

(Summarized Translation)

## Consolidated Financial Report for 1st half of fiscal 2003 ended March 31, 2002

October 28, 2002

Name of Listed Company: **Hitachi Cable, Ltd.**

Stock Exchange where listed (Section): Tokyo Stock Exchange (First Section)

Osaka Securities Exchange (First Section)

Code Number: 5812

Head Office: Tokyo

(URL <http://www.hitachi-cable.co.jp>)

President and Representative Director: Seiji Hara

Contact: Suzumura Shinichiro

General Manager, Administration, Dept., Human Resources & Administration Group

Tel: +81-3-5252-3261

Date of the Board of Directors Meeting at which the Account Settlement Plan was approved: October 28, 2002

Name of Parent Company: Hitachi, Ltd. (Code Number: 6501)

Ratio of Shares that Hitachi, Ltd. holds: 52.7%

US GAAP: No.

### 1. Performance over 1st half of the year under review (Apr.1, 2002-Sep.30, 2002)

#### (1) Operating results

	Net sales (million yen)	Operating income (loss) (million yen)	Ordinary income (loss) (million yen)
September/02	157,653 (-13.3%)	-2,385 (-)	-2,629 (-)
September/01	181,754 (-6.0%)	2,294 (-81.5%)	1,748 (-85.2%)
March/02	353,050	-1,767	-3,444

	Interim net income (loss) (million yen)	Interim net income (loss) per share (yen)	Dilute interim net income (loss) per share (yen)
September/02	-2,100 (-)	-5.65	-
September/01	828 (-76.8%)	2.22	-
March/02	-1,488	-3.99	-

(Notes)

Investment income based on equity method

September/02 -25 million yen

September/01 99 million yen

March/02 273 million yen

Average number of shares outstanding (Consolidated)

Common Preferred

September/02 371,980,946 -

September/01 373,445,226 -

March/02 373,355,863 -

We haven't made change in accounting policy.

Figures are rounded down to the nearest 1 million yen.

Figures in parentheses represent % change from 1st half of the last fiscal year.

**(2) Financial Standing**

	Total asset (million yen)	Shareholders' equity (million yen)	Shareholders' equity ratio (%)	Shareholders' equity per share (yen)
September/02	368,988	190,972	51.8	513.43
September/01	430,324	206,359	48.0	552.58
March/02	412,992	200,950	48.7	540.20

(Note) Number of shares outstanding at the end of period (consolidated)

	Common	Preferred
September/02	371,954,741	-
September/01	373,445,440	-
March/02	371,991,360	-

**(3) Statement of cash flow**

	Cash flow from operating activities (million yen)	Cash flow from investing activities (million yen)	Cash flow from Financing activities (million yen)	Shareholders' equity per share (yen)
September/02	20,393	2,344	-23,505	11,291
September/01	5,305	-15,479	7,473	14,011
March/02	27,693	-32,099	-816	11,866

**(4) Scope of consolidation and application of the equity method**

Number of consolidated subsidiaries: 37

Number of non-consolidated subsidiaries, applied the equity method: -

Number of affiliated companies, applied the equity method: 8

**(5) Change in scope of consolidation and application of the equity method**

Consolidation New companies: 4

Companies removed: 2

Equity method New companies: 2

Companies removed: 2

**2. Business results forecast for fiscal year 2003 (Apr.1, 2002-Mar.31, 2003)**

	Net Sales (million yen)	Ordinary income (loss) (million yen)	Net income (loss) (million yen)
March/03	320,000	-1,700	-4,000

