

Year ended March 2003

Short-form report on consolidated financial results

May 16, 2003

Name of listed company: The Furukawa Electric Company Limited
 Exchanges: Tokyo, Osaka, Nagoya, and Fukuoka
 Head-office location
 Code No.: 5801
 Tokyo
 (URL <http://www.furukawa.co.jp>)
 Company representative: (Title) President (Name) Junnosuke Furukawa
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 Date of year-end board meeting: May 16, 2003
 US accounting standards: Not employed

1. Consolidated earnings for the year ended March 2003 (April 1, 2002 - March 31, 2003) (rounded down to the nearest million yen)

(1) Consolidated business results

	Sales		Operating profit		Recurring profit	
	Million yen	%	Million yen	%	Million yen	%
Year ended March 2003	710,616	-7.9	-43,847	—	-55,783	—
Year ended March 2002	771,411	-6.7	10,651	-81.7	7,642	-89.8

	Net loss for year		Net loss for year per share	Fully diluted net profit per share for year	Stockholders' equity	Total equity	Sales
	Million yen	%	Million yen	Million yen	Net return for year	Recurring profit ratio	Recurring profit ratio
Year ended March 2003	-114,026	—	-173.94	—	-28.8	-4.2	-7.9
Year ended March 2002	-3,384	—	-5.16	—	-0.6	0.5	1.0

(Notes)

- (1) Equity in profit/loss of affiliated companies Year ended March 2003 ¥ 2,052 million Year ended March 2002 ¥483 million
 (2) Average No. of shares during year (consolidated) Year ended March 2003 655,548,390 shares Year ended March 2002 655,556,518 shares
 (3) Changes to accounting methods None
 (4) The percentages for sales, operating profit, recurring profit, and net profit for the year represent the increase/decrease from the previous year.

(2) Consolidated financial status

	Total assets	Stockholders' equity	Stockholders' equity ratio	Stockholders' equity per share
	Million yen	Million yen	%	Yen
Year ended March 2003	1,179,399	295,900	25.1	451.39
Year ended March 2002	1,501,705	494,777	32.9	754.66

(Note)

Number of shares issued by end of term (consolidated) Year ended March 2003 655,529,093 shares Year ended March 2002 655,632,792 shares

(3) Consolidated cash flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financial activities	End-of-year cash and cash-equivalent balance
	Million yen	Million yen	Million yen	Million yen
Year ended March 2003	10,483	-26,866	-28,756	74,886
Year ended March 2002	12,684	-327,250	257,435	126,951

(4) Items related to the scope of consolidation and application of the equity method

Consolidated subsidiaries: 84 Non-consolidated subsidiaries to which the equity method is applied: None
 Affiliates to which the equity method is applied: 21

(5) Changes in the scope of consolidation and application of the equity method

Consolidated (new) 3 (Deletions) 5 Equity method (new) 2 (Deletions) 4

2. Projected consolidated earnings for the year ended March 2004 (April 1, 2003 - March 31, 2004)

	Sales	Recurring profit	Net profit for year
	Million yen	Million yen	Million yen
Interim	368,000	-10,670	-43,400
Full year	770,000	1,600	-32,600

(Reference) Projected net profit per share for the year (full year) ¥49.73

* Projections are based on information available as of the date of release; a variety of factors in the future may cause the actual figures to differ from these projections. Please see p. 5 of the enclosed reference material for information on these projected earnings.

