August 9, 2013

Summary of Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2014 (Three Months Ended June 30, 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 filing of Quarterly Report: August 13, 2013
Scheduled date of payment of dividend: -
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: None

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

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

1. Consolidated Financial Results for the First Quarter Ended June 30, 2013 (April 1, 2013 – June 30, 2013)

(1) 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	%
Three months ended Jun. 30, 2013	44,961	(5.9)	1,156	14.0	1,083	(15.2)	1,378	87.3
Three months ended Jun. 30, 2012	47,803	(13.0)	1,014	(56.0)	1,277	(48.4)	736	(46.0)

Note: Comprehensive income (million yen): Three months ended Jun. 30, 2013: 2,750 (up 284.9%)
Three months ended Jun. 30, 2012: 714 (down 48.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2013	216.90	216.28
Three months ended Jun. 30, 2012	115.86	115.37

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2013	82,308	18,085	21.4
As of Mar. 31, 2013	70,382	15,818	21.8

Reference: Shareholders' equity (million yen) As of Jun. 30, 2013: 17,602 As of Mar. 31, 2013: 15,347

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2013	-	30.00	-	30.00	60.00
Fiscal year ending Mar. 31, 2014	-				
Fiscal year ending Mar. 31, 2014 (forecast)		30.00	-	30.00	60.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2014 (April 1, 2013 – March 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	180.92
Full year	192,000	16.5	3,600	9.5	3,300	14.1	2,250	57.3	353.98

Note: Revisions to the most recently announced consolidated earnings forecasts: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in scope of consolidation): None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

Note: Please refer to “2. Matters Related to Summary Information (Notes), (2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements” on page 5 of the attachments for further information.

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

1) Changes in accounting policies due to revisions in accounting standards, others: None
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting-based estimates: None
4) Restatements: None

(4) Number of outstanding shares (common stock)

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

As of Jun. 30, 2013:	6,356,400 shares	As of Mar. 31, 2013:	6,355,200 shares

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

As of Jun. 30, 2013:	114 shares	As of Mar. 31, 2013:	114 shares

3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2013:	6,355,679 shares	Three months ended Jun. 30, 2012:	6,353,113 shares

* Information regarding the implementation of quarterly review procedures

The current quarterly summary report is exempted from quarterly review procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the review procedures for the quarterly financial statements have not been completed.

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

Cautionary statement with respect to earnings forecasts

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. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements” on page 5 of the attachments for assumptions for forecasts and notes of caution for usage.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance 2
(1) Explanation of Results of Operations 2
(2) Explanation of Financial Position 3
(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements 5

2. Matters Related to Summary Information (Notes) 5
(1) Changes in Significant Subsidiaries during the Period 5
(2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements 5
(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements 5

3. Quarterly Consolidated Financial Statements 6
(1) Quarterly Consolidated Balance Sheets 6
(2) Quarterly Consolidated Statements of Income and Comprehensive Income 8
Quarterly Consolidated Statements of Income
For the Three-month Period 8
Quarterly Consolidated Statements of Comprehensive Income
For the Three-month Period 9
(3) Notes to Quarterly Consolidated Financial Statements 10
Going Concern Assumption 10
Significant Changes in Shareholders' Equity 10
Segment and Other Information 10

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first quarter of the current fiscal year, conditions in the global economy were mixed. The US economy continued to gradually recover, and the European economy, while showing signs of bottoming from its downturn, remained weak. The Chinese economy and economies in emerging nations slowed and demand clearly weakened.

The Japanese economy continued to gradually recover supported by a steady rebound in exports, particularly of automobiles, on the yen's depreciation, and an increase in public works investment and residential investment.

In the non-ferrous metals industry in which the ALCONIX Group operates, demand from hybrid vehicles, smartphones, and tablet PCs was strong, but remained weak from PC and other IT equipment, as well as from LCD TVs and other consumer electronics.

