

FACTBOOK

7467/JASDAQ

HAGIWARA ELECTRIC CO., LTD.

For the six months of the fiscal year
ending on March 31, 2014



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Corporate Profile

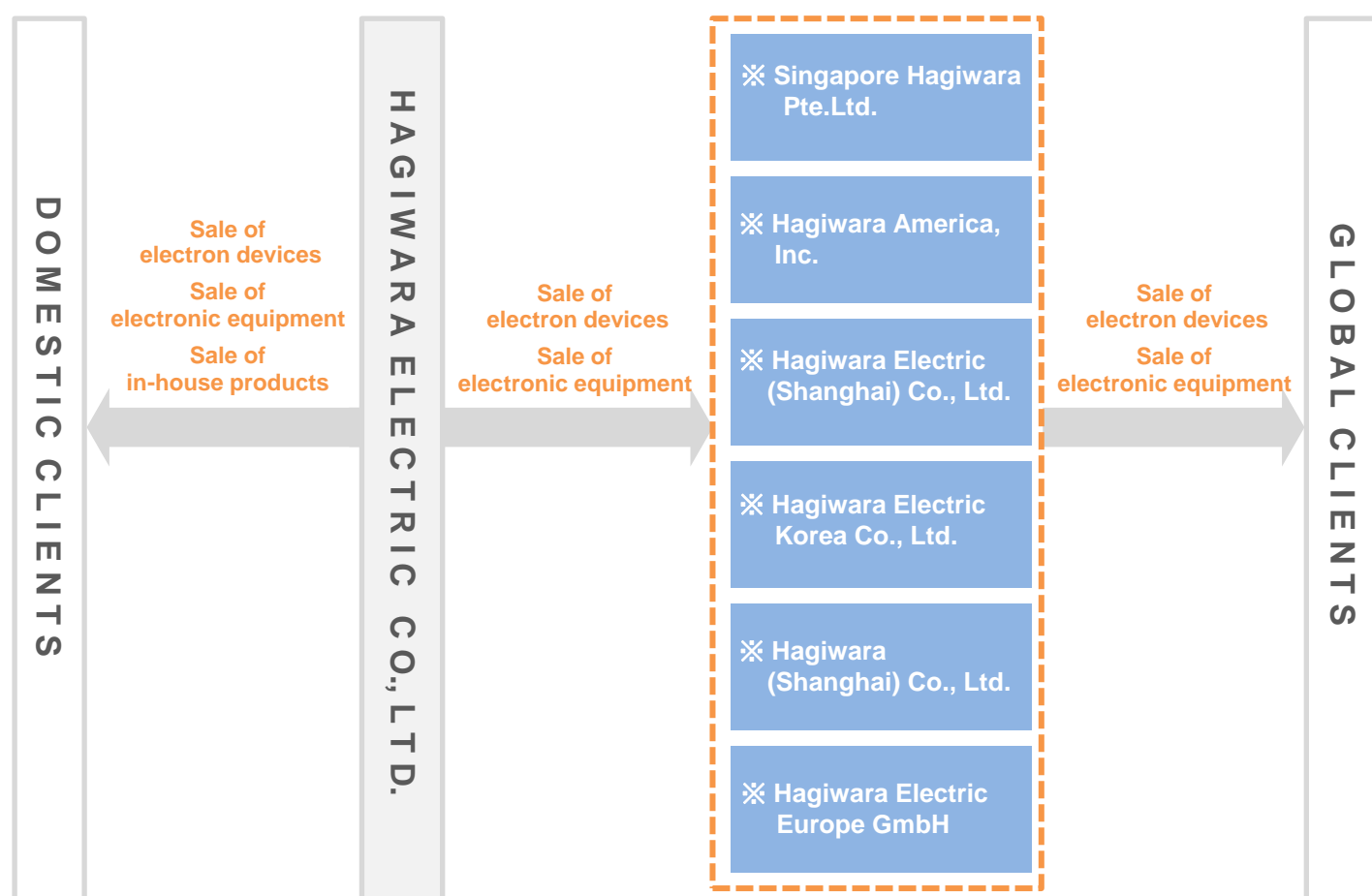
Corporate Outline (as of September 30, 2013)

Name of Company	HAGIWARA ELECTRIC CO., LTD.
Head Office	2-3-3 Higashisakura, Higashi-ku, Nagoya City, Aichi Pref. 461-8520 Japan
Representative	Mitsuo Iwai, President
Established	March 31, 1948
Capital	2,439.551 million yen
Number of Employees	Consolidated: 447 *Excluding temporary employees
Major Business	1. Electron Device Business Unit Sale of integrated circuits, semiconductors and electron devices 2. IT Solution Business Unit Sale of electronic equipment and manufacture and sale of FA equipment

