Consolidated Financial Report [IFRS]
For the 6-month period ended September 30, 2016

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

1. Performance for the First Half Ended September 30, 2016 (April 1, 2016 to September 30, 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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Sept., 2016	446,051	(15.0)	31,032	(14.2)	24,807	(59.1)	18,278	(58.5)	18,340	(58.1)
Sept., 2015	524,970	17.0	36,170	(1.4)	60,700	48.3	44,079	37.9	43,773	38.2

	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	%	Yen	Yen
Sept., 2016	(5,945)	—	42.89	—
Sept., 2015	38,199	(9.1)	102.37	—

Note: 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 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. Operating income in Condensed Interim Consolidated Statement of Comprehensive Income for the six months ended September 30, 2015 was ¥61,581 million, and the six months ended September 30, 2016 was ¥28,813 million.

(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., 2016	991,208	493,051	484,739	48.9	1,133.68
Mar., 2016	1,033,311	504,675	495,865	48.0	1,159.70

2. Dividends

	Dividends per Share				
	1Q	2Q	3Q	Term-end	Annual
	Yen	Yen	Yen	Yen	Yen
Mar., 2016	—	13.00	—	13.00	26.00
Mar., 2017	—	13.00			
Mar., 2017 (Forecast)			—	13.00	26.00

Note: Revision of the latest forecasts of results : No

3. Business results forecast for the year ending March 31, 2017 (Apr.1, 2016 to 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
Full-year	880,000	(13.5)	67,000	(11.9)	63,000	(34.5)	45,000	(34.8)	105.24

Note: Revision of the latest forecasts of results : Yes

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 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

(1) Changes in major subsidiaries during the period under review: Yes
Newly included : —
Excluded : Hitachi Metals Automotive Components USA, LLC

(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)	Sept., 2016	428,904,352	Mar., 2016	428,904,352
(ii) Number of treasury stock outstanding at end of period	Sept., 2016	1,325,451	Mar., 2016	1,324,420
(iii) Average number of shares issued during the term	Sept., 2016 (2Q)	427,579,301	Sept., 2015 (2Q)	427,586,220

*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, 2017, 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, 2016

(1) Information Regarding Operating Results

The global economy during the six months ended September 30, 2016, remained on a modest rebound track primarily in advanced countries. The United States and European economies continued to gradually rebound on improvements in the employment environment despite weak movements in some indicators used by corporations. Chinese economic growth remained stagnant despite some signs of a partial rally in the market underpinned by the government's economic measures to bolster business conditions. Following such trends in China, emerging countries also experienced economic slowdown. Amid these situations, in the Japanese economy, improvements in corporate profits and capital investment came to a halt, and concerns over the effects of a continuously strong yen and trends in emerging countries, such as China, remained despite an upswing in individual consumption due to the improvement in the employment environment.

Among the industries in which Hitachi Metals Group (the "Group") operates, the automobile industry experienced a continued slump in sales of light vehicle in the domestic market, with a decrease in sales of passenger cars in the United States despite favorable performance of pickup trucks. However, sales increased, compared with those for the six months ended September 30, 2015, on increased demand in Europe and China. Supply and demand of steel remained stagnant due to China's high-level exports of steel materials in the midst of weak global demand affected by economic slowdown in emerging countries. The number of new housing starts continued to increase both in the United States and Japan. In the electronics industry, mobile devices in emerging countries suffered from stagnant growth, while household appliances experienced sluggish demand from the summer onward.

Under the business circumstances described above, for the six months ended September 30, 2016, revenues of the Group decreased by 15.0% to ¥446,051 million and operating income decreased by ¥32,768 million to ¥28,813 million, compared with those for the six months ended September 30, 2015, influenced by a reduction in raw material prices (a sliding-scale raw material price system), the continued appreciation of the yen, and a decline in demand. Further, operating income decreased mainly due to a decrease in gross profit and gains on business reorganisation and others of ¥29,280 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, during the six months ended September 30, 2015. Income before income taxes decreased by ¥35,893 million to ¥24,807 million, and net income attributable to shareholders of the parent company decreased by ¥25,433 million to ¥18,340 million, compared with the same period of the prior year.

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, 2016.

