cost

Charged to expenses as incurred.

2) Bond issuance cost

Charged to expenses as incurred.

(4) Recognition of significant allowances

1) Allowance for doubtful accounts

To prepare for credit losses on accounts receivable, allowances equal to the estimated amount of uncollectible receivables are booked for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectibility.

2) Provision for bonuses

To provide for employee bonus obligation at the Company and certain consolidated subsidiaries, an amount accrued for the current fiscal year among the estimated future obligations is designated in the reserve account.

3) Provision for retirement benefits

To provide for accrued retirement benefits for employees at the Company and certain consolidated subsidiaries, an allowance is provided based on projected benefit obligations and pension assets at the end of the current fiscal year.

4) Provision for directors' retirement benefits

To provide for directors' retirement benefits, the Company and certain domestic consolidated subsidiaries provide an allowance for the aggregate amount payable at the end of the current fiscal year pursuant to the Company's rules on directors' retirement benefits.

(5) Translation of significant foreign currency-denominated assets and liabilities

Foreign currency-denominated monetary assets and liabilities are translated into yen at the spot exchange rate in effect on the balance sheet date. Exchange gain or loss is accounted as income or loss. The balance sheet accounts of overseas consolidated subsidiaries are also translated into yen at the spot exchange rate in effect on their balance sheet dates. The income statement accounts of overseas consolidated subsidiaries are translated into yen at the average exchange rate for their accounting periods. Translation adjustments are included in the foreign currency translation adjustments and minority interests in net assets.

(6) Accounting for hedges

1) Hedging method

The Company applies deferred hedge accounting. However, the short-cut method is applied for forward exchange rate contracts that meet hedge accounting criteria.

2) Hedging instruments and risks hedged

The Company uses forward exchange rate contracts to hedge the risk of foreign exchange rate volatility for foreign currency-denominated transactions. The Company uses commodity futures to hedge the risk of future prices of commodities handled (non-ferrous metals).

3) Hedging policy

The Company's policy is to limit derivative transactions to within the scope of real demand. The Company hedges in order to minimize risks from foreign exchange rate volatility and commodity market volatility in line with its internal guidelines (risk management policy).

4) Evaluation method for the effectiveness of hedges

Hedges are applied only after confirming beforehand that important criteria related to hedging instruments and risks hedged are generally met. The effectiveness of the hedge is confirmed afterward based on reports from the division that executes derivatives. However, the effectiveness of forward exchange rate contracts based on the short-cut method is not assessed.

(7) Amortization of goodwill

Goodwill is amortized over 5 years or 10 years by the straight-line method.

(8) Scope of cash and cash equivalents on the consolidated statements of cash flows

Cash and cash equivalents consist of vault cash, deposits that can be withdrawn on demand, and short-term investments, with original maturities of three months or less, that are readily convertible known amounts of cash and present insignificant risk of change in value.

(9) Other significant accounting policies in the preparation of the consolidated financial statements

Accounting for consumption taxes

All amounts stated are exclusive of consumption taxes.

Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting-based Estimates

Following tax law revisions, from the current fiscal year, ALCONIX and its domestic consolidated subsidiaries have changed their method of depreciation of property, plant and equipment acquired on or after April 1, 2012 in line with methods prescribed in the revised Corporation Tax Act.

The effect of this change was to increase operating income, ordinary income and income before income taxes and minority interests by 10 million yen each.

Reclassifications

Consolidated statements of income

“Gain on reversal of subscription rights to shares” under “Extraordinary income” presented as a separate item in the previous fiscal year, is included in “Other” in the current fiscal year given the reduced materiality of impact of the amount on the consolidated financial statements. To conform to this change, the financial statements for the previous fiscal year are reclassified.

As a result, “Gain on reversal of subscription rights to shares” (1 million yen) under “Extraordinary income” shown in the previous fiscal year’s consolidated statements of income is reclassified to “Other.”

“Office transfer expenses” and “Loss on change in equity” under “Extraordinary loss,” presented as separate items in the previous fiscal year, are included in “Other” in the current fiscal year given the reduced materiality of impact of the amount on the consolidated financial statements. To conform to this change, the financial statements for the previous fiscal year are reclassified.

