

# Business Results of Second Quarter, FY2012

*Creative Links to World Electronic*

Nov 1<sup>st</sup>, 2012

Hirose Electric  
Co., Ltd

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## Cautionary Statement

In this material, there are descriptions based on current estimation by Hirose Electric. Hirose cautions you that a number of important risks, uncertainties and others could cause actual results to differ materially from those discussed in the \*forward-looking statements. Thank you for your understanding.

\*Forward-looking statements include, but are not limited to, those statements using words such as “believe,” “expect,” “plans,” “strategy,” “prospects,” “forecast,” “estimate,” “project,” “anticipate,” “aim,” “may” or “might” and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. These statements are based on management’s assumptions and beliefs in light of the information currently available to it.

# Business Situation of FY2012

## [1Q FY2012]

◎Except for the Korean company with strong orders, order level is low in Mobile/Smartphone market. On the other hand, Automotive continues to maintain the high level order, and order of Digital consumer electronics has also increased in May and June.

◎1Q FY2012 results settled on -6.2% YoY in order level (6.1% over 4Q FY2011), -7.1% YoY in sales level (2.5% over 4Q FY2011)

## [2Q FY2012]

◎Although Automotive were influenced by the end of subsidy and European economic downturn, it still maintained high level exceeding last year. Good trend in Mobile/Smartphone market especially in the Korean and Chinese market. Order level low in the Industrial market.

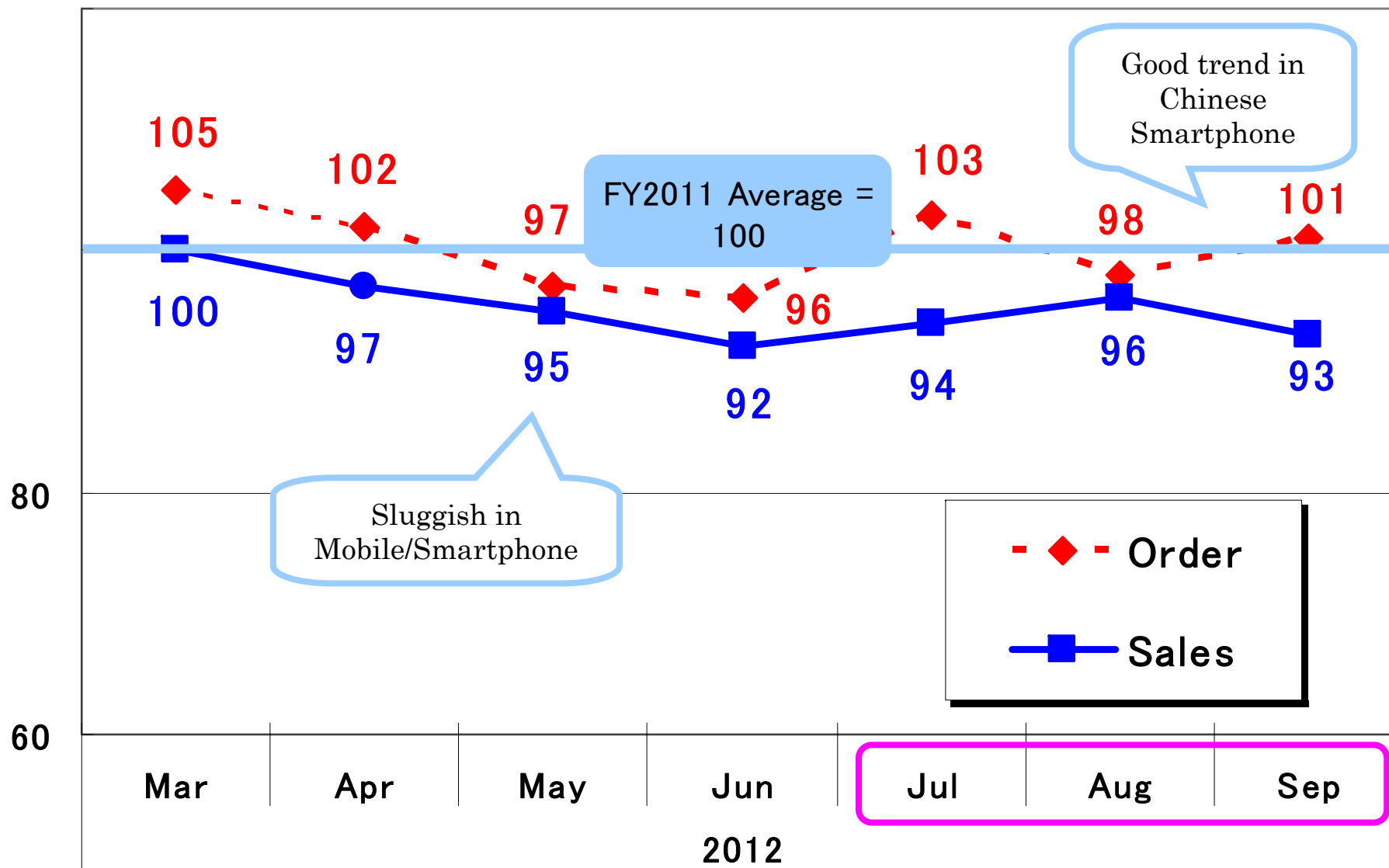
◎2Q FY2012 settled on 4.6% YoY in order level (5.5% over 1Q FY2012), -2.7% YoY in sales level (2.6% over 1Q FY2012)

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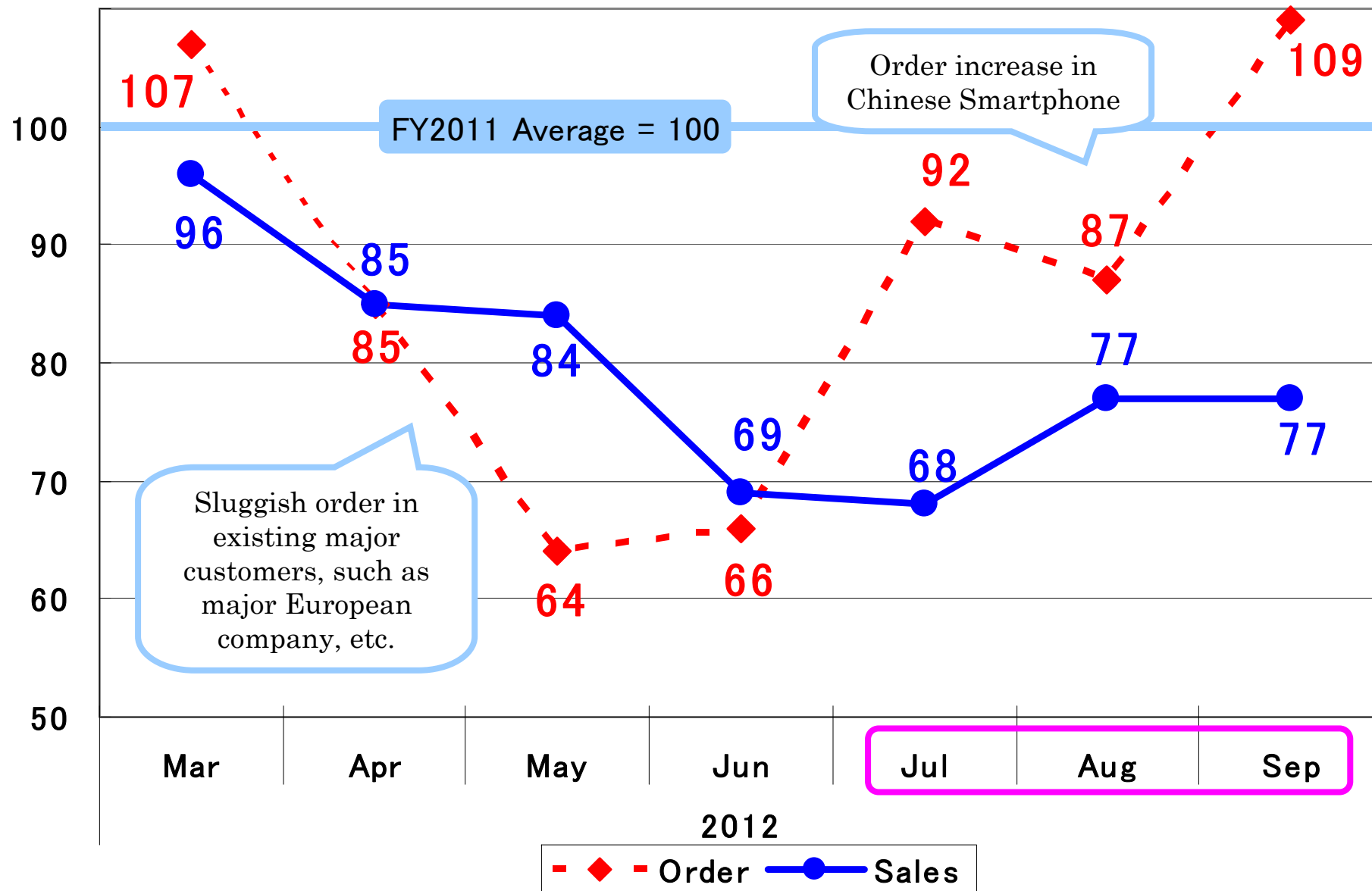
## [1Q & 2Q FY2012]

