

Business Results for Third Quarter, FY2008

Feb.9 2009

Hirose Electric

Co., LTD

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.

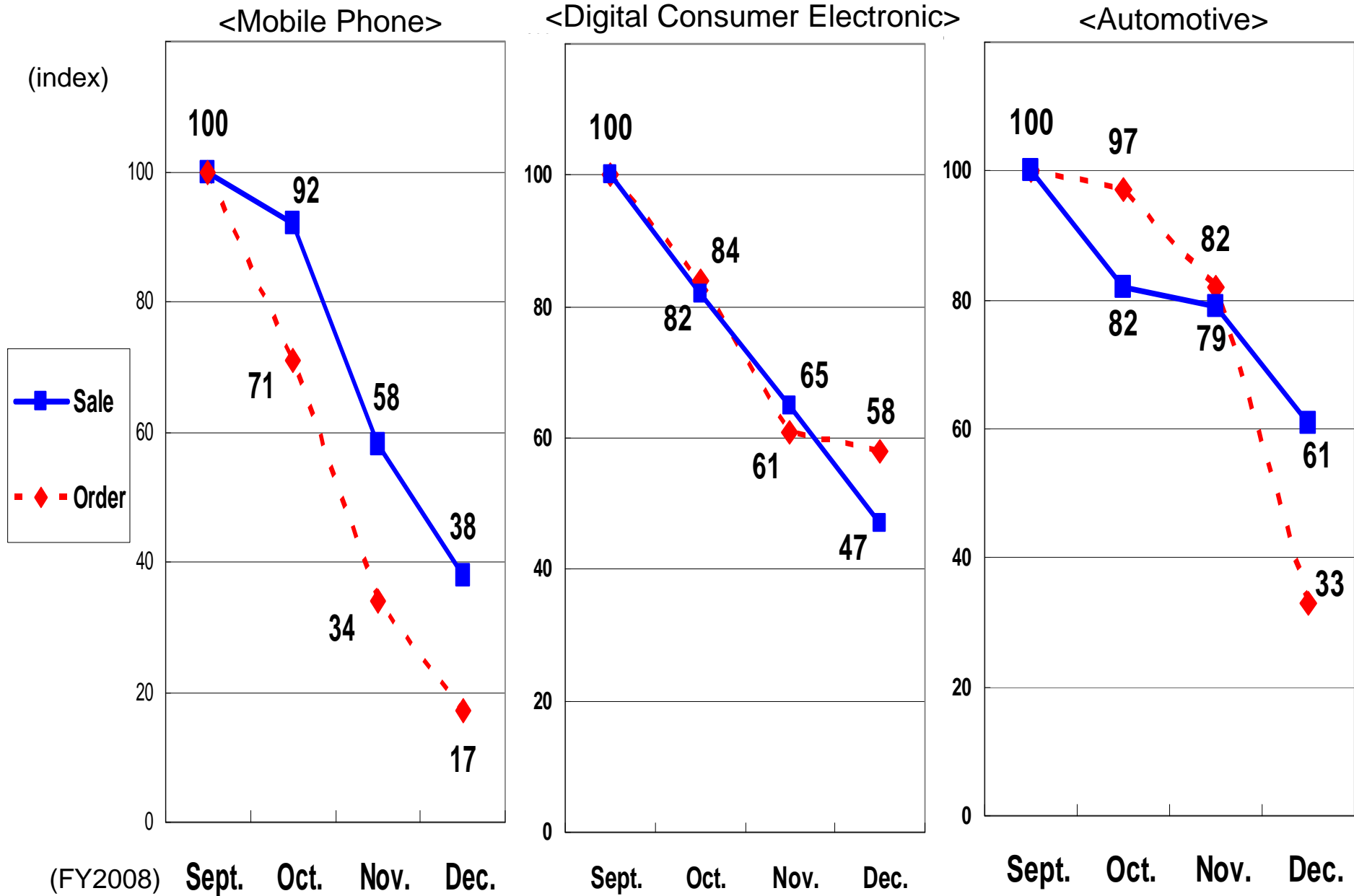
***Forward-looking statements include, but are not limited to, those statements using words such as “believe,” “expect,” “plans,” “strategy,” “prospects,” “forecast,” “estimate,” “project,” “anticipate,” “aim,” “may” or “might” and words of similar meaning in connection with a discussion of future operations,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

