



66th Fiscal Term Annual Report

From April 1, 2012 to March 31, 2013



**HIROSE
ELECTRIC
CO.,LTD.**



Chairman and
Representative Director

Tatsuro Nakamura

President and
Representative Director

Kazunori Ishii

Vice Chairman and
Representative Director

Sakae Kushida

We are pleased to report the results of operations for fiscal 2012, the year ended March 31, 2013 (the 66th fiscal term, from April 1, 2012 to March 31, 2013).

Business Overview

During the year ended March 31, 2013, the momentum toward recovery remained unclear for the Japanese economy, considerably affected by the lingering debt crisis in Europe and the slowdown in the growth rate of the Chinese economy, which was triggered by the aforementioned European financial concerns, although a trend of gradual recovery was expected at the beginning of the year against a backdrop of demand for reconstruction.

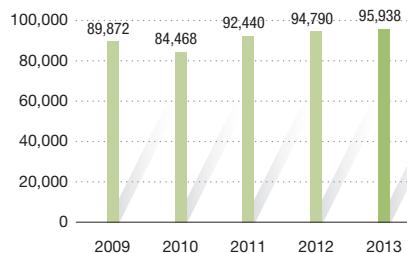
Meanwhile, yen appreciation, which had an adverse impact especially on the business performance of export-related corporations, turned around with a depreciating yen and rising stock prices from the start of the new domestic administration at the end of last year, bringing about bright expectations for business prospects.

In such a business environment, the Hirose Electric Group was active in expanding its global business while enhancing the alliance with HIROSE KOREA CO., LTD., which the Company converted into a consolidated subsidiary in December 2010 and raised its investment ratio to 97% in November 2012, in diverse aspects of sales, development and production. We also continued to reinforce our development and sales systems for high-value-added products in the pursuit of swifter responses to increasingly sophisticated market needs. This significant role has been mainly shouldered at

Financial Highlights

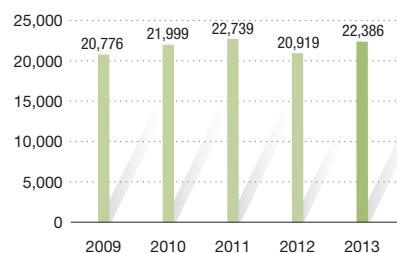
Net sales

Millions of yen



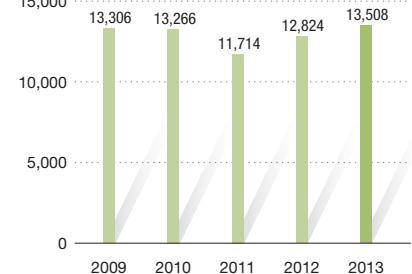
Ordinary income

Millions of yen



Net income

Millions of yen



the Yokohama Center, a new company building located in Tsuzuki-ku, Yokohama, into which the Product Development, Engineering, Sales & Marketing Divisions and other functions were consolidated in December 2011.

As a result, consolidated net sales for the year under review amounted to ¥95,938 million, an increase of 1.2% from a year earlier. Operating income increased 7.3% to ¥20,985 million, ordinary income rose 7.0% to ¥22,386 million and net income advanced 5.3% to ¥13,508 million. Thus, the Group recorded year-over-year increases in both revenue and profit.

The management environment in which the Group operates is forecast to remain uncertain amid concern over the lingering debt crisis in Europe, although the depreciating yen and rising stock prices continue and several signs of recovery have emerged, reflecting the expectations of favorable effects from the economic stimulus policies taken by the new government.

Moreover, the quantitative expansion of smartphones, mobile phones and tablet PCs; further sales growth in the automobile field along with an expansion in automotive electronics; and the growth of the industrial machinery/equipment and communications fields are anticipated. On the other hand, intensifying competition due to customers' preference for lower-priced products is expected to accelerate.

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

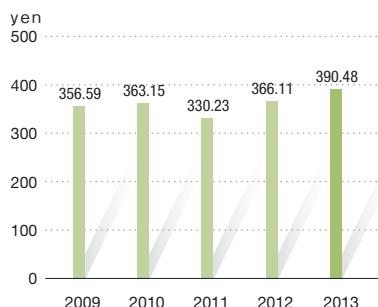
include the reinforcement of high-value-added product development capabilities to meet market needs, the promotion of manufacturing efficiency and further improvement of product quality, all of which would serve to improve our cost competitiveness. At the same time, we are determined to strengthen our 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.

