

Consolidated Financial Results for the Six Months Ended September 30, 2008

November 7, 2008

Company Name: **CASIO COMPUTER CO., LTD.**

(URL <http://www.casio.co.jp>)

Stock Exchange Listings: Tokyo

Code Number: 6952

President and CEO: Kazuo Kashio

Inquiries: Akinori Takagi, Managing Director

Tel: (03) 5334-4852

Filing of Securities Report (*Shihanki hokokusho*)(Scheduled): November 14, 2008

1. Consolidated Financial Results for the Six Months (From April 1, 2008 to September 30, 2008)

Monetary amounts are rounded to the nearest million yen.

(Millions of yen)

(1) Operating Results (Percentages indicate changes from the same period of the previous fiscal year.)

	Net sales	Operating income	Ordinary income	Net income
	%	%	%	%
Six months ended September 30, 2008	272,398 -	18,211 -	17,665 -	9,722 -
Six months ended September 30, 2007	294,277 (2.1)	13,742 (40.8)	10,545 (48.1)	5,476 (54.3)

	Net income per share (Yen)	Diluted net income per share (Yen)
Six months ended September 30, 2008	35.18	33.41
Six months ended September 30, 2007	19.85	19.84

(2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio	Net assets per share (Yen)
As of September 30, 2008	484,088	231,355	46.1 %	804.78
As of March 31, 2008	451,835	231,213	49.4	808.28

(Reference) Equity: As of September 30, 2008: 223,235 million yen

As of March 31, 2008: 223,049 million yen

2. Dividends

(Record date)	Dividends per share (Yen)				
	June 30	September 30	December 31	March 31	Annual
Year ended March 31, 2008	-	-	-	33.00	33.00
Year ending March 31, 2009	-	-	-	-	-
Year ending March 31, 2009 (Forecast)	-	-	-	23.00	23.00

(Note) Revision of dividends forecast made during the three months ended September 30, 2008: No

Details of a dividend for the year ended March 31, 2008

Ordinary dividend: 23.00 yen

Commemorative dividend: 10.00 yen

3. Consolidated Results Forecast for Fiscal 2009 (From April 1, 2008 to March 31, 2009)

(Millions of yen)

(Percentages indicate changes from the previous fiscal year.)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (Yen)
	%	%	%	%	
Fiscal 2009	580,000 (6.9)	30,000 (20.5)	26,000 (16.2)	13,500 10.8	48.67

(Note) Revision of consolidated results forecast made during the three months ended September 30, 2008: Yes

4. Others

- (1) Changes in significant subsidiaries (Changes in scope of consolidation): No
- (2) Application of the simplified accounting method and/or the special accounting method for quarterly consolidated financial statements: Yes
1. Method of calculation of noncurrent assets depreciation
 2. Method of calculation of income taxes, etc. as well as deferred tax assets and deferred tax liabilities
- (3) Changes in accounting policies, procedures, presentation method, etc. for quarterly consolidated financial statements
- (a) Changes in accordance with revisions to accounting standards: Yes
 1. Application of “Accounting Standard for Quarterly Financial Reporting” and related guidance
 2. Application of “Accounting Standard for Measurement of Inventories”
 3. Application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”
 - (b) Changes other than (a) above: Yes
 1. Application of “Accounting Standard for Lease Transactions” and related guidance
- (4) Number of shares outstanding (common stock)
- (a) Number of shares outstanding (including treasury stock):
 - As of September 30, 2008: 279,020,914 shares
 - As of March 31, 2008: 279,020,914 shares
 - (b) Number of treasury stock:
 - As of September 30, 2008: 1,634,254 shares
 - As of March 31, 2008: 3,064,461 shares
 - (c) Average number of shares outstanding:
 - As of September 30, 2008: 276,366,318 shares
 - As of September 30, 2007: 275,914,463 shares

Proper Use of Business Results Forecasts and Other Notes

Effective from the fiscal year ending March 2009, the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No.12) and its Implementation Guidance, “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No.14) have been applied. Quarterly consolidated financial statements have been prepared in accordance with “Regulation for Quarterly Consolidated Financial Reporting.”

