

Consolidated Financial Results for the Six Months Ended September 30, 2005

English Translation of "KESSAN TANSHIN"

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

(Summary for reference)

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

November 2, 2005

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

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Board of Directors Meeting: November 2, 2005

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

1. Consolidated Financial Results for the Six Months from April 1, 2005 to September 30, 2005

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, 2005	274,230	(2.6)%	19,719	1.0 %	17,781	4.3 %
Six months ended September 30, 2004	281,496	17.0 %	19,530	61.4 %	17,048	102.3 %
Year ended March 31, 2005	559,006		39,040		33,588	

	Net income		Net income per share (Yen)	Diluted net income per share (Yen)
Six months ended September 30, 2005	10,226	13.1 %	38.49	36.69
Six months ended September 30, 2004	9,045	79.9 %	34.03	32.40
Year ended March 31, 2005	21,534		80.27	76.47

Notes: 1. Equity in gains of affiliates:

Six months ended September 30, 2005: 62 million yen

Six months ended September 30, 2004: 55 million yen

Year ended March 31, 2005: 96 million yen

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

Six months ended September 30, 2005: 265,642,966

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

Year ended March 31, 2005: 265,696,515

3. Changes in accounting methods: None

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, 2005	484,669	171,206	35.3	644.28
Six months ended September 30, 2004	512,543	147,478	28.8	555.64
Year ended March 31, 2005	495,743	162,271	32.7	610.23

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

Six months ended September 30, 2005: 265,732,667

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

Year ended March 31, 2005: 265,577,608

(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, 2005	16,511	(15,855)	(40,773)	108,863
Six months ended September 30, 2004	30,591	(14,005)	(6,320)	135,350
Year ended March 31, 2005	64,955	(28,836)	(13,529)	147,589

(4) Scope of Consolidation and Equity Method

Number of consolidated subsidiaries: 56

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) 3 (Excluded) 0

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

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

(Millions of yen)

	Net sales	Ordinary income	Net income
Fiscal 2006	580,000	37,000	23,000

(Estimated net income per share: 86.55 yen)

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 56 consolidated subsidiaries and 6 equity-method subsidiaries, as of September 30, 2005. 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 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 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 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, the company sells its products through affiliated companies in some regions. 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, 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 pursue growth as a company, increase corporate value, and remain attractive for all investors and customers by creating an affluent life for people around the world and contributing to society. The company is accomplishing this by introducing innovative ideas and astonishingly good 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.

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. 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.

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

The Casio Group considers increasing its earning capacity and strengthening its financial structure to be pressing issues, and the entire company has been united in promoting the strategies described below since fiscal 2004.

(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. In fiscal 2006, Stable Businesses accounted for 46% of net sales and Expansive

Businesses accounted for 54% of net sales. The operating income margin was 11.6% in Stable Businesses and 5.5% in Expansive Businesses. As a result, the operating income margin for the company overall, allowing for eliminations or unallocated amounts, was 7.2%, which is a substantial improvement from the 4.1% of fiscal 2003. 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 a 10% operating income margin overall.

(2) Strengthening Financial Structure

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

As of the end of the first half of fiscal 2006, Casio has realized major improvements: its shareholders' equity ratio improved from 28.7% in fiscal 2003 to 35.3%, and the D/E ratio went from 1.34 in fiscal 2003 to 0.70. Interest-bearing debt was reduced by ¥56.5 billion, from ¥176.4 billion in fiscal 2003 to ¥119.9 billion, with the company reaching its goal of a 50 billion yen reduction in three years a full six months ahead of schedule. 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 and stable financial structure.

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 a director system and auditor system 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 (held 10 times in the first half of fiscal 2006). 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 consists of three auditors, including 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 described above and other important meetings. In addition, they conduct rigorous audits using interviews with and reports from directors and reviews of documentation related to decisions on important matters (six times in the first half of fiscal 2006). They also work in cooperation with the internal audit division and independent accountants, requesting reports from them regularly and as required. External auditors do not have any special interests in Casio.

External audits by independent accountants are conducted by KPMG AZSA & Co., based on auditing standards generally accepted in Japan. The company also receives proposals that lead to improvements in its operations. The two certified public accountants who carry out the work are Yasuaki Takayama and Junshi Ono. In addition, their assistants in the auditing work consist of three certified public accountants as well as three others.