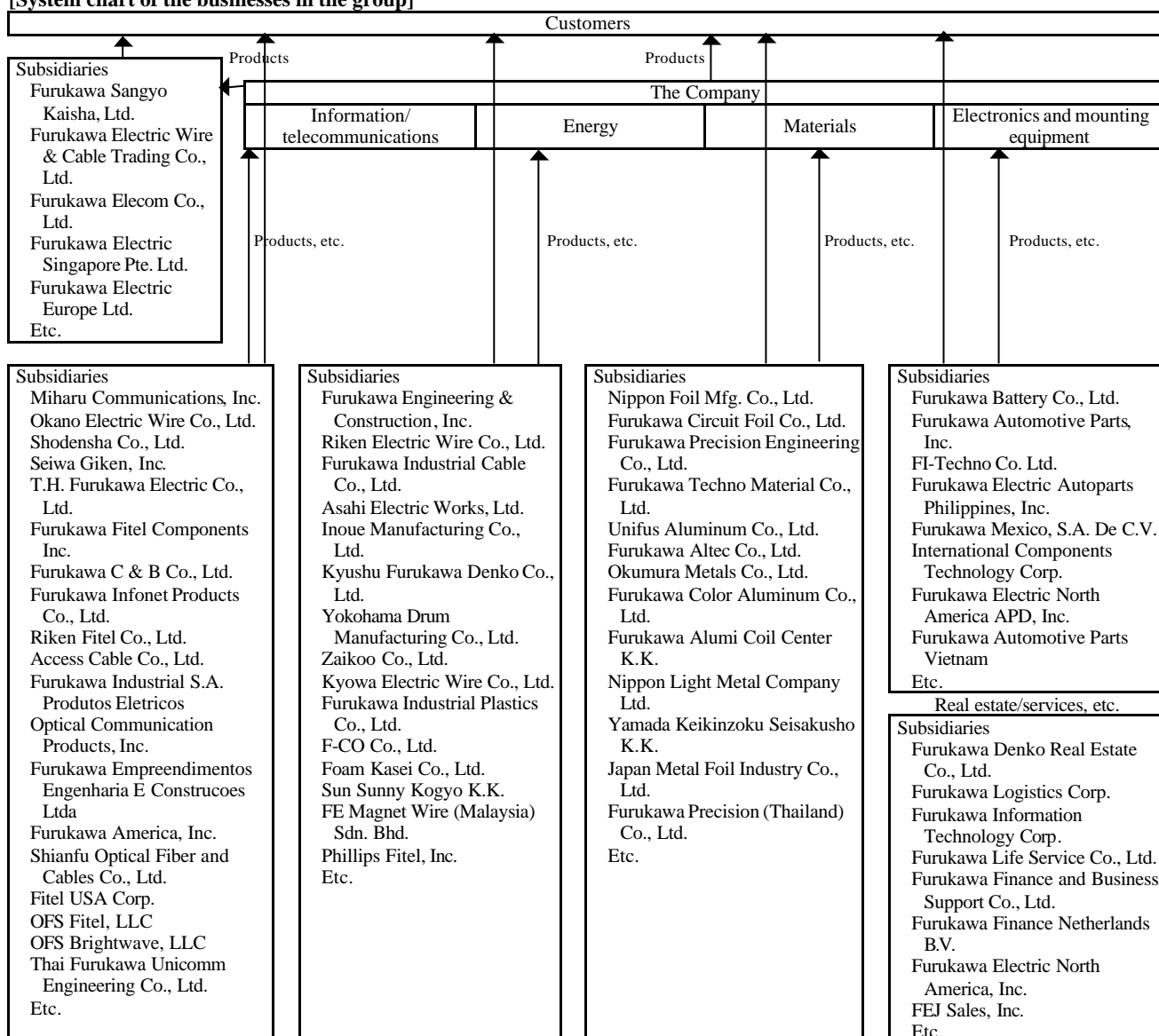
1. Group status

The principle activities of the group are the manufacture and sale of products using technology developed chiefly by the group's information/telecommunications division, as well as divisions working in the fields of energy, materials, and electronics and mounting equipment, and include distribution, research, and other operations such as service connected with each of these businesses. Details on the group companies and the role of affiliates in each of the businesses and business segments by type are as specified below.

Information/telecommunications	The Company, Fitel USA Corp.; OFS Fitel, LLC; OFS Brightwave LLC; Miharu Communications, Inc. (consolidated subsidiary); Okano Electric Wire Co., Ltd. (consolidated subsidiary), etc., are engaged in manufacturing and sales.
Energy	The Company, Furukawa Engineering and Construction, Inc. (consolidated subsidiary), Riken Electric Wire Co., Ltd. (consolidated subsidiary), etc., are engaged in manufacturing and sales.
Materials	The Company, Nippon Foil Mfg. Co., Ltd. (consolidated subsidiary); Furukawa Circuit Foil Japan Co., Ltd. (consolidated subsidiary), etc., are engaged in manufacturing and sales.
Electronics and mounting equipment	The Company, Furukawa Battery Co., Ltd. (consolidated subsidiary); Furukawa Automotive Parts Inc. (consolidated subsidiary), etc., are engaged in manufacturing and sales. In addition, Furukawa Denko Real Estate Co., Ltd. (consolidated subsidiary) and other companies are engaged in real estate and a variety of service operations.

The sales companies are divided into segments according to the main products in which they deal. The above information is shown in the system chart below.

[System chart of the businesses in the group]



2. Management policies

(1) Basic management policy and implementation

The basic management policy of the group is to manage the business in a proper manner that is fair and transparent, to engage in timely management, to value customers, to value shareholders, to value people and make the most of their abilities, and to take up the challenges of new technologies to generate new products, and the declared mission of the Company is to apply these principles to contribute to a better society.

