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. 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. Certain accounting principles and practices generally accepted in Japan are different from International Accounting Standards and standards in other countries in certain respects as to application and disclosure requirements. Accordingly, the accompanying consolidated financial statements are intended for use by those who are informed about Japanese accounting principles and practices.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions and the inclusion of statements of shareholders' equity) from the consolidated financial statements of the Company prepared in accordance with accounting principles and practices generally accepted in Japan and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation is not presented in the accompanying financial statements.

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, 2002, which was ¥133 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 2001 consolidated financial statements to conform to the 2002 presentation.

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.

The difference between the cost and underlying fair value of the net equity of investments in subsidiaries at acquisition is included in other assets and is amortized on a straight-line basis over five years.

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 All monetary assets and liabilities denominated in foreign currencies are translated at the current exchange rates at the balance sheet date, and the translation gains and losses are credited or charged to income.

Assets and liabilities of foreign subsidiaries are translated into yen at the current exchange rate at the balance sheet date while their revenue and expenses are translated at the average exchange rate for the period. Differences arising from such translation are included in minority interests and shareholders' equity as foreign currency translation adjustments.

Securities Debt securities designated as held-to-maturity are carried at amortized 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 primarily 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.

Derivatives and hedge accounting The accounting standard for financial instruments 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. 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.

Software costs Software is categorized by the following purposes and amortized using the following two methods.

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

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

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

Bond issuance expenses Bond issuance expenses are charged to income as incurred. The amount of bond issuance expenses are included in other expense in consolidated statements of operations.

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.

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 ($147,188 thousand). The net transition obligation will be recognized in expenses in equal amounts over 10 years commencing with the year ended March 31, 2001.

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.

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, 2002 and 2001 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Cash and time deposits	**¥ 82,956**	¥53,540	**$623,729**
Time deposits over three months	**(829)**	(653)	**(6,233)**
Marketable securities within three months	**19,555**	30,183	**147,030**
Cash and cash equivalents	**¥101,682**	¥83,070	**$764,526**

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
Current assets	¥ 9,917
Long-term assets*	45,931
Total assets	¥55,848

	Millions of yen
Current liabilities	¥27,989
Long-term liabilities	23,193
Total liabilities	¥51,182

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

4 INVENTORIES

Inventories at March 31, 2002 and 2001 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Finished products	**¥51,990**	¥57,444	**$390,902**
Work in process	**10,562**	14,992	**79,414**
Materials and supplies	**12,329**	16,376	**92,699**
Total	**¥74,881**	¥88,812	**$563,015**

5 SECURITIES

(1) The following tables summarize acquisition costs, book values and fair value of securities with available fair values at March 31, 2002 and 2001.

(a) Held-to-maturity debt securities

	Millions of yen						Thousands of U.S. dollars		
	2002			2001			**2002**		
	Book value	Fair value	Difference	Book value	Fair value	Difference	Book value	Fair value	Difference
Securities with available fair values exceeding book values	**¥ —**	**¥ —**	**¥ —**	¥999	¥1,005	¥ 6	**$ —**	**$ —**	**$ —**
Securities other than the above	**2,601**	**2,595**	**(6)**	—	—	—	**19,556**	**19,511**	**(45)**
Total	**¥2,601**	**¥2,595**	**¥ (6)**	¥999	¥1,005	¥ 6	**$19,556**	**$19,511**	**$(45)**

(b) Available-for-sale securities

Securities with book values exceeding acquisition costs:

	Millions of yen						Thousands of U.S. dollars		
	2002			2001			**2002**		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Equity securities	**¥6,479**	**¥7,630**	**¥1,151**	¥7,968	¥9,568	¥1,600	**$48,714**	**$57,368**	**$8,654**
Bonds	**3**	**5**	**2**	3	5	2	**23**	**38**	**15**
Others	**—**	**—**	**—**	20	20	0	**—**	**—**	**—**
Total	**¥6,482**	**¥7,635**	**¥1,153**	¥7,991	¥9,593	¥1,602	**$48,737**	**$57,406**	**$8,669**

Others:

	Millions of yen						Thousands of U.S. dollars		
	2002			2001			2002		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Equity securities	**¥13,265**	**¥ 9,420**	**¥(3,845)**	¥13,438	¥10,693	¥(2,745)	**$ 99,737**	**$ 70,827**	**$(28,910)**
Bonds	**8,780**	**8,766**	**(14)**	—	—	—	**66,015**	**65,910**	**(105)**
Others	**1,207**	**760**	**(447)**	2,352	1,500	(852)	**9,075**	**5,714**	**(3,361)**
Total	**¥23,252**	**¥18,946**	**¥(4,306)**	¥15,790	¥12,193	¥(3,597)	**$174,827**	**$142,451**	**$(32,376)**

(2) The following tables summarize book values of securities with no available fair values at March 31, 2002 and 2001.

(a) Held-to-maturity debt securities

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
	Book value	Book value	Book value
Commercial paper	**¥ —**	¥1,000	**$ —**
Certificate of deposit	**7,300**	1,530	**54,887**
Total	**¥7,300**	¥2,530	**$54,887**

(b) Available-for-sale securities

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
	Book value	Book value	Book value
Unlisted equity securities (excluding over-the-counter securities)	**¥ 2,370**	¥ 2,162	**$ 17,820**
Beneficiary certificate of investment trust	**—**	19,615	**—**
Bond investment trust	**2,050**	2,220	**15,414**
Medium-term treasury fund	**4,615**	—	**34,699**
Money management fund	**5,090**	3,612	**38,271**
Free financial fund	**500**	1,006	**3,759**
Total	**¥14,625**	¥28,615	**$109,963**

(3) Available-for-sale securities sold in the year ended March 31, 2002 and 2001 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Sales amount	**¥1,389**	¥1,016	**$10,444**
Gross realized gains	**50**	86	**376**
Gross realized losses	**671**	31	**5,045**

(4) Available-for-sale securities with maturities and held-to-maturity debt securities at March 31, 2002 and 2001 were as follows:

	Millions of yen									
	2002					2001				
	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**	—	5	—	—	5
Others	**9,900**	**—**	**8,780**	**—**	**18,680**	2,530	1,000	—	—	3,530
Total	**¥9,900**	**¥ 5**	**¥8,780**	**¥ —**	**¥18,685**	¥2,530	¥1,005	¥ —	¥ —	¥3,535

	Thousands of U.S. dollars				
	2002				
	Within one year	Within five years	Within ten years	Over ten years	Total
Bonds:					
Government bonds	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Corporate bonds	**—**	**38**	**—**	**—**	**38**
Others	**74,436**	**—**	**66,015**	**—**	**140,451**
Total	**$74,436**	**$ 38**	**$66,015**	**$ —**	**$140,489**

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 of the Group at March 31, 2002 and 2001 were as follows:

Currency related derivatives:

	Millions of yen							
	2002				2001			
	Contract amount				Contract amount			
	Total	Due after one year	Fair value	Realized gain (loss)	Total	Due after one year	Fair value	Realized gain (loss)
Forward contracts:								
To sell:								
U.S. dollars	**¥ 7,114**	**¥ —**	**¥ 7,140**	**¥ (26)**	¥50,886	¥ —	¥54,222	¥(3,336)
Euro	**7,387**	**—**	**7,757**	**(370)**	4,535	—	5,103	(568)
Sterling pounds	**1,275**	**—**	**1,375**	**(100)**	—	—	—	—
Total	**¥15,776**	**¥ —**	**¥16,272**	**¥(496)**	¥55,421	¥ —	¥59,325	¥(3,904)

	Thousands of U.S. dollars			
	2002			
	Contract amount			
	Total	Due after one year	Fair value	Realized gain (loss)
Forward contracts:				
To sell:				
U.S.dollars	**$ 53,489**	**$ —**	**$ 53,684**	**$ (195)**
Euro	**55,541**	**—**	**58,323**	**(2,782)**
Sterling pounds	**9,587**	**—**	**10,339**	**(752)**
Total	**$118,617**	**$ —**	**$122,346**	**$(3,729)**

Interest rate swap and option related derivatives:

The Group has entered into interest rate swap agreements to reduce its exposure resulting from adverse fluctuations in interest rate on underlying debt instruments. They are all designated as hedges meeting certain hedging criteria and there are no transactions that need to disclose contact amount, fair value and realized gain or loss for the years ended March 31, 2002 and 2001.

