Hitachi Cable
Empowering Energy & Communication

HITACHI

Annual Report 2011

Hitachi Cable,Ltd.

Contents

Profile

For nearly a century, Hitachi Cable, Ltd. has been empowering energy and communication. In 1918, our predecessor began operations as the Densen Works, located directly on site at the Hitachi Works of Hitachi, Ltd. The company was formally established as Hitachi Cable in 1956, following a spin-off. Today, serving as the core manufacturer of wires and cables within the Hitachi Group, Hitachi Cable is contributing to society by continuing to improve the speed, accuracy and efficiency of energy and information.

Hitachi Cable's operations span:

- Wires and cables, which support information transmission and power supply
- Materials, parts and components to transmit electrical signals and thermal energy in devices and equipment
- Information and telecommunication network devices.

Looking ahead, the Company is strengthening its focus on infrastructure, offering a gamut of products, services and solutions that underpin society, enabling better life and lifestyles worldwide. Our global customer support network has grown to include regional headquarters in the United States, Europe, Asia and China.

The Hitachi Cable Group will continue to engage in activities consistent with its corporate vision of "Empowering Energy & Communication." By consistently providing products and services that surpass the expectations of our customers, we will further contribute to social progress.

Safe Harbor Statement

The performance forecasts and targets in this annual report are based on assumptions that were judged to be valid at the time it was created. Actual performance may be very different from these forecasts and targets. Reasons for differences include:

- Economic conditions in key markets (in particular, Japan, Asia and the United States)
- Rapid technological changes
- The ability of the Company and other members of the Group to develop new products and new technologies, enter markets in a timely manner, and develop low-cost production capabilities
- Changes in product and material markets and/or market conditions for products and materials
- Changes in exchange rates
- Changes in the fundraising environment
- The ability of the Company and other members of the Group to react to changes in product supply and demand, product market conditions, and changes in currency rates
- Protection of the Company's patents and securing the use of other companies' patents
- Partnerships with other companies for product development
- Changes in stock markets

Notes: 1. Fiscal 2011: April 1, 2010 to March 31, 2011
2. Hitachi Cable's fiscal year runs from April 1 to March 31 of the following calendar year.

President's Message

A new management team is advancing the Hitachi Cable Group's resurgence and reshaping the Group into a truly global entity.

With the aim of achieving high profitability as a corporate group, Hitachi Cable launched Plan "BRIDGE," our new medium-term management plan, in the year ended March 31, 2011. Through the first half of the year, the Group's performance displayed signs of recovery. However, we temporarily suspended implementation of the plan in light of the Great East Japan Earthquake, which struck in March 2011. With a new management team in place, implementation will continue. The Hitachi Cable Group will step up efforts to restore its status as a highly profitable enterprise and reshape itself into a truly global entity.

Hideaki Takahashi

Representative Executive Officer, President and Chief Executive Officer

Inaugural Address as the Head of the Hitachi Cable Group

“We will overcome adversity. Several business bases were damaged by the earthquake. By drawing on the Group’s collective strengths, however, we will achieve our Plan “BRIDGE” targets.”

First and foremost, I would like to express my deepest sympathy on behalf of the entire Hitachi Cable Group to the victims of the Great East Japan Earthquake. We all hope for the quickest-possible recovery and a return to more normal living conditions for victims of the affected areas. The Hitachi Cable Group will do everything it can to contribute to the recovery processes.

The earthquake impacted a vast area of Eastern Japan, causing significant turmoil throughout the entire Japanese economy. It also affected our business, causing damage to six of the Company’s domestic manufacturing sites and several of the Group’s business bases located in Ibaraki Prefecture and the Tohoku region. However, thanks to recovery efforts made by Group personnel, these sites and bases have resumed production and sales operations.

For the Hitachi Cable Group, the year under review was slated to be significant, marking the first year of Plan “BRIDGE,” which extends through the three-year period ending March 31, 2013. With the earthquake, the year took on different significance, complicating the Group’s promotion of the new plan. I was appointed to lead Hitachi Cable on April 1, 2011, taking office as the Company faced great adversity. I am fully determined to manage the Group strategically, and thereby achieve the plan’s basic policy of restoring our status as a highly profitable enterprise and reshaping itself into a truly global entity.

FINANCIAL HIGHLIGHTS

Consolidated results for the years ended March 31

	Millions of yen					Thousands of U.S. dollars
	2007/3	2008/3	2009/3	2010/3	**2011/3**	**2011/3**
For the year:						
Net sales	¥544,244	¥565,994	¥493,151	¥372,450	**¥419,279**	**$5,051,554**
Operating income (loss)	22,983	23,117	(14,740)	(6,381)	**788**	**9,494**
Net income (loss)	8,662	10,708	(53,775)	(9,110)	**(12,993)**	**(156,542)**
Free cash flow*1	6,513	9,817	(5,334)	(2,743)	**9,255**	**111,506**
Capital expenditures	21,455	27,823	30,382	13,862	**10,153**	**122,325**
Depreciation	19,008	20,503	25,347	21,350	**20,148**	**242,747**
R&D expenses	10,000	10,526	11,078	9,612	**9,034**	**108,843**
At year-end:						
Total assets	361,892	370,127	278,958	289,016	**270,750**	**3,262,048**
Net assets	193,600	200,842	132,853	123,233	**106,093**	**1,278,229**
Interest-bearing debt	43,051	37,949	43,913	48,774	**43,893**	**528,831**
	Yen					U.S. dollars
Per share:						
Net income (loss) — basic	23.84	29.46	(147.92)	(25.04)	**(35.65)**	**(0.43)**
Cash dividends	8.50	8.50	7.25	5.00	**2.50**	**0.03**
	%					
Ratios:						
Equity ratio	52.6	53.3	46.7	41.9	**38.4**	**—**
Return on equity	4.7	5.5	(32.8)	(7.2)	**(11.5)**	**—**
Return on assets*2	6.6	6.3	(4.5)	(2.2)	**0.3**	**—**
Debt-to-equity ratio	22.6	19.2	33.7	40.2	**42.2**	**—**
Number of employees	15,100	15,917	16,230	15,335	**16,064**	**—**

Notes: U.S. dollar amounts have been translated, for convenience, at the exchange rate of ¥83=US$1. See Note 2 of Notes to Consolidated Financial Statements.
*1 Free cash flow is the sum of operating and investing cash flows.
*2 Return on assets is calculated using operating income.

Overview of the Year Ended March 31, 2011

"Net sales and operating income improved, yet the Group posted a net loss largely due to the impact of the earthquake."

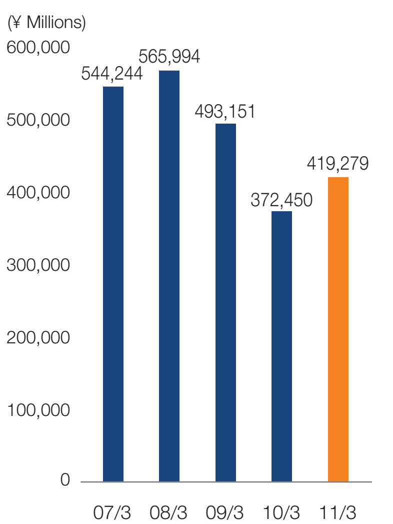
During the year ended March 31, 2011, the world economy moved toward broad recovery, supported by sustained expansion in emerging economies. The Japanese economy also exhibited signs of recovery, but the shock of the earthquake was severe and the disaster adversely impacted our full-year performance.

Net sales rose 12.6% year on year to ¥419,279 million. Certain negative factors—including the strong yen and delays in production and shipments attributable to the disaster—were more than offset by positive ones, such as growing demand for our products from the electronics and automotive markets in the first half, as well as upward revisions of product prices owing to higher prices for copper, a principal material in our wires, cables and copper products.

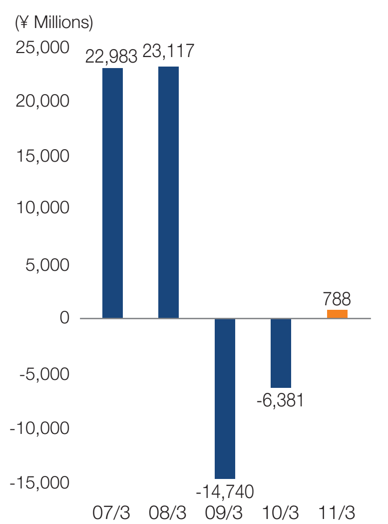
On the earnings front, Hitachi Cable posted operating income totaling ¥788 million, a turnaround from the operating loss totaling ¥6,381 million recorded in the previous year. However, under other expenses, the Company posted losses due to disasters totaling ¥5,925 million, which included costs for restoration of fixed assets and fixed costs over the period of suspended operations, as well as impairment losses totaling ¥4,215 million. As a result, net loss increased from ¥9,110 million in the previous year to ¥12,993 million.

Note: For details of Hitachi Cable's performance in the year ended March 31, 2011, please see "Management's Discussion and Analysis" on page 12 of this report.

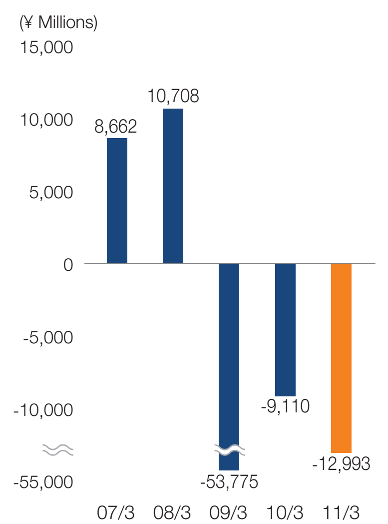
Net Sales



Operating Income (Loss)



Net Income (Loss)



Promotion of Plan "BRIDGE," Our Medium-Term Management Plan

"We aim to establish a sound earnings structure through the selective allocation of management resources in priority target areas and the comprehensive reinforcement of overseas operations."

From the fiscal year ended March 31, 2011, Hitachi Cable is undertaking the selective allocation of management resources to priority target areas identified by Plan "BRIDGE," namely: (1) electric power infrastructure and next-generation energy; (2) industrial infrastructure; and (3) information and telecommunications infrastructure. At the same time, the Company is focusing on the comprehensive reinforcement of its overseas operations. Through these initiatives, we are working to establish a sound earnings structure.

In the year ending March 31, 2012, a number of concerns remain, including instability in power supply and materials procurement, as well as production slowdowns at some of the Company's customers. As such, the business environment for the Hitachi Cable Group involves some uncertainty. Given the environment, Hitachi Cable must continue to adapt its business focus, fine tuning policies for individual products and specific initiatives aimed at promoting Plan "BRIDGE" while accurately grasping real-time developments. To achieve resurgence as a highly profitable enterprise, we must continue to strengthen our infrastructure-related businesses, where we boast particular strengths, and capture demand in growing overseas markets. Based on the basic policy enacted during the previous year—focusing on the infrastructure-related fields and reinforcing overseas operations—we will further advance structural reforms throughout our business while accelerating operations in growth areas.

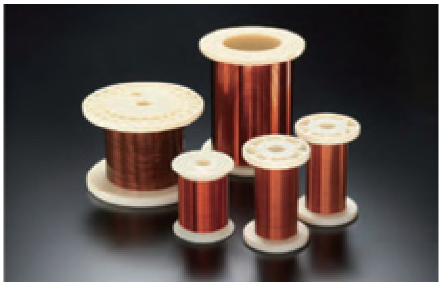
Plan "BRIDGE" Initiatives during the Year under Review (1)

Development and enhancement of products for next-generation automobiles

Reducing the environmental impact of automobiles is a pressing global issue. Accordingly, next-generation automobiles such as hybrid electric vehicles (HEVs) and electric vehicles (EVs) are gaining popularity worldwide. To capitalize on this trend, the Hitachi Cable Group began full-scale mass-production of inverter-surge-resistant, fine-rectangular, polyamide-imide enameled rectangular wires for next-generation automobiles in May 2011. Used on motors for next-generation automobiles, these enameled wires boast superior surge* and heat resistance as well as mechanical strength.

Also, Hitachi Cable has developed a user-friendly electric vehicle (EV) charging station for home use. The Company plans to release this product in December 2011. Looking forward, the Hitachi Cable Group will accelerate the development and enhancement of not only next-generation automotive products, but also energy-saving products and other products relating to renewable energy that contribute to society by reducing environmental load.

* Surge resistance: Resistance to partial electrical discharges caused by a surge in voltage



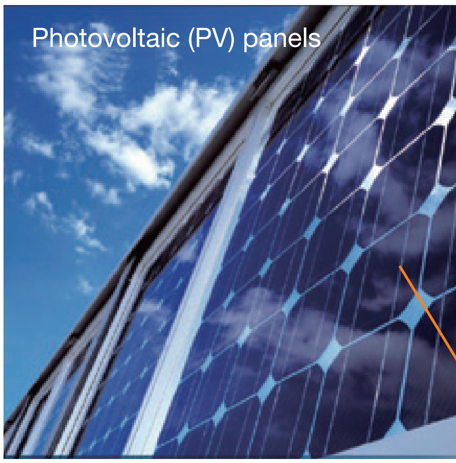
Enameled wires for use in electric motors

Plan "BRIDGE"

Strategy 1

Selective Allocation of Management Resources in Priority Target Areas

To bolster and expand operations in priority target areas, Hitachi Cable implemented the following initiatives during the year ended March 31, 2011.



Photovoltaic (PV) panels

In the area of electric power infrastructure and next-generation energy, the Company introduced new facilities at Hitachi Cable (Johor) Sdn. Bhd. in Malaysia for the manufacture of NoWarp*1 photovoltaic (PV) wires. NoWarp PV wires connect the individual cells that make up a solar panel and serve as a conductor to collect the electric power generated. The Company commenced production at the new Malaysian facilities in August 2010.

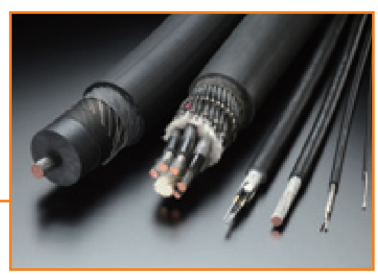
NoWarp PV Wires

NoWarp, for which we are establishing the third production base following those in Japan and China, boasts not only high electrical conductivity, but also high flexibility to resist cell warp.

*1 NoWarp is a registered trademark of Hitachi Cable, Ltd. in Japan.

