February 9, 2018

Summary of Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2018 (Nine Months Ended December 31, 2017)

[Japanese GAAP]

Company name: ALCONIX CORPORATION
Stock code: 3036
Representative: Eiitsu Masaki, President and CEO
Contact: Yasushi Miyazaki, Director, Senior Executive Officer, Finance & Account Div.
Tel: +81-3-3596-7400
Listing: Tokyo Stock Exchange, First Section
URL: http://www.alconix.com

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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 February 9, 2018 at 12:30 (GMT +9).

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

1. Consolidated Financial Results for the Third Quarter Ended December 31, 2017 (April 1, 2017 – December 31, 2017)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Dec. 31, 2017	183,706	25.6	5,482	86.2	5,915	99.7	4,250	79.4
Nine months ended Dec. 31, 2016	146,252	(4.8)	2,944	(5.3)	2,961	(11.5)	2,369	(47.4)

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2017: 4,655 (-%)
Nine months ended Dec. 31, 2016: 333 (down 92.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2017	164.54	164.22
Nine months ended Dec. 31, 2016	91.95	91.91

The Company conducted a 2-for-1 stock split on September 1, 2017. Net income per share and diluted net income per share are calculated as if the 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 Dec. 31, 2017	131,194	38,157	27.7
As of Mar. 31, 2017	113,647	34,119	28.5

Reference: Shareholders' equity (million yen) As of Dec. 31, 2017: 36,353 As of Mar. 31, 2017: 32,378

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2017	-	22.00	-	22.00	44.00
Fiscal year ending Mar. 31, 2018	-	13.00	-		
Fiscal year ending Mar. 31, 2018 (forecast)				19.00	32.00

Note: Revisions to the most recently announced dividend forecast: Yes
The Company conducted a 2-for-1 common stock split on September 1, 2017. The dividend per share forecast for the fiscal year ending March 31, 2018 has been adjusted to reflect the stock split. Prior to this adjustment, the dividend forecast was 64 yen per share.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	243,000	20.3	7,000	67.9	7,400	70.0	5,300	71.9	205.00

Note: Revisions to the most recently announced consolidated earnings forecasts: Yes
Net income per share forecast for the fiscal year ending March 31, 2018 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

Newly added: - Excluded: -

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

Note: Please refer to "2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements (Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements)" on page 9 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 Dec. 31, 2017:	25,855,200 shares	As of Mar. 31, 2017:	25,788,000 shares

2) Number of treasury shares at the end of period

As of Dec. 31, 2017:	961 shares	As of Mar. 31, 2017:	826 shares

3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2017:	25,829,877 shares	Nine months ended Dec. 31, 2016:	25,765,460 shares

* The current quarterly financial report is not subject to quarterly review procedures.

* 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 4 of the attachments for assumptions for forecasts and notes of caution for usage.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance 2
(1) Explanation of Results of Operations 2
(2) Explanation of Financial Position 3
(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements 4

2. Quarterly Consolidated Financial Statements and Notes 5
(1) Quarterly Consolidated Balance Sheet 5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income 7
Quarterly Consolidated Statement of Income
For the Nine-month Period 7
Quarterly Consolidated Statement of Comprehensive Income
For the Nine-month Period 8
(3) Notes to Quarterly Consolidated Financial Statements 9
Going Concern Assumption 9
Significant Changes in Shareholders' Equity 9
Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements 9
Segment and Other Information 10
Subsequent Events 11

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first nine months of the current fiscal year, the U.S. economy continued to grow backed by a favorable job market. The economy continued to recover in Europe, too. In China, there was an economic recovery, backed primarily by consumer spending and public-works expenditures.

In Japan, the economy continued to recover due to improvements in corporate earnings and employment as well as to strong capital expenditures and exports.

In the non-ferrous metals industry, where the ALCONIX Group operates, the business climate improved as non-ferrous metal prices increased and the yen depreciated. Non-ferrous metal demand is growing for automotive applications as automakers rapidly increase the use of electronic components and reduce the weight of vehicles. There is also firm demand for non-ferrous metals to produce electronic materials used in smartphones, tablets and other products.

