



65th Fiscal Term Annual Report
From April 1, 2011 to March 31, 2012



**HIROSE
ELECTRIC
CO.,LTD.**



Chairman and
Representative Director

Tatsuro Nakamura

President and
Representative Director

Kazunori Ishii

Vice Chairman and
Representative Director

Sakae Kushida

We are pleased to report the results of operations for fiscal 2011, the year ended March 31, 2012 (the 65th fiscal term, from April 1, 2011 to March 31, 2012).

Business Overview

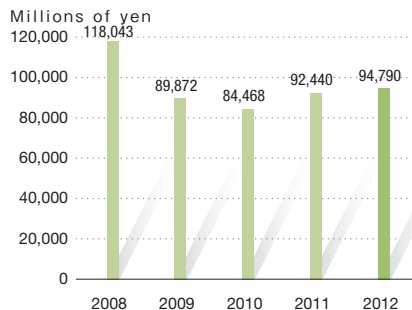
During the year ended March 31, 2012, the production activities of many corporations, which became sluggish due to the impact of the Great East Japan Earthquake, somewhat rallied due to early restoration of their supply chains. However, economic uncertainty surrounding Japanese companies remained harsh with such negative factors as adverse effects of the enormous flooding in October 2011 in Thailand where the production bases of the manufacturing industry are concentrated, financial concerns triggered by the sovereign debt crisis in Europe, slowing economies in emerging nations and the lingering undertone of yen appreciation despite a slight backlash toward depreciation since the second half of February 2012.

In this adverse business environment, the Hirose Electric Group diligently promoted efforts to recover production levels, which once dropped considerably from the impact of the aforementioned earthquake. At the same time, the Group was active in expanding its global business while enhancing the alliance with HIROSE KOREA CO., LTD., which the Company converted into a consolidated subsidiary in December 2010, in diverse aspects of sales, development and production.

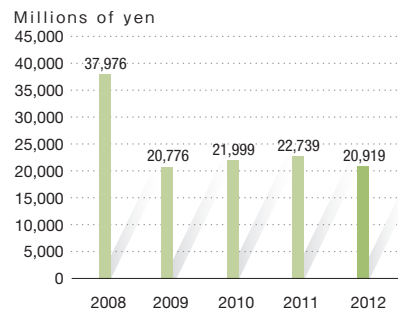
Meanwhile, we consolidated the Product Development, Engineering, Sales & Marketing Divisions and other functions,

Financial Highlights

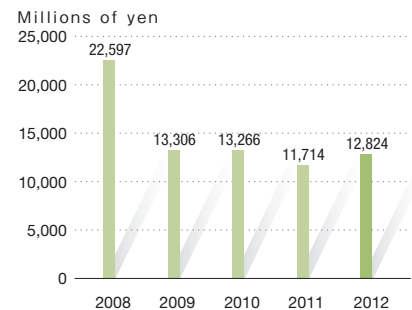
Net sales



Ordinary income



Net income



which were previously dispersed in Yokohama and the Tokyo metropolitan area, into the Yokohama Center, a new company building located in Tsuzuki-ku, Yokohama. Thus, we are promoting initiatives to reinforce our development and sales systems for high-value-added products in the pursuit of swifter responses to increasingly sophisticated market needs.

As a result, consolidated net sales for the year under review amounted to ¥94,790 million, an increase of 2.5% from a year earlier. Operating income decreased 11.2% to ¥19,554 million and ordinary income declined 8.0% to ¥20,919 million, whereas net income increased 9.5% to ¥12,824 million. These results reflected an increase in sales due to the conversion of HIROSE KOREA into a consolidated subsidiary despite negative impacts such as stagnant business activities at several mobile phone and smartphone manufacturers, sluggish orders in the industrial machinery field and the aftereffect of the Thai flooding.

Although a trend of gradual recovery is anticipated in the future financial environment, the business environment in which the Group operates is forecast to remain uncertain against a backdrop of lingering yen appreciation and the debt crisis in Europe.

Yet, the quantitative expansion of mobile phones, smartphones and tablet PCs, further sales growth in the automobile market due to an expansion in automotive electronics, and the growth of the industrial machinery and communications markets are anticipated. On the other hand, intensifying competition due to customers' preference for lower-priced products is expected to accelerate.

In this tough 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, and 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 are determined to strengthen our management foundations toward profitable growth and improve our corporate value through efforts to promote globalization, including the initiative to focus on the diversification of risk at production bases, and exploit domestic and overseas sales channels.

We look forward to your continued support and encouragement.

