August 5, 2015

Summary of Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2016 (Three Months Ended June 30, 2015)

[Japanese GAAP]

Company name: ALCONIX CORPORATION
Listing: Tokyo Stock Exchange, First Section
Stock code: 3036
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Scheduled date of filing of Quarterly Report: August 7, 2015
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, 2015 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, 2015 (April 1, 2015 – June 30, 2015)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2015	52,930	9.3	1,232	28.2	1,271	(25.8)	790	(39.5)
Three months ended Jun. 30, 2014	48,404	7.7	961	(16.9)	1,713	58.1	1,305	(5.3)

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2015: 700 (down 28.6%)
Three months ended Jun. 30, 2014: 981 (up 64.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2015	61.61	61.36
Three months ended Jun. 30, 2014	102.65	102.28

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2015	93,085	27,376	28.7
As of Mar. 31, 2015	89,848	26,951	29.3

Reference: Shareholders' equity (million yen) As of Jun. 30, 2015: 26,734 As of Mar. 31, 2015: 26,315

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2015	-	18.00	-	22.00	40.00
Fiscal year ending Mar. 31, 2016	-				
Fiscal year ending Mar. 31, 2016 (forecast)		22.00	-	22.00	44.00

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

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	106,500	9.8	2,300	(4.4)	2,500	(19.6)	2,460	7.4	191.53
Full year	216,000	7.2	4,350	(5.1)	4,800	(7.8)	4,000	14.1	311.43

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

*** Notes**

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

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

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

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

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

Note: Please refer to “2. Matters Related to Summary Information (Notes), (3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements” on page 5 of the attachments for further information.

(4) Number of outstanding shares (common stock)

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

As of Jun. 30, 2015:	12,844,400 shares	As of Mar. 31, 2015:	12,813,200 shares

2) Number of treasury shares at the end of period

As of Jun. 30, 2015:	413 shares	As of Mar. 31, 2015:	413 shares

3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2015:	12,826,501 shares	Three months ended Jun. 30, 2014:	12,717,230 shares

* Information regarding the implementation of quarterly review procedures

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

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

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 U.S. economy continued to stage a strong recovery backed mainly by private-sector demand. In Europe, the economy is recovering moderately but economic growth in China is slowing due to the effects of sluggish real estate investments and capital expenditures.

In Japan, there were signs of a recovery from the downturn following the April 2014 consumption tax hike as capital expenditures began to recover. However, the pace of the economic recovery is slow due to lackluster manufacturing output and exports.

In the non-ferrous metals industry, where the ALCONIX Group operates, demand for these metals increased along with strong sales of smartphones and tablets, mainly in emerging countries, and rising demand of automobiles in North America.

The Group saw growth in manufacture and sales of copper tubes, copper scrap, aluminum rolled products, materials for parts used in smartphones and tablets, metal silicon, titanium products for export, and semiconductor manufacturing equipment parts. Sales of minor metals and rare earths were lower than one year earlier despite growth in transaction volume for some rare earths and tungsten used as magnetic materials. Falling prices for rare earths caused by weak demand, mainly in China, were responsible for the downturn in sales.

Operating income increased as the growth in the Group’s overall sales offset an increase in selling, general and administrative expenses. But the first quarter of the previous fiscal year included non-operating income from a gain on bargain purchase recorded in association with the April 2014 conversion of K’MAC Co., Ltd. to an equity-method affiliate. Due to this one-time gain in the previous fiscal year, first quarter ordinary income and profit attributable to owners of parent were lower than one year earlier.

In the first quarter, ALCONIX reported consolidated net sales of 52,930 million yen (up 9.3% year on year), operating income of 1,232 million yen (up 28.2%), ordinary income of 1,271 million yen (down 25.8%) and profit attributable to owners of parent of 790 million yen (down 39.5%).

Results by business segment were as follows, with sales in each segment including inter-segment sales.

