

Qualitative Information about Consolidated Operating Results

The Casio Group has been developing and vigorously promoting a strategy of focusing on high-value-added and differentiated products in its five strategic businesses: timepieces, digital cameras, electronic dictionaries, cellular phones, and TFT LCDs. At the same time, the company is focused on further increasing management efficiency by, for instance, improving capital efficiency and radically reducing fixed costs. On the strength of these efforts, consolidated net sales for the first quarter of the current fiscal year were ¥104.3 billion, with digital cameras and electronic dictionaries continuing the strong performance of the previous fiscal year. Operating income was ¥3.5 billion, ordinary income was ¥3.3 billion, and net income stood at ¥2.4 billion. These figures were low in comparison with the previous year, but they are on track to match forecasts for this fiscal year. The company expects a marked difference in the distribution of sales between the first and second quarters, which is also reflected in initial forecasts. The main reasons for the second-quarter weighting are that the launch of new cellular phone products is concentrated in the second quarter and that TFT LCDs remain on a low price trend.

Qualitative Information about Changes in Consolidated Financial Position

At the end of the first quarter, total assets had decreased by ¥26.2 billion to ¥469.5 billion compared with the end of the previous fiscal year. Shareholders' equity also declined by ¥1.9 billion to ¥160.2 billion. This resulted in a 1.4% increase in the shareholders' equity ratio to 34.1%.

Qualitative Information about Results Forecasts

In the second quarter and beyond, the Casio Group will continue to vigorously develop and promote its strategic businesses of timepieces, digital cameras, electronic dictionaries, cellular phones, and TFT LCDs, with the aim of achieving management targets. At the same time, the company is focused on enhancing management efficiency through such means as raising the profit margin and improving capital efficiency. In the Consumer Category, digital cameras and electronic dictionaries are expected to remain steady. The Timepieces Category is expected to see increased demand as the usual year-end sales boom approaches, and to record increased sales due to the enhancement of its line-up of full-metal, solar-powered radio-controlled watches. The System Equipment Category is moving ahead in line with forecasts, with a tendency for sales to be concentrated at the end of the first half and at the end of the fiscal year. In the Mobile Network Solutions Category, a substantial increase in sales in the second quarter is forecast for cellular phones, as the launch of new products is concentrated in the period from July to September. Moreover, for TFT LCDs in the Electronic Components Category, Casio believes that the market for TFT LCDs for cellular phones has already bottomed out, and that TFT LCDs for digital cameras will remain flat on the previous fiscal year. The company therefore forecasts expansion toward the last half of the fiscal year.

The company is currently making steady progress in line with the forecasts announced on May 10, 2005. There are no revisions to results forecasts for the full year ending in March 2006.

Notes concerning results forecasts

- 1) The exchange rates are calculated at US\$1 = ¥103 and Euro1 = ¥130.
- 2) Results forecasts are based on information available at the present time, and actual results may differ significantly from forecasts. Key factors affecting actual 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.