

HERS

HIROSE ELECTRIC CO.,LTD.

HERS

Profile

HIROSE ELECTRIC is a specialist in industrial-use connectors for electronic equipment, a field in which it has a proud track record of original product development. In recent years, the company has been aggressively expanding into consumer electronics and other fields, mobilizing its accumulated expertise to carve out a succession of new markets.

By supplying a broad range of high-quality connectors suitable for every conceivable type of application, Hirose Electric has won the patronage of leading global companies in the fields of computer and communications equipment, factory and office automation equipment, instrumentation, amusement devices, and automotive and consumer electronic equipment.

The main product range consists of multi-pin connectors which come in various formats: circular and rectangular, for nylon and ribbon cable, and for printed circuit boards including FPCs (flexible printed circuit boards) and PC cards. High-performance coaxial and optical fiber connectors form the second principal product range. They are used in a wide variety of microwave and other high-frequency signal applications. The company also manufactures various specialized devices and instruments.

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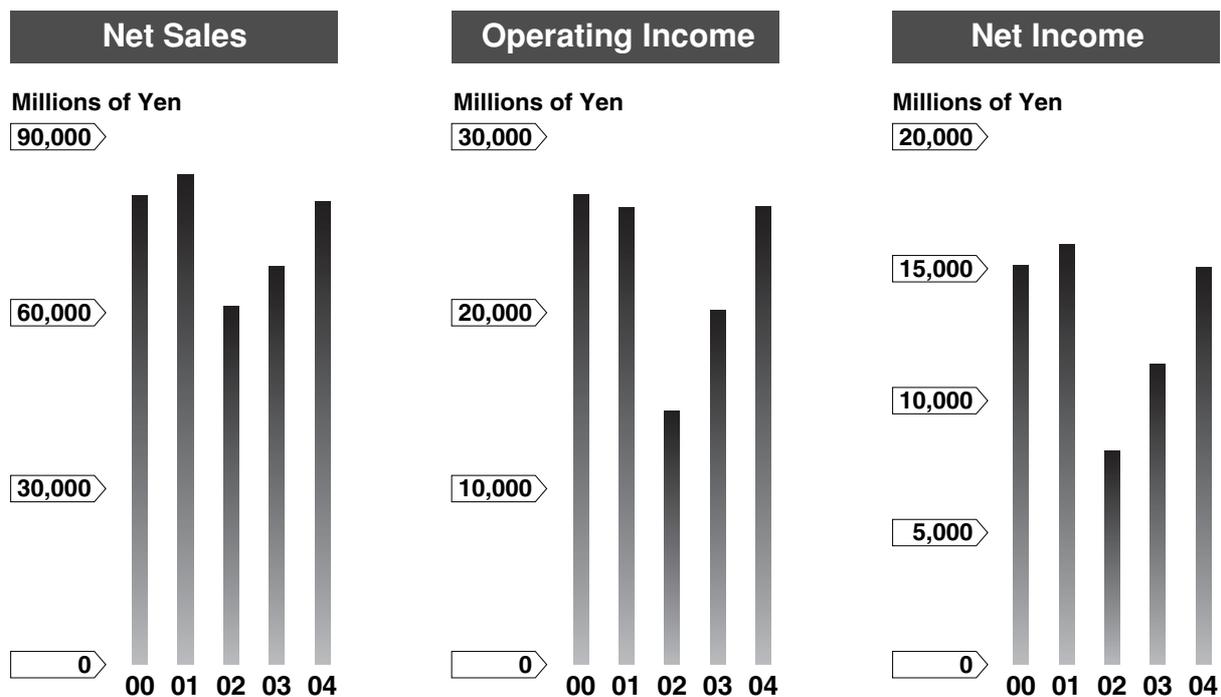
Financial Highlights

Hirose Electric Co.,Ltd. and Consolidated Subsidiaries

For the years ended March 31, 2004, 2003 and 2002

	Millions of Yen			Thousands of U.S. Dollars*
	2004	2003	2002	2004
Net sales	¥ 79,012	¥ 67,890	¥ 61,144	\$ 747,582
Domestic market	49,818	45,965	42,789	471,360
Overseas market	29,194	21,925	18,355	276,222
Operating income	26,044	20,138	14,408	246,419
Net income	15,043	11,398	8,113	142,331
At year-end:				
Total assets	¥ 202,873	¥ 192,802	¥ 177,876	\$1,919,510
Shareholders' equity	176,672	169,787	160,125	1,671,606
Per share of common stock:				
(in yen and dollars)				
Net income — Basic	¥ 382.26	¥ 284.87	¥ 204.36	\$ 3.61
— Diluted	381.15	282.94	203.10	3.60
Shareholders' equity	4,538.25	4,276.05	4,033.77	42.93

* U.S. dollar figures have been translated from yen, for convenience only, at the rate of ¥105.69=U.S.\$1.



To Our Shareholders



Many and Diverse Demands for Connectors

In the fiscal year ended March 31, 2004, the Japanese economy was supported by the strong U.S. and Asian economies. Although there was a rapid appreciation of the yen, increases in exports and capital investment resulted in a trend toward economic recovery.

Amid this environment, Hirose Electric succeeded in posting higher net sales and net income. Consolidated net sales increased year on year by ¥11,122 million, or 16.4%, to ¥79,012 million and net income rose ¥3,645 million, or 32.0%, to ¥15,043 million.

By product area, sales of our flagship multi-pin connectors—which include circular and rectangular connectors, and connectors for ribbon cables, connectors used for printed circuit boards including FPCs (flexible printed circuit boards) and PC cards, as well as nylon connectors—increased 16.6% to ¥64,602 million. This was mainly the result of demand in the IT and communications fields, particularly for digital consumer electronics.

In coaxial connectors, sales increased 12.0% to ¥10,742 million due to recovery in demand for mobile communications equipment and investments in communications infrastructure. 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 communications equipment such as mobile phones, switching and transmission equipment, wireless LAN and other IT and communications network equipment, and digital consumer equipment. Optical fiber connectors are also included in this sector.

Sales in the Other Products sector increased 26.0% to ¥3,667 million. This sector includes high-frequency devices such as directional couplers, non-reflecting terminal equipment, fixed attenuators, circulators and coaxial switches, as well as low-frequency equipment designed for medical treatment applications and instruments for connectors.