- Accompanied by the global pullback in consumer spending and a sharp and large downhill in real economy (which all started from the USA financial crisis), each set manufactures are reviewing the sale and production plan downward, and are strongly pushing forward inventory reduction.



- Since 2008 October, almost all of the orders from set manufactures, business companies and agencies have dropped drastically, regardless of domestic/overseas, applications or fields. (Although a part of mobile phones, digital consumer electronics continues to have firm orders.)
- The level of sales has also dropped drastically, although it continues to exceed the level of orders because of the backlog shipment and tight-deadline orders.

FY2008 3Q Orders and Sales Changes by Markets (Domestic Consolidation Base)



Improvement Measures for Current Business Situation

**Basic Concept: At the moment, we intend to limit the company scale according to the low level of sales.
However, we will continue to reinforce so we can bounce up when the economy recovers.**

Business Improvement Measures (e.g.)

1. Personnel
Expense
Related

- **Cutback on Executives' Compensation, and Managers' salary (from 2008/12)**
- **Overwork time cut (from 2008/10)**

2.
Production
Related

- **Temporary shutdown of domestic production subsidiaries (2009/1/17, 2/14)**
- **Introducing work sharing system for part-time and full-time workers at domestic production subsidiaries (from 2009/1)**
- **Taking in the outsourcing work inside Hirose (from 2009/1)**
- **Reduce direct workers of oversea production subsidiaries (from 2009/1, around 1000 people => mostly had left voluntarily or due to end of contract)**
- **Strengthen the CD activity (from 2008/11)**

3. Equipment &
IT investment,
Expense
Related

- **Cost cut on capital investment (from 2008/11)**
- **Strategic select of IT investment (from 2008/12)**
- **Intensify expense reduction in every way (from 2008/10)**

Business Results Summary for Third Quarter, FY2008

(hundred millions of yen)

	(A)FY2007 1Q - 3Q	(B)FY2008 1Q - 3Q	(B)-(A)	(B)/(A)
Sales	908.1	753.8	-154.3	-17.0%
(COGS Ratio)	(52.9%)	(56.7%)	(+3.8%)	
(SGA Ratio)	(15.7%)	(18.3%)	(+2.6%)	
Operating Profit	285.0	188.7	-96.3	-33.8%
(%)	31.4%	25.0%	(-6.4%)	
Ordinary Profit	303.3	204.2	-99.1	-32.7%
(%)	33.4%	27.1%	(-5.9%)	
Net Profit	181.9	122.1	-59.8	-32.9%
(%)	20.0%	16.2%	(-3.5%)	
Total Assets	2,751.6	2,505.8	-245.8	-8.9%
Shareholders' Equity Ratio	88.5%	91.3%		
Income Per Share	472.28yen	325.48yen		

