CASIO

Technology for the Next Stage

Annual Report 2010

For the year ended March 31, 2010

Casio's corporate creed is "Creativity and Contribution," expressing the Company's commitment to contributing to society through innovative, useful products it is uniquely positioned to deliver.

Products with innovative functions assist people in their daily lives and keep society moving forward. They also bring great delight to many people and help to revitalize culture. When even a single new product is widely adopted, whole new markets develop, and this in turn fosters growth in related industries.

This is the story of Casio's wide-ranging contributions to society, based on its innovative product and service portfolio.

Corporate creed – "Creativity and Contribution"

2006	Aggregate sales of electronic calculators reached one billion units.
2002	Exilim, world's thinnest, wearable card-sized digital camera, released.
2001	First solar-powered radio-controlled watch released.
1995	QV-10, the first digital camera in the world, released.
1983	First G-Shock, a shock-resistant wristwatch, released.
1981	Casio's first electronic dictionary released.
1980	Casio's first electronic musical instruments, Casio Tone electronic keyboards released.
1974	Enters timepiece market with the release of Casiotron, a digital wristwatch.
1972	Casio Mini, the world's first personal electronic calculator, released.
1965	Casio 001, its first transistor-based electronic desktop calculator, released.
1957	Release of the world's first compact all-electric calculator, Casio 14-A.
	Casio Computer Co., Ltd. established.

Development History

Contents

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.

Kazuo Kashio,
President & CEO

Performance for the Term Ended March 2010

During fiscal 2010, ended March 31, 2010, the Japanese and global economies pulled out of the worst phase of the global recession and began to show signs of a gradual recovery, yet the outlook remains uncertain.

In this environment, consolidated net sales for fiscal 2010 fell 17.4% year-on-year to ¥427.9 billion.

By segment, sales dropped 17.6% to ¥380.5 billion in the Electronics segment. The digital camera business was a strong performer in the Japanese market, as Casio launched a total of 14 new models, including the Exilim ZOOM EX-Z2000, which comes with an even more advanced version of Casio's Dynamic Photo function for combining moving images right on the camera. Sales in markets outside of Japan languished in the first half of the fiscal year, but improved significantly in the second half, particularly in Europe and China. In the electronic dictionary business, sales of the EX-word series, which now features color LCD screens and completely updated flagship models, were firm, and Casio kept its top share of the market. In the timepieces business, sales of non-radio controlled watches were affected by the harsh market environment in the first half, but sales of radio-controlled watches were strong, particularly Casio's high value-added brands such as G-Shock, Oceanus, and Edifice. In the cell phone business, Casio released a total of seven new models, including the Exilim keitai CA003 for *au*, which is equipped with a variety of digital camera functions including high-speed burst shooting and the Dynamic Photo function. Also newly released was the G'zOne ROCK, a waterproof, shock-resistant cell phone for US-based Verizon Wireless. Sales lagged in the Japanese market, failing to recover from the unexpected decline in market share at the end of the second quarter. Sales in markets outside of Japan were also hurt by the postponement of the launch of a new model for Verizon Wireless. As a result of these factors, sales were sharply down in the cell phone business.

Sales in the Electronic Components and Others segment fell 15.7% to ¥47.3 billion. This was because sales in Electronic Components were down due to the impact of sluggish demand for digital cameras and cell phones, as well as lower unit prices for TFT LCDs.

In income for fiscal 2010, the Electronics segment posted a ¥19.9 billion operating loss, primarily due to the sharp decline in sales of cell phones. However, timepieces and electronic dictionaries remained highly profitable, and the profitability of digital cameras steadily improved from the second half. The Electronic Components and Others segment recorded a ¥4.8 billion operating loss. As a result, Casio posted a total consolidated operating loss of ¥29.3 billion, allowing for elimination or unallocated amounts. Casio also posted a net loss of ¥20.9 billion for the fiscal year.

A dividend of ¥15 per share has been paid for the reporting term.

Priorities for the current fiscal year

Casio will confront today's unpredictable business environment with a proactive global strategy that will raise earnings substantially. This strategy is based on popularizing new products that leverage Casio's original, global-standard technology. The main strategies are outlined below.

- In the digital camera business, Casio will work to expand sales in Europe and China, and aggressively launch new products equipped with cutting-edge technology that combines GPS with motion sensors.

- Casio intends its new business in Digital Art Frames and Art Clocks to contribute quickly to overall performance and aims to expand this new business. In addition, the company will drive a transformation from stand-alone units to full-featured main products with Internet connectivity.

- Casio will further expand its timepiece business by reinforcing the G-Shock brand with aggressive promotions in global markets and expanding its lineup of radio-controlled analog products for women.

- In the electronic dictionary business, Casio will work to become the top brand in the global education market by maintaining its top market share and high profitability in the Japanese market, and actively building up sales in the Chinese market by launching color models and expanding the target market.

- Casio will merge its cell phone business and TFT LCD business with other companies as planned to launch its global expansion on a full scale. This will capitalize on each company's strengths to create synergies that will result in a stable business structure.

Medium- and Long-Term Management Strategy

To achieve continuous growth in corporate value despite today's difficult economic environment, Casio is improving global cost competitiveness in every business to build a robust earnings base that will allow the company to secure high profits, while also strengthening its financial structure. Casio also firmly recognizes that better performance in the area of corporate social responsibility is an important issue. To achieve these aims, Casio is working as one to execute the following strategies.

1. Creating New Genres

Casio will develop new product genres that generate high profitability in each business. This will 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, Casio is determined not only to succeed in existing businesses, but also to create value in new business fields — which leverage Casio technologies that cannot be imitated by other companies. In order to achieve this, Casio will focus its management resources on new business fields even more than in the past, with the aim of quickly establishing businesses that can realize a stable, highly profitable structure.

3. Strengthening the Financial Structure

Casio is moving ahead strongly with improvements in its equity ratio and debt/equity ratio with the aim of strengthening its financial foundations for future growth. The uncertainty in the outlook for financial conditions in the market today has reaffirmed Casio's conviction that securing financial liquidity is a key financial priority for the growth funds needed for future business expansion and future repayment of interest-bearing liabilities. Accordingly, Casio will flexibly adapt as it monitors changes in the external environment.

In the future, the company will continue to pursue even more thoroughly efficient cash flow management and strive to generate free cash flow, aiming to build a completely strong, stable financial structure.

4. CSR-focused Management

Casio understands that sustainable corporate growth will only come about with the preservation of global environment and development of society, and is actively managing its corporate social responsibility.

Based on the Charter of Creativity for Casio, which articulates the code of conduct for employees, Casio is striving to improve corporate governance and compliance by ensuring that all employees and officers understand and comply with laws and regulations, maintain social order, and contribute to society.

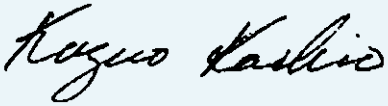
Through the execution of the four strategies described above, Casio seeks to deliver original products and services with high added value, increase corporate value, and contribute to the building of a society of abundant creativity.

Since Casio's foundation, its corporate creed has been "Creativity and Contribution." Casio's mission is to pursue growth as a company and increase corporate value by contributing to society. The company is accomplishing this by introducing innovative ideas going from 0 to 1, and outstanding solutions based on its proprietary advanced technologies.

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, the company looks forward to providing all of its stakeholders with more "excitement" than they anticipate, and greater "inspiration" than ever before.

We ask all our shareholders and investors to continue their support.

July 2010



Kazuo Kashio, *President & CEO*

Priorities for the current fiscal year

Casio has long led the compact digital camera market, thanks to a stream of differentiated product launches supported by our proprietary technologies.

Currently we offer products that differentiate us from competitors through unique strengths such as high-speed burst shooting and movie features, functions such as Dynamic Photo (enabling moving subjects to be cut and pasted onto still backgrounds or other images) and shock resistance and waterproofing. To further build market share, we need to ensure that users fully understand what makes the functions incorporated into these products so impressive. In the future, we aim to expand our share in overseas markets, particularly Europe and China, through a marketing strategy that focuses on deepening customer understanding of these products by proposing new ways of using them. An example is the EX-FS10S, a digital camera in the Exilim range specifically designed to improve your golf. While actually on the course, you can check whether your swing is correct by recording yourself using a high-speed movie function and comparing the result with the corrective lines that are displayed over the playback.

We have also developed a revolutionary new product that combines Global Positioning System (GPS) with motion sensor technology to enable users to pinpoint their own position even inside buildings, where GPS cannot be used. With an inbuilt database with map and tourist site information, it enables display of maps indoors, with the motion sensor showing the movement of the camera user superimposed on the map. This makes it the ideal camera for travel.

We will continue to shake up the digital camera market by developing and launching models with new functionality, for new applications based on the perspective of the user.

EXILIM EX-FS10S

You can check your golf swing with the guidelines on the screen.

Digital Cameras

EXILIM EX-G1

EXILIM EX-Z2000

Timepieces

Sheen

To further expand our share of the timepiece market, we are focusing on the following policies.

We are considering a full-scale entry into the highly attractive market for women's timepieces. Women tend to prefer smaller watches, and we have been unable to incorporate the modules needed for multifunctional wristwatches due to this size limitation. During fiscal 2010, however, we developed a multifunctional wristwatch module with the world's smallest diameter, at 25 mm, and have incorporated it in our new Sheen brand for women. Looking ahead, we aim to expand our lineup of women's wristwatches based on this module, and build our share of the women's timepiece market.

Meanwhile, in 2009, we organized "Shock the World Tour" to further strengthen the G-Shock brand, taking in 19 cities in 11 countries including New York, Paris and Shanghai. This event was very successful, generating a spillover effect beyond the host cities and indeed beyond the host countries. To further leverage the benefits of this campaign, we plan to extend the tour during 2010 to include 22 cities in 16 countries.

An event in "Shock the World Tour 2009"

In the Japanese market, we shifted from monochrome to color screens for major models at the beginning of 2010.

Thanks to design improvements in the TFT LCD panel and mounting technology, we were able to keep the dictionaries more or less at their current size and even lengthen their battery life. We intend to maintain our top share in Japan by further evolving this product line.

