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.