

## Summary of Consolidated Financial Results For the Year Ended March 2009

Name of Company:	KAGA ELECTRONICS CO., LTD.
Stock Code:	8154
Stock Exchange Listing:	Tokyo Stock Exchange, First Section
URL:	<a href="http://www.taxan.co.jp/">http://www.taxan.co.jp/</a>
Representative	
Title:	President & COO
Name:	Tomohisa Tsukamoto
Contact Person	
Title:	Senior Managing Director, Finance & Administration Headquarters
Name:	Waichiro Shimoyama
Phone:	+81-(0)3-4455-3111
Date of regular general meeting of shareholders:	June 26, 2009
Date of commencement of dividend payment (tentative):	June 29, 2009
Date of filing of securities report:	June 29, 2009

(Yen in millions, rounded down)

**1. Financial results for the current fiscal year (April 1, 2008 – March 31, 2009)**

(1) Result of operations (Consolidated) (Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	YoY Change %	Million yen	YoY Change %	Million yen	YoY Change %	Million yen	YoY Change %
Fiscal year ended March 2009	273,610	(6.1)	2,249	(71.1)	2,208	(68.6)	(806)	-
Fiscal year ended March 2008	291,331	8.3	7,786	12.6	7,040	(4.9)	3,684	(15.2)

	Net income per share	Net income per share fully diluted	Return on equity	Ratio of ordinary income to assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 2009	(28.91)	-	(1.6)	1.8	0.8
Fiscal year ended March 2008	128.93	-	7.0	5.5	2.7

Note: Equity in net income of unconsolidated subsidiaries and affiliated companies

Fiscal year ended March 2009: (3) million yen

Fiscal year ended March 2008: 4 million yen

## (2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2009	117,251	49,560	40.7	1,730.98
As of March 31, 2008	130,423	52,192	40.0	1,858.26

Note: Shareholders' equity

Fiscal year ended March 2009: 47,770 million yen

Fiscal year ended March 2008: 52,140 million yen

## (3) Cash flow position (Consolidated)

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 2009	5,435	(4,212)	(3,407)	11,368
Fiscal year ended March 2008	640	(718)	718	14,011

## 2. Dividends

Reference date	Dividend per share					Annual aggregate amount	Payout ratio (Consolidated)	Dividends/ net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 2008	-	25.00	-	25.00	50.00	1,417	38.8	2.7
Fiscal year ended March 2009	-	25.00	-	15.00	40.00	1,115	-	2.2
Fiscal year ended March 2010 (est.)	-	-	-	-	-		-	

Note: The estimated amount of dividend for FY2010 is not yet determined.

## 3. Forecast for the fiscal year ending March 2010 (Consolidated, April 1, 2009 to March 31, 2010)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	120,000	(15.0)	100	(96.9)	200	(94.2)	0	(100.0)	0.00
Full year	263,000	(3.9)	2,600	15.6	2,800	26.8	1,600	-	57.98

Note: The percentage figures accompanying net sales, operating income, ordinary income, and net income represent year-on-year changes.

## 4. Others

(1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation):  
None

(2) Changes in accounting principles and procedures, presentation methods and other items in the preparation of the consolidated financial statements (Presented in the section on Changes to the Basis of Presenting the Consolidated Financial Statements)

(a) Changes due to revision of accounting standards: Yes

(b) Changes other than in (a): None

Note: See the section of the Basis of Presenting the Consolidated Financial Statements and Changes in basis of presenting the consolidated financial statements for details. (Page 20)

(3) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury stock) As of March 31, 2009 28,702,118 As of March 31, 2008 28,702,118

(b) Treasury stock As of March 31, 2009 1,105,038 As of March 31, 2008 643,305

Note: See the section of the Per Share Information (Page 24) for details on the basis (number of shares) of calculating consolidated net income per share.

## Non-consolidated Financial Results (For reference)

1. Financial results for the current fiscal year (April 1, 2008 – March 31, 2009)

(1) Result of operations (Non-consolidated) (Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2009	126,262	(5.7)	3,020	(48.9)	4,378	(36.0)	(4,358)	-
Fiscal year ended March 2008	133,854	(0.0)	5,914	71.9	6,842	47.6	2,500	(1.0)

	Net income per share	Net income per share fully diluted
	Yen	Yen
Fiscal year ended March 2009	(156.14)	-
Fiscal year ended March 2008	87.51	-

(2) Financial Position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2009	83,138	34,253	41.2	1,241.14
As of March 31, 2008	93,388	40,759	43.6	1,452.65

Note: Shareholders' equity

Fiscal year ended March 2009: 34,253 million yen

Fiscal year ended March 2008: 40,759 million yen

\*Cautionary statement regarding forecasts of operating results and special notes

1. Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons.

Please refer to “ 1. Results of Operations (1) Analysis of results of operations ” on page 4 for information concerning assumptions used for forecasts and precautions concerning the use of forecasts.

2. There is no dividend forecast for the fiscal year ending on March 31, 2010 because of the uncertain outlook for the operating environment. An announcement will be made promptly once a dividend forecast becomes possible due to future changes in operating results and other factors.

## 1. Results of Operations

### (1) Analysis of results of operations

A severe global economic recession began during the 2009 fiscal year, as consumer spending and private-sector capital expenditures dropped sharply. The major causes were turmoil in financial markets and plummeting stock prices worldwide triggered by the U.S. subprime loan crisis, the rapid increase in the cost of crude oil, and foreign exchange rate volatility.

The Japanese economy as well is facing unprecedented difficulties. Corporate earnings plunged along with drops in exports and consumer spending as the global economy weakened following the failure of a large U.S. securities company.

In the electronics industry, there was a rapid drop in demand because of the global economic recession. Manufacturers of digital home electronics and all other types of electronic devices cut their production sharply. As a result, demand for electronic components used in these products declined, producing significant changes in the operating environment for the KAGA ELECTRONICS Group.

In response, the companies of the KAGA ELECTRONICS Group worked even more closely together and increased operating efficiency while working on handling more new products and expanding sales routes.

Consolidated net sales decreased 6.1% to 273,610 million yen. Operating income was down 71.1% to 2,249 million yen mainly because of a lower gross profit margin and higher selling, general and administrative expenses. Operating income fell 68.6% to 2,208 million yen. Net income was held down by valuation losses on investment securities due to the rapid drop in stock prices and by restructuring expenses, including asset impairment charges for equipment at unprofitable subsidiaries. The result was a net loss of 806 million yen compared with net income of 3,684 million yen in the previous fiscal year.

#### Net sales by business segment

Business segment	FY 2008 (Fiscal year ended March 31, 2008)		FY 2009 (Fiscal year ending March 31, 2009)	
	Amount (million yen)	Proportion	Amount (million yen)	Proportion
Electronic components business	210,911	72.4%	196,574	71.8%
Information equipment business	80,419	27.6%	77,035	28.2%
Total	291,331	100.0%	273,610	100.0%

\*Electronic components business: Development, manufacture and sale of semiconductors, general electronic components, EMS and others. (Electronics Manufacturing Service is a term used for companies that design, test, manufacture, distribute, and provide return/repair services.)

\*Information equipment business: Sale of personal computers and peripherals.

#### Net sales by product category

Product category	FY 2008 (Fiscal year ended March 31, 2008)		FY 2009 (Fiscal year ended March 31, 2009)	
	Amount (million yen)	Proportion	Amount (million yen)	Proportion
Information equipment	63,192	21.7%	66,197	24.2%
EMS	90,281	31.0%	77,465	28.3%
Semiconductors	65,544	22.5%	61,837	22.6%
General electronic components	33,065	11.3%	36,024	13.2%
Others	39,246	13.5%	32,084	11.7%
Total	291,331	100.0%	273,610	100.0%

#### Information equipment

Sales activities were conducted to increase sales of PCs and peripherals to current customers of the KAGA ELECTRONICS Group. Other sales activities were aimed at increasing sales of new products, such as products used in rental condominiums and security system products. Segment sales increased 4.8% to 66,197 million yen.

