

## Summary of Consolidated Financial Results For the Year Ended March 2010

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
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Date of regular general meeting of shareholders:	June 29, 2010
Date of commencement of dividend payment (tentative):	June 30, 2010
Date of filing of securities report:	June 30, 2010

(Yen in millions, rounded down)

**1. Financial results for the current fiscal year (April 1, 2009 – March 31, 2010)****(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 2010	239,391	(12.5)	1,582	(29.6)	1,280	(42.0)	(318)	-
Fiscal year ended March 2009	273,610	(6.1)	2,249	(71.1)	2,208	(68.6)	(806)	-

	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 2010	(11.55)	-	(0.7)	1.1	0.7
Fiscal year ended March 2009	(28.91)	-	(1.6)	1.8	0.8

Note: Equity in losses of affiliates

Fiscal year ended March 2010: 110 million yen

Fiscal year ended March 2009: 3 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, 2010	113,962	48,553	41.1	1,697.27
As of March 31, 2009	117,251	49,560	40.7	1,730.98

Note: Shareholders' equity

Fiscal year ended March 2010: 46,841 million yen

Fiscal year ended March 2009: 47,770 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 2010	5,728	(3,040)	(2,307)	11,797
Fiscal year ended March 2009	5,435	(4,212)	(3,407)	11,368

## 2. Dividends

	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 2009	-	25.00	-	15.00	40.00	1,115	-	2.2
Fiscal year ended March 2010	-	15.00	-	15.00	30.00	827	-	1.8
Fiscal year ending March 2011 (est.)	-	-	-	-	-		-	

Note: The estimated amount of dividend for FY2011 is not yet determined.

## 3. Forecast for the fiscal year ending March 2011 (Consolidated, April 1, 2010 - March 31, 2011)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	110,000	(3.4)	400	8.8	600	197.4	100	-	3.62
Full year	225,000	(6.0)	1,700	7.4	2,100	64.0	1,300	-	47.11

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

## 4. Others

- Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation):  
None
- 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)
  - Changes due to revision of accounting standards: Yes
  - Changes other than in (a): None

Note: See the section of the Basis of Presenting the Consolidated Financial Statements for details. (Page 19)

### 3. Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury stock)	As of March 31, 2010	28,702,118	As of March 31, 2009	28,702,118
(b) Treasury stock	As of March 31, 2010	1,103,943	As of March 31, 2009	1,105,038

Note: See the section of the Per-Share Information (Page 22) 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, 2009 - March 31, 2010)

(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 2010	91,291	(27.7)	110	(96.3)	1,741	(60.2)	(760)	-
Fiscal year ended March 2009	126,262	(5.7)	3,020	(48.9)	4,378	(36.0)	(4,358)	-

	Net income per share	Net income per share fully diluted
	Yen	Yen
Fiscal year ended March 2010	(27.55)	-
Fiscal year ended March 2009	(156.14)	-

(2) Financial Position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2010	70,870	32,744	46.2	1,186.49
As of March 31, 2009	83,138	34,253	41.2	1,241.14

Note: Shareholders' equity

Fiscal year ended March 2010: 32,744 million yen

Fiscal year ended March 2009: 34,253 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, 2011 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

In the 2010 fiscal year, which ended on March 31, 2010, there was a recovery in the global economy supported by the benefits of economic stimulus measures in the United States and other factors. However, more time will be needed for a full-scale recovery because the recovery in employment is still slow and the recovery in the housing market is taking longer than expected. The economy is recovering in Europe too due to strength in exports and consumer spending. However, the crisis in Greece and other events show that some sectors of the European economy are still difficult. East Asia is becoming the driving force behind global economic growth because of relatively steady growth as economies in China, India and other countries expand.

In Japan, the economy has been recovering because of strength in exports to China, the United States and other countries. But the outlook remains uncertain due to persistently high unemployment, exchange rate movements, deflationary forces and other factors.

In the electronics industry, there was higher demand for flat-panel TVs and other digital audio-visual products, eco-cars and other environmental products due to the benefits of programs by the Japanese government to promote sales of these products. The result was an increase in demand for components used in these products. In addition, there was a recovery across the entire electronics industry as manufacturers of electronic products completed inventory reductions, although there is an increasing tendency for buyers to prefer lower-priced products.

In this environment, the KAGA ELECTRONICS Group took actions to become more competitive. For example, new EMS factories were constructed in China and the Czech Republic in Eastern Europe to meet diversifying customer needs. In addition, actions were taken to conduct business operations more efficiently by having group companies work even more closely together. Group companies also added new products and expanded sales routes. Despite these initiatives, consolidated net sales decreased 12.5% to 239,391 million yen. Although actions were taken to cut costs, operating income was down 29.6% to 1,582 million yen and ordinary income fell 42.0% to 1,280 million yen. Due to income taxes and other items, there was a net loss of 318 million yen compared with a net loss of 806 million yen one year earlier.

#### Net sales by business segment

Business segment	FY 2009 (Fiscal year ended March 31, 2009)		FY 2010 (Fiscal year ended March 31, 2010)	
	Amount (million yen)	Proportion	Amount (million yen)	Proportion
Electronic components business	196,574	71.8%	164,036	68.5%
Information equipment business	77,035	28.2%	75,355	31.5%
Total	273,610	100.0%	239,391	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 2009 (Fiscal year ended March 31, 2009)		FY 2010 (Fiscal year ended March 31, 2010)	
	Amount (million yen)	Proportion	Amount (million yen)	Proportion
Information equipment	66,197	24.2%	64,169	26.8%
EMS	77,465	28.3%	60,910	25.4%
Semiconductors	61,837	22.6%	51,861	21.7%
General electronic components	36,024	13.2%	29,592	12.4%
Others	32,084	11.7%	32,857	13.7%
Total	273,610	100.0%	239,391	100.0%

#### Information equipment

Group companies stepped up activities to increase sales of PCs and peripherals following the October 2009 launch of Windows 7. Other activities were aimed at increasing sales of new products and services, including network construction and security systems, to operating companies, schools and the public sector. But sales were held down by a decline in the volume of PCs handled in the United States and other items. As a result, segment sales decreased 3.1% to 64,169 million yen.

