

Consolidated Financial Results for the Six Months Ended September 30, 2004

English Translation of "KESSAN TANSHIN"

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

(Summary for reference)

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

November 4, 2004

Stock Exchange Listings: Tokyo (First Section), Frankfurt

Code Number: 6952

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

President and CEO: Kazuo Kashio

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Board of Directors Meeting: November 4, 2004

U.S. accounting principles and practices have not been adopted in this statement.

1. Consolidated Financial Results for the Six Months from April 1, 2004 to September 30, 2004

Monetary amounts are rounded to the nearest million yen.

(1) Operating Results

(Millions of yen)

	Net sales		Operating income		Ordinary income	
Six months ended September 30, 2004	281,496	17.0%	19,530	61.4%	17,048	102.3%
Six months ended September 30, 2003	240,578	14.7%	12,102	37.8%	8,429	44.7%
Year ended March 31, 2004	523,528		27,491		21,454	

	Net income		Net income per share (Yen)	Diluted net income per share (Yen)
Six months ended September 30, 2004	9,045	79.9%	34.03	32.40
Six months ended September 30, 2003	5,027	115.5%	18.64	18.08
Year ended March 31, 2004	14,176		51.99	51.23

Notes: 1. Equity in gains of affiliates:

Six months ended September 30, 2004: 55 million yen

Six months ended September 30, 2003: 64 million yen

Year ended March 31, 2004: 180 million yen

2. Average number of shares outstanding during the period (consolidated):

Six months ended September 30, 2004: 265,822,564

Six months ended September 30, 2003: 269,699,713

Year ended March 31, 2004: 269,011,946

3. Changes in accounting methods: Yes

4. Percentages in the net sales, operating income, ordinary income and net income columns indicate changes from the same period at the previous year.

(2) Financial Position

(Millions of yen)

	Total assets	Shareholders' equity	Shareholders' equity ratio (%)	Shareholders' equity per share (Yen)
Six months ended September 30, 2004	512,543	147,478	28.8	555.64
Six months ended September 30, 2003	465,978	137,216	29.4	510.77
Year ended March 31, 2004	496,039	144,403	29.1	541.93

Note: Number of shares outstanding at end of the period (consolidated):

Six months ended September 30, 2004: 265,421,211

Six months ended September 30, 2003: 268,647,102

Year ended March 31, 2004: 266,108,728

(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, 2004	30,591	(14,005)	(6,320)	135,350
Six months ended September 30, 2003	22,931	(3,004)	(6,516)	108,757
Year ended March 31, 2004	61,777	(15,694)	(17,693)	123,141

(4) Scope of Consolidation and Equity Method

Number of consolidated subsidiaries: 55

Number of unconsolidated subsidiaries accounted for by the equity method: 0

Number of affiliates accounted for by the equity method: 6

(5) Changes in Scope of Consolidation and Equity Method

Consolidated subsidiaries: (Newly included) 2 (Excluded) 0

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

2. Consolidated Results Forecast for Fiscal 2005 from April 1, 2004 to March 31, 2005

(Millions of yen)

	Net sales	Ordinary income	Net income
Fiscal 2005	600,000	37,000	20,000

(Estimated net income per share: 75.35yen)

Note: For items related to assumptions and others of the above forecast, see pages from 9 to 10.

The Casio Group

The Casio Group consists of Casio Computer Co., Ltd., and its 55 consolidated subsidiaries and 6 equity-method subsidiaries, as of September 30, 2004. The business activities of these companies range from development and production to sales and service in the categories of Consumer, Timepieces, Mobile Network Solutions (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 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.

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 Visual-related Products Digital Cameras Electronic Musical Instruments	Yamagata Casio Co., Ltd. Kofu Casio Co., Ltd. Casio Computer (Hong Kong) Ltd. Casio Electronics (Zhuhai) Co., Ltd.
	Timepieces	Digital Watches Analog Watches Clocks	Yamagata Casio Co., Ltd. Casio Korea Co., Ltd. Casio Electronics (Shenzhen) Co., Ltd. Casio (Thailand) Co., Ltd.
	MNS	Cellular Phones Pocket Computers 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 Singapore Pte., Ltd.
	Others	Factory Automation Molds, Toys	Yamagata Casio Co., Ltd. Kofu Casio Co., Ltd.

