Consolidated Financial Report [IFRS]
For the Year Ended March 31, 2016

April 27, 2016

Listed Company: Hitachi Metals, Ltd. (URL http://www.hitachi-metals.co.jp/e/index.html)
Listed Stock Exchanges: Tokyo Stock Exchange, Inc. (First Section, Code Number 5486)
Representative: Hideaki Takahashi, President and Chief Executive Officer
Contact: Tatsuya Minami, General Manager, Corporate Communications Dept. Tel: +81-3-6774-3077
Date of the Ordinary General Meeting of Shareholders: June 23, 2016

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

1. Performance over the year under review (Apr. 1, 2015 - Mar. 31, 2016)

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

	Revenues		Operating Income		Income before Income Taxes		Net Income		Net Income attributable to Shareholders of the Parent Company		Comprehensive Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March, 2016	1,017,584	1.3	99,954	18.4	96,233	11.4	68,980	(4.1)	69,056	(2.1)	40,082	(61.6)
March, 2015	1,004,373	24.3	84,407	58.0	86,391	54.8	71,918	48.7	70,569	46.6	104,441	86.9

	Earnings per Share attributable to Shareholders of the Parent Company (Basic)	Earnings per Share attributable to Shareholders of the Parent Company (Diluted)	Net Income Ratio to Equity attributable to Shareholders of the Parent Company	Income before Income Taxes Ratio to Assets	Income before Income Taxes Ratio to Revenues
	Yen	Yen	%	%	%
March, 2016	161.50	—	14.4	9.1	9.8
March, 2015	165.02	—	16.8	8.9	8.4

Reference: Share of profit of investments accounted for using the equity method March, 2016 ¥428millions March, 2015 ¥1,005millions

(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
March, 2016	1,033,311	504,675	495,865	48.0	1,159.70
March, 2015	1,083,450	476,176	466,359	43.0	1,090.64

(3) Statement of Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investment Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the End of Period
	Million yen	Million yen	Million yen	Million yen
March, 2016	115,742	(32,147)	(37,872)	120,300
March, 2015	108,983	(113,750)	(8,884)	79,029

2. Dividends

	Dividends per Share					Total Dividends (Annual)	Dividend Payout Ratio (Consolidated)	Dividends on Equity attributable to Shareholders of the Parent Company (Consolidated)
	1Q	2Q	3Q	Term-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March, 2015	—	10.00	—	13.00	23.00	9,835	13.9	2.4
March, 2016	—	13.00	—	13.00	26.00	11,118	16.1	2.3
March, 2017 (Forecast)	—	13.00	—	13.00	26.00		24.7	

3. Business results forecast for the year ending March 31, 2017 (Apr.1, 2016 - Mar.31, 2017)

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

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

(Note) Beginning from the fiscal year ending March 31, 2017, in order to give a true view of the condition of the Company's business without the effects of business restructuring, adjusted operating income is presented as "operating income" in the table above, wherein said adjusted operating income is the operating

income recorded in the consolidated statement of income, excluding non-operating income and expenses, and extraordinary income and losses. Adjusted operating income is a unified profit indicator for the Hitachi Group, including Hitachi, Ltd. Adjusted operating income for the fiscal year ending March 31, 2016, was ¥76,061 million.

4. Other Notes

(1) Changes in major subsidiaries during the period under review: Yes
Newly included : －
Excluded : Shanghai Hitachi Cable Co., Ltd.

(2) Changes in accounting policies and accounting estimates
(i) Changes in accounting policies requested by IFRS: None
(ii) Changes other than those in (i): None
(iii) Changes in accounting estimates: None

(3) Numbers of shares issued (Common stock)

(i) Number of shares outstanding at end of period (Including treasury stock)	March, 2016	428,904,352	March, 2015	428,904,352
(ii) Number of treasury stock outstanding at end of period	March, 2016	1,324,420	March, 2015	1,303,157
(iii) Average number of shares issued during the term	March, 2016	427,583,545	March, 2015	427,629,682

*Status of audit procedures
This financial report is outside the scope of audit procedures under the Financial Instruments and Exchange Act and the audit procedures on financial statements were not completed as of the release of this financial report.

*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 to differ from those projected. Please refer to "1. (1) Analysis of Operating Results" on page 4 for precondition and assumption as the basis of the above forecasts.

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1. Operating Results and Financial Condition

(1) Analysis of Operating Results

1) Overview of Fiscal 2015 (fiscal year ended March 31, 2016)

While the global economy during the fiscal year ended March 31, 2016, remained on a modest growth track primarily in advanced countries, the slowdown in emerging economies that began last summer fueled uncertainty over future economic prospects. The U.S. economy continued to experience upturns supported by consumer spending, and the European market continued its slow recovery as a whole. Economies in emerging countries and resource-driven countries continued to grow at a slow pace as a result of the Chinese economy showing more signs of an accelerated slowdown and a drop in resource prices. Amid such situations, the Japanese economy remained in a holding pattern due to factors such as the impact of the slowdown in emerging economies on exports and production.

Among the industries in which Hitachi Metals Group (the "Group") operates, the automobile industry experienced strong demand in the United States; however, the domestic market saw continued inventory adjustments of small cars and demand was weak in China and some emerging countries. Steel production was on a declining path due to the effects of the worsened balance of supply and demand in Asia accompanied by the inventory adjustments. Further, public investment fell, while the Japanese housing construction market remained unchanged. The demand in the electronics industry fell due to weaker sales of personal computers and air-conditioning units.

