

# Consolidated Financial Results for the Fiscal Year Ended March 31, 2011 (Japan GAAP)

English Translation of "Kessan tanshin"

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

(Summary for reference)

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

May 17, 2011

Stock Exchange Listings: Tokyo

Code Number: 6952

President and CEO: Kazuo Kashio

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Annual Shareholders' Meeting (Scheduled): June 29, 2011

Start of Distribution of Dividends (Scheduled): June 30, 2011

Filing of Securities Report (*Yuka shoken hokokusho*) (Scheduled): June 29, 2011

Preparation of supplementary explanatory materials: Yes

Conducting results briefing for the year: Yes

## 1. Consolidated Financial Results for the year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)

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, 2011	341,678	(20.2)	12,042	-	11,702	-	5,682	-
Year ended March 31, 2010	427,925	(17.4)	(29,309)	-	(25,082)	-	(20,968)	-

(Note) Comprehensive income:

Year ended March 31, 2011: 1,742 million yen - %

Year ended March 31, 2010: (31,331) million yen - %

	Net income per share (Yen)	Diluted net income per share (Yen)	Net income/Equity	Ordinary income/Total assets	Operating income/Net sales
			%	%	%
Year ended March 31, 2011	20.90	19.10	3.6	2.8	3.5
Year ended March 31, 2010	(75.58)	-	(12.2)	(5.7)	(6.8)

(Reference) Equity in gains of affiliates:

Year ended March 31, 2011: (1,593) million yen

Year ended March 31, 2010: 99 million yen

### (2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio	Net assets per share (Yen)
			%	
As of March 31, 2011	402,456	153,232	38.0	569.57
As of March 31, 2010	429,983	168,857	37.3	577.38

(Reference) Equity: As of March 31, 2011: 153,131 million yen

As of March 31, 2010: 160,184 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 period
Year ended March 31, 2011	13,713	(25,529)	22,984	117,119
Year ended March 31, 2010	5,834	(14,997)	18,155	113,784

## 2. Dividends

	Dividends per share (Yen)					Total dividends payment (Millions of yen)	Payout ratio (Consolidated)	Net assets/ Dividends (Consolidated)
	June 30	September 30	December 31	March 31	Total			
Year ended March 31, 2010	-	-	-	15.00	15.00	4,161	%	%
Year ended March 31, 2011	-	-	-	17.00	17.00	4,571	81.3	2.4
Year ending March 31, 2012 (Forecast)	-	-	-	-	-		-	3.0

(Note) The forecast dividend amount for the fiscal year ending March 31, 2012 is yet to be determined.

## 3. Consolidated Results Forecasts for Fiscal 2012 (From April 1, 2011 to March 31, 2012)

(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 (Cumulative) Fiscal 2011	330,000	(3.4)	20,000	66.1	18,000	53.8	10,000	76.0	37.19

(Note) Consolidated results forecasts for the first half of the fiscal year ending March 31, 2012 have yet to be made due to the difficulties involved in publishing suitable forecasts at the current time because of the impact of the Great East Japan Earthquake. Casio will publish the consolidated results forecasts in a timely manner when it is possible to do so.

## 4. Others

(1) Changes in significant subsidiaries (Changes in scope of consolidation): Yes

Newly included: -

Excluded: 1 (Casio Hitachi Mobile Communications Co., Ltd.)

(2) Changes in accounting policies, procedures, presentation method, etc.

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

1. Application of "Accounting Standard for Equity Method of Accounting for Investments" and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method"
2. Application of "Accounting Standard for Asset Retirement Obligations" and its related guidance
3. Application of "Accounting Standard for Business Combinations" and others
4. Application of "Accounting Standard for Presentation of Comprehensive Income" and amendment to its related accounting standard

(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, 2011: 279,020,914 shares

As of March 31, 2010: 279,020,914 shares

(b) Number of treasury stock:

As of March 31, 2011: 10,165,355 shares

As of March 31, 2010: 1,589,837 shares

(c) Average number of shares outstanding:

Year ended March 31, 2011: 271,930,096 shares

Year ended March 31, 2010: 277,422,759 shares

### Statement on the Implementation Status of Audit Procedures

This report of consolidated financial results is outside the scope of audit procedures based on Japan's Financial Instruments and Exchange Law. At the time of publication of this report, the company had not yet completed the audit procedures of the consolidated financial statements based on the Financial Instruments and Exchange Law.

