November 7, 2012

To All Stakeholders:

Name of Company:		KAGA ELECTRONICS CO., LTD.
Stock Code:		8154
Stock Exchange Listing:		Tokyo Stock Exchange, First Section
Headquarters:		3-12-8, Sotokanda Chiyoda-ku, Tokyo
Representative	Title:	President & COO
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Contact Person	Title:	Director, Finance & Administration Headquarters
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Notice concerning Differences between Forecast and Actual Performance in First Half of Fiscal Year Ending March 2013 and Revisions to the Annual Forecasts

KAGA ELECTRONICS CO., LTD. is announcing the following reasons for the differences between actual results of operations in the first half of the fiscal year ending on March 31, 2013 (April 1, 2012 to September 30, 2012) and the forecast that was announced on July 31, 2012.
In Addition, the company announces the revisions made to the annual forecasts of consolidated results for the fiscal year ending March 31, 2013 that was announced on July 31, 2012, based on recent performance trends.

1. Differences between actual results of consolidated operations in the first half and the forecast

First half (April 1, 2012 to September 30, 2012)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
	million yen	million yen	million yen	million yen	yen
Previous forecast (A)	104,000	(200)	(100)	(300)	(10.87)
Actual results (B)	103,845	(470)	(355)	(1,373)	(49.79)
Difference (B–A)	(155)	(270)	(255)	(1,073)	-
Pct. change (%)	(0.1)	-	-	-	-
(Ref.) Previous results (First half of FY 3/2012)	116,237	771	895	301	10.92

2. Revisions of forecasts of consolidated operations

Fiscal year ending March 31, 2013 (April 1, 2012 to March 31, 2013)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
	million yen	million yen	million yen	million yen	yen
Previous forecast (A)	230,000	1,500	1,800	1,000	36.24
Revised forecast (B)	230,000	1,500	1,800	300	10.87
Difference (B–A)	-	-	-	(700)	-
Pct. change (%)	-	-	-	(70.0)	-
(Ref.) Previous fiscal year (FY3/2012)	229,856	2,067	2,569	914	33.13

3. Reasons for differences and forecast revision

In the first half of the current fiscal year, the operating environment for the KAGA ELECTRONICS Group was more difficult than expected because of soft demand for consumer electronics and other reasons. As a result, declines in sales and earnings in the consumer information equipment business and software-related business were much larger than was initially expected. In addition, there was an asset impairment loss for fixed assets at a poorly performing subsidiary and a reversal of deferred tax assets. For these reasons, first half sales and earnings were below the forecast.

In the current fiscal year, earnings are expected to recover starting in the third quarter due to growth in sales channels in growing markets such as automotive products and to growth of the EMS business. However, the forecast has been revised as shown above mainly because of an asset impairment loss for fixed assets and reversal of deferred tax assets in the fiscal year's first half.

NOTE: Forecasts for results of operations are based on information available to management at the time this material was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons.