

Consolidated Financial Results for the Six Months Ended September 30, 2007

English Translation of "Kessan tanshin"

(Summary for reference)

November 2, 2007

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

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

Stock Exchange Listings: Tokyo (First Section)

Code Number: 6952

Head Office: 6-2, Hon-machi 1-chome, Shibuya-ku, Tokyo 151-8543, Japan

President and CEO: Kazuo Kashio

Inquiries: Akinori Takagi, Managing Director

Tel: (03) 5334-4852

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1. Consolidated Financial Results for the Six Months from April 1, 2007 to September 30, 2007

Monetary amounts are rounded to the nearest million yen.

(Millions of yen)

(1) Operating Results

(Percentages indicate changes from the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	%		%		%		%	
Six months ended September 30, 2007	294,277	(2.1)	13,742	(40.8)	10,545	(48.1)	5,476	(54.3)
Six months ended September 30, 2006	300,574	9.6	23,198	17.6	20,315	14.3	11,978	17.1
Year ended March 31, 2007	620,769		48,074		41,431		25,147	

	Net income per share (Yen)	Diluted net income per share (Yen)
Six months ended September 30, 2007	19.85	19.84
Six months ended September 30, 2006	45.03	42.93
Year ended March 31, 2007	92.67	90.30

(Reference) Equity in gains of affiliates:

Six months ended September 30, 2007: 34 million yen

Six months ended September 30, 2006: 72 million yen

Year ended March 31, 2007: 135 million yen

(2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio	Net assets per share (Yen)
			%	
As of September 30, 2007	480,966	233,059	46.5	810.29
As of September 30, 2006	528,993	207,171	36.8	731.62
As of March 31, 2007	525,483	236,669	42.6	811.69

(Reference) Equity

As of September 30, 2007: 223,584 million yen

As of September 30, 2006: 194,653 million yen

As of March 31, 2007: 223,943 million yen

(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 period
Six months ended September 30, 2007	9,223	(27,221)	(12,085)	67,837
Six months ended September 30, 2006	10,218	(19,635)	(3,887)	112,717
Year ended March 31, 2007	35,949	(37,679)	(28,713)	97,239

2. Dividends

(Record date)	Dividends per share (Yen)		
	Interim	Year-end	Annual
Year ended March 31, 2007		23.00	23.00
Year ending March 31, 2008		33.00	33.00
Year ending March 31, 2008 (Forecast)			

Note: Details of a dividend for the year ending March 31, 2008 (Forecast)

Ordinary dividend: 23.00 yen

Commemorative dividend: 10.00 yen

3. Consolidated Results Forecast for Fiscal 2008 (From April 1, 2007 to March 31, 2008)

(Millions of yen)

(Percentages indicate changes from the previous fiscal year.)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (Yen)
	%	%	%	%	
Fiscal 2008	614,300 (1.0)	37,200 (22.6)	31,000 (25.2)	17,500 (30.4)	63.42

4. Others**(1) Changes in significant subsidiaries (Changes in scope of consolidation):** No**(2) Changes in accounting policies, procedures, presentation method, etc. for the consolidated financial statements**

(a) Changes in accordance with revisions to accounting standards: Yes

The change of the depreciation methods in accordance with a revision to the Corporate Tax Law

(b) Changes other than (a) above: No

(3) Number of shares outstanding (common stock)

(a) Number of shares outstanding (including treasury stock):

As of September 30, 2007: 279,020,914 shares

As of September 30, 2006: 270,442,868 shares

As of March 31, 2007: 279,020,914 shares

(b) Treasury stock:

As of September 30, 2007: 3,092,004 shares

As of September 30, 2006: 4,385,715 shares

As of March 31, 2007: 3,123,881 shares

Proper Use of Business Results Forecast and Other Notes

(Caution Concerning Forward-looking Statements)

The forward-looking statements, including business results forecasts, contained in these materials 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. Please refer to Operating Results, Analysis of Operating Results, on pages from 3 to 5 for the suppositions that form the assumptions for business results and cautions concerning the use of business results forecasts. Casio has revised its full-year financial results forecasts for fiscal 2008, which it released on October 4, 2007, in light of the results for the first half of the year. Moreover, the company has also reviewed the fiscal 2008 year-end dividend forecast, which it released on May 10, 2007. Please refer to Operating Results, Basic Policy on Allocation of Profit and Dividends for Fiscal 2008, on page 6 for matters related to the dividend.

Operating Results

Analysis of Operating Results

(Operating Results for the First Half of Fiscal 2008)

During the first half of fiscal 2008, the Japanese economy experienced an upswing, growing steadily on improved corporate earnings and an accompanying increase in capital expenditures. The uncertain outlook for the global economy remained, however, clouded by factors such as the slowdown in the US economy stemming from the sub-prime loan problem, confusion in financial markets resulting from the same problem, and the increasing price of crude oil.

In this environment, Casio pursued its management goals by aggressively promoting and developing strategic businesses (digital cameras, timepieces, electronic dictionaries, and cellular phones). Digital cameras, timepieces, and electronic dictionaries extended their strong performance from the previous fiscal year. However, amid intensifying domestic competition, sales of cellular phones slipped compared to the first half of the previous year due to the dramatic differences in the success of different models and shortages in procurement of components for some models. As a result, total net sales for the half were ¥294.2 billion, down 2.1% year-on-year.

