



May 17, 2019

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2019

[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 21, 2019

Scheduled date of filing of Annual Securities Report: June 24, 2019

Scheduled date of payment of dividend: June 21, 2019

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 17, 2019 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, 2019 (April 1, 2018 – March 31, 2019)

(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, 2019	257,437	3.8	6,257	(14.6)	6,254	(21.2)	4,009	(24.9)
Fiscal year ended Mar. 31, 2018	247,931	22.8	7,323	75.7	7,939	82.4	5,336	73.1

Note: Comprehensive income (million yen)

Fiscal year ended Mar. 31, 2019: 2,570 (down 49.7%) Fiscal year ended Mar. 31, 2018: 5,107 (up 51.7%)

	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, 2019	155.20	-	10.7	4.6	2.4
Fiscal year ended Mar. 31, 2018	206.56	206.18	15.4	6.5	3.0

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

Fiscal year ended Mar. 31, 2019: 202 Fiscal year ended Mar. 31, 2018: 414

Note: Diluted net income per share for the fiscal year ended Mar. 31, 2019 is not stated because dilutive shares do not exist.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2019	143,851	39,673	26.3	1,489.59
As of Mar. 31, 2018	130,197	38,626	28.3	1,423.87

Reference: Shareholders' equity (million yen) As of Mar. 31, 2019: 37,901 As of Mar. 31, 2018: 36,826

(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, 2019	5,279	(10,770)	9,625	22,404
Fiscal year ended Mar. 31, 2018	2,849	(5,166)	3,900	18,569

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2018	-	13.00	-	19.00	32.00	827	15.5	2.4
Fiscal year ended Mar. 31, 2019	-	19.00	-	20.00	39.00	1,000	25.1	2.7
Fiscal year ending Mar. 31, 2020 (forecast)	-	20.00	-	20.00	40.00		21.7	

ALCONIX conducted a 2-for-1 stock split on September 1, 2017. The dividend per share for the fiscal year ended 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, 2020 (April 1, 2019 – March 31, 2020)

(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	137,000	5.6	3,100	(19.1)	3,200	(14.6)	2,100	(24.1)	82.53
Full year	266,000	3.3	6,800	8.7	7,000	11.9	4,700	17.2	184.72

*** 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, 2019: 25,882,200 shares As of Mar. 31, 2018: 25,864,800 shares

2) Number of treasury shares at the end of period

As of Mar. 31, 2019: 437,635 shares As of Mar. 31, 2018: 961 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2019: 25,836,878 shares Fiscal year ended Mar. 31, 2018: 25,837,041 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(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, 2019	123,312	(1.8)	782	(16.8)	3,277	59.3	2,973	51.5
Fiscal year ended Mar. 31, 2018	125,624	17.5	939	33.8	2,057	43.9	1,962	60.3

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2019	115.10	-
Fiscal year ended Mar. 31, 2018	75.95	75.81

Note: Diluted net income per share for the fiscal year ended March 31, 2019 is not stated because dilutive shares do not exist.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2019	70,440	13,507	19.2	530.43
As of Mar. 31, 2018	59,583	12,442	20.9	480.99

Reference: Shareholders' equity (million yen) As of Mar. 31, 2019: 13,496 As of Mar. 31, 2018: 12,440

* 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, 2019, the U.S. economy continued to recover because of a favorable job market and strong personal income as well as solid corporate earnings. In Europe, the outlook for the economy is becoming increasingly unclear as production and exports weaken and no resolution is in sight regarding Brexit negotiations. In China, the economy is slowing down due to the trade friction with the United States and weakening domestic demand.

In Japan, the economy continued to recover gradually. Exports and consumer spending is improving and capital expenditures continue to climb. However, in the fourth quarter there were signs of weakening in some sectors because of slowing economic growth in China.

In the non-ferrous metals industry, where the ALCONIX Group operates, prices of non-ferrous metals started to fall in the fiscal year's second half because of U.S.-China trade friction and rising U.S. interest rates. But non-ferrous metal demand for automotive applications remained firm as automakers increase the use of electronic components and reduce the weight of vehicles. In the semiconductor industry, while demand was heavily dependent on the smartphone sector in the past few years, sources of demand started to show signs of expanding for a broad range of applications because of an increase in data volume for the IoT, artificial intelligence and other application as well as the increasing use of electronics in cars and other reasons. However, there were signs of weakening demand in some sectors in the second half of the fiscal year.

