

Business Results for First Quarter, FY2011

Creative Links to World Electronic

Aug 2nd 2011

**Hirose Electric
Co.,Ltd**

Cautionary Statement

In this material, there are descriptions based on current estimation by Hirose Electric.

Hirose cautions you that a number of important risks, uncertainties and others could cause actual results to differ materially from those discussed in the *forward-looking statements. Thank you for your understanding.

***Forward-looking statements include, but are not limited to, those statements using words such as “believe,” “expect,” “plans,” “strategy,” “prospects,” “forecast,” “estimate,” “project,” “anticipate,” “aim,” “may” or “might” and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. These statements are based on management’s assumptions and beliefs in light of the information currently available to it.**

Business Situation of 1Q FY2011

[Business Situation of FY2010]

- 1Q : Although partial adjustment for overseas mobile, orders and sales for automotive and industrial area increased steadily.
- 2Q : Steady increase in sales, especially in overseas mobile phone and automotive market. However, there were adjustment in order after August mainly in industrial area.
- 3Q : Orders for partial smartphone and e-book etc. has increased steadily. However, adjustment continued in the industrial market.
- 4Q : Sluggish order in part of digital consumer electronic. Orders have increased in March mainly in the industrial, mobile phone and smartphone area due to the end of inventory adjustment and the effect of earthquake.

[FY2011 1Q]

• **Order level of April were high because of the ahead-of-schedule order influence after the earthquake. However, order level of May and June were sluggish mainly due to the effect of :**

- (1) Rebound from ahead-of-schedule order in March and April (2) Lag in the mobile and smartphone business in partial overseas big company and China (3) Production decrease in automotive due to the earthquake**

On the other hand, sales were fairly steady.

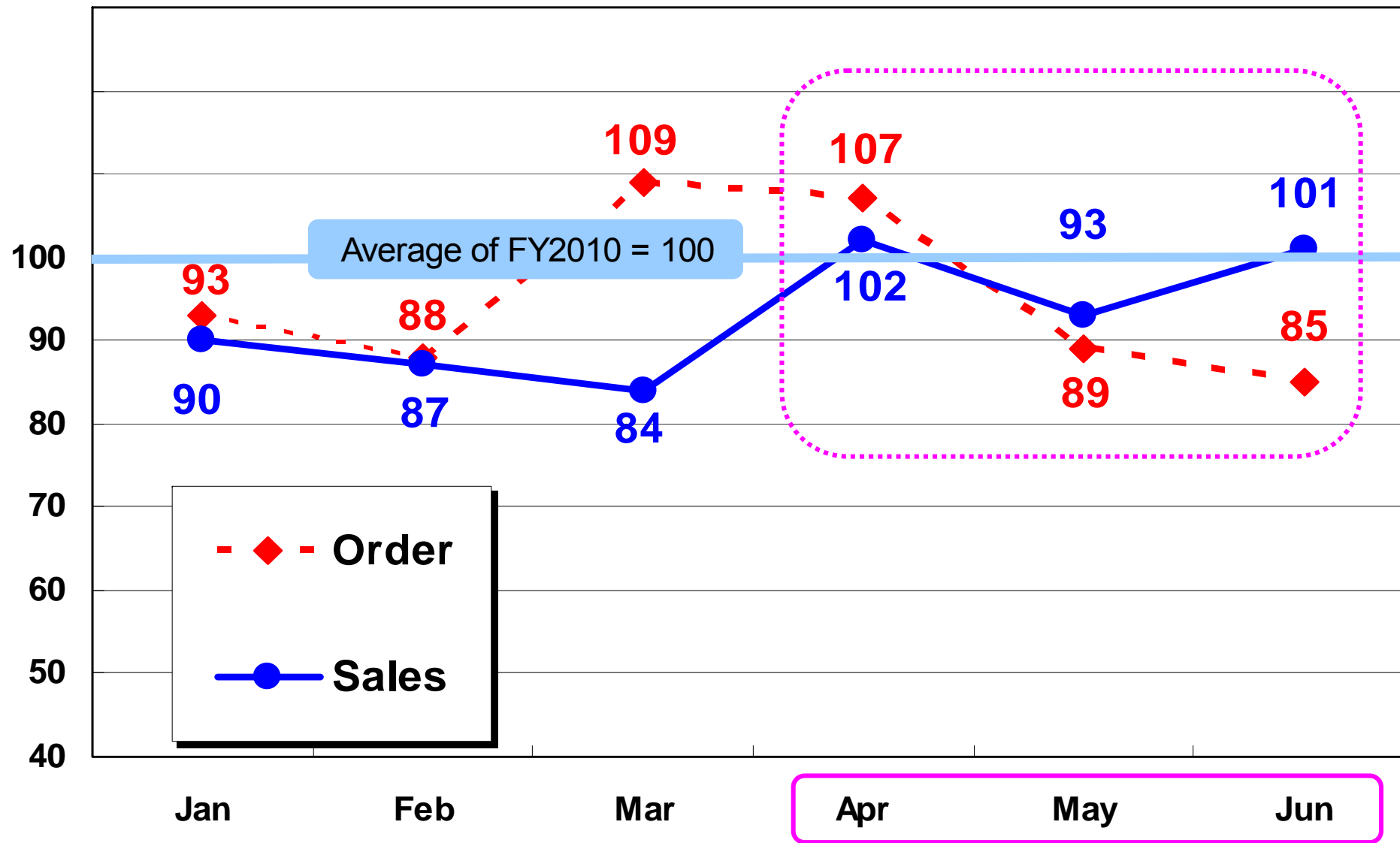
• **1Q FY2011 results settled on**

Order amount: 246.6 hundred million yen (-1.1% YoY, -1.6% over 4Q FY2010)

