

Consolidated Financial Results for the Fiscal Year Ended March 31, 2007

English Translation of "Kessan tanshin"

Company Name: **CASIO COMPUTER CO., LTD.**

(Summary for reference)

(URL <http://www.casio.co.jp>)

May 10, 2007

Stock Exchange Listings: Tokyo (First Section)

Code Number: 6952

Head Office: 6-2, Hon-machi 1-chome, Shibuya-ku, Tokyo 151-8543, Japan

President and CEO: Kazuo Kashio

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Annual Shareholders' Meeting (Scheduled): June 28, 2007

Start of Distribution of Dividends (Scheduled): June 29, 2007

Filing of Securities Report (*Yuka shoken hokokusyo*) (Scheduled): June 28, 2007

1. Consolidated Financial Results for the year ended March 31, 2007 (From April 1, 2006 to March 31, 2007)

Monetary amounts are rounded to the nearest million yen.

(Millions of yen)

(1) Operating Results

(Percentages indicate changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
		%		%		%		%
Year ended March 31, 2007	620,769	7.0	48,074	11.5	41,431	6.5	25,147	5.9
Year ended March 31, 2006	580,309	3.8	43,114	10.4	38,915	15.9	23,745	10.3

	Net income per share (Yen)	Diluted net income per share (Yen)	Net income/Shareholders' equity	Ordinary income/Total assets	Operating income/Net sales
			%	%	%
Year ended March 31, 2007	92.67	90.30	12.2	8.1	7.7
Year ended March 31, 2006	88.57	84.43	13.4	7.8	7.4

(Reference) Equity in gains of affiliates:

Year ended March 31, 2007: 135 million yen

Year ended March 31, 2006: 138 million yen

(2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio	Net assets per share (Yen)
			%	
As of March 31, 2007	525,483	236,669	42.6	811.69
As of March 31, 2006	501,960	191,011	38.1	717.40

(Reference) Equity

As of March 31, 2007: 223,943 million yen

As of March 31, 2006: million yen

(3) Cash Flows

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
Year ended March 31, 2007	35,949	(37,679)	(28,713)	97,239
Year ended March 31, 2006	43,875	(29,682)	(39,818)	125,232

2. Dividends

(Record date)	Dividends per share (Yen)			Total dividends payment (Annual) (Millions of yen)	Payout ratio (Consolidated)	Net assets/ Dividends (Consolidated)
	Interim	Year-end	Annual			
Year ended March 31, 2006		20.00	20.00	5,319	22.6	3.0
Year ended March 31, 2007		23.00	23.00	6,346	24.8	3.0
Year ending March 31, 2008 (Forecast)		23.00	23.00		22.7	

3. Consolidated Results Forecast for Fiscal 2008 (From April 1, 2007 to March 31, 2008)

(Millions of yen)

(Percentages indicate changes from the previous fiscal year for the full year and from the previous interim period for the interim period.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share (Yen)
		%		%		%		%	
First Half	310,000	3.1	24,500	5.6	22,500	10.8	13,000	8.5	47.12
Fiscal 2008	650,000	4.7	53,000	10.2	48,000	15.9	28,000	11.3	101.49

4. Others

(1) Changes in consolidated subsidiaries (Changes in scope of consolidation): No

(2) Changes in accounting policies, procedures, presentation method, etc. for the consolidated financial statements

(a) Changes in accordance with revisions to accounting standards: Yes

(b) Changes other than (a) above: No

(3) Number of shares outstanding (common stock)

(a) Number of shares outstanding (including treasury stock):

As of March 31, 2007: 279,020,914 shares

As of March 31, 2006: 270,442,868 shares

(b) Treasury stock:

As of March 31, 2007: 3,123,881 shares

As of March 31, 2006: 4,478,067 shares

Proper Use of Business Results Forecasts and Other Notes

(Caution Concerning Forward-looking Statements)

The forward-looking statements, including business results forecasts, contained in these materials are based on information currently available to the company and on certain assumptions deemed to be reasonable. Actual business results may differ substantially due to a number of factors. Please refer to Operating Results, Analysis of Operating Results, on page 3 for the suppositions that form the assumptions for business results and cautions concerning the use of business results forecasts.

Operating Results

Analysis of Operating Results

(Operating Results for Fiscal 2007)

During fiscal 2007, the Japanese economy experienced an upswing, growing steadily on improved corporate earnings and an accompanying increase in capital expenditures, as well as a general rise in consumer spending and an improved employment situation.