As a result, “Office transfer expenses” (33 million yen) and “Loss on change in equity” (8 million yen) under “Extraordinary loss” shown in the previous fiscal year’s consolidated statements of income are reclassified to “Other.”

Consolidated statements of cash flows

“Loss (gain) on change in equity” and “Office transfer expenses” under “Net cash provided by (used in) operating activities” presented as separate items in the previous fiscal year, are included in “Other, net,” in the current fiscal year given the reduced materiality of impact of the amount on the consolidated financial statements. To conform to this change, the financial statements for the previous fiscal year are reclassified.

As a result, “Loss (gain) on change in equity” (8 million yen) and “Office transfer expenses” (28 million yen) under “Net cash provided by (used in) operating activities” shown in the previous fiscal year’s consolidated statements of cash flows are reclassified “Other, net.”

Segment and Other Information

a. Segment information

1. Overview of reportable segment

Segments used for financial reporting are the Company's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

ALCONIX has individual business divisions at its headquarters that oversee specific products and merchandise categories. As part of their activities, each division conducts business in line with the comprehensive strategies they have devised for products and merchandise in both domestic and overseas markets.

The four reportable segments that ALCONIX uses are based on the products and merchandise traded by these business divisions. They include: light metals and copper products, electronic and advanced materials, non-ferrous materials, and construction and industrial materials.

The light metals and copper products segment trades aluminum products (rolling products, extruded materials, forged and cast products, and other fabricated products and parts), aluminum plate materials, and copper products (sheets, strips, rods, and other fabricated products and parts). The electronic and advanced materials segment trades in compound materials for semiconductors, electronic materials, titanium products, nickel products, minor metals, and plating materials and chemicals used in plating processes. The non-ferrous materials segment trades secondary aluminum alloy ingots, non-ferrous metal scrap, metal silicon, zinc alloy ingots, and magnesium ingots. The construction and industrial materials segment trades piping equipment and materials, copper alloy materials, aluminum die cast products, and cast metals. It also oversees renovation of commercial and residential buildings.

2. Calculation methods for net sales, profits/losses, assets, and other items for each reportable segment

The accounting methods for reportable segments are the same as those listed in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements."

Profits for reportable segments are generally ordinary income figures.

Inter-segment sales and transfers are based on market prices.

As described in "Changes in accounting policies that are difficult to distinguish from changes in accounting-based estimates," in line with revisions to the Corporation Tax Act, the property, plant and equipment acquired on or after April 1, 2012 are depreciated according to the depreciation method stipulated in the revised Corporation Tax Act from the current fiscal year. Therefore depreciation method for reportable segments has been revised in line with revisions to the Corporation Tax Act.

The effect of this change was to increase segment profits for "Light metals and copper products" by 10 million yen in the current fiscal year compared with the previous method. In addition, the effect of this change on the segment profits for "electronic and advanced materials," "non-ferrous materials" and "construction and industrial materials" is insignificant.

3. Information related to net sales, profit/losses, assets, and other items for each reportable segment

FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)

(Millions of yen)

	Reportable segment				Total
	Light metals and copper products	Electronic and advanced materials	Non-ferrous materials	Construction and industrial materials	
Net sales					
External sales	66,327	119,168	25,658	9,549	220,703
Inter-segment sales and transfers	532	2,054	641	3,631	6,859
Total	66,859	121,222	26,300	13,180	227,563
Segment profit	949	3,347	153	56	4,508
Segment assets	28,438	29,709	8,600	2,778	69,526
Other items					
Depreciation	262	81	25	19	389
Amortization of goodwill	12	-	-	-	12
Interest income	3	4	0	0	8
Interest expenses	115	130	26	11	282
Increase in property, plant and equipment and intangible assets	455	70	8	61	595

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)

(Millions of yen)

	Reportable segment				Total
	Light metals and copper products	Electronic and advanced materials	Non-ferrous materials	Construction and industrial materials	
Net sales					
External sales	62,225	67,618	25,146	9,780	164,769
Inter-segment sales and transfers	692	3,019	667	2,133	6,513
Total	62,918	70,637	25,813	11,913	171,283
Segment profit	735	1,908	97	148	2,890
Segment assets	31,621	27,816	8,596	3,417	71,452
Other items					
Depreciation	305	58	26	17	407
Amortization of goodwill	12	-	-	-	12
Interest income	3	6	0	9	20
Interest expenses	110	98	23	11	244
Equity in earnings (losses) of affiliates	125	-	-	(1)	123
Investment in equity-method affiliates	1,747	-	-	28	1,775
Increase in property, plant and equipment and intangible assets	355	75	4	10	445

