



62<sup>nd</sup> Fiscal Term Annual Report

From April 1, 2008 to March 31, 2009



**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 2008, the year ended March 31, 2009 (the 62nd fiscal term, from April 1, 2008, to March 31, 2009).

### Business Overview

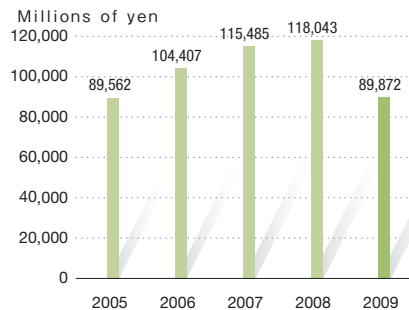
During the year ended March 31, 2009, the Japanese economy had leveled off by the summer of 2008 but suddenly faced unprecedented circumstances with a sharp deterioration in corporate profits against a backdrop of rapid yen appreciation and falling stock prices. These developments were set in motion by the simultaneous slowdown of the world economy following the U.S. and European financial crises triggered by the bankruptcy of Lehman Brothers in the United States in September 2008.

Although there was a slight recovery of demand overseas in the summer of 2008, the electronics industry experienced an extremely severe operating environment from October 2008 until the end of the fiscal year, reflecting reductions in exports and production due to a sharp decline in demand worldwide.

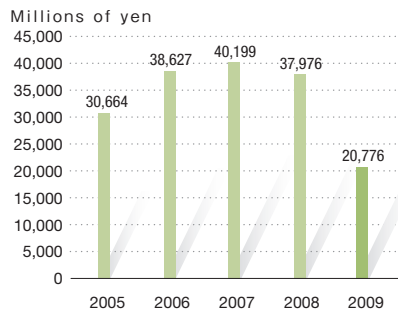
In this adverse business environment, the Hirose Electric Group reinforced its product

### Financial Highlight

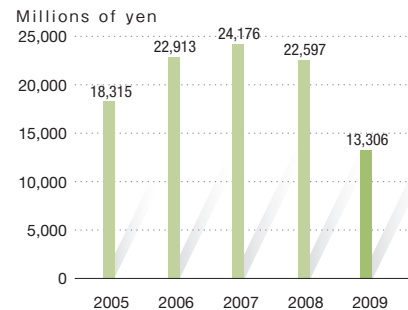
#### Net sales



#### Ordinary income



#### Net income



development capability, developed new products and enhanced product quality in response to sophisticated customer needs. The Group also pushed forward with aggressive management initiatives including cost-cutting measures such as the promotion of manufacturing efficiency and an expansion in overseas manufacturing, as well as the exploitation of domestic and overseas sales channels and the reinforcement of selling power.

As a result, consolidated net sales for the year under review amounted to ¥89,872 million, a decline of 23.9% from a year earlier. Operating income, ordinary income and net income decreased 45.9%, 45.3% and 41.1%, respectively, year over year to ¥19,169 million, ¥20,776 million and ¥13,306 million.

In the economic environment in which the Group operates, the market is expected to recover and grow through expansion in the fields of information and communications networks, digital information, consumer electronics and automotive electronics. Meanwhile, the situation will become increasingly severe, affected by the diversification of markets; shorter product cycles, which will pose higher risks in collecting the fruits of our investment; and further intensifying competition.

In this tough business environment, the Company 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 product development capability to meet new needs, the development of high-value-added products 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 and exploit domestic and overseas sales channels.

We look forward to your continued support and encouragement.

June 2009

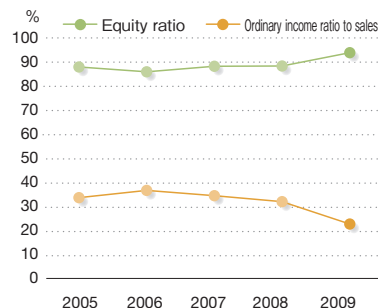
President and Representative Director  
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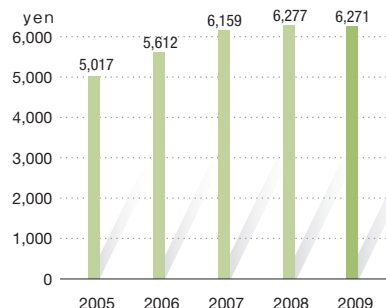
■ Net income per share



■ 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 PC cards, as well as nylon connectors.