### 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 from 3 to 4 for the conditions 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 2011)

During fiscal 2011, although the Japanese and global economies showed signs of moderate recovery through March of this year underpinned by the high growth rates in newly emerging nations and government economic stimulus measures, the Great East Japan Earthquake that took place on March 11 drastically changed the situation for Japan.

In this environment, consolidated net sales for fiscal 2011 declined 20.2% year-on-year to ¥341.6 billion, which is partly attributable to the exclusion of a subsidiary from consolidation as the result of business integration. By segment, sales stood at ¥252.0 billion in the Consumer segment, down 25.2% year-on-year. The System Equipment segment recorded sales up 6.8% year-on-year to ¥46.5 billion and the Others segment registered ¥43.0 billion in sales, down 9.0% year-on-year.

In the timepiece business, brands such as G-SHOCK and EDIFICE maintained their strong performance, with increased overseas sales primarily in North America and Asia partly attributable to global promotional campaigns. The product lineup of women's SHEEN brand metal analog watches was also enhanced, tapping into the market for women's watches. Due to the continued strong sales of the EX-word series, the electronic dictionary business maintained the overwhelming top share in the Japanese market, and sales also expanded in China. The digital camera business developed and released high value-added products, which included the EX-ZR100 featuring Casio's HDR-ART function, which makes it easy to create beautiful and artistic photographs, and the EX-TR100, which achieves freedom in shooting photos thanks to its rotating LCD screen and frame.

In income for fiscal 2011, the Consumer segment posted ¥16.5 billion in operating income, which was a significant improvement. Within the segment, timepieces and electronic dictionaries remained highly profitable. The System Equipment segment recorded a ¥1.4 billion operating loss due to the one-off start up costs for the projector business. The Others segment registered ¥0.5 billion in operating income. As a result, Casio posted ¥12.0 billion in consolidated operating income, allowing for adjustment. Casio recorded ¥11.7 billion in ordinary income and ¥5.6 billion in net income for the fiscal year.

(Forecast for Fiscal 2012)

Casio will make its best effort to resolve the effects of the Great East Japan Earthquake in the first half of fiscal 2012, and the company aims to increase earnings for the full fiscal year. The main strategies are as below.

- (a) Casio will engage in the full-scale development of the new online service business, Casio Imaging Square. The company will strengthen and enhance the functions of the service, which lets people use Casio's original digital technology to easily transform an ordinary photograph into an inspiring work of art. Casio aims for the launch of this fee-based service to make a definite contribution to earnings.
- (b) In the timepiece business, Casio will seek to further expand sales and maintain strong profitability by continuing with its proactive global promotion campaigns for brands such as G-SHOCK and EDIFICE and strengthening the lineup of watches for women such as SHEEN and BABY-G.
- (c) In the electronic dictionary business, Casio will seek to maintain its No. 1 share and high profitability in the Japanese market. Moreover, in efforts to expand, Casio will pursue increase sales in overseas markets such as China.
- (d) Casio will aim to increase sales in newly emerging nations by strengthening its direct sales channels.

Currently, the forecasts for fiscal 2012 are as follows.

(Consolidated results forecasts)

Net sales: ¥330.0 billion (down 3.4% year-on-year)

Operating income: ¥20.0 billion (up 66.1% year-on-year)

Ordinary income: ¥18.0 billion (up 53.8% year-on-year)

Net income: ¥10.0 billion (up 76.0% year-on-year)

Exchange rates for fiscal 2012 are estimated at US\$ 1 = ¥80 and Euro 1 = ¥110.

### **Analysis of Financial Position**

Total assets on a consolidated basis at the end of fiscal 2011 stood at ¥402.4 billion, down ¥27.5 billion compared to the end of the previous fiscal year, owing to a decline in notes and accounts receivable-trade and intangible assets. Net assets fell ¥15.6 billion compared to the end of the previous fiscal year to ¥153.2 billion due to the acquisition of treasury stock and changes in minority interests. As a result, the equity ratio was 38.0%.