The Group's manufacturing subsidiaries in Japan and overseas, such as companies associated with semiconductor manufacturing equipment, made a big contribution to the consolidated performance. Furthermore, sales and earnings increased as there was growth in the volume of products in the Trading segment, including copper, aluminum, copper products, aluminum rolled products, and electronic materials used in smartphones and tablets. The performance of the Group in the first nine months also benefited from the newly consolidated FUJI PRESS Corporation, which is in the Manufacturing—Metal Processing segment.

In the first nine months, ALCONIX reported consolidated net sales of 183,706 million yen (up 25.6% year on year), operating profit of 5,482 million yen (up 86.2%), ordinary profit of 5,915 million yen (up 99.7%) and profit attributable to owners of parent of 4,250 million yen (up 79.4%).

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

・Trading—Electronic and Advanced Materials

Sales of materials used in smartphones and tablets remained strong. Demand for materials used in secondary batteries and in environmental applications was firm, too. The transaction volume of titanium and nickel products was high, mainly for exports to Europe. The transaction volume of minor metals and rare earths increased as demand for these materials used for automotive magnets, electronic materials and other applications grew and prices of these materials recovered.

As a result, the segment recorded sales of 55,390 million yen (up 31.6% year on year) and segment profit of 1,181 million yen (up 73.0%).

・Trading—Aluminum and Copper Products

The transaction volume of copper products, aluminum rolled products and other materials for automotive applications continued to increase as automakers use more electronic components and lower the weight of vehicles. Subsidiaries in Japan contributed to this segment's performance as earnings increased, mainly for materials used in semiconductors, construction and homebuilding materials, and air conditioning equipment. In the non-ferrous resources category, there was a contribution to earnings from growth in the transaction volume of recycled aluminum ingots and copper and aluminum scrap, the primary products in this category, resulting from higher prices of aluminum, copper and other non-ferrous metals.

As a result, the segment recorded sales of 101,357 million yen (up 15.6% year on year) and segment profit of 896 million yen (up 53.9%).

・Manufacturing—Equipment and Materials

Shipments of plating materials were firm at operations in North America. Growth was very strong in China, where the full-scale operation of a chemical products production line completed in May 2016 has started. A big increase in

shipments at this factory made a significant contribution to this segment's growth in sales and earnings. Although there were no orders for large equipment in the non-destructive testing equipment category, there was an increase in shipments of detection materials and other replacement supplies to companies in the automobile and steel industries. In addition, manufacturing subsidiaries in South Korea and China, where performance was weak one year earlier, contributed to this segment's performance as shipments increased, mainly for detection materials. Overall, this performance enabled this segment to become profitable after goodwill amortization.

As a result, the segment recorded sales of 14,337 million yen (up 16.4% year on year) and segment profit of 635 million yen (up 496.9%).

・Manufacturing—Metal Processing

Shipments of grinding processing parts for chip mounters remained strong because of robust demand and there was steady growth in orders for prototypes for automotive applications. Orders for precision machining processing parts were high, mainly for semiconductor manufacturing equipment, organic EL manufacturing equipment, and parts used in aircraft. In the same period of the previous fiscal year, measures for small-lot production and short lead times caused the cost of manufacturing to increase. In the first nine months, earnings were significantly higher because of actions for increasing manufacturing efficiency and making other improvements. FUJI PRESS, which was newly consolidated in this fiscal year, made a contribution to consolidated performance as this company's shipments of automotive precision stamped parts exceeded the initial plan.

As a result, the segment recorded sales of 15,138 million yen (up 121.9% year on year) and segment profit of 3,203 million yen (up 100.9%).

