May 16, 2014

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 [Japanese GAAP]

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Scheduled date of Annual General Meeting of Shareholders: June 24, 2014
Scheduled date of filing of Annual Securities Report: June 25, 2014
Scheduled date of payment of dividend: June 25, 2014
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 16, 2014 at 13 : 00 (GMT +9).

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(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, 2014	183,749	11.5	3,484	6.0	3,600	24.5	3,144	119.8
Fiscal year ended Mar. 31, 2013	164,769	(25.3)	3,286	(29.9)	2,892	(35.7)	1,430	(41.6)

Note: Comprehensive income (million yen): Fiscal year ended Mar. 31, 2014: 6,224 (up 216.5%)
Fiscal year ended Mar. 31, 2013: 1,966 (down 15.8%)

	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, 2014	494.77	493.00	17.4	4.6	1.9
Fiscal year ended Mar. 31, 2013	225.16	224.28	9.9	4.2	2.0

Reference: Equity in earnings of affiliates (million yen): Fiscal year ended Mar. 31, 2014: 136
Fiscal year ended Mar. 31, 2013: 123

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2014	85,664	21,368	24.3	3276.42
As of Mar. 31, 2013	70,382	15,818	21.8	2,414.98

Reference: Shareholders' equity (million yen) As of Mar. 31, 2014: 20,830 As of Mar. 31, 2013: 15,347

(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, 2014	1,992	(2,428)	1,414	12,765
Fiscal year ended Mar. 31, 2013	7,056	(9,376)	2,589	11,042

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, 2013	-	30.00	-	30.00	60.00	381	26.6	2.6
Fiscal year ended Mar. 31, 2014	-	30.00	-	35.00	65.00	413	13.1	2.5
Fiscal year ending Mar. 31, 2015 (forecast)	-	35.00	-	35.00	70.00		15.9	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(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	101,000	13.6	1,900	1.2	2,400	33.4	1,700	(5.6)	267.35
Full year	206,000	12.1	3,600	3.3	4,200	16.7	2,900	(7.8)	456.07

*** Notes**

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

(2) 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

(3) Number of outstanding shares (common stock)

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

As of Mar. 31, 2014:	6,358,800 shares	As of Mar. 31, 2013:	6,355,200 shares

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

As of Mar. 31, 2014:	185 shares	As of Mar. 31, 2013:	114 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2014:	6,356,357 shares	Fiscal year ended Mar. 31, 2013:	6,353,393 shares

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(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, 2014	113,296	1.9	1,103	(13.7)	1,232	6.4	849	75.5
Fiscal year ended Mar. 31, 2013	111,141	(16.6)	1,278	(21.3)	1,157	(31.5)	483	(40.4)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2014	133.59	133.25
Fiscal year ended Mar. 31, 2013	76.17	76.17

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2014	49,714	8,713	17.4	1,364.26
As of Mar. 31, 2013	48,793	7,994	16.3	1,251.24

Reference: Shareholders' equity (million yen): As of Mar. 31, 2014: 8,674 As of Mar. 31, 2013: 7,951

* 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.

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1. Analysis of Results of Operations and Financial Position

(1) Analysis of Results of Operations

In the fiscal year that ended on March 31, 2014, the US economy continued to recover slowly with growth backed mainly by consumer spending and Europe's economic slowdown came to an end. However, economic growth slowed in China and other emerging countries.

The Japanese economy continued its gradual recovery because of the weaker yen and public-works expenditures as well as demand created by the rush to make purchases before the April 2014 consumption tax hike.

In the non-ferrous metals industry, where the ALCONIX Group operates, there was continued growth in demand associated with automobiles, smartphones and tablets. There was also replacement demand for PCs and other IT equipment. But demand for LCD TVs and other digital appliances remained lackluster. As a result, demand was mixed and divided between strength and weakness in various categories of final demand for non-ferrous metals.

In this economic environment, the Group saw an increase in transaction of aluminum raw materials for auto parts and exports of copper products for air-conditioners, but a decline in titanium and nickel product exports for plants and shipbuilders, and a decline in sales of minor metals and rare earths. In the field of rare earths, sales of heavy rare earth elements dropped particularly sharply year on year due to the impact of slumping market prices and ongoing inventory corrections at major customers.

Overall profits increased as an increase in exports of copper products and a higher profits of domestic consolidated subsidiaries, as well as earnings contributions from two domestic consolidated subsidiaries and a US-based plating manufacturing subsidiary whose results were contributed to consolidated earnings beginning from the first quarter, largely exceeded the decline in profits from rare earths. Also, the booking of gain on bargain purchase as extraordinary income following the acquisition of stocks in domestic consolidated subsidiaries and the acquisition of business drove a sharp rise in net income.

For the current fiscal year, ALCONIX reported consolidated net sales of 183,749 million yen (up 11.5% year on year), operating income of 3,484 million yen (up 6.0%), ordinary income of 3,600 million yen (up 24.5%) and net income of 3,144 million yen (up 119.8%).

Results by business segment were as follows.

- Light metals and copper products

Demand for light metals and copper products was strong throughout the fiscal year thanks to the weaker yen. Although the recovery in semiconductor materials was slow, there was growth in the automobile, air conditioning, large motorcycle, aircraft and home construction materials categories. Meanwhile, profits were higher at distribution and manufacturing subsidiaries in Japan. In addition, there was a big contribution to consolidated earnings from OHBA SEIKEN CO., LTD., which became a consolidated subsidiary in the current fiscal year.

