

Summary of Consolidated Financial Results For the Third Quarter Ended December 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	Title: President & COO
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Date of quarterly securities report:	February 10, 2011
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 third quarter ended December 2010 (April 1, 2010 – December 31, 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 %
Third quarter ended December 2010	177,535	1.5	3,208	263.2	3,130	295.7	1,431	-
Third quarter ended December 2009	174,926	(17.2)	883	(78.0)	791	(77.5)	(792)	-

	Net income per share	Net income per share fully diluted
	Yen	Yen
Third quarter ended December 2010	51.86	-
Third quarter ended December 2009	(28.71)	-

(2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Third quarter ended December 2010	117,318	47,993	39.5	1,677.04
Fiscal year ended March 2010	113,962	48,553	41.1	1,697.27

Notes: Shareholders' equity

As of December 31, 2010 46,282 million yen

As of March 31, 2010 46,841 million yen

2. Dividends

	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	-	15.00	-	-	-
Fiscal year ending March 2011 (est.)	-	-	-	15.00	30.00

Note: Change in the estimation of dividend for the fiscal year in this period: None

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
Full year	230,000	(3.9)	3,300	108.5	3,200	149.9	1,800	-	65.22

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

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: Note: Changes in accounting principles, procedures, presentation methods and other items for preparation of the quarterly consolidated financial statements that are listed in the section titled Changes to the Basis for Presenting the Quarterly Consolidated Financial Statements.

(4) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury stock)

As of December 31, 2010:	28,702,118	As of March 31, 2010:	28,702,118
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(b) Treasury stock

As of December 31, 2010:	1,104,462	As of March 31, 2010:	1,103,943
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(c) Average number of shares (consolidated three quarters cumulative)

Period ended December 31, 2010:	27,598,022	Period ended December 31, 2009:	27,596,733
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*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

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.

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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 32 million yen, and the income before income tax and minority interests has decreased for 70 million yen.

2. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheet

(million yen)

	Third quarter ended December 2010 (As of December 31, 2010)	Fiscal year ended March 2010 (As of March 31, 2010)
ASSETS		
Current assets		
Cash and cash equivalents	13,835	11,917
Notes and accounts receivable-trade	53,669	59,214
Marketable securities	115	69
Merchandise and finished goods	16,676	14,483
Work in process	786	647
Raw materials and other supplies	3,837	3,011
Deferred tax assets	745	866
Others	6,393	6,813
Allowance for doubtful receivables	(173)	(184)
Total current assets	95,886	96,838
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	2,506	2,584
Machinery, equipment and vehicles, net	1,637	1,489
Tools, furniture and fixtures, net	1,075	944
Land	4,099	1,297
Construction in progress	469	119
Total property, plant and equipment	9,788	6,434
Intangible assets		
Goodwill	516	484
Software	732	686
Others	1,247	731
Total intangible assets	2,496	1,901
Investments and other assets		
Investment securities	4,490	4,607
Deferred tax assets	282	249
Others	5,885	5,490
Allowance for doubtful receivables	(1,510)	(1,559)
Total investments and other assets	9,148	8,786
Total fixed assets	21,432	17,123
Total assets	117,318	113,962

(million yen)

	Third quarter ended December 2010 (As of December 31, 2010)	Fiscal year ended March 2010 (As of March 31, 2010)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	42,276	43,535
Short-term bank loans	10,314	8,935
Income taxes payable	881	1,049
Allowance for directors' and corporate auditors' bonuses	146	20
Others	6,098	5,237
Total current liabilities	59,717	58,779
Long-term liabilities		
Long-term bank loans	5,094	2,500
Allowance for retirement benefits for employees	1,514	1,432
Allowance for retirement benefits for directors and corporate auditors	1,270	1,222
Asset removal obligations	224	-
Others	1,503	1,474
Total long-term liabilities	9,608	6,629
Total liabilities	69,325	65,408
NET ASSETS		
Shareholder's equity		
Paid-in capital	12,133	12,133
Capital surplus	13,912	13,912
Retained earnings	24,615	24,012
Treasury stock	(1,332)	(1,332)
Total shareholder's equity	49,328	48,726
Valuation and translation adjustments		
Valuation differences on available-for-sales securities	(172)	(195)
Deferred gains or losses on hedges	(27)	8
Foreign currency translation adjustments	(2,846)	(1,697)
Total valuation and translation adjustments	(3,046)	(1,884)
Subscription rights to shares	0	-
Minority interests	1,710	1,711
Total net assets	47,993	48,553
Total liabilities and net assets	117,318	113,962

(2) Quarterly consolidated statements of income
For the third quarter (April 1, 2010 – December 31, 2010)

(million yen)

	Third quarter ended December 2009 (April 1, 2009 – December 31, 2009)	Third quarter ended December 2010 (April 1, 2010 – December 31, 2010)
Net sales	174,926	177,535
Cost of sales	154,235	154,293
Gross profit	20,690	23,241
Selling, general and administrative expenses	19,807	20,033
Operating income	883	3,208
Non-operating income		
Interest income	49	49
Dividend income	80	63
Commission income	-	164
Others	398	279
Total non-operating income	528	557
Non-operating expenses		
Interest expense	100	79
Foreign exchange losses	358	468
Others	162	87
Total non-operating expenses	620	635
Ordinary income	791	3,130
Extraordinary income		
Gain on sales of noncurrent assets	16	17
Gain on sales of investment securities	69	12
Compensation income	40	140
Gain on foreign currency translation adjustments for liquidation of subsidiaries	-	101
Total extraordinary income	126	272
Extraordinary losses		
Loss on retirement of fixed assets	5	12
Loss on revaluation of investment securities	196	383
Loss on impairment of fixed assets	106	-
Others	24	101
Total extraordinary losses	332	497
Income before income taxes and minority interests	584	2,905
Income, inhabitants and enterprise taxes	915	1,192
Income tax adjustment	514	244
Total taxes	1,430	1,436
Income (loss) before minority interests	-	1,468
Minority interests in income (loss) of consolidated subsidiaries	(53)	37
Net income (loss)	(792)	1,431

(3) Notes to ongoing concern assumptions
None

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