

Consolidated Financial Results for the Six Months Ended September 30, 2006

English Translation of "KESSAN TANSHIN"

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

(Summary for reference)

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

November 1, 2006

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 1, 2006

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

1. Consolidated Financial Results for the Six Months from April 1, 2006 to September 30, 2006

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, 2006	300,574	9.6 %	23,198	17.6 %	20,315	14.3 %
Six months ended September 30, 2005	274,230	(2.6)%	19,719	1.0 %	17,781	4.3 %
Year ended March 31, 2006	580,309		43,114		38,915	

	Net income		Net income per share (Yen)	Diluted net income per share (Yen)
Six months ended September 30, 2006	11,978	17.1 %	45.03	42.93
Six months ended September 30, 2005	10,226	13.1 %	38.49	36.69
Year ended March 31, 2006	23,745		88.57	84.43

Notes: 1. Equity in gains of affiliates:

Six months ended September 30, 2006: 72 million yen

Six months ended September 30, 2005: 62 million yen

Year ended March 31, 2006: 138 million yen

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

Six months ended September 30, 2006: 265,995,193

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

Year ended March 31, 2006: 265,753,174

3. Changes in accounting methods: None

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

(2) Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
Six months ended September 30, 2006	528,993	207,171	36.8	731.62
Six months ended September 30, 2005	484,669	171,206	35.3	644.28
Year ended March 31, 2006	501,960	191,011	38.1	717.40

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

Six months ended September 30, 2006: 266,057,153

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

Year ended March 31, 2006: 265,964,801

(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, 2006	10,218	(19,635)	(3,887)	112,717
Six months ended September 30, 2005	16,511	(15,855)	(40,773)	108,863
Year ended March 31, 2006	43,875	(29,682)	(39,818)	125,232

(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: 3

(5) Changes in Scope of Consolidation and Equity Method

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

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

2. Consolidated Results Forecast for Fiscal 2007 from April 1, 2006 to March 31, 2007

(Millions of yen)

	Net sales	Ordinary income	Net income
Fiscal 2007	630,000	46,000	27,500

(Estimated net income per share: 103.36 yen)

Note: For items related to assumptions and others of the above forecast, see pages from 8 to 9.

The Casio Group

The Casio Group consists of Casio Computer Co., Ltd., and its 56 consolidated subsidiaries and 3 equity-method subsidiaries, as of September 30, 2006. 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.
	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. 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 Casio France S.A. to Europe, and through distributors to other regions. In the Electronic Components category, LCDs are marketed by Casio Electronic Devices Co., Ltd., both in Japan and overseas. 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 and increase corporate value by contributing to society. The company is accomplishing this by introducing innovative ideas and outstanding solutions based on its proprietary advanced technologies.

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

Basic Policy on Allocation of Company Profit

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

The company allocates internal reserves to the research and development and investment required for corporate stability and growth.

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

There are several key issues when it comes to improving corporate value through continued business growth. These are: strengthening global cost competitiveness in every business field; building a strong earning base that allows Casio to secure high profits; strengthening the company's financial structure; and taking corporate social responsibility (CSR) more seriously than ever before. To achieve these goals, Casio is promoting the following strategies group-wide.

(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 promoting styles of business operation that suit the characteristics of each type of business. The company aims to secure stable profits in Stable Businesses while increasing sales and operating income in Expansive Businesses, with the goal of achieving a 10% operating income margin overall.

As a measure to improve earning capacity, Casio is striving to reduce the cost of sales ratio by optimizing costs, starting from the new product development phase. Specifically, Casio is focusing on the following four measures:

- (a) Pursuing stability of sales prices by enhancing product strength.
- (b) Realizing appropriate inventory levels by strengthening production management capability.
- (c) Reducing direct material costs by realizing greater commonality of components.
- (d) Controlling production costs by improving the operating rate of production bases.

(2) Strengthening Financial Structure

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

Casio aims to achieve a consolidated equity ratio of over 40.0% and a 0.5 or lower D/E ratio by the end of fiscal 2007. 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.