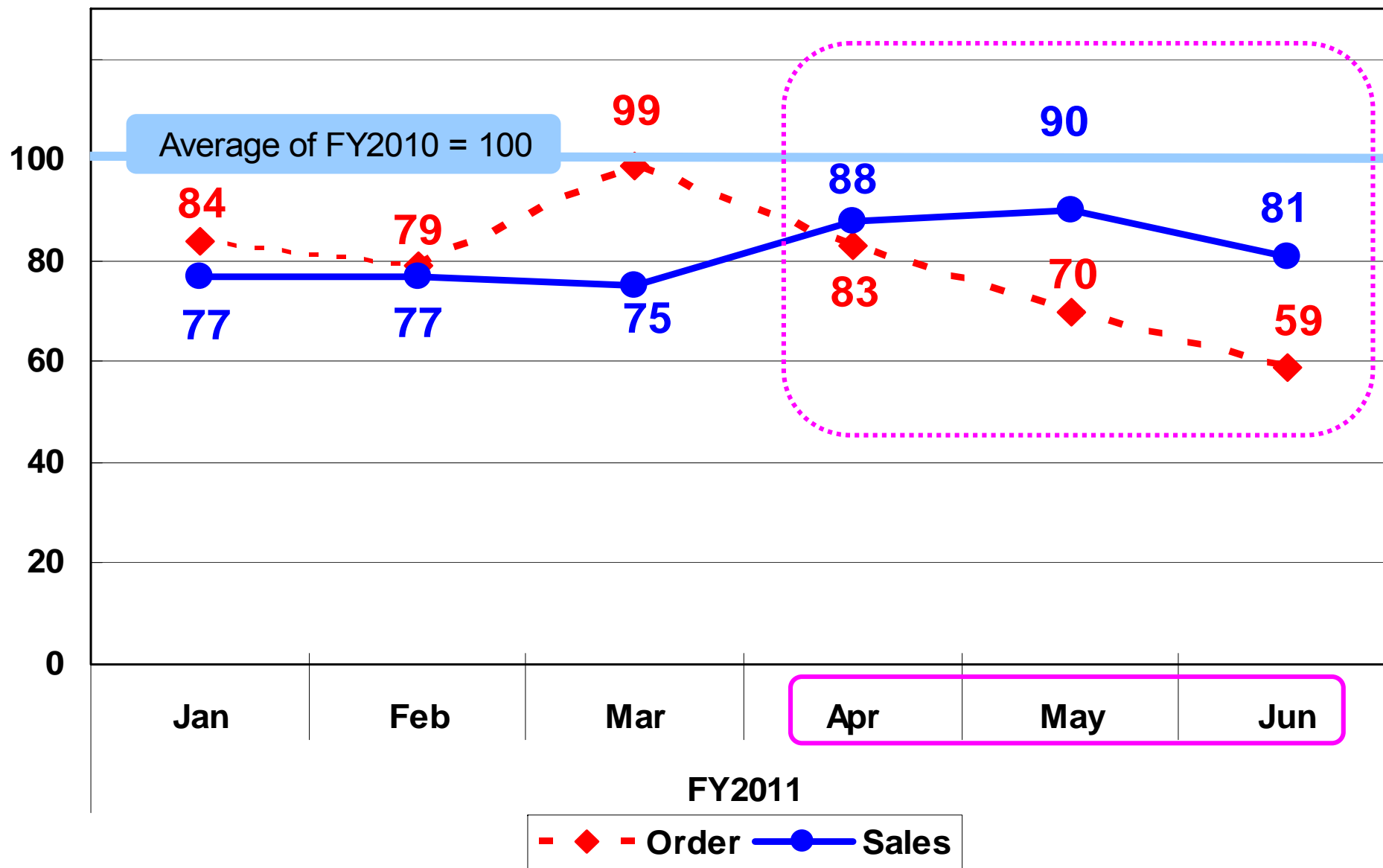
Sales amount: 248.4 hundred million yen (6.2% YoY, 10.8% over 4Q FY2010)

Recurring profit amount: 63.7 hundred million yen (25.6%, -6.5% YoY, 57.7% over 4Q FY2010)

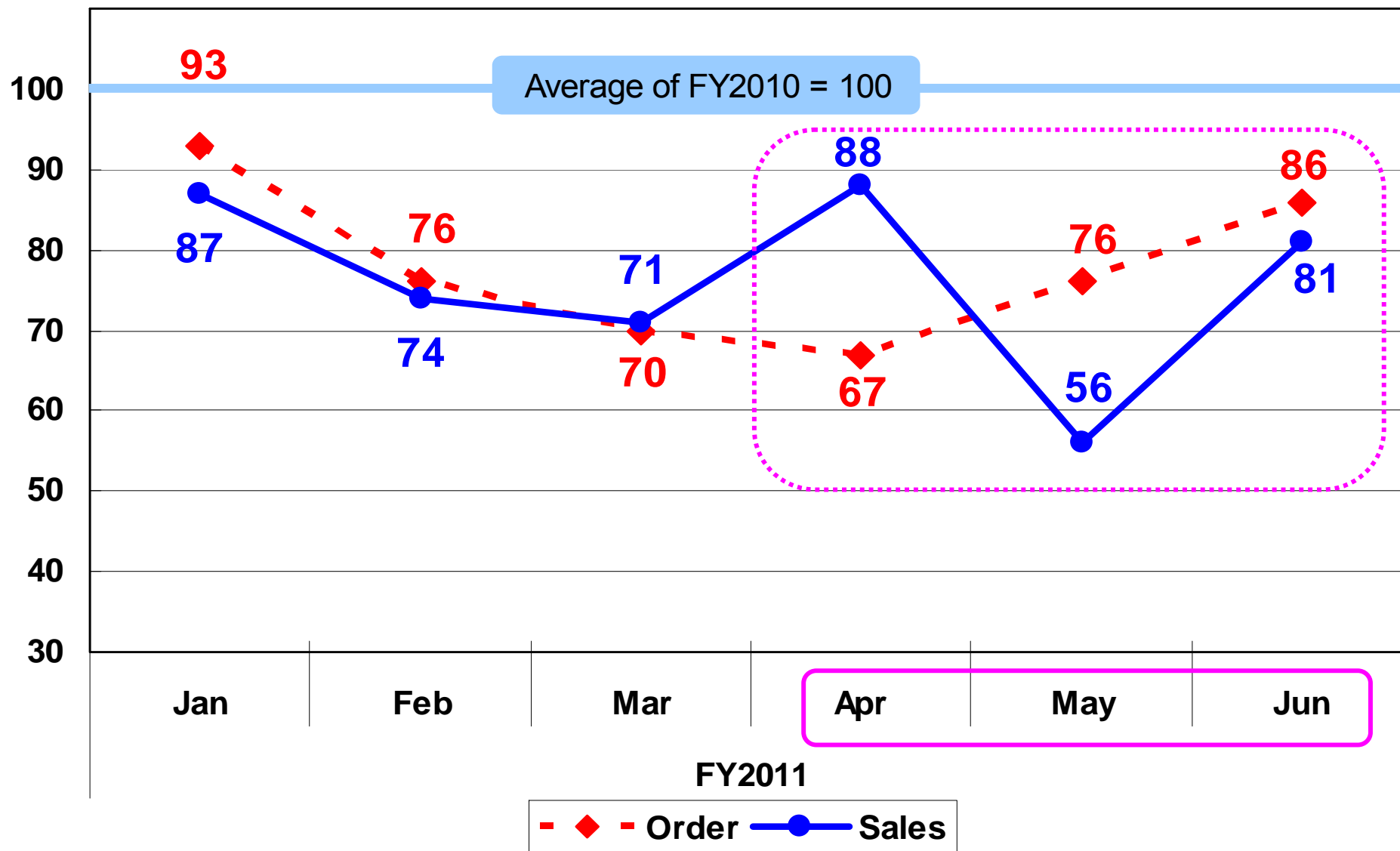
FY2011 Jan-Jun Orders and Sales Changes (Non-consolidated Basis, Index Number)



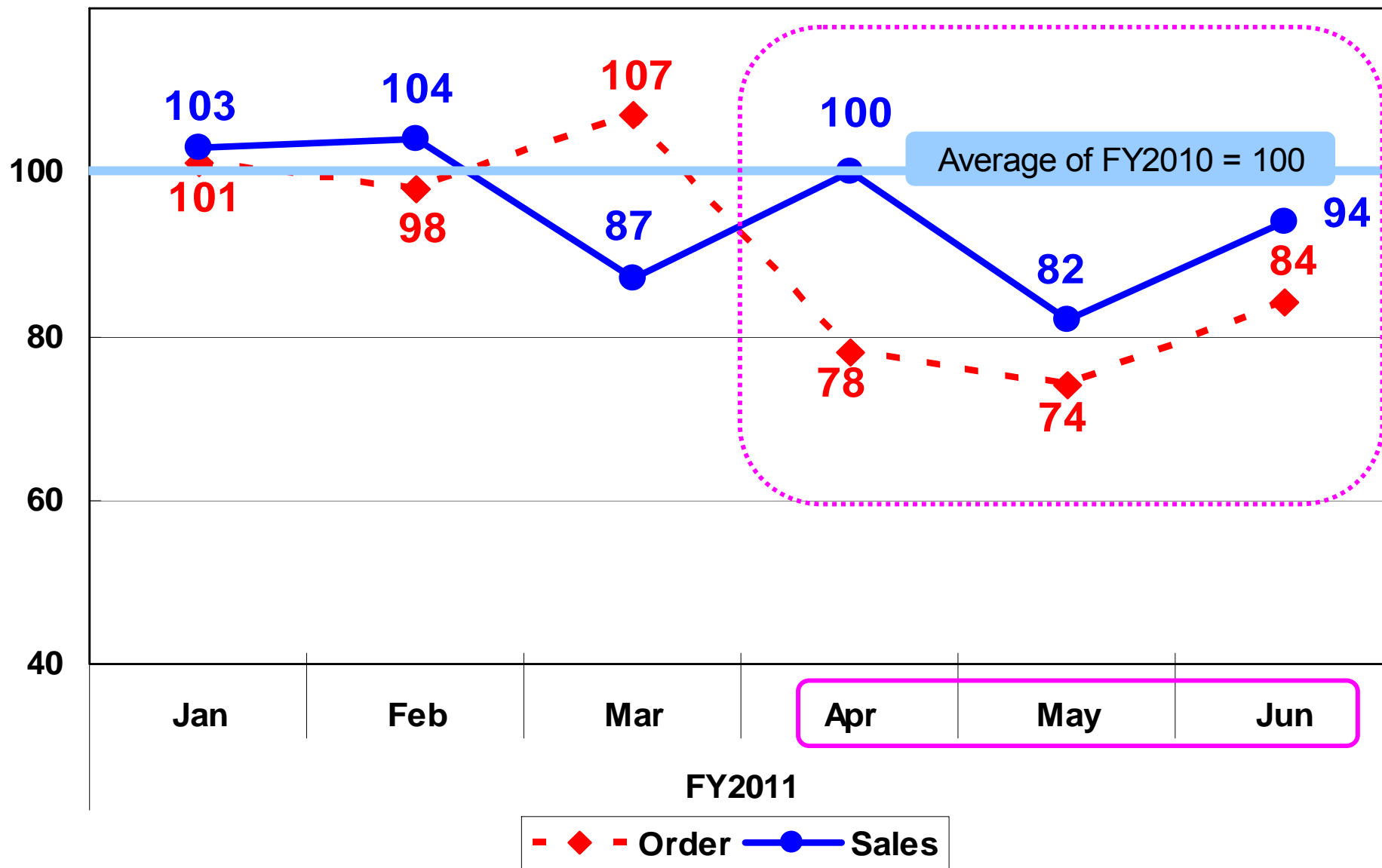
Mobile



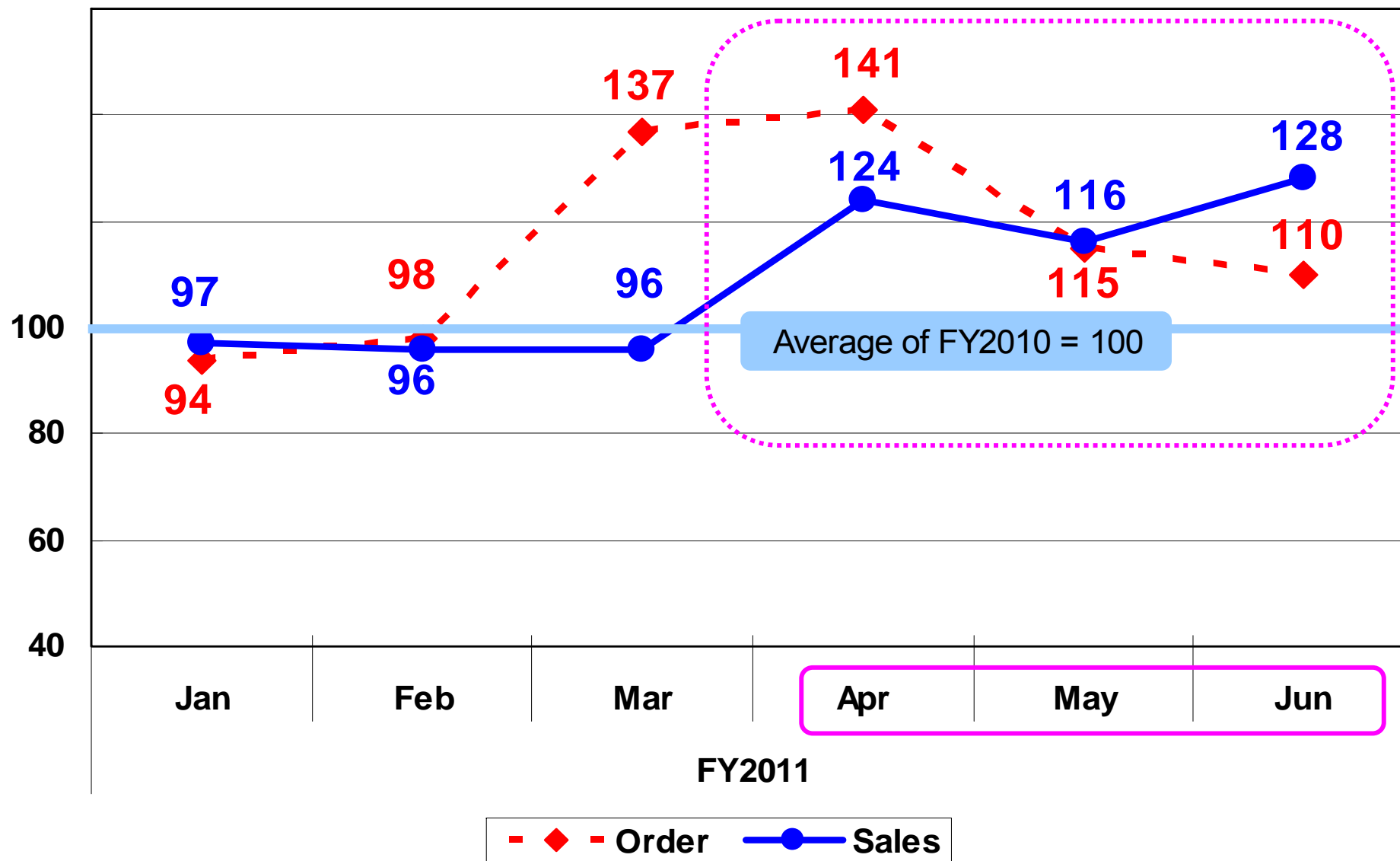
Digital Consumer Electronic



Automotive



**Associated Electric Equipment,
FA Controlling Device, and Others**



Business Results for 1Q FY2010

(unit:hundred millions of Yen)

	(A)FY2010 1Q	(B)FY2011 1Q	(B)-(A)	(B)/(A)
Sales	234.0	248.4	14.4	6.2%
(COGS Ratio)	(53.2%)	(56.6%)	(+3.4%)	
(SGA Ratio)	(18.3%)	(18.7%)	(+0.4%)	
Operating Profit	66.6	61.4	-5.2	-7.9%
(%)	28.5%	24.7%	(-3.8%)	
Recurring Profit	68.1	63.7	-4.4	-6.5%
(%)	29.1%	25.6%	(-3.5%)	
Net Profit	43.1	37.9	-5.2	-12.0%
(%)	18.4%	15.3%	(-3.0%)	
Total Assets	2,529.1	2,628.2	99.1	3.9%
Shareholders' Equity Ratio	91.0%	89.5%		
Income Per Share	120.9Yen	107.4Yen		

Major changes over prior same period (unit: hundred millions of Yen)

[Sales]	14.4 increase
	Foreign
Hirose	Subsidiaries
-14.0	-2.2
	Hirose Korea
	+31.7

[COGS Ratio] 3.4 point increase

Purchase Cost Ratio	41.1%	→	42.6%
Depreciation Ratio	4.5%	→	5.5%
Labor Cost Ratio	3.9%	→	4.9%