As a result, the segment recorded sales of 76,078 million yen (up 20.9% year on year) and segment profit of 1,632 million yen (up 121.9%).

- Electronic and advanced materials

Sales of solar cell materials increased in part because of the continuing benefits of Japan's feed-in tariff system. Exports of copper products and environmental-related materials to North America were higher because of the US economic recovery and the weaker yen. In the growing market for materials used to manufacture smartphones and tablets, sales were up and down during the fiscal year along with sales of finished products. But total fiscal year sales were higher. Exports of titanium and nickel products were lower for both China and Europe.

In the field of minor metals and rare earths, sales of tungsten were higher than the previous fiscal year because of a recovery in demand in the auto industry. Sales of light rare earth elements also increased, despite sharply lower

prices of rare earths, due in part to the winding down of inventory corrections and an increase in auto production. However, sales and profits of heavy rare earth elements declined sharply year on year due to the ongoing inventory correction among materials producers. A US plating materials maker, which was made a consolidated subsidiary of ALCONIX in the previous fiscal year, contributed to consolidated earnings.

As a result, the segment recorded sales of 69,096 million yen (down 2.2% year on year) and segment profit of 1,654 million yen (down 13.3%).

- Non-ferrous materials

There were big increases in sales of imported aluminum alloy ingots, aluminum deoxidizer materials, copper scrap, metal silicon, magnesium ingots and other materials because of Japan's economic recovery and the weaker yen. The contribution starting in the fiscal year's first quarter of a subsidiary in Japan that recycles aluminum scrap was another reason for the hither sales. However, segment profits were lower. The primary causes were slowing growth in auto production in Japan, the major source of demand for imported aluminum alloy ingots, and high prices for these ingots due to rising auto production in China, which is a large supplier of aluminum alloy ingots. Earnings were further impacted by the weaker yen and intense competition with other companies.

As a result, the segment recorded sales of 33,406 million yen (up 29.4% year on year) and segment profit of 91 million yen (down 6.1%).

- Construction and industrial materials

Residential investments and public-works expenditures increased as people rushed to make purchases before the April 2014 consumption tax hike and because of demand associated with reconstruction activities following the Great East Japan Earthquake. In addition, private-sector capital expenditures have recovered somewhat. As a result, the sales volume of construction and industrial materials and piping equipment in Japan increased. In addition, the weaker yen contributed to growth in exports of piping equipment and sales of copper alloy materials to Southeast Asia and the Middle East. Overseas sales in the Hong Kong and Shenzhen region increased, too. But there was a downturn in imports of bulk tanks and forge/foundry materials as the weaker yen raised the cost of these products.

As a result, the segment recorded sales of 13,054 million yen (up 9.6% year on year) and segment profit of 202 million yen (up 36.3%).

Forecasts for the new fiscal year

In the fiscal year ending on March 31, 2015, ALCONIX expects a downturn in demand in Japan following the spike in demand leading up to the April 2014 consumption tax hike. But demand in Japan is expected to be strong in the automobile industry, where the weaker yen has increased export earnings, and in the rapidly growing smartphone and tablet sector. Overseas, there are concerns about tension in Ukraine and slowing economic growth in China and other emerging countries. But ALCONIX foresees higher demand for non-ferrous metals as the global economy recovers with growth centered on the US economy.

ALCONIX anticipates growth in overseas business volume because of higher exports backed by the continued weak yen and higher overseas transactions that target growth in demand. For minor metals and rare earths, a recovery is expected due to the end of the downturn in this sector as inventory corrections by customers wind down and demand for these materials increases for hybrid vehicles, which use an increasing amount of electrical components. Furthermore, K'MAC Co., Ltd., which became an equity-method affiliate in April 2014, is expected to make a big contribution to consolidated ordinary income. ALCONIX forecasts a decrease in consolidated net income because net income in the fiscal year ended on March 31, 2014 included a one-time gain of 839 million yen from negative goodwill resulting from the purchase of stock of two consolidated subsidiaries in Japan and the acquisition of a business.

The ALCONIX Group forecasts FY3/15 consolidated net sales of 206,000 million yen (up 13.6% year on year), operating income of 3,600 million yen (up 3.3%), ordinary income of 4,200 million yen (up 16.7%), and net income of 2,900 million yen (down 7.8%).

(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 5,613 million yen increase in notes and accounts receivable-trade due to higher sales, the 3,346 million yen increase in inventories, the 2,424 million yen increase in property, plant and equipment due to the consolidation and business acquisition of domestic consolidated subsidiaries, the 547 million yen increase in intangible assets, the 1,328 million yen increase in investments and other assets from the evaluation of investment securities at market value, and the 1,843 million yen increase in cash and deposits. The result was the 15,282 million yen increase in assets over the end of the previous fiscal year to 85,664 million yen.

In the liabilities category, the main factors of increase were the 4,894 million yen increase in notes and accounts payable-trade, the 2,710 million yen increase in short-term loans payable, the 1,191 million yen increase in current portion of long-term loans payable following the shift from the non-current liabilities section, and the 733 million yen increase in income taxes payable. The main factors of decrease was the 600 million yen decline in the redemption of bonds. The net result was the 9,732 million yen increase in liabilities over the end of the previous fiscal year to 64,296 million yen.

