



# Financial Presentation For the First Quarter Ended June 2010



30, 7, 2010

KAGA ELECTRONICS CO., LTD. (TSE 1<sup>st</sup> section, 8154)

3-12-8 Sotokannda, Chiyoda-ku, Tokyo 101-8629

Tel: (03) 4455-3131 Fax: (03) 3815-6807

URL : <http://www.taxan.co.jp>

# **The Fiscal Highlights For the First Quarter Ended June 2010**

# ■ The Fiscal Highlights for the First Quarter Ended June 2010

## Comparative Consolidated Income Statement

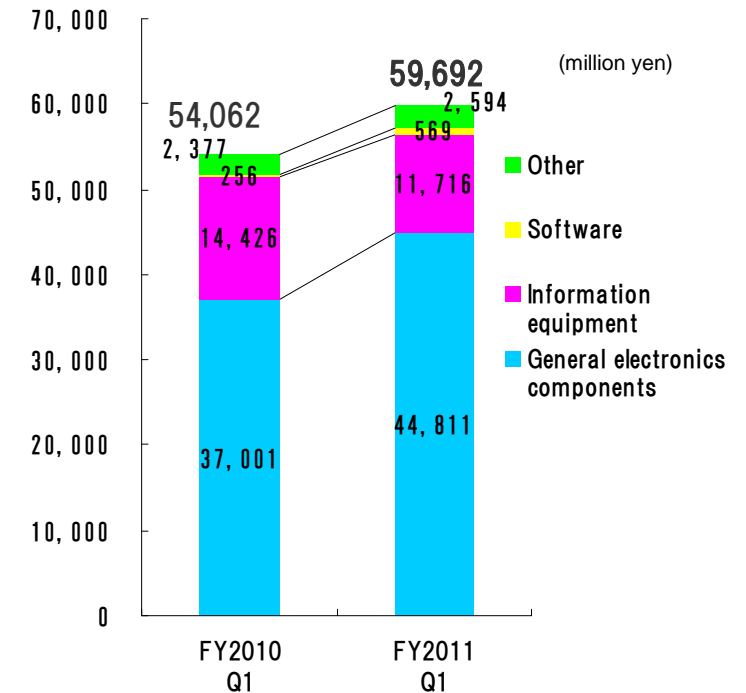
(million yen)

	FY2009		FY2010		Change	
	Amount	Pct.	Amount	Pct.	Amount	Pct.
Net Sales	54,062	100.0%	59,692	100.0%	5,630	10.4%
Cost of sales	47,615	88.1%	51,900	86.9%	4,285	9.0%
Gross profit	6,447	11.9%	7,792	13.1%	1,345	20.9%
SG&A expenses	6,700	12.4%	6,875	11.5%	175	2.6%
Operating income	-253	-0.5%	916	1.5%	1,169	-
Non-operating income	158	0.3%	196	0.3%	38	24.1%
Non-operating expence	186	0.3%	119	0.2%	-67	-36.0%
Ordinary income	-281	-0.5%	993	1.7%	1,274	-
Extraordinary items	24	0.04%	90	0.2%	66	275.0%
Income before income taxes	-257	-0.5%	1,083	1.8%	1,340	-
Income and inhabitants taxes	263	0.5%	386	0.6%	123	46.8%
Deferred taxes	162	0.3%	127	0.21%	-35	-21.6%
Minority interests	-42	-0.08%	16	0.03%	58	-138.1%
Net income	-640	-1.2%	552	0.9%	1,192	-

# Consolidated Sales by Business Segment

(million yen)

	FY2010 Q1		FY2011 Q1		Change	
	Net sales	Pct.	Net sales	Pct.	Change	Pct.
General electronics components	37,001	68.4%	44,811	75.1%	7,810	21.1%
Information equipment	14,426	26.7%	11,716	19.6%	-2,710	-18.8%
Software	256	0.5%	569	1.0%	313	122.3%
Other	2,377	4.4%	2,594	4.3%	217	9.1%
<b>Total</b>	<b>54,062</b>	<b>100.0%</b>	<b>59,692</b>	<b>100.0%</b>	<b>5,630</b>	<b>10.4%</b>



※ FY2010 result is pro forma amount because of the segment setup from this quarter

## Poin

### ■「General electronics components」 Net sales : YoY +7,810 million yen (21.1 % up)

Sales of semiconductors and electronic components for flat – panel TVs, mobile phone and PCs remained steady and sales of components for LED lights also increase. And EMS businesses increase too.

