

October 28, 2011

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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Notice concerning Differences between Forecast and Actual Performance in First Half of Fiscal Year

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, 2012 (April 1, 2011 to September 30, 2011) and the forecast that was announced on August 1, 2011.

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

First half (April 1, 2011 to September 30, 2011)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
	million yen	million yen	million yen	million yen	yen
Previous forecast (A)	110,000	100	400	150	5.44
New forecast (B)	116,271	805	929	321	11.66
Difference (B–A)	6,271	705	529	171	-
Pct. change (%)	5.7	705.0	132.3	114.0	-
(Ref.) Previous fiscal year (First half of FY 3/2011)	120,470	2,594	2,644	1,412	51.18

2. Reasons for the differences

KAGA ELECTRONICS adopted a cautious stance regarding first half performance due to the outlook for a difficult operating environment caused by the Great East Japan Earthquake, downturn in demand for digital home electronics and other consumer products, and other challenges. In the second quarter of the fiscal year, there was a recovery in production activity in Japan as supply chains were restored. The result was a rebound in supplies of electronic components, semiconductors and other parts. In addition, KAGA ELECTRONICS added new products, worked on increasing sales of current products and took many other actions. As a result, first half performance surpassed the company's forecast.

There is no change in the fiscal year consolidated forecast at this time. The massive flooding in Thailand that began in early October 2011 is having a widespread impact on supply chains in various

industries. Although the flood has affected factories of KAGA ELECTRONICS Group companies, it is not currently possible to establish a reasonable estimate of the damage at these factories.

An announcement will be made promptly in accordance with disclosure standards if KAGA ELECTRONICS determines that the flood will have a significant effect on results of operations.

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.