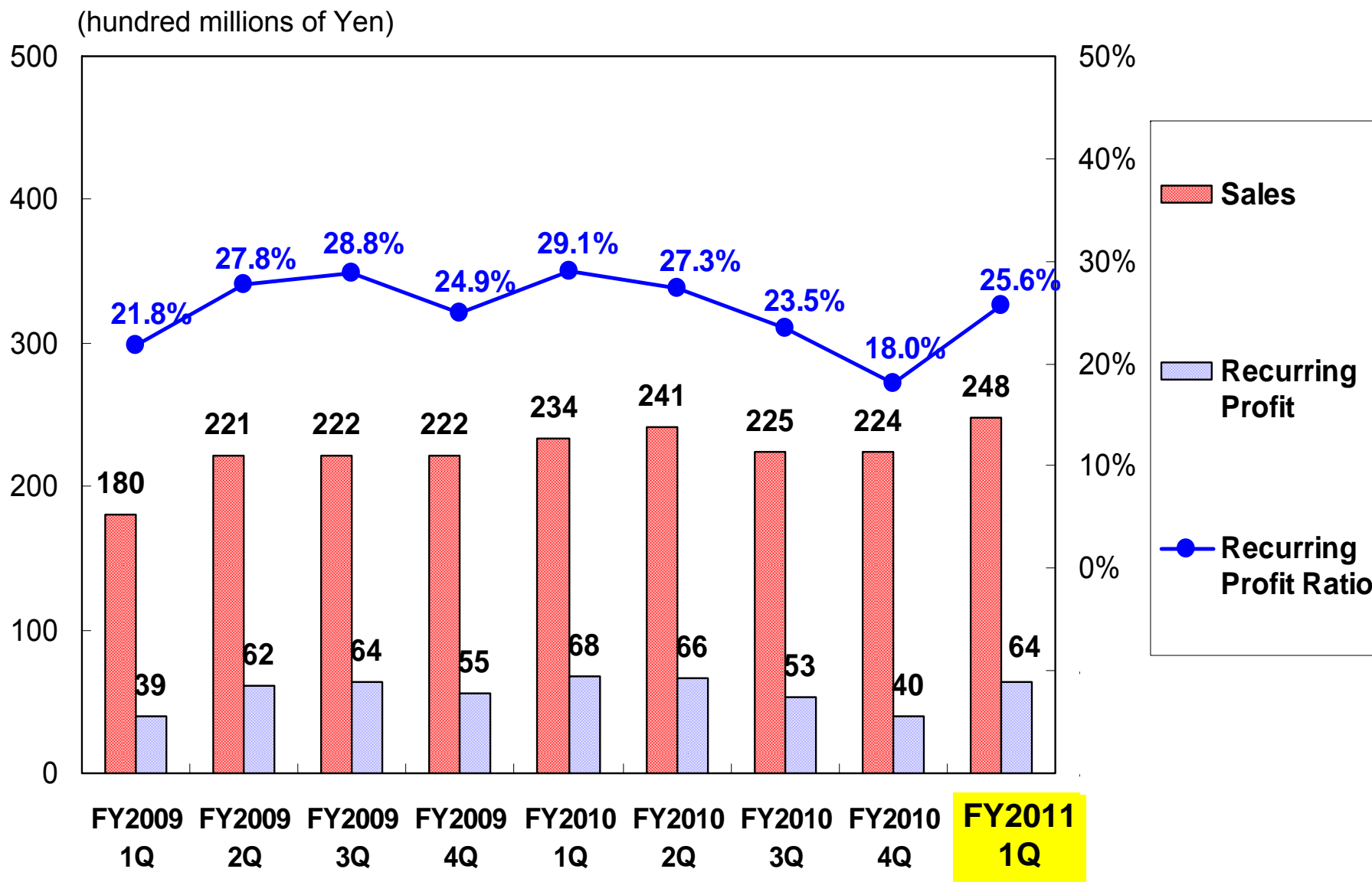
[SGA Ratio] 0.4 point increase

Increase due to Hirose Korea, etc.

[Non-Operating Expenses]

Equity Method Profit	+1.7	→	+0.0
Interest Received & Dividend	2.5	→	2.5
Foreign Exchange Loss	3.1	→	1.4

Quarterly Sales and Profits



Changes in Consolidated Balance Sheet

(hundred millions of Yen)

