

Consolidated Financial Results for the Nine Months Ended December 31, 2006

February 1, 2007

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) 5 (Excluded) 2

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

2. Consolidated Financial Results for the Nine Months from April 1, 2006 to December 31, 2006

Monetary amounts are rounded to the nearest million yen.

(1) Operating Results

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income	
Nine months ended December 31, 2006	446,824	7.1%	33,322	16.0%	27,928	9.4%	16,979	12.9%
Nine months ended December 31, 2005	417,288	0.4%	28,738	1.2%	25,530	3.6%	15,042	1.6%
(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)
Nine months ended December 31, 2006	62.95	60.87
Nine months ended December 31, 2005	56.61	53.96
(Reference) Year ended March 31, 2006	88.57	84.43

Note: Percentages in 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)
Nine months ended December 31, 2006	505,694	233,342	43.7	792.99
Nine months ended December 31, 2005	470,939	179,887	38.2	676.52
(Reference) Year ended March 31, 2006	501,960	191,011	38.1	717.40

【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 period
Nine months ended December 31, 2006	24,098	(32,405)	(14,300)	104,589
(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 fiscal 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
Fiscal 2007	630,000	46,000	27,500

(Estimated net income per share: 98.73 yen)

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

Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2006	As of March 31, 2006	Increase (Decrease)	As of December 31, 2005
Assets				
Current assets	318,945	319,179	(234)	292,772
Cash and time deposits	54,545	71,818	(17,273)	54,703
Notes and accounts receivable-trade	94,620	104,098	(9,478)	101,559
Marketable securities	36,419	29,171	7,248	12,999
Inventories	79,097	57,643	21,454	66,423
Other current assets	55,771	57,757	(1,986)	58,529
Allowance for doubtful accounts	(1,507)	(1,308)	(199)	(1,441)
Fixed assets	186,749	182,781	3,968	178,167
Property, plant and equipment	94,183	96,115	(1,932)	96,248
Buildings and structures	30,192	30,370	(178)	30,618
Machinery and vehicles	12,896	15,337	(2,441)	15,654
Land	37,460	37,462	(2)	37,459
Other property, plant and equipment	13,635	12,946	689	12,517
Intangibles	18,553	14,746	3,807	13,936
Investments and other assets	74,013	71,920	2,093	67,983
Investment securities	51,763	50,464	1,299	47,778
Other assets	22,561	21,855	706	21,232
Allowance for doubtful accounts	(311)	(399)	88	(1,027)
Total assets	505,694	501,960	3,734	470,939

(Millions of yen)

	As of December 31, 2006	As of March 31, 2006	Increase (Decrease)	As of December 31, 2005
Liabilities				
Current liabilities	210,368	183,967	26,401	161,674
Notes and accounts payable-trade	95,068	94,341	727	90,146
Short-term borrowings	1,861	911	950	1,120
Long-term borrowings due within one year	32,009	20,747	11,262	10,787
Bonds due within one year	10,000		10,000	
Other current liabilities	71,430	67,968	3,462	59,621
Long-term liabilities	61,984	114,948	(52,964)	118,192
Bonds	10,000	20,000	(10,000)	20,000
Bonds with stock acquisition rights		20,000	(20,000)	20,000
Long-term borrowings	37,700	59,450	(21,750)	64,717
Employees' severance and retirement benefits	7,128	7,402	(274)	7,471
Other long-term liabilities	7,156	8,096	(940)	6,004
Total liabilities	272,352	298,915	(26,563)	279,866
Net assets				
Shareholders' equity	216,292			
Common stock	48,592			
Additional paid-in capital	66,757			
Retained earnings	101,487			
Treasury stock, at cost	(544)			
Valuation and translation adjustments	4,591			
Net unrealized holding gains on securities	7,520			
Deferred losses on hedges	(1,193)			
Foreign currency translation adjustments	(1,736)			
Minority interests	12,459			
Total net assets	233,342			
Total liabilities and net assets	505,694			
Minority interests		12,034		11,186
Shareholders' equity				
Common stock		41,549		41,549
Additional paid-in capital		57,523		57,523
Retained earnings		90,236		81,543
Net unrealized holding gains on securities		9,861		8,211
Foreign currency translation adjustments		(3,168)		(3,883)
Treasury stock, at cost		(4,990)		(5,056)
Total shareholders' equity		191,011		179,887
Total liabilities, minority interests and Shareholders' equity		501,960		470,939

Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2006		Nine months ended December 31, 2005		Increase (Decrease)	Year ended March 31, 2006
	Amount	% of Net sales	Amount	% of Net sales		
Net sales	446,824	100.0	417,288	100.0	29,536	580,309
Cost of sales	311,833	69.8	294,748	70.6	17,085	407,940
Gross income	134,991	30.2	122,540	29.4	12,451	172,369
Selling, general and administrative expenses	101,669	22.7	93,802	22.5	7,867	129,255
Operating income	33,322	7.5	28,738	6.9	4,584	43,114
Non-operating income	3,014	0.7	1,984	0.5	1,030	3,383
Non-operating expenses	8,408	1.9	5,192	1.3	3,216	7,582
Ordinary income	27,928	6.3	25,530	6.1	2,398	38,915
Extraordinary gains	1,120	0.2	424	0.1	696	2,397
Extraordinary losses	1,330	0.3	1,025	0.2	305	1,641
Income before income taxes and minority interests	27,718	6.2	24,929	6.0	2,789	39,671
Income taxes	9,745	2.2	9,001	2.2	744	14,163
Minority interests	(994)	(0.2)	(886)	(0.2)	(108)	(1,763)
Net income	16,979	3.8	15,042	3.6	1,937	23,745

Business Segment Information

Nine months ended December 31, 2006

(Millions of yen)

	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
Net sales:					
(1) Outside customers	380,618	66,206	446,824		446,824
(2) Inside Group	560	25,077	25,637	(25,637)	
Total	381,178	91,283	472,461	(25,637)	446,824
Costs and expenses	344,200	91,232	435,432	(21,930)	413,502
Operating income (loss)	36,978	51	37,029	(3,707)	33,322

Nine months ended December 31, 2005

(Millions of yen)

	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
Net sales:					
(1) Outside customers	337,381	79,907	417,288		417,288
(2) Inside Group	312	24,225	24,537	(24,537)	
Total	337,693	104,132	441,825	(24,537)	417,288
Costs and expenses	310,386	98,329	408,715	(20,165)	388,550
Operating income (loss)	27,307	5,803	33,110	(4,372)	28,738

Qualitative Information about Consolidated Operating Results

In the first three quarters of this fiscal year, the Japanese economy experienced sluggish consumer spending but generally remained on an upswing, growing on improved corporate earnings and the accompanying increase in capital expenditures, as well as the improved employment situation.

The overall market for Casio businesses showed solid growth. Demand for digital cameras and cellular phones grew steadily, and these products continued to drive growth.

In this environment, Casio pursued its management goals by aggressively launching new models in strategic businesses (timepieces, digital cameras, electronic dictionaries, and cellular phones) and expanding these businesses. At the same time, the company focused on realizing greater management efficiency, including efforts to improve profit margins and capital efficiency.

As a result, consolidated net sales for the first three quarters of fiscal 2007 expanded 7.1% year-on-year to ¥446.8 billion. Reporting results by segment, sales in the Electronics segment grew 12.8% year-on-year to ¥380.6 billion. The main factors here were further expansion in sales of Exilim digital cameras driven by overseas sales, the growth of Oceanus, the top brand among Casio's radio-controlled watches, and a supply of cellular phones to North America, in addition to steady sales in Japan. In the Electronic Components and Others segment, sales were ¥66.2 billion, down 17.1% year-on-year. The main factors here were falling unit prices for TFT LCDs and a decline in sales at Casio Micronics Co., Ltd.

Operating income in the Electronics segment reached ¥36.9 billion, up 35.4% year-on-year. The Electronic Components and Others segment had operating income of ¥50 million, down 99.1% year-on-year. Total consolidated operating income, allowing for elimination or unallocated amounts, rose 16.0% year-on-year to ¥33.3 billion.

Profit margins for digital cameras, electronic dictionaries, and radio-controlled watches improved substantially, absorbing a fall in incomes because of market conditions in the Electronic Components and Others segment.

Ordinary income, at ¥27.9 billion, grew 9.4% year-on-year. Net income for the first three quarters of fiscal 2007 rose 12.9% year-on-year to ¥16.9 billion. As a result, Casio set new record-highs for the first three quarters of a fiscal year for both net sales and operating, ordinary and net incomes.

Qualitative Information about Changes in Consolidated Financial Position

At the end of the third quarter, total assets stood at ¥505.6 billion, an increase of ¥3.7 billion since the end of the previous fiscal year. Net assets totaled ¥233.3 billion, while equity ratio increased from 38.1% at the end of the previous fiscal year to 43.7% (up 5.6 percentage point).

Interest-bearing debt decreased ¥29.5 billion from the end of the previous fiscal year to ¥91.5 billion, substantially improving the debt/equity (D/E) ratio from 0.6 to 0.4.

Going forward, Casio will continue to maintain a cash balance of over ¥100 billion, and work toward reducing interest-bearing debt.

Qualitative Information about 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, radio-controlled watches, and cellular phones, 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 November 1, 2006. Thus, there are no revisions to results forecasts for the full fiscal year ending March 2007.

Notes concerning results forecasts

- 1) Exchange rates are estimated at US\$ 1 = ¥110 and Euro 1 = ¥143.
- 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.