



Report on Financial Result First Quarter of Fiscal Year 2013 April to Jun 2012

August.9,2012

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Financial Highlights

First Quarter of Fiscal Year 2013

April to Jun 2012
(Consolidated First Quarter)

Financial Highlights of First Quarter Ended December 2013

Consolidated Statement of Income

(million yen)

	1Q FY3/2012		1Q FY3/2013		Changes	
	Amount	Pct.	Amount	Pct.	Amonut	Pct.
Net Sales	55,001	100.0%	49,686	100.0%	-5,315	-9.7%
Cost of sales	47,954	87.2%	43,545	87.6%	-4,409	-9.2%
Gross profit	7,046	12.8%	6,141	12.4%	-905	-12.8%
SG&A expenses	6,799	12.4%	6,431	12.9%	-368	-5.4%
Operating income	247	0.4%	-289	-0.6%	-536	-217.0%
Non-operating income	200	0.4%	185	0.4%	-15	-7.5%
Non-operating expenses	75	0.1%	177	0.4%	102	136.0%
Ordinary income	372	0.7%	-282	-0.6%	-654	-175.8%
Extraordinary items	-61	-0.1%	-83	-0.2%	-22	36.1%
Income before income taxaes	311	0.6%	-365	-0.7%	-676	-217.4%
Income taxes	223	0.4%	195	0.4%	-28	-12.6%
Income taxes-beferred	-33	-0.06%	-178	-0.36%	-145	439.4%
Minority interests	6	0.01%	-32	-0.06%	-38	-633.3%
Net income	114	0.2%	-350	-0.7%	-464	-407.0%

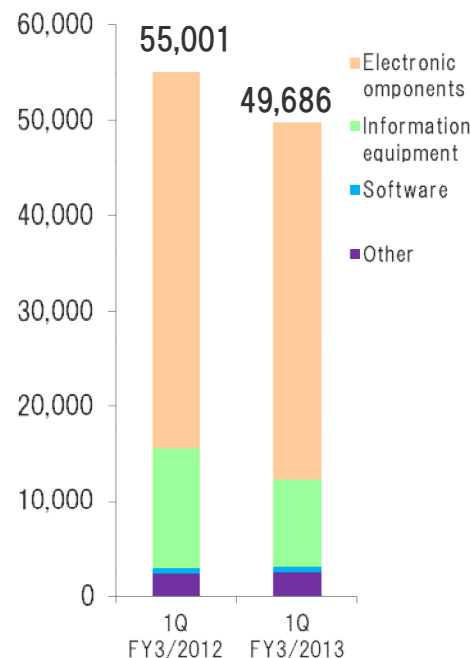
Comparison of Consolidated Sales by Business Category

(million yen)

	1Q FY3/2012		1Q FY3/2013		Changes	
	Net sales	Pct.	Net sales	Pct.	Amount	Pct.
	Segment income		Segment income			
Electronic components	39,429	71.7%	37,366	75.2%	-2,063	-5.2%
	184	74.5%	101	-34.9%	-83	-45.1%
Information equipment	12,546	22.8%	9,180	18.5%	-3,366	-26.8%
	54	21.9%	-193	66.8%	-247	-457.4%
Software	717	1.3%	636	1.3%	-81	-11.3%
	35	14.2%	-169	58.5%	-204	-582.9%
Other	2,308	4.2%	2,503	5.0%	195	8.4%
	13	5.3%	-21	7.3%	-34	-261.5%
Total	55,001	100.0%	49,686	100.0%	-5,315	-9.7%
	247	100.0%	-289	100.0%	-536	-217.0%

