



May 15, 2018

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2018

[Japanese GAAP]

Company name: ALCONIX CORPORATION

Listing: Tokyo Stock Exchange, First Section

Stock code: 3036

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Scheduled date of Annual General Meeting of Shareholders: June 20, 2018

Scheduled date of filing of Annual Securities Report: June 21, 2018

Scheduled date of payment of dividend: June 21, 2018

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 15, 2018 at 12:30 (GMT +9).

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(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	%
Fiscal year ended Mar. 31, 2018	247,931	22.8	7,323	75.7	7,939	82.4	5,336	73.1
Fiscal year ended Mar. 31, 2017	201,948	0.1	4,168	9.9	4,352	1.7	3,083	(38.1)

Note: Comprehensive income (million yen):

Fiscal year ended Mar. 31, 2018: 5,107 (up 51.7%) Fiscal year ended Mar. 31, 2017: 3,366 (down 17.9%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2018	206.56	206.18	15.4	6.5	3.0
Fiscal year ended Mar. 31, 2017	119.66	119.58	9.9	3.9	2.1

Reference: Share of profit (loss) of entities accounted for using equity method (million yen):

Fiscal year ended Mar. 31, 2018: 414 Fiscal year ended Mar. 31, 2017: 377

ALCONIX 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	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2018	130,603	38,626	28.2	1,423.87
As of Mar. 31, 2017	113,647	34,119	28.5	1,255.62

Reference: Shareholders' equity (million yen) As of Mar. 31, 2018: 36,826 As of Mar. 31, 2017: 32,378

(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, 2018	2,849	(5,166)	3,900	18,569
Fiscal year ended Mar. 31, 2017	140	(1,524)	(1,019)	16,813

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Mar. 31, 2017	Yen -	Yen 22.00	Yen -	Yen 22.00	Yen 44.00	Million yen 567	% 18.4	% 1.8
Fiscal year ended Mar. 31, 2018	Yen -	Yen 13.00	Yen -	Yen 19.00	Yen 32.00	Million yen 827	% 15.5	% 2.4
Fiscal year ending Mar. 31, 2019 (forecast)	Yen -	Yen 19.00	Yen -	Yen 19.00	Yen 38.00		% 17.9	

ALCONIX conducted a 2-for-1 common stock split on September 1, 2017. The dividend per share for the fiscal year ending March 31, 2018 has been adjusted to reflect the stock split. Prior to this adjustment, the dividend was 64 yen per share.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(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
First half	135,000	12.8	3,500	0.9	3,850	1.6	2,750	(1.1)	106.33
Full year	270,000	8.9	7,000	(4.4)	7,700	(3.0)	5,500	3.1	212.65

*** Notes**

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

Newly added: -

Excluded: -

(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 shares)

As of Mar. 31, 2018: 25,864,800 shares As of Mar. 31, 2017: 25,788,000 shares

2) Number of treasury shares at the end of period

As of Mar. 31, 2018: 961 shares As of Mar. 31, 2017: 826 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2018: 25,837,041 shares Fiscal year ended Mar. 31, 2017: 25,769,270 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2018	125,624	17.5	939	33.8	2,057	43.9	1,962	60.3
Fiscal year ended Mar. 31, 2017	106,903	(8.5)	702	(11.2)	1,429	(7.5)	1,224	6.4

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2018	75.95	75.81
Fiscal year ended Mar. 31, 2017	47.51	47.48

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2018	59,727	12,442	20.8	480.99
As of Mar. 31, 2017	54,419	10,951	20.1	423.83

Reference: Shareholders' equity (million yen): As of Mar. 31, 2018: 12,440 As of Mar. 31, 2017: 10,929

* The current financial report is not subject to audit by certified public accountants or auditing firms.

* 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 ALCONIX'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. Overview of Results of Operations, etc.

(1) Analysis of Results of Operations

In the fiscal year ended March 31, 2018, the U.S. economy continued to grow backed by a favorable job market but there are concerns about the effects of trade protectionism and rising interest rates. 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 gradually throughout the fiscal year 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 was also very strong demand for non-ferrous metals in the semiconductor industry where active capital expenditure continues. However, growth in production had slowed slightly in the smartphone sector.

The ALCONIX Group's manufacturing subsidiaries in Japan and overseas, such as companies associated with semiconductor manufacturing equipment and plating materials, made a big contribution to consolidated results of operations. Furthermore, sales and earnings increased because of growth in the volume of products in the Trading segment, including copper, aluminum, copper products, metal silicon, and electronic materials. Newly consolidated FUJI PRESS Corporation, which is in the Manufacturing—Metal Processing segment, also made a contribution to sales and earnings.

ALCONIX reported consolidated net sales of 247,931 million yen (up 22.8% year on year), operating profit of 7,323 million yen (up 75.7%), ordinary profit of 7,939 million yen (up 82.4%) and profit attributable to owners of parent of 5,336 million yen (up 73.1%).

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

• Trading—Electronic and Advanced Materials

Demand for materials used in smartphones and tablets was firm throughout the fiscal year, although there were differences from quarter to quarter. Demand for materials used in secondary batteries and in environmental applications was firm, too. Sales 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.

