Bound to Innovate

New Frontiers of Innovation

ANNUAL REPORT
2011

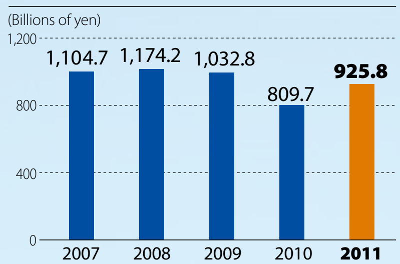
FURUKAWA ELECTRIC

FINANCIAL HIGHLIGHTS

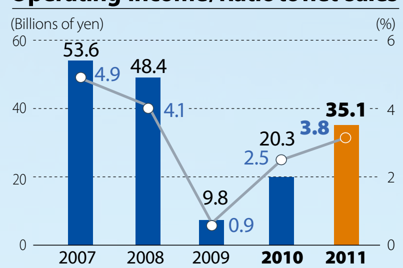
	Millions of yen			Thousand of U.S. dollars
	2009	2010	2011	2011
For the year:				
Net sales	1,032,807	809,693	925,754	11,153,663
Operating income	9,752	20,322	35,144	423,422
Income (loss) before income taxes and minority interests	-30,896	10,947	23,586	284,169
Net income (loss)	-37,405	9,704	12,213	147,145
At year-end:				
Total assets	845,658	835,819	826,944	9,963,180
Net assets	190,428	208,929	215,905	2,601,265
Interest-bearing debt	383,114	362,088	341,619	4,115,891
Cash flow:				
Cash flows from operating activities	78,728	36,668	37,121	447,241
Cash flows from investing activities	-51,267	-25,113	-21,382	-257,614
Cash flows from financing activities	-14,553	-23,582	-18,317	-220,687
Per share date: (yen)				
Net income	-53.34	13.80	17.30	0.208
Net assets	203.16	231.39	235.05	2.832
Cash dividends	6.00	5.00	5.50	0.066
Ratios: (%)				
ROE	-20.0	6.3	6.9	—
ROA	1.2	2.4	4.2	—
D/E Ratio	2.7	2.2	2.1	—

Note 1: U.S. dollar amounts have been translated, for convenience only, at the rate of ¥83 to US$1.
Note 2: ROA = Operating income / Total assets

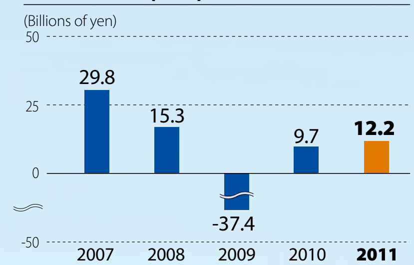
Net sales



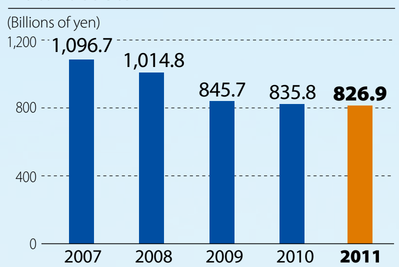
Operating income/Ratio to net sales



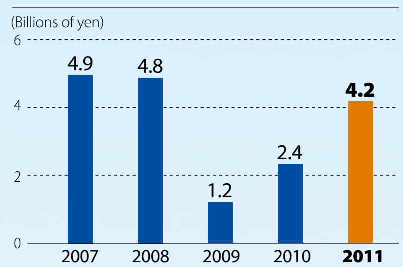
Net income (loss)



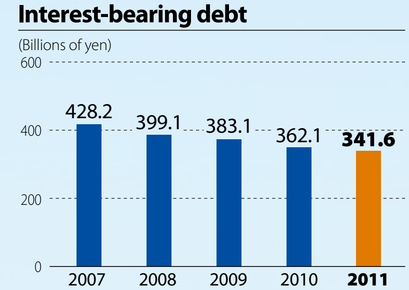
Total assets



ROA



Interest-bearing debt



Contents

Forward-Looking Statements Statements made in this annual report with respect to Furukawa Electric's current plans, estimates, strategies, and beliefs and other statements which are not historical facts are forward-looking statements based on the Company's assumptions and expectations in light of currently available information, and therefore involve risks and uncertainties which may cause actual performance results to differ from those discussed in forward-looking statements. Potential risks may include, but are not limited to, general economic conditions, management environment, market demand, foreign exchange rates, taxes and other government programs or policies. Therefore, no guarantee is presented or implied relative to the accuracy of the forward-looking statements in this annual report.

Fiscal Year Notation The fiscal year in this annual report is indicated as fiscal 2011 or FY2011, which covers the period from April 1, 2010 to March 31, 2011.

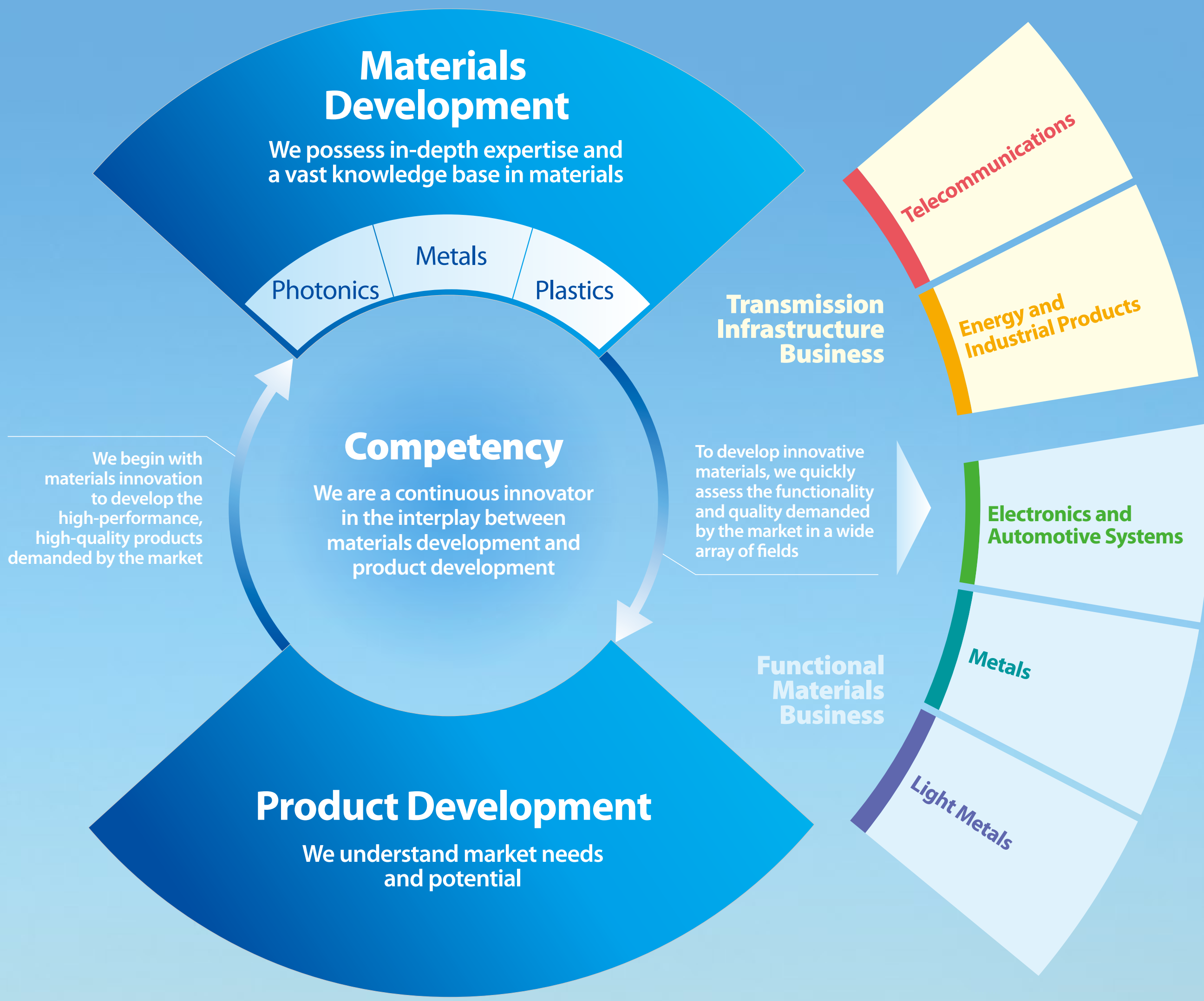
PROFILE

The Furukawa Electric Group has pioneered technical innovation for over a century, providing clients and end users with high-value technologies in a broad array of fields.

Our key strength is in integrating materials—centered on photonics, metals, and plastics—into functionality and quality that meet the demands of the market.

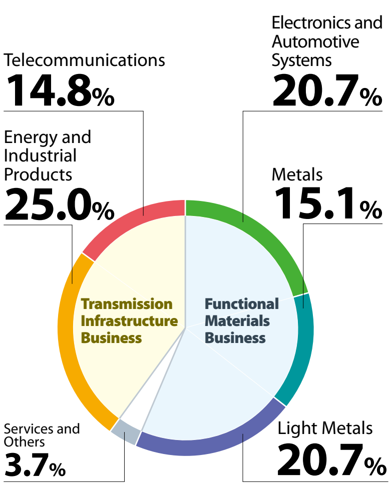
Through development of products in industry segments including telecommunications, energy and industrial products, electronics and automotive systems, metals, and light metals, we also excel in the ability to quickly assess market needs and trends, and reflect these in materials innovation.

Our ingenuity in materials development and product development creates innovation and synergies that drive the new solutions we bring to the market. As we further enhance this ingenuity, the Furukawa Electric Group will continue creating products that support industrial development and enrich people's lives around the world.



AT A GLANCE

Business Outlook and Focus



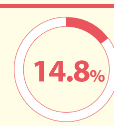
The Furukawa Electric Group is concentrating on business development in two areas: the transmission infrastructure business, for which substantial demand growth is expected in emerging markets, and the functional materials business, a high-value-added sector in which we can leverage the Group's unique advantages in materials.

Transmission Infrastructure Business

Telecommunications

- Optical Fiber Cable Business
- Photonics and Network Solutions Business

Ratio to Net Sales



(Billions of yen)

	2009 Results	2010 Results	2011 Results
Net Sales	159.1	135.5	149.3
Operating Income	9.3	9.8	9.6

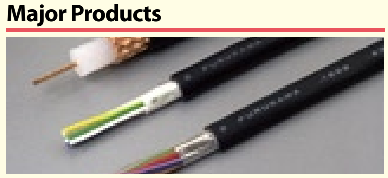
2011 Topics

- Concluded agreement with Hengtong in China to form joint venture to manufacture fiber preform

2012 Initiatives

- Joint venture with Hengtong in China to commence operations in spring of 2012
- Acquire MetroCable, a Brazilian company that manufactures and sells optical cable fibers

Major Products

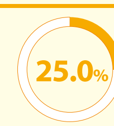


- Optical fibers and cables
- Optical components
- Optical fiber cable accessories and installations
- Network equipment, etc.

Energy and Industrial Products

- Energy Business
- Industrial Products Business

Ratio to Net Sales



(Billions of yen)

	2009 Results	2010 Results	2011 Results
Net Sales	277.4	208.8	253.0
Operating Income	1.1	3.7	0.9

2011 Topics

- Reached an agreement with Hebei Huatong Wires & Cables Group to establish joint venture in China for the manufacture and sale of industrial rubber cables; commenced operations in January 2011
- Started mass production of MCPET for LED TVs

2012 Initiatives

- Complete expansion of capacity for new MCPET product for LED TVs
- Agreement with FISA Brazil to begin optical ground wires business in 2012
- Riken Electric Wire to establish joint venture in elevator cable business with Hebei Huatong Wires & Cables Group

Major Products

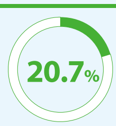
- Bare copper wires
- Power cables
- Power transmission cable accessories and installations
- Plastic products such as power cable conduit material and foam sheets thermoelectric products, etc.

Functional Materials Business

Electronics and Automotive Systems

- Automotive Parts Business
- Electronics Components Business
- Magnet Wire Business

Ratio to Net Sales



(Billions of yen)

	2009 Results	2010 Results	2011 Results
Net Sales	223.8	177.2	209.6
Operating Income	2.5	7.2	7.8

2011 Topics

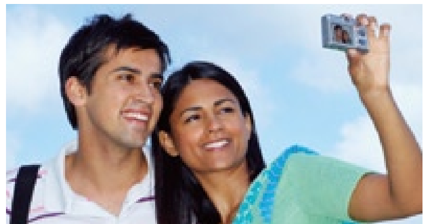
- Integrate domestic production of magnet wire at two locations

2012 Initiatives

- Consolidate overseas subsidiary that produces lead-acid batteries
- Acquire controlling interest in ChonQing Chang Hua Automobile Harness in China and expand wire harness business
- Invest in Taiwan's Jung Shing Wire and begin cooperation in finely divided enameled wire

Major Products

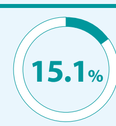
- Battery products
- Automotive components and electrical wires
- Magnet wires
- Heat sinks
- Aluminum blanks for hard discs
- Electronic component materials, etc.



Metals

- Copper Strips & Pipes Business
- Electrolytic Copper Foils Business

Ratio to Net Sales



(Billions of yen)

	2009 Results	2010 Results	2011 Results
Net Sales	170.2	119.6	152.9
Operating Income	- 4.9	- 2.2	3.2

2011 Topics

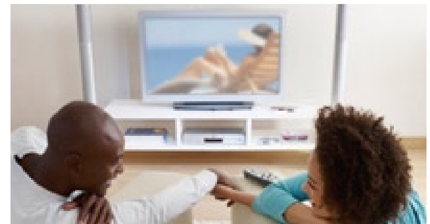
- Revise system for domestic production of copper tube
- Started phosphor bronze strip joint venture in China
- Established a new company in Taiwan, Furukawa Electric Copper Foil Taiwan Co., Ltd. in March 2011

2012 Initiatives

- Double production capacity of electrolytic copper foil for automotive components

Major Products

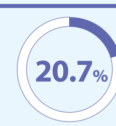
- Copper pipes
- Copper strips
- Electrolytic copper foils
- Shape memory alloys and other processed copper products, etc.



Light Metals

- Aluminum Rolling Business
- Aluminum Extrusion Business
- Aluminum Casting, Forging and Other

Ratio to Net Sales



(Billions of yen)

	2009 Results	2010 Results	2011 Results
Net Sales	234.0	188.1	209.0
Operating Income	- 0.4	- 0.2	11.5

2011 Topics

- Established subsidiary in China, Furukawa-Sky Aluminum (Shanghai) Corp.
- Opened Furukawa-Sky Aluminum Corp. European Office within Furukawa-Sky Dusseldorf

2012 Initiatives

- Furukawa-Sky to invest in ARCO Aluminum of the United States

Major Products

- Aluminum sheets
- Extruded aluminum products
- Cast and forged products, etc.

INTERVIEW WITH THE PRESIDENT

We will overcome the effects of this unprecedented disaster, making steady progress toward the objectives of our Medium-Term Plan.

Q1 Would you please review your operations during fiscal 2011?

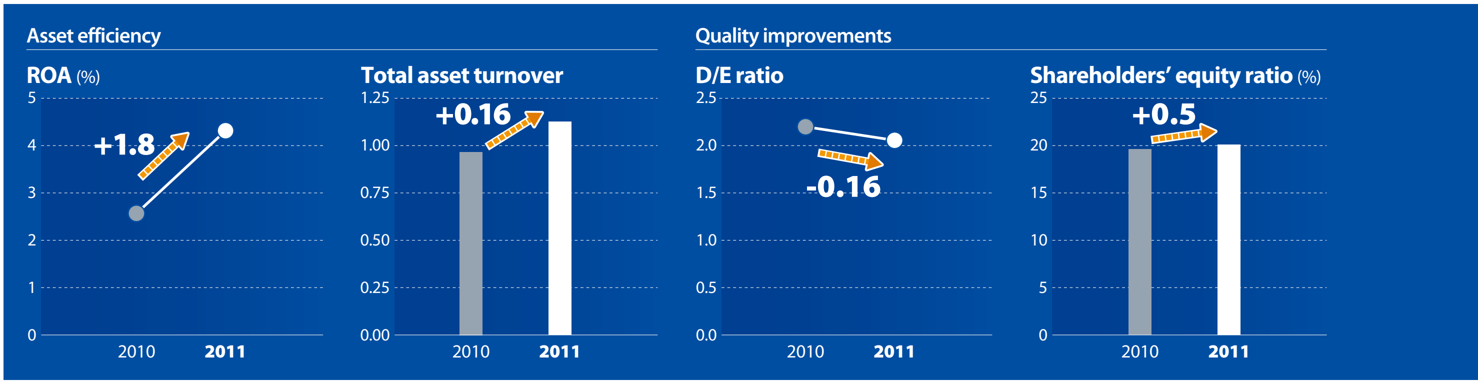
A1 The functional materials business was favorable, and our metal position improved, driving higher sales and profits. We also improved the efficiency and quality of our assets.

During fiscal 2011, ended March 31, 2011, the global economy shifted into a recovery phase, but uncertainty remained, owing to such factors as a potential rise in crude oil prices. The Japanese economy showed signs of recovery in the first half of the fiscal year, but ensuring yen appreciation and the impact of the Great East Japan Earthquake rendered the economic outlook unreadable.

Against this backdrop, the Furukawa Electric Group posted favorable results, centered on its functional materials business. Consolidated net sales grew 14.3% during the year, to ¥925.8 billion. Furthermore, sales to Asian markets increased, pushing up our overseas sales ratio 2 percentage points, to 33%.

On the profit front, our metal position improved. Metals and Light Metals Company sales increased, and performance by the Electronics and Automotive Systems Company was robust. As a result, consolidated operating income surged 72.9%, to ¥35.1 billion with consolidated net income growing 25.9%, to ¥12.2 billion.

By holding down total assets as income rose, we improved the efficiency and quality of our assets. One management indicator of efficiency—return on assets (ROA), or operating income divided by total assets—improved 1.8 percentage points, to 4.2%. Total asset turnover likewise increased, rising 0.16, to 1.12 times. In terms of quality, the D/E



ratio improved 0.16, to 2.06 times, and the shareholders' equity ratio increased 0.5 percentage point, to 20.1%.

Q2 How were you affected by the Great East Japan Earthquake?

A2 The earthquake had a downward impact on operating income of approximately ¥1.0 billion. We also posted an extraordinary loss of ¥2.6 billion related to facility restoration.

First, I would like to express my sincere condolences to all who were affected by the Great East Japan Earthquake.

The Furukawa Electric Group suffered facility damages, shortages of raw materials owing to the effects of the disaster on suppliers, and electrical power shortages. Given these circumstances, we were forced to halt production in some areas and scale back operations in others. However, owing to focused recovery efforts we have now recommenced operations at all our factories—even those worst affected.

The earthquake's negative effect on operating income for the fiscal year amounted to approximately ¥1.0 billion, owing to lower production volumes of wire harnesses for automobiles and copper foil for printed circuit boards. We also recorded an extraordinary loss of ¥2.6 billion in expenses related to facility restoration.

In the upcoming fiscal year, we anticipate reconstruction-related demand to have a positive effect on our performance, but this will be offset by production cutbacks, particularly in the automotive sector. Overall, we expect the disaster to have a downward impact on our operations amounting to around ¥2.0 billion.

Owing to electrical shortages in the aftermath of the earthquake, the Japanese government has asked customers to reduce their electricity use by 15%. The shortage is expected to be most pronounced in the summer of 2011. To keep up its level of operations while meeting such demands, the Furukawa Electric Group is promoting energy-saving measures in a variety of locations, including its factories, offices and R&D centers.

The Group also is rethinking ways of contributing to society through its core operations. One example is the introduction of optical communication technology at data centers, which handle huge volumes of information. Such efforts should prove valuable, owing to the ongoing proliferation of cloud computing.

By sharing the pride that accompanies such achievements, as well as the attendant responsibility, among all Group employees, we are working to enhance corporate value further.

Q3 How is progress on your medium-term plan?

A3 We are making steady progress toward the targets set for 2012.

The Furukawa Electric Group has formulated a medium-term management plan, New Frontier 2012, which sets as its targets for fiscal 2013 net sales of ¥1 trillion, operating income of ¥50 billion and net income of ¥25 billion.

During the fiscal year under review, the first year of the plan, we concentrated on the reinforcement of existing operations. These activities were in line with one of the plan's key initiatives, to restructure our operating portfolio.

As part of our efforts to expand our transmission infrastructure business globally, in the field of telecommunications OFS, our U.S. subsidiary, signed a joint

INTERVIEW WITH THE PRESIDENT

venture agreement with Hengtong in China in June 2010 to manufacture optical fiber perform. The joint venture is scheduled to commence operations in spring of 2012. As a result, we will be able to handle the integrated production, from perform to cable, in China, which is the world's largest market for optical fiber.

In March 2011, Brazilian subsidiary FISA acquired a local manufacturer of optical fiber cable. This purchase should shore up our price competitiveness in South America.

Meanwhile, in an effort to enhance our functional materials business, we have commenced mass production of such high-value-added products as microfoamed polyethylene terephthalate (MCPET), which is used in

backlight reflectors for LED TVs, and glass substrates for hard disk drives. We have also decided to invest in production facilities in Japan and Taiwan that will approximately triple our capacity for the copper foil used in the electrodes of lithium-ion batteries. These are used in next-generation vehicles, which are slated for a surge in demand.

To restructure our traditional processing businesses, we pursued efforts to integrate our domestic production facilities for copper wire and copper tube. Overseas, our Chinese subsidiary that makes phosphor bronze strips entered a joint venture with a leader in the manufacture and sale of rolled copper products in that country.

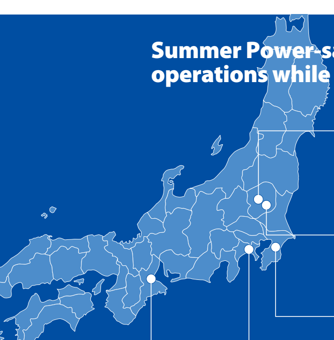
Q4 What is your outlook for the upcoming fiscal year?

A4 We expect sales to increase, but the impact of the earthquake is likely to make profitability difficult.

In the upcoming fiscal year, we will persevere with the efforts we began during the year under review targeting efforts to expand our transmission infrastructure business globally and enhance our functional materials business. Through these activities, we aim to boost sales and income.

