

Hitachi Metals, Ltd. (Oct. 27, 2014)

http://www.hitachi-metals.co.jp/e/

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Consolidated Financial Report for the 6-month period ended September 30, 2014

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Listed Stock Exchanges: Tokyo (First Section, Code 5486)

1. Performance over the year, April 1, 2014 to September 30, 2014 (Figures are rounded off to the nearest million yen)

| (1) Consolidated Operating Results | 9/2014(interim) | 9/2013(interim) | (Change) |
|---|-----------------|-----------------|----------|
| Net sales (million yen) | 450,477 | 350,463 | 28.5% |
| Operating income (million yen) | 33,981 | 23,124 | 47.0% |
| Income before income taxes (million yen) | 37,894 | 18,028 | 110.2% |
| Net income (million yen) | 28,602 | 9,635 | 196.9% |
| Net income per share (yen) | 66.89 | 24.30 | |
| Diluted net income per share (yen) | — | — | |
| Note: Total Comprehensive Income (9/2014 : 40,842 million yen (279.7%) 9/2013 : 10,755 million yen (59.5%)) | | | |

| (2) Consolidated Financial Position | 9/2014(interim) | 3/2014 |
|--|-----------------|---------|
| Total assets (million yen) | 873,231 | 840,742 |
| Net assets (million yen) | 414,286 | 373,198 |
| Equity ratio (%) | 45.7 | 43.2 |
| Net assets per share (yen) | 932.90 | 848.73 |
| Note: Shareholders' equity (9/2014 : 398,915 million yen 3/2014 : 362,944 million yen) | | |

| 2. Dividend | 3/2014 | 3/2015 | 3/2015 (Planned) |
|--|--------|--------|------------------|
| Annual dividend per share (yen) | 17.00 | — | 20.00 |
| Interim (yen) | 7.00 | 10.00 | — |
| End of period (yen) | 10.00 | — | 10.00 |
| Note: Revision of the latest forecast of dividend : None | | | |

3. Consolidated Financial Forecast for the term, April 1, 2014 to March 31, 2015

| | Full-year | Year-on-year Change(%) |
|---|-----------|---------------------------|
| Net sales (million yen) | 990,000 | 22.5 |
| Operating income (million yen) | 77,000 | 29.3 |
| Income before income taxes (million yen) | 67,000 | 31.9 |
| Net income (million yen) | 46,000 | 16.7 |
| Net income per share (yen) | 107.57 | — |
| Note: Revision of the latest forecasts of results : Yes | | |

4. Other

- (1) Changes in major subsidiaries during the period under review: Yes
Newly included : Hitachi Metals MMC Superalloy, Ltd.
Excluded : —
- (2) Application of special accounting methods for preparation for the consolidated financial statements: Yes
- (3) Changes in accounting policies, accounting estimates and retrospective restatements in the consolidated financial statements
[1] Changes due to revisions in accounting standards: None
[2] Changes other than those in [1]: None
[3] Changes in accounting estimates: None
[4] Retrospective restatements: None
- (4) Numbers of shares issued (Common stock)
Number of shares outstanding at end of year (including treasury stock) 9/2014: 428,904,352 3/2014: 428,904,352
Number of treasury stock outstanding at end of year 9/2014: 1,298,020 3/2014: 1,272,690
Number of shares average at end of year 9/2014: 427,620,467 9/2013: 396,557,199

*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, 2015, including Consolidated Operating Forecasts" on page 4 for precondition and assumption as the basis of the above forecasts.

[Financial Performance]

1. Qualitative Information Regarding Financial Results for the Six Months Ended September 30, 2014

(1) Information Regarding Operating Results

As for the global economy during the six months ended September 30, 2014, the U.S. economy continued to experience upturns, whereas in Asia, the Chinese economy shifted to grow at a relatively slow pace, South Korea showed a slow recovery, and Taiwan continued to experience upturns. A slow recovery continued in the European economy; however, concerns on geopolitical risks in the area remained, such as government obligations and political uncertainty.

As for the Japanese economy, despite a slowdown in consumer spending during the first half of the six months ended September 30, 2014 due to a subsequent drop-off following the last-minute demand in response to the consumption tax hike on April 1, 2014, the overall outcome showed steadiness due to the strong export environment and increased productions in Japan followed by robust capital investments.

