



Information Meeting for Fiscal Year ended March 2012

June 7, 2012

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Financial Highlights

FY3/2012

Financial Highlights

Consolidated Statement of Income

(million yen)

	FY3/2011		FY3/2012		Changes	
	Amount	Pct.	Amount	Pct.	Amount	Pct.
Net Sales	237,811	100.0%	229,856	100.0%	-7,955	-3.3%
Cost of sales	207,298	87.2%	201,350	87.6%	-5,948	-2.9%
Gross profit	30,512	12.8%	28,506	12.4%	-2,006	-6.6%
SG&A expenses	27,089	11.4%	26,438	11.5%	-651	-2.4%
Operating income	3,423	1.4%	2,067	0.9%	-1,356	-39.6%
Non-operating income	876	0.4%	850	0.4%	-26	-3.0%
Non-operating expence	701	0.3%	348	0.2%	-353	-50.4%
Ordinary income	3,598	1.5%	2,569	1.1%	-1,029	-28.6%
Extraordinary items	-376	-0.2%	233	0.1%	609	-162.0%
Income before income taxes	3,223	1.4%	2,802	1.2%	-421	-13.1%
Income taxes	2,026	0.9%	1,784	0.8%	-242	-11.9%
Income taxes-deferred	-563	-0.24%	95	0.04%	658	-116.9%
Minority interests	-7	0.00%	8	0.00%	15	-214.3%
Net income	1,768	0.7%	914	0.4%	-854	-48.3%

Financial Highlights

Segment information

(million yen)

	FY3/2011		FY3/2012		Changes	
	Net sales	Pct.	Net sales	Pct.	Amount	Pct.
	Segment income		Segment income			
Electronic components	171,576	72.1%	166,468	72.4%	-5,108	-3.0%
	2,901	84.8%	2,021	97.8%	-880	-30.3%
Information equipment	50,745	21.3%	49,360	21.5%	-1,385	-2.7%
	-67	-2.0%	-533	-25.8%	-466	695.5%
Software	5,687	2.4%	3,854	1.7%	-1,833	-32.2%
	487	14.2%	402	19.4%	-85	-17.5%
Other	9,801	4.1%	10,173	4.4%	372	3.8%
	230	6.7%	319	15.4%	89	38.7%
Total	237,811	100.0%	229,856	100.0%	-7,955	-3.3%
	3,423	100.0%	2,067	100.0%	-1,356	-39.6%

* Figures of each segment income are not inter-segment adjusted other than total.

Summary

■ Electronic components (Development, manufacture and sale of semiconductors, general electronic components and other products, electronic manufacturing service (EMS), and other activities)

This segment focused on increasing sales to current customers and on increasing sales of LED products, solar panels and other products in the environmental business, which has attracted attention following the March 2011 earthquake. Sales of electronic components and semiconductors and EMS orders were down in Japan mainly due to lower output by clients because of the earthquake and slowing consumer spending. Overseas performance was affected by lower output by clients caused by flooding in Thailand. The result was segment sales of ¥166,468 million.

■ Information equipment (Sales of PCs, PC peripherals, photograph and imaging products, original-brand products, and other products)

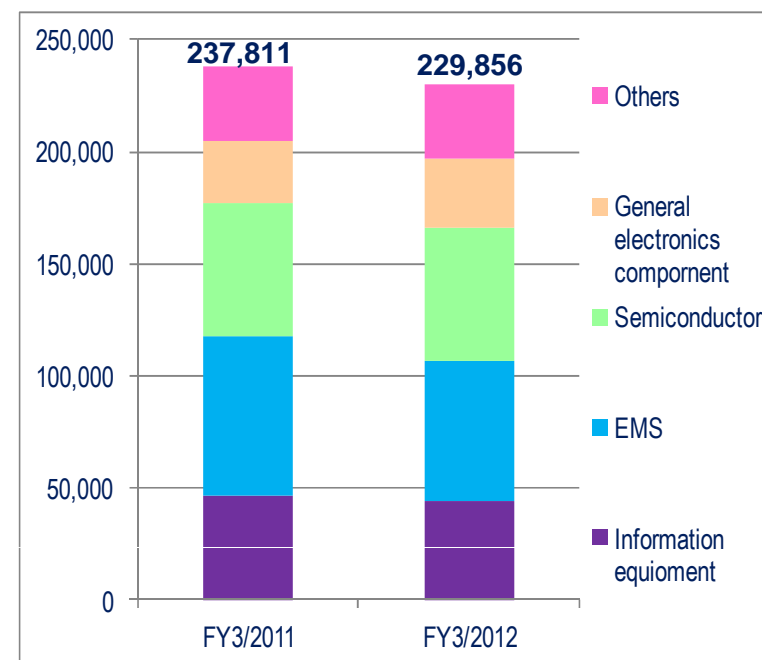
Orders for terrestrial digital TV broadcast tuners increased because of the July 2011 end of terrestrial analog TV broadcasts in Japan. But performance was affected by the earthquake and the downturn in spending for consumer products that started in the summer of 2011 and by lower output of products handled because of flooding in Thailand. The result was segment sales of 49,360 million yen.