In domestic sales, products other than system equipment are mainly marketed through distributors. However, Casio Computer sells its products through affiliated companies in some regions. Moreover, Casio Computer 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, Casio Computer sells its products through direct or indirect export by Casio, Inc., to North America, by Casio Electronics Co., Ltd., Casio Europe GmbH, and Montres Casio France S.A. to Europe, and through distributors to other regions. Casio Techno Co., Ltd., carries out maintenance and servicing for the Group's products.

Management Policy

Basic Management Policy

Since Casio's foundation, its corporate creed has been "Creativity and Contribution." Casio's mission is to seek growth as a company, increase corporate value, and remain remarkable and attractive for all investors and customers by using innovative ideas and advanced technology to create products and services that are enjoyable for people around the world.

In the future, Casio will respond promptly and precisely to changes in the business environment, ensuring timely provision of high quality products, content, and solutions with high added value that are based on the company's proprietary technologies. Casio is known for introducing change to both consumer lifestyles and business methods. The company seeks to share excitement with all of its stakeholders by contributing to the development of the global network society.

Basic Policy on Allocation of Company Profit

Casio has positioned the maintenance and expansion of profits for all of its shareholders as an important challenge, and is striving to improve business performance and strengthen its financial structure. Consequently, the company's dividend policy is based on maintaining stable dividends, improving the allocation of profit by taking factors such as profit levels and financial position 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.

Philosophy and Policy on Lowering the Investment Unit

Extending the classes of investors and increasing the liquidity of the company's stock is an important issue in its capital policy, and Casio recognizes that lowering the investment unit is an effective means of stimulating activity in the stock market. In light of current trends in the company's stock price and the requirements of market conditions, Casio lowered the investment unit from 1,000 shares to 100 shares effective September 1, 2004.

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

Casio considers increasing its earning capacity and strengthening its financial structure to be pressing issues, and the entire company is united in promoting the strategies described below.

(1) Improving Earning Capacity

Casio has positioned businesses that have maintained top market share and are expected to obtain stable cash flow without requiring significant additional investment as Stable Businesses. These businesses include Timepieces, Consumer (excluding digital cameras), and System Equipment. The company has positioned businesses that are expected to experience significant global market growth in the future, while also experiencing intensifying competition as a large number of companies enter the market, as Expansive Businesses. These include the digital camera and cellular phone

businesses, as well as Electronic Components (TFT LCDs). With these two types of businesses at the core, Casio is pursuing management that secures stable growth and profitability by developing strategies that suit the characteristics of each type of business. During the first half of fiscal 2005, Stable Businesses accounted for 46% of net sales and Expansive Businesses accounted for 54%. Stable Businesses had an operating income margin of 11.0% and Expansive Businesses a margin of 5.4%. Going forward, the company aims to secure stable profits in Stable Businesses while increasing operating income in Expansive Businesses. Casio is focused on the near-term goal of achieving 10% operating income margins in all its businesses.

As a measure to improve earning capacity, Casio is striving to significantly reduce the cost of sales ratio by optimizing costs starting from the time development of new products begins, through collaboration between the Production and Purchasing H.Q., established in December 2003, and the Product Development H.Q., by maintaining sales prices, and by reducing procurement costs. Specifically, the following measures are high priority.

- (a) Marketing differentiated products by enhancing technological and product planning power
- (b) Rigorously reducing product costs from the development stage
 - Pursuing scale effects through the selection, concentration, and narrowing down of suppliers
 - Promoting cost cutting by expanding local procurement overseas
 - Reducing the number of components and shorten development lead times

(2) Strengthening Financial Structure

Casio is strongly promoting the strategies described below with the aim of strengthening its financial structure.

