

# **Business Results for First Quarter, FY2008**

**Aug 8.2008**

**Hirose Electronic  
Co., LTD**

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## Cautionary Statement

**In this material, there are descriptions based on current estimation by Hirose Electronic.**

**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 Results Summary for First Quarter, FY2008

(unit : hundred millions of Yen)

	(A)FY2007 First Quarter	(B)FY2008 First Quarter	(B)-(A)	(B)/(A)
<b>Sales</b>	279.2	261.2	-18.0	-6.4%
(COGS Ratio)	(53.2%)	(55.0%)	(+1.8%)	
(SGA ratio)	(16.4%)	(18.5%)	(+2.1%)	
<b>Operating Profit</b>	84.9	69.2	-15.7	-18.5%
(%)	30.4%	26.5%	(-3.9%)	
<b>Ordinary Profit</b>	90.6	75.2	-15.4	-17.0%
(%)	32.4%	28.8%	(-3.6%)	
<b>Net Profit</b>	52.1	43.3	-8.8	-16.9%
(%)	18.7%	16.6%	(-2.1%)	
<b>Total Assets</b>	2,640.0	2,683.2	43.2	1.6%
<b>Shareholder's Equity Ratio</b>	89.0%	89.4%		
<b>Income Per Share</b>	134.6Yen	114.5Yen		

Major Changes over the prior same period (hundred millions of Yen)

**[Sales] 18.0 decrease**

	Foreign
Hirose	Subsidiaries
-13.7	-4.3

**[COGS Ratio] 1.8 point increase**

Purchase cost ratio 47.0% => 47.8%

**Depreciation ratio 4.9% => 6.0%**

**[SGA ratio] 2.1point increase**

Increase in fees managing the new system etc.

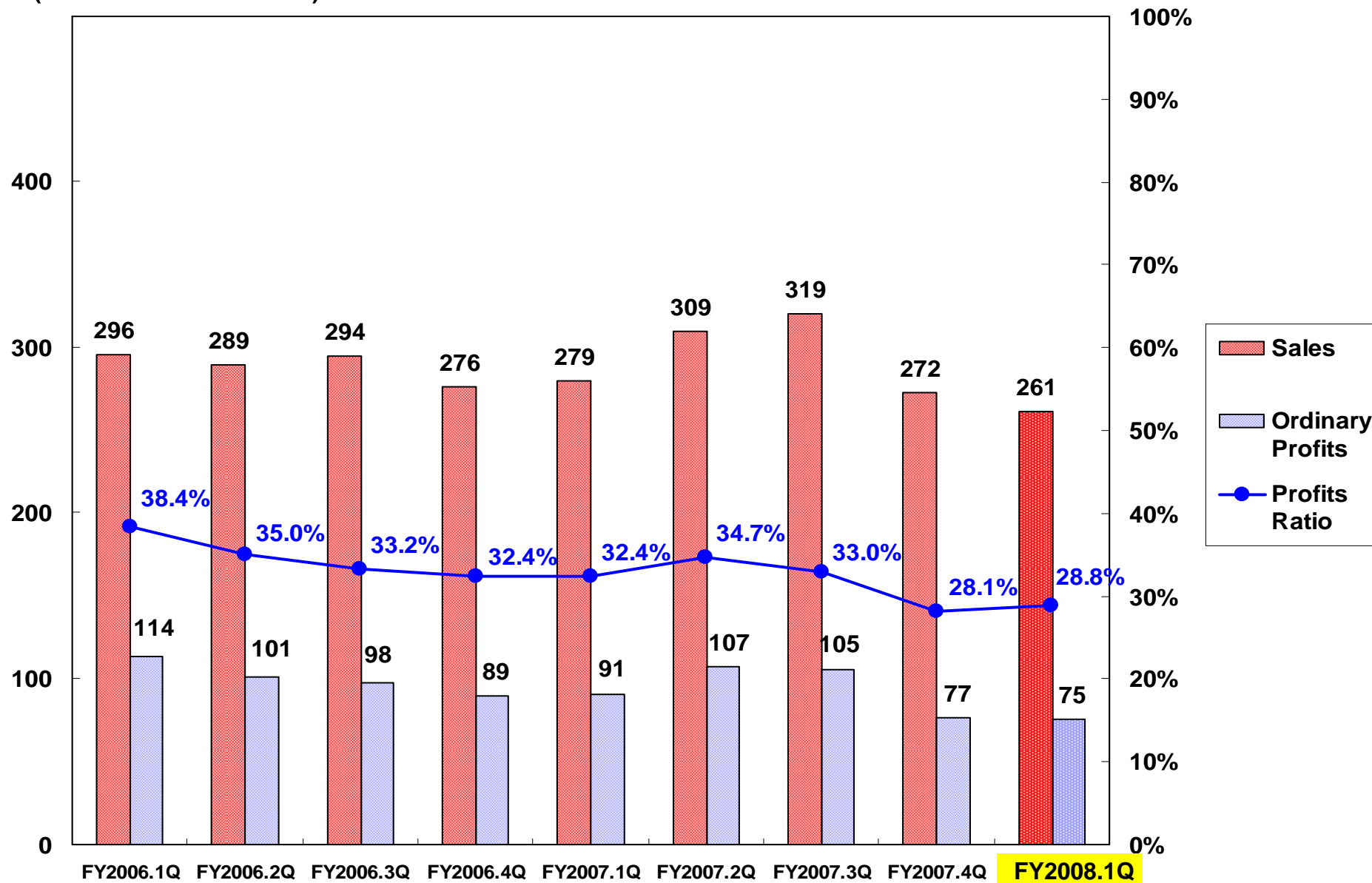
**[Non-operating expenses]**

Equity method profit 1.6=>1.0

Interest received and dividend 3.3=>4.3

# Sales and Profits by Quarter

(hundred millions of Yen)



# Major Changes in Consolidated Balance Sheet

(hundred millions of Yen)

Account	(A)March 31, FY2008	(B)June 30, FY2008	(B)-(A)	Remarks
Cash and Cash in bank	1,252.5	1,260.9	8.4	Small increase of cash in Hirose and foreign subsidiaries
Trade Receivables	312.1	294.1	-18.0	Decrease in sales (4Q: 259.6 =>1Q: 247.6 -12.0 difference)
Investment Securities	533.2	537.2	4.0	Stock prices risen
Others	585.8	591.0	5.2	
<b>Total Assets</b>	<b>2,683.6</b>	<b>2,683.2</b>	<b>-0.4</b>	

# Major Changes in Consolidated Balance Sheet

(hundred millions of Yen)