- Light metals and copper products

Shipments of materials used for housing construction and residential air conditioners have been slow following the April 2014 consumption tax hike and remained weak in the first quarter as well. But demand for materials used in building air conditioning systems, automobiles, motorcycles and aircraft was higher than one year earlier. Furthermore, operations at manufacturing subsidiaries in Japan remained high. Japanese sales subsidiaries HAYASHI METAL CORP., ALCONIX SANSHIN CORPORATION and ALCONIX MITAKA CORPORATION also performed well. Segment earnings were down because non-operating income in the previous fiscal year included gain on bargain purchase of 628 million yen as share of profit of entities accounted for using equity method that was posted in April 2014.

As a result, the segment recorded sales of 21,101 million yen (up 11.5% year on year) and segment profit of 767 million yen (down 33.2%).

- Electronic and advanced materials

Demand for materials used in smartphones and tablets are currently firm, although the outlook is unclear. Exports of environment-related materials were higher, encouraged by the weaker yen but there was a small decrease in sales in Japan of solar cell materials. Exports of titanium and nickel products increased, mainly to Europe and China, as demand recovered and the yen weakened.

Demand for minor metals and rare earths was soft, chiefly in China, and prices of these materials declined. But the transaction volume of rare earths and tungsten used as magnetic materials increased because of consistently higher demand in the North American auto industry. However, overall sales were lower than one year earlier because of the downturn in prices.

As a result, the segment recorded sales of 19,067 million yen (down 0.9% year on year) and segment profit of 393 million yen (down 22.0%).

- Non-ferrous materials

There was a delay of recovery in first quarter automobile production in Japan as companies reduced inventories and domestic demand for automobiles declined. First quarter steel production was also down from one year earlier as exports decreased. As a result, there was a small decrease in the sales of recycled aluminum ingots, one of the main products in this segment. But transaction volumes of metal silicon, magnesium and zinc were higher. Segment performance also benefited from a strong performance by copper scrap for copper refining, which is sold by a consolidated subsidiary in Japan that was acquired by ALCONIX in November 2014.

As a result, the segment recorded sales of 10,693 million yen (up 36.6 % year on year) and segment profit of 76 million yen (up 185.7%).

- Construction and industrial materials

Housing starts in Japan have been sluggish following the rush to buy homes prior to the April 2014 consumption tax hike. A shortage of construction workers and the high cost of materials due to the weaker yen were also holding down housing starts. In March 2015, housing starts finally started posting year-on-year growth and there are signs of a slow rebound in private-sector capital expenditures. Although positive signs are emerging, demand in Japan for materials used to make pipes was still weak. Furthermore, the rising cost of imported materials caused by the rapid depreciation of the yen has brought down the volume of imported bulk tanks and die cast products. However, exports of materials for pipes and overseas transactions are strong because of the weak yen.

As a result, the segment recorded sales of 3,539 million yen (up 1.7% year on year) and segment profit of 41 million yen (up 19.2%).

(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 72,504 million yen, an increase of 3,302 million yen from the end of the previous fiscal year. The main factors were a 1,589 million yen increase in notes and accounts receivable-trade, a 336 million yen decrease in inventories, a 367 million yen increase in cash and deposits, and a 2,000 million yen increase in short-term loans receivable.

b. Non-current assets

Non-current assets totaled 20,580 million yen, a decrease of 65 million yen. The main factors were a 104 million yen decrease in property, plant and equipment, and intangible assets due to the depreciation, and a 39 million yen increase in investments and other assets.

c. Current liabilities

Current liabilities totaled 54,677 million yen, an increase of 3,226 million yen. The main factors were a 1,064 million yen increase in notes and accounts payable-trade, a 2,578 million yen increase in short-term loans payable, a 148 million yen decrease in current portion of long-term loans payable, and a 477 million yen decrease in income taxes payable.

d. Non-current liabilities

Non-current liabilities totaled 11,031 million yen, a decrease of 415 million yen. The main factor was a 381 million yen decrease in long-term loans payable following a transfer of the category to current liabilities.

e. Net assets

Net assets totaled 27,376 million yen, an increase of 425 million yen. The main factors were 12 million yen increases in capital stock and capital surplus due to the exercise of subscription rights to shares, a 508 million yen increase in retained earnings, and a 114 million yen decrease in accumulated other comprehensive income.

