CASIO®

Creativity That Surpasses World Standards

Annual Report 2009

For the year ended March 31, 2009

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

Casio will continue to deliver the values of "function, quality, economy, speed, productivity, ethics, safety, and compatibility with the environment" in its products and services. In the months and years ahead, Casio looks forward to giving all its stakeholders satisfaction beyond their expectations, and a more rewarding experience than ever before.

Consolidated Financial Highlights

Years ended March 31, 2009 and 2008 Casio Computer Co., Ltd. and Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars*
	2009	2008	**2009**
For the year:			
Net sales	**¥518,036**	¥623,050	**$5,286,082**
Operating income	**4,016**	37,753	**40,980**
Net income (loss)	**(23,149)**	12,188	**(236,214)**
Capital investment	**16,157**	13,515	**164,867**
Depreciation	**14,839**	18,148	**151,418**
Research and development expenses	**12,631**	14,750	**128,888**
At year-end:			
Net assets	**184,981**	231,213	**1,887,561**
Total assets	**444,653**	451,835	**4,537,276**
Amounts per share of common stock (in yen and U.S. dollars):			
Net income (loss)	**¥(83.62)**	¥44.17	**$(0.85)**
Diluted net income**	**—**	44.15	**—**
Cash dividends applicable to the year	**23.00**	33.00	**0.23**

* U.S. dollar amounts have been translated from Japanese yen at the rate of ¥98 to U.S.$1, the approximate exchange rate prevailing on March 31, 2009.

** There currently exist share warrants of the Company issued and outstanding. However, description of diluted EPS (net income per share) for the year ended March 31, 2009 is omitted as the Company posted a net loss for the reporting term.

Forward-looking Statements

Earnings estimates and expectations that are not historical fact included in this report are forward-looking statements.
Such forward-looking statements reflect the judgment of management based on information available as of the time of writing, and various factors could cause actual results to differ materially.

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Business Performance for the Term Ended March 2009

During the reporting term, we worked to achieve our management goals through vigorous measures to promote Casio's strategic businesses — digital cameras, timepieces, electronic dictionaries, and cell phones. Accompanying these efforts, we reformed the Company's business structure by writing off impairment losses on noncurrent assets in the Electronic Components category, and by revising the amortization periods for facilities in the cell phone business.

From the autumn of 2008, however, the business downturn accelerated further as the full effect of the global financial crisis was felt in the real economy, and net sales by Casio for fiscal 2009 fell 16.9% year-on-year to ¥518.0 billion on a consolidated basis.

By segment, sales in the Electronics segment dropped 12.3% year-on-year to ¥461.8 billion. Revenues from the digital camera business posted a year-on-year decline owing to a fall in market selling prices and the impact of losses on translation due to the depreciation of the euro and other European currencies. Despite these operating conditions, in the fourth quarter (January – March 2009) Casio aggressively launched new models with groundbreaking, unique features, and undertook global sales promotion campaigns. These models included the Exilim Zoom EX-Z400, the world's first camera that combines moving images and still photos with the Dynamic Photo function, and the High Speed Exilim EX-FC100, a stylish model capable of ultra-high-speed burst shooting, at 30 shots per second. In the field of electronic dictionaries, sales of a high-value-added model of the EX-word electronic dictionary were strong, maintaining the top position in the Japanese electronic dictionary industry. Sales of non-radio-controlled timepieces fell, but radio-controlled watches were strong performers thanks to the robust growth of high-value-added models featuring the Multi Band 6 radio wave receiver system. Notable among these high-performing models were the full-metal high-end Oceanus and the global brand G-Shock. In the field of cell phones, Casio launched the Exilim W63CA, a stylish cell phone with an 8.1-megapixel camera made for *au* (a major telecom services network in Japan), followed by the Exilim SoftBank 930CA in the second half of the fiscal year. Sales of our shock-resistant, waterproof G'zOne model for US-based Verizon Wireless remained firm as this cell phone made a name for itself in the North American market.

In the Electronic Components and Others segment, sales declined by 41.7% to ¥56.1 billion, due to sluggish demand for TFT LCD digital cameras and cell phones around the world, as well as falling unit prices for TFT LCDs brought on by the intense competition. The selloff of unprofitable operations by Casio Micronics Co., Ltd. in the reporting term was also a negative factor.

Turning now to profit/loss figures for the reporting term, ended March 2009, in the Electronics segment operating income fell 66.5% year-on-year to ¥15.6 billion, for a 3.4% operating income margin. This drop in operating income was recorded despite the continued high profitability of strategic businesses such as timepieces and electronic dictionaries, and was primarily due to the deteriorating business environment for digital cameras from the second half of the fiscal year, as well as the depreciation in the value of European currencies.

The Electronic Components and Others segment posted a ¥5.8 billion operating loss, primarily attributable to lower sales of TFT LCDs. As a result, total operating income on a consolidated basis, allowing for elimination or unallocated amounts, fell 89.4% year-on-year to ¥4.0 billion, for an operating income margin of 0.8%. Casio posted a net loss of ¥23.1 billion due to extraordinary losses including business structure improvement expenses (such as impairment losses on noncurrent assets) and non-recurring depreciation on noncurrent assets (such as software and facilities). These extraordinary losses were recognized to reinforce the Company's earning structure.

A dividend of ¥23 per share has been paid for the reporting term.

Kazuo Kashio, *President & CEO*

Medium- and Long-Term Management Policy

To achieve continuous growth in enterprise value despite today's difficult economic environment, we are improving our global cost competitiveness in every business to build a robust earnings base that will allow the Company to secure high profits, while at the same time strengthening its financial position. We also fully recognize that better performance in the area of corporate social responsibility (CSR) is an important issue. To achieve these aims, all of us at Casio are working together to execute the following strategies.

(1) Developing New Product Fields

Casio positions businesses that have maintained a top market share and are expected to realize stable cash flows as Stable Businesses. These businesses include timepieces and electronic dictionaries. The Company has positioned businesses whose markets have significant growth potential — but also feature intensifying competition as a large number of companies enter — as Expansive Businesses. These include the digital camera and cell phone businesses.

In our efforts to more firmly establish the position of Casio's Stable Businesses and to overcome intense competition in the Expansive Businesses in order to generate stable earnings, we will develop new types of products that meet market needs while also lowering the ratio of cost of sales to sales in each of these businesses. This can be accomplished by integrating Casio's unique technology with its product planning skills, which pinpoint the market's changing needs.

(2) Creating New Strategic Businesses

In the past, Casio has drawn on unique ideas and advanced technology to bring the world a range of exciting new products. To achieve steady growth in the future, we are determined not only to succeed in existing businesses, but also to create value in new business fields that leverage Casio's inimitable technologies. To achieve this, we will focus Casio's management resources on new business fields even more than in the past, with the aim of establishing businesses that can quickly deliver robust earnings.

(3) Strengthening the Financial Structure

We are moving ahead strongly with improvements in the equity ratio and debt/equity (D/E) ratio, with the aim of strengthening Casio's financial foundations for future growth. The recent credit crunch has reaffirmed our conviction that retaining a sufficient level of cash on hand is a key financial priority. Accordingly, we will flexibly adapt as we monitor changes in our operating environment.

In the future, we will continue to pursue efficient cash flow management even more thoroughly, and strive to generate free cash flow with the aim of building a completely strong, stable financial structure.

(4) CSR-focused Management

At Casio, we understand that sustainable corporate growth will only come about with the sustainable development of the global community, and we have therefore positioned corporate social responsibility (CSR) as a priority management issue.

Based on the Charter of Creativity for Casio, which articulates the code of conduct for employees, we strive to enhance compliance by ensuring that all employees and officers understand and comply with laws and regulations, as well as generally accepted ethical standards, and that they contribute to society at large. It is our belief that stricter compliance will contribute to the improvement of corporate governance.

Through the execution of the four strategies described above, we seek to deliver original products and services with high added value, increase enterprise value, and contribute to the building of a society blessed with an abundance of creativity.

Since the founding of Casio, our corporate creed has been "Creativity and Contribution." Our mission is to pursue growth as a company, and to increase enterprise value by contributing to society as a whole. We have accomplished this through the creation of truly innovative concepts and outstanding solutions based on the Company's proprietary advanced technologies.

At Casio, we will continue to deliver the values of function, quality, economy, speed, productivity, ethics, safety, and compatibility with the environment in our products and services. In the months and years ahead, we intend to provide products and services that exceed the greatest expectations of the Company's stakeholders. Being a stakeholder of Casio will become a truly rewarding experience.

We ask our shareholders and investors to continue their support.

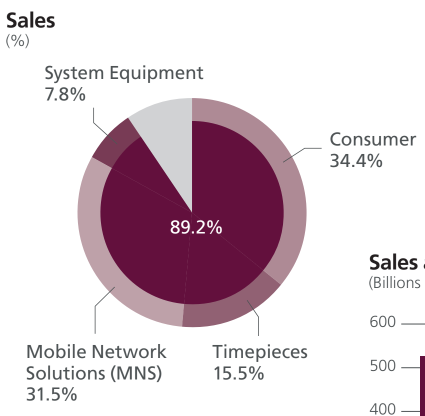
July 2009

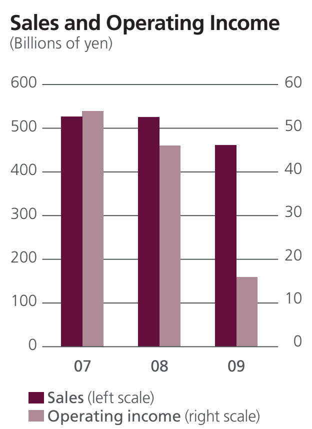
Kazuo Kashio, *President & CEO*

CASIO at a Glance

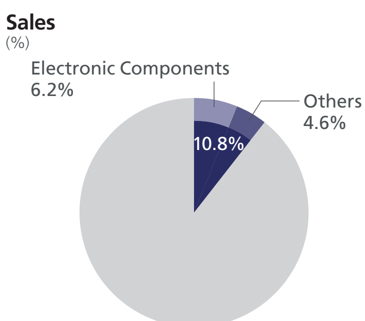
BUSINESS SEGMENT

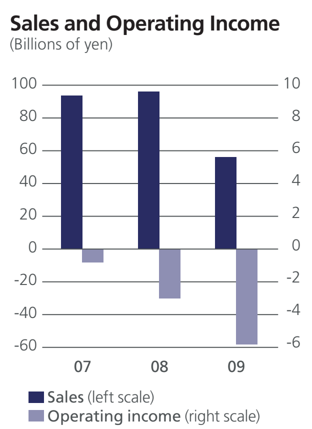
Electronics





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

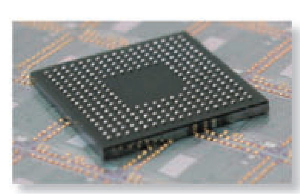
Designed to bring both greater convenience and more enjoyment to people's daily lives, Casio's broad product lineup ranges from digital cameras and electronic dictionaries, to a wide range of calculators for business and educational uses, label printers, as well as electronic musical instruments that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

Digital Cameras

We have long been pioneers of the digital camera market, by developing and launching products using proprietary technologies that constantly created new value.

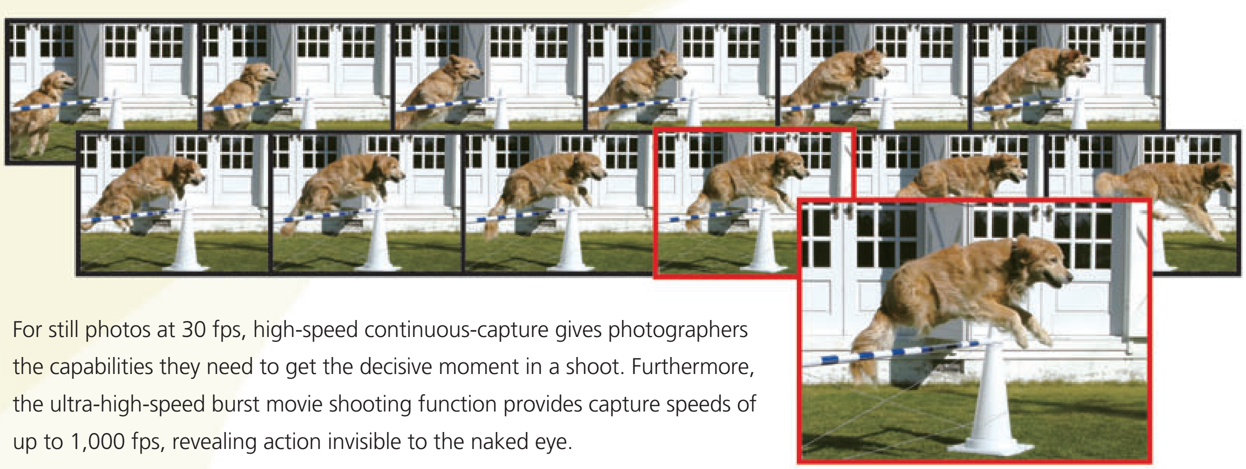
In 1995, we launched the product category with the release of the consumer-use "QV-10" with an LCD monitor a world first. This launched the first generation of digital cameras.

In 2002 came the Exilim EX-S1 card-size camera, so thin that it could be carried anywhere. The wave of miniaturization that began with this product ushered in the second generation of digital cameras.

Then, in 2008, we developed an entirely new type of digital camera, the EX-F1, featuring ultra-high-speed burst shooting at 60 frames per second (fps) as well as 1200 fps movie recording, giving an entirely new photographic experience. The spread of cameras with this level of

EXILIM EX-FC100

Capturing the key moment: High-speed burst shooting function



For still photos at 30 fps, high-speed continuous-capture gives photographers the capabilities they need to get the decisive moment in a shoot. Furthermore, the ultra-high-speed burst movie shooting function provides capture speeds of up to 1,000 fps, revealing action invisible to the naked eye.

functionality marked the launch of the third generation, and we are now bringing our proprietary technologies to focus on further increasing speeds and product take-up.

In fiscal 2008, we launched the second series of the High Speed Exilim EX-FH20, smaller yet featuring a powerful 20x optical zoom. In the fourth quarter, the High Speed Exilim EX-FC100 debuted, showcasing our proprietary technologies and meeting the demand for ultra-high-speed burst shooting at 30 fps (as well as 1,000 fps movie recording) combined with compactness. We also launched the Exilim ZOOM EX-Z400, featuring the world's first "Dynamic Photo" function enabling moving subjects to be cut and pasted onto still backgrounds or other images.

At the same time, we promoted global marketing activities to raise awareness of this advanced functionality.

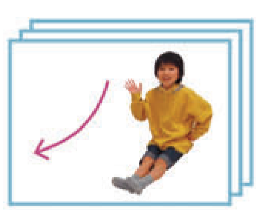
To flourish in the digital camera market, where competition is expected to further intensify as the market expands, we will further develop our proprietary technologies through high-speed continuous shooting and moving-image composition, and aggressively launch distinctive new products. In these ways, we strive to provide enjoyment and new impetus to the world of photography through the concepts of "Shoot it!", "Create it!" and "See it!"

EXILIM EX-Z400

Dynamic Photo function extends the joy of photography

"Dynamic Photo" featuring high-speed technology enables the moving subject to be cut out of a movie and to be placed into a still photo's background. We are increasing the options for enjoying photography, by combining photos and embedded messages to create results that are unthinkable in the real world.


Landscape image (still)


Moving child (continuous-capture)


Composite image of child sliding down mountain (final image)

In the Timepiece business, we have focused on expanding sales of radio-controlled watches, and have taken steps to further improve functionality, expand the lineup and raise awareness of these products.

During the term under review, we developed our lineup of products incorporating the Multi Band 6 radio wave receiver system, and developed a new Tough Movement for solar-powered, radio-controlled timepieces. This device is incorporated in the established hit brand Oceanus (full-metal, high-end models) and the global brand G-Shock.

We also launched global marketing of the EDIFICE brand, a sporty, full-metal analog watch that has become popular in European markets.

In marketing initiatives, in China we opened our fifth G-Shock specialty store in Shanghai. We also opened the world's largest flagship store for watches in Hangzhou.

The timepiece category is key among our strategic businesses in terms of assuring stable market share and strong profitability. To further strengthen our position in the future, we plan the following measures.

Launch products with greater added value by equipping all product brands with global Multi Band 6 radio wave receiver system.

We aim to expand the Chinese market for radio-controlled watches by ramping up our product lineup.

Oceanus

Timepieces

Another priority is full development of the ladies' watch market, through expansion of product range.

We also intend to carry out global promotions to underscore the strength of the Casio brand in timepieces.

G-SHOCK MR-G

Development of the Tough Movement, a high-performance ultra-thin radio solar movement combining advanced technologies

As a key device in our radio-controlled watch strategy, the Tough Movement is a next-generation solar-powered, radio-controlled movement that fuses our long experience in radio-reception and solar-powered electronics technologies with our newly developed self-correcting hands system, durable housing and other mechatronics technologies. This has enabled us to develop ultra-thin analog models with three hands, and high-performance, high-reliability chronograph models.

We plan to launch an attractive range of analog timepieces incorporating the Tough Movement in host of brands, including Oceanus and G-Shock.

Multi Band 6

Reduces the number of parts without sacrificing conventional radio reception quality. We have installed space-saving, low-power modules for radio reception from six stations around the world, using a miniaturized LSI for reception.

The Tough Solar System

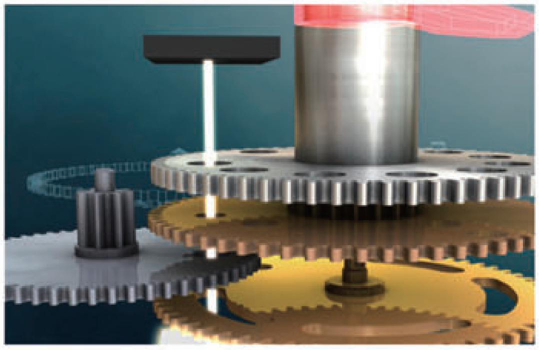
Incorporating Casio's high-capacity solar charging system for converting low levels of fluorescent light into electronic power.

Hybrid mount construction

Utilizing our experience in shock-resistance technologies developed for the G-Shock line, we have based movement design on precise calculation of the right balance of constituent metal materials and plastic weight, as well as the strength of the materials. We have improved impact-resistance, thereby reducing the amount of flexure and gapping that can occur when shock is relayed to the movement.

Automatic hands correction

Precision gearing technology and proprietary algorithms enable detection of the position of the hour, minute and second hands every hour (after 55 minutes 00 seconds), enabling automatic correction if any are even slightly slow or fast.



Cellular Phones

W63CA

During the period under review, the Company continued to launch attractive new products leveraging proprietary technologies.

The Exilim W63CA cell phone for the *au* cell-phone service network has won plaudits for its 8.1-megapixel camera, excellent camera functionality, and stylish design.

In the second half, we began supplying to Softbank Mobile Corp. our latest products under the brand name Exilim SoftBank 930CA, our second cell phone product for this company.

Meanwhile, in overseas operations, sales to LG Telecom of South Korea remain robust. We are also steadily raising our profile in the North American market for "toughness cell phones," with the launch of the G'zOne Boulder™ to Verizon Wireless of the United States.

Based on our superior technologies in camera development, toughness and waterproofing, and incorporation of proprietary technologies, we aim to further expand our business in both Japan and overseas markets through development and launch of innovative new products.

Developing proprietary products that are tough and waterproof

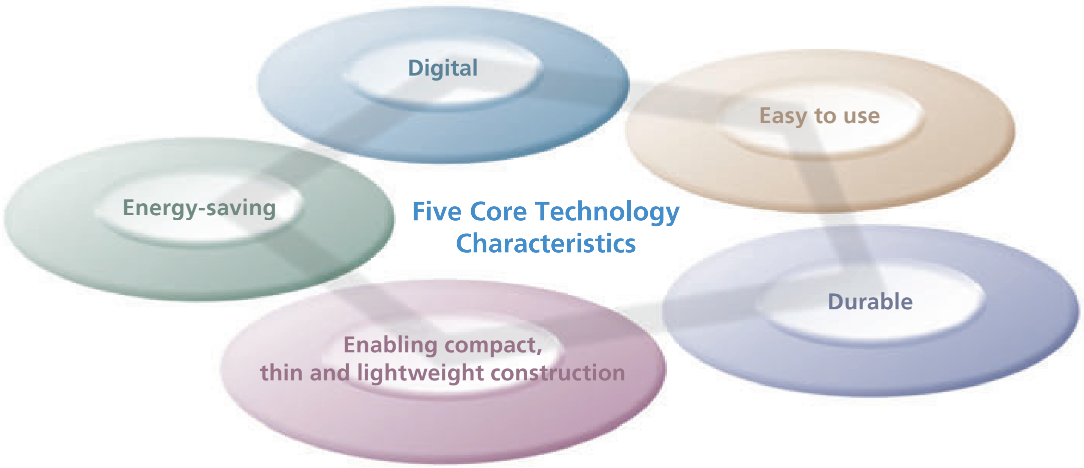
G'zOne Boulder™

In 2000, Casio introduced its C303CA cell phone for use with *au* service in Japan. Leveraging the proprietary technologies we accumulated during the development of our G-Shock models, we aimed to create a phone that was impact-resistant and waterproof. In the past, cell phone breakage due to water damage or being dropped was considered simply an inevitable misfortune. Although a late entrant, the popularity of our distinctive, groundbreaking model launched us into a firm position in the cell phone market. The C303CA marks the ongoing progression in the G'zOne series, which remains popular. In 2006, we extended our G'zOne offering to Verizon Wireless of the United States. Designed to military standards, this waterproof, impact-resistant model has earned high praise from customers as a "phone you can take anywhere."

Development Philosophy and Core Technology

The basic philosophy behind Casio's product development is to create something worthwhile where there was nothing before. This approach goes well beyond simply making existing devices easier to use. Rather, we use digital technologies to develop new culture based on the creation of entirely new value. We develop products by matching advanced technologies with ideas, always aiming to create products that are easy for anyone to use.

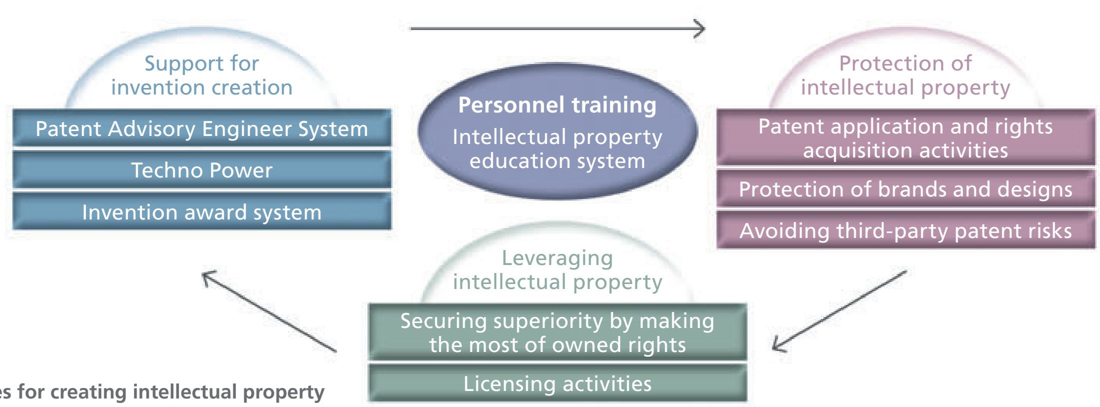
When transforming novel concepts into new products, Casio employs core technologies that have the following characteristics.



Intellectual Property Initiatives

Since its establishment, intellectual property has been an important management resource enabling Casio to continue its mission of launching unparalleled products with unique new technologies. While respecting the intellectual property rights of others, Casio protects its own businesses by taking a unique approach to intellectual property management. We also strive to increase corporate earnings by leveraging our intellectual property.

In recent years, we have accelerated our overseas patent application activities as our business has grown more global. Our goal is for overseas patent applications to represent one-third of our total, particularly in the competitive intellectual property market of the United States. We are also actively pursuing intellectual property opportunities in the expanding Chinese market.



Initiatives for creating intellectual property

To realize continuous improvement in enterprise value, business operations must be conducted in an appropriate and efficient manner, based on swift decisions by management. With these aims in mind, we have implemented the following measures to ensure a transparent and sound management.

The Corporate Governance System

Casio has 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. At the meetings matters of importance relating to the conduct of business are discussed to ensure that decisions are made from a companywide perspective to facilitate their smooth implementation.

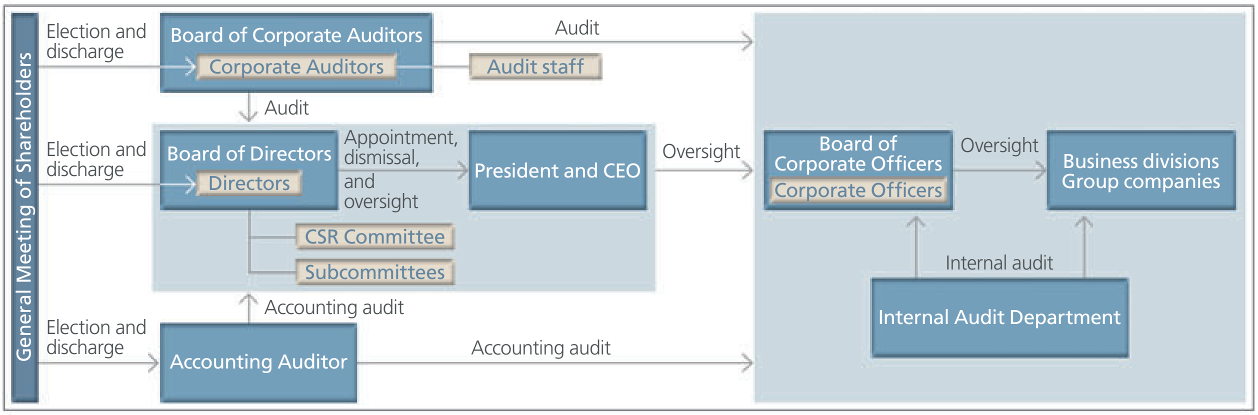
The Board of Directors aims to make important management decisions rationally and promptly. Directors and corporate auditors attend these meetings to deliberate upon and decide such issues.

Corporate auditors, including external auditors, follow policies set out by the Board of Corporate Auditors. In addition to attending meetings of the Board of Directors and the Board of Corporate Officers, as well as other important meetings, 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.

The company has established CSR Committee, which comprises members of the Board of Directors and corporate auditors, with the president serving as committee chairman. The Committee sets out the basic policies governing CSR activities companywide, as well as other important items.

Corporate governance system framework



Improving the Internal Control System

Casio has created an internal control system for financial reporting in response to the mandatory requirements under the Financial Instruments and Exchange Law, which went into effect in the reporting term (ended March 2009). The Company has established a basic policy for an internal control system to ensure reliable and accurate financial reporting. We have also formed the Internal Control Committee, comprising members of the Company's Accounting Department, Information System Department, CSR Operations Section and Internal Audit Department. This committee is responsible for implementing internal controls.

In fiscal 2008, the Company created a monitoring structure and devised rules to govern the operational processes of the main departments and group companies, to allow for the early detection of any risk that might have an impact on financial reporting. In each department, individuals are required to conduct self-audits to ensure that their duties are being performed in accordance with the items indicated on a printed check list. The results of these audits are reported periodically to the Internal Control Committee.

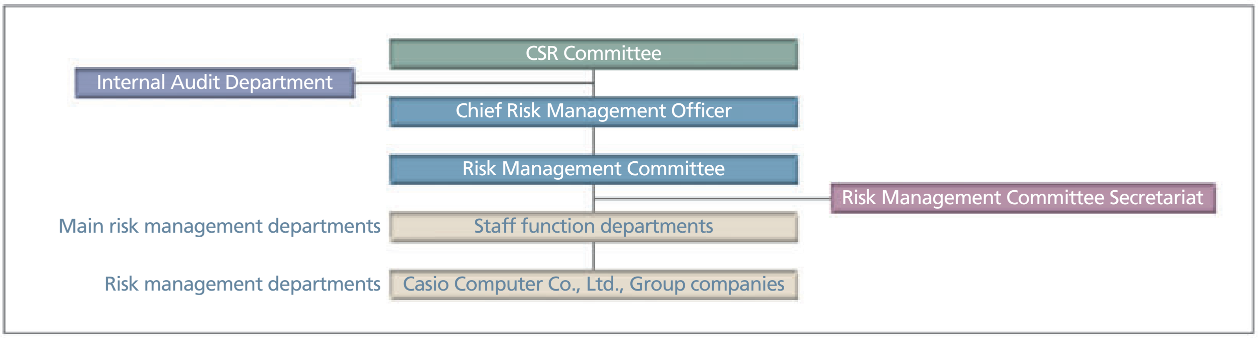
In addition, an independent Internal Audit Department conducts evaluations of the status of internal control systems and assesses the effectiveness of their implementation in accordance with groupwide evaluation standards.

Through the abovementioned activities, checks are conducted to ensure that all business operations are conducted in conformity with the aforementioned rules. If discrepancies or inefficient procedures are discovered, the Internal Control Committee formulates remedial measures and implements plans as needed to ensure that the necessary changes are made in line with its basic policy.

Risk Management

At Casio, we have drafted a Basic Risk Management Policy and have created a system to systematically and efficiently monitor risk management across the whole Company. A Risk Management Committee has been set up under the CSR Committee, with the Chief Risk Management Officer serving as the committee's chairman. The Risk Management Committee makes decisions regarding the selection of risk management-related topics and the implementation of risk management measures. Each department handling staff-level functions, responsible for overseeing risk management at subordinate departments and group companies, takes the initiative in implementing measures on risk management themes, and makes sure that these measures are widely known groupwide. The Risk Management Committee Secretariat oversees risk management at all stages of the management process, utilizing the PDCA management cycle. The Internal Audit Department monitors this system independently of risk management activities.

Risk management system



Corporate Social Responsibility (CSR) Activities

As part of its commitment to foster a sound and affluent society, Casio contributes positively to the common good while always seeking ways of fulfilling its role as a corporate citizen that communicates with the community.

We have earmarked five priority areas in which to conduct social contribution activities that leverage the Company's 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.

Activities of the Casio Science Promotion Foundation

The Casio Science Promotion Foundation was founded in 1982 by former chairman Shigeru Kashio (deceased) and his four sons.

To fulfill our mission of bringing the benefits of Japanese technology to the world, we believe that advanced research in a range of fields is necessary. In this belief, we organize support activities for pioneering and creative next-generation research by younger researchers who may find it difficult to continuously fund their activities.

Our subsidies cover a wide range of areas, from electronics and mechanical engineering to the natural sciences (health and energy-saving technologies) as well as the humanities (personnel training and behavioral science).

We have made 972 subsidies totaling ¥1,229 million for research purposes over the past 26 years.

Next-generation fostering activities

In August 2007, we launched our educational program for elementary school children, involving courses given by visiting lecturers at schools or arranged at our offices.

Studies in this program come under three rubrics, Relationships, Creativity, and Growth of the Heart. We also aim to instill an awareness of the three social issues of the environment, poverty and human rights.

Furthermore, our Hachioji R&D Center incorporates leading-edge technologies for environmental protection. By opening this facility to visits from the public, we aim to raise awareness of global environment issues through hands-on experience in such environmental activities as corporate initiatives to conserve energy and separate garbage.

Casio wins Award of the Kanto Bureau of Economy, Trade and Industry Director

At the Hachioji R&D Center, we are not only concerned with the design and construction of energy-saving buildings and other nuts and bolts solutions, but also in less visible energy-use initiatives, such as promoting more efficient lighting and air-conditioning.

In recognition of these initiatives, we were granted the Kanto Bureau of Economy, Trade and Industry Director's Award in February 2009. This was part of the Japanese Ministry of Economy, Trade and Industry's "Awards for Excellence in Factory Energy Management in 2008."

Participation in the eco-internship program of the Japanese Ministry of the Environment

The Company participated for the first time in the eco-internship program of the Ministry of the Environment, holding training classes for students.

In the program, university students and postgraduates are given a chance to experience for themselves environmental management activities in the enterprise, with the aim of fostering a new generation of personnel with high environmental awareness.

We aim to deepen students' understanding of corporate environmental measures, and provide opportunities for them to gain hands-on experience of environmental issues they will face when they graduate and enter the workforce. We also provide an occasion for them to consider matters such as what approach society should take to resolve environmental issues.

During the training course period, staff at our environmental department give students the chance to experience environmental load data collection and analysis and life-cycle assessment evaluation at each office. Participants also studied environmental measures in the Hachioji R&D Center and the Casio Micronics Ome Factory.

SRI indices

As at the end of June 2009, we had been selected for the Dow Jones Sustainability Asia Pacific Indexes (DJSI Asia Pacific) and the Morningstar Japan Socially Responsible Investment Index (MS-SRI).

Dow Jones Sustainability Indexes
Member 2008/09

MS-SRI モーニングスター社会的責任投資株価指数 Morningstar Socially Responsible Investment Index

Net Sales

Net sales for the business term ended March 31, 2009 came to ¥518,036 million, a decrease of 16.9% over the previous term.

	Millions of yen	
	2009	2008
Electronics:		
Consumer	¥177,950	¥228,634
Timepieces	80,350	86,922
Mobile Network Solutions (MNS)	163,223	165,800
System Equipment	40,345	45,296
Subtotal	461,868	526,652
Electronic Components and Others:		
Electronic Components	32,452	68,368
Others	23,716	28,030
Subtotal	56,168	96,398
Total	¥518,036	¥623,050

Results by Segment

Sales in the Electronics segment amounted to ¥461,868 million, a decrease of 12.3% from the previous year. This segment accounted for 89.2% of net sales.

In the Consumer category, sales decreased 22.2% to ¥177,950 million. An overall decline in market prices and the depreciation of European currencies against the yen resulted in lower digital camera sales. We addressed this situation through aggressive fourth-quarter launches of such groundbreaking new models as the Exilim Zoom EX-Z400, equipped with Dynamic Photo, and the High Speed Exilim EX-FC100. We also conducted sales promotion activities on a worldwide scale in an effort to bolster segment sales in the upcoming fiscal year. Meanwhile, sales of electronic dictionaries were firm, owing to strong sales of high-value-added Ex-word models.

In the Timepieces category, sales declined 7.6% year-on-year to ¥80,350 million. Sales of non-radio-controlled watches decreased. However, sales were robust for such high-end radio-controlled watches as the Oceanus and G-Shock models, which have a Multi Band 6 radio wave receiver system capable of receiving standard-frequency broadcasts from six stations worldwide.

In the category of Mobile Network Solutions (MNS), sales declined by 1.6% to ¥163,223 million. In cell phones, we introduced the Exilim series W63CA model for the *au* service and the SoftBank 930CA for Softbank Mobile Corp. Furthermore, sales of our toughness cell phone for Verizon Wireless of the United States were firm.

In the System Equipment category, sales declined 10.9% year-on-year to ¥40,345 million.

Sales in the Electronic Components and Others segment declined 41.7% to ¥56,168 million, accounting for 10.8% of net sales.

By category, the Electronic Components saw sales fall by 52.5% year-on-year to ¥32,452 million. This decline was due to the impact of lower unit prices for TFT-LCDs as demand from global digital camera and cell phone tailed off, as well as the transfer of unprofitable operations at Casio Micronics Co., Ltd., during the term.

In Others category, sales declined 15.4% to ¥23,716 million.

Results by Region

Sales in Japan recorded a year-on-year decline of 18.4% to ¥267,748 million, accounting for 51.7% of total sales. Sales in North America increased 5.6% to ¥85,312 million for 16.5% of total sales, while European sales declined 24.5% to ¥71,212 million, for 13.7% of the total. Sales in Asia (excluding Japan) and other regions fell 21.8% to ¥93,764 million, accounting for 18.1% of total sales. Overall, overseas sales declined 15.2% year-on-year to ¥250,288 million.

Results of Operations

The Electronics segment posted a 66.5% decline in operating income to ¥15,606 million, while Electronic Components and Others segment registered an operating loss of ¥5,850 million. Total operating income on a consolidated basis, after adjustments for elimination for unallocated amount, fell 89.4% to ¥4,016 million. Although stable businesses, such as timepieces and electronic dictionaries maintained high levels of profitability, profit deterioration in digital camera operations weighed heavily from the second half, when business conditions worsened and European currencies declined. Lower sales of TFT-LCDs also contributed to a fall in profitability. The operating income margin for the reporting term stood at 0.8%.

The financial account balance for the reporting term rose slightly from ¥1,502 million in the previous term to ¥1,532 million. Net other expenses increased from ¥15,367 million to ¥34,596 million. The principal factor in this change was the recognition of impairment loss on noncurrent assets under a business structure improvement expenses, and the posting of an extraordinary loss as non-recurring depreciation on noncurrent assets primarily on software and facilities to improve the earnings structure.

As a result of the foregoing, the Company posted a net loss for the term of ¥23,149 million.

Financial Condition

Total assets as at the end of March 2009 stood at ¥444,653 million, representing a decline of ¥7,182 million from the previous term-end. Current assets declined by ¥6,411 million to ¥278,199 million, largely as a result of a decrease in notes and accounts receivable—trade. Noncurrent assets decreased by ¥771 million to ¥166,454 million. Major changes included a decrease in property, plant and equipment, such as buildings and structures and an increase in investment securities.

Total liabilities increased ¥39,050 million year-on-year to ¥259,672 million. Current liabilities decreased ¥17,567 million to ¥169,601 million due primarily to decreases in notes and accounts payable—trade. Noncurrent liabilities increased by ¥56,617 million year-on-year to ¥90,071 million due to issuance of euro-yen convertible bonds with stock warrants.

Net assets at the term-end amounted to ¥184,981 million, down ¥46,232 million from one year earlier, owing to decreases in retained earnings, foreign currency translation adjustments and minority interests. Consequently, the equity ratio fell 8.2 percentage points, to 41.2%, while debt-equity ratio was 0.53.

Cash Flow Analysis

Cash and cash equivalents at the reporting term-end came to ¥104,248 million, an increase of ¥16,291 million.

Net cash provided by operating activities decreased by ¥48,288 million year-on-year to ¥23,461 million. This breaks down into loss before income taxes and minority interests in the amount of ¥29,048 million (compared with income of ¥23,888 million in the previous term), depreciation and amortization expenses of ¥30,213 million (compared with ¥33,959 million in the previous term), and adjustment for non-cash items such as business structure improvement expenses of ¥10,845 million and non-recurring depreciation on noncurrent assets of ¥11,345 million.

Net cash used in investing activities amounted to ¥44,708 million, an increase of ¥8,606 million over the previous term. This breaks down into expenditure for the purchase of property, plant and equipment in the amount of ¥12,316 million (¥22,538 million in the previous term), expenditure for purchase of intangible assets in the amount of ¥18,762 million (compared with ¥15,521 million in the previous term), and net expenditure for investment securities totaling ¥21,487 million (compared with ¥2,954 million in the previous term).

Net cash provided by financing activities amounted to ¥38,807 million, an increase of ¥81,292 million over the previous term. This breaks down into an expense of ¥16,500 million for repayment of long-term loans payable (¥30,000 million in the previous term), and proceeds of ¥59,732 million from issue of corporate bonds.

Capital Investment

Capital investment increased by 19.5% from the previous term to ¥16,157 million. Broken down by business segment, capital investment in the Electronics segment came to ¥11,387 million, up by 22.0% from the previous term, while the figure for the Electronic Components and Others segment was ¥4,598 million, up 23.6%.

Research & Development

R&D expenses decreased by 14.4% to ¥12,631 million. Expenses in the Electronics segment came to ¥7,598 million, down 15.8%, and in the Electronic Components and Others segment came to ¥1,439 million, down 2.0%.

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 2009.

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					
	2009	2008	2007	2006	2005	2004
For the year:						
Net sales	¥518,036	¥623,050	¥620,769	¥580,309	¥559,006	¥523,528
Cost of sales	387,701	453,255	436,548	407,940	398,186	377,422
Selling, general and administrative expenses	113,688	117,292	118,128	111,050	105,164	104,428
Research and development expenses	12,631	14,750	18,019	18,205	16,616	14,187
Operating income	4,016	37,753	48,074	43,114	39,040	27,491
Net income (loss)	(23,149)	12,188	25,147	23,745	21,534	14,176
Capital investment	16,157	13,515	26,810	19,711	17,782	16,213
Depreciation	14,839	18,148	17,895	17,431	15,370	14,655
At year-end:						
Current assets	278,199	284,610	330,136	319,179	329,948	329,787
Current liabilities	169,601	187,168	227,562	183,967	196,089	178,340
Working capital	108,598	97,442	102,574	135,212	133,859	151,447
Net assets*	184,981	231,213	236,669	191,011	162,271	144,403
Total assets	444,653	451,835	525,483	501,960	495,743	496,039
Amounts per share of common stock (in yen):						
Net income (loss)	(83.62)	44.17	92.67	88.57	80.27	51.99
Diluted net income**	—	44.15	90.30	84.43	76.47	51.23
Cash dividends applicable to the year	23.00	33.00	23.00	20.00	17.00	15.00
Performance indicators:						
Return on equity (%)	(11.4)	5.5	12.2	13.4	14.0	10.3
Return on assets (%)	(5.2)	2.5	4.9	4.8	4.3	3.0
Equity ratio (%)	41.2	49.4	42.6	38.1	32.7	29.1
Interest coverage (times)	7.5	29.4	31.6	34.6	26.8	11.8
Assets turnover (times)	1.2	1.3	1.2	1.2	1.1	1.1
Inventories turnover (months)	1.6	1.5	1.8	1.7	1.9	2.0
Other:						
Number of employees	12,358	13,202	13,013	12,673	12,140	11,637

* 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).

** There currently exist share warrants of the Company issued and outstanding. However, description of diluted EPS (net income per share) for the year ended March 31, 2009 is omitted as the Company posted a net loss for the reporting term.

Consolidated Balance Sheets

Years ended March 31, 2009 and 2008 Casio Computer Co., Ltd. and Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
Assets	2009	2008	2009
Current assets:			
Cash and deposits (Note 4)	¥ 32,982	¥ 45,688	$ 336,551
Short-term investment securities (Note 6)	65,830	42,714	671,735
Notes and accounts receivable:			
Trade	79,150	100,752	807,653
Other	23,554	14,569	240,347
Allowance for doubtful accounts	(858)	(937)	(8,755)
Inventories (Note 5)	51,284	55,943	523,306
Deferred tax assets (Note 9)	10,917	9,981	111,398
Short-term loans receivable with resale agreement (Note 4)	10,139	10,535	103,459
Other	5,201	5,365	53,072
Total current assets	278,199	284,610	2,838,766
Property, plant and equipment:			
Land	38,733	38,163	395,235
Buildings and structures	63,770	70,439	650,714
Machinery and equipment	110,240	125,156	1,124,898
Lease assets	6,023	—	61,459
Construction in progress	983	287	10,031
	219,749	234,045	2,242,337
Accumulated depreciation	(145,063)	(147,493)	(1,480,235)
Net property, plant and equipment	74,686	86,552	762,102
Investments and other assets:			
Software	13,042	17,323	133,082
Stock of affiliates	1,893	1,852	19,316
Investment securities	52,671	40,920	537,459
Deferred tax assets (Note 9)	15,276	9,655	155,877
Other	9,005	11,068	91,888
Allowance for doubtful accounts	(119)	(145)	(1,214)
Total investments and other assets	91,768	80,673	936,408
	¥444,653	¥451,835	$4,537,276

See accompanying notes.

Liabilities and Net Assets	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars (Note 1) 2009
Current liabilities:			
Short-term loans payable (Note 8)	¥ 16,634	¥ 46	$ 169,735
Current portion of bonds and long-term loans payable (Note 8)	10,500	26,500	107,143
Notes and accounts payable:			
Trade	83,577	98,027	852,827
Other	32,210	32,791	328,673
Accrued expenses	12,270	14,431	125,204
Income taxes payable (Note 9)	2,085	7,567	21,276
Other (Note 8)	12,325	7,806	125,765
Total current liabilities	169,601	187,168	1,730,623
Noncurrent liabilities:			
Bonds and long-term loans payable (Note 8)	70,450	20,950	718,877
Provision for retirement benefits (Note 10)	7,378	6,177	75,286
Provision for directors' retirement benefits (Note 11)	2,640	2,565	26,939
Deferred tax liabilities (Note 9)	1,975	1,906	20,153
Other (Note 8)	7,628	1,856	77,837
Total noncurrent liabilities	90,071	33,454	919,092
Net assets (Note 12):			
Shareholders' equity			
Capital stock:			
Authorized — 471,693,000 shares			
Issued — 279,020,914 shares	48,592	48,592	495,837
Capital surplus	65,503	66,655	668,398
Retained earnings	83,327	115,473	850,275
Treasury stock	(3,612)	(6,825)	(36,857)
Total shareholders' equity	193,810	223,895	1,977,653
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	(1,304)	4,815	(13,306)
Deferred gains or losses on hedges	(501)	(619)	(5,112)
Foreign currency translation adjustments	(8,848)	(5,042)	(90,286)
Total valuation and translation adjustments	(10,653)	(846)	(108,704)
Minority interests	1,824	8,164	18,612
Total net assets	184,981	231,213	1,887,561
	¥444,653	¥451,835	$4,537,276

Consolidated Statements of Operations

Years ended March 31, 2009 and 2008 Casio Computer Co., Ltd. and Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
Net sales (Note 14)	¥518,036	¥623,050	$5,286,082
Costs and expenses (Note 14):			
Cost of sales	387,701	453,255	3,956,133
Selling, general and administrative expenses	113,688	117,292	1,160,081
Research and development expenses	12,631	14,750	128,888
	514,020	585,297	5,245,102
Operating income (Note 14)	4,016	37,753	40,980
Other income (expenses):			
Interest and dividends income	2,385	2,882	24,337
Interest expenses	(853)	(1,380)	(8,704)
Foreign exchange losses	(2,810)	(5,832)	(28,674)
Loss on abandonment and valuation of inventories	—	(3,878)	—
Loss on abandonment of inventories	(2,522)	—	(25,735)
Gain (loss) on sales and retirement of noncurrent assets	(528)	2,270	(5,388)
Loss on sales and valuation of investment securities	(3,765)	(574)	(38,418)
Impairment loss (Note 17)	(630)	—	(6,429)
Business structure improvement expenses (Note 17)	(10,845)	—	(110,663)
Non-recurring depreciation on noncurrent assets (Note 2)	(11,345)	—	(115,765)
Loss on liquidation of subsidiaries and affiliates	—	(1,160)	—
Loss on transfer of business	—	(7,922)	—
Government grants	—	540	—
Other	(2,151)	1,189	(21,949)
	(33,064)	(13,865)	(337,388)
Income (loss) before income taxes and minority interests	(29,048)	23,888	(296,408)
Income taxes (Note 9):			
Current	3,041	11,157	31,031
Deferred	(2,622)	2,652	(26,755)
	419	13,809	4,276
Income (loss) before minority interests	(29,467)	10,079	(300,684)
Minority interests in loss	(6,318)	(2,109)	(64,470)
Net income (loss)	¥ (23,149)	¥ 12,188	$ (236,214)

	Yen		U.S. Dollars (Note 1)
Amounts per share of common stock:			
Net income (loss)	¥(83.62)	¥44.17	$(0.85)
Diluted net income	—	44.15	—
Cash dividends applicable to the year	23.00	33.00	0.23

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2009 and 2008 Casio Computer Co., Ltd. and Subsidiaries

	Millions of Yen									
	Shares of common stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Minority interests	Total net assets
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
Dividends from surplus (¥23.00 per share)	—	—	—	(6,346)	—	—	—	—	—	(6,346)
Purchase of treasury stock	—	—	—	—	(25)	—	—	—	—	(25)
Disposal of treasury stock	—	—	(105)	—	164	—	—	—	—	59
Transfer from retained earnings to capital surplus for merger of consolidated subsidiaries	—	—	23	(23)	—	—	—	—	—	—
Net changes of items other than shareholders' 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
Effect of changes in accounting policies applied to foreign subsidiaries	—	—	—	110	—	—	—	—	—	110
Net loss	—	—	—	(23,149)	—	—	—	—	—	(23,149)
Dividends from surplus (¥33.00 per share)	—	—	—	(9,107)	—	—	—	—	—	(9,107)
Purchase of treasury stock	—	—	—	—	(16)	—	—	—	—	(16)
Disposal of treasury stock	—	—	(1,152)	—	3,229	—	—	—	—	2,077
Net changes of items other than shareholders' equity	—	—	—	—	—	(6,119)	118	(3,806)	(6,340)	(16,147)
Balance at March 31, 2009	279,020,914	¥48,592	¥65,503	¥ 83,327	¥(3,612)	¥(1,304)	¥ (501)	¥(8,848)	¥ 1,824	¥184,981

	Thousands of U.S. Dollars (Note 1)								
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Minority interests	Total net assets
Balance at March 31, 2008	$495,837	$680,153	$1,178,296	$(69,643)	$ 49,133	$(6,316)	$(51,449)	$83,306	$2,359,317
Effect of changes in accounting policies applied to foreign subsidiaries	—	—	1,122	—	—	—	—	—	1,122
Net loss	—	—	(236,214)	—	—	—	—	—	(236,214)
Dividends from surplus ($0.34 per share)	—	—	(92,929)	—	—	—	—	—	(92,929)
Purchase of treasury stock	—	—	—	(163)	—	—	—	—	(163)
Disposal of treasury stock	—	(11,755)	—	32,949	—	—	—	—	21,194
Net changes of items other than shareholders' equity	—	—	—	—	(62,439)	1,204	(38,837)	(64,694)	(164,766)
Balance at March 31, 2009	$495,837	$668,398	$ 850,275	$(36,857)	$(13,306)	$(5,112)	$(90,286)	$18,612	$1,887,561

See accompanying notes.

Consolidated Statements of Cash Flows

Years ended March 31, 2009 and 2008 Casio Computer Co., Ltd. and Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
Net cash provided by (used in) operating activities:			
Income (loss) before income taxes and minority interests	¥ (29,048)	¥23,888	$ (296,408)
Depreciation and amortization	30,213	33,959	308,296
Impairment loss	630	—	6,429
Loss (gain) on sales and retirement of noncurrent assets	528	(2,270)	5,388
Loss (gain) on sales and valuation of investment securities	3,765	576	38,418
Government grants	—	(540)	—
Increase (decrease) in provision for retirement benefits	1,350	(772)	13,776
Increase (decrease) in provision for directors' retirement benefits	75	71	765
Interest and dividends income	(2,385)	(2,882)	(24,337)
Interest expenses	853	1,380	8,704
Foreign exchange losses (gains)	(1,165)	619	(11,888)
Equity in (earnings) losses of affiliates	(37)	(79)	(377)
Loss on transfer of business	—	7,922	—
Business structure improvement expenses	10,845	—	110,663
Non-recurring depreciation on noncurrent assets	11,345	—	115,765
Decrease (increase) in notes and accounts receivable—trade	19,229	22,988	196,214
Decrease (increase) in inventories	819	8,150	8,357
Decrease (increase) in other current assets	—	3,710	—
Increase (decrease) in notes and accounts payable—trade	(13,443)	(4,531)	(137,173)
Decrease/increase in consumption taxes receivable/payable	(1,759)	1,076	(17,949)
Increase (decrease) in other current liabilities	—	(7,886)	—
Increase (decrease) in notes discounted	—	474	—
Other, net	2,750	(1,308)	28,061
Subtotal	34,565	84,545	352,704
Interest and dividends income received	2,218	3,007	22,633
Interest expenses paid	(836)	(1,559)	(8,531)
Income taxes paid	(12,486)	(14,244)	(127,408)
Net cash provided by (used in) operating activities	23,461	71,749	239,398
Net cash provided by (used in) investing activities:			
Payments into time deposits	(1,841)	(1,282)	(18,786)
Proceeds from withdrawal of time deposits	3,700	1,232	37,755
Purchase of property, plant and equipment	(12,316)	(22,538)	(125,673)
Proceeds from sales of property, plant and equipment	76	6,539	775
Purchase of intangible assets	(18,762)	(15,521)	(191,449)
Purchase of investment securities	(41,564)	(7,086)	(424,122)
Proceeds from sales and redemption of investment securities	20,077	4,132	204,867
Purchase of stocks of subsidiaries and affiliates	(5)	(1,900)	(51)
Payments of long-term loans receivable	—	(25)	—
Collection of long-term loans receivable	—	60	—
Decrease (increase) in short-term loans receivable	—	(1)	—
Proceeds from transfer of business	5,988	—	61,102
Other, net	(61)	288	(622)
Net cash provided by (used in) investment activities	(44,708)	(36,102)	(456,204)
Net cash provided by (used in) financing activities:			
Net increase (decrease) in short-term loans payable	16,215	(4,150)	165,459
Proceeds from long-term loans payable	—	8,000	—
Repayment of long-term loans payable	(16,500)	(30,000)	(168,367)
Proceeds from issuance of bonds	59,732	—	609,510
Redemption of bonds	(10,000)	(10,000)	(102,041)
Purchase of treasury stock	(16)	(25)	(163)
Proceeds from sales of treasury stock	15	59	153
Repayments of finance lease obligations	(1,532)	—	(15,633)
Cash dividends paid	(9,107)	(6,346)	(92,928)
Proceeds from stock issuance to minority shareholders	—	600	—
Other, net	—	(623)	—
Net cash provided by (used in) financing activities	38,807	(42,485)	395,990
Effect of exchange rate change on cash and cash equivalents	(1,269)	(2,444)	(12,949)
Net increase (decrease) in cash and cash equivalents	16,291	(9,282)	166,235
Cash and cash equivalents at beginning of year (Note 4)	87,957	97,239	897,520
Cash and cash equivalents at end of year (Note 4)	¥104,248	¥87,957	$1,063,755

See accompanying notes.

Notes to Consolidated Financial Statements

Years ended March 31, 2009 and 2008 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.

As discussed in Note 3. (1), effective from the fiscal year ended March 31, 2009, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No. 18) issued by the Accounting Standard Boards of Japan on May 17, 2006 has been applied. In accordance with this solution, required adjustments are made based on their accounting records for the preparation of consolidated financial statements.

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, 2009, which was ¥98 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. Stocks of 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

Prior to April 1, 2008, inventories of the Company and consolidated subsidiaries in Japan were stated at the lower of cost (first-in, first-out) or market (replacement cost or net realizable values), determined using the weighted-average method. As discussed in Note 3. (3), effective April 1, 2008, the Company and its consolidated subsidiaries in Japan adopted the new accounting standard for measurement of inventories and stated the inventories at the lower of cost or net realizable values at year-end.

Consolidated overseas subsidiaries state inventories at the lower of market or cost, determined using the weighted-average method.

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.

(Additional information)

Accompanying the recent amendments to the Income 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 year ended March 31, 2008 were each reduced by ¥636 million ($6,490 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.

(Additional explanation)

The Company has shortened the useful lives of metal molds and other manufacturing equipment as well as software used in our cell phone business to respond to the rapid shrinkage of cell phone markets and intensified competition. Accordingly, the Company has made a non-recurring depreciation in the amount of ¥11,345 million ($115,765 thousand) for non-recurring depreciation on noncurrent assets. Loss before income taxes and minority interests increased by the same amounts.

Lease assets

(Finance leases which do not transfer ownership of the leased property to the lessee)

Lease assets are divided into the two principal categories of property, plant and equipment and intangible assets. The former consists primarily of facilities (machinery and equipment, tools, furniture and fixtures) while the latter consists of software. The assets are depreciated on a straight-line basis on the assumption that the lease term is the useful life and the residual value is zero.

Accounting for lease transactions as lessee

The Company and its consolidated subsidiaries in Japan account for finance leases commenced prior to the year ended March 31, 2009 which do not transfer the ownership of the leased property to the lessee as operating leases with disclosures of certain "as if capitalized" information. As discussed in Note 3. (4), the Company and its consolidated subsidiaries in Japan adopted the new accounting standards and capitalized finance leases which commenced on or after April 1, 2008 except for certain immaterial or short-term finance leases, which are accounted for as operating leases.

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).

Provision for 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 provision for retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

The Company and its consolidated subsidiaries in Japan provided liabilities for provision for 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.

Provision for directors' retirement benefits

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.

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 2008 consolidated financial statements to conform to the 2009 presentation.

3. Changes in Accounting Policies

(1) Unification of Accounting Policies Applied to Overseas Subsidiaries for Consolidated Financial Statements

On May 17, 2006, the Accounting Standards Board of Japan issued ASBJ Practical Issues Task Force No. 18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18). PITF No. 18 requires that accounting policies and procedures applied by a parent company and its subsidiaries to similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. Accordingly, the Company carried out adjustments for the following six items with regard to overseas subsidiaries. In this case, adjustments for the following six items are required in the consolidation process so that their impacts on net income are accounted for in accordance with Japanese GAAP unless the impact is not material.

(a) Goodwill not subject to amortization
(b) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
(c) Capitalized expenditures for research and development activities
(d) Fair value measurement of investment properties, and revaluation of property, plant and equipment, and intangible assets
(e) Retrospective treatment of a change in accounting policies
(f) Accounting for net income attributable to minority interests

The effect on net income of the adoption of the new accounting standards is not material.

(2) Changes in depreciation method

In accordance with amendments to the Income Tax Law enacted in fiscal 2007, 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 for the year ended March 31, 2008 to be reduced by ¥527 million ($5,378 thousand).

(3) New accounting standards for inventories

On July 5, 2006, the Accounting Standards Board of Japan issued ASBJ Statement No. 9, "Accounting Standards for Measurement of Inventories." As permitted under the superseded accounting standards, the Company and consolidated subsidiaries in Japan previously stated inventories at the lower of cost (first-in, first-out) or market (replacement cost or net realizable value) unless the market value of inventories has declined significantly and is not deemed recoverable, in such cases costs were reduced to recoverable amounts. The new accounting standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net realizable value. Replacement cost may be used in place of the net realizable value, if appropriate.

The effect on net income of the adoption of the new accounting standards is not material.

(4) New accounting standards for lease transactions as lessee

Prior to the year ended March 31, 2009, the Company and its consolidated subsidiaries in Japan accounted for finance leases which do not transfer ownership of the leased property to the lessee as operating leases with disclosure of certain "as if capitalized" information in a note to the consolidated financial statements.

On March 31, 2007, the Accounting Standards Board of Japan issued ASBJ Statement No. 13, "Accounting Standards for Lease Transactions" and ASBJ Guidance No. 16, "Guidance on Accounting Standards for Lease Transactions." The new accounting standards require that all finance lease transactions should be capitalized.

Effective from the year ended March 31, 2009 the Company and its consolidated subsidiaries in Japan adopted the new accounting standards for finance leases commencing on or after April 1, 2008 and capitalized assets used under such leases, except for certain immaterial or short-term finance leases, which are accounted for as operating leases. As permitted, finance leases which commenced prior to April 1, 2008 and have been accounted for as operating leases, continue to be accounted for as operating leases with disclosure of "as if capitalized" information.

The effect on net income of the adoption of the new accounting standards is not material.

4. Cash and Cash Equivalents and Statements of Cash Flows

(1) Cash and cash equivalents at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Cash and deposits	¥ 32,982	¥45,688	$ 336,551
Time deposits over three months	(1,712)	(3,800)	(17,469)
Marketable securities within three months	62,839	35,534	641,214
Short-term loans receivable with resale agreement	10,139	10,535	103,459
Cash and cash equivalents	¥104,248	¥87,957	$1,063,755

(2) Breakdown of decrease in assets and liabilities resulting from transfer of business

Details are provided below of changes in assets and liabilities as a result of the transfer during the reporting term to Hitachi Cable, Ltd. of the Film Device Business of Casio Micronics Co., Ltd., a consolidated subsidiary, and of the transfer amount and the proceeds from the transfer.

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥1,369	$13,969
Noncurrent assets	5,260	53,673
Current liabilities	(443)	(4,520)
Noncurrent liabilities	(198)	(2,020)
Compensation for share transfer	¥5,988	$61,102
Cash and cash equivalents	(0)	(0)
Proceeds from transfer of business	¥5,988	$61,102

(3) Significant non-cash transactions

The values of assets and obligations relating to finance lease transactions newly stated for the reporting fiscal year amounted to ¥7,040 million ($71,837 thousand) and ¥7,334 million ($74,837 thousand), respectively.

5. Inventories

Inventories at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Finished goods	¥33,100	¥33,218	$337,755
Work in process	4,612	9,251	47,061
Raw materials and supplies	13,572	13,474	138,490
Total	¥51,284	¥55,943	$523,306

6. Securities

(1) The following tables summarize acquisition costs, book values and fair values of securities with available fair values at March 31, 2009 and 2008.

(a) Held-to-maturity debt securities

	Millions of Yen						Thousands of U.S. Dollars		
	2009			2008			2009		
	Book value	Fair value	Difference	Book value	Fair value	Difference	Book value	Fair value	Difference
Securities with available fair values exceeding book values	¥—	¥—	¥—	¥ —	¥ —	¥ —	$—	$—	$—
Securities other than the above	—	—	—	2,230	2,218	(12)	—	—	—
Total	¥—	¥—	¥—	¥2,230	¥2,218	¥(12)	$—	$—	$—

(b) Available-for-sale securities

Securities with book values exceeding acquisition costs:

	Millions of Yen						Thousands of U.S. Dollars		
	2009			2008			2009		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Equity securities	¥ 7,558	¥ 9,318	¥1,760	¥ 8,411	¥17,940	¥9,529	$ 77,122	$ 95,082	$17,960
Bonds	10,376	10,430	54	6,058	6,125	67	105,878	106,429	551
Others	1,003	1,006	3	853	858	5	10,235	10,265	30
Total	¥18,937	¥20,754	¥1,817	¥15,322	¥24,923	¥9,601	$193,235	$211,776	$18,541

Others:

	Millions of Yen						Thousands of U.S. Dollars		
	2009			2008			2009		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Equity securities	¥14,157	¥12,468	¥(1,689)	¥ 7,643	¥ 6,212	¥(1,431)	$144,459	$127,224	$(17,235)
Bonds	28,198	25,872	(2,326)	10,193	10,118	(75)	287,735	264,000	(23,735)
Others	257	255	(2)	1,670	1,666	(4)	2,622	2,602	(20)
Total	¥42,612	¥38,595	¥(4,017)	¥19,506	¥17,996	¥(1,510)	$434,816	$393,826	$(40,990)

(2) The following tables summarize book values of securities with no available fair values at March 31, 2009 and 2008.

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

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Certificates of deposit	¥19,800	¥9,850	$202,041

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

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Commercial paper	¥37,149	¥25,684	$379,072
Unlisted equity securities	2,202	2,950	22,469
Unlisted bonds	—	—	—
Total	¥39,351	¥28,634	$401,541

(3) Available-for-sale securities sold in the year ended March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Sales amount	¥ 0	¥128	$ 0
Gross realized gains	—	17	—
Gross realized losses	1	2	10

(4) Available-for-sale securities with maturities and held-to-maturity debt securities at March 31, 2009 and 2008 were as follows:

	Millions of Yen									
	2009					2008				
	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	8,890	14,500	—	—	23,390	2,230	7,500	—	—	9,730
Others	56,949	15,280	—	—	72,229	42,734	193	1,367	—	44,294
Others:										
Others	—	487	—	761	1,248	—	354	1,000	1,127	2,481
Total	¥65,839	¥30,267	¥—	¥761	¥96,867	¥44,964	¥8,047	¥2,367	¥1,127	¥56,505

	Thousands of U.S. Dollars				
	2009				
	Within one year	Within five years	Within ten years	Over ten years	Total
Bonds:					
Government bonds	$ —	$ —	$—	$ —	$ —
Corporate bonds	90,715	147,958	—	—	238,673
Others	581,112	155,919	—	—	737,031
Others:					
Others	—	4,970	—	7,765	12,735
Total	$671,827	$308,847	$—	$7,765	$988,439

7. 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, 2009 and 2008 were as follows:

Currency-related derivatives:

	Millions of Yen								Thousands of U.S. Dollars			
	2009				2008				2009			
	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	¥ 35	¥—	¥ 38	¥ (3)	¥—	¥—	¥—	¥—	$ 357	$—	$ 388	$ (31)
Euros	7,607	—	8,347	(740)	—	—	—	—	77,622	—	85,173	(7,551)
Sterling pounds	261	—	275	(14)	—	—	—	—	2,663	—	2,806	(143)
Total	¥7,903	¥—	¥8,660	¥(757)	¥—	¥—	¥—	¥—	$80,642	$—	$88,367	$(7,725)

Interest rate swap and option-related derivatives:

	Millions of Yen								Thousands of U.S. Dollars			
	2009				2008				2009			
	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	¥(1,160)	¥(427)	¥20,000	¥20,000	¥(734)	¥388	$204,082	$204,082	$(11,837)	$(4,357)
Total	¥20,000	¥20,000	¥(1,160)	¥(427)	¥20,000	¥20,000	¥(734)	¥388	$204,082	$204,082	$(11,837)	$(4,357)

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.

8. Short-term Loans Payable and Long-term Debt

Short-term loans payable represent unsecured bank loans and its average interest rates were 1.0% and 1.3% per annum at March 31, 2009 and 2008, respectively.

Bonds and long-term loans payable at March 31, 2009 and 2008 consisted of:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
1.42% unsecured bonds due in 2009	**¥ —**	¥10,000	**$ —**
Euro-yen convertible bonds with stock warrants due in 2015*	**50,000**	—	**510,204**
1.32% unsecured bonds due in 2014	**10,000**	—	**102,041**
Unsecured loans principally from banks at interest rates of 1.16% to 1.83% maturing through 2012	**20,950**	37,450	**213,775**
Total	**80,950**	47,450	**826,020**
Less amount due within one year	**10,500**	26,500	**107,143**
	¥70,450	¥20,950	**$718,877**

* Details of issuances of share subscription rights attached to bonds ("warrants"):
Type of shares involved: ordinary shares of common stock
Price of warrant: gratis
Share issue price: ¥1,952 ($19.92)
Total issue amount: ¥50,000 million ($510,204 thousand)
Total value of new shares issued upon exercise of warrants: —
Warrant-linked: 100%
Period of exercise of warrants: July 3, 2008 to March 17, 2015
Upon request to exercise warrants in question, payments usually required for the issuance of the corresponding number of shares shall be exempted as the issuer of bonds in question, in return, will be automatically exempted from obligation of redemption of the bonds in lump-sum.
Exercise of warrants in question shall be regarded as eligible request for exercise of share subscription rights.

The annual maturities of bonds and long-term loans payable at March 31, 2009 were as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥10,500	$107,143
2011	450	4,592
2012	10,000	102,041
2013	—	—
2014	10,000	102,041
Thereafter	50,000	510,204

The annual maturities of lease obligation at March 31, 2009 were as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥2,849	$29,071
2011	1,567	15,990
2012	496	5,061
2013	424	4,327
2014	218	2,224
Thereafter	248	2,531

The line of credit with the main financial institutions agreed as of March 31, 2009 and 2008 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Line of credit	**¥63,510**	¥57,580	**$648,061**
Unused	**63,510**	57,580	**648,061**

9. Income Taxes

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

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:

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

The significant differences between the statutory tax rate and the Company's effective tax rate for financial statement purposes for the year ended March 31, 2009 is not disclosed because the Company recognizes a loss before income taxes.

Significant components of deferred tax assets and liabilities as of March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Deferred tax assets:			
Net operating loss carryforwards	¥11,430	¥ 4,425	$116,633
Intangible assets	7,693	4,556	78,500
Provision for retirement benefits	6,612	6,033	67,469
Property, plant and equipment	4,107	4,206	41,908
Inventories	3,298	2,953	33,653
Accrued expenses (bonuses to employees)	2,538	3,112	25,898
Other	10,134	7,611	103,408
Gross deferred tax assets	45,812	32,896	467,469
Valuation allowance	(18,634)	(9,015)	(190,143)
Total deferred tax assets	27,178	23,881	277,326
Deferred tax liabilities:			
Unrealized holding gain	(1,878)	(1,878)	(19,163)
Valuation difference on available-for-sale securities	(729)	(3,907)	(7,439)
Reserve for advanced depreciation of noncurrent assets	(194)	(206)	(1,980)
Other	(159)	(160)	(1,622)
Total deferred tax liabilities	(2,960)	(6,151)	(30,204)
Net deferred tax assets	¥24,218	¥17,730	$247,122

10. Provision for Retirement Benefits

The liabilities for the provision for retirement benefits included in the liability section of the consolidated balance sheets at March 31, 2009 and 2008 consists of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Projected benefit obligation	¥69,517	¥67,810	$709,357
Unrecognized prior service costs	7,896	9,088	80,572
Unrecognized actuarial differences	(23,426)	(14,870)	(239,041)
Less fair value of pension assets*	(45,490)	(53,654)	(464,184)
Less unrecognized net transition obligation	(1,170)	(2,341)	(11,939)
Prepaid pension cost	51	144	521
Liabilities for the provision for retirement benefits	¥ 7,378	¥ 6,177	$ 75,286

* Including employee retirement benefit trust

Included in the consolidated statements of operations for the years ended March 31, 2009 and 2008 are provision for retirement benefit expenses comprised of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Service cost—benefits earned during the year	¥3,567	¥3,136	$36,398
Interest cost on projected benefit obligation	1,597	1,495	16,296
Expected return on plan assets	(1,527)	(1,791)	(15,582)
Amortization of prior service costs	(871)	(908)	(8,888)
Amortization of actuarial differences	1,474	415	15,041
Amortization of net transition obligation	1,170	1,170	11,939
Other	152	125	1,551
Provision for retirement benefit expenses	¥5,562	¥3,642	$56,755

The discount rate and the rate of expected return on plan assets used by the Company are 2.5% and 3.0% in both 2009 and 2008.

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).

11. Provision for Directors’ Retirement Benefits

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.

12. Net Assets

Under the Japanese Corporation Law (“the Law”) and regulations, the entire amount paid for new shares is required to be designated as capital 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.

In cases where 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 capital 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.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. However, 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 the Law.

13. Lease Transactions

(1) Finance lease transactions which do not transfer the ownership of the leased property to the lessee, and that were concluded prior to the first term for which the new accounting standards were applied

The amounts of outstanding future lease payments due at March 31, 2009 and 2008 and total lease expenses (including reversal of accumulated impairment loss on lease assets, total assumed depreciation cost, total assumed interest cost and impairment loss) as lessee for the years ended March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Future lease payments:			
Due within one year	¥2,726	¥ 4,746	$27,816
Due over one year	3,466	7,873	35,368
Total	¥6,192	¥12,619	$63,184
Term-end balance of accumulated impairment loss on lease assets	¥3,561	¥ —	$36,337
Total lease expenses	¥4,451	¥ 5,367	$45,418
Reversal of accumulated impairment loss on lease assets	¥ —	¥ —	$ —
Total assumed depreciation cost	¥4,167	¥ 4,967	$42,520
Total assumed interest cost	¥ 270	¥ 377	$ 2,755
Total assumed impairment loss	¥3,561	¥ —	$36,337

Assumed data as to acquisition cost, accumulated depreciation, impairment loss and net book value of the lease assets under the finance lease contracts as lessee at March 31, 2009 and 2008 were summarized as follows:

	Millions of Yen							Thousands of U.S. Dollars			
	2009				2008			2009			
	Acquisition cost	Accumulated depreciation	Impairment loss	Net book value	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Impairment loss	Net book value
Machinery	¥ 8,892	¥4,477	¥3,442	¥ 973	¥16,990	¥ 8,194	¥ 8,796	$ 90,735	$45,684	$35,122	$ 9,929
Equipment	3,853	3,132	119	602	5,512	2,791	2,721	39,316	31,959	1,214	6,143
Other	1,384	897	—	487	2,026	1,173	853	14,122	9,153	—	4,969
Total	¥14,129	¥8,506	¥3,561	¥2,062	¥24,528	¥12,158	¥12,370	$144,173	$86,796	$36,336	$21,041

(2) Operating leases

The amount of outstanding future noncancellable lease payments due at March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Future lease payments:			
Due within one year	¥58	¥113	$592
Due over one year	5	55	51
Total	¥63	¥168	$643

14. Segment Information

The business and geographical segment information and overseas sales for the Group for the years ended March 31, 2009 and 2008 were as follows:

(1) Business segments

	Millions of Yen				
For 2009	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
Net sales:					
Outside customers	¥461,868	¥56,168	¥518,036	¥ —	¥518,036
Inside Group	398	24,242	24,640	(24,640)	—
Total	462,266	80,410	542,676	(24,640)	518,036
Costs and expenses	446,660	86,260	532,920	(18,900)	514,020
Operating income (loss)	¥ 15,606	¥ (5,850)	¥ 9,756	¥ (5,740)	¥ 4,016
Total assets	¥242,793	¥61,333	¥304,126	¥140,527	¥444,653
Depreciation	¥ 25,829	¥ 4,184	¥ 30,013	¥ 441	¥ 30,454
Impairment loss	¥ 532	¥ 9,177	¥ 9,709	¥ 25	¥ 9,734
Capital expenditures	¥ 30,151	¥ 6,716	¥ 36,867	¥ 199	¥ 37,066

	Thousands of U.S. Dollars				
For 2009	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
Net sales:					
Outside customers	$4,712,939	$573,143	$5,286,082	$ —	$5,286,082
Inside Group	4,061	247,368	251,429	(251,429)	—
Total	4,717,000	820,511	5,537,511	(251,429)	5,286,082
Costs and expenses	4,557,755	880,205	5,437,960	(192,858)	5,245,102
Operating income (loss)	$ 159,245	$ (59,694)	$ 99,551	$ (58,571)	$ 40,980
Total assets	$2,477,480	$625,847	$3,103,327	$1,433,949	$4,537,276
Depreciation	$ 263,561	$ 42,694	$ 306,255	$ 4,500	$ 310,755
Impairment loss	$ 5,429	$ 93,643	$ 99,072	$ 255	$ 99,327
Capital expenditures	$ 307,663	$ 68,531	$ 376,194	$ 2,030	$ 378,224

	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
Impairment loss	¥ —	¥ 6,838	¥ 6,838	¥ —	¥ 6,838
Capital expenditures	¥ 24,687	¥ 3,853	¥ 28,540	¥ 496	¥ 29,036

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, Label printers, Electronic dictionaries, Digital cameras, Electronic musical instruments, Digital watches, Analog watches, Clocks, Cellular phones, Handy terminals, Electronic cash registers (including POS), Office computers, Page printers, Data projectors

(2) Electronic components and others:

LCDs, Bump processing consignments, TCP assembly and processing consignments, Carrier tape, Factory automation, Molds, 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 ¥5,740 million ($58,571 thousand) and ¥5,525 million for the years ended March 31, 2009 and 2008, respectively.

4. Elimination or unallocated amounts of total assets principally consisted of cash and deposits, short-term investment securities, and administrative assets of the parent company, which amounted to ¥142,374 million ($1,452,796 thousand) and ¥111,201 million for the years ended March 31, 2009 and 2008, respectively.

5. Impairment loss amounts include impairment loss represented as business structure improvement expenses.

6. As disclosed in Note 3. (3), effective from the fiscal year ended March 31, 2009, ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories" issued on July 5, 2006 has been applied. The effects of adopting the new standard on net income is not material.

7. As disclosed in Note 3. (1), effective from the fiscal year ended March 31, 2009, ASBJ Practical Issues Task Force No. 18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements ("PITF No. 18") has been adopted. The effects of adopting the new standard on net income is not material.
8. As disclosed in Note 3. (4), effective from the fiscal year ended March 31, 2009, ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" and ASBJ Guidance No. 16, "Guidance on Accounting Standard for Lease Transactions" respectively issued on March 31, 2007 has been applied. The effects of adopting the new standard on net income is not material.

(2) Geographical segments

	Millions of Yen						
For 2009	Japan	Americas	Europe	Asia	Total	Elimination	Consolidated
Net sales:							
Outside customers	¥384,270	¥41,474	¥68,020	¥ 24,272	¥518,036	¥ —	¥518,036
Inside Group	98,158	329	1	103,303	201,791	(201,791)	—
Total	482,428	41,803	68,021	127,575	719,827	(201,791)	518,036
Costs and expenses	479,574	42,572	69,646	125,272	717,064	(203,044)	514,020
Operating income (loss)	¥ 2,854	¥ (769)	¥ (1,625)	¥ 2,303	¥ 2,763	¥ 1,253	¥ 4,016
Total assets	¥409,669	¥13,246	¥28,861	¥ 30,515	¥482,291	¥ (37,638)	¥444,653

	Thousands of U.S. Dollars						
For 2009	Japan	Americas	Europe	Asia	Total	Elimination	Consolidated
Net sales:							
Outside customers	$3,921,122	$423,204	$694,082	$ 247,674	$5,286,082	$ —	$5,286,082
Inside Group	1,001,613	3,357	10	1,054,112	2,059,092	(2,059,092)	—
Total	4,922,735	426,561	694,092	1,301,786	7,345,174	(2,059,092)	5,286,082
Costs and expenses	4,893,612	434,408	710,674	1,278,286	7,316,980	(2,071,878)	5,245,102
Operating income (loss)	$ 29,123	$ (7,847)	$ (16,582)	$ 23,500	$ 28,194	$ 12,786	$ 40,980
Total assets	$4,180,296	$135,163	$294,500	$ 311,378	$4,921,337	$ (384,061)	$4,537,276

	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

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) Americas.......... U.S.A., Canada, Mexico, Brazil
(2) Europe............ U.K., Germany, France, Spain, Netherlands, Norway, Russia, Italy
(3) Asia .... Taiwan, Hong Kong, South Korea, Singapore, China, India, Indonesia, Thailand
3. The Brazilian subsidiary, Casio Brasil Comercio de Produtos Electronicos Ltda., was included in the scope of consolidation in the year ended March 31, 2009. Accordingly, the "North America" geographical segment has been renamed the "Americas."
4. As disclosed in Note 3. (3), effective from the fiscal year ended March 31, 2009, ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories" issued on July 5, 2006 has been applied. The effects of adopting the new standard on net income is not material.
5. As disclosed in Note 3. (1), effective from the fiscal year ended March 31, 2009, ASBJ Practical Issues Task Force No. 18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements ("PITF No. 18") has been adopted. The effects of adopting the new standard on net income is not material.
6. As disclosed in Note 3. (4), effective from the fiscal year ended March 31, 2009, ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" and ASBJ Guidance No. 16, "Guidance on Accounting Standard for Lease Transactions" respectively issued on March 31, 2007 has been applied. The effects of adopting the new standard on net income is not material.

(3) Overseas sales

	Millions of Yen				
For 2009	North America	Europe	Asia	Others	Total
Overseas net sales	**¥85,312**	**¥71,212**	**¥64,922**	**¥28,842**	**¥250,288**
Net sales (consolidated)	**—**	**—**	**—**	**—**	**518,036**
Share of overseas net sales	**16.5%**	**13.7%**	**12.5%**	**5.6%**	**48.3%**

	Thousands of U.S. Dollars				
For 2009	North America	Europe	Asia	Others	Total
Overseas net sales	**$870,531**	**$726,653**	**$662,469**	**$294,306**	**$2,553,959**
Net sales (consolidated)	**—**	**—**	**—**	**—**	**5,286,082**
Share of overseas net sales	**16.5%**	**13.7%**	**12.5%**	**5.6%**	**48.3%**

	Millions of Yen				
For 2008	North America	Europe	Asia	Others	Total
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%

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.

15. Contingent Liabilities

At March 31, 2009, the Group was contingently liable for trade notes and export drafts discounted with banks in the amount of ¥1,522 million ($15,531 thousand).

16. 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 ($7.13) 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 ($12.46) 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 ($16.07) 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.

17. Business Structure Improvement Expenses and Impairment Loss

1. Business structure improvement expenses

Business structure improvement expenses refers to impairment loss of noncurrent assets used in the Electronic Components business and related costs with the aim of improving profitability of the business.

2. Impairment loss

For the reporting period, the Company and its consolidated subsidiaries have posted impairment loss. Details are as follows:

Use	Type of assets	Location
Production facilities used in the Electronic Components business	Machinery and equipment, lease assets, goodwill, accrued lease payments	Nankoku City, Kochi Pref. Ome City, Tokyo
Idle assets	Buildings and structures	Fussa City, Tokyo

The Company and its consolidated subsidiaries carries out asset grouping principally according to its management accounting categories, which are employed to enable continuous monitoring of the Group's earnings situation. Idle assets are managed on an individual basis. The Company and its subsidiaries have applied impairment accounting to assets used in the Electronic Components business whose values are deemed to have significantly declined due to deteriorating business environment and idle assets to make optimal use of these assets in the future.

Book-value of these assets was reduced to recoverable amounts and the reduced amounts (¥9,734 million [$99,327 thousand]) were recognized as "business structure improvement expenses" and "impairment loss."

The breakdown of the losses is: ¥315 million ($3,214 thousand) for buildings and structures, ¥2,365 million ($24,133 thousand) for machinery and equipment, ¥931 million ($9,500 thousand) for lease assets, ¥1,753 million ($17,888 thousand) for goodwill, ¥3,624 million ($36,980 thousand) for accrued lease payments, and ¥746 million ($7,612 thousand) for others.

Recoverable amounts are estimated using net selling prices which are reasonably estimated, primarily on the basis of appraisal land prices as determined by real estate appraiser.

18. Business Combination and Corporate Separation

1. Sale of operations

(1) Name of purchaser of business, nature of operations, principal reason for sale, date and outline of method of sale

1) Name of purchaser of business

Hitachi Cable, Ltd.

2) Nature of operations of business sold

The Film Device Business of Casio Micronics Co., Ltd. a consolidated subsidiary of Casio Computer, Co., Ltd.

3) Principal reason for sale

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).

4) Date of sale

June 1, 2008

5) Outline of total spin-off and sale process, including legal form

The Film Device Business of Casio Micronics was transferred to a new company established by Casio Micronics for that purpose. All shares in the new company were then sold to Hitachi Cable.

(2) Outline of accounting procedures for the business transfer

1) Net proceeds from the transfer: zero

2) Fair book-value of assets and liabilities employed in the business transferred:

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥1,506	$15,367
Noncurrent assets	5,258	53,653
Total assets	¥6,764	$69,020
Current liabilities	562	5,735
Noncurrent liabilities	211	2,153
Total liabilities	¥ 773	$ 7,888

(3) Income generated from and expenses used for the operations transferred posted on the consolidated statements of income of the Company for the term ended March 31, 2009:

	Millions of Yen	Thousands of U.S. Dollars
Net sales	¥1,416	$14,449
Operating income	0	0

2. Accounting procedures applied to intra-group transactions

Casio Micronics Co., Ltd. made into a wholly-owned subsidiary of the Company through share exchange

(1) Name of the company subject to intra-group transactions and the lines of the business carried out by the company; legal form of the transaction, name of the company after transaction and outline of the transaction including the transaction purpose

1) Name of company subject to intra-group transaction:
Casio Micronics Co., Ltd.

2) Lines of business:
Research, development, manufacture and sale of electronics components

(2) Legal form
Share exchange with the purpose of making Casio Micronics a wholly-owned subsidiary of the Company

(3) Name of the company after transaction:
Unchanged

(4) Outline of the transaction including the transaction purpose

1) Purpose of the intra-group transaction
Casio believes that the conversion of Casio Micronics into a wholly owned Casio subsidiary through share exchange will create a framework for rapid and flexible operational reform including possible alliances with other companies in the Bump-processing business and would benefit the enterprise value of the entire group.

2) Outline of the intra-group transaction
Based on the share exchange contract signed on May 16, 2008, Casio, with August 1, 2008, as date of entry into effect, arranged 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) received allocations of common shares in Casio, and Casio Micronics became a wholly owned subsidiary of Casio.

3. Accounting procedures for the intra-group transaction

In line with the stipulations in the "Accounting Standards for Business Combinations" and the "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (regarding intra-group transactions)," the Company carried out share exchanges with minority shareholders of Casio Micronics.

4. Additional investments in the subsidiary

(1) Acquisition cost

	Millions of Yen	Thousands of U.S. Dollars
Ordinary shares of the Company	¥2,062	$21,041
Acquisition cost	2,062	21,041

(2) Share exchange ratio
Casio has allocated 0.4 shares of common stock for every one share of Casio Micronics common stock. There was no allocation of common stock in Casio Micronics held by Casio.

(3) Calculation of the share exchange ratio
The Company and Casio Micronics made separate requests for the assessment of the fair value of the shares issued by Casio Micronics to independent third parties (the Company made a request to Ernst & Young Transaction Advisory Services Co., Ltd., and Casio Micronics to Daiwa Securities SMBC Co., Ltd.) Taking into full consideration the interests of the minority shareholders, the Company carried out extensive negotiations with Casio Micronics to determine the appropriate exchange rate within the ranges calculated by the third-party organizations. As a result, the two parties reached an agreement.

(4) Number of shares of the Company to be delivered and their value:
1,430,374 shares worth ¥2,062 million ($21,041 thousand)

(5) Goodwill generated from the share exchange deals

1) Value of goodwill: ¥2,006 million ($20,469 thousand)

2) Reason for the recognition of goodwill
A goodwill amount of ¥2,006 million ($20,469 thousand) was recognized, as the acquisition cost for the ordinary shares of Casio Micronics exceeded the value of shares held by minority shareholders.

3) Method and period for amortization of goodwill:
Amortized on a straight-line basis over five years

19. Subsequent Events

At the annual shareholders' meeting held on June 26, 2009, the Company's shareholders approved the payment of a cash dividend of ¥23.00 ($0.23) per share aggregating ¥6,380 million ($65,102 thousand) to shareholders of record as of March 31, 2009.

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, 2009 and 2008, and the related consolidated statements of operations, 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, 2009 and 2008, 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.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 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 26, 2009

Principal Subsidiaries (As of March 31, 2009)

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

•*Limited Liability Company Casio*
Russia
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 Casio products

•*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

Americas

•*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

•*Casio Brasil Comercio de Produtos Eletronicos Ltda.*
Brazil
Sales of Casio products

•*Casio Mexico Marketing, S. de R. L. de C.V.*
Mexico
Sales of Casio products

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 electronic components

•*Kofu Casio Co., Ltd.*
Production of 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

(50 consolidated subsidiaries and 3 equity-method affiliates)

Directors and Corporate Auditors (As of June 26, 2009)

*Corporate officers

Chairman and Representative Director

Toshio Kashio

President and CEO

Kazuo Kashio*

Executive Vice President and Representative Director

Yukio Kashio*

Senior Managing Directors

Fumitsune Murakami*

Managing Directors

Takatoshi Yamamoto*
Akinori Takagi*
Hiroshi Nakamura*
Akira Kashio*
Susumu Takashima*

Directors

Tadashi Takasu*
Kouichi Takeichi*
Yuichi Masuda*

Corporate Auditors

Takeshi Honda
Tomimoto Umeda
Hironori Daitoku

Corporate Officers

Eiichi Takeuchi
Ichiro Ohno
Osamu Ohno
Atsushi Yazawa
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, 2009)

Established: June 1957
Paid-in Capital: ¥48,592 million
Employees: 12,358
Home Page Address: http://world.casio.com/

Domestic Offices

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

IR Department
Tel: (03) 5334-4803

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
Casio-Platz 1 22848
Norderstedt, Germany
Tel: 040-528-65-0

Investor Information (As of March 31, 2009)

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

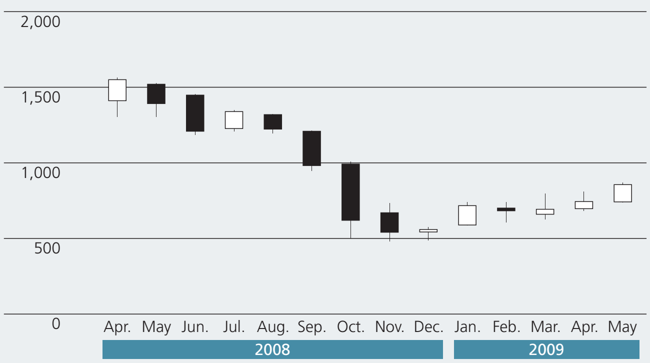
Number of Shareholders
59,486

Principal Shareholders

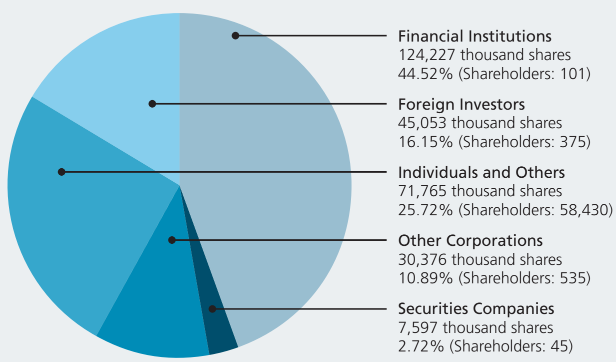
	Shareholdings (thousands)	% of outstanding share*
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	17,241	6.22
The Master Trust Bank of Japan, Ltd. (Trust Account)	16,324	5.88
Nippon Life Insurance Company	13,669	4.93
Japan Trustee Services Bank, Ltd. (Trust Account)	11,139	4.02
Casio Bros. Corp.	10,000	3.61
Japan Trustee Services Bank, Ltd. (The Sumitomo Trust and Banking Co., Ltd. Retrust Portion, Sumitomo Mitsui Banking Corp. Pension Trust Account)	9,865	3.56
Sumitomo Mitsui Banking Corp.	6,821	2.46
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,097	1.84
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	4,929	1.78
Toshio Kashio	4,862	1.75

* Outstanding shares are calculated after deduction of shares in treasury (1,629,789).

Share Price
(Yen)



Breakdown of Shareholders



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