Under these business circumstances as described above, the conversion of Waupaca Foundry, Inc. into a consolidated wholly owned subsidiary as of November 10, 2014, contributed to the financial results of the Group for the fiscal year ended March 31, 2016. When compared with those for the fiscal year ended March 31, 2015, revenues of the Group increased by 1.3% to ¥1,017,584 million and operating income increased by ¥15,547 million to ¥99,954 million. Operating income increased mainly due to posting gains on business reorganization and others of ¥30,232 million in other income arising from a transfer of shares equivalent to 51% of the issued shares of Hitachi Tool Engineering, Ltd. (currently named Mitsubishi Hitachi Tool Engineering, Ltd.) to Mitsubishi Materials Corporation as of April 1, 2015, despite a decrease in gross profit. For the fiscal year ended March 31, 2016, income before income taxes increased by ¥9,842 million to ¥96,233 million and net income attributable to owners of the parent company decreased by ¥1,513 million to ¥69,056 million, compared with the year ended March 31, 2015.

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

High-Grade Metal Products and Materials

Revenues in the High-Grade Metal Products and Materials segment for the fiscal year ended March 31, 2016, were ¥241,987 million, a decrease of 7.2% as compared with those for the fiscal year ended March 31, 2015. Operating income of the segment increased by ¥18,682 million to ¥53,343 million for the same period, partly due to gains on business reorganization and others of ¥25,931 million arising from the transfer of shares in Hitachi Tool Engineering, Ltd. (currently named Mitsubishi Hitachi Tool Engineering, Ltd.) on April 1, 2015.

<Special Steels>

Despite the effect of economic slowdown on sales of tool steels in Asia, overall sales remained at the same level as compared with those for the fiscal year ended March 31, 2015, due to robust demand for automotive mold materials in Japan as well as a further shift towards high-value-added products in product lines. For industrial equipment materials, despite the expanded sales of environmentally friendly products and steady demand for other industrial components for overseas markets, sales fell compared to those for the fiscal year ended March 31, 2015, due to a continued partial production adjustment for automobile-related materials. Sales of aircraft-related and energy-related materials considerably increased because of continuing robust demand, as well as reflecting the performance of Hitachi Metals MMC Superalloy, Ltd., which became a consolidated subsidiary of the Group from the second quarter of the fiscal year ended March 31, 2015. Sales of alloys for electronic products, both display-related materials and semiconductors and other package materials, decreased as compared to those for the fiscal year ended March 31, 2015.

<Rolls>

Sales of rolls showed an increase due to growth in exports during the fiscal year ended March 31, 2016. Despite a decrease in demand for mobile devices, sales of injection molding machine parts remained steady year-on-year, thanks to robust demand mainly for large machinery.

<Amorphous Materials>

Sales of amorphous metals decreased as compared with those for the fiscal year ended March 31, 2015, due to a drop in demand for China, the major market for the products.

Magnetic Materials and Applications

Revenues in the Magnetic Materials and Applications segment for the fiscal year ended March 31, 2016, were ¥119,944 million, a decrease of 11.5% as compared with those for the fiscal year ended March 31, 2015. Operating income of the segment decreased by ¥ 1,918 million to ¥9,574 million for the same period.

<Magnets>

Sales of rare earth magnets decreased as compared with those for the fiscal year ended March 31, 2015, because of the slowdown in demand for industrial equipment and household appliances, despite strong demand in automotive electronic components for electric power steering and hybrid automobiles. Sales of ferrite magnets increased due to solid demand for automotive electronic components and household appliance parts, both in Japanese and overseas markets.

<Soft Magnetic Materials and Applied Products>

Sales of ferrite applied products experienced a decline in demand for solar power generation systems parts. Sales of ferrite core were weak, affected by a slowdown in demand in the Chinese market. Sales of FINEMET® diminished due to a decrease in demand for automotive electronic components and the production adjustment of air-conditioners.

High-Grade Functional Components and Equipment

Revenues in the High-Grade Functional Components and Equipment segment for the fiscal year ended March, 2016, were ¥365,118 million, an increase of 29.3% as compared with those for the fiscal year ended March 31, 2015. Operating income of the segment decreased by ¥2,595 million to ¥25,479 million year-on-year due to the Group posting gain on reorganization of ¥9,684 million following the transfer of all shares of Hitachi Metals Techno, Ltd. (currently, named SENQCIA Corporation) in the fiscal year ended March 31, 2015.

<Casting Components for Automobiles>

Sales of casting components for automobiles increased significantly as a whole compared with those for the fiscal year ended March 31, 2015, reflecting the incorporation of the performance of Waupaca Foundry, Inc., which became a consolidated wholly owned subsidiary from November 2014. Sales of heat-resistant exhaust casting components increased as compared with those for the fiscal year ended March 31, 2015, due to an increase in demand in both Europe and North America beginning from the second half of the fiscal year ending March 31, 2016, despite a temporary decline in demand during the first half of the fiscal year. Sales of aluminum wheels increased as compared with those for the fiscal year ended March 31, 2015, supported by robust demand in the United States.

<Piping Components>

Sales of casting iron fittings remained flat as a whole year-on-year in both the Japanese and overseas markets. Despite strong demand for gas piping components, sales of stainless steel and plastic piping components remained flat as a whole year-on-year due to a decline in housing starts.

Wires, Cables, and Related Products

Revenues in the Wires, Cables, and Related Products segment for the fiscal year ended March 31, 2016, were ¥288,246 million, a decrease of 12.1% as compared with those for the fiscal year ended March 31, 2015. Operating income of the segment decreased by ¥2,163 million to ¥17,682 million for the same period.

<Electric Wires and Cables>

While revenues from electric wires and cables decreased due to review of the Group's business portfolio, sales of electric wires and cables grew significantly, backed by steady demand for wires and cables for rolling stock, which is one of the focused areas of the Group, especially in overseas markets, and an increase in sales of probe cables for medical use.

<Automotive Products>

Sales of automotive products increased as compared with those for the fiscal year ended March 31, 2015, since both electronic components and brake hoses showed a steady increase, supported by continuing brisk demand for automobiles, especially in North America.

<Information System Devices and Materials>

Sales of information system devices and materials decreased as compared with those for the fiscal year ended March 31, 2015, as a result of weak demand in network products and wireless systems, due to prolonged sluggish capital investments in infrastructure by telecommunications carriers.

