Financial Results for the Term Ended March 2012
〔According to Japanese Accounting Standards〕 (Consolidated)

May 10, 2012

Name of Listed Company	Furukawa-Sky Aluminum Corp.	Stock Exchange Listings	Tokyo
Code Number	5741	URL	http://www.furukawa-sky.co.jp/english/index.htm

Representative (Title) President and Chief Executive Officer
(Name) Masateru Yoshihara
Contact Person (Title) Director
(Name) Hisashi Hasegawa Phone +81-3-5295-3800

Scheduled Date for Ordinary General Meeting of Shareholders June 21, 2012
Scheduled Date of Dividend Distribution June 22, 2012
Scheduled Date for Submitting Financial Statements June 21, 2012
Supplementary Financial Information : Yes
Financial Results Presentation Meeting : Yes (For Securities Analysts)

Note: Figures have been rounded to the nearest million yen.

1. Consolidated Business Performance for the Term Ended March 2011
(from April 1, 2011 to March 31, 2012)

(1) Consolidated business performance

(% indicates year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal Year Ended:	¥million	%	¥million	%	¥million	%	¥million	%
March 31, 2012	193,972	(6.4)	6,360	(48.5)	6,411	(45.1)	3,540	(70.4)
March 31, 2011	207,223	11.7	12,338	—	11,680	—	11,968	—

(Note) Comprehensive income for the fiscal year ended March 31, 2012: ¥2,861 million (-75.0 %)
For the fiscal year ended March 31, 2011: ¥11,440 million (148.6%)

	Net income per share	Fully diluted net income per share	Return on equity	Ordinary income-total assets ratio	Operating income-sales ratio
Fiscal Year Ended:	¥	¥	%	%	%
March 31, 2012	15.59	—	5.1	3.0	3.3
March 31, 2011	52.70	—	18.6	5.6	6.0

(Reference) Profit based on equity-method investment balance was ¥834 million as of March 31, 2012;
Loss on this basis was ¥355 million as of March 31, 2011.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of:	¥million	¥million	%	¥
March 31, 2012	212,998	71,179	33.1	310.82
March 31, 2011	217,878	69,907	31.8	305.44

(Reference) Shareholders' equity: ¥70,583 million as of March 31, 2012,
¥69,362 million as of March 31, 2011

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Outstanding balance of cash and cash equivalents as of the end of term
Fiscal Year Ended:	¥million	¥million	¥million	¥million
March 31, 2012	17,609	(21,083)	(7,526)	11,339
March 31, 2011	20,434	(7,070)	2,700	20,115

2. Dividends

	Annual dividends					Total cash dividends (Total)	Payout ratio (Consolidated)	Net asset payout ratio (Consolidated)
	1st quarter	2nd quarter	3rd quarter	Year-end	Total			
Year Ended/Ending:	¥	¥	¥	¥	¥	¥million	%	%
March 31, 2011	―	3.00	―	3.00	6.00	1,363	11.4	2.1
March 31, 2012	―	3.00	―	3.00	6.00	1,363	38.5	1.9
March 31, 2013 (Forecasts)	―	3.00	―	3.00	6.00		21.6	

3. Forecast for consolidated business performance in the term ending March 31, 2013 (from April 1, 2012 to March 31, 2013)

(Percentage figures represent changes from the corresponding periods of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥million	%	¥million	%	¥million	%	¥million	%	¥
First half	94,600	(6.2)	3,000	(41.2)	3,600	(25.5)	2,400	(13.7)	10.57
Full year	194,000	0.0	8,200	28.9	9,200	43.5	6,300	77.9	27.74

4. Other

(1) Changes in significant subsidiaries during the period (Changes in the scope of consolidation of specific subsidiaries) : Yes
One new company: FURUKAWA-SKY ALUMINUM (THAILAND) CO., LTD.

(2) Changes of accounting policies or changes/retrospective restatements of accounting estimates
a. Changes in accounting policies owing to revisions in accounting standards : No
b. Changes in accounting policies other than a. above : No
c. Changes of accounting estimates : No
d. Retrospective restatements : No

(3) Number of shares outstanding (common stock)
a. Number of shares issued at the end of the period (including treasury stock)
As of March 31, 2012: 227,100,000 shares
As of March 31, 2011: 227,100,000 shares
b. Number of treasury stock at the end of the period
As of March 31, 2012: 12,273 shares
As of March 31, 2011: 12,273 shares
c. Average number of shares issued and outstanding
For the year ended March 31, 2012: 227,087,727 shares
For the year ended March 31, 2011: 227,087,842 shares

Note: For the number of shares used as the basis for computing net income per share (consolidated), please refer to the section entitled Per-Share Information on page 21.

(Indication of audit procedure implementation status)

This earnings report is exempt from audit procedure based upon the Financial Instruments and Exchange Act. The audit procedure for consolidated financial statements under the Financial Instruments and Exchange Act has not been completed at the time of disclosure of this report.

(Cautionary note concerning forward-looking statements)

The operating results forecasts and certain other statements contained in this document are forward-looking statements, which are rationally determined based on information available to the company at the time the results were announced. Actual performance may differ substantially from these projections due to fluctuations in the economy or a variety of other known and unknown factors.

Please refer to the section entitled “1. Business Performance (a) Analysis of Business Performance” on page 2 for information concerning assumptions forming the bases of performance forecasts.