As a result, the segment recorded sales of 76,518 million yen (up 29.7% year on year) and segment profit of 1,822 million yen (up 56.9%).

• Trading—Aluminum and Copper Products

The transaction volume of aluminum and copper materials for automotive applications increased as automakers use more electronic components. Another notable trend is the increase in demand for materials used in semiconductors, liquid crystal displays and organic EL displays because of the rising production of electric vehicles and growth of the Internet of things. In some instances, the supply of materials was unable to keep up with rapid growth in demand. As a result, there was an increase in the transaction volume at ALCONIX and its subsidiaries in Japan. In the non-ferrous resources category, there was growth in sales and earnings because of an increase in the transaction volume of recycled aluminum ingots, copper and aluminum scrap, and metal silicon, which are the primary products in this category. One reason was solid demand for non-ferrous metals, particularly in the automobile industry. Growth was also supported by high prices of aluminum, copper and other non-ferrous metals throughout the fiscal year.

As a result, the segment recorded sales of 134,946 million yen (up 12.2% year on year) and segment profit of 1,033 million yen (up 16.4%).

· Manufacturing—Equipment and Materials

Shipments of plating materials were firm throughout the fiscal year 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 Thailand 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 19,794 million yen (up 18.6% year on year) and segment profit of 835 million yen (up 286.1%).

· Manufacturing—Metal Processing

Shipments of grinding processing parts for chip mounters remained strong because of robust demand fueled by the high level of semiconductor industry capital expenditures and there was steady growth in orders for prototypes for automotive applications. Orders for precision machining processing parts were high, mainly for parts used in aircraft, semiconductor manufacturing equipment and organic EL manufacturing equipment. In the previous fiscal year, measures for small-lot production and short lead times caused the cost of manufacturing to increase. 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 results of operations as this company's shipments of automotive precision stamped parts exceeded the initial plan.

As a result, the segment recorded sales of 20,149 million yen (up 118.5% year on year) and segment profit of 4,244 million yen (up 102.5%).

Forecasts for the new fiscal year

In the fiscal year ending on March 31, 2019, there are concerns about rising geopolitical risk, the emergence of trade protectionism, the instability of foreign exchange rates and other developments. Despite these concerns, the outlook is for the global economy to remain healthy, primarily in the United States and Europe. In Japan, the economic recovery is expected to continue with the support of solid corporate earnings and an improvement in the job market, although any changes in the yen's strength will affect exports.

The ALCONIX Group expects the performance of manufacturing subsidiaries in Japan and overseas to remain strong because of an increase in demand for their products in the semiconductor and automobile industries. In the Trading segment, the outlook is for growth in the transaction volume of copper, aluminum, minor metals and rare earths, and other non-ferrous metal products and materials. However, the earnings of the ALCONIX Group may be affected by softer demand for materials used in smartphones and tablets, a market sector that has been very strong, as well as by the outcome of discussions and negotiations involving trade policies, mainly of the United States.

The ALCONIX Group forecasts consolidated net sales of 270,000 million yen (up 8.9% year on year), operating profit of 7,000 million yen (down 4.4%), ordinary profit of 7,700 million yen (down 3.0%), and profit attributable to owners of parent of 5,500 million yen (up 3.1%) for the fiscal year ending March 31, 2019.

(2) Analysis of Financial Position

1) Financial position

Changes in financial position in the fiscal year ended March 31, 2018 are described as below.

In the assets category, the main factors of increase were a 4,674 million yen increase in notes and accounts receivable-trade, a 4,626 million yen increase in inventories, and a 4,210 million yen increase in property, plant and equipment mainly due to capital expenditures and an increase in consolidated subsidiaries and a 1,812 million yen increase in cash and deposits. The main factors of decrease were a 117 million yen decrease in investments and other assets due mainly to the evaluation at market value and sales of shares. The result was a 16,955 million yen increase in assets over the end of the previous fiscal year to 130,603 million yen.

In the liabilities category, the main factors of increase were a 1,194 million yen increase in notes and accounts payable-trade and a 4,793 million yen increase in short-term loans payable and a 3,267 million yen increase in long-term loans payable. The main factors of decrease were a 274 million yen decrease in current portion of bonds. The net result was a 12,448 million yen increase in liabilities over the end of the previous fiscal year to 91,977 million yen.

In the net assets category, the main factors of increase were a 31 million yen increase in capital stock due to the exercise of share acquisition rights, a 4,717 million yen increase in retained earnings, a 138 million yen increase in valuation difference on available-for-sale securities due to the market value evaluation of listed stock. The main factor of decrease was a 440 million yen decrease in foreign currency translation adjustment. As a result, net assets increased 4,507 million yen over the end of the previous fiscal year to 38,626 million yen.