Other

Revenues in the Other segment for the fiscal year ended March 31, 2016, were ¥3,547 million, a decrease of 18.6% as compared with those for the fiscal year ended March 31, 2015. Operating income of the segment decreased by ¥63 million to an operating loss of ¥143 million for the same period.

2) Outlook for Fiscal 2016 (the fiscal year ending March 31, 2017)

As for the Group's business environment, although the Group expects the U.S. and European economies to continue on a recovery path, caution is required going forward, as there are many uncertainties stemming from concerns about further economic slowdown in emerging countries, such as China and resource-rich countries, sudden fluctuations in exchange rates, and declines in the price of crude oil and other resources.

In this business environment, the Group is preparing a fiscal 2018 medium-term management plan (ending March 31, 2019) to position itself as a top-class global manufacturer of highly functional materials. The plan will be released in May 2016. The consolidated operating forecasts for the fiscal year ending March 31, 2017, the first year of this medium-term management plan, are as follows:

Consolidated operating forecasts for the fiscal year ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(% represents the percentage change year-on-year)

	Net sales		Operating income		Income before income taxes		Net income attributable to shareholders of the parent company		Basic earning per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
2nd quarter (cumulative)	465,500	(11.3)	34,000	(6.0)	28,500	(53.0)	19,000	(56.6)	44.44
Fiscal year ending March 31, 2017	950,000	(6.6)	78,000	2.5	65,000	(32.5)	45,000	(34.8)	105.24

(Note) Beginning from the fiscal year ending March 31, 2017, in order to give a true view of the condition of the Company's business without the effects of business restructuring, adjusted operating income is presented as "operating income" in the table above, wherein said adjusted operating income is the operating income recorded in the consolidated statement of income, excluding non-operating income and expenses, and extraordinary income and

losses. Adjusted operating income is a unified profit indicator for the Hitachi Group, including Hitachi, Ltd. Adjusted operating income for the fiscal year ending March 31, 2016, was ¥76,061 million.

(2) Analysis of Financial Condition

1) Assets, liabilities, and equity

The analysis of changes in the Group's consolidated statement of financial position as of the end of the fiscal year ended March 31, 2016, is as follows:

Total assets were ¥1,033,311 million, a decrease of ¥50,139 million compared to the end of the fiscal year ended March 31, 2015. Current assets were ¥483,855 million, a decrease of ¥60,765 million compared to the end of the fiscal year ended March 31, 2015. This was mainly attributable to decreases in trade receivables and inventories of ¥42,266 million and ¥19,522 million, respectively. Non-current assets were ¥549,456 million, an increase of ¥10,626 million compared to the end of the fiscal year ended March 31, 2015. This was mainly attributable to an increase in investments accounted for using the equity method of ¥11,545 million due to Hitachi Tool Engineering, Ltd. (currently named Mitsubishi Hitachi Tool Engineering, Ltd.) being excluded from the scope of consolidation and being accounted for using the equity method.

Total liabilities were ¥528,636 million, a decrease of ¥78,638 million compared to the end of the fiscal year ended March 31, 2015. This was mainly attributable to decreases in trade payables, long-term debt, and liabilities related to assets held for trading of ¥29,615 million, ¥26,082 million, and ¥10,264 million, respectively. Total equity was ¥504,675 million, an increase of ¥28,499 million compared to the end of the fiscal year ended March 31, 2015. This was mainly attributable to an increase in retained earnings of ¥58,285 million.

2) Cash flows

Cash and cash equivalents as of the end of the fiscal year ended March 31, 2016, were ¥120,300 million, an increase of ¥41,271 million from the end of the fiscal year ended March 31, 2015, as a result of cash used in investing activities and financing activities exceeding net cash provided by operating activities.

The analysis of cash flows for each category as of the end of the fiscal year ended March 31, 2016, is as follows:

<Cash Flows from Operating Activities>

Net cash provided by operating activities was ¥115,742 million, which was mainly attributable to net income of ¥68,980 million and depreciation and amortization of intangible assets of ¥42,927 million for the fiscal year ended March 31, 2016.

<Cash Flows from Investing Activities>

Net cash used in investing activities was ¥32,147 million, consisting of mainly the following factors: proceeds of ¥31,191 million from sale of investments in securities and other financial assets by transferring shares equivalent to 51% of the issued shares in Hitachi Tool Engineering, Ltd. (currently named Mitsubishi Hitachi Tool Engineering, Ltd.) to Mitsubishi Materials Corporation as of April 1, 2015, and payment of ¥53,646 million for the purchase of property, plant and equipment.

<Cash Flows from Financing Activities>

Net cash used in financing activities was ¥37,872 million, which was mainly attributable to repayment of long-term debt of ¥30,034 million and payment of dividends of ¥11,543 million to shareholders.

	3/2014	3/2015	3/2016
Ratio of equity attributable to shareholders of the parent company	43.9	43.0	48.0
Ratio of equity attributable to shareholders of the parent company at market value	74.0	72.8	48.0
Ratio of interest-bearing debts to cash flows	178.7	234.3	190.4
Interest coverage ratio	40.9	38.1	30.6

*Ratio of equity attributable to shareholders of the parent company: Equity attributable to shareholders of the parent company/total assets
Ratio of equity attributable to shareholders of the parent company at market value: Total market value of stocks/total assets
Ratio of interest-bearing debts to cash flows: Interest-bearing debts/cash flows from operations
Interest coverage ratio: Cash flows from operations/interest paid

1. Each indicator is calculated using financial information per consolidated financial statements.
2. Total market value of stocks is calculated by multiplying the closing stock price at the fiscal year end by total number of stocks issued (excluding treasury stocks) as of the fiscal year end.
3. Cash flows from operating activities in the consolidated statements of cash flows are used as cash flows from operations in the above calculation. Interest-bearing debts include all interest-bearing debts recorded in the consolidated statement of financial position. Interest paid represents the amount of interest expenses paid per the consolidated statements of cash flows.
4. As the Company has applied IFRS from the fiscal year ended March 31, 2015, with the transition date to IFRS of April 1, 2013, indicators for the fiscal years ended on or before March 31, 2013, are not disclosed.

