

How we did in fiscal 2004

Sales in both categories showed substantial growth. Sales for the Electronics segment rose 15.8% reflecting strong performances by digital cameras, electronic dictionaries, solar-powered radio-controlled watches, and cellular phones with one megapixel and two megapixel cameras. Sales for the Electronic Components and Others segment surged 30.4%, thanks to a large expansion in sales of TFT LCDs and COF.

CASIO at a Glance

77.5% Electronics

Consumer



Principal Products

- Electronic Calculators
- Electronic Dictionaries
- Label Printers
- Visual-Related Products
- Digital Cameras
- Electronic Musical Instruments

Timepieces



Principal Products

- Digital Watches
- Analog Watches
- Clocks

Mobile Network Solutions (MNS)



Principal Products

- Cellular Phones
- Pocket Computers
- Handy Terminals

System Equipment



Principal Products

- Electronic Cash Registers (including POS)
- Office Computers
- Page Printers
- Data Projectors

22.5% Electronic Components and Others

Electronic Components



Principal Products

- LCDs
- Bump Processing Consignments
- TCP Assembly and Processing Consignments
- Carrier Tape

Others



Principal Products

- Molds
- Toys
- Factory Automation

Consumer Category



In the Consumer Category, sales of digital cameras and electronic dictionaries far exceeded Company forecasts, marking a dramatic growth. Sales rose 32.6% from the previous term, to ¥188 billion.

We aim to bring greater convenience into people's lives and help make every day more enjoyable. With this aim in mind, Casio is developing a broad lineup of attractive products. We are focusing not only on digital cameras, but also on electronic calculators — from general-use to sophisticated models— to suit a broad user range, as well as electronic musical instruments that even beginners can easily master, and portable LCD televisions that can be used anywhere. In March 2003, we began selling the digital camera EXILIM ZOOM EX-Z3, which was the top selling model in the Japanese market in 2003^{*1}. The EXILIM EX-Z3 won the EISA (European Imaging and Sound Association) Awards and was named European Digital Mini Camera of the Year 2003-2004. Thanks to their favorable reputation, overall digital camera sales doubled to 2.8 million in the term ended March 2004, from 1.4 million units for the previous term.

With over 30 varieties of electronic dictionaries, Casio boasts the most extensive lineup and the largest market share in Japan^{*2}. Our electronic dictionaries are popular among a wide array of users, from students to business people. Sales in South Korea, Germany and Spanish-speaking markets were largely on target. On March 26, we launched the XD-W6400, an electronic dictionary equipped with a substantially enlarged capacity for business use. This electronic device, containing 50 different dictionaries, holds the distinction of being the model with the largest collection of built-in dictionaries as of February 2004. This model is equipped with a high-resolution 5.7-inch large STN LCD. It also features a backlight, and is thus superior in terms of both readability and the amount of information provided.

During the term under review, Casio also launched a new PRIVIA brand of digital pianos, offering the features of a concert grand piano at a competitive price.

^{*1}This is based on the results of a survey conducted by GfK Marketing Services Japan Ltd.

^{*2}This is based on the results of a survey conducted by GfK through April 2003 to March 2004.

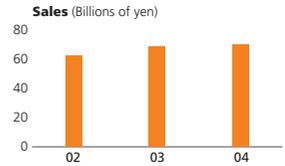


Casio's EX-Z3 was named Digital Mini Camera of the Year at the European Photo Awards 2003/2004 ceremony hosted by the European Imaging & Sound Association (EISA). Winners pose after the ceremony.



Casio's new PRIVIA digital piano offers a sound quality and natural keyboard touch comparable to conventional pianos, achieving exceptional quality at a highly competitive price.

Timepieces Category



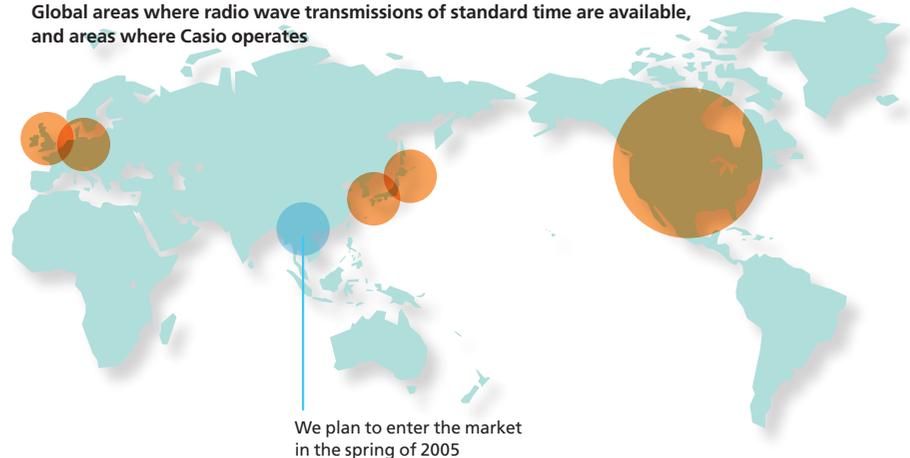
Our solar-powered radio-controlled watches — led by the popular G-Shock brand — contributed to expansion in new markets. In the Timepieces Category, sales increased 2.4% from the previous term, to ¥70 billion.

In addition to our world-famous brands “G-Shock” and “Baby-G”, we have developed products that incorporate cutting-edge watch technologies — solar-powered radio-controlled watches that are automatically adjusted via transmissions from radio stations that relay the standard time for that time zone.

