

## Net Sales

Net sales rose 3.8% year-on-year on a consolidated basis in fiscal 2006, to ¥580,309 million. This was chiefly the result of strong performances by our strategic businesses – digital cameras, electronic dictionaries, timepieces and cellular phones, among others.

	Millions of yen	
	2006	2005
<b>Electronics:</b>		
Consumer.....	¥213,810	¥198,515
Timepieces .....	71,086	68,473
Mobile Network Solutions (MNS) .....	139,896	131,408
System Equipment.....	48,628	49,447
Subtotal.....	473,420	447,843
<b>Electronic Components &amp; Others:</b>		
Electronic Components .....	73,976	78,230
Others.....	32,913	32,933
Subtotal.....	106,889	111,163
<b>Total.....</b>	<b>¥580,309</b>	<b>¥559,006</b>

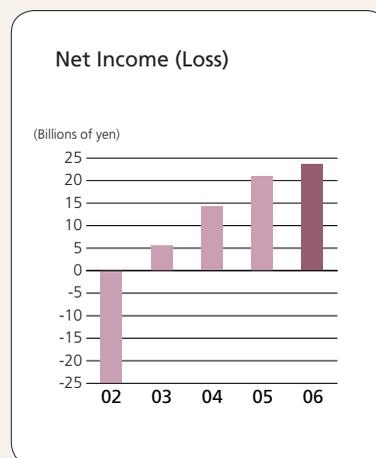
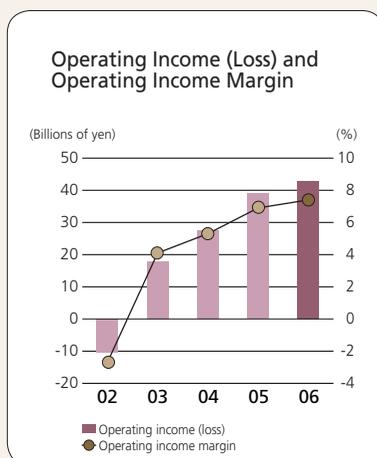
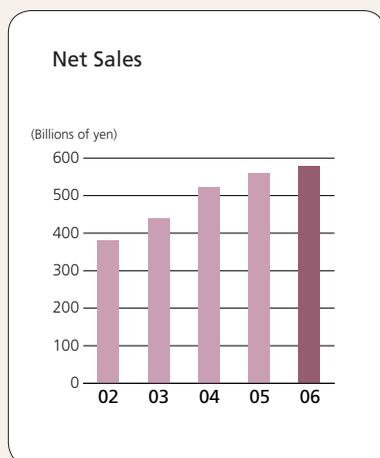
## Results by Segment

Sales in the Electronics Segment increased 5.7% to ¥473,420 million, accounting for 81.6% of net sales.

In the Consumer Category, sales increased 7.7% to ¥213,810 million. Our Exilim digital camera, with a stylish, compact design and superior speed in shooting, maintained strong support as a leading camera in the domestic market and made further inroads in overseas markets.

In the Timepieces Category, sales rose 3.8% to ¥71,086 million. This is largely the result of our aggressive marketing of solar-powered radio-controlled watches, led by the full-metal high-end Oceanus brand.

In the MNS Category, sales rose 6.5% to ¥139,896 million. This is due to strong performances by all new cellular phones, such as the collapsible, water-proof, shock-resistant G'zOne TYPE-R and the slim W41CA, which measures a mere 22mm-thick and can handle high-speed, high-capacity data transmissions.



In the System Equipment Category, sales declined 1.7% to ¥48,628 million. Although we offer an advanced business model in the solution business, which provides customers with the optimal combination of hardware and applications, sales were affected by a general downward trend in prices for IT-related products.

Sales in the Electronic Components and Others Segment declined 3.8% to ¥106,889 million, accounting for 18.4% of net sales. Specifically, sales in the Electric Components Category fell 5.4% to ¥73,976 million. This was the mixed result of increased revenue from Casio Micronics Co., Ltd.'s chip-on-film (COF) operations and a decrease in revenue from our TFT LCD business due to a decline in the unit price. Sales in the Others Category decreased 0.1% to ¥32,913 million.

### Results by Region

Sales in Japan grew 2.5% to ¥344,730 million, comprising 59.4% of net sales. The increase in sales is attributable to strong sales of our strategic businesses. Sales in North America rose 26.1% to ¥58,868 million, which accounted for 10.2% of net sales. Sales in Europe rose 5.4% to ¥78,822 million, accounting for 13.6% of net sales. Sales in Asia and other regions, excluding Japan, declined 3.2% to ¥97,889 million, accounting for 16.8% of net sales. Consequently, overseas sales increased 5.8% to ¥235,579 million.

