Financial Results for the Term Ended March 2018
[According to Japanese Accounting Standards] (Consolidated)

May 9, 2018

Name of Listed Company UACJ Corporation
Stock Exchange Listings Tokyo
Code Number 5741 URL http://www.uacj.co.jp/english/
Representative (Title) Member of the Board, President
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Scheduled Date for Ordinary General Meeting of Shareholders June 21, 2018
Scheduled Date for Submitting Financial Statements June 21, 2018
Scheduled Date of Dividend Distribution June 22, 2018
Supplementary materials available on financial results: Yes
Financial results briefing: Yes (For institutional investors, securities analysts)

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

1. Consolidated Business Performance for the Term Ended March 31, 2018
(from April 1, 2017 to March 31, 2018)

(1) Consolidated business performance (% indicates year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	¥million	%	¥million	%	¥million	%	¥million	%
March 31, 2018	624,270	9.8	29,205	12.9	19,408	(2.1)	12,253	40.6
March 31, 2017	568,316	(1.3)	25,869	70.1	19,819	65.0	8,715	70.7

(Note) Comprehensive income for the fiscal year ended March 31, 2018: ¥13,243 million (66.1%)
For the fiscal year ended March 31, 2017: ¥7,975 million (－%)

	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, 2018	253.96	－	6.5	2.6	4.7
March 31, 2017	201.63	－	5.0	2.9	4.6

(Reference) Profit based on equity-method investment for the fiscal year ended March 31, 2018: (¥5,361 million) For the fiscal year ended March 31, 2017: (¥1,405 million)
Note: The Company conducted a 1-for-10 reverse stock split on common shares with an effective date of October 1, 2017. Accordingly, net income per share is calculated as if the reverse stock split had been conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of:	¥million	¥million	%	¥
March 31, 2018	774,191	208,396	25.1	4,026.28
March 31, 2017	725,443	198,360	25.4	3,814.67

(Reference) Shareholders' equity: ¥194,235 million as of March 31, 2018; ¥184,090 million as of March 31, 2017

Note: The Company conducted a 1-for-10 reverse stock split on common shares with an effective date of October 1, 2017. Accordingly, net assets per share are calculated as if the reverse stock split had been conducted at the beginning of the previous fiscal year.

(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 equivalent as of the end of term
Fiscal year ended:	¥million	¥million	¥million	¥million
March 31, 2018	17,381	(51,853)	13,543	20,794
March 31, 2017	28,393	(55,456)	49,478	41,125

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, 2017	–	3.00	–	3.00	6.00	2,731	29.8	1.6
March 31, 2018	–	3.00	–	30.00	–	2,895	23.6	1.5
March 31, 2019 (Forecasts)	–	0.00	–	60.00	60.00		28.9	

(Note) The Company conducted a 1-for-10 reverse stock split on common shares with an effective date of October 1, 2017. Accordingly, the year-end dividend per share for the fiscal year ending March 31, 2018 (forecast) is calculated after taking into consideration the impact of this reverse stock split. For this reason, a "–" symbol is contained in the column for total dividends for the year. Annual dividends per share, based on calculations following the stock split, were ¥60 for the year ended March 31, 2018, and are set to be ¥60 for the year ended March 31, 2018.

3. Forecast for Consolidated Business Performance in the Term Ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	¥million	%	¥million	%	¥million	%	¥million	%	¥
First half (Cumulative)	330,000	9.3	11,000	(30.4)	6,500	(49.2)	2,500	(63.6)	51.82
Full year	670,000	7.3	28,000	(4.1)	20,000	3.1	10,000	(18.4)	207.29

(Note) For details, please refer to "1. Overview of business performance (1) Overview of business performance in year under review 2 Outlook" on page 3.

*Notes

(1) Changes in significant subsidiaries during the period (Changes in the scope of consolidation of specific subsidiaries): No

(2) Changes in accounting policies, changes in estimates, or restatements

a. Changes in accounting policies owing to revisions in accounting standards: No
b. Changes in accounting policies other than a. above: Yes
c. Changes in accounting estimates: No
d. Restatements: No

Note: For details, please refer to “3. Consolidated financial statements and important notes (5) Notes to the Consolidated Financial Statements (Changes in Accounting Policies)” on page 12.

