

# Financial Report for Fiscal 2011 Ended March 31, 2011

May 6, 2011

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.com>)

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Planned date of the Regular Shareholders Meeting: June 23, 2011

Planned date of beginning payment of dividends: —

Planned date of submittal of Financial Statement Report: June 23, 2011

Supplementary explanatory materials for settlement of accounts prepared (Y/N): Y

Briefing held on settlement of accounts (Y/N): Y (For institutional investors, analysts, and members of the press)

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

## 1. Performance over the year under review (Apr. 1, 2010-Mar. 31, 2011)

### (1) Operating Results

|         | Net sales<br>(Million yen) | Operating income<br>(Million yen) | Ordinary income<br>(Million yen) | Net income<br>(Million yen) |
|---------|----------------------------|-----------------------------------|----------------------------------|-----------------------------|
|         | (%)                        | (%)                               | (%)                              | (%)                         |
| Mar./11 | 419,279 (12.6)             | 788 (—)                           | -1,765 (—)                       | -12,993 (—)                 |
| Mar./10 | 372,450 (-24.5)            | -6,381 (—)                        | -4,939 (—)                       | -9,110 (—)                  |

Note: Comprehensive income Mar./11 -15,217 million yen (—%) Mar./10 -6,782 million yen (—%)

|         | Net income per<br>share (Yen) | Diluted net income<br>per share (Yen) | Ratio of net<br>income to equity<br>(%) | Ratio of ordinary<br>income to total<br>assets (%) | Ratio of operating<br>income to net<br>sales (%) |
|---------|-------------------------------|---------------------------------------|---|--|--|
| Mar./11 | -35.65                        | —                                     | -11.5                                   | -0.6   | 0.2  |
| Mar./10 | -25.04                        | —                                     | -7.2                                    | -1.7   | -1.7   |

Note: (i) Investment income based on equity method Mar./11 -2,341 million yen Mar./10 1,530 million yen

(ii) Figures in parentheses represent % change from same term of the previous year.

### (2) Financial Standing

|         | Total asset<br>(Million yen) | Net assets<br>(Million yen) | Equity ratio<br>(%) | Net assets<br>per share (Yen) |
|---------|------------------------------|-----------------------------|---------------------|-------------------------------|
| Mar./11 | 270,750                      | 106,093                     | 38.4                | 285.12                        |
| Mar./10 | 289,016                      | 123,233                     | 41.9                | 332.69                        |

Note: Equity Mar./11 103,895 million yen Mar./10 121,238 million yen

### (3) Statement of Cash Flows

|         | Cash flows from<br>operating activities<br>(Million yen) | Cash flows from<br>investment activities<br>(Million yen) | Cash Flows from<br>financing activities<br>(Million yen) | Cash and cash equivalent<br>at the end of year<br>(Million yen) |
|---------|--|---|--|---|
| Mar./11 | 14,322   | -5,067  | -5,152   | 11,399  |
| Mar./10 | 14,304   | -17,047   | 2,804  | 7,939   |

## 2. Dividends

| (Base date)           | Dividends per share |         |        | Total dividends<br>(Annual) | Dividend payout<br>ratio<br>(Consolidated) | Dividends on<br>net assets<br>(Consolidated) |
|-----------------------|---------------------|---------|--------|-----------------------------|--|--|
|                       | Sep. 30             | Mar. 31 | Annual |                             |  |  |
|                       | (Yen)               | (Yen)   | (Yen)  | (Million yen)               | %  | %  |
| Mar./10               | 2.50                | 2.50    | 5.00   | 1,820                       | —  | 1.4  |
| Mar./11               | 2.50                | 0.00    | 2.50   | 911                         | —  | 0.8  |
| Mar./12<br>(Forecast) | —                   | —       | —      |                             | —  |  |

Forecasts of dividends for distribution at the end of the second quarter of fiscal year 2012 and at the end of the fiscal year will be announced soon after the completion of business performance forecasts for the subsequent consolidated fiscal year.

## 3. Business results forecast for fiscal year 2012 (Apr.1, 2011-Mar.31, 2012)

Given the difficulty of developing reasonable estimates at this time, forecasts of business performance for fiscal year 2012 remain to be determined. See "1. (1) Analysis of Business Performance: (ii) Projections for the following consolidated fiscal year" on page 3 of the Appendix.

## 4. Other notes

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

(2) Changes in accounting principles, procedures, methods of representation, etc.

(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:* See "Changes of notes on bases for preparation of these consolidated financial statements" on page 18 for details.

(3) Number of shares outstanding (Common)

(i)Number of shares outstanding at the end of period  
(Including treasury stock)

Mar./11 374,018,174 Mar./10 374,018,174

(ii)Number of treasury stock at the end of period

Mar./11 9,623,520 Mar./10 9,603,268

(iii)Number of average shares during this fiscal year

Mar./11 364,409,196 Mar./10 363,754,839

*Note:* See "Per-share information" on page 24 concerning changes in the number of shares used as the basis for calculating (consolidated) net income per share.

## Non-consolidated Business Results (Reference)

### 1. Performance over the year under review (Apr. 1, 2010-Mar. 31, 2011)

#### (1) Operating Results

|         | Net sales<br>(Million yen) | Operating income<br>(Million yen) | Ordinary income<br>(Million yen) | Net income<br>(Million yen) |
|---------|----------------------------|-----------------------------------|----------------------------------|-----------------------------|
|         | (%)                        | (%)                               | (%)                              | (%)                         |
| Mar./11 | 258,718 (7.0)              | -4,974 (—)                        | -2,682 (—)                       | -11,497 (—)                 |
| Mar./10 | 241,718 (-18.9)            | -3,476 (—)                        | -1,667 (—)                       | -9,194 (—)                  |

|         | Net income per share<br>(Yen) | Diluted net income<br>per share<br>(Yen) |
|---------|-------------------------------|--|
| Mar./11 | -31.55                        | —  |
| Mar./10 | -25.27                        | —  |

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

#### (2) Financial standing

|         | Total asset<br>(Million yen) | Net assets<br>(Million yen) | Equity ratio<br>(%) | Net assets<br>per share<br>(Yen) |
|---------|------------------------------|-----------------------------|---------------------|----------------------------------|
| Mar./11 | 214,937                      | 97,225                      | 45.2                | 266.78                           |
| Mar./10 | 228,290                      | 110,629                     | 48.5                | 303.55                           |

*Note:* Equity Mar./11 97,225 million yen Mar./10 110,629 million yen

\* Statement on implementation of audit procedures

At the time of the release of this Financial Report, procedures were underway for audits of financial statements pursuant to Japan's Financial Instruments and Exchange Act.

\* 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 "(1)Analysis of business performance" under "1. Business performance" on page 2 concerning the content of the assumptions used in forecasting business performance, cautions concerning the use of forecasts of business performance, and related matters.

This document is an English translation of a document prepared in Japanese. In the event of any discrepancies between the content of the Japanese and English documents, the content of the Japanese document shall take precedence.

**【Appendix】**

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## 1. Business performance

### (1) Analysis of business performance

#### (i) Performance during this consolidated fiscal year

Due to various developments, including slowing in the European and North American economies starting in the summer, the world economy during this consolidated fiscal year experienced intensifying stagnation heading towards the end of fiscal 2011. However, thanks to continuing economic growth in emerging markets, the general course remained pointed toward recovery. While the Japanese economy continued to experience gentle recovery, the impact of The Great East Japan Earthquake of March 11, 2011, led to a precipitous decline in economic outlook for the fourth quarter of this consolidated fiscal year (January-March 2011) and introduced significant disorder into economic activities.

The Great East Japan Earthquake resulted in damage at six Hitachi Cable production facilities located in Ibaraki Pref. and at other Hitachi Cable Group production and sales facilities located in Ibaraki Pref. and the Tohoku region. While nearly all damaged facilities have resumed production and sales activities are now nearly normal, earthquake damage to buildings and production equipment, damage within the supply chain, changes in customer production conditions, and other factors significantly affected production and shipments in March 2011 and business performance for the consolidated fiscal year.

Under these conditions, net sales for the Hitachi Cable Group during this consolidated fiscal year rose 13% from the previous consolidated fiscal year to 419,279 million yen, due to various factors exerting pressure during the cumulative second quarter of the consolidated fiscal year (April-September 2010), including steady recovery in demand for products delivered to electronics and automotive markets and recovery in the price of copper, a primary raw material for wires and cables, and copper products, which trended higher than in the preceding fiscal year. This was despite factors including the strong yen on currency markets and production and shipping delays caused by the earthquake.

For the period through the cumulative third quarter of this consolidated fiscal year (April-December 2010), income improved from the corresponding period for the previous fiscal year. This was true both for operating income, which totaled 836 million yen (vs. operating losses of 6,565 million yen through the cumulative third quarter of the previous consolidated fiscal year) and for ordinary income, which totaled 154 million yen (vs. ordinary losses of 4,812 million yen through the cumulative third quarter of the previous consolidated fiscal year). Despite continuing surpluses in both operating income and ordinary income, a sudden decline in net sales in the fourth quarter of this consolidated fiscal year attributable to the earthquake, investment losses by equity method, and other factors resulted in operating income for this consolidated fiscal year of 788 million yen (vs. operating losses of 6,381 million yen in the previous consolidated fiscal year) and ordinary losses of 1,765 million yen (vs. ordinary losses of 4,939 million yen in the previous consolidated fiscal year). The booking of extraordinary losses of 5,925 million yen in losses due to disasters, 4,215 million yen in impairment losses, and other factors resulted in a net loss for the period of 12,993 million yen (vs. a net loss of 9,110 million yen in the previous consolidated fiscal year).

Provided below is an overview of the performance of each reporting segment during this consolidated fiscal year. Net sales figures for each segment represent sales to outside customers.

Starting this consolidated fiscal year, Hitachi Cable applied the Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (Accounting Standards Board of Japan Statement No. 17, revised March 27, 2009) and the Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20, issued March 21, 2008). For details, please see "d. Segment Information: 1. Summary of reporting segments" on page 21 of the appendix.

### Electronic & Automotive Products

Net sales in this segment totaled 234,487 million yen, while segment operating income totaled 1,962 million yen.

By product line, sales of magnet wires for use in electronic components and heavy electrical machinery and consumer and industrial applications remained strong throughout the fiscal year, although demand for electronic components slowed in the third quarter of this consolidated fiscal year (October-December 2010). While sales of electronic wires and wiring devices used in industrial equipment and machine tools declined slightly in the third quarter due to declining production of semiconductor manufacturing equipment and other machinery, sales were significantly higher than in the previous consolidated fiscal year. Sales of auto parts for the Japanese market fell slightly in the third quarter with the expiration of the Japanese government's eco-car subsidy program, and production was adjusted in the fourth quarter due to the earthquake. The effects of the earthquake aside, demand recovered, and overseas group companies experienced strong yearlong performance. Sales of auto parts increased from the previous consolidated fiscal year. Sales of industrial cables and electric power cables returned to typical levels as construction demand recovered in Japan starting in the third quarter. Sales of fiber optics and telecommunication cables fell significantly from the previous consolidated fiscal year, as the off-season trough in demand for optical submarine cables persisted.