In the net assets category, the main factors of increase were 2 million yen increases in each of capital stock and capital surplus due to the exercise of subscription rights to shares, the2,726 million yen increase in retained earnings, the 220 million yen increase in valuation difference on available-for-sale securities related to the market value of listed stock, and the 2,470 million yen increase in foreign currency translation adjustment. As a result, net assets increased 5,550 million yen over the end of the previous fiscal year to 21,368 million yen.

2) Cash flows

Cash and cash equivalents (hereinafter, “Cash”) at the end of the current fiscal year increased 1,722 million yen from the end of the previous fiscal year to 12,765 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 1,992 million yen. Main positive factors include income before income taxes and minority interests of 4,509 million yen, depreciation including amortization of goodwill of 1,358 million yen, and the 3,979 million yen increase in notes and accounts payable-trade. Meanwhile, major negative factors include the 4,042 million yen increase in notes and accounts receivable-trade, the 2,060 million yen increase in inventories, income taxes paid of 572 million yen, as well as the non-cash item of gain on bargain purchase of 839 million yen, following the acquisition of stocks in domestic consolidated subsidiaries and the acquisition of business.
Cash flows from investing activities	Net cash used in investing activities was 2,428 million yen. Main negative factors include the 681 million yen increase in property, plant and equipment due to capital expenditure at two domestic consolidated subsidiaries which became consolidated subsidiaries in the fiscal year, payment of 645 million yen for the purchase of investment securities, 720 million yen for purchase of investments in subsidiaries resulting in change in scope of consolidation, and 1,001 million yen for the loan of working capital.

Cash flows from financing activities	Net cash provided by financing activities was 1,414 million yen. Main positive factors include net increase in short-term loans payable of 1,950 million yen and net increase in long-term loans payable of 760 million yen. Meanwhile, major negative factors include the redemption of bonds of 600 million yen and cash dividends paid of 388 million yen.

Reference: Cash flow indicators

	FY3/13	FY3/14
Shareholders' equity ratio (%)	21.8	24.3
Shareholders' equity ratio based on market value (%)	17.2	16.1
Ratio of interest-bearing debt to cash flows (%)	3.8	15.0
Interest coverage ratio (times)	30.3	5.6

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 shares.
* Operating cash flow and interest payments are taken from "Net cash provided by (used in) operating activities" and "Interest expenses paid" on the consolidated statement of cash flows, respectively.
* Interest-bearing debt includes all debt on the consolidated balance sheet 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 plans to pay a year-end dividend of 35 yen per share for the fiscal year that ended on March 31, 2014, an increase of 5 yen from one year earlier based on the results of operations. With the interim dividend of 30 yen per share, this will result in an annual dividend of 65 yen per share.

