

Financial Report for Second Quarter of Fiscal 2010

Ending March 31, 2010

October 28, 2009

Name of Listed Company: **Hitachi Cable, Ltd.**
 Stock Exchange where listed (section): Tokyo Stock Exchange, Inc. (First Section)
 Osaka Securities Exchange Co., Ltd. (First Section)

Code Number: 5812

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

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Scheduled date for quarterly report submission: November 13, 2009

Scheduled date for beginning payment of dividends: December 2, 2009

Note: Figures are rounded off to the nearest 1 million yen.

1. Performance over the year under review (Apr. 1, 2009-Sep. 30, 2009)

(1) Operating Results

	Net sales (Million yen)		Operating income (Million yen)		Ordinary income (Million yen)		Net income (Million yen)	
		%		%		%		%
Sep./09	170,284	(-39.4)	-5,321	(-)	-3,784	(-)	-4,850	(-)
Sep./08	281,038	(-)	3,437	(-)	4,285	(-)	435	(-)

	Net income per share (Yen)	Diluted net income per share (Yen)
Sep./09	-13.34	—
Sep./08	1.20	1.20

Note: Figures in parentheses represent % change from same term of the previous year.

(2) Financial Standing

	Total assets (Million yen)	Net assets (Million yen)	Equity ratio (%)	Net assets per share (yen)
Sep./09	290,784	129,920	43.8	350.23
Mar./09	278,958	132,853	46.7	358.48

Note: Equity Sep./09 127,309million yen Mar./09 130,315 million yen

2. Dividends

	Dividends per share				
	Jun.30	Sept.30	Dec.31	Mar.31	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Mar./09	—	4.25	—	3.00	7.25
Mar./10	—	2.50	—	—	—
Mar./10 (Forecast)	—	—	—	2.50	5.00

Note: Revisions made this quarter to forecast dividends (Y/N):N

3. Business results forecast for fiscal year 2010 (Apr. 1, 2009-Mar. 31, 2010)

	Net sales (Million yen)	Operating income (Million yen)	Ordinary income (Million yen)	Net income (Million Yen)	Net income per share (Yen)
	%	%	%	%	
Mar./10	380,000 (-22.9)	1,000 (-)	1,000 (-)	-3,000 (-)	-8.25

Note: Figures in parentheses represent % change from same term of the previous year.

Note: Revisions made this quarter to consolidated business performance forecast (Y/N): Y

4. Other Notes

(1) Significant changes in key subsidiaries during the second quarter of this fiscal year (changes in designated subsidiaries resulting from changes in the scope of consolidation) (Y/N):N

(2) Application of simplified accounting or special accounting used to prepare these quarterly consolidated financial statements (Y/N):Y

Note :For details, see “4. Other Notes” under “Qualitative information, financial statements, etc.” on page 5.

(3) Changes in accounting principles, procedures, methods of representation, etc., in preparing quarterly consolidated financial statements (covered under Important Changes to Bases for Preparing Quarterly Consolidated Financial Statements)

(i) Changes resulting from changes to accounting standards etc. (Y/N):Y

(ii) Changes other than those noted under “(i)” above (Y/N):N

Note :For details, see “4. Other Notes” under “Qualitative information, financial statements, etc.” on page 5.

(4) Number of shares outstanding (Common)

(i) Number of shares outstanding at the end of period (including treasury stock)	Sep./09	374,018,174	Mar./09	374,018,174
(ii) Number of treasury stock at the end of period	Sep./09	10,512,942	Mar./09	10,500,697
(iii) Average shares this quarter (consolidated total through this quarter)	Sep./09	363,510,764	Sep./08	363,540,576

* Notes concerning appropriate use of business performance forecasts and other matters

Caution on statements regarding the future:

The forecasts of business performance and other statements regarding the future in this document are based on information obtained by the Company as of the time of preparation of this document and upon certain assumptions deemed reasonable. Due to various factors, actual business performance and other results may vary significantly from these forecasts.

See “3. Qualitative information on forecasts of consolidated business performance” under “Qualitative information, financial statements, etc.” on page 4 concerning the content of the assumptions used in forecasting business performance, cautions concerning the use of forecasts of business performance, and related matters.