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

[Sales] 154.3 decrease

	Foreign subsidiaries
Hirose	-18.8
	-135.5

[COGS Ratio] 3.8 point increase

Purchase Cost Ratio 47.6% => 48.9%

Depreciation Ratio 6.1% => 7.8%

[SGA Ratio] 2.6 point increase

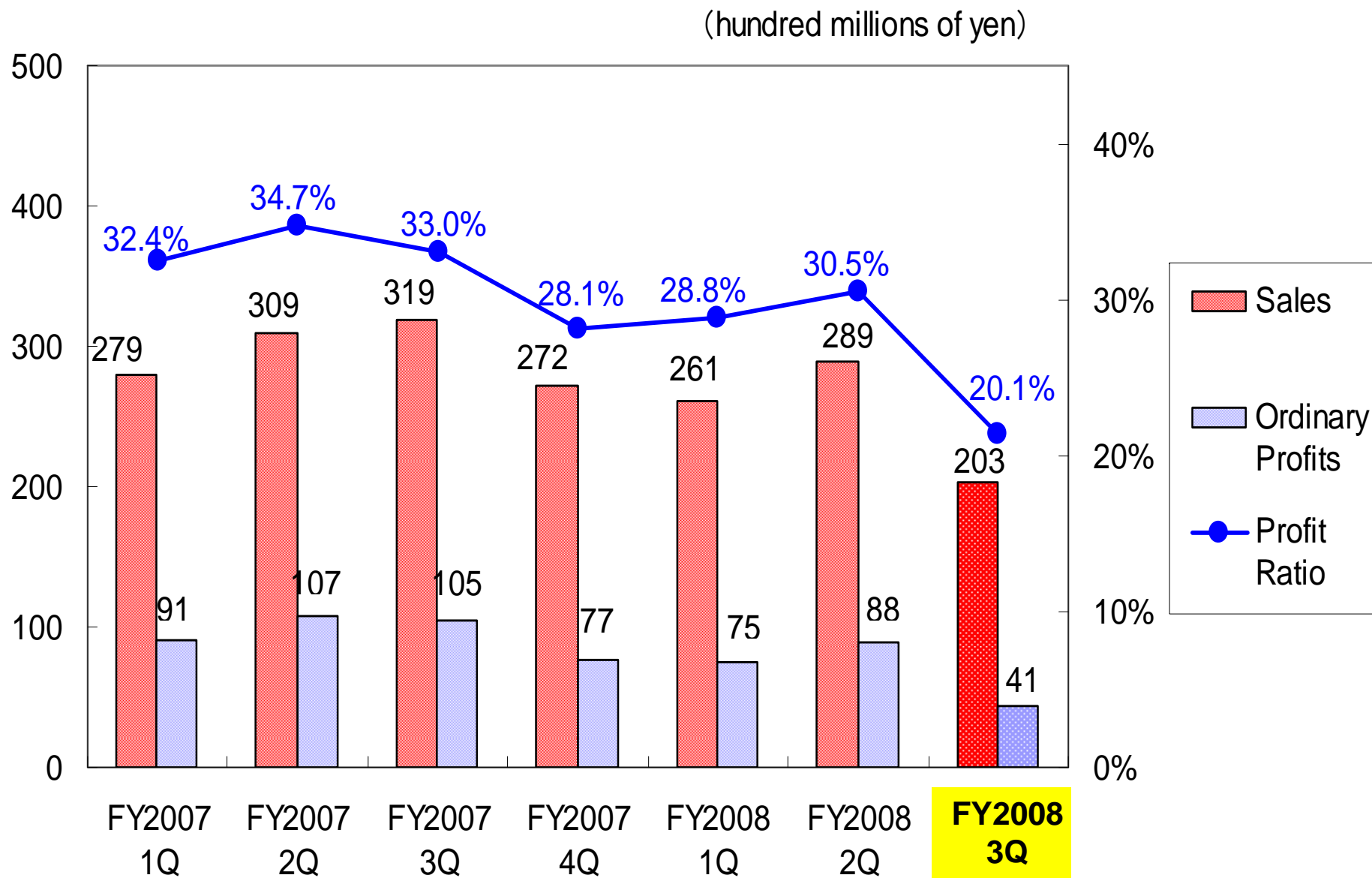
Increase in IT related cost, etc.

