

Summary of Consolidated Financial Results For the Year Ended March 2008

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
 Name: Tomohisa Tsukamoto
 Contact Person
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 Date of regular general meeting of shareholders: June 27, 2008
 Date of commencement of dividend payment (tentative): June 30, 2008
 Date of filing of securities report: June 27, 2008

1. Financial results for the current fiscal year (April 1, 2007 – March 31, 2008)

(1) Result of operations (Consolidated)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2008	291,331	8.3	7,786	12.6	7,040	(4.9)	3,684	(15.2)
Fiscal year ended March 2007	269,014	4.4	6,915	(15.8)	7,404	(14.3)	4,343	(40.3)

Note: The percentage figures represent year-on-year changes.

	Net income per share (basic)	Net income per share (diluted)	Return on equity	Ratio of ordinary income to assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 2008	128.93	--	7.0	5.5	2.7
Fiscal year ended March 2007	151.55	--	8.5	6.0	2.6

Note: Equity in net income of unconsolidated subsidiaries and affiliated companies

Fiscal year ended March 2008: 4 million yen

Fiscal year ended March 2007: (8) 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, 2008	130,423	52,192	40.0	1,858.26
As of March 31, 2007	125,812	53,049	42.1	1,846.48

Note: Shareholders' equity

Fiscal year ended March 2008: 52,140 million yen

Fiscal year ended March 2007: 52,914 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 2008	640	(718)	718	14,011
Fiscal year ended March 2007	(1,120)	(2,141)	(2,586)	14,558

2. Dividends

Reference date	Dividends common per share			Annual aggregate amount	Payout ratio (Consolidated)	Dividends/net assets (Consolidated)
	End of 1st half	End of FY	Annual			
Fiscal year ended March 2007	Yen 20.00	Yen 25.00	Yen 45.00	Million yen 1,289	% 29.7	% 2.5
Fiscal year ended March 2008	25.00	25.00	50.00	1,417	38.8	2.7
Fiscal year ended March 2009 (est.)	25.00	25.00	50.00		34.2	

3. Forecast for the fiscal year ending March 2009 (Consolidated, April 1, 2008 to March 31, 2009)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Interim (1st half)	132,000	(3.0)	1,700	(40.9)	1,850	(35.9)	750	(2.0)	26.73
Full year	295,000	1.3	6,750	(13.3)	7,100	0.8	4,100	11.3	146.12

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

4. Others

(1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation):
None

(2) Accounting policies, accounting treatment, reclassifications, etc. in the preparation of the consolidated financial statements
(Presented in the section of the Basis of Presenting the Consolidated Financial Statements)

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

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

Note: See the section of the Basis of Presenting the Consolidated Financial Statements for details on the changes
(Page 15).

(3) Number of shares outstanding at the end of period (common shares)

As of March 31, 2008 (including treasury stock): 28,702,118 shares

As of March 31, 2008 (treasury stock): 643,305 shares

As of March 31, 2007 (including treasury stock): 28,702,118 shares

As of March 31, 2007 (treasury stock): 45,156 shares

Note: See the section of the Per Share Information (Page 19) for details on the basis (number of shares) of calculating consolidated net income per share.

Non-consolidated Financial Results (For reference)

1. Financial results for the current fiscal year (April 1, 2007 – March 31, 2008)

(1) Result of operations (Non-consolidated)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2008	133,854	(0.0)	5,914	71.9	6,842	47.6	2,500	(1.0)
Fiscal year ended March 2007	133,878	(23.1)	3,441	(16.9)	4,635	(1.0)	2,525	(17.7)

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

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Fiscal year ended March 2008	87.51	--
Fiscal year ended March 2007	88.11	--

(2) Financial Position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2008	93,388	40,759	43.6	1,452.65
As of March 31, 2007	86,163	41,140	47.7	1,435.63

Note: Shareholders' equity

Fiscal year ended March 2008: 40,759 million yen

Fiscal year ended March 2007: 41,140 million yen

Note: Forecasts regarding future performance in these materials are based on judgments made in accordance with information available at the time this report was prepared. Forecasts therefore embody risks and uncertainties. Actual results may differ significantly from these forecasts for a number of factors. Please refer to Page 5 with regard to other matters related to the forecasts shown above.

1. Results of Operations

(1) Analysis of results of operations

During the 2008 fiscal year, which ended in March 2008, economies expanded in China, India, Russia and other emerging nations as well as in the oil-producing nations of the Middle East. However, turmoil in financial markets and foreign exchange volatility sparked by enormous losses as U.S. and European banks due to the U.S. subprime loan crisis along with the sharp increase in the price of crude oil created concerns about the economic outlook in the U.S., Europe and other regions.

In Japan, the economy continued to grow slowly as healthy corporate earnings supported improvements in capital expenditures and the employment picture. But the economic outlook became uncertain in the fiscal year's second half as prices of raw materials and energy increased rapidly, the yen strengthened as stock prices fell, and consumer spending stopped growing.

In the electronics industry, sales of digital home electronics like LCD TVs and digital cameras remained strong. On the other hand, DRAM prices fell sharply as the semiconductor supply-demand balance deteriorated and companies were unable to raise prices of products to fully reflect the higher cost of raw materials. Even as costs rose, heated competition in finished product markets put downward pressure on prices. This created an extremely difficult environment for generating profits.

In this challenging business climate, KAGA ELECTRONICS Group used its collective resources for actions aimed at growing on a global scale and creating synergies among group companies. Goals included handling more new products and establishing relationships with new customers, mainly in the field of electronic components and semiconductors.

Consolidated net sales increased 8.3% to 291,331 million yen and ordinary income decreased 4.9% to 7,040 million yen. Net income was affected by expenditures that included a special contribution associated with the withdrawal from the employees' pension fund. The result was a 15.2% decrease in net income to 3,684 million yen.