- (a) Improving operating margins
- (b) Reducing front-loaded working capital, including prompt collection of notes and accounts receivables and inventory reductions
- (c) Reducing fixed costs and improving cost competitiveness through integrated management of purchasing operations and reductions in purchasing cycle time
- (d) Effective and efficient capital expenditure

The company is endeavoring to enhance cash flow through these strategies with the aim of reducing interest-bearing debt by 40 billion yen and improving its equity ratio and debt/equity (D/E) ratio by the end of fiscal 2006, thus strengthening its financial base.

Through the execution of the two 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.

Basic Philosophy on Corporate Governance and Status of Strategy

In order to ensure the achievement of management objectives, enhance competitiveness, and increase corporate value, Casio recognizes the critical importance of rapid decision-making, appropriate business execution, and enhancing management

supervisory functions to improve transparency. The company has implemented a range of measures with the aim of enhancing corporate governance.

(1) Implementation Status of Corporate Governance Strategies

Casio has established a corporate governance framework that combines directors and auditors with an original corporate officer system and internal audit system.

The board of directors is structured to ensure rational and rapid management decision-making. The company has adopted a decision-making process in which important management issues are discussed at meetings of the board of directors that are attended by directors and corporate auditors. Important matters related to the execution of business are discussed at meetings of corporate officers attended by corporate officers, directors, and corporate auditors in order to facilitate smooth company-wide adjustments and strategy implementation.

The board of corporate auditors includes two external auditors. In line with auditing policy and the division of duties determined by the board of corporate auditors, corporate auditors attend the meetings of the board of directors and corporate officers. In addition, they study the status of operations and assets and conduct rigorous audits using interviews with and reports from directors, and reviews of documentation related to resolutions on important matters. External auditors do not have any special interests in Casio.

The internal audit division conducts audits on the status of organizational operations based on laws and regulations as well as in-house administrative standards for organizational functions and other matters, makes evaluations and provides guidance for improvements. The division in charge of each operation is largely responsible for audits of quality, the environment, safety, security, and other issues in cooperation with the manager responsible for the organization. Casio has also extended the various in-house standards on quality, the environment, safety, and security to Casio Group companies.

Casio continues to strive to provide timely and accurate information about business conditions to shareholders and investors by improving results briefings, annual reports and the company's website.

In this way, Casio continues to take a variety of initiatives to enhance corporate governance.

(2) Efforts to Enhance Corporate Governance over the Past Year

For Casio, corporate social responsibility is a key pillar of corporate management, and in an effort to bolster its activities in this area, the company established the CSR Operation Section in April 2004 in a bid to improve its company-wide organization. The company also sought 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 based on the Casio Common Commitment and Casio Code of Conduct prepared in accordance with the Charter of Creativity for Casio. Further, the company replaced its previous Environmental Report with the Sustainability Report, which was published in July 2004, in order to integrate reporting on the environmental, economic, and social aspects of the company's activities.

Operating Results and Financial Position

Performance Highlights for the First Half of Fiscal 2005

During the first half of fiscal 2005, the Japanese economy performed well, showing signs of a moderate recovery including improvement in corporate earnings, an accompanying increase in private-sector capital expenditures, and signs of improvement in consumer spending. Overseas, the US economy remained strong while the economies of Europe headed toward a recovery led by external demand. Asian economies also expanded, with China recording especially strong growth.

The overall market environment for Casio's businesses continued to improve, driven by growth in new products, typically home electrical appliances (digital cameras, cellular phones, LCD TVs, and DVDs).

In this environment, the Casio Group has been strongly promoting and developing its strategic businesses, such as timepieces, digital cameras, electronic dictionaries, cellular phones, and TFT LCDs, in pursuit of management targets. At the same time, the company has been focusing on realizing greater management efficiency, including raising operating income margins and improving capital efficiency.

As a result, consolidated net sales grew 17.0% year-on-year to ¥281.4 billion in the first half of fiscal 2005, primarily driven by growth in strategic businesses.

