



**HIROSE ELECTRIC CO.,LTD.**



**Kazunori Ishii**

President and Representative Director

We are pleased to report the results of operations for fiscal 2015, the year ended March 31, 2016 (the 69th fiscal term, from April 1, 2015 to March 31, 2016).

**Business Overview**

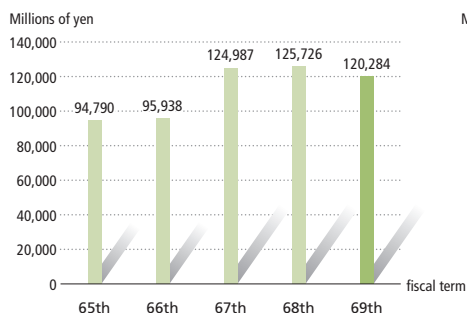
During the fiscal year ended March 31, 2016, corporate performance and employment situation remained on a recovery trend in the Japanese economy, due to the economic measures by the government as well as the Bank of Japan, which, however, turned uncertain due to the strong yen and weak stock prices since the turn of the year.

Overseas, economic slowdown in China and emerging economies has become evident, while uncertainty in the global economy has intensified involving the falling price of crude oil and other resources, making the future prospect more and more unpredictable.

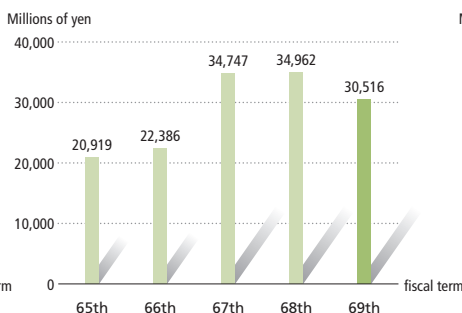
Under such conditions, the Hirose Electric Group, while expanding the business globally, chiefly for the smartphone, automobile, and industrial machinery/equipment markets, proceeded with efforts to reinforce our development, sales and production systems for new high-value-added products in the pursuit of swifter responses to increasingly sophisticated market needs. However, due to a decline in business in the South Korean and Taiwanese smartphone markets and a slowdown in business for industrial machinery/equipment market, consolidated net sales for the year under review amounted

**Financial Highlights**

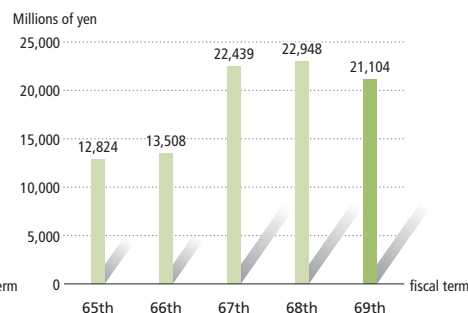
■ Net sales



■ Ordinary income



■ Profit attributable to owners of parent



to ¥120,284 million, a decrease of 4.3% year on year. Operating income decreased 11.6% year on year to ¥28,794 million, ordinary income decreased 12.7% year on year to ¥30,516 million and profit attributable to owners of parent decreased 8.0% year on year to ¥21,104 million.

The management environment in which the Group operates is uncertain whether the recovery trend hitherto can be maintained, as the government's economic stimulus measures and the Bank of Japan's monetary policy are becoming less effective, while the exchange rate is volatile.

Overseas, as economic slowdown in China and emerging economies has become evident, while uncertainty in the global economy has intensified involving the falling price of crude oil and other resources, we expect the uncertainty to remain for the foreseeable future.

The Group will focus on further sales growth in the automobile field along with an expansion in automotive electronics, and the growth of the industrial machinery/equipment and communications equipment fields. We will also focus on maintaining and expanding our mass production businesses for smartphones and tablet PCs, etc., where further price competition is expected to be driven by

consumers' preferences for lower-priced products.