In this economic environment, the Group saw an increase in sales of recycled aluminum ingots for auto parts, copper tubes for air-conditioners, and materials for semiconductors, but a decline in sales of aluminum rolled products to the consumer electronics and IT industries. In the field of minor metals and rare earths, sales of rare earths dropped particularly sharply year-on-year due to the impact of slumping market prices and ongoing inventory corrections at major customers. As for profits, rare earth profits dropped sharply, but the following companies contributed to consolidated earnings: OHBA SEIKEN CO., LTD. which became a domestic consolidated subsidiary from the first quarter of the current fiscal year, and OSAKA ALUMI CENTER CORPORATION and UNIVERTICAL HOLDINGS INC. which became domestic and overseas consolidated subsidiaries, respectively, in the previous fiscal year and began to contribute to the Group's earnings from the first quarter of the current fiscal year. Also, the booking of gain on bargain purchase as extraordinary income following the acquisition of stock in OHBA SEIKEN CO., LTD., and the acquisition of a business from OSAKA ALUMI CENTER CORPORATION drove a sharp rise in net income.

For the first quarter of the current fiscal year, ALCONIX reported consolidated net sales of 44,961 million yen (down 5.9% year on year), operating income of 1,156 million yen (up 14.0%), ordinary income of 1,083 million yen (down 15.2%) and net income of 1,378 million yen (up 87.3%).

Results by business segment in the first quarter of the current fiscal year were as follows. (Sales in each segment include inter-segment sales).

- Light metals and copper products

In the light metals and copper products segment, sales in the first quarter continued to see a negative impact from China's slumping economy and deteriorating Sino-Japanese relations, but conditions surrounding domestic automakers and motorcycle manufacturers improved thanks to the correction of the yen's appreciation, and the consumer electronics and semiconductor industries showed signs of bottoming out. Also, construction-related demand remained solid particularly in Hokkaido and the Tohoku regions. As for profits, OHBA SEIKEN CO., LTD., which became a consolidated subsidiary from the first quarter, contributed to consolidated earnings.

As a result, the segment recorded sales of 17,900 million yen (up 10.7% year on year) and segments profit of 346 million yen (up 66.2%).

- Electronic and advanced materials

In the electronic and advanced materials segment, sales of solar cell materials were solid thanks to the extension of government subsidies. Exports of processed copper products increased to the US on the back of the recovering US economy and the yen's depreciation, and ALCONIX expects exports of titanium and nickel products for stagnant power plants in China to recover as it ships off the remaining order balance, and projects that were temporarily suspended get restarted. Sales of materials for smartphones and tablet PCs were somewhat weak due in part to seasonal corrections. In the field of minor metals and rare earths, sales and profits, particularly of rare earths, fell sharply year-on-year due to the impact of slumping market prices and ongoing inventory corrections at major domestic customers. UNIVERTICAL HOLDINGS INC., a US plating materials maker which became a consolidated subsidiary of ALCONIX in the previous fiscal year, contributed to consolidated earnings from the first quarter of the current fiscal year.

As a result, the segment recorded sales of 17,986 million yen (down 25.5% year on year) and segment profit of 517 million yen (down 49.3%).

- Non-ferrous materials

In the non-ferrous materials segment, sales of aluminum import alloys were solid as the yen's depreciatory shift raised expectations for higher prices of domestic alloy ingots, triggering demand front-loading and contributing to tighter supply-demand for domestic aluminum alloys. Sales of deoxidizer materials used in steel mills and copper scrap used in copper refining increased, as did exports of zinc ingots. Also, OSAKA ALUMI CENTER CORPORATION, a company that handles aluminum scrap, contributed to earnings from the first quarter of the current fiscal year. Sales and profits in the non-ferrous materials segment rose sharply as a result.

As a result, the segment recorded sales of 8,092 million yen (up 26.5% year on year) and segment profit of 124 million yen (up 479.0%).

- Construction and industrial materials

In the first quarter, public works investment and residential investment increased, but capital investment in the private sector remained weak. Although the yen's rapid depreciation has increased the prices of basic materials and raw materials, little progress has been made in working the higher materials prices into end product prices due to weak demand in the construction sector resulting from market contraction and delays in post-quake reconstruction and recovery. As a result, demand for construction materials and piping equipment remained weak in Japan. However, exports and sales of piping equipment and copper alloy materials to Asia and the Middle East were strong thanks to benefits from the yen's depreciation.

