Annual Report 2008

For the year ended March 31, 2008

Changing Lives around the World

CASIO®

Since its founding in 1957, Casio Computer Co., Ltd. has maintained a commitment to its corporate creed of "Creativity and Contribution." Utilizing its unique ideas and highly sophisticated technologies that create something worthwhile where there was nothing before, Casio has endeavored to raise its enterprise value by developing and marketing original products which improve the quality of life.

Fiscal 2008 was our 50th anniversary, and fiscal 2009 is our first year of a new phase of innovation under the name of The Rebirth of Casio. To continue to enhance our enterprise value, we will keep innovating new products under the "Creativity and Contribution" corporate creed, as well as expand sales globally.

Contents

Consolidated Financial Highlights

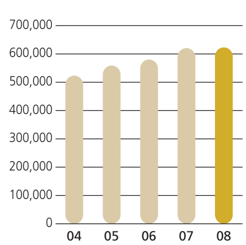
Years ended March 31, 2008 and 2007 Casio Computer Co., Ltd. and Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars*
	2008	2007	2008
For the year:			
Net sales	¥623,050	¥620,769	$6,230,500
Operating income	37,753	48,074	377,530
Net income	12,188	25,147	121,880
Capital investment	13,515	26,810	135,150
Depreciation	18,148	17,895	181,480
Research and development expenses	14,750	18,019	147,500
At year-end:			
Net assets**	231,213	236,669	2,312,130
Total assets	451,835	525,483	4,518,350
Amounts per share of common stock (in yen and U.S. dollars):			
Net income	¥44.17	¥92.67	$0.44
Diluted net income	44.15	90.30	0.44
Cash dividends applicable to the year	33.00	23.00	0.33

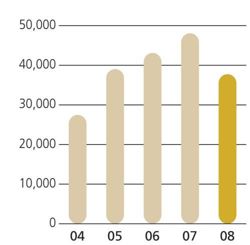
* U.S. dollar amounts have been translated from Japanese yen at the rate of ¥100 to U.S.$1, the approximate exchange rate prevailing on March 31, 2008.

** Effective from the year ended March 31, 2007, the Company and its consolidated subsidiaries adopted the new accounting standard, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Statement No. 5 issued by the Accounting Standards Board of Japan on December 9, 2005), and the implementation guidance for the accounting standard for presentation of net assets in the balance sheet (the Financial Accounting Standard Implementation Guidance No. 8 issued by the Accounting Standards Board of Japan on December 9, 2005).

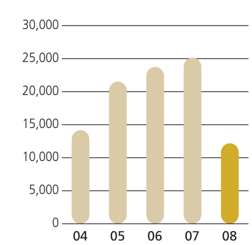
Net Sales
(Millions of yen)



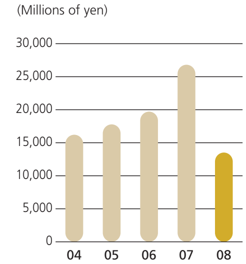
Operating Income
(Millions of yen)



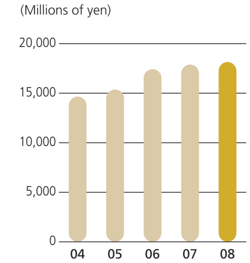
Net Income
(Millions of yen)



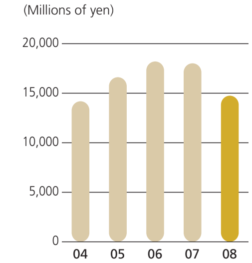
Capital Investment
(Millions of yen)



Depreciation
(Millions of yen)



R&D Expenses
(Millions of yen)



Business Performance for the Term Ended March 2008

During the term under review, ended March 31, 2008 (Fiscal 2008), Casio sought to achieve its targets with a focus on its strategic businesses, including digital cameras, timepieces, electronic dictionaries and cell phones. At the same time, we also worked to realize greater management efficiency by reorganizing the Company's business portfolio, and took steps to improve profit margins and achieve more capital efficiency.

As a result of this approach, the Company recorded a revenue increase for the sixth consecutive year on a consolidated basis, with sales at ¥623 billion, up 0.4% year-on-year.

By business segment, the Electronics Segment recorded sales of ¥526.6 billion, down by 0.1% from the previous term.

Sales of digital cameras posted another year of solid figures thanks to our aggressive marketing of new models with distinctive features, notably the Exilim Card EX-S10, which is the world's most compact and thinnest model in the 10-megapixel class.

We also saw strong growth in market share for the EX-word electronic dictionary, which enjoys the No. 1 position in the Japanese market, and for our Oceanus-brand radio-controlled luxury watches, which have already established themselves on world markets. Particularly good sales growth was posted by radio-controlled watches, notably our full-metal high-end models, which boast radio control signal reception capability from five transmission stations worldwide (two in Japan and one each in the U.S., Germany, and Britain). Sales of radio-controlled watches rose during the reporting period to account for 50% of all timepiece sales.

In cell phones, two models proved especially popular in the market — the Exilim W53CA, which has a 5.1-megapixel camera, and the W53H, which features a 2.8-inch-wide QVGA organic EL display. Both models recorded strong sales growth in the latter half of the year.

Sales in the Electronic Components and Others Segment came to ¥96.3 billion for an increase of 3.0% over the previous term. We raised the ratio of TFT-LCDs for use in cell phones and GPS navigation equipment, and achieved generally firm sales of TFT-LCDs as a whole against the backdrop of a halt in the decline in unit selling prices, thanks to a recovery in demand.

In March 2008, Casio subsidiary Casio Micronics Co., Ltd. signed an agreement to transfer its Film Device Business to Hitachi Cable, Ltd. as part of an overall plan for business restructuring.

Regarding the Company's earnings, the Electronics Segment posted operating income of ¥46.5 billion, down 13.6% from the previous term, and the segment's operating margin was 8.8%. Through the launch of new models in the radio-controlled watch, electronic dictionary, and cell phone lines we raised the value-added of our products, while higher productivity was realized thanks to improved efficiency in R&D and general business operations. These

Kazuo Kashio
President & CEO

factors made a particularly large contribution to earnings in the second half of the year, which partially offset a substantial decline in the first half.

In the Electronic Components and Others Segment, the slide in unit selling prices of TFT-LCDs combined with a loss posted by Casio Micronics to produce an operating loss of ¥3.2 billion.

As a result of the above, total operating income on a consolidated basis was down 21.5% from the previous year's figure, at ¥37.7 billion. The operating margin for the reporting term was 6.1%.

Net income was down by 51.5% year-on-year, at ¥12.1 billion, owing to the impact of extraordinary losses on the transfer to Hitachi Cable, Ltd. of the Film Device Business of Casio Micronics Co., Ltd.

For the reporting term, we plan to pay an ordinary dividend of ¥23 per share, unchanged from the previous term, plus a special commemorative dividend of ¥10 per share (in celebration of the 50th anniversary of the Company's establishment), for a total per-share dividend of ¥33.

Medium- and Long-Term Management Strategy

The term ended March 2008 marked the 50th anniversary of establishment for Casio Computer Co., Ltd. It was also the final year of preparation for the new phase of fullscale business expansion that we have planned to start from the current term (ending March 2009) under the name of The Rebirth of Casio. During this phase, the Company is committed to raising its enterprise value on a continuous basis. To this end, we will make efforts to strengthen our cost-competitiveness on a global scale, and to realize higher profitability by forging a tough earnings structure in each business field and a stronger financial position. We will also put even greater emphasis on fulfilling our social responsibility. To achieve these goals, we will be pursuing the initiatives described below.

Ensuring High Profitability

We aim to achieve an overall operating income margin of 10% or more. To reach this target, the Company will focus its management policies on securing stable growth with consistent profitability.

To manage a business that can produce a stable level of performance irrespective of changes in the operating environment, we must realize a profit margin of at least 10% for all business segments. This can only be done by lowering the cost to sales ratio through the pursuit of an optimal cost structure, and by implementing a radical revision of our cost structure with prime emphasis on productivity.

In addition, we are pursuing plans to strengthen our marketing overseas in all business fields, so as to expand our share of the world market and realize higher profitability through greater economies of scale.

Creating New Strategic Businesses

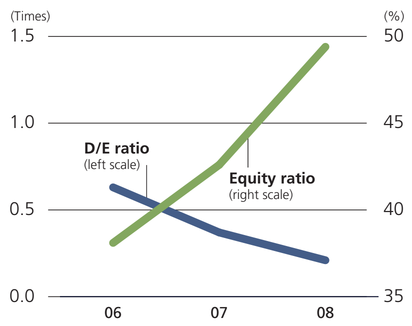
In its 50-year history, Casio has brought to market many products that were the fruit of imaginative concepts and cutting-edge technology. In The Rebirth of Casio, the new phase that starts from the current business term, in order to realize our growth strategy we will have to develop new business areas in addition to our existing segments, where we can create added value. These new businesses should draw their strengths from our unique technological base, which other companies cannot match. To achieve these goals, we will be focusing even more management resources than hitherto on the development of promising new business areas, to create new businesses with tough earnings structures and get them up and running as soon as possible.

Strengthening our Financial Structure

A strong financial position is indispensable to growth, and to reinforce the Company’s financial position we aim to improve the equity ratio and debt/equity (D/E) ratio.

We will also continue rigorously pursuing efficient cash flow management with the goal of producing an adequate free cash flow and raising the reliability and toughness of the Company's financial structure.

D/E ratio and Equity ratio



Managing CSR

A company can enjoy sustained growth only when the global community is able to achieve sustainable growth. Recognizing this, we are committed to conducting corporate social responsibility (CSR) activities. Under the Charter of Creativity for Casio, which expressly sets out action guidelines for employees, the Company is taking a number of initiatives. We ensure that every one of our employees and directors is fully aware of their role in complying with laws and regulations, upholding community values and contributing to society. At the same time, we are taking steps to improve the levels of corporate governance and compliance.

By carrying out the measures outlined above we will be able to offer our customers high-value-added products and services, and will be able to contribute to the realization of a truly creative society while simultaneously raising our enterprise value.

Since its establishment, Casio's corporate creed has been "Creativity and Contribution." This expresses our belief in the importance of leveraging original ideas and advanced technologies to create something worthwhile where there was nothing before, thereby contributing to society. One of our principal management missions is to realize continuous growth and raise our enterprise value in this way.

In line with our corporate creed, we plan to continue developing original products, and to achieve solid earnings over the long term while strengthening our corporate and earnings structures through sound and balanced management. We aim to invest actively in each of the Company's business fields to realize improved business performance and more robust fundamental management indicators.

We ask our shareholders and investors to continue their support.

July 2008

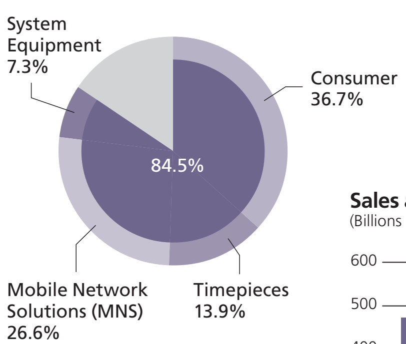
Kazuo Kashio

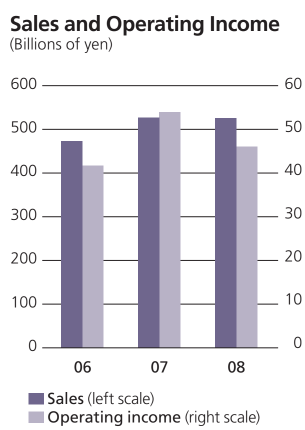
Kazuo Kashio
President & CEO

CASIO at a Glance

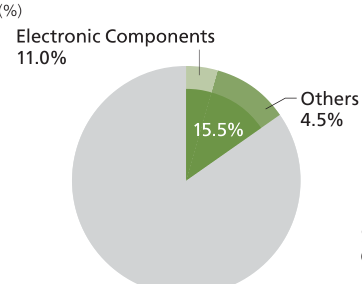
BUSINESS SEGMENT

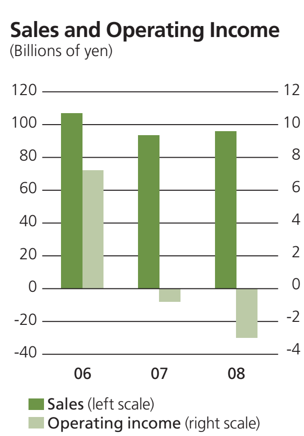
Electronics





Electronic Components and Others





PRODUCT CATEGORY

Electronics

Consumer

Principal Products

- Electronic Calculators
- Electronic Dictionaries
- Label Printers
- Digital Cameras
- Electronic Musical Instruments

Timepieces

Principal Products

- Digital Watches
- Analog Watches
- Clocks

Mobile Network Solutions (MNS)

Principal Products

- Cellular Phones
- Handy Terminals

System Equipment

Principal Products

- Electronic Cash Registers (including POS)
- Office Computers
- Page Printers
- Data Projectors

Electronic Components and Others

Electronic Components

Principal Products

- LCDs
- Bump Processing Consignments

Others

Principal Products

- Molds
- Factory Automation

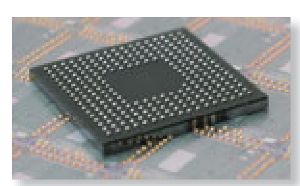
Designed to bring both greater convenience and more enjoyment to people's daily lives, Casio's broad product lineup ranges from digital cameras and electronic dictionaries, to a wide range of calculators for business and educational uses, label printers, as well as electronic musical instruments that can be enjoyed even by beginners.

In the Timepieces Category we have a variety of brands such as the world-famous G-Shock and Baby-G, as well as Oceanus, a series of full-metal solar-powered radio-controlled watches. By incorporating cutting-edge technologies, we have differentiated our products from conventional watches by making them into wearable mobile terminals.

In addition to cell phones, we offer handy terminals and other mobile terminals, as well as the solutions made possible by these technologies. These portable products offer greater convenience in people's professional and personal lives.

The System Equipment Category supports a wide range of functions for corporate clients in many industries by providing them with the optimal combinations of hardware and application software, such as the ADPS Strategic Integrated Personnel System, which supports our corporate clients' personnel strategies. Other important products include high-speed color page printers, cash registers and data projectors.

Our Electronic Components Category specializes in the production of the small-sized STN and TFT LCDs that have become indispensable to all mobile digital appliances. Our subsidiary Casio Micronics Co., Ltd. undertakes Bump processing for post of LCD driver LSIs.



This category mainly consists of the independent operations of our subsidiaries.

