

Consolidated Financial Results for the First Quarter Ended June 30, 2005

August 2, 2005

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

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

Stock Exchange Listings: Tokyo (First Section)

Code Number: 6952

President and CEO: Kazuo Kashio

Inquiries: Akinori Takagi, Managing Director

Tel: (03) 5334-4852

1. Notes to Quarterly Financial Information

(1) Adoption of the simplified accounting method: Yes

The simplified method is used for the tax effect accounting.

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

(3) Changes in scope of consolidation and equity method: None

2. Consolidated Financial Results for the Three Months from April 1, 2005 to June 30, 2005

Monetary amounts are rounded to the nearest million yen.

(1) Operating Results

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Three months ended June 30, 2005	104,387 (20.8)%	3,566 (49.8)%	3,384 (50.3)%	2,441 (31.1)%
Three months ended June 30, 2004	131,720 28.3 %	7,101 135.6 %	6,806 194.7 %	3,541 235.7 %
(Reference)Year ended March 31, 2005	559,006 6.8 %	39,040 42.0 %	33,588 56.6 %	21,534 51.9 %

	Net income per share (Yen)	Diluted net income per share (Yen)
Three months ended June 30, 2005	9.19	8.75
Three months ended June 30, 2004	13.32	12.67
(Reference)Year ended March 31, 2005	80.27	76.47

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

(2) Financial Position

(Millions of yen)

	Total assets	Shareholders' equity	Shareholders' equity ratio (%)	Shareholders' equity per share (Yen)
Three months ended June 30, 2005	469,505	160,296	34.1	603.41
Three months ended June 30, 2004	516,865	142,796	27.6	537.73
(Reference)Year ended March 31, 2005	495,743	162,271	32.7	610.23

3. Consolidated Results Forecast for Fiscal 2006 from April 1, 2005 to March 31, 2006

(Millions of yen)

	Net sales	Ordinary income	Net income
First Half	285,000	17,500	10,000
Fiscal 2006	580,000	37,000	23,000

(Estimated net income per share: 86.58 yen)

Note: For items related to assumptions and others of the above forecast, see pages from 5 to 6.

Consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2005	As of March 31, 2005	Increase (Decrease)	As of June 30, 2004
Assets				
Current assets	301,499	329,948	(28,449)	346,391
Cash and time deposits	56,888	83,528	(26,640)	83,060
Notes and accounts receivable-trade	69,674	91,552	(21,878)	81,240
Marketable securities	43,299	44,678	(1,379)	54,000
Inventories	70,082	62,576	7,506	79,185
Other current assets	63,039	49,152	13,887	50,701
Allowance for doubtful accounts	(1,483)	(1,538)	55	(1,795)
Fixed assets	168,006	165,795	2,211	170,474
Property, plant and equipment	95,134	94,425	709	95,254
Buildings and structures	31,078	30,567	511	32,624
Machinery and vehicles	14,458	13,360	1,098	13,114
Land	37,436	37,749	(313)	38,376
Other property, plant and equipment	12,162	12,749	(587)	11,140
Intangibles	12,564	12,379	185	11,048
Investments and other assets	60,308	58,991	1,317	64,172
Investment securities	39,137	38,609	528	43,349
Other assets	22,221	21,446	775	22,004
Allowance for doubtful accounts	(1,050)	(1,064)	14	(1,181)
Total assets	469,505	495,743	(26,238)	516,865
Liabilities				
Current liabilities	171,881	196,089	(24,208)	194,794
Notes and accounts payable-trade	76,633	87,384	(10,751)	118,282
Short-term borrowings	833	641	192	991
Long-term borrowings due within one year	9,530	9,655	(125)	1,792
Bonds due within one year	30,000	30,000		11,000
Other current liabilities	54,885	68,409	(13,524)	62,729
Long-term liabilities	127,529	126,894	635	171,290
Bonds	20,000	20,000		50,000
Bonds with stock acquisition rights	20,000	20,000		20,000
Long-term borrowings	73,990	74,155	(165)	82,020
Employees' severance and retirement benefits	7,173	6,961	212	14,608
Other long-term liabilities	6,366	5,778	588	4,662
Total liabilities	299,410	322,983	(23,573)	366,084
Minority interests	9,799	10,489	(690)	7,985
Shareholders' equity				
Common stock	41,549	41,549		41,549
Additional paid-in capital	57,523	57,523		57,524
Retained earnings	69,004	71,314	(2,310)	53,583
Net unrealized holding gains on securities	2,975	3,060	(85)	2,050
Foreign currency translation adjustments	(5,429)	(5,771)	342	(6,652)
Treasury stock, at cost	(5,326)	(5,404)	78	(5,258)
Total shareholders' equity	160,296	162,271	(1,975)	142,796
Total liabilities, minority interests and shareholders' equity	469,505	495,743	(26,238)	516,865

Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2005		Three months ended June 30, 2004		Increase (Decrease)	Year ended March 31, 2005
	Amount	% of Net sales	Amount	% of Net sales		
Net sales	104,387	100.0	131,720	100.0	(27,333)	559,006
Cost of sales	75,030	71.9	95,990	72.9	(20,960)	398,186
Gross income	29,357	28.1	35,730	27.1	(6,373)	160,820
Selling, general and administrative expenses	25,791	24.7	28,629	21.7	(2,838)	121,780
Operating income	3,566	3.4	7,101	5.4	(3,535)	39,040
Non-operating income	608	0.6	769	0.6	(161)	2,735
Non-operating expenses	790	0.8	1,064	0.8	(274)	8,187
Ordinary income	3,384	3.2	6,806	5.2	(3,422)	33,588
Extraordinary gains	296	0.3	33	0.0	263	2,456
Extraordinary losses	156	0.1	269	0.2	(113)	2,951
Income before income taxes and minority interests	3,524	3.4	6,570	5.0	(3,046)	33,093
Income taxes	1,445	1.4	2,825	2.1	(1,380)	10,423
Minority interests	362	0.3	(204)	(0.2)	566	(1,136)
Net income	2,441	2.3	3,541	2.7	(1,100)	21,534

Business Segment Information

Three months ended June 30, 2005

(Millions of yen)

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

Three months ended June 30, 2004

(Millions of yen)

	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
Net sales:					
(1) Outside customers	100,808	30,912	131,720		131,720
(2) Inside Group	223	7,671	7,894	(7,894)	
Total	101,031	38,583	139,614	(7,894)	131,720
Costs and expenses	95,391	35,955	131,346	(6,727)	124,619
Operating income (loss)	5,640	2,628	8,268	(1,167)	7,101

Qualitative Information about Consolidated Operating Results

The Casio Group has been developing and vigorously promoting a strategy of focusing on high-value-added and differentiated products in its five strategic businesses: timepieces, digital cameras, electronic dictionaries, cellular phones, and TFT LCDs. At the same time, the company is focused on further increasing management efficiency by, for instance, improving capital efficiency and radically reducing fixed costs. On the strength of these efforts, consolidated net sales for the first quarter of the current fiscal year were ¥104.3 billion, with digital cameras and electronic dictionaries continuing the strong performance of the previous fiscal year. Operating income was ¥3.5 billion, ordinary income was ¥3.3 billion, and net income stood at ¥2.4 billion. These figures were low in comparison with the previous year, but they are on track to match forecasts for this fiscal year. The company expects a marked difference in the distribution of sales between the first and second quarters, which is also reflected in initial forecasts. The main reasons for the second-quarter weighting are that the launch of new cellular phone products is concentrated in the second quarter and that TFT LCDs remain on a low price trend.

Qualitative Information about Changes in Consolidated Financial Position

At the end of the first quarter, total assets had decreased by ¥26.2 billion to ¥469.5 billion compared with the end of the previous fiscal year. Shareholders' equity also declined by ¥1.9 billion to ¥160.2 billion. This resulted in a 1.4% increase in the shareholders' equity ratio to 34.1%.

Qualitative Information about Results Forecasts

In the second quarter and beyond, the Casio Group will continue to vigorously develop and promote its strategic businesses of timepieces, digital cameras, electronic dictionaries, cellular phones, and TFT LCDs, with the aim of achieving management targets. At the same time, the company is focused on enhancing management efficiency through such means as raising the profit margin and improving capital efficiency. In the Consumer Category, digital cameras and electronic dictionaries are expected to remain steady. The Timepieces Category is expected to see increased demand as the usual year-end sales boom approaches, and to record increased sales due to the enhancement of its line-up of full-metal, solar-powered radio-controlled watches. The System Equipment Category is moving ahead in line with forecasts, with a tendency for sales to be concentrated at the end of the first half and at the end of the fiscal year. In the Mobile Network Solutions Category, a substantial increase in sales in the second quarter is forecast for cellular phones, as the launch of new products is concentrated in the period from July to September. Moreover, for TFT LCDs in the Electronic Components Category, Casio believes that the market for TFT LCDs for cellular phones has already bottomed out, and that TFT LCDs for digital cameras will remain flat on the previous fiscal year. The company therefore forecasts expansion toward the last half of the fiscal year.

The company is currently making steady progress in line with the forecasts announced on May 10, 2005. There are no revisions to results forecasts for the full year ending in March 2006.

Notes concerning results forecasts

- 1) The exchange rates are calculated at US\$1 = ¥103 and Euro1 = ¥130.
- 2) Results forecasts are based on information available at the present time, and actual results may differ significantly from forecasts. Key factors affecting actual results may include, but are not limited to, the economic circumstances surrounding the company's business, fluctuations in the exchange rates of major currencies including the yen-dollar rate, and significant changes in product prices.