Business Map

< Domestic Business >

< Global Business >



Overseas subsidiary
 ※ Consolidated subsidiary

Corporate Profile

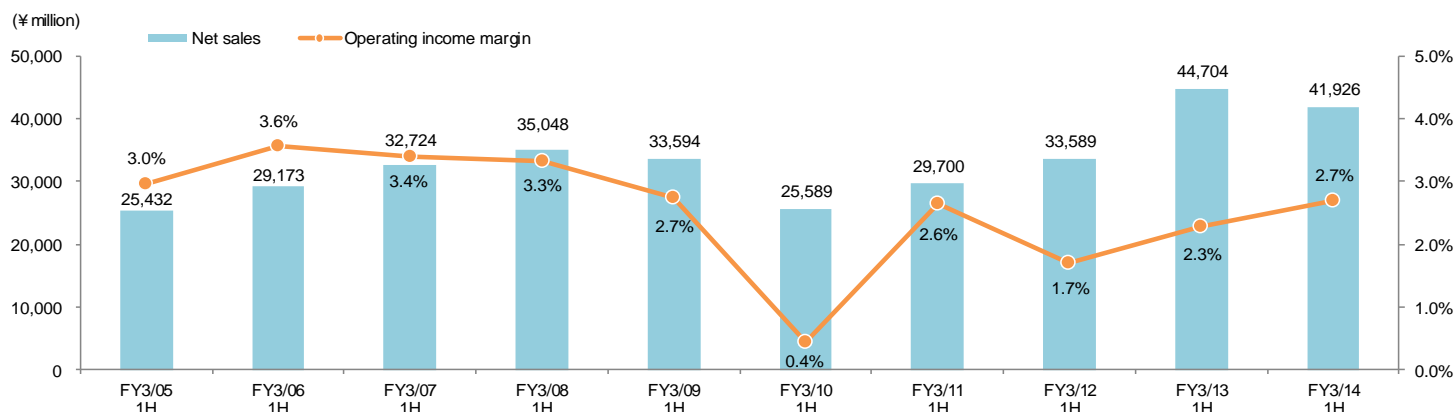
Corporate History Timeline

1948	Hagiwara Denki Kogyo was founded.		
1958	Hagiwara Denki Kogyo Co., Ltd. was founded.		
1966	The Tokyo Branch Office was established.		
1993	The Kyushu Office was established.		
1996	The Singapore local subsidiary was established.		
1998	The Miyoshi Office was established.		
2004	ISO 14001 acquired (by the Headquarters and Annex)		
2011	The Korea local subsidiary was established. The China (Free Trade Zone, Shanghai) local subsidiary Technology Center was established.		
1956	Partnership with NEC Corporation initiated and whole sale division selling electronic components established		
1965	Company name changed to Hagiwara Electric co., Ltd.		
1981	The Nisshin Office (production factory) was established.		
1995	Initial public offering of shares (on the market currently known as the JASDAQ exchange)		
1997	ISO 9001 acquired (by the Nisshin Office; Current Development and Production Division)		
2000	ISO 14001 acquired (by the Miyoshi Office)		
2006	ISO 14001 acquired (by the Nisshin Office) The US local subsidiary was established. The China (Shanghai) local subsidiary was established.		
2012	The Germany local subsidiary was established.		

Domestic and Global Offices



Trend of Business Performance



Corporate Profile

Business Introduction

Technology Center

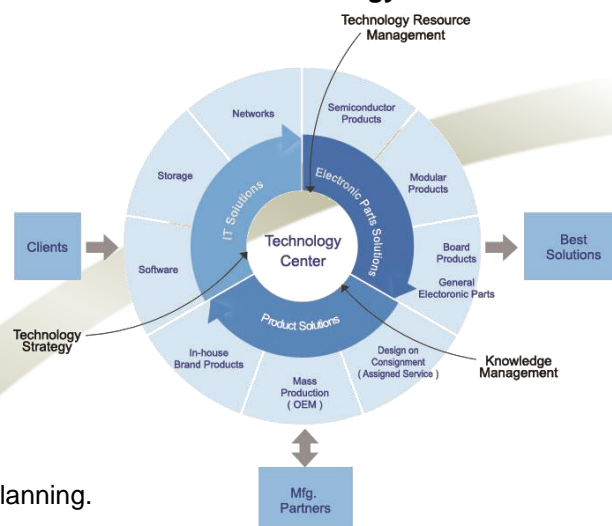
Leveraging the synergistic effects of technology and knowledge, the Technology Center creates new technology strategies and business plans

This is a group of technology professionals that support the technological aspects of HAGIWARA ELECTRIC's 3 businesses, meeting a broad spectrum of needs through accumulated electronic technology.

Technology is the springboard for the advancement of a wide variety of fields in society. On the development front, demand is rising for creating original electron devices and systems using cutting edge technology.

HAGIWARA ELECTRIC's Technology Center was established by bringing together a team of technology specialists for each for both traditional device business and production development and solutions with activities getting underway in 2012.

Through the combination of accumulated technology, information and experience, the Technology Center is involved in drafting technology strategies that look to the future and goes beyond traditional business fields. The center also focuses on development of component technologies and creation of business planning.



Electron Device Business Unit

Device Business

Provides optimal device solutions for leading the era of globalization together with clients

This is a trading division that handles electron device sales and development services.

From a client's perspective, this division offers optimal device solutions for making products that can excel in the global marketplace.

It provides assistance for manufacturers in every aspect of product development including design, prototypes, debugging and delivery.

Currently as digitalization and networking progress, products and services transform from optimization of parts to optimization of the whole. Companies must adopt a multi-faceted approach to various business fields, technologies and markets in order to secure sufficient competitiveness.

Especially in the automotive and energy fields, electron devices can respond to rapid developments involving smart grids/communities and networking. Now more than ever standardization in global markets and a move toward lower costs is required. The Electron Device Business Unit must take the client's perspective, leveraging the technological strengths developed at the Technology Center and the comprehensive strengths of electron device makers that can compete globally to forge ahead providing cutting edge electron devices that meet the needs of the changing market.

Product types and services covered

Microcomputer chips, discrete devices, system LSIs, memory, general purpose linear, condensers, EMC, relays, connectors, LCD panels, touch panels etc.



(a) Microcomputer Chips



(b) Connectors



(c) Power Relay /
Super Capacitor

Photos provided by:

(a) Renesas Electronics Corporation

(b) Japan Aviation Electronics Industry, Limited

(c) NEC TOKIN Corporation

Corporate Profile

IT Solution Business Unit

IT Solution Business

Provides IT solutions from the long-term perspective of raising client corporate value

This is a trading division that handles the sale of IT equipment, platform construction and instrument. This division provides solutions from a long-term perspective based on technologies developed by HAGIWARA ELECTRIC and cutting edge information from partner firms.

Centered on platform foundation construction, IT equipment and instrument system sales, HAGIWARA ELECTRIC's IT solution business provides meticulous solutions leveraging technology and knowledge developed over many years.

The Data Center was opened in May 2012, building a positive track record including proposals for IT services utilizing cloud applications with the Data Center at its core, including all types of system construction, operations support, maintenance and security construction.

The company has put in place a full support system to actively support client business from introductory consultations to design, construction, operations and maintenance.