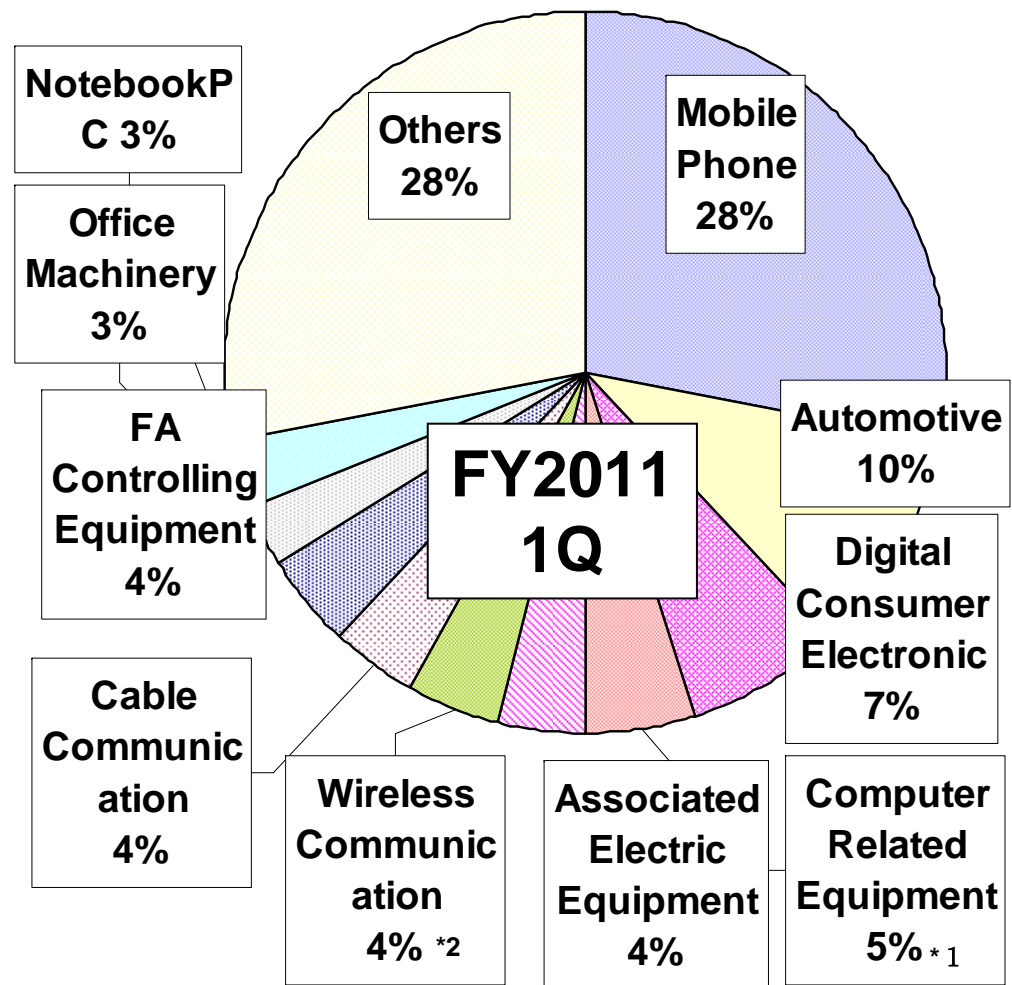
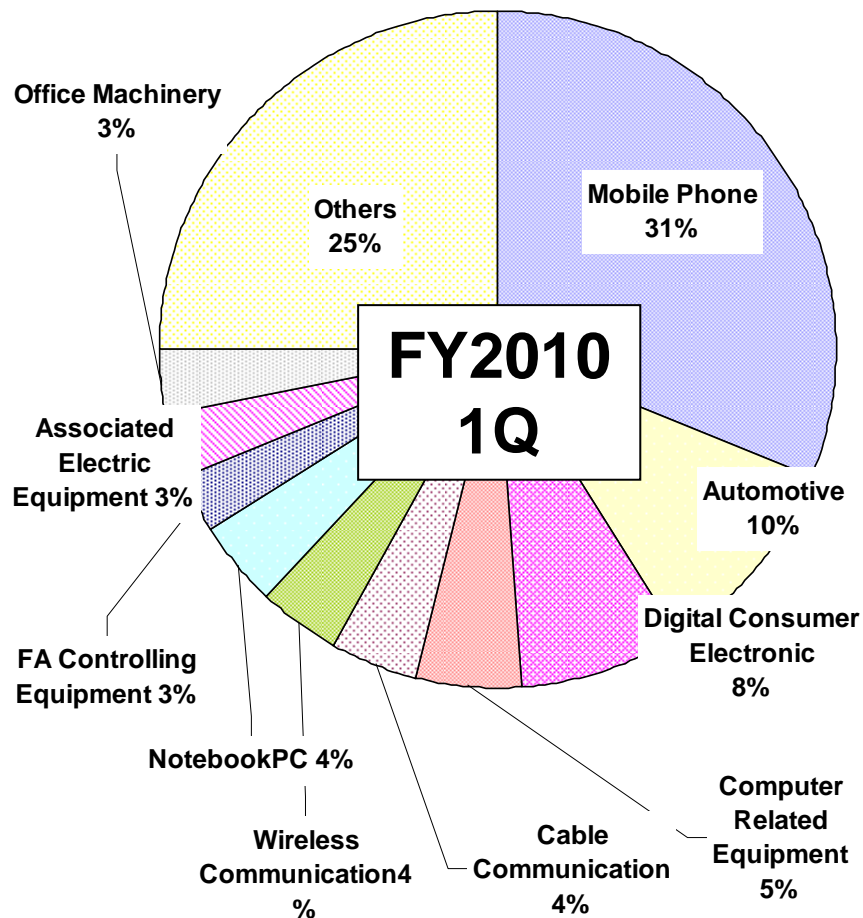
Account	(A)Mar 31, 2010	(B)Jun 30, 2011	(B) - (A)	Remark
Cash and Cash in Bank	1,094.2	1,094.3	0.1	
Trade Receivables	230.6	243.2	12.6	Hirose Sales: FY2010/4Q→ FY2011/1Q +23.5
Inventories	72.7	80.5	7.8	Due to sales increase
Investment Securities	641.6	638.1	-3.5	
Others	562.3	572.1	9.8	Tangible fixed assets+9.3
Total Assets	2,601.4	2,628.2	26.8	

Changes in Consolidated Balance Sheet

(hundred millions of Yen)

Account	(A)Mar 31, 2010	(B)Jun 30, 2011	(B)－(A)	Remark
Notes Payable and Account Payable	109.4	125.6	16.2	Purchase increase due to production increase
Income Taxes Payable, etc	40.6	29.1	-11.5	
Others	75.7	92.4	16.7	
Total Liabilities	225.7	247.1	21.4	
Retained Earnings	2,620.6	2,632.0	11.4	Net income 37.9 - Dividend 26.5
Treasury Stocks	-493.2	-496.9	-3.7	Share buyback
Valuation Variance	21.2	22.4	1.2	Stock price risen
Translation Adjustment	-38.2	-42.1	-3.9	Due to strong yen
Others	265.3	265.7	0.4	
Total Shareholders' Equity	2,375.7	2,381.1	5.4	
Total Liabilities and Shareholders' Equity	2,601.4	2,628.2	26.8	