The performance of ALCONIX Group's manufacturing subsidiaries in Japan and overseas was firm, especially for products for semiconductor chip mounting equipment, automobiles, and plating materials. On the other hand, there was a decrease in sales and earnings in the electronic materials and minor metals sectors and domestic subsidiaries. Tohoku Chemical Industries, Ltd., which became a consolidated subsidiary on December 25, 2018, started contributing to consolidated sales and earnings in the fourth quarter (January to March) of the fiscal year. Operating profit, ordinary profit and profit attributable to owners of parent were all lower than in the previous fiscal year. The main reasons were expenses associated with purchasing the stock of two manufacturing subsidiaries, a decline in share of profit of entities accounted for using equity method due to the sale of stock of equity method affiliate, and an allowance for doubtful accounts and bad debts expenses in association with overdue receivables involving minor metals transactions in the third quarter.

ALCONIX reported consolidated net sales of 257,437 million yen (up 3.8% year on year), operating profit of 6,257 million yen (down 14.6%), ordinary profit of 6,254 million yen (down 21.2%) and profit attributable to owners of parent of 4,009 million yen (down 24.9%).

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

· Trading—Electronic and Advanced Materials

The transaction volume of materials used in smartphones and tablets was lower than in the previous fiscal year because of the continuation of inventory reductions for some materials. On the other hand, demand for materials used in secondary batteries and in environmental applications was solid. Sales of titanium and nickel products remained steady throughout the fiscal year especially for exports to Europe. In the field of minor metals and rare earths, transaction volume of tungsten and molybdenum was higher than one year earlier. The segment profit declined sharply because of an allowance for doubtful accounts and bad debts expenses in association with overdue receivables involving minor metals transactions. In addition, there was a decline in transaction volume of some products in the electronic materials business and a falling price of minor metals.

As a result, the segment recorded sales of 87,620 million yen (up 14.5% year on year) and segment profit of 721 million yen (down 60.4%).

· Trading—Aluminum and Copper Products

Demand for non-ferrous metals remained firm as automakers increase the use of electronic components and reduce the weight of vehicles. However, there have been signs of weakness in the automobile and semiconductor production particularly due to the economic slowdown in China resulting from the prolonged U.S.-China trade

friction. On the other hand, this segment recorded an increase in the volume of aluminum and copper products used in air conditioning equipment along with the growth in shipments of this equipment. However, the shift of beverage containers from cans to PET bottles slightly reduced the transaction volume of aluminum. Earnings of domestic subsidiaries decreased mainly due to a falling price of copper. In the non-ferrous resources category, the transaction volume of aluminum used in automotive applications were firm. However, sales of copper scrap, a major component of this segment, decreased because of low prices of non-ferrous metals in the second half of the fiscal year.

As a result, the segment recorded sales of 133,750 million yen (down 0.9% year on year) and segment profit of 1,024 million yen (down 0.9%).

· Manufacturing—Equipment and Materials

Shipments of plating materials were higher than one year earlier because of the large volume of shipments at operations in both North America and China. Shipments of welding rods and orders for thermal spraying were generally unchanged from one year earlier with the automobile industry accounting for the majority of demand. In addition, Tohoku Chemical Industries, Ltd., which became a consolidated subsidiary on December 25, 2018, started contributing to consolidated sales and earnings in the fourth quarter of the fiscal year. In the non-destructive testing equipment and marketing device category, shipments to companies in the automobile industry in Japan and other countries were steady at all locations. However, a decrease in demand for replacement supplies in the steel industry brought down earnings of overseas subsidiaries in this sector. In addition, segment profit decreased because of expenses associated with the purchase of the stock of Tohoku Chemical Industries, Ltd. and Fuji Carbon Manufacturing Co.

As a result, the segment recorded sales of 21,586 million yen (up 9.1% year on year) and segment profit of 607 million yen (down 27.3%).

· Manufacturing—Metal Processing

Shipments of grinding processing parts for semiconductor chip mounting equipment remained firm because robust demand for mounting equipment continued throughout the fiscal year, while there was a depreciation at a factory completed in February 2018 and an increase in the cost of manufacturing, primarily the result of higher labor expenses and outsourcing expenses because of the large volume of work. In addition, there was an increase in orders for prototypes for automotive applications. Sales of precision machining processing parts were strong, mainly for parts used in aircraft. Although shipments of metal precision stamped parts for automotive applications increased in Japan, sales of these parts were about the same as one year earlier because of weakening demand in China in the fiscal year's second half. Segment profit declined due to an increase in the cost of manufacturing in terms of metal precision stamped parts for automotive application, and a decrease in share of profit of entities accounted for using equity method due to the sale of stock of equity method affiliate,.