Among the industries in which the Hitachi Metals Group (the “Group”) operates, the automobile market in Japan recovered with an increase in production during the first half of the six months ended September 30, 2014 despite the negative effect caused by the subsequent drop-off in response to the consumption tax hike. Although production level declined due to shortage of backlogs, the market stayed relatively strong toward the latter half of the six months ended September 30, 2014 supported by healthy overseas demand, especially in North America. The mobile phone industry enjoyed favorable demand for smartphones especially overseas. The household appliance and personal computer industries stayed weak in Japan because of lower consumer spending, whereas the overseas market remained steady. Further, the Japanese housing construction market shrank, while public investments remained steady. Steel production decreased mainly due to weak automobile sales and low construction demand, although the production for shipbuilding and industrial machinery remained steady.

In addition to the market environment as described above, the merger with Hitachi Cable, Ltd. on July 1, 2013 further contributed to the financial results. Net sales of the Group for the six months ended September 30, 2014 increased by 28.5% to ¥450,477 million, and operating income increased by ¥10,857 million to ¥33,981 million as compared with those for the six months ended September 30, 2013, the period prior to the merger. Income before income taxes and minority interests increased by ¥19,866 million to ¥37,894 million as compared with those for the six months ended September 30, 2013. Net income increased by ¥18,967 million to ¥28,602 million for the same period not only due to the boost in net sales and income, but also due to the following recognized under extraordinary income: gain on transfer of business of ¥3,937 million; and gain on sale of property, plant and equipment of ¥228 million.

Results by business segment are as follows. Note that sales include intersegment sales and transfers.

On July 1, 2014, Hitachi Metals, Ltd. acquired shares equivalent to 51% of issued shares in MMC Superalloy Corporation (currently named Hitachi Metals MMC Superalloy, Ltd., a wholly owned subsidiary of Mitsubishi Materials Corporation, for the purpose of reinforcing the aircraft and energy materials business. Following this transaction, MMC Superalloy Corporation is reported under the High-Grade Metal Products and Materials segment as the consolidated subsidiary of the Group, and its business results are reflected in the segment starting from the second quarter ended September 30, 2014.

High-Grade Metal Products and Materials

Sales in the High-Grade Metal Products and Materials segment for the six months ended September 30, 2014 were ¥127,488 million, an increase of 9.0% as compared with those for the six months ended September 30, 2013. Operating income increased by ¥2,522 million to ¥14,799 million for the same period.

<Special Steels>

Sales of tool steels increased as compared with those for the six months ended September 30, 2013 due to robust demand in Japan backed by strong capital investment and steady overseas markets. Sales of alloys for electronic products also increased, supported by strong demand for display-related materials as well as for semiconductor and other package materials mainly for smartphones and tablet devices. For industrial equipment materials, sales in automobile-related materials showed an overall increase in both Japanese and overseas markets, supported by steady demand in environment-friendly products. Sales of aircraft-related materials increased as well, not only because of continuing robust demand, but also due to reflecting the performance of Hitachi Metals MMC Superalloy, Ltd., which became a consolidated subsidiary of the Group from this second quarter ended September 30, 2014. Sales of energy-related materials decreased, however, as compared with those for the six months ended September 30, 2013, the period when there was a significant demand for the products.

<Rolls>

Sales of rolls showed a steady increase in overseas markets during the six months ended September 30, 2014. Sales of injection molding machine parts showed favorable demand both in Japan and overseas for smartphones and tablet devices.

<Amorphous Materials>

Sales of amorphous materials remained flat as compared with those for the six months ended September 30, 2013. In spite of the steady market in North America and the weak yen during the period, demand adjustment was seen in China, the major market for the product, which caused a decrease in production in the latter half of the six months ended September 30, 2014.

<Cutting Tools>

Sales of cutting tools increased because of favorable demand for industrial machinery in Japan as well as steady overseas markets proven by an increase in exports.

Magnetic Materials and Applications

Sales in the Magnetic Materials and Applications segment for the six months ended September 30, 2014 were ¥68,394 million, an increase of 6.1% as compared with those for the six months ended September 30, 2013. Operating income increased by ¥3,706 million to ¥7,533 million for the same period.

<Magnets>

The increase in sales of rare earth magnets was supported not only by strong demand in automotive electronic components for hybrid cars and electric power steering, but also by steady demand for household appliance and factory automation-related products. Sales of ferrite magnets increased due to strong demand for automotive electronic components and household appliance parts both in Japanese and overseas markets.

