

Summary of Consolidated Financial Results For the Year Ended March 2011 [Japan GAAP]

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 Stock Code: 8154 URL: <http://www.taxan.co.jp/>
 Stock Exchange Listing: Tokyo Stock Exchange, First Section
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 Date of regular general meeting of shareholders: June 29, 2011 (tentative)
 Date of commencement of dividend payment: June 30, 2011 (tentative)
 Date of filing of securities report: June 29, 2011 (tentative)
 Supplementary explanatory documents: Yes
 Earnings presentation: Yes (For institutional investors)

(Yen in millions, rounded down)

1. Financial results for the current fiscal year (April 1, 2010 – March 31, 2011)

(1) Result of operations (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 2011	237,951	(0.6)	3,563	125.2	3,738	192.0	1,854	-
Fiscal year ended March 2010	239,391	(12.5)	1,582	(29.6)	1,280	(42.0)	(318)	-

Note: Comprehensive income: FY ended March 31, 2011: 908 million yen (-%), FY ended March 31, 2010: -139 million yen (-%)

	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 2011	67.20	-	4.0	3.3	1.5
Fiscal year ended March 2010	(11.55)	-	(0.7)	1.1	0.7

Note: Equity in losses of affiliates FY ended March 2011: -million yen FY ended March 2010: 110 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, 2011	114,686	48,598	40.9	1,700.68
As of March 31, 2010	113,962	48,553	41.1	1,697.27

Note: Shareholders' equity FY ended March 2011: 46,934 million yen FY ended March 2010: 46,841 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 2011	6,321	(6,369)	478	11,796
Fiscal year ended March 2010	5,728	(3,040)	(2,307)	11,797

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 2010	-	15.00	-	15.00	30.00	827	-	1.8
Fiscal year ended March 2011	-	15.00	-	15.00	30.00	827	44.6	1.8
Fiscal year ending March 2012 (est.)	-	-	-	-	-		-	

Note: The estimated amount of dividend for FY2012 is not yet determined.

3. Forecast for the fiscal year ending March 2012 (Consolidated, April 1, 2011 - March 31, 2012)

Note: It is not possible to determine a reasonable forecast for consolidated results of operations at this time due to the impact of the Great East Japan Earthquake of March 11, 2011. An announcement will be made when it becomes possible to determine a forecast.

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

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

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

(3) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury stock) As of March 31, 2011: 28,702,118 As of March 31, 2010: 28,702,118

(b) Treasury stock As of March 31, 2011: 1,104,656 As of March 31, 2010: 1,103,943

(c) Average number of shares outstanding during the year As of March 31, 2011: 27,597,906 As of March 31, 2010: 27,596,924

Non-consolidated Financial Results (For reference)

1. Financial results for the current fiscal year (April 1, 2010 – March 31, 2011)

(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 2011	95,194	4.3	1,125	917.5	2,852	63.8	2,068	-
Fiscal year ended March 2010	91,291	(27.7)	110	(96.3)	1,741	(60.2)	(760)	-

	Net income per share	Net income per share fully diluted
	yen	yen
Fiscal year ended March 2011	74.96	-
Fiscal year ended March 2010	(27.55)	-

(2) Financial Position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2011	71,850	33,924	47.2	1,229.26
As of March 31, 2010	70,870	32,744	46.2	1,186.49

Note: Shareholders' equity

Fiscal year ended March 2011: 33,924 million yen

Fiscal year ended March 2010: 32,744 million yen

*Status of implementation of audit procedures

The rule mandating audit procedures (under the Financial Instruments and Exchange Act) does not apply to this Summary of Financial Results.

The financial statements for the fiscal year were under audit procedures at the time this Summary of Financial Results was released.

*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. It is not possible to determine a reasonable forecast for dividends for the fiscal year ending March 2012 at this time due to the impact of the Great East Japan Earthquake of March 11, 2011. An announcement will be made when it becomes possible to determine a forecast.

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1. Results of Operations

(1) Overview on consolidated business performance

In the fiscal year that ended on March 31, 2011, the global economy recovered at a moderate pace as economies in China and other emerging countries expanded and economies in the United States and other industrialized countries were supported by economic stimulus measures. However, many sources of uncertainty emerged in the fiscal year's second half. Developments included an increasingly pronounced upturn in the cost of natural resources, instability in the Middle East, financial problems at EU member countries, the slowing pace of the U.S. economic recovery and measures taken by emerging countries to contain inflation. As a result, the economic outlook is unclear.

In Japan, the economy staged a recovery that was backed by the benefits of the government's economic stimulus programs, increasing exports to emerging countries and a rebound in consumer spending. However, there are concerns about the economic outlook because of the high price of natural resources, the yen's strength and other issues. Amid these concerns, the economy quickly weakened at the end of the fiscal year because of the severe impact of the Great East Japan Earthquake of March 11.

In the electronics industry, sales of flat-panel TVs, air conditioners, refrigerators and other home appliances increased in Japan because of the eco-point program. In addition, markets expanded for digital products like Blu-ray recorders and information devices like tablet computers and smartphones. Although higher sales of these products increased demand for the associated semiconductors and electronic components, demand for home appliances and consumer electronics declined in the second half of the fiscal year because of the end of the eco-point program and other factors.

In this environment, the KAGA ELECTRONICS Group responded to the rapid changes in the electronics industry by taking actions based on its management philosophy of "Everything we do, we do for our customers." There were many management initiatives for the purpose of enabling the entire group to operate with greater speed, agility and efficiency. Actions included organizational changes to strengthen solidarity among group companies and measures to add new products and enlarge the product lineup.

Consolidated net sales decreased 0.6% to 237,951 million yen but operating income increased 125.2% to 3,563 million yen and ordinary income increased 190.0% to 3,738 million yen. In addition, net income improved to 1,854 million yen from a net loss of 318 million yen in the previous fiscal year.

Business segment performance was as follows.