2) Cash flows

Cash and cash equivalents (hereinafter, "net cash") at the end of the fiscal year ended on March 31, 2018 increased 1,756 million yen from the end of the previous fiscal year to 18,569 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 2,849 million yen. Main positive factors include profit before income taxes of 7,482 million yen, depreciation including amortization of goodwill of 2,715 million yen, and a 315 million yen increase in notes and accounts payable-trade. Meanwhile, major negative factors include a 2,814 million yen increase in notes and accounts receivable-trade, a 4,130 million yen increase in inventories, and income taxes paid of 1,727 million yen.
Cash flows from investing activities	Net cash used in investing activities was 5,166 million yen. Main negative factors include payments for the purchase of property, plant and equipment and intangible assets of 2,090 million yen for capital expenditures mainly at manufacturing subsidiaries, payments of 2,633 million yen for purchase of shares of subsidiaries resulting in change in scope of consolidation in association with the consolidation of FUJI PRESS, and payments of loans receivable of 1,054 million yen for an affiliated company.
Cash flows from financing activities	Net cash provided by financing activities was 3,900 million yen. Main positive factors include net increases in short-term loans payable of 4,390 million yen and long-term loans payable of 432 million yen, and proceeds from issuance of common shares of 43 million yen due to the exercise of share acquisition rights. Meanwhile, major negative factors include net decreases in short-term loans payable of 4,390 million yen and long-term loans payable of 432 million yen, redemption of bonds of 274 million yen and cash dividends paid of 619 million yen.

Reference: Cash flow indicators

	FY3/17	FY3/18
Shareholders' equity ratio (%)	28.5	28.2
Shareholders' equity ratio based on market value (%)	20.9	42.2
Ratio of interest-bearing debt to cash flows (%)	271.1	16.2
Interest coverage ratio (times)	0.4	5.8

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio based on market value: Market capitalization based on closing share price at the end of the period / 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.

As was announced in the news release titled "Notice of Revisions to Consolidated Earnings Forecast and Dividend Forecast" dated February 9, 2018, ALCONIX plans to pay a year-end dividend of 19 yen per share for the fiscal year that ended on March 31, 2018. With the interim dividend of 13 yen per share, this will result in an annual dividend of 32 yen per share.

2. Basic Approach to the Selection of Accounting Standards

The ALCONIX Group currently applies Japanese accounting standards for its consolidated financial statements to facilitate comparisons with prior-year performance and the performance of other companies in Japan.

The ALCONIX Group will consider adopting IFRS taking into consideration active discussion regarding IFRS and the upcoming use of IFRS by other companies in the same line of business.

3. Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheet**

	(Millions of yen)	
	FY3/17 (As of Mar. 31, 2017)	FY3/18 (As of Mar. 31, 2018)
Assets		
Current assets		
Cash and deposits	16,885	18,698
Notes and accounts receivable-trade	42,821	47,495
Merchandise and finished goods	17,075	20,718
Work in process	1,612	2,222
Raw materials and supplies	756	1,128
Deferred tax assets	506	838
Other	2,826	4,935
Allowance for doubtful accounts	(160)	(171)
Total current assets	82,323	95,866
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,111	9,850
Accumulated depreciation	(3,016)	(4,582)
Buildings and structures, net	4,095	5,267
Machinery, equipment and vehicles	8,065	12,782
Accumulated depreciation	(5,798)	(9,438)
Machinery, equipment and vehicles, net	2,266	3,343
Tools, furniture and fixtures	1,369	5,653
Accumulated depreciation	(1,092)	(4,426)
Tools, furniture and fixtures, net	276	1,227
Land	3,422	4,371
Leased assets	1,733	1,723
Accumulated depreciation	(1,443)	(1,440)
Leased assets, net	289	282
Construction in progress	251	319
Total property, plant and equipment	10,601	14,811
Intangible assets		
Goodwill	3,660	3,478
Software	224	268
Other	4,506	3,963
Total intangible assets	8,391	7,710
Investments and other assets		
Investment securities	11,311	10,095
Long-term loans receivable	6	1,314
Deferred tax assets	55	61
Other	989	896
Allowance for doubtful accounts	(31)	(154)
Total investments and other assets	12,331	12,214
Total non-current assets	31,324	34,737
Total assets	113,647	130,603

	(Millions of yen)	
	FY3/17	FY3/18
	(As of Mar. 31, 2017)	(As of Mar. 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	32,728	33,922
Short-term loans payable	21,841	26,635
Current portion of long-term loans payable	4,266	4,442
Current portion of bonds	274	149
Income taxes payable	699	2,054
Provision for bonuses	518	947
Deferred tax liabilities	5	3
Other	2,685	4,241
Total current liabilities	63,020	72,397
Non-current liabilities		
Bonds payable	825	675
Long-term loans payable	10,883	14,150
Deferred tax liabilities	3,515	2,836
Provision for directors' retirement benefits	438	823
Net defined benefit liability	527	565
Long-term accounts payable-other	49	30
Other	269	498
Total non-current liabilities	16,508	19,580
Total liabilities	79,528	91,977
Net assets		
Shareholders' equity		
Capital stock	2,924	2,956
Capital surplus	1,946	1,978
Retained earnings	22,981	27,698
Treasury shares	(0)	(0)
Total shareholders' equity	27,853	32,633
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,227	1,366
Deferred gains or losses on hedges	(0)	(31)
Foreign currency translation adjustment	3,298	2,858
Total accumulated other comprehensive income	4,525	4,193
Share acquisition rights	21	1
Non-controlling interests	1,718	1,797
Total net assets	34,119	38,626
Total liabilities and net assets	113,647	130,603