(3) CSR-focused Management

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

In an effort to bolster its activities in this area, the company established the CSR Operations 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. 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. In December 2005, Casio published the English-language *Corporate Social Responsibility Report*, which covered the three aspects of CSR — economic, social, and environmental responsibility — and disclosed the results of its CSR activities.

Through the execution of the three 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.

Matters Related to the Parent Company

Not applicable

Operating Results and Financial Position

Performance Highlights for the First Half of Fiscal 2007

During the first half of fiscal 2007, the Japanese economy experienced an upswing, growing steadily on improved corporate earnings and an accompanying increase in capital expenditures, as well as a general rise in consumer spending and an improved employment situation.

Overseas, while the US economy slowed overall amid continued uncertainty over the future, the Chinese and other Asian economies continued to grow, and Europe continued to show signs of recovery.

The overall market for Casio businesses showed solid growth. Total global annual shipments of cellular phones are expected to break through the 800 million mark for the first time. The digital camera market has also begun to expand again. These products continued to drive growth.

In this environment, Casio pursued its management goals by aggressively promoting and developing 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 profit ratios and capital efficiency.

As a result, consolidated net sales for the first half of fiscal 2007 expanded 9.6% year-on-year to ¥300.5 billion, primarily driven by growth in the Electronics segment, including digital cameras, cellular phones and radio-controlled watches.

Reporting results by segment, sales in the Electronics segment grew 16.3% year-on-year to ¥256.6 billion. Within that segment, in the Consumer category, Casio's stylish, popular Exilim digital cameras kept up the strong performance of the previous year. Further growth was driven by the release of the EX-Z1000 — the first digital camera in the world to realize 10.1-megapixels in such a compact size — and aggressive overseas promotions. Sales in the category rose 9.3% year-on-year to ¥107.7 billion. In the Timepieces category, sales of the Oceanus series of full-metal case watches, which feature five motors, were solidly positive. Aggressive promotion of the Oceanus series in North America as well as Japan and Europe helped boost Timepieces sales 12.5% to ¥37.6 billion. In the Mobile Network Solutions (MNS) category, sales of all of Casio's new cellular phone products were strong. In fact, the W41CA, a collapsible, slim profile, 22-mm thin cellular phone that allows ready access to many WIN services such as "Osaifu Keitai"® (mobile wallet) and "Mobile Suica"® (mobile train pass), was the top seller of any phone at any carrier. As a result, MNS sales jumped 33.7% to ¥86.8 billion. The System Equipment category achieved robust sales overall, and sales were up 2.9% year-on-year, to ¥24.4 billion. In the Electronic Components and Others segment, sales were ¥43.8 billion, down 17.9% year-on-year. The Electronic Components category, affected by falling unit prices in the TFT LCD business and a decline in sales at Casio Micronics Co., Ltd., saw a 26.1% decrease in sales to ¥27.7 billion. In the Others category, sales rose 1.4% to ¥16.1 billion.

Operating income in the Electronics segment reached ¥25.4 billion, up 36.7% year-on-year, due to efforts to substantially increase added value by enhancing product strength in strategic businesses and to strengthen productivity by promoting greater development and business efficiency. The Electronic Components and Others segment had operating income of ¥0.2 billion, down 95.0% year-on-year. Total consolidated operating income, allowing for elimination or unallocated amounts, rose 17.6% year-on-year to ¥23.1 billion. Ordinary income, at ¥20.3 billion, grew 14.3% year-on-year. Net income for the first half of fiscal 2007 rose 17.1% year-on-year to ¥11.9 billion. As a result of these efforts, Casio set new first-half record-highs for both net sales and operating, ordinary and net income.

Financial Position

Net cash provided by operating activities in the first half of fiscal 2007 was ¥10.2 billion in income. Meanwhile, net cash used in investing activities recorded ¥19.6 billion in expenditure. Net cash used in financing activities recorded ¥3.8 billion in expenditure.

As a result, cash and cash equivalents totaled ¥112.7 billion at the end of the first half of fiscal 2007, a decrease of ¥12.5 billion over the end of the previous full year.

