

Business Results for First Quarter, FY2009

Creative Links to World Electronics

August 7th, 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.**

[Business Situation of FY2008]

- Until 2Q, both orders and sales were increasing quite steadily.
- From 3Q, the orders from set manufacturers, business companies and agencies have dropped in almost the entire field, regardless of domestic/overseas, application and field. As a result, FY2008/Dec became the bottom of order level.
- On 4Q, the orders of mobile phones have increased slightly.
On March, there has been a partial sign of recovery in the domestic digital consumer electronic. FY2009/Feb became the bottom of order level.

[1Q FY2009]

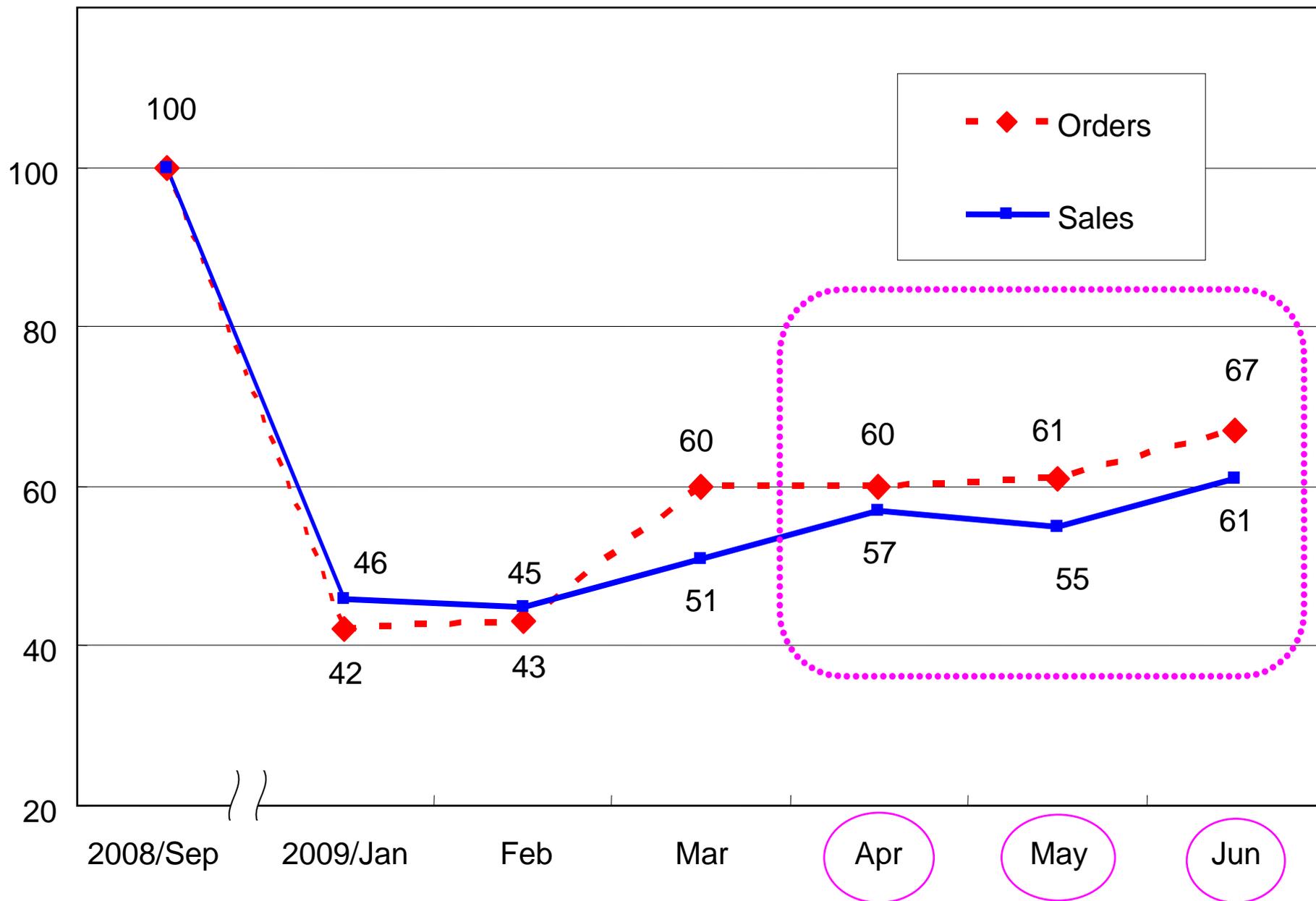
• Partial correction in connectors for oversea mobile. However, orders and sales for domestic digital consumer electronic and automobile have increased steadily.

• 1Q FY2009 settled on -30.7% YoY in order level (+35.8% over 4Q FY2008), -31.1% YoY in sales level (+24.2% over 4Q FY2008)

