

Consolidated Financial Report [IFRS] for the First Quarter Ended June 30, 2016

July 28, 2016

Listed Company: Hitachi Metals, Ltd. (URL <http://www.hitachi-metals.co.jp/e/index.html>)

Listed Stock Exchanges: Tokyo Stock Exchange, Inc. (First Section, Code Number 5486)

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Note: Figures are rounded off to the nearest million yen.

1. Performance for the First Quarter Ended June 30, 2016 (April 1, 2016 to June 30, 2016)

(1) Operating Results (% indicates the rate of +/- compared with the previous fiscal year)

	Revenues		Operating Income		Income before Income Taxes		Net Income		Net Income attributable to Shareholders of the Parent Company		Comprehensive Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June, 2016	226,367	(14.6)	16,298	(17.7)	12,436	(74.9)	9,618	(72.8)	9,512	(73.0)	(12,397)	—
June, 2015	265,113	19.2	19,795	2.0	49,493	111.1	35,387	71.5	35,235	72.5	39,634	94.3

(Note) In order to give a true view of the condition of the Company's business without the effects of business restructuring, adjusted operating income is presented as "operating income" in the table above, wherein said adjusted operating income is the operating income recorded in the condensed interim consolidated statement of income, excluding non-operating income and expenses, and extraordinary income and losses. Adjusted operating income is a unified profit indicator for the Hitachi Group, including Hitachi, Ltd. Adjusted operating income for the three months ended June 30, 2015, was ¥48,699 million and the three months ended June 30, 2016, was ¥15,312 million.

	Earnings per Share attributable to Shareholders of the Parent Company (Basic)	Earnings per Share attributable to Shareholders of the Parent Company (Diluted)
	Yen	Yen
June, 2016	22.25	—
June, 2015	82.40	—

(2) Financial Standing

	Total Asset	Total Equity	Equity attributable to Shareholders of the Parent Company	Equity attributable to Shareholders of the Parent Company Ratio	Equity per Share attributable to Shareholders of the Parent Company
	Million yen	Million yen	Million yen	%	Yen
June, 2016	988,198	486,692	478,051	48.4	1,118.04
March, 2016	1,033,311	504,675	495,865	48.0	1,159.70

2. Dividends

	Dividends per Share				
	1Q	2Q	3Q	Term-end	Annual
	Yen	Yen	Yen	Yen	Yen
March, 2016	—	13.00	—	13.00	26.00
March, 2017	—	—	—	—	—
March, 2017 (Forecast)	—	13.00	—	13.00	26.00

Note: Revision of the latest forecasts of results : No

3. Business results forecast for the year ending March 31, 2017 (April, 2016 to March.31, 2017)

(% indicates the rate of +/- compared with the same term of the previous fiscal year)

	Revenues		Operating Income		Income before Income Taxes		Net Income attributable to Shareholders of the Parent Company		Basic Earnings per Share
	Million yen	%	Million	%	Million	%	Million yen	%	Yen
Interim period	465,500	(11.3)	34,000	(6.0)	28,500	(53.0)	19,000	(56.6)	44.44
Full-year	950,000	(6.6)	78,000	2.5	65,000	(32.5)	45,000	(34.8)	105.24

Note: Revision of the latest forecasts of results : No

(Note) In order to give a true view of the condition of the Company's business without the effects of business restructuring, adjusted operating income is presented as "operating income" in the table above, wherein said adjusted operating income is the operating income recorded in the condensed interim consolidated statement of income, excluding non-operating income and expenses, and extraordinary income and losses. Adjusted operating income is a unified profit indicator for the Hitachi Group, including Hitachi, Ltd.

※ Other Notes

(1) Changes in major subsidiaries during the period under review: Yes

Newly included : •

Excluded : Hitachi Metals Automotive Components USA, LLC.

(2) Changes in accounting policies and accounting estimates

(i) Changes in accounting policies requested by IFRS: None

(ii) Changes other than those in (i): None

(iii) Changes in accounting estimates: None

(3) Numbers of shares issued (Common stock)

(i) Number of shares outstanding at end of period

(Including treasury stock)

(ii) Number of treasury stock outstanding at end of period

(iii) Average number of shares issued during the term

June, 2016	428,904,352	March, 2016	428,904,352
June, 2016	1,325,138	March, 2016	1,324,420
June, 2016 (1Q)	427,579,601	June, 2015 (1Q)	427,589,766

*This quarterly consolidated financial report is not subject to the quarterly review procedure by external auditors that are based on Financial Instruments and Exchange Act. The quarterly review procedure has not yet finished at the point of releasing this financial summary.

*The forecast figures, with the exception of actual results, are based on certain assumptions and predictions of the management at the time of preparation. Changes in business conditions or underlying assumptions may cause actual results may differ from those projected. Please refer to "(3) Forecasts for the Fiscal Year Ending March 31, 2017, including Consolidated Operating Forecasts" on page 6 for precondition and assumption as the basis of the above forecasts.

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1. Qualitative Information Regarding Financial Results for the Three Months Ended June 30, 2016

(1) Information Regarding Operating Results

The global economy during the three months ended June 30, 2016, remained on a modest rebound track primarily in advanced countries. Meanwhile, uncertainty over future prospects for the global economy and financial markets intensified toward the end of the period, affected by the United Kingdom's referendum result leading to Brexit. The United States and European economies continued to experience upturns supported by increased individual consumption. Chinese economic growth remained stagnant, despite some signs of bottoming out underpinned by the government's economic measures to bolster business conditions. Following such trends in China, emerging countries also experienced economic slowdown. Amid these situations, the Japanese economy showed some improvements in corporate profits and the employment situation; however, the economic outlook remained unclear as individual consumption did not yet show signs of a strong recovery, accompanied by continued concerns over the effects of the sharp appreciation of the yen and static overseas demand.

Among the industries in which Hitachi Metals Group (the "Group") operates, the automobile industry experienced strong demand in the United States and China; however, the domestic market saw a lower level of demand than in the previous year mainly for small cars. Supply and demand of steel was stagnant due to China's high-level exports of steel materials in the midst of weak global demand affected by economic slowdown in emerging countries. The number of new housing starts continued to increase both in the United States and Japan. Although demand in the electronics industry fell due to stagnant growth of mobile devices in emerging countries and demand for air-conditioning units was at a standstill, some signs of recovery were seen in those industries at the end of the three-month period.

Under the business circumstances described above, for the three months ended June 30, 2016, revenues of the Group decreased by 14.6% to ¥226,367 million and operating income decreased by ¥33,387 million to ¥15,312 million, compared with those for the three months ended June 30, 2015, influenced by a reduction in raw material prices (a sliding scale raw material price system), the appreciation of the yen and a decline in demand. Operating income decreased mainly due to a decrease in gross profit and gains on business reorganization and others of ¥29,073 million in other income arising from a transfer of shares equivalent to 51% of the issued shares of Hitachi Tool Engineering, Ltd. (currently named Mitsubishi Hitachi Tool Engineering, Ltd.) to Mitsubishi Materials Corporation as of April 1, 2015, during the three months ended June 30, 2015. Income before income taxes decreased by ¥37,057 million to ¥12,436 million and net income attributable to shareholders of the parent company decreased by ¥25,723 million to ¥9,512 million, compared with the same period of the prior year.

Results by business segment are as follows. Note that revenues for each segment include intersegment revenues. There were no changes to the businesses of the Group during the three month ended June 30, 2016.

Effective from the three months ended June 30, 2016, the Group changed part of its internal managerial categories of businesses and consolidated subsidiaries that belong to reportable segments. It also changed treatment for certain corporate general and administrative expenses, such as research expenses, that were previously treated as adjustments to allocate them to applicable reporting segments based on the budget. Refer to "2. Condensed interim consolidated financial statements, (5) Segment information" for details.

Year-on-year comparable information presented below reflects the above changes to the categories of the reportable segments and treatment for certain corporate general and administrative expenses.

High-Grade Metal Products and Materials

Revenues in the High-Grade Metal Products and Materials segment for the three months ended June 30, 2016, were ¥58,576 million, a decrease of 13.2% as compared with those for the three months ended June 30, 2015. Operating income of the segment decreased by ¥28,715 million to ¥6,187 million for the same period due to gains recognized on business reorganization and other of ¥25,931 million arising from the transfer of shares of Hitachi Tool Engineering, Ltd. (currently named Mitsubishi Hitachi Tool Engineering, Ltd.) during the three months ended June 30, 2015.

<Specialty Steel>

Sales of molds and tool steel fell below those for the three months ended June 30, 2015, due to inventory adjustments of molds and tool steel affected by an economic slowdown mainly in Asia. Sales of industrial equipment materials resulted in the same level as those for the same period, as sales of other industrial components for overseas markets shrank, despite steady sales growth of environment-friendly products related to automobiles. Sales of aircraft-related and energy-related materials faced an in-between season of demand. In alloys for electronic products, sales of display-related materials were stagnant.

<Rolls>

Sales of various sorts of rolls decreased due to diminished demand for various sorts of rolls mainly in overseas countries. Sales of injection molding machine parts fell year-on-year, affected by a decline in demand for mobile devices.

<Soft Magnetic Materials and Applied Products>

Sales of soft magnetic materials and applied products decreased as compared with those for the three months ended June 30, 2015, due to a drop in demand in China.

Magnetic Materials and Applications

Revenues in the Magnetic Materials and Applications segment for the three months ended June 30, 2016, were ¥23,890 million, a decrease of 14.2% as compared with those for the three months ended June 30, 2015. Operating income of the segment decreased by ¥927 million to ¥1,298 million for the same period.

<Magnets>

Sales of rare earth magnets decreased as compared with those for the three months ended June 30, 2015, because of diminished demand for industrial equipment and household appliances, despite strong demand in automotive electronic components for electric power steering and hybrid automobiles. For sales of ferrite magnets, certain household appliance parts were affected by decreased demand in overseas markets, despite strong demand for automotive electronic components.

High-Grade Functional Components and Equipment

Revenues in the High-Grade Functional Components and Equipment segment for the three months ended June 30, 2016, were ¥83,892 million, a decrease of 12.1% as compared with those for the three months ended June 30, 2015. Operating income of the segment decreased by ¥1,833 million to ¥5,237 million for the same period.

<Casting Components for Automobiles>

Despite strong demand for casting components for automobiles in the North American market, sales decreased compared with those for the three months ended June 30, 2015, due to the appreciation of the yen and a decrease in domestic demand. Sales of heat-resistant exhaust casting components increased as compared with the same period of the prior year due to an increase in demand in the European and American markets, as well as in Asian countries. Sales of aluminum wheels decreased as compared with the same period of the prior year due to the appreciation of the yen, despite robust demand in both the United States and Japan.

<Piping Components>

Sales of pipe fittings, as a whole, decreased as compared with the three months ended June 30, 2015, due to the effects of the delay in large-scale constructions despite the increased number of new housing starts both in Japan and overseas.

Wires, Cables, and Related Products

Revenues in the Wires, Cables, and Related Products segment for the three months ended June 30, 2016, were ¥59,737 million, a decrease of 18.5% as compared with those for the three months ended June 30, 2015. Operating income of the segment decreased by ¥2,702 million to ¥1,860 million for the same period due to gains recognized on business reorganization and other of ¥2,249 million during the three months ended June 30, 2015

<Electric Wires and Cables>

While revenues from magnet wires and electric wires and cables for construction decreased, sales of wires and cables for rolling stock, which is one of the focus areas of the Group, grew significantly, especially for China.

<Functional Components>

Sales of automotive products decreased as compared with those for the three months ended June 30, 2015, affected by stalling domestic demand in spite of brisk sales of both electronic components for automobiles and brake hoses in North America. Sales of probe cables for medical use decreased as compared with the same period of the prior year due to diminished demand in overseas countries.

<Information System Devices and Materials>

Sales of information system devices and materials were affected by prolonged sluggish capital investments in infrastructure by telecommunications carriers.

Other

Revenues in the Other segment for the three months ended June 30, 2016, were ¥733 million, a decrease of 62.0% as compared with those for the three months ended June 30, 2015. Operating income of the segment increased by ¥145 million to ¥65 million for the same period.

(2) Analysis of Financial Condition

1) Assets, liabilities, and equity

The analysis of changes in the Group's condensed interim consolidated statement of financial position as of the end of the period ended June 30, 2016, is as follows:

Total assets were ¥988,198 million, a decrease of ¥45,113 million compared with the end of the fiscal year ended March 31, 2016. Current assets were ¥463,166 million, a decrease of ¥20,689 million compared with the end of the fiscal year ended March 31, 2016. This was mainly attributable to decreases in cash and cash equivalents and trade receivables of ¥12,511 million and ¥5,026 million, respectively. Non-current assets were ¥525,032 million, a decrease of ¥24,424 million compared with the end of the fiscal year ended March 31, 2016. This was mainly attributable to decreases in goodwill and intangible assets, and property, plant and equipment of ¥11,271 million and ¥11,212 million, respectively.

Total liabilities were ¥501,506 million, a decrease of ¥27,130 million compared with the end of the fiscal year ended March 31, 2016. This was mainly attributable to decreases in long-term debt and accrued expenses of ¥10,267 million and ¥7,019 million, respectively. Total equity was ¥486,692 million, a decrease of ¥17,983 million compared with the end of the fiscal year ended March 31, 2016. This was mainly attributable to a decrease in accumulated other comprehensive income of ¥21,848 million.

2) Cash flows

Cash and cash equivalents as of June 30, 2016, were ¥107,789 million, a decrease of ¥12,511 million from March 31, 2016, as a result of net cash used in investing activities and financing activities exceeding the cash provided by operating activities.

The analysis of cash flows for each category as of June 30, 2016, is as follows:

<Cash Flows from Operating Activities>

Net cash provided by operating activities was ¥7,887 million, which was mainly attributable to net income of ¥9,618 million for the three months ended June 30, 2016.

<Cash Flows from Investing Activities>

Net cash used in investing activities was ¥10,845 million, which was mainly attributable to payment of ¥12,185 million for the purchase of property, plant and equipment.

<Cash Flows from Financing Activities>

Net cash used in financing activities was ¥4,807 million, which was mainly attributable to a net increase in short-term debt of ¥6,326 million, repayment of long-term debt of ¥5,547 million, and payment of dividends of ¥5,585 million to shareholders.

(3) Forecasts for the Fiscal Year Ending March 31, 2017, including Consolidated Operating Forecasts

The performance for the three months ended June 30, 2016, resulted in the same level as the initial forecast, in general. Although the business environment surrounding the Group is expected to remain uncertain over the next three months and onwards, there will be no change to the figures in the operating forecast for the fiscal year ending March 31, 2017 (April 1, 2016, through March 31, 2017) that was announced on April 27, 2016.

2. Condensed Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and cash equivalents	120,300	107,789
Trade receivables	178,281	173,255
Inventories	146,964	146,064
Other current assets	38,310	36,058
Total current assets	483,855	463,166
Non-current assets		
Investments accounted for using the equity method	36,437	34,364
Investments in securities and other financial assets	22,446	21,496
Property, plant and equipment	304,292	293,080
Goodwill and intangible assets	158,915	147,644
Deferred tax assets	12,552	14,502
Other non-current assets	14,814	13,946
Total non-current assets	549,456	525,032
Total assets	1,033,311	988,198

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Liabilities		
Current liabilities		
Short-term debt	25,251	29,741
Current portion of long-term debt	27,131	26,138
Other financial liabilities	26,714	22,693
Trade payables	148,999	144,961
Accrued expenses	38,067	31,048
Advances received	2,426	2,677
Other current liabilities	8,126	5,170
Total current liabilities	<u>276,714</u>	<u>262,428</u>
Non-current liabilities		
Long-term debt	167,994	157,727
Other financial liabilities	3,482	3,671
Retirement and severance benefits	66,820	64,836
Deferred tax liabilities	7,933	7,267
Other non-current liabilities	5,693	5,577
Total non-current liabilities	<u>251,922</u>	<u>239,078</u>
Total liabilities	<u>528,636</u>	<u>501,506</u>
Equity		
Equity attributable to shareholders of the parent company		
Common stock	26,284	26,284
Capital surplus	115,806	115,806
Retained earnings	336,141	340,176
Accumulated other comprehensive income	18,780	(3,068)
Treasury stock, at cost	(1,146)	(1,147)
Total equity attributable to shareholders of the parent company	<u>495,865</u>	<u>478,051</u>
Non-controlling interests	8,810	8,641
Total equity	<u>504,675</u>	<u>486,692</u>
Total liabilities and equity	<u>1,033,311</u>	<u>988,198</u>

**(2) Condensed Interim Consolidated Statement of Income
and Condensed Interim Consolidated Statement of Comprehensive Income**
[Condensed Interim Consolidated Statement of Income]
[For the three months ended June 30, 2016]

(Millions of yen)

	Note	For the first quarter ended June 30, 2015	For the first quarter ended June 30, 2016
Revenues		265,113	226,367
Cost of sales		(213,927)	(181,894)
Gross profit		51,186	44,473
Selling, general and administrative expenses		(31,391)	(28,175)
Other income		30,261	1,295
Other expenses		(1,357)	(2,281)
Operating income	1	48,699	15,312
Interest income		151	76
Other financial income		974	173
Interest charges		(901)	(715)
Other financial expenses		—	(2,365)
Share of profits (losses) of investments accounted for using the equity method		570	(45)
Income before income taxes		49,493	12,436
Income taxes		(14,106)	(2,818)
Net income		35,387	9,618
Net income attributable to:			
Shareholders of the parent company		35,235	9,512
Non-controlling interests		152	106
Net income		35,387	9,618
Earnings per share attributable to shareholders of the parent company			
Basic		¥82.40	¥22.25
Diluted		—	—

Note: 1. Adjusted operating income, which is the operating income presented in the condensed interim consolidated statement of income, excluding other income and other expenses, is ¥16,298 million and ¥19,795 million for the three months ended June 30, 2016 and 2015, respectively. Note that adjusted operating income is presented as “operating income” in (1) Operating Results of Summary Information on the front page.

[Condensed Interim Consolidated Statement of Comprehensive Income]
[For the three months ended June 30, 2016]

(Millions of yen)

	For the first quarter ended June 30, 2015	For the first quarter ended June 30, 2016
Net income	35,387	9,618
Other comprehensive income		
Items not to be reclassified into net income		
Net change in fair value of financial assets measured at fair value through other comprehensive income	(259)	(424)
Share of other comprehensive income of investments accounted for using the equity method	1,433	(581)
Total items not to be reclassified into net income	1,174	(1,005)
Items that can be reclassified into net income		
Foreign currency translation adjustments	3,155	(20,587)
Net change in fair value of cash flow hedges	645	(75)
Share of other comprehensive income of investments accounted for using the equity method	(727)	(348)
Total items that can be reclassified into net income	3,073	(21,010)
Total other comprehensive income	4,247	(22,015)
Comprehensive income	39,634	(12,397)
Comprehensive income attributable to:		
Shareholders of the parent company	39,456	(12,254)
Non-controlling interests	178	(143)
Comprehensive income	39,634	(12,397)

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	For the first quarter ended June 30, 2015	For the first quarter ended June 30, 2016
Cash flows from operating activities:		
Net income	35,387	9,618
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,646	10,612
Impairment losses	—	541
Share of (profits) losses of investments accounted for using the equity method	(570)	45
Financial income and expenses	(224)	2,831
Net (gain) loss on business reorganization and others	(28,682)	179
Income taxes	14,106	2,818
(Increase) decrease in trade receivables	11,644	(3,373)
(Increase) decrease in inventories	(1,973)	(4,330)
Decrease (increase) in accounts receivable - other	(1,901)	531
Increase (decrease) in trade payables	(2,816)	2,010
(Decrease) increase in accrued expenses	(5,215)	(5,253)
Increase (decrease) in retirement and severance benefits	(3,838)	250
Other	475	(1,534)
Subtotal	27,039	14,945
Interest and dividends received	751	167
Interest paid	(1,353)	(1,086)
Income taxes paid	(2,631)	(6,139)
Net cash provided by operating activities	23,806	7,887

(Millions of yen)

	For the first quarter ended June 30, 2015	For the first quarter ended June 30, 2016
Cash flows from investing activities:		
Purchase of property, plant and equipment	(12,503)	(12,185)
Purchase of intangible assets	(1,050)	(686)
Proceeds from sales of property, plant and equipment	272	406
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(115)	(88)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	27,006	1,166
Proceeds from transfer of business	1,023	—
Other	3,139	542
Net cash used in investing activities	<u>17,772</u>	<u>(10,845)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term debt, net	2,556	6,326
Repayment of long-term debt	(6,709)	(5,547)
Dividends paid to shareholders	(5,559)	(5,559)
Dividends paid to non-controlling interests	(117)	(26)
Acquisition of common stock for treasury	(35)	(1)
Net cash used in financing activities	<u>(9,864)</u>	<u>(4,807)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>706</u>	<u>(4,746)</u>
Net (decrease) increase in cash and cash equivalents	32,420	(12,511)
Cash and cash equivalents at the beginning of the first quarter	<u>79,029</u>	<u>120,300</u>
Cash and cash equivalents at the end of the first quarter	<u><u>111,449</u></u>	<u><u>107,789</u></u>

(5) Segment Information

I The primary products and services included in each segment are as follows:

Reportable segment	Major products and services
High-Grade Metal Products and Materials	<ul style="list-style-type: none"> •YASUGI SPECIALTY STEEL brand high-grade specialty steel products (molds and tool steel, alloys for electronic products [display-related materials, semiconductor and other package materials, and battery-related materials], materials for industrial equipment [automobile related materials, and razor and blade materials] aircraft- and energy-related materials, and precision cast components) •Rolls for steel mills •Injection molding machine parts •Structural ceramic products •Steel-frame joints for construction •Soft magnetic materials (Metglas[®] amorphous metals; FINEMET[®] nanocrystalline magnetic material; and soft ferrite) and applied products
Magnetic Materials and Applications	<ul style="list-style-type: none"> •Magnets (NEOMAX[®] rare-earth magnets; ferrite magnets; and other magnets and applied products) •Ceramic components
High-Grade Functional Components and Equipment	<ul style="list-style-type: none"> •Casting components for automobiles (HNM[™] high-grade ductile cast iron products, cast iron products for transportation equipment, and HERCUNITE[™] heat-resistant exhaust casting components) •SCUBA[™] aluminum wheels and other aluminum components •Forged components for automobiles •Piping and infrastructure components (Gourd[™] brand pipe fittings, stainless steel and plastic piping components, water cooling equipment, precision mass flow control devices, and sealed expansion tanks)
Wires, Cables, and Related Products	<ul style="list-style-type: none"> •Industrial cables, electronic wires, electric equipment materials, and industrial rubber products •Cable assemblies •Electronic components for automotive, and brake hoses •Wireless systems •APRESIA[™] Information networks products

II Last consolidated fiscal year (from April 1, 2015 to June 30, 2015)

(Millions of yen)

	Business Segment					Others	Total	Adjustments	Condensed Interim Consolidated Statement of Income
	High-Grade Metal Products and Materials	Magnetic Materials and Applications	High-Grade Functional Components and Equipment	Wires, Cables, and Related Products	Subtotal				
Revenues									
External customers	67,324	27,858	95,453	73,206	263,841	1,272	265,113	—	265,113
Intersegment transactions	125	(1)	3	61	188	657	845	(845)	—
Total revenues	67,449	27,857	95,456	73,267	264,029	1,929	265,958	(845)	265,113
Segment profit (loss)	34,902	2,225	7,070	4,562	48,759	(80)	48,679	20	48,699
Financial income	—	—	—	—	—	—	—	—	1,125
Financial expenses	—	—	—	—	—	—	—	—	(901)
Share of profits (losses) of investments accounted for using the equity method	—	—	—	—	—	—	—	—	570
Income before income taxes	—	—	—	—	—	—	—	—	49,493

Note: 1. Segment profit (loss) is based on operating income.

2. Intersegment transactions are recorded at the same prices used in transactions with third parties. Adjustments represent mainly allocation variances of general and administrative expenses for corporate assets, which are not allocated to each reportable segment.

III Current year (from April 1, 2016 to June 30, 2016)

(Millions of yen)

	Business Segment					Others	Total	Adjustments	Condensed Interim Consolidated Statement of Income
	High-Grade Metal Products and Materials	Magnetic Materials and Applications	High-Grade Functional Components and Equipment	Wires, Cables, and Related Products	Subtotal				
Revenues									
External customers	58,553	23,889	83,892	59,729	226,063	304	226,367	—	226,367
Intersegment transactions	23	1	—	8	32	429	461	(461)	—
Total revenues	58,576	23,890	83,892	59,737	226,095	733	226,828	(461)	226,367
Segment profit	6,187	1,298	5,237	1,860	14,582	65	14,647	665	15,312
Financial income	—	—	—	—	—	—	—	—	249
Financial expenses	—	—	—	—	—	—	—	—	(3,080)
Share of profits (losses) of investments accounted for using the equity method	—	—	—	—	—	—	—	—	(45)
Income before income taxes	—	—	—	—	—	—	—	—	12,436

Note: 1. Segment profit is based on operating income.

2. Intersegment transactions are recorded at the same prices used in transactions with third parties. Adjustments represent mainly allocation variances of general and administrative expenses for corporate assets, which are not allocated to each reportable segment.

Effective from the three months ended June 30, 2016, the Group changed part of its internal managerial categories of businesses and consolidated subsidiaries related to reportable segments, aiming for enhanced operational efficiency and further growth of the Soft magnetic materials-related businesses . Accordingly, the Soft magnetic materials and applied products business, which was previously included in the Magnetic Materials and Applications segment, has been aggregated into the High-Grade Metal Products and Materials segment.

In accordance with the change to the internal managerial categories, the Group also changed treatment for certain corporate general and administrative expenses, including research expenses that were previously treated as adjustments, to allocate such expenses to applicable reporting segments based on the budget.

Year-on-year comparable segment information presented below reflects the above changes to the categories of the reportable segments and treatment for certain corporate general and administrative expenses.