As a result, the segment recorded sales of 20,951 million yen (up 4.0% year on year) and segment profit of 3,916 million yen (down 7.7%).

Forecasts for the new fiscal year

The outlook for the business climate for the ALCONIX Group is becoming increasingly uncertain. There is a risk of volatility in exchange rates and prices of natural resources caused by U.S.-China trade friction. Problems with Brexit negotiations and signs of slowing economic growth in China are other sources of uncertainty. The Japanese economy will probably recover at only a slow pace. Although the labor market are likely to continue to improve, there are concerns about the global economy and the impact on Japan's real economy of the consumption tax hike planned for October 2019. The ALCONIX Group expects firm sales and earnings, primarily involving electronic materials, in both the trading and manufacturing segments. This outlook is based on the forecast for more growth in demand for semiconductors and electronic components as automakers use more electronic components, make their vehicles lighter and increase the production of electric vehicles. Tohoku Chemical Industries and Fuji Carbon Manufacturing, which were acquired during the fiscal year that ended on March 31, 2019, will make their first full-year contributions to consolidated sales and earnings in the fiscal year ending on March 31, 2020.

The ALCONIX Group forecasts consolidated net sales of 266,000 million yen (up 3.3% year on year), operating profit of 6,800 million yen (up 8.7%), ordinary profit of 7,000 million yen (up 11.9%), and profit attributable to owners of parent of 4,700 million yen (up 17.2%) for the fiscal year ending March 31, 2020.

(2) Analysis of Financial Position

1) Financial position

ALCONIX has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018), etc. from the beginning of the first quarter of the current fiscal year. Prior-year figures have been adjusted retroactively to conform with this accounting standard in order to facilitate comparisons and analysis.

Changes in financial position in the fiscal year ended March 31, 2019 are described as below.

In the assets category, the main factors of increase were, a 5,604 million yen increase in inventories, a 4,032 million yen increase in property, plant and equipment and intangible assets due to capital expenditures and an increase in consolidated subsidiaries and a 4,902 million yen increase in cash and deposits. The main factors of decrease were a 439 million yen decrease in notes and accounts receivable-trade and a 620 million yen decrease in advance payments. The result was a 14,056 million yen increase in assets over the end of the previous fiscal year to 143,851 million yen.

In the liabilities category, the main factors of increase were an 805 million yen increase in notes and accounts payable-trade, a 2,286 million yen increase in short-term loans payable and a 9,420 million yen increase in long-term loans payable. The main factor of decrease was a 1,123 million yen decrease in income taxes payable. The net result was a 12,606 million yen increase in liabilities over the end of the previous fiscal year to 104,177 million yen.

In the net assets category, the main factors of increase were an 11 million yen increase in capital stock due to the exercise of share acquisition rights and a 3,026 million yen increase in retained earnings. The main factors of decrease were an 852 million yen decrease in valuation difference on available-for-sale securities due to the market value evaluation of listed stock and a 614 million yen decrease in foreign currency translation adjustment. As a result, net assets increased 1,047 million yen over the end of the previous fiscal year to 39,673 million yen.

2) Cash flows

Cash and cash equivalents (hereinafter, “net cash”) at the end of the fiscal year ended on March 31, 2019 increased 3,835 million yen from the end of the previous fiscal year to 22,404 million yen.

The main changes in cash flows from operating, investing, and financing activities are described as below.

	Description
Cash flows from operating activities	Net cash provided by operating activities was 5,279 million yen. Main positive factors include profit before income taxes of 6,460 million yen, depreciation including amortization of goodwill of 3,070 million yen, a 2,119 million yen decrease in notes and accounts receivable-trade, and a 128 million yen increase in notes and accounts payable-trade. Meanwhile, major negative factors include, a 3,799 million yen increase in inventories, and income taxes paid of 3,827 million yen.
Cash flows from investing activities	Net cash used in investing activities was 10,770 million yen. Main negative factors include payments of 7,982 million yen for purchase of shares of subsidiaries resulting in change in scope of consolidation in association with the consolidation of two manufacturing subsidiaries, payments for the purchase of property, plant and equipment and intangible assets of 2,600 million yen for capital expenditures mainly at manufacturing subsidiaries, and purchase of investment securities of 466 million yen.