Looking at performance by segment, in the telecommunications field we expect sales to fall ¥2.6 billion

Summer Power-saving initiatives: Maintaining regular operations while cutting power consumption 25%



Nikko: Rolled copper, aluminum blanks
Secure power through hydro generation, sell surplus power in summer

Imaichi: Electrolytic copper foil
Use cogenerator for standard operations

Chiba: Optical cable, power cable
Shift to holiday, nighttime operations

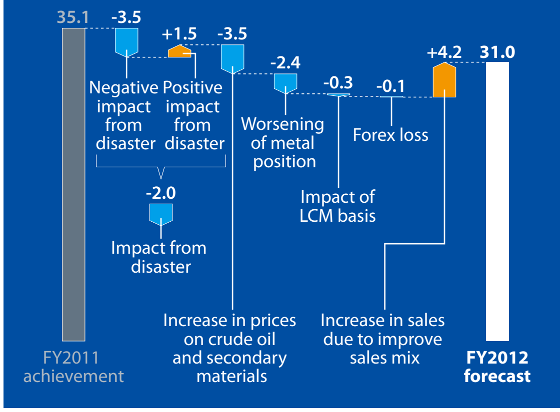
Hiratsuka: MCPET, semiconductor tape
Shift to holiday and nighttime operations, introduce power generator

Mie: Optical fiber, semiconductor tape, copper wire, magnet wire
Material production site in western Japan

Furukawa Electric Group strategies to conserve electricity

Facilities	Content
Factories	**Take advantage of independent power generation** • Make use of capacity from hydroelectric generation subsidiary • Use NAS batteries • Increase number of own generators
	Shift production sites • Adjust production at factories supplied by TEPCO • Shift production to Chubu and regions further west
	Revise operating hours • Revise holidays (staggered plant operations within individual plants) • Shift to nighttime operation, etc.
	Save power on staff office equipment • Reduce use of air conditioning and lighting

Analysis of changes in operating income (Billions of yen)



Profit/Loss forecast for FY2012: second-half recovery (Billions of yen)

	2011 Achievement	2012 Forecast	2012 The first half	2012 The second half	Increase and decrease
Net sales	925.8	**950.0**	450.0	500.0	+50
Operating income	35.1	**31.0**	10.0	21.0	+10
Ordinary profit	31.4	**29.0**	9.0	20.0	+11
Net income	12.2	**11.5**	3.5	8.0	+4.5
Assumptions					
Exchange rate (yen/US dollar)	85.7	85			
Base copper price (yen/kg)	738	860			
Dubai crude (dollars/bbl)	84	115			

year on year, to ¥7.0 billion. Although we anticipate solid ongoing performance in Europe and the United States, extraordinary demand related to terrestrial digital broadcasting is likely to fall off in Japan.

In energy and industrial products, ongoing increases in emerging market demand for power cables and increases in MCPET production capacity should have a substantial impact on performance. As a result, we expect sales in this segment to increase ¥2.1 billion, to ¥3.0 billion.

In electronics and automotive systems, we expect ongoing recovery in demand for magnet wire and aluminum blanks, but first-half demand for automobile parts is likely to remain affected by the earthquake. Consequently, we expect segment sales to fall ¥1.3 billion, to ¥6.5 billion.

In the metals segment, sales of copper strip and copper foil should remain on a recovery track, but we expect demand for copper tube to fall in comparison with the year under review, when unusually hot summer weather prompted a surge in demand. Accordingly, we expect sales to fall ¥0.2 billion year on year, to ¥3.0 billion.

Finally, in the light metals category we anticipate a recovery in demand for plate for LNG tankers, while the second-half outlook remains unclear. We therefore forecast a ¥2.0 billion decrease in sales in this segment, to ¥9.5 billion.

As a result of these changes, we expect consolidated net sales to rise to ¥950 billion in the upcoming fiscal year. However, we expect operating income to fall, to ¥31.0 billion, and for net income to drop to ¥11.5 billion, owing to rises in crude oil and auxiliary material prices as a result of the disaster. We anticipate a recovery in the second half, however, and therefore expect to reach our targets for fiscal 2013, the final year of our Medium-Term Plan.

For the year under review, we increased dividends ¥0.5 per share, to ¥5.5 (comprising an interim dividend of ¥2.5 and a year-end dividend of ¥3.0), in line with our basic policy on dividend stability. As of June 2011, we also expect to pay dividends of ¥5.5 for the upcoming fiscal year, (comprising an interim dividend of ¥2.5 and a year-end dividend of ¥3.0).

Furukawa Electric Group strategies to conserve electricity

Offices	**Save power used by office equipment** • Reduce number of light fixtures by installing highly efficient reflectors • Reduce use of air conditioning and lighting • Reduce number of elevators in operation • Reduce number of copying machines in operation
	Revise working hours • Change standardized hours • Reduce overtime • Promote further "cool biz" measures
R&D Centers, Other	**Employ own power generation** • Shift heat storage tanks used for nighttime power in clean rooms • Install own power generators
	Save power on equipment • Reduce number of elevators in operation • Reduce number of copying machines in operation
	Revise working hours • Promote time-shifted hours • Revise holidays

SPECIAL FEATURE 1

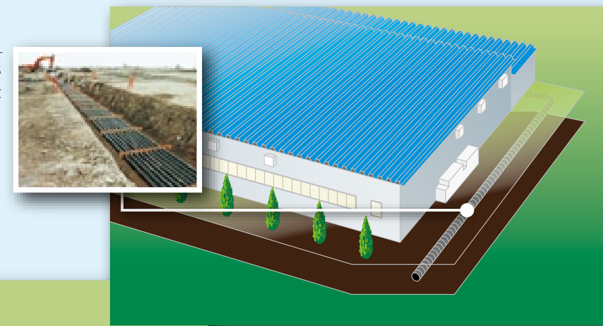
Contributing to Disaster Recovery

We support the building of infrastructure, chiefly by providing low- to ultrahigh-voltage power cables.

At Factories

Piping to Protect Underground Cables

This piping is strong, corrosion-resistant and offers superior chemical resistance, providing robust protection for important cables. Pipes are long and flexible, which reduces labor requirements during installation and shortens construction times.



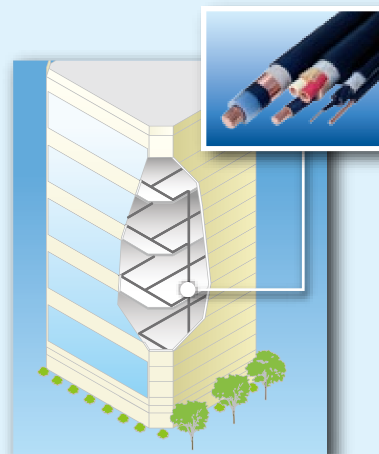
In Temporary Housing

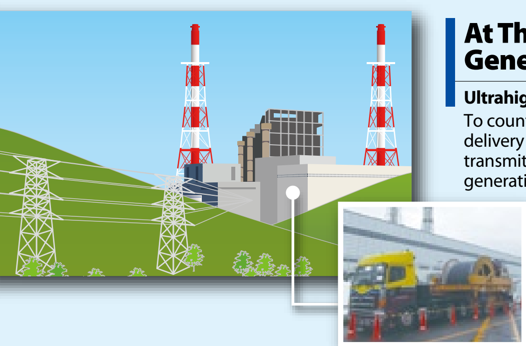
Insulation Materials for Metal Roofs

Closed-port construction lends these materials excellent resistance to heat and moisture, as well as providing durability.

Cables for Interior Wiring

As temporary housing must be constructed quickly, we worked to meet sudden production requests and shorten delivery lead times.





At Thermal Power Generation Plants

Ultrahigh-Voltage Power Cables

To counter power shortages, we expedited delivery of the ultrahigh-voltage cable used to transmit power from generators at thermal power generation plants undergoing facility expansion.

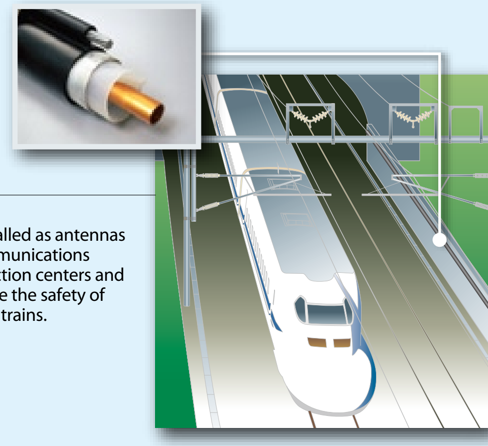
In Buildings

Cables for Internal Wiring in Buildings

We are providing many types of cables for a broad range of applications to speed building and plant restoration.

Restoration Following the Great East Japan Earthquake

The Great East Japan Earthquake caused massive destruction, centered on eastern Japan, which remains deeply scarred from the disaster. To facilitate rapid recovery in the stricken region, the Furukawa Electric Group swiftly dispatched products needed to restore electricity transmission infrastructure and temporary housing. At the same time, we supplied energy-saving products in anticipation of the future need to conserve electricity.



In Shinkansen Trains

Leaky Coaxial Cable

This type of cable is installed as antennas along rails to allow communications between terrestrial direction centers and railcars. This helps ensure the safety of fast-moving shinkansen trains.

In Residential Neighborhoods

Optical Fiber Cable

Ensuring safety and security requires information to be gathered accurately and promptly. Accordingly, we are putting every effort into the early recovery of optical fiber networks that had broken down.

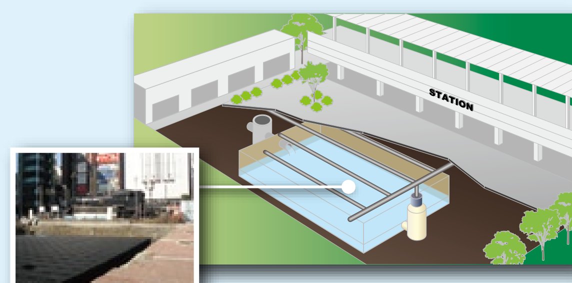
Contributing to Further Electricity Savings

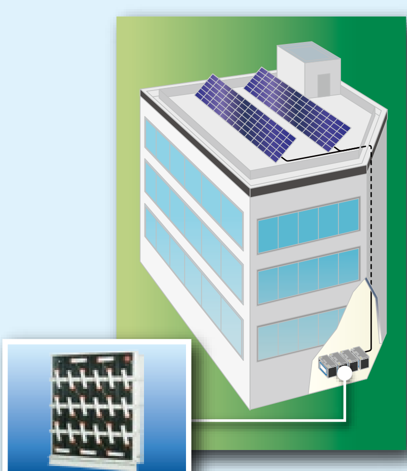
We are mounting companywide efforts to save electricity and energy in preparation for future electric power shortages.

In Offices and Shops

Microcellular Reflective Sheet for Lighting and Signage

Our proprietary microcellular foaming technology provides excellent reflectivity. Combining our reflective sheet with highly efficient inverters for fluorescent lamps reduces usage in fluorescent lighting and signs by around 50%.





For Photovoltaic Systems

Storage Batteries

Power generated by natural energy sources and nighttime generation can be accumulated in storage batteries for discharge during the day, thereby reducing peak energy requirements. Batteries can be configured into durable, long-lasting and space-saving units.

In Front of Stations

Automated Sprinkling Systems

Rainwater stored in underwater cisterns is pumped into water storage blocks, which help to continuously alleviate the heat island effect through evaporation.

At Data Centers

Ultrahigh-Speed Optical Transmission Module

Cooling accounts for nearly half the energy consumed by data centers. Converting communications between devices over to the use of high-speed, high-capacity and compact optical transmission systems reduces heat emission and frees up space, thereby boosting cooling efficiency and greatly reducing power requirements.

SPECIAL FEATURE 2

Reaching and Expanding Market Presence in South America

FISA will continue to grow steadily in tandem with the economy of the region

FISA (FURUKAWA INDUSTRIAL S.A. Produtos Eletricos) is a wholly-owned subsidiary of our Group that manufactures and sells telecom cables, LAN-related products, etc. in South America. It operates in Brazil, where its headquarters are located, as well as in Argentina and Chile. FISA is particularly strong in commercial-use LAN cables capable of transmission rates of 1GB/second, and is the leader for that product in Brazil, where it holds a greater than 50% market share.

FISA has planted firm roots in South American markets over the nearly 40 years since it was established in June 1974, especially in Brazil. The company will continue to grow steadily in tandem with the economy of the region.

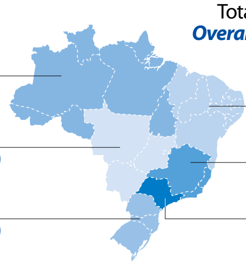
Optical fiber cable market expands in Brazil ahead of the World Cup and Olympics

Brazil is expanding its presence in the global economy as the leading emerging economy in South America. Internet use has exploded in popularity in recent years in Brazil, as websites such as Twitter, Facebook, and YouTube have become ever more popular.

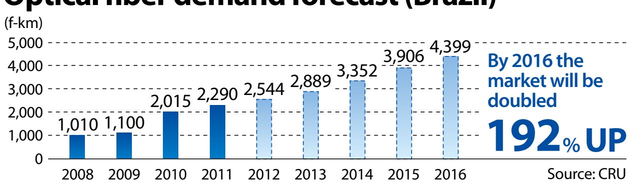
Although broadband was in use by only 10% of Internet users in Brazil as of 2010, its use is expected to expand rapidly in advance of the holding in Brazil of the World Cup in 2014 and the Olympics in 2016. The optical fiber cable market in Brazil is also expected to rapidly grow in conjunction with this.

Broadband connection rates in Brazil, by region

Number of connections and penetration rates by region in December 2010 (estimate)



Optical fiber demand forecast (Brazil)



FISA: Increasing competitiveness in the Brazilian telecom market, with optical fiber cable solutions and LAN solutions as the core businesses

FISA's operations in Brazil revolve around two core businesses, optical fiber cable and LAN-related equipment.

FISA's optical fiber cable focuses on telecommunications carriers, and despite being a major business tends to fluctuate according to the economy. In contrast, LAN business serving companies and general users is growing more steadily in conjunction with the growth of demand for the Internet, even if business clients are themselves small.

FISA seeks to increase sales in the Brazilian market, which continues to experience 4-5% GDP growth, by creating a good balance between these two business segments.

The key to doing so is to develop "solutions businesses" by providing total support for the resolution of issues confronted by customers, rather than simply supplying products. In practice this means offering network design, construction and similar technical services when providing a client with cable or network linking equipment. The provision

Column

Standardization of environmentally-friendly, eco-label products. FISA displays market competitiveness, including in the data center market.

FISA advocates the "Green IT Program" for collecting and recycling unneeded LAN cable. This reduces environmental impact for the customer, and it also enables FISA to cut materials procurement costs by separating and reusing the plastic and copper from the discarded cable.

FISA is enhancing market competitiveness by working with local public agencies to proceed with standardization of the use of "eco-label" certified environmentally-friendly products and services, through means such as the Green IT Program, the use of RoHS-compliant products, etc.

FISA headquarters

FISA's optical fiber plant

of such services leads to greater customer satisfaction and a market share that grows every year.

One sector that has been experiencing rapid growth in recent years is the data center market. While FISA's market share was less than 1% in fiscal 2008, by fiscal 2011 it had grown to 20%, and is expected to continue to increase.

FISA operates its own network of agencies, providing solid service and timely response capabilities that enhance customer satisfaction

The reasons FISA has demonstrated such a high level of competitiveness in Brazil are its service capabilities in areas such as technical support and after service, and timely response capability for prompt delivery.

FISA's establishment of local manufacturing plants underlies these capabilities. FISA is not only capable of responding more quickly than competitors that source their products from overseas, it also has the parts and staff on hand that make it easy to provide technical support.


Realizing speedy, on-time delivery through strict inventory controls

Major additional strength is provided by FISA's own network of agencies, in which great experience in local business has been accumulated over many years. These agencies have developed solid relationships of trust through fair and open trading, as well as technical support provided by training centers. This enables FISA to respond to demand throughout the broad expanses of Brazil, as well as to respond individually to customers in a timely and respectful manner.

Improving competitive position in South America through measures such as plant-building in Argentina and buying up companies in Brazil

Regional optical fiber cable markets in South America are expected to continue growing, and greater capacity will be required to meet that demand.

Therefore, FISA established an optical fiber cable plant in

Argentina plant

Argentina offices

SPECIAL FEATURE 2

Reaching and Expanding Market Presence in South America

FISA will continue to grow steadily in tandem with the economy of the region

Column

FISA focuses on advanced CSR activities. Its brand strength serves to motivate employees.

FISA's CSR activities are focused on four areas: environmental conservation, workplace environment enhancement, contribution to local communities, and building sound relationships with markets and trading partners. One of FISA's CSR programs is the "Bringing Up Local Children Project," which offers children in the region opportunities to become independent adults. This project has received high marks, and will help provide FISA with high-quality personnel in the future.

Bringing Up Local Children Project

Safety Education

neighboring Argentina in June 2008. This plant supplies not only Brazil, but also meets the needs of South America's No. 2 market, Argentina.

In March 2011, FISA acquired MetroCable, a manufacturer and seller of optical fiber cable in Brazil. MetroCable is one of Brazil's leading manufacturers of optical fiber cable, and is particularly strong in the fiber network subscriber-use sector. Through this acquisition FISA will not only strengthen its production capacity, but also can be expected to produce a variety of synergistic effects, such as enhancing quality and cost effectiveness through supply of Furukawa Electric's fiber cable, and improving productivity by combining the two company's overlapping production lines.

MetroCable headquarters

By strengthening competitiveness in the South American optical fiber cable market through such measures we seek even greater expansion of our business in that region.

In the future FISA will introduce products such as OPGW that combine power transmission with telecommunications

Demand in the growing markets of South America will not be confined to the telecommunications infrastructure, but will also include power network and energy infrastructure demand. As a new business in the region, FISA is therefore proposing the use in the region of optical ground wires (OPGW)*, which have combined power transmission/telecommunications functions.

The use of OPGW when laying power transmission cable also provides for the simultaneous spread of telecommunications infrastructure, allowing for efficient provision of infrastructure for two closely-connected functions.

FISA seeks to contribute to the growth of social infrastructure in South America by actively offering products with high functionality and added value.

*OPGW (Optical Fiber Composite Overhead Ground Wire): A type of multipurpose electrical cable that combines optical fiber cable telecommunications transmission function with overhead ground wire, so as to protect against lightning induction.

OPGW (Optical Fiber Composite Overhead Ground Wire)

Business Strategy Conference

CORPORATE GOVERNANCE

Basic Philosophy

The Furukawa Electric Group strives to enhance its performance by promptly responding to changes in the business environment and the market through efficient management based on timely decision making. At the same time, we ensure sound management practices under our internal control system. We uphold the basic policy of seeking to expand and develop our operations on a sustainable basis and to raise corporate value through these efforts.

While pursuing compliance best practices across the Group, we also provide society with excellent products and technologies that enrich people's lives while maintaining harmony with the environment. We fulfill our corporate social responsibility to develop solid relationships with all stakeholders, including shareholders, business partners, local communities and employees, and to remain a company that benefits society.

Management Organization

Furukawa Electric's organizational structure incorporates internal auditors, with emphasis on the independent functioning of Auditors and a Board of Auditors separate from the Board of Directors. We are also tuning the operations of our Board of Directors to strengthen monitoring and supervision of business execution and to accelerate decision making.

Reinforcing Internal Controls

Furukawa Electric establishes, develops and operates its internal controls based on the following five principles:
(1) Efficient execution of responsibilities
(2) Compliance system
(3) Risk management system
(4) Information management system
(5) Group company management
(6) Sound, reliable financial statements

Compliance

The Furukawa Electric Group defines compliance as extending beyond adherence to laws, to encompass actions in accordance with the ethical standards and values required of a corporate citizen that is a contributing member of society. We strive to ensure that all employees follow compliance best practices in line with the Furukawa Electric Group Action Guidelines that lay out our basic philosophies on compliance.

Our compliance activities, including internal educational programs and inspections for legal violations, take place centered around the Central Compliance Committee with the president as chief officer in charge. Compliance directors and compliance promotion officers, placed under the company president and chief officer of each business division, further ensure the effective implementation of activities.

External Board Members

Tetsuo Yoshino

Former Chairman and President of Furukawa Co., Ltd.

Tetsuo Yoshino has an extensive executive background in the non-ferrous metals sector. With knowledge and experience covering all aspects of management, including operations, he brings valuable insight and direction to the Board of Directors.

Takasuke Kaneko

Former Vice President of The Dai-ichi Kangyo Bank, Ltd., President of Dai-ichi Kangyo Shoken K.K., and Chairman of the Board of Mizuho Securities Co., Ltd.

With years of management experience in the financial services industry, Takasuke Kaneko provides vital knowledge of financial strategies and risks to the Board of Directors.

Sumitaka Fujita

Former Vice President and subsequent Vice Chairman of Itochu Corporation

Sumitaka Fujita's strong foundation of knowledge and experience as a trading company top executive brings perspectives on global management to the Board of Directors.

External Corporate Auditors

Yuzuru Fujita

Former Chairman and President of Asahi Mutual Life Insurance Co.

With experience as a financial institution top executive and as an external board member for other firms, Yuzuru Fujita's knowledge and background inform the Board of Directors on effective and legally-compliant Group management practices from a risk management and institutional investor perspective.

Tadashi Kudo

Former President of Mizuho Bank, Ltd.

Tadashi Kudou has accumulated a broad base of knowledge and experience as a financial institution top executive and as an external board member for other firms. He strengthens the Board of Directors with insights into effective and legally-compliant Group management practices from a risk management perspective.

Kenji Koroyasu

Former Prosecutor for the Supreme Public Prosecutors Office

Kenji Koroyasu possesses far-reaching insight as a long-serving legal professional. With knowledge of corporate legal affairs and corporate management gained as an external board member and external corporate auditor for other firms, he is uniquely suited to advise the Board of Directors on effective and legally-compliant Group management practices.

In particular, Furukawa Electric has strengthened controls over meetings with other firms in the industry and over the price-setting process to prevent the reoccurrence of cartel violations, and has enhanced the monitoring process through regular guidance from external compliance experts. We have also set up an anonymous internal "whistleblower" hotline to identify compliance violations as early as possible.

Furthermore, our CSR Division, which also functions as an internal audit division, closely monitors the execution of work processes in each business unit to verify whether internal control systems, including the compliance system, are functioning effectively. The Internal Audit Division reports its findings to the executive management team, ensuring appropriate internal disclosure and transparency.