<Soft Magnetic Materials and Applied Products>

Overall sales of ferrite applied products increased with strong demand for parts for solar power generation systems. Sales of ferrite core remained steady mainly for automotive electronic components and smartphones. An increase in sales of FINEMET[®] was largely attributable to steady demand in general-purpose inverters and air conditioners.

High-Grade Functional Components and Equipment

Sales in the High-Grade Functional Components and Equipment segment for the six months ended September 30, 2014 were ¥94,152 million, an increase of 3.3% as compared with those for the six months ended September 30, 2013. Operating income decreased by ¥56 million to ¥5,946 million for the same period.

<Casting Components for Automobiles>

Sales of heat-resistant exhaust casting components remained flat as compared with those for the six months ended September 30, 2013, supported by a recovery in the European market, the leading market for the products, and by strong demand in the U.S. market. Sales of high-grade ductile iron products increased due to favorable demand for automobiles in overseas markets, including the United States. In addition, limited impact of the consumption tax hike in Japan contributed to the positive result. Despite a decrease in production of certain automobiles types equipped with the products in Japan, sales of aluminum wheels increased supported by robust demand in the U.S. market.

<Piping Components>

Sales of pipe fittings remained unchanged as compared with those for the six months ended September 30, 2013. Although demand was robust in the U.S. market, the housing starts in Japan suffered from a decrease in demand caused by the consumption tax hike. Sales of stainless steel and plastic piping components also remained flat due to the following: proven advantages in light of construction and earthquake resistance contributed to steady demand for gas-related products; however, the decrease in the housing starts in Japan caused a negative effect on the sales.

<Construction Components>

Although sales of construction components were supported by private capital expenditures and public investments in Japan, the sales amount decreased as compared with those for the six months ended September 30, 2013, the period when there was a one-time event increasing the sales amount, such as extended scope of application of the percentage of completion method.

Wires, Cables, and Related Products

Wires, Cables, and Related Products segment was newly established due to the merger with Hitachi Cable, Ltd. on July 1, 2013. The results of the segment are reflected in those of the Group starting from the second quarter ended September 30, 2014.

Sales in the segment for the six months ended September 30, 2014 were ¥161,545 million, an increase of 104.1% as compared with those for the six months ended September 30, 2013. Operating income increased by ¥5,463 million to ¥9,849 million for the same period.

<Electric Wires and Cables>

Sales of electric wires and cables were supported by the following: continuing strong demand for construction investments and machine tools in Japan; and steady demand in wires and cables for rolling stock, which is one of the focused areas of the Group, as well as in probe cables for medical use in the area of medical equipment-related products.

<Automotive Products>

Sales of automotive products continued to grow, supported by brisk demand for electronic components in both domestic and overseas markets, such as harness for use in hybrid vehicles, harness for electric parking brake, and vehicle mounted sensors, which are all focused products of the Group.

<Information System Devices and Materials>

Sales of network products and wireless systems remained solid as telecommunications carriers continued their strong capital investments in connection with the widespread use of smartphones.

Other

Sales in the Other segment for the six months ended September 30, 2014 were ¥2,374 million, an increase of 43.7% as compared with those for the six months ended September 30, 2013. Operating income decreased by ¥209 million to ¥149 million for the same period.

(2) Analysis Regarding Consolidated Financial Condition

Cash and cash equivalents as of September 30, 2014 were ¥102,917 million, an increase of ¥7,374 million from March 31, 2014, as a result of net cash provided by operating activities being larger than the sum of net cash used in financing activities and investing activities.

The analysis for cash flows for each category as of September 30, 2014 is as follows:

<Cash Flows from Operating Activities>

Net cash provided by operating activities was ¥47,852 million, which was mainly attributable to income before income taxes and minority interests of ¥37,894 million and a decrease in working capital, such as accounts receivable, of ¥4,909 million.

<Cash Flows from Investing Activities>

Net cash used by investing activities was ¥11,996 million mainly consisting of the following: proceeds from transfer of business of ¥9,678 million; purchase of property, plant and equipment of ¥16,982 million; payments of ¥1,900 million for acquiring business; and payments of ¥1,829 million for acquiring intangible assets.

<Cash Flows from Financing Activities>

Net cash used in financing activities was ¥30,387 million, which was mainly attributable to ¥25,507 million of repayments of long-term loans and ¥4,678 million of dividend payments.

