

# CASIO®



**ANNUAL REPORT 2001**

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As enthusiasm grows for the advent of ubiquitous networking, Casio Computer Co., Ltd. endeavors to create new businesses by shaping the Company's potential into meaningful and valuable results in tune with the times, and to enable management to efficiently realize this aspiration, Casio has formulated a three-year medium-term management plan, with the current fiscal year as the first year of the plan.

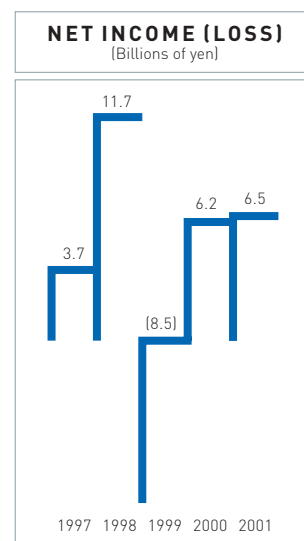
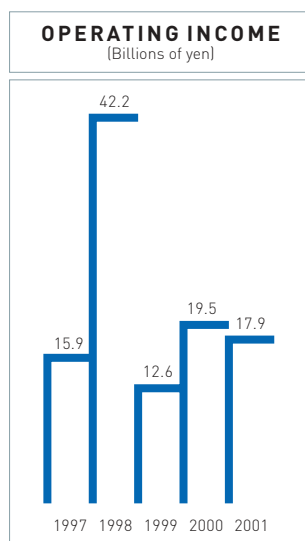
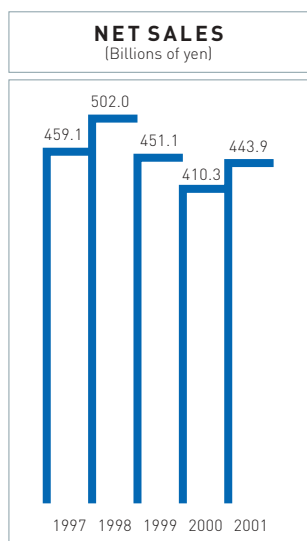
By utilizing the Company's core competence of accumulated technologies for producing lightweight, compact and energy efficient products in principal businesses, Casio aims to secure a position as a leading company in the ubiquitous networking era.

# CONSOLIDATED FINANCIAL HIGHLIGHTS

Years ended March 31, 2001 and 2000  
Casio Computer Co., Ltd. and Subsidiaries

|   | Millions of yen |          | Thousands of U.S. dollars* |
|---|-----------------|----------|----------------------------|
|   | 2001            | 2000     | 2001                       |
| <b>For the year:</b>                      |                 |          |                            |
| Net sales                                 | <b>¥443,930</b> | ¥410,338 | <b>\$3,580,081</b>         |
| Operating income                          | <b>17,905</b>   | 19,477   | <b>144,395</b>             |
| Net income                                | <b>6,547</b>    | 6,173    | <b>52,798</b>              |
| Capital investment                        | <b>30,278</b>   | 35,546   | <b>244,177</b>             |
| Depreciation                              | <b>22,065</b>   | 30,220   | <b>177,944</b>             |
| Research and development expenses         | <b>11,968</b>   | 12,338   | <b>96,516</b>              |
| <b>At year-end:</b>                       |                 |          |                            |
| Shareholders' equity                      | <b>162,375</b>  | 169,634  | <b>1,309,476</b>           |
| Total assets                              | <b>445,883</b>  | 507,105  | <b>3,595,831</b>           |
| <b>Amounts per share of common stock:</b> |                 |          |                            |
| (in yen and U.S. dollars):                |                 |          |                            |
| Net income                                | <b>24.11</b>    | 22.73    | <b>0.19</b>                |
| Diluted net income                        | <b>23.72</b>    | 22.41    | <b>0.19</b>                |
| Cash dividends applicable to the year     | <b>12.50</b>    | 12.50    | <b>0.10</b>                |

\*U.S. dollar amounts have been translated from Japanese yen at the rate of ¥124 to U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2001.



## TO OUR SHAREHOLDERS

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To continue being an attractive company worthy of shareholders' and investors' attention, Casio directs its corporate management toward maximizing shareholders' value. We created a three-year medium-term management plan to further clarify this management stance, and began implementing this plan in the current fiscal year. While we will be talking about this plan in greater detail below, we would first like to explain Casio's performance in the fiscal year ended March 31, 2001.

### **PERFORMANCE**

Our operating environment on the whole remained severe. While we saw growth in demand for digital-, network- and other IT-related areas, the worldwide PC industry entered a slowdown led by weaker demand in the United States. In addition, inventories of cellular handsets rose around the world in the second half of 2000, and these inventories led to declines in electronic component prices. And sales prices fell worldwide as global-scale market competition intensified.

Amid this operating environment, Casio worked to strengthen its strategically important Mobile Network Solutions (MNS) business and its Electronic Components business by allocating more of its management resources toward these two areas.

We saw some tangible results from these efforts during the fiscal year under review, as consolidated net sales rose 8.2% to ¥443,930 million. By business segment, sales of the Electronics segment grew 7.4% to ¥327,580 million as sales in Casio's MNS business more than doubled. Sales of the Electronic Components and Others segment rose 10.3% to ¥116,350 million, with electronic components sales up nearly 40%.

Compared with previous fiscal year results, operating income was down 8.1% to ¥17,905 million. However, we mainly attribute this decline to increases in cost of sales and selling, general and administrative (SG&A) expenses,

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owing to new accounting standards for employees' severance and retirement benefits that we adopted in the fiscal year. Net income rose 6.1% to ¥6,547 million.

### **THREE-YEAR MEDIUM-TERM MANAGEMENT PLAN**

Casio has been committed to concentrating its technologies and management resources while working toward more efficient management and increased cost competitiveness. The three-year medium-term management plan that starts in the current fiscal year will help us continue our strategic selection and concentration of businesses and further boost our management position. The plan defines management's vision as "creating new value by providing products and services for a digital life," and is governed by a basic policy of



"shareholder-value-based management." Management targets for the final year of the plan include operating income margins of 8% and invested capital turnover of 1.6 times.

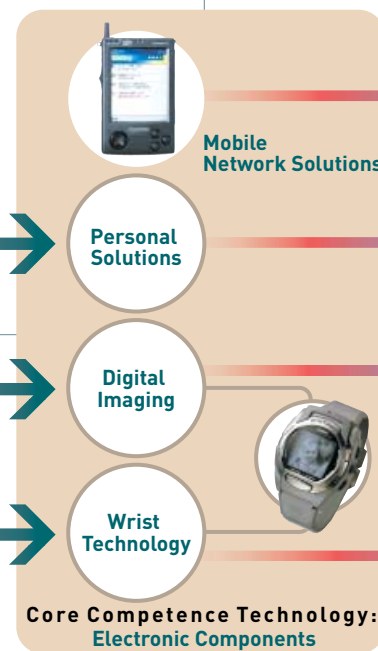
Based on this management vision, Casio is focusing business development on the following four key areas:

- 1) Digital imaging: in anticipation of growth in digital-camera-related markets at the expense of the conventional film camera market, this business will seek to provide users with digital imaging possibilities from new digital cameras with Casio's signature creativity, from image album editing and Web sites for publishing digital images to digital printing stations in stores.

- 2) Wrist technology: this business will explore the possibilities for mobile hardware worn on the wrist, including PDAs and the integration of cellular phones and wristwatches. Casio is one of the few companies in the world that manufactures both wristwatches and PDAs.
  - 3) Personal solutions: this business will focus on turning ordinary stand-alone consumer products into Internet appliances. For example, Casio is planning not only to offer music manuscripts, but also music school services by connecting musical instruments to the Internet.
  - 4) MNS: in the current fiscal year, we added the Pocket Manager series to the CASSIOPEIA® lineup as a part of our PDA product strategy. The Pocket Manager series features high-performance hardware at reasonable prices. Casio will continue to concentrate efforts in the MNS business as a component of its medium-term management plan.
- These business areas have the potential to expand the world of mobile networking, and we see our core compe-

## EVOLUTION OF CASIO PRODUCTS

### Stand-Alone Products



Personal Computer

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tences in electronic component technologies as being able to make this happen.

Under the new plan, Casio will also explore ways to boost management efficiency. Specifically, this will include the following four measures:

- 1) Casio Cost Engineering (CCE) activities: CCE activities aim to boost cost competitiveness through all-out cost reductions, beginning in the product planning stage, to provide high-quality products.
- 2) Raising efficiency of production bases: Casio will work to construct a system that integrates production functions from design stages to delivery, merge or close production bases in ASEAN countries and China and shorten production lead times.
- 3) Increasing staff productivity: Casio will adopt and put into practice a personnel system that links position with job results.
- 4) Maximizing investment returns and moving ahead with strategic selection and concentration of businesses: this will involve the introduction of Casio's own performance valuation standard called Casio Economic Profit (CEP).

The current fiscal year will be a period for strengthening its management base under the three-year medium-term management plan and further cultivating core business areas. We plan to continue increasing management efficiency while we achieve improvements in our business performance. We believe this will create new corporate value and maximize value for our shareholders. Casio is stepping up efforts to achieve these objectives while meeting the expectations of its shareholders.

We ask for your continued understanding and support as we move forward.

July 2001



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**Kazuo Kashio**  
President and CEO

## PRODUCTS, TRENDS AND ACTIVITIES

### ELECTRONICS

#### CONSUMER

In the fiscal year under review, although the market for electronic musical instruments and audio equipment was harsh, we continued to hold the top domestic market share of electronic dictionaries. In addition, digital camera sales were brisk due to the expansion of our lineup of models ranging from high-end cameras with 3.34-million-pixel resolution to low-end cameras with 310,000-pixel resolution.

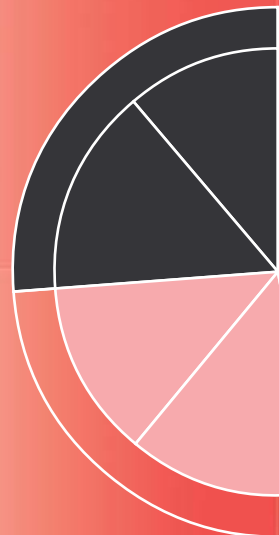
As core products in Casio's *digital imaging business*, digital cameras are developed in the future using exclusive state-of-the-art technology. We have successively released products in the EZ-USB series, a new genre of electronic stationary, in which we are expanding our lineup of peripherals for PC users. Casio is advancing all of its stand-alone consumer products to be network connectable, from musical instruments to electronic dictionaries, as a *personal solutions business* exemplified in the EZ-USB series.

#### TIMEPIECES

Although fiscal 2001 was a harsh year due to the worldwide drop in demand for timepieces, we introduced new products that will lead to new developments. We have received particularly high praise for our WRIST CAMERA, which was released in June 2000, followed by a second model in July 2001. Images taken with the second model can be viewed in color on a PC, and in black and white on its own display as with the first model.

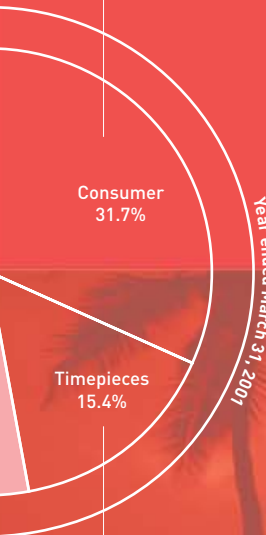
Following the completion of infrastructure in Japan, timepieces that automatically adjust the time by receiving Japan Standard Time transmissions from the Communications Research Laboratory (CRL) of the Ministry of Public Management, Home Affairs, Posts and Telecommunications have begun to attract attention. Last year, Casio started sales of G-Shock wristwatches with this function and is now steadily introducing the new WAVE CEPTOR series of products, which possess the same function. We are planning product introduction in the United States, where we expect firm demand, as the necessary infrastructure is put in place.

By pursuing the concept of wrist technology through the development of products possessing functions and technology outside the framework of conventional timepieces, Casio intends to breathe new life into the timepiece market.





Electronic calculators  
 Electronic dictionary  
 Label printers  
 Visual-related products  
 Digital cameras  
 Electronic musical instruments  
 Audio equipment



The XD-S5000 high-end electronic dictionary with sliding keyboard contains six dictionaries.



This Databank Style watch is one of our latest WAVE CEPTOR series models of self-adjusting timepieces that receive Japan Standard Time transmissions to keep the correct time.



This WRIST CAMERA, our second model, can show images it took in color on PCs, and can hold up to 80 pictures.



The EZ-USB series, including these mini-label printers, adds convenience for PC users.



The slim bodied and highly functional timepiece FILM WATCH PELA can be coordinated with colors by changing bands.

Digital watches  
 Analog watches  
 Clocks



The QV-4000 digital camera is our latest high-end model with a 4.13-million-pixel CCD.



The Celviano AL-100R electric piano features sound and performance comparable to a true piano and illuminated guidance keys that help practitioners improve their skills.

## ELECTRONICS

### **MOBILE NETWORK SOLUTIONS (MNS)**

As an important source of business for fiscal 2001, MNS made considerable contributions to sales. Our personal digital assistant (PDA) CASSIOPEIA® series, which uses Microsoft® Windows® for Pocket PC operating systems, has been especially well received. We began sales of the CASSIOPEIA® E-707 with integrated communications functions for business applications last year in the domestic market and will launch the new CASSIOPEIA® BE-300 as a series of Pocket Managers in September 2001 in North America. We aim to expand our global share of the PDA market by launching affordably priced BE-300 products with high specifications.

We have also received favorable reviews of our water- and shock-resistant cellular phones for the cdmaOne™ service provided by the KDDI Group's au Corporation.

We expect a slowdown of cellular phone growth in the world market and increasingly fierce competition in the PDA business. In this environment, Casio will use its unparalleled technology and brand power to drive growth.

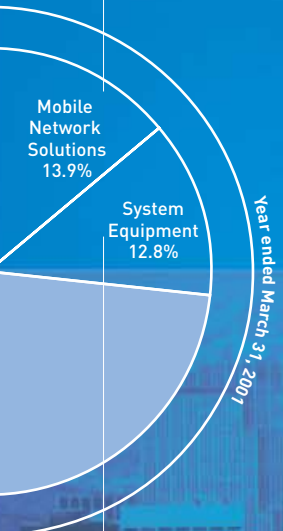
### **SYSTEM EQUIPMENT**

Raku-ichi, a machine for office management targeting small-scale business managers, showed brisk domestic growth. In March 2001, we also began sales of the top-of-the-line color page printer SPEEDIA N5, which is the fastest color printer in the world at 29 pages a minute (as of July 2001). Casio will continue to introduce products using its innovative technological capabilities to further enhance business user convenience.

