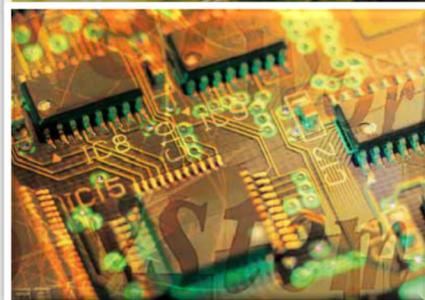
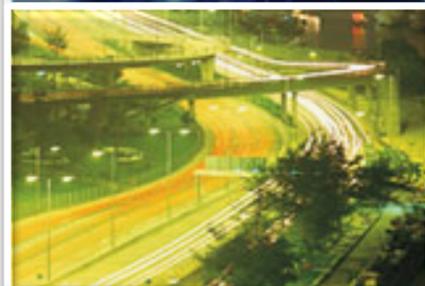


FACTBOOK

7467/TSE 1st Section, NSE 1st Section
HAGIWARA ELECTRIC CO., LTD.

For the six months of the fiscal year
 ending on March 31, 2017



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Corporate Profile

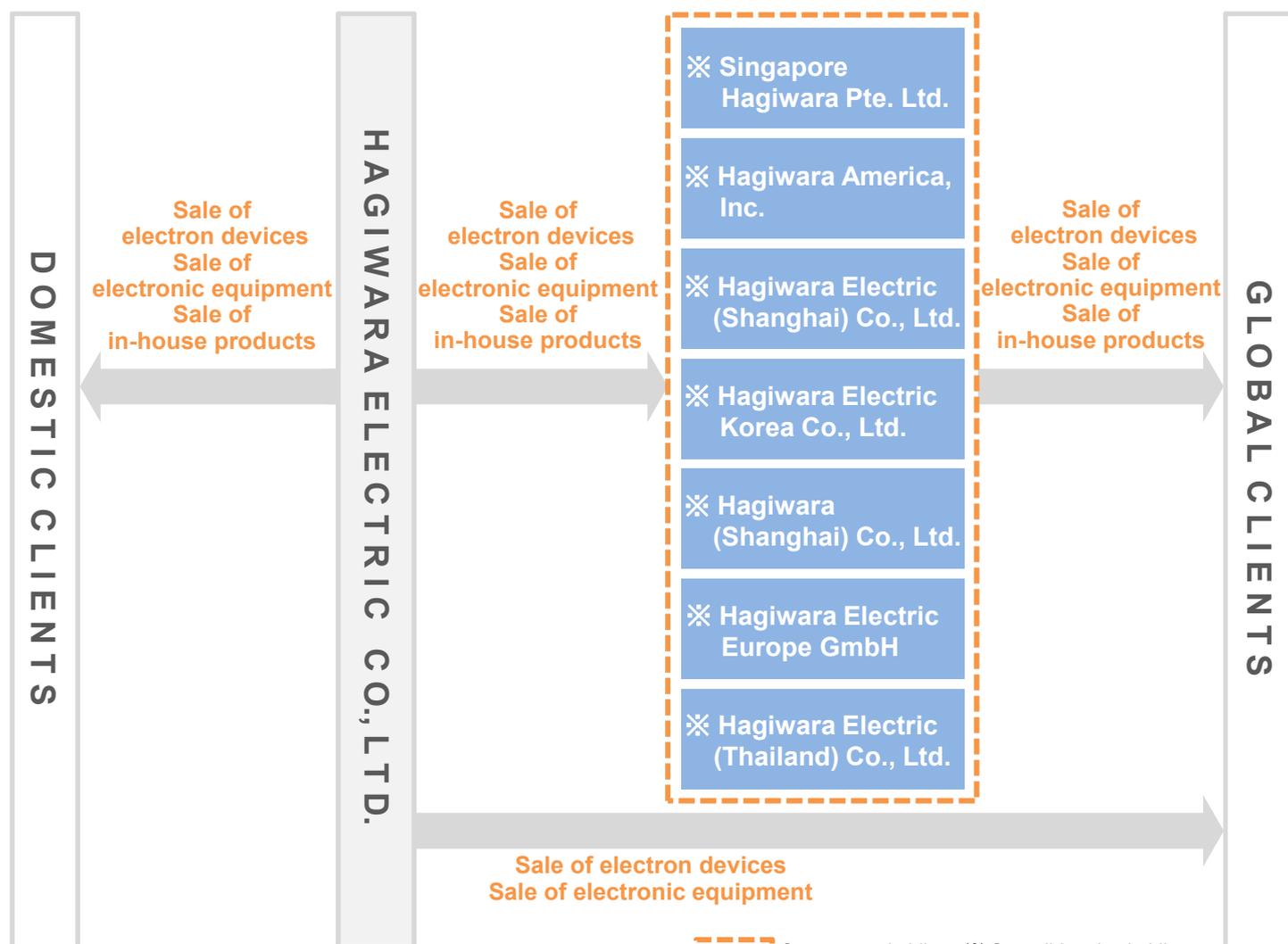
Corporate Outline (as of September 30, 2016)

Name of Company	HAGIWARA ELECTRIC CO., LTD.
Head Office	2-2-1 Higashisakura, Higashi-ku, Nagoya City, Aichi Pref. 461-8520 Japan
Representative	Mitsuo Iwai, President
Established	March 31, 1948
Capital	3,301,216,100 yen
Number of Employees	Consolidated: 496 *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
ISO	ISO14001 (ENVIRONMENTAL SYSTEM) Headquarters, Miyoshi Office, Development and Production Division ISO9001 (QUALITY SYSTEM) Development and Production Division