Major applications of these connectors include a wide range of industrial fields, such as computers and peripheral terminals, PCs, OA equipment, communications equipment, telephone equipment, measuring and control equipment, FA equipment, broadcasting equipment and medical electronics equipment, digital information consumer electronics and automotive electronics. Further expansion in demand is expected along with the enhanced use of electronics and the development of the contemporary information and communications society, which is heavily dependent on the significant use of computers and communications equipment.

However, consolidated segment sales for the year under review decreased 25.7% year over year to ¥72,382 million resulting from rapidly falling demand, caused mainly by the simultaneous slowdown of the world economy, in the information and communications fields, particularly for advanced-function mobile phones and digital consumer electronics.



## 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 communications equipment such as mobile phones and PHSs, 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 decreased 14.2% to ¥13,433 million due to rapidly dwindling investments in communications infrastructure and rapidly falling demand for mobile communications equipment.



## Other Products

The other products segment includes high-frequency devices such as directional couplers, fixed attenuators and coaxial switches, as well as low-frequency equipment designed for medical treatment applications and instruments for connectors.

Consolidated segment sales for the year under review decreased 18.2% to ¥4,056 million.



# Consolidated Financial Statements

## Consolidated Balance Sheets (Millions of yen)

Account item	As of March 31, 2009	As of March 31, 2008
<b>(Assets)</b>		
Current assets	167,516	188,891
Fixed assets	77,686	79,469
Property, plant and equipment	18,859	22,728
Intangible assets	2,436	2,423
Investments and other assets	56,390	54,317
<b>Total assets</b>	<b>245,203</b>	<b>268,360</b>
<b>(Liabilities)</b>		
Current liabilities	13,574	27,492
Long-term liabilities	1,419	3,597
<b>Total liabilities</b>	<b>14,993</b>	<b>31,090</b>
<b>(Net assets)</b>		
Shareholders' equity	233,289	236,098
Common stock	9,404	9,404
Additional paid-in capital	14,371	14,372
Retained earnings	246,039	238,826
Treasury stock, at cost	△36,526	△26,504
Valuation, translation adjustments and others	△3,139	1,140
Stock acquisition rights	59	30
<b>Total net assets</b>	<b>230,209</b>	<b>237,270</b>
<b>Total liabilities and net assets</b>	<b>245,203</b>	<b>268,360</b>

Note: Amounts less than ¥1 million are truncated.

## Consolidated Statements of Income (Millions of yen)

Account item	From April 1, 2008 to March 31, 2009	From April 1, 2007 to March 31, 2008
Net sales	89,872	118,043
Cost of sales	53,073	64,018
Gross profit	36,799	54,025
Selling, general and administrative expenses	17,629	18,578
Operating income	19,169	35,446
Other income	2,086	2,595
Other expenses	478	65
Ordinary income	20,776	37,976
Special gains	—	0
Special losses	966	667
Income before income taxes	19,810	37,309
Provision for income taxes—Current	8,209	13,409
Provision for income taxes—Deferred	△1,706	1,302
<b>Net income</b>	<b>13,306</b>	<b>22,597</b>

Note: Amounts less than ¥1 million are truncated.

## Consolidated Statements of Cash Flows (Millions of yen)

Account item	From April 1, 2008 to March 31, 2009	From April 1, 2007 to March 31, 2008
Operating activities	23,411	35,348
Investing activities	△12,369	△77,524
Financing activities	△16,032	△20,973
Effect of exchange rate change on cash and cash equivalents	△1,494	△1,084
Net increase/decrease in cash and cash equivalents	△6,485	△64,234
Cash and cash equivalents, beginning of the year	60,249	124,483
Cash and cash equivalents, end of the year	53,763	60,249

Note: Amounts less than ¥1 million are truncated.

