



Consolidated Financial Report [IFRS] for the First Quarter Ended June 30, 2017

July 27, 2017

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, 2017 (April 1, 2017 to June 30, 2017)

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

	Revenues		Adjusted Operating Income		Operating Income		Income before Income Taxes		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June, 2017	241,312	6.6	17,664	8.4	17,083	11.6	18,055	45.2	13,892	44.4
June, 2016	226,367	(14.6)	16,298	(17.7)	15,312	(68.6)	12,436	(74.9)	9,618	(72.8)

Note: 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.

	Net Income attributable to Shareholders of the Parent Company		Comprehensive Income		Earnings per Share attributable to Shareholders of the Parent Company (Basic)	Earnings per Share attributable to Shareholders of the Parent Company (Diluted)
	Million yen	%	Million yen	%	Yen	Yen
June, 2017	13,893	46.1	14,726	—	32.49	—
June, 2016	9,512	(73.0)	(12,397)	—	22.25	—

(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, 2017	1,049,884	557,890	545,698	52.0	1,276.26
March, 2017	1,040,390	548,746	536,563	51.6	1,254.89

2. Dividends

	Dividends per Share				
	1Q	2Q	3Q	Term-end	Annual
	Yen	Yen	Yen	Yen	Yen
March, 2017	—	13.00	—	13.00	26.00
March, 2018	—				
March, 2018 (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, 2018 (April 1, 2017 to March.31, 2018)

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

	Revenues		Adjusted Operating Income		Income before Income Taxes		Net Income attributable to Shareholders of the Parent Company		Basic Earnings per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	950,000	4.3	80,000	21.2	63,000	(4.6)	45,000	(11.1)	105.24

Note: 1. Revision of the latest forecasts of results : No

2. 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

Numbers of shares issued (Common stock)

(i) Number of shares outstanding at end of period

(Including treasury stock)

June, 2017	428,904,352	March, 2017	428,904,352
June, 2017	1,329,338	March, 2017	1,327,900
June, 2017 (1Q)	427,575,573	June, 2016 (1Q)	427,579,601

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

(iii) Average number of shares issued during the term

*This quarterly consolidated financial report is not subject to the quarterly review procedure.

*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, 2018, 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, 2017

(1) Information Regarding Operating Results

The global economy during the three months ended June 30, 2017, remained on a modest rebound track primarily in advanced countries. The United States maintained steady economic growth, backed by an improvement in the employment situation and an increase in individual consumption and capital expenditures. European economies continued a moderate recovery due to an improvement in capital investment and productivity. The Chinese economy showed some signs of a partial rally in the market due to the effects of the government's various economic measures, and economic growth in emerging countries also remained on a recovery track. Amid these conditions, the Japanese economy continued to recover gradually as a result of the ongoing improvement in the employment and income environment and increased exports and capital investment supported by a steady recovery of the global economy.

Among the industries in which Hitachi Metals Group (the "Group") operates, in the automobile industry, sales in Japan significantly increased, led by strong demand for new models; and Europe and China also showed steady demand, while sales in new vehicles decreased in the United States compared with those for the three months ended June 30, 2016. Demand for steel increased mainly in the manufacturing sector, including automobile and industrial machinery. The number of new housing starts remained at the same level. In the electronics industry, mobile device shipments significantly increased.

Under the business circumstances described above, for the three months ended June 30, 2017, revenues of the Group increased by 6.6% to ¥241,312 million, compared with those for the three months ended June 30, 2016. This result was influenced mainly by a rise in raw materials prices (a sliding-scale raw material price system) and the depreciation of the yen, in addition to an increase in demand for mainstays. Adjusted operating income* increased by ¥1,366 million to ¥17,664 million, and operating income increased by ¥1,771 million to ¥17,083 million, compared with those for the three months ended June 30, 2016, mainly due to an increase in income associated with increased revenue and effects of cost reduction activities, despite a rise in costs associated with active investment. For the three months ended June 30, 2017, income before income taxes increased by ¥5,619 million to ¥18,055 million and net income attributable to shareholders of the parent company increased by ¥4,381 million to ¥13,893 million, compared with those for the three months ended June 30, 2016.

*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.

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, 2017.

The Group has changed its segment names from "High-Grade Metal Products and Materials" to "Specialty Steel Products" and from "High-Grade Functional Components and Equipment" to "Functional Components and Equipment" effective from April 1, 2017. This change in segment names does not affect the segment information.

Specialty Steel Products

Revenues in the Specialty Steel Products segment for the three months ended June 30, 2017, were ¥61,295 million, an increase of 4.6%, and adjusted operating income increased by ¥670 million to ¥6,984 million, as compared with those for the three months ended June 30, 2016. Operating income of the segment increased by ¥719 million to ¥6,906 million for the same period.

<Specialty Steel>

Sales of molds and tool steel exceeded those for three months ended June 30, 2016, due to a recovery in demand for both Japan and Asia. Sales of industrial equipment materials increased overall compared with those for the three months ended June 30, 2016, as sales of environmentally friendly products related to automobiles as well as other industrial components, in particular, components for semiconductor-related equipment, increased. Sales of alloys for electronic products significantly increased compared with those for the three months ended June 30, 2016, due to strong sales in semiconductor package components and battery-related components. Aircraft-related and energy-related materials showed weak sales.

<Rolls>

Sales of injection molding machine parts showed recovery resulting from an increase in demand for mobile devices. Meanwhile, in September 2016, the Group discontinued production of rolls at a Chinese subsidiary for the purpose of concentrating management resources in high value-added products. As a result, sales of rolls as a whole fell year on year.

<Soft Magnetic Materials and Applied Products>

Sales of soft magnetic materials and applied products as a whole fell below those for the three months ended June 30, 2016, due to a drop in demand of amorphous metals, although sales of applied products for mobile devices and automobiles increased because of the robust demand.

Magnetic Materials and Applications

Revenues in the Magnetic Materials and Applications segment for the three months ended June 30, 2017, were ¥25,307 million, an increase of 5.9%, and adjusted operating income increased by ¥745 million to ¥2,034 million, as compared with those for the three months ended June 30, 2016. Operating income of the segment increased by ¥765 million to ¥2,063 million for the same period.

Sales of rare earth magnets overall exceeded those for the three months ended June 30, 2016. The increase in sales is attributable to strong demand in automotive electronic components for electric power steering and hybrid automobiles and solid sales of industrial equipment, supported by increased capital investment-related demand for flat-panel displays, mobile devices, and semiconductors. Sales of ferrite magnets increased compared with those for the three months ended June 30, 2016, due to strong demand for automotive electronic components, reflecting increased automobile production as well as a robust demand for household appliance parts.

Functional Components and Equipment

Revenues in the Functional Components and Equipment segment for the three months ended June 30, 2017, were ¥91,247 million, an increase of 8.8%, and adjusted operating income decreased by ¥1,279 million to ¥3,931 million, as compared with those for the three months ended June 30, 2016. Operating income of the segment decreased by ¥1,674 million to ¥3,563 million for the same period.

<Casting Components for Automobiles>

Despite a slowdown in demand for casting components for pickup trucks and other light trucks as well as passenger vehicles in North America, sales of casting components for automobiles increased as a whole compared with those for the three months ended June 30, 2016. This is due to an increase in demand for casting components for commercial vehicles, farming machinery, and construction machinery in North America, and increased demand for automobiles in Japan and Asia. 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 American, European, and Asian markets. Sales of aluminum wheels fell below those for the three months ended June 30, 2016, affected by decreased demand for passenger vehicles in North America.

<Piping Components>

Sales of pipe fittings as a whole exceeded those for the three months ended June 30, 2016, due to stable demand overseas, offsetting decreased demand in Japan, and strong performance in devices for semiconductor manufacturing equipment, reflecting an increase in demand for semiconductor-related equipment.

Wires, Cables, and Related Products

Revenues in the Wires, Cables, and Related Products segment for the three months ended June 30, 2017, were ¥63,153 million, an increase of 5.7%, and adjusted operating income increased by ¥1,486 million to ¥4,043 million, as compared with those for the three months ended June 30, 2016. Operating income of the segment increased by ¥2,028 million to ¥3,888 million for the same period.

In the Wires, Cables, and Related Products segment, the following measures were taken for the purpose of renewing the business portfolio in the fiscal year ended March 31, 2017. The Information System Business, which is comprised of the information network business and wireless antenna business together with all issued shares of Hitachi Cable Networks, Ltd. held by Hitachi Metals, Ltd. (the "Company"), was transferred as of December 1, 2016. In addition, on January 5, 2017, for the purpose of making prompt management decisions in response to a rapidly changing market environment, the Company transferred all of its interest in SH Materials Co., Ltd, which was a joint venture between the Company and Sumitomo Metal Mining Co., Ltd. ("SMM") and accounted for using the equity-method to SMM. At the same time, the Company obtained all of SMM's interest in SH Copper Products Co., Ltd. ("SH Copper Products"), which was a joint venture between the Company and SMM and accounted for using the equity-method, and SH Copper Products became a wholly owned subsidiary of the Company. Due to these measures, the Company recorded increases in revenue and adjusted operating income compared with those for the three months ended June 30, 2016.

<Electric Wires and Cables>

Sales of wires and cables for rolling stock grew significantly, mainly for China. Sales of electric wires for semiconductor manufacturing equipment and working tools increased, and magnet wires for automobiles and industrial machinery also resulted in greater sales.

<High Performance Components>

Demand for various sensors, harnesses for electric parking brakes and hybrid automobiles increased, and demand for brake hoses was also strong. Sales of probe cables for medical use increased as compared with the same period of the prior year due to increased demand in overseas countries.

Other

Revenues in the Other segment for the three months ended June 30, 2017, were ¥824 million, an increase of 12.4%, and adjusted operating income increased by ¥32 million to ¥65 million, as compared with those for the three months ended June 30, 2016. Operating income of the segment increased by ¥37 million to ¥102 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, 2017, is as follows:

Total assets were ¥1,049,884 million, an increase of ¥9,494 million compared with the end of the fiscal year ended March 31, 2017. Current assets were ¥497,438 million, an increase of ¥5,543 million compared with the end of the fiscal year ended March 31, 2017. This was mainly attributable to the net effect of increases in trade receivables and inventories of ¥12,033 million and ¥12,892 million, respectively, and a decrease in cash and cash equivalents of ¥20,163 million. Non-current assets were ¥552,446 million, an increase of ¥3,951 million compared with the end of the fiscal year ended March 31, 2017. This was mainly attributable to an increase in property, plant and equipment of ¥3,451 million.

Total liabilities were ¥491,994 million, an increase of ¥350 million compared with the end of the fiscal year ended March 31, 2017. This was mainly attributable to the net effect of a decrease in current portion of long-term debt and long-term debt of ¥6,056 million in total and an increase in trade payables of ¥8,586 million. Total equity was ¥557,890 million, an increase of ¥9,144 million compared with the end of the fiscal year ended March 31, 2017. This was mainly attributable to an increase in retained earnings of ¥8,351 million.

2) Cash flows

Cash and cash equivalents as of June 30, 2017, were ¥119,248 million, a decrease of ¥20,163 million from March 31, 2017, 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, 2017, is as follows:

<Cash Flows from Operating Activities>

Net cash provided by operating activities was ¥2,632 million. This was mainly attributable to the net effect of net income of ¥13,892 million, depreciation and amortization of ¥11,282 million, and increases in trade receivables and inventories of ¥11,660 million and ¥12,365 million, respectively.

<Cash Flows from Investing Activities>

Net cash used in investing activities was ¥16,835 million, which was mainly attributable to payment of ¥17,450 million for the purchase of property, plant and equipment.

<Cash Flows from Financing Activities>

Net cash used in financing activities was ¥6,345 million. This was mainly attributable to a net increase in short-term debt of ¥5,087 million, repayment of long-term debt of ¥6,150 million, and payment of dividends of ¥5,580 million to shareholders.

(3) Forecasts for the Fiscal Year Ending March 31, 2018, including Consolidated Operating Forecasts

The performance for the three months ended June 30, 2017, resulted in the same level as the initial forecast, in general. There will be no change to the figures in the operating forecast for the fiscal year ending March 31, 2018 (April 1, 2017, through March 31, 2018) that was announced on April 28, 2017.

**2. Condensed Interim Consolidated Financial Statements
and Notes to Condensed Interim Consolidated Financial Statements
(1) Condensed Interim Consolidated Statement of Financial Position**

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and cash equivalents	139,411	119,248
Trade receivables	175,568	187,601
Inventories	153,556	166,448
Other current assets	23,360	24,141
Total current assets	491,895	497,438
Non-current assets		
Investments accounted for using the equity method	26,239	25,970
Investments in securities and other financial assets	20,964	21,057
Property, plant and equipment	324,667	328,118
Goodwill and intangible assets	151,195	150,136
Deferred tax assets	11,651	12,652
Other non-current assets	13,779	14,513
Total non-current assets	548,495	552,446
Total assets	1,040,390	1,049,884

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Liabilities		
Current liabilities		
Short-term debt	26,301	31,288
Current portion of long-term debt	35,462	38,242
Other financial liabilities	26,360	21,317
Trade payables	150,785	159,371
Accrued expenses	37,817	34,345
Advances received	858	760
Other current liabilities	6,002	7,188
Total current liabilities	283,585	292,511
Non-current liabilities		
Long-term debt	132,694	123,858
Other financial liabilities	1,641	1,702
Retirement and severance benefits	60,299	60,848
Deferred tax liabilities	8,758	8,723
Other non-current liabilities	4,667	4,352
Total non-current liabilities	208,059	199,483
Total liabilities	491,644	491,994
Equity		
Equity attributable to shareholders of the parent company		
Common stock	26,284	26,284
Capital surplus	115,806	115,806
Retained earnings	376,069	384,420
Accumulated other comprehensive income	19,555	20,341
Treasury stock, at cost	(1,151)	(1,153)
Total equity attributable to shareholders of the parent company	536,563	545,698
Non-controlling interests	12,183	12,192
Total equity	548,746	557,890
Total liabilities and equity	1,040,390	1,049,884

**(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, 2017]

(Millions of yen)

	Note	For the first quarter ended June 30, 2016	For the first quarter ended June 30, 2017
Revenues		226,367	241,312
Cost of sales		(181,894)	(194,227)
Gross profit		44,473	47,085
Selling, general and administrative expenses		(28,175)	(29,421)
Other income		1,295	853
Other expenses		(2,281)	(1,434)
Operating income	1	15,312	17,083
Interest income		76	66
Other financial income		173	1,037
Interest charges		(715)	(630)
Other financial expenses		(2,365)	—
Share of (losses) profits of investments accounted for using the equity method		(45)	499
Income before income taxes		12,436	18,055
Income taxes		(2,818)	(4,163)
Net income		9,618	13,892
Net income attributable to:			
Shareholders of the parent company		9,512	13,893
Non-controlling interests		106	(1)
Net income		9,618	13,892
Earnings per share attributable to shareholders of the parent company			
Basic		¥22.25	¥32.49
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 ¥17,664 million for the three months ended June 30, 2016 and 2017, respectively.

[Condensed Interim Consolidated Statement of Comprehensive Income]
[For the three months ended June 30, 2017]

(Millions of yen)

	For the first quarter ended June 30, 2016	For the first quarter ended June 30, 2017
Net income	9,618	13,892
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	(424)	152
Share of other comprehensive income of investments accounted for using the equity method	(581)	7
Total items not to be reclassified into net income	<u>(1,005)</u>	<u>159</u>
Items that can be reclassified into net income		
Foreign currency translation adjustments	(20,587)	546
Net change in fair value of cash flow hedges	(75)	57
Share of other comprehensive income of investments accounted for using the equity method	(348)	72
Total items that can be reclassified into net income	<u>(21,010)</u>	<u>675</u>
Total other comprehensive income	<u>(22,015)</u>	<u>834</u>
Comprehensive income	<u>(12,397)</u>	<u>14,726</u>
Comprehensive income attributable to:		
Shareholders of the parent company	(12,254)	14,696
Non-controlling interests	(143)	30
Comprehensive income	<u>(12,397)</u>	<u>14,726</u>

(3) Condensed Interim Consolidated Statement of Changes in Equity

(Millions of yen)

	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Balance at April 1, 2016	26,284	115,806	336,141	18,780	(1,146)	495,865	8,810	504,675
Changes in equity								
Net income	—	—	9,512	—	—	9,512	106	9,618
Other comprehensive income	—	—	—	(21,766)	—	(21,766)	(249)	(22,015)
Dividends to shareholders of the parent company	—	—	(5,559)	—	—	(5,559)	—	(5,559)
Dividends to non-controlling interests	—	—	—	—	—	—	(26)	(26)
Acquisition of treasury stock	—	—	—	—	(1)	(1)	—	(1)
Sales of treasury stock	—	—	—	—	0	0	—	0
Transfer to retained earnings	—	—	82	(82)	—	—	—	—
Total changes in equity	—	—	4,035	(21,848)	(1)	(17,814)	(169)	(17,983)
Balance at June 30, 2016	26,284	115,806	340,176	(3,068)	(1,147)	478,051	8,641	486,692
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Balance at April 1, 2017	26,284	115,806	376,069	19,555	(1,151)	536,563	12,183	548,746
Changes in equity								
Net income	—	—	13,893	—	—	13,893	(1)	13,892
Other comprehensive income	—	—	—	803	—	803	31	834
Dividends to shareholders of the parent company	—	—	(5,559)	—	—	(5,559)	—	(5,559)
Dividends to non-controlling interests	—	—	—	—	—	—	(21)	(21)
Acquisition of treasury stock	—	—	—	—	(2)	(2)	—	(2)
Sales of treasury stock	—	—	—	—	—	—	—	—
Transfer to retained earnings	—	—	17	(17)	—	—	—	—
Total changes in equity	—	—	8,351	786	(2)	9,135	9	9,144
Balance at June 30, 2017	<u>26,284</u>	<u>115,806</u>	<u>384,420</u>	<u>20,341</u>	<u>(1,153)</u>	<u>545,698</u>	<u>12,192</u>	<u>557,890</u>