Business Content

< Domestic Business >

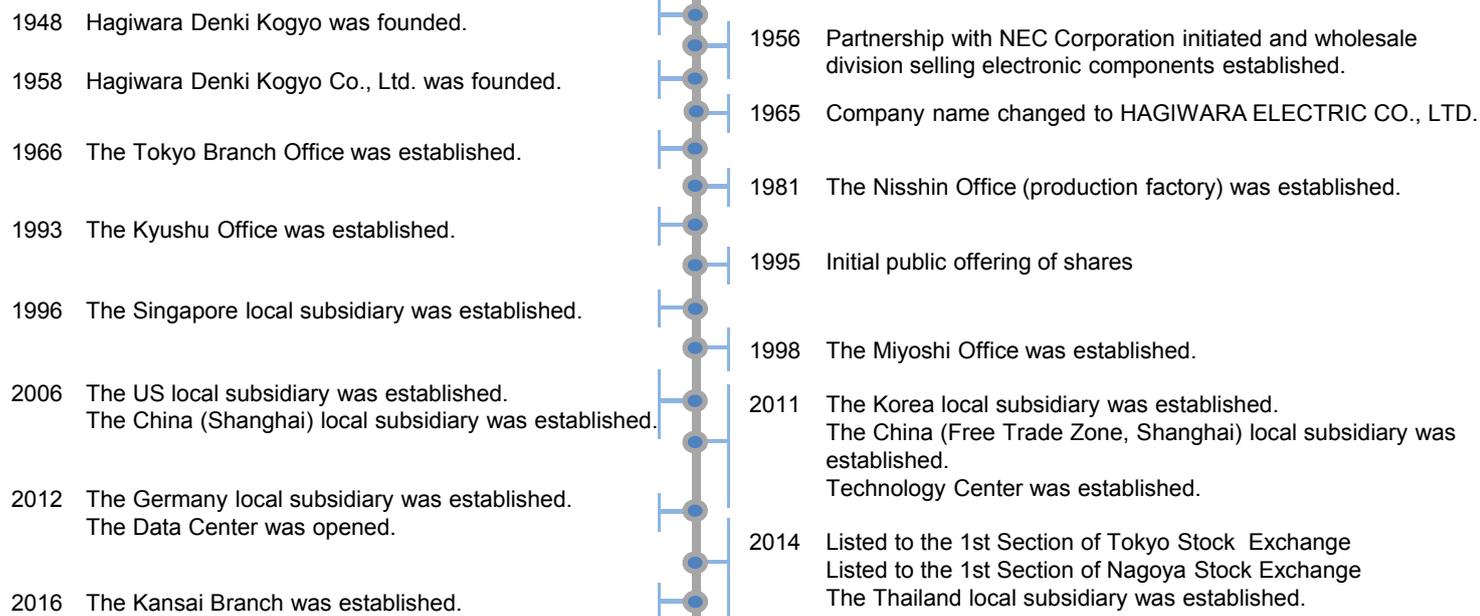
< Global Business >



Overseas subsidiary, ※ Consolidated subsidiary

Corporate Profile

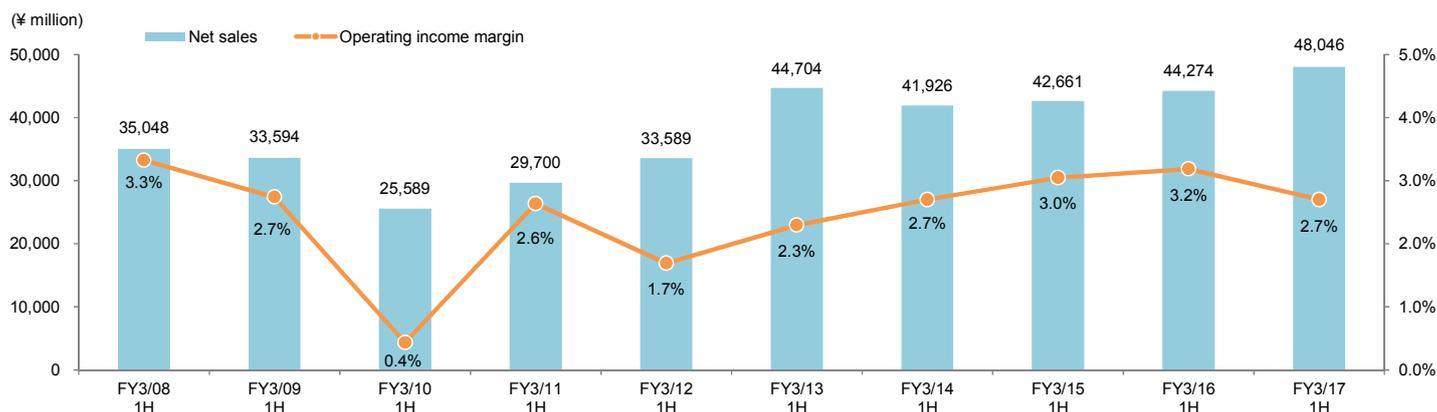
Corporate History Timeline



Domestic and Global Offices



Trend of Business Performance



Corporate Profile

Business Introduction

Technology Center

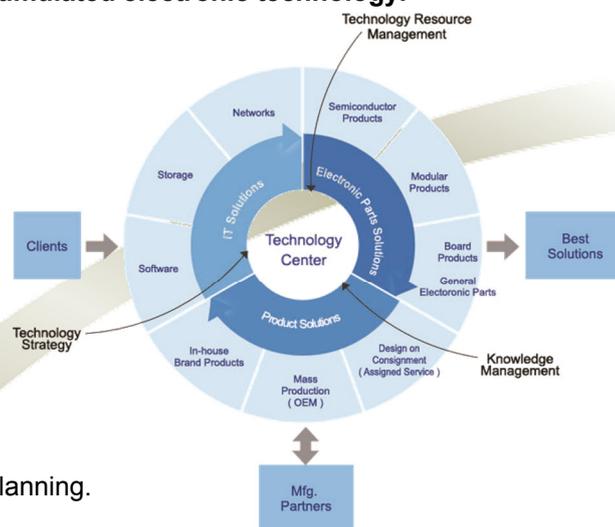
Leveraging the synergistic effects of technology and knowledge, the Technology Center creates new technology strategies and business plans

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.

Electronic 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 meets this demand by bringing together a team of technology specialists who provide the technology and carry out independent R&D with long-term vision.

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



Electron Device Business Unit

Electron 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.

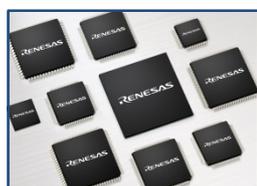
It provides assistance for manufacturers in every aspect of product development including design, prototypes, debugging and delivery.