(Caution Concerning Forward-looking Statements)

The forward-looking statements, including business results forecasts, contained in these materials are based on information currently available to the company and on certain assumptions deemed to be reasonable. Actual business results may differ substantially due to a number of factors. Moreover, Casio has revised its financial forecasts for fiscal 2009, which it released on May 1, 2008. Please refer to Qualitative Information and Financial Statements, Qualitative Information about Consolidated Results Forecasts, on page 5 for the suppositions that form the assumptions for business results and cautions concerning the use of business results forecasts.

Qualitative Information and Financial Statements

Qualitative Information about Consolidated Operating Results

During the first half of the current fiscal year, the Japanese economy was influenced by the turmoil in global financial markets caused by the sub-prime loan problem in the United States, as well as by soaring crude oil and raw materials prices. This brought declines in corporate earnings and sluggish consumer spending, and the economic outlook is increasingly characterized by fears of recession. Outside Japan, the same problems have produced a slowdown in the US economy, and have had repercussions in the economies of Europe and in emerging economies. The sense of uncertainty and concern about recession are growing on a global scale.

The electronics industry faced sluggish demand worldwide as a result of high raw materials prices and the deterioration of economic conditions, bringing intensified competition and falling merchandise prices. Overall, the business environment in which Casio operated grew significantly worse. As a result, consolidated net sales in the first half of the fiscal year fell 7.4% year-on-year to ¥272.3 billion.

To report on performance by segment, sales in the Electronics segment slipped just 2.2% year-on-year to ¥237.1 billion.

In the Consumer category, the digital camera market faced extremely unfavorable conditions including falling product prices and declining sales volumes. Consequently, sales in the category dropped 11.1% year-on-year to ¥99.9 billion. Some new EXILIM digital camera products were introduced, such as the EXILIM ZOOM EX-Z300/Z250 with Casio's new high-speed image processing engine, but sagging consumer purchasing caused a decline in sales. Despite these trends, Casio created a whole new genre of digital photography with various new applications by introducing the HIGH SPEED EXILIM series, a lineup of digital cameras that offer an ultra-high speed burst rate and high-speed movie recording—new capabilities made possible by Casio's superior technologies. The High Speed EXILIM series provides a solid foundation for significant growth in the future. Rounding out the category were Casio's industry-leading EX-word electronic dictionaries, where high-value-added models with twin touch screens and native-speaker pronunciation keys generated favorable sales.

In the Timepiece category, healthy sales of OCEANUS and G-Shock full metal high-end models with the Multi-Band 6 radio wave receiver system (compatible with 6 transmitters around the world: two in Japan, and one each in the US, Germany, the UK, and China), drove sales growth of 3.2% year-on-year to ¥43.9 billion.

The Mobile Network Solution (MNS) category enjoyed healthy sales of the W61CA, a water resistant, 1 seg-compatible cellular phone with 5.1 megapixel camera that leverages Casio's outstanding digital camera technology, the water and shock resistant G'zOne W62CA, and the Wooo Keitai W62H, which has a 2.8-inch wide QVGA organic electroluminescent display. In addition, Casio has firmly established a new genre in the North American market, the "tough cellular phone." As a result, net sales in this category grew 9.3% year-on-year to ¥71.6 billion.

In the System Equipment category, sales grew for the Super Slim Projector featuring a thickness of 32mm at its thinnest point, a very environmentally friendly, A3-capable, high-speed color printer using toner with an accompanying carbon offset, and other products. However, as a result of falling IT product prices, sales in the category were virtually unchanged year-on-year, slowing a slight 1.6% to ¥21.6 billion.

Sales in the Electronic Components and Others Segment were ¥35.2 billion, down 31.9% year-on-year. Sales contracted in the Electronic Components category as a result of falling unit prices for TFT LCDs, and were further affected by the elimination of unprofitable operations at Casio Micronics Co., Ltd. Sales of electronic components, therefore, dropped 40.4% year-on-year to ¥22.6 billion. Finally, sales in the Others category showed a year-on-year decline of 8.4%, to ¥12.5 billion.

Turning now to a discussion of income, Casio pursued its management goals by promoting and developing high value-added and differentiated products. At the same time, the company endeavored to improve its earnings structure, focusing on such areas as greater capital efficiency. As a result, total consolidated operating income, allowing for elimination or unallocated amounts, stood at ¥18.2 billion, up 32.5% year-on-year. Ordinary income jumped 67.5% year-on-year to ¥17.6 billion, and net income soared 77.5% year-on-year to ¥9.7 billion.

Income improved in the Electronics segment on growing cellular phone sales, and the segment maintained its high-profit structure thanks to the improved capabilities of radio-controlled timepieces and electronic dictionaries. In addition, income from system equipment recovered. As a result, operating income in this segment rose 18.7% year-on-year to ¥21.1 billion.

As a result of higher income produced by the elimination of unprofitable operations, operating income in the Electronic Components and Others segment was ¥70 million (an improvement of ¥1.4 billion, year-on-year).

Qualitative Information about Consolidated Financial Position

Total assets on a consolidated basis at the end of the first half of the current fiscal year stood at ¥484.0 billion, an increase of ¥32.2 billion compared to the end of the previous fiscal year, as a result of an issue of convertible bonds with stock acquisition rights, as well as a decrease in notes and accounts receivable-trade and other factors. Net assets totaled ¥231.3 billion, up ¥0.1 billion compared to the end of the previous fiscal year as a result of an increase in net income and dividend payments. As a result, the equity ratio was 46.1%.

Net cash provided by operating activities was ¥14.2 billion in income, net cash used in investing activities was ¥21.4 billion in expenditure, and net cash provided by financing activities was ¥40.2 billion in income. As a result, consolidated cash and cash equivalents at the end of the first half of the current fiscal year were ¥121.4 billion, up ¥33.4 billion from the end of the previous fiscal year.

In the future, Casio will continue with its painstaking pursuit of even more effective management of its business assets, aiming to build a completely strong, stable financial position.

Qualitative Information about Consolidated Results Forecasts

In the second half of the fiscal year, the global economy is likely to continue suffering from the financial unrest driven by the turmoil among financial institutions in the US. This will have substantial effects on the real economy, and worldwide deterioration in economic conditions and declining demand are forecasted. In addition, sales of digital consumer products during the year-end holiday season are expected to be weak. In addition, drastic swings in the exchange rates of major currencies, high raw materials prices, and falling product prices will make Casio's business environment even more challenging.

In light of these anticipated conditions, the forecasts of consolidated performance for the fiscal year ending March 31, 2009, released on May 1, 2008, are revised as shown below.

Forecasts of Consolidated Performance

(Billions of yen)

	Net sales	Operating income	Ordinary income	Net income
Previous forecast (A) (Released on May 1, 2008)	630.0	47.0	41.0	23.0
Current revised forecast (B)	580.0	30.0	26.0	13.5
Amount of change (B-A)	-50.0	-17.0	-15.0	-9.5

The lower net sales forecast is due primarily to a drop in product prices in Expansive Businesses (digital cameras, cellular phones, electronic components). The lower operating income forecast is primarily prompted by the expected depreciation of European currencies, and to reduced incomes brought about by the lower sales anticipated in Expansive Businesses.

Notes concerning results forecasts

- 1) Exchange rates are estimated at US\$ 1 = ¥100 and Euro 1 = ¥125
- 2) The forward-looking statements including business results forecasts are based on information currently available to the company and on certain assumptions deemed to be reasonable. Actual business results may differ substantially due to a number of factors. Key factors affecting actual business results may include, but are not limited to, the economic circumstances surrounding the company's business, fluctuations in the exchange rates of major currencies including the yen-dollar rate, and significant changes in product prices.

Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2008	As of March 31, 2008
Assets		
Current assets		
Cash and deposits	36,775	45,688
Notes and accounts receivable-trade	84,133	100,752
Short-term investment securities	68,466	42,714
Finished goods	37,142	33,218
Work in process	6,578	9,251
Raw materials and supplies	12,250	13,474
Other	58,899	40,450
Allowance for doubtful accounts	(1,041)	(937)
Total current assets	303,202	284,610
Noncurrent assets		
Property, plant and equipment	81,177	86,552
Intangible assets	23,584	18,629
Investments and other assets		
Investment securities	56,466	42,772
Other	19,791	19,417
Allowance for doubtful accounts	(132)	(145)
Total investments and other assets	76,125	62,044
Total noncurrent assets	180,886	167,225
Total assets	484,088	451,835

(Millions of yen)

	As of September 30, 2008	As of March 31, 2008
Liabilities		
Current liabilities		
Notes and accounts payable-trade	72,963	98,027
Current portion of long-term loans payable	26,500	16,500
Current portion of bonds	10,000	10,000
Income taxes payable	7,042	7,567
Provision for product warranties	1,803	1,891
Other	58,969	53,183
Total current liabilities	177,277	187,168
Noncurrent liabilities		
Bonds with subscription rights to shares	50,000	-
Long-term loans payable	10,700	20,950
Provision for retirement benefits	6,554	6,177
Provision for directors' retirement benefits	2,612	2,565
Other	5,590	3,762
Total noncurrent liabilities	75,456	33,454
Total liabilities	252,733	220,622
Net assets		
Shareholders' equity		
Capital stock	48,592	48,592
Capital surplus	65,520	66,655
Retained earnings	116,198	115,473
Treasury stock	(3,633)	(6,825)
Total shareholders' equity	226,677	223,895
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,490	4,815
Deferred gains or losses on hedges	(634)	(619)
Foreign currency translation adjustment	(5,298)	(5,042)
Total valuation and translation adjustments	(3,442)	(846)
Minority interests	8,120	8,164
Total net assets	231,355	231,213
Total liabilities and net assets	484,088	451,835

Consolidated Statement of Income

(Millions of yen)

	Six months ended September 30, 2008
Net sales	272,398
Cost of sales	192,256
Gross profit	80,142
Selling, general and administrative expenses	
Salaries, allowances and bonuses	18,016
Other	43,915
Total selling, general and administrative expenses	61,931
Operating income	18,211
Non-operating income	
Interest income	890
Foreign exchange gains	1,329
Other	884
Total non-operating income	3,103
Non-operating expenses	
Loss on abandonment of inventories	1,109
Other	2,540
Total non-operating expenses	3,649
Ordinary income	17,665
Extraordinary income	
Gain on sales of noncurrent assets	8
Other	1
Total extraordinary income	9
Extraordinary loss	
Loss on retirement of noncurrent assets	291
Impairment loss	332
Loss on valuation of investment securities	301
Other	36
Total extraordinary losses	960
Income before income taxes and minority interests	16,714
Income taxes	7,030
Minority interests in loss	(38)
Net income	9,722

Consolidated Statement of Cash Flows

(Millions of yen)

Six months ended
September 30, 2008

Net cash provided by (used in) operating activities:	
Income before income taxes and minority interests	16,714
Depreciation and amortization	12,767
Impairment loss	332
Loss (gain) on sales and retirement of property, plant and equipment	283
Loss (gain) on valuation of investment securities	301
Increase (decrease) in provision for retirement benefits	485
Increase (decrease) in provision for directors' retirement benefits	47
Interest and dividends income	(1,146)
Interest expenses	401
Foreign exchange losses (gains)	(771)
Decrease (increase) in notes and accounts receivable-trade	15,841
Decrease (increase) in inventories	(1,687)
Increase (decrease) in notes and accounts payable-trade	(25,014)
Other, net	1,767
Subtotal	20,320
Interest and dividends income received	1,207
Interest expenses paid	(385)
Income taxes paid	(6,874)
Net cash provided by (used in) operating activities	14,268
Net cash provided by (used in) investment activities:	
Payments into time deposits	(407)
Proceeds from withdrawal of time deposits	3,555
Purchase of property, plant and equipment	(5,955)
Proceeds from sales of property, plant and equipment	31
Purchase of intangible assets	(9,962)
Purchase of investment securities	(23,944)
Proceeds from sales and redemption of investment securities	9,314
Proceeds from transfer of business	5,988
Other, net	(81)
Net cash provided by (used in) investment activities	(21,461)
Net cash provided by (used in) financing activities:	
Net increase (decrease) in short-term loans payable	75
Repayment of long-term loans payable	(250)
Proceeds from issuance of bonds	49,907
Repayments of finance lease obligations	(378)
Cash dividends paid	(9,107)
Other, net	(5)
Net cash provided by (used in) financing activities	40,242
Effect of exchange rate change on cash and cash equivalents	407
Net increase (decrease) in cash and cash equivalents	33,456
Cash and cash equivalents at beginning of period	87,957
Cash and cash equivalents at end of period	121,413

Effective from the fiscal year ending March 2009, the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No.12) and its Implementation Guidance, “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No.14) have been applied. Quarterly consolidated financial statements have been prepared in accordance with “Regulation for Quarterly Consolidated Financial Reporting.”