Net sales by business segment

Business segment	FY 2007 (Fiscal year ended March 31, 2007)		FY 2008 (Fiscal year ended March 31, 2008)	
	Amount (million yen)	Proportion	Amount (million yen)	Proportion
Electronic components business	190,469	70.8%	210,911	72.4%
Information equipment business	78,545	29.2%	80,419	27.6%
Total	269,014	100.0%	291,331	100.0%

*Electronic components business: Development, manufacture and sale of semiconductors, general electronic components, EMS and others.

*Information equipment business: Sale of personal computers and peripherals

Net sales by product category

Product category	FY 2007 (Fiscal year ended March 31, 2007)		FY 2008 (Fiscal year ended March 31, 2008)	
	Amount (million yen)	Proportion	Amount (million yen)	Proportion
Information equipment	58,737	21.9%	63,192	21.7%
EMS	84,290	31.3%	90,281	31.0%
Semiconductors	60,849	22.6%	65,544	22.5%
General electronic components	28,754	10.7%	33,065	11.3%
Others	36,382	13.5%	39,246	13.5%
Total	269,014	100.0%	291,331	100.0%

Information equipment

The Group conducted sales activities aimed at increasing sales of PCs and peripherals by using its distribution channels in Japan that include large retailers and specialty PC shops. At the same time, there were aggressive sales activities to capture orders from broadcasters and video production companies for digital editing equipment and for operational support for e-commerce sites, a new business at the Group. The result was a 7.6% increase in sales to 63,192 million yen.

EMS

Performance in this segment benefited from growth in sales in Japan of LCD units used in amusement equipment, a market sector where the Group has a strong presence, and overseas growth in sales for the assembly of circuit boards used in HVAC equipment overseas and the manufacture of finished products, including every step from product design and development through products. The result was a 7.1% increase in sales to 90,281 million yen.

Semiconductors

There was a downturn in sales of sound ICs due to a change in specifications by major manufacturers of cell phones, which purchase large quantities of these ICs. But sales of semiconductors to Japanese amusement equipment manufacturers posted strong growth. In addition, sales of new products added through the acquisition of sales agent rights contributed to segment sales. The result was a 7.7% increase in sales to 65,544 million yen.

General electronic components

Sales rose in this segment due to strong sales of electronic components used in automobiles and in amusement equipment in Japan along with higher sales of new products. The result was a 15.0% increase in sales to 33,065 million yen.

Others

Sales in this segment benefited from the contribution of HANZAWA (HK) Ltd., a manufacturer of educational electronic toys that joined the KAGA ELECTRONICS Group in April 2007. Segment sales increased 7.9% to 39,246 million yen.

2. Outlook for fiscal 2009

Economic growth is expected to continue in China, India and other emerging countries and in oil-producing countries in the Middle East. But the subprime loan problem will probably cause the U.S. economy to weaken even more, and economic growth is likely to be slower in Europe as well.

On the other hand, in Japan, the economic outlook is becoming increasingly uncertain as the yen's strength, costly crude oil and other factors create a difficult environment for exports and at the same time keep consumer spending flat.

In the electronics industry, market penetration of digital audio-visual products is increasing worldwide. Demand is expected to be solid for digital TVs in particular because of the increase in high-definition broadcasts, as well as for products associated with TVs, such as digital video cameras and Blu-ray Disc players. But it will probably continue to be difficult to earn profits in the electronics industry in fiscal 2009.

In this environment, the KAGA ELECTRONICS Group will pursue synergies while rebuilding underperforming group companies in order to operate more efficiently.

Based on this outlook, the Group's current forecast for the fiscal year ending in March 2009 is as follows.

Net sales by product category (FY2008 Actual vs. FY2009 Projection)

Product category	FY 2008 Actual (Fiscal year ended March 31, 2008)		FY 2009 Projection (Fiscal year ended March 31, 2009)	
	Amount (million yen)	Share	Amount (million yen)	Share
Information equipment	63,192	21.7%	75,300	25.5%
EMS	90,281	31.0%	88,700	30.1%
Semiconductors	65,544	22.5%	69,000	23.4%
General electronic components	33,065	11.3%	30,600	10.4%
Others	39,246	13.5%	31,400	10.6%
Total	291,331	100.0%	295,000	100.0%

(3) Analysis of financial condition

a. Assets, liabilities and net assets

Assets amounted to 130,423 million yen, 4,610 million yen more than one year earlier. The increase was mainly attributable to a 5,065 million yen increase in notes and accounts receivable.

Liabilities increased 5,467 million yen to 78,231 million yen mainly due to a 4,643 million yen increase in short-term loans.

Net assets decreased 857 million yen to 52,192 million yen. The primary cause was a 1,544 million yen decrease in translation adjustments.

b. Cash flows

Cash and cash equivalents at the end of March 2008 totaled 14,011 million yen, a decline of 546 million yen, or 3.8%, compared with one year earlier.

A summary of fiscal 2008 cash flows and major components follows.

(Operating activities)

Net cash provided by operating activities was 640 million yen compared with a negative cash flow of 1,120 million yen one year earlier. This was mainly because liquidity provided by earnings exceeded the demand for working capital.

(Investing activities)

Net cash used in investing activities was 718 million yen compared with 2,141 million yen one year earlier. Cash was used mainly for the purchase of property, plant and equipment and the purchase of investment securities.

(Financing activities)

Net cash provided by financing activities was 718 million yen compared with a negative cash flow of 2,586 million yen one year earlier. The main source of cash was a net increase in short-term loans.