Net cash provided by operating activities was ¥13.7 billion, net cash used in investing activities was ¥25.5 billion, and net cash provided by financing activities was ¥22.9 billion. As a result,

consolidated cash and cash equivalents at the end of fiscal 2011 stood at ¥117.1 billion, an increase of ¥3.3 billion compared to the end of the previous fiscal year.

Moving forward, Casio remains determined to pursue effective management of its business assets, aiming to build a completely strong, stable financial structure.

### **Basic Policy on Allocation of Profit and Dividends for Fiscal 2011 and 2012**

Casio has positioned the maintenance and expansion of returns for all of its shareholders as an important management issue. The company's dividend policy is based on maintaining stable dividends, and Casio decides the allocation of profit by taking into account all factors such as profit levels, financial position, the dividend payout ratio, and future business forecasts.

Considering the above policy and forecasts for fiscal 2012, Casio plans to pay dividends of ¥17 per share in fiscal 2011.

### **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 45 consolidated subsidiaries and 5 equity-method subsidiaries, as of March 31, 2011. The business activities of these companies range from development and production to sales and service in the Consumer, System Equipment and Others segments.

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 Computer Co., Ltd., supplies production subsidiaries with primary components. They carry out fabrication and processing of products using these main components and other components they procure, and then supply the respective products to Casio Computer Co., Ltd.

The main production subsidiaries by business segment are shown below.

Segment	Principal products	Main production subsidiaries
Consumer	Watches Clocks Electronic dictionaries Electronic calculators Label printers Electronic musical instruments Digital cameras, etc.	Yamagata Casio Co., Ltd. Casio Computer (Hong Kong) Ltd. Casio Electronics (Shenzhen) Co., Ltd. Casio Electronic Technology (Zhongshan) Co., Ltd. Casio (Thailand) Co., Ltd.
System Equipment	Handy terminals Electronic cash registers (including POS) Office computers Page printers Data projectors, etc.	Casio Electronic Manufacturing Co., Ltd. Kofu Casio Co., Ltd.
Others	WLP processing consignment LCDs Molds, etc.	Yamagata Casio Co., Ltd. Kofu Casio Co., Ltd. Casio Micronics Co., Ltd. Casio Computer (Hong Kong) 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 America, Inc. and other companies to North America, by Casio Electronics Co., Ltd., Casio Europe GmbH, Casio France S.A. and other companies to Europe, by Casio (Shanghai) Co., Ltd., Casio (Guangzhou) Co., Ltd. and other companies to Asia, and through distributors to other regions.

Casio Techno Co., Ltd., mainly 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 going from 0 to 1, 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**

To achieve continuous growth in corporate value despite today's difficult economic environment, Casio is improving global cost competitiveness in every business to build a robust earnings base that will allow the company to secure high profits, while also strengthening its financial structure. Casio also firmly recognizes that better performance in the area of corporate social responsibility (CSR) is an important issue. To achieve these aims, Casio is working as one to execute the following strategies.

#### **(1) Creating New Genres**

Casio will develop new product genres that generate high profitability in each business. This will be accomplished by integrating Casio's unique technology with its product planning skills, which pinpoint the market's changing needs.

#### **(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. To achieve steady growth in the future, Casio is determined not only to succeed in existing businesses, but also to create value in new business fields—which leverage Casio technologies that cannot be imitated by other companies. 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 quickly establishing businesses that can realize a stable highly profitable structure.

#### **(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. Casio recognizes that securing financial liquidity is a key financial priority for the growth funds needed for future

business expansion and future repayment of interest-bearing liabilities. Accordingly, Casio will flexibly adapt as it monitors changes in the external environment.

In the future, the company will continue to pursue even more thoroughly efficient cash flow management and strive to generate free cash flow, aiming to build a completely strong, stable financial structure.