Financial Highlights

Net Sales by Product

(million yen)

	FY3/2011		FY3/2012		Changes	
	Amount	Pct.	Amount	Pct.	Amount	Pct.
Information equipment	47,196	19.8%	44,276	19.3%	-2,920	-6.2%
EMS	70,937	29.8%	62,655	27.3%	-8,282	-11.7%
Semiconductor	58,587	24.6%	59,303	25.8%	716	1.2%
General electronics component	27,774	11.7%	30,356	13.2%	2,582	9.3%
Others	33,315	14.0%	33,264	14.5%	-51	-0.2%
Total	237,811	100.0%	229,856	100.0%	-7,955	-3.3%



Summary

■ EMS sales: Down 8,282 million yen (-11.7%)

EMS orders were lower in Japan mainly because of shortages of parts due to the March 2011 earthquake and flooding in Thailand as well as the resulting decline in output at clients. The result was sales of 62,655 million yen.

■ Information equipment sales: Down 2,920 million yen (-6.2%)

Sales of PCs and terrestrial digital TV broadcast tuners increased but sales were held down by lower production of products handled that was caused by the March 2011 earthquake and a downturn in consumer spending that started in the summer of 2011. The result was sales of 44,276 million yen.

■ General electronic components sales: Up 2,582 million yen (+9.3%)

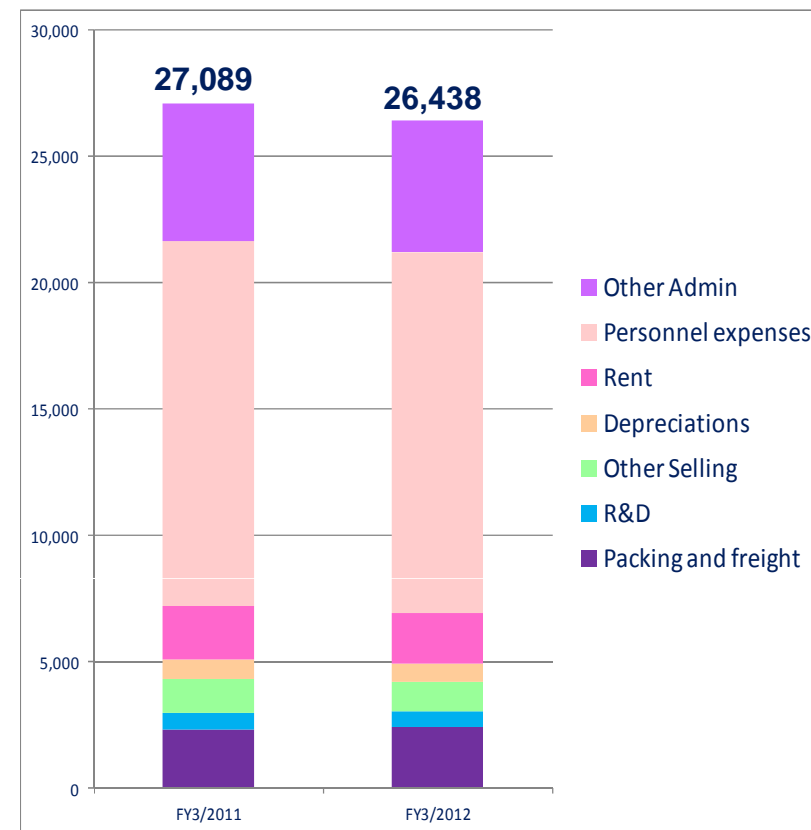
Measures to secure procurement channels for parts where shortages occurred temporarily after the March 2011 earthquake along with aggressive sales activities, including measures to increase sales to current customers, resulted in sales of 30,356 million yen.

Financial Highlights

SG&A Expenses

(million yen)

	FY3/2011		FY3/2012		Changes	
	Amount	Pct.	Amount	Pct.	Amount	Pct.
Packing and freight	2,340	8.6%	2,450	9.3%	110	4.7%
R&D	659	2.4%	576	2.2%	-83	-12.6%
Others	1,318	4.9%	1,159	4.4%	-159	-12.1%
Total selling expenses	4,317	15.9%	4,185	15.8%	-132	-3.1%
Depreciations	786	2.9%	731	2.8%	-55	-7.0%
Rent	2,102	7.8%	2,025	7.7%	-77	-3.7%
Personnel expenses	14,434	53.3%	14,249	53.9%	-185	-1.3%
Others	5,449	20.1%	5,247	19.8%	-202	-3.7%
Total administrative expenses	22,771	84.1%	22,252	84.2%	-519	-2.3%
Total SG&A expenses	27,089	100.0%	26,438	100.0%	-651	-2.4%



Summary

■ Selling, general and administrative expenses

Personnel expenses: Down 185 million yen

Group workforce: Down 486 (from 5,725 to 5,239)

Reasons for the workforce decline

- (1) Decrease of 214 at KAGA COMPONENTS and its overseas factories (China, Malaysia)
- (2) Decrease of 256 at KAGA ELECTRONICS (THAILAND), mainly factory workers

Financial Highlights

Consolidated Balance Sheets

(million yen)

	End of FY3/2011	End of FY3/2012	Change		End of FY3/2011	End of FY3/2012	Change
Current assets	92,789	94,374	1,585	Current liabilities	56,987	59,474	2,487
Cash and cash equivalents	11,926	9,775	-2,151	Notes and accounts payable-trade	40,790	41,748	958
Notes and account receivable-trade	54,025	55,979	1,954	Short-term bank loans	8,505	11,084	2,579
Merchandise and finished goods	15,775	17,104	1,329	Others	7,692	6,642	-1,050
Goods in progress	555	334	-221	Long-term liabilities	9,099	7,303	-1,796
Raw materials and other supplies	3,189	4,115	926	Long-term bank loans	4,636	2,833	-1,803
Others	7,319	7,067	-252	Others	4,463	4,470	7
				Total liabilities	66,087	66,777	690
				Shareholders' equity			0
				Paid-in capital	12,133	12,133	0
Fixed assets	21,810	20,340	-1,470	Capital surplus	13,912	13,912	0
Property, plant and equipment	9,724	9,487	-237	Retained earnings	24,952	25,038	86
Intangible assets	2,599	2,245	-354	Treasury stock	-1,332	-1,333	-1
Investments and other assets	9,485	8,607	-878	Valuation and translation adjustment	-2,817	-3,341	-524
				Minority interests	1,664	1,526	-138
				Total net assets	48,512	47,936	-576
Total assets	114,599	114,714	115	Total liabilities and net assets	114,599	114,714	115