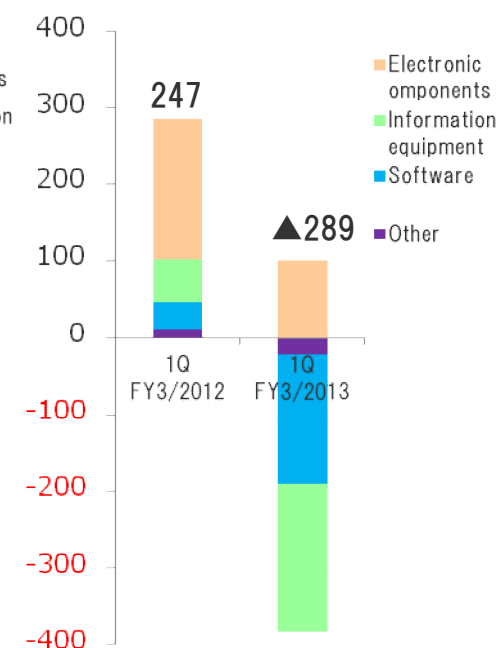
* Figures of each segment income are not inter-segment adjusted other than total.

Net sales



(million yen)

Segment income



Summary

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

Orders were higher for in-vehicle electronic components and semiconductors as well as in the EMS business overseas for air conditioning equipment and other applications. But orders for electronic components and semiconductors decreased in Japan for amusement equipment and overseas for digital consumer electronics products made by Japanese companies. The result was segment sales of 37,366 million yen.

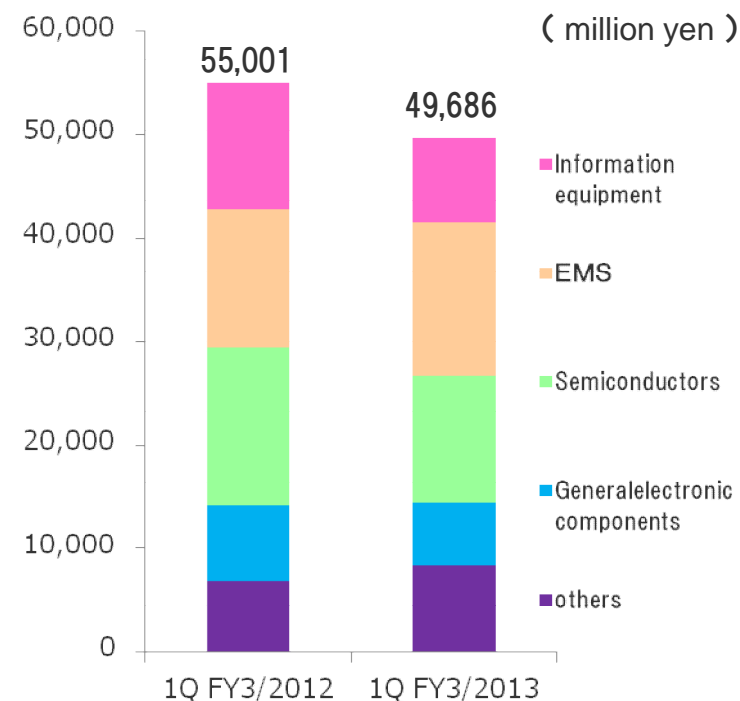
■ Information equipment (Sales of PCs, PC peripherals, photograph and imaging products, original-brand products, and other products)

Although there were activities to increase sales of PCs, PC peripherals and other existing products, segment sales were held down by the negative effects of changes to sales and distribution channels for sales of memory-card products to consumer electronics and appliance chain stores and specialty stores. The result was segment sales of 9,180 million yen.

【Reference】 Comparison of Consolidated Sales by Business Category

(million yen)

	1Q FY3/2012		1Q FY3/2013		Changes	
	Amount	Pct.	Amount	Pct.	Amount	Pct.
Information equipment	12,200	22.2%	8,101	16.3%	-4,099	-33.6%
EMS	13,355	24.3%	14,897	30.0%	1,541	11.5%
Semiconductors	15,244	27.7%	12,263	24.7%	-2,981	-19.6%
Generalelectronic components	7,254	13.2%	6,067	12.2%	-1,186	-16.4%
Others	6,945	12.6%	8,356	16.8%	1,411	20.3%
Total	55,001	100.0%	49,686	100.0%	-5,314	-9.7%



Summary

■ Information equipment sales: Down 4,099 million yen (-33.6%)

Sales decreased to 8,101 million yen mainly because of changes to memory-card product sales and distribution channels for large and small stores and lower demand for terrestrial digital tuners, compact digital cameras and other products.