Pursuing growth on a global scale

Casio positions digital cameras, timepieces, electronic dictionaries, and cell phones as its strategic businesses. All these products leverage Casio's core technological strengths of compactness and thinness, lightweight construction, and energy-saving features. Our timepieces and electronic dictionaries are our core earnings generators, enjoying significant market shares and strong brand recognition. Meanwhile, our digital camera and cell phone businesses have excellent potential for future expansion. Casio plans to develop its business aggressively not only in Japan, but also overseas, where there is ample room for expansion, and the Company's strategic businesses will play a key role in those developments.

Timepieces

Oceanus

We launched a number of new high-end radio-controlled watches on the market during the reporting period. Especially popular were models in the Oceanus series — our flagship-brand full-metal analog watches — and those in the G-Shock global brand series. New, more sophisticated models in both these series were put on the market, featuring radio control signal reception capability from five transmission stations worldwide, in addition to solar-powered drive mechanisms and high-class styling.

In view of our estimation that the potential market for radio-controlled watches is extremely large, we aim to replace all of our non-radio-controlled watches with radio-controlled models in those parts of the world that possess an adequate radio transmission infrastructure.

In the autumn of 2007 we expanded our radio-controlled watch marketing operations from our existing areas of Japan, Europe, and North America, which have timepiece-control transmissions in operation, to China, where full-scale transmissions had been started in June of the same year. We intend to conduct vigorous marketing activities in China to raise Casio's brand recognition in the field of radio-controlled watches and develop the scale of our sales in that market.

As one means of differentiating Casio's radio-controlled watches from those of its rivals, we have developed a common RF (radio frequency) module for our radio-controlled watches that allows them to receive transmissions in various different frequencies from six stations around the world — two in Japan, two in Europe, one in China, and one in the United States. The first watch capable of receiving six different frequencies was brought to market in the summer of 2008. By marketing models incorporating this module, we are able to reduce the lead time from initial development to market launch by roughly fifty percent, and simultaneously reduce inventory risks. Because of this, costs can be further reduced, and we plan to further expand the lineup of models fitted with the module.

Through a combination of cutting-edge technology and the established brand power of our G-Shock and Oceanus brands, we are aiming to achieve steady market penetration for our solar-powered, radio-controlled watches and a significant expansion in the scale of our timepiece operations in the global marketplace.

25th anniversary model MRG-8000G

G-Shock brand of watches mark 25th birthday

Casio's G-Shock brand of watches have become a major hit product among young people thanks to their no-nonsense, "outdoors" design created in pursuit of strong resistance to shocks (hard knocks and strong vibrations). They have carved out an unshakeable position for themselves within the fashionable culture followed by young people. Since the launch of the first model — the DW-5000 — in April 1983, more than 60 million of these watches have been sold in around 100 countries – a rare performance for a single wristwatch brand. The G-Shock brand continues to grow on a global scale. Casio plans to develop G-Shock models with new and more advanced features, as well as ever-evolving designs to meet the wide-ranging tastes of both men and women, and of each succeeding generation.

Cellular Phones

The cell phone market in Japan has reached maturity, with the replacement cycle showing a lengthening trend. The number of cell phones sold per annum is expected to record year-on-year declines from here onward. Amid this difficult environment, makers need to make optimum use of unique proprietary technologies so as to bring to market products that can draw in customers.

During the reporting period, Casio launched a number of new cell phone models embodying the toughness, clear moving images, and high-quality camera features for which its handsets are renowned. Most notable among these were the Exilim W53CA cell phone, which features a 5.1-megapixel camera; the W53H, with a 2.8-inch-wide QVGA organic EL display; and the W61CA, which is a water-resistant cell phone with a 5.1-megapixel camera compatible with “one-segment” terrestrial digital broadcasting, reflecting recent trends in cell phone development. All three models became hit products among users of the *au* cell-phone service. Casio aims to continue launching attractive handsets with the goal of expanding its market share. At the moment, we are preparing to launch a WCDMA handset on the Japanese market in the latter half of the current fiscal year, ending March 2009.

On overseas markets, we continue to expand our lineup of products, mainly for supply to Verizon Wireless of the United States. We will focus on raising the brand recognition of our G’zOne series of water-resistant and shock-proof cell phones to expand their business scale overseas.

W61CA

G’zOne TYPE-S for Verizon Wireless

Digital Cameras

EXILIM PRO EX-F1

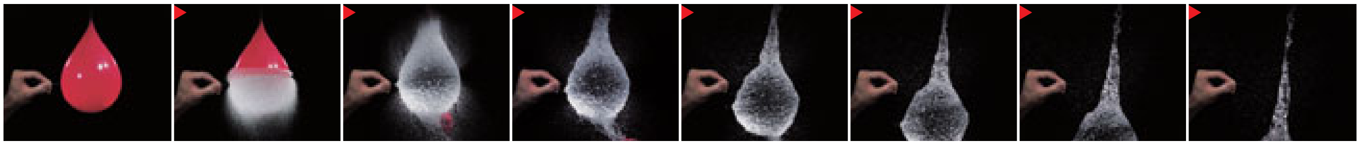
Driven by replacement demand in advanced industrialized countries and demand from first-time buyers in the developing world, the global market for digital cameras grew strongly in the reporting period, ended March 2008, contrary to initial expectations.

Casio brought to market 10 new models in the reporting period. These included the EX-S10 in the category of 10-megapixel resolution cameras, which featured the world's most compact and thinnest body (as of January 2008, according to our own survey). Another model, the EX-Z200, offers an automatic "best shot" function and a digital zoom function equivalent to a 28mm wide-angle 4X optical zoom lens. Thanks to these new cameras, we realized solid growth in business scale from the previous term.

Beginning in 1995 with the launch of the QV-10 – the world's first consumer-use digital camera featuring an LCD display, Casio has developed and marketed – ahead of its rivals — a wide range of cameras with completely new features and applications. Particularly notable was the 2002 launch of the first "card-sized" digital camera, which users can easily carry about in their pockets, enabling them to take pictures wherever and whenever they like.

In the reporting period, Casio came up with yet another new function to add to its digital cameras — the world's first model to offer 60 high-quality still pictures per second as well as high-speed moving image performance. This model, the Exilim Pro EX-F1, was put on the market at the end of March 2008. We expect the technology incorporated in this new model to generate a significant expansion in our product lineup over the next few years.

Casio will be investing aggressively in the development of new technologies to further differentiate its lineup from those of competitors. By launching products incorporating new and functionally sophisticated concepts, we intend to further expand our share of the world market for digital cameras.



Features of the Exilim Pro EX-F1

By combining recently-developed high-speed CMOS sensors with high-speed LSIs that are the fruit of Casio's image processing technology, we have succeeded in creating the world's fastest consumer-use digital image camera (according to a survey by the Company of consumer-use digital cameras conducted on January 6, 2008). The Exilim Pro EX-F1 boasts a speed of 60 frames per second for high-definition still pictures, and 1,200 frames per second for moving images.

EX-word XD-SP4800

Electronic Dictionaries

According to a 2007 survey (by GfK Marketing Services Japan Ltd.), Casio holds the No. 1 share in the Japanese market for electronic dictionaries: the Company's leading position in the market is virtually unassailable. At Casio we are constantly working to improve user convenience and expand our product lineup, and we are confident that these efforts will ensure continued customer loyalty.

Demand for electronic dictionaries in Japan is at its highest during the spring, ahead of the start of the academic year in April. Up to February 2008 we had launched 16 new models, thereby renewing our whole lineup. These new models all boast new features such as "twin touch panels," whereby the main panel and the input panel are both touch screens operated with a stylus, making them easier to operate than ever before.

Casio is also working to develop markets for its electronic dictionaries overseas. In August 2007 we entered the French market. From here onward, we will be focusing our efforts on countries where demand for foreign language learning is strong. We will particularly target China, whose market potential is huge, and South Korea, where the market for electronic dictionaries has already reached a significant scale.

Electronic dictionary research center established in China

In April 2008, we set up the Electronic Dictionary Research Center on the campus of Beijing Foreign Studies University through a tie-up agreement with the university. Through studies into the application of electronic dictionaries in the study of languages, the center aims to highlight the merits of such dictionaries and devise more efficient learning methods.

EW-V2800H for Chinese market

CXD NEXT established — launches online electronic cash register service

Casio and NTT DoCoMo, Inc. jointly established CXD NEXT Co., Ltd. in July 2007. The new company offers support services for retail outlets equipped with Casio-made NetRegi (electronic cash registers with virtual private network (VPN) capability and reader/writer compatibility for mobile settlement services). CXD NEXT is focusing on the provision of electronic settlements (utilizing the iD™ mobile credit-card platform or magnetic stripe credit cards), as well as a sales data management service that enables retailers to monitor shop sales on a website and to easily transfer sales data to cell phones.

CXD NEXT'S new system is much less expensive than the creation of a PoS system or the introduction of a conventional electronic clearing system.

Thanks to its combination of the store support know-how possessed by Casio (which holds the No. 1 Japanese market share in electronic cash registers) with the expertise in the field of digital settlement systems possessed by NTT DoCoMo (which operates the iD™ mobile credit-card platform), this new service, which is targeted at companies operating store chains — from small to nationwide — helps raise store operational efficiency and leads to improved customer service.

Casio Micronics' film device business transferred to Hitachi Cable

In March 2008, Casio subsidiary Casio Micronics Co., Ltd. signed an agreement to transfer its Film Device Business to Hitachi Cable, Ltd. To make this possible, the Company concluded a memorandum of understanding with Casio Micronics Co., Ltd. regarding an issuance of shares by Casio Micronics through private placement, making the company into a wholly owned subsidiary of Casio Computer Co., Ltd. by means of exchange of shares.

We will take advantage of our increased control over Casio Micronics to improve the company's financial position. We will pursue a radical strategy, including business alliances in the field of bump processing — including wafer-level chip-size packages (W-CSP) — to create a framework that allows flexible decision-making. In this way, we will strengthen the enterprise value of the entire Casio Group.

Basic Research and Development Stance

Based on its corporate creed of "Creativity and Contribution," the Company's research and development activities are aimed at contributing to society through development of original products. To drive future development and evolution of innovative products, we have pinpointed the following seven technology domains and are actively seeking out and developing technologies within them.

- LSI technology
- High-density mounting technology
- Device technology
- Telecommunications and digital broadcasting technology
- Information network/system technology
- Software and IP (algorithm) technology
- Environmental technology

Within these technology domains, we are creating individual themes essential to the development of each business, to meet the following needs:
(1) Strengthening and developing current bases of the Company's "stable" businesses
(2) Nurturing strategic businesses to serve as stable earnings drivers
(3) Supplying commercially viable next-generation products and services that can respond to changing social, business-environment and consumer trends.

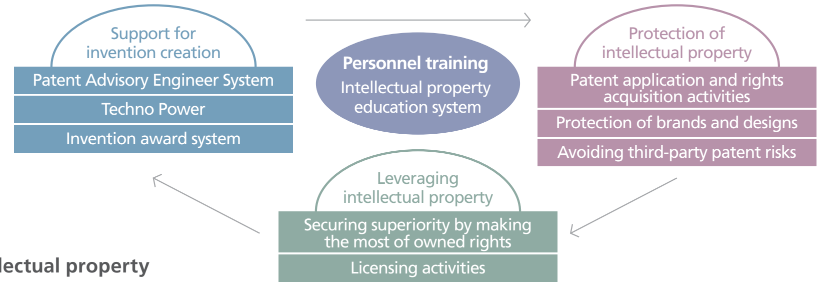
Intellectual Property Initiatives

Intellectual property is an important management resource enabling Casio to continue its mission of launching unique new products. While respecting the intellectual property rights of others, Casio protects its own businesses using a unique approach to intellectual property management, and also strives to increase its corporate earnings by leveraging its intellectual property.

The following four policies guide Casio's efforts to properly secure, protect, and manage its intellectual property.
(1) Making Casio a company with a strong technology foundation and effective intellectual property management
(2) Making full use of intellectual property rights
(3) Avoiding the risk of intellectual property rights infringement
(4) Fostering specialists in handling intellectual property issues

In addition to creating a patent framework for all strategic technology domains, and establishing basic and de-facto patents for them, the Company is also actively engaged in filing patent applications and acquiring patent rights not only in the US and Europe but also in Asian nations.

Casio also protects and upholds its brand value in terms of trademark and design rights, and takes active steps in cooperation with certain countries to protect its brands from unlawful copycat manufacturers.



Initiatives for creating intellectual property

To raise the Company's competitiveness, realize a continuous improvement in enterprise value, and ensure the achievement of business targets, the management of Casio recognizes the paramount importance of a corporate governance system capable of ensuring secure and transparent management, in addition to fast decision-making and the effective implementation of the decisions made. We have therefore taken the following measures to bring such a corporate governance system into being.

Corporate Governance System

In 1999 the Company adopted a corporate officer system to clearly demarcate the supervisory and executive functions of management. Meetings of the Board of Corporate Officers are also attended by directors and corporate auditors. The meeting discusses matters of importance relating to the conduct of business to ensure that changes and measures are made smoothly throughout the Company.

Meetings of the Board of Directors, which are also attended by corporate auditors, aim to make optimal decisions on important management issues as promptly as possible. Additionally, in June 2007 the term of office of directors was shortened from two years to one year in order to make each director more clearly accountable for management matters within that director's scope of responsibility, and to enable the Company to respond swiftly and appropriately to changes in the business environment.

The Board of Corporate Auditors follows auditing policies set out by the Board itself. In addition to attending meetings of the Board of Directors and the meetings of the Board of Corporate Officers, the corporate auditors discharge their responsibility for rigorous monitoring of the process of management of the Company by receiving and perusing reports from the directors and other management staff, as well as the minutes of meetings at which decisions on important matters were taken, and related reference material.

The Internal Audit Department monitors the performance of their duties by the various organizational units of the Company to check that this performance conforms to laws and regulations as well as internal standards such as the organization control standard. In accordance with the results of this monitoring, staff members of the Internal Audit Department evaluate the performance of each unit and issue directives for improvement where required.

Establishment of Internal Control System

Casio is making progress in responding to the mandatory requirement under the Financial Instruments and Exchange Law — which comes into effect from the current business term, ending March 2009 — for the creation of an internal control reporting system. It is doing this by setting up a system aimed primarily at ensuring reliable financial reporting centered on the Company's Accounting Department, Information System Department, CSR Operations Section, and Internal Audit Department.