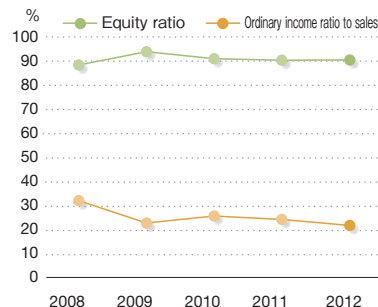
June 2012

Tatsuro Nakamura
Chairman and Representative Director

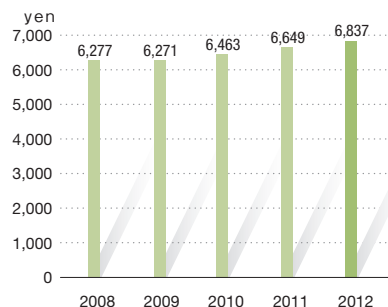
■ Net income per share



■ Equity ratio & Ordinary income ratio to sales



■ Net assets per share



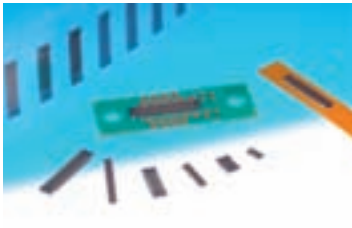
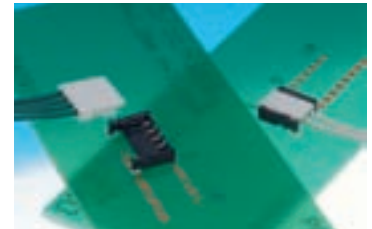
Multi-Pin Connectors

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 mobile phones and smartphones, digital information consumer electronics, 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 sales for the year under review increased 1.0% year over year to ¥75,699 million, whereas operating income decreased 13.3% to ¥15,756 million. These results reflected an increase in sales due to the conversion of HIROSE KOREA into a consolidated subsidiary despite negative impacts such as stagnant business activities at several mobile phone and smartphone manufacturers, and the aftereffect of the Thai flooding, etc.

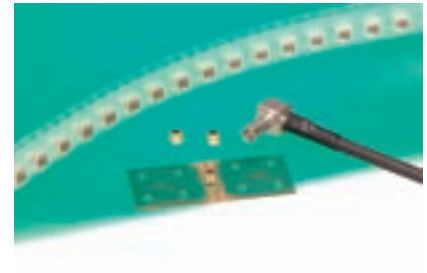
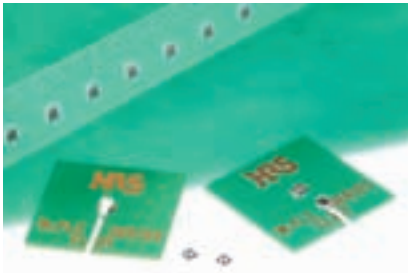


Coaxial Connectors

Coaxial connectors are a special type of high-performance connector used primarily for microwave and other high-frequency signals. Their applications mainly include microwave communications devices, satellite communications equipment, electronic measuring instruments, mobile phones and smartphones,

and switching and transmission equipment. Optical fiber connectors and coaxial switches are also included in this segment.

Consolidated segment sales for the year under review increased 7.2% year over year to ¥14,942 million and operating income rose 3.1% to ¥3,761 million.



Other Products

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

Consolidated segment sales for the year under review increased 16.6% year over year to ¥4,148 million and operating income declined 81.4% to ¥36 million.

According to the change to the management standards of the Group, high-frequency devices such as directional couplers, fixed attenuators and coaxial switches, which were previously categorized under the "Other Products" segment, have been collectively categorized under the "Coaxial Connectors" segment effective from the fiscal year under review.

As a result of this change, the relevant figures for the fiscal year under review were calculated based on the new segmentation method after the change.



Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

Account item	As of March 31, 2012	As of March 31, 2011
(Assets)		
Current assets	172,064	167,599
Fixed assets	89,421	92,537
Property, plant and equipment	26,448	24,464
Intangible assets	1,511	1,884
Investments and other assets	61,461	66,187
Total assets	261,486	260,136
(Liabilities)		
Current liabilities	19,231	20,474
Long-term liabilities	2,652	2,100
Total liabilities	21,884	22,574
(Net assets)		
Shareholders' equity	238,704	236,511
Common stock	9,404	9,404
Additional paid-in capital	14,371	14,371
Retained earnings	269,620	262,056
Treasury stock, at cost	△54,692	△49,321
Accumulated other comprehensive income	△2,101	△1,696
Stock acquisition rights	63	64
Minority interests	2,936	2,682
Total net assets	239,601	237,562
Total liabilities and net assets	261,486	260,136

Note: Amounts less than ¥1 million are truncated.

