



NEWS RELEASE

January 26, 2016

Company name: ALCONIX CORPORATION
2-11-1, Nagata-cho, Chiyoda-ku, Tokyo
Representative: Eiitsu Masaki, President and CEO
Listing: Tokyo Stock Exchange, First Section
Stock code: 3036
Contact: Yasushi Miyazaki, Director, Managing
Executive Officer, Finance & Account Div.
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Notice of Acquisition of MARKTEC Corporation Stock (Making it a Consolidated Subsidiary) and Establishment of Intermediate Holding Company

On January 26, 2016, the Board of Directors of ALCONIX CORPORATION approved a resolution to acquire all outstanding shares of MARKTEC Corporation and to establish a wholly owned intermediate holding company for the acquisition of shares of MARKTEC stock. The intermediate holding company will acquire all outstanding shares of MARKTEC and make it a subsidiary.

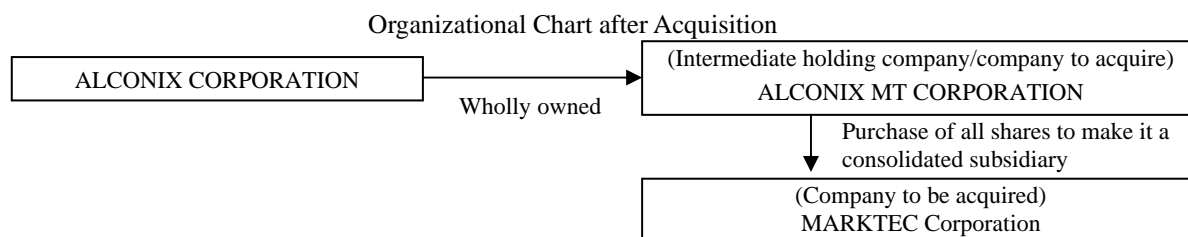
1. Objectives of acquisition

This acquisition is of all the shares in MARKTEC Corporation, which is located in Ota-ku, Tokyo. MARKTEC is a manufacturing company engaged in both the non-destructive testing (surface flaw detection) of metal products and in the metal marking businesses. Although both are niche markets, the company boasts the top domestic shares in these two business areas. It has built up strong and stable trading relationships among major automobile, steel and heavy industry, and other manufacturers. MARKTEC is a pioneering company in both businesses. It has also established a business model that provides an integrated service incorporating everything from equipment manufacturing, the surface flaw detection materials used in such equipment, consumables such as inks etc., to maintenance services. Its operations are not limited to the Japanese market. It is also active overseas where it exploits the powerful brand strength and technical capabilities it possesses in Japan in its drive to aggressively establish local manufacturing and sales subsidiaries etc. in China, South Korea, and in various ASEAN countries. This forms part of its strategy to advance the global development of its operations.

Moreover, MARKTEC's non-destructive testing (surface flaw detection) and metal marking businesses are utilized on metal products. These are closely related and have a strong affinity with the non-ferrous metal products, metalworking products, welding materials, and other items in which ALCONIX and its group subsidiaries are engaged. This is a new business area for the ALCONIX Group. We believe that, by adding MARKTEC to the Group, we will be able to form a unique corporate entity with a more substantial presence in the non-ferrous metal industry sector. Furthermore, the acquisition of the shares in MARKTEC on this occasion will enable ALCONIX to obtain, in a short period of time, a large domestic share of the non-destructive testing and marking businesses which MARKTEC has established. This will not be limited merely to importing and exploiting the technical capabilities acquired in the areas of non-destructive testing and related businesses, and its domestic and overseas manufacturing facilities within the Group. Rather, the inclusion of MARKTEC in the Group will enable it to add new businesses such as "non-destructive testing, and marking" to the existing businesses of "machining," "grinding," "metal surface processing," and "welding." These latter businesses have been built up as the result of ALCONIX's positive engagement in "an M&A strategy centered on manufacturing industry." We believe that this development will result in ALCONIX being able to aim at achieving an even stronger and more established position in the manufacturing industry sector. We intend to continue to aim to expand the range of our business operations yet further. We do so to realize the Group's new vision of becoming "an integrated non-ferrous metals company that combines trading and manufacturing capabilities."

2. Overview of the method of acquisition

ALCONIX MT CORPORATION, an intermediate holding company wholly owned by ALCONIX, will purchase the shares of MARKTEC Corporation stock to make this company a consolidated subsidiary. The reason for using an intermediate holding company is to avoid posting the cost of purchasing these shares on the ALCONIX's financial statements because this would exert long-term pressure on balance sheet investments and adversely affect the efficient use of capital.



3. Overview of the intermediate holding company to be established

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|---|---|
| (1) Company name | ALCONIX MT CORPORATION |
| (2) Representative | Hideo Yamashita, Representative Director |
| (3) Location | 2-11-1, Nagata-cho, Chiyoda-ku, Tokyo |
| (4) Establishment | Early February 2016 |
| (5) Business | <ul style="list-style-type: none"> • Development, manufacturing, sale and installation of non-destructive testing parts and equipment • Development, manufacturing, sale and installation of printing devices and equipment, and marking devices and equipment • All businesses related to the above |
| (6) Fiscal year end | March 31 |
| (7) Capital | 50 million yen |
| (8) Total number of shares to be issued | 1,000 shares (no stock certificates) |
| (9) Major shareholders | ALCONIX CORPORATION 100% |

