

Qualitative Information about Consolidated Operating Results

The Casio Group is 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, ensuring stable profits and improving capital efficiency. Consolidated net sales for the first three quarters of the current fiscal year gained 0.4% year-on-year to ¥417.2 billion. To report on results by segment, sales in the Electronics segment were up 2.0% year-on-year to ¥337.3 billion, driven by the hit digital camera, EX-Z500, and strong sales of the OCEANUS, one of Casio's top radio-controlled watch brands. In the Electronic Components and Others segment, sales were ¥79.9 billion, down 5.5% year-on-year. TFT LCDs remained on a low price trend, but the segment is beginning to show signs of recovery such as an increase in demand for TFT LCDs for cellular phones.

Operating income was up 1.2% year-on-year to ¥28.7 billion, due to efforts to strengthen earning potential such as increasing added value by enhancing product strength in strategic businesses. The company secured a profit on an improved profit margin in the Electronics segment — mainly comprised of electronic dictionaries, digital cameras, and solar-powered radio-controlled watches — which offset a lower profit margin in the Electronic Components businesses due to falling prices. Ordinary income, at ¥25.5 billion, grew 3.6% year-on-year due to measures to strengthen the company's financial structure, including improving net financial expenses. Net income rose 1.6% year-on-year to ¥15.0 billion.

Qualitative Information about Changes in Consolidated Financial Position

At the end of the third quarter, total assets stood at ¥470.9 billion, down ¥24.8 billion since the end of the previous fiscal year, due to such factors as a reduction in interest-bearing debt. Shareholders' equity increased ¥17.6 billion to reach ¥179.8 billion, mainly as a result of an increase in retained earnings generated by improved business performance. This resulted in a substantial 5.5 percentage point increase in the shareholders' equity ratio, which reached 38.2%.

Qualitative Information about Results Forecasts

Going forward, the Casio Group will continue to work to achieve management targets by vigorously developing and promoting its strategic businesses of timepieces, digital cameras, electronic dictionaries, cellular phones, and TFT LCDs. At the same time, the company is focused on enhancing management efficiency through such means as raising profit margins and improving capital efficiency. In the Consumer category in the fourth quarter, new digital camera models will be introduced both in and outside Japan, and sales of electronic dictionaries, which hold a stable, large share of the market, are expected to remain steady. In the Timepieces category, an expanded line-up of high-priced full-metal, solar-powered radio-controlled watches is also expected to drive sales upward. In the Mobile Network Solutions (MNS) category, the introduction of two strategic new cellular phone models should substantially increase sales. The System Equipment category is moving in line with forecasts, with a tendency for sales to be concentrated at the end of the fiscal year. Despite the

continuing low price trend for TFT LCDs, the Electronic Components category is expected to see an upturn toward the end of the fiscal year as the market recovers for TFT LCDs for cellular phones.

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

Notes concerning results forecasts

- 1) The exchange rates are calculated at US\$1 = ¥110 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.