Product types and services covered

Computer platform foundation construction, operation, monitoring and maintenance service, modular instrument system, electromagnetic compatibility (EMC)-related equipment



(a) Tablet PC



(b) Storage



(c) Measuring Equipment

Photos provided by:
(a) NEC Corporation
(b) EMC Japan K.K.
(c) National Instruments Japan Corporation

Development and Production Business

Development, production and service are all handled domestically with the highest quality and long-term stable supply

This is a manufacturing division that is involved with development and production of electronic and IT products. The top priority is following the time scale for every industrial field. Providing efficient, environmentally friendly and reliable electronic equipment and system solutions.

Domestically the company provides total support from planning, research and development to manufacturing, sales and service. The main businesses of electronic IT products include: social IT systems, FA computers, measuring and control equipment, and automotive IT equipment. Also, the division supports system solutions, which include FA systems for all manufacturing industries starting with automobiles and semiconductors, testers and logistics systems.

Product types and services covered

The manufacturing division provides all types of solutions for development and production of industrial-use computers, based on the measuring and control equipment and all types of IT-related equipment.

Also the division provides support for all types of system construction for FA systems for all manufacturing industries including automobiles and semiconductors, logistics systems and production management systems.



High Reliability Computers
HPU9000 Series



FA Workstations
H2-EC Series



Multi-Touch Panel Computers
H2-ATOM Series

Consolidated Balance Sheets

(¥ million)	FY3/10 1H End	FY3/11 1H End	FY3/12 1H End	FY3/13 1H End	FY3/14 1H End
Assets					
Total assets	30,761	31,884	36,108	40,325	40,681
Current assets	25,140	26,584	31,265	35,538	36,035
Cash and deposits	5,098	3,780	2,137	4,023	3,845
Notes and accounts receivable-trade	16,195	16,890	20,633	20,817	23,026
Short-term investment securities	—	—	—	100	—
Merchandise and finished goods	3,130	5,116	7,654	9,685	8,185
Work in process	303	335	290	273	264
Raw materials and supplies	171	130	132	144	139
Other	243	331	418	495	576
Allowance for doubtful accounts	(3)	(0)	(1)	(0)	(1)
Noncurrent assets	5,621	5,299	4,843	4,786	4,645
Property, plant and equipment	2,594	2,567	2,533	2,765	2,752
Intangible assets	984	816	678	508	281
Investments and other assets	2,041	1,915	1,630	1,512	1,611
Other	2,097	1,926	1,643	1,523	1,627
Allowance for doubtful accounts	(56)	(11)	(12)	(11)	(16)
Liabilities					
Total liabilities	15,152	15,485	19,335	22,657	21,733
Current liabilities	11,022	12,788	16,163	19,065	16,673
Notes and accounts payable-trade	7,491	7,941	10,298	11,309	10,228
Short-term loans payable	2,600	2,100	3,400	5,360	4,680
Current portion of long-term loans payable	300	1,750	1,299	1,019	419
Income taxes payable	65	346	211	411	459
Provision for loss on order received	8	0	1	0	—
Other	556	650	952	963	885
Noncurrent liabilities	4,130	2,696	3,171	3,592	5,059
Long-term loans payable	3,250	1,925	2,425	2,790	4,270
Provision for retirement benefits	588	441	397	360	319
Provision for directors' retirement benefits	262	286	310	345	—
Other	29	42	38	97	470
Net assets					
Total net assets	15,609	16,399	16,773	17,667	18,948
Shareholders' equity	15,611	16,442	16,870	17,783	18,725
Capital stock	2,439	2,439	2,439	2,439	2,439
Capital surplus	2,884	2,884	2,884	2,884	2,884
Retained earnings	10,497	11,328	11,756	12,669	13,611
Treasury stock	(209)	(209)	(209)	(209)	(209)
Accumulated other comprehensive income	(2)	(42)	(97)	(115)	222
Valuation difference on available-for-sale securities	56	51	40	26	121
Deferred gains or losses on hedges	1	1	0	—	—
Foreign currency translation adjustment	(61)	(95)	(138)	(142)	101
Total liabilities and net assets	30,761	31,884	36,108	40,325	40,681

Consolidated Statements of Income/ Information by Segment

Consolidated Statements of Income

(¥ million)	FY3/10 1H	FY3/11 1H	FY3/12 1H	FY3/13 1H	FY3/14 1H
Net sales	25,589	29,700	33,589	44,704	41,926
Cost of sales	23,343	26,790	30,452	40,696	37,782
Gross profit	2,245	2,909	3,136	4,008	4,143
Selling, general and administrative expenses	2,134	2,125	2,568	2,981	3,010
Operating income	111	783	568	1,026	1,132
Non-operating income	22	27	32	40	36
Interest income	3	3	1	1	1
Dividends income	5	5	6	5	5
Compensation income	—	—	7	17	—
Miscellaneous income	—	9	—	—	—
Operations consignment fee	—	—	—	—	23
Other	13	9	16	15	5
Non-operating expenses	58	55	50	76	58
Interest expenses	41	33	32	28	27
Foreign exchange losses	13	17	9	23	14
Loss on sales of accounts receivable	—	—	—	22	15
Other	4	4	8	2	1
Ordinary income	75	755	549	989	1,111
Extraordinary income	7	11	6	0	0
Gain on sales of noncurrent assets	—	—	0	—	—
Gain on sales of investment securities	7	—	6	0	0
Reversal of allowance for doubtful accounts	—	2	—	—	—
Gain on prior periods adjustment	—	8	—	—	—
Extraordinary loss	0	7	15	11	0
Loss on disposal of noncurrent assets	—	—	6	4	0
Loss on retirement of noncurrent assets	0	0	—	—	—
Loss on valuation of investment securities	—	3	6	4	—
Loss on valuation of membership	—	—	2	2	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	2	—	—	—
Income before income taxes and minority interests	82	759	541	978	1,111
Total income taxes	63	341	245	441	485
Income before minority interests	—	418	296	537	625
Net income	19	418	296	537	625