2) Results of operations

a. Net sales

The main reason for an increase in sales was a higher transaction volume of copper scrap for copper refining, copper tubes, aluminum rolled products (foils, fins, etc.), exports of titanium and nickel products to plants and shipbuilders, metal silicon, precision grinding processing parts for semiconductor manufacturing equipment, and tungsten and other minor metals. The main reason for a decrease in sales was a lower transaction volume of copper alloy strips, nickel powder used in battery materials, and brass copper rods for export. As for the transaction of rare earths, sales of light rare earth elements decreased from one year earlier due to the impact of slumping market and the drop in unit price.

As a result, net sales increased 9.3% year on year to 52,930 million yen in the first quarter of the current fiscal year.

b. Gross profit

Gross profit increased 15.1% to 3,191 million yen due to the contribution from higher sales at overall group companies.

c. Selling, general and administrative expenses

Selling, general and administrative expenses increased 8.2% to 1,959 million yen in conjunction with expansion of business at domestic and overseas group companies.

d. Operating income

Based on the above results, operating income rose 28.2% to 1,232 million yen.

e. Non-operating income, non-operating expenses

Net non-operating income (non-operating income – non-operating expenses) was 39 million yen compared with -751 million yen one year earlier. This was mainly due to an increase in dividend income, while there was an absence of share of profit of entities accounted for using equity method (including gain on bargain purchase) under non-operating income, which was reported in the previous fiscal year.

f. Ordinary income

Based on the above results, ordinary income fell 25.8% to 1,271 million yen.

g. Extraordinary income, extraordinary loss

ALCONIX booked a subsidy income at a subsidiary in Japan and other extraordinary income of 9 million yen. There was an extraordinary loss of 34 million yen including loss on liquidation of subsidiaries and affiliates associated with the liquidation of an overseas affiliate.

h. Profit attributable to owners of parent

ALCONIX recorded income before income taxes and minority interests of 1,246 million yen. From this amount, 435 million yen was deducted for income taxes and 21 million yen was subtracted for profit attributable to non-controlling interests of five consolidated subsidiaries. As a result, profit attributable to owners of parent decreased 39.5% to 790 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 “Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 [Japanese GAAP]” on May 15, 2015.

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

Changes in Accounting Policies

Application of the accounting standards for business combinations

The Company has applied “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) from the first quarter of the current fiscal year. Under these accounting standards, the Company has revised the method to record gains or losses arising from a change in the Company’s equity in subsidiaries in cases where control is retained to that recognizing such gains or losses as capital surplus and the acquisition costs in connection with business combinations as expenses in the fiscal year in which they arise. Regarding business combinations that take place on or after the beginning of the first quarter of the current fiscal year, the Company has revised the method to reflect changes in the allocation of the acquisition costs arising from confirmation of the provisional accounting treatment on the quarterly consolidated financial statements that includes the acquisition date. In addition, the presentation of net income and other items has been revised and the minority interests item has been renamed non-controlling interests. For consistency with these changes, the consolidated financial statements for the first quarter of the previous fiscal year and the previous fiscal year have been revised.

The Company has adopted these accounting standards, etc. from the beginning of the first quarter of the current fiscal year, in accordance with the transitional accounting treatments set forth in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Article 57-4 (4) of the Accounting Standard for Business Divestitures.

The effect of this matter on the profit and loss is insignificant.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	FY3/15 (As of Mar. 31, 2015)	First quarter of FY3/16 (As of Jun. 30, 2015)
Assets		
Current assets		
Cash and deposits	12,689	13,056
Notes and accounts receivable-trade	34,108	35,697
Merchandise and finished goods	17,838	17,536
Work in process	1,506	1,643
Raw materials and supplies	519	348
Other	2,744	4,432
Allowance for doubtful accounts	(204)	(210)
Total current assets	69,202	72,504
Non-current assets		
Property, plant and equipment	6,533	6,630
Intangible assets		
Goodwill	2,784	2,688
Other	3,995	3,889
Total intangible assets	6,779	6,578
Investments and other assets	7,332	7,371
Total non-current assets	20,645	20,580
Total assets	89,848	93,085
Liabilities		
Current liabilities		
Notes and accounts payable-trade	26,323	27,388
Short-term loans payable	17,884	20,463
Current portion of long-term loans payable	3,204	3,055
Current portion of bonds	600	600
Income taxes payable	1,050	572
Provision for bonuses	532	744
Other	1,856	1,851
Total current liabilities	51,450	54,677
Non-current liabilities		
Bonds payable	600	600
Long-term loans payable	7,842	7,460
Provision for directors' retirement benefits	234	244
Net defined benefit liability	322	331
Long-term accounts payable-other	68	62
Other	2,379	2,332
Total non-current liabilities	11,446	11,031
Total liabilities	62,897	65,708