Cash flow index trends (for reference)

	Fiscal year ended March 2004	Fiscal year ended March 2005	Fiscal year ended March 2006	Fiscal year ended March 2007	Fiscal year ended March 2008
Shareholders' equity ratio	38.0%	35.1%	41.7%	42.1%	40.0%
Shareholders' equity ratio at market value	55.0%	57.1%	72.0%	48.2%	28.4%
Debt repayment multiple	1.22 years	--	0.59 years	--	19.24 years
Interest coverage ratio	52.4	--	62.8	--	4.8

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. Interest-bearing debt is the sum of all liabilities on the balance sheet on which the Group is obligated to pay interest.

3. Operating cash flows and interest expenses are the operating cash flows and interest paid figures as shown in the consolidated statements of cash flows.

4. The debt repayment multiple and interest coverage ratio for the fiscal years ended March 2005 and 2007 are omitted, because operating cash flows for those fiscal years are negative.

(4) Fundamental policy for earnings allocations and dividends in the fiscal years 2008 and 2009

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 perspective. Retained earnings will be used for measures to enable the Company to respond quickly to changes in the economic and business environments, as well as to support the growth of business operations.

Based on this policy, the Company plans to pay a year-end dividend of 25 yen per share to express its gratitude to shareholders for their support. Since an interim dividend of 25 yen per share was paid earlier in the fiscal year, this will result in an annual dividend of 50 yen per share.

2. Corporate Group

Since there has been no material change in the information with regard to our group companies and their businesses from that as reported in the *Yuka Shoken Hokokusho* for the year ended March 31, 2007 (disclosed on June 29, 2007), we omit the disclosure of the information at this time.

3. Management Policies

Since there has been no material change in the information on our management policy from that as reported in the Summary of Consolidated Financial Results for the Year ended March 2007 (disclosed on May 10, 2007), we omit the disclosure of the information at this time.

Please refer the following URLs to obtain a copy of the Summary of Consolidated Financial Results for the Year ended March 2007:

- (a) The Company's website (<http://www.taxan.co.jp/>)
- (b) Companies Search provided by the Tokyo Stock Exchange (<http://www.tse.or.jp/listing/compsearch/index.html>)

4. Consolidated Financial Statements

(1) Balance sheets

(million yen)

Account	FY 2007 (As of March 31, 2007)		FY 2008 (As of March 31, 2008)		YoY Change
	Amount	Weight %	Amount	Weight %	Amount
(ASSETS)					
I. Current assets					
1. Cash and cash equivalents	14,568		14,021		(546)
2. Notes and accounts receivable – trade	67,464		72,530		5,065
3. Marketable securities	263		84		(179)
4. Inventories	19,727		20,177		450
5. Deferred tax assets	443		570		126
6. Others	5,637		5,924		286
Allowance for doubtful receivables	(252)		(161)		90
Total current assets	107,853	85.7	113,147	86.8	5,293
II. Fixed assets					
1. Property, plant and equipment					
(1) Buildings and structures	3,130		1,886		
Accumulated depreciation	1,623	1,506	873	1,012	(493)
(2) Machinery, equipment and vehicles	3,208		3,759		
Accumulated depreciation	1,610	1,597	1,839	1,919	322
(3) Molding dies and furniture	1,637		1,946		
Accumulated depreciation	1,126	511	1,394	552	41
(4) Land		1,871		1,324	(547)
(5) Construction in progress		8		606	598
Total property, plant and equipment		5,495		5,415	(79)
2. Intangible assets					
(1) Software		683		593	(89)
(2) Goodwill		706		745	39
(3) Others		177		219	42
Total intangible assets		1,567		1,559	(8)
3. Investments and other assets					
(1) Investment securities		6,992		6,596	(396)
(2) Security deposits		2,330		1,945	(384)
(3) Insurance reserve		829		871	42
(4) Deferred tax assets		80		213	132
(5) Others		1,455		1,820	364
Allowance for doubtful receivables		(792)		(1,146)	(353)
Total investments and other assets		10,896		10,301	(595)
Total fixed assets		17,959		17,276	(682)
Total assets		125,812		130,423	4,610
		100.0		100.0	

Account	FY 2007 (As of March 31, 2007)		FY 2008 (As of March 31, 2008)		YoY Change
	Amount	Weight %	Amount	Weight %	Amount
(LIABILITIES)					
I. Current liabilities					
1. Notes and accounts payable – trade	54,217		56,109		1,891
2. Short-term bank loans	7,045		11,688		4,643
3. Accrued expenses	2,271		2,226		(45)
4. Income taxes payable	1,831		2,238		407
5. Allowance for directors' and corporate auditors' bonuses	157		137		(19)
6. Others	1,536		2,052		516
Total current liabilities	67,059	53.3	74,453	57.1	7,393
II. Long-term liabilities					
1. Long-term bank loans	2,378		633		(1,744)
2. Deferred tax liabilities	702		546		(156)
3. Allowance for retirement benefits for employees	1,075		1,159		83
4. Allowance for retirement benefits for directors and corporate auditors	1,148		1,004		(144)
5. Others	398		434		35
Total long-term liabilities	5,704	4.5	3,778	2.9	(1,926)
Total liabilities	72,763	57.8	78,231	60.0	5,467
(NET ASSETS)					
I. Shareholder's equity					
1. Paid-in capital	12,133	9.7	12,133	9.3	--
2. Capital surplus	13,912	11.1	13,912	10.7	0
3. Retained earnings	25,161	20.0	27,413	21.0	2,251
4. Treasury stock	(80)	(0.1)	(843)	(0.7)	(762)
Total shareholder's equity	51,127	40.7	52,615	40.3	1,488
II. Valuation and translation adjustments					
1. Valuation differences on available-for sales securities	758	0.6	36	0.0	(721)
2. Deferred gain or losses on hedges	(1)	(0.0)	2	0.0	3
3. Foreign currency translation adjustments	1,029	0.8	(514)	(0.3)	(1,544)
Total valuation and translation adjustments	1,787	1.4	(475)	(0.3)	(2,262)
III. Minority interests					
Total net assets	53,049	42.2	52,192	40.0	(857)
Total liabilities and net assets	125,812	100.0	130,423	100.0	4,610