(3) Forecasts for the Fiscal Year Ending March 31, 2015, including Consolidated Operating Forecasts

The healthy performance for the six months ended September 30, 2014 was mainly supported by steady demand for automotive and industrial infrastructure-related products. While the business environment is still facing an uncertain outlook, such as increased raw material costs due to the weaker yen, the Group management expects robust demand to continue. Further, as previously announced on August 19, 2014 in the "Notice Regarding Acquisition of Subsidiary (Waupaca Foundry Holdings, Inc.)," Hitachi Metals, Ltd. will acquire 100% ownership of Waupaca Foundry Holdings, Inc. in October, 2014. Waupaca Foundry Holdings, Inc. is the company that holds all the shares of Waupaca Foundry, Inc., which is engaged in the iron casting business for transportation machinery in the North America Market. The results of Waupaca Foundry, Inc. will be reflected in the financial results of the Group from the fiscal year ending March 31, 2015.

Based on above, the operating forecasts for the fiscal year ending March 31, 2015 (April 1, 2014 through March 31, 2015) will be revised from the original forecast announced on April 24, 2014 as follows:

The forecasts include the net sales of ¥77,500 million, and operating income after amortization of intangible assets and goodwill of ¥3,500 million of Waupaca Foundry Holdings, Inc. following the closing of acquisition. The operating income before amortization of intangible assets and goodwill of Waupaca Foundry Holdings, Inc. is forecasted to be ¥6,500 million.

Consolidated operating forecasts for the fiscal year ending March 31, 2015 (April 1, 2014 through March 31, 2015)

| | Net sales (million yen) | Operating income (million yen) | Net income before income taxes and minority interests (million yen) | Net income (million yen) | Net income per share (yen) |
|--|----------------------------|-----------------------------------|--|-----------------------------|----------------------------------|
| Forecasts announced on April 24, 2014 (A) | 910,000 | 68,000 | 57,000 | 42,000 | 98.21 |
| Revised forecasts (B) | 990,000 | 77,000 | 67,000 | 46,000 | 107.57 |
| Differences (B) - (A) | 80,000 | 9,000 | 10,000 | 4,000 | |
| Changes (%) | 8.8 | 13.2 | 17.5 | 9.5 | |
| (Reference) Results for the fiscal year ended March 31, 2014 | 807,952 | 59,536 | 50,796 | 39,417 | 95.65 |

Consolidated Quarterly Balance Sheets

(Millions of Yen)