(Reference) Forecast net income (loss) per share (March/03) : -10.75 yen

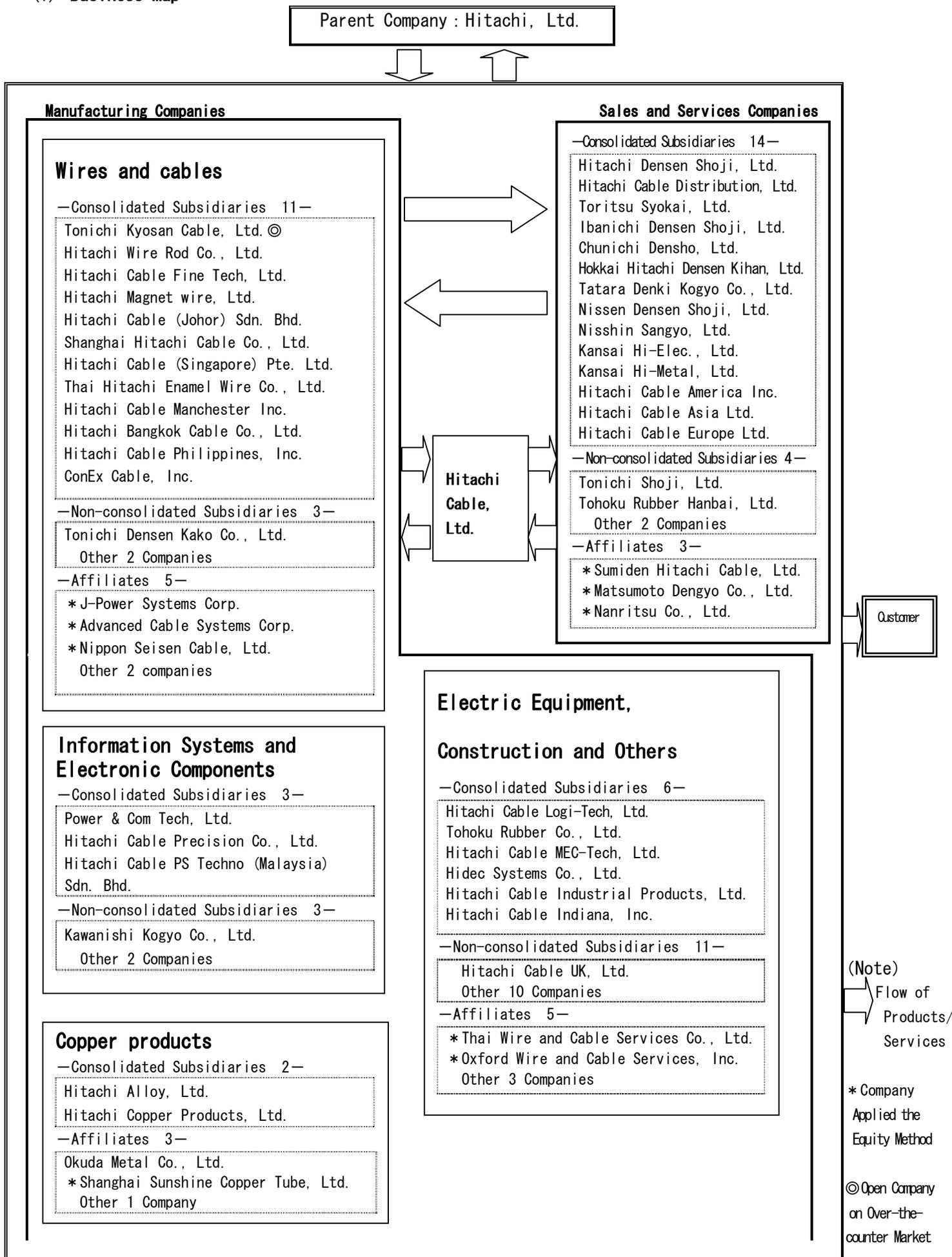
## \* Safe harbor statement

The figures contained herein, excepting actual performance figures, are based on assumptions by management that were judged to be valid at the time these materials were created. Actual performance may be very different from these forecasts and targets.

- - - - -  
Please note that all persons who view the content of the announcement of this matter prior to 12 hours from the time of its announcement (3:30 am on October 29, 2002), will be regarded as interested parties or recipients of primary information under insider trading regulations as provided for in Article 166 of the Securities and Exchange Law and Article 30 of the Implementation Ordinances of that Law and should therefore exercise appropriate caution.  
- - - - -

1. State of Consolidation (as of Sep. 30, 2002)

(1) Business map



Notes:

1. The Hitachi Cable Group is engaged principally in the manufacturing and sales of various products, beginning with wires and cables and also including semiconductor packaging materials, compound semiconductors, information transmission systems, copper products, and rubber products as well as construction work related to the installation of power cables and the communication cables and all related activities. If the businesses of Hitachi Cable are shown in a diagram, they are generally as stated above. Please note that there were not material changes in the content of the Company's business activities.
2. The magnet wires manufacturing business of Hitachi Cable was transferred to Hanashima Electric Wire Co., Ltd., a consolidated subsidiary of Hitachi Cable, and the name of Hanashima Electric Wire was changed to Hitachi Magnet Wire, Ltd.
3. As of October 1, 2002, three former consolidated subsidiaries, Ibanichi Densen Shoji, Ltd., Chunichi Densho, Ltd., and Nissen Densen Shoji, Ltd., were merged into Hitachi Densen Shoji, Ltd., a consolidated subsidiary of Hitachi Cable.

**(2) Affiliated Companies**

Changes among principal affiliated companies during the interim period under review were as follows:

Wires and cables

The following companies were newly established: Advanced Cable Systems Corp., and Sumiden Hitachi Cable, Ltd.

Information systems and electronic components

The following company was dissolved: Kitsuda Co., Ltd.

Sales and Other Companies

The following company was eliminated through a merger: Hitachi Cable International, Ltd.

Notes:

1. Sumiden Hitachi Cable, Ltd. was established on July 29, 2002, jointly by the Company, Sumitomo Electric Industries, Ltd., Tatsuta Cable Co., Ltd., and Tonichi Kyosan Cable, Ltd., a consolidated subsidiary of the Company. This new joint company is scheduled to carry on and consolidate the sales, distribution management, production management, and other operations related to sales of electric construction work formerly carried out by the founding companies, beginning January 1, 2003.
2. Advanced Cable Systems Corp. was founded as a 50-50 joint venture between the Company and Corning Cable Systems, of the United States on March 15, 2002. This new company has taken over the fiber optics cable manufacturing business of the two founding companies in Japan and overseas and it began operations on August 1, 2002. Please note that beginning with the interim period under review, this new company has been accounted for by the equity method.
3. Kitsuda, formerly a consolidated subsidiary of the Company, was dissolved as of April 30, 2002, and, as of May 1, 2002, all of its operations were transferred to Hitachi Cable Precision Co., Ltd., formerly an unconsolidated subsidiary. Please note that Hitachi Cable Precision has been treated as a consolidated subsidiary beginning with the interim period under review.
4. The sales operations in Asia of Hitachi Cable International, Ltd., which was formerly a consolidated subsidiary of the Company, were transferred to Hitachi Cable Asia Ltd., a subsidiary of the Company, as of March 31, 2002. Similarly, the sales operations of Hitachi Cable International in Europe were transferred to subsidiary Hitachi Cable Europe Ltd. on the same date. Beginning with the interim period under review, Hitachi Cable Asia Ltd. and Hitachi Cable Europe Ltd. have been consolidated with the parent. In addition, the operations of Hitachi Cable International were absorbed by the Company on April 1, 2002.
5. An outline of the companies that became affiliates of the Company during the interim period is as follows  
The figure in parentheses is the percentage of indirect ownership within the total ownership percentage.