### Information Systems

Net sales in this segment totaled 40,140 million yen, while segment operating income totaled 563 million yen.

By product line, on a cumulative basis through the third quarter of this consolidated fiscal year, sales in the information network business were roughly at the same levels as in the corresponding period of the previous fiscal year.

Sales of information and telecommunications networking devices for mobile backhaul next-generation mobile telecommunications systems grew, while sales for systems integration services declined. However, flattering growth in the fourth quarter attributable to the earthquake and other factors resulted in slightly lower net sales for the entire fiscal year than in the previous consolidated fiscal year. Sales of wireless systems fell from the previous consolidated fiscal year, as demand for use in digital broadcast relay stations passed a peak, construction of mobile-phone base stations shifted toward more modest projects, and capital investment continued to decline.

### **Semiconductor Materials & Packaging**

Net sales in this segment totaled 26,154 million yen. The segment recorded an operating loss of 2,808 million yen.

By product line, results show higher sales of compound semiconductors compared to the previous consolidated fiscal year, due to strong sales of epitaxial wafers for use in high-frequency devices and laser diodes. In the tape automated bonding (TAB) business, the Group decided to withdraw from the business of chip-on-film (COF) products for LCD use, an area of notably declining performance, and is currently making steady progress toward completing its withdrawal from this area. Sales starting in the third quarter of this consolidated fiscal year fell significantly from the previous consolidated fiscal year, due to rapidly declining demand for special-purpose TAB products, as well as growing price competition in the market for TAB products for memory use.

### **Metal Materials & Component Products**

Net sales in this segment totaled 82,652 million yen, while the segment recorded an operating loss of 168 million yen.

By product line, full-year sales of lead frames rose from the previous consolidated fiscal year, although the strength evident in the first half of this consolidated fiscal year weakened in connection with inventory adjustments in electronics markets starting in the third quarter of this consolidated fiscal year. Performance of copper products grew significantly from the previous consolidated fiscal year, largely due to sales of copper tubes, backed by high demand for air-conditioners accompanying the implementation of the Japanese government's "ecopoints" system for home appliances. Sales of copper strips fell starting in the third quarter of this consolidated fiscal year, chiefly in the area of products for semiconductor use. Nevertheless, growing demand during the first half of the fiscal year resulted in higher full-year sales than in the previous fiscal year due to.

### **Sales Companies**

Net sales in this segment totaled 35,846 million yen, while segment operating income totaled 1,857 million yen.

#### **(ii) Projections for the following consolidated fiscal year**

Under current conditions, the global economy is projected to exhibit an overall recovery trend, driven by continuing economic recovery in the United States and growth in emerging markets. However, The Great East Japan Earthquake of March 11, 2011, will affect the Japanese economy in various ways, and prospects for the environment in which the Hitachi Cable Group operates are highly uncertain.

At this time, given the difficulty of realistically estimating the effects of the recent earthquake on demand trends, electric power supply, materials procurement conditions, and other factors, forecasts of business performance for the fiscal year ending March 2012 have yet to be determined. The repercussions of all these factors will be carefully examined and announced promptly once forecast figures have been finalized.

#### **(2) Analysis of financial conditions**

##### **(i) Assets, liabilities, and net assets**

Total assets at the end of this consolidated fiscal year were 270,750 million yen, a decline of 18,266 million yen from the end of the previous consolidated fiscal year. This figure includes current assets, which grew by 6,956 million yen over the corresponding period of the previous year to 155,447 million yen, primarily due to an increase of 6,178 million yen in inventories (inventories representing the total of merchandise and products, in-process inventory, raw materials, and supplies). Fixed assets declined by 25,222 million yen from the end of the previous consolidated fiscal year to 115,303 million yen, primarily due to declines of 4,970 million yen in buildings and structures, 10,440 million yen in machinery, vehicles and tools, 3,119 million yen in construction in progress, 3,244 million yen in negotiable securities, and 1,332 million yen in prepaid pension expenses.

Liabilities totaled 164,657 million yen, a decline of 1,126 million yen from the end of the previous consolidated fiscal year, primarily due to declines of 1,923 million yen in trade payables and 4,881 million yen in short-term debt vs. an increase of 5,140 million yen in reserves for losses due to disasters.

Net assets totaled 106,093 million yen, a decline of 17,140 million yen from the end of the previous consolidated fiscal year, primarily due to declines of 14,836 million yen in retained earnings and 2,327 million yen in foreign currency translation adjustments.

## (ii) Conditions of cash flow

Cash and cash equivalents at the end of this consolidated fiscal year totaled 11,399 million yen, up 3,460 million yen from the end of the previous consolidated fiscal year. Described below are the conditions of each type of cash flow at the end of this consolidated fiscal year and the primary factors affecting each.

## (Cash flow from operating activities)

Cash flow from operations totaled 14,322 million yen, a figure 18 million yen above the figure for the previous consolidated fiscal year. This figure is attributable to an increase of 14,950 million yen in trade receivables on the plus side and a decline of 17,782 million yen in trade payables on the minus side, among other factors.

## (Cash flow from investing activities)

Cash flow used in investments totaled 5,067 million yen, as these expenditures fell by 11,980 million yen from the previous consolidated fiscal year. Several factors explain this result, including a decline of 6,285 million yen in expenditures for purchases of tangible and intangible fixed assets; an increase of 3,404 million yen in income from sale of tangible fixed assets; and a decline of 4 billion yen in expenditures on acquisition of shares in affiliates. (All changes are relative to the previous consolidated fiscal year.)

## (Cash flow from finance activities)

Cash flow from finance activities totaled 5,152 million yen; these expenditures increased by 7,956 million yen from the previous consolidated fiscal year for various reasons, including payments made to reduce short-term debt by 8,544 million yen from the previous consolidated fiscal year.

## Trends in cash flow indicators (Reference)

|  | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|--|---------|---------|---------|---------|---------|
| Equity ratio                           | 52.6    | 53.3    | 46.7    | 41.9    | 38.4    |
| Equity ratio at market value           | 67.4    | 36.4    | 24.8    | 35.2    | 28.8    |
| Interest-bearing liabilities/cash flow | 1.7     | 1.0     | 1.2     | 3.4     | 3.1     |
| Interest coverage ratio                | 16.2    | 24.3    | 23.6    | 14.9    | 14.5    |

Equity ratio: equity/total assets

Equity ratio at market value: total market value of stock/total assets

Debt repayment period: interest-bearing debt/cash flow from operations

Interest coverage ratio: cash flow from operations/interest paid

(Note1) Each indicator has been calculated using figures from consolidated-basis financial statements.

(Note2) Total market value of stock has been calculated by multiplying the closing share price at the end of the fiscal period by total shares issued and outstanding as of the end of the fiscal period.

(Note3) For cash flow from operations, the value of cash flow from operating activities on the Consolidated Cash Flow Statement has been used.

(Note4) Interest-bearing debt includes all debts on the Consolidated Balance Sheet on which interest is paid. For interest paid, the value of interest payments from the Consolidated Cash Flow Statement has been used.

## (3) Basic Company policy on distribution of profits; dividends for current and subsequent fiscal periods

Hitachi Cable distributes appropriate dividends following comprehensive assessments of issues such as business performance, enhancements in management structures, and future business strategies.

With respect to the distribution of retained earnings, the Company returns profits to its shareholders after assessing business performance, in line with its basic policy of providing stable dividends. In general, it seeks to pay dividends from retained earnings twice annually, in cash, with basis dates of March 31 and September 30, while putting the remaining funds to effective use through investments in areas with high growth potential and investments intended to revitalize existing businesses, while continuing to maintain and strengthen its basic financial soundness. The Company also seeks to acquire treasury shares, which it regards as another effective way to distribute profits to shareholders, while monitoring various issues, such as trends in share prices and general financial conditions.

In fiscal 2011, at the end of the second quarter of the fiscal year ended March 2011, Hitachi Cable paid dividends of 2.5 yen per share. As for the yearend dividends, however, based on a comprehensive consideration of various factors, including the business environment in which the Group operates, underlying business performance, and future business strategies, Hitachi Cable has now decided not to pay the 2.5 yen per share initially planned. This reduces the amount of full-year dividends from the initially planned amount of 5 yen per share to 2.5 yen per share. Plans call for year-end dividends for fiscal 2011 to be determined at the Board of Directors meeting to be held on May 30, 2011.

Forecasts of dividends for distribution at the end of the second quarter of fiscal year 2012 and at the end of the fiscal year will be announced soon after the completion of business performance forecasts for the subsequent consolidated fiscal year.

## 2. Status of the group of companies

The Hitachi Cable Group consists of the company submitting this report (“Hitachi Cable”), one parent company, 43 consolidated subsidiaries, one non-consolidated subsidiary, and 16 affiliates. These entities are engaged in businesses related to electronic and automotive products, information systems, semiconductor materials and packaging, metal materials and component products, including sales of products and services within these areas.

Provided below are details of the Hitachi Cable Group’s businesses and the positioning of Hitachi Cable and its affiliates in connection to these businesses.