Our Management Philosophy

As a specialist manufacturer of connectors, Hirose Electric has been contributing to the development of the electronics sector for more than half a century. Over the last several decades, we have maintained a fundamental management concept for the company that emphasizes intelligence over size. This concept is rooted in the belief that we can maintain high-quality management in an efficient organization if we humbly recognize our limitations of scale, acquire expertise from outside and combine it with our own intelligence. In this way, we aim to participate in the rapid growth of the electronics industry.

In this time of economic uncertainty and increasingly borderless economic activity, we must reaffirm our responsibilities as an electronics component manufacturer, making the Hirose brand synonymous with top-quality products. We believe that our mission is to accurately and dynamically deliver policies that will gain the trust of our customers and fulfill the expectations of our shareholders.

Raising Corporate Value

As the information society continues to evolve and communications technologies become more diverse and sophisticated, the medium- to long-term growth prospects in our industry are good. Nevertheless, competition between companies is bound to intensify. We intend to meet these challenges by always pursuing state-of-the-art technology, devising more efficient allocation and streamlining of resources, bolstering our ability to develop products that cater to emerging needs, raising quality, and driving improvements in productivity and paring costs. At the same time, we will respond to the increasing globalization of our markets and increase corporate value by raising our presence in fields exhibiting strong growth prospects, such as IT communication networks, digital home appliances and car electronics.

We will also continue to do our utmost to protect the environment. We have obtained ISO 14001 certification, the international standard for environmental management, at our domestic manufacturing subsidiaries. Through efforts such as these, we will continue to ensure that all group companies consider the environment in the course of their business activities.

In closing, we would like to thank all our shareholders for their ongoing support and encouragement.

August 2004



Hideki Sakai
Chairman and Chief Executive Officer



Tatsuro Nakamura
President and Chief Operating Officer

Five-Year Summary

Hirose Electric Co.,Ltd. and Consolidated Subsidiaries

Years ended March 31

	Millions of Yen				
	2004	2003	2002	2001	2000
Net sales	¥ 79,012	¥ 67,890	¥ 61,144	¥ 83,540	¥ 79,962
Operating income	26,044	20,138	14,408	25,990	26,725
Net income	15,043	11,398	8,113	15,906	15,140
At year-end:					
Total assets	¥ 202,873	¥ 192,802	¥ 177,876	¥ 175,647	¥ 158,456
Shareholders' equity	176,672	169,787	160,125	150,321	134,253
	Yen				
Per share of common stock:					
Net income —					
Basic	¥ 382.26	¥ 284.87	¥ 204.36	¥ 400.65	¥ 381.36
Diluted	381.15	282.94	203.10	397.82	378.67
Shareholders' equity	4,538.25	4,276.05	4,033.77	3,786.11	3,381.42
	Thousands of U.S. Dollars*				
	2004	2003	2002	2001	2000
Net sales	\$ 747,582	\$ 642,350	\$ 578,522	\$ 790,425	\$ 756,571
Operating income	246,419	190,538	136,323	245,908	252,862
Net income	142,331	107,844	76,762	150,497	143,249
At year-end:					
Total assets	\$1,919,510	\$1,824,222	\$1,682,997	\$1,661,907	\$1,499,253
Shareholders' equity	1,671,606	1,606,462	1,515,044	1,422,282	1,270,253
	U.S. Dollars*				
Per share of common stock:					
Net income —					
Basic	\$ 3.61	\$ 2.69	\$ 1.93	\$ 3.79	\$ 3.60
Diluted	3.60	2.67	1.92	3.76	3.58
Shareholders' equity	42.93	40.45	38.16	35.82	31.99

* U.S. dollar figures have been translated from yen, for convenience only, at the rate of ¥105.69=U.S.\$1.

Financial Review

The Hirose Electric Co., Ltd. group consists of the parent company, Hirose Electric, 15 subsidiaries and 3 affiliates. Of the subsidiaries, thirteen are consolidated. Nine of these consolidated subsidiaries were in existence in the previous fiscal year: Tohoku Hirose Electric Co., Ltd., Koriyama Hirose Electric Co., Ltd., Ichinoseki Hirose Electric Co., Ltd., Hirose Electric (U.S.A.), Inc., Hirose Electric GmbH, Hirose Electric UK Ltd., Hirose Electric Hong Kong Co., Ltd., Hirose Electric (Dong Guan) Co., Ltd. and Hirose Electric (Taiwan) Co., Ltd. Four more consolidated subsidiaries were added in the fiscal year under review: Hirose Electric Malaysia Sdn. Bhd., P.T. Hirose Electric Indonesia, Hirose Electric (Shanghai) Co., Ltd. and Hirose Electric Europe B.V. One of the three affiliates, Hirose Cherry Precision Co., Ltd., is accounted for by the equity method. As the fiscal year-end of subsidiary Hirose Electric (Dong Guan) Co., Ltd. is December 31, the financial statements of this company prepared as if the fiscal year-end were March 31 have been used in the preparation of the consolidated financial statements.

Operating Environment

In the fiscal year ended March 31, 2004, the Japanese economy was initially supported by the strong U.S. and Asian economies. Although there was a rapid appreciation of the yen, increases in exports and capital investment resulted in a trend toward economic recovery.

In the electronics industry, exports to Asian and other countries were strong, amid intense competition among suppliers. Demand could be seen to recover in the IT and communications fields on the back of increases in IT investments.

Net Sales and Net Income

During the year, Hirose Electric took steps to enhance its ability to develop higher-quality products that meet ever diversifying needs, to develop new products and strengthen product development capabilities. At the same time, the company implemented wide-ranging management policies to improve production efficiency, cut costs, including by expanding production overseas, develop new domestic and overseas sales channels and strengthen marketing.

As a result of these efforts, consolidated net sales increased year on year by 16.4% to ¥79,012 million. Net income rose 32.0% to ¥15,043 million.

Segment Information

Connector Manufacturing and Sales Business

Hirose Electric's principal business is manufacturing and selling connectors for electronics devices. These connectors are used to link and separate various functional units and circuits in electrical and electronics equipment. They are widely used in computers and peripheral equipment, mobile communications devices, office automation equipment, communications equipment, digital information devices for the home and car electronics.