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	For the first quarter ended June 30, 2016	For the first quarter ended June 30, 2017
Cash flows from operating activities:		
Net income	9,618	13,892
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,612	11,282
Impairment losses	541	—
Share of losses (profits) of investments accounted for using the equity method	45	(499)
Financial income and expenses	2,831	(473)
Net loss (gain) on business reorganization and others	179	—
Income taxes	2,818	4,163
(Increase) decrease in trade receivables	(3,373)	(11,660)
(Increase) decrease in inventories	(4,330)	(12,365)
(Increase) decrease in accounts receivable - other	531	969
Increase (decrease) in trade payables	2,010	8,045
Increase (decrease) in accrued expenses	(5,253)	(4,022)
Increase (decrease) in retirement and severance benefits	250	583
Other	(1,534)	(4,659)
Subtotal	14,945	5,256
Interest and dividends received	167	917
Interest paid	(1,086)	(982)
Income taxes paid	(6,139)	(2,559)
Net cash provided by operating activities	7,887	2,632

(Millions of yen)

	For the first quarter ended June 30, 2016	For the first quarter ended June 30, 2017
Cash flows from investing activities:		
Purchase of property, plant and equipment	(12,185)	(17,450)
Purchase of intangible assets	(686)	(258)
Proceeds from sales of property, plant and equipment	406	53
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(88)	(24)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	1,166	825
Other	542	19
Net cash used in investing activities	(10,845)	(16,835)
Cash flows from financing activities:		
Increase (decrease) in short-term debt, net	6,326	5,087
Proceeds from long-term debt	—	300
Repayment of long-term debt	(5,547)	(6,150)
Dividends paid to shareholders	(5,559)	(5,559)
Dividends paid to non-controlling interests	(26)	(21)
Acquisition of common stock for treasury	(1)	(2)
Net cash used in financing activities	(4,807)	(6,345)
Effect of exchange rate changes on cash and cash equivalents	(4,746)	385
Net increase (decrease) in cash and cash equivalents	(12,511)	(20,163)
Cash and cash equivalents at the beginning of the first quarter	120,300	139,411
Cash and cash equivalents at the end of the first quarter	107,789	119,248

(5) Segment Information

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

Reportable segment	Major products and services
Specialty Steel Products	<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
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 •Piping and infrastructure components (G™ 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

The Group has changed its segment names from “High-Grade Metal Products and Materials” to “Specialty Steel Products” and from “High-Grade Functional Components and Equipment” to “Functional Components and Equipment” effective from April 1, 2017. This change in segment names does not affect the segment information.

II Last consolidated fiscal year (from April 1, 2016 to June 30, 2016)

(Millions of yen)

	Business Segment					Others	Total	Adjustments	Condensed Interim Consolidated Statement of Income
	Specialty Steel Products	Magnetic Materials and Applications	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 (losses) profits 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.

III Current year (from April 1, 2017 to June 30, 2017)

(Millions of yen)

	Business Segment					Others	Total	Adjustments	Condensed Interim Consolidated Statement of Income
	Specialty Steel Products	Magnetic Materials and Applications	Functional Components and Equipment	Wires, Cables, and Related Products	Subtotal				
Revenues									
External customers	61,245	25,304	91,247	63,080	240,876	436	241,312	—	241,312
Intersegment transactions	50	3	—	73	126	388	514	(514)	—
Total revenues	61,295	25,307	91,247	63,153	241,002	824	241,826	(514)	241,312
Segment profit	6,906	2,063	3,563	3,888	16,420	102	16,522	561	17,083
Financial income	—	—	—	—	—	—	—	—	1,103
Financial expenses	—	—	—	—	—	—	—	—	(630)
Share of (losses) profits of investments accounted for using the equity method	—	—	—	—	—	—	—	—	499
Income before income taxes	—	—	—	—	—	—	—	—	18,055

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.