Overseas, while the US economy slowed overall amid continued uncertainty over the future, the Chinese and other Asian economies continued to grow, and Europe continued to show signs of recovery.

The overall market for Casio businesses performed well as cellular phones showed solid growth and the market for digital cameras began to expand again. These products continued to drive market growth.

In this environment, Casio pursued its management goals by aggressively promoting and developing strategic businesses (timepieces, digital cameras, electronic dictionaries, and cellular phones). At the same time, the company focused on realizing greater management efficiency, including efforts to improve profit ratios and capital efficiency.

As a result, consolidated net sales for fiscal 2007 expanded 7.0% year-on-year to ¥620.7 billion.

Reporting results by segment, sales in the Electronics segment grew 11.4% year-on-year to ¥527.2 billion. Within that segment, in the Consumer category, Casio's stylish, popular Exilim digital cameras kept up the strong performance of the previous year. Further growth was driven by the release of the EX-Z1000 — the first digital camera in the world to realize 10.1-megapixels in such a compact size — and aggressive overseas marketing. Sales in the category rose 7.3% year-on-year to ¥229.3 billion. In the Timepieces category, aggressive promotion of the Oceanus series in North America as well as Japan and Europe helped boost Timepieces sales 9.7% to ¥77.9 billion. Oceanus full-metal case watches feature five motors and are compatible with standard radio waves from five transmitters worldwide (two in Japan, one in the United States, one in Germany, and one in the United Kingdom). In the Mobile Network Solutions (MNS) category, sales of the W51CA "1 seg" broadcast compatible cellular phone, which allows high-quality images to be enjoyed for a longer period of time, were positive following the success of the W41CA, which was the top seller at any phone at any carrier in Japan. Casio has focused on developing products with outstanding ease of use from the user point of view, and has been selected as the No. 1 cellular phone manufacturer in Japan in handset customer satisfaction for two years in a row. As a result, sales in the segment jumped 22.5% year-on-year to ¥171.3 billion. In the System Equipment category, due to the robust performance of compact, A3-size-paper-compatible color page printers, and super slim projectors, which are stylish and feature outstanding portability, sales in the segment dipped only 0.1% year-on-year to ¥48.6 billion. In the Electronic Components and Others segment, sales were ¥93.5 billion, down 12.5% year-on-year. The Electronic Components category, affected by the falling unit prices of TFT LCDs and a decline in sales at Casio Micronics Co., Ltd., saw a 15.1% decrease in sales to ¥62.7 billion. In the Others category, sales were down 6.5% to ¥30.7 billion.

Operating income in the Electronics segment reached ¥53.8 billion, up 29.1% year-on-year. The operating income margin stood at 10.2% as a result of the increase in income accompanying the growth in sales of digital cameras and cellular phones, as well as efforts to increase added value by enhancing product strength in radio-controlled timepieces and electronic dictionaries, and to strengthen productivity by promoting greater development and business efficiency. The Electronic Components and Others segment, affected by the falling unit prices of TFT LCDs and the decline in sales at Casio Micronics Co., Ltd., was ¥700 million in the red. As a result, total consolidated operating income, allowing for elimination or unallocated amounts, rose 11.5% year-on-year to ¥48.0 billion. In addition, ordinary income grew 6.5% year-on-year to ¥41.4 billion, and net income stood at ¥25.1 billion, up 5.9% year-on-year. As a result of these efforts, Casio set new record-highs for net sales and net income for the fourth consecutive year, and for operating income and ordinary income for the third consecutive year.

(Forecast for Fiscal 2008)

Casio believes that the business environment going forward will offer conditions conducive to globally stable growth, although conditions remain unpredictable due to various uncertainties, including concerns over the impact on the global economy of rising crude oil prices. In this environment, the company will draw on its core technologies for creating products that are compact, lightweight, slim, and energy efficient to continue strengthening its strategic businesses. The following are the strategies for the main business areas.

- (a) For digital cameras, in addition to stylish models that always feature differentiated technologies with excellent basic performance, Casio will work to further expand its lineup by tapping into new model types that take advantage of the company's strengths in digital technology. Going forward, in addition to the Japanese market, the company will focus strongly on expanding sales in the overseas markets where major growth is expected.
- (b) For solar-powered radio-controlled watches, Casio will expand its lineup and market share of mid-range and higher priced products for men and women by strengthening its G-Shock, Oceanus, and Baby-G brands. These brands will feature, in addition to solar operation, the latest technologies supporting standard radio waves from five transmitters worldwide (two in Japan, one in the United States, one in Germany, and one in the United Kingdom). Moreover, the company is planning to introduce radio-controlled watches in the Chinese market, where radio wave transmission is scheduled to commence this year. These steps are expected to increase the share of the total Timepieces category sales accounted for by Casio's solar-powered radio-controlled watches, and to improve earning capacity.
- (c) For electronic dictionaries, in addition to South Korea, Germany, and the Spanish-speaking countries, Casio will reinforce its sales system in Europe and Asia, including China, and improve its overseas market share. Casio aims to become the top brand, not only in the Japanese market, but in the world education market as well.