The internal audit division consists of five members, and they conduct 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, make evaluations and provide 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, and adequately addressed these various risks.

Casio continues to strive to provide timely and accurate information about business conditions to shareholders and investors by improving its quarterly results briefings, annual reports, CSR report, and 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

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). For Casio, CSR is a key pillar of corporate management.

In an effort to bolster its activities in this area, the company established the CSR Operation Section in April 2004 to improve its company-wide organization. In December 2004, Casio also inaugurated the CSR Committee, which consists of directors and auditors with the President as Chairman. The CSR Committee determines the direction of company-wide CSR activities, including basic policy and other important matters, and works to enhance the company-wide risk management system.

Furthermore, Casio introduced the Protection of Personal Data Project Group in June 2004 to solidify measures to prevent any leakage of customers' personal information. Based on surveys of the current conditions under which personal data is managed in each division, the company has compiled manuals, conducted employee training on this subject, and established a management system to prevent data leaks. With these measures in place, Casio applied for Japan's Privacy Mark in March 2005.

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.

The results of the CSR activities described above have been made public in the CSR Report, which was published in August 2005, and an English version will be made available in late November.

Matters Related to the Parent Company

Not applicable

Operating Results and Financial Position

Performance Highlights for the First Half of Fiscal 2006

During the first half of fiscal 2006, the Japanese economy continued in a moderate recovery featuring improvement in corporate earnings, an accompanying increase in private-sector capital expenditures, and steady consumer spending. As a whole, economies overseas generally saw solid expansion, with the US economy continuing to perform well, European economies maintaining steady growth, and China driving continued expansion in Asia.

With adjustments in the manufacture of products in the area of consumer digital electronics (digital cameras, cellular phones, LCD TVs, and DVDs) nearly complete, these products continued to drive growth and the overall market for Casio businesses improved.

In this environment, the Casio Group pursued its management goals by aggressively promoting and developing a strategy designed to heighten the added value of its products and differentiate them from those of other companies in five strategic businesses (timepieces, digital cameras, electronic dictionaries, cellular phones, and TFT LCDs). At the same time, the company focused on realizing greater management efficiency, including efforts to improve capital efficiency and drastically reduce fixed expenses.

Consolidated net sales overall declined by 2.6% year-on-year to ¥274.2 billion. Reporting on results by segment, sales in the Electronics segment were unchanged from the first half of the previous fiscal year, at ¥220.7 billion. In the Consumer category, Exilim digital cameras continued their strong performance from the previous year, both within and outside of Japan, and won strong support as a leading brand in the digital camera market. Lauded for creating the new genre of card-sized cameras as well as for their large LCD monitors and long battery life, Exilim has also introduced high-quality movie functions. Moreover, electronic dictionaries, for which Casio controls an overwhelming share of the market in Japan, also recorded sales higher than initially expected as a result of strong sales of high value-added models (adding pronunciation functions, etc.) and further overseas expansion in South Korea and elsewhere. The Timepieces category continued its positive performance from last year, as the market for solar-powered radio-controlled watches steadily expanded. As a result of changes to the product mix to emphasize profit ratios by reducing the proportion of regular models and expanding the lineup of high value-added models, profits improved significantly despite the fact that sales figures did not rise. The Mobile Network Solutions (MNS) category saw significant growth in profits, driven by the strong performance of the W31CA WIN model cellular phone with built-in 3.2-megapixel CCD camera and 2.6 inch QVGA wide-screen LCD monitor, and the G'zOne TYPE-R, a collapsible cellular phone with a built-in megapixel camera, which is waterproof and impact resistant. Though the System Equipment category focused on the development of various solutions that provide customers with the optimal combination of hardware and applications, the impact of falling prices for IT-related products resulted in a decrease in sales.

In the Electronic Components and Others segment, sales were ¥53.4 billion, down 12.0% year-on-year. Although sales in the Electronic Components category dropped due to falling unit prices in the TFT LCD business, they essentially met the expectations set out in initial plans. This category is beginning to show positive signs, including expanding demand for LCDs for digital cameras and the acquisition of new clients in the cellular phone industry.

Operating income in the Electronics segment reached ¥18.6 billion, up 7.7% year-on-year, due to efforts to substantially increase added value by enhancing product strength in strategic businesses and to strengthen earning potential by promoting greater management efficiency.

The Electronic Components and Others segment had operating income of ¥4.1 billion, down 20.9% year-on-year. Total consolidated operating income, allowing for elimination or unallocated amount, rose 1.0% year-on-year to ¥19.7 billion, and the operating income margin stood at 7.2%. Ordinary income, at ¥17.7 billion, grew 4.3% year-on-year due to measures to strengthen the company's financial structure, including improving net financial expenses. Net income for the first half of the year rose 13.1% year-on-year to ¥10.2 billion.

Financial Position

Net cash provided by operating activities in the first half of fiscal 2006 was ¥16.5 billion in income. The main components of this included ¥17.2 billion in income before income taxes and minority interests and ¥12.0 billion in depreciation expenses. Meanwhile, net cash used in investing activities recorded ¥15.8 billion in expenditure. The main components of this were ¥8.6 billion in payments for acquisitions of tangible fixed assets and an ¥6.0 billion increase in intangible fixed assets. Net cash used in financing activities recorded ¥40.7 billion in expenditure. The main components of this cash flow included ¥30.0 billion in the redemption of bonds, ¥6.0 billion in the payments for long-term borrowings, and ¥4.5 billion in payments for cash dividends.

As a result, cash and cash equivalents totaled ¥108.8 billion at the end of the first half of fiscal 2006, a decrease of ¥38.7 billion over the end of the previous full year.

Forecast for Fiscal 2006 Business Results

The outlook for the business environment remains unpredictable due to various uncertainties, including concerns over the impact on the global economy of rising crude oil prices. In this environment, Casio will draw on its core technologies for creating products that are compact, lightweight, slim and energy efficient to continue strengthening its strategic businesses.

- (a) For digital cameras, the company will continue to introduce new products that emphasize stylishness and have potential as high-value-added items. At the same time, the company will also push hard to expand its businesses in overseas markets by introducing models in accessible price ranges, expanding market share and improving earning potential.
- (b) For solar-powered radio-controlled watches, the company plans to significantly increase the operating income margin, expanding the reach of this type of watch in the world market by steadily boosting sales of the full-metal OCEANUS models with the introduction of a chronograph model equipped with five motors and the first model for women.
- (c) For electronic dictionaries, the company forecasts continued firm demand and plans to improve the operating income margin by increasing the proportion of models with high value-added to its lineup. Moreover, the company will strive to become the top brand in global educational markets in this business by adding China to its current markets in South Korea, Germany, and Spanish-speaking countries, and working to increase its share in these overseas markets.
- (d) For cellular phones, the company will develop competitive products adapted to the technological innovations of the future to maintain its standing as the top-selling brand at au. Casio also aims to increase earning capacity by reducing costs and improving speed in development through means such as the construction of a common platform.
- (e) For TFT LCDs, the industry as a whole is moving toward recovery in the second half of the fiscal year, and Casio will focus on growth in digital camera monitors, for which the company enjoys an overwhelming market share, by introducing new, cutting-edge

specifications. At the same time, the company is continuing its efforts to improve productivity by increasing the share of its LCDs for cellular phones through expansion of its client base.

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 further improve its management practices.

Current results forecasts for fiscal 2006 are as below.

Net sales: ¥580.0 billion (up 3.8% year-on-year)

Operating income: ¥43.0 billion (up 10.1% year-on-year)

Ordinary income: ¥37.0 billion (up 10.2% year-on-year)

Net income: ¥23.0 billion (up 6.8% year-on-year)

Exchange rates for the second half of fiscal 2006 are estimated at US\$1 = ¥103 and Euro 1 = ¥130.

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.

Business Risks

The main risks that may affect the Group's business performance, financial position and share price are described below. The Casio Group 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 first half of the current fiscal year.

- (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 the Group'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 the Group's potential products or technology infringes the intellectual property rights of another company
- (8) Risk of data leaks due to unforeseen circumstances
- (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

Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2005	As of March 31, 2005	Increase (Decrease)	As of September 30, 2004
Assets				
Current assets	310,135	329,948	(19,813)	344,304
Cash and time deposits	69,680	83,528	(13,848)	92,692
Notes and accounts receivable-trade	101,207	91,552	9,655	91,672
Marketable securities	14,954	44,678	(29,724)	43,590
Inventories	65,265	62,576	2,689	70,481
Deferred tax assets	11,049	12,070	(1,021)	14,023
Short-term loans receivable with resale agreement	25,000	20,000	5,000	
Accounts receivable-other	19,136	12,842	6,294	29,113
Other current assets	5,468	4,240	1,228	4,635
Allowance for doubtful accounts	(1,624)	(1,538)	(86)	(1,902)
Fixed assets	174,534	165,795	8,739	168,239
Property, plant and equipment	97,411	94,425	2,986	93,771
Buildings and structures	30,640	30,567	73	31,285
Machinery and vehicles	14,699	13,360	1,339	13,008
Tools and equipment	12,263	11,169	1,094	10,427
Land	37,436	37,749	(313)	37,311
Construction in progress	2,373	1,580	793	1,740
Intangibles	14,132	12,379	1,753	12,177
Investments and other assets	62,991	58,991	4,000	62,291
Investment securities	43,759	38,609	5,150	41,418
Deferred tax assets	8,748	9,974	(1,226)	10,719
Long-term time deposits	3,000	3,000		3,000
Other assets	8,527	8,472	55	8,344
Allowance for doubtful accounts	(1,043)	(1,064)	21	(1,190)
Total assets	484,669	495,743	(11,074)	512,543

(Millions of yen)

	As of September 30, 2005	As of March 31, 2005	Increase (Decrease)	As of September 30, 2004
Liabilities				
Current liabilities	175,809	196,089	(20,280)	217,892
Notes and accounts payable-trade	101,706	87,384	14,322	102,423
Short-term borrowings	2,177	641	1,536	1,832
Long-term borrowings due within one year	4,035	9,655	(5,620)	3,621
Bonds due within one year		30,000	(30,000)	40,000
Accounts payable-other	35,929	33,947	1,982	35,532
Accrued expenses	14,262	13,345	917	13,770
Income taxes payable	6,496	11,656	(5,160)	10,100
Warranty reserve	1,791	2,096	(305)	2,193
Other current liabilities	9,413	7,365	2,048	8,421
Long-term liabilities	126,640	126,894	(254)	138,951
Bonds	20,000	20,000		20,000
Bonds with stock acquisition rights	20,000	20,000		20,000
Long-term borrowings	73,700	74,155	(455)	79,560
Deferred tax liabilities	1,907	1,905	2	1,906
Employees' severance and retirement benefits	7,228	6,961	267	14,786
Retirement benefits for directors and corporate auditors	1,619	1,408	211	1,130
Other long-term liabilities	2,186	2,465	(279)	1,569
Total liabilities	302,449	322,983	(20,534)	356,843
Minority interests	11,014	10,489	525	8,222
Shareholders' equity				
Common stock	41,549	41,549		41,549
Additional paid-in capital	57,523	57,523		57,523
Retained earnings	76,771	71,314	5,457	58,937
Net unrealized holding gains on securities	5,513	3,060	2,453	1,086
Foreign currency translation adjustments	(4,913)	(5,771)	858	(6,074)
Treasury stock, at cost	(5,237)	(5,404)	167	(5,543)
Total shareholders' equity	171,206	162,271	8,935	147,478
Total liabilities, minority interests and shareholders' equity	484,669	495,743	(11,074)	512,543

(September 30, 2005)

(March 31, 2005)

(September 30, 2004)

1. Accumulated depreciation on property, plant and equipment

128,973

124,130

118,375

2. Guarantee

808

869

945

Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2005		Six months ended September 30, 2004		Increase (Decrease)	Year ended March 31, 2005
	Amount	% of Net sales	Amount	% of Net sales		
Net sales	274,230	100.0	281,496	100.0	(7,266)	559,006
Cost of sales	194,065	70.8	201,893	71.7	(7,828)	398,186
Gross income	80,165	29.2	79,603	28.3	562	160,820
Selling, general and administrative expenses	60,446	22.0	60,073	21.4	373	121,780
Operating income	19,719	7.2	19,530	6.9	189	39,040
Non-operating income	1,278	0.5	1,150	0.4	128	2,735
Interest and dividends income	737		468		269	1,047
Other	541		682		(141)	1,688
Non-operating expenses	3,216	1.2	3,632	1.2	(416)	8,187
Interest expense	668		816		(148)	1,494
Other	2,548		2,816		(268)	6,693
Ordinary income	17,781	6.5	17,048	6.1	733	33,588
Extraordinary gains	336	0.1	65	0.0	271	2,456
Gain on sales of fixed assets	297		3		294	21
Gain on sales of investment securities	39		62		(23)	206
Gain on sales of investment securities in a consolidated subsidiary						293
Gain on change in interests in a consolidated subsidiary						1,918
Other						18
Extraordinary losses	832	0.3	2,452	0.9	(1,620)	2,951
Loss on disposal and sales of fixed assets	559		575		(16)	748
Loss on impairment of fixed assets			1,494		(1,494)	1,494
Loss on devaluation of investment securities	12		36		(24)	78
Provision for accrued retirement benefits for directors and corporate auditors	229		247		(18)	477
Other	32		100		(68)	154
Income before income taxes and minority interests	17,285	6.3	14,661	5.2	2,624	33,093
Income taxes-current	5,635	2.1	8,541	3.0	(2,906)	12,436
Income taxes-deferred	622	0.2	(3,333)	(1.1)	3,955	(2,013)
Minority interests	(802)	(0.3)	(408)	(0.1)	(394)	(1,136)
Net income	10,226	3.7	9,045	3.2	1,181	21,534

Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2005	Six months ended September 30, 2004	Year ended March 31, 2005
Cash flows from operating activities:			
Income before income taxes and minority interests	17,285	14,661	33,093
Depreciation (including software)	12,004	9,848	22,927
Loss on impairment of fixed assets		1,494	1,494
Loss on disposal and sales of fixed assets	262	572	727
Gain on sales of investment securities	(38)	(61)	(205)
Loss on devaluation of investment securities	12	36	78
Gain on sales of investment securities in a consolidated subsidiary			(293)
Gain on change in interests in a consolidated subsidiary			(1,918)
Increase in liabilities for the employees' severance and retirement benefits	242	467	782
Interest and dividends income	(737)	(468)	(1,047)
Interest expense	668	816	1,494
Foreign exchange gain	(610)	(1,085)	(1,370)
Decrease (Increase) in notes and accounts receivable	(8,755)	8,280	8,762
Decrease (Increase) in inventories	(1,493)	(3,889)	3,777
Increase (Decrease) in notes and accounts payable	13,953	(188)	(15,104)
Other	(5,464)	3,186	17,292
Total	27,329	33,669	70,489
Interest and dividends received	713	460	1,019
Interest paid	(694)	(816)	(1,538)
Income taxes paid	(10,837)	(2,722)	(5,015)
Net cash provided by operating activities	16,511	30,591	64,955
Cash flows from investing activities:			
Deposits in time deposits	(580)	(67)	(91)
Withdrawals from time deposits	449	485	827
Payments for acquisitions of tangible fixed assets	(8,672)	(10,405)	(20,065)
Proceeds from sales of tangible fixed assets	706	136	392
Net increase in intangible fixed assets	(6,021)	(4,179)	(8,966)
Net decrease (increase) in investment securities	(936)	9	(1,073)
Other	(801)	16	140
Net cash used in investing activities	(15,855)	(14,005)	(28,836)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	39	919	(275)
Proceeds from long-term borrowings			1,500
Payments for long-term borrowings	(6,075)	(921)	(1,792)
Redemption of bonds	(30,000)	(1,000)	(11,000)
Proceeds from minority shareholders			3,343
Payments for acquisitions and proceeds from sales of treasury stock, net	119	(1,278)	(1,251)
Payments for cash dividends	(4,515)	(3,992)	(3,992)
Other	(341)	(48)	(62)
Net cash used in financing activities	(40,773)	(6,320)	(13,529)
Effect of exchange rate changes on cash and cash equivalents	1,391	1,943	1,858
Net increase (decrease) in cash and cash equivalents	(38,726)	12,209	24,448
Cash and cash equivalents at beginning of period	147,589	123,141	123,141
Cash and cash equivalents at end of period	108,863	135,350	147,589

Note: Cash and cash equivalents at September 30, 2005 and 2004, and March 31, 2005 for the Consolidated Statements of Cash Flows consist of the followings:

	(September 30, 2005)	(September 30, 2004)	(March 31, 2005)
Cash and time deposits	69,680	92,692	83,528
Time deposits over three months	(771)	(932)	(617)
Marketable securities within three months	14,954	43,590	44,678
Short-term loans receivable with resale agreement	25,000		20,000
Cash and cash equivalents	108,863	135,350	147,589

Segment Information

1. Business Segments

Six months ended September 30, 2005

(Millions of yen)

	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
Net sales					
(1) Outside customers	220,751	53,479	274,230		274,230
(2) Inside Group	211	15,867	16,078	(16,078)	
Total	220,962	69,346	290,308	(16,078)	274,230
Costs and expenses	202,311	65,243	267,554	(13,043)	254,511
Operating income (loss)	18,651	4,103	22,754	(3,035)	19,719

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

Year ended March 31, 2005

(Millions of yen)

	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
Net sales					
(1) Outside customers	447,843	111,163	559,006		559,006
(2) Inside Group	1,107	32,363	33,470	(33,470)	
Total	448,950	143,526	592,476	(33,470)	559,006
Costs and expenses	412,798	134,865	547,663	(27,697)	519,966
Operating income (loss)	36,152	8,661	44,813	(5,773)	39,040

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 3,035 million yen, 2,964 million yen and 5,773 million yen for the six months ended September 30, 2005 and 2004, and for the year ended March 31, 2005, respectively.

2. Geographical Segments

Six months ended September 30, 2005

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination	Consolidated
Net sales							
(1) Outside customers	211,299	22,834	32,775	7,322	274,230		274,230
(2) Inside Group	48,360	21	75	41,514	89,970	(89,970)	
Total	259,659	22,855	32,850	48,836	364,200	(89,970)	274,230
Costs and expenses	241,954	22,195	32,302	47,794	344,245	(89,734)	254,511
Operating income (loss)	17,705	660	548	1,042	19,955	(236)	19,719

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

Year ended March 31, 2005

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination	Consolidated
Net sales							
(1) Outside customers	437,461	38,734	67,592	15,219	559,006		559,006
(2) Inside Group	90,021	35	79	73,181	163,316	(163,316)	
Total	527,482	38,769	67,671	88,400	722,322	(163,316)	559,006
Costs and expenses	492,869	37,738	66,720	86,470	683,797	(163,831)	519,966
Operating income (loss)	34,613	1,031	951	1,930	38,525	515	39,040

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, 2005

(Millions of yen)

	North America	Europe	Asia	Others	Total
I Overseas net sales	27,387	36,385	32,486	13,668	109,926
II Net sales (consolidated)					274,230
III Share of overseas net sales	10.0%	13.3%	11.8%	5.0%	40.1%

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%

Year ended March 31, 2005

(Millions of yen)

	North America	Europe	Asia	Others	Total
I Overseas net sales	46,698	74,796	75,400	25,749	222,643
II Net sales (consolidated)					559,006
III Share of overseas net sales	8.3%	13.4%	13.5%	4.6%	39.8%

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, 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, 2005		Six months ended September 30, 2004		Year ended March 31, 2005	
	Amount	% of total	Amount	% of total	Amount	% of total
Consumer	98,543	35.9	92,815	33.0	198,515	35.5
Timepieces	33,494	12.2	33,649	11.9	68,473	12.3
MNS (Mobile Network Solutions)	64,956	23.7	69,283	24.6	131,408	23.5
System equipment	23,758	8.7	24,966	8.9	49,447	8.8
Electronics	220,751	80.5	220,713	78.4	447,843	80.1
Electronic components	37,601	13.7	42,988	15.3	78,230	14.0
Others	15,878	5.8	17,795	6.3	32,933	5.9
Electronic components and others	53,479	19.5	60,783	21.6	111,163	19.9
Total	274,230	100.0	281,496	100.0	559,006	100.0