- (a) Electronic components (Development, manufacture and sale of semiconductors, general electronic components and other products, electronic manufacturing service (EMS)*, and other activities)
In Japan, there was an increase in sales of semiconductors, electronic components and other parts used in digital consumer electronics, cell phones, PCs and amusement devices. Overseas, sales were higher in the climate control equipment sector and the EMS business in the office equipment sector. The addition of NUMATA (H.K.) CO., LTD. to the KAGA ELECTRONICS Group on October 1, 2010 also contributed to sales in this segment. The result was an 8.7% increase in segment sales to 171,576 million yen and a 224.2% increase in operating income to 2,901 million yen.
* Electronics manufacturing service is a term used for the provision of product development and manufacturing services on an outsourcing basis.
- (b) Information equipment (Sales of PCs, PC peripherals, photograph and imaging products, original-brand products, and other products)
Group companies worked on increasing sales of existing products as well as new products like tablet PCs and SD memory cards for portable devices. However, sales were lower because of a shift in distribution channels for some products sold at large electronics retailers and specialty stores. Segment sales were down 25.5% to 50,885 million yen and operating income decreased 21.6% to 72 million yen.
- (c) Software (Production of computer graphics, planning and development of amusement products, and other activities)
Performance in this segment reflected the addition of new products like image processing ICs for amusement devices, the development of software for cell phone games, and the addition of CYBERFRONT Corporation to the KAGA ELECTRONICS Group on April 1, 2010. The result was a 110.3% increase in segment sales to 5,687 million yen and a 4.5% increase in operating income to 487 million yen.
- (d) Others (Electronic device repairs and support, sales of sporting goods, and other activities)
Sales in the golf product sales business were lower despite measures to improve efficiency by reviewing and reorganizing stores because of an overall downturn in the market for these products. Sales of amusement-related products were also weak. The result was a 7.4% decrease in segment sales to 9,801 million yen and a 26.2% decrease in operating income to 230 million yen.

In the fiscal year ending in March 2012, the outlook for the global economy is unclear because of the weakening U.S. economy and rising cost of natural resources along with sources of concern like uncertainty about the instability of the supply of oil and the overheating of economies in emerging countries.

In Japan, the Great East Japan Earthquake and nuclear power plant crisis are having a severe economic impact. Although the economy will probably recover slowly as reconstruction progresses, it is very difficult to determine an economic outlook for Japan.

In the electronics industry, the operating environment will probably be difficult because of the expected decline in the output of various products due to shortages of parts and materials caused by the Great East Japan Earthquake.

In this environment, it is not possible at this time to determine a reasonable forecast for results of operations and the dividend for the fiscal year ending in March 2012. This is due to uncertainty regarding the impact of the Great East Japan Earthquake and associated electric power shortage and other problems on economic activity and consumer spending as well as on the performance of the KAGA ELECTRONICS Group. A cautious examination of the outlook will be conducted and an announcement will be made promptly when a forecast has been determined.

(2) Overview of financial condition

(a) Assets, liabilities and net assets

Assets increased 724 million yen from one year earlier to 114,686 million yen at the end of the fiscal year. The purchase of property, plant and equipment was mainly responsible for this increase.

Liabilities increased 678 million yen to 66,087 million yen mainly because of an increase in loans.

Net assets increased 45 million yen to 48,598 million yen mainly because of an increase in retained earnings.

(b) Cash flows

There was a net decrease of 1 million yen in cash and cash equivalents to 11,796 million yen at the end of the fiscal year.

(Operating activities)

Net cash provided by operating activities was 6,321 million yen compared with 5,728 million yen one year earlier. A decrease in notes and accounts receivable-trade was a major source of cash.

(Investing activities)

Net cash used in investing activities was 6,369 million yen compared with 3,040 million yen one year earlier. The primary use of cash was payments for the purchase of property, plant and equipment.

(Financing activities)

Net cash provided by financing activities was 478 million yen. Financing activities used net cash of 2,307 million yen in the previous fiscal year. Proceeds from long-term bank loans were the primary source of cash.

Cash flow index trends (for reference)

	Fiscal year ended March 2007	Fiscal year ended March 2008	Fiscal year ended March 2009	Fiscal year ended March 2010	Fiscal year ended March 2011
Shareholders' equity ratio	42.1%	40.0%	40.7%	41.1%	40.9%
Shareholders' equity ratio at market value	48.2%	28.4%	18.8%	24.4%	23.6%
Debt repayment multiple	-	19.24 years	2.38 years	2.01 years	2.12 years
Interest coverage ratio	-	4.8	28.1	43.6	52.0

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.

(3) Fundamental policy for earnings allocations and dividends in the fiscal years 2011 and 2012

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.

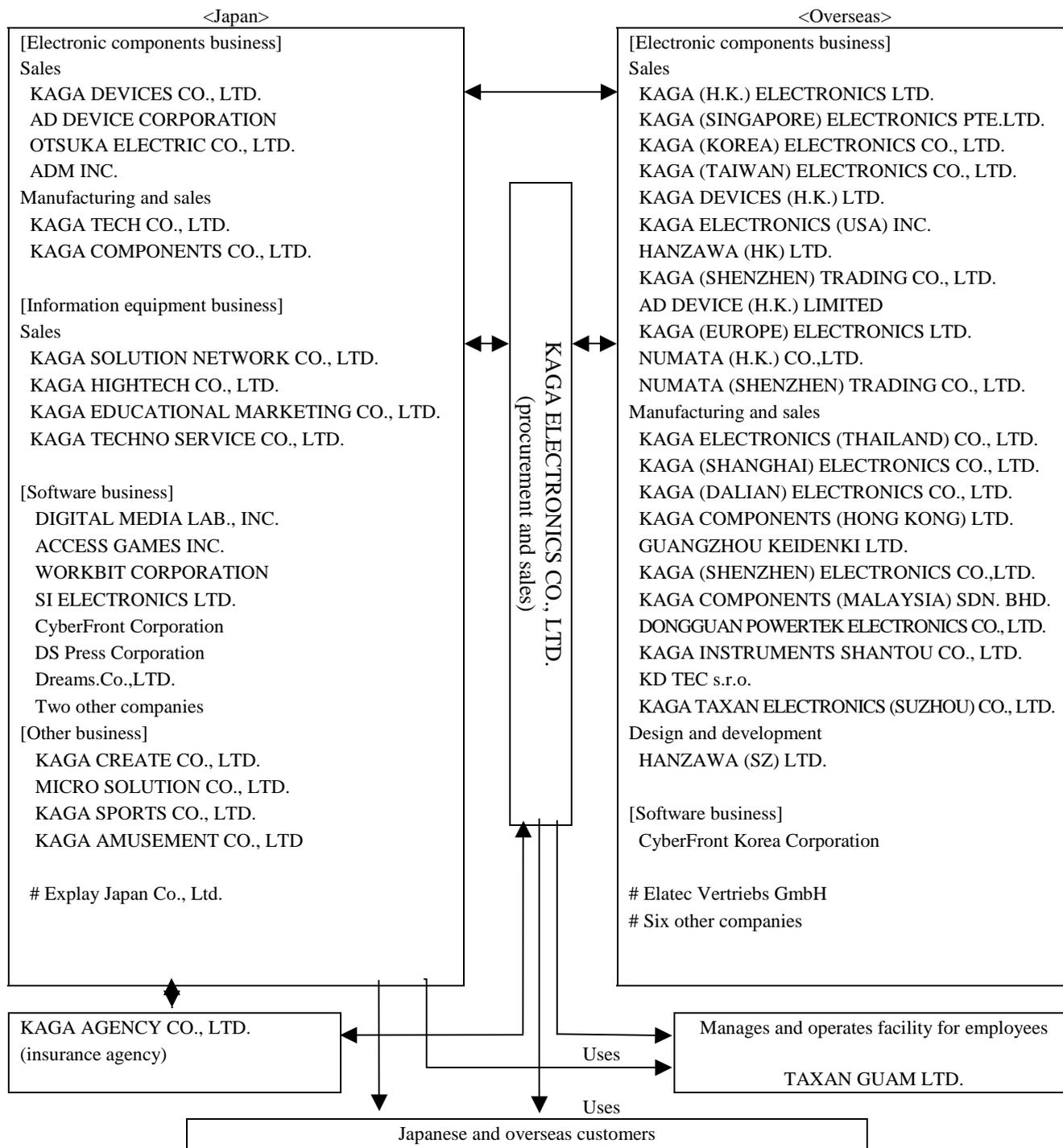
Based on performance in the fiscal year 2011, the Company plans to pay a year-end dividend of 15 yen per share. With the interim dividend of 15 yen per share, this will result in an annual dividend of 30 yen per share.

There is no dividend forecast for the fiscal year ending on March 31, 2012 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), 50 consolidated subsidiaries (24 in Japan, 26 overseas) and 8 affiliates that are not accounted for using the equity method (1 in Japan, 7 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, photography and imaging products, and original-brand products; and the software business, including the production of images using computer graphics and the planning and development of amusement-related products.

In prior years, group companies were categorized based on whether their business activities belonged to the electronic components business or the information equipment business because the group did not report business segment information. Beginning with the fiscal year that ended in March 2011, the following diagram presents the business activities of group companies based on business segments. A diagram showing business activities and Group companies is shown below.



(Notes) #: 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 2011.

Name	Address	Capital	Activities	Voting rights held %	Relationship with the Company			Leasing of facilities and equipment
					Joint Directors Persons	Financial support Million yen	Business relationship	
[Electronic components business] NUMATA (H.K.) CO., LTD. (Note 2)	Hong Kong	4.68 mn HKD	Sales of electronic components and electronic devices	100.0 (Note 1) (100.0)	2	-	-	-
NUMATA (SHENZHEN) TRADING CO., LTD. (Note 2)	Guangdong, China	527,000 RMB	Sales of electronic components and electronic device	100.0 (Note 1) (100.0)		-	-	-
[Software business] CyberFront Corporation (Note 3)	Shinagawa-ku, Tokyo	148.004 mn Yen	Planning, development, production and sale of software	100.0	2	745	Supply of certain products sold by the Company	-
DS Press Corporation (Note 3)	Shinagawa-ku, Tokyo	20 mn Yen	Design, production, editing and publishing for websites	100.0 (Note 1) (66.7)		-	-	-
Dreams.Co.,LTD. (Note 3)	Ota-ku, Tokyo	50 mn Yen	Planning and development of consumer software and game arcade software	100.0 (Note 1) (100.0)		-	-	-
CyberFront Korea Corporation (Note 3)	Seoul, South Korea	300 mn Won	Development and sale of game software and other activities	100.0 (Note 1) (100.0)		-	-	Leases a part of building (Note 4)

Notes:

1. Figures in parentheses in the column showing voting rights of the subsidiary are the indirect percentages.
2. NUMATA (H.K.) CO., LTD. became an indirectly owned subsidiary following the purchase of its stock on October 1, 2010 by consolidated subsidiary KAGA DEVICES CO., LTD. In addition, Numata Trading Electronics (Shenzhen) Co., Ltd. became an indirectly owned subsidiary due to this purchase.
3. CYBERFRONT Corporation became an equity-method affiliate of KAGA ELECTRONICS in the fiscal year that ended in March 2010. This company became a subsidiary of KAGA ELECTRONICS on April 1, 2010 for the purposes of strengthening the group's operations involving the development of games and expanding the consumer game software business. As a result, HIC Co., Ltd., DS Press Corporation, Dreams Co., Ltd. and CyberFront Korea Corporation became indirectly owned subsidiaries. However, HIC Co., Ltd. is no longer an affiliated company because of the June 7, 2010 sale of HIC stock that was owned by CYBERFRONT Corporation.
4. CyberFront Korea Corporation leases real estate from KAGA (KOREA) ELECTRONICS CO., LTD.
5. The following companies that were consolidated subsidiaries in the fiscal year that ended in March 2010 have been liquidated: Kaga Impex, LLC on April 1, 2010; KAGA (SHENZHEN) ELECTRONICS TECHNOLOGY DEVELOPMENT CO., LTD. on April 9, 2010; KAGA IMPEX CO., LTD. on September 13, 2010; and KAGA (EUROPE) ELECTRONICS B.V. on September 17, 2010.

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:

(a) Updating and establishing group oversight systems to improve operating efficiency

(b) Strengthening relationships, collaboration and mutual assistance among Group companies to realize greater synergies

(c) Reinforcing operations overseas and expanding the global network

(d) Upgrading technological skills and improving the ability to gather information with speed

(e) Revitalizing underperforming subsidiaries

(f) Tackling environmental problems

(g) Thorough operation of internal control systems

(5) Other important items concerning management

Not applicable

4. Consolidated Financial Statements

(1) Balance sheet

(million yen)

	FY 2010 (As of March 31, 2010)	FY 2011 (As of March 31, 2011)
ASSETS		
Current assets		
Cash and cash equivalents	11,917	11,926
Notes and accounts receivable-trade	59,214	54,173
Marketable securities	69	71
Merchandise and furnished goods	14,483	15,775
Goods in progress	647	555
Raw materials and other supplies	3,011	3,189
Deferred tax assets	866	975
Others	6,813	6,392
Allowance for doubtful receivables	(184)	(182)
Total current assets	96,838	92,876
Fixed assets		
Property, plant and equipment		
Buildings and structures	3,720	4,132
Accumulated depreciation	(1,135)	(1,637)
Buildings and structures, net	2,584	2,494
Machinery, equipment and vehicles	3,491	3,787
Accumulated depreciation	(2,002)	(2,186)
Machinery, equipment and vehicles, net	1,489	1,601
Tools, furniture and fixtures	3,272	3,889
Accumulated depreciation	(2,328)	(2,872)
Tools, furniture and fixtures, net	944	1,016
Land	1,297	4,099
Construction in progress	119	511
Total property, plant and equipment	6,434	9,724
Intangible assets		
Goodwill	484	464
Software	686	790
Others	731	1,344
Total intangible assets	1,901	2,599
Investments and other assets		
Investment securities	4,607	4,493
Deferred tax assets	249	619
Security deposits	2,149	2,359
Insurance reserve	1,056	1,129
Others	2,284	2,511
Allowance for doubtful receivables	(1,559)	(1,627)
Total investments and other assets	8,786	9,485
Total fixed assets	17,123	21,810
Total assets	113,962	114,686

(million yen)

	FY 2010 (As of March 31, 2010)	FY 2011 (As of March 31, 2011)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	43,535	40,790
Short-term bank loans	8,935	8,505
Accrued expenses	2,134	2,547
Income taxes payable	1,049	1,511
Provision for directors' bonuses	20	138
Others	3,103	3,494
Total current liabilities	58,779	56,987
Long-term liabilities		
Long-term bank loans	2,500	4,636
Deferred tax liabilities	593	350
Provision for retirement benefits	1,432	1,556
Provision for directors' retirement benefits	1,222	1,294
Asset retirement obligations	-	226
Others	881	1,034
Total long-term liabilities	6,629	9,099
Total liabilities	65,408	66,087
NET ASSETS		
Shareholder's equity		
Paid-in capital	12,133	12,133
Capital surplus	13,912	13,912
Retained earnings	24,012	25,038
Treasury stock	(1,332)	(1,332)
Total shareholder's equity	48,726	49,752
Valuation and translation adjustments		
Valuation differences on available-for-sales securities	(195)	(246)
Deferred gains or losses on hedges	8	0
Foreign currency translation adjustments	(1,697)	(2,571)
Total valuation and translation adjustments	(1,884)	(2,817)
Subscription rights to shares	-	0
Minority interests	1,711	1,664
Total net assets	48,553	48,598
Total liabilities and net assets	113,962	114,686

(2) Statements of income

(million yen)

	FY 2010 (Fiscal year ended March 31, 2010)	FY 2011 (Fiscal year ended March 31, 2011)
Net sales	239,391	237,951
Cost of sales	211,153	207,298
Gross profit	28,237	30,653
Selling, general and administrative expenses	26,655	27,089
Operating income	1,582	3,563
Non-operating income		
Interest income	66	70
Dividend income	86	67
Commission income	137	208
Amortization of negative goodwill	82	77
House rent income	-	114
Others	342	337
Total non-operating income	714	876
Non-operating expenses		
Interest expense	131	113
Loss on investments in partnership	67	-
Foreign exchange losses	574	488
Equity in losses of affiliates	110	-
Others	132	99
Total non-operating expenses	1,016	701
Ordinary income	1,280	3,738
Extraordinary income		
Gain on sales of fixed assets	18	21
Gain on sales of investment securities	481	12
Compensation income	-	140
Gain on adjustment of foreign currency translation adjustment by liquidation of affiliates	-	101
Others	45	-
Total extraordinary income	545	275
Extraordinary losses		
Loss on retirement of fixed assets	10	14
Loss on revaluation of investment securities	219	383
Loss on impairment of fixed assets	146	0
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	38
Loss on foreign currency translation adjustment	-	149
Others	53	64
Total extraordinary losses	429	651
Income before income taxes and minority interests	1,396	3,363
Income, inhabitants and enterprise taxes	1,411	2,026
Income tax adjustment	347	(509)
Total taxes	1,759	1,516
Income before minority interests	-	1,846
Minority interests in income (loss)	(43)	(7)
Net income (loss)	(318)	1,854

(million yen)

	FY 2010 (Fiscal year ended March 31, 2010)	FY 2011 (Fiscal year ended March 31, 2011)
Minority interests in loss	-	(7)
Income (loss) before minority interests	-	1,846
Other comprehensive income		
Valuation difference on available-for-sale securities	-	(55)
Deferred gains or losses on hedges	-	(9)
Foreign currency translation adjustment	-	(874)
Share of other comprehensive income of associates accounted for using equity method	-	-
Total other comprehensive income	-	(938)
Comprehensive income	-	908
Comprehensive income attributable to Comprehensive income attributable to owners of the parent	-	921
Comprehensive income attributable to minority interests	-	(13)