#### EMS

There was a large downturn in EMS operations mainly because of lower production volumes at client companies. In Japan, there was a decline in output of LCD units for manufacturers of amusement equipment manufacturers. Overseas, there were declines in output of circuit boards for Japanese office equipment manufacturers and in other products. The result was a 14.2% decrease in segment sales to 77,465 million yen.

#### Semiconductors

This segment includes the operations of semiconductor trading company ADM Inc. starting in August 2008, when this company became a member of the KAGA ELECTRONICS Group. Despite this new contribution to segment sales, there was a 5.7% decrease in segment sales to 61,837 million yen because of declines in the volume handled of sound ICs for cell phone manufacturers, image processing ICs for amusement equipment manufacturers and other products.

#### General electronic components

Segment sales increased 8.9% to 36,024 million yen mainly because of higher sales of electronic components for PCs.

#### Others

Sales of educational electronic toys were lower overseas due to sluggish consumer spending. There was also a decline in sales of photography products because of a change in market conditions. The result was an 18.2% decrease in segment sales to 32,084 million yen.

Performance by geographic segment was as follows.

##### 1) Japan

In Japan, the electronics industry was severely impacted by the economic downturn. Companies cut capital expenditures as earnings fell and consumer spending weakened as unemployment rose and income fell. Demand for high-end digital home electronics dropped sharply. In response, the KAGA ELECTRONICS Group worked on increasing sales of electronic components used in PCs. Sales in Japan also benefited from the inclusion of a newly consolidated subsidiary. However, there were large declines in the volume handled of sound ICs for overseas cell phone manufacturers and in orders for image processing ICs and EMS services from amusement equipment manufacturers in Japan. Total sales in Japan decreased 5.0% to 238,138 million yen and operating income was down 72.1% to 1,509 million yen.

##### 2) North America

The U.S. economic recession caused declines in orders received at group companies for semiconductors used in digital home electronics, components used in amusement equipment and other products. The result was a 62.5% drop in sales to 530 million yen and an operating loss of 98 million yen compared with a 133 million yen loss one year earlier.

##### 3) Europe

Economies in Europe are extremely weak as rising unemployment and other problems caused by global volatility in financial markets hold down consumer spending. However, sales increased 36.9% to 3,679 million yen as operations in Europe were supported by consistently strong orders in the EMS business for components used in climate control equipment and in other products. Despite the higher sales, there was an operating loss of 51 million yen compared with 184 million yen one year earlier mainly because of asset impairment expenses in Russia.

##### 4) East Asia

The global economic recession caused a steep fall in exports from China that slowed the growth rate of the nation's economy, which had been sustaining rapid growth. In this environment, orders were lower in the EMS business from manufacturers of office equipment, climate control equipment and other products. Sales decreased 11.6% to 55,792 million yen and operating income fell 65.1% to 816 million yen.

#### (2) Forecast for fiscal year ending March 2010

The economic outlook is extremely uncertain due to the possibility that the worldwide recession sparked by the global financial crisis will not end soon. In Japan, the economy will probably remain weak for some time. As corporate earnings fall, companies are canceling capital expenditures while rising unemployment and falling personal income are exerting pressure on consumer spending.

In the electronics industry, the global recession is expected to bring down demand for digital products like PCs and high-end cell phones even more. Consequently, market conditions in the industry will probably remain challenging.

In response, the companies of the KAGA ELECTRONICS Group are working more closely together and raising operating efficiency. At the same time, group companies are adding new products while restructuring operations, such as by downsizing or shutting down unprofitable subsidiaries.

Based on this outlook, the Group's current forecast for the fiscal year ending in March 2010 is as follows.

Net sales by product category (FY2009 Actual vs. FY2010 Projection)

Product category	FY 2009 Actual (Fiscal year ended March 31, 2009)		FY 2010 Projection (Fiscal year ending March 31, 2010)	
	Amount (million yen)	Share	Amount (million yen)	Share
Information equipment	66,197	24.2%	63,900	24.3%
EMS	77,465	28.3%	83,600	31.8%
Semiconductors	61,837	22.6%	62,500	23.8%
General electronic components	36,024	13.2%	24,500	9.3%
Others	32,084	11.7%	28,500	10.8%
Total	273,610	100.0%	263,000	100.0%

(3) Analysis of financial condition

a. Assets, liabilities and net assets

Total assets were 117,251 million yen at the end of March 2009, 13,172 million yen less than one year earlier. This was mainly attributable to a decline in notes and accounts receivable-trade.

Liabilities decreased 10,540 million yen to 67,690 million yen mainly because of a decrease in notes and accounts payable-trade.

Net assets decreased 2,631 million yen to 49,560 million yen mainly because of dividend payments and the net loss.

b. Cash flows

Cash and cash equivalents at the end of March 2009 totaled 11,368 million yen, a decline of 2,642 million yen, or 18.9%, compared with one year earlier.

A summary of fiscal 2009 cash flows and major components follows.

(Operating activities)

Net cash provided by operating activities increased from 640 million yen to 5,435 million yen mainly because of a decrease in notes and accounts receivable-trade.

(Investing activities)

Net cash used in investing activities increased from 718 million yen to 4,212 million yen mainly because of payments for the purchase of property, plant and equipment.

(Financing activities)

Net cash used in financing activities was 3,407 million yen compared with a positive cash flow of 718 million yen one year earlier. The main reason was a net decrease in short-term bank loans.

Cash flow index trends (for reference)

	Fiscal year ended March 2005	Fiscal year ended March 2006	Fiscal year ended March 2007	Fiscal year ended March 2008	Fiscal year ended March 2009
Shareholders' equity ratio	35.1%	41.7%	42.1%	40.0%	40.7%
Shareholders' equity ratio at market value	57.1%	72.0%	48.2%	28.4%	18.8%
Debt repayment multiple	-	0.59 years	-	19.24 years	2.38 years
Interest coverage ratio	-	62.8	-	4.8	28.1

Shareholders' equity ratio is shareholders' equity divided by total assets.

Shareholders' equity ratio at market value is market capitalization divided by total assets.

Debt repayment multiple is interest-bearing debt divided by operating cash flows.

Interest coverage ratio is operating cash flows divided by interest expenses.

Notes:

1. All figures are calculated based on consolidated financial data.
2. Market capitalization uses the number of shares issued less treasury stock.
3. Cash flows are operating cash flows.
4. Interest-bearing debt is the sum of all liabilities on the balance sheet on which the Group is obligated to pay interest.
5. No debt repayment multiple and interest coverage ratio are shown for the fiscal years ended March 2005 and 2007 because operating cash flows were negative in these fiscal years.