[Non-operating Expenses]

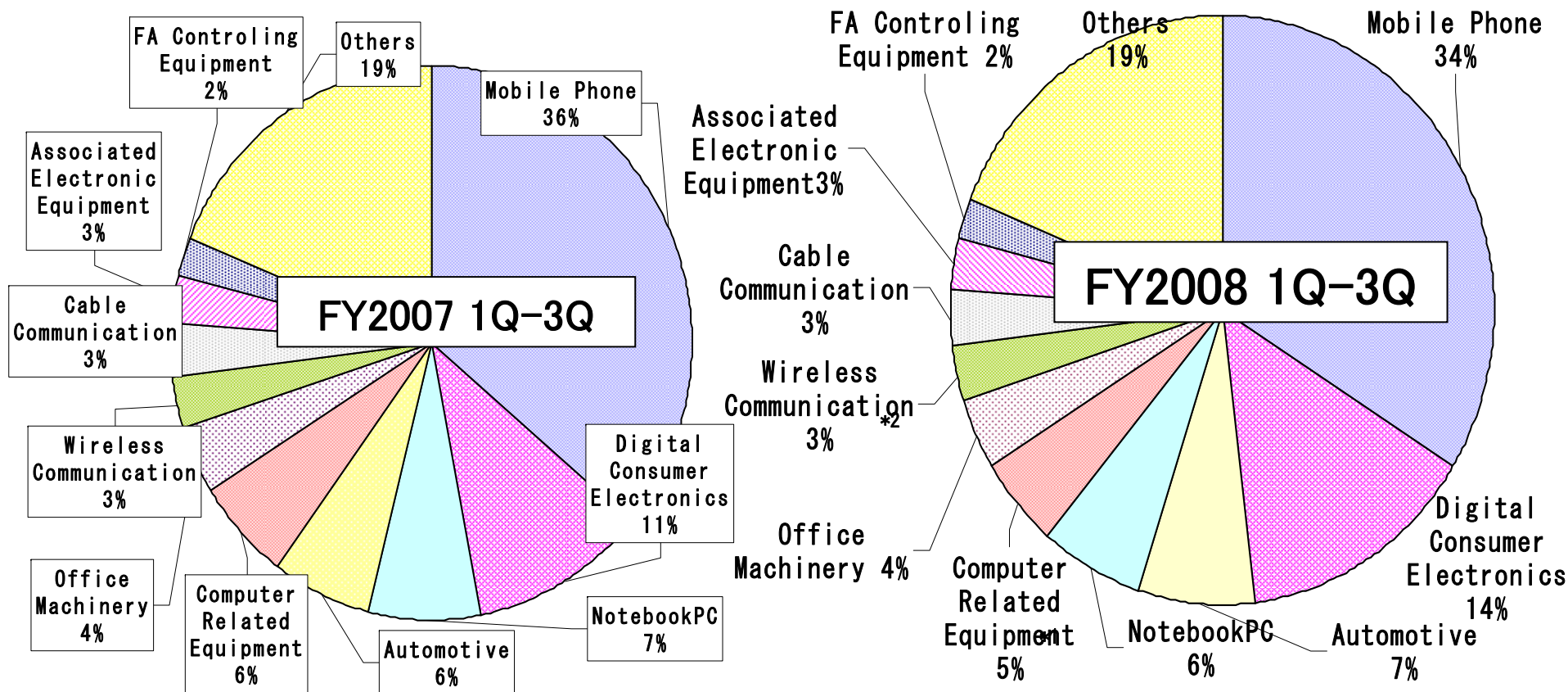
Equity Method Profit 5.2=>1.1

Interest Received and Dividend 10.2=>12.5

Sales and Profits



Sales Ratio by Markets (in round numbers)