To report results by segment, sales in the Electronics segment were ¥242.4 billion, down 5.5% year-on-year.

In the Consumer category, the EXILIM series, which has earned strong consumer support as a stylish digital camera, extended its good performance from the previous fiscal year. Based on Casio's advanced technologies, Casio has aggressively developed new models with a range of stronger differentiated functions, which include high compression, high quality movies and compatibility with YouTube™, the world's most popular online site for sharing videos. Moreover, the EX-word electronic dictionary, which holds the No. 1 market share in the industry, also registered strong sales of a high value-added model with improved native pronunciation recordings. This new model, combined with overseas expansion primarily in South Korea, delivered further growth. As a result, sales grew 4.3% year-on-year to ¥112.3 billion.

In the Timepieces category, models in the higher price range performed well, principally OCEANUS full-metal case watches, which feature five motors and are compatible with standard radio waves from five transmitters around the world (two in Japan and one each in the US, Germany and the United Kingdom). As a result, sales in this category grew 13.0% year-on-year to ¥42.5 billion.

In the Mobile Network Solutions (MNS) category, strategic models performed well. These included the W52CA, a waterproof "1 seg" broadcast-compatible cellular phone that allows users to enjoy television in wet areas such as the bathroom, and the EXILIM Keitai W53CA, which features enhanced camera performance worthy of the name of Casio's stylish EXILIM digital camera. However, in addition to intensifying domestic competition for cellular phones, there were shortages in the procurement of components for some models. This brought sales in the category down 24.5% year-on-year to ¥65.5 billion.

In the System Equipment category, the company expanded into new businesses, for instance, by establishing CXD NEXT Co., Ltd., a joint venture with NTT DoCoMo, Inc. CXD NEXT provides digital payment systems mainly for the iD™ mobile credit-card platform, as well as customer relationship management (CRM) services that enable proprietors to systematically manage and analyze sales information. Nevertheless, with the impact of declining prices for data projectors and office automation (OA) equipment, primarily personnel systems, sales in the category fell 10.1% year-on-year to ¥21.9 billion.

Sales in the Electronic Components and Others segment were up 18.0% year-on-year to ¥51.8 billion. In the Electronic Components category, demand for TFT LCDs for digital cameras recovered, and sales were up 36.9% year-on-year to ¥38.0 billion. Sales in the Others category declined 14.6% year-on-year to ¥13.7 billion.

Turning now to a discussion of income, the Electronics segment recorded an increase in income driven by growing sales of digital cameras and efforts to increase added value by enhancing product strength in radio-controlled timepieces and electronic dictionaries. Nevertheless, operating income overall declined 30.2% year-on-year to ¥17.7 billion due to factors that included the decline of sales for cellular phones and the impact of lower unit prices in the System Equipment category, mainly for projectors. The Electronic Components and Others segment recorded a deficit of ¥1.3 billion due to the impact of falling unit prices for TFT LCDs and the decline in incomes at Casio Micronics Co., Ltd. As a result, total consolidated operating income, allowing for elimination or unallocated amounts, stood at ¥13.7 billion, down 40.8% year-on-year. In addition, ordinary income was down 48.1% year-on-year to ¥10.5 billion, and net income stood at ¥5.4 billion, down 54.3% year-on-year.

(Forecast for Fiscal 2008)

The future operating environment for the Japanese economy is expected to remain unpredictable due to various uncertainties, including concerns over the slowdown in the US economy and anxiety about the effect of rising crude oil prices. In this environment, the company will draw on its core technologies for creating products that are compact, lightweight, slim, and energy efficient to continue strengthening its strategic businesses. The following are the strategies for the main business areas.

- (a) For digital cameras, in addition to stylish models that always feature differentiated technologies with excellent basic performance, Casio will work to further expand its lineup by tapping into new model types that take advantage of the company's strengths in digital technology. Going forward, in addition to the Japanese market, the company will focus strongly on expanding sales in the overseas markets where major growth is expected.
- (b) For solar-powered radio-controlled watches, Casio will expand its lineup and market share of mid-range and higher priced products for men and women by strengthening its G-Shock, Oceanus, and Baby-G brands. These brands will feature, in addition to solar operation, the latest technologies supporting standard radio waves from six transmitters worldwide (two in Japan, one in the United States, one in Germany, one in the United Kingdom and one in China). This step is expected to increase the share of the total Timepieces category sales accounted for by Casio's solar-powered radio-controlled watches, and to improve earning capacity.

- (c) For electronic dictionaries, in addition to South Korea, Germany, and the Spanish-speaking countries, Casio will reinforce its sales system in Europe and Asia, including China, and improve its overseas market share. Casio aims to become the top brand, not only in the Japanese market, but in the world education market as well.
- (d) For cellular phones, with the shift to third-generation phones now in full swing, Casio will provide the domestic KDDI “au” market as well as Verizon Wireless of the United States and LG Telecom of South Korea with competitive products that draw on the company’s outstanding technologies in “toughness, cameras, and imaging,” and will further strengthen its expansion into overseas markets. In addition, Casio is aiming to grow sales and income with expansion into further markets through the development of new systems.
- (e) For electronic components business, demand at Casio Micronics has expanded due to the recovery in market conditions for large LCD panels, and Casio is working to curb falling prices and strengthen earning capacity through the introduction of high value added technologies, which include Chip on Film (COF) and Wafer Level Chip Size Package (W-CSP).