(4) Fundamental policy for earnings allocations and dividends in the fiscal years 2009 and 2010

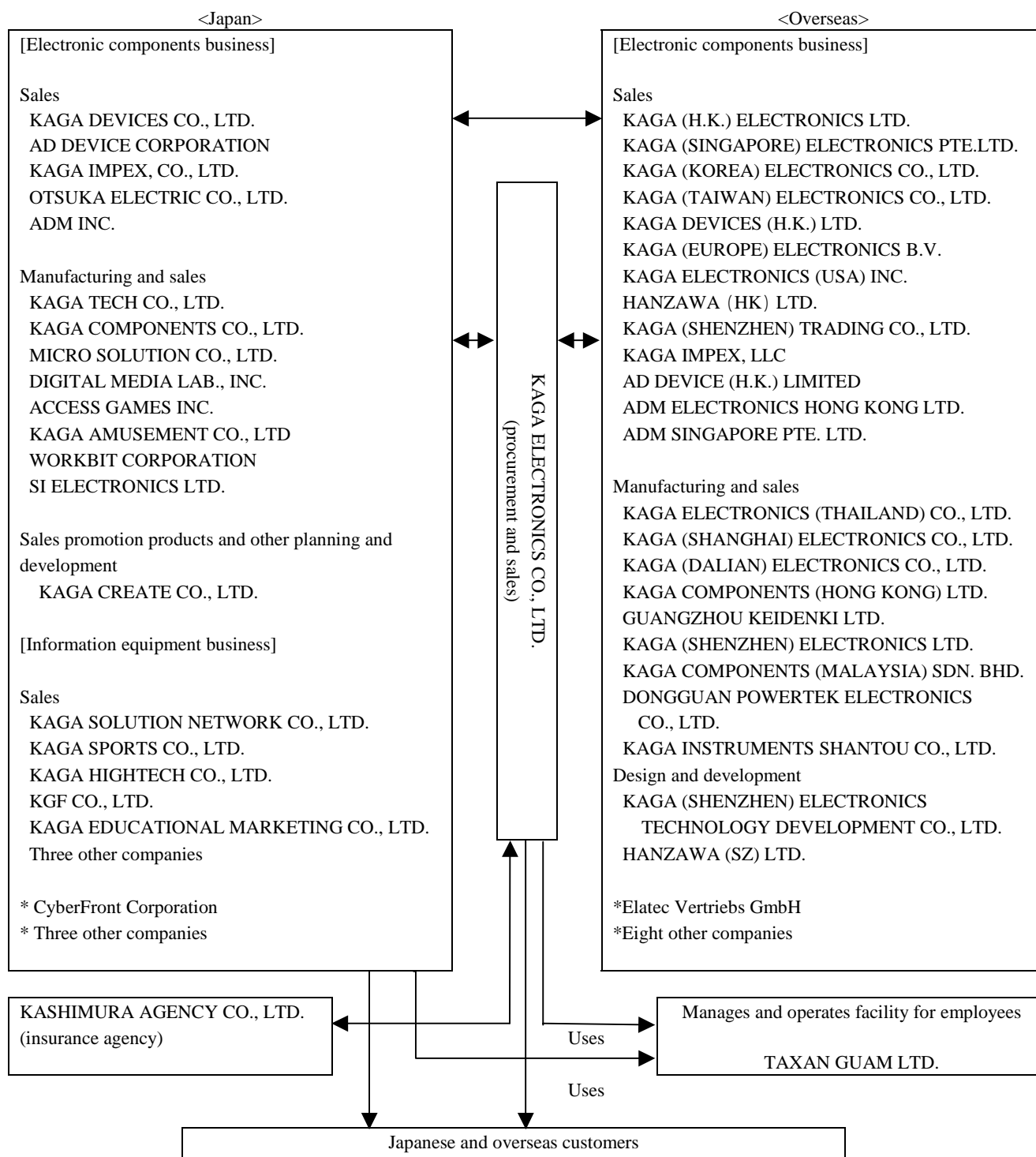
The Company's fundamental policy is to pay a steady and consistent dividend to shareholders that reflect consolidated performance as well as the need to establish a more powerful financial position and base of operations from a long-term stable perspective.

However, based on performance in the past fiscal year and the outlook for the current and following fiscal years, the Company plans to pay a year-end dividend of 15 yen per share. With the interim dividend of 25 yen per share, this will result in an annual dividend of 40 yen per share.

There is no dividend forecast for the fiscal year ending on March 31, 2010 because of the uncertain outlook for the operating environment. An announcement will be made promptly once a dividend forecast becomes possible due to future changes in operating results and other factors.

## 2. Corporate Group

The KAGA ELECTRONICS group of companies (the Group) is made up of KAGA ELECTRONICS CO., LTD. (the Company), 48 consolidated subsidiaries (23 in Japan, 25 overseas) and 13 equity-method affiliates (4 in Japan, 9 overseas). These companies are engaged primarily in the following activities: the electronic components business, including the development, manufacture and sale of semiconductors and general electronic components and EMS (electronic manufacturing services); and the information equipment business, including the sale of personal computers and peripherals, sporting goods, films and optical devices. A diagram showing business activities and Group companies is shown below.



Note: An asterisk (\*) indicate equity-method affiliates. All other companies are consolidated subsidiaries.



(1) The following consolidated subsidiaries became our group company during the fiscal year that ended in March 2009. I-O DATA DEVICE USA, INC., which was a consolidated subsidiary until the fiscal year that ended in March 2008, has been liquidated.

Name	Address	Capital	Activities	Voting rights held %	Relationship with the Company			Leasing of facilities and equipment
					Joint directors No.	Financial support Million yen	Business relationship	
[Electronic components business]  WORKBIT CORPORATION (Note 4)	Yamato-city Kanagawa	20,000,000 yen	Development, design, manufacture and sale of memory devices, phase conversion LSIs, LSI modules, and measurement and inspection equipment	100.0	2	-	Mutual supply of certain products sold by this company and the Company	-
SI ELECTRONICS LTD. (Note 6)	Minato-ku Tokyo	244,400,000 yen	Development, design, manufacture and sale of imaging and display devices for game machines.	88.1	2	524	Mutual supply of certain products sold by this company and the Company	-
ADM INC. (Note 1, 8)	Chuo-ku Osaka	560,330,000 yen	Purchase and sale of electronic devices and components	51.7	2	-	Mutual supply of certain products sold by this company and the Company	Leases part of a building
AD DEVICE(H.K.) LIMITED (Note 5)	Hong Kong, China	HK\$2,000,000	Sale of semiconductors and electronic components	100.0 (Note 2) (100.0)	-	-	-	-
ADM Electronics Hong Kong Limited (Note 8)	Hong Kong, China	HK\$1,700,000	Sale of semiconductors	100.0 (Note 2) (100.0)	-	-	-	-
ADM Singapore Pte. Ltd. (Note 8)	Singapore	S\$390,000	Sale of semiconductors	100.0 (Note 2) (100.0)	-	-	-	Leases part of a building (Note 3)
[Information equipment business]  KAGA EDUCATIONAL MARKETING CO., LTD. (Note 7)	Bunkyo-ku Tokyo	30,000,000 yen	Computer hardware and software sales and after service	100.0	2	-	Mutual supply of certain products sold by this company and the Company	Leases part of a building

Notes:

1. ADM Inc. files official securities documents with the Ministry of Finance. All other companies in the above table do not file official securities documents or reports.
2. Figures in parentheses in the column showing voting rights of the subsidiary are the indirect percentages.
3. Leasing agreement between KAGA (SINGAPORE) ELECTRONICS PTE. LTD. and ADM Singapore Pte. Ltd.
4. WORKBIT CORPORATION became a subsidiary on April 1, 2008 when the Company purchased its stock.
5. AD DEVICE (H.K.) LIMITED was established on June 11, 2008 for the purpose of strengthening operations serving customers in China and establishing relationships with new customers.
6. SI ELECTRONICS, LTD. became a subsidiary on July 1, 2008 when the Company purchased its stock.
7. KAGA EDUCATIONAL MARKETING CO., LTD. was established on July 1, 2008 for the purpose of providing support for using computers and systems and selling equipment and software to academic institutions, instructors and students.
8. ADM Inc. became a subsidiary of the Company on August 1, 2008 when the Company used a public tender offer to purchase 51% of ADM's stock. This acquisition made ADM Electronics Hong Kong Limited and ADM Singapore Pte. Ltd. indirect subsidiaries of the Company. On January 30, 2009, KAGA DEVICES (H.K.) LTD. purchased all shares of ADM Electronics Hong Kong Limited and KAGA (SINGAPORE) ELECTRONICS PTE. LTD. purchased all shares of ADM Singapore Pte. Ltd.