【Qualitative information, financial statements, etc.】

1. Qualitative information on consolidated business performance

While the business environment for the cumulative second quarter of this consolidated fiscal year (April - September 2009) showed signs of recovery due to various economic measures and financial relaxation undertaken by various nations in response to the global economic downturn beginning last fall, severe conditions overall persisted.

Hitachi Cable Group business performance figures for the cumulative second quarter of the previous consolidated fiscal year showed net sales of 281,038 million yen, operating income of 3,437 million yen, ordinary income of 4,285 million yen, and net income of 435 million yen. However, results for the cumulative second quarter of this consolidated fiscal year showed a decrease of 39% in net sales to 170,284 million yen, an operating loss of 5,321 million yen, ordinary loss of 3,784 million yen, and a net loss of 4,850 million yen, reflecting the impact of current economic conditions.

In response to the rapidly changing business environment, the Hitachi Cable Group has striven to implement thorough cost reductions (with a target reduction of 17.5 billion yen for the full year), focusing on fixed costs. It has succeeded in achieving reductions of approximately 9.4 billion yen for the cumulative second quarter of this consolidated fiscal year, more than one-half of the full-fiscal-year target. In addition, the Group is making every effort to improve business performance through steadily addressing recovery in demand in businesses such as the semiconductor and automotive markets since the spring, as well as aggressively advancing business-restructuring efforts such as reorganization and consolidation of manufacturing facilities, particularly in businesses that have seen reduced profitability.

As a result, while forecasts of business-performance for the cumulative second quarter of this consolidated fiscal year called for net sales of 177 billion yen and operating and ordinary losses of 5 billion yen each, both net sales and operating losses largely met expectations, while ordinary losses fared better than expected at the start of the fiscal year, due to better-than-expected performance at equity-method affiliates.

A look at business performance in terms of ordinary losses by quarter since the final stage of the previous fiscal year shows steady improvement, with this figure declining from approximately 11 billion yen in the fourth quarter of the previous consolidated fiscal year (January - March 2009) to approximately 2.6 billion yen in the first quarter of this consolidated fiscal year (April - June 2009) and approximately 1.2 billion yen in the second quarter of this consolidated fiscal year (July - September 2009).

A look at the underlying economic environment points to uncertainties in economic conditions, including concerns over the strengthening yen and the possibility of long-term sluggish domestic private-sector capital investment. However, the Hitachi Cable Group will continue advancing with structural reforms in unprofitable businesses to improve revenues in the next fiscal year and later, while aiming to achieve profitability (operating income and ordinary income) in this consolidated fiscal year by expanding orders received, in addition to sustaining efforts to improve business performance.

An overview of performance for each business segment is provided below. Sales figures for each segment include in-house sales and transfers between business segments.

Wires and cables

Sales of industrial and electric power cables decreased due to the effects of declining construction demand. Sales of magnet wires were strong for products for use in hybrid electric vehicles but sluggish for heavy electric equipment and consumer electronics. While sales of electronic wires and wiring devices showed signs of recovery for some products used in consumer electronics, demand remained sluggish in the main markets of products for use in industrial equipment and machine tools.

As a result, sales in this segment totaled 81,601 million yen, a decline of 43% from the figure for the cumulative second quarter of the previous consolidated fiscal year. Operating losses in this segment totaled 1,620 million yen.

Information and telecommunications networking

Optical submarine cables showed strong performance, as shipments for several large-scale projects remained robust. Sales of wireless systems decreased in the wireless systems-related construction business despite strong performance in products for use in mobile-phone base stations. In the information-network business, while sales were strong for systems integration services focusing on sales to public-sector and education markets, sales were sluggish for information and telecommunications networking devices revolving around sales to telecommunications carriers.

As a result, sales in this segment totaled 32,431 million yen, a decline of 22% from the figure for the cumulative second quarter of the previous consolidated fiscal year. Operating income in this segment totaled 576 million yen, a decline of 79% from the figure for the cumulative second quarter of the previous consolidated fiscal year.