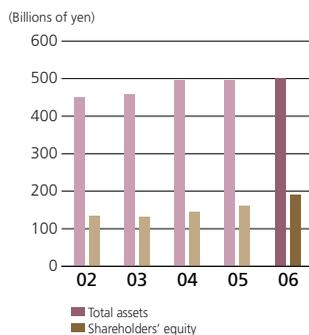
### Results of Operations

For fiscal 2006, operating income after consideration of elimination or unallocated amounts came to ¥43,114 million, up 10.4% year-on-year. The Electronics Segment posted an operating income of ¥41,759 million, up 15.5%, and the Electronic Components and Others Segment posted an operating income of ¥7,185 million, down 17.0%. This rise in operating income is the result of Casio's strategy of enhancing value-added by strengthening product appeal, as well as company-wide efforts to improve management efficiency and bolster the Group's financial base through business reform. The operating income margin rose 0.4 percentage point to 7.4%.

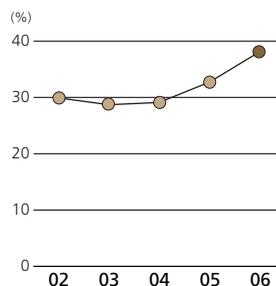
Net financial income amounted to ¥558 million, compared with net financial expenses of ¥447 million in the previous reporting period. Net other expenses came to ¥4,001 million, down from ¥5,500 million in the previous term. This is due mainly to the non-repetition of the posting of loss on impairment of fixed assets recorded in the previous term.

Net income grew 10.3% to ¥23,745 million, setting a record for the third straight term. Net income per share came to ¥88.57, up ¥8.3 from fiscal 2005.

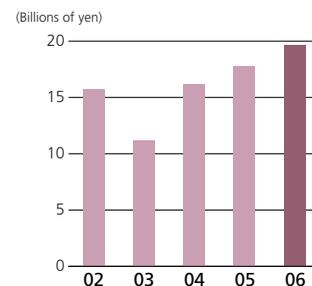
Total Assets and Shareholders' Equity



Shareholders' Equity Ratio



Capital Investment



### Financial Condition

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Total assets increased 1.3% to ¥501,960 million at the term-end. Current assets declined ¥10,769 million to ¥319,179 million, owing to an increase in trade receivables and a decrease in marketable securities. Inventory turn-over declined by 0.2 of a month to 1.7 months. Investments and other assets increased ¥16,986 million to ¥182,781 million, as a result of a rise in investment securities.

Total liabilities decreased 7.5% to ¥298,915 million, due to a decline in the current portion of interest-bearing debt, mainly through the redemption of bonds. The debt-to-equity ratio was 0.63, compared with 0.95 for the previous year, marking a substantial improvement.

Shareholders' equity rose 17.7% to ¥191,011 million. The shareholders' equity ratio increased 5.4 percentage points to 38.1%.

### Cash Flow Analysis

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Net cash provided by operating activities amounted to ¥43,875 million. The main contributing factors are income before income taxes and minority interests of ¥39,671 million, depreciation of ¥26,629 million, and a ¥10,696 million increase in notes and accounts receivable.

Net cash used in investing activities amounted to ¥29,682 million. This is mainly attributable to the payment of ¥19,935 million for the acquisitions of tangible fixed assets and ¥11,815 million for the acquisitions of intangible fixed assets, which more than offset ¥2,958 million in proceeds from sales of consolidated subsidiaries and affiliates.

Net cash used in financing activities totaled ¥39,818 million. Of this amount, ¥30,000 million was used for the redemption of bonds, and ¥9,688 million was used for the payments for long-term debt.

Cash and cash equivalents as of March 31, 2006 were down ¥22,357 million from the previous term-end, at ¥125,232 million. This is mainly attributable to the redemption of bonds and an increase in trade receivables in line with the growth in sales of new products during the last month of the term under review.

### Capital Investment

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Capital investment amounted to ¥19,711 million, up 10.8% over the previous term. Broken down by business segment, Casio invested ¥10,592 million, up 2.6%, in the Electronics Segment, and ¥8,765 million, up 22.0%, in the Electronic Components and Others Segment. The remaining capital investment, made by the Company as a whole, cannot be accounted for by business segment.

### Research & Development

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R&D expenses rose 9.6% to ¥18,205 million. By business segment, the Electronics Segment increased 16.8% to ¥11,428 million, while the Electronic Components and Others Segment increased 0.5% to ¥2,505 million. The remaining R&D expenses were used throughout the Company and cannot be accounted for by business segment.