Reporting on results by segment, sales in the Electronics segment were ¥220.7 billion, up 19.3% year-on-year. In the Consumer category, Exilim digital cameras continued to perform well and won strong support as a leading brand in the digital camera market, for creating the genre of credit card-sized cameras, featuring large LCD monitors, and achieving long battery life. Electronic dictionaries, for which Casio controls an overwhelming share of the market in Japan, also recorded growth as a result of overseas expansion to South Korea and elsewhere. Both digital cameras and electronic dictionaries achieved sales that surpassed initial expectations, which brought sales in this category up 6.8% year-on-year to ¥92.8 billion. The Timepieces category continued its good performance from last year, as the market for solar-powered radio-controlled watches steadily expanded. Operating income improved significantly as a result of changes to the product mix to add emphasis on operating income margins by reducing the ratio of general models and expanding the lineup of high-value-added models. Nevertheless, sales in this category declined 4.4% year-on-year to ¥33.6 billion. In the Mobile Network Solutions (MNS) category, the A5406CA cellular phone, which is equipped with the world's first 3.2-megapixel camera, recorded strong sales. Casio teamed up with Hitachi, Ltd. to establish Casio Hitachi Mobile Communications Co., Ltd. as a joint venture in April 2004 with a view to reducing costs and increasing speed in the development of cellular phones. As a result, sales in this category surged 79.9% year-on-year to ¥69.2 billion. In the System Equipment category, sales rose 2.6% year-on-year to ¥24.9 billion, driven by robust sales of page printers as a result of a transformed business model in the solutions business, which provides customers with the optimal combination of hardware and applications.

In the Electronic Components and Others segment, sales were ¥60.7 billion, up 9.3% year-on-year. Sales in the Electronic Components category rose 5.3% year-on-year to ¥42.9 billion thanks to significant growth in the TFT business, where the company remained the world's top supplier of monitors for digital cameras, and to strong

performances in the film device and bump businesses of Casio Micronics Co., Ltd. Sales in the Others category gained 20.5% year-on-year to ¥17.7 billion.

As a result of efforts to substantially increase added value by enhancing product strength in strategic businesses and to strengthen earning potential by promoting greater management efficiency, the Electronics segment recorded operating income of ¥17.3 billion, up 55.1% year-on-year, and the Electronic Components and Others segment had operating income of ¥5.1 billion, up 58.9% year-on-year. Total consolidated operating income, allowing for elimination or unallocated amount, jumped 61.4% year-on-year to ¥19.5 billion. Ordinary income grew 102.3% year-on-year to ¥17.0 billion as a result of measures to strengthen the company's financial structure, including improving net financial expenses. Net income rose 79.9% year-on-year to ¥9.0 billion.

Financial Position

Net cash provided by operating activities in the first half of fiscal 2005 was ¥30.5 billion in income. The main components of this included ¥14.6 billion in income before income taxes and minority interests, ¥9.8 billion in depreciation expenses, and a ¥4.2 billion increase in working capital due to greater efficiency. Meanwhile, net cash used in investing activities recorded ¥14.0 billion in expenditure. The main components of this were ¥10.4 billion in payments for acquisitions of tangible fixed assets and a ¥4.1 billion increase in intangible fixed assets. Net cash used in financing activities recorded ¥6.3 billion in expenditure. The main components of this included ¥3.9 billion in payments for cash dividends, and a net ¥1.2 billion in expenditures resulting from the acquisition and sale of treasury stock.

As a result, cash and cash equivalents totaled ¥135.3 billion at the end of the first half of fiscal 2005, an increase of ¥12.2 billion over the end of the previous year.

Forecast for Fiscal 2005 Business Results

In terms of the future business environment, although worldwide economic conditions will likely be stable going forward, there are concerns about the impact of higher oil prices on the global economy and other uncertainties, so we expect the situation to remain unpredictable. In this environment, Casio will draw on its core technologies for creating products that are compact, lightweight and energy efficient to continue bolstering its strategic businesses.

Casio will implement the following strategies in its main business segments.