Information by Segment

Net Sales Breakdown by Business Segment

(¥ million)	FY3/10 1H	FY3/11 1H	FY3/12 1H	FY3/13 1H	FY3/14 1H
Net sales	25,589	29,700	33,589	44,704	41,926
Electron Devices Business Unit	-	24,619	27,955	38,798	35,732
Solutions Business Unit	-	5,081	5,633	5,906	6,193
Segment income		783	568	1,026	1,132
Electron Devices Business Unit	-	1,111	791	1,405	1,502
Solutions Business Unit	-	97	237	192	213
Elimination	-	(425)	(460)	(572)	(582)

Net Sales Breakdown by Major Client

(¥ million)	FY3/10 1H	FY3/11 1H	FY3/12 1H	FY3/13 1H	FY3/14 1H
Net sales	25,589	29,700	33,589	44,704	41,926
DENSO CORPORATION	14,031	15,114	18,468	25,683	24,111
Toyota Motor Corporation	3,655	3,971	3,313	5,385	3,901
TOKAI RIKKA CO., LTD.	1,327	1,463	1,783	2,771	2,763
Others	6,574	9,151	10,025	10,865	11,150

Consolidated Statements of Cash Flows

(¥ million)	FY3/10 1H	FY3/11 1H	FY3/12 1H	FY3/13 1H	FY3/14 1H
Cash flows provided by (used in) operating activities					
Net cash provided by (used in) operating activities	332	(858)	(415)	85	(513)
Income before income taxes and minority interests	82	759	541	978	1,111
Depreciation and amortization	137	156	165	175	185
Loss (gain) on sales and retirement of noncurrent assets	—	—	6	4	0
Loss on valuation of membership	—	—	2	2	—
Increase (decrease) in allowance for doubtful accounts	0	(2)	1	(1)	6
Increase (decrease) in provision for loss on order received	8	(0)	1	0	—
Increase (decrease) in provision for directors' retirement benefits	(0)	12	11	21	(359)
Increase (decrease) in provision for retirement benefits	20	(21)	(22)	(14)	(25)
Interest and dividends income	(9)	(9)	(8)	(7)	(7)
Interest expenses	41	33	32	28	27
Loss (gain) on disposal of noncurrent assets	0	0	—	—	—
Loss (gain) on sales of investment securities	(7)	—	(6)	(0)	(0)
Loss (gain) on valuation of investment securities	—	3	6	4	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	2	—	—	—
Decrease (increase) in notes and accounts receivable-trade	(2,565)	1,377	(1,449)	1,461	(350)
Decrease (increase) in inventories	586	(1,433)	464	(1,283)	(407)
Increase (decrease) in notes and accounts payable-trade	2,084	(1,468)	86	(545)	(383)
Other, net	(121)	(177)	200	(297)	219
Subtotal	259	(767)	32	528	15
Interest and dividends income received	8	9	8	7	8
Interest expenses paid	(38)	(33)	(32)	(28)	(28)
Income taxes (paid) refund	103	(67)	—	—	—
Income taxes paid	—	—	(424)	(421)	(508)
Cash flows provided by (used in) investing activities					
Net cash provided by (used in) investing activities	(136)	93	30	(269)	21
Proceeds from withdrawal of time deposits	—	100	100	—	—
Payments into time deposits	(100)	—	—	—	—
Purchase of investment securities	(3)	(23)	(23)	(23)	(3)
Proceeds from sales of investment securities	17	—	48	20	96
Purchase of property, plant and equipment	(27)	(16)	(31)	(229)	(46)
Purchase of intangible assets	(20)	(17)	(58)	(33)	(19)
Other, net	(3)	51	(4)	(4)	(4)
Cash flows provided by (used in) financing activities					
Net cash provided by (used in) financing activities	(514)	(285)	(307)	859	79
Net increase (decrease) in short-term loans payable	60	—	(400)	270	(340)
Proceeds from long-term loans payable	—	—	1,800	1,100	1,100
Repayment of long-term loans payable	(150)	(200)	(1,600)	(364)	(509)
Redemption of bonds	(300)	—	—	—	—
Purchase of treasury stock	(0)	(0)	(0)	(0)	(0)
Cash dividends paid	(120)	(79)	(100)	(133)	(159)
Other, net	(3)	(5)	(6)	(11)	(10)
Effect of exchange rate change on cash and cash equivalents	23	(16)	(11)	10	139
Net increase (decrease) in cash and cash equivalents	(294)	(1,066)	(703)	685	(273)
Cash and cash equivalents at beginning of period	5,253	4,776	2,771	3,268	4,049
Cash and cash equivalents at end of period	4,958	3,710	2,067	3,953	3,775

Consolidated Profitability Indicators

(%)	FY3/10 1H	FY3/11 1H	FY3/12 1H	FY3/13 1H	FY3/14 1H
Gross Profit on Net Sales	8.8	9.8	9.3	9.0	9.9
Operating Income Margin	0.4	2.6	1.7	2.3	2.7
Ordinary Income Margin	0.3	2.5	1.6	2.2	2.6
Net Income Margin	0.1	1.4	0.9	1.2	1.5

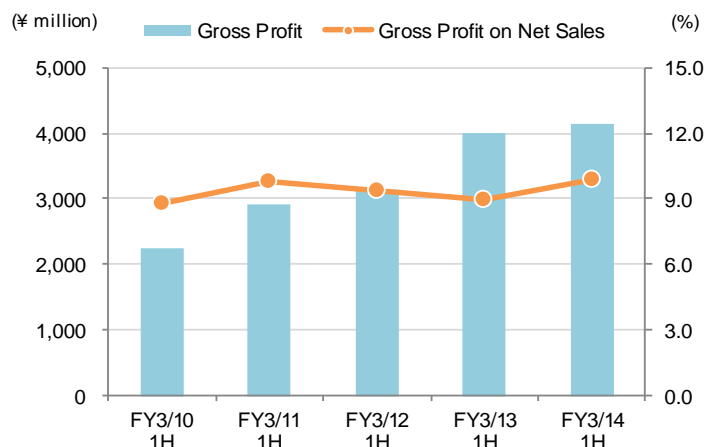
Gross Profit on Net Sales=Gross Profit/Net Sales

