August 5, 2014

Summary of Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2015 (Three Months Ended June 30, 2014)

[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

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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 5, 2014 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, 2014 (April 1, 2014 – June 30, 2014)

(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, 2014	48,404	7.7	961	(16.9)	1,713	58.1	1,305	(5.3)
Three months ended Jun. 30, 2013	44,961	(5.9)	1,156	14.0	1,083	(15.2)	1,378	87.3

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2014: 981 (down 64.3%)
Three months ended Jun. 30, 2013: 2,750 (up 284.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2014	102.65	102.28
Three months ended Jun. 30, 2013	108.45	108.14

ALCONIX conducted a 2-for-1 stock split on August 1, 2014. The net income per share and diluted net income per share are calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2014	87,937	22,107	24.5
As of Mar. 31, 2014	85,664	21,368	24.3

Reference: Shareholders' equity (million yen) As of Jun. 30, 2014: 21,577 As of Mar. 31, 2014: 20,833

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2014	-	30.00	-	35.00	65.00
Fiscal year ending Mar. 31, 2015	-				
Fiscal year ending Mar. 31, 2015 (forecast)		18.00	-	18.00	36.00

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

ALCONIX conducted a 2-for-1 stock split on August 1, 2014. As a result, its total dividend per share forecast for the fiscal year ending March 31, 2015 is based on the number of shares after the stock split. The total dividend forecast is thus equivalent to a dividend of 72 yen per share based on the number of shares before the stock split.

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)	133.68
Full year	206,000	12.1	3,600	3.3	4,200	16.7	2,900	(7.8)	228.04

Note: Revisions to the most recently announced consolidated earnings forecasts: None
The net income per share forecast for the fiscal year ending March 31, 2015 is based on the number of shares after the stock split.

*** 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 shares)

As of Jun. 30, 2014:	12,717,600 shares	As of Mar. 31, 2014:	12,717,600 shares

2) Number of treasury shares at the end of period

As of Jun. 30, 2014:	370 shares	As of Mar. 31, 2014:	370 shares

3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2014:	12,717,230 shares	Three months ended Jun. 30, 2013:	12,711,358 shares

ALCONIX conducted a 2-for-1 stock split on August 1, 2014. The above number of shares is calculated as if this stock split had taken place at the beginning of the previous fiscal year

* 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

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.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first quarter of the current fiscal year, the US economy recovered from the negative growth recorded in the previous quarter due mainly to a cold wave. Economies in Europe also headed for gradual recovery. The Chinese economy was also prevented from slipping into deepening bottom thanks to the economic stimulation policies of the Chinese government.

In Japan, the economy was weak as the consumption tax hike leads to a falloff in consumer spending and exports remain sluggish.

In the non-ferrous metals industry, where the ALCONIX Group operates, demand associated with smartphones and tablets continued to grow while demand for use in automobiles, particularly hybrid vehicles, was also strong. On the other hand, demand associated with consumer electronics remained sluggish.

In this economic environment, the Group saw an increase in sales of copper products for automobiles and semiconductors, metal silicon used in chemical products, minor metals such as tungsten and molybdenum, and precision grinding processing parts for semiconductor manufacturing equipment which was produced by the Group's domestic consolidated subsidiary. On the other hand, there was a decline in transaction of titanium and nickel product exports for plants and shipbuilders, copper tubes for air-conditioners, copper scrap for copper refining. In the field of rare earths, sales of light rare earth elements increased due to the winding down of inventory corrections at major customers.

As for profits, although operating income declined as profit on import transactions was squeezed by the weaker yen, ordinary income increased sharply due to the booking of gain on bargain purchase as share of profit of entities accounted for using equity method under non-operating income because K'MAC Co., Ltd., which designs and manufactures residential construction materials and automotive parts, became an equity-method affiliate in the first quarter. Net income declined year on year since there was no extraordinary income as was in the previous fiscal year when the Company posted a gain on bargain purchase associated with the acquisition of stock of two domestic consolidated subsidiaries.

For the first quarter of the current fiscal year, ALCONIX reported consolidated net sales of 48,404 million yen (up 7.7% year on year), operating income of 961 million yen (down 16.9%), ordinary income of 1,713 million yen (up 58.1%) and net income of 1,305 million yen (down 5.3%).