- List of attachments

1. Business Performance

(a) Analysis of Business Performance

(Results for the Term Ended March 31, 2012)

The economic recovery for the world economy overall during this term was weak, with concerns about a possible downturn due to worries about a rekindling of the financial crisis in the Eurozone countries. The direction henceforth is unclear.

The Japanese economy was in difficult position due to the influence of factors such as the Great East Japan Earthquake, the yen being at historic highs, the European financial crisis, and the flooding in Thailand. Despite a gradual turn toward recovery in the economy, the risk exists that factors such as rising oil prices might put a damper on the economy, so the future remains uncertain.

Although deliveries of rolled aluminum products were up in the first half in our core can materials segment, volumes were broadly down in segments such as automotive and electronics, due to the effects of the Great East Japan Earthquake and the worsening global economy. An accumulation of poor conditions in the second half, marked by matters such as the historically strong yen trending higher due to financial uncertainty in the Eurozone, as well as the impact of the floods in Thailand, resulted in overall reduced demand for rolled products this term.

Due to this environment, the overall sales volume was down 8% compared to the previous term because of big decreases in both other domestic markets and exports in most of our segments, such as automotive heat exchangers, memory disk materials, and thick plates used in semiconductor and LCD manufacturing.

The Furukawa-Sky Group is proceeding with a variety of measures as called for in our three-year Mid-Term Plan, which runs from fiscal 2011 (the fiscal year ending March 2011) executed through fiscal 2013 (the fiscal year ending March 2013). These include such measures in our domestic business as restructuring our rolled aluminum operations and strengthening our business foundations, while at the same time taking appropriate measures concerning growing overseas markets.

During the period under review, we created new bases and shored up our existing ones through actions such as acquiring a base for manufacturing beverage can stock in the USA by purchasing shares in a US manufacturer and supplier of rolled aluminum sheet, establishing a processing plant mainly for radiator parts in China, expanding casting/forge facilities in Vietnam, and making a decision to build a new plant in Thailand at the end of the year. We continue to meet the needs of a wide variety of clients on the global market.

As a result, net sales for the consolidated fiscal year were ¥193,972 million (previous fiscal year's net sales: ¥207,223 million), operating income were ¥6,360 million (previous fiscal year's operating income: ¥12,338 million), ordinary income were ¥6,411 million (last year's result was a income of ¥11,680 million), and net income were ¥3,540 million (last year's result was a net income of ¥11,968 million).

(Performance Forecasts)

The business environment in which we operate, which is marked by matters such as major natural disasters both within Japan and overseas, global financial worries and currency fluctuations, as well as by the hastening of efforts by clients concerned with such matters to shift manufacturing overseas, is changing like never before.

Our Group is dealing with these trying times through a variety of everyday measures to improve revenue, as well as by strengthening overall Group soundness by proceeding with structural reforms of our rolled aluminum business. We are also pushing forward with our efforts to increase our earning capacity by responding proactively to growing global markets in China, SE Asia, the Americas and Europe.

Our forecast results for the fiscal year ended March 31, 2013 is for half-year total net sales of ¥94,600 million, operating income of ¥3,000 million, ordinary income of ¥3,600 million, and net income of ¥2,400 million, while forecast totals for the full year are net sales of ¥194,000 million, operating income of ¥8,200 million, ordinary income of ¥9,200 million, and net income of ¥6,300 million.

(b) Analysis of Financial Position

(Status of Assets, Liabilities and Equity as of March 31, 2012)

Consolidated total assets as of March 31, 2012 decreased ¥4,880 million from the end of the previous fiscal year, reaching ¥212,998 million. Current assets decreased by ¥10,112 million to ¥102,670 million, which was mainly due to a decrease in short-term loans receivable of ¥8,798 million caused by repurchases, etc. of surplus funds. Fixed assets increased year-on-year by ¥5,232 million to ¥110,328 million due mainly because while tangible fixed assets decreased ¥3,651 million. Investment securities increased ¥10,074 million due to acquisition of shares in a US manufacturer and supplier of rolled aluminum sheet.

Meanwhile, total liabilities decreased ¥6,151 million year-on-year to ¥141,819 million, mainly because interest-bearing debt (short-term loans payable, current portion of long-term loans payable, current portion of bonds, bonds payable, long-term loans payable) decreased ¥6,131 million.

Total net assets increased ¥1,272 million year-on-year to ¥71,179 million. This is because of the posting of net income of ¥3,540 million despite payment of ¥1,363 million in dividends, resulting in an increase in retained earnings of ¥1,983 million.

(Cash Flows)

Consolidated cash and cash equivalents on March 31, 2012, came to ¥11,339 million, ¥8,776 million less than the end of the preceding year.

Cash flows from operating activities, investing activities and financial activities at the end of the fiscal year ended March 31, 2012 are as follows:

(1) Net cash provided by (used in) operating activities

Net cash provided by operating activities was ¥17,609 million or ¥2,825 million less than in the preceding fiscal year. Major sources of cash were income before income taxes and minority interests of ¥6,128 million and depreciation and amortization of ¥12,370 million.

(2) Net cash provided by (used in) investing activities

Net cash used in investing activities amounted to ¥21,083 million or ¥14,013 million more than in the preceding fiscal year. The principal factors in this category were the purchase of property, plant and equipment, which used ¥4,872 million, outlays for purchases of investment securities of ¥10,415 million and an increase in short-term loans receivable other than those used for repurchases of ¥2,500 million.