Mobile PCs  
 Cellular phones  
 Pocket computers  
 Handy terminals



Our POS cash register is a total solution to a wide range of applications for retail stores and restaurants.



The SPEEDIA N5 page printer can produce 29 color pages per minute at high resolutions.

Featuring data communications functions, the CASSIOPEIA® E-707 is equipped with the Microsoft® Windows® for Pocket PC operating system for a truly mobile platform that meets the various needs of corporations.



Electronic cash registers (including POS)

Office computers

Page printers



The G'z One series of cdmaOne™ cellular phones, made to be water resistant and shock absorbent, have been well appraised for their toughness and original designs.



The FIVA mobile PC features a Crusoe™ CPU, 30 GB hard disk and a variety of interfaces in a compact A5-size, slim 21-mm body.

## ELECTRONIC COMPONENTS AND OTHERS

### ELECTRONIC COMPONENTS

In the fiscal year under review, electronic components grew substantially due to robust demand for small- and medium-size applications of STN- and TFT-LCDs. Our HAST-TFT-LCDs have been widely adopted for use in such mobile hardware as cellular phones, digital cameras, camcorders and PDAs. Kochi Casio Co., Ltd., a production base of HAST-TFT-LCDs, plans to begin full-scale operation of its second factory early next year, nearly doubling the Company's supply capabilities. In addition, Casio announced a far-reaching tie-up with NEC Corporation in October 2000 for the joint development and production of back-light/reflective TFT-LCDs. Delegating development and production according to each company's field of expertise, we began partial production under the alliance in June of this year.

Two-way color STN-LCDs were introduced in fiscal 2001. Featuring a construction that is able to use external light in addition to the conventional use of backlighting, two-way color STN-LCDs achieve clear visibility both indoors and outdoors. Due to these characteristics, we are marketing color STN-LCDs main-

ly for cellular phones. We also plan to launch TFT-LCDs that use this method.

Furthermore, bump and tape carrier package (TCP) businesses of Casio Micronics Co., Ltd. were brisk owing to significant growth in cellular- and PC-related demand. In fall 2000, we increased production capacity of bump by 50% and nearly doubled production capacity of TCP with the establishment of a new manufacturing base. Casio Micronics also plans to begin wafer-level chip size package (W-CSP) production during the current fiscal year.

Casio aims to become a leading company for small-sized LCDs and large-scale integration (LSI) chip mounting processing in the field of mobile hardware, where high levels of technology and production capacity are demanded.

### OTHERS

Sales of Others declined due to the sale of 80% of our equity in The Casio Lease Co., Ltd. in fiscal 2001.



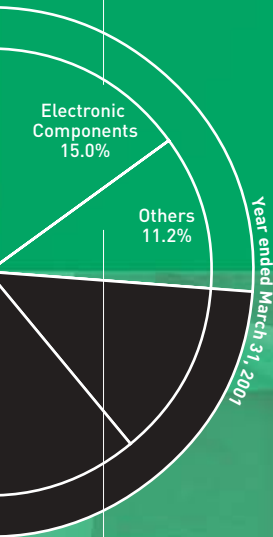
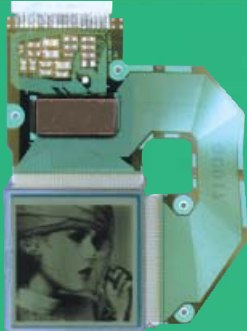
LCDs

Bump processing  
consignments

TCP assembly and  
processing  
consignments

Carrier tape

Chip on film (COF) technology is a mounting method for directly connecting LSI chips to thin plastic film with printed circuits, enabling high-density mounting and contributing to the compactness of products.



Our STN-LCDs are used in a diverse range of applications. This STN-LCD is a color display for mobile terminals.

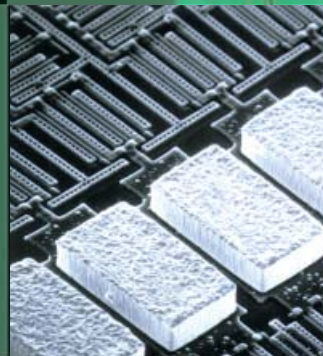


Our HAST-LCDs are TFT-LCDs that recreate beautiful images at high resolutions through proprietary technology. We use HAST-LCDs in the CASSIOPEIA® and also supply them to other companies for use in digital cameras, camcorders and other mobile products.

Factory automation

Molds

Toys



Bump technology forms miniature terminals on LSIs to connect LSI chips to glass for LCDs and film substrates, extending high-density mounting technology to new levels.



# CONSOLIDATED FINANCIAL REVIEW

## RESULTS OF OPERATIONS

### ANALYSIS OF NET SALES

In the fiscal year ended March 31, 2001, net sales increased 8.2% to ¥443,930 million.

Overseas sales slipped 2.7%, with the overseas sales ratio down 4.4 percentage points to 39.3%, reflecting a sharp downturn in the worldwide market in the second half.

Sales increased 1.1% in North America, which ac-

counted for 37.8% of overseas sales. Sales also advanced 15.8% in Europe, which made up 28.9% of overseas sales. However, sales declined 17.5% in Asia and other regions, excluding Japan, representing 33.3% of overseas sales.

Domestic sales increased 16.6% and accounted for 60.7% of net sales, with both the Electronics segment and the Electronic Components and Others segment recording growth.

### SALES BY PRODUCT CATEGORY

|   |          | Millions of yen |          |
|---|----------|-----------------|----------|
|   |          | 2001            | 2000     |
| <b>Electronics</b>                      |          |                 |          |
| Consumer                                |          | <b>¥140,828</b> | ¥140,654 |
|   | Domestic | <b>63,467</b>   | 66,834   |
|   | Overseas | <b>77,361</b>   | 73,820   |
| Timepieces                              |          | <b>68,246</b>   | 81,515   |
|   | Domestic | <b>21,113</b>   | 26,677   |
|   | Overseas | <b>47,133</b>   | 54,838   |
| MNS<br>(Mobile Network Solutions)       |          | <b>61,614</b>   | 30,167   |
|   | Domestic | <b>46,093</b>   | 19,297   |
|   | Overseas | <b>15,521</b>   | 10,870   |
| System Equipment                        |          | <b>56,892</b>   | 52,541   |
|   | Domestic | <b>45,076</b>   | 38,510   |
|   | Overseas | <b>11,816</b>   | 14,031   |
| Subtotal                                |          | <b>327,580</b>  | 304,877  |
|   | Domestic | <b>175,749</b>  | 151,318  |
|   | Overseas | <b>151,831</b>  | 153,559  |
| <b>Electronic Components and Others</b> |          |                 |          |
| Electronic Components                   |          | <b>66,512</b>   | 47,841   |
|   | Domestic | <b>57,682</b>   | 40,279   |
|   | Overseas | <b>8,830</b>    | 7,562    |
| Others                                  |          | <b>49,838</b>   | 57,620   |
|   | Domestic | <b>36,105</b>   | 39,584   |
|   | Overseas | <b>13,733</b>   | 18,036   |
| Subtotal                                |          | <b>116,350</b>  | 105,461  |
|   | Domestic | <b>93,787</b>   | 79,863   |
|   | Overseas | <b>22,563</b>   | 25,598   |
| Total                                   |          | <b>¥443,930</b> | ¥410,338 |
|   | Domestic | <b>269,536</b>  | 231,181  |
|   | Overseas | <b>174,394</b>  | 179,157  |

Sales in the Electronics segment increased 7.4%, as a 16.1% rise in domestic sales offset a 1.1% decline in overseas sales.

In the Consumer category, sales edged up 0.1%, reflecting a 5.0% decline in domestic sales and a 4.8% increase in overseas sales. Strong performance in

electronic dictionaries in Japan and brisk demand for digital cameras contributed to sales. However, favorable performance in these products was partially offset by weak demand for audio products and electronic musical instruments.

In the Timepieces category, sales fell 16.3%. Domestic sales fell 20.9% and overseas sales declined 14.1% as a result of stagnant markets in Japan and overseas. However, we believe that prospects for increased sales of WRIST CAMERAS are favorable in the future.

Sales of Mobile Network Solutions jumped 104.2%. Domestic sales for the category increased 138.9%, owing to the success of the water- and shock-resistant cellular phone for the cdmaOne™ service of au Corporation of the KDDI Group, and strong sales performance of CASSIOPEIA® Pocket PCs. Overseas sales advanced 42.8%.

Sales in the System Equipment category increased 8.3%, spurred by domestic sales growth of OA products.

Sales in the Electronic Components and Others segment increased 10.3%, as a 17.4% rise in domestic sales

compensated for an 11.9% decrease in overseas sales.

Sales of Electronic Components increased 39.0%, reflecting strong demand for exclusive HAST-LCDs for digital cameras and other appliances, as well as high growth in bump processing and tape carrier package (TCP) assembly and processing technology for LSI fuelled by strong demand for PCs and cellular phones.

Sales of Others decreased 13.5%.

### **ANALYSIS OF NET INCOME**

The cost of sales ratio worsened 2.3 percentage points to 71.0%, and selling, general and administrative expenses as a percentage of net sales declined 1.3 percentage points to 22.3%, although both were affected by new accounting standards for employees' severance and retirement benefits. Research and development (R&D) expenses were ¥11,968 million, or 2.7% of net sales.

As a result, the operating income margin worsened 0.7 percentage point to 4.0%, and operating income decreased 8.1%, or ¥1,572 million, to ¥17,905 million.

### **COMMON-SIZE ANALYSIS OF INCOME STATEMENTS**

|   | Net sales = 100.0 |       |       |
|---|-------------------|-------|-------|
|   | 2001              | 2000  | 1999  |
| Net sales   | 100.0             | 100.0 | 100.0 |
| Cost of sales                                     | 71.0              | 68.7  | 67.9  |
| SG&A expenses                                     | 22.3              | 23.6  | 24.7  |
| R&D expenses                                      | 2.7               | 3.0   | 4.6   |
| Operating income                                  | 4.0               | 4.7   | 2.8   |
| Income before income taxes and minority interests | 2.1               | 3.0   | —     |
| Net income  | 1.5               | 1.5   | —     |

Net financial expenses (interest and dividends income minus interest expense) decreased ¥483 million to ¥1,603 million, as interest expense declined ¥488 million, reflecting lower levels of debt. Foreign exchange loss—net totaled ¥3,420 million, disposal and devaluation of inventories was ¥5,152 million, loss on dissolution of affiliated companies was ¥2,909 million and gain on sales of securities of affiliated companies was ¥4,280 million. Consequently, other expenses,

net of other income, increased ¥1,562 million to ¥8,704 million.

Owing to the decrease in operating income and the increase in other expenses, income before income taxes and minority interests declined 25.4% to ¥9,201 million. Net income was ¥6,547 million.

Net income per share was ¥24.11, compared with net income per share of ¥22.73 in the previous term.

## INTEREST COVERAGE

|                               | Millions of yen |         |         |
|-------------------------------|-----------------|---------|---------|
|                               | 2001            | 2000    | 1999    |
| Operating income              | <b>¥17,905</b>  | ¥19,477 | ¥12,551 |
| Interest and dividends income | <b>1,923</b>    | 1,928   | 1,825   |
| Total                         | <b>¥19,828</b>  | ¥21,405 | ¥14,376 |
| Interest expense              | <b>¥ 3,526</b>  | ¥ 4,014 | ¥ 4,973 |
| Interest coverage (times)     | <b>5.62</b>     | 5.33    | 2.89    |

## ANALYSIS OF GROUP OPERATIONS

The consolidated accounts reflect the operations of the parent company, manufacturing and marketing subsidiaries in Japan and overseas, and subsidiaries engaged in related activities. In August 2000, Casio sold 80% of its equity in The Casio Lease Co., Ltd. to Diamond Lease Co., Ltd., and Asahi Corporation was dissolved in March 2001.

For the fiscal year ended March 31, 2001, there were 66 consolidated subsidiaries and 10 affiliates accounted for by the equity method, compared with 67 consolidated subsidiaries and nine equity-method affiliates during the previous term.

## CASH FLOW AND CAPITAL INVESTMENT

|                    | Millions of yen |         |           |
|--------------------|-----------------|---------|-----------|
|                    | 2001            | 2000    | 1999      |
| Net income (loss)  | <b>¥ 6,547</b>  | ¥ 6,173 | ¥ (8,534) |
| Depreciation       | <b>22,065</b>   | 30,220  | 31,001    |
| Cash flow          | <b>28,612</b>   | 36,393  | 22,467    |
| Capital investment | <b>30,278</b>   | 35,546  | 31,212    |

Net cash used in investing activities increased 8.2% to ¥28,641 million. Payments of acquisitions of tangible fixed assets used cash of ¥28,781 million, while proceeds from sales of affiliated companies generated cash of ¥7,305 million.

Net cash used in financing activities rose 11.9% to ¥26,446 million. The largest use of cash in the category was a net decrease in short-term borrowings of ¥23,956 million, followed by payments of long-term debt of ¥5,996 million.

In aggregate, cash and cash equivalents at end of

## LIQUIDITY AND FINANCIAL RESOURCES

### ANALYSIS OF CASH FLOWS

Net cash provided by operating activities fell 52.8% to ¥21,492 million. Primary sources of cash were income before income taxes and minority interests of ¥9,201 million and depreciation (including software) of ¥24,515 million. An increase in notes and accounts payable provided cash of ¥8,002 million, while an increase in notes and accounts receivable used cash of ¥15,993 million.

year was ¥83,070 million, compared with ¥113,751 million a year earlier.

### ANALYSIS OF FINANCIAL POSITION

Total current assets declined ¥24,011 million to ¥288,304 million, largely owing to a ¥32,437 million decrease in marketable securities, which included a ¥9,942 million transfer to investment securities and other investments due to the adoption of new accounting standards for financial instruments. Accounts receivable rose ¥12,599 million to ¥87,802 million,



mainly due to an increase in accounts receivable for cellular phones at the end of the fiscal year.

Inventories increased ¥8,305 million to ¥88,812 million, due to sales growth of MNS and electronic components.

Due to sales of 80% of Casio's equity in The Casio Lease Co., Ltd., net property, plant and equipment declined ¥37,618 million to ¥105,283 million, accounting for 23.6% of total assets, compared with 28.2% at the end of the previous term. Total investments and other assets increased ¥12,033 million to ¥52,296 million. Foreign currency translation adjustments were re-

ported in the shareholders' equity section due to the adoption of revised accounting standards.

Total assets decreased 12.1% to ¥445,883 million.