From this point onward, group management resources will be concentrated in the areas of broadband (high-speed, high-volume) IT infrastructure, electronics, and automotive parts, all expected to be major growth areas in the future, for the systematic development of new products with top priority placed on customers' needs. Of these areas, we are confident of stable growth over the long term for the optical fiber business, targeting the FTTH (fiber to the home) market. By implementing these policies, our aim is to build a company that is renowned for excellence and offers high added value.

(2) Basic policy on the distribution of company profits

The basic policy of the group is to take a long-term view and, while closely monitoring future earnings trends and remaining committed to a stable dividend, to pay dividends in accordance with the future development of the business. Internal reserves will be reinvested from a long-term perspective to continue expanding and reinforcing the foundations of the business.

(3) Target benchmarks for business management

At the Company, we define new products as products launched within the previous five years, and cite new-product sales as a proportion of total sales as a management benchmark. Recognizing new-product development as a vital source of profits, we are working to increase this proportion. In FY2003, our sales target for new products will be a ratio of 60% of total sales.

(4) Management strategy and issues for the company over the medium to long term

Conditions were severe in the Japanese economy this financial year, with ongoing deflation, low share prices, and a deterioration in the employment and income levels. There were no signs of recovery as consumer spending and capital investment by companies remained in the doldrums. These factors combined to fuel growing uncertainty about the future.

Faced with these conditions, the Company concentrated primarily on the development of new technologies and products, and on achieving a turnaround in group finances to ensure steady profits, through a program of restructuring and downsizing within the group, in order to strengthen the profitability of the group. In particular this year, against a backdrop of sluggish demand, we took a number of steps toward improving efficiency. These included slashing capital investment, implementing a global consolidation of production operations in optical and other products, and reducing costs.

Of particular note are our current efforts to effect a dramatic improvement in the financial health of the consolidated subsidiaries OFS Fitel, LLC and OFS Brightwave, LLC, acquired from US company Lucent in November 2001 and attached to our optical fiber and cable operations. In the field of optical fiber, we own global intellectual property rights; however, to further improve our financial status in this area, we have planned a number of concrete steps that include building a business structure that will help to boost revenues, establishing research and development and manufacturing systems to respond to immediate trends in demand, cutting costs, curtailing fixed costs, and expanding sales channels.

In addition, to successfully navigate these difficult economic times, in the area of light metals we have reached basic agreement on a complete integration with Sky Aluminum Co., Ltd., including manufacturing.

(5) Basic philosophy on corporate governance and the current status of corporate governance policies

1 Basic philosophy

While responding swiftly and appropriately to the dramatically changing operating environment, the Company aims to build systems that will enable it to respond to demands for stronger corporate governance, and to this end will implement reforms of the management structure. The main components of these reforms will be invigorating the activities of the board of directors and introducing an executive-director system.

2 Implementation of corporate governance policies

This year, of the 23 company directors, one was from outside the Company, while two of the four auditors were external auditors.

At the regular general shareholders' meeting held on June 27, 2003, the total number of directors will be reduced by approximately half from the present 23 to 12, in a move designed to invigorate the activities of the board and speed up management operations. In addition, the current one director from outside the company will be increased to two. Increasing the number of directors from outside the company will give us access to multifaceted views on all management issues, from an outside perspective.

In conjunction with this, to clarify the management responsibilities of directors, changes will be made to the articles of association in order to shorten the current two-year tenure of directors to one year.

In parallel with this reduction in the number of directors, a new executive-director system will be introduced. Executive directors will be positioned as senior management dedicated to the execution of operations, and will be appointed for a term of one year.

In addition to this, due to the diverse nature of Company operations, to ensure that the Company has constant access to the latest management information from the front lines and is able to accurately determine the status of operations, the equivalent number of directors will also function as executive directors and take responsibility for the execution of operations.

3. Business results and financial status

(1) Business results

This year, with demand declining overall, there were signs in the second half of the year of a recovery in demand for optical fiber and cable, material for aluminum cans, copper strips, and other items for the domestic market. However, as a result of factors that included a significant decline in sales of optical products, primarily to North America, due to the worldwide slump in IT, consolidated sales declined 7.9% from the previous year to ¥ 710,616 million.

Turning to profit and loss, the effects of a major scaling back of fixed costs, business restructuring, and cost cutting began to be seen in the second half of the year. However, due to the fall in sale prices and decline in demand for optical products, chiefly in the United States, this was insufficient to make up for the deteriorating profit-and-loss situation, ultimately resulting in a consolidated recurring loss of ¥ 55,783 million. Extraordinary losses of ¥ 115,102 million were also posted as a result of expenses associated with structural reform of the business, a loss of goodwill at the US consolidated subsidiaries, and a loss on the disposal of fixed assets, resulting in a net consolidated loss of ¥ 114,026 million after tax, an increase of ¥ 110,641 million in losses from the previous year.

