

(Translation extra selected)

## Consolidated Financial Report for 1st half of Fiscal 2001 ended March 31, 2001

October 31, 2000

Name of Listed Company: Hitachi Cable, Ltd.

Stock Exchange where listed (section): Tokyo Stock Exchange (First Section)

Osaka Securities Exchange (First Section)

Code Number: 5812

Head Office: Tokyo

Contact: Suzumura Shinichiro

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Date of the Board of Directors Meeting at

which the Account Settlement Plan was approved: October 31, 2000

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

Ratio of Share that Hitachi, Ltd. holds: 52.3%

### 1. Performance over the term under Review (Apr.1, 2000 - Set.30, 2000)

#### (1) Operating Results

	Net Sales (¥ million)	Operating Income (¥ million)	Ordinary Income (¥ million)
September/00	193,322	12,386	11,838
March/00	359,119	15,532	9,968

	Interim Net Income (¥ million)	Interim Net Income per Share (¥)	Diluted Net Income per Share (¥)
September/00	3,563	9.54	9.49
March/00	6,077	16.15	16.09

(Note) 1. Investment income based on equity method September/00: ¥ 201 million

March/00: ¥ -335 million

2. Profit or loss from valuation of derivative contract: ¥ 79 million

3. Changing in accounting policy: None

4. Figures are rounded down to the nearest ¥1 million.

#### (2) Financial Standing

	Total Asset (¥ million)	Shareholders' Equity (¥ million)	Shareholders' Equity Ratio (%)	Shareholders' Equity per Share (¥)
September/00	434,037	211,610	48.8	566.68
March/00	411,551	195,537	47.5	523.56

#### (3) Statement of Cash Flows

	Cash Flows from Operating Activities (¥ million)	Cash Flow from Investing Activities (¥ million)	Cash Flows from Financing Activities (¥ million)	Cash, Time Deposit and Marketable Securities at the End of the Term (¥ million)
September/00	20,570	-16,584	-8,986	29,791
March/00	34,600	-22,696	-11,065	34,733

- (4) Scope of consolidation and application of the equity method.  
 Number of consolidated subsidiaries: 37  
 Number of non-consolidated subsidiaries, applied the equity method: 1  
 Number of affiliated companies, applied the equity method: 6
- (5) Change in scope of consolidation and application of the equity method.  
 Consolidation      New companies: 1  
                          Companies removed: 4  
 Equity method      New companies: -  
                          Companies removed: -