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

(Millions of yen)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Net sales	201,948	247,931
Cost of sales	187,472	228,892
Gross profit	14,476	19,038
Selling, general and administrative expenses	10,307	11,715
Operating profit	4,168	7,323
Non-operating income		
Interest income	34	76
Purchase discounts	14	14
Dividend income	199	279
Fiduciary obligation fee	23	35
Share of profit of entities accounted for using equity method	377	414
Rent income of real estate	81	84
Foreign exchange gains	-	110
Gain on sales of scraps	29	177
Other	103	187
Total non-operating income	864	1,380
Non-operating expenses		
Interest expenses	344	511
Sales discounts	8	9
Foreign exchange losses	194	-
Loss on sales of notes receivable-trade	23	22
Rent cost of real estate	14	19
Other	95	202
Total non-operating expenses	680	765
Ordinary profit	4,352	7,939
Extraordinary income		
Gain on sales of non-current assets	10	2
Gain on sales of investment securities	118	67
Gain on reversal of share acquisition rights	3	12
Subsidy income	3	3
Other	-	1
Total extraordinary income	134	86
Extraordinary losses		
Loss on sales of non-current assets	0	4
Loss on retirement of non-current assets	4	19
Loss on sales of investment securities	-	230
Loss on valuation of investment securities	28	272
Impairment loss	7	-
Other	-	16
Total extraordinary losses	40	543
Profit before income taxes	4,446	7,482
Income taxes-current	1,430	2,948
Income taxes-deferred	(14)	(950)
Refund of income taxes for prior periods	(168)	-
Total income taxes	1,246	1,998
Profit	3,199	5,484
Profit attributable to non-controlling interests	116	147
Profit attributable to owners of parent	3,083	5,336

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Profit	3,199	5,484
Other comprehensive income		
Valuation difference on available-for-sale securities	1,032	79
Deferred gains or losses on hedges	119	(33)
Foreign currency translation adjustment	(758)	9
Share of other comprehensive income of entities accounted for using equity method	(226)	(432)
Total other comprehensive income	167	(376)
Comprehensive income	3,366	5,107
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,110	5,004
Comprehensive income attributable to non-controlling interests	256	103

(3) Consolidated Statement of Changes in Equity

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,910	1,932	20,417	(0)	25,260
Changes of items during period					
Issuance of new shares	14	14			28
Dividends of surplus			(566)		(566)
Profit attributable to owners of parent			3,083		3,083
Increase by merger		0	47		47
Purchase of treasury shares					-
Change in treasury shares of parent arising from transactions with non-controlling shareholders					-
Net changes of items other than shareholders' equity					-
Total changes of items during period	14	14	2,563	-	2,592
Balance at end of current period	2,924	1,946	22,981	(0)	27,853

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling 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	325	(118)	4,291	4,498	28	1,536	31,323
Changes of items during period							
Issuance of new shares				-			28
Dividends of surplus				-			(566)
Profit attributable to owners of parent				-			3,083
Increase by merger				-			47
Purchase of treasury shares				-			-
Change in treasury shares of parent arising from transactions with non-controlling shareholders				-			-
Net changes of items other than shareholders' equity	902	117	(992)	27	(6)	182	202
Total changes of items during period	902	117	(992)	27	(6)	182	2,795
Balance at end of current period	1,227	(0)	3,298	4,525	21	1,718	34,119

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,924	1,946	22,981	(0)	27,853
Changes of items during period					
Issuance of new shares	31	31			63
Dividends of surplus			(619)		(619)
Profit attributable to owners of parent			5,336		5,336
Increase by merger					-
Purchase of treasury shares				(0)	(0)
Change in treasury shares of parent arising from transactions with non-controlling shareholders					-
Net changes of items other than shareholders' equity					-
Total changes of items during period	31	31	4,717	(0)	4,780
Balance at end of current period	2,956	1,978	27,698	(0)	32,633

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling 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	1,227	(0)	3,298	4,525	21	1,718	34,119
Changes of items during period							
Issuance of new shares				-			63
Dividends of surplus				-			(619)
Profit attributable to owners of parent				-			5,336
Increase by merger				-			-
Purchase of treasury shares				-			(0)
Change in treasury shares of parent arising from transactions with non-controlling shareholders				-			-
Net changes of items other than shareholders' equity	138	(31)	(440)	(332)	(19)	79	(273)
Total changes of items during period	138	(31)	(440)	(332)	(19)	79	4,507
Balance at end of current period	1,366	(31)	2,858	4,193	1	1,797	38,626