#### EMS

Factories were constructed in Eastern Europe and Eastern China to support the growth of this business. But there was a large decline in orders received because of delays in product introductions and cuts in production volume by EMS client companies. For example, orders were down in Japan for LCD units for amusement equipment manufacturers and overseas for circuit boards for Japanese office equipment manufacturers. Segment sales were down 21.4% to 60,910 million yen.

#### Semiconductors

This segment includes the first full fiscal year contribution from ADM Inc., which is a semiconductor trading company that sells mainly analog devices and became a member of the KAGA ELECTRONICS Group in August 2008. However, there were declines in the volumes handled of image processing ICs for amusement equipment and ICs for digital audio-visual products caused by revisions to specifications by some client companies. The result was a 16.1% decrease in segment sales to 51,861 million yen.

#### General electronic components

There was an increase in sales of components used in data terminals. However, sales of components were lower to amusement equipment manufacturers in Japan and Japanese office equipment manufacturers in China as these companies reduced production volume. Segment sales decreased 17.9% to 29,592 million yen.

#### Others

Sales in this segment includes TOKYO DENDEN KOUGYOU, LTD. (renamed KAGA TECHNO SERVICE CO., LTD. on April 1, 2010), which installs electrical and communications equipment. This company joined the KAGA ELECTRONICS Group in June 2009. In addition, there were strong sales from terrestrial digital TV reception construction work for owners of apartment buildings and from sales of amusement devices. The result was a 2.4% increase in segment sales to 32,857 million yen.

Performance by geographic segment was as follows.

##### 1) Japan

Japan's economy is recovering mainly because of growth in exports to China and the United States. But the outlook is uncertain because of high unemployment, the strength of the yen, deflationary forces and other factors. Performance in Japan benefited from the addition of new products and the inclusion of sales from newly consolidated subsidiaries. However, there were declines in sales of ICs used in digital audio-visual products, sales of PCs and EMS orders received from amusement equipment manufacturers. Sales in Japan decreased 11.5% to 210,826 million yen and operating income was down 56.9% to 651 million yen.

##### 2) North America

In the United States, the economy is recovering because of economic stimulus measures. But the improvement in employment is still weak and the recovery in the housing market is going slowly. As a result, a full-scale recovery is unlikely to take place soon. Due to a downturn in orders for components used in amusement equipment and for other products, sales were down 29.2% to 375 million yen and there was an operating loss of 121 million yen compared with a loss of 98 million yen one year earlier.

##### 3) Europe

Economies in Europe recovered owing to strength in exports and consumer spending in major European countries. But the economic picture remains challenging in some respects as shown by the crisis in Greece. Orders in the EMS business for circuit boards and other products were down as manufacturers of electronics products of all types cut production in the first half of the fiscal year. Sales decreased 16.3% to 3,079 million yen and there was an operating loss of 77 million yen compared with a loss of 51 million yen one year earlier.

##### 4) East Asia

East Asia is becoming an increasingly important source of global economic growth because of ongoing economic expansion in China, India and other emerging countries. Orders in the EMS business were down for office equipment, climate control equipment and other products as Japanese manufacturers in this region reduced production volumes. Sales decreased 11.8% to 49,189 million yen and operating income decreased 35.6% to 525 million yen.

#### (2) Forecast for fiscal year ending March 2011

The outlook for the global economy is unclear, although a moderate recovery is expected that is backed by economic growth in China and other emerging countries. In Japan, there are hopes for a continuation in the export-led recovery. But the outlook is uncertain because of the yen's strength, high unemployment, deflation and other issues. In the electronics industry, the recovery is expected to continue with the support of exports. Nevertheless, the outlook remains uncertain due to the slow pace of the recovery in capital expenditures, increasing preference of buyers for lower-priced products and other reasons. To overcome these challenges, KAGA ELECTRONICS Group companies are working more closely together and taking steps aimed at capturing synergies in order to improve efficiency. The group is also adding new products and rebuilding unprofitable subsidiaries with the aim of operating more efficiently.

Based on this outlook, the Group's current forecast for the fiscal year ending in March 2011 is as follows.

Net sales by product category (FY2010 Actual vs. FY2011 Projection)

Product category	FY 2010 Actual (Fiscal year ended March 31, 2010)		FY 2011 Projection (Fiscal year ending March 31, 2011)	
	Amount (million yen)	Share	Amount (million yen)	Share
Information equipment	64,169	26.8%	47,000	20.9%
EMS	60,910	25.4%	70,000	31.1%
Semiconductors	51,861	21.7%	58,000	25.8%
General electronic components	29,592	12.4%	20,000	8.9%
Others	32,857	13.7%	30,000	13.3%
Total	239,391	100.0%	225,000	100.0%

(3) Analysis of financial condition

a. Assets, liabilities and net assets

Total assets were 113,962 million yen at the end of March 2010, 3,289 million yen less than one year earlier. This decrease was attributable mainly to a decline in notes and accounts receivable-trade.

Liabilities decreased 2,281 million yen to 65,408 million yen mainly because of a decline in notes and accounts payable-trade and the repayment of long-term bank loans.

Net assets decreased 1,007 million yen to 48,553 million yen mainly because of dividend payments.

b. Cash flows

There was a net increase of 428 million yen, or 3.8%, in cash and cash equivalents to 11,797 million yen at the end of March 2010. The following is a summary of cash flows in the fiscal year.

(Operating activities)

Net cash provided by operating activities was 5,728 million yen compared with 5,435 million yen one year earlier. The difference was due mainly to a decrease in notes and accounts receivable-trade.

(Investing activities)

Net cash used in investing activities was 3,040 million yen compared with 4,212 million yen one year earlier. The primary use of cash was payments for the purchase of property, plant and equipment.

(Financing activities)

Net cash used in financing activities was 2,307 million yen compared with 3,407 million yen one year earlier. The primary use of cash was repayments of long-term bank loans.