(3) Net cash provided by (used in) financing activities

Net cash used in financing activities was ¥7,526 million (previous fiscal year's net cash earned: ¥2,700 million). Major factors included payment due to net decrease in short-term loans payable of ¥4,038 million, repayment of long-term loans payable of ¥3,294 million and cash dividends paid used ¥1,363 million.

Reference: Trends in Cash Flow Related Indicators

	Term ended March 31, 2009	Term ended March 31, 2010	Term ended March 31, 2011	Term ended March 31, 2012
Shareholders' equity ratio (%)	28.4	29.5	31.8	33.1
Shareholders' equity ratio based on market value (%)	17.8	26.1	25.2	28.3
Interest-bearing debt coverage ratio (%)	5.1	5.5	3.8	4.0
Interest coverage ratio (times)	10.4	10.8	17.9	16.1

Shareholders' equity ratio: Shareholders' equity /total assets

Shareholders' equity ratio based on market value: Total market value of stock/total assets

Interest-bearing debt coverage ratio: Interest-bearing debt / cash flows

Interest coverage ratio: Cash flows/interest paid

Notes:

1. All calculated according to financial figures on a consolidated basis
2. The calculation of the total market value of stock is based on the total number of shares outstanding, excluding treasury stock.
3. "Cash flows" refers to cash flows from operations.
4. The scope of interest-bearing debt is all liabilities in the Consolidated Balance Sheets for which interest is payable.

(c) Basic Policy on Profit Distribution, and Dividends for the Current and Upcoming Fiscal Years

We believe in the importance of returning profits to shareholders in the form of dividends. While it is our basic policy to provide stable, sustainable dividends, we also take factors, including company performance, financing needs and future business developments intended to increase corporate value, into consideration when determining the dividend amount.

The Company plans to pay ¥3 per share for the year-end dividend.

We also expect to pay an interim dividend of ¥3 per share, and a total dividend of ¥6 per share for the year ending March 31, 2013.

(d) Business Risks

Our Group's results are affected by the economic conditions in the various markets in which we offer our goods and services. Potential risk factors pertaining to operating results, share price, and financial condition are as follows.

Any forward-looking statements contained in the following are based on the best information available to the Group at the end of that consolidated fiscal year.

(1) Economic climate and business trends

While our Group focuses on offering a product lineup characterized by technical superiority, as a comprehensive rolled aluminum manufacturer we aim to create a business foundation that does not depend on demand in a particular market sector for steady operating results. Nonetheless, our results can be affected by changes in the overall Japanese economy, as well as by stalling product demand or lower demand due to occurrences such as cool summers or warm winters.

(2) Materials procurement

Our Group's procurement of certain auxiliary materials, such as magnesium and silicon, is overconcentrated in China, mainly due to highly advantageous production costs. Also, the supply of some aluminum ingots (which are our main raw material) we use for special purposes is limited, so costs can rise due to factors at the producers themselves, so constraints on supply can occur.

(3) Fluctuations in material and fuel prices

Aluminum ingots (our Group's main raw material) are traded on the commodity markets, and as such prices can fluctuate beyond expectations due to global conditions and market trends. Product selling prices basically consist of "spot price + processing fees," and while according to rules decided in advance we anticipate being able for the most part to pass on costs due to spot market fluctuation to customers, in the event of sudden fluctuations not all of these costs can be passed on in the short term depending on the aforementioned rules and the purchase amount at that time. Also, there exist a few customers to whom the above fluctuation rules do not apply, so price adjustments may not occur on time. At the same time, rises in the prices of metal materials used to make alloys, as well as oil price increases, not to mention higher prices for the various secondary materials, result in higher fuel and processing costs, as well as broadly increased power costs. This can have an adverse effect on Group performance and financial condition.

(4) Exchange rate fluctuations

Currently, the elements of our business affected by exchange rates include the purchase of materials, mainly aluminum ingots, export sales, payment for equipment exported by foreign subsidiaries and the earnings dividend. Our Group seeks to make sure the effect on operating results of fluctuations in the forex markets is minor by entering into forex futures contracts, but greater-than-expected market fluctuations may have an adverse effect on our Group’s operating results.

(5) Interest rate risk

The majority of our long-term interest-bearing debt is at a fixed rate of interest, and that which is at a variable rate of interest is covered by interest swaps taken in response to interest rate fluctuations, but it is still impossible to avoid rate fluctuation risk entirely. Interest rate fluctuations may have an adverse effect on our Group’s operating results.

(6) Infringement of intellectual property and other third-party rights

Our Group strives to avoid infringing on third-party intellectual property or other rights in the course of developing, manufacturing, using or selling our products and software, or any of our other business activities. Our efforts include preliminary investigation, and when necessary we also employ means such as the purchase of usage rights. Nonetheless, there is no guaranty that disputes among third parties, such as lawsuits claiming infringement of third-party intellectual property or other rights, will not arise. Infringement of third-party rights may cause cessation of production and sales, as well as the payment of large damages or settlement monies. When such is unavoidable there is the possibility of an adverse effect on our Group’s performance and financial condition.

(7) Product defects

Our Group provides products and services in accordance with the regulations and standards of Japan and other countries as well as the quality control standards we have developed over our many years in operation. Nonetheless, there is no guaranty that all of our products and services will be defect-free, or that we will not be forced to pay compensation for losses resulting from defects in the future. Defects in products such as drink cans and auto parts in particular may result in large additional costs. While we hold product liability insurance covering foreseeable risk, there is no guaranty that it will be sufficient to cover the final amount of damages. Product defects associated with large-scale compensation for loss or product liability may result in huge costs and have a serious effect on Group valuation, and may have an adverse effect on our Group’s performance and financial condition.

