



Consolidated Financial Report [IFRS]

For the 6-month period ended September 30, 2018

October 25, 2018

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)

Representative: Akitoshi Hiraki, President and Chief Executive Officer

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

1. Performance for the First Half Ended September 30, 2018 (April 1, 2018 to September 30, 2018)

(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	%
Sept., 2018	518,958	7.6	33,079	2.8	35,775	33.5	37,237	32.9	28,056	42.8
Sept., 2017	482,361	8.1	32,188	3.7	26,788	(7.0)	28,025	13.0	19,645	7.5

Note: In order to give a true view of the condition of the whole Group's business without the effects of business restructuring etc., the Hitachi Metals Group (the "Group") shows "adjusted operating income" which is the operating income recorded in the consolidated statement of income, excluding non-operating income and expenses, and extraordinary income and losses. Adjusted operating income is a unified profitindicator for the Hitachi Group, including Hitachi, Ltd.

	Net Income attributable to Shareholders of the Parent Company		Comprehensive Income		Earnings per Share (Basic)	Earnings per Share (Diluted)
	Million yen	%	Million yen	%	Yen	Yen
Sept., 2018	28,138	43.3	39,282	66.2	65.81	—
Sept., 2017	19,641	7.1	23,635	—	45.94	—

(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
Sept., 2018	1,126,536	605,350	598,012	53.1	1,398.63
March, 2018	1,058,832	570,192	562,720	53.1	1,316.08

2. Dividends

	Dividends per Share				
	1Q	2Q	3Q	Term-end	Annual
	Yen	Yen	Yen	Yen	Yen
March, 2018	—	13.00	—	13.00	26.00
March, 2019	—	17.00			
March, 2019 (Forecast)			—	17.00	34.00

Note: 1. Revision of the latest forecasts of results : Yes

2. For the situation of dividends, please refer to the "Notice Concerning Dividends for the Six Months Ended September 30, 2018 (Increase) and Revisions to the Year-End Dividend Forecasts for the Year Ending March 31, 2019 (Increase)," announced on October 25, 2018.

3. Business results forecast for the year ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(% 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		Earnings per Share (Basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	1,020,000	3.2	73,000	12.1	64,500	37.2	48,000	13.7	112.26

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

2. In order to give a true view of the condition of the Group's business without the effects of business restructuring etc., the Group shows "adjusted operating income" which is the operating income recorded in the consolidated statement of income, excluding non-operating income and expenses, and extraordinary income and losses. Adjusted operating income is a unified profitindicator 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)

Sept., 2018	428,904,352	March, 2018	428,904,352
Sept., 2018	1,333,471	March, 2018	1,332,135
Sept., 2018 (2Q)	427,571,513	Sept., 2017 (2Q)	427,574,995

(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 by the scope of audit.

*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, 2019, 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 Six Months Ended September 30, 2018

(1) Information Regarding Operating Results

The global economy during the six months ended September 30, 2018, remained on a modest rebound track primarily in developed countries. Steady economic growth continued in the United States maintained, backed by an improvement in the employment situation and an increase in individual consumption and capital expenditures. Business confidence in European economies weakened on the back of a slowdown in production recovery. The Chinese economy remained stable supported by solid consumption, while economic growth in other Asian emerging countries was also generally on a mild recovery track. Amid such circumstances, the Japanese economy saw a gradual recovery as a result of improvement in the employment and income environment as well as increased exports and capital investment supported by a recovery of the global economy, despite the impact of the natural disasters that hit Japan during the latter half of the six months ended September 30, 2018.

Among the industries in which the Group operates, in the automobile industry, sales increased year on year overall as sales of new vehicles in Japan remained unchanged, on the back of sales of ordinary passenger vehicles and light vehicles supplementing the drop in sales of small passenger cars, robust sales mainly of commercial vehicles in the United States against the backdrop of continued economic recovery, and increases in China and Europe. Demand for steel increased mainly in the manufacturing sector, including industrial machinery. Housing starts remained unchanged in Japan, while they increased in the United States. In the electronics industry, smartphone shipments were on a declining trend.