Total current liabilities were ¥144,272 million, or ¥38,290 million less than a year earlier, owing to large declines in short-term borrowings and long-term debt due within one year as a result of sales of Casio's equity in The Casio Lease Co., Ltd. As a result, net working capital rose ¥14,279 million to ¥144,032 million. The current ratio improved from 1.71 to 2.00 times.

#### INTEREST-BEARING DEBT

|  | Millions of yen |          |          |
|--|-----------------|----------|----------|
|  | 2001            | 2000     | 1999     |
| Short-term borrowings                  | <b>¥27,502</b>  | ¥ 66,580 | ¥ 88,014 |
| Bonds due within one year              | —               | —        | 149      |
| Long-term debt due within one year     | <b>500</b>      | 10,372   | 16,743   |
| Long-term bonds                        | <b>123,811</b>  | 123,811  | 123,811  |
| Long-term loans                        | <b>5,450</b>    | 23,073   | 16,528   |
| Subtotal                               | <b>¥157,263</b> | ¥223,836 | ¥245,245 |
| Export drafts discounted with banks    | <b>4,337</b>    | 2,302    | 4,605    |
| Total                                  | <b>¥161,600</b> | ¥226,138 | ¥249,850 |
| Interest-bearing debt/total assets (%) | <b>35.9</b>     | 44.4     | 48.9     |
| Interest on interest-bearing debt (%)  | <b>1.8</b>      | 1.7      | 2.1      |

Interest-bearing debt (long-term debt, short-term borrowings, long-term debt due within one year and export drafts discounted with banks) fell ¥64,538 million to ¥161,600 million.

The combination of a smaller asset base and higher

sales resulted in 0.12 point increase in asset turnover to 0.93 times. With a net income margin of 1.5%, return on assets was 1.37%. The equity ratio was 36.4% compared with 33.5% a year earlier. Return on equity was 3.94%.

#### EFFICIENCY AND RETURN MEASURES

|                             | 2001        | 2000 | 1999 |
|-----------------------------|-------------|------|------|
| Return on equity (%)        | <b>3.94</b> | 3.63 | —    |
| Return on assets (%)        | <b>1.37</b> | 1.22 | —    |
| Equity ratio (%)            | <b>36.4</b> | 33.5 | 33.7 |
| Asset turnover (times)      | <b>0.93</b> | 0.81 | 0.86 |
| Inventory turnover (months) | <b>3.38</b> | 3.43 | 2.97 |

# CONSOLIDATED BALANCE SHEETS

March 31, 2001 and 2000  
Casio Computer Co., Ltd. and Subsidiaries

| Assets   | Millions of yen |                 | Thousands of<br>U.S. dollars (Note 1) |
|--|-----------------|-----------------|---------------------------------------|
|  | 2001            | 2000            | 2001                                  |
| <b>Current assets:</b>                               |                 |                 |                                       |
| Cash and time deposits (Note 3)                      | ¥ 53,540        | ¥ 61,050        | \$ 431,774                            |
| Marketable securities (Note 5)                       | 28,983          | 61,420          | 233,734                               |
| Notes and accounts receivable—trade:                 |                 |                 |                                       |
| Notes receivable                                     | 12,299          | 14,094          | 99,185                                |
| Accounts receivable                                  | 87,802          | 75,203          | 708,081                               |
| Allowance for doubtful accounts                      | (2,158)         | (2,623)         | (17,403)                              |
| Inventories (Note 4)                                 | 88,812          | 80,507          | 716,226                               |
| Deferred taxes assets (Note 8)                       | 9,213           | 6,314           | 74,298                                |
| Other current assets                                 | 9,813           | 16,350          | 79,137                                |
| <b>Total current assets</b>                          | <b>288,304</b>  | <b>312,315</b>  | <b>2,325,032</b>                      |
| <b>Property, plant and equipment:</b>                |                 |                 |                                       |
| Land   | 40,493          | 41,383          | 326,556                               |
| Buildings  | 64,628          | 63,022          | 521,194                               |
| Machinery and equipment                              | 110,371         | 201,009         | 890,089                               |
| Construction in progress                             | 6,862           | 3,560           | 55,339                                |
|  | 222,354         | 308,974         | 1,793,178                             |
| Accumulated depreciation                             | (117,071)       | (166,073)       | (944,121)                             |
| <b>Net property, plant and equipment</b>             | <b>105,283</b>  | <b>142,901</b>  | <b>849,057</b>                        |
| <b>Investments and other assets:</b>                 |                 |                 |                                       |
| Affiliated companies                                 | 2,174           | 745             | 17,532                                |
| Investment securities and other investments (Note 5) | 33,473          | 20,252          | 269,943                               |
| Long-term time deposits                              | —               | 4,760           | —                                     |
| Deferred taxes assets (Note 8)                       | 5,765           | 6,219           | 46,492                                |
| Other assets   | 12,669          | 12,009          | 102,170                               |
| Allowance for doubtful accounts                      | (1,785)         | (3,722)         | (14,395)                              |
| <b>Total investments and other assets</b>            | <b>52,296</b>   | <b>40,263</b>   | <b>421,742</b>                        |
| <b>Foreign currency translation adjustments</b>      | <b>—</b>        | <b>11,626</b>   | <b>—</b>                              |
|  | <b>¥445,883</b> | <b>¥507,105</b> | <b>\$3,595,831</b>                    |

See accompanying notes.

| <b>Liabilities and Shareholders' Equity</b>             | Millions of yen |          | Thousands of<br>U.S. dollars (Note 1) |
|---|-----------------|----------|---------------------------------------|
|   | <b>2001</b>     | 2000     | <b>2001</b>                           |
| <b>Current liabilities:</b>                             |                 |          |                                       |
| Short-term borrowings (Note 7)                          | ¥ 27,502        | ¥ 66,580 | \$ 221,790                            |
| Long-term debt due within one year (Note 7)             | 500             | 10,372   | 4,032                                 |
| Notes payable—trade                                     | 22,351          | 20,176   | 180,250                               |
| Accounts payable—trade                                  | 43,455          | 37,755   | 350,444                               |
| Accrued expenses  | 13,082          | 12,527   | 105,500                               |
| Income taxes payable (Note 8)                           | 2,922           | 3,135    | 23,565                                |
| Other current liabilities                               | 34,460          | 32,017   | 277,903                               |
| Total current liabilities                               | 144,272         | 182,562  | 1,163,484                             |
| <b>Long-term liabilities:</b>                           |                 |          |                                       |
| Long-term debt due after one year (Note 7)              | 129,261         | 146,884  | 1,042,427                             |
| Employees' severance and retirement benefits (Note 9)   | 4,498           | 1,547    | 36,274                                |
| Deferred tax liabilities (Note 8)                       | 2,057           | 2,984    | 16,589                                |
| Other long-term liabilities                             | 744             | 471      | 6,000                                 |
| Total long-term liabilities                             | 136,560         | 151,886  | 1,101,290                             |
| <b>Minority interests</b>                               | <b>2,676</b>    | 3,023    | <b>21,581</b>                         |
| <b>Commitments and contingent liabilities</b> (Note 13) |                 |          |                                       |
| <b>Shareholders' equity</b> (Note 10):                  |                 |          |                                       |
| Common stock, par value ¥50 per share:                  |                 |          |                                       |
| Authorized—472,829,000 shares                           |                 |          |                                       |
| Issued—271,578,868 shares                               | 41,549          | 41,549   | 335,073                               |
| Additional paid-in capital                              | 58,197          | 58,197   | 469,331                               |
| Retained earnings                                       | 70,203          | 69,891   | 566,153                               |
| Net unrealized holding losses on securities             | (1,156)         | —        | (9,323)                               |
| Foreign currency translation adjustments                | (6,417)         | —        | (51,750)                              |
| Treasury stock, at cost                                 | 162,376         | 169,637  | 1,309,484                             |
|   | (1)             | (3)      | (8)                                   |
| Total shareholders' equity                              | 162,375         | 169,634  | 1,309,476                             |
|   | ¥445,883        | ¥507,105 | \$3,595,831                           |

# CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2001 and 2000  
Casio Computer Co., Ltd. and Subsidiaries

|  | Millions of yen |          | Thousands of<br>U.S. dollars (Note 1) |
|--|-----------------|----------|---------------------------------------|
|  | 2001            | 2000     | 2001                                  |
| <b>Net sales</b> (Note 12)                               | <b>¥443,930</b> | ¥410,338 | <b>\$3,580,081</b>                    |
| <b>Costs and expenses</b> (Note 12):                     |                 |          |                                       |
| Cost of sales  | <b>315,207</b>  | 281,772  | <b>2,541,992</b>                      |
| Selling, general and administrative expenses             | <b>98,850</b>   | 96,751   | <b>797,178</b>                        |
| Research and development expenses                        | <b>11,968</b>   | 12,338   | <b>96,516</b>                         |
|  | <b>426,025</b>  | 390,861  | <b>3,435,686</b>                      |
| <b>Operating income</b> (Note 12)                        | <b>17,905</b>   | 19,477   | <b>144,395</b>                        |
| <b>Other income (expenses):</b>                          |                 |          |                                       |
| Interest and dividends income                            | <b>1,923</b>    | 1,928    | <b>15,508</b>                         |
| Gain on sales of marketable securities                   | <b>—</b>        | 3,402    | <b>—</b>                              |
| Gain on sales of securities of affiliated companies      | <b>4,280</b>    | —        | <b>34,516</b>                         |
| Interest expense   | <b>(3,526)</b>  | (4,014)  | <b>(28,435)</b>                       |
| Foreign exchange loss—net                                | <b>(3,420)</b>  | (2,993)  | <b>(27,581)</b>                       |
| Disposal and devaluation of inventories                  | <b>(5,152)</b>  | (5,315)  | <b>(41,548)</b>                       |
| Loss on dissolution of affiliated companies              | <b>(2,909)</b>  | —        | <b>(23,460)</b>                       |
| Other—net  | <b>100</b>      | (150)    | <b>807</b>                            |
|  | <b>(8,704)</b>  | (7,142)  | <b>(70,193)</b>                       |
| <b>Income before income taxes and minority interests</b> | <b>9,201</b>    | 12,335   | <b>74,202</b>                         |
| <b>Income taxes</b> (Note 8):                            |                 |          |                                       |
| Current  | <b>4,356</b>    | 4,075    | <b>35,129</b>                         |
| Deferred   | <b>(2,053)</b>  | 2,027    | <b>(16,556)</b>                       |
|  | <b>2,303</b>    | 6,102    | <b>18,573</b>                         |
| <b>Income before minority interests</b>                  | <b>6,898</b>    | 6,233    | <b>55,629</b>                         |
| <b>Minority interests</b>                                | <b>(351)</b>    | (60)     | <b>(2,831)</b>                        |
| <b>Net income</b>  | <b>¥ 6,547</b>  | ¥ 6,173  | <b>\$ 52,798</b>                      |
|  |                 | Yen      | U.S. dollars<br>(Note 1)              |
| <b>Amounts per share of common stock:</b>                |                 |          |                                       |
| Net income   | <b>¥ 24.11</b>  | ¥ 22.73  | <b>\$ 0.19</b>                        |
| Diluted net income                                       | <b>23.72</b>    | 22.41    | <b>0.19</b>                           |
| Cash dividends applicable to the year                    | <b>12.50</b>    | 12.50    | <b>0.10</b>                           |

See accompanying notes.

# CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Years ended March 31, 2001 and 2000  
Casio Computer Co., Ltd. and Subsidiaries

|  | Millions of yen        |                |                            |                   |   |  |                         |                 |
|--|------------------------|----------------|----------------------------|-------------------|---|--|-------------------------|-----------------|
|  | Shares of common stock | Common stock   | Additional paid-in capital | Retained earnings | Net unrealized holding losses on securities | Foreign currency translation adjustments | Treasury stock, at cost | Total           |
| <b>Balance at March 31, 1999</b>                         | 272,025,291            | ¥41,481        | ¥58,585                    | ¥70,657           | ¥ —   | ¥ —                                      | ¥ (2)                   | ¥170,721        |
| Net income   | —                      | —              | —                          | 6,173             | —   | —  | —                       | 6,173           |
| Cash dividends paid (¥12.50 per share)                   | —                      | —              | —                          | (3,400)           | —   | —  | —                       | (3,400)         |
| Bonuses to directors and statutory auditors              | —                      | —              | —                          | (18)              | —   | —  | —                       | (18)            |
| Retirement of treasury stock (539,000)                   | (539,000)              | —              | (456)                      | —                 | —   | —  | —                       | (456)           |
| Common stock issued upon conversion of convertible bonds | 92,577                 | 68             | 68                         | —                 | —   | —  | —                       | 136             |
| Decrease in consolidated subsidiaries                    | —                      | —              | —                          | (608)             | —   | —  | —                       | (608)           |
| Effect of valuation difference                           | —                      | —              | —                          | (2,913)           | —   | —  | —                       | (2,913)         |
| Increase in treasury stock—net                           | —                      | —              | —                          | —                 | —   | —  | (1)                     | (1)             |
| <b>Balance at March 31, 2000</b>                         | 271,578,868            | 41,549         | 58,197                     | 69,891            | —   | —  | (3)                     | 169,634         |
| Net income   | —                      | —              | —                          | 6,547             | —   | —  | —                       | 6,547           |
| Cash dividends paid (¥12.50 per share)                   | —                      | —              | —                          | (3,395)           | —   | —  | —                       | (3,395)         |
| Bonuses to directors and statutory auditors              | —                      | —              | —                          | (180)             | —   | —  | —                       | (180)           |
| Decrease in consolidated subsidiaries                    | —                      | —              | —                          | (2,554)           | —   | —  | —                       | (2,554)         |
| Increase in affiliates                                   | —                      | —              | —                          | (106)             | —   | —  | —                       | (106)           |
| Increase in net unrealized holding losses on securities  | —                      | —              | —                          | —                 | (1,156)                                     | —  | —                       | (1,156)         |
| Increase in foreign currency translation adjustments     | —                      | —              | —                          | —                 | —   | (6,417)                                  | —                       | (6,417)         |
| Decrease in treasury stock—net                           | —                      | —              | —                          | —                 | —   | —  | 2                       | 2               |
| <b>Balance at March 31, 2001</b>                         | <b>271,578,868</b>     | <b>¥41,549</b> | <b>¥58,197</b>             | <b>¥70,203</b>    | <b>¥(1,156)</b>                             | <b>¥(6,417)</b>                          | <b>¥ (1)</b>            | <b>¥162,375</b> |

|   | Thousands of U.S. dollars (Note 1) |                  |                            |                   |   |  |                         |                    |
|---|------------------------------------|------------------|----------------------------|-------------------|---|--|-------------------------|--------------------|
|   | Shares of common stock             | Common stock     | Additional paid-in capital | Retained earnings | Net unrealized holding losses on securities | Foreign currency translation adjustments | Treasury stock, at cost | Total              |
| <b>Balance at March 31, 2000</b>                        | 271,578,868                        | \$335,073        | \$469,331                  | \$563,637         | \$ —  | \$ —                                     | \$(24)                  | \$1,368,017        |
| Net income  | —                                  | —                | —                          | 52,798            | —   | —  | —                       | 52,798             |
| Cash dividends paid (¥12.50 per share)                  | —                                  | —                | —                          | (27,379)          | —   | —  | —                       | (27,379)           |
| Bonuses to directors and statutory auditors             | —                                  | —                | —                          | (1,452)           | —   | —  | —                       | (1,452)            |
| Decrease in consolidated subsidiaries                   | —                                  | —                | —                          | (20,596)          | —   | —  | —                       | (20,596)           |
| Increase in affiliates                                  | —                                  | —                | —                          | (855)             | —   | —  | —                       | (855)              |
| Increase in net unrealized holding losses on securities | —                                  | —                | —                          | —                 | (9,323)                                     | —  | —                       | (9,323)            |
| Increase in foreign currency translation adjustments    | —                                  | —                | —                          | —                 | —   | (51,750)                                 | —                       | (51,750)           |
| Decrease in treasury stock—net                          | —                                  | —                | —                          | —                 | —   | —  | 16                      | 16                 |
| <b>Balance at March 31, 2001</b>                        | <b>271,578,868</b>                 | <b>\$335,073</b> | <b>\$469,331</b>           | <b>\$566,153</b>  | <b>\$(9,323)</b>                            | <b>\$(51,750)</b>                        | <b>\$ (8)</b>           | <b>\$1,309,476</b> |

See accompanying notes.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2001 and 2000  
Casio Computer Co., Ltd. and Subsidiaries

|  | Millions of yen |           | Thousands of<br>U.S. dollars (Note 1) |
|--|-----------------|-----------|---------------------------------------|
|  | 2001            | 2000      | 2001                                  |
| <b>Cash flows from operating activities:</b>                             |                 |           |                                       |
| Income before income taxes and minority interests                        | ¥ 9,201         | ¥ 12,335  | \$ 74,202                             |
| Depreciation (including software)  | 24,515          | 31,926    | 197,702                               |
| Amortization of goodwill   | 242             | 211       | 1,952                                 |
| Loss on disposal of property, plant and equipment                        | 635             | 563       | 5,121                                 |
| Gain on sales of investment securities                                   | (86)            | (94)      | (694)                                 |
| Loss on devaluation of investment securities                             | 147             | 239       | 1,186                                 |
| Gain on sales of securities of affiliated companies                      | (4,280)         | —         | (34,516)                              |
| Increase (Decrease) in liabilities for severance and retirement benefits | 2,951           | (47)      | 23,798                                |
| Interest and dividends income  | (1,923)         | (1,928)   | (15,508)                              |
| Gain on sales of marketable securities                                   | —               | (3,402)   | —                                     |
| Gain on devaluation of marketable securities                             | —               | (61)      | —                                     |
| Interest expense   | 3,526           | 4,014     | 28,435                                |
| Foreign exchange gain  | (1,578)         | (983)     | (12,726)                              |
| Equity in losses of affiliated companies                                 | 189             | 205       | 1,524                                 |
| Increase in notes and accounts receivable                                | (15,993)        | (1,840)   | (128,976)                             |
| Increase in inventories  | (4,767)         | (7,735)   | (38,443)                              |
| Decrease (Increase) in other current assets                              | (122)           | 2,795     | (984)                                 |
| Increase in notes and accounts payable                                   | 8,002           | 17,110    | 64,532                                |
| Increase (Decrease) in consumption tax payable                           | 1,161           | (1,050)   | 9,363                                 |
| Increase in other current liabilities                                    | 895             | 4,036     | 7,218                                 |
| Increase (Decrease) in trade notes and export drafts discounted          | 2,035           | (2,303)   | 16,411                                |
| Payments of bonuses to directors and statutory auditors                  | (180)           | (18)      | (1,452)                               |
| Other  | 2,802           | (2,617)   | 22,597                                |
| Total  | 27,372          | 51,356    | 220,742                               |
| Interest and dividends received  | 2,092           | 1,725     | 16,871                                |
| Interest paid  | (3,546)         | (4,030)   | (28,597)                              |
| Income taxes paid  | (4,426)         | (3,492)   | (35,693)                              |
| Net cash provided by operating activities                                | 21,492          | 45,559    | 173,323                               |
| <b>Cash flows from investing activities:</b>                             |                 |           |                                       |
| Increase in time deposits  | (3,831)         | (4,760)   | (30,895)                              |
| Decrease in time deposits  | 8,816           | 11,460    | 71,097                                |
| Payments of purchases of marketable securities                           | —               | (8,962)   | —                                     |
| Proceeds from sale of marketable securities                              | —               | 8,284     | —                                     |
| Payments of acquisitions of tangible fixed assets                        | (28,781)        | (31,651)  | (232,105)                             |
| Proceeds from sales of tangible fixed assets                             | 1,243           | 2,434     | 10,024                                |
| Payments of acquisitions of intangible fixed assets                      | (4,838)         | (2,822)   | (39,016)                              |
| Proceeds from sales of intangible fixed assets                           | 60              | 102       | 484                                   |
| Payments of purchases of investment securities                           | (7,485)         | (846)     | (60,363)                              |
| Proceeds from sales of investment securities                             | 1,016           | 146       | 8,194                                 |
| Proceeds from sales of affiliated companies                              | 7,305           | —         | 58,911                                |
| Payments for long-term loans receivable                                  | (1,183)         | (175)     | (9,540)                               |
| Collections from long-term loans receivable                              | 22              | —         | 177                                   |
| Net decrease (increase) in loans receivable                              | (310)           | 266       | (2,500)                               |
| Other  | (675)           | 46        | (5,444)                               |
| Net cash used in investing activities                                    | (28,641)        | (26,478)  | (230,976)                             |
| <b>Cash flows from financing activities:</b>                             |                 |           |                                       |
| Net decrease in short-term borrowings                                    | (23,956)        | (19,936)  | (193,194)                             |
| Proceeds from long-term debt   | 7,000           | 16,918    | 56,452                                |
| Payments of long-term debt   | (5,996)         | (16,744)  | (48,355)                              |
| Redemption of convertible bonds  | —               | (13)      | —                                     |
| Payments to acquire treasury stock for retirement                        | —               | (456)     | —                                     |
| Payments of cash dividends   | (3,395)         | (3,400)   | (27,379)                              |
| Other  | (99)            | —         | (798)                                 |
| Net cash used in financing activities                                    | (26,446)        | (23,631)  | (213,274)                             |
| Effect of exchange rate changes on cash and cash equivalents             | 2,914           | (48)      | 23,500                                |
| Net decrease in cash and cash equivalents                                | (30,681)        | (4,598)   | (247,427)                             |
| Cash and cash equivalents at beginning of year (Note 3)                  | 113,751         | 118,710   | 917,346                               |
| Cash and cash equivalents of newly consolidated subsidiaries             | —               | 17        | —                                     |
| Cash and cash equivalents of subsidiaries excluded from consolidation    | —               | (378)     | —                                     |
| Cash and cash equivalents at end of year (Note 3)                        | ¥ 83,070        | ¥ 113,751 | \$669,919                             |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended March 31, 2001 and 2000  
Casio Computer Co., Ltd. and Subsidiaries

## **1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS**

The Company and its consolidated domestic subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Japanese Commercial Code (the "Code") and the Securities and Exchange Law and in conformity with accounting principles and practices generally accepted in Japan, which are different from the accounting and disclosure requirements of International Accounting Standards. The accounts of overseas consolidated subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles and practices prevailing in the respective countries of domicile.

The accompanying consolidated financial statements are a translation of the audited consolidated financial statements of the Company which were prepared in accordance with accounting principles and practices generally accepted in Japan from the accounts and records maintained by the Company and its consolidated subsidiaries and were filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

**Consolidation**—The accompanying consolidated financial statements include the accounts of the Company and significant subsidiaries (together with the Company, the "Group") which the Company controls through majority voting right or existence of certain conditions. Investments in affiliates of which the Company has the ability to exercise significant influence over operating and financial policies, are accounted for using the equity method.

In the elimination of investments in subsidiaries, the portion of assets and liabilities of a subsidiary attributable to the subsidiary's shares acquired by the Company are recorded based on the fair value as of the respective dates when such shares were acquired. The amounts of assets and liabilities attributable to minority shareholders of the subsidiary are determined using the financial statements of the subsidiary.

Material intercompany balances, transactions and profits have been eliminated in consolidation.

**Cash flow statement**—In preparing the consolidated statements of cash flows, cash on hand, readily-available deposits and short-term highly liquid investments with maturities of not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

**Foreign currency translation**—Short-term receivables and payables denominated in foreign currencies are translated into Japanese yen at the year-end rates. Prior to April 1, 2000, long-term receivables and payable denominated in foreign currencies were translated at historical rates.

Effective April 1, 2000, the Company and its consolidated subsidiaries in Japan adopted the revised accounting standard for foreign currency translation, "Opinion Concerning Revision of Accounting Standard for Foreign Currency Translation", issued by the Business Accounting Deliberation

In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. The consolidated statements of shareholders' equity have been prepared for the purpose of inclusion in the accompanying consolidated financial statements, although such statements were not required for domestic purposes and were not filed with the regulatory authorities.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers, using the prevailing exchange rate at March 31, 2001, which was ¥124 to U.S.\$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

Certain reclassification has been made in the 2000 consolidated financial statements to conform to the 2001 presentation.

Council on October 22, 1999 (the "Revised Accounting Standard"). Under the Revised Accounting Standard, long-term receivables and payables denominated in foreign currencies are also translated into Japanese yen at the year-end rate.

The effect on the consolidated income statement of adopting the Revised Accounting Standard was to increase income before income taxes and minority interests by ¥340 million (\$2,742 thousand).

Balance sheets of consolidated overseas subsidiaries are translated into Japanese yen at the year-end rate except for shareholders' equity accounts, which are translated at the historical rates. Statements of income of consolidated overseas subsidiaries are translated at average rates.

Due to the adoption of the Revised Accounting Standard, the Company and its domestic subsidiaries report foreign currency translation adjustments in the shareholders' equity and minority interests. The prior year's amount, which is included in assets, has not been reclassified.

**Securities**—Prior to April 1, 2000, investment securities listed on exchanges were stated at the lower of cost or market. Other investments were stated at cost. Cost was principally determined by the moving-average method.

Effective April 1, 2000, the Company and its consolidated subsidiaries in Japan adopted the new Japanese accounting standard "Accounting Standards for Financial Instruments" ("Opinion Concerning Establishment of Accounting Standard for Financial Instruments" issued by the Business Accounting Deliberation Council on January 22, 1999).

As a result, debt securities designated as held-to-maturity are carried at amortized cost. Equity securities issued by affiliates which are not consolidated or accounted for using the

equity method are stated at moving-average cost. Other securities except for trading securities (hereafter, "available-for-sale securities") for which market value is readily determinable are stated at market value as of the end of the period with unrealized gains and losses, net of applicable deferred tax assets or liabilities, not reflected in earnings but directly reported as a separate component of shareholders' equity. The cost of such securities sold is determined by the moving-average method. Available-for-sale securities for which market value is not readily determinable are stated primarily at moving-average cost except for debt securities, which are stated at amortized cost.

The effect of adopting this new accounting standard was to increase income before income taxes and minority interests by ¥1,007 million (\$8,121 thousand).

Upon applying the new standard, the Company and its consolidated subsidiaries in Japan examined the intent of holding each security at the beginning of the period and classified as held-to-maturity securities and available-for-sale securities with maturity of one year or less, and short-term highly liquidated available-for-sale securities like deposits. As a result, securities included in the current assets decreased by ¥9,942 million (\$80,177 thousand) and investment securities increased by the same amount.

**Derivatives and hedge accounting**—The new accounting standard for financial instruments, effective from the year ended March 31, 2001, requires companies to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedge and meet certain hedging criteria, the Group defer recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

Also, if interest rate swap contracts are used as hedge and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

The Group use forward foreign currency contracts and interest rate swaps as derivative financial instruments only for the purpose of mitigating future risks of fluctuation of foreign currency exchange rates with respect to foreign currency assets and liabilities, and of interest rate increases with respect to cash management.

Forward foreign currency and interest rate swap contracts are subject to risks of foreign exchange rate changes and interest rate changes, respectively.

The derivative transactions are executed and managed by the Company's Finance Department in accordance with the established policies and within the specified limits on the amounts of derivative transactions allowed.

**Allowance for doubtful accounts**—The allowance for doubtful

accounts is provided at an amount sufficient to cover probable losses on the collection of receivables. For the Group, the amount of the allowance is determined based on past write-off experience and an estimated amount of probable bad debt based on a review of the collectibility of individual receivable.

**Inventories**—Inventories are stated principally at the lower of cost (first-in, first-out) or market (replacement cost or net realizable value).

**Property, plant and equipment**—Property, plant and equipment is stated at cost. Depreciation is principally determined by the declining-balance method at rates based on estimated useful lives except for the following buildings and leased equipment. The building of head office of the Company and buildings, excluding building fixtures, acquired after March 31, 1998 are depreciated using the straight-line method. Leased equipment is depreciated by the straight-line method over the lease term.

**Software costs**—Software is categorized by the following purposes and depreciated using the following two methods.

(Software for market sales) The production costs for master product are capitalized and depreciated over no more than 3 years by the projected revenue basis.

(Software for internal use) The acquisition costs of software for internal use are depreciated over 5 years by the straight-line method.

The amount of software costs is included in other assets in consolidated balance sheets.

**Employees' severance and retirement benefits**—Under the terms of the employees' severance and retirement plan, eligible employees are entitled under most circumstances, upon mandatory retirement or earlier voluntary severance, to severance payments based on compensation at the time of severance and years of service.

Employees' severance and retirement benefits of the Company and some of its consolidated subsidiaries are covered by two kinds of pension plans. And those of some of its consolidated subsidiaries in Japan are covered by lump-sum indemnities.

Prior to April 1, 2000, such companies recognized pension expense when, and to the extent, payments were made to the pension plans. Remaining consolidated subsidiaries mainly provide for the allowance for employees' severance and retirement benefits in amounts required had all employees retired voluntarily at the balance sheet date.

Effective April 1, 2000, the Company and its consolidated subsidiaries in Japan adopted the new accounting standard, "Opinion on Setting Accounting Standard for Employees' Severance and Pension Benefits", issued by the Business Accounting Deliberation Council on June 16, 1998 (the "New Accounting Standard").