The progress in information technology over recent years, especially in the Internet of Things (IoT), is changing fundamental aspects of our daily life. This change has not only made our development tasks more complex as we adopt more advanced and diverse functionality such as self-driving operations and Advanced Driver Assistance Systems (ADAS), it has also led to quicker product development cycles to meet clients' needs. As a consequence, it is necessary to take automotive performance and quality to the next level.

Electron devices and modules can provide prompt support for these changes. Further standardization in global markets and progress toward lower costs are 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 manufactures that can compete globally to forge ahead timely providing electron devices and modules that meet the needs of the changing markets.

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 with the long-term perspective of raising client corporate value

This is a trading division that handles the sale of IT equipment, the construction of platform foundations, and the sale of instruments and embedded devices.

This division provides solutions with a long-term perspective based on technologies developed by HAGIWARA ELECTRIC and the latest information from partner firms.

Centered around the sale of IT equipment, the construction of platform foundations, and the sale of instruments and embedded devices, HAGIWARA ELECTRIC's IT solution business provides meticulous solutions leveraging technology and knowledge developed over many years.

HAGIWARA ELECTRIC has built a positive track record in providing specialized instrument systems and solutions such as factory automation and IoT/M2M systems for automotive and other manufacturing fields. These solutions include cloud service proposals with the Data Center at their core.

The company has put in place a full support system to provide proposals for supporting 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, embedded products, construction of factory automation and IoT/M2M systems for automotive and other manufacturing fields



(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. This division provides efficient, environmentally friendly and reliable electronic equipment and system solutions.

The company provides total support from planning and R&D to manufacturing and service in Japan. The main business is IT products for applications such as social infrastructure systems, industrial control systems, security systems, and custom controllers.

Product types and services covered

Development and production of industrial computers and related equipment, such as industrial and instrument control equipment and various IT-related equipment



Super-compact CPU Modules
HPU A100 Series



Industrial Panel Computers
HPU9000AP Series



Maintenance-free UPS Units
H3UPS
(Lithium Ion Capacitor)

Consolidated Balance Sheet

(¥ million)	FY3/13 1H End	FY3/14 1H End	FY3/15 1H End	FY3/16 1H End	FY3/17 1H End
Assets					
Total assets	40,325	40,681	45,193	46,994	47,511
Current assets	35,538	36,035	40,598	42,476	43,170
Cash and deposits	4,023	3,845	4,406	5,821	5,535
Notes and accounts receivable - trade	20,817	23,026	24,660	24,667	24,879
Electronically recorded monetary claims - operating	—	—	566	951	1,597
Securities	100	—	—	100	—
Merchandise and finished goods	9,685	8,185	9,973	9,897	10,047
Work in process	273	264	258	277	312
Raw materials and supplies	144	139	152	153	153
Other	495	576	584	610	646
Allowance for doubtful accounts	(0)	(1)	(3)	(3)	(1)
Non-current assets	4,786	4,645	4,594	4,518	4,340
Property, plant and equipment	2,765	2,752	2,717	2,687	2,629
Intangible assets	508	281	206	165	117
Investments and other assets	1,512	1,611	1,670	1,665	1,593
Other	1,523	1,627	1,691	1,686	1,614
Allowance for doubtful accounts	(11)	(16)	(21)	(21)	(21)

(¥ million)	FY3/13 1H End	FY3/14 1H End	FY3/15 1H End	FY3/16 1H End	FY3/17 1H End
Liabilities					
Total liabilities	22,657	21,733	23,009	23,120	23,168
Current liabilities	19,065	16,673	18,166	19,661	18,815
Notes and accounts payable - trade	11,309	10,228	12,100	11,636	9,834
Electronically recorded obligations - operating	—	—	—	—	1,804
Short-term loans payable	5,360	4,680	4,199	4,302	4,322
Current portion of long-term loans payable	1,019	419	419	2,095	1,080
Income taxes payable	411	459	440	477	439
Provision for loss on order received	0	—	—	—	—
Other	963	885	1,006	1,150	1,334
Non-current liabilities	3,592	5,059	4,842	3,458	4,353
Long-term loans payable	2,790	4,270	4,131	2,961	3,631
Provision for retirement benefits	360	319	—	—	—
Net defined benefit liability	—	—	237	30	249
Provision for directors' retirement benefits	345	—	—	—	—
Other	97	470	474	466	472
Net assets					
Total net assets	17,667	18,948	22,184	23,874	24,342
Shareholders' equity	17,783	18,725	21,820	23,238	24,227
Capital stock	2,439	2,439	3,301	3,301	3,301
Capital surplus	2,884	2,884	3,792	3,792	3,792
Retained earnings	12,669	13,611	14,738	16,156	17,487
Treasury shares	(209)	(209)	(12)	(12)	(354)
Accumulated other comprehensive income	(115)	222	363	636	115
Valuation difference on available-for-sale securities	26	121	221	202	180
Foreign currency translation adjustment	(142)	101	142	359	58
Remeasurements of defined benefit plans	—	—	0	73	(124)
Total liabilities and net assets	40,325	40,681	45,193	46,994	47,511

Consolidated Statement of Income/ Information by Segment

Consolidated Statement of Income

(¥ million)	FY3/13 1H	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H
Net sales	44,704	41,926	42,661	44,274	48,046
Cost of sales	40,696	37,782	38,398	39,794	43,620
Gross profit	4,008	4,143	4,262	4,480	4,426
Selling, general and administrative expenses	2,981	3,010	2,962	3,069	3,143
Operating income	1,026	1,132	1,300	1,411	1,283
Non-operating income	40	36	39	31	45
Interest income	1	1	1	4	4
Dividend income	5	5	5	7	7
Refunded import duty	—	—	—	—	15
Compensation income	17	—	—	—	—
Operations consignment fee	—	23	20	7	—
Other	15	5	11	11	18
Non-operating expenses	76	58	38	71	112
Interest expenses	28	27	24	23	21
Foreign exchange losses	23	14	—	33	58
Loss on sales of accounts receivable	22	15	11	10	—
Other	2	1	2	4	32
Ordinary income	989	1,111	1,300	1,370	1,216
Extraordinary income	0	0	—	0	124
Gain on sales of non-current assets	—	—	—	—	120
Gain on sales of investment securities	0	0	—	0	—
Gain on reversal of asset retirement obligations	—	—	—	—	4
Extraordinary losses	11	0	1	0	9
Loss on disposal of non-current assets	4	0	1	0	0
Impairment loss	—	—	—	—	9
Loss on valuation of investment securities	4	—	—	—	—
Loss on valuation of membership	2	—	—	—	—
Profit before income taxes	978	1,111	1,299	1,370	1,331
Income taxes	441	485	508	494	457
Profit	537	625	790	875	874
Profit attributable to owners of parent	537	625	790	875	874