- (d) For cellular phones, with the shift to third-generation phones now in full swing, Casio will work to retain its top-class share in the domestic KDDI “au” market with competitive products that draw on the company’s outstanding technologies in “toughness, cameras, and imaging.” Moreover, the company will further strengthen its expansion into overseas markets by supplying new products to Verizon Wireless of the United States, to which it began sales fiscal 2007, and conducting sales promotion campaigns to raise recognition levels. In addition, Casio is aiming to grow sales and income with expansion into further markets through the development of new systems.
- (e) For electronic components and others, demand at Casio Micronics Co., Ltd., has been expanding with the recovery in the market for large LCD panels, and Casio will work to curb the fall in prices and boost earning capability through the introduction of high added-value technologies such as ultra-fine Chip On Film (COF) and Wafer Level Chip Size Package (WCSP).

Casio is continuing to pursue measures to promote innovative product development, enhance its long-term earning capacity, and strengthen its management and financial structure. The company is also actively implementing a variety of measures in all business segments with a view to improving the long-term health of its businesses, and is working to achieve earnings growth and further improve its management practices.

Currently, the forecasts for fiscal 2008 are as follows.

(Consolidated results forecasts)

Net sales:	¥650.0 billion (up 4.7% year-on-year)
Operating income:	¥53.0 billion (up 10.2% year-on-year)
Ordinary income:	¥48.0 billion (up 15.9% year-on-year)
Net income:	¥28.0 billion (up 11.3% year-on-year)

Exchange rates for fiscal 2008 are estimated at US\$ 1 = ¥110 and Euro 1 = ¥150.

Analysis of Financial Position

Net cash provided by operating activities in fiscal 2007 stood at ¥35.9 billion in income. The main components of this included ¥41.3 billion in income before income taxes and minority interests, ¥31.6 billion in depreciation expenses, and an increase of ¥21.2 billion in accounts receivable because the last date of the fiscal year was a holiday. Meanwhile net cash used in investing activities recorded ¥37.6 billion in expenditure. The main components of this were ¥16.8 billion in payments for the acquisition of tangible fixed assets, including capital expenditure, and ¥17.9 billion in payments for the acquisition of intangible fixed assets. Net cash used in financing activities stood at ¥28.7 billion in expenditure. The main components of this included ¥20.7 billion in the payments for long-term borrowings, and ¥6.5 billion in payments for acquisitions of treasury stock.

As a result, cash and cash equivalents totaled ¥97.2 billion at the end of fiscal 2007, a decrease of ¥27.9 billion over the end of the previous fiscal year.

Basic Policy on Allocation of Profit and Dividends for Fiscal 2007

Casio has positioned the maintenance and expansion of profits for all of its shareholders as an important management issue, and is striving to improve business performance and strengthen its financial structure. The company's dividend policy is based on maintaining stable dividends, improving the allocation of profit by taking factors such as profit levels, financial position and the dividend payout ratio into overall consideration, and strengthening returns for shareholders. The company allocates internal reserves to the research and development and investment required for corporate stability and growth.

Casio plans to increase the dividend by 3 yen per share from the 20 yen per share paid last fiscal year to 23 yen per share for the year under review, taking factors such as business performance into consideration. This is the fourth consecutive year that Casio has increased the dividend.

Business Risks

The main risks that may affect Casio's business performance, financial position and share price are described below. Casio endeavors to prevent the occurrence of these risks and to respond when they do occur. Information on risks is current as of the end of the fiscal year under review.

