

Consolidated Financial Results for the First Quarter Ended June 30, 2006

August 3, 2006

Company Name: **CASIO COMPUTER CO., LTD.**

(URL <http://www.casio.co.jp>)

Stock Exchange Listings: Tokyo (First Section)

Code Number: 6952

President and CEO: Kazuo Kashio

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1. Notes to Quarterly Financial Information

(1) Adoption of the simplified accounting method: Yes

The simplified method is used for the tax effect accounting.

(2) Changes in accounting methods in the most recent fiscal year: None

(3) Changes in scope of consolidation and equity method: Yes

Consolidated subsidiaries:	(Newly included) 2	(Excluded) 1
Companies accounted for by the equity method:	(Newly included) 0	(Excluded) 0

2. Consolidated Financial Results for the Three Months from April 1, 2006 to June 30, 2006

Monetary amounts are rounded to the nearest million yen.

(1) Operating Results

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Three months ended June 30, 2006	126,518 21.2 %	5,544 55.5 %	4,461 31.8 %	2,659 8.9 %
Three months ended June 30, 2005	104,387 (20.8)%	3,566 (49.8)%	3,384 (50.3)%	2,441 (31.1)%
(Reference) Year ended March 31, 2006	580,309 3.8 %	43,114 10.4 %	38,915 15.9 %	23,745 10.3 %

	Net income per share (Yen)	Diluted net income per share (Yen)
Three months ended June 30, 2006	10.00	9.52
Three months ended June 30, 2005	9.19	8.75
(Reference) Year ended March 31, 2006	88.57	84.43

Note: Percentages in the net sales, operating income and other columns indicate changes from the same period of the previous fiscal year.

(2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
Three months ended June 30, 2006	489,940	195,545	37.6	692.84
Three months ended June 30, 2005	469,505	160,296	34.1	603.41
(Reference) Year ended March 31, 2006	501,960	191,011	38.1	717.40

(3) Cash Flows

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
Three months ended June 30, 2006	14,464	(11,528)	(6,166)	122,162
(Reference) Year ended March 31, 2006	43,875	(29,682)	(39,818)	125,232

Note: Quarterly consolidated cash flows for the same period of the previous year are not shown, because the disclosure of quarterly cash flows began in fiscal 2007.

3. Consolidated Results Forecast for Fiscal 2007 from April 1, 2006 to March 31, 2007

(Millions of yen)

	Net sales	Ordinary income	Net income
First Half	280,000	19,500	11,500
Fiscal 2007	620,000	45,000	27,000

(Estimated net income per share: 101.51 yen)

Note: For items related to assumptions and others of the above forecast, see pages from 7 to 8.

Consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2006	As of March 31, 2006	Increase (Decrease)	As of June 30, 2005
Assets				
Current assets	306,684	319,179	(12,495)	301,499
Cash and time deposits	65,287	71,818	(6,531)	56,888
Notes and accounts receivable-trade	77,418	104,098	(26,680)	69,674
Marketable securities	37,815	29,171	8,644	43,299
Inventories	71,724	57,643	14,081	70,082
Other current assets	55,718	57,757	(2,039)	63,039
Allowance for doubtful accounts	(1,278)	(1,308)	30	(1,483)
Fixed assets	183,256	182,781	475	168,006
Property, plant and equipment	95,488	96,115	(627)	95,134
Buildings and structures	30,008	30,370	(362)	31,078
Machinery and vehicles	14,618	15,337	(719)	14,458
Land	37,443	37,462	(19)	37,436
Other property, plant and equipment	13,419	12,946	473	12,162
Intangibles	15,710	14,746	964	12,564
Investments and other assets	72,058	71,920	138	60,308
Investment securities	51,525	50,464	1,061	39,137
Other assets	20,918	21,855	(937)	22,221
Allowance for doubtful accounts	(385)	(399)	14	(1,050)
Total assets	489,940	501,960	(12,020)	469,505

(Millions of yen)