(2) Statements of income

(million yen)

Account	FY 2007 (Fiscal year ended March 31, 2007)		FY 2008 (Fiscal year ended March 31, 2008)		YoY Change		
	Amount	Weight %	Amount	Weight %	Amount		
I. Net sales		269,014	100.0		291,331	100.0	22,316
II. Cost of sales		236,214	87.8		256,090	87.9	19,875
Gross profit		32,799	12.2		35,240	12.1	2,440
III. Selling, general and administrative expenses		25,884	9.6		27,454	9.4	1,569
Operating income		6,915	2.6		7,786	2.7	870
IV. Non-operating income							
1. Interest income	128			209			
2. Commission income	146			152			
3. Dividend income	--			104			
4. Gain on revaluation of marketable securities	2			--			
5. Sundry income	576	853	0.3	502	969	0.3	116
V. Non-operating expenses							
1. Interest expense	172			128			
2. Equity interests in (income)/loss of unconsolidated subsidiaries	39			111			
3. Exchange loss	--			1,275			
4. Sundry loss	152	363	0.1	200	1,715	0.6	1,351
Ordinary income		7,404	2.8		7,040	2.4	(363)
VI. Extraordinary income							
1. Gain on sale of fixed assets	78			1,172			
2. Gain on sale of investment securities	150			31			
3. Gain on sale of subsidiaries' shares	21			--			
4. Gain on changes in equity interests	37			--			
5. Reversal of allowance for doubtful receivables	431			--			
6. Cancellation refund of insurance policies	--			500			
7. Others	44	764	0.3	62	1,766	0.6	1,002
VII. Extraordinary losses							
1. Loss on retirement of fixed assets	150			91			
2. Loss on revaluation of investment securities	190			179			
3. Loss on impairment of fixed assets	--			14			
4. Transfer to allowance for doubtful receivables	--			237			
5. Loss on disposal of inventories	66			--			
6. Loss on revaluation of inventories	95			--			
7. Penalties for cancellation of leases	59			--			
8. Withdrawal fees paid to an employees' pension fund	--			740			
9. Others	196	759	0.3	131	1,394	0.4	635
Income before income taxes and minority interests		7,410	2.8		7,412	2.6	2
Income, inhabitants and enterprise taxes	3,270			3,693			
Income tax adjustment	(143)	3,127	1.2	99	3,793	1.3	665
Minority interests in loss of consolidated subsidiaries		60	(0.0)		64	(0.0)	(3)
Net income		4,343	1.6		3,684	1.3	(659)

(3) Statement of Changes in Consolidated Shareholders' Equity

For the previous fiscal year (April 1, 2006 – March 31, 2007)

(million yen)

	Shareholders' equity				
	Paid in capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	12,133	13,912	22,430	(74)	48,401
Changes during the period					
Dividends paid (appropriation of retained earnings)			(859)		(859)
Interim dividends paid (Appropriation of retained earnings)			(573)		(573)
Bonus to directors and corporate auditors (appropriation of retained earnings)			(178)		(178)
Net income			4,343		4,343
Acquisition of treasury stock				(5)	(5)
Disposal of treasury stock		0		0	0
Changes in items other than shareholders' equity, net					
Aggregate change in the period	--	0	2,731	(5)	2,725
Balance as of March 31, 2007	12,133	13,912	25,161	(80)	51,127

(million yen)

	Valuation and translation adjustments				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains and losses on hedged	Translation adjustment	Total valuation and translation adjustments		
Balance as of March 31, 2006	1,020	--	419	1,439	328	50,170
Changes during the period						
Dividends paid (appropriation of retained earnings)						(859)
Interim dividends paid (Appropriation of retained earnings)						(573)
Bonus to directors and corporate auditors (appropriation of retained earnings)						(178)
Net income						4,343
Acquisition of treasury stock						(5)
Disposal of treasury stock						0
Changes in items other than shareholders equity, net	(261)	(1)	610	347	(194)	153
Aggregate change in the period	(261)	(1)	610	347	(194)	2,879
Balance as of March 31, 2007	758	(1)	1,029	1,787	134	53,049

For the current fiscal year (April 1, 2007 – March 31, 2008)

(million yen)

	Shareholders' equity				
	Paid in capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	12,133	13,912	25,161	(80)	51,127
Changes during the period					
Dividends paid (appropriation of retained earnings)			(716)		(716)
Dividends paid (interim dividend)			(716)		(716)
Net income			3,684		3,684
Acquisition of treasury stock				(770)	(770)
Disposal of treasury stock		0		7	7
Changes in items other than shareholders' equity, net					
Aggregate change in the period	--	0	2,251	(762)	1,488
Balance as of March 31, 2008	12,133	13,912	27,413	(843)	52,615

(million yen)

	Valuation and translation adjustments				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains and losses on hedged	Translation adjustment	Total valuation and translation adjustments		
Balance as of March 31, 2007	758	(1)	1,029	1,787	134	53,049
Changes during the period						
Dividends paid (appropriation of retained earnings)						(716)
Dividends paid (Interim dividend)						(716)
Net income						3,684
Acquisition of treasury stock						(770)
Disposal of treasury stock						7
Changes in items other than shareholders equity, net	(721)	3	(1,544)	(2,262)	(83)	(2,345)
Aggregate change in the period	(721)	3	(1,544)	(2,262)	(83)	(857)
Balance as of March 31, 2008	36	2	(514)	(475)	51	52,192

(4) Statements of cash flows

(million yen)