- (1) Personal consumption trends in each country of the world
- (2) Sharp price fluctuations in the short term
- (3) Inability to launch popular new products on a timely and regular basis
- (4) Strategy changes, product specification changes, and order cancellations by major customers, and schedule changes to and cancellations of major orders
- (5) Obsolescence of Casio's products due to rapid technological change and radical change of market needs, etc.
- (6) Overseas political and economic conditions and unexpected changes in regulations and applications of legislation
- (7) A view that Casio's potential products or technology infringes the intellectual property rights of another company
- (8) The loss of social trust and liability for damages due to data leaks
- (9) Foreign exchange risk and interest rate risk
- (10) The occurrence of a disaster related to the environment, such as fire or earthquake, or of an accident in operations
- (11) Social unrest due to factors such as war, terrorism or infectious disease

The Casio Group

The Casio Group consists of Casio Computer Co., Ltd., and its 52 consolidated subsidiaries and 3 equity-method subsidiaries, as of March 31, 2007. The business activities of these companies range from development and production to sales and service in the categories of Consumer, Timepieces, MNS, System Equipment, Electronic Components and Others.

The Casio Group's development efforts are primarily the responsibility of Casio Computer Co., Ltd., which conducts basic research and development, and also develops new products and new production technologies. Further development of production technologies is largely conducted by the companies involved in production.

In terms of production, Casio Micronics Co., Ltd., and Kochi Casio Co., Ltd., are responsible for electronic components, and Casio Computer Co., Ltd. supplies other production subsidiaries with primary components. They carry out fabrication and processing of products using these main components and other components they procure, then supplying the respective products to Casio Computer Co., Ltd.

The main production subsidiaries by product category are as shown below.

Product category		Principal products	The main production subsidiaries
Electronics	Consumer	Electronic calculators Label printers Electronic dictionaries Visual-related products Digital cameras Electronic musical instruments	Yamagata Casio Co., Ltd. Kofu Casio Co., Ltd. Casio Computer (Hong Kong) Ltd.
	Timepieces	Digital watches Analog watches Clocks	Yamagata Casio Co., Ltd. Casio Korea Co., Ltd. Casio Electronics (Shenzhen) Co., Ltd. Casio (Thailand) Co., Ltd.
	MNS	Cellular phones Handy terminals	Yamagata Casio Co., Ltd. Kofu Casio Co., Ltd. Casio Hitachi Mobile Communications, Co., Ltd.
	System Equipment	Electronic cash registers (including POS) Office computers Page printers Data projectors	Casio Electronic Manufacturing Co., Ltd. Kofu Casio Co., Ltd.
Electronic Components and Others	Electronic Components	LCDs BUMP processing consignments TCP assembly and processing consignments Carrier tape	Kofu Casio Co., Ltd. Kochi Casio Co., Ltd. Casio Micronics Co., Ltd. Casio Singapore Pte., Ltd.
	Others	Factory automation Molds	Yamagata Casio Co., Ltd. Kofu Casio Co., Ltd.

In domestic sales, products other than system equipment are mainly marketed through distributors. Moreover, Casio Computer Co., Ltd. sells system equipment directly to some customers, such as central and local government offices, although some sales of system equipment are conducted through sales affiliates in leading regions and distributors. Overseas, the company sells its products through direct or indirect export by Casio, Inc. to North America, by Casio Electronics Co., Ltd., Casio Europe GmbH, and Casio France S.A. to Europe, and through distributors to other regions.

Casio Techno Co., Ltd. carries out maintenance and servicing for the Group's products.

Management Policy

Basic Management Policy of the Company

Since Casio's foundation, its corporate creed has been "Creativity and Contribution." Casio's mission is to pursue growth as a company and increase corporate value by contributing to society. The company is accomplishing this by introducing innovative ideas and outstanding solutions based on its proprietary advanced technologies.

Casio will continue to deliver the values of "function, quality, economy, speed, productivity, ethics, safety, and compatibility with the environment" in its products and services. In the months and years ahead, the company looks forward to providing all of its stakeholders with more "excitement" than they anticipate, and greater inspiration than ever before.

Medium- and Long-Term Management Strategy and Issues to Be Addressed

The fiscal year ending March 31, 2008 will mark the 50th anniversary of Casio's founding, and it will serve as a year of consolidation ahead of the company's "second birth," which will feature the full-scale pursuit of business expansion. Casio intends to build a robust earnings base and further strengthen its financial structure, to realize even greater corporate value. To achieve these aims, Casio is working as one to execute the following strategies.

(1) Establishing Robust Profitability

Casio aims to secure an operating income margin of 10% or more, executing management that allows it to ensure stable growth and earning capacity.

Although Casio businesses in digital cameras, solar-powered radio-controlled watches, and electronic dictionaries are already achieving stable double-digit income margins, Casio is striving to further reduce the cost of sales ratio by optimizing costs and radically reviewing expenses with a focus on productivity, in order to make these businesses even more profitable.

