

(Summary)

## Consolidated Financial Report for fiscal 2004 ended March 31, 2004

April 27, 2004

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

Stock Exchange where listed (section): Tokyo Stock Exchange, Inc. (First Section)

Osaka Securities Exchange Co., Ltd. (First Section)

Code Number: 5812

Head Office Location: Tokyo

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

President and Representative Director: Norio Sato

Contact: Shinichiro Suzumura

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

Tel: +81-3-5252-3261

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

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

US GAAP: No.

Performance over the year under review (Apr. 1, 2003-Mar. 31, 2004)

### (1) Operating results

	Net Sales (Million Yen)	Operating Income (Loss) (Million Yen)	Ordinary Income (Loss) (Million Yen)	Net Income (Loss) (Million Yen)
Mar./04	340,470 ( 4.7%)	5,782 ( —%)	5,373 ( —%)	-2,248 ( —%)
Mar./03	325,100 (- 7.9%)	-1,959 ( —%)	-3,677 ( —%)	-7,090 ( —%)

	Net Income (Loss) per Share (Yen)	Diluted Net Income per Share (Yen)	Ratio of Net Income to Shareholders' Equity (%)	Ratio of Ordinary Income to Total Assets (%)	Ratio of Ordinary Income to Net Sales (%)
Mar./04	-6.25	—	-1.3	1.6	1.6
Mar./03	-19.25	—	-3.7	-1.0	-1.1

Note:

① Investment Income Based on Equity Method: Mar./04 -27 million yen Mar./03 -121 million yen

② Average Number of Shares Outstanding

	Common	Preferred
Mar./04	366,176,321	—
Mar./03	371,286,584	—

③ We haven't made change in accounting policy.

④ Figures are rounded off to the nearest 1 million yen.

⑤ Figures in parentheses represent % change from the previous year.

### (2) Financial Standing

	Total Assets (Million Yen)	Shareholders' Equity (Million Yen)	Shareholders' Equity Ratio (%)	Shareholders' Equity Per Share (Yen)
Mar./04	333,786	176,912	53.0	481.30
Mar./03	352,761	182,005	51.6	494.72

Note: Number of shares outstanding at the end of period

	Common
Mar./04	367,482,900
Mar./03	367,777,977

(3) Statement of Cash Flows

	Cash Flows from Operating Activities (Million Yen)	Cash Flows from Investment Activities (Million Yen)	Cash Flows from Financing Activities (Million Yen)	Cash, Time Deposit and Marketable Securities at the End of Year (Million Yen)
Mar./04	26,731	-1,057	-25,372	7,763
Mar./03	23,919	-979	-27,910	7,016

(4) Scope of Consolidation and Application of the Equity Method

Number of Consolidated Subsidiaries: 39

Number of Non-consolidated Subsidiaries Applying of the Equity Method: -

Number of Affiliated Companies: 9

(5) Change in Scope of Consolidation and Application of The Equity Method

Consolidation

New Companies: 5

Companies Removed: 3

Equity Method

New Companies: 2

Companies Removed: 1

2. Business Results Forecast for Fiscal Year 2005 (Apr. 1, 2004-Mar. 31, 2005)

	Net Sales (Million Yen)	Ordinary Income (Million Yen)	Net Income (Million Yen)
Sep./04	184,000	5,000	1,500
Mar./05	370,000	14,000	6,000

(Reference) Forecast Net Income per Share (Whole Year) 16.33 yen

Safe Harbor Statement

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

## 1. Status of Corporate Group (as of March 31, 2004)

### (1) Business Lines:

The Hitachi Cable Group is comprised of the company that submitted these Consolidated Financial Statements (hereinafter referred to as "Hitachi Cable") as well as the following companies: one parent company, 39 consolidated subsidiaries, 24 non-consolidated subsidiaries, and 17 affiliated companies. The Hitachi Cable Group is engaged in the manufacturing and sales of various products, including wires and cables, semiconductor packaging materials, compound semiconductors, information transmission system products, copper products, and rubber products, as well as construction work related to the installation of power cables and communication cables and related activities. The primary businesses of the companies comprising the Hitachi Cable Group and their positions within the Group are described below.

#### Wires and Cables

The primary products in this line of business are wires and cables. Domestic manufacturing and sales in this field are conducted by Hitachi Cable, Tonichi Kyosan Cable, Ltd., Hitachi Magnet Wire Co., Ltd., and 10 other companies. Sales in this field are conducted by Hitachi Densen Shoji, Ltd., Sumiden Hitachi Cable, Ltd., and seven other companies. Overseas, Shanghai Hitachi Cable Co., Ltd., Hitachi Cable (Johor) Sdn. Bhd., Hitachi Cable (Singapore) Pte. Ltd., and eight other companies are responsible for manufacturing and sales in this field, and sales are conducted by Hitachi Cable Asia Ltd. and five other companies.

#### Information Systems and Electronic Components

The primary products in this line of business include semiconductor packaging materials, compound semiconductors, and information transmission system products. Domestic manufacturing, sales, and other business operations in this field are conducted by Hitachi Cable, Hitachi Cable Precision Co., Ltd., and four other companies. Overseas, Hitachi Cable PS Techno (Malaysia) Sdn. Bhd. and three other companies are responsible for manufacturing and sales in this line of business, and sales are conducted by Hitachi Cable America Inc. Telecommunications-related construction is performed by Hitachi Cable and Power & Com Tech, Ltd.

#### Copper Products

The primary products in this line of business include copper tubes, copper strips, and copper products for electrical applications. Domestic manufacturing and sales in this field are conducted by Hitachi Cable, Hitachi Alloy, Ltd., Hitachi Copper Products, Ltd., and one other company. Sales in this field are conducted by Nisshin Sangyo, Ltd. Overseas, Shanghai Sunshine Copper Products Co., Ltd. and Outokumpu Hitachi Copper Tube (Thailand) Ltd. are responsible for manufacturing and sales in this field.

#### Electrical Equipment, Construction, and Others

The primary products in this line of business include wire and cable equipment and rubber products. Domestic manufacturing and sales of wires and cables equipment are conducted by Hitachi Cable, Hitachi Cable Industrial Products, Ltd., and three other companies. Overseas, Thai Wire & Cable Services Co., Ltd., Oxford Wire & Cable Services, Inc., and three other companies are responsible for manufacturing and sales in this field.

In addition, Hitachi Cable and three other companies are engaged in non-telecommunications related construction.

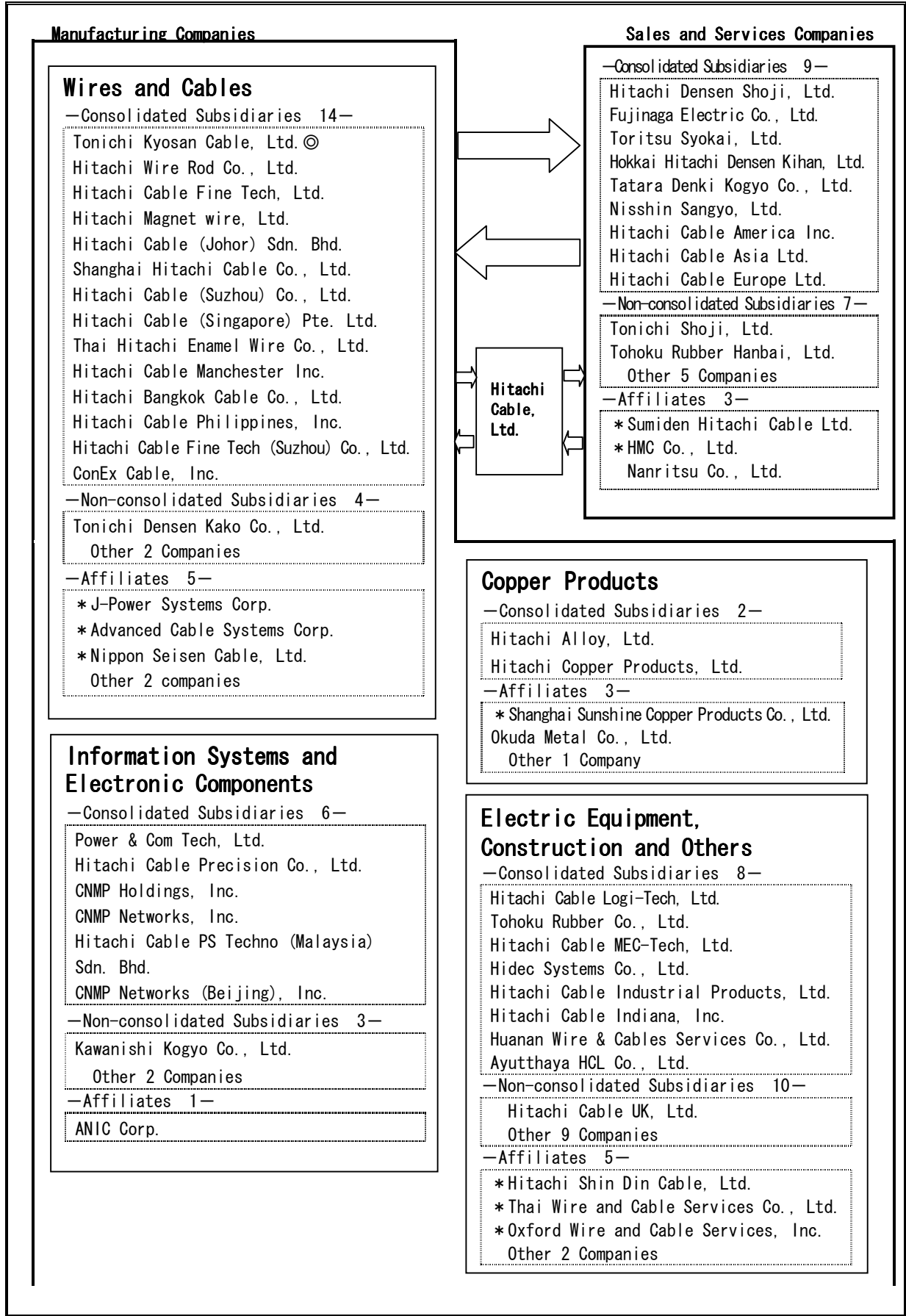
Domestic manufacturing and sales of rubber products are conducted by Hitachi Cable, Tohoku Rubber Co., Ltd., Hitachi Cable MEC-Tech, Ltd., and two other companies. Tohoku Rubber Hanbai, Ltd. conducts sales in this field. Overseas, Hitachi Cable Indiana, Inc. and three other companies are responsible for manufacturing and sales in this field.