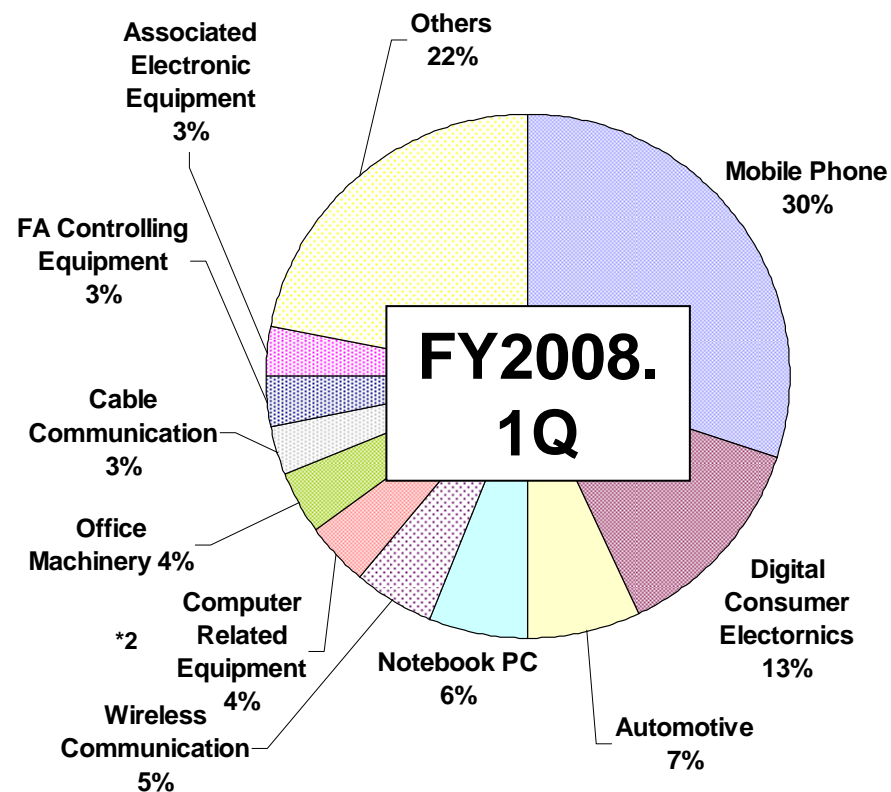
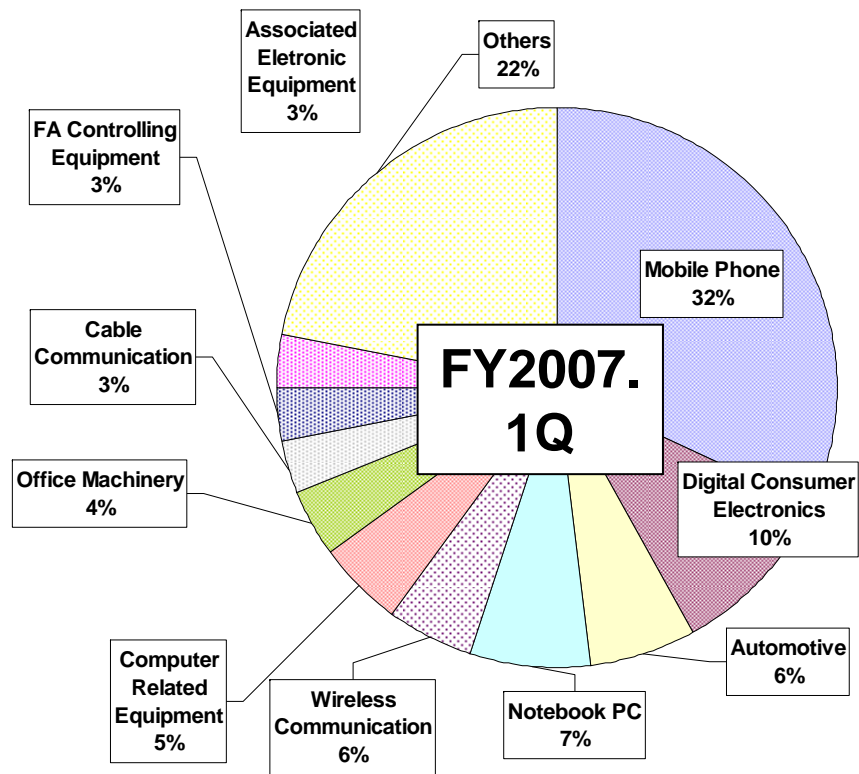
Account	(A)March 31, FY2008	(B)June 30, FY2008	(B)-(A)	Remarks
Trade Payables	162.7	146.9	-15.8	Purchase decrease
Income Tax Payables	58.8	34.1	-24.7	Due to Tax Payment
Others	89.4	103.0	13.6	Accounts Payable +13.2
<b>Total Liabilities</b>	<b>310.9</b>	<b>284.0</b>	<b>-26.9</b>	
Retained Earnings	2,388.3	2,401.3	13.0	Net income 43.2 - Dividend 30.2
Treasury Stock	-265.0	-265.0	0.0	
Valuation Variance	25.6	27.7	2.1	Stock prices risen
Translation Adjustment	-14.2	-2.9	11.3	Adjustment due to weak yen
Others	238.0	238.1	0.1	
<b>Total Shareholder's Equity</b>	<b>2,372.7</b>	<b>2,399.2</b>	<b>26.5</b>	
<b>Total Liabilities and Shareholder's Equity</b>	<b>2,683.6</b>	<b>2,683.2</b>	<b>-0.4</b>	

# Cash Flow

(hundred millions of Yen)