Business expansion into major markets in fields such as cellular phones has resulted in a steadily increasing scale of sales thanks to Casio's strategy of differentiation based on technology. However, looking ahead, Casio aims to increase the number of high value-added products to raise earning potential while simultaneously increasing sales overseas.

(2) Creating New Strategic Businesses

In the past, Casio has drawn on unique ideas and advanced technology to bring the world a range of exciting new products. As it charts a radical course of growth in the lead-up to the company's second birth following its 50th anniversary, Casio believes that, in addition to succeeding in existing businesses, creating value in new business fields—which leverage Casio technologies that cannot be imitated by other companies—will be essential. In order to achieve this, Casio will focus its management resources on new business fields even more than in the past, with the aim of establishing businesses that can quickly deliver robust earnings.

(3) Strengthening the Financial Structure

Casio is moving ahead strongly with improvements in its equity ratio and debt/equity (D/E) ratio with the aim of strengthening its financial foundations for future growth.

At the end of the current fiscal year, the equity ratio stood at 42.6%, while the D/E ratio was 0.37, achieving initial targets. In the future, the company will continue to pursue even more thoroughly efficient cash flow management and strive to generate free cash flow, aiming for a complete turnaround to a strong, stable financial structure.

(4) CSR-focused Management

Casio understands that sustainable corporate growth will only come about with the sustainable development of the global community, and is actively managing its corporate social responsibility (CSR).

Based on the Charter of Creativity for Casio, which articulates the code of conduct for employees, Casio is striving to improve corporate governance and compliance by ensuring that all employees and officers understand and comply with laws and regulations, maintain social order, and contribute to society.

Through the execution of the four strategies described above, Casio seeks to deliver original products and services with high added value, increase corporate value, and contribute to the building of a society of abundant creativity.

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2007	As of March 31, 2006	Increase (Decrease)
Assets			
Current assets	330,136	319,179	10,957
Cash and time deposits	52,768	71,818	(19,050)
Notes and accounts receivable-trade	126,117	104,098	22,019
Marketable securities	36,305	29,171	7,134
Inventories	65,857	57,643	8,214
Deferred tax assets	11,531	12,010	(479)
Short-term loans receivable with resale agreement	10,650	25,000	(14,350)
Accounts receivable-other	22,286	14,871	7,415
Other current assets	5,991	5,876	115
Allowance for doubtful accounts	(1,369)	(1,308)	(61)
Fixed assets	195,347	182,781	12,566
Property, plant and equipment	102,647	96,115	6,532
Buildings and structures	34,400	30,370	4,030
Machinery and vehicles	17,192	15,337	1,855
Tools and equipment	12,936	11,660	1,276
Land	37,326	37,462	(136)
Construction in progress	793	1,286	(493)
Intangibles	19,223	14,746	4,477
Investments and other assets	73,477	71,920	1,557
Investment securities	51,511	50,464	1,047
Deferred tax assets	8,552	5,254	3,298
Long-term time deposits	3,000	3,000	
Other assets	10,666	13,601	(2,935)
Allowance for doubtful accounts	(252)	(399)	147
Total assets	525,483	501,960	23,523

(Millions of yen)

	As of March 31, 2007	As of March 31, 2006	Increase (Decrease)
Liabilities			
Current liabilities	227,562	183,967	43,595
Notes and accounts payable-trade	103,616	94,341	9,275
Short-term borrowings	4,196	911	3,285
Long-term borrowings due within one year	22,000	20,747	1,253
Bonds due within one year	10,000		10,000
Accounts payable-other	41,835	35,821	6,014
Accrued expenses	16,034	14,332	1,702
Income taxes payable	11,328	8,526	2,802
Warranty reserve	2,058	2,042	16
Other current liabilities	16,495	7,247	9,248
Long-term liabilities	61,252	114,948	(53,696)
Bonds	10,000	20,000	(10,000)
Bonds with stock acquisition rights		20,000	(20,000)
Long-term borrowings	37,450	59,450	(22,000)
Deferred tax liabilities	1,911	1,908	3
Employees' severance and retirement benefits	6,995	7,402	(407)
Retirement benefits for directors and corporate auditors	2,495	1,895	600
Other long-term liabilities	2,401	4,293	(1,892)
Total liabilities	288,814	298,915	(10,101)
Net assets			
Shareholders' equity	218,019		
Common stock	48,592		
Additional paid-in capital	66,737		
Retained earnings	109,654		
Treasury stock, at cost	(6,964)		
Valuation and translation adjustments	5,924		
Net unrealized holding gains on securities	8,615		
Deferred losses on hedges	(1,082)		
Foreign currency translation adjustments	(1,609)		
Minority interests	12,726		
Total net assets	236,669		
Total liabilities and net assets	525,483		