As a result, the segment recorded sales of 2,905 million yen (up 1.1% year on year) and segment profit of 105 million yen (up 312.2%).

(2) Explanation of Financial Position

1) Financial position

a. Current assets

At the end of the first quarter, current assets totaled 64,335 million yen, an increase of 8,980 million yen from the end of the previous fiscal year. The main factors were a 5,538 million yen increase in notes and accounts receivable-trade, a 1,915 million yen increase in cash and deposits, and a 1,444 million yen increase in inventories.

b. Noncurrent assets

Noncurrent assets totaled 17,973 million yen, an increase of 2,945 million yen. The main factors were an increase in property, plant and equipment of 2,081 million yen from OHBA SEIKEN CO., LTD. which became a consolidated subsidiary from the first quarter of the current fiscal year, and OSAKA ALUMI CENTER CORPORATION. whose business ALCONIX acquired and turned into a consolidated subsidiary during the quarter; an increase in intangible assets of 338 million yen at overseas consolidated subsidiaries as the yen's depreciation increased foreign exchange gains; and an increase in investments and other assets of 526 million yen from the evaluation of listed stock at market value.

c. Current liabilities

Current liabilities totaled 48,149 million yen, an increase of 8,051 million yen. The main factors were a 3,174 million yen increase in notes and accounts payable-trade, a 3,043 million yen increase in short-term loans payable, a 387 million yen increase in current portion of long-term loans payable, and a 693 million yen increase in income taxes payable.

d. Noncurrent liabilities

Noncurrent liabilities totaled 16,073 million yen, an increase of 1,606 million yen. The main factors were a 1,081 million yen increase in long-term loans payable and a 148 million yen increase in deferred tax liabilities.

e. Net assets

Net assets totaled 18,085 million yen, an increase of 2,267 million yen. The main factors were a 1,150 million yen increase in retained earnings and a 938 million yen increase in foreign currency translation adjustment.

2) Results of operations

a. Net sales

The main products that saw an increase in sales were recycled aluminum ingots for auto parts, semiconductor-related materials, copper scrap for copper refining, copper tube due to greater demand for energy-efficient air-conditioners, and exports of brass copper rods for piping materials. The main products that saw a decline in sales were imports of minor metals and rare earth, exports of titanium and nickel products for chemical plants and power plants, nickel powder used in secondary battery materials for automotive equipment and consumer electronics, and other items. OHBA SEIKEN CO., LTD. which became a consolidated subsidiary from the first quarter of the current fiscal year, and UNIVERTICAL HOLDINGS INC. and OSAKA ALUMI CENTER CORPORATION which became consolidated subsidiaries in the previous fiscal year, began to contribute to the consolidated earnings from the first quarter of the current fiscal year. However, sales of rare earths declined sharply due to a slump in market prices, and ongoing inventory correction at customers. As a result, net sales declined 5.9% year on year to 44,961 million yen in the first quarter of the current fiscal year.

b. Gross profit

Sales of minor metals and rare earths declined, but sales in the non-ferrous materials segment increased, and new consolidated subsidiaries contributed from the first quarter of the current fiscal year. As a result, gross profits increased 20.1% to 2,933 million yen.

c. Selling, general and administrative expenses

Selling, general and administrative expenses rose 24.4% to 1,776 million yen due to the booking of expenses for consolidated subsidiaries which began to contribute from the first quarter of the current fiscal year.

d. Operating income

Based on the above results, operating income increased 14.0% to 1,156 million yen.

e. Non-operating income, non-operating expenses

Net non-operating income (non-operating income – non-operating expenses) was -73 million yen (compared with 263 million yen in the same period of the previous fiscal year), due to foreign exchange losses related to foreign currency-denominated transactions, following the yen’s ongoing depreciation from the end of the previous fiscal year through the first quarter of the current fiscal year. The above foreign exchange loss is inversely correlated to the significant increase in gross profit against the backdrop of a weaker yen.