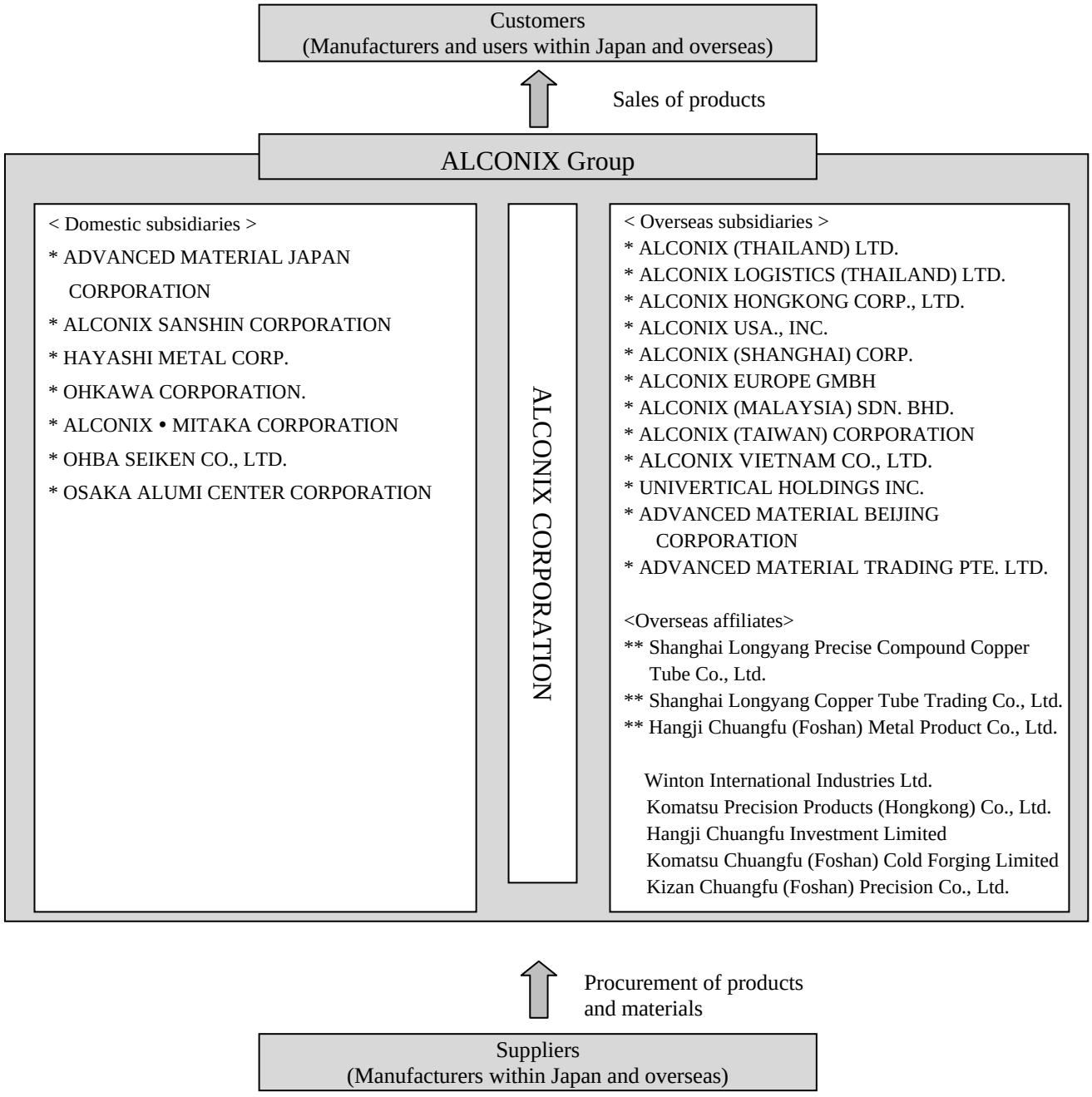
2. Corporate Group

The ALCONIX Group comprises of the Company (ALCONIX CORPORATION), 26 consolidated subsidiaries, and eight affiliates (including three 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	- 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 SANSHIN CORPORATION HAYASHI METAL CORP. OHKAWA CORPORATION ALCONIX• MITAKA CORPORATION OHBA SEIKEN CO., LTD.
Electronic and advanced materials	- 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	- 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 CORPORATION
Construction and industrial materials	- 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	ALCONIX HONGKONG CORP., LTD.

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



Notes:

1. * Consolidated subsidiaries ** Equity method affiliates
2. ALCONIX・OHBA CO., LTD. was extinguished on September 30, 2013 as a result of the absorption-type merger with its consolidated subsidiary OHBA SEIKEN CO., LTD., the surviving entity in this transaction. OHBA SEIKEN allotted its all outstanding of 11,500 shares to ALCONIX CORPORATION and became a consolidated subsidiary.
3. Equity method affiliate ALCONIX DIECAST SUZHOU CO., LTD. was excluded from the scope of the corporate group because the equity interests held by ALCONIX CORPORATION was sold.

3. Management Policies

(1) Basic Management Policy

The ALCONIX Group's corporate policy 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 (Medium-term business plan covering three year period from the fiscal year ending March 31, 2015)

1) Profit targets

Consolidated ordinary income:	Over 5,000 million yen (Fiscal year ending March 31, 2017)
Consolidated net income:	Over 3,500 million yen (Fiscal year ending March 31, 2017)

2) Management benchmarks

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

3) Investment plans

15 billion yen over three years. (Investment targets: M&As, business investments, capital expenditures, etc.)

(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 (fiscal years ending March 31, 2015 to 2017) 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. There will also be measures to expand aluminum and copper scrap yard operations in Japan and enlarge recycling operations on a global scale, particularly for minor metals and rare earths.
- 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.
- ALCONIX aims to move beyond the traditional framework of trading firms by using M&A and business investments to expand manufacturing operations and establish a unified manufacturing and sales structure that utilizes synergies with trading company functions. It also plans to strengthen downstream operations through the promotion of coordination among consolidated subsidiaries with wholesaler functions to achieve synergies.

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 the fiscal year ending March 31, 2015)

- Promote M&As (in Japan and other countries)
  Target wide variety of fields with a focus on steel, chemicals and non-ferrous metals through the sectors below.
  - ➔ Upstream: manufacturers and recycle centers
  - ➔ Midstream: trading firms
  - ➔ Downstream: wholesalers and retailers
- Invest in automotive parts manufacturer and residential construction materials manufacturer in Japan (making them equity-method affiliates)
- Invest in copper tube manufacturer in the United States
- Acquisition of trading rights of a scrap yard
- Invest in and make loans to minor metal recycling processor and minor metal scrapping company overseas
- Invest in coil slit center in China
- Acquire a sales company business for secondary steelmaking materials

(To be implemented in the fiscal year ending March 31, 2016 onward)

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

(Plan for capital expenditures)

Manufacturing companies in the ALCONIX Group plan to construct a plant for processing aircraft parts, purchase production equipment and take other measures to meet demand for metal plating materials in emerging countries. These expenditures are expected to total approximately 3 billion yen over three years.

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 Sheet

(Millions of yen)

	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
Assets		
Current assets		
Cash and deposits	11,082	12,926
Notes and accounts receivable-trade	30,055	35,668
Merchandise and finished goods	11,727	14,311
Work in process	388	1,045
Raw materials and supplies	321	426
Deferred tax assets	447	446
Other	1,677	1,976
Allowance for doubtful accounts	(345)	(465)
Total current assets	55,355	66,366
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,882	3,123
Accumulated depreciation	(931)	(1,533)
Buildings and structures, net	951	1,589
Machinery, equipment and vehicles	2,991	5,003
Accumulated depreciation	(2,370)	(3,862)
Machinery, equipment and vehicles, net	621	1,140
Tools, furniture and fixtures	343	597
Accumulated depreciation	(251)	(449)
Tools, furniture and fixtures, net	92	148
Land	2,265	2,956
Leased assets	-	1,856
Accumulated depreciation	-	(1,380)
Leased assets, net	-	475
Construction in progress	10	53
Total property, plant and equipment	3,940	6,365
Intangible assets		
Goodwill	2,528	2,736
Software	174	199
Other	3,356	3,670
Total intangible assets	6,059	6,607
Investments and other assets		
Investment securities	4,450	5,793
Long-term loans receivable	34	14
Deferred tax assets	103	102
Other	486	469
Allowance for doubtful accounts	(47)	(23)
Total investments and other assets	5,026	6,355
Total non-current assets	15,027	19,327
Total assets	70,382	85,664