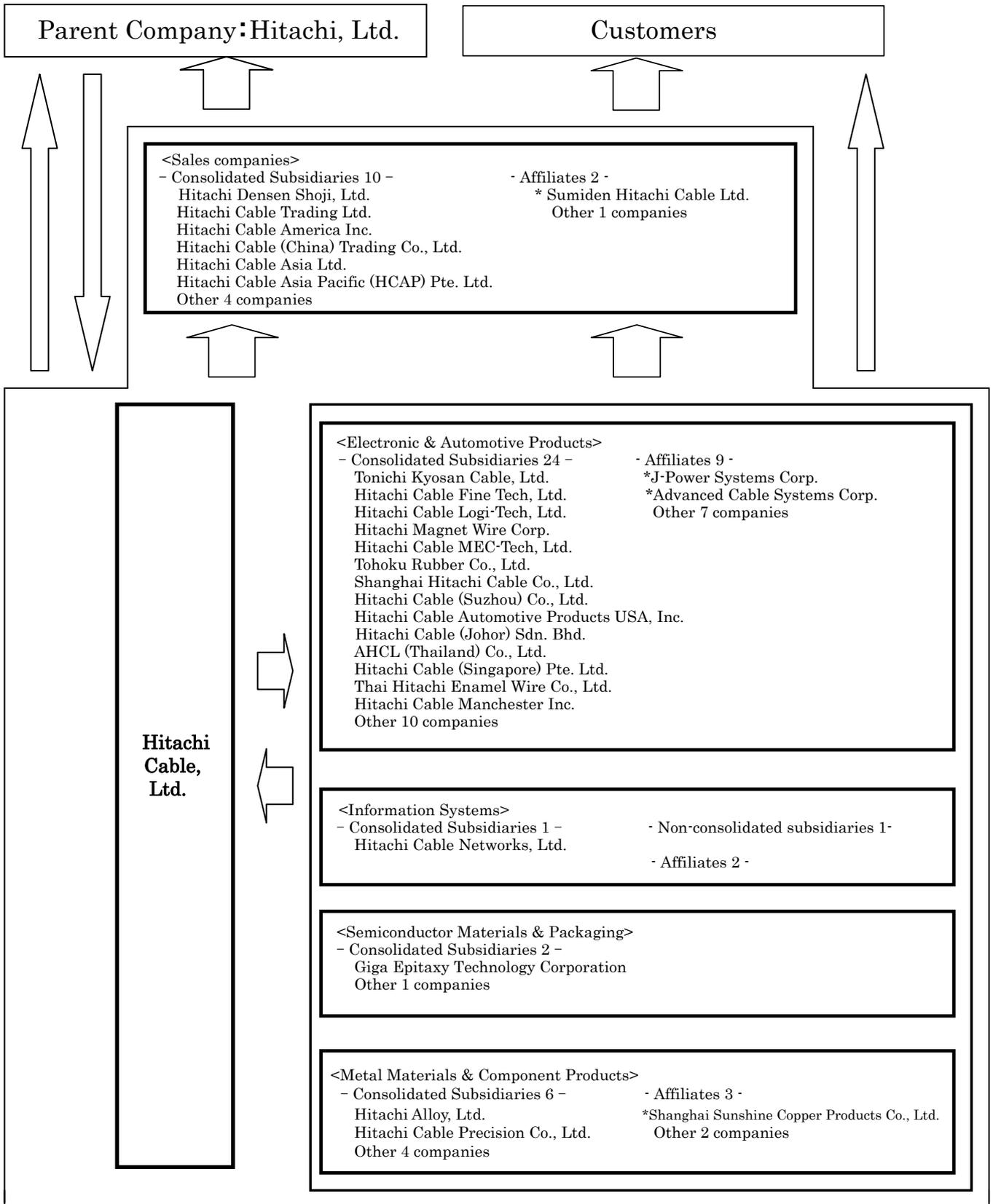
| Reporting segments                   | Main businesses   | Main affiliates   |
|--------------------------------------|---|---|
| Electronic & Automotive Products     | Manufacture and sale of industrial cables and electric power cables, auto parts, fiber optics and telecommunication cables, electronic wires and wiring devices, magnet wires, etc. | Hitachi Cable, Ltd.<br>[Domestic consolidated subsidiaries]<br>Tonichi Kyosan Cable, Ltd.<br>Hitachi Cable Fine Tech, Ltd.<br>Hitachi Cable Logi-Tech, Ltd.<br>Hitachi Magnet Wire Corp.<br>Hitachi Cable MEC-Tech, Ltd.<br>Tohoku Rubber Co., Ltd.<br>[Overseas consolidated subsidiaries]<br>Shanghai Hitachi Cable Co., Ltd.<br>Hitachi Cable (Suzhou) Co., Ltd.<br>Hitachi Cable Automotive Products USA, Inc.<br>Hitachi Cable (Johor) Sdn. Bhd.<br>AHCL (Thailand) Co., Ltd.<br>Hitachi Cable (Singapore) Pte. Ltd.<br>Thai Hitachi Enamel Wire Co., Ltd.<br>Hitachi Cable Manchester Inc.<br>[Affiliates]<br>J-Power Systems Corp.<br>Advanced Cable Systems Corp. |
| Information Systems                  | Manufacture and sale of information networks, wireless systems, etc.  | Hitachi Cable, Ltd.<br>[Domestic consolidated subsidiaries]<br>Hitachi Cable Networks, Ltd.   |
| Semiconductor Materials & Packaging  | Manufacture and sale of compound semiconductors, TAB, etc.  | Hitachi Cable, Ltd.<br>[Overseas consolidated subsidiaries]<br>Giga Epitaxy Technology Corporation  |
| Metal Materials & Component Products | Manufacture and sale of copper products, lead frames  | Hitachi Cable, Ltd.<br>[Domestic consolidated subsidiaries]<br>Hitachi Alloy, Ltd.<br>Hitachi Cable Precision Co., Ltd.<br>[Affiliates]<br>Shanghai Sunshine Copper Products Co., Ltd.  |
| Sales Companies                      | Sale of the above products  | [Domestic consolidated subsidiaries]<br>Hitachi Densen Shoji, Ltd.<br>Hitachi Cable Trading Ltd.<br>[Overseas consolidated subsidiaries]<br>Hitachi Cable America Inc.<br>Hitachi Cable (China) Trading Co., Ltd.<br>Hitachi Cable Asia Ltd.<br>Hitachi Cable Asia Pacific (HCAP) Pte. Ltd.<br>[Affiliates]<br>Sumiden Hitachi Cable Ltd.   |

(Note) TAB stands for Tape Automated Bonding.

Hitachi Cable’s parent company is Hitachi, Ltd. Hitachi Cable and certain Hitachi Cable subsidiaries and affiliates engage in transactions with Hitachi, Ltd., including product transactions.

The following diagram summarizes these business relationships:

**Business Map**



(Note) In the diagram above, arrows indicate the flow of products and services, while asterisks (\*) indicate companies to which the equity method is applied.

### 3. Management policies

#### (1) Fundamental Company management policies

Under its corporate vision—expressed in the phrase Empowering Energy & Communication—the Hitachi Cable Group seeks to serve as a leading industry figure recognized worldwide and as a company in which all employees can take pride, based on contributions to society through products and services that meet diversifying and accelerating needs in the areas of energy and communications.

#### (2) Medium- to long-range company management strategies and issues to be addressed

The Hitachi Cable Group implemented its Plan “BRIDGE” medium-term management plan starting in the fiscal year ended March 2011 (subject period: fiscal years 2011-2013) and is currently pursuing various measures based on this plan.

The fundamental policy of Plan “BRIDGE” is to restore the Group's status as a highly profitable enterprise and to reshape it into a truly global business. The key aspect of Plan “BRIDGE” is to reshape the Hitachi Cable Group into a group of highly profitable businesses active primarily in the materials, parts, and devices needed to build infrastructures. Plan “BRIDGE” is seen as a bridge to reach future goals: achieving ordinary income margins of at least 5% in all businesses through management focused on profit margins, including management of margins in each business; and achieving at least 40% of overall sales in overseas markets that promise high rates of economic growth.

At present, under the Plan “BRIDGE” medium-term management plan, the Hitachi Cable Group is focusing efforts on the following measures:

#### (i) Business strategies

##### A. A focus on priority target areas

Identifying electrical power infrastructures and next-generation energy, industrial infrastructures, and information and telecommunications infrastructures as priority targets, the Hitachi Cable Group is proactively investing management resources in these areas.

At the same time, in electronics, semiconductors, and automotive applications, the Group will push ahead with business restructuring through measures to improve profits and by identifying and cultivating strong products in which it offers advantages over competitors.

##### B. Dramatic reforms in overseas businesses

To achieve dramatic improvements in cost structures, the Group will work to optimize its business execution structures, including areas such as global purchasing of parts and materials, manufacturing, and logistics, particularly in the areas of electronic wires, auto parts, lead frames, and compound semiconductors. It will examine establishing facilities to manufacture multiple strong products (core manufacturing facilities) in such areas.

In addition to steadily capturing growing demand by aggressively expanding product sales in infrastructure fields, the Group will work to expand sales channels by strengthening strategic alliances.

#### (ii) Research and development, capital investment, manufacturing enhancements, and human resource development enhancements

##### A. Research and development

To create high-value-added products surpassing those from competitors as sources of growth, the Group will seek to enhance research and development by strengthening intellectual property strategies; by developing element technologies; and by rapidly developing new products and businesses based on market-leading products in priority areas.

##### B. Capital investment

Future capital investment will entail a proactive focus on priority target areas.

##### C. Manufacturing enhancements

The Group regards the Hitachi Cable Just-in-Time (JIT) Production System, in which it has invested significant effort to the present day, as the foundation of its manufacturing enhancements. The Group will strive to establish solid foundations for and to intensify such efforts in Japan. The Group will also seek to achieve the full-fledged deployment of these efforts at Group member companies overseas.

##### D. Human resource development enhancements

Alongside enhancing human-resources development through on-the-job training (OJT), the Group will enhance training of and promote local staff in locations around the world to expand overseas operations.

(iii) Compliance and CSR management

Based on its Corporate Vision, the Hitachi Cable Group's Code of Conduct calls for keeping to the Straight and Narrow—to engage in all of its activities in good faith and in harmony with the global community. In accordance with this Code, the Group will advance various efforts, including environmental protection, ensuring quality and safety, increasing the diversity of its human resources, ensuring respect for human rights, and enhancing information security, as well as full compliance with laws, regulations, and business ethics. To strengthen the fairness and transparency of these business activities, the Group will aggressively pursue improvements in its systems of internal controls as a key management goal, while seeking to engage in activities that contribute to society at all times.

The Great East Japan Earthquake of March 11, 2011, raised concerns that demand trends and changes in areas such as electric power supply and materials procurement conditions may impact business performance, creating increasingly uncertain prospects for the business environment in which the Hitachi Cable Group operates. For this reason, the Group has decided to revise the numerical targets for the period subject to Plan “BRIDGE” based on a close examination of factors having direct and indirect effects on Group business performance. Revised numerical targets will be released as soon as these revisions are complete.

#### 4. Consolidated Financial Statements

##### (1) Consolidated Balance Sheet

(Units: million yen)

|                                      | End of previous<br>consolidated fiscal year<br>(March 31, 2010) | End of this<br>consolidated fiscal year<br>(March 31, 2011) |
|--------------------------------------|---|---|
| (Assets)                             |   |   |
| Current assets                       |   |   |
| Cash and cash equivalents            | 8,301   | 11,689  |
| Trade receivables                    | 84,562  | 81,669  |
| Securities                           | 176   | 144   |
| Merchandise and products             | 11,661  | 10,900  |
| In-process inventories               | 24,463  | 27,608  |
| Raw materials and supplies           | 10,086  | 13,880  |
| Deferred tax assets                  | 524   | 521   |
| Other                                | 9,196   | 9,226   |
| Allowance for doubtful accounts      | -478  | -190  |
| Total current assets                 | 148,491   | 155,447   |
| Fixed assets                         |   |   |
| Tangible fixed assets                |   |   |
| Buildings and structures             | 111,872   | 109,207   |
| Cumulative depreciation              | -69,221   | -71,526   |
| Buildings and structures (net)       | 42,651  | 37,681  |
| Machinery, vehicles, and tools       | 279,245   | 273,428   |
| Cumulative depreciation              | -235,588  | -240,211  |
| Machinery, vehicles, and tools (net) | 43,657  | 33,217  |
| Land                                 | 9,803   | 9,712   |
| Construction in progress             | 4,472   | 1,353   |
| Total tangible fixed assets          | 100,583   | 81,963  |
| Intangible fixed assets              |   |   |
| Goodwill                             | 1,134   | 526   |
| Other                                | 8,975   | 8,044   |
| Total intangible fixed assets        | 10,109  | 8,570   |
| Investments and other assets         |   |   |
| Negotiable securities                | 20,419  | 17,175  |
| Long-term loans                      | 2,756   | 2,726   |
| Prepaid pension expenses             | 1,332   | —   |
| Deferred tax assets                  | 825   | 1,055   |
| Other                                | 6,991   | 6,306   |
| Allowance for doubtful accounts      | -2,490  | -2,492  |
| Total investments and other assets   | 29,833  | 24,770  |
| Total fixed assets                   | 140,525   | 115,303   |
| Total assets                         | 289,016   | 270,750   |

|   | End of previous<br>consolidated fiscal year<br>(March 31, 2010) | End of this<br>consolidated fiscal year<br>(March 31, 2011) |
|---|---|---|
| <b>(Liabilities)</b>                                |   |   |
| <b>Current liabilities</b>                          |   |   |
| Trade payables                                      | 60,970  | 59,047  |
| Short-term debt                                     | 20,274  | 15,393  |
| Corporate tax payable                               | 916   | 1,009   |
| Reserves for losses due to disasters                | —   | 5,140   |
| Other   | 24,244  | 23,317  |
| <b>Total current liabilities</b>                    | <b>106,404</b>  | <b>103,906</b>  |
| <b>Fixed liabilities</b>                            |   |   |
| Company bonds                                       | 5,000   | 5,000   |
| Long-term debt                                      | 23,500  | 23,500  |
| Deferred tax liabilities                            | 3,564   | 2,541   |
| Retirement and severance benefits                   | 24,635  | 26,669  |
| Reserve for directors' retirement allowances        | 590   | 635   |
| Liability due to application of equity method       | 1,301   | 1,924   |
| Other   | 789   | 482   |
| <b>Total fixed liabilities</b>                      | <b>59,379</b>   | <b>60,751</b>   |
| <b>Total liabilities</b>                            | <b>165,783</b>  | <b>164,657</b>  |
| <b>(Net assets)</b>                                 |   |   |
| <b>Shareholders' equity</b>                         |   |   |
| Common stock  | 25,948  | 25,948  |
| Capital surplus                                     | 31,518  | 31,518  |
| Retained earnings                                   | 72,767  | 57,931  |
| Treasury stock                                      | -3,984  | -3,989  |
| <b>Total shareholders' equity</b>                   | <b>126,249</b>  | <b>111,408</b>  |
| <b>Accumulated other comprehensive income</b>       |   |   |
| Net unrealized holding gains on securities          | 1,104   | 684   |
| Deferred hedging gains/losses                       | -8  | 237   |
| Foreign currency translation adjustments            | -6,107  | -8,434  |
| <b>Total accumulated other comprehensive income</b> | <b>-5,011</b>   | <b>-7,513</b>   |
| <b>Minority investments</b>                         | <b>1,995</b>  | <b>2,198</b>  |
| <b>Total net assets</b>                             | <b>123,233</b>  | <b>106,093</b>  |
| <b>Total liabilities and net assets</b>             | <b>289,016</b>  | <b>270,750</b>  |

(2) Consolidated Statement of Profit and Loss and Statement of consolidated comprehensive income  
(Consolidated Statement of Profit and Loss)

(Units: million yen)

|   | Fiscal 2010<br>(Apr.1, 2009- Mar.31, 2010) | Fiscal 2011<br>(Apr.1, 2010- Mar.31, 2011) |
|---|--|--|
| Net sales                                       | 372,450                                    | 419,279                                    |
| Cost of sales                                   | 329,767                                    | 370,019                                    |
| Total return on sales                           | 42,683                                     | 49,260                                     |
| Sales and general administrative expenses       | 49,064                                     | 48,472                                     |
| Operating income (loss :-)                      | -6,381                                     | 788  |
| Non-operating income                            |  |  |
| Interest received                               | 129  | 104  |
| Dividends received                              | 186  | 140  |
| Gain on sale of goods                           | —  | 450  |
| Fixed asset lease expense                       | —  | 335  |
| Investment income by equity method              | 1,530                                      | —  |
| Other non-operating income                      | 2,033                                      | 1,215                                      |
| Total non-operating income                      | 3,878                                      | 2,244                                      |
| Non-operating expenses                          |  |  |
| Interest expense                                | 961  | 988  |
| Losses on elimination of fixed assets           | 283  | —  |
| Investment loss by equity method                | —  | 2,341                                      |
| Other non-operating expenses                    | 1,192                                      | 1,468                                      |
| Total non-operating expenses                    | 2,436                                      | 4,797                                      |
| Ordinary loss (-)                               | -4,939                                     | -1,765                                     |
| Extraordinary income                            |  |  |
| Gains on prior-period adjustments               | 57   | —  |
| Gains on sale of fixed assets                   | —  | 387  |
| Gains on sale of negotiable securities          | 120  | 547  |
| Other extraordinary income                      | 15   | —  |
| Total extraordinary income                      | 192  | 934  |
| Extraordinary losses                            |  |  |
| Losses on prior-period adjustments              | 39   | —  |
| Impairment losses                               | 1,694                                      | 4,215                                      |
| Losses on sale of negotiable securities         | 1,204                                      | —  |
| Losses due to disasters                         | —  | 5,925                                      |
| Restructuring costs                             | 848  | —  |
| Other extraordinary losses                      | 329  | 1,468                                      |
| Total extraordinary losses                      | 4,114                                      | 11,608                                     |
| Net loss before taxes and other adjustments (-) | -8,861                                     | -12,439                                    |
| Corporate, residence, and enterprise taxes      | 1,167                                      | 1,134                                      |
| Corporate tax adjustments                       | -1,036                                     | -908                                       |
| Total corporate taxes, etc.                     | 131  | 226  |
| Net loss before minority interests (-)          | —  | -12,665                                    |
| Gains to minority investors                     | 118  | 328  |
| Net loss (-)                                    | -9,110                                     | -12,993                                    |

## (Statement of consolidated comprehensive income)

(Units: million yen)

|   | Fiscal 2010<br>(Apr.1, 2009- Mar.31, 2010) | Fiscal 2011<br>(Apr.1, 2010- Mar.31, 2011) |
|---|--|--|
| Net loss before minority interests (-)                    | —  | -12,665                                    |
| Other comprehensive income                                |  |  |
| Net unrealized holding gains on securities                | —  | -425                                       |
| Deferred hedging gains/losses                             | —  | 266  |
| Foreign currency translation adjustments                  | —  | -2,053                                     |
| Equity in equity-method affiliates                        | —  | -340                                       |
| Total other comprehensive income                          | —  | -2,552                                     |
| Comprehensive income                                      | —  | -15,217                                    |
| (Items)   |  |  |
| Comprehensive income attributable to owners of the parent | —  | -15,495                                    |
| Comprehensive income attributable to minority interests   | —  | 278  |

## (3) Consolidated Statement of Changes in Shareholders' Equity

|                                   | (Units: million yen)        |                             |
|-----------------------------------|-----------------------------|-----------------------------|
|                                   | Fiscal 2010                 | Fiscal 2011                 |
|                                   | (Apr.1, 2009- Mar.31, 2010) | (Apr.1, 2010- Mar.31, 2011) |
| <b>Shareholders' equity</b>       |                             |                             |
| Common stock                      |                             |                             |
| Balance at end of previous year   | 25,948                      | 25,948                      |
| Balance at end of current year    | 25,948                      | 25,948                      |
| Capital surplus                   |                             |                             |
| Balance at end of previous year   | 31,529                      | 31,518                      |
| Changes during current year       |                             |                             |
| Sale of treasury stock            | -11                         | -                           |
| Total changes during current year | -11                         | -                           |
| Balance at end of current year    | 31,518                      | 31,518                      |
| Retained earnings                 |                             |                             |
| Balance at end of previous year   | 84,225                      | 72,767                      |
| Changes during current year       |                             |                             |
| Cash dividends                    | -2,000                      | -1,821                      |
| Net loss (-)                      | -9,110                      | -12,993                     |
| Sale of treasury stock            | -121                        | -                           |
| Change of scope of consolidation  | 30                          | -22                         |
| Change of scope of equity method  | -257                        | -                           |
| Total changes during current year | -11,458                     | -14,836                     |
| Balance at end of current year    | 72,767                      | 57,931                      |
| Treasury stock                    |                             |                             |
| Balance at end of previous year   | -4,362                      | -3,984                      |
| Changes during current year       |                             |                             |
| Acquisition of treasury stock     | -7                          | -5                          |
| Sale of treasury stock            | 385                         | 0                           |
| Total changes during current year | 378                         | -5                          |
| Balance at end of current year    | -3,984                      | -3,989                      |
| <b>Total shareholders' equity</b> |                             |                             |
| Balance at end of previous year   | 137,340                     | 126,249                     |
| Changes during current year       |                             |                             |
| Cash dividends                    | -2,000                      | -1,821                      |
| Net loss (-)                      | -9,110                      | -12,993                     |
| Acquisition of treasury stock     | -7                          | -5                          |
| Sale of treasury stock            | 253                         | 0                           |
| Change of scope of consolidation  | 30                          | -22                         |
| Change of scope of equity method  | -257                        | -                           |
| Total changes during current year | -11,091                     | -14,841                     |
| Balance at end of current year    | 126,249                     | 111,408                     |

(Units: million yen)

|  | Fiscal 2010<br>(Apr.1, 2009- Mar.31, 2010) | Fiscal 2011<br>(Apr.1, 2010- Mar.31, 2011) |
|--|--|--|
| Accumulated other comprehensive income   |  |  |
| Net unrealized holding gain on securities  |  |  |
| Balance at end of previous year  | 275  | 1,104                                      |
| Changes during current year  |  |  |
| (Net) changes during current year in<br>accounts other than shareholders' equity | 829  | -420                                       |
| Total changes during current year  | 829  | -420                                       |
| Balance at end of current year   | 1,104                                      | 684  |
| Deferred hedging gain/ losses  |  |  |
| Balance at end of previous year  | -39  | -8   |
| Changes during current year  |  |  |
| (Net) changes during current year in<br>accounts other than shareholders' equity | 31   | 245  |
| Total changes during current year  | 31   | 245  |
| Balance at end of current year   | -8   | 237  |
| Foreign currency translation adjustments   |  |  |
| Balance at end of previous year  | -7,261                                     | -6,107                                     |
| Changes during current year  |  |  |
| (Net) changes during current year in<br>accounts other than shareholders' equity | 1,154                                      | -2,327                                     |
| Total changes during current year  | 1,154                                      | -2,327                                     |
| Balance at end of current year   | -6,107                                     | -8,434                                     |
| Accumulated other comprehensive income   |  |  |
| Balance at end of previous year  | -7,025                                     | -5,011                                     |
| Changes during current year  |  |  |
| (Net) changes during current year in<br>accounts other than shareholders' equity | 2,014                                      | -2,502                                     |
| Total changes during current year  | 2,014                                      | -2,502                                     |
| Balance at end of current year   | -5,011                                     | -7,513                                     |
| Minority investments   |  |  |
| Balance at end of previous year  | 2,538                                      | 1,995                                      |
| Changes during current year  |  |  |
| (Net) changes during current year in<br>accounts other than shareholders' equity | -543                                       | 203  |
| Changes during current year  | -543                                       | 203  |
| Balance at end of current year   | 1,995                                      | 2,198                                      |