(3) Dividend Policy and Dividends for the Current and Next Fiscal Years

The Company's basic dividend policy is to determine profit distributions to shareholders and internal reserves by comprehensively assessing business environment, business development, and business performance. Management's primary commitment is to generate robust growth over medium-term to long-term period, by strengthening the international competitiveness and enhancing the corporate value of the Company, to deliver appropriate returns of profits to shareholders in a long-term period under the business environment with evolving customer needs and technology and globalization. The internal reserves are to be used for development and commercialization of new materials, incubation of new businesses, and expansion and streamline of competitive product lines by looking into the future business development. The Company purchases treasury stock to implement the agile capital policy in accordance with its needs, financial conditions, stock price levels, and other factors.

For dividend payments from the current fiscal year's retained earnings, the management paid an interim dividend of ¥13 per share (the dividend record date: the end of the second quarter) and forecasts a year-end dividend of ¥13 per share (the dividend record date: the end of the fiscal year), which will result in an annual dividend of ¥26 per share.
For dividend payments from the next fiscal year's retained earnings, the management forecasts an interim dividend of ¥13 per share (the dividend record date: the end of the second quarter) and a year-end dividend of ¥13 per share (the dividend record date: the end of the fiscal year), which will result in an annual dividend of ¥26 per share, considering operating forecasts.

(4) Business Risks

The following are some of the business risks that may affect the performance and financial condition of the Group:

a) Market trends in electronics, automobiles, construction, and other related industries in which the Group operates
b) Economic fluctuations in the United States, Asia, Europe, and other regions where the Group sells its products
c) Price changes in raw materials affected by international market conditions
d) Effects of fluctuations in interest rates and credit risks associated with financing activities
e) Impacts of changes in foreign exchange rates on transactions, assets, and debt denominated in foreign currencies
f) Impairment losses arising from changes in fair value of investment securities held
g) Disturbances due to economic, social, or political factors affecting overseas operations
h) Decline in competitiveness and abilities to develop and commercialize new technologies or products
i) Disputes over intellectual property rights
j) Increase in costs associated with environmental, export control, or other regulation, or penalties for regulatory violations
k) Costs related to product defects
l) Impact of earthquakes or other major natural disasters on business activities
m) Claims and lawsuits for damages due to unauthorized disclosure of personal and confidential information

The Group strives to avoid or minimize the impact of such risks by establishing and maintaining effective risk management systems. However, these risks may not be fully avoided or minimized, and may affect operating results, financial condition, and other aspects of the Group.

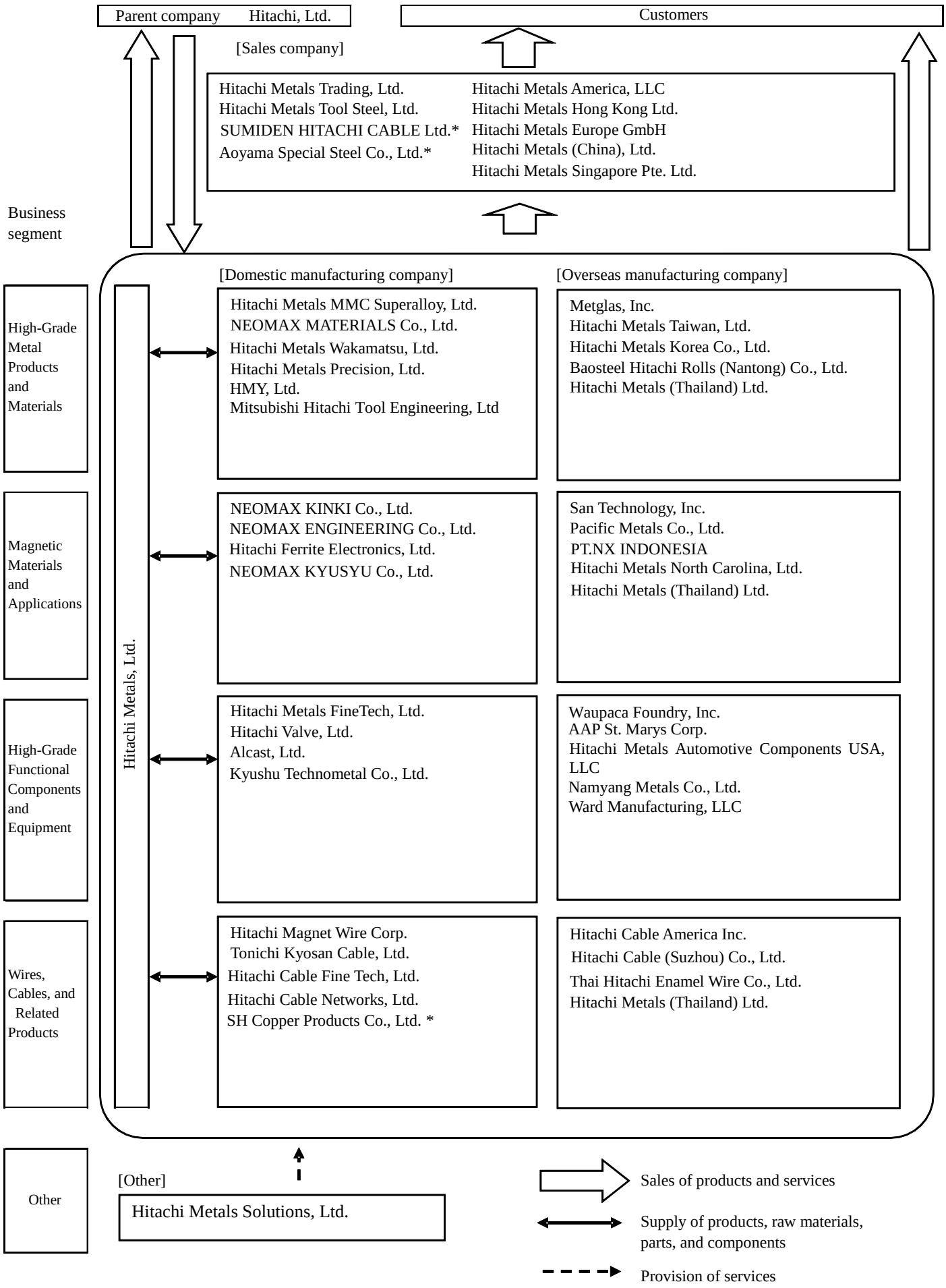
2. Organization of the Hitachi Metals Group

