



Consolidated Financial Report [IFRS]

For the 6-month period ended September 30, 2017

October 24, 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)

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, 2017 (April 1, 2017 to September 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	%
Sept., 2017	482,361	8.1	32,188	3.7	26,788	(7.0)	28,025	13.0	19,645	7.5
Sept., 2016	446,051	(15.0)	31,032	(14.2)	28,813	(53.2)	24,807	(59.1)	18,278	(58.5)

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
Sept., 2017	19,641	7.1	23,635	—	45.94	—
Sept., 2016	18,340	(58.1)	(5,945)	—	42.89	—

(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., 2017	1,073,055	566,672	553,321	51.6	1,294.09
Mar., 2017	1,040,390	548,746	536,563	51.6	1,254.89

2. Dividends

	Dividends per Share				
	1Q	2Q	3Q	Term-end	Annual
Mar., 2017	Yen —	Yen 13.00	Yen —	Yen 13.00	Yen 26.00
Mar., 2018	—	13.00			
Mar., 2018 (Forecast)			—	13.00	26.00

Note: Revision of the latest forecasts of results : No

3. Business results forecast for the year ending March 31, 2018 (Apr.1, 2017 to Mar.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)

Sept., 2017	428,904,352	Mar., 2017	428,904,352
Sept., 2017	1,330,116	Mar., 2017	1,327,900
Sept., 2017 (2Q)	427,574,995	Sept., 2016 (2Q)	427,579,301

(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 Six Months Ended September 30, 2017

(1) Information Regarding Operating Results

The global economy during the six months ended September 30, 2017, remained on a modest rebound track primarily in developed 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, especially in the euro-zone, 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 other emerging countries in Asia 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 the 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 six months ended September 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 increased.

Under the business circumstances described above, for the six months ended September 30, 2017, revenues of the Group increased by 8.1% to ¥482,361 million, compared with those for the six months ended September 30, 2016. This result was affected 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 ¥1,156 million to ¥32,188 million, compared with those for the six months ended September 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. Operating income decreased by ¥2,025 million to ¥26,788 million, compared with that for the six months ended September 30, 2016, because of an increase in non-operating expenses. For the six months ended September 30, 2017, income before income taxes increased by ¥3,218 million to ¥28,025 million and net income attributable to shareholders of the parent company increased by ¥1,301 million to ¥19,641 million, compared with those for the six months ended September 30, 2016.

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, 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.

The Company has also 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. The segment information for the six months ended September 30, 2017, is prepared and disclosed under the segments reflecting this change.

Specialty Steel Products

Revenues in the Specialty Steel Products segment for the six months ended September 30, 2017, were ¥140,954 million, an increase of 21.7%, and adjusted operating income increased by ¥2,426 million to ¥13,524 million, as compared with those for the six months ended September 30, 2016. Operating income of the segment increased by ¥3,231 million to ¥13,193 million for the same period.

<Specialty Steel>

Sales of molds and tool steel exceeded those for six months ended September 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 six months ended September 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 six months ended September 30, 2016, due to strong sales in semiconductor package

components in addition to increased sales of battery-related and organic EL panel-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 six months ended September 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 six months ended September 30, 2017, were ¥52,103 million, an increase of 7.4%, and adjusted operating income increased by ¥1,082 million to ¥4,839 million, as compared with those for the six months ended September 30, 2016. Operating income of the segment increased by ¥1,103 million to ¥4,788 million for the same period.

Sales of rare earth magnets overall exceeded those for the six months ended September 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 six months ended September 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 six months ended September 30, 2017, were ¥178,373 million, an increase of 9.8%, and adjusted operating income decreased by ¥3,113 million to ¥6,234 million, as compared with those for the six months ended September 30, 2016. Operating income of the segment decreased by ¥3,650 million to ¥5,490 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 six months ended September 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 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 six months ended September 30, 2016, affected by decreased demand for passenger vehicles in North America.

<Piping Components>

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

Wires, Cables, and Related Products

Due to effects of a reorganization conducted for the purpose of renewing the Group's business portfolio, revenues in the Wires, Cables, and Related Products segment for the six months ended September 30, 2017, were ¥110,486 million, a decrease of 6.9% while adjusted operating income increased by ¥854 million to ¥6,904 million, as compared with those for the six months ended September 30, 2016, because of the expansion of the focused fields. Operating income of the segment decreased by ¥2,598 million to ¥2,796 million for the same period, due to an increase in other expenses.

<Electric Wires and Cables>

Sales of wires and cables for rolling stock grew significantly, including growth in 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 six months ended September 30, 2017, were ¥1,588 million, an increase of 7.7%, and adjusted operating income increased by ¥6 million to ¥141 million, as compared with those for the six months ended September 30, 2016. Operating income of the segment increased by ¥56 million to ¥190 million for the same period.