	(A)FY2007, Q1	(B)FY2008, Q1	(B)-(A)	Main Changes
<b>Cash Flows from Operating Activities</b>	<b>67.2</b>	<b>52.5</b>	<b>-14.7</b>	Pre-tax income decrease -15.3 Accounts payable increase -20.4 Inventory increase -6.9 Depreciation increase 3.4 Accounts receivable decrease 11.4 Payment for Corporation tax 18.6
<b>Cash Flows from Investing Activities</b>	<b>-35.2</b>	<b>-125.4</b>	<b>-90.2</b>	Increase of Time deposit over 3 month's period -101.4 Expenditure of tangible fixed assets of decrease 9.9
<b>Cash Flows from Financing Activities</b>	<b>-108.7</b>	<b>-29.4</b>	<b>79.3</b>	Decrease of Treasury stock 79.8
<b>Effect of exchange rate change</b>	<b>5.5</b>	<b>7.7</b>	<b>2.2</b>	
<b>Decrease in cash and cash equivalents</b>	<b>-71.2</b>	<b>-94.6</b>	<b>-23.4</b>	
<b>Cash and cash equivalents, beginning balance</b>	<b>1,244.8</b>	<b>602.5</b>	<b>-642.3</b>	
<b>Cash and cash equivalents, ending balance</b>	<b>1,173.5</b>	<b>507.8</b>	<b>-665.7</b>	

# Sales Ratio by Markets (in round numbers)



\*1

From FY2008, with the updated database, we will be classifying the proportion ratio as the above.

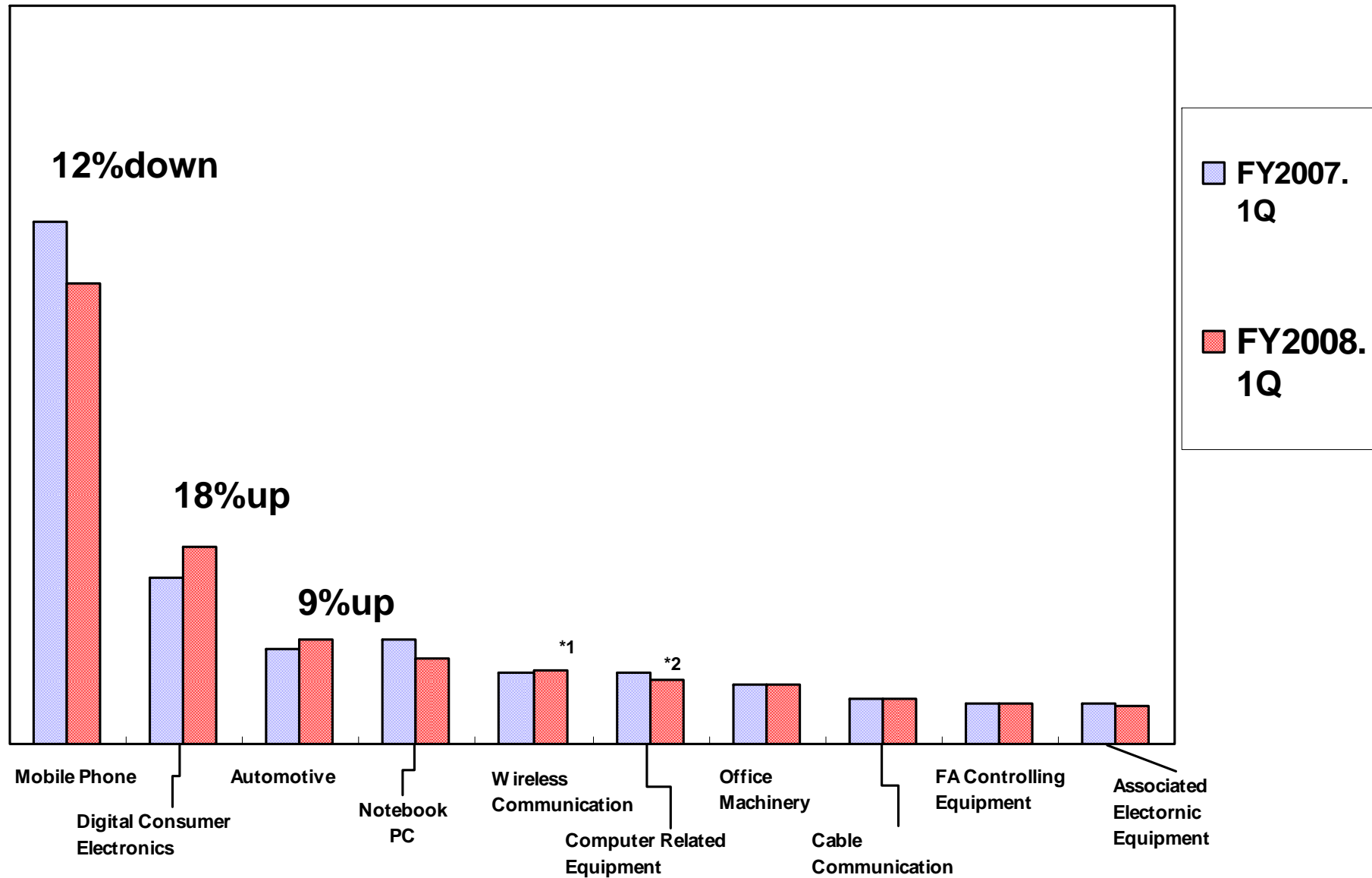
Based on this, the number of FY2007. 1Q is indicated in similar classification.