### ■「Information equipment」 Net sales : YoY –2,710 million yen (18.8 % down)

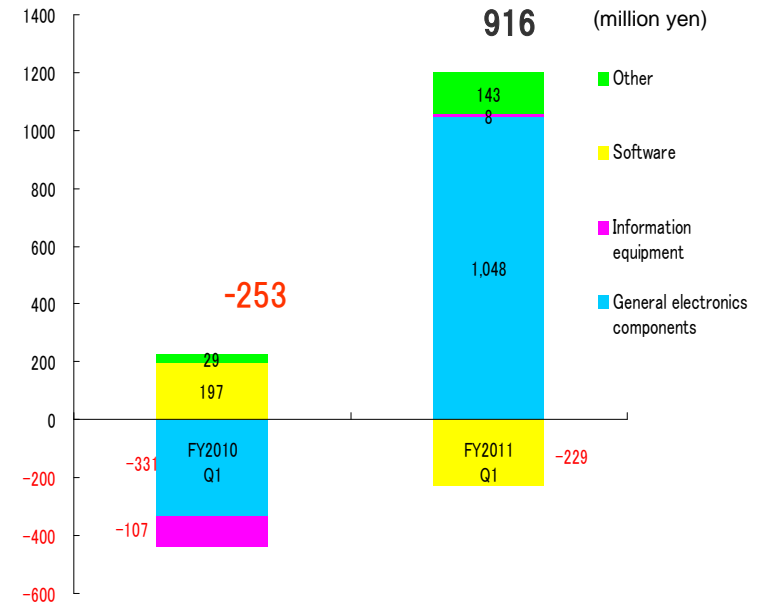
There was an increase in sales of the education market and security-related equipment. This segment includes sales of “KAGA TECHNO SERVICE”, which became a member of the KAGA ELECTRONICS Group in 2009. But sales were held down by a decline in the volume of PCs and other items for electronics stores and specialty shops.

# Consolidated Operating Income by Business Segment

(million yen)

	FY2010 Q1	FY2011 Q1	Change
General electronics components	-331	1,048	1,379
Information equipment	-107	8	115
Software	197	-229	-426
Other	29	143	114
Total	-253	916	1,169

※ FY2010 result is pro forma amount because of the segment setup from this quarter



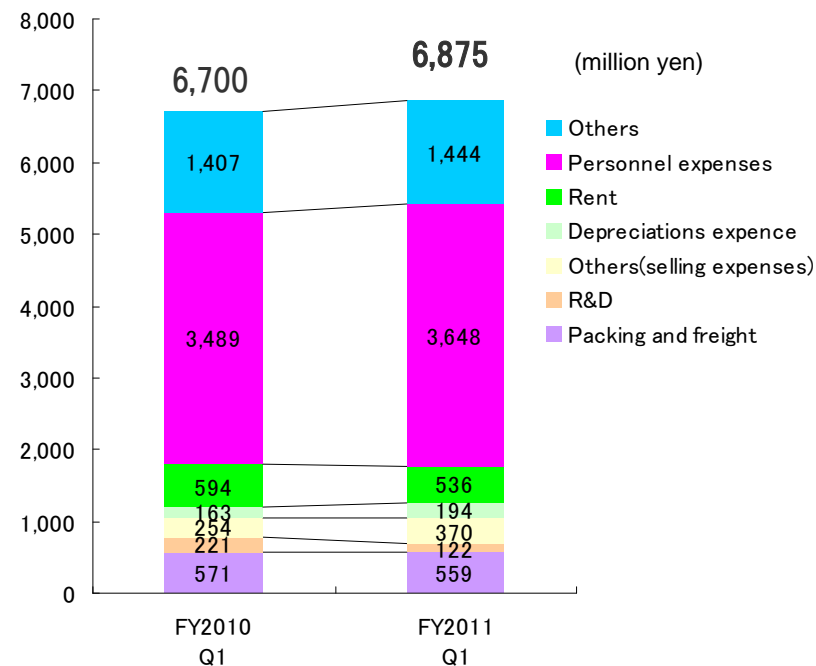
## Point

- **「General electronics components」** : Sales Up 1,379million (Operation loss of 331 million yen one year earlier).  
There was an increase in sales of “KAGA ELECTRONICS”.
- **「Information equipment」** : Sales Up 115 million (Operation loss of 107 million yen one year earlier).  
There was a decrease in sales of major PCs because of change their distribution.  
But improved profit rate increase in sales of highly profitable products.
- **「Software」**: Operation income down 426 million (Operation income of 197 million yen one year earlier).  
- New group company, “Cyber-Front” sales of new titles could not cover their production costs,  
which are depreciation and the copyright fee.