(8) Asset impairment

Marked decreases in market prices for assets held by our Group as well decreases in the earning capacity produced from our assets may occur as a result of a worsening of the market situation or business environment. Such cases may result in impairment losses for those assets.

(9) Response to environmental issues

Our Group strives to use materials and maintain production environments in compliance with the environmental regulations of every area in which we operate, both within and outside Japan. Nonetheless, in certain cases we are compelled to bear costs associated with new cleanup or removal measures, such as dealing with soil contamination or asbestos removal resulting from past manufacturing practices. In such cases, we prioritize environmental improvements in such areas. Also, waste and byproducts are produced in the course of production. Our Group handles these items properly in compliance with all laws and regulations, but the strengthening of environmental laws may have an adverse effect on performance.

(10) Effect of accidents on operation

We conduct high-temperature, high-pressure operations using our main equipment, such as casting furnaces and hardening furnaces. We take all possible precautions to prevent accidents during the use of such equipment, but a serious accident could impair production and may have an adverse effect on performance.

(11) Changes in overseas political environments

Our Company carefully examines the operating environment and the possibility for business continuity when developing business in socialist countries, such as China and Vietnam, and politically unstable countries such as Indonesia and Thailand. Nonetheless, shifts in political direction may cause changes in exchange rate policy and tax incentives, as well as operational problems caused by social unrest. The manifestation of such unforeseeable risks may have a serious effect on the performance of our subsidiaries, as well as on the Group's investment in them.

(12) Fluctuation in prices of investment securities

Fluctuations in the prices of investment securities accompanying changes in the prices of listed stocks may have an adverse effect on our Group's performance.

The occurrence of phenomena other than those listed above which are currently unforeseeable may have an adverse effect on our Group's performance and financial condition.

(13) Natural disaster

A large-scale disaster such as an earthquake or typhoon may cause damage to Group's facilities, equipment, or personnel, as well as similarly cause damage at affiliate companies, and depending upon the severity of that damage may have a serious adverse effect on our Group's performance.

Furthermore, widespread damage such as that caused by the Great East Japan Earthquake in March 2011 can be anticipated to cause production decreases on the part of our customers due to materials supply interruptions and other problems, and therefore may have a not inconsequential impact on Group sales and performance.

We have been able to use these experiences to make progress in further revising our business continuity plan (BCP) for implementation in the event of a major natural disaster, and also in shoring up our risk-readiness through measures such as improving quake resistance at our manufacturing centers and diversifying our materials suppliers and contractors.

While concerns exist that the power supply limitations imposed in response to power shortage concerns, which went into effect last year and will continue this year, will reduce production capacity in the regions affected, we are taking all possible measures to ensure our supply capacity by making preliminary estimates of the impact of possible power cuts and maximizing the advantage our Group enjoys in maintaining a number of plants, so as to enable us to respond sufficiently to customer demand.

2. The Corporate Group Situation

The Group (Furukawa-Sky Aluminum Corp. (the Company) and its affiliated companies) was composed of the Company, 20 consolidated subsidiaries, and five other affiliates. The Group's main businesses are the manufacture and sale of cast and forged aluminum products and the processing and sale of products containing aluminum as their main material, with a focus on the manufacture and sale of rolled aluminum products.

Among the Group centered on our parent company, Furukawa Electric Co., Ltd., the Company is the enterprise engaged in the manufacture and sale of aluminum products.

The roles of Furukawa-Sky Aluminum Corp. (the Company) and its affiliated companies within the business, as well as within the business segments, of the Group are as follows. The segments are classified identically.

Rolled

Manufacture and sale of sheet rolling, foil, extruded, cast and forged products

(Major affiliated companies)

The Company, Nippon Foil Mfg. Co., Ltd., ACE21 Corp., Furukawa-Sky Shiga Corp., Higashi Nihon Tanzou Co., Ltd., Nippon Metal Foil Co., Ltd., Furukawa Color Aluminum Co., Ltd., Furukawa-Sky Aluminum (Thailand) Co., Ltd., PT.Furukawa Indal Aluminum, Furukawa-Sky Aluminum (Vietnam) Inc., Furukawa-Sky Aluminum (Tianjin) Corp., Tri-Arrows Aluminum Holding Inc., Tri-Arrows Aluminum Inc., Ruyuan Dongyangguang Plain Foil Co., Ltd., Bridgnorth Aluminium Ltd.

Processed products

Processing and sale of aluminum and other metals

(Major affiliated companies)

The Company, Nikkei Kakoh Co., Ltd., Furukawa-Sky Techno Co., Ltd.

3. Management Policy
(a) Basic Management Policies

Furukawa-Sky advances its business by providing environmentally sound aluminum products that contribute to the community under the guidance of our management philosophy.

1) Furukawa-Sky develops and supplies products and services that satisfy our customers in order to enhance corporate value and contribute to improving society.
2) As a responsible corporate citizen, we work toward establishing a sustainable society.
3) We value workers highly and seek to help them realize their full potential.
4) We demonstrate corporate integrity by operating in accordance with ethical business standards and fully complying with prevailing laws and regulations.

We adhere to the following Guiding Principles in conducting business. In the event of noncompliance, we will determine its cause and take action to prevent its recurrence.