Information by Segment

Net Sales Breakdown by Business Segment

(¥ million)	FY3/13 1H	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H
Net sales	44,704	41,926	42,661	44,274	48,046
Electron Device Business Unit	38,798	35,732	35,753	36,501	40,490
IT Solution Business Unit	5,906	6,193	6,907	7,772	7,555
Segment income	1,026	1,132	1,300	1,411	1,283
Electron Device Business Unit	1,405	1,502	1,578	1,562	1,628
IT Solution Business Unit	192	213	276	470	335
Reconciling items	(572)	(582)	(555)	(621)	(681)

Net Sales Breakdown by Major Client

(¥ million)	FY3/13 1H	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H
Net sales	44,704	41,926	42,661	44,274	48,046
DENSO CORPORATION	25,683	24,111	23,772	24,696	27,960
Toyota Motor Corporation	5,385	3,901	3,996	3,554	3,752
TOKAI RIKA CO., LTD.	2,771	2,763	2,792	2,774	2,452
Others	10,865	11,150	12,100	13,248	13,881

Note: Net sales to overseas subsidiaries of DENSO CORPORATION, etc. are included in "Others."

Consolidated Statement of Cash Flows

(¥ million)	FY3/13 1H	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H
Cash flows from operating activities					
Net cash provided by (used in) operating activities	85	(513)	(965)	394	604
Profit before income taxes	978	1,111	1,299	1,370	1,331
Depreciation	175	185	108	98	94
Impairment loss	—	—	—	—	9
Loss (gain) on sales and retirement of non-current assets	4	0	1	0	(120)
Loss on valuation of membership	2	—	—	—	—
Increase (decrease) in allowance for doubtful accounts	(1)	6	7	(0)	3
Increase (decrease) in provision for loss on order received	0	—	—	—	—
Increase (decrease) in provision for directors' retirement benefits	21	(359)	—	—	—
Increase (decrease) in provision for retirement benefits	(14)	(25)	—	—	—
Increase (decrease) in net defined benefit liability	—	—	(58)	(31)	(36)
Interest and dividend income	(7)	(7)	(7)	(11)	(11)
Interest expenses	28	27	24	23	21
Gain on reversal of asset retirement obligations	—	—	—	—	(4)
Loss (gain) on sales of investment securities	(0)	(0)	—	(0)	—
Loss (gain) on valuation of investment securities	4	—	—	—	—
Decrease (increase) in notes and accounts receivable - trade	1,461	(350)	(659)	575	28
Decrease (increase) in inventories	(1,283)	(407)	(1,488)	(496)	701
Increase (decrease) in notes and accounts payable - trade	(545)	(383)	688	(292)	(872)
Other, net	(297)	219	(162)	(327)	(15)
Subtotal	528	15	(246)	907	1,128
Interest and dividend income received	7	8	8	12	12
Interest expenses paid	(28)	(28)	(23)	(24)	(20)
Income taxes paid	(421)	(508)	(702)	(501)	(515)
Cash flows from investing activities					
Net cash provided by (used in) investing activities	(269)	21	(81)	(77)	506
Proceeds from withdrawal of time deposits	—	—	—	—	300
Purchase of investment securities	(23)	(3)	(3)	(26)	(36)
Proceeds from sales of investment securities	20	96	—	0	—
Proceeds from redemption of investment securities	—	—	—	—	100
Proceeds from sales of property, plant and equipment	—	—	—	—	234
Purchase of property, plant and equipment	(229)	(46)	(15)	(35)	(96)
Purchase of intangible assets	(33)	(19)	(63)	(13)	(13)
Other, net	(4)	(4)	1	(2)	17
Cash flows from financing activities					
Net cash provided by (used in) financing activities	859	79	(210)	223	(940)
Net increase (decrease) in short-term loans payable	270	(340)	6	278	(196)
Proceeds from long-term loans payable	1,100	1,100	300	500	1,450
Repayments of long-term loans payable	(364)	(509)	(228)	(247)	(1,547)
Purchase of treasury shares	(0)	(0)	(0)	(0)	(341)
Cash dividends paid	(133)	(159)	(272)	(291)	(290)
Other, net	(11)	(10)	(16)	(15)	(15)
Effect of exchange rate change on cash and cash equivalents	10	139	(42)	16	(248)
Net increase (decrease) in cash and cash equivalents	685	(273)	(1,300)	557	(78)
Cash and cash equivalents at beginning of period	3,268	4,049	5,636	5,193	5,543
Cash and cash equivalents at end of period	3,953	3,775	4,336	5,751	5,465

Consolidated Profitability Indicators

(%)	FY3/13 1H	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H
Gross profit on Net sales	9.0	9.9	10.0	10.1	9.2
Operating income margin	2.3	2.7	3.0	3.2	2.7
Ordinary income margin	2.2	2.6	3.0	3.1	2.5
Net income margin	1.2	1.5	1.9	2.0	1.8