Consolidated Statements of Income

(Millions of yen)

Account item	From April 1, 2011 to March 31, 2012	From April 1, 2010 to March 31, 2011
Net sales	94,790	92,440
Cost of sales	56,166	52,615
Gross profit	38,623	39,825
Selling, general and administrative expenses	19,069	17,799
Operating income	19,554	22,026
Other income	1,450	1,560
Other expenses	85	846
Ordinary income	20,919	22,739
Extraordinary Income	1,025	234
Extraordinary Loss	385	2,501
Income before income taxes	21,559	20,472
Provision for income taxes—Current	7,269	8,506
Provision for income taxes—Deferred	1,070	260
Income before minority interests	13,220	11,706
Minority interest in income (loss)	395	△8
Net income	12,824	11,714

Note: Amounts less than ¥1 million are truncated.

Consolidated Statements of Cash Flows

(Millions of yen)

Account item	From April 1, 2011 to March 31, 2012	From April 1, 2010 to March 31, 2011
Operating activities	21,050	22,193
Investing activities	△10,852	△28,006
Financing activities	△10,679	△7,581
Effect of exchange rate change on cash and cash equivalents	△76	△1,042
Net increase/decrease in cash and cash equivalents	△558	△14,438
Cash and cash equivalents, beginning of the year	42,435	56,836
Increase in cash and cash equivalents from newly consolidated subsidiary	115	37
Cash and cash equivalents, end of the year	41,992	42,435

Note: Amounts less than ¥1 million are truncated.

Consolidated Statement of Changes in Net Assets

(From April 1, 2011 to March 31, 2012)

(Millions of yen)

Item	Shareholders' equity					Accumulated other comprehensive income			Stock acquisition rights	Minority interests	Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at April 1, 2011	9,404	14,371	262,056	△49,321	236,511	2,124	△3,820	△1,696	64	2,682	237,562
Amount of changes during the period											
Dividends from surplus			△5,262		△5,262			—			△5,262
Net income for the period			12,824		12,824			—			12,824
Acquisition of treasury stock				△5,371	△5,371			—			△5,371
Change of scope of consolidation				3	3			—			3
Net amount of changes during the period other than shareholders' equity					—	269	△675	△405	△1	253	△153
Total amount of changes during the period			7,564	△5,371	2,192	269	△675	△405	△1	253	2,039
Balance at March 31, 2012	9,404	14,371	269,620	△54,692	238,704	2,394	△4,496	△2,101	63	2,936	239,601

Note: Amounts less than ¥1 million are truncated.

Nonconsolidated Financial Statements

Nonconsolidated Balance Sheets (Millions of yen)

Account item	As of March 31, 2012	As of March 31, 2011
(Assets)		
Current assets	98,336	97,870
Fixed assets	53,849	55,820
Property, plant and equipment	14,788	13,231
Intangible assets	1,104	1,176
Investments and other assets	37,956	41,412
Total assets	152,186	153,691
(Liabilities)		
Current liabilities	10,521	10,212
Long-term liabilities	799	386
Total liabilities	11,320	10,599
(Net assets)		
Shareholders' equity	138,426	140,918
Common stock	9,404	9,404
Additional paid-in capital	14,371	14,371
Retained earnings	169,342	166,463
Treasury stock, at cost	△54,692	△49,321
Valuation, translation adjustments and others	2,376	2,109
Stock acquisition rights	63	64
Total net assets	140,865	143,092
Total liabilities and net assets	152,186	153,691

Note: Amounts less than ¥1 million are truncated.

Nonconsolidated Statements of Income (Millions of yen)

Account item	From April 1, 2011 to March 31, 2012	From April 1, 2010 to March 31, 2011
Net sales	76,055	82,632
Cost of sales	51,107	56,582
Gross profit	24,948	26,050
Selling, general and administrative expenses	14,188	14,005
Operating income	10,759	12,045
Other income	4,196	4,202
Other expenses	1,666	2,246
Ordinary income	13,289	14,001
Extraordinary Income	933	234
Extraordinary Loss	273	411
Income before income taxes	13,948	13,824
Provision for income taxes—Current	5,143	5,629
Provision for income taxes—Deferred	663	△29
Net income	8,141	8,223

Note: Amounts less than ¥1 million are truncated.