Notes on premise of going concern

For three months ended September 30, 2008
Not applicable.

Segment Information

Business Segments

Six months ended September 30, 2008

(Millions of yen)

	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
Net sales					
(1) Outside customers	237,116	35,282	272,398	-	272,398
(2) Inside Group	208	13,561	13,769	(13,769)	-
Total	237,324	48,843	286,167	(13,769)	272,398
Operating income	21,112	76	21,188	(2,977)	18,211

Notes on significant changes in Shareholders' Equity

For six months ended September 30, 2008

On August 1, 2008, consolidated subsidiary Casio Micronics Co., Ltd., became a wholly owned subsidiary of Casio Computer Co., Ltd., through a share exchange in which treasury stock of Casio Computer Co., Ltd., was allocated to shareholders of Casio Micronics. For the six months ended September 30, as a result, the capital surplus declined ¥1,122 million and treasury stock dropped ¥3,184 million.

[Reference]**Consolidated Financial Statements for the Same Period of the Previous Fiscal Year****(1) Consolidated Statement of Income**

(Millions of yen)

	Six months ended September 30, 2007
	Amount
Net sales	294,277
Cost of sales	212,517
Gross profit	81,760
Selling, general and administrative expenses	68,018
Operating income	13,742
Non-operating income	2,329
Interest and dividends income	1,538
Other	791
Non-operating expenses	5,526
Interest expenses	781
Other	4,745
Ordinary income	10,545
Extraordinary income	563
Gain on sales of noncurrent assets	14
Gain on sales of investment securities	7
Government grants	540
Other	2
Extraordinary loss	2,142
Loss on retirement of noncurrent assets	440
Loss on valuation of investment securities	169
Loss on dissolution of a consolidated subsidiary	1,530
Other	3
Income before income taxes and minority interests	8,966
Income taxes-current	5,272
Income taxes-deferred	(571)
Minority interests in income	1,211
Net income	5,476

(2) Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2007
Net cash provided by (used in) operating activities:	
Income before income taxes and minority interests	8,966
Depreciation and amortization	16,888
Loss on sales and retirement of property, plant and equipment	426
Gain on sales of investment securities	(7)
Loss on valuation of investment securities	169
Government grants	(540)
Decrease in provision for retirement benefits	(419)
Interest and dividends income	(1,538)
Interest expenses	781
Foreign exchange gains	(120)
Decrease in notes and accounts receivable-trade	7,406
Decrease in inventories	3,037
Decrease in notes and accounts payable-trade	(16,718)
Other, net	(610)
Total	17,721
Interest and dividends income received	1,631
Interest expenses paid	(763)
Income taxes paid	(9,366)
Net cash provided by (used in) operating activities	9,223
Net cash provided by (used in) investment activities:	
Payments into time deposits	(436)
Proceeds from withdrawal of time deposits	765
Purchase of property, plant and equipment	(16,127)
Proceeds from sales of property, plant and equipment	47
Purchase of intangible assets	(10,691)
Net proceeds from purchases, sales and redemption of investment securities	1,225
Payments for acquisition of consolidated subsidiaries and affiliates	(1,900)
Other, net	(104)
Net cash provided by (used in) investment activities	(27,221)
Net cash provided by (used in) financing activities:	
Net increase in short-term loans payable	5,940
Proceeds from long-term loans payable	8,000
Repayment of long-term loans payable	(20,250)
Payments for acquisitions of treasury stock	(21)
Proceeds from sales of treasury stock	37
Cash dividends paid	(6,346)
Proceeds from minority shareholders	600
Other, net	(45)
Net cash provided by (used in) financing activities	(12,085)
Effect of exchange rate change on cash and cash equivalents	681
Net decrease in cash and cash equivalents	(29,402)
Cash and cash equivalents at beginning of period	97,239
Cash and cash equivalents at end of period	67,837

(3) Segment Information

Business Segments

Six months ended September 30, 2007

(Millions of yen)

	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
Net sales					
(1) Outside customers	242,464	51,813	294,277	-	294,277
(2) Inside Group	181	13,045	13,226	(13,226)	-
Total	242,645	64,858	307,503	(13,226)	294,277
Costs and expenses	224,853	66,236	291,089	(10,554)	280,535
Operating income (loss)	17,792	(1,378)	16,414	(2,672)	13,742