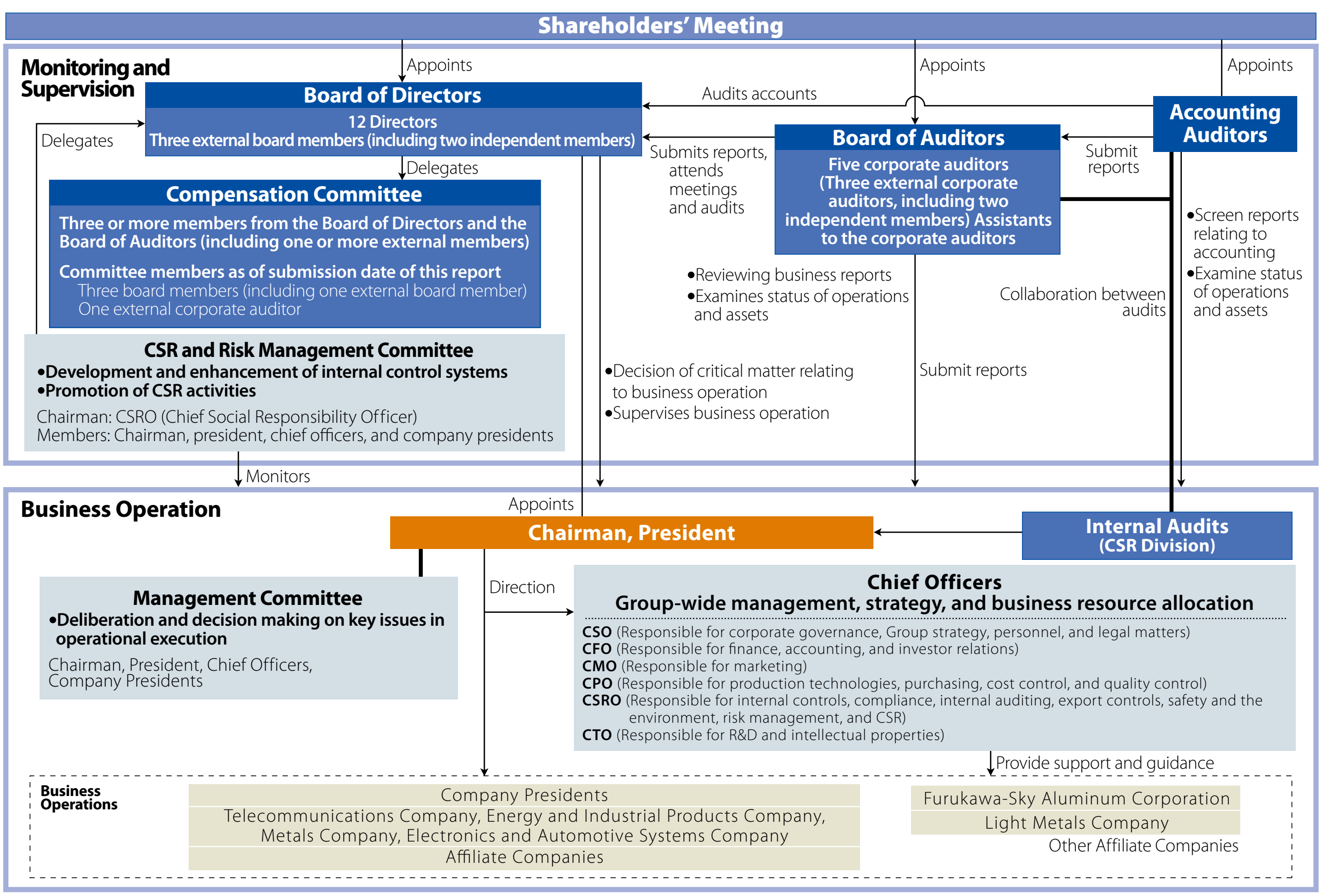
Risk Management

Furukawa Electric's risk management structure and control methods are stipulated in its Risk Management Basic Rules & Regulations. We have established a CSR and Risk Management Committee, consisting of the chairman, president, chief officers, and company presidents under the Board of Directors as a key component of our risk management system. The Committee assesses all business and operational risk of the Group and verifies the validity of this assessment and control methods.

The CSR and Risk Management Committee also establishes information security systems in all business divisions and affiliate companies, and prepares our business continuity plan in case of natural disaster.

In addition, information security has been positioned as one of the highest priority risks facing the Company today. As a countermeasure against counterfeit goods and industrial espionage of intangible assets at Group companies overseas, the Committee conducts ongoing follow up activities through interviews at our overseas offices. We have also began a second reexamination of our management practices concerning confidential proprietary business information, in order to respond to revisions made to the Unfair Competition Prevention Act.

Corporate Governance Organization Chart



CSR ACTIVITIES

Fundamental Philosophy

The Furukawa Electric Group recognizes the corporate responsibility it bears toward society: providing products and services that contribute to social development and improving people's lives, while emphasizing public regulations and corporate ethics, product safety, the safety of employees and the local community, and reduced environmental impact from business activities.

To meet these social responsibilities, the Group formulated the Furukawa Electric Group Basic Policy on CSR in February of 2007, thereby establishing a structure for reinforcing CSR efforts across the entire Group.

Under this structure, we plan to conduct corporate activities that effectively balance the three factors of business, environmental protection, and social contribution, by deepening communication with our stakeholders and further advancing and developing the CSR activities of the Group.

CSR Basic Policy

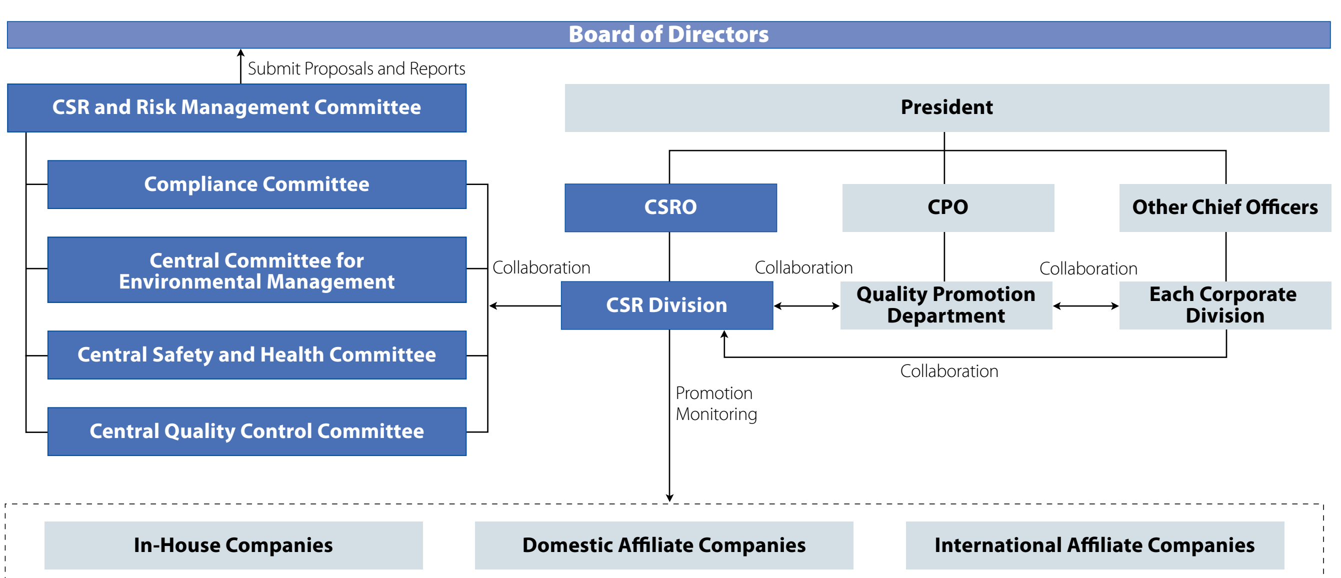
We fully recognize the responsibilities of the Furukawa Electric Group to society and will strive to maintain and improve on solid, friendly relationships with all of our stakeholders and contribute to the sustainable development of society through corporate, environmental and social activities.

CSR Management

The Furukawa Electric Group has established the CSR Division, a specialized organization in charge of promoting CSR activities, and has appointed a Chief Social Responsibility Officer. Through this initiative we will ensure a uniform Company-wide approach to CSR while applying a CSR perspective to the monitoring of corporate activities, including internal controls, compliance, risk management, safety, environmental conservation, and social contributions.

In addition, we maintain a framework for taking any necessary action should problems arise, for example investigating allegations and the causes of problems, instituting remedial or preventive measures and releasing statements, to deal with all eventualities quickly and appropriately.

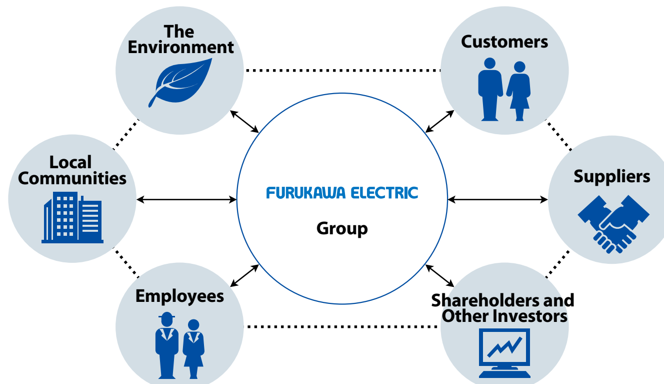
CSR Promotion Framework



Aiming to Further Strengthen Management

The Furukawa Electric Group aims to properly meet its responsibilities to a host of shareholders that view the Group from different perspectives.

To achieve this, we are monitoring our business activities and enacting initiatives to improve them.



Stakeholder	Principal Responsibilities	Communication Methods
Customers	•Maintain or improve the quality of our products, businesses and services •Provide products and services that are useful to society •Resolve the issues that customers face through wide-ranging technologies and expertise	•Dialog through everyday transactions •Websites and CSR reports •Dialog through technology exhibitions and trade shows
Suppliers	•Form sound relationships through fair transactions that conform with laws and regulations •Realize CSR throughout the supply chain by implementing CSR Procurement Guidelines for Partners	•Partner meetings •Dialog through everyday transactions •CSR surveys •Feedback interviews on the results of partner evaluations
Shareholders and Other Investors	•Provide appropriate returns •Ensure timely and appropriate disclosure •Enhance corporate value	•Annual reports, general meetings of shareholders •Shareholder reports •Management briefings and results presentations •Investor visits •Shareholder factory tours
Employees	•Respect human rights •Cultivate and appropriately value and reward human resources •Promote health, including occupation health and safety, as well as mental health •Support diversity of working styles and a work-life balance	•Internal newsletter, intranet •Heart-to-heart communication between president and employees •Management briefings
Local Communities	•Promote sporting and cultural activities; cultivate the next generation •Cooperate with and sponsor traditional events •Support the activities of and collaborate with local NPOs	•Factory tours •Hosting of Japanese dance and other regional events •Social contribution activities, such as employee participation in community clean-ups
The Environment	•Reduce emission of gases that contribute to global warming •Promote energy conservation and recycling •Protect biodiversity •Curtail industrial waste •Manage and reduce harmful chemical substances	•Conformance with various types of laws and regulations •Conformance with the Kyoto Protocol on global warming and the Nagoya Protocol on biodiversity •Environmental activities promoted by the Ministry of the Environment •Research and information sharing through JBIB on preserving biodiversity

DIRECTORS AND AUDITORS

Hiroshi Ishihara
Chairman

Masao Yoshida
President

Tetsuo Yoshino
Director (Outside)

Takasuke Kaneko
Director (Outside)

Sumitaka Fujita
Director (Outside)

Hideo Sakura
Director
Chief Financial Officer

Masahiro Yanagimoto
Director
President of the Electro-nics and Automo-tive Systems Company

Tetsuya Satou
Director
Chief Social Responsibility Officer

Mitsuyoshi Shibata
Director
President of the Metals Company

Tohru Shirasawa
Director
Chief Production Officer

Hisaharu Yanagawa
President of the Telecommunications Company

Nozomu Amano
Director
Chief Strategy Officer

Statutory Auditors

Takahiko Ito
Kaoru Yabuki
Yuzuru Fujita (Outside)
Tadashi Kudo (Outside)
Kenji Koroyasu (Outside)

as of June 29, 2011

FINANCIAL SECTION

Contents

SIX-YEAR SUMMARY

	Millions of yen						Thousand of U.S. dollars
	2006	2007	2008	2009	2010	2011	2011
For the year:							
Net sales	872,535	1,104,709	1,174,247	1,032,807	809,693	**925,754**	**11,153,663**
Cost of sales	722,575	930,399	1,002,410	899,409	679,403	**773,499**	**9,319,265**
Selling, general and administrative expenses	112,529	120,676	123,390	123,646	109,968	**117,111**	**1,410,976**
Operating income	37,430	53,632	48,447	9,752	20,322	**35,144**	**423,422**
Operating income Ratio (%)	4.3	4.9	4.1	0.9	2.5	**3.8**	–
Provision for Income taxes	15,780	23,403	11,466	12,732	1,371	**5,422**	**65,325**
Income (loss) before income taxes and minority interests	44,542	57,986	31,034	-30,896	10,947	**23,586**	**284,169**
Net income (loss)	25,508	29,765	15,291	-37,405	9,704	**12,213**	**147,145**
Research and development costs	18,017	19,976	19,789	19,895	17,270	**18,296**	**220,434**
Capital expenditure and cash flow	30,886	41,833	45,264	41,275	25,433	**27,947**	**336,711**
Depreciation	36,943	37,903	42,128	46,933	42,461	**40,396**	**486,699**
At year-end:							
Total assets	1,052,256	1,096,708	1,014,778	845,658	835,819	**826,944**	**9,963,180**
Net assets	286,701	316,302	294,982	190,429	208,929	**215,905**	**2,601,265**
Total current assets	483,171	531,584	501,436	397,264	400,498	**419,808**	**5,057,928**
Property, plant and equipment, net of accumulated depreciation	325,325	337,679	338,227	312,073	291,189	**273,025**	**3,289,458**
Total current liabilities	430,205	454,690	419,175	332,374	332,315	**338,861**	**4,082,662**
Interest-bearing debt	435,346	428,173	399,050	383,114	362,088	**341,619**	**4,115,891**
Cash frow:							
Cash flows from operating activities	22,719	50,724	90,760	78,728	36,668	**37,121**	**447,241**
Cash flows from investing activities	11,133	-29,612	-52,113	-51,267	-25,113	**-21,382**	**-257,614**
Cash flows from financing activities	-46,782	-20,694	-41,581	-14,553	-23,582	**-18,317**	**-220,687**
Cash and Cash Equivalents	41,567	45,863	43,828	53,453	40,808	**37,647**	**453,579**
Per share date:							
Net income	36.94	42.16	21.81	-53.34	13.80	**17.30**	**0.208**
Net assets	316.24	349.89	332.61	203.16	231.39	**235.05**	**2.832**
Cash dividends	3.00	6.50	7.00	6.00	5.00	**5.50**	**0.066**
Ratios:							
ROE (%)	12.8	12.7	6.4	-20.0	6.3	**6.9**	–
ROA (%)	3.6	4.9	4.8	1.2	2.4	**4.2**	–
D/E Ratio	2.7	1.7	1.7	2.7	2.2	**2.1**	–
Ratio of Shareholders' Equity (%)	21.2	22.5	22.9	16.9	19.6	**20.1**	–
Total assets turnover	0.8	1.0	1.2	1.2	1.0	**1.1**	–

Note 1: U.S. dollar amounts have been translated, for convenience only, at the rate of ¥83 to US$1.
Note 2: ROA = Operating income / Total assets

CONSOLIDATED FINANCIAL REVIEW

Scope of Consolidation

The consolidated financial statements for fiscal 2011, ended March 31, 2011, include the business results of 109 subsidiaries and 18 affiliates accounted for using the equity method.

In the fiscal year under review, five subsidiaries were added, while two were excluded from the scope of consolidation, one due to merger and one due to treatment as an equity-method affiliate.

With respect to consolidated equity-method affiliates, two were added, one formerly included within the scope of consolidation was newly treated as an equity method affiliate, and one was removed due to liquidation.

Overview of Business Performance

Net Sales

In fiscal 2011, the global economy was plagued by a number of uncertainties, including European financial concerns centered on the Greek debt crisis. However, the world economy as a whole entered a phase of gradual recovery, spurred by the impact of various countries' economic stimulus measures, as well as economic expansion in emerging markets. In the United States, economic conditions remained on a positive track, benefiting from increases in personal consumption and capital investment. In Europe, however, the economic situation remained difficult, owing to a slowdown in the rate of recovery and high rates of unemployment, among other factors. In Asia, the economies of China and India grew, centered on expanded internal demand. South Korea, Taiwan and countries in the ASEAN region posted robust growth, buoyed by vigorous demand for digital products. Moving into 2011, clouds appeared on the economic horizon as pro-democracy demonstrations in the Middle East and North Africa caused the political situation to worsen, raising concerns about a potential hike in crude oil prices. In Japan, government economic stimulus measures spurred demand improvements, particularly for automobiles and digital home appliances, in the first half. Despite these signs, the ongoing strength of the yen in foreign exchange markets put downward pressure on export-oriented manufacturers. Furthermore, the Great East Japan Earthquake struck in March2011, causing massive destruction and throwing the economic outlook into turmoil.

Under these circumstances, the Furukawa Electric Group launched its new medium-term management plan, New Frontier 2011, which it formulated in the previous year. In addition to aggressively investing in the functional materials segment—in the areas of MCPET microcellular foamed sheets used in LCD TV reflectors and copper foil for lithium-ion batteries, the plan calls for us to cultivate future eco businesses by stepping up R&D related to smart grids and next-generation vehicles. We made steady progress on the measures defined in this plan, building our foundations for future growth. Having learned from our compliance-related issues, related to the Group's violation of the Anti-Monopoly Act, the plan also raises reform of the organizational culture as an objective. We worked to prevent recurrence by ensuring that compliance was firmly rooted in Group's psyche by continuing to introduce "hard" measures, or specific rules, and "soft" measures, such as increasing the number of opportunities for managers and employees to interact directly. Furthermore, the Great East Japan Earthquake caused some damage at our own facilities, prompted raw material shortages owing to the effects of the disaster on suppliers, and precipitated power shortages. These factors caused the Group to suspend operations temporarily at certain facilities. However, thanks to recovery efforts all facilities are now back on line, even those that sustained the worst damage. We will continue working to restore operations fully to pre-earthquake levels and responding flexibly to circumstances as we put our groupwide effort into meeting the needs of society and our customers.

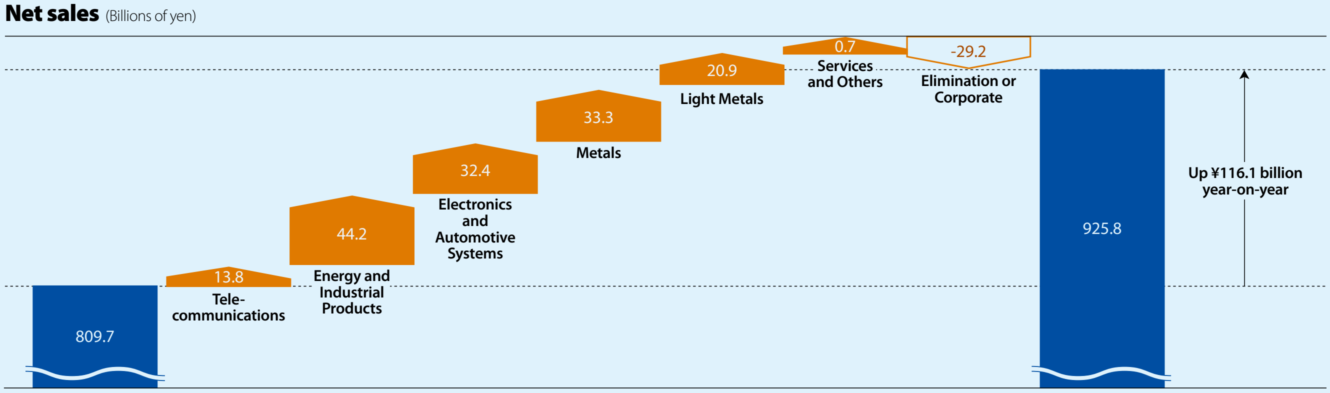
As a result, during the year sales were affected by high prices on bare copper, but the Light Metals Company delivered robust performance, particularly in automobile wire harnesses and MCPET and other functional materials operations. As a result, consolidated net sales rose 14.3% from the preceding fiscal year, to ¥925.8 billion. Overseas sales expanded 23.4%, to ¥307.5 billion.

Results by Business Segment

Telecommunications

Consolidated net sales grew 10.2% from the previous fiscal year, to ¥149.3 billion. In Japan, sales of system products to cable television companies were robust, owing to the full-scale shift to terrestrial digital broadcasting in July 2011, but demand for telecommunication cable was down year on year. Overseas, demand for optical fibers from China

Net sales (Billions of yen)



and other Asian countries was lackluster, but sales of telecommunication and other cable for mobile telephony to OFS of the United States and FISA of Brazil remained robust, boosting sales in this category.

Meanwhile, in June 2010 OFS entered an agreement with China's Jiangsu Hengtong Photo Electric Stock Co., Ltd., to establish a subsidiary to produce optical fiber preform. As a result, we will become capable of integrated production—from upstream optical fiber preform to downstream optical fiber and cable—in China, which is currently the world's biggest market for optical fiber. This should expand our overseas sales even further.

Energy and Industrial Products

Consolidated net increased 21.1% from the previous fiscal year, to ¥253.0 billion. In Japan, sales of electrical cable for construction remained sluggish, owing to continued lackluster construction demand. However, in functional materials we benefited from new orders for MCPET—boosting production accordingly—and bare copper prices rose.

Meanwhile, Furukawa Electric Industrial Cable Co., Ltd., and two subsidiaries of China's Huatong Furukawa Cable Co., Ltd., entered into an agreement in July 2010 to form a joint venture with Hebei Huatong Wires & Cables Group Co., Ltd., to manufacture and sell industrial rubber cable. This move should be instrumental in expanding our overseas market, as it applies the Furukawa Electric Group's technology related to industrial rubber cable, which is highly regarded in the Japanese market—to meet burgeoning Chinese demand for social infrastructure.

Electronics and Automotive Systems

Consolidated net sales rose 18.3% from the previous fiscal year, to ¥209.6 billion. This rise is attributable to solid annual increases in market demand, both in Japan and overseas, for automobile wiring harnesses and automotive parts, as well as flourishing demand for magnet wires and other items for smartphones.

As part of our efforts to consolidate similar businesses and strengthen collaboration within the Group, subsidiary Furukawa Magnet Wire Co., Ltd., took over the magnet wire business of TOTOKU Electric Co., Ltd., in October 2009. This business and the magnet wire business of Riken Electric Wire Co., Ltd. were consolidated under Furukawa Magnet Wire in April 2010.

Metals

Consolidated net sales rose 27.8% from the previous fiscal year to ¥152.9 billion. Contributing to this increase was the uptrend in bare copper prices and a recovery in demand for copper strips for electronic components. Furthermore, unusually warm summer weather boosted demand for copper tubes used in air conditioners.

Furthermore, in March 2011 we established a new company in Taiwan, Furukawa Electric Copper Foil Taiwan Co., Ltd., to manufacture and sell copper foil for lithium-ion batteries. This move should further strengthen our presence in an area where we already hold the top market share.

Light Metals

Consolidated net sales increased 11.1%, to ¥209.0 billion. During the first half of the fiscal year, unusually hot summer weather prompted higher sales volumes in a wide range of areas, including materials for beverage cans, materials for automobile heat exchangers, and thick plates used in semiconductor and LCD fabrication equipment. Demand for some products slumped in the second half of the fiscal year, but sales were up for the year due to resurgent demand for automobile heat exchange materials and foil materials.

Services and Others

Consolidated net sales for this segment rose 1.9% from the previous fiscal year, to ¥37.6 billion.

Cost of Sales/Selling, General and Administrative Expenses

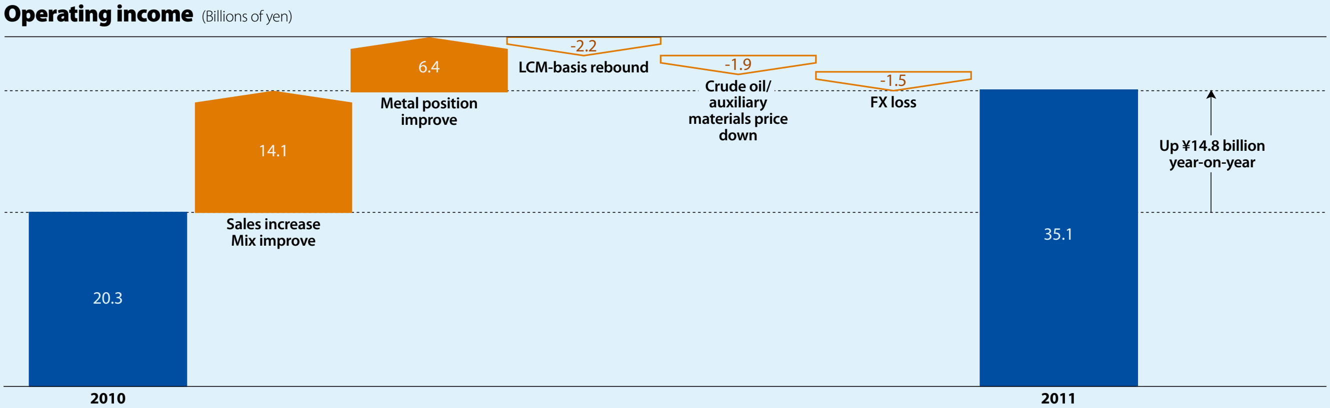
While cost of sales increased 13.8% from the previous fiscal year, to ¥773.5 billion, the cost of sales ratio improved by 0.3 percentage point, from 83.9% to 83.6%.