(2) The following equity-method affiliates became our group company during the fiscal year that ended in March 2009.

Name	Address	Capital	Activities	Voting rights held %	Relationship with the Company			Leasing of facilities and equipment
					Shared directors No.	Financial support Million yen	Business transactions	
CyberFront Corporation (Note 1)	Shinagawa-ku Tokyo	98,000,000 yen	Development and marketing of computer software	25.1	-	78	-	-
Four other companies (Note 2)								
Elatec Vertriebs GmbH	Munich Germany	204,000 euro	Sale of electronic devices and information equipment	24.2	-	-	-	-
Seven other companies (Note 3)								

Notes:

1. CyberFront Corporation became an equity-method affiliate following the purchase of additional shares by the Company on March 9, 2009.
2. Four other companies are subsidiaries of CyberFront Corporation.
3. Seven other companies are subsidiaries of Elatec Vertriebs GmbH.

### 3. Management Policies

#### (1) Fundamental management policy

The fundamental management policy is to take the actions needed to continue growing and respond with agility to globalization of economies and the rapid pace of change in the electronics industry. The Company will expand its network in Japan and overseas and deepen ties among Group companies to enhance collective strengths. Concurrently, while reflecting environmental issues, operations will be aimed at “remaining a company that contributes to the happiness of all stakeholders, including shareholders, customers and employees, and fulfills its responsibilities to society.”

Active primarily in the electronics industry, all Group companies cooperate with one another based on a common philosophy: improving operating results by managing operations in a speedy manner that places the highest priority on rapid decision-making.

The key word is “F.Y.T.”

F = Flexibility (adapting adeptly to external changes)

Y = Young (staying young in thought and action)

T = Try (the spirit of always taking on challenges)

#### (2) Targeted performance indicators

As the electronics industry, where the Group is active, is expected to continue to grow, priority will continue to be placed on raising the rate of sales growth and improving the return on equity.

#### (3) Medium- and long-term management strategies

The rapid pace of change in the electronics industry is expected to continue. New products are appearing and existing products going out of date faster. Companies are moving production bases out of Japan faster, too. Amid these changes, more growth is foreseen for the electronics industry.

The Group has grown with KAGA ELECTRONICS, an independent electronics trading company, as its nucleus by working with a large number of suppliers and customers and handling a broad spectrum of products. The Group is distinguished by its ability to handle all aspects of the electronics business, from upstream to downstream, including product planning, development and processing (EMS). Backed by these distinctive strengths, the Group will work even more closely together to capture synergies with the goal of increasing sales and earnings while growing on a global scale.

The key word is “3G.”

General (covering everything)

Global (worldwide coverage)

Group (leveraging the collective power of the Group)

#### (4) Key issues

As is stated in its fundamental management policy, the Group conducts operations with the goal of optimizing consolidated performance. To achieve further growth, group management will be upgraded in accordance with the FYT and 3G concepts described above. The Group is dedicated to raising its enterprise value while preserving strong relationships with all stakeholders. Additionally, the Group is constantly working on building an organization that can quickly adapt to changes in market conditions and customer needs. Another goal is enhancing the ability to gather information quickly. At the same time, the Group aims to capture more synergies by building stronger ties among group companies and fostering more collaboration and mutual assistance within the group, thereby expanding operations and raising efficiency.

Based on the following environmental policy, all members of the Group are working together to build a framework that can tackle environmental issues from many perspectives. (ISO 14001 certification was received on November 15, 2002.)

#### (Environmental policy)

Always looking ahead to the future of electronics, the KAGA ELECTRONICS Group is dedicated to meeting the needs of customers while protecting the Earth in order to preserve and improve the natural environment.

At present, the Group is concentrating on the following issues:

1. Updating and establishing group oversight systems to improve operating efficiency
2. Strengthening relationships, collaboration and mutual assistance among Group companies to realize greater synergies
3. Reinforcing operations overseas and expanding the global network
4. Upgrading technological skills and improving the ability to gather information with speed
5. Revitalizing underperforming subsidiaries
6. Tackling environmental problems
7. Thorough operation of internal control systems

(5) Other important items concerning management

Not applicable

#### 4. Consolidated Financial Statements

##### (1) Balance sheet

(million yen)

	FY 2008 (As of March 31, 2008)	FY 2009 (As of March 31, 2009)
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	14,021	11,378
Notes and accounts receivable – trade	72,530	61,053
Marketable securities	84	58
Inventories	20,177	-
Merchandise and furnished goods	-	13,969
Goods in progress	-	577
Raw materials and other supplies	-	3,749
Deferred tax assets	570	994
Others	5,924	8,017
Allowance for doubtful receivables	(161)	(159)
Total current assets	113,147	99,639
Fixed assets		
Property, plant and equipment		
Buildings and structures	1,886	3,348
Accumulated depreciation	(873)	(1,026)
Buildings and structures, net	1,012	2,321
Machinery, equipment and vehicles	3,759	3,622
Accumulated depreciation	(1,839)	(2,135)
Machinery, equipment and vehicles, net	1,919	1,486
Tools and office furniture	1,946	2,759
Accumulated depreciation	(1,394)	(1,729)
Tools and office furniture, net	552	1,029
Land	1,324	1,324
Construction in progress	606	6
Total property, plant and equipment	5,415	6,168
Intangible assets		
Goodwill	745	884
Software	593	878
Others	219	152
Total intangible assets	1,559	1,914
Investments and other assets		
Investment securities	6,596	4,854
Deferred tax assets	213	346
Security deposits	1,945	2,410
Insurance reserve	871	964
Others	1,820	2,300
Allowance for doubtful receivables	(1,146)	(1,347)
Total investments and other assets	10,301	9,528
Total fixed assets	17,276	17,612
Total assets	130,423	117,251

(million yen)

	FY 2008 (As of March 31, 2008)	FY 2009 (As of March 31, 2009)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable – trade	56,109	44,772
Short-term bank loans	11,697	9,291
Accrued expenses	2,226	1,835
Income taxes payable	2,238	949
Allowance for directors' and corporate auditors' bonuses	137	9
Others	2,052	3,663
Total current liabilities	74,461	60,521
Long-term liabilities		
Long-term bank loans	625	3,620
Deferred tax liabilities	546	354
Allowance for retirement benefits for employees	1,159	1,342
Allowance for retirement benefits for directors and corporate auditors	1,004	1,122
Others	434	729
Total long-term liabilities	3,769	7,168
Total liabilities	78,231	67,690
<b>NET ASSETS</b>		
Shareholder's equity		
Paid-in capital	12,133	12,133
Capital surplus	13,912	13,912
Retained earnings	27,413	25,158
Treasury stock	(843)	(1,331)
Total shareholder's equity	52,615	49,873
Valuation and translation adjustments		
Valuation differences on available-for sales securities	36	(364)
Deferred gain or losses on hedges	2	(0)
Foreign currency translation adjustments	(514)	(1,737)
Total valuation and translation adjustments	(475)	(2,103)
Minority interests	51	1,790
Total net assets	52,192	49,560
Total net assets	130,423	117,251

## (2) Statements of income

(million yen)