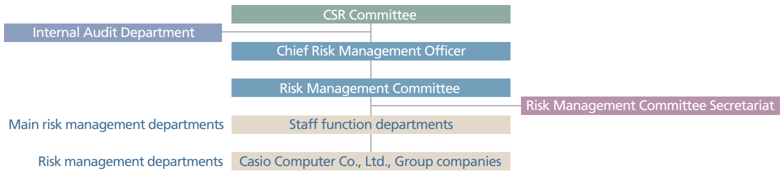
Compliance and Risk Management

At Casio, the actions of all staff are controlled by the stipulations of the Charter of Creativity for Casio, the Casio Common Commitment, and our Code of Conduct. Furthermore, a risk management system has been put in place to minimize legal risks and monitor compliance systematically across the whole Company.

In May of 2006 Casio drew up its Basic Risk Management Policy simultaneously with the enactment of the Corporation Law, and established a completely new risk management system. The aim of the Company's risk management mechanism is to ensure the continuous assessment and control of risks at each stage of the PDCA management cycle, i.e. Plan (planning), Do (implementing and operating), Check (evaluating and auditing), and Act (revising and improving).

We have set up a Risk Management Committee subordinate to the CSR Committee. Under the supervision of the Risk Management Committee, risk management activities are carried out principally through collaboration between the departments responsible for risk management and the Risk Management Committee Secretariat. The Internal Audit Department monitors all risk management activities performed by the Committee.

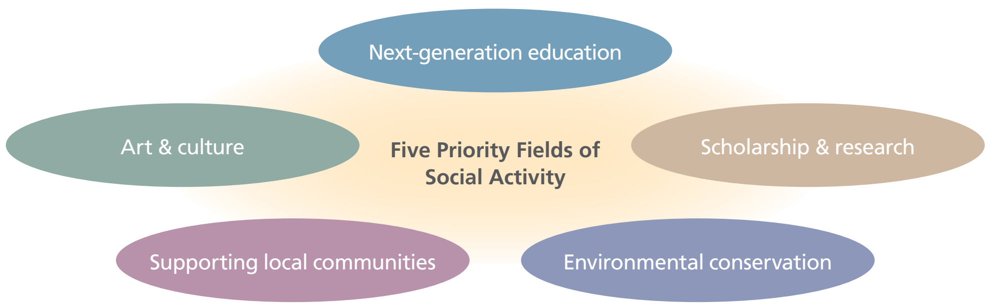
Risk management system



Corporate Social Responsibility (CSR) Activities

Casio regards its corporate social responsibility as a priority management issue (see chart below). The Company carries out social contribution initiatives that leverage its unique know-how and management resources, as well as the expertise and experience possessed by each employee, to realize contributions to the community that bear the unmistakable Casio hallmark.

In line with the Charter of Creativity for Casio, we utilize our close communications with all categories of stakeholder to discover what Casio can do to fulfill its duties as a good corporate citizen. We undertake proactive and voluntary social contribution in the confidence that the discharge of our responsibilities will gain us the trust of all our stakeholders.



Casio receives award for energy management at HQ building

Casio has received an award from the Kanto Bureau of Japan's Ministry of Economy, Trade and Industry for superior performance in energy management at its headquarters building in Hatsudai, Tokyo. This award, which was initiated by the ministry to encourage energy conservation initiatives, is given to companies that achieve significant improvements in the rational use of energy through methods that can become a model for imitation by other plants, office buildings and commercial facilities. Casio has replaced various types of equipment at its head office building with more energy-saving models, and all staff working at the building wear cool clothing in the summer to allow air-conditioning thermostats to be turned down. These are just two examples of the many ways in which Casio tackles energy conservation at its headquarters building from the twin perspectives of equipment specifications and human behavior patterns.

Casio Supports Breast Cancer Foundation

Campaigns to raise awareness of the importance of breast cancer prevention came to the fore in the United States around 1980, and pink ribbons were adopted as the symbol of this movement.

Casio America, Inc. supports the National Breast Cancer Foundation (NBCF), which is the principal U.S. organization devoted to raising awareness of this issue. As part of its support efforts, the company has launched on the market a version of the Exilim EX-Z75 digital camera with a pink body and a pink ribbon lanyard. The model, called the Exilim EX-Z75 Pink Ribbon Special Package, was put on sale in October 2007. A certain percentage of the profits from the sale of this product is donated to the Breast Cancer Research Foundation through the NBCF.

Elementary school children tour Hachioji R&D Center, Casio staff visit schools

In August 2007 Casio's Hachioji Research & Development Center commenced an education program for children at elementary schools under which school groups tour the Center, while staff from the Center visit schools to give talks. This program — an improved version of the "Factory Tours for 10,000 People" program conducted by Kofu Casio, a manufacturing subsidiary, from 2004 — provides additional educational opportunities for children from three elementary schools in Hokkaido and 17 in Tokyo. Casio's staff teach children the importance of bonds between people, human creativity, and the development of a strong character through talks about their experiences and on the history of Casio. With the help of staff, children assemble calculators and participate in environmental education programs.

The Hachioji Research & Development Center is one of the most environmentally friendly of all facilities operated by the Casio Group, and children visiting the Center can see equipment that demonstrates in concrete manner what companies can do to help preserve the natural environment.

Reading children's reports of their impressions of their visits to the Center, we can see how the visits have helped to show the children the satisfaction that can be derived from the creation of products. The visits have also sparked interest in ways in which the children can make their own contribution to the environment in their home life.

Support for Kids' ISO 14000 New York Project

The Kids' ISO 14000 project was introduced on a trial basis in New York City in September 2007. This program was developed by ArTech (International Art & Technology Cooperation Organization), a Japanese NGO/NPO, to raise awareness of environmental issues among children and help nurture their individual skills in devising solutions to environmental issues. This is an innovative education tool that gives hope for future improvement in society's interaction with the natural world. The program, aimed at developing an interest among children in the environment and an understanding of the great importance of environmental protection, has been very successful.

Casio America will continue to sponsor further schools in New York to take part in the program.

Net Sales

Net sales for the business term ended March 31, 2008 came to ¥623,050 million, up by 0.4% over the previous term. The achievement of this revenue increase is attributable to vigorous marketing efforts in the Company's strategic fields of digital cameras, timepieces, electronic dictionaries, and cell phones, as well as measures to improve management efficiency.

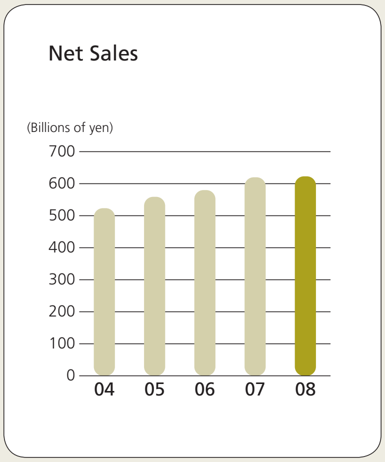
	Millions of yen	
	2008	2007
Electronics:		
Consumer	¥228,634	¥229,352
Timepieces	86,922	77,948
Mobile Network Solutions (MNS)	165,800	171,314
System Equipment	45,296	48,602
Subtotal	526,652	527,216
Electronic Components & Others:		
Electronic Components	68,368	62,790
Others	28,030	30,763
Subtotal	96,398	93,553
Total	¥623,050	¥620,769

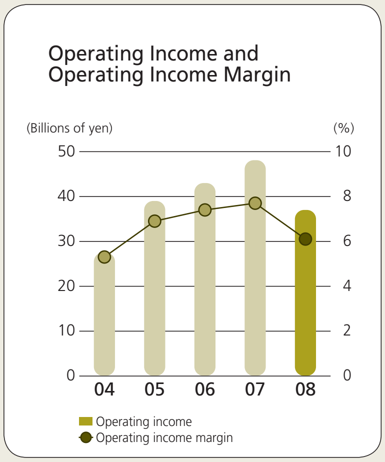
Results by Segment

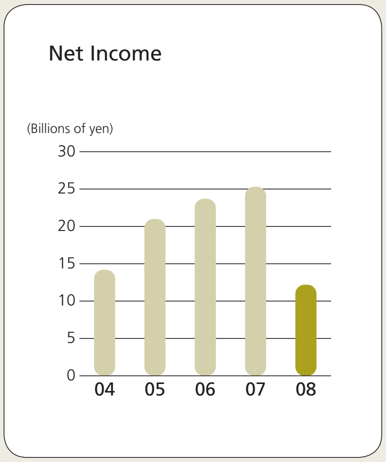
Sales by the Electronics segment amounted to ¥526,652 million, for a decrease of 0.1% from the previous year. This segment accounted for 84.5% of net sales.

In the Consumer Category, sales decreased 0.3% to ¥228,634 million. In digital cameras, Casio enjoyed another year of firm demand thanks to the launch of a number of differentiated new models. These included the latest model in the Exilim series — the EXILIM Card EX-S10 — which is the world's thinnest and most compact digital camera with a picture quality of 10 megapixels.

In the category of Timepieces, sales rose by 11.5% over the previous year, to ¥86,922 million. This is largely attributable to good sales of radio-controlled watches, led by our Oceanus brand, sales of which were boosted by the launch of new high-end models capable of receiving standard frequency broadcasts from five stations worldwide (two in Japan and one each in the U.S., Germany, and the U.K.).







In the category of MNS (Mobile Network Solutions), sales declined by 3.2% to ¥165,800 million. In cell phones, both the Exilim series W53CA model and W53H model (which features a 2.8-inch-wide QVGA organic electroluminescent display) proved popular, and strong sales growth was posted in the latter half of the year.

In the Electronic Components and Others segment, sales posted year-on-year growth of 3.0% to ¥96,398 million, accounting for 15.5% of net sales. The Electronic Components category enjoyed a sales increase of 8.9%, to ¥68,368 million. This was due to a recovery in demand for TFT LCDs, which put a stop to the slide in unit prices, in addition to a rise in the ratio of LCDs used in cell phone and GPS applications.

Subsidiary Casio Micronics Co., Ltd. in March 2008 signed an agreement with Hitachi Cable, Ltd. to transfer its Film Device business, which will enable us to carry out a radical restructuring of the subsidiary. In the Others category, sales of ¥28,030 million were registered, for a decline of 8.9% from the previous year.

Results by Region

Sales in Japan recorded a year-on-year decline of 5.1%, to ¥327,999 million, accounting for 52.6% of total sales. Sales in North America were down 3.8% at ¥80,790 million for 13.0% of total sales, while sales in Europe rose 3.8% to ¥94,333 million for 15.2% of the total. Sales in Asia (excluding Japan) and other regions category posted an increase of 19.8%, to ¥119,928 million, accounting for 19.2% of total sales. Overseas sales as a whole rose 7.3% to ¥295,051 million.

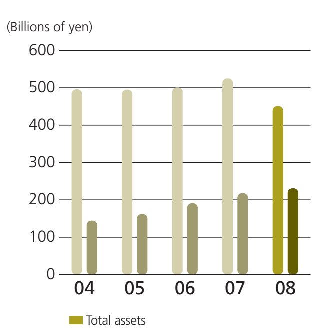
Results of Operations

The Electronics segment posted a 13.6% decline in operating income, to ¥46,537 million, while the Electronic Components and Others segment registered an operating loss of ¥3,259 million. Total operating income on a consolidated basis, after adjustments for elimination or unallocated amount, was down 21.5% from the previous year's figure, at ¥37,753 million. These results represent a recovery from a significantly worse performance in the first half of the term, thanks to improvements made in our product lineup with the launching of new value-added items, including radio-controlled watches, electronic dictionaries, and cell phones, as well as improved efficiency in product development and operational methods, and steps taken to increase productivity. The operating margin for the reporting term was 6.1%.

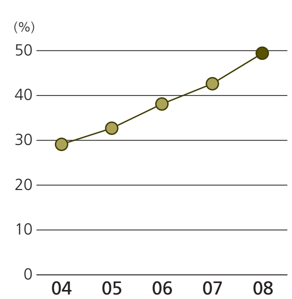
The financial account balance for the reporting term rose from ¥1,106 million for the previous term to ¥1,502 million. Net other expenses increased from ¥7,797 million to ¥15,367 million. The principal factor in this change was the posting of extraordinary losses resulting from the transference of the Film Device business of Casio Micronics to Hitachi Cable.

Net income for the term came to ¥12,188 million, with EPS at ¥44.17.

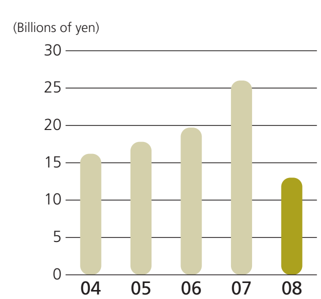
Total Assets and Equity



Equity Ratio



Capital Investment



Financial Condition

Total assets as of the end of March 2008 stood at ¥451,835 million, representing a decline of 14.0% from the previous term-end. Current assets declined by ¥45,526 million to ¥284,610 million, largely as a result of a decrease in trade receivables. The value of noncurrent assets decreased by ¥28,122 million to ¥167,225 million, owing to declines in the value of machinery & equipment and vehicles, as well as the transference of a certain portion of investment securities to the current assets account.

Total liabilities decreased by 23.6% to ¥220,622 million. As a result of a decrease in long-term debt due for repayment within one year as well as trade payables, current liabilities declined by ¥40,394 million to ¥187,168 million. Long-term liabilities shrank by ¥27,798 million to ¥33,454 million, due to the transference of corporate bonds and long-term borrowings to the current liabilities account.

The debt-equity ratio improved sharply, to 0.21 from 0.37 at the previous term-end.

Net assets at the term-end amounted to ¥231,213 million, while the equity ratio rose by 6.8 percentage points, to 49.4%.

Cash Flow Analysis

Cash and cash equivalents at the reporting term-end came to ¥87,957 million, for a decrease of ¥9,282 million from the previous term-end. This is attributable to a decrease in working capital (trade receivables, inventory assets, trade payables) and expenditure for the repayment of long-term debt.

Net cash provided by operating activities came to ¥71,749 million, for an increase of ¥35,800 million over the previous term. This breaks down into income before income taxes and minority interests in the amount of ¥23,888 million (compared with ¥41,383 million for the previous term), depreciation expenses of ¥33,959 million (compared with ¥31,613 million), a decline of ¥22,988 million in trade receivables (compared with an increase of ¥21,208 million), a decline in inventory assets of ¥8,150 million (compared with an increase of ¥7,652 million), a decline in trade payables of ¥4,531 million (compared with an increase of ¥10,076 million), and income taxes paid of ¥14,244 million (compared with ¥14,208 million).

Net cash used in investing activities amounted to ¥36,102 million, for a decrease of ¥1,577 million from the previous term. This breaks down into expenditure for the acquisition of property, plant and equipment in the amount of ¥22,538 million (¥16,865 million for the previous term), proceeds from the sale of property, plant and equipment in the amount of ¥6,539 million (¥595 million for the previous term), and expenditure on the acquisition of intangible assets in the amount of ¥15,521 million (¥17,942 million for the previous term).

