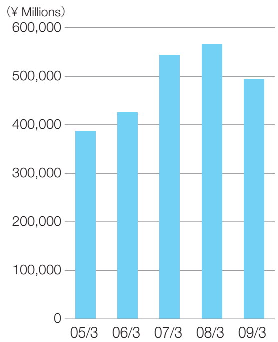
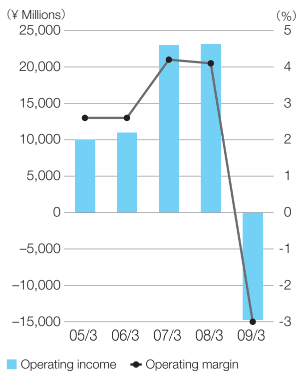
Financial Section

Contents

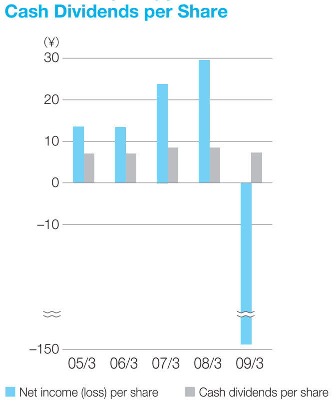
Net Sales



Operating Income/ Operating Margin



Net Income (Loss) per Share—Basic/ Cash Dividends per Share



OVERVIEW OF PERFORMANCE

During the year ended March 31, 2009, the plight of world finance so deepened as to be called by some a "once-in-a-century" financial crisis, while exchange rates fluctuated wildly and international commodity prices fell sharply. Indeed, the crisis spilled over into a simultaneous global recession in the real economy.

With business conditions rapidly deteriorating, the Hitachi Cable Group's consolidated performance for the year under review dropped considerably from the previous year.

Net Sales

Net sales decreased by 12.9%, year on year to ¥493,151 million (US$5,032,153 thousand), reflecting plunging prices of copper, a primary raw material for wires, cables and copper products; anemic demand for products for the semiconductor and automotive markets in particular, and lower product prices.

Operating Income

The cost of sales came down by 7.5% to ¥452,663 million (US$4,619,010 thousand), falling by a smaller margin than net sales. Factors behind this included revaluation losses on inventories due to a sharp drop in copper prices, a worsening of the earnings structure, particularly in the sophisticated materials segment, due to sluggish demand for products for the semiconductor and automotive markets, and an increase in depreciation expenses as a result of a revision of the statutory useful lives of machinery and equipment in line with the changes in the Japanese Corporation Tax Regulation. As a result, the ratio of cost of sales to net sales worsened by 5.4 percentage points from the previous year, to 91.8%. Meanwhile, despite our efforts to reduce costs further, selling, general and administrative (SG&A) expenses amounted to ¥55,228 million (US$563,551 thousand), up 3.1%, affected by an influence of newly consolidated subsidiaries. The SG&A to net sales ratio deteriorated by 1.7 percentage point in the previous year to 11.2%. As a result, operating loss amounted to ¥14,740 million (US$150,408 thousand), compared to the previous year's operating income of ¥23,117 million.

Net Income

Other expenses worsened by ¥12,775 million, year on year to ¥18,296 million (US$186,694 thousand). This was mainly because of equity in losses of affiliated companies amounting to ¥2,790 million (US$28,469 thousand), due to deterioration of performance of the equity-method affiliates, compared with equity in earnings of affiliated companies of ¥1,776 million in the previous year. Net financial expenses improved to ¥1,001 million (US$10,214 thousand) from the previous year's ¥1,067 million.

Loss on disposal of fixed assets of ¥2,639 million (US$26,929 thousand) and impairment losses for fixed assets of ¥8,990 million (US$91,735 thousand) were also posted, mainly due to measures to improve the business structure to deal with a rapidly changing business environment and the deterioration in business results that followed.

Furthermore, as a result of an examination of recoverability of deferred tax assets in line with the review of the Group's future profit plans, deferred tax assets were reversed and recorded as deferred tax expenses. This and other factors pushed income taxes up by ¥14,431 million from the previous year to ¥20,663 million (US$210,847 thousand). All told, net loss amounted to ¥53,775 million (US$548,724 thousand) for the year under review, compared with the previous year's net income of ¥10,708 million.

SEGMENT PERFORMANCE

Wires and Cables

The Hitachi Cable Group provides wires and cables that are utilized in diverse fields, from electric power stations to general building construction and industrial applications, by making use of the technology and expertise we have accumulated from our foundations as an electric wire maker. We also develop specialty products that contribute to the production of more compact electronic equipment and automotive electronic components with higher performance and energy efficiency, such as micro coaxial cables and high-performance magnet wires. This segment is made up of three strategic business units (SBUs): Industrial cables and electric power cables, Electronic wires and wiring devices and Magnet wires.

The overall sales of this segment underperformed the previous year as sale prices declined with the sharp fall in the price of copper, the segment's primary raw material, that started around September 2008. In terms of strategic business units (SBUs), sales of industrial cables and electric power cables were strong during the first half of the fiscal year but were affected by factors including slowing demand for construction-use products beginning in the latter half of the third quarter (October–December 2008) of this fiscal period. Sales of magnet wires were sluggish, particularly those used in automotive electronic components, and sales of electronic wires and wiring devices also fell, affected by stagnant demand for products used in industrial machinery and consumer appliances.

These factors led to net sales for this segment of ¥253,028 million (US$2,581,918 thousand), 15.0% lower than the previous year. This segment produced an operating loss of ¥2,058 million (US$21,000 thousand) as a result of revaluation losses on inventories induced by the sharp fall in copper prices as well as the decrease in net sales.

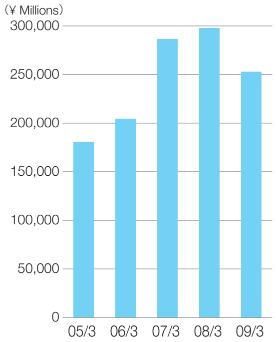
Information and Telecommunications Networking

The Hitachi Cable Group began cultivating the world's premier optoelectronics technology as well as high-frequency and wireless technology from a very early stage by developing cables for communications and broadcasting. Based on this vast resource of knowledge and expertise, the Group delivers products and technologies that form the foundation of the information society, solutions for optical submarine cables and network equipment for telecommunication carriers, and antenna systems for wireless base stations, terrestrial digital broadcasting and mobile-phone networks. This segment is made up of four strategic business units (SBUs): Information networks, Wireless systems, Fiber optics and telecommunications cables and Optical submarine cables.

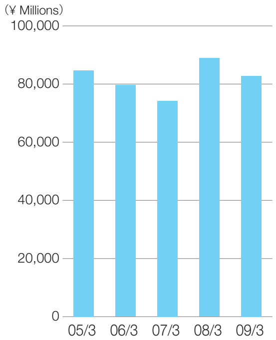
In terms of strategic business units (SBUs) in this segment, sales of optical submarine cables were strong, buoyed by high demand, despite of being affected by the strong yen. Sales of wireless systems were strong for both digital broadcasting relay stations and mobile phone base stations. For information networks, sales of information and telecommunications networking devices slowed slightly from the latter half of the third quarter of this fiscal period due to the effects of the economic slowdown—although demand for use in next-generation telecommunications networks and the backbone systems for mobile phones and next-generation high-speed wireless communications did emerge—while sales of the integration business were strong.

These factors led to net sales for this segment of ¥82,831 million (US$845,214 thousand), 6.8% lower than the previous year. Operating income was ¥3,886 million (US$39,653 thousand), 44.4% below that of the previous year.

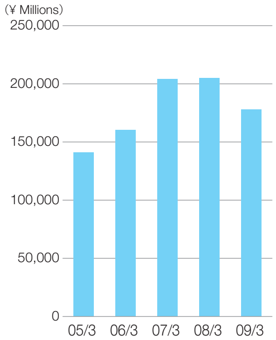
Net Sales, Wires and Cables Segment



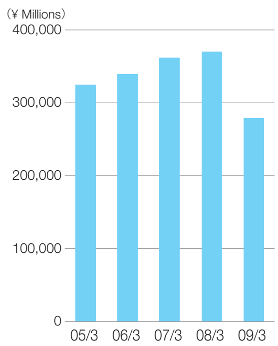
Net Sales, Information and Telecommunications Networking Segment



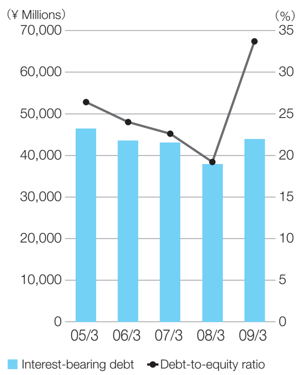
Net Sales, Sophisticated Materials Segment



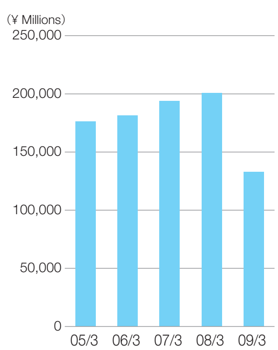
Total Assets



Interest-bearing Debt/ Debt-to-Equity Ratio



Net Assets



Sophisticated Materials

The Hitachi Cable Group possesses a wide range of basic technology—from materials to production processing—that has been gained through the manufacture of electric wires and cables, including technologies related to high-polymer compounds, electronic materials and semiconductor materials. By combining this wealth of technologies, the Hitachi Cable Group develops and provides various sophisticated materials that meticulously meet the needs of industries, such as semiconductor packaging materials, compound semiconductors, various copper products and auto parts. This segment is made up of seven strategic business units (SBUs): Compound semiconductors, Tape automated bonding (TAB), Lead frames, Auto parts, Copper tubes, Copper strips and Copper products for electrical use and related products.