(Units: million yen)

|  | Fiscal 2010<br>(Apr.1, 2009- Mar.31, 2010) | Fiscal 2011<br>(Apr.1, 2010- Mar.31, 2011) |
|--|--|--|
| Total net assets   |  |  |
| Balance at end of previous year  | 132,853                                    | 123,233                                    |
| Changes during current year  |  |  |
| Cash dividends   | -2,000                                     | -1,821                                     |
| Net loss (-)   | -9,110                                     | -12,993                                    |
| Acquisition of treasury stock  | -7   | -5   |
| Sale of treasury stock   | 253  | 0  |
| Change of scope of consolidation   | 30   | -22  |
| Change of scope of equity method   | -257                                       | -  |
| (Net) changes during current year in<br>accounts other than shareholders' equity | 1,471                                      | -2,299                                     |
| Total changes during current year  | -9,620                                     | -17,140                                    |
| Balance at end of current year   | 123,233                                    | 106,093                                    |

## (4) Consolidated Statement of Cash Flows

(Units: million yen)

|   | Fiscal 2010<br>(Apr.1, 2009- Mar.31, 2010) | Fiscal 2011<br>(Apr.1, 2010-Mar.31, 2011) |
|---|--|---|
| Cash flow from operating activities   |  |   |
| Net loss before taxes and other adjustments (-)   | -8,861                                     | -12,439                                   |
| Depreciation  | 21,350                                     | 20,148                                    |
| Impairment losses   | 1,694                                      | 4,215                                     |
| Increase/decrease in allowances for doubtful accounts<br>(Decrease: -)                              | -102                                       | -280                                      |
| Increase/decrease in retirement and severance benefits<br>(Decrease: -)                             | 2,124                                      | 2,034                                     |
| Increase/decrease in prepaid pension expenses (Increase: -)   | 2,026                                      | 1,324                                     |
| Interest received and dividends received  | -315                                       | -246                                      |
| Interest expense  | 961  | 988                                       |
| Investment profit/loss by equity method (Profit: -)   | -1,530                                     | 2,341                                     |
| Profit/loss on sale of negotiable securities (Profit: -)  | 1,084                                      | -547                                      |
| Increase/decrease of trade receivables (Increase: -)  | -14,660                                    | 290                                       |
| Increase/decrease of inventories (Increase: -)  | -7,527                                     | -6,901                                    |
| Increase/decrease of trade payables (Decrease: -)   | 17,993                                     | 211                                       |
| Increase/decrease of reserves for losses due to disasters<br>(Decrease: -)                          | —  | 5,140                                     |
| Increase/decrease in other accounts payable and<br>expenses payable (Decrease: -)                   | -16  | 92  |
| Increase /decrease of other accounts receivable (Increase: -)                                       | 562  | -1,044                                    |
| Other   | 462  | -436                                      |
| Subtotal  | 15,245                                     | 14,890                                    |
| Earnings on interest and dividends  | 753  | 926                                       |
| Interest paid   | -957                                       | -985                                      |
| Corporate tax and other taxes paid  | -737                                       | -509                                      |
| Cash flow from operating activities   | 14,304                                     | 14,322                                    |
| Cash flow from investing activities   |  |   |
| Expenditures for purchases of securities  | -143                                       | -27                                       |
| Expenditures for purchases of tangible and intangible fixed<br>assets                               | -16,985                                    | -10,700                                   |
| Proceeds for sale of tangible fixed assets  | —  | 3,783                                     |
| Expenditures for purchases of shares in affiliates  | -4,000                                     | —   |
| Proceeds for sale of shares in affiliates   | 1,123                                      | 820                                       |
| Expenditures for divestiture of subsidiaries' shares involving<br>changes in scope of consolidation | -173                                       | —   |
| Net increase/decrease in short-term loans (Increase: -)   | 2,685                                      | 777                                       |
| Expenditures for long-term loans  | -4   | -7  |
| Collection of long-term loans receivable  | 15   | 5   |
| Other   | 435  | 282                                       |
| Cash flow from investing activities   | -17,047                                    | -5,067                                    |

(Units: million yen)

|   | Fiscal 2010<br>(Apr.1, 2009- Mar.31, 2010) | Fiscal 2011<br>(Apr.1, 2010-Mar.31, 2011) |
|---|--|---|
| Cash flow from finance activities   |  |   |
| Net increase/decrease in short-term debt (Decrease: -)                                    | 5,046                                      | -3,498                                    |
| Proceeds from long-term debt  | 3,000                                      | —   |
| Payments on long-term debt  | -3,023                                     | —   |
| Proceeds from issue of company bonds  | 5,000                                      | —   |
| Expenditures for redemption of company bonds  | -5,000                                     | —   |
| Dividends paid to stockholders  | -2,000                                     | -1,821                                    |
| Dividends paid to minority stockholders   | -101                                       | -94                                       |
| Other   | -118                                       | 261                                       |
| Cash flow from finance activities   | 2,804                                      | -5,152                                    |
| Effect of exchange rate fluctuations on cash and cash equivalents                         | 222  | -643                                      |
| Net increase/decrease in cash and cash equivalents (Decrease: -)                          | 283  | 3,460                                     |
| Cash and cash equivalents at beginning of term  | 7,965                                      | 7,939                                     |
| Decrease in cash and cash equivalents due to exclusion of subsidiaries from consolidation | -309                                       | —   |
| Cash and cash equivalent at end of term   | 7,939                                      | 11,399                                    |

(5) Facts or circumstances casting doubt on going concern assumptions

Not applicable

(6) Changes of notes on bases for the preparation of these consolidated financial statements

(Changes to accounting policies)

Starting this consolidated fiscal year, Hitachi Cable applied the Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16, released March 10, 2008) and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (ASBJ PITF No. 24, March 10, 2008).

This change has no effect on income.

(Application of accounting standards on asset retirement obligations)

Starting this consolidated fiscal year, Hitachi Cable applied the Accounting Standard on Asset Retirement Obligations (ASBJ Statement No. 18, released March 31, 2008) and Guidance on Accounting Standard for on asset retirement obligations (ASBJ PITF No. 21, March 31, 2008).

This change has no effect on income.

(Application of accounting standards on business combinations)

Starting this consolidated fiscal year, Hitachi Cable applied the Accounting Standard for Business Combinations (ASBJ Statement No. 21, December 26, 2008), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, December 26, 2008), the Partial Amendments to Accounting Standard for Research and Development Costs (ASBJ Statement No. 23, December 26, 2008), the Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7, revised December 26, 2008), the Revised Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16, released December 26, 2008), and the Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, revised December 26, 2008).

(7) Changes in methods of representation

(Consolidated Statement of Profit and Loss)

Starting this fiscal year, pursuant to the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, December 26, 2008), Hitachi Cable applied the Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements (Cabinet Office Ordinance No. 5, March 24, 2009). As a result, consolidated financial statements now include net loss before minority interests.

(Consolidated Statement of Cash Flows)

In the previous consolidated fiscal year, proceeds from sale of tangible fixed assets under cash flow from investments were assigned to the category of "other" income. Given the growing significance of this item with respect to monetary amounts, it is now presented separately.

The amount of proceeds from sale of tangible fixed assets included under "other" income in the previous consolidated fiscal year was 379 million yen.

(8) Additional information

Starting this consolidated fiscal year, Hitachi Cable applied the Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, June 30, 2010). However, the amounts of accumulated other comprehensive income and total accumulated other comprehensive income in the previous consolidated fiscal year appear under valuation and translation adjustments and total valuation and translation adjustments.

## (9)Notes on consolidated financial statements

(Notes on Consolidated Income Statement)

Notes on fixed asset impairment losses

During this consolidated fiscal year, the Company booked impairment losses on the following asset groups:

| Location   | Use  | Type  | Impairment loss amount  | Reason for recognizing impairment loss   | Amount recoverable              | Method of calculating amount recoverable                      |
|--|--|---|---|--|---------------------------------|---|
| Hitachi Cable Film Device, Ltd. (Chuo, Yamanashi Pref.)                        | Packaging materials (COF) business           | Buildings, machinery and equipment, tools and supplies, other | Buildings: 2,405 million yen<br>Machinery and equipment, 330 million yen<br>Tools and supplies, other: 35 million yen<br>Total: 2,770 million yen | Due to an anticipated decline in the recoverable value of these assets due to withdrawal from the packaging materials (COF) business | Value in use and net sale price | Value in use using discount rate of 4.5% and market valuation |
| Hitachi Cable Rubber Technology Co., Ltd. (Shimizu, Sunto-gun, Shizuoka Pref.) | Office equipment roller business             | Goodwill, buildings, machinery and equipment, other           | Goodwill: 230 million yen<br>Buildings: 228 million yen<br>Machinery and equipment, other: 155 million yen<br>Total: 613 million yen              | Due to projections of a worsened market environment  | Value in use                    | Value in use using discount rate of 4.5%                      |
| Takasago Works (Hitachi, Ibaraki Pref.)  | Fiber optic cables business                  | Machinery and equipment, tools and supplies, other            | Machinery and equipment: 388 million yen<br>Tools and supplies, other: 33 million yen<br>Total: 421 million yen                                   | Due to a drop in market value to below book value following revaluation of market value in light of worsening market conditions      | Value in use                    | Value in use using discount rate of 4.5%                      |
| Minato Works (Hitachi, Ibaraki Pref.)  | Optical submarine cable business             | Machinery and equipment, structures, other                    | Machinery and equipment: 293 million yen<br>Structures, other: 38 million yen<br>Total: 331 million yen   | Due to a drop in market value to below book value following revaluation of market value in light of worsening market conditions      | Value in use                    | Value in use using discount rate of 4.5%                      |
| Takasago Works (Hitachi, Ibaraki Pref.)  | Assets for which disposal has been finalized | Machinery and equipment, other                                | Machinery and equipment, other: 80 million yen  | Due to finalized disposal of assets and to other factors   | Net sale price                  | Market valuation  |

## ※Grouping method

These assets are grouped by business sector into the smallest cash-flow-generating units, largely independent of the cash flow of other assets or asset groups.