	FY 2008 (Fiscal year ended March 31, 2008)	FY 2009 (Fiscal year ended March 31, 2009)
Net sales	291,331	273,610
Cost of sales	256,090	243,226
Gross profit	35,240	30,383
Selling, general and administrative expenses	27,454	28,134
Operating income	7,786	2,249
Non-operating income		
Interest income	209	130
Dividend income	104	109
Commission income	152	133
Others	502	479
Total non-operating income	969	854
Non-operating expenses		
Interest expense	128	192
Management loss at investment association	111	93
Loss in foreign exchange	1,275	495
Others	200	114
Total non-operating expenses	1,715	896
Ordinary income	7,040	2,208
Extraordinary income		
Gain on sale of fixed assets	1,169	4
Gain on sale of investment securities	31	17
Cancellation refund of insurance policies	500	-
Gain on liquidation of affiliates	-	38
Others	65	10
Total extraordinary income	1,766	70
Extraordinary losses		
Loss on retirement of fixed assets	91	130
Loss on revaluation of investment securities	179	1,202
Loss on impairment of fixed assets	14	350
Transfer to allowance for doubtful receivables	237	-
Withdrawal fees paid to an employees' pension fund	740	-
Head office moving expenses	-	330
Others	131	216
Total extraordinary losses	1,394	2,229
Income before income taxes and minority interests	7,412	49
Income, inhabitants and enterprise taxes	3,693	1,459
Income tax adjustment	99	(364)
Total taxes	3,793	1,094
Minority interests in income/(loss) of consolidated subsidiaries	(64)	(238)
Net income/(loss)	3,684	(806)

## (3) Statement of Changes in Consolidated Shareholders' Equity

(million yen)

	FY 2008	FY 2009
	(Fiscal year ended March 31, 2008)	(Fiscal year ended March 31, 2009)
Shareholders' equity		
Common stock		
Balance at the end of previous period	12,133	12,133
Balance at the end of current period	12,133	12,133
Capital surplus		
Balance at the end of previous period	13,912	13,912
Changes during the period		
Disposal of treasury stock	0	0
Total changes during the period	0	0
Balance at the end of current period	13,912	13,912
Retained earnings		
Balance at the end of previous period	25,161	27,413
Increase/(decrease) due to changes in accounting treatment at overseas subsidiaries	-	(44)
Changes during the period		
Dividends paid	(1,432)	(1,402)
Net income/(loss)	3,684	(806)
Total changes during the period	2,251	(2,209)
Balance at the end of current period	27,413	25,158
Treasury stock		
Balance at the end of previous period	(80)	(843)
Changes during the period		
Acquisition of treasury stock	(770)	(489)
Disposal of treasury stock	7	0
Total changes during the period	(762)	(488)
Balance at the end of current period	(843)	(1,331)
Total Shareholders' equity		
Balance at the end of previous period	51,127	52,615
Increase/(decrease) resulted from changes in accounting methods for subsidiaries	-	(44)
Changes during the period		
Dividends paid	(1,432)	(1,402)
Net income/(loss)	3,684	(806)
Acquisition of treasury stock	(770)	(489)
Disposal of treasury stock	7	0
Total changes during the period	1,488	(2,698)
Balance at the end of current period	52,615	49,873



(million yen)

	FY 2008	FY 2009
	(Fiscal year ended March 31, 2008)	(Fiscal year ended March 31, 2009)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	758	36
Changes during the period		
Changes in items other than shareholders equity, net	(721)	(401)
Total changes during the period	(721)	(401)
Balance at the end of current period	36	(364)
Deferred gains and losses on hedged		
Balance at the end of previous period	(1)	2
Changes during the period		
Changes in items other than shareholders equity, net	3	(3)
Total changes during the period	3	(3)
Balance at the end of current period	2	(0)
Translation adjustment		
Balance at the end of previous period	1,029	(514)
Changes during the period		
Changes in items other than shareholders equity, net	(1,544)	(1,223)
Total changes during the period	(1,544)	(1,223)
Balance at the end of current period	(514)	(1,737)
Total valuation and translation adjustments		
Balance at the end of previous period	1,787	(475)
Changes during the period		
Changes in items other than shareholders equity, net	(2,262)	(1,627)
Total changes during the period	(2,262)	(1,627)
Balance at the end of current period	(475)	(2,103)
Minority interests		
Balance at the end of previous period	134	51
Changes during the period		
Changes in items other than shareholders equity, net	(83)	1,739
Total changes during the period	(83)	1,739
Balance at the end of current period	51	1,790
Total shareholders' equity		
Balance at the end of previous period	53,049	52,192
Increase/(decrease) resulted from changes in accounting methods for subsidiaries	-	(44)
Changes during the period		
Dividends paid	(1,432)	(1,402)
Net income/(loss)	3,684	(806)
Acquisition of treasury stock	(770)	(489)
Disposal of treasury stock	7	0
Changes in items other than shareholders equity, net	(2,345)	111
Total changes during the period	(857)	(2,586)
Balance at the end of current period	52,192	49,560

## (4) Statements of cash flows

(million yen)

	FY 2008 (Fiscal year ended March 31, 2008)	FY 2009 (Fiscal year ended March 31, 2009)
Operating activities		
Income before income taxes and minority interest	7,412	49
Depreciation and amortization	1,215	1,709
Loss on impairment of fixed assets	14	350
Amortization of goodwill	222	269
Increase/(decrease) in allowance for retirement benefits for employees	78	42
Increase/(decrease) in allowance for retirement benefits for directors and corporate auditors	(144)	84
Increase/(decrease) in accrued bonuses for directors and corporate auditors	(19)	(128)
Increase/(decrease) in allowance for doubtful receivable	267	198
Interest and dividend income	(365)	(240)
Interest expenses	128	192
Loss/(gain) on sale of fixed assets	(1,163)	(3)
Loss/(gain) on retirement of fixed assets	91	130
Cancellation refund of insurance policies	(500)	-
Withdrawal fees paid to an employees' pension fund	740	-
Loss/(gain) on sale of investment securities	(31)	(15)
Loss/(gain) on revaluation of investment securities	179	1,202
Decrease/(increase) in notes and accounts receivable – trade	(6,051)	13,149
Decrease/(increase) in inventories	(1,265)	2,980
Decrease/(increase) in accounts receivable – other	218	(262)
Increase/(decrease) in accrued expenses	10	319
Decrease/(increase) in uncollected consumption tax	389	363
Increase(decrease) in notes and accounts payable – trade	2,783	(11,578)
Decrease/(increase) in other current assets	(73)	(88)
Increase/(decrease) in other current liabilities	(134)	582
Others	102	180
Sub-total	4,108	9,487
Decrease/(increase) in advances	(430)	(311)
Decrease in deposits and guarantees relating to business operations	283	-
Interests and dividend received	374	239
Interests paid	(132)	(193)
Cancellation refund of insurance policies received	500	-
Withdrawal fees paid to an employees' pension fund	(740)	-
Income taxes – paid	(3,319)	(3,817)
Other income	(3)	29
Net cash provided by (used in) operating activities	640	5,435

(million yen)

	FY 2008 (Fiscal year ended March 31, 2008)	FY 2009 (Fiscal year ended March 31, 2009)
Investing activities		
Payment for purchase of property, plant and equipment	(1,503)	(2,540)
Proceeds from sale of property, plant and equipment	2,120	229
Payment for purchase of intangible assets	(320)	(656)
Payment for purchase of marketable securities	(850)	-
Proceeds from sale of marketable securities	960	-
Payment for purchase of investment securities	(1,400)	(195)
Proceeds from sale of investment securities	330	120
Proceeds from acquisition of securities of subsidiaries, which changed the scope of consolidation	(150)	-
Payment for acquisition of securities of subsidiaries, which changed the scope of consolidation	-	(440)
Payment from sale of securities of subsidiaries, which changed the scope of consolidation	(2)	-
Short term loans provided	(66)	(1,244)
Short-term loans collected	143	1,043
Long-term loans provided	(90)	(72)
Insurance reserve funded	(102)	(95)
Insurance reserve cancelled	59	19
Security deposits provided	(56)	(549)
Security deposits collected	120	278
Others	88	(109)
Net cash provided by (used in) investing activities	(718)	(4,212)
Financing activities		
Increase/(decrease) in short-term bank loans, net	5,583	(4,309)
Proceeds from long-term bank loans	-	5,000
Repayment of long-term bank loans	(2,659)	(2,123)
Payment for acquisition of treasury stock	(769)	(488)
Payment of dividends	(1,432)	(1,402)
Payment of dividends to minority shareholders	(10)	(47)
Payments from minority shareholders	37	-
Others	(30)	(35)
Net cash provided by (used in) financing activities	718	(3,407)
Effect of exchange rate changes on cash and cash equivalents	(1,186)	(457)
Increase/(decrease) in cash and cash equivalents	(546)	(2,642)
Cash and cash equivalents, beginning of period	14,558	14,011
Cash and cash equivalents, end of period	14,011	11,368