◎1Q & 2Q (total) FY2012 settled on 475.6 hundred million yen in order level (-0.9% YoY), 467.7 hundred million yen in sales level (-4.9% YoY), 114.4 hundred million yen in recurring profit (Ratio 24.5%, -7.0% YoY).

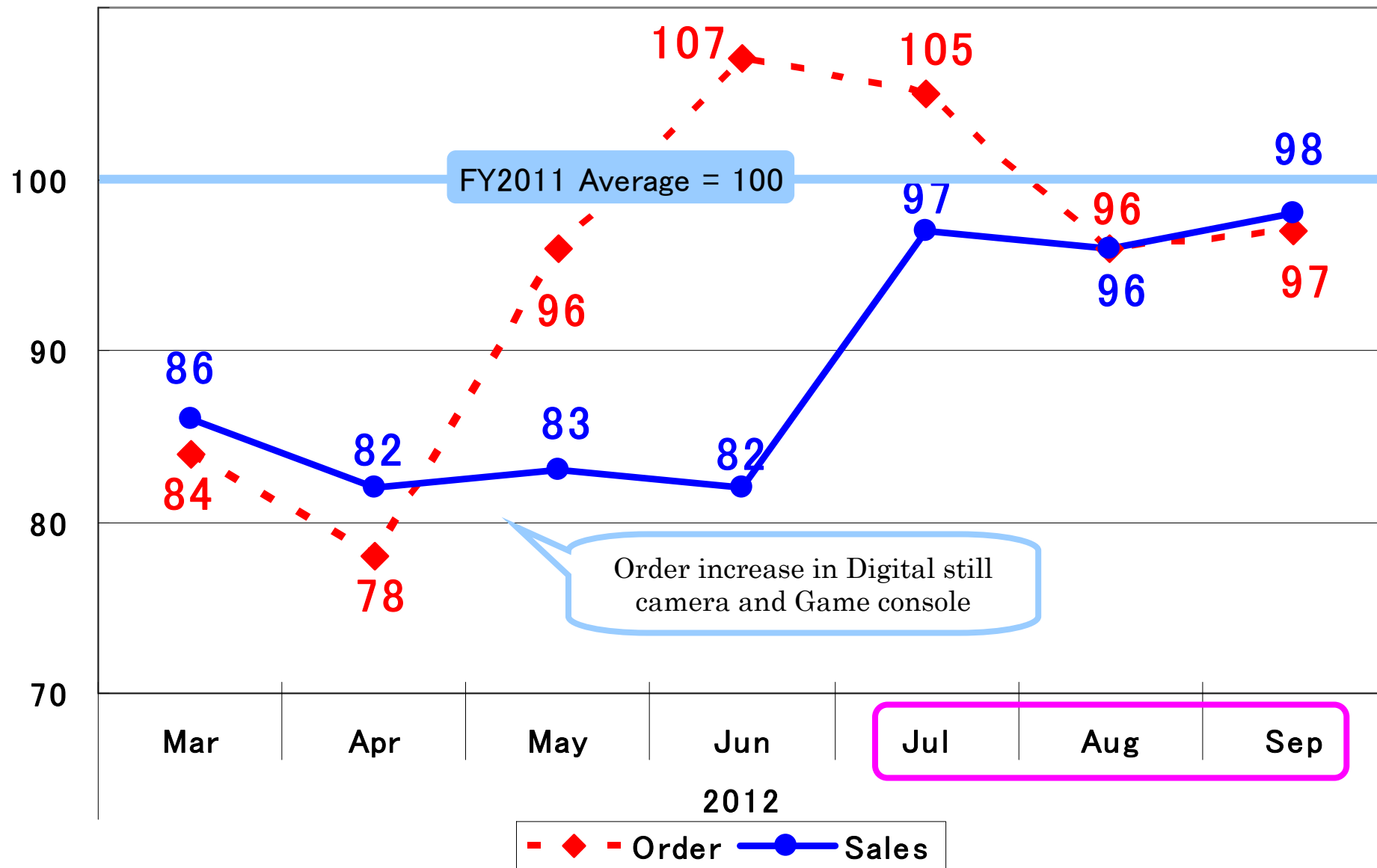
**All Connectors**



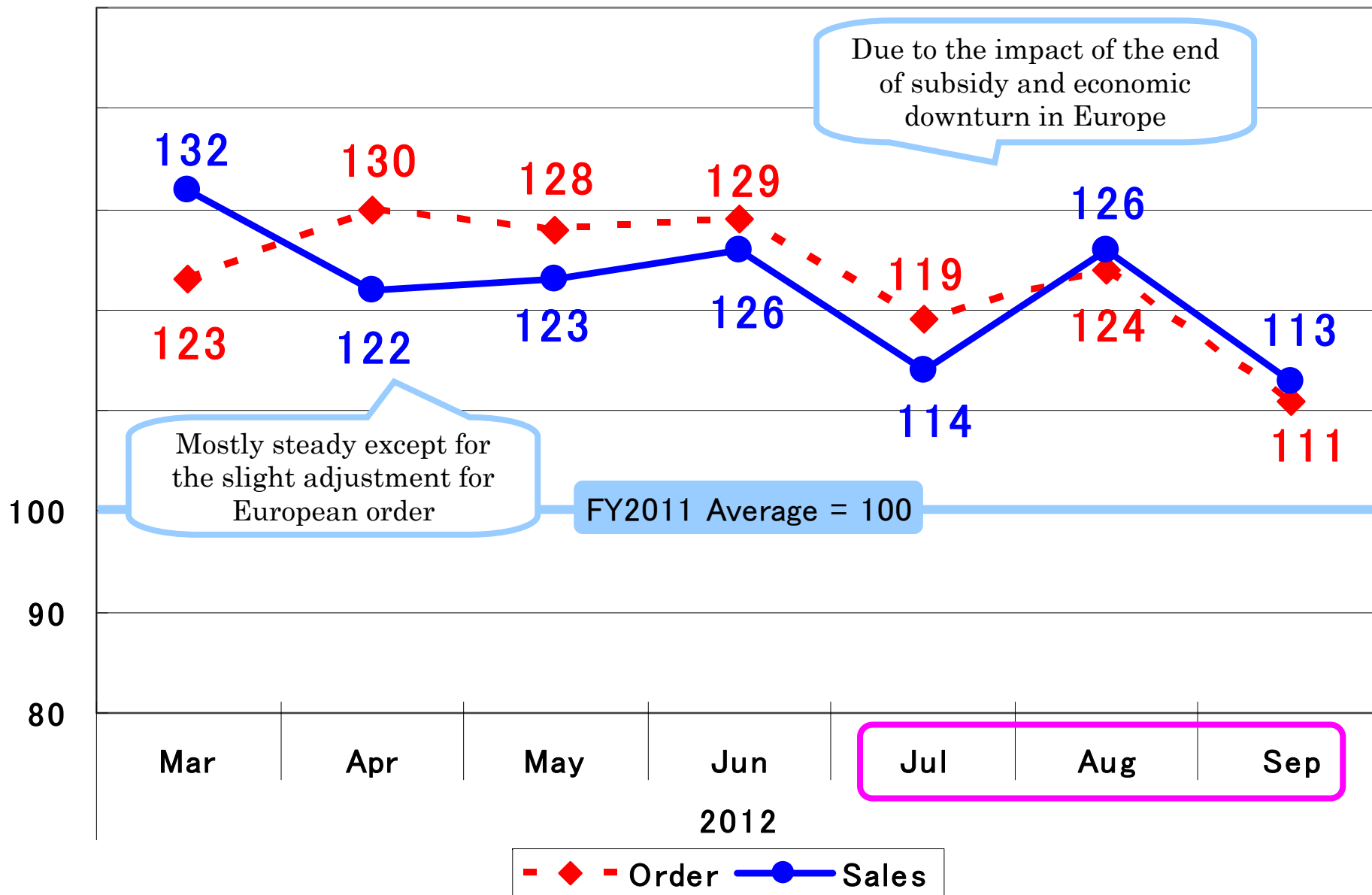
**Mobile / Smartphone**



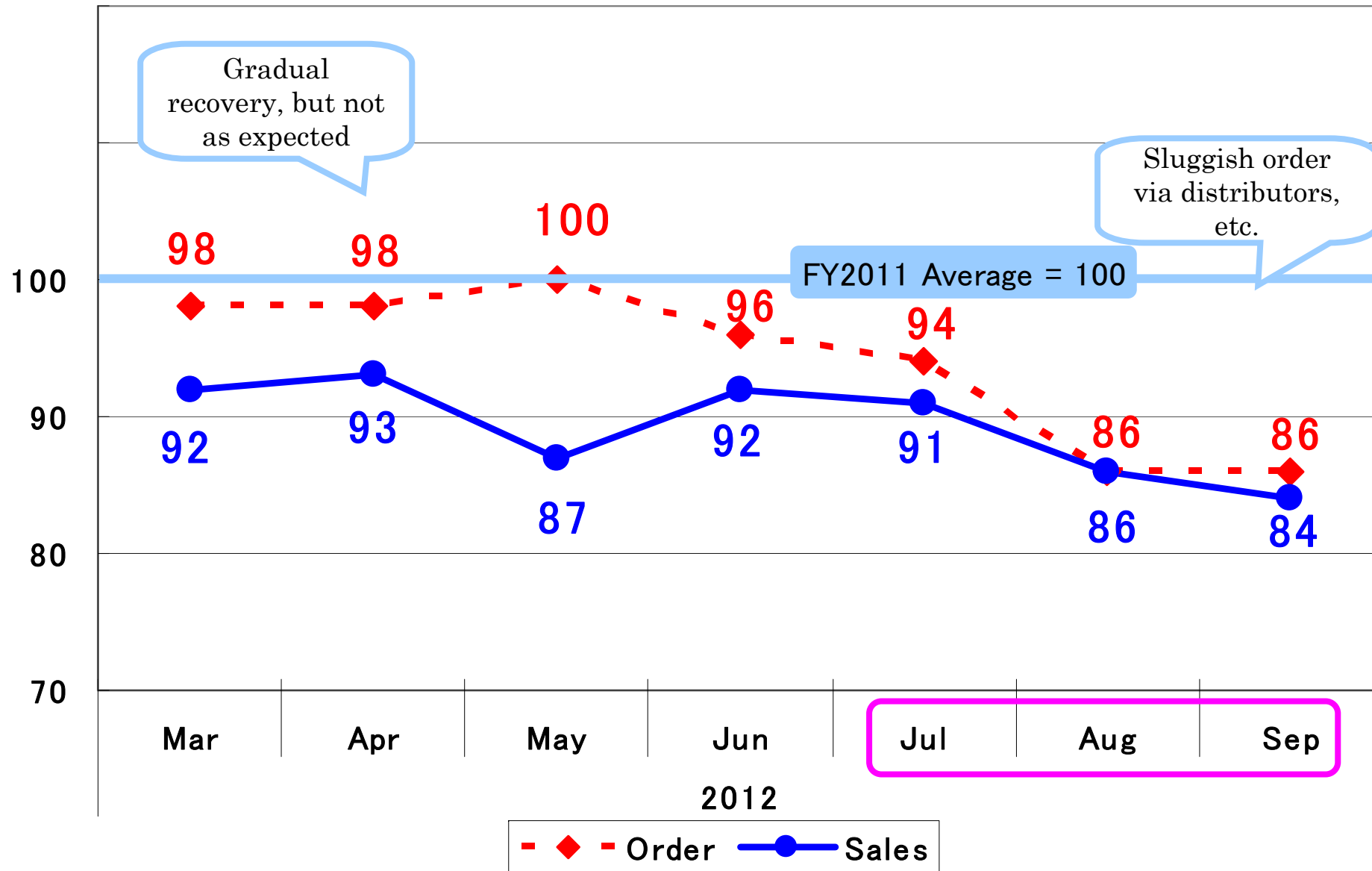
### Digital Consumer Electronic



**Automotive**

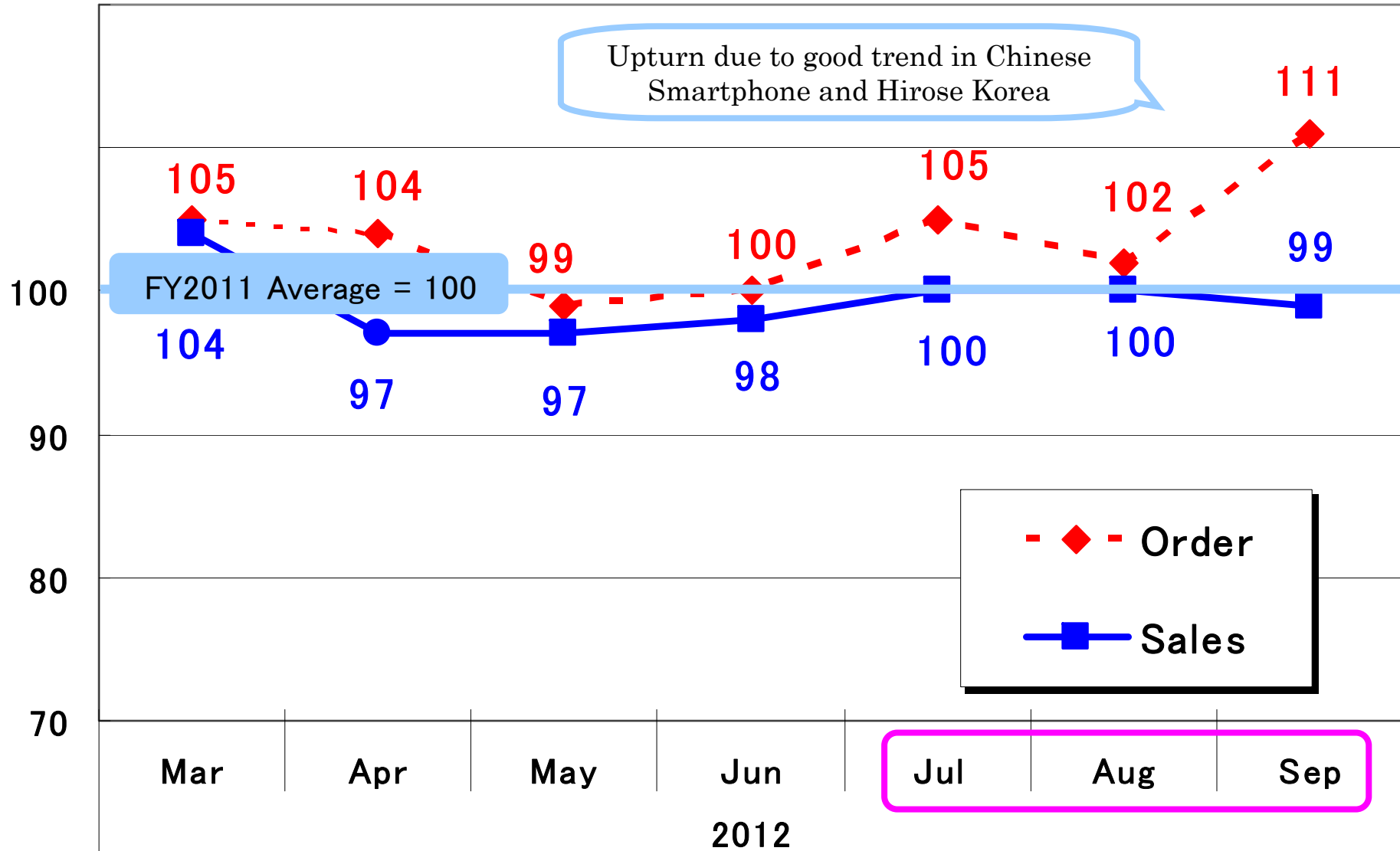