(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, 2018 48,328,193 shares
As of March 31, 2017 48,328,193 shares

b. Number of shares of treasury stock at the end of the period

As of March 31, 2018 86,440 shares
As of March 31, 2017 69,759 shares

c. Average number of shares outstanding during the period (calculated cumulatively from the beginning of the fiscal year)

For the year ended March 31, 2018 48,249,442 shares
For the year ended March 31, 2017 43,221,562 shares

Note: The Company conducted a 1-for-10 reverse stock split on common shares with an effective date of October 1, 2017. Accordingly, number of shares issued at the end of the period, number of shares of treasury stock at the end of the period, and average number of shares outstanding during the period are calculated as if the reverse stock split had been conducted at the beginning of the previous fiscal year.

(Reference) Summary of Non-Consolidated Business Performance

Non-Consolidated Business Performance for the Fiscal Year Ended March 31, 2018 (from April 1, 2017, to March 31, 2018)

(1) Non-consolidated business performance (Percentage figures indicate year-on-year comparisons)

	Net sales		Operating income		Ordinary income		Net income	
	¥million	%	¥million	%	¥million	%	¥million	%
March 31, 2018	272,970	5.4	14,001	6.4	19,650	26.0	15,443	42.1
March 31, 2017	258,918	(8.6)	13,161	13.9	15,592	2.6	10,864	(6.0)

	Net income per share	Fully diluted net income per share
	¥	¥
March 31, 2018	320.06	-
March 31, 2017	251.36	-

Note: The Company conducted a 1-for-10 reverse stock split on common shares with an effective date of October 1, 2017. Accordingly, net income per share is calculated as if the reverse stock split had been conducted at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Fiscal year ended:	¥million	¥million	%	¥
March 31, 2018	554,398	182,560	32.9	3,784.27
March 31, 2017	531,636	170,614	32.1	3,535.43

(Reference) Shareholders' equity: ¥182,560 million as of March 31, 2018; ¥170,614 million as of March 31, 2017

*These financial results are outside the scope of audit by certified public accountants or accounting auditors.

*Explanations pertaining to appropriate use of information concerning future forecasts

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 factor.

For assumptions related to performance forecasts, please refer to the section on page 2 of the attached materials entitled "1. Overview of business performance, (1) Overview of business performance in year under review, 2 Outlook."

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1. Overview of business performance

(1) Overview of business performance in year under review

1 Business performance in the year under review

During the fiscal year ended March 31, 2018, the worldwide economy was characterized by ongoing recovery in the United States and Europe, but the rate of growth in China slowed. Emerging markets were generally in a recovery phase, despite some country-specific disparities.

The Japanese economy was marked by ongoing increases in corporate production levels, and the household sector continued to rebound, underpinned by a robust employment environment.

Moving into March, however, the outlook grew increasingly uncertain, due to the US government's introduction of protectionist trade policies and countermeasures by the Chinese government.

In this environment, net sales for the UACJ Group were up 9.8% year on year, to ¥624,270 million, affected by such factors as a rise in ingot prices. On the profit front, owing to such factors as an upturn in inventory valuations, operating income grew 12.9%, to ¥29,205 million. However, ordinary income decreased 2.1%, to ¥19,408 million, as the passing of the US Tax Reform Act caused the Company to be affected by the reversal of deferred tax assets at an equity-method affiliate. Furthermore, a rise in business startup costs at equity-method affiliate Constellium-UACJ ABS LLC led to a loss in entities accounted for using the equity method. At the same time, the passing of the US Tax Reform Act prompted a reduction in corporate taxes at a US subsidiary. As a result, net income attributable to owners of the parent grew 40.6%, to ¥12,253 million.

Information by segment is provided below.

Flat Rolled Products

In the flat-rolled products business, within sheet products, domestic demand for can stock was down year on year as beer-related demand failed to increase, although demand related to low-alcohol beverages remained favorable. Nevertheless, aluminum shipment volumes were robust, due to favorable demand for use in the transport sector and in relation to LCD and semiconductor fabrication equipment. Due to a decline in export products, however, overall sheet product volume failed to grow. In extruded products, demand was favorable for use in the automotive and general machinery sectors, resulting in firm demand.

