

Management's Discussion and Analysis

Net Sales

Consolidated net sales for the business year ended March 31, 2012 came to ¥301,660 million, a decrease of 11.7% from the previous year.

	Millions of Yen	
	2012	2011
Consumer.....	¥215,327	¥252,083
System Equipment.....	43,103	46,511
Others.....	43,230	43,084
Total.....	¥301,660	¥341,678

Results by Segment

In the Consumer segment, sales decreased 14.6% year-on-year to ¥215,327 million. This segment accounted for 71.4% of net sales.

In the timepiece business, G-SHOCK and EDIFICE sales grew on a continued strong performance in overseas markets, primarily China and North America, as a result of stepping up our global brand strategy. Sales also rose, mainly in overseas markets, for brands such as Baby-G and SHEEN, after we expanded our lineup of watches for women.

Casio continued to command the No. 1 share of the Japanese market for electronic dictionaries, by an overwhelming margin, on continued strong sales of the EX-word series, in particular models for students.

Results of Operations

Operating income for the Consumer segment came to ¥14,643 million, with timepieces and electronic dictionaries remaining highly profitable. The System Equipment segment recorded an operating loss of ¥2,350 million, due mainly to cooling corporate demand. The Others segment recorded operating income of ¥299 million. As a result, Casio posted total consolidated operating income of ¥9,065 million after adjustments.

The financial account balance for the reporting year fell to ¥225 million from ¥488 million in the previous year. Net other expenses increased to ¥8,575 million, from ¥2,197 million in the previous year.

Net income came to ¥2,556 million.

Financial Condition

Total assets at the end of March 2012 declined 9.0% year-on-year to ¥366,212 million. Current assets declined by ¥25,128 million to ¥244,022 million, largely as a result of a decline in cash and deposits on repayment of interest-bearing liabilities. Noncurrent assets declined by ¥11,116 million to ¥122,190 million, largely as a result of a decrease in investment securities.

Total liabilities fell 12.9% year-on-year to ¥216,958 million. Current liabilities fell ¥26,301 million year-on-year to ¥91,585 million, due primarily to a decrease in interest-bearing liabilities. Noncurrent liabilities decreased by ¥5,965 million year-on-year to ¥125,373 million, due chiefly to redemption of convertible bonds and other factors, which outweighed an increase in bonds and long-term loans payable.

Net assets at the year-end fell 2.6% year-on-year to ¥149,254 million due largely to the payment of dividends.

Cash Flow Analysis

Cash and cash equivalents at the reporting year-end came to ¥100,710 million, a decrease of ¥16,409 million.

Net cash provided by operating activities amounted to ¥10,793 million, a decrease of ¥2,920 million from the previous year. This was chiefly attributable to a decrease in notes and accounts payable-trade.

Net cash provided by investing activities amounted to ¥3,107 million, an increase of ¥28,636 million from a net cash outflow of ¥25,529 million in the previous year. This was mainly due to a net cash inflow where proceeds from sales and redemption of investment securities exceeded purchase of investment securities.

Net cash used in financing activities amounted to ¥30,729 million, a ¥53,713 million worsening from ¥22,984 million in net cash inflows in the previous year. This was chiefly attributable to redemption of bonds.

Capital Investment

Capital investment increased 8.0% year-on-year to ¥6,678 million. By segment, capital investment came to ¥4,246 million in the Consumer segment, ¥1,407 million in the System Equipment segment, and ¥952 million in the Others segment.

Research & Development

R&D expenses came to ¥7,414 million. By segment, R&D expenses were ¥3,568 million in the Consumer segment, ¥1,018 million in the System Equipment segment, and ¥92 million in the Others segment.