f. Ordinary income

Based on the above results, ordinary income fell 15.2% to 1,083 million yen.

g. Extraordinary income, extraordinary loss

ALCONIX booked gain on bargain purchase of 839 million yen as extraordinary income following the acquisition of stock in OHBA SEIKEN CO., LTD. which became a consolidated subsidiary from the first quarter of the current fiscal year, and the acquisition of a business from OSAKA ALUMI CENTER CORPORATION. It booked loss on valuation of investment securities and other items of 47 million yen as an extraordinary loss following the impairment of stockholdings.

h. Net income

ALCONIX recorded income before income taxes and minority interests of 1,878 million yen. From this amount, 481 million yen was deducted for income taxes, and 18 million yen was subtracted for minority interests in income from four consolidated subsidiaries. As a result, net income increased 87.3% to 1,378 million yen.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements

ALCONIX currently maintains figures disclosed in “Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2014)” dated May 17, 2013.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Not applicable.

(2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

- Calculation of tax expense

The tax expenses were calculated by first estimating the effective tax rate after the application of tax effect accounting with respect to income before income taxes and minority interests during the fiscal year, and multiplying that rate by the quarterly income before income taxes and minority interests. Income taxes-deferred were included and displayed with income taxes.

(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements

Not applicable.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY3/13 (As of Mar. 31, 2013)	First quarter of FY3/14 (As of Jun. 30, 2013)
Assets		
Current assets		
Cash and deposits	11,082	12,998
Notes and accounts receivable-trade	30,055	35,594
Merchandise and finished goods	11,727	12,491
Work in process	388	1,086
Raw materials and supplies	321	304
Other	2,124	2,249
Allowance for doubtful accounts	(345)	(388)
Total current assets	55,355	64,335
Noncurrent assets		
Property, plant and equipment	3,940	6,022
Intangible assets		
Goodwill	2,528	2,689
Other	3,530	3,707
Total intangible assets	6,059	6,397
Investments and other assets	5,026	5,553
Total noncurrent assets	15,027	17,973
Total assets	70,382	82,308
Liabilities		
Current liabilities		
Notes and accounts payable-trade	23,243	26,418
Short-term loans payable	12,250	15,294
Current portion of long-term loans payable	1,978	2,365
Current portion of bonds	600	600
Income taxes payable	101	795
Provision for bonuses	406	621
Other	1,516	2,053
Total current liabilities	40,097	48,149
Noncurrent liabilities		
Bonds payable	1,800	1,800
Long-term loans payable	10,297	11,379
Provision for retirement benefits	271	286
Provision for directors' retirement benefits	166	178
Long-term accounts payable-other	73	159
Other	1,858	2,269
Total noncurrent liabilities	14,467	16,073
Total liabilities	54,564	64,222

(Millions of yen)

	FY3/13 (As of Mar. 31, 2013)	First quarter of FY3/14 (As of Jun. 30, 2013)
Net assets		
Shareholders' equity		
Capital stock	2,832	2,833
Capital surplus	1,874	1,875
Retained earnings	10,226	11,376
Treasury stock	(0)	(0)
Total shareholders' equity	14,932	16,085
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	83	177
Deferred gains or losses on hedges	(36)	34
Foreign currency translation adjustment	367	1,305
Total accumulated other comprehensive income	414	1,517
Subscription rights to shares	42	42
Minority interests	427	440
Total net assets	15,818	18,085
Total liabilities and net assets	70,382	82,308

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(For the Three-month Period)

(Millions of yen)