Operating Income Margin = Operating Income/Net Sales

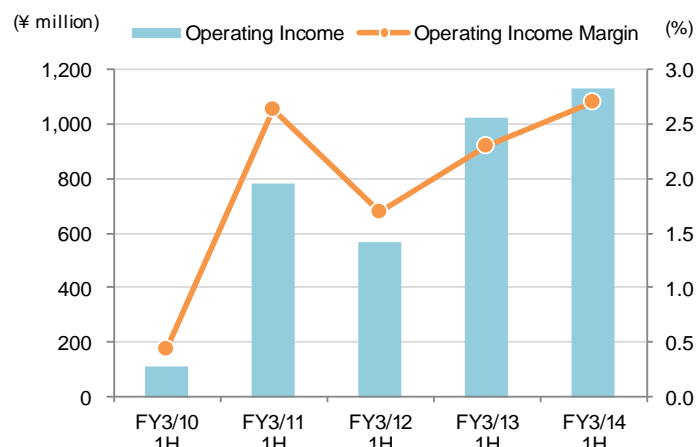
Ordinary Income Margin = Ordinary Income/Net Sales

Net Income Margin = Net Income/Net Sales

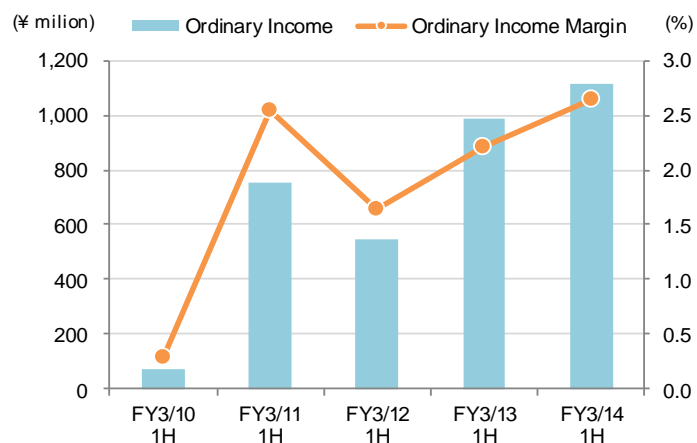
Gross Profit on Net Sales



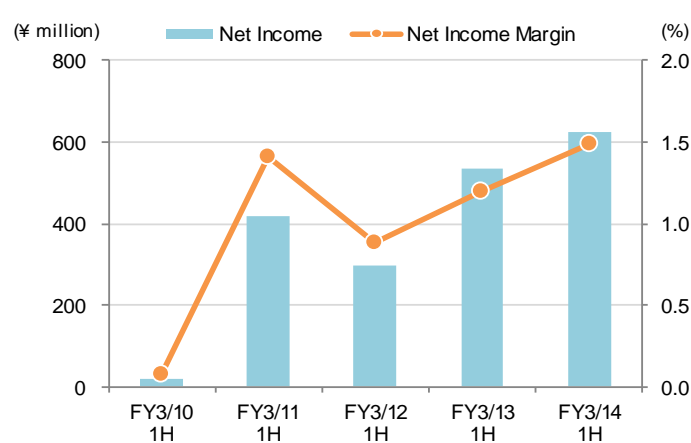
Operating Income Margin



Ordinary Income Margin



Net Income Margin



Consolidated Profitability/Efficiency Indicators

		FY3/10 1H	FY3/11 1H	FY3/12 1H	FY3/13 1H	FY3/14 1H
Interest Coverage Ratio	(times)	2.9	24.0	18.0	36.9	42.1
Number of Employees at the End of Period	(persons)	412	404	437	443	447
Number of Temporary Employees at the End of Period	(persons)	23	35	37	36	38
Net Sales per Employee	(¥ thousand)	58,825	67,654	70,863	93,328	86,445
Ordinary Income per Employee	(¥ thousand)	172	1,720	1,158	2,065	2,291
Net Income per Employee	(¥ thousand)	44	952	624	1,121	1,289

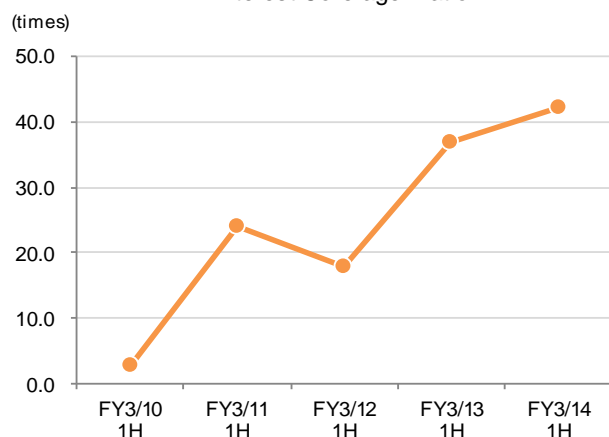
Interest Coverage Ratio=(Operating Income+Interest Income+Dividends Income)/Interest Expenses

Net Sales per Employee=Net Sales/(No. of Employees at the End of Period+No. of Temp. Employees at the End of Period)

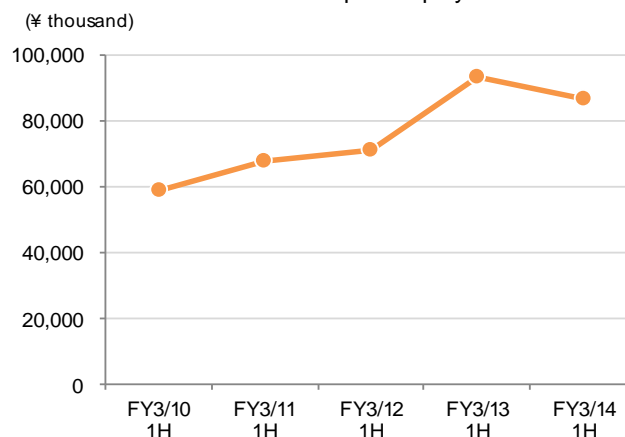
Ordinary Income per Employee=Ordinary Income/(No. of Employees at the End of Period+No. of Temp. Employees at the End of Period)

Net Income per Employee=Net Income/(No. of Employees at the End of Period+No. of Temp. Employees at the End of Period)