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

Sales for the automobile, aircraft and semiconductor production equipment sectors remained strong overall, while demand for housing construction materials, which was impacted by the consumption tax hike, soaring construction materials prices and labor shortages, was stagnant. Sales and profits of a domestic distribution subsidiary were mixed, depending on situation in its demand domains, but business results of a domestic manufacturing subsidiary maintained strength. Segment profits increased sharply due to the booking of gain on bargain purchase associated with K'MAC, which became an equity-method affiliate in April 2014, as share of profit of entities accounted for using equity method under non-operating income.

As a result, the segment recorded sales of 18,920 million yen (up 11.3% year on year) and segment profit of 1,150 million yen (up 240.0%).

- Electronic and advanced materials

Exports of environmental-related materials and domestic shipments of solar cell materials were strong. In the growing market for materials used in smartphones and tablets, sales increased steadily Sales of plating materials at US-based plating manufacturing subsidiary increased year on year. Exports of titanium and nickel products were weak for both China and Europe.

In the field of minor metals and rare earths, sales of minor metals such as tungsten and molybdenum increased because of a higher demand in the auto industry. Sales of light rare earth elements for magnetic materials and catalysts applications also increased due to the winding down of inventory corrections at customers and the strong demand for hybrid vehicles. However, segment profit was marginally lower year on year as weaker yen had lifted profit in the same period in the previous fiscal year.

As a result, the segment recorded sales of 19,231 million yen (up 6.8% year on year) and segment profit of 504 million yen (down 3.8%).

- Non-ferrous materials

While automobile production in the current quarter was lower than the previous quarter due to the consumption tax hike, it was higher compared with the same period of the previous fiscal year. Moreover, steel production was generally strong. Sales of deoxidizer materials used in steel mills, magnesium ingots used in light metal rolls, metal silicon used in chemical products, aluminum scrap for refining, zinc and zinc ingots increased, but profits from aluminum import alloy and copper scrap for refining declined because of lower profit margins resulting from the weaker yen and the intense competition with other companies.

As a result, the segment recorded sales of 7,831 million yen (up 5.3% year on year) and segment profit of 26 million yen (down 78.4%).

- Construction and industrial materials

In a reaction to the consumption tax hike, new housing starts plunged from the year-earlier level. Japan's construction and industrial materials industry also saw a falloff in demand following the consumption tax hike. Furthermore, with soaring materials prices and labor shortages, the situation became one of chronic inability to win new construction orders. As a result, overall sales volume of piping equipment was weak. There was a downturn in imports of bulk tanks and forge/foundry materials as the weaker yen raised the cost of these products. On the other hand, valve sales rose in overseas markets while profit declined due to lower domestic sales and imports, the booking of loss on valuation of foreign exchange caused by the weak baht, and other factors.

As a result, the segment recorded sales of 3,480 million yen (up 5.1% year on year) and segment profit of 34 million yen (down 67.8%).

(2) Explanation of Financial Position

1) Financial position

a. Current assets

At the end of the first quarter of the current fiscal year, current assets totaled 69,187 million yen, an increase of 2,850 million yen from the end of the previous fiscal year. The main factors were a 2,210 million yen increase in notes and accounts receivable-trade, a 2,108 million yen increase in inventories, and a 1,352 million yen decrease in cash and cash deposits.

b. Non-current assets

Non-current assets totaled 18,750 million yen, a decrease of 577 million yen. The main factors were a 450 million yen decrease in property, plant and equipment, and intangible assets due to the depreciation, and a 127 million yen decrease in investments and other assets due to an increase of investment securities and the redemption of bonds.

c. Current liabilities

Current liabilities totaled 52,046 million yen, an increase of 1,859 million yen. The main factors were a 1,412 million yen increase in notes and accounts payable-trade, a 382 million yen increase in short-term loans payable, a 44 million yen increase in current portion of long-term loans payable, and a 272 million yen decrease in income taxes payable.

d. Non-current liabilities

Non-current liabilities totaled 13,782 million yen, a decrease of 325 million yen. The main factor was a 228 million yen decrease in long-term loans payable following the transfer of the category to current liabilities.

e. Net assets

Net assets totaled 22,107 million yen, an increase of 739 million yen. The main factors were a 1,081 million yen increase in retained earnings, a 116 million yen increase in valuation difference on available-for-sale securities due to the evaluation of listed stock at market value, and a 415 million yen decrease in foreign currency translation adjustment.