Effective from the three months ended June 30, 2016, the Group changed part of its internal managerial categories of businesses and consolidated subsidiaries related to reportable segments. It also changed treatment for certain corporate general and administrative expenses, such as research expenses and other such expenses, which were previously treated as adjustments, to allocate them to applicable reporting segments based on the budget. Refer to "3. Condensed interim consolidated financial statements, (5) Segment information" for details.

Comparable year-on-year information presented below reflects the above changes to the categories of the reportable segments and treatment for certain corporate general and administrative expenses.

High-Grade Metal Products and Materials

Revenues in the High-Grade Metal Products and Materials segment for the six months ended September 30, 2016, were ¥115,862 million, a decrease of 12.1% as compared with those for the six months ended September 30, 2015. Operating income of the segment decreased by ¥30,204 million to ¥9,962 million for the same period due to the effects of the decrease in revenues as well as gains recognized on business reorganization and other of ¥25,931 million arising from the transfer of shares of Hitachi Tool Engineering, Ltd. (currently named Mitsubishi Hitachi Tool Engineering, Ltd.) during the three months ended June 30, 2015.

<Specialty Steel>

Sales of molds and tool steel fell below those for the six months ended September 30, 2015, due to inventory adjustments of molds and tool steel affected by an economic slowdown mainly in Asia during the three months ended June 30, 2016. In industrial equipment materials, sales of environment-friendly products related to automobiles increased, and sales of other industrial components were also strong. Sales of aircraft-related and energy-related materials faced an in-between season of demand. In alloys for electronic products, sales of display-related materials were stagnant.

<Rolls>

On September 1, 2016, the Group discontinued production at Baosteel Hitachi Rolls (Nantong) Ltd. with the objective of concentrating management resources in high value-added products. Additionally, sales of injection molding machine parts were affected by a decline in demand for mobile devices. As a result, rolls as a whole fell year on year.

<Soft Magnetic Materials and Applied Products>

Sales of soft magnetic materials and applied products fell below those for the six months ended September 30, 2015, due to a drop in demand in China.

Magnetic Materials and Applications

Revenues in the Magnetic Materials and Applications segment for the six months ended September 30, 2016, were ¥48,499 million, a decrease of 11.7% as compared with those for the six months ended September 30, 2015. Operating income of the segment increased by ¥119 million to ¥3,685 million for the same period.

In rare earth magnets, demand for industrial equipment and household appliances remained at the same level as that for the six months ended September 30, 2015, despite strong demand in automotive electronic components for electric power steering and hybrid automobiles.

In ferrite magnets, there was strong demand for automotive electronic components and household appliance parts. However, sales for the segment fell below those for the six months ended September 30, 2015, overall due to the effects of the reduction in raw material prices (a sliding-scale raw material price system) and the continued appreciation of the yen.

High-Grade Functional Components and Equipment

Revenues in the High-Grade Functional Components and Equipment segment for the six months ended September 30, 2016, were ¥162,468 million, a decrease of 14.0% as compared with those for the six months ended September 30, 2015. Operating income of the segment decreased by ¥3,042 million to ¥9,140 million for the same period.

<Casting Components for Automobiles>

Despite sustained strong demand for casting components for pickup trucks in North America, sales of casting components for automobiles as a whole decreased compared with those for the six months ended September 30, 2015, due to a decrease in demand for casting components for farming machinery and construction machinery resulting from economic slowdown in emerging countries and a drop in grain and crude oil prices. Sales of heat-resistant exhaust casting components exceeded those for the same period of the prior year due to strong performance in Europe as well as significant sales growth in the United States and Asia. Sales of aluminum wheels fell below those for the same period of the prior year due to the continued appreciation of the yen despite robust demand.

<Piping Components>

Sales of pipe fittings as a whole fell below those for the six months ended September 30, 2015, due to the effects of the delay in large-scale constructions despite the increased number of new housing starts both in Japan and overseas.

Wires, Cables, and Related Products

Revenues in the Wires, Cables, and Related Products segment for the six months ended September 30, 2016, were ¥118,656 million, a decrease of 19.6% as compared with those for the six months ended September 30, 2015. Operating income of the segment decreased by ¥950 million to ¥5,394 million for the same period due to gains recognized on business reorganization and others of ¥2,249 million during the three months ended June 30, 2015.