Financial Highlights

Consolidated Cash Flows

(million yen)

	FY3/2011	FY3/2012	Changes
Operating activities	6,321	958	-5,363
Investing activities	-6,369	-2,645	3,724
Financing activities	478	-242	-720
Net change in cash and cash equivalents	-431	-171	260
Increase/decrease in cash and cash equivalents	-1	-2,100	-2,099
Cash and cash equivalents at beginning of year	11,797	11,796	-1
Cash and cash equivalents at end of year	11,796	9,695	-2,101

Summary

- **Operating activities:**
Net cash provided was 958 million yen mainly due to income before income taxes and minority interests
- **Investing activities:**
Net cash used was 2,645 million yen, including payments for the purchase of property, plant and equipment
- **Financing activities:**
Net cash used was 242 million yen, including the repayment of long-term loans payable

Forecast for FY3/2013

Forecast for FY3/2013

Consolidated Statement of Income

(million yen)

	FY3/2012		FY3/2013 (Forecast)		Change	
	Amount	Pct.	Amount	Pct.	Amount	Pct.
Net sales	229,856	100.0%	234,000	100.0%	4,144	1.8%
Cost of sales	201,350	87.6%	204,500	87.4%	3,150	1.6%
Gross profit	28,506	12.4%	29,500	12.6%	994	3.5%
SG&A expenses	26,438	11.5%	27,300	11.7%	862	3.3%
Operating income	2,067	0.9%	2,200	0.9%	133	6.4%
Non-operating income	502	0.2%	500	0.2%	-2	-0.4%
Ordinary income	2,569	1.1%	2,700	1.2%	131	5.1%
Net income	914	0.5%	1,600	0.8%	686	75.1%

Forecast for FY3/2013

Consolidated Sales by Segment

(million yen)

	FY3/2012		FY3/201 (Forecast)		Changes	
	Net sales	Pct.	Net sales	Pct.	Amount	Pct.
	Segment income		Segment income			
Electronic components	166,468	72.4%	170,400	72.8%	3,932	2.4%
	2,021	97.8%	1,750	79.5%	-271	-13.4%
Information equipment	49,360	21.5%	49,176	21.0%	-184	-0.4%
	-533	-25.8%	596	27.1%	1,129	-211.8%
Software	3,854	1.7%	3,742	1.6%	-112	-2.9%
	402	19.4%	433	19.7%	31	7.7%
Other	10,173	4.4%	10,682	4.6%	509	5.0%
	319	15.4%	338	15.4%	19	6.0%
Total	229,856	100.0%	234,000	100.0%	4,144	1.8%
	2,067	100.0%	2,200	100.0%	133	6.4%

* Figures of each segment income are not inter-segment adjusted other than total.

Summary

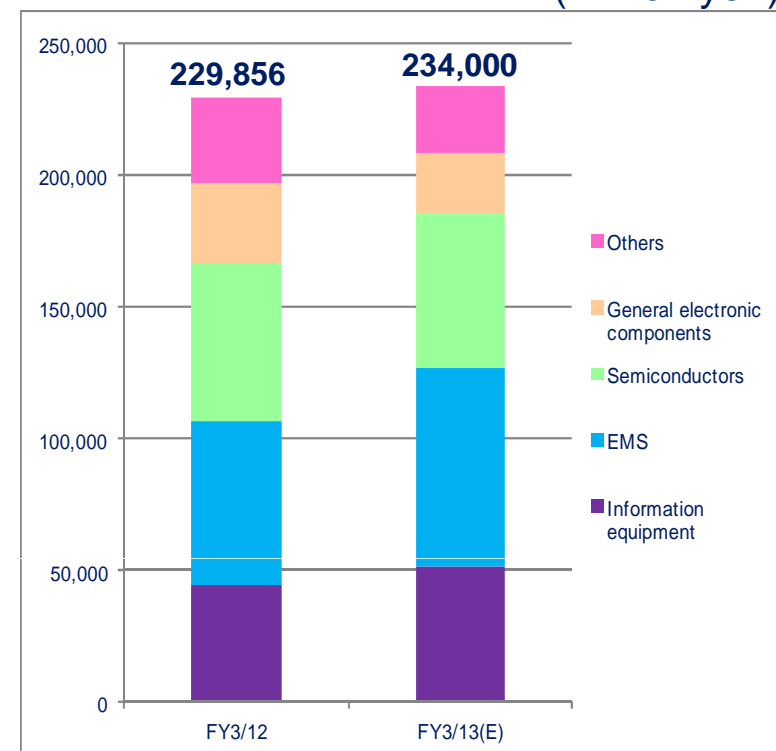
- **Electronic components (Development, manufacture and sale of semiconductors, general electronic components and other products, electronic manufacturing service (EMS), and other activities)**
Forecast an increase in sales because of higher EMS sales in Japan and overseas as clients recover from the effects of the March 2011 earthquake and flooding in Thailand
- **Information equipment (Sales of PCs, PC peripherals, photograph and imaging products, original-brand products, and other products)**
There will be numerous activities to increase sales, such as measures to increase sales of PCs and PC peripherals to current customers and increase sales of products associated with portable devices.

