



64th Fiscal Term Annual Report

From April 1, 2010 to March 31, 2011



**HIROSE
ELECTRIC
CO.,LTD.**



President and Representative Director
Tatsuro Nakamura



Executive Vice President and
Representative Director
Sakae Kushida

We are pleased to report the results of operations for fiscal 2010, the year ended March 31, 2011 (the 64th fiscal term, from April 1, 2010, to March 31, 2011).

Business Overview

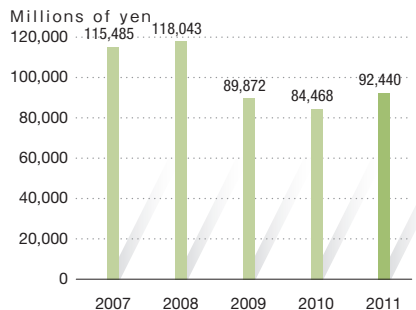
During the year ended March 31, 2011, despite expectations of an autonomous economic recovery in Japan, supported by improved corporate profits especially among export-related companies and stable capital investment, a harsh employment situation and a deflationary trend continued. In addition, economic uncertainty and weakened business activity prevailed after the summer months, reflecting such negative concerns as slowing overseas economies and the rapid and lingering appreciation of the yen. Furthermore, with the Great East Japan Earthquake that occurred on March 11, 2011, the production activities of many industries were significantly hindered as a result of damage to production facilities, the disorder of supply chains and restrictions on power supply following.

In this adverse business environment, the Hirose Electric Group continuously reinforced its product development capabilities, developed new products and enhanced product quality in response to sophisticated customer needs while streamlining internal operating systems at the Group companies. The Group also pushed forward with aggressive management initiatives including overall cost-cutting measures such as improvement of manufacturing efficiency, an expansion in overseas manufacturing and reductions in general expenses, as well as the exploitation of domestic and overseas sales channels and the reinforcement of selling power. Furthermore, the Group has strengthened its reform initiatives in the automotive electronics and industrial equipment fields to nurture promising business pillars in addition to the core mobile phone field and these concerted efforts have gradually yielded good results.

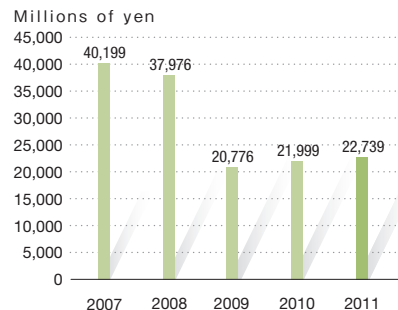
In December 2010, the Company increased its investment ratio in HIROSE KOREA CO., LTD., which was then an equity-method affiliate, from 50% to 75% and converted it into a subsidiary to ensure its smoother corporate operation. A series of steps were

Financial Highlight

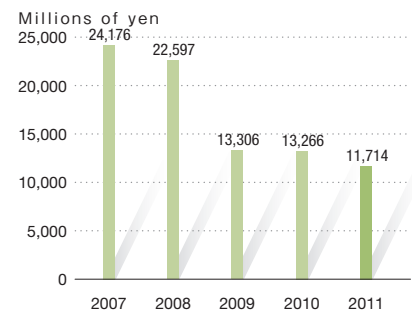
Net sales



Ordinary income



Net income



taken to reinforce its sales promotion and exploit the South Korean connector market, as well as to develop this new subsidiary as an important overseas base that will play a key role in the growth of the global business of the Group. HIROSE KOREA's business performance was included in and reported under the account item of "Equity in earnings of affiliates" until the third quarter of the fiscal year ended March 31, 2011. Because of the change in the legal form of the subsidiary, both net sales and income/loss were included in the consolidated statement of income for the fourth quarter of the year under review.

In line with the measure of converting HIROSE KOREA into a subsidiary by increasing the ratio of investment in HIROSE KOREA, a ¥1,895 million "Loss on step acquisitions" was reported as an extraordinary loss.

As for the Great East Japan Earthquake, although direct damage to the buildings and manufacturing facilities of our three production subsidiaries in the Tohoku region was relatively minor, these subsidiaries had to suspend their plant operations for about 10 days due to power failures, a disruption of the water supply, an interrupted communications network, the shortage of gasoline and other disturbances after the earthquake. Yet, they were gradually restored to normal operational status. Meanwhile, two of approximately 70 cooperative companies in the Tohoku region suffered from the destruction of plant buildings and facilities, thereby leading to the abolition of all manufacturing equipment lent by the Company and/or inventories stored thereat. Consequently, the Company reported a ¥360 million "Loss on disaster" for the year under review.