4. Reconciliation of reported consolidated financial statements with total profit (or loss) for reportable segments

(Millions of yen)

Net sales	FY3/12	FY3/13
Total for reportable segments	227,563	171,283
Eliminations for inter-segment transactions	(6,859)	(6,513)
Net sales on the consolidated financial statements	220,703	164,769

(Millions of yen)

Profit	FY3/12	FY3/13
Total for reportable segments	4,508	2,890
Eliminations for inter-segment transactions	(8)	1
Ordinary income on the consolidated financial statements	4,499	2,892

(Millions of yen)

Assets	FY3/12	FY3/13
Total for reportable segments	69,526	71,452
Corporate assets (Note)	365	265
Eliminations for inter-segment transactions	(1,291)	(1,336)
Total assets on the consolidated financial statements	68,600	70,382

Note: Corporate assets are deferred tax assets at the Company.

b. Related information

FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)

1. Information by product or service

This information is omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Asia	North America	Europe	Other regions	Total
169,824	32,872	9,889	6,775	1,340	220,703

Note: Classification of net sales is based on the location of the client and categorized by country or region.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan exceed 90% of property, plant and equipment on the consolidated balance sheets.

3. Information by major client

This information is omitted because no specific external client accounts for more than 10% of consolidated net sales on the consolidated statements of income.

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)

1. Information by product or service

This information is omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Asia	North America	Europe	Other regions	Total
114,770	32,129	9,920	6,690	1,258	164,769

Note: Classification of net sales is based on the location of the client and categorized by country or region.

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	USA	Europe	Total
3,140	271	528	1	3,940

3. Information by major client

This information is omitted because no specific external client accounts for more than 10% of consolidated net sales on the consolidated statements of income.

c. Information related to impairment of noncurrent assets for each reportable segment

Not applicable.

d. Information related to goodwill amortization and the unamortized balance for each reportable segment

FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)

(Millions of yen)

	Reportable segment					Elimination or corporate	Total
	Light metals and copper products	Electronic and advanced materials	Non-ferrous materials	Construction and industrial materials	Subtotal		
Balance at end of period	14	-	-	-	14	-	14

Note: Goodwill amortization is omitted because the same information is presented in segment information.

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)

(Millions of yen)

	Reportable segment					Elimination or corporate	Total
	Light metals and copper products	Electronic and advanced materials	Non-ferrous materials	Construction and industrial materials	Subtotal		
Balance at end of period	2	2,526	-	-	2,528	-	2,528

Note: Goodwill amortization is omitted because the same information is presented in segment information.

e. Information related to negative goodwill profits for each reportable segment

Not applicable.

Per Share Information

(Yen)

FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)		FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	
Net assets per share	2,143.39	Net assets per share	2,414.98
Net income per share	385.71	Net income per share	225.16
Diluted net income per share	383.31	Diluted net income per share	224.28

Note: The following is a reconciliation of net income per share and diluted net income per share.

(Millions of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Net income per share		
Net income	2,450	1,430
Amounts not available to common stock shareholders	-	-
Net income available to common stock	2,450	1,430
Average number of shares outstanding during the period (Thousand shares)	6,352	6,353
Diluted net income per share		
Adjusted net income	9	5
(of which, adjusted net income related to the potential stock of consolidated subsidiaries)	(9)	(5)
Increase in the number of common stock shares	13 thousand shares	-
(of which, stock acquisition rights)	(13 thousand shares)	(-)
Summary of potential stock not included in the calculation of “Diluted net income per share” since there was no dilutive effect	Stock acquisition rights No.4 (Number of stock acquisition rights: 128), Stock acquisition rights No.5 (Number of stock acquisition rights: 362), Stock acquisition rights No.6 (Number of stock acquisition rights: 410)	Stock acquisition rights No.3 (Number of stock acquisition rights: 75,800), Stock acquisition rights No.4 (Number of stock acquisition rights: 128), Stock acquisition rights No.5 (Number of stock acquisition rights: 352), Stock acquisition rights No.6 (Number of stock acquisition rights: 410)

Subsequent Events

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)

Acquisition of stock in OHBA SEIKEN Co., Ltd. and objectives of acquisition

On February 26, 2013, the Board of Directors of the Company approved a resolution to acquire all outstanding shares of OHBA SEIKEN Co., Ltd. and to establish ALCONIX • OHBA CORPORATION, a wholly owned intermediate holding company, for the acquisition of the OHBA SEIKEN stock. ALCONIX • OHBA CORPORATION acquired all outstanding shares of the OHBA SEIKEN and made it a subsidiary on April 24, 2013.