	FY 2007 (Fiscal year ended March 31, 2007)	FY 2008 (Fiscal year ended March 31, 2008)
Account	Amount	Amount
I. Operating activities		
Income before income taxes and minority interest	7,410	7,412
Depreciation and amortization	1,086	1,215
Loss on impairment of fixed assets	--	14
Amortization of goodwill	170	222
Increase in allowance for retirement benefits for employees	40	78
Increase/(decrease) in allowance for retirement benefits for directors and corporate auditors	63	(144)
Increase/(decrease) in accrued bonuses for directors and corporate auditors	157	(19)
Increase/(decrease) in allowance for doubtful receivable	(578)	267
Interest and dividend income	(222)	(365)
Interest expenses	172	131
Gain on sale of investment securities	(135)	(31)
Gain on sale of subsidiaries' shares	(21)	--
Loss on revaluation of investment securities	190	179
Gain on sale of fixed assets	(73)	(1,163)
Loss on retirement of fixed assets	150	91
Increase in notes and accounts receivable – trade	(5,254)	(6,051)
Increase in inventories	(4,331)	(1,265)
Increase in notes and accounts payable – trade	5,315	2,783
Decrease/(increase) in accounts receivable – other	(1,159)	870
Increase in accrued expenses	219	10
Decrease in uncollected consumption tax	158	389
Bonuses paid to directors and corporate auditors	(179)	--
Cancellation refund of insurance policies	--	(500)
Withdrawal fees paid to an employees' pension fund	--	740
Decrease/(increase) in other current assets	68	(73)
Decrease in other current liabilities	(325)	(134)
Others	38	(552)
Sub-total	2,959	4,108
Decrease/(increase) in advances	9	(430)
Decrease in deposits and guarantees relating to business operations	438	283
Interests and dividend received	219	374
Interests paid	(190)	(132)
Cancellation refund of insurance policies	--	500
Withdrawal fees paid to an employees' pension fund	--	(740)
Income taxes – paid	(4,557)	(3,319)
Others	0	(3)
Net cash provided by (used in) operating activities	(1,120)	640

(million yen)

	FY 2007 (Fiscal year ended March 31, 2007)	FY 2008 (Fiscal year ended March 31, 2008)
Account	Amount	Amount
II. Investing activities		
Payment for purchase of marketable securities	--	(850)
Proceeds from sale of marketable securities	--	960
Payment for purchase of property, plant and equipment	(1,111)	(1,503)
Proceeds from sale of property, plant and equipment	249	2,120
Payment for purchase of intangible assets	(315)	(320)
Payment for purchase of investment securities	(1,589)	(1,400)
Proceeds from sale of investment securities	1,084	330
Payment for newly consolidated subsidiaries	(362)	(150)
Payment along with exchange of stock related to changes in the scope of consolidation	(23)	(2)
Increase in short-term loans receivable	(97)	(66)
Decrease in short-term loans receivable	30	143
Increase in long-term debt	(30)	(90)
Increase in insurance reserve	(101)	(102)
Decrease in insurance reserve	183	59
Increase in security deposits	(178)	(56)
Decrease in security deposits	235	120
Others	(113)	88
Net cash provided by (used in) investing activities	(2,141)	(718)
III. Financing activities		
Increase/(decrease) in short-term bank loans – net	1,359	5,583
Repayment of long-term bank loans	(2,570)	(2,659)
Payment for acquisition of treasury stock – net	(5)	(769)
Payment of dividends by parent company	(1,436)	(1,432)
Payment of dividends to minority shareholders	(11)	(10)
Payments from minority shareholders	94	37
Others	(15)	(30)
Net cash provided by (used in) financing activities	(2,586)	718
IV. Effect of exchange rate changes on cash and cash equivalents	274	(1,186)
V. Decrease in cash and cash equivalents	(5,573)	(546)
VI. Cash and cash equivalents, beginning of period	20,131	14,558
VII. Cash and cash equivalents, end of period	14,558	14,011

(5) The basis of presenting the consolidated financial statements

1. Matters concerning significant accounting policies

a. Depreciation of principal fixed assets

Property, plant and equipment

Depreciation of property, plant and equipment at the Company and its domestic consolidated subsidiaries is computed by the declining-balance method, except for buildings (excluding fixtures) acquired on or subsequent to April 1, 1998, on which depreciation is calculated by the straight-line method. Depreciation of property, plant and equipment at consolidated subsidiaries domiciled overseas is computed by the straight-line method. Useful life of principal assets is as follows:

- Buildings and structures: 10-50 years
- Machinery, equipment and vehicles: 8-12 years,
- Molding dies and furniture: 2-20 years.

(Change of accounting policy)

Accompanying the recent amendment of the Japanese income tax law, the Company and its domestic consolidated subsidiaries have adapted a depreciation method in accordance with the revised law to property, plant and equipment acquired on or after April 1, 2007. It has caused a very minor impact on the consolidated profits and losses. See the section of the Segment Information for details of impacts of the change on each business segment.

(Additional information)

Property, plant and equipment acquired by the Company or its domestic consolidated subsidiaries on or before March 31, 2007 is to be depreciated until reaching to a residual value, 5% of the acquisition cost, as before the revision. Once it reaches the residual value, the revised income tax law will be applied. Difference between the residual value and a memorandum value will be depreciated under the 5-year straight-line method from the next fiscal year. It has caused a very minor impact on the consolidated profits and losses. See the section of the Segment Information for details of impacts of the change on each business segment.

b. Omission of disclosure

Since there has been no material change in accounting policies from those as reported in the Yuka Shoken Hokokusho for the year ended March 31, 2007 (disclosed on June 29, 2007), except for the change in depreciation of principal fixed assets described above, we omit the disclosure of the information at this time.