	First three months of FY3/13 (Apr. 1, 2012 – Jun. 30, 2012)	First three months of FY3/14 (Apr. 1, 2013 – Jun. 30, 2013)
Net sales	47,803	44,961
Cost of sales	45,361	42,027
Gross profit	2,442	2,933
Selling, general and administrative expenses	1,428	1,776
Operating income	1,014	1,156
Non-operating income		
Interest income	1	21
Purchase discounts	5	4
Dividends income	19	23
Foreign exchange gains	240	-
Rent income of real estate	11	13
Equity in earnings of affiliates	51	17
Other	22	27
Total non-operating income	353	108
Non-operating expenses		
Interest expenses	59	82
Sales discounts	2	2
Foreign exchange losses	-	61
Loss on sales of notes receivable-trade	12	8
Rent cost of real estate	3	3
Other	11	22
Total non-operating expenses	90	182
Ordinary income	1,277	1,083
Extraordinary income		
Gain on sales of noncurrent assets	0	-
Gain on bargain purchase	-	839
Other	-	3
Total extraordinary income	0	842
Extraordinary loss		
Loss on retirement of noncurrent assets	0	0
Office transfer expenses	0	-
Loss on valuation of investment securities	-	25
Loss on liquidation of subsidiaries and affiliates	-	21
Other	-	0
Total extraordinary losses	1	47
Income before income taxes and minority interests	1,276	1,878
Income taxes	510	481
Income before minority interests	765	1,397
Minority interests in income	29	18
Net income	736	1,378

Quarterly Consolidated Statements of Comprehensive Income
(For the Three-month Period)

(Millions of yen)

	First three months of FY3/13 (Apr. 1, 2012 – Jun. 30, 2012)	First three months of FY3/14 (Apr. 1, 2013 – Jun. 30, 2013)
Income before minority interests	765	1,397
Other comprehensive income		
Valuation difference on available-for-sale securities	(139)	94
Deferred gains or losses on hedges	(49)	72
Foreign currency translation adjustment	62	1,027
Share of other comprehensive income of associates accounted for using equity method	75	159
Total other comprehensive income	(51)	1,353
Comprehensive income	714	2,750
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	681	2,722
Comprehensive income attributable to minority interests	33	28

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

Segment information

I. First three months of FY3/13 (Apr. 1, 2012 – Jun. 30, 2012)

1. Information related to net sales and profit or loss for each reportable segment (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	16,098	23,157	6,240	2,307	47,803
Inter-segment sales and transfers	70	987	159	567	1,784
Total	16,169	24,145	6,399	2,874	49,588
Segment profit	208	1,021	21	25	1,277

2. Reconciliation of quarterly consolidated statements of income with total profit or loss for reportable segments

(Millions of yen)

Profit	Amount
Total for reportable segments	1,277
Eliminations for inter-segment transactions	0
Ordinary income on the quarterly consolidated statements of income	1,277

3. Information related to impairment of noncurrent assets, goodwill, etc. for each reportable segment

Not applicable.

II. First three months of FY3/14 (Apr. 1, 2013 – Jun. 30, 2013)

1. Information related to net sales and profit or loss for each reportable segment (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	17,761	17,272	7,861	2,066	44,961
Inter-segment sales and transfers	139	713	231	839	1,924
Total	17,900	17,986	8,092	2,905	46,885
Segment profit	346	517	124	105	1,094

2. Information related to assets for each reportable segment

In the first quarter of FY3/14, OHBA SEIKEN CO., LTD. was included in the scope of consolidation because all the shares of its stock were acquired by the Company. Accordingly, the effect of this change was to increase segment assets in the "Light metals and copper products" segment by 3,147 million yen at the end of the first quarter of FY3/14, compared with the end of FY3/13.

3. Reconciliation of quarterly consolidated statements of income with total profit or loss for reportable segments

(Millions of yen)

Profit	Amount
Total for reportable segments	1,094
Eliminations for inter-segment transactions	(10)
Ordinary income on the quarterly consolidated statements of income	1,083

4. Information related to impairment of noncurrent assets, goodwill, etc. for each reportable segment

Significant gain on bargain purchase

In the “Light metals and copper products” segment, OHBA SEIKEN CO., LTD. was included in the scope of consolidation because all the shares of its stock were acquired by the Company. Accordingly, gain on bargain purchase of 785 million yen was recorded in the first three months of FY3/14.

In the “Non-ferrous materials” segment, the Company acquired the operations of the Osaka Aluminum Center from OSAKA ALUMI CENTER CORPORATION. Accordingly, gain on bargain purchase of 53 million yen was recorded in the first three months of FY3/14.

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.