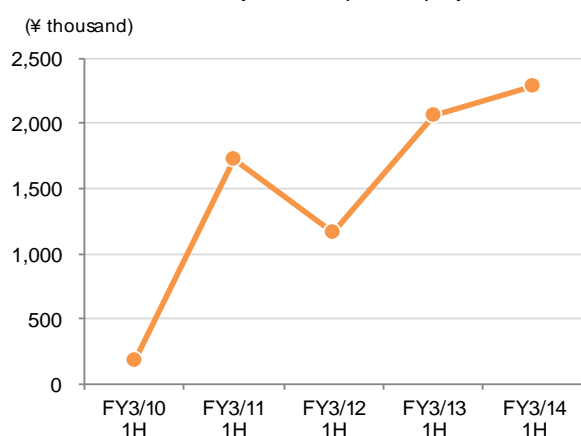
Interest Coverage Ratio



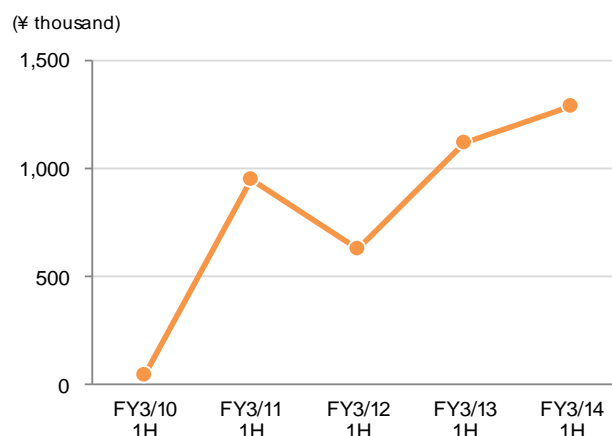
Net Sales per Employee



Ordinary Income per Employee



Net Income per Employee



Consolidated Efficiency/Stability Indicators

(%)	FY3/10 1H	FY3/11 1H	FY3/12 1H	FY3/13 1H	FY3/14 1H
Equity Ratio	50.7	51.4	46.5	43.8	46.6
Interest-bearing Debt Ratio	20.0	18.1	19.7	22.7	23.0
Acid-test Ratio	193.2	161.6	140.9	130.3	161.2
Current Ratio	228.1	207.9	193.4	186.4	216.1
Fixed Ratio	36.0	32.3	28.9	27.1	24.5
Fixed Assets to Fixed Liability Ratio	28.5	27.8	24.3	22.5	19.3

Equity Ratio=Equity/Total Assets

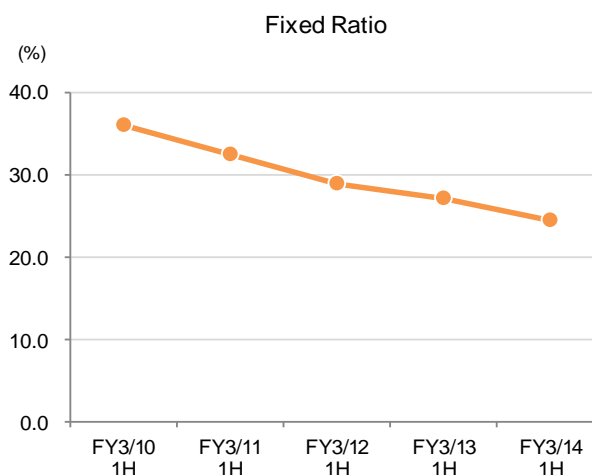
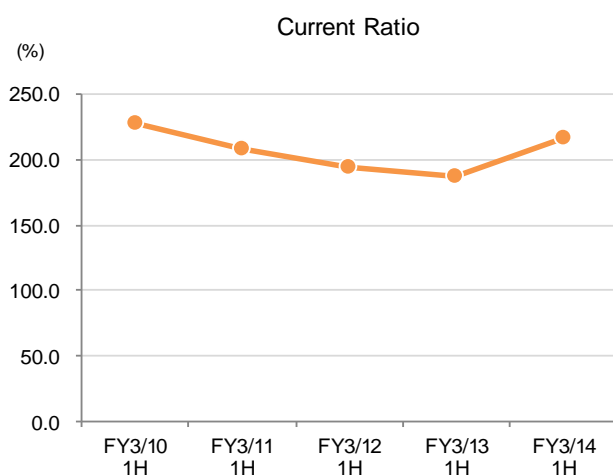
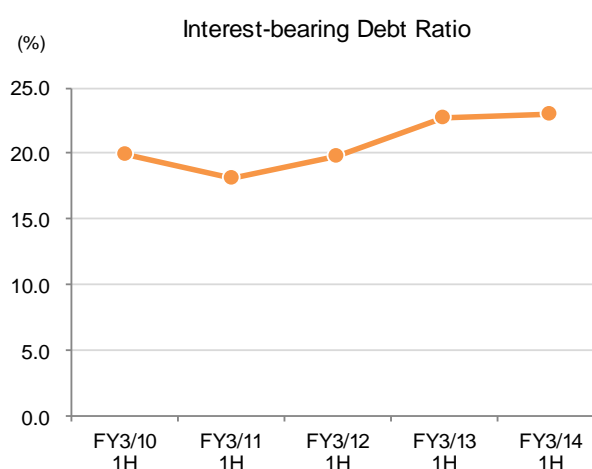
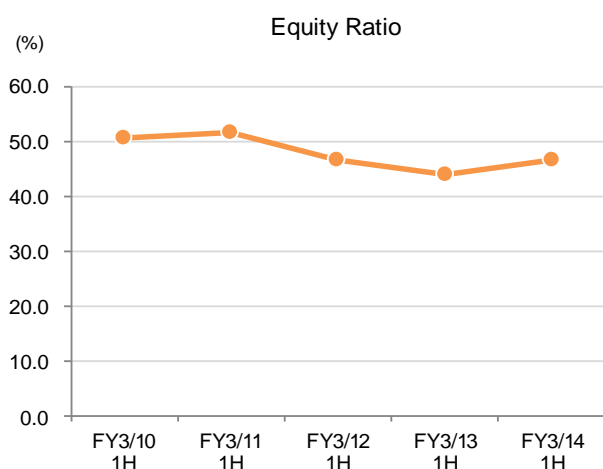
Interest-bearing Debt Ratio = Interest-bearing Debt/Total Assets