Sophisticated materials

While sales for electrical devices were in a recovering trend, a significant drop in sales for optical devices, primarily those for LED use, drove down sales of compound semiconductors from the figure for the cumulative second quarter of the previous consolidated fiscal year.

The introduction of new TAB tape products for memory use proceeded as planned, and the recovery in demand for chip-on-film (COF) products for use in liquid crystal display (LCD) panels was greater than expected at the start of the fiscal year. Nevertheless, sales of TAB tape failed to reach the levels achieved for the cumulative second quarter of the previous consolidated fiscal year.

For the auto-parts unit, while sales of various sensors for installation in motor vehicles were strong, sluggish performance continued at North American subsidiaries, leading to results reflecting an overall decline from those for the cumulative second quarter of the previous consolidated fiscal year overall.

In the area of copper products, demand for copper strips continued to recover, primarily for use in semiconductor lead frames, but sales of copper tubes were affected by unseasonable weather this summer. Sales of copper products for electrical use fell due to slowing capital-investment demand. For these reasons, performance for this unit as a whole declined from performance for the cumulative second quarter of the previous consolidated fiscal year.

Sales in this segment totaled 61,790 million yen, a decline of 43% from the figure for the cumulative second quarter of the previous consolidated fiscal year. Operating losses in this segment totaled 4,546 million yen.

Other business

Sales in this segment, comprised of logistics and other operations, were 7,100 million yen, a decline of 21% from the figure for the cumulative second quarter of the previous consolidated fiscal year. Operating income in this segment was 267 million yen, a decline of 18% from the figure for the cumulative second quarter of the previous consolidated fiscal year.

2. Qualitative information on consolidated financial conditions

【Consolidated balance sheet】

At the end of the cumulative second quarter of this consolidated fiscal year, total assets were 290,784 million yen, an increase of 11,826 million yen from the end of the previous consolidated fiscal year. Of this figure, current assets totaled 139,264 million yen, an increase of 8,594 million yen from the end of the previous consolidated fiscal year, primarily due to an increase of 8,217 million yen in inventories (representing the total of merchandise and products, in-process inventories, and raw materials and supplies). Fixed assets swelled by 3,232 million yen from the end of the previous consolidated fiscal year to 151,520 million yen, due primarily to an increase of 5,747 million yen in negotiable securities, but offset by a decline of 2,688 million yen in machinery, vehicles, and tools.

Liabilities totaled 160,864 million yen, an increase of 14,759 million yen from the end of the previous consolidated fiscal year. This increase was due primarily to increases of 7,157 million yen in trade payables and of 10,836 million yen in short-term debt.

Net assets totaled 129,920 million yen, a decline of 2,933 million yen from the end of the previous consolidated fiscal year. This decrease was due primarily to a decline of 5,898 million yen in retained earnings, offset by increases of 293 million yen in deferred hedging gains/losses, 823 million yen in net unrealized holding gains on securities, and 1,780 million yen in foreign-currency translation adjustments.

3. Qualitative information on forecasts of consolidated business performance

While business performance in the wires and cables for the cumulative second quarter of this consolidated fiscal year was worse than initially expected, demand in the sophisticated materials business has recovered faster than expected, leading to better-than-anticipated performance. Overall performance trended within the range of initial expectations.

While there are causes for uncertainty regarding underlying conditions, such as concerns that the value of the yen is trending up and that sluggish domestic private-sector capital investment may persist over the long term, these conditions will not result in major changes in demand forecasts for the second half of this consolidated fiscal year. At the same time, the price of copper—a primary raw material for wires, cables, and copper products—expected at the start of the fiscal year to be 400,000 yen/ton in the second half of this consolidated fiscal year, is now projected to be 500,000 yen/ton, based on actual prices for the cumulative second quarter of this consolidated fiscal year and on underlying conditions.

For these reasons, of the forecasts for full-year business performance for the consolidated fiscal year 2010 as announced in the Financial Report for Fiscal 2009 Ended March 31, 2009 (issued April 28, 2009), the sales forecast has been revised up from 370 billion yen to 380 billion yen, as shown below, while income forecasts

remain unchanged.