(6) Changes in the presentation of financial statements

(Consolidated statements of income)

“Dividend Income”, included in “Sundry Income” in prior periods, is presented as a separate account from the current fiscal year, because the amount has increased to more than 10% of “Non-operating Income”. The amount of “Dividend Income” included in “Sundry Income” for the prior period is 71 million yen.

“Exchange Loss”, included in “Sundry Loss” in prior periods, is presented as a separate account from the current fiscal year, because the amount has increased to more than 10% of “Non-operating Loss”. The amount of “Exchange Loss” included in “Sundry Loss” for the prior period is 13 million yen.

(7) Notes to consolidated financial statements

Omission of disclosure

Notes to balance sheets, statements of income and statements of cash flow are omitted, since it would not appear so quite necessary to disclose the information at this time.

Notes to statement of changes in shareholders' equity

For the current fiscal year (April 1, 2007 – March 31, 2008)

1. Type and number of shares issued and type and number of treasury stock

	Number of shares at the end of the previous fiscal year	Increase during the current fiscal year	Decrease during the current fiscal year	Number of shares at the end of the current fiscal year
Shares issued and outstanding				
Common shares	28,702,118	--	--	28,702,118
Total	28,702,118	--	--	28,702,118
Treasury stock				
Common shares	45,156	602,156	4,007	643,305
Total	45,156	602,156	4,007	643,305

Note: The increase in treasury stock by 602,156 shares presents purchases of 600,000 shares based on a resolution at Board of Directors meeting and purchases of 2,156 odd-lot shares. The decrease in treasury stock by 4,007 shares is due to handover of 3,834 shares in a share exchange and sale of 173 odd-lot shares to existing shareholders.

2. Dividends

(1) Cash dividends

Resolution	Type of shares	Aggregate amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Regular general meeting of shareholders (June 28, 2007)	Common shares	716	25	March 31, 2007	June 29, 2007
Board of Directors meeting (November 12, 2007)	Common shares	716	25	Sept. 30, 2007	Dec. 10, 2007

(2) Of the dividends for which the record date is in the fiscal year under review, dividends for which the effective date falls after the end of the fiscal year under review:

Resolution	Type of shares	Aggregate amount of dividend (million yen)	Source of funds	Dividend per share (yen)	Record date	Effective date
Regular general meeting of shareholders (June 27, 2008)	Common shares	701	Retained earnings	25	March 31, 2008	June 30, 2008

Omitting of disclosure

Notes to accounting for leases, related party transactions, deferred tax accounting, securities, derivatives, retirement benefits, stock options and business combinations are omitted, since it would not appear quite necessary to disclose the information at this time.

Segment information

(a) Operating segment information

Operating segment information is not presented for the previous fiscal year and the current 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.

(b) Geographical segment information

For the previous fiscal year (April 1, 2006 – March 31, 2007)

(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)	213,510	1,667	977	52,860	269,014	--	269,014
(2) (of which inter-segment)	17,382	597	148	7,805	25,933	(25,933)	--
Total	230,892	2,264	1,125	60,666	294,948	(25,933)	269,014
Operating expenses	226,374	2,272	1,100	58,200	287,946	(25,847)	262,099
Operating income (loss)	4,518	(7)	24	2,465	7,001	(86)	6,915
II. Assets	104,098	841	434	24,129	129,504	(3,691)	125,812

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

For the current fiscal year (April 1, 2007 – March 31, 2008)

(million yen)

	Japan	North America	Europe	East Asia	Total	Eliminations or Corporate	Consolidated
1. Sales and operating income (loss)							
Net sales							
(1) (of which to outside customers)	234,105	1,011	2,545	53,667	291,331	--	291,331
(2) (of which inter-segment)	16,504	404	142	9,424	26,476	(26,476)	--
Total	250,610	1,415	2,688	63,092	317,807	(26,476)	291,331
Operating expenses	245,201	1,549	2,872	60,755	310,378	(26,833)	283,544
Operating income (loss)	5,409	(133)	(184)	2,337	7,429	356	7,786
2. Assets	107,044	389	1,852	25,604	134,891	(4,467)	130,423

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 4,554 million yen in the current fiscal year, which primarily consist of surplus working capital (cash and marketable securities) and long-term investment securities (investment securities and contribution to investment partnerships), among others.

4. Change in depreciation methods for property, plant and equipment

As mentioned in the section of “the basis of presenting the consolidated financial statements”, accompanying the recent amendment of the Japanese income tax law, the Company and its domestic consolidated subsidiaries have adapted a depreciation method in accordance with the revised law to property, plant and equipment acquired on or after April 1, 2007. It has caused a very minor impact on the consolidated profits and losses.

(c). Overseas sales

For the previous fiscal year (April 1, 2006 – March 31, 2007)

(million yen)

	North America	Europe	East Asia	Total
I. Overseas sales	2,416	2,429	71,012	75,858
II. Consolidated sales	--	--	--	269,014
III. Share of overseas sales in total sales (%)	0.9	0.9	26.4	28.2

- 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.

For the current fiscal year (April 1, 2007 – March 31, 2008)

(million yen)

	North America	Europe	East Asia	Total
1. Overseas sales	2,532	4,646	65,260	72,439
2. Consolidated sales	--	--	--	291,331
3. Share of overseas sales in total sales (%)	0.9	1.6	22.4	24.9

- 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.

Per-share information

(yen)

Item	FY 2007 (For the year ended March 31, 2007)	FY 2008 (For the year ended March 31, 2008)
Net assets per share	1,846.48	1,858.26
Net income per share (basic)	151.55	128.93
Net income per share (diluted)	Net income per share (diluted) is not presented, since there is no potential stock.	Net income per share (diluted) is not presented, since there is no potential stock.

Note: The following is the basis used for calculation of net income per share (basic) and net income per share (diluted).