The Group's domestic sales volume was essentially in line with the above-stated demand trends, rising year on year in both sheet and extruded products. In particular, sales of thick plates remained at a high level, owing to demand for use in the automotive sector and for thick plates. In North America, on the other hand, volume was down year on year due to the startup of production equipment for aluminum for automotive parts at the Logan Mill, whereas the full-fledged start of fully integrated manufacturing at UACJ (Thailand) Co., Ltd., prompted an increase in sales volume. As a result, the UACJ Group's sales volume for rolled aluminum products rose year on year.

As a result of these sales conditions, during the year sales in the rolled aluminum products business grew 10.3%, to ¥497,903 million, helped by an increase in ingot prices. Operating income rose 10.8%, to ¥29,653 million, due to positive inventory valuations.

Wrought Copper Product

In the wrought copper industry, the Group's sales volume of copper pipes was up due to favorable domestic production of household air conditioners and commercial package air conditioners—the principal uses of these pipes—and domestic unit shipments of air conditioners exceeded the previous year's levels.

The Group maintained high production levels in Japan and Malaysia, leading to a higher sales volume year on year. In this environment, and partly due to higher copper ingot prices, sales of wrought copper products increased ¥5.6%, to ¥45,611 million. Operating income jumped 195.3%, to ¥2,075 million, due in part to an upturn in inventory valuations.

Precision-Machined Components and Related Businesses

Due to increased sales stemming mainly from a rise in IT-related demand, as well as to higher ingot prices, sales grew 10.7%, to ¥184,624 million, and operating income rose 13.9%, to ¥4,262 million.

2 Outlook

For the fiscal year ending March 31, 2019, we anticipate increased sales for can stock, automotive materials and aluminum foil for lithium-ion batteries. We forecast improvements at UACJ (Thailand) Co., Ltd., but believe inventory valuations will worsen due to ingot price fluctuations and expect to incur startup expenses as part of our strategic investment in the Logan Mill in the United States.

With crude oil prices currently rising, we expect to incur higher energy costs. As our forecast of consolidated business performance, for the first half ending September 30, 2018, we anticipate net sales of ¥330.0 billion (up 9.3% year on year), operating income of ¥11.0 billion (down 30.4%), ordinary income of ¥6.5 billion (down 49.2%) and net income attributable to owners of the parent of ¥2.5 billion (down 63.6%). For the year ending March 31, 2019, we forecast net sales of ¥670.0 billion (up 7.3% year on year), operating income of ¥28.0 billion (down 4.1%), ordinary income of ¥20.0 billion (up 3.1%) and net income attributable to owners of the parent of ¥10.0 billion (down 18.4%).

The above-stated performance forecasts 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 and various other uncertainties.

(2) Overview of financial condition in the year under review

1 Status of Assets, Liabilities and Equity

Total assets were ¥774,191 million as of March 31, 2018, up 6.7% from March 31, 2017, mainly as a result of higher inventories and capital expenditures.

Total liabilities came to ¥565,795 million, up 7.3%, due principally to a rise in long-term loans payable to fund strategic investments in the Logan Mill in the United States and UACJ (Thailand) Co., Ltd.

Total net assets as of March 31, 2018, were ¥208,396 million, up 5.1% from one year earlier. This increase stemmed from such factors as the expansion of retained earnings in line with the posting of net income attributable to owners of the parent.

2 Cash Flows

Cash and cash equivalents stood at ¥20,794 million on March 31, 2018, down ¥20,331 million from their level on year earlier.

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

Net cash provided by operating activities amounted to ¥17,381 million, down ¥11,012 million from the previous year, attributable mostly to income before income taxes and the posting of depreciation and amortization.

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

Net cash used in investing activities was ¥51,853 million, ¥3,603 million less than in the previous year, mainly stemming from capital expenditure at Tri-Arrows Aluminum Inc. and UACJ (Thailand) Co., Ltd.

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

Net cash provided by financing activities amounted to ¥13,543 million, down ¥35,934 million year on year, due mainly to financing through loans payable.

2. Basic Perspective on Selection of Accounting Standards

The UACJ Group employs Japanese accounting standards to facilitate comparison between business periods and companies.