Next, a consolidated overview of each division:

[Information/telecommunications]

As well as a major decline in sales of photonics-related products, factors including sluggish performance by optical fiber and cables for the North American market resulted in consolidated sales of ¥ 164,122 million for this division, a decline of 27% on the previous year.

[Energy]

While growth was seen in sales of wire coil and semiconductor tapes, a decline in sales of electric power cables and electric wire/cable accessories, etc. left consolidated sales for this division at ¥ 171,640 million (a decline of 9% from the previous year).

[Materials]

Buoyant sales of electronic component strips for semiconductor lead frames and connectors in extruded-copper products, combined with good results overall in beverage-can materials and extruded materials for the automobile industry in light metals, resulted in consolidated sales for this division of ¥ 267,899 million, an increase of 4.1% from the previous year.

[Electronics and mounting equipment]

Favorable results in aluminum blanks for memory disks and an increase in sales of automotive parts resulted in consolidated sales for this division of ¥ 145,223 million, an improvement of 4.9% from the previous year.

(2) Outlook for the next financial year

With continuing uncertainty regarding any global recovery, starting with the US economy, and growing fears of a further deterioration in the Japanese economy, there remains little room for complacency about the future. The Company response to this state of affairs will be to engage proactively in the development of new products and in sales activities to boost turnover, while further accelerating efforts to improve the Company's financial situation by curtailing spending, such as that on capital improvements, and cutting costs, in order to build a corporate structure that will allow the Company to prosper in this business environment.

The consolidated forecast for next year calls for consolidated sales of ¥ 770,000 million and consolidated recurring profit of ¥ 1,600 million, with an extraordinary loss accompanying structural reforms of the business also expected, resulting in a projected net consolidated loss for the year of ¥ 32,600 million.

(3) Financial situation

Cash and cash-equivalent (hereinafter referred to as "capital") balances for this consolidated financial year fell ¥ 52,065 million from the end of the previous consolidated financial year, to ¥ 74,886 million.

Although a decline in sales of IT and optical-communications products resulted in a net loss for the year of ¥ 153,951 million before adjustments for tax and the like, a large proportion of this loss was accounted for by depreciation expenses and extraordinary losses in non-capital items. In addition, a rise in capital due to cuts in inventory assets and the like led to an increase of ¥ 10,483 million in capital due to operating activities.

The decline in capital from investment activities was ¥ 26,866 million, due to the acquisition of negotiable investment securities, fixed assets, and the like.

Turning to capital income and expenditure in financial activities, including income of ¥ 29,997 million from stock-lending contracts, redemption of corporate bonds and repayments on short-term borrowings resulted in a loss of ¥ 28,756 million.

Trends in cash-flow benchmarks

	Year ended March 2002	Year ended March 2003
Equity ratio (%)	32.9	25.1
Equity ratio based on present market value (%)	27.5	13.7
Years to redemption of debts (years)	48.0	53.5
Interest coverage ratio	1.3	0.8

(Note) Equity ratio: Equity/total assets

Equity ratio based on present market value: Total market capitalization/total assets

Years to redemption of debts: Liabilities with interest/operating cash flow

Interest coverage ratio: Operating cash flow/interest payments

1. Figures for each benchmark are calculated using consolidated financial figures.
2. Total market capitalization is calculated by multiplying the closing price of shares at the end of the financial year by the number of shares issued as of the end of the financial year (following the deduction of own shares).
3. Figures for operating cash flows are those for cash flow from operating activities given on the consolidated-cash-flow statement.
4. Liabilities with interest refers to all liabilities on the consolidated balance sheet on which interest is being paid. Interest payments are the amount specified as interest payments on the consolidated-cash-flow statement.

Consolidated balance sheet

(Unit: million yen)