(4) Consolidated Statement of Cash Flows

	(Millions of yen)	
	FY3/17	FY3/18
	(Apr. 1, 2016 – Mar. 31, 2017)	(Apr. 1, 2017 – Mar. 31, 2018)
Cash flows from operating activities		
Profit before income taxes	4,446	7,482
Depreciation	1,626	2,165
Impairment loss	7	-
Amortization of goodwill	496	549
Increase (decrease) in allowance for doubtful accounts	(100)	20
Increase (decrease) in provision for bonuses	(109)	309
Increase (decrease) in provision for directors' retirement benefits	47	(8)
Increase (decrease) in net defined benefit liability	54	1
Interest and dividend income	(234)	(356)
Interest expenses	344	511
Share of (profit) loss of entities accounted for using equity method	(377)	(414)
Loss on valuation of investment securities	28	272
Decrease (increase) in notes and accounts receivable-trade	(1,951)	(2,814)
Decrease (increase) in inventories	(2,900)	(4,130)
Increase (decrease) in notes and accounts payable-trade	514	315
Decrease (increase) in consumption taxes refund receivable	(281)	536
Increase (decrease) in income taxes payable-factor based tax	1	54
Decrease (increase) in advance payments	(548)	(920)
Decrease (increase) in accounts receivable-other	28	34
Increase (decrease) in accounts payable-other	88	78
Increase (decrease) in advances received	206	215
Other, net	210	677
Subtotal	1,599	4,579
Interest and dividend income received	341	323
Interest expenses paid	(347)	(490)
Income taxes paid	(1,628)	(1,727)
Income taxes refund	174	163
Net cash provided by (used in) operating activities	140	2,849
Cash flows from investing activities		
Payments into time deposits	(197)	(240)
Proceeds from withdrawal of time deposits	381	269
Purchase of property, plant and equipment	(1,739)	(1,964)
Purchase of intangible assets	(74)	(126)
Purchase of investment securities	(315)	(377)
Proceeds from sales of investment securities	194	88
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(2,633)
Payments of loans receivable	(1)	(1,054)
Collection of loans receivable	0	763
Purchase of insurance funds	(24)	(20)
Proceeds from cancellation of insurance funds	124	1
Other, net	127	125
Net cash provided by (used in) investing activities	(1,524)	(5,166)

	(Millions of yen)	
	FY3/17	FY3/18
	(Apr. 1, 2016 – Mar. 31, 2017)	(Apr. 1, 2017 – Mar. 31, 2018)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(6,254)	4,390
Proceeds from long-term loans payable	8,523	6,647
Repayments of long-term loans payable	(3,149)	(6,214)
Proceeds from issuance of bonds	900	-
Redemption of bonds	(400)	(274)
Proceeds from issuance of common shares	24	43
Cash dividends paid	(567)	(619)
Dividends paid to non-controlling interests	(62)	(36)
Repayments of finance lease obligations	(34)	(34)
Other	-	(0)
Net cash provided by (used in) financing activities	(1,019)	3,900
Effect of exchange rate change on cash and cash equivalents	(585)	173
Net increase (decrease) in cash and cash equivalents	(2,989)	1,756
Cash and cash equivalents at beginning of period	19,773	16,813
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	28	-
Cash and cash equivalents at end of period	16,813	18,569

(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

(1) Number of consolidated subsidiaries: 33

Names of major consolidated subsidiaries

ADVANCED MATERIAL JAPAN CORPORATION
OHKAWA CORPORATION
OHBA SEIKEN CO., LTD.
HEIWA KINZOKU CO., LTD.
MARKTEC CORPORATION
ALCONIX (SHANGHAI) CORP.
UNIVERTICAL HOLDINGS INC.

In the first quarter of the current fiscal year, FUJI PRESS Corporation and Sanna Kogyo Co., Ltd. were included in the scope of consolidation because ALCONIX has purchased the shares of these companies and made them consolidated subsidiaries.

ALCONIX FUJI CORPORATION and Sanna Kogyo Co., Ltd. were excluded from the consolidation since these companies were absorbed into FUJI PRESS Corporation, which is the surviving company, on January 1, 2018.

(2) Number of non-consolidated subsidiaries: 5

Names of major non-consolidated subsidiaries

Heiwa Thai Corporation

Reason for exclusion from the scope of consolidation

Non-consolidated subsidiaries are excluded from the scope of consolidation since they have a very minor effect on total assets, net sales and profit/loss (equity in earnings) and retained earnings (equity in earnings) and are relatively insignificant in the context of the consolidated financial statements.

2. Application of equity method

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

Names of major affiliates:

K'MAC Co., Ltd.

In the first quarter of the current fiscal year, FNA MECHATRONICS MEXICO S.A.de C.V., an affiliate of FUJI PRESS Corporation, was included in the scope of application of the equity method as ALCONIX has purchased the FUJI PRESS stock.

At the end of the current fiscal year, Shanghai Longyang Precise Compound Copper Tube Co., Ltd. and one other company were excluded from the scope of application of the equity method due to the sale of stock.

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

Names of major affiliates:

Winton International Industries Ltd.

Non-equity method affiliates are not accounted for under the equity method, since they have a very minor effect on profit/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 two consolidated subsidiaries in Japan and 21 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. (Valuation differences are 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 (excluding lease assets)

Depreciation of property, plant and equipment at ALCONIX and its domestic consolidated subsidiaries is calculated by the declining-balance method, except for buildings acquired on or after April 1, 1998 (excluding attached facilities) and facilities attached to the buildings and structures acquired on or after April 1, 2016 on which depreciation is calculated by the straight-line method.

Overseas consolidated subsidiaries mainly apply the straight-line method.