Selling, general and administrative expenses rose 6.5% from the previous year, to ¥117.1 billion.

Net Income

In fiscal 2011, operating income rose ¥14.8 billion, to ¥35.1 billion (US$0.4 billion). This was largely as net sales expanded more significantly than cost of sales. Operating income recorded by the Metals Company and the Light Metals Company improved

Operating income (Billions of yen)



substantially, and the Electronics and Automotive Systems Company continued to deliver solid performance in the automotive sector. Furthermore, the metal position improved.

In other income, the Company recorded a ¥0.5 billion net foreign exchange loss, ¥1.3 billion worse than the income figure reported in the preceding fiscal year, primarily as a result of ongoing yen appreciation. The loss on disposal of property, plant and equipment abated, to ¥0.5 billion, and the Group did not set aside a provision for penalties under the Antimonopoly Law, whereas this figure amounted to ¥4.6 billion in the preceding fiscal year. However, the Group did record two losses that were absent in the preceding fiscal year: a ¥1.2 billion loss on adjustment for changes of accounting standards for asset retirement obligations and a ¥2.6 billion loss on disaster.

Income before income taxes and minority interests totaled ¥23.6 billion (US$0.3 billion) and net income after income taxes and minority interests in net income of consolidated subsidiaries totaled ¥12.2 billion (US$0.1 billion).

Dividends

Furukawa Electric intends to pay dividends to shareholders, upholding its basic policy of paying solid dividends, while maintaining a long-term outlook on future income trends and business development.

The Company adheres to the basic principle of paying cash dividends twice a year out of its earned surplus as interim and full-year dividends. Full-year dividends paid out of earned surplus are determined by the shareholders' meeting and interim dividends are decided by the Board of Directors meeting. For fiscal 2011, the Company paid a dividend of ¥5.5 per share (interim dividend was ¥2.5 per share) based on the above principle. The Company will also seek to strengthen its financial condition by securing retained earnings.

The Company stipulates in its articles of incorporation that it can pay an interim dividend based on the record date of September 30 of each year through a resolution by its Board of Directors.

Cash Flows

In fiscal 2011, income before income taxes and minority interests increased ¥12.6 billion from the previous fiscal year, to ¥23.6 billion. Cash and cash equivalents as of March 31, 2011, amounted to ¥37.6 billion, down ¥3.2 billion from one year earlier, owing mainly to the reduction of interest-bearing debt.

Net cash provided by operating activities was ¥37.1 billion. Primary factors included a rise in income before income taxes and minority interests and increases in inventories and income taxes paid, with the increase in trade payables down year on year.

Net cash used in investing activities was ¥21.4 billion. Proceeds from sales of marketable securities and sales of property, plant and equipment were down. However, payments for purchase of investment securities and property, plant and equipment also decreased.

Net cash used in financing activities was ¥18.3 billion. Although continuing efforts to reduce short-term debt, the Group raised cash through sale-and-lease-back activities.

Liquidity

Since launching the Furukawa Survival Plan in 2004, a three-year medium-term management plan, we have endeavored to sell investment securities and real estate holdings and reduce interest-bearing debt to bolster our financial condition.

As a result, interest-bearing debt decreased ¥20.5 billion from the previous fiscal year, to ¥341.6 billion.

We established a new medium-term management plan, New Frontier 2012, in April 2010 and are endeavoring to further improve our financial strength. We will seek to curb increases in total assets, continue to reduce inventory, trade receivables and fixed costs, repay interest-bearing debt by generating income, and build up shareholders' equity.

In terms of numerical targets, we are forecasting shareholders' equity of ¥210.0 billion, interest-bearing liabilities of ¥320.0 billion, a debt-to-equity ratio of 1.5, ROA of 5.6% and total asset turnover of 1.1 by March 31, 2013.

R&D Activities

Furukawa Electric Group maintains a solid R&D structure that enables it to create and develop new businesses through innovative products and technologies and to aggressively pursue R&D activities. Furukawa Electric Co., Ltd., operates six research laboratories in Japan, including Yokohama R&D Laboratories, the Metal Research Center, the Ecology and Electronics Laboratory, the FITEL Photonics Laboratory, the Automotive Technology Center and the Power & Systems Laboratory, which are further complemented by the research laboratories of other Group companies. We also operate two overseas laboratories, OFS Laboratories, LLC, in the United States and Furukawa Electric Institute of Technology Ltd. in Hungary. Total R&D expenditures in fiscal 2011 were ¥18.3 billion. The major results of our R&D activities segment were as follows:

Telecommunications

(1) For 100Gbps optical digital coherent transmission, we introduced compact chips employing quartz waveguide technology that enables receiver components to convert amplified optical signals through value multiplexing—including phase modulation and polarization multiplexing—and commenced shipments to equipment manufacturers.

(2) The area of 100Gbps digital coherent transmission requires highly stable oscillation wavelengths to semiconductor lasers for signal light sources. We succeeded in reducing to 500kHz or less the width of the oscillation band on the semiconductor lasers that constrain bandwidth and have begun sample shipments to customers of standard control circuits incorporating this technology.

(3) We began developing wavelength-selection switches (WSSs), key components that control bandwidth in signal route switching devices, thereby making telecommunications networks more efficient and power efficient.

(4) We have created a multicore fiber containing seven cores in a single fiber, which may find use in spatial multiplexing technology for future ultrahigh-capacity optical communications. We

conducted transmission evaluation to determine applicability for optical interconnection, subscriber access and long-distance trunk lines.

(5) In the optical interconnection category, we used an active optical cable (AOC) to develop an optical engine featuring low power consumption, which we installed on our proprietary 1060nm vertical-cavity surface-emitting laser (VCSEL) for evaluation by manufacturers of optical transmission devices, transmission equipment and computers.

(6) We developed a non-halogen insulation material for heat protection during soldering and have commercialized the product for use on electronic device wiring.

(7) We are moving forward with customer verification testing for use in laser processing of our single-mode fiber laser equipment with optical outputs of 300W and 500W.

R&D expenditures for the segment totaled ¥5.6 billion.

Energy and Industrial Products

(1) We are making progress in the development of high-functioning foamed materials. Using this material, we have succeeded in developing reflectors for LED TEVs that that increase their brightness by 5% compared with conventional materials, and have commenced mass production. In addition, through the application of microcellular foaming technology to polyphenylene sulfide (PPS), we are working to make automobiles more lightweight and therefore emit less CO2. We also have developed non-halogen flame-resistant foam, which reduces environmental impact, and are pursuing the development of highly reflective foam, assistance efforts to conserve energy.

(2) Demand related to the smart grid market is expected to include superconductors and other next-generation transmission technologies, as well as efficient power system operation technologies that make use of telecommunications technologies. We established the Power & System Laboratories to take overall responsibility for developing technologies such as these.

(3) We continue to participate in a national project for yttrium-based, high-temperature superconducting power cables, and we are promoting the development of ultra-high voltage superconducting power cables to replace ultra-high voltage power cables. In addition, we are proactively participating in demonstration projects both in Japan and overseas. Furthermore, with respect to devices applying yttrium-based superconducting thin films, we will conduct verification tests at an early date and are pursuing commercial development.

(4) We are developing smart grid technology and products. Notably, we are endeavoring to develop practical applications for secondary battery-related technologies, which are particularly important and enjoy high demand, at an early date under a Group-wide system, while also participating in the national project.

(5) We established a pipe development system for oceanic energy resource transport, and we are participating in a national project to promote such efforts. We are also developing pipes with specifications suited to offshore, undersea and seabed applications.

R&D expenditures for the segment totaled ¥1.2 billion.

Electronics and Automotive Systems

(1) We formed a Next-Generation Automotive Product Team to integrate the activities of various laboratories involved in next-generation vehicles, including hybrid and electric vehicles, as well as to contribute to new product development that will lead to the expansion of business in the automotive field.

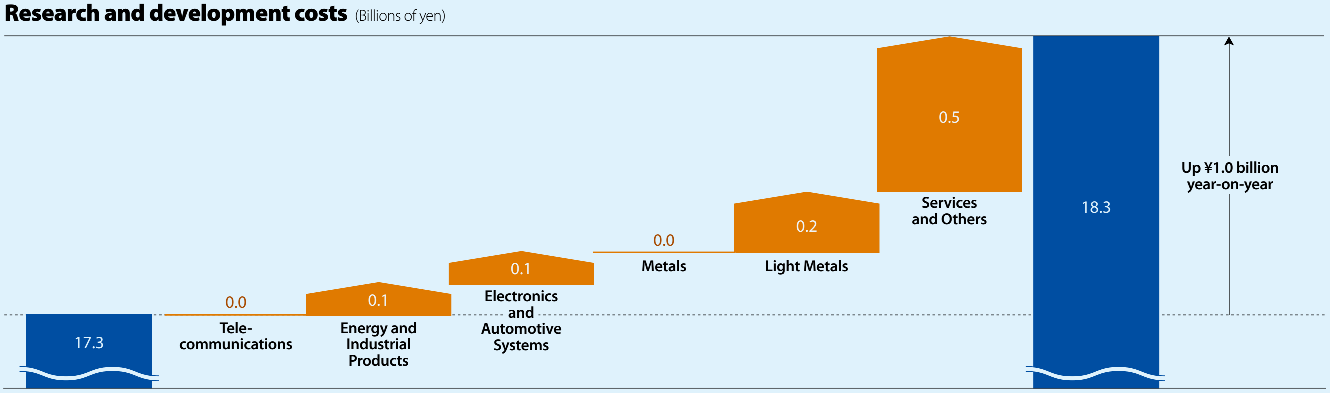
(2) We continue to develop radar employing ultra-wideband (UWB) technologies. In this field, we are collaborating with manufacturers of automobile systems and vehicles to develop technology for sensors to monitor a vehicle's surroundings, as such technology is expected to boost automobile safety.

(3) In 2012, we expect to begin mass production of a sensor for automobile batteries, targeting automakers. Battery power management is expected to improve the efficiency of automobiles' energy use.

(4) Having confirmed the principles through which an altogether new type of configuration of onboard GPS antennas can be made without employing ceramics that employ high-dielectric materials, including rare metals, we are pursuing the commercialization of this structure.

(5) We have developed a new process for shortening processing time and reducing processing energy for cellular phone antennas, and

Research and development costs (Billions of yen)



have set up a mass production system in China. We are expanding the process to other antenna products.

(6) We have developed a new finely pitched tape substrate suitable for mounting next-generation high-frequency components, and are pursuing its market expansion.

(7) Having pushed beyond the development of heat pipes with wall thicknesses of 0.8mm for use in highly functional home appliances, we have developed ultrathin heat pipes with walls 0.6mm thick.

(8) Heat pipes in cooling power modules used in inverters and converters for high-speed railways and subways deliver higher performance eliminate the need for a blower.

(9) We have developed magnet wires for use in the drive motors in hybrid vehicles (HVs) that eliminate the need for interphase insulative paper, thereby allowing motors to be more compact and deliver higher output that was possible with conventional designs. At the same time, we have accelerated R&D on next-generation magnet wires with low electric permittivity, high voltage resistance and thin films.

(10) We are pursuing the development of transistors and diodes for devices using gallium nitride (GaN) through a research association for next-generation power device technology established jointly with the Fuji Electric Group.

(11) We were commissioned by the New Energy and Industrial Technology Development Organization (NEDO) and are pursuing the development of a revolutionary ultra-lightweight electric wire using carbon nano tubes.

R&D expenditures for the segment totaled ¥3.8 billion.

Metals

(1) In high-performance connector material, we have commenced mass production of highly flexible alloys, and have obtained certification and orders from customers. We have gained competitive advantages in price and quality and are establishing a low-cost, high-precision gauge control technology.

(2) We began mass producing new highly adhesive products for developing aluminum plastic composite products and are expanding sales in this category.

(3) We made progress in developing a current collector for a next-generation lithium-ion secondary battery, which has been well received by customers.

(4) In the development of high-temperature superconducting wire rods, we are specializing in yttrium-based materials that are expected to become next-generation wire rods. We participate in the national project for yttrium-based superconducting power device technology, and have improved length characteristics by introducing our proprietary layered structure.

(5) We are developing nano metal powder as a material for hard-wiring and bonding for electronics, and are conducting tests for practical applications.

R&D expenditures for the segment totaled ¥1.2 billion.

Light Metals

(1) For popular lithium-ion batteries, we have developed and manufacture a variety of materials that we supply to customers in Japan and overseas. These include aluminum foil for the battery's positive electrode collector and laminated exterior material, as well as square aluminum sheet as exterior material.

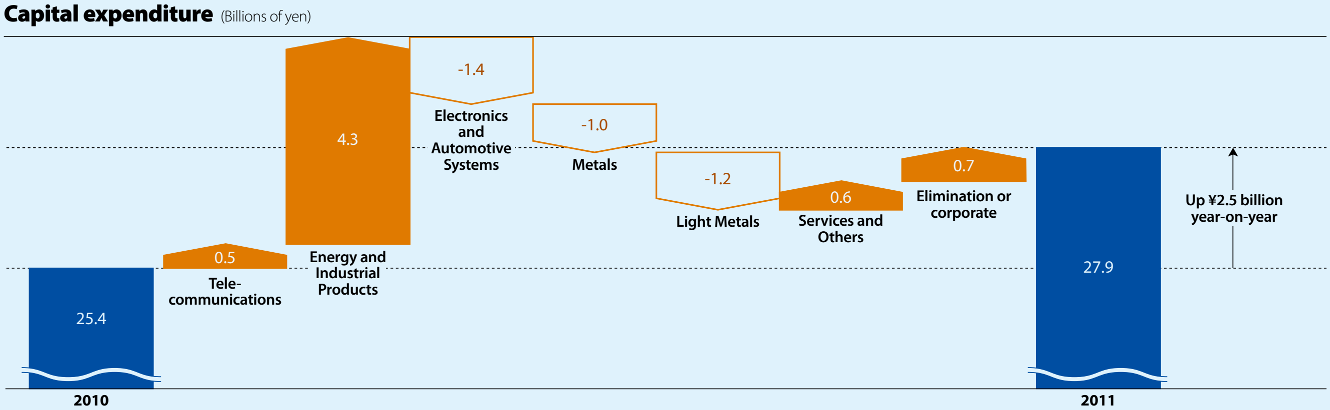
(2) The use of aluminum in place of copper pipes in the pipework for air-conditioning devices has been attracting attention, and we have developed aluminum pipes that excel in heat exchange, corrosion resistance and workability. The pipes continue to earn high praise from air conditioner manufacturers.

(3) Given the growing importance of thermal management in next-generation automobiles, such as electric cars, we developed the VL Fan, an aluminum air-cooled chiller with significantly enhanced cooling capability. Many users have inquired about this product, which is being given high marks. Nevertheless, we continue pursing research and development aimed to boost performance further. We are also pursuing developments designed to replace copper parts with aluminum in next-generation automobiles.

(4) As a top manufacturer of materials for automobile heat exchangers, we are developing thin-walled, high-performance materials, which have been well-received by heat exchanger users.

R&D expenditures for the segment totaled ¥2.8 billion.

Capital expenditure (Billions of yen)



Services and Others

This area is primarily related to our new business fields.

(1) We were commissioned by NEDO to continue developing negative electrode materials for lithium-ion batteries, which delivery high output and are long-lived.

(2) We have established the Next-Generation Battery Materials R&D Center to step up our development of next-generation battery materials, leveraging the Furukawa Electric Group's materials expertise to conduct leading-edge R&D.

R&D expenditures for the segment totaled ¥3.7 billion.

Capital Expenditures

The Furukawa Electric Group conducted increased investments during the year in the Energy and Industrial Products Company and the Telecommunications Company, and total Group capital expenditures, at ¥27.9 billion, were higher than the previous fiscal year.

The primary goals for capital expenditures by segment were as follows:

Telecommunications

- Expand production capacity of optical fiber cables
- Rationalize production facilities/expand factory buildings

Energy and Industrial Products

- Expand production equipment for foamed products
- Build new factory and integrate production facilities
- Maintain and upgrade facilities

Electronics and Automotive Systems

- Mass produce and expand capacity for electronic components for automobiles
- Mass produce and increase capacity for electronic functional materials
- Integrate facilities after consolidation of magnet wire business

Metals

- Maintain and upgrade production facilities for copper foil, copper and copper alloys for the automotive, IT and electronics markets

Light Metals

- Upgrade older large cranes used for transporting slabs for rolling
- Upgrade plate cutting line to use AC motors

Major capital investments completed during the year under review include upgrading the accounting system used by Furukawa Electric's finance department, upgrading large-scale cranes at the Furukawa-Sky Aluminum Corporation and building a plant and production line at Furukawa Automotive Systems Vietnam (FASV).

No significant facilities were disposed of our sold during the fiscal year under review.

Financial Position

Total assets decreased ¥8.9 billion from the previous fiscal year, to ¥826.9 billion. Current assets increased ¥19.3 billion, to ¥419.8 billion, while non-current assets decreased ¥28.2 billion, to ¥407.1 billion.

The major reasons for these fluctuations were decreases in tangible and intangible assets, as well as investment securities, while trade receivables and inventories of work-in-progress, raw materials and stored goods increased.

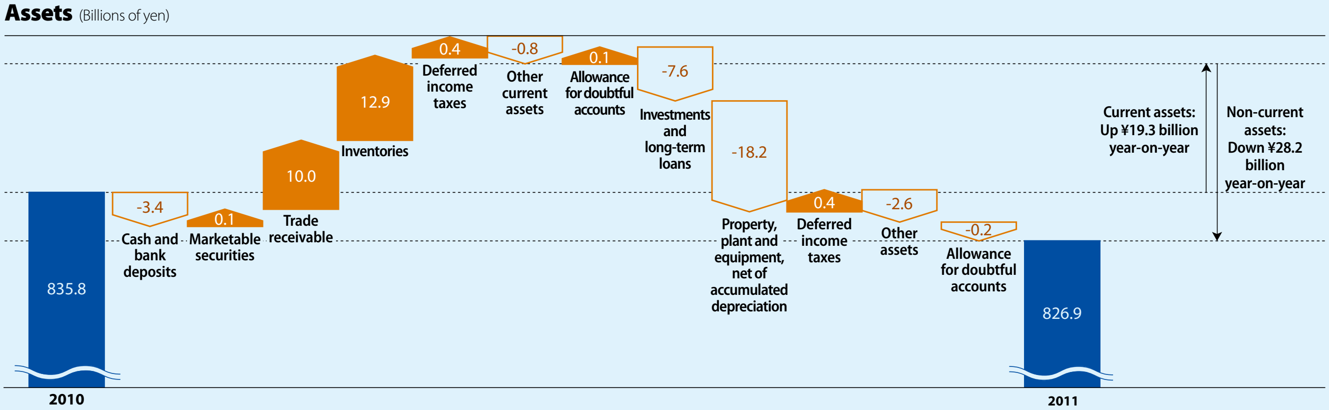
Operating capital increased, as the rise in trade receivables and inventories exceeded the increase in payables.

Major factors behind changes in non-current assets included an increase of ¥27.9 billion in capital expenditures, a decrease of ¥40.4 billion in depreciation, and impairment losses.

With respect to current liabilities, interest-bearing debt, which is the sum of long- and short-term debt and corporate bonds, decreased ¥20.5 billion from the end of the previous fiscal year, to ¥341.6 billion.

In the category of net assets, retained earnings increased ¥15.0 billion. Unrealized gains on other marketable securities decreased, as did exchange and valuation adjustments, owing to such factors as price fluctuations on investment securities and yen appreciation. Furthermore, during the year under review the Group began recording retirement benefits on overseas subsidiaries, causing other accumulated comprehensive income to fall ¥12.4 billion. Consequently, total shareholders' equity ratio rose 0.5 percentage point from the end of the previous consolidated fiscal year, to 20.1%.

Assets (Billions of yen)



Business-Related Risks

The Furukawa Electric Group's management performance is affected by the economic conditions of the various markets in which we sell our products and provide services.

The Furukawa Electric Group's management performance, stock price and financial condition may be affected by the following risks, assessed by the Group as of June 29, 2011, the date on which we submitted our financial report.

1) Infringement of third-party intellectual property rights and other rights

The Furukawa Electric Group takes appropriate measures to prevent the infringement of intellectual property and other rights owned by third parties in connection with business activities, including the development, manufacture, use and sales of products and software.

These measures include prior research of such rights and the arrangement of licensing as required. However, we may become engaged in disputes or negotiations in situations in which a third party sues the Group for alleged infringement of intellectual property or other rights owned by the third party, or in cases where intellectual property or other rights owned by the Group are infringed upon by a third party. Lawsuits involving intellectual property may result in the suspension of the manufacture or sale of Group products or a major claim for damages or settlement benefits, and in the event the Group is faced by such suspensions or payment obligations, the results of operations and financial position of the Group may be adversely affected. In addition, despite having a framework in place to deal with property rights, corporate competitiveness may decline in the event that the Group's manufacturing technology (knowhow) is leaked to a third party.

2) Defective products

The Furukawa Electric Group manufactures products and services in accordance with prevailing domestic and international standards and specifications as well as its own quality control standards developed over the course of its extensive business experience. However, we cannot warrant that all our products and services are free from defects or that we will not be liable for any unforeseen future losses or damages. Any defects in products such as power cables, communication cables and automotive parts may incur significant additional costs.

While our product liability insurance policy covers risks associated with our products, it may not cover all the damages we might be required to pay. Product defects causing significant damage or product liability may incur major costs and tarnish the Group's reputation, adversely affecting the results of the Group's operations and financial position.

3) Fluctuations in raw material and fuel prices

Prices for our main raw materials, including non-ferrous metals such as copper and aluminum, and polyethylene, along with fuels such as heavy oil and LNG, may fluctuate beyond expectations due to changes in international politics and market trends. We may not be able to sufficiently reflect such substantial price fluctuations onto our sales prices, or we may be unable to do so in a timely manner. This may adversely affect the results of our operations or financial position.

4) Fluctuations in exchange rates

The Furukawa Electric Group owns foreign currency-denominated credit and obligations. Therefore, fluctuations in the foreign currency environment may result in exchange gains or losses.

5) Higher interest rates

If interest rates rise, our interest expenses will increase, which may adversely affect the results of operations.