Under the business circumstances described above, for the six months ended September 30, 2018, revenues of the Group increased by 7.6% to ¥518,958 million, compared with those for the six months ended September 30, 2017. This result was influenced mainly by a rise in raw material prices (sliding-scale raw materials price system), in addition to an increase in demand for mainstays. Adjusted operating income* increased by ¥891 million to ¥33,079 million, compared with those for the six months ended September 30, 2017, mainly due to an increase in income associated with increased revenue and the effects of cost reduction measures, and an improvement in the earnings of heat-resistant exhaust casting components and aluminum wheels businesses, despite a rise in costs following aggressive investment. Operating income increased by ¥8,987 million to ¥35,775 million as a result of mainly recording ¥5,757 million in gain on bargain purchase, etc. under other income, which was generated from making Santoku Corporation (“Santoku”) a consolidated subsidiary of the Company as of April 2, 2018. For the six months ended September 30, 2018, income before income taxes increased by ¥9,212 million to ¥37,237 million and net income attributable to shareholders of the parent company increased by ¥8,497 million to ¥28,138 million, compared with those for the six months ended September 30, 2017.

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 six months ended September 30, 2018.

The Company has changed the business segment of SH Copper Products Co., Ltd, a subsidiary of the Company, and one other subsidiary from the Wires, Cables, and Related Products segment to the Specialty Steel Products segment as of July 1, 2017, aiming to strengthen battery-related components in the Specialty Steel Products segment. Due to this change, the results of SH Copper Products, etc. for the six months ended September 30, 2017 have been recorded under the Specialty Steel Products segment.

Specialty Steel Products

Revenues in the Specialty Steel Products segment for the six months ended September 30, 2018, were ¥154,263 million, an increase of 9.4%, and adjusted operating income increased by ¥1,969 million to ¥15,493 million, as compared with those for the six months ended September 30, 2017. Operating income of the segment increased by ¥1,579 million to ¥14,772 million for the same period.

<Specialty Steel>

Sales of molds and tool steel increased year on year, due to robust sales mainly in Japan. Sales of industrial equipment materials exceeded those for the six months ended September 30, 2017 on the back of an increase in sales of environment-conscious products related to automobiles. Sales of alloys for electronic products increased year on year as a result of an increase in sales of battery-related and organic EL panel-related components, in addition to robust sales of semiconductor package components. Sales of aircraft-related and energy-related materials increased year on year overall, due to an increase in sales of aircraft-related materials despite weak results of energy-related materials.

<Rolls>

Both domestic sales and exports of rolls were strong. Sales of injection molding machine parts increased as capital investment-related demand remained at a high level. As a result, sales of rolls as a whole increased year on year.

<Soft Magnetic Materials and Applied Products>

Sales of soft magnetic materials and applied products as a whole increased year on year due to a recovery in demand for amorphous metals and robust sales of applied products for automobiles on the back of increased demand.

Magnetic Materials and Applications

Revenues in the Magnetic Materials and Applications segment for the six months ended September 30, 2018 were ¥58,426 million, an increase of 12.1% year on year, while adjusted operating income decreased by ¥1,984 million year on year to ¥2,855 million due to an increase in costs associated with aggressive investment and changes in raw material prices. Operating income increased by ¥3,726 million year on year to ¥8,514 million as a result of recording ¥5,757 million in gain on bargain purchase, etc. under other income, which was generated from making Santoku a consolidated subsidiary of the Company as of April 2, 2018.

Sales of rare earth magnets exceeded those for the six months ended September 30, 2017 overall. This increase in sales is attributable to solid demand for automotive electronic components for electric power steering and hybrid/electric vehicles, and unchanged sales of industrial equipment, due to a drop in capital investment-related demand for semiconductor-related products. Santoku becoming a consolidated subsidiary also had an effect on overall sales.

Sales of ferrite magnets increased year on year on the back of strong demand for automotive electronic components, reflecting increased automobile production, despite a decrease in demand for household appliance parts.

Functional Components and Equipment

Revenues in the Functional Components and Equipment segment for the six months ended September 30, 2018, were ¥184,373 million, an increase of 3.4% year on year, due in part to a rise in raw material prices (sliding-scale raw materials price system). Adjusted operating income increased by ¥656 million year on year to ¥6,890 million, and operating income decreased by ¥604 million year on year to ¥4,886 million.

<Casting Components for Automobiles>

Sales of casting components for automobiles increased as a whole compared with those for the six months ended September 30, 2017. This was 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 Asia.

We have positioned heat-resistant exhaust casting components and aluminum wheels as "businesses with issues" and are making efforts in structural reforms including productivity improvement, correction of selling prices, and adjustment of production volumes with the aim of improving profitability. As a result, sales of businesses with issues fell below those for the six months ended September 30, 2017 but profits improved year on year.