**Associated Electric Equipment,  
FA Controlling Device, and Others**





**Consolidated Sales / Order**



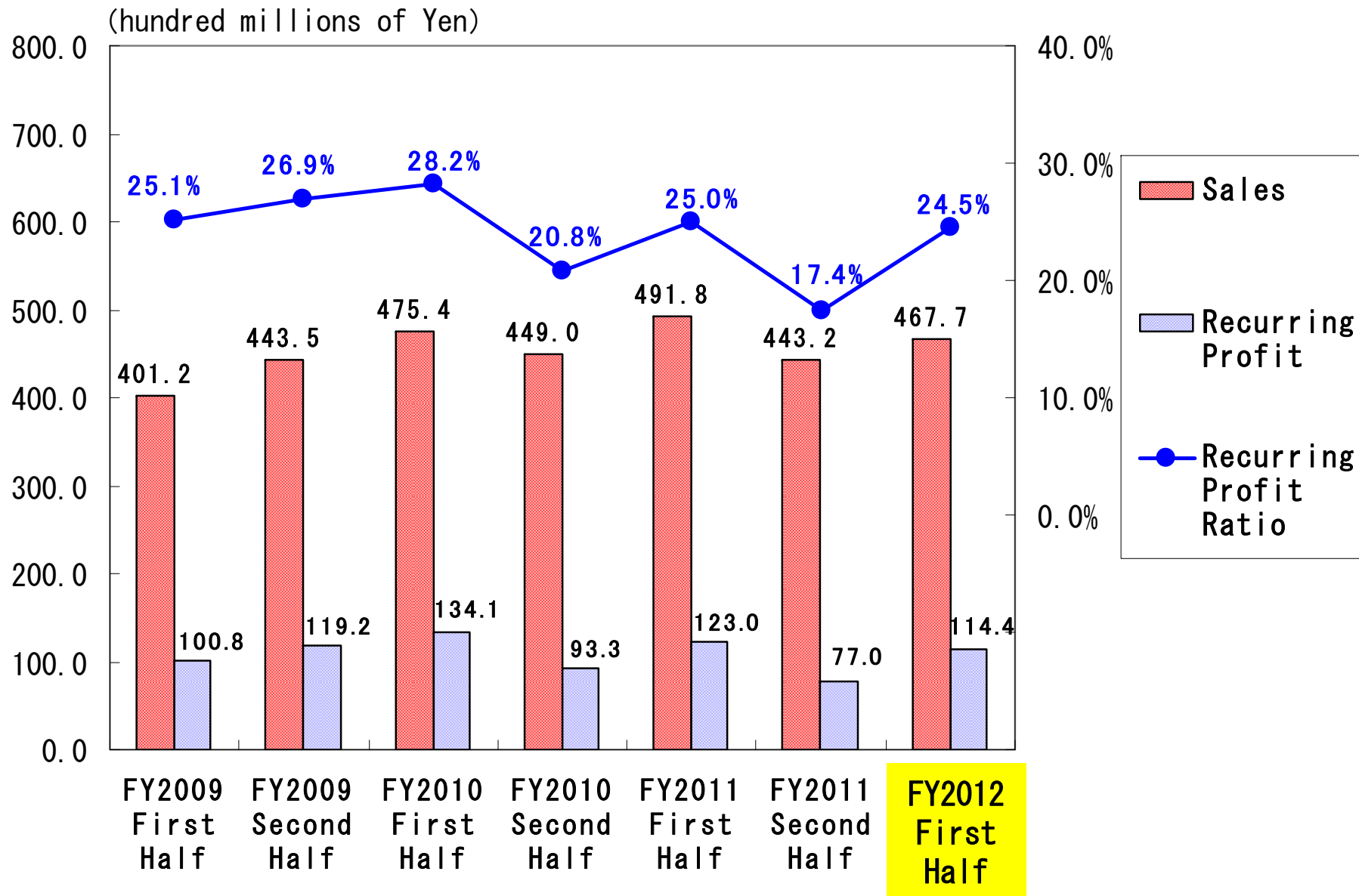
# Business Results for 2Q FY2012

Note) Green Italics number: data announced on May 2012

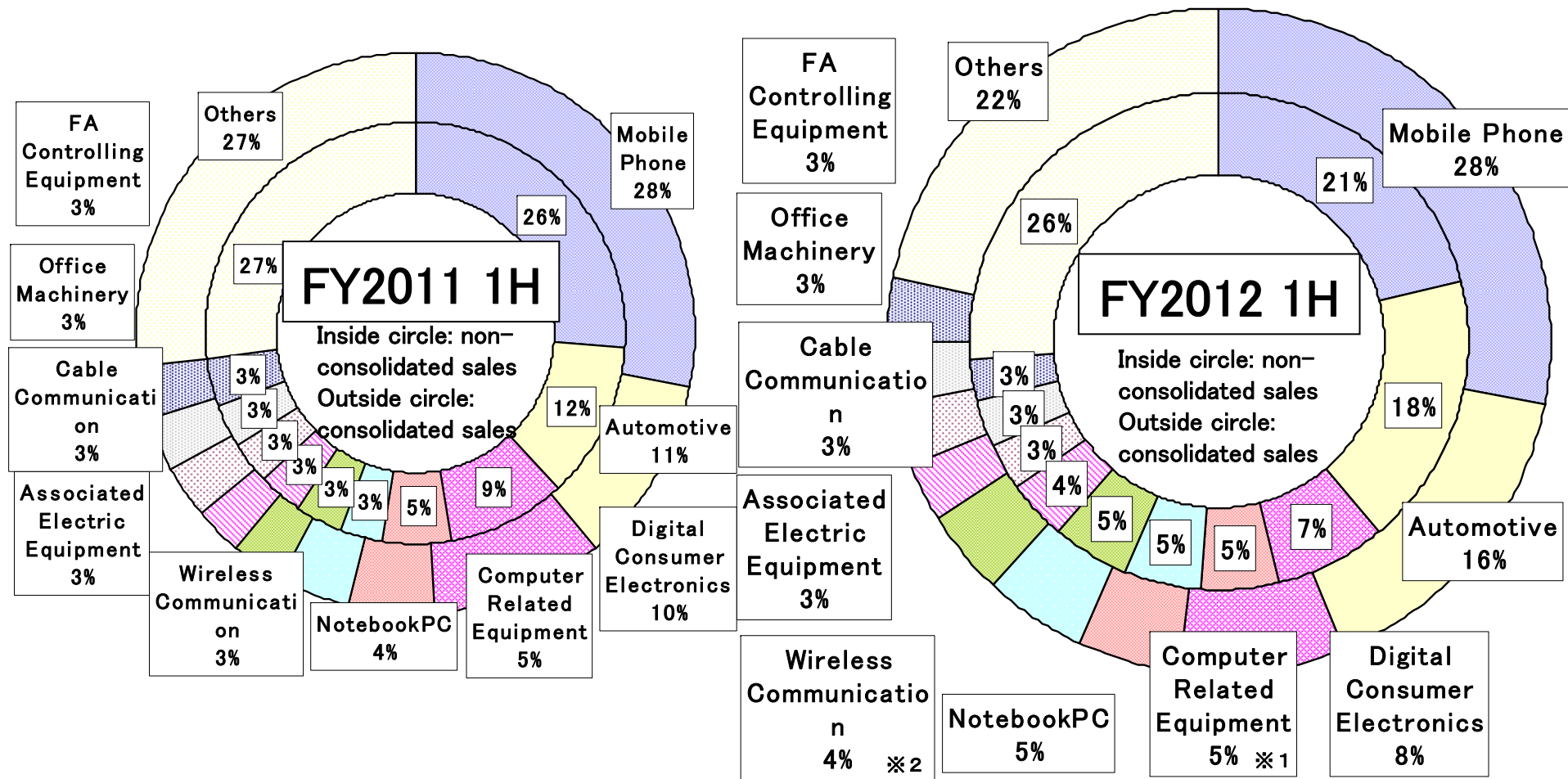
(hundred millions of Yen)

	(A)FY2011 1Q & 2Q	(B)FY2012 1Q & 2Q	(B)-(A)	(B)/(A)	Major changes over prior same period (unit: hundred millions of Yen)
<b>Sales</b>	<b>491.8</b>	<b>470.0</b>	<b>-2.3</b>	<b>-0.5%</b>	[Sales] 24.1 decrease Hirose -43.8      Hirose Korea +20.1
