

Qualitative Information and Financial Statements

Qualitative Information about Consolidated Operating Results

During the first quarter of the current fiscal year, the outlook remained uncertain despite some signs of economic recovery in and outside Japan following the rapid deterioration that began in the autumn of 2008. The business environment in which Casio operates has remained harsh as a result of the prolonged slump in consumer spending.

In this environment, consolidated net sales for the first quarter fell 29.7% year-on-year to ¥81.5 billion. By segment, sales dropped 26.8% to ¥70.7 billion in the Electronics segment, and fell 44.5% to ¥10.7 billion in the Electronic Components and Others segment.

The digital camera business generated lower sales due to the depreciation of European currencies and the harsh business environment. However, Casio maintained its high share of the Japanese market, primarily attributable to sales of the EXILIM ZOOM EX-Z400, which boasts Dynamic Photo, a function unique to Casio that sets it apart from its competitors. In the cellular phone business, although sales decreased due to the slump in the Japanese market, sales of cellular phones for US-based Verizon Wireless were strong, mainly due to the launch of the EXILIM Phone C721, a new model equipped with a 5.1 megapixel camera, in addition to the popular G'zOne phone. Sales in the Electronic Components segment were also down, primarily due to the impact of sluggish demand for digital cameras and cellular phones as well as lower unit prices on TFT LCDs.

Turning to income for the first quarter of the current fiscal year, the Electronics segment posted an operating loss of ¥5.3 billion, primarily due to lower sales of digital cameras and cellular phones. However, timepieces and electronic dictionaries remained highly profitable. The Electronic Components and Others segment recorded an ¥0.8 billion operating loss, attributable to lower sales of TFT LCDs. As a result, Casio posted a total consolidated operating loss of ¥7.4 billion, allowing for elimination or unallocated amount. Casio also posted an ordinary loss of ¥5.8 billion and a net loss of ¥2.3 billion.

Qualitative Information about Consolidated Financial Position

Total assets on a consolidated basis at the end of the first quarter of the current fiscal year stood at ¥397.1 billion, down ¥47.5 billion compared to the end of the previous fiscal year, owing to a decline in notes and accounts receivable-trade. Net assets fell ¥6.5 billion compared to the end of the previous fiscal year to ¥178.3 billion, due to the net loss and dividend payments. As a result, the equity ratio was 44.8%.

Net cash used in operating activities was ¥3.0 billion, net cash used in investing activities was ¥2.6 billion, and net cash used in financing activities was ¥12.0 billion. As a result, consolidated cash and cash equivalents at the end of the first quarter of the current fiscal year stood at ¥86.8 billion, a decrease of ¥17.4 billion from the end of the previous fiscal year.

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

Qualitative Information about Consolidated Results Forecasts

Sales of cellular phones were impacted by the unexpectedly stagnant Japanese market in the first quarter of the current fiscal year, however, Casio expects to compensate for this result through the performance of other businesses in the Stable Business product category in the second quarter. Accordingly, forecasts of consolidated performance for the fiscal year ending March 31, 2010, have not been revised from those initially announced on May 12, 2009.

Taking a long-term perspective, Casio intends to strengthen its profitability and reinforce its management and financial structure while leveraging its universally accepted and unique technology to proactively expand its new products globally.

Notes concerning results forecasts

- 1) Exchange rates are estimated at US\$ 1 = ¥95 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.