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 long-term health of its businesses, and is working to achieve earnings growth and further improve its management practices.

Currently, the forecasts for fiscal 2008 are as follows.

(Consolidated results forecasts)

Net sales:	¥614.3 billion (down 1.0% year-on-year)
Operating income:	¥37.2 billion (down 22.6% year-on-year)
Ordinary income:	¥31.0 billion (down 25.2% year-on-year)
Net income:	¥17.5 billion (down 30.4% year-on-year)

Exchange rates for the second half of fiscal 2008 are estimated at US\$ 1 = ¥110 and Euro 1 = ¥150.

Analysis of Financial Position

Net cash provided by operating activities in the first half of fiscal 2008 stood at ¥9.2 billion in income. The main components of this were ¥8.9 billion in income before income taxes and minority interests, ¥16.8 billion in depreciation expenses, and a decrease of ¥16.7 billion in notes and accounts payable accompanying temporary production adjustment. Meanwhile net cash used in investing activities recorded ¥27.2 billion in expenditure. The main components of this were ¥16.1 billion in payments for acquisitions of tangible fixed assets, including capital expenditure, and ¥10.6 billion in payments for acquisitions of intangible fixed assets. Net cash used in financing activities stood at ¥12.0 billion in expenditure. The main components of this were ¥8.0 billion in proceeds from long-term borrowings and ¥20.2 billion in the payments for long-term borrowings.

As a result, cash and cash equivalents totaled ¥67.8 billion at the end of the first half of fiscal 2008, a decrease of ¥29.4 billion over the end of the previous fiscal year.

Basic Policy on Allocation of Profit and Dividends for Fiscal 2008

Casio has positioned the maintenance and expansion of profits for all of its shareholders as an important management issue, and is striving to improve business performance and strengthen its financial structure. The company's dividend policy is based on maintaining stable dividends, improving the allocation of profit by taking factors such as profit levels, financial position and the dividend payout ratio into overall consideration, and strengthening returns for shareholders. The company allocates internal reserves to the research and development and investment required for corporate stability and growth.

Casio intends to determine the dividend for the current fiscal year, taking factors such as business performance into consideration. However, it is planning to pay a commemorative dividend of 10 yen per share to mark the 50th anniversary of the founding of Casio in addition to the ordinary dividend.

Business Risks

The main risks that may affect Casio's business performance, financial position and share price are described below. Casio endeavors to prevent the occurrence of these risks and to respond when they do occur. Information on risks is current as of the end of the fiscal year under review.

- (1) Personal consumption trends in each country of the world
- (2) Sharp price fluctuations in the short term
- (3) Inability to launch popular new products on a timely and regular basis
- (4) Strategy changes, product specification changes, and order cancellations by major customers, and schedule changes to and cancellations of major orders
- (5) Obsolescence of Casio's products due to rapid technological change and radical change of market needs, etc.
- (6) Overseas political and economic conditions and unexpected changes in regulations and applications of legislation
- (7) A view that Casio's potential products or technology infringes the intellectual property rights of another company

- (8) The loss of social trust and liability for damages due to data leaks
- (9) Foreign exchange risk and interest rate risk
- (10) The occurrence of a disaster related to the environment, such as fire or earthquake, or of an accident in operations
- (11) Social unrest due to factors such as war, terrorism or infectious disease

The Casio Group

The Casio Group consists of Casio Computer Co., Ltd., and its 50 consolidated subsidiaries and 3 equity-method subsidiaries, as of September 30, 2007. The business activities of these companies range from development and production to sales and service in the categories of Consumer, Timepieces, MNS, System Equipment, Electronic Components and Others.

The Casio Group's development efforts are primarily the responsibility of Casio Computer Co., Ltd., which conducts basic research and development, and also develops new products and new production technologies. Further development of production technologies is largely conducted by the companies involved in production.

In terms of production, Casio Micronics Co., Ltd., and Kochi Casio Co., Ltd., are responsible for electronic components, and Casio Computer Co., Ltd. supplies other production subsidiaries with primary components. They carry out fabrication and processing of products using these main components and other components they procure, then supplying the respective products to Casio Computer Co., Ltd.

The main production subsidiaries by product category are as shown below.

Product category		Principal products	The main production subsidiaries
Electronics	Consumer	Electronic calculators Label printers Electronic dictionaries Digital cameras Electronic musical instruments	Yamagata Casio Co., Ltd. Casio Computer (Hong Kong) Ltd. Casio Electronic Technology (Zhongshan) Co., Ltd.
	Timepieces	Digital watches Analog watches Clocks	Yamagata Casio Co., Ltd. Casio Electronics (Shenzhen) Co., Ltd. Casio (Thailand) Co., Ltd.
	MNS	Cellular phones Handy terminals	Yamagata Casio Co., Ltd. Kofu Casio Co., Ltd. Casio Hitachi Mobile Communications, Co., Ltd.
	System Equipment	Electronic cash registers (including POS) Office computers Page printers Data projectors	Casio Electronic Manufacturing Co., Ltd. Kofu Casio Co., Ltd.
Electronic Components and Others	Electronic Components	LCDS BUMP processing consignments TCP assembly and processing consignments Carrier tape	Kofu Casio Co., Ltd. Kochi Casio Co., Ltd. Casio Micronics Co., Ltd. Casio Computer (Hong Kong) Ltd. Casio Singapore Pte., Ltd.
	Others	Factory automation Molds	Yamagata Casio Co., Ltd. Kofu Casio Co., Ltd.