<Electric Wires and Cables>

While revenues from magnet wires and electrical wires and cables for construction decreased, sales of wires and cables for rolling stock, which is one of the focus areas of the Group, grew significantly, especially for China.

<Functional Components>

In automotive products, demand for both electronic components for automobiles and brake hoses was strong. Sales of probe cables for medical use fell below those for the same period of the prior year due to diminished demand in overseas countries.

<Information System Devices and Materials>

Sales of information system devices and materials were affected by prolonged sluggish capital investments in infrastructure by telecommunications carriers.

Other

Revenues in the Other segment for the six months ended September 30, 2016, were ¥1,474 million, a decrease of 42.7% as compared with those for the six months ended September 30, 2015. Operating income of the segment decreased by ¥17 million to ¥134 million for the same period.

(2) Analysis of Financial Condition

(a) 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, 2016, is as follows:

Total assets were ¥991,208 million, a decrease of ¥42,103 million compared with the end of the fiscal year ended March 31, 2016. Current assets were ¥466,060 million, a decrease of ¥17,795 million compared with the end of the fiscal year ended March 31, 2016. This was mainly attributable to decreases in trade receivables and inventories of ¥7,876 million and ¥5,961 million, respectively. Non-current assets were ¥525,148 million, a decrease of ¥24,308 million compared with the end of the fiscal year ended March 31, 2016. This was mainly attributable to decreases in goodwill and intangible assets, and property, plant and equipment of ¥14,046 million and ¥7,753 million, respectively.

Total liabilities were ¥498,157 million, a decrease of ¥30,479 million compared with the end of the fiscal year ended March 31, 2016. This was mainly attributable to decreases in long-term debt and trade payables of ¥11,217 million and ¥10,171 million, respectively. Total equity was ¥493,051 million, a decrease of ¥11,624 million compared with the end of the fiscal year ended March 31, 2016. This was mainly attributable to a decrease in accumulated other comprehensive income of ¥24,069 million despite an increase in retained earnings of ¥12,944 million.

(b) Cash flows

Cash and cash equivalents as of September 30, 2016, were ¥119,241 million, a decrease of ¥1,059 million from March 31, 2016, as a result of the effect of exchange rate changes on cash and cash equivalents despite cash provided by operating activities exceeding net cash used in investing activities and financing activities.

The analysis of cash flows for each category as of September 30, 2016, is as follows:

<Cash Flows from Operating Activities>

Net cash provided by operating activities was ¥35,219 million, which was mainly attributable to net income of ¥18,278 million and depreciation and amortization of ¥21,153million for the six months ended September 30, 2016.

<Cash Flows from Investing Activities>

Net cash used in investing activities was ¥26,008 million, which was mainly attributable to payment of ¥27,312 million for the purchase of property, plant and equipment.

<Cash Flows from Financing Activities>

Net cash used in financing activities was ¥5,072 million, which was mainly attributable to a net increase in short-term debt of ¥6,204 million, payment of dividends of ¥5,678 million to shareholders, and repayment of long-term debt of ¥5,597 million.

(3) Forecasts for the Fiscal Year Ending March 31, 2017, including Consolidated Operating Forecasts

The performance for the six months ended September 30, 2016, fell slightly below the initial forecast due to the effects of the continued appreciation of the yen. Since it is expected that current foreign exchange trends and the economic slowdown in emerging countries will persist even after December 31, 2016, the operating forecasts for the fiscal year ending March 31, 2017 (April 1, 2016 through March 31, 2017) will be revised from the original forecast announced on April 27, 2016, as follows:

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

	Revenues (million yen)	Operating Income (million yen)	Income before Income Taxes (million yen)	Net income attributable to Shareholders of the Parent Company (million yen)	Basic Earnings per Share (yen)
Forecasts announced on April 27, 2016 (A)	950,000	78,000	65,000	45,000	105.24
Revised forecasts (B)	880,000	67,000	63,000	45,000	105.24
Differences (B) - (A)	(70,000)	(11,000)	(2,000)	—	—
Changes (%)	(7.4)%	(14.1)%	(3.1)%	—	—
(Reference) Results for the fiscal year ended March 31, 2016	1,017,584	76,061	96,233	69,056	161.50

(Note) 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 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. Matters Relating to Summary Information (Notes)

(1) Changes in Major Subsidiaries during the Six Months Ended September 30, 2016

Hitachi Metals, Ltd. (the "Company") excluded Hitachi Metals Automotive Components USA, LLC from the scope of consolidation for the six months ended September 30, 2016, as a result of an absorption-type merger in which Waupaca Foundry, Inc., a wholly-owned specified subsidiary of the Company, the surviving company, acquired Hitachi Metals Automotive Components USA, LLC, a wholly-owned specified subsidiary of the Company, the absorbed company.