## Consolidated Statements of Changes in Net Assets (From April 1, 2008 to March 31, 2009) (Millions of yen)

	Shareholders' equity					Valuation, translation adjustments and others			Stock acquisition rights	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 valuation and translation adjustments		
Balance at March 31, 2008	9,404	14,372	238,826	△26,504	236,098	2,564	△ 1,424	1,140	30	237,270
Effect of changes in accounting policies applied to foreign subsidiaries			△ 86		△ 86			—		△ 86
Amount of changes during the period										
Dividends from surplus			△ 6,007		△ 6,007			—		△ 6,007
Net income for the period			13,306		13,306			—		13,306
Acquisition of treasury stock				△10,023	△10,023			—		△10,023
Disposition of treasury stock		△ 0		2	1			—		1
Net amount of changes during the period other than shareholders' equity					—	△ 664	△ 3,615	△ 4,279	28	△ 4,251
Total amount of changes during the period	—	△ 0	7,299	△10,021	△ 2,722	△ 664	△ 3,615	△ 4,279	28	△ 6,974
<b>Balance at March 31, 2009</b>	<b>9,404</b>	<b>14,371</b>	<b>246,039</b>	<b>△36,526</b>	<b>233,289</b>	<b>1,900</b>	<b>△ 5,039</b>	<b>△ 3,139</b>	<b>59</b>	<b>230,209</b>

Note: Amounts less than ¥1 million are truncated.

# Nonconsolidated Financial Statements

## Nonconsolidated Balance Sheets (Millions of yen)

Account item	As of March 31, 2009	As of March 31, 2008
<b>(Assets)</b>		
Current assets	113,575	128,861
Fixed assets	43,239	41,025
Property, plant and equipment	9,763	11,386
Intangible assets	1,563	1,442
Investments and other assets	31,912	28,195
<b>Total assets</b>	<b>156,814</b>	<b>169,887</b>
<b>(Liabilities)</b>		
Current liabilities	8,945	14,137
Long-term liabilities	381	1,112
<b>Total liabilities</b>	<b>9,327</b>	<b>15,249</b>
<b>(Net assets)</b>		
Shareholders' equity	145,609	152,103
Common stock	9,404	9,404
Additional paid-in capital	14,371	14,372
Retained earnings	158,359	154,831
Treasury stock, at cost	△36,526	△26,504
Valuation, translation adjustments and others	1,818	2,502
Stock acquisition rights	59	30
<b>Total net assets</b>	<b>147,486</b>	<b>154,637</b>
<b>Total liabilities and net assets</b>	<b>156,814</b>	<b>169,887</b>

Note: Amounts less than ¥1 million are truncated.

## Nonconsolidated Statements of Income (Millions of yen)

Account item	From April 1, 2008 to March 31, 2009	From April 1, 2007 to March 31, 2008
Net sales	86,206	112,037
Cost of sales	57,915	73,982
<b>Gross profit</b>	<b>28,290</b>	<b>38,055</b>
Selling, general and administrative expenses	14,499	14,906
<b>Operating income</b>	<b>13,791</b>	<b>23,148</b>
Other income	5,191	5,300
Other expenses	2,413	2,449
<b>Ordinary income</b>	<b>16,569</b>	<b>25,999</b>
Special gains	—	—
Special losses	742	346
<b>Income before income taxes</b>	<b>15,827</b>	<b>25,652</b>
Provision for income taxes—Current	6,506	9,181
Provision for income taxes—Deferred	△213	1,270
<b>Net income</b>	<b>9,534</b>	<b>15,201</b>

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.