Other companies include Hitachi Cable Logi-Tech, Ltd. and three other companies.

Hitachi Cable's parent company is Hitachi, Ltd. Hitachi Cable and some of its subsidiaries and affiliated companies sell products and other goods and services to and purchase products and other goods and services from Hitachi, Ltd.

The following is a general diagram of the business lines outlined above.

Parent Company : Hitachi, Ltd.



**Manufacturing Companies**

**Wires and Cables**

- Consolidated Subsidiaries 14-
- Tonichi Kyosan Cable, Ltd. ©
- Hitachi Wire Rod Co., Ltd.
- Hitachi Cable Fine Tech, Ltd.
- Hitachi Magnet wire, Ltd.
- Hitachi Cable (Johor) Sdn. Bhd.
- Shanghai Hitachi Cable Co., Ltd.
- Hitachi Cable (Suzhou) Co., Ltd.
- Hitachi Cable (Singapore) Pte. Ltd.
- Thai Hitachi Enamel Wire Co., Ltd.
- Hitachi Cable Manchester Inc.
- Hitachi Bangkok Cable Co., Ltd.
- Hitachi Cable Philippines, Inc.
- Hitachi Cable Fine Tech (Suzhou) Co., Ltd.
- ConEx Cable, Inc.

-Non-consolidated Subsidiaries 4-

- Tonichi Densen Kako Co., Ltd.
- Other 2 Companies

-Affiliates 5-

- \* J-Power Systems Corp.
- \* Advanced Cable Systems Corp.
- \* Nippon Seisen Cable, Ltd.
- Other 2 companies

**Information Systems and Electronic Components**

- Consolidated Subsidiaries 6-
- Power & Com Tech, Ltd.
- Hitachi Cable Precision Co., Ltd.
- CNMP Holdings, Inc.
- CNMP Networks, Inc.
- Hitachi Cable PS Techno (Malaysia) Sdn. Bhd.
- CNMP Networks (Beijing), Inc.

-Non-consolidated Subsidiaries 3-

- Kawanishi Kogyo Co., Ltd.
- Other 2 Companies

-Affiliates 1-

- ANIC Corp.

**Sales and Services Companies**

-Consolidated Subsidiaries 9-

- Hitachi Densen Shoji, Ltd.
- Fujinaga Electric Co., Ltd.
- Toritsu Syokai, Ltd.
- Hokkai Hitachi Densen Kihan, Ltd.
- Tatara Denki Kogyo Co., Ltd.
- Nisshin Sangyo, Ltd.
- Hitachi Cable America Inc.
- Hitachi Cable Asia Ltd.
- Hitachi Cable Europe Ltd.

-Non-consolidated Subsidiaries 7-

- Tonichi Shoji, Ltd.
- Tohoku Rubber Hanbai, Ltd.
- Other 5 Companies

-Affiliates 3-

- \* Sumiden Hitachi Cable Ltd.
- \* HMC Co., Ltd.
- Nanritsu Co., Ltd.

Hitachi Cable, Ltd.

**Copper Products**

- Consolidated Subsidiaries 2-
- Hitachi Alloy, Ltd.
- Hitachi Copper Products, Ltd.

-Affiliates 3-

- \* Shanghai Sunshine Copper Products Co., Ltd.
- Okuda Metal Co., Ltd.
- Other 1 Company

Customers

**Electric Equipment, Construction and Others**

- Consolidated Subsidiaries 8-
- Hitachi Cable Logi-Tech, Ltd.
- Tohoku Rubber Co., Ltd.
- Hitachi Cable MEC-Tech, Ltd.
- Hidec Systems Co., Ltd.
- Hitachi Cable Industrial Products, Ltd.
- Hitachi Cable Indiana, Inc.
- Huanan Wire & Cables Services Co., Ltd.
- Ayutthaya HCL Co., Ltd.

-Non-consolidated Subsidiaries 10-

- Hitachi Cable UK, Ltd.
- Other 9 Companies

-Affiliates 5-

- \* Hitachi Shin Din Cable, Ltd.
- \* Thai Wire and Cable Services Co., Ltd.
- \* Oxford Wire and Cable Services, Inc.
- Other 2 Companies

(Note)  
 Flow of Products and Services

\* Company Applied the Equity Method

Notes:

1. Effective March 1, 2004, Tonichi Kyosan Cable, Ltd. was made a wholly owned subsidiary through share exchange.
2. Effective February 27, 2004, ConEx Cable, Inc. transferred whole assets of aluminum-clad steel (AS) wire manufacturing equipment to ConEx Acquisition, LLC.
3. Effective October 1, 2003, Hitachi Cable transferred its leadframe operations to Hitachi Cable Precision Co., Ltd.
4. Three formerly non-consolidated subsidiaries — CNMP Networks (Beijing), Inc., CNMP Network, Inc., and Huanan Wire & Cable Services Co., Ltd. – increased in importance and became consolidated subsidiaries beginning from the first half of this consolidated fiscal year.
5. Fujinaga Electric Co., Ltd., which is a special agent of Hitachi Cable, became a consolidated subsidiary of Hitachi Cable beginning from the first half of this consolidated fiscal year, as a result of Hitachi Cable's acceptance of Fujinaga Electric's entire third-party allotment of shares.
6. HMC Co., Ltd. is a new company spun off on April 1, 2003 from Matsumoto Dengyo Co., Ltd., an affiliated company of Hitachi Cable accounted for by the equity method. HMC has assumed Matsumoto Dengyo's business in the sales and marketing of electrical wires and cables and copper products. In addition, effective July 1, 2003, HMC Co., Ltd. merged with Kansai Hi-Elec, Ltd. and Kansai Hi-Metal, Ltd., both of which are consolidated subsidiaries of Hitachi Cable. As a result, the equity method has been applied with regard to HMC Co., Ltd. and has ceased to be applied with regard to Matsumoto Dengyo Co., Ltd., in both cases beginning from the first half of this consolidated fiscal year.
7. Hitachi Shin Din Cable, Ltd. has increased in importance and thus the equity method has been applied with regard to the company beginning from the first half of this consolidated fiscal year.
8. Effective October 1, 2003, Hitachi Cable merged with Hitachi Cable Distribution, Ltd.

**(2) Status of Affiliated Companies**

Name	Location	Capital (Millions of Yen)	Principal Lines of Business	Percentage of Voting Rights, etc. Held by the Company	Relationship
Parent Company: Hitachi, Ltd.	–	–	–	–	–
Consolidated Subsidiaries:					
Tonichi Kyosan Cable, Ltd.	Ishioka, Ibaraki Prefecture	3,569	Manufacture and sale of wires and cables	100.0	Hitachi Cable sells products to and purchases products from this company; loans funds to Hitachi Cable Directors: 2 shared, 6 transferred
Hitachi Alloy, Ltd.	Chiyoda-ku, Tokyo	490	Manufacture and sale of brass products	100.0	Hitachi Cable sells products to and purchases products from this company; borrows funds from Hitachi Cable Directors: 2 shared, 3 transferred
Hitachi Wire Rod Co., Ltd.	Hitachi, Ibaraki Prefecture	490	Manufacture and sale of wires and cables	80.0	Hitachi Cable sells products to and purchases products from this company; land and building leasing relationship; loans funds to Hitachi Cable Directors: 3 shared, 2 seconded, 1 transferred
Power & Com Tech, Ltd.	Arakawa-ku, Tokyo	400	Engineering and contracting for electric and tele- communications construction	100.0	Requested to conduct cable installation construction for Hitachi Cable; land and building leasing relationship Directors: 3 shared, 5 transferred
Hitachi Cable Precision Co., Ltd.	Yonezawa, Yamagata Prefecture	400	Manufacture and sales of Leadframes	100.0	Hitachi Cable sells products to and purchases products from this company; borrows funds from Hitachi Cable; land and building leasing relationship Directors: 4 shared, 2 seconded, 2 transferred