(Millions of yen)

	As of March 31, 2007	As of March 31, 2006	Increase (Decrease)
Minority interests		12,034	
Shareholders' equity			
Common stock		41,549	
Additional paid-in capital		57,523	
Retained earnings		90,236	
Net unrealized holding gains on securities		9,861	
Foreign currency translation adjustments		(3,168)	
Treasury stock, at cost		(4,990)	
Total shareholders' equity		191,011	
Total liabilities, minority interests and shareholders' equity		501,960	

	(March 31, 2007)	(March 31, 2006)
1. Accumulated depreciation on property, plant and equipment	143,506	136,711
2. Guarantee		220

Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2007		Year ended March 31, 2006		Increase (Decrease)
	Amount	% of Net sales	Amount	% of Net sales	
Net sales	620,769	100.0	580,309	100.0	40,460
Cost of sales	436,548	70.3	407,940	70.3	28,608
Gross income	184,221	29.7	172,369	29.7	11,852
Selling, general and administrative expenses	136,147	22.0	129,255	22.3	6,892
Operating income	48,074	7.7	43,114	7.4	4,960
Non-operating income	4,420	0.7	3,383	0.6	1,037
Interest and dividends income	2,713		1,858		855
Other	1,707		1,525		182
Non-operating expenses	11,063	1.7	7,582	1.3	3,481
Interest expense	1,607		1,300		307
Other	9,456		6,282		3,174
Ordinary income	41,431	6.7	38,915	6.7	2,516
Extraordinary gains	2,202	0.4	2,397	0.4	(195)
Gain on sales of fixed assets	361		392		(31)
Gain on sales of investment securities	1,247		76		1,171
Gain on sales of consolidated subsidiaries and affiliates	231		1,928		(1,697)
Government grants	360				360
Other	3		1		2
Extraordinary losses	2,250	0.4	1,641	0.3	609
Loss on disposal and sales of fixed assets	1,112		995		117
Loss on devaluation of investment securities	145		44		101
Provision for accrued retirement benefits for directors and corporate auditors	459		459		
Loss on disposal of inventories	295				295
Other	239		143		96
Income before income taxes and minority interests	41,383	6.7	39,671	6.8	1,712
Income taxes-current	16,407	2.6	13,902	2.4	2,505
Income taxes-deferred	(1,424)	(0.2)	261	0.0	(1,685)
Minority interests	(1,253)	(0.2)	(1,763)	(0.3)	510
Net income	25,147	4.1	23,745	4.1	1,402

Consolidated Statements of Shareholders' Equity

Year ended March 31, 2007

(Millions of yen)

	Shareholders' equity					Valuation and translation adjustments				Minority interests	Total net assets
	Common stock	Additional paid - in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gains on securities	Deferred losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2006	41,549	57,523	90,236	(4,990)	184,318	9,861		(3,168)	6,693	12,034	203,045
Changes during the current year											
Conversion of bonds with stock acquisition rights	7,043	7,042			14,085						14,085
Cash dividends paid*			(5,319)		(5,319)						(5,319)
Bonuses to directors and corporate auditors*			(208)		(208)						(208)
Net income			25,147		25,147						25,147
Acquisitions of treasury stock				(6,557)	(6,557)						(6,557)
Sales of treasury stock		1,970		4,583	6,553						6,553
Transfer from retained earnings to additional paid-in capital for merger of consolidated subsidiaries		202	(202)								
Net changes other than shareholders' equity						(1,246)	(1,082)	1,559	(769)	692	(77)
Net total changes during the current year	7,043	9,214	19,418	(1,974)	33,701	(1,246)	(1,082)	1,559	(769)	692	33,624
Balance at March 31, 2007	48,592	66,737	109,654	(6,964)	218,019	8,615	(1,082)	(1,609)	5,924	12,726	236,669

* Note: Appropriation of retained earnings resolved at the annual shareholders' meeting held in June, 2006.