(COGS Ratio)	(57.4%)	(56.5%)	(-0.9%)		[COGS Ratio] 0.9 point decrease
(SGA Ratio)	(19.0%)	(20.0%)	(+1.0%)		Purchase Cost Ratio 42.7% →40.9%
<b>Operating Profit</b>	<b>116.1</b>	<b>109.6</b>	<b>-6.5</b>	<b>-5.6%</b>	[SGA Ratio] 1.0 point increase
(%)	23.6%	23.4%	(-0.2%)		Sales decrease and slight increase in depreciation
<b>Recurring Profit</b>	<b>123.0</b>	<b>114.4</b>	<b>-8.6</b>	<b>-7.0%</b>	[Non-Operating Expenses]
(%)	25.0%	24.5%	(-0.5%)		Interest Received & Dividend 4.9→4.2
<b>Net Profit</b>	<b>73.9</b>	<b>68.0</b>	<b>-5.9</b>	<b>-7.9%</b>	Foreign Exchange Loss 0.5→1.6
(%)	15.0%	14.5%	(-0.5%)		
<b>Total Assets</b>	<b>2,603.6</b>	<b>2,664.8</b>	<b>61.2</b>	<b>2.3%</b>	
<b>Shareholders' Equity Ratio</b>	<b>89.5%</b>	<b>90.1%</b>			
<b>Income Per Share</b>	<b>209.6Yen</b>	<b>196.6Yen</b>			

# Half-Yearly Sales and Profits



# Sales by Market (round number)

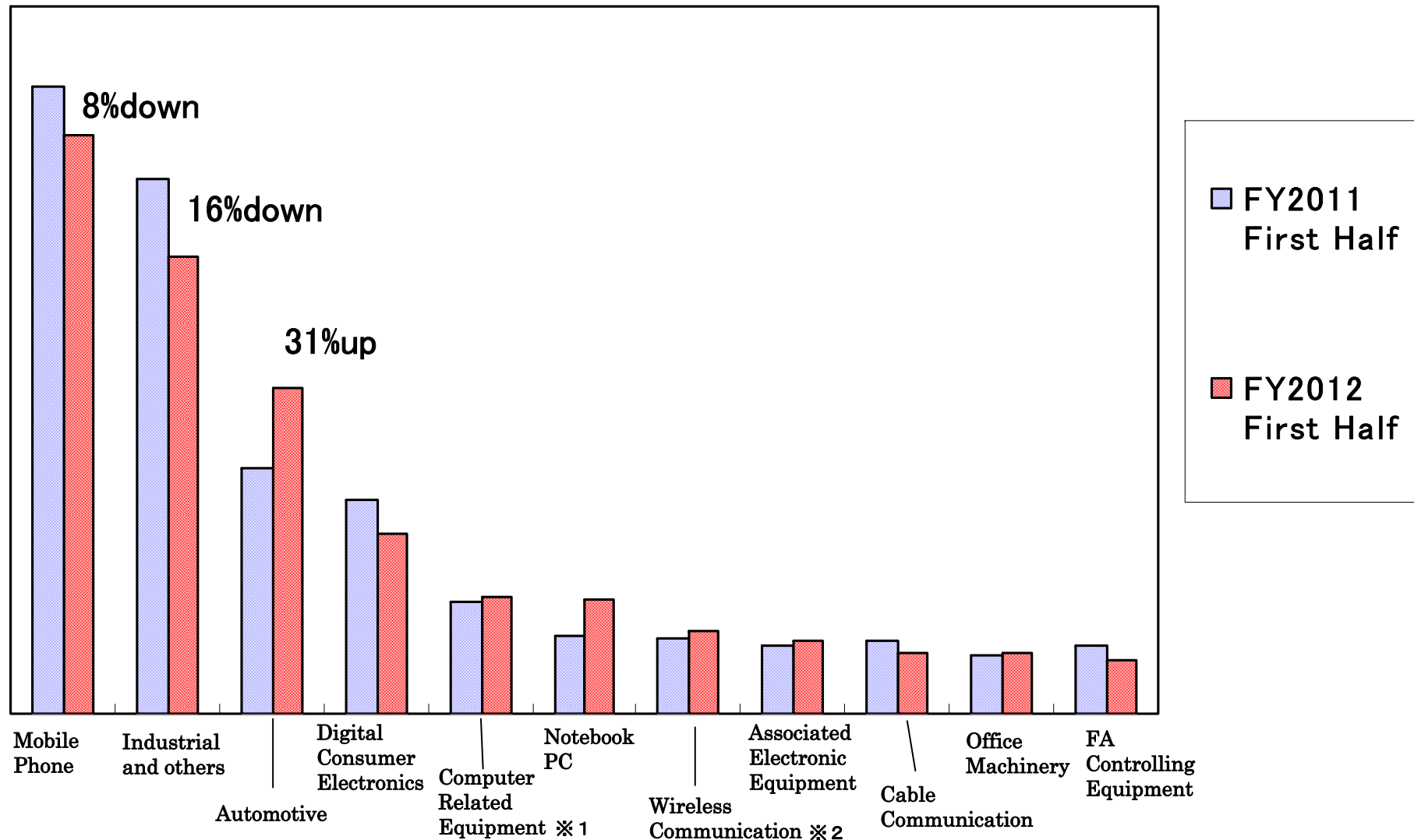


As this is in round number, please be noted that some ratio difference may occur. Thank you for your understanding.

