

## **Qualitative Information and Financial Statements**

### **Qualitative Information about Consolidated Operating Results**

During the first quarter of the current fiscal year, the Japanese economy experienced an upswing, growing steadily on improved corporate earnings and an accompanying increase in capital expenditures, as well as a general rise in consumer spending and an improved employment situation.

In this environment, Casio pursued its management goals by aggressively promoting and developing high-value-added and differentiated products. At the same time, the company focused on greater management efficiency, including efforts to improve capital efficiency.

As a result, consolidated net sales for the first quarter of fiscal 2008 were ¥119.0 billion, with EXILIM digital cameras and OCEANUS, the top brand among Casio's radio-controlled watches, continuing the strong performance of the previous fiscal year. Operating income was ¥1.2 billion, ordinary income was ¥1.0 billion, and net income for the quarter stood at ¥2.1 billion. These figures are lower than in the same period of 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. The main reasons for the second-quarter weighting are that the launch of new cellular phone models is concentrated in the second quarter and business results at Casio Micronics Co., Ltd., are on the path to recovery.

### **Qualitative Information about Consolidated Financial Position**

At the end of the first quarter, total assets stood at ¥481.5 billion, a decrease of ¥43.9 billion since the end of the previous fiscal year. Net assets totaled ¥233.4 billion, while equity ratio increased from 42.6% at the end of the previous fiscal year to 46.2% (up 3.6 percentage point). Interest-bearing debt decreased ¥1.2 billion from the end of the previous fiscal year to ¥82.4 billion.

In the future, the company will continue to pursue even more thoroughly efficient cash flow management and strive to generate free cash flow, aiming for a complete turnaround to a strong, stable financial structure.

### **Qualitative Information about Consolidated Results Forecasts**

Casio is continuing to pursue measures to promote innovative product development, enhance its long-term earning capacity, and strengthen its management and financial structure. The company is also actively implementing a variety of measures in all business segments with a view to improving the health of its businesses, and is working to achieve earnings growth and further improve its management practices.

The Electronics segment, which includes digital cameras, electronic dictionaries, and radio-controlled watches, is performing more strongly than initially expected and absorbing the declining income in the Electronic Components and Others segment. As a

result, the company is making progress in line with the previous forecasts announced on May 10, 2007. Thus, there are no revisions to results forecasts for the full fiscal year ending March 2008.

Notes concerning results forecasts

- 1) Exchange rates are estimated at US\$ 1 = ¥110 and Euro 1 = ¥150.
- 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.