	As of June 30, 2006	As of March 31, 2006	Increase (Decrease)	As of June 30, 2005
Liabilities				
Current liabilities	194,439	183,967	10,472	171,881
Notes and accounts payable-trade	94,759	94,341	418	76,633
Short-term borrowings	901	911	(10)	833
Long-term borrowings due within one year	35,565	20,747	14,818	9,530
Bonds due within one year				30,000
Other current liabilities	63,214	67,968	(4,754)	54,885
Long-term liabilities	99,956	114,948	(14,992)	127,529
Bonds	20,000	20,000		20,000
Bonds with stock acquisition rights	20,000	20,000		20,000
Long-term borrowings	44,450	59,450	(15,000)	73,990
Employees' severance and retirement benefits	7,357	7,402	(45)	7,173
Other long-term liabilities	8,149	8,096	53	6,366
Total liabilities	294,395	298,915	(4,520)	299,410
Net assets				
Shareholders' equity	181,458			
Common stock	41,549			
Additional paid-in capital	57,724			
Retained earnings	87,164			
Treasury stock, at cost	(4,979)			
Valuation and translation adjustments	2,823			
Net unrealized holding gains on securities	8,015			
Deferred losses on hedges	(1,892)			
Foreign currency translation adjustments	(3,300)			
Minority interests	11,264			
Total net assets	195,545			
Total liabilities and net assets	489,940			
Minority interests		12,034		9,799
Shareholders' equity				
Common stock		41,549		41,549
Additional paid-in capital		57,523		57,523
Retained earnings		90,236		69,004
Net unrealized holding gains on securities		9,861		2,975
Foreign currency translation adjustments		(3,168)		(5,429)
Treasury stock, at cost		(4,990)		(5,326)
Total shareholders' equity		191,011		160,296
Total liabilities, minority interests and shareholders' equity		501,960		469,505

Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2006		Three months ended June 30, 2005		Increase (Decrease)	Year ended March 31, 2006
	Amount	% of Net sales	Amount	% of Net sales		
Net sales	126,518	100.0	104,387	100.0	22,131	580,309
Cost of sales	89,680	70.9	75,030	71.9	14,650	407,940
Gross income	36,838	29.1	29,357	28.1	7,481	172,369
Selling, general and administrative expenses	31,294	24.7	25,791	24.7	5,503	129,255
Operating income	5,544	4.4	3,566	3.4	1,978	43,114
Non-operating income	746	0.6	608	0.6	138	3,383
Non-operating expenses	1,829	1.5	790	0.8	1,039	7,582
Ordinary income	4,461	3.5	3,384	3.2	1,077	38,915
Extraordinary gains	31	0.0	296	0.3	(265)	2,397
Extraordinary losses	196	0.1	156	0.1	40	1,641
Income before income taxes and minority interests	4,296	3.4	3,524	3.4	772	39,671
Income taxes	1,723	1.4	1,445	1.4	278	14,163
Minority interests	86	0.1	362	0.3	(276)	(1,763)
Net income	2,659	2.1	2,441	2.3	218	23,745

Business Segment Information

Three months ended June 30, 2006

(Millions of yen)

	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
Net sales:					
(1) Outside customers	109,083	17,435	126,518		126,518
(2) Inside Group	132	7,721	7,853	(7,853)	
Total	109,215	25,156	134,371	(7,853)	126,518
Costs and expenses	102,478	25,105	127,583	(6,609)	120,974
Operating income (loss)	6,737	51	6,788	(1,244)	5,544

Three months ended June 30, 2005

(Millions of yen)

	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
Net sales:					
(1) Outside customers	80,935	23,452	104,387		104,387
(2) Inside Group	99	7,228	7,327	(7,327)	
Total	81,034	30,680	111,714	(7,327)	104,387
Costs and expenses	77,280	29,189	106,469	(5,648)	100,821
Operating income (loss)	3,754	1,491	5,245	(1,679)	3,566

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.