(3) Statement of changes in consolidated shareholders' equity

(million yen)

	FY 2010 (Fiscal year ended March 31, 2010)	FY 2011 (Fiscal year ended March 31, 2011)
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	25,158	24,012
Changes during the period		
Dividends paid	(827)	(827)
Net income (loss)	(318)	1,854
Total changes during the period	(1,146)	1,026
Balance at the end of current period	24,012	25,038
Treasury stock		
Balance at the end of previous period	(1,331)	(1,332)
Changes during the period		
Acquisition of treasury stock	(1)	(0)
Disposal of treasury stock	1	0
Total changes during the period	(0)	(0)
Balance at the end of current period	(1,332)	(1,332)
Total Shareholders' equity		
Balance at the end of previous period	49,873	48,726
Increase (decrease) due to changes in accounting treatment at overseas subsidiaries	-	
Changes during the period		
Dividends paid	(827)	(827)
Net income (loss)	(318)	1,854
Acquisition of treasury stock	(1)	(0)
Disposal of treasury stock	1	0
Total changes during the period	(1,146)	1,025
Balance at the end of current period	48,726	49,752

(million yen)

	FY 2010	FY 2011
	(Fiscal year ended March 31, 2010)	(Fiscal year ended March 31, 2011)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(364)	(195)
Changes during the period		
Net changes of items other than shareholders' equity	168	(51)
Total changes during the period	168	(51)
Balance at the end of current period	(195)	(246)
Deferred gains or losses on hedged		
Balance at the end of previous period	(0)	8
Changes during the period		
Net changes of items other than shareholders' equity	9	(8)
Total changes during the period	9	(8)
Balance at the end of current period	8	0
Foreign currency translation adjustments		
Balance at the end of previous period	(1,737)	(1,697)
Changes during the period		
Net changes of items other than shareholders' equity	40	(873)
Total changes during the period	40	(873)
Balance at the end of current period	(1,697)	(2,571)
Total valuation and translation adjustments		
Balance at the end of previous period	(2,103)	(1,884)
Changes during the period		
Net changes of items other than shareholders' equity	218	(933)
Total changes during the period	218	(933)
Balance at the end of current period	(1,884)	(2,817)
Subscription rights to shares		
Balance at the end of previous period	-	-
Changes during the period		
Net changes of items other than shareholders' equity	-	0
Total changes during the period	-	0
Balance at the end of current period	-	0
Minority interests		
Balance at the end of previous period	1,790	1,711
Changes during the period		
Net changes of items other than shareholders' equity	(79)	(47)
Total changes during the period	(79)	(47)
Balance at the end of current period	1,711	1,664
Total net assets		
Balance at the end of previous period	49,560	48,553
Changes during the period		
Dividends paid	(827)	(827)
Net income (loss)	(318)	1,854
Acquisition of treasury stock	(1)	(0)
Disposal of treasury stock	1	0
Net changes of items other than shareholders' equity	139	(980)
Total changes during the period	(1,007)	45
Balance at the end of current period	48,553	48,598

(4) Statements of cash flows

(million yen)

	FY 2010 (Fiscal year ended Mar. 31, 2010)	FY 2011 (Fiscal year ended Mar. 31, 2011)
Operating activities		
Income before income taxes and minority interest	1,396	3,363
Depreciation and amortization	2,050	2,242
Loss on impairment of fixed assets	146	0
Amortization of goodwill	223	192
Increase (decrease) in provision for retirement benefits	67	99
Increase (decrease) in provision for directors' retirement benefits	92	72
Increase (decrease) in provision for directors' bonuses	10	121
Increase (decrease) in allowance for doubtful receivable	268	259
Interest and dividend income	(152)	(101)
Interest expenses	131	115
Loss (gain) on sales of property, plant and equipment	(16)	(14)
Loss on retirement of fixed assets	10	14
Loss (gain) on sales of investment securities	(464)	2
Loss (gain) on revaluation of investment securities	219	383
Decrease (increase) in notes and accounts receivable–trade	2,303	4,762
Decrease (increase) in inventories	102	(1,378)
Increase (decrease) in notes and accounts payable–trade	(1,270)	(2,683)
Decrease (increase) in accounts receivable–other	1,203	262
Increase (decrease) in accrued expenses	(212)	454
Decrease (increase) in consumption taxes refund receivable	187	(15)
Decrease (increase) in other current assets	6	111
Increase (decrease) in other current liabilities	748	69
Others	213	(257)
Sub-total	7,265	8,076
Decrease (increase) in advance payments	(344)	88
Interests and dividend received	146	151
Interests paid	(131)	(121)
Income taxes–paid	(1,343)	(1,591)
Others	135	(281)
Net cash provided by (used in) operating activities	5,728	6,321

(million yen)

	FY 2010 (Fiscal year ended Mar. 31, 2010)	FY 2011 (Fiscal year ended Mar. 31, 2011)
Investing activities		
Payments into time deposits	(120)	(112)
Purchase of property, plant and equipment	(2,498)	(4,875)
Proceeds from sales of property, plant and equipment	104	71
Purchase of intangible assets	(723)	(1,013)
Purchase of investment securities	(888)	(646)
Proceeds from sales of investment securities	1,550	281
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	-	(227)
Proceeds from acquisition of securities of subsidiaries, which changed the scope of consolidation	164	64
Payments of short-term loans receivable	(757)	(143)
Collection of short-term loans receivable	468	125
Payments of long-term loans receivable	(18)	(5)
Purchase of insurance funds	(123)	(107)
Proceeds from cancellation of insurance funds	1	35
Payments for guarantee deposits	(858)	(23)
Proceeds from collection of guarantee deposits	698	150
Other payments	(102)	(79)
Other proceeds	74	137
Net cash provided by (used in) investing activities	<u>(3,040)</u>	<u>(6,369)</u>
Financing activities		
Increase (decrease) in short-term loans payable	483	(1,154)
Proceeds from long-term loans payable	-	4,011
Repayment of long-term loans payable	(1,905)	(1,463)
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(827)	(831)
Cash dividends paid to minority shareholders	(42)	(34)
Others	(16)	(49)
Net cash provided by (used in) financing activities	<u>(2,307)</u>	<u>478</u>
Effect of exchange rate changes on cash and cash equivalents	49	(431)
Increase (decrease) in cash and cash equivalents	<u>428</u>	<u>(1)</u>
Cash and cash equivalents, beginning of period	<u>11,368</u>	<u>11,797</u>
Cash and cash equivalents, end of period	<u>11,797</u>	<u>11,796</u>