Over the last few years, we have worked to raise awareness of and develop new marketing channels for electronic dictionaries at educational institutions where they are needed, prior to launching a drive to develop overseas markets. In the future, we will introduce color models in the highly promising Chinese market and broaden the range of target markets, to step up the pace of expansion overseas.

Electronic Dictionaries

EX-word XD-A10000

Casio has developed the Digital Art Frame, which is a revolutionary digital imaging product with a special function that changes ordinary snapshots into "paintings."

New Product

The Digital Art Frame

Users can recreate up to eight different art styles from a single photo at the push of a button: water color painting, color pencil sketch, pastel painting, pointillism, air brush, oil painting, fauvist oil painting, and gothic oil painting.

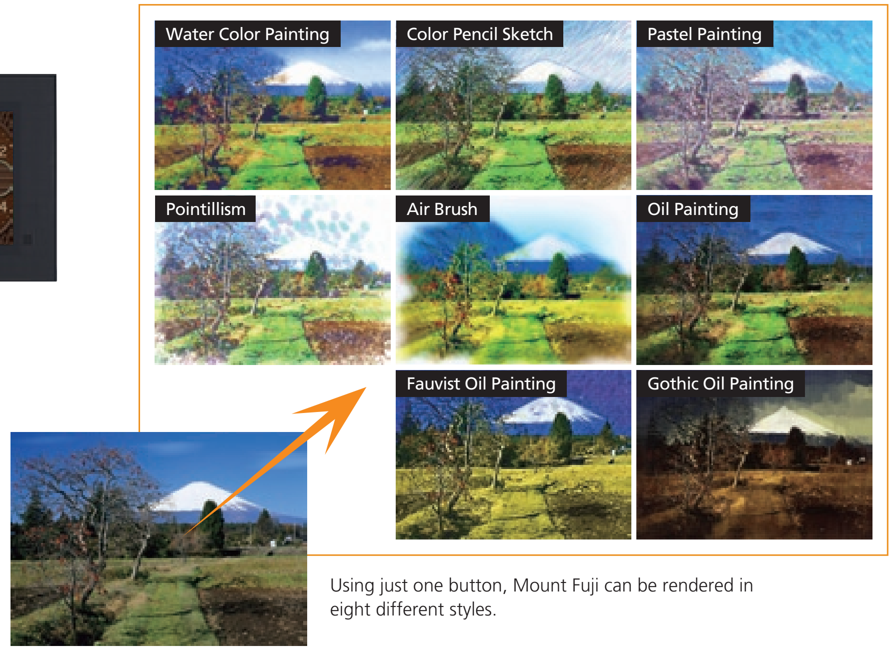
The product also comes with Dynamic Photo, enabling creation of composite moving images. Users can combine moving characters directly on the Digital Art Frame and even create moving works of art from photos.

The Digital Art Frame also allows you to use family photos to make your own homemade clocks and calendars, by combining the Dynamic Photo and snapshot-to-painting conversion functions on the Digital Art Frame and images from a Casio digital camera with high-speed burst shooting.

We plan to launch further new products that develop the Digital Art Frame concept.

This product provides entirely new kinds of fun with images. With this digitization of imaging, Casio has crossed a new frontier in digital imaging.

You can choose the pictures of your family on the dial, which change with the passing hours.



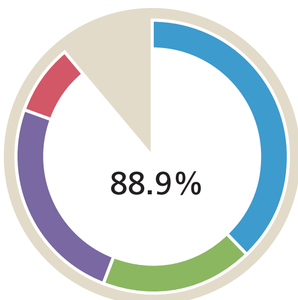
Using just one button, Mount Fuji can be rendered in eight different styles.

CASIO at a Glance

Business Segment | **Product Category**

Electronics

Sales (Year ended March 31, 2010)



Consumer
37.8%

Timepieces
18.2%

Mobile Network Solutions (MNS)
24.7%

System Equipment
8.2%

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

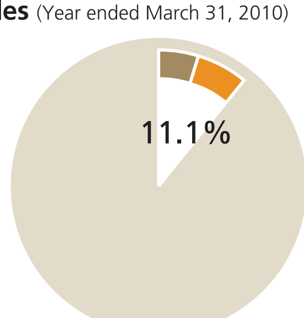
System Equipment

Principal Products

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

Electronic Components and Others

Sales (Year ended March 31, 2010)



Electronic Components
4.8%

Others
6.3%

Electronic Components

Principal Products

- LCDs
- Bump Processing Consignments

Others

Principal Products

- Molds

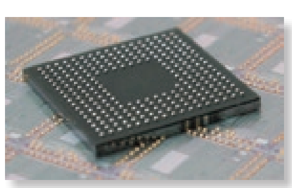












New Business Segment

The following changes have been made to our segmentation, effective April 1, 2010.

Consumer

Principal Products

- Electronic Calculators
- Electronic Dictionaries
- Label Printers
- Digital Cameras
- Electronic Musical Instruments
- Digital Watches
- Analog Watches
- Clocks
- Cellular Phones*

System Equipment

Principal Products

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

Others

Principal Products

- LCDs
- Bump Processing Consignments
- Molds

* This business was excluded from the scope of consolidation as a result of business integration as of June 1, 2010.

To ensure steady progress towards management goals and realize continuous improvement in enterprise value, we believe it is vital that business operations be conducted in an appropriate and efficient manner, based on swift decision-making by management, and that supervisory functions be strengthened to ensure sound and transparent management. The Casio Group undertakes a range of measures to ensure the best possible standards of corporate governance.

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 and committee sessions, 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.

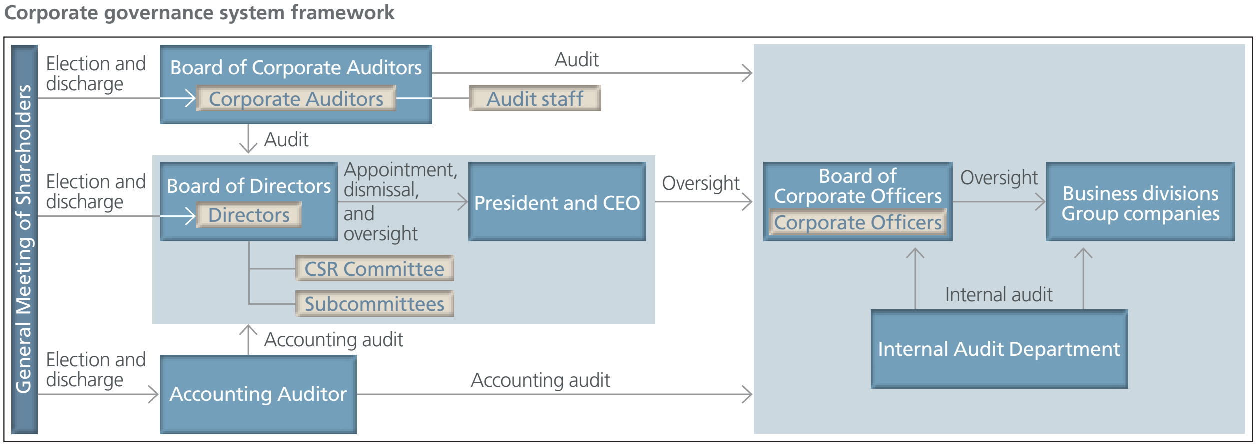
The external auditors are independent executives whose appointments are reported to the Tokyo Stock Exchange, in line with its regulations. Corporate auditors are assigned specialist assistants who support their audit activities.

External audits by independent auditing corporations are conducted in accordance with auditing standards generally accepted in Japan as being fair and appropriate. The Company accepts advice on improving operations from these auditors.

The Internal Audit Department monitors the performance of 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.

In addition, basic policies and major issues in CSR activities across the Group are deliberated by our CSR Committee, chaired by the officer in charge of CSR at Casio Computer Co., Ltd. and comprising the officers in charge of staff function departments, corporate auditors and managers of staff function departments.

Corporate governance system framework



Improving the Internal Control System

Based on our corporate creed of "Creativity and Contribution," Casio has established a basic policy for internal controls to ensure reliable and accurate financial reporting. It has also set up an Internal Control Committee to implement controls, comprising members of the Company's Accounting Department, Information System Department, CSR Operations Section and Internal Audit Department.

In fiscal 2009, the Company created a self-monitoring structure 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.

Fiscal 2010 was the second year after entry into effect of the internal control reporting system under the Financial Instruments and Exchange Law. For this reason, we have introduced our Operation Responsibility System, to strengthen monitoring mechanisms compared with fiscal 2009.

Based on a policy set by the Internal Control Committee, persons responsible for control systems appointed by each Group company and department ensure appropriate conduct of operations over time in major operations, and carry out periodic checks. If they discover any flaw or inefficiency, they propose and implement remedial measures, keeping the Internal Control Committee informed through reports as needed.

From fiscal 2011, in anticipation of the systematic adoption of International Financial Reporting Standards in Japan five years from now, we are taking Groupwide measures to strengthen our financial position and further raise internal control standards.

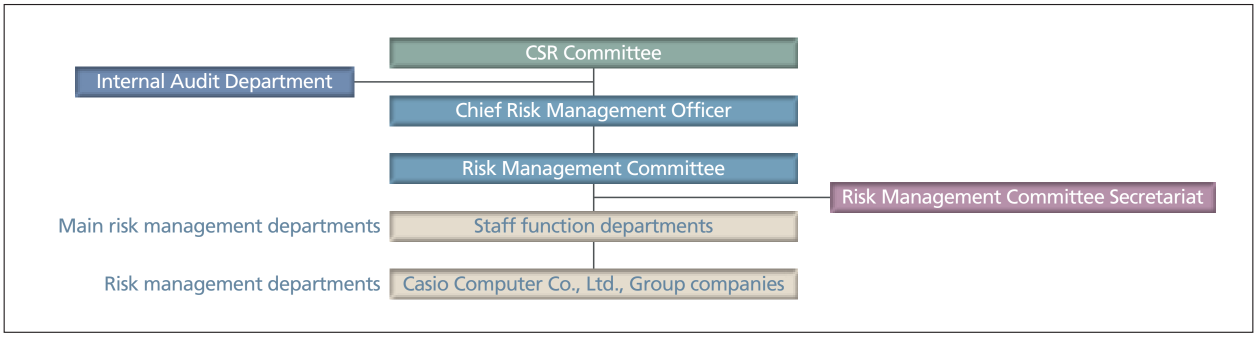
Risk Management

In line with our Basic Risk Management Policy, we have created a system to systematically and efficiently manage risk across the whole Company. A Chief Risk Management Officer appointed by the CSR Committee to serve as chairman of the Risk Management Committee selects, reviews and decides on risk management issues that need to be addressed.