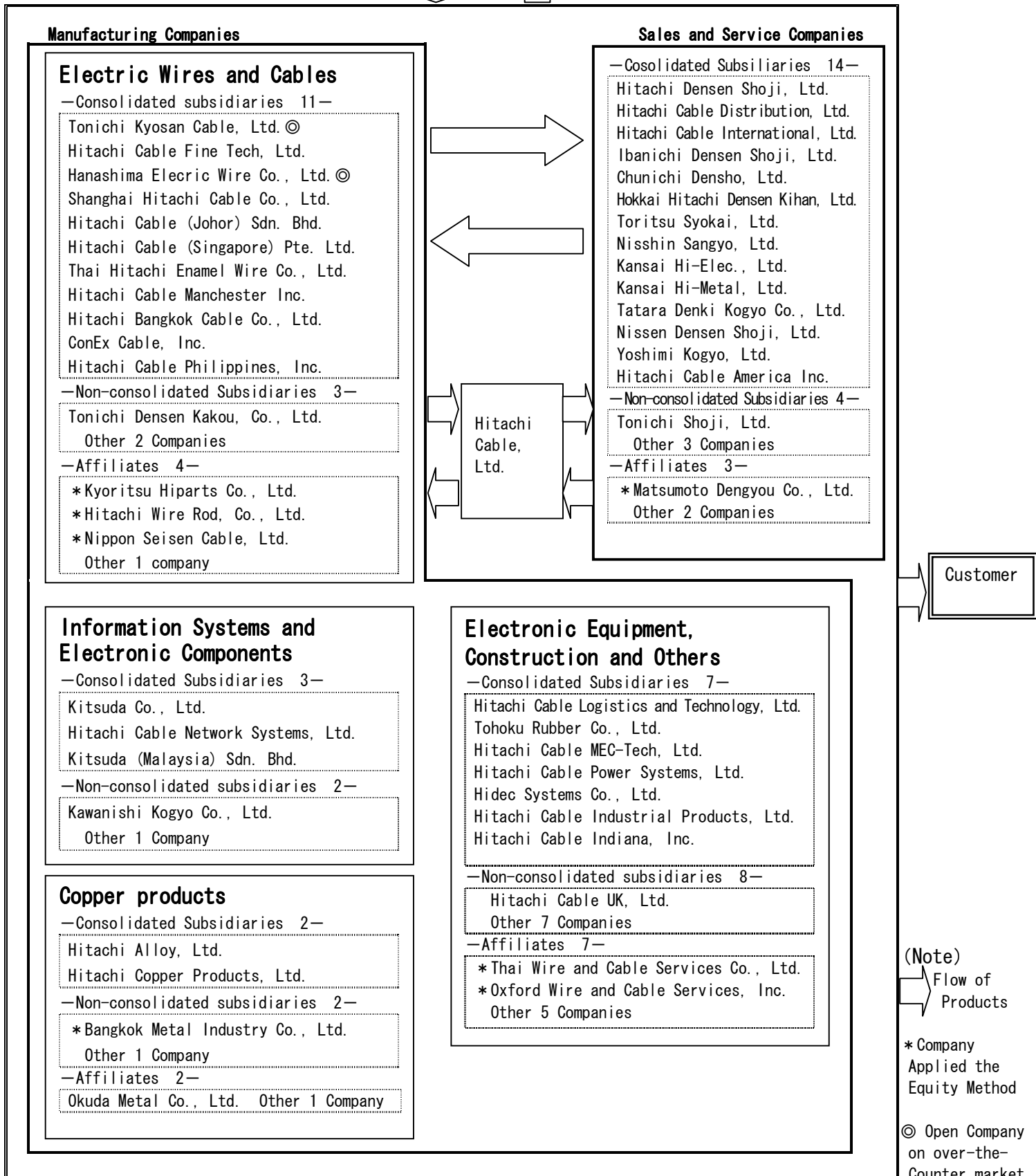
**2 . Business Results Forecast for Fiscal Year 2001 (April 1,2000 - March 31, 2001 )**

	Net Sales (¥ million)	Ordinary Income (¥ million)	Net Income (¥ million)
March/01	396,000	24,000	7,500

(Reference) Forecast net income per share (March/01): ¥20.08

1. State of Consolidation (as of Sep.30, 2000)

Parent Company : Hitachi, Ltd.



(Note)

1. Our consolidated subsidiaries Tonichi Cable, Ltd. merged Kyosan Cable, Ltd. and changed name on April 1, 2000: Tonichi-Kyosan Cable, Ltd.
2. Our consolidated subsidiaries Hitachi Fine Wire, Ltd. merged Hitachi Cable Assemblies, Ltd. and changed name on July 1, 2000: Hitachi Cable Fine Tech, Ltd.
3. Our consolidated subsidiaries Hitachi Cable Wood Products and Housing, Ltd. merged Hitachi Cable Transportation, Ltd. and changed name on July 1, 2000: Hitachi Cable Logistics and Technology, Ltd.
4. Our consolidated subsidiaries Hitachi Cable Fine Material, Ltd. merged Hitachi Cable Poly-Tech, Ltd. and changed name on July 1, 2000: Hitachi Cable MEC-Tech, Ltd.
5. Our consolidated subsidiaries Hitachi Cable Engineering, Ltd. changed name on July 1, 2000: Hidec Systems Co., Ltd.
6. Our consolidated subsidiaries Hitachi Cable Power Systems, Ltd. merged Hitachi Cable Network Systems, Ltd. and changed name on October 1, 2000: Power and Com Tech, Ltd.