1) We develop and offer socially useful products and services to satisfy customers and earn their confidence.
2) We communicate extensively with stockholders, investors, and other stakeholders, proactively providing them with appropriate corporate information in a timely manner
3) We consider efforts to counter global warming and build a recycling-oriented economic society an essential part of our corporate existence and activity. Accordingly, we take a proactive and voluntary role in such activities.
4) As a good corporate citizen, we proactively promote and sponsor social action programs.
5) We respect the personality, individuality, and diversity of Group employees. We provide a safe and comfortable working environment so that our employees can maximize their performance.
6) We compete in a fair, transparent, and equitable manner, conducting transactions on a rational basis.
7) We tolerate no relationships with antisocial groups or organizations.
8) As a member of the international community, we respect local cultures and practices and contribute to their development.

(b) Medium-Term Corporate Management Strategies and Pending Issues

The business environment in which we operate, which is marked by matters such as major natural disasters both within Japan and overseas, global financial worries and currency fluctuations, as well as by the hastening of efforts by clients concerned with such matters to shift manufacturing overseas, is changing like never before.

Our Group is responding to these trying times through a variety of everyday measures to improve revenue and also to strengthen overall Group soundness by continuing structural reforms of the rolled aluminum business. We are also pushing forward with our efforts to increase our earning capacity by responding proactively throughout the world, such as in growing global markets in China, Southeast Asia, the Americas and Europe.

1. Progress on the New Medium-Term Management Plan

Our new three-year Mid-Term Plan, which is being implemented through fiscal 2013 (the fiscal year ending March 2013), shall proceed as follows in response to the serious changes in the business environment described above.

First step toward renewed growth and a stronger business foundation for operational expansion

1. Domestic business: Promote structural reform in existing businesses and develop a stronger business foundation
2. Overseas business: Effectively respond to overseas growth markets
3. New products: Develop business for high-growth products and next-generation products

These basic policies will provide the foundation for continuous strengthening of our financial condition and increase profit levels. They also provide a response that takes into account ongoing development after the plan, through appropriate investment in production in Japan and overseas that can support growth, promotion of development of new products and technologies, and investment in new business overseas.

2. Response to the Great East Japan Earthquake and Thailand floods

The Great East Japan Earthquake caused damage to some of the assets of our Group manufacturing centers, as well as of our affiliates, located in the Tohoku and the Kanto regions, but fortunately there was little impact on our production capacity or customer service. Normal operations resumed a short time afterward.

Also, while the buildings and facilities of our Thai subsidiary suffered some water damage due to the large-scale flooding in Thailand, our Group companies both within and outside Japan executed substitute manufacturing to meet supply responsibilities. We also will transfer the relevant facilities to new production sites in the future, with the goal of restarting the manufacturing necessary to continuing our coil business.

The Group has for some time been engaged in constructing a BCP (Business Continuity Plan), which includes measures designed to provide for the quickest possible confirmation of employee safety and facility recovery. We will employ the knowledge gained through our various experiences in dealing with natural disasters to create measures to maintain lines of communication, secure the supply chain, and make our manufacturing sites more resilient, so as to prepare a more effective risk management structure.

3. Strengthening global market competitiveness

An increasing number of market competitors are responding to the growing demand for aluminum products such as automotive and electronic components, and including beverage can stock and similar products, as well as to the effects of the rapid rise in the yen and natural disasters by shifting manufacturing overseas to where customers are located. Many also possess the latest in large-scale manufacturing facilities in neighboring countries. These competitors are improving product quality, which is allowing them to increase the intensity of their participation in the domestic market. Therefore, improving our competitiveness by cutting costs at our Japanese plants and expanding our overseas production are urgent tasks.

We are proceeding with reforms of our sheet rolling business so as to achieve more efficient production in Japan. These include discontinuing upstream processes at the Nikko Works, proceeding to transfer production of some products to other works, and commencing mass production as planned.

At the same time, as part of our efforts to deal appropriately with growing overseas markets, we acquired a base for manufacturing beverage can stock in the USA through investment (share acquisition) in a US manufacturer and supplier of rolled aluminum sheet, and also established a new processing plant in China for radiator parts, etc. We have also made the decision to go forward with the construction of a sheet rolling plant in Southeast Asia (Thailand), further strengthening and speeding up the expansion of our presence in the global market.

4. Management Emphasizing CSR

We consider CSR activities to be one important aspect of management, in keeping with our goal of maintaining the trust of all our stakeholders. Furukawa-Sky's CSR efforts encompass four main categories—legal compliance, safety improvement, environmental conservation, and human resource development—and we are conducting a variety of efforts in each area. For example, we conduct thorough examinations of possible environmental risk that can impact everyone in local communities, and implement effective measures accordingly. Another facet of our CSR efforts is the establishment of a subsidiary, FS Green-net., Ltd., which works to support the self-reliance of the physically-challenged. FS Green-net has received a commendation from the mayor of Saitama as a superior place of employment for the physically-challenged, and also its employees have received a commendation from the head of the Saitama Prefecture Employment Development Association for their excellence as disabled workers. We will continue to employ the physically-challenged and enhance public welfare, and also expand our operations through outside businesses with close ties to the community. Such efforts as a good corporate citizen to build a sustainable society will continue.