However, the Company intends to consider the adoption of International Financial Reporting Standards (IFRS), taking into account conditions in Japan and overseas.

3. Consolidated Financial Statements and important notes

(1) Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (as of March 31, 2017)	Current fiscal year (as of March 31, 2018)
Assets		
Current assets		
Cash and deposits	41,242	22,005
Notes and accounts receivable-trade	126,287	135,181
Merchandise and finished goods	29,179	39,412
Work in process	42,969	60,439
Raw materials and supplies	43,764	45,261
Other	22,152	22,049
Allowance for doubtful accounts	(29)	(30)
Total current assets	305,563	324,318
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	61,516	68,941
Machinery, equipment and vehicles, net	95,953	108,600
Land	115,034	115,730
Construction in progress	24,616	33,848
Other, net	8,348	7,973
Total property, plant and equipment	305,467	335,092
Intangible assets		
Goodwill	50,677	46,435
Other	16,713	14,268
Total intangible assets	67,390	60,703
Investments and other assets		
Investment securities	28,269	26,577
Long-term loans	3,876	12,033
Retirement benefit assets	421	483
Other	14,560	15,056
Allowance for doubtful accounts	(103)	(71)
Total investments and other assets	47,023	54,078
Total noncurrent assets	419,880	449,873
Total assets	725,443	774,191

(Millions of yen)

	Previous fiscal year (as of March 31, 2017)	Current fiscal year (as of March 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	104,431	121,335
Short-term loans payable	50,592	61,777
Current portion of bonds	2,500	2,500
Current portion of long-term loans payable	45,268	50,643
Other	34,859	36,902
Total current liabilities	237,650	273,157
Noncurrent liabilities		
Bonds payable	2,500	—
Long-term loans payable	222,964	227,417
Lease obligations	17,823	17,616
Provision for restructuring	929	854
Retirement benefit obligations	18,768	18,465
Other	26,449	28,286
Total noncurrent liabilities	289,433	292,638
Total liabilities	527,083	565,795
Net assets		
Shareholders' equity		
Capital stock	52,277	52,277
Capital surplus	80,318	80,318
Retained earnings	42,252	51,841
Treasury stock	(241)	(295)
Total shareholders' equity	174,605	184,141
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,592	2,383
Deferred gains or losses on hedges	(661)	(806)
Foreign currency translation adjustment	6,851	8,359
Cumulative adjustments related to retirement benefits	703	158
Total accumulated other comprehensive income	9,485	10,094
Non-controlling interests	14,270	14,161
Total net assets	198,360	208,396
Total liabilities and net assets	725,443	774,191

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Net sales	568,316	624,270
Cost of sales	490,460	540,150
Gross profit	77,856	84,120
Selling, general and administrative expenses	51,987	54,915
Operating income	25,869	29,205
Non-operating income		
Interest income	573	941
Dividend income	449	431
Rental income	286	331
Other	992	1,149
Total non-operating income	2,299	2,851
Non-operating expenses		
Interest expenses	3,790	5,213
Share of loss of entities accounted for using equity method	1,405	5,361
Financing expenses	1,195	—
Other	1,959	2,075
Total non-operating expenses	8,349	12,649
Ordinary income	19,819	19,408
Extraordinary income		
Gain on sale of investment securities	10	826
Gain on sale of noncurrent assets	119	512
Insurance income	—	424
Other	9	0
Total extraordinary income	137	1,762
Extraordinary loss		
Loss on retirement of noncurrent assets	707	841
Valuation loss on investment securities	10	262
Fire loss	270	—
Special severance payment	185	—
Other	503	375
Total extraordinary losses	1,675	1,478
Income before income taxes	18,281	19,692
Income taxes-current	8,505	7,138
Income taxes-deferred	174	(733)
Total income taxes	8,679	6,405
Net income	9,602	13,287
Net income attributable to non-controlling interests	887	1,034
Net income attributable to owners of the parent	8,715	12,253