\*1 Wireless Communication --- Mobile Phone not included

\*2 Computer Related Equipment --- Notebook PC not included



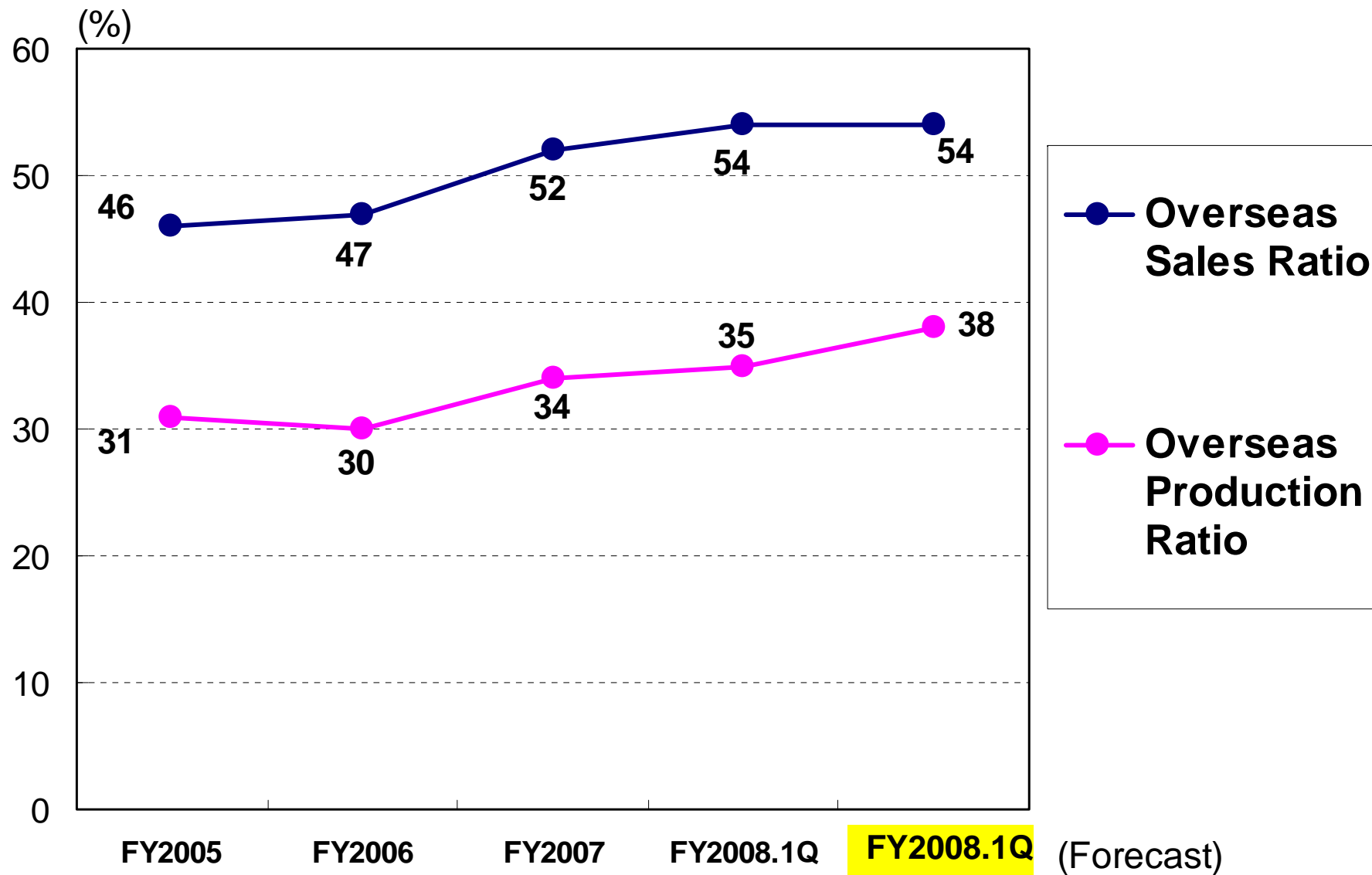
# Sales Changes by Markets, FY2007.1Q and FY2008.1Q (round numbers)