1. Type and number of shares outstanding and treasury stock

(Thousands of shares)

	Beginning of the year	Increase during the year	Decrease during the year	End of the year
Shares outstanding				
Common stock	270,443	8,578		279,021
Treasury stock				
Common stock	4,478	2,721	4,075	3,124

2. Dividends

Dividends paid

Resolution	Type of stock	Total dividends paid (Millions of yen)	Dividends per share (Yen)	Dividends record date	Effective date
Annual shareholders' meeting on June 29, 2006	Common stock	5,319	20	March 31, 2006	June 30, 2006

Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2007	Year ended March 31, 2006
Cash flows from operating activities:		
Income before income taxes and minority interests	41,383	39,671
Depreciation (including software)	31,613	26,629
Loss on disposal and sales of fixed assets	751	603
Gain on sales of investment securities	(1,247)	(75)
Loss on devaluation of investment securities	145	44
Gain on sales of consolidated subsidiaries and affiliates	(231)	(1,928)
Government grants	(360)	
Increase (Decrease) in liabilities for the employees' severance and retirement benefits	(411)	395
Interest and dividends income	(2,713)	(1,858)
Interest expense	1,607	1,300
Foreign exchange gain	(1,158)	(1,220)
Increase in notes and accounts receivable	(21,208)	(10,696)
Decrease (Increase) in inventories	(7,652)	7,093
Increase in notes and accounts payable	10,076	6,121
Other	(1,539)	(5,580)
Total	49,056	60,499
Interest and dividends received	2,737	1,790
Interest paid	(1,636)	(1,291)
Income taxes paid	(14,208)	(17,123)
Net cash provided by operating activities	35,949	43,875
Cash flows from investing activities:		
Deposits in time deposits	(1,135)	(688)
Withdrawals from time deposits	1,132	647
Payments for acquisitions of tangible fixed assets	(16,865)	(19,935)
Proceeds from sales of tangible fixed assets	595	1,039
Net increase in intangible fixed assets	(17,942)	(11,814)
Net increase in investment securities	(4,322)	(1,650)
Proceeds from sales of consolidated subsidiaries and affiliates	319	2,958
Other	539	(239)
Net cash used in investing activities	(37,679)	(29,682)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	4,285	(1,519)
Proceeds from long-term borrowings		6,000
Payments for long-term borrowings	(20,747)	(9,688)
Redemption of bonds		(30,000)
Payments for acquisitions of treasury stock	(6,557)	(47)
Proceeds from sales of treasury stock	338	359
Payments for cash dividends	(5,319)	(4,515)
Other	(713)	(408)
Net cash used in financing activities	(28,713)	(39,818)
Effect of exchange rate changes on cash and cash equivalents	2,450	3,268
Net decrease in cash and cash equivalents	(27,993)	(22,357)
Cash and cash equivalents at beginning of year	125,232	147,589
Cash and cash equivalents at end of year	97,239	125,232

Note: Cash and cash equivalents at March 31, 2007 and 2006 for the Consolidated Statements of Cash Flows consist of the followings:

	(March 31, 2007)	(March 31, 2006)
Cash and time deposits	52,768	71,818
Time deposits over three months	(784)	(757)
Marketable securities within three months	34,605	29,171
Short-term loans receivable with resale agreement	10,650	25,000
Cash and cash equivalents	97,239	125,232

Segment Information

1. Business Segments

Year ended March 31, 2007

(Millions of yen)

	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
I Net sales and operating income					
Net sales					
(1) Outside customers	527,216	93,553	620,769		620,769
(2) Inside Group	673	34,648	35,321	(35,321)	
Total	527,889	128,201	656,090	(35,321)	620,769
Costs and expenses	473,998	128,986	602,984	(30,289)	572,695
Operating income (loss)	53,891	(785)	53,106	(5,032)	48,074
II Total assets, depreciation and capital expenditures					
Total assets	287,998	124,427	412,425	113,058	525,483
Depreciation	23,692	7,520	31,212	401	31,613
Capital expenditures	29,331	14,225	43,556	1,197	44,753

Year ended March 31, 2006

(Millions of yen)

	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
I Net sales and operating income					
Net sales					
(1) Outside customers	473,420	106,889	580,309		580,309
(2) Inside Group	453	33,477	33,930	(33,930)	
Total	473,873	140,366	614,239	(33,930)	580,309
Costs and expenses	432,114	133,181	565,295	(28,100)	537,195
Operating income (loss)	41,759	7,185	48,944	(5,830)	43,114
II Total assets, depreciation and capital expenditures					
Total assets	257,759	106,591	364,350	137,610	501,960
Depreciation	18,988	7,327	26,315	314	26,629
Capital expenditures	22,128	9,013	31,141	385	31,526

Notes: 1. Business segments are classified by the application or nature of each product, method of manufacturing and sales, profit management and related assets.

