

Qualitative Information about Consolidated Operating Results

During the first quarter of the current fiscal year, the Japanese economy expanded steadily, growing on improved corporate earnings, an accompanying increase in private-sector capital expenditures, and a general rise in consumer spending.

In this environment, consolidated net sales for the first quarter expanded 21.2% year-on-year to ¥126.5 billion. Reporting results by segment, sales in the Electronics segment grew 34.8% year-on-year to ¥109.0 billion. The main reason for this growth was a strong performance by the strategic businesses as a whole: digital cameras, electronic dictionaries, timepieces, and cellular phones. In particular, the jump in sales of Exilim digital cameras due to overseas expansion and the W41CA cellular phone — the top-selling model in Japan at any mobile communications provider — made large contributions to this segment's growth. In the Electronic Components and Others segment, sales were ¥17.4 billion, down 25.7% year-on-year, affected by declining sales at Casio Micronics Co., Ltd.

Operating income in the Electronics segment reached ¥6.7 billion, up 79.5% year-on-year, while the Electronic Components and Others segment had operating income of ¥50 million, down 96.6%. Total consolidated operating income, allowing for elimination or unallocated amounts, rose 55.5% year-on-year to ¥5.5 billion. The main factors in these results were the higher income driven by increased sales of digital cameras and cellular phones, and improvements in profit margins for those products. As a result, ordinary income rose 31.8% year-on-year, to ¥4.4 billion, and net income increased 8.9% to ¥2.6 billion.

Qualitative Information about Changes in Consolidated Financial Position

At the end of the first quarter, total assets stood at ¥489.9 billion, down ¥12.0 billion since the end of the previous fiscal year, due mainly to a fall in notes and accounts receivable-trade. However, net assets increased ¥4.5 billion, to ¥195.5 billion.

Looking at cash flow at the end of the first quarter, net cash provided by operating activities was ¥14.4 billion in income. Meanwhile, net cash used in investing activities recorded ¥11.5 billion in expenditure, and net cash used in financing activities recorded ¥6.1 billion in expenditure. As a result, cash and cash equivalents totaled ¥122.1 billion at the end of the first quarter, a decrease of ¥3.0 billion over the end of the previous year.

Qualitative Information about Results Forecasts

Casio believes that the business environment going forward will remain unpredictable due to such factors as rising crude oil prices and exchange rate fluctuations. In this environment, the company will continue in the second quarter and beyond to work to achieve management targets by vigorously developing and promoting its strategic businesses. At the same time, the company is focused on enhancing management efficiency through such means as increasing profit margins and improving capital efficiency. Casio will continue to work to expand sales of its digital cameras in overseas markets, and seek to improve the profitability of its electronic dictionaries by introducing more of the popular voice-function models. For solar-powered radio-controlled watches, Casio will seek to increase sales and improve profitability by introducing new products able to receive standard signals from transmitters in five different regions of the world. In cellular phones, the company will work to expand sales by participating fully in overseas markets and to enhance profitability by introducing new models. In TFT LCDs, Casio

will pursue involvement in new fields and work to improve profitability by reducing costs through production capacity increases.

The company is currently making steady progress in line with the forecasts announced on May 10, 2006. There are no revisions at this time to results forecasts for the full year ending March 2007.

Notes concerning results forecasts

1) The exchange rates are calculated at US\$ 1 = ¥110 and Euro 1 = ¥138.

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.