## ▪ Selling, General and Administrative Expenses

(million yen)

	FY2009		FY2010		Change	
	Amount	Pct.	Amount	Pct.	Change	Pct.
Packing and freight	571	8.5%	559	8.1%	-12	-2.1%
R&D	221	3.3%	122	1.8%	-99	-44.8%
Others	254	3.8%	370	5.4%	116	45.7%
Total selling expenses	1,046	15.6%	1,051	15.3%	5	0.5%
Depreciations expense	163	2.4%	194	2.8%	31	19.0%
Rent	594	8.9%	536	7.8%	-58	-9.8%
Personnel expenses	3,489	52.1%	3,648	53.1%	159	4.6%
Others	1,407	21.0%	1,444	21.0%	37	2.6%
Total administrative	5,653	84.4%	5,822	84.7%	169	3.0%
Total SG&A expenses	6,700	100.0%	6,875	100.0%	175	2.6%



### Point

■ **Selling expenses:** R&D has decreased for 99million yen.(SI electronics decrease 611 million yen)

■ **Administrative expenses:** Personnel expenses has increased for 159 million yen.

Number of Employees : + 599 (4, 762 → 5, 361)

# Financial Highlights of FY 2010

## Consolidated Balance Sheets

(million yen)

	FY2009 FY end	FY2010 Q1	Change		FY2009 FY end	FY2010 Q1	Change
<b>(ASSETS)</b>	113,962	112,476	<b>-1,486</b>	<b>(LIABILITIES)</b>	65,408	64,521	<b>-887</b>
<b>Current assets</b>	96,838	94,729	<b>-2,109</b>	<b>Current liabilities</b>	58,779	57,692	<b>-1,087</b>
Cash and cash equivalents	11,917	12,269	352	Notes and accounts payable-trade	43,535	44,857	1,322
Notes and account receivable-trade	59,214	55,561	<b>-3,653</b>	Short-term bank loans	8,935	6,841	<b>-2,094</b>
Merchandise and finished goods	14,483	14,576	93	Others	6,309	5,994	<b>-315</b>
Goods in progress	647	961	314	<b>Long-term liabilities</b>	6,629	6,828	199
Raw materials and other supplies	3,011	3,587	576	Long-term bank loans	2,500	2,387	<b>-113</b>
Others	7,566	7,775	209	Others	4,129	4,441	312
				<b>(NET ASSETS)</b>	48,553	47,955	<b>-598</b>
				<b>Shareholders' equity</b>			
<b>Fixed assets</b>	17,123	17,746	623	Paid-in capital	12,133	12,133	0
Property, plant and equipment	6,434	7,115	681	Capital surplus	13,912	13,912	0
Intangible assets	1,901	2,260	359	Retained earnings	24,012	24,150	138
Investments and other assets	8,786	8,370	<b>-416</b>	Treasury stock	<b>-1,332</b>	<b>-1,332</b>	0
				Valuation and translation adjustment	<b>-1,884</b>	<b>-2,601</b>	<b>-717</b>
				<b>Minority interests</b>	1,711	1,690	<b>-21</b>
<b>Total assets</b>	113,962	112,476	<b>-1,486</b>	<b>Total liabilities and net assets</b>	113,962	112,476	<b>-1,486</b>

# Forecast for the Fiscal Year Ending March 2011

## Consolidated Income Statement

(million yen)