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Net income	9,602	13,287
Other comprehensive income		
Valuation difference on available-for-sale securities	1,405	(211)
Deferred gains (losses) on hedges	560	(170)
Foreign currency translation adjustment	(1,460)	213
Adjustments to retirement benefits	(679)	221
Share of other comprehensive income of entities accounted for using equity method	(1,454)	(97)
Total other comprehensive income	(1,627)	(44)
Comprehensive income	7,975	14,243
(Attributable to)		
Owners of the parent	7,100	13,171
Non-controlling interests	874	72

(3) Consolidated Statements of Changes in Shareholders' Equity

Previous fiscal year (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period	45,000	73,041	36,103	(214)	153,931
Changes of items during the period					
Issuance of new shares	7,277	7,277			14,553
Dividends from surplus			(2,566)		(2,566)
Net income attributable to owners of the parent			8,715		8,715
Purchase of treasury stock				(28)	(28)
Reclassification from accumulated other comprehensive income					–
Changes (net) during the year to items other than shareholders' equity					
Total changes of items during the period	7,277	7,277	6,149	(28)	20,674
Balance at the end of period	52,277	80,318	42,252	(241)	174,605

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Cumulative adjustments related to retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of period	1,184	(1,003)	9,649	1,270	11,100	13,552	178,582
Changes of items during the period							
Issuance of new shares							14,553
Dividends from surplus							(2,566)
Net income attributable to owners of the parent							8,715
Purchase of treasury stock							(28)
Reclassification from accumulated other comprehensive income							–
Changes (net) during the year to items other than shareholders' equity	1,408	343	(2,798)	(567)	(1,615)	718	(897)
Total changes of items during the period	1,408	343	(2,798)	(567)	(1,615)	718	19,778
Balance at the end of period	2,592	(661)	6,851	703	9,485	14,270	198,360

Current fiscal year (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period	52,277	80,318	42,252	(241)	174,605
Changes of items during the period					
Issuance of new shares					—
Dividends from surplus			(2,895)		(2,895)
Net income attributable to owners of the parent			12,253		12,253
Purchase of treasury stock				(54)	(54)
Reclassification from accumulated other comprehensive income			231		231
Changes (net) during the year to items other than shareholders' equity					
Total changes of items during the period	—	—	9,589	(54)	9,536
Balance at the end of period	52,277	80,318	51,841	(295)	184,141

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Cumulative adjustments related to retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of period	2,592	(661)	6,851	703	9,485	14,270	198,360
Changes of items during the period							
Issuance of new shares							—
Dividends from surplus							(2,895)
Net income attributable to owners of the parent							12,253
Purchase of treasury stock							(54)
Reclassification from accumulated other comprehensive income							231
Changes (net) during the year to items other than shareholders' equity	(209)	(145)	1,508	(545)	609	(109)	500
Total changes of items during the period	(209)	(145)	1,508	(545)	609	(109)	10,036
Balance at the end of period	2,383	(806)	8,359	158	10,094	14,161	208,396

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Net cash provided by (used in) operating activities		
Income before income taxes	18,281	19,692
Depreciation and amortization	23,508	25,686
Amortization of goodwill	3,177	3,504
Equity in earnings of affiliated companies	1,405	5,361
Interest and dividends income	(1,022)	(1,372)
Interest expenses	3,790	5,213
Decrease (increase) in notes and accounts receivable-trade	(8,855)	(9,423)
Decrease (increase) in inventories	(5,983)	(29,046)
Increase (decrease) in notes and accounts payable-trade	4,331	16,812
Other	(5,050)	(6,396)
Subtotal	33,583	30,032
Interest and dividends income received	1,439	1,807
Interest expenses paid	(3,786)	(5,197)
Income taxes (paid)	(2,844)	(9,262)
Net cash provided by (used in) operating activities	28,393	17,381
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(30,544)	(47,289)
Purchase of intangible assets	(1,107)	(703)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(14,494)	—
Purchase of investments in capital of subsidiaries and affiliates	(5,091)	—
Other	(4,221)	(3,861)
Net cash provided by (used in) investing activities	(55,456)	(51,853)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(14,153)	10,600
Proceeds from long-term loans payable	97,939	60,123
Repayment of long-term loans payable	(48,832)	(48,598)
Payment for redemption of bonds	(2,500)	(2,500)
Proceeds from issuance of common stock	14,553	—
Cash dividends paid	(2,566)	(2,895)
Dividends paid to non-controlling interests	(195)	(256)
Sale-and-leaseback revenues	635	376
Proceeds from sale and installment back	9,013	730
Outlays for the repayment of lease obligations	(4,204)	(3,624)
Other	(213)	(412)
Net cash provided by (used in) financing activities	49,478	13,543
Effect of exchange rate change on cash and cash equivalents	(136)	598
Net increase (decrease) in cash and cash equivalents	22,278	(20,331)
Cash and cash equivalents at beginning of period	18,814	41,125