7 SHORT-TERM BORROWINGS AND LONG-TERM DEBT

An average interest rate of short-term borrowings was 1.33% per annum at March 31, 2002 and 1.93% per annum at March 31, 2001.

Assets pledged as collateral for short-term borrowings as of March 31, 2002 and 2001 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Inventories	**¥6,785**	¥6,195	**$51,015**
Short-term borrowings	**2,260**	4,768	**16,992**

Long-term debt at March 31, 2002 and 2001 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
1.9% unsecured convertible bonds due in 2004	**¥ 23,811**	¥ 23,811	**$ 179,030**
2.0% unsecured bonds due in 2002	**50,000**	50,000	**375,940**
0.55% unsecured bonds due in 2004	**2,000**	—	**15,037**
2.15% unsecured bonds due in 2004	**10,000**	10,000	**75,188**
2.05% unsecured bonds due in 2005	**30,000**	30,000	**225,564**
2.575% unsecured bonds due in 2007	**10,000**	10,000	**75,188**
1.42% unsecured bonds due in 2009	**10,000**	—	**75,188**
Unsecured loans principally from banks at interest rates of 0.38% to 2.33% maturing through 2011	**49,170**	5,950	**369,699**
Total	**184,981**	129,761	**1,390,834**
Less amount due within one year	**50,910**	500	**382,782**
	¥134,071	¥129,261	**$1,008,052**

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 ($11.30) (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, 2002 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2003	¥50,910	$382,782
2004	25,721	193,391
2005	12,910	97,067
2006	30,910	232,406
2007	580	4,361
Thereafter	63,950	480,827

Line of credit with the main financial institutions agreed as of March 31, 2002 and 2001 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Line of credit	**¥60,000**	¥18,000	**$451,128**
Unused	**50,000**	—	**375,940**

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, 2002 and 2001, respectively.

Due to the incurred net loss for the year ended March 31, 2002, reconciliation of tax rate between statutory tax rate and effective tax rate is not disclosed.

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

	2001
Statutory tax rate	42.1%
Increase (reduction) in tax resulting from:	
Nondeductible expenses (entertainment, etc.)	2.0
Nontaxable income (dividends received deduction, etc.)	(14.2)
Net current operating losses of subsidiaries	12.9
Difference in statutory tax rate (included in foreign subsidiaries)	(2.3)
Effect of elimination of dividends income	19.6
Effect of other elimination (sales of securities and dissolution on affiliated companies, etc.)	(36.7)
Other	1.6
Effective tax rate	25.0%

Significant components of deferred tax assets and liabilities as of March 31, 2002 and 2001 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Deferred tax assets:			
Net operating loss carryforwards	**¥12,698**	¥ 8,945	**$ 95,474**
Inventories	**3,834**	—	**28,827**
Employees' severance and retirement benefits	**3,512**	1,635	**26,406**
Property, plant and equipment	**3,065**	3,038	**23,045**
Unrealized holding losses on securities	**1,805**	1,512	**13,571**
Accrued expenses (bonuses to employees)	**—**	1,500	**—**
Other	**9,679**	4,315	**72,775**
Gross deferred tax assets	**34,593**	20,945	**260,098**
Valuation allowance	**(7,122)**	(4,551)	**(53,549)**
Total deferred tax assets	**27,471**	16,394	**206,549**
Deferred tax liabilities:			
Effect of valuation difference	**(2,018)**	(2,018)	**(15,173)**
Property, plant and equipment	**(567)**	(671)	**(4,263)**
Unrealized holding gains on securities	**(479)**	(674)	**(3,602)**
Other	**(115)**	(110)	**(864)**
Total deferred tax liabilities	**(3,179)**	(3,473)	**(23,902)**
Net deferred tax assets	**¥24,292**	¥12,921	**$182,647**