Name	Advanced Cable Systems Corp.	Sumiden Hitachi Cable, Ltd.
Location	Chiyoda-ku, Tokyo, Japan	Taito-ku, Tokyo, Japan
Capital	750 million yen	400 million yen
Principal lines of business	Manufacturing fiber optic cable for the Japanese market	Sales of products, management of distribution, production management, and other operations related to sales of electric construction work.
Percentage of voting shares owned by the Company	50.0%	50.0% (10.0%)
Relationships with the Company	This company is in charge of Hitachi Cable's manufacturing operations for fiber optic cable for delivery in the domestic market. The Company also leases real estate to Advanced Cable Systems. One director of Advanced Cable Systems appointed to the board of Hitachi Cable and two employees seconded from Hitachi Cable to become directors of Advanced Cable Systems.	This company is scheduled to sell products of Hitachi Cable. One director of SHC appointed to the board of Hitachi Cable and four employees from Hitachi Cable appointed full-time to the board of Sumiden Hitachi Cable.

## **2. Management Policies**

### **(1) Corporate Management Policies**

To achieve continuous expansion of business, the basic business policy of the Hitachi Cable Group is to “Improve the Management Quality.” This is achieved by improving all aspects of management, with a focus on customer satisfaction and quality, thereby constructing a management system that provides customers with the products and services they require. The Hitachi Cable Group sees this as essential to emerge as a leader in the era of megacompetition among global corporations.

### **(2) Basic Dividend Policy**

The basic dividends policy of the Hitachi Cable Group is to provide shareholders with stable dividends while taking into consideration business results, the strengthening of management, and future business expansion.

### **(3) Policy and Philosophy Regarding the Reduction of the Minimum Share Investment Unit**

The Hitachi Cable Group sees the reduction of the minimum share investment unit as a method of stimulating the market for its stock. On the other hand, this reduction incurs large expenses. With a view to achieving the primary short-term goal of the Group improvement of business results taking into consideration stock market trends, business results, and share prices, the Group will continue to consider adjustment of the minimum share investment unit in the future.

### **(4) Medium- and Long-term Management Strategy**

Another important short-term goal of the Hitachi Cable Group is to increase its global competitive power and improve financial results at the earliest possible date, even under the present severe market conditions both domestically and abroad. To achieve this, the Group has shifted management resources to the growth industry of e-business, including IT and electronics related products, as well as is conducting in-Group mergers and forging alliances with competitors to radically streamline its traditional (non-e-business) operations. These measures will encourage reform to business structure and further strengthen Group management.

Further, to create the best production and marketing systems possible, a revolutionary new management system using cutting-edge IT to manage work flow, organizations, and evaluation is being created. The Hitachi Cable Group is working together to become well regarded by its customers in all areas- including cost, service, and timely delivery of products- and as a company that is able to reinvent itself in the face of changing market conditions.

### **(5) Basic Policy Concerning Relationship with Parent Company**

As a member of the Hitachi Group, which shares a common business vision and brand, Hitachi Cable plans to continue and strengthen its relationship with Hitachi, Ltd., especially in the field of research and development.

## **3. Results of Operations and Financial Standing**

### **(1) Results of Operations**

During the interim term under review, the Japanese economy was characterized by a lack of momentum. Although overseas demand helped the economy progress toward recovery, the worldwide drop in stock prices and the yen’ s appreciation following the loss of confidence in U.S. companies’ accounting practices as well as weak end user demand in IT sectors proved detrimental to exports, which have been the primary drivers of economic growth. Domestically, deflation persisted and employment and income situations remained severe.

Amid this business environment, the Hitachi Cable Group concentrated its efforts to maintain profitability by securing purchase orders. However, despite domestic growth in products related to information networks and indications of a recovery in such products as semiconductor packaging materials and compound semiconductors for optical devices, harsh business conditions resulted in a sharp decline in exports, particularly in fiber-optic components, fiber-optic submarine cables, and other data infrastructure related products. Consequently, purchase orders declined substantially.

As a result, consolidated net sales for the interim term amounted to 157,653 million yen, a decline of 13% compared with the first half of the previous fiscal year. Although the Company made every effort to curb purchasing and human resources expenses and reduce overall costs, it was insufficient to

compensate for the decline in selling prices, and, thus, with regret, the Company reluctantly recorded an ordinary loss of 2,629 million yen and a net loss for the interim term of 2.1 billion yen on a consolidated basis.

Business results by individual segment were as follows.

### **Wires and Cables**

Beset with both receding capital investment by electric power companies and declining regional construction related demand, sales of power cables declined compared with the same half of the previous year.

In fiber-optic cables, the lack of large-scale works projects drove down sales of submarine fiber-optic cables, which had previously propped up sales, which resulted in a substantial decline in sales compared with the same half of the previous year.

Sales of electronic wires exceeded those for the same half of the previous year as overseas sales, in particular, grew following the conclusion of inventory adjustments in IT devices. Meanwhile, magnet wires maintained the same level of sales as that of the same half of the previous year.

As a result, net sales for this segment were 60,134 million yen, a decrease of 27% compared with the same half of the previous year.

### **Information Systems and Electronic Components**

In fiber-optic components, with no clear indication of a recovery in capital investment by U.S. telecommunications companies, sales of guided-wave optical multi/demultiplexers for wavelength division multiplexing systems declined substantially. In addition, sales of fiber-optic transceivers also dropped slightly short of those for the same half of the previous year.

Telecommunications-related construction and sales of such devices as antennae declined due to the postponement of capital investment related to next-generation mobile telephone systems. On the other hand, boosted by strong capital investment by domestic telecommunications companies in wide-area Ethernet networks as well as the commencement of FTTH (Fiber To The Home) services, sales grew in data transmission systems products.