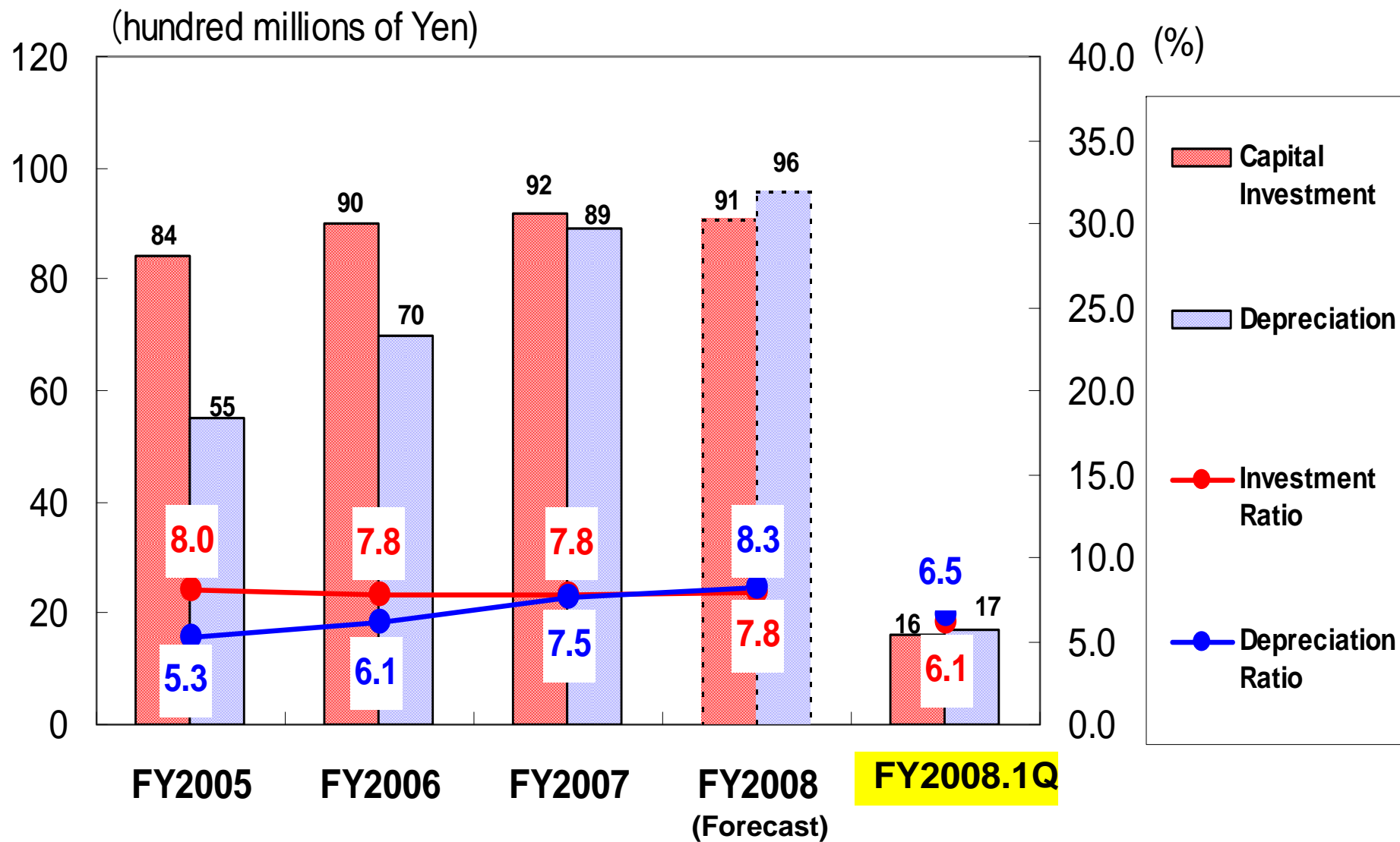
\*1 Wireless Communication --- Mobile Phone not included