Cash flow index trends (for reference)

	Fiscal year ended March 2006	Fiscal year ended March 2007	Fiscal year ended March 2008	Fiscal year ended March 2009	Fiscal year ended March 2010
Shareholders' equity ratio	41.7%	42.1%	40.0%	40.7%	41.1%
Shareholders' equity ratio at market value	72.0%	48.2%	28.4%	18.8%	24.4%
Debt repayment multiple	0.59 years	-	19.24 years	2.38 years	2.01 years
Interest coverage ratio	62.8	-	4.8	28.1	43.6

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 2007 because operating cash flows were negative in these fiscal years.

(4) Fundamental policy for earnings allocations and dividends in the fiscal years 2010 and 2011

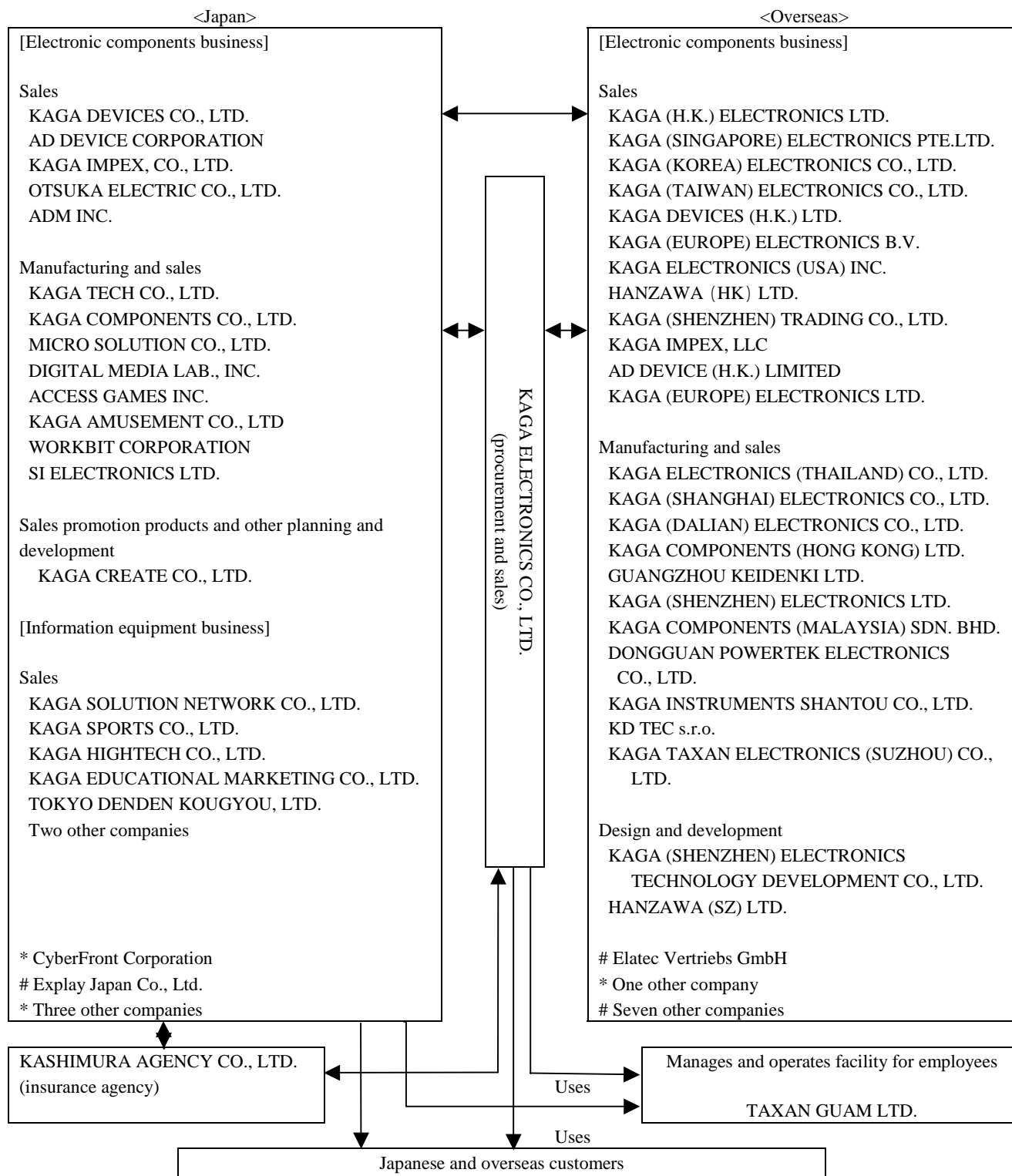
The Company's fundamental policy is to pay a steady and consistent dividend to shareholders that reflect consolidated performance as well as the need to establish a more powerful financial position and base of operations from a long-term stable perspective.

However, based on performance in the fiscal year 2010 and the outlook for the following fiscal years, the Company plans to pay a year-end dividend of 15 yen per share. With the interim dividend of 15 yen per share, this will result in an annual dividend of 30 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 (22 in Japan, 26 overseas), 5 equity-method affiliates (4 in Japan, 1 overseas), and 9 affiliates that are not accounted for using the equity method (1 in Japan, 8 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.



(Notes) \*: Equity-method affiliates.  
 #: Affiliates that are not accounted for using the equity method.  
 All other companies are consolidated subsidiaries.



(1) The following consolidated subsidiaries became our group company during the fiscal year that ended in March 2010.