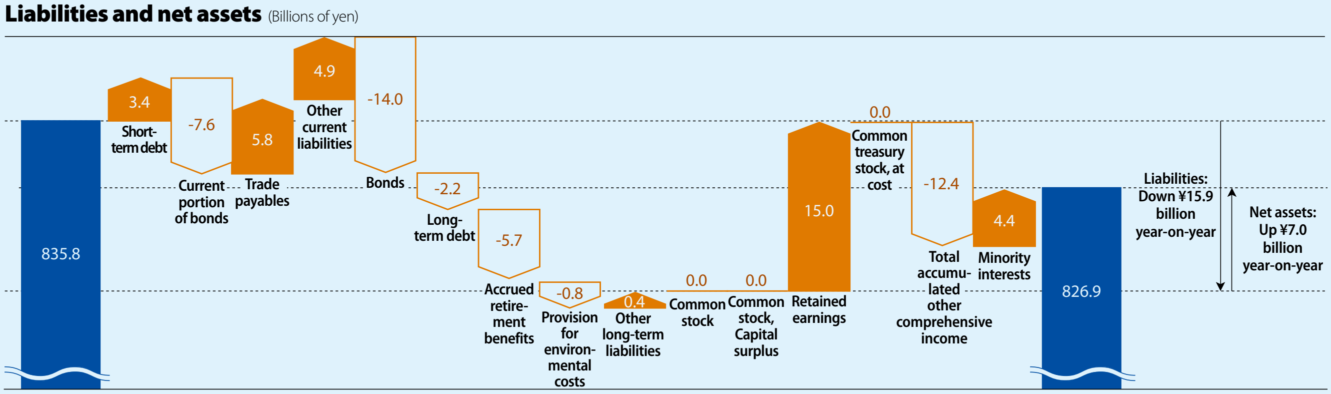
6) Lowering of credit ratings

Should our performance stagnate, credit rating agencies may downgrade our long-term bonds and commercial paper. This situation could make raising funds more difficult and cause interest payments to rise.

7) Impairment of assets

In the event of unfavorable conditions in the market or business environment, the market value of our assets may substantially decline, or the profit generated by our assets may decrease, leading us to incur impairment losses on such assets.

Liabilities and net assets (Billions of yen)



8) Soil pollution on land held for business purposes

Soil pollution exists at on the site of the Company's Nikko Works, and we are currently conducting detailed surveys and planning remediation measures. A survey is also underway with regard to waste disposal and ground pollution at land owned in the Oyama area. In addition, we are implementing soil and groundwater countermeasures at the Ibaraki Plant owned by Aoyama Kinsho Co., Ltd. When we sell our land or change its use in other areas, we may incur costs associated with soil pollution in the event a soil survey demonstrates the land is contaminated.

9) Overseas activities

The Furukawa Electric Group manufactures and sells products not only in Japan but also in overseas markets, including markets in the U.S., Europe and Asia, as well as emerging markets. We face various potential risks in these overseas markets, such as unexpected changes in laws and regulations, labor disputes caused by changes in the economic environment or sudden outbreaks of epidemics. Such risks may adversely affect the result of our operations.

Particularly in China, where the economy has been growing rapidly over the past several years, we have established and operate a number of business sites, namely in Shanghai, Beijing and Tianjin. Unexpected events in China, such as changes in laws, rules and regulations associated with investment, foreign currency, finance and trade; suspension of power supply; or the outbreak of epidemics, may adversely affect our operations. Concretely, should the Chinese GDP growth rate sharply decline due to the adoption of a governmental policy to curb excessively rapid economic growth, or should the exchange rate of the yuan be adjusted, the results of our operations in China may significantly differ from our business plan forecast. In such cases, the cash flows of our subsidiaries in China may be adversely affected because the collection period for sales receivables from Chinese customers is relatively long.

10) Legal violations

In May 2010, Furukawa Electric was issued cease and desist as well as administrative surcharge orders by the Japan Fair Trade Commission as a result of acts in violation of the Anti-Monopoly Act in relation to transactions regarding optical fiber cable and related products. The Company has made a court appeal with regard to some products included in the administrative surcharge payment order and is awaiting a final decision by the commission. In November 2010, Company subsidiary Furukawa Elecom Co., Ltd., received an administrative surcharge payment order from the Japan Fair Trade Commission related to transactions on three general-purpose construction products including construction wiring. Compensation for damages may be claimed in relation to this violation. Furthermore with respect to construction wiring, in April 2010 Kyowa Electric Wire Co., Ltd., was included in an examination owing to suspicion of violating the Anti-Monopoly act with regard to transactions of this same product. We are currently cooperating with this investigation.

Furthermore, the Furukawa Electric Group is currently under investigation by the Japan Fair Trade Commission and bureaus responsible for antitrust law in the United States and European Union concerning automobile wire harnesses and related products. We are currently cooperating with these investigations. In addition, equity method affiliate VISCAS Corporation is under investigation in the European Union by the bureau responsible for antitrust law in relation to power cables and related products. In this investigation, the commission has found the company in violation. Although no reparations have not been determined, it is possible that administrative surcharge payments may be levied, and that a civil action may be filed seeking compensation for damages in relation to this violation.

11) Impact of the Great East Japan Earthquake

The impact of the Great East Japan Earthquake, which struck on March 11, 2011, may have a negative effect on the Furukawa Electric Group's operating performance, owing to difficulties in procuring raw materials, the interruption of plant operations because of shortages in the electric power supply and increases in electricity rates.

Future Outlook

In the upcoming year, the aftermath of the Great East Japan Earthquake is expected to continue affecting Japan in a number of ways, so economic conditions remain uncertain. Overseas, high growth is expected to continue in emerging markets, but the negative potential impact of the European debt crisis and concerns about rising prices on crude oil and other raw materials is growing more pronounced.

In this environment, the Furukawa Electric Group will continue to implement measures introduced last year under its new medium-term management plan, New Frontier 2012. By making steady progress in putting these measures into action, we aim to cultivate new frontiers (new markets and new businesses) and management that is more robust in the face of change.

In the transmission infrastructure segment, we will introduce investment initiatives to meet the high levels of emerging market demand that are expected to continue in relation to communications and power infrastructure, and we will work to reinforce our production systems and expand our sales accordingly. In the functional materials business, we will seek to boost profitability by concentrating on the establishment of competitive technologies and higher productivity. At the same time, we will make aggressive capital investment to match demand trends. In addition, we will cultivate new environmental businesses by leveraging new organizations established in the preceding fiscal year—the Smart Grid Business Development Department, the Next-Generation Automotive Product Team and the Next-Generation Battery Materials R&D Center—to strengthen our initiatives for cultivating new markets and new products.

In fiscal 2012, we expect ¥950.0 billion in consolidated net sales, ¥31.0 billion in operating income, ¥29.0 billion in ordinary income and ¥11.5 billion in net income.

CONSOLIDATED BALANCE SHEETS
FURUKAWA ELECTRIC CO., LTD. AND ITS SUBSIDIARIES
At March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
ASSETS			
Current assets:			
Cash and bank deposits (Notes 4 and 11)	¥ 41,899	¥ 45,346	$ 504,807
Marketable securities (Note 5)	114	16	1,373
Trade receivable (Note 6)	227,148	217,099	2,736,723
Inventories (Note 7)	99,907	87,034	1,203,699
Deferred income taxes (Note 18)	7,753	7,344	93,410
Other current assets	44,771	45,586	539,410
Allowance for doubtful accounts	(1,784)	(1,927)	(21,494)
Total current assets	419,808	400,498	5,057,928
Non-current assets:			
Investments and long-term loans (Notes 5, 8 and 11)	95,953	103,564	1,156,060
Property, plant and equipment, net of accumulated depreciation (Notes 9,11 and 17)	273,025	291,189	3,289,458
Deferred income taxes (Note 18)	12,643	12,275	152,325
Other assets	29,101	31,659	350,614
Allowance for doubtful accounts	(3,586)	(3,366)	(43,205)
Total non-current assets	407,136	435,321	4,905,252
Total	¥ 826,944	¥ 835,819	$ 9,963,180

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term debt (Note 11)	¥ 128,552	¥ 125,117	$ 1,548,819
Current portion of bonds (Note 11)	24,199	31,845	291,554
Trade payable (Note 10)	120,873	115,045	1,456,301
Customers' advances	2,782	2,674	33,518
Accrued income taxes	3,718	2,350	44,795
Deferred income taxes (Note 18)	56	16	675
Provision for product defect compensation(Note 2h)	2,266	3,566	27,301
Provision for penalties under the Antimonopoly Law(Note 2j)	-	4,606	-
Provision for loss on disaster(Note 2k)	1,512	-	18,217
Other current liabilities	54,903	47,096	661,482
Total current liabilities	338,861	332,315	4,082,662
Long-term liabilities :			
Bonds(Note 11)	28,866	42,899	347,783
Long-term debt (Note 11)	160,002	162,227	1,927,735
Accrued retirement benefits (Note 12)	59,062	64,798	711,590
Provision for environmental costs (Note 2i)	12,018	12,852	144,795
Asset retirement obligation	1,321	-	15,916
Deferred income taxes (Note 18)	207	2,654	2,494
Other long-term liabilities	10,702	9,145	128,940
Total long-term liabilities	272,178	294,575	3,279,253
Contingent liabilities (Note 14)			
Net assets			
Shareholders' equity (Note 13)			
Common stock			
Authorized shares, 2,500,000 thousand in 2011 and 2010			
Issued shares, 706,669 thousand in 2011 and 2010	69,395	69,395	836,084
Capital surplus	21,468	21,468	258,651
Retained earnings	87,007	71,988	1,048,277
Common treasury stock, at cost 438 thousand in 2011 428 thousand in 2010	(271)	(236)	(3,265)
Total shareholders' equity	177,599	162,615	2,139,747
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities (Note 5)	14,222	16,483	171,349
Deferred gain or loss on derivatives under hedge accounting (Note 2c)	638	905	7,687
Adjustments for retirement benefits of an overseas subsidiary	(3,617)	-	(43,578)
Foreign currency translation adjustments	(22,873)	(16,586)	(275,578)
Total accumulated other comprehensive income	(11,630)	802	(140,120)
Minority interests	49,936	45,512	601,638
Total net assets	215,905	208,929	2,601,265
Total	¥ 826,944	¥ 835,819	$ 9,963,180

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME
FURUKAWA ELECTRIC CO., LTD. AND ITS SUBSIDIARIES

For the years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Net sales	¥ 925,754	¥ 809,693	$ 11,153,663
Cost of sales (Note 16)	773,499	679,403	9,319,265
Gross profit	152,255	130,290	1,834,398
Selling, general and administrative expenses (Note 16)	117,111	109,968	1.410,976
Operating income	35,144	20,322	423,422
Other income (expenses):			
Interest and dividend income	2,368	2,189	28,530
Interest expense	(6,012)	(6,415)	(72,434)
Foreign exchange gain (loss),net	(529)	801	(6,373)
Gain on sales of investment securities (Note 5)	2,287	6,314	27,554
Loss on write-down of investment securities	(3,466)	(286)	(41,759)
Reversal of provision for doubtful accounts	1,508	1,002	18,169
Gain on disposal of property, plant and equipment	1,270	351	15,301
Loss on disposal of property, plant and equipment	(543)	(1,765)	(6,542)
Impairment loss (Notes 2s and 17)	(2,410)	(2,636)	(29,036)
Provision for penalties under the Antimonopoly Law(Note 2j)	-	(4,606)	-
Business restructuring costs	(700)	(2,778)	(8,434)
Equity in income of non-consolidated subsidiaries and affiliates	634	3,271	7,639
Loss on adjustment for changes of accounting standards for asset retirement obligations	(1,235)	-	(14,880)
Loss on disaster (Note 2k)	(2,613)	-	(31,482)
Other, net	(2,117)	(4,817)	(25,506)
	(11,558)	(9,375)	(139,253)
Income before income taxes and minority interests	23,586	10,947	284,169
Income taxes (Note 18) :			
Current	6,826	4,681	82,241
Deferred	(1,404)	(3,310)	(16,916)
	5,422	1,371	65,325
Net income before minority interests	18,164	-	218,844
Minority interests in earning (loss) of consolidated subsidiaries	5,951	(128)	71,699
Net income	¥ 12,213	¥ 9,704	$ 147,145

	Yen		U.S. dollars
	2011	2010	2011
Per common share (Notes 2q and r)			
Basic net income	¥ 17.30	¥ 13.80	$ 0.208
Diluted net income	-	13.80	-
Cash dividends	¥ 5.50	¥ 5.00	$ 0.066

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHEMSIVE INCOME
FURUKAWA ELECTRIC CO., LTD. AND ITS SUBSIDIARIES
For the years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Net income before minority interests	¥ 18,164	¥ -	$ 218,844
Other comprehensive income			
Unrealized gain on available-for-sale securities	(2,256)	-	(27,181)
Deferred gain or loss on derivatives under hedge accounting	(403)	-	(4,855)
Adjustments for retirement benefits of an overseas subsidiary	1,535	-	18,494
Foreign currency translation adjustments	(6,038)	-	(72,747)
Share of other comprehensive income of affiliates accounted for by the equity method	(623)	-	(7,506)
Total other comprehensive income (Note 19)	(7,785)	-	(93,795)
Comprehensive income (Note 19)	¥ 10,379	¥ -	$ 125,049
Attributable to :			
Shareholders of the parent company	¥ 4,889	¥ -	$ 58,904
Minority interests	¥ 5,490	¥ -	$ 66,145

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FURUKAWA ELECTRIC CO., LTD. AND ITS SUBSIDIARIES

For the years ended March 31, 2011 and 2010

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Common treasury stock	Total Shareholders' equity
Balance at March 31, 2009	¥ 69,376	¥ 21,449	¥ 65,737	¥ (2,282)	¥ 154,230
Exercise of stock acquisition rights	19	19	-	-	38
Effect of decrease in exchange of equity interest	-	-	(693)	2,050	1,357
Cash dividends paid		-	(3,512)	-	(3,512)
Net income	-	-	9,704	-	9,704
Net effect of increase in consolidated subsidiaries	-	-	97		97
Adjustments for retirement benefits of overseas subsidiaries	-	-	655	-	655
Acquisition of treasury stock		-	-	(4)	(4)
Disposal of treasury stock	-	-	(0)	(0)	(0)
Net change during the year	-				-
Balance at March 31, 2010	¥ 69,395	¥ 21,468	¥ 71,938	¥ (236)	¥ 162,615
Exercise of stock acquisition rights	-				
Effect of decrease in exchange of equity interest	-	-			
Cash dividends paid	-	-	(3,531)	-	(3,531)
Net income	-	-	12,213	-	12,213
Net effect of increase in consolidated subsidiaries	-	-	(422)	-	(422)
Net effect of increase in affiliates accounted for by the equity method			1,594		1,594
Effect of increase in mergers of non-consolidated subsidiaries	-	-	13	-	13
Acquisition of treasury stock	-	-	-	(36)	(36)
Disposal of treasury stock	-	-	(0)	1	1
Transfer of adjustments for retirement benefits of an overseas subsidiary	-	-	5,152	-	5,152
Net change during the year	-				
Balance at March 31, 2011	¥ 69,395	¥ 21,468	¥ 87,007	¥ (271)	¥ 177,599

	Millions of yen						
	Accumulated other comprehensive income						
	Unrealized gain on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Adjustments for retirement benefits of an oversea subsidiary	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at March 31, 2009	¥ 12,616	¥ (5,466)	¥ -	¥ (18,729)	¥ (11,579)	¥ 47,728	¥ 190,429
Exercise of stock acquisition rights			-		-	-	38
Effect of decrease in exchange of equity interest	-	-	-	-	-	-	1,357
Cash dividends paid	-			-	-	-	(3,512)
Net income		-				-	9,704
Net effect of increase in consolidated subsidiaries	-	-	-	-	-	-	97
Adjustments for retirement benefits of overseas subsidiaries	-	-				-	655
Acquisition of treasury stock	-	-	-	-	-	-	(4)
Disposal of treasury stock	-	-	-	-	-	-	(0)
Net change during the year	3,867	6,371	-	2,143	12,381	(2,216)	10,165
Balance at March 31, 2010	¥ 16,483	¥ 905	¥ -	¥ (16,586)	¥ 802	¥ 45,512	¥ 208,929
Exercise of stock acquisition rights	-	-	-	-		-	-
Effect of decrease in exchange of equity interest	-	-		-		-	-
Cash dividends paid	-	-		-	-	-	(3,531)
Net income	-	-	-	-	-	-	12,213
Net effect of increase in consolidated subsidiaries	-	-	-	-	-	-	(422)
Net effect of increase in affiliates accounted for by the equity method	-		-	-	-		1,594
Effect of increase in mergers of non-consolidated subsidiaries		-	-		-	-	13
Acquisition of treasury stock	-	-	-	-	-	-	(36)
Disposal of treasury stock			-	-	-	-	1
Transfer of adjustments for retirement benefits of an overseas subsidiary			(5,152)		(5,152)		0
Net change during the year	(2,261)	(267)	1,535	(6,287)	(7,280)	4,424	(2,856)
Balance at March 31, 2011	¥ 14,222	¥ 638	¥ (3,617)	¥ (22,873)	¥ (11,630)	¥ 49,936	¥ 215,905

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FURUKAWA ELECTRIC CO., LTD. AND ITS SUBSIDIARIES

For the years ended March 31, 2011 and 2010

	Thousands of U.S. dollars (Note 3)				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Common treasury stock	Total Shareholders' equity
Balance at March 31, 2010	$ 836,084	$ 258,651	$ 867,325	$ (2,843)	$ 1,959,217
Exercise of stock acquisition rights	-		-	-	-
Effect of decrease in exchange of equity interest			-	-	-
Cash dividends paid	-	-	(42,542)	-	(42,542)
Net income	-	-	147,145	-	147,145
Net effect of increase in consolidated subsidiaries		-	(5,084)	-	(5,084)
Net effect of increase in affiliates accounted for by the equity method			19,205	-	19,205
Effect of increase in mergers of non-consolidated subsidiaries	-	-	156	-	156
Acquisition of treasury stock	-	-	-	(434)	(434)
Disposal of treasury stock	-	-	(0)	12	12
Transfer of adjustments for retirement benefits of an overseas subsidiary	-	-	62,072	-	62,072
Net change during the year			-		-
Balance at March 31, 2011	$ 836,084	$ 258,651	$ 1,048,277	$ (3,265)	$ 2,139,747

Thousands of U.S. dollars (Note 3)

	Accumulated other comprehensive income						
	Unrealized gain on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Adjustments for retirement benefits of an oversea subsidiary	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at March 31, 2010	$ 198,590	$ 10,904	$ -	$ (199,831)	$ 9,663	$ 548,337	$ 2,517,217
Exercise of stock acquisition rights	-	-	-	-		-	
Effect of decrease in exchange of equity interest				-	-		
Cash dividends paid	-		-	-	-	-	(42,542)
Net income	-			-	-	-	147,145
Net effect of increase in consolidated subsidiaries		-		-	-	-	(5,034)
Net effect of increase in affiliates accounted for by the equity method		-	-	-	-	-	19,205
Effect of increase in mergers of non-consolidated subsidiaries		-	-				156
Acquisition of treasury stock	-	-	-	-	-	-	(434)
Disposal of treasury stock					-	-	12
Transfer of adjustments for retirement benefits of an overseas subsidiary	-	-	(62,072)	-	(62,072)	-	-
Net change during the year	(27,241)	(3,217)	18,494	(75,747)	(87,711)	53,301	(34,410)
Balance at March 31, 2011	$ 171,349	$ 7,687	$ (43,578)	$ (275,578)	$ (140,120)	$ 601,638	$ 2,601,265

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FURUKAWA ELECTRIC CO., LTD. AND ITS SUBSIDIARIES

For the years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 23,586	¥ 10,947	$ 284,169
Adjustments for:			
Depreciation and amortization	40,396	42,461	486,699
Gain on sales of marketable securities and investment securities	(2,158)	(5,689)	(26,000)
Equity in income of non-consolidated subsidiaries and affiliates	(634)	(3,271)	(7,639)
(Gain) loss on disposal of property, plant and equipment, net	(726)	1,415	(8,747)
Loss on write-down of inventories	554	553	6,675
Loss on write-down of investment securities	3,466	287	41,759
Impairment loss	2,410	2,636	29,036
Interest and dividend income	(2,368)	(2,189)	(28,530)
Interest expense	6,012	6,415	72,434
Foreign exchange loss(gain), net	228	(1,674)	2,747
Increase in trade receivable	(13,228)	(38,641)	(159,373)
(Increase) decrease in inventories	(15,720)	7,122	(189,398)
Increase in trade payable	6,428	19,019	77,445
Decrease in accrued retirement benefits	(4,609)	(6,057)	(55,530)
Decrease in provision for environmental costs	(1,055)	(1,318)	(12,711)
Other, net	2,511	5,689	30,253
Subtotal	45,093	37,705	543,289
Interest and dividend income received	3,734	2,549	44,988
Interest expense paid	(6,086)	(6,437)	(73,325)
Income taxes (paid) received	(5,620)	2,851	(67,711)
Net cash provided by operating activities	37,121	36,668	447,241
Cash flows from investing activities:			
Purchase of property, plant and equipment	(23,088)	(27,884)	(278,169)
Purchase of intangible assets	(2,110)	(1,939)	(25,421)
Purchase of investment securities	(4,232)	(14,869)	(50,988)
Proceeds from sales of investment securities	4,530	17,307	54,578
Proceeds from sales of non-current assets	2,206	2,302	26,578
Decrease in short-term loan, net	1,235	-	14,880
Other	77	(30)	928
Net cash used in investing activities	(21,382)	(25,113)	(257,614)

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Cash flows from financing activities:			
Increase (decrease) in short-term debt, net	5,697	(27,148)	68,638
Proceeds from long-term debt	26,768	39,808	322,506
Repayment of long-term debt	(27,114)	(31,767)	(326,674)
Proceeds from issuance of bonds	10,200	2,270	122,892
Repayment of redemption of bonds	(31,878)	(2,700)	(384,072)
Proceeds from issuance of stock	192	38	2,313
Cash dividends paid	(3,532)	(3,517)	(42,554)
Cash dividends paid to minority shareholders	(954)	(619)	(11,494)
Payments for purchase of common treasury stock	(4)	(4)	(48)
Proceeds from sales and leaseback of property, plant and equipment	2,295	-	27,650
Other	13	57	156
Net cash used in financing activities	(18,317)	(23,582)	(220,687)
Effect of exchange rate changes on cash and cash equivalents	(1,200)	318	(14,458)
Net decrease in cash and cash equivalents	(3,778)	(11,709)	(45,518)
Cash and cash equivalents at beginning of year	40,808	53,453	491,663
Cash and cash equivalents of newly consolidated subsidiaries	593	1,585	7,145
Cash and cash equivalents of a de-consolidated subsidiary	-	(2,665)	-
Net increase in cash and cash equivalents from mergers	24	144	289
Cash and cash equivalents at end of year (Note 4)	¥ 37,647	¥ 40,808	$ 453,579

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FURUKAWA ELECTRIC CO., LTD. AND ITS SUBSIDIARIES

1. Basis of Presenting Consolidated Financial Statements

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

The accompanying consolidated financial statements include the accounts of the Company and significant companies controlled by directly or indirectly by the Company.
Companies over which the Company exercises significant influence in terms of their operating and financial policies have been accounted for by the equity method.

Effective April 1, 2008, the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ Practical issues task Force (PITF) No.18) and effective April 1, 2010, the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for using Equity Method (PITF No.24) has been adopted.
In accordance with these PITF, the accompanying consolidated financial statements have been prepared based on the financial statements of foreign consolidated subsidiaries and affiliates prepared in accordance with either IFRSs or accounting principles generally accepted in the United States of America as adjusted for certain items including goodwill, actuarial differences and capitalized development costs.

Certain items presented in the consolidated financial statements submitted to the directors of Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

2. Significant Accounting Policies

a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its 109 and 106 major subsidiaries in 2011 and 2010, respectively. All significant intercompany accounts and transactions have been eliminated in consolidation.