(1) Acquisition of stock in OHBA SEIKEN Co., Ltd. and objectives of acquisition

OHBA SEIKEN Co., Ltd. is a manufacturer of precision fabricated parts of industrial machinery. The company's core strength is the precision grinding processing of parts used in manufacturing equipment mainly in the semiconductor, automobile and industrial machinery industries. Technological expertise and market share are particularly strong with regard to the production of head parts such as suction nozzles used in surface mounting equipment (machines that place electronic components on printed circuit boards; also called chip mounters) for smartphones and tablet PCs.

Acquiring the stock of OHBA SEIKEN enables the ALCONIX Group to further broaden its activities in the manufacturing sector, which the Group positions as an upstream business. In addition, the Group is able to recruit highly skilled personnel who can meet the needs of customers and acquire many types of manufacturing equipment. Furthermore, combining the manufacturing skills of OHBA SEIKEN with the sales capabilities of ALCONIX is expected to lead to the creation of new distribution channels. ALCONIX also expects synergies from operations of its Japanese subsidiary specializing in precision machining work and the operations of OHBA SEIKEN. As a result, ALCONIX believes that this acquisition will increase corporate value on a consolidated basis by contributing to the goal of becoming a new corporate group by entering the manufacturing sector.

ALCONIX • OHBA CORPORATION, an intermediate holding company that is wholly owned by ALCONIX, acquired the stock of OHBA SEIKEN to make this company a consolidated subsidiary. The reason for using an intermediate holding company is to avoid posting the cost of purchasing this stock on the ALCONIX's financial statements because this would exert long-term pressure on balance sheet investments and adversely affect the efficient use of capital.

(2) Overview of sellers

Mr. Hideo Ohba and his relatives

(3) Overview of the company acquired by ALCONIX OHBA CORPORATION

1) Company name	OHBA SEIKEN Co., Ltd.
2) Representative	Hideo Ohba, President
3) Location	170, Fukazawa, Terasawa-cho, Toyohashi-shi, Aichi
4) Date of establishment	August 1976
5) Business	Manufacture and sale of precision fabricated parts for semiconductor surface mounting machines (chip mounters) and for manufacturing equipment in the automobile and industrial machinery industries
6) Fiscal year end	July 31 (Note)
7) Employees	153
8) Capital	30 million yen
9) Total number of shares to be issued	11,500 shares
10) Major shareholders	Hideo Ohba 71.0%, Yoshiharu Ohba 20.1%, Relatives of Mr. Ohba 8.9%

11) Results of the most recent fiscal year

(Millions of yen)	FY7/2012
Net sales	3,718
Ordinary income	475
Net income	287
Total assets	6,222
Net assets	3,349

Note: After this acquisition, the fiscal year end of OHBA SEIKEN is to be changed to March 31 for consistency with the ALCONIX fiscal year.

(4) Date of acquisition

April 24, 2013

(5) Number of shares of OHBA SEIKEN stock to be acquired by ALCONIX • OHBA CORPORATION and status of ownership before and after acquisition

1) Share ownership before acquisition	0 share	(Ownership ratio: 0%)
2) Number of shares to be acquired	11,500 shares	(Acquisition cost: 2,433 million yen)
3) Share ownership after acquisition	11,500 shares	(Ownership ratio: 100%)

(6) Method for procuring funds for payments on the stock acquisition

Cash on hand and bank loans

Omission of Disclosure

Disclosure of the notes on consolidated financial statements, leases, financial instruments, marketable securities, derivatives, retirement benefits, stock options, deferred tax accounting, business combinations, asset retirement obligations, rental and other properties, and related party transactions was omitted in this report due to the minor necessity of disclosure.