Name	Location	Capital (Millions of Yen)	Principal Lines of Business	Percentage of Voting Rights, etc. Held by the Company	Relationship
CNMP Holdings, Inc.	Chiyoda-ku, Tokyo	388	Holding shares controlling, and managing companies engaged in the development, manufacture, and sale of information network devices	80.0	Hitachi Cable purchases products developed and manufactured by this company's subsidiaries Directors: 4 shared
Hitachi Cable Fine Tech, Ltd.	Hitachi, Ibaraki Prefecture	360	Manufacture and sale of wires and processed wiring goods	100.0	Hitachi Cable purchases this company's products; land and building leasing relationship Directors: 3 shared, 1 seconded, 4 transferred
Hitachi Densen Shoji, Ltd.	Chiyoda-ku, Tokyo	350	Sale of wires and cables	(2.9) 100	Sells Hitachi Cable products; land and building leasing relationship; loans funds to Hitachi Cable Directors: 3 shared, 6 transferred
Hitachi Cable Logi-Tech, Ltd.	Hitachi, Ibaraki Prefecture	320	Manufacture and sale of spools for wires and cables, and logistics- related business	100.0	Hitachi Cable purchases this company's products; this company conducts logistics-related operations for Hitachi Cable products; land and building leasing relationship Directors: 4 shared, 4 transferred
Hitachi Magnet Wire, Ltd.	Hitachi, Ibaraki Prefecture	300	Manufacture and sale of wires	100.0	Hitachi Cable sells products to and purchases products from this company; borrows funds from Hitachi Cable; land and building leasing relationship Directors: 4 shared, 1 seconded
Tohoku Rubber Co., Ltd.	Miyagino-ku, Sendai, Miyagi Prefecture	276	Manufacture and sale of rubber products	(6.1) 61.6	Hitachi Cable sells products to and purchases products from this company; loans funds to Hitachi Cable Directors: 3 shared, 1 transferred
Hitachi Cable MEC-Tech, Ltd.	Hitachi, Ibaraki Prefecture	220	Manufacture and sale of rubber products and plastic insulation products	100.0	Hitachi Cable purchases this company's products; land and building leasing relationship Directors: 4 shared, 3 transferred
Hidec Systems Co., Ltd.	Hitachi, Ibaraki Prefecture	120	Development and sale of various software products	100.0	Hitachi Cable purchases various software products from this company; land and building leasing relationship Directors: 3 shared, 6 transferred
Hitachi Cable Industrial Products, Ltd.	Hitachi, Ibaraki Prefecture	100	Manufacture and sale of accessories for wires and cables	100.0	Hitachi Cable purchases this company's products; land and building leasing relationship Directors: 2 shared, 4 transferred
Shanghai Hitachi Cable Co., Ltd.	China	(Thousands of US dollars) 22,500	Manufacture and sale of wires and processed wiring goods	100.0	Hitachi Cable sells products to and purchases products from this company Directors: 5 shared, 3 seconded
Hitachi Cable (Johor) Sdn. Bhd.	Malaysia	(Thousands of Malaysian ringgits) 70,056	Manufacture and sale of wires and processed wiring goods	(11.2) 100.0	Hitachi Cable sells products to and purchases products from this company; borrows funds from Hitachi Cable Directors: 4 shared, 2 seconded

Name	Location	Capital (Millions of Yen)	Principal Lines of Business	Percentage of Voting Rights, etc. Held by the Company	Relationship
Hitachi Cable (Suzhou) Co., Ltd.	China	(Thousands of US dollars) 12,000	Manufacture and sale of wires and cables for information and electronics devices	100.0	Hitachi Cable plans to sell products to and purchase products from this company Directors: 5 shared, 2 seconded
Hitachi Cable (Singapore) Pte. Ltd.	Singapore	(Thousands of Singapore dollars) 16,000	Manufacture and sale of wires and processed wiring goods	(10.0) 93.0	Hitachi Cable sells products to and purchases products from this company Directors: 4 shared, 1 transferred
Hitachi Cable Indiana, Inc.	U.S.	(Thousands of US dollars) 9,000	Manufacture and sale of rubber products	100.0	Hitachi Cable sells products to and purchases products from this company; borrows funds from Hitachi Cable Directors: 3 shared, 1 seconded
Thai Hitachi Enamel Wire Co., Ltd.	Thailand	(Thousands of Thai bahts) 240,000	Manufacture and sale of wires	(22.4) 71.7	Hitachi Cable sells products to and purchases products from this company Directors: 3 shared, 2 seconded
Hitachi Cable Manchester Inc.	U.S.	(Thousands of US dollars) 6,000	Manufacture and sale of wires and cables	100.0	Hitachi Cable sells products to and purchases products from this company; borrows funds from Hitachi Cable Directors: 2 shared, 1 transferred
Hitachi Cable Philippines, Inc.	Philippines	(Thousands of Philippine pesos) 200,000	Manufacture and sale of wires and rubber products	100.0	Hitachi Cable sells products to and purchases products from this company Directors: 3 shared, 2 seconded, 1 transferred
ConEx Cable, Inc.	U.S.	(Thousands of US dollars) 3,750	Manufacture and sale of wires	100.0	Hitachi Cable sells products to and purchases products from this company; borrows funds from Hitachi Cable Directors: 2 shared
Hitachi Cable Fine Tech (Suzhou) Co., Ltd.	China	(Thousands of US dollars) 3,000	Manufacture and sale of wiring parts for information and electronics devices	(70.0) 100.0	Hitachi Cable plans to sell products to and purchase products from this company Directors: 2 shared
Hitachi Bangkok Cable Co., Ltd.	Thailand	(Thousands of Thai bahts) 100,000	Manufacture and sale of wires and cables	51.0	Hitachi Cable sells products to and purchases products from this company Directors: 3 shared, 1 transferred
Hitachi Cable PS Techno (Malaysia) Sdn. Bhd.	Malaysia	(Thousands of Malaysian ringgits) 5,528	Manufacture and sale of leadframes	100.0	Hitachi Cable sells products to and purchases products from this company Directors: 3 shared, 1 seconded
13 other companies					

Name	Location	Capital (Millions of Yen)	Principal Lines of Business	Percentage of Voting Rights, etc. Held by the Company	Relationship
Equity-method affiliates: J-Power Systems Corp.	—	—	—	—	—
Advanced Cable Systems Corp.	Hitachi, Ibaraki Prefecture	1,666	Design and sale of fiber-optic cables	50.0	Hitachi Cable purchases this company's products; land and building leasing relationship Directors: Three shared, two seconded
Sumiden Hitachi Cable Ltd.	—	—	—	—	—
Shanghai Sunshine Copper Products co., Ltd.	China	(Thousands of US dollars) 50,000	Manufacture and sale of copper tubes	50.0	Hitachi Cable supplies some raw materials to this company Directors: 1 shared, 2 seconded
5 other companies					

Notes:

1. Details concerning the parent company, Hitachi, Ltd., and the equity-method affiliates J-Power Systems Corporation and Sumiden Hitachi Cable, Ltd. are covered in “(2) ③The Treat with the company concerned,” in “9. Notes” and have been omitted from this table.
2. Of the above-listed companies, Tonichi Kyosan Cable, Ltd. and Hitachi Cable (Johor) Sdn. Bhd. are classified as special subsidiaries.
3. Of the above-listed companies, the following company provides reports on securities: Tohoku Rubber Co., Ltd.
4. Figures in parentheses under “percentage of voting rights held” indicate numbers of voting rights held indirectly.
5. No affiliated companies have excessive debt obligations that would have major effects on the consolidated financial statements.
6. Since sales (not including internal sales between consolidated companies) of all of the consolidated subsidiaries are less than 10% of consolidated sales figures, important profit and loss information and other information have been omitted from the table above.
7. On July 19, 2003, CNMP Holdings, Inc. increased its capital by 75 million yen through a third-party allotment of shares. As a result, the ratio of voting rights held by Hitachi Cable decreased by 20%.



## **2. Management Policies**

### **(1) Fundamental Management Policies and Mid- to long-term Management Strategies:**

Hitachi Cable has strongly felt the effects of the rapid economic slowdown primarily affecting information-technology (IT)-related industries. As a result, the Company was unfortunately forced to post ordinary losses consecutively in fiscal years 2002 and 2003. Hitachi Cable has formulated and begun promotion of its mid-term management plan, the "Survival Project", with this consolidated fiscal year as Year One of the Project, out of the need to review its current understanding of its businesses and its management activities in order to reform itself as a company able to provide increased value to shareholders on a continuous basis.

The fundamental policies of the Project include achieving a cost structure that enables the Company to demonstrate a high level of competitiveness while focusing on increasing profitability and thoroughly implementing the business strategies described below, in order to expand its business lines by fulfilling the needs of the global marketplace through communications and transmitting technology.

As a quantitative target, Hitachi Cable Group considers FIV\*<sup>1</sup>, the Hitachi Group's own measure of value added, to be the most important management indicator for the Company. The goal is to achieve positive FIV in FY 2006.

Under this fundamental policy, the Group is shifting to a focus on becoming highly competitive in the fields of information and telecommunications networking, which are vital to the development of social and information infrastructures, and of the sophisticated materials and wires and cables that form the foundation of these infrastructures. To this end, the Company is flexibly and swiftly responding to changes in the marketplace through efforts which include concentration of its resources in businesses that offer possibilities of high growth, overseas expansion, and thorough business restructuring achieved through alliances, mergers, and acquisitions.

Future business strategies in each field of business are described below.

In the field of information and telecommunications networking, the Group will expand its business through coordinated use of technologies related to wide area Ethernet\*<sup>2</sup>, VoIP (voice over Internet protocol), optical transmission, wireless transmission, and other related areas. In particular, the Group plans to expand its market shares in the telecommunications carrier networking market, private- and public-sector markets, and broadcaster-related markets by expanding sales of products such as all-optical networking products, which provide revolutionary solutions for the realization of next-generation networking technology, highly functional Ethernet switches manufactured in-house, products related to IP telephony, and products related to terrestrial digital broadcasting.

In the field of highly sophisticated materials, each business will be strengthened and enhanced through the establishment of efficient production structures for products such as compound semiconductors, semiconductor packaging materials, copper strips, and automobile parts as well as the introduction of new products into the marketplace in a timely manner. In particular, in the compound semiconductor business, Hitachi Cable's strengths as a consolidated manufacturer of wafers and epitaxial wafers will be utilized to meet the demand for laser diodes for DVD devices and light emitting diodes (LEDs), the market for which continues to expand. In the gallium arsenide business, Hitachi Cable's aim is to achieve the world's largest market share. Hitachi Cable also intends to expand its market share in the copper strip business by concentrating business resources in the growing field of products for electronic devices and in the automotive field and by strengthening cost competitiveness in the dual-gauge copper strip field, in which it already has the world's largest market share. Hitachi Cable will also strengthen productivity in the rolled copper foil field in order to respond to the expanding market for such materials.

Hitachi Cable aims to become one of the world's leading companies in the wire and cable field, which is the foundation of its businesses, through the optimization of its production and sales structures. In particular, Hitachi Cable is focusing its efforts within the areas of wires for electronic devices and wiring devices on improving profitability by strengthening its production and sales structures in China, a market that is undergoing marked growth, and by further deepening alliances with domestic and overseas Group companies.

In order to support these types of business strategies in each business field, each aspect of Hitachi Cable's management activities will follow the policies outlined below.

