



Kazuo Kashio, *President & CEO*

To Our Stakeholders

During fiscal 2011, although the Japanese and global economies showed signs of moderate recovery through March of this year underpinned by the high growth rates in newly emerging nations and government economic stimulus measures, the Great East Japan Earthquake that took place on March 11 drastically changed the situation for Japan.

In this environment, consolidated net sales for fiscal 2011 declined 20.2% year-on-year to ¥341.6 billion, which is partly attributable to the exclusion of a subsidiary from consolidation as the result of business integration. By segment, sales stood at ¥252.0 billion in the Consumer segment, down 25.2% year-on-year. The System Equipment segment recorded sales up 6.8% year-on-year to ¥46.5 billion and the Others segment registered ¥43.0 billion in sales, down 9.0% year-on-year.

In the timepiece business, brands such as G-SHOCK and EDIFICE maintained their strong performance, with increased overseas sales primarily in North America and Asia partly attributable to global promotional campaigns. The product lineup of women's SHEEN brand metal analog watches was also enhanced, tapping into the market for women's watches. Due to the continued strong sales of the EX-word series, the electronic dictionary business maintained the overwhelming top share in the Japanese market, and sales also expanded in China. The digital camera business developed and released high value-added products, which included the EX-ZR100 featuring Casio's HDR-ART function, which makes it easy to create beautiful and artistic photographs, and the EX-TR100, which achieves freedom in shooting photos thanks to its rotating LCD screen and frame.

In income for fiscal 2011, the Consumer segment posted ¥16.5 billion in operating income, which was a significant improvement. Within the segment, timepieces and electronic dictionaries remained highly profitable. The System Equipment segment recorded a ¥1.4 billion operating loss due to the one-off start up costs for the projector business. The Others segment registered ¥0.5 billion in operating income. As a result, Casio posted ¥12.0 billion in consolidated operating income, allowing for adjustment.

Casio recorded ¥11.7 billion in ordinary income and ¥5.6 billion in net income for the fiscal year.

Casio will make its best effort to resolve the effects of the Great East Japan Earthquake in the first half of fiscal 2012, and the Company aims to increase earnings for the full fiscal year. The main strategies are as below.

- (a) Casio will engage in the full-scale development of the new online service business, Casio Imaging Square. The Company will strengthen and enhance the functions of the service, which lets people use Casio's original digital technology to easily transform an ordinary photograph into an inspiring work of art. Casio aims for the launch of this fee-based service to make a definite contribution to earnings.
- (b) In the timepiece business, Casio will seek to further expand sales and maintain strong profitability by continuing with its proactive global promotion campaigns for brands such as G-SHOCK and EDIFICE and strengthening the lineup of watches for women such as SHEEN and Baby-G.
- (c) In the electronic dictionary business, Casio will seek to maintain its No. 1 share and high profitability in the Japanese market. Moreover, in efforts to expand, Casio will pursue increase sales in overseas markets such as China.
- (d) Casio will aim to increase sales in newly emerging nations by strengthening its direct sales channels.

Although the earthquake disaster had a negative impact on parts procurement, we will overcome this problem and continue to grow by improving profitability in core business segments and expanding new businesses. Therefore, we look forward to the ongoing support of our stakeholders.

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