Net cash used in financing activities rose by ¥13,772 million from the previous term, to ¥42,485 million. This breaks down into ¥30,000 million on the repayment of long-term debt (¥20,747 million for the previous term) and ¥10,000 million on the redemption of bonds.

Capital Investment

Capital investment declined by 49.6% from the previous term, to ¥13,515 million. Broken down by business segment, capital investment in the Electronics segment came to ¥9,335 million, down by 19.9% from the previous term, while the figure for the Electronic Components and Others segment was ¥3,720 million, down by 73.5%.

Research & Development

R&D expenses decreased by 18.1% to ¥14,750 million. R&D expenses in the Electronics segment amounted to ¥9,029 million, down 25.6%, while expenses in the Electronic Components and Others segment came to ¥1,469 million, down 11.9%.

Business Risks

The management performance, financial position and share price of Casio are subject to the following risks. We have prepared a list of items that might have an impact on the forecasts included in this report as of the consolidated reporting period ended March 2008.

1) Japan's economy and the global economy

The Casio Group's products are sold in Japan and in markets around the world, and demand is thus subject to the economic trends of each country. Given that the majority of our products are marketed to consumers, the Casio Group is especially affected by trends in consumer spending.

2) Downward pressure on product prices

In the industries in which the Casio Group is active, competition is intensifying as many companies make aggressive efforts to increase their shares in Japan and in overseas markets. There is the possibility that a rapid decline in product prices will have a negative impact on the Casio Group's business performance.

3) New products

In the event that the Casio Group is unable to speedily bring to market popular new products at a steady pace, or in the event that competitors release products similar to those being launched by the Casio Group, especially in the case where the launch of competing products coincide, there is a possibility that the Casio Group may see an erosion of the competitive advantage achieved as part of the first-mover advantage enjoyed by the pioneer of a new product.

4) Mobile communications industry

Sales to the mobile communications industry account for a major portion of the Group's total sales. Thus, the Casio Group is affected by any major changes in strategy or product specifications made by the major customers. In addition, changes in schedules or cancellation of large-lot orders might have a significant negative impact on the Group's earnings performance.

5) Outsourcing

With the aim of improving the Casio Group's production efficiency and the operating income margin, we have outsourced a substantial portion of our manufacturing and assembly work to outside service suppliers. There is a risk, however, that quality control will become difficult to enforce. Moreover, problems may arise concerning violations of laws, regulations, and intellectual property rights of third parties, by the outside supplier. Such occurrences could have a negative impact on the Group's earnings performance, and might possibly hurt the product's reputation.

6) Technology development and changes in technologies

In those business areas in which the Casio Group is active, the pace of technological development is quite rapid and the swift pace at which the market's needs evolve brings with it the risk that Casio Group products may be rendered obsolete more quickly than expected. This, in turn, would cause an unexpected sudden sharp decline in sales.

7) Risks associated with international developments and overseas operations

The majority of the Casio Group's production and sales activities take place in locations outside Japan. Consequently, overseas political and economic developments and revisions of laws and legislation may have a significant impact on the Group's financial position. In particular, the amendment of laws or the enactment of new laws in foreign countries is difficult to predict, and such developments might have a negative impact on the Casio Group's earnings performance.

8) Intellectual property

The Group principally uses proprietary technologies, and protects these proprietary technologies through a combination of patents, registered trade marks and other intellectual property. The following is a list of accompanying risks.

- Competitors might develop the same technologies as the Group's own proprietary technologies
- Denial of approval for a pending patent submitted by a Group member
- Ineffectiveness of measures aimed at preventing the misuse or violation of intellectual property rights held by a Group member
- Legislation relating to intellectual property might not provide adequate protection for the Group's intellectual property
- The Group's future products and technologies might constitute a violation of another company's intellectual property rights

9) Defective products and lawsuits

As a manufacturer and marketer of consumer products, we ensure strict quality control for our products. To date, we have never been subject to a damaging claim and have never had our reputation endangered. Even so, it is impossible to ensure that claims regarding product liability and product safety will not be brought against Casio Group members in the future.

10) Risks related to information management

The Casio Group maintains personal information and confidential business information relating to the promotion and development of its business operations. There are in-house rules governing the use of this information, and each Group company raises awareness of the need for strict control of such information in its employee training program. However, there is always the possibility that information may be leaked, and such a leak of information might have a negative impact on the Group's business, financial position and earnings performance.

11) Alliances, mergers and strategic investments

The Casio Group may engage in alliances and mergers, or undertake strategic investments, in Japan or overseas to expand its business operations or raise the efficiency of management. Changes in the business partner's management environment, business strategies, or operating environment might have a negative impact on the Casio Group's business, financial position and earnings performance.

12) Risks arising from fluctuations in foreign exchange rates and interest rates

The Casio Group maintains operations in numerous countries around the world. Consequently, the Group is substantially affected by exchange rate fluctuations. The Group's gross profit might be negatively affected as a result of movements in foreign currencies against the yen. Moreover, the Group is exposed to risk associated with interest rate changes. These risks could have an impact on overall operating costs, procurement costs, value of monetary assets and liabilities (particularly long-term liabilities).

13) Other risks

The following other factors might have an impact on the Group's business operations in the future.

- Cyclical trends in the IT sector
- Uncertainties as to whether the required equipment, raw materials, facilities, and electricity can be procured at an appropriate price
- A decline in the value of securities held by the Group
- Revisions to laws and regulations regarding the accounting standards for retirement benefits and rapid changes in pension fund operations
- Damage caused by fires, earthquakes and other natural disasters, as well as other accidents that disrupt operations
- Social unrest caused by wars, terrorist attacks, and epidemics

Consolidated Six-Year Summary

Years ended March 31 Casio Computer Co., Ltd. and Subsidiaries

	Millions of Yen					
	2008	2007	2006	2005	2004	2003
For the year:						
Net sales	¥623,050	¥620,769	¥580,309	¥559,006	¥523,528	¥440,567
Cost of sales	453,255	436,548	407,940	398,186	377,422	315,530
Selling, general and administrative expenses	117,292	118,128	111,050	105,164	104,428	93,009
Research and development expenses	14,750	18,019	18,205	16,616	14,187	14,114
Operating income	37,753	48,074	43,114	39,040	27,491	17,914
Net income	12,188	25,147	23,745	21,534	14,176	5,647
Capital investment	13,515	26,810	19,711	17,782	16,213	11,168
Depreciation	18,148	17,895	17,431	15,370	14,655	14,621
At year-end:						
Current assets	284,610	330,136	319,179	329,948	329,787	300,212
Current liabilities	187,168	227,562	183,967	196,089	178,340	161,568
Working capital	97,442	102,574	135,212	133,859	151,447	138,644
Net assets*	231,213	236,669	191,011	162,271	144,403	131,957
Total assets	451,835	525,483	501,960	495,743	496,039	459,113
Amounts per share of common stock (in yen):						
Net income	44.17	92.67	88.57	80.27	51.99	20.27
Diluted net income	44.15	90.30	84.43	76.47	51.23	20.10
Cash dividends applicable to the year	33.00	23.00	20.00	17.00	15.00	12.50
Performance indicators:						
Return on equity (%)	5.5	12.2	13.4	14.0	10.3	4.2
Return on assets (%)	2.5	4.9	4.8	4.3	3.0	1.2
Equity ratio (%)	49.4	42.6	38.1	32.7	29.1	28.7
Interest coverage (times)	29.4	31.6	34.6	26.8	11.8	6.2
Assets turnover (times)	1.3	1.2	1.2	1.1	1.1	1.0
Inventories turnover (months)	1.5	1.8	1.7	1.9	2.0	2.7
Other:						
Number of employees	13,202	13,013	12,673	12,140	11,637	11,481

* Effective from the year ended March 31, 2007, the Company and its consolidated subsidiaries adopted the new accounting standard, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Statement No. 5 issued by the Accounting Standards Board of Japan on December 9, 2005), and the implementation guidance for the accounting standard for presentation of net assets in the balance sheet (the Financial Accounting Standard Implementation Guidance No. 8 issued by the Accounting Standards Board of Japan on December 9, 2005).

Consolidated Balance Sheets

Years ended March 31, 2008 and 2007 Casio Computer Co., Ltd. and Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
Assets	2008	2007	2008
Current assets:			
Cash and time deposits (Note 3)	¥ 45,688	¥ 52,768	$ 456,880
Marketable securities (Note 5)	42,714	36,305	427,140
Notes and accounts receivable:			
Trade	100,752	126,117	1,007,520
Other	14,569	22,286	145,690
Allowance for doubtful accounts	(937)	(1,369)	(9,370)
Inventories (Note 4)	55,943	65,857	559,430
Deferred tax assets (Note 8)	9,981	11,531	99,810
Short-term loans receivable with resale agreement (Note 3)	10,535	10,650	105,350
Other current assets	5,365	5,991	53,650
Total current assets	284,610	330,136	2,846,100
Property, plant and equipment:			
Land	38,163	37,326	381,630
Buildings and structures	70,439	72,508	704,390
Machinery and equipment	125,156	135,526	1,251,560
Construction in progress	287	793	2,870
	234,045	246,153	2,340,450
Accumulated depreciation	(147,493)	(143,506)	(1,474,930)
Net property, plant and equipment	86,552	102,647	865,520
Investments and other assets:			
Investments in affiliates	1,852	1,769	18,520
Investment securities and other investments (Note 5)	42,906	51,432	429,060
Long-term time deposits	—	3,000	—
Deferred tax assets (Note 8)	9,655	8,552	96,550
Other assets	26,405	28,199	264,050
Allowance for doubtful accounts	(145)	(252)	(1,450)
Total investments and other assets	80,673	92,700	806,730
	¥451,835	¥525,483	$4,518,350

See accompanying notes.

Liabilities and Net Assets	Millions of Yen 2008	Millions of Yen 2007	Thousands of U.S. Dollars (Note 1) 2008
Current liabilities:			
Short-term borrowings (Note 7)	¥ 46	¥ 4,196	$ 460
Long-term debt due within one year (Note 7)	26,500	32,000	265,000
Notes and accounts payable:			
Trade	98,027	103,616	980,270
Other	32,791	41,835	327,910
Accrued expenses	14,431	16,034	144,310
Income taxes payable (Note 8)	7,567	11,328	75,670
Other current liabilities	7,806	18,553	78,060
Total current liabilities	187,168	227,562	1,871,680
Long-term liabilities:			
Long-term debt due after one year (Note 7)	20,950	47,450	209,500
Employees' severance and retirement benefits (Note 9)	6,177	6,995	61,770
Retirement benefits for directors and corporate auditors (Note 10)	2,565	2,495	25,650
Deferred tax liabilities (Note 8)	1,906	1,911	19,060
Other long-term liabilities	1,856	2,401	18,560
Total long-term liabilities	33,454	61,252	334,540
Net assets (Note 11):			
Owners' equity			
Common stock:			
Authorized — 471,693,000 shares			
Issued — 279,020,914 shares	48,592	48,592	485,920
Additional paid-in capital	66,655	66,737	666,550
Retained earnings	115,473	109,654	1,154,730
Treasury stock, at cost	(6,825)	(6,964)	(68,250)
Total owners' equity	223,895	218,019	2,238,950
Valuation and translation adjustments			
Net unrealized holding gains on securities	4,815	8,615	48,150
Deferred losses on hedges	(619)	(1,082)	(6,190)
Foreign currency translation adjustments	(5,042)	(1,609)	(50,420)
Total valuation and translation adjustments	(846)	5,924	(8,460)
Minority interests	8,164	12,726	81,640
Total net assets	231,213	236,669	2,312,130
	¥451,835	¥525,483	$4,518,350

Consolidated Statements of Income

Years ended March 31, 2008 and 2007 Casio Computer Co., Ltd. and Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Net sales (Note 13)	¥623,050	¥620,769	$6,230,500
Costs and expenses (Note 13):			
Cost of sales	453,255	436,548	4,532,550
Selling, general and administrative expenses	117,292	118,128	1,172,920
Research and development expenses	14,750	18,019	147,500
	585,297	572,695	5,852,970
Operating income (Note 13)	37,753	48,074	377,530
Other income (expenses):			
Interest and dividends income	2,882	2,713	28,820
Interest expense	(1,380)	(1,607)	(13,800)
Foreign exchange loss—net	(5,832)	(4,999)	(58,320)
Disposal and devaluation of inventories	(3,878)	(3,624)	(38,780)
Gain (Loss) on disposal and sales of property, plant and equipment	2,270	(751)	22,700
Gain (Loss) on devaluation and sales of investment securities	(574)	1,102	(5,740)
Gain on sales of consolidated subsidiaries and affiliates	—	231	—
Loss on dissolution of a consolidated subsidiary	(1,160)	—	(11,600)
Loss on transfer of business (Note 16)	(7,922)	—	(79,220)
Government grants	540	360	5,400
Other—net	1,189	(116)	11,890
	(13,865)	(6,691)	(138,650)
Income before income taxes and minority interests	23,888	41,383	238,880
Income taxes (Note 8):			
Current	11,157	16,407	111,570
Deferred	2,652	(1,424)	26,520
	13,809	14,983	138,090
Income before minority interests	10,079	26,400	100,790
Minority interests	2,109	(1,253)	21,090
Net income	¥ 12,188	¥ 25,147	$ 121,880

	Yen		U.S. Dollars (Note 1)
Amounts per share of common stock:			
Net income	¥44.17	¥92.67	$0.44
Diluted net income	44.15	90.30	0.44
Cash dividends applicable to the year	33.00	23.00	0.33

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2008 and 2007 Casio Computer Co., Ltd. and Subsidiaries