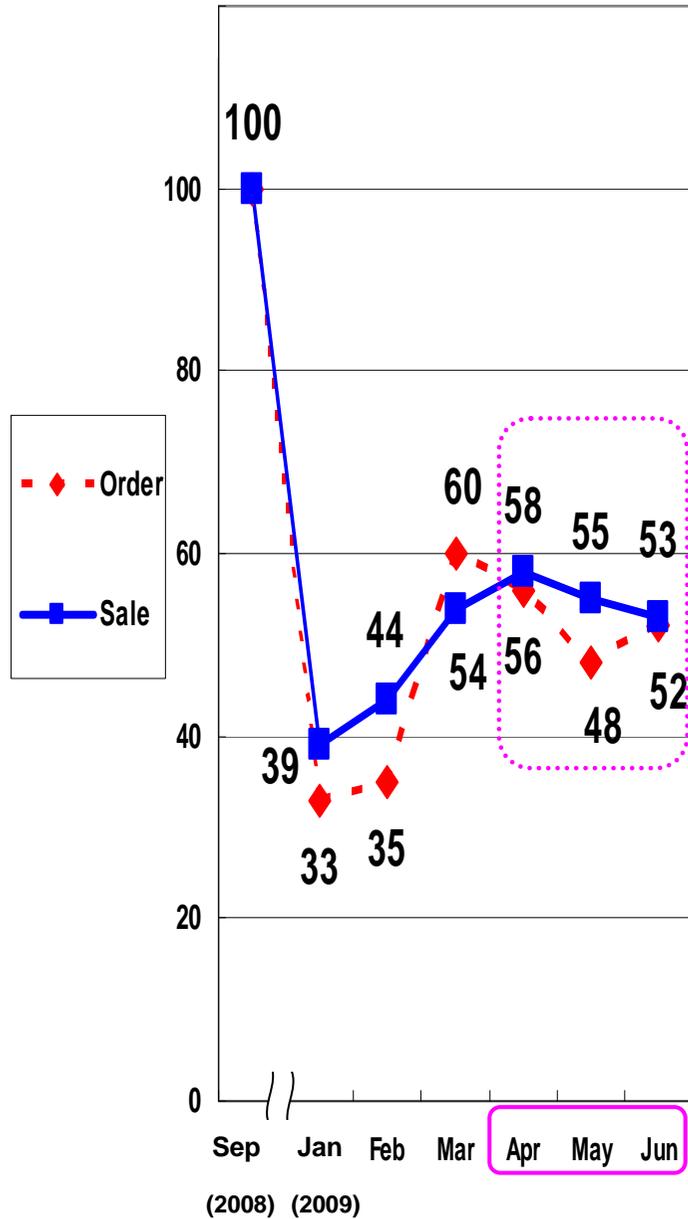
FY2009 (Jan-Jun) Orders and Sales Changes (Domestic Consolidation Basis, Index Number)



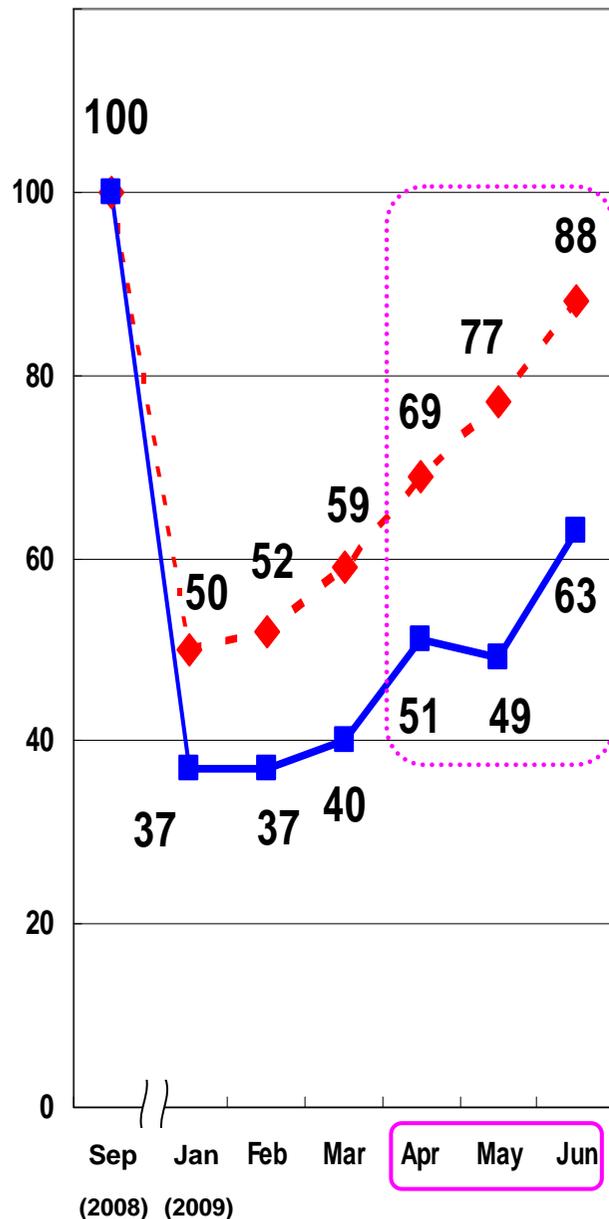
[Setting September 2008 as 100]