Investments in its 18 and 16 major affiliates in 2011 and 2010, respectively, are accounted for by the equity method.

The excess of purchase price over the value of net assets of businesses acquired, which is included in "Other assets", is in principle, amortized over a five-year period or the estimated useful lives, if the useful life, over which future economic benefits are expected, can reasonably be estimated, using the straight-line method.

b) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits capable of being withdrawn on demand and short-term investments with an original maturity of three months or less and subject to a minor risk of fluctuation in value.

c) Financial instruments

1) Debt and equity securities

Debt securities for which the Company and its consolidated subsidiaries have both the positive intent and ability to hold to maturity are classified as "held-to-maturity debt securities" and carried at amortized cost. Securities other than held-to-maturity debt securities and investments in equity securities of non-consolidated subsidiaries and affiliates are classified as "available-for-sale securities" and carried at fair value with unrealized gain and loss, net of tax, reported as a separate component of net assets. For the purpose of computing gain and loss on securities sold, the cost of these securities is determined using the moving average method. Securities that do not have readily determinable fair values are recorded at cost. The Company and its consolidated subsidiaries do not hold any trading securities.

Debt securities due within one year are presented as "Marketable securities" under current assets, and all other securities are presented as "Investments and long-term loans" in the accompanying balance sheets.

Additional information with respect to marketable debt and equity securities is included in Note 5.

2) Derivatives

Derivative financial instruments are measured at fair value, if determinable, and resulting gain or loss is included in net income, with the exception that gain or loss on certain qualified hedging instruments may be deferred as an a part of "Net assets" until the gain and loss on the hedged items is recognized. The Company's hedging activities for interest rate risk on outstanding debt, foreign currency risk and fluctuation risk in market prices are considered qualified hedge transactions.

Additional information on derivatives is presented in Note 21.

d) Allowance for doubtful accounts

Allowance for doubtful accounts is provided at the amount of estimated non-recoverable receivables on an individual account basis, plus the amount calculated by applying the historical bad debt loss ratios to the remaining receivables.

e) Inventories

Inventories are stated principally at cost determined using the average method, which requires the amount of the inventories on the balance sheets be written down when there is a decrease in profitability.

f) Property, plant and equipment, and depreciation

Property, plant and equipment, including significant capital expenditures and additions, are stated at cost. Repairs and maintenance expense are charged to income as incurred.

Buildings owned by the Company and its significant domestic consolidated subsidiaries are depreciated using the straight-line method and the remaining properties of these companies are depreciated using the declining-balance method. Foreign consolidated subsidiaries' properties are depreciated principally using the straight-line method.

g) Accrued retirement benefits

Employees who terminate their service with the Company or its domestic consolidated subsidiaries are entitled to lump-sum severance indemnities determined based on accumulated points allocated to employees each year according to their job classification and performance. The liability for these severance indemnities is not funded.

The retirement benefit plans of the Company and its domestic consolidated subsidiaries have features whereby employees who retire at age 55 or over with 20 or more years of service may elect to receive benefits in the form of pensions. These plans, which are non-contributory and funded, generally provide for an annuity payable over a ten-year period subsequent to retirement. The annual contributions for pension benefits include current service costs, amortization of prior service costs and interest on the unfunded portion of past service costs.

The Company and its domestic consolidated subsidiaries accrue retirement benefits based on the estimated amounts of projected benefit obligation reduced by the fair value of the pension plan assets at each fiscal year-end. Certain assumptions used in accounting for the benefit plans are described in Note 12.

A minimum pension liability adjustment is required for the Company's consolidated subsidiaries in the U.S., generally when the accumulated benefit obligation exceeds plan assets under U.S. GAAP. The minimum liability adjustment, less allowable intangible assets, is directly charged to retained earnings, net of tax benefit, in the accompanying consolidated financial statements.

In addition, retirement benefits to directors and statutory auditors of the Company's consolidated subsidiaries are provided at the amount which would be required if all directors and statutory auditors were to retire at the balance sheet date according to internal regulations.

h) Provision for product defect compensation

Provision for product defect compensation is provided at an amount deemed necessary to cover possible compensation costs.

i) Provision for environmental costs

Provision for environmental costs, mainly to remove Poly Chlorinated Biphenyl ("PCB") and to improve soil conservation, is provided to cover estimated future costs.

j) Provision for penalties under the Antimonopoly Law

Provision for penalties under the Antimonopoly Law is provided for payments of penalties on Telecommunications business in accordance with the Antimonopoly Law.

k) Provision for loss on disaster

Provision for loss on disaster is provided to cover estimated future costs in order to undertake the restoration of damaged assets due to the Great East Japan Earthquake.

l) Leases

Depreciation of finance lease assets that transfer ownership of the assets, mainly office equipment in the copper foil business division, is calculated by the same method applied for property, plant and equipment.
Depreciation of finance lease assets, which do not transfer ownership of the assets at the end of the lease term, is calculated by the straight-line method over the lease periods, which are deemed as the useful lives, assuming no residual value.
However, finance lease transactions entered before March 31, 2008, which do not substantially transfer ownership of the assets, are continuously accounted for as operating leases.

m) Revenue recognition

Operating revenue is mainly recorded upon shipment of goods.

Revenue is recognized by the percentage-of-completion method for construction contracts of which the outcome of the progress performed by the end of the year is deemed to be certain. The construction progress is estimated based on the percentage of construction costs incurred for the work performed to date compared to the estimated total construction costs ("cost-comparison method"). For other construction contracts, such revenue is recognized by the completed-construction method.

n) Research and development costs, and computer software

Research and development expenditure is charged to income when incurred. Expenditure relating to computer software developed for internal use is charged to income when incurred, except when it contributes to the generation of income or to future cost savings. Such expenditure is capitalized as an asset and amortized using the straight-line method over its estimated useful life of 5 years.

o) Income taxes

Accrued income taxes are recorded based on the Company's income tax returns.

Deferred income taxes are recognized to reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and measured using the enacted tax rates and laws which will be in effect when differences are expected to reverse.

The Company has elected to file its tax return under the consolidated tax filing system.

p) Translation of foreign currency accounts

Current and non-current monetary items denominated in foreign currencies are translated into Japanese yen at exchange rates in effect at the respective balance sheet dates. Monetary items denominated in foreign currencies, for which foreign exchange forward contracts are used to hedge the foreign currency fluctuation, are translated into Japanese yen at the contracted rates. Exchange gain or loss is credited or charged to current operations.

The Company translates the revenue and expense accounts of the overseas consolidated subsidiaries and affiliates accounted for by the equity method at the average rates of exchange in effect during the year. The balance sheet accounts except for the components of net assets excluding minority interests in the overseas consolidated subsidiaries and affiliates accounted for by the equity method, are translated into Japanese yen at the rates of exchange in effect at the respective balance sheet date. The components of net assets excluding minority interests in the overseas consolidated subsidiaries and affiliates accounted for by the equity method are translated at their historical exchange rates. Differences arising from translation where two exchange rates have been used are presented under translation adjustments as a component of net assets.

q) Cash dividends

Dividends paid out of earnings are, in principle, approved by the shareholders' meeting. Interim dividends can be paid at any time during the fiscal year by resolution of the board of directors, if the Article of Incorporation set out for such dividends under the Corporate Law of Japan.

The Corporate Law of Japan provides certain limitations on the amount available for dividends.

r) Net income per common share

The consolidated statements of income include "basic" and "diluted" per share information. Basic per share income is calculated by dividing net income by the weighted average number of shares of common stock outstanding during the respective years. The weighted average number of shares used in the calculation of basic net income per common share was 706,093 thousand and 703,129 thousand for the years ended March 31, 2011 and 2010, respectively. The only difference in the calculation of basic and diluted net income per common share is the inclusion of 5 thousand potential common shares, which are subscriptions rights for the year ended March 31, 2010.

s) Impairment of property, plant and equipment

Property, plant and equipment are periodically reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss shall be recognized in the statements of income by reducing the carrying amount of impaired assets or a group of assets to the recoverable amount, to be measured as the higher of net selling price or value in use.
Accumulated loss of impairment is deducted directly from the acquisition costs of the related assets in accordance with the revised disclosure requirements.

Additional information on impairment of property, plant and equipment, and depreciation is presented in Note 17.

t) Change in accounting policy

(1) Effective from the year ended March 31, 2011, the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18 of March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 of March 31, 2008) has been adopted. The effect of this change was to decrease net income before taxes by ¥1,263 million ($15,217 thousand). The effect of this change was immaterial to operating income.

(2) Effective from the year ended March 31, 2011, the "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16 of March 10, 2008) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (PITF) No. 24 of March 10, 2008) has been adopted. The adoption of these accounting standards did not have material impact on the company's results of operation and financial position.

(3) Effective from the year ended March 31, 2011, the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21 of December 26, 2008), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 of December 26, 2008), the "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23 of December 26, 2008), the "Revised

Accounting Standard for Business Divestitures" (ASBJ Statement No. 7 of December 26, 2008), the "Revised Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16 of December 26, 2008) and the "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10 of December 26, 2008), has been adopted.

u) Accounting Standards for Presentation of Comprehensive Income

Effective from the year ended March 31, 2011, the "Accounting Standards for Presentation of Comprehensive Income" (ASBJ Statement No. 25, June 30, 2010) has been adopted. In accordance with this standard, consolidated statement of comprehensive income for the year ended March 31, 2010 is disclosed in Note 19.

3. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of \ 83 =U.S. $ 1, the approximate rate of exchange for the year ended March 31, 2011, has been used for the purpose of the translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rate.

4. Cash Flow Information

Cash and cash equivalents at March 31, 2011 and 2010 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Cash and bank deposits	¥41,899	¥ 45,346	$ 504,807
Less, time deposits with an original maturity of more than 3 months	(4,266)	(4,553)	(51,397)
Highly liquid securities	14	15	169
Cash and cash equivalents	¥ 37,647	¥ 40,808	$ 453,579

5. Debt and Equity Securities

Investments in debt and equity securities that have a readily determinable fair value at March 31, 2011 and 2010 included in "Marketable securities" (Current assets) and in "Investments and long-term loans" (Non-current assets) are summarized as follows:

	Millions of yen			
	2011			
	Cost	Fair value	Gross unrealized gain	Gross unrealized loss
Held-to-maturity debt securities:				
Government bonds, municipal bonds and other	¥ 1	¥ 1	¥ —	¥ —
Other debt securities	213	215	2	—
Total held-to-maturity debt securities	¥ 214	¥ 216	¥ 2	¥ —
Available-for-sale securities:				
Marketable equity securities	¥ 23,793	¥ 47,764	¥ 25,711	¥ 1,740
Other securities	7	4	—	3
Total available-for-sale securities	¥ 23,800	¥ 47,768	¥ 25,711	¥ 1,743

	Millions of yen			
	2010			
	Cost	Fair value	Gross unrealized gain	Gross unrealized loss
Held-to-maturity debt securities:				
Government bonds, municipal bonds and other	¥ 2	¥ 2	¥ —	¥ —
Other debt securities	214	218	4	—
Total held-to-maturity debt securities	¥ 216	¥ 220	¥ 4	¥ —
Available-for-sale securities:				
Marketable equity securities	¥ 27,216	¥ 55,323	¥ 29,250	¥ 1,143
Other securities	0	0	—	—
Total available-for-sale securities	¥ 27,216	¥ 55,323	¥ 29,250	¥ 1,143

	Thousands of U.S. dollars			
	2011			
	Cost	Fair value	Gross unrealized gain	Gross unrealized loss
Held-to-maturity debt securities:				
Government bonds, municipal bonds and other	$ 12	$ 12	$ —	$ —
Other debt securities	2,566	2,590	24	—
Total held-to-maturity debt securities	$ 2,578	$ 2,602	$ 24	$ —
Available-for-sale securities:				
Marketable equity securities	$ 286,663	$ 575,470	$ 309,771	$ 20,964
Other securities	84	48	—	36
Total available-for-sale securities	$ 286,747	$ 575,518	$ 309,771	$ 21,000

Proceeds from sales of available-for-sale securities for the years ended March 31, 2011 and 2010 were ¥3,172 million ($38,216 thousand) and ¥5,930 million, respectively.
The gross realized gains on those sales for the years ended March 31, 2011 and 2010 were ¥2,287 million ($27,554 thousand) and ¥4,643 million, respectively, and gross realized losses were ¥13 million ($157 thousand) and ¥9 million, respectively.
Impairment loss on available-for-sale securities with fair value amounted to ¥2,641 million ($31,819 thousand) was recorded for the year ended March 31, 2011.

6. Trade Receivable

Trade receivable at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Non-consolidated subsidiaries and affiliates	¥ 7,047	¥ 6,915	$ 84,904
Other	220,101	210,184	2,651,819
	¥ 227,148	¥ 217,099	$2,736,723

7. Inventories

Inventories at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Finished goods	¥ 30,202	¥ 28,704	$ 363,880
Work in process	30,360	25,323	365,783
Raw materials and supplies	39,345	33,007	474,036
	¥ 99,907	¥ 87,034	$ 1,203,699

8. Investments and Long-term Loans

Investments and long-term loans at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Non-consolidated subsidiaries and affiliates	¥ 43,824	¥ 42,808	$ 528,000
Other	52,129	60,756	628,060
	¥ 95,953	¥ 103,564	$ 1,156,060

9. Property, Plant and Equipment

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

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Land	¥ 83,180	¥ 83,646	$ 1,002,169
Buildings	251,661	250,412	3,032,060
Machinery and equipment	711,442	707,428	8,571,590
Leased assets	1,358	678	16,361
Construction in progress	7,400	13,257	89,157
	1,055,041	1,055,421	12,711,337
Accumulated depreciation	(782,016)	(764,232)	(9,421,879)
	¥ 273,025	¥ 291,189	$ 3,289,458

10. Trade Payable

Trade payable at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Non-consolidated subsidiaries and affiliates	¥ 2,246	¥ 2,529	$ 27,060
Other	118,627	112,516	1,429,241
	¥ 120,873	¥ 115,045	$ 1,456,301

11. Short-term Debt, Long-term Debt and Bonds

Short-term debt represents notes payable to banks, most of which are unsecured, bank overdrafts commercial papers issued by the Company, and bearing interest at rates ranging from 0.020% to 10.250% and from 0.040% to 6.040% per annum at March 31, 2011 and 2010, respectively.

Bonds and Long-term debt at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
1.22% unsecured bonds due 2011	¥ -	¥ 20,000	$ -
1.87% unsecured bonds due 2011	20,000	20,000	240,964
1.46% unsecured bonds due 2011	-	10,000	-
1.76% unsecured bonds due 2012	10,000	10,000	120,482
1.28% unsecured bonds due 2012	5,000	5,000	60,241
1.11% unsecured bonds due 2011	2,000	2,000	24,096
1.56% unsecured bonds due 2014	2,000	2,000	24,096
0.69% unsecured bonds due 2015	10,000	-	120,482
Secured bonds issued by consolidated subsidiaries, due from 2009 to 2014 with interest rates ranging from 0.64% to 1.82%	4,066	5,744	48,988
Loans, principally from banks and insurance companies, due from 2012 to 2017 with interest rates ranging from 0.197% to 10.250% and predominantly collateralized	188,978	188,641	2,276,843
	242,044	263,385	2,916,192
Less: portion due within one year	53,176	58,259	640,674
	¥ 188,868	¥ 205,126	$ 2,275,518

At March 31, 2011, the following assets were pledged as collateral for short-term debt of ¥1,144 million ($13,783 thousand), long-term debt of ¥2,249 million ($27,096 thousand), bonds of ¥487 million ($5,868 thousand) and others of ¥484 million ($5,831 thousand). :

	Millions of yen	Thousands of U.S. dollars
	2011	2011
Property, plant and equipment	¥ 11,413	$ 137,506
Investments in securities	141	1,699
Cash and bank deposits	154	1,855
	¥ 11,708	$ 141,060

At March 31, 2010, the following assets were pledged as collateral for short-term debt of ¥2,130 million, long-term debt of ¥2,903 million, bonds of ¥536 million and others of ¥473 million. :

	Millions of yen
	2010
Property, plant and equipment	¥ 18,985
Investments in securities	143
Cash and bank deposits	154
	¥ 19,282

The aggregate annual maturities of the non-current portion of long-term debt and bonds at March 31, 2011 were as follows.

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2013	¥ 57,396	$ 691,518
2014	30,456	366,940
2015	50,346	606,578
2016	22,619	272,518
2017 and thereafter	28,051	337,964
	¥ 188,868	$ 2,275,518

12. Severance and Retirement Plans

The following table sets forth the retirement benefit obligation, plan assets and funded status of the Company and its domestic consolidated subsidiaries at March 31, 2011 and 2010:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Projected benefit obligation	¥111,302	¥ 112,582	$1,340,988
Fair value of plan assets	(36,064)	(31,205)	(434,506)
Benefit obligation in excess of plan assets	75,238	81,377	906,482
Unrecognized actuarial net loss	(15,004)	(16,025)	(180,771)
Unrecognized prior service costs	(1,172)	(554)	(14,121)
Net amount recognized	59,062	64,798	711,590
Prepaid pension costs	-	-	-
Accrued retirement benefits recognized in the consolidated balance sheets	¥ 59,062	¥ 64,798	$ 711,590

The severance and retirement benefit expenses of the Company and its consolidated subsidiaries included the following components for the years ended March 31, 2011 and 2010.

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Service costs	¥ 6,122	¥ 5,453	$ 73,759
Interest costs	2,396	2,839	28,867
Expected return on plan assets	(943)	(854)	(11,361)
Amortization of actuarial differences	2,707	1,999	32,614
Amortization of prior service costs	102	62	1,229
Retirement benefit expense	¥ 10,384	¥ 9,499	$ 125,108

Assumptions used in accounting for the employees' retirement benefit plans for the years ended March 31, 2011 and 2010 were as follows:

Discount rate	1.2 - 4.8% for 2011 and 1.7 - 5.5% for 2010
Expected rate of return on plan assets	2.0 - 6.3% for 2011 and 2010
Method of attributing the projected benefits to periods of service	Straight-line basis
Amortization of unrecognized prior service costs	1 -10 years for 2011 and 2010
Amortization of unrecognized actuarial differences (amortization starts from the year following that year in which they arise)	1 -14 years for 2011 and 2010

13. Shareholders' Equity

Under the Corporate Law of Japan, cash dividends may be paid at any time during the fiscal year with certain conditions. An amount equal to 10% of dividends is required to be appropriated as additional paid-in capital (a component of "Capital surplus") or legal reserve (a component of "Retained earnings") until the amount of additional paid-in capital and legal reserve equals 25% of common stock. The cash dividends paid out of additional paid-in capital and/or legal reserve are recorded in the financial year in which the proposed appropriation of retained earnings is approved by the board of directors and/or the shareholders. The maximum amount that the Company can distribute as cash dividends is calculated based on the non-consolidated fiscal statements of the Company.

(Dividends)

1) Dividend payment

Approvals by shareholders' meeting held on June 29, 2010 are as follows:

Type of shares	Common stock
Total amount of dividends	¥1,765 million ($21,265 thousand)
Dividends per share	¥2.5 ($0.030)
Record date	March 31, 2010
Effective date	June 30, 2010

Approvals by directors' meeting held on November 8, 2010 are as follows:

Type of shares	Common stock
Total amount of dividends	¥1,765 million ($21,265 thousand)
Dividends per share	¥2.5 ($0.030)
Record date	September 30, 2010
Effective date	December 3, 2010

2) Dividends whose record date is attributable to the year ended March 31, 2011 but to be effective in the following year

Approvals by shareholders' meeting held on June 29, 2011 are as follows:

Type of shares	Common stock
Total amount of dividends	¥2,118 million ($25,518 thousand)
Funds for dividends	Retained earnings
Dividends per share	¥3.0 ($0.036)
Record date	March 31, 2011
Effective date	June 30, 2011

14. Contingent Liabilities

Contingent liabilities at March 31, 2011 and 2010 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Notes discounted	¥ -	¥ 361	$ -
Notes endorsed	11,118	12,831	133,952
Loans guaranteed (principally for non-consolidated subsidiaries and affiliates)	15,089	14,309	181,795
Repurchase obligation of the securitization of receivables	396	-	4,771
Total	¥ 26,603	¥ 27,501	$ 320,518

15. Leases

1) Finance lease transactions entered before March 31, 2008, which do not transfer ownership of the assets

Lease rental expense for the years ended March 31, 2011 and 2010 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Lease rental expense	¥ 377	¥ 645	$ 4,542

The amounts of outstanding future lease payments at March 31, 2011 and 2010, which included the portion of interest thereon, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Future lease payments:			
Within one year	¥ 179	¥ 380	$ 2,157
Over one year	75	259	903
Total	¥ 254	¥ 639	$ 3,060

Acquisition cost, accumulated depreciation and net book value of the leased assets at March 31, 2011 and 2010, and depreciation expense for the years ended March 31, 2011 and 2010, assuming capitalization, are summarized as follows:

	Millions of yen				Thousands of U.S. dollars	
	2011		2010		2011	
Acquisition cost	¥	2,164	¥	2,609	$	26,072
Accumulated depreciation		(1,910)		(1,970)		(23,012)
Net book value	¥	254	¥	639	$	3,060
Depreciation	¥	377	¥	645	$	4,542

Depreciation is based on the straight-line method over the lease term of leased assets with zero residual value.

2) Operating lease transactions

(Lessees)
The amounts of outstanding future lease payments at March 31, 2011, under non-cancelable operating lease are as follows:

	Millions of yen				Thousands of U.S. dollars	
	2011		2010		2011	
Future lease payments:						
Within one year	¥	66	¥	-	$	795
Over one year		60		-		723
Total	¥	126	¥	-	$	1,518

16. Research and Development Expenses

Research and development costs charged to income for the years ended March 31, 2011 and 2010 amounted to ¥18,296 million ($220,434 thousand) and ¥17,270 million, respectively.

17. Impairment Loss

For the purpose of determining whether impairment loss has occurred, the Company and its subsidiaries classify property, plant and equipment into groups by company, business or business unit, each of which is deemed to generate independent cash flows, and idle properties into individual independent groups.

(For the year ended March 31, 2011)

1) The Company
Impairment loss by type of assets for the year ended March 31, 2011 consisted of the following:

Usage and Location	Type of asset	Millions of yen	Thousands of U.S. dollars
Manufacturing equipment and building for metal cable business located in Yamato city, Kanagawa prefecture	Building and other	¥ 1,039	$ 12,518
Manufacturing equipment and building for copper strips business located in Jiangsu, China	Machinery and equipment and other	530	6,385
Optical connectivity solution business located in Georgia, USA	Intangible assets and other	308	3,711
Idle properties located in others	Land and other	533	6,422
	Total	¥ 2,410	$ 29,036

It has been decided that recoverable amounts of fixed assets for business use were less than their carrying amounts due to continuing negative cash flow generated from operating activities and the likelihood of the carrying amount not being recoverable by future cash flows. Accordingly, the carrying amounts of such assets were reduced to the recoverable amounts. The recoverable amounts of the asset groups were mainly evaluated based on the value in use, which was calculated by discounting future cash flows at an interest rate.

The carrying amounts of certain assets forming parts of idle properties were written down to their recoverable amounts, owing to substantial decline in the fair market value. Recoverable amount of each idle property was mainly evaluated based on the net selling value (fair value less costs to sell). Recoverable amount of such asset group was mainly determined based on either appraisal value prepared by real estate appraisers or assessed value used for property tax purpose. The recoverable amounts of these assets were reduced to ¥0 ($ 0) because such assets cannot be sold or diverted to other usage.