Useful life of principle assets is as follows:

Buildings and structures:	2-50 years
Machinery, equipment and vehicles:	1-20 years
Tools, furniture and fixtures:	1-20 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) Lease assets

Lease assets associated with finance leases where there is transfer of ownership:

The same method as amortization method used for fixed assets held by ALCONIX is applied.

(3) 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 ALCONIX 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 directors' retirement benefits

To provide for directors' retirement benefits, ALCONIX and certain domestic consolidated subsidiaries provide an allowance for the aggregate amount payable at the end of the current fiscal year pursuant to ALCONIX's rules on directors' retirement benefits.

(4) The accounting treatment methods for retirement benefits

ALCONIX 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.

(5) 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 adjustment and non-controlling interests in net assets.

(6) Accounting for hedges

1) Hedging method

ALCONIX 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

ALCONIX uses forward exchange rate contracts to hedge the risk of foreign exchange rate volatility for foreign currency-denominated transactions. ALCONIX uses commodity futures to hedge the risk of future prices of commodities handled (non-ferrous metals).

3) Hedging policy

ALCONIX's policy is to limit derivative transactions to within the scope of real demand. ALCONIX 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.

(7) Amortization of goodwill

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

(8) 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.

(9) 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

“Gain on sales of scraps” which was included in “Other” under “Non-operating income” in the previous fiscal year, is reclassified and presented as a separate item in the current fiscal year since the amount is more than 10/100 of total non-operating income. To conform to this change, the financial statements for the previous fiscal year are reclassified.

As a result, “Other” (133 million yen) under “Non-operating income” shown in the previous fiscal year’s consolidated statement of income is reclassified and divided into “Gain on sales of scraps” (29 million yen) and “Other” (103 million yen).

Segment and Other Information

[Segment information]

1. Overview of reportable segment

Segments used for financial reporting are ALCONIX’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.

ALCONIX’s businesses are broadly divided as Trading and Manufacturing in order to clarify its business activities and earnings structure of each business division. Furthermore, the four reportable segments are used based on the products and merchandise. They include: Electronic and Advanced Materials, Aluminum and Copper Products, Equipment and Materials, and Metal Processing.

The Electronic and Advanced Materials segment trades compound semiconductors, electronic materials, titanium products, nickel products, minor metals and other materials.

The Aluminum and Copper Products segment trades aluminum products (rolling products, extruded materials, forged and cast products, beverage cans, foil, etc.), copper products (sheets, strips, rods, and other fabricated products and parts, etc.), secondary aluminum alloy ingots, non-ferrous metal scraps (aluminum, copper, special metal, used home electronics, etc.), metal silicon, zinc alloy ingots, magnesium ingots, various piping equipment, forge/foundry materials, aluminum die cast products, metal molds and cast metals. It also oversees metal fitting works and renovation of commercial and residential buildings.

The Equipment and Materials segment trades cooper, nickel, plating materials and related chemicals, non-destructive testing equipment, marking devices and related consumables, metal mold building-up welding rods, and oversees thermal spraying works.

The Metal Processing segment trades precision mechanical parts, made of aluminum, titanium and other light alloys, for use in telecommunications equipment and other devices, semiconductor surface mounting machines (chip mounters), precision grinding processing parts for manufacturing equipment in the automobile and industrial machinery industries, and precision stamping parts for the automobile industry.

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 profit figures.

Inter-segment sales and transfers are based on market prices.

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

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(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	56,510	119,699	16,655	9,082	201,948
Inter-segment sales and transfers	2,467	595	36	140	3,239
Total	58,978	120,294	16,692	9,222	205,188
Segment profit	1,161	888	216	2,096	4,362
Segment assets	24,354	54,490	30,443	13,197	122,485
Other items					
Depreciation	35	121	810	658	1,626
Amortization of goodwill	-	0	496	-	496
Interest income	11	13	10	0	34
Interest expenses	94	224	14	12	344
Equity in earnings of affiliates	-	-	-	377	377
Investment in equity-method affiliates	-	4,126	-	-	4,126
Increase in property, plant and equipment and intangible assets	5	182	452	798	1,438

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(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	73,857	134,506	19,697	19,870	247,931
Inter-segment sales and transfers	2,661	439	96	279	3,477
Total	76,518	134,946	19,794	20,149	251,408
Segment profit	1,822	1,033	835	4,244	7,936
Segment assets	30,096	55,802	30,244	23,273	139,417
Other items					
Depreciation	31	116	845	1,171	2,165
Amortization of goodwill	-	0	506	43	549
Interest income	20	11	7	36	76
Interest expenses	148	317	20	24	511
Equity in earnings of affiliates	-	-	-	414	414
Investment in equity-method affiliates	-	2,600	-	-	2,600
Increase in property, plant and equipment and intangible assets	29	125	414	1,548	2,118

4. Reconciliation of amounts on consolidated financial statements with totals for reportable segments

(Millions of yen)

Net sales	FY3/17	FY3/18
Total for reportable segments	205,188	251,408
Eliminations for inter-segment transactions	(3,239)	(3,477)
Net sales on the consolidated financial statements	201,948	247,931

(Millions of yen)

Profit	FY3/17	FY3/18
Total for reportable segments	4,362	7,936
Eliminations for inter-segment transactions	(9)	2
Ordinary profit on the consolidated financial statements	4,352	7,939

(Millions of yen)

Assets	FY3/17	FY3/18
Total for reportable segments	122,485	139,417
Corporate assets (Note)	135	219
Eliminations for inter-segment transactions	(8,973)	(9,034)
Total assets on the consolidated financial statements	113,647	130,603

Note: Corporate assets are deferred tax assets at ALCONIX.