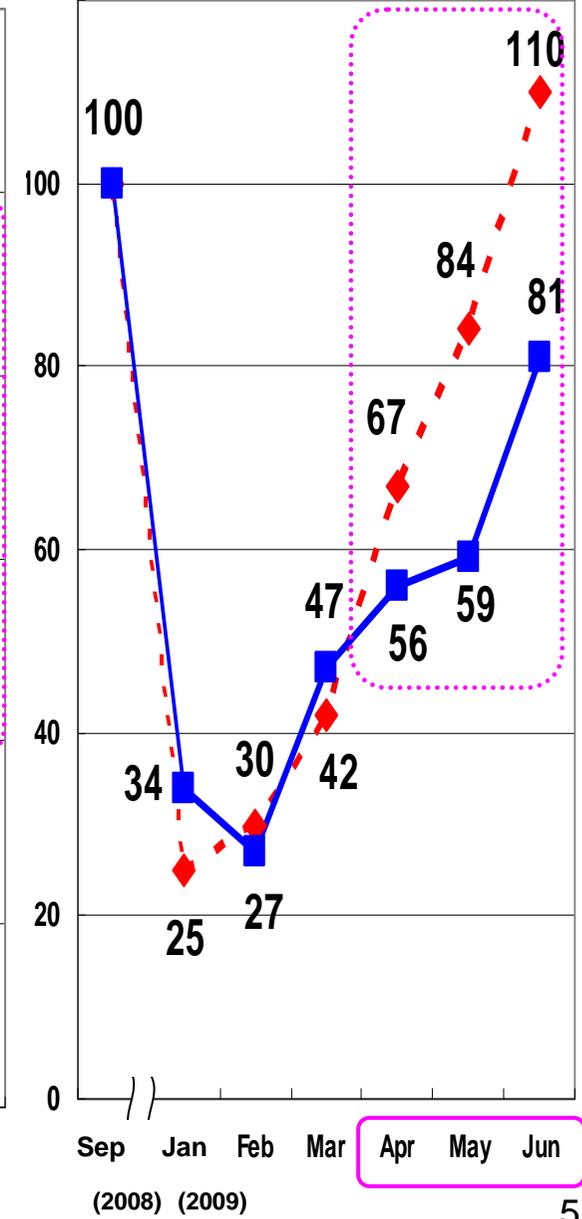
<Mobile>



<Digital Consumer Electric>



<Automotive>

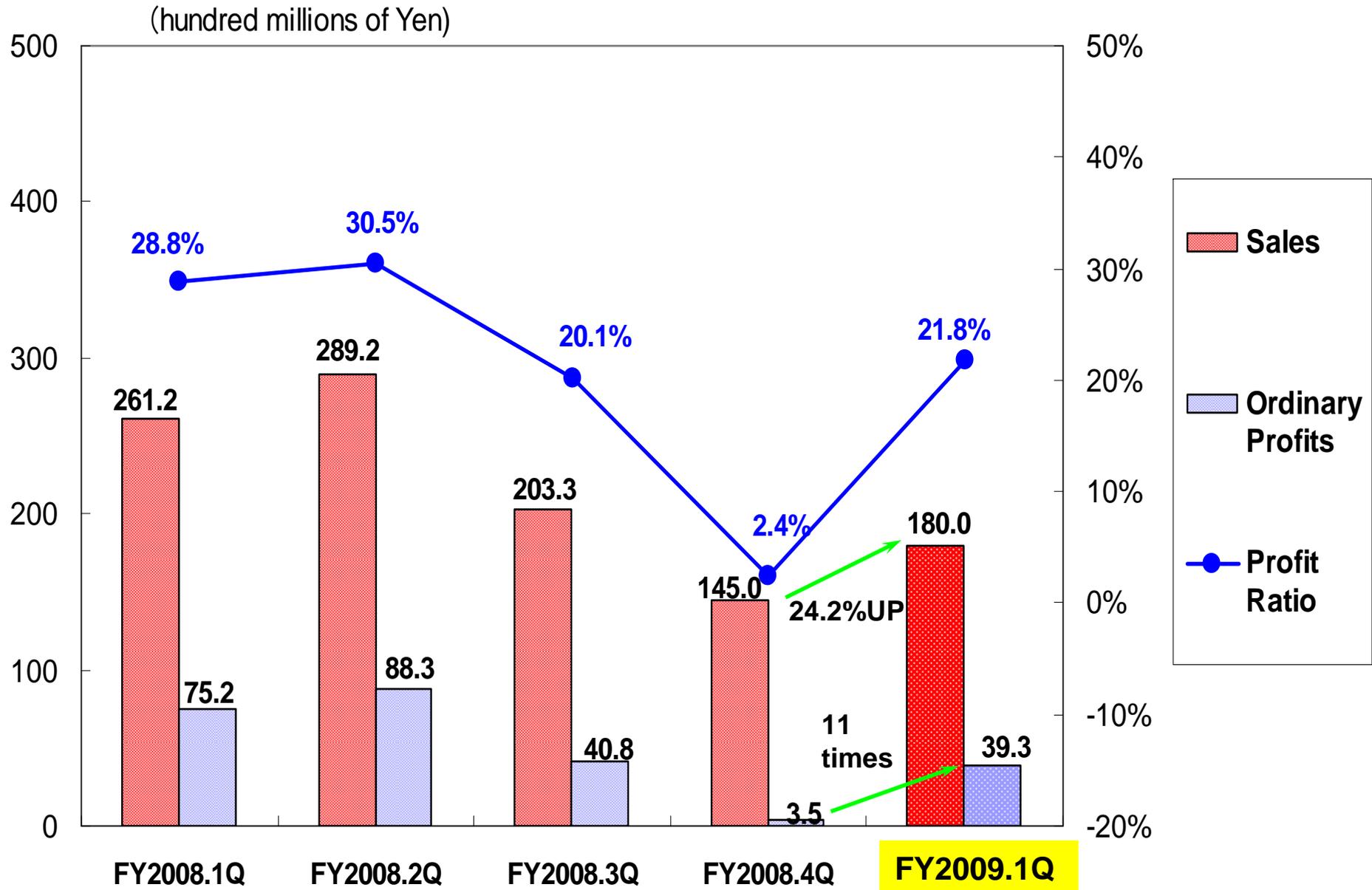


Business Results for First Quarter, FY2009

(hundred millions of Yen)