9 EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

The liabilities for severance and retirement benefits included in the liability section of the consolidated balance sheets at March 31, 2002 and 2001 consists of the following:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Projected benefit obiligation	**¥90,989**	¥79,002	**$684,128**
Unrecognized prior service costs	**—**	—	**—**
Unrecognized actuarial differences	**(19,961)**	(9,791)	**(150,083)**
Less fair value of pension assets	**(45,914)**	(47,109)	**(345,218)**
Less unrecognized net transition obligation	**(15,655)**	(17,612)	**(117,707)**
Prepaid pension cost	**38**	8	**286**
Liabilities for severance and retirement benefits	**¥ 9,497**	¥ 4,498	**$ 71,406**

Included in the consolidated statements of operations for the years ended March 31, 2002 and 2001 are severance and retirement benefit expenses comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Service cost-benefits earned during the year	**¥4,530**	¥3,932	**$34,060**
Interest cost on projected benefit obligation	**2,634**	2,417	**19,804**
Expected return on plan assets	**(1,986)**	(2,187)	**(14,932)**
Amortization of prior service costs	**—**	—	**—**
Amortization of actuarial differences	**709**	—	**5,331**
Amortization of net transition obligation	**1,957**	1,964	**14,714**
Severance and retirement benefit expenses	**¥7,844**	¥6,126	**$58,977**

The discount rate and the rate of expected return on plan assets used by the Company are 3.0% and 4.5% in 2002 and 3.5% and 4.5% in 2001, 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 to be 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, 2002 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 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 total amount of the reserve and additional paid-in capital equals 25% of common stock. The reserve is not available for dividends but may be used to reduce a deficit by resolution of the shareholders 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, 2002 subject to shareholders' approval, amounted to ¥31,703 million ($238,368 thousand).

The diluted net income per share for the year ended March 31, 2002 was not calculated because of net loss incurred for the year.

11 LEASE TRANSACTIONS

(1) Lessee

The amounts of outstanding future lease payments due at March 31, 2002 and 2001 and total lease expenses (including total assumed depreciation cost and total assumed interest cost) as lessee for the years ended March 31, 2002 and 2001 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Future lease payments:			
Due within one year	**¥ 3,697**	¥3,107	**$ 27,797**
Due over one year	**11,224**	6,739	**84,391**
Total	**¥14,921**	¥9,846	**$112,188**
Total lease expenses	**¥ 4,125**	¥1,525	**$ 31,015**
Total assumed depreciation cost	**¥ 3,699**	¥1,368	**$ 27,812**
Total assumed interest cost	**¥ 537**	¥ 185	**$ 4,038**

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, 2002 and 2001 were summarized as follows:

	Millions of yen						Thousands of U.S. dollars		
	2002			2001			**2002**		
	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Machinery	**¥14,373**	**¥2,927**	**¥11,446**	¥8,104	¥2,333	¥5,771	**$108,068**	**$22,008**	**$ 86,060**
Equipment	**4,586**	**2,220**	**2,366**	4,936	1,953	2,983	**34,481**	**16,691**	**17,790**
Other	**1,617**	**792**	**825**	1,735	896	839	**12,158**	**5,955**	**6,203**
Total	**¥20,576**	**¥5,939**	**¥14,637**	¥14,775	¥5,182	¥9,593	**$154,707**	**$44,654**	**$110,053**

(2) Lessor

The amounts of outstanding total lease income (including total assumed depreciation cost and total assumed interest income) as lessor for the years ended March 31, 2002 and 2001 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Total lease income	**¥ —**	¥4,906	**$ —**
Total assumed depreciation cost	**¥ —**	¥4,230	**$ —**
Total assumed interest income	**¥ —**	¥ 611	**$ —**

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 ended March 31, 2001. For this change, the data at March 31, 2001 was excluded from disclosure, except for total lease income, total assumed depreciation cost and 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, 2002 and 2001 were as follows:

(1) Business Segments

	Millions of yen			
	Electronics	Electronic components and others	Elimination or unallocated amount	Consolidated
For 2002				
Net sales:				
Outside customers	**¥299,003**	**¥ 83,151**	**¥ —**	**¥382,154**
Inside Group	**2,271**	**31,714**	**(33,985)**	**—**
Total	**301,274**	**114,865**	**(33,985)**	**382,154**
Costs and expenses	**309,850**	**112,161**	**(29,439)**	**392,572**
Operating income (loss)	**¥ (8,576)**	**¥ 2,704**	**¥ (4,546)**	**¥ (10,418)**
Total assets	**¥238,255**	**¥ 90,545**	**¥120,424**	**¥449,224**
Depreciation	**¥ 11,587**	**¥ 6,559**	**¥ 552**	**¥ 18,698**
Capital expenditures	**¥ 10,225**	**¥ 10,180**	**¥ 82**	**¥ 20,487**

	Thousands of U.S.dollars			
	Electronics	Electronic components and others	Elimination or unallocated amount	Consolidated
For 2002				
Net sales:				
Outside customers	**$2,248,143**	**$625,195**	**$ —**	**$2,873,338**
Inside Group	**17,075**	**238,451**	**(255,526)**	**—**
Total	**2,265,218**	**863,646**	**(255,526)**	**2,873,338**
Costs and expenses	**2,329,699**	**843,316**	**(221,346)**	**2,951,669**
Operating income (loss)	**$ (64,481)**	**$ 20,330**	**$ (34,180)**	**$ (78,331)**
Total assets	**$1,791,391**	**$680,789**	**$905,444**	**$3,377,624**
Depreciation	**$ 87,120**	**$ 49,316**	**$ 4,150**	**$ 140,586**
Capital expenditures	**$ 76,880**	**$ 76,541**	**$ 617**	**$ 154,038**

	Millions of yen			
	Electronics	Electronic components and others	Elimination or unallocated amount	Consolidated
For 2001				
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 (loss)	¥ 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

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, Electronic dictionaries, Label printers, Digital cameras, Electronic musical instruments, Digital watches, Analog watches, Clocks, Mobile PCs, Cellular phones, 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, Mold, Toys etc.
3. Elimination or unallocated amounts of costs and expenses principally consisted of administrative expenses and R&D expenses for fundamental research of the parent company, which amounted to ¥4,546 million ($34,180 thousand) and ¥3,776 million for the years ended March 31, 2002 and 2001, respectively.
4. Elimination or unallocated amounts of total assets principally consisted of cash and time deposits, marketable securities, investments in securities, administrative assets of the parent company, which amounted to ¥123,185 million ($926,203 thousand) and ¥87,599 million for the year ended March 31, 2002 and 2001, respectively.

(2) Geographical Segments

	Millions of yen					
	Japan	North America	Europe	Asia	Elimination	Consolidated
For 2002						
Net sales:						
Outside customers	**¥292,994**	**¥46,711**	**¥35,643**	**¥ 6,806**	**¥ —**	**¥382,154**
Inside Group	**60,129**	**1,129**	**—**	**90,432**	**(151,690)**	**—**
Total	**353,123**	**47,840**	**35,643**	**97,238**	**(151,690)**	**382,154**
Costs and expenses	**362,149**	**50,593**	**35,304**	**96,287**	**(151,761)**	**392,572**
Operating income (loss)	**¥ (9,026)**	**¥ (2,753)**	**¥ 339**	**¥ 951**	**¥ 71**	**¥ (10,418)**
Total assets	**¥414,667**	**¥18,719**	**¥18,650**	**¥33,875**	**¥ (36,687)**	**¥449,224**

	Thousands of U.S. dollars					
	Japan	North America	Europe	Asia	Elimination	Consolidated
For 2002						
Net sales:						
Outside customers	**$2,202,962**	**$351,211**	**$267,992**	**$ 51,173**	**$ —**	**$2,873,338**
Inside Group	**452,098**	**8,488**	**—**	**679,940**	**(1,140,526)**	**—**
Total	**2,655,060**	**359,699**	**267,992**	**731,113**	**(1,140,526)**	**2,873,338**
Costs and expenses	**2,722,925**	**380,398**	**265,443**	**723,963**	**(1,141,060)**	**2,951,669**
Operating income (loss)	**$ (67,865)**	**$ (20,699)**	**$ 2,549**	**$ 7,150**	**$ 534**	**$ (78,331)**
Total assets	**$3,117,797**	**$140,744**	**$140,226**	**$254,699**	**$ (275,842)**	**$3,377,624**

