

Summary of Consolidated Financial Results For the First Quarter Ended June 2010

Name of Company:	KAGA ELECTRONICS CO., LTD.
Stock Code:	8154
Stock Exchange Listing:	Tokyo Stock Exchange, First Section
URL:	http://www.taxan.co.jp/
Representative	
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Date of quarterly securities report	August 11, 2010
Date of commencement of dividend payment (tentative):	—
Quarterly earnings supplementary explanatory documents:	None
Quarterly earnings presentation:	None

(Yen in millions, rounded down)

1. Financial results for the first quarter ended June 2010 (April 1, 2010 – June 30, 2010)

(1) Result of operations (Consolidated, year-to-date) (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 %
First quarter ended June 2010	59,692	10.4	916	-	993	-	552	-
First quarter ended June 2009	54,062	(16.1)	(253)	-	(281)	-	(640)	-

	Net income per share	Net income per share fully diluted
	Yen	Yen
First quarter ended June 2010	20.02	-
First quarter ended June 2009	(23.22)	-

(2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
First quarter ended June 2010	112,476	47,955	41.1	1,676.32
Fiscal year ended March 2010	113,962	48,553	41.1	1,697.27

Note: Shareholders' equity

As of June 30, 2010 : 46,263 million yen

As of March 31, 2010 : 46,841 million yen

2. Dividends

Reference date	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 2010	-	15.00	-	15.00	30.00
Fiscal year ending March 2011	-	-	-	-	-
Fiscal year ending March 2011 (est.)	-	-	-	-	-

Notes: Change in the estimation of dividend for the fiscal year in this period: No
The estimated amount of dividend for FY2011 is not yet determined.

3. Forecast for the fiscal year ending March 2011 (Consolidated, April 1, 2010 to 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	116,000	1.8	1,100	199.2	1,400	594.0	600	-	21.74
Full year	225,000	(6.0)	1,700	7.4	2,100	64.0	1,300	-	47.10

Note: Change in the forecast made in this period : Yes

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

4. Others (Please refer to page 1 “Others” for details.)

(1) Changes in significant subsidiaries: None

Note: This section shows whether or not there is a change in Specified Subsidiaries that led to the change of the consolidation scope during the current quarter.

(2) Use of simple method in accounting procedures and application of accounting procedures specific to the quarterly consolidated financial statements: None

Note: This section shows the use of any simplified accounting method, or the use of any peculiar accounting method for consolidated financial statements.

(3) Changes in accounting principles and procedures, presentation methods and other items in the preparation of the quarterly consolidated financial statements.

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

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

Note: Items to be disclosed in “Significant Changes in the Basis of Presenting Quarterly Consolidated Financial Statement”

(4) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury stock)

As of June 30, 2010: 28,702,118

As of March 31, 2010: 28,702,118

(b) Treasury stock

As of June 30, 2010: 1,103,964

As of March 31, 2010: 1,103,943

(c) Average number of shares (quarterly consolidated cumulative period)

Period ended June 30, 2010: 27,598,187

Period ended June 30, 2009: 27,597,047

*Description of quarterly review procedure implementation status

It is under the quarterly review procedure process based upon the Financial Instruments and Exchange Act at the time of disclosure of this report.

*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.

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.

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1. Others

(1) Outline of changes in Significant Accounting Policies, Procedures and Presentation

• Changes in accounting standard

From the first quarter of the fiscal year ending March 31,2011, KAGA ELECTRONICS Group applies the “Accounting Standard for Asset Removal Obligations”(ASBJ Statement No.18 of March 31,2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No.21 of March 31, 2008).

As a result, the operating income and the ordinary income have decreased for 11 million yen, and the income before income tax and minority interests has decreased for 49 million yen.