Composition of sales by connector type:

Years ended March 31	2004	2003	
Multi-pin connectors	81.8%	81.6%	Circular, rectangular, printed circuit boards
Coaxial connectors	13.6	14.1	Coaxial, optical
Other	4.6	4.3	Coaxial components, crimp contacts, medical equipment, etc.
Total	100.0%	100.0%	

Consolidated basis

Overseas Sales

Overseas sales increased by ¥7,269 million, or 33.2%, to ¥29,194 million (US\$276,222 thousand).

Overseas sales by region

Years ended March 31	Millions of Yen			
	Overseas sales	Share of consolidated sales	Overseas sales	Share of consolidated sales
	2004		2003	
North America	¥ 2,710	3.4%	¥ 2,905	4.3%
Asia	19,990	25.3	13,764	20.3
Europe	5,737	7.3	4,492	6.6
Other	757	0.9	764	1.1
Total	¥29,194	36.9%	¥21,925	32.3%

Financial Position

Total assets at the end of the year stood at ¥202,873 million (US\$1,910,510 thousand), an increase of 5.2% from a year ago. Current assets increased 3.4% to ¥176,190 million (US\$1,667,045 thousand), reflecting an increase in notes and accounts receivable, and in marketable securities.

Shareholders' equity rose by 4.1% to ¥176,672 million (US\$1,671,606 thousand). As a result, the equity ratio decreased by 1.0 percentage point to 87.1%. Equity per share rose ¥262.2 to ¥4,538.25 (US\$42.93).

Dividend Policy

Hirose Electric's fundamental dividend policy is to be committed to continuing to pay shareholders a stable dividend over the long term, while at the same time working to enhance our operating structure, establish paths of growth and bolster our financial framework.

Taking our shareholders into consideration, Hirose Electric has announced an annual dividend for the year ended March 31, 2004 of ¥23 per share, comprising an increase from ¥18 per share to ¥20 per share in the normal dividend, and a special dividend of ¥3 per share.

Repurchase of Treasury Stock

Accompanying an amendment to Japan's commercial law and a change in Hirose Electric's articles of association, a resolution approved at the meeting of the board of directors has enabled the company to repurchase shares of common stock.

Consolidated Balance Sheets

Hirose Electric Co.,Ltd. and Consolidated Subsidiaries

As of March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
ASSETS			
Current assets:			
Cash and bank deposits	¥138,575	¥138,905	\$1,311,146
Marketable securities (Note 2)	1,699	377	16,075
Trade notes and accounts receivable	26,312	22,369	248,954
Allowance for doubtful receivables	(22)	(48)	(208)
Inventories	5,747	4,675	54,376
Deferred income taxes (Note 8)	1,594	1,269	15,082
Other current assets	2,285	2,868	21,620
Total current assets	176,190	170,415	1,667,045
Property, plant and equipment:			
Land	1,967	1,809	18,611
Buildings	6,987	6,338	66,108
Machinery and equipment (Note 1 (g))	46,055	39,785	435,756
Construction in progress	259	231	2,451
	55,268	48,163	522,926
Less accumulated depreciation	(40,160)	(35,502)	(379,979)
Property, plant and equipment, net	15,108	12,661	142,947
Investments and other assets:			
Investment securities (Note 2)	4,814	4,831	45,548
Investment in affiliates	1,611	2,154	15,243
Long-term loan receivable (Note 11)	2,587	—	24,477
Deferred income taxes (Note 8)	231	127	2,186
Intangible and other assets	2,332	2,614	22,064
Total investments and other assets	11,575	9,726	109,518
Total assets	¥202,873	¥192,802	\$1,919,510

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Trade notes and accounts payable	¥ 11,657	¥ 9,410	\$ 110,294
Short-term borrowings (Note 5)	204	143	1,930
Convertible bonds due within one year (Note 5)	—	1,523	—
Accrued expenses	607	1,325	5,743
Accrued income taxes	6,498	5,876	61,482
Accrued bonuses	1,053	976	9,963
Deferred income taxes (Note 8)	13	6	123
Other current liabilities	2,157	1,265	20,409
Total current liabilities	22,189	20,524	209,944
Long-term liabilities:			
Employees' retirement and severance benefits (Note 7)	1,135	758	10,739
Directors' and Corporate Auditors' retirement and severance benefits	699	659	6,614
Deferred income taxes (Note 8)	1,782	693	16,861
Other long-term liabilities	396	381	3,746
Total long-term liabilities	4,012	2,491	37,960
Shareholders' equity (Note 9):			
Common stock			
Authorized — 80,000,000 shares			
Issued 2004 — 40,020,736 shares			
2003 — 39,707,690 shares	9,404	8,650	88,977
Additional paid-in capital	12,008	11,254	113,615
Retained earnings	163,714	148,473	1,549,002
Accumulated other comprehensive income —			
Unrealized gain on available-for-sale securities	2,618	1,676	24,771
Foreign currency translation adjustments	(991)	(67)	(9,376)
	186,753	169,986	1,766,989
Less — Cost of common stock in treasury			
1,112,316 shares in 2004 and			
22,320 shares in 2003	(10,081)	(199)	(95,383)
Total shareholders' equity	176,672	169,787	1,671,606
Total liabilities and shareholders' equity	¥202,873	¥192,802	\$1,919,510

The accompanying notes to consolidated financial statements are an integral part of these balance sheets.