We look forward to continuing to receive our shareholders' guidance and encouragement in the future.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (As of March 31, 2011)	Current fiscal year (As of March 31, 2012)
Assets		
Current assets		
Cash and deposits	4,747	7,619
Notes and accounts receivable-trade	58,159	57,054
Merchandise and finished goods	4,711	4,412
Work in process	8,982	8,801
Raw materials and supplies	11,521	9,173
Deferred tax assets	1,366	1,452
Short-term loans receivable	17,598	8,801
Accounts receivable-other	5,168	4,906
Other	647	563
Allowance for doubtful accounts	(117)	(109)
Total current assets	112,782	102,670
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	21,494	20,541
Machinery, equipment and vehicles, net	28,012	24,361
Land	36,393	36,332
Construction in progress	1,119	2,230
Other, net	2,398	2,302
Total property, plant and equipment	89,417	85,766
Intangible assets		
Goodwill	640	445
Software	1,145	1,024
Other	105	105
Total intangible assets	1,890	1,574
Investments and other assets		
Investment securities	4,777	14,851
Long-term prepaid expenses	246	177
Deferred tax assets	4,538	3,564
Other	4,406	4,412
Allowance for doubtful accounts	(179)	(16)
Total investments and other assets	13,789	22,987
Total noncurrent assets	105,096	110,328
Total assets	217,878	212,998

(Millions of yen)

	Previous fiscal year (As of March 31, 2011)	Current fiscal year (As of March 31, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	41,217	37,401
Electronically recorded obligations	751	3,349
Short-term loans payable	27,375	23,334
Current portion of long-term loans payable	3,219	8,791
Current portion of bonds	270	182
Accounts payable-other	4,934	8,208
Accrued expenses	8,085	8,453
Income taxes payable	1,196	504
Accrued consumption taxes	493	141
Other	628	898
Total current liabilities	88,169	91,261
Noncurrent liabilities		
Bonds payable	186	247
Long-term loans payable	45,808	38,173
Provision for retirement benefits	10,948	9,540
Provision for directors' retirement benefits	129	128
Deferred tax liabilities	50	41
Provision for environment measures	198	172
Provision for restructuring	755	732
Other	1,728	1,525
Total noncurrent liabilities	59,802	50,559
Total liabilities	147,971	141,819
Net assets		
Shareholders' equity		
Capital stock	16,528	16,528
Capital surplus	35,184	35,184
Retained earnings	18,284	20,267
Treasury stock	(2)	(2)
Total shareholders' equity	69,995	71,978
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	193	180
Deferred gains or losses on hedges	157	(423)
Foreign currency translation adjustment	(982)	(1,151)
Total accumulated other comprehensive income	(633)	(1,394)
Minority interests	546	596
Total net assets	69,907	71,179
Total liabilities and net assets	217,878	212,998

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

Consolidated Statements of Income

(Millions of yen)

	Previous fiscal year (From April 1, 2010 To March 31, 2011)	Current fiscal year (From April 1, 2011 To March 31, 2012)
Net sales	207,223	193,972
Cost of sales	178,318	171,318
Gross profit	28,905	22,654
Selling, general and administrative expenses	16,566	16,294
Operating income	12,338	6,360
Non-operating income		
Equity in earnings of affiliates	355	834
Rental income	123	126
Other	330	392
Total non-operating income	807	1,352
Non-operating expenses		
Interest expenses	1,140	1,091
Compensation expenses	170	132
Other	156	77
Total non-operating expenses	1,466	1,301
Ordinary income	11,680	6,411
Extraordinary income		
Gain on sales of noncurrent assets	19	10
Gain on sales of investment securities	—	125
Subsidy income	13	23
Repayment of allowance for doubtful accounts	40	—
Other	6	0
Total extraordinary income	78	159
Extraordinary loss		
Loss on retirement of noncurrent assets	99	138
Loss on valuation of investment securities	16	179
Impairment loss	226	76
Loss on adjustment for changes of accounting standard for asset retirement obligations	710	—
Other	208	50
Total extraordinary losses	1,260	442
Income before income taxes and minority interests	10,498	6,128
Income taxes-current	1,292	1,160
Income taxes-deferred	(2,889)	1,323
Total income taxes	(1,597)	2,482
Income before minority interests	12,095	3,646
Income of minority shareholders	127	105
Net income	11,968	3,540

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous fiscal year (From April 1, 2010 To March 31, 2011)	Current fiscal year (From April 1, 2011 To March 31, 2012)
Income before minority interests	12,095	3,646
Other comprehensive income		
Valuation difference on available-for-sale securities	23	(13)
Deferred gains or losses on hedges	84	(487)
Foreign currency translation adjustment	(321)	(208)
Share of other comprehensive income of associates accounted for using equity method	(442)	(76)
Total other comprehensive income	(655)	(784)
Comprehensive income	11,440	2,861
(Attributable to)		
Parent company shareholders	11,367	2,779
Minority interests	74	82

(3) Consolidated Statements of Changes in Shareholders' Equity

(Millions of yen)