In this business environment, the Group intends to pursue leading-edge technologies, conduct more efficient distribution and concentration of resources and consistently carry out reforms and innovations. Such aggressive initiatives also include the reinforcement of high-value-added product development capabilities to meet market needs, the promotion of manufacturing efficiency and further improvement of product quality, all of which would serve to improve our cost competitiveness. At the same time, we will work to promote globalization with an eye to dispersing risk across production bases and growing and expanding our businesses going forward, develop domestic and overseas sales channels, and strengthen our management foundations toward profitable growth in an effort to improve our corporate value.

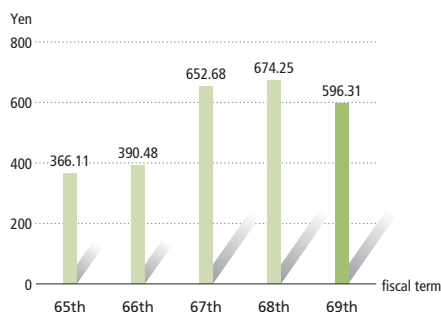
We look forward to your continued support and encouragement.

June 2016

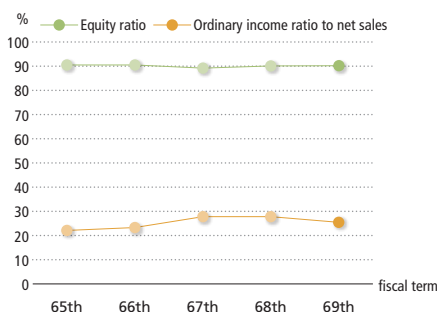
**Kazunori Ishii**

President and Representative Director

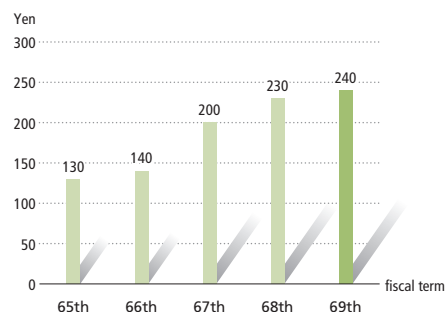
Basic earnings per share



Equity ratio & Ordinary income ratio to net sales

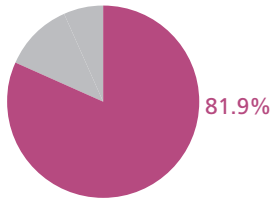


Dividends per share



Multi-Pin Connectors

Sales ratio

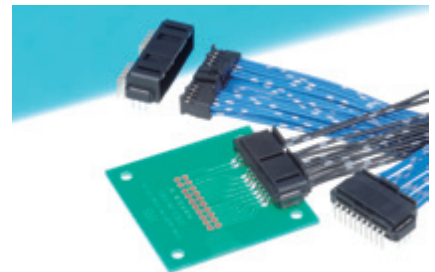
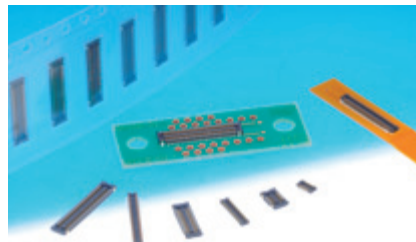
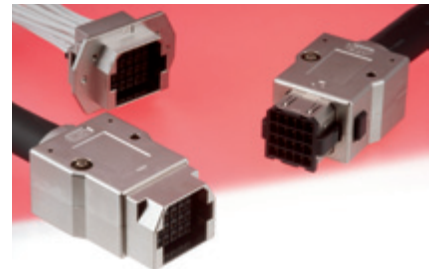
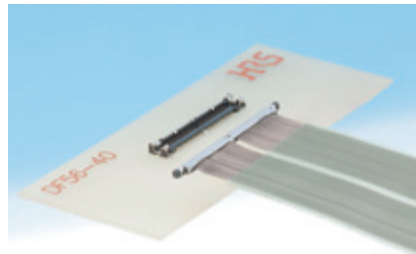
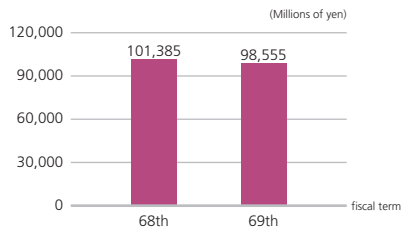


Our flagship multi-pin connectors include a variety of connector types such as circular and rectangular connectors, connectors for ribbon cables, connectors used for printed circuit boards including FPCs (flexible printed circuit boards) and nylon connectors.