## **2. Management Policy**

### **(1) The company's fundamental management plan**

In order to sustain growth, our group's fundamental management plan is 'Management quality improvement'. This plan is based on considering the absolute importance of customers and product quality in this mega competition business environment and by the improvement in the quality of a variety of management factors we think that from here on the building of a management system that really gives the customers the goods and services that they want is an indispensable part of business expansion policy.

### **(2) The company's fundamental profit dividends plan**

While considering the strengthening of our management constitution and current business development, our group's fundamental profit allocation plan is to continue to realize stable dividends.

### **(3) Issues that ought to be dealt with in mid-term company management strategies**

Our group's current issue is that global competitive power is going to increase, with these severe market conditions both in Japan and abroad. In order to respond to this problem, last autumn we enforced an interim management plan that focused on the important shifting of management resources to growth sectors like E-Business ('Electronics Business' – Information and Electronic related product areas) and the dramatic slimming down of T-Business sectors ('Traditional Business' – existing product sectors that are unrelated to Information and Electronic product areas). Aiming towards early results we are promoting a variety of counter measures.

With E-Business, because we can expect demand to rise in the future and to further strengthen our dominance we are taking measures to actively invest in facilities and shift the staff of existing product departments other than to electronic product related departments.

Furthermore, to prevent a potential fall in competitive power in T-Business and to ensure profitability, along with the drastic downsize in the investment in facilities and staff in this area, we are also actively forming alliances with other companies and reorganising related companies within the group.

So with the reliability and quick enforcement of these measures, our group intends to improve global business competitive power by uniting and pooling our efforts.

### **(4) The fundamental plan concerning the relationship with the parent company**

Our parent company is Hitachi Ltd. and as of September 30th 2000, had a holding rate of 52.3% of our common stock (including indirect holdings of 1.1%). As part of the Hitachi group, in the future we would like to maintain and enhance our co-operative relationship which centers on the sharing of R&D etc.

## **3. Management Results.**

### **(1) An outline of this interim fiscal period**

In our domestic economy, this interim fiscal period, we could see an underlying tone of expansion continuing with private facility investment in IT related businesses leading the way and material production heading towards recovery. However because of the severity of: personal consumption, employment and income, unfavorable conditions prevailed and over all the recovery curve made slow progress.

Under such economic conditions, our traditional forces such as power cable and transmission cable construction had a bad time, but riding the rapidly expanding wave of the IT industry: submarine

optical-fiber cable, compound semiconductors, semiconductor packaging materials and optical components did very well – far exceeding our initial expectations and shifting our results as a whole into a positive position.

For this interim period sales were at 193,322 million Yen, with support from the growth of E-Business products ordinary income were calculated at 11,838 million Yen. The amortization of unrecognized net obligation at transition with applying reserve for retirement allowance, extraordinary losses stood at: 6,486 million Yen, but net income still came in at 3,563 million Yen.

Below are summaries of the general business situations of each of our production areas divided into their respective divisions:

### **Electric Wires and Cables Division**

Due to a fall in the prices and a lack of domestic demand from electric power companies the power cable business became dull, but because of heightened demand for information related equipment, the electronic wires business grew. Communication cable showed huge growth – due to submarine optical-fiber cable providing the basis for large capacity data transmission.

Resulting sales for this segment were at 82,706 million Yen.

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

With demand for cellular telephone transceiving devices, CD-ROM and DVD use lasers being extraordinarily buoyant – compound semiconductors continued to be active. Regarding semiconductor packaging materials, sales of TAB tape carriers steadily increased, supported by healthy demand for semiconductors.

We saw a rapid rise in demand for optical components such as: the guided wave optical multi/demultiplexer for WDM (Wave Division Multiplexing) and the optic transceiver; mainly as a response to the increasing data transmission capacity needs in the American market. Regarding information transmission systems, sales grew for equipment used for high speed, wide band network construction for public communication businesses and cellular telephone base station construction also made a recovery.

As a result sales for this segment were at 53,006 million Yen.