### FH41



The FH41 Series connectors were developed for use in high-speed transmission-compliant FPCs, for which need is rising in the flat-screen TV, office equipment and industrial equipment markets. The series features a robust configuration in view of higher operability and Hirose's original design know-how on high-speed transmission.

### DF50



Despite a 1-mm pitch configuration, the DF50 Series connectors are available in compliance with  $\phi 0.9$ -mm cables. The metal lock at the header side functions to increase operability and prevent half-mating. The connectors contribute to more compactness of applications and are available for use in equipment and machinery that require higher contact reliability. The adoption in industrial equipment and TV markets is currently increasing.

### FX18



The FX18 Series board-to-board connectors were developed to allow high-speed transmission at the rate of 5Gbps to comply with the need of high-speed signal transmissions for applications inside industrial controllers, office equipment and various types of imaging equipment.

### EM



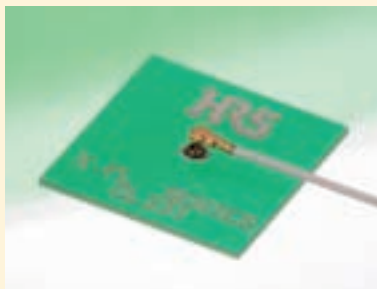
The EM Series connectors for the high current of 50A/1 pins were developed mainly for use in the industrial machine market. They have an IP67-compliant waterproof composition and feature a highly operable bayonet lock structure. In addition, wiring is simple using commercially available JIS-compliant crimp tools. Compared with conventional terminal blocks, assembling operability has much improved.

### SW20



The SW20 Series connectors were developed as waterproof connectors, in which a standard single contact (SC) for connectors is built-in, for use inside mobile phone stations. They have an IP67-compliant waterproof configuration featuring a one-action bayonet lock structure plated with highly corrosion-proof black chromium. The adoption of standard SC connectors allows optimum connection with the SFP transceivers used in the stations.

### X.F.L

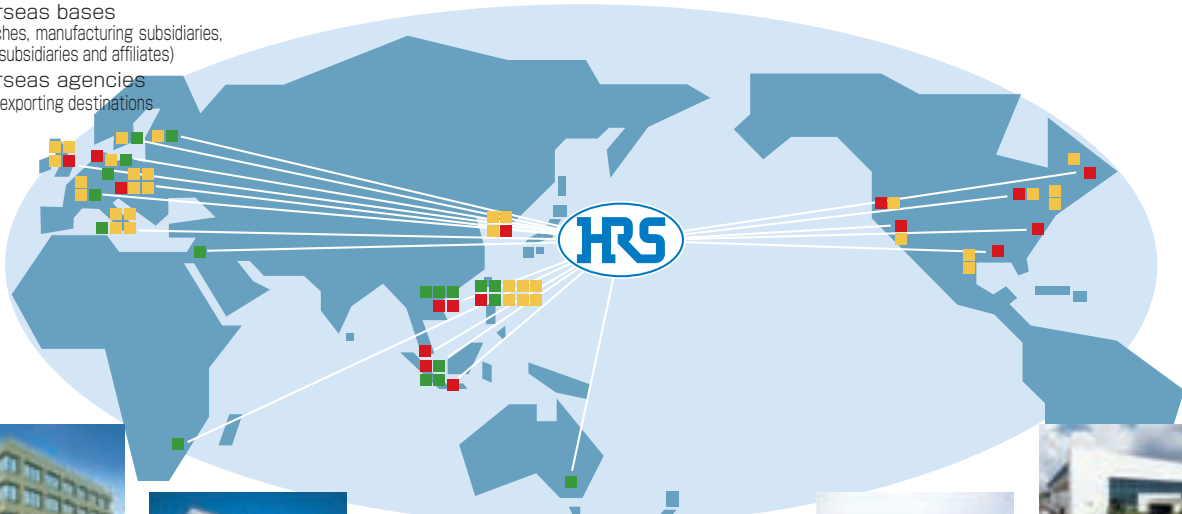


Hirose has maintained the leading position with top shares of radio frequency (RF) connectors by continuously launching advanced products in the mobile phone and wireless LAN markets. Our connectors with an ultralow height of 0.94 mm were the first RF connectors developed to meet the need for more compactness and lower height for assembly sets.