Sales of semiconductor packaging materials also increased as the Company successfully seized the opportunity presented by the conclusion of semiconductor inventory adjustments. Sales of compound semiconductors were also up as sales to the CD and DVD laser and LED application sectors increased, despite a decline in sales to the mobile phone communications device sector.

As a result, net sales for the segment were 45,209 million yen, down 3% compared with the same half of the previous year.

### **Copper Products**

In copper strips, although a substantial decline was seen in sales to the submarine and high-frequency coaxial cable sector, the Company achieved record high production volumes in irregular-shaped strips for use in transistor leadframes in the semiconductor sector, and overall sales were maintained at approximately the same level as the same half of the previous year. Sales of copper tubes were strong, despite our customers' continued shift to overseas production as the ratio of such high-value-added products as inner-grooved copper tubes increased. However, owing to weakness in private-sector capital investment, sales of copper products for electrical applications fell below those for the same half of the previous year.

As a result, net sales for this segment were 24,192 million yen, approximately the same level as the same half of the previous year.

### **Electric Equipment, Construction and Others**

Sales were weak in automotive hoses- the Company's main product in the area of rubber products- due to a decline in the domestic automobile production volume as well as declining product prices. However, orders increased for finance industry IT equipment components, and overall rubber product sales were maintained at approximately the same level as in the same half of the previous year.

Although there were large-scale purchase orders from overseas power line projects, business was weak in the domestic market.

As a result, net sales for this segment were 37,871 million yen, a decrease of 3% compared with the same half of the previous year.

## **(2) Issues Facing Hitachi Cable, Ltd. and Forecast for the Current Fiscal Year**

Viewing the Japanese economy over the short term, although general government economic revitalization initiatives continue to be explored, there is little likelihood of any immediate results. As such, consumer spending is expected to remain weak, and there is no end in sight to deflationary trends, making the possibility of any recovery in domestic demand extremely remote. Meanwhile, although the U.S. economy appears to be progressing steadily toward a recovery, concerns of stock market weakness and a slowdown in consumer spending make a full-fledged recovery difficult to predict, and the U.S. economy will most likely not serve as a significant economic driver.

Given these severe conditions, the Hitachi Cable Group will implement the following measures to return to profitability.

First of all, the Company will work to improve its profitability by implementing greater cost reductions and further raising its asset efficiency. It will achieve this by reducing overall personnel expenses through early retirement and outplacement support programs, liquidating idle assets, and further lessening procurement costs through its PRP (Procurement Renewal Project). Also, by striving to reform our operations, we will reduce inventories, shorten lead times, and streamline business activities. Next, Hitachi Cable will exert efforts to optimize its workforce, streamline its facilities, and conduct production in the most suitable locations. Further, the Company will work to produce results from the alliances with competitors and internal Group reorganization measures in which it has engaged thus far. During the interim term under review, we completed such reorganization measures as the commencement of business at Advanced Cable Systems Corp., our domestic fiber-optic cable manufacturing joint venture; the transfer of magnet wire manufacturing operations to Hitachi Magnet Wire, Ltd.; and the transfer of copper wire rod manufacturing operations to Hitachi Wire Rod Co., Ltd. Furthermore, full-fledged operations were commenced at Shanghai Sunshine Copper Tube, Ltd.—Hitachi Cable's copper wire joint venture in China—and operations are scheduled to commence in January 2003 at Sumiden Hitachi Cable, Ltd., Hitachi Cable's joint venture for business in wires and cables for the construction industry. Through these reorganizational efforts, we will enhance cost-competitiveness, increase profitability, and reinforce the business foundation of the entire Hitachi Cable Group, thereby improving earnings. Current forecasts regarding market trends and consolidated results for the fiscal year as a whole are as follows.

### **Wires and Cables**

Sales of power cables are expected to remain weak as electric company capital investment is in decline and large-scale metropolitan redevelopment projects have peaked out. In fiber-optic cables, sales are expected to increase as demand recovers. Meanwhile, as no further increase in demand from the information equipment sector is anticipated, we expect sales of electronic wires to hover at the same level as in the first half of the fiscal year.

As a result of the above, net sales for this segment are forecast to be 121.0 billion yen, a decrease of 22% compared with the previous year.

### **Information Systems and Electronic Components**

In fiber-optic components, sales of fiber-optic transceivers are expected to remain at approximately the same level as in the first half of the fiscal year due to delays in the recovery in capital investment among telecommunications companies. In semiconductor-related products, growth is expected in LCD IC packaging materials for PCs and mobile phones. Telecommunications-related construction and sales of such devices as antennae are expected to rise with increased purchase orders from next-generation mobile phone systems. In network products, growth is anticipated in devices for wide-area Ethernet network transmission mechanisms and FTTH applications.

As a result, net sales for this segment are forecast to be 99.0 billion yen, an increase of 4% compared with the previous year.

### **Copper Products**

Demand for copper strips from the semiconductor sector — particularly transistors — is expected to increase. However, sales of copper tubes will likely proceed at a low level due to the market's shift to overseas production. Sales of copper products for electrical applications should recovery slightly. As a result, net sales for this segment are forecast to be 48.0 billion yen, an increase of 1% compared

with the previous year.

### **Electric Equipment, Construction and Others**

In rubber products, sales are expected to remain at approximately the same level as in the first half of the fiscal year through sustained purchase orders of automotive hoses. However, owing to cutbacks in capital investment by power companies, construction related to power transmission cables is expected to continue to diminish.

As a result, net sales for this segment are forecast to be 72.0 billion yen, an increase of 4% compared with the previous year.