5. Non-consolidated Financial Statements**(1) Balance Sheets**

(Millions of yen)

	FY3/12 (As of Mar. 31, 2012)	FY3/13 (As of Mar. 31, 2013)
Assets		
Current assets		
Cash and deposits	4,183	2,565
Notes receivable-trade	2,849	1,685
Accounts receivable-trade	21,023	23,059
Merchandise and finished goods	10,410	6,239
Advance payments-trade	5	17
Prepaid expenses	51	58
Deferred tax assets	285	229
Short-term loans receivable	930	1,548
Accounts receivable-other	103	278
Consumption taxes receivable	324	244
Other	87	204
Allowance for doubtful accounts	(168)	(309)
Total current assets	40,089	35,821
Noncurrent assets		
Property, plant and equipment		
Buildings	25	31
Accumulated depreciation	(5)	(10)
Buildings, net	19	21
Machinery and equipment	6	6
Accumulated depreciation	(5)	(5)
Machinery and equipment, net	1	1
Vehicles	4	4
Accumulated depreciation	(3)	(4)
Vehicles, net	0	0
Tools, furniture and fixtures	84	102
Accumulated depreciation	(56)	(76)
Tools, furniture and fixtures, net	27	26
Total property, plant and equipment	50	49
Intangible assets		
Goodwill	4	2
Software	231	90
Telephone subscription right	5	5
Total intangible assets	240	98
Investments and other assets		
Investment securities	1,758	2,522
Stocks of subsidiaries and affiliates	891	9,809
Investments in capital of subsidiaries and affiliates	173	173
Long-term loans receivable	6	-
Long-term prepaid expenses	0	1
Deferred tax assets	79	36
Insurance funds	124	124
Long-term guarantee deposits	246	131
Other	20	24
Total investments and other assets	3,300	12,823
Total noncurrent assets	3,591	12,971
Total assets	43,681	48,793

(Millions of yen)

	FY3/12 (As of Mar. 31, 2012)	FY3/13 (As of Mar. 31, 2013)
Liabilities		
Current liabilities		
Notes payable-trade	5,473	4,730
Accounts payable-trade	15,934	15,206
Short-term loans payable	7,596	7,616
Current portion of long-term loans payable	1,840	1,340
Current portion of bonds	200	400
Accounts payable-other	270	315
Accrued expenses	127	113
Income taxes payable	447	-
Advances received	50	36
Deposits received	31	73
Provision for bonuses	282	159
Other	278	273
Total current liabilities	32,534	30,265
Noncurrent liabilities		
Bonds payable	600	1,200
Long-term loans payable	2,410	8,970
Long-term accounts payable-other	60	73
Provision for retirement benefits	157	171
Provision for directors' retirement benefits	100	118
Allowance for losses on support to subsidiaries and affiliates	17	-
Total noncurrent liabilities	3,345	10,533
Total liabilities	35,879	40,798
Net assets		
Shareholders' equity		
Capital stock	2,830	2,832
Capital surplus		
Legal capital surplus	1,872	1,874
Total capital surpluses	1,872	1,874
Retained earnings		
Legal retained earnings	10	10
Other retained earnings		
General reserve	400	400
Retained earnings brought forward	2,707	2,778
Total retained earnings	3,118	3,189
Treasury stock	(0)	(0)
Total shareholders' equity	7,821	7,895
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(21)	79
Deferred gains or losses on hedges	(42)	(23)
Total valuation and translation adjustments	(63)	55
Subscription rights to shares	43	42
Total net assets	7,801	7,994
Total liabilities and net assets	43,681	48,793