	(A)FY2008 1Q	(B)FY2009 1Q	(B)-(A)	(B)/(A)	Major Changes over the prior same period (hundred millions of Yen)
Sales	261.2	180.0	-81.2	-31.1%	[Sales] 81.2 decrease Foreign Domestic Subsidiaries HST -81.0 -3.8 3.6 [COGS Ratio] 4.1 point increase Purchase Cost Ratio 42.0% => 42.4% Depreciation Ratio 6.6% => 7.6% Labor Cost 4.2% => 4.7%
(COGS Ratio)	(55.0%)	(59.1%)	(+4.1%)		
(SGA Ratio)	(18.5%)	(21.9%)	(+3.4%)		
Operating Profit	69.2	34.3	-34.9	-50.4%	
(%)	26.5%	19.1%	(-7.5%)		[SGA Ratio] 3.4 point increase 9.0 decrease by cost reduction but increased by sales drop
Ordinary Profit	75.2	39.3	-35.9	-47.7%	[Non-operating Expenses]
(%)	28.8%	21.8%	(-7.1%)		
Net Profit	43.3	23.7	-19.6	-45.3%	Equity Method Profit 1.0=>1.3
(%)	16.6%	13.2%	(-4.1%)		Interest Received and Dividend 4.3=>3.4
Total Assets	2,683.2	2,485.2	-198.0	-7.4%	
Shareholders' Equity Ratio	89.4%	93.2%			
Income Per Share	114.5Yen	64.5Yen			

Sales and Profits by Quarter



Changes In Consolidated Balance Sheet

(hundred millions of Yen)

Account	(A)Mar 31, 2009	(B)Jun 30, 2009	(B)-(A)	Remarks
Cash and Cash in Bank	1,177.3	1,200.1	22.8	Increase in domestic subsidiaries, and also increased by the newly consolidated HST.
Trade Receivables	186.9	191.4	4.5	Increase in Sales(4Q 2008 144.9-->1Q 2009 180.0 --> +35.1)
Inventories	56.2	58.0	1.8	Increase in Sales and Production
Investment Securities	548.1	560.8	12.7	Increase in Corporate Bond
Others	483.5	474.9	-8.6	
Total Assets	2,452.0	2,485.2	33.2	

Changes In Consolidated Balance Sheet

(hundred millions of Yen)