	Sales	Operating income	Ordinary income	Net income	Net income per share
Previously announced forecasts (A) (Announced April 28, 2009)	370,000	1,000	1,000	-3,000	-8.25
Revised forecast (B)	380,000	1,000	1,000	-3,000	-8.25
Difference: (B) - (A)	10,000	—	—	—	—
Percentage change (%)	2.7	—	—	—	—
Reference: Performance in previous fiscal year Fiscal 2009 ended March 31, 2009	493,151	-14,740	-19,974	-53,775	-147.92

Note: Figures for sales, operating income, ordinary income, and net income above are given in units of millions of yen.
Figures for net income per share above are given in units of yen.

4. Other Notes

(1) Significant changes in key subsidiaries during the cumulative second quarter of this consolidated fiscal year (changes in designated subsidiaries resulting from changes in the scope of consolidation): Not applicable

(2) Application of a simplified accounting procedure and of an accounting procedure specific to quarterly consolidated financial statements

(i) Simplified accounting procedure

Estimation methods for deferred tax assets and deferred tax liabilities:

With regard to judgments on the recoverability of deferred tax assets, when no marked changes have been recognized in matters such as business conditions since the end of the previous consolidated fiscal year and the conditions leading to temporary differences in amounts or other matters, such judgments are based on forecasts of future business performance and tax planning used in the previous consolidated fiscal year. When marked changes have been recognized in matters such as business conditions since the end of the previous consolidated fiscal year or conditions leading to temporary differences in amounts or other matters, such judgments are made by adjusting forecasts of future business performance and tax planning used in the previous consolidated fiscal year by the effects of such marked changes.

(ii) Special accounting procedure for preparing quarterly consolidated financial statements

Estimated tax costs:

Estimated tax costs were calculated by estimating a reasonable figure for the effective tax rate after the application of tax-effect accounting to net income before taxes for the consolidated fiscal year, including this consolidated cumulative 2nd quarter, then multiplying net income before taxes by this estimated effective tax rate. However, when an estimated effective tax rate cannot be used, the effective tax rate specified by law is applied.

The figure for corporate taxes, etc. incorporates adjustments to corporate tax and other taxes.

(3) Changes in accounting principles, procedures, methods of representation, etc. involved in preparation of quarterly consolidated financial statements

• Changes in matters related to accounting treatment standards

For projects lasting one year or longer and involving contracted amounts of 500 million yen or more, the standards governing revenues from subcontracted construction have been the standards used for booking construction in process. For other projects, the standards applied are those for booking upon completion of construction. However, starting with the first quarter of this consolidated fiscal year, the Accounting Standard for Construction Contracts (ASBJ Statement No. 15, December 27, 2007) and Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No. 18, December 27, 2007) have been applied. Thus, for contracts on construction projects begun during the first quarter of this consolidated fiscal year and for which results for the cumulative second quarter of this consolidated fiscal year can be predicted with some confidence, the standards applied have been those for booking construction in process (estimating percentage of completion using proportion of costs). For all other projects, the standards that apply are those for booking upon completion of construction.

This change has no effect on net sales or profits/losses.

【Quarterly Consolidated Financial Statements】

(1) Quarterly Consolidated Balance Sheet

(Units: million yen)

	End of 2nd quarter of fiscal 2010 (Sep. 30, 2009)	End of fiscal 2009 (Mar. 31, 2009)
(Assets)		
Current assets		
Cash and cash equivalents	7,702	8,038
Trade receivables	74,967	70,358
Securities	310	301
Merchandise and products	11,415	8,725
In-process inventories	27,427	19,983
Raw materials and supplies	8,298	10,215
Deferred tax assets	464	537
Other	9,326	12,903
Allowance for doubtful accounts	-645	-390
Total current assets	139,264	130,670
Fixed assets		
Tangible fixed assets		
Buildings and structures	113,175	111,734
Cumulative depreciation	-68,618	-66,254
Buildings and structures (net)	44,557	45,480
Machinery, vehicles, and tools	279,998	275,476
Cumulative depreciation	-234,656	-227,446
Machinery, vehicles, and tools (net)	45,342	48,030
Land	10,174	10,175
Construction in progress	8,156	7,228
Total tangible fixed assets	108,229	110,913
Intangible fixed assets		
Goodwill	1,602	1,830
Other	10,080	8,989
Total intangible fixed assets	11,682	10,819
Investments and other assets		
Negotiable securities	21,222	15,475
Long-term loans	2,618	2,680
Prepaid pension expenses	2,344	3,358
Deferred tax assets	962	985
Other	6,926	6,754
Allowance for doubtful accounts	-2,463	-2,696
Total investments and other assets	31,609	26,556
Total fixed assets	151,520	148,288
Total assets	290,784	278,958