| | End of 9/2014 | End of 3/2014 | (difference) |
|--|----------------|-----------------|-----------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and deposits | 52,380 | 45,289 | 7,091 |
| Notes and accounts receivable-trade | 207,390 | 210,503 | (3,113) |
| Finished products | 58,079 | 52,336 | 5,743 |
| Work in process | 56,155 | 45,007 | 11,148 |
| Raw materials | 44,800 | 45,547 | (747) |
| Group pooling cash deposits | 50,377 | 49,196 | 1,181 |
| Other | 64,172 | 60,581 | 3,591 |
| Allowance for doubtful accounts | (710) | (681) | (29) |
| Total current assets | 532,643 | 507,778 | 24,865 |
| Fixed assets | | | |
| Tangible fixed assets | | | |
| Buildings and structures, net | 71,426 | 71,076 | 350 |
| Machinery, equipment and vehicles, net | 89,870 | 87,475 | 2,395 |
| Land | 55,655 | 55,849 | (194) |
| Other, net | 26,149 | 20,266 | 5,883 |
| Total tangible fixed assets | 243,100 | 234,666 | 8,434 |
| Intangible assets | | | |
| Goodwill | 33,087 | 33,546 | (459) |
| Other | 13,415 | 12,579 | 836 |
| Total intangible assets | 46,502 | 46,125 | 377 |
| Investments and other assets | | | |
| Investment securities | 33,319 | 36,203 | (2,884) |
| Other | 18,255 | 16,660 | 1,595 |
| Allowance for doubtful accounts | (588) | (690) | 102 |
| Total investments and other assets | 50,986 | 52,173 | (1,187) |
| Total fixed assets | 340,588 | 332,964 | 7,624 |
| Total assets | 873,231 | 840,742 | 32,489 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Notes and accounts payable-trade | 168,445 | 167,436 | 1,009 |
| Short-term loans payable | 51,417 | 42,949 | 8,468 |
| Current portion of long-term loans payable | 14,995 | 39,635 | (24,640) |
| Income taxes payable | 6,072 | 7,422 | (1,350) |
| Allowance | 226 | 686 | (460) |
| Other | 63,515 | 59,914 | 3,601 |
| Total current liabilities | 304,670 | 318,042 | (13,372) |
| Fixed liabilities | | | |
| Bonds payable | 35,000 | 35,000 | — |
| Convertible bond-type bonds with subscription rights to shares | 4,495 | 4,495 | — |
| Long-term loans payable | 59,237 | 53,879 | 5,358 |
| Other provision | 1,807 | 1,103 | 704 |
| Asset retirement obligations | 403 | 194 | 209 |
| Liability for retirement benefits | 45,811 | 47,939 | (2,128) |
| Other | 7,522 | 6,892 | 630 |
| Total fixed liabilities | 154,275 | 149,502 | 4,773 |
| Total liabilities | 458,945 | 467,544 | (8,599) |
| NET ASSETS | | | |
| Shareholders' equity | | | |
| Capital stock | 26,284 | 26,284 | — |
| Capital surplus | 115,693 | 115,692 | 1 |
| Retained earnings | 263,837 | 239,530 | 24,307 |
| Treasury stock | (1,054) | (1,010) | (44) |
| Total shareholders' equity | 404,760 | 380,496 | 24,264 |
| Accumulated other comprehensive income | | | |
| Net unrealized holding gains (losses) on available-for-sale securities | 4,720 | 4,802 | (82) |
| Deferred gains (losses) on hedges | 2,169 | (876) | 3,045 |
| Foreign currency translation adjustments | 2,157 | (4,693) | 6,850 |
| Remeasurements of retirement benefits | (14,891) | (16,785) | 1,894 |
| Total accumulated other comprehensive income | (5,845) | (17,552) | 11,707 |
| Minority interests | 15,371 | 10,254 | 5,117 |
| Total net assets | 414,286 | 373,198 | 41,088 |
| Total liabilities and net assets | 873,231 | 840,742 | 32,489 |

Consolidated Quarterly Statements of Income

(Millions of Yen)

| | 1st half fiscal 2014 (Sep.30.2014) | Ratio to Sales (%) | 1st half fiscal 2013 (Sep.30.2013) | Ratio to Sales (%) | (difference) (%) |
|--|--|--------------------------|--|--------------------------|---------------------|
| Net sales | 450,477 | 100.0 | 350,463 | 100.0 | 129 |
| Cost of sales | 354,043 | 78.6 | 278,151 | 79.4 | 127 |
| Gross profit | 96,434 | 21.4 | 72,312 | 20.6 | 133 |
| Selling, general and administrative expenses | 62,453 | 13.9 | 49,188 | 14.0 | 127 |
| Operating income (loss) | 33,981 | 7.5 | 23,124 | 6.6 | 147 |
| Non-operating income | | | | | |
| Interest income | 479 | | 206 | | 233 |
| Dividends income | 175 | | 116 | | 151 |
| Foreign exchange gains | 966 | | 427 | | 226 |
| Gain on sales of marketable securities | 50 | | 6 | | 833 |
| Equity in earnings of affiliated companies | 752 | | 395 | | 190 |
| Other | 3,099 | | 1,574 | | 197 |
| Total non-operating income | 5,521 | 1.2 | 2,724 | 0.8 | 203 |
| Non-operating expenses | | | | | |
| Interest expenses | 1,300 | | 1,005 | | 129 |
| Other | 4,134 | | 2,136 | | 194 |
| Total non-operating expenses | 5,434 | 1.2 | 3,141 | 0.9 | 173 |
| Extraordinary income | | | | | |
| Gain on transfer of business | 3,937 | | — | | — |
| Gain on sales of property and equipment | 228 | | — | | — |
| Gain on sales of stocks of subsidiaries and affiliated companies | — | | 129 | | — |
| Gain on change in equity | — | | 160 | | — |
| Gain on sales of patent rights | — | | 100 | | — |
| Total extraordinary income | 4,165 | 0.9 | 389 | 0.1 | — |
| Extraordinary losses | | | | | |
| Loss on impaired property and equipment | 193 | | — | | — |
| Restructuring charge | 146 | | 902 | | 16 |
| Litigation expenses | — | | 1,000 | | — |
| Foreign value added taxes | — | | 3,166 | | — |
| Total extraordinary losses | 339 | 0.1 | 5,068 | 1.4 | 7 |
| Income (loss) before income taxes and minority interests | 37,894 | 8.4 | 18,028 | 5.1 | 210 |
| Income taxes | 9,027 | 2.0 | 8,092 | 2.3 | 112 |
| Income before minority interests | 28,867 | 6.4 | 9,936 | 2.8 | 291 |
| Minority interests in income (loss) | 265 | 0.1 | 301 | 0.1 | 88 |
| Net income (loss) | 28,602 | 6.3 | 9,635 | 2.7 | 297 |