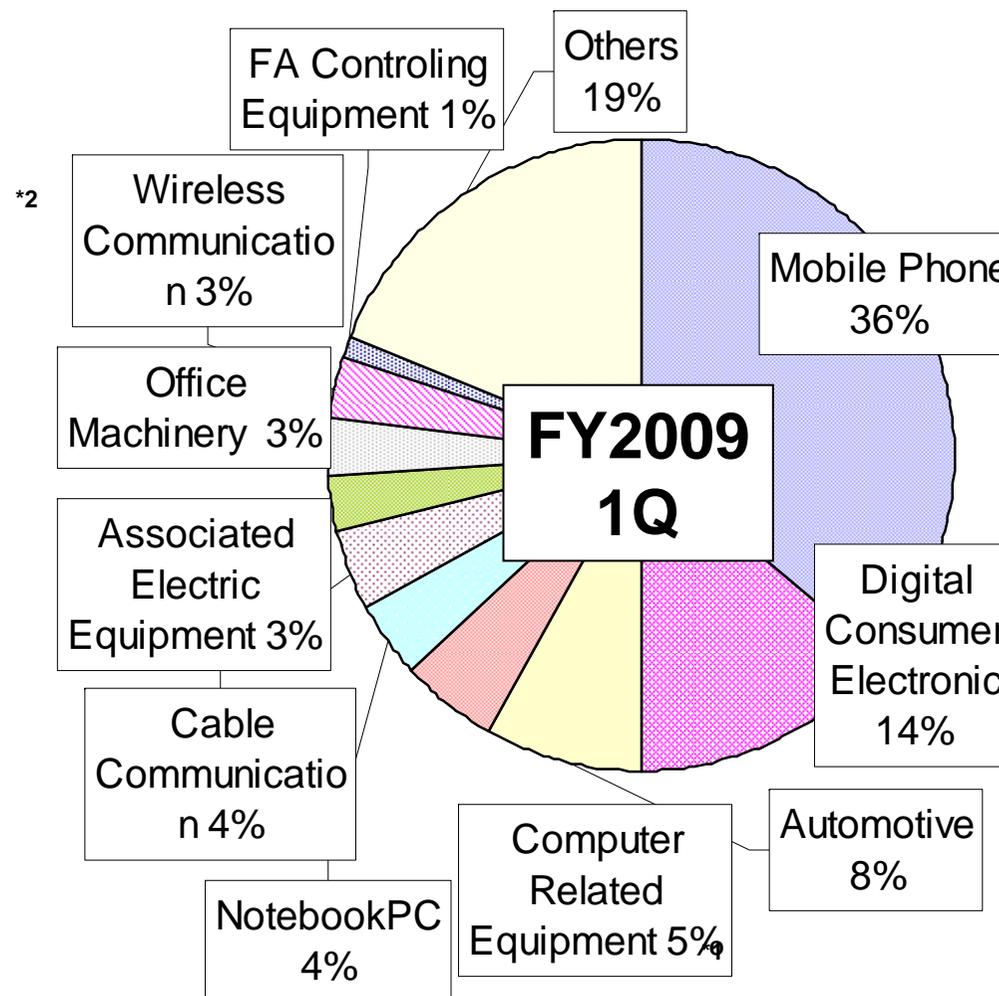
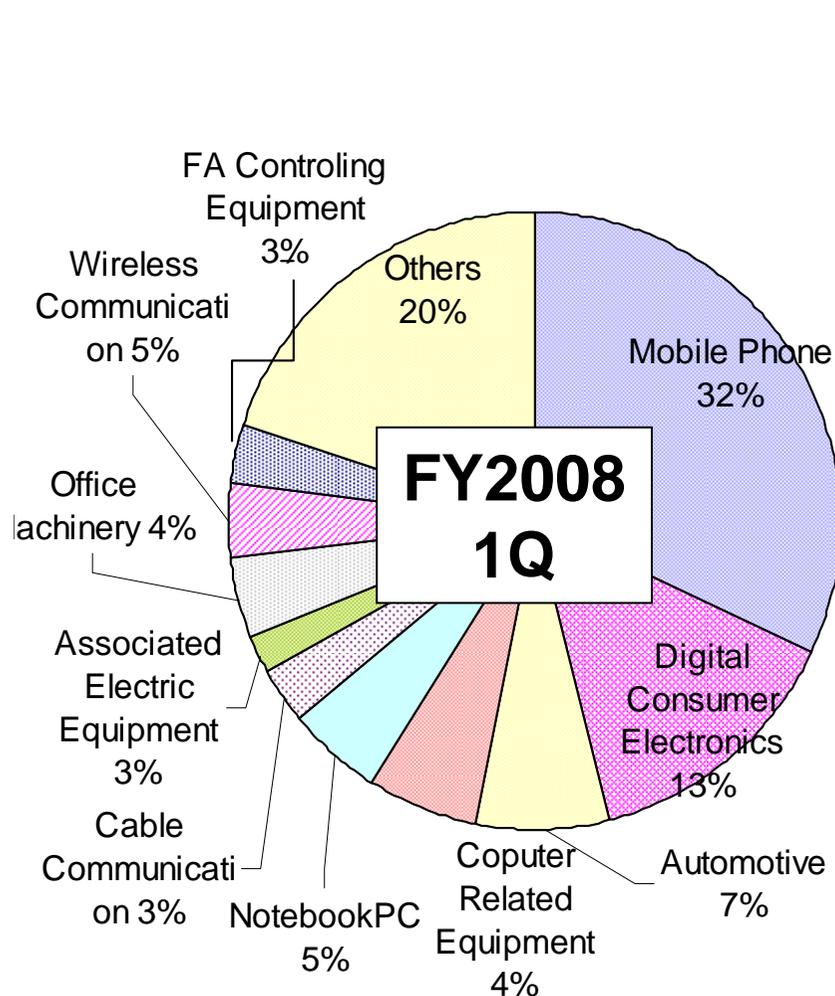
Account	(A)Mar 31, 2009	(B)Jun 30, 2009	(B)-(A)	Remarks
Notes Payables and Accounts	68.0	90.5	22.5	Purchase increase due to Sales increase
Income Tax Payables, etc.	25.9	17.0	-8.9	Tax Payment
Others	56.0	61.3	5.3	Increase in Accounts Payables
Total Liabilities	149.9	168.8	18.9	
Retained Earnings	2,460.4	2,465.4	5.0	Net Income23.6-Dividend18.3
Treasury Stocks	-365.3	-365.3	0.0	
Valuation Variance	19.0	23.0	4.0	Stock Prices Risen
Translation Adjustment	-50.4	-45.1	5.3	
Others	238.4	238.4	0.0	
Total Shareholders' Equity	2,302.1	2,316.4	14.3	
Total Liabilities and Shareholders' Equity	2,452.0	2,485.2	33.2	

Cash Flow

(hundred millions of Yen)

	(A)FY2008 1Q	(B)FY2009 1Q	Main Changes	
Cash Flows from Operating Activities	52.5	61.1	Pre-Tax Net Income	39.2
			Depreciation	17.3
			Accounts Payables Increas	18.6
			Corporation Tax	-23.4
Cash Flows from Investing Activities	-125.4	-62.0	Increase of time deposit over 3 months period	-30.4
			Acquisition of tangible fixed assets	-16.7
			Acquisition of investment securities	-16.2
Cash Flows from Financing Activities	-29.4	-17.9	Dividend Payment	-17.9
Effect of Exchange Rate Change	7.7	2.4		
Decrease in Cash and Cash Equivalents	-94.6	-16.4		
Cash and Cash Equivalents, Beginning Balance	602.5	537.6		
Beginning Balance Adjustment due to Changes in Criteria of Consolidation		4.1	Due to the newly consolidated HST	
Cash and Cash Equivalents, Ending Balance	507.8	525.3		

Sales Ratio by Markets (in round numbers)