	Previous fiscal year (From April 1, 2010 To March 31, 2011)	Current fiscal year (From April 1, 2011 To March 31, 2012)
Shareholders' equity		
Capital stock		
Balance at the beginning of period	16,528	16,528
Balance at the end of period	16,528	16,528
Capital surplus		
Balance at the beginning of period	35,184	35,184
Balance at the end of period	35,184	35,184
Retained earnings		
Balance at the beginning of period	7,452	18,284
Changes of items during the period		
Dividends from surplus	(1,135)	(1,363)
Net income	11,968	3,540
Changes in the scope of consolidation	—	(195)
Total changes of items during the period	10,832	1,983
Balance at the end of period	18,284	20,267
Treasury stock		
Balance at the beginning of period	(1)	(2)
Changes of items during the period		
Purchase of treasury stock	(0)	—
Total changes of items during the period	(0)	—
Balance at the end of period	(2)	(2)
Total shareholders' equity		
Balance at the beginning of period	59,162	69,995
Changes of items during the period		
Dividends from surplus	(1,135)	(1,363)
Net income	11,968	3,540
Purchase of treasury stock	(0)	—
Changes in the scope of consolidation	—	(195)
Total changes of items during the period	10,832	1,983
Balance at the end of period	69,995	71,978
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of period	169	193
Changes of items during the period		
Net changes of items other than shareholders' equity	23	(13)
Total changes of items during the period	23	(13)
Balance at the end of period	193	180
Deferred gains or losses on hedges		
Balance at the beginning of period	47	157
Changes of items during the period		
Net changes of items other than shareholders' equity	110	(579)
Total changes of items during the period	110	(579)
Balance at the end of period	157	(423)
Foreign currency translation adjustment		

(Millions of yen)

	Previous fiscal year (From April 1, 2010 To March 31, 2011)	Current fiscal year (From April 1, 2011 To March 31, 2012)
Balance at the beginning of period	(247)	(982)
Changes of items during the period		
Net changes of items other than shareholders' equity	(735)	(169)
Total changes of items during the period	(735)	(169)
Balance at the end of period	(982)	(1,151)
Other total accumulated comprehensive income		
Balance at the beginning of period	(31)	(633)
Changes of items during the period		
Net changes of items other than shareholders' equity	(601)	(761)
Total changes of items during the period	(601)	(761)
Balance at the end of period	(633)	(1,394)
Minority interests		
Balance at the beginning of period	486	546
Changes of items during the period		
Net changes of items other than shareholders' equity	60	50
Total changes of items during the period	60	50
Balance at the end of period	546	596
Total net assets		
Balance at the beginning of period	59,617	69,907
Changes of items during the period		
Dividends from surplus	(1,135)	(1,363)
Net income	11,968	3,540
Purchase of treasury stock	(0)	—
Changes in the scope of consolidation	—	(195)
Net changes of items other than shareholders' equity	(542)	(712)
Total changes of items during the period	10,291	1,272
Balance at the end of period	69,907	71,179

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (From April 1, 2010 To March 31, 2011)	Current fiscal year (From April 1, 2011 To March 31, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	10,498	6,128
Depreciation and amortization	12,703	12,370
Impairment loss	226	76
Loss on adjustment for changes of accounting standard for asset retirement obligations	710	—
Interest and dividends income	(43)	(111)
Interest expenses	1,140	1,091
Foreign exchange loss (gain)	9	(31)
Loss on removal of tangible fixed assets	99	138
Loss (gain) on valuation of investment securities	16	179
Decrease (increase) in notes and accounts receivable-trade	(298)	1,033
Decrease (increase) in inventories	(4,355)	2,833
Increase (decrease) in notes and accounts payable-trade	4,160	(1,239)
Increase (decrease) in provision for retirement benefits	(1,221)	(1,407)
Increase (decrease) in accrued expenses	(223)	422
Other, net	(1,170)	(1,248)
Subtotal	22,250	20,233
Interest and dividends income received	42	215
Interest expenses paid	(1,139)	(1,087)
Income taxes (paid) / refunded	(720)	(1,751)
Net cash provided by (used in) operating activities	20,434	17,609
Net cash provided by (used in) investing activities		
Decrease (increase) in short-term loans receivable	(2,000)	(2,500)
Purchase of property, plant and equipment	(4,635)	(4,872)
Purchase of intangible assets	(139)	(328)
Purchase of investment securities	(11)	(10,415)
Purchase of stocks of subsidiaries	(328)	(2,623)
Investments in capital of subsidiaries and affiliates	(93)	(189)
Other, net	137	(157)
Net cash provided by (used in) investing activities	(7,070)	(21,083)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(536)	(4,038)
Proceeds from long-term loans payable	9,120	1,250
Repayment of long-term loans payable	(4,651)	(3,294)
Proceeds from issuance of bonds	200	270
Redemption of bonds	(274)	(297)
Cash dividends paid	(1,135)	(1,363)
Cash dividends paid to minority shareholders	(14)	(32)
Other	(10)	(22)

(Millions of yen)

	Previous fiscal year (From April 1, 2010 To March 31, 2011)	Current fiscal year (From April 1, 2011 To March 31, 2012)
Net cash provided by (used in) financing activities	2,700	(7,526)
Effect of exchange rate change on cash and cash equivalents	(60)	(29)
Net increase (decrease) in cash and cash equivalents	16,005	(11,029)
Cash and cash equivalents at beginning of period	4,111	20,115
Net increase (decrease) in cash and cash equiva lents due to changes in scope of consolidation	―	2,253
Cash and cash equivalents at end of period	20,115	11,339