(Millions of yen)

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Net increase in cash and cash equivalents due to changes in scope of consolidation	33	—
Cash and cash equivalents at end of period	41,125	20,794

(5) Notes to the Consolidated Financial Statements

(Notes on the Assumption of a Going Concern)

Not applicable

(Changes in Accounting Policies)

(Adoption of the “Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income”)

From the fiscal year under review, the Company elected for the early adoption of the “Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income” (ASU No. 2018-02, February 14, 2018) for certain foreign subsidiaries to which US accounting standards apply.

Adjustments to deferred tax assets and deferred tax liabilities resulting from a change in tax rate following the enactment of the Tax Cuts and Jobs Act by the U.S. federal government on December 22, 2017, are reflected in net assets for the year under review. The impact of changes in the tax rate related to deferred tax assets and deferred tax liabilities that were recognized through accumulated other comprehensive income were stated in other comprehensive income. Due to the application of this accounting standard, the impact of changes in the tax rate recorded in accumulated other comprehensive income are reclassified in retained income.

As a result, accumulated other comprehensive income for the year under review declined ¥309 million, retained earnings increased ¥231 million, and non-controlling interests rose ¥78 million. This application has no impact on the consolidated statements of income or per-share information for the year under review.

(Segment Information, etc.)

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 UACJ Group engages in the manufacture and sale of flat rolled and precision-machined products of nonferrous metals, including aluminum, copper and their alloys. To harness the Group’s comprehensive strengths for each of these products and to facilitate evaluations of their operating performance and investment decision-making, operations have been divided into three reportable segments: Flat Rolled Products, Wrought Copper Products, and Precision-Machined Components and Related Businesses.

The Flat Rolled Products Business handles the manufacture and sale of flat rolled, foil, extruded, cast and forged products of aluminum and its alloys.

The Wrought Copper Products segment handles the manufacture and sale of copper pipe, copper alloy pipe and their fittings.

The Precision-Machined Components and Related Businesses segment handles the manufacture and sale of precision-machined aluminum and copper components, contracting on related civil engineering work, shipping and freight handling related to the Group’s businesses, and the wholesaling of products and other items.

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

Accounting treatment methods for reportable segments are the same as those indicated under the “Basis of Presentation of the Consolidated Financial Statements.” Income for reportable segments is calculated on the basis of operating income. Intersegment sales and transfers are calculated on the basis of market prices.

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

Previous fiscal year (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reportable Segments				Adjustments (Notes) 1	Amounts recorded in the consolidated financial statements (Notes) 2
	Flat Rolled Products	Wrought Copper Products	Precision-machined Components and Related Businesses	Subtotal		
Net sales						
Sales to external customers	398,627	31,286	138,403	568,316	—	568,316
Intersegment sales and transfers	52,627	11,888	28,342	92,857	(92,857)	—
Total	451,253	43,174	166,745	661,173	(92,857)	568,316
Segment income	26,763	703	3,742	31,207	(5,338)	25,869
Segment assets	597,124	34,729	95,413	727,266	(1,823)	725,443
Other items						
Depreciation and amortization	19,581	782	1,739	22,102	677	22,779
Goodwill amortization expense	1,981	24	1,172	3,177	—	3,177
Amount of unamortized goodwill	33,068	388	17,221	50,677	—	50,677
Investment in equity-method affiliates	18,160	—	2,936	21,096	—	21,096
Impairment loss	22	—	343	365	—	365
Increase in property, plant and equipment and intangible assets	28,284	410	2,624	31,318	238	31,556

(Notes) 1. Adjustment amounts break down as follows.