Under the New Accounting Standard, the liabilities and expenses for severance and retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.



The Company and its consolidated subsidiaries in Japan provided liabilities for severance and retirement benefits at March 31, 2001 based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at that date.

The excess of the projected benefit obligation over the total of the fair value of pension assets as of April 1, 2000 and the liabilities for severance and retirement benefits recorded as of April 1, 2000 (the "net transition obligation") amounted to ¥19,576 million (\$157,871 thousand). The net transition obligation will be recognized in expenses in equal amounts over 10 years commencing with the year ended March 31, 2001.

As a result of the adoption of the new accounting standard, in the year ended March 31, 2001, severance and retirement benefit expenses increased by ¥2,794 million (\$22,532 thousand), operating income and income before income taxes and minority interests decreased by ¥2,762 million (\$22,274 thousand) compared with what would have been recorded under the previous accounting standard.

**Accounting for certain lease transactions**—Finance leases, which do not transfer titles to lessees, are accounted for in the same manner as operating leases under accounting principles generally accepted in Japan.

**Amortization of goodwill**—Goodwill is amortized over 5 years by the straight-line method. The amount of goodwill is included in other assets in consolidated balance sheets.

**Income taxes**—Taxes on income consist of corporation, inhabitants and enterprise taxes.

Deferred income taxes are provided for the items relating to intercompany profit elimination in connection with calculation of consolidated results of operations. In addition, some foreign subsidiaries recognize the deferred income taxes in accordance with accounting practices prevailing in their respective countries of domicile.

The Group recognizes tax effects of temporary differences between the financial statement basis and the tax basis of assets and liabilities. The provision for income taxes is computed based on the income before income taxes and minority interests included in the statements of income of each of the Group. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

**Appropriations of retained earnings**—Appropriations of retained earnings are accounted for and reflected in the accompanying consolidated financial statements when approved by the shareholders.

**Amounts per share of common stock**—Net income per share of common stock has been computed based on the weighted average number of shares of common stock outstanding during each fiscal year (less the treasury stock). For diluted net income per share, the number of shares outstanding is adjusted to assume the conversion of the convertible bonds. Related interest expense, net of income taxes, is eliminated.

Cash dividends per share represent the actual amount applicable to the respective years.

### 3. CASH AND CASH EQUIVALENTS AND STATEMENTS OF CASH FLOWS

Cash and cash equivalents at March 31, 2001 and 2000 consisted of the following:

|                                      | Millions of yen |          | Thousands of U.S. dollars |
|--------------------------------------|-----------------|----------|---------------------------|
|                                      | 2001            | 2000     | 2001                      |
| Cash and time deposits               | ¥53,540         | ¥ 61,050 | \$431,774                 |
| Time deposits over three months      | (653)           | (944)    | (5,266)                   |
| Shares and bonds within three months | 30,183          | 53,645   | 243,411                   |
| Cash and cash equivalents            | ¥83,070         | ¥113,751 | \$669,919                 |

The amounts of assets and liabilities at September 30, 2000 of The Casio Lease Co., Ltd. excluded from consolidation due to sales of a part of the equity in the company were as follows:

|                   | Millions of yen |                           | Thousands of U.S. dollars |                           |           |
|-------------------|-----------------|---------------------------|---------------------------|---------------------------|-----------|
|                   | Millions of yen | Thousands of U.S. dollars | Millions of yen           | Thousands of U.S. dollars |           |
| Current assets    | ¥ 9,917         | \$ 79,976                 | Current liabilities       | ¥27,989                   | \$225,718 |
| Long-term assets* | 45,931          | 370,411                   | Long-term liabilities     | 23,193                    | 187,040   |
| Total assets      | ¥55,848         | \$450,387                 | Total liabilities         | ¥51,182                   | \$412,758 |

\*Including property, plant and equipment and investments and other assets

#### 4. INVENTORIES

Inventories at March 31, 2001 and 2000 consisted of the following:

|                        | Millions of yen |         | Thousands of U.S. dollars |
|------------------------|-----------------|---------|---------------------------|
|                        | 2001            | 2000    | 2001                      |
| Finished products      | <b>¥57,444</b>  | ¥52,522 | <b>\$463,258</b>          |
| Work in process        | <b>14,992</b>   | 12,680  | <b>120,903</b>            |
| Materials and supplies | <b>16,376</b>   | 15,305  | <b>132,065</b>            |
| Total                  | <b>¥88,812</b>  | ¥80,507 | <b>\$716,226</b>          |

#### 5. SECURITIES

(1) The following tables summarize acquisition costs, book values and fair value of securities with available fair values at March 31, 2001

(a) Held-to-maturity debt securities

|   | Millions of yen |            |            | Thousands of U.S. dollars |            |            |
|---|-----------------|------------|------------|---------------------------|------------|------------|
|   | Book value      | Fair value | Difference | Book value                | Fair value | Difference |
| Securities with available fair values exceeding book values | ¥ 999           | ¥ 1,005    | ¥ 6        | \$8,057                   | \$8,105    | \$48       |
| Securities other than the above                             | —               | —          | —          | —                         | —          | —          |
| Total   | ¥ 999           | ¥ 1,005    | ¥ 6        | \$8,057                   | \$8,105    | \$48       |

(b) Available-for-sale securities

Securities with book values exceeding acquisition costs:

|                   | Millions of yen  |            |            | Thousands of U.S. dollars |            |            |
|-------------------|------------------|------------|------------|---------------------------|------------|------------|
|                   | Acquisition cost | Book value | Difference | Acquisition cost          | Book value | Difference |
| Equity securities | ¥ 7,968          | ¥ 9,568    | ¥ 1,600    | \$64,258                  | \$77,161   | \$12,903   |
| Bonds             | 3                | 5          | 2          | 24                        | 40         | 16         |
| Others            | 20               | 20         | 0          | 161                       | 161        | 0          |
| Total             | ¥ 7,991          | ¥ 9,593    | ¥ 1,602    | \$64,443                  | \$77,362   | \$12,919   |

Others:

|                   | Millions of yen  |            |            | Thousands of U.S. dollars |            |            |
|-------------------|------------------|------------|------------|---------------------------|------------|------------|
|                   | Acquisition cost | Book value | Difference | Acquisition cost          | Book value | Difference |
| Equity securities | ¥13,438          | ¥10,693    | ¥(2,745)   | \$108,371                 | \$86,234   | \$(22,137) |
| Bonds             | —                | —          | —          | —                         | —          | —          |
| Others            | 2,352            | 1,500      | (852)      | 18,968                    | 12,097     | (6,871)    |
| Total             | ¥15,790          | ¥12,193    | ¥(3,597)   | \$127,339                 | \$98,331   | \$(29,008) |

(2) The following tables summarize book values of securities with no available fair values at March 31, 2001

(a) Held-to-maturity debt securities

|                        | Millions of yen | Thousands of U.S. dollars |
|------------------------|-----------------|---------------------------|
|                        | Book value      | Book value                |
| Commercial paper       | ¥1,000          | \$ 8,065                  |
| Certificate of deposit | 1,530           | 12,338                    |
| Total                  | ¥2,530          | \$20,403                  |

(b) Available-for-sale securities

|  | Millions of yen | Thousands of U.S. dollars |
|--|-----------------|---------------------------|
|  | Book value      | Book value                |
| Unlisted equity stocks (excluding over-the-counter stocks) | ¥ 2,162         | \$ 17,436                 |
| Beneficiary certificate of investment trust                | 19,615          | 158,185                   |
| Bond investment trust                                      | 2,220           | 17,903                    |
| Money management fund                                      | 3,612           | 29,129                    |
| Free financial fund  | 1,006           | 8,113                     |
| Total  | ¥28,615         | \$230,766                 |

(3) Total sales of available-for-sale securities sold in the year ended March 31, 2001 amounted to ¥1,016 million (\$8,194 thousand) and the related gains and losses amounted to ¥86 million (\$694 thousand) and ¥31 million (\$250 thousand), respectively.

(4) Available-for-sale securities with maturities and held-to-maturity debt securities were as follows:

|                  | Millions of yen |                   |                  |                |        | Thousands of U.S. dollars |                   |                  |                |          |
|------------------|-----------------|-------------------|------------------|----------------|--------|---------------------------|-------------------|------------------|----------------|----------|
|                  | Within one year | Within five years | Within ten years | Over ten years | Total  | Within one year           | Within five years | Within ten years | Over ten years | Total    |
| Bonds            | ¥ —             | ¥ —               | ¥ —              | ¥ —            | ¥ —    | \$ —                      | \$ —              | \$ —             | \$ —           | \$ —     |
| Government bonds | —               | —                 | —                | —              | —      | —                         | —                 | —                | —              | —        |
| Corporate bonds  | —               | 5                 | —                | —              | 5      | —                         | 40                | —                | —              | 40       |
| Others           | 2,530           | 1,000             | —                | —              | 3,530  | 20,403                    | 8,065             | —                | —              | 28,468   |
| Total            | ¥2,530          | ¥1,005            | ¥ —              | ¥ —            | ¥3,535 | \$20,403                  | \$8,105           | \$ —             | \$ —           | \$28,508 |

## 6. DERIVATIVE TRANSACTIONS

**Status of derivative transactions**—The Group utilizes interest rate swap and swaption contracts as derivative transactions, in order to hedge interest rate risks arising from normal business transactions and to improve efficiency of utilization of available funds.

The Group also utilizes forward foreign currency contracts and currency options, in order to hedge currency fluctuation risks arising from export of products and materials for products, in addition to hedging through increases in overseas production and overseas procurement of materials.

The derivative transactions are solely made with highly

rated financial institutions, therefore, the Group does not expect any credit risks.

The Group utilizes derivatives following the internal regulation for derivatives, which stipulates policy, objective, scope, organization, procedures, and financial institutions to deal with, and has a reporting system for derivative transactions reflecting proper internal control functions.

**Fair value of derivative transactions**—The aggregate amounts contracted to be paid or received and the fair value of derivative transactions in Japanese yen of the Group at March 31, 2001 and 2000 were as follows:

Currency related derivatives:

|       | Millions of yen    |                    |            |                      |                 |                    |            |                        | Thousands of U.S. dollars |       |            |                      |
|-------|--------------------|--------------------|------------|----------------------|-----------------|--------------------|------------|------------------------|---------------------------|-------|------------|----------------------|
|       | 2001               |                    |            |                      | 2000            |                    |            |                        | 2001                      |       |            |                      |
|       | Contract amount    |                    | Fair value | Realized gain (loss) | Contract amount |                    | Fair value | Unrealized gain (loss) | Contract amount           |       | Fair value | Realized gain (loss) |
| Total | Due after one year | Due after one year |            |                      | Total           | Due after one year |            |                        | Due after one year        | Total |            |                      |

Forward contracts:

|                 |         |     |         |          |      |     |      |     |           |      |           |            |
|-----------------|---------|-----|---------|----------|------|-----|------|-----|-----------|------|-----------|------------|
| To sell:        |         |     |         |          |      |     |      |     |           |      |           |            |
| U.S. dollars    | ¥50,886 | ¥ — | ¥54,222 | ¥(3,336) | ¥ —  | ¥ — | ¥ —  | ¥ — | \$410,371 | \$ — | \$437,274 | \$(26,903) |
| Euro            | 4,535   | —   | 5,103   | (568)    | 134  | —   | 126  | 8   | 36,572    | —    | 41,153    | (4,581)    |
| Sterling pounds | —       | —   | —       | —        | 15   | —   | 15   | 0   | —         | —    | —         | —          |
| Total           | ¥55,421 | ¥ — | ¥59,325 | ¥(3,904) | ¥149 | ¥ — | ¥141 | ¥ 8 | \$446,943 | \$ — | \$478,427 | \$(31,484) |

Interest rate swap and option related derivatives:

|                         | Millions of yen |                    |            |                      |                 |                    |            |                        |
|-------------------------|-----------------|--------------------|------------|----------------------|-----------------|--------------------|------------|------------------------|
|                         | 2001            |                    |            |                      | 2000            |                    |            |                        |
|                         | Contract amount |                    | Fair value | Realized gain (loss) | Contract amount |                    | Fair value | Unrealized gain (loss) |
|                         | Total           | Due after one year |            |                      | Total           | Due after one year |            |                        |
| Interest rate swaps:    |                 |                    |            |                      |                 |                    |            |                        |
| Receive fix/Pay float   | ¥—              | ¥—                 | ¥—         | ¥—                   | ¥30,000         | ¥30,000            | ¥(561)     | ¥(561)                 |
| Receive float/Pay fix   | —               | —                  | —          | —                    | 14,575          | 13,875             | (216)      | (216)                  |
| Receive float/Pay float | —               | —                  | —          | —                    | 3,000           | 3,000              | (41)       | (41)                   |
| Total                   | ¥—              | ¥—                 | ¥—         | ¥—                   | ¥47,575         | ¥46,875            | ¥(818)     | ¥(818)                 |

The presentation of U.S. dollars at March 31, 2001 is omitted because there is no information of derivatives required to disclose.

## 7. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

An average interest rate of short-term borrowings at March 31, 2001 was 1.93% per annum. The Group has had no difficulty in renewing when such renewal has

been considered advisable.

Long-term debt at March 31, 2001 and 2000 consisted of:

|   | Millions of yen |          | Thousands of U.S. dollars |
|---|-----------------|----------|---------------------------|
|   | 2001            | 2000     | 2001                      |
| 1.9% convertible bonds due in 2004  | ¥ 23,811        | ¥ 23,811 | \$ 192,024                |
| 2.0% bonds due in 2002  | 50,000          | 50,000   | 403,226                   |
| 2.15% bonds due in 2004   | 10,000          | 10,000   | 80,645                    |
| 2.05% bonds due in 2005   | 30,000          | 30,000   | 241,935                   |
| 2.575% bonds due in 2007  | 10,000          | 10,000   | 80,645                    |
| Loans principally from banks at interest rates of 1.55% to 2.33% maturing serially through 2006 | 5,950           | 33,445   | 47,984                    |
| Total   | 129,761         | 157,256  | 1,046,459                 |
| Less amount due within one year   | 500             | 10,372   | 4,032                     |
|   | ¥129,261        | ¥146,884 | \$1,042,427               |

The indentures covering the 1.9% convertible bonds provide, among other conditions, for (1) conversion into shares of common stock at the conversion prices per share of ¥1,502.4 (\$12.12) (subject to change in certain circumstances), and (2)

redemption at the option of the Company commencing March 1996 at prices ranging from 107% to 100% of the principal amount.