Issues identified by the Risk Management Committee are handled by the main risk management departments, which take action as needed at the level of the department or Group company involved, ensuring measures are fully understood Groupwide and providing guidance. The Risk Management Committee Secretariat oversees risk management at all stages of the management process, utilizing the PDCA management cycle, and holds meetings and manages progress in risk management activities.

The Internal Audit Department's audits into management systems are conducted independently from the risk management activities of the Company.

Risk management system



Striving to be a model corporate citizen, Casio makes the most of its unique know-how and management resources to fulfill its various social responsibilities.

Philosophy of Social Contribution

Aiming to help create a healthy, generous society, we are earnestly engaged in a variety of social contribution initiatives. We take good corporate citizenship seriously, so our process for determining the most useful things to do is guided by communication with various stakeholders. The five priority themes of our social contribution initiatives are outlined in the figure on the right. Leveraging our unique know-how and management resources as well as the wide range of knowledge and experience possessed by our employees, we fulfill our social responsibilities in our own unique way.

Selected as one of 31 forward-looking Japanese companies working to prevent global warming

We were selected for inclusion in the Carbon Disclosure Leadership Index Report 2009 Japan 500 Report, a list of Japanese companies that are making outstanding efforts to prevent global warming and promote information disclosure.

In that report, the Carbon Disclosure Project, an NPO based in the United Kingdom, selected and announced those companies that are having a positive impact on global warming prevention and information disclosure. Out of the list of 500 Japanese companies, 31 companies including us were selected.

Casio Donates Graphing Calculators to Chicago's Public Schools

Casio America, Inc. donated 5,000 graphing calculators to 20 Chicago public schools. While graphing calculators are used in America's high school mathematics education, not all students are able to afford graphing calculators due to disparities in student's household incomes. In order to provide learning opportunities for using graphing calculators to a large number of students, we are cooperating with Chicago's public schools by not only providing products, but complimentary training and support to teachers at the targeted schools so that more effective classes can be held. Teachers were highly appreciative of the calculators and training received and commented about how easy the calculators were to use and how helpful they were in increasing student understanding.

We will continue providing support so that other interested schools can also receive this training.

Casio (Thailand) Co., Ltd. wins Outstanding Labor Relations and Labor Welfare Award for fourth consecutive year

Group member Casio Thailand, which manufactures wrist watches, won the Outstanding Labor Relations and Labor Welfare Award sponsored by the Thailand government's Ministry of Labor. This prize was established for the purpose of improving the labor environment and is presented to companies with outstanding employment systems from the viewpoint of their compliance with labor law, their good relations with labor unions and employees, and their labor welfare benefits. This marks the fourth consecutive year that Casio Thailand has won this award.

Not only does the company work to maintain and improve its employment system, its employee also actively contribute to local communities on a regular basis by participating in nearby events. This year, the company was highly acclaimed for its activities including donations to orphanages and hospitals and support for events at local schools in addition to its improved working environment, which have led to its receipt of this award. The company will continue to improve its labor environment while striving to promote greater cooperation between the company and employees, and will make ever greater efforts in the area of social contribution activities.

Support for "Dolphin & Whale Eco-Research Network"

In 1994, we began selling "G-Shock" and "Baby-G" watch models in co-sponsorship with the 4th International Dolphin & Whale Conference held in Japan. By donating a portion of the proceeds from sales of these watches to I.C.E.R.C. (International Cetacean Education Research Centre) Japan*1, we supported dolphin and whale-related education and research activities in various parts of the world.

In order to support both I.C.E.R.C. Japan, which it had already been supporting with dolphin and whale themed watches, and Earthwatch Institute*2, an organization that promotes environmental conservation and research, in 2009, under the theme of "Love the Sea and the Earth," we added four models of G-Shock and Baby-G decorated with images of the ocean and ocean-related plants and organisms to our product lineup and assisted these organizations by donating a portion of the watch sales proceeds to them.

*1. **I.C.E.R.C. (International Cetacean Education Research Centre) Japan**
Established in 1991 to care for nature, dolphins and whales, I.C.E.R.C. is a nonprofit organization engaged in activities aimed at communicating the splendor of nature, dolphins and whales through the three steps of "knowledge," "communion" and "care."

*2. **Earthwatch Institute**
Founded in 1971 in Boston, U.S.A., the Earthwatch Institute provides financial and manpower support for low-profile field work related to environmental conservation research on climate change, wildlife, ecosystems and other such areas that require time, financial support and manpower. It is the world's oldest and most trusted NGO in the area of dispatching volunteers to do field work.

"International Dolphin & Whale Eco-Research Network" model

Net Sales

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

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

Results by Segment

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

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

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

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

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

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

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

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

Results by Region

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

Results of Operations

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

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

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

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

Financial Condition

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

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

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

Cash Flow Analysis

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

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

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

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

Capital Investment

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

Research & Development

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

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

Business Risks

The management performance, financial position and share price of The Company 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 2010.

1) Japan's economy and the global economy

The 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 Group is especially affected by trends in consumer spending.

2) Downward pressure on product prices

In the industries in which the 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 Group's business performance.

3) New products

In the event that the 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 Group, especially in the case where the launch of competing products coincide, there is a possibility that the 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) Transactions with major customers

Any changes in strategy or product specifications made by major customers, and any cancellation of orders, or changes in their schedule, could have a negative impact on the earnings performance of the Group.

5) Outsourcing

With the aim of improving the 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 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 the 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 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 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 the Group members in the future.

10) Risks related to information management

The 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 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 Group's business, financial position and earnings performance.

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

The 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					
	2010	2009	2008	2007	2006	2005
For the year:						
Net sales	¥427,925	¥518,036	¥623,050	¥620,769	¥580,309	¥559,006
Cost of sales	330,417	387,701	453,255	436,548	407,940	398,186
Selling, general and administrative expenses	113,124	113,688	117,292	118,128	111,050	105,164
Research and development expenses	13,693	12,631	14,750	18,019	18,205	16,616
Operating income (loss)	(29,309)	4,016	37,753	48,074	43,114	39,040
Net income (loss)	(20,968)	(23,149)	12,188	25,147	23,745	21,534
Capital investment	10,068	16,157	13,515	26,810	19,711	17,782
Depreciation	12,657	14,839	18,148	17,895	17,431	15,370
At year-end:						
Current assets	275,450	278,199	284,610	330,136	319,179	329,948
Current liabilities	153,115	169,601	187,168	227,562	183,967	196,089
Working capital	122,335	108,598	97,442	102,574	135,212	133,859
Net assets*	168,857	184,981	231,213	236,669	191,011	162,271
Total assets	429,983	444,653	451,835	525,483	501,960	495,743
Amounts per share of common stock (in yen):						
Net income (loss)	(75.58)	(83.62)	44.17	92.67	88.57	80.27
Diluted net income**	—	—	44.15	90.30	84.43	76.47
Cash dividends applicable to the year	15.00	23.00	33.00	23.00	20.00	17.00
Performance indicators:						
Return on equity (%)	(12.2)	(11.4)	5.5	12.2	13.4	14.0
Return on assets (%)	(4.8)	(5.2)	2.5	4.9	4.8	4.3
Equity ratio (%)	37.3	41.2	49.4	42.6	38.1	32.7
Interest coverage (times)	(32.9)	7.5	29.4	31.6	34.6	26.8
Assets turnover (times)	1.0	1.2	1.3	1.2	1.2	1.1
Inventories turnover (months)	1.8	1.6	1.5	1.8	1.7	1.9
Other:						
Number of employees	12,247	12,358	13,202	13,013	12,673	12,140

* 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 years ended March 31, 2010 and 2009 is omitted as the Company posted a net loss for the reporting year.

Consolidated Balance Sheets

Years ended March 31, 2010 and 2009 Casio Computer Co., Ltd. and Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
Assets	2010	2009	2010
Current assets:			
Cash and deposits (Notes 4 and 6)	¥ 52,756	¥ 32,982	$ 567,269
Short-term investment securities (Notes 4, 6 and 7)	53,428	65,830	574,495
Notes and accounts receivable:			
Trade (Note 6)	75,565	79,150	812,527
Other	15,000	23,554	161,290
Allowance for doubtful accounts	(627)	(858)	(6,742)
Inventories (Note 5)	50,622	51,284	544,323
Deferred tax assets (Note 10)	11,979	10,917	128,806
Short-term loans receivable with resale agreement (Note 4)	11,668	10,139	125,462
Other	5,059	5,201	54,398
Total current assets	275,450	278,199	2,961,828
Property, plant and equipment:			
Land	38,702	38,733	416,150
Buildings and structures	63,624	63,770	684,129
Machinery and equipment	107,286	110,240	1,153,613
Construction in progress	678	983	7,290
Other	10,247	6,023	110,183
	220,537	219,749	2,371,365
Accumulated depreciation	(148,880)	(145,063)	(1,600,860)
Net property, plant and equipment	71,657	74,686	770,505
Investments and other assets:			
Software	11,940	13,042	128,387
Stock of affiliates	1,989	1,893	21,387
Investment securities (Notes 6 and 7)	51,166	52,671	550,172
Deferred tax assets (Note 10)	9,061	15,276	97,430
Other	8,781	9,005	94,420
Allowance for doubtful accounts	(61)	(119)	(656)
Total investments and other assets	82,876	91,768	891,140
	¥429,983	¥444,653	$4,623,473

See accompanying notes.