*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.

(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, 2017, is as follows:

Total assets were ¥1,073,055 million, an increase of ¥32,665 million compared with the end of the fiscal year ended March 31, 2017. Current assets were ¥506,569 million, an increase of ¥14,674 million compared with the end of the fiscal year ended March 31, 2017. This was mainly attributable to increases in trade receivables and inventories of ¥21,302 million and ¥20,710 million, respectively, and a decrease in cash and cash equivalents of ¥29,944 million. Non-current assets were ¥566,486 million, an increase of ¥17,991 million compared with the end of the fiscal year ended March 31, 2017. This was mainly attributable to increases in property, plant and equipment of ¥17,414 million, respectively.

Total liabilities were ¥506,383 million, an increase of ¥14,739 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 ¥5,903 million in total and increases in short-term debt of ¥6,808 million, trade payables of ¥7,021 million, and accrued expenses of ¥5,751 million. Total equity was ¥566,672 million, an increase of ¥17,926 million compared with the end of the fiscal year ended March 31, 2017. This was mainly attributable to an increase in retained earnings of ¥14,100 million.

2) Cash flows

Cash and cash equivalents as of September 30, 2017, were ¥109,467 million, a decrease of ¥29,944 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 September 30, 2017, is as follows:

<Cash Flows from Operating Activities>

Net cash provided by operating activities was ¥12,046 million. This was mainly attributable to net income of ¥19,645 million, and depreciation and amortization of ¥22,739 million despite of increases in trade receivables of ¥19,557 million, inventories of ¥19,490 million, and trade payables of ¥5,519 million.

<Cash Flows from Investing Activities>

Net cash used in investing activities was ¥38,485 million, which was mainly attributable to payment of ¥39,129 million for the purchase of property, plant and equipment.

<Cash Flows from Financing Activities>

Net cash used in financing activities was ¥4,846 million. This was mainly attributable to a net increase in short-term debt of ¥6,783 million, payment of dividends of ¥5,711 million to shareholders, and repayment of long-term debt of ¥6,214 million.

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

The performance for the six months ended September 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 September 30, 2017
Assets		
Current assets		
Cash and cash equivalents	139,411	109,467
Trade receivables	175,568	196,870
Inventories	153,556	174,266
Other current assets	23,360	25,966
Total current assets	491,895	506,569
Non-current assets		
Investments accounted for using the equity method	26,239	26,217
Investments in securities and other financial assets	20,964	21,536
Property, plant and equipment	324,667	342,081
Goodwill and intangible assets	151,195	149,971
Deferred tax assets	11,651	12,039
Other non-current assets	13,779	14,642
Total non-current assets	548,495	566,486
Total assets	1,040,390	1,073,055

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Short-term debt	26,301	33,109
Current portion of long-term debt	35,462	48,670
Other financial liabilities	26,360	25,319
Trade payables	150,785	157,806
Accrued expenses	37,817	43,568
Advances received	858	845
Other current liabilities	6,002	7,485
Total current liabilities	283,585	316,802
Non-current liabilities		
Long-term debt	132,694	113,583
Other financial liabilities	1,641	1,648
Retirement and severance benefits	60,299	61,370
Deferred tax liabilities	8,758	8,921
Other non-current liabilities	4,667	4,059
Total non-current liabilities	208,059	189,581
Total liabilities	491,644	506,383
Equity		
Equity attributable to shareholders of the parent company		
Common stock	26,284	26,284
Capital surplus	115,806	114,704
Retained earnings	376,069	390,169
Accumulated other comprehensive income	19,555	23,319
Treasury stock, at cost	(1,151)	(1,155)
Total equity attributable to shareholders of the parent company	536,563	553,321
Non-controlling interests	12,183	13,351
Total equity	548,746	566,672
Total liabilities and equity	1,040,390	1,073,055

**(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, 2017]

(Millions of yen)

	Note	For the first half ended September 30, 2016	For the first half ended September 30, 2017
Revenues		446,051	482,361
Cost of sales		(358,798)	(390,842)
Gross profit		87,253	91,519
Selling, general and administrative expenses		(56,221)	(59,331)
Other income		2,793	2,113
Other expenses		(5,012)	(7,513)
Operating income	1	28,813	26,788
Interest income		188	141
Other financial income		188	1,207
Interest charges		(1,399)	(1,250)
Other financial expenses		(2,786)	(1)
Share of (losses) profits of investments accounted for using the equity method		(197)	1,140
Income before income taxes		24,807	28,025
Income taxes		(6,529)	(8,380)
Net income		18,278	19,645
Net income attributable to:			
Shareholders of the parent company		18,340	19,641
Non-controlling interests		(62)	4
Net income		18,278	19,645
Earnings per share attributable to shareholders of the parent company			
Basic		¥42.89	¥45.94
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 ¥31,032 million and ¥32,188 million for the six months ended September 30, 2016 and 2017, respectively.