5. Quarterly Consolidated Financial Statements

(1) Quarterly Balance sheet

(million yen)

	First quarter ended June 2010 (As of June 30, 2010)	Fiscal year ended March 2010 (As of March 31, 2010)
ASSETS		
Current assets		
Cash and cash equivalents	12,269	11,917
Notes and accounts receivable-trade	55,561	59,214
Marketable securities	65	69
Merchandise and finished goods	14,576	14,483
Work in process	961	647
Raw materials and other supplies	3,587	3,011
Deferred tax assets	781	866
Others	7,185	6,813
Allowance for doubtful receivables	(260)	(184)
Total current assets	94,729	96,838
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	2,669	2,584
Machinery, equipment and vehicles, net	1,447	1,489
Tools and office furniture, net	1,232	944
Land	1,297	1,297
Construction in progress	469	119
Total property, plant and equipment	7,115	6,434
Intangible assets		
Goodwill	484	484
Software	799	686
Others	976	731
Total intangible assets	2,260	1,901
Investments and other assets		
Investment securities	4,157	4,607
Deferred tax assets	298	249
Others	5,454	5,490
Allowance for doubtful receivables	(1,540)	(1,559)
Total investments and other assets	8,370	8,786
Total fixed assets	17,746	17,123
Total assets	112,476	113,962

(million yen)

	First quarter ended June 2010 (As of June 30, 2010)	Fiscal year ended March 2010 (As of March 31, 2010)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	44,857	43,535
Short-term bank loans	6,841	8,935
Income taxes payable	527	1,049
Allowance for directors' and corporate auditors' bonuses	108	20
Others	5,358	5,237
Total current liabilities	57,692	58,779
Long-term liabilities		
Long-term bank loans	2,387	2,500
Allowance for retirement benefits for employees	1,452	1,432
Allowance for retirement benefits for directors and corporate auditors	1,234	1,222
Asset removal obligation	215	-
Others	1,538	1,474
Total long-term liabilities	6,828	6,629
Total liabilities	64,521	65,408
NET ASSETS		
Shareholder's equity		
Paid-in capital	12,133	12,133
Capital surplus	13,912	13,912
Retained earnings	24,150	24,012
Treasury stock	(1,332)	(1,332)
Total shareholder's equity	48,864	48,726
Valuation and translation adjustments		
Valuation differences on available-for-sales securities	(370)	(195)
Deferred gains or losses on hedges	(14)	8
Foreign currency translation adjustments	(2,216)	(1,697)
Total valuation and translation adjustments	(2,601)	(1,884)
Subscription rights to shares	1	-
Minority interests	1,690	1,711
Total net assets	47,955	48,553
Total liabilities and net assets	112,476	113,962

(2) Quarterly statements of income
For the first quarter ended June 2010

(million yen)

	First quarter ended June 2009 (April 1, 2009 – June 30, 2009)	First quarter ended June 2010 (April 1, 2010 – June 30, 2010)
Net sales	54,062	59,692
Cost of sales	47,615	51,900
Gross profit	6,447	7,792
Selling, general and administrative expenses	6,700	6,875
Operating income (loss)	(253)	916
Non-operating income		
Interest income	14	15
Dividend income	32	31
Commission income	-	50
Others	112	99
Total non-operating income	158	196
Non-operating expenses		
Interest expense	33	25
Loss in foreign exchange	75	55
Others	78	38
Total non-operating expenses	186	119
Ordinary income (loss)	(281)	993
Extraordinary income		
Gain on sale of investment securities	51	-
Compensation income	40	140
Gain on foreign currency translation adjustments for liquidation of subsidiaries	-	109
Others	22	1
Total extraordinary income	113	250
Extraordinary losses		
Loss on retirement of fixed assets	1	10
Loss on revaluation of investment securities	87	90
Loss on adjustment for change of accounting standard for asset removal obligations	-	38
Others	1	21
Total extraordinary losses	89	160
Income (loss) before income taxes and minority interests	(257)	1083
Income, inhabitants and enterprise taxes	263	386
Income tax adjustment	162	127
Total taxes	425	514
Income(loss) before minority interests	-	568
Minority interests in income (loss) of consolidated subsidiaries	(42)	16
Net income (loss)	(640)	552

(3) Notes to ongoing concern assumptions
None

(4) Notes on significant change in shareholders' equity
None