- (a) For digital cameras, the company will push forward in expanding overseas markets, where substantial growth is expected, in addition to the Japanese market by releasing cutting-edge models that combine portability and high performance, including the world's smallest model (79cc) equipped with an optical zoom that uses a ceramic lens, and models featuring a long battery life and large LCD monitors capable of taking about 400 pictures based on CIPA standards.
- (b) For solar-powered radio-controlled watches, the company will promote the conversion to these watches in global markets by releasing ultra-thin models, full metal models, and multi-band models and by expanding the market for women's watches.
- (c) For electronic dictionaries, the company forecasts firm demand, especially in the Japanese student market, and it will strive to become the top brand in global

educational markets by increasing its share in overseas markets, starting with South Korea, Germany, and Spanish-speaking countries.

- (d) For cellular phones, Casio will utilize the strengths of its development joint venture to develop competitive products that apply the latest technological innovations. The company also aims to enhance its earning capacity by reducing development costs and increasing speed through the creation of common platforms and other means.
- (e) For TFT LCDs, in addition to digital camera monitors, for which Casio enjoys an overwhelming market share, the company is continuing its efforts to improve productivity by increasing the share of its LCDs for cellular phones.

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 these businesses, and it is working to achieve earnings growth and strengthen its management structure.

Current results forecasts for fiscal 2005 are as below.

Net sales:	¥600.0 billion (up 14.6% year-on-year)
Operating income:	¥42.0 billion (up 52.8% year-on-year)
Ordinary income:	¥37.0 billion (up 72.5% year-on-year)
Net income:	¥20.0 billion (up 41.1% year-on-year)

Exchange rates for the second half of fiscal 2005 are estimated at US\$1 = ¥108 and euro1 = ¥127.

Note: Forecasts for business results 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. The following factors may affect actual results.

- (a) Trends in the economic and social conditions as well as laws, regulations and tax systems in major markets in Japan, Europe, the US, Asia and elsewhere.
- (b) Fluctuations in product supply and demand and significant changes in product prices in major markets.
- (c) Rapid changes in technology, the development of products that use new technology and the timing of manufacturing and market introduction.
- (d) Fluctuations in the exchange rates of major currencies, including the yen-dollar rate.

Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2004	As of March 31, 2004	Increase (Decrease)	As of September 30, 2003
Assets				
Current assets	344,304	329,787	14,517	305,703
Cash and time deposits	92,692	79,977	12,715	70,155
Notes and accounts receivable-trade	91,672	98,969	(7,297)	86,726
Marketable securities	43,590	44,500	(910)	43,000
Inventories	70,481	62,259	8,222	68,821
Deferred tax assets	14,023	11,356	2,667	10,607
Accounts receivable-other	29,113	29,750	(637)	20,633
Other current assets	4,635	4,900	(265)	7,791
Allowance for doubtful accounts	(1,902)	(1,924)	22	(2,030)
Fixed assets	168,239	166,252	1,987	160,275
Property, plant and equipment	93,771	94,035	(264)	96,047
Buildings and structures	31,285	32,496	(1,211)	29,951
Machinery and vehicles	13,008	13,459	(451)	13,753
Tools and equipment	10,427	9,306	1,121	9,272
Land	37,311	38,356	(1,045)	38,899
Construction in progress	1,740	418	1,322	4,172
Intangibles	12,177	10,364	1,813	9,804
Investments and other assets	62,291	61,853	438	54,424
Investment securities	41,418	42,748	(1,330)	33,710
Deferred tax assets	10,719	8,941	1,778	11,507
Long-term time deposits	3,000	3,000		3,000
Other assets	8,344	8,512	(168)	7,630
Allowance for doubtful accounts	(1,190)	(1,348)	158	(1,423)
Total assets	512,543	496,039	16,504	465,978

(Millions of yen)