	FY 2007 (For the year ended March 31, 2007)	FY 2008 (For the year ended March 31, 2008)
Net income per share (basic)		
Net income (million yen)	4,343	3,684
Net income not available to common shareholders (million yen)	--	--
Net income available to common shareholders (million yen)	4,343	3,684
Weighted average number of shares outstanding	28,658,446	28,575,283
Summary of potential stock not included in the calculation of net income per share (diluted) since there was no dilutive effect.	—————	—————

Subsequent events

None

5. Non-consolidated Financial Statements

(1) Balance sheets

(Million yen)

Account	FY 2007 (As of March 31, 2007)		FY 2008 (As of March 31, 2008)		YoY Change
	Amount	Weight %	Amount	Weight %	Amount
(ASSETS)					
I. Current assets					
1. Cash and cash equivalents	3,433		4,061		628
2. Notes receivable – trade	4,436		5,251		814
3. Accounts receivable – trade	34,506		40,522		6,016
4. Marketable securities	263		84		(179)
5. Inventories	5,754		4,770		(983)
6. Advances	244		493		248
7. Prepaid expenses	133		147		13
8. Deferred tax assets	513		710		197
9. Short-term loans	100		52		(48)
10. Short-term loans to affiliates	15,159		15,595		436
11. Accounts receivable – other	3,571		3,792		220
12. Consumption taxes uncollected	592		281		(310)
13. Others	18		20		2
Allowance for doubtful receivables	(623)		(985)		(361)
Total current assets	68,105	79.0	74,800	80.1	6,694
II. Fixed assets					
(1) Property, plant and equipment					
1. Buildings	493		516		
Accumulated depreciation	170	323	210	305	(18)
2. Structures	17		17		
Accumulated depreciation	10	7	10	6	(0)
3. Machinery, equipment and vehicles	109		126		
Accumulated depreciation	80	28	93	32	4
4. Molding dies and furniture	354		332		
Accumulated depreciation	264	90	227	104	14
5. Land		161		161	--
Total property, plant and equipment		611		611	(0)
(2) Intangible assets					
1. Goodwill	75		12		(62)
2. Trade mark rights	1		2		0
3. Telephone rights	26		26		--
4. Software	434		319		(115)
5. Others	15		166		150
Total intangible assets		554		527	(27)
(3) Investments and other assets					
1. Investment securities	5,923		5,591		(331)
2. Affiliate stock	8,768		10,355		1,586
3. Contribution to capital	26		79		53
4. Contribution to affiliate capital	105		103		(1)
5. Long-term loans	296		279		(17)
6. Long-term loans to employees	2		1		(0)
7. Long-term prepaid expenses	1		2		1
8. Long-term receivables in arrears	415		245		(169)
9. Deferred tax assets	1,155		1,849		694
10. Security deposits	1,042		923		(118)
11. Insurance reserve	810		834		24
12. Golf memberships	414		398		(16)
13. Allowance for loss on investment in affiliates	(1,315)		(2,589)		(1,273)
Allowance for doubtful receivables	(754)		(627)		127
Total investments and other assets	16,891	19.6	17,450	18.7	558
Total fixed assets	18,057	21.0	18,588	19.9	530
Total assets	86,163	100.0	93,388	100.0	7,225

Account	FY 2007 (As of March 31, 2007)		FY 2008 (As of March 31, 2008)		YoY Change
	Amount	Weight	Amount	Weight	Amount
(LIABILITIES)					
I. Current liabilities					
1. Notes payable – trade	4,267		5,978		1,710
2. Accounts payable – trade	25,961		27,930		1,968
3. Short-term bank loans	4,330		10,070		5,739
4. Current portion of long-term debt	2,500		1,562		(937)
5. Short-term loans from affiliates	644		646		2
6. Accounts payable – other	1,355		1,445		90
7. Accrued expenses	904		871		(32)
8. Income taxes payable	1,094		1,659		565
9. Advances received	174		342		167
10. Deposits received	89		71		(17)
11. Accrued bonuses for directors and corporate auditors	140		120		(20)
12. Others	2		3		1
Total current liabilities	41,464	48.1	50,702	54.3	9,238
II. Long-term liabilities					
1. Long-term bank loans	2,187		625		(1,562)
2. Allowance for retirement benefits for employees	304		363		59
3. Allowance for retirement benefits for directors and corporate auditors	1,063		935		(128)
4. Others	2		2		--
Total long-term liabilities	3,558	4.2	1,926	2.1	(1,631)
Total liabilities	45,022	52.3	52,629	56.4	7,606
(NET ASSETS)					
I. Shareholders' equity					
1. Paid-in capital	12,133	14.1	12,133	13.0	--
2. Capital surplus					
(1) Capital legal reserve	13,912		13,912		
(2) Other capital surplus	0		0		
Total capital surplus	13,912	16.1	13,912	14.9	0
3. Retained earnings					
(1) Earned legal reserve	618		618		
(2) Other earned surplus					
General reserve	10,460		11,660		
Unappropriated retained earnings	3,382		3,250		
Total retained earnings	14,461	16.8	15,529	16.6	1,067
4. Treasury stock	(80)	(0.1)	(843)	(0.9)	(762)
Total shareholders' equity	40,426	46.9	40,731	43.6	305
II. Valuation and translation adjustments					
1. Valuation differences on available-for sales securities	715	0.8	25	0.0	(689)
2. Deferred gain or losses on hedges	(1)	(0.0)	2	0.0	3
Total valuation and translation adjustments	714	0.8	27	0.0	(686)
Total net assets	41,140	47.7	40,759	43.6	(381)
Total liabilities and net assets	86,163	100.0	93,388	100.0	7,225

(2) Statements of income

(million yen)