## (Notes on Statement of consolidated comprehensive income)

This consolidated fiscal year (Apr.1, 2010-Mar.31, 2011)

|    |   |                           |
|----|---|---------------------------|
| ※1 | Comprehensive income in the consolidated fiscal year immediately preceding this consolidated fiscal year      |                           |
|    | Comprehensive income attributable to owners of the parent   | -7,096 million yen        |
|    | Comprehensive income attributable to minority interests   | 314 million yen           |
|    | <u>Total</u>  | <u>-6,782 million yen</u> |
| ※2 | Oter comprehensive income in the consolidated fiscal year immediately preceding this consolidated fiscal year |                           |
|    | Net unrealized holding gains on securities  | -821 million yen          |
|    | Deferred hedging gains/losses   | 243 million yen           |
|    | Foreign currency translation adjustments  | 1,271 million yen         |
|    | Equity in equity-method affiliates  | -125 million yen          |
|    | <u>Total</u>  | <u>2,210 million yen</u>  |

## (Segment Information)

## a. Sales Results for Each Segment by Business Type

Previous Consolidated Fiscal Year (Apr.1, 2009-Mar.31, 2010)

(Million Yen)

|   | Wires and cables | Information and telecommunications networking | Sophisticated materials | Other businesses | Total          | Eliminated or companywide | Consolidated   |
|---|------------------|---|-------------------------|------------------|----------------|---------------------------|----------------|
| I. Net sales and operating income                                 |                  |   |                         |                  |                |                           |                |
| Net sales   |                  |   |                         |                  |                |                           |                |
| (1) Sales to customers  | 175,265          | 60,214  | 134,711                 | 2,260            | 372,450        | —                         | 372,450        |
| (2) In-house sales or transfer between operating segments         | 6,545            | 4,299   | 4,799                   | 12,945           | 28,588         | (28,588)                  | —              |
| <u>Total</u>  | <u>181,810</u>   | <u>64,513</u>                                 | <u>139,510</u>          | <u>15,205</u>    | <u>401,038</u> | <u>(28,588)</u>           | <u>372,450</u> |
| Operating expense   | 181,949          | 63,558  | 147,336                 | 14,582           | 407,425        | (28,594)                  | 378,831        |
| Operating income (loss :-)  | -139             | 955   | -7,826                  | 623              | -6,387         | 6                         | -6,381         |
| II. Assets, depreciation, impairment loss and capital expenditure |                  |   |                         |                  |                |                           |                |
| Assets  | 119,121          | 55,155  | 117,792                 | 1,935            | 294,003        | (4,987)                   | 289,016        |
| Depreciation  | 6,453            | 3,943   | 10,738                  | 216              | 21,350         | —                         | 21,350         |
| Impairment loss   | 318              | —   | 1,376                   | —                | 1,694          | —                         | 1,694          |
| Capital expenditure   | 5,603            | 2,362   | 5,815                   | 82               | 13,862         | —                         | 13,862         |

(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  |

(Note3) 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.

(Note4) Among assets, the amounts of companywide assets included in the "eliminated or companywide" item are as follows, principal components of which include the Company's surplus investment funds (cash and securities) and long-term investment funds (investment securities).

Previous Consolidated Fiscal Year (Apr.1, 2009 -Mar.31, 2010) 2,842 million yen

#### b. Sales Results by Location

Previous Consolidated Fiscal Year (Apr.1, 2009-Mar.31, 2010)

(Million yen)

|   | Japan   | Others | Total   | Eliminated or company-wide | Consolidated |
|---|---------|--------|---------|----------------------------|--------------|
| I. Net sales and operating income                         |         |        |         |                            |              |
| Net sales   |         |        |         |                            |              |
| (1) Sales to customers                                    | 299,897 | 72,553 | 372,450 | —                          | 372,450      |
| (2) In-house sales or transfer between operating segments | 29,919  | 3,917  | 33,836  | (33,836)                   | —            |
| Total   | 329,816 | 76,470 | 406,286 | (33,836)                   | 372,450      |
| Operating expense   | 334,641 | 77,902 | 412,543 | (33,712)                   | 378,831      |
| Operating loss  | -4,825  | -1,432 | -6,257  | (124)                      | -6,381       |
| II. Assets  | 273,017 | 59,432 | 332,449 | (43,433)                   | 289,016      |

(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.

(Note3) 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.

(Note4) Among assets, the amounts of companywide assets included in the "eliminated or companywide" item are as follows, principal components of which include the Company's surplus investment funds (cash and securities) and long-term investment funds (investment securities).

Previous Consolidated Fiscal Year (Apr.1, 2009 -Mar.31, 2010) 2,842 million yen

#### c. Overseas

Previous Consolidated Fiscal Year (Apr.1, 2009-Mar.31, 2010)

|   | Asia   | North America | Others | Total   |
|---|--------|---------------|--------|---------|
| I.Overseas (Million yen)                              | 65,135 | 21,418        | 6,425  | 92,978  |
| II.Consolidated sales (Million yen)                   | —      | —             | —      | 372,450 |
| III.Ratio of overseas sales in consolidated sales (%) | 17.5   | 5.8           | 1.7    | 25.0    |

(Note1) As a rule, countries or regions are divided according to geographical proximity to each other.

(Note2) Main countries or regions

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

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

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

(Note3) Overseas sales represent sales made by the Company and its consolidated subsidiaries in countries or regions other than Japan.

## d. Segment Information

This Consolidated Fiscal Year (Apr.1, 2010-Mar.31, 2011)

## 1. Summary of reporting segments

Hitachi Cable's reporting segments are the Company's structural units for which separate financial statements are available. These segments are subject to periodic review by the Board of Directors for decisions on allocation of management resources and assessments of business performance.

Hitachi Cable has established business groups organized by product and service. Each business group drafts comprehensive domestic and international strategies for its products and services and undertakes corresponding business activities. In addition, the group in charge of sales plays a key role in sales activities.

For this reason, Hitachi Cable is organized by product and service segments, based on business groups, in addition to a segment charged with primary responsibility for handling the sales of these products and services. The following five segments are the reporting segments: Electronic & Automotive Products; Information Systems; Semiconductor Materials & Packaging; Metal Materials & Component Products; and Sales Companies.

The areas of business in which the Electronic & Automotive Products segment is active include industrial cables and electric power cables, auto parts, fiber optics and telecommunication cables, electronic wires and wiring devices, and magnet wires. Areas of business in which the Information Systems segment is active include information networks and wireless systems. The Semiconductor Materials & Packaging segment handles business areas such as compound semiconductors and tape automated bonding (TAB) operations. The Metal Materials & Component Products segment handles business areas that include copper products and lead frames.

## 2. Methods for calculating net sales, profit or loss, assets, liabilities, and other accounts for each reporting segment

In general, methods of account processing for business segments reported are identical to those described under "Notes on bases for the preparation of these consolidated financial statements."

Figures for profit by reporting segment are based on operating income. Internal income and transfers between segments are based on actual market prices.

## 3. Information concerning amounts of net sales, profit or loss, assets, liabilities, and other accounts for each reporting segment

Previous Consolidated Fiscal Year (Apr.1, 2009-Mar.31, 2010)

(Million yen)

|   | Reporting segments               |                     |                                      |                                      |                 |         | Adjustment amount (Note2) | Amount booked to consolidated financial statements (Note3) |
|---|----------------------------------|---------------------|--------------------------------------|--------------------------------------|-----------------|---------|---------------------------|--|
|   | Electronic & Automotive Products | Information Systems | Semi-conductor Materials & Packaging | Metal Materials & Component Products | Sales Companies | Total   |                           |  |
| Net sales   |                                  |                     |                                      |                                      |                 |         |                           |  |
| Sales to customers (Note1)                                    | 195,071                          | 44,673              | 31,549                               | 66,310                               | 34,847          | 372,450 | —                         | 372,450  |
| In-house sales or transfer between operating segments (Note1) | 86,198                           | 3,923               | 7,819                                | 12,806                               | 99,650          | 210,396 | -210,396                  | —  |
| Total   | 281,269                          | 48,596              | 39,368                               | 79,116                               | 134,497         | 582,846 | -210,396                  | 372,450  |
| Segment income (loss :-)                                      | -2,266                           | 1,482               | -3,009                               | -762                                 | 944             | -3,611  | -2,770                    | -6,381   |
| Segment assets  | 200,262                          | 33,651              | 48,683                               | 59,402                               | 63,718          | 405,716 | -116,700                  | 289,016  |
| Other accounts  |                                  |                     |                                      |                                      |                 |         |                           |  |
| Depreciation  | 9,535                            | 2,990               | 3,598                                | 5,063                                | 164             | 21,350  | —                         | 21,350   |
| Increase in tangible fixed assets and intangible fixed assets | 7,266                            | 2,045               | 1,482                                | 2,942                                | 127             | 13,862  | —                         | 13,862   |

(Note1) In-house sales or transfers between reporting segments are removed from the buyer reporting segment, not the seller reporting segment. This means the figure for net sales to external customers is the figure resulting after eliminating internal purchases from total net sales.

(Note2) Adjustment amounts are as follows:

- (1) The amount of -2770 million yen in adjustments to segment income or loss (-) reflects -541 million yen in amortization of goodwill, -309 million yen in elimination of transactions within and between segments, and -1920 million yen in Company income/loss not allocated to any reporting segment.
- (2) The amount of -116,700 million yen in adjustments to segment assets reflects -136,396 million yen in elimination of transactions within and between segments and 19,696 million yen in Company assets not allocated to any reporting segment.

(Note3) Segment income or loss (-) is adjusted against operating income or loss (-) on the Consolidated Statement of Profit and Loss.

This Consolidated Fiscal Year (Apr.1, 2010-Mar.31, 2011)

(Million yen)

|   | Reporting segments               |                     |                                      |                                      |                 |         | Adjustment amount (Note2) | Amount booked to consolidated financial statements (Note3) |
|---|----------------------------------|---------------------|--------------------------------------|--------------------------------------|-----------------|---------|---------------------------|--|
|   | Electronic & Automotive Products | Information Systems | Semi-conductor Materials & Packaging | Metal Materials & Component Products | Sales Companies | Total   |                           |  |
| Net sales   |                                  |                     |                                      |                                      |                 |         |                           |  |
| Sales to customers (Note1)                                    | 234,487                          | 40,140              | 26,154                               | 82,652                               | 35,846          | 419,279 | —                         | 419,279  |
| In-house sales or transfer between operating segments (Note1) | 110,208                          | 2,969               | 4,036                                | 16,040                               | 131,105         | 264,358 | -264,358                  | —  |
| Total   | 344,695                          | 43,109              | 30,190                               | 98,692                               | 166,951         | 683,637 | -264,358                  | 419,279  |
| Segment income (loss :-)                                      | 1,962                            | 563                 | -2,808                               | -168                                 | 1,857           | 1,406   | -618                      | 788  |
| Segment assets  | 195,777                          | 29,194              | 44,858                               | 55,669                               | 68,920          | 394,418 | -123,668                  | 270,750  |
| Other accounts  |                                  |                     |                                      |                                      |                 |         |                           |  |
| Depreciation  | 8,918                            | 2,935               | 3,108                                | 5,040                                | 147             | 20,148  | —                         | 20,148   |
| Increase in tangible fixed assets and intangible fixed assets | 5,004                            | 1,902               | 1,205                                | 1,972                                | 70              | 10,153  | —                         | 10,153   |

(Note1) In-house sales or transfers between reporting segments are removed from the buyer reporting segment, not the seller reporting segment. This means the figure for net sales to external customers is the figure resulting after eliminating internal purchases from total net sales.