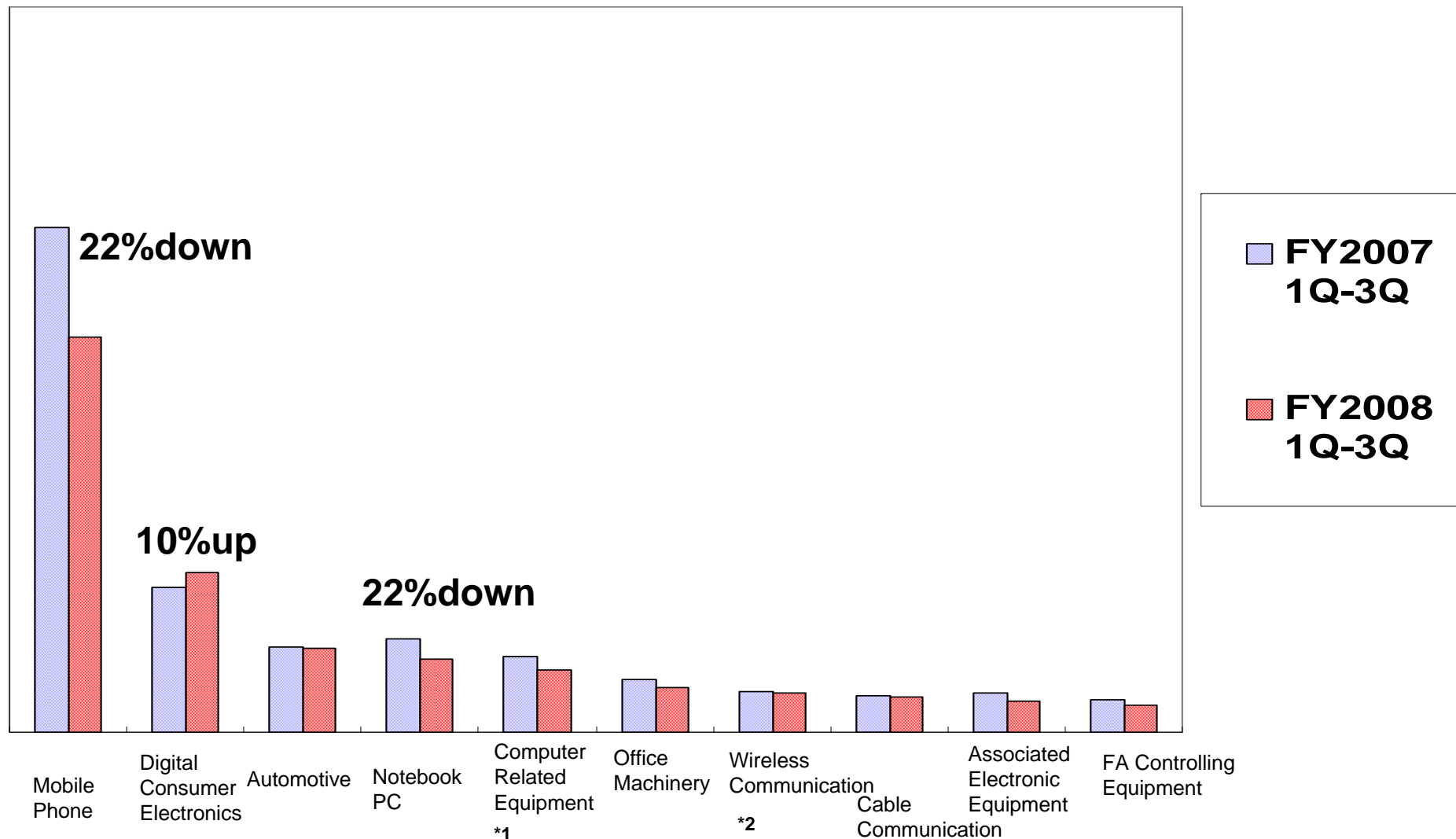


From FY2008, with the updated database, we will be classifying the proportion ratio as the above. Based on this, the number of FY2007 is indicated in similar classification.

*1 Computer Related Equipment – Notebook PC not included.
 *2 Wireless Communication – Mobile Phone not included.