	As of September 30, 2004	As of March 31, 2004	Increase (Decrease)	As of September 30, 2003
Liabilities				
Current liabilities	217,892	178,340	39,552	163,646
Notes and accounts payable-trade	102,423	102,406	17	81,941
Short-term borrowings	1,832	906	926	2,640
Long-term borrowings due within one year	3,621	1,792	1,829	2,667
Bonds due within one year	40,000	11,000	29,000	2,000
Convertible bonds due within one year				23,811
Accounts payable-other	35,532	35,756	(224)	29,639
Accrued expenses	13,770	12,819	951	12,862
Income taxes payable	10,100	4,213	5,887	1,707
Other current liabilities	10,614	9,448	1,166	6,379
Long-term liabilities	138,951	170,413	(31,462)	162,397
Bonds	20,000	50,000	(30,000)	60,000
Bonds with stock acquisition rights	20,000	20,000		
Long-term borrowings	79,560	82,310	(2,750)	83,356
Deferred tax liabilities	1,906	1,887	19	2,028
Employees' severance and retirement benefits	14,786	14,292	494	15,779
Retirement benefits for directors and corporate auditors	1,130	814	316	542
Other long-term liabilities	1,569	1,110	459	692
Total liabilities	356,843	348,753	8,090	326,043
Minority interests	8,222	2,883	5,339	2,719
Shareholders' equity				
Common stock	41,549	41,549		41,549
Additional paid-in capital	57,523	57,524	(1)	57,523
Retained earnings	58,937	54,223	4,714	45,074
Net unrealized holding gains on securities	1,086	2,525	(1,439)	548
Foreign currency translation adjustments	(6,074)	(7,003)	929	(5,988)
Treasury stock, at cost	(5,543)	(4,415)	(1,128)	(1,490)
Total shareholders' equity	147,478	144,403	3,075	137,216
Total liabilities, minority interests and shareholders' equity	512,543	496,039	16,504	465,978

(September 30, 2004)

(March 31, 2004)

(September 30, 2003)

1. Accumulated depreciation on property, plant and equipment

118,375

115,557

122,389

2. Guarantee

945

1,032

1,123

Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2004		Six months ended September 30, 2003		Increase (Decrease)	Year ended March 31, 2004
	Amount	% of Net sales	Amount	% of Net sales		
Net sales	281,496	100.0	240,578	100.0	40,918	523,528
Cost of sales	201,893	71.7	172,901	71.9	28,992	377,422
Gross income	79,603	28.3	67,677	28.1	11,926	146,106
Selling, general and administrative expenses	60,073	21.4	55,575	23.1	4,498	118,615
Operating income	19,530	6.9	12,102	5.0	7,428	27,491
Non-operating income	1,150	0.4	1,495	0.6	(345)	4,204
Interest and dividends income	468		325		143	828
Other	682		1,170		(488)	3,376
Non-operating expenses	3,632	1.2	5,168	2.1	(1,536)	10,241
Interest expense	816		1,302		(486)	2,390
Other	2,816		3,866		(1,050)	7,851
Ordinary income	17,048	6.1	8,429	3.5	8,619	21,454
Extraordinary gains	65	0.0	971	0.4	(906)	3,910
Gain on sales of fixed assets	3		25		(22)	34
Gain on sales of investment securities	62		941		(879)	1,116
Gain on the release from the substitutional portion of the government's Welfare Pension Insurance Scheme						2,753
Other			5		(5)	7
Extraordinary losses	2,452	0.9	893	0.4	1,559	2,828
Loss on disposal and sales of fixed assets	575		538		37	1,695
Loss on impairment of fixed assets	1,494				1,494	
Loss on devaluation of investment securities	36		105		(69)	136
Provision for accrued retirement benefits for directors and corporate auditors	247		229		18	459
Other	100		21		79	538
Income before income taxes and minority interests	14,661	5.2	8,507	3.5	6,154	22,536
Income taxes-current	8,541	3.0	1,520	0.6	7,021	5,818
Income taxes-deferred	(3,333)	(1.1)	1,757	0.7	(5,090)	2,013
Minority interests	(408)	(0.1)	(203)	(0.1)	(205)	(529)
Net income	9,045	3.2	5,027	2.1	4,018	14,176

Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2004	Six months ended September 30, 2003	Year ended March 31, 2004
Cash flows from operating activities:			
Income before income taxes and minority interests	14,661	8,507	22,536
Depreciation (including software)	9,848	9,056	19,465
Loss on impairment of fixed assets	1,494		
Loss on disposal and sales of fixed assets	572	513	1,661
Gain on sales of investment securities	(61)	(941)	(1,115)
Loss on devaluation of investment securities	36	105	136
Increase in liabilities for the employees' severance and retirement benefits	467	2,313	859
Interest and dividends income	(468)	(325)	(828)
Interest expense	816	1,302	2,390
Foreign exchange loss (gain)	(1,085)	378	83
Decrease (Increase) in notes and accounts receivable	8,280	3,242	(9,148)
Decrease (Increase) in inventories	(3,889)	1,301	7,528
Increase (Decrease) in notes and accounts payable	(188)	1,647	22,411
Other	3,186	(1,282)	1,327
Total	33,669	25,816	67,305
Interest and dividends received	460	364	734
Interest paid	(816)	(1,052)	(2,365)
Income taxes paid	(2,722)	(2,197)	(3,897)
Net cash provided by operating activities	30,591	22,931	61,777
Cash flows from investing activities:			
Deposits in time deposits	(67)	(783)	(1,184)
Withdrawals from time deposits	485	152	550
Deposits in long-term time deposits		(3,000)	(3,000)
Net decrease in marketable securities		2,997	6,005
Payments for acquisitions of tangible fixed assets	(10,405)	(8,031)	(13,365)
Proceeds from sales of tangible fixed assets	136	135	623
Net increase in intangible fixed assets	(4,179)	(3,130)	(6,066)
Net decrease in investment securities	9	8,702	145
Other	16	(46)	598
Net cash used in investing activities	(14,005)	(3,004)	(15,694)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	919	(1,109)	(2,846)
Payments for long-term borrowings	(921)	(802)	(2,723)
Proceeds from issuance of bonds			20,260
Redemption of bonds	(1,000)		(24,811)
Payments for acquisitions and proceeds from sales of treasury stock, net	(1,278)	(1,207)	(4,131)
Payments for cash dividends	(3,992)	(3,375)	(3,375)
Other	(48)	(23)	(67)
Net cash used in financing activities	(6,320)	(6,516)	(17,693)
Effect of exchange rate changes on cash and cash equivalents	1,943	(1,090)	(1,685)
Net increase in cash and cash equivalents	12,209	12,321	26,705
Cash and cash equivalents at beginning of period	123,141	96,436	96,436
Cash and cash equivalents at end of period	135,350	108,757	123,141

Note: Cash and cash equivalents at September 30, 2004 and 2003, and March 31, 2004 for the Consolidated Statements of Cash Flows consist of the followings:

	(September 30, 2004)	(September 30, 2003)	(March 31, 2004)
Cash and time deposits	92,692	70,155	79,977
Time deposits over three months	(932)	(1,398)	(1,336)
Marketable securities within three months	43,590	40,000	44,500
Cash and cash equivalents	135,350	108,757	123,141

Segment Information

1. Business Segments

Six months ended September 30, 2004

(Millions of yen)

	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
Net sales					
(1) Outside customers	220,713	60,783	281,496		281,496
(2) Inside Group	530	16,732	17,262	(17,262)	
Total	221,243	77,515	298,758	(17,262)	281,496
Costs and expenses	203,933	72,331	276,264	(14,298)	261,966
Operating income (loss)	17,310	5,184	22,494	(2,964)	19,530

Six months ended September 30, 2003

(Millions of yen)

	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
Net sales					
(1) Outside customers	184,983	55,595	240,578		240,578
(2) Inside Group	664	15,482	16,146	(16,146)	
Total	185,647	71,077	256,724	(16,146)	240,578
Costs and expenses	174,484	67,814	242,298	(13,822)	228,476
Operating income (loss)	11,163	3,263	14,426	(2,324)	12,102

Year ended March 31, 2004

(Millions of yen)

	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
Net sales					
(1) Outside customers	405,602	117,926	523,528		523,528
(2) Inside Group	1,316	32,777	34,093	(34,093)	
Total	406,918	150,703	557,621	(34,093)	523,528
Costs and expenses	381,692	143,637	525,329	(29,292)	496,037
Operating income (loss)	25,226	7,066	32,292	(4,801)	27,491

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 2,964 million yen, 2,324 million yen and 4,801 million yen for the six months ended September 30, 2004 and 2003, and for the year ended March 31, 2004, respectively.