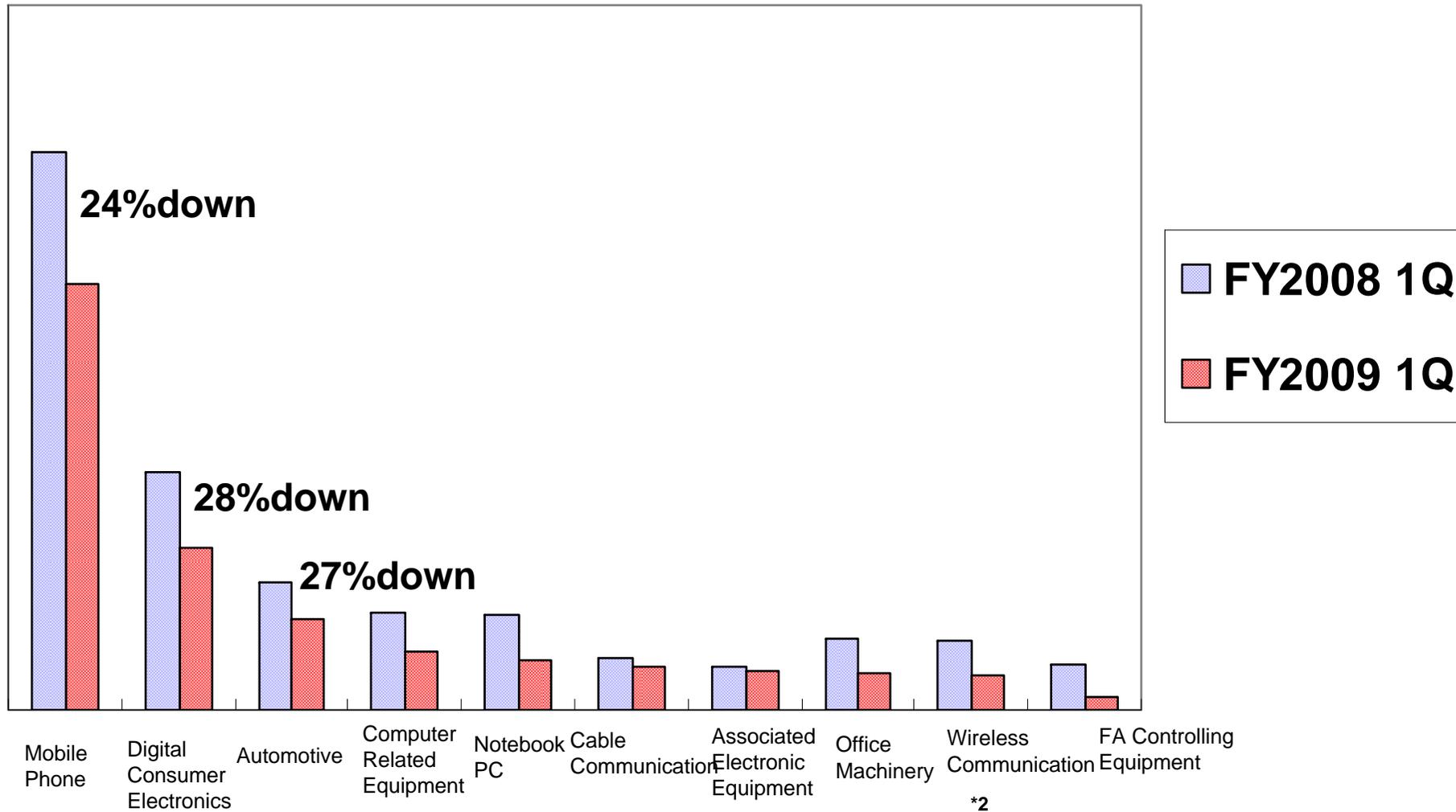


*1 Computer Related Equipment – Notebook PC not included.

*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 (in round numbers)