(Millions of yen)

	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	23,243	28,138
Short-term loans payable	12,250	14,961
Current portion of long-term loans payable	1,978	3,169
Current portion of bonds	600	600
Income taxes payable	101	834
Provision for bonuses	406	450
Deferred tax liabilities	85	1
Other	1,430	2,030
Total current liabilities	40,097	50,187
Non-current liabilities		
Bonds payable	1,800	1,200
Long-term loans payable	10,297	9,982
Deferred tax liabilities	1,807	2,089
Provision for retirement benefits	271	-
Provision for directors' retirement benefits	166	204
Net defined benefit liability	-	311
Long-term accounts payable-other	73	61
Other	50	259
Total non-current liabilities	14,467	14,108
Total liabilities	54,564	64,296
Net assets		
Shareholders' equity		
Capital stock	2,832	2,835
Capital surplus	1,874	1,877
Retained earnings	10,226	12,952
Treasury shares	(0)	(0)
Total shareholders' equity	14,932	17,664
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	83	304
Deferred gains or losses on hedges	(36)	26
Foreign currency translation adjustment	367	2,837
Total accumulated other comprehensive income	414	3,168
Subscription rights to shares	42	38
Minority interests	427	495
Total net assets	15,818	21,368
Total liabilities and net assets	70,382	85,664

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Net sales	164,769	183,749
Cost of sales	156,010	172,754
Gross profit	8,759	10,995
Selling, general and administrative expenses	5,473	7,510
Operating income	3,286	3,484
Non-operating income		
Interest income	20	87
Purchase discounts	21	18
Dividend income	40	41
Fiduciary obligation fee	8	10
Share of profit of entities accounted for using equity method	123	136
Insurance premiums refunded cancellation	-	334
Rent income of real estate	42	64
Other	67	159
Total non-operating income	324	853
Non-operating expenses		
Interest expenses	244	363
Sales discounts	10	12
Foreign exchange losses	299	220
Loss on sales of notes receivable-trade	48	37
Rent cost of real estate	26	23
Other	89	80
Total non-operating expenses	718	737
Ordinary income	2,892	3,600
Extraordinary income		
Gain on sales of non-current assets	5	8
Subsidy income	72	45
Gain on bargain purchase	-	839
Gains on liquidation of investment securities	-	110
Other	6	9
Total extraordinary income	83	1,013
Extraordinary losses		
Loss on valuation of investment securities	270	57
Contribution on withdrawal from employees' pension fund	73	-
Loss on liquidation of subsidiaries and affiliates	-	40
Other	36	6
Total extraordinary losses	380	104
Income before income taxes and minority interests	2,594	4,509
Income taxes-current	916	1,516
Income taxes-deferred	186	(223)
Total income taxes	1,103	1,293
Income before minority interests	1,491	3,215
Minority interests in income	61	70
Net income	1,430	3,144

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Income before minority interests	1,491	3,215
Other comprehensive income		
Valuation difference on available-for-sale securities	124	220
Deferred gains or losses on hedges	4	63
Foreign currency translation adjustment	142	2,279
Share of other comprehensive income of entities accounted for using equity method	203	444
Total other comprehensive income	474	3,008
Comprehensive income	1,966	6,224
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,898	6,140
Comprehensive income attributable to minority interests	67	83

(3) Consolidated Statement of Changes in Equity

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,830	1,872	9,208	(0)	13,912
Changes of items during period					
Issuance of new shares	1	1			3
Dividends of surplus			(412)		(412)
Net income			1,430		1,430
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	1	1	1,017	(0)	1,020
Balance at end of current period	2,832	1,874	10,226	(0)	14,932

(Millions of yen)

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	(41)	(41)	(211)	(294)	43	359	14,020
Changes of items during period							
Issuance of new shares							3
Dividends of surplus							(412)
Net income							1,430
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	124	5	579	709	(0)	68	776
Total changes of items during period	124	5	579	709	(0)	68	1,797
Balance at end of current period	83	(36)	367	414	42	427	15,818

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,832	1,874	10,226	(0)	14,932
Changes of items during period					
Issuance of new shares	2	2			5
Dividends of surplus			(418)		(418)
Net income			3,144		3,144
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	2	2	2,726	(0)	2,732
Balance at end of current period	2,835	1,877	12,952	(0)	17,664

(Millions of yen)

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	83	(36)	367	414	42	427	15,818
Changes of items during period							
Issuance of new shares							5
Dividends of surplus							(418)
Net income							3,144
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	220	62	2,470	2,754	(4)	67	2,818
Total changes of items during period	220	62	2,470	2,754	(4)	67	5,550
Balance at end of current period	304	26	2,837	3,168	38	495	21,368