In domestic sales, products other than system equipment are mainly marketed through distributors. Moreover, Casio Computer Co., Ltd. sells system equipment directly to some customers, such as central and local government offices, although some sales of system equipment are conducted through sales affiliates in leading regions and distributors. Overseas, the company sells its products through direct or indirect export by Casio America, Inc. to North America, by Casio Electronics Co., Ltd., Casio Europe GmbH, and Casio France S.A. to Europe, and through distributors to other regions.

Casio Techno Co., Ltd. mainly carries out maintenance and servicing for the Group's products.

Casio changed the name of its consolidated subsidiary from Casio, Inc. to Casio America, Inc.

Management Policy

Basic Management Policy of the Company

Since Casio's foundation, its corporate creed has been "Creativity and Contribution." Casio's mission is to pursue growth as a company and increase corporate value by contributing to society. The company is accomplishing this by introducing innovative ideas and outstanding solutions based on its proprietary advanced technologies.

Casio will continue to deliver the values of "function, quality, economy, speed, productivity, ethics, safety, and compatibility with the environment" in its products and services. In the months and years ahead, the company looks forward to providing all of its stakeholders with more "excitement" than they anticipate, and greater inspiration than ever before.

Medium- and Long-Term Management Strategy and Issues to Be Addressed

The fiscal year ending March 31, 2008 will mark the 50th anniversary of Casio's founding, and it will serve as a year of consolidation ahead of the company's "second birth," which will feature the full-scale pursuit of business expansion. Casio intends to build a robust earnings base and further strengthen its financial structure, to realize even greater corporate value. To achieve these aims, Casio is working as one to execute the following strategies.

(1) Establishing Robust Profitability

Casio aims to secure an operating income margin of 10% or more, executing management that allows it to ensure stable growth and earning capacity.

Although Casio businesses in digital cameras, solar-powered radio-controlled watches, and electronic dictionaries are already achieving stable double-digit income margins, Casio is striving to further reduce the cost of sales ratio by optimizing costs and radically reviewing expenses with a focus on productivity, in order to make these businesses even more profitable.

Moreover, Casio is investing even more resources into overseas expansion in order to enlarge its market share on a global scale.

(2) Improvement of Earning Potential

To develop its cellular phone business, Casio is working to create long-selling models through strategically utilizing its differentiated technologies. Moreover, Casio aims to increase the number of high value-added products to raise earning potential while simultaneously increasing sales overseas.

In the system equipment business, Casio is investing resources with thoroughgoing selection and concentration, focusing on businesses that can secure income. In particular, the company is promoting the early launch of the new businesses of CXD NEXT, which is a joint venture with NTT DoCoMo, Inc.

In the electronic components business, Casio will implement radical strategies for business structure reform, aiming for a thorough-going recovery in earning capability that should consolidate the base of contribution to consolidated financial results within the current fiscal year.

(3) Creating New Strategic Businesses

In the past, Casio has drawn on unique ideas and advanced technology to bring the world a range of exciting new products. As it charts a radical course of growth in the lead-up to the company's second birth following its 50th anniversary, Casio believes that, in addition to succeeding in existing businesses, creating value in new business fields—which leverage Casio technologies that cannot be imitated by other companies—will be essential. In order to achieve this, Casio will focus its management resources on new business fields even more than in the past, with the aim of establishing businesses that can quickly deliver robust earnings.

(4) Strengthening the Financial Structure

Casio is moving ahead strongly with improvements in its equity ratio and debt/equity (D/E) ratio with the aim of strengthening its financial foundations for future growth.

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.

(5) CSR-focused Management

Casio understands that sustainable corporate growth will only come about with the sustainable development of the global community, and is actively managing its corporate social responsibility (CSR).

Based on the Charter of Creativity for Casio, which articulates the code of conduct for employees, Casio is striving to improve corporate governance and compliance by ensuring that all employees and officers understand and comply with laws and regulations, maintain social order, and contribute to society.

Through the execution of the five strategies described above, Casio seeks to deliver original products and services with high added value, increase corporate value, and contribute to the building of a society of abundant creativity.