[Condensed Interim Consolidated Statement of Comprehensive Income]

[For the six months ended September 30, 2017]

(Millions of yen)

	For the first half ended September 30, 2016	For the first half ended September 30, 2017
Net income	18,278	19,645
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	(250)	426
Share of other comprehensive income of investments accounted for using the equity method	(232)	80
Total items not to be reclassified into net income	<u>(482)</u>	<u>506</u>
Items that can be reclassified into net income		
Foreign currency translation adjustments	(23,376)	3,235
Net change in fair value of cash flow hedges	127	151
Share of other comprehensive income of investments accounted for using the equity method	(492)	98
Total items that can be reclassified into net income	<u>(23,741)</u>	<u>3,484</u>
Total other comprehensive income	<u>(24,223)</u>	<u>3,990</u>
Comprehensive income	<u>(5,945)</u>	<u>23,635</u>
Comprehensive income attributable to:		
Shareholders of the parent company	(5,566)	23,423
Non-controlling interests	<u>(379)</u>	<u>212</u>
Comprehensive income	<u>(5,945)</u>	<u>23,635</u>

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	For the first half ended September 30, 2016	For the first half ended September 30, 2017
Cash flows from operating activities:		
Net income	18,278	19,645
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	21,153	22,739
Impairment losses	745	72
Share of losses (profits) of investments accounted for using the equity method	197	(1,140)
Financial income and expenses	3,809	(97)
Restructuring expenses	926	98
Net loss (gain) on business reorganization and others	179	(320)
Income taxes	6,529	8,380
(Increase) decrease in trade receivables	(1,524)	(19,557)
(Increase) decrease in inventories	(534)	(19,490)
(Increase) decrease in accounts receivable - other	1,527	(1,235)
Increase (decrease) in trade payables	(3,287)	5,519
Increase (decrease) in accrued expenses	(1,329)	5,125
Increase (decrease) in retirement and severance benefits	551	933
Other	(2,850)	(2,475)
Subtotal	44,370	18,197
Interest and dividends received	998	1,307
Interest paid	(1,419)	(1,298)
Payments for structural reforms	(193)	(98)
Income taxes paid	(8,537)	(6,062)
Net cash provided by operating activities	35,219	12,046

(Millions of yen)

	For the first half ended September 30, 2016	For the first half ended September 30, 2017
Cash flows from investing activities:		
Purchase of property, plant and equipment	(27,312)	(39,129)
Purchase of intangible assets	(1,307)	(473)
Proceeds from sales of property, plant and equipment	908	301
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(504)	(50)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	1,573	830
Payments for transfer of business	—	(86)
Other	634	122
Net cash used in investing activities	(26,008)	(38,485)
Cash flows from financing activities:		
Increase (decrease) in short-term debt, net	6,204	6,783
Proceeds from long-term debt	—	300
Repayment of long-term debts	(5,597)	(6,214)
Dividends paid to shareholders	(5,559)	(5,559)
Dividends paid to non-controlling interests	(119)	(152)
Acquisition of common stock for treasury	(1)	(4)
Proceeds from sales of treasury stock	0	0
Net cash used in financing activities	(5,072)	(4,846)
Effect of exchange rate changes on cash and cash equivalents	(5,198)	1,341
Net increase (decrease) in cash and cash equivalents	(1,059)	(29,944)
Cash and cash equivalents at the beginning of the first quarter	120,300	139,411
Cash and cash equivalents at the end of the second quarter	119,241	109,467

(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 •Forged components for automobiles •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 to September 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	115,819	48,495	162,468	118,637	445,419	632	446,051	—	446,051
Intersegment transactions	43	4	—	19	66	842	908	(908)	—
Total revenues	115,862	48,499	162,468	118,656	445,485	1,474	446,959	(908)	446,051
Segment profit	9,962	3,685	9,140	5,394	28,181	134	28,315	498	28,813
Financial income	—	—	—	—	—	—	—	—	376
Financial expenses	—	—	—	—	—	—	—	—	(4,185)
Share of profits (losses) of investments accounted for using the equity method	—	—	—	—	—	—	—	—	(197)
Income before income taxes	—	—	—	—	—	—	—	—	24,807

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, 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 profits (losses) 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.

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. The segment information for the six months ended September 30, 2017, is prepared and disclosed under the segments reflecting this change.