(5) Events or situations causing serious doubt about going-concern premise

None

(6) Basis of presenting the consolidated financial statements

1. Scope of consolidation

(1) Consolidated subsidiaries: 48

Major consolidated subsidiaries are not shown here because they are listed in "2. Corporate Group (1)." WORKBIT CORPORATION, SI ELECTRONICS, LTD., ADM Inc., ADM Electronics Hong Kong Limited and ADM Singapore Pte. Ltd. are consolidated because they were newly acquired and AD DEVICE (H.K.) LIMITED, KAGA EDUCATIONAL MARKETING CO., LTD. are consolidated because they were newly established. I-O DATA DEVICE USA, INC. is no longer consolidated because this company has been liquidated.

(2) Equity-method affiliates: 13

Major equity-method affiliates are not shown here because they are listed in "2. Corporate Group (2)." CyberFront Corporation and its four subsidiaries are newly classified as equity-method affiliates due to an additional investment by the Company.

(3) Fiscal years of consolidated subsidiaries

The fiscal year end is December 31 for consolidated subsidiaries KAGA DEVICES (H.K.) LTD., GUANGZHOU KEIDENKI LTD., KAGA (SHENZHEN) ELECTRONICS LTD., KAGA (SHANGHAI) ELECTRONICS CO., LTD., KAGA (SHENZHEN) ELECTRONICS TECHNOLOGY DEVELOPMENT CO., LTD., DONGGUAN POWERTEK ELECTRONICS CO., LTD., KAGA (DALIAN) ELECTRONICS CO., LTD., KAGA (SHENZHEN) TRADING CO., LTD., Kaga Impex, LLC, KAGA INSTRUMENTS SHANTOU CO., LTD., HANZAWA (HK) Ltd., HANZAWA (SZ) Ltd. and three other consolidated subsidiaries. The financial statements as of the end of this fiscal year are used to prepare the consolidated financial statements. However, adjustments are made as necessary to the consolidated financial statements for all significant transactions during the period from December 31 to March 31, which is the end of the fiscal year for the consolidated financial statements.

Due to changes to their fiscal year ends, WORKBIT CORPORATION had a transitional 13-month fiscal period from March 1, 2008 to March 31, 2009 and ADM Inc. had a transitional 8-month fiscal period from August 1, 2008 to March 31, 2009.

2. Significant Accounting Policies

(a) Valuation method for major assets

Inventories

Valuations of inventories held for sale in the ordinary course of business are determined primarily based on the cost method using the specific identification method (in which the book values of inventories are reduced to reflect declines in profitability) or the cost method using the moving-average method (in which the book values of inventories are reduced to reflect declines in profitability).

(Change in accounting method)

Beginning with the fiscal year that ended in March 2009, valuations of inventories held for sale in the ordinary course of business are determined in accordance with "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006). This change resulted in a decrease of 83 million yen each in operating income, ordinary income and income before income taxes. The effect on business segments is shown in the business segment information section.

(b) Depreciation method for major assets

Leased assets

Financial leases other than where ownership is transferred

Leased assets are depreciated using the straight-line method in which the lease period is the useful life and the residual value is zero. Financial leases other than where ownership is transferred that started prior to April 1, 2008 are accounted for using accounting methods for rental transactions.

No other notes are provided here because there have been no significant changes from the notes in the most recent official securities report that was filed June 27, 2008 with the Ministry of Finance.

(7) Changes in basis of presenting the consolidated financial statements

(Current treatment of foreign subsidiaries in the consolidated financial statements)

Beginning with the fiscal year that ended in March 2009, the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No. 18, May 17, 2006) has been applied and the consolidated financial statements revised as necessary. This change resulted in a decrease of 63 million yen each in operating income and ordinary income and an increase of 68 million yen in the net loss. The effect on business segments is shown in the business segment information section.

(Leasing transactions)

Financial leases other than leases where ownership is transferred were previously accounted for using accounting methods for rental transactions. Beginning with the fiscal year that ended in March 2009, "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, June 17, 1993, revised March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, January 18, 1994, revised March 30, 2007) were applied. As a result, financial leases other than leases where ownership is transferred are now accounted for using accounting methods applicable to ordinary buying and selling transactions. Financial leases other than where ownership is transferred that started prior to April 1, 2008 will continue to be accounted for using accounting methods for rental transactions. This change did not have a significant effect on earnings.

(8) Changes in method of presentation

(Consolidated balance sheet)

Due to the application of "Amendments of Regulations Concerning Terminology, Forms and Method of Preparation for Financial Statements" (Cabinet Ordinance No. 50, August 7, 2008), the item presented as "Inventories" in the prior fiscal year is divided into "Merchandize and finished goods," "Goods in progress," and "Raw materials and other supplies" beginning with the fiscal year that ended in March 2009. As of March 31, 2008, "Inventories" included "Merchandize and finished goods," "Goods in progress," and "Raw materials and other supplies" in the amounts of 15,998 million yen, 506 million yen and 3,672 million yen, respectively.

(Consolidated statement of income)

In the previous fiscal year, "Cancellation refund of insurance policies" was presented as a separate item. However, since this item was less than one-tenth of total extraordinary losses (these refunds totaled 6 million yen) in the fiscal year that ended in March 2009, it is included in the "Others" item of extraordinary losses.

(Consolidated statement of cash flows)

In the fiscal year that ended in March 2009, in the operating activities section, the "Cancellation refund of insurance policies" and "Cancellation refund of insurance policies received" items are included in "Others" and "Other income" respectively, because these items are not monetarily significant. "Others" includes a 6 million yen deduction for "Cancellation refund of insurance policies" and "Other income" includes a 6 million yen addition from "Cancellation refund of insurance policies received."

In the fiscal year that ended in March 2009, in the operating activities section, the "Decrease in deposits and guarantees relating to business operations" item is included in "Other income" because this item is not monetarily significant. In the fiscal year that ended in March 2009, "Other income" includes "Decrease in deposits and guarantees relating to business operations" in the amount of 23 million yen.

(9) Precaution concerning the consolidated financial statements

(Items not disclosed)

There are no notes concerning the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows, lease transactions, related party transactions, tax-effect accounting, securities, derivative transactions and retirement benefits because the Company believes there is no significant need to disclose this information in this report.

# Segment information

## (a) Operating segment information

Operating segment information is not presented for the previous fiscal year and the current fiscal year since the Kaga Electronics Group has been engaged in a single sector generally described as the manufacturing and sale of electronics merchandise and products.