The major applications of these connectors include a wide range of fields such as smartphones, tablet PCs, communications equipment and automotive electronics, as well as industrial fields such as measuring and control equipment, FA equipment and medical electronics equipment. Further expansion in demand is expected along with the further development of a sophisticated information and communications networked society and an eco-friendly, energy conservation-oriented society.

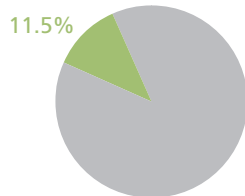
Consolidated segment net sales for the year under review decreased 2.8% year on year to ¥98,555 million and operating income fell 8.3% to ¥25,822 million due to a decline in business in the South Korean and Taiwanese smartphone markets and a slowdown in business for industrial machinery/equipment market, although business in automobile market continued to grow.

Net sales



## Coaxial Connectors

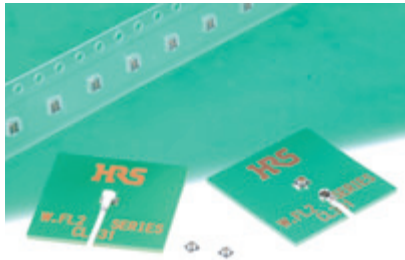
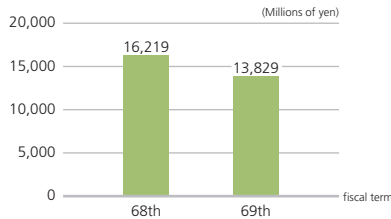
### Sales ratio



Coaxial connectors are a special type of high-performance connector used primarily for microwave and other high-frequency signals. Their applications include microwave communications devices, satellite communications equipment, electronic measuring instruments, or smartphones, mobile phones, switching and transmission equipment and other electronic equipment. Optical fiber connectors and coaxial switches are also included in this segment.

Consolidated segment net sales for the year under review decreased 14.7% year on year to ¥13,829 million and operating income decreased 39.2% year on year to ¥2,529 million.

### Net sales

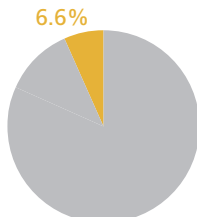


## Other Products

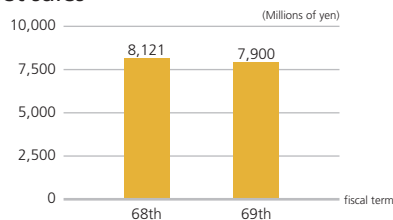
The other products segment includes medical electronics and health equipment such as interference wave EMSs, micro switches and instruments for connectors.

Consolidated segment net sales for the year under review decreased 2.7% year on year to ¥7,900 million and operating income increased 71.5% year on year to ¥442 million.

### Sales ratio



### Net sales



# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of yen)

Account item	Current fiscal year As of March 31, 2016	Previous fiscal year As of March 31, 2015
<b>(Assets)</b>		
Current assets	235,308	221,405
Non-current assets	81,287	98,262
<b>Total assets</b>	<b>316,595</b>	<b>319,667</b>
<b>(Liabilities)</b>		
Current liabilities	23,467	24,331
Non-current liabilities	7,298	7,034
<b>Total liabilities</b>	<b>30,765</b>	<b>31,365</b>
<b>(Net assets)</b>		
Shareholders' equity	272,599	269,376
Capital stock	9,404	9,404
Capital surplus	11,116	13,552
Retained earnings	308,530	311,039
Treasury shares	△56,450	△64,619
Accumulated other comprehensive income	12,850	18,695
Subscription rights to shares	379	229
<b>Total net assets</b>	<b>285,830</b>	<b>288,302</b>
<b>Total liabilities and net assets</b>	<b>316,595</b>	<b>319,667</b>

Note: Amounts less than ¥1 million are truncated.