\*2 Computer Related Equipment --- Notebook PC not included

# Overseas Production & Sales Ratio



# Capital Investment & Depreciation Change



# FY2008 Business Forecast

\*"Previous" regarding the Business forecast of FY2008 on May 13th, FY2008

(hundred millions of Yen)

	Previous Forecast(FY2008)			Present Forecast(FY2008)			First half Over the previous forecast		Second half Over the previous forecast		For the Year Over the previous forecast	
	First half	Second half	For the Year	First half	Second half	For the Year	Amount changes	% Change	Amount changes	% Change	Amount changes	% Change
	<b>Sales</b> (COGS Ratio)	577.0 (55.9%)	643.0 (56.0%)	1,220.0 (56.0%)	555.0 (55.8%)	605.0 (55.6%)	1,160.0 (55.7%)	-22.0	-3.8%	-38.0	-5.9%	-60.0
<b>Operating Profit</b> (%)	162.0 28.1%	186.0 28.9%	348.0 28.5%	150.0 27.0%	175.0 28.9%	325.0 28.0%	-12.0	-7.4%	-11.0	-5.9%	-23.0	-6.6%
<b>Ordinary Profit</b> (%)	171.0 29.6%	202.0 31.4%	373.0 30.6%	162.0 29.2%	188.0 31.1%	350.0 30.2%	-9.0	-5.3%	-14.0	-6.9%	-23.0	-6.2%
<b>Net Profit</b> (%)	100.0 17.3%	120.0 18.7%	220.0 18.0%	93.0 16.8%	112.0 18.5%	205.0 17.7%	-7.0	-7.0%	-8.0	-6.7%	-15.0	-6.8%
Profit per stock	-	-	<b>582.2Yen</b>	-	-	<b>542.49Yen</b>						
Dividend per stock	<b>80Yen</b>	<b>80Yen</b>	<b>160Yen</b>	<b>80Yen</b>	<b>80Yen</b>	<b>160Yen</b>						
Dividend payout ratio	-	-	<b>27.5%</b>	-	-	<b>29.5%</b>						

# Business Forecast For the Year Ended March 31, 2008



(unit: hundred millions of Yen)

	Actual (FY2007)			Forecast (FY2008)			First half Over the Same Period		Second half Over the Same Period		For the Year Over the Same Period	
	First half	Second half	For the Year	First half	Second half	For the Year	Ammount Changes	% Change	Ammount Changes	% Change	Ammount Changes	% Change
	<b>Sales</b> (COGS Ratio)	588.6 (52.8%)	591.8 (55.6%)	1,180.4 (54.2%)	555.0 (55.8%)	605.0 (55.6%)	1,160.0 (55.7%)	-33.6	-5.7%	13.2	2.2%	-20.4
<b>Operating Profit</b> (%)	184.9 31.4%	169.5 28.6%	354.4 30.0%	150.0 27.0%	175.0 28.9%	325.0 28.0%	-34.9	-18.9%	5.5	3.2%	-29.4	-8.3%
<b>Ordinary Profit</b> (%)	197.9 33.6%	181.9 30.7%	379.8 32.2%	162.0 29.2%	188.0 31.1%	350.0 30.2%	-35.9	-18.1%	6.1	3.4%	-29.8	-7.8%
<b>Net Income</b> (%)	117.1 19.9%	108.9 18.4%	226.0 19.1%	93.0 16.8%	112.0 18.5%	205.0 17.7%	-24.1	-20.6%	3.1	2.8%	-21.0	-9.3%
Income per share	-	-	<b>587.4Yen</b>	-	-	<b>542.49Yen</b>						
Dividend per share	<b>80Yen</b>	<b>80Yen</b>	<b>160Yen</b>	<b>80Yen</b>	<b>80Yen</b>	<b>160Yen</b>						
Dividend payout ratio	-	-	<b>27.2%</b>	-	-	<b>29.5%</b>						