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]  KAGA (EUROPE) ELECTRONICS LTD. (Note 2)	Wokingham U.K.	GBP 600,000	Sales of electronic components and electronic devices	100.0	4	-	Mutual supply of certain products sold by this company and the Company	-
KD TEC s.r.o. (Note 3)	Kydne Czech Republic	CZK12,000,000	Assembly of electrical and electronic units, sale of electronic components	100.0	-	-	-	-
KAGA TAXAN ELECTRONICS (SUZHOU) CO., LTD. (Note 4)	Jiaxing China	CNY20,490,000	Manufacture and sale of electronic components, etc	100.0 (Note 1) (66.7)	3	-	-	-
[Information equipment business]  TOKYO DENDEN KOUGYOU, LTD. (Note 5)	Sumida-ku Tokyo	JPN 42,000,000	Installation of electrical and communications equipment and interior decoration work	100.0 (Note 1) (100.0)	1	-	Mutual supply of certain products sold by this company and the Company	-

Notes:

- Figures in parentheses in the column showing voting rights of the subsidiary are the indirect percentages.
- KAGA (EUROPE) ELECTRONICS LTD. was established on April 1, 2009 for the purpose of improving the efficiency of management and business operations in Europe. KAGA (EUROPE) ELECTRONICS B.V. is currently undergoing liquidation.
- KD TEC s.r.o. was established on April 27, 2009 for the purpose of expanding business operations in Europe.
- KAGA TAXAN ELECTRONICS (SUZHOU) CO., LTD. was established on July 9, 2009 by affiliate KAGA (SHANGHAI) ELECTRONICS CO., LTD. as an EMS manufacturing base in eastern China.
- TOKYO DENDEN KOUGYOU, LTD. became an indirectly owned subsidiary on June 8, 2009 following the purchase of its stock by affiliate KAGA SOLUTION NETWORK CO., LTD. TOKYO DENDEN KOUGYOU was renamed KAGA TECHNO SERVICE CO., LTD. on April 1, 2010.
- ADM Singapore Pte. Ltd., which was a consolidated subsidiary in the previous fiscal year, merged with consolidated subsidiary KAGA (SINGAPORE) ELECTRONICS PTE. LTD. on April 1, 2009 with the latter company as the remaining company. In addition, KGF CO., LTD. is no longer an affiliate because the Company sold its KGF shares on March 31, 2010. ADM Electronics Hong Kong Limited, which was a consolidated subsidiary in the previous fiscal year, was liquidated on January 15, 2010.
- Starting in the second quarter of the fiscal year that ended in March 2010, Elatec Vertriebs GmbH and its six group companies were no longer accounted for using the equity method. These companies do not have a material effect on consolidated earnings or retained earnings and the Group has an extremely low level of participation in the management of these companies.

### 3. Management Policies

#### (1) Fundamental management policy

Based on the management philosophy of “Everything we do, we do for our customers,” the KAGA ELECTRONICS Group is guided by the fundamental policy of “remaining a company that contributes to the happiness of all stakeholders, including shareholders, customers and employees, and fulfills its responsibilities to society.” The Group is dedicated to growing consistently by responding with speed and agility to globalization of the economy and the rapidly changing electronics industry. To accomplish this, the Group will expand its network in Japan and overseas and deepen ties among Group companies to enhance collective strengths. The Group also has a strong commitment to corporate social responsibility, positioning compliance and protecting the global environment as important elements of its operations.

Based on the above management philosophy and fundamental management policy, the companies of the KAGA ELECTRONICS Group, which are active primarily in the electronics industry, seek to improve their results of operations while cooperating with each other by doing business 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 stated in its fundamental management policy, the Group is dedicated to upgrading group management in accordance with the FYT and 3G concepts with the goal of continuing to grow. The Group is also committed 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 2009 (As of March 31, 2009)	FY 2010 (As of March 31, 2010)
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	11,378	11,917
Notes and accounts receivable-trade	61,053	59,214
Marketable securities	58	69
Merchandise and furnished goods	13,969	14,483
Goods in progress	577	647
Raw materials and other supplies	3,749	3,011
Deferred tax assets	994	866
Others	8,017	6,813
Allowance for doubtful receivables	(159)	(184)
Total current assets	99,639	96,838
Fixed assets		
Property, plant and equipment		
Buildings and structures	3,348	3,720
Accumulated depreciation	(1,026)	(1,135)
Buildings and structures, net	2,321	2,584
Machinery, equipment and vehicles	3,622	3,491
Accumulated depreciation	(2,135)	(2,002)
Machinery, equipment and vehicles, net	1,486	1,489
Tools, furniture and fixtures	2,759	3,272
Accumulated depreciation	(1,729)	(2,328)
Tools, furniture and fixtures, net	1,029	944
Land	1,324	1,297
Construction in progress	6	119
Total property, plant and equipment	6,168	6,434
Intangible assets		
Goodwill	884	484
Software	878	686
Others	152	731
Total intangible assets	1,914	1,901
Investments and other assets		
Investment securities	4,854	4,607
Deferred tax assets	346	249
Security deposits	2,410	2,149
Insurance reserve	964	1,056
Others	2,300	2,284
Allowance for doubtful receivables	(1,347)	(1,559)
Total investments and other assets	9,528	8,786
Total fixed assets	17,612	17,123
Total assets	117,251	113,962

(million yen)

	FY 2009 (As of March 31, 2009)	FY 2010 (As of March 31, 2010)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable-trade	44,772	43,535
Short-term bank loans	9,291	8,935
Accrued expenses	2,562	2,134
Income taxes payable	949	1,049
Allowance for directors' and corporate auditors' bonuses	9	20
Others	2,936	3,103
Total current liabilities	60,521	58,779
Long-term liabilities		
Long-term bank loans	3,620	2,500
Deferred tax liabilities	354	593
Allowance for retirement benefits for employees	1,342	1,432
Allowance for retirement benefits for directors and corporate auditors	1,122	1,222
Others	729	881
Total long-term liabilities	7,168	6,629
Total liabilities	67,690	65,408
<b>NET ASSETS</b>		
Shareholder's equity		
Paid-in capital	12,133	12,133
Capital surplus	13,912	13,912
Retained earnings	25,158	24,012
Treasury stock	(1,331)	(1,332)
Total shareholder's equity	49,873	48,726
Valuation and translation adjustments		
Valuation differences on available-for-sales securities	(364)	(195)
Deferred gains or losses on hedges	(0)	8
Foreign currency translation adjustments	(1,737)	(1,697)
Total valuation and translation adjustments	(2,103)	(1,884)
Minority interests	1,790	1,711
Total net assets	49,560	48,553
Total liabilities and net assets	117,251	113,962