## Consolidated Statements of Income

(Millions of yen)

Account item	Current fiscal year From April 1, 2015 to March 31, 2016	Previous fiscal year From April 1, 2014 to March 31, 2015
Net sales	120,284	125,726
Cost of sales	65,839	69,163
Gross profit	54,444	56,563
Selling, general and administrative expenses	25,650	23,974
Operating income	28,794	32,588
Ordinary income	30,516	34,962
Profit before income taxes	30,527	34,670
Income taxes	9,423	11,603
Profit attributable to non-controlling interests	—	118
Profit attributable to owners of parent	21,104	22,948

Note: Amounts less than ¥1 million are truncated.

## Consolidated Statements of Cash Flows

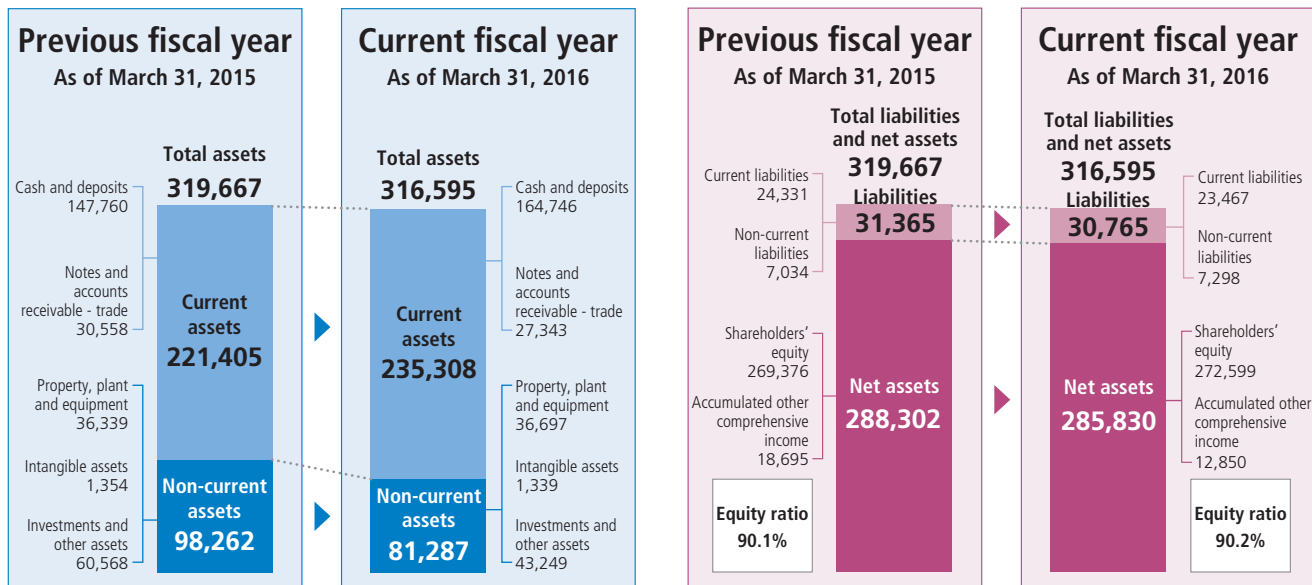
(Millions of yen)

Account item	Current fiscal year From April 1, 2015 to March 31, 2016	Previous fiscal year From April 1, 2014 to March 31, 2015
Operating activities	36,037	31,807
Investing activities	2,623	△16,232
Financing activities	△17,917	△12,433
Cash and cash equivalents, end of the year	75,392	56,711

Note: Amounts less than ¥1 million are truncated.