## (b) Geographical segment information

For the previous fiscal year (April 1, 2007 – March 31, 2008)

(million yen)

	Japan	North America	Europe	East Asia	Total	Eliminations or Corporate	Consolidated
I. Sales and operating income (loss)							
Net sales							
(1) (of which to outside customers)	234,105	1,011	2,545	53,667	291,331	-	291,331
(2) (of which inter-segment)	16,504	404	142	9,424	26,476	(26,476)	-
Total	250,610	1,415	2,688	63,092	317,807	(26,476)	291,331
Operating expenses	245,201	1,549	2,872	60,755	310,378	(26,833)	283,544
Operating income (loss)	5,409	(133)	(184)	2,337	7,429	356	7,786
II. Assets	107,044	389	1,852	25,604	134,891	(4,467)	130,423

### Notes:

- Countries and regions are classified according to geographical proximity.
  - Countries and regions outside Japan are broken down into the following geographical areas:
    - North America: United States
    - Europe: United Kingdom, Czech Republic, and Russia
    - East Asia: Hong Kong, Singapore, Taiwan, Korea, China, Malaysia, and Thailand
  - Assets included in Eliminations and Corporate amounted to 4,554 million yen in the current fiscal year, which primarily consist of surplus working capital (cash and marketable securities) and long-term investment securities (investment securities and contribution to investment partnerships), among others.
  - Change in depreciation methods for property, plant and equipment
- Due to amendments to the Corporation Tax Law, beginning with the fiscal year that ended in March 2009, the Company and its consolidated subsidiaries in Japan are using the method designated in this amended law for the depreciation of property, plant and equipment acquired on or after April 1, 2007. This change did not have a significant effect on earnings.

For the current fiscal year (April 1, 2008– March 31, 2009)

(million yen)

	Japan	North America	Europe	East Asia	Total	Eliminations or Corporate	Consolidated
1. Sales and operating income (loss)							
Net sales							
(1) (of which to outside customers)	223,812	326	3,624	45,847	273,610	-	273,610
(2) (of which inter-segment)	14,326	204	54	9,945	24,531	(24,531)	-
Total	238,138	530	3,679	55,792	298,141	(24,531)	273,610
Operating expenses	236,628	629	3,731	54,975	295,964	(24,604)	271,360
Operating income (loss)	1,509	(98)	(51)	816	2,176	73	2,249
2. Assets	97,919	276	819	20,544	119,559	(2,308)	117,251

### Notes:

- Countries and regions are classified according to geographical proximity.
- Countries and regions outside Japan are broken down into the following geographical areas:
  - North America: United States
  - Europe: United Kingdom, Czech Republic, and Russia
  - East Asia: Hong Kong, Singapore, Taiwan, Korea, China, Malaysia, and Thailand
- Assets included in Eliminations and Corporate amounted to 3,160 million yen in the current fiscal year, which primarily consist of surplus working capital (cash and marketable securities) and long-term investment securities (investment securities and contribution to investment partnerships), among others.

#### 4. Change in accounting method

(Accounting standard for valuation of inventories)

As was stated in “Basis of presenting the consolidated financial statements” 2. (a), beginning with the fiscal year that ended in March 2009, “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006) has been applied. This change resulted in a decrease of 83 million yen in operating income in Japan compared with the previous method.

(Current treatment of foreign subsidiaries in the consolidated financial statements)

As was stated in “Changes in basis of presenting the consolidated financial statements,” beginning with the fiscal year that ended in March 2009, the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No. 18, May 17, 2006) has been applied and the consolidated financial statements revised as necessary. This change resulted in a decrease of 63 million yen in operating income in East Asia compared with the previous method.

#### Overseas sales

For the previous fiscal year (April 1, 2007 – March 31, 2008)

(million yen)

	North America	Europe	East Asia	Total
I. Overseas sales	2,532	4,646	65,260	72,439
II. Consolidated sales	-	-	-	291,331
III. Share of overseas sales in total sales (%)	0.9	1.6	22.4	24.9

Notes:

- Countries and regions are classified according to geographical proximity.
- Countries and regions outside Japan are broken down into the following geographical areas:
  - North America: United States
  - Europe: United Kingdom, Czech Republic, and Russia
  - East Asia: Hong Kong, Singapore, Taiwan, Korea, China, Malaysia, and Thailand
- Overseas sales refer to sales posted by the Company and its consolidated subsidiaries in countries and regions outside Japan.

For the current fiscal year (April 1, 2008 – March 31, 2009)

(million yen)

	North America	Europe	East Asia	Total
1. Overseas sales	3,094	4,840	63,088	71,023
2. Consolidated sales	-	-	-	273,610
3. Share of overseas sales in total sales (%)	1.1	1.8	23.1	26.0

Notes:

- Countries and regions are classified according to geographical proximity.
- Countries and regions outside Japan are broken down into the following geographical areas:
  - North America: United States
  - Europe: United Kingdom, Czech Republic, and Russia
  - East Asia: Hong Kong, Singapore, Taiwan, Korea, China, Malaysia, and Thailand
- Overseas sales refer to sales posted by the Company and its consolidated subsidiaries in countries and regions outside Japan.

Per-share information

(yen)

Item	FY 2008 (For the year ended March 31, 2008)	FY 2009 (For the year ended March 31, 2009)
Net assets per share	1,858.26	1,730.98
Net income per share (basic)	128.93	28.91
	Net income per share (diluted) is not presented, since there is no potential stock.	Net income per share (diluted) is not presented, since it is net loss and there is no potential stock.

Note: The basis for calculating net income (loss) per share is as follows.

	FY 2008 (For the year ended March 31, 2008)	FY 2009 (For the year ended March 31, 2009)
Net income per share (basic)		
Net income/(loss) (million yen)	3,684	(806)
Net income not available to common shareholders (million yen)	-	-
Net income/(loss) available to common shareholders (million yen)	3,684	(806)
Weighted average number of shares outstanding	28,575,283	27,911,323

Subsequent events

None



## 5. Non-consolidated Financial Statements

### (1) Balance sheets

(million yen)

	FY 2008 (As of March 31, 2008)	FY 2009 (As of March 31, 2009)
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	4,061	3,929
Notes receivable – trade	5,251	4,297
Accounts receivable – trade	40,522	34,367
Marketable securities	84	58
Inventories	4,770	-
Merchandise	-	3,566
Goods in progress	-	211
Supplies	-	11
Advances	493	883
Prepaid expenses	147	156
Deferred tax assets	710	929
Short-term loans	52	194
Short-term loans to affiliates	15,595	13,604
Accounts receivable – other	3,792	5,000
Consumption taxes uncollected	281	70
Others	20	32
Allowance for doubtful receivables	(985)	(1,244)
Total current assets	74,800	66,069
Fixed assets		
Property, plant and equipment		
Buildings	505	516
Accumulated depreciation	(199)	(239)
Buildings, net	305	276
Structures	17	40
Accumulated depreciation	(10)	(15)
Structures, net	6	25
Vehicles	126	150
Accumulated depreciation	(93)	(115)
Vehicles, net	32	34
Tools and office furniture	332	581
Accumulated depreciation	(227)	(276)
Tools and office furniture, net	104	304
Land	161	161
Total property, plant and equipment	611	801
Intangible assets		
Goodwill	12	96
Trade mark rights	2	11
Software	319	317
Telephone rights	26	26
Others	166	99
Total intangible assets	527	553

(million yen)

	FY 2008 (As of March 31, 2008)	FY 2009 (As of March 31, 2009)
Investments and other assets		
Investment securities	5,591	4,102
Affiliate stock	10,355	8,335
Contribution to capital	79	59
Contribution to affiliate capital	103	32
Long-term loans	279	271
Long-term loans to employees	1	-
Long-term loans to affiliates	-	4,223
Long-term prepaid expenses	2	4
Claims in bankruptcy	245	278
Deferred tax assets	1,849	973
Security deposits	923	1,313
Insurance reserve	834	921
Golf memberships	398	396
Allowance for doubtful receivables	(627)	(4,886)
Allowance for loss on investment	(2,589)	(313)
Total investments and other assets	17,450	15,713
Total fixed assets	18,588	17,068
Total assets	93,388	83,138

(million yen)