# Group Network

- Overseas bases  
(Branches, manufacturing subsidiaries,  
sales subsidiaries and affiliates)
- 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
- Overseas 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

Hong Kong Branch, Singapore Branch,  
Shenzhen Representative Office,  
Beijing Representative 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 GmbH (Germany)  
HIROSE ELECTRIC UK LTD. (U.K.)  
HIROSE ELECTRIC EUROPE B.V. (The Netherlands)  
HIROSE ELECTRIC MALAYSIA Sdn. Bhd. (Malaysia)  
HIROSE ELECTRIC (TAIWAN) CO., LTD. (Taiwan)  
P.T. HIROSE ELECTRIC INDONESIA (Indonesia)  
HIROSE ELECTRIC HONG KONG 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)  
HIROSE KOREA CO., LTD. (South Korea)  
WEIHAI HIROSEKOREA ELECTRIC CO., LTD. (Weihai, China)  
WEIHAI HIROSE TRADING CO., LTD. (Weihai, China)

- Affiliates

## Corporate Data (As of March 31, 2009)

Trade name	HIROSE ELECTRIC CO., LTD.
Date of incorporation	June 15, 1948
Number of employees	810 (excluding part-timers)
Paid-in capital	¥9,404,379,401

## Directors and Corporate Auditors (As of June 26, 2009)

President and Representative Director	Tatsuro Nakamura
Executive Vice President and Representative Director	Sakae Kushida
Managing Director	Mitsugu Sugino
Director	Yoshikazu Yoshimura
Director	Kazuhisa Nikaido
Outside Director	Masashi Kojima
Full-time Corporate Auditor	Toshio Matsubara
Outside Corporate Auditor	Hidesato Sekine
Outside Corporate Auditor	Takashi Higa
Outside Corporate Auditor	Terukazu Sugishima

### Notes:

1. Director Masashi Kojima is the outside director as stipulated in Article 2, Item 15, of the Corporation Law.
2. Corporate Auditor 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 & Co.
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## Stock Information (As of March 31, 2009)

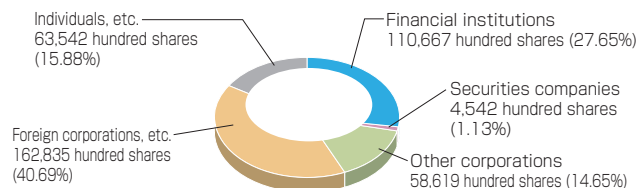
Total number of shares issued	36,695,013 shares
	(Excluding 3,325,723 shares of treasury stock)
Number of shareholders	5,281

## Major shareholders (Top 10)

Name	Number of shares held
	Hundred shares
State Street Bank and Trust Company	60,241
HIROSE INTERNATIONAL SCHOLARSHIP FOUNDATION	28,550
JPMorgan Chase Bank 380055	25,514
Japan Trustee Services Bank, Ltd. (Trust account No. 4)	17,577
Japan Trustee Services Bank, Ltd. (Trust account No. 4G)	15,585
Kosho Sangyo Co., Ltd.	13,941
Japan Trustee Services Bank, Ltd. (Trust account)	11,070
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
Mizuho Trust & Banking Co., Ltd. 0700016	7,898
Mizuho Trust & Banking Co., Ltd. Trust account 0700017	7,847

Note: In addition to the 10 major shareholders above, the Company owns 33,257 hundred 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** The Sumitomo Trust & Banking Co., Ltd.  
 Securities Agency Department  
 3-1, Yaesu 2-chome, Chuo-ku, Tokyo

**(Mailing address)** The Sumitomo Trust & Banking Co., Ltd.  
 Securities Agency Department  
 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.



**Web site**

<http://www.hirose.co.jp>