Projected net sales by individual business segment for the current fiscal year are as shown above. With the effect of cost-cutting and streamlining measures, yearly net sales for the current fiscal year are projected to be 320.0 billion yen and ordinary loss is forecast at 1.7 billion yen. In addition, the Company anticipates an extraordinary loss of 14.5 billion yen, including approximately 5.3 billion yen in extra retirement benefits from early retirement and outplacement programs and approximately 4.0 billion yen in a loss on the retirement of facilities. We also foresee recording extraordinary income of 10.9 billion yen from the gain on the sale of land and marketable securities. As a result, a net loss for the current fiscal year is anticipated of 4.0 billion yen.

### **(3) Financial Standing**

#### **① Financial Standing for the Interim Term under Review**

Cash and cash equivalents for the interim term under review amounted to 11,291 million yen, a decrease of 575 million yen compared to the previous fiscal year. Cash flows and their main contributing factors are as follows.

**Cash flows resulting from operating activities** amounted to 20,393 million yen. This was due to such factors as a decline in trade receivables of 12,780 million yen and a fall in inventories of 5,668 million yen compared to the previous fiscal year-end, which countered the net loss before income tax of 2,228 billion yen.

**Cash flows resulting from investing activities** amounted to 2,344 million yen. This included expenditures of 8,127 million yen for the acquisition of tangible fixed assets and proceeds of 9,454 million yen from the sale of investment securities.

**Cash flows used in financing activities** amounted to 23,505 million yen. This included 13,859 million yen in the repayment of short-term debt, 849 million yen in the repayment of long-term loans, and the redemption of corporate bonds of 7,783 million yen.

#### **② Forecast for the Current Fiscal Year**

Cash flows resulting from operating activities are expected to increase compared with the previous fiscal year, despite temporary expenses related to early retirement and outplacement programs due to reductions in trade receivables and inventories

Cash flow from investing activities is expected to be positive because of the sale of land and investment securities.

Regarding cash flows used in financing activities, to enable the flexible use of capital in response to the changing business environment, at the regular meeting of shareholders to be held June 27, 2002, the purchase of the Company's own shares with an upper limit of the number of shares to be purchased of 4 million and an upper limit of the purchase price of these shares of 2.4 billion yen was approved. The Company will conduct the purchase of its shares in a flexible manner, taking into consideration other investments to be made in the business. Also, as was the case for the interim term, we will reduce interest-bearing liabilities.

As a result of the above, projected cash and cash equivalents at the end of the current fiscal year-end will be ¥12.0 billion, roughly equivalent to that of the previous fiscal year-end.

#### 4. Consolidated Balance Sheet

(million yen)

	1st half of	1st half of	End of		1st half of	1st half of	End of
	Fiscal 2002	Fiscal 2003	Fiscal 2002		Fiscal 2002	Fiscal 2003	Fiscal 2002
	Sep. 30,	Sep. 30,	Mar. 31,		Sep. 30,	Sep. 30,	Mar. 31,
	2001	2002	2002		2001	2002	2002
[Assets]				[Liabilities]			
Current assets	188,586	152,081	176,917	Current liabilities	134,822	110,376	140,847
Cash and deposit in bank	14,870	11,764	12,482	Notes payable and trade notes payable	27,952	29,889	34,482
Notes receivable and accounts receivable	106,368	80,223	92,872	Short-term debt	59,511	58,102	72,556
Inventories	53,986	42,472	47,772	Amortized bond	17,783	-	7,783
Deferred income taxes	4,851	5,824	6,342	Others	29,576	22,385	26,026
Other current assets	9,978	12,814	18,363	Fixed liabilities	83,161	61,669	65,044
Allowance for doubtful accounts	-1,467	-1,016	-914	Bonds	20,000	20,000	20,000
Fixed assets	241,738	216,907	236,075	Long-term debt	20,804	12,094	12,384
Tangible fixed assets	170,236	153,225	160,440	Accrued severance indemnities	31,978	26,980	29,879
Buildings and structure	55,050	52,452	53,904	Accrued pension and severance cost for employees	1,395	1,408	1,607
Machinery and vehicles, etc.	81,554	75,358	79,072	Deferred income taxes	402	373	387
Land	13,446	11,433	11,351	Others	8,582	814	787
Construction in progress	20,186	13,982	16,113	Total liabilities	217,983	172,045	205,891
Intangible fixed assets	2,108	2,885	2,294	[Minority investment]			
Utility rights, etc.	2,108	2,885	2,294	Minority investments	5,982	5,971	6,151
Deferred income taxes	4,378	9,908	5,142	[Shareholders' equity]			
Investment, etc.	68,557	54,404	71,958	Paid-in capital	25,948	-	25,948
Allowance for doubtful accounts	-3,541	-3,515	-3,759	Capital surplus	29,772	-	30,028
				Consolidated surplus	142,082	-	137,893
				The balance of other accountable securities	9,930	-	8,658
				Adjustment account of exchange rate	-1,371	-	-516
				Treasury stock	-2	-	-1,061
				Total liabilities	206,359	-	200,950
				Paid-in capital	-	25,948	-
				Regal reserve	-	30,098	-
				Profit reserve	-	134,622	-
				The balance of other accountable securities	-	3,402	-
				Adjustment account of exchange rate	-	-2,020	-
				Treasury stock	-	-1,078	-
				Total liabilities	-	190,972	-
Total assets	430,324	368,988	412,992	Total liabilities, minority investment and shareholders' equity	430,324	368,988	412,992

## 5. Consolidated Statement of Profit and Loss

(million yen)