※1 Computer Related Equipment – Notebook PC not included.

※2 Wireless Communication – Mobile Phone not included.

# Sales Changes by Markets (in round numbers) [Consolidated basis]

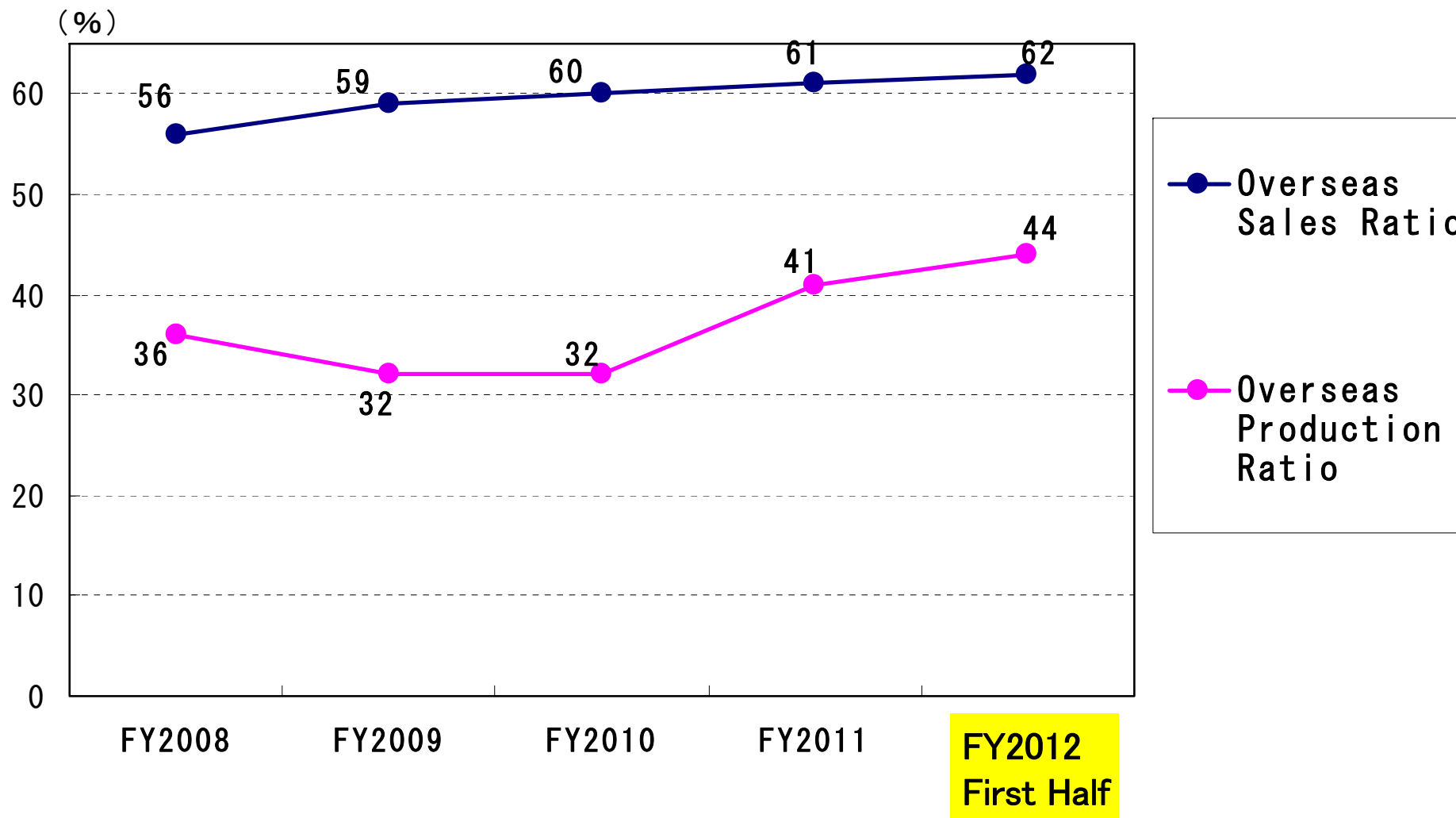


As this is in round number, please be noted that some ratio difference may occur. Thank you for your understanding.

※1 Computer Related Equipment – Notebook PC not included.

※2 Wireless Communication – Mobile Phone not included.

# Overseas Production and Sales Ratio



# Changes in Consolidated Balance Sheet

(hundred millions of Yen)

Account	(A) Mar 31, 2012	(B) Sep 30, 2012	(B) – (A)	Remark
Cash and Cash in Bank	<b>1,077.0</b>	<b>1,141.0</b>	<b>64.0</b>	Increase in Hirose and domestic subsidiary
Trade Receivables	<b>233.4</b>	<b>237.9</b>	<b>4.5</b>	Increase in Hirose Korea, etc.
Inventories	<b>71.9</b>	<b>70.0</b>	<b>-1.9</b>	
Investment Securities	<b>590.1</b>	<b>561.5</b>	<b>-28.6</b>	Shift to short-term bonds in partial corporate bonds,
Others	<b>642.5</b>	<b>654.4</b>	<b>11.9</b>	Increase in corporate bond (short-term), etc.
<b>Total Assets</b>	<b>2,614.9</b>	<b>2,664.8</b>	<b>49.9</b>	