[Related information]

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

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
119,042	29,304	21,483	15,093	16,337	687	201,948

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	China	USA	Europe	Total
7,910	423	1,400	867	0	10,601

Note: Asia does not include China.

3. Information by major client

This information is omitted because no specific external client accounts for 10% or more of consolidated net sales on the consolidated statement of income.

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

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
148,008	29,872	32,366	20,392	16,618	672	247,931

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	China	USA	Europe	Total
12,046	468	1,452	843	0	14,811

Note: Asia does not include China.

3. Information by major client

This information is omitted because no specific external client accounts for 10% or more of consolidated net sales on the consolidated statement of income.

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

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017) (Millions of yen)

	Trading		Manufacturing		Subtotal	Elimination or corporate	Total
	Electronic and Advanced Materials	Aluminum and Copper Products	Equipment and Materials	Metal Processing			
Impairment loss	-	-	-	7	7	-	7

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

Not applicable.

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

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017) (Millions of yen)

	Reportable segment					Elimination or corporate	Total
	Trading		Manufacturing		Subtotal		
	Electronic and Advanced Materials	Aluminum and Copper Products	Equipment and Materials	Metal Processing			
Balance at end of period	-	1	3,659	-	3,660	-	3,660

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

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018) (Millions of yen)

	Reportable segment					Elimination or corporate	Total
	Trading		Manufacturing		Subtotal		
	Electronic and Advanced Materials	Aluminum and Copper Products	Equipment and Materials	Metal Processing			
Balance at end of period	-	0	3,090	387	3,478	-	3,478

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]

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

Not applicable.

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

Not applicable.

Per Share Information

(Yen)

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)		FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	
Net assets per share	1,255.62	Net assets per share	1,423.87
Net income per share	119.66	Net income per share	206.56
Diluted net income per share	119.58	Diluted net income per share	206.18

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

(Millions of yen)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Net income per share		
Profit attributable to owners of parent	3,083	5,336
Amounts not available to common stock shareholders	-	-
Profit attributable to owners of parent available to common stock	3,083	5,336
Average number of shares outstanding during the period (Thousand shares)	25,769	25,837
Diluted net income per share		
Adjusted profit attributable to owners of parent	-	-
Increase in the number of shares of common stock (Thousand shares)	15	47
[of which, share acquisition rights]	[15]	[47]
Summary of potential stock not included in the calculation of “Diluted net income per share” since there was no dilutive effect	Share acquisition rights No.5 (Number of share acquisition rights: 1,096)	-

Subsequent Events

Not applicable.

4. Non-consolidated Financial Statements and Notes**(1) Balance Sheet**

(Millions of yen)

	FY3/17 (As of Mar. 31, 2017)	FY3/18 (As of Mar. 31, 2018)
Assets		
Current assets		
Cash and deposits	3,698	3,454
Notes receivable-trade	1,491	1,685
Accounts receivable-trade	18,422	20,879
Merchandise and finished goods	8,163	8,042
Advance payments-trade	9	69
Prepaid expenses	78	76
Deferred tax assets	135	219
Short-term loans receivable	8,147	10,417
Accounts receivable-other	278	1,839
Income taxes receivable	83	-
Consumption taxes receivable	663	574
Other	142	103
Allowance for doubtful accounts	(148)	(184)
Total current assets	41,165	47,176
Non-current assets		
Property, plant and equipment		
Buildings	10	49
Vehicles	2	1
Tools, furniture and fixtures	21	31
Construction in progress	73	73
Total property, plant and equipment	107	156
Intangible assets		
Software	68	67
Telephone subscription right	5	5
Software in progress	3	15
Total intangible assets	76	88
Investments and other assets		
Investment securities	2,213	2,610
Shares of subsidiaries and associates	10,555	9,364
Investments in capital of subsidiaries and associates	173	173
Long-term prepaid expenses	0	3
Insurance funds	18	19
Long-term guarantee deposits	89	114
Other	19	19
Total investments and other assets	13,070	12,305
Total non-current assets	13,254	12,550
Total assets	54,419	59,727