The major companies of the Group are categorized, in general, as below:

Business Segment	Principal Products and Major Group Companies
High-Grade Metal Products and Materials	(Principal Products) •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
	(Major Group Companies) Hitachi Metals Tool Steel, Ltd.; Hitachi Metals MMC Superalloy, Ltd.; NEOMAX MATERIALS Co., Ltd.; Hitachi Metals Wakamatsu, Ltd.; Hitachi Metals Precision, Ltd.; HMY, Ltd.; Aoyama Special Steel Co., Ltd. (*); Mitsubishi Hitachi Tool Engineering, Ltd. (*);Hitachi Metals Taiwan, Ltd.; Metglas, Inc.; Hitachi Metals Korea Co., Ltd.; Baosteel Hitachi Rolls (Nantong) Co., Ltd.; Hitachi Metals Trading, Ltd.; Hitachi Metals America, LLC; Hitachi Metals Hong Kong Ltd.; Hitachi Metals Europe GmbH; Hitachi Metals Singapore Pte. Ltd.; Hitachi Metals (Thailand) Ltd.; Hitachi Metals (China), Ltd.
Magnetic Materials and Applications	(Principal Products) •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
	(Major Group Companies) NEOMAX KINKI Co., Ltd.; NEOMAX ENGINEERING Co., Ltd.; Hitachi Ferrite Electronics, Ltd.; NEOMAX KYUSHU Co., Ltd.; San Technology, Inc.; Pacific Metals Co., Ltd.; PT.NX INDONESIA; Hitachi Metals North Carolina, Ltd.; Hitachi Metals Trading, Ltd.; Hitachi Metals America, LLC; Hitachi Metals Hong Kong Ltd.; Hitachi Metals Europe GmbH; Hitachi Metals Singapore Pte. Ltd.; Hitachi Metals (Thailand) Ltd.; Hitachi Metals (China), Ltd.
High-Grade Functional Components and Equipment	(Principal Products) •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 (™ Gourdbrand pipe fittings, stainless steel and plastic piping components, water cooling equipment, precision mass flow control devices, and sealed expansion tanks)
	(Major Group Companies) Hitachi Metals FineTech, Ltd.; Hitachi Valve, Ltd.; Alcast, Ltd.; Kyushu Technometal Co., Ltd.; Waupaca Foundry, Inc.; AAP St. Marys Corp.; Hitachi Metals Automotive Components USA, LLC; Namyang Metals Co., Ltd.; Ward Manufacturing, LLC; Hitachi Metals Trading, Ltd.; Hitachi Metals America, LLC; Hitachi Metals Europe GmbH, Hitachi Metals (China), Ltd.
Wires, Cables, and Related Products	(Principal Products) •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 systems (information networks and wireless systems)
	(Major Group Companies) Hitachi Metals Trading, Ltd.; Hitachi Magnet Wire Corp.; Tonichi Kyosan Cable, Ltd.; Hitachi Cable Fine Tech, Ltd.; Hitachi Cable Networks, Ltd.; SUMIDEN HITACHI CABLE Ltd. (*); SH Copper Products Co.,Ltd. (*); Hitachi Cable America Inc.; Hitachi Cable (Suzhou) Co., Ltd.; Thai Hitachi Enamel Wire Co., Ltd.; Hitachi Metals Hong Kong Ltd.; Hitachi Metals Singapore Pte. Ltd.; Hitachi Metals (Thailand) Ltd.; Hitachi Metals (China), Ltd.
Other	(Principal Businesses) Real estate and software businesses
	(Major Group Company) Hitachi Metals Solutions, Ltd.

(Note)
1. The companies marked (*) are affiliates.
2. The companies that engage in multiple businesses are included in the respective segments.

The above can be illustrated, in general, as below



(Note) 1. Companies without mark are consolidated subsidiaries. Companies with asterisk (*) are affiliates.

3. Management Policies

(1) Basic Management Policy

The basic management policy of the Group is to operate business, as fulfilling social responsibilities, to contribute towards creating a better society by developing relationships with stakeholders of the Group, such as shareholders, investors, and business partners. The Group, therefore, endeavors to create new products and businesses through enhancement of basic technologies and technical innovation, and to provide new values to the society. The Group also ensures that its product development and manufacturing is environmentally sustainable. In addition, the Group will engage with the society through disclosing appropriate corporate information in a timely manner, contributing to the community, reflecting a broad social perspective to management of the Group, and establish a relationship of mutual trust. Through these business activities, the Group will steadily enhance its corporate value.

(2)Management Indicators

The Group is preparing a fiscal 2018 medium-term management plan (ending March 31, 2019) to position itself as a top-class global manufacturer of highly functional materials. The plan will be released in May 2016.

(3)Medium- to Long-Term Corporate Management Strategies and Challenges

The Group is preparing a fiscal 2018 medium-term management plan (ending March 31, 2019) to position itself as a top-class global manufacturer of highly functional materials. The plan will be released in May 2016.