## (2) Statements of income

(million yen)

	FY 2009 (Fiscal year ended March 31, 2009)	FY 2010 (Fiscal year ended March 31, 2010)
Net sales	273,610	239,391
Cost of sales	243,226	211,153
Gross profit	30,383	28,237
Selling, general and administrative expenses	28,134	26,655
Operating income	2,249	1,582
Non-operating income		
Interest income	130	66
Dividend income	109	86
Commission income	133	137
Amortization of negative goodwill	-	82
Others	479	342
Total non-operating income	854	714
Non-operating expenses		
Interest expense	192	131
Management loss at investment association	93	67
Foreign exchange losses	495	574
Equity in losses of affiliates	-	110
Others	114	132
Total non-operating expenses	896	1,016
Ordinary income	2,208	1,280
Extraordinary income		
Gain on sales of fixed assets	4	18
Gain on sales of investment securities	17	481
Gain on liquidation of affiliates	38	-
Others	10	45
Total extraordinary income	70	545
Extraordinary losses		
Loss on retirement of fixed assets	130	10
Loss on revaluation of investment securities	1,202	219
Loss on impairment of fixed assets	350	146
Head office moving expenses	330	-
Others	216	53
Total extraordinary losses	2,229	429
Income before income taxes and minority interests	49	1,396
Income, inhabitants and enterprise taxes	1,459	1,411
Income tax adjustment	(364)	347
Total taxes	1,094	1,759
Minority interests in income (loss) of consolidated subsidiaries	(238)	(43)
Net income (loss)	(806)	(318)

## (3) Statement of changes in consolidated shareholders' equity

(million yen)

	FY 2009	FY 2010
	(Fiscal year ended March 31, 2009)	(Fiscal year ended March 31, 2010)
Shareholders' equity		
Paid-in capital		
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	27,413	25,158
Increase (decrease) due to changes in accounting treatment at overseas subsidiaries	(44)	-
Changes during the period		
Dividends paid	(1,402)	(827)
Net income (loss)	(806)	(318)
Total changes during the period	(2,209)	(1,146)
Balance at the end of current period	25,158	24,012
Treasury stock		
Balance at the end of previous period	(843)	(1,331)
Changes during the period		
Acquisition of treasury stock	(489)	(1)
Disposal of treasury stock	0	1
Total changes during the period	(488)	(0)
Balance at the end of current period	(1,331)	(1,332)
Total Shareholders' equity		
Balance at the end of previous period	52,615	49,873
Increase (decrease) due to changes in accounting treatment at overseas subsidiaries	(44)	-
Changes during the period		
Dividends paid	(1,402)	(827)
Net income (loss)	(806)	(318)
Acquisition of treasury stock	(489)	(1)
Disposal of treasury stock	0	1
Total changes during the period	(2,698)	(1,146)
Balance at the end of current period	49,873	48,726

(million yen)

	FY 2009	FY 2010
	(Fiscal year ended March 31, 2009)	(Fiscal year ended March 31, 2010)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	36	(364)
Changes during the period		
Net changes of items other than shareholders' equity	(401)	168
Total changes during the period	(401)	168
Balance at the end of current period	(364)	(195)
Deferred gains or losses on hedged		
Balance at the end of previous period	2	(0)
Changes during the period		
Net changes of items other than shareholders' equity	(3)	9
Total changes during the period	(3)	9
Balance at the end of current period	(0)	8
Foreign currency translation adjustments		
Balance at the end of previous period	(514)	(1,737)
Changes during the period		
Net changes of items other than shareholders' equity	(1,223)	40
Total changes during the period	(1,223)	40
Balance at the end of current period	(1,737)	(1,697)
Total valuation and translation adjustments		
Balance at the end of previous period	(475)	(2,103)
Changes during the period		
Net changes of items other than shareholders' equity	(1,627)	218
Total changes during the period	(1,627)	218
Balance at the end of current period	(2,103)	(1,884)
Minority interests		
Balance at the end of previous period	51	1,790
Changes during the period		
Net changes of items other than shareholders' equity	1,739	(79)
Total changes during the period	1,739	(79)
Balance at the end of current period	1,790	1,711
Total net assets		
Balance at the end of previous period	52,192	49,560
Increase (decrease) due to changes in accounting treatment at overseas subsidiaries	(44)	-
Changes during the period		
Dividends paid	(1,402)	(827)
Net income (loss)	(806)	(318)
Acquisition of treasury stock	(489)	(1)
Disposal of treasury stock	0	1
Net changes of items other than shareholders' equity	111	139
Total changes during the period	(2,586)	(1,007)
Balance at the end of current period	49,560	48,553



## (4) Statements of cash flows

(million yen)

	FY 2009 (Fiscal year ended Mar. 31, 2009)	FY 2010 (Fiscal year ended Mar. 31, 2010)
Operating activities		
Income before income taxes and minority interest	49	1,396
Depreciation and amortization	1,709	2,050
Loss on impairment of fixed assets	350	146
Amortization of goodwill	269	223
Increase (decrease) in allowance for retirement benefits for employees	42	67
Increase (decrease) in allowance for retirement benefits for directors and corporate auditors	84	92
Increase (decrease) in accrued bonuses for directors and corporate auditors	(128)	10
Increase (decrease) in allowance for doubtful receivable	198	268
Interest and dividend income	(240)	(152)
Interest expenses	192	131
Loss (gain) on sales of property, plant and equipment	(3)	(16)
Loss on retirement of fixed assets	130	10
Loss (gain) on sales of investment securities	(15)	(464)
Loss (gain) on revaluation of investment securities	1,202	219
Decrease (increase) in notes and accounts receivable—trade	13,149	2,303
Decrease (increase) in inventories	2,980	102
Increase (decrease) in notes and accounts payable—trade	(11,578)	(1,270)
Decrease (increase) in accounts receivable—other	(262)	1,203
Increase (decrease) in accrued expenses	319	(212)
Decrease (increase) in consumption taxes refund receivable	363	187
Decrease (increase) in other current assets	(88)	6
Increase (decrease) in other current liabilities	582	748
Others	180	213
Sub-total	9,487	7,265
Decrease (increase) in advance payments	(311)	(344)
Interests and dividend received	239	146
Interests paid	(193)	(131)
Income taxes—paid	(3,817)	(1,343)
Others	29	135
Net cash provided by (used in) operating activities	5,435	5,728