4. Overview of the company to be acquired by the intermediate holding company (as of December 31, 2015)

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|------------------------------------|--|
| (1) Company name | MARKTEC Corporation |
| (2) Representative | Keigo Nishimoto, Representative Director, President & CEO |
| (3) Location | 17-35, Omori Nishi 4-chome, Ota-ku, Tokyo |
| (4) Establishment | June 1955 |
| (5) Business | <ul style="list-style-type: none"> • Development, manufacturing, sale and installation of non-destructive testing parts and equipment • Development, manufacturing, sale and installation of printing devices and equipment, and marking devices and equipment |
| (6) Fiscal year end | December 31 |
| (7) Employees | 256 (Consolidated), 137 (Non-consolidated) |
| (8) Main offices | Ota-ku, Tokyo (Headquarters and Service Center) Narita, Chiba (Plant) Worldwide subsidiaries (China, South Korea and Thailand) |
| (9) Capital | 2,078 million yen |
| (10) Total number of shares issued | 2,660,230 shares |
| (11) Major shareholders | CAS Capital Fund No. 5: 84.72% Hideyuki Matsukawa: 15.28% |

| | | |
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| (12) Relationships between ALCONIX and MARKTEC | Capital | There is no significant capital relationship between ALCONIX and MARKTEC, and there are no significant capital relationships between persons or companies affiliated with ALCONIX, and persons or companies affiliated with MARKTEC. |
| | Personnel | There is no significant personnel relationship between ALCONIX and MARKTEC, and there are no significant personnel relationships between persons or companies affiliated with ALCONIX, and persons or companies affiliated with MARKTEC. |
| | Business | There is no significant business relationship between ALCONIX and MARKTEC, and there are no significant business relationships between persons or companies affiliated with ALCONIX, and persons or companies affiliated with MARKTEC. |

(13) Results of the most recent fiscal years (consolidated)

(Millions of yen)

| Fiscal years ended | December 2012 | December 2013 | December 2014 |
|--------------------|---------------|---------------|---------------|
| Net sales | 5,154 | 5,323 | 5,757 |
| Ordinary income | 599 | 580 | 531 |
| Net income | 587 | 524 | 541 |
| Total assets | 7,882 | 8,516 | 8,965 |
| Net assets | 5,718 | 6,302 | 4,579 |

5. Overview of seller

| | | |
|----------------------------------|--|--|
| (1) Name | Investment Limited Partnership CAS Capital Fund No. 5 (CCF5) | |
| (2) Location | 2, Ichibancho, Chiyoda-ku, Tokyo | |
| (3) Jurisdiction | Investment limited partnership established based on the Limited Partnership Act for Investment | |
| (4) Activities | Acquiring revenue by means of the business of investing in operating companies | |
| (5) Establishment | February 2008 | |
| (6) Overview of managing partner | Name | Unlimited Liability Partner CCP5 Co. Ltd. (CCP5) |
| | Location | 2, Ichibancho, Chiyoda-ku, Tokyo |
| | Business | Investment |
| | Capital | 12 million yen |

Note: Overview of investors (name, investment ratio, etc.) is not disclosed.

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| (7) Relationships between ALCONIX, CCF5 and CCP5 | Relationships between ALCONIX and CCF5 | Neither ALCONIX nor persons or companies affiliated with ALCONIX directly or indirectly invest in CCF5. In addition, there are no significant capital, personnel or business relationships between ALCONIX, persons or companies affiliated with ALCONIX and investors of CCF5, including the current investors. |
| | Relationships between ALCONIX and CCP5 | There is no significant capital, personnel or business relationships between ALCONIX and CCP5, and there are no significant capital, personnel or business relationships between persons or companies affiliated with ALCONIX, and persons or companies affiliated with CCP5. |

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|---|--|
| (1) Name | Hideyuki Matsukawa |
| (2) Address | Tokyo |
| (3) Relationships between ALCONIX and Mr. Matsukawa | There are no significant capital, personnel or business relationships between ALCONIX and Mr. Matsukawa (including his immediate family and any companies, etc. and their subsidiaries that are majority-owned by Mr. Matsukawa and his immediate family). In addition, there are no significant capital, personnel or business relationships between persons or companies affiliated with ALCONIX, Mr. Matsukawa, and persons or companies affiliated with Mr. Matsukawa. |

6. Number of shares of MARKTEC Corporation stock to be acquired by the intermediate holding company and status of ownership before and after acquisition

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|---|--------------------------------------|------------------------|
| (1) Share ownership before acquisition | 0 share | |
| (2) Number of shares to be acquired | 2,660,230 shares | |
| (3) Acquisition price (millions of yen) | Common stock of MARKTEC Corporation | 7,052 |
| | Due diligence cost, etc. (estimates) | 50 |
| | <hr/> | |
| | Total | 7,102 |
| (4) Share ownership after acquisition | 2,660,230 shares | (Ownership ratio 100%) |

Note: As ALCONIX did not use financial advisors in regard to the acquisition of shares MARKTEC stock, advisory or other fees relating this stock acquisition were not applicable.

7. Schedule

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| January 26, 2016 | Resolution of the Board of Directors (Resolution on the establishment of intermediate holding company and acquisition of shares of MARKTEC Corporation by the intermediate holding company) |
| January 27, 2016 (tentative) | Conclusion of agreement regarding share transfer |
| Early February 2016 (tentative) | Establishment of the intermediate holding company |
| Mid-February 2016 (tentative) | Stock acquisition date |

8. Impact on the earnings forecasts for the current fiscal year

An intermediate holding company will be established in February 2016, as well as the acquisition of shares of MARKTEC Corporation stock and the inclusion of this company in the consolidation. The impact of these events on ALCONIX's consolidated forecasts for the fiscal year ending March 31, 2016 is currently being reviewed. An announcement will be made promptly if the review of impact on business performance requires a revision to these forecasts.