■ EMS sales: Up 1,541 million yen (+11.5%)

Sales increased to 14,897 million yen because of growth in EMS orders, including higher orders overseas from Japanese manufacturers of air conditioning equipment.

■ Semiconductor sales: Down 2,981 million yen (-19.6%)

Sales decreased to 12,263 million yen mainly because of a downturn in orders in Japan for semiconductors used in amusement equipment.

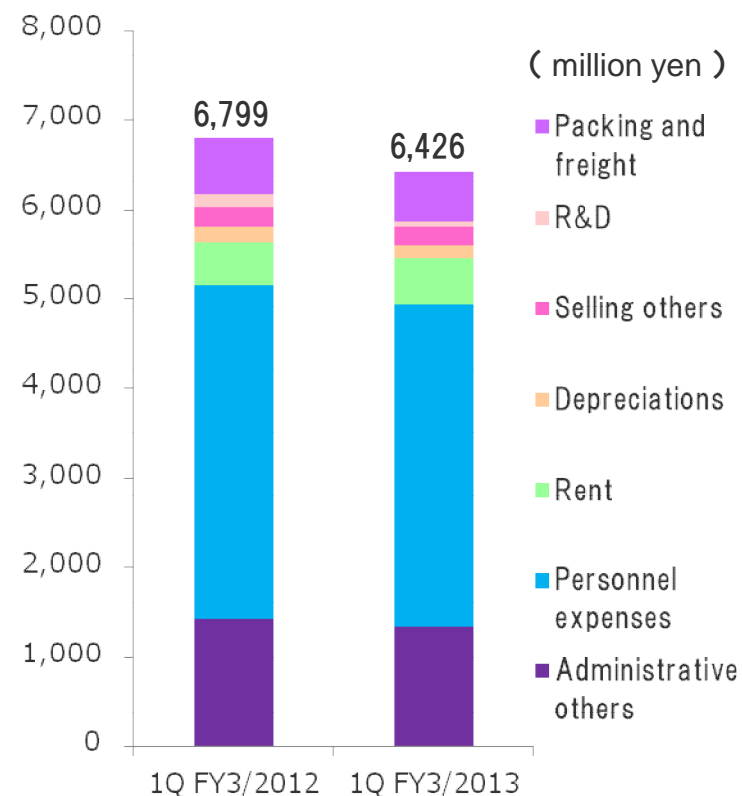
■ General electronic components sales: Down 1,186 million yen (-16.4%)

Sales decreased to 6,067 million yen because of lower orders for electronic components used by the overseas factories of Japanese manufacturers of digital consumer electronics products.

Selling, General and Administrative Expenses

(million yen)

	1Q FY3/2012		1Q FY3/2013		Changes	
	Amount	Pct.	Amount	Pct.	Amount	Pct.
Packing and freight	631	9.3%	546	8.5%	-85	-13.5%
R&D	132	1.9%	70	1.1%	-62	-47.0%
Others	224	3.3%	205	3.2%	-19	-8.5%
Total selling expenses	987	14.5%	821	12.8%	-166	-16.8%
Depreciations	162	2.4%	148	2.3%	-14	-8.6%
Rent	492	7.2%	516	8.0%	24	4.9%
Personnel expenses	3,734	54.9%	3,596	56.0%	-138	-3.7%
Others	1,423	20.9%	1,343	20.9%	-80	-5.6%
Total administrative	5,811	85.5%	5,603	87.2%	-208	-3.6%
Total SG&A expenses	6,799	100.0%	6,426	100.0%	-373	-5.5%