In its research and development (R&D) activities, Hitachi Cable reviewed its organizational structure

in July 2003 in order to promote new product development that is directly linked to its business strategies, speed up the creation of businesses based on newly developed products, and promote R&D that supports continued business growth. These efforts will lead to future growth. In the area of production technology, Hitachi Cable will strengthen and enhance its mass-production technology capabilities through development of advanced production technologies and construction of highly efficient production systems. At the same time, in the sales area, the Company will strengthen its sales network, including marketing and logistics, accurately ascertain market trends, and further improve sales efficiency. In the area of human resources, the Company will cultivate employees suited to the globalization of its businesses, implement reforms to its evaluation and compensation systems, and reduce overall labor costs. In the area of finances, the Company will focus all of its energy on efforts such as reducing total assets and realizing a flexible cost structure that will enable it to succeed amid global competition.

As a company that has adopted the committees system, Hitachi Cable will provide a clear separation of the operational Execution and supervision functions of management in order to implement appropriate and decisive measures with regard to the issues mentioned above. The Company will also fulfill its social responsibilities in areas such as environmental protection based on laws and proper corporate ethics, emphasizing business activities that will earn society's trust.

\*1 FIV (future inspiration value) = Operating profit after taxes - invested equity capital cost rate (5%)

\*2 Ethernet is a registered trademark of Fuji Xerox Co., Ltd.

## **(2) Basic Policy on Dividends**

Hitachi Cable distributes appropriate dividends after performing an overall assessment of business performance, managerial structure enhancements, future business strategies, and so forth. In other words, the Company returns profits to shareholders after consideration of business performance with the basic policy of providing stable dividends. It also utilizes remaining funds effectively for investing business resources into businesses that promise future growth, investments to enliven existing businesses, and other purposes, while continuing to maintain and strengthen a sound financial state.

Hitachi Cable considers the acquisition of treasury stocks to be an effective means of distributing profits to shareholders and implements relevant measures while taking into consideration issues such as trends in share prices and the company's financial circumstances.

## **(3) Concepts and Policies on Lowering Investment Units**

Although Hitachi Cable realizes that lowering stock investment units is an effective means of revitalizing the stock market, it is a fact that to do so would require considerable expense. Since Hitachi Cable currently places its highest management priority on improving business performance, for the time being the Company intends to continue to consider lowering stock investment units while closely monitoring trends in the stock market, business performance, share prices, and other factors.

## **(4) Basic Concepts Concerning Corporate Governance and Status of Their Implementation**

### **① Basic Concepts Concerning Corporate Governance:**

With the current harsh economic conditions continuing, Hitachi Cable shifted to a committee system in June of last year. This step is intended to realize faster and more accurate responses and a fair and easily understood management system, with respect to the management issues the Hitachi Cable Group must face to succeed amid global competition. The goal is to achieve a prompt recovery in business performance as well as continued growth by further improving the mobility and transparency of the company's management through reformation of its governing structure, in order to separate the execution and supervisory functions of management.

### **② Status of Implementation of Corporate Governance Measures**

An amendment to Hitachi Cable's Articles of Incorporation was approved at the Regular General Shareholders' Meeting held in June of last year, shifting the Company to the committee system. The Board of Directors is in charge of decision-making with respect to matters such as basic management policies and performance of its supervision function, and has broadly transferred authority for decision-making and execution of operations to executive officers in order to implement a structure that enables a swift management process. In addition, three legally defined committees have been established within the Board of Directors, with outside directors making up a majority on each committee: the Nominating Committee, the Audit Committee, and the Compensation Committee. The Audit Committee meets monthly in principle, and the Nominating and Compensation committees meet as necessary, serving as part of the supervision function of the Board of Directors.

The Board of Directors currently has eight members, including three outside directors. Two outside directors are parent company directors and one is a lawyer with whom there is no advisory agreement. Hitachi Cable conducts regular transactions with its parent company, e.g., transactions involving products. Hitachi Cable also receives business advice as necessary from other lawyers within the legal office of the lawyer referred to above. As noted above, none of the outside directors has any direct interests in the Company as an individual. An executive committee composed of all executive officers has been established as a means of internal control of the execution of operations by the executive officers. This is intended to allow the sharing of information concerning the status of operations among executive officers when an executive officer makes a decision concerning important matters as assigned by the Board of Directors and to enable consideration of such matters from many aspects. The Internal Auditing Office and other sections implement internal audits for each section of Hitachi Cable and for its Group companies in a planned manner and report the results to the Audit Committee, which in turn provides the reports to the Board of Directors as status reports on the operations of the Audit Committee. The Compliance Group conducts training, performs auditing, and provides guidance within the Group concerning business activities in terms of compliance with laws, regulations, and business ethics.

Through these measures, Hitachi Cable devotes unceasing efforts to further increasing the mobility and transparency of management.

#### **(5) Basic policy on relationships with the parent company**

As a member of the Hitachi Group of companies, which has a shared management vision and a shared brand, Hitachi Cable intends to continue to maintain and strengthen its cooperative relationships with Hitachi, Ltd.

### **3. Business Performance and Financial Status**

#### **(1) Business Performance**

During this consolidated fiscal year, Japan's economy showed signs of a long-awaited recovery, supported by factors such as improved business profitability, recovering private-sector investment in plants and equipment, and major increases in exports. However, due to a continued severe employment situation, personal consumption did not show signs of strength, and thus the economy did not achieve a full-fledged recovery.

In such an economic environment, Hitachi Cable endeavored to obtain sales orders by promptly responding to customers' needs as well as attempting measures such as selection and concentration of businesses, reduction of equity invested, and dramatic cost reductions, based on the fundamental policies of the Survival Project, a mid-term management plan for which this fiscal year was Year One.

As a result of these efforts, business performance in this consolidated fiscal year was as follows.

In addition to a recovery in sales of industrial cables and other products in line with recovering private-sector investment in plants and equipment, factors such as continued strong trends in products such as copper strips for semiconductor use and information transmission system products led to a sales figure of 340,470 million yen, an increase of 5% over the previous fiscal year. The Company was able to achieve positive ordinary income for the first time since fiscal year 2001 of 5,373 million yen despite various factors forcing revenues downward, such as a dramatic rise in the costs of raw materials such as copper since the end of the previous year and the rise in the yen. This figure was the result of the effects of increased sales and various cost-reduction measures, including those aimed at reducing total personnel costs, such as implementation of early retirement and an outplacement support system and reductions in salaries, as well as reduction of depreciation costs through disposal of excess equipment and reduction of materials procurement costs, and other factors such as posting 1,150 million yen of non-operating revenues from writing off the consolidated adjustment account due to reasons such as making Tonichi Kyosan Cable, Ltd. a wholly owned subsidiary on March 1, 2004. However, since 12,807 million yen in business restructuring costs was posted as an extraordinary loss, the Company was forced to post a net loss of 2,248 million yen.

The following is a report on the overall status of business performance for each segment by business type.

#### **Wires and Cables**

Although sales of magnet wires for use in electrical auto parts increased, sales for use in heavy

electrical equipment were sluggish and thus sales decreased from the previous consolidated fiscal year. Sales of submarine fiber-optic cables were low due to the extremely small number of orders, as in the previous fiscal year.

However, although demand for power cables remained sluggish due to a continuing low level of investment in plants and equipment by electric companies, the effects of the rising price of the primary raw material, copper, led to an increase in sales figures over the previous consolidated fiscal year. Since demand for terrestrial fiber-optic cables for fiber-to-the-home (FTTH) use was stable, performance improved slightly over the previous consolidated fiscal year. In addition to a recovery in sales of industrial cables and other products in line with the recovering private-sector investment in plants and equipment, the sales performance of products such as electronic wires, primarily due to demand for use in semiconductor manufacturing equipment, digital home electronics, and personal computers and circuitry parts such as film antennas for wireless LAN products increased over the previous fiscal year,

Owing to the fact that Fujinaga Electric Co., Ltd., a wire and cable sales company, was added to the companies subject to consolidation beginning this consolidated fiscal year, sales figures showed a net increase of 4,578 million yen over the previous consolidated fiscal year.

As a result, sales in this segment were 137,458 million yen, an increase of 10% over the previous consolidated fiscal year.

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

In the area of TAB tapes, although sales of high-precision COF (Chip-On-Film) products for LCD monitors increased as planned, since the Company withdrew from the TCP (Tape Carrier Package) business, performance was lower than in the previous consolidated fiscal year.

Conversely, although sales of compound semiconductors were sluggish for electronic devices such as mobile phones, sales of compound semiconductors for use in laser diodes for DVD devices and LEDs grew, and thus sales performance exceeded that of the previous consolidated fiscal year.

Sales performance of information transmission system products exceeded that of the previous consolidated fiscal year due to the fact that domestic telecommunications carriers began constructing a next-generation wide area Ethernet network in the latter half of this fiscal year, leading to an increase in sales of devices for use in 10-gigabit Ethernet networking, and the fact that sales were strong for products such as business videoconferencing systems.

As a result, sales in this segment were 98,847 million yen, an increase of 2% over the previous consolidated fiscal year.

### **Copper Products**

A decrease in domestic demand for copper tubes as a result of air-conditioner manufacturers' shifting production overseas pushed sales figures below those of the previous consolidated fiscal year.

However, there were strong sales trends for copper strips for semiconductor use, primarily dual-gauge copper strips for transistor leadframes. Sales of copper products for electrical use increased over the previous consolidated fiscal year due to recovering private-sector investment in plants and equipment. Sales of brass products were strong as well, particularly for products used in applications such as auto parts.

As a result, sales in this segment were 50,136 million yen, an increase of 3% over the previous consolidated fiscal year.

### **Electrical Equipment, Construction, and Other Businesses**

Sales of the primary product in the rubber products area, automotive brake hoses, were strong, principally in the North American market, leading to performance that exceeded that of the previous consolidated fiscal year. Sales of automotive electrical parts such as ABS (antilock brake system) sensor harnesses also increased.

