

Environmental Accounting

Fiscal 2006 performance

1. Environmental conservation cost by business activity

(Unit: ¥ million)

Category	Capital investment						Environmental cost						
	Electronics		Electronic Components		Total		Electronics		Electronic Components		Total		
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	
Business area cost	31	132	105	473	136	605	245	246	457	453	702	699	
Breakdown	Pollution prevention cost		8	64	314	64	322	11	13	295	296	306	309
	Global environmental conservation cost	12	122	41	82	53	204	65	26	20	8	85	34
	Resource circulation cost	19	2		77	19	79	169	207	142	149	311	356
Upstream/downstream cost		5		6		11	348	265	20	12	368	277	
Administration cost							201	167	68	74	269	241	
R&D cost		25	12		12	25	64	56	66	4	130	60	
Social activity cost							6	4			6	4	
Other cost													
Total	31	162	117	479	148	641	864	738	611	543	1,475	1,281	

In fiscal 2006, capital investment came to ¥148 million, environmental conservation costs totaled ¥1.475 billion, and economic effects came to ¥133 million.

Following last fiscal year's investments in energy conserving air conditioning equipment, water supply and drainage treatment equipment, and equipment to prevent global warming, during the current fiscal year Casio continued to work on air quality conservation by installing equipment to detoxify the higher CVD gas* emissions accompanying increased production of TFT-LCD panels.

Environmental costs increased over the previous fiscal year due mainly to strengthened responses to Europe's RoHS and WEEE Directives.

Economic effects were ¥263 million in business revenue from recycling and absorption of ¥130 million in increased costs related to energy conservation, resulting in a total economic effect of ¥133 million.

« Capital investment »

(Unit: ¥ million)

Item by area of measures	Amount of capital investment	
		Main details for current term
Global warming measures	52	Ensuring the power source capacity and conserving energy in power system transformers for production and construction equipment, and installation of highly energy efficient transformers. Installation of COF ₂ cylinder cabinets and COF ₂ mixing devices.
Air quality conservation	54	Increasing CVD gas removal equipment to increase the performance of TFT-LCD panels.
Conservation measures for the aquatic, ground, and geologic environments	13	Installation of wastewater treatment tanks and neutralization tanks.
Waste/recycling	1	Storage warehouses and equipment for recyclables
Chemical substances/other	28	Evaluation equipment / Installation of a solar water heater on the roof of Casio Electronic Technology (Zhongshan) employee dormitory.
Total	148	

2. Environmental conservation cost by conservation measure

(Unit: ¥ million)

Category	Capital investment						Environmental cost					
	Electronics		Electronic Components		Total		Electronics		Electronic Components		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Global warming measures	11	122	41	148	52	270	66	53	29	20	95	73
Ozone layer protection measures		8				8						
Air quality conservation measures	3		51	28	54	28	3	5	76	74	79	79
Noise and vibration measures								1		1		2
Conservation measures for the aquatic, ground, and geologic environments	1		13	254	14	254	7	7	206	204	213	211
Waste and recycling measures		4		43		47	379	376	140	148	519	524
Measures for chemical substances		28	12	6	12	34	132	91	104	3	236	94
Natural environmental conservation							6	3	6	7	12	10
Other	16				16		271	202	50	86	321	288
Total	31	162	117	479	148	641	864	738	611	543	1,475	1,281

* See page 67 of Web version for details on the scope of coverage.
 * The accounting procedure for fiscal 2006 newly accounted for depreciation costs in environmental costs (depreciation costs for fiscal 2005 were retroactively accounted for to enable comparison with the previous fiscal year).
 * Personnel expenses are calculated using the average unit price.

In terms of the environmental efficiency of sales, CO₂ environmental efficiency came to 5.11 (¥ million/ton-CO₂) and waste environmental efficiency came to 68 (¥ million/ton) due to increased business activities, while the amount of waste sent to landfill disposal improved over the previous fiscal year (a year-on-year decrease of 436.9 tons) due to the company's aggressive recycling efforts. In addition, environmental efficiency for chemical substances specified in the PRTR Law was 2,777 (¥ million/ton), and 32% of the amount used was recovered and recycled.

In the future, Casio will steadily implement medium-term measures with the aim of expanding economic and environmental conservation effects through energy and resource conservation-associated cost savings and the improvement of environmental performance indicators. (*CVD gas: A gas emitted during the CVD process, which creates film of silicon or other substance on the board during the manufacture of TFT-LCD panels.)

« Environmental cost »

(Unit: ¥ million)

Item by area of measures	Environmental cost	
		Main details for current term
Global warming measures	95	Boiler modifications, air-conditioner renewals
Air quality conservation	79	Maintenance and management of exhaust gas treatment equipment
Conservation measures for the aquatic, ground, and geologic environments	213	Repair of wastewater treatment equipment
Waste/recycling	519	Recovery and recycling of toner and drum sets
Chemical substances	236	Respond to RoHS Directive survey, trial manufacture cost of lead-free products
Natural environmental conservation	12	Landscape planting within company grounds
Other	321	Preparation of an environmental report, ISO maintenance and management, WEEE compliance
Total	1,475	

3. Economic effects accompanying environment conservation measures

(Unit: ¥ million)

Effect		FY2006	
Cost savings ^{*1}	Energy cost savings through energy conservation activities	*2 -184	
	Water and sewerage savings and copy paper purchase savings through resource-saving activities	1	
	Waste treatment cost savings through resource-saving or recycling	19	
Profits	Business revenue from recycling	263	
	Breakdown	Reuse of parts and materials	242
		Sale of cardboard and scrap metal	21
Customers effect ^{*3}		7	
Other (distribution cost savings through downsizing of products)		27	
Total		133	

*1 Cost savings: Adjusted by turnover increase rate.