	1st half of fiscal 2002 (A) (Apr. 1, 2001– Sep. 30, 2001)	1st half of fiscal 2003 (B) (Apr. 1, 2002 Sep. 30, 2002)	End of fiscal 2003 (Apr. 1, 2002 Sep. 30, 2003)	B/A (%)
Net sales	181,754	157,653	353,050	87
Cost of sales	151,002	136,811	299,582	
Sales, general and administrative expenses	28,458	23,227	55,235	
Operating income	2,294	-2,385	-1,767	—
Non-operating income	2,808	3,099	6,436	110
(Interest and dividends received)	(821)	(859)	(1,276)	
(Miscellaneous revenues)	(1,987)	(2,240)	(5,160)	
Non-operating expenses	3,354	3,343	8,113	100
(Interest and discount charge paid)	(1,197)	(949)	(2,292)	
(Miscellaneous losses)	(2,157)	(2,394)	(5,821)	
Ordinary income	1,748	-2,629	-3,444	—
Extraordinary income	1,829	6,198	4,627	339
(Gain on sales of negotiable securities)	(1,829)	(5,452)	(2,866)	
(Compensation received for office relocation)	(—)	(—)	(1,761)	
(Others)	(—)	(746)	(—)	
Extraordinary losses	1,971	5,797	2,215	294
(Valuation loss of negotiable securities)	(—)	(2,795)	(—)	
(Loss on sales of negotiable securities)	(—)	(1,424)	(—)	
(Cost for restructuring)	(1,688)	(1,557)	(1,688)	
(Others)	(283)	(21)	(527)	
Income (loss) before income tax	1,606	-2,228	-1,032	—
Corporation, inhabitant taxes	963	337	1,459	
Deferred	-211	-546	-1,364	
Minority shareholders' income	26	81	361	
Interim net income (loss)	828	-2,100	-1,488	—

## 6. Statement of Consolidated Surplus

(million yen)

	1st half of fiscal 2002 (Apr. 1, 2001– Sep. 30, 2001)	1st half of fiscal 2003 (Apr. 1, 2002– Sep. 30, 2002)	End of fiscal 2002 (Apr. 1, 2001– Mar. 31, 2002)
Consolidated surplus brought forward	143,413	—	143,413
Adjustment for tax effect of previous year	2,159	—	4,032
(Cash dividends)	(1,867)	—	(3,734)
(Directors' bonuses)	(292)	—	(298)
(Decrease by the change of consolidated scope)	(—)	—	(—)
Net income(loss) of the term under review	828	—	- 1,488
Consolidated surplus carried forward	142,082	—	137,893
[Regal reserve]			
Regal reserve brought forward	—	30,028	—
Increase of regal reserve	—	70	—
(Increase by marge)	—	(70)	—
Regal reserve carried forward	—	30,098	—
[Profit reserve]			
Profit reserve brought forward	—	137,893	—
Decrease of profit reserve	—	3,271	—
(Net loss of the term under review)	—	(2,100)	—
(Cash dividends)	—	(929)	—
(Directors' bonuses)	—	(93)	—
(Decrease by the change of consolidated scope)	—	(149)	—
Profit reserve carried forward	—	134,622	—

## 7. Consolidated statement of cash follows

(million yen)

	1st half of fiscal 2002 (Apr. 1, 2001– Sep. 30, 2001)	1st half of fiscal 2003 (Apr. 1, 2002– Sep. 30, 2002)	End of fiscal 2003 (Apr. 1, 2002– Mar. 31, 2003)
<b>[Cash flows form operating activities]</b>			
Income before income tax	1,606	-2,228	-1,032
Depreciation	12,221	11,738	24,149
Increase/decrease of allowance for bad debt (decrease:-)	158	-142	-177
Profit on sales negotiable securities	-3,040	-5,461	-4,072
Interest earned and dividends received	-821	-859	-1,276
Interest paid	1,197	949	2,292
Exchange profit/loss (profit:-)	214	148	-488
Increase/decrease trade receivable (increase:-)	16,382	12,780	29,878
Increase/decrease inventories (increase:-)	5,209	5,668	11,423
Increase/decrease trade payable (decrease:-)	-11,027	-4,605	-4,497
Increase/decrease of amount in arrears (decrease:-)	-3,357	-3,009	-6,115
Others	-4,637	6,177	-12,400
Sub total	14,105	21,156	37,685
Earning on interest and dividends	821	859	1,276
Interest paid	-1,214	-971	-2,405
Corporation tax and other tax paid	-8,407	-651	-8,863
<b>Net cash provided by operating activities</b>	<b>5,305</b>	<b>20,393</b>	<b>27,693</b>
<b>[Cash flows from investing activities]</b>			
Expenditures for acquisition of securities	-1,638	-1,170	-6,583
Proceeds from sales of securities	3,838	9,454	4,956
Expenditures for acquisition of tangible fixed assets	-18,818	-8,127	-32,087
Proceeds from sales of tangible fixed assets	282	2,043	3,102
Others	857	144	-1,487
<b>Net cash used in investing activities</b>	<b>-15,479</b>	<b>2,344</b>	<b>-32,099</b>
<b>[Cash flows from financing activities]</b>			
Decrease/increase in short-term borrowing (decrease:-)	10,152	-13,859	15,370
Proceeds from long-term debt	-765	-849	-1,306
Repayment of straight bonds	-	-7,783	-10,000
Payment for purchase of treasury stock	-	-17	-1,061
Dividends paid by parent company	-1,867	-929	-3,734
Dividends paid to minority shareholders	-47	-68	-85
<b>Net cash provided by financing activities</b>	<b>7,473</b>	<b>-23,505</b>	<b>-816</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>-474</b>	<b>184</b>	<b>-98</b>
<b>Net increase/decrease in cash and cash equivalent (decrease:-)</b>	<b>-3,175</b>	<b>-584</b>	<b>-5,320</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>17,186</b>	<b>11,866</b>	<b>17,186</b>
<b>Net increase in cash and cash equivalents by newly consolidated subsidiaries</b>	<b>-</b>	<b>9</b>	<b>-</b>
<b>Cash and cash equivalents at the end of term</b>	<b>14,011</b>	<b>11,291</b>	<b>11,866</b>