Consolidated Statements of Income

Hirose Electric Co.,Ltd. and Consolidated Subsidiaries

For the years ended March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
Net sales (Note 12)	¥79,012	¥67,890	\$747,582
Cost of sales	39,315	36,722	371,984
Gross profit	39,697	31,168	375,598
Selling, general and administrative expenses (Note 4)	13,653	11,030	129,179
Operating income	26,044	20,138	246,419
Other income (expenses):			
Interest and dividend income	194	200	1,836
Equity in earnings of affiliates	10	10	95
Interest expense	(6)	(33)	(57)
Foreign exchange loss, net	(218)	(45)	(2,063)
Gain on redemption of marketable securities	133	—	1,258
Impairment loss on investment securities	—	(23)	—
Loss on disposal of inventories	(370)	(391)	(3,501)
Loss on disposal of plant and equipment, net	(328)	(352)	(3,103)
Prior year adjustment (Note 1(g))	(117)	—	(1,107)
Other, net	183	1	1,731
	(519)	(633)	(4,911)
Income before income taxes	25,525	19,505	241,508
Provision for income taxes — Current	10,931	8,552	103,425
— Deferred	(449)	(445)	(4,248)
	10,482	8,107	99,177
Net income	¥15,043	¥11,398	\$142,331
Per share of common stock (Note 10):			
Net income — Basic	¥382.26	¥284.87	\$3.61
— Diluted	381.15	282.94	3.60
Cash dividends, applicable to the year	23.00	19.50	0.21

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Shareholders' Equity

Hirose Electric Co.,Ltd. and Consolidated Subsidiaries

For the years ended March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
Common stock:			
Balance at beginning of year	¥ 8,650	¥ 8,645	\$ 81,843
Conversion of bonds	754	5	7,134
Balance at end of year	¥ 9,404	¥ 8,650	\$ 88,977
Additional paid-in capital:			
Balance at beginning of year	¥ 11,254	¥ 11,249	\$ 106,481
Conversion of bonds	754	5	7,134
Gain on sale of treasury stock	0	—	0
Balance at end of year	¥ 12,008	¥ 11,254	\$ 113,615
Retained earnings:			
Balance at beginning of year	¥148,473	¥137,871	\$1,404,797
Net income	15,043	11,398	142,331
Effect of change in scope of consolidation	1,056	22	9,992
Cash dividends paid	(767)	(734)	(7,257)
Bonuses to directors and corporate auditors	(91)	(84)	(861)
Balance at end of year	¥163,714	¥148,473	\$1,549,002
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	¥ 2,618	¥ 1,676	\$ 24,771
Foreign currency translation adjustments	(991)	(67)	(9,376)
Total accumulated other comprehensive income, net	¥ 1,627	¥ 1,609	\$ 15,395
Treasury stock, at cost	¥ (10,081)	¥ (199)	\$ (95,383)
2004: 1,112,316 shares			
2003: 22,320 shares			
Total shareholders' equity	¥176,672	¥169,787	\$1,671,606

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flows

Hirose Electric Co.,Ltd. and Consolidated Subsidiaries

For the years ended March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
Operating activities:			
Income before income taxes	¥ 25,525	¥ 19,505	\$ 241,508
Adjustments to reconcile income before income taxes to net cash provided by operating activities —			
Depreciation and amortization	5,324	4,301	50,374
Loss on disposal of plant and equipment	328	352	3,103
Increase in liability for employees' retirement and severance benefits	368	209	3,482
Equity in earnings of affiliates	(10)	(10)	(95)
Income taxes paid	(10,425)	(5,289)	(98,638)
Bonus paid to directors	(88)	(90)	(833)
Changes in assets and liabilities —			
Increase in trade notes and accounts receivable	(3,538)	(2,222)	(33,475)
(Increase) decrease in inventories	(828)	479	(7,834)
Decrease in trade notes and accounts payable	1,706	1,330	16,142
Other, net	(133)	324	(1,258)
Net cash provided by operating activities	18,229	18,889	172,476
Investing activities:			
Proceeds from sale of marketable and investment securities . . .	48	1,261	454
Proceeds from redemption of marketable securities	390	—	3,690
Proceeds from sale of property and equipment	61	342	577
Acquisition of property and equipment	(6,150)	(3,331)	(58,189)
Increase in long-term loans receivable	(2,587)	—	(24,477)
Other, net	409	(308)	3,870
Net cash used in investing activities	(7,829)	(2,036)	(74,075)
Financing activities:			
Dividends paid	(767)	(734)	(7,257)
Proceeds from short-term borrowings	2,500	4,000	23,654
Repayment of short-term borrowings	(2,635)	(4,000)	(24,931)
Acquisition of treasury stock	(9,899)	(117)	(93,661)
Other, net	(19)	-	(180)
Net cash used in financing activities	(10,820)	(851)	(102,375)
Effect of exchange rate change on cash and cash equivalents . . .	(455)	(121)	(4,305)
Net (decrease) increase in cash and cash equivalents	(875)	15,881	(8,279)
Cash and cash equivalents, beginning of year	138,905	122,870	1,314,268
Increase of cash and cash equivalents due to newly consolidated subsidiaries	545	154	5,157
Cash and cash equivalents, end of year	¥138,575	¥138,905	\$1,311,146
Supplemental disclosures of cash flow information:			
Cash paid for interest	¥ 6	¥ 32	\$ 57
Non-cash investing and financing activities —			
Issuance of common stock with conversion of convertible bonds	1,508	10	14,268

The accompanying notes to consolidated financial statements are an integral part of these statements.

Notes to Consolidated Financial Statements

Hirose Electric Co.,Ltd. and Consolidated Subsidiaries

1. SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

(a) Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions and the inclusions of consolidated statements of shareholders' equity) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The translation of the Japanese yen amounts into U.S. dollars are included solely for the convenience of the reader, using the prevailing exchange rate at March 31, 2004, which was ¥105.69 to U.S.\$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

(b) Principles of consolidation

The consolidated financial statements include the accounts of the Company and the following thirteen subsidiaries wholly owned by the Company:

- Tohoku Hirose Electric Co., Ltd.
- Koriyama Hirose Electric Co., Ltd.
- Ichinoseki Hirose Electric Co., Ltd.
- Hirose Electric (U.S.A.), Inc.
- Hirose Electric GmbH
- Hirose Electric UK Ltd.
- Hirose Electric Europe B.V.
- Hirose Electric (Shanghai) Co., Ltd.
- Hirose Electric (Taiwan) Co., Ltd.
- Hirose Electric Hong Kong Co., Ltd.
- Hirose Electric (Dong Guan) Co., Ltd.
- Hirose Electric Malaysia Sdn. Bhd.
- PT. Hirose Electric Indonesia

From the year ended March 31, 2004, the Company increased the scope of consolidation by the accounts of Hirose Electric Europe B.V. and Hirose Electric (Shanghai) Co., Ltd. as they started operations during the fiscal year and by the accounts of Hirose Electric Malaysia Sdn. Bhd. and PT. Hirose Electric Indonesia due to their increased materiality. The above newly consolidated subsidiaries are 100% subsidiaries of the Company.