### **Copper Products Division**

Due to the effect of air conditioner manufacturers shifting overseas, we saw stagnation in the copper tube business. On the other hand, the continuing buoyancy in demand for copper strips for semiconductors and optical submarine cable left this sector in good shape. We also saw the copper products for electrical applications business pick up due to positive private facility investment in IT related areas.

This resulted in sales for this segment finishing at 28,616 million Yen.

### **Electronic Equipment, Construction and Others**

Despite a fall in sales of parts for information devices, sales of rubber products were good, supported by the mainstay automobile brake hose which did well on the back of automobile manufacturers producing more vehicles.

On the other hand, the underground and overhead transmission cable construction business also felt the effects of power companies controlling their investment in facilities and severe conditions prevailed. Accessories for wire and cable also performed poorly.

As a result sales for this segment were at 41,890 million Yen.

## **(2) An outlook for this fiscal year**

### **1. Expected results.**

When we look at the current state of the Japanese economy, the underlying tone is that private facility investment centered in IT related industries will continue to grow, but the recovery of personal consumption will be sluggish – showing that in reality, there are still a number of unstable factors.

If we look at the situation overseas, we see a number of negative factors, first being the slowing down of the American economy, that has continued to grow up to now and another being the rapid rise in oil prices, with a number of factors like these that are unclear at the moment it does not seem like a time for optimism.

Under such circumstances, we are going to promote the strengthening of various management policies, as laid out in our interim management plan and so hope to improve the results of the entire group. The results for this period are: (for the full fiscal year): sales: 396,000 million Yen, ordinary income: 24,000 million Yen and net income: 7,500 million Yen.

### **2. Regarding the amortization of unrecognized net obligation at transition with applying reserve for retirement allowance**

This period we will lump together the amortization of unrecognized net obligation at transition. Amortization for this interim period is: 3,859 million Yen and the expected amortization total for the fiscal year is about 7,718 million Yen.

#### 4. Interim Consolidated Balance Sheet

(¥ million)

	End of Fiscal 2000	1st half of Fiscal 2001		End of Fiscal 2000	1st half of Fiscal 2001
	(Mar. 31, 2000)	(Sep. 30, 2000)		(Mar. 31, 2000)	(Sep. 30, 2000)
[ Assets ]			[ Liabilities ]		
Current Assets	219,572	203,138	Current Liabilities	114,058	116,482
Cash and deposit in bank	25,282	28,288	Notes payable and trade Notes payable	34,431	38,167
Note receivable and Accounts receivable	108,001	108,503	Short-term debt	51,239	45,543
Negotiable Securities	24,990	3,203	Deferred income taxes	—	46
Inventories	52,283	54,967	Others	28,388	32,726
Deferred income taxes	2,239	3,241	Fixed Liabilities	94,253	99,338
Other current assets	7,516	5,877	Bonds	37,798	37,798
Allowance for doubtful accounts	△739	△941	Long-term debt	13,610	12,072
Fixed Assets	187,397	230,899	Reserve for retirement allowance	33,751	32,936
Tangible Fixed Assets	142,660	150,547	Reserve for Directors' Retirement Allowance	—	1,426
Buildings	45,424	46,299	Deferred Income Taxes	75	5,896
Structures	3,902	3,877	Others	9,019	9,210
Machinery	65,824	67,130			
Vehicles and other transportation Equipment	498	493	Total Liabilities	208,311	215,820
Tools, Equipment and fixtures	8,005	7,899	Minority investment	7,703	6,607
Land	12,823	12,966	[Shareholders' Equity]		
Construction in progress	6,184	11,883	Paid-in Capital	25,940	25,940
Intangible Fixed Assets	1,710	1,793	Capital Surplus	29,765	29,765
Utility rights, etc.	1,710	1,793	Consolidated Surplus	139,846	141,098
Deferred income taxes	9,054	2,720	The accumulated changes in fair value carried in the section of equity	—	18,420
Investments, etc.	34,627	77,305	Translation Adjustment	—	△3,594
Allowance for bad debt	△654	△1,466	Treasury Stocks	△15	△20
Adjustment account of exchanges rate	4,582	—	Total Shareholders' Equity	195,537	211,610
Total Assets	411,551	434,037	Total Liabilities, Minority investment Shareholders' Equity	411,551	434,037