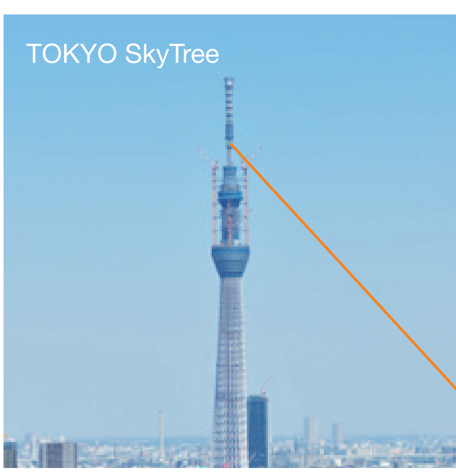
Bullet train

In the area of industrial infrastructure, we have decided to introduce new facilities at one of our Chinese bases to manufacture wires and cables for industrial applications, such as railway vehicles. Furthermore, we are working to expand our portfolio of products for next-generation automobiles, such as copper foil for use in lithium-ion batteries, magnet wires and power harnesses.



Wires and Cables for Railway Vehicles

Wires and cables serve numerous uses in railway vehicles. They are used both for in-vehicle and inter-vehicle wiring. The Hitachi Cable Group offers a wide range of wires and cables for railway vehicles, including general-purpose and device wires, cables for high-voltage sections and fiber optic cables.



TOKYO SkyTree

In the area of information and telecommunications infrastructure, the Hitachi Cable Group is striving to expand overseas business with information network products, particularly in Southeast Asia. On the domestic front, by March 31, 2012, the Company plans to complete the installation of transmission antenna systems for digital terrestrial broadcasting on TOKYO SkyTree®,*2 which became the world's tallest free-standing tower on March 18, 2011. After the completion of installation, we will be involved in the maintenance of the antenna systems.

Transmission Antenna Systems for Digital Terrestrial Broadcasting

A total of 640 antenna panels have been installed on the antenna gain tower on the upper section of the 634-meter TOKYO SkyTree. As the height of the installation is more than 500 meters above the ground, these antenna systems have been designed and installed so that they can withstand wind gusts of 110 meters per second.

*2 TOKYO SkyTree is a registered trademark of TOBU RAILWAY CO., LTD. and TOBU TOWER SKYTREE CO., LTD.

Plan “BRIDGE”

Strategy 2

Drastic Reinforcement of Overseas Operations

In the past, the Hitachi Cable Group’s overseas operations have relied on bases that were small in scale and widely scattered. This structure was insufficient in terms of creating markets and bolstering earning power. To overcome this, the Group has worked to integrate and streamline business bases throughout the world. In this way we have continued to strengthen our overseas operations. We are simultaneously promoting an overseas business strategy with marketing activities targeting both Japanese and non-Japanese customers.

In the year ended March 31, 2011, buoyed by booming economies in China and other Asian countries and by a recovery in the U.S. automobile market, the Group’s overseas sales ratio rose 3.3 percentage points from 25.0% in the previous year to 28.3%. For the Group to achieve additional growth, it must comprehensively reinforce its overseas operations. Therefore, we will continue to optimize our overseas manufacturing bases and work aggressively to secure sales channels with non-Japanese customers. Moreover, we will further strengthen our alliance strategies and bolster local procurement worldwide. Through these activities, we will push ahead with reforms toward becoming a truly global entity.

Plan “BRIDGE” Initiatives during the Year under Review (2)

Establishment of a production base for wires and cables for industrial applications in rapidly growing China

The Hitachi Cable Group is accelerating the establishment of “core manufacturing facilities,” each of which is in charge of manufacturing several Group flagship products, with the aim of improving the efficiency of its overseas manufacturing bases. As part of this initiative, Hitachi Cable has decided to establish a manufacturing site at Hitachi Cable (Suzhou) Co., Ltd. in China for wires and cables for industrial applications. This new site will manufacture several flagship and other products, including wires and cables for railway vehicles, for which we command a high domestic market share, and the MLFC* fire-resistant polyflex electrical wire.

* MLFC is a registered trademark of Hitachi Cable, Ltd. in Japan.

Hitachi Cable (Suzhou) Co., Ltd.

MLFC fire-resistant polyflex electrical wires

Plan "BRIDGE"

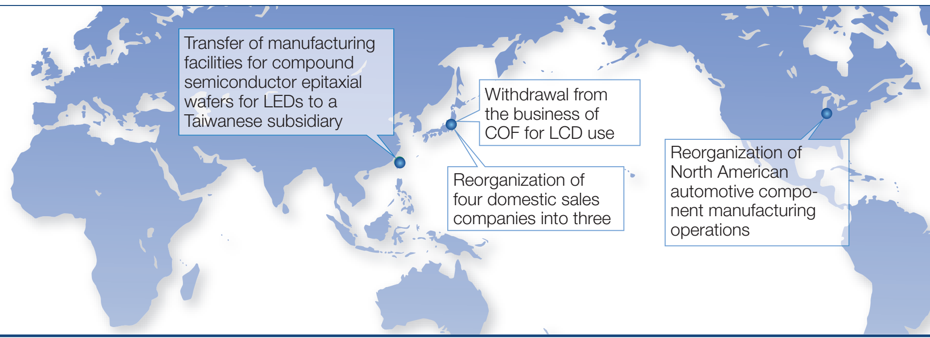
Strategy 3

Improvement of the Group's Earnings Structure

While promoting initiatives to strengthen and expand certain businesses, the Group is implementing structural reforms for underperforming businesses. During the year under review, Hitachi Cable decided to withdraw from its business in chip on films (COF) for LCD use, with due consideration given to deterioration in performance attributable to intensifying market competition and price declines. The Company discontinued COF production and shipments in May 2011. The Company also completed the reorganization of its production operations for automotive components in North America, an initiative begun in autumn of 2008. More specifically, we streamlined and consolidated our automotive component manufacturing and sales companies into a single company for the United States and another for Mexico. In addition, we have transferred our manufacturing facilities for compound semiconductor epitaxial wafers for light-emitting diodes (LEDs) to Taiwan. Through these structural reforms, the Hitachi Cable Group is working to optimize its production structure on a global basis.

Plan "BRIDGE" Initiatives during the Year under Review (3)

Business Selection and Concentration: Global Production Structure Optimization



To Our Stakeholders

For the year ended March 31, 2011, Hitachi Cable paid its interim dividend of ¥2.50 per share. Regrettably, Hitachi Cable decided to cancel its year-end dividend. In reaching this decision, the Company gave overriding consideration to the Group's operating conditions, current performance and business strategies going forward. This was a difficult decision to make, and I do extend my sincere apologies to each of our shareholders. As a result, the total annual dividend totaled ¥2.50 per-share, ¥2.50 lower than the previous year.

Looking into the future, the entire Hitachi Cable Group will adhere to its corporate vision of "Empowering Energy & Communication," as we advance technologies to support energy transmission and information communication. By providing products and services that exceed the expectations of its customers, the Group will work to contribute in even greater ways to Japan's recovery and the development of affluent communities worldwide. Moreover, to meet the expectations of all our stakeholders, including shareholders and investors, we will advance structural reforms and operational enhancements, thereby maximizing our corporate value. As we strive to grow into a truly global corporate group, we seek your ongoing support and understanding.

Hideaki Takahashi

August 2011

President and CEO

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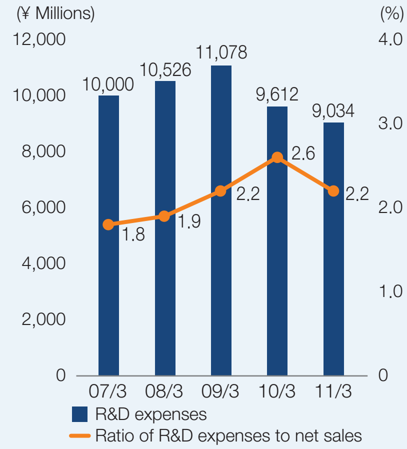
Research and Development

Consistently Pioneering Leading-Edge Technologies to Improve the Speed, Accuracy and Efficiency of Energy and Information

The Hitachi Cable Group aggressively promotes R&D based on core technologies that empower energy and communication. Our R&D activities underpin the Group's capabilities in accurately accommodating ever-diversifying customer needs.

The Corporate Advanced Technology Group leads the Group's R&D activities with the support of the Research & Development Laboratory and research & development departments of individual business groups. Through collaboration among these organizations, we work to grasp real-time trends in markets and technologies, both in Japan and overseas, while enhancing the capabilities of our R&D personnel. In this way, we are efficiently advancing strategic R&D for products and technologies in order to consistently stay ahead of the times.

R&D expenses / Ratio of R&D expenses to net sales



R&D Results for the Year Ended March 31, 2011

The following section reviews R&D results and achievements by segment for the reporting term. On a consolidated basis, our R&D expenses totaled ¥9,034 million, and the ratio of R&D expenses to net sales stood at 2.2%.

Electronic & Automotive Products

This segment undertakes R&D for: (1) wires and cables for industrial applications; (2) magnet wires; (3) electronic devices; (4) transmission and connection technologies relating to fiber optic cables and submarine cables; and (5) brake hoses and other parts and components for automotive use. R&D expenses in this segment totaled ¥2,632 million.

R&D Achievements during Reporting Term

1. Development of a user-friendly electric vehicle (EV) charging station for home use
2. Development of a compact board-edge-radiating type coupler for the TransferJet*1 short-range, high-speed wireless transfer system
3. World-first commercialization of inverter-surge-resistant, fine-rectangular, polyamide-imide enameled rectangular wires for hybrid vehicle motors
4. Development of power and communication cables with built-in RFID*2 chip
5. Development of flexible LAN cables

*1 TransferJet is a trademark of Sony Corporation.
*2 Radio frequency identification

Information Systems

This segment promotes R&D in such areas as: (1) information network devices; (2) optical communication components; (3) antennas for mobile photo base stations; and (4) antennas and power cables for digital terrestrial broadcasting. These and other products support the infrastructure of our information society. Segment R&D expenses amounted to ¥3,861 million.

R&D Achievements during Reporting Term

1. Launch of APRESIA*1 series 15000-32XL-PSR*2 and 15000-64XL-PSR, Ethernet*3 switches for data center networks
2. Development of 150 Gbps active optical cables

*1 APRESIA is a registered trademark of Hitachi Cable, Ltd.
*2 Power Supply Redundant
*3 Ethernet is a registered trademark of Fuji Xerox Co., Ltd.

Semiconductor Materials & Packaging

In this segment, our R&D themes include: (1) downsizing and improving the functionality of mobile phones and other information devices; (2) tape automated bonding (TAB) tapes for chip scale packaging (CSP) and substrates compatible with memory products; (3) gallium arsenide and other compound semiconductors (single crystal and epitaxial wafers) and applied products; and (4) other products related to these products and technologies. Segment R&D expenses totaled ¥994 million.

Metal Materials & Component Products

This segment conducts R&D for: (1) copper strips for electronic parts and components; (2) lead frames; (3) heat transfer tubes for heat exchanger units; (4) fabricated copper products; and (5) superconducting wire materials and superconductors. Segment R&D expenses totaled ¥1,547 million.

R&D Achievements during Reporting Term

1. Development of copper sputtering target for LCD panels

Corporate Social Responsibility (CSR)

Fulfilling Our Social Responsibility toward the Realization of a Sustainable Society

Under its Corporate Vision, "Empowering Energy & Communication," the Hitachi Cable Group is working to contribute to society by continuing to improve the speed, accuracy and efficiency of energy and information. Also, its Code of Conduct, formulated in line with the Corporate Vision, includes "Keep to the Straight and Narrow" to encourage the entire Group to conduct all operations honestly and in harmony with the global community. Adhering to these principles, the Hitachi Cable Group is striving to consistently fulfill its social responsibility toward the realization of a sustainable society.

In promoting its CSR initiatives, the Corporate Social Responsibility Office organizes Groupwide activities based on the Hitachi Cable Group CSR Policy. Through this office, we are implementing wide-ranging initiatives to raise employees' CSR awareness and improve the quality of our CSR activities.

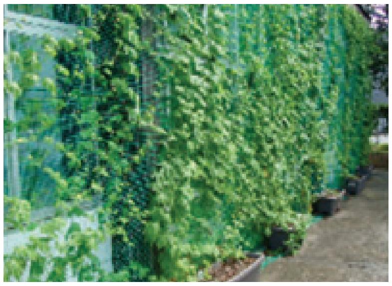
Contributing to Society

In order to fulfill its responsibility for stakeholders, the Hitachi Cable Group continues to promote a variety of initiatives. These initiatives include: (1) securing the quality and safety of Group products; (2) respecting human resource diversity; (3) respecting human rights; (4) continuing to strengthen information security; (5) and implementing social contribution activities.

Assisting Post-Disaster Restoration

In the hope of assisting restoration efforts after the Great East Japan Earthquake on March 11, 2011, Hitachi Cable has made charitable donations totaling ¥10 million through the Central Community Chest of Japan. Group company Hitachi Cable Networks, Ltd. is hosting network servers from local governments within the disaster region free of charge. In addition, our Hitaka Works, situated in the disaster region, offered drinking water and other assistance to neighborhood residents.

In response to possible power shortage attributable to the destruction of nuclear power plants in Fukushima, the Company is undertaking various activities aimed at reducing its power consumption. Specifically, we are working to shift the peak hours of power consumption by completing the production of certain products ahead of schedule and changing our business days. Simultaneously, we are promoting energy saving by, for example, limiting the use of lighting and air conditioning.


Green curtain

We are promoting various energy-saving activities, such as growing green curtains on the exterior walls of office buildings to block sunlight, keep offices cooler and thereby save electricity for air conditioning. This green curtain consists of goya, a bitter-gourd.

Environmental Initiatives

The Hitachi Cable Group is endeavoring to minimize the environmental burden of its business activities while promoting the effective use of natural resources. Our ultimate goal is to contribute to the realization of a sustainable society in harmony with the environment.

Protecting Ecosystems

Located in Ibaraki Prefecture, Hitachi Cable's Tsuchiura Works has promoted a green zone preservation program on its premises. The greenery maintained through this program has been selected as one of 100 corporate greenery sites contributing to the protection of biodiversity by the Organization for Landscape and Urban Green Infrastructure. This organization disseminates excellent examples of green zone preservation, creation and utilization by corporate entities.


A lush green lines the main road within the Tsuchiura Works.


The biotope* created on site at the Tsuchiura Works

*Biotope: It is an English loanword derived from the German Biotop, which in turn came from the Greek bios, meaning life or organism, and topos, meaning place. The word biotope means an artificially maintained area where animals and plants can live sustainably.