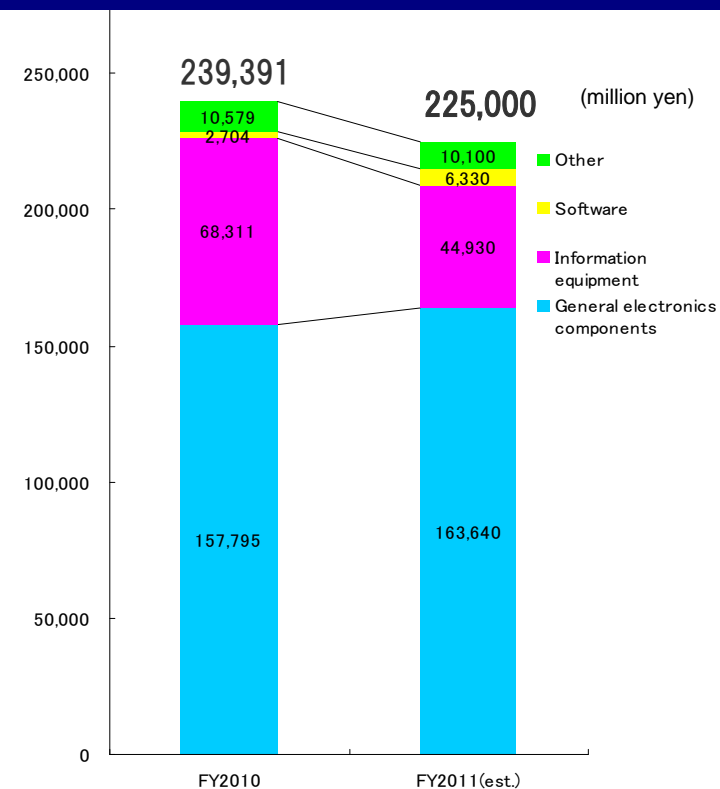
	FY2010(actual)		FY2011 (plan)		Change	
	Amount	Pct.	Amount	Pct.	Change	Pct.change
Net sales	239,391	100.0%	225,000	100.0%	-14,391	-6.0%
Cost of sales	211,153	88.2%	195,000	86.7%	-16,153	-7.6%
Gross profit	28,237	11.8%	30,000	13.3%	1,763	6.2%
SG&A expenses	26,655	11.1%	28,300	12.6%	1,645	6.2%
Operating income	1,582	0.7%	1,700	0.8%	118	7.5%
Non-operating income	-302	-0.1%	400	0.2%	702	-
Ordinary income	1,280	0.5%	2,100	0.9%	820	64.1%
Extraordinary income & loss	116	0.1%	0	0.0%	-116	-
Total taxes	1,714	6.1%	800	2.7%	-914	-53.3%
Net income (loss)	-318	-0.2%	1,300	0.6%	1,618	-



# Consolidated Sales Forecast by Business Segment

	(million yen)					
	FY2010		FY2011(est.)		Change	
	Net sales	Pct.	Net sales	Pct.	Change	Pct.change
General electronics components	157,795	65.9%	163,640	72.7%	5,845	3.7%
Information equipment	68,311	28.5%	44,930	20.0%	-23,381	-34.2%
Software	2,704	1.1%	6,330	2.8%	3,626	134.1%
Other	10,579	4.4%	10,100	4.5%	-479	-4.5%
<b>Total</b>	<b>239,391</b>	<b>100.0%</b>	<b>225,000</b>	<b>100.0%</b>	<b>-14,391</b>	<b>-6.0%</b>

※ FY2010 result is pro forma amount because of the segment setup from this quarter



## Point

- 「General electronics components」 : Sales up 5,845 million (+8.7%)  
Electronic equipment manufacturers almost finished production control. The orders for consumer products and Industrial equipment recover. The sales of EMS business increase at domestic and overseas.
- 「Information equipment」 : Sales down 23,381 million yen due to decrease sales of PCs (-34.2%).
- 「Software」:Sales up 3,626 million yen (+134.1%)  
Net sales increase because of “Cyber-Front” and “KAGA TECHNOSERVICE” became to group this year.