Sales by Market

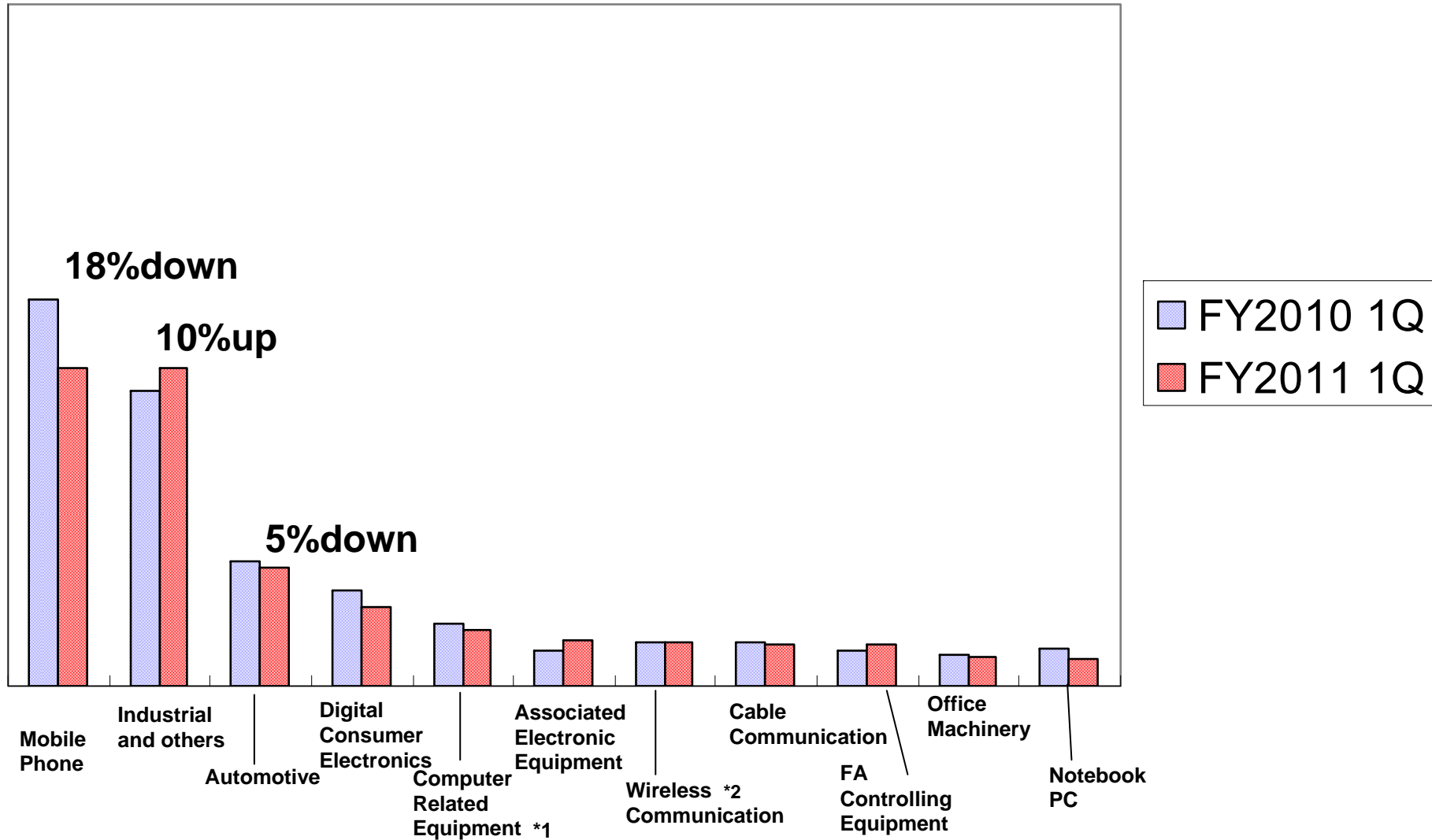


As this is in round number, please be noted that some ratio difference may occur. Thank you for your understanding.

*1 Computer Related Equipment – Notebook PC not included.

*2 Wireless Communication - Mobile Phone not included.

Sales Changes by Markets (in round numbers)