From the year ended March 31, 2003, the Company increased the scope of consolidation by the accounts of Hirose Electric (Taiwan) Co., Ltd., Hirose Electric Hong Kong Co., Ltd., and Hirose Electric (Dong Guan) Co., Ltd., 100% subsidiaries of the Company, due to their increased materiality.

From the year ended March 31, 2003, Aomori Denso Co., Ltd. was excluded from the scope of consolidation due to the merger with Koriyama Hirose Electric Co., Ltd.

All significant inter-company balances, transactions and profits have been eliminated in consolidation.

Hirose Cherry Precision Co., Ltd., of which the Company owns 50% of equity, is accounted for by the equity method.

Hirose Electric (Dong Guan) Co., Ltd. and Hirose Electric (Shanghai) Co., Ltd., while their closing date is December 31, are consolidated on the basis of the fiscal period ending March 31 as a tentative closing date.

(c) Cash equivalents

For the purpose of the statements of cash flows, the Company and its consolidated subsidiaries consider all short-term, highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Cash and cash equivalents at March 31, 2004 and March 31, 2003 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Cash and bank deposits	¥138,575	¥138,905	\$1,311,146
	¥138,575	¥138,905	\$1,311,146

(d) Marketable securities and investment securities

The Company and its subsidiaries had neither trading securities nor held-to-maturity debt securities. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for under the equity method are stated at cost based on the moving-average method. Available-for-sale securities without fair market value are stated at cost based on the moving-average method.

Available-for-sale securities with fair market value are stated at fair market value as of the balance sheet date. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of shareholders' equity. The cost of securities sold is determined primarily by the moving-average method.

(e) Derivative financial instruments

Derivative financial instruments are stated at fair value, and the gains and losses are charged to income.

(f) Inventories

Finished goods and work in process are stated at cost, being determined by the gross-average method. Raw material is stated at cost, being determined by the moving-average method.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment held by the Company and its domestic subsidiaries is computed by using the declining balance method over estimated useful lives, except for the buildings acquired after March 31, 1998 to which the straight-line method is applied.

Depreciation of property, plant and equipment held by foreign subsidiaries is computed on the straight-line method over estimated useful lives.

Effective April 1, 2003, the Company and its consolidated domestic subsidiaries shortened, based on expected use, the estimated useful lives of certain machinery. This change is due to the current production environment such as the shortened life cycle of products and the shortened replacement cycle of certain machinery. The effect of the change in the estimated useful lives was an increase of depreciation expense by ¥540 million (\$5,109 thousand), of which ¥117 million (\$1,107 thousand) was reported as prior year adjustment and ¥49 million (\$464 thousand) as inventory. As a result, for the year ended March 31, 2004, gross profit and operating income decreased by ¥374 million (\$3,538 thousand), and income before income taxes decreased by ¥491 million (\$4,645 thousand) compared with what would have been recorded under the previous estimated useful lives.

(h) Software

The cost of software included in intangible and other assets is amortized over the estimated useful lives (five years) by the straight-line method.

(i) Impairment of long-lived assets

In August 2002, the Business Accounting Council issued "Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets." The opinion set forth basic ideas about (a) assets subject to impairment consideration, (b) recognition and measurement of impairment loss, (c) accounting after recognition of impairment loss and (d) treatment of finance lease transactions. In October 2003, the Accounting Standards Board of Japan issued practical guidelines on the new accounting standard. The new accounting standard and practical guidelines will become effective for fiscal years beginning after March 31, 2005, while early adoption is permitted from the fiscal year ended March 31, 2004. The Company decided not to adopt the new accounting standard and guidelines for the year ended March 31, 2004.

(j) Allowance for doubtful receivables

The allowance for doubtful accounts is provided in an amount sufficient to cover possible losses on collection by estimating individually uncollectible amounts and applying a percentage based on collection experience to the remaining accounts.

(k) Retirement and severance benefits and pension costs

(1) Employees' severance and retirement benefits:

The Company and its consolidated domestic subsidiaries provided allowance for employees' retirement and severance benefits at the balance sheet dates based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at that date.

Actuarial gains or losses incurred during the year are recognized in the following year.

(2) Directors' and corporate auditors' retirement and severance benefits:

The Company provided for directors' and corporate auditors' retirement and severance benefit liabilities if all such individuals retired at the balance sheet date.

(l) Income taxes

Income taxes in the accompanying statements of income comprise corporation tax, inhabitants' taxes and enterprise tax.

Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(m) Translation of foreign currencies

All monetary assets and liabilities denominated in foreign currencies are translated at the current exchange rates at the balance sheet date, and the translation gains and losses are charged to income.

Balance sheets of consolidated overseas subsidiaries are translated into Japanese yen at the year-end rate except for shareholders' equity accounts, which are translated at the historical rates. Statements of income of consolidated overseas subsidiaries are translated at average rates.

(n) Accounting for leases

Finance leases that are deemed to transfer ownership of the leased property to the lessee are capitalized; while other finance leases are accounted for as operating lease transactions with certain "as if capitalized" information disclosed in the notes to the consolidated financial statements.

2. SECURITIES

The following tables summarize acquisition costs, gross unrealized holding gains and losses and fair value of securities with available fair values as of March 31, 2004 and 2003:

	Millions of Yen			
	Cost/ Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
March 31, 2004				
Available-for-sale securities:				
Equity securities	¥ 371	¥4,333	¥-	¥4,704
Debt securities	1,640	69	-	1,709
Total	¥2,011	¥4,402	¥-	¥6,413

	Thousands of U.S. Dollars			
	Cost/ Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
March 31, 2004				
Equity securities	\$ 3,510	\$40,997	\$-	\$44,507
Debt securities	15,517	653	-	16,170
Total	\$19,027	\$41,650	\$-	\$60,677

	Millions of Yen			
	Cost/ Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
March 31, 2003				
Available-for-sale securities:				
Equity securities	¥ 410	¥2,572	¥41	¥2,941
Debt securities	1,762	285	-	2,047
Total	¥2,172	¥2,857	¥41	¥4,988