	FY 2008 (As of March 31, 2008)	FY 2009 (As of March 31, 2009)
<b>LIABILITIES</b>		
Current liabilities		
Notes payable trade	5,978	5,265
Accounts payable trade	27,930	24,037
Short-term bank loans	10,070	6,559
Short-term loans from affiliates	646	3,267
Current portion of long-term debt	1,562	1,625
Accounts payable	1,445	1,149
Accrued expenses	871	1,081
Income taxes payable	1,659	42
Advances received	342	835
Deposits received	71	97
Accrued bonuses for directors and corporate auditors	120	-
Others	3	1
Total current liabilities	50,702	43,962
Long-term liabilities		
Long-term bank loans	625	3,500
Allowance for retirement benefits for employees	363	404
Allowance for retirement benefits for directors and corporate auditors	935	991
Others	2	26
Total long-term liabilities	1,926	4,922
Total liabilities	52,629	48,884
<b>NET ASSETS</b>		
Shareholders' equity		
Paid-in capital	12,133	12,133
Capital surplus		
Capital legal reserve	13,912	13,912
Other capital surplus	0	0
Total capital surplus	13,912	13,912
Retained earnings		
Earned legal reserve	618	618
Other earned surplus		
General reserve	11,660	12,860
Unappropriated retained earnings	3,250	(3,710)
Total retained earnings	15,529	9,767
Treasury stock	(843)	(1,331)
Total shareholders' equity	40,731	34,482
Valuation and translation adjustments		
Valuation differences on available-for sales securities	25	(228)
Deferred gain or losses on hedges	2	(0)
Total valuation and translation adjustments	27	(228)
Total net assets	40,759	34,253
Total liabilities and net assets	93,388	83,138

## (2) Statements of income

(million yen)

	FY 2008 (Fiscal year ended March 31, 2008)	FY 2009 (Fiscal year ended March 31, 2009)
Net sales	133,854	126,262
Cost of sales		
Inventory at the beginning of the period	5,754	4,697
Purchases during the period	118,181	113,328
Total	123,936	118,026
Transfers	64	152
Inventory at the end of the period	4,770	3,778
Cost of sales - Merchandise	119,100	114,094
Gross profit	14,753	12,167
Selling, general and administrative expenses	8,839	9,147
Operating income	5,914	3,020
Non-operating income		
Interest income	252	250
Dividend income	1,064	1,289
Exchange income	-	65
Others	180	156
Total non-operating income	1,497	1,761
Non-operating expenses		
Interest expense	129	194
Loss on revaluation of marketable securities	69	25
Exchange loss	138	-
Management loss at investment association	110	93
Amortization of investments in unconsolidated subsidiaries	81	79
Others	39	8
Total non-operating expenses	568	403
Ordinary income	6,842	4,378
Extraordinary income		
Gain on sale of investment securities	32	16
Cancellation refund of insurance policies	500	-
Others	12	-
Total of extraordinary income	544	16
Extraordinary losses		
Loss on retirement of fixed assets	4	12
Loss on revaluation of investment securities	170	1,038
Loss on revaluation of subsidiaries' shares	317	4,193
Transfer to allowance for loss on investment	1,273	30
Transfer to allowance for bad receivable to affiliates	344	2,358
Withdrawal fees paid to an employees' pension fund	701	-
Head office moving expenses	-	227
Others	41	36
Total of extraordinary losses	2,854	7,895
Income/(loss) before income taxes and minority interests	4,532	(3,500)
Income, inhabitants and enterprise taxes	2,453	23
Income tax adjustment	(421)	833
Total taxes	2,032	857
Net income/(loss)	2,500	(4,358)

## (3) Statement of Changes in Shareholders' Equity

(million yen)

	FY 2008 (Fiscal year ended March 31, 2008)	FY 2009 (Fiscal year ended March 31, 2009)
Shareholders' equity		
Common stock		
Balance at the end of previous period	12,133	12,133
Balance at the end of current period	12,133	12,133
Capital surplus		
Capital reserve		
Balance at the end of previous period	13,912	13,912
Balance at the end of current period	13,912	13,912
Other capital surplus		
Balance at the end of previous period	0	0
Changes during the period		
Disposal of treasury stock	0	0
Total changes during the period	0	0
Balance at the end of current period	0	0
Total capital surplus		
Balance at the end of previous period	13,912	13,912
Changes during the period		
Disposal of treasury stock	0	0
Total changes during the period	0	0
Balance at the end of current period	13,912	13,912
Retained earnings		
Earned legal reserve		
Balance at the end of previous period	618	618
Balance at the end of current period	618	618
Other retained earnings		
Reserve for interim dividend		
Balance at the end of previous period	10,460	11,660
Changes during the period		
General reserve	1,200	1,200
Total changes during the period	1,200	1,200
Balance at the end of current period	11,660	12,860
Retained earnings brought forward		
Balance at the end of previous period	3,382	3,250
Changes during the period		
Dividends paid	(1,432)	(1,402)
General reserve	(1,200)	(1,200)
Net income/(loss)	2,500	(4,358)
Total changes during the period	(132)	(6,961)
Balance at the end of current period	3,250	(3,710)
Total retained earnings		
Balance at the end of previous period	14,461	15,529
Changes during the period		
Dividends paid	(1,432)	(1,402)
Net income/(loss)	2,500	(4,358)
Total changes during the period	1,067	(5,761)
Balance at the end of current period	15,529	9,767

(million yen)

	FY 2008 (Fiscal year ended March 31, 2008)	FY 2009 (Fiscal year ended March 31, 2009)
Treasury stock		
Balance at the end of previous period	(80)	(843)
Changes during the period		
Acquisition of treasury stock	(770)	(489)
Disposal of treasury stock	7	0
Total changes during the period	(762)	(488)
Balance at the end of current period	(843)	(1,331)
Total Shareholders' equity		
Balance at the end of previous period	40,426	40,731
Changes during the period		
Dividends paid	(1,432)	(1,402)
Net income/(loss)	2,500	(4,358)
Acquisition of treasury stock	(770)	(489)
Disposal of treasury stock	7	0
Total changes during the period	305	(6,249)
Balance at the end of current period	40,731	34,482
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	715	25
Changes during the period		
Changes in items other than shareholders equity, net	(689)	(253)
Total changes during the period	(689)	(253)
Balance at the end of current period	25	(228)
Deferred gains and losses on hedged		
Balance at the end of previous period	(1)	2
Changes during the period		
Changes in items other than shareholders equity, net	3	(2)
Total changes during the period	3	(2)
Balance at the end of current period	2	(0)
Total valuation and translation adjustments		
Balance at the end of previous period	714	27
Changes during the period		
Changes in items other than shareholders equity, net	(686)	(256)
Total changes during the period	(686)	(256)
Balance at the end of current period	27	(228)
Total net asset		
Balance at the end of previous period	41,140	40,759
Changes during the period		
Dividends paid	(1,432)	(1,402)
Net income/(loss)	2,500	(4,358)
Acquisition of treasury stock	(770)	(489)
Disposal of treasury stock	7	0
Changes in items other than shareholders equity, net	(686)	(256)
Total changes during the period	(381)	(6,506)
Balance at the end of current period	40,759	34,253

(4) Events or situations causing serious doubt about going-concern premise

None

(5) Changes in method of presentation

(Balance sheet)

Due to the application of “ Amendments of Regulations Concerning Terminology, Forms and Method of Preparation for Financial Statements ” (Cabinet Ordinance No. 50, August 7, 2008), the item presented as “ Inventories ” in the prior fiscal year is divided into “ Inventories ” and “ Goods in progress ” beginning with the fiscal year that ended in March 2009. As of March 31, 2008, “ Inventories ” and “ Goods in progress ” were 4,668 million yen and 101 million yen, respectively.

#### **6. Others**

None