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2007	As of September 30, 2007	Increase (Decrease)	As of September 30, 2006
Assets				
Current assets	330,136	296,008	(34,128)	345,333
Cash and time deposits	52,768	49,169	(3,599)	48,586
Notes and accounts receivable-trade	126,117	118,275	(7,842)	121,670
Marketable securities	36,305	16,133	(20,172)	39,575
Inventories	65,857	63,011	(2,846)	71,277
Deferred tax assets	11,531	12,611	1,080	14,016
Short-term loans receivable with resale agreement	10,650	11,266	616	25,000
Accounts receivable-other	22,286	19,918	(2,368)	20,894
Other current assets	5,991	7,165	1,174	5,776
Allowance for doubtful accounts	(1,369)	(1,540)	(171)	(1,461)
Fixed assets	195,347	184,958	(10,389)	183,660
Property, plant and equipment	102,647	97,848	(4,799)	95,554
Buildings and structures	34,400	33,542	(858)	30,198
Machinery and vehicles	17,192	15,651	(1,541)	14,009
Tools and equipment	12,936	10,638	(2,298)	12,912
Land	37,326	37,316	(10)	37,452
Construction in progress	793	701	(92)	983
Intangibles	19,223	21,829	2,606	16,804
Investments and other assets	73,477	65,281	(8,196)	71,302
Investment securities	51,511	47,789	(3,722)	51,012
Deferred tax assets	8,552	7,758	(794)	8,080
Long-term time deposits	3,000		(3,000)	3,000
Other assets	10,666	9,935	(731)	9,529
Allowance for doubtful accounts	(252)	(201)	51	(319)
Total assets	525,483	480,966	(44,517)	528,993

(Millions of yen)

	As of March 31, 2007	As of September 30, 2007	Increase (Decrease)	As of September 30, 2006
Liabilities				
Current liabilities	227,562	178,915	(48,647)	248,605
Notes and accounts payable-trade	103,616	87,012	(16,604)	107,859
Short-term borrowings	4,196	10,136	5,940	2,379
Long-term borrowings due within one year	22,000	2,000	(20,000)	40,517
Bonds due within one year	10,000	10,000		
Bonds with stock acquisition rights due within one year				20,176
Accounts payable-other	41,835	36,952	(4,883)	39,398
Accrued expenses	16,034	17,520	1,486	16,489
Income taxes payable	11,328	7,359	(3,969)	11,432
Warranty reserve	2,058	2,088	30	2,081
Other current liabilities	16,495	5,848	(10,647)	8,274
Long-term liabilities	61,252	68,992	7,740	73,217
Bonds	10,000	10,000		20,000
Long-term borrowings	37,450	45,200	7,750	39,200
Deferred tax liabilities	1,911	1,913	2	1,908
Employees' severance and retirement benefits	6,995	6,571	(424)	7,188
Retirement benefits for directors and corporate auditors	2,495	2,517	22	2,207
Other long-term liabilities	2,401	2,791	390	2,714
Total liabilities	288,814	247,907	(40,907)	321,822
Net assets				
Shareholders' equity	218,019	217,165	(854)	190,877
Common stock	48,592	48,592		41,549
Additional paid-in capital	66,737	66,679	(58)	57,742
Retained earnings	109,654	108,784	(870)	96,486
Treasury stock, at cost	(6,964)	(6,890)	74	(4,900)
Valuation and translation adjustments	5,924	6,419	495	3,776
Net unrealized holding gains on securities	8,615	8,903	288	7,547
Deferred losses on hedges	(1,082)	(962)	120	(1,090)
Foreign currency translation adjustments	(1,609)	(1,522)	87	(2,681)
Minority interests	12,726	9,475	(3,251)	12,518
Total net assets	236,669	233,059	(3,610)	207,171
Total liabilities and net assets	525,483	480,966	(44,517)	528,993

	(March 31, 2007)	(September 30, 2007)	(September 30, 2006)
Accumulated depreciation on property, plant and equipment	143,506	147,742	139,023

Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2006		Six months ended September 30, 2007		Increase (Decrease)	Year ended March 31, 2007
	Amount	% of Net sales	Amount	% of Net sales		
Net sales	300,574	100.0	294,277	100.0	(6,297)	620,769
Cost of sales	208,453	69.4	212,517	72.2	4,064	436,548
Gross income	92,121	30.6	81,760	27.8	(10,361)	184,221
Selling, general and administrative expenses	68,923	22.9	68,018	23.1	(905)	136,147
Operating income	23,198	7.7	13,742	4.7	(9,456)	48,074
Non-operating income	2,038	0.7	2,329	0.8	291	4,420
Interest and dividends income	1,265		1,538		273	2,713
Other	773		791		18	1,707
Non-operating expenses	4,921	1.6	5,526	1.9	605	11,063
Interest expense	811		781		(30)	1,607
Other	4,110		4,745		635	9,456
Ordinary income	20,315	6.8	10,545	3.6	(9,770)	41,431
Extraordinary gains	1,111	0.3	563	0.1	(548)	2,202
Gain on sales of fixed assets	29		14		(15)	361
Gain on sales of investment securities	848		7		(841)	1,247
Gain on sales of consolidated subsidiaries and affiliates	231				(231)	231
Government grants			540		540	360
Other	3		2		(1)	3
Extraordinary losses	982	0.3	2,142	0.7	1,160	2,250
Loss on disposal and sales of fixed assets	529		440		(89)	1,112
Loss on devaluation of investment securities	143		169		26	145
Provision for accrued retirement benefits for directors and corporate auditors	229				(229)	459
Loss on disposal of inventories						295
Loss on dissolution of a consolidated subsidiary			1,530		1,530	
Other	81		3		(78)	239
Income before income taxes and minority interests	20,444	6.8	8,966	3.0	(11,478)	41,383
Income taxes-current	10,052	3.3	5,272	1.7	(4,780)	16,407
Income taxes-deferred	(2,708)	(0.9)	(571)	(0.2)	2,137	(1,424)
Minority interests	(1,122)	(0.4)	1,211	0.4	2,333	(1,253)
Net income	11,978	4.0	5,476	1.9	(6,502)	25,147