(2) Explanation of Financial Position

1) Financial position

a. Current assets

At the end of the third quarter of the current fiscal year, current assets totaled 94,038 million yen, an increase of 11,714 million yen from the end of the previous fiscal year. The main factors were a 3,327 million yen increase in notes and accounts receivable-trade, a 3,702 million yen increase in inventories, and a 3,636 million yen increase in cash and deposits.

b. Non-current assets

Non-current assets totaled 37,156 million yen, an increase of 5,831 million yen. The main factors include a 3,603 million yen increase in property, plant and equipment in association with the consolidation of FUJI PRESS, and a 2,676 million yen increase in investments and other assets.

c. Current liabilities

Current liabilities totaled 73,705 million yen, an increase of 10,685 million yen. The main factors include a 721 million yen increase in notes and accounts payable-trade, an 8,293 million yen increase in short-term loans payable, and a 91 million yen increase in current portion of long-term loans payable.

d. Non-current liabilities

Non-current liabilities totaled 19,331 million yen, an increase of 2,822 million yen. The main factors include a 2,312 million yen increase in long-term loans payable.

e. Net assets

Net assets totaled 38,157 million yen, an increase of 4,038 million yen. The main factors include a 28 million yen increase each in capital stock and capital surplus due to the exercise of subscription rights to shares, a 3,630 million yen increase in retained earnings, and a 136 million yen decrease in foreign currency translation adjustment.

2) Results of operations

a. Net sales

Sales increased primarily because of higher sales at ALCONIX and almost all of its group companies. In the Trading segment, there was growth in sales of non-ferrous materials including copper and aluminum scrap, electronic materials used in smartphones and tablets, tungsten, and rare earths used in magnetic materials. In the Manufacturing segment, there was growth in sales of plating materials, precision machining processing parts and grinding processing parts. In addition, the inclusion of consolidated subsidiary FUJI PRESS contributed to sales growth due to its sales of automotive precision stamped parts.

As a result, net sales increased 25.6% year on year to 183,706 million yen in the first nine months of the current fiscal year.

b. Gross profit

Gross profit increased 30.9% to 14,025 million yen because of higher sales at group companies, mainly manufacturing subsidiaries, and growth in earnings at FUJI PRESS which joined the Group.

c. Selling, general and administrative expenses

Selling, general and administrative expenses increased 10.0% to 8,542 million yen due to the inclusion of consolidated subsidiary FUJI PRESS.

d. Operating profit

Due to these changes in sales, gross profit and expenses, operating profit increased 86.2% to 5,482 million yen.

e. Non-operating income, non-operating expenses

As a result of growth in dividend income, net non-operating income (non-operating income – non-operating expenses) was 432 million yen compared with 17 million yen one year earlier.

f. Ordinary profit

Ordinary profit increased 99.7% to 5,915 million yen.

g. Extraordinary income, extraordinary losses

There was extraordinary income of 30 million yen mainly for a gain on sales of investment securities and a gain on reversal of subscription rights to shares, and an extraordinary loss of 20 million yen mainly for a loss on sales of membership.

h. Profit attributable to owners of parent

ALCONIX recorded profit before income taxes of 5,924 million yen. From this amount, 1,564 million yen and 109 million yen were deducted respectively for income taxes and profit attributable to non-controlling interests of ten consolidated subsidiaries. As a result, profit attributable to owners of parent increased 79.4% to 4,250 million yen.

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

Regarding the consolidated forecast for the fiscal year ending March 31, 2018, ALCONIX has revised the net sales, operating profit, ordinary profit, and profit forecasts announced on November 8, 2017 based on the results of operations in the first nine months of the current fiscal year. ALCONIX has also revised the dividend forecast for the fiscal year based on the results of operations. For more details, please refer to the press release “Notice of Revisions to Consolidated Forecast (Japanese version)” that was announced today (February 9, 2018, English translation of this release to be announced shortly.)