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	2,594	4,509
Depreciation	407	1,070
Amortization of goodwill	12	288
Gain on bargain purchase	-	(839)
Increase (decrease) in allowance for doubtful accounts	97	91
Increase (decrease) in provision for bonuses	(191)	1
Increase (decrease) in provision for retirement benefits	33	-
Increase (decrease) in provision for directors' retirement benefits	41	38
Increase (decrease) in net defined benefit liability	-	39
Interest and dividend income	(60)	(129)
Interest expenses	244	363
Loss on valuation of investment securities	270	57
Share of (profit) loss of entities accounted for using equity method	(123)	(135)
Decrease (increase) in notes and accounts receivable-trade	3,045	(4,042)
Decrease (increase) in inventories	7,380	(2,060)
Increase (decrease) in notes and accounts payable-trade	(4,237)	3,979
Decrease (increase) in consumption taxes refund receivable	(384)	14
Increase (decrease) in income taxes payable-the factor based tax	(6)	3
Decrease (increase) in advance payments	139	(194)
Decrease (increase) in accounts receivable-other	(179)	68
Increase (decrease) in accounts payable-other	16	(103)
Increase (decrease) in advances received	87	114
Other, net	508	(410)
Subtotal	9,698	2,723
Interest and dividend income received	60	195
Interest expenses paid	(232)	(354)
Income taxes paid	(2,469)	(948)
Income taxes refund	-	375
Net cash provided by (used in) operating activities	7,056	1,992
Cash flows from investing activities		
Payments into time deposits	(54)	(82)
Proceeds from withdrawal of time deposits	120	232
Purchase of property, plant and equipment	(311)	(681)
Purchase of intangible assets	(129)	(100)
Purchase of investment securities	(2,430)	(645)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(6,737)	(720)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(60)	-
Payments for transfer of business	-	(200)
Payments of loans receivable	(55)	(1,001)
Collection of loans receivable	67	94
Purchase of insurance funds	(10)	(12)
Proceeds from cancellation of insurance funds	1	697
Other, net	224	(8)
Net cash provided by (used in) investing activities	(9,376)	(2,428)

(Millions of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(3,624)	1,950
Proceeds from long-term loans payable	8,517	3,155
Repayment of long-term loans payable	(2,484)	(2,394)
Proceeds from issuance of bonds	1,000	-
Redemption of bonds	(400)	(600)
Proceeds from issuance of common stock	3	5
Proceeds from issuance of common stock to minority shareholder	11	-
Cash dividends paid	(408)	(388)
Cash dividends paid to minority shareholders	(24)	(16)
Repayments of finance lease obligations	-	(339)
Other, net	(0)	42
Net cash provided by (used in) financing activities	2,589	1,414
Effect of exchange rate change on cash and cash equivalents	272	743
Net increase (decrease) in cash and cash equivalents	540	1,722
Cash and cash equivalents at beginning of period	10,502	11,042
Cash and cash equivalents at end of period	11,042	12,765

(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 SANSHIN CORPORATION
OHKAWA CORPORATION
OHBA SEIKEN CO., LTD.
ALCONIX (SHANGHAI) CORP.
ALCONIX EUROPE GMBH
UNIVERTICAL HOLDINGS INC.

OHBA SEIKEN CO., LTD. was included in the consolidation due to the acquisition of its shares by the Company.

2. Application of equity method

(1) Number of affiliates accounted for under the equity method: 3

Name of affiliate:

Shanghai Longyang Precise Compound Copper Tube Co., Ltd.

ALCONIX DIECAST SUZHOU CO., LTD. was excluded from the scope of application of the equity method because the equity interests held by ALCONIX CORPORATION was sold.

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

Name of affiliate:

Winton International Industries Ltd.

Non-equity method 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

Amortization 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 collectability.

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) The accounting treatment methods for retirement benefits

The Company and its consolidated subsidiaries calculate net defined benefit liability and retirement benefit expenses by using a simplified method in which retirement benefit obligations are equal to the amount that would be paid if all employees voluntarily requested benefits at the end of the fiscal year.

(6) 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.

(7) 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.

(8) Amortization of goodwill

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

(9) Scope of cash and cash equivalents on the consolidated statement 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 to known amounts of cash and present insignificant risk of change in value.

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

Accounting for consumption taxes

All amounts stated are exclusive of consumption taxes.

Reclassifications

Consolidated statement of income

Following the application of the "Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012)," "Provision for retirement benefits" is presented as "Net defined benefit liability" from the current fiscal year.

As the Company applies these accounting standards in accordance with the transitional accounting treatments set forth in Clause 37 of the Accounting Standard for Retirement Benefits, figures are not reclassified.

Consolidated statement of cash flows

"Proceeds from cancellation of insurance funds," which was included in "Other" under "Net cash provided by (used in) investing activities" in the previous fiscal year, is reclassified and presented as a separate item since it has increased the materiality of impact in the context of consolidated financial statements. To conform to this change, the financial statements for the previous fiscal year are reclassified.

As a result, "Other" (225 million yen) under "Net cash provided by (used in) investing activities" shown in the previous fiscal year's consolidated statement of cash flows is reclassified and divided into "Proceeds from cancellation of insurance funds" (1 million yen) and "Other" (224 million yen).

Segment and Other Information

[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.