The following tables summarize book values of securities with no available fair values as of March 31, 2004 and 2003:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Investments in affiliates	¥1,611	¥2,154	\$15,243
Available-for-sale securities	100	220	946
Total	¥1,711	¥2,374	\$16,189

Maturities of debt securities classified as available-for-sale at March 31, 2004 and 2003 are as follows:

	Millions of Yen			
	2004			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Corporate bonds	¥1,699	¥10	¥-	¥-
Other	-	-	-	-
Total	¥1,699	¥10	¥-	¥-

	Thousands of U.S. Dollars			
	2004			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Corporate bonds	\$16,075	\$95	\$-	\$-
Other	-	-	-	-
Total	\$16,075	\$95	\$-	\$-

	Millions of Yen			
	2003			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Corporate bonds	¥ 2	¥1,790	¥100	¥-
Other	375	-	-	-
Total	¥377	¥1,790	¥100	¥-

3. LEASES

Total finance lease payments under finance lease arrangements that do not transfer ownership of the leased property to the Companies were ¥1 million (\$9 thousand) for the year ended March 31, 2004. The Companies did not enter into such lease transactions for the year ended March 31, 2003.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases and depreciation expense of finance leases that do not transfer ownership of the leased property to the Companies for the years ended March 31, 2004 and 2003 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Equipment			
Cost and depreciation:			
Acquisition cost	¥7	¥-	\$66
Accumulated depreciation	4	-	38
Net leased property	¥3	¥-	\$28
Obligations under finance leases:			
Due within one year	¥3	¥-	\$28
Due after one year	-	-	-
Total	¥3	¥-	\$28
Depreciation expense:	¥1	¥-	\$ 9

The amount of obligations and depreciation under finance leases is calculated including the imputed interest portion. Leased properties are depreciated over their lease terms with the residual values zero.

The minimum rental commitments under non-cancelable operating leases are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Due within one year	¥ 48	¥ 29	\$ 454
Due after one year	153	93	1,448
Total	¥201	¥122	\$1,902

4. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Major components of selling, general and administrative expenses for the years ended March 31, 2004 and 2003 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Retirement benefits	¥ 662	¥ 500	\$ 6,264
Transportation expense	1,552	1,035	14,684
Salaries and bonuses	3,683	3,259	34,847
Depreciation expenses	223	220	2,110
Rent expenses	343	312	3,245
Research and development expenses	3,549	2,957	33,579
Other	3,641	2,747	34,450
Total	¥13,653	¥11,030	\$129,179

Research and development expenses are charged to income as incurred.

5. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2004 and 2003 represent unsecured loans from banks. The average interest rate of the bank loans as of March 31, 2004 and 2003 were 0.59% and 0.91%, respectively.

Long-term debt at March 31, 2004 and 2003 is comprised of the following:

	Conversion price (per share)	Millions of Yen	
		2004	2003
Convertible bonds—			
1.7% convertible unsecured bonds payable, due on September 30, 2003	¥4,813.80	¥—	¥1,523
		¥—	¥1,523

The convertible bonds are convertible into common stock at the option of the holders currently at applicable conversion prices per share as listed in the above table.

6. DERIVATIVE FINANCIAL INSTRUMENTS

Certain consolidated overseas subsidiaries use forward foreign currency contracts to reduce future risks of fluctuation of foreign currency exchange rates with respect to foreign currency payables from the purchase of the Company's services and products, within the amounts of foreign currency payables and do not utilize derivatives for trading purposes.

Forward foreign currency contracts are subject to risks of foreign exchange rates. The Company does not anticipate non-performance by any of the counter-parties to the above transactions, all of whom are financial institutions with high credit ratings.

The derivative transactions are executed and managed by the subsidiaries' Finance Departments in accordance with the established policies and within the specified limits on the amounts of derivative transactions allowed. The subsidiaries' Finance Departments report, on the execution of derivative transactions, information on derivative transactions to the director in charge of the Company.

The details for derivative activities are as follows:

	Millions of Yen			
	2004			
	Contracted amount		Market value	Recognized gain/(loss)
Total	Over one year			
Items not traded on exchanges				
Forward foreign exchange contracts:				
Buy				
Yen	¥158	¥—	¥162	¥4

Thousands of U.S. Dollars				
2004				
Contracted amount				
Total	Over one year	Market value	Recognized gain/(loss)	
Items not traded on exchanges				
Forward foreign exchange contracts:				
Buy				
Yen.....	\$1,495	\$-	\$1,533	\$38

Millions of Yen				
2003				
Contracted amount				
Total	Over one year	Market value	Recognized gain/(loss)	
Items not traded on exchanges				
Forward foreign exchange contracts:				
Buy				
Yen.....	¥115	¥-	¥114	¥(1)

7. EMPLOYEES' SEVERANCE AND PENSION BENEFITS

The Company and its domestic consolidated subsidiaries provide defined benefit plans for employees, while its certain foreign consolidated subsidiaries provide defined contribution plans.

The liabilities and expenses for severance and retirement benefits are determined based on the amounts obtained by actuarial calculations.

The liabilities for severance and retirement benefits included in the liability section of the consolidated balance sheet as of March 31, 2004 and 2003 consist of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Projected benefit obligation.....	¥ 2,868	¥ 2,764	\$ 27,136
Less fair value of pension assets.....	(1,692)	(1,608)	(16,009)
Unrecognized prior service costs.....	1,176	1,156	11,127
Unrecognized actuarial differences.....	(41)	(398)	(388)
Liability for retirement and severance benefits.....	¥ 1,135	¥ 758	\$ 10,739

Included in the consolidated statements of income for the years ended March 31, 2004 and 2003 are severance and retirement benefit expenses comprised of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Service costs — benefits earned during the year.....	¥464	¥381	\$4,390
Interest cost on projected benefit obligation.....	29	67	274
Expected return on plan assets.....	(16)	(48)	(151)
Amortization of actuarial differences.....	398	222	3,766
Other.....	54	125	511
Retirement and severance benefit expenses.....	¥929	¥747	\$8,790

	2004	2003
Discount rate.....	1.0%	1.0%
Rate of expected return.....	1.0%	2.5%

8. INCOME TAXES

The Company and its domestic subsidiaries are subject to several taxes based on income, which, in the aggregate, indicate statutory tax rate in Japan of approximately 41% and 42% for the years ended March 31, 2004 and 2003, respectively.