As a result, consolidated net sales for the year under review amounted to ¥92,440 million, an increase of 9.4% from a year earlier. Operating income, ordinary income and net income increased 7.9% and 3.4%, respectively, year over year to ¥22,026 million and ¥22,739 million, whereas net income decreased 11.7% to ¥11,714 million.

The management environment in which the Group operates is unstable and remains uncertain with such adverse factors as the

feared shortage of the electrical supply in the upcoming summer months because of the nuclear accident, pollution from radioactive substances and the frequent occurrence of large aftershocks. Yet, the quantitative expansion of mobile phones, smartphones and tablet PCs; further growth in automotive electronics along with a rally in the number of vehicles produced; and the growth of the industrial machinery and communications markets are anticipated. Nevertheless, our management environment is forecast to remain severe, affected by the diversification of markets; shorter product cycles, which will pose higher risks in collecting the fruits of our investment; and intensifying competition due to customers' preference for lower-priced products.

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.

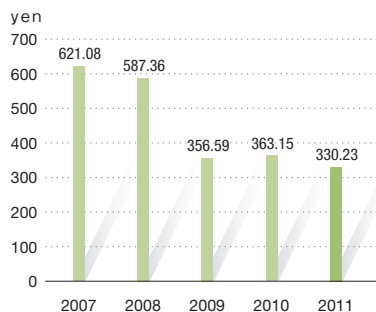
We look forward to your continued support and encouragement.

June 2011

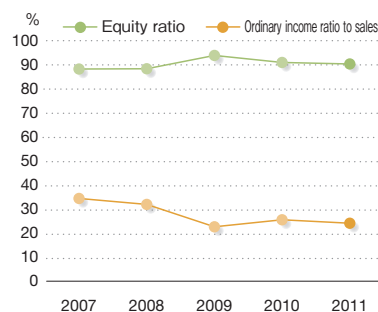
President and Representative Director
Tatsuro Nakamura

Executive Vice President and Representative Director
Sakae Kushida

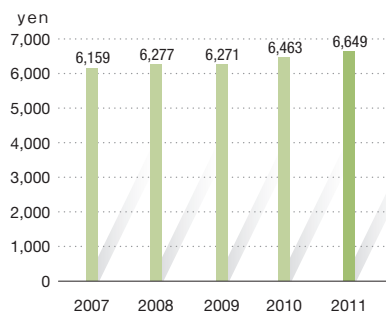
■ Net income per share



■ Equity ratio & Ordinary income ratio to sales



■ Net assets per share

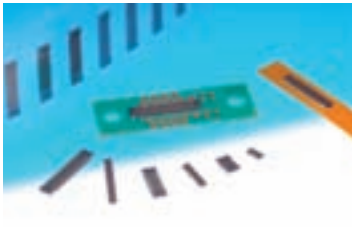


Multi-Pin Connectors

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 10.3% year over year to ¥74,939 million, mainly supported by sales growth in the field of automotive electronics and industrial equipment.

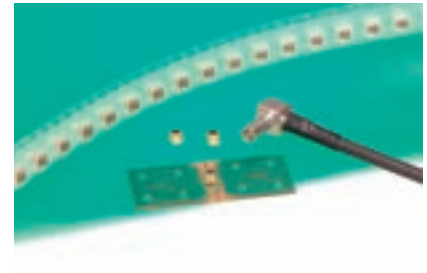
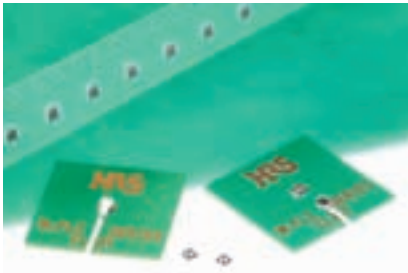


Coaxial Connectors

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

transmission equipment and other electronic equipment. Optical fiber connectors are also included in this segment.

Consolidated segment sales for the year under review increased 4.5% year over year to ¥12,049 million, despite sluggish demand for a part of digital consumer electronics.



Other Products

The other products segment includes medical electronics equipment such as interference wave EMSs; high-frequency devices such as directional couplers, fixed attenuators and coaxial switches;

micro switches; and instruments for connectors.

Consolidated segment sales for the year under review increased 9.5% year over year to ¥5,452 million.



Consolidated Financial Statements

Consolidated Balance Sheets (Millions of yen)

Account item	As of March 31, 2011	As of March 31, 2010
(Assets)		
Current assets	167,599	165,198
Fixed assets	92,537	87,698
Property, plant and equipment	24,464	18,564
Intangible assets	1,884	2,093
Investments and other assets	66,187	67,040
Total assets	260,136	252,897
(Liabilities)		
Current liabilities	20,474	20,929
Long-term liabilities	2,100	1,555
Total liabilities	22,574	22,485
(Net assets)		
Shareholders' equity	236,511	232,500
Common stock	9,404	9,404
Additional paid-in capital	14,371	14,371
Retained earnings	262,056	255,259
Treasury stock, at cost	△49,321	△46,535
Accumulated other comprehensive income	△1,696	△2,154
Stock acquisition rights	64	66
Minority interests	2,682	—
Total net assets	237,562	230,412
Total liabilities and net assets	260,136	252,897

Note: Amounts less than ¥1 million are truncated.

Consolidated Statements of Income (Millions of yen)

Account item	From April 1, 2010 to March 31, 2011	From April 1, 2009 to March 31, 2010
Net sales	92,440	84,468
Cost of sales	52,615	47,867
Gross profit	39,825	36,601
Selling, general and administrative expenses	17,799	16,190
Operating income	22,026	20,411
Other income	1,560	1,849
Other expenses	846	261
Ordinary income	22,739	21,999
Extraordinary Income	234	—
Extraordinary Loss	2,501	199
Income before income taxes	20,472	21,799
Provision for income taxes—Current	8,506	8,703
Provision for income taxes—Deferred	260	△170
Income (loss) before minority interests	11,706	—
Minority interest in loss	△8	—
Net income	11,714	13,266

Note: Amounts less than ¥1 million are truncated.

Consolidated Statements of Cash Flows (Millions of yen)

Account item	From April 1, 2010 to March 31, 2011	From April 1, 2009 to March 31, 2010
Operating activities	22,193	23,394
Investing activities	△28,006	△6,615
Financing activities	△7,581	△14,055
Effect of exchange rate change on cash and cash equivalents	△1,042	△65
Net increase/decrease in cash and cash equivalents	△14,438	2,657
Cash and cash equivalents, beginning of the year	56,836	53,763
Increase in cash and cash equivalents from newly consolidated subsidiary	37	414
Cash and cash equivalents, end of the year	42,435	56,836

Note: Amounts less than ¥1 million are truncated.

Consolidated Statements of Changes in Net Assets (From April 1, 2010 to March 31, 2011) (Millions of yen)

	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 March 31, 2010	9,404	14,371	255,259	△46,535	232,500	2,351	△4,505	△2,154	66	—	230,412
Amount of changes during the period											
Dividends from surplus			△4,793		△4,793			—			△4,793
Net income for the period			11,714		11,714			—			11,714
Acquisition of treasury stock				△2,785	△2,785			—			△2,785
Disposition of treasury stock		△0		0	0			—			0
Change of scope of consolidation			△124		△124			—			△124
Net amount of changes during the period other than shareholders' equity					—	△226	684	458	△2	2,682	3,138
Total amount of changes during the period	—	△0	6,796	△2,785	4,011	△226	684	458	△2	2,682	7,149
Balance at March 31, 2011	9,404	14,371	262,056	△49,321	236,511	2,124	△3,820	△1,696	64	2,682	237,562

Note: Amounts less than ¥1 million are truncated.

Nonconsolidated Financial Statements

Nonconsolidated Balance Sheets (Millions of yen)

Account item	As of March 31, 2011	As of March 31, 2010
(Assets)		
Current assets	97,870	103,079
Fixed assets	55,820	51,614
Property, plant and equipment	13,231	11,106
Intangible assets	1,176	1,358
Investments and other assets	41,412	39,149
Total assets	153,691	154,693
(Liabilities)		
Current liabilities	10,212	11,628
Long-term liabilities	386	445
Total liabilities	10,599	12,074
(Net assets)		
Shareholders' equity	140,918	140,274
Common stock	9,404	9,404
Additional paid-in capital	14,371	14,371
Retained earnings	166,463	163,033
Treasury stock, at cost	△49,321	△46,535
Valuation, translation adjustments and others	2,109	2,278
Stock acquisition rights	64	66
Total net assets	143,092	142,619
Total liabilities and net assets	153,691	154,693

Note: Amounts less than ¥1 million are truncated.

Nonconsolidated Statements of Income (Millions of yen)

Account item	From April 1, 2010 to March 31, 2011	From April 1, 2009 to March 31, 2010
Net sales	82,632	78,247
Cost of sales	56,582	53,523
Gross profit	26,050	24,723
Selling, general and administrative expenses	14,005	13,036
Operating income	12,045	11,686
Other income	4,202	4,914
Other expenses	2,246	1,920
Ordinary income	14,001	14,680
Extraordinary Income	234	—
Extraordinary Loss	411	119
Income before income taxes	13,824	14,561
Provision for income taxes—Current	5,629	5,910
Provision for income taxes—Deferred	△29	△43
Net income	8,223	8,694

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.

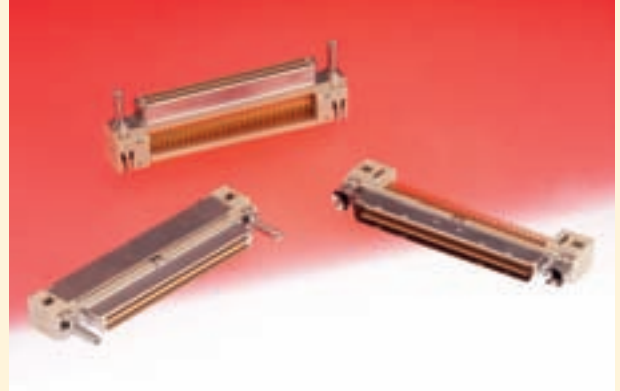
EV1 Series

The EV1 Series connectors were developed as waterproof connectors compliant with high voltage and high current for use in power supplies for HEVs and EVs. The series connectors feature excellent vibration resistance and a robust configuration by taking into account the use for vehicles that have no suspension structure. To raise and ensure the safety level, the connectors adopt a finger protection mechanism that does not allow users to touch the contact terminals with their fingers to prevent electrical shock.



EX10 Series

The EX10 Series connectors are multi-pin rectangular connectors with 280 pins developed for applications in medical electronics and industrial equipment. They meet the customers' need for space saving and low height and have become user-friendly multi-pin products that retain the insertion/pull-out property with less force by adopting a four-step sequence configuration. The series lineup includes two types of receptacles: right angle and vertical.



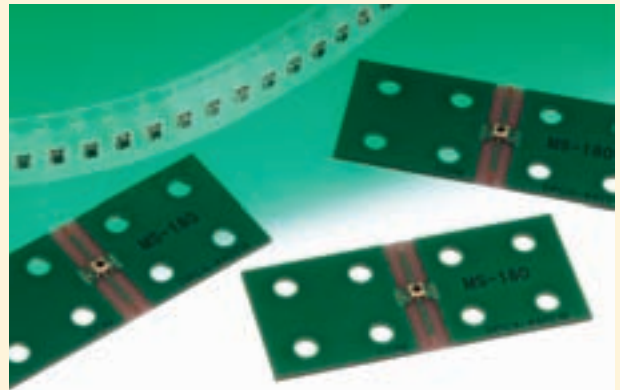
DF59 Series

The DF59 Series connectors were developed for use in strip-light LEDs. The substrate side connector is standardized for the connection with coupler plugs, cable plugs and short pins. The coupler plug has realized a three-axial floating function by adopting a three-piece configuration to absorb the position dislocation between substrates. The unique stress-free contact configuration of the series reduces the concentration of stress on the contact points.



MS-180 Series

The MS-180 Series connectors are the world's smallest coaxial products, of which the Hirose Electric Group boasts the top-rated market share in the world. The dimensions of the series connectors are 1.8 mm (W) × 1.8 mm (D) × 0.85 mm (H), and they are compatible with a frequency range of DC to 11-GHz high bandwidth. The series connectors can be used as high-performance coaxial switches available for the use of shipment inspection for smartphones, tablet PCs and various kinds of wireless modules.