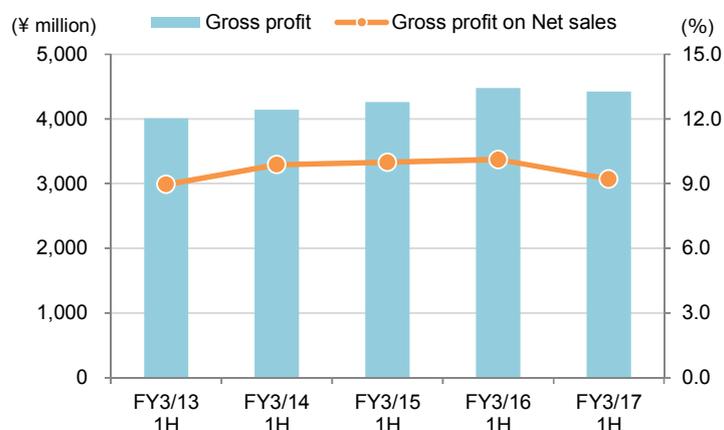
Gross profit on Net sales=Gross profit/Net sales

Operating income margin=Operating income/Net sales

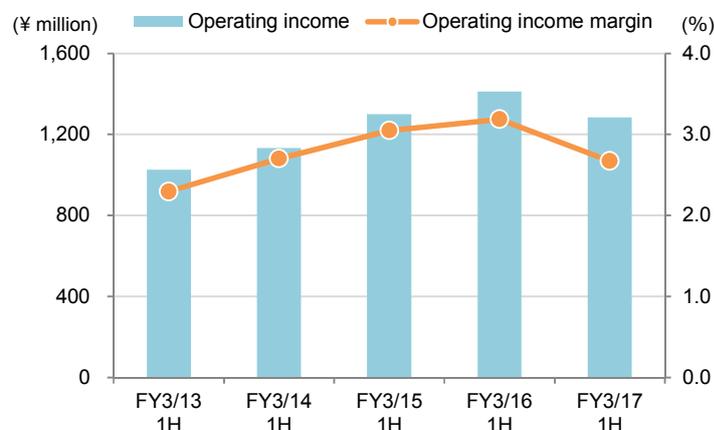
Ordinary income margin=Ordinary income/Net sales

Net income margin=Profit attributable to owners of parent/Net sales

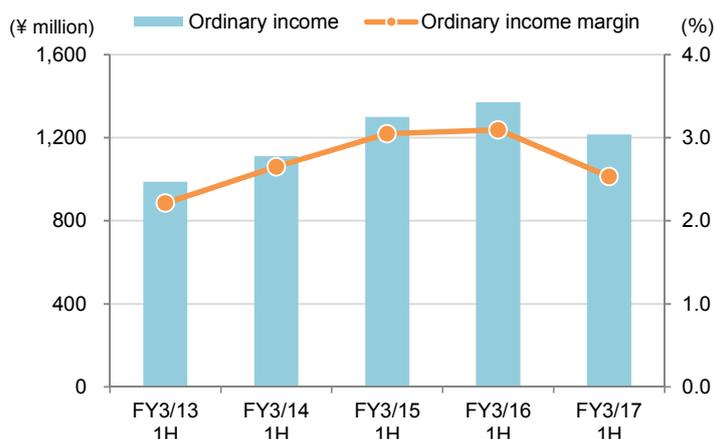
Gross profit on Net sales



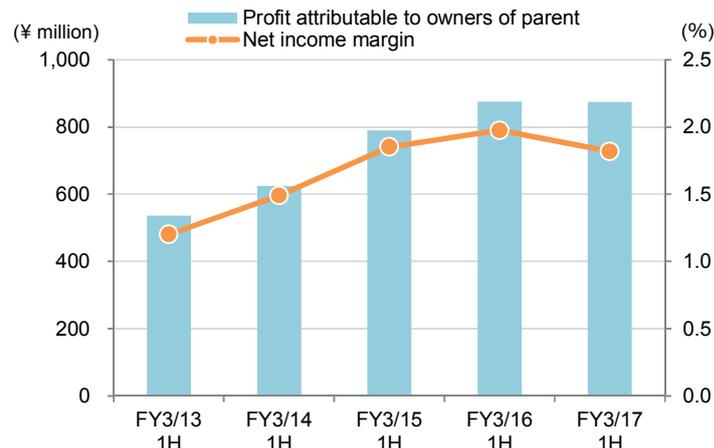
Operating income margin



Ordinary income margin



Net income margin



Consolidated Profitability/Efficiency Indicators

		FY3/13 1H	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H
Interest coverage ratio	(times)	36.9	42.1	54.4	61.8	61.6
Number of employees at end of period	(persons)	443	447	457	470	496
Number of temporary employees at end of period	(persons)	36	38	35	39	42
Net sales per employee	(¥ thousand)	93,328	86,445	86,709	86,982	89,305
Ordinary income per employee	(¥ thousand)	2,065	2,291	2,642	2,692	2,260
Net income per employee	(¥ thousand)	1,121	1,289	1,606	1,719	1,625

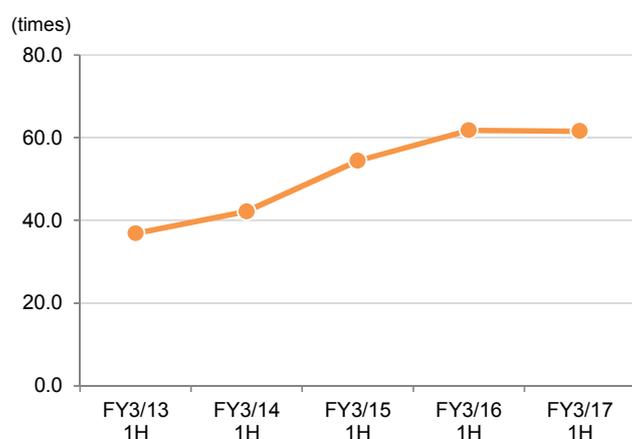
Interest coverage ratio=(Operating income+Interest income+Dividend income)/Interest expenses

Net sales per employee=Net sales/(No. of employees at end of period+No. of temp. employees at end of period)