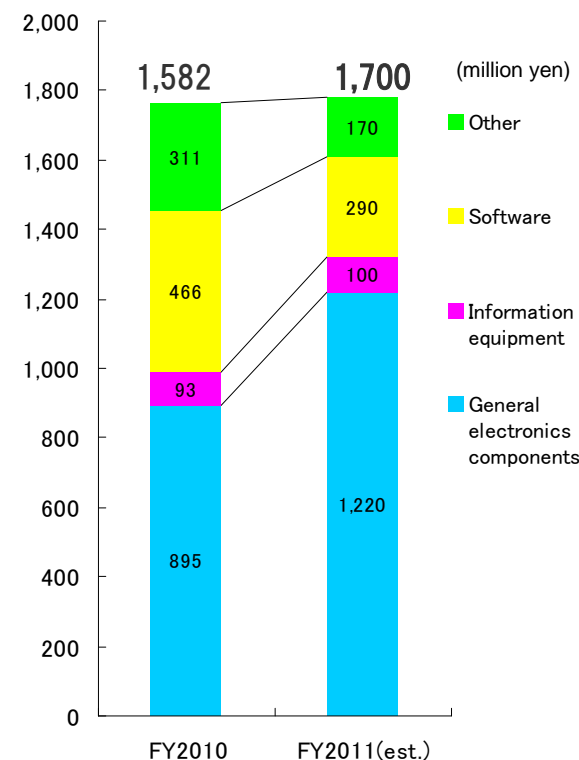
## Consolidated Income Forecast by Business Segment

	(million yen)		
	FY2010	FY2011(est)	Change
General electronics compornen	895	1,220	325
Information equipment	93	100	7
Software	466	290	-176
Other	311	170	-141
<b>Total</b>	<b>1,582</b>	<b>1,700</b>	<b>118</b>

※ FY2010 result is pro forma amount because of the segment setup from this quarter

### Point

- 「 General electronics components 」 :By economic recovery, consumer and industrial business and EMS business increase.  
Year on year +325 million (+36.3%).
- 「 Information equipment 」 : There was a decrease in sales of major PCs, due to change their distribution strategy.  
However profit rate improved because of decline packing and freight cost and increase in sales of highly profitable products. Year on year +7 million (+7.5 %)
- 「 Software 」: Increase fabrication cost of “Cyber-Front” that is a game maker and become to group this year.  
Year on year +178 million ( -37.8%).

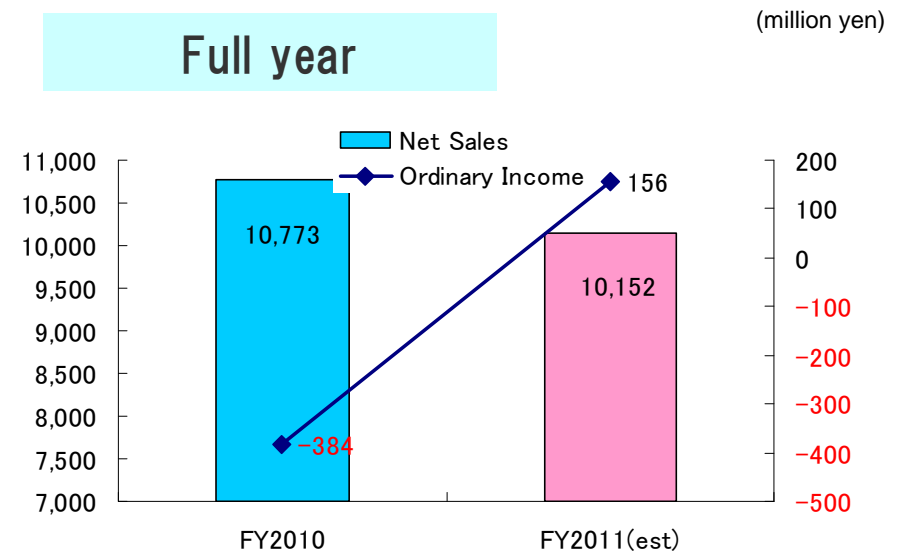
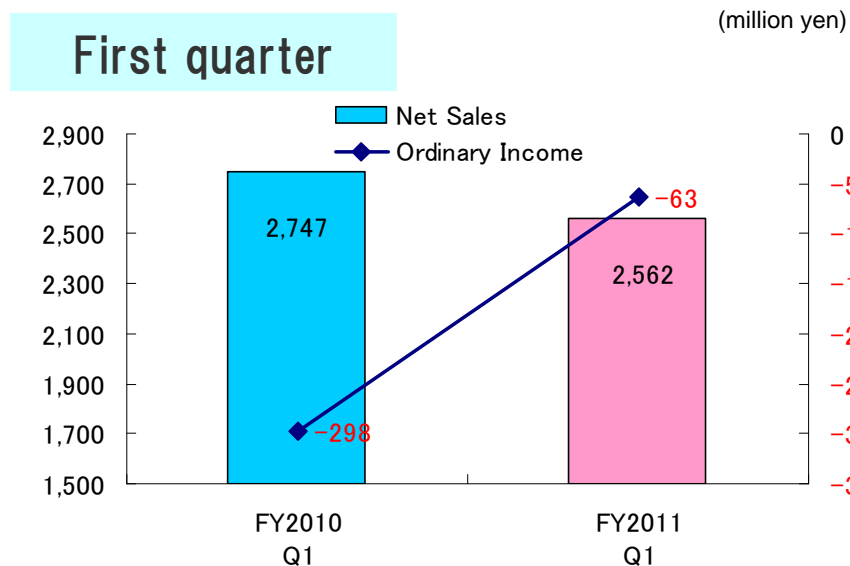