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

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

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014) (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	75,522	65,777	32,796	9,652	183,749
Inter-segment sales and transfers	556	3,318	610	3,402	7,887
Total	76,078	69,096	33,406	13,054	191,636
Segment profit	1,632	1,654	91	202	3,581
Segment assets	41,848	33,971	7,374	3,827	87,021
Other items					
Depreciation	557	449	36	6	1,049
Amortization of goodwill	2	286	-	-	288
Interest income	21	30	0	35	87
Interest expenses	175	114	42	31	363
Equity in earnings (losses) of affiliates	145	-	-	(9)	136
Investment in equity-method affiliates	2,231	-	-	-	2,231
Increase in property, plant and equipment and intangible assets	901	102	149	2	1,156

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

(Millions of yen)

Net sales	FY3/13	FY3/14
Total for reportable segments	171,283	191,636
Eliminations for inter-segment transactions	(6,513)	(7,887)
Net sales on the consolidated financial statements	164,769	183,749

(Millions of yen)

Profit	FY3/13	FY3/14
Total for reportable segments	2,890	3,581
Eliminations for inter-segment transactions	1	18
Ordinary income on the consolidated financial statements	2,892	3,600

(Millions of yen)

Assets	FY3/13	FY3/14
Total for reportable segments	71,452	87,021
Corporate assets (Note)	265	236
Eliminations for inter-segment transactions	(1,336)	(1,593)
Total assets on the consolidated financial statements	70,382	85,664

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

[Related information]

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	China	North America	Europe	Other regions	Total
114,770	21,414	10,715	9,920	6,690	1,258	164,769

Notes: 1. Classification of net sales is based on the location of the client and categorized by country or region.
2. Asia does not include China.

(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 statement of income.

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

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	China	North America	Europe	Other regions	Total
112,035	26,873	19,331	18,488	5,656	1,364	183,749

Notes: 1. Classification of net sales is based on the location of the client and categorized by country or region.
2. Asia does not include China.

(2) Property, plant and equipment (Millions of yen)

Japan	Asia	USA	Europe	Total
5,396	318	649	0	6,365

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 statement of income.

[Information related to impairment of non-current assets for each reportable segment]

Not applicable.

[Information related to goodwill amortization and the unamortized balance for each reportable segment]

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.

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014) (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	-	2,736	-	-	2,736	-	2,736

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

[Information related to gain on bargain purchase for each reportable segment]

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 FY3/14.

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

Per Share Information

(Yen)

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)		FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	
Net assets per share	2,414.98	Net assets per share	3,276.42
Net income per share	225.16	Net income per share	494.77
Diluted net income per share	224.28	Diluted net income per share	493.00

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

(Millions of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Net income per share		
Net income	1,430	3,144
Amounts not available to common stock shareholders	-	-
Net income available to common stock	1,430	3,144
Average number of shares outstanding during the period (Thousand shares)	6,353	6,356
Diluted net income per share		
Adjusted net income	5	3
(of which, adjusted net income related to the potential stock of consolidated subsidiaries)	(5)	((3))
Increase in the number of common stock shares	-	16
(of which, stock acquisition rights)	(-)	(-)
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.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)	Stock acquisition rights No.4 (Number of stock acquisition rights: 108), Stock acquisition rights No.5 (Number of stock acquisition rights: 312), Stock acquisition rights No.6 (Number of stock acquisition rights: 386)

Subsequent Events

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

Acquisition of K’MAC Stock (Conversion into an equity-method affiliate)

On April 22, 2014, the ALCONIX Board of Directors approved a resolution to acquire additional shares of K’MAC Co., Ltd., which ALCONIX already owned 18.6% of outstanding shares. As a result, ALCONIX will hold 36,000 shares (20%) of all outstanding shares of K’MAC. This acquisition will make K’MAC an equity-method affiliate effective the first quarter of the fiscal year ending March 31, 2015.

(1) Overview of investee and reason for investment

K’MAC designs, manufactures and sells residential construction materials, automotive parts, and environmental and energy materials. The company has a powerful manufacturing and product development infrastructure backed by the technologies of its own factories in Japan and other countries and its more than 100 vendors. Operations cover Japan as well as other regions of the world, mainly China, the United States and Southeast Asia.

ALCONIX purchased 18.6% of the stock of K'MAC in January 2014 for the purposes of cooperating with this company, which has a global manufacturing network and diverse lineup of products, and entering new fields of business. In order to establish a framework to take full advantage of the resources of the two companies, ALCONIX has decided to purchase an additional 1.4% of the stock of K'MAC by 33 million yen. Consequently, K'MAC will be an equity-method affiliate of the ALCONIX Group. After the additional investment, ALCONIX plans to send a part-time director to K'MAC. The purchases of K'MAC stock, including the initial investment in January 2014, which collectively totaled 472 million yen, were funded internally.

(2) Impact on profits

K'MAC will become an equity-method affiliate as a result of the additional investment, and ALCONIX is currently studying the effect of this investment on consolidated results of operations in the fiscal year ending on March 31, 2015.

5. Non-consolidated Financial Statements

(1) Balance Sheet

(Millions of yen)

	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
Assets		
Current assets		
Cash and deposits	2,565	2,818
Notes receivable-trade	1,685	1,862
Accounts receivable-trade	23,059	23,390
Merchandise and finished goods	6,239	6,884
Advance payments-trade	17	56
Prepaid expenses	58	81
Deferred tax assets	229	221
Short-term loans receivable	1,548	429
Accounts receivable-other	278	456
Consumption taxes receivable	244	338
Other	204	185
Allowance for doubtful accounts	(309)	(417)
Total current assets	35,821	36,307
Non-current assets		
Property, plant and equipment		
Buildings	21	17
Machinery and equipment	1	-
Vehicles	0	0
Tools, furniture and fixtures	26	28
Total property, plant and equipment	49	45
Intangible assets		
Goodwill	2	0
Software	90	21
Telephone subscription right	5	5
Total intangible assets	98	27
Investments and other assets		
Investment securities	2,522	3,258
Stocks of subsidiaries and affiliates	9,809	9,717
Investments in capital of subsidiaries and affiliates	173	173
Long-term prepaid expenses	1	1
Deferred tax assets	36	34
Insurance funds	124	8
Long-term guarantee deposits	131	119
Other	24	19
Total investments and other assets	12,823	13,333
Total non-current assets	12,971	13,406
Total assets	48,793	49,714