(Units: million yen)

	End of 2nd quarter of fiscal 2010 (Sep. 30, 2009)	End of fiscal 2009 (Mar. 31, 2009)
(Liabilities)		
Current liabilities		
Trade payables	49,764	42,607
Short-term debt	26,226	15,390
Bonds due within one year	5,000	5,000
Long-term debt due within one year	3,000	3,000
Corporate tax payable	689	815
Other	24,666	28,597
Total current liabilities	109,345	95,409
Fixed liabilities		
Long-term debt	20,500	20,523
Deferred tax liabilities	4,552	4,073
Retirement and severance benefits	23,692	22,511
Reserve for directors' retirement allowances	659	785
Liability due to application of equity method	937	1,112
Other	1,179	1,692
Total fixed liabilities	51,519	50,696
Total liabilities	160,864	146,105
(Net assets)		
Shareholders' equity		
Common stock	25,948	25,948
Capital surplus	31,528	31,529
Retained earnings	78,327	84,225
Treasury stock	-4,365	-4,362
Total shareholders' equity	131,438	137,340
Valuation and translation adjustments		
Net unrealized holding gains on securities	1,098	275
Deferred hedging gains/losses	254	-39
Foreign currency translation adjustments	-5,481	-7,261
Total valuation and translation adjustments	-4,129	-7,025
Minority investments	2,611	2,538
Total net assets	129,920	132,853
Total liabilities and net assets	290,784	278,958

(2) Quarterly Consolidated Statement of Profit and Loss

Consolidated cumulative Second quarter

(Units: million yen)

	Consolidated cumulative 2nd quarter of fiscal 2009 (Apr. 1, 2008 - Sep. 30, 2008)	Consolidated cumulative 2nd quarter of fiscal 2010 (Apr. 1, 2009 - Sep. 30, 2009)
Net sales	281,038	170,284
Cost of sales	249,295	151,221
Total return on sales	31,743	19,063
Sales and general administrative expenses	28,306	24,384
Operating income (loss: -)	3,437	-5,321
Non-operating income		
Interest received	124	85
Dividends received	187	130
Investment income by equity method	470	1,324
Other non-operating income	1,701	1,070
Total non-operating income	2,482	2,609
Non-operating expenses		
Interest expenses	772	481
Other non-operating expenses	862	591
Total non-operating expenses	1,634	1,072
Ordinary income (loss: -)	4,285	-3,784
Extraordinary income		
Prior-period adjustments	68	—
Gains on sale of negotiable securities	23	—
Total extraordinary income	91	—
Extraordinary losses		
Losses on sale of negotiable securities	—	330
Impairment losses	—	269
Loss on elimination of fixed assets	834	—
Other extraordinary losses	167	—
Total extraordinary losses	1,001	599
Net income (loss: -) before taxes and other adjustments	3,375	-4,383
Corporate taxes, etc.	2,698	478
Gains (losses: -) to minority investors	242	-11
Net income (loss: -)	435	-4,850

(3) Facts or circumstances casting doubt on going-concern assumptions : Not applicable

(4) Segment Information

【Sales Results for Each Segment by Business Type】

Consolidated cumulative Second quarter of fiscal 2009 (Apr. 1, 2008-Sep. 30, 2008)

(Million yen)