(5) Notes to ongoing concern assumptions

None

(6) Basis of presenting the consolidated financial statements

Changes in accounting standard

Application of “Guidance on Accounting Standard for Asset Retirement Obligations”

From the fiscal year ended 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 42 million yen, and the income before income tax and minority interests has decreased for 80 million yen.

(7) Changes in method of presentation

FY 2010 (Fiscal year ended Mar. 31, 2010)	FY 2011 (Fiscal year ended Mar. 31, 2011)
<p>(Consolidated statement of income and statement of comprehensive income)</p> <p>1. 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.</p> <p>2. 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.</p> <p>(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.</p>	<p>(Consolidated statement of income and statement of comprehensive income)</p> <p>1. In the previous fiscal year, “House rent income” was included in the “Others” item of non-operating income. Beginning with the fiscal year that ended in March 2011, this item is presented as a separate item in non-operating income because it became more than one-tenth of total non-operating income. “House rent income” was 60 million yen in the fiscal year that ended in March 2010.</p> <p>2. “Income before minority interests” is included in the financial statements for the fiscal year that ended in March 2011 due to the application of the “Cabinet Office Ordinance Partially Revising Regulations on the Terminology, Format and Preparation of Financial Statements” (Cabinet Office Ordinance No. 5, March 24, 2009) in accordance with “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008).</p>

(8) Supplementary information

(Change in estimates for accounting purposes)

The Company signed a real estate transaction contract on June 30, 2010 for the purpose of acquiring land for the construction of a building. As a result, in the first quarter of the fiscal year, the Company reexamined the useful lives of property, plant and equipment that were expected to be disposed of because of a transfer of ownership. This reexamination resulted in a change from 15 years to 4 years starting in the first quarter of the fiscal year in the useful life of the building, structures, tools, furniture and fixtures used at the head office. Compared with the previous accounting method, this change had the effect of reducing operating income, ordinary income and income before income taxes and minority interests by 130 million yen each in the fiscal year that ended in March 2011.

(Additional information)

Beginning with the fiscal year that ended in March 2011, the Company has adopted “Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, June 30, 2010). However, the amounts shown for the “Accumulated other comprehensive income” and “Total accumulated other comprehensive income” items for the fiscal year that ended in March 2010 show the amounts for “Valuation and translation adjustments” and “Total valuation and translation adjustments,” respectively.

(9) Notes to consolidated financial statements

(For consolidated statement of comprehensive income)

For the year ended March 31, 2011

*1. Comprehensive income in preceding fiscal year (million yen)

Comprehensive income for parent company shareholders (100)

Comprehensive income for minority shareholders (38)

Total (139)

*2. Other comprehensive income in preceding fiscal year (million yen)

Valuation differences on available-for-sale securities 171

Deferred gains or losses on hedges 11

Foreign currency translation adjustments 33

Amount of ownership based on application of equity method 6

Total 223

(Segment information)

Operating segment information

Operating segment information is not presented for the previous 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.

Geographical segment information

For the previous 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, 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.

Segment information

1. Summary of reporting segments

Segments used for financial reporting are the constituent units of KAGA ELECTRONICS for which separate financial information is available and for which the board of directors performs regular reviews for the purposes of determining the distribution of resources and evaluating results of operations.

KAGA ELECTRONICS conducts business activities by grouping affiliated companies based on products and services and based on comprehensive strategies for operations in Japan and overseas for products and services handled.

Consequently, KAGA ELECTRONICS and its affiliated companies have three reporting segments that are made up of different categories of products and services: electronic components, information equipment and software.

The electronic components segment includes the development, manufacture and sale of semiconductors, general electronic components and other products, the electronics manufacturing service (EMS), and other activities. The information equipment segment includes sales of PCs, PC peripherals, photograph and imaging products, original brand products, and other products. The software segment includes the production of computer graphics, planning and development of amusement products, and other activities.

2. Calculation method for sales, earnings or losses, assets, liabilities and other items for individual reporting segments

Transactions between reporting segments use the same terms as for ordinary business transactions.

3. Information concerning sales, earnings or losses, assets, liabilities and other items for individual reporting segments

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

(million yen)

	Reporting segments				Others *1	Total	Adjustments *2	Amount in the consolidated statement of income *3
	Electronic components	Information equipment	Software	Total				
Net sales								
of which to outside customers	157,795	68,311	2,704	228,811	10,579	239,391	-	239,391
of which inter- segment	1,126	1,458	1,617	4,201	3,047	7,249	(7,249)	-
Total	158,921	69,769	4,321	233,013	13,627	246,640	(7,249)	239,391
Segment income	895	93	466	1,454	311	1,766	(183)	1,582
Segment assets	93,781	21,067	3,988	118,837	5,785	124,622	(10,660)	113,962
Others								
Depreciation and amortization	920	181	163	1,264	43	1,308	(10)	1,297
Increase in property, plant and equipment and intangible assets	1,553	324	537	2,415	806	3,221	-	3,221

For the current fiscal year ended March 2011 (April 1, 2010 – March 31, 2011)

(million yen)