The annual maturities of long-term debt at March 31, 2001 were as follows:

| Year ending March 31 | Millions of yen | Thousands of U.S. dollars |
|----------------------|-----------------|---------------------------|
| 2002                 | ¥ 500           | \$ 4,032                  |
| 2003                 | 50,500          | 407,258                   |
| 2004                 | 25,311          | 204,121                   |
| 2005                 | 10,500          | 84,677                    |
| 2006                 | 30,500          | 245,968                   |
| Thereafter           | 12,450          | 100,403                   |

## 8. INCOME TAXES

The Company and its consolidated domestic subsidiaries were subject to a number of income taxes, which, in the aggregate, indicated a statutory rate in Japan of

approximately 42.1% for the years ended March 31, 2001 and 2000, respectively.

The following table summarizes the significant differences between the statutory tax rate and the Group's effective tax rate for financial statement purposes for the years ended March 31, 2001 and 2000:

|   | 2001          | 2000  |
|---|---------------|-------|
| Statutory tax rate  | <b>42.1%</b>  | 42.1% |
| Increase (Reduction) in tax resulting from:   |               |       |
| Nondeductible expenses (Entertainment, etc.)  | <b>2.0</b>    | 2.3   |
| Nontaxable income (Dividends received deduction, etc.)  | <b>(14.2)</b> | (5.0) |
| Net current operating losses of subsidiaries  | <b>12.9</b>   | 5.7   |
| Difference in statutory tax rate (included in foreign subsidiaries)                             | <b>(2.3)</b>  | (4.4) |
| Effect of elimination of dividends income   | <b>19.6</b>   | 8.4   |
| Effect of other elimination (sales of securities and dissolution on affiliated companies, etc.) | <b>(36.7)</b> | —     |
| Other   | <b>1.6</b>    | 0.4   |
| Effective tax rate  | <b>25.0%</b>  | 49.5% |

Significant components of deferred tax assets and liabilities as of March 31, 2001 and 2000 were as follows:

|  | Millions of yen |         | Thousands of U.S. dollars |
|--|-----------------|---------|---------------------------|
|  | 2001            | 2000    | 2001                      |
| Deferred tax assets:                         |                 |         |                           |
| Net operating loss carryforwards             | <b>¥ 8,945</b>  | ¥ 7,198 | <b>\$72,137</b>           |
| Property, plant and equipment                | <b>3,038</b>    | 2,870   | <b>24,500</b>             |
| Inventories                                  | —               | 2,358   | —                         |
| Allowance for doubtful accounts              | —               | 1,525   | —                         |
| Employees' severance and retirement benefits | <b>1,635</b>    | —       | <b>13,185</b>             |
| Unrealized holding losses on securities      | <b>1,512</b>    | —       | <b>12,194</b>             |
| Accrued expenses (Bonuses to employees)      | <b>1,500</b>    | 1,318   | <b>12,097</b>             |
| Other  | <b>4,315</b>    | 3,838   | <b>34,798</b>             |
| Gross deferred tax assets                    | <b>20,945</b>   | 19,107  | <b>168,911</b>            |
| Valuation allowance                          | <b>(4,551)</b>  | (5,827) | <b>(36,702)</b>           |
| Total deferred tax assets                    | <b>16,394</b>   | 13,280  | <b>132,209</b>            |
| Deferred tax liabilities:                    |                 |         |                           |
| Effect of valuation difference               | <b>(2,018)</b>  | (2,913) | <b>(16,274)</b>           |
| Unrealized holding gains on securities       | <b>(674)</b>    | —       | <b>(5,436)</b>            |
| Property, plant and equipment                | <b>(671)</b>    | (672)   | <b>(5,411)</b>            |
| Other  | <b>(110)</b>    | (146)   | <b>(887)</b>              |
| Total deferred tax liabilities               | <b>(3,473)</b>  | (3,731) | <b>(28,008)</b>           |
| Net deferred tax assets                      | <b>¥12,921</b>  | ¥ 9,549 | <b>\$104,201</b>          |

## 9. EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

As explained in Note 2, Significant Accounting Policies, effective April 1, 2000, the Company and its consolidated subsidiaries in Japan adopted the new accounting standard for employees' severance and retirement benefits, under

which the liabilities and expenses for severance and retirement benefits are determined based on the amounts obtained by actuarial calculations.

The liabilities for severance and retirement benefits included in the liability section of the consolidated balance sheets at March 31, 2001 consists of the following:

|   | Millions of yen | Thousands of U.S. dollars |
|---|-----------------|---------------------------|
| Projected benefit obligation                      | ¥ 79,002        | \$ 637,113                |
| Unrecognized prior service costs                  | —               | —                         |
| Unrecognized actuarial differences                | (9,791)         | (78,960)                  |
| Less fair value of pension assets                 | (47,109)        | (379,911)                 |
| Less unrecognized net transition obligation       | (17,612)        | (142,032)                 |
| Prepaid pension costs                             | 8               | 64                        |
| Liabilities for severance and retirement benefits | ¥ 4,498         | \$ 36,274                 |

Included in the consolidated statements of income for the year ended March 31, 2001 are severance and retirement benefit expenses comprised of the following:

|   | Millions of yen | Thousands of U.S. dollars |
|---|-----------------|---------------------------|
| Service costs—benefits earned during the year | ¥ 3,932         | \$31,709                  |
| Interest cost on projected benefit obligation | 2,417           | 19,492                    |
| Expected return on plan assets                | (2,187)         | (17,637)                  |
| Amortization of prior service costs           | —               | —                         |
| Amortization of actuarial differences         | —               | —                         |
| Amortization of net transition obligation     | 1,964           | 15,839                    |
| Severance and retirement benefit expenses     | ¥ 6,126         | \$49,403                  |

The discount rate and the rate of expected return on plan assets used by the Group are 3.5% and 4.5%, respectively.

The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated number of total service years. Actuarial gains and losses are recognized in expenses using the straight-line method over 9–15 years (a certain period not exceeding the average of the estimated remaining service lives commencing with the next period).

## **10. SHAREHOLDERS' EQUITY**

At the current conversion prices, 15,849 thousand shares of common stock were issuable at March 31, 2001 upon full conversion of the 1.9% convertible bonds.

In accordance with the Code, certain issues of shares of common stock, including conversions of convertible bonds and exercise of warrants, are required to be credited to the common stock account to the extent of the greater of par value or at least 50% of the proceeds. The remaining amounts are credited to additional paid-in capital.

Under the Code, certain amounts of retained earnings equal to at least 10% of cash dividends and bonuses to directors and corporate auditors must be set aside as a legal

reserve until the reserve equals 25% of common stock. The reserve is not available for dividends but may be used to reduce a deficit by resolution of the stockholders or may be capitalized by resolution of the Board of Directors. The legal reserve is included in the retained earnings.

The maximum amount that the Company can distribute as dividends is calculated based on the unconsolidated financial statements of the Company in accordance with the Code. As a result, the retained earnings of the Company available for cash dividends at March 31, 2001 subject to shareholders' approval, amounted to ¥53,462 million (\$431,145 thousand).

## **11. LEASE TRANSACTIONS**

(1) Lessee

The amounts of outstanding future lease payments due at March 31, 2001 and 2000 and total lease expenses (including total assumed depreciation cost and total assumed interest cost) as lessee for the years ended March 31, 2001 and 2000 were as follows:

|                                 | Millions of yen |      | Thousands of U.S. dollars |
|---------------------------------|-----------------|------|---------------------------|
|                                 | 2001            | 2000 | 2001                      |
| Future lease payments           |                 |      |                           |
| Due within one year             | <b>¥3,107</b>   | ¥ 61 | <b>\$25,056</b>           |
| Due over one year               | <b>6,739</b>    | 129  | <b>54,347</b>             |
| Total                           | <b>¥9,846</b>   | ¥190 | <b>\$79,403</b>           |
| Total lease expenses            | <b>¥1,525</b>   | ¥ 66 | <b>\$12,298</b>           |
| Total assumed depreciation cost | <b>¥1,368</b>   | ¥ 60 | <b>\$11,032</b>           |
| Total assumed interest cost     | <b>¥ 185</b>    | ¥ 6  | <b>\$ 1,492</b>           |

Assumed data as to acquisition cost, accumulated depreciation and net book value of the leased assets under the finance lease contracts as lessee at March 31, 2001 and 2000 were summarized as follows:

|           | Millions of yen  |                          |                |                  |                          |                | Thousands of U.S. dollars |                          |                 |
|-----------|------------------|--------------------------|----------------|------------------|--------------------------|----------------|---------------------------|--------------------------|-----------------|
|           | 2001             |                          |                | 2000             |                          |                | 2001                      |                          |                 |
|           | Acquisition cost | Accumulated depreciation | Net book value | Acquisition cost | Accumulated depreciation | Net book value | Acquisition cost          | Accumulated depreciation | Net book value  |
| Machinery | <b>¥ 8,104</b>   | <b>¥2,333</b>            | <b>¥5,771</b>  | ¥ 27             | ¥ 13                     | ¥ 14           | <b>\$ 65,355</b>          | <b>\$18,814</b>          | <b>\$46,541</b> |
| Equipment | <b>4,936</b>     | <b>1,953</b>             | <b>2,983</b>   | 294              | 118                      | 176            | <b>39,806</b>             | <b>15,750</b>            | <b>24,056</b>   |
| Other     | <b>1,735</b>     | <b>896</b>               | <b>839</b>     | —                | —                        | —              | <b>13,992</b>             | <b>7,226</b>             | <b>6,766</b>    |
| Total     | <b>¥14,775</b>   | <b>¥5,182</b>            | <b>¥9,593</b>  | ¥321             | ¥131                     | ¥190           | <b>\$119,153</b>          | <b>\$41,790</b>          | <b>\$77,363</b> |

[2] Lessor

The amounts of outstanding future lease receipts due at March 31, 2001 and 2000 and total lease income (including total assumed depreciation cost and total assumed interest income) as lessor for the years ended March 31, 2001 and 2000 were as follows:

|                                 | Millions of yen |         | Thousands of U.S. dollars |
|---------------------------------|-----------------|---------|---------------------------|
|                                 | 2001            | 2000    | 2001                      |
| Future lease receipts           |                 |         |                           |
| Due within one year             | <b>¥ —</b>      | ¥ 7,613 | <b>\$ —</b>               |
| Due over one year               | <b>—</b>        | 15,720  | <b>—</b>                  |
| Total                           | <b>¥ —</b>      | ¥23,333 | <b>\$ —</b>               |
| Total lease income              | <b>¥4,906</b>   | ¥10,385 | <b>\$39,565</b>           |
| Total assumed depreciation cost | <b>¥4,230</b>   | ¥ 8,903 | <b>\$34,113</b>           |
| Total assumed interest income   | <b>¥ 611</b>    | ¥ 1,345 | <b>\$ 4,927</b>           |

Assumed data as to acquisition cost, accumulated depreciation and net book value of the leased assets under the finance lease contracts as lessor at March 31, 2001 and 2000 were summarized as follows:

|           | Millions of yen  |                          |                |                  |                          |                | Thousands of U.S. dollars |                          |                |
|-----------|------------------|--------------------------|----------------|------------------|--------------------------|----------------|---------------------------|--------------------------|----------------|
|           | 2001             |                          |                | 2000             |                          |                | 2001                      |                          |                |
|           | Acquisition cost | Accumulated depreciation | Net book value | Acquisition cost | Accumulated depreciation | Net book value | Acquisition cost          | Accumulated depreciation | Net book value |
| Machinery | <b>¥ —</b>       | <b>¥ —</b>               | <b>¥ —</b>     | ¥ 1,645          | ¥ 905                    | ¥ 740          | <b>\$ —</b>               | <b>\$ —</b>              | <b>\$ —</b>    |
| Equipment | <b>—</b>         | <b>—</b>                 | <b>—</b>       | 44,393           | 22,908                   | 21,485         | <b>—</b>                  | <b>—</b>                 | <b>—</b>       |
| Other     | <b>—</b>         | <b>—</b>                 | <b>—</b>       | 163              | 83                       | 80             | <b>—</b>                  | <b>—</b>                 | <b>—</b>       |
| Total     | <b>¥ —</b>       | <b>¥ —</b>               | <b>¥ —</b>     | ¥46,201          | ¥23,896                  | ¥22,305        | <b>\$ —</b>               | <b>\$ —</b>              | <b>\$ —</b>    |

The Casio Lease Co., Ltd., which was the only lessor in consolidated subsidiaries, was accounted for by the equity method in the second half of the fiscal year. For this change, the data at March 31, 2001 was excluded from disclosure, except for total lease income, total assumed depreciation cost, total assumed interest income for the first half of 2001.

## 12. SEGMENT INFORMATION

The Business and geographical segment information and overseas sales for the Group for the years ended March 31, 2001 and 2000 were as follows:

### (1) Business Segments

|                      | Millions of yen |                                  |                                   | Consolidated |
|----------------------|-----------------|----------------------------------|-----------------------------------|--------------|
|                      | Electronics     | Electronic components and others | Elimination or unallocated amount |              |
| <b>For 2001</b>      |                 |                                  |                                   |              |
| Net sales:           |                 |                                  |                                   |              |
| Outside customers    | ¥327,580        | ¥116,350                         | ¥ —                               | ¥443,930     |
| Inside Group         | 4,881           | 38,454                           | (43,335)                          | —            |
| Total                | 332,461         | 154,804                          | (43,335)                          | 443,930      |
| Costs and expenses   | 324,133         | 141,451                          | (39,559)                          | 426,025      |
| Operating income     | ¥ 8,328         | ¥ 13,353                         | ¥ (3,776)                         | ¥ 17,905     |
| Total assets         | ¥251,231        | ¥112,136                         | ¥ 82,516                          | ¥445,883     |
| Depreciation         | ¥ 10,124        | ¥ 13,503                         | ¥ 888                             | ¥ 24,515     |
| Capital expenditures | ¥ 12,691        | ¥ 21,380                         | ¥ 716                             | ¥ 34,787     |

|                      | Thousands of U.S. dollars |                                  |                                   | Consolidated |
|----------------------|---------------------------|----------------------------------|-----------------------------------|--------------|
|                      | Electronics               | Electronic components and others | Elimination or unallocated amount |              |
| <b>For 2001</b>      |                           |                                  |                                   |              |
| Net sales:           |                           |                                  |                                   |              |
| Outside customers    | \$2,641,774               | \$ 938,307                       | \$ —                              | \$3,580,081  |
| Inside Group         | 39,363                    | 310,113                          | (349,476)                         | —            |
| Total                | 2,681,137                 | 1,248,420                        | (349,476)                         | 3,580,081    |
| Costs and expenses   | 2,613,976                 | 1,140,734                        | (319,024)                         | 3,435,686    |
| Operating income     | \$ 67,161                 | \$ 107,686                       | \$ (30,452)                       | \$ 144,395   |
| Total assets         | \$2,026,056               | \$ 904,323                       | \$ 665,452                        | \$3,595,831  |
| Depreciation         | \$ 81,645                 | \$ 108,895                       | \$ 7,162                          | \$ 197,702   |
| Capital expenditures | \$ 102,347                | \$ 172,419                       | \$ 5,774                          | \$ 280,540   |

|                      | Millions of yen |                                  |                                   | Consolidated |
|----------------------|-----------------|----------------------------------|-----------------------------------|--------------|
|                      | Electronics     | Electronic components and others | Elimination or unallocated amount |              |
| <b>For 2000</b>      |                 |                                  |                                   |              |
| Net sales:           |                 |                                  |                                   |              |
| Outside customers    | ¥304,877        | ¥105,461                         | ¥ —                               | ¥410,338     |
| Inside Group         | 9,345           | 39,020                           | (48,365)                          | —            |
| Total                | 314,222         | 144,481                          | (48,365)                          | 410,338      |
| Costs and expenses   | 300,207         | 135,393                          | (44,739)                          | 390,861      |
| Operating income     | ¥ 14,015        | ¥ 9,088                          | ¥ (3,626)                         | ¥ 19,477     |
| Total assets         | ¥225,454        | ¥155,151                         | ¥126,500                          | ¥507,105     |
| Depreciation         | ¥ 9,975         | ¥ 21,113                         | ¥ 838                             | ¥ 31,926     |
| Capital expenditures | ¥ 10,522        | ¥ 26,931                         | ¥ 912                             | ¥ 38,365     |

Notes: 1. Business segment was classified by 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, Mobile PCs, Cellular phones, Handy terminals, Electronic cash registers, Office computers, Page printers etc.