Liabilities and Net Assets	Millions of Yen 2010	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2010
Current liabilities:			
Short-term loans payable (Notes 6 and 9)	¥ 15,846	¥ 16,634	$ 170,387
Current portion of bonds and long-term loans payable (Note 9)	450	10,500	4,839
Notes and accounts payable:			
Trade (Note 6)	66,219	83,577	712,032
Other (Note 6)	38,422	32,210	413,140
Accrued expenses	12,786	12,270	137,484
Income taxes payable (Note 10)	3,481	2,085	37,430
Other	15,911	12,325	171,086
Total current liabilities	153,115	169,601	1,646,398
Noncurrent liabilities:			
Bonds and long-term loans payable (Notes 6 and 9)	88,000	70,450	946,236
Provision for retirement benefits (Note 11)	10,012	7,378	107,656
Provision for directors' retirement benefits	2,666	2,640	28,667
Deferred tax liabilities (Note 10)	1,881	1,975	20,226
Other	5,452	7,628	58,623
Total noncurrent liabilities	108,011	90,071	1,161,408
Commitments and contingent liabilities (Note 15)			
Net assets (Note 12):			
Shareholders' equity			
Capital stock:			
Authorized — 471,693,000 shares			
Issued — 279,020,914 shares	48,592	48,592	522,495
Capital surplus	65,704	65,503	706,494
Retained earnings	55,712	83,327	599,054
Treasury stock	(3,519)	(3,612)	(37,839)
Total shareholders' equity	166,489	193,810	1,790,204
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	3,131	(1,304)	33,667
Deferred gains or losses on hedges	(287)	(501)	(3,086)
Foreign currency translation adjustments	(9,149)	(8,848)	(98,376)
Total valuation and translation adjustments	(6,305)	(10,653)	(67,795)
Minority interests	8,673	1,824	93,258
Total net assets	168,857	184,981	1,815,667
	¥429,983	¥444,653	$4,623,473

Consolidated Statements of Operations

Years ended March 31, 2010 and 2009 Casio Computer Co., Ltd. and Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Net sales (Note 14)	¥427,925	¥518,036	$4,601,344
Costs and expenses (Note 14):			
Cost of sales	330,417	387,701	3,552,871
Selling, general and administrative expenses	113,124	113,688	1,216,387
Research and development expenses	13,693	12,631	147,237
	457,234	514,020	4,916,495
Operating income (loss) (Note 14)	(29,309)	4,016	(315,151)
Other income (expenses):			
Interest and dividends income	1,433	2,385	15,409
Interest expenses	(848)	(853)	(9,118)
Foreign exchange gains (losses)	1,499	(2,810)	16,118
Loss on abandonment of inventories	—	(2,522)	—
Loss on sales and retirement of noncurrent assets	(723)	(528)	(7,774)
Gain (loss) on valuation and sales of investment securities	665	(3,765)	7,151
Impairment loss (Notes 14 and 17)	(289)	(630)	(3,108)
Business structure improvement expenses (Note 17)	(3,100)	(10,845)	(33,333)
Non-recurring depreciation on noncurrent assets (Note 2)	—	(11,345)	—
Special retirement expenses	(637)	(106)	(6,849)
Other	1,751	(2,045)	18,827
	(249)	(33,064)	(2,677)
Loss before income taxes and minority interests	(29,558)	(29,048)	(317,828)
Income taxes (Note 10):			
Current	4,273	3,041	45,946
Deferred	1,853	(2,622)	19,925
	6,126	419	65,871
Loss before minority interests	(35,684)	(29,467)	(383,699)
Minority interests in loss	(14,716)	(6,318)	(158,237)
Net loss	¥ (20,968)	¥ (23,149)	$ (225,462)

	Yen		U.S. Dollars (Note 1)
Amounts per share of common stock:			
Net loss	¥(75.58)	¥(83.62)	$(0.81)
Diluted net income	—	—	—
Cash dividends applicable to the year	15.00	23.00	0.16

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2010 and 2009 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, 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
Dividends from surplus (¥33.00 per share)	—	—	—	(9,107)	—	—	—	—	—	(9,107)
Net loss	—	—	—	(23,149)	—	—	—	—	—	(23,149)
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
Dividends from surplus (¥15.00 per share)	—	—	—	(6,380)	—	—	—	—	—	(6,380)
Net loss	—	—	—	(20,968)	—	—	—	—	—	(20,968)
Purchase of treasury stock	—	—	—	—	(4)	—	—	—	—	(4)
Disposal of treasury stock	—	—	(66)	—	97	—	—	—	—	31
Transfer from retained earnings to capital surplus for merger of consolidated subsidiaries	—	—	267	(267)	—	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—	4,435	214	(301)	6,849	11,197
Balance at March 31, 2010	279,020,914	¥48,592	¥65,704	¥ 55,712	¥(3,519)	¥ 3,131	¥(287)	¥(9,149)	¥8,673	¥168,857

	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, 2009	$522,495	$704,333	$895,989	$(38,839)	$(14,021)	$(5,387)	$(95,140)	$19,613	$1,989,043
Dividends from surplus ($0.16 per share)	—	—	(68,602)	—	—	—	—	—	(68,602)
Net loss	—	—	(225,462)	—	—	—	—	—	(225,462)
Purchase of treasury stock	—	—	—	(43)	—	—	—	—	(43)
Disposal of treasury stock	—	(710)	—	1,043	—	—	—	—	333
Transfer from retained earnings to capital surplus for merger of consolidated subsidiaries	—	2,871	(2,871)	—	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	47,688	2,301	(3,236)	73,645	120,398
Balance at March 31, 2010	$522,495	$706,494	$599,054	$(37,839)	$33,667	$(3,086)	$(98,376)	$93,258	$1,815,667

See accompanying notes.

Consolidated Statements of Cash Flows

Years ended March 31, 2010 and 2009 Casio Computer Co., Ltd. and Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Net cash provided by (used in) operating activities:			
Loss before income taxes and minority interests	¥ (29,558)	¥ (29,048)	$ (317,828)
Depreciation and amortization	29,039	30,213	312,247
Impairment loss	289	630	3,108
Loss (gain) on sales and retirement of noncurrent assets	723	528	7,774
Loss (gain) on sales and valuation of investment securities	(665)	3,765	(7,150)
Increase (decrease) in provision for retirement benefits	2,680	1,350	28,817
Increase (decrease) in provision for directors' retirement benefits	26	75	280
Interest and dividends income	(1,433)	(2,385)	(15,409)
Interest expenses	848	853	9,118
Foreign exchange losses (gains)	(946)	(1,165)	(10,172)
Equity in (earnings) losses of affiliates	(99)	(37)	(1,064)
Business structure improvement expenses	3,100	10,845	33,333
Non-recurring depreciation on noncurrent assets	—	11,345	—
Decrease (increase) in notes and accounts receivable–trade	3,070	19,229	33,011
Decrease (increase) in inventories	265	819	2,849
Increase (decrease) in notes and accounts payable–trade	(17,188)	(13,443)	(184,817)
Decrease/increase in consumption taxes receivable/payable	784	(1,759)	8,430
Other, net	14,101	2,750	151,624
Subtotal	5,036	34,565	54,151
Interest and dividends income received	1,687	2,218	18,139
Interest expenses paid	(884)	(836)	(9,505)
Income taxes paid	(5)	(12,486)	(54)
Net cash provided by (used in) operating activities	5,834	23,461	62,731
Net cash provided by (used in) investing activities:			
Payments into time deposits	(2,175)	(1,841)	(23,387)
Proceeds from withdrawal of time deposits	2,878	3,700	30,946
Purchase of property, plant and equipment	(6,044)	(12,316)	(64,989)
Proceeds from sales of property, plant and equipment	57	76	613
Purchase of intangible assets	(19,146)	(18,762)	(205,871)
Purchase of investment securities	(3,067)	(41,564)	(32,979)
Proceeds from sales and redemption of investment securities	12,722	20,077	136,796
Purchase of stocks of subsidiaries and affiliates	(7)	(5)	(75)
Proceeds from transfer of business	—	5,988	—
Other, net	(215)	(61)	(2,312)
Net cash provided by (used in) investment activities	(14,997)	(44,708)	(161,258)
Net cash provided by (used in) financing activities:			
Net increase (decrease) in short-term loans payable	(598)	16,215	(6,430)
Proceeds from long-term loans payable	18,000	—	193,548
Repayment of long-term loans payable	(10,500)	(16,500)	(112,903)
Proceeds from issuance of bonds	—	59,732	—
Redemption of bonds	—	(10,000)	—
Purchase of treasury stock	(4)	(16)	(43)
Proceeds from sales of treasury stock	31	15	333
Repayments of finance lease obligations	(3,932)	(1,532)	(42,280)
Cash dividends paid	(6,380)	(9,107)	(68,602)
Proceeds from stock issuance to minority shareholders	21,560	—	231,828
Other, net	(22)	—	(236)
Net cash provided by (used in) financing activities	18,155	38,807	195,215
Effect of exchange rate change on cash and cash equivalents	544	(1,269)	5,850
Net increase (decrease) in cash and cash equivalents	9,536	16,291	102,538
Cash and cash equivalents at beginning of year (Note 4)	104,248	87,957	1,120,946
Cash and cash equivalents at end of year (Note 4)	¥113,784	¥104,248	$1,223,484

See accompanying notes.

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, 2010, which was ¥93 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 assets 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 ("available-for-sale securities") for which fair value is readily determinable are stated at fair 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 fair 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

As discussed in Note 3. (2), 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 (first-in, first-out) or net realizable values at year-end.

Consolidated overseas subsidiaries state inventories at the lower of market or cost.

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.

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 information)

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 for non-recurring depreciation on noncurrent assets for the reporting period ended March 31, 2009. 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. (3), 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.

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: 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 consolidated subsidiaries in Japan received 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, the employees' pension fund plan was changed to defined benefit corporate pension fund plan.

The Company and some of its consolidated subsidiaries in Japan provide defined contribution plans. 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.

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 loss 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).

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

Reclassifications

Certain reclassifications have been made in the 2009 consolidated financial statements to conform to the 2010 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) 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 fair 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.

(3) 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) New accounting standards for retirement benefits

Effective from the year ended March 31, 2010, the Company and consolidated subsidiaries in Japan adopted ASBJ Statement No. 19, "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" issued by Accounting Standards Board of Japan on July 31, 2008.

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

(5) New accounting standards for construction contracts

Prior to the year ended March 31, 2010, the Company and consolidated subsidiaries in Japan recognized revenues and costs of construction contracts using the completed-contract method. Effective from the year ended March 31, 2010, the Company and consolidated subsidiaries in Japan adopted the ASBJ Statement No. 15, "Accounting Standard for Construction Contracts" and ASBJ Guidance No. 18, "Guidance on Accounting Standard for Construction Contracts" issued by Accounting Standards Board of Japan on December 27, 2007 respectively. Accordingly, with respect to construction contracts whose activity commenced in the year ended March 31, 2010, the percentage-of-completion method has been applied if the outcome of the construction activity is deemed certain during the course of the activity, otherwise the completed-contract method has been applied. The percentage of completion as of the end of the reporting period is estimated based on the percentage of the cost incurred to the estimated total cost.

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

4. Cash and Cash Equivalents

(1) Cash and cash equivalents at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Cash and deposits	¥ 52,756	¥ 32,982	$ 567,269
Time deposits over three months	(1,048)	(1,712)	(11,269)
Marketable securities within three months	50,408	62,839	542,022
Short-term loans receivable with resale agreement	11,668	10,139	125,462
Cash and cash equivalents	¥113,784	¥104,248	$1,223,484

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

Details are provided below of changes in assets and liabilities as a result of the transfer during the year ended March 31, 2009 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
	2009
Current assets	¥1,369
Noncurrent assets	5,260
Current liabilities	(443)
Noncurrent liabilities	(198)
Compensation for share transfer	¥5,988
Cash and cash equivalents	(0)
Proceeds from transfer of business	¥5,988

(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 ¥4,552 million ($48,946 thousand) and ¥4,699 million ($50,527 thousand), respectively. The figures for the previous year were ¥7,040 million and ¥7,334 million, respectively.

5. Inventories

Inventories at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Finished goods	¥32,794	¥33,100	$352,624
Work in process	5,700	4,612	61,290
Raw materials and supplies	12,128	13,572	130,409
Total	¥50,622	¥51,284	$544,323

6. Fair Value of Financial Instruments

Effective from the year ended March 31, 2010, the Company adopted Accounting Standards Board of Japan (“ASBJ”) Statement No. 10, “Accounting Standard for Financial Instruments” and ASBJ Guidance No. 19, “Guidance on Disclosures about Fair Value of Financial Instruments” both revised by ASBJ on March 10, 2008. Information on financial instruments for the year ended March 31, 2010 required pursuant to the revised accounting standards is as follows:

(1) Qualitative information on financial instruments

1) Policies for using financial instruments

The Group invests surplus funds in highly secure financial assets, and funds required for working capital and capital investments are raised through the issuance of bonds or loans from financial institutions such as banks. Derivatives are used to avoid the risks described hereinafter and no speculative transactions are entered.

2) Details of financial instruments used and risks involved, and how they are managed

Notes and accounts receivable-trade are exposed to customers' credit risk. To minimize that risk, the Group periodically monitors the due date and the balance of the accounts.

Short-term investment securities and investment securities are primarily highly secure and highly-rated bonds and include shares in companies with which the Group has business relations, and are exposed to market price fluctuation risk. The Group periodically monitors the market price and reviews the status of these holdings.

Notes and accounts payable-trade and accounts payable-other have the due date of within one year.

Operating payables, loans payable, and bonds payable are subject to liquidity risk (the risk of an inability to pay by the due date). However, the Group manages liquidity risk by maintaining short-term liquidity in excess of a certain level of consolidated sales or by other means.

The Group use derivative transactions of forward currency exchange contracts to hedge currency fluctuation risks arising from assets and liabilities denominated in foreign currencies, as well as interest rate swap contracts to fix the cash flows associated with loans payable and bonds payable or to offset market fluctuation risks. The Group utilizes and manages derivative transactions following the internal regulation for them, which stipulates policy, objective, scope, organization, procedures and financial institutions to deal with, and has an implementation and reporting system for derivative transactions reflecting proper internal control functions.

3) Supplemental information on fair values

The fair value of financial instruments is calculated based on quoted market price or, in case where there is no market price, by making a reasonable estimation. Because the preconditions applied include a floating element, estimation of fair value may vary. The contracted amounts, as presented in Note 8 "Derivative Transactions," do not reflect market risk.

(2) Fair values of financial instruments

The following table summarizes book value and fair value of the financial instruments, and the difference between them as of March 31, 2010. Items for which fair value is difficult to estimate are not included in the following table (see Note 2 below).

	Millions of Yen			Thousands of U.S. Dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Assets						
(1) Cash and deposits	¥ 52,756	¥ 52,756	¥ —	$ 567,269	$ 567,269	$ —
(2) Notes and accounts receivable–trade	75,565	75,565	—	812,527	812,527	—
(3) Short-term investment securities and investment securities						
a. Held-to-maturity debt securities	17,860	17,884	24	192,043	192,301	258
b. Available-for-sale securities	85,533	85,533	—	919,709	919,709	—
Total assets	¥231,714	¥231,738	¥ 24	$2,491,548	$2,491,806	$ 258
Liabilities						
(1) Notes and accounts payable–trade	¥ 66,219	¥ 66,219	¥ —	$ 712,032	$ 712,032	$ —
(2) Short-term loans payable	15,846	15,846	—	170,387	170,387	—
(3) Accounts payable–other	38,422	38,422	—	413,140	413,140	—
(4) Bonds payable	10,000	10,139	139	107,527	109,022	1,495
(5) Bonds with subscription rights to shares	50,000	49,019	(981)	537,634	527,086	(10,548)
(6) Long-term loans payable	28,450	28,659	209	305,914	308,161	2,247
Total liabilities	¥208,937	¥208,304	¥(633)	$2,246,634	$2,239,828	$ (6,806)
Derivative transactions*	¥ 31	¥ 31	¥ —	$ 333	$ 333	$ —

* Derivative transactions are presented net of receivables and liabilities.

Note 1: Method for calculating the fair value of financial instruments and matters related to investment securities and derivative transactions

Assets

(1) Cash and deposits, (2) Notes and accounts receivable–trade

Since these items are short-term and the fair value approximates the book value, the book value is used as fair value.

(3) Short-term investment securities and investment securities

The fair value of shares is the market price, while the fair value of bonds is the market price or the price quoted by the correspondent financial institution. Since certificates of deposit and commercial paper are short-term, and the fair value approximates the book value, the book value is used as fair value.

See Note 7 "Securities" for information on short-term investment securities categorized by holding purposes.

Liabilities

(1) Notes and accounts payable–trade, (2) Short-term loans payable, (3) Accounts payable–other

Since these items are short-term, and the fair value approximates the book value, the book value is used as fair value.

(4) Bonds payable, (5) Bonds with subscription rights to shares

The fair value of these items is calculated based on quoted market price or, in case where there is no market price, by using the discounted cash flow, based on the sum of the principal and total interest over the remaining period and credit risk.

(6) Long-term loans payable

The fair value of long-term loans payable is the sum of the principal and total interest discounted by the rate that is applied if a new loan is made. The fair value of long-term loans payable with floating rates is measured by reference to the related interest rate swap transactions (see Note 8 "Derivative Transactions"), and is the sum of the principal and total interest associated with the interest rate swap, discounted by the rate that is reasonably estimated and applied if a new loan is made.

Derivative transactions

See Note 8 "Derivative transactions."

Note 2: Financial instruments of which fair value is difficult to estimate

	Millions of Yen	Thousands of U.S. Dollars
	2010	2010
	Book value	Book value
Unlisted shares	¥3,190	$34,301

The market price of the above shares are not available and the future cash flow cannot be estimated. Therefore, the fair value is difficult to estimate. Hence, these are not included in "(3) Short-term investment securities and investment securities" above.

Note 3: Monetary claims, short-term investment securities and investment securities with repayment due dates after March 31, 2010 are as follows:

	Millions of Yen				Thousands of U.S. dollars			
	Within one year	Within five years	Within ten years	Over ten years	Within one year	Within five years	Within ten years	Over ten years
Cash and deposits	¥ 52,756	¥ —	¥—	¥ —	$ 567,269	$ —	$—	$ —
Notes and accounts receivable-trade	75,565	—	—	—	812,527	—	—	—
Short-term investment securities and investment securities								
1. Held-to-maturity debt-securities								
(1) Government bonds	—	—	—	—	—	—	—	—
(2) Corporate bonds	3,020	—	—	—	32,473	—	—	—
(3) Others	14,840	—	—	—	159,570	—	—	—
2. Available-for-sale securities with maturities								
(1) Bonds								
a. Government bonds	—	—	—	—	—	—	—	—
b. Corporate bonds	35,578	14,500	—	—	382,559	155,914	—	—
c. Others	—	15,210	—	—	—	163,548	—	—
(2) Others	—	—	—	434	—	—	—	$4,667
Total	¥181,759	¥29,710	¥—	¥434	$1,954,398	$319,462	$—	$4,667

7. Securities

(1) Securities with available fair values at March 31, 2010 and 2009.