Consolidated Statements of Comprehensive Income

(Millions of Yen)

| | 1st half fiscal 2014 (Sep.30.2014) | 1st half fiscal 2013 (Sep.30.2013) |
|---|--|--|
| Income before minority interests | 28,867 | 9,936 |
| Other comprehensive income: | | |
| Net unrealized holding gains on available-for-sale securities | (65) | 989 |
| Deferred gains (losses) on hedges | 2,083 | (10) |
| Foreign currency translation adjustments | 7,443 | 1,575 |
| Remeasurements of retirement benefits, net of tax | 1,891 | (1,723) |
| Share of other comprehensive income of affiliated companies accounted for using equity method | 623 | (12) |
| <u>Total other comprehensive income (loss)</u> | <u>11,975</u> | <u>819</u> |
| Comprehensive income | 40,842 | 10,755 |
| Comprehensive income attributable to: | | |
| Shareholders of the parent company | 40,293 | 10,687 |
| Minority shareholders | 549 | 68 |

Consolidated Quarterly Statements of Cash Flows

(Millions of Yen)

| | End of 9/2014 | End of 9/2013 |
|---|---------------|---------------|
| Cash flows from operating activities | | |
| Income (loss) before income taxes and minority interest | 37,894 | 18,028 |
| Depreciation and amortization | 17,542 | 15,135 |
| Amortization of goodwill and negative goodwill | 1,471 | 1,349 |
| Loss (gain) on transfer of business | (3,937) | — |
| Loss on impaired property and equipment | 193 | — |
| Restructuring charge | 146 | 902 |
| Litigation expenses | — | 1,000 |
| Foreign value added taxes | — | 3,166 |
| Interest and dividends received | (654) | (322) |
| Interest expenses | 1,300 | 1,005 |
| Decrease (increase) in notes and accounts receivable-trade | 14,107 | 2,113 |
| Decrease (increase) in inventories | (6,150) | 5,403 |
| Increase (decrease) in notes and accounts payable-trade | (3,048) | 8,837 |
| Increase (decrease) in accrued expenses | (1,721) | 2,262 |
| Other | 320 | (6,452) |
| Subtotal | 57,463 | 52,426 |
| Amounts paid for structural reform | (774) | (2,100) |
| Payments for litigation expenses | — | (1,758) |
| Income taxes paid | (8,837) | (2,046) |
| Refund of income taxes | — | 5,897 |
| Net cash provided by operating activities | 47,852 | 52,419 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (16,982) | (13,773) |
| Proceeds from sales of property, plant and equipment | 791 | 377 |
| Purchase of intangible assets | (1,829) | (1,019) |
| Proceeds from transfer of business | 9,678 | — |
| Payments for transfer of business | (1,900) | — |
| Purchase of investments in subsidiaries resulting in change in scope of consolidation | (1,652) | — |
| Payments for sales of investments in subsidiaries resulting in change in scope of consolidation | (264) | — |
| Interest and dividends income received | 724 | 315 |
| Other, net | (562) | 378 |
| Net cash by used in investment activities | (11,996) | (13,722) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | 1,131 | (5,928) |
| Proceeds from long-term loans payable | 7 | 2,963 |
| Repayment of long-term loans payable | (25,507) | (5,063) |
| Interest paid | (1,297) | (1,019) |
| Purchase of treasury stock | (44) | (92) |
| Proceeds from sale of treasury stock | 1 | 11 |
| Cash dividends paid | (4,277) | (2,558) |
| Cash dividends paid to minority shareholders | (401) | (158) |
| Net cash used in financing activities | (30,387) | (11,844) |
| Effect of exchange rate change in cash and cash equivalents | 1,905 | 950 |
| Net increase in cash and cash equivalents | 7,374 | 27,803 |
| Cash and cash equivalents at beginning of period | 95,543 | 34,102 |
| Increase in cash and cash equivalents resulting from merger | — | 21,317 |
| Decrease in cash and cash equivalents resulting from change of scope of consolidation | — | (1,466) |
| Cash and cash equivalents at end of period | 102,917 | 81,756 |