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	FY3/17 (As of Mar. 31, 2017)	Third quarter of FY3/18 (As of Dec. 31, 2017)
Assets		
Current assets		
Cash and deposits	16,885	20,522
Notes and accounts receivable-trade	42,821	46,149
Merchandise and finished goods	17,075	19,979
Work in process	1,612	2,214
Raw materials and supplies	756	952
Other	3,332	4,387
Allowance for doubtful accounts	(160)	(167)
Total current assets	82,323	94,038
Non-current assets		
Property, plant and equipment	10,601	14,205
Intangible assets		
Goodwill	3,660	3,612
Other	4,731	4,331
Total intangible assets	8,391	7,943
Investments and other assets	12,331	15,007
Total non-current assets	31,324	37,156
Total assets	113,647	131,194
Liabilities		
Current liabilities		
Notes and accounts payable-trade	32,728	33,449
Short-term loans payable	21,841	30,135
Current portion of long-term loans payable	4,266	4,358
Current portion of bonds	274	249
Income taxes payable	699	1,407
Provision for bonuses	518	471
Other	2,690	3,634
Total current liabilities	63,020	73,705
Non-current liabilities		
Bonds payable	825	675
Long-term loans payable	10,883	13,195
Provision for directors' retirement benefits	438	847
Net defined benefit liability	527	569
Long-term accounts payable-other	49	49
Other	3,785	3,994
Total non-current liabilities	16,508	19,331
Total liabilities	79,528	93,037

(Millions of yen)

	FY3/17 (As of Mar. 31, 2017)	Third quarter of FY3/18 (As of Dec. 31, 2017)
Net assets		
Shareholders' equity		
Capital stock	2,924	2,953
Capital surplus	1,946	1,975
Retained earnings	22,981	26,612
Treasury shares	(0)	(0)
Total shareholders' equity	27,853	31,539
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,227	1,725
Deferred gains or losses on hedges	(0)	(74)
Foreign currency translation adjustment	3,298	3,161
Total accumulated other comprehensive income	4,525	4,813
Subscription rights to shares	21	2
Non-controlling interests	1,718	1,801
Total net assets	34,119	38,157
Total liabilities and net assets	113,647	131,194

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

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

(Millions of yen)

	First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016)	First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)
Net sales	146,252	183,706
Cost of sales	135,541	169,680
Gross profit	10,710	14,025
Selling, general and administrative expenses	7,766	8,542
Operating profit	2,944	5,482
Non-operating income		
Interest income	26	50
Purchase discounts	10	10
Dividend income	196	255
Foreign exchange gains	-	8
Rent income of real estate	61	64
Share of profit of entities accounted for using equity method	308	298
Gain on sales of scraps	17	177
Other	73	96
Total non-operating income	695	962
Non-operating expenses		
Interest expenses	246	369
Sales discounts	5	7
Foreign exchange losses	324	-
Loss on sales of notes receivable-trade	17	16
Rent cost of real estate	10	14
Other	72	122
Total non-operating expenses	678	530
Ordinary profit	2,961	5,915
Extraordinary income		
Gain on sales of non-current assets	9	0
Gain on reversal of subscription rights to shares	3	12
Gain on sales of investment securities	118	12
Subsidy income	3	3
Other	-	1
Total extraordinary income	134	30
Extraordinary losses		
Loss on sales of non-current assets	0	4
Loss on retirement of non-current assets	0	7
Loss on valuation of investment securities	-	2
Loss on sales of membership	-	6
Other	-	0
Total extraordinary losses	0	20
Profit before income taxes	3,095	5,924
Income taxes	819	1,564
Refund of income taxes for prior periods	(168)	-
Profit	2,445	4,359
Profit attributable to non-controlling interests	76	109
Profit attributable to owners of parent	2,369	4,250

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

(Millions of yen)

	First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016)	First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)
Profit	2,445	4,359
Other comprehensive income		
Valuation difference on available-for-sale securities	756	483
Deferred gains or losses on hedges	68	(73)
Foreign currency translation adjustment	(2,416)	(164)
Share of other comprehensive income of entities accounted for using equity method	(520)	49
Total other comprehensive income	(2,111)	295
Comprehensive income	333	4,655
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	198	4,538
Comprehensive income attributable to non-controlling interests	135	117

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

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 profit before income taxes during the fiscal year, and multiplying that rate by the quarterly profit before income taxes.

Income taxes-deferred were included in and displayed with income taxes.