#### (4) CSR-focused Management

Casio understands that sustainable corporate growth will only come about with the preservation of global environment and development of society, 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, 2010	As of March 31, 2011
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	52,756	41,114
Notes and accounts receivable-trade	75,565	61,744
Short-term investment securities	53,428	84,376
Finished goods	32,794	31,586
Work in process	5,700	5,147
Raw materials and supplies	12,128	8,694
Deferred tax assets	11,979	8,788
Short-term loans receivable with resale agreement	11,668	17,338
Accounts receivable-other	15,000	6,865
Other	5,059	4,078
Allowance for doubtful accounts	(627)	(580)
<b>Total current assets</b>	<b>275,450</b>	<b>269,150</b>
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings and structures	63,624	63,198
Accumulated depreciation	(40,910)	(42,203)
Buildings and structures, net	22,714	20,995
Machinery, equipment and vehicles	54,312	22,202
Accumulated depreciation	(51,205)	(20,030)
Machinery, equipment and vehicles, net	3,107	2,172
Tools, furniture and fixtures	52,974	37,396
Accumulated depreciation	(49,159)	(34,566)
Tools, furniture and fixtures, net	3,815	2,830
Land	38,702	38,319
Lease assets	10,247	2,659
Accumulated depreciation	(7,606)	(1,027)
Lease assets, net	2,641	1,632
Construction in progress	678	485
Total property, plant and equipment	71,657	66,433
Intangible assets		
Software	11,940	4,951
Other	1,408	1,219
Total intangible assets	13,348	6,170
Investments and other assets		
Investment securities	53,155	45,278
Long-term loans receivable	235	141
Long-term prepaid expenses	4,480	1,732
Deferred tax assets	9,061	11,737
Other	2,658	1,866
Allowance for doubtful accounts	(61)	(51)
Total investments and other assets	69,528	60,703
<b>Total noncurrent assets</b>	<b>154,533</b>	<b>133,306</b>
<b>Total assets</b>	<b>429,983</b>	<b>402,456</b>

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	66,219	51,688
Short-term loans payable	15,846	14,800
Current portion of long-term loans payable	450	10,000
Accounts payable-other	38,422	20,180
Accrued expenses	12,786	11,894
Income taxes payable	3,481	2,900
Provision for product warranties	1,946	875
Provision for business structure improvement	3,100	-
Other	10,865	5,549
<b>Total current liabilities</b>	<b>153,115</b>	<b>117,886</b>
<b>Noncurrent liabilities</b>		
Bonds payable	10,000	25,000
Bonds with subscription rights to shares	50,000	50,000
Long-term loans payable	28,000	38,000
Deferred tax liabilities	1,881	1,878
Provision for retirement benefits	10,012	10,696
Provision for directors' retirement benefits	2,666	2,785
Other	5,452	2,979
<b>Total noncurrent liabilities</b>	<b>108,011</b>	<b>131,338</b>
<b>Total liabilities</b>	<b>261,126</b>	<b>249,224</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	48,592	48,592
Capital surplus	65,704	65,703
Retained earnings	55,712	57,233
Treasury stock	(3,519)	(8,589)
<b>Total shareholders' equity</b>	<b>166,489</b>	<b>162,939</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	3,131	1,733
Deferred gains or losses on hedges	(287)	(238)
Foreign currency translation adjustment	(9,149)	(11,303)
<b>Total accumulated other comprehensive income</b>	<b>(6,305)</b>	<b>(9,808)</b>
<b>Minority interests</b>	<b>8,673</b>	<b>101</b>
<b>Total net assets</b>	<b>168,857</b>	<b>153,232</b>
<b>Total liabilities and net assets</b>	<b>429,983</b>	<b>402,456</b>

## Consolidated Statements of Operations

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
<b>Net sales</b>	427,925	341,678
Cost of sales	330,417	227,923
Gross profit	97,508	113,755
Selling, general and administrative expenses	126,817	101,713
<b>Operating income (loss)</b>	<b>(29,309)</b>	<b>12,042</b>
Non-operating income		
Interest income	1,152	953
Dividends income	281	375
Equity in earnings of affiliates	99	-
Foreign exchange gains	1,499	693
Gain on valuation of interest-rate swaps	984	54
Other	2,257	932
Total non-operating income	6,272	3,007
Non-operating expenses		
Interest expenses	848	840
Equity in losses of affiliates	-	1,593
Other	1,197	914
Total non-operating expenses	2,045	3,347
<b>Ordinary income (loss)</b>	<b>(25,082)</b>	<b>11,702</b>
Extraordinary income		
Gain on sales of noncurrent assets	35	12
Gain on sales of investment securities	1,669	29
Gain on sales of golf memberships	-	18
Total extraordinary income	1,704	59
Extraordinary loss		
Loss on retirement of noncurrent assets	758	375
Impairment loss	289	646
Loss on valuation of investment securities	1,002	231
Business structure improvement expenses	3,100	-
Loss on valuation of golf club membership	54	2
Special retirement expenses	637	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	152
Other	340	22
Total extraordinary losses	6,180	1,428
<b>Income (loss) before income taxes and minority interests</b>	<b>(29,558)</b>	<b>10,333</b>
<b>Income taxes-current</b>	<b>4,273</b>	<b>3,878</b>
<b>Income taxes-deferred</b>	<b>1,853</b>	<b>1,207</b>
<b>Total income taxes</b>	<b>6,126</b>	<b>5,085</b>
<b>Income (loss) before minority interests</b>	<b>(35,684)</b>	<b>5,248</b>
<b>Minority interests in loss</b>	<b>(14,716)</b>	<b>(434)</b>
<b>Net income (loss)</b>	<b>(20,968)</b>	<b>5,682</b>