Consolidated Statements of Shareholders' Equity

Six months ended September 30, 2006

(Millions of yen)

	Shareholders' equity					Valuation and translation adjustments				Minority interests	Total net assets
	Common stock	Additional paid - in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gains on securities	Deferred losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2006	41,549	57,523	90,236	(4,990)	184,318	9,861		(3,168)	6,693	12,034	203,045
Changes during the current period											
Cash dividends paid*			(5,319)		(5,319)						(5,319)
Bonuses to directors and corporate auditors*			(208)		(208)						(208)
Net income			11,978		11,978						11,978
Acquisitions of treasury stock				(27)	(27)						(27)
Sales of treasury stock		18		117	135						135
Transfer from retained earnings to additional paid-in capital for merger of consolidated subsidiaries		201	(201)								
Net changes other than shareholders' equity						(2,314)	(1,090)	487	(2,917)	484	(2,433)
Net total changes during the current period		219	6,250	90	6,559	(2,314)	(1,090)	487	(2,917)	484	4,126
Balance at September 30, 2006	41,549	57,742	96,486	(4,900)	190,877	7,547	(1,090)	(2,681)	3,776	12,518	207,171

* Note: Appropriation of retained earnings resolved at the annual shareholders' meeting held in June, 2006.

1. Type and number of shares outstanding and treasury stock

(Thousands of shares)

	Beginning of the period	Increase during the period	Decrease during the period	End of the period
Shares outstanding				
Common stock	270,443			270,443
Treasury stock				
Common stock	4,478	12	104	4,386

2. Dividends

Dividends paid

Resolution	Type of stock	Total dividends paid (Millions of yen)	Dividends per share (Yen)	Dividends record date	Effective date
Annual shareholders' meeting on June 29, 2006	Common stock	5,319	20	March 31, 2006	June 30, 2006

Six months ended September 30, 2007

(Millions of yen)

	Shareholders' equity					Valuation and translation adjustments				Minority interests	Total net assets
	Common stock	Additional paid - in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gains on securities	Deferred losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2007	48,592	66,737	109,654	(6,964)	218,019	8,615	(1,082)	(1,609)	5,924	12,726	236,669
Changes during the current period											
Cash dividends paid			(6,346)		(6,346)						(6,346)
Net income			5,476		5,476						5,476
Acquisitions of treasury stock				(21)	(21)						(21)
Sales of treasury stock		(58)		95	37						37
Net changes other than shareholders' equity						288	120	87	495	(3,251)	(2,756)
Net total changes during the current period		(58)	(870)	74	(854)	288	120	87	495	(3,251)	(3,610)
Balance at September 30, 2007	48,592	66,679	108,784	(6,890)	217,165	8,903	(962)	(1,522)	6,419	9,475	233,059

1. Type and number of shares outstanding and treasury stock

(Thousands of shares)

	Beginning of the period	Increase during the period	Decrease during the period	End of the period
Shares outstanding				
Common stock	279,021			279,021
Treasury stock				
Common stock	3,124	11	43	3,092

2. Dividends

Dividends paid

Resolution	Type of stock	Total dividends paid (Millions of yen)	Dividends per share (Yen)	Dividends record date	Effective date
Annual shareholders' meeting on June 28, 2007	Common stock	6,346	23	March 31, 2007	June 29, 2007

Year ended March 31, 2007

(Millions of yen)

	Shareholders' equity					Valuation and translation adjustments				Minority interests	Total net assets
	Common stock	Additional paid - in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gains on securities	Deferred losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2006	41,549	57,523	90,236	(4,990)	184,318	9,861		(3,168)	6,693	12,034	203,045
Changes during the current year											
Conversion of bonds with stock acquisition rights	7,043	7,042			14,085						14,085
Cash dividends paid*			(5,319)		(5,319)						(5,319)
Bonuses to directors and corporate auditors*			(208)		(208)						(208)
Net income			25,147		25,147						25,147
Acquisitions of treasury stock				(6,557)	(6,557)						(6,557)
Sales of treasury stock		1,970		4,583	6,553						6,553
Transfer from retained earnings to additional paid-in capital for merger of consolidated subsidiaries		202	(202)								
Net changes other than shareholders' equity						(1,246)	(1,082)	1,559	(769)	692	(77)
Net total changes during the current year	7,043	9,214	19,418	(1,974)	33,701	(1,246)	(1,082)	1,559	(769)	692	33,624
Balance at March 31, 2007	48,592	66,737	109,654	(6,964)	218,019	8,615	(1,082)	(1,609)	5,924	12,726	236,669

* Note: Appropriation of retained earnings resolved at the annual shareholders' meeting held in June, 2006.