	Reporting segments				Others *1	Total	Adjustments *2	Amount in the consolidated statement of income *3
	Electronic components	Information equipment	Software	Total				
Net sales of which to outside customers	171,576	50,885	5,687	228,149	9,801	237,951	-	237,951
of which inter- segment	1,342	778	2,418	4,539	3,159	7,698	(7,698)	-
Total	172,919	51,664	8,105	232,688	12,961	245,650	(7,698)	237,951
Segment income	2,901	72	487	3,462	230	3,692	(128)	3,563
Segment assets	97,210	15,754	6,043	119,008	5,390	124,399	(9,713)	114,686
Others								
Depreciation and amortization	970	142	407	1,520	43	1,563	(8)	1,554
Increase in property, plant and equipment and intangible assets	4,336	192	636	5,165	724	5,889	-	5,889

Notes:

- Others is a business segment for activities that are not included in the reporting segments, but included sporting goods business etc.
- For assets, eliminations or corporate in the fiscal year that ended in March 2010 include corporate assets of 2,654 million yen that consist primarily of short-term investments (cash and securities, etc.) at the Company. In addition, eliminations or corporate in the fiscal year that ended in March 2011 include corporate assets of 2,407 million yen that consist primarily of short-term investments (cash and securities, etc.) at the Company.
- The adjustment for segment operating income is as follows
 - Segment income

(million yen)

	Fiscal year ended March 2010	Fiscal year ended March 2011
Elimination of inter-segment trade	(183)	(128)
Total	(183)	(128)

- Segment assets

(million yen)

	Fiscal year ended March 2010	Fiscal year ended March 2011
Elimination of inter-segment trade	(10,660)	(9,713)
Total	(10,660)	(9,713)

- Depreciation and amortization

(million yen)

	Fiscal year ended March 2010	Fiscal year ended March 2011
Elimination of inter-segment trade	(10)	(8)
Total	(10)	(8)

- Segment operating income includes adjustments to match operating income as presented in the consolidated statement of income and statement of comprehensive income.

(Supplementary Information)

Beginning with the fiscal year ended March 31, 2011, “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008) have been applied.

Associated information

For the current fiscal year ended March 2011 (April 1, 2010 – March 31, 2011)

1. Information about individual products and services

This information is not presented because the KAGA ELECTRONICS Group prepares reports in accordance with a management approach based on individual products and services.

2. Geographic information

(1) Net sales

(million yen)

Japan	North America	Europe	East Asia	Total
171,138	2,182	5,293	59,336	237,951

(2) Property, plant and equipment

(million yen)

Japan	North America	Europe	East Asia	Total
7,534	36	83	2,068	9,724

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

(Per-share information)

(yen)

Item	FY 2010 (For the year ended March 31, 2010)	FY 2011 (For the year ended March 31, 2011)
Net assets per share	1,697.27	1,700.68
Net income (loss) per share	(11.55)	67.20
	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 there is no potential stock which has dilution effect.

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

	FY 2010 (For the year ended March 31, 2010)	FY 2011 (For the year ended March 31, 2011)
Net income per share		
Net income (loss) (million yen)	(318)	1,854
Net income (loss) not available to common shareholders (million yen)	-	-
Net income (loss) available to common shareholders (million yen)	(318)	1,854
Weighted average number of shares outstanding	27,596,924	27,597,906
Outline of potential stock which does not have dilution effect and has not been included in net income per share		Number of classes of subscription rights to shares for consolidated companies : 4 (Number of rights: 4060)

(Subsequent events)

None

5. Non-consolidated Financial Statements

(1) Balance sheets

(million yen)

	FY 2010 (As of March 31, 2010)	FY 2011 (As of March 31, 2011)
ASSETS		
Current assets		
Cash and cash equivalents	5,085	6,442
Notes receivable-trade	3,394	3,191
Accounts receivable-trade	24,567	22,927
Marketable securities	69	71
Merchandise	4,178	4,039
Goods in progress	220	132
Supplies	-	25
Advance payments-trade	1,195	1,131
Prepaid expenses	191	202
Deferred tax assets	579	667
Short-term loans	454	131
Short-term loans to affiliates	13,554	14,103
Accounts receivable-other	4,150	2,828
Consumption taxes receivable	161	199
Others	16	16
Allowance for doubtful receivables	(2,729)	(3,480)
Total current assets	55,090	52,631
Fixed assets		
Property, plant and equipment		
Buildings	678	830
Accumulated depreciation	(213)	(424)
Buildings, net	465	406
Structures	36	71
Accumulated depreciation	(16)	(30)
Structures, net	19	40
Vehicles	169	150
Accumulated depreciation	(124)	(126)
Vehicles, net	44	23
Tools, furniture and fixtures	784	794
Accumulated depreciation	(398)	(517)
Tools, furniture and fixtures, net	386	277
Land	161	2,964
Construction in progress	-	4
Total property, plant and equipment	1,077	3,716
Intangible assets		
Goodwill	-	-
Trade mark rights	12	13
Software	227	229
Telephone rights	26	26
Others	76	259
Total intangible assets	343	529

(million yen)

	FY 2010 (As of March 31, 2010)	FY 2011 (As of March 31, 2011)
Investments and other assets		
Investment securities	3,856	3,897
Affiliate stock	8,637	7,581
Contribution to capital	34	80
Contribution to affiliate capital	6	8
Long-term loans	238	213
Long-term loans to affiliates	3,498	2,693
Long-term prepaid expenses	42	49
Claims provable in bankruptcy, claims provable in rehabilitation and other	266	267
Deferred tax assets	707	1,001
Guarantee deposits	1,062	1,009
Insurance reserve	988	1,066
Golf memberships	396	396
Others	0	-
Allowance for doubtful receivables	(4,137)	(3,021)
Allowance for loss on investment	(1,239)	(268)
Total investments and other assets	14,358	14,973
Total fixed assets	15,779	19,219
Total assets	70,870	71,850
LIABILITIES		
Current liabilities		
Notes payable-trade	2,727	2,473
Accounts payable-trade	17,917	16,733
Short-term bank loans	6,877	4,659
Short-term loans from affiliates	2,118	2,553
Current portion of long-term debt	1,000	1,761
Accounts payable-other	1,528	254
Accrued expenses	748	973
Income taxes payable	77	576
Advances received	1,076	1,246
Deposits received	58	54
Provision for directors' bonuses	-	120
Others	8	26
Total current liabilities	34,138	31,433
Long-term liabilities		
Long-term bank loans	2,500	4,548
Allowance for retirement benefits for employees	437	457
Allowance for retirement benefits for directors and corporate auditors	1,046	1,094
Asset retirement obligations	-	188
Others	1	203
Total long-term liabilities	3,986	6,493
Total liabilities	38,125	37,926

