

2005 Outlook on the Shipment Forecast by Product-Type Concerning Cameras and the Related Goods

CAMERA & IMAGING PRODUCTS
ASSOCIATION (CIPA)

1. Trends on the Total Shipment of Cameras

The world economy in the year 2004 appeared to be on the path for the right course up until the Athenes Olympic Games, foremost exemplified by the rapid recovery of the Japanese economy. However, the feeling of the effects of the economic slow-down began to creep in with the onset of the high price of crude oil, stagnant European economy, weakening of the US dollar at the year-end, accelerated by the US government running deficits in both the balance of payments and the national budget accounts. Amidst such state of the world economy, within the Camera Industry from the world-wide point of view, the digital camera sales showed a stable growth though with regional variations, achieving a high rate of market penetration, which was comparable to the declining market for the silver halide cameras.

The world economy in the year 2005 continues to carry various destabilizing factors including: the instability of the Middle East; sporadic terrorist attacks and the enlargement of its activities; geopolitical cause of concern involved in the tsunami disaster and related damages triggered by the Sumatra-Andaman Islands Earthquake that struck at the year-end of 2004; further weakening of the US dollar; and the stabilization of crude oil at a high price. Amidst such state of the world economy, nevertheless, the market for digital cameras is expected to see a continuous growth though with regional variations in the market penetration rate.

With these recognitions and considering that the total shipment of cameras involving both the domestic and foreign market figures reached approximately (approx.) 69.8 million pieces in the year 2004, up 17.0% from the previous year, the growth in the total shipment of cameras is expected to continue in the year 2005. It is forecasted to amount to approx. 78.6 million pieces, up 12.5% from the previous year.

2. Outlook on the Shipment Forecast Concerning the Silver Halide and Digital Cameras

1) Silver Halide Cameras

Under the influences of competitive pricing and progressive rate of market penetration of the digital cameras, the shipment of the silver halide cameras in the year 2004 stagnated at the approx. 10.1 million pieces, down 38.2% from the previous year.

This downward trend is expected to continue and the total shipment in the year 2005 is forecasted to be approx. 6.4 million pieces, down 36.5% from the previous year. Among this figure for the total shipment, the domestic shipment is

expected to account for approx. 0.4 million pieces, down 35.6% from the previous year and the export to amount to 6.0 million pieces, down 36.6 % from the pervious year.

2) Digital Cameras

In the year 2004, the strong growth in the market for digital cameras continued from the previous year and the total shipment of digital cameras was approx. 59.8 million pieces, the increase of approx. 16.4 million pieces over last year (up 37.7% from the previous year).

In the year 2005, the shipment of digital cameras is expected to show a slightly slower rate of growth. Nevertheless, the strong growth is expected to continue in terms of the absolute number of pieces, and the shipment is forecasted to reach approx. 72.2 million pieces, the increase of approx. 12.4 million pieces over last year (up 20.8% from the previous year). Among these forecasted figures, the domestic shipment is expected to suffer the effect of the saturating market and forecasted to account for approx. 8.7 million pieces, up 1.8% from the previous year. With respect to the export, assuming that the strong growth continues in the European and other markets, except for the slightly weaker rate of growth expected in the United States, it is forecasted to reach approx. 63.5 million pieces, up 24.0% from the previous year.

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Total Shipment

Unit in Thousand Pieces

Item by Type	Performance in the Year 2002	Performance in the Year 2003	Performance in the Year 2004	Year-on-Year % Growth	Forecast for the Year 2005	Year-on-Year % Growth
Silver Halide Cameras	23,660	16,297	10,078	61.8	6,400	63.5
Digital Cameras	24,551	43,408	59,766	137.7	72,200	120.8
Cameras Total	48,211	59,705	69,844	117.0	78,600	112.5
Interchangeable Lens for SLR	5,196	4,705	5,325	113.2	6,200	116.4

Domestic Shipment

Item by Type	Performance in the Year 2002	Performance in the Year 2003	Performance in the Year 2004	Year-on-Year % Growth	Forecast for the Year 2005	Year-on-Year % Growth
Silver Halide Cameras	2,242	1,146	621	54.2	400	64.4
Digital Cameras	6,550	8,439	8,547	101.3	8,700	101.8
Cameras Total	8,792	9,585	9,168	95.6	9,100	99.3
Interchangeable Lens for SLR	865	717	797	111.2	1,000	125.5

Export

Item by Type	Performance in the Year 2002	Performance in the Year 2003	Performance in the Year 2004	Year-on-Year % Growth	Forecast for the Year 2005	Year-on-Year % Growth
Silver Halide Cameras	21,418	15,150	9,457	62.4	6,000	63.4
Digital Cameras	18,001	34,969	51,219	146.5	63,500	124.0
Cameras Total	39,419	50,119	60,676	121.1	69,500	114.5
Interchangeable Lens for SLR	4,331	3,988	4,528	113.5	5,200	114.8

Note: Figures include decimal-adjusted numbers.