*1

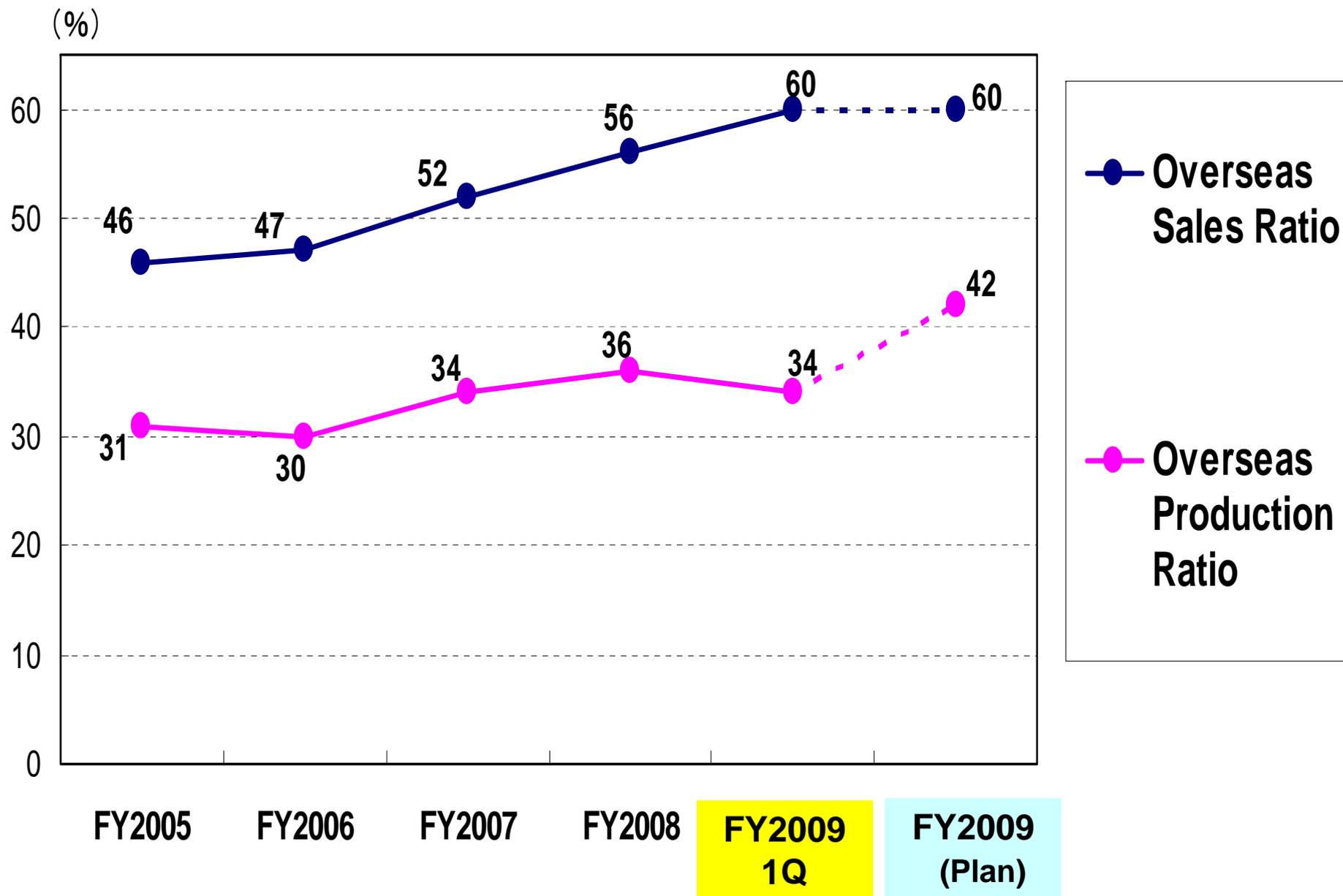
*2

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

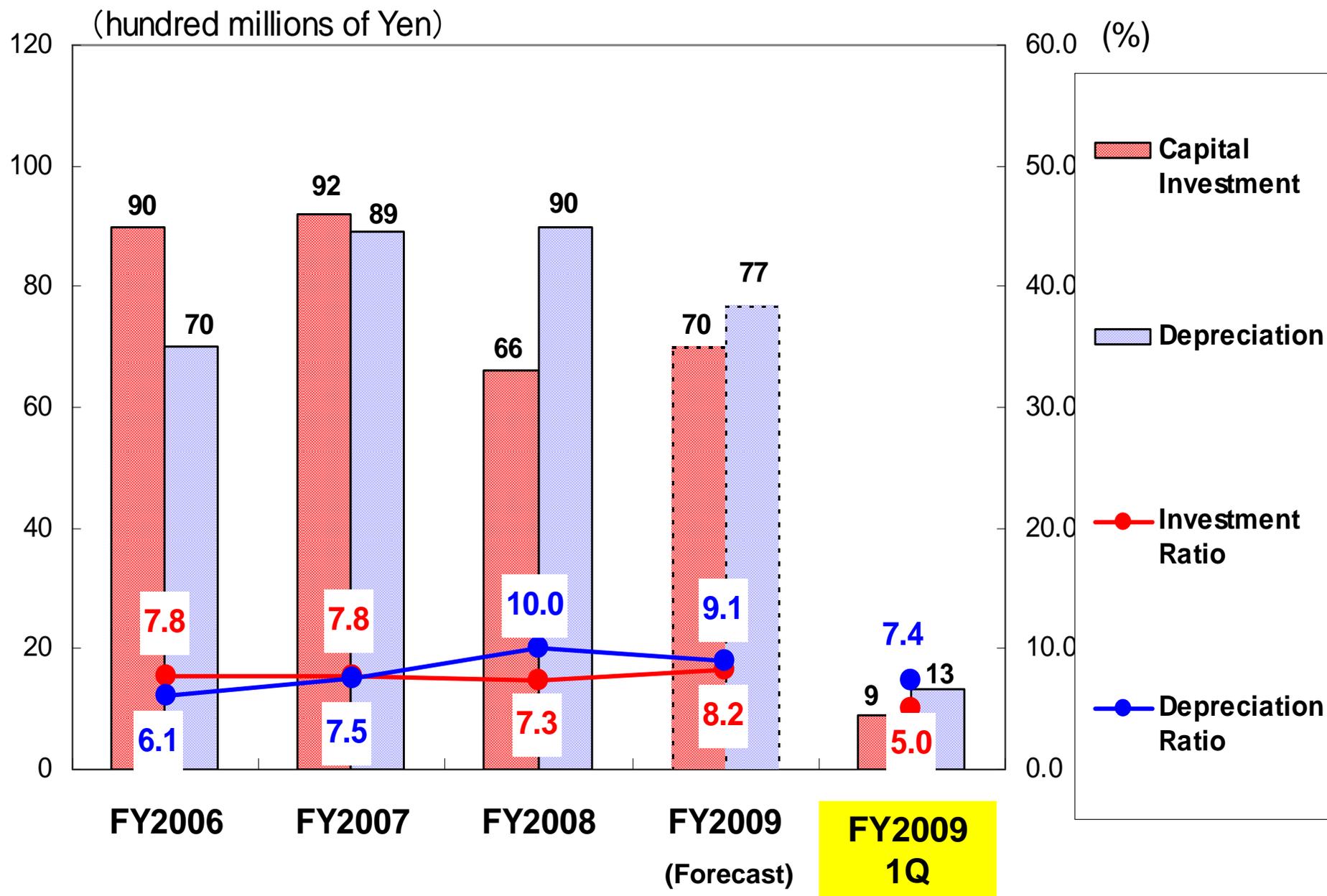
*1 Computer Related Equipment – Notebook PC not included.

*2 Wireless Communication - Mobile Phone not included.