2. Geographical Segments

Six months ended September 30, 2004

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination	Consolidated
Net sales							
(1) Outside customers	221,982	18,394	33,251	7,869	281,496		281,496
(2) Inside Group	48,186	16	42	36,108	84,352	(84,352)	
Total	270,168	18,410	33,293	43,977	365,848	(84,352)	281,496
Costs and expenses	252,591	17,668	32,835	43,022	346,116	(84,150)	261,966
Operating income (loss)	17,577	742	458	955	19,732	(202)	19,530

Six months ended September 30, 2003

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination	Consolidated
Net sales							
(1) Outside customers	183,349	23,384	29,863	3,982	240,578		240,578
(2) Inside Group	44,988	104	35	31,583	76,710	(76,710)	
Total	228,337	23,488	29,898	35,565	317,288	(76,710)	240,578
Costs and expenses	217,817	22,398	29,295	35,356	304,866	(76,390)	228,476
Operating income (loss)	10,520	1,090	603	209	12,422	(320)	12,102

Year ended March 31, 2004

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination	Consolidated
Net sales							
(1) Outside customers	407,038	43,935	61,969	10,586	523,528		523,528
(2) Inside Group	84,304	114	100	63,768	148,286	(148,286)	
Total	491,342	44,049	62,069	74,354	671,814	(148,286)	523,528
Costs and expenses	468,940	41,492	60,839	73,173	644,444	(148,407)	496,037
Operating income (loss)	22,402	2,557	1,230	1,181	27,370	121	27,491

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, Mexico
- (2) Europe U.K., Germany, France
- (3) Asia Taiwan, Hong Kong, South Korea, Malaysia, Singapore, China, India, Indonesia, Thailand

3. Overseas Sales

Six months ended September 30, 2004

(Millions of yen)

	North America	Europe	Asia	Others	Total
I Overseas net sales	23,611	36,769	44,402	12,881	117,663
II Net sales (consolidated)					281,496
III Share of overseas net sales	8.4%	13.0%	15.8%	4.6%	41.8%

Six months ended September 30, 2003

(Millions of yen)

	North America	Europe	Asia	Others	Total
I Overseas net sales	27,073	32,925	35,324	10,880	106,202
II Net sales (consolidated)					240,578
III Share of overseas net sales	11.2%	13.7%	14.7%	4.5%	44.1%

Year ended March 31, 2004

(Millions of yen)

	North America	Europe	Asia	Others	Total
I Overseas net sales	51,230	68,132	82,740	22,202	224,304
II Net sales (consolidated)					523,528
III Share of overseas net sales	9.8%	13.0%	15.8%	4.2%	42.8%

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

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, 2004			Six months ended September 30, 2003		Year ended March 31, 2004	
	Amount	% of total	% change	Amount	% of total	Amount	% of total
Consumer	92,815	33.0	6.8	86,934	36.2	188,960	36.1
Timepieces	33,649	11.9	(4.4)	35,205	14.6	70,131	13.4
MNS (Mobile Network Solutions)	69,283	24.6	79.9	38,522	16.0	97,805	18.7
System equipment	24,966	8.9	2.6	24,322	10.1	48,706	9.3
Electronics	220,713	78.4	19.3	184,983	76.9	405,602	77.5
Electronic components	42,988	15.3	5.3	40,828	17.0	86,903	16.6
Others	17,795	6.3	20.5	14,767	6.1	31,023	5.9
Electronic components and Others	60,783	21.6	9.3	55,595	23.1	117,926	22.5
Total	281,496	100.0	17.0	240,578	100.0	523,528	100.0