Segment and Other Information

Segment information

I. First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016)

1. Information related to net sales and profit or loss for each reportable segment

(Millions of yen)

	Reportable segment				Total
	Trading		Manufacturing		
	Electronic and advanced materials	Aluminum and copper products	Equipment and materials	Metal processing	
Net sales					
External sales	40,078	87,125	12,304	6,744	146,252
Inter-segment sales and transfers	2,009	532	16	78	2,636
Total	42,087	87,658	12,321	6,822	148,889
Segment profit	682	582	106	1,594	2,966

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	2,966
Eliminations for inter-segment transactions	(4)
Ordinary profit on the quarterly consolidated statement of income	2,961

II. First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)

1. Information related to net sales and profit or loss for each reportable segment

(Millions of yen)

	Reportable segment				Total
	Trading		Manufacturing		
	Electronic and advanced materials	Aluminum and copper products	Equipment and materials	Metal processing	
Net sales					
External sales	53,538	100,982	14,251	14,933	183,706
Inter-segment sales and transfers	1,852	374	85	204	2,517
Total	55,390	101,357	14,337	15,138	186,223
Segment profit	1,181	896	635	3,203	5,916

2. Information related to assets for each reportable segment

In the first quarter of FY3/18, FUJI PRESS Corporation and Sanna Kogyo Co., Ltd. were included in the scope of consolidation because the shares of their stock were acquired by ALCONIX. Accordingly, the effect of this change was to increase segment assets in the “Metal Processing” segment by 8,027 million yen at the end of the third quarter of FY3/18, compared with the end of FY3/17.

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	5,916
Eliminations for inter-segment transactions	(1)
Ordinary profit on the quarterly consolidated statement of income	5,915

Subsequent Events

Transaction under common control

Intermediate holding company ALCONIX FUJI CORPORATION and its consolidated subsidiary FUJI PRESS Corporation merged on January 1, 2018. FUJI PRESS is the surviving company and ALCONIX FUJI has been dissolved. In conjunction with its absorption of ALCONIX FUJI, FUJI PRESS gave ALCONIX 5,200 shares of FUJI PRESS stock, making FUJI PRESS a consolidated subsidiary of ALCONIX.

1. Summary of transaction

(1) Name and activities of the business transferred to ALCONIX

Name of the business: Manufacturing segment metal processing business of ALCONIX FUJI CORPORATION (ALCONIX consolidated subsidiary), FUJI PRESS Corporation (ALCONIX consolidated subsidiary) and Sanna Kogyo Co., Ltd. (ALCONIX consolidated subsidiary)

Activities of the business: The main activities of ALCONIX FUJI CORPORATION are processing and sales of metal stamped products, processing of metal and synthetic parts, sales of stamping machines and die manufacturing machines, manufacture and sales of various machinery, fixtures and parts, and all businesses related to these activities. The main activities of FUJI PRESS Corporation are manufacture and sales of automotive precision stamped parts, and mechanical parts, and all businesses related to these activities. Sanna Kogyo Co., Ltd. performs inspections of metal stamped parts manufactured by FUJI PRESS.

(2) Acquisition date

January 1, 2018

(3) Legal method of combination

ALCONIX FUJI CORPORATION and Sanna Kogyo Co., Ltd. were absorbed by FUJI PRESS Corporation, which is the surviving company, after which ALCONIX FUJI CORPORATION and Sanna Kogyo Co., Ltd. were dissolved.

(4) Name of post-acquisition company

FUJI PRESS Corporation

(5) Item concerning summary of other transactions

ALCONIX FUJI CORPORATION, an intermediate holding company owned by ALCONIX, purchased the shares of FUJI PRESS Corporation on April 5, 2017 to make this company a consolidated subsidiary. FUJI PRESS performed well after this acquisition and its customers became accustomed to working with this company as a member of the ALCONIX Group. As a result, the decision was made for FUJI PRESS to absorb ALCONIX FUJI. This merger included Sanna Kogyo Co., Ltd., which was a consolidated subsidiary of ALCONIX FUJI.

2. Summary of accounting methods applied

As a transaction of units under the same control, the transaction will be processed in accordance with the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, September 13, 2013).

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.