	Millions of Yen									
	Shares of common stock	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Net unrealized holding gains on securities	Deferred losses on hedges	Foreign currency translation adjustments	Minority interests	Total
Shareholders' equity at March 31, 2006 as previously reported	270,442,868	¥41,549	¥57,523	¥ 90,236	¥(4,990)	¥9,861	¥ —	¥(3,168)		¥191,011
Reclassification due to adoption of new accounting standards for presentation of net assets in the balance sheet at April 1, 2006									¥12,034	12,034
Net assets at April 1, 2006	270,442,868	¥41,549	¥57,523	¥ 90,236	¥(4,990)	¥9,861	¥ —	¥(3,168)	¥12,034	¥203,045
Conversion of bonds with stock acquisition rights	8,578,046	7,043	7,042	—	—	—	—	—	—	14,085
Net income	—	—	—	25,147	—	—	—	—	—	25,147
Cash dividends paid (¥20.00 per share)	—	—	—	(5,319)	—	—	—	—	—	(5,319)
Bonuses to directors and corporate auditors	—	—	—	(208)	—	—	—	—	—	(208)
Acquisitions of treasury stock	—	—	—	—	(6,557)	—	—	—	—	(6,557)
Sales of treasury stock	—	—	1,970	—	4,583	—	—	—	—	6,553
Transfer from retained earnings to additional paid-in capital for merger of consolidated subsidiaries	—	—	202	(202)	—	—	—	—	—	—
Net changes other than owners' equity	—	—	—	—	—	(1,246)	(1,082)	1,559	692	(77)
Balance at March 31, 2007	279,020,914	¥48,592	¥66,737	¥109,654	¥(6,964)	¥8,615	¥(1,082)	¥(1,609)	¥12,726	¥236,669
Net income	—	—	—	12,188	—	—	—	—	—	12,188
Cash dividends paid (¥23.00 per share)	—	—	—	(6,346)	—	—	—	—	—	(6,346)
Acquisitions of treasury stock	—	—	—	—	(25)	—	—	—	—	(25)
Sales of treasury stock	—	—	(105)	—	164	—	—	—	—	59
Transfer from retained earnings to additional paid-in capital for merger of consolidated subsidiaries	—	—	23	(23)	—	—	—	—	—	—
Net changes other than owners' equity	—	—	—	—	—	(3,800)	463	(3,433)	(4,562)	(11,332)
Balance at March 31, 2008	279,020,914	¥48,592	¥66,655	¥115,473	¥(6,825)	¥4,815	¥ (619)	¥(5,042)	¥ 8,164	¥231,213

	Thousands of U.S. Dollars (Note 1)								
Balance at March 31, 2007	$485,920	$667,370	$1,096,540	$(69,640)	$86,150	$(10,820)	$(16,090)	$127,260	$2,366,690
Net income	—	—	121,880	—	—	—	—	—	121,880
Cash dividends paid ($0.23 per share)	—	—	(63,460)	—	—	—	—	—	(63,460)
Acquisitions of treasury stock	—	—	—	(250)	—	—	—	—	(250)
Sales of treasury stock	—	(1,050)	—	1,640	—	—	—	—	590
Transfer from retained earnings to additional paid-in capital for merger of consolidated subsidiaries	—	230	(230)	—	—	—	—	—	—
Net changes other than owners' equity	—	—	—	—	(38,000)	4,630	(34,330)	(45,620)	(113,320)
Balance at March 31, 2008	$485,920	$666,550	$1,154,730	$(68,250)	$48,150	$ (6,190)	$(50,420)	$ 81,640	$2,312,130

See accompanying notes.

Consolidated Statements of Cash Flows

Years ended March 31, 2008 and 2007 Casio Computer Co., Ltd. and Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Cash flows from operating activities:			
Income before income taxes and minority interests	¥23,888	¥ 41,383	$238,880
Depreciation (including software)	33,959	31,613	339,590
Loss (Gain) on disposal and sales of property, plant and equipment	(2,270)	751	(22,700)
Loss (Gain) on devaluation and sales of investment securities	576	(1,102)	5,760
Gain on sales of consolidated subsidiaries and affiliates	—	(231)	—
Government grants	(540)	(360)	(5,400)
Decrease in liabilities for the employees' severance and retirement benefits	(772)	(411)	(7,720)
Increase in retirement benefits for directors and corporate auditors	71	600	710
Interest and dividends income	(2,882)	(2,713)	(28,820)
Interest expense	1,380	1,607	13,800
Foreign exchange loss (gain)	619	(1,158)	6,190
Equity in gains of affiliates	(79)	(135)	(790)
Loss on transfer of business (Note 16)	7,922	—	79,220
Changes in assets and liabilities:			
Decrease (Increase) in notes and accounts receivable	22,988	(21,208)	229,880
Decrease (Increase) in inventories	8,150	(7,652)	81,500
Decrease (Increase) in other current assets	3,710	(3,756)	37,100
Increase (Decrease) in notes and accounts payable	(4,531)	10,076	(45,310)
Increase in consumption tax payable	1,076	7	10,760
Increase (Decrease) in other current liabilities	(7,886)	4,410	(78,860)
Increase (Decrease) in trade notes and export drafts discounted	474	(559)	4,740
Payments of bonuses to directors and corporate auditors	—	(208)	—
Other	(1,308)	(1,898)	(13,080)
Total	84,545	49,056	845,450
Interest and dividends received	3,007	2,737	30,070
Interest paid	(1,559)	(1,636)	(15,590)
Income taxes paid	(14,244)	(14,208)	(142,440)
Net cash provided by operating activities	71,749	35,949	717,490
Cash flows from investing activities:			
Deposits in time deposits	(1,282)	(1,135)	(12,820)
Withdrawals from time deposits	1,232	1,132	12,320
Payments for acquisitions of tangible fixed assets	(22,538)	(16,865)	(225,380)
Proceeds from sales of tangible fixed assets	6,539	595	65,390
Payments for acquisitions of intangible fixed assets	(15,521)	(17,942)	(155,210)
Payments for purchases of investment securities	(7,086)	(9,039)	(70,860)
Proceeds from sales and redemption of investment securities	4,132	4,717	41,320
Payments for acquisitions of consolidated subsidiaries and affiliates	(1,900)	—	(19,000)
Proceeds from sales of consolidated subsidiaries and affiliates	—	319	—
Payments for long-term loans receivable	(25)	(45)	(250)
Collections from long-term loans receivable	60	30	600
Net decrease (increase) in loans receivable	(1)	1	(10)
Other	288	553	2,880
Net cash used in investing activities	(36,102)	(37,679)	(361,020)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	(4,150)	4,285	(41,500)
Proceeds from long-term debt	8,000	—	80,000
Payments for long-term debt	(30,000)	(20,747)	(300,000)
Redemption of bonds	(10,000)	—	(100,000)
Payments for acquisitions of treasury stock	(25)	(6,557)	(250)
Proceeds from sales of treasury stock	59	338	590
Payments for cash dividends	(6,346)	(5,319)	(63,460)
Proceeds from minority shareholders	600	—	6,000
Other	(623)	(713)	(6,230)
Net cash used in financing activities	(42,485)	(28,713)	(424,850)
Effect of exchange rate changes on cash and cash equivalents	(2,444)	2,450	(24,440)
Net decrease in cash and cash equivalents	(9,282)	(27,993)	(92,820)
Cash and cash equivalents at beginning of year (Note 3)	97,239	125,232	972,390
Cash and cash equivalents at end of year (Note 3)	¥87,957	¥ 97,239	$879,570

See accompanying notes.

Notes to Consolidated Financial Statements

Years ended March 31, 2008 and 2007 Casio Computer Co., Ltd. and Subsidiaries

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of CASIO COMPUTER CO., LTD. ("the Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accounts of the Company's overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accompanying consolidated financial statements have been restructured and translated into English (with certain expanded disclosure) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2008, which was ¥100 to U.S.$1. The convenience translation should not be construed as representation that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Significant Accounting Policies

Consolidation

The accompanying consolidated financial statements include the accounts of the Company and significant subsidiaries (together with the Company, the "Group") which the Company controls through majority voting right or existence of certain conditions. Investments in affiliates of which the Company has the ability to exercise significant influence over operating and financial policies are accounted for using the equity method.

In the elimination of investments in subsidiaries, the portion of assets and liabilities of a subsidiary attributable to the subsidiary's shares acquired by the Company are recorded based on the fair value as of the respective dates when such shares were acquired. The amounts of assets and liabilities attributable to minority shareholders of the subsidiary are determined using the financial statements of the subsidiary.

Material intercompany balances, transactions and profits have been eliminated in consolidation.

The difference between the cost and underlying fair value of the net equity of investments in subsidiaries at acquisition is included in other assets and is amortized on a straight-line basis over five years.

Cash flow statements

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with maturities of not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies are translated at the current exchange rates at the balance sheet date, and the translation gains and losses are credited or charged to income.

Assets and liabilities of foreign subsidiaries are translated into yen at the current exchange rate at the balance sheet date while their revenue and expenses are translated at the average exchange rate for the period. Differences arising from such translation are included in minority interests and net assets as foreign currency translation adjustments.

Securities

Debt securities designated as held-to-maturity are carried at amortized cost. Other securities except for trading securities (hereafter, "available-for-sale securities") for which market value is readily determinable are stated at market value as of the end of the period with unrealized gains and losses, net of applicable deferred tax assets or liabilities, not reflected in earnings but directly reported as a separate component of net assets. The cost of such securities sold is determined primarily by the moving-average method. Available-for-sale securities for which market value is not readily determinable are stated primarily at moving-average cost except for debt securities, which are stated at amortized cost.

Derivatives and hedge accounting

The accounting standard for financial instruments requires companies to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Group defers recognition of gains or losses resulting from changes in the fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

Also, if interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

The Group uses forward foreign currency contracts and interest rate swaps as derivative financial instruments only for the purpose of mitigating future risks of fluctuations of foreign currency exchange rates with respect to foreign currency assets and liabilities and of interest rate increases with respect to cash management.

Forward foreign currency and interest rate swap contracts are subject to risks of foreign exchange rate changes and interest rate changes, respectively.

The derivative transactions are executed and managed by the Company's Finance Department in accordance with the established policies and within the specified limits on the amounts of derivative transactions allowed.

Allowance for doubtful accounts
The allowance for doubtful accounts is provided at an amount sufficient to cover probable losses on the collection of receivables. For the Group, the amount of the allowance is determined based on past write-off experience and an estimated amount of probable bad debt based on a review of the collectibility of individual receivables.

Inventories
Inventories are stated principally at the lower of cost (first-in, first-out) or market (replacement cost or net realizable value).

Property, plant and equipment
Property, plant and equipment is stated at cost. Depreciation is principally determined by the declining-balance method at rates based on estimated useful lives except for the following buildings. The building of the head office of the Company and buildings, excluding building fixtures, acquired after March 31, 1998 are depreciated using the straight-line method. The depreciation period ranges from 2 years to 65 years for buildings and structures and 1 year to 20 years for machinery and equipment.

(Changes in Accounting Policies)
In accordance with fiscal 2007 Amend Part of the Corporation Tax Law, the Company and its consolidated subsidiaries have adopted new accounting standards, effective from the year ended March 31, 2008, for the depreciation of property, plant and equipment acquired on April 1, 2007 or after.

The adoption of the new standards causes operating income and income before income taxes and minority interests to be reduced by ¥527 million ($5,270 thousand).

(Additional information)
Accompanying the recent amendment to the Corporation Tax Law, a new method of depreciation has been applied to property, plant and equipment acquired on or prior to March 31, 2007. Under the new method, the difference between the amount equivalent to 5% of the acquisition cost and the remainder value is depreciated over a period of five years in equal amounts, beginning with the term that follows a term during which the book value of the asset is depreciated to 5% of the acquisition cost. The reported figure is included in depreciation expenses.

As a result, operating income and income before income taxes and minority interests for the reporting term were each reduced by ¥636 million ($6,360 thousand) compared with the amount calculated by the previous method.

Software costs
Software is categorized by the following purposes and amortized using the following two methods.

Software for market sales: The production costs for the master product are capitalized and amortized over no more than 3 years on a projected revenue basis.

Software for internal use: The acquisition costs of software for internal use are amortized over 5 years using the straight-line method.

The amount of software costs capitalized is included in other assets in the consolidated balance sheets.

Stock issuance expenses
Stock issuance expenses are charged to income as incurred. Stock issuance expenses are included in other expenses in the consolidated statements of income.

Bond issuance expenses and bond premium
Bond issuance expenses are charged to income as incurred. Bond issuance expenses are included in other expenses in the consolidated statements of income.

Bond premium was amortized using the straight-line method over the life of the bond (6 years and 10 months).

Employees' severance and retirement benefits
Under the terms of the employees' severance and retirement plan, eligible employees are entitled under most circumstances, upon mandatory retirement or earlier voluntary severance, to severance payments based on compensation at the time of severance and years of service.

Employees' severance and retirement benefits of the Company and some of its consolidated subsidiaries in Japan are covered by two kinds of pension plans which are defined benefit corporate pension fund plan and tax-qualified pension plan. And those of the Company and some of its consolidated subsidiaries in Japan are covered by lump-sum indemnities.

The Company and its domestic consolidated subsidiaries received the permission from the Minister of Health, Labor and Welfare, for release from the obligation of paying benefits for employees' prior services relating to the substitutional portion of the Welfare Pension Insurance Scheme. Concurrently, employees' pension fund plan was changed to defined benefit corporate pension fund plan.

The Company and some of its domestic consolidated subsidiaries provide defined contribution plan. In addition, the Company has established an employee retirement benefits trust.

The liabilities and expenses for severance and retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

The Company and its consolidated subsidiaries in Japan provided liabilities for severance and retirement benefits at March 31, 2001 based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at that date.

The excess of the projected benefit obligation over the total of the fair value of pension assets as of April 1, 2000 and the liabilities for severance and retirement benefits recorded as of April 1, 2000 (the "net transition obligation") is recognized in expenses in equal amounts over 10 years commencing with the year ended March 31, 2001.

Retirement benefits for directors and corporate auditors

The annual provision for accrued retirement benefits for directors and corporate auditors of the Company and certain subsidiaries is calculated to state the liability at the amount that would be required if all directors and corporate auditors had retired at each balance sheet date. The provisions for the retirement benefits are not funded.

Accounting for certain lease transactions

Finance leases, which do not transfer titles to lessees, are accounted for in the same manner as operating leases under accounting principles generally accepted in Japan.

Income taxes

Taxes on income consist of corporation, inhabitants and enterprise taxes.

Deferred income taxes are provided for the items relating to intercompany profit elimination in connection with the calculation of the consolidated results of operations. In addition, some foreign subsidiaries recognize deferred income taxes in accordance with accounting practices prevailing in their respective countries of domicile.

The Group recognizes tax effects of temporary differences between the financial statement and the tax basis of assets and liabilities. The provision for income taxes is computed based on the income before income taxes and minority interests included in the statements of income of each company of the Group. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

Appropriations of retained earnings

Appropriations of retained earnings are accounted for and reflected in the accompanying consolidated financial statements when approved by the shareholders.

Amounts per share of common stock

Net income per share of common stock has been computed based on the weighted average number of shares of common stock outstanding during each fiscal year (less the treasury stock). Diluted net income per share is calculated based on the assumption that all dilutive convertible bonds and stock options were converted or exercised at the beginning of year or at the time of issue. Related interest expense, net of income taxes, is eliminated.

Cash dividends per share represent the actual amount applicable to the respective years.

Reclassifications

Certain reclassifications have been made in the 2007 consolidated financial statements to conform to the 2008 presentation.