1. Type and number of shares outstanding and treasury stock

(Thousands of shares)

	Beginning of the year	Increase during the year	Decrease during the year	End of the year
Shares outstanding				
Common stock	270,443	8,578		279,021
Treasury stock				
Common stock	4,478	2,721	4,075	3,124

2. Dividends

(1) Dividends paid

Resolution	Type of stock	Total dividends paid (Millions of yen)	Dividends per share (Yen)	Dividends record date	Effective date
Annual shareholders' meeting on June 29, 2006	Common stock	5,319	20	March 31, 2006	June 30, 2006

(2) Dividends recorded in this fiscal year but effective in the next fiscal year

Resolution	Type of stock	Source	Total dividends paid (Millions of yen)	Dividends per share (Yen)	Dividends record date	Effective date
Annual shareholders' meeting on June 28, 2007	Common stock	Retained earnings	6,346	23	March 31, 2007	June 29, 2007

Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2006	Six months ended September 30, 2007	Year ended March 31, 2007
Cash flows from operating activities:			
Income before income taxes and minority interests	20,444	8,966	41,383
Depreciation (including software)	13,625	16,888	31,613
Loss on disposal and sales of fixed assets	500	426	751
Gain on sales of investment securities	(848)	(7)	(1,247)
Loss on devaluation of investment securities	143	169	145
Gain on sales of consolidated subsidiaries and affiliates	(231)		(231)
Government grants		(540)	(360)
Decrease in liabilities for the employees' severance and retirement benefits	(216)	(419)	(411)
Interest and dividends income	(1,265)	(1,538)	(2,713)
Interest expense	811	781	1,607
Foreign exchange gain	(445)	(120)	(1,158)
Decrease (Increase) in notes and accounts receivable	(18,218)	7,406	(21,208)
Decrease (Increase) in inventories	(13,656)	3,037	(7,652)
Increase (Decrease) in notes and accounts payable	14,555	(16,718)	10,076
Other	1,942	(610)	(1,539)
Total	17,141	17,721	49,056
Interest and dividends received	1,344	1,631	2,737
Interest paid	(780)	(763)	(1,636)
Income taxes paid	(7,487)	(9,366)	(14,208)
Net cash provided by operating activities	10,218	9,223	35,949
Cash flows from investing activities:			
Deposits in time deposits	(459)	(436)	(1,135)
Withdrawals from time deposits	758	765	1,132
Payments for acquisitions of tangible fixed assets	(8,788)	(16,127)	(16,865)
Proceeds from sales of tangible fixed assets	115	47	595
Payments for acquisitions of intangible fixed assets	(7,813)	(10,691)	(17,942)
Net proceeds from (payments for) purchases, sales and redemption of investment securities	(3,685)	1,225	(4,322)
Payments for acquisitions of consolidated subsidiaries and affiliates		(1,900)	
Proceeds from sales of consolidated subsidiaries and affiliates	319		319
Other	(82)	(104)	539
Net cash used in investing activities	(19,635)	(27,221)	(37,679)
Cash flows from financing activities:			
Net increase in short-term borrowings	2,467	5,940	4,285
Proceeds from long-term borrowings		8,000	
Payments for long-term borrowings	(480)	(20,250)	(20,747)
Payments for acquisitions of treasury stock	(27)	(21)	(6,557)
Proceeds from sales of treasury stock	135	37	338
Payments for cash dividends	(5,319)	(6,346)	(5,319)
Proceeds from minority shareholders		600	
Other	(663)	(45)	(713)
Net cash used in financing activities	(3,887)	(12,085)	(28,713)
Effect of exchange rate changes on cash and cash equivalents	789	681	2,450
Net decrease in cash and cash equivalents	(12,515)	(29,402)	(27,993)
Cash and cash equivalents at beginning of period	125,232	97,239	125,232
Cash and cash equivalents at end of period	112,717	67,837	97,239

Note: Cash and cash equivalents at September 30, 2006 and 2007, and March 31, 2007 for the Consolidated Statements of Cash Flows consist of the followings:

	(September 30, 2006)	(September 30, 2007)	(March 31, 2007)
Cash and time deposits	48,586	49,169	52,768
Time deposits over three months	(444)	(3,492)	(784)
Marketable securities within three months	39,575	10,894	34,605
Short-term loans receivable with resale agreement	25,000	11,266	10,650
Cash and cash equivalents	112,717	67,837	97,239

Segment Information

1. Business Segments

Six months ended September 30, 2006

(Millions of yen)

	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
Net sales					
(1) Outside customers	256,675	43,899	300,574		300,574
(2) Inside Group	464	15,384	15,848	(15,848)	
Total	257,139	59,283	316,422	(15,848)	300,574
Costs and expenses	231,646	59,078	290,724	(13,348)	277,376
Operating income (loss)	25,493	205	25,698	(2,500)	23,198

Six months ended September 30, 2007

(Millions of yen)

	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
Net sales					
(1) Outside customers	242,464	51,813	294,277		294,277
(2) Inside Group	181	13,045	13,226	(13,226)	
Total	242,645	64,858	307,503	(13,226)	294,277
Costs and expenses	224,853	66,236	291,089	(10,554)	280,535
Operating income (loss)	17,792	(1,378)	16,414	(2,672)	13,742

Year ended March 31, 2007

(Millions of yen)

	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
Net sales					
(1) Outside customers	527,216	93,553	620,769		620,769
(2) Inside Group	673	34,648	35,321	(35,321)	
Total	527,889	128,201	656,090	(35,321)	620,769
Costs and expenses	473,998	128,986	602,984	(30,289)	572,695
Operating income (loss)	53,891	(785)	53,106	(5,032)	48,074

Notes: 1. Business segments are classified by the application or nature of each product, method of manufacturing and sales, profit management and related assets.