主な増減のポイント

■ Selling, general and administrative expenses

Personnel expenses: Down 138 million yen

Group workforce: Down 528 (from 5,770 to 5,242)

Reason for the workforce decline: Decrease of 531 at overseas EMS factories (China, Thailand, Malaysia, Czech Republic)

*Down 215 at DONGGUAN POWERTEK, 156 at KAGA ELECTRONICS (THAILAND), 97 at KAGA (SHENZHEN), 50 at KAGA COMPONENTS (MALAYSIA), 13 at KD TEC, etc.

Financial Highlights

Consolidated Balance Sheets

(million yen)

	End of FY3/2012	End of FY6/2012	Change
Current assets	94,374	86,898	-7,476
Cash and cash equivalents	9,775	9,437	-338
Notes and account receivable-trade	55,979	48,296	-7,683
Merchandise and finished goods	17,104	17,335	231
Goods in progress	334	788	454
Raw materials and other supplies	4,115	4,462	347
Others	7,067	6,580	-487
Fixed assets	20,340	20,829	489
Property, plant and equipment	9,487	9,805	318
Intangible assets	2,245	2,172	-73
Investments and other assets	8,607	8,850	243
Total assets	114,714	107,727	-6,987

	End of FY3/2012	End of FY3/2012	Change
Current liabilities	59,474	54,489	-4,985
Notes and accounts payable-trade	41,748	35,989	-5,759
Short-term bank loans	11,084	12,860	1,776
Others	6,642	5,640	-1,002
Long-term liabilities	7,303	6,631	-672
Long-term bank loans	2,833	2,384	-449
Others	4,470	4,247	-223
Total liabilities	66,777	61,120	-5,657
Shareholders' equity			0
Paid-in capital	12,133	12,133	0
Capital surplus	13,912	13,912	0
Retained earnings	25,038	24,274	-764
Treasury stock	-1,333	-1,333	0
Valuation and translation adjustment	-3,341	-3,828	-487
Minority interests	1,526	1,448	-78
Total net assets	47,936	46,607	-1,329
Total liabilities and net assets	114,714	107,727	-6,987

Forecast for FY3/2013

Forecast for FY3/2013

Consolidated Statement of income

(million yen)

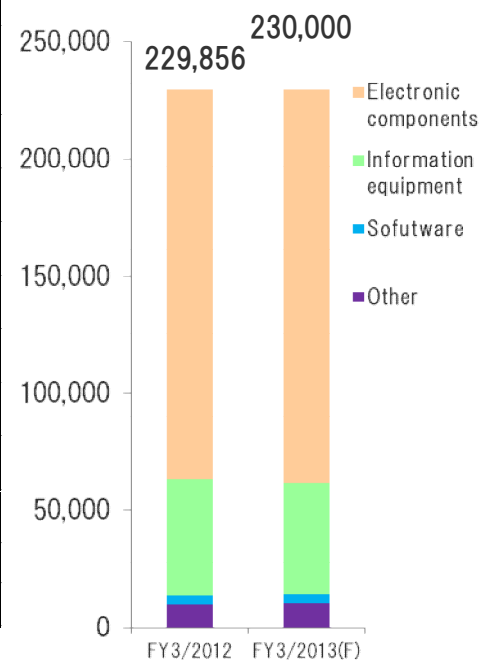
	FY3/2012(actual)		FY3/2013(plan)		Change	
	Amount	Pct.	Amount	Pct.	Change	Pct.change
Net sales	229,856	100.0%	230,000	100.0%	144	0.1%
Cost of sales	201,350	87.6%	201,500	87.6%	150	0.1%
Gross profit	28,506	12.4%	28,500	12.4%	-6	0.0%
SG&A expenses	26,438	11.5%	27,000	11.7%	562	2.1%
Operating income	2,067	0.9%	1,500	0.7%	-567	-27.4%
Non-operating income	502	0.2%	300	0.1%	-202	-40.2%
Ordinary income	2,569	1.1%	1,800	0.8%	-769	-29.9%
Net income	914	0.5%	1,000	0.5%	86	9.4%