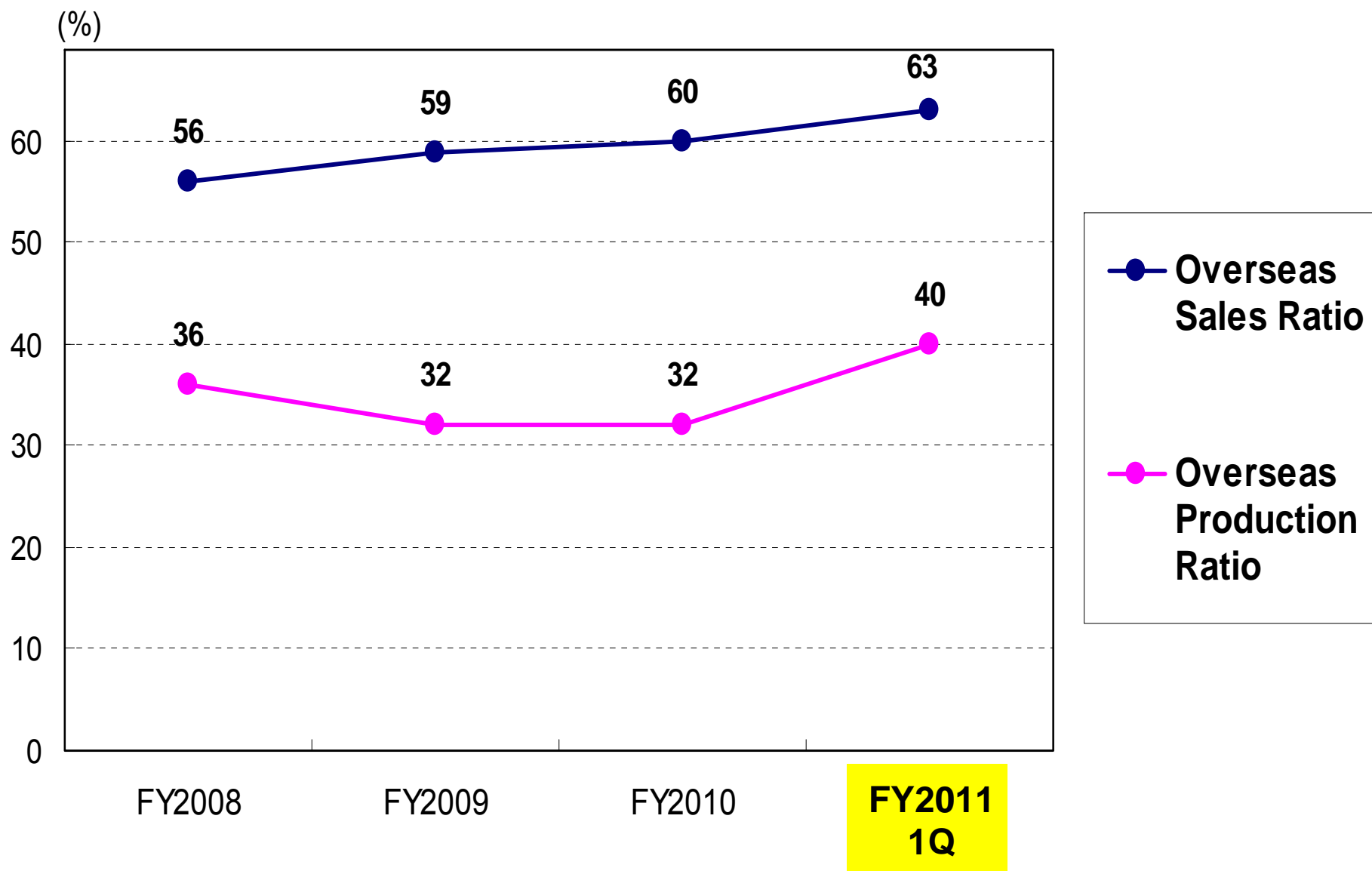


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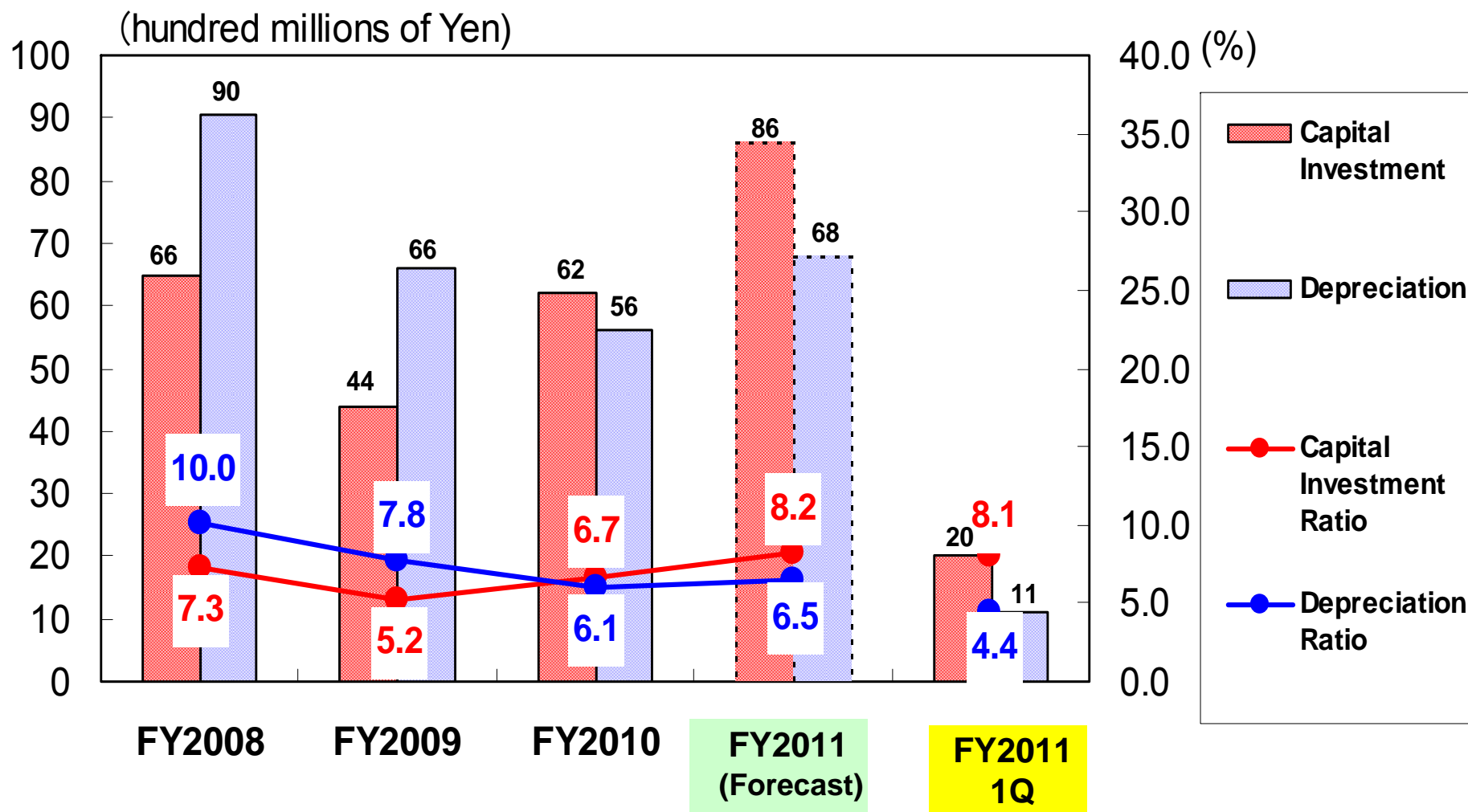
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*2 Wireless Communication - Mobile Phone not included.

Overseas Production and Sales Ratio



Capital Investment and Depreciation Change (Domestic Consolidated Basis)



(*Excluded: Building investment for Yokohama Center)

Business Forecast for the Year Ended March 31, 2012

note) First Half - 1Q & 2Q, Second Half - 3Q & 4Q
Green italics number: data announced on May 2011

(hundred millions of Yen)

	FY2010 (Actual)		FY2011 (Forecast)		First Half Over the Previous Actual Amount		For the Year Over the Previous Actual Amount	
	First Half	For the Year	First Half	For the Year	Amount Change	%	Amount Change	%