(5) Notes on the Assumption of a Going Concern

None

(6) Changes in the Presentation

Current fiscal year (From April 1, 2011 To March 31, 2012)
(Consolidated Balance Sheets) 1. "Uncollected corporate tax refunds" (¥54 million in the previous fiscal year), which was presented as an independent item in the previous fiscal year, constitutes less than 5% of total assets, and therefore is presented as "Other" under Current Assets. The Consolidated Financial Statements for the previous fiscal year have been adjusted to reflect this change in presentation. (Consolidated Statements of Income) 1. "Interest income" (¥7 million in the fiscal year ended March 31, 2011), "Dividends income" (¥36 million in the fiscal year ended March 31, 2011) and "Income from sale of goods" (¥97 million in the fiscal year ended March 31, 2011), a non-operating income category presented separately in the previous fiscal year, are included in "Other" under non-operating income since those amounts are below 10% of total non-operating income in the fiscal year under review. 2. "Loss on retirement of noncurrent assets" (¥99 million in the fiscal year ended March 31, 2011) and "Loss on valuation of investment securities" (¥16 million in the fiscal year ended March 31, 2011), which were included in "Other" under extraordinary income in the previous fiscal year, are presented separately since its amount is greater than 10% of total extraordinary income in the fiscal year under review. 3. The category "Loss due to disaster" (¥158 million in the fiscal year ended March 31, 2011) is included in "Other" under extraordinary loss since it is below 10% of the total extraordinary loss in the fiscal year under review. The Consolidated Financial Statements for the previous fiscal year have been adjusted to reflect the above changes in presentation. (Consolidated Statements of Cash Flows) 1. "Purchase of investment securities" ((¥11 million) in the fiscal year ended March 31, 2011), which was included in "Other" under "Net cash provided by (used in) investing activities" in the previous fiscal year, is presented separately as a reflection of its increased importance. The Consolidated Financial Statements for the previous fiscal year have been adjusted to reflect the above changes in presentation.

(7) Additional Information

Current fiscal year (From April 1, 2011 To March 31, 2012)
(Application of the Accounting Standard for Accounting Changes and Error Corrections) Furukawa-Sky began applying the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24,) both released on December 4, 2009, since the beginning of the current fiscal year when changes in accounting policies and corrections of prior period errors are made.
(Effects of Changes in the Corporate Income Tax Rate) Following the promulgation of the "Act for Partial Amendment of the Income Tax Act, etc. for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114, 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117, 2011) on December 2, 2011, the corporate income tax rate will be lowered and a special restoration surtax will be imposed from the fiscal year beginning on April 1, 2012. As a result of these changes in the tax rate, deferred tax assets (the amount remaining after subtracting deferred tax liabilities) were ¥459 million lower, and income taxes–deferred were ¥458 million higher. Additionally, beginning from the fiscal year starting on April 1, 2012, the use of tax loss carry-forwards will be limited to the equivalent of 80% of taxable income before deducting tax loss carry-forwards. The effect of this change on the Group's performance is slight.

(8) Notes to the Consolidated Financial Statements

(Segment Information)

1. Overview of reportable segments

The Company's reportable segments are those elements of the Company for which separate financial information is available, and which the Board of Directors regularly examines to determine distribution of management resources and assess performance.

The Company devises a comprehensive domestic and overseas strategy, with two reportable segments, "Rolled" and "Processed products," as the elements comprising its business activities.

"Rolled" refers to the manufacture and sale of sheet, foil, extruded products, cast products, and forged products.

"Processed products" refers to the processing and sale of products mainly composed of aluminum.

2. Calculation of amounts of sales and income (loss), identifiable assets, liabilities and other items by reportable segment

The numerical values for income for reportable segments are calculated on an ordinary income basis.

3. Information on sales and income (loss), identifiable assets, liabilities and other items by reportable segment

Net sales and ordinary income from "Rolled" make up more than 90% of consolidated net sales and consolidated ordinary income, so listing is omitted.

4. Items pertaining to changes, etc., in reportable segments

Beginning with the current fiscal year, income for reportable segments has been changed to reflect numerical figures calculated on an ordinary income basis, rather than an operating income basis. This is because the share of profit based on equity-method investment recorded as equity in earnings of affiliates has grown large due to measures taken as part of the Group's global business strategy, which is a facet of the Group's overall business strategy. Therefore, the importance of ordinary income as profit and loss subject to management has increased.

Ordinary income from "Rolled" in the fiscal year ended March 31, 2012 make up more than 90% of consolidated ordinary income, so listing is omitted.

(Per-Share Information)

Previous fiscal year (From April 1, 2010 To March 31, 2011)	Current fiscal year (From April 1, 2011 To March 31, 2012)
Net assets per share 305.44 JPY Net income per share 52.70 JPY Fully diluted net income per share is omitted, as there are no potentially dilutive shares.	Net assets per share 310.82 JPY Net income per share 15.59 JPY Fully diluted net income per share is omitted, as there are no potentially dilutive shares.

Note: Basis for calculation

1. Net assets per share

	Previous fiscal year (From April 1, 2010 To March 31, 2011)	Current fiscal year (From April 1, 2011 To March 31, 2012)
Total net assets (¥ millions)	69,907	71,179
Amount deducted from total net assets (¥ millions)	546	596
(of which, minority interest) (¥ millions)	(546)	(596)
End of period net assets ascribed to common stock (¥ millions)	69,362	70,583
Number of shares of common stock at end of period (thousands)	227,088	227,088

2. Net income per share

	Previous fiscal year (From April 1, 2010 To March 31, 2011)	Current fiscal year (From April 1, 2011 To March 31, 2012)
Net income per share		
Net income (Millions of yen)	11,968	3,540
Amount not attributable to holders of common stock (Millions of yen)	—	—
Net income ascribed to common stock (Millions of yen)	11,968	3,540
Average number of shares of common stock during the period (Thousands of shares)	227,088	227,088

(Subsequent Events)

None