

**NET SALES**

Net sales rose 6.8% year-on-year on a consolidated basis in fiscal 2005, to ¥559,006 million. This was chiefly the result of strong performances by our strategic businesses – digital cameras, electronic dictionaries, and cellular phones.

	Millions of yen	
	2005	2004
<b>Electronics:</b>		
Consumer .....	¥198,515	¥188,960
Timepieces .....	68,473	70,131
Mobile Network Solutions (MNS) .....	131,408	97,805
System Equipment .....	49,447	48,706
Subtotal .....	447,843	405,602
<b>Electronic Components &amp; Others:</b>		
Electronic Components .....	78,230	86,903
Others .....	32,933	31,023
Subtotal .....	111,163	117,926
<b>Total</b> .....	<b>¥559,006</b>	<b>¥523,528</b>

**Results by Segment**

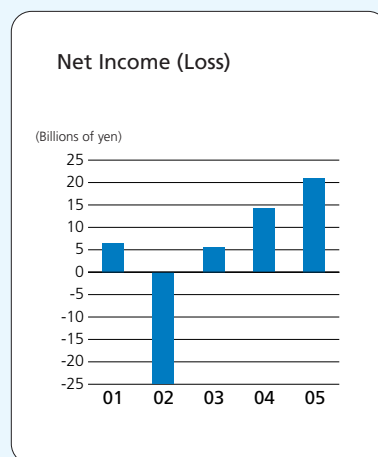
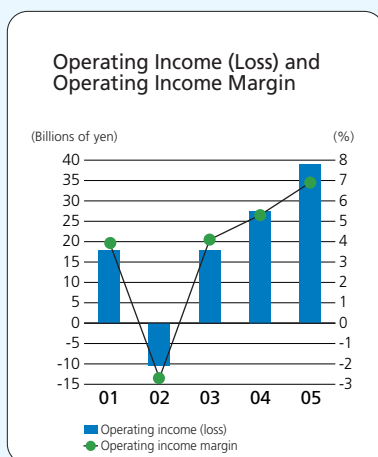
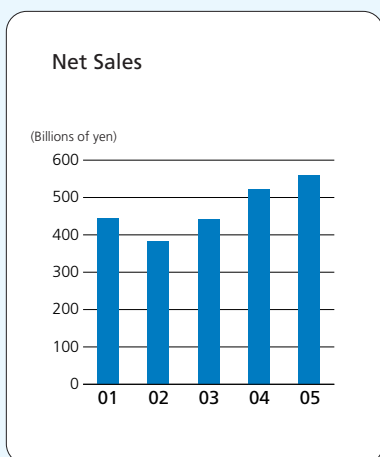
Sales in the Electronics Segment increased 10.4% to ¥447,843 million, accounting for 80.1% of net sales.

In the Consumer Category, sales increased 5.1% to ¥198,515 million. Exilim digital cameras continued their strong performance from the previous year and won strong support as a leading brand in the digital camera market. Moreover, electronic dictionaries, for which Casio controls an overwhelming share of the market in Japan, also recorded growth as a result of overseas expansion to South Korea and other markets.

In the Timepieces Category, sales fell 2.4% to ¥68,473 million. The market for solar-powered radio-controlled watches, however, steadily expanded, primarily in Japan and North America. Profits improved significantly due to changes to the product mix to emphasize profit ratios by reducing the proportion of regular models and expanding the lineup of high-valued-added models.

In the MNS Category, sales rose 34.4% to ¥131,408 million. The A5406CA cellular phone, which is equipped with the world's first 3.2-megapixel camera, and the W21CA WIN model, which features the "PC site viewer" that can browse web pages for PCs, performed strongly. In addition, Casio established the joint development venture Casio Hitachi Mobile Communications Co., Ltd. in April 2004, and since then we have succeeded in speeding up the development process and improving efficiency in this segment.

In the System Equipment Category, sales rose 1.5% to ¥49,447 million, thanks to robust sales of page printers driven by an advanced business model in the solution business, which provides customers with the optimal combination of hardware and applications.



Sales in the Electronic Components and Others Segment declined 5.7% to ¥111,163 million, accounting for 19.9% of net sales. Specifically, sales in the Electronic Components Category fell 10.0%, to ¥78,230 million. The TFT business expanded, maintaining its top global share of TFTs for digital cameras. However, the category was affected by worldwide inventory adjustments for IT-related products from the beginning of fall. Sales in the Others Category increased 6.2% to ¥32,933 million.