Forecast for Fiscal 2007 Business Results

Casio believes that the business environment going forward will offer conditions conducive to globally stable growth, although conditions remain unpredictable due to various uncertainties, including concerns over the impact on the global economy of rising crude oil prices. In this environment, the company will draw on its core technologies for creating products that are compact, lightweight, slim, and energy efficient to continue strengthening its strategic businesses. The following are the strategies for the main business areas.

- (a) For digital cameras, Casio will work to expand its lineup of stylish models, focusing on high-end models featuring differentiated technologies such as high pixel counts capable of delivering high-resolution images, high-brightness wide-screen LCDs, and long battery life, in addition to the excellent basic performance of Casio digital cameras. Going forward, in addition to the Japanese market, the company will focus strongly on expanding sales in the overseas markets where growth is expected.
- (b) For solar-powered radio-controlled watches, Casio will expand its market share of mid-range and higher priced products for men and women by strengthening its G-Shock, Oceanus, and Baby-G brands. These brands will feature, in addition to solar operation, the latest technologies supporting standard radio waves from five transmitters worldwide (two in Japan, one in the United States, one in Germany, and one in the United Kingdom). These steps are expected to increase the share of total Timepieces category sales accounted for by Casio's solar-powered radio-controlled watches, and to improve earning capacity.
- (c) For electronic dictionaries, in addition to South Korea, Germany, and the Spanish-speaking countries, Casio will reinforce its sales system in Europe and Asia, including China, and improve its overseas market share. Casio aims to become the top brand, not only in the Japanese market, but in the world education market as well.
- (d) For cellular phones, with the shift to third-generation phones now in full swing, Casio will utilize the advantage of its development joint venture, and work to retain a top-class share in the domestic KDDI "au" market through competitive products

adapted to the technological innovations of the future. In addition, the company will further strengthen its focus on overseas markets and aim to expand sales and profits by supplying waterproof, shock-resistant models to Verizon Wireless of the United States.

- (e) For TFT LCDs, Casio will become involved in portable GPS car navigation devices and other new applications, and work to strengthen earnings by expanding its share of TFT LCDs for cellular phones and securing capacity through a tie-up with HannStar Display Corporation of Taiwan.

Casio is continuing to pursue measures to promote innovative product development, enhance its long-term earning capacity, and strengthen its management and financial structure. The company is also actively implementing a variety of measures in all business segments with a view to improving the long-term health of its businesses, and is working to achieve earnings growth and further improve its management practices.

Currently, digital cameras and cellular phones are performing strongly and exceeding initial forecasts for fiscal 2007. Casio has therefore revised the previous forecasts (announced May 10, 2006) as follows.

Net sales: ¥630.0 billion (up 8.6% year-on-year)

Operating income: ¥51.0 billion (up 18.3% year-on-year)

Ordinary income: ¥46.0 billion (up 18.2% year-on-year)

Net income: ¥27.5 billion (up 15.8% year-on-year)

Exchange rates for the second half of the fiscal 2007 are estimated at US\$ 1 = ¥110 and Euro 1 = ¥138.

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 Casio'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 Casio's business performance, financial position and share price are described below. Casio endeavors to prevent the occurrence of these risks and to respond when they do occur. Information on risks is current as of the end of the 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 Casio's products due to rapid technological change and radical change of market needs, etc.
- (6) Overseas political and economic conditions and unexpected changes in regulations and applications of legislation
- (7) A view that Casio's potential products or technology infringes the intellectual property rights of another company
- (8) The loss of social trust and liability for damages due to data leaks
- (9) Foreign exchange risk and interest rate risk
- (10) The occurrence of a disaster related to the environment, such as fire or earthquake, or of an accident in operations
- (11) Social unrest due to factors such as war, terrorism or infectious disease

Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2006	As of March 31, 2006	Increase (Decrease)	As of September 30, 2005
Assets				
Current assets	345,333	319,179	26,154	310,135
Cash and time deposits	48,586	71,818	(23,232)	69,680
Notes and accounts receivable-trade	121,670	104,098	17,572	101,207
Marketable securities	39,575	29,171	10,404	14,954
Inventories	71,277	57,643	13,634	65,265
Deferred tax assets	14,016	12,010	2,006	11,049
Short-term loans receivable with resale agreement	25,000	25,000		25,000
Accounts receivable-other	20,894	14,871	6,023	19,136
Other current assets	5,776	5,876	(100)	5,468
Allowance for doubtful accounts	(1,461)	(1,308)	(153)	(1,624)
Fixed assets	183,660	182,781	879	174,534
Property, plant and equipment	95,554	96,115	(561)	97,411
Buildings and structures	30,198	30,370	(172)	30,640
Machinery and vehicles	14,009	15,337	(1,328)	14,699
Tools and equipment	12,912	11,660	1,252	12,263
Land	37,452	37,462	(10)	37,436
Construction in progress	983	1,286	(303)	2,373
Intangibles	16,804	14,746	2,058	14,132
Investments and other assets	71,302	71,920	(618)	62,991
Investment securities	51,012	50,464	548	43,759
Deferred tax assets	8,080	5,254	2,826	8,748
Long-term time deposits	3,000	3,000		3,000
Other assets	9,529	13,601	(4,072)	8,527
Allowance for doubtful accounts	(319)	(399)	80	(1,043)
Total assets	528,993	501,960	27,033	484,669

(Millions of yen)

	As of September 30, 2006	As of March 31, 2006	Increase (Decrease)	As of September 30, 2005
Liabilities				
Current liabilities	248,605	183,967	64,638	175,809
Notes and accounts payable-trade	107,859	94,341	13,518	101,706
Short-term borrowings	2,379	911	1,468	2,177
Long-term borrowings due within one year	40,517	20,747	19,770	4,035
Bonds with stock acquisition rights due within one year	20,176		20,176	
Accounts payable-other	39,398	35,821	3,577	35,929
Accrued expenses	16,489	14,332	2,157	14,262
Income taxes payable	11,432	8,526	2,906	6,496
Warranty reserve	2,081	2,042	39	1,791
Other current liabilities	8,274	7,247	1,027	9,413
Long-term liabilities	73,217	114,948	(41,731)	126,640
Bonds	20,000	20,000		20,000
Bonds with stock acquisition rights		20,000	(20,000)	20,000
Long-term borrowings	39,200	59,450	(20,250)	73,700
Deferred tax liabilities	1,908	1,908		1,907
Employees' severance and retirement benefits	7,188	7,402	(214)	7,228
Retirement benefits for directors and corporate auditors	2,207	1,895	312	1,619
Other long-term liabilities	2,714	4,293	(1,579)	2,186
Total liabilities	321,822	298,915	22,907	302,449
Net assets				
Shareholders' equity	190,877			
Common stock	41,549			
Additional paid-in capital	57,742			
Retained earnings	96,486			
Treasury stock, at cost	(4,900)			
Valuation and translation adjustments	3,776			
Net unrealized holding gains on securities	7,547			
Deferred losses on hedges	(1,090)			
Foreign currency translation adjustments	(2,681)			
Minority interests	12,518			
Total net assets	207,171			
Total liabilities and net assets	528,993			

(Millions of yen)

	As of September 30, 2006	As of March 31, 2006	Increase (Decrease)	As of September 30, 2005
Minority interests		12,034		11,014
Shareholders' equity				
Common stock		41,549		41,549
Additional paid-in capital		57,523		57,523
Retained earnings		90,236		76,771
Net unrealized holding gains on securities		9,861		5,513
Foreign currency translation adjustments		(3,168)		(4,913)
Treasury stock, at cost		(4,990)		(5,237)
Total shareholders' equity		191,011		171,206
Total liabilities, minority interests and shareholders' equity		501,960		484,669

	(September 30, 2006)	(March 31, 2006)	(September 30, 2005)
1. Accumulated depreciation on property, plant and equipment	139,023	136,711	128,973
2. Guarantee		220	808

Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2006		Six months ended September 30, 2005		Increase (Decrease)	Year ended March 31, 2006
	Amount	% of Net sales	Amount	% of Net sales		
Net sales	300,574	100.0	274,230	100.0	26,344	580,309
Cost of sales	208,453	69.4	194,065	70.8	14,388	407,940
Gross income	92,121	30.6	80,165	29.2	11,956	172,369
Selling, general and administrative expenses	68,923	22.9	60,446	22.0	8,477	129,255
Operating income	23,198	7.7	19,719	7.2	3,479	43,114
Non-operating income	2,038	0.7	1,278	0.5	760	3,383
Interest and dividends income	1,265		737		528	1,858
Other	773		541		232	1,525
Non-operating expenses	4,921	1.6	3,216	1.2	1,705	7,582
Interest expense	811		668		143	1,300
Other	4,110		2,548		1,562	6,282
Ordinary income	20,315	6.8	17,781	6.5	2,534	38,915
Extraordinary gains	1,111	0.3	336	0.1	775	2,397
Gain on sales of fixed assets	29		297		(268)	392
Gain on sales of investment securities	848		39		809	76
Gain on sales of consolidated subsidiaries and affiliates	231				231	1,928
Other	3				3	1
Extraordinary losses	982	0.3	832	0.3	150	1,641
Loss on disposal and sales of fixed assets	529		559		(30)	995
Loss on devaluation of investment securities	143		12		131	44
Provision for accrued retirement benefits for directors and corporate auditors	229		229			459
Other	81		32		49	143
Income before income taxes and minority interests	20,444	6.8	17,285	6.3	3,159	39,671
Income taxes-current	10,052	3.3	5,635	2.1	4,417	13,902
Income taxes-deferred	(2,708)	(0.9)	622	0.2	(3,330)	261
Minority interests	(1,122)	(0.4)	(802)	(0.3)	(320)	(1,763)
Net income	11,978	4.0	10,226	3.7	1,752	23,745

Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2006	Six months ended September 30, 2005	Year ended March 31, 2006
Cash flows from operating activities:			
Income before income taxes and minority interests	20,444	17,285	39,671
Depreciation (including software)	13,625	12,004	26,629
Loss on disposal and sales of fixed assets	500	262	603
Gain on sales of investment securities	(848)	(38)	(75)
Loss on devaluation of investment securities	143	12	44
Gain on sales of consolidated subsidiaries and affiliates	(231)		(1,928)
Increase (Decrease) in liabilities for the employees' severance and retirement benefits	(216)	242	395
Interest and dividends income	(1,265)	(737)	(1,858)
Interest expense	811	668	1,300
Foreign exchange gain	(445)	(610)	(1,220)
Increase in notes and accounts receivable	(18,218)	(8,755)	(10,696)
Decrease (Increase) in inventories	(13,656)	(1,493)	7,093
Increase in notes and accounts payable	14,555	13,953	6,121
Other	1,942	(5,464)	(5,580)
Total	17,141	27,329	60,499
Interest and dividends received	1,344	713	1,790
Interest paid	(780)	(694)	(1,291)
Income taxes paid	(7,487)	(10,837)	(17,123)
Net cash provided by operating activities	10,218	16,511	43,875
Cash flows from investing activities:			
Deposits in time deposits	(459)	(580)	(688)
Withdrawals from time deposits	758	449	647
Payments for acquisitions of tangible fixed assets	(8,788)	(8,672)	(19,935)
Proceeds from sales of tangible fixed assets	115	706	1,039
Net increase in intangible fixed assets	(7,813)	(6,021)	(11,814)
Net increase in investment securities	(3,685)	(936)	(1,650)
Proceeds from sales of consolidated subsidiaries and affiliates	319		2,958
Other	(82)	(801)	(239)
Net cash used in investing activities	(19,635)	(15,855)	(29,682)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	2,467	39	(1,519)
Proceeds from long-term borrowings			6,000
Payments for long-term borrowings	(480)	(6,075)	(9,688)
Redemption of bonds		(30,000)	(30,000)
Payments for acquisitions of treasury stock	(27)	(21)	(47)
Proceeds from sales of treasury stock	135	140	359
Payments for cash dividends	(5,319)	(4,515)	(4,515)
Other	(663)	(341)	(408)
Net cash used in financing activities	(3,887)	(40,773)	(39,818)
Effect of exchange rate changes on cash and cash equivalents	789	1,391	3,268
Net decrease in cash and cash equivalents	(12,515)	(38,726)	(22,357)
Cash and cash equivalents at beginning of period	125,232	147,589	147,589
Cash and cash equivalents at end of period	112,717	108,863	125,232