2. Major products in each business segment:

(1) Electronics

Electronic calculators, Label printers, Electronic dictionaries, Digital cameras, Electronic musical instruments, Digital watches, Analog watches, Clocks, Cellular phones, Electronic cash registers, Office computers, Page printers, Data projectors, etc.

(2) Electronic components and others

LCDs, BUMP processing consignments, TCP assembly and processing consignments, Carrier tape, Factory automation, Molds, Toys, etc.

3. Elimination or unallocated amounts of costs and expenses principally consist of administrative expenses and R&D expenses for fundamental research of the parent company, which amounted to 2,500 million yen, 2,672 million yen and 5,032 million yen for the six months ended September 30, 2006 and 2007, and for the year ended March 31, 2007, respectively.

2. Geographical Segments

Six months ended September 30, 2006

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination	Consolidated
Net sales							
(1) Outside customers	221,808	28,952	39,228	10,586	300,574		300,574
(2) Inside Group	64,488	0	45	57,815	122,348	(122,348)	
Total	286,296	28,952	39,273	68,401	422,922	(122,348)	300,574
Costs and expenses	266,673	26,994	37,706	67,652	399,025	(121,649)	277,376
Operating income (loss)	19,623	1,958	1,567	749	23,897	(699)	23,198

Six months ended September 30, 2007

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination	Consolidated
Net sales							
(1) Outside customers	206,261	28,944	45,924	13,148	294,277		294,277
(2) Inside Group	71,314	171		67,229	138,714	(138,714)	
Total	277,575	29,115	45,924	80,377	432,991	(138,714)	294,277
Costs and expenses	266,356	28,668	44,344	79,262	418,630	(138,095)	280,535
Operating income (loss)	11,219	447	1,580	1,115	14,361	(619)	13,742

Year ended March 31, 2007

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination	Consolidated
Net sales							
(1) Outside customers	450,762	61,095	84,029	24,883	620,769		620,769
(2) Inside Group	127,274	87	48	120,826	248,235	(248,235)	
Total	578,036	61,182	84,077	145,709	869,004	(248,235)	620,769
Costs and expenses	538,543	57,986	80,599	143,253	820,381	(247,686)	572,695
Operating income (loss)	39,493	3,196	3,478	2,456	48,623	(549)	48,074

Notes: 1. Segments of countries and areas are classified by the geographical factor.

2. The main countries and the areas which belong to each segment except for Japan are as follows:

- (1) North America U.S.A., Canada
- (2) Europe U.K., Germany, France, Spain, Netherlands, Norway
- (3) Asia Taiwan, Hong Kong, South Korea, Malaysia, Singapore, China, India, Indonesia, Thailand

3. Overseas Sales

Six months ended September 30, 2006

(Millions of yen)

	North America	Europe	Asia	Others	Total
I Overseas net sales	40,195	43,132	30,267	15,442	129,036
II Net sales (consolidated)					300,574
III Share of overseas net sales	13.4%	14.3%	10.1%	5.1%	42.9%

Six months ended September 30, 2007

(Millions of yen)

	North America	Europe	Asia	Others	Total
I Overseas net sales	42,606	47,874	45,345	17,526	153,351
II Net sales (consolidated)					294,277
III Share of overseas net sales	14.5%	16.3%	15.4%	5.9%	52.1%

Year ended March 31, 2007

(Millions of yen)

	North America	Europe	Asia	Others	Total
I Overseas net sales	83,951	90,902	70,301	29,825	274,979
II Net sales (consolidated)					620,769
III Share of overseas net sales	13.5%	14.7%	11.3%	4.8%	44.3%

Notes: 1. Segments of countries and areas are classified by the geographical factor.

2. The main countries and the areas which belong to each segment are as follows:

(1) North America U.S.A., Canada

(2) Europe U.K., Germany, France

(3) Asia Hong Kong, Singapore, China, South Korea, Taiwan

3. The above overseas net sales represent net sales made outside Japan by the parent company and consolidated subsidiaries.

Sales by Product Category

(Millions of yen)

	Six months ended September 30, 2006		Six months ended September 30, 2007			Year ended March 31, 2007	
	Amount	% of total	Amount	% of total	% change	Amount	% of total
Consumer	107,718	35.8	112,382	38.2	4.3	229,352	36.9
Timepieces	37,685	12.6	42,582	14.5	13.0	77,948	12.6
MNS (Mobile Network Solutions)	86,829	28.9	65,519	22.2	(24.5)	171,314	27.6
System equipment	24,443	8.1	21,981	7.5	(10.1)	48,602	7.8
Electronics	256,675	85.4	242,464	82.4	(5.5)	527,216	84.9
Electronic components	27,792	9.2	38,057	12.9	36.9	62,790	10.1
Others	16,107	5.4	13,756	4.7	(14.6)	30,763	5.0
Electronic components and others	43,899	14.6	51,813	17.6	18.0	93,553	15.1
Total	300,574	100.0	294,277	100.0	(2.1)	620,769	100.0