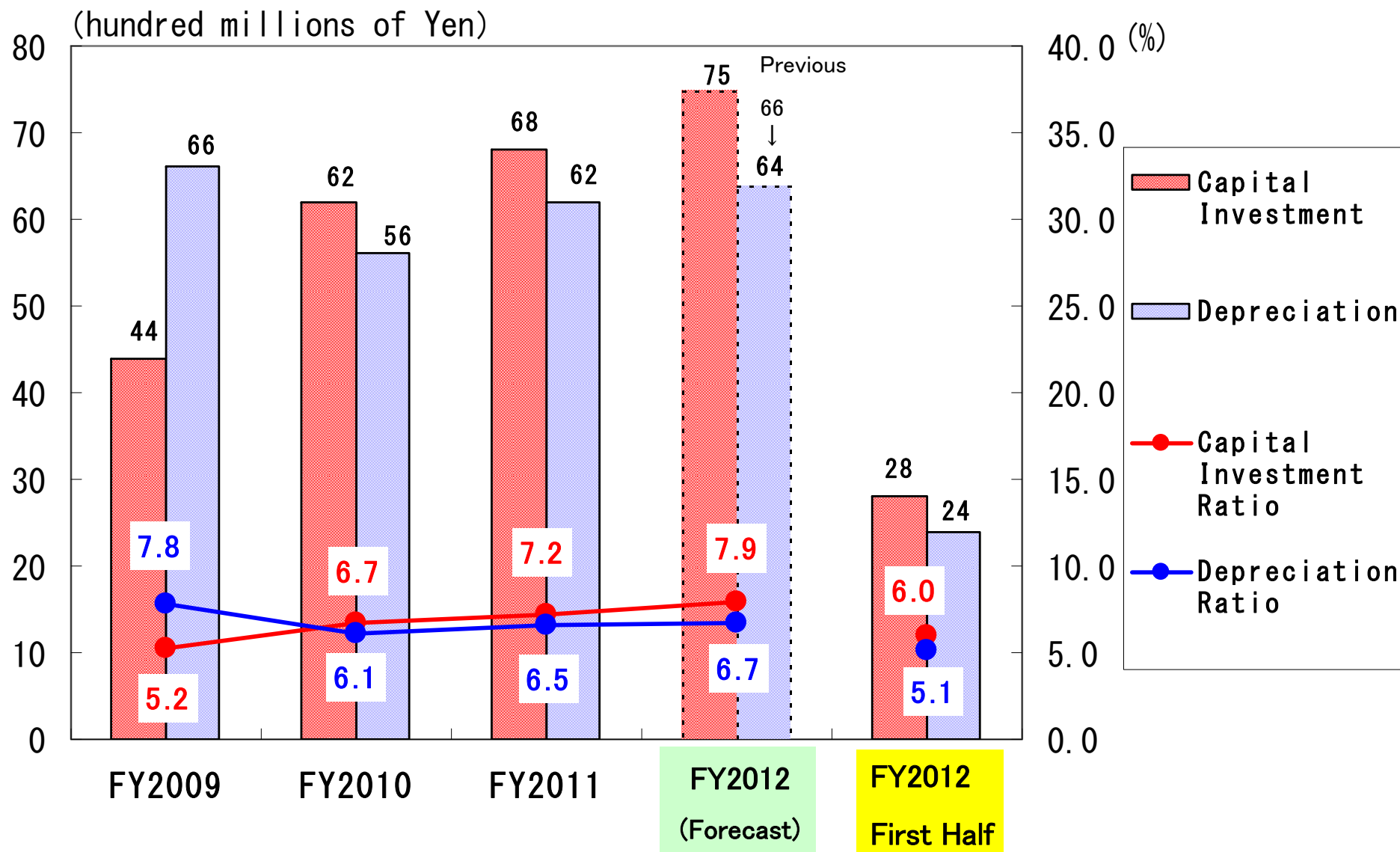
# Changes in Consolidated Balance Sheet

(hundred millions of Yen)

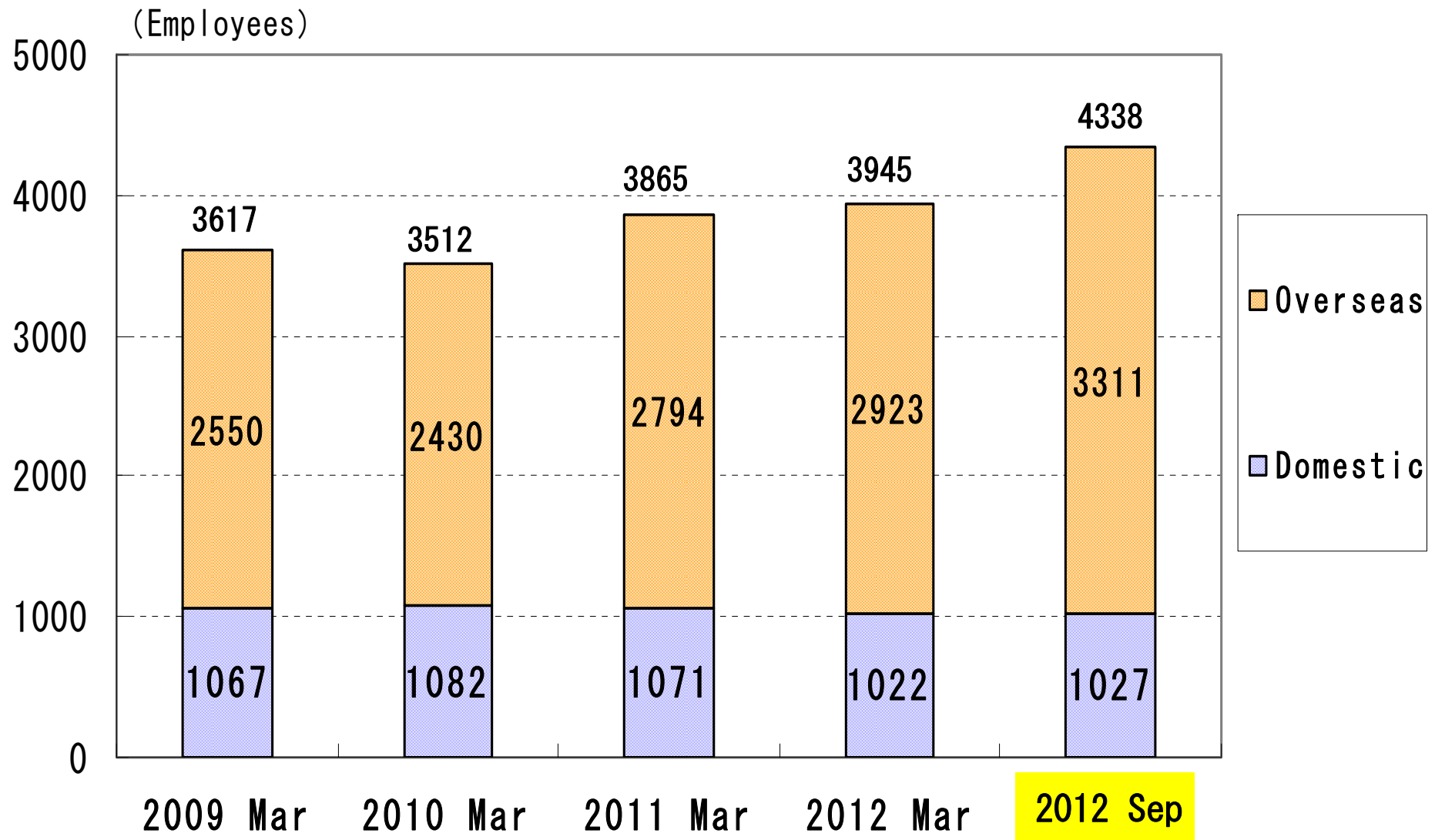
Account	(A) Mar 31, 2012	(B) Sep 30, 2012	(B) - (A)	Remark
Notes Payable and Account Payable	<b>104.2</b>	<b>109.9</b>	<b>5.7</b>	Increase in Hirose Korea, etc.
Income Taxes Payable, etc	<b>32.1</b>	<b>38.4</b>	<b>6.3</b>	Recognition - Payment of taxes
Others	<b>82.6</b>	<b>83.9</b>	<b>1.3</b>	
<b>Total Liabilities</b>	<b>218.9</b>	<b>232.2</b>	<b>13.3</b>	
Retained Earnings	<b>2,696.2</b>	<b>2,745.2</b>	<b>49.0</b>	Net Profit 68.0 - Dividend 19.0
Treasury Stocks	<b>-546.9</b>	<b>-546.9</b>	<b>0.0</b>	
Valuation Variance	<b>23.9</b>	<b>25.9</b>	<b>2.0</b>	
Translation Adjustment	<b>-45.0</b>	<b>-62.0</b>	<b>-17.0</b>	Due to strong yen
Others	<b>267.8</b>	<b>270.4</b>	<b>2.6</b>	
<b>Total Shareholders' Equity</b>	<b>2,396.0</b>	<b>2,432.6</b>	<b>36.6</b>	
<b>Total Liabilities and Shareholders' Equity</b>	<b>2,614.9</b>	<b>2,664.8</b>	<b>49.9</b>	