2. Major products in each business segment:

(1) Electronics

Electronic calculators, Label printers, Electronic dictionaries, Digital cameras, Electronic musical instruments, Digital watches, Analog watches, Clocks, Cellular phones, Electronic cash registers, Office computers, Page printers, Data projectors, etc.

(2) Electronic components and others

LCDs, BUMP processing consignments, TCP assembly and processing consignments, Carrier tape, Factory automation, Molds, Toys, etc.

3. Elimination or unallocated amounts of costs and expenses principally consist of administrative expenses and R&D expenses for fundamental research of the parent company, which amounted to 5,032 million yen, 5,830 million yen for the years ended March 31, 2007 and 2006, respectively.

4. Elimination or unallocated amounts of total assets principally consist of cash and time deposits, marketable securities, investments in securities and administrative assets of the parent company, which amounted to 114,864 million yen and 139,714 million yen for the years ended March 31, 2007 and 2006, respectively.

2. Geographical Segments

Year ended March 31, 2007

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination	Consolidated
I Net sales and operating income							
Net sales							
(1) Outside customers	450,762	61,095	84,029	24,883	620,769		620,769
(2) Inside Group	127,274	87	48	120,826	248,235	(248,235)	
Total	578,036	61,182	84,077	145,709	869,004	(248,235)	620,769
Costs and expenses	538,543	57,986	80,599	143,253	820,381	(247,686)	572,695
Operating income (loss)	39,493	3,196	3,478	2,456	48,623	(549)	48,074
II Total assets	475,494	24,205	35,359	42,977	578,035	(52,552)	525,483

Year ended March 31, 2006

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination	Consolidated
I Net sales and operating income							
Net sales							
(1) Outside customers	438,321	50,779	70,997	20,212	580,309		580,309
(2) Inside Group	103,434	28	125	91,553	195,140	(195,140)	
Total	541,755	50,807	71,122	111,765	775,449	(195,140)	580,309
Costs and expenses	504,783	48,696	69,853	109,450	732,782	(195,587)	537,195
Operating income (loss)	36,972	2,111	1,269	2,315	42,667	447	43,114
II Total assets	463,403	23,475	26,123	39,034	552,035	(50,075)	501,960

Notes: 1. Segments of countries and areas are classified by the geographical factor.

2. The main countries and the areas which belong to each segment except for Japan are as follows:

- (1) North America U.S.A., Canada, Mexico
- (2) Europe U.K., Germany, France, Spain, Netherlands, Norway
- (3) Asia Taiwan, Hong Kong, South Korea, Malaysia, Singapore, China, India, Indonesia, Thailand

3. Overseas Sales

Year ended March 31, 2007

(Millions of yen)

	North America	Europe	Asia	Others	Total
I Overseas net sales	83,951	90,902	70,301	29,825	274,979
II Net sales (consolidated)					620,769
III Share of overseas net sales	13.5%	14.7%	11.3%	4.8%	44.3%

Year ended March 31, 2006

(Millions of yen)

	North America	Europe	Asia	Others	Total
I Overseas net sales	58,868	78,822	70,370	27,519	235,579
II Net sales (consolidated)					580,309
III Share of overseas net sales	10.2%	13.6%	12.1%	4.7%	40.6%

Notes: 1. Segments of countries and areas are classified by the geographical factor.

2. The main countries and the areas which belong to each segment are as follows:

(1) North America U.S.A., Canada

(2) Europe U.K., Germany, France

(3) Asia Hong Kong, Singapore, China, South Korea, Taiwan

3. The above overseas net sales represent net sales made outside Japan by the parent company and consolidated subsidiaries.

Sales by Product Category

(Millions of yen)

	Year ended March 31, 2007			Year ended March 31, 2006	
	Amount	% of total	% change	Amount	% of total
Consumer	229,352	36.9	7.3	213,810	36.8
Timepieces	77,948	12.6	9.7	71,086	12.3
MNS (Mobile Network Solutions)	171,314	27.6	22.5	139,896	24.1
System equipment	48,602	7.8	(0.1)	48,628	8.4
Electronics	527,216	84.9	11.4	473,420	81.6
Electronic components	62,790	10.1	(15.1)	73,976	12.7
Others	30,763	5.0	(6.5)	32,913	5.7
Electronic components and others	93,553	15.1	(12.5)	106,889	18.4
Total	620,769	100.0	7.0	580,309	100.0