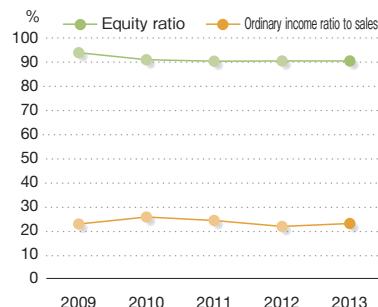
June 2013

Tatsuro Nakamura
Chairman and Representative Director

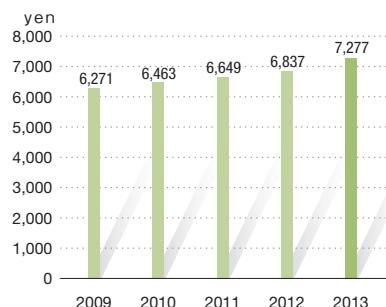
■ Net income per share



■ Equity ratio & Ordinary income ratio to sales



■ Net assets per share



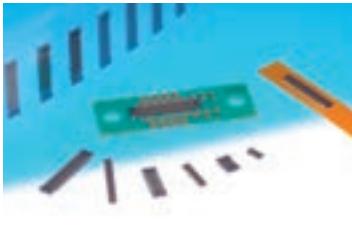
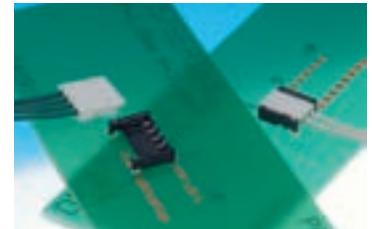
Multi-Pin Connectors

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 smartphones and mobile phones, 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 1.9% year over year to ¥77,148 million and operating income rose 11.3% to ¥17,532 million due to steady sales of our products in the automobile field, as well as in the field of smartphones and mobile phones centering on those slated for South Korea and China, despite sluggish sales for applications in the industrial machinery/equipment field.

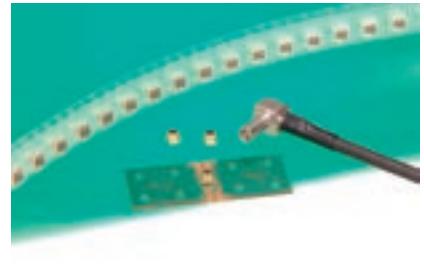


Coaxial Connectors

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, smartphones and mobile phones, and switching and

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

Consolidated segment sales for the year under review decreased 7.7% year over year to ¥13,786 million and operating income declined 15.6% to ¥3,176 million.



Other Products

The other products segment includes medical electronics equipment such as interference wave EMSs, micro switches and instruments for connectors.

Consolidated segment sales for the year under review increased 20.6% year over year to ¥5,003 million and operating income surged 646.2% to ¥275 million.



Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

Account item	As of March 31, 2013	As of March 31, 2012
(Assets)		
Current assets	180,817	172,064
Fixed assets	97,063	89,421
Property, plant and equipment	31,022	26,448
Intangible assets	1,191	1,511
Investments and other assets	64,850	61,461
Total assets	277,881	261,486
(Liabilities)		
Current liabilities	21,730	19,231
Long-term liabilities	4,084	2,652
Total liabilities	25,815	21,884
(Net assets)		
Shareholders' equity	247,310	238,704
Common stock	9,404	9,404
Additional paid-in capital	14,365	14,371
Retained earnings	278,804	269,620
Treasury stock, at cost	△55,263	△54,692
Accumulated other comprehensive income	4,152	△2,101
Stock acquisition rights	74	63
Minority interests	529	2,936
Total net assets	252,066	239,601
Total liabilities and net assets	277,881	261,486

Note: Amounts less than ¥1 million are truncated.