Forecast for FY3/2013(Consolidated Forecast by Segment)

(million yen)

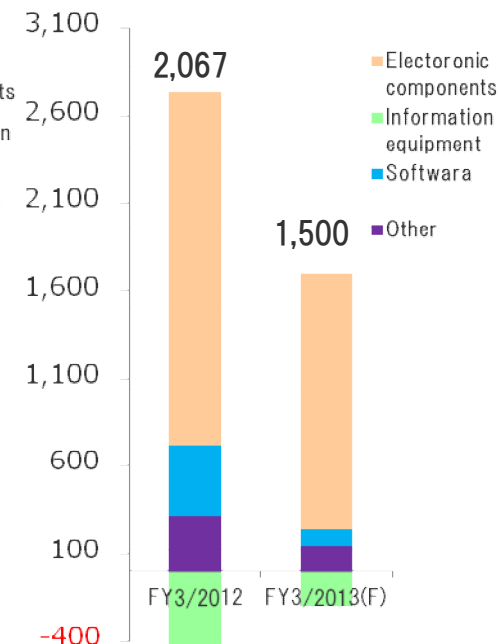
	FY3/2012		FY3/2013(F)		Changes	
	Net sales	Pct.	Net sales	Pct.	Amount	Pct.
	Segment income		Segment income			
Electronic components	166,468	72.4%	168,400	73.2%	1,932	1.2%
	2,021	97.8%	1,500	100.0%	-521	-25.8%
Information equipment	49,360	21.5%	47,100	20.5%	-2,260	-4.6%
	-533	-25.8%	-250	-16.7%	283	-53.1%
Software	3,854	1.7%	3,900	1.7%	46	1.2%
	402	19.4%	200	13.3%	-202	-50.2%
Other	10,173	4.4%	10,600	4.6%	427	4.2%
	319	15.4%	50	3.3%	-269	-84.3%
Total	229,856	100.0%	230,000	100.0%	144	0.1%
	2,067	100.0%	1,500	100.0%	-567	-27.4%

Net sales



(million yen)

Segment income



Summary

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

Although the EMS business is growing, sales are expected to fall below the initial forecast because of declines in orders for electronic components and semiconductors used in amusement equipment in Japan and by Japanese manufacturers of digital consumer electronics products overseas.

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

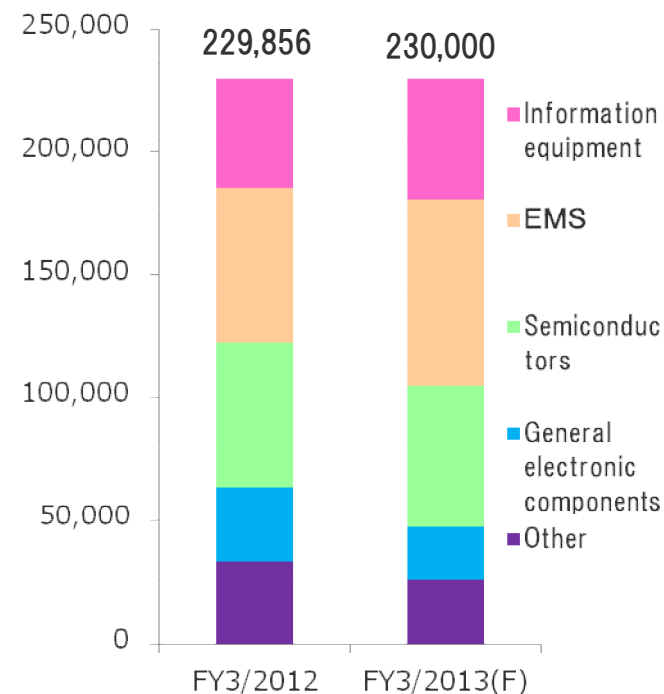
Sales are expected to be less than the initial forecast due to a decline in the volume of PCs, compact digital cameras and other existing products handled.