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
<b>Income (loss) before minority interests</b>	-	5,248
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	-	(1,398)
Deferred gains or losses on hedges	-	49
Foreign currency translation adjustment	-	(2,210)
Share of other comprehensive income of associates accounted for using equity method	-	53
Total other comprehensive income	-	(3,506)
<b>Comprehensive income</b>	-	1,742
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	-	2,179
Comprehensive income attributable to minority interests	-	(437)

## Consolidated Statements of Shareholders' Equity

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
<b>Shareholders' equity</b>		
<b>Capital stock</b>		
Balance at the end of previous period	48,592	48,592
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	48,592	48,592
<b>Capital surplus</b>		
Balance at the end of previous period	65,503	65,704
Changes of items during the period		
Disposal of treasury stock	(66)	(1)
Transfer from retained earnings to additional paid-in capital for merger of consolidated subsidiaries	267	-
Total changes of items during the period	201	(1)
Balance at the end of current period	65,704	65,703
<b>Retained earnings</b>		
Balance at the end of previous period	83,327	55,712
Changes of items during the period		
Dividends from surplus	(6,380)	(4,161)
Net income (loss)	(20,968)	5,682
Transfer from retained earnings to additional paid-in capital for merger of consolidated subsidiaries	(267)	-
Total changes of items during the period	(27,615)	1,521
Balance at the end of current period	55,712	57,233
<b>Treasury stock</b>		
Balance at the end of previous period	(3,612)	(3,519)
Changes of items during the period		
Purchase of treasury stock	(4)	(5,071)
Disposal of treasury stock	97	1
Total changes of items during the period	93	(5,070)
Balance at the end of current period	(3,519)	(8,589)
<b>Total shareholders' equity</b>		
Balance at the end of previous period	193,810	166,489
Changes of items during the period		
Dividends from surplus	(6,380)	(4,161)
Net income (loss)	(20,968)	5,682
Purchase of treasury stock	(4)	(5,071)
Disposal of treasury stock	31	0
Transfer from retained earnings to additional paid-in capital for merger of consolidated subsidiaries	-	-
Total changes of items during the period	(27,321)	(3,550)
Balance at the end of current period	166,489	162,939

(Millions of yen)

Year ended March 31, 2010    Year ended March 31, 2011

**Accumulated other comprehensive income****Valuation difference on available-for-sale securities**

Balance at the end of previous period	(1,304)	3,131
Changes of items during the period		
Net changes of items other than shareholders' equity	4,435	(1,398)
Total changes of items during the period	4,435	(1,398)
Balance at the end of current period	3,131	1,733

**Deferred gains or losses on hedges**

Balance at the end of previous period	(501)	(287)
Changes of items during the period		
Net changes of items other than shareholders' equity	214	49
Total changes of items during the period	214	49
Balance at the end of current period	(287)	(238)

**Foreign currency translation adjustment**

Balance at the end of previous period	(8,848)	(9,149)
Changes of items during the period		
Net changes of items other than shareholders' equity	(301)	(2,154)
Total changes of items during the period	(301)	(2,154)
Balance at the end of current period	(9,149)	(11,303)

**Total accumulated other comprehensive income**

Balance at the end of previous period	(10,653)	(6,305)
Changes of items during the period		
Net changes of items other than shareholders' equity	4,348	(3,503)
Total changes of items during the period	4,348	(3,503)
Balance at the end of current period	(6,305)	(9,808)