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

Sales Changes by Markets (compared to last year)



*1 Computer Related Equipment – Notebook PC not included.

*2 Wireless Communication - Mobile Phone not included.

Changes in Consolidated Balance Sheet

(hundred millions of yen)

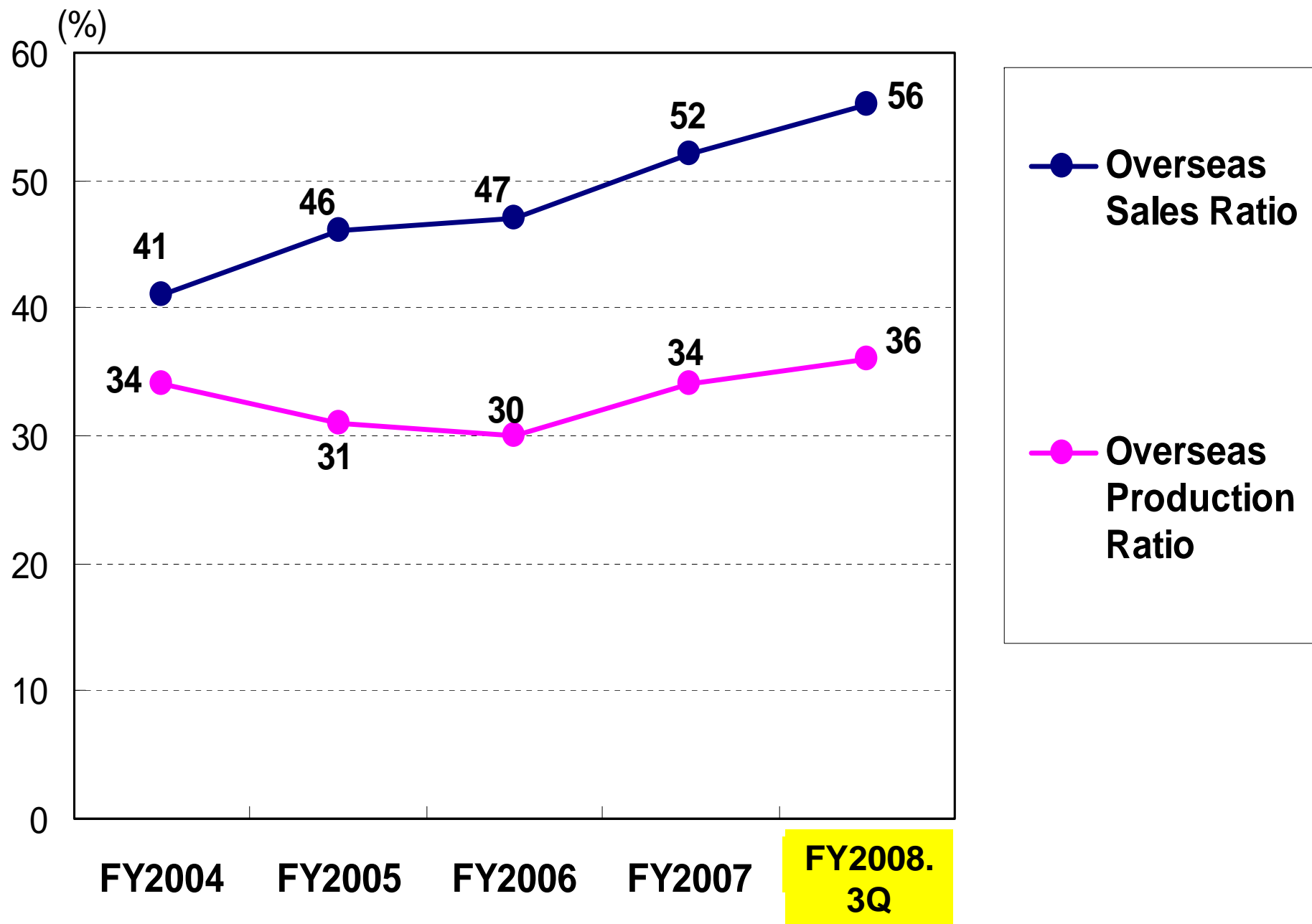
Accounts	(A)Mar.31, FY2008	(B)Dec.31, FY2008	(B)-(A)	Remarks
Cash and Cash Equivalents	1,252.5	1,170.7	-81.8	Decrease in Hirose (from dividend and buyback) and foreign subsidiaries (influenced by the strong yen).
Trade Receivables	312.1	251.9	-60.2	Due to sales decrease(2Q 289=>3Q 203)
Investment Securities	533.2	515.2	-18.0	Affiliated company stock -15.9
Others	585.8	568.0	-17.8	Decrease in Tangible Fixed Assets-20.0
Total Assets	2,683.6	2,505.8	-177.8	