Acid-test Ratio=Liquid Assets/Current Liabilities

Current Ratio=Current Assets/Current Liabilities

Fixed Ratio=Noncurrent Assets/Shareholders' Equity

Fixed Assets to Fixed Liability Ratio=Fixed Assets/(Equity+Fixed Liabilities)



Stock Information

Per Share Indicators

(¥)	FY3/10 1H	FY3/11 1H	FY3/12 1H	FY3/13 1H	FY3/14 1H
Share Price at the End of Period	599	586	632	775	1,269
Closing Stock Price Range for the Last 12 Months	394-735	530-830	581-935	603-949	762-1,600
Earnings per Share (EPS)	2.86	62.46	44.24	80.21	93.42
Book-value per Share (BPS)	2,331.14	2,449.23	2,505.02	2,638.64	2,829.91
Dividend per Share (DPS)	12.00	13.00	14.00	19.00	22.00

Other Indicators

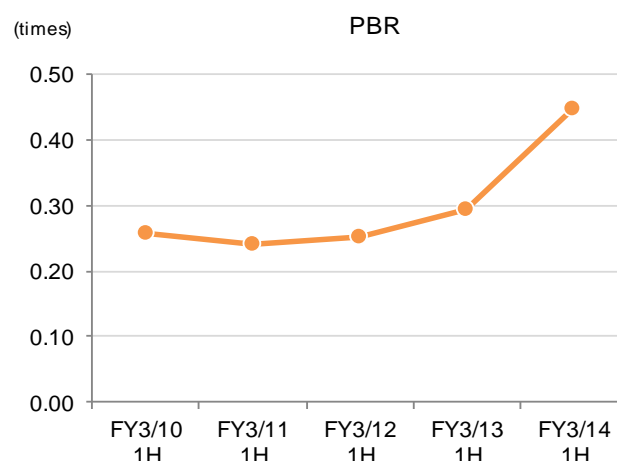
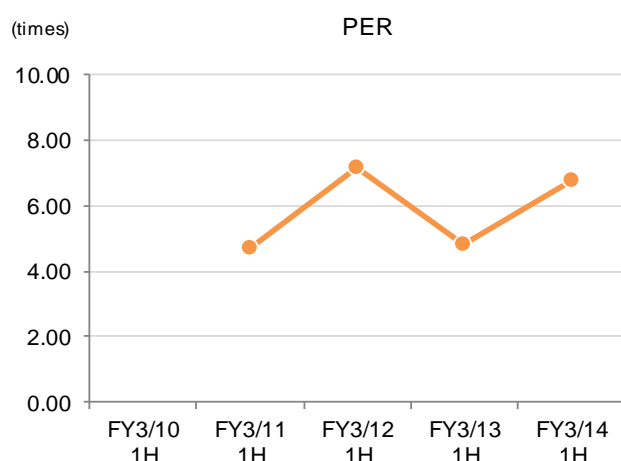
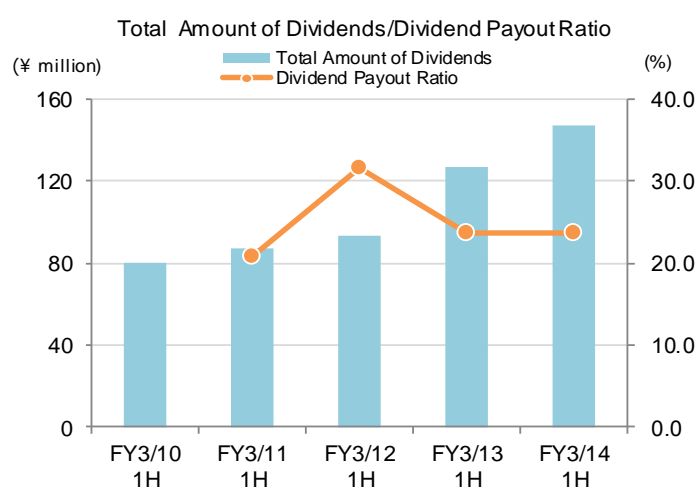
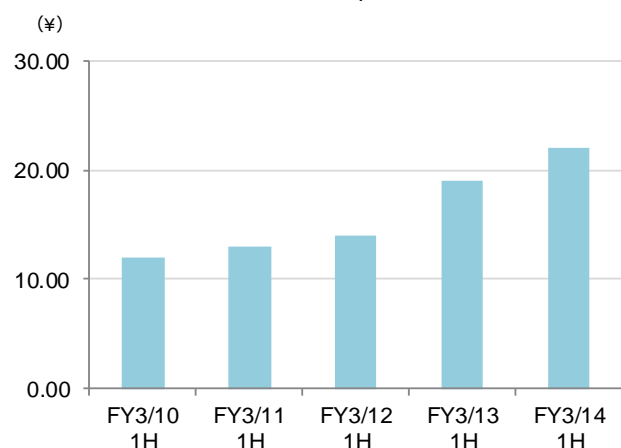
		FY3/10 1H	FY3/11 1H	FY3/12 1H	FY3/13 1H	FY3/14 1H
Total Amount of Dividends	(¥ million)	80	87	93	127	147
Dividend Payout Ratio	(%)	-	20.8	31.6	23.7	23.5
Price Earnings Ratio (PER)	(times)	-	4.69	7.14	4.83	6.79
Price Book-value Ratio (PBR)	(times)	0.26	0.24	0.25	0.29	0.45
Term-average Number of Shares Outstanding	(thousand shares)	6,695	6,695	6,695	6,695	6,695
Number of Shareholders	(persons)	2,177	2,305	2,318	2,217	2,646