Cash flows from financing activities	Net cash provided by financing activities was 9,625 million yen. Main positive factors include net increases in short-term loans payable of 1,115 million yen and long-term loans payable of 10,223 million yen, and proceeds from issuance of common shares of 22 million yen due to the exercise of share acquisition rights. Meanwhile, major negative factors include redemption of bonds of 149 million yen, purchase of treasury stock of 516 million yen, and cash dividends paid of 990 million yen.
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Reference: Cash flow indicators

	FY3/18	FY3/19
Shareholders' equity ratio (%)	28.3	26.3
Shareholders' equity ratio based on market value (%)	42.2	20.2
Ratio of interest-bearing debt to cash flows (%)	16.2	11.1
Interest coverage ratio (times)	5.8	7.8

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.

* ALCONIX has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018), etc. from the beginning of the first quarter of the current fiscal year. The shareholders' equity ratio and shareholders' equity ratio based on market value as of March 31, 2018 have been adjusted retroactively to conform with this accounting standard.

(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 Dividend Forecast" dated February 19, 2019, ALCONIX plans to pay a year-end dividend of 20 yen per share for the fiscal year that ended on March 31, 2019. With the interim dividend of 19 yen per share, this will result in an annual dividend of 39 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)	
	FY3/18 (As of Mar. 31, 2018)	FY3/19 (As of Mar. 31, 2019)
Assets		
Current assets		
Cash and deposits	18,698	23,600
Notes and accounts receivable-trade	47,495	47,055
Merchandise and finished goods	20,718	25,212
Work in process	2,222	2,866
Raw materials and supplies	1,128	1,595
Other	4,935	4,599
Allowance for doubtful accounts	(171)	(700)
Total current assets	95,028	104,230
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,850	13,704
Accumulated depreciation	(4,582)	(7,209)
Buildings and structures, net	5,267	6,495
Machinery, equipment and vehicles	12,782	19,395
Accumulated depreciation	(9,438)	(14,741)
Machinery, equipment and vehicles, net	3,343	4,653
Tools, furniture and fixtures	5,653	6,638
Accumulated depreciation	(4,426)	(5,404)
Tools, furniture and fixtures, net	1,227	1,234
Land	4,371	5,428
Leased assets	1,723	1,828
Accumulated depreciation	(1,440)	(1,195)
Leased assets, net	282	633
Construction in progress	319	359
Total property, plant and equipment	14,811	18,804
Intangible assets		
Goodwill	3,478	3,714
Software	268	303
Other	3,963	3,732
Total intangible assets	7,710	7,750
Investments and other assets		
Investment securities	10,095	9,992
Long-term loans receivable	1,314	1,468
Deferred tax assets	493	683
Other	896	1,098
Allowance for doubtful accounts	(154)	(177)
Total investments and other assets	12,646	13,066
Total non-current assets	35,168	39,621
Total assets	130,197	143,851

	(Millions of yen)	
	FY3/18 (As of Mar. 31, 2018)	FY3/19 (As of Mar. 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	33,922	34,727
Short-term loans payable	26,635	28,921
Current portion of long-term loans payable	4,442	5,240
Current portion of bonds	149	149
Income taxes payable	2,054	931
Provision for bonuses	947	1,058
Other	4,241	3,894
Total current liabilities	72,393	74,922
Non-current liabilities		
Bonds payable	675	525
Long-term loans payable	14,150	23,571
Deferred tax liabilities	2,434	2,401
Provision for directors' retirement benefits	823	932
Net defined benefit liability	565	851
Long-term accounts payable-other	30	30
Other	498	941
Total non-current liabilities	19,178	29,255
Total liabilities	91,571	104,177
Net assets		
Shareholders' equity		
Capital stock	2,956	2,968
Capital surplus	1,978	1,990
Retained earnings	27,698	30,725
Treasury shares	(0)	(516)
Total shareholders' equity	32,633	35,166
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,366	513
Deferred gains or losses on hedges	(31)	(23)
Foreign currency translation adjustment	2,858	2,244
Total accumulated other comprehensive income	4,193	2,734
Share acquisition rights	1	10
Non-controlling interests	1,797	1,761
Total net assets	38,626	39,673
Total liabilities and net assets	130,197	143,851

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

(Millions of yen)