In terms of strategic business units (SBUs) in this segment, sales of compound semiconductors, both for optical devices and for electronic devices, declined considerably beginning in the latter half of the third quarter of this fiscal year due to sudden inventory adjustments. TAB sales, especially of the chip-on-film (COF) used in LCD panels, stagnated due to the effects of decreased volumes and sales price declines. Sales of auto parts were sluggish, affected strongly by the decline in demand, especially in the North American market. Copper products saw sales price declines due to the effect of the sharp fall in the price of copper, their principal raw material, that began around September 2008; demand also fell, especially for copper strips used in semiconductors.

These factors led to net sales of ¥177,822 million (US$1,814,511 thousand), 13.2% lower than the previous year. This segment produced an operating loss of ¥17,284 million (US$176,367 thousand) due to factors including an overall decline in sales and a revaluation loss on inventories in copper products arising from the sharp fall in the price of copper.

Other Businesses

This segment comprises logistics and other businesses. Net sales were ¥16,808 million (US$171,510 thousand), 3.3% lower than the previous year. Operating income was ¥680 million (US$6,939 thousand), 4.1% higher than the previous year.

FINANCIAL POSITION

Assets

Total assets were ¥278,958 million (US$2,846,510 thousand) as of March 31, 2009, decreasing by ¥91,169 million from the previous year-end.

Current assets fell by ¥71,408 million from the previous year-end to ¥130,670 million (US$1,333,367 thousand). This decline was due mainly to a ¥44,883 million drop in trade receivables, a ¥20,849 million decline in inventories, and a drop of ¥4,515 million in deferred tax assets.

Fixed assets decreased by ¥19,761 million from the previous year-end to ¥148,288 million (US$1,513,143 thousand). Of these, property, plant and equipment and intangible fixed assets fell by ¥3,354 million to ¥121,732 million (US$1,242,163 thousand). The reasons for the decline include that there was a decline of ¥33,736 million in assets due to depreciation, impairment losses and other factors, despite capital expenditures of ¥30,382 million (US$310,020 thousand) were carried out.

Investments and other assets plunged by ¥16,407 million from the previous year-end to ¥26,556 million (US$270,980 thousand). This mainly reflected drops of ¥4,686 million in investments in securities, including securities of affiliate companies and ¥9,476 million in deferred tax assets.

Liabilities

Liabilities totaled ¥146,105 million (US$1,490,867 thousand) as of March 31, 2009, a decrease of ¥23,180 million from the previous year-end. This was due mainly to a decline of ¥35,778 million in trade payables, although interest-bearing debt rose by ¥5,964 million.

Net Assets

Net assets were ¥132,853 million (US$1,355,643 thousand) as of March 31, 2009, down by ¥67,989 million from the previous year-end. Major factors behind this decline include that retained earnings fell by ¥56,865 million due to net loss of ¥53,775 million (US$548,724 thousand) and for other reasons and that foreign currency translation adjustments dropped by ¥8,615 million.

Cash Flows

As of March 31, 2009, cash and cash equivalents fell by ¥1,937 million from the previous year-end to ¥7,965 million (US$81,276 thousand). This drop was mainly attributable to net loss, a drop in trade payables, and expenditures on the purchase of property, plant and equipment, though trade receivables and inventories dropped and there were impairment losses and increase in short-term debt and proceeds from long-term debt. Details of each category of cash flows are described below.

Cash Flows from Operating Activities

Cash flows from operations totaled ¥36,053 million (US$367,888 thousand), ¥2,248 million less than the previous year. This figure resulted from a net loss of ¥53,775 million (US$548,724 thousand) and a ¥32,593 million (US$332,582 thousand) decrease in trade payables, as well as depreciation of ¥25,347 million (US$258,643 thousand), a decrease in trade receivables of ¥41,435 million (US$422,806 thousand), a decrease in inventories of ¥20,329 million (US$207,439 thousand), the recording of impairment losses of ¥8,990 million (US$91,735 thousand), and other items.

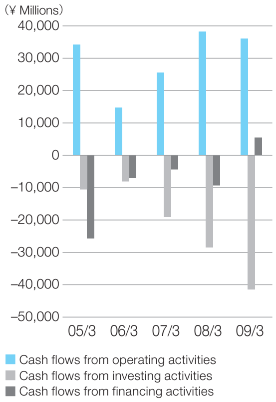
Cash Flows from Investing Activities

Cash flows used in investments totaled ¥41,387 million (US$422,316 thousand), an increase of ¥12,903 million over the previous year. This figure resulted from factors that include expenditures of ¥30,382 million (US$310,020 thousand) on the purchase of property, plant and equipment, an expenditure of ¥9,145 million (US$93,316 thousand) for the purchase of shares in newly consolidated subsidiaries and investment in loans receivable of ¥2,649 million (US$27,031 thousand).

Cash Flows from Financing Activities

Cash flows from financing activities totaled ¥5,525 million (US$56,377 thousand), an increase of ¥14,774 million over the previous year. This figure resulted from factors including proceeds from long-term debt of ¥5 billion (US$51,020 thousand), an increase in short-term debts of ¥4,198 million (US$42,837 thousand), and dividends paid to stockholders of ¥3,090 million (US$31,531 thousand).

Cash Flows



RISK FACTORS AFFECTING OPERATIONS

The following are significant risk factors relating to the financial position, operating results and stock price of the Hitachi Cable Group (the "Group"). The forward-looking statements in this annual report are based on information available to the Group's management as of March 31, 2009.

1. Irregular Fluctuations in Financial Position and Operating Results

The Group provides various products and services to diverse markets. So, its operating results could vary according to demand trends in these markets. In the event that demand trends change dramatically in these markets in the future in line with the deceleration of the real economy worldwide, the Group's operating results could be affected significantly.

The Group uses hedging transactions to mitigate the effect of short-term changes in exchange rates on its results. Naturally, it is difficult to eliminate all risks associated with exchange rates through these hedging transactions. Accordingly, the Group's operating results may be affected by changes in exchange rates. Sales, expenses, assets and other items denominated in the local currency of each country or region are converted into Japanese yen for preparing consolidated financial statements. The value of these items after conversion into yen amounts may be adversely affected by the exchange rate prevailing at the date of conversion, which may in turn affect the Group's operating results.

Moreover, international commodity prices have a significant bearing on the price of copper, the main raw material for the Group's products. The Group strives to pass on increases in copper prices in sales prices to mitigate the effect of these changes on operating results. However, operating results may be affected in the event that the Group is unable to transfer an amount equivalent to any increase in the price of copper to sales prices. Likewise, sharp drops in copper prices may cause valuation losses, which in turn could affect the Group's financial results. The Group's results may also be affected in a similar manner by increases in the prices of raw materials other than copper, including supplementary materials such as petrochemicals.

In the event that the Group books extraordinary losses due to business realignment, withdrawal, restructuring of its asset portfolio or other reasons, the Group's operating results may be affected.

2. Product Incidents and Quality Problems

The Group implements strict quality control on products and services. In the event of a serious product incident or complaint about product quality, however, Group's financial standing and operating results may be affected by compensation for the loss, costs of recovery or other expenses that may arise.

3. Product Development

The Group is involved in businesses characterized by rapid technological progress, where it is essential to launch products that are attractive to customers in a timely manner. In general, however, relations between product development and commercialization activities involve uncertain factors. Therefore, regardless of the amount of time or financial resources channeled into these activities, there is no guarantee that the commercialization of new products will always succeed. In the event that these efforts result in failure, the Group's growth prospects and profitability may be deteriorated, which could in turn affect the Group's operating results.

4. Overseas Operations

The Hitachi Cable Group operates globally. We own manufacturing and sales companies in Asia, primarily in China, as well as in North America and Europe. The Group's operating results could be affected if unstable political or economic conditions, differences in business practices, etc., in those countries (regions) hinder our business operations there.

5. Laws and Regulations

The Group is subject to laws and public regulations in Japan and various countries and regions where it operates with regard to various matters, including business and investment approval, commerce, trade, fair competition, and environmental and recycling activities. The Group has established its internal control system to ensure compliance with those laws and regulations. However, when it is judged that those laws and regulations are not being observed, or in the event of a sudden and extreme tightening or significant legal changes, various problems may arise, such as a loss of investment opportunities, cancellation of production and sales, an increase in various costs or receiving penalty and administrative punishment, which in turn could affect the Group's operating results. J-Power Systems Corporation*1 on January 29, 2009 underwent an on-site inspection by the Japan Fair Trade Commission (JFTC) on suspicion of forming a cartel relating to domestic and overseas transactions of high-voltage power cables. EU and U.S. trade authorities launched similar inspections around the same time.

On June 2, 2009, Hitachi Cable, Ltd. and Advanced Cable Systems Corporation*2 received on-site inspections by the JFTC on suspicion of forming a cartel relating to transactions of fiber optic cables for telecommunications carriers.

*1 A fifty-fifty joint venture between Hitachi Cable, Ltd. and Sumitomo Electric Industries, Ltd., established in 2001.