Introduction of Our New Products

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

FH54

This backflip connector was developed to reduce the area occupied by substrates, which is required to comply with high-performance compact devices such as mobile phones, smartphones and digital still cameras (DSCs). Its original flexible printed circuit board (FPC) holding configuration ensures high operability with excellent FPC-holding strength realized from its high density specifications of 0.2 mm in pitch, 3.2 mm in depth and 0.9 mm in height.



PS2 Series

The PS2 Series connectors are composite plug-in connectors composed of a power source and signal terminals, which were developed for use in power supplies for batteries and UPSs that are indispensable to create a so-called smart grid society. Heat generation by turning on electricity is minimized with numerous contacts located on the 300A-compliant power supply terminal. Signal terminals are designed for safety in a sequential configuration to detect half-fitted errors.



TQ Series

These BtoW connectors have a 4-lined, 40-core space-saving configuration and can be mounted on the VME standard racks developed for railway rolling stock. The simple, one-touch center-lock system of these connectors excels in operability, and the three-point-contact configuration of terminals ensures high reliability even when exposed to vehement vibrations generated from rolling stock. Abundant variations are available with the latest key system to prevent mistaken insertions.



GT21

For the connection of automobile antenna, this newly developed GT21 small connector allows easy wire connection of coaxial cables at once. The connector meets the stringent automobile specifications to ensure safety in connecting cables with a retainer equipped as a device to prevent half insertion of terminals. Boasting high-frequency performance of less than VSWR1.3 for up to 2.5 GHz, the connector is available for many applications such as GPS, satellite radios and Bluetooth-based communications.



Group Network

- Overseas bases
(Branches, production subsidiaries,
sales subsidiaries and affiliates)
- Overseas agencies
- Major exporting destinations



● Head office



● Kikuna Office



● Yokohama Center



● P.T. HIROSE
ELECTRIC INDONESIA
(Indonesia)



● HIROSE ELECTRIC
(DONGGUAN) CO.,
LTD. (China)



● HIROSE ELECTRIC
MALAYSIA SDN.
BHD. (Malaysia)

- Head office
 - Yokohama Center
 - Kikuna Office
 - Kansai Branch
 - Chubu Sales Office
- 5-23, Osaki 5-chome, Shinagawa-ku, Tokyo
6-3, Nakagawachuo 2-chome, Tsuzuki-ku,
Yokohama
3-13, Kikuna 7-chome, Kohoku-ku, Yokohama
Shinosaka Iida Bldg., 5-33, Nishimiyahara
1-chome, Yodogawa-ku, Osaka
Nakato Marunouchi Bldg., 17-6,
Marunouchi 3-chome, Naka-ku, Nagoya

● Subsidiaries

(Domestic)
TOHOKU HIROSE ELECTRIC CO., LTD. (Miyako, Iwate)
KORIYAMA HIROSE ELECTRIC CO., LTD. (Koriyama, Fukushima)
ICHINOSEKI HIROSE ELECTRIC CO., LTD. (Ichinoseki, Iwate)
HST CO., LTD. (Yokohama, Kanagawa)
(Overseas)
HIROSE ELECTRIC (U.S.A.), INC. (U.S.A.)
HIROSE ELECTRIC UK LTD. (U.K.)
HIROSE ELECTRIC EUROPE B.V. (The Netherlands)
HIROSE ELECTRIC MALAYSIA SDN. BHD. (Malaysia)
HIROSE KOREA CO., LTD. (South Korea)
HIROSE ELECTRIC SINGAPORE PTE. LTD. (Singapore)
HIROSE ELECTRIC TAIWAN CO., LTD. (Taiwan)
P.T. HIROSE ELECTRIC INDONESIA (Indonesia)
HIROSE ELECTRIC HONG KONG CO., LTD. (Hong Kong)
HIROSE ELECTRIC HONG KONG TRADING CO., LTD. (Hong Kong)
HIROSE ELECTRIC (DONGGUAN) CO., LTD. (Dongguan, China)
HIROSE ELECTRIC (SHANGHAI) CO., LTD. (Shanghai, China)
HIROSE ELECTRIC (SUZHOU) CO., LTD. (Suzhou, China)
HST (HONG KONG) LTD. (Hong Kong)
HIROSE ELECTRIC TECHNOLOGIES (SHENZHEN) CO., LTD. (Shenzhen, China)
WEIHAI HIROSEKOREA ELECTRIC CO., LTD. (Weihai, China)
WEIHAI HIROSE TRADING CO., LTD. (Weihai, China)