Effective for years commencing on April 1, 2004 or later, according to the revised local tax law, income tax rates for enterprise taxes will be reduced as a result of introducing the assessment by estimation on the basis of the size of business. As a result of the change in the aggregate statutory tax rates, deferred tax liabilities decreased by ¥22 million and provision for deferred income taxes increased by ¥12 million compared with what would have been recorded under the previous local tax law.

Significant components of the Company's deferred tax assets and liabilities as of March 31, 2004 and 2003 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Deferred tax assets:			
Accrued enterprise taxes	¥ 551	¥ 506	\$ 5,213
Accrued bonuses disallowed	431	359	4,078
Employees' retirement benefits accrued disallowed	464	310	4,390
Directors' and corporate auditors' retirement benefits accrued	284	267	2,687
Devaluation of inventories	140	191	1,325
Unrealized loss on inventories	356	181	3,368
Depreciation of property and equipment	248	-	2,346
Other	304	262	2,877
Total deferred tax assets	2,778	2,076	26,284
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(1,764)	(1,142)	(16,690)
Tax incentive depreciation	(183)	(182)	(1,731)
Undistributed retained earnings	(672)	-	(6,358)
Other	(129)	(55)	(1,221)
Total deferred tax liabilities	(2,748)	(1,379)	(26,000)
Net	¥ 30	¥ 697	\$ 284

The difference between the statutory tax rate and the effective tax rate of the Company and its consolidated subsidiaries is not material.

9. SHAREHOLDERS' EQUITY

The Commercial Code of Japan (the "Code") provides that (1) all appropriations of retained earnings, including dividends, require approval at an ordinary general meeting of shareholders, (2) interim cash dividends can be distributed upon the approval of the board of directors if the articles of incorporation provide for such interim dividends, subject to some restrictions in the amount, and (3) an amount equal to at least 10% of cash dividends and other appropriations paid in cash be appropriated as a legal earnings reserve until the total amount of legal earnings reserve and additional paid-in capital equals 25% of common stock of the Company.

The legal earnings reserve and additional paid-in capital, up to 25% of common stock, are not available for dividends but may be used to reduce a deficit or may be transferred to common stock. The legal earnings reserve and additional paid-in capital, exceeding 25% of common stock, are available for distribution upon approval of the shareholders' meeting.

The maximum amount that the Company can distribute as dividends is calculated based on the unconsolidated financial statements of the Company in accordance with the Code.

In accordance with the Code, the declaration of annual and interim dividends and the related appropriations of retained earnings have not been reflected in the financial statements at the end of such fiscal or interim six-month periods.

Effective April 1, 2002, the Companies adopted the new accounting standard for treasury stock and reversal of statutory reserves (Accounting Standards Board Statement No. 1, "Accounting Standard for Treasury Stock and Reversal of Statutory Reserves," issued by the Accounting Standards Board of Japan on February 21, 2002). The effect of the adoption of the new accounting standard on net income was not material.

On June 29, 2004, the general shareholders' meeting approved cash dividends of ¥545 million (\$5,157 thousand), or ¥14 (\$0.13) per share, payable to shareholders of record as of March 31, 2004, and bonuses to directors and corporate auditors of ¥96 million (\$908 thousand). In conformity with the Code, this declaration of cash dividends is not reflected in the consolidated financial statements as of March 31, 2004.

10. PER SHARE DATA

Dividends per share shown in the consolidated statements of income have been presented on the accrual basis and include, in each fiscal period, dividends approved after each balance sheet date, but applicable to the fiscal period then ended.

Basic net income per share is calculated by dividing the net income for the period attributable to common shareholders by the weighted average number of shares of common stock outstanding during the period.

Diluted net income per share assumes the dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock. The 1.7% convertible bonds were considered as dilutive securities. In computing net income per share, net income is adjusted, net of income taxes, by interest expense when the inclusions are dilutive. The stock options outstanding at March 31, 2004 and 2003 were considered anti-dilutive, because their exercise prices were higher than the average closing market value on the Tokyo Stock Exchange Market of the Company's common stock.

Effective April 1, 2002, the Company adopted the new accounting standard for earnings per share and related guidance (Accounting Standards Board Statement No. 2, "Accounting Standard for Earnings Per Share" and Financial Standards Implementation Guidance No. 4, "Implementation Guidance for Accounting Standard for Earnings Per Share," issued by the Accounting Standards Board of Japan on September 25, 2002.)

If calculated by the former manner, stockholders' equity, net income and diluted net income per share as of March 31, 2003 and for the year then ended would have been ¥4,278.35, ¥287.17, and ¥285.22, respectively.

11. RELATED PARTY TRANSACTIONS

On March 18, 2004, the Company provided a loan of ¥2,587 million (\$24,477 thousand) due March 31, 2012 to Hirose Engineering Co., Ltd., a wholly owned subsidiary. Currently, the Company and Hirose Engineering Co., Ltd. agreed that the interest rate on this loan will be zero through March 31, 2007.

12. SEGMENT INFORMATION

(a) Business segment information

The Company and its consolidated subsidiaries primarily operate in one business segment of sales and manufacturing connectors for electronic equipment.

(b) Geographic segment information

The Companies did not disclose geographic segments as of March 31, 2003 and for the year then ended, since operating revenue generated and assets located outside Japan were immaterial.

Millions of Yen						
2004	Japan	Asia	Other	Total	Elimination/ HO	Consolidated
Sales						
– Third party	¥ 70,049	¥ 3,362	¥5,601	¥ 79,012	¥ –	¥ 79,012
– Related						
Inter-segment	5,627	8,922	5	14,554	(14,554)	–
Net sales	75,676	12,284	5,606	93,566	(14,554)	79,012
Operating expense	51,571	10,895	5,031	67,497	(14,529)	52,968
Operating profit	¥ 24,105	¥ 1,389	¥ 575	¥ 26,069	¥ (25)	¥ 26,044
Assets	¥196,525	¥ 7,153	¥6,105	¥209,783	¥ (6,910)	¥202,873

Thousands of U.S. Dollars						
2004	Japan	Asia	Other	Total	Elimination/ HO	Consolidated
Sales						
– Third party	\$ 662,778	\$ 31,810	\$52,994	\$ 747,582	\$ –	\$ 747,582
– Related						
Inter-segment	53,241	84,417	47	137,705	(137,705)	–
Net sales	716,019	116,227	53,041	885,287	(137,705)	747,582
Operating expense	487,946	103,085	47,601	638,632	(137,469)	501,163
Operating profit	\$ 228,073	\$ 13,142	\$ 5,440	\$ 246,655	\$ (236)	\$ 246,419
Assets	\$1,859,447	\$ 67,679	\$57,763	\$1,984,889	\$ (65,379)	\$1,919,510

(1) The area of Asia includes the Republic of China, Malaysia and Indonesia.