Group Network

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



● Head office



● Yokohama Engineering Center



● Sales & Marketing Division



● P.T. HIROSE ELECTRIC INDONESIA (Indonesia)



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



● HIROSE ELECTRIC MALAYSIA SDN. BHD. (Malaysia)

- Head office
- Sales & Marketing Division
Domestic sales offices
- Engineering Division
Yokohama
Engineering Center
Separate Office of Engineering Center
- Production Division
Separate Office of Yokohama Engineering Center

5-23, Osaki 5-chome, Shinagawa-ku, Tokyo
1-11, Osaki 5-chome, Shinagawa-ku, Tokyo
Tachikawa Sales Office, Osaka
Branch, Nagoya Sales Office
3-13, Kikuna 7-chome,
Kohoku-ku, Yokohama
8-11, Shin-Yokohama 3-chome,
Kohoku-ku, Yokohama
15-10, Shin-Yokohama 2-chome,
Kohoku-ku, Yokohama

● 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 EUROPE B.V. (The Netherlands)
HIROSE ELECTRIC UK LTD. (U.K.)
HIROSE ELECTRIC MALAYSIA SDN. BHD. (Malaysia)
HIROSE KOREA CO., LTD. (South Korea)
HIROSE ELECTRIC (TAIWAN) CO., LTD. (Taiwan)
P.T. HIROSE ELECTRIC INDONESIA (Indonesia)
HIROSE ELECTRIC SINGAPORE PTE. LTD. (Singapore)
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 TRADING (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)

Corporate Data (As of March 31, 2011)

Trade name	HIROSE ELECTRIC CO., LTD.
Date of incorporation	June 15, 1948
Number of employees	777 (excluding part-timers)
Paid-in capital	¥9,404,379,401

Directors and Corporate Auditors (As of June 29, 2011)

President and Representative Director	Tatsuro Nakamura
Executive Vice President and Representative Director	Sakae Kushida
Senior Managing 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	Hidesato Sekine
Outside Corporate Auditor	Takashi Higa
Outside Corporate Auditor	Terukazu Sugishima

Notes:

1. Director Kensuke Hotta is the outside director as stipulated in Article 2, Item 15, of the Corporation Law.
2. Corporate Auditors Hidesato Sekine, Takashi Higa, and Terukazu Sugishima 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, 2011)

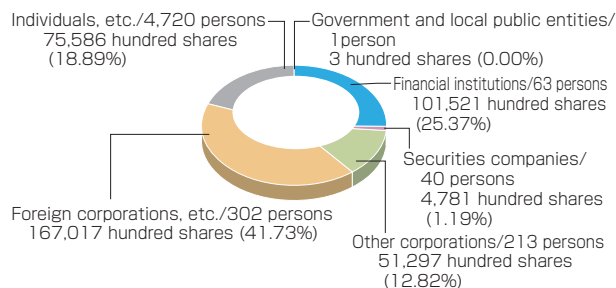
Total number of shares issued	35,313,977 shares
	(Excluding 4,706,759 shares of treasury stock)
Number of shareholders	5,339

Major shareholders (Top 10)

Name	Number of shares held	Ratio of shareholding
	Hundred shares	%
State Street Bank and Trust Company	34,104	9.66
Hirose International Scholarship Foundation	28,550	8.08
Japan Trustee Services Bank, Ltd. (Trust account No. 4)	17,716	5.02
JPMorgan Chase Bank 380055	16,761	4.75
State Street Bank and Trust Company 505223	12,593	3.57
State Street Bank and Trust Company	9,981	2.83
Japan Trustee Services Bank, Ltd. (Trust account)	9,257	2.62
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	2.31
Mizuho Trust & Banking Co., Ltd. 0700016	7,898	2.24
Mizuho Trust & Banking Co., Ltd. Trust account 0700017	7,847	2.22

Note: In addition to the 10 major shareholders above, the Company owns 47,067 hundred shares of treasury stock. The ratio of shareholding is calculated after excluding the shares of treasury stock.

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 The Sumitomo Trust & Banking Co., Ltd.
5-33, Kitahama 4-chome, Chuo-ku, Osaka

Paperwork processing office of shareholders' register manager Securities Agency Department,
The Sumitomo Trust & Banking Co., Ltd.
3-1, Yaesu 2-chome, Chuo-ku, Tokyo

(Mailing address) Securities Agency Department,
The Sumitomo Trust & Banking Co., Ltd.
1-10, Nikko-cho, Fuchu-shi, Tokyo 183-8701

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

Web site URL: <http://www.sumitomotrust.co.jp/STA/retail/service/daiko/index.html>

[Special accounts]

The Company has opened accounts (special accounts) at The Sumitomo Trust & Banking Co., Ltd., 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>