Forecast for FY3/2013

Net Sales by Product

	FY3/2012		FY3/2013 (E)		Changes	
	Net sales	Pct.	Net sales	Pct.	Change	Pct.
Information equipment	44,276	19.3%	51,100	21.8%	6,824	15.4%
EMS	62,655	27.3%	75,800	32.4%	13,145	21.0%
Semiconductors	59,303	25.8%	58,800	25.1%	-503	-0.8%
General electronic components	30,356	13.2%	22,300	9.5%	-8,056	-26.5%
Others	33,264	14.5%	26,000	11.1%	-7,264	-21.8%
Total	229,856	100.0%	234,000	100.0%	4,144	1.8%

(million yen)



Summary

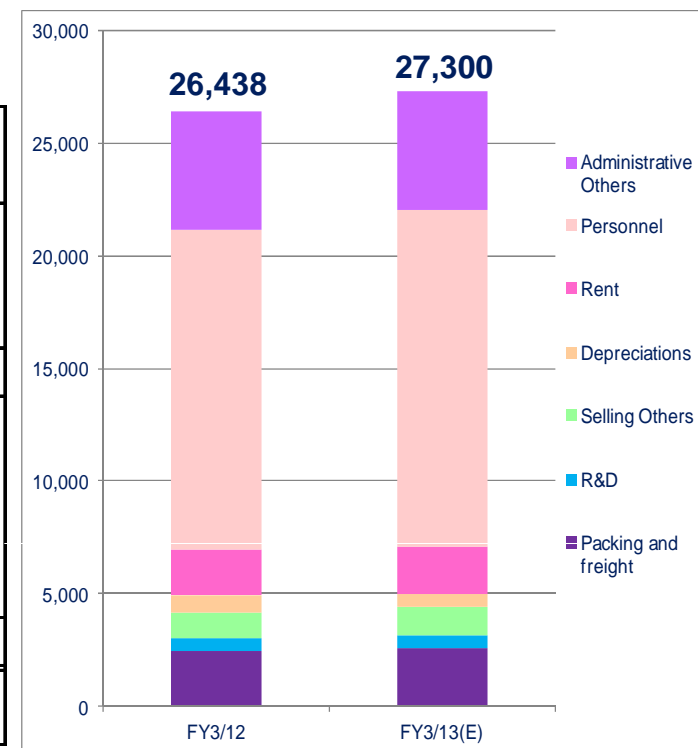
- **Information equipment:** Sales up 6,824 million yen (+15.4%) due to measures to increase sales of PCs and PC peripherals
- **EMS:** Sales up 13,145 million yen (+21.0%) along with recovery in output by overseas clients
- **Semiconductors:** Sales down 503 million yen (-0.8%) mainly because of lower output at clients in Japan
- **General electronic components:** Sales down 8,056 million yen (-26.5%) mainly because of lower output at clients in Japan
- **Others:** Sales down 7,264 million yen (-21.8%) mainly because of decreases in sales from the recycling business, production of computer graphics and application software

Forecast for FY3/2013

Selling, General and Administrative Expenses

(million yen)

	FY3/2012		FY3/2013 (E)		Changes
	Net sales	Pct.	Net sales	Pct.	
Packing and freight	2,450	9.3%	2,596	9.5%	146
R&D	576	2.2%	574	2.1%	-2
Others	1,159	4.4%	1,242	4.5%	83
Total selling expenses	4,185	15.8%	4,412	16.2%	227
Depreciations	731	2.8%	584	2.1%	-147
Rent	2,025	7.7%	2,113	7.7%	88
Personnel expenses	14,249	53.9%	14,941	54.7%	692
Others	5,247	19.8%	5,249	19.2%	2
Total administrative	22,252	84.2%	22,887	83.8%	635
Total SG&A expenses	26,438	100.0%	27,300	100.0%	862



Summary

■ Selling expenses:

Expect a 146 million yen increase in packing and freight expenses along with higher sales at KAGA HIGHTECH and other companies

■ Administrative expenses:

Expect a 692 million yen increase in personnel expenses along with increase in the group's workforce (increase of 59, from 5,239 at end of FY3/12 to 5,239 early in FY3/13)

Topics

Topics (1) Changes in Business Unit Executives

Many new business unit executives were named in April 2012 for the purposes of energizing the entire organization and creating new businesses.



Components Business Unit
(Electronic Components Business)
Ryoichi Kado, Vice President and Director
(previously Entertainment Business Unit Executive)



Entertainment Business Unit
(Products and services for the amusement industry)
Shinsuke Takahashi, Senior Managing Director
(previously executive for Information Business Unit)



Isao Tsukamoto
Chairman & CEO



Tomohisa Tsukamoto
President & COO

Information Business Unit
(Information Equipment Business)
Waichiro Shimoyama, Senior Managing Director
(previously general manager of Administration Division)



Promotion Business Unit
(Environment, communications and other leading-edge businesses)
Yukio Takashi, Senior Managing Director
(previously executive for Components Business Unit)

KAGA ELECTRONICS
Administration Division



Eiji Kawamura, Executive Officer

Manufacturing Business Unit
(EMS Business, manufacturing operations)
Shintaro Kakei, Managing Director
(no change)



Topics (2)-1 New Overseas Business Sites in FY3/12

Japanese companies are shifting production activities from China, where the higher cost of labor is raising the cost of manufacturing, to countries in Southeast Asia. We are establishing new bases in this region to capitalize on opportunities to capture new business.