### Results by Region

Sales in Japan grew 12.4% to ¥336,363 million, comprising 60.2% of net sales. The increase in sales is attributable to strong sales of our strategic products – digital cameras, electronic dictionaries and cellular phones. Sales in North America declined 8.8% to ¥46,698 million, which accounted for 8.3% of net sales. Sales in Europe rose 9.8% to ¥74,796 million, accounting for 13.4% of net sales. Sales in Asia and other regions, excluding Japan, declined 3.6% to ¥101,149 million, accounting for 18.1% of net sales. Consequently, overseas sales declined 0.7% to ¥222,643 million.

### RESULTS OF OPERATIONS

For fiscal 2005, operating income after consideration of elimination or unallocated amounts came to ¥39,040 million, up 42.0% year-on-year. The Electronics Segment posted an operating income of ¥36,152 million, up 43.3%, and the Electronic Components and Others Segment posted an operating income of ¥8,661 million, up 22.6%. This rise in operating income is the result of Casio's strategy of enhancing value-added by strengthening product appeal, as well as Company-wide efforts to improve management efficiency and bolster the Group's financial base through business reform. The operating income margin rose 1.7 percentage points to 7.0%.

Net financial expenses decreased from ¥1,562 million to ¥447 million, due primarily to repayment of interest-bearing debt. Other expenses came to ¥5,500 million, compared with ¥3,393 million for the previous term. This is due mainly to the non-repetition of the ¥2,753 million gain on the release from the substitutional portion of the government's Welfare Pension Insurance Scheme reported in the previous year.

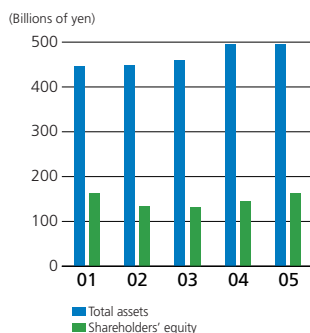
Income before income taxes and minority interests grew 46.8% to ¥33,093 million. Net income for the period once again renewed the highest record at ¥21,534 million, up 51.9% from fiscal 2004.

Net income per share came to ¥80.27, up ¥28.28 from fiscal 2004.

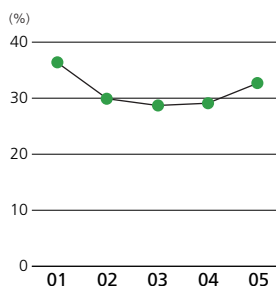
### FINANCIAL CONDITION

Total assets decreased 0.1% to ¥495,743 million at the term-end. Inventories remained at the previous-term level, while inventory turnover decreased by 0.1 of a month to 1.9 months.

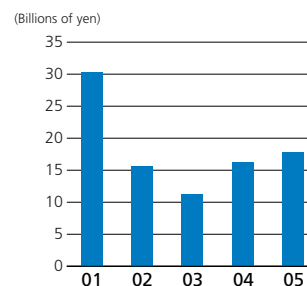
Total Assets and Shareholders' Equity



Shareholders' Equity Ratio



Capital Investment



Total liabilities decreased 7.4% to ¥322,983 million, on declines in purchase liabilities and interest-bearing debt. The debt-to-equity ratio was 0.95, compared with 1.15 for the previous year.

Shareholders' equity rose 12.4% to ¥162,271 million. Shareholders' equity ratio increased 3.6 percentage points to 32.7%.

### **CASH FLOW ANALYSIS**

---

Net cash provided by operating activities amounted to ¥64,955 million. The main contributing factors are income before income taxes and minority interests of ¥33,093 million, and depreciation of ¥22,927 million.

Net cash used in investing activities amounted to ¥28,836 million. This was largely the result of payments of ¥20,065 million for the acquisitions of tangible fixed assets, as well as of ¥9,187 million for the acquisitions of intangible fixed assets.

Net cash used in financing activities totaled ¥13,529 million. Of this amount, ¥11,000 million was used for the redemption of bonds, and ¥3,992 million consisted of payments for cash dividends.

Cash and cash equivalents as of March 31, 2005 were up ¥24,448 million over the previous term-end, at ¥147,589 million.

### **CAPITAL INVESTMENT**

---

Capital investment amounted to ¥17,782 million, up 9.7% over the previous term. Broken down by business segment, Casio invested ¥10,323 million, up 11.0%, in the Electronics Segment, and ¥7,184 million, up 6.7%, in the Electronic Components and Others Segment.

The remaining capital investment, made by Company as a whole, cannot be accounted for by business segment.

### **RESEARCH & DEVELOPMENT**

---

R&D expenses rose 17.1% to ¥16,616 million. By business segment, the Electronics Segment increased 10.6% to ¥9,784 million, while the Electronic Components and Others Segment increased 26.9% to ¥2,493 million. The remaining R&D expenses were used throughout the Company and cannot be accounted for by business segment.