(a) Held-to-maturity debt securities

	Millions of Yen						Thousands of U.S. Dollars		
	2010			2009			2010		
	Book value	Fair value	Difference	Book value	Fair value	Difference	Book value	Fair value	Difference
Securities with available fair values exceeding book values	¥17,860	¥17,884	¥24	¥—	¥—	¥—	$192,043	$192,301	$258
Securities other than the above	—	—	—	—	—	—	—	—	—
Total	¥17,860	¥17,884	¥24	¥—	¥—	¥—	$192,043	$192,301	$258

(b) Available-for-sale securities

Securities with book values exceeding acquisition costs:

	Millions of Yen						Thousands of U.S. Dollars		
	2010			2009			2010		
	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
Equity securities	¥14,080	¥ 7,404	¥6,676	¥ 9,318	¥ 7,558	¥1,760	$151,398	$ 79,613	$71,785
Bonds	50,776	50,652	124	10,430	10,376	54	545,978	544,645	1,333
Others	—	—	—	1,006	1,003	3	—	—	—
Total	¥64,856	¥58,056	¥6,800	¥20,754	¥18,937	¥1,817	$697,376	$624,258	$73,118

Securities others than the above:

	Millions of Yen						Thousands of U.S. Dollars		
	2010			2009			2010		
	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
Equity securities	¥ 6,128	¥ 7,187	¥(1,059)	¥12,468	¥14,157	¥(1,689)	$ 65,892	$ 77,280	$(11,388)
Bonds	14,539	15,000	(461)	25,872	28,198	(2,326)	156,333	161,290	(4,957)
Others	10	11	(1)	255	257	(2)	108	118	(10)
Total	¥20,677	¥22,198	¥(1,521)	¥38,595	¥42,612	¥(4,017)	$222,333	$238,688	$(16,355)

(2) Securities with no available fair values at March 31, 2009.

(a) Held-to-maturity debt securities

	Millions of Yen
	2009
	Book value
Certificates of deposit	¥19,800

(b) Available-for-sale securities

	Millions of Yen
	2009
	Book value
Commercial papers	¥37,149
Unlisted equity securities	2,202
Unlisted bonds	—
Total	¥39,351

(3) Available-for-sale securities sold in the years ended March 31, 2010 and 2009 were as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	2010			2010		
	Sales amount	Gross realized gains	Gross realized losses	Sales amount	Gross realized gains	Gross realized losses
Equity securities	¥8,839	¥1,669	¥ 2	$95,043	$17,946	$22
Bonds	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	¥8,839	¥1,669	¥ 2	$95,043	$17,946	$22

	Millions of Yen		
	2009		
	Sales amount	Gross realized gains	Gross realized losses
Total	¥0	¥—	¥1

(4) Redemption schedule of available-for-sale securities with maturities and held-to-maturity debt securities at March 31, 2009 were as follows:

	Millions of Yen				
	2009				
	Within one year	Within five years	Within ten years	Over ten years	Total
Bonds					
Government bonds	¥ —	¥ —	¥—	¥ —	¥ —
Corporate bonds	8,890	14,500	—	—	23,390
Others	56,949	15,280	—	—	72,229
Others	—	487	—	761	1,248
Total	¥65,839	¥30,267	¥—	¥761	¥96,867

8. Derivative Transactions

Status of derivative transactions

See notes below:

Note 2 "Significant Accounting Policies"

Note 6 "Fair Value of Financial Instruments" (1) Qualitative information on financial instruments 2) Details of financial instruments used, risks, and policies and systems for risk management

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, 2010 and 2009 were as follows:

Derivative transactions not subject to hedge accounting

(1) Currency-related derivatives:

	Millions of Yen								Thousands of U.S. Dollars			
	2010				2009				2010			
	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	¥ 9	¥—	¥ 9	¥ (0)	¥ 35	¥—	¥ 38	¥ (3)	$97	$—	$97	$ (0)
Euros	—	—	—	—	7,607	—	8,347	(740)	—	—	—	—
Sterling pounds	—	—	—	—	261	—	275	(14)	—	—	—	—
Total	¥—	¥—	¥—	¥ (0)	¥ —	¥—	¥ —	¥(757)	$—	$—	$—	$ (0)

(2) Interest rate swap and option-related derivatives:

	Millions of Yen								Thousands of U.S. Dollars			
	2010				2009				2010			
	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	¥(176)	¥984	¥20,000	¥20,000	¥(1,160)	¥(427)	$215,054	$215,054	$(1,892)	$10,581
Total	¥20,000	¥20,000	¥(176)	¥984	¥20,000	¥20,000	¥(1,160)	¥(427)	$215,054	$215,054	$(1,892)	$10,581

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

Derivative transactions subject to hedge accounting

(1) Currency-related derivatives

			Millions of Yen			Thousands of U.S. Dollars		
			2010			2010		
			Contract amount			Contract amount		
Hedge accounting method	Type	Main hedged items	Total	Due after one year	Fair value	Total	Due after one year	Fair value
Currency swaps that are subject to appropriated treatment	Currency swaps: Receive in yen/ Pay in U.S. dollars	Foreign-currency bond	¥3,020	¥—	Note 2	$32,473	$—	Note 2
Total			¥3,020	¥—	¥—	$32,473	$—	$—

(2) Interest rate-related derivatives

			Millions of Yen			Thousands of U.S. Dollars		
			2010			2010		
			Contract amount			Contract amount		
Hedge accounting method	Type	Main hedged item	Total	Due after one year	Fair value	Total	Due after one year	Fair value
Principle accounting method	Interest rate swaps: Receive fix/ Pay float	Long-term loans payable, etc.	¥10,000	¥10,000	¥207	$107,527	$107,527	$2,226
Interest rate swap subject to special treatment	Interest rate swaps: Receive float/ Pay fix	Long-term loans payable	8,000	8,000	Note 3	86,021	86,021	Note 3
Total			¥18,000	¥18,000	¥ —	$193,548	$193,548	$ —

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

2. Since currency swaps that are subject to appropriated treatment are accounted for together with short-term investment securities, which are hedged items, their fair value is included in the fair value of the said short-term investment securities.

3. Since those interest rate swaps that are subject to special treatment are accounted for with long-term loans payable, which are hedged items, their fair value is included in the fair value of the said long-term loans payable.

9. Short-term Loans Payable, and Long-term Debt

Short-term loans payable represent unsecured bank loans and its average interest rates were 0.8% and 1.0% per annum at March 31, 2010 and 2009, respectively.

Bonds and long-term loans payable at March 31, 2010 and 2009 consisted of:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Euro-yen convertible bonds with stock warrants due in 2015*	¥50,000	¥50,000	$537,634
1.32% unsecured bonds due in 2014	10,000	10,000	107,527
Unsecured loans principally from banks at interest rates of 1.55% to 1.83% maturing through 2012	28,450	20,950	305,914
Total	88,450	80,950	951,075
Less amount due within one year	450	10,500	4,839
	¥88,000	¥70,450	$946,236

* 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
Total issue amount: ¥50,000 million
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, 2010 were as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2011	¥ 450	$ 4,839
2012	10,000	107,527
2013	—	—
2014	10,000	107,527
2015	68,000	731,182

The annual maturities of lease obligations at March 31, 2010 were as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2011	¥3,489	$37,516
2012	1,577	16,957
2013	718	7,720
2014	449	4,828
2015	144	1,548
Thereafter	192	2,065

The line of credit with the main financial institutions agreed as of March 31, 2010 and 2009 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Line of credit	**¥61,725**	¥63,510	**$663,710**
Unused	**61,725**	63,510	**663,710**

10. Income Taxes

Significant components of deferred tax assets and liabilities as of March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Deferred tax assets:			
Net operating loss carryforwards	**¥22,004**	¥11,430	**$236,602**
Intangible assets	**8,543**	7,693	**91,860**
Provision for retirement benefits	**7,575**	6,612	**81,452**
Inventories	**4,188**	3,298	**45,032**
Property, plant and equipment	**3,384**	4,107	**36,387**
Accrued expenses (bonuses to employees)	**2,483**	2,538	**26,699**
Other	**10,677**	10,134	**114,807**
Gross deferred tax assets	**58,854**	45,812	**632,839**
Valuation allowance	**(34,774)**	(18,634)	**(373,914)**
Total deferred tax assets	**24,080**	27,178	**258,925**
Deferred tax liabilities:			
Unrealized holding gain	**(2,766)**	(1,878)	**(29,742)**
Valuation difference on available-for-sale securities	**(1,878)**	(729)	**(20,193)**
Reserve for advanced depreciation of noncurrent assets	**(183)**	(194)	**(1,968)**
Other	**(94)**	(159)	**(1,011)**
Total deferred tax liabilities	**(4,921)**	(2,960)	**(52,914)**
Net deferred tax assets	**¥19,159**	¥24,218	**$206,011**

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, 2010 and 2009 are not disclosed because the Company recognized a loss before income taxes and minority interests.

11. 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, 2010 and 2009 consists of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Projected benefit obligation	¥71,808	¥69,517	$772,129
Unrecognized prior service costs	7,025	7,896	75,538
Unrecognized actuarial differences	(17,089)	(23,426)	(183,753)
Less fair value of pension assets*	(51,753)	(45,490)	(556,484)
Less unrecognized net transition obligation	—	(1,170)	—
Prepaid pension cost	21	51	226
Liabilities for the provision for retirement benefits	¥10,012	¥ 7,378	$107,656

* Including employee retirement benefit trust

Included in the consolidated statements of operations for the years ended March 31, 2010 and 2009 are provision for retirement benefit expenses comprised of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Service cost—benefits earned during the year	¥3,565	¥3,567	$38,333
Interest cost on projected benefit obligation	1,647	1,597	17,710
Expected return on plan assets	(1,296)	(1,527)	(13,935)
Amortization of prior service costs	(871)	(871)	(9,366)
Amortization of actuarial differences	2,295	1,474	24,677
Amortization of net transition obligation	1,170	1,170	12,581
Other	163	152	1,753
Provision for retirement benefit expenses	¥6,673	¥5,562	$71,753

The discount rate and the rate of expected return on plan assets used by the Group are 2.5% and 3.0% respectively in both 2010 and 2009.

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).