	Wires and cables	Information and telecommunications networking	Sophisticated materials	Other businesses	Total	Eliminated or companywide	Consolidated
Net sales							
(1) Sales to customers	138,208	38,384	102,779	1,667	281,038	—	281,038
(2) In-house sales or transfer between operating segments	5,522	3,459	4,839	7,346	21,166	(21,166)	—
Total	143,730	41,843	107,618	9,013	302,204	(21,166)	281,038
Operating income (loss: -)	3,577	2,746	-3,213	326	3,436	1	3,437

Consolidated cumulative Second quarter of fiscal 2010 (Apr. 1, 2009-Sep. 30, 2009)

(Million yen)

	Wires and cables	Information and telecommunications networking	Sophisticated materials	Other businesses	Total	Eliminated or companywide	Consolidated
Net sales							
(1) Sales to customers	79,084	29,951	60,218	1,031	170,284	—	170,284
(2) In-house sales or transfer between operating segments	2,517	2,480	1,572	6,069	12,638	(12,638)	—
Total	81,601	32,431	61,790	7,100	182,922	(12,638)	170,284
Operating income (loss: -)	-1,620	576	-4,546	267	-5,323	2	-5,321

(Note 1) As a rule, business operation is divided according to similarities of manufacturing processes, usage and selling methods.

(Note 2) Major products in each segment

Segment	Major products
Wires and cables	Industrial cables, magnet wires, electronic wires, wiring devices, cables for power use (aluminum wires, constructions), etc.
Information and telecommunications networking	Information networks (information network equipment, network integration, optical components), wireless systems (high-frequency / wireless system), telecommunications cables (optical submarine cables, fiber optic cables, metal telecommunications cables), etc.
Sophisticated materials	Compound semiconductors, auto parts (hoses, sensors, etc.), semiconductor packaging materials (TAB, lead frames), copper products (copper tubes, copper strips, copper products for electrical use), etc.
Other businesses	Logistics, etc

【Sales Results by Location】

Consolidated cumulative Second quarter of fiscal 2009 (Apr. 1, 2008-Sep. 30, 2008)

(Million yen)

	Japan	Others	Total	Eliminated or companywide	Consolidated
Net sales					
(1) Sales to customers	219,813	61,225	281,038	—	281,038
(2) In-house sales or transfer between operating segments	20,254	3,749	24,003	(24,003)	—
Total	240,067	64,974	305,041	(24,003)	281,038
Operating income	2,712	702	3,414	23	3,437

Consolidated cumulative Second quarter of fiscal 2010 (Apr. 1, 2009-Sep. 30, 2009)

(Million yen)

	Japan	Others	Total	Eliminated or companywide	Consolidated
Net sales					
(1) Sales to customers	139,863	30,421	170,284	—	170,284
(2) In-house sales or transfer between operating segments	12,861	2,195	15,056	(15,056)	—
Total	152,724	32,616	185,340	(15,056)	170,284
Operating loss	-3,340	-1,877	-5,217	(104)	-5,321

(Note1) It is omitted to mention business results by country or region in the term under review,
because every ratio of sales of country or region in total net sales are less than 10%.

(Note2) Others . . . U.S.A., Thailand, China, etc.

【Overseas sales】

Consolidated cumulative Second quarter of fiscal 2009 (Apr. 1, 2008-Sep. 30, 2008)

(Million yen)

	Asia	North America	Others	Total
I Overseas sales (Million yen)	52,784	19,662	5,542	77,988
II Consolidated sales (Million yen)	—	—	—	281,038
III Ratio of overseas sales in consolidated sales (%)	18.8	7.0	1.9	27.7

Consolidated cumulative Second quarter of fiscal 2010 (Apr. 1, 2009-Sep. 30, 2009)

(Million yen)

	Asia	North America	Others	Total
I Overseas sales (Million yen)	26,836	12,980	3,235	43,051
II Consolidated sales (Million yen)	—	—	—	170,284
III Ratio of overseas sales in consolidated sales (%)	15.8	7.6	1.9	25.3

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

(Note 2) Main Countries or regions

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

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

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

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

(5) Notes on notable changes in amount of shareholder equity (if applicable): Not applicable