**Minority interests**

Balance at the end of previous period	1,824	8,673
Changes of items during the period		
Net changes of items other than shareholders' equity	6,849	(8,572)
Total changes of items during the period	6,849	(8,572)
Balance at the end of current period	8,673	101

**Total net assets**

Balance at the end of previous period	184,981	168,857
Changes of items during the period		
Dividends from surplus	(6,380)	(4,161)
Net income (loss)	(20,968)	5,682
Purchase of treasury stock	(4)	(5,071)
Disposal of treasury stock	31	0
Net changes of items other than shareholders' equity	11,197	(12,075)
Total changes of items during the period	(16,124)	(15,625)
Balance at the end of current period	168,857	153,232

## Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
<b>Net cash provided by (used in) operating activities</b>		
Income (loss) before income taxes and minority interests	(29,558)	10,333
Depreciation and amortization	29,039	12,915
Impairment loss	289	646
Loss (gain) on sales and retirement of noncurrent assets	723	363
Loss (gain) on sales of investment securities	(1,667)	(29)
Loss (gain) on valuation of investment securities	1,002	231
Increase (decrease) in provision for retirement benefits	2,680	747
Increase (decrease) in provision for directors' retirement benefits	26	119
Interest and dividends income	(1,433)	(1,328)
Interest expenses	848	840
Foreign exchange losses (gains)	(946)	(490)
Equity in (earnings) losses of affiliates	(99)	1,593
Business structure improvement expenses	3,100	-
Decrease (increase) in notes and accounts receivable-trade	3,070	(2,641)
Decrease (increase) in inventories	265	(9,428)
Increase (decrease) in notes and accounts payable-trade	(17,188)	10,029
Decrease/increase in consumption taxes receivable/payable	784	69
Other, net	14,101	(6,999)
Subtotal	5,036	16,970
Interest and dividends income received	1,687	1,430
Interest expenses paid	(884)	(855)
Income taxes paid	(5)	(3,832)
Net cash provided by (used in) operating activities	5,834	13,713
<b>Net cash provided by (used in) investing activities</b>		
Payments into time deposits	(2,175)	(13,479)
Proceeds from withdrawal of time deposits	2,878	3,347
Purchase of property, plant and equipment	(6,044)	(5,294)
Proceeds from sales of property, plant and equipment	57	63
Purchase of intangible assets	(19,146)	(3,957)
Purchase of investment securities	(3,067)	(7,684)
Proceeds from sales and redemption of investment securities	12,722	3,959
Purchase of stocks of subsidiaries and affiliates	(7)	(1,866)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	-	(871)
Other, net	(215)	253
Net cash provided by (used in) investing activities	(14,997)	(25,529)
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	(598)	(1,047)
Proceeds from long-term loans payable	18,000	20,000
Repayment of long-term loans payable	(10,500)	(450)
Proceeds from issuance of bonds	-	14,924
Purchase of treasury stock	(4)	(5,007)
Proceeds from sales of treasury stock	31	0
Repayments of finance lease obligations	(3,932)	(1,275)
Cash dividends paid	(6,380)	(4,161)
Proceeds from stock issuance to minority shareholders	21,560	-
Other, net	(22)	-
Net cash provided by (used in) financing activities	18,155	22,984
<b>Effect of exchange rate change on cash and cash equivalents</b>	544	(1,576)
<b>Net increase (decrease) in cash and cash equivalents</b>	9,536	9,592
<b>Cash and cash equivalents at beginning of period</b>	104,248	113,784
<b>Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation</b>	-	(6,257)
<b>Cash and cash equivalents at end of period</b>	113,784	117,119

## Notes on Premise of Going Concern

Not applicable.