Note: Cash and cash equivalents at September 30, 2006 and 2005, and March 31, 2006 for the Consolidated Statements of Cash Flows consist of the followings:

	(September 30, 2006)	(September 30, 2005)	(March 31, 2006)
Cash and time deposits	48,586	69,680	71,818
Time deposits over three months	(444)	(771)	(757)
Marketable securities within three months	39,575	14,954	29,171
Short-term loans receivable with resale agreement	25,000	25,000	25,000
Cash and cash equivalents	112,717	108,863	125,232

Segment Information

1. Business Segments

Six months ended September 30, 2006

(Millions of yen)

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

Six months ended September 30, 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

Year ended March 31, 2006

(Millions of yen)

	Electronics	Electronic components and others	Total	Elimination or unallocated amount	Consolidated
Net sales					
(1) Outside customers	473,420	106,889	580,309		580,309
(2) Inside Group	453	33,477	33,930	(33,930)	
Total	473,873	140,366	614,239	(33,930)	580,309
Costs and expenses	432,114	133,181	565,295	(28,100)	537,195
Operating income (loss)	41,759	7,185	48,944	(5,830)	43,114

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

2. Major products in each business segment:

(1) Electronics

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

(2) Electronic components and others

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

3. Elimination or unallocated amounts of costs and expenses principally consist of administrative expenses and R&D expenses for fundamental research of the parent company, which amounted to 2,500 million yen, 3,035 million yen and 5,830 million yen for the six months ended September 30, 2006 and 2005, and for the year ended March 31, 2006, respectively.

2. Geographical Segments

Six months ended September 30, 2006

(Millions of yen)

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

Six months ended September 30, 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

Year ended March 31, 2006

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination	Consolidated
Net sales							
(1) Outside customers	438,321	50,779	70,997	20,212	580,309		580,309
(2) Inside Group	103,434	28	125	91,553	195,140	(195,140)	
Total	541,755	50,807	71,122	111,765	775,449	(195,140)	580,309
Costs and expenses	504,783	48,696	69,853	109,450	732,782	(195,587)	537,195
Operating income (loss)	36,972	2,111	1,269	2,315	42,667	447	43,114

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, Spain, Netherlands, Norway
- (3) Asia Taiwan, Hong Kong, South Korea, Malaysia, Singapore, China, India, Indonesia, Thailand

3. Overseas Sales

Six months ended September 30, 2006

(Millions of yen)

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

Six months ended September 30, 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%

Year ended March 31, 2006

(Millions of yen)

	North America	Europe	Asia	Others	Total
I Overseas net sales	58,868	78,822	70,370	27,519	235,579
II Net sales (consolidated)					580,309
III Share of overseas net sales	10.2%	13.6%	12.1%	4.7%	40.6%

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

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

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

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

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

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

Sales by Product Category

(Millions of yen)

	Six months ended September 30, 2006			Six months ended September 30, 2005		Year ended March 31, 2006	
	Amount	% of total	% change	Amount	% of total	Amount	% of total
Consumer	107,718	35.8	9.3	98,543	35.9	213,810	36.8
Timepieces	37,685	12.6	12.5	33,494	12.2	71,086	12.3
MNS (Mobile Network Solutions)	86,829	28.9	33.7	64,956	23.7	139,896	24.1
System equipment	24,443	8.1	2.9	23,758	8.7	48,628	8.4
Electronics	256,675	85.4	16.3	220,751	80.5	473,420	81.6
Electronic components	27,792	9.2	(26.1)	37,601	13.7	73,976	12.7
Others	16,107	5.4	1.4	15,878	5.8	32,913	5.7
Electronic components and others	43,899	14.6	(17.9)	53,479	19.5	106,889	18.4
Total	300,574	100.0	9.6	274,230	100.0	580,309	100.0