Corporate Governance (As of March 31, 2011)

Aiming for Fair, Transparent Management to Underpin the Group's Sustainable Growth

Basic Approach

Hitachi Cable considers its efforts to grow its business sustainably in keeping with laws, regulations, business ethics and CSR principles to be the foundation of corporate governance. By taking into account current and planned laws and regulations, the Hitachi Group's management policies, and other important factors, Hitachi Cable is committed to consistently enhancing corporate governance to achieve fair, transparent corporate management.

Corporate Governance Structure

Management Supervision and Business Execution

Hitachi Cable has adopted the committee system, resulting in a separation of the executive and supervisory functions of management, in order to expedite management decision making and enhance management transparency.

Hitachi Cable's Board of Directors consists of eight directors, including three outside directors. With responsibility for decision making regarding basic management policies and other important matters and supervision functions, the Board of Directors holds regular meetings, in principle, once a month while convening extraordinary meetings as necessary. As part of the Board of Directors' supervisory functions, three independent committees—each being made up of a majority of outside directors—have been established: the Nominating Committee, the Audit Committee and the Compensation Committee. The Company's Executive Committee consists of 15 executive officers, including those concurrently appointed as directors. With responsibility for decision making and execution of actual operations, the Executive Committee meets, in principle, twice a month. At its meetings, the Executive Committee examines important matters, assigned by the Board of Directors, from many angles in order to arrive at fully informed decisions. At these meetings, information is also exchanged concerning the status of operations under each executive officer.

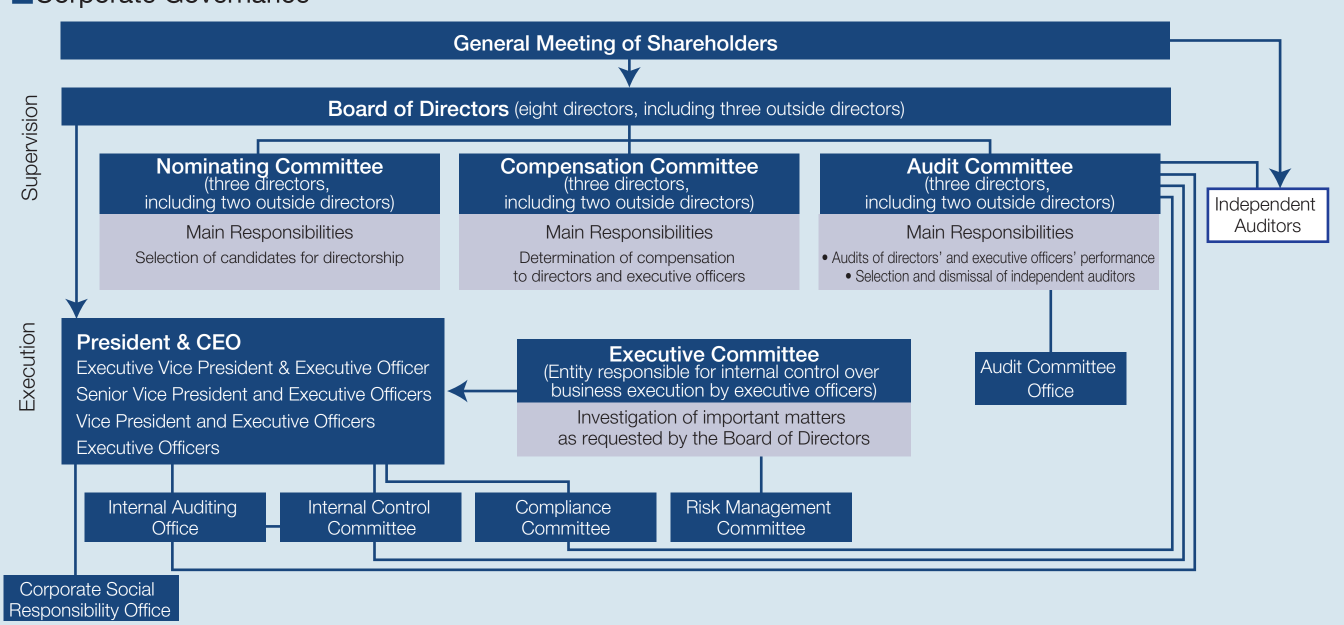
Audit and Internal Control Systems

The Board of Directors formulates the basic policy for the Company's internal control. The policy forms the basis of various internal control systems, the administration that are overseen by the Audit Committee.

The Internal Auditing Office, responsible for internal audits throughout the Group, implements regular audits concerning the legality and appropriateness of operations while taking measures to strengthen internal control. In addition, the Compliance Committee, which has the Compliance Office as secretariat, leads Groupwide programs in such areas as education, audits and guidance from the perspective of compliance with laws, regulations and corporate ethics. The Audit Committee receives reports on results of internal audits and other related activities while requiring directors and executive officers to submit reports on the performance of their duties at appropriate intervals. These processes underpin the Company's function for management supervision.

To secure internal control over its financial reporting, Hitachi Cable has established the Internal Control Committee. This committee makes decisions on policies, plans, processes and procedures concerning internal control over the Company's financial reporting. In addition, the committee discusses and approves the results of validity assessments on related internal control systems. Through these mechanisms, we are striving to ensure the adequacy and reliability of our financial reporting.

■Corporate Governance



Hitachi Cable's independent auditor is Ernst & Young ShinNihon LLC. The independent auditor submits audit reports at Audit Committee meetings while exchanging opinions with Audit Committee members and the General Manager of the Internal Auditing Office in order to foster cooperation in auditing.

Protection of Minority Shareholders' Interest

As of March 31, 2011, Hitachi, Ltd., the parent company of Hitachi Cable, and other Hitachi Group companies held 53.1% of all shareholder voting rights in Hitachi Cable. In conducting its business, Hitachi Cable maintains independence from parent company Hitachi. In other words, the Company's operations do not heavily rely on transactions with the parent company. Meanwhile, before making decisions regarding a transaction or strategy that may cause a conflict of interest between Hitachi and minority shareholders, Hitachi Cable's Board of Directors deliberates on and examines such transaction or strategy from multiple perspectives.

Compliance Promotion

The Hitachi Cable Group is bolstering initiatives to ensure thorough compliance with laws, regulations and corporate ethics. The Compliance Committee and its secretariat Compliance Office are cooperating with each other to promote these initiatives.

In January 2011, Hitachi Cable established the Hitachi Cable Group Code of Conduct in accordance with such international codes as the United Nations Global Compact. Hitachi Cable and all Group companies have already adopted the Code of Conduct. To ensure that all executives and employees of the Group accurately understand the Code of Conduct, we are disseminating related information and providing educational programs to Group members.

The Group also maintains self-regulatory mechanisms, including a compliance notification system. If employees or parties outside of the Hitachi Cable Group, including employees of suppliers and customers, become aware of illegal or improper actions relating to the Group's business activities, they can report those matters directly to the Compliance Office, or to a legal counsel retained as an outside contact point.

Risk Management

Hitachi Cable has established the Risk Management Committee, chaired by the president and CEO of Hitachi Cable, under the Executive Committee. The Risk Management Committee is working to identify and assess risk factors. At the same time, this committee is taking steps to prevent the Company's exposure to risks and to minimize the impact of risks should they materialize. In particular, the committee has created a business continuity plan (BCP) in preparation for large earthquakes and other disasters, acts of terrorism, influenza and other pandemics so that any interruption to the business will not have a substantial impact on society. In case of such events, the Company implements measures in line with the BCP.

In response to the Great East Japan Earthquake on March 11, 2011, Hitachi Cable immediately set up an emergency task force in line with the BCP, and this task force rapidly responded with an array of measures. To provide information and instructions, the task force made contact with employees and their families who were affected by the disaster. The task force sent emergency aid and support staff to the affected areas. Moreover, the task force initiated activities to restore damaged manufacturing facilities, supply chains and logistics networks.

■Board of Directors and Executive Officers

(As of June 23, 2011)

Board of Directors

Chairman of the Board

Norio Sato

Board Directors

Makoto Ebata
(Senior Vice President and Executive Officer, Hitachi, Ltd.)

Masahiro Shimojo
(Attorney-at-Law, NISHIMURA & ASAHI)

Nobuo Mochida
(Representative Executive Officer, Executive Vice President and Executive Officer, Hitachi, Ltd./Chairman of the Board, Hitachi Metals, Ltd./Board Director, Hitachi Chemical Co., Ltd.)

Shinichi Susukida

Hideaki Takahashi

Masaaki Tomiyama

Nobuo Yanase

Executive Officers

Representative Executive Officer, President and Chief Executive Officer

Hideaki Takahashi

Representative Executive Officer, Executive Vice President and Executive Officer

Shinichi Susukida

Senior Vice President and Executive Officers

Masaaki Tomiyama

Kouichiro Nishikawa

Vice President and Executive Officers

Manabu Kagawa

Tetsuro Mikami

Executive Officers

Iwao Ikemoto

Fumikazu Ito

Fumio Kanaya

Ryota Goto

Yasuhiko Sakamoto

Kenichi Sawabe

Yu Takada

Masaaki Tsuji

Mitsuaki Nishiyama

Financial Section
Management's Discussion and Analysis

OVERVIEW: BUSINESS ENVIRONMENT and PERFORMANCE

During the year ended March 31, 2011, the world economy weakened due to such negative factors as a slowdown in the European and North American economies after summer. However, supported by continued economic growth in emerging markets, overall conditions pointed toward recovery. The Japanese economy also showed gentle recovery, but with the onset of the Great East Japan Earthquake on March 11, 2011, the economic outlook for the fourth quarter (January to March 2011) rapidly deteriorated, causing great disorder on the domestic front.

Earthquake damage to the Group's buildings and production equipment, supply chain disruption, changes in customer production capacity and other factors significantly impacted production and shipments in March 2011 and, accordingly, full-year business performance.

Net Sales

Net sales rose 12.6% year on year to ¥419,279 million (US$5,051,554 thousand). The Group enjoyed steady recovery in demand for its products in the electronics and automotive markets in spite of such negative factors as the strong yen and production/shipment delays attributable to the earthquake. In addition, we benefited from the price of copper—a principal raw material of wires, cables and copper products—which hovered at a higher range compared with the previous year.

Reflecting improvements centered in Asia, overseas sales increased 27.7% year on year to ¥118,758 million (US$1,430,819 thousand). With this, the overseas sales ratio climbed 3.3 percentage points from 25.0% a year earlier to 28.3%.

Operating Income

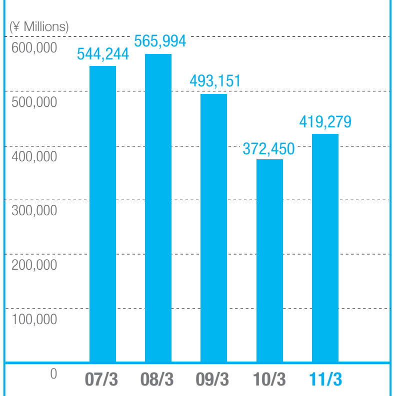
Reflecting rising prices of copper and other raw materials, the cost of sales increased 12.2% year on year to ¥370,019 million (US$4,458,060 thousand). However, thanks to the Company's efforts to reduce procurement and other costs, the cost of sales to net sales ratio declined 0.3 of a percentage point to 88.3% from the previous year. Other cost reduction measures also enabled the Company to reduce selling, general and administrative expenses (SG&A) by 1.2% to ¥48,472 million (US$584,000 thousand). Consequently, the ratio of SG&A expenses to net sales improved 1.6 percentage points from 13.2% in the previous year to 11.6%.

As a result, Hitachi Cable posted operating income totaling ¥788 million (US$9,494 thousand), an improvement of ¥7,169 million from the operating loss totaling ¥6,381 million recorded in the previous year.

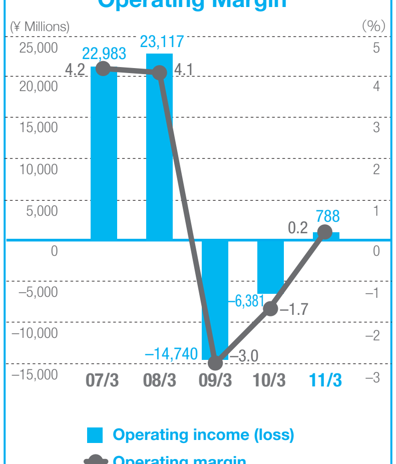
Net Income

Other expenses totaled ¥13,227 million (US$159,361 thousand), an increase of ¥10,747 million from the previous year. A major factor was the posting of equity in losses of affiliated companies totaling ¥2,341 million (US$28,205 thousand), a turnaround from the equity in earnings of affiliated companies totaling ¥1,530 million in the previous year. The Company posted losses due to disaster totaling ¥5,925 million (US$71,386 thousand), which included costs for restoration and retirement of fixed assets, as well as fixed costs over the period of suspended operations in connection with the Great East Japan Earthquake in March 2011. Also, the Company recorded impairment losses for fixed assets totaling ¥4,215 million (US$50,783 thousand). These losses were posted in connection with the review of book values of: (1) facilities associated with the LCD chip on film (COF) business, for which Hitachi Cable has decided on withdrawal; and (2) manufacturing facilities for office automation (OA) equipment rollers, fiber optic cables and optical submarine cables, all of which are experiencing deterioration in market conditions.

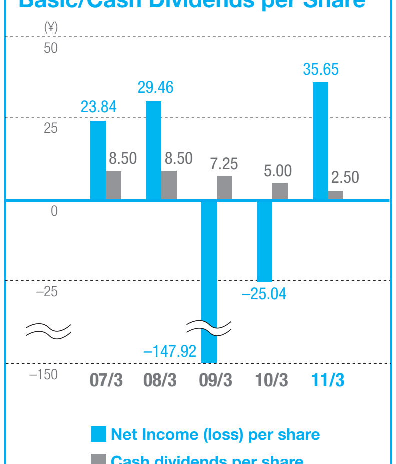
Net Sales



Operating Income (Loss)/ Operating Margin



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



As a result, the Company posted net loss totaling ¥12,993 million (US$156,542 thousand), a year-on-year deterioration of ¥3,883 million from a ¥9,110 million loss in the previous year.

SEGMENT PERFORMANCE

Electronic & Automotive Products

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 that it has accumulated since its inception as an electric wire maker. In addition, the Group is increasing its focus on the development of high-performance products—such as micro-miniature coaxial cables and magnet wires—that contribute to the realization of compact, high-performance, energy-efficient electronic devices and automotive materials and components. This reportable segment is composed of five strategic business units (SBUs): industrial cables and electric power cables; auto parts; fiber optics and telecommunication cables; electronic wires and wiring devices; and magnet wires.

Looking at segment performance by SBU, sales of magnet wires for use in automotive electronic components and heavy electrical machinery as well as in consumer and industrial applications remained strong throughout the year, despite a slowdown in demand for automotive electronic components during the third quarter.