Changes in Consolidated Balance Sheet

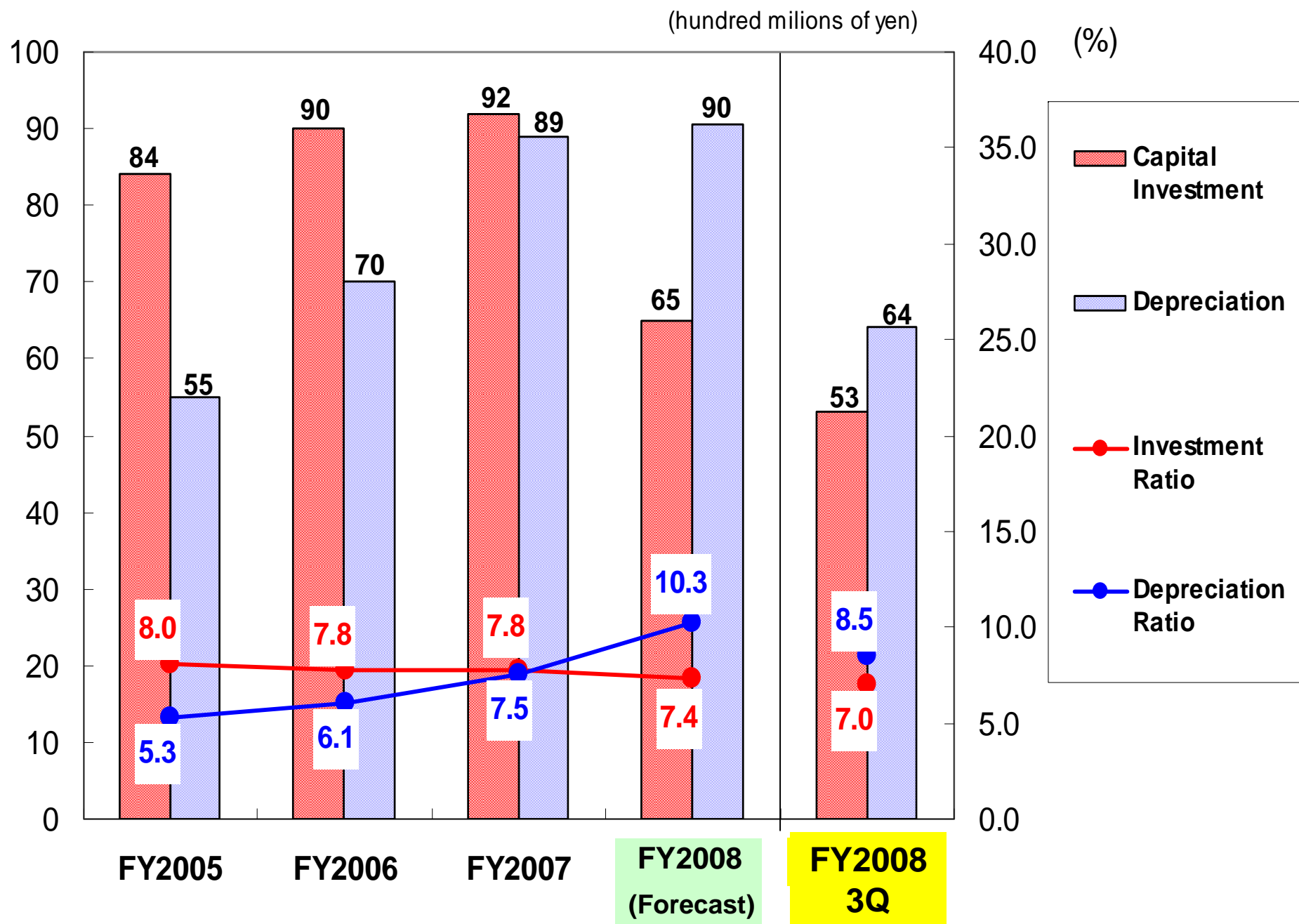
(hundred millions of yen)