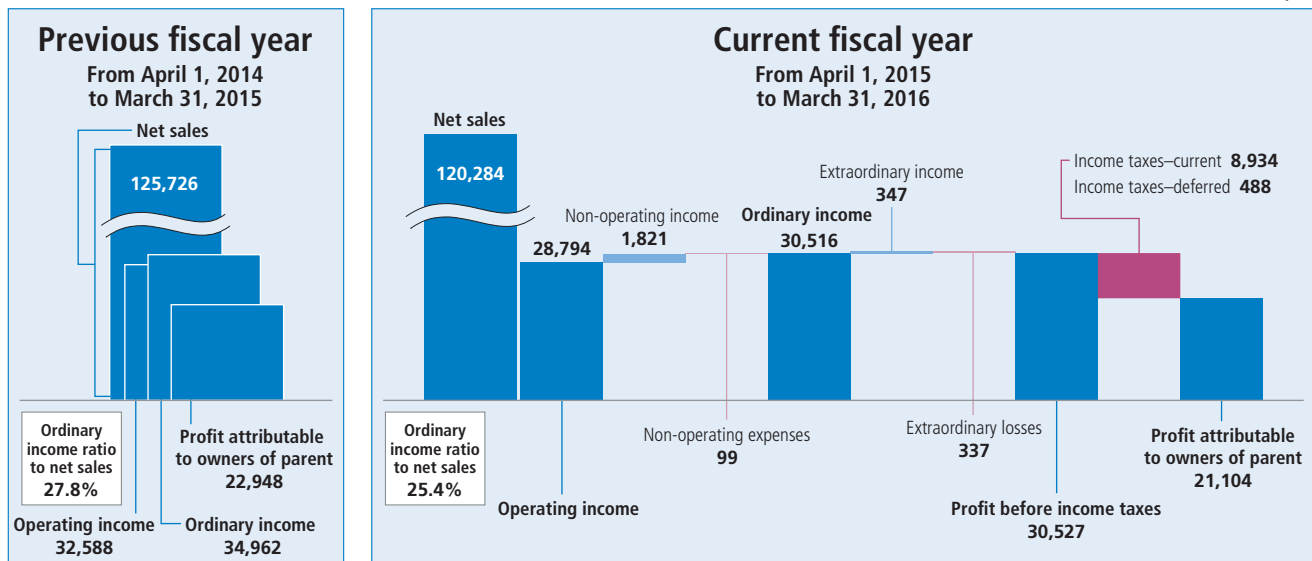
## Overview of Consolidated Balance Sheets

(Millions of yen)



## Overview of Consolidated Statements of Income

(Millions of yen)

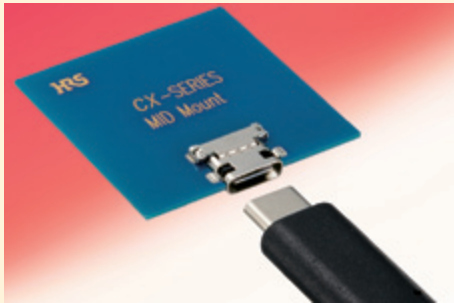


## Introduction of Our New Products

The Company launches many new products every year into the market. The following product series are part of our recent introductions:

### CX70M Series

A USB Type-C receptacle connector in conformity to USB 3.1 standard. USB Type-C is reversible and can mate on both sides, enhancing user-friendliness compared with the conventional micro USB. USB Type-C, with its superior features including its capability to support high speed transmission and large current, is expected to gain popularity as interface for various equipment. CX70M is a mid-mount type product which, with reduced depth due to its structure design unique to the Company, is most suitable for mobile devices such as smartphone and tablet PC. Additional variation of this series including onboard type and vertical type are scheduled to be released, in response to diversified needs.