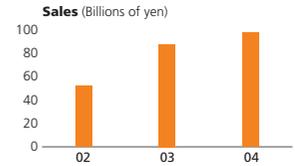
During the term under review, strong sales of “The G”, the top-of-the-line of our “G-Shock” series of shock-resistant wristwatches — which incorporate a solar cell and radio-controlled time calibration — contributed significantly to the growth of the solar-powered radio-controlled watch market. In November, we launched an ultra-thin model with a stylish body. This product features strong radio reception performance even in adverse conditions and a large-capacity solar-powered system, utilizing in-house-developed technology for producing ultra-thin watches.

Last fall, we made efforts to expand our overseas lineup, by launching a model that receives radio transmissions from both the U.K. and Germany. As a result, overall sales of solar-powered radio-controlled watches grew by 50%, to 1.5 million units in the term ended March 31, 2004, compared with 1 million units for the previous term.

Global areas where radio wave transmissions of standard time are available, and areas where Casio operates



Mobile Network Solutions (MNS) Category



Our cellular phone equipped with megapixel camera compatible with au service format has led sales upward. Consequently, sales for the Mobile Network Solutions Category increased 11.4% from the previous term to ¥97 billion.

In the Mobile Network Solutions (MNS) Category, we undertook ranges from cellular phones with sophisticated features, which account for the majority of sales, to handy terminals.

We saw especially strong sales of our 3G camera-equipped cellular phone with a resolution of 1 megapixel — the first of its kind to be compatible with au cellular phone services and launched in May 2003. In December of the same year, we brought out the first au-compatible model with a resolution of 2 megapixels, thereby leading the market in camera-equipped cellular phones with megapixel resolution.

In July 2003, we announced a partnership with South Korea's leading telecommunications carrier LG TeleCom in the field of cellular phone component supply and technological corporation. Through the cooperative efforts of both companies, we launched new products in the South Korean market, and achieved strong sales.

In November of the same year, we announced the establishment of a joint venture with Hitachi, Ltd. for the development of cellular phones, aiming to further increase our share of the cellular phone market. Through this move, we expect to accelerate the product development process and increase efficiency.

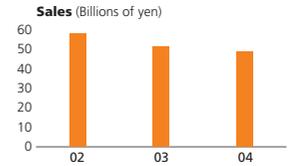


Executives of Casio and Hitachi pose for a photo following the announcement of their joint venture at a press conference in November 2003.



Casio formed a tie-up with LG TeleCom of South Korea to utilize more fully its extensive experience and know-how in camera-equipped cellular phones. Sales of jointly developed products commenced in July 2003.

System Equipment Category



Owing to the impact of sluggish IT-related demand worldwide, sales in the System Equipment declined 5.1%, from the previous term to ¥48 billion.



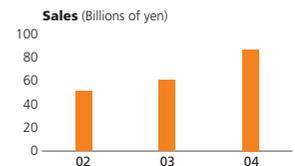
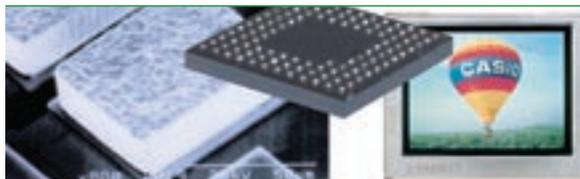
Casio's conveniently compact data projector features surprisingly high luminosity.

The System Equipment business provides system equipment and original solutions for supporting a wide range of functions for corporate clients. Mainstay products include a high-speed color page printer and cash registers that meet the needs of a wide variety of retail formats.

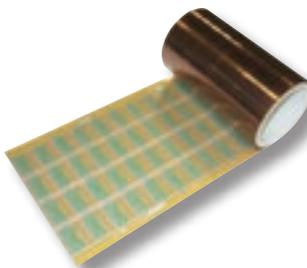
During the term under review, Casio added a new dimension of portability to the data projector market by bringing to market two types of high-resolution, mobile projectors, along with a new 4-megapixel CCD multi-function projector camera. These new products, released into the business and education markets, sell under the brand name CASSIOPEIA® PRO.

One of them is XJ-450, which produces 2,800 ANSI lumens for the B5 file format, another is XJ-350, which produces 2,200 ANSI lumens for the A5 file format. Both models come with a 2X optical zoom wide-angle lens, making these projectors ideally suited to environments where meeting space is limited.

Electronic Components Category



Thanks to strong sales by our TFT LCD business and the film device business of our subsidiary Casio Micronics Co., Ltd., sales in the Electronic Components Category surged 43.5% from the previous term to ¥86 billion.



COF (chip-on-film) is the film on which LSI chips for LCD panels are mounted.

In the Electronic Components Category, we are expanding operations for small and medium-sized TFT LCDs, which are indispensable to all mobile digital appliances. Moreover, our group company Casio Micronics specializes in Bump* and film processes involved in LSI package production.

In the TFT LCD business, Casio holds the top share worldwide for the monitors used in digital cameras as of the end of March 2004. Regarding monitors for use in cellular phones, sales were strong thanks to the Company's efforts to carve out demand in overseas markets. In addition, the film device business of Casio Micronics also increased sales, exceeding Company forecasts, due primarily to strong sales for its leading product, COF, thanks to a recovery in the demand for monitors of personal computers.

* Bump is a technology that forms microelectrodes for LSI chips, which are essential for high-density mounting.



Unstoppable, Accurate, Strong

Want a great watch? Try the Casio Wave Ceptor series! No need to calibrate your watch every time. Also, no need to worry about replacing your battery. And you won't have to worry about breaking your "G-Series" watch — it's almost unbreakable. The Wave Ceptor series are solar-powered radio-controlled watches. They automatically synchronize to the local time, and are thus always accurate. Equipped with solar-powered cells and secondary rechargeable batteries, they keep on working. These Wave Ceptor watches are the ultimate timepieces in that they require no maintenance.