【Reference】 Forecast for FY3/2013(Net Sales by Product)

(million yen)

	FY3/2012		FY3/2013(F)		Changes	
	Net sales	Pct.	Net sales	Pct.	Change	Pct.
Information equipment	44,276	19.3%	49,100	21.3%	4,824	10.9%
EMS	62,655	27.3%	75,800	33.0%	13,145	21.0%
Semiconductors	59,303	25.8%	57,800	25.1%	-1,503	-2.5%
General electronic components	30,356	13.2%	21,300	9.3%	-9,056	-29.8%
Others	33,264	14.5%	26,000	11.3%	-7,264	-21.8%
Total	229,856	100.0%	230,000	100.0%	144	0.1%

(million yen)



Summary

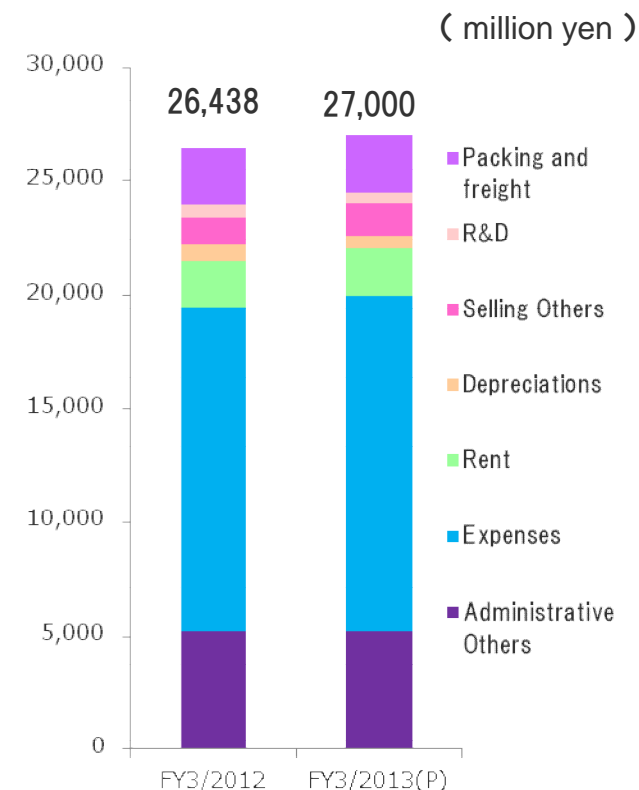
- **Information equipment** : Sales up 4,824 million yen (+10.9%) due to higher sales of computers and peripherals
- **「EMS」** : Sales up 13,145 million yen (+21%) due to higher overseas EMS sales
- **Semiconductors** : Sales down 1,503 million yen mainly due to a decline in orders for devices used in digital consumer electronics and amusement equipment
- **General electronic components** : Sales down 9,056 million yen (-29.8%) mainly due to a decline in orders for components used in digital consumer electronics and amusement equipment
- **Others** : Sales down 7,264 million yen (-21.8%) mainly due to lower sales from the production of computer graphics and application software

Forecast for FY3/2013

Selling, General and Administrative Expenses

(million yen)

	FY3/2012(actual)		FY3/2013(plan)		Changes
	Amount	Pct.	Amount	Pct.	
Packing and freight	2,450	9.3%	2,500	9.3%	50
R&D	576	2.2%	477	1.8%	-99
Others	1,159	4.4%	1,370	5.1%	211
Total selling expenses	4,185	15.8%	4,347	16.1%	162
Depreciations	731	2.8%	580	2.1%	-151
Rent	2,025	7.7%	2,098	7.8%	73
Personnel expenses	14,249	53.9%	14,725	54.5%	476
Others	5,247	19.8%	5,249	19.4%	2
Total administrative expenses	22,252	84.2%	22,652	83.9%	400
Total SG&A expenses	26,438	100.0%	27,000	100.0%	562