(Note) Listed cash and deposit to consolidated balance sheet at end of term and relation of listed cash and cash equivalents to consolidated statement of cash flows

	(Sep. 30, 2001)	(Sep. 30, 2002)	(Mar. 31, 2002)
Cash and deposits	14,870	11,764	12,482
Fixed deposits (over 3 months)	-859	-473	-616
Total	14,011	11,291	11,866

## **9. Notes**

### **(1) Notes required by Consolidated Financial Statements Regulations of Japan (Excluding Consolidated Financial Statements Regulations of Japan Art. 14-17)**

#### ① Notes receivable endorsed

[Sep. 30, 2001]	2,131 million yen
[Sep. 30, 2002]	5,320 million yen
[Mar. 31, 2002]	1,829 million yen

#### ② Accumulated depreciation of tangible fixed assets

[Sep. 30, 2001]	304,851 million yen
[Sep. 30, 2002]	286,826 million yen
[Mar. 31, 2002]	292,337 million yen

#### ③ Guarantees of loans (including contingent guarantees)

[Sep. 30, 2001]	1,115 million yen
[Sep. 30, 2002]	1,270 million yen
[Mar. 31, 2002]	1,233 million yen

#### ④ Promissory notes transferred due to securitization of assets.

[Sep. 30, 2001]	— million yen
[Sep. 30, 2002]	10,731 million yen
[Mar. 31, 2002]	5,577 million yen

(2) Notes required by Consolidated Financial Statement Regulation of Japan excluding (1)

① Segment information

A. Results by operating division

1st half of fiscal 2002 (Apr. 1, 2001–Sep. 30, 2001)

(million yen)

	Wires and cables	Information systems and Electronic components	Copper Products	Electric equipment, construction and others	Total	Eliminated or company-wide	Consolidated
I.							
Net sales							
(1) Sales to customers	82,942	46,639	23,371	28,802	181,754	–	181,754
(2) In-house sales or transfer between operating divisions	–	–	762	10,295	11,057	(11,057)	–
Total	82,942	46,639	24,133	39,097	192,811	(11,057)	181,754
Operating expense	79,179	49,111	23,857	38,433	190,580	(11,120)	179,460
Operating income (loss)	3,763	–2,472	276	664	2,231	63	2,294

1st half of fiscal 2003 (Apr. 1, 2002–Sep. 30, 2002)

(million yen)

	Wires and cables	Information systems and Electronic components	Copper Products	Electric equipment, construction and others	Total	Eliminated or company-wide	Consolidated
I.							
Net sales							
(1) Sales to customers	60,134	45,209	22,990	29,320	157,653	–	157,653
(2) In-house sales or transfer between operating divisions	–	–	1,202	8,551	9,753	(9,753)	–
Total	60,134	45,209	24,192	37,871	167,406	(9,753)	157,653
Operating expense	60,392	47,589	23,837	38,008	169,826	(9,788)	160,038
Operating income (loss)	–258	–2,380	355	–137	–2,420	35	–2,385

Fiscal 2002 (Apr. 1, 2001–Mar. 31, 2002)

(million yen)

	Wires and cables	Information systems and Electronic components	Copper Products	Electric equipment, construction and others	Total	Eliminated or company-wide	Consolidated
I.							
Net sales							
(1) Sales to customers	155,941	95,640	45,923	55,546	353,050	–	353,050
(2) In-house sales or transfer between operating divisions	–	–	1,630	19,537	21,167	(21,167)	–
Total	155,941	95,640	47,553	75,083	374,217	(21,167)	353,050
Operating expense	153,028	101,961	46,792	74,261	376,042	(21,225)	354,817
Operating income (loss)	2,913	–6,321	761	822	–1,825	58	–1,767

(Note) 1. As a rule, business operation is divided into ①Wires and cables, ②Information systems and electronic components, ③Copper products and ④Electric equipment, construction and others according to similarities of manufacturing processes, usage and selling methods.

Operating divisions	Main products
Wires and cables	Wires and cables
Information systems and electronic components	Semiconductor packaging materials, Compound semiconductors, optical components, systems related to information transmission
Copper products	Copper products
Electric equipment, construction, others	Accessories for wires and cables, construction, rubber products, others

2. Because operating expenses are allocated in their entirety to individual business segments, there are no unallocatable operating expenses in the “elimination or company-wide” item

B. Sales results by location

1st half of fiscal 2002 (Apr. 1, 2001–Sep. 30, 2001)

(million yen)

	Japan	Others	Total	Eliminated or company-wide	Consoli- dated
I.					
Net sales					
(1) Sales to customers	156,598	25,156	181,754	—	181,754
(2) In-house sales or transfer between operating divisions	9,966	5,817	15,783	(15,783)	—
Total	166,564	30,973	197,537	(15,783)	181,754
Operating expense	165,581	29,704	195,285	(15,825)	179,460
Operating income (loss)	983	1,269	2,252	42	2,294

1st half of fiscal 2003 (Apr. 1, 2002–Sep. 30, 2002)

(million yen)

	Japan	Others	Total	Eliminated or company-wide	Consoli- dated
I.					
Net sales					
(1) Sales to customers	133,177	24,476	157,653	—	157,653
(2) In-house sales or transfer between operating divisions	10,488	3,324	13,812	(13,812)	—
Total	143,665	27,800	171,465	(13,812)	157,653
Operating expense	147,010	26,889	173,899	(13,861)	160,038
Operating income (loss)	△3,345	911	△2,434	49	-2,385

Fiscal 2002 (Apr. 1, 2001–Mar. 31, 2002)

(million yen)