3. Cash and Cash Equivalents and Statements of Cash Flows

Cash and cash equivalents at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Cash and time deposits	¥45,688	¥52,768	$456,880
Time deposits over three months	(3,800)	(784)	(38,000)
Marketable securities within three months	35,534	34,605	355,340
Short-term loans receivable with resale agreement	10,535	10,650	105,350
Cash and cash equivalents	¥87,957	¥97,239	$879,570

4. Inventories

Inventories at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Finished products	¥33,218	¥39,471	$332,180
Work in process	9,251	7,626	92,510
Materials and supplies	13,474	18,760	134,740
Total	¥55,943	¥65,857	$559,430

5. Securities

(1) The following tables summarize acquisition costs, book values and fair values of securities with available fair values at March 31, 2008 and 2007.

(a) Held-to-maturity debt securities

	Millions of Yen						Thousands of U.S. Dollars		
	2008			2007			2008		
	Book value	Fair value	Difference	Book value	Fair value	Difference	Book value	Fair value	Difference
Securities with available fair values exceeding book values	¥ —	¥ —	¥ —	¥2,230	¥2,311	¥81	$ —	$ —	$ —
Securities other than the above	2,230	2,218	(12)	—	—	—	22,300	22,180	(120)
Total	¥2,230	¥2,218	¥(12)	¥2,230	¥2,311	¥81	$22,300	$22,180	$(120)

(b) Available-for-sale securities

Securities with book values exceeding acquisition costs:

	Millions of Yen						Thousands of U.S. Dollars		
	2008			2007			2008		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Equity securities	¥ 8,411	¥17,940	¥9,529	¥11,024	¥25,722	¥14,698	$ 84,110	$179,400	$95,290
Bonds	6,058	6,125	67	11,144	11,265	121	60,580	61,250	670
Others	853	858	5	1,802	1,862	60	8,530	8,580	50
Total	¥15,322	¥24,923	¥9,601	¥23,970	¥38,849	¥14,879	$153,220	$249,230	$96,010

Others:

	Millions of Yen						Thousands of U.S. Dollars		
	2008			2007			2008		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Equity securities	¥ 7,643	¥ 6,212	¥(1,431)	¥3,521	¥3,179	¥(342)	$ 76,430	$ 62,120	$(14,310)
Bonds	10,193	10,118	(75)	925	924	(1)	101,930	101,180	(750)
Others	1,670	1,666	(4)	1,617	1,606	(11)	16,700	16,660	(40)
Total	¥19,506	¥17,996	¥(1,510)	¥6,063	¥5,709	¥(354)	$195,060	$179,960	$(15,100)

(2) The following tables summarize book values of securities with no available fair values at March 31, 2008 and 2007.

(a) Book value of held-to-maturity debt securities

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Certificates of deposit	¥9,850	¥5,130	$98,500

(b) Book value of available-for-sale securities

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Commercial paper	¥25,684	¥29,475	$256,840
Unlisted equity securities	2,950	2,955	29,500
Unlisted bonds	—	1,700	—
Total	¥28,634	¥34,130	$286,340

(3) Available-for-sale securities sold in the year ended March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Sales amount	¥128	¥3,440	$1,280
Gross realized gains	17	1,247	170
Gross realized losses	2	—	20

(4) Available-for-sale securities with maturities and held-to-maturity debt securities at March 31, 2008 and 2007 were as follows:

	Millions of Yen									
	2008					2007				
	Within one year	Within five years	Within ten years	Over ten years	Total	Within one year	Within five years	Within ten years	Over ten years	Total
Bonds:										
Government bonds	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Corporate bonds	2,230	7,500	—	—	9,730	—	4,630	100	—	4,730
Others	42,734	193	1,367	—	44,294	36,323	8,200	1,386	—	45,909
Others:										
Others	—	354	1,000	1,127	2,481	—	539	1,000	1,617	3,156
Total	¥44,964	¥8,047	¥2,367	¥1,127	¥56,505	¥36,323	¥13,369	¥2,486	¥1,617	¥53,795

	Thousands of U.S. Dollars				
	2008				
	Within one year	Within five years	Within ten years	Over ten years	Total
Bonds:					
Government bonds	$ —	$ —	$ —	$ —	$ —
Corporate bonds	22,300	75,000	—	—	97,300
Others	427,340	1,930	13,670	—	442,940
Others:					
Others	—	3,540	10,000	11,270	24,810
Total	$449,640	$80,470	$23,670	$11,270	$565,050

6. Derivative Transactions

Status of derivative transactions

The Group utilizes interest rate swap and swaption contracts as derivative transactions to hedge interest rate risks arising from normal business transactions and improve the efficiency of the utilization of available funds.

The Group also utilizes forward foreign currency contracts and currency options to hedge currency fluctuation risks arising from the export of products and materials for products in addition to hedging through increases in overseas production and the overseas procurement of materials.

The derivative transactions are solely made with highly rated financial institutions; therefore, the Group does not expect any credit risks.

The Group utilizes derivatives following the internal regulation for derivatives, which stipulates policy, objective, scope, organization, procedures and financial institutions to deal with, and has a reporting system for derivative transactions reflecting proper internal control functions.

Fair value of derivative transactions

The aggregate amounts contracted to be paid or received and the fair values of derivative transactions of the Group at March 31, 2008 and 2007 were as follows:

Currency-related derivatives:

	Millions of Yen								Thousands of U.S. Dollars			
	2008				2007				2008			
	Contract amount				Contract amount				Contract amount			
	Total	Due after one year	Fair value	Realized gain (loss)	Total	Due after one year	Fair value	Realized gain (loss)	Total	Due after one year	Fair value	Realized gain (loss)
Forward contracts:												
To sell:												
U.S. dollars	¥—	¥—	¥—	¥—	¥21,243	¥—	¥21,792	¥ (549)	$—	$—	$—	$—
Euros	—	—	—	—	16,995	—	18,092	(1,097)	—	—	—	—
Sterling pounds	—	—	—	—	714	—	724	(10)	—	—	—	—
Total	¥—	¥—	¥—	¥—	¥38,952	¥—	¥40,608	¥(1,656)	$—	$—	$—	$—
To buy:												
U.S. dollars	¥—	¥—	¥—	¥—	¥ —	¥—	¥ —	¥ —	$—	$—	$—	$—
Total	¥—	¥—	¥—	¥—	¥ —	¥—	¥ —	¥ —	$—	$—	$—	$—

Interest rate swap and option-related derivatives:

	Millions of Yen								Thousands of U.S. Dollars			
	2008				2007				2008			
	Contract amount				Contract amount				Contract amount			
	Total	Due after one year	Fair value	Realized gain (loss)	Total	Due after one year	Fair value	Realized gain (loss)	Total	Due after one year	Fair value	Realized gain (loss)
Interest rate swaps:												
Receive fix/ Pay float	¥20,000	¥20,000	¥(734)	¥388	¥20,000	¥20,000	¥(1,121)	¥31	$200,000	$200,000	$(7,340)	$3,880
Total	¥20,000	¥20,000	¥(734)	¥388	¥20,000	¥20,000	¥(1,121)	¥31	$200,000	$200,000	$(7,340)	$3,880

Notes: 1. Fair values of derivative transactions are determined by prices principally reported by the financial institutions with which the Company engages in derivative transactions.

2. Interest rate swaps that no longer meet hedging criteria are stated separately. Amounts corresponding to fair values are included in "other long-term liabilities" in consolidated balance sheets. The net deferred amounts to be paid or received under the said interest rate swaps are periodically charged to expenses or income over the remaining contract periods.

3. Derivative transactions under hedge accounting are treated as outside scope of disclosure.

7. Short-term Borrowings and Long-term Debt

Short-term borrowings represent unsecured bank loans and its average interest rates were 1.3% and 0.9% per annum at March 31, 2008 and 2007, respectively.

Long-term debt at March 31, 2008 and 2007 consisted of:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
2.575% unsecured bonds due in December 2007	¥ —	¥10,000	$ —
1.42% unsecured bonds due in March 2009	10,000	10,000	100,000
Unsecured loans principally from banks at interest rates of 0.76% to 1.83% maturing through 2012	—	59,450	—
Unsecured loans principally from banks at interest rates of 0.82% to 1.83% maturing through 2012	37,450	—	374,500
Total	47,450	79,450	474,500
Less amount due within one year	26,500	32,000	265,000
	¥20,950	¥47,450	$209,500

The annual maturities of long-term debt at March 31, 2008 were as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2009	¥26,500	$265,000
2010	10,500	105,000
2011	450	4,500
2012	10,000	100,000

The line of credit with the main financial institutions agreed as of March 31, 2008 and 2007 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Line of credit	¥57,580	¥38,500	$575,800
Unused	57,580	38,500	575,800

8. Income Taxes

The Company and consolidated domestic subsidiaries used the statutory income tax rate of 40.7% for calculation of deferred income tax assets and liabilities at March 31, 2008 and 2007.

The following table summarizes the significant differences between statutory tax rate and the Group's tax rate for financial statement purposes for the years ended March 31, 2008 and 2007:

	2008	2007
Statutory tax rate	40.7%	40.7%
Increase (Reduction) in tax resulting from:		
Nondeductible expenses (Entertainment, etc.)	0.5	0.4
Nontaxable income (Dividends received deduction, etc.)	(3.7)	(2.9)
Difference in statutory tax rate (included in foreign subsidiaries)	(3.2)	(2.0)
Income tax credits	(4.6)	(3.7)
Effect of elimination of dividends income	5.7	3.9
Valuation allowance	21.5	—
Other	0.9	(0.2)
Effective tax rate	57.8%	36.2%

Significant components of deferred tax assets and liabilities as of March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Deferred tax assets:			
Employees' severance and retirement benefits	¥ 6,033	¥ 6,302	$ 60,330
Intangible fixed assets	4,556	3,529	45,560
Net operating loss carryforwards	4,425	2,521	44,250
Property, plant and equipment	4,206	1,826	42,060
Accrued expenses (bonuses to employees)	3,112	3,142	31,120
Inventories	2,953	2,568	29,530
Other	7,611	10,474	76,110
Gross deferred tax assets	32,896	30,362	328,960
Valuation allowance	(9,015)	(3,881)	(90,150)
Total deferred tax assets	23,881	26,481	238,810
Deferred tax liabilities:			
Unrealized holding gains on securities	(3,907)	(6,029)	(39,070)
Less: valuation allowance	(1,878)	(1,878)	(18,780)
Reserve for deferred income tax of property, plant and equipment	(206)	(219)	(2,060)
Other	(160)	(183)	(1,600)
Total deferred tax liabilities	(6,151)	(8,309)	(61,510)
Net deferred tax assets	¥17,730	¥18,172	$177,300

9. Employees' Severance and Retirement Benefits

The liabilities for the employees' severance and retirement benefits included in the liability section of the consolidated balance sheets at March 31, 2008 and 2007 consists of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Projected benefit obligation	¥67,810	¥63,771	$678,100
Unrecognized prior service costs	9,088	9,996	90,880
Unrecognized actuarial differences	(14,870)	(675)	(148,700)
Less fair value of pension assets*	(53,654)	(62,666)	(536,540)
Less unrecognized net transition obligation	(2,341)	(3,511)	(23,410)
Prepaid pension cost	144	80	1,440
Liabilities for the employees' severance and retirement benefits	¥ 6,177	¥ 6,995	$ 61,770

* Including employee retirement benefit trust

Included in the consolidated statements of income for the years ended March 31, 2008 and 2007 are employees' severance and retirement benefit expenses comprised of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Service cost—benefits earned during the year	¥3,136	¥3,124	$31,360
Interest cost on projected benefit obligation	1,495	1,463	14,950
Expected return on plan assets	(1,791)	(1,696)	(17,910)
Amortization of prior service costs	(908)	(910)	(9,080)
Amortization of actuarial differences	415	442	4,150
Amortization of net transition obligation	1,170	1,200	11,700
Other	125	122	1,250
Employees' severance and retirement benefit expenses	¥3,642	¥3,745	$36,420

The discount rate and the rate of expected return on plan assets used by the Company are 2.5% and 3.0% in both 2008 and 2007.

The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated number of total service years. Actuarial gains and losses are to be recognized in expenses using the straight-line method over 9–15 years (a certain period not exceeding the average of the estimated remaining service lives commencing with the next period). Prior service costs are to be recognized in expenses using the straight-line method over 9–15 years (a certain period not exceeding the average of the estimated remaining service lives).

10. Retirement Benefits for Directors and Corporate Auditors

Effective April 1, 2002, the Company changed its accounting policy for retirement benefits for directors and corporate auditors.

Previously, retirement benefits to directors and corporate auditors were recognized after the approval at the shareholders' meeting and charged to income when paid.

Under the new policy, the Company and certain subsidiaries provide for retirement allowance to directors and corporate auditors at an estimate of the amount which would be required to be paid if all directors and corporate auditors had retired at each balance sheet date.

11. Net Assets

The Japanese Corporate Law ("the Law") became effective on May 1, 2006, replacing the Japanese Commercial Code ("the Code"). The Law is generally applicable to events and transactions occurring after April 30, 2006 and for fiscal years ending after that date.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in-capital and legal earnings reserve must be set aside as additional paid-in-capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Code, companies were required to set aside an amount equal to at least 10% of the aggregate amount of cash dividends and other cash appropriations as legal earnings reserve until the total of legal earnings reserve and additional paid-in capital equaled 25% of common stock.