*2 A fifty-fifty joint venture between Hitachi Cable, Ltd. and Corning Cable Systems LLC in the United States, established in 2002.

6. Material Lawsuits

In carrying out its operations, the Group has risks relating to claims for damages or lawsuits that could have material impact on business, including those pertaining to quality and product liability (PL) issues and patent infringement. But the Group recognizes at the present time no reason for such claims or lawsuits to be brought against it in the future. However, the Group's operating results could be affected if it were subject to claims for large damages or found liable for claims for large damages following a major lawsuit unforeseen at present, or if the Group is ordered to suspend the use of certain intellectual property rights.

7. Information Security

The Group uses a shared, group-wide network infrastructure. Various measures are taken to prevent risks related to information security, such as installation of firewalls and antivirus software, data and system backups, and training sessions. However, these measures cannot fully guarantee protection against new viruses via the Internet, as well as natural disasters. Therefore, the Group's operating results could be affected if it incurs expenses arising from the suspension of operations, recovery work in the event of an unforeseen loss or leakage of information, or system failures.

8. Large-scale Disasters and Infectious Diseases

The Group's production bases in Japan are mostly located in Ibaraki Prefecture, where the probability of large earthquake occurrence is relatively low. However, in the event of a severe earthquake beyond expectations or a wide-area and large-scale disaster, the Group's production and other activities may be hindered, which could in turn affect its operating results.

Similarly, in the event of pandemic of infectious disease, such as new strains of influenza, the Group's operating results could be affected by the suspension of operations, economic disruption or other adverse business circumstances.

Consolidated Balance Sheets

Hitachi Cable, Ltd. and consolidated subsidiaries
As of March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
ASSETS	**2009**	2008	**2009**
Current assets:			
Cash and cash equivalents (Note 19)	**¥ 7,965**	¥ 9,902	**$ 81,276**
Short-term investments	**374**	—	**3,816**
Trade receivables (Notes 5 and 14)	**70,358**	115,241	**717,939**
Inventories (Note 4)	**38,923**	59,772	**397,173**
Other current assets (Note 6)	**13,440**	17,826	**137,143**
Less allowance for doubtful receivables	**(390)**	(663)	**(3,980)**
Total current assets	**130,670**	202,078	**1,333,367**
Property, plant and equipment, at cost: (Notes 7, 8 and 21)	**404,613**	405,955	**4,128,704**
Less accumulated depreciation	**(293,700)**	(288,713)	**(2,996,939)**
Net property, plant and equipment	**110,913**	117,242	**1,131,765**
Intangible assets:			
Goodwill	**1,830**	—	**18,673**
Other	**8,989**	7,844	**91,725**
Total intangible assets	**10,819**	7,844	**110,398**
Investments and other assets:			
Investments in securities, including affiliated companies (Note 3)	**15,475**	20,161	**157,908**
Other assets (Notes 6 and 9)	**13,777**	25,659	**140,582**
Less allowance for doubtful receivables	**(2,696)**	(2,857)	**(27,510)**
Total investments and other assets	**26,556**	42,963	**270,980**
Total assets	**¥ 278,958**	¥ 370,127	**$ 2,846,510**
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term debt (Notes 5 and 8)	**¥ 15,390**	¥ 14,449	**$ 157,041**
Current portion of long-term debt (Note 8)	**8,000**	—	**81,633**
Trade payables	**42,607**	78,385	**434,765**
Accrued income taxes (Note 6)	**815**	2,721	**8,316**
Accrued expenses and other current liabilities	**28,597**	28,550	**291,806**
Total current liabilities	**95,409**	124,105	**973,561**
Long-term debt (Note 8)	**20,523**	23,500	**209,418**
Retirement and severance benefits (Note 9)	**22,511**	20,042	**229,704**
Other liabilities (Note 6)	**7,662**	1,638	**78,184**
Total liabilities	**146,105**	169,285	**1,490,867**
Net assets:			
Stockholders' equity:			
Common stock (Notes 10 and 12)	**25,948**	25,948	**264,776**
Capital surplus (Note 12)	**31,529**	31,534	**321,724**
Retained earnings (Note 12)	**84,225**	141,090	**859,439**
Treasury stock, at cost (Note 13)	**(4,362)**	(4,356)	**(44,510)**
Valuation and translation adjustments:			
Net unrealized holding gains on securities	**275**	1,517	**2,806**
Net unrealized gains (losses) on hedge transaction	**(39)**	351	**(398)**
Foreign currency translation adjustments	**(7,261)**	1,354	**(74,092)**
Minority interests	**2,538**	3,404	**25,898**
Total net assets	**132,853**	200,842	**1,355,643**
Commitments and contingencies (Note 15)			
Total liabilities and net assets	**¥ 278,958**	¥ 370,127	**$ 2,846,510**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations

Hitachi Cable, Ltd. and consolidated subsidiaries
For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Net sales	¥ 493,151	¥ 565,994	$ 5,032,153
Cost of sales (Note 16)	(452,663)	(489,306)	(4,619,010)
Gross profit	40,488	76,688	413,143
Selling, general and administrative expenses (Note 16)	(55,228)	(53,571)	(563,551)
Operating income (loss)	(14,740)	23,117	(150,408)
Other income (expenses):			
Interest income	282	343	2,878
Dividend income	262	172	2,673
Interest expenses	(1,545)	(1,582)	(15,765)
Foreign exchange gain (loss)	(820)	(2,268)	(8,367)
Equity in earnings (losses) of affiliated companies	(2,790)	1,776	(28,469)
Gain on sale of scrap of raw materials	534	830	5,449
Loss on disposal of fixed assets	(2,639)	(968)	(26,929)
Gain on sale of fixed assets	83	311	847
Loss on disposal of inventories	(510)	(711)	(5,204)
Rent income	373	328	3,806
Restructuring charges	—	(456)	—
Impairment losses for fixed assets (Note 17)	(8,990)	(3,679)	(91,735)
Other, net	(2,536)	383	(25,878)
	(18,296)	(5,521)	(186,694)
Income (loss) before income taxes and minority interests	(33,036)	17,596	(337,102)
Income taxes (Note 6)	(20,663)	(6,232)	(210,847)
Income (loss) before minority interests	(53,699)	11,364	(547,949)
Minority interests	(76)	(656)	(775)
Net income (loss)	¥ (53,775)	¥ 10,708	$ (548,724)

	Yen		U.S. dollars
Basic net income (loss) per share (Note 18)	¥ (147.92)	¥ 29.46	$ (1.51)
Diluted net income per share (Note 18)	¥ —	¥ 29.45	$ —

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Hitachi Cable, Ltd. and consolidated subsidiaries
For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Common stock: (Note 10)			
Balance at beginning of year	¥ 25,948	¥ 25,948	$ 264,776
Balance at end of year	25,948	25,948	264,776
Capital surplus:			
Balance at beginning of year	31,534	31,516	321,775
Reissuance of treasury stock	(5)	18	(51)
Balance at end of year	31,529	31,534	321,724
Retained earnings:			
Balance at beginning of year	141,090	133,739	1,439,694
Net income (loss)	(53,775)	10,708	(548,724)
Cash dividends (Note 12)	(3,090)	(3,362)	(31,531)
Effect of change in functional currency by foreign subsidiaries	—	5	—
Balance at end of year	84,225	141,090	859,439
Treasury stock: (Note 13)			
Balance at beginning of year	(4,356)	(4,403)	(44,449)
Acquisition of treasury stock	(19)	(48)	(194)
Reissuance of treasury stock	13	95	133
Balance at end of year	(4,362)	(4,356)	(44,510)
Net unrealized holding gains on securities:			
Balance at beginning of year	1,517	3,179	15,480
Net change during the year	(1,242)	(1,662)	(12,674)
Balance at end of year	275	1,517	2,806
Net unrealized gains (losses) on hedge:			
Balance at beginning of year	351	—	3,582
Net change during the year	(390)	351	(3,980)
Balance at end of year	(39)	351	(398)
Foreign currency translation adjustments:			
Balance at beginning of year	1,354	292	13,816
Net change during the year	(8,615)	1,062	(87,908)
Balance at end of year	(7,261)	1,354	(74,092)
Minority interests:			
Balance at beginning of year	3,404	3,329	34,735
Net change during the year	(866)	75	(8,837)
Balance at end of year	2,538	3,404	25,898
Total net assets	¥ 132,853	¥ 200,842	$ 1,355,643