(For the year ended March 31, 2010)

1) The Company

Impairment loss by type of assets for the year ended March 31, 2010 consisted of the following:

Usage and Location	Type of asset	Millions of yen
Manufacturing equipment and building for copper pipe business located in Amagasaki-city, Hyogo prefecture	Machinery and equipment	¥ 1,132
	Building	625
	Other	470
Idle properties for copper strips business located in Nikko-city, Tochigi prefecture	Machinery and equipment	154
	Other	105
	Total	¥ 2,486

The carrying amounts of the asset groups for manufacturing copper pipe business products were reduced to their recoverable amounts because recession of domestic market resulted in very little demand and inflows of overseas materials made sales prices down. As a result, impairment loss of ¥2,227 was recognized and charged to income.

The recoverable amounts of the asset groups were mainly evaluated based on the value in use, which was calculated by discounting future cash flows at an interest rate of 6.8%.

The carrying amounts of certain asset groups forming idle properties were written down to their recoverable amounts. As a result, impairment loss of ¥259 million was recognized and charged to income. The recoverable amounts of building and machinery and equipment were reduced to ¥1 because such assets cannot be sold or diverted to other usage.

2) The consolidated subsidiaries

Impairment loss for machinery and equipment and other for ¥150 million charged to income for the year ended March 31, 2010.

It has been decided that recoverable amounts of fixed assets for business use were less than their carrying amounts due to continuing negative cash flow generated from operating activities and the likelihood of the carrying amount not being recoverable by future cash flows. Accordingly, the carrying amounts of such assets were reduced to the recoverable amounts. The recoverable amounts of the asset groups were mainly evaluated based on the value in use, which was calculated by discounting future cash flows at an interest rate.

18. Income Taxes

Income taxes applicable to the Company and its domestic consolidated subsidiaries consist of corporation tax, inhabitants' tax and enterprise tax, which in the aggregate would result in a statutory income tax rate of approximately 40.6% for the years ended March 31, 2011 and 2010. Overseas consolidated subsidiaries are subject to income taxes in the countries in which they operate.

Summarized below is reconciliation for the year ended March 31, 2011 and 2010.

	2011	2010
Japanese statutory income tax rate	40.6%	40.6%
Tax benefits of net operating loss not recognized	0.3	4.7
Dividend income not taxable	(3.0)	(5.7)
Equity in income of non-consolidated subsidiaries and affiliates	(1.1)	(12.1)
Valuation allowance	(3.1)	(10.0)
Difference of applicable tax rate of overseas consolidated subsidiaries	(7.6)	(7.3)
Loss carried forward	(6.9)	(20.8)
Provision for penalties under the Antimonopoly Law	-	17.1
Other, net	3.8	6.0
Effective income tax rate	23.0%	12.5%

Deferred tax assets (liabilities) as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Accrued retirement benefits	¥ 22,266	¥ 24,068	$ 268,265
Loss carried forward	98,078	107,116	1,181,663
Accrued bonus	4,571	4,408	55,072
Depreciation	2,592	2,987	31,229
Impairment loss	26,205	30,388	315,723
Other	17,896	15,406	215,614
Gross deferred tax assets	171,608	184,373	2,067,566
Valuation allowance	(134,356)	(148,211)	(1,618,747)
Total deferred tax assets	37,252	36,162	448,819
Unrealized gain on available-for-sale securities	(9,734)	(11,463)	(117,277)
Special reserve for deferred capital gain	(1,632)	(2,097)	(19,663)
Revaluation difference on land	(3,423)	(3,422)	(41,241)
Other	(2,328)	(2,230)	(28,048)
Total deferred tax liabilities	(17,117)	(19,212)	(206,229)
Net deferred tax assets	¥ 20,135	¥ 16,950	$ 242,590

19. Other Comprehensive Income

The following table presents components of other comprehensive income for the year ended March 31, 2010:

	Millions of yen
	2010
Other comprehensive income	
Unrealized gain on available-for-sale securities	¥ 4,115
Deferred gain or loss on derivatives under hedge accounting	8,354
Adjustments for retirement benefits of an overseas subsidiary	655
Foreign currency translation adjustments	2,686
Share of other comprehensive income of affiliates accounted for by the equity method	485
Total other comprehensive income	¥ 16,295

Comprehensive income	
Attributable to :	
Shareholders of the parent company	¥ 22,995
Minority interests	2,876

20. Financial Instruments

(For the year ended March 31, 2011)

1. Conditions of Financial instruments

1) Policy for financial instruments

The fund management policy of the Group (the Company and its consolidated subsidiaries) has been set up to put its operating funds in deposits or investments that are assured of no impairment in the principal and the necessary fund is obtained through borrowings from banks and other financial institutions and bond issuances.
Derivative transactions are not entered into for speculative purposes.

2) Details of financial instruments and associated risks and risk management system

Trade notes and accounts receivable arising from operation are exposed to credit risk of customers. The Group carries out the practice of keeping track of due dates and outstanding balances of each customer under the credit management rules, as well as monitoring major customers' credit status on a regular basis in order to minimize credit risk.
Marketable securities and investment securities are mainly equity securities and exposed to the risk of changes in market value. These securities are primarily the shares of companies with which the Group has business relationship, and the fair value of these securities are evaluated on a regular basis.
Trade notes and accounts payable arising from operations normally have payment terms of less than one year.
Short-term and long-term debt are mainly utilized for working capital and capital investments. The interest rate risk of a certain portion of those loans payable is hedged using interest rate swaps as hedging instruments.
On derivative transactions, foreign exchange forward contracts are used for hedge of foreign currency risk associated with receivables and payables arising from operations and denominated in foreign currency, interest rate swaps are used for hedge of interest rate risk associated with loans payable, metal forward contracts are used for hedge of price risk of raw materials and work in process. Execution and management of derivative transactions are subject to related internal rules.
In relation to accounting for hedge transactions, hedging instruments and hedged items, hedging policy, and effectiveness of hedge transactions are set out in its internal rules.
Although trade payable and short-term and long-term debt are exposed to liquidity risk, these payables are managed by such means as cash flow projections prepared on a timely manner.

3) Supplementary information on the fair value of financial instruments

The fair value of financial instruments is based upon the market prices or reasonable estimates of fair value of these instruments if these fair values are not available. The estimated fair values would not be fixed due to variety of factors and assumptions. In addition, the contractual amounts of the derivative transactions set out in "2. Fair value of financial instruments" as below are not an indicator of the market risk associated with derivative transactions.

2. Fair value of financial instruments

The carrying amounts on the consolidated balance sheets, fair value, and differences as of March 31, 2011 are as follows. In addition, financial instruments, of which it is extremely difficult to measure the fair value, are not included in the following table. (Please see “Financial instruments of which the fair value is extremely difficult to measure”)

	Millions of yen		
	Carrying amount	Fair value	Difference
(1) Cash and bank deposits	¥ 41,899	¥ 41,899	¥ -
(2) Trade receivable	227,148	227,148	-
(3) Marketable securities and investments securities			
a. Held-to-maturity debt securities	215	216	1
b. Available-for-sale securities	47,768	47,768	-
c. Unconsolidated subsidiaries and affiliated companies	6,213	8,815	2,602
Total of assets	323,243	325,846	2,603
(1) Trade payable	(120,873)	(120,873)	-
(2) Short-term debt	(128,552)	(128,552)	-
(3) Bonds (including current portion)	(53,067)	(53,308)	(241)
(4) Long-term debt	(160,002)	(162,908)	(2,906)
Total of liabilities	(462,494)	(465,641)	(3,147)
Derivative transactions			
(1) Derivative transactions for which hedge accounting does not apply	(19)	(19)	-
(2) Derivative transactions for which hedge accounting apply	603	603	-
Total of derivative transactions	¥ 584	¥ 584	¥ -

	Thousands of U.S. dollars		
	Carrying amount	Fair value	Differenc e
(1) Cash and bank deposits	$ 504,807	$ 504,807	$ -
(2) Trade receivable	2,736,723	2,736,723	-
(3) Marketable securities and investments securities			
a. Held-to-maturity debt securities	2,590	2,602	12
b. Available-for-sale securities	575,518	575,518	-
c. Unconsolidated subsidiaries and affiliated companies	74,856	106,205	31,349
Total of assets	3,894,494	3,925,855	31,361
(1) Trade payable	(1,456,301)	(1,456,301)	-
(2) Short-term debt	(1,548,819)	(1,548,819)	-
(3) Bonds (including current portion)	(639,361)	(642,265)	(2,904)
(4) Long-term debt	(1,927,735)	(1,962,747)	(35,012)
Total of liabilities	(5,572,216)	(5,610,132)	(37,916)
Derivative transactions			
(1) Derivative transactions for which hedge accounting does not apply	(229)	(229)	-
(2) Derivative transactions for which hedge accounting apply	7,265	7,265	-
Total of derivative transactions	$ 7,036	$ 7,036	$ -

I. Fair value of financial instruments

Assets

(1) Cash and deposits

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

(2) Trade receivable

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

A part of trade receivable is treated as receivable denominated in Japanese yen due to applying the special treatment of foreign currency exchange contracts and the carrying amount approximates fair value.

(3) Marketable securities and investment securities

The fair value of equity securities is based on quoted market price, if available. The fair value of debt securities is based on quoted market price or provided price by financial institutions. Marketable securities and investment securities by holding purpose are set out in “Note 5. Debt and Equity Securities”.

Liabilities

(1) Trade payable

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

A part of trade payable is treated as payable denominated in Japanese yen due to applying the special treatment of foreign currency exchange contracts and the carrying amount approximates fair value.

(2) Short-term debt

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

(3) Bonds

Fair value of bonds is based on quoted market price, if available. If not, the fair value is based on present value by discounting total cash flows of principles and interest to be paid at the rate considering remaining periods of those bonds and the related credit risk.

(4) Long-term debt

Fair value of long-term debts is based on the price provided by a financial institution or the present value of future cash flows discounted using the current debt rate for similar debt of a comparable maturity. Interest rate swaps subject to special treatment are used for long-term floating rate debt. Principle and interest of the debt in which these interest rate swaps are embedded, are discounted using the current debt rate, which is estimated reasonably for similar debt of a comparable maturity.

Derivative Transactions

Notional amount, fair value, unrealized gain or loss, and others are described in "Note 21. Additional Information on Derivatives"

II. Financial instruments of which the fair value is extremely difficult to measure

Unlisted investment securities of unconsolidated subsidiaries and affiliated companies amounted to ¥31,353 million ($377,747 thousand) are not included in (3) Marketable securities and investments securities because market value are not available and their future cash flow are not estimated, accordingly it is not practicable to estimate the fair value.

III. The redemption schedule for money claim and held-to-maturity debt securities with maturity date subsequent to the consolidated balance sheets date:

	Millions of yen		Thousands of U.S. dollars	
	Within 1 year	From 1 year to 5 years	Within 1 year	From 1 year to 5 years
Bank deposits	¥ 41,414	¥ -	$ 498,964	$ -
Trade receivable	227,148	-	2,736,723	-
Marketable securities and investments securities				
Held-to-maturity debt securities:				
a) National bonds, local bonds and other	0	1	0	12
b) Other debt securities	113	99	1,361	1,193
Total	¥268,675	¥ 100	$ 3,237,048	$ 1,205

IV. The redemption schedule for long-term debt and other interest bearing debt with maturity date subsequent to the consolidated balance sheets date

The redemption schedule for long-term debt and other interest bearing debt with maturity date subsequent to the consolidated balance sheets date are described in "Note 11. Short-term Debt, Long-term Debt and Bonds"

(For the year ended March 31, 2010)

(Additional information)

"Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, March 10, 2008) and its "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 10, 2008) were applied for the year ended March 31, 2010.

(1) Conditions of Financial instruments

1) Policy for financial instruments

The fund management policy of the Group (the Company and its consolidated subsidiaries) has been set up to put its operating funds in deposits or investments that are assured of no impairment in the principal and the necessary fund is obtained through borrowings from banks and other financial institutions and bond issuances.
Derivative transactions are not entered into for speculative purposes.

2) Details of financial instruments and associated risks and risk management system

Trade notes and accounts receivable arising from operation are exposed to credit risk of customers. The Group carries out the practice of keeping track of due dates and outstanding balances of each customer under the credit management rules, as well as monitoring major customers' credit status on a regular basis in order to minimize credit risk.
Marketable securities and investment securities are mainly equity securities and exposed to the risk of changes in market value. These securities are primarily the

shares of companies with which the Group has business relationship, and the fair value of these securities are evaluated on a regular basis.
Trade notes and accounts payable arising from operations normally have payment terms of less than one year.
Short-term and long-term debt are mainly utilized for working capital and capital investments. The interest rate risk of a certain portion of those loans payable is hedged using interest rate swaps as hedging instruments.
On derivative transactions, foreign exchange forward contracts are used for hedge of foreign currency risk associated with receivables and payables arising from operations and denominated in foreign currency, interest rate swaps are used for hedge of interest rate risk associated with loans payable, metal forward contracts are used for hedge of price risk of raw materials and work in process. Execution and management of derivative transactions are subject to related internal rules.
In relation to accounting for hedge transactions, hedging instruments and hedged items, hedging policy, and effectiveness of hedge transactions are set out in its internal rules.
Although trade payable and short-term and long-term debt are exposed to liquidity risk, these payables are managed by such means as cash flow projections prepared on a timely manner.

3) Supplementary information on the fair value of financial instruments

The fair value of financial instruments is based upon the market prices or reasonable estimates of fair value of these instruments if these fair values are not available. The estimated fair values would not be fixed due to variety of factors and assumptions. In addition, the contractual amounts of the derivative transactions set out in "2. Fair value of financial instruments" as below are not an indicator of the market risk associated with derivative transactions.

2. Fair value of financial instruments

The carrying amounts on the consolidated balance sheets, fair value, and differences as of March 31, 2010 are as follows. In addition, financial instruments, of which it is extremely difficult to measure the fair value, are not included in the following table. (Please see "Financial instruments of which the fair value is extremely difficult to measure")

	Millions of yen		
	Carrying amount	Fair value	Difference
(1) Cash and bank deposits	¥ 45,346	¥ 45,346	¥ -
(2) Trade receivable	217,099	217,099	-
(3) Marketable securities and investments securities			
a. Held-to-maturity debt securities	216	220	4
b. Available-for-sale securities	55,324	55,324	-
c. Unconsolidated subsidiaries and affiliated companies	6,582	8,642	2,060
Total of assets	324,567	326,631	2,064
(1) Trade payable	(115,045)	(115,045)	-
(2) Short-term debt	(125,117)	(125,117)	-
(3) Bonds (including current portion)	(74,744)	(75,160)	(416)
(4) Long-term debt	(162,227)	(166,083)	(3,856)
Total of liabilities	(477,133)	(481,405)	(4,272)
Derivative transactions			
(1) Derivative transactions for which hedge accounting does not apply	(78)	(78)	-
(2) Derivative transactions for which hedge accounting apply	1,161	1,161	-
Total of derivative transactions	¥ 1,083	¥ 1,083	¥ -

I. Fair value of financial instruments

Assets

(1) Cash and deposits

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

(2) Trade receivable

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

A part of trade receivable is treated as receivable denominated in Japanese yen due to applying the special treatment of foreign currency exchange contracts and the carrying amount approximates fair value.

(3) Marketable securities and investment securities

The fair value of equity securities is based on quoted market price, if available. The fair value of debt securities is based on quoted market price or provided price by financial institutions. Marketable securities and investment securities by holding purpose are set out in "Note 5. Debt and Equity Securities".

Liabilities

(1) Trade payable

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

A part of trade payable is treated as payable denominated in Japanese yen due to applying the special treatment of foreign currency exchange contracts and the carrying amount approximates fair value.

(2) Short-term debt

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

(3) Bonds

Fair value of bonds is based on quoted market price, if available. If not, the fair value is based on present value by discounting total cash flows of principles and interest to be paid at the rate considering remaining periods of those bonds and the related credit risk.

(4) Long-term debt

Fair value of long-term debts is based on the price provided by a financial institution or the present value of future cash flows discounted using the current debt rate for similar debt of a comparable maturity. Interest rate swaps subject to special treatment are used for long-term floating rate debt. Principle and interest of the debt in which these interest rate swaps are embedded, are discounted using the current debt rate, which is estimated reasonably for similar debt of a comparable maturity.

Derivative Transactions

Notional amount, fair value, unrealized gain or loss, and others are described in "Note 21. Additional Information on Derivatives"

II. Financial instruments of which the fair value is extremely difficult to measure

Unlisted investment securities of unconsolidated subsidiaries and affiliated companies amounted to ¥30,884 million are not included in (3) Marketable securities and investments securities because market value are not available and their future cash flow are not estimated, accordingly it is not practicable to estimate the fair value.

III. The redemption schedule for money claim and held-to-maturity debt securities with maturity date subsequent to the consolidated balance sheets date:

	Millions of yen	
	Within 1 year	From 1 year to 5 years
Bank deposits	¥ 45,341	¥ -
Trade receivable	217,099	-
Marketable securities and investments securities Held-to-maturity debt securities:		
a) National bonds, local bonds and other	0	1
b) Other debt securities	15	200
Total	¥262,455	¥ 201

IV. The redemption schedule for long-term debt and other interest bearing debt with maturity date subsequent to the consolidated balance sheets date

The redemption schedule for long-term debt and other interest bearing debt with maturity date subsequent to the consolidated balance sheets date are described in "Note 11. Short-term Debt, Long-term Debt and Bonds"

21. Additional Information on Derivatives

1. For the year ended March 31, 2011

1) Derivative transactions for which hedge accounting does not apply
a) Foreign currency related transactions

	Millions of yen				Thousands of U.S. dollars			
	2011				2011			
	Notional Amount	Portion over 1 year	Fair value	Unrealized gain(loss)	Notional Amount	Portion over 1 year	Fair value	Unrealized gain(loss)
Foreign currency:								
Sell	¥ 2,822	¥ -	¥ 24	¥ 24	$ 34,000	$ -	$ 289	$ 289
Buy	997	-	(2)	(2)	12,012	-	(24)	(24)
Total	¥ 3,819	¥ -	¥ 22	¥ 22	$ 46,012	$ -	$ 265	$ 265

b) Commodity related transactions

	Millions of yen				Thousands of U.S. dollars			
	2011				2011			
	Notional Amount	Portion over 1 year	Fair value	Unrealized gain(loss)	Notional Amount	Portion over 1 year	Fair value	Unrealized gain(loss)
Forward contracts:								
Sell	¥ 10,194	¥ -	¥ (41)	¥ (41)	$ 122,819	$ -	$ (494)	$ (494)
Buy	3,560	-	(0)	(0)	42,892	-	(0)	(0)
Total	¥13,754	¥ -	¥ (41)	¥ (41)	$165,711	$ -	$ (494)	$ (494)

2) Derivative transactions for which hedge accounting apply

a) Foreign currency related transactions

		Millions of yen				Thousands of U.S. dollars		
		2011				2011		
	Hedged item	Notional Amount	Portion over 1 year	Fair value *	Calculation method of fair value	Notional Amount	Portion over 1 year	Fair value *
Normal accounting method								
Foreign currency:								
Sell	Trade receivable	¥ 1,059	¥ -	¥ (7)	Forward rate of Foreign currency	$ 12,759	$ -	$ (84)
Buy	Trade payable	13,356	-	103	Forward rate of Foreign currency	160,916	-	1,241
Assignment Accounting (special treatment for foreign exchange forward contract)								
Foreign currency:								
Sell	Trade receivable	1,964	-		-	23,663	-	
Buy	Trade payable	2,913	-		-	35,096	-	
Total		¥19,292	¥ -	¥ 96		$ 232,434	$ -	$ 1,157

*The fair value of foreign currency related transactions subject to assignment accounting (special treatment for foreign exchange forward contract) embeds in accounting subject to hedging included in the fair value of the corresponding trade receivable and trade payable.

b) Interest-rate related transactions

	Millions of yen					Thousands of U.S. dollars		
	2011					2011		
	Hedged item	Notional Amount	Portion over 1 year	Fair value *	Calculation method of fair value	Notional Amount	Portion over 1 year	Fair value *
Special treatment interest rate swap:								
Receiving fixed rates and paying floating rates	Long-term debt	¥ 2,325	¥ 1,655		-	$ 28,012	$ 19,940	
Receiving floating rates and paying fixed rates	Long-term debt	87,954	74,334		-	1,059,687	895,590	
Total		¥ 90,279	¥75,989			$ 1,087,699	$ 915,530	

*The fair value of interest rate swaps subject to special treatment embeds in long-term debt subject to hedging included in the fair value of the corresponding long-term debt.

c) Commodity related transactions

	Millions of yen					Thousands of U.S. dollars		
	2011					2011		
	Hedged item	Notional Amount	Portion over 1 year	Fair value	Calculation method of fair value	Notional Amount	Portion over 1 year	Fair value
Normal accounting method:								
Forward contracts for metal materials:								
Sell	Raw materials and work in process	¥ 911	¥ -	¥ (16)	Forward rate of metal material	$ 10,976	$ -	$ (193)
Buy		16,947	4,459	523		204,181	53,723	6,301
Total		¥ 17,858	¥ 4,459	¥ 507		$ 215,157	$ 53,723	$ 6,108

2. For the year ended March 31, 2010

1) Derivative transactions for which hedge accounting does not apply

a) Foreign currency related transactions

	Millions of yen			
	2010			
	Notional Amount	Portion over 1 year	Fair value	Unrealized gain(loss)
Foreign currency:				
Sell	¥ 1,287	¥ -	¥133	¥133
Buy	87	-	(2)	(2)
Total	¥ 1,374	¥ -	¥131	¥ 131

b) Commodity related transactions

	Millions of yen			
	2010			
	Notional Amount	Portion over 1 year	Fair value	Unrealized gain(loss)
Forward contracts:				
Sell	¥ 3,942	¥ -	¥ (303)	¥ (303)
Buy	1,124	-	94	94
Total	¥ 5,066	¥ -	¥ (209)	¥ (209)

2) Derivative transactions for which hedge accounting apply

a) Foreign currency related transactions

	Millions of yen				
	2010				
	Hedged item	Notional Amount	Portion over 1 year	Fair value *	Calculation method of fair value
Normal accounting method:					
Foreign currency:					
Sell	Trade receivable	¥ 1,506	¥ -	¥ (24)	Forward rate of foreign currency
Buy	Trade payable	6,420	-	222	Forward rate of foreign currency
Assignment Accounting (special treatment for foreign exchange forward contract)					
Foreign currency:					
Sell	Trade receivable	2,027	-		
Buy	Trade payable	1,276	-		
Total		¥11,229	¥ -	¥ 198	

*

The fair value of foreign currency related transactions subject to assignment accounting (special treatment for foreign exchange forward contract) embeds in accounting subject to hedging included in the fair value of the corresponding trade receivable and trade payable.

b) Interest-rate related transactions

	Millions of yen				
	2010				
	Hedged item	Notional Amount	Portion over 1 year	Fair value *	Calculation method of fair value
Special treatment interest rate swap:					
Receiving fixed rates and paying floating rates	Long-term debt	¥ 2,850	¥ 2,325		-
Receiving floating rates and paying fixed rates	Long-term debt	88,095	86,768		-
Receiving floating rates and paying floating rates	Long-term debt	3,000	3,000		-
Total		¥ 93,945	¥ 92,093		

*The fair value of interest rate swaps subject to special treatment embeds in long-term debt subject to hedging included in the fair value of the corresponding long-term debt.

c) Commodity related transactions

	Millions of yen				
	2010				
	Hedged item	Notional Amount	Portion over 1 year	Fair value	Calculation method of fair value
Normal accounting method:					
Forward contracts for metal materials:					
Sell	Raw materials and work in process	¥ 876	¥ -	¥ (159)	Forward rate of metal material
Buy		17,040	4,024	1,121	
Total		¥ 17,916	¥ 4,024	¥ 962	

22. Real estate for rental and others

1. For the year ended March 31, 2011

The Company and certain consolidated subsidiaries have rentable land and rental office building located in Tokyo and other prefecture. Net revenue of such real estate (main revenue of such real estate is include in operating revenue and main costs for such real estate are included in operating expenses amounted to ¥2,843 million ($34,253 thousand) for the year ended March 31, 2011.