Accounts	(A)Mar. 31, 2008	(B)Dec. 31, 2008	(B)-(A)	Remarks
Trade Payables	162.7	116.9	-45.8	Purchase Decrease
Income Tax Payables, etc.	58.8	22.9	-35.9	Tax Payment-115 Tax Appropriated +79
Others	89.4	76.7	-12.7	Allowance for Bonus Payables - 5.1, Accounts Payables -2.9
Total Liabilities	310.9	216.5	-94.4	
Retained Earnings	2,388.3	2,449.7	61.4	Net Income122.1 - Dividend60.0
Treasury Stocks	-265.0	-365.2	-100.2	Buyback
Valuation Variance	25.6	24.7	-0.9	Stock prices fallen
Translation Adjustment	-14.2	-58.2	-44.0	Adjustment due to strong yen
Others	238.0	238.3	0.3	
Total Shareholders' Equity	2,372.7	2,289.3	-83.4	
Total Liabilities and Shareholders' Equity	2,683.6	2,505.8	-177.8	

Overseas Production and Sales Ratio



Capital Investment & Depreciation Change



Business Forecast For the Year Ended March 31, 2009



(note) "Previous" regards the business forecast of FY2008 Nov. 10th

(hundred millions of yen)

	FY2007 Actual	Previous Forecast (FY2008)		New Forecast (FY2008)		Second Half Over the Previous Forecast		For the Year Over the Previous Forecast		For the Year Over the Prior Year		
	For the Year	First Half Actual	Second Half	For the Year	Second Half	For the Year	Amount Changes	% Change	Amount Changes	% Change	Amount Changes	% Change
Sales (COGS Ratio)	1,180.4 (54.2%)	550.4 (55.4%)	479.6 (58.2%)	1,030.0 (56.7%)	329.6 (64.6%)	880.0 (58.9%)	-150.0	-31.3%	-150.0	-14.6%	-300.4	-25.4%
Operating Profit (%)	354.5 30.0%	151.3 27.5%	108.7 22.7%	260.0 25.2%	31.7 9.6%	183.0 20.8%	-77.0	-70.8%	-77.0	-29.6%	-171.5	-48.4%
Ordinary Profit (%)	379.8 32.2%	163.5 29.7%	116.5 24.3%	280.0 27.2%	36.5 11.1%	200.0 22.7%	-80.0	-68.7%	-80.0	-28.6%	-179.8	-47.3%
Net Profit (%)	226.0 19.1%	96.9 17.6%	68.1 14.2%	165.0 16.0%	33.1 10.0%	130.0 14.8%	-35.0	-51.4%	-35.0	-21.2%	-96.0	-42.5%
Income per Share	587.4yen	-	-	442.35yen	-	354.27yen						
Dividend per Share	160yen	80yen	80yen	160yen	50yen	130yen						
Dividend Payout Ratio	27.2%	-	-	36.2%	-	36.7%						