	Millions of yen					
	Japan	North America	Europe	Asia	Elimination	Consolidated
For 2001						
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 (loss)	¥ 15,961	¥ 225	¥ 391	¥ 902	¥ 426	¥ 17,905
Total assets	¥405,483	¥29,633	¥11,165	¥36,800	¥ (37,198)	¥445,883

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, India, Indonesia, Thailand

(3) Overseas Sales

	Millions of yen				
	North America	Europe	Asia	Others	Total
For 2002					
Overseas net sales	**¥55,896**	**¥53,416**	**¥28,233**	**¥21,925**	**¥159,470**
Net sales (consolidated)	**—**	**—**	**—**	**—**	**382,154**
Share of overseas net sales	**14.6%**	**14.0%**	**7.4%**	**5.7%**	**41.7%**

	Thousands of U.S. dollars				
	North America	Europe	Asia	Others	Total
For 2002					
Overseas net sales	**$420,271**	**$401,624**	**$212,278**	**$164,850**	**$1,199,023**
Net sales (consolidated)	**—**	**—**	**—**	**—**	**2,873,338**
Share of overseas net sales	**14.6%**	**14.0%**	**7.4%**	**5.7%**	**41.7%**

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

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 parent company and consolidated subsidiaries.

13 CONTINGENT LIABILITIES

At March 31, 2002, the Group was contingently liable for trade notes and export drafts discounted with banks in the amount of ¥2,860 million ($21,504 thousand) and as guarantor of others for bank loans in the amount of ¥1,432 million ($10,767 thousand).

14 GAIN ON SALES OF INVESTMENT SECURITIES IN CONSOLIDATED SUBSIDIARIES

Initial public offering of Casio Micronics Co., Ltd. In August 2001, Casio Micronics Co., Ltd., a consolidated subsidiary, completed its initial public offering in Japan. In conjunction with such public offering, Casio Micronics Co., Ltd. issued new shares to third parties. The issuance of these shares was regarded as a sale of a part of the Company's interest in Casio Micronics Co., Ltd. resulting in a gain of ¥1,578 million ($11,865 thousand). As a result, the Company's shareholdings in Casio Micronics Co., Ltd. declined from 92.6% to 85.4%.

Sales of The Casio Lease Co., Ltd. shares In August 2000, the Company sold 80% of its equity in The Casio Lease Co., Ltd. to Diamond Lease Co., Ltd.

15 RESTRUCTURING CHARGES

Restructuring charges were due to the restructuring of business based on the aggressive redefinition of the Group's business strategy. They included loss on unutilized assets, extra personnel expenses such as retirement expenses and other expenses necessary for reorganizations of the business.

16 SUBSEQUENT EVENTS

Agreement of sales of subsidiaries On May 14, 2002, the Company entered into an outsourcing relationship master agreement with Flextronics International Ltd. in which Flextronics will manufacture certain electronic products for the Company.

1. Agreement overview
   (1) The Company will transfer all of its shares of Casio (Malaysia) Sdn. Bhd. and Aichi Casio Co., Ltd. production bases as well as its assets from Asahi Industries (Malaysia) Sdn. Bhd. to Flextronics.
   (2) The Company will outsource the manufacture of consumer electronic products produced at the three aforementioned companies to Flextronics.
2. Reason for partnership
   This partnership adds Flextronics' world-class procurement and high productivity to the Company's legendary lightweight, compact, and energy-efficient products developed using cutting-edge technologies, enabling the Company to increase price-competitiveness and to fine-tune production, owing to shorter production lead times that allow a quicker response to demand trends and product cycle changes.

The Company intends to decide further details of the transaction by end of July, 2002.

Appropriation of retained earnings At the annual shareholders' meeting held on June 27, 2002, the Company's shareholders approved the payment of a cash dividend of ¥12.50 per share aggregating ¥3,387 million ($25,466 thousand) to shareholders of record as of March 31, 2002.