(2) Changes in Accounting Policies and Accounting Estimates

There were no changes in accounting policies and accounting estimates.

(3) Additional Information

(Transfer of the Information Systems Business)

For the purpose of renewing our business portfolio and contributing to the further growth of the Information Systems Business (the "Business"), the Company entered into an agreement as of September 30, 2016, where the Business (information network business and wireless antenna business together with all issued shares of Hitachi Cable Networks, Ltd. held by the Company) is transferred to APRESIA Systems, Ltd. ("APRESIA Systems"), which is established as a wholly-owned subsidiary of the Company as of October 7, 2016, through a company split (simplified absorption-type split), and all the shares issued by APRESIA Systems are transferred, effective December 1, 2016 (planned), to AAA Holdings, Ltd., a special purpose corporation wholly owned by NMC No. 3 Investment Business Limited Liability Partnership, which has Nihon Mirai Capital Co., Ltd as an advisor.

The effect of this transfer on operating income will be ¥4 to 5 billion.

(De-integration with Sumitomo Metal Mining Co., Ltd.)

The Company and Sumitomo Metal Mining Co., Ltd. ("SMM") have entered into an agreement for the de-integration of the lead frame and copper product businesses as of September 30, 2016, for the purpose of making prompt management decisions in response to the rapidly changing market environment.

As a result, the Company will transfer its 49% interest in SH Materials Co., Ltd., which is a joint venture between the Company and SMM, to SMM in full, SMM will transfer its 50% interest in SH Copper Products Co., Ltd. ("SH Copper Products"), which is a joint venture between the Company and SMM, to the Company in full, and SH Copper Products will become a wholly owned subsidiary of the Company in early January 2017.

The effect of this share transfer/acquisition on operating income will be ¥3.5 to 4 billion.

3. Condensed Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and cash equivalents	120,300	119,241
Trade receivables	178,281	170,405
Inventories	146,964	141,003
Other current assets	38,310	35,411
Total current assets	483,855	466,060
Non-current assets		
Investments accounted for using the equity method	36,437	34,682
Investments in securities and other financial assets	22,446	21,808
Property, plant and equipment	304,292	296,539
Goodwill and intangible assets	158,915	144,869
Deferred tax assets	12,552	13,572
Other non-current assets	14,814	13,678
Total non-current assets	549,456	525,148
Total assets	1,033,311	991,208

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Liabilities		
Current liabilities		
Short-term debt	25,251	29,257
Current portion of long-term debt	27,131	25,955
Other financial liabilities	26,714	22,789
Trade payables	148,999	138,828
Accrued expenses	38,067	35,111
Advances received	2,426	2,808
Other current liabilities	8,126	6,201
Total current liabilities	276,714	260,949
Non-current liabilities		
Long-term debt	167,994	156,777
Other financial liabilities	3,482	3,002
Retirement and severance benefits	66,820	64,787
Deferred tax liabilities	7,933	7,121
Other non-current liabilities	5,693	5,521
Total non-current liabilities	251,922	237,208
Total liabilities	528,636	498,157
Equity		
Equity attributable to shareholders of the parent company		
Common stock	26,284	26,284
Capital surplus	115,806	115,806
Retained earnings	336,141	349,085
Accumulated other comprehensive income	18,780	(5,289)
Treasury stock, at cost	(1,146)	(1,147)
Total equity attributable to shareholders of the parent company	495,865	484,739
Non-controlling interests	8,810	8,312
Total equity	504,675	493,051
Total liabilities and equity	1,033,311	991,208

(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, 2016]

(Millions of yen)