Summary

■ Selling, general and administrative expenses

Forecast year-on-year increase of 476 million yen in personnel expenses primarily because of workforce growth and higher base salaries (Number of employees up by 59 from 5,239 at end of FY3/12 to 5,298 at start of FY3/13)

Topics

Topics (1) Growth of the Semiconductor Business



Toshiba semiconductor sales agent AD DEVICE absorbs AS Device

AD DEVICE, a KAGA ELECTRONICS Group member that is sales agent for Toshiba semiconductors, has absorbed AS Device. AS Device handles semiconductor, liquid crystal and storage products made by Toshiba and has much expertise in the in-vehicle electronics market.



By seamlessly integrating workforces, functions and sales channels of the two companies, AD DEVICE aims to use this merger to strengthen its activities in the in-vehicle electronics market. The goal is to raise total sales to 25 billion yen by 2015.

Name	AD DEVICE CORPORATION	AS Device Co., Ltd.
CEO	Osamu Ishida	Takeaki Fukuyama
Head office	Chiyoda-ku, Tokyo	Kawasaki, Kanagawa
設立年月日	April 1997	April 2007
Activities	Sale of Toshiba semiconductor and storage products and electronic components	Sale of Toshiba semiconductor, liquid crystal and storage products to the automobile industry
Capital	301 million yen	100 million yen
Employee	66	24



Topics (2) A New Initiative in the Environmental Sector

KAGA ELECTRONICS participates in next-generation energy business of the Japanese Ministry of Economy, Trade and Industry (METI)

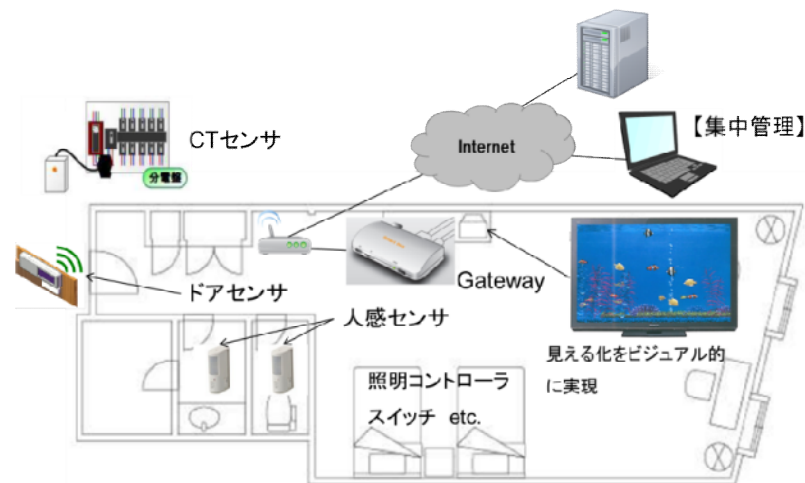
KAGA ELECTRONICS was selected as one of 15 companies to participate in a fiscal 2012 next-generation energy technology demonstration project overseen by METI.

- The project will take place in Sasebo, Nagasaki prefecture and entail expenditures of about ¥1.5 billion over a three-year period. The site is a theme park called Huis Ten Bosch.
- KAGA ELECTRONICS is responsible for tests for (1) an “electricity use visualization” system in the hotel area that uses a variety of sensors and (2) the provision of people tracking data by combining motion sensors, door sensors and other devices.