Under the Code, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting or could be capitalized by a resolution of the Board of Directors. Under the Law, both of these appropriations generally require a resolution of the shareholders' meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Code, however, on condition that the total amount of legal earnings reserve and additional paid-in capital remained equal to or exceeded 25% of common stock, they were available for distribution by resolution of the shareholders' meeting. Under the Law, all additional paid-in-capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

12. Lease Transactions

(1) Finance leases

The amounts of outstanding future lease payments due at March 31, 2008 and 2007 and total lease expenses (including total assumed depreciation cost and total assumed interest cost) as lessee for the years ended March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Future lease payments:			
Due within one year	**¥ 4,746**	¥ 4,074	**$ 47,460**
Due over one year	**7,873**	7,264	**78,730**
Total	**¥12,619**	¥11,338	**$126,190**
Total lease expenses	**¥ 5,367**	¥ 4,711	**$ 53,670**
Total assumed depreciation cost	**¥ 4,967**	¥ 4,321	**$ 49,670**
Total assumed interest cost	**¥ 377**	¥ 306	**$ 3,770**

Assumed data as to acquisition cost, accumulated depreciation and net book value of the leased assets under the finance lease contracts as lessee at March 31, 2008 and 2007 were summarized as follows:

	Millions of Yen						Thousands of U.S. Dollars		
	2008			2007			**2008**		
	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Machinery	**¥16,990**	**¥ 8,194**	**¥ 8,796**	¥15,183	¥ 7,055	¥ 8,128	**$169,900**	**$ 81,940**	**$ 87,960**
Equipment	**5,512**	**2,791**	**2,721**	4,197	2,350	1,847	**55,120**	**27,910**	**27,210**
Other	**2,026**	**1,173**	**853**	2,181	1,096	1,085	**20,260**	**11,730**	**8,530**
Total	**¥24,528**	**¥12,158**	**¥12,370**	¥21,561	¥10,501	¥11,060	**$245,280**	**$121,580**	**$123,700**

(2) Operating leases

The amount of outstanding future lease payments due at March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Future lease payments:			
Due within one year	¥113	¥184	$1,130
Due over one year	55	167	550
Total	¥168	¥351	$1,680

13. Segment Information

The business and geographical segment information and overseas sales for the Group for the years ended March 31, 2008 and 2007 were as follows:

(1) Business segments

	Millions of Yen				
For 2008	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
Net sales:					
Outside customers	¥526,652	¥ 96,398	¥623,050	¥ —	¥623,050
Inside Group	366	28,185	28,551	(28,551)	—
Total	527,018	124,583	651,601	(28,551)	623,050
Costs and expenses	480,481	127,842	608,323	(23,026)	585,297
Operating income (loss)	¥ 46,537	¥ (3,259)	¥ 43,278	¥ (5,525)	¥ 37,753
Total assets	¥252,316	¥ 90,182	¥342,498	¥109,337	¥451,835
Depreciation	¥ 25,418	¥ 7,866	¥ 33,284	¥ 675	¥ 33,959
Loss on impairment of fixed assets	¥ —	¥ 6,838	¥ 6,838	¥ —	¥ 6,838
Capital expenditures	¥ 24,687	¥ 3,853	¥ 28,540	¥ 496	¥ 29,036

	Thousands of U.S. Dollars				
For 2008	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
Net sales:					
Outside customers	$5,266,520	$ 963,980	$6,230,500	$ —	$6,230,500
Inside Group	3,660	281,850	285,510	(285,510)	—
Total	5,270,180	1,245,830	6,516,010	(285,510)	6,230,500
Costs and expenses	4,804,810	1,278,420	6,083,230	(230,260)	5,852,970
Operating income (loss)	$ 465,370	$ (32,590)	$ 432,780	$ (55,250)	$ 377,530
Total assets	$2,523,160	$ 901,820	$3,424,980	$1,093,370	$4,518,350
Depreciation	$ 254,180	$ 78,660	$ 332,840	$ 6,750	$ 339,590
Loss on impairment of fixed assets	$ —	$ 68,380	$ 68,380	$ —	$ 68,380
Capital expenditures	$ 246,870	$ 38,530	$ 285,400	$ 4,960	$ 290,360

	Millions of Yen				
For 2007	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
Net sales:					
Outside customers	¥527,216	¥ 93,553	¥620,769	¥ —	¥620,769
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
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

Notes: 1. Business segments were 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, Electronic dictionaries, Label printers, 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, TCP assembly and processing consignments, Carrier tape, Factory automation, Molds, Toys, etc.

3. Elimination or unallocated amounts of costs and expenses principally consisted of administrative expenses and R&D expenses for fundamental research of the parent company, which amounted to ¥5,525 million ($55,250 thousand) and ¥5,032 million for the years ended March 31, 2008 and 2007, respectively.
4. Elimination or unallocated amounts of total assets principally consisted of cash and time deposits, marketable securities, investments in securities and administrative assets of the parent company, which amounted to ¥111,201 million ($1,112,010 thousand) and ¥114,864 million for the years ended March 31, 2008 and 2007, respectively.
5. As explained in Note 2, in accordance with recent revisions to Japanese income tax law, with effect from the reporting period the Company and its consolidated domestic subsidiaries have changed their method of depreciation. Compared with the depreciation method applied hitherto, the application of the new method to the reporting term caused operating expenses recognized to increase by ¥655 million ($6,550 thousand) for the Electronics segment, by ¥496 million ($4,960 thousand) for the Electronic Components and Others segment, and by ¥12 million ($120 thousand) for elimination or unallocated amount. Operating income declined by the corresponding amounts.
6. Impairment loss amounts are included in loss on transfer of business.

(2) Geographical segments

	Millions of Yen						
For 2008	Japan	North America	Europe	Asia	Total	Elimination	Consolidated
Net sales:							
Outside customers	¥448,686	¥55,280	¥90,583	¥ 28,501	¥623,050	¥ —	¥623,050
Inside Group	133,354	374	3	130,051	263,782	(263,782)	—
Total	582,040	55,654	90,586	158,552	886,832	(263,782)	623,050
Costs and expenses	549,867	55,870	87,533	156,077	849,347	(264,050)	585,297
Operating income (loss)	¥ 32,173	¥ (216)	¥ 3,053	¥ 2,475	¥ 37,485	¥ 268	¥ 37,753
Total assets	¥409,516	¥17,710	¥32,570	¥ 41,040	¥500,836	¥ (49,001)	¥451,835

	Thousands of U.S. Dollars						
For 2008	Japan	North America	Europe	Asia	Total	Elimination	Consolidated
Net sales:							
Outside customers	$4,486,860	$552,800	$905,830	$ 285,010	$6,230,500	$ —	$6,230,500
Inside Group	1,333,540	3,740	30	1,300,510	2,637,820	(2,637,820)	—
Total	5,820,400	556,540	905,860	1,585,520	8,868,320	(2,637,820)	6,230,500
Costs and expenses	5,498,670	558,700	875,330	1,560,770	8,493,470	(2,640,500)	5,852,970
Operating income (loss)	$ 321,730	$ (2,160)	$ 30,530	$ 24,750	$ 374,850	$ 2,680	$ 377,530
Total assets	$4,095,160	$177,100	$325,700	$ 410,400	$5,008,360	$ (490,010)	$4,518,350

	Millions of Yen						
For 2007	Japan	North America	Europe	Asia	Total	Elimination	Consolidated
Net sales:							
Outside customers	¥450,762	¥61,095	¥84,029	¥ 24,883	¥620,769	¥ —	¥620,769
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
Total assets	¥475,494	¥24,205	¥35,359	¥ 42,977	¥578,035	¥ (52,552)	¥525,483

Notes: 1. Segments of countries and areas were classified by the geographical factor.
2. The main countries and the areas which belong to each segment except for Japan were 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. As explained in Note 2, in accordance with recent revisions to Japanese income tax law, with effect from the reporting period the Company and its consolidated domestic subsidiaries have changed their method of depreciation. Compared with the depreciation method applied hitherto, the application of the new method to the reporting term caused operating expenses recognized to increase by ¥1,163 million ($11,630 thousand) for the Japan segment. Operating income declined by the same amount.

(3) Overseas sales

For 2008	North America	Europe	Asia	Others	Total
	Millions of Yen				
Overseas net sales	¥80,790	¥94,333	¥86,711	¥33,217	¥295,051
Net sales (consolidated)					623,050
Share of overseas net sales	13.0%	15.2%	13.9%	5.3%	47.4%

For 2008	North America	Europe	Asia	Others	Total
	Thousands of U.S. Dollars				
Overseas net sales	$807,900	$943,330	$867,110	$332,170	$2,950,510
Net sales (consolidated)					6,230,500
Share of overseas net sales	13.0%	15.2%	13.9%	5.3%	47.4%

For 2007	North America	Europe	Asia	Others	Total
	Millions of Yen				
Overseas net sales	¥83,951	¥90,902	¥70,301	¥29,825	¥274,979
Net sales (consolidated)					620,769
Share of overseas net sales	13.5%	14.7%	11.3%	4.8%	44.3%

Notes: 1. Segments of countries and areas were classified by the geographical factor.
2. The main countries and the areas which belong to each segment were 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.

14. Contingent Liabilities

At March 31, 2008, the Group was contingently liable for trade notes and export drafts discounted with banks in the amount of ¥2,429 million ($24,290 thousand).

15. Stock Option

By special resolution at the 46th annual shareholders' meeting held on June 27, 2002, the Company introduced a stock option plan in accordance with Article 280-20, 21 of the Commercial Code in Japan, and granted stock purchase rights at advantageous terms to directors, corporate auditors and employees of the Company and subsidiaries, as of June 27, 2002.

The stock purchase rights can be exercised at a price of ¥699 ($6.99) per share in the period from July 1, 2004 to June 30, 2009, and a total of 129 thousand shares of common stock could be issued by the exercise of these rights. The exercise price of stock purchase rights would be adjusted, if the Company issues new shares at a price below the market price.

By special resolution at the 47th annual shareholders' meeting held on June 27, 2003, the Company introduced a stock option plan in accordance with Article 280-20, 21 of the Commercial Code in Japan, and granted stock purchase rights at advantageous terms to directors, corporate auditors and employees of the Company and subsidiaries, as of June 27, 2003.

The stock purchase rights can be exercised at a price of ¥1,221 ($12.21) per share in the period from July 1, 2005 to June 30, 2010, and a total of 70 thousand shares of common stock could be issued by the exercise of these rights. The exercise price of stock purchase rights would be adjusted, if the Company issues new shares at a price below the market price.

By special resolution at the 48th annual shareholders' meeting held on June 29, 2004, the Company introduced a stock option plan in accordance with Article 280-20, 21 of the Commercial Code in Japan, and granted stock purchase rights at advantageous terms to directors, corporate auditors and employees of the Company and subsidiaries, as of June 29, 2004.

The stock purchase rights can be exercised at a price of ¥1,575 ($15.75) per share in the period from July 1, 2006 to June 30, 2011, and a total of 146 thousand shares of common stock could be issued by the exercise of these rights. The exercise price of stock purchase rights would be adjusted, if the Company issues new shares at a price below the market price.

16. Loss on transfer of business

As a result of the transfer of the Film Device Business of Casio Micronics Co., Ltd., in its consolidated accounts settlement Casio Computer recognized an impairment loss of ¥6,838 million ($68,380 thousand) and a provision to the reserve for loss on transfer of business of ¥829 million ($8,290 thousand), in addition to miscellaneous losses amounting to ¥255 million ($2,550 thousand).

Impairment Losses

The Group has recognized impairment losses for the fiscal term ended March 2008 as set out below.
Purpose: Film device manufacturing facilities
Type: Buildings, machinery, equipment, etc.
Location of facilities: Plant operated by Casio Micronics Co.,Ltd. in Chuo City, Yamanashi Pref., and others

The Group carries out asset grouping principally according to its management accounting categories, which are employed to enable continuous monitoring of the Group's earnings situation.

In line with the transfer of the Film Device Business of Casio Micronics Co., Ltd., book values were reduced to the recoverable amounts, and an impairment amount of ¥6,838 million ($68,380 thousand) was included in the total figure for loss on transfer of business.

This impairment figure breaks down into: ¥5,605 million ($56,050 thousand) for machinery, equipment, and vehicles; ¥922 million ($9,220 thousand) for buildings and other structures; ¥253 million ($2,530 thousand) for tools and fixtures; and ¥58 million ($580 thousand) for miscellaneous items.

The recoverable values of the assets are determined on the basis of net selling prices, which are principally based on selling prices under the business transfer contract, as well as real estate appraisal values.

17. Subsequent Events

1. At the annual shareholders' meeting held on June 27, 2008, the Company's shareholders approved the payment of a cash dividend of ¥33.00 ($0.33) per share aggregating ¥9,107 million ($91,070 thousand) to shareholders of record as of March 31, 2008.

2. At a meeting of the Board of Directors of Casio's consolidated subsidiary Casio Micronics Co., Ltd. (below, Casio Micronics) held on March 28, 2008, it was decided that the Film Device Business of Casio Micronics shall be split off as a new entity, and its shares transferred to Hitachi Cable, Ltd. (below, Hitachi Cable). A share transfer contract to this effect was signed with Hitachi Cable.

   At a meeting of the Casio Micronics Board of Directors held on April 10, 2008, it was decided that Casio Micronics would enter an absorption-type split contract with its new subsidiary, to be known as Film Device Business Development Preparation Co., Ltd. The contract was signed the same day. On April 30, 2008, a meeting of Casio Micronics shareholders approved a resolution for use of the absorption-type split contract. The divestiture of the Film Device Business occurred on June 1, 2008, and Casio Micronics transferred all shares in the new entity to Hitachi Cable.

(1) Purpose of the divestiture and transfer of shareholding

Without collaboration with other companies, Casio Micronics had only limited capabilities in terms of raising funds, cutting costs, enhancing price competitiveness and strengthening marketing in its various businesses. It was judged necessary to consider ways of reducing the costs of investment and strengthening the fundamentals of the Film Device Business, such as alliances with other companies including a transfer of the business.

After close consultations with Hitachi Cable, it was recognized that synergies could be maximized through a business integration since both companies had separate customer bases but complementary technological competencies. In discussing how to effect this integration it was decided that the best option was to transfer to Hitachi Cable all Film Device Business operations, that is to say its chip-on-film (COF) businesses (chip-on-film for LCD, and COF semiconductor mounting). A final contract on the transfer of the Film Device Business was then signed.

(2) Nature of business and scale of operations of the new entity

Business of departments to be split off:
Film Device Business (development, manufacturing, marketing and subcontracted processing of chip-on-film for LCD)
Sales: ¥11,259 million ($112,590 thousand) (year ended March 31, 2008)
Assets and liabilities: Total assets ¥6,571 million ($65,710 thousand), Total liabilities ¥604 million ($6,040 thousand)

* On June 1, 2008, the date of effect for the divestiture of the new entity, Casio Micronics and Hitachi Cable fine-tuned their final decisions regarding agreed rights and obligations pertaining to certain assets and liabilities and the legal status of both parties in the contract. After such fine-tuning, fixed amounts of assets and liabilities may differ from amounts shown above.

(3) The new entity at a glance

Registered trading name: Film Device Business Development Preparation Co., Ltd.
Paid-in capital: ¥250,000 ($2,500)
Number of employees: 375 as of June 1, 2008
Nature of business:

1) Research, development, manufacturing and marketing of electronic parts for computers, electronic system equipment and electronic application systems (for development, manufacturing, marketing and subcontracted processing of chip-on-film for LCD)
2) Research, development, manufacturing and marketing of electrical, electronic and other scientific instruments and their components and accessories (in relation to development, manufacturing, marketing and subcontracted processing of chip-on-film for LCD)
3) All businesses ancillary to the above (development, manufacturing, marketing and subcontracted processing of chip-on-film for LCD)

(4) Method and nature of the corporate split

Method:

Absorption-type split in which Casio Micronics split off its Film Device Business as the Film Device Business Development Preparation Co., Ltd.