	Note	For the first half ended September 30, 2015	For the first half ended September 30, 2016
Revenues		524,970	446,051
Cost of sales		(426,271)	(358,798)
Gross profit		98,699	87,253
Selling, general and administrative expenses		(62,529)	(56,221)
Other income		31,807	2,793
Other expenses		(6,396)	(5,012)
Operating income	1	61,581	28,813
Interest income		294	188
Other financial income		315	188
Interest charges		(1,772)	(1,399)
Other financial expenses		(46)	(2,786)
Share of profits (losses) of investments accounted for using the equity method		328	(197)
Income before income taxes		60,700	24,807
Income taxes		(16,621)	(6,529)
Net income		44,079	18,278
Net income attributable to:			
Shareholders of the parent company		43,773	18,340
Non-controlling interests		306	(62)
Net income		44,079	18,278
Earnings per share attributable to shareholders of the parent company			
Basic		¥102.37	¥42.89
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 ¥36,170 million and ¥31,032 million for the six months ended September 30, 2015 and 2016, respectively. Note that adjusted operating income is presented as “operating income” in (1) Operating Results of summary information on the top page.

[Condensed Interim Consolidated Statement of Comprehensive Income]

[For the six months ended September 30, 2016]

(Millions of yen)

	For the first half ended September 30, 2015	For the first half ended September 30, 2016
Net income	44,079	18,278
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	(1,117)	(250)
Share of other comprehensive income of investments accounted for using the equity method	1,217	(232)
Total items not to be reclassified into net income	100	(482)
Items that can be reclassified into net income		
Foreign currency translation adjustments	(5,198)	(23,376)
Net change in fair value of cash flow hedges	(23)	127
Share of other comprehensive income of investments accounted for using the equity method	(759)	(492)
Total items that can be reclassified into net income	(5,980)	(23,741)
Total other comprehensive income	(5,880)	(24,223)
Comprehensive income	38,199	(5,945)
Comprehensive income attributable to:		
Shareholders of the parent company	38,131	(5,566)
Non-controlling interests	68	(379)
Comprehensive income	38,199	(5,945)

(3) Condensed Interim Consolidated Statement of Changes in Equity

Last consolidated fiscal year (from April 1 to September 30, 2015) through current year (from April 1 to September 30, 2016)

(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, 2015	26,284	115,805	277,856	47,519	(1,105)	466,359	9,817	476,176
Changes in equity								
Net income	—	—	43,773	—	—	43,773	306	44,079
Other comprehensive income	—	—	—	(5,642)	—	(5,642)	(238)	(5,880)
Dividends to shareholders of the parent company	—	—	(5,559)	—	—	(5,559)	—	(5,559)
Dividends to non-controlling interests	—	—	—	—	—	—	(191)	(191)
Acquisition of treasury stock	—	—	—	—	(38)	(38)	—	(38)
Sales of treasury stock	—	—	—	—	0	0	—	0
Transfer to retained earnings	—	—	239	(239)	—	—	—	—
Total changes in equity	—	—	38,453	(5,881)	(38)	32,534	(123)	32,411
Balance at Sept. 30, 2015	26,284	115,805	316,309	41,638	(1,143)	498,893	9,694	508,587

	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Balance at April 1, 2016	26,284	115,806	336,141	18,780	(1,146)	495,865	8,810	504,675
Changes in equity								
Net income	—	—	18,340	—	—	18,340	(62)	18,278
Other comprehensive income	—	—	—	(23,906)	—	(23,906)	(317)	(24,223)
Dividends to shareholders of the parent company	—	—	(5,559)	—	—	(5,559)	—	(5,559)
Dividends to non-controlling interests	—	—	—	—	—	—	(119)	(119)
Acquisition of treasury stock	—	—	—	—	(1)	(1)	—	(1)
Sales of treasury stock	—	—	—	—	0	0	—	0
Transfer to retained earnings	—	—	163	(163)	—	—	—	—
Total changes in equity	—	—	12,944	(24,069)	(1)	(11,126)	(498)	(11,624)
Balance at Sept. 30, 2016	26,284	115,806	349,085	(5,289)	(1,147)	484,739	8,312	493,051