2) Results of operations

a. Net sales

The main products that saw an increase in sales were copper alloy strips for semiconductors, aluminum scrap for auto parts, precision grinding processing parts and plating materials for semiconductor manufacturing equipment, metal silicon used for chemical products, tungsten, and molybdenum. The main products that saw a decline in sales were copper scrap for copper refiners, copper tubes for air-conditioners, and titanium and nickel products for export. As for rare earths, sales of light rare earth elements increased backed by a demand for hybrid vehicles, while sales of heavy rare earth elements remained weak due to the impact of slumping market prices and ongoing inventory corrections at customers.

As a result, net sales increased 7.7% year on year to 48,404 million yen in the first quarter of the current fiscal year.

b. Gross profit

Gross profit decreased 5.5% to 2,772 million yen due to the adjustment of yen’s depreciation.

c. Selling, general and administrative expenses

Selling, general and administrative expenses rose 1.9% to 1,810 million yen in conjunction with expansion of business at domestic and overseas subsidiaries.

d. Operating income

Based on the above results, operating income decreased 16.9% to 961 million yen.

e. Non-operating income, non-operating expenses

Net non-operating income (non-operating income – non-operating expenses) was 751 million yen due to the posting of gain on bargain purchase associated with K'MAC Co., Ltd. as share of profit of entities accounted for using equity method. (Compared with -73 million yen in the same period of the previous fiscal year)

f. Ordinary income

Based on the above results, ordinary income rose 58.1% to 1,713 million yen.

g. Extraordinary income, extraordinary loss

ALCONIX booked gain on sales of non-current assets and gain on reversal of subscription rights to shares and other extraordinary income of 8 million yen.

h. Net income

ALCONIX recorded income before income taxes and minority interests of 1,722 million yen. From this amount, 402 million yen was deducted for income taxes and 14 million yen was subtracted for minority interests in income from five consolidated subsidiaries. As a result, net income decreased 5.3% to 1,305 million yen.

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

ALCONIX currently maintains the full-year consolidated earnings forecasts that we disclosed in the press release “Revision of consolidated earnings forecasts” on May 16, 2014.

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 Sheet

(Millions of yen)

	FY3/14 (As of Mar. 31, 2014)	First quarter of FY3/15 (As of Jun. 30, 2014)
Assets		
Current assets		
Cash and deposits	12,926	11,573
Notes and accounts receivable-trade	35,668	37,879
Merchandise and finished goods	14,311	16,223
Work in process	1,045	1,241
Raw materials and supplies	426	427
Other	2,422	2,350
Allowance for doubtful accounts	(465)	(508)
Total current assets	66,336	69,187
Non-current assets		
Property, plant and equipment	6,365	6,236
Intangible assets		
Goodwill	2,736	2,598
Other	3,870	3,687
Total intangible assets	6,607	6,285
Investments and other assets	6,355	6,228
Total non-current assets	19,327	18,750
Total assets	85,664	87,937
Liabilities		
Current liabilities		
Notes and accounts payable-trade	28,138	29,551
Short-term loans payable	14,961	15,344
Current portion of long-term loans payable	3,169	3,214
Current portion of bonds	600	600
Income taxes payable	834	562
Provision for bonuses	450	651
Other	2,032	2,122
Total current liabilities	50,187	52,046
Non-current liabilities		
Bonds payable	1,200	1,200
Long-term loans payable	9,982	9,753
Provision for directors' retirement benefits	204	213
Net deferred benefit liability	311	324
Long-term accounts payable-other	61	79
Other	2,348	2,211
Total non-current liabilities	14,108	13,782
Total liabilities	64,296	65,829

(Millions of yen)

	FY3/14 (As of Mar. 31, 2014)	First quarter of FY3/15 (As of Jun. 30, 2014)
Net assets		
Shareholders' equity		
Capital stock	2,835	2,835
Capital surplus	1,877	1,877
Retained earnings	12,952	14,034
Treasury shares	(0)	(0)
Total shareholders' equity	17,664	18,746
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	304	420
Deferred gains or losses on hedges	26	(11)
Foreign currency translation adjustment	2,837	2,422
Total accumulated other comprehensive income	3,168	2,831
Subscription rights to shares	38	37
Minority interests	495	492
Total net assets	21,368	22,107
Total liabilities and net assets	85,664	87,937