# **Topics for this quarter**

**~ About business slump group companies ~**

# Topics ~ About business slump group companies ~

## KAGA COMPONENT CO., LTD.



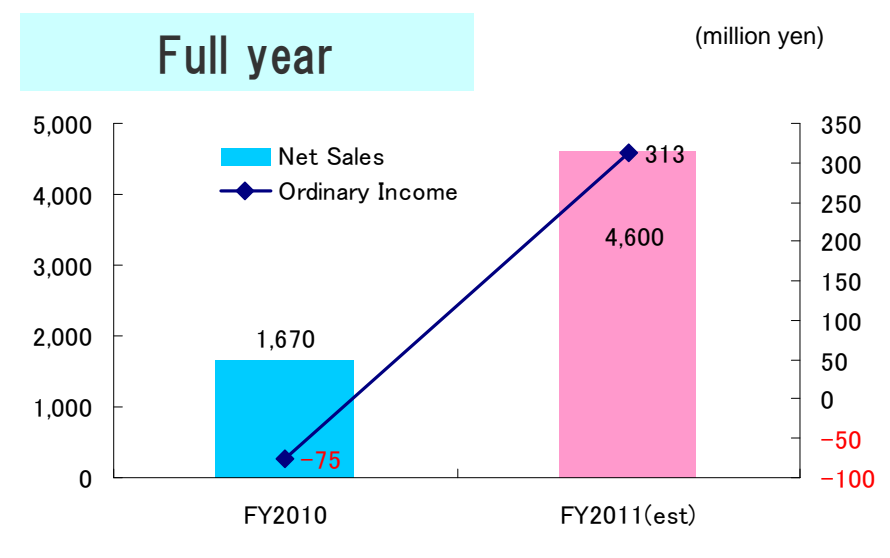
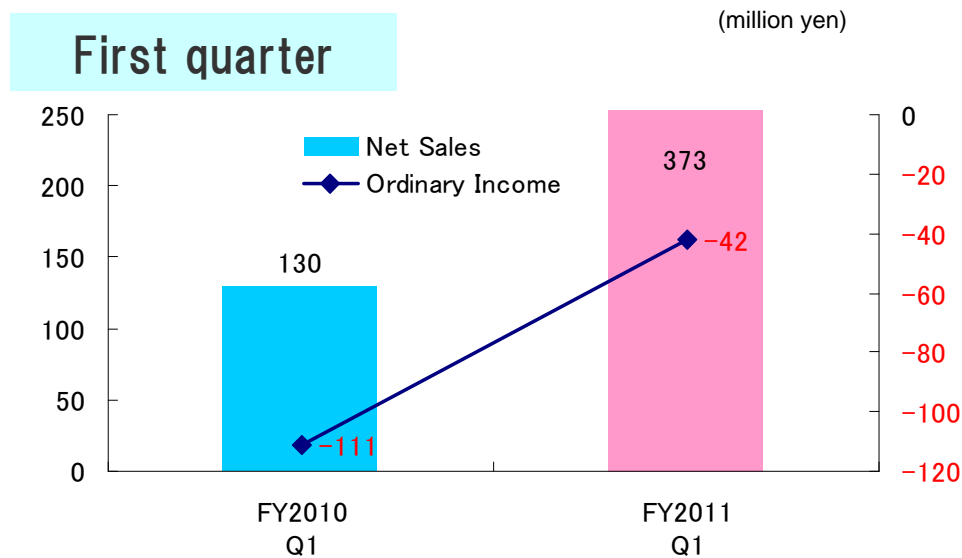
### <Factor Analysis> General electronics components (Sales and manufacture of switching power supplies and projectors )

- Net sales decrease, due to Stop developing the projectors by own company. However reduce development costs by sales OEM projectors supplied from foreign companies.
- Focus on environment-related switching power supplies.
- Closed unprofitable foreign factories and build an efficient business environment.