(million yen)

	FY 2010 (As of March 31, 2010)	FY 2011 (As of March 31, 2011)
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	-
Total capital surplus	13,912	13,912
Retained earnings		
Earned legal reserve	618	618
Other retained earnings		
General reserve	12,860	7,000
Retained earnings brought forward	(5,298)	1,802
Total retained earnings	8,179	9,420
Treasury stock	(1,332)	(1,332)
Total shareholder's equity	32,893	34,134
Valuation and translation adjustments		
Valuation differences on available-for-sales securities	(148)	(208)
Deferred gains or losses on hedges	(0)	(1)
Total valuation and translation adjustments	(148)	(209)
Total net assets	32,744	33,924
Total liabilities and net assets	70,870	71,850

(2) Statements of income

(million yen)

	FY 2010 (Fiscal year ended Mar. 31, 2010)	FY 2011 (Fiscal year ended Mar. 31, 2011)
Net sales	91,291	95,194
Cost of sales		
Beginning goods	3,778	4,399
Cost of purchased goods	83,541	85,128
Total	87,319	89,527
Transfer to other account	104	119
Ending goods	4,399	4,172
Cost of goods sold	82,815	85,236
Gross profit	8,476	9,957
Selling, general and administrative expenses	8,365	8,832
Operating income	110	1,125
Non-operating income		
Interest income	121	102
Dividend income	1,582	1,508
Others	260	284
Total non-operating income	1,964	1,896
Non-operating expenses		
Interest expense	133	105
Loss on investments in partnership	68	-
Amortization of investments in unconsolidated subsidiaries	23	-
Foreign exchange losses	82	36
Others	25	26
Total non-operating expenses	333	168
Ordinary income	1,741	2,852
Extraordinary income		
Gain on sales of investment securities	372	0
Reversal of allowance for investment loss	-	183
Others	-	3
Total extraordinary income	372	187
Extraordinary losses		
Loss on retirement of fixed assets	3	1
Loss on revaluation of investment securities	217	235
Loss on revaluation of stocks of affiliates	73	216
Provision of allowance for investment loss	999	-
Provision of allowance for doubtful accounts for affiliates	865	-
Others	56	41
Total extraordinary losses	2,216	494
Income (loss) before income taxes and minority interests	(102)	2,545
Income, inhabitants and enterprise taxes	96	817
Income tax adjustment	561	(340)
Total taxes	658	476
Net income (loss)	(760)	2,068

(3) Statement of changes in shareholders' equity

(million yen)

	FY 2010 (Fiscal year ended March 31, 2010)	FY 2011 (Fiscal year ended March 31, 2011)
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	-
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	12,860	12,860
Changes during the period		
Reversal of general reserve	-	(5,860)
Total changes during the period	-	(5,860)
Balance at the end of current period	12,860	7,000
Retained earnings brought forward		
Balance at the end of previous period	(3,710)	(5,298)
Changes during the period		
Reversal of general reserve	-	5,860
Dividends paid	(827)	(827)
Net income (loss)	(760)	2,068
Disposal of treasury stock	-	(0)
Total changes during the period	(1,588)	7,100
Balance at the end of current period	(5,298)	1,802

(million yen)

	FY 2010 (Fiscal year ended March 31, 2010)	FY 2011 (Fiscal year ended March 31, 2011)
Total retained earnings		
Balance at the end of previous period	9,767	8,179
Changes during the period		
Provision of general reserve	-	-
Dividends paid	(827)	(827)
Net income (loss)	(760)	2,068
Disposal of treasury stock	-	(0)
Total changes during the period	(1,588)	1,240
Balance at the end of current period	8,179	9,420
Treasury stock		
Balance at the end of previous period	(1,331)	(1,332)
Changes during the period		
Acquisition of treasury stock	(0)	(0)
Disposal of treasury stock	0	0
Total changes during the period	(0)	(0)
Balance at the end of current period	(1,332)	(1,332)
Total Shareholders' equity		
Balance at the end of previous period	34,482	32,893
Changes during the period		
Dividends paid	(827)	(827)
Net income (loss)	(760)	2,068
Acquisition of treasury stock	(0)	(0)
Disposal of treasury stock	0	0
Total changes during the period	(1,588)	1,240
Balance at the end of current period	32,893	34,134
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(228)	(148)
Changes during the period		
Net changes of items other than shareholders' equity	79	(59)
Total changes during the period	79	(59)
Balance at the end of current period	(148)	(208)
Deferred gains or losses on hedged		
Balance at the end of previous period	(0)	(0)
Changes during the period		
Net changes of items other than shareholders' equity	(0)	(1)
Total changes during the period	(0)	(1)
Balance at the end of current period	(0)	(1)
Total valuation and translation adjustments		
Balance at the end of previous period	(228)	(148)
Changes during the period		
Net changes of items other than shareholders' equity	79	(60)
Total changes during the period	79	(60)
Balance at the end of current period	(148)	(209)

(million yen)

	FY 2010	FY 2011
	(Fiscal year ended March 31, 2010)	(Fiscal year ended March 31, 2011)
Total net asset		
Balance at the end of previous period	34,253	32,744
Changes during the period		
Dividends paid	(827)	(827)
Net income (loss)	(760)	2,068
Acquisition of treasury stock	(0)	(0)
Disposal of treasury stock	0	0
Net changes of items other than shareholders' equity	79	(60)
Total changes during the period	(1,508)	1,179
Balance at the end of current period	32,744	33,924