Item	This year as of March 31, 2003 (A)	Previous year as of March 31, 2002 (B)	Increase/decrease (A - B)	Item	This year as of March 31, 2003 (A)	Previous year as of March 31, 2002 (B)	Increase/decrease (A - B)
(Assets)				(Liabilities)			
Current assets	423,395	557,370	-133,975	Current liabilities	544,457	616,175	-71,718
Cash and deposits	68,699	121,101	-52,402	Notes and trade accounts payable	127,752	135,608	-7,855
Notes and trade accounts receivable	195,214	217,216	-22,002	Short-term borrowings	278,051	341,107	-63,056
Negotiable securities	9,491	12,794	-3,303	Commercial papers	21,000	38,000	-17,000
Inventory assets	99,888	136,609	-36,720	Corporate bonds	35,532	24,844	10,688
Deferred tax assets	13,705	14,350	-644	Advances	3,261	3,679	-418
Accounts due	24,645	34,875	-10,230	Accrued charges	3,706	15,817	-12,110
Other current assets	13,577	22,116	-8,539	Deposits as collateral	29,997	—	29,997
Allowance for bad debts	-1,826	-1,693	-133	Other current liabilities	45,155	57,118	-11,962
Fixed assets	756,003	944,334	-188,330	Fixed liabilities	308,699	333,612	-24,913
Tangible fixed assets	419,146	485,118	-65,971	Corporate bonds	76,087	100,673	-24,586
Intangible fixed assets (Consolidated adjustment account)	95,750 (8,782)	162,624 (59,910)	-66,873 (-51,128)	Long-term borrowings	120,218	104,400	15,818
Deferred tax assets	7,716	6,495	1,221	Deferred tax liabilities	25,524	37,666	-12,142
Negotiable investment securities	160,958	263,556	-102,598	Other fixed liabilities	86,868	90,871	-4,003
Uncollected refunded corporate tax, etc.	42,755	—	42,755	Total liabilities	853,156	949,788	-96,631
Other fixed assets	29,676	26,539	3,136	(Minority interest)			
				Minority interest	30,341	57,140	-26,798
				(Capital)			
				Capital	59,233	59,233	—
				Capital reserve	68,394	68,394	—
				Accumulated earnings	131,679	247,334	-115,655
				Other negotiable securities	42,182	124,053	-81,871
				Variance of estimate	-5,553	-4,233	-1,319
				Foreign-currency translation adjustment account	-35	-5	-29
				Own shares	295,900	494,777	-198,876
Totals	1,179,399	1,501,705	-322,305	Total capital	1,179,399	1,501,705	-322,305

Consolidated profit-and-loss statement

(Unit: million yen)

Item	This year (A) from April 1, 2002 - March 31, 2003	Previous year (B) from April 1, 2001 - March 31, 2002	Increase/decrease (A - B)
Sales	710,616	771,411	-60,794
Cost of sales	623,539	642,617	-19,077
Gross profit on sales	87,076	128,793	-41,717
Administrative and sales expenses	130,923	118,142	12,781
Operating profit/loss	-43,847	10,651	-54,498
Non-operating profit	11,754	10,318	1,435
Interest received	3,978	4,627	-648
Dividends received	2,130	2,678	-547
Other	5,645	3,013	2,632
Non-operating expenses	23,691	13,327	10,363
Interest paid	12,399	9,293	3,105
Exchange loss	6,764	12	6,751
Equity in loss of affiliated companies	2,052	483	1,568
Other	2,475	3,537	-1,062
Recurring profit/loss	-55,783	7,642	-63,426
Extraordinary profit	16,934	26,656	-9,721
Extraordinary loss	115,102	28,761	86,341
Net profit/loss for the year before adjustment for tax, etc.	-153,951	5,537	-159,489
Corporate, resident, and business taxes	-39,393	16,179	-55,573
Corporate tax and other adjustments	13,056	-6,759	19,815
Minority interest profit/loss (deduction)	-13,587	-498	-13,089
Net profit/loss for the year	-114,026	-3,384	-110,641

Consolidated surplus statement

(Unit: million yen)

Item	This year (A) from April 1, 2002 - March 31, 2003	Previous year (B) from April 1, 2001 - March 31, 2002	Increase/decrease (A - B)
Balance of consolidated surplus at beginning of period	—	256,149	-256,149
Increase in consolidated surplus	—	—	—
Decrease in consolidated surplus	—	5,430	-5,430
Dividends	—	5,243	-5,243
Officer bonuses	—	186	-186
Net loss for the year	—	-3,384	3,384
Consolidated surplus at end of period	—	247,334	-247,334
(Capital surplus)			
Balance of capital surplus at beginning of period	68,394		68,394
Increase in capital surplus	—		—
Decrease in capital surplus	—		—
Capital surplus at end of period	68,394		68,394
(Accumulated earnings)			
Balance of accumulated earnings at beginning of period	247,334	—	247,334
Increase in accumulated earnings	397	—	397
Increase due to increase in consolidated subsidiaries	397	—	397
Decrease in accumulated earnings	2,026	—	2,026
Dividends	1,966	—	1,966
Officer bonuses	59	—	59
Net loss for the year	-114,026	—	-114,026
Balance of accumulated earnings at end of period	131,679	—	131,679

Consolidated cash-flow statement

(Unit: million yen)

Item	Term	This consolidated financial year from April 1, 2002 – March 31, 2003	Previous consolidated financial year from April 1, 2001 – March 31, 2002	Difference
		Amount	Amount	Amount
I. Cash flow from operating activities				
Net profit for the year before adjustment for tax, etc. (ρ denotes a net loss)		ρ153,951	5,537	ρ159,489
Depreciation cost		57,216	44,591	12,625
Equity in profit/loss of affiliated companies		2,052	483	1,568
Profit/loss on sale of negotiable securities and negotiable investment securities		ρ13,837	ρ24,399	10,561
Valuation loss on negotiable investment securities		11,019	—	11,019
Loss on disposal of fixed assets		18,382	—	18,382
Loss on disposal of inventory assets		8,059	—	8,059
Goodwill write-off		45,960	—	45,960
Interest and dividends received		ρ6,108	7,305	1,196
Interest paid		12,399	9,293	3,105
Exchange loss (ρ denotes exchange gain)		2,844	ρ87	2,931
Decrease in trade receivables		18,118	36,757	ρ18,639
Decrease in inventory assets		24,414	5,251	19,162
Increase in purchase-money obligation (ρ denotes decrease)		ρ7,624	ρ49,852	42,228
Increase in allowance for retirement benefits (ρ denotes decrease)		ρ261	ρ1,786	1,525
Other		1,177	28,088	ρ26,911
Subtotal		19,861	46,573	ρ26,712
Interest and dividends received		6,461	8,157	ρ1,696
Interest paid		ρ12,441	ρ9,434	ρ3,007
Corporate and other taxes paid		ρ3,398	ρ32,612	29,214
Cash flow from operating activities		10,483	12,684	ρ2,200
II. Cash flow from investment activities				
Expenditures to acquire negotiable securities		—	ρ251	251
Income from sale of negotiable securities		2,627	19,658	ρ17,031
Expenditures to acquire negotiable investment securities, etc.		ρ16,568	—	ρ16,568
Income from sale of negotiable investment securities		17,533	29,887	ρ12,353
Expenditures to acquire tangible fixed assets		ρ31,012	ρ78,095	47,083
Expenditures to acquire intangible fixed assets		ρ4,214	ρ2,468	ρ1,746
Expenditures to acquire businesses		—	ρ276,382	276,382
Other		4,769	ρ19,598	24,367
Cash flow from investment activities		ρ26,866	ρ327,250	300,383
III. Cash flow from financial activities				
Net increase in short-term borrowings (ρ denotes net decrease)		ρ64,134	195,729	ρ259,864
Net increase in commercial papers (ρ denotes net decrease)		ρ17,000	2,000	ρ19,000
Income from long-term borrowings		45,457	37,144	8,313
Expenditures to repay long-term borrowings		ρ6,741	ρ4,497	ρ2,243
Income from the issuance of corporate bonds		1,080	30,000	ρ28,920
Expenditures for the redemption of corporate bonds		ρ25,571	ρ8,494	ρ17,077
Dividend payments by parent company		ρ1,966	ρ5,243	3,277
Income from the cancellation of corporate bond debt underwriting contracts		10,000	10,000	—
Income from stock-lending contracts		29,997	—	29,997
Other		122	796	ρ674
Cash flow from financial activities		ρ28,756	257,435	ρ286,191
IV. Conversion differential on cash and cash equivalents		ρ7,626	8,732	ρ16,358
V. Increase in cash and cash equivalents (ρ denotes decrease)		ρ52,766	ρ48,398	ρ4,367
VI. Balance of cash and cash equivalents at beginning of period		126,951	174,955	ρ48,003
VII. Balance of cash and cash equivalents at beginning of period related to newly consolidated companies		700	394	306
VIII. Balance of cash and cash equivalents at end of period		74,886	126,951	ρ52,065

(Note) Relationship between balance of cash and cash equivalents at end of period and amounts shown on consolidated balance sheet

	(This year)	(Previous year)	(Difference)
Cash and deposits account	68,699	121,101	ρ52,402
Term deposits for periods exceeding three months	ρ2,705	ρ4,676	1,971
Negotiable securities account	8,892	10,527	ρ1,634
Cash and cash equivalents	74,886	126,951	ρ52,065

Important items forming the basis for the preparation of consolidated financial statements

1. Scope of consolidation

Subsidiaries: 84

Newly consolidated subsidiaries: 3

Furukawa Electric Europe Ltd.
 Thai Furukawa Unicomm Engineering Co., Ltd.
 OFS Sviazstroy-1 Fiber Optic Cable Company