<Piping Components>

Sales of pipe fittings as a whole remained unchanged from the six months ended September 30, 2017. This mainly reflected an increase in housing starts in the United States despite the effect of price revisions and a decreased in capital investment-related demand due to the heat wave during summer in Japan. Sales of semiconductor manufacturing equipment decreased year on year due to the delay of some capital investment projects. As a result, sales of piping components as a whole decreased year on year.

Wires, Cables, and Related Products

Revenues in the Wires, Cables, and Related Products segment for the six months ended September 30, 2018, were ¥121,008 million, an increase of 9.5%, and adjusted operating income increased by ¥296 million to ¥7,200 million, as compared with those for the six months ended September 30, 2017. Operating income of the segment increased by ¥4,083 million to ¥6,879 million for the same period, mainly due to an decrease in other expenses.

<Electric Wires and Cables>

Sales of wires and cables for rolling stock grew significantly, mainly for China. Sales of electric wires for FA/robots increased, while sales of magnet wires were also robust mainly for automobiles. As a result, sales of electric wires and cables as a whole increased year on year.

<High Performance Components>

Demand for various sensors, harnesses for electric parking brakes and hybrid automobiles increased, and demand for brake hoses was also firm. Sales of high performance components for medical use increased year on year supported by solid demand for both probe cables and tubes. As a result, sales of high performance components as a whole increased year on year.

Other

Revenues in the Other segment for the six months ended September 30, 2018, were ¥2,212 million, an increase of 39.3%, and adjusted operating income increased by ¥159 million to ¥300 million, as compared with those for the six months ended September 30, 2017. Operating income of the segment increased by ¥192 million to ¥382 million for the same period.

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(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 September 30, 2018, is as follows:

Total assets were ¥1,126,536 million, an increase of ¥67,704 million compared with the end of the fiscal year ended March 31, 2018. Current assets were ¥512,456 million, an increase of ¥28,424 million compared with the end of the fiscal year ended March 31, 2018. This was mainly attributable to an increase in inventories of ¥28,513 million. Non-current assets were ¥614,080 million, an increase of ¥39,280 million compared with the end of the fiscal year ended March 31, 2018. This was mainly attributable to increases in property, plant and equipment of ¥32,631 million, respectively.

Total liabilities were ¥521,186 million, an increase of ¥32,546 million compared with the end of the fiscal year ended March 31, 2018. This was mainly attributable to the net effect of an increase in short-term debt of ¥49,549 million and decreases in the current portion of long-term debt and long-term debt of ¥9,022 million in total and trade payables of ¥6,284 million. Total equity was ¥605,350 million, an increase of ¥35,158 million compared with the end of the fiscal year ended March 31, 2018. This was mainly attributable to increases in retained earnings of ¥22,556 million and accumulated other comprehensive income of ¥11,211 million.

2) Cash flows

Cash and cash equivalents as of September 30, 2018, were ¥50,180 million, a decrease of ¥4,732 million from March 31, 2018, as a result of net cash used in investing activities exceeding cash provided by operating activities and financing activities. The analysis of cash flows for each category as of September 30, 2018, is as follows:

<Cash Flows from Operating Activities>

Net cash provided by operating activities was ¥22,010 million. This was mainly attributable to the net effect of net income of ¥28,056 million, depreciation and amortization of ¥24,802 million despite payment of ¥31,706 million for the increase of working capital of inventories among others.

<Cash Flows from Investing Activities>

Net cash used in investing activities was ¥51,198 million, which was mainly attributable to payment of ¥52,620 million for the purchase of property, plant and equipment.

<Cash Flows from Financing Activities>

Net cash used in financing activities was ¥21,774 million. This was mainly attributable to a net increase in short-term debt of ¥45,623 million, repayment of long-term debt of ¥20,062 million, and payment of dividends of ¥5,695 million.

(3) Forecasts for the Fiscal Year Ending March 31, 2019, including Consolidated Operating Forecasts

The performance for the six months ended September 30, 2018, 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, 2019 (April 1, 2018, through March 31, 2019) that was announced on April 26, 2018.