(2) The area of Other includes the United States of America and Germany.

(c) Overseas sales information

The following is a breakdown of net sales:

Millions of Yen						
	Japan	North America	Asia	Europe	Other	Consolidated
Net sales:						
2004	¥49,818	¥2,710	¥19,990	¥5,737	¥757	¥79,012
2003	45,965	2,905	13,764	4,492	764	67,890

Thousands of U.S. Dollars						
	Japan	North America	Asia	Europe	Other	Consolidated
Net sales:						
2004	\$471,360	\$25,641	\$189,138	\$54,281	\$7,162	\$747,582

(3) The area of North America includes the United States of America.

(4) The area of Asia includes Korea, Taiwan and the Republic of China.

(5) The area of Europe includes the United Kingdom and Germany.

(6) The area of Other includes Brazil.

Independent Auditors' Report

To the Shareholders and Board of Directors of Hirose Electric Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Hirose Electric Co., Ltd. (a Japanese corporation) and consolidated subsidiaries as of March 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hirose Electric Co., Ltd. and subsidiaries as of March 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2004 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

KPMG AZSA & Co.
Tokyo, Japan
June 29, 2004

General Information

R&D Facility

Yokohama Engineering Center

Domestic Subsidiaries

TOHOKU HIROSE ELECTRIC CO., LTD.
KORIYAMA HIROSE ELECTRIC CO., LTD.
ICHINOSEKI HIROSE ELECTRIC CO., LTD.
HIROSE ENGINEERING CO., LTD.

Overseas Manufacturing Subsidiaries

HIROSE ELECTRIC (TAIWAN) CO., LTD. (Taiwan)
HIROSE ELECTRIC MALAYSIA SDN. BHD.
(Malaysia)
P.T. HIROSE ELECTRIC INDONESIA (Indonesia)
HIROSE ELECTRIC HONG KONG CO., LTD.
(Hong Kong)
HIROSE ELECTRIC (DONG GUAN) CO., LTD.
(China)

Domestic Sales Offices and Overseas Sales Offices

Tachikawa Sales Office
Kita-Kanto Sales Office
Osaka Sales Office
Nagoya Sales Office
Hong Kong Branch Office
Singapore Branch Office

Overseas Sales Subsidiaries and Joint Ventures

HIROSE ELECTRIC (U.S.A.), INC.
HIROSE ELECTRIC GmbH (Germany)
HIROSE ELECTRIC UK LTD. (England)
HIROSE ELECTRIC EUROPE B.V. (The Netherlands)
HIROSE ELECTRIC (SHANGHAI) CO., LTD.
(China)
HIROSE KOREA CO., LTD.
(joint venture with Dae Duck Industries)
HIROSE CHERRY PRECISION CO., LTD. (Japan)
(joint venture with The Cherry Corporation)

Shareholder Information

Hirose Electric common stock is listed on the First Section of the Tokyo Stock Exchange under the securities code number 6806. As of March 31, 2004, approximately 40.02 million outstanding shares were held by 6,408 investors.
Foreign investors held 37.28% of shares outstanding.

Main Bank References

Sumitomo Mitsui Banking Corporation
The Sumitomo Trust & Banking Co., Ltd.
The Bank of Tokyo-Mitsubishi, Ltd.
Shinsei Bank, Ltd.

Topics

Sales subsidiary established in the Netherlands

In the European market, demand for connectors continues to grow. In October 2003, Hirose Electric established a European branch in the Netherlands to bolster the company's sales capabilities in the European market by setting up the local sales subsidiary Hirose Electric Europe B.V. The new company is Hirose Electric's third sales subsidiary in Europe, supplementing Hirose Electric GmbH in Germany and Hirose Electric UK Ltd. in the U.K.

Representative office opened in Shenzhen, China

To further expand the company's sales channels in the Chinese market, in November 2003, Hirose Electric opened a representative office in Shenzhen, China, complementing the existing sales bases in Hong Kong and Shanghai.

Directors and Corporate Auditors

(As of June 29, 2004)

Representative Director	HIDEKI SAKAI <i>Chairman and Chief Executive Officer</i>
Representative Director	TATSURO NAKAMURA <i>President and Chief Operating Officer</i>
Managing Director	KUNIO YONEBAYASHI <i>General Manager of Sales and Marketing Division</i>
Directors	IZUMI MORIMOTO <i>General Manager of Production Division</i>
	MITSUYOSHI YAMAMOTO <i>General Manager of Engineering Division; General Manager of SB Department</i>
	SAKAE KUSHIDA <i>General Manager of Administrative Division; General Manager of Corporate Planning Department, Accounting Department, General Affairs Department, and Personnel Department</i>
Outside Director	MASASHI KOJIMA <i>(Senior Advisor, NIPPON TELEGRAPH AND TELEPHONE CORPORATION)</i>
Corporate Auditors	MASAO HIROHASHI
	*HIDESATO SEKINE
	*TAKASHI HIGA
	* Special external company auditor, as stipulated in the Commercial Code of Japan, Section 18, Article 1.

Corporate Data

Date of Incorporation

June 1948

Head Office

5-23, Osaki 5-chome, Shinagawa-ku, Tokyo 141-8587, Japan

Telephone: +81(3) 3491-5300

Facsimile: +81(3) 3495-5230

Stock Exchange Listings

Tokyo Stock Exchange, First Section

Transfer Agent

The Sumitomo Trust & Banking Co., Ltd.

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HIROSE ELECTRIC CO.,LTD.

5-23, Osaki 5-chome, Shinagawa-ku, Tokyo 141-8587, Japan

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