Sales (COGS)	475.4 (54.0%)	924.4 (56.9%)	<i>510.0</i> 495.0 (58.6%)	<i>1,050.0</i> 1,050.0 (58.1%)	19.6	4.1%	125.6	13.6%
Operating Profit (%)	131.1 27.6%	220.3 23.8%	<i>124.0</i> 110.0 22.2%	<i>250.0</i> 250.0 23.8%	-21.1	-16.1%	29.7	13.5%
Recurring Profit (%)	134.1 28.2%	227.4 24.6%	<i>127.0</i> 115.0 23.2%	<i>260.0</i> 260.0 24.8%	-19.1	-14.2%	32.6	14.3%
Net Profit (%)	83.3 17.5%	117.1 12.7%	<i>77.0</i> 70.0 14.1%	<i>160.0</i> 160.0 15.2%	-13.3	-16.0%	42.9	36.6%
Income Per Share	-	330.23Yen	-	453.66Yen	[Reason for First Half Revision] We have made the decision taking into consideration the lag in the business of partial mobile and smartphone maker, production decrease in the automotive area due to the earthquake, and the strong yen. Moreover, the forecast for the year is unchanged.			
Dividend Per Share	75Yen	150Yen	75Yen	150Yen				
Dividend Payout Ratio	-	45.4%	-	33.1%				