## Notes to Consolidated Financial Statements

### Notes to Consolidated Statements of Comprehensive Income

Year ended March 31, 2011

Comprehensive income for the year immediately preceding the year ended March 31, 2011

Comprehensive income attributable to owners of the parent	¥ (16,620)	million
Comprehensive income attributable to minority interests	¥ (14,711)	million
Total	¥ (31,331)	million

Other comprehensive income for the year immediately preceding the year ended March 31, 2011

Valuation difference on available-for-sale securities	¥ 4,435	million
Deferred gains or losses on hedges	¥ 214	million
Foreign currency translation adjustment	¥ (296)	million
Share of other comprehensive income of associates accounted for using equity method	¥ 0	million
Total	¥ 4,353	million

## Segment Information

### Business Segments

Year ended March 31, 2010

(Millions of yen)

	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
<b>I</b> Net sales and operating income (loss)					
Net sales					
(1) Outside customers	380,590	47,335	427,925	-	427,925
(2) Inside group	651	19,036	19,687	(19,687)	-
Total	381,241	66,371	447,612	(19,687)	427,925
Costs and expenses	401,194	71,172	472,366	(15,132)	457,234
Operating loss	(19,953)	(4,801)	(24,754)	(4,555)	(29,309)
<b>II</b> Total assets, depreciation, impairment loss and capital expenditures					
Total assets	232,254	62,508	294,762	135,221	429,983
Depreciation	26,743	2,281	29,024	220	29,244
Impairment loss	282	7	289	0	289
Capital expenditures	27,232	1,968	29,200	211	29,411

- 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, Handy terminals, Electronic cash registers (including POS), Office computers, Page printers, Data projectors
- (2) Electronic components and others  
LCDs, BUMP processing consignments, Molds, 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 4,555 million yen for the year ended March 31, 2010.
4. Elimination or unallocated amounts of total assets principally consist of cash and deposits, short-term investment securities, investments securities and administrative assets of the parent company, which amounted to 137,454 million yen for the year ended March 31, 2010.

## Segment Information

### 1. Overview of Reportable Segments

The company's reportable segments consist of the company's constituent units for which separate financial information is available and which are subject to periodic examination in order for the board of directors to determine the allocation of management resources and evaluate financial results.

The company has designated three areas of segment reporting, which are the "Consumer", "System equipment", and "Others" segments, based on the type of products and services, and the market and consumer categories.

The categories of the main products and services belonging to each reportable segment are as follows.

Consumer..... Watches, Clocks, Electronic dictionaries, Electronic calculators, Label printers, Electronic musical instruments, Digital cameras, etc.

System equipment .... Handy terminals, Electronic cash registers (including POS), Office computers, Page printers, Data projectors, etc.

Others..... WLP processing consignments, LCDs, Molds, etc.

### 2. Information on Net Sales, Income or Loss, Assets and Other Categories for Each Reportable Segment

Year ended March 31, 2011

(Millions of yen)

	Reportable segments				Adjustment *1	Consolidated statement of operations *2
	Consumer	System equipment	Others	Total		
Net sales						
(1) Outside customers	252,083	46,511	43,084	341,678	-	341,678
(2) Inside group	18	627	5,963	6,608	(6,608)	-
Total	252,101	47,138	49,047	348,286	(6,608)	341,678
Segment income (loss)	16,521	(1,488)	576	15,609	(3,567)	12,042
Segment assets	151,808	44,735	45,699	242,242	160,214	402,456
Others						
Depreciation and amortization	8,013	2,916	1,781	12,710	205	12,915
Amortization of Goodwill	140	24	-	164	-	164
Investment to equity method affiliates	2,272	-	2,212	4,484	-	4,484
Increase in property, plant and equipment and intangible assets	7,116	2,354	923	10,393	57	10,450

Notes: 1. Adjustments are as shown below:

- (1) The (3,567) million yen adjustment to segment income or loss includes (3,567) million yen in corporate expenses that are not allocated to any reportable segments. Corporate expenses principally consist of administrative expenses and R&D expenses for fundamental research of the parent company, which are not subject to any reportable segments.
  - (2) The 160,214 million yen adjustment to segment assets includes 161,088 million yen in corporate assets that are not allocated to any reportable segments.
  - (3) The 205 million yen adjustment to depreciation and amortization consists of depreciation and amortization for assets related to administrative divisions that are not attributable to reportable segments.
  - (4) The 57 million yen adjustment to the increase in property, plant and equipment and intangible assets consists of capital expenditures in administrative divisions that are not attributable to reportable segments.
2. Segment income or loss is reconciled with operating income on the consolidated statement of operations.

### Additional Information

From the current consolidated fiscal year, the company has adopted the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No.17, published March 27, 2009) and its related guidance.