(million yen)

	FY 2009	FY 2010
	(Fiscal year ended Mar. 31, 2009)	(Fiscal year ended Mar. 31, 2010)
Investing activities		
Payments into time deposits	-	(120)
Payment for purchase of property, plant and equipment	(2,540)	(2,498)
Proceeds from sales of property, plant and equipment	229	104
Payment for purchase of intangible assets	(656)	(723)
Payment for purchase of investment securities	(195)	(888)
Proceeds from sales of investment securities	120	1,550
Payment from sales of securities of subsidiaries, which changed the scope of consolidation	-	(11)
Payment for acquisition of securities of subsidiaries, which changed the scope of consolidation	(652)	-
Proceeds from acquisition of securities of subsidiaries, which changed the scope of consolidation	212	164
Short-term loans provided	(1,244)	(757)
Short-term loans collected	1,043	468
Long-term loans provided	(72)	(18)
Insurance reserve funded	(95)	(123)
Insurance reserve cancelled	19	1
Security deposits provided	(549)	(858)
Security deposits collected	278	698
Others	(109)	-
Other payments	-	(102)
Other proceeds	-	74
Net cash provided by (used in) investing activities	(4,212)	(3,040)
Financing activities		
Increase (decrease) in short-term bank loans	(4,309)	483
Proceeds from long-term bank loans	5,000	-
Repayment of long-term bank loans	(2,123)	(1,905)
Payment for acquisition of treasury stock	(488)	(0)
Payment of dividends	(1,402)	(827)
Payment of dividends to minority shareholders	(47)	(42)
Others	(35)	(16)
Net cash provided by (used in) financing activities	(3,407)	(2,307)
Effect of exchange rate changes on cash and cash equivalents	(457)	49
Increase (decrease) in cash and cash equivalents	(2,642)	428
Cash and cash equivalents, beginning of period	14,011	11,368
Cash and cash equivalents, end of period	11,368	11,797

(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.” TOKYO DENDEN KOUGYOU, LTD. and TTS Co., Ltd. are consolidated because they were newly acquired and KAGA (EUROPE) ELECTRONICS LTD., KD TEC s.r.o. and KAGA TAXAN ELECTRONICS (SUZHOU) CO., LTD. are consolidated because they were newly established. Ginga Fund Partnership is no longer consolidated because it was dissolved, ADM Singapore Pte. Ltd. is no longer consolidated because it merged with KAGA (SINGAPORE) ELECTRONICS PTE. LTD., which is the surviving company, TTS Co., Ltd. and ADM Electronics Hong Kong Limited are no longer consolidated because they were liquidated, and KGF CO., LTD. is no longer consolidated because it was sold.

(2) Equity-method affiliates: 5

Major equity-method affiliates are not shown here because they are listed in “2. Corporate Group.” Elatec Vertriebs GmbH and its six group companies are no longer classified as equity-method affiliates because these companies do not have a material effect on consolidated earnings or retained earnings and the Group has an extremely low level of participation in the management of these companies.

(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., N.Y. SALAD Production Committee, N.Y. SALAD II Production Committee, Kaga Impex, LLC, KAGA INSTRUMENTS SHANTOU CO., LTD., HANZAWA (HK) Ltd., HANZAWA (SZ) Ltd., and KAGA TAXAN ELECTRONICS (SUZHOU) CO., LTD. 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 year for the consolidated financial statements.

2. Significant Accounting Policies

Standard for posting significant allowances

Allowance for retirement benefits for employees

To prepare for the payment of employees' retirement benefits, the Company and its consolidated subsidiaries posted retirement benefit liabilities and estimated retirement plan assets at the end of March 2010. Actuarial gains and losses are recognized as expenses starting in the following fiscal year in which each gain/loss occurs using the straight-line method over a fixed number of years (10) that is not more than the average remaining time of service for employees.

(Change in accounting method)

Beginning with the fiscal year that ended in March 2010, the Company has adopted “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3) (ASBJ Statement No. 19, July 31, 2008). Since actuarial gains and losses are amortized starting in the following fiscal year, this change has no effect on operating income, ordinary income or income before income taxes and minority interests.

No other changes in accounting methods are shown here because there are no other significant changes since the most recent Securities Report (issued on June 29, 2009).

(7) Changes in method of presentation

(Consolidated statement of income)

In the previous fiscal year, “Amortization of negative goodwill” was included in the “Others” item of non-operating income. Beginning with the fiscal year that ended in March 2010, this item is presented as a separate item in non-operating income because it became more than one-tenth of total non-operating income. “Amortization of negative goodwill” was 53 million yen in the fiscal year that ended in March 2009.

In the previous fiscal year, “Equity in losses of affiliates” was included in the “Others” item of non-operating expenses. Beginning with the fiscal year that ended in March 2010, this item is presented as a separate item in non-operating expenses because it became more than one-tenth of total non-operating expenses. “Equity in losses of affiliates” was 3 million yen in the fiscal year that ended in March 2009.

(Consolidated statement of cash flows)

The “Other payments” and “Other proceeds” items in cash flows from investing activities were included in the “Others” item in the fiscal year that ended in March 2009. Beginning with the fiscal year that ended in March 2010, these items are presented separately due to their greater importance. In the fiscal year that ended in March 2009, the “Others” item included “Other payments” of 161 million yen and “Other proceeds” of 67 million yen.