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	For the first half ended September 30, 2015	For the first half ended September 30, 2016
Cash flows from operating activities:		
Net income	44,079	18,278
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	21,340	21,153
Impairment losses	301	745
Share of losses (profits) of investments accounted for using the equity method	(328)	197
Financial income and expenses	1,209	3,809
Restructuring expenses	3,006	926
Net loss (gain) on business reorganization and others	(28,889)	179
Income taxes	16,621	6,529
(Increase) decrease in trade receivables	14,019	(1,524)
(Increase) decrease in inventories	3,527	(534)
(Increase) decrease in accounts receivable - other	(1,257)	1,527
Increase (decrease) in trade payables	(6,287)	(3,287)
Increase (decrease) in accrued expenses	(901)	(1,329)
Increase (decrease) in retirement and severance benefits	(4,947)	551
Other	(114)	(2,850)
Subtotal	61,379	44,370
Interest and dividends received	1,018	998
Interest paid	(1,787)	(1,419)
Payments for structural reforms	(1,935)	(193)
Income taxes paid	(8,926)	(8,537)
Net cash provided by operating activities	49,749	35,219

(Millions of yen)

	For the first half ended September 30, 2015	For the first half ended September 30, 2016
Cash flows from investing activities:		
Purchase of property, plant and equipment	(27,434)	(27,312)
Purchase of intangible assets	(2,192)	(1,307)
Proceeds from sales of property, plant and equipment	709	908
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(1,564)	(504)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	27,266	1,573
Proceeds from transfer of business	1,694	—
Other	4,727	634
Net cash used in investing activities	3,206	(26,008)
Cash flows from financing activities:		
Increase (decrease) in short-term debt, net	(1,441)	6,204
Repayment of long-term debts	(6,909)	(5,597)
Dividends paid to shareholders	(5,559)	(5,559)
Dividends paid to non-controlling interests	(191)	(119)
Acquisition of common stock for treasury	(38)	(1)
Proceeds from sales of treasury stock	0	0
Net cash used in financing activities	(14,138)	(5,072)
Effect of exchange rate changes on cash and cash equivalents	(1,465)	(5,198)
Net increase (decrease) in cash and cash equivalents	37,352	(1,059)
Cash and cash equivalents at the beginning of the first quarter	79,029	120,300
Cash and cash equivalents at the end of the second quarter	116,381	119,241

(5) Segment Information

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

Reportable segment	Major products and services
High-Grade Metal Products and Materials	•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	•Magnets (NEOMAX® rare-earth magnets; ferrite magnets; and other magnets and applied products) •Ceramic components
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	•Industrial cables, electronic wires, electric equipment materials, and industrial rubber products •Cable assemblies • Electronic components for automotive, and brake hoses • Wireless systems •APRESIA ™ Information networks products

Ⅱ Last consolidated fiscal year (from April 1 to September 30, 2015)

(Millions of yen)

	Business Segment					Others	Total	Adjustments	Condensed Interim Consolidated Statement 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	131,631	54,944	188,983	147,571	523,129	1,841	524,970	—	524,970
Intersegment transactions	218	(2)	6	11	233	733	966	(966)	—
Total revenues	131,849	54,942	188,989	147,582	523,362	2,574	525,936	(966)	524,970
Segment profit	40,166	3,566	12,182	6,344	62,258	151	62,409	(828)	61,581
Financial income	—	—	—	—	—	—	—	—	609
Financial expenses	—	—	—	—	—	—	—	—	(1,818)
Share of profits (losses) of investments accounted for using the equity method	—	—	—	—	—	—	—	—	328
Income before income taxes	—	—	—	—	—	—	—	—	60,700

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, 2016)

(Millions of yen)

	Business Segment					Others	Total	Adjustments	Condensed Interim Consolidated Statement 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	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.

Effective from the three months ended June 30, 2016, the Group changed part of its internal managerial categories of businesses and consolidated subsidiaries related to reportable segments, aiming for enhanced operational efficiency and further growth of the Soft magnetic materials-related businesses . Accordingly, the Soft magnetic materials and applied products business, which was previously included in the Magnetic Materials and Applications segment, has been aggregated into the High-Grade Metal Products and Materials segment.

In accordance with the change to the internal managerial categories, the Group also changed treatment for certain corporate general and administrative expenses, including research expenses that were previously treated as adjustments, to allocate such expenses to applicable reporting segments based on the budget.

Year-on-year comparable segment information presented below reflects the above changes to the categories of the reportable segments and treatment for certain corporate general and administrative expenses.