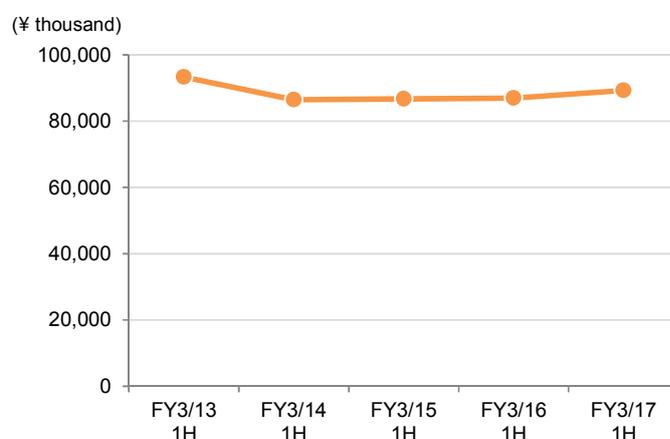
Ordinary income per employee=Ordinary income/(No. of employees at end of period+No. of temp. employees at end of period)

Net income per employee=Profit attributable to owners of parent/(No. of employees at end of period+No. of temp. employees at end of period)

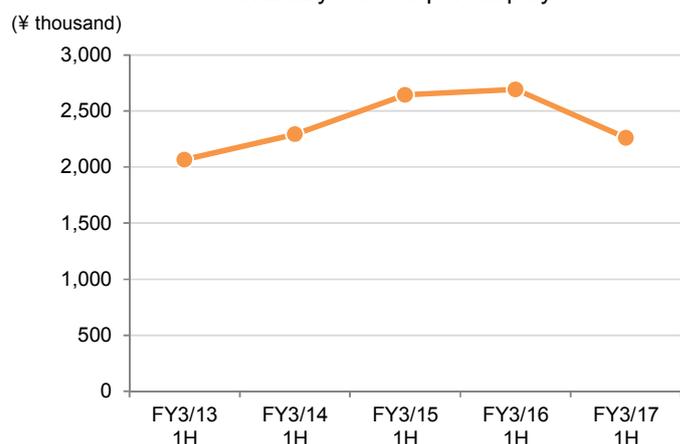
Interest coverage ratio



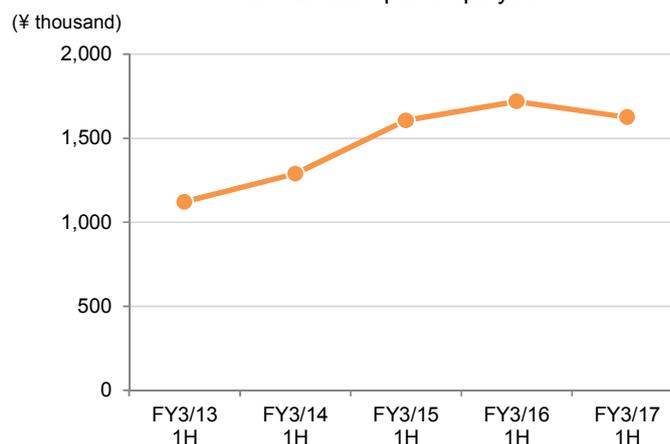
Net sales per employee



Ordinary income per employee



Net income per employee



Consolidated Efficiency/Stability Indicators

(%)	FY3/13 1H	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H
Equity ratio	43.8	46.6	49.1	50.8	51.2
Interest-bearing debt ratio	22.7	23.0	19.4	19.9	19.0
Acid-test ratio	130.3	161.2	163.1	159.9	170.1
Current ratio	186.4	216.1	223.5	216.0	229.4
Non-current ratio	27.1	24.5	20.7	18.9	17.8
Non-current assets to Non-current liability ratio	22.5	19.3	17.0	16.5	15.1

Equity ratio=Equity/Total assets

Interest-bearing debt ratio=Interest-bearing debt/Total assets

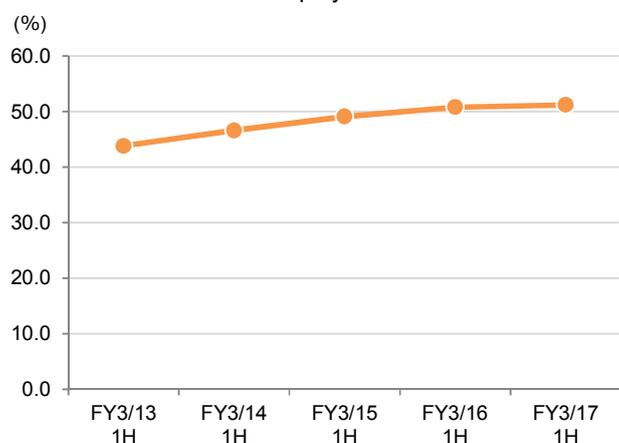
Acid-test ratio=Liquid assets/Current liabilities

Current ratio=Current assets/Current liabilities

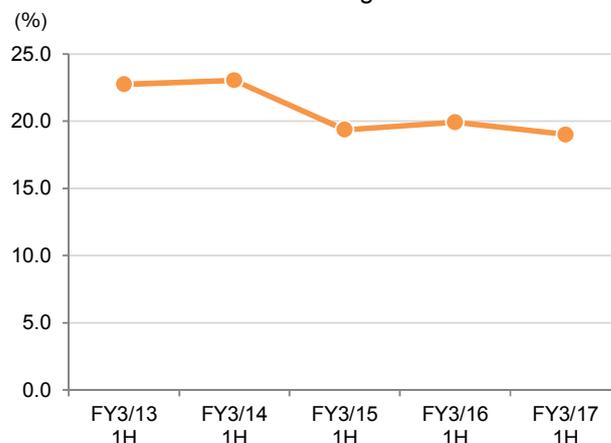
Non-current ratio=Non-current assets/Equity

Non-current assets to Non-current liability ratio=Non-current assets/(Equity+Non-current liabilities)