Consolidated Statements of Income

(Millions of yen)

Account item	From April 1, 2012 to March 31, 2013	From April 1, 2011 to March 31, 2012
Net sales	95,938	94,790
Cost of sales	55,451	56,166
Gross profit	40,486	38,623
Selling, general and administrative expenses	19,501	19,069
Operating income	20,985	19,554
Other income	1,507	1,450
Other expenses	106	85
Ordinary income	22,386	20,919
Extraordinary income	138	1,025
Extraordinary loss	327	385
Income before income taxes	22,197	21,559
Provision for income taxes—Current	7,468	7,269
Provision for income taxes—Deferred	692	1,070
Income before minority interests	14,035	13,220
Minority interest in income	526	395
Net income	13,508	12,824

Note: Amounts less than ¥1 million are truncated.

Consolidated Statements of Cash Flows

(Millions of yen)

Account item	From April 1, 2012 to March 31, 2013	From April 1, 2011 to March 31, 2012
Operating activities	26,370	21,050
Investing activities	△19,677	△10,852
Financing activities	△4,994	△10,679
Effect of exchange rate change on cash and cash equivalents	1,861	△76
Net increase/decrease in cash and cash equivalents	3,559	△558
Cash and cash equivalents, beginning of the year	41,992	42,435
Increase in cash and cash equivalents from newly consolidated subsidiary	—	115
Cash and cash equivalents, end of the year	45,551	41,992

Note: Amounts less than ¥1 million are truncated.

Consolidated Statement of Changes in Net Assets

(From April 1, 2012 to March 31, 2013)

(Millions of yen)

Item	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 April 1, 2012	9,404	14,371	269,620	△54,692	238,704	2,394	△4,496	△2,101	63	2,936	239,601
Total amount of changes during the period											
Dividends from surplus			△4,325		△4,325			—			△4,325
Net income for the period			13,508		13,508			—			13,508
Acquisition of treasury stock				△817	△817			—			△817
Disposal of treasury stock		△6		246	240			—			240
Net amount of changes during the period other than shareholders' equity					—	989	5,264	6,254	11	△2,406	3,858
Total amount of changes during the period	—	△6	9,183	△570	8,606	989	5,264	6,254	11	△2,406	12,464
Balance at March 31, 2013	9,404	14,365	278,804	△55,263	247,310	3,384	767	4,152	74	529	252,066

Note: Amounts less than ¥1 million are truncated.

Nonconsolidated Financial Statements

Nonconsolidated Balance Sheets (Millions of yen)

Account item	As of March 31, 2013	As of March 31, 2012
(Assets)		
Current assets	98,388	98,336
Fixed assets	59,268	53,849
Property, plant and equipment	15,642	14,788
Intangible assets	933	1,104
Investments and other assets	42,691	37,956
Total assets	157,657	152,186
(Liabilities)		
Current liabilities	11,355	10,521
Long-term liabilities	1,410	799
Total liabilities	12,765	11,320
(Net assets)		
Shareholders' equity	141,451	138,426
Common stock	9,404	9,404
Additional paid-in capital	14,365	14,371
Retained earnings	172,944	169,342
Treasury stock, at cost	△55,263	△54,692
Valuation, translation adjustments and others	3,366	2,376
Stock acquisition rights	74	63
Total net assets	144,891	140,865
Total liabilities and net assets	157,657	152,186

Note: Amounts less than ¥1 million are truncated.

Nonconsolidated Statements of Income (Millions of yen)

Account item	From April 1, 2012 to March 31, 2013	From April 1, 2011 to March 31, 2012
Net sales	70,825	76,055
Cost of sales	47,796	51,107
Gross profit	23,028	24,948
Selling, general and administrative expenses	13,864	14,188
Operating income	9,164	10,759
Other income	5,045	4,196
Other expenses	1,224	1,666
Ordinary income	12,985	13,289
Extraordinary income	—	933
Extraordinary loss	286	273
Income before income taxes	12,698	13,948
Provision for income taxes—Current	4,648	5,143
Provision for income taxes—Deferred	122	663
Net income	7,927	8,141

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 part of our recent introductions.

DF62 Series

These DF62 series relay connectors featuring slim and smooth profiles are suitable for wiring in narrow spots. Their lattice-shaped terminal arrangement has made width across corners shorter than before so that the connectors can easily pass through narrow spaces. While realizing compact sizes, their original terminal construction and lock system ensure high operability and contact reliability, thereby making the series connectors applicable in various fields for diverse machines and equipment from industry machinery to consumer use equipment.