The carrying amount, fair value and changes in the value of real estate related to real estate for rental and others are as follows:

Millions of yen			
Carrying amount in the consolidated balance sheets			Fair value
Year ended March 31, 2010	Net changes	Year ended March 31, 2011	Year ended March 31, 2011
¥ 24,103	¥(55)	¥24,048	¥ 47,913

Thousands of U.S. dollars			
Carrying amount in the consolidated balance sheets			Fair value
Year ended March 31, 2010	Net changes	Year ended March 31, 2011	Year ended March 31, 2011
$ 290,398	$ (663)	$ 289,735	$ 577,265

1) The carrying amount is the amount of its acquisition costs less accumulated depreciation and accumulated impairment losses.
2) The changes in the carrying amount are mainly an increase due to capital expenditures and a decrease due to depreciations.
3) Fair value of March 31, 2011 is primarily determined based on internal assessed value according to the Real Estate Appraisal Standards, or amount based on certain evaluated value and value based on the index appropriately affecting real estate market.

2. For the year ended March 31, 2010

The Company and certain consolidated subsidiaries have rentable land and rental office building located in Tokyo and other prefecture. Net revenue of such real estate (main revenue of such real estate is included in operating revenue and main costs for such real estate are included in operating expenses amounted to ¥2,931 million for the year ended March 31, 2010.

The carrying amount, fair value and changes in the value of real estate related to real estate for rental and others are as follows:

Millions of yen			
Carrying amount in the consolidated balance sheets			Fair value
Year ended March 31, 2009	Net changes	Year ended March 31, 2010	Year ended March 31, 2010
¥ 23,989	¥114	¥24,103	¥47,939

1) The carrying amount is the amount of its acquisition costs less accumulated depreciation and accumulated impairment losses.
2) The changes in the carrying amount are mainly an increase due to capital expenditures and a decrease due to depreciations.

3) Fair value of March 31, 2010 is primarily determined based on appraisal value prepared by external real estate appraisers, internal assessed value according to the Real Estate Appraisal Standards, or amount based on certain evaluated value and value based on the index appropriately affecting real estate market.

(Additional information)
Effective from the year ended March 31, 2010, the Company and its consolidated subsidiaries adopted "Accounting Standard for Disclosure about Fair value of Investment and Real property" (ASBJ statement No.20, November 28, 2008) and "Implementation Guidance on Accounting Standard for Disclosures about Fair value of Investment and Real property"(ASBJ Guidance No.23, November 28, 2008).

23. Reclassifications

Certain items presented in the consolidated financial statements filed with the Director of the Kanto Local Finance Bureau have been reclassified for the convenience of readers outside Japan.
Certain reclassifications have been made to the prior year's consolidated financial statement to conform to the current year presentations.

24. Segment Information

1. Outline of reportable segments
The reportable segment of the Company is a company's component for which the financial information can be obtained separately from its other components, and the Board of Directors reviews such reportable segments on a regular basis in order to decide allocations of managerial resources and evaluate business performance.

After identifying the Company's business by industry (hereinafter "unit"), the Company has applied the company system covering both production and sales department, and that its strategy of the whole group is worked out and performed, and the business operations of each unit are monitored and supported by the Chief Officer system.

The Company decided six reportable segments based on the unit, Furukawa-Sky and the Chief Officer system, such as Telecommunications, Energy and industrial products, Electronics and automotive systems, Metals, Light metals and Services and other.

(1) Telecommunications:

Manufacture and sale of optical fiber cable, optical related parts, optical fiber cable-attached parts and construction, network equipment, etc.

(2) Energy and industrial products:

Manufacture and sale of bare wire, aluminum wire, insulated wire, power cables, power cable-attached parts and construction, electric wire tubing, plastic products, thermal engineering electric feeders, etc.

(3) Electronics and automotive systems:

Manufacture and sale of batteries, automobile parts and electric wire, magnet wire, heat pipes, aluminum plates for memory disks, electronic components and parts, etc.

(4) Metals:

Manufacture and sale of copper products such as copper tubes, rolled copper products, electrolytic copper foils, shape memory alloys, etc.

(5) Light metals:

Manufacture and sale of light metal products such as aluminum sheets, aluminum plates, extruded products, etc.

(6) Services and other:

Service businesses such as real estate, distribution, information, etc.

2. Segment information on sales and income (loss), identifiable assets and other items by business for the years ended March 31, 2011 and 2010 is summarized as follows:

For the year ended March 31, 2011

	Millions of yen								
	Telecommunications	Energy and industrial products	Electronics and automotive systems	Metals	Light metals	Services and other	Sub-total	Adjustments*	Total
Net sales									
Outside customers	¥ 143,007	¥ 217,641	¥ 202,507	¥ 148,033	¥ 202,500	¥ 12,066	¥ 925,754	¥	¥ 925,754
Inter-segment sales	6,310	35,357	7,117	4,904	6,543	25,528	85,759	(85,759)	
Total	149,317	252,998	209,624	152,937	209,043	37,594	1,011,513	(85,759)	925,754
Segment income	¥ 9,572	¥ 866	¥ 7,801	¥ 3,237	¥ 11,487	¥ 2,313	¥ 35,276	¥ (132)	¥ 35,144
Assets	¥ 122,946	¥ 156,988	¥ 139,471	¥ 104,671	¥ 222,469	¥ 76,372	¥ 822,917	¥ 4,027	¥ 826,944
Others									
Depreciation	¥ 6,082	¥ 5,167	¥ 6,584	¥ 6,858	¥ 12,530	¥ 1,837	¥ 39,058	¥ 1,338	¥ 40,396
Amortization of goodwil	¥ 165	¥ 620	¥ 231	¥	¥ 203	¥ 346	¥ 1,565	¥	¥ 1,565
Investments in affiliates accounted for by the equity method	¥ 511	¥ 19,125	¥ 4,913	¥ 3,868	¥ 5,284	¥ -	¥ 33,701	¥	¥ 33,701
Tangible/intangible fixed assets increased	¥ 4,630	¥ 8,320	¥ 5,729	¥ 1,481	¥ 4,448	¥ 1,500	¥ 26,108	¥ 1,839	¥ 27,947

For the year ended March 31, 2010

	Millions of yen								
	Telecommunications	Energy and industrial products	Electronics and automotive systems	Metals	Light metals	Services and other	Sub-total	Adjustments*	Total
Net sales									
Outside customers	¥ 132,613	¥ 196,230	¥ 172,062	¥ 115,630	¥ 180,678	¥ 12,480	¥ 809,693	¥ -	¥ 809,693
Inter-segment sales	2,881	12,596	5,169	4,006	7,439	24,427	56,517	(56,517)	
Total	135,494	208,826	177,231	119,635	188,117	36,907	866,210	(56,517)	809,693
Segment income(loss)	¥ 9,832	¥ 3,690	¥ 7,179	¥ (2,197)	¥ (151)	¥ 1,913	¥ 20,266	¥ 56	¥ 20,322
Assets	¥ 118,589	¥ 151,025	¥ 141,546	¥ 104,762	¥ 208,086	¥ 80,412	¥ 804,420	¥ 31,399	¥ 835,819
Others									
Depreciation	¥ 7,004	¥ 5,106	¥ 5,805	¥ 7,379	¥ 13,356	¥ 2,039	¥ 40,689	¥ 1,772	¥ 42,461
Amortization of goodwil	¥ 152	¥ 810	¥ 201	¥ 3	¥ 155	¥ 346	¥ 1,668	¥	¥ 1,668
Investments in affiliates accounted for by the equity method	¥ 53	¥ 19,805	¥ 5,354	¥ 1,117	¥ 5,440	¥	¥ 31,769	¥	¥ 31,769
Tangible/intangible fixed assets increased	¥ 4,125	¥ 4,068	¥ 7,119	¥ 2,471	¥ 5,616	¥ 889	¥ 24,288	¥ 1,145	¥ 25,433

For the year ended March 31, 2011

	Thousands of U.S. dollars (Note 3)								
	Telecommunications	Energy and industrial products	Electronics and automotive systems	Metals	Light metals	Services and other	Sub-total	Adjustments*	Total
Net sales									
Outside customers	$ 1,722,976	$ 2,622,181	$ 2,439,843	$ 1,783,530	$ 2,439,759	$ 145,374	$ 11,153,663	$	$ 11,153,663
Inter-segment sales	76,024	425,988	85,747	59,084	78,831	307,566	1,033,240	(1,033,240)	
Total	1,799,000	3,048,169	2,525,590	1,842,614	2,518,590	452,940	12,186,903	(1,033,240)	11,153,663
Segment income	$ 115,325	$ 10,434	$ 93,988	$ 39,000	$ 138,398	$ 27,867	$ 425,012	$ (1,590)	$ 423,422
Assets	$ 1,481,277	$ 1,891,422	$ 1,680,373	$ 1,261,096	$ 2,680,349	$ 920,145	$ 9,914,662	$ 48,518	$ 9,963,180
Others									
Depreciation	$ 73,277	$ 62,253	$ 79,325	$ 82,627	$ 150,964	$ 22,133	$ 470,579	$ 16,120	$ 486,699
Amortization of goodwil	$ 1,988	$ 7,470	$ 2,783	$ -	$ 2,446	$ 4,169	$ 18,856	$	$ 18,856
Investments in affiliates accounted for by the equity method	$ 6,157	$ 230,422	$ 59,193	$ 46,602	$ 63,663	$	$ 406,037	$ -	$ 406,037
Tangible/intangible fixed assets increased	$ 55,783	$ 100,241	$ 69,024	$ 17,843	$ 53,590	$ 18,072	$ 314,553	$ 22,157	$ 336,710

* Inter-segment transactions are eliminated from the consolidated financial statements. Corporate assets are included in the consolidated financial statements. Adjustments include increase of tangible/intangible fixed assets and depreciation related to the corporate assets.

(Additional information)
Effective for the year ended March 31, 2011, the "Accounting Standard for Segment Information" (ASBJ statement No. 17, March 27, 2009) and "Guidance on Accounting Standard for Segment Information" (ASBJ Guidance No. 20, March 21, 2008) was adopted.

Segment information for the year ended March 31, 2010 has been restated in accordance with such accounting standards for comparative purposes.

<Relative information>

Information by regions

(For the year ended March 31, 2011)

	Millions of yen			
	Japan	Asia	Other areas	Total
Net sales	¥ 618,287	¥ 209,766	¥ 97,701	¥ 925,754
Assets	¥ 232,729	¥ 28,134	¥ 12,162	¥ 273,025

	Thousands of U.S. dollars (Note 3)			
	Japan	Asia	Other areas	Total
Net sales	$ 7,449,241	$ 2,527,301	$ 1,177,121	$ 11,153,663
Assets	$ 2,803,964	$ 338,964	$ 146,530	$ 3,289,458

<Information of impairment loss by reportable segments>

(For the year ended March 31, 2011)

	Millions of yen								
	Telecommuni-cations	Energy and industrial products	Electronics and automotive systems	Metals	Light metals	Services and other	Sub-total	Adjustments	Total
Impairment loss	¥ 1,399	¥ 240	¥ 5	¥ 541	¥ 225	¥ -	¥ 2,410	¥ -	¥ 2,410

	Thousands of U.S. dollars (Note 3)								
Impairment loss	$ 16,855	$ 2,892	$ 60	$ 6,518	$ 2,711	$ -	$ 29,036	$ -	$ 29,036

<Information of goodwill by reportable segments>

(For the year ended March 31, 2011)

	Telecommunications	Energy and industrial products	Electronics and automotive systems	Metals	Light metals	Services and other	Sub-total	Adjustments	Total
	Millions of yen								
Amortization of goodwill	¥ 165	¥ 620	¥ 231	¥ -	¥ 203	¥ 346	¥ 1,565	¥ -	¥ 1,565
Goodwill as of March 31	¥ 450	¥ 1,703	¥ 381	¥ -	¥ 671	¥ 4,291	¥ 7,496	¥ -	¥ 7,496
	Thousands of U.S. dollars (Note 3)								
Amortization of goodwill	$ 1,988	$ 7,470	$ 2,783	$ -	$ 2,446	$ 4,168	$ 18,855	$ -	$ 18,855
Goodwill as of March 31	$ 5,422	$ 20,518	$ 4,590	$ -	$ 8,081	$ 51,699	$ 90,313	$ -	$ 90,313

25. Related Party Transactions

Transactions for the year ended March 31, 2011 and the respective balance as of March 31, 2011 of the non-consolidated subsidiaries and affiliates of the Company were as follows:

Type of Related Party	Affiliate
Name	VISCAS Corporation.
Address	Shinagawa-ku Tokyo
Capital	¥12,100 million($145,783 thousand)
Type of business	Energy and industrial products
Voting right share owing (share owed)	Direct 50.0%
Business relationship	Sale of material, purchase of finished goods, lease contracts of real estate, appointment of directors to other companies and providing financial support.
Description of transactions	Loans guaranteed
Amounts of transactions	¥8,480 million ($102,169 thousand)
Accounts	—
Closing balances	—

Transactions for the year ended March 31, 2010 and the respective balance as of March 31, 2010 of the non-consolidated subsidiaries and affiliates of the Company were as follows:

Type of Related Party	Affiliate
Name	VISCAS Corporation.
Address	Shinagawa-ku Tokyo
Capital	¥12,100 million
Type of business	Energy and industrial products
Voting right share owing (share owed)	Direct 50.0%
Business relationship	Sale of material, purchase of finished goods, lease contracts of real estate, appointment of directors to other companies and providing financial support.
Description of transactions	Loans guaranteed
Amounts of transactions	¥7,591 million
Accounts	—
Closing balances	—

26.Subsequent events

1. Acquisition of shares in U.S. Rolled Aluminum Sheet Manufacturer & Supplier made by Furukawa-Sky Aluminum Corp. (hereinafter "Furukawa-Sky)

   Furukawa-Sky made an announcement that the Consortium which is made up of Furukawa-Sky and its joint partners*, have agreed with BP Company North America Inc. (hereinafter "BP") with respect to the acquisition of 100% of the outstanding shares of ARCO Aluminum, Inc. (hereinafter "ARCO"), a wholly owned subsidiary of BP serving as a manufacturer and supplier of rolled aluminum sheet.

   *The joint partners (hereinafter together with Furukawa-Sky, collectively "the Partners") are:
   - Sumitomo Light Metal Industries, Ltd. (hereinafter "SLM");
   - Sumitomo Corporation (hereinafter "Sumitomo Corp")
   - ITOCHU Corporation (hereinafter "ITOCHU") and
   - ITOCHU Metals Corporation (hereinafter "IMC").

   In terms of joint operation, the Consortium, which was jointly established by the partners in the U.S., holds all shares of ARCO and makes important decisions through consultations among the Partners. The ownership ratio of the Partners is as follows:
   - Furukawa-Sky; 35%
   - SLM; 40%
   - Sumitomo Corp; 20%
   - ITOCHU; 2% and
   - IMC; 3%.

(1) The purpose of acquisition of shares

ARCO owns an approximate 45% interest in the aggregate assets of in Logan Mill (non-corporation joint venture), which is one of the largest aluminum rolling mills in the world and supplies aluminum sheet to beverage can makers. It also owns a 60 percent stake in Logan Aluminum Inc. which is the operator of Logan Mill and operates jointly with Novelist Corporation (hereinafter "Novelist"). Each of ARCO and Novelist supplies its own primary metal inputs to Logan Mill and sells various products.

Based on the joint acquisition of all shares in ARCO from BP at a cost of US$ 680 million, Furukawa-Sky intends to enhance production and distribution of aluminum can materials in North America, the largest market in the world, through participation in management of ARCO and technological support to ARCO. In addition, Furukawa-Sky also envisages a plan to expand its business volume in Latin America, a promising market with great growth potential.

(2) Outline of the acquired company

- Name of the company; ARCO Aluminum, Inc.
- Year of establishment; 1984
- Address of the head office; Louisville, Kentucky
- Amount of share capital; US $ 1,000
- Main business; Manufacturing and distribution of aluminum products

- Annual sales amount; Approximately US $ 900 million (in 2010)
- Annual sales volume; Approximately 300,000 tons (in 2010)
- The number of employees; 32 (as of March, 2011)

(3) Outline of the joint holding company
- Name of the company; ARROW Aluminum Holding Inc.
- Address of the head office; Wilmington, Delaware
- Amount of share capital; US $ 5,000 (as of March 31, 2011)
- Main business; Holding equity of ARCO Aluminum Inc.

(4) Schedule
The closing of the acquisition of shares between July and September in 2011 is expected. The closing date is, however, subject to change depending on circumstances, such as the approval by competition authorities.

(5) Finance plan
A half of funds for this acquisition will be financed by non-recourse loans payable made by the U.S. holding company and the funds equivalent to investment ratio of Furukawa-Sky among the another half for this acquisition will be financed by Furukawa-Sky's own funds.

2. Sales of shares of its consolidated subsidiary owned by Furukawa AS K.K.

Furukawa AS K.K. entered into a share transfer agreement with HIRAKAWA HEWTECH CORP. (hereinafter "HIRAKAWA") on June 21, 2011, that all shares of Shikoku Cable Co., Ltd. are planned to be sold to HIRAKAWA on July 15, 2011.

<Outline of share transfer>
(1) The number of shares transfer; 2,720 shares
(The number of shares transferred ¥ issued shares; 98.55%)
(2) Transferred amount; ¥1,632 million ($19,663 thousand)
(3) Effects on its performance; Immaterial

3. Issuance of bonds made by the Company

The Board of Directors made a comprehensive resolution on May 26, 2011 to issue domestic unsecured bonds with limit of ¥20 billion ($241 billion) in a period from May 26, 2011 to March 28, 2012.
As a result of this resolution, unsecured bonds were issued on June 23, 2011.

<Outline of this issuance>
(1) Total amount of issue; ¥10 billion ($120 billion)
(2) Issue price; ¥100 per share ($1.20)
(3) Coupon rate; 0.77% per annum
(4) Closing date; June 23, 2011
(5) Redemption at maturity; June 23, 2016
(6) Collateral; No collateral
(7) Use of proceeds; Repayment of commercial papers and debts available for redemption of bonds
(8) Covenants; Negative pledge clause

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Report of Independent Auditors

The Board of Directors
Furukawa Electric Co., Ltd.

We have audited the accompanying consolidated balance sheets of Furukawa Electric Co., Ltd. and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended and consolidated statement of comprehensive income for the year ended March 31, 2011, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Furukawa Electric Co., Ltd. and consolidated subsidiaries at March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Additional information

1. As described in Note 26, 1, on April 4, 2011, Furukawa-Sky Aluminum Corp. (hereinafter "Furukawa-Sky") made an announcement that the Consortium which is made up of Furukawa-Sky and its joint partners (Sumitomo Light Metal Industries, Ltd., Sumitomo Corporation, ITOCHU Corporation and ITOCHU Metals Corporation), have agreed with BP Company North America Inc. (hereinafter "BP") with respect to the acquisition of 100% of the outstanding shares of ARCO Aluminum, Inc., a wholly owned subsidiary of BP serving as a manufacturer and supplier of rolled aluminum sheet.
2. As described in Note 26, 3, the Board of Directors made a comprehensive resolution on May 26, 2011 to issue domestic unsecured bonds.

   As a result of this resolution, unsecured bonds were issued on June 23, 2011.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

Ernst & Young ShinNihon LLC

June 29, 2011

Corporate Data

Head Office

2-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8322, Japan
PHONE: 81-3-3286-3001
URL: http://www.furukawa.co.jp/english/

Common Stock

¥69,395 million (As of March 31, 2011)

Branches

Osaka
Nagoya
Fukuoka
Hiroshima
Sendai
Sapporo

Manufacturing Facilities

Chiba
Nikko
Hiratsuka
Mie
Yokohama
Osaka

Research Laboratories

Yokohama R&D Laboratories
Metal Research Center
Ecology & Electronics Laboratories
Power & System Laboratories
FITEL Photonics Laboratory
R&D Center for Automotive Systems & Devices

Stock Information

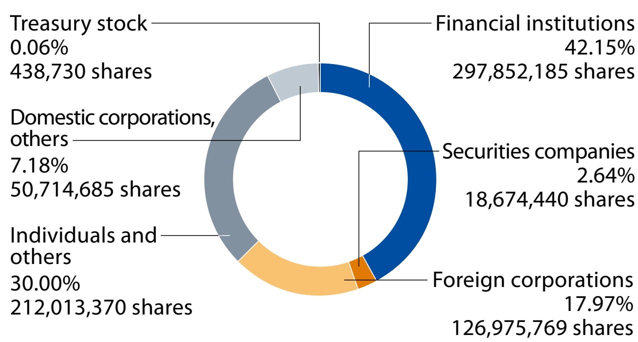
Stock Information

March 31, 2011

Number of shares authorized	2,596,000,000
Common shares	2,500,000,000
Preferred shares	50,000,000
Subordinated shares	46,000,000
Total number of shares issued and outstanding (Common shares)	706,669,179

Distribution of Stock Ownership (Common shares)

March 31, 2011



Total number of shares issued and outstanding: 706,669,179

Major top 10 shareholders of the Company and the Company's capital contributions to such shareholders

March 31, 2011

Name of major shareholders	Number of shares	Shareholding ratio
Japan Trustee Services Bank, Ltd. (Trust Account)	35,774,000	5.07%
The Master Trust Bank of Japan, Ltd. (Trust Account)	33,745,000	4.78%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	29,295,000	4.15%
Trust & Custody Services Bank, Ltd (Mizuho Trust & Banking; Employee Retirement Benefit Trust, Mizuho Bank Account)	22,928,250	3.25%
Japan Trustee Services Bank, Ltd. (Trust Account 4)	22,410,000	3.17%
Asahi Mutual Life Insurance Co.	16,060,500	2.27%
Furukawa Co., Ltd.	13,290,455	1.88%
SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS	12,894,100	1.83%
Nippon Life Insurance Co.	11,895,000	1.68%
Fuji Electric Holdings Co., Ltd.	11,000,000	1.56%

Notes) 1. The Company holds 438,730 shares of treasure stock, they are excluded from the capital positions of the above shareholding ratio.
2. Although not mentioned in the above table, Asahi Mutual Life Insurance Company has placed 10,500,000 shares in a retirement benefits trust.
3. Although not mentioned in the above table, Furukawa Co., Ltd. has placed 10,919,000 shares in a retirement benefits trust.
4. Fuji Electric Holdings Co., Ltd. changed its trade name to FUJI ELECTRIC CO., LTD. on April 1, 2011.

FURUKAWA ELECTRIC CO., LTD.
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