- (2) Electronic components and others: LCDs, Bump processing consignments, TCP assembly and processing consignments, Carrier tape, Factory automation, Molds, Toys etc.
- Elimination or unallocated amounts of costs and expenses principally consisted of administrative expenses and R&D expenses for fundamental research of the Company, which amounted to ¥3,776 million (\$30,452 thousand) and ¥3,626 million for the year ended March 31, 2001 and 2000, respectively.
  - As explained in Note 2, effective April 1, 2000, the Company and its subsidiaries in Japan adopted the new accounting standard for employees' severance and retirement benefits. The effect of this adoption was to increase costs and expenses in Electronics by ¥2,038 million (\$16,435 thousand) and in Electronic Components and Others by ¥580 million (\$4,677 thousand) and to decrease operating income of such segments by the same amounts, respectively.
  - Elimination or unallocated amounts of total assets principally consisted of cash and time deposits, marketable securities, investment securities, administrative assets of the Company, which amounted to ¥87,599 million (\$704,444 thousand) and ¥136,478 million for the year ended March 31, 2001 and 2000, respectively.

## (2) Geographical Segments

|                    | Millions of yen |               |         |          |             |              |
|--------------------|-----------------|---------------|---------|----------|-------------|--------------|
|                    | Japan           | North America | Europe  | Asia     | Elimination | Consolidated |
| <b>For 2001</b>    |                 |               |         |          |             |              |
| Net sales:         |                 |               |         |          |             |              |
| Outside customers  | ¥351,823        | ¥57,874       | ¥23,199 | ¥ 11,034 | ¥ —         | ¥443,930     |
| Inside Group       | 62,040          | 2,094         | 70      | 102,891  | (167,095)   | —            |
| Total              | 413,863         | 59,968        | 23,269  | 113,925  | (167,095)   | 443,930      |
| Costs and expenses | 397,902         | 59,743        | 22,878  | 113,023  | (167,521)   | 426,025      |
| Operating income   | ¥ 15,961        | ¥ 225         | ¥ 391   | ¥ 902    | ¥ 426       | ¥ 17,905     |
| Total assets       | ¥405,483        | ¥29,633       | ¥11,165 | ¥ 36,800 | ¥ (37,198)  | ¥445,883     |

|                    | Thousands of U.S. dollars |               |           |           |              |              |
|--------------------|---------------------------|---------------|-----------|-----------|--------------|--------------|
|                    | Japan                     | North America | Europe    | Asia      | Elimination  | Consolidated |
| <b>For 2001</b>    |                           |               |           |           |              |              |
| Net sales:         |                           |               |           |           |              |              |
| Outside customers  | \$2,837,282               | \$466,726     | \$187,089 | \$ 88,984 | \$ —         | \$3,580,081  |
| Inside Group       | 500,323                   | 16,887        | 565       | 829,766   | (1,347,541)  | —            |
| Total              | 3,337,605                 | 483,613       | 187,654   | 918,750   | (1,347,541)  | 3,580,081    |
| Costs and expenses | 3,208,888                 | 481,798       | 184,500   | 911,476   | (1,350,976)  | 3,435,686    |
| Operating income   | \$ 128,717                | \$ 1,815      | \$ 3,154  | \$ 7,274  | \$ 3,435     | \$ 144,395   |
| Total assets       | \$3,270,024               | \$238,976     | \$ 90,041 | \$296,774 | \$ (299,984) | \$3,595,831  |

|                    | Millions of yen |               |         |         |             |              |
|--------------------|-----------------|---------------|---------|---------|-------------|--------------|
|                    | Japan           | North America | Europe  | Asia    | Elimination | Consolidated |
| <b>For 2000</b>    |                 |               |         |         |             |              |
| Net sales:         |                 |               |         |         |             |              |
| Outside customers  | ¥324,245        | ¥54,061       | ¥22,049 | ¥ 9,983 | ¥ —         | ¥410,338     |
| Inside Group       | 64,846          | 1,453         | —       | 87,318  | (153,617)   | —            |
| Total              | 389,091         | 55,514        | 22,049  | 97,301  | (153,617)   | 410,338      |
| Costs and expenses | 371,764         | 54,960        | 21,557  | 97,074  | (154,494)   | 390,861      |
| Operating income   | ¥ 17,327        | ¥ 554         | ¥ 492   | ¥ 227   | ¥ 877       | ¥ 19,477     |
| Total assets       | ¥465,228        | ¥35,048       | ¥10,021 | ¥36,390 | ¥ (39,582)  | ¥507,105     |

Notes: 1. Segment of countries and areas was classified by the geographical factor.

2. The main countries and the areas which belong to the each segment except for Japan were as follows:

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

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

(3) Asia ..... Taiwan Hong Kong South Korea Malaysia Singapore China Philippines India Indonesia Thailand

3. As explained in Note 2, effective April 1, 2000, the Company and its subsidiaries in Japan adopted the new accounting standard for employees' severance and retirement benefits. The effect of this adoption was to increase costs and expenses in Japan by ¥2,762 million (\$22,274 thousand) and to decrease operating income by the same amounts.

(3) Overseas Sales

|                             | Millions of yen |                |                |                |                 |
|-----------------------------|-----------------|----------------|----------------|----------------|-----------------|
|                             | North America   | Europe         | Asia           | Others         | Total           |
| <b>For 2001</b>             |                 |                |                |                |                 |
| Overseas net sales          | <b>¥65,826</b>  | <b>¥50,413</b> | <b>¥31,962</b> | <b>¥26,193</b> | <b>¥174,394</b> |
| Net sales (consolidated)    | —               | —              | —              | —              | <b>443,930</b>  |
| Share of overseas net sales | <b>14.8%</b>    | <b>11.4%</b>   | <b>7.2%</b>    | <b>5.9%</b>    | <b>39.3%</b>    |

|                             | Thousands of U.S. dollars |                  |                  |                  |                    |
|-----------------------------|---------------------------|------------------|------------------|------------------|--------------------|
|                             | North America             | Europe           | Asia             | Others           | Total              |
| <b>For 2001</b>             |                           |                  |                  |                  |                    |
| Overseas net sales          | <b>\$530,855</b>          | <b>\$406,556</b> | <b>\$257,758</b> | <b>\$211,234</b> | <b>\$1,406,403</b> |
| Net sales (consolidated)    | —                         | —                | —                | —                | <b>3,580,081</b>   |
| Share of overseas net sales | <b>14.8%</b>              | <b>11.4%</b>     | <b>7.2%</b>      | <b>5.9%</b>      | <b>39.3%</b>       |

|                             | Millions of yen |         |         |         |          |
|-----------------------------|-----------------|---------|---------|---------|----------|
|                             | North America   | Europe  | Asia    | Others  | Total    |
| <b>For 2000</b>             |                 |         |         |         |          |
| Overseas net sales          | ¥65,089         | ¥43,549 | ¥34,082 | ¥36,437 | ¥179,157 |
| Net sales (consolidated)    | —               | —       | —       | —       | 410,338  |
| Share of overseas net sales | 15.9%           | 10.6%   | 8.3%    | 8.9%    | 43.7%    |

Notes: 1. Segment of countries and areas was classified by the geographical factor.

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

- (1) North America..... U.S.A. Canada
- (2) Europe..... U.K. Germany France
- (3) Asia..... Hong Kong Singapore China

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

### **13. COMMITMENTS AND CONTINGENT LIABILITIES**

At March 31, 2001, the Group was contingently liable for trade notes and export drafts discounted with banks in the amount of ¥4,337 million (\$34,976 thousand) and as guarantor of

others for bank loans and trade liabilities in the amount of ¥1,943 million (\$15,669 thousand).

### **14. SUBSEQUENT EVENTS**

At the annual shareholders' meeting held on June 28, 2001, the Company's shareholders approved the payment of a cash dividend of ¥12.50 per share aggregating ¥3,395 million

(\$27,379 thousand) to shareholders of record as of March 31, 2001.

## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

To the Shareholders and the Board of Directors of CASIO COMPUTER CO., LTD.:

We have audited the accompanying consolidated balance sheets of CASIO COMPUTER CO., LTD. (a Japanese corporation) and subsidiaries as of March 31, 2001 and 2000, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended, expressed in Japanese yen. Our audits were made in accordance with generally accepted auditing standards in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of CASIO COMPUTER CO., LTD. and subsidiaries as of March 31, 2001 and 2000, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan applied on a consistent basis during the periods, except as noted in the following paragraph.

As explained in Note 2, in the year ended March 31, 2001, CASIO COMPUTER CO., LTD. and subsidiaries prospectively adopted new Japanese accounting standards for foreign currency translation, financial instruments and employees' severance and retirement benefits.

Also, in our opinion, the U.S. dollar amounts in the accompanying consolidated financial statements have been translated from Japanese yen on the basis set forth in Note 1.

*Asahi & Co.*

[Member Firm of Andersen Worldwide SC]

Tokyo, Japan

June 28, 2001

### **STATEMENT ON ACCOUNTING PRINCIPLES AND AUDITING STANDARDS**

This statement is to remind users that accounting principles and auditing standards and their application in practice may vary among nations and therefore could affect, possibly materially, the reported financial position and results of operations. The accompanying consolidated financial statements are prepared based on accounting principles generally accepted in Japan, and the auditing standards and their application in practice are those generally accepted in Japan. Accordingly, the accompanying consolidated financial statements and the auditors' report presented above are for users familiar with Japanese accounting principles, auditing standards and their application in practice.

# CONSOLIDATED SIX-YEAR SUMMARY

Years ended March 31, 2001 to 1996  
Casio Computer Co., Ltd. and Subsidiaries

|  | Millions of yen |          |           |          |          |          |
|--|-----------------|----------|-----------|----------|----------|----------|
|  | 2001            | 2000     | 1999      | 1998     | 1997     | 1996     |
| <b>For the year:</b>                               |                 |          |           |          |          |          |
| Net sales  | <b>¥443,930</b> | ¥410,338 | ¥451,141  | ¥502,012 | ¥459,105 | ¥411,927 |
| Cost of sales                                      | <b>315,207</b>  | 281,772  | 306,281   | 329,323  | 326,950  | 301,130  |
| Selling, general and administrative expenses       | <b>98,850</b>   | 96,751   | 111,757   | 107,488  | 97,055   | 87,988   |
| Research and development expenses                  | <b>11,968</b>   | 12,338   | 20,552    | 22,973   | 19,225   | 17,784   |
| Operating income                                   | <b>17,905</b>   | 19,477   | 12,551    | 42,228   | 15,875   | 5,025    |
| Net income (loss)                                  | <b>6,547</b>    | 6,173    | (8,534)   | 11,738   | 3,700    | 695      |
| Capital investment                                 | <b>30,278</b>   | 35,546   | 31,212    | 53,824   | 25,937   | 29,028   |
| Depreciation                                       | <b>22,065</b>   | 30,220   | 31,001    | 30,442   | 30,297   | 27,193   |
| <b>At year-end:</b>                                |                 |          |           |          |          |          |
| Current assets                                     | <b>288,304</b>  | 312,315  | 322,488   | 357,682  | 313,377  | 308,647  |
| Current liabilities                                | <b>144,272</b>  | 182,562  | 190,666   | 232,515  | 264,546  | 247,920  |
| Working capital                                    | <b>144,032</b>  | 129,753  | 131,822   | 125,167  | 48,831   | 60,727   |
| Shareholders' equity                               | <b>162,375</b>  | 169,634  | 170,721   | 182,657  | 174,528  | 172,127  |
| Total assets                                       | <b>445,883</b>  | 507,105  | 506,566   | 537,013  | 496,947  | 495,563  |
| <b>Amounts per share of common stock (in yen):</b> |                 |          |           |          |          |          |
| Net income (loss)                                  | <b>¥ 24.11</b>  | ¥ 22.73  | ¥ (30.90) | ¥ 42.13  | ¥ 13.33  | ¥ 2.52   |
| Diluted net income                                 | <b>23.72</b>    | 22.41    | —         | 39.84    | 13.28    | 2.52     |
| Cash dividends applicable to the year              | <b>12.50</b>    | 12.50    | 12.50     | 12.50    | 12.50    | 12.50    |

# PRINCIPAL SUBSIDIARIES

## OVERSEAS SUBSIDIARIES

### EUROPE

#### Casio Electronics Co., Ltd.

Unit 6, 1000 North Circular Road, London  
NW2 7JD, U.K.  
Tel: 020-8450-9131  
*Sales of Casio products*

#### Casio Computer Co., GmbH Deutschland

Bornbarch 10, 22848 Norderstedt  
Germany Tel: 040-528-65-0  
*Sales of Casio products*

#### Montres Casio France S.A.

31, rue de la Vedette F-67700 Saverne  
Cedex, France Tel: 3-88-021731  
*Sales of electronic timepieces*

### ASIA

#### Casio Computer (Hong Kong) Ltd.

9F Tower I, Millennium City, 388 Kwun  
Tong Road, Kowloon, Hong Kong  
Tel: 2377-2288  
*Production of electronic calculators*