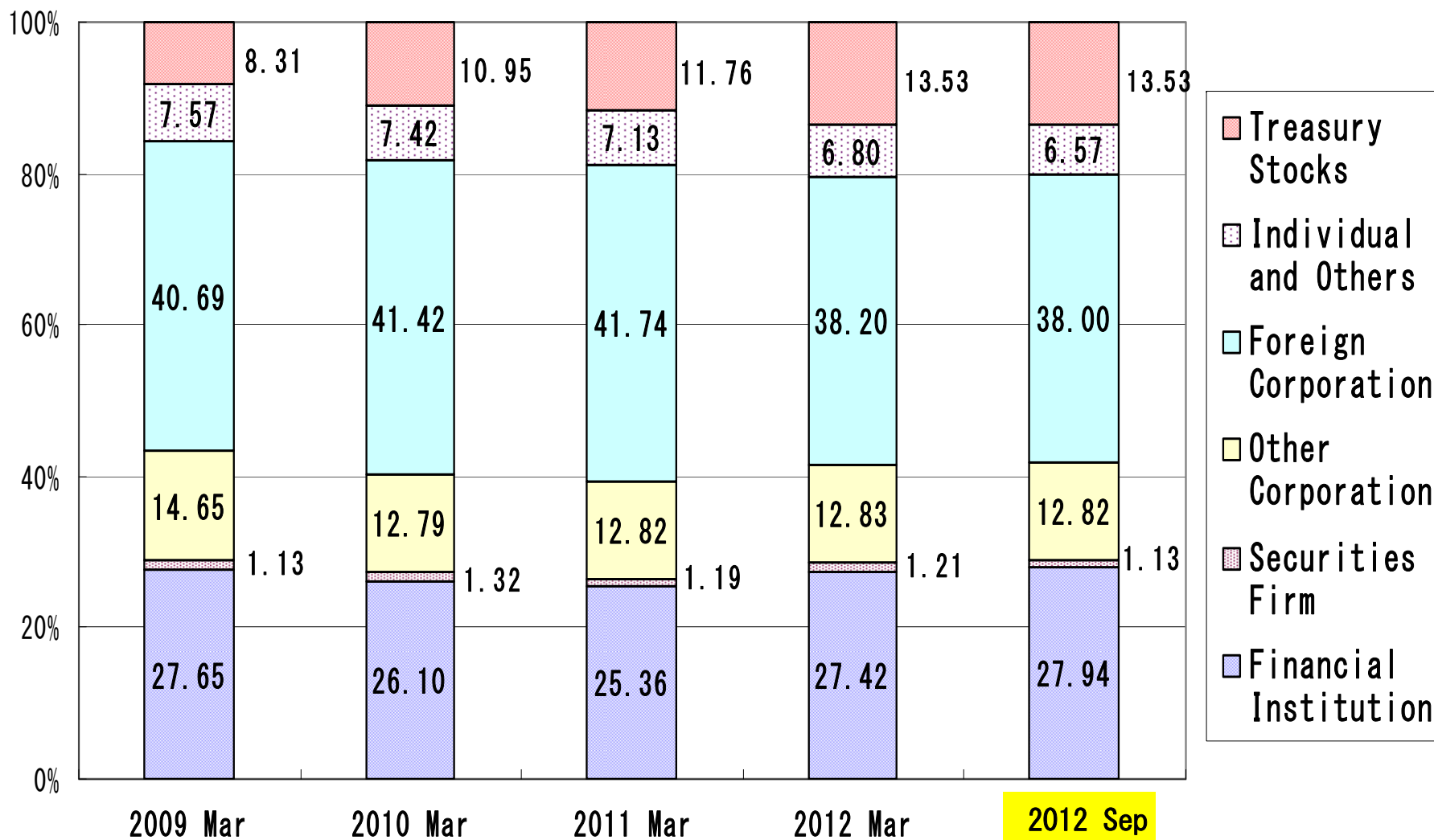
# Capital Investment and Depreciation Change (Domestic Consolidated Basis)



# Number of Employees (financial report basis)



# Distribution of Shareholders



# Business Forecast for the Year Ended March 31, 2013

Note) Green Italics number: data announced on May 2012

(hundred millions of Yen)

	FY2011 Actual		FY2012 Forecast		First Half Over the Previous Actual Amount		For the Year Over the Previous Actual Amount	
	First Half	For the Year	First Half	For the Year	Amount Change	%	Amount Change	%
Sales (COGS)	<b>491.8</b> (57.4%)	<b>947.9</b> (59.3%)	<i>470.0</i> 467.7 (56.5%)	<i>985.0</i> 950.0 (58.4%)	<i>-2.3</i> -24.1	<i>-0.5%</i> -4.9%	<i>-35.0</i> 2.1	<i>-3.6%</i> 0.2%
Operating Profit (%)	<b>116.1</b> 23.6%	<b>195.5</b> 20.6%	<i>95.0</i> 109.6 23.4%	<i>210.0</i> 200.0 21.1%	<i>14.6</i> -6.5	<i>15.4%</i> -5.6%	<i>-10.0</i> 4.5	<i>-4.8%</i> 2.3%
Recurring Profit (%)	<b>123.0</b> 25.0%	<b>209.2</b> 22.1%	<i>100.0</i> 114.4 24.5%	<i>220.0</i> 210.0 22.1%	<i>14.4</i> -8.6	<i>14.4%</i> -7.0%	<i>-10.0</i> 0.8	<i>-4.5%</i> 0.4%
Net Profit (%)	<b>73.9</b> 15.0%	<b>128.2</b> 13.5%	<i>65.0</i> 68.0 14.5%	<i>140.0</i> 130.0 13.7%	<i>3.0</i> -5.9	<i>4.6%</i> -8.0%	<i>-10.0</i> 1.8	<i>-7.1%</i> 1.4%
Income Per Share	—	366.11Yen	—	375.68Yen	<b>【Reason for Full Year Revision】</b> We downwardly revised the business forecast by taking into consideration the lag in the business of partial mobile/smartphone maker, the sluggish order in industrial equipment, and the impact of production reduction in domestic automotive maker, etc.			
Dividend Per Share	<b>75Yen</b>	<b>130Yen</b>	<b>70Yen</b>	<b>140Yen</b>				
Dividend Payout Ratio	—	<b>35.5%</b>	—	<b>37.3%</b>				



# Additional Acquisition of Hirose Korea Shares

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The board of directors have decided on increasing the investment ratio of Hirose Korea, our consolidated subsidiary, on October 31<sup>st</sup> 2012

## 1. Reason for Additional Acquisition of Shares

We have decided to increase the investment ratio from 75% to approximately 97% of Hirose Korea which became our consolidated subsidiary on December 2010.

The reason for this additional acquisition is to strengthen the link and conduct smoother group operation between Hirose Korea, which develops, manufacture and sell electronic components especially connectors, with electronic manufacturers within Korea as main customers.

Moreover, the rest of the share (approximately 3%) will continuously be held by the Korean company Daitek GDS.

## 2. The Company of the Share to be Acquired

We will acquire 72,500 shares from Daitek GDS.



# Additional Acquisition of Hirose Korea Shares

## 3. Number of Acquired Shares and Acquisition Cost, and Owned Share Situation Before and After the Acquisition

(1)	Number of Shares Owned Before the Acquisition	247,500 shares (Number of voting rights: 247,500) (Holding rate : 75.00%)
(2)	Number of Acquired Shares	72,500 shares (Number of voting rights: 72,500) (Ratio in the outstanding shares: 21.97%) (Acquisition cost : 40,382 million won 3,032 million yen) (100won=7.51yen)
(3)	Number of Shares Owned After the Acquisition	320,000 shares (Number of voting rights: 320,000) (Holding rate : 96.97%)

## 4. Date

(1)	Corporate Resolution	October 31, 2012
(2)	Stock Transfer Contract Conclusion	November 9, 2012 (scheduled)
(3)	Stock Certificate Delivery Date	November 19, 2012 (scheduled)

## 5. Future forecast

As Hirose Korea is already our consolidated subsidiary, the influence to our consolidated business result regarding this case will be insignificant.