*2 Minus sign: Indicates a negative result.

These are mainly due to increased energy consumption accompanying increased production and the large effect of surges in oil prices.

*3 Customer effect: Environmental effects generated by customers to power saving technology converted to monetary value.

(Difference between annual electrical power usage/consumption for total sold units in fiscal 2005 and fiscal 2006) x Unit price of electrical power

4. Environmental conservation effect

Environmental performance indicators	Unit	FY2006		FY2005		Difference	
		Electronics	Electronic component	Electronics	Electronic component	Electronics	Electronic component
Total energy input	Crude oil equivalent (kL)	17,454	42,026	15,458	40,357	1,996	1,669
Water resources input	Thousands m ³	523	2,792	466	2,551	58	241
Emissions of greenhouse gases							
	CO ₂ Tons-CO ₂	41,964	71,518	40,350	69,083	1,614	2,435
	SF ₆ Tons-CO ₂	0	18,714	0	16,551	0	2,163
Usage of substances specified under the PRTR Law							
	Tons	1	208	16	167	-15	41
Emissions of substances specified under the PRTR Law							
	Tons	0	37	0	29	0	8
Total generation of waste							
	Tons	3,422	5,105	3,085	4,359	337	746
(Amount sent to landfill disposal)							
	Tons	619	6	1,051	11	-432	-5
Total wastewater							
	Thousands m ³	335	2,169	256	1,301	79	868
	BOD Tons	11	23	7	19	4	4
	COD Tons	12	0	0	0	12	0
Other emissions							
	NOx Tons	118	20	83	16	35	4
	SOx Tons	30	7	23	8	7	-1
	Soot and dust Tons	2	0	2	1	1	0
Energy consumption during usage							
	Thousands GJ	316	0	317	0	-2	0
Recycled amount of used and recovered products, containers, and packaging							
	Tons	13,065	511	12,350	483	715	28
Containers and packaging usage							
	Tons	12,390	594	11,676	607	714	-13

* Some of the calculated results shown in the difference columns in the table may not match due to the rounding of fractions.
 * CO₂ conversions are calculated using the coefficient from the Ministry of the Environment's Guidelines for Calculating Greenhouse Gas Emissions from Businesses (2003) and applied retroactively.

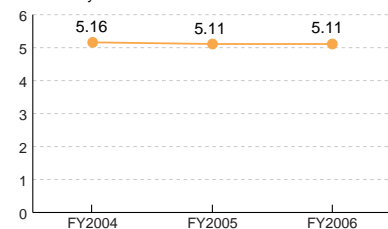
Environmental efficiency in terms of sales

Casio's environmental efficiency in terms of sales is given below in terms of CO₂, waste, and substances specified under the PRTR Law. These indicators have changed due to increased production, but Casio intends to continue improving them.

$$\text{Environmental efficiency in terms of sales (CO}_2\text{)} = \frac{\text{Sales (¥ million)}}{\text{CO}_2\text{ emissions (tons-CO}_2\text{)}}$$

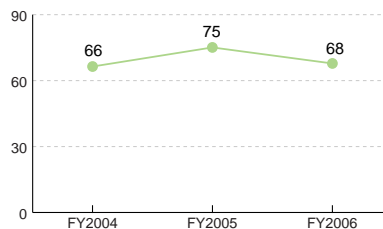
*Tons-CO₂: Various greenhouse gases converted to their CO₂ equivalent amount and expressed in tons.

*The CO₂ conversion factor has been revised and applied retroactively.



	FY2004	FY2005	FY2006
Consolidated sales (¥ million)	523,528	559,006	580,309
CO ₂ emissions (tons-CO ₂)	101,374	109,432	113,482

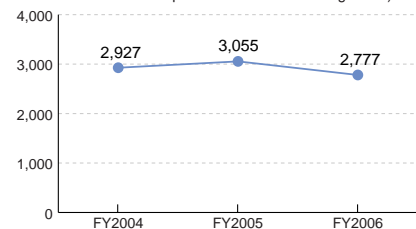
$$\text{Environmental efficiency in terms of sales (waste)} = \frac{\text{Sales (¥ million)}}{\text{Waste emissions (tons)}}$$



	FY2004	FY2005	FY2006
Consolidated sales (¥ million)	523,528	559,006	580,309
Total generation of waste (tons)	7,884	7,444	8,527

$$\text{Environmental efficiency in terms of sales (PRTR substances)} = \frac{\text{Sales (¥ million)}}{\text{Usage of PRTR substances (tons)}}$$

*PRTR substances: Chemical substances specified in the PRTR Law (Law Concerning Reporting, etc. of Release of Specific Chemical Substances to the Environment and Promotion of the Improvement of Their Management)



	FY2004	FY2005	FY2006
Consolidated sales (¥ million)	523,528	559,006	580,309
Usage of PRTR substances (tons)	179	183	209

Scope of data compilation for environmental accounting: Casio Computer Co., Ltd., and consolidated subsidiaries in and outside Japan. Reference guideline: *Environmental Accounting Guidelines 2005*, Ministry of the Environment, Japan