Equity ratio



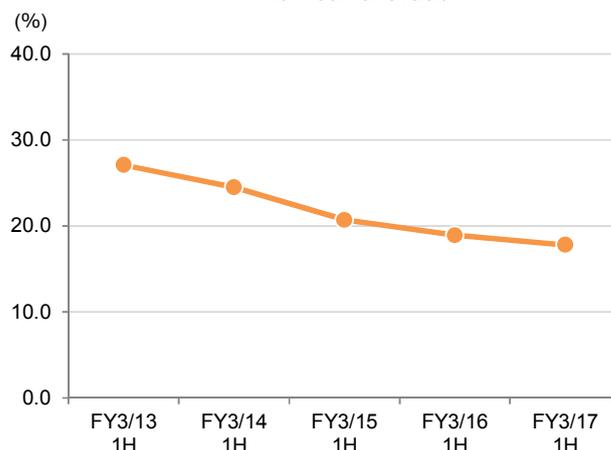
Interest-bearing debt ratio



Current ratio



Non-current ratio



Stock Information

Per Share Indicators

(¥)	FY3/13 1H	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H
Share price at end of period	775	1,269	1,522	1,742	1,839
Closing stock price range for the last 12 months	603-949	762-1,600	1,226-1,690	1,406-2,110	1,667-2,337
Earnings per share (EPS)	80.21	93.42	95.17	105.40	106.43
Dividend per share (DPS)	19.00	22.00	25.00	35.00	35.00

Other Indicators

		FY3/13 1H	FY3/14 1H	FY3/15 1H	FY3/16 1H	FY3/17 1H
Total amount of dividends	(¥ million)	127	147	207	290	284
Dividend payout ratio	(%)	23.7	23.5	26.3	33.2	32.9
Price earnings ratio (PER)	(times)	4.83	6.79	8.00	8.26	8.64
Term-average number of shares outstanding	(thousand shares)	6,695	6,695	8,305	8,305	8,212
Number of shareholders	(persons)	2,217	2,646	3,746	3,171	3,359

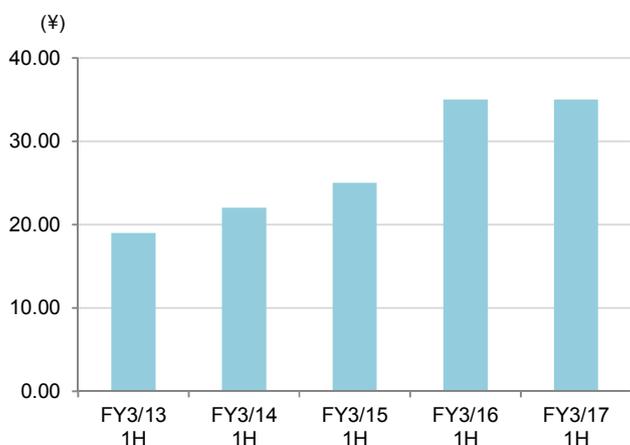
Note: The Company has conducted issuance of new shares through public offering, disposal of treasury shares through public offering, and issuance of new shares through third-party allotment during the second half of FY3/14.

The Company has conducted acquisition of treasury shares through market purchases during the first half of FY3/17.

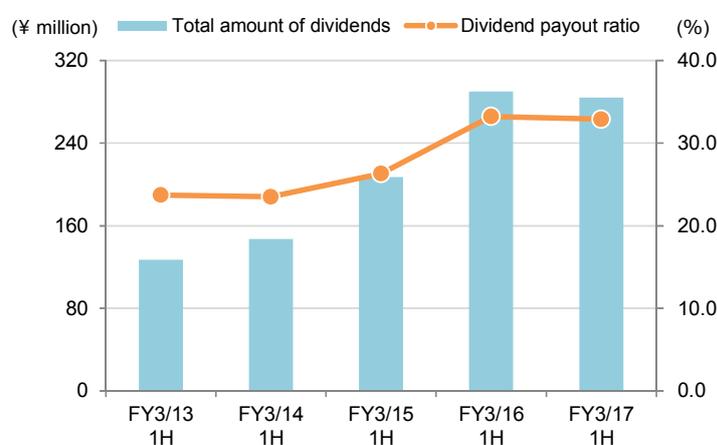
Dividend payout ratio=DPS/EPS

PER=Share price at end of period/EPS*2

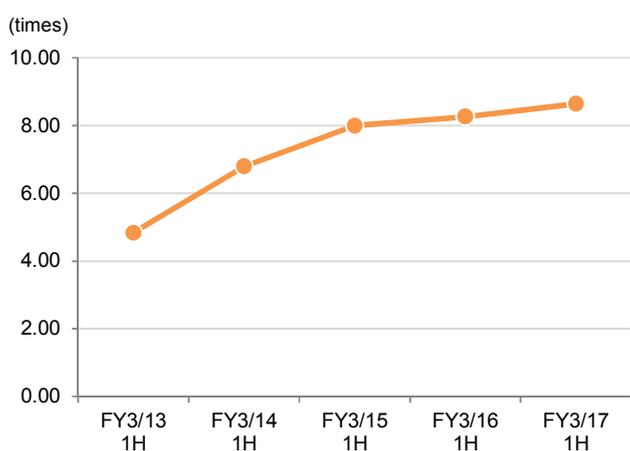
Dividend per share



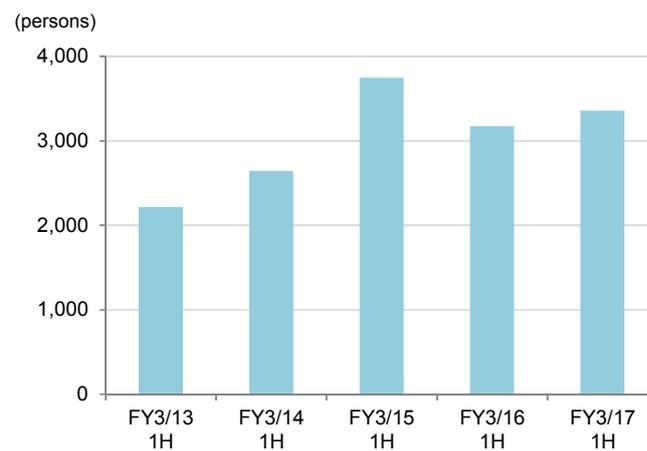
Total amount of dividends/Dividend payout ratio