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Hitachi Cable, Ltd. and consolidated subsidiaries
For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Cash flows from operating activities: (Note 19)			
Net income (loss)	¥ (53,775)	¥ 10,708	$ (548,724)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	25,347	20,503	258,643
Impairment losses	8,990	3,679	91,735
Deferred income taxes	18,411	1,746	187,867
Gain on sale of property, plant and equipment	(83)	(336)	(847)
Loss on disposal of property, plant and equipment	2,479	1,121	25,296
Equity in (earnings) losses of affiliated companies	2,790	(1,776)	28,469
Income applicable to minority interests	76	656	776
(Increase) decrease in trade receivables	41,435	(1,192)	422,806
(Increase) decrease in inventories	20,329	(5,589)	207,439
Increase (decrease) in trade payables	(32,593)	4,423	(332,582)
Increase (decrease) in accrued income taxes	(1,709)	(566)	(17,439)
Increase (decrease) in retirement and severance benefits	2,239	1,772	22,847
(Increase) decrease in prepaid pension benefit cost	901	(534)	9,194
Other	1,216	3,686	12,408
Net cash provided by operating activities	36,053	38,301	367,888
Cash flows from investing activities: (Note 19)			
Purchases of property, plant and equipment	(30,382)	(27,823)	(310,020)
Proceeds from sale of property, plant and equipment	202	1,248	2,061
Purchases of short-term investments	(587)	—	(5,990)
Collection of loans receivable	722	145	7,367
Purchases of investments in securities	(47)	(1,416)	(479)
Proceeds from sale of investments in securities	349	513	3,561
Investment in loans receivable	(2,649)	(1,178)	(27,031)
Purchases of shares in newly consolidated subsidiaries	(9,145)	—	(93,316)
Other	150	27	1,531
Net cash used in investing activities	(41,387)	(28,484)	(422,316)
Cash flows from financing activities:			
Increase (decrease) in short-term debt	4,198	(5,842)	42,837
Proceeds from long-term debt	5,000	15,500	51,020
Payments on long-term debt	(356)	(15,407)	(3,633)
Acquisition of treasury stock	(19)	(48)	(194)
Dividends paid to stockholders	(3,090)	(3,362)	(31,531)
Dividends paid to minority stockholders of consolidated subsidiaries	(216)	(203)	(2,204)
Other	8	113	82
Net cash provided by (used in) financing activities	5,525	(9,249)	56,377
Effect of exchange rate changes on cash and cash equivalents	(2,128)	104	(21,714)
Net (decrease) increase in cash and cash equivalents	(1,937)	672	(19,765)
Cash and cash equivalents at beginning of year	9,902	9,169	101,041
Effect of acquisition and divestitures on cash and cash equivalents	—	61	—
Cash and cash equivalents at end of year (Note 19)	¥ 7,965	¥ 9,902	$ 81,276

See accompanying notes to consolidated financial statements.

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The accompanying consolidated financial statements of Hitachi Cable, Ltd. (the "Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

In addition, for the convenience of readers outside Japan, the consolidated financial statements, including the notes to the consolidated financial statements, include certain reclassifications and additional information which is not required under accounting principles generally accepted in Japan.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and those of its wholly-owned and majority-owned subsidiaries, whether directly or indirectly controlled. All significant intercompany accounts and transactions have been eliminated.

Furthermore, the Company adopted Accounting Standard Board of Japan ("ASBJ") Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements", in the year ended March 31, 2009. Under this PITF, the Company makes necessary adjustments on foreign subsidiaries' financial statements. The adoption of this PITF did not have any material impact to net income for the year ended March 31, 2009.

Most of the investments in affiliated companies are stated at their underlying equity value, and the appropriate portion of the earnings of such companies is included in earnings. The investments in affiliated companies which do not materially affect earnings and equity are stated at cost.

The cost in excess of net assets or excess of net assets over cost, based on the fair value, acquired by the Company is being amortized on a straight-line basis over its estimated useful period, not exceeding 20 years, or, if the amount is not material, charged immediately to earnings.

(c) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in Japan requires management to make estimates and assumptions that affect the amounts reported in the Company's Consolidated Financial Statements and accompanying notes. Actual results could differ materially from those estimates.

(d) Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Company considers all highly liquid investments with insignificant risk of change in value, which have maturities of generally three months or less when purchased, to be cash equivalents.

(e) Allowance for Doubtful Receivables

General provision for doubtful receivables is provided by applying a certain reserve percentage of the receivables based on experience from past transactions. A specific provision is provided for the estimated amounts to be uncollectable based on the customers' financial conditions or other pertinent factors.

(f) Investments in Securities

Securities are to be classified into one of the following three categories and accounted for as follows:

- Securities that are held for generating profits on short-term differences in price are classified as trading securities and measured at fair value, with unrealized holding gains and losses included in earnings.
- Securities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity securities and measured at amortized cost.
- Securities classified as neither trading securities nor held-to-maturity securities are classified as other securities. Unrealized holding gains and losses of other securities with fair values are reported as a net amount in a separate component of net assets until realized. Other securities without fair values are carried at cost.

In computing realized gain or loss, cost of other securities is principally determined by the moving-average method.

(g) Inventories

Inventories had been mainly stated at the lower of cost or market and determined by the periodic average method.

The Company adopted Accounting Standard Board of Japan ("ASBJ") Statement No. 9, "Accounting Standard for Measurement of Inventories", in the year ended March 31, 2009. Inventories are mainly stated at cost and determined by the periodic average method. When the costs exceed the net realizable value, inventories are written down to the net realizable value.

As a result of the adoption of this statement, operating loss and net loss before income taxes and minority interests increased by ¥1,049 million ($10,704 thousand) and ¥1,066 million ($10,878 thousand), respectively.

(h) Property, Plant and Equipment

Property, plant and equipment are stated at cost and depreciated over the estimated useful lives of the respective assets by the declining-balance method, except for certain buildings of the Company and domestic consolidated subsidiaries, placed in service after April 1, 1998, which are depreciated by the straight-line method.

In the year ended March 31, 2009, the Company and its domestic subsidiaries reviewed their useful lives of machinery and equipment, corresponding to a revision of the Japanese tax regulation. The Company and its domestic subsidiaries have changed their useful lives since they expect that machinery and equipment will be renewed in shorter periods mainly due to shortened life cycle of products. As a result, operating loss and net loss before income taxes and minority interests for the year ended March 31, 2009 increased by ¥2,901 million ($29,602 thousand) and ¥2,965 million ($30,255 thousand), respectively.

In accordance with the revised Japanese tax regulation, the Company and its domestic subsidiaries have changed the depreciation method for tangible fixed assets acquired on or after April 1, 2007. As a result, operating income and net income before income taxes and minority interests for the year ended March 31, 2008 decreased by ¥561 million and ¥594 million, respectively.

For the tangible fixed assets held at March 31, 2007, the Company and its domestic subsidiaries also, in conjunction with the revision of the Japanese tax regulation, have changed their estimates of residual values of those assets at the end of their useful lives. The reduction in residual values of those assets is allocated over five years. As a result, operating income and net income before income taxes and minority interests for the year ended March 31, 2008 decreased by ¥926 million and ¥941 million, respectively.

(i) Intangible Assets

Intangible assets are amortized on a straight-line basis. Cost incurred for computer software for internal use is capitalized and amortized on a straight-line basis over its estimated useful lives of five years.

(j) Leases

Finance leases, except those where the legal title of the underlying property is transferred from the lessor to the lessee at the end of the lease term, had been mainly accounted for as operating leases.

The Company adopted Accounting Standard Board of Japan (ASBJ) Statement No. 13, “Accounting Standard for Lease Transactions” and the related guidance, ASBJ Guidance No. 16, “Guidance on Accounting Standard for Lease Transactions”, in the year ended March 31, 2009. All leased assets under finance leases that are entered into subsequent to March 31, 2008 are capitalized and depreciated by the straight-line method over the lease term under the new guidance. Finance lease agreements that were entered into on or before March 31, 2008 and under which the legal title of the underlying property is not transferred from the lessor to the lessee at the end of the lease term, are accounted for as operating leases.

The adoption of this statement and guidance did not have any impact to net loss for the year ended March 31, 2009.

(k) Impairment of Fixed Assets

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When amounts of undiscounted future cash flows of fixed assets are less than the carrying amounts, the fixed assets are determined to be impaired. Then, an amount by which the carrying amount exceeds the recoverable amount is recognized as an impairment loss in earnings. The recoverable amount of fixed assets is the greater of the net selling price or the present value of the future cash flows expected to be derived from the fixed assets. The Company and consolidated subsidiaries identify groups of assets by their business units as the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

(l) Retirement and Severance Benefits

Allowance for retirement and severance benefits for employees is provided based on the estimated retirement benefit obligation and the fair value of pension assets.

Prior service benefits and costs are recognized as income or expense mainly when incurred. Actuarial gains and losses are recognized as income or expense on a straight-line basis from the next year over certain years, principally over 10 years, not exceeding the expected average remaining working lives of the employees participating in the plans.

A retirement allowance for directors and executive officers has been provided for the benefits to which they are entitled if they were to retire or sever immediately at the balance sheet date. On March 28, 2008, the compensation committee made a decision to terminate the retirement benefit program for directors and executive officers. In connection with the decision, retirement benefits are no longer accrued after June 27, 2008 for directors and after March 31, 2008 for executive officers.

The Company adopted Accounting Standard Board of Japan (ASBJ) Statement No. 19, “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)”, in the year ended March 31, 2009. The Company had determined a discount rate used for the calculation of the projected pension obligation considering fluctuations in the yield of bonds over a certain period. After the adoption of the statement, the Company uses the discount rate at each year end. The adoption of this statement did not have any impact to net loss for the year ended March 31, 2009 though unrecognized actuarial loss increased by ¥1,192 million.

(m) Derivative Financial Instruments
In principle, net assets or liabilities arising from derivative financial instruments are measured at fair value, with unrealized gains or losses included in earnings. Hedging instruments that meet the criteria of hedge accounting as prescribed in "Accounting Standard for Financial Instruments", are accounted for using deferral hedge accounting, which requires the unrealized gain or loss to be deferred as net unrealized gains or losses hedging instruments as a component of net assets until gains or losses relating to the hedged items are realized.

When the Company enters into interest rate swap agreements to hedge interest rate risks and the agreements meet certain criteria, the interest rate swap agreements are not measured at fair value but are accounted for as if the debt had an interest rate under the interest swap agreement, instead of the original interest rate in the debt agreement.

Commodity swaps are accounted for under the deferral hedge accounting method, as key terms and conditions of the commodity swaps and the hedged forecasted transactions are identical.

(n) Foreign Currency Translations
Foreign currency transactions are translated into yen on the basis of the exchange rates in effect at the transaction date. At year-end, monetary assets and liabilities denominated in foreign currencies are translated into yen at the exchange rates in effect at the balance sheet date. Gains or losses resulting from the translation of foreign currencies, including gains and losses on settlement, are credited or charged to earnings as incurred.

The financial statements of the consolidated foreign subsidiaries are translated into the reporting currency of yen. All assets and liabilities of such subsidiaries are translated at the exchange rates in effect at the balance sheet date. Stockholders' equity accounts are translated at historical rates. Income and expenses are translated at an average of the exchange rates in effect during the year. Foreign currency translation adjustments resulting from the translation of assets, liabilities and stockholders' equity are included in minority interests and valuation and translation adjustments as a separate component of net assets.

(o) Appropriation of Retained Earnings
Under the Japanese Corporate Law (JCL) and the Company's Articles of Incorporation, the Company is allowed to appropriate retained earnings by a resolution of the Board of Directors, provided that certain criteria are met.

(p) Income Taxes
Deferred income taxes are accounted for under the asset and liability method, and deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided for the amount that is not considered to be realizable.

(q) Treasury Stock
Treasury stock is recorded at cost as a deduction of stockholders' equity. When the treasury stock is reissued as common stock, the difference between the issuance price and the cost of the treasury stock is credited or charged to capital surplus.

(r) Stock-Based Compensation
All share-based compensation, which is granted after the Japanese Corporate Law (JCL) became effective, to employees to be recognized as expense in the statements of income based on their fair values.

(s) Net Income per Share
Basic net income (loss) per share is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding during each year. Diluted net income per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity.

(t) Reclassifications
Certain reclassifications have been made to the prior years' consolidated financial statements in order to conform to the current year presentations.

2. BASIS OF FINANCIAL STATEMENT TRANSLATION

The accompanying consolidated financial statements are expressed in yen and, solely for the convenience of the reader, have been translated into U.S. dollars at the rate of ¥98=US$1, the approximate exchange rate prevailing at the Tokyo Foreign Exchange Market as of March 31, 2009. This translation should not be construed as a representation that any amounts shown could be converted into U.S. dollars.

3. INVESTMENTS IN SECURITIES

The following is a summary of the amortized cost basis, gross unrealized holding gains or losses and aggregate fair value of other securities by major security types as of March 31, 2009 and 2008:

	Millions of yen					
	Amortized cost basis	Gross unrealized gains (losses)	Aggregate fair value	Amortized cost basis	Gross unrealized gains (losses)	Aggregate fair value
		2009			**2008**	
Other securities with gross unrealized holding gains:						
Equity securities	**¥ 1,821**	**¥ 895**	**¥ 2,716**	¥ 2,382	¥ 2,715	¥ 5,097
Other securities	**297**	**4**	**301**	—	—	—
	2,118	**899**	**3,017**	2,382	2,715	5,097
Other securities with gross unrealized holding losses:						
Equity securities	**1,048**	**(296)**	**752**	645	(123)	522
	1,048	**(296)**	**752**	645	(123)	522
	¥ 3,166	**¥ 603**	**¥ 3,769**	¥ 3,027	¥ 2,592	¥ 5,619

	Thousands of U.S. dollars		
	Amortized cost basis	Gross unrealized gains (losses)	Aggregate fair value
		2009	
Other securities with gross unrealized holding gains:			
Equity securities	**$ 18,581**	**$ 9,133**	**$ 27,714**
Other securities	**3,031**	**41**	**3,072**
	21,612	**9,174**	**30,786**
Other securities with gross unrealized holding losses:			
Equity securities	**10,694**	**(3,021)**	**7,673**
	10,694	**(3,021)**	**7,673**
	$ 32,306	**$ 6,153**	**$ 38,459**

The Company recognized ¥312 million ($3,184 thousand) and ¥120 million of impairment losses mainly on non-marketable securities for the years ended March 31, 2009 and 2008, respectively, due to other-than-temporary decline of the fair value. Except for the impaired securities, the aggregate carrying amount of cost-method investments which were not evaluated for impairment as of March 31, 2009 and 2008 were ¥1,738 million ($17,735 thousand) and ¥5,680 million, respectively, mainly because it is not practicable to estimate the fair value of investments in non-marketable securities due to lack of a market price and difficulty in estimating fair value without incurring excessive cost and the Company did not identify any events or changes in circumstances that might have had a significant adverse effect on their fair value.

4. INVENTORIES

Inventories as of March 31, 2009 and 2008 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Merchandise and products	**¥ 8,725**	¥ 13,990	**$ 89,030**
In-process inventories	**19,983**	33,434	**203,908**
Raw materials and supplies	**10,215**	12,348	**104,235**
	¥ 38,923	¥ 59,772	**$ 397,173**
Inventory write-downs included in cost of sales	**¥ 6,829**	¥ —	**$ 69,684**

5. RELATED PARTY TRANSACTIONS

The Company has related party transactions with Hitachi, Ltd., the parent company, and non-consolidated subsidiaries and affiliated companies. The related balances as of March 31, 2009 and 2008, and the amount of these transactions for the years ended March 31, 2009 and 2008 are summarized as follows:

Related party	Balances:	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars 2009
Hitachi, Ltd.	Trade receivables	¥ 2,026	¥ —	$ 20,673
	Short-term loan receivable from Hitachi group cash management fund	1,943	1,375	19,827
J-Power Systems Corporation	Other receivables	5,703	6,732	58,194
Sumiden Hitachi Cable Ltd.	Trade receivables	3,674	4,873	37,490
LHCE engineering Co., Ltd.	Long-term loans	1,997	—	20,378

Related party	Transactions:	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars 2009
Hitachi, Ltd.	Product sales	¥ 7,870	¥ —	$ 80,306
	Net cash repaid to Hitachi group cash management fund	—	6,728	—
	Net cash received from Hitachi group cash management fund	568	1,375	5,796
J-Power Systems Corporation	Sale of materials to J-Power Systems netted with purchase of products from J-Power Systems, etc	40,930	40,046	417,653
	Loan guarantees	5,476	—	55,878
Sumiden Hitachi Cable Ltd.	Product sales	11,749	14,465	119,888
Shanghai Sunshine Copper Products Co., Ltd.	Loan guarantees	—	3,291	—

Certain consolidated subsidiaries also have related party transactions with affiliated companies and brother companies. The related balances as of March 31, 2009, and the amount of these transactions for the years ended March 31, 2009 are summarized as follows:

Related party	Balances:	Millions of yen 2009	Thousands of U.S. dollars 2009
Sumiden Hitachi Cable Ltd.	Trade payables	¥ 4,032	$ 41,143
	Note payables	1,029	10,500
Hitachi America Capital, Ltd.	Short-term debt	3,486	35,571

Related party	Transactions:	Millions of yen 2009	Thousands of U.S. dollars 2009
Sumiden Hitachi Cable Ltd.	Purchase of products	¥ 16,678	$ 170,184
Hitachi America Capital, Ltd.	Borrowings	746	7,612

Summary of financial information of J-Power Systems Corporation, a significant affiliated company, is as follows:

	Millions of yen	Thousands of U.S. dollars
As of March 31, 2009		
Total current assets	¥ 58,933	$ 601,357
Total noncurrent assets	5,763	58,806
Total current liabilities	51,034	520,755
Total noncurrent liabilities	3,173	32,378
Total net assets	10,489	107,031
For the year ended March 31, 2009		
Net Sales	86,533	882,990
Income before income taxes	1,615	16,480
Net income	975	9,949

6. INCOME TAXES

The income tax expenses reflected in the consolidated statements of income for the years ended March 31, 2009 and 2008 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Current tax expenses	¥ 2,252	¥ 4,486	$ 22,980
Deferred tax expense	18,411	1,746	187,867
	¥ 20,663	¥ 6,232	$ 210,847

The Company is subject to a national corporate tax of 30%, an inhabitant tax of 20.5%, and a deductible business tax of 7.2%, which, in the aggregate, resulted in a combined statutory income tax rate of approximately 40.4% for the years ended March 31, 2009 and 2008.

Reconciliations between the normal statutory income tax rate and the effective income tax rate as a percentage of income before income taxes and minority interests are as follows:

	2008
Normal statutory income tax rate	40.4%
Entertainment expenses not deductible for tax purposes	1.3
Equity in earnings of affiliated companies	(4.1)
Change in valuation allowance	(2.3)
Other	0.1
Effective income tax rate	35.4%

For the year ended March 31, 2009, a reconciliation between the statutory tax rate and the effective income tax rate is not presented since the Company recorded loss before income taxes and minority interests.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of March 31, 2009 and 2008 are presented below:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Total gross deferred tax assets:			
Retirement and severance benefits	¥ 11,516	¥ 8,953	$ 117,510
Net operating loss carry forwards	6,780	—	69,184
Accrued bonus	2,359	2,731	24,071
Impairment losses	4,908	2,908	50,082
Net intercompany profit on inventories	102	378	1,041
Other	8,127	5,221	82,928
	33,792	20,191	344,816
Valuation allowance	(31,887)	(1,533)	(325,377)
	1,905	18,658	19,439
Total gross deferred tax liabilities:			
Net unrealized holding gains on securities	(240)	(1,054)	(2,449)
Gain on contribution to pension fund trusts	(1,396)	(1,283)	(14,245)
Tax purpose reserves by Japanese tax regulations	(529)	(701)	(5,398)
Prepaid pension benefit cost	(1,357)	—	(13,847)
Other	(964)	(486)	(9,837)
	(4,486)	(3,524)	(45,776)
Net deferred tax assets (liabilities)	¥ (2,581)	¥ 15,134	$ (26,337)

Net deferred tax assets (liabilities) as of March 31, 2009 and 2008 are reflected in the consolidated balance sheets under the following captions:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Other current assets	¥ 537	¥ 5,052	$ 5,479
Other assets	985	10,461	10,051
Other current liabilities	(30)	—	(306)
Other liabilities	(4,073)	(379)	(41,561)
Net deferred tax assets (liabilities)	¥ (2,581)	¥ 15,134	$ (26,337)

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Land	¥ 10,175	¥ 9,143	$ 103,826
Buildings and structures	111,734	109,697	1,140,143
Machinery, vehicle and equipment	275,476	279,240	2,810,980
Construction in progress	7,228	7,875	73,755
	¥ 404,613	¥ 405,955	$ 4,128,704

8. SHORT-TERM AND LONG-TERM DEBT

Long-term debt as of March 31, 2009 and 2008 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Unsecured debentures:			
4th series, due 2010, interest 0.78%	¥ 5,000	¥ 5,000	$ 51,020
Loans, principally from banks and insurance companies:			
Unsecured and secured, maturing 2009-2015, weighted-average interest 1.1%	23,523	18,500	240,031
	28,523	23,500	291,051
Less current portion	(8,000)	—	(81,633)
	¥ 20,523	¥ 23,500	$ 209,418

The aggregate annual maturities of long-term debt after March 31, 2010 are as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥ 21	$ 214
2012	2	20
2013	10,000	102,041
2014	5,000	51,020
Thereafter	5,500	56,123
	¥ 20,523	$ 209,418

The assets pledged as collateral for short-term and long-term debt at March 31, 2009 are as follows:

	Millions of yen	Thousands of U.S. dollars
Land	¥ 320	$ 3,265
Buildings and structures	272	2,776
	¥ 592	$ 6,041

As is customary in Japan, both short-term and long-term bank loans are made under general agreements which provide that security and guarantees for present and future indebtedness will be given upon request of the bank, and that the bank shall have the right, as the obligations become due or in the event of default, to offset cash deposits against such obligations due the bank.

Generally, certain secured and unsecured loan agreements provide, among other things, that the lenders or trustees shall have the right to have any distribution of earnings, including the payment of dividends and the issuance of additional capital stock, submitted to them for prior approval and also grant them the right to request additional security or mortgages on property, plant and equipment.

9. RETIREMENT AND SEVERANCE BENEFITS

The Company and its domestic subsidiaries have a number of contributory and noncontributory pension plans to provide retirement and severance benefits to substantially all the employees.

Under noncontributory plans, employees are entitled to lump-sum payments based on the current rate of pay and the length of service upon retirement or termination of employment for reasons other than dismissal for cause. The liability under these plans is partially funded by contributions to pension fund trusts.

The Company and certain domestic subsidiaries also have cash balance pension plans. Under the plans, each participant has a notional account which is credited yearly based on the current rate of contribution and market-related interest rate.

Funded status of the Company's and subsidiaries' plans as of March 31, 2009 and 2008 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Projected benefit obligations	¥ (89,340)	¥ (88,734)	$ (911,633)
Plan assets at fair value	47,749	60,021	487,235
Funded status	(41,591)	(28,713)	(424,398)
Unrecognized actuarial loss	22,433	12,920	228,908
Unrecognized prior service cost	5	10	51
Net amount recognized in the consolidated balance sheets	¥ (19,153)	¥ (15,783)	$ (195,439)
Amounts recognized in the consolidated balance sheets consist of:			
Prepaid pension benefit cost	¥ 3,358	¥ 4,259	$ 34,265
Retirement and severance benefits	(22,511)	(20,042)	(229,704)
	¥ (19,153)	¥ (15,783)	$ (195,439)

Net periodic benefit cost for the Company's and subsidiaries' plans for the years ended March 31, 2009 and 2008 consisted of the following components:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Service cost, net of employees' contributions	¥ 3,048	¥ 2,857	$ 31,102
Interest cost	2,183	2,187	22,275
Expected return on plan assets	(1,332)	(1,533)	(13,592)
Amortization of unrecognized actuarial loss	2,826	1,785	28,837
Amortization of prior service cost	18	5	184
Net periodic benefit cost	¥ 6,743	¥ 5,301	$ 68,806

Actuarial assumptions used in the accounting for the Company's and subsidiaries' plans are principally as follows:

	2009	2008
Discount rate	2.4%	2.5%
Expected return rate on plan assets	2.5%	2.5%

10. COMMON STOCK

Issued shares, changes in shares and the amount of common stock for the years ended March 31, 2009 and 2008 are summarized as follows:

		Millions of yen	Thousands of U.S. dollars
	Issued shares	Amount	Amount
Balance as of March 31, 2007	374,018,174	¥ 25,948	
Balance as of March 31, 2008	374,018,174	25,948	$ 264,776
Balance as of March 31, 2009	**374,018,174**	**¥ 25,948**	**$ 264,776**

11. STOCK-BASED COMPENSATION

As of March 31, 2009, the Company has five stock option plans. Under the Company's stock option plans, non-employee directors, executive officers and certain employees have been granted stock options to purchase the Company's common stock. Under these stock option plans, options were granted at prices not less than market value at the date of grant and are exercisable from approximately two years after the date of grant and expire five to ten years after the date of grant.

A summary of the Company's stock option plans activity for the years ended March 31, 2009 and 2008 are as follows:

	Shares	Yen	Shares	Yen	U.S. dollars
	Stock options	Weighted-average exercise price	Stock options	Weighted-average exercise price	Weighted-average exercise price
	2009		2008		2009
Outstanding at beginning of year	**1,321,000**	**¥ 737**	1,538,000	¥ 701	**$ 7.52**
Exercised	**—**	**—**	(217,000)	482	**—**
Forfeited	**(43,000)**	**521**	—	—	**5.32**
Expired	**(32,000)**	**357**	—	—	**3.64**
Outstanding at end of year	**1,246,000**	**754**	1,321,000	737	**7.70**

The weighted average remaining contractual life is 1.8 years, and the number of exercisable stock options is 1,246,000 shares as of March 31, 2009.

12. NET ASSETS AND CASH DIVIDENDS

The Company's common stock has no par value in accordance with the Japanese Corporate Law (the "JCL"). Under the JCL, at least 50% of the amount actually paid in or provided in consideration for newly issued stocks is designated as stated common stock and proceeds in excess to the amount designated as stated common stock are credited as capital surplus.

The JCL requires an amount equal to at least 10% of distributions of retained earnings to be appropriated as legal reserve, which are included in capital surplus and retained earnings, until legal reserve equals 25% of stated common stock. In addition, common stock, capital surplus and retained earnings, including legal reserves, can generally be transferred to each other upon a resolution of the shareholders' meeting.

Cash dividends during the years ended March 31, 2009 and 2008 in the consolidated statements of changes in net assets, represent dividends declared during those years. The accompanying consolidated financial statements do not include any provision for the dividends of ¥3.00 ($0.03) per share totaling ¥1,091 million ($11,133 thousand), which were subsequently declared by the Board of Directors in respect of the year ended March 31, 2009.

13. TREASURY STOCK

The Japanese Corporate Law (the "JCL") allows a company to acquire treasury stock upon shareholders' approval to the extent that sufficient distributable funds are available. If the Board of Directors' authority is stated in the articles of incorporation, a company is allowed to acquire treasury stock not upon shareholders' approval but Board of Directors' approval. In this connection, acquisition of treasury stock is allowed under the Company's articles of incorporation.

Pursuant to the provisions of the JCL, shareholders may request the Company to acquire their shares less than a minimum trading lot as shares less than a minimum trading lot cannot be publicly traded and such a shareholder holding less than a minimum trading lot cannot exercise a voting right and other shareholders' rights except as provided in the JCL or the articles of incorporation. The JCL also states that a shareholder holding shares less than a minimum trading lot may request the company to sell its treasury stock, if any, to the shareholder up to a minimum trading lot if entitled under the articles of incorporation. In this connection, sale of treasury stock is allowed under the Company's articles of incorporation.

14. SECURITIZATIONS

The Company transfers trade notes receivable and trade accounts receivable under several securitization programs. Trade notes receivables and trade accounts receivables that are securitized and off-balance sheet as of March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Notes	¥ 3,299	¥ 15,865	$ 33,663
Accounts	5,200	16,912	53,061

15. COMMITMENTS AND CONTINGENCIES

The Company and its subsidiaries are contingently liable for loan guarantees to its affiliates in the amount of ¥8,083 million ($ 82,480 thousand) and ¥4,759 million at March 31, 2009 and 2008, respectively. The Company is also contingently liable for a letter of awareness to its affiliate in the amount of ¥560 million ($5,714 thousand) and ¥556 million at March 31, 2009 and 2008, respectively.

It is common practice in Japan for companies, in the ordinary course of business, to receive promissory notes in the settlement of trade accounts receivable and to subsequently discount such notes or to transfer them by endorsement to suppliers in the settlement of accounts payable. As of March 31, 2009 and 2008, the Company and its subsidiaries were contingently liable for trade notes discounted and endorsed in the following amounts:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Notes discounted	¥ 278	¥ —	$ 2,837
Notes endorsed	747	1,474	7,622

16. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in general and administrative expenses and gross production cost for the years ended March 31, 2009 and 2008 amounted to ¥11,078 million ($113,041 thousand) and ¥10,526 million, respectively.

17. IMPAIRMENT LOSSES FOR FIXED ASSETS

For the year ended March 31, 2009, the Company recognized impairment losses of ¥2,653 million ($27,071 thousand) mainly on buildings, machinery and supplies related to the composed semiconductor business located at the Takasago Works in Hitachi city, Ibaraki Prefecture, and of ¥574 million ($5,857 thousand) mainly on buildings, machinery and supplies related to the Auto parts (hoses) business located at the Densen Works in Hitachi city, Ibaraki Prefecture, as the business environment is expected to deteriorate. Hitachi Cable Fine Tech, Ltd. in Hitachi city, Ibaraki Prefecture recognized impairment losses of ¥1,116 million ($11,388 thousand) mainly on buildings, machinery and supplies related to the Electronic Wire business, as the business environment is expected to deteriorate. These fair values were estimated based on the future cash flows discounted at 4.5%. The Company also recognized impairment losses and of ¥1,246 million ($12,714 thousand) mainly on machinery and supplies related to the packaging material (COF) business located at the Densen Works in Hitachi city, Ibaraki Prefecture, and of ¥649 million ($6,622 thousand) mainly on machinery and supplies related to the auto parts (electric components) business located at the Takasago Works in Hitachi city, Ibaraki Prefecture, as the business environment is expected to deteriorate. Hitachi Cable Film Device, Ltd. in Chuo city, Yamanashi Prefecture recognized impairment losses of ¥2,512 million ($25,633 thousand) mainly on machinery, leased assets and supplies related to the packaging material (COF) business. These fair values were estimated based on the market values. Furthermore, Hitachi Cable Indiana, Inc. in the United States and other subsidiaries recognized impairment losses of ¥240 million ($2,449 thousand) mainly on buildings and machinery due to the management's decision on the disposals. These fair values were estimated based on the market values.

For the year ended March 31, 2008, the Company recognized impairment losses of ¥395 million on buildings, machinery and equipment, related to the bimetal TAB tape business located at the Densen Works in Hitachi city, Ibaraki Prefecture, and of ¥3,059 million on buildings, machinery and equipment, related to the TAB (Kofu) tape business located at the Kofu Plant in Kai city, Yamanashi Prefecture, as the business environment is expected to deteriorate. These fair values were estimated based on the market values. The Company also recognized impairment losses of ¥22 million on dormant assets as their market values are less than their respective carrying values. The fair value was estimated based on the assessed value of fixed assets. Furthermore, foreign and domestic subsidiaries recognized impairment losses of ¥58 million and ¥145 million, respectively, on fixed assets, such as buildings, machinery and equipment, due to the management's decision on the disposals. These fair values were estimated based on the market values.

18. PER SHARE INFORMATION

The reconciliation of the number of shares and the amounts used in the basic and diluted net income per share computations is as follows:

	Thousands of shares	
	2009	2008
Weighted average number of shares on which basic net income (loss) per share is calculated	363,532	363,474
Effect of dilutive securities;		
Stock option	—	153
Number of shares on which diluted net income (loss) per share is calculated	363,532	363,627

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Net income (loss)	¥ (53,775)	¥ 10,708	$ (548,724)
Net income (loss) not applicable to common stockholders	—	—	—
Net income (loss) on which basic net income (loss) per share is calculated	(53,775)	10,708	(548,724)
Effect of dilutive securities	—	—	—
Net income (loss) on which diluted net income per share is calculated	¥ (53,775)	¥ 10,708	$ (548,724)

	Yen		U.S. dollars
	2009	2008	2009
Net income (loss) per share:			
Basic	¥ (147.92)	¥ 29.46	$ (1.51)
Diluted	—	29.45	—

Diluted net loss per share computation for the year ended March 31, 2009 is not presented since the Company recorded net loss.

Net assets, excluding minority interests, per share as of March 31, 2009 and 2008 are as follows:

	Yen		U.S. dollars
	2009	2008	2009
Basic	¥ 358.48	¥ 543.09	$ (3.66)

19. SUPPLEMENTARY CASH FLOW INFORMATION

Cash paid for interest and income taxes is as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Cash paid during the year for:			
Interest	¥ 1,527	¥ 1,573	$ 15,582
Income taxes	3,961	5,052	40,418

For the purpose of the statements of cash flows, the Company considers all highly liquid investments with insignificant risk of changes in value that have maturities of generally three months or less when purchased to be cash equivalents. Cash and cash equivalents at March 31, 2009 and 2008 classified by account on the balance sheets were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Cash on hand and at bank	¥ 8,038	¥ 9,902	$ 82,021
Bank deposit with maturity over three months	(73)	—	(745)
Cash and cash equivalents	7,965	9,902	81,276

Assets and liabilities of newly consolidated subsidiaries through acquisition of shares at the inception of their consolidation, related acquisition cost and net expenditure for acquisition of shares are as follows:

	Millions of yen	Thousands of U.S. dollars
	2009	2009
Sosey Co., Ltd.:		
Current assets	¥ 473	$ 4,826
Non-current assets	1,828	18,653
Goodwill	973	9,929
Current liabilities	(874)	(8,918)
Non-current liabilities	(725)	(7,398)
Acquisition cost of shares of Sosey Co., Ltd.	1,675	17,092
Cash and cash equivalents of Sosey Co., Ltd.	(14)	(143)
Net expenditure for acquisition of shares of Sosey Co., Ltd.	¥ 1,661	$ 16,949
Hitachi Cable Film Device, Ltd.:		
Current assets	¥ 1,369	$ 13,969
Non-current assets	5,212	53,183
Goodwill	48	490
Current liabilities	(443)	(4,520)
Non-current liabilities	(198)	(2,020)
Acquisition cost of shares of Hitachi Cable Film Device, Ltd.	5,988	61,102
Cash and cash equivalents of Hitachi Cable Film Device, Ltd.	(1)	(10)
Net expenditure for acquisition of shares of Hitachi Cable Film Device, Ltd.	¥ 5,987	$ 61,092
Hitachi Cable Austria GmbH:		
Current assets	¥ 637	$ 6,500
Non-current assets	15	153
Goodwill	1,315	13,419
Current liabilities	(295)	(3,010)
Non-current liabilities	(325)	(3,316)
Foreign currency translation adjustments	2	20
Minority interests	(10)	(102)
Acquisition cost of shares of Hitachi Cable Austria GmbH	1,339	13,664
Cash and cash equivalents of Hitachi Cable Austria GmbH	(121)	(1,235)
Net expenditure for acquisition of shares of Hitachi Cable Austria GmbH	¥ 1,218	$ 12,429

20. FINANCIAL INSTRUMENTS AND DERIVATIVE FINANCIAL INSTRUMENTS

The Company and certain subsidiaries operate globally and are exposed to market risks arising from fluctuations in foreign currency exchange rates, interest rates and commodity prices. In order to manage those risks, the Company and certain subsidiaries enter into various agreements on derivative financial instruments, including forward exchange contracts, interest rate swap agreements and commodity swap agreements. Forward exchange contracts are utilized to manage risks arising from foreign currency receivables from export of finished goods and foreign currency payables from the import of raw materials. Interest rate swap agreements are utilized to manage interest rate risk for debts. Commodity swap agreements are utilized to manage the commodity price fluctuation risk on purchased raw materials. The Company and its subsidiaries have no derivative financial instruments for speculation purposes. In addition, the Company and its subsidiaries are exposed to potential credit-related losses in the event of non-performance by counterparties to financial instruments and derivative financial instruments, but it is not expected that any counterparties will fail to meet their obligations, because most of the counterparties are authentic financial institutions.

The Company and its subsidiaries have also developed hedging policies to control various aspects of derivative financial transactions including authorization levels and transaction volumes. Based on these policies, the Company and its subsidiaries hedge, within certain scopes, risks arising from changes in foreign currency exchange rates, interest rates and commodity prices. The Company and its subsidiaries review periodically the effectiveness of all the hedge policies to take account of the cumulative cash flows and any changes in the market.

The estimated fair values of the derivative financial instruments by major instrument types as of March 31, 2009 and 2008 are as follows:

	Millions of yen					
	Notional amounts	Estimated fair values	Unrealized gains (losses)	Notional amounts	Estimated fair values	Unrealized gains (losses)
		2009			2008	
Forward exchange contracts:						
To sell foreign currencies:						
U.S. dollar	¥ 11,236	¥ 11,748	¥ (512)	¥ 6,526	¥ 6,518	¥ 8
Singapore dollar	—	—	—	157	155	2
	¥ 11,236	¥ 11,748	¥ (512)	¥ 6,683	¥ 6,673	¥ 10
To buy foreign currencies:						
U.S. dollar	¥ 45	¥ 48	¥ 3	¥ 17	¥ 15	¥ (2)
Euro	589	518	(71)	274	281	7
	¥ 634	¥ 566	¥ (68)	¥ 291	¥ 296	¥ 5

	Thousands of U.S. dollars		
	Notional amounts	Estimated fair values	Unrealized gains (losses)
		2009	
Forward exchange contracts:			
To sell foreign currencies:			
U.S. dollar	$ 114,653	$ 119,878	$ (5,225)
Singapore dollar	—	—	—
	$ 114,653	$ 119,878	$ (5,225)
To buy foreign currencies:			
U.S. dollar	$ 459	$ 490	$ 31
Euro	6,010	5,285	(725)
	$ 6,469	$ 5,775	$ (694)

21. LEASES

Lessee

The Company accounted for finance leases without legal title transfer at the end of the lease term as operating leases. From the year ended March 31, 2009, the Company adopted ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", and the related guidance, ASBJ Guidance No. 16, "Guidance on Accounting Standard for Lease Transactions". After this adoption, all leased assets under finance leases are capitalized. However, for lease agreements entered into on or before March 31, 2008, finance leases without legal title transfer at the end of the lease term are still accounted for as operating leases.

For the years ended March 31, 2009 and 2008, lease payments of ¥1,198 million ($12,224 thousand) and ¥634 million, respectively, under such finance leases were included in earnings. On a pro forma basis, leased property, lease obligation and the related expenses with assumed capitalization of such finance leases are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Leased property:			
At cost	**¥ 6,163**	¥ 3,521	**$ 62,887**
Less accumulated depreciation	**(2,833)**	(1,527)	**(28,908)**
Less accumulated impairment losses	**(2,271)**	(428)	**(23,173)**
Net book value	**¥ 1,059**	¥ 1,566	**$ 10,806**
Depreciation expenses	**¥ 913**	¥ 574	**$ 9,316**
Impairment losses	**1,998**	—	**20,388**
Lease obligation:			
Within one year	**¥ 1,033**	¥ 587	**$ 10,541**
After one year	**2,323**	1,485	**23,704**
Total	**¥ 3,356**	¥ 2,072	**$ 34,245**
Interest expense	**¥ 89**	¥ 42	**$ 908**

Leased property, mainly machinery, vehicles and tools, is depreciated over the lease term by the straight-line method with no residual value. Excess of total lease payments over the assumed acquisition costs is regarded as assumed interest payable and is allocated to each period using the interest method.

22. SEGMENT INFORMATION

The Company and its subsidiaries' operations were organized into four business segments: "Wires and cables", "Information and telecommunications networking", "Sophisticated materials", and "Other businesses". The main products of each business segment are as follows:

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 cable), etc.
Sophisticated materials	Compound semiconductors, auto parts (sensors, hoses, etc.), semiconductor packaging materials (TAB, lead frames), copper products (copper tubes, copper strips, copper products for electrical use), etc.
Other businesses	Logistics, etc.

Business segment information:

	Millions of yen						
	2009						
	Wires and cables	Information and telecommunications networking	Sophisticated materials	Other businesses	Total	Eliminations	Consolidated
Sales to outside customers	¥ 243,300	¥ 76,563	¥ 170,092	¥ 3,196	¥ 493,151	¥ —	¥ 493,151
Intersegment sales	9,728	6,268	7,730	13,612	37,338	(37,338)	—
	253,028	82,831	177,822	16,808	530,489	(37,338)	493,151
Operating expenses	255,086	78,945	195,106	16,128	545,265	(37,374)	507,891
Operating income (loss)	¥ (2,058)	¥ 3,886	¥ (17,284)	¥ 680	¥ (14,776)	¥ 36	¥ (14,740)
Assets	¥ 107,165	¥ 62,106	¥ 111,016	¥ 2,306	¥ 282,593	¥ (3,635)	¥ 278,958
Depreciation and amortization of tangible and intangible fixed assets	7,204	3,943	13,962	238	25,347	—	25,347
Impairment losses	1,198	—	7,792	—	8,990	—	8,990
Capital expenditures	10,087	4,576	15,535	184	30,382	—	30,382

	Millions of yen						
	2008						
	Wires and cables	Information and telecommunications networking	Sophisticated materials	Other businesses	Total	Eliminations	Consolidated
Sales to outside customers	¥ 285,051	¥ 80,934	¥ 196,561	¥ 3,448	¥ 565,994	¥ —	¥ 565,994
Intersegment sales	12,655	7,959	8,254	13,938	42,806	(42,806)	—
	297,706	88,893	204,815	17,386	608,800	(42,806)	565,994
Operating expenses	286,360	81,903	200,657	16,733	585,653	(42,776)	542,877
Operating income	¥ 11,346	¥ 6,990	¥ 4,158	¥ 653	¥ 23,147	¥ (30)	¥ 23,117
Assets	¥ 154,957	¥ 61,098	¥ 147,861	¥ 3,426	¥ 367,342	¥ 2,785	¥ 370,127
Depreciation and amortization of tangible and intangible fixed assets	5,646	3,361	11,290	206	20,503	—	20,503
Impairment losses	151	9	3,519	—	3,679	—	3,679
Capital expenditures	7,819	3,145	16,700	159	27,823	—	27,823

	Thousands of U.S. dollars						
	2009						
	Wires and cables	Information and telecommunications networking	Sophisticated materials	Other businesses	Total	Eliminations	Consolidated
Sales to outside customers	$ 2,482,653	$ 781,255	$ 1,735,633	$ 32,612	$ 5,032,153	$ —	$ 5,032,153
Intersegment sales	99,265	63,959	78,878	138,898	381,000	(381,000)	—
	2,581,918	845,214	1,814,511	171,510	5,413,153	(381,000)	5,032,153
Operating expenses	2,602,918	805,561	1,990,878	164,571	5,563,928	(381,367)	5,182,561
Operating income (loss)	$ (21,000)	$ 39,653	$ (176,367)	$ 6,939	$ (150,775)	$ 367	$ (150,408)
Assets	$ 1,093,520	$ 633,735	$ 1,132,816	$ 23,531	$ 2,883,602	$ (37,092)	$ 2,846,510
Depreciation and amortization of tangible and intangible fixed assets	73,510	40,235	142,469	2,429	258,643	—	258,643
Impairment losses	12,225	—	79,510	—	91,735	—	91,735
Capital expenditures	102,929	46,694	158,520	1,877	310,020	—	310,020

Geographic segment information:

	Millions of yen				
	2009				
	Japan	Others	Total	Eliminations	Consolidated
Sales to outside customers	¥ 380,772	¥ 112,379	¥ 493,151	¥ —	¥ 493,151
Intersegment sales	31,957	7,172	39,129	(39,129)	—
	412,729	119,551	532,280	(39,129)	493,151
Operating expenses	426,425	120,847	547,272	(39,381)	507,891
Operating income (loss)	¥ (13,696)	¥ (1,296)	¥ (14,992)	¥ 252	¥ (14,740)
Assets	¥ 262,438	¥ 53,163	¥ 315,601	¥ (36,643)	¥ 278,958

	Millions of yen				
	2008				
	Japan	Others	Total	Eliminations	Consolidated
Sales to outside customers	¥ 443,765	¥ 122,229	¥ 565,994	¥ —	¥ 565,994
Intersegment sales	39,809	7,969	47,778	(47,778)	—
	483,574	130,198	613,772	(47,778)	565,994
Operating expenses	463,671	126,966	590,637	(47,760)	542,877
Operating income	¥ 19,903	¥ 3,232	¥ 23,135	¥ (18)	¥ 23,117
Assets	¥ 329,137	¥ 77,666	¥ 406,803	¥ (36,676)	¥ 370,127

	Thousands of U.S. dollars				
	2009				
	Japan	Others	Total	Eliminations	Consolidated
Sales to outside customers	$ 3,885,428	$ 1,146,725	$ 5,032,153	$ —	$ 5,032,153
Intersegment sales	326,092	73,184	399,276	(399,276)	—
	4,211,520	1,219,909	5,431,429	(399,276)	5,032,153
Operating expenses	4,351,275	1,233,133	5,584,408	(401,847)	5,182,561
Operating income (loss)	$ (139,755)	$ (13,224)	$ (152,979)	$ 2,571	$ (150,408)
Assets	$ 2,677,939	$ 542,479	$ 3,220,418	$ (373,908)	$ 2,846,510

Overseas sales:

Overseas sales, which include export sales by the Company and its domestic subsidiaries and sales (other than exports to Japan) by the foreign consolidated subsidiaries, are summarized as follows:

	Millions of yen				Thousands of U.S. dollars
	2009		2008		2009
	Amount	Percentage of consolidated net sales	Amount	Percentage of consolidated net sales	Amount
Overseas sales:					
Asia	¥ 94,707	19.2%	¥ 117,487	20.8%	$ 966,398
North America	35,811	7.3%	37,148	6.6%	365,418
Others	9,089	1.8%	7,133	1.2%	92,745
	¥ 139,607	28.3%	¥ 161,768	28.6%	$ 1,424,561
Consolidated net sales	¥ 493,151	100.0%	¥ 565,994	100.0%	$ 5,032,153

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Report of Independent Auditors

The Board of Directors and Stockholders
Hitachi Cable, Ltd.

We have audited the accompanying consolidated balance sheets of Hitachi Cable, Ltd. and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hitachi Cable, Ltd. and consolidated subsidiaries at March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

Ernst & Young ShinNihon LLC

June 25, 2009