Company Profile

Trade name	HIROSE ELECTRIC CO., LTD.
Date of incorporation	June 15, 1948
Number of employees	728 (excluding part-timers)
Paid-in capital	¥9,404,379,401

Directors and Corporate Auditors (As of June 28, 2012)

Chairman and Representative Director	Tatsuro Nakamura
Vice Chairman and Representative Director	Sakae Kushida
President and Representative Director	Kazunori Ishii
Managing Director	Yoshikazu Yoshimura
Director	Kazuhisa Nikaido
Director	Kazuyuki Iizuka
Director	Makoto Kondo
Director	Mitsuo Nakamura
Outside Director	Kensuke Hotta
Full-time Corporate Auditor	Toshio Matsubara
Outside Corporate Auditor	Terukazu Sugishima
Outside Corporate Auditor	Akira Seshimo
Outside Corporate Auditor	Tsukasa Yunoki

Notes:

1. Director Kensuke Hotta is the outside director as stipulated in Article 2, Item 15, of the Corporation Law.
2. Corporate Auditors Terukazu Sugishima, Akira Seshimo and Tsukasa Yunoki are outside corporate auditors as stipulated in Article 2, Item 16, of the Corporation Law.

Accounting auditor **KPMG AZSA LLC**

Stock Information (As of March 31, 2012)

Total number of shares issued	34,604,218 shares
	(Excluding 5,416,518 shares of treasury stock)
Number of shareholders	5,216

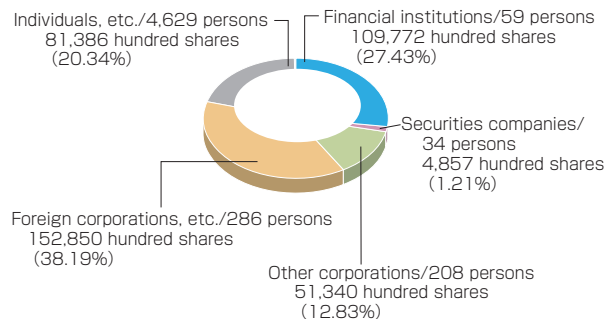
Major Shareholders (Top 10)

Name	Number of shares held	Ratio of shareholding
	Hundred shares	%
State Street Bank and Trust Company	36,176	10.45
Hirose International Scholarship Foundation	28,550	8.25
Japan Trustee Services Bank, Ltd. (Trust account No. 4)	18,121	5.23
JPMorgan Chase Bank 380055	12,455	3.59
Japan Trustee Services Bank, Ltd. (Trust account)	12,166	3.51
State Street Bank and Trust Company 505223	12,117	3.50
State Street Bank and Trust Company	10,340	2.98
The Master Trust Bank of Japan, Ltd. (Trust account)	8,697	2.51
Japan Trustee Services Bank, Ltd. (Re-trust account of The Sumitomo Trust & Banking Co., Ltd., and the retirement benefit trust account of Sumitomo Mitsui Banking Corporation)	8,162	2.35
Mizuho Trust & Banking Co., Ltd. 0700028	7,898	2.28

Note: In addition to the 10 major shareholders above, the Company owns 54,165 hundred shares of treasury stock. The ratio of shareholding is calculated after excluding the shares of treasury stock.

Distribution of Shares

Distribution of Shares by Shareholder Type



Shareholder information

Fiscal term April 1 of a calendar year to March 31 of the next calendar year

Ordinary General Meeting of Shareholders June every year

Record date 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 referral line as stated below.

Number of shares in one voting unit 100 shares

Method of public notice The Company's Web site below shall be used for its public notices. (<http://www.hirose.co.jp/investor/index.htm>)
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
1-4-1, Marunouchi, Chiyoda-ku, Tokyo

Paperwork processing office of shareholders' register manager Securities Agency Department,
Sumitomo Mitsui Trust Bank, Limited
1-4-1, Marunouchi, Chiyoda-ku, Tokyo

(Mailing address) Securities Agency Department,
Sumitomo Mitsui Trust Bank, Limited
1-10, Nikko-cho, Fuchu-shi, Tokyo 183-8701

(Telephone referral) Phone: 0120-176-417 (Toll-free)

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

[Special accounts]

The Company has opened accounts (special accounts) at The Sumitomo Mitsui Trust Bank, Limited the shareholders' register manager stated above, for shareholders who did not use JASDEC (Japan Securities Depository Center, Inc.) prior to the transition to the electronic share certificate system. Shareholders who have inquiries about the special accounts and notifications regarding change of address, etc. are requested to call the telephone referral line as stated above.



The Company's Web site

<http://www.hirose.co.jp>