PER



Number of shareholders



Stock Information

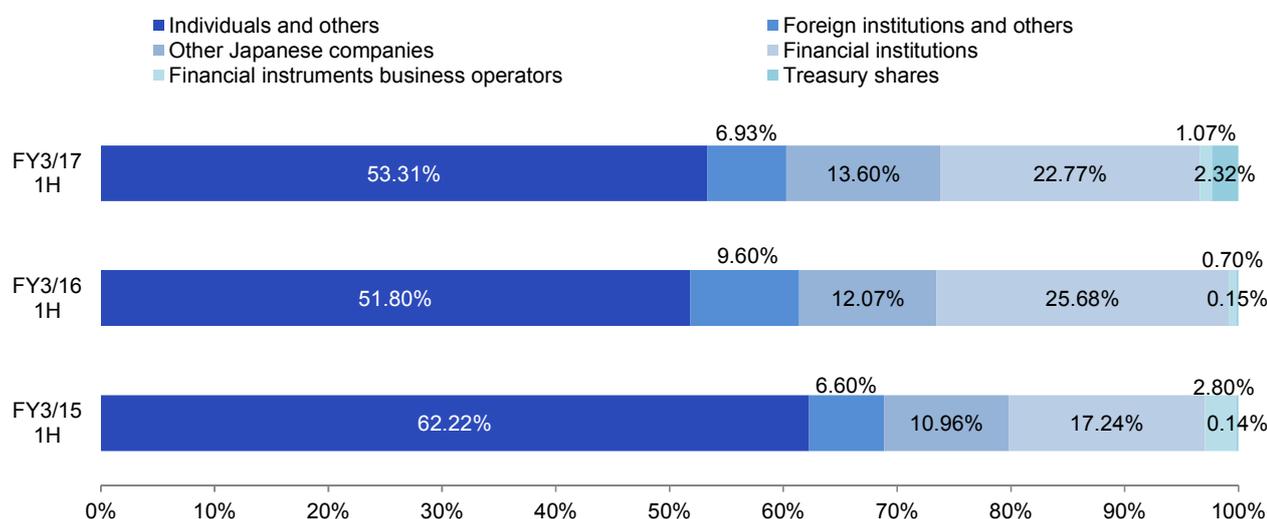
Status of Major Shareholders

as of September 30, 2016

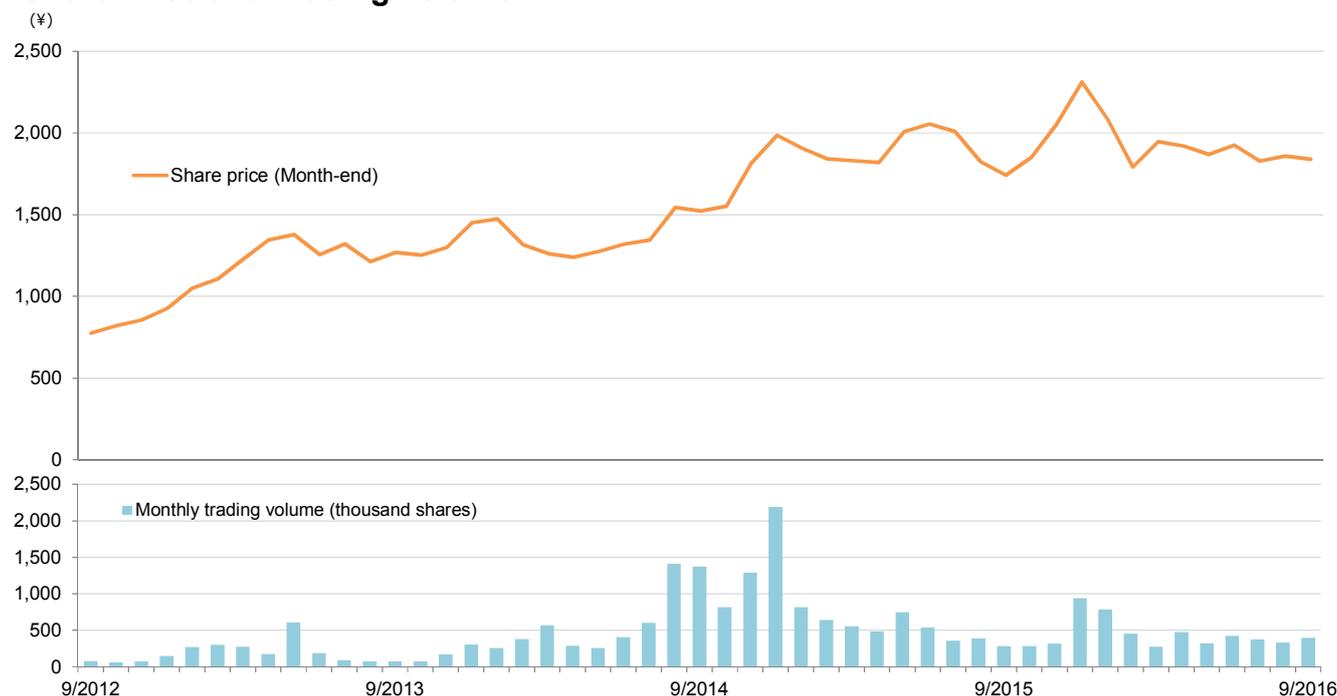
Top 10 Shareholders	Number of shares	Shareholding ratio (%)
STANY Co., Ltd.	495,250	5.95
Japan Trustee Services Bank, Ltd. (trust account)	435,300	5.23
Tomoaki Hagiwara	334,675	4.02
Employees' Stockholding	326,974	3.93
Yoshiaki Hagiwara	248,175	2.98
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	232,500	2.80
Nagoya Small and Medium Business Investment & Consultation Co., Ltd.	230,000	2.77
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	199,400	2.40
Sumitomo Mitsui Trust Bank, Limited	178,000	2.14
Mizuho Bank, Ltd.	175,000	2.10

Note: In addition to the above, the Company holds 192,571 shares (2.32%) of treasury shares.

Breakdown of Type of Shareholders



Share Price and Trading Volume





Contact

HAGIWARA ELECTRIC CO., LTD.

General Affairs Department

Phone: +81-52-931-3511

FAX: +81-52-931-9414

E-mail: ir@hagiwara.co.jp

<http://www.hagiwara.co.jp/english/>