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(For the Three-month Period)

(Millions of yen)

	First three months of FY3/14 (Apr. 1, 2013 – Jun. 30, 2013)	First three months of FY3/15 (Apr. 1, 2014 – Jun. 30, 2014)
Net sales	44,961	48,404
Cost of sales	42,027	45,632
Gross profit	2,933	2,772
Selling, general and administrative expenses	1,776	1,810
Operating income	1,156	961
Non-operating income		
Interest income	21	19
Purchase discounts	4	4
Dividend income	23	40
Foreign exchange gains	-	12
Rent income of real estate	13	20
Share of profit of entities accounted for using equity method	17	725
Other	27	34
Total non-operating income	108	859
Non-operating expenses		
Interest expenses	82	81
Sales discounts	2	3
Foreign exchange losses	61	-
Loss on sales of notes receivable-trade	8	10
Rent cost of real estate	3	2
Other	22	9
Total non-operating expenses	182	107
Ordinary income	1,083	1,713
Extraordinary income		
Gain on sales of non-current assets	-	4
Gain on bargain purchase	839	-
Subsidy income	3	3
Other	-	1
Total extraordinary income	842	8
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on valuation of investment securities	25	-
Loss on liquidation of subsidiaries and affiliates	21	-
Other	0	-
Total extraordinary losses	47	0
Income before income taxes and minority interests	1,878	1,722
Income taxes	481	402
Income before minority interests	1,397	1,320
Minority interests in income	18	14
Net income	1,378	1,305

Quarterly Consolidated Statement of Comprehensive Income

(For the Three-month Period)

(Millions of yen)

	First three months of FY3/14 (Apr. 1, 2013 – Jun. 30, 2013)	First three months of FY3/15 (Apr. 1, 2014 – Jun. 30, 2014)
Income before minority interests	1,397	1,320
Other comprehensive income		
Valuation difference on available-for-sale securities	94	111
Deferred gains or losses on hedges	72	(37)
Foreign currency translation adjustment	1,027	(307)
Share of other comprehensive income of entities accounted for using equity method	159	(105)
Total other comprehensive income	1,353	(339)
Comprehensive income	2,750	981
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,722	968
Comprehensive income attributable to minority interests	28	12

(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 FY3/14 (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	16,825	17,732	7,204	3,198	44,961
Inter-segment sales and transfers	171	271	231	112	787
Total	16,996	18,004	7,436	3,311	45,748
Segment profit	338	524	123	107	1,093

2. Information related to assets for each reportable segment

In the first three months 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 three months of FY3/14, compared with the end of FY3/13.

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

(Millions of yen)

Profit	Amount
Total for reportable segments	1,093
Eliminations for inter-segment transactions	(9)
Ordinary income on the quarterly consolidated statement of income	1,083

4. Information related to impairment of non-current 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 ALUMINUM RECYCLE CORPORATION. Accordingly, gain on bargain purchase of 53 million yen was recorded in the first three months of FY3/14.

II. First three months of FY3/15 (Apr. 1, 2014 – Jun. 30, 2014)

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	18,667	18,544	7,778	3,413	48,404
Inter-segment sales and transfers	252	686	52	66	1,058
Total	18,920	19,231	7,831	3,480	49,463
Segment profit	1,150	504	26	34	1,716

2. Information related to revisions for reportable segments

From the first three months of FY3/15, certain business segments were reclassified for management purposes. In line with the aforementioned changes, ALCONIX (THAILAND) LTD. and ALCONIX LOGISTICS (THAILAND) LTD. were reclassified from the light metals and copper products segment to the construction and industrial materials segment, and ALCONIX HONGKONG CORP., LTD. from the construction and industrial materials segment to the electronic and advanced materials segment.

In addition, the Raw Materials Team of the Sales Div. at the Nagoya Branch was merged into the Nagoya Business Dept. at the Nagoya Branch and reclassified from the non-ferrous materials segment to the light metals and copper products segment.

Segment information for the first three months of FY3/14 has been retrospectively revised based on the revised composition of reportable segments after changes in the organizational structure.

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

(Millions of yen)

Profit	Amount
Total for reportable segments	1,716
Eliminations for inter-segment transactions	(2)
Ordinary income on the quarterly consolidated statement of income	1,713

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.