4. Basic Views of Selecting Accounting Standards

The Group has voluntarily adopted IFRS and prepared its consolidated financial statements under IFRS for the annual securities report beginning from the fiscal year ended March 31, 2015 (April 1, 2014 through March 31, 2015), for the purposes of further globalizing its business, better understanding of group management, stronger governance, and more efficient business operations.

5. Consolidated Financial Statements

(1) Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and cash equivalents	79,029	120,300
Trade receivables	220,547	178,281
Inventories	166,486	146,964
Other current assets	49,989	38,310
Subtotal	516,051	483,855
Assets held for sale	28,569	—
Total current assets	544,620	483,855
Non-current assets		
Investments accounted for using the equity method	24,892	36,437
Investments in securities and other financial assets	18,411	22,446
Property, plant and equipment	299,669	304,292
Goodwill and intangible assets	160,269	158,915
Deferred tax assets	15,918	12,552
Other non-current assets	19,671	14,814
Total non-current assets	538,830	549,456
Total assets	1,083,450	1,033,311

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Short-term debt	32,039	25,251
Current portion of long-term debt	29,235	27,131
Other financial liabilities	30,765	26,714
Trade payables	178,614	148,999
Accrued expenses	41,986	38,067
Advances received	2,520	2,426
Other current liabilities	4,955	8,126
Subtotal	320,114	276,714
Liabilities related to assets held for sale	10,264	—
Total current liabilities	330,378	276,714
Non-current liabilities		
Long-term debts	194,076	167,994
Other financial liabilities	2,415	3,482
Retirement and severance benefits	63,007	66,820
Deferred tax liabilities	11,540	7,933
Other non-current liabilities	5,858	5,693
Total non-current liabilities	276,896	251,922
Total liabilities	607,274	528,636
Equity		
Equity attributable to shareholders of the parent company		
Common stock	26,284	26,284
Capital surplus	115,805	115,806
Retained earnings	277,856	336,141
Accumulated other comprehensive income	47,519	18,780
Treasury stock, at cost	(1,105)	(1,146)
Total equity attributable to shareholders of the parent company	466,359	495,865
Non-controlling interests	9,817	8,810
Total equity	476,176	504,675
Total liabilities and equity	1,083,450	1,033,311

(2) Consolidated Statement of Income and Comprehensive Income

[Consolidated Statement of Income]

(Millions of yen)

	For the year ended March 31, 2015	For the year ended March 31, 2016
Revenues	1,004,373	1,017,584
Cost of sales	(793,517)	(819,433)
Gross profit	210,856	198,151
Selling, general and administrative expenses	(126,446)	(122,090)
Other income	21,303	36,416
Other expenses	(21,306)	(12,523)
Operating income	84,407	99,954
Interest income	805	847
Other financial income	3,170	385
Interest charges	(2,996)	(3,692)
Other financial expenses	—	(1,689)
Share of profits (losses) of investments accounted for using the equity method	1,005	428
Income before income taxes	86,391	96,233
Income taxes	(14,473)	(27,253)
Net income	71,918	68,980
Net income attributable to:		
Shareholders of the parent company	70,569	69,056
Non-controlling interests	1,349	(76)
Net income	71,918	68,980
Earnings per share attributable to shareholders of the parent company		
Basic	¥165.02	¥161.50
Diluted	—	—

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	For the year ended March 31, 2015	For the year ended March 31, 2016
Net income	71,918	68,980
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	740	(1,166)
Remeasurements of defined benefit plans	10,002	(6,456)
Share of other comprehensive income of investments accounted for using the equity method	683	(119)
Total items not to be reclassified into net income	11,425	(7,741)
Items that can be reclassified into net income		
Foreign currency translation adjustments	20,582	(19,960)
Net change in fair value of cash flow hedges	(1,070)	(233)
Share of other comprehensive income of investments accounted for using the equity method	1,586	(964)
Total items that can be reclassified into net income	21,098	(21,157)
Total other comprehensive income	32,523	(28,898)
Comprehensive income	104,441	40,082
Comprehensive income attributable to		
Shareholders of the parent company	102,576	40,664
Non-controlling interests	1,865	(582)
Comprehensive income	104,441	40,082

(3) Consolidated Statement of Changes in Equity

(Millions of yen)

	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Balance at April 1, 2014	26,284	115,591	215,603	15,749	(1,010)	372,217	10,623	382,840
Changes in equity								
Net income	—	—	70,569	—	—	70,569	1,349	71,918
Other comprehensive income	—	—	—	32,007	—	32,007	516	32,523
Dividends to shareholders of the parent company	—	—	(8,553)	—	—	(8,553)	—	(8,553)
Dividends to non-controlling interests	—	—	—	—	—	—	(550)	(550)
Acquisition of treasury stock	—	—	—	—	(107)	(107)	—	(107)
Sales of treasury stock	—	1	—	—	12	13	—	13
Change in the scope of consolidation	—	—	—	—	—	—	(1,946)	(1,946)
Transfer to retained earnings	—	—	237	(237)	—	—	—	—
Changes in the parent's equity in a subsidiary that do not result in the parent losing control of the subsidiary	—	213	—	—	—	213	(229)	(16)
Other	—	—	—	—	—	—	54	54
Total changes in equity	—	214	62,253	31,770	(95)	94,142	(806)	93,336
Balance at March 31, 2015	26,284	115,805	277,856	47,519	(1,105)	466,359	9,817	476,176
Changes in equity								
Net income	—	—	69,056	—	—	69,056	(76)	68,980
Other comprehensive income	—	—	—	(28,392)	—	(28,392)	(506)	(28,898)
Dividends to shareholders of the parent company	—	—	(11,118)	—	—	(11,118)	—	(11,118)
Dividends to non-controlling interests	—	—	—	—	—	—	(425)	(425)
Acquisition of treasury stock	—	—	—	—	(41)	(41)	—	(41)
Sales of treasury stock	—	1	—	—	0	1	—	1
Change in the scope of consolidation	—	—	—	—	—	—	—	—
Transfer to retained earnings	—	—	347	(347)	—	—	—	—
Changes in the parent's equity in a subsidiary that do not result in the parent losing control of the subsidiary	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—
Total changes in equity	—	1	58,285	(28,739)	(41)	29,506	(1,007)	28,499
Balance at March 31, 2016	26,284	115,806	336,141	18,780	(1,146)	495,865	8,810	504,675

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the year ended March 31, 2015	For the year ended March 31, 2016
Cash flows from operating activities:		
Net income	71,918	68,980
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	39,917	42,927
Impairment losses	497	1,372
Share of (profits) losses of investments accounted for using the equity method	(1,005)	(428)
Financial income and expenses	(979)	4,149
Losses on sale of property, plant and equipment	1,453	1,377
Restructuring expenses	6,792	3,250
Net (gain) loss on business reorganization and others	(12,724)	(29,841)
Loss on revision of retirement benefit plan	2,367	—
Income taxes	14,473	27,253
Decrease (increase) in trade receivables	23,972	33,731
(Increase) decrease in inventories	(8,146)	12,974
Decrease (increase) in accounts receivable - other	2,726	6,540
(Decrease) increase in trade payables	(11,944)	(24,837)
Increase in accrued expenses	4,853	(1,291)
Increase (decrease) in retirement and severance benefits	3,601	(701)
Other	(9,811)	(9,407)
Subtotal	127,960	136,048
Interest and dividends received	732	1,641
Interest paid	(2,860)	(3,780)
Payments for structural reforms	(1,572)	(3,239)
Foreign value added taxes refunded	1,731	—
Income taxes paid	(17,008)	(14,928)
Net cash provided by operating activities	108,983	115,742

(Millions of yen)

	For the year ended March 31, 2015	For the year ended March 31, 2016
Cash flows from investing activities:		
Purchase of property, plant and equipment	(44,063)	(53,646)
Purchase of intangible assets	(4,087)	(4,112)
Proceeds from sales of property, plant and equipment	1,811	1,844
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(90,230)	(12,940)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	15,838	31,191
Proceeds from transfer of business	9,678	1,694
Payments for transfer of business	(1,900)	(1,399)
Other	(797)	5,221
Net cash used in investing activities	(113,750)	(32,147)
Cash flows from financing activities:		
Net decrease in short-term debt, net	(25,182)	(2,255)
Proceeds from long-term debt	123,923	6,000
Repayment of long-term debt	(98,411)	(30,034)
Dividends paid to shareholders	(8,553)	(11,118)
Dividends paid to non-controlling interests	(550)	(425)
Acquisition of common stock for treasury	(102)	(41)
Proceeds from sales of treasury stock	3	1
Purchase of shares of consolidated subsidiaries from non-controlling interests	(12)	—
Net cash used in financing activities	(8,884)	(37,872)
Effect of exchange rate changes on cash and cash equivalents	6,208	(4,452)
Net (decrease) increase in cash and cash equivalents	(7,443)	41,271
Cash and cash equivalents at the beginning of the year	92,911	79,029
Decrease in cash and cash equivalents resulting from transfer to assets held for sale	(6,439)	—
Cash and cash equivalents at the end of the year	79,029	120,300

(5) Notes to the Consolidated Financial Statements

[Segment Information]

The Group's operating segments are components for which independent financial information is available and which are regularly reviewed by the Board of Directors to assist the Board in making decisions about resources to be allocated to the segments and to assess performance.

The Group has adopted a Company-based organization structure and established seven business headquarters based on the type of products and services and one major group company. Each of the eight business units prepares a comprehensive strategy and engages in business activities related to their products and services for both the domestic and overseas markets.

The Company transferred shares equivalent to 51% of the issued shares in Hitachi Tool Engineering, Ltd. (currently, named Mitsubishi Hitachi Tool Engineering, Ltd.) to Mitsubishi Materials Corporation. As a result, the Company excluded it from the scope of consolidation as of April 1, 2015, and accounted for using the equity method for the fiscal year ended March 31, 2016.

Based on the above, the High-Grade Metal Products and Materials segment comprises the Specialty Steel Business, Roll Business, and Soft Magnetic Materials Business. The Magnetic Materials and Applications segment comprises the NEOMAX Business and Information System Components Business. The High-Grade Functional Components and Equipment segment comprises the Automotive Components Business and Piping Components Business. The Wire, Cables, and Related Products segment comprises the Electric Wires and Cables Business.

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

Reportable Segment	Major Products and Services
High-Grade Metal Products and Materials	•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
Magnetic Materials and Applications	•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	•Casting components for automobiles (HNM™ high-grade ductile cast iron products, cast iron products for transportation equipment, and HERCUNITE™ heat-resistant exhaust casting components) •SCUBA™ aluminum wheels and other aluminum components •Forged components for automobiles •Piping and infrastructure components (Gourd™ brand pipe fittings, stainless steel and plastic piping components, water cooling equipment, precision mass flow control devices, and sealed expansion tanks)
Wires, Cables, and Related Products	•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 systems (information networks and wireless systems)

Income by reportable segment is based on operating income. Intersegment revenues are based on prevailing market price.