Business Segment Information

1. Information with Regard to Amount of Net Sales as well as Income and Loss for Each Business Segment Reported

1st half fiscal 2013 (Apr. 1, 2013 - Sep. 30, 2013)

(Millions of Yen)

| | Business Segments Reported | | | | Subtotal | Other Businesses | Total | Adjustments | Consolidated Statements of Income |
|-------------------------|---|-------------------------------------|--|-------------------------------------|----------|------------------|---------|-------------|-----------------------------------|
| | High-Grade Metal Products and Materials | Magnetic Materials and Applications | High-Grade Functional Components and Equipment | Wires, Cables, and Related Products | | | | | |
| Sales: | | | | | | | | | |
| Unaffiliated customers | 115,169 | 64,430 | 91,035 | 79,155 | 349,789 | 674 | 350,463 | — | 350,463 |
| Intersegment | 1,804 | 25 | 86 | 4 | 1,919 | 978 | 2,897 | (2,897) | — |
| Total sales | 116,973 | 64,455 | 91,121 | 79,159 | 351,708 | 1,652 | 353,360 | (2,897) | 350,463 |
| Operating Income (Loss) | 12,277 | 3,827 | 6,002 | 4,386 | 26,492 | 358 | 26,850 | (3,726) | 23,124 |

1st half fiscal 2014 (Apr. 1, 2014 - Sep. 30, 2014)

(Millions of Yen)

| | Business Segments Reported | | | | Subtotal | Other Businesses | Total | Adjustments | Consolidated Statements of Income |
|-------------------------|---|-------------------------------------|--|-------------------------------------|----------|------------------|---------|-------------|-----------------------------------|
| | High-Grade Metal Products and Materials | Magnetic Materials and Applications | High-Grade Functional Components and Equipment | Wires, Cables, and Related Products | | | | | |
| Sales: | | | | | | | | | |
| Unaffiliated customers | 125,827 | 68,355 | 93,860 | 161,322 | 449,364 | 1,113 | 450,477 | — | 450,477 |
| Intersegment | 1,661 | 39 | 292 | 223 | 2,215 | 1,261 | 3,476 | (3,476) | — |
| Total sales | 127,488 | 68,394 | 94,152 | 161,545 | 451,579 | 2,374 | 453,953 | (3,476) | 450,477 |
| Operating Income (Loss) | 14,799 | 7,533 | 5,946 | 9,849 | 38,127 | 149 | 38,276 | (4,295) | 33,981 |

2. Overview of Business Segments Reported

| | |
|--|---|
| High-Grade Metal Products and Materials | <ul style="list-style-type: none"> •YSS™ brand high-grade specialty steel products (molds and tool steel, alloys for electronic products [display-related materials and semiconductor and other package materials], materials for industrial equipment [automobile-, aircraft-, and energy-related materials], and razor and blade materials) •Precision cast components •Rolls for steel mills •Injection molding machine parts •Structural ceramic products •Steel-frame joints for construction •Metglas® amorphous metals •Cutting tools |
| Magnetic Materials and Applications | <ul style="list-style-type: none"> •Magnets (NEOMAX® rare-earth magnets; ferrite magnets; and other magnets and applied products) •Soft magnetic materials (soft ferrite; FINEMET® nanocrystalline magnetic material; and Metglas® amorphous metals) and applied products •Materials and components for IT devices •Materials and components for medical equipment |
| High-Grade Functional Components and Equipment | <ul style="list-style-type: none"> •High-grade casting components for automobiles (HERCUNITE™ heat-resistant exhaust casting components and HNM™ high-grade ductile cast iron products) •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) •Construction components (floor access systems, structural systems, and roofing systems) •Chain (for material handling systems) |
| Wires, Cables, and Related Products | <ul style="list-style-type: none"> •Electric wires and cables (electric power and industrial systems, electronic and telecommunication materials, electric equipment materials, and industrial rubber products) •Automotive products (electronic components and brake hoses) •Information system devices and materials (information networks, wireless systems, and compound semiconductor products) |