(Millions of yen)

	FY3/15 (As of Mar. 31, 2015)	First quarter of FY3/16 (As of Jun. 30, 2015)
Net assets		
Shareholders' equity		
Capital stock	2,873	2,885
Capital surplus	1,915	1,927
Retained earnings	16,005	16,513
Treasury shares	(0)	(0)
Total shareholders' equity	20,794	21,327
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	740	746
Deferred gains or losses on hedges	129	35
Foreign currency translation adjustment	4,651	4,625
Total accumulated other comprehensive income	5,521	5,406
Subscription rights to shares	36	36
Non-controlling interests	599	606
Total net assets	26,951	27,376
Total liabilities and net assets	89,848	93,085

(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 FY3/15 (Apr. 1, 2014 – Jun. 30, 2014)	First three months of FY3/16 (Apr. 1, 2015 – Jun. 30, 2015)
Net sales	48,404	52,930
Cost of sales	45,632	49,738
Gross profit	2,772	3,191
Selling, general and administrative expenses	1,810	1,959
Operating income	961	1,232
Non-operating income		
Interest income	19	18
Purchase discounts	4	3
Dividend income	40	46
Foreign exchange gains	12	-
Rent income of real estate	20	18
Share of profit of entities accounted for using equity method	725	52
Other	37	63
Total non-operating income	859	202
Non-operating expenses		
Interest expenses	81	93
Sales discounts	3	3
Foreign exchange losses	-	31
Loss on sales of notes receivable-trade	10	9
Rent cost of real estate	2	2
Other	9	21
Total non-operating expenses	107	163
Ordinary income	1,713	1,271
Extraordinary income		
Gain on sales of non-current assets	4	6
Subsidy income	3	3
Other	1	-
Total extraordinary income	8	9
Extraordinary losses		
Loss on retirement of non-current assets	0	-
Loss on liquidation of subsidiaries and associates	-	34
Total extraordinary losses	0	34
Income before income taxes and minority interests	1,722	1,246
Income taxes	402	435
Profit	1,320	811
Profit attributable to non-controlling interests	14	21
Profit attributable to owners of parent	1,305	790

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

(Millions of yen)

	First three months of FY3/15 (Apr. 1, 2014 – Jun. 30, 2014)	First three months of FY3/16 (Apr. 1, 2015 – Jun. 30, 2015)
Profit	1,320	811
Other comprehensive income		
Valuation difference on available-for-sale securities	111	(0)
Deferred gains or losses on hedges	(37)	(92)
Foreign currency translation adjustment	(307)	(29)
Share of other comprehensive income of entities accounted for using equity method	(105)	10
Total other comprehensive income	(339)	(111)
Comprehensive income	981	700
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	968	675
Comprehensive income attributable to non-controlling interests	12	24

(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 FY3/15 (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. 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

II. First three months of FY3/16 (Apr. 1, 2015 – Jun. 30, 2015)

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	20,886	18,069	10,592	3,382	52,930
Inter-segment sales and transfers	214	997	101	157	1,471
Total	21,101	19,067	10,693	3,539	54,402
Segment profit	767	393	76	41	1,279

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

(Millions of yen)

Profit	Amount
Total for reportable segments	1,279
Eliminations for inter-segment transactions	(7)
Ordinary income on the quarterly consolidated statement of income	1,271

This financial report is solely a translation of 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.