**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, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and cash equivalents	54,912	50,180
Trade receivables	207,628	219,735
Inventories	190,202	218,715
Other current assets	31,290	23,826
Total current assets	484,032	512,456
Non-current assets		
Investments accounted for using the equity method	27,863	28,550
Investments in securities and other financial assets	21,385	21,557
Property, plant and equipment	355,318	387,949
Goodwill and intangible assets	141,896	147,797
Deferred tax assets	13,280	13,011
Other non-current assets	15,058	15,216
Total non-current assets	574,800	614,080
Total assets	1,058,832	1,126,536

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Short-term debt	27,203	76,752
Current portion of long-term debt	27,368	21,522
Other financial liabilities	41,060	34,137
Trade payables	172,994	166,710
Accrued expenses	40,313	42,325
Contract Liabilities	—	856
Advances received	869	—
Other current liabilities	7,153	7,347
Total current liabilities	316,960	349,649
Non-current liabilities		
Long-term debt	106,273	103,097
Other financial liabilities	956	1,990
Retirement and severance benefits	57,807	59,331
Deferred tax liabilities	3,305	3,531
Other non-current liabilities	3,339	3,588
Total non-current liabilities	171,680	171,537
Total liabilities	488,640	521,186
Equity		
Equity attributable to shareholders of the parent company		
Common stock	26,284	26,284
Capital surplus	113,518	115,045
Retained earnings	407,180	429,736
Accumulated other comprehensive income	16,896	28,107
Treasury stock, at cost	(1,158)	(1,160)
Total equity attributable to shareholders of the parent company	562,720	598,012
Non-controlling interests	7,472	7,338
Total equity	570,192	605,350
Total liabilities and equity	1,058,832	1,126,536

**(2) Condensed Interim Consolidated Statement of Income
and Condensed Interim Consolidated Statement of Comprehensive Income**
[Condensed Interim Consolidated Statement of Income]
[For the six months ended September 30, 2018]

(Millions of yen)

	Note	For the first half ended September 30, 2017	For the first half ended September 30, 2018
Revenues		482,361	518,958
Cost of sales		(390,842)	(424,196)
Gross profit		91,519	94,762
Selling, general and administrative expenses		(59,331)	(61,683)
Other income		2,113	7,678
Other expenses		(7,513)	(4,982)
Operating income	1	26,788	35,775
Interest income		141	159
Other financial income		1,207	1,620
Interest charges		(1,250)	(1,161)
Other financial expenses		(1)	(2)
Share of (losses) profits of investments accounted for using the equity method		1,140	846
Income before income taxes		28,025	37,237
Income taxes		(8,380)	(9,181)
Net income		19,645	28,056
Net income attributable to:			
Shareholders of the parent company		19,641	28,138
Non-controlling interests		4	(82)
Net income		19,645	28,056
Earnings per share attributable to shareholders of the parent company			
Basic		¥45.94	¥65.81
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 ¥32,188 million and ¥33,079 million for the six months ended September 30, 2017 and 2018, respectively.

[Condensed Interim Consolidated Statement of Comprehensive Income]
[For the six months ended September 30, 2018]

(Millions of yen)

	For the first half ended September 30, 2017	For the first half ended September 30, 2018
Net income	19,645	28,056
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	426	196
Share of other comprehensive income of investments accounted for using the equity method	80	(131)
Total items not to be reclassified into net income	506	65
Items that can be reclassified into net income		
Foreign currency translation adjustments	3,235	11,088
Net change in fair value of cash flow hedges	151	207
Share of other comprehensive income of investments accounted for using the equity method	98	(134)
Total items that can be reclassified into net income	3,484	11,161
Total other comprehensive income	3,990	11,226
Comprehensive income	23,635	39,282
Comprehensive income attributable to:		
Shareholders of the parent company	23,423	39,325
Non-controlling interests	212	(43)
Comprehensive income	23,635	39,282

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	For the first half ended September 30, 2017	For the first half ended September 30, 2018
Cash flows from operating activities:		
Net income	19,645	28,056
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	22,739	24,802
Impairment losses	72	403
Share of losses (profits) of investments accounted for using the equity method	(1,140)	(846)
Financial income and expenses	(97)	(616)
Losses (profits) on sale of property, plant and equipment	1,212	1,527
Restructuring expenses	98	3
Net loss (gain) on business reorganization and others	(320)	(5,621)
Income taxes	8,380	9,181
(Increase) decrease in trade receivables	(19,557)	(3,657)
(Increase) decrease in inventories	(19,490)	(21,721)
(Increase) decrease in accounts receivable - other	(1,235)	5,305
Increase (decrease) in trade payables	5,519	(6,328)
Increase (decrease) in accrued expenses	5,125	802
Increase (decrease) in retirement and severance benefits	933	(51)
Other	(3,687)	(1,824)
Subtotal	18,197	29,415
Interest and dividends received	1,307	569
Interest paid	(1,298)	(1,181)
Payments for structural reforms	(98)	(3)
Income taxes paid	(6,062)	(6,790)
Net cash provided by operating activities	12,046	22,010