(Note2) Adjustment amounts are as follows:

- (1) The amount of -618 million yen in adjustments to segment income or loss (-) reflects -378 million yen in amortization of goodwill, 750 million yen in elimination of transactions within and between segments, and -990 million yen in Company income/loss not allocated to any reporting segment.
- (2) The amount of -123,668 million yen in adjustments to segment assets reflects -143,184 million yen in elimination of transactions within and between segments and 19,516 million yen in Company assets not allocated to any reporting segment.

(Note3) Segment income or loss (-) is adjusted against operating income or loss (-) on the Consolidated Statement of Profit and Loss.

## (Per-share information)

| Fiscal 2010<br>(April 1, 2009– March 31, 2010)  |            | Fiscal 2011<br>(April 1, 2010– March 31, 2011)  |            |
|---|------------|---|------------|
| Net assets per share  | 332.69 yen | Net assets per share  | 285.12 yen |
| Net income per share  | -25.04 yen | Net income per share  | -35.65 yen |
| Although dilutive securities are included, the fully-diluted earnings per share amount is not indicated because the earnings per share is negative. |            | Although dilutive securities are included, the fully-diluted earnings per share amount is not indicated because the earnings per share is negative. |            |

Note: Shown below are the bases for calculations of net loss per share and diluted net income per share:

|   | Fiscal 2010<br>(April 1, 2009– March 31, 2010) | Fiscal 2011<br>(April 1, 2010– March 31, 2011) |
|---|--|--|
| Net income per share  |  |  |
| Net loss (million yen)  | -9,110   | -12,993  |
| Amount not reverting to holders of common stock (million yen)             | —  | —  |
| Net loss on common stock (million yen)                                    | -9,110   | -12,993  |
| Average shares issued and outstanding during this fiscal year (thousands) | 363,754  | 364,409  |

(Significant events occurring after the end of this fiscal year)

Not applicable

## 5. Non-consolidated Financial Statements

## (1) Non-consolidated Balance Sheet

(Units: million yen)

|                                 | End of previous fiscal year<br>(March 31, 2010) | End of this fiscal year<br>(March 31, 2011) |
|---------------------------------|---|---|
| <b>(Assets)</b>                 |   |   |
| Current assets                  |   |   |
| Cash and cash equivalents       | 414   | 3,654                                       |
| Notes receivable                | 3,135   | 3,805                                       |
| Accounts receivable             | 59,317  | 56,172                                      |
| Merchandise and products        | 3,060   | 3,217                                       |
| In-process inventories          | 16,109  | 17,848                                      |
| Raw materials and supplies      | 4,078   | 7,130                                       |
| Advances                        | 26  | 25  |
| Prepaid expenses                | 124   | 87  |
| Short-term loans                | 3,328   | —   |
| Other accounts receivable       | 8,396   | 8,680                                       |
| Other                           | 325   | 2,544                                       |
| Allowance for doubtful accounts | -2,358  | -7,941                                      |
| Total current assets            | 95,954  | 95,221                                      |
| Fixed assets                    |   |   |
| Tangible fixed assets           |   |   |
| Buildings                       | 68,766  | 68,648                                      |
| Cumulative depreciation         | -44,243   | -45,702                                     |
| Buildings (net)                 | 24,523  | 22,946                                      |
| Structures                      | 9,475   | 9,451                                       |
| Cumulative depreciation         | -8,342  | -8,479                                      |
| Structures (net)                | 1,133   | 972   |
| Machinery and equipment         | 159,034   | 154,528                                     |
| Cumulative depreciation         | -140,930  | -143,411                                    |
| Machinery and equipment (net)   | 18,104  | 11,117                                      |
| Vehicles                        | 364   | 360   |
| Cumulative depreciation         | -312  | -331  |
| Vehicles (net)                  | 52  | 29  |
| Tools and supplies              | 24,177  | 23,911                                      |
| Cumulative depreciation         | -21,487   | -21,818                                     |
| Tools and supplies (net)        | 2,690   | 2,093                                       |
| Land                            | 7,123   | 7,115                                       |
| Lease assets                    | —   | 218   |
| Cumulative depreciation         | —   | -38   |
| Lease assets (net)              | —   | 180   |
| Construction in progress        | 2,085   | 627   |
| Total tangible fixed assets     | 55,710  | 45,079                                      |
| Intangible fixed assets         |   |   |
| Goodwill                        | 56  | 33  |
| Leaseholds                      | 671   | 657   |
| Usage rights                    | 66  | 63  |
| Software                        | 6,650   | 5,983                                       |
| Total intangible fixed assets   | 7,443   | 6,736                                       |

(Units: million yen)

|  | End of previous fiscal year<br>(March 31, 2010) | End of this fiscal year<br>(March 31, 2011) |
|--|---|---|
| Investments and other assets                 |   |   |
| Negotiable securities                        | 4,983   | 4,567                                       |
| Shares in affiliates                         | 40,135  | 39,179                                      |
| Investments                                  | 644   | 640   |
| Investments in affiliates                    | 16,211  | 15,694                                      |
| Long-term loans to affiliates                | 9,559   | 9,890                                       |
| Prepaid pension expenses                     | 1,332   | —   |
| Other  | 2,216   | 2,238                                       |
| Allowance for doubtful accounts              | -5,897  | -4,307                                      |
| Investments and other assets                 | 69,183  | 67,901                                      |
| Total fixed assets                           | 132,336   | 119,716                                     |
| Total assets                                 | 228,290   | 214,937                                     |
| (Liabilities)                                |   |   |
| Current liabilities                          |   |   |
| Trade accounts payable                       | 48,786  | 48,546                                      |
| Short-term debt                              | 5,893   | 1,496                                       |
| Other accounts payable                       | 1,501   | 1,325                                       |
| Accounts payable - facilities                | 2,373   | —   |
| Corporate tax payable                        | 194   | 97  |
| Expenses payable                             | 7,399   | 7,422                                       |
| Deferred tax liabilities                     | 48  | 86  |
| Advances received                            | 747   | 729   |
| Deposits received                            | 1,501   | 1,817                                       |
| Reserves for losses due to disasters         | —   | 3,584                                       |
| Reserves for losses on debt guarantees       | —   | 1,020                                       |
| Reserves for losses on construction          | —   | 51  |
| Other  | 791   | 2,160                                       |
| Total current liabilities                    | 69,233  | 68,333                                      |
| Fixed liabilities                            |   |   |
| Company bonds                                | 5,000   | 5,000                                       |
| Long-term debt                               | 23,500  | 23,500                                      |
| Lease liabilities                            | —   | 212   |
| Deferred tax liabilities                     | 2,984   | 2,062                                       |
| Retirement and severance benefits            | 16,572  | 18,246                                      |
| Reserve for directors' retirement allowances | 372   | 359   |
| Total fixed liabilities                      | 48,428  | 49,379                                      |
| Total liabilities                            | 117,661   | 117,712                                     |

(Units: million yen)

|   | End of previous fiscal year<br>(March 31, 2010) | End of this fiscal year<br>(March 31, 2011) |
|---|---|---|
| (Net assets)                                |   |   |
| Shareholders' equity                        |   |   |
| Common stock                                | 25,948  | 25,948                                      |
| Capital surplus                             |   |   |
| Capital reserves                            | 34,839  | 34,839                                      |
| Total capital surplus                       | 34,839  | 34,839                                      |
| Retained earnings                           |   |   |
| Income reserves                             | 6,512   | 6,512                                       |
| Other earned surplus                        |   |   |
| Special redemption reserves                 | 140   | 5   |
| Reserves for decrease in fixed asset        | 364   | 352   |
| Voluntary reserves                          | 36,964  | 36,964                                      |
| Earned surplus carried forward              | 8,946   | -4,225                                      |
| Total earned surplus                        | 52,926  | 39,608                                      |
| Treasury stock                              | -3,975  | -3,980                                      |
| Total shareholders' equity                  | 109,738   | 96,415                                      |
| Valuation and translation adjustments       |   |   |
| Net unrealized holding gain on securities   | 959   | 612   |
| Deferred hedging gains/losses               | -68   | 198   |
| Total valuation and translation adjustments | 891   | 810   |
| Total net assets                            | 110,629   | 97,225                                      |
| Total liabilities and net assets            | 228,290   | 214,937                                     |

## (2) Non-consolidated Profit and Loss Sheet

(Units: million yen)

|   | Fiscal 2010<br>(Apr.1, 2009- Mar.31, 2010) | Fiscal 2011<br>(Apr.1, 2010- Mar.31, 2011) |
|---|--|--|
| Net sales                                       | 241,718                                    | 258,718                                    |
| Cost of sales                                   |  |  |
| Product inventory at beginning of period        | 2,307                                      | 3,060                                      |
| Cost of finished goods                          | 222,628                                    | 241,868                                    |
| Total   | 224,935                                    | 244,928                                    |
| Product inventory at end of period              | 3,060                                      | 3,217                                      |
| Cost of goods sold                              | 221,875                                    | 241,711                                    |
| Total return on sales                           | 19,843                                     | 17,007                                     |
| Sales and general administrative expenses       |  |  |
| Packaging and shipping cost                     | 3,949                                      | 3,899                                      |
| Other cost of sales                             | 1,393                                      | 2,203                                      |
| Employee salary and benefits                    | 4,603                                      | 4,743                                      |
| Retirement and severance benefits               | 1,094                                      | 1,010                                      |
| Depreciation                                    | 161  | 152  |
| R&D costs                                       | 6,397                                      | 5,709                                      |
| Compensation paid                               | 2,366                                      | —  |
| Other   | 3,356                                      | 4,265                                      |
| Total sales and general administrative expenses | 23,319                                     | 21,981                                     |
| Operating loss (-)                              | -3,476                                     | -4,974                                     |
| Non-operating income                            |  |  |
| Interest received                               | 286  | 260  |
| Interest on securities                          | 3  | 0  |
| Dividends received                              | 1,703                                      | 2,116                                      |
| Income from lease of fixed assets               | 575  | 546  |
| Other   | 627  | 935  |
| Total non-operating income                      | 3,194                                      | 3,857                                      |
| Non-operating expenses                          |  |  |
| Interest expense                                | 580  | 622  |
| Interest on company bonds                       | 39   | 65   |
| Exchange loss                                   | —  | 171  |
| Loss on disposal of fixed assets                | 176  | 244  |
| Compensation for damages                        | —  | 159  |
| Other   | 590  | 304  |
| Total non-operating expenses                    | 1,385                                      | 1,565                                      |
| Ordinary loss (-)                               | -1,667                                     | -2,682                                     |