Last consolidated fiscal year (from April 1, 2014 to March 31, 2015)

(Millions of Yen)

	Business Segment					Others	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	Subtotal				
Revenues									
External customers	257,396	135,400	282,018	327,595	1,002,409	1,964	1,004,373	—	1,004,373
Intersegment transactions	3,398	86	312	397	4,193	2,395	6,588	(6,588)	—
Total revenues	260,794	135,486	282,330	327,992	1,006,602	4,359	1,010,961	(6,588)	1,004,373
Segment profit (loss)	34,661	11,492	28,074	19,845	94,072	206	94,278	(9,871)	84,407
Financial income	—	—	—	—	—	—	—	—	3,975
Financial expenses	—	—	—	—	—	—	—	—	(2,996)
Share of profits (losses) of investments accounted for using the equity method	—	—	—	—	—	—	—	—	1,005
Income before income taxes	—	—	—	—	—	—	—	—	86,391
Segment assets	313,453	151,812	344,029	282,085	1,091,379	17,971	1,109,350	(25,900)	1,083,450
Other items:									
Depreciation and amortization	11,847	6,456	10,704	9,907	38,914	418	39,332	585	39,917
Capital expenditure	18,724	10,209	12,576	9,094	50,603	357	50,960	514	51,474
Impairment losses	—	5,209	88	410	5,707	—	5,707	174	5,881

Note:

1. Segment profit (loss) is based on operating income.
2. Intersegment transactions are recorded at the same prices used in transactions with third parties. Adjustments represent mainly general and administrative expenses for corporate assets, which are not allocated to each reportable segment.
3. Adjustments represent mainly cash and cash equivalents, investments in securities, and other financial assets included in corporate assets and eliminations of intersegment transactions.
4. Capital expenditure represents increases in property, plant and equipment, intangible assets, and investment property.

Current year (from April 1, 2015 to March 31, 2016)

(Millions of yen)

	Business Segment					Others	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	Subtotal				
Revenues									
External customers	241,678	119,922	365,112	288,216	1,014,928	2,656	1,017,584	—	1,017,584
Intersegment transactions	309	22	6	30	367	891	1,258	(1,258)	—
Total revenues	241,987	119,944	365,118	288,246	1,015,295	3,547	1,018,842	(1,258)	1,017,584
Segment profit (loss)	53,343	9,574	25,479	17,682	106,078	143	106,221	(6,267)	99,954
Financial income	—	—	—	—	—	—	—	—	1,232
Financial expenses	—	—	—	—	—	—	—	—	(5,381)
Share of profits (losses) of investments accounted for using the equity method	—	—	—	—	—	—	—	—	428
Income before income taxes	—	—	—	—	—	—	—	—	96,233
Segment assets	304,855	115,830	326,600	269,031	1,016,316	15,262	1,031,578	1,733	1,033,311
Other items:									
Depreciation and amortization	11,391	6,132	14,958	9,203	41,684	453	42,137	790	42,927
Capital expenditure	23,160	6,795	16,819	11,524	58,298	182	58,480	1,122	59,602
Impairment losses	25	16	1,187	—	1,228	—	1,228	144	1,372

Note:

1. Segment profit (loss) is based on operating income.
2. Intersegment transactions are recorded at the same prices used in transactions with third parties. Adjustments represent mainly general and administrative expenses for corporate assets, which are not allocated to each reportable segment.
3. Adjustments represent mainly cash and cash equivalents, investments in securities, and other financial assets included in corporate assets and eliminations of intersegment transactions.
4. Capital expenditure represents increases in property, plant and equipment, intangible assets, and investment property.

Other Related Information

For the year ended March 31, 2015

1) Product and service information

Information is similar to that presented under Segment Information above and is therefore omitted.

2) Geographic information

(a) Revenues

(Millions of yen)

Japan	North America	Asia	Europe	Other areas	Total
527,660	200,362	212,499	49,244	14,608	1,004,373

Note: Revenues are classified by country or region based on the customer's location.
Revenues from external customers attributed to any individual country or region other than Japan, the United States, and China were not material.
Revenues from external customers in the United States and China were ¥177,973 million and ¥84,508 million, respectively.

(b) Non-current assets (excluding financial instruments)

(Millions of yen)

Japan	North America	Asia	Europe	Other areas	Total
253,251	193,470	51,460	177	1,214	499,572

Note: Non-current assets (excluding financial assets) attributed to any individual country or region other than Japan and the United States were not material.
Non-current assets (excluding financial assets) attributable to the United States were ¥193,470 million.

3) Significant customer information

There were no major external customers who are considered significant on a stand-alone basis.

For the year ended March 31, 2016

1) Product and service information

Information is similar to that presented under Segment Information above and is therefore omitted.

2) Geographic information

(a) Revenues

(Millions of yen)

Japan	North America	Asia	Europe	Other areas	Total
451,116	312,847	192,773	45,844	15,004	1,017,584

Note: Revenues are classified by country or region based on the customer's location.
Revenues from external customers attributed to any individual country or region other than Japan, the United States, and China were not material.
Revenues from external customers in the United States and China were ¥276,616 million and ¥73,988 million, respectively.

(b) Non-current assets (excluding financial instruments)

(Millions of yen)

Japan	North America	Asia	Europe	Other areas	Total
276,691	194,215	40,597	171	1,311	512,985

Note: Non-current assets (excluding financial assets) attributed to any individual country or region other than Japan and the United States were not material.
Non-current assets (excluding financial assets) attributable to the United States were ¥194,215 million.

3) Significant customer information

There were no major external customers who are considered significant on a stand-alone basis.

[Net Income per Share]

The calculation of basic EPS attributable to shareholders of the parent company is summarized as follows:

	Fiscal 2015	Fiscal 2016
Weighted-average number of ordinary shares on which basic EPS is calculated	427,629 Thousands of shares	427,583 Thousands of shares
Net income attributable to shareholders of the parent company	70,569 Millions of yen	69,056 Millions of yen
Basic EPS attributable to shareholders of the parent company	165.02 Yen	161.50 Yen
Potential ordinary shares without dilutive effects and not used in calculating diluted EPS attributable to shareholders of the parent company	Euro-yen convertible type bonds with stock acquisition rights subject to call at par due in 2019: ¥ 4,495 million (outstanding issues)	Euro-yen convertible type bonds with stock acquisition rights subject to call at par due in 2019: ¥ - million (outstanding issues)

Note that diluted EPS attributable to shareholders of the parent company is not presented because no potentially dilutive shares of common stock were issued or outstanding.

[Subsequent Events]

There is no applicable item.