(Millions of yen)

	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
Liabilities		
Current liabilities		
Notes payable-trade	4,730	5,262
Accounts payable-trade	15,206	16,618
Short-term loans payable	7,616	4,974
Current portion of long-term loans payable	1,340	2,236
Current portion of bonds	400	400
Accounts payable-other	315	350
Accrued expenses	113	78
Income taxes payable	-	180
Advances received	36	29
Deposits received	73	581
Provision for bonuses	159	183
Other	273	292
Total current liabilities	30,265	31,187
Non-current liabilities		
Bonds payable	1,200	800
Long-term loans payable	8,970	8,623
Long-term accounts payable-other	73	61
Provision for retirement benefits	171	193
Provision for directors' retirement benefits	118	134
Total non-current liabilities	10,533	9,812
Total liabilities	40,798	41,000
Net assets		
Shareholders' equity		
Capital stock	2,832	2,835
Capital surplus		
Legal capital surplus	1,874	1,877
Total capital surpluses	1,874	1,877
Retained earnings		
Legal retained earnings	10	10
Other retained earnings		
General reserve	400	400
Retained earnings brought forward	2,778	3,246
Total retained earnings	3,189	3,657
Treasury shares	(0)	(0)
Total shareholders' equity	7,895	8,369
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	79	274
Deferred gains or losses on hedges	(23)	31
Total valuation and translation adjustments	55	305
Subscription rights to shares	42	38
Total net assets	7,994	8,713
Total liabilities and net assets	48,793	49,714

(2) Statement of Income

(Millions of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Net sales	111,141	113,296
Cost of sales	107,058	109,424
Gross profit	4,083	3,872
Selling, general and administrative expenses	2,804	2,768
Operating income	1,278	1,103
Non-operating income		
Interest income	10	31
Purchase discounts	17	15
Interest on securities	3	11
Dividend income	322	448
Fiduciary obligation fee	74	95
Other	38	28
Total non-operating income	466	630
Non-operating expenses		
Interest expenses	146	219
Sales discounts	4	4
Interest on bonds	5	8
Foreign exchange losses	307	177
Loss on sales of notes receivable-trade	40	31
Provision of allowance for doubtful accounts	35	5
Other	46	54
Total non-operating expenses	587	501
Ordinary income	1,157	1,232
Extraordinary income		
Gain on sales of subsidiaries and affiliates' stocks	6	-
Gain on liquidation of subsidiaries and associates	-	110
Other	0	4
Total extraordinary income	7	114
Extraordinary losses		
Loss on valuation of investment securities	270	57
Loss on valuation of stocks of subsidiaries and affiliates	-	82
Loss on liquidation of subsidiaries and associates	-	40
Contribution on withdrawal from employees' pension fund	67	-
Other	17	0
Total extraordinary losses	356	181
Income before income taxes	808	1,165
Income taxes-current	292	345
Income taxes-deferred	32	(29)
Total income taxes	324	316
Net income	483	849

(3) Statement of Changes in Equity

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus		Retained earnings			Total retained earnings	Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surpluses	Legal retained earnings	Other retained earnings				
					General reserve	Retained earnings brought forward			
Balance at beginning of current period	2,830	1,872	1,872	10	400	2,707	3,118	(0)	7,821
Changes of items during period									
Issuance of new shares	1	1	1						3
Dividends of surplus						(412)	(412)		(412)
Net income						483	483		483
Purchase of treasury shares								(0)	(0)
Net changes of items other than shareholders' equity									
Total changes of items during period	1	1	1	-	-	70	70	(0)	74
Balance at end of current period	2,832	1,874	1,874	10	400	2,778	3,189	(0)	7,895

(Millions of yen)

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of current period	(21)	(42)	(63)	43	7,801
Changes of items during period					
Issuance of new shares					3
Dividends of surplus					(412)
Net income					483
Purchase of treasury shares					(0)
Net changes of items other than shareholders' equity	101	18	119	(0)	119
Total changes of items during period	101	18	119	(0)	193
Balance at end of current period	79	(23)	55	42	7,994

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus		Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surpluses	Legal retained earnings	Other retained earnings		Total retained earnings		
					General reserve	Retained earnings brought forward			
Balance at beginning of current period	2,832	1,874	1,874	10	400	2,778	3,189	(0)	7,895
Changes of items during period									
Issuance of new shares	2	2	2						5
Dividends of surplus						(381)	(381)		(381)
Net income						849	849		849
Purchase of treasury shares								(0)	(0)
Net changes of items other than shareholders' equity									
Total changes of items during period	2	2	2	-	-	467	467	(0)	473
Balance at end of current period	2,835	1,877	1,877	10	400	3,246	3,657	(0)	8,369

(Millions of yen)

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of current period	79	(23)	55	42	7,994
Changes of items during period					
Issuance of new shares					5
Dividends of surplus					(381)
Net income					849
Purchase of treasury shares					(0)
Net changes of items other than shareholders' equity	194	54	249	(4)	245
Total changes of items during period	194	54	249	(4)	719
Balance at end of current period	274	31	305	38	8,713

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.