(Units: million yen)

|   | Fiscal 2010<br>(Apr.1, 2009- Mar.31, 2010) | Fiscal 2011<br>(Apr.1, 2010- Mar.31, 2011) |
|---|--|--|
| Extraordinary income                                    |  |  |
| Proceeds for sale of shares in affiliates               | 456  | 556  |
| Gains on sale of fixed assets                           | 416  | 15   |
| Gains on sale of negotiable securities                  | —  | 95   |
| Other   | 63   | —  |
| Total extraordinary income                              | 935  | 666  |
| Extraordinary losses                                    |  |  |
| Revaluation losses on shares in affiliates              | 3,485                                      | —  |
| Impairment losses                                       | 662  | 830  |
| Transfer to allowance for doubtful accounts             | 4,909                                      | 4,085                                      |
| Losses due to disasters                                 | —  | 3,705                                      |
| Transfer to reserves for losses on debt guaran-<br>tees | —  | 1,020                                      |
| Other   | 495  | 1,136                                      |
| Total extraordinary losses                              | 9,551                                      | 10,776                                     |
| Net loss before taxes and other adjustments (-)         | -10,283                                    | -12,792                                    |
| Corporate, residence, and enterprise taxes              | -113                                       | -665                                       |
| Corporate tax adjustments                               | -976                                       | -630                                       |
| Total Corporate taxes, etc.                             | -1,089                                     | -1,295                                     |
| Net loss (-)  | -9,194                                     | -11,497                                    |

## (3) Non-consolidated Statement of Changes in Shareholders' Equity

(Units: million yen)

|   | Fiscal 2010<br>(Apr.1, 2009- Mar.31, 2010) | Fiscal 2011<br>(Apr.1, 2010- Mar.31, 2011) |
|---|--|--|
| Shareholders' equity                                |  |  |
| Common stock  |  |  |
| Balance at end of previous year                     | 25,948                                     | 25,948                                     |
| Balance at end of current year                      | 25,948                                     | 25,948                                     |
| Capital surplus                                     |  |  |
| Capital reserves                                    |  |  |
| Balance at end of previous year                     | 34,839                                     | 34,839                                     |
| Balance at end of current year                      | 34,839                                     | 34,839                                     |
| Other capital reserves                              |  |  |
| Balance at end of previous year                     | 11   | -  |
| Changes during current year                         |  |  |
| Sale of treasury stock                              | -11  | -  |
| Total changes during current year                   | -11  | -  |
| Balance at end of current year                      | -  | -  |
| Total capital surplus                               |  |  |
| Balance at end of previous year                     | 34,850                                     | 34,839                                     |
| Changes during current year                         |  |  |
| Sale of treasury stock                              | -11  | -  |
| Total changes during current year                   | -11  | -  |
| Balance at end of current year                      | 34,839                                     | 34,839                                     |
| Retained earnings                                   |  |  |
| Income reserves                                     |  |  |
| Balance at end of previous year                     | 6,512                                      | 6,512                                      |
| Balance at end of current year                      | 6,512                                      | 6,512                                      |
| Other retained earnings                             |  |  |
| Special redemption reserves                         |  |  |
| Balance at end of previous year                     | 357  | 140  |
| Changes during current year                         |  |  |
| Transfer from special redemption reserves           | -217                                       | -135                                       |
| Total changes during current year                   | -217                                       | -135                                       |
| Balance at end of current year                      | 140  | 5  |
| Reserves for decrease in fixed assets               |  |  |
| Balance at end of previous year                     | 380  | 364  |
| Changes during current year                         |  |  |
| Transfer from reserves for decrease in fixed assets | -16  | -12  |
| Total changes during current year                   | -16  | -12  |
| Balance at end of current year                      | 364  | 352  |
| Voluntary reserves                                  |  |  |
| Balance at end of previous year                     | 86,964                                     | 36,964                                     |
| Changes during current year                         |  |  |
| Transfer from voluntary reserves                    | -50,000                                    | -  |
| Total changes during current year                   | -50,000                                    | -  |
| Balance at end of current year                      | 36,964                                     | 36,964                                     |

|   | (Units: million yen)        |                             |
|---|-----------------------------|-----------------------------|
|   | Fiscal 2010                 | Fiscal 2011                 |
|   | (Apr.1, 2009- Mar.31, 2010) | (Apr.1, 2010- Mar.31, 2011) |
| Retained earnings carried forward   |                             |                             |
| Balance at end of previous year   | -29,972                     | 8,946                       |
| Changes during current year   |                             |                             |
| Cash dividends  | -2,000                      | -1,821                      |
| Net loss (-)  | -9,194                      | -11,497                     |
| Sale of treasury stock  | -121                        | 0                           |
| Transfer from special redemption reserves                                     | 217                         | 135                         |
| Transfer from reserves for decrease in fixed assets                           | 16                          | 12                          |
| Transfer from voluntary reserves  | 50,000                      | -                           |
| Total changes during current year   | 38,918                      | -13,171                     |
| Total balance at end of current year  | 8,946                       | -4,225                      |
| Total retained earnings   |                             |                             |
| Balance at end of previous year   | 64,241                      | 52,926                      |
| Changes during current year   |                             |                             |
| Cash dividends  | -2,000                      | -1,821                      |
| Net loss (-)  | -9,194                      | -11,497                     |
| Sale of treasury stock  | -121                        | 0                           |
| Total changes during current year   | -11,315                     | -13,318                     |
| Total balance at end of current year  | 52,926                      | 39,608                      |
| Treasury stock  |                             |                             |
| Balance at end of previous year   | -4,353                      | -3,975                      |
| Changes during current year   |                             |                             |
| Acquisition of treasury stock   | -7                          | -5                          |
| Sale of treasury stock  | 385                         | 0                           |
| Total changes during current year   | 378                         | -5                          |
| Balance at end of current year  | -3,975                      | -3,980                      |
| Total shareholders' equity  |                             |                             |
| Balance at end of previous year   | 120,686                     | 109,738                     |
| Changes during current year   |                             |                             |
| Cash dividends  | -2,000                      | -1,821                      |
| Net loss (-)  | -9,194                      | -11,497                     |
| Acquisition of treasury stock   | -7                          | -5                          |
| Sale of treasury stock  | 253                         | 0                           |
| Total changes during current year   | -10,948                     | -13,323                     |
| Balance at end of current year  | 109,738                     | 96,415                      |
| Valuation and translation adjustments   |                             |                             |
| Net unrealized holding gain on securities                                     |                             |                             |
| Balance at end of previous year   | 283                         | 959                         |
| Changes during current year   |                             |                             |
| (Net) changes during current year in accounts other than shareholders' equity | 676                         | -347                        |
| Total changes during current year   | 676                         | -347                        |
| Balance at end of current year  | 959                         | 612                         |
| Deferred hedging gains/losses   |                             |                             |
| Balance at end of previous year   | -312                        | -68                         |
| Changes during current year   |                             |                             |
| (Net) changes during current year in accounts other than shareholders' equity | 244                         | 266                         |
| Changes during current year   | 244                         | 266                         |
| Balance at end of current year  | -68                         | 198                         |
| Total valuation and translation adjustments                                   |                             |                             |
| Balance at end of previous year   | -29                         | 891                         |
| Changes during current year   |                             |                             |
| (Net) changes during current year in accounts other than shareholders' equity | 920                         | -81                         |
| Total changes during current year   | 920                         | -81                         |
| Balance at end of current year  | 891                         | 810                         |

|   | (Units: million yen)        |                             |
|---|-----------------------------|-----------------------------|
|   | Fiscal 2010                 | Fiscal 2011                 |
|   | (Apr.1, 2009- Mar.31, 2010) | (Apr.1, 2010- Mar.31, 2011) |
| Total net assets  |                             |                             |
| Balance at end of previous year   | 120,657                     | 110,629                     |
| Changes during current year   |                             |                             |
| Cash dividends  | -2,000                      | -1,821                      |
| Net loss (-)  | -9,194                      | -11,497                     |
| Acquisition of treasury stock   | -7                          | -5                          |
| Sale of treasury stock  | 253                         | 0                           |
| (Net) changes during current year in accounts other than shareholders' equity | 920                         | -81                         |
| Total changes during current year   | -10,028                     | -13,404                     |
| Total balance at end of current year  | 110,629                     | 97,225                      |

(4) Facts or circumstances casting doubt on going concern assumptions  
Not applicable

(5) Changes to accounting policies

(Application of accounting standards on asset retirement obligations)

Starting this fiscal year, Hitachi Cable applied the Accounting Standard on Asset Retirement Obligations (ASBJ Statement No. 18, released March 31, 2008) and Guidance on Accounting Standard for on asset retirement obligations (ASBJ PITF No. 21, March 10, 2008).

This change has no effect on income.

(Application of accounting standards on business combinations)

Starting this fiscal year, Hitachi Cable applied the Accounting Standard for Business Combinations (ASBJ Statement No. 21, December 26, 2008), the Partial Amendments to Accounting Standard for Research and Development Costs (ASBJ Statement No. 23, December 26, 2008), the Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7, revised December 26, 2008), and the Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, revised December 26, 2008).

(6) Notes on non-consolidated financial statements

(Notes on Income Statement)

Notes on impairment losses on fixed assets

During this fiscal year, the Company booked impairment losses on the following asset groups:

| Location  | Use  | Type   | Impairment loss amount  | Reason for recognizing impairment loss  | Amount recoverable | Method of calculating amount recoverable |
|---|--|--|---|---|--------------------|--|
| Takasago Works (Hitachi, Ibaraki Pref.)         | Fiber optic cables business                  | Machinery and equipment, tools and supplies, other | Machinery and equipment: 388 million yen<br>Tools and supplies, other: 33 million yen<br>Total: 421 million yen | Due to a drop in market value to below book value following revaluation of market value in light of worsening market conditions | Value in use       | Value in use using discount rate of 4.5% |
| MinatoWorks (Hitachi, Ibaraki Pref.), and other | Optical submarine cable business             | Machinery and equipment, structures, other         | Machinery and equipment: 293 million yen<br>Structures, other: 38 million yen<br>Total: 331 million yen         | Due to a drop in market value to below book value following revaluation of market value in light of worsening market conditions | Value in use       | Value in use using discount rate of 4.5% |
| Takasago Works, (Hitachi, Ibaraki Pref.) other  | Assets for which disposal has been finalized | Machinery and equipment, other                     | Machinery and equipment, other: 78 million yen  | Due to finalized disposal of assets and to other factors  | Net sale price     | Market valuation                         |

※Grouping method

These assets have been grouped by business sector in the smallest cash-flow-generating units, largely independent of the cash flow of other assets or asset groups.