### BF4-IFC Series

Medical electronics equipment and FA equipment markets pose increasing needs for optical transmission, for handling high speed and long distance data transmission necessitated by the advent of the era of high definition vision. To meet such needs, the Company developed an external interface type optical active connector BF4-IFC. BF4-IFC, with optoelectric conversion module mounted inside the cable side plug connector, enables optical transmission between devices, while maintaining the same level of handling ability as the conventional electric external interface connector. It is another user-friendly product capable to handle bi-directional transmission up to 6.25 Gbps, while taking combined cable with power line, enabling power supply between devices.



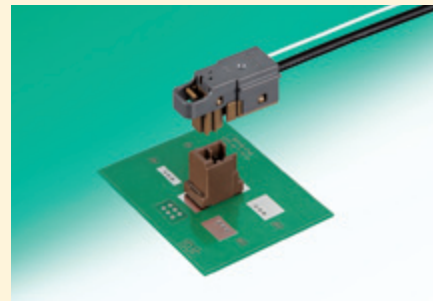
### IX Series

A compact interface connector for high speed signal transmission targeting industrial machinery/equipment market, which takes 70% less space compared with RJ-45 commonly used in this particular market, and is smaller than other standard connectors such as IEEE1394. This connector is suitable for the purpose of downsizing the whole set, realizing mounting at an unprecedented 10 mm narrow pitch when multiple units are used as I/O for daisy chain connection. As for plugs, right-angle type is available in addition to straight type, contributing to the space saving in the cases involving cable pulling and twisting in the panel.



### GT36 Series

The Company is investing resources in the ever-increasing automobile market and engaged in the development of new product from time to time. The Company already released GT36 series, connector for automobile roof shark fin antenna, which, due to its coaxial multiple-core collective fitting connection, can be assembled with far reduced number of processes. Now, in order to meet the diversified market/customer needs, another type featuring coaxial single-core combined with power line single-core has been additionally released. The Company will, through expanding this series, gain share in the shark fin antenna market with further potential for growth, thereby achieving further expansion of automobile business.





◎ Domestic bases

TOHOKU HIROSE ELECTRIC CO., LTD.



ICHINOSEKI HIROSE ELECTRIC CO., LTD.



KORIYAMA HIROSE ELECTRIC CO., LTD.



Kansai Branch

Chubu Sales Office

Kitakanto Sales Office

Head Office



Kikuna Office



Yokohama Center



◎ Overseas bases

HIROSE ELECTRIC EUROPE B.V.



HIROSE ELECTRIC (SUZHOU) CO., LTD.



HIROSE ELECTRIC (SHANGHAI) CO., LTD.



HIROSE KOREA CO., LTD.



HIROSE ELECTRIC (DONGGUAN) CO., LTD.



HIROSE ELECTRIC TECHNOLOGIES (SHENZHEN) CO., LTD.



HIROSE ELECTRIC (U.S.A.), INC.



HIROSE ELECTRIC MALAYSIA SDN. BHD.



HIROSE ELECTRIC TAIWAN CO., LTD.



HIROSE ELECTRIC SINGAPORE PTE. LTD.



HIROSE ELECTRIC HONG KONG CO., LTD.  
HIROSE ELECTRIC HONG KONG TRADING CO., LTD.



P.T. HIROSE ELECTRIC INDONESIA



## Company Profile (As of March 31, 2016)

Trade name	HIROSE ELECTRIC CO., LTD.
Date of incorporation	June 15, 1948
Number of employees	4,190 (excluding part-timers)
Capital stock	¥9,404,379,401

## Directors and Audit & Supervisory Board Members (As of June 22, 2016)

President and Representative Director	Kazunori Ishii
Managing Director	Mitsuo Nakamura
Managing Director	Makoto Kondo
Director	Kazuyuki Iizuka
Director	Hiroaki Okano
Director	Yukio Kiriya
Outside Director	Kensuke Hotta
(Standing) Audit & Supervisory Board Member	Yoshikazu Chiba
Outside Audit & Supervisory Board Member	Terukazu Sugishima
Outside Audit & Supervisory Board Member	Akira Seshimo
Outside Audit & Supervisory Board Member	Kentaro Miura

### Notes:

1. Director Kensuke Hotta is an outside director as stipulated in Article 2, Item 15, of the Companies Act.
2. Audit & Supervisory Board Members Terukazu Sugishima, Akira Seshimo and Kentaro Miura are outside audit & supervisory board members as stipulated in Article 2, Item 16, of the Companies Act.