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Net sales	247,931	257,437
Cost of sales	228,892	238,230
Gross profit	19,038	19,207
Selling, general and administrative expenses	11,715	12,949
Operating profit	7,323	6,257
Non-operating income		
Interest income	76	137
Purchase discounts	14	17
Dividend income	279	313
Fiduciary obligation fee	35	37
Foreign exchange gains	110	-
Rent income of real estate	84	80
Share of profit of entities accounted for using equity method	414	202
Gain on sales of scraps	177	251
Other	187	148
Total non-operating income	1,380	1,188
Non-operating expenses		
Interest expenses	511	676
Sales discounts	9	7
Foreign exchange losses	-	261
Loss on sales of notes receivable-trade	22	27
Rent cost of real estate	19	17
Other	202	200
Total non-operating expenses	765	1,191
Ordinary profit	7,939	6,254
Extraordinary income		
Gain on sales of non-current assets	2	34
Gain on reversal of share acquisition rights	12	1
Gain on sales of investment securities	67	51
Subsidy income	3	3
Subsidy income	-	154
Other	1	3
Total extraordinary income	86	248
Extraordinary losses		
Loss on sales of non-current assets	4	0
Loss on retirement of non-current assets	19	8
Loss on sales of investment securities	230	33
Loss on valuation of investment securities	272	-
Other	16	0
Total extraordinary losses	543	42
Profit before income taxes	7,482	6,460
Income taxes-current	2,948	2,355
Income taxes-deferred	(950)	6
Total income taxes	1,998	2,361
Profit	5,484	4,098
Profit attributable to non-controlling interests	147	89
Profit attributable to owners of parent	5,336	4,009

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Profit	5,484	4,098
Other comprehensive income		
Valuation difference on available-for-sale securities	79	(896)
Deferred gains or losses on hedges	(33)	10
Foreign currency translation adjustment	9	(566)
Share of other comprehensive income of entities accounted for using equity method	(432)	(75)
Total other comprehensive income	(376)	(1,528)
Comprehensive income	5,107	2,570
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,004	2,551
Comprehensive income attributable to non-controlling interests	103	18

(3) Consolidated Statement of Changes in Equity

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
Purchase of treasury shares				(0)	(0)
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
Purchase of treasury shares				-			(0)
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

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,956	1,978	27,698	(0)	32,633
Changes of items during period					
Issuance of new shares	11	11			22
Dividends of surplus			(983)		(983)
Profit attributable to owners of parent			4,009		4,009
Purchase of treasury shares				(516)	(516)
Net changes of items other than shareholders' equity					-
Total changes of items during period	11	11	3,026	(516)	2,533
Balance at end of current period	2,968	1,990	30,725	(516)	35,166

	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	1,366	(31)	2,858	4,193	1	1,797	38,626
Changes of items during period							
Issuance of new shares				-			22
Dividends of surplus				-			(983)
Profit attributable to owners of parent				-			4,009
Purchase of treasury shares				-			(516)
Net changes of items other than shareholders' equity	(852)	8	(614)	(1,458)	9	(36)	(1,485)
Total changes of items during period	(852)	8	(614)	(1,458)	9	(36)	1,047
Balance at end of current period	513	(23)	2,244	2,734	10	1,761	39,673

(4) Consolidated Statement of Cash Flows

	(Millions of yen)	
	FY3/18	FY3/19
	(Apr. 1, 2017 – Mar. 31, 2018)	(Apr. 1, 2018 – Mar. 31, 2019)
Cash flows from operating activities		
Profit before income taxes	7,482	6,460
Depreciation	2,165	2,503
Amortization of goodwill	549	567
Increase (decrease) in allowance for doubtful accounts	20	534
Increase (decrease) in provision for bonuses	309	(16)
Increase (decrease) in provision for directors' retirement benefits	(8)	26
Increase (decrease) in net defined benefit liability	1	41
Interest and dividend income	(356)	(450)
Interest expenses	511	676
Share of (profit) loss of entities accounted for using equity method	(414)	(202)
Loss on valuation of investment securities	272	-
Decrease (increase) in notes and accounts receivable-trade	(2,814)	2,119
Decrease (increase) in inventories	(4,130)	(3,799)
Increase (decrease) in notes and accounts payable-trade	315	128
Decrease (increase) in consumption taxes refund receivable	536	(64)
Increase (decrease) in income taxes payable-factor based tax	54	(31)
Decrease (increase) in advance payments	(920)	609
Decrease (increase) in accounts receivable-other	34	127
Increase (decrease) in accounts payable-other	78	(82)
Increase (decrease) in advances received	215	281
Other, net	677	(106)
Subtotal	4,579	9,323
Interest and dividend income received	323	431
Interest expenses paid	(490)	(678)
Income taxes paid	(1,727)	(3,827)
Income taxes refund	163	30
Net cash provided by (used in) operating activities	2,849	5,279
Cash flows from investing activities		
Payments into time deposits	(240)	(117)
Proceeds from withdrawal of time deposits	269	192
Purchase of property, plant and equipment	(1,964)	(2,463)
Purchase of intangible assets	(126)	(137)
Purchase of investment securities	(377)	(466)
Proceeds from sales of investment securities	88	142
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,633)	(7,982)
Payments of loans receivable	(1,054)	(123)
Collection of loans receivable	763	7
Purchase of insurance funds	(20)	(21)
Proceeds from cancellation of insurance funds	1	6
Other, net	125	192
Net cash provided by (used in) investing activities	(5,166)	(10,770)