Schedule for the divestiture: The divestiture was effective June 1, 2008

Allocation of shares:

When the divestiture took effect, the new entity issued and allocated to Casio 3,999 shares of common stock.

Rights and obligations of the new entity:

On the date of entry into effect of the divestiture, June 1, 2008, the new entity assumed rights and obligations relating to certain assets and liabilities agreed by Casio Micronics and Hitachi Cable, and to these companies' legal status under the contract, as they pertain to the Film Device Business operated by Casio Micronics.

(5) Shares to be transferred to:

Name of recipient: Hitachi Cable, Ltd.

Nature of business:

Manufacturing and marketing of electrical wire and cable, IT network systems, wireless systems, compound semiconductors, materials for semiconductor sealants, wrought copper products, automotive components, etc.

(6) Schedule for share transfer: Date of transfer of shares: June 1, 2008

(7) Value of transfer: ¥6,000 million ($60,000 thousand)

Based on an appraisal of the value of the Film Device Business as of March 31, 2008, the value of the transfer was finally settled when Casio Micronics and Hitachi Cable reach agreement on the rights and obligations relating to part of the assets and liabilities and their legal status under the contract on June 1, 2008, the date of entry into effect of the divestiture. The planned method of settlement is cash payment.

3. Concerning underwriting of the capital increase through private placement by Casio Micronics, and conversion of Casio Micronics into a wholly owned subsidiary of Casio through share exchange.

A meeting of the Board of Directors of Casio held on May 16, 2008 approved a capital increase for Casio Micronics through private placement, and an exchange of shares that would make Casio Micronics into a wholly owned subsidiary of Casio. On the same day, an underwriting contract for the capital increase through private placement and a contract for the share exchange were signed. Casio made full payment for the capital increase by May 30, 2008.

(1) Significance of the capital increase and the exchange of shares

Casio believes that (1) improvement of Casio Micronics's financial position and stabilization of its operating base through a capital increase by private placement underwritten by Casio, and (2) after conversion of Casio Micronics into a wholly owned Casio subsidiary, creation of a framework for rapid and flexible operational reform including possible alliances with other companies in the Bump-processing business, would benefit the enterprise value of the entire group.

(2) Key details of the capital increase

1) Method of offer or allocation: Private placement
2) Type and number of shares to be issued: 6,400,000 shares of common stock
3) Issue price: ¥540 ($5.4) per share
4) Total value of share issue: ¥3,456 million ($34,560 thousand)
5) Total sum to be paid: ¥3,456 million ($34,560 thousand)
6) Total amount incorporated in paid-in capital: ¥1,728 million ($17,280 thousand)
7) Deadline for payment: June 1, 2008
8) Intended use of funding: Allocation for repayment of affiliates' borrowings (full amount)

(3) Key details of the exchange of shares

1) Method and timing of share exchange

Based on the share exchange contract signed on May 16, 2008, Casio will, with August 1, 2008, as date of entry into effect, arrange the transfer to Casio of all Casio Micronics shares held by Casio Micronics shareholders as of July 31 (excluding Casio). In return, Casio Micronics's shareholders (excluding Casio) shall receive allocations of common shares in Casio, and Casio Micronics will become a wholly owned subsidiary of Casio.

2) Terms of the share exchange

Casio will allocate 0.4 shares of common stock for every one share of Casio Micronics common stock. There will be no allocation of common stock in Casio Micronics held by Casio.

3) Concerning parties involved in the share exchange

Registered trade name: Casio Micronics Co., Ltd.
Address: 3-10-6 Imai, Ome, Tokyo
Name of representative (president): Yoshio Ono
Paid-in capital: ¥2,992 million ($29,920 thousand) (as of March 31, 2008)
Net assets: ¥(3,108) million ($(31,080) thousand) (liabilities in excess of assets; March 31, 2008)
Total assets: ¥18,403 million ($184,030 thousand) (as of March 31, 2008)
Nature of business: research, development, manufacturing and marketing of electronic parts

4. At a meeting of the Board of Directors at Casio held on June 3, 2008, it was decided to issue euro-denominated convertible bonds falling due in 2015, with the following terms.
   (1) Total amount of issue: ¥50,000 million ($500,000 thousand)
   (2) Value of issue: 100% of face value amount (face value of bonds: ¥10 million ($100 thousand))
   (3) Issue price (offer price), 102.5% of the face value of the bond
   (4) Date of issue: June 19, 2008
   (5) Interest rate: Not applicable
   (6) Method of redemption: Redemption at 100% of face value
   (7) Due date March 31, 2015
   (8) Conversion price ¥1,952 ($19.52)
   (9) Period of conversion: July 3, 2008 to March 17, 2009
   (10) Amounts incorporated in paid-in capital: ¥976 ($9.76) (par value portion)
   (11) Details of collateral: None
   (12) Use of funds
   The funds raised through the business transfer will be principally applied to strengthening the earnings capabilities of the Company's Electronics segment through research and development as well as investment in facilities. A portion of the funds will be applied to the future redemption of corporate bonds and the repayment of bank borrowings.

Independent Auditors' Report

To the Shareholders and Board of Directors of CASIO COMPUTER CO., LTD.:

We have audited the accompanying consolidated balance sheets of CASIO COMPUTER CO., LTD. (a Japanese corporation) and consolidated subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income, changes in net assets and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CASIO COMPUTER CO., LTD. and subsidiaries as of March 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following.

(1) As discussed in Note 17 to the consolidated financial statements, at a meeting of the Board of Directors of the Company's consolidated subsidiary Casio Micronics Co., Ltd. (below, Casio Micronics) held on March 28, 2008, it was decided that the Film Device Business of Casio Micronics shall be split off as a new entity, to be known as Film Device Business Development Preparation Co., Ltd., and its shares transferred to Hitachi Cable, Ltd. (below, Hitachi Cable). A share transfer contract to this effect was signed with Hitachi Cable. At a meeting of the Casio Micronics Board of Directors held on April 10, 2008, it was decided that Casio Micronics would enter an absorption-type split contract with its new subsidiary. The contract was signed the same day. On April 30, 2008, a meeting of the Casio Micronics shareholders approved a resolution for use of the absorption-type split contract. The divestiture of the Film Device Business occurred on June 1, 2008, and Casio Micronics transferred all shares in the new entity to Hitachi Cable.

(2) As discussed in Note 17 to the consolidated financial statements, a meeting of the Board of Directors of the Company held on May 16, 2008 approved a capital increase for Casio Micronics through private placement, and an exchange of shares that would make Casio Micronics into a wholly owned subsidiary of the Company. On the same day, an underwriting contract for the capital increase through private placement and a contract for the share exchange were signed. The Company made full payment for the capital increase by May 30, 2008.

(3) As discussed in Note 17 to the consolidated financial statements, at a meeting of the Board of Directors at the Company held on June 3, 2008, it was decided to issue euro-denominated convertible bonds falling due in 2015, and the Company issued on June 19, 2008.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
June 27, 2008

Principal Subsidiaries (As of March 31, 2008)

Overseas Subsidiaries

Europe

•*Casio Europe GmbH*
Germany
Sales of Casio products

•*Casio Electronics Co., Ltd.*
U.K.
Sales of Casio products

•*Casio France S.A.*
France
Sales of Casio products

•*Casio Benelux B.V.*
The Netherlands
Sales of Casio products

•*Casio Scandinavia AS*
Norway
Sales of Casio products

•*Casio Espana, S.L.*
Spain
Sales of Casio products

Asia

•*Casio Computer (Hong Kong) Ltd.*
Hong Kong
Production of electronic calculators and LCDs

•*Casio Taiwan Co., Ltd.*
Taiwan
Production of electronic timepiece parts and sales of Casio products

•*Casio Singapore Pte., Ltd.*
Singapore
Production of electronic components and sales of Casio products

•*Casio India Co., Pvt. Ltd.*
India
Sales of electronic calculators and electronic timepieces

•*Casio Electronic Technology (Zhongshan) Co., Ltd.*
The People's Republic of China
Production of electronic calculators, electronic dictionaries and electronic musical instruments

•*Casio Electronics (Shenzhen) Co., Ltd.*
The People's Republic of China
Design and production of electronic timepieces

•*Casio (Guangzhou) Co., Ltd.*
The People's Republic of China
Sales of electronic timepieces

•*Casio (Thailand) Co., Ltd.*
Thailand
Production of electronic timepieces

•*Casio (Shanghai) Co., Ltd.*
The People's Republic of China
Sales of Casio products

North America

•*Casio America, Inc.*
U.S.A.
Sales of Casio products

•*Casio Latin America, Inc.*
U.S.A.
Sales of Casio products

•*Casio Canada Ltd.*
Canada
Sales of Casio products

•*Casio Holdings, Inc.*
U.S.A.
Holding company

Domestic Subsidiaries

•*Yamagata Casio Co., Ltd.*
Production of digital cameras, electronic timepieces, and cellular phones

•*Casio Micronics Co., Ltd.*
Development, production and sales of electronic components

•*Casio Electronic Manufacturing Co., Ltd.*
Production of page printers

•*Kochi Casio Co., Ltd.*
Development and production of LCDs

•*Kofu Casio Co., Ltd.*
Production of handy terminals, system equipments, and LCDs

•*Casio Hitachi Mobile Communications Co., Ltd.*
Development, design, and production of cellular phones

•*Casio Techno Co., Ltd.*
Customer service for Casio products

•*Casio Information Systems Co., Ltd.*
Sales of system equipment

•*CXD NEXT Co., Ltd.*
Electronic settlements and support services for retail stores utilizing Casio's electronic cash registers

(49 consolidated subsidiaries and 3 equity-method affiliates)

Directors and Corporate Auditors (As of June 27, 2008)

*Corporate officers

Chairman and Representative Director

Toshio Kashio

President and CEO

Kazuo Kashio*

Executive Vice President and Representative Director

Yukio Kashio*

Senior Managing Directors

Yozo Suzuki*
Fumitsune Murakami*

Managing Directors

Akinori Takagi*
Akira Kashio*
Susumu Takashima*

Directors

Tadashi Takasu*
Kouichi Takeichi*

Corporate Auditors

Takeshi Honda
Tomimoto Umeda
Hironori Daitoku

Corporate Officers

Eiichi Takeuchi
Ichiro Ohno
Yuichi Masuda
Osamu Ohno
Atsushi Yazawa
Hiroshi Nakamura
Kazuhiro Kashio
Nobuyuki Mochinaga
Yuji Otani
Tatsuo Shimazaki
Koji Moriya
Hitoshi Nakamura
Tetsuo Kashio
Hideaki Terada
Toshiharu Okimuro
Yoshinori Tazoe
Hideyuki Toyama
Tetsuro Izumi
Takashi Kashio

Corporate Data (As of March 31, 2008)

Established: June 1957
Paid-in Capital: ¥48,592 million
Employees: 13,202
Home Page Address: http://world.casio.com/

Domestic Offices

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

Accounting Department
Tel: (03) 5334-4852

R&D Centers

Hamura Research & Development Center
2-1, Sakae-cho 3-chome
Hamura City, Tokyo 205-8555
Tel: (042) 579-7111

Hachioji Research & Development Center
2951-5, Ishikawa-cho,
Hachioji City, Tokyo 192-8556
Tel: (042) 639-5111

Overseas Offices

Casio America, Inc.
570 Mt. Pleasant Avenue,
Dover, New Jersey 07801,
United States
Tel: 973-361-5400

Casio Europe GmbH
Bornbarch 10,
22848 Norderstedt, Germany
Tel: 040-528-65-0

Investor Information (As of March 31, 2008)

Stock Exchange Listings
Tokyo

Transfer Agent
The Sumitomo Trust and Banking Co., Ltd.

Number of Shares
Authorized: 471,693,000 shares
Issued: 279,020,914 shares

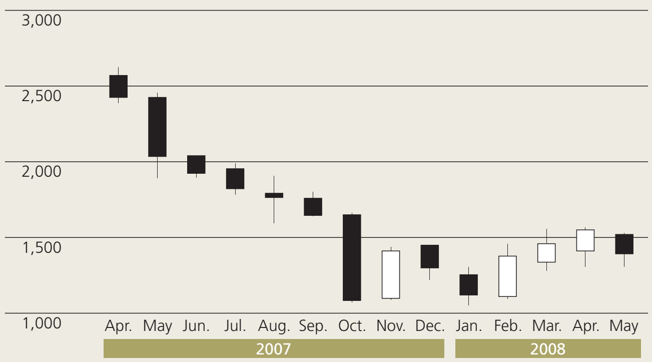
Number of Shareholders
51,010

Principal Shareholders

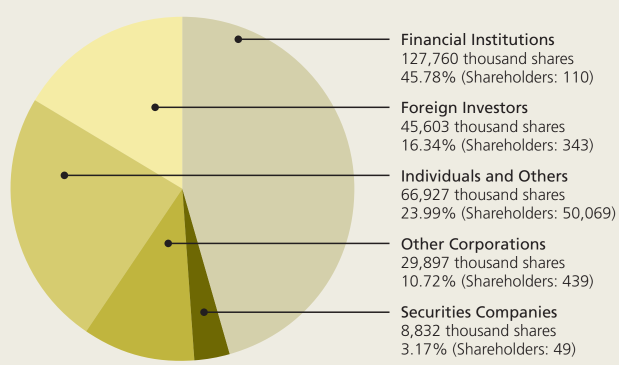
	Shareholdings (thousands)	% of outstanding share*
The Master Trust Bank of Japan, Ltd. (Trust Account)	24,860	9.01
Nippon Life Insurance Company	13,669	4.95
Japan Trustee Services Bank, Ltd. (Trust Account)	12,522	4.54
Casio Bros. Corp.	10,000	3.62
Japan Trustee Services Bank, Ltd. (The Sumitomo Trust and Banking Co., Ltd. Retrust Portion, Sumitomo Mitsui Banking Corp. Pension Trust Account)	9,865	3.57
Tsust & Custody Services Bank, Ltd. (Trust Account Y)	7,315	2.65
Sumitomo Mitsui Banking Corp.	6,789	2.46
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,077	1.84
Toshio Kashio	4,840	1.75
Mitsui Sumitomo Insurance Co., Ltd.	4,122	1.49

* Outstanding shares are calculated after deduction of shares in treasury (3,065,461).

Share Price (Yen)



Breakdown of Shareholders



CASIO COMPUTER CO., LTD.

6-2, Hon-machi 1-chome, Shibuya-ku, Tokyo 151-8543, Japan
http://world.casio.com/

Printed in Japan