Huis Ten Bosch is a theme park and resort that recreates the Netherlands



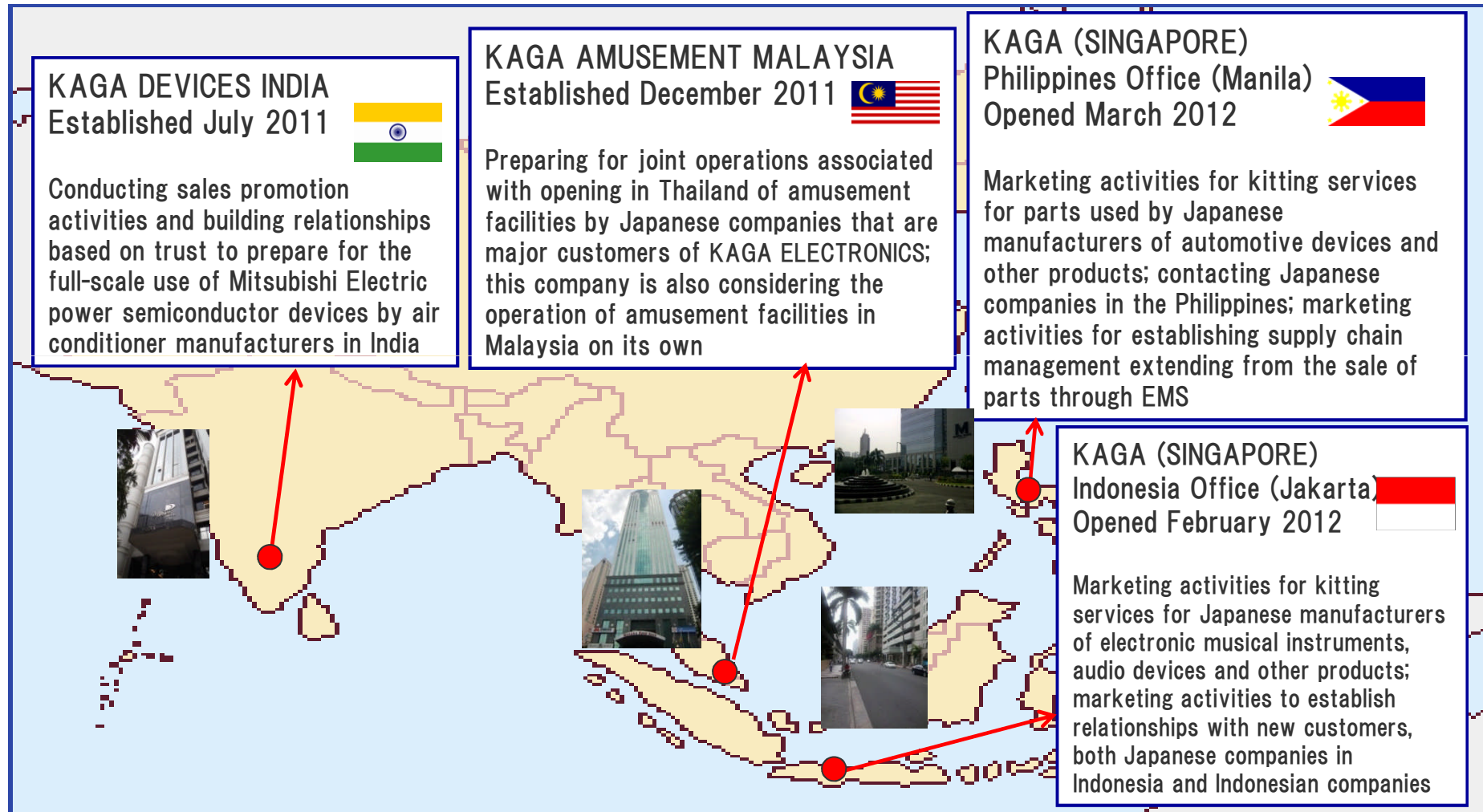
The systems handled by KAGA ELECTRONICS



The objective is to build an electricity use visualization system and then use that know-how in other businesses to achieve more growth in the environmental business.

Topics (3) Sales Activities and Studies at New Overseas Bases

Many activities under way for new business activities in the ASEAN region



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