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 year for which the new accounting standards were applied

The amounts of outstanding future lease payments due at March 31, 2010 and 2009 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, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Future lease payments:			
Due within one year	**¥1,747**	¥2,726	**$18,785**
Due over one year	**1,718**	3,466	**18,473**
Total	**¥3,465**	¥6,192	**$37,258**
Year-end balance of accumulated impairment loss on lease assets	**¥2,149**	¥3,561	**$23,108**
Total lease expenses	**¥2,881**	¥4,451	**$30,978**
Reversal of accumulated impairment loss on lease assets	**¥1,413**	¥ —	**$15,194**
Total assumed depreciation cost	**¥ 909**	¥4,167	**$ 9,774**
Total assumed interest cost	**¥ 151**	¥ 270	**$ 1,624**
Total assumed impairment loss	**¥ —**	¥3,561	**$ —**

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, 2010 and 2009 were summarized as follows:

	Millions of Yen								Thousands of U.S. Dollars			
	2010				2009				**2010**			
	Acquisition cost	Accumulated depreciation	Impairment loss	Net book value	Acquisition cost	Accumulated depreciation	Impairment loss	Net book value	Acquisition cost	Accumulated depreciation	Impairment loss	Net book value
Machinery	**¥7,342**	**¥3,385**	**¥3,326**	**¥ 631**	¥ 8,892	¥4,477	¥3,442	¥ 973	**$ 78,946**	**$36,397**	**$35,764**	**$ 6,785**
Equipment	**1,202**	**886**	**19**	**297**	3,853	3,132	119	602	**12,925**	**9,527**	**204**	**3,194**
Other	**895**	**657**	**—**	**238**	1,384	897	—	487	**9,624**	**7,065**	**—**	**2,559**
Total	**¥9,439**	**¥4,928**	**¥3,345**	**¥1,166**	¥14,129	¥8,506	¥3,561	¥2,062	**$101,495**	**$52,989**	**$35,968**	**$12,538**

(2) Operating leases

The amount of outstanding future noncancellable lease payments due at March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Future lease payments:			
Due within one year	**¥32**	¥58	**$344**
Due over one year	**59**	5	**634**
Total	**¥91**	¥63	**$978**

14. Segment Information

The business and geographical segment information and overseas sales for the Group for the years ended March 31, 2010 and 2009 were as follows:

(1) Business segments

	Millions of Yen				
For 2010	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
Net sales:					
Outside customers	¥380,590	¥47,335	¥427,925	¥ —	¥427,925
Inside Group	651	19,036	19,687	(19,687)	—
Total	381,241	66,371	447,612	(19,687)	427,925
Costs and expenses	401,194	71,172	472,366	(15,132)	457,234
Operating loss	¥ (19,953)	¥ (4,801)	¥ (24,754)	¥ (4,555)	¥ (29,309)
Total assets	¥232,254	¥62,508	¥294,762	¥135,221	¥429,983
Depreciation	¥ 26,743	¥ 2,281	¥ 29,024	¥ 220	¥ 29,244
Impairment loss	¥ 282	¥ 7	¥ 289	¥ 0	¥ 289
Capital expenditures	¥ 27,232	¥ 1,968	¥ 29,200	¥ 211	¥ 29,411

	Thousands of U.S. Dollars				
For 2010	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
Net sales:					
Outside customers	$4,092,366	$508,978	$4,601,344	$ —	$4,601,344
Inside Group	7,000	204,688	211,688	(211,688)	—
Total	4,099,366	713,666	4,813,032	(211,688)	4,601,344
Costs and expenses	4,313,914	765,290	5,079,204	(162,709)	4,916,495
Operating loss	$ (214,548)	$ (51,624)	$ (266,172)	$ (48,979)	$ (315,151)
Total assets	$2,497,355	$672,129	$3,169,484	$1,453,989	$4,623,473
Depreciation	$ 287,559	$ 24,527	$ 312,086	$ 2,366	$ 314,452
Impairment loss	$ 3,032	$ 76	$ 3,108	$ 0	$ 3,108
Capital expenditures	$ 292,817	$ 21,161	$ 313,978	$ 2,269	$ 316,247

	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

Notes: 1. Business segments are 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, 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 ¥4,555 million ($48,978 thousand) and ¥5,740 million for the years ended March 31, 2010 and 2009, respectively.

4. Elimination or unallocated amounts of total assets principally consisted of cash and deposits, short-term investment securities, investment securities and administrative assets of the parent company, which amounted to ¥137,454 million ($1,478 million) and ¥142,374 million for the years ended March 31, 2010 and 2009, respectively.

5. Impairment loss amounts include impairment loss represented as business structure improvement expenses for the year ended March 31, 2009.

6. As disclosed in Note 3. (2), 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 are 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") issued on May 17, 2006 has been applied. The effects of adopting the new standard on net income are not material.
8. As disclosed in Note 3. (3), 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" revised on March 30, 2007 have been applied. The effects of adopting the new standard on net income are not material.
9. As disclosed in Note 3. (5), effective from the fiscal year ended March 31, 2010, ASBJ Statement No. 15, "Accounting Standard for Construction Contracts" and ASBJ Guidance No. 18, "Guidance on Accounting Standard for Construction Contracts" issued on December 27, 2007 have been applied. The effects of adopting the new standard on net income are not material.

(2) Geographical segments

	Millions of Yen						
For 2010	Japan	Americas	Europe	Asia	Total	Elimination	Consolidated
Net sales:							
Outside customers	¥307,488	¥35,047	¥59,373	¥ 26,017	¥427,925	¥ —	¥427,925
Inside Group	80,038	449	6	87,085	167,578	(167,578)	—
Total	387,526	35,496	59,379	113,102	595,503	(167,578)	427,925
Costs and expenses	420,512	33,304	60,404	110,786	625,006	(167,772)	457,234
Operating income (loss)	¥ (32,986)	¥ 2,192	¥ (1,025)	¥ 2,316	¥ (29,503)	¥ 194	¥ (29,309)
Total assets	¥393,238	¥15,476	¥26,189	¥ 37,783	¥472,686	¥ (42,703)	¥429,983

	Thousands of U.S. Dollars						
For 2010	Japan	Americas	Europe	Asia	Total	Elimination	Consolidated
Net sales:							
Outside customers	$3,306,323	$376,849	$638,419	$ 279,753	$4,601,344	$ —	$4,601,344
Inside Group	860,623	4,828	65	936,398	1,801,914	(1,801,914)	—
Total	4,166,946	381,677	638,484	1,216,151	6,403,258	(1,801,914)	4,601,344
Costs and expenses	4,521,634	358,107	649,506	1,191,248	6,720,495	(1,804,000)	4,916,495
Operating income (loss)	$ (354,688)	$ 23,570	$ (11,022)	$ 24,903	$ (317,237)	$ 2,086	$ (315,151)
Total assets	$4,228,365	$166,409	$281,602	$ 406,269	$5,082,645	$ (459,172)	$4,623,473

	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

Notes: 1. Segments of countries and areas are classified by geographical location.
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. (2), 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 are 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") issued on May 17, 2006 has been applied. The effects of adopting the new standard on net income are not material.
6. As disclosed in Note 3. (3), 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" revised on March 30, 2007 have been applied. The effects of adopting the new standard on net income are not material.
7. As disclosed in Note 3. (5), effective from the fiscal year ended March 31, 2010, ASBJ Statement No. 15, "Accounting Standard for Construction Contracts" and ASBJ Guidance No. 18, "Guidance on Accounting Standard for Construction Contracts" issued on December 27, 2007 have been applied. The effects of adopting the new standard on net income are not material.

(3) Overseas sales

	Millions of Yen				
For 2010	North America	Europe	Asia	Others	Total
Overseas net sales	**¥64,916**	**¥60,467**	**¥54,159**	**¥25,548**	**¥205,090**
Net sales (consolidated)	**—**	**—**	**—**	**—**	**427,925**
Share of overseas net sales	**15.2%**	**14.1%**	**12.6%**	**6.0%**	**47.9%**

	Thousands of U.S. Dollars				
For 2010	North America	Europe	Asia	Others	Total
Overseas net sales	**$698,021**	**$650,183**	**$582,355**	**$274,710**	**$2,205,269**
Net sales (consolidated)	**—**	**—**	**—**	**—**	**4,601,344**
Share of overseas net sales	**15.2%**	**14.1%**	**12.6%**	**6.0%**	**47.9%**

	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%

Notes: 1. Segments of countries and areas are classified by geographical location.
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. Commitments and Contingent Liabilities

At March 31, 2010 and 2009, the Group was contingently liable for trade notes and export drafts discounted with banks in the amount of ¥1,811 million ($19,473 thousand) and ¥1,522 million, respectively.

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, as of June 27, 2002.

The stock purchase rights could be exercised at a price of ¥699 ($7.52) per share in the period from July 1, 2004 to June 30, 2009, and a total of 113 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 employees of the Company and directors of subsidiaries, as of June 27, 2003.

The stock purchase rights can be exercised at a price of ¥1,221 ($13.13) 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 employees of the Company and directors of affiliates, as of June 29, 2004.

The stock purchase rights can be exercised at a price of ¥1,575 ($16.94) per share in the period from July 1, 2006 to June 30, 2011, and a total of 141.1 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

For 2010:

The expected amount of the said losses was posted in the provision for business structure improvement to provide against the accrual of losses following the subsidiary merger resulting from the business integration of its mobile terminal business.

For 2009:

The Company and its consolidated subsidiaries have posted an 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 2009:

The Company and its consolidated subsidiaries have posted an 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 carry 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 a 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) were recognized as "business structure improvement expenses" and "impairment loss."

The breakdown of the losses is: ¥315 million for buildings and structures, ¥2,365 million for machinery and equipment, ¥931 million for lease assets, ¥1,753 million for goodwill, ¥3,624 million for accrued lease payments, and ¥746 million 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

For 2009:

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 the Company.

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) Summary of total spin-off and sale process, including its 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) Summary of accounting procedures

1) Transfer of gain (loss): ¥0 million

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

	Millions of Yen
Current assets	¥1,506
Noncurrent assets	5,258
Total assets	¥6,764
Current liabilities	¥ 562
Noncurrent liabilities	211
Total liabilities	¥ 773

(3) Income generated from and expenses used for the operations transferred posted in the consolidated statement of operations of the Company for the year ended March 31, 2009:

	Millions of Yen
Net sales	¥1,416
Operating income	0

2. Accounting procedures applied to intra-group transactions

Casio Micronics Co., Ltd. became 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

The Company believed that the conversion of Casio Micronics into a wholly owned subsidiary through share exchange would 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) Summary of the intra-group transaction

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

3. Accounting procedures for the intra-group transaction

In line with the stipulations in the "Accounting Standard 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
Ordinary shares of the Company	¥2,062
Acquisition cost	2,062

(2) Share exchange ratio

The Company has allocated 0.4 share of its common stock for every one share of Casio Micronics common stock. There was no allocation of common stock in Casio Micronics held by the Company.