	(Millions of yen)	
	FY3/18	FY3/19
	(Apr. 1, 2017 – Mar. 31, 2018)	(Apr. 1, 2018 – Mar. 31, 2019)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	4,390	1,115
Proceeds from long-term loans payable	6,647	14,850
Repayments of long-term loans payable	(6,214)	(4,626)
Redemption of bonds	(274)	(149)
Proceeds from issuance of common shares	43	22
Purchase of treasury shares	(0)	(516)
Cash dividends paid	(619)	(990)
Dividends paid to non-controlling interests	(36)	(45)
Repayments of finance lease obligations	(34)	(34)
Net cash provided by (used in) financing activities	3,900	9,625
Effect of exchange rate change on cash and cash equivalents	173	(299)
Net increase (decrease) in cash and cash equivalents	1,756	3,835
Cash and cash equivalents at beginning of period	16,813	18,569
Cash and cash equivalents at end of period	18,569	22,404

(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: 45

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.

From the current fiscal year, newly established ALCONIX KOREA CORPORATION, ALCONIX TOHOKU CHEMICAL INDUSTRIES CORPORATION and FUJI CARBON MANUFACTURING CORPORATION were included in the scope of consolidation.

TOHOKU CHEMICAL INDUSTRIES, LTD. and its subsidiary TOHOKU CHEMICAL INDUSTRIES (VIETNAM), LTD. were included in the scope of consolidation because ALCONIX TOHOKU CHEMICAL INDUSTRIES CORPORATION acquired the stock of TOHOKU CHEMICAL INDUSTRIES, LTD. Fuji Carbon Manufacturing Co. and its subsidiaries Fuji Carbon Co., Ltd., Fuji Carbon (Kunshan) Co., Ltd., Mauritius FCT International CO.,Ltd., Guangzhou Fuji Electric Industries Co., Ltd. and Fuji Carbon (Vietnam) Co., Ltd. were included in the scope of consolidation because FUJI CARBON MANUFACTURING CORPORATION acquired the stock of Fuji Carbon Manufacturing Co.

In addition, HONDA DYNAMICS Corporation was included in the scope of consolidation because MARKTEC CORPORATION acquired the stock of this company.

(2) Number of non-consolidated subsidiaries: 6

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.

(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 five consolidated subsidiaries in Japan and 26 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 non-current 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 profit 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 price volatility 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

Changes in Conjunction with the Application of the “Partial Amendments to Accounting Standard for Tax Effect Accounting”

ALCONIX has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) from the beginning of the current fiscal year. Accordingly, deferred tax assets and deferred tax liabilities are reclassified and included in the investments and other assets section and the non-current liabilities section, respectively. In addition, notes on tax effect accounting has been changed.

As a result, in the consolidated balance sheet as of March 31, 2018, “Deferred tax assets” under “Current assets” decreased 838 million yen, and “Deferred tax assets” under “Investments and other assets” increased 431 million yen. “Deferred tax liabilities” under “Current liabilities” decreased 3 million yen, and “Deferred tax liabilities” under “Non-current liabilities” decreased 402 million yen.

Deferred tax assets and deferred tax liabilities attributable to the same tax authority are offset and presented in the net amount. Accordingly, total assets decreased 406 million yen compared to the amount before the change was made.

Consolidated Statement of Cash Flows

“Purchase of treasury shares,” which was included in “Other” under “Net cash provided by (used in) financing activities” in the previous fiscal year, is reclassified and presented as a separate item in the current fiscal year since it has increased the materiality of impact in the context of consolidated financial statements. To conform to this change, the financial statements for the previous fiscal year are reclassified.