**(Note for Consolidated Balance Sheet)**

	[Mar. 31, 2000]	[Sep. 30, 2000]
1. Accumulated Depreciation of Tangible Fixed Assets	¥289,398 million	¥291,582 million
2. Guarantees of Loans (Including Contingent Guarantee of Loans)	¥5,269 million	¥3,474 million
3. Number of Treasury Stocks	17,754	12,675

## 5. Interim Consolidated Statement of Profit and Loss

(¥ million)

	Fiscal 2000 (Apr. 1, 1999 - Mar. 31, 2000)	1st half of 2001 (Apr. 1, 2000 - Sep. 30, 2000)
Net Sales	359,119	193,322
Cost of Sales	288,296	152,007
Sales, General and Administrative Expenses	55,291	28,929
Operating Income	15,532	12,386
Non-operating Revenues	3,516	2,597
(Interest and Dividends Received)	(1,039)	(897)
(Miscellaneous Revenues)	(2,477)	(1,700)
Non-operating Expenses	9,080	3,145
(Interest and Discount Charge Paid)	(2,143)	(1,191)
(Miscellaneous Losses)	(6,937)	(1,954)
Ordinary Income	9,968	11,838
Extraordinary Profit	3,535	667
(Profit on Sales Negotiable Securities)	(3,535)	(491)
(Gain on securities contribution to employee retirement benefit trust)	(—)	(176)
Extraordinary Loss	3,498	6,486
(The Amortization of Unrecognized Net Obligation at Transition)	(—)	(3,859)
(The Amortization for Prior Service Costs)	(2,327)	(—)
(Loss on Reorganization of Business)	(524)	(1,188)
(Devaluation of Investments Securities)	(—)	(626)
(Credit Reserve for Bad Debt)	(647)	(813)
Income Before Income Tax	10,005	6,019
Corporation, Inhabitant Taxes	4,359	4,780
Deferred	△202	△2,189
Minority Shareholders' Loss, etc.	229	135
Net Income	6,077	3,563

## 6. Interim Statement of Consolidated Surplus

(¥ million)

	Fiscal 2000 (Apr. 1, 1999 - Mar. 31, 2000)	1st half of 2001 (Apr. 1, 2000 - Sep. 30, 2000)
Consolidated Surplus Brought Forward	130,465	139,846
Adjustment for tax effect of previous year	10,818	—
Decrease of Consolidated Surplus	7,514	2,311
(Cash Dividends)	(3,764)	(1,867)
(Directors' bonuses)	(336)	(309)
(Decrease by the Expansion of Consolidated Scope)	(1,017)	(135)
(Retirement of treasury stocks)	(2,397)	(—)
Net Income of the Term Under Review	6,077	3,563
Consolidated Surplus Carried Forward	139,846	141,098

## 7. Interim Consolidated Statement of Cash Flows

(¥ million)