(2) Statements of Income

(Millions of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Net sales	133,263	111,141
Cost of sales		
Beginning goods	10,910	10,410
Cost of purchased goods	128,081	102,887
Total	138,992	113,297
Ending goods	10,410	6,239
Cost of goods sold	128,581	107,058
Gross profit	4,681	4,083
Selling, general and administrative expenses	3,056	2,804
Operating income	1,625	1,278
Non-operating income		
Interest income	27	10
Purchase discounts	19	17
Interest on securities	-	3
Dividends income	131	322
Foreign exchange gains	73	-
Fiduciary obligation fee	82	74
Other	21	38
Total non-operating income	356	466
Non-operating expenses		
Interest expenses	170	146
Sales discounts	13	4
Interest on bonds	7	5
Foreign exchange losses	-	307
Loss on sales of notes receivable-trade	46	40
Provision of allowance for doubtful accounts	-	35
Other	53	46
Total non-operating expenses	291	587
Ordinary income	1,690	1,157
Extraordinary income		
Gain on sales of subsidiaries and affiliates' stocks	-	6
Other	1	0
Total extraordinary income	1	7
Extraordinary loss		
Loss on valuation of investment securities	-	270
Loss on valuation of stocks of subsidiaries and affiliates	141	-
Provision of allowance for losses on support to subsidiaries and affiliates	17	-
Contribution on withdrawal from employees' pension fund	-	67
Other	25	17
Total extraordinary losses	183	356
Income before income taxes	1,507	808
Income taxes-current	713	292
Income taxes-deferred	(17)	32
Total income taxes	695	324
Net income	812	483

(3) Statements of Changes in Net Assets

(Millions of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	2,826	2,830
Changes of items during the period		
Issuance of new shares	4	1
Total changes of items during the period	4	1
Balance at the end of current period	2,830	2,832
Capital surplus		
Legal capital surplus		
Balance at the beginning of current period	1,868	1,872
Changes of items during the period		
Issuance of new shares	4	1
Total changes of items during the period	4	1
Balance at the end of current period	1,872	1,874
Total capital surpluses		
Balance at the beginning of current period	1,868	1,872
Changes of items during the period		
Issuance of new shares	4	1
Total changes of items during the period	4	1
Balance at the end of current period	1,872	1,874
Retained earnings		
Legal retained earnings		
Balance at the beginning of current period	10	10
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	10	10
Other retained earnings		
General reserve		
Balance at the beginning of current period	400	400
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	400	400
Retained earnings brought forward		
Balance at the beginning of current period	2,371	2,707
Changes of items during the period		
Dividends from surplus	(476)	(412)
Net income	812	483
Total changes of items during the period	335	70
Balance at the end of current period	2,707	2,778
Total retained earnings		
Balance at the beginning of current period	2,782	3,118
Changes of items during the period		
Dividends from surplus	(476)	(412)
Net income	812	483
Total changes of items during the period	335	70
Balance at the end of current period	3,118	3,189

(Millions of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Treasury stock		
Balance at the beginning of current period	(0)	(0)
Changes of items during the period		
Purchase of treasury stock	-	(0)
Total changes of items during the period	-	(0)
Balance at the end of current period	(0)	(0)
Total shareholders' equity		
Balance at the beginning of current period	7,477	7,821
Changes of items during the period		
Issuance of new shares	8	3
Dividends from surplus	(476)	(412)
Net income	812	483
Purchase of treasury stock	-	(0)
Total changes of items during the period	344	74
Balance at the end of current period	7,821	7,895
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	94	(21)
Changes of items during the period		
Net changes of items other than shareholders' equity	(116)	101
Total changes of items during the period	(116)	101
Balance at the end of current period	(21)	79
Deferred gains or losses on hedges		
Balance at the beginning of current period	12	(42)
Changes of items during the period		
Net changes of items other than shareholders' equity	(54)	18
Total changes of items during the period	(54)	18
Balance at the end of current period	(42)	(23)
Total valuation and translation adjustments		
Balance at the beginning of current period	106	(63)
Changes of items during the period		
Net changes of items other than shareholders' equity	(170)	119
Total changes of items during the period	(170)	119
Balance at the end of current period	(63)	55
Subscription rights to shares		
Balance at the beginning of current period	44	43
Changes of items during the period		
Net changes of items other than shareholders' equity	(1)	(0)
Total changes of items during the period	(1)	(0)
Balance at the end of current period	43	42
Total net assets		
Balance at the beginning of current period	7,628	7,801
Changes of items during the period		
Issuance of new shares	8	3
Dividends from surplus	(476)	(412)
Net income	812	483
Purchase of treasury stock	-	(0)
Net changes of items other than shareholders' equity	(171)	119
Total changes of items during the period	172	193
Balance at the end of current period	7,801	7,994

6. Others

(1) Changes in Directors

1) Changes in representative

Not applicable.

2) Changes in other directors

Not applicable.

(2) Others

Not applicable.

This financial report is solely a translation of content extracted from the Company's Kessan Tanshin (including attachments) in Japanese, which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.