EF1 Series

The 130A-compliant EF1 series connectors were developed for use in equipment with high current such as large machine tools including storage batteries and distribution boards that are indispensable for creating the so-called smart grid society that features high efficiency, high quality and high reliability. The connector set can be completed by only clamping a corresponding cable on the round terminal then integrating them into the respective cases at the plug and receptacle sides. The one-touch locking mechanism has high operability ensuring easy and secure connections of connector components.



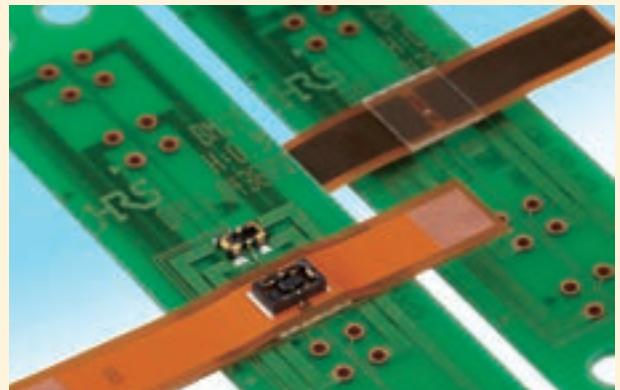
IT5 Series

These board-to-board connectors are compatible with high-speed signals that have 25 Gbps or higher transmission rates. They were developed to cope with the demand for the higher speed and larger capacity of communication equipment/devices resulting from the explosive increase in data traffic associated with the rapid popularization of smartphones and cloud services. Our original BGA (ball grid array) technology and 3-piece-connected configuration have realized high-speed transmission rates and high-density mounting to ensure excellent mounting capacity for multiple uses. Abundant variations are available with board-to-board height of 14 mm-40 mm and cores 100 mm, 200 mm and 300 mm in diameter.



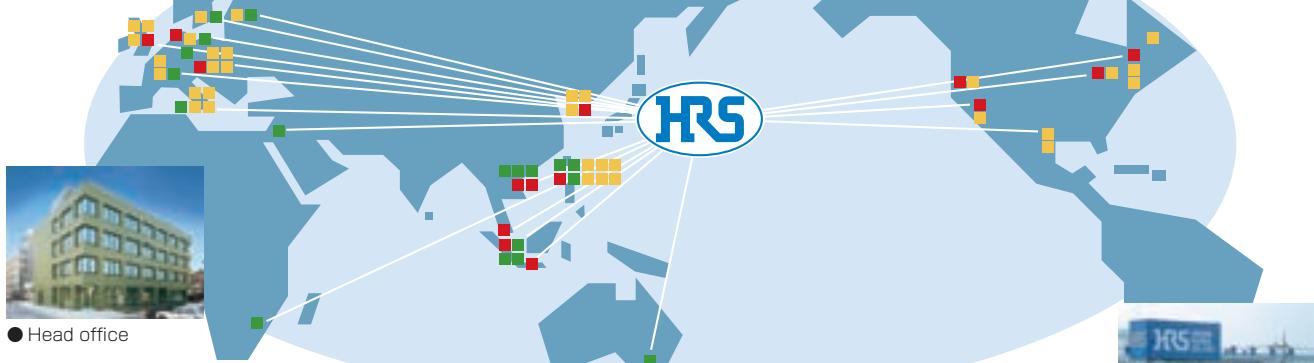
BM22 Series

These compact and composite board-to-board connectors are equipped with both 4A-applicable power supply terminals and 0.3A-signal terminals. The connectors were developed mainly for use in smartphones and tablet PCs to ensure connections between their batteries and boards. As a power supply terminal is equipped, there is no need to separate the cable inside the unit, resulting in a reduced area occupied by the board. Consequently, a low-height and space-saving configuration has been achieved via original technology, ensuring excellent operability and contact reliability.