Existing consolidated subsidiaries: 81

Riken Electric Wire Co., Ltd., Furukawa Battery Co., Ltd., Furukawa Engineering & Construction, Inc., Furukawa Precision Engineering Co., Ltd., Kyowa Electric Wire Co., Ltd., Furukawa Sangyo Kaisha Ltd., Furukawa Circuit Foil Japan Co., Ltd., Furukawa Industrial Cable Co., Ltd., Furukawa Automotive Parts, Inc., Furukawa Industrial Plastics Co., Ltd., Furukawa Techno Material Co., Ltd., Asahi Electric Works, Ltd., Furukawa Altec Co., Ltd., Furukawa Denko Real Estate Co., Ltd., Okumura Metals Co., Ltd., Furukawa Electric Wire & Cable Trading Co., Ltd., Inoue Manufacturing Co., Ltd., Miharu Communications, Inc., Furukawa Elecom Co., Ltd., Shodensha Co., Ltd., T.H. Furukawa Electric Co., Ltd., Furukawa Fitel Components, Inc., Zaikoo Co., Ltd., Seiwa Giken, Inc., F-CO Co., Ltd., Kyushu Furukawa Electric Co., Ltd., Furukawa Color Aluminum Co., Ltd., Furukawa Logistics Corp., Foam Kasei Co., Ltd., Furukawa Information Technology Corp., Furukawa C & B Co., Ltd., Furukawa Infonet Products Co., Ltd., Yokohama Drum Manufacturing Co., Ltd., Riken Fitel Co., Ltd., Furukawa Life Service Co., Ltd., Furukawa Finance and Business Support Co., Ltd., Nippon Light Metal Company Ltd., Yamada Keikinzo Seisakusho K.K., FI-Techno Co., Ltd., Okano Electric Wire Co., Ltd., Sun Sunny Kogyo K.K., Furukawa Alumi Coil Center K.K., Access Cable Co., Ltd., Nippon Foil Mfg. Co., Ltd., Japan Metal Foil Industry Co., Ltd., Unifus Aluminum Co., Ltd.
 Furukawa Industrial S.A. Produtos Eletricos
 International Components Technology Corp.
 Furukawa Electric North America APD, Inc.
 Furukawa America, Inc.
 Optical Communications Products, Inc.
 FE Magnet Wire (Malaysia) Sdn. Bhd.
 Furukawa Electric North America, Inc.
 Furukawa Electric Singapore Pte., Ltd.
 Furukawa Finance Netherlands B.V.
 Phillips Fitel, Inc.
 Furukawa Mexico S.A. De C.V.
 Furukawa Empreendimentos Engenharia e Construcoes Ltda
 FEJ Holding, Inc.
 FEJ Sales, Inc.
 Furukawa Automotive Parts Vietnam
 Furukawa Precision (Thailand) Co., Ltd.
 Furukawa Electric Autoparts Philippines, Inc.
 Shianfu Optical Fiber & Cables Co., Ltd.
 Fitel USA Corp.
 OFS Fitel, LLC
 OFS Brightwave, LLC
 14 other companies

Furukawa Electric Europe Ltd. and Thai Furukawa Unicomm Engineering Co., Ltd. are included among the consolidated subsidiaries from this consolidated financial year due to their growing importance to the Company. The OFS Sviazstroy-1 Fiber Optic Cable Company has been included among the consolidated subsidiaries from this consolidated financial year due to the acquisition of a stake by the Company.

Nishiura Wire Co., Ltd., Eikoh Life Ltd. and Fitel Technologies, Inc. were renamed Access Cable Co., Ltd., Furukawa Life Service Co., Ltd. and Furukawa America, Inc., respectively.

Chiyoda Electric Wire Co., Shinsei Denzai Co., Ltd., Computer Memory Disc Corp., and Fitel Interconnectivity Corp. ceased to exist as a result of mergers, and were removed from the scope of consolidation from this consolidated financial year.

Optigain, Inc. was excluded from the scope of consolidation from this financial year due to a decline in the Company's stake.

2. Application of the equity method

21 companies (all affiliates)

The equity method was newly applied to Asia Vital Components Co., Ltd. and Optconnect. Shibasaki Seisakusho, Ltd. and three other companies were removed from application of the equity method.

(Changes in accounting methods)

None

(Additional information)

None

Segment information

1. Segment information by business type

Previous consolidated financial year (April 1, 2001 - March 31, 2002)

(Unit: million yen)

	Information/ telecommuni- cations	Energy	Materials	Electronics and mounting equipment	Total	Elimination or all-company	Consolidated
I. Sales and operating profit/loss							
Sales							
(1) Sales to external customers	217,084	183,663	256,924	113,738	771,411	—	771,411
(2) Inter-segment sales and transfers	7,704	4,963	531	24,711	37,911	(37,911)	—
Total	224,788	188,626	257,456	138,450	809,322	(37,911)	771,411
Operating expenses	219,515	187,842	255,615	135,736	798,709	(37,949)	760,760
Operating profit	5,273	784	1,841	2,713	10,613	(-37)	10,651
II. Assets, depreciation cost, and capital expenditure							
Assets	644,717	162,445	257,576	134,628	1,199,367	302,337	1,501,705
Depreciation cost	17,662	6,540	11,296	5,934	41,433	3,157	44,591
Capital expenditure	43,176	6,601	7,343	7,827	64,949	3,828	68,777

