

Qualitative Information and Financial Statements

Qualitative Information about Consolidated Operating Results

During the third quarter of the current fiscal year, the Japanese economy maintained a moderate trend of recovery with an increase in capital expenditure accompanying improved corporate earnings and a general rise in consumer spending and better employment situation. Nevertheless, the global economy has entered a phase of instability due to the effect of the rising price of crude oil and raw materials and the US sub-prime loan problem.

In this environment, Casio worked hard to develop and aggressively promote high-value-added and differentiated products, with the aim of increasing corporate value. At the same time, the company endeavored to improve its business structure and strengthen its management foundation, focusing on such areas as greater capital efficiency.

As a result, consolidated net sales for the first three quarters of fiscal 2008 were ¥449.4 billion. Operating income was ¥24.0 billion, ordinary income was ¥20.4 billion, and net income was ¥10.8 billion.

In the third quarter alone, Casio recorded consolidated net sales of ¥155.1 billion, up 6.1% year-on-year, driven by strong sales of cellular phones, including the EXILIM Keitai W53CA, which makes good use of digital camera technology, and the Wooo Keitai W53H, which features a 2.8-inch wide QVGA organic EL display. Operating income rose to ¥10.3 billion, up 1.8% year-on-year, ordinary income reached ¥9.8 billion, up 29.6%, and net income for the quarter hit ¥5.4 billion, up 8.1%. This was the result of the increased income accompanying greater sales, mainly for electronic dictionaries, radio-controlled watches, and cellular phones, as well as an improved profit margin due to product development that anticipates market needs.

Qualitative Information about Consolidated Financial Position

At the end of the third quarter, total assets stood at ¥477.4 billion. Net assets totaled ¥236.7 billion, while the equity ratio had improved by five percentage points from 42.6% at the end of the previous fiscal year to 47.6%. Moreover, interest-bearing debt fell by ¥5.7 billion compared to the end of the previous fiscal year, to ¥77.9 billion.

In the future, Casio will continue to manage its business assets efficiently, aiming to build a completely strong, stable financial structure.

Qualitative Information about Consolidated Results Forecasts

Casio continues to take steps 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.

Digital cameras, with a concentration of new products in the fourth quarter of the current fiscal year, as well as electronic dictionaries, radio-controlled watches, and cellular phones, are showing a strong performance, and this should offset the effect of the revision to results forecasts at Casio Micronics Co., Ltd. Casio is making progress in line with 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.