Group Network

- Overseas bases
(Branches, production subsidiaries,
sales subsidiaries and affiliates)
- Overseas agencies
- Major export destinations



● Head office



● Kikuna Office



● Yokohama Center



● P.T. HIROSE ELECTRIC
INDONESIA
(Indonesia)



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



● HIROSE ELECTRIC
MALAYSIA SDN.
BHD. (Malaysia)



● HIROSE KOREA
CO., LTD.
(South Korea)

- Head office 5-23, Osaki 5-chome, Shinagawa-ku, Tokyo
- Yokohama Center 6-3, Nakagawachuo 2-chome, Tsuzuki-ku, Yokohama, Kanagawa
- Kikuna Office 3-13, Kikuna 7-chome, Kohoku-ku, Yokohama, Kanagawa
- Kansai Branch Shinosaka Iida Bldg., 5-33, Nishimiyahara 1-chome, Yodogawa-ku, Osaka
- Chubu Sales Office Nakato Marunouchi Bldg., 17-6, Marunouchi 3-chome, Naka-ku, Nagoya, Aichi

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

Company Profile (As of March 31, 2013)

Trade name	HIROSE ELECTRIC CO., LTD.
Date of incorporation	June 15, 1948
Number of employees	720 (excluding part-timers)
Paid-in capital	¥9,404,379,401

Directors and Corporate Auditors (As of June 27, 2013)

Chairman and Representative Director	Tatsuro Nakamura
Vice Chairman and Representative Director	Sakae Kushida
President and Representative Director	Kazunori Ishii
Senior 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	Terukazu Sugishima
Outside Corporate Auditor	Akira Seshimo

Notes:

1. Director Kensuke Hotta is an outside director as stipulated in Article 2, Item 15, of the Corporation Law.
2. Corporate Auditors Terukazu Sugishima and Akira Seshimo 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, 2013)

Total number of shares issued	34,552,937 shares
	(Excluding 5,467,799 shares of treasury stock)
Number of shareholders	4,542

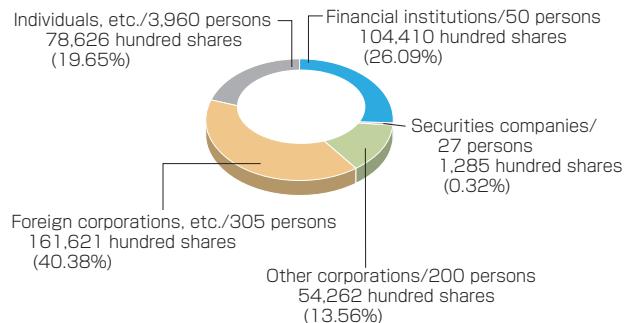
Major Shareholders (Top 10)

Name	Number of shares held	Ratio of shareholding
	Hundred shares	%
State Street Bank and Trust Company	36,405	10.54
Hirose International Scholarship Foundation	28,550	8.26
Japan Trustee Services Bank, Ltd. (Trust Account No. 4)	17,621	5.10
State Street Bank and Trust Company 505223	14,652	4.24
JPMorgan Chase Bank 380055	12,469	3.61
State Street Bank and Trust Company	11,537	3.34
Japan Trustee Services Bank, Ltd. (Trust account)	10,630	3.08
Japan Trustee Services Bank, Ltd. (Re-trust account of The Sumitomo Mitsui Trust & Banking Co., Ltd., and the retirement benefit trust account of Sumitomo Mitsui Banking Corporation)	8,162	2.36
Mizuho Trust & Banking Co., Ltd. 0700028	7,898	2.29
Mizuho Trust & Banking Co., Ltd. 0700029	7,847	2.27

Note: In addition to the 10 major shareholders above, the Company owns 54,677 hundred shares of treasury stock. The ratio of shareholding is calculated after excluding the shares of treasury stock.

Distribution of Shares

Distribution of Shares by Shareholder Type



Shareholder information

Fiscal term From 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

Method of public notices 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 Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Paperwork processing office of shareholders' register manager Securities Agency Department,
Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

(Mailing address) Securities Agency Department,
Sumitomo Mitsui Trust Bank, Limited
8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063

(Telephone referral) Phone: 0120-782-031 (Toll free)

Web site URL: <http://www.smtb.jp/personal/agency/index.html>

[Special accounts]

The Company has opened accounts (special accounts) at The Sumitomo Mitsui Trust Bank, Limited, 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>