Conversely, in terms of electrical transmission construction, most of the electrical transmission construction business of the consolidated subsidiary Power & Com Tech, Ltd. was transferred to the equity-method affiliate J-Power Systems corp. effective October 1, 2003, and combined with the effects of the reduction in large-scale projects, sales figures were lower than in the previous consolidated

fiscal year.

As a result, sales in this segment were 70,654 million yen, a decrease of 5% from the previous consolidated fiscal year.

## **(2) Matters Requiring the Company's Attention and Projected Performance for the Next Fiscal Year**

For the time being, despite a continued severe employment situation, Japan's economy appears likely to continue in a mild recovery trend, as a result of factors including recovering exports and increased private-sector investment in plants and equipment. However, while worldwide economic improvement is anticipated due to factors such as the continued expansion of China's economy and the continued recovery of the U.S. economy begun in the latter half of last year, there are also many factors contributing to uncertainty, such as instability in the Middle East, increasing prices of metal and chemical raw materials, and the rising value of the yen. For these reasons, the future is unpredictable.

In such an economic environment, the Hitachi Cable Group aims to achieve the target for FY 2006 under the Survival Project of 14 billion yen ordinary income by addressing various issues, including the following.

Although the company has succeeded in achieving certain improvements in performance as a result of measures aimed at reducing costs and slimming down the organization implemented through this consolidated fiscal year, it will continue efforts to rid itself of excess production equipment, reduce inventory assets and total labor costs through steps such as operational reforms, and reduce materials procurement costs and increase the efficiency of its sales activities, among other measures, beginning with business restructuring both inside and outside of the Group.

In terms of individual businesses in the coming consolidated fiscal year, in addition to effective concentration of business resources under a policy of selection and concentration of businesses into businesses such as information network solutions, compound semiconductors, copper strips, and electronic wires and wiring devices, the Hitachi Cable Group will focus its energies on improving unprofitable businesses such as the TAB and submarine fiber-optic cable businesses.

Prospects concerning market trends and business performance in the next consolidated fiscal year are covered below.

### **Wires and Cables**

Demand for power cables is expected to remain sluggish given the declining trend in investment in plants and equipment by electric companies and the limited number of major projects in the construction industry. However, sales figures are expected to increase during this consolidated fiscal year due to the effects on sales prices of the rising prices of copper, the primary raw material. With regard to telecommunications cables, although domestic demand for fiber-optic cables is expected to decrease, the increase in large-scale submarine fiber-optic cable projects is expected to lead performance to exceed that of the previous consolidated fiscal year. In the field of electronic wires, the Group's efforts to strengthen its production and sales structure in regions of promising growth such as China and to focus its energies in Japan on high value-added products such as wires for digital home electronics, medical devices, and semiconductor manufacturing equipment are expected to result in performance exceeding that of this consolidated fiscal year. Although domestic sales of magnet wires for use in heavy electric and home electronic devices are expected to fall, growth in sales of magnet wires for use in automobile electrical parts is expected to lead to sales exceeding those of this consolidated fiscal year.

Taking these factors into account, sales in this segment are projected to be 148 billion yen, an increase of approximately 8% over this consolidated fiscal year.

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

Efforts to achieve high levels of demand for TAB products through strengthening of production capabilities for high-precision COF products for use in LCD monitors and efforts to expand sales of the DDR II\*1 package μBGA\*2, for which demand is expected to expand for use in servers and other purposes, are expected to lead to performance greatly exceeding that of this consolidated fiscal year.

In October 2003, Hitachi Cable transferred its leadframe manufacturing and sales business to its consolidated subsidiary Hitachi Cable Precision Co., Ltd., and in April of this year it purchased

Dowa Hightech Philippines, Inc. By constructing an efficient production and sales structure through these and other efforts, the Group expects to achieve performance exceeding that of this consolidated fiscal year.

The Group will increase compound semiconductor sales by responding to the growing demand for epitaxial wafers for DVD laser diodes, the use of which is spreading rapidly, and by strengthening the supply structure for epitaxial wafers for LEDs.

Although sales in the areas of information- and telecommunications-related construction and devices such as antennas for terrestrial digital broadcasting use are expected to grow, since demand for third-generation mobile phone system use is expected to continue to fall, performance is expected to decline from that of this consolidated fiscal year. Sales in the information-transmission system products field are expected to exceed those of this consolidated fiscal year due to large-scale construction of 10-gigabit Ethernet networks by domestic telecommunications carriers.

Taking these factors into account, sales in this segment are projected to be 111 billion yen, an increase of approximately 12% over this consolidated fiscal year.

\*1 DDR (Double Data Rate): memory capable of high-speed data transmission

\*2  $\mu$ BGA<sup>®</sup> is a registered trademark of Tessera Inc., the United States. BGA is an abbreviation for "ball grid array."

### **Copper Products**

Although the continuing shift of customers' operations to overseas locations is expected to further lessen domestic demand for copper tubes, since the market for copper tubes in China is expected to grow, equity-method affiliate Shanghai Sunshine Copper Products Co., Ltd. will see significant demand in that region.

Sales of copper strips are expected to grow further, primarily in the form of dual-gauge copper strips for transistor use. Sales of rolled copper products for electrical use are expected to exceed those of this consolidated fiscal year due to recovering private-sector investment in plants and equipment. Demand for brass products for use in auto parts is expected to continue to grow as well.

Taking these factors into account, sales in this segment are projected to be 56 billion yen, an increase of approximately 12% over this consolidated fiscal year.

### **Electrical Equipment, Construction, and Other Businesses**

For rubber products, demand for automotive brake hoses is expected to grow, particularly in overseas markets, and sales of automotive electrical parts such as ABS sensor harnesses are expected to grow as well. However, severe conditions in the electrical transmission construction area are expected to continue due to declining investment in plants and equipment by electric companies.

Taking these factors into account, sales in this segment are projected to be 72 billion yen, an increase of approximately 2% from this consolidated fiscal year.

Sales projections for each business segment by product type are as described above. In addition to growth in sales of the Group's primary products, the effects of reductions in depreciation due to disposal of excess equipment implemented in this consolidated fiscal year and continuation of other cost-reduction and efficiency measures are expected to contribute to the following projected business performance for the entire fiscal year: sales of 370 billion yen, ordinary income of 14 billion yen, and net income of 6 billion yen.

## **(3) Financial Status**

### **① Status in This Consolidated Fiscal Year**

Cash and cash equivalents in this fiscal year were 7,763 million yen, an increase of 747 million yen over the previous fiscal year. The statuses and causes of each type of cash flow were as follows.

**Cash provided by operating activities** was 26,731 million yen. This figure is attributable to the fact that although net loss before income taxes were 3,131 million yen, depreciation had decreased by 20,325 million yen, inventory assets had decreased by 2,708 million yen, and trade receivable had decreased by 1,204 million yen, as well as other factors such as an increase of 7,818 million yen in accounts payable.

**Cash used in investing activities** was 1,057 million yen. This figure is attributable to the fact that although outlays were made of 12,634 million yen for acquisition of tangible fixed assets, 8,767 million yen for short-term loans and 1,889 million yen for acquisition of shares in companies such as Advanced Cable Systems Corp. and Shanghai Sunshine Copper Products Co., Ltd. as investment securities, inflows were received of 10,224 million yen from dissolution of the business annuity insurance fund that had been held as part of the Company's investment of funds, 5,860 million yen from sales of investment securities, and 3,646 million yen from sales of tangible fixed assets, among other factors.

**Cash used in financing activities** was 25,372 million yen. This figure is attributable to factors such as repayment of 10,489 million yen of short-term debt and payments of 10 billion yen for payment of corporate bonds, 1,907 million yen for acquisition of treasury shares, and 1,830 million yen in dividends.

## ② Projections for the next fiscal year

As part of **the cash provided by operating activities**, net income before income taxes and other adjustments is projected to be 9 billion yen, based on the effects of cost-reduction measures and measures for improving efficiency.

As part of **the cash used in investing activities**, amounts of investment in plants and equipment and acquisition of securities are expected to decrease from this consolidated fiscal year.

With regard to **the cash used in financing activities**, the Company plans to purchase treasury shares in a flexible manner while taking into consideration issues such as movements in share prices and the Company's financial situation as a means of returning profits to its shareholders and to enable implementation of dynamic equity policies.

The company also plans to reduce interest-bearing debt.

Taking these factors into account, the balance of cash and cash equivalents at the end of the next consolidated fiscal year is expected to decrease by approximately 2 billion yen from the end of this consolidated fiscal year.

## ③ Trends in Financial Status

	Fiscal Year 2000	Fiscal Year 2001	Fiscal Year 2002	Fiscal Year 2003	Fiscal Year 2004
Shareholder Equity Ratio (%)	47.5	46.8	48.7	51.6	53.0
MTM Shareholder Equity Ratio (%)	88.5	64.9	49.0	25.2	57.0
Years to Pay off Debt (%)	3.0	4.0	4.1	3.7	2.5
Interest Coverage Ratio (%)	16.4	10.9	11.5	13.5	19.6

Notes:

1. Shareholder equity ratio = total shareholder equity/total assets and shareholder equity
2. MTM shareholder equity ratio = MTM value of total shares/total assets
3. Years to pay off debt = Interest-bearing debt /cash flow from operations
4. Interest coverage ratio = cash flow from operations/interest paid

Explanation:

1. Each indicator is calculated using consolidated financial figures.
2. MTM value of total shares is calculated by the following formula:  
end-of-term closing price of shares × end-of-term total number of shares outstanding.
3. Cash flow from business activities on the consolidated cash flow statement is used for cash flow from operations.
4. Interest-bearing debt refers to all debt on the consolidated balance sheet on which interest is paid. Interest paid refers to the amount of interest paid shown on the consolidated cash flow statement.

#### 4. Consolidated Balance Sheet

(Million Yen)

	End of Fiscal 2003 (Mar. 31, 2003) (A)	End of Fiscal 2004 (Mar. 31 2004) (B)	B-A		End of Fiscal 2003 (Mar. 31, 2003) (A)	End of Fiscal 2004 (Mar. 31 2004) (B)	B-A
<b>[Assets]</b>				<b>[Liabilities]</b>			
Current Assets	147,353	155,559	8,206	Current Liabilities	107,401	99,711	-7,690
Cash and Deposit in bank	7,649	8,200	551	Note Payable and Accounts Payable	32,528	43,560	11,032
Note Receivable and Accounts Receivable	80,930	82,215	1,285	Short-term Debt	26,832	19,368	-7,464
Inventories	40,392	38,201	-2,191	Commercial Paper	16,000	14,000	-2,000
Deferred Income Taxes	3,859	7,181	3,322	Amortized Company Bonds	10,000	0	-10,000
Others	14,941	20,801	5,860	Others	22,041	22,783	742
Allowance for Doubtful Accounts	-418	-1,039	-621	Fixed Liabilities	57,391	55,854	-1,537
Fixed Assets	205,408	178,227	-27,181	Company Bonds	15,000	15,000	0
Tangible Fixed Assets	143,120	126,387	-16,733	Long-term Debt	20,164	19,479	-685
Building and Structure	51,490	48,002	-3,488	Accrued Pension and Severance Cost for Employees	19,571	17,179	-2,392
Machinery and Vehicles, etc.	68,972	60,141	-8,831	Reserve for Directors' Retirement Allowance	1,531	875	-656
Land	11,313	10,997	-316	Deferred Income Taxes	298	292	-6
Construction in progress	11,345	7,247	-4,098	Consolidated Adjustment Accounts	0	2,158	2,158
Intangible Fixed Assets	3,139	4,035	896	Others	827	871	44
Utility Rights, etc.	3,139	4,035	896	Total Liabilities	164,792	155,565	-9,227
Investment, etc.	59,149	47,805	-11,344	[Minority investment]			
Investment	46,287	36,150	-10,137	Minority Investment	5,964	1,309	-4,655
Deferred Income Tax	16,109	14,567	-1,542	[Shareholders' equity]			
Allowance for Doubtful Debt	-3,247	-2,912	335	Paid-in Capital	25,948	25,948	0
				Capital Surplus	30,098	30,420	322
				Earned Surplus	128,695	124,374	-4,321
				The Balance of Other Accountable Securities	1,350	2,268	918
				Adjustment Account of Exchange Rate	-1,824	-3,560	-1,736
				Treasury Stock	-2,262	-2,538	-276
				Total Shareholders' Equity	182,005	176,912	-5,093
Total Assets	352,761	333,786	-18,975	Total Liabilities, Minority Investment and Shareholders' Equity	352,761	333,786	-18,975



## 5. Consolidated Statement of Profit and Loss

(Million Yen)

	Fiscal 2003 (A) (Apr. 1, 2002– Mar. 31, 2003)	Fiscal 2004 (B) (Apr. 1, 2003– Mar. 31, 2004)	B/A (%)
Net Sales	325,100	340,470	105
Cost of Sales	281,117	290,534	103
Sale, General and Administrative Expense	45,942	44,154	96
Operating Income (Loss)	- 1,959	5,782	—
Non-operating Income	5,372	4,340	81
(Interest and Dividend Received)	(1,616)	(466)	
(Miscellaneous Revenues)	(3,756)	(3,874)	
Non-operating Expenses	7,090	4,749	67
(Interest Expenses)	(1,733)	(1,276)	
(Miscellaneous Losses)	(5,236)	(3,446)	
(Investment Losses by Equity Method)	(121)	(27)	
Ordinary Income (Loss)	- 3,677	5,373	—
Extraordinary Income	13,852	6,597	48
(Gain on Sales of Land)	(2,750)	(2,194)	
(Gain on Sales of Negotiable Securities)	(8,813)	(1,366)	
(Reversal of Employees' Severance Obligation for Prior Service)	(2,145)	(2,758)	
(Others)	(144)	(279)	
Extraordinary Loss	19,474	15,101	78
(Cost for Restructuring)	(14,402)	(12,807)	
(Valuation Loss of Negotiable Securities)	(3,389)	(130)	
(Loss on Sales of Negotiable Securities)	(1,424)	(106)	
(Others)	(259)	(2,058)	
Income (Loss) before Income Tax	- 9,299	- 3,131	—
Corporation, Inhabitant Taxes	1,107	1,245	
Deferred	- 3,434	- 2,441	
Minority Shareholders' Income	118	313	
Net Income (Loss)	- 7,090	- 2,248	—

## 6. Statement of Consolidated Surplus

(Million Yen)

	Fiscal 2003 (Apr. 1, 2002– Mar. 31, 2003)	Fiscal 2004 (Apr. 1, 2003– Mar. 31, 2004)
[Capital Surplus]		
Capital Surplus Brought Forward	30,028	30,098
Increase of Capital Surplus	70	322
(Margin from Treasury Stock)	—	(253)
(Increase by Merge)	(70)	(69)
Capital Surplus Carried Forward	30,098	30,420
[Earned Surplus]		
Earned Surplus Brought Forward	137,893	128,695
Decrease of Earned Surplus	9,198	4,321
(Net Loss of Term Under Review)	(7,090)	(2,248)
(Cash Dividends)	(1,859)	(1,830)
(Directors' Bonuses)	(100)	(40)
(Decrease by the Change of Consolidated Scope)	(149)	(203)
Earned Surplus Carried Forward	128,695	124,374

## 7. Consolidated Statement of Cash Flows

(Million Yen)

	Fiscal 2003 (Apr. 1, 2002– Mar. 31, 2003)	Fiscal 2004 (Apr. 1, 2003– Mar. 31, 2004)
<b>[Cash Flows from Operating Activities]</b>		
Income (Loss) before Income Tax	-9,299	-3,131
Depreciation	22,035	20,325
Increase/Decrease of Allowance for Doubtful Debt (Decrease:-)	-1,008	540
Gain on Sales of Negotiable Securities	-8,747	-1,241
Interest Received and Dividends Received	-1,616	-153
Interest Expenses	1,733	1,276
Exchange Profit/Loss (Profit:-)	247	612
Increase/Decrease of Trade Receivable (Increase:-)	12,073	1,204
Increase/Decrease of Inventories (Increase:-)	7,748	2,708
Increase/Decrease of Trade Payable (Increase:-)	-1,966	7,818
Increase/Decrease of Amount in Arrears (Decrease:-)	-2,606	1,289
Others	6,907	-2,619
Sub Total	25,501	28,628
Earning on Interest and Dividends	1,616	153
Interest Paid	-1,777	-1,363
Corporation Tax and Other Tax Paid	-1,421	-687
<b>Net Cash Provided by Operating Activities</b>	<b>23,919</b>	<b>26,731</b>
<b>[Cash Flows from Investing Activities]</b>		
Expenditures for Acquisition of Securities	-3,705	-1,889
Proceeds from Sales of Securities	12,946	5,860
Expenditures for Acquisition of Tangible Fixed Assets	-15,717	-12,634
Proceeds from Sales of Tangible Fixed Assets	5,513	3,646
Expenditures for loans	—	-8,767
Proceeds from Collection of Loans	—	1,579
Proceeds from Surrender Value of Business Annuity Insurance	—	10,224
Proceeds from Acquisition of Subsidiary's Securities Accounting to Changing in Scope of Consolidation	—	728
Others	-16	196
<b>Net Cash Used in Investing Activities</b>	<b>-979</b>	<b>-1,057</b>
<b>[Cash Flows from Financing Activities]</b>		
Increase/Decrease in Short-term Borrowing (Decrease:-)	-21,085	-10,489
Proceeds from Long-term Debt	8,300	—
Expenditures for Repayment of Long-term Debt	-9,057	-1,019
Proceeds from Issue of Company Bond	5,000	—
Payment of Company Bond	-7,783	-10,000
Payment for Purchase of Treasury Stock	-1,197	-1,907
Dividends Paid by Parent Company	-1,859	-1,830
Dividends Paid to Minority Shareholders	-229	-127
<b>Net Cash Provided by Financing Activities</b>	<b>-27,910</b>	<b>-25,372</b>
<b>Effect of Exchange Rate Change on Cash and Cash Equivalents</b>	<b>111</b>	<b>408</b>
<b>Net Increase/Decrease in Cash and Cash Equivalent (Decrease:-)</b>	<b>-4,859</b>	<b>710</b>
<b>Cash and Cash Equivalent at Beginning of Term</b>	<b>11,866</b>	<b>7,016</b>
<b>Net Increase in Cash and Cash Equivalents by Newly Consolidated Subsidiaries</b>	<b>9</b>	<b>37</b>
<b>Cash and Cash Equivalent at the End of Term</b>	<b>7,016</b>	<b>7,763</b>

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

	(Mar. 31, 2003)	(Mar. 31, 2004)
Cash and Deposits	7,649	8,200
Fixed Deposits (over 3 Months)	-633	-437
Total	7,016	7,763

## 8. Notes

(1) Notes required by Consolidated Financial Statements Regulations of Japan (Excluding Consolidated Financial Statements Regulations of Japan Art. 15-2~9)

①Accumulated Depreciation of Tangible Fixed Assets

[March 31, 2003] 286,001 million yen

[March 31, 2004] 259,904 million yen

②Guarantees of Loans (Including Contingent Guarantees)

[March 31, 2003] 1,702 million yen

[March 31, 2004] 1,552 million yen

③Letter of Awareness

[March 31, 2003] 5,541 million yen

[March 31, 2004] 4,007 million yen

④Note Receivable Endorsed

[March 31, 2003] 5,242 million yen

[March 31, 2004] 3,809 million yen

⑤Promissory Notes Transferred Due to Securitization of Assets

[March 31, 2003] 11,375 million yen

[March 31, 2004] 11,029 million yen

⑥Accounts Receivable Transferred Due to Securitization of Assets

[March 31, 2003] 4,400 million yen

[March 31, 2004] 13,633 million yen

## (2) Notes required by Consolidated Financial Statements Regulations of Japan excluding (1)

## ① Segment Information

## A. Results by Operating Segment

Previous Fiscal Year (Apr. 1, 2002 – Mar. 31, 2003)

(Million Yen)

	Wires and Cables	Information Systems and Electronic Components	Copper Products	Electric Equipment, Construction and Others	Total	Eliminated or Company-wide	Consolidated
I. Net sales and Operating Income							
(1) Sales to Customers	124,561	97,383	46,189	56,967	325,100	—	325,100
(2) In-house Sales or Transfer between Operating Segments	—	—	2,303	17,506	19,809	(19,809)	—
Total	124,561	97,383	48,492	74,473	344,909	(19,809)	325,100
Operating Expense	124,417	101,006	47,464	73,988	346,875	(19,816)	327,059
Operating Income (loss)	144	-3,623	1,028	485	-1,966	7	-1,959
II. Assets, Depreciation and capital Expenditure	128,080	110,244	45,488	48,887	332,699	20,062	352,761
Depreciation	7,706	9,069	2,876	2,384	22,035	—	22,035
Capital Expenditure	4,817	5,265	3,274	2,361	15,717	—	15,717

The Term under Review (Apr. 1, 2003–Mar. 31, 2004)

(Million Yen)

	Wires and Cables	Information Systems and Electronic Components	Copper Products	Electric Equipment, Construction and Others	Total	Eliminated or Company-wide	Consolidated
I. Net sales and Operating Income							
(1) Sales to Customers	137,458	98,847	48,150	56,015	340,470	—	340,470
(2) In-house Sales or Transfer between Operating Segments	—	—	1,986	14,639	16,625	(16,625)	—
Total	137,458	98,847	50,136	70,654	357,095	(16,625)	340,470
Operating Expense	134,949	99,264	48,032	69,094	351,339	(16,651)	334,688
Operating Income (loss)	2,509	-417	2,104	1,560	5,756	26	5,782
II. Assets, Depreciation and capital Expenditure	114,010	106,562	44,856	47,717	313,145	20,641	333,786
Depreciation	7,123	7,733	2,993	2,476	20,325	—	20,325
Capital Expenditure	3,766	6,331	1,641	1,953	13,691	—	13,691

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

Operating Segments	Main Products
Wires and Cables	Wires and Cables
Information Systems and Electronic Components	Semiconductor Packaging Materials, Compound Semiconductors, Optical Components, Systems Related to Information Transmission
Copper Products	Copper Products
Electric Equipment, Construction and Others	Accessories for Wires and Cables, Construction, Rubber Products, Others

2. Because all of the operating expenses are allocated to individual business segment, there are no unallocatable operating expenses in the "elimination or companywide" item.

B. Sales Results by Location

Previous Fiscal Year (Apr. 1, 2002 – Mar. 31, 2003)

(Million Yen)

	Japan	Others	Total	Eliminated or Company-wide	Consoli- dated
I. Net sales and Operating Income					
(1) Sales to Customers	275,005	50,095	325,100	—	325,100
(2) In-house Sales or Transfer between Operating Segments	19,455	5,812	25,267	(25,267)	—
Total	294,460	55,907	350,367	(25,267)	325,100
Operating Expense	297,928	54,447	352,375	(25,316)	327,059
Operating Income (Loss)	-3,468	1,460	-2,008	49	-1,959
II. Assets	306,582	41,656	348,238	4,523	352,761

Previous Fiscal Year (Apr. 1, 2003 – Mar. 31, 2004)

(Million Yen)

	Japan	Others	Total	Eliminated or Company-wide	Consoli- dated
I. Net sales and Operating Income					
(1) Sales to Customers	289,647	50,823	340,470	—	340,470
(2) In-house Sales or Transfer between Operating Segments	23,098	3,201	26,299	(26,299)	—
Total	312,745	54,024	366,769	(26,299)	340,470
Operating Expense	305,379	52,594	360,973	(26,285)	334,688
Operating Income (Loss)	4,366	1,430	5,796	(14)	5,782
II. Assets	289,951	41,705	331,656	2,130	333,786

- (Note) 1. It is omitted to mention business results by country or region in the term under review, because every ratio of sales of country or region in total net sales are less than 10%.
2. Others · · · U. S. A. , Thailand, China, etc.
3. Because operating expenses are allocated in their entirety to individual business segments, there are no unallocatable operating expenses in the "elimination or company-wide" item.

### C. Overseas

#### Previous Fiscal Year (Apr. 1, 2002 – Mar. 31, 2003)

	Asia	North America	Others	Total
Overseas	49,615 million yen	18,332 million yen	8,275 million yen	76,222 million yen
Consolidated Sales				325,100 million yen
Ratio of Overseas Sales in Consolidated Sales	15.3 %	5.6 %	2.5 %	23.4 %

#### The Term under Review (Apr. 1, 2003–Mar. 31, 2004)

	Asia	North America	Others	Total
Overseas	48,240 million yen	15,590 million yen	6,572 million yen	70,402 million yen
Consolidated Sales				340,470 million yen
Ratio of Overseas Sales in Consolidated Sales	14.2 %	4.6 %	1.9 %	20.7 %

- (Note) 1. As a rule, countries or regions are divided according to geographical proximity to each other.
2. Main Countries or Regions
- (1) Asia · · · China, Taiwan, South Korea, Thailand, Singapore
  - (2) North America · · · U.S.A., Canada
  - (3) Other countries · · · Italy, U.K., etc.
3. Overseas sales represent sales made by the Company and its consolidated subsidiaries in countries or regions other than Japan.

#### ② Lease Transaction

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

	Mar. 31, 2003	Mar. 31, 2004
Lease Rental Expense	872 million yen	817 million yen
Outstanding Future Lease Payments as of the End of the Period	1,733 million yen	1,501 million yen

[Operating Lease Transaction]

	Mar. 31, 2003	Mar. 31, 2004
Outstanding Future Lease Payments	33 million yen	5 million yen

③The Treat with the Company Concerned (Apr. 1, 2003–Mar. 31, 2004)

A. <Parent Company>

Company name	Address	Paid-in Capital (Million Yen)	Business	Ratio of Voting Rights, etc.	Relationship		Detail of Trading	The Amount of Business (Million Yen)	Account Item	The Amount Carried forward (Million Yen)
					Board Members	Business				
Hitachi, Ltd.	Chiyoda-ku, Tokyo	282,033	Manufacture and sale of electrical appliances	(0.4%) 52.7%	2 persons are holding two offices concurrently.	Trading each other and Hitachi Cable has loans from Hitachi	Sale of our products	6,319	Account Receivable	1,930
									Advance	0
							Purchase of materials	1,605	Other Liabilities	527
							Advance money	2,970	Accounts Due	308
								2,308	Arrearages and Others	7
		Debt	162,437	Short-term Debt	5,349					
		Loan	9,163	Short-term Loan	8,476					

(Notes) The treat condition and the policy of treat condition

1. Before we decide our products prices, we present our recommended prices with taking market prices and costs into consideration and negotiate.
2. Before we decide materials prices, Hitachi, Ltd. presents prices and negotiate referring to usual prices.
3. Figures in parentheses are the ratio of voting rights, etc. of other subsidiary of Parent companies: Hitachi Building Systems Co., Ltd. and other 22 companies.
4. Debt were made using Hitachi Ltd. and other funding systems to provide liquid funds that the Company may procure or repay in line with its requirements. The interest rate on borrowings is set by marketing interest rates with an appropriate commission.



## B. Subsidiaries, etc.

Attributes	Name of Company	Location	Capital (million yen)	Principal Lines of Business	Ratio of Voting rights, etc	Relationship		Content of Transactions	Transaction Amounts (million yen)	Account	End-of-term Balance (million yen)
						Shared Directors, etc.	Business Relationship				
Equity-method Affiliate	J-Power Systems Corp.	Minato-ku, Tokyo	4,000	Development, design, manufacturing, construction, and overseas sales of products related to wires and cables	50.0%	Shared: 2 directors  Transferred: 3 directors	Hitachi Cable purchases products from this company.	Sales of Hitachi Cable products	49	Accounts receivable	3
								Purchase of materials, etc.	16,304	Accounts payable	4,507
								Advances	20,121	Other accounts receivable	3,476
	Sumiden Hitachi Cable Ltd.	Taito-ku, Tokyo	400	Development, manufacturing, outsourced manufacturing, and sales of products related to wires and cables.	(10.0%) 50.0%	Shared: 1 director  Transferred: 4 directors	Hitachi Cable sells products to and purchases products from this company. In addition, Hitachi Cable loans funds to this company.	Sales of Hitachi Cable products	10,901	Accounts receivable	5,278
								Purchase of materials, etc.	3,179	Accounts payable	323
								Advances	883	Other accounts receivable	119
Funds loaned								2,750	Short-Term loans receivable	250	

Notes: Transaction conditions, policies for determining transaction conditions, etc.

- Prices for the sale of Hitachi Cable products are determined based on price negotiations, with Hitachi Cable indicating its desired prices in consideration of market prices and total cost.
- Prices for the purchase of materials, etc. are determined based on price negotiations, with Hitachi Cable indicating its desired prices in consideration of the prices ordinarily paid.
- Figures in parentheses under "Percentage of voting rights, etc. held by the company" indicate the ratio of indirect ownership of voting rights, etc. held by the company.

④Tax Effect Accounting

Breakdown of deferred tax assets and liabilities by major factors (million yen)

	Fiscal 2002 (As of March 31, 2003)	Fiscal 2003 (As of March 31, 2004)
<Deferred tax assets>		
Loss Carried Forward	8,994	12,257
Reserve for Retirement Allowance	5,169	5,455
Accrued Employees Bonuses	1,972	2,353
Restructuring Cost	1,872	1,333
Unrealized Profit on Inventories	90	118
Others	4,219	3,298
Sub Total	22,316	24,814
Valuation Allowance	-944	-926
Total Deferred Tax Assets	21,372	23,888
<Deferred Tax Liabilities>		
Difference in Valuation of Other Securities		-1,571
Others	-925	-861
Total Deferred Tax Liabilities	-1,702	-2,432
Net Deferred Tax Assets	19,670	21,456

⑤Securities

Fiscal 2003 (As of Mar. 31, 2003)

A. Other Securities Estimated on Market Price

(million yen)

	Acquisition Cost (A)	Balance Sheet Value (B)	B-A
Market Price over Balance Sheet Value			
(1) Stock	3,632	6,078	2,446
(2) Bond			
①Government Bond · Local Government Bond	-	-	-
②Company Bond	-	-	-
③Others	-	-	-
(3) Others	-	-	-
Sub Total	3,632	6,078	2,446
Market Price under Balance Sheet Value			
(1) Stock	1,918	1,696	- 222
(2) Bond			
①Government Bond · Local Government Bond	-	-	-
②Company Bond	-	-	-
③Others	2,000	2,000	-
(3) Others	-	-	-
Sub Total	3,918	3,696	- 222
Total	7,550	9,774	2,224

B. Other Securities That Were Sold during Fiscal 2003

(million yen)

Amount of Sale	Gain on Sale	Loss on Sale
16,448	8,747	-

C. Outlines and Balance Sheet Value of Securities That Don' t Estimate on Market Price

(million yen)

	Balance Sheet Value
Other Securities	
Unlisted Stock (Excluding Over-the-counter Stock)	14,464
Unlisted Company Bond	-

D. A Plan for Redemption of Other Securities That Have The Due Date.

(million yen)

	Within 1 Year	Over 1 Year and within 5 years	Over 5 years and within 10 years	Over 10 years
(1) Bond				
①Government Bond · Local Government Bond	-	-	-	-
②Company Bond	-	-	-	-
③Others	-	-	2,000	-
(2) Others	-	-	-	-
Total	-	-	2,000	-

Fiscal 2004 (As of Mar. 31, 2004)

A. Other Securities Estimated on Market Price

(million yen)

	Acquisition Cost (A)	Balance Sheet Value (B)	B-A
Market Price over Balance Sheet Value			
(1) Stock	4,586	8,506	3,920
(2) Bond			
①Government Bond · Local Government Bond	-	-	-
②Company Bond	-	-	-
③Others	-	-	-
(3) Others	-	-	-
Sub Total	4,586	8,506	3,920
Market Price under Balance Sheet Value			
(1) Stock	494	459	- 35
(2) Bond			
①Government Bond · Local Government Bond	-	-	-
②Company Bond	-	-	-
③Others	2,000	2,000	-
(3) Others	-	-	-
Sub Total	2,494	2,459	- 35
Total	7,080	10,965	3,885

B. Other Securities That Were Sold during Fiscal 2003

(million yen)

Amount of Sale	Gain on Sale	Loss on Sale
2,380	1,241	0

C. Outlines and Balance Sheet Value of Securities That Don't Estimate on Market Price

(million yen)

	Balance Sheet Value
Other Securities	
Unlisted Stock (Excluding Over-the-counter Stock)	14,392
Unlisted Company Bond	-

D. A Plan for Redemption of Other Securities That Have the Due Date.

(million yen)

	Within 1 Year	Over 1 Year and within 5 Years	Over 5 years and within 10 Years	Over 10 Years
(1) Bond				
①Government Bond · Local Government Bond	-	-	-	-
②Company Bond	-	-	-	-
③Others	-	-	2,000	-
(2) Others	-	-	-	-
Total	-	-	2,000	-

⑥Preset Price, Market Price and Valuation Profit/Loss of Derivative Contract

(Million Yen)

	Type of Transaction	Fiscal 2003 (As of Mar. 31, 2003)			Fiscal 2004 (As of Mar. 31, 2004)		
		Preset Price	Market Price	Valuation Profit/Loss	Preset Price	Market Price	Valuation Profit/Loss
Currency	Forward Exchange Contracts						
	Sell	2,078	2,082	-4	7,533	7,502	24
	Buy	-	-	-	8	8	-0
Interest	Swap Transaction	17,900	-161	-161	16,900	-102	-102
	Total	-	-	-165	-	-	-78

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

⑦Retirement Benefits

A. Summary of the Retirement Benefits System in Use:

Although Hitachi Cable and its domestic consolidated subsidiaries had established a one-time, lump-sum retirement payment system and a qualified pension system as a defined-benefit system, in March 2004 Hitachi Cable abolished its qualified pension system and shifted to its Cash Balance Plan (a pension plan linked to market interest rates), which is a defined-benefit pension plan according to the Defined-Benefit Corporate Pension Law.

B. Retirement Benefit Obligations

(million yen)

	Fiscal 2003 (As of Mar. 31, 2003)	Fiscal 2004 (As of Mar. 31, 2004)
a. Retirement Benefit Obligations	-94,416	-92,468
b. Pension Assets	39,838	48,667
c. Pension Assets over (under) Benefit Obligations	-54,578	-43,796
d. Unrecognized Net Actuarial Loss	35,007	26,617
e. Liabilities Recognized in the Balance Sheet	19,571	17,179

(Note) Certain subsidiaries adopted the simplified method for the calculation of retirement benefit obligations.

C. Retirement Benefit Expenses

(million yen)

	Fiscal 2003 (Apr. 1, 2002—Mar. 31, 2003)	Fiscal 2004 (Apr. 1, 2003—Mar. 31, 2004)
a. Service Costs (Notes 1)	3,096	3,130
b. Interest Costs	2,957	2,321
c. Expected Return on Plan Assets	-1,603	-977
d. Amortization of Transition Obligations (Note 2)	-2,144	-2,758
e. Amortization of Unrecognized Actuarial Loss	1,187	3,770
f. Net Periodic Benefit Expenses	3,493	5,486

(Note)

- Contributions to the qualified retirement pension plan were deducted.
- The subsidiaries' retirement benefit expenses calculated by the simplified method were included in service costs.

D. Actuarial Calculation Basis for Retirement Benefit Obligations

	Fiscal 2003 (Apr. 1, 2002—Mar. 31, 2003)	Fiscal 2004 (Apr. 1, 2003—Mar. 31, 2004)
a. Periodic Allocation Method of Projected Benefit Obligation	Straight-line basis over total service periods based on the unit credit method	
b. Discount Rate	2.5%	2.5%
c. Expected Return on Plan Assets	Principally 3.5%	Principally 2.5%
d. Periods for Amortization of Prior Service Cost	A year Charged to income as a one-time expense for the fiscal year in which prior service cost arises.	A year Charged to income as a one-time expense for the fiscal year in which prior service cost arises.
e. Periods for Amortization of Unrecognized Actuarial Loss (gain)	10 years Retirement benefit liabilities that occur during each consolidated fiscal year are amortized as an expense by the straight-line method beginning from the following fiscal year over a specified number of years that is the same or less than the average number of years remaining to mandatory retirement age for all relevant employees.	10 years Retirement benefit liabilities that occur during each consolidated fiscal year are amortized as an expense by the straight-line method beginning from the following fiscal year over a specified number of years that is the same or less than the average number of years remaining to mandatory retirement age for all relevant employees.

⑧ Going-concern Assumption:  
Not applicable

(Reference)

## Transition of Performance by Each Quarter

Fiscal 2004 (Consolidated)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
	Apr. 2003-Jun. 2003	Jul. 2003-Sep. 2003	Oct. 2003-Dec. 2003	Jan. 2004-Mar. 2004	Apr. 2003-Mar. 2004
	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen
Net Sales	79,210	85,302	81,682	94,276	340,470
Gross Income	11,201	12,336	12,626	13,773	49,936
Operating Income (Loss)	-143	1,268	1,972	2,685	5,782
Ordinary Income (Loss)	116	791	1,145	3,321	5,373
Income (Loss) before Income Tax	-5	-8,773	1,113	4,534	-3,131
Net Income (Loss)	-225	-5,497	521	2,953	-2,248
Net Income (Loss) per Share	-0.61	-14.98	1.43	8.06	-6.29
Diluted Net Income per Share	-	-	1.43	8.04	-
	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen
Total Asset	350,405	343,014	334,770	333,786	333,786
Shareholders' Equity	181,376	174,582	172,817	176,912	176,912
Shareholders' Equity per Share	493.17	479.95	476.12	481.30	481.30
	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen
Net Cash Provided by Operating Activities	4,910	5,412	1,604	14,805	26,731
Net Cash Used in Investing Activities	-1,271	91	9,152	-9,029	-1,057
Net Cash Provided by Financing Activities	-1,937	-7,494	-9,100	-6,841	-25,372
Cash and Cash Equivalents at the End of Term	8,712	6,766	8,691	7,763	7,763

Fiscal 2003 (Consolidated)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
	Apr. 2002-Jun. 2002	Jul. 2002-Sep. 2002	Oct. 2002-Dec. 2002	Jan. 2003-Mar. 2003	Apr. 2002-Mar. 2003
	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen
Net Sales	76,890	80,763	79,878	87,569	325,100
Gross Income	10,774	10,068	11,382	11,759	43,983
Operating Income (Loss)	-1,104	-1,281	-372	798	-1,959
Ordinary Income (Loss)	-1,970	-659	-1,134	86	-3,677
Income (Loss) before Income Tax	-1,146	-1,082	-2,096	-4,975	-9,299
Net Income (Loss)	-764	-1,336	-1,700	-3,290	-7,090
Net Income (Loss) per Share	-2.05	-3.59	-4.59	-8.94	-19.25
Diluted Net Income per Share	-	-	-	-	-
	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen
Total Asset	405,575	368,988	372,373	352,761	352,761
Shareholders' Equity	197,751	190,972	186,673	182,005	182,005
Shareholders' Equity per Share	531.64	513.45	507.49	494.72	494.72
	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen
Net Cash Provided by Operating Activities	253	20,140	-11,079	14,605	23,919
Net Cash Used in Investing Activities	-2,429	4,773	-2,742	-581	-979
Net Cash Provided by Financing Activities	2,806	-26,311	10,704	-15,109	-27,910
Cash and Cash Equivalents at the End of Term	12,401	11,291	8,013	7,016	7,016