This consolidated financial year (April 1, 2002 - March 31, 2003)

(Unit: million yen)

	Information/ telecommuni- cations	Energy	Materials	Electronics and mounting equipment	Total	Elimination or all-company	Consolidated
I. Sales and operating profit/loss							
Sales							
(1) Sales to external customers	157,453	166,632	267,174	119,355	710,616	—	710,616
(2) Inter-segment sales and transfers	6,668	5,008	725	25,867	38,269	(38,269)	—
Total	164,122	171,640	267,899	145,223	748,885	(38,269)	710,616
Operating expenses	225,055	167,159	259,614	141,225	793,055	(38,591)	754,463
Operating profit	-60,933	4,481	8,284	3,997	-44,169	(-321)	-43,847
II. Assets, depreciation cost, and capital expenditure							
Assets	347,137	139,879	243,916	129,917	860,850	318,548	1,179,399
Depreciation cost	32,552	5,426	10,422	5,589	53,991	3,225	57,216
Capital expenditure	6,806	1,860	5,716	4,905	19,288	3,883	23,172

Notes)

1. Methods used to classify businesses

Company businesses are classified on the basis of similarities in the methods and processes used to manufacture Company products, as well as the purpose for which products are used and the methods by which they are sold.

2. Breakdown of each business classification

- Information/telecommunications: Optical fiber and cable, optical components, optical fiber and cable accessories and installation, network equipment, etc.
- Energy: Bare wire, aluminum wire, insulated wire, wire coils, electric power cables, electric power cable accessories and installation, electric wire duct materials, plastics including foam sheets, thermoelectric material products, etc.
- Materials: Copper tubing, copper strips and other extruded-copper products, electrolytic copper foil, shape-memory alloys, aluminum sheeting, extruded aluminum materials, castings and other light metal products, etc.
- Electronics and mounting equipment: Battery products, automotive parts and wiring, heat sinks, aluminum substrates for memory disks, electronic component materials, etc.

3. All operating expenses are apportioned among the segments.

2. Segment information by location

Previous consolidated financial year (April 1, 2001 - March 31, 2002)

(Unit: million yen)

	Japan	North America	Other	Total	Elimination or all-company	Consolidated
I. Sales and operating profit/loss						
(1) Sales to external customers	648,214	59,796	63,399	771,411	—	771,411
(2) Inter-segment sales and transfers	20,377	1,529	7,957	29,864	(29,864)	—
Total	668,592	61,325	71,357	801,275	(29,864)	771,411
Operating expenses	655,255	70,138	66,065	791,459	(30,698)	760,760
Operating profit	13,337	-8,812	5,291	9,816	(-834)	10,651
II. Assets	744,332	421,599	52,907	1,218,839	282,865	1,501,705

(Note) All operating expenses are apportioned among the segments.

This consolidated financial year (April 1, 2002 - March 31, 2003)

(Unit: million yen)

	Japan	North America	Other	Total	Elimination or all-company	Consolidated
I. Sales and operating profit/loss						
(1) Sales to external customers	621,409	53,704	35,502	710,616	—	710,616
(2) Inter-segment sales and transfers	10,653	1,184	10,817	22,655	(22,655)	—
Total	632,063	54,888	46,319	733,271	(22,655)	710,616
Operating expenses	622,791	107,330	47,112	777,235	(22,772)	754,463
Operating profit	9,271	-52,441	-793	-43,964	(-116)	-43,847
II. Assets	685,397	233,998	36,410	955,805	223,593	1,179,399

(Note) All operating expenses are apportioned among the segments.

3. Overseas sales

Previous consolidated financial year (April 1, 2001 - March 31, 2002)

- I. Overseas sales: ¥ 180,629 million
- II. Consolidated sales 771,411
- III. Overseas sales as a proportion of consolidated sales 23.4 %

(Note) Overseas sales are sales of the Company and its consolidated subsidiaries in countries and regions other than Japan.

This consolidated financial year (April 1, 2002 - March 31, 2003)

- I. Overseas sales: ¥ 141,578 million
- II. Consolidated sales 710,616
- III. Overseas sales as a proportion of consolidated sales 19.9%

(Note) Overseas sales are sales of the Company and its consolidated subsidiaries in countries and regions other than Japan.