(1) The negative ¥5,338 million adjustment to segment income includes a negative ¥21 million adjustment in inventories, a negative ¥335 million adjustment for eliminations for intersegment transactions and a negative ¥4,983 million for companywide expenses that were not allocable to individual reportable segments.

Companywide expenses are general management expenses for the parent company that are not ascribed to reportable segments.

(2) The negative ¥1,823 million adjustment to segment assets includes a negative ¥551 million adjustment in inventories, a negative ¥23,518 million in eliminations of intersegment assets, and ¥22,246 million in companywide assets that were not allocable to individual reportable segments.

Companywide assets are mainly parent company investment securities and assets related to general management departments that are not ascribed to reportable segments.

(3) The ¥677 million adjustment in depreciation and amortization is mainly for depreciation and amortization on assets of the parent company's general management departments that are not ascribed to reportable segments.

(4) The adjustments of ¥238 million in increase in property, plant and equipment and intangible assets are mainly in relation to increases in assets of the parent company's general management departments that are not ascribed to reportable segments.

2. Segment income is adjusted to the operating income in the consolidated financial statements.

Current fiscal year (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable Segments				Adjustments (Notes) 1	Amounts recorded in the consolidated financial statements (Notes) 2
	Flat Rolled Products	Wrought Copper Products	Precision-machined Components and Related Businesses	Subtotal		
Net sales						
Sales to external customers	438,734	32,604	152,932	624,270	—	624,270
Intersegment sales and transfers	59,168	13,007	31,692	103,867	(103,867)	—
Total	497,903	45,611	184,624	728,137	(103,867)	624,270
Segment income	29,653	2,075	4,262	35,990	(6,785)	29,205
Segment assets	636,235	38,690	102,915	777,840	(3,649)	774,191
Other items						
Depreciation and amortization	21,360	870	2,110	24,340	789	25,129
Goodwill amortization expense	1,996	24	1,484	3,504	—	3,504
Amount of unamortized goodwill	30,639	365	15,431	46,435	—	46,435
Investment in equity-method affiliates	18,327	—	3,104	21,431	—	21,431
Impairment loss	55	—	—	55	—	55
Increase in property, plant and equipment and intangible assets	44,681	586	5,470	50,737	458	51,195

(Notes) 1. Adjustment amounts break down as follows.

(1) The negative ¥6,785 million adjustment to segment income includes a negative ¥244 million adjustment in inventories, a negative ¥307 million adjustment for eliminations for intersegment transactions and a negative ¥6,234 million for companywide expenses that were not allocable to individual reportable segments.

Companywide expenses are general management expenses for the parent company that are not ascribed to reportable segments.

(2) The negative ¥3,649 million adjustment to segment assets includes a negative ¥727 million adjustment in inventories, a negative ¥25,887 million in eliminations of intersegment assets, and ¥22,965 million in companywide assets that were not allocable to individual reportable segments.

Companywide assets are mainly parent company investment securities and assets related to general management departments that are not ascribed to reportable segments.

(3) The ¥789 million adjustment in depreciation and amortization is mainly for depreciation and amortization on assets of the parent company's general management departments that are not ascribed to reportable segments.

(4) The adjustments of ¥458 million in increase in property, plant and equipment and intangible assets are mainly in relation to increases in assets of the parent company's general management departments that are not ascribed to reportable segments.

2. Segment income is adjusted to the operating income in the consolidated financial statements.

(Per-Share Information)

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Net assets per share	3,814.67 JPY	4,026.28 JPY
Net income per share	201.63 JPY	253.96 JPY

Note:

1) Fully diluted net income per share is omitted, as there are no potentially dilutive shares

2) The Company conducted a 1-for-10 reverse stock split on common shares with an effective date of October 1, 2017. Accordingly, net assets per share and net income per share are calculated as if the reverse stock split had been conducted at the beginning of the previous fiscal year.

3) The basis for the calculation of net income per share is as follows.

Net income per share

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Net income attributable to owners of the parent (¥ millions)	8,715	12,253
Amount not attributable to holders of common stock (¥ millions)	—	—
Net income attributable to parent company shareholders of common stock (¥ millions)	8,715	12,253
Average number of shares of common stock during the period (Thousands of shares)	43,222	48,249