	Fiscal 2000 (Apr. 1, 1999 - Mar. 31, 2000)	1st half of 2001 (Apr. 1, 2000 - Sep. 30, 2000)
<b>[Cash Flows from Operating Activities]</b>		
Income Before Income Tax	10,005	6,019
Depreciation	22,991	11,886
Profit on Sales Negotiable Securities	△3,535	△500
Interest Earned and Dividends Received	△1,039	△897
Interest Paid	2,143	1,191
Exchanged Loss	2,668	71
Increase in Receivable	6,206	△245
Increase in Inventories	△4,526	△2,470
Increase in Payable	2,497	2,088
Others	683	7,396
<b>Sub Total</b>	<b>38,093</b>	<b>24,539</b>
Earning on Interest and Dividends	1,039	867
Interest Paid	△2,108	△1,192
Corporation Tax and Other Tax Paid	△2,424	△3,644
<b>Net Cash Provided by Operating Activities</b>	<b>34,600</b>	<b>20,570</b>
<b>[Cash Flows from Investing Activities]</b>		
Expenditures for Acquisition of Securities	△132	-
Proceeds from Sale of Securities	3,988	-
Expenditures for Acquisition	△3,818	△436
Proceeds from Sales of Acquisition	52	655
Expenditures for Acquisition of Tangible Fixed Assets	△23,212	△18,908
Proceeds from Sales of Tangible Fixed Assets	887	143
Others	△461	1,962
<b>Net Cash Used in Investing Activities</b>	<b>△22,696</b>	<b>△16,584</b>
<b>[Cash Flows from Financing Activities]</b>		
Decrease in Short-term Borrowing	△3,576	△6,002
Proceeds from Long-term Debt	612	166
Payments on Long-term Debt	△1,835	△1,205
Dividends Paid by Parent Company	△3,764	△1,867
Dividends Paid to Minority Shareholders	△105	△78
Payment by Retirement of Treasury Stock	△2,397	-
<b>Net Cash Provided by Financing Activities</b>	<b>△11,065</b>	<b>△8,986</b>
<b>Effect of Exchange Rate Change on Cash and Cash Equivalents</b>	<b>△2,399</b>	<b>△16</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>△1,560</b>	<b>△5,016</b>
<b>Cash and Cash Equivalent at Beginning of year</b>	<b>33,830</b>	<b>34,733</b>
<b>Net Increase in Cash and Equivalents by Newly Consolidated Subsidiaries</b>	<b>2,463</b>	<b>74</b>
<b>Cash and Cash Equivalent at End of Year</b>	<b>34,733</b>	<b>29,791</b>

(Note) Listed cash and deposits to consolidated balance sheet at end of the term and relation of listed cash and cash equivalents to consolidated statements of cash flows

	Mar. 31, 2000	Sep. 30, 2000
Cash and Deposits	25,282	28,288
Fixed Deposits (Over Three Months)	△4,248	△1,700
Highly Liquid Investments, Generally within Original Maturities of Three Months or Less	13,699	3,203
<b>Cash and Cash Equivalents at End of the Term</b>	<b>34,733</b>	<b>29,791</b>

## 9. Segment Information

### (1) Results by Operating Division

Previous Year (Apr. 1, 1999 – Mar. 31, 2000)

(¥ million)

	Electric Wires and Cables	Information Systems and Electronic Components	Copper Products	Electronic Equipment, Construction and Others	Total	Eliminated	Consolidated
Net Sales							
(1) Sales to customers	154,436	88,605	48,716	67,362	359,119	-	359,119
(2) In-house Sales or Transfer between Operating Divisions	-	-	2,294	22,889	25,183	(25,183)	-
Total	154,436	88,605	51,010	90,251	384,302	(25,183)	359,119
Operating Expense	147,290	85,445	49,605	86,394	368,734	(25,147)	343,587
Operating Income	7,146	3,160	1,405	3,857	15,568	(36)	15,532

The Term Under Review (Apr. 1, 2000 – Sep. 30, 2000)

(¥ million)

	Electric wires and Cables	Information Systems and Electronic Components	Copper Products	Electronic Equipment, Construction and Others	Total	Eliminated	Consolidated
Net Sales							
(1) Sales to customers	82,706	53,006	27,183	30,427	193,322	-	193,322
(2) In-house Sales or Transfer between Operating Divisions	-	-	1,433	11,463	12,896	(12,896)	-
Total	82,706	53,006	28,616	41,890	206,218	(12,896)	193,322
Operating Expense	78,432	47,956	26,937	40,489	193,814	(12,878)	180,936
Operating Income	4,274	5,050	1,679	1,401	12,404	(18)	12,386

(Note) As a rule, business operation are divided into wires and cables related, Information Systems and Electronic Components, Copper Products and Electronic Equipment, Construction and Others according to similarities of manufacturing processes, usage and selling methods.