Overseas Production and Sales Ratio



Capital Investment and Depreciation Change



Business Forecast For the Year Ended March 31, 2010

note) First Half indicates 1Q and 2Q, Second Half indicates 3Q and 4Q

(hundred millions of Yen)

	FY2008 (Actual)			FY2009 (Forecast)			First Half <small>Over the Previous Actual Amount</small>		Second Half <small>Over the Previous Actual Amount</small>		For the Year <small>Over the Previous Actual Amount</small>	
	First Half	Second Half	For the Year	First Half	Second Half	For the Year	Amount Change	% Change	Amount Change	% Change	Amount Change	% Change
Sales (COGS Ratio)	550.4 (55.4%)	348.3 (64.7%)	898.7 (59.1%)	385.0 (59.7%)	465.0 (59.1%)	850.0 (59.4%)	-165.4	-30.1%	116.7	33.5%	-48.7	-5.4%
Operating Profit (%)	151.3 27.5%	40.4 11.6%	191.7 21.3%	75.0 19.5%	105.0 22.6%	180.0 21.2%	-76.3	-50.4%	64.6	159.9%	-11.7	-6.1%
Ordinary Profit (%)	163.5 29.7%	44.3 12.7%	207.8 23.1%	85.0 22.1%	115.0 24.7%	200.0 23.5%	-78.5	-48.0%	70.7	159.6%	-7.8	-3.8%
Net Profit (%)	96.9 17.6%	36.2 10.4%	133.1 14.8%	50.0 13.0%	70.0 15.1%	120.0 14.1%	-46.9	-48.4%	33.8	93.4%	-13.1	-9.8%
Income Per Share	-	-	356.57Yen	-	-	327.02Yen	There are no change from the previously (on March 2009) announced data.					
Dividend Per Share	80Yen	50Yen	130Yen	60Yen	60Yen	120Yen						
Dividend Payout Ratio	-	-	36.5%	-	-	36.7%						

1. Purpose of Establishment

Currently the department of Product Developing, Production Engineering, Sales and Marketing are dispersed around within Yokohama and Tokyo. With the new engineering center, we will integrate the dispersed departments, aiming to shorten the developing lead time for new product, minimize R & D cost, and comply more swiftly to the growing market need. We will aim to boost the pace of globalization and reinforce the development and sales system of added-value product.

2. Location

Yokohama-Shi Tsuzuki-Ku Nakagawachuo 2-6-1 (Kohoku New Town)

(Access: Yokohama city-run subway “Center North” Station 7min walk, “Center South” Station 7min walk)

3. Total Investment Amount

97.2 hundred million yen (land, building, and incidental facilities included)

4. Schedule

Start of construction: Mar, 2010

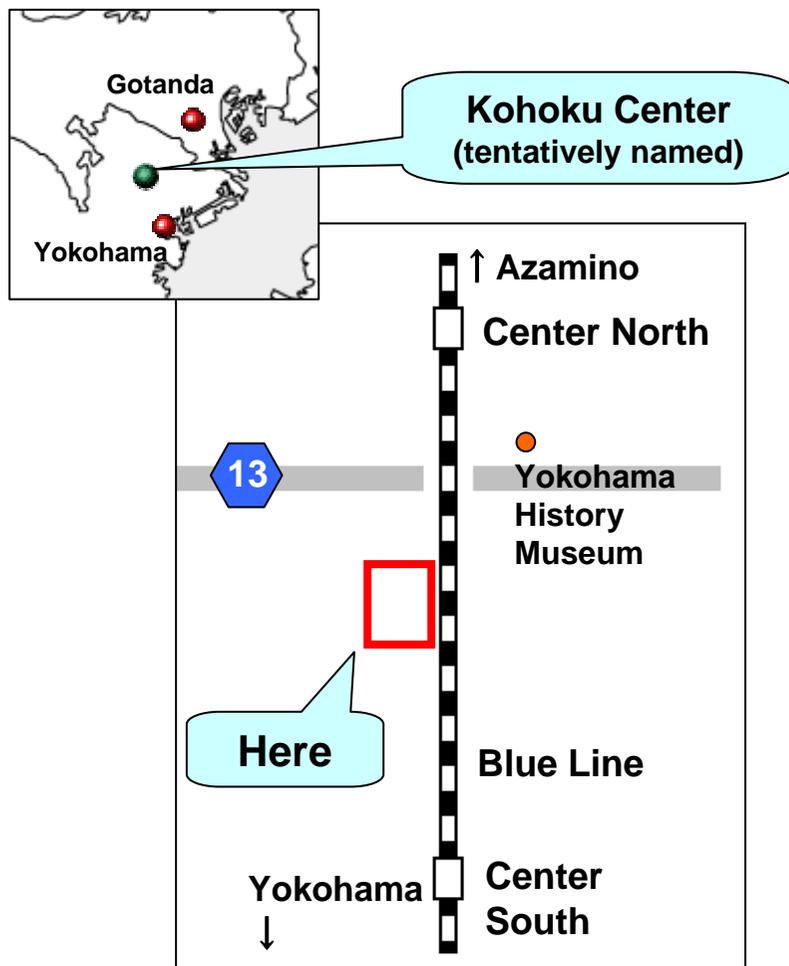
End of Construction: Sep, 2011

Start of business: Nov, 2011

5. Estimated Number of Employee (First Year)

Approximately 630 people

6. Location



Yokohama city-run subway, Blue Line

Roughly between Center North station and Center South station (7 min walk)

7. Outline

1. Building

Structure	Steel-Framed Ferroconcrete (SRC)
Story	6 stories above ground level, 1 beneath (30.68m)
Premise space	5,710.76m ²
Building space	3,458.62m ²
Total floor space	22,407,55m ²

2. Expected Outlook