(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

(5) Goodwill generated from the share exchange deals

1) Value of goodwill: ¥2,006 million

2) Reason for the recognition of goodwill

A goodwill amount of ¥2,006 million 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

(1) At the annual shareholders' meeting held on June 29, 2010, the Company's shareholders approved the payment of a cash dividend of ¥15.00 ($0.16) per share aggregating ¥4,161 million ($44,742 thousand) to registered shareholders as of March 31, 2010.

(2) Spin-off of the small and medium-size display business and partial transfer of shares in Ortus Technology Co., Ltd.

On April 1, 2010, through absorption and spin-off, Ortus Technology Co., Ltd., a wholly-owned subsidiary of the Company, took over the Company's small and medium-size display business, and Toppan Printing Co., Ltd. acquired 80% of the shares in Ortus Technology Co., Ltd. from the Company on the same aforementioned date.

Summary of business spin-off

1) Name of company absorbing spun-off business

Toppan Printing Co., Ltd.

2) Business summary of spun-off business

Small and medium-size display business

3) Reason for business spin-off

Seeking early commercialization of organic light-emitting diode (OLED) displays jointly developed by the Company and Toppan Printing, the two companies decided that the collaboration would be the best for the small and medium-size display business.

4) Date of spin-off

April 1, 2010

Summary of accounting procedures

1) Transfer of gain (loss)

Not applicable

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

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥6,145	$66,075
Noncurrent assets	1,154	12,409
Total assets	¥7,299	$78,484
Current liabilities	¥5,049	$54,290
Noncurrent liabilities	1,001	10,764
Total liabilities	¥6,050	$65,054

3) Business segment included in the spun-off business

Electronic components and others

4) Estimated total income of spun-off business in the consolidated statement of operations for the year ended March 31, 2010

Net sales: ¥15,162 million ($163,032 thousand)

(3) Merger between NEC Corporation's mobile terminal unit and Casio Hitachi Mobile Communications Co., Ltd.
The Company, NEC Corporation (NEC), and Hitachi, Ltd. (Hitachi) agreed to integrate and operate their respective mobile terminal businesses as a joint-venture company. On March 24, 2010, Casio Hitachi Mobile Communications Co., Ltd. (CHMC), a consolidated subsidiary of the Company, concluded a merger agreement with NEC CASIO Mobile Communications, Ltd. On April 20, 2010, a memorandum was signed to change the effective date of the integration to June 1, 2010. On June 1, 2010, CHMC merged with NEC CASIO Mobile Communications, Ltd.

Summary of business combination performed by subsidiary

1) Name and business of business combination including subsidiary

a. Surviving company
Company Name: NEC CASIO Mobile Communications, Ltd.
Business Summary: Mobile terminal development, production, sales and maintenance

b. Merging company
Company Name: Casio Hitachi Mobile Communications Co., Ltd. (a consolidated subsidiary)
Business Summary: Mobile terminal development, design, production, procurement, quality control, sales and maintenance

2) Reason for the business combination

The Company, NEC and Hitachi agreed to integrate and operate their respective mobile terminal businesses as a joint-venture company.

NEC CASIO Mobile Communications, Ltd. completely integrated NEC's Mobile Terminal Operations Unit with CHMC's entire business including sales, development, production and maintenance. The new company boasts a highly competitive range of products that merges the advanced technologies and product development capabilities of each company. Furthermore, combination of NEC's IT/Network technology supported by product development capabilities linked to service business for enterprises and consumers, and CHMC's consumer product technologies and planning strength, is expected to result in the creation of innovative synergies and the development of appealing new products, in addition to future growth area.

The Company, NEC and Hitachi integrate their mobile terminal business in order to strengthen both domestic and international business while increasing competitive strength and capitalizing on each company's brand recognition by (1) achieving synergies in a variety of fields, including sales expansion, procurement and customer service, and (2) reinforcing product development by unifying technological assets, know-how and resources.

3) Date of business combination

June 1, 2010

4) Summary of business combination including its legal form

a. Merger method
Absorption-type merger where NEC CASIO Mobile Communications, Ltd. is the surviving company and CHMC is dissolved.

b. Allocation of shares
In this merger, NEC CASIO Mobile Communications, Ltd. issues 3,400 shares of common stock in NEC CASIO Mobile Communications, Ltd., which then allocate the shares of common stock to the registered shareholders of CHMC on a day before the effective date of the merger in accordance with the percentage of share ownership of CHMC's shareholders on the same date.

Summary of accounting procedures

Accounting procedures are based on ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" (Revised on December 26, 2008) and ASBJ Guidance No. 10, "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Revised on December 26, 2008).

Business segment included in the spun-off business

Electronics

Estimated total income of the subsidiary in the consolidated statement of operations for the year ended March 31, 2010

Net sales: ¥99,623 million ($1,071,215 thousand)

Independent Auditors' Report

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

We have audited the accompanying consolidated balance sheets of CASIO COMPUTER CO., LTD. (the "Company") and consolidated subsidiaries as of March 31, 2010 and 2009, 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 financial position of the Company and subsidiaries as of March 31, 2010 and 2009, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

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

(1) As discussed in Note 19 (3) to the consolidated financial statements, the Company, NEC Corporation, and Hitachi, Ltd. agreed to integrate and operate their respective mobile terminal businesses as a joint-venture company. On March 24, 2010, Casio Hitachi Mobile Communications Co., Ltd., a consolidated subsidiary of the Company, concluded a merger agreement with NEC CASIO Mobile Communications, Ltd. On April 20, 2010, a memorandum was signed to change the effective date of the integration to June 1, 2010. On June 1, 2010, Casio Hitachi Mobile Communications Co., Ltd. merged with NEC CASIO Mobile Communications, Ltd.

(2) As discussed in Note 19 (2) to the consolidated financial statements, on April 1, 2010, through absorption and spin-off, Ortus Technology Co., Ltd., a wholly-owned subsidiary of the Company, took over the Company's small and medium-size display business, and Toppan Printing Co., Ltd. acquired 80% of the shares in Ortus Technology Co., Ltd. from the Company on the same aforementioned date.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 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 29, 2010

Principal Subsidiaries (As of March 31, 2010)

Overseas Subsidiaries

Europe

•*Casio Europe GmbH*
F.R. 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

•*Casio Italia S.r.l.*
Italy
Sales of Casio products

Asia

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

•*Casio Taiwan Co., Ltd.*
Taiwan
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.*
Development and production of page printers

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

•*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

•*Casio Human Systems Co., Ltd.*
Development, design and sale of software for system equipment

(50 consolidated subsidiaries and 3 equity-method affiliates)

Directors and Corporate Auditors (As of June 29, 2010)

*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*

Directors
Tadashi Takasu*
Susumu Takashima*
Kouichi Takeichi*
Yuichi Masuda*

Corporate Auditors
Takeshi Honda
Tomimoto Umeda
Hironori Daitoku

Corporate Officers
Osamu Ohno
Atsushi Yazawa
Kazuhiro Kashio
Nobuyuki Mochinaga
Koji Moriya
Hitoshi Nakamura
Tetsuo Kashio
Toshiharu Okimuro
Hideyuki Toyama
Tetsuro Izumi
Takashi Kashio
Jin Nakayama
Shin Takano

Corporate Data (As of March 31, 2010)

Established: June 1957
Paid-in Capital: ¥48,592 million
Employees: 12,247
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, F.R. Germany
Tel: 040-528-65-0

Investor Information (As of March 31, 2010)

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

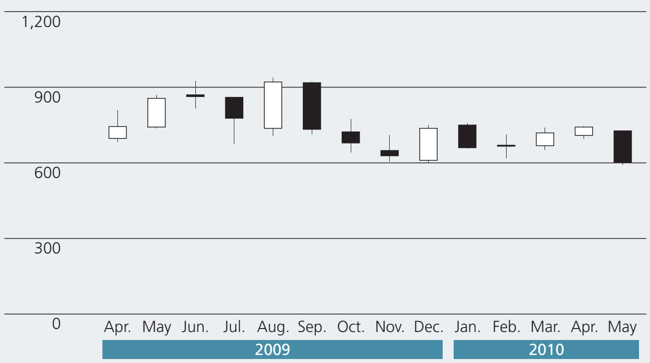
Number of Shareholders
59,430

Principal Shareholders

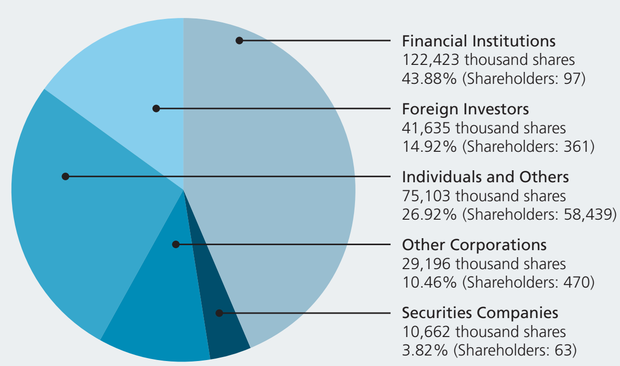
	Shareholdings (thousands)	% of outstanding share*
The Master Trust Bank of Japan, Ltd. (Trust Account)	14,372	5.18
Japan Trustee Services Bank, Ltd. (Trust Account)	14,345	5.17
Nippon Life Insurance Company	13,669	4.93
Casio Bros. Corp.	10,000	3.60
Japan Trustee Services Bank, Ltd. (The Sumitomo Trust 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
Japan Trustee Services Bank, Ltd. (Trust Account 9)	5,785	2.09
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	5,696	2.05
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,097	1.84
Toshio Kashio	4,862	1.75

* Outstanding shares are calculated after deduction of shares in treasury (1,590,837).

Share Price
(Yen)



Breakdown of Shareholders



CASIO COMPUTER CO., LTD.

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http://world.casio.com/

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