Accounting Auditor

KPMG AZSA LLC

## Stock Information (As of March 31, 2016)

Total number of shares issued	34,970,307 shares
	(Excluding 5,050,429 shares of treasury shares)
Number of shareholders	3,774

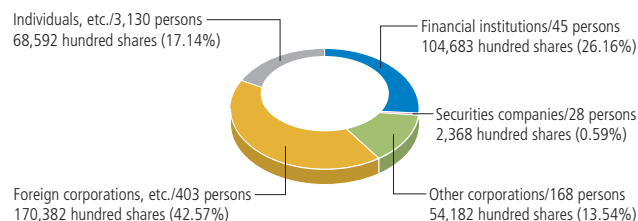
## Major Shareholders (Top 10)

Name of shareholder	Number of shares held	Ratio of shareholding
	Hundreds of shares	%
State Street Bank and Trust Company	35,514	10.15
State Street Bank and Trust Company 505223	32,433	9.27
Hirose International Scholarship Foundation	29,977	8.57
Japan Trustee Services Bank, Ltd. (Trust Account No. 4)	18,731	5.35
HS Kikaku Co., Ltd.	11,633	3.32
Japan Trustee Services Bank, Ltd. (Trust Account)	10,201	2.91
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,853	2.53
Mizuho Trust & Banking Co., Ltd. Trust Account 0700046	8,292	2.37
Mizuho Trust & Banking Co., Ltd. Trust Account 0700047	8,240	2.35
Japan Trustee Services Bank, Ltd. (Trust Account No. 9)	7,567	2.16

Note: In addition to the 10 major shareholders above, the Company owns 50,504 hundred shares of treasury shares. The ratio of shareholding is calculated after excluding treasury shares.

## Distribution of Shares

### Distribution of Shares by Shareholder Type



## Shareholder information

<b>Fiscal term</b>	From April 1 of a calendar year to March 31 of the next calendar year
<b>Ordinary General Meeting of Shareholders</b>	June every year
<b>Record date</b>	Ordinary General Meeting of Shareholders: March 31 every year Year-end dividend: March 31 every year Interim dividend: September 30 every year (As required, another record date may be decided with prior public notice.)

### [Share-related notifications and inquiries regarding change of address, etc.]

Shareholders who have accounts at securities companies are requested to direct their notifications and inquiries regarding change of address, etc., to their respective securities companies where shareholders have their accounts. Shareholders who do not have accounts at securities companies are requested to call the telephone number as stated below.

**Number of shares in one voting unit** 100

**Method of public notices** The Company's Web site below shall be used for its public notices.  
<<https://www.hirose.com/jp/ir/>>  
If an electronic public notice should fail due to accident or any other unavoidable circumstances, the Company shall post a public notice in the Nihon Keizai Shimbun.

**Shareholders' register manager and account management institution for special accounts** Sumitomo Mitsui Trust Bank, Limited  
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

**Handling office of shareholders' registry administrator** Securities Agency Department,  
Sumitomo Mitsui Trust Bank, Limited  
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

**(Mailing address)** Securities Agency Department,  
Sumitomo Mitsui Trust Bank, Limited  
8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063  
0120-782-031 (Toll free, available only in Japan)

**URL:** <http://www.smtb.jp/personal/agency/index.html>

### [Special accounts]

For shareholders who was yet to have used JASDEC (Japan Securities Depository Center, Inc.) by the share certificate dematerialization date, the Company opened a transfer account (hereinafter "special account") at Sumitomo Mitsui Trust Bank, Limited, as mentioned above, which serves as the shareholders' registry administrator. You are requested to use the above telephone number when making inquiries about the special account and notifications of matters such as change of address.



The Company's Web site

<https://www.hirose.com/jp/>