	Japan	Others	Total	Eliminated or company-wide	Consoli- dated
I.					
Net sales					
(1) Sales to customers	304,702	48,348	353,050	—	353,050
(2) In-house sales or transfer between operating divisions	17,068	11,527	28,595	(28,595)	—
Total	321,770	59,875	381,645	(28,595)	353,050
Operating expense	325,170	58,343	383,513	(28,696)	354,817
Operating income (loss)	-3,400	1,532	-1,868	101	-1,767

(Note)

1. It is omitted to mention business results by country or region in 1st half of fiscal 2002, 1st half of fiscal 2003, fiscal 2002, because the every ratio of sales of country or region in total net sales are less than 10%
2. Others . . . U.S.A., Thailand, China etc.
3. Because operating expenses are allocated in their entirety to individual business segments, there are no unallocatable operating expenses in the “elimination or company-wide” item

C. Overseas

1st half of fiscal 2002 (Apr. 1, 2001–Sep. 30, 2001) (million yen)

	Asia	North America	Others	Total
I. Overseas	28,769 million yen	29,350 million yen	7,603 million yen	65,722 million yen
II. Consolidated sales				181,754 million yen
III. Ratio of overseas sales in consolidated sales	15.8 %	16.1 %	4.3 %	36.2 %

1st half of fiscal 2003 (Apr. 1, 2002–Sep. 30, 2002) (million yen)

	Asia	North America	Others	Total
I. Overseas	23,607 million yen	10,123 million yen	4,830 million yen	38,560 million yen
II. Consolidated sales				157,653 million yen
III. Ratio of overseas sales in consolidated sales	15.0 %	6.4 %	3.1 %	24.5 %

Fiscal 2002 (Apr. 1, 2001–Mar. 31, 2002) (million yen)

	Asia	North America	Others	Total
I. Overseas	60,439 million yen	44,741 million yen	11,888 million yen	117,068 million yen
II. Consolidated sales				353,050 million yen
III. Ratio of overseas sales in consolidated sales	17.1 %	12.7 %	3.4 %	33.2 %

(Note) 1. As a rule, countries or regions are divided according to geographical proximity to each other.

2. Main countries or regions

(1) Asia . . . China, South Korea, Taiwan, Thailand, Singapore

(2) North America . . . U.S.A., Canada

(3) Other countries . . . Italy, U.K., etc.

3. Overseas sales represent sales made by the Company and its consolidated subsidiaries in countries or regions other than Japan.

②Lease transaction

[Finance lease transactions other than those in which the leased assets are regarded as being transferred to the lessee.]

	Sep. 30, 2001	Sep. 30, 2002	Mar. 31, 2002
A. Lease rental expense	546 million yen	454 million yen	1,070 million yen
B. Outstanding future lease payments as of the end of the period	2,011 million yen	1,922 million yen	1,982 million yen

[Operating lease transaction]

	Sep. 30, 2001	Sep. 30, 2002	Mar. 31, 2002
Outstanding future lease payments	—million yen	54 million yen	—million yen

③Securities

[1st half of fiscal 2002 (Apr.1, 2001–Sep.30, 2001)]

A. Other securities estimated on market price (fixed assets)

(million yen)

		Acquisition cost (A)	Balance sheet value (B)	B-A
(1) Stock		11,324	28,401	17,077
(2) Bond	Government bond · Local government bond	-	-	-
	Company bond	-	-	-
	Others	2,000	2,000	-
(3) Others	98	99	1	
Total		13,422	30,500	17,078

B. Outlines and balance sheet value of securities that don't estimate on market price

(million yen)

Other securities	Unlisted stock (excluding over-the-counter stock)	14,354
	Unlisted company bond	30

[1st half of fiscal 2003 (Apr.1, 2002–Sep.30, 2002)]

A. Other securities estimated on market price (fixed assets)

(million yen)

		Acquisition cost (A)	Balance sheet value (B)	B-A
(1) Stock		7,731	13,584	5,853
(2) Bond	Government bond · Local government bond	-	-	-
	Company bond	-	-	-
	Others	2,000	2,000	-
(3) Others	-	-	-	
Total		9,731	15,584	5,853

B. Outlines and balance sheet value of securities that don't estimate on market price

(million yen)

Other securities	Unlisted stock (excluding over-the-counter stock)	14,632
	Unlisted company bond	-

[Fiscal 2002 (Apr.1, 2001–Mar.31, 2002)]

A. Other securities estimated on market price (fixed assets)

(million yen)

		Acquisition cost (A)	Balance sheet value (B)	B-A
(1) Stock		11,234	26,113	14,879
(2) Bond	Government bond · Local government bond	-	-	-
	Company bond	-	-	-
	Others	2,000	2,000	-
(3) Others	-	-	-	
Total		13,234	28,113	14,879

B. Outlines and balance sheet value of securities that don't estimate on market price

(million yen)

Other securities	Unlisted stock (excluding over-the-counter stock)	19,562
	Unlisted company bond	-

④Preset price, market price and valuation profit/loss of derivative contract

(million yen)

	Type of transaction	1st half of fiscal 2002 (As of Sep. 31, 2001)			1st half of fiscal 2003 (As of Sep. 31, 2002)			Fiscal 2002 (As of Mar. 31, 2002)		
		Preset price	Market price	Valuation Profit/loss	Preset price	Market price	Valuation Profit/loss	Preset price	Market price	Valuation Profit/loss
Currency	Forward exchange contract									
	Sell	5,973	5,867	106	2,187	2,206	-19	2,648	2,643	5
	Buy	955	1,008	-53	1,542	1,599	56	278	315	37
Interest	Swap transaction									
		37,900	90	90	17,900	-108	-108	17,900	3	3
	Total	44,828	6,965	143	21,629	3,697	-71	20,826	2,961	45

(Note) There is no derivative transaction applying hedge accounts.