(Millions of yen)

	For the first half ended September 30, 2017	For the first half ended September 30, 2018
Cash flows from investing activities:		
Purchase of property, plant and equipment	(39,129)	(52,620)
Purchase of intangible assets	(473)	(692)
Proceeds from sales of property, plant and equipment	301	332
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(50)	266
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	830	431
Payments for transfer of business	(86)	—
Other	122	1,085
Net cash used in investing activities	(38,485)	(51,198)
Cash flows from financing activities:		
Increase (decrease) in short-term debt, net	6,783	45,623
Proceeds from long-term debt	300	3,272
Repayment of long-term debts	(6,214)	(20,062)
Purchase of shares of consolidated subsidiaries from non-controlling interests	—	(1,362)
Dividends paid to shareholders	(5,559)	(5,558)
Dividends paid to non-controlling interests	(152)	(137)
Acquisition of common stock for treasury	(4)	(2)
Proceeds from sales of treasury stock	0	0
Net cash used in financing activities	(4,846)	21,774
Effect of exchange rate changes on cash and cash equivalents	1,341	2,682
Net increase (decrease) in cash and cash equivalents	(29,944)	(4,732)
Cash and cash equivalents at the beginning of the first quarter	139,411	54,912
Cash and cash equivalents at the end of the second quarter	109,467	50,180

(5) Changes in Accounting Policies

1) Adoption of IFRS 9 "Financial Instruments"(amended in July 2014)

From the beginning of the three months ended June 30, 2018, the Group has adopted IFRS9 "Financial Instruments" (amended in July 2014). As a transitional measure upon the adoption of IFRS9 (amended in July 2014), the Group applies this standard with the cumulative effect of initially applying this standard recognized as an adjustment to the beginning balance of retained earnings for the six months ended September 30, 2018. There is no material impact on the Group's financial position and operating results from the application of this standard.

2) Adoption of IFRS 15 "Revenue from Contracts with Customers"

From the beginning of the three months ended June 30, 2018, the Group has adopted IFRS 15 "Revenue from Contracts with Customers". As a transitional measure upon the adoption of IFRS 15, the Group applies this standard retrospectively with the cumulative effect of initially applying this standard recognized as an adjustment to the beginning balance of retained earnings for the six months ended September 30,2018. There is no material impact on the Group's financial position and operating results from the application of this standard.

(6) 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 (Gourd™ Gourd brand pipe fittings, valves, 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 •Automotive electronic components and brake hoses

II Last consolidated fiscal year (from April 1 to September 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	140,851	52,095	178,373	110,220	481,539	822	482,361	—	482,361
Intersegment transactions	103	8	—	266	377	766	1,143	(1,143)	—
Total revenues	140,954	52,103	178,373	110,486	481,916	1,588	483,504	(1,143)	482,361
Segment profit	13,193	4,788	5,490	2,796	26,267	190	26,457	331	26,788
Financial income	—	—	—	—	—	—	—	—	1,348
Financial expenses	—	—	—	—	—	—	—	—	(1,251)
Share of (losses) profits of investments accounted for using the equity method	—	—	—	—	—	—	—	—	1,140
Income before income taxes	—	—	—	—	—	—	—	—	28,025

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 to September 30, 2018)

(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	154,171	58,426	184,373	120,717	517,687	1,271	518,958	—	518,958
Intersegment transactions	92	—	—	291	383	941	1,324	(1,324)	—
Total revenues	154,263	58,426	184,373	121,008	518,070	2,212	520,282	(1,324)	518,958
Segment profit	14,772	8,514	4,886	6,879	35,051	382	35,433	342	35,775
Financial income	—	—	—	—	—	—	—	—	1,779
Financial expenses	—	—	—	—	—	—	—	—	(1,163)
Share of (losses) profits of investments accounted for using the equity method	—	—	—	—	—	—	—	—	846
Income before income taxes	—	—	—	—	—	—	—	—	37,237

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.

The Company has changed the business segment of SH Copper Products Co., Ltd, a subsidiary of the Company, and one other subsidiary from the Wires, Cables, and Related Products segment to the Specialty Steel Products segment as of July 1, 2017, aiming to strengthen battery-related components in the Specialty Steel Products segment.

Due to this change, the results of SH Copper Products, etc. for the six months ended September 30, 2017 have been recorded under the Specialty Steel Products segment.