#### Casio Korea Co., Ltd.

654-4, Bongam-Dong, Masan City, Kyung  
Sang Namdo, South Korea  
Tel: 0551-96-7111  
*Production of electronic timepieces*

#### Casio Taiwan Ltd.

No. 171-1, Shan Ying Road, Kwei Shan  
Industrial District, Taoyuan Shien, Taiwan  
R.O.C. Tel: 03-3200057  
*Production of timepiece cases*

#### Casio (Malaysia) Sdn. Bhd.

No. 7, Jalan Keluli 1, Kawasan  
Perindustrian Bukit Raja Seksyen 7,  
40000 Shah Alam, Selangor Darul Ehsan,  
Malaysia Tel: 03-343-1111  
*Production of electronic calculators and  
electronic timepieces*

#### Casio Singapore Pte., Ltd.

16 Ang MoKio Industrial Park 2,  
Singapore 569504 Tel: 482-3455  
*Production of audio equipment and  
distribution of Casio products*

#### Casio India Co., Ltd.

C-2, Green Park Extension, New Delhi,  
India 110016 Tel: 6534537  
*Production and sales of electronic  
calculators and electronic timepieces*

#### Casio Electronics (Zhuhai) Co., Ltd.

Xindade Industry Building Nanping Street  
Nanping Town, Zhuhai, GuangDong,  
519060, P.R.C. Tel: 0756-8670888  
*Production and sales of electronic  
musical instruments*

#### Casio Electronics (Zhongshan) Co., Ltd.

Qian Shui Lake Development Zone,  
Gangkou Town, Zhongshan City,  
GuangDong, 528447, P.R.C.  
Tel: 0760-840-5101

*Production and sales of electronic  
calculators*

#### Casio Electronics (Shenzhen) Co., Ltd.

8A-2F Shihua Road, International  
Business & Exhibition Center, Futian  
Free Trade Zone, Shenzhen, 518048,  
P.R.C. Tel: 0755-3590620

*Production of electronic timepieces*

#### Casio Electronics (Guangzhou) Co., Ltd.

Add. 6/F Lan Tian Lou, Agriculture  
Building, Dongjiang Avenue, G.E.T.D.D  
Guangzhou, 510730, P.R.C.  
Tel: 20-8222-0488

*Production and sales of electronic  
timepieces*

#### Asahi Electronics (Thailand) Co., Ltd.

60/70 Moo 19, Klong Luang Nava Nakorn  
Industrial Estate Pathumthani 12120,  
Thailand Tel: 5290611-4

*Production of electronic timepieces*

#### Asahi Industries (Malaysia) Sdn. Bhd.

Plo 1, Kawasan Perindustrian Mengkibol  
Off Jalan Batu Pahat 86000 Kluang,  
Johor, Malaysia Tel: 07-7722788

*Production of electronic musical  
instruments and visual-related products*

## NORTH AMERICA

#### Casio Holdings, Inc.

570, Mount Pleasant Avenue, P.O. Box  
7000 Dover, NJ 07801, U.S.A. Tel: 973-  
361-5400

*Holding company*

#### Casio, Inc.

570, Mount Pleasant Avenue, Dover, NJ  
07801, U.S.A. Tel: 973-361-5400  
*Sales of Casio products*

#### Casio Canada Ltd.

100 Commerce Valley Drive East,  
Thornhill, Ontario, L3T 7R1 Canada  
Tel: 905-882-0700

*Sales of Casio products*

#### Casio Manufacturing Corporation

1840 Dornoch Court San Diego,  
California 92173, U.S.A.  
Tel: 619-661-6797

*Production of electronic musical  
instruments*

#### Casio Electromex S.A. de C.V.

Sor Juana Ines de la Cruz No. 19602,  
Parque Industrial La Frontera, Mesa de  
Otay, C.P. 22500 Tijuana, B. C.,  
Mexico Tel: 66-23-4950

*Production of electronic musical  
instruments*

## DOMESTIC SUBSIDIARIES

#### Yamagata Casio Co., Ltd.

5400-1, Ooaza Higashine-kou, Higashine  
City, Yamagata Prefecture 999-3701  
Tel: (0237) 43-5111

*Production of electronic timepieces and  
cellular phones*

#### Casio Micronics Co., Ltd.

3-10-6, Imai, Ome City, Tokyo 198-8555  
Tel: (0428) 32-1551

*Production and sales of electronic  
components*

#### Aichi Casio Co., Ltd.

2233-1 Ooaza Kamisue, Komaki City,  
Aichi Prefecture 485-0822  
Tel: (0568) 79-1311

*Production of digital cameras and  
electronic musical instruments*

#### Casio Electronic Manufacturing Co., Ltd.

4084, Miyadera, Iruma City, Saitama  
Prefecture 358-0014 Tel: (042) 934-8900  
*Production of page printers*

#### Kochi Casio Co., Ltd.

2420, Kureta, Nangoku City, Kochi  
Prefecture 783-0062 Tel: (0888) 62-1000  
*Production of LCD devices*

#### Kofu Casio Co., Ltd.

217, Itchobata Tamaho-machi,  
Nakakoma-gun, Yamanashi Prefecture  
409-3896 Tel: (0552) 73-1821  
*Production of electronic calculators,  
mobile PCs and LCD devices*

#### Casio Techno Co., Ltd.

2-23, Kanda Sakuma-cho, Chiyoda-ku,  
Tokyo 101-0025 Tel: (03) 5821-7611  
*Customer service for Casio products*

#### Casio Information Systems Co., Ltd.

Nihonbashi Tok Bdg., 3-3-5, Nihonbashi  
Motoishi-cho, Chyuo-ku, Tokyo 103-0021  
Tel: (03)5200-4730  
*Sales of system equipment*

#### Casio Electronic Devices Co., Ltd.

Tachikawa Center Bdg., 2-22-20,  
Akebono-cho, Tachikawa City, Tokyo 190-  
0012 Tel: (042) 527-6331  
*Sales of electronic components*

(As of June 2001)

# DIRECTORS AND CORPORATE AUDITORS

\*Corporate Vice President

# CORPORATE DATA

Toshio Kashio  
*Chairman and Representative  
Director*

Kazuo Kashio\*  
*President and CEO*

Yukio Kashio\*  
*Executive Vice President and  
Representative Director*

*Senior Managing Directors*  
Shigeki Maeno\*  
Shinichi Onoe\*

*Managing Directors*  
Masayuki Hakata\*  
Osamu Shimizu\*  
Yozo Suzuki\*  
Akinori Takagi\*

*Directors*  
Noriyuki Kakihisa\*  
Yoshio Ono\*  
Masami Chikauchi\*

*Corporate Auditors*  
Takeshi Honda  
Atsuhito Takayama  
Hironori Daitoku

## Corporate Vice Presidents

Yoshiaki Suzuki  
Tadashi Takasu  
Naomitsu Satoh  
Iwao Nakamura  
Shuitsu Satoh  
Chikafusa Miyamoto  
Kiyotaka Hachiya  
Atsushi Mawatari  
Koichi Takeichi  
Tomimoto Umeda  
Akira Kashio  
Shinji Yamamoto

(As of June 28, 2001)

**Established**  
June 1957

**Paid-in Capital**  
¥41,549 million

**Employees**  
18,119

**Homepage Address**  
<http://world.casio.com>

(As of March 31, 2001)

## DOMESTIC OFFICES

**Head Office**  
6-2, Hon-machi 1-chome,  
Shibuya-ku, Tokyo 151-8543

**Accounting Division**  
Tel: (03) 5334-4852

**International Sales and  
Marketing Headquarters**

**Consumer Products Dept.**  
Asia Pacific Section  
Tel: (03) 5334-4837  
Middle East•Africa Section  
Tel: (03) 5334-4562  
Latin America Section  
Tel: (03) 5334-4320  
Electronic Musical Instrument  
Section  
Tel: (03) 5334-4906

**Timepiece Dept.**  
Asia Pacific Section  
Middle East•Africa Section  
Latin America Section  
Tel: (03) 5334-4981

**System Products Dept.**  
MNS Section  
Store Automation Section  
Tel: (03) 5334-4771

**Multinational Business  
Management Division**  
Tel: (03) 5334-4896

## R&D CENTERS AND LABORATORIES

**Hamura Research & Development  
Center**  
3-2-1, Sakae-cho, Hamura City,  
Tokyo 205-8555  
Tel: (0425) 79-7111

**Tokyo Product Control and  
Technical Center**  
2-229, Sakuragaoka, Higashiyamato  
City, Tokyo 207-8501  
Tel: (0425) 63-1111

**Ome Product Control and Technical  
Center**  
3-10-6, Imai, Ome City, Tokyo 198-8555  
Tel: (0428) 32-1551

**Hachioji Laboratory**  
2951-5, Ishikawa-cho, Hachioji City,  
Tokyo 192-8556  
Tel: (0426) 44-6111

**Casio Manufacturing Corporation**  
US R&D Center  
181 Metro Drive, Suite 400,  
San Jose, CA 95110, U.S.A.  
Tel: (408) 451-9001

## OVERSEAS OFFICES

**Casio European Headquarters**  
Unit 6, 1000 North Circular Road,  
London NW2 7JD, U.K.  
Tel: 020-8450-9131

**Casio Computer Co., Ltd.  
Beijing Office**  
JingTai Tower, Room No.803, 24  
JianGuoMen Wai Street, Beijing,  
P.R.C. 100022  
Tel: 10-6515-5275

**Casio Computer Co., Ltd.  
Moscow Representative Office**  
25/3, Tsvetnoi Boulevard, Moscow  
103051, Russia  
Tel: 095-725-6466

**Casio Computer Co., Ltd.  
Dubai Representative Office**  
P.O. Box 61117, Jebel Ali Free Zone,  
Dubai, U.A.E.  
Tel: 04-8817718

(As of June 2001)

# INVESTOR INFORMATION

## Stock Exchange Listings

Tokyo, Osaka, Amsterdam and Frankfurt

## Transfer Agent

The Sumitomo Trust and Banking Corporation  
 Stock Transfer Agency Dept.  
 4-4, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

## Number of Shares

**Authorized:** 472,829,000 Shares

**Issued:** 271,578,868 Shares

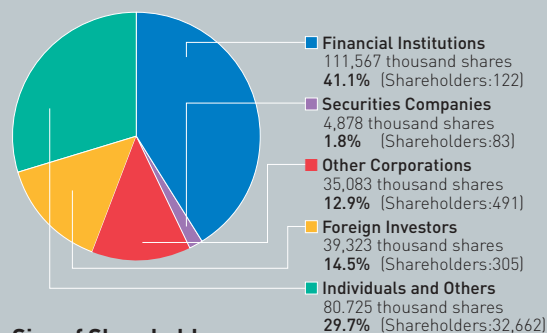
## Number of Shareholders

33,663

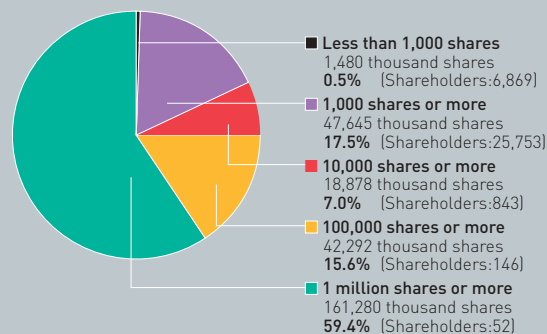
## Principal Shareholders

| Principal Shareholders                                 | Shareholdings   | % of total |
|--|-----------------|------------|
| Casio Bros. Corp.                                      | 10,000 thousand | 3.68%      |
| Nippon Life Insurance Company                          | 9,171           | 3.38       |
| Japan Trustee Services Bank, Ltd. (Trust Account)      | 9,160           | 3.37       |
| The Sakura Bank, Ltd.                                  | 6,789           | 2.50       |
| The Sumitomo Bank, Ltd.                                | 6,789           | 2.50       |
| The Mitsubishi Trust and Banking Corp. (Trust Account) | 6,252           | 2.30       |
| The Sanwa Bank, Ltd.                                   | 5,947           | 2.19       |
| Toshio Kashio  | 5,367           | 1.98       |
| Sumitomo Life Insurance Company                        | 5,282           | 1.94       |
| The Dai-ichi Kangyo Bank, Ltd.                         | 4,569           | 1.68       |

## Breakdown of Shareholders



## Size of Shareholders

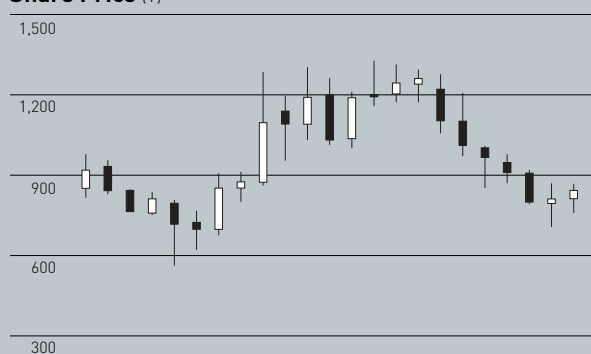


(As of March 31, 2001)

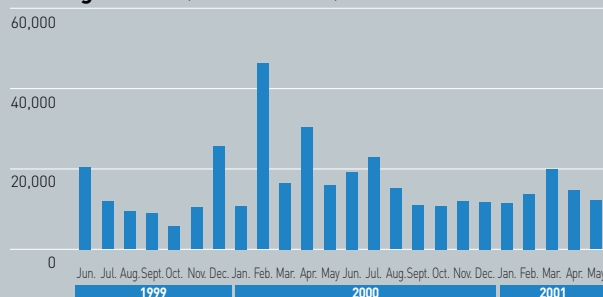
## Share Price Range

| Year | Month | Yen    |        |
|------|-------|--------|--------|
|      |       | High   | Low    |
| 2000 | 6     | ¥1,214 | ¥1,000 |
|      | 7     | 1,330  | 1,158  |
|      | 8     | 1,315  | 1,171  |
|      | 9     | 1,297  | 1,171  |
|      | 10    | 1,280  | 1,055  |
|      | 11    | 1,210  | 970    |
| 2001 | 12    | 1,011  | 851    |
|      | 1     | 980    | 869    |
|      | 2     | 923    | 790    |
|      | 3     | 872    | 705    |
|      | 4     | 870    | 758    |
|      | 5     | 888    | 775    |

## Share Price (¥)



## Trading Volume (Thousand Shares)



**CASIO COMPUTER CO., LTD.**

6-2, Hon-machi 1-chome, Shibuya-ku, Tokyo 151-8543, Japan