Dividend Payout Ratio=DPS/EPS

PER=Share Price at the End of Period/EPS*2

PBR=Share Price at the End of Period/BPS

Dividend per Share



Stock Information

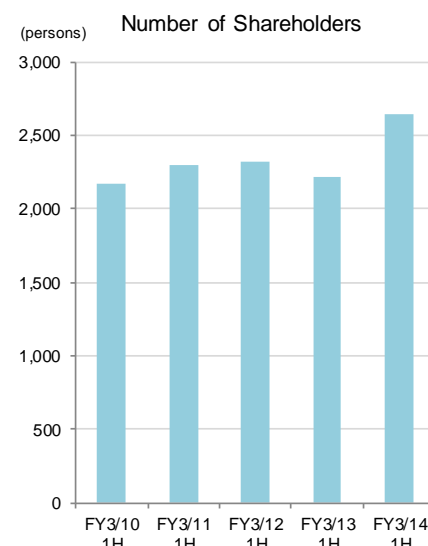
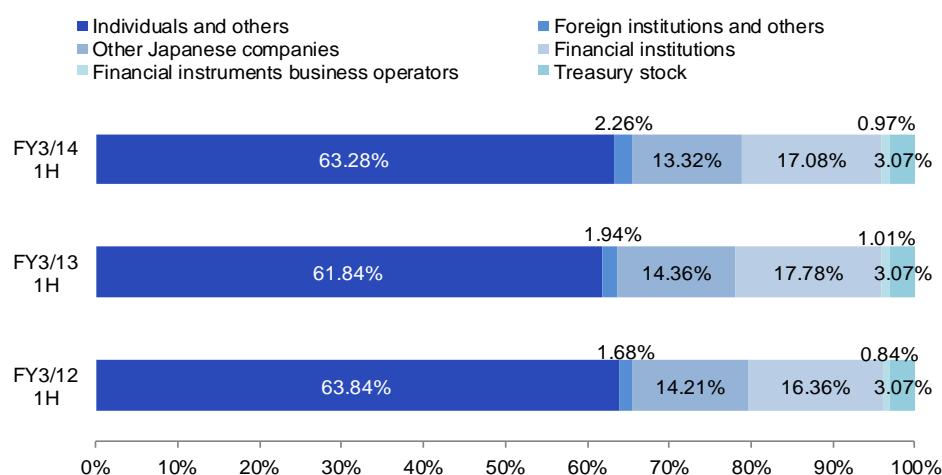
Status of Major Shareholders

as of September 30, 2013

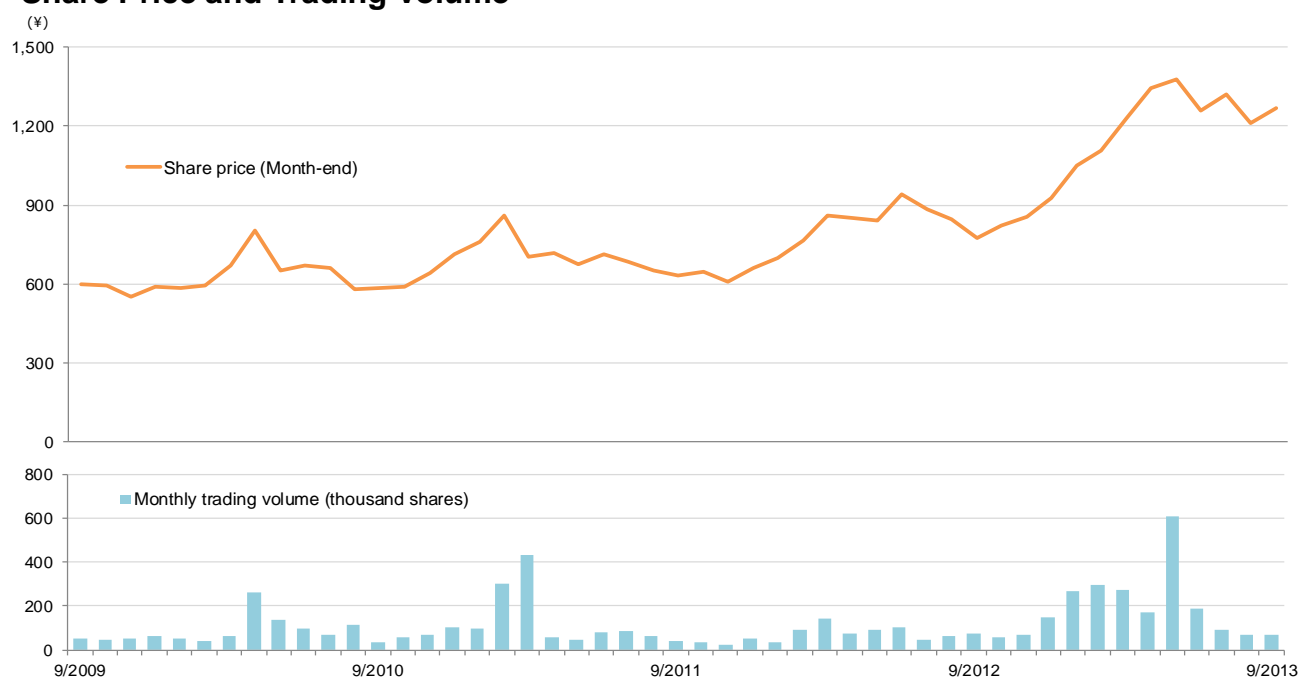
Top 10 Shareholders	Number of Shares (thousand shares)	Shareholding Ratio (%)
STANY Co., Ltd.	396	5.74
Yoshiaki Hagiwara	345	5.00
Tomoaki Hagiwara	334	4.84
Employees' Stockholding	332	4.82
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	232	3.37
Nagoya Small and Medium Business Investment & Consultation Co., Ltd.	230	3.33
Japan Trustee Services Bank, Ltd. (trust account)	200	2.90
Sumitomo Mitsui Trust Bank, Limited	178	2.58
Mizuho Bank, Ltd.	175	2.53
Sachiko Hagiwara	172	2.50

Note: In addition to the above, Hagiwara Electric Co., Ltd. holds 212 thousand shares (3.07%) in treasury stock

Breakdown of Type of Shareholders



Share Price and Trading Volume





Contact

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