Strategies -- Deepen ties with Japanese companies
-- Build relationships with local companies (move away from operations relying on Japanese customers)

Established subsidiary in India (July 2011)



The new subsidiary sells power semiconductors and electronic components made by Mitsubishi Electric, aiming to serve both Japanese and Indian companies. This company also plans to use India as a base to conduct operations in Middle East and other nearby countries.

Established subsidiary in Malaysia (December 2011)



This company plans to provide services in Malaysia and other Southeast Asian countries as Japanese amusement equipment companies, its primary customer segment, start operations in these countries.

Established liaison office in Indonesia (February 2012)



The primary roles of this office are to increase sales to Japanese companies (manufacturers of audio equipment, office equipment, home appliances, etc.) and to establish relationships with local companies.

Established liaison office in the Philippines (March 2012)

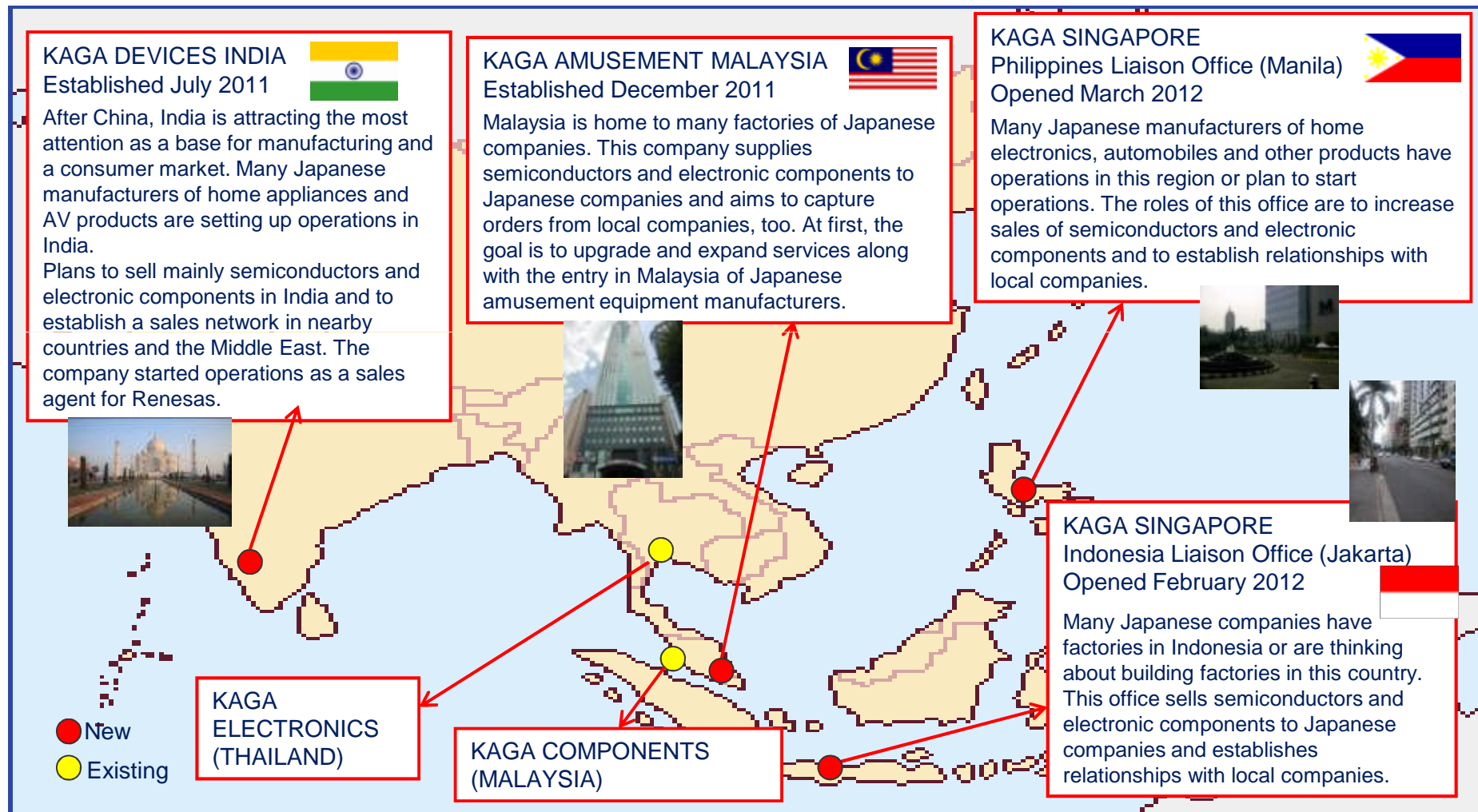


The primary roles of this office are to increase sales to Japanese companies (manufacturers of automotive devices, etc.) and to establish relationships with local companies.

* Studies are under way for the establishment of a sales base in Brazil. KAGA ELECTRONICS is also considering the establishment of EMS manufacturing facilities in Cambodia, Laos and Myanmar.

Topics (2)-2 New Overseas Business Sites in FY3/12

To provide services that meet all our customers' needs, we are expanding our network in the ASEAN region, where economic growth is strong, along with the entry of Japanese manufacturers of home appliances, AV products, automotive parts and other products.