Sales of electronic wires and wiring devices showed significant year-on-year expansion, although demand contracted for wires and devices used in industrial equipment and machine tools during the third quarter due to decreased production of semiconductor manufacturing equipment and other machinery.

Sales of auto parts for the Japanese market fell slightly in the third quarter with the expiration of the government's eco-car subsidy program. Production was adjusted in the fourth quarter due to the earthquake. The effects of the earthquake aside, demand recovered, and overseas Group companies experienced robust performance throughout the year. As a result, overall sales of auto parts increased from the previous year.

Sales of industrial cables and electric power cables returned to typical levels as construction demand recovered in Japan from the third quarter.

Sales of fiber optics and telecommunication cables fell significantly from the previous year as the off-season trough in demand for optical submarine cables persisted.

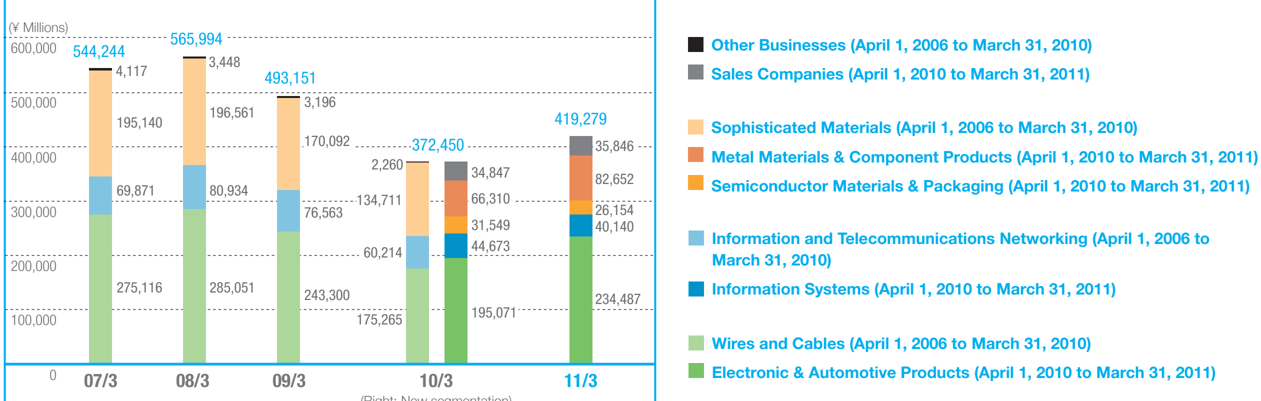
Accounting for the aforementioned, net sales in this reportable segment grew 20.2% to ¥234,487 million (US$2,825,145 thousand). Segment income totaled ¥1,962 million (US$23,639 thousand), a turnaround from the loss totaling ¥2,266 million in the previous year.

Information Systems

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, technologies and solutions that underpin the foundation of the information society. The Group's offerings include information network devices for telecommunication carriers and antenna systems for mobile phone base stations and digital terrestrial broadcasting. This reportable segment consists of two SBUs: information networks and wireless systems.

By SBU, sales in information networks during the first nine months of the reporting term remained almost unchanged compared with the corresponding period of the previous year, with decreased sales of systems integration services offset by increased sales of information and telecommunications networking devices for mobile backhaul next-generation mobile telecommunications systems. Sales, however, were stagnant in the fourth quarter due to the earthquake and other factors, resulting in slightly lower SBU sales than the previous year. In wireless systems, demand for prod-

Net Sales by Segment



Note: For comparison purposes, figures based on both the previous and new segmentations are presented for the year ended March 31, 2010.

ucts relating to digital broadcast relay stations peaked, construction of mobile phone base stations shifted toward smaller projects, and capital investment continued to decline. Accordingly, SBU sales dropped year on year.

As a result, net sales in this reportable segment fell 10.1% to ¥40,140 million (US$483,614 thousand). Segment income suffered a 62.0% decline to ¥563 million (US$6,783 thousand).

Semiconductor Materials & Packaging

As an expert in gallium arsenide (GaAs) compound semiconductors, the Hitachi Cable Group undertakes comprehensive production in the areas of optical and electronic devices, ranging from substrates to epitaxial wafers. Also, having pioneered the establishment of various technologies—such as mass-production technology for tape automated bonding (TAB) for semiconductors—the Company has made significant contributions to improved performance of electronic equipment through these technologies. The reportable segment consists of two SBUs: compound semiconductors and TAB.

In compound semiconductors, sales increased year on year, reflecting strong sales of epitaxial wafers for use in high-frequency devices and laser diodes. In TAB, the Group decided to withdraw from the business of chip on film (COF) products for LCD use, an area of notably worsening performance. We are currently making steady progress toward completing our withdrawal from this business. Sales in the TAB business fell significantly from the previous year, owing to intensifying price competition in the market for TAB products for memory use and to rapidly shrinking demand for special-purpose TAB products.

Accounting for these factors, net sales in this reportable segment decreased 17.1% to ¥26,154 million (US$315,108 thousand). Hitachi Cable posted a segment loss totaling ¥2,808 million (US$33,831 thousand), an improvement of ¥201 million from the loss totaling ¥3,009 million in the previous year.

Metal Materials & Component Products

The Hitachi Cable Group has nurtured a variety of technologies for processing copper and other types of metal through the manufacture of electric wires and cables. Leveraging its extensive portfolio of technologies, along with its alloy expertise, the Company develops and provides wide-ranging products. Including copper tubes, copper strips and lead frames, our product lineups offer metal materials and component products to meticulously accommodate ever-diversifying needs of industries. This reportable segment is comprised of two SBUs: lead frames and copper products.

In lead frames, full-year sales rose from the previous year, although the strong market momentum in the first half was lost in the second half due to inventory corrections in the electronics market. In copper products, sales expanded year on year. Sales of copper tubes rose significantly from the previous year, reflecting brisk demand for air conditioners accompanying the implementation of the Japanese government's "eco-point" system for home appliances. Sales of copper strips also rose from a year earlier, buoyed by strong demand in the first half, despite falling demand chiefly in the area of semiconductor use during the second half.

As a result, net sales in this reportable segment jumped 24.6% to ¥82,652 million (US$995,807 thousand). Segment loss contracted ¥594 million from ¥762 million in the previous year to ¥168 million (US$2,024 thousand).

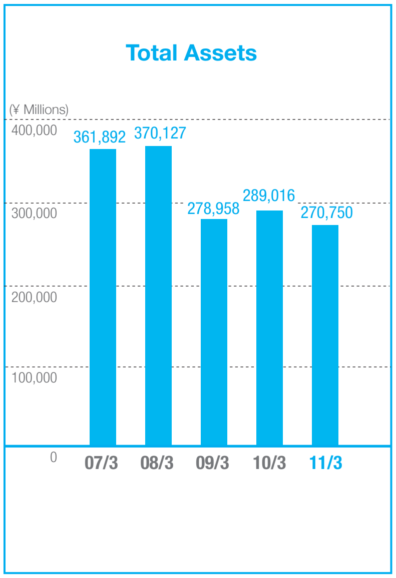
Sales Companies

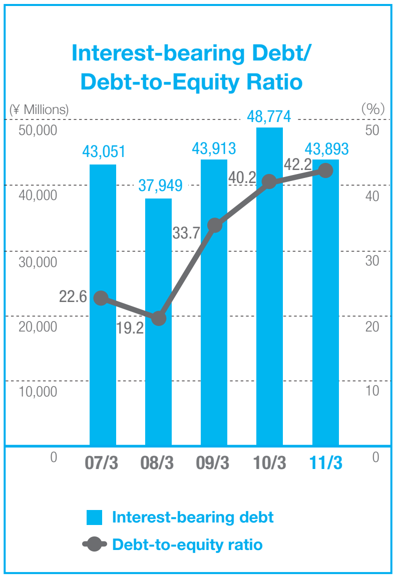
Net sales in this reportable segment increased 2.9% year on year to ¥35,846 million (US$431,880 thousand). Segment income soared 96.7% to ¥1,857 million (US$22,373 thousand).

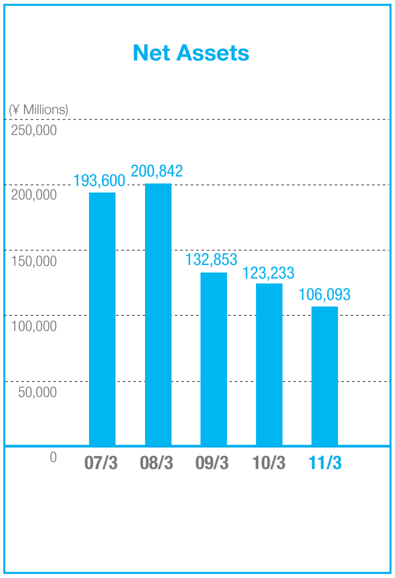
FINANCIAL POSITION

Assets

As of March 31, 2011, total assets stood at ¥270,750 million (US$3,262,048 thousand), down ¥18,266 million from March 31, 2010.







Current assets totaled ¥155,447 million (US$1,872,855 thousand), up ¥6,956 million. This increase was largely due to a ¥6,178 million year-on-year increase in inventories, which consists of merchandise and products, in-process inventories and raw materials and supplies.

Fixed assets amounted to ¥115,303 million (US$1,389,193 thousand), down ¥25,222 million. This decrease was due to: a ¥18,620 million decrease in net property, plant and equipment; a ¥3,244 million decrease in investments in securities, including affiliated companies; and a ¥1,817 million decrease in other assets, including prepaid pension benefit cost.

Liabilities

As of March 31, 2011, total liabilities stood at ¥164,657 million (US$1,983,819 thousand), down ¥1,126 million from March 31, 2010. The posting of ¥5,140 million in reserves for disaster losses was more than offset by a decrease of ¥1,923 million in trade payables and a decrease of ¥4,881 million in short-term debt.

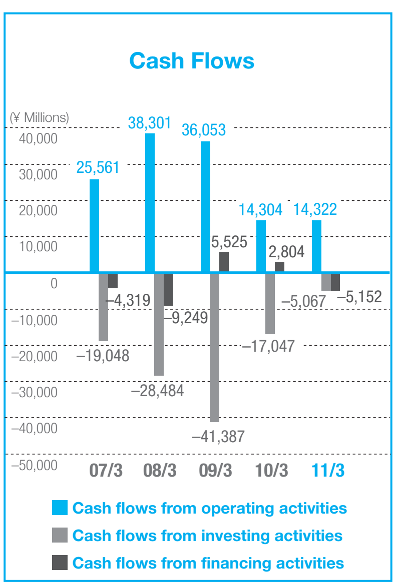
Net Assets

Net assets as of March 31, 2011 totaled ¥106,093 million (US$1,278,229 thousand), down ¥17,140 million from March 31, 2010. Major factors for this decrease were a ¥14,836 million decrease in retained earnings and a ¥2,327 million decrease in foreign currency translation adjustments.

CASH FLOWS

Cash and cash equivalents as of March 31, 2011 totaled ¥11,399 million (US$137,337 thousand), up ¥3,460 million from March 31, 2010. Free cash flow—the sum of cash flows from operating and investing activities—amounted to ¥9,255 million (US$111,506 thousand), a turnaround from negative free cash flow totaling ¥2,743 million in the previous year.

The next section describes cash flows in detail as of March 31, 2011 and discusses the primary factors affecting them.



Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥14,322 million (US$172,554 thousand), up ¥18 million from the previous year. Positive factors included a ¥14,950 million change in increase/decrease in trade receivables. Negative factors included a ¥17,782 change in increase in trade payables.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥5,067 million (US$61,048 thousand), down ¥11,980 million year on year. Major factors included a ¥6,285 million decrease in purchases of property, plant and equipment, a ¥3,404 million increase in proceeds from sale of property, plant and equipment and a net ¥4,000 million decrease in purchases of investments in affiliated companies.

Cash Flows from Financing Activities

Net cash used in financing activities stood at ¥5,152 million (US$62,072 thousand), up ¥7,956 million from the previous year. This increase was largely attributable to a ¥8,544 million change in increase in short-term debt.

BUSINESS AND OTHER RISK FACTORS

The Group supplies various products and services to diverse markets in Japan and overseas and uses advanced and specialized technology in its business activities. For these reasons, the Group's operating results could be affected by a variety of factors, the most significant of which are described below. The forward-looking statements in the following section are based on information available to the Group's management as of March 31, 2011.

1. Market Demand Fluctuations, Political and Economic Changes

Fluctuations in market demand affecting the social and industrial infrastructure, energy, telecommunications, motor vehicles, industrial and consumer electronics, construction and various other sectors could have a significant impact on the Group's operating results. The Group's business performance could also be affected by political and economic fluctuations and other changes in Japan, China, Asia, North and Central America, Europe and other regions.

2. Raw Materials Price Fluctuations and Procurement

International commodity markets have a major influence on the price of copper, which is the main raw material used by the Hitachi Cable Group. The Group aims to reduce the impact of copper price movements by reflecting changes in the prices of its products. However, the Group's business performance could be impacted by time lags between increases in the price of copper and adjustments to the selling prices of finished products. Dramatic falls in the price of copper can also affect the Group's business performance because of the resulting inventory revaluation losses and other factors.

Sudden rises in the prices of other raw materials, such as petrochemical products, may also affect performance. The Group endeavors to reflect such increases in its product prices, but such adjustments may not proceed according to plan. The financial performance of the Group could be affected in such situations.

Rare metals are available only from a few locations and from a limited range of suppliers. Problems with supply capacity and other factors could prevent the Group from procuring the required quantities of these materials. Also, damage to the business bases of raw materials suppliers caused by large-scale natural disasters may result in difficulties in procuring certain raw materials in required quantities.

3. Exchange Rate Fluctuations

The Group uses currency hedging transactions to mitigate the effects of short-term exchange rate fluctuations on its financial performance. However, it is not possible to eliminate exchange rate risk entirely, and exchange rate fluctuations could impact the financial performance of the Group. Overseas sales, expenses, assets and other items denominated in local currencies are converted into yen for inclusion in the consolidated financial statements. Since the yen values of these items could be affected by exchange rates on the date on which they are converted, exchange rate fluctuations may impact the Group's financial situation and business performance.

4. Business Restructuring

The Group's business performance and financial position could be affected by business reorganization, withdrawal from business areas, asset liquidation, business restructuring or other changes.

5. Product Accidents, Product Quality Issues

Products and services supplied by the Group are subject to stringent quality management procedures. However, serious product accidents or quality-related complaints could result in compensation payments, product recall costs and other expenses, which have the potential to impact on the Group's business performance and financial position.

6. 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. However, the relationship between product development and commercialization is affected by uncertainties, and there is no guarantee that significant expenditure of money and time on product development will always result in the successful commercialization of new products. If development projects are unsuccessful, the Group's future growth and earning potential will be reduced, and the Group's business performance could be affected.

7. 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, the environment and recycling activities. The Group has established its internal control system to ensure compliance with those laws and regulations. However, in the event that it is determined that those laws and regulations are not being observed, or in the event of sudden and extreme restrictions or significant legal changes, various problems may arise. These include loss of investment opportunities, cancellation of production and sales, an increase in various costs, penalties and/or administrative punishments, which in turn could affect the Group's operating results.

On January 27, 2010, the Japan Fair Trade Commission (JFTC) issued a cease and desist order and surcharge payment order against J-Power Systems Corporation (JPS),[*1] which was found to have participated in a cartel relating to the supply of high-voltage power cables ordered by electric power companies in Japan. These actions could result in claims for compensation, including civil litigation, against the company.

In January 2009, competition authorities in the EU, the United States and elsewhere commenced investigations on suspicion that cartels had also affected overseas transactions in high-voltage power cables. If these investigations result in the discovery of illegal activities, fines could be imposed on Hitachi Cable, Ltd. or JPS.

In June 2009, Hitachi Cable, Ltd. and Advanced Cable Systems Corporation (ACS)[*2] underwent on-site inspections by the JFTC on suspicion of participation in a cartel concerning transactions in fiber optic cables for telecommunications carriers. Ultimately, no action was taken against either company. However, both companies were found to have engaged in illegal actions relating to historical transactions, and it is possible that claims for compensation will be issued against Hitachi Cable, Ltd. or ACS through civil litigation or other means.

On November 18, 2010, the JFTC issued a surcharge payment order against Sumiden Hitachi Cable Ltd.,[*3] which was found to have participated in a cartel concerning transactions of wires and cables, excluding vinyl insulated vinyl sheathed flat-type (VVF) cables, with construction companies and electrical appliance retailers in Japan. More recently, Sumiden Hitachi Cable was found to have participated in a cartel concerning transactions of VVF cables and has received a preliminary surcharge payment order from the JFTC on May 31, 2011. It is possible that additional claims for compensation will be issued against the company through civil litigation or other means.

*1. Established in 2001 as a 50-50 joint venture between Hitachi Cable, Ltd. and Sumitomo Electric Industries, Ltd.
*2. Established in 2002 as a 50-50 joint venture between Hitachi Cable, Ltd. and Corning Cable Systems LLC of the United States.
*3. Established in 2002 as a joint venture among Hitachi Cable, Ltd.; Sumitomo Electric Industries, Ltd.; Tatsuta Electric Wire & Cable Co., Ltd.; and Tonichi Kyosan Cable, Ltd.

8. Intellectual Property

Intellectual property rights are used by the Group in its product, manufacturing processes, and so on. The Group owns and licenses numerous intellectual property rights and acquires licenses from other parties when the use of third-party intellectual property rights is deemed necessary or useful. The operations and business performance of the Group could be affected if it is unable to protect or maintain these rights or to acquire rights as planned. The Group's business performance could also be affected by costs incurred if it becomes a party to litigation concerning intellectual property rights.

9. Information Security

The Group uses a shared, group-wide network infrastructure. Various hardware and software 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, the Group's business performance could be affected if it incurs costs resulting from data loss or leakage or system failures caused by unforeseen situations, such as new computer viruses or natural disasters, or as a result of temporary system shutdowns or recovery work.

Information belonging to customers and other parties, including personal information and confidential business information about technology, marketing and other business activities, is held by the Group as required for the conduct of its business operations. The Group endeavors to protect and control such information appropriately, but if information leaks occur as a consequence of system failures, human factors or other causes, the Group's reputation, business activities, financial position and business performance could be affected.

10. Large-Scale Disasters, Infectious Diseases

The Group's production bases in Japan are mostly located in Ibaraki Prefecture. 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. The Group's sales and production activities could also be impacted in the event that raw materials suppliers and customers are affected by large-scale disasters.

The Great East Japan Earthquake on March 11, 2011 caused damage to six Hitachi Cable production bases located in Ibaraki Prefecture as well as to Group companies' production and sales bases situated in the prefecture and the Tohoku region. At present, most of these affected bases have resumed production and sales operations at near normal levels.

Also, 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.

11. Retirement and Severance Benefit Obligations

Based on actuarial calculations, the Group is responsible for substantial retirement and severance payments and obligations. Important premises that must be taken into account when estimating pension assets in order to assess these payments and liabilities include mortality rates, withdrawal rates, retirement rates, salary changes, discount rates and anticipated returns on pension assets. When estimating these key premises, the Group considers a wide range of factors, including the state of its work force, current market conditions and future interest rate trends. While management believes that key premises have been estimated reasonably on the basis of underlying factors, there is no guarantee that actual trends will conform to the estimates. A lower discount rate will result in an increase in retirement and severance benefit obligations based on actuarial calculations. Increases or decreases in retirement and severance benefit obligations affect actuarial gains and losses across employees' service periods. Changes in key premises could affect the Group's financial position and business performance.

12. Relationship with Parent Company

Hitachi, Ltd. is the parent company of Hitachi Cable, Ltd. As of March 31, 2011, it held 51.4% of total shares issued by Hitachi Cable, Ltd. and 53.1% of voting rights (including 0.1% held indirectly). Hitachi, Ltd. has numerous affiliated companies involved in 11 business segments, including information and telecommunication systems, power systems, social infrastructure and industrial systems, electronic systems and equipment, construction machinery, high-functional materials and components, automotive systems, components and devices, digital media and consumer products and financial services. Its wide-ranging business activities include the manufacture and sale of products and the provision of services. The Hitachi Cable Group handles part of the high-functional materials and components segment. As of the conclusion of the 74th Annual General Meeting of Shareholders (June 23, 2011), two directors of Hitachi Cable, Ltd. were serving concurrently as directors of Hitachi, Ltd. Hitachi Cable, Ltd. also has business relationships with Hitachi, Ltd., including the supply of goods. While maintaining management independence, Hitachi Cable, Ltd. participates actively in the management of the Hitachi Group and has a basic policy of maximizing the effective use of the management resources of the Hitachi Group, including its R&D resources and brands. However, the business strategies of the Hitachi Group could affect the activities of the Hitachi Cable Group, including the development of its business operations.

Consolidated Balance Sheets

Hitachi Cable, Ltd. and consolidated subsidiaries
As of March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars
ASSETS	**2011**	2010	**2011**
Current assets:			
Cash and cash equivalents (Note 19)	**¥ 11,399**	¥ 7,939	**$ 137,337**
Short-term investments (Notes 3 and 21)	**434**	538	**5,229**
Trade receivables (Notes 5, 14 and 21)	**81,669**	84,562	**983,964**
Inventories (Note 4)	**52,388**	46,210	**631,181**
Other current assets (Notes 5 and 6)	**9,747**	9,720	**117,433**
Less allowance for doubtful receivables	**(190)**	(478)	**(2,289)**
Total current assets	**155,447**	148,491	**1,872,855**
Property, plant and equipment, at cost: (Notes 7, 8 and 22)	**393,700**	405,392	**4,743,373**
Less accumulated depreciation	**(311,737)**	(304,809)	**(3,755,867)**
Net property, plant and equipment	**81,963**	100,583	**987,506**
Intangible assets:			
Goodwill	**526**	1,134	**6,337**
Other	**8,044**	8,975	**96,916**
Total intangible assets	**8,570**	10,109	**103,253**
Investments and other assets:			
Investments in securities, including affiliated companies (Notes 3 and 21)	**17,175**	20,419	**206,928**
Other assets (Notes 6 and 9)	**10,087**	11,904	**121,530**
Less allowance for doubtful receivables	**(2,492)**	(2,490)	**(30,024)**
Total investments and other assets	**24,770**	29,833	**298,434**
Total assets	**¥ 270,750**	¥ 289,016	**$ 3,262,048**
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term debt (Notes 5, 8 and 21)	**¥ 15,393**	¥ 20,274	**$ 185,458**
Trade payables (Notes 5 and 21)	**59,047**	60,970	**711,410**
Accrued income taxes (Note 6)	**1,009**	916	**12,156**
Reserve for disaster losses	**5,140**	—	**61,928**
Accrued expenses and other current liabilities (Note 6)	**23,317**	24,244	**280,928**
Total current liabilities	**103,906**	106,404	**1,251,880**
Long-term debt (Notes 5, 8 and 21)	**28,500**	28,500	**343,373**
Retirement and severance benefits (Note 9)	**26,669**	24,635	**321,313**
Other liabilities (Note 6)	**5,582**	6,244	**67,253**
Total liabilities	**164,657**	165,783	**1,983,819**
Net assets:			
Stockholders' equity:			
Common stock (Notes 10 and 12)	**25,948**	25,948	**312,627**
Capital surplus (Note 12)	**31,518**	31,518	**379,735**
Retained earnings (Note 12)	**57,931**	72,767	**697,964**
Treasury stock, at cost (Note 13)	**(3,989)**	(3,984)	**(48,060)**
Accumulated other comprehensive income:			
Net unrealized holding gains on securities	**684**	1,104	**8,241**
Net unrealized gains (losses) on hedge transaction	**237**	(8)	**2,855**
Foreign currency translation adjustments	**(8,434)**	(6,107)	**(101,615)**
Minority interests	**2,198**	1,995	**26,482**
Total net assets	**106,093**	123,233	**1,278,229**
Commitments and contingencies (Note 15)			
Total liabilities and net assets	**¥ 270,750**	¥ 289,016	**$ 3,262,048**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations

Hitachi Cable, Ltd. and consolidated subsidiaries
For the years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Net sales	¥ 419,279	¥ 372,450	$ 5,051,554
Cost of sales (Note 16)	(370,019)	(329,767)	(4,458,060)
Gross profit	49,260	42,683	593,494
Selling, general and administrative expenses (Note 16)	(48,472)	(49,064)	(584,000)
Operating income (loss)	788	(6,381)	9,494
Other income (expenses):			
Interest income	104	129	1,253
Dividend income	140	186	1,687
Interest expenses	(988)	(961)	(11,903)
Equity in earnings (losses) of affiliated companies	(2,341)	1,530	(28,205)
Gain on sale of investment in securities	547	120	6,590
Loss on sale of investment in securities	—	(1,204)	—
Gain on sale of scrap of raw materials	450	384	5,422
Gain on sale of fixed assets	387	12	4,663
Loss on disposal of fixed assets	(392)	(395)	(4,723)
Rent income	335	369	4,036
Restructuring charges	(954)	(848)	(11,494)
Impairment losses for fixed assets (Note 17)	(4,215)	(1,694)	(50,783)
Losses due to disaster (Note 23)	(5,925)	—	(71,386)
Other, net	(375)	(108)	(4,518)
	(13,227)	(2,480)	(159,361)
Loss before income taxes and minority interests	(12,439)	(8,861)	(149,867)
Income taxes (Note 6)	(226)	(131)	(2,723)
Loss before minority interests	(12,665)	(8,992)	(152,590)
Minority interests	(328)	(118)	(3,952)
Net loss	¥ (12,993)	¥ (9,110)	$ (156,542)
	Yen		U.S. dollars
Basic net loss per share (Note 18)	¥ (35.65)	¥ (25.04)	$ (0.43)
Diluted net income per share (Note 18)	¥ —	¥ —	$ —

See accompanying notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Hitachi Cable, Ltd. and consolidated subsidiaries
For the year ended March 31, 2011

	Millions of yen	Thousands of U.S. dollars
	2011	2011
Loss before minority interests	¥(12,665)	$(152,590)
Other comprehensive income		
Net unrealized holding gains on securities	(425)	(5,121)
Net unrealized gains on hedge transaction	266	3,205
Foreign currency translation adjustments	(2,053)	(24,735)
Other comprehensive income from equity method affiliated companies	(340)	(4,096)
Total other comprehensive income	(2,552)	(30,747)
Comprehensive income	¥(15,217)	$(183,337)
Comprehensive income attributable to owners of the parent	¥(15,495)	$(186,687)
Comprehensive income attributable to minority interests	278	3,350
Total comprehensive income	¥(15,217)	$(183,337)

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, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Stockholders' equity:			
Common stock: (Note 10)			
Balance at beginning of year	¥ 25,948	¥ 25,948	$ 312,627
Balance at end of year	25,948	25,948	312,627
Capital surplus:			
Balance at beginning of year	31,518	31,529	379,735
Reissuance of treasury stock	—	(11)	—
Balance at end of year	31,518	31,518	379,735
Retained earnings:			
Balance at beginning of year	72,767	84,225	876,711
Net loss	(12,993)	(9,110)	(156,542)
Cash dividends (Note 12)	(1,821)	(2,000)	(21,940)
Reissuance of treasury stock	—	(121)	—
Net effect of inclusion and exclusion of consolidated subsidiaries	(22)	30	(265)
Net effect of inclusion and exclusion of affiliated companies under the equity method	—	(257)	—
Balance at end of year	57,931	72,767	697,964
Treasury stock: (Note 13)			
Balance at beginning of year	(3,984)	(4,362)	(48,000)
Acquisition of treasury stock	(5)	(7)	(60)
Reissuance of treasury stock	0	385	0
Balance at end of year	(3,989)	(3,984)	(48,060)
Accumulated other comprehensive income:			
Net unrealized holding gains on securities:			
Balance at beginning of year	1,104	275	13,301
Net change during the year	(420)	829	(5,060)
Balance at end of year	684	1,104	8,241
Net unrealized gains (losses) on hedge transaction:			
Balance at beginning of year	(8)	(39)	(97)
Net change during the year	245	31	2,952
Balance at end of year	237	(8)	2,855
Foreign currency translation adjustments:			
Balance at beginning of year	(6,107)	(7,261)	(73,579)
Net change during the year	(2,327)	1,154	(28,036)
Balance at end of year	(8,434)	(6,107)	(101,615)
Minority interests:			
Balance at beginning of year	1,995	2,538	24,036
Net change during the year	203	(543)	2,446
Balance at end of year	2,198	1,995	26,482
Total net assets	¥106,093	¥123,233	$1,278,229

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Hitachi Cable, Ltd. and consolidated subsidiaries
For the years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Cash flows from operating activities: (Note 19)			
Net loss	¥(12,993)	¥ (9,110)	$(156,542)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	20,148	21,350	242,747
Impairment losses for fixed assets	4,215	1,694	50,783
Deferred income taxes	(908)	(1,036)	(10,940)
Loss on disposal of property, plant and equipment	392	471	4,723
Equity in (earnings) losses of affiliated companies	2,341	(1,530)	28,205
(Gain) loss on sale of investment in securities	(547)	1,084	(6,590)
Income attributable to minority interests	328	118	3,952
(Increase) decrease in trade receivables	290	(14,660)	3,494
Increase in inventories	(6,901)	(7,527)	(83,145)
Increase in trade payables	211	17,993	2,542
Increase in reserve for disaster losses	5,140	—	61,928
Increase in accrued income taxes	625	430	7,530
Increase in retirement and severance benefits	2,034	2,124	24,506
Decrease in prepaid pension benefit cost	1,324	2,026	15,952
Other	(1,377)	877	(16,591)
Net cash provided by operating activities	14,322	14,304	172,554
Cash flows from investing activities: (Note 19)			
Purchases of property, plant and equipment	(10,700)	(16,985)	(128,916)
Proceeds from sale of property, plant and equipment	3,783	379	45,578
Purchases of short-term investments	(27)	(143)	(325)
Purchases of investments in affiliated companies	—	(4,000)	—
Proceeds from sale of investments in affiliated companies	820	1,123	9,880
Sale of investments in deconsolidated subsidiaries	—	(173)	—
(Increase) decrease in short-term loans receivables	777	2,685	9,361
Investment in long-term loans receivable	(7)	(4)	(84)
Collection of long-term loans receivable	5	15	60
Other	282	56	3,398
Net cash used in investing activities	(5,067)	(17,047)	(61,048)
Cash flows from financing activities:			
Increase in short-term debt	(3,498)	5,046	(42,145)
Proceeds from long-term debt	—	8,000	—
Payments on long-term debt	—	(8,023)	—
Dividends paid to stockholders	(1,821)	(2,000)	(21,940)
Dividends paid to minority stockholders of consolidated subsidiaries	(94)	(101)	(1,132)
Other	261	(118)	3,145
Net cash provided by (used in) financing activities	(5,152)	2,804	(62,072)
Effect of exchange rate changes on cash and cash equivalents	(643)	222	(7,747)
Net increase in cash and cash equivalents	3,460	283	41,687
Cash and cash equivalents at beginning of year	7,939	7,965	95,650
Effect of divestitures of subsidiaries on cash and cash equivalents	—	(309)	—
Cash and cash equivalents at end of year (Note 19)	¥ 11,399	¥ 7,939	$ 137,337

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Hitachi Cable, Ltd. and consolidated subsidiaries

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.

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 Company adopted Accounting Standard Board of Japan ("ASBJ") Statement No. 16 "Accounting Standard for Equity Method of Accounting for Investments" and Practical Issues Task Force ("PITF") No. 24,"Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" in the year ended March 31, 2011. After the adoption, the Company and its equity method affiliated companies use uniform accounting policies for like transactions and events in similar circumstances to prepare the Company's consolidated financial statements. The adoption of this statement did not have any impact to the Company's results of operation for the year ended March 31, 2011.

The cost in excess of net assets (goodwill) or excess of net assets over cost (negative goodwill), 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.

The Company adopted amended Accounting Standard Board of Japan ("ASBJ") Statement No. 21 "Accounting Standard for Business Combination" in the year ended March 31, 2011, which is applied to business combination for which acquisition date is on or after April 1, 2010. After the adoption, negative goodwill is recognized as gain on the acquisition date, while goodwill is 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 the consolidated 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 consolidated 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 gains or losses, cost of other securities is principally determined by the moving-average method.

(g) Inventories

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.

(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.

(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

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. 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.

(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.

(m) Reserve for Disaster Losses

The Company has accrued estimated restoration cost for assets damaged by the 2011 Great East Japan Earthquake and other associated costs.

(n) 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 gains or losses 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.

(o) Construction Contracts

The Company recognizes revenue from construction contracts under the percentage-of-completion method if the outcome of the construction activity is deemed certain during the course of the activity, and otherwise, the Company recognizes revenue upon completion.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(t) Stock-Based Compensation

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

(u) 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.

(v) Accounting and Presentation Changes

The Company adopted Accounting Standard Board of Japan ("ASBJ") Statement No. 18 "Accounting Standard for Asset Retirement Obligations" in the year ended March 31, 2011. After the adoption, the Company recognizes statutory or regulatory obligations associated with the removal of tangible long-lived assets in the period in which the obligation is incurred from the acquisition, construction, development and normal use of the asset. The adoption of this statement did not have any impact to the Company's results of operation for the year ended March 31, 2011.

The Company adopted Accounting Standard Board of Japan ("ASBJ") Statement No. 25 "Accounting Standard for Presentation of Comprehensive Income" in the year ended March 31, 2011. The standard requires the Company to present comprehensive income for the period. The Company presents comprehensive income by providing two separate statements which are the consolidated statements of operations displaying components of profit or loss and the consolidated statement of comprehensive income beginning with net income before minority interests and displaying components of other comprehensive income.

Comprehensive income attributable to owner of the parent and minority interests for the year ended March 31, 2010 are a loss of ¥7,096 million and a gain of ¥314 million, respectively. Total other comprehensive income of ¥2,210 million for the year ended March 31, 2010 consists of ¥821 million of net unrealized holding gains on securities, ¥243 million of net unrealized gains on hedge transaction, and ¥1,271 million of foreign currency translation adjustments, netted by ¥125 million of other comprehensive income from equity method affiliated companies.

(w) 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 ¥83=US$1, the approximate exchange rate prevailing at the Tokyo Foreign Exchange Market as of March 31, 2011. 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, 2011 and 2010:

	Millions of yen					
	Amortized cost basis	Gross unrealized gains (losses)	Aggregate fair value	Amortized cost basis	Gross unrealized gains (losses)	Aggregate fair value
	2011			2010		
Other securities with gross unrealized holding gains:						
Equity securities	¥1,826	¥1,469	¥3,295	¥2,532	¥2,053	¥4,585
Other securities	142	2	144	174	2	176
	1,968	1,471	3,439	2,706	2,055	4,761
Other securities with gross unrealized holding losses:						
Equity securities	1,085	(218)	867	358	(56)	302
	1,085	(218)	867	358	(56)	302
	¥3,053	¥1,253	¥4,306	¥3,064	¥1,999	¥5,063

	Thousands of U.S. dollars		
	Amortized cost basis	Gross unrealized gains (losses)	Aggregate fair value
	2011		
Other securities with gross unrealized holding gains:			
Equity securities	$22,000	$17,699	$39,699
Other securities	1,711	24	1,735
	23,711	17,723	41,434
Other securities with gross unrealized holding losses:			
Equity securities	13,072	(2,626)	10,446
	13,072	(2,626)	10,446
	$36,783	$15,097	$51,880

The Company recognized ¥136 million ($1,639 thousand) and ¥38 million of impairment losses mainly on non-marketable securities for the years ended March 31, 2011 and 2010, 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, 2011 and 2010 were ¥1,700 million ($20,482 thousand) and ¥1,693 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, 2011 and 2010 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Merchandise and products	¥10,900	¥11,661	$131,325
In-process inventories	27,608	24,463	332,627
Raw materials and supplies	13,880	10,086	167,229
	¥52,388	¥46,210	$631,181
Inventory write-downs included in cost of sales	¥ 271	¥ 395	$ 3,265

5. RELATED PARTY TRANSACTIONS

The Company has related party transactions with Hitachi, Ltd., the parent company, and nonconsolidated subsidiaries and affiliated companies. The related balances as of March 31, 2011 and 2010, and the amount of these transactions for the years ended March 31, 2011 and 2010 are summarized as follows:

		Millions of yen		Thousands of U.S. dollars
Related party	**Balances:**	**2011**	2010	**2011**
Hitachi, Ltd.	Trade receivables	**¥1,132**	¥ —	**$13,639**
	Short-term debt from cash management fund operated by Hitachi, Ltd.	**3**	3,688	**36**
J-Power Systems Corporation	Other receivables	**2,100**	2,862	**25,301**
LHCE Engineering Co., Ltd.	Long-term loans	**—**	2,079	**—**

		Millions of yen		Thousands of U.S. dollars
Related party	**Transactions:**	**2011**	2010	**2011**
Hitachi, Ltd.	Product sales	**¥ 5,010**	¥ —	**$ 60,361**
	Repayment of loan from cash management fund operated by Hitachi, Ltd.	**—**	1,943	**—**
	Cash borrowing from cash management fund operated by Hitachi, Ltd.	**—**	3,688	**—**
	Repayment of borrowing to cash management fund operated by Hitachi, Ltd.	**3,685**	—	**44,398**
J-Power Systems Corporation	Sale of raw materials to J-Power Systems netted with purchase of products from J-Power Systems, etc	**27,534**	28,672	**331,735**
	Loan guarantees	**—**	2,464	**—**
	Capital contribution	**—**	4,000	**—**

Certain consolidated subsidiaries also have related party transactions with affiliated companies and brother companies. The related balances as of March 31, 2011 and 2010, and the amount of these transactions for the years ended March 31, 2011 and 2010 are summarized as follows:

		Millions of yen		Thousands of U.S. dollars
Related party	**Balances:**	**2011**	2010	**2011**
Sumiden Hitachi Cable Ltd.	Trade payables	**¥ —**	¥3,160	**$ —**
Hitachi America Capital, Ltd.	Short-term debt from cash management fund operated by Hitachi America Capital, Ltd.	**4,360**	4,836	**52,530**
Hitachi Capital, Ltd.	Note payables and trade payables	**5,974**	3,864	**71,976**

		Millions of yen		Thousands of U.S. dollars
Related party	**Transactions:**	**2011**	2010	**2011**
Sumiden Hitachi Cable Ltd.	Purchase of products	**¥ —**	¥12,888	**$ —**
Hitachi America Capital, Ltd.	Cash borrowing from cash management fund operated by Hitachi America Capital, Ltd.	**—**	1,350	**—**
	Repayment of borrowing to cash management fund operated by Hitachi America Capital, Ltd.	**476**	—	**5,735**
Hitachi Capital, Ltd.	Payment service	**14,692**	¥11,385	**177,012**

Summary of financial information of J-Power Systems Corporation, a significant affiliated company, as of March 31, 2011 and 2010 and for the years ended March 31, 2011 and 2010 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Financial Position:			
Total current assets	**¥43,299**	¥51,785	**$521,675**
Total noncurrent assets	**8,585**	7,124	**103,434**
Total current liabilities	**35,056**	36,762	**422,362**
Total noncurrent liabilities	**3,286**	3,235	**39,590**
Total net assets	**13,542**	18,912	**163,157**
Results of Operations:			
Net sales	**70,518**	79,811	**849,614**
Income (loss) before income taxes	**(2,664)**	2,654	**(32,096)**
Net income (loss)	**(4,328)**	1,547	**(52,145)**

6. INCOME TAXES

The income tax expenses reflected in the consolidated statements of income for the years ended March 31, 2011 and 2010 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Current tax expenses	¥1,134	¥ 1,167	$ 13,663
Deferred tax expenses	(908)	(1,036)	(10,940)
	¥ 226	¥ 131	$ 2,723

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, 2011 and 2010.

The Company adopted the consolidation tax filing in Japan effective from the year ended March 31, 2011. Under the consolidated taxation system, the Company consolidates, for Japanese tax purposes, all wholly-owned domestic subsidiaries.

For the years ended March 31, 2011 and 2010, reconciliations between the statutory tax rate and the effective income tax rate are 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, 2011 and 2010 are presented below:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Total gross deferred tax assets:			
Retirement and severance benefits	¥ 13,507	¥ 12,564	$ 162,735
Net operating loss carry forwards	15,676	9,497	188,867
Accrued bonus	2,174	2,204	26,193
Impairment losses	3,804	3,301	45,831
Net intercompany profit on inventories	158	305	1,904
Reserve for disaster losses	2,076	—	25,012
Other	7,197	7,881	86,711
	44,592	35,752	537,253
Valuation allowance	(41,802)	(33,981)	(503,639)
	2,790	1,771	33,614
Total gross deferred tax liabilities:			
Net unrealized holding gains on securities	(460)	(757)	(5,542)
Gain on contribution to pension fund trusts	(1,397)	(1,396)	(16,831)
Tax purpose reserves by the Japanese tax regulations	(267)	(369)	(3,217)
Prepaid pension benefit cost	—	(538)	—
Estimated earthquake insurance reimbursement	(809)	—	(9,747)
Other	(927)	(998)	(11,169)
	(3,860)	(4,058)	(46,506)
Net deferred tax assets (liabilities)	¥ (1,070)	¥ (2,287)	$ (12,892)

Net deferred tax assets (liabilities) as of March 31, 2011 and 2010 are reflected in the consolidated balance sheets under the following captions:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Other current assets	¥ 521	¥ 524	$ 6,277
Other assets	1,055	825	12,711
Other current liabilities	(105)	(72)	(1,265)
Other liabilities	(2,541)	(3,564)	(30,615)
Net deferred tax assets (liabilities)	¥(1,070)	¥(2,287)	$(12,892)

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Land	¥ 9,712	¥ 9,803	$ 117,012
Buildings and structures	109,207	111,872	1,315,747
Machinery, vehicle and equipment	273,428	279,245	3,294,313
Construction in progress	1,353	4,472	16,301
	¥393,700	¥405,392	$4,743,373

8. SHORT-TERM AND LONG-TERM DEBT

Long-term debt as of March 31, 2011 and 2010 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Unsecured debentures:			
5th series, due 2017, interest 1.24%	¥ 5,000	¥ 5,000	$ 60,241
Loans, principally from banks and insurance companies:			
Unsecured and secured, maturing 2012-2015, weighted-average interest 1.0%	23,500	23,500	283,132
	28,500	28,500	343,373
Less current portion	—	—	—
	¥28,500	¥28,500	$343,373

The aggregate annual maturities of long-term debt after March 31, 2011 are as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2013	¥10,000	$120,482
2014	5,000	60,241
2015	8,500	102,409
2016	—	—
Thereafter	5,000	60,241
	¥28,500	$343,373

There are no assets pledged as collateral for short-term and long-term debts at March 31, 2011.

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, 2011 and 2010 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Projected benefit obligations	**¥(87,668)**	¥(87,787)	**$(1,056,241)**
Plan assets at fair value	**47,287**	51,430	**569,723**
Funded status	**(40,381)**	(36,357)	**(486,518)**
Unrecognized actuarial loss	**13,876**	13,300	**167,181**
Unrecognized prior service cost	**(156)**	(246)	**(1,880)**
Net amount recognized in the consolidated balance sheets	**¥(26,661)**	¥(23,303)	**$ (321,217)**
Amounts recognized in the consolidated balance sheets consist of:			
Prepaid pension benefit cost	**¥ 8**	¥ 1,332	**$ 96**
Retirement and severance benefits	**(26,669)**	(24,635)	**(321,313)**
	¥(26,661)	¥(23,303)	**$ (321,217)**

Net periodic benefit cost for the Company's and subsidiaries' plans for the years ended March 31, 2011 and 2010 consisted of the following components:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Service cost, net of employees' contributions	**¥ 2,934**	¥ 3,021	**$ 35,349**
Interest cost	**2,024**	2,089	**24,385**
Expected return on plan assets	**(1,130)**	(1,049)	**(13,614)**
Amortization of unrecognized actuarial loss	**3,560**	4,082	**42,892**
Amortization of prior service cost	**(12)**	(2)	**(145)**
Special termination benefits	**—**	572	**—**
Net periodic benefit cost	**¥ 7,376**	¥ 8,713	**$ 88,867**

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

	2011	2010
Discount rate	**2.3%**	2.4%
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, 2011 and 2010 are summarized as follows:

		Millions of yen	Thousands of U.S. dollars
	Issued shares	Amount	Amount
Balance as of March 31, 2009	374,018,174	¥25,948	
Balance as of March 31, 2010	374,018,174	25,948	$312,627
Balance as of March 31, 2011	**374,018,174**	**¥25,948**	**$312,627**

11. STOCK-BASED COMPENSATION

As of March 31, 2011, the Company has two 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 are 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 approximately ten years after the date of grant.

A summary of the Company's stock option plans activity for the years ended March 31, 2011 and 2010 is 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
	2011		2010		**2011**
Outstanding at beginning of year	**1,002,000**	**¥ 812**	1,246,000	¥754	**$ 9.78**
Exercised	**—**	**—**	—	—	**—**
Forfeited	**—**	**—**	—	—	**—**
Expired	**(370,000)**	**1,118**	(244,000)	518	**13.47**
Outstanding at end of year	**632,000**	**633**	1,002,000	812	**7.62**

The weighted average remaining contractual life is 0.7 years, and the number of exercisable stock options is 632,000 shares as of March 31, 2011.

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 is 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 reserve, can generally be transferred to each other upon a resolution of the shareholders' meeting.

Cash dividends during the years ended March 31, 2011 and 2010 in the consolidated statements of changes in net assets, represent dividends declared during those years. There were no dividends which were subsequently declared by the Board of Directors in respect of the year ended March 31, 2011.

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 receivables and trade accounts receivables under several securitization programs. Trade notes receivables that were securitized with recourse and off-balance sheet as of March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Notes	**¥1,156**	¥2,262	**$13,928**

There were no balance of accounts receivables that were securitized with recourse and off-balance sheet as of March 31, 2011 and 2010.

15. COMMITMENTS AND CONTINGENCIES

The Company and its subsidiaries are contingently liable for loan guarantees to its affiliates in the amount of ¥5,166 million ($62,241 thousand) and ¥6,239 million at March 31, 2011 and 2010, respectively. The Company is also contingently liable for a letter of awareness to its affiliate in the amount of ¥405 million ($4,880 thousand) and ¥437 million at March 31, 2011 and 2010, 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 receivables and to subsequently discount such notes or to transfer them by endorsement to suppliers in the settlement of accounts payables. As of March 31, 2011 and 2010, the Company and its subsidiaries were contingently liable for trade notes endorsed in the following amounts:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Notes endorsed	**¥198**	¥466	**$2,386**

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, 2011 and 2010 amounted to ¥9,034 million ($108,843 thousand) and ¥9,612 million, respectively.

17. IMPAIRMENT LOSSES FOR FIXED ASSETS

For the year ended March 31, 2011, the Company recognized impairment losses of ¥421 million ($5,072 thousand) mainly on machinery and equipment related to the fiber optic cable business located at the Takasago Works in Hitachi city, Ibaraki Prefecture, and ¥331 million ($3,988 thousand) mainly on machinery and structure related to the optical submarine cable business located at the Minato Works in Hitachi city, Ibaraki Prefecture, due to the current deterioration of the business environment. Hitachi Cable Film Device, Ltd. in Chuo city, Yamanashi Prefecture recognized impairment losses of ¥2,770 million ($33,373 thousand) mainly on buildings related to the packaging materials (COF) business due to the management's decision to exit from the business. Hitachi Cable Rubber Technology Co., Ltd. in Shimizu town, Suntou county, Shizuoka Prefecture recognized impairment losses of ¥613 million ($7,386 thousand) mainly on goodwill and buildings related to the office equipment roller business, as the business environment is expected to deteriorate. The related fair values were estimated based on the future cash flows discounted at 4.5%. Furthermore, the Company recognized impairment losses of ¥80 million ($964 thousand) mainly on machinery and equipment located at the Takasago Works in Hitachi city, Ibaraki Prefecture, due to the management's decision on the disposals. The related fair values were estimated based on the market values.

For the year ended March 31, 2010, the Company recognized impairment losses of ¥654 million mainly on machinery and equipment related to the copper pipe business located at the Tsuchiura Works in Tsuchiura city, Ibaraki Prefecture, and Hitachi Cable Rubber Technology Co., Ltd. in Shimizu town, Suntou county, Shizuoka Prefecture recognized impairment losses of ¥238 million on goodwill related to the office equipment roller business. The related fair values were estimated based on the future cash flows discounted at 4.5%. Hitachi Cable Indiana, Inc. in the United States recognized impairment losses of ¥484 million mainly on machinery, supplies and leased assets related to the auto parts business, and Hitachi Cable Fine-Tech, Ltd. in Hitachi city, Ibaraki Prefecture recognized impairment losses of ¥303 million mainly on machinery, equipment, land and buildings related to the electronic wire business, as the business environment is expected to deteriorate. The related fair values were estimated based on the market values. Furthermore, the Company recognized impairment losses of ¥15 million dormant assets in Misawa city, Aomori Prefecture due to a decline in 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	
	2011	2010
Weighted average number of shares on which basic net income (loss) per share is calculated		
Effect of dilutive securities;	**364,409**	363,754
Stock option	**—**	—
Number of shares on which diluted net income (loss) per share is calculated	**364,409**	363,754

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Net loss	**¥(12,993)**	¥(9,110)	**$(156,542)**
Net loss not applicable to common stockholders	**—**	—	**—**
Net loss on which basic net loss per share is calculated	**(12,993)**	(9,110)	**(156,542)**
Effect of dilutive securities	**—**	—	**—**
Net loss on which diluted net income per share is calculated	**¥(12,993)**	¥(9,110)	**$(156,542)**

	Yen		U.S. dollars
	2011	2010	**2011**
Net loss per share:			
Basic	**¥(35.65)**	¥(25.04)	**$(0.43)**
Diluted	**—**	—	**—**

Diluted net loss per share computation for the years ended March 31, 2011 and 2010 is not presented since the Company recorded net loss.

Net assets, excluding minority interests, per share as of March 31, 2011 and 2010 are as follows:

	Yen		U.S. dollars
	2011	2010	**2011**
Net assets per share	**¥285.12**	¥332.69	**$3.44**

19. SUPPLEMENTARY CASH FLOW INFORMATION

Cash paid for interest and income taxes is as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Cash paid during the year for:			
Interest	**¥985**	¥957	**$11,867**
Income taxes	**509**	737	**6,133**

For the purpose of the consolidated 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, 2011 and 2010 classified by account on the balance sheets were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Cash on hand and at bank	**¥11,689**	¥8,301	**$140,831**
Bank deposit with maturity over three months	**(290)**	(362)	**(3,494)**
Cash and cash equivalents	**¥11,399**	¥7,939	**$137,337**

20. 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, cross currency option agreements, interest rate swap agreements and commodity swap agreements. Forward exchange contracts and cross currency option agreements 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, 2011 and 2010 are as follows:

Derivatives not designated as hedging instruments

	Millions of yen					
	Notional amounts	Estimated fair values*1	Unrealized gains (losses)	Notional amounts	Estimated fair values*1	Unrealized gains (losses)
	2011			2010		
Forward exchange contracts:						
To sell foreign currencies:						
U.S. dollar	**¥6,649**	**¥(19)**	**¥(19)**	¥10,720	¥(217)	¥(217)
Euro	**35**	**1**	**1**	48	2	2
Yen	**—**	**—**	**—**	2	0	0
	¥6,684	**¥(18)**	**¥(18)**	¥10,770	¥(215)	¥(215)
To buy foreign currencies:						
U.S. dollar	**¥ 57**	**¥ (1)**	**¥ (1)**	¥ 29	¥ 0	¥ 0
Euro	**—**	**—**	**—**	193	(42)	(42)
Yen	**37**	**1**	**1**	408	8	8
Singapore dollar	**13**	**0**	**0**	36	(1)	(1)
	¥ 107	**¥ 0**	**¥ 0**	¥ 666	¥ (35)	¥ (35)
Cross currency option agreements:						
To sell foreign currencies:						
U.S. dollar	**¥ 855**	**¥ 17**	**¥ 17**	¥ —	¥ —	¥ —
	¥ 855	**¥ 17**	**¥ 17**	¥ —	¥ —	¥ —

	Thousands of U.S. dollars		
	Notional amounts	Estimated fair values*1	Unrealized gains (losses)
	2011		
Forward exchange contracts:			
To sell foreign currencies:			
U.S. dollar	**$80,108**	**$(229)**	**$(229)**
Euro	**422**	**12**	**12**
Yen	**—**	**—**	**—**
	$80,530	**$(217)**	**$(217)**
To buy foreign currencies:			
U.S. dollar	**$ 687**	**$ (12)**	**$ (12)**
Euro	**—**	**—**	**—**
Yen	**446**	**12**	**12**
Singapore dollar	**156**	**—**	**—**
	$ 1,289	**$ 0**	**$ 0**
Cross currency option agreements:			
To sell foreign currencies:			
U.S. dollar	**$10,301**	**$ 205**	**$ 205**
	$10,301	**$ 205**	**$ 205**

*1 Fair values are measured based on the quotations offered by financial institutions.

	Millions of yen					
	Notional amounts	Estimated fair values*2	Unrealized gains (losses)	Notional amounts	Estimated fair values*2	Unrealized gains (losses)
	2011			2010		
Commodity swap:						
To sell raw materials	¥11,185	¥(128)	¥(128)	¥7,525	¥(236)	¥(236)
To buy raw materials	10,277	1	1	7,757	4	4

	Thousands of U.S. dollars		
	Notional amounts	Estimated fair values*2	Unrealized gains (losses)
	2011		
Commodity swap:			
To sell raw materials	$134,759	$(1,542)	$(1,542)
To buy raw materials	123,819	12	12

*2 Fair values are measured based on the closing price of London Metal Exchange and spot exchange rate of term end.

Derivatives designated as hedging instruments

		Millions of yen					
	Hedged item	Notional amounts	Over one year	Estimated fair values*3	Notional amounts	Over one year	Estimated fair values*3
		2011			2010		
Commodity swap:							
To sell raw materials	Raw material	¥803	¥332	¥ 0	¥2,390	¥737	¥(274)
To buy raw materials	Raw material	471	196	333	2,325	526	339

		Thousands of U.S. dollars		
	Hedged item	Notional amounts	Over one year	Estimated fair values*3
		2011		
Commodity swap:				
To sell raw materials	Raw material	$9,675	$4,000	$ 0
To buy raw materials	Raw material	5,675	2,361	4,012

*3 Fair values are measured based on the closing price of London Metal Exchange and spot exchange rate of term end.

		Millions of yen					
	Hedged item	Notional amounts	Over one year	Estimated fair values*4	Notional amounts	Over one year	Estimated fair values*4
		2011			2010		
Interest rate swap	Long-term debt	¥15,000	¥15,000	¥—	¥15,000	¥15,000	¥—

		Thousands of U.S. dollars		
	Hedged item	Notional amounts	Over one year	Estimated fair values*4
		2011		
Interest rate swap	Long-term debt	$180,723	$180,723	$—

*4 Estimated fair values of interest rate swap agreements, which are not measured at fair value but are accounted for as if the debt had an interest rate under the interest swap agreement, are presented as fair values of long-term debt in Note 21.

21. FINANCIAL INSTRUMENTS

(a) Policy for investment and finance

The Company invests in short-term deposits and others and finances by borrowing from banks, issuing corporate bonds and utilizing the cash management system of Hitachi group. The Company utilizes derivative financial instruments in order to minimize certain risks. The Company does not engage in any speculative transactions.

(b) Risk management related to financial instrument

Trade receivables are exposed to credit risks which are influenced by the customers. The Company monitors balances and aging of trade receivables by customers and reviews the customers' business performance periodically in accordance with the Company's internal policy in order to identify and minimize the risks at early stages. Subsidiaries also manage customers' credit risks in accordance with an internal policy similar to that of the Company. Foreign currency receivables are exposed to market risks arising from fluctuations in foreign currency exchange rates. The Company hedges the risks using forward exchange contracts.

Investment securities owned by the Company are consisted mainly of investments in companies with which the Company has a business relationship, and these investments are exposed to market risks arising from fluctuations in the market price. The Company regularly reviews those companies' financial condition and reassesses the portfolio considering market condition and business relationships with those companies.

Payment terms of trade payables are mostly within one year. Short-term debt is used mainly for the Company's operation and long-term debt is used mainly for capital expenditure. The furthest maturity date of the debts is six years from March 31, 2011. The Company manages liquidity risk that the Company may not be able to meet these financial obligations by preparing cash management plan timely and maintaining sufficient working capital. The Company utilizes interest rate swap agreements to manage interest rate risk for certain debts.

The Company enters into various agreements on derivative financial instruments, including forward exchange contracts, interest rate swap agreements and commodity swap. Forward exchange contracts are utilized to manage risks related to foreign currency receivables arising from foreign currency fluctuation. Please see Note 20. Derivative Financial Instruments for risk management by the Company.

(c) Fair value information

The following methods and assumptions are used to estimate the fair values of financial instruments:

Investments in securities

The fair value of investments in securities is estimated based on quoted market prices.

Long-term debt

The fair value of long-term debt is estimated based on the present value of future cash flows using the Company's and its subsidiaries' incremental borrowing rates for similar borrowing arrangements.

Cash and cash equivalents, Trade receivables, Short-term debt and Trade payables

The carrying amount approximates the fair value because of the short maturity of these instruments.

Derivative financial instruments

The fair values of forward exchange contracts and commodity swap agreements are estimated on the basis of the market prices of derivative financial instruments with similar contract conditions. As to interest rate swap agreements , please also refer to Note 20 DERIVATIVE FINANCIAL INSTRUMENTS of the notes to the consolidated financial statements.

The carrying amounts and estimated fair values of the financial instruments for which it is practical to estimate that value as of March 31, 2011 and 2010 is as follows:

	Millions of yen			
	Carrying amounts	Estimated fair values	Carrying amounts	Estimated fair values
	2011		2010	
Investments in securities	**¥ 4,306**	**¥ 4,306**	¥ 5,063	¥ 5,063
Long-term debt	**28,500**	**28,943**	28,500	28,573
Derivative financial instruments	**205**	**205**	(433)	(433)

	Thousands of U.S. dollars	
	Carrying amounts	Estimated fair values
	2011	
Investments in securities	$ 51,880	$ 51,880
Long-term debt	343,373	348,711
Derivative financial instruments	2,470	2,470

The Company estimates fair values if the market value is not available and it is practicable to estimate. These estimates involve uncertainties and matters of significant judgment. Changes in assumptions could significantly affect the estimates.

It is not practicable to estimate the fair value of investments in unlisted stock because of the lack of market price and difficulty in estimating fair value without incurring excessive cost. The carrying amounts of these investments as of March 31, 2011 and 2010 were ¥13,013 million ($156,783 thousand) and ¥15,532 million, which included investments in affiliated companies of ¥11,313 million ($136,301 thousand) and ¥13,839 million, respectively.

22. LEASES

Lessee

All leased assets under finance leases are capitalized, except for lease agreements entered into on or before March 31, 2008. 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, 2011 and 2010, lease payments of ¥901 million ($10,855 thousand) and ¥1,080 million, respectively, under finance leases accounted for as operating 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
	2011	2010	2011
Leased property:			
At cost	¥ 4,761	¥ 5,407	$ 57,361
Less accumulated depreciation	(3,140)	(2,988)	(37,831)
Less accumulated impairment losses	(1,110)	(1,685)	(13,373)
Net book value	¥ 511	¥ 734	$ 6,157
Depreciation expenses	¥ 223	¥ 375	$ 2,687
Impairment losses	—	—	—
Lease obligation:			
Within one year	¥ 762	¥ 904	$ 9,181
After one year	674	1,377	8,120
Total	¥ 1,436	¥ 2,281	$ 17,301
Interest expense	¥ 54	¥ 77	$ 651

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.

The Company has several non-cancelable operating lease agreements. Lease obligation under these non-cancelable operating leases as of March 31, 2011 is as follows:

	Millions of yen	Thousands of U.S. dollars
	2011	2011
Within one year	¥ 575	$ 6,928
After one year	2,189	26,373
Total	¥2,764	$33,301

23. LOSSES DUE TO DISASTER

The Company recorded the following losses relating to the damage caused by the 2011 Great East Japan Earthquake in the year ended March 31, 2011.

	Millions of yen	Thousands of U.S. dollars
	2011	2011
Restoration cost	¥ 5,200	$ 62,651
Fixed cost during plant shutdown	1,640	19,759
Disposal of inventories	831	10,012
Disposal of property, plant and equipment	225	2,711
Restoration support provided to counterparties	29	349
Less estimated earthquake insurance reimbursement	(2,000)	(24,096)
Total	¥ 5,925	$ 71,386

24. SEGMENT INFORMATION

The Company adopted amended Accounting Standard Board of Japan (“ASBJ”) Statement No. 17 “Accounting Standard for Disclosure of Segment Information” in the year ended March 31, 2011.

The reporting segment of the Company are the structural units for which separate financial information is available and for which operating results are periodically reviewed by the board of directors for decisions on allocation of management resources and assessments of business performance.

The Company 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, the Company 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 reportable segments: Electronic & Automotive Products; Information Systems; Semiconductor Materials & Packaging; Metal Materials & Component Products; and Sales Companies.

The Electronic & Automotive Products segment handles business areas that include industrial cables and electric power cables, auto parts, fiber optics and telecommunication cables, electronic wires and wiring devices, and magnet wires. The Information Systems segment handles business areas that 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.

The following segment information for the year ended March 31, 2010, except for impairment losses and amortization and carrying amount of goodwill, is retrospectively presented by reporting segments. Reportable segment information for the years ended March 31, 2011 and 2010 is as follows:

Reportable Segment Information:

	Millions of yen							
	Electronic & Automotive Products	Information Systems	Semi-conductor Materials & Packaging	Metal Materials & Component Products	Sales Companies	Total	Adjustment amount	Amount recorded in the consolidated financial statements
	2011							
Sales to outside customers	¥234,487	¥40,140	¥26,154	¥82,652	¥ 35,846	¥419,279	¥ —	¥419,279
Intersegment sales	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
Operating income (loss)	1,962	563	(2,808)	(168)	1,857	1,406	(618)	788
Assets	195,777	29,194	44,858	55,669	68,920	394,418	(123,668)	270,750
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
Impairment losses	1,145	5	2,835	—	—	3,985	230	4,215
Goodwill:								
Amortization	—	—	—	—	—	—	378	378
Carrying amount	—	—	—	—	—	—	526	526

	Millions of yen							
	Electronic & Automotive Products	Information Systems	Semi-conductor Materials & Packaging	Metal Materials & Component Products	Sales Companies	Total	Adjustment amount	Amount recorded in the consolidated financial statements
	2010							
Sales to outside customers	¥195,071	¥44,673	¥31,549	¥66,310	¥ 34,847	¥372,450	¥ —	¥372,450
Intersegment sales	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
Operating income (loss)	(2,266)	1,482	(3,009)	(762)	944	(3,611)	(2,770)	(6,381)
Assets	200,262	33,651	48,683	59,402	63,718	405,716	(116,700)	289,016
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

	Electronic & Automotive Products	Information Systems	Semi-conductor Materials & Packaging	Metal Materials & Component Products	Sales Companies	Total	Adjustment amount	Amount recorded in the consolidated financial statements
	Thousands of U.S. dollars							
	2011							
Sales to outside customers	$2,825,145	$483,614	$315,108	$ 995,807	$ 431,880	$5,051,554	$ —	$5,051,554
Intersegment sales	1,327,807	35,771	48,627	193,253	1,579,578	3,185,036	(3,185,036)	—
Total	4,152,952	519,385	363,735	1,189,060	2,011,458	8,236,590	(3,185,036)	5,051,554
Operating income (loss)	23,639	6,783	(33,831)	(2,024)	22,373	16,940	(7,446)	9,494
Assets	2,358,759	351,735	540,458	670,711	830,361	4,752,024	(1,489,976)	3,262,048
Depreciation	107,446	35,361	37,446	60,723	1,771	242,747	—	242,747
Increase in tangible fixed assets and intangible fixed assets	60,289	22,916	14,518	23,759	843	122,325	—	122,325
Impairment losses	13,795	60	34,157	—	—	48,012	2,771	50,783
Goodwill:								
Amortization	—	—	—	—	—	—	4,554	4,554
Carrying amount	—	—	—	—	—	—	6,337	6,337

Geographic Information:

	Millions of yen	Thousands of U.S. dollars
	2011	
Sales		
Japan	¥300,521	$3,620,735
Asia	90,231	1,087,120
North America	21,327	256,952
Others	7,200	86,747
	¥419,279	$5,051,554
Tangible fixed assets		
Japan	¥ 63,005	$ 759,096
Others	18,958	228,410
	¥ 81,963	$ 987,506

The following is the segment information for the year ended March 31, 2010 presented in accordance with the previous accounting standard.

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 cables), 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						
	Wires and cables	Information and telecommunications networking	Sophisticated materials	Other businesses	Total	Eliminations	Consolidated
				2010			
Sales to outside customers	¥175,265	¥60,214	¥134,711	¥ 2,260	¥372,450	¥ —	¥372,450
Intersegment sales	6,545	4,299	4,799	12,945	28,588	(28,588)	—
	181,810	64,513	139,510	15,205	401,038	(28,588)	372,450
Operating expenses	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)
Assets	¥119,121	¥55,155	¥117,792	¥ 1,935	¥294,003	¥ (4,987)	¥289,016
Depreciation and amortization of tangible and intangible fixed assets	6,453	3,943	10,738	216	21,350	—	21,350
Impairment losses	318	—	1,376	—	1,694	—	1,694
Capital expenditures	5,603	2,362	5,815	82	13,862	—	13,862

Geographic Segment Information:

	Millions of yen				
	Japan	Others	Total	Eliminations	Consolidated
			2010		
Sales to outside customers	¥299,897	¥72,553	¥372,450	¥ —	¥372,450
Intersegment sales	29,919	3,917	33,836	(33,836)	—
	329,816	76,470	406,286	(33,836)	372,450
Operating expenses	334,641	77,902	412,543	(33,712)	378,831
Operating loss	¥ (4,825)	¥ (1,432)	¥ (6,257)	¥ (124)	¥ (6,381)
Assets	¥273,017	¥59,432	¥332,449	¥(43,433)	¥289,016

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	
	Amount	Percentage of consolidated net sales
	2010	
Overseas sales:		
Asia	¥ 65,135	17.5%
North America	21,418	5.8%
Others	6,425	1.7%
	¥ 92,978	25.0%
Consolidated net sales	¥372,450	100.0%

Report of Independent Auditors

ERNST & YOUNG

Ernst & Young ShinNihon LLC
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Fax: +81 3 3503 1197

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, 2011 and 2010, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended and consolidated statement of comprehensive income for the year ended March 31, 2011, 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, 2011 and 2010, 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, 2011 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 23, 2011

Corporate Data and Stock Information

(As of March 31, 2011)

Corporate Name
Hitachi Cable, Ltd.

Head Office
Akihabara UDX, 4-14-1 Sotokanda,
Chiyoda-ku, Tokyo 101-8971, Japan
Fax: +81–3–5256–3240
http://www.hitachi-cable.com/

Capital
¥25,948 million (US$312,627 thousand)

Number of Employees (Consolidated)
16,064

Stock
Authorized	1,097,012,000 shares
Issued	374,018,174 shares

Number of Shareholders
22,970

Stock Exchange Listings
First Section, Tokyo Stock Exchange, Inc.
First Section, Osaka Securities Exchange Co., Ltd.

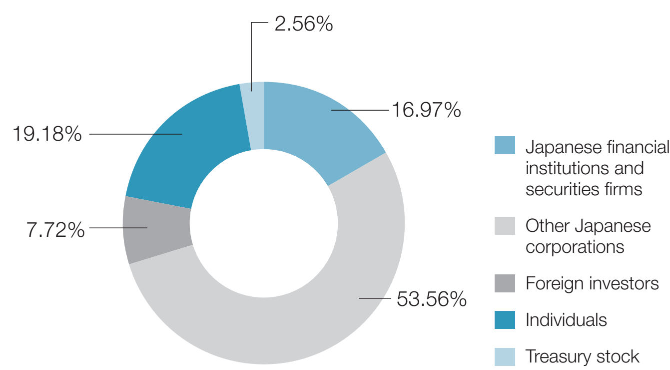
Administrator of Shareholders' Register
Tokyo Securities Transfer Agent Co., Ltd.
Fourth Floor, Nihon Building, 2-6-2 Otemachi,
Chiyoda-ku, Tokyo 100-0004, Japan

Top 10 Major Shareholders

Name of shareholders	Number of shares held (Thousands)	Percentage of total (%)
Hitachi, Ltd.	192,252	52.75
The Master Trust Bank of Japan, Ltd. (Trust Account)	12,318	3.38
TAM TWO	8,742	2.40
Japan Trustee Services Bank, Ltd. (Trust Account)	8,736	2.40
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	5,714	1.57
Japan Trustee Services Bank, Ltd. (Trust Account 9)	5,697	1.56
Nippon Life Insurance Company	5,521	1.52
Hitachi Cable Employees' Shareholding Association	2,956	0.81
The Dai-ichi Mutual Life Insurance Company	2,615	0.72
Meiji Yasuda Life Insurance Company	1,964	0.54

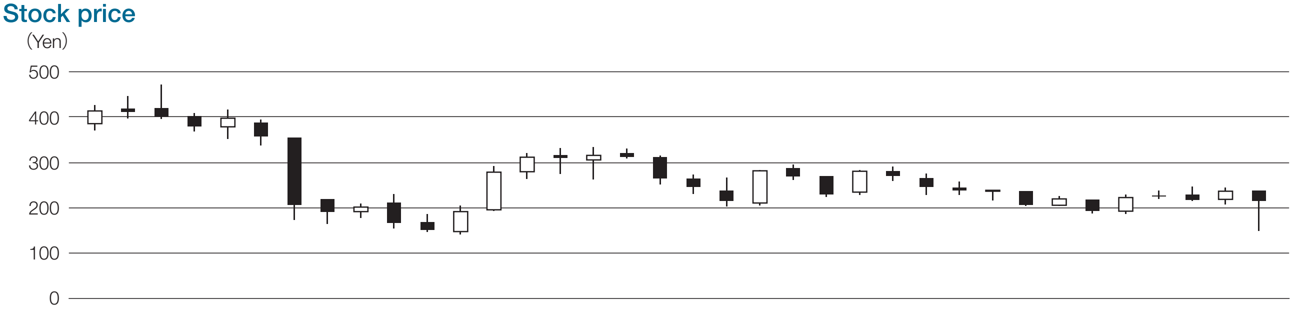
Notes: Figures exclude 9,585 thousand shares of treasury stock held by the Company.

Composition of Shareholders

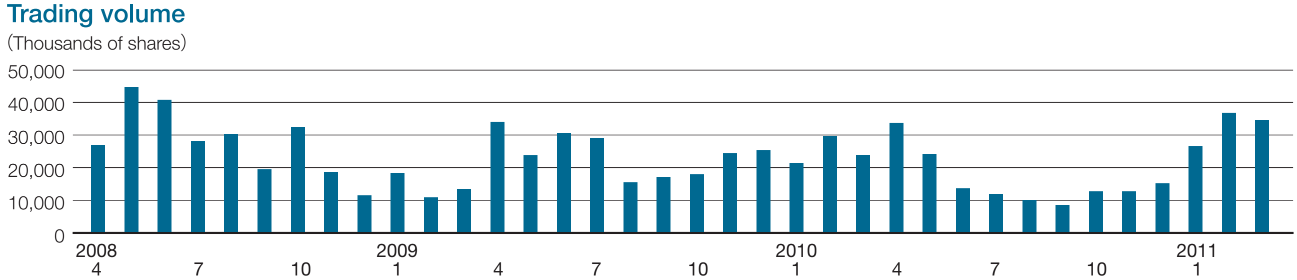


Stock Price Range and Trading Volume (Tokyo Stock Exchange)

Stock price



Trading volume



Hitachi Cable

Empowering Energy & Communication

Hitachi Cable,Ltd.

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Chiyoda-ku, Tokyo 101-8971, Japan
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CAT. No. AE300D

VEGETABLE OIL INK

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