※ FY2010 result is pro forma amount because of the segment setup from this quarter

# Topics ~ About business slump group companies ~

## SI ELECTRONICS CO., LTD.



### < Factor Analysis > Software (Development, design, manufacture, and sale of image display-related devices )

- R&D expenses decreased significantly by the development of graphic ASIC "Y3 " was completed.
- In addition to the existing business, increase in sales for the amusement manufacturers
- From this term, expect increase orders of 2D and 3D graphics engines from amusement equipment manufacturers.

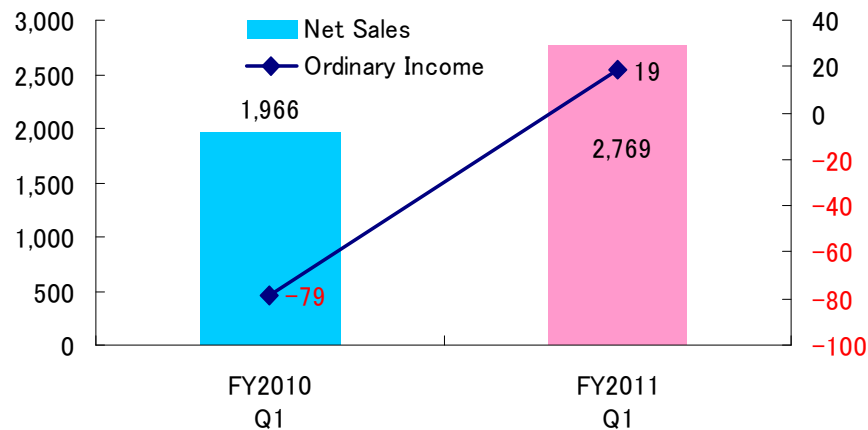
※ FY2010 result is pro forma amount because of the segment setup from this quarter

# Topics ~ About business slump group companies ~

## ADM INC.

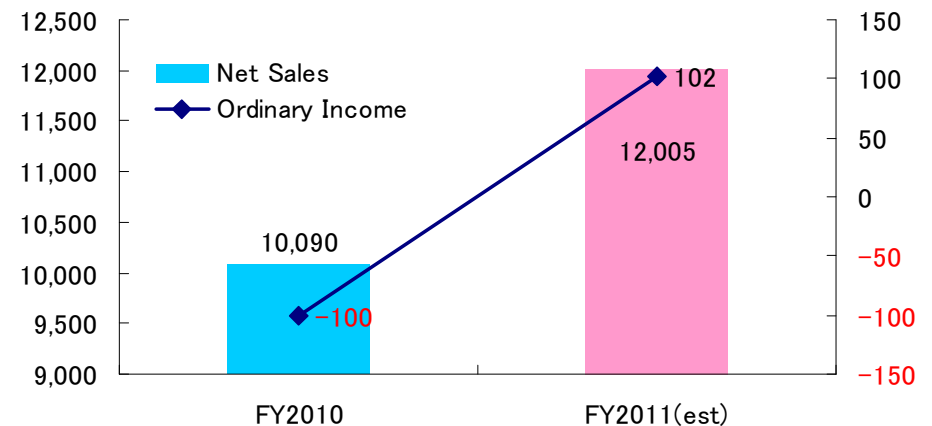
### First quarter

(million yen)



### Full year

(million yen)



### < Factor Analysis > Semiconductor (Sale of electronic devices, primarily manufactured by Analog Devices )

- Increase sales of camera module for mobile phone and restarting new business in China.
- Recover highly profitable sales of electronic devices for industrial equipment, however, profit growth has been stopped to reduce the price of consumer products.
- Plan to increase sales by operation which include development and collaboration with group companies.

※ FY2010 result is pro forma amount because of the segment setup from this quarter



**KAGA ELECTRONICS CO.,LTD.**

**Contact:Public Relations Department**

**3-12-8 Sotokannda,Chiyoda-ku,Tokyo 101-8629**

**TEL:03-4455-3131**

**FAX:03-3254-7133**

**E-mail:webmaster@taxan.co.jp**

**<http://www.taxan.co.jp>**