Topics (2)-3 New Factory at KAGA ELECTRONICS (THAILAND)

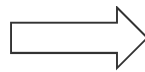
Flooding in Thailand in October 2011 caused severe damage at the Ayutthaya factory of consolidated subsidiary KAGA ELECTRONICS (THAILAND). The company responded quickly by moving the factory to Amata Nakorn, a location at a higher elevation that is unlikely to be affected by flooding. Operations at the new factory started in February 2012. The company plans to use its highly advanced equipment to manufacture products more efficiently and further increase sales.

The New Amata Nakorn Factory

Location:	Amata Nakorn, Chonburi, Thailand
Products:	PCBA (mainly office equipment, climate control equipment, and automotive substrates)
Site:	10,144 m ² (leased)
Building:	5,250 m ² (leased)
Employees:	249 (June 1, 2012)
Operations:	Started February 2012



The flooded factory in Ayutthaya



The new factory in Amata Nakorn



Topics (3)-1 Increase Sales Activities in Growing Markets

◆ Japan

Environmental operations

- Rapid growth in demand for environmental products and services due to the shortage of electricity
- Increasing sales to retailers of all types (LED illumination products)
- Strengthening sales activities in other industries

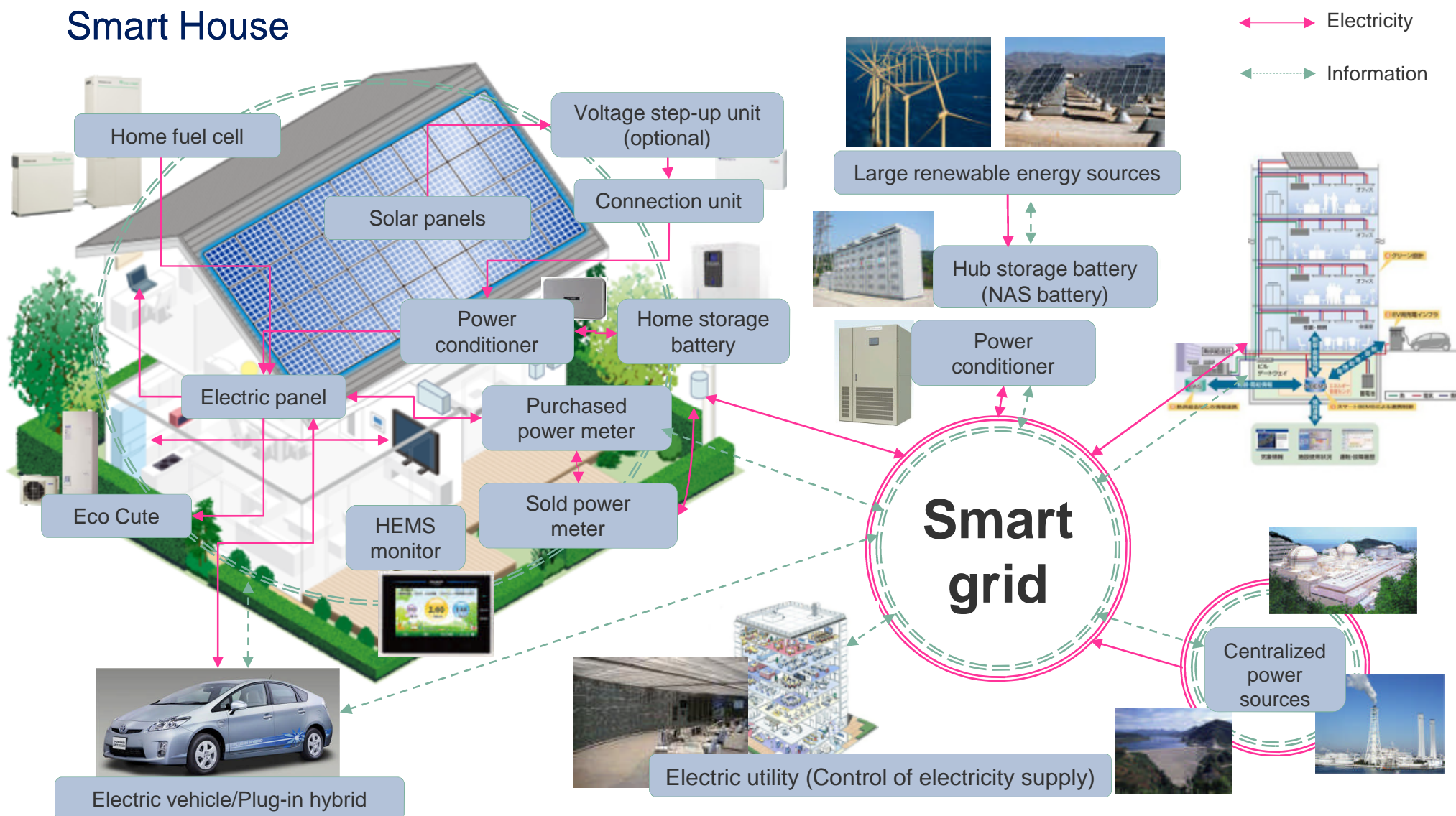
◆ Overseas

Increase the volume of business with local companies

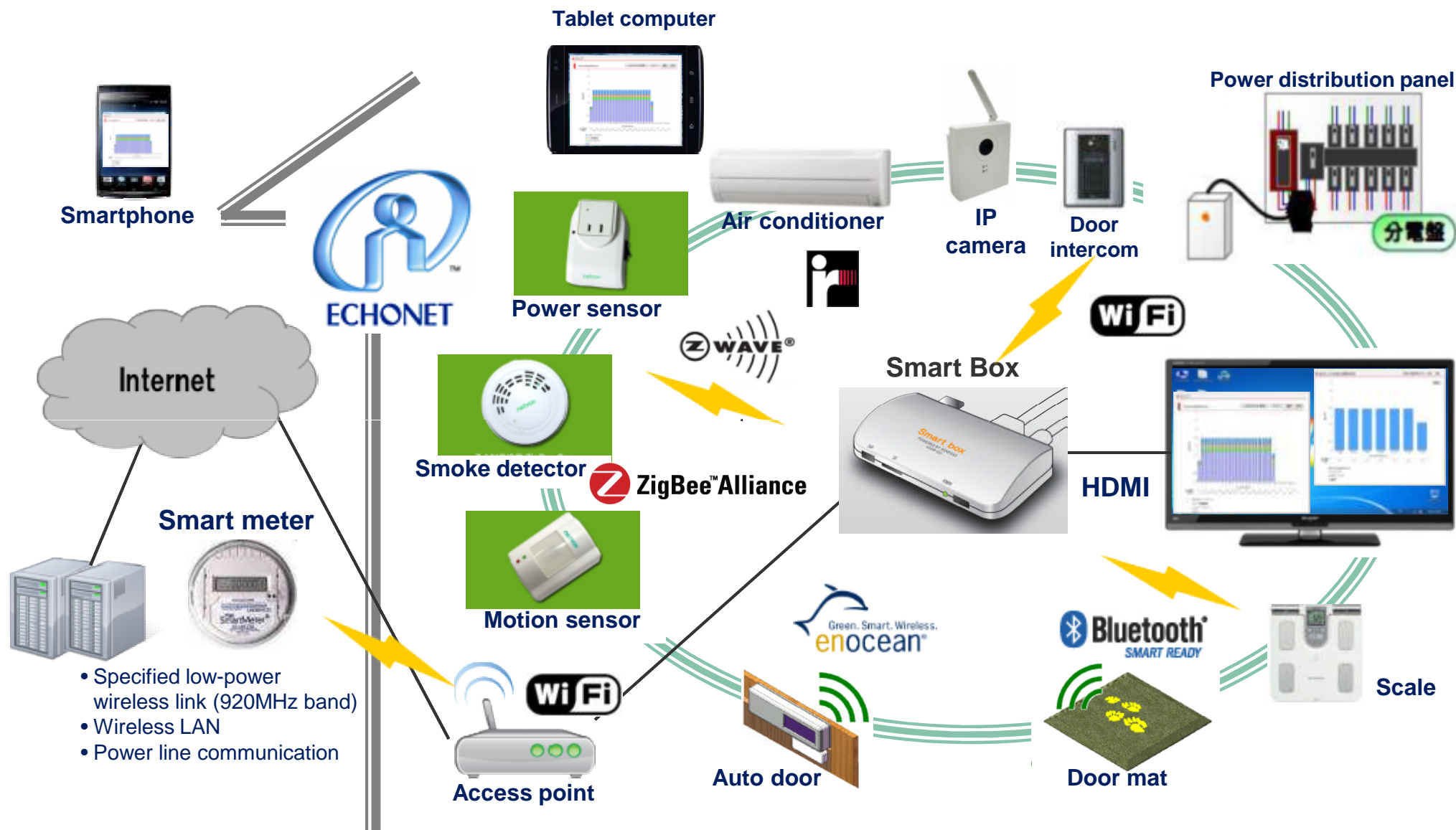
- Increasing demand for power semiconductors: more measures to protect the environment in the automobile industry
- Increasing use of inverters is in large home appliances

Topics (3)-2 Smart Houses and the Smart Grid

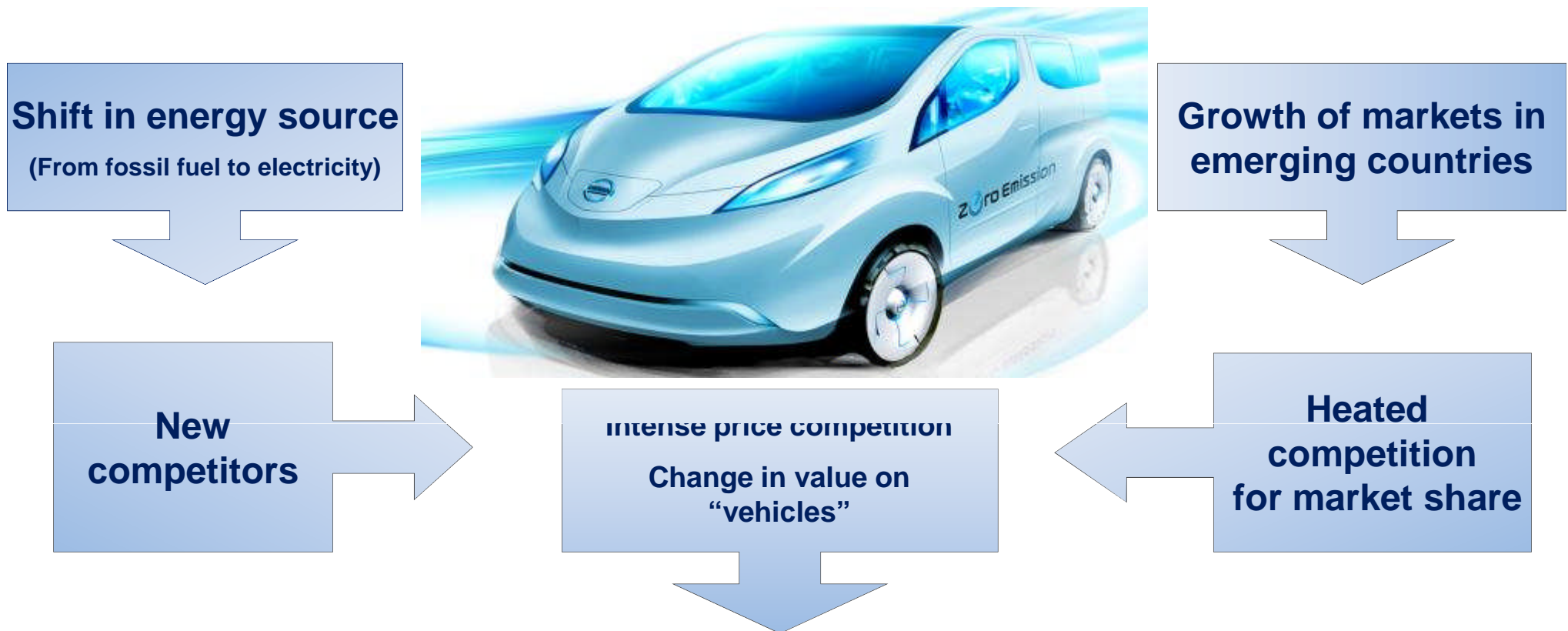
Smart House



Topics (3)-3 A Typical HEMS Solution



Topics (3)-4 Focusing on Changes in the Automobile Industry



Movement of structural reforms of the industry

Supply parts to overseas auto assembly plants by using the KAGA ELECTRONICS Group's global procurement capabilities

United States / Europe / China

Other Information (1) Poorly Performing Group Companies

Net Income/Loss of Major Poorly Performing Group Companies					(Million yen)
Company	FY3/10	FY3/11	FY3/12	FY3/13 (Plan)	
KAGA COMPONENTS	-393	-6	-707	-140	Sold projector business in previous FY and currently reorganizing overseas factories and improving operations
KAGA HIGHTECH	-9	-75	-577	244	Newly established department devoted solely to overseas brand development; working on finding new products overseas and increasing sales
SI ELECTRONICS	-86	30	-145	63	First shipment of substrates, the core product, in FY3/13; increasing sales of karaoke products to individuals
ADM	-106	-98	-22	30	Working on selling products for industrial devices, medical equipment and automobiles and on adding new products to the lineup
CyberFront	-	-206	-335	101	Focusing on improving performance in FY3/13, this company's third year as a member of the KAGA ELECTRONICS Group
Total	-594	-355	-1,786	298	

We will examine actions to take based on the current performance and potential of each company and the significance of each company's role in the KAGA ELECTRONICS Group.

Other Information (1) Poorly Performing Group Companies

KAGA COMPONENTS
(power supply
production)



- (1) Reexamine the basic organizational structure
- (2) Reexamine the oversight of production processes
- (3) Develop highly profitable products

KAGA HIGHTECH
(information equipment)



Find overseas products and increase sales of these products

SI ELECTRONICS
(substrates for
amusement equipment)



- Start shipments of substrates, the core product
- Work closely with KAGA ELECTRONICS engineers

ADM
(sales agent for Analog
Devices)



- (1) Shift from East-West Japan sales divisions to an organization based on sales categories
- (2) Increase the number of new products

CyberFront
(development of games)



Improve the framework for business operations

Other Information (2) New Partner for Businesses Collaboration

Collaboration as a sales partner with SICOXS, manufacturer of SiC substrates for next-generation power semiconductors

Main applications: Power conditioners for solar panels, DC/DC converters for electric/plug-in hybrid vehicles, and others

This substrate increases power conversion efficiency while reducing size and weight.

Name : SICOXS CORPORATION

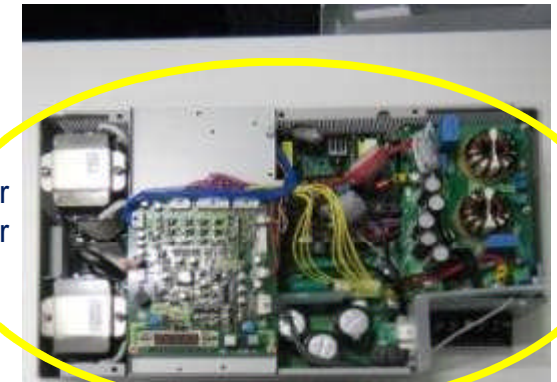
Established: June 1, 2012

Representative: Mitsuharu Kato

Activities: Manufacture and sale of SiC (silicon carbide) substrates, outsourced processing for SiC semiconductor parts, and other activities

Example of downsizing

Conventional power conditioner



Sample power conditioner using an SiC substrate



Other Information (3) Corporate Citizenship (Solar Eclipse Viewers)

As part of our corporate citizenship activities, we distributed 4,600 pairs of solar eclipse viewers, a product sold by KAGA HIGHTECH, to elementary and junior high schools in the city of Tamura in Fukushima prefecture, an area damaged by the Great East Japan Earthquake. The solar eclipse occurred on May 21.



From left: Tomohiro Ohno, manager of the Takine-machi Hoshinomura Observatory, KAGA ELECTRONICS Senior Managing Director Waichiro Shimoyama, and Hiromichi Sukegawa, school superintendent of the city of Tamura



Waichiro Shimoyama hands out eclipse viewers at an elementary school



←↑Children viewing the eclipse



※ 岡田第一館/東亜社・フジテレビ・東映アニメーション



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Vixen solar eclipse viewers

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