	(Millions of yen)	
	FY3/17 (As of Mar. 31, 2017)	FY3/18 (As of Mar. 31, 2018)
Liabilities		
Current liabilities		
Notes payable-trade	6,627	6,740
Accounts payable-trade	13,183	12,922
Short-term loans payable	4,396	5,838
Current portion of long-term loans payable	3,231	3,111
Current portion of bonds	274	149
Accounts payable-other	1,136	1,411
Accrued expenses	106	248
Income taxes payable	19	405
Advances received	71	51
Deposits received	3,615	3,034
Provision for bonuses	155	285
Other	251	233
Total current liabilities	33,070	34,433
Non-current liabilities		
Bonds payable	825	675
Long-term loans payable	8,999	11,617
Long-term accounts payable-other	49	30
Provision for retirement benefits	241	207
Provision for directors' retirement benefits	197	177
Deferred tax liabilities	87	143
Total non-current liabilities	10,398	12,851
Total liabilities	43,468	47,285
Net assets		
Shareholders' equity		
Capital stock	2,924	2,956
Capital surplus		
Legal capital surplus	1,967	1,998
Total capital surpluses	1,967	1,998
Retained earnings		
Legal retained earnings	10	10
Other retained earnings		
General reserve	400	400
Retained earnings brought forward	5,123	6,465
Total retained earnings	5,534	6,876
Treasury shares	(0)	(0)
Total shareholders' equity	10,425	11,831
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	501	618
Deferred gains or losses on hedges	1	(10)
Total valuation and translation adjustments	503	608
Share acquisition rights	21	1
Total net assets	10,951	12,442
Total liabilities and net assets	54,419	59,727

(2) Statement of Income

(Millions of yen)

	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Net sales	106,903	125,624
Cost of sales	103,478	121,660
Gross profit	3,425	3,964
Selling, general and administrative expenses	2,722	3,024
Operating profit	702	939
Non-operating income		
Interest income	78	96
Purchase discounts	13	12
Foreign exchange gains	-	60
Dividend income	757	1,040
Fiduciary obligation fee	167	188
Other	45	35
Total non-operating income	1,061	1,433
Non-operating expenses		
Interest expenses	169	179
Sales discounts	1	1
Interest on bonds	3	3
Foreign exchange losses	75	-
Loss on sales of notes receivable-trade	19	22
Provision of allowance for doubtful accounts	13	40
Other	52	68
Total non-operating expenses	334	315
Ordinary profit	1,429	2,057
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	118	51
Gain on sales of subsidiaries and affiliates' stocks	-	312
Gain on reversal of share acquisition rights	3	12
Total extraordinary income	121	377
Extraordinary losses		
Loss on valuation of investment securities	28	2
Other	0	0
Total extraordinary losses	29	2
Income before income taxes	1,522	2,431
Income taxes-current	166	538
Income taxes-deferred	131	(69)
Total income taxes	297	469
Profit	1,224	1,962

(3) Statement of Changes in Equity

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings	Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surpluses		Other retained earnings				
					General reserve	Retained earnings brought forward			
Balance at beginning of current period	2,910	1,952	1,952	10	400	4,465	4,876	(0)	9,739
Changes of items during period									
Issuance of new shares	14	14	14		-				28
Dividends of surplus						(566)	(566)		(566)
Profit						1,224	1,224		1,224
Purchase of treasury shares									-
Net changes of items other than shareholders' equity									
Total changes of items during period	14	14	14	-	-	657	657	-	686
Balance at end of current period	2,924	1,967	1,967	10	400	5,123	5,534	(0)	10,425

	Valuation and translation adjustments			Share acquisition rights	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	176	(102)	74	28	9,842
Changes of items during period					
Issuance of new shares					28
Dividends of surplus					(566)
Profit					1,224
Purchase of treasury shares					-
Net changes of items other than shareholders' equity	325	104	429	(6)	422
Total changes of items during period	325	104	429	(6)	1,108
Balance at end of current period	501	1	503	21	10,951

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(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	2,924	1,967	1,967	10	400	5,123	5,534	(0)	10,425
Changes of items during period									
Issuance of new shares	31	31	31						63
Dividends of surplus						(619)	(619)		(619)
Profit						1,962	1,962		1,962
Purchase of treasury shares								(0)	(0)
Net changes of items other than shareholders' equity									
Total changes of items during period	31	31	31	-	-	1,342	1,342	(0)	1,405
Balance at end of current period	2,956	1,998	1,998	10	400	6,465	6,876	(0)	11,831

	Valuation and translation adjustments			Share acquisition rights	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	501	1	503	21	10,951
Changes of items during period					
Issuance of new shares					63
Dividends of surplus					(619)
Profit					1,962
Purchase of treasury shares					(0)
Net changes of items other than shareholders' equity	117	(12)	105	(19)	85
Total changes of items during period	117	(12)	105	(19)	1,490
Balance at end of current period	618	(10)	608	1	12,442

5. Others

(1) Changes in Directors

The appointment and resignation will be decided at the Board of Directors' meeting and the Annual General Meeting of Shareholders to be held on June 20, 2018.

1) Changes in representative

Chairman and Representative Director: Eiitsu Masaki (Current President and CEO)

President and Representative Director: Masato Takei (Current Director, Executive Vice President)

2) Changes in other directors

-Retiring Directors

Director: Hideo Yamashita (Scheduled to be appointed as a part-time Advisor)

(Current Executive Advisor)

Director: Michio Komatsu (Scheduled to be appointed as a part-time Advisor)

(Current Senior Executive Officer, General Manager of Non-Ferrous Materials Division and General Manager of Construction & Industrial Materials Division)

-Candidate for Audit & Supervisory Board Member

Audit & Supervisory Board Member: Masahiko Nishimura

(2) Others

Not applicable.

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.