Net Sales

Net sales for the business year ended March 31, 2010 came to ¥427,925 million, a decrease of 17.4% from the previous year.

	Millions of yen	
	2010	2009
Electronics:		
Consumer	¥161,718	¥177,950
Timepieces	78,074	80,350
Mobile Network Solutions (MNS)	105,685	163,223
System Equipment	35,113	40,345
Subtotal	380,590	461,868
Electronic Components and Others:		
Electronic Components	20,388	32,452
Others	26,947	23,716
Subtotal	47,335	56,168
Total	¥427,925	¥518,036

Results by Segment

Sales in the Electronics segment amounted to ¥380,590 million, a decrease of 17.6% from the previous year. This segment accounted for 88.9% of net sales.

In the Consumer category, sales decreased 9.1% year-on-year to ¥161,718 million. The electronic dictionaries business saw strong sales for the EX-word series, relaunched with a color LCD screen in major models. Our digital camera business also had a good year in Japan, with 14 new launches spearheaded by the Exilim Zoom EX-Z2000 with the Dynamic Photo function. Conditions in overseas markets were tough in the first half, though considerable improvement was seen from the second half, notably in Europe and China.

In the Timepieces category, sales declined 2.8% year-on-year to ¥78,074 million. Non-radio-controlled items were hit hard by a difficult market environment in the first half, but radio-controlled watches, especially high value-added brand products such as the G-Shock, Oceanus and Edifice, performed well.

In the Mobile Network Solutions (MNS) category, sales slumped 35.3% year-on-year to ¥105,685 million. In cell phones, we launched seven models in Japan and overseas markets including the Exilim keitai CA003 for the *au* service, equipped with a variety of digital camera functions such as high-speed burst-shooting and Dynamic Photo function, and the rugged G'zOne ROCK cell phone, for Verizon Wireless in the United States. This business struggled in the Japanese market and was unable to recapture market share unexpectedly lost in the second quarter. In overseas markets, delay in the launch of certain new products for Verizon Wireless also took its toll, causing sales to decline steeply.

In the System Equipment category, sales fell 13.0% year-on-year to ¥35,113 million.

Sales in the Electronic Components and Others segment fell 15.7% year-on-year to ¥47,335 million, accounting for 11.1% of net sales.

By category, sales in the Electronic Components category slumped 37.2% year-on-year to ¥20,388 million. This was due largely to reduced revenues from TFT LCDs (for digital cameras and cell phones) due to weak demand and falling prices.

In the Others category, sales increased 13.6% year-on-year to ¥26,947 million.

Results by Region

Sales in Japan recorded a year-on-year decline of 16.8% to ¥222,835 million, accounting for 52.1% of total sales. Sales in North America decreased 23.9% to ¥64,916 million, accounting for 15.2% of all sales, while European sales declined 15.1% to ¥60,467 million, accounting for 14.1% of the total. Sales in Asia and the other regions (excluding Japan) declined 15.0% to ¥79,707 million, accounting for 18.6% of total sales. Overall, overseas sales declined 18.1% year-on-year to ¥205,090 million.

Results of Operations

The Electronics segment posted a ¥19,953 million operating loss, due mainly to sharply reduced revenues in the cell phone business. By contrast, timepieces and electronic dictionaries remained earnings drivers, and digital cameras saw steady improvement in profitability from the second half.

The Electronic Components and Others segment posted an operating loss of ¥4,801 million, helping push the Company into an operating loss of ¥29,309 million on a consolidated basis, allowing for elimination or unallocated amounts.

The financial account balance for the reporting year fell to ¥585 million from ¥1,532 million in the previous year. Net other expenses declined to ¥834 million, from ¥34,596 million in the previous year.

For the year under review, the Company posted a net loss of ¥20,968 million. One factor was an extraordinary loss incurred due to posting of business structure improvement expenses (provision for business structure improvement) in anticipation of losses from subsidiary merger due to integration of cell phone businesses.

Financial Condition

Total assets at the end of March 2010 declined 3.3% year-on-year to ¥429,983 million. Current assets declined by ¥2,749 million to ¥275,450 million, largely as a result of a decrease in notes and accounts receivable-trade and accounts receivable-other. Noncurrent assets posted a year-on-year decline of ¥11,921 million to ¥154,533 million due chiefly to a decline in property, plant and equipment (buildings and structures, and machinery and equipment), as well as in deferred tax assets.

Total liabilities edged up 0.6% year-on-year to ¥261,126 million. Current liabilities fell ¥16,486 million year-on-year to ¥153,115 million, due primarily to a decrease in trade payables. Noncurrent liabilities increased by ¥17,940 million year-on-year to ¥108,011 million, due chiefly to an increase in long-term loans payable.

Net assets at the year-end fell 8.7% year-on-year to ¥168,857 million, reflecting a decrease primarily in retained earnings and in valuation and translation adjustments, as well as an increase in minority interests.

Cash Flow Analysis

Cash and cash equivalents at the reporting year-end came to ¥113,784 million, an increase of ¥9,536 million.

Net cash provided by operating activities decreased by ¥17,627 million year-on-year to ¥5,834 million, due partly to increased working capital.

Net cash used in investing activities amounted to ¥14,997 million, ¥29,711 million less than the outflows of the previous year. This was chiefly attributable to proceeds from redemption of investment securities outweighing purchases, creating a net inflow.

Net cash provided by financing activities amounted to ¥18,155 million, a decrease of ¥20,652 million from the previous year. Reasons for this included ¥59,732 million in proceeds from issuance of bonds in the previous year, which outweighed inflows from proceeds from stock issuance to minority shareholders in this year.

Capital Investment

Capital investment decreased 37.7% year-on-year to ¥10,068 million. Capital investment in the Electronics segment was down 28.7% to ¥8,117 million, and the figure for the Electronic Components and Others segment was ¥1,890 million, down 58.9% from the previous year.

Research & Development

R&D expenses increased 8.4% to ¥13,693 million.

Expenses in the Electronics segment came to ¥9,432 million, up 24.1% year-on-year. In the Electronic Components and Others segment, they decreased 24.0% year-on-year to ¥1,093 million.