Account	FY 2007 (Fiscal year ended March 31, 2007)		FY 2008 (Fiscal year ended March 31, 2008)			YoY Change	
	Amount	Weight %	Amount	Weight %	Amount		
I. Net sales		133,878	100.0	133,854	100.0	(24)	
II. Cost of sales							
1. Inventory at the beginning of the period	4,769		5,754				
2. Purchases during the period	122,536		118,157				
Total	127,306		123,911				
3. Inventory at the end of the period	5,754		4,770				
4. Transfers	52	121,499	40	119,100	89.0	(2,399)	
Gross profit		12,378		14,753	11.0	2,375	
III. Selling, general and administrative expenses		8,937	6.7	8,839	6.6	(97)	
Operating income		3,441	2.6	5,914	4.4	2,472	
IV. Non-operating income							
1. Interest income	147		252				
2. Dividend income	1,006		1,064				
3. Exchange income	17		--				
4. Sundry income	267	1,439	1.1	180	1.1	57	
V. Non-operating expenses							
1. Interest expense	165		129				
2. Loss on revaluation of marketable securities	--		69				
3. Equity in income/loss of unconsolidated subsidiaries	34		110				
4. Amortization of investments in unconsolidated subsidiaries	28		81				
5. Exchange loss	--		138				
6. Sundry loss	16	245	0.2	39	0.4	323	
Ordinary income		4,635	3.5	6,842	5.1	2,207	
VI. Extraordinary income							
1. Gain on sale of investment securities	55		32				
2. Cancellation refund of insurance policies	--		500				
3. Others	--	55	0.0	12	0.4	489	
VII. Extraordinary losses							
1. Loss on retirement of fixed assets	34		4				
2. Loss on sale of investment securities	0		--				
3. Loss on revaluation of investment securities	181		170				
4. Loss on revaluation of subsidiaries' shares	--		317				
5. Provisions for investment losses in affiliates	50		1,273				
6. Transfer to allowance for bad receivable to affiliates	160		344				
7. Withdrawal fees paid to an employees' pension fund	--		701				
8. Others	0	427	0.3	41	2.1	2,427	
Income before income taxes and minority interests		4,262	3.2	4,532	3.4	269	
Income, inhabitants and enterprise taxes	1,797		2,453				
Income tax adjustment	(59)	1,737	1.3	(421)	2,032	1.5	294
Net income		2,525	1.9	2,500	1.9	(24)	

Statement of Changes in Shareholders' Equity

For the previous fiscal year (April 1, 2006 – March 31, 2007)

(million yen)

	Shareholders' equity									
	Common stock	Capital surplus			Earned legal reserve	Retained earnings			Treasury stock	Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus		Other retained earnings		Total retained earnings		
						General reserve	Retained earnings brought forward			
Balance as of March, 31, 2006	12,133	13,912	--	13,912	618	9,460	3,450	13,529	(74)	39,500
Changes during the period										
General reserve						1,000	(1,000)	--		--
Dividends paid (appropriation of retained earnings)							(859)	(859)		(859)
Interim dividends paid (appropriation of retained earnings)							(573)	(573)		(573)
Bonus to directors (appropriation of retained earnings)							(160)	(160)		(160)
Net income							2,525	2,525		2,525
Acquisition of treasury stock									(5)	(5)
Disposal of treasury stock			0	0					0	0
Changes in items other than shareholders' equity, net										
Aggregate change in the period	--	--	0	0	--	1,000	(67)	932	(5)	926
Balance as of Mar. 31, 2007	12,133	13,912	0	13,912	618	10,460	3,382	14,461	(80)	40,426

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains and losses on hedged	Total valuation and translation adjustments	
Balance as of March, 31, 2006	859	--	859	40,360
Changes during the current period				
General reserve				--
Dividends paid (Appropriation of retained earnings)				(859)
Interim dividends paid (Appropriation of retained earnings)				(573)
Bonus to directors (Appropriation of retained earnings)				(160)
Net income				2,525
Acquisition of treasury stock				(5)
Disposal of treasury stock				0
Changes in items other than shareholders' equity, net	(144)	(1)	(145)	(145)
Aggregate change in period	(144)	(1)	(145)	780
Balance as of March 31, 2007	715	(1)	714	41,140

For the current fiscal year (April 1, 2007 – March 31, 2008)

(million yen)

	Shareholders' equity									
	Common stock	Capital surplus			Earned legal reserve	Retained earnings			Treasury stock	Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus		Other retained earnings		Total retained earnings		
						General reserve	Retained earnings brought forward			
Balance as of March, 31, 2007	12,133	13,912	0	13,912	618	10,460	3,382	14,461	(80)	40,426
Changes during the period										
General reserve						1,200	(1,200)	--		--
Dividends paid (appropriation of retained earnings)							(716)	(716)		(716)
Interim dividends paid (appropriation of retained earnings)							(716)	(716)		(716)
Net income							2,500	2,500		2,500
Acquisition of treasury stock									(770)	(770)
Disposal of treasury stock			0	0					7	7
Changes in items other than shareholders' equity, net										
Aggregate change in the period	--	--	0	0	--	1,200	(132)	1,067	(762)	305
Balance as of Mar. 31, 2008	12,133	13,912	0	13,912	618	11,660	3,250	15,529	(843)	40,731

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains and losses on hedged	Total valuation and translation adjustments	
Balance as of March, 31, 2007	715	(1)	714	41,140
Changes during the current period				
General reserve				--
Dividends paid (Appropriation of retained earnings)				(716)
Interim dividends paid (Appropriation of retained earnings)				(716)
Net income				2,500
Acquisition of treasury stock				(770)
Disposal of treasury stock				7
Changes in items other than shareholders' equity, net	(689)	3	(686)	(686)
Aggregate change in period	(689)	3	(686)	(381)
Balance as of March 31, 2008	25	2	27	40,759