As a result, “Other” ((0) million yen) under “Net cash provided by (used in) financing activities” shown in the previous fiscal year’s consolidated statement of cash flows is reclassified to “Purchase of treasury shares” ((0) 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, cashew resin (brake friction materials and other products), products using cashew-based materials, 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

FY3/18 (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	55,681	30,169	23,208	139,155
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	2,104	2,674

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(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	83,952	131,341	21,439	20,703	257,437
Inter-segment sales and transfers	3,668	2,408	147	248	6,472
Total	87,620	133,750	21,586	20,951	263,909
Segment profit	721	1,024	607	3,916	6,270
Segment assets	33,016	52,664	43,054	23,271	152,006
Other items					
Depreciation	23	115	878	1,486	2,503
Amortization of goodwill	-	0	517	49	567
Interest income	67	10	13	46	137
Interest expenses	287	302	32	53	676
Equity in earnings of affiliates	-	-	-	202	202
Investment in equity-method affiliates	-	2,450	-	-	2,450
Increase in property, plant and equipment and intangible assets	51	143	397	1,685	2,277

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

(Millions of yen)

Net sales	FY3/18	FY3/19
Total for reportable segments	251,408	263,909
Eliminations for inter-segment transactions	(3,477)	(6,472)
Net sales on the consolidated financial statements	247,931	257,437

(Millions of yen)

Profit	FY3/18	FY3/19
Total for reportable segments	7,936	6,270
Eliminations for inter-segment transactions	2	(16)
Ordinary profit on the consolidated financial statements	7,939	6,254

(Millions of yen)

Assets	FY3/18	FY3/19
Total for reportable segments	139,155	152,006
Corporate assets (Note)	76	242
Eliminations for inter-segment transactions	(9,034)	(8,396)
Total assets on the consolidated financial statements	130,197	143,851

Note: Corporate assets are deferred tax assets at ALCONIX.

[Related information]

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.

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

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
159,739	32,828	28,483	19,656	16,000	728	257,437

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
14,607	1,186	2,218	791	0	18,804

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]

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

Not applicable.

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

Not applicable.

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

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.

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019) (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	3,369	344	3,714	-	3,714

Notes: 1. Goodwill amortization is omitted because the same information is presented in segment information.

2. The unamortized balance of goodwill increased in “Equipment and Materials” because ALCONIX acquired all of the stock of Tohoku Chemical Industries, Ltd., Fuji Carbon Manufacturing Co. and HONDA DYNAMICS Corporation to make them consolidated subsidiaries.

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

FY3/18 (Apr. 1, 2017 - Mar. 31, 2018)

Not applicable.

FY3/19 (Apr. 1, 2018 - Mar. 31, 2019)

Not applicable.

Per Share Information

(Yen)

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)		FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)	
Net assets per share	1,423.87	Net assets per share	1,489.59
Net income per share	206.56	Net income per share	155.20
Diluted net income per share	206.18	Diluted net income per share	-

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

(Millions of yen)

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Net income per share		
Profit attributable to owners of parent	5,336	4,009
Amounts not available to common stock shareholders	-	-
Profit attributable to owners of parent available to common stock	5,336	4,009
Average number of shares outstanding during the period (Thousand shares)	25,837	25,836
Diluted net income per share		
Adjusted profit attributable to owners of parent	-	-
Increase in the number of shares of common stock (Thousand shares)	47	-
[of which, share acquisition rights]	[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.7 (Number of share acquisition rights: 777)

Notes: 1. The Company conducted a 2-for-1 stock split on September 1, 2017. The net income per share and diluted net income per share are calculated as if this stock split had taken place at the beginning of FY3/18.

2. Diluted net income per share for FY3/19 is not stated because dilutive shares do not exist.

Subsequent Events

Not applicable.

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

(Millions of yen)

	FY3/18 (As of Mar. 31, 2018)	FY3/19 (As of Mar. 31, 2019)
Assets		
Current assets		
Cash and deposits	3,454	3,978
Notes receivable-trade	1,685	1,738
Accounts receivable-trade	20,879	19,755
Merchandise and finished goods	8,042	9,000
Advance payments-trade	69	34
Prepaid expenses	76	89
Short-term loans receivable	10,417	20,740
Accounts receivable-other	1,839	2,219
Consumption taxes receivable	574	546
Other	103	150
Allowance for doubtful accounts	(184)	(223)
Total current assets	46,956	58,029
Non-current assets		
Property, plant and equipment		
Buildings	49	45
Vehicles	1	1
Tools, furniture and fixtures	31	28
Construction in progress	73	96
Total property, plant and equipment	156	172
Intangible assets		
Software	67	64
Telephone subscription right	5	5
Software in progress	15	-
Total intangible assets	88	70
Investments and other assets		
Investment securities	2,610	1,816
Shares of subsidiaries and associates	9,364	9,744
Investments in capital of subsidiaries and associates	173	173
Long-term prepaid expenses	3	2
Insurance funds	19	20
Long-term guarantee deposits	114	137
Deferred tax assets	76	242
Other	19	30
Total investments and other assets	12,382	12,167
Total non-current assets	12,626	12,410
Total assets	59,583	70,440

	(Millions of yen)	
	FY3/18 (As of Mar. 31, 2018)	FY3/19 (As of Mar. 31, 2019)
Liabilities		
Current liabilities		
Notes payable-trade	6,740	6,533
Accounts payable-trade	12,922	13,107
Short-term loans payable	5,838	6,418
Current portion of long-term loans payable	3,111	3,802
Current portion of bonds	149	149
Accounts payable-other	1,411	1,133
Accrued expenses	248	178
Income taxes payable	405	29
Advances received	51	397
Deposits received	3,034	2,090
Provision for bonuses	285	331
Other	233	268
Total current liabilities	34,433	34,440
Non-current liabilities		
Bonds payable	675	525
Long-term loans payable	11,617	21,515
Long-term accounts payable-other	30	30
Provision for retirement benefits	207	228
Provision for directors' retirement benefits	177	192
Total non-current liabilities	12,708	22,492
Total liabilities	47,141	56,932
Net assets		
Shareholders' equity		
Capital stock	2,956	2,968
Capital surplus		
Legal capital surplus	1,998	2,010
Total capital surpluses	1,998	2,010
Retained earnings		
Legal retained earnings	10	10
Other retained earnings		
General reserve	400	400
Retained earnings brought forward	6,465	8,456
Total retained earnings	6,876	8,867
Treasury shares	(0)	(516)
Total shareholders' equity	11,831	13,329
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	618	185
Deferred gains or losses on hedges	(10)	(17)
Total valuation and translation adjustments	608	167
Share acquisition rights	1	10
Total net assets	12,442	13,507
Total liabilities and net assets	59,583	70,440

(2) Statement of Income

(Millions of yen)

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Net sales	125,624	123,312
Cost of sales	121,660	119,317
Gross profit	3,964	3,994
Selling, general and administrative expenses	3,024	3,212
Operating profit	939	782
Non-operating income		
Interest income	96	106
Purchase discounts	12	15
Foreign exchange gains	60	-
Dividend income	1,040	2,538
Fiduciary obligation fee	188	191
Other	35	57
Total non-operating income	1,433	2,908
Non-operating expenses		
Interest expenses	179	173
Sales discounts	1	1
Interest on bonds	3	2
Foreign exchange losses	-	118
Loss on sales of notes receivable-trade	22	27
Provision of allowance for doubtful accounts	40	15
Other	68	74
Total non-operating expenses	315	413
Ordinary profit	2,057	3,277
Extraordinary income		
Gain on sales of non-current assets	0	-
Gain on sales of investment securities	51	38
Gain on sales of subsidiaries and affiliates' stocks	312	-
Gain on reversal of share acquisition rights	12	1
Total extraordinary income	377	39
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on sales of investment securities	-	3
Loss on valuation of investment securities	2	-
Total extraordinary losses	2	4
Income before income taxes	2,431	3,312
Income taxes-current	538	332
Income taxes-deferred	(69)	5
Total income taxes	469	338
Profit	1,962	2,973

(3) Statement of Changes in Equity

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(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	2,924	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

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(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	2,956	1,998	1,998	10	400	6,465	6,876	(0)	11,831
Changes of items during period									
Issuance of new shares	11	11	11						22
Dividends of surplus						(983)	(983)		(983)
Profit						2,973	2,973		2,973
Purchase of treasury shares								(516)	(516)
Net changes of items other than shareholders' equity									-
Total changes of items during period	11	11	11	-	-	1,990	1,990	(516)	1,497
Balance at end of current period	2,968	2,010	2,010	10	400	8,456	8,867	(516)	13,329

	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	618	(10)	608	1	12,442
Changes of items during period					
Issuance of new shares					22
Dividends of surplus					(983)
Profit					2,973
Purchase of treasury shares					(516)
Net changes of items other than shareholders' equity	(433)	(7)	(441)	9	(431)
Total changes of items during period	(433)	(7)	(441)	9	1,065
Balance at end of current period	185	(17)	167	10	13,507

5. Others

(1) Changes in Directors

The appointment and resignation will be decided at the Annual General Meeting of Shareholders to be held on June 21, 2019.

1) Changes in representative

Not applicable.

2) Changes in other directors

-Retiring Directors

Director (Current Outside Director): Shunji Tanefusa

-Candidate for Directors

Directors (full-time): Takumi Suzuki

Outside Director: Masao Hisada

(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.