(8) 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, financial products, securities, derivative transactions, retirement benefits and real estate for leasing, etc. because the Company believes there is no significant need to provide 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, 2008 – March 31, 2009)

(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)	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
II. Assets	98,543	276	819	20,544	120,183	(2,932)	117,251

Notes:

1. Countries and regions are classified according to geographical proximity.

2. Countries and regions outside Japan are broken down into the following geographical areas:

(1) North America: United States

(2) Europe: United Kingdom, Czech Republic, and Russia

(3) East Asia: Hong Kong, Singapore, Taiwan, Korea, China, Malaysia, and Thailand

3. Assets included in Eliminations and Corporate amounted to 2,536 million yen in the current fiscal year, which primarily consist of surplus working capital (cash and cash equivalents, marketable securities) and long-term investment securities (investment securities, 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.

For the current fiscal year (April 1, 2009 – March 31, 2010)

(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)	194,586	262	3,042	41,499	239,391	-	239,391
(2) (of which inter-segment)	16,239	113	37	7,689	24,079	(24,079)	-
Total	210,826	375	3,079	49,189	263,470	(24,079)	239,391
Operating expenses	210,174	497	3,157	48,663	262,493	(24,684)	237,808
Operating income (loss)	651	(121)	(77)	525	977	605	1,582
II. Assets	94,428	225	1,422	23,994	120,071	(6,109)	113,962

Notes:

1. Countries and regions are classified according to geographical proximity.
2. Countries and regions outside Japan are broken down into the following geographical areas:
  - (1) North America: United States
  - (2) Europe: United Kingdom, Czech Republic, and Russia
  - (3) East Asia: Hong Kong, Singapore, Taiwan, Korea, China, Malaysia, and Thailand
3. Assets included in Eliminations and Corporate amounted to 2,654 million yen in the current fiscal year, which primarily consist of surplus working capital (cash and cash equivalents, marketable securities) and long-term investment securities (investment securities, contribution to investment partnerships), among others.

Overseas sales

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

(million yen)

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

Notes:

1. Countries and regions are classified according to geographical proximity.
2. Countries and regions outside Japan are broken down into the following geographical areas:
  - (1) North America: United States
  - (2) Europe: United Kingdom, Czech Republic, and Russia
  - (3) East Asia: Hong Kong, Singapore, Taiwan, Korea, China, Malaysia, and Thailand
3. 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, 2009 – March 31, 2010)

(million yen)

	North America	Europe	East Asia	Total
I. Overseas sales	2,456	3,486	52,282	58,225
II. Consolidated sales	-	-	-	239,391
III. Share of overseas sales in total sales (%)	1.0	1.5	21.8	24.3

Notes:

1. Countries and regions are classified according to geographical proximity.
2. Countries and regions outside Japan are broken down into the following geographical areas:
  - (1) North America: United States
  - (2) Europe: United Kingdom, Czech Republic, and Russia
  - (3) East Asia: Hong Kong, Singapore, Taiwan, Korea, China, Malaysia, and Thailand
3. 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 2009 (For the year ended March 31, 2009)	FY 2010 (For the year ended March 31, 2010)
Net assets per share	1,730.98	1,697.27
Net income (loss) per share	(28.91)	(11.55)
	Net income per share (diluted) is not presented, since it is net loss and 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 2009 (For the year ended March 31, 2009)	FY 2010 (For the year ended March 31, 2010)
Net income per share		
Net income (loss) (million yen)	(806)	(318)
Net income (loss) not available to common shareholders (million yen)	-	-
Net income (loss) available to common shareholders (million yen)	(806)	(318)
Weighted average number of shares outstanding	27,911,323	27,596,924

Subsequent events

None

## 5. Non-consolidated Financial Statements

### (1) Balance sheets

(million yen)

	FY 2009 (As of March 31, 2009)	FY 2010 (As of March 31, 2010)
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	3,929	5,085
Notes receivable-trade	4,297	3,394
Accounts receivable-trade	34,367	24,567
Marketable securities	58	69
Merchandise	3,566	4,178
Goods in progress	211	220
Supplies	11	-
Advance payments-trade	883	1,195
Prepaid expenses	156	191
Deferred tax assets	929	579
Short-term loans	194	454
Short-term loans to affiliates	13,604	13,554
Accounts receivable-other	5,000	4,150
Consumption taxes receivable	70	161
Others	32	16
Allowance for doubtful receivables	(1,244)	(2,729)
Total current assets	66,069	55,090
Fixed assets		
Property, plant and equipment		
Buildings	516	678
Accumulated depreciation	(239)	(213)
Buildings, net	276	465
Structures	40	36
Accumulated depreciation	(15)	(16)
Structures, net	25	19
Vehicles	150	169
Accumulated depreciation	(115)	(124)
Vehicles, net	34	44
Tools, furniture and fixtures	581	784
Accumulated depreciation	(276)	(398)
Tools, furniture and fixtures, net	304	386
Land	161	161
Total property, plant and equipment	801	1,077
Intangible assets		
Goodwill	96	-
Trade mark rights	11	12
Software	317	227
Telephone rights	26	26
Others	99	76
Total intangible assets	553	343

(million yen)

	FY 2009 (As of March 31, 2009)	FY 2010 (As of March 31, 2010)
Investments and other assets		
Investment securities	4,102	3,856
Affiliate stock	8,335	8,637
Contribution to capital	59	34
Contribution to affiliate capital	32	6
Long-term loans	271	238
Long-term loans to affiliates	4,223	3,498
Long-term prepaid expenses	4	42
Claims in bankruptcy	278	266
Deferred tax assets	973	707
Security deposits	1,313	1,062
Insurance reserve	921	988
Golf memberships	396	396
Others	-	0
Allowance for doubtful receivables	(4,886)	(4,137)
Allowance for loss on investment	(313)	(1,239)
Total investments and other assets	15,713	14,358
Total fixed assets	17,068	15,779
Total assets	83,138	70,870
LIABILITIES		
Current liabilities		
Notes payable-trade	5,265	2,727
Accounts payable-trade	24,037	17,917
Short-term bank loans	6,559	6,877
Short-term loans from affiliates	3,267	2,118
Current portion of long-term debt	1,625	1,000
Accounts payable-other	1,149	1,528
Accrued expenses	1,081	748
Income taxes payable	42	77
Advances received	835	1,076
Deposits received	97	58
Others	1	8
Total current liabilities	43,962	34,138
Long-term liabilities		
Long-term bank loans	3,500	2,500
Allowance for retirement benefits for employees	404	437
Allowance for retirement benefits for directors and corporate auditors	991	1,046
Others	26	1
Total long-term liabilities	4,922	3,986
Total liabilities	48,884	38,125



(million yen)

	FY 2009 (As of March 31, 2009)	FY 2010 (As of March 31, 2010)
NET ASSETS		
Shareholder's 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 retained earnings		
General reserve	12,860	12,860
Retained earnings brought forward	(3,710)	(5,298)
Total retained earnings	9,767	8,179
Treasury stock	(1,331)	(1,332)
Total shareholder's equity	34,482	32,893
Valuation and translation adjustments		
Valuation differences on available-for-sales securities	(228)	(148)
Deferred gains or losses on hedges	(0)	(0)
Total valuation and translation adjustments	(228)	(148)
Total net assets	34,253	32,744
Total liabilities and net assets	83,138	70,870

## (2) Statements of income

(million yen)

	FY 2009 (Fiscal year ended Mar. 31, 2009)	FY 2010 (Fiscal year ended Mar. 31, 2010)
Net sales	126,262	91,291
Cost of sales		
Beginning goods	4,770	3,778
Cost of purchased goods	113,255	83,541
Total	118,026	87,319
Transfer to other account	152	104
Ending goods	3,778	4,399
Cost of goods sold	114,094	82,815
Gross profit	12,167	8,476
Selling, general and administrative expenses	9,147	8,365
Operating income	3,020	110
Non-operating income		
Interest income	250	121
Dividend income	1,289	1,582
Foreign exchange gains	65	-
Others	156	260
Total non-operating income	1,761	1,964
Non-operating expenses		
Interest expense	194	133
Loss on revaluation of marketable securities	25	-
Management loss at investment association	93	68
Amortization of investments in unconsolidated subsidiaries	79	23
Foreign exchange losses	-	82
Others	8	25
Total non-operating expenses	403	333
Ordinary income	4,378	1,741
Extraordinary income		
Gain on sales of investment securities	16	372
Total extraordinary income	16	372
Extraordinary losses		
Loss on retirement of fixed assets	12	3
Loss on revaluation of investment securities	1,038	217
Loss on revaluation of stocks of affiliates	4,193	73
Provision of allowance for investment loss	30	999
Provision of allowance for doubtful accounts for affiliates	2,358	865
Head office moving expenses	227	-
Others	36	56
Total extraordinary losses	7,895	2,216
Income (loss) before income taxes and minority interests	(3,500)	(102)
Income, inhabitants and enterprise taxes	23	96
Income tax adjustment	833	561
Total taxes	857	658
Net income (loss)	(4,358)	(760)

## (3) Statement of changes in shareholders' equity

(million yen)

	FY 2009 (Fiscal year ended March 31, 2009)	FY 2010 (Fiscal year ended March 31, 2010)
Shareholders' equity		
Paid-in capital		
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 legal 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		
General reserve		
Balance at the end of previous period	11,660	12,860
Changes during the period		
Provision of general reserve	1,200	-
Total changes during the period	1,200	-
Balance at the end of current period	12,860	12,860
Retained earnings brought forward		
Balance at the end of previous period	3,250	(3,710)
Changes during the period		
Provision of general reserve	(1,200)	-
Dividends paid	(1,402)	(827)
Net income (loss)	(4,358)	(760)
Total changes during the period	(6,961)	(1,588)
Balance at the end of current period	(3,710)	(5,298)
Total retained earnings		
Balance at the end of previous period	15,529	9,767
Changes during the period		
Provision of general reserve	-	-
Dividends paid	(1,402)	(827)
Net income (loss)	(4,358)	(760)
Total changes during the period	(5,761)	(1,588)
Balance at the end of current period	9,767	8,179

(million yen)

	FY 2009 (Fiscal year ended March 31, 2009)	FY 2010 (Fiscal year ended March 31, 2010)
Treasury stock		
Balance at the end of previous period	(843)	(1,331)
Changes during the period		
Acquisition of treasury stock	(489)	(0)
Disposal of treasury stock	0	0
Total changes during the period	(488)	(0)
Balance at the end of current period	(1,331)	(1,332)
Total Shareholders' equity		
Balance at the end of previous period	40,731	34,482
Changes during the period		
Dividends paid	(1,402)	(827)
Net income (loss)	(4,358)	(760)
Acquisition of treasury stock	(489)	(0)
Disposal of treasury stock	0	0
Total changes during the period	(6,249)	(1,588)
Balance at the end of current period	34,482	32,893
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	25	(228)
Changes during the period		
Net changes of items other than shareholders' equity	(253)	79
Total changes during the period	(253)	79
Balance at the end of current period	(228)	(148)
Deferred gains or losses on hedged		
Balance at the end of previous period	2	(0)
Changes during the period		
Net changes of items other than shareholders' equity	(2)	(0)
Total changes during the period	(2)	(0)
Balance at the end of current period	(0)	(0)
Total valuation and translation adjustments		
Balance at the end of previous period	27	(228)
Changes during the period		
Net changes of items other than shareholders' equity	(256)	79
Total changes during the period	(256)	79
Balance at the end of current period	(228)	(148)
Total net asset		
Balance at the end of previous period	40,759	34,253
Changes during the period		
Dividends paid	(1,402)	(827)
Net income (loss)	(4,358)	(760)
Acquisition of treasury stock	(489)	(0)
Disposal of treasury stock	0	0
Net changes of items other than shareholders' equity	(256)	79
Total changes during the period	(6,506)	(1,508)
Balance at the end of current period	34,253	32,744

## **6. Others**

1. Director transfers
  - a. Changes in Representative Directors  
None
  - b. Changes in other Directors  
Candidate for auditor positions  
Standing auditor: Kikuo Sumino  
  
Retiring Auditor  
Auditor: Hiroo Fujita
  - c. Effective date  
June 29, 2010
2. Others:  
None