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

(2) Sales results by Location

It is omitted to mention sales results by location in fiscal 2000 (Apr. 1, 1999 – Mar. 31, 2000) , because the ratio of Japan in total net sales and assets of all segmentations are more than 90%.

The Term Under Review (Apr. 1, 2000 – Sep. 30, 2000) (¥ million)

	Japan	Others	Total	Elimi- nated	Consoli- dated
Net Sales					
(1) Sales to customers	167,869	25,453	193,322	-	193,322
(2) In-house Sales or Transfer between Operating Divisions	11,533	5,215	16,748	(16,748)	-
Total	179,402	30,668	210,070	(16,748)	193,322
Operating Expense	168,995	28,658	197,653	(16,717)	180,936
Operating Income	10,407	2,010	12,417	(31)	12,386

(Note) It is omitted to mention business results by country or region in 1st half of fiscal 2001 (Apr. 1, 2000 – Sep. 30, 2000) , because the every ratio of sales of country or region in total net sales are less than 10%.

(3) Overseas Sales

Fiscal 2000 (Apr. 1, 1999 – Mar. 31, 2000)

	Asia	North America	Others	Total
I. Overseas	¥62,180 million	¥28,369 million	¥9,819 million	¥100,368 million
II. Consolidation Sales				¥359,119 million
III. Ratio of Overseas sales in Consolidated Sales	17.3%	7.9%	2.7%	27.9%

1st half of Fiscal 2001 (Apr. 1, 2000 – Sep. 30, 2000)

	Asia	North America	Others	Total
I. Overseas	¥34,181 million	¥24,082 million	¥6,067 million	¥64,330 million
II. Consolidation Sales				¥193,322 million
III. Ratio of Overseas sales in Consolidated Sales	17.7%	12.5%	3.1%	33.3%

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

2. Main countries or regions

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

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

3. Overseas sales represent sales made by the parent company and its consolidated subsidiaries in countries or regions other than Japan.

## 1 O. Securities 1st half of Fiscal 2001 (As of Sep.30, 2000)

### 1. Other securities estimated on market price

(¥ million)

	Acquisition Cost(A)	Balance Sheet Value(B)	(B)-(A)
(1) Stock	12,167	44,032	31,865
(2) Bond	—	—	—
(3) Others	97	97	0
Total	12,264	44,129	31,865

### 2. Main securities not-estimated on market price

(¥ million)

		Balance Sheet Value
Other Securities	(Current Assets)	
	Money Management Funds	3,203
	(Fixed Assets)	
	Unlisted Stocks	10,234
	Unlisted Foreign Stocks	2,113

## 11. Preset Price, Market Price and Valuation Profit/Loss of Derivative Contract

Fiscal 2000 (As of March, 31, 2000)

(Currency Related)

(¥ million)

Transactions Other than Market Transactions	Preset Price		Market Price	Valuation Profit/Loss
		of Which: over a Year		
Forward Exchange Contracts				
Sell				
US\$	267	—	258	9
Purchase				
US\$	345	—	343	△1
DM	93	—	88	△5
STG	85	—	87	1
Total	791	—	777	5

(Interest Related)

(¥ million)

Transactions Other than Market Transactions	Preset Price		Market Price	Valuation Profit/Loss
		of Which: over a Year		
Interest Rate Swap Transaction				
Fixed Interest Receivable and Variable Interest Payable	15,950	15,950	430	430
Variable Interest Receivable and Fixed Interest Payable	10,950	10,950	△60	△60
Total	26,900	26,900	369	369

1st half of Fiscal 2001 (As of Sep.30, 2000)

(¥ million)

	Type of Transaction	Preset Price	Market Price	Valuation Profit/Loss
Currency	Forward Exchange Contract			
	Sell	10,437	10,517	△80
	Buy	283	278	